



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

NCSL Recommendations for an Economic Stimulus Package

November 12, 2008

- **Federal Medical Assistance Percentage (FMAP):** Provide a temporary increase in FMAP to assist people who lose health care coverage during the economic downturn and complement support—an extension of unemployment benefits—provided in the previously passed supplemental spending bill. In addition, states that received a scheduled reduction in FMAP at the beginning of FY 2009 should be held harmless at the state's FY 2008 FMAP level for purposes of determining the state's FMAP level provided in the stimulus package.
- **Infrastructure Projects:** Provide increased funding for broad, ready-to-go transportation, clean water and drinking water projects. The economy needs government assistance to stimulate job creation. Every \$1 billion invested in infrastructure translates into tens of thousands of jobs for America's working families.
- **Employment Benefits:** Provide for a temporary extension of unemployment benefits to eligible individuals who have exhausted their state benefits. Make available adequate administrative funding for states.
- **Food Stamp Program:** Provide a temporary increase in food stamp benefits, to assist the increasing number of families struggling with rising food costs. The U.S. Department of Agriculture reports that from July 2007 to July 2008, the cost of food at home under the Thrifty Plan, which is the basis for the food stamp benefits, jumped 10 percent. This translates into a total cost of as much as \$598.70 a month for a family of four. (An additional 2 million individuals received food stamp benefits since June 2007.)
- **Discretionary Grants to the States:** Provide states discretionary grants with the flexibility to address fiscal concerns through one-time state grant assistance. In addition, discretionary grant funds help eliminate shortfalls in state-federal partnerships.
- **Child Support Enforcement Payments:** Rescind the provision in the Deficit Reduction Act (P.L. 109-171) that prohibits states from using incentive payments to draw down federal funds to assist states with collections of child support payments and provide immediate assistance to working families. The child support program is also incredibly cost effective—for every dollar spent in government funds, \$4.58 is collected on behalf of working families.
- **Sales Tax Fairness and Simplification:** Grant states that have complied with the Streamlined Sales and Use Tax Agreement the authority to require collections of sales tax on remote sales and provide equity for all retailers. Sales tax simplification would reduce the current \$6.8 billion cost for businesses to collect sales tax and provide as much as \$30 billion in fiscal relief to the states at no expense to the federal government.
- **Federal Tax Investments:** Pursue any federal personal and corporate income tax relief through tax credits, such as accelerating the scheduled increase in the child tax credit, and other changes in federal tax liability, rather than through exclusions or deductions.