

June 24, 2010

WHAT'S AT STAKE FOR STATES AND THE ECONOMY IN THE JOBS BILL

Data on How Much Medicaid Aid Each State Will Lose If the Jobs Bill Fails

In a vote this afternoon, it is widely expected that Congress will fail to pass a jobs bill that would extend federal assistance to states. This failure to provide this assistance will force states – which are struggling with an unprecedented drop in revenues brought on by the recession – to make deep spending cuts and tax increases in order to balance their budgets. These actions will slow the economic recovery and raise the risk of a double-dip recession as the loss of spending power ripples through the economy.

Due to the deep and long recession, states are about to begin a third consecutive year of severely depressed revenues (fiscal year 2011 begins July 1 in most states). Under the Recovery Act (ARRA) passed last year, states received additional federal funding to support their Medicaid programs. This additional support is scheduled to expire on December 31st of this year, right in the middle of state fiscal year 2011. The Senate is scheduled to consider this afternoon a jobs bill announced by Senator Baucus that would provide a 6-month extension of the additional support.

The table below shows the estimated benefit to states under the 6-month extension of federal assistance. States would receive just about \$15 billion in fiscal relief in total.

**Estimated State Medicaid Savings Under a Six Month
Modified Extension of the FMAP Provisions in the Recovery Act (ARRA)**

State	Jan. 2011 - June 2011	State	Jan. 2011 - June 2011
UNITED STATES	\$14,981,000,000	Missouri	\$292,000,000
Alabama	\$133,000,000	Montana	\$38,000,000
Alaska	\$64,000,000	Nebraska	\$69,000,000
Arizona	\$351,000,000	Nevada	\$79,000,000
Arkansas	\$125,000,000	New Hampshire	\$54,000,000
California	\$1,869,000,000	New Jersey	\$399,000,000
Colorado	\$159,000,000	New Mexico	\$126,000,000
Connecticut	\$199,000,000	New York	\$2,228,000,000
Delaware	\$48,000,000	North Carolina	\$343,000,000
District of Columbia	\$54,000,000	North Dakota	\$29,000,000
Florida	\$784,000,000	Ohio	\$492,000,000
Georgia	\$228,000,000	Oklahoma	\$188,000,000
Hawaii	\$86,000,000	Oregon	\$156,000,000
Idaho	\$51,000,000	Pennsylvania	\$667,000,000
Illinois	\$545,000,000	Rhode Island	\$72,000,000
Indiana	\$227,000,000	South Carolina	\$138,000,000
Iowa	\$128,000,000	South Dakota	\$27,000,000
Kansas	\$100,000,000	Tennessee	\$240,000,000
Kentucky	\$155,000,000	Texas	\$858,000,000
Louisiana	\$375,000,000	Utah	\$57,000,000
Maine	\$86,000,000	Vermont	\$47,000,000
Maryland	\$273,000,000	Virginia	\$289,000,000
Massachusetts	\$506,000,000	Washington	\$338,000,000
Michigan	\$380,000,000	West Virginia	\$81,000,000
Minnesota	\$346,000,000	Wisconsin	\$229,000,000
Mississippi	\$151,000,000	Wyoming	\$22,000,000

Source: Center on Budget and Policy Priorities' estimates using Medicaid spending projections from February 2010 and unemployment rate projections from February 2010. Expenditures for childless adults shifting from CHIP to Medicaid also would qualify for the higher matching rate. ARRA would be modified such that the base FMAP increase would be lowered from 6.2 percentage points to 3.2 percentage points in FFY2011Q2 and 1.2 percentage points in FFY2011Q3. Figures are rounded.

Note that CBPP's estimates may differ somewhat from estimates conducted by the Congressional Budget Office (which estimates a total of \$16 billion under the extension rather than \$15 billion) as well as state-specific estimates generated by state officials because of differences in the methodology, or in the underlying data related to Medicaid spending and projected state unemployment rates.