


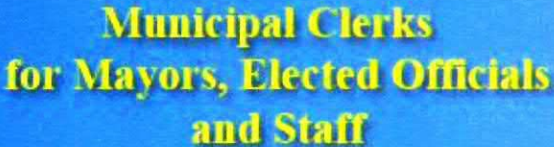

(C)

Masser, Michelle

From: Lashway, Lisa
Sent: Friday, July 09, 2010 9:45 AM
To: Masser, Michelle
Subject: FW: Two Mayors Ltrs

Lisa Lashway
Township Clerk
Township of Mount Olive
P.O. Box 450
Budd Lake, NJ 07828
973-691-0900 Ext. 7290

From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Thursday, July 08, 2010 2:49 PM
To: Lashway, Lisa
Subject: Two Mayors Ltrs



July 8, 2010

Re: I. Filibuster of Continued FMAP Funding Measure Could Cause State Budget Gap

Dear Mayor:

Federal Medical Assistance Percentages (FMAPs) are the percentage rates used to determine the matching funds rate allocated annually to certain medical and social service programs. FMAP eligible programs are joint federal-state partnerships, which are administered by the states.

Pursuant to Section 1905(b) of the Social Security Act, the Secretary of Health and Human Services calculates the Federal Medical Assistance Percentages each year. This calculation is based upon a formula which compares individual state income to the continental United States income in order to determine ratios the federal government will utilize in assisting each state under the Act. This section also provides that no state's ratio will go lower than 50% or higher than 83%.

The guidelines for calculating the FMAP are outlined in the Social Security Act and they exclusively determine the ratio of matching funds for each state's Medicaid program. Section 2105(b) of the Act stipulates that "Enhanced Federal Medical Assistance Percentages," or Enhanced FMAPs, will be calculated at the same time as the FMAPs. Enhanced FMAPs provide ratios for states to follow in funding their State Children's Health Insurance Program, or SCHIP.

For the current Federal Fiscal Year, New Jersey's FMAP is 50% and our Enhanced FMAP is 65%. (See chart at <http://aspe.hhs.gov/health/fmap11.htm>.)

We have expressed our support for provisions that would extend the enhanced Medicaid match established in the American Recovery and Reinvestment Act (ARRA) for an additional six months to June 30, 2011. The need for the extended Medicaid match assistance remains the same. Numbers of individuals continue to become Medicaid-eligible as a result of the recession. The Medicaid program remains a critical component of state efforts to provide assistance to individuals and families who have lost jobs and health insurance. While there are signs of economic recovery, it is far from robust enough to boost state revenues or to reduce levels of unemployment. Even with the ARRA enhanced match, overruns in state Medicaid programs continue to occur. States continue to address sizeable budget gaps that have compelled state lawmakers to make dramatic programmatic and revenue changes in order to ensure balanced general fund budgets.

Because the enhanced Medicaid match has been included in various pieces of legislation that have passed both houses, many states, including New Jersey, have assumed receipt of these funds in their FY 2011 budgets and appropriations measures. Some states have not assumed the extension because they did not conduct sessions in 2010 or because they adopted biennial budgets last year. All states, nonetheless, would benefit from and have the procedural and fiscal tools necessary to utilize an extended Medicaid match.

According to the National Conference of State Legislatures, which has analyzed this issue in great detail and has put together a chart you can find at http://www.ncsl.org/IssuesResearch/Health/HR4213ExtensionofEnhancedMedicaidMatch/tabid/20453/Default.aspx#Table_1, the Garden State stands to lose about \$490 million unless the FMAP extension is passed. Given New Jersey's established tendency to use municipal revenues to achieve budgetary balance, local officials need be concerned.

In late June, discussions were under way in the Senate for a scaled-down FMAP package. The option under consideration would have continued the enhanced match but at a reduced rate--3.2 percentage points for January - March 2011 and 1.2 percentage points for April - June 2011. A cloture vote on the measure failed by a recorded vote of 57 yeas/41 nays. It is not

clear when or if there will be further action on H.R. 4213.

We will keep you posted on further developments on this matter, and other federal developments, which will affect state and local budgets. If you have any questions, contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,

William G. Dressel, Jr.
Executive Director

RE: II. Senate Concurs with Cap CV

Dear Mayor:

Today in Trenton, the State Senate concurred with the Governor's conditional veto (CV) of S-29 (available at <http://www.njslom.org/2011FY-Budget/toolbox-news.html>), amending the tax levy cap from 4% to 2%. For our analysis of the CV, see our letter of July 6 (<http://www.njslom.org/letters/ml070610-cap.html>).

The final vote was 36-3. The revised bill now goes to the Assembly, which has yet to release a schedule for final action. We expect the Assembly to concur with the Governor's CV as early as next week.

Please be aware that if you have any objections to the timing or the content of this revised cap, this is your last chance to effectively communicate your concerns with your elected representatives in Trenton. We urge you to immediately contact your two representatives in the General Assembly.

In particular, we thank Senators Shirley Turner and Bob Smith, both of whom have long been recognized as advocates for tax reform. During discussion of the CV, the Senators rightly pointed to the shortcomings of this cap, particularly without providing local leaders the tools necessary to drive down our property taxes. Of concern is the statement made during the discussions by Senator Loretta Weinberg, who indicated that Senate Democrats had not signed-off on the toolkit reforms.

We have been in contact with Senator Paul Sarlo, Chairman of the Senate Budget and Appropriations Committee and Mayor of Wood-Ridge, who will be convening meetings soon to deal with unfunded mandates and management reforms that will help Mayors control costs.

In a related development, Senate President Sweeney has announced the introduction of legislation to create a six-member property tax advisory panel to track the progress of the new two-percent property tax cap and recommend potential changes to

the law. The six members would include two chosen by each of the Governor, Senate President and Assembly Speaker. The Property Tax Levy Cap Task Force would undertake a three-year study of the impact of the cap law, taking into consideration the overall property tax burden and its constituent parts, including municipal finances, the structure and functions of county and municipal government and labor contracts. The task force would issue its final report to the Governor and the Legislature by November 1, 2013.

For more updates, keep checking "Governor Christie's Toolbox News" at <http://www.njslom.org/2011FY-Budget/toolbox-news.html>. If you have any questions, contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,

William G. Dressel, Jr.
Executive Director

Hon. James Anzaldi
Mayor, Clifton City and
President, NJLM

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