

December 19, 2008

The Honorable Harry Reid  
Majority Leader  
S-221 Capitol Building  
Washington, D.C. 20510

Dear Majority Leader Reid:

On behalf of AARP's 40 million members, we write to lend our strong support for a significant economic recovery package in January 2009.

Acknowledging poor economic conditions, AARP has urged in several letters earlier this year that Congress and the White House enact measures that would provide meaningful relief to millions of individuals struggling in this recession. Now that the recession is deepening, we renew our call for action to address the immediate crisis and to invest in rebuilding our economy for the longer term.

**Assistance for the Unemployed** – A significant number of jobs have already been shed in this recession, and many more individuals are expected to become unemployed in the coming months. Just over half of AARP's members remain in the workforce and are vulnerable to widespread job loss. More than 1.3 million persons aged 55 and older are currently unemployed. Over the past 12 months, the number of unemployed aged 55 and older rose by 65 percent (from 814,000 in November 2007 to 1,342,000 in November 2008). Over this same period, the unemployment rate for this age group rose from 3 percent to 4.7 percent, or by 57 percent.

Already in 2008, two temporary extensions of unemployment insurance benefits have been enacted, allowing workers additional weeks of Federal benefits if they had exhausted their regular unemployment benefits before finding a new job. Authorizing an additional extension of benefits is warranted for those who continue to look for work but are unable to find employment. An additional extension of unemployment benefits is especially critical for older Americans. Data indicate when older, longer-tenured workers lose employment, it takes them longer to find the next job, and older jobseekers may be at greater risk than younger jobseekers of exhausting their unemployment benefits before finding a new job.

In addition to providing another extension of unemployment benefits, we urge you to take steps to assist those who have lost health care coverage along with their jobs by providing access to affordable health insurance options.

**Federal Medical Assistance Percentage (FMAP)** - Congress should act quickly to prevent harmful Medicaid spending cuts that would remove children and families from coverage and reduce home and community based services for the elderly and people with disabilities. The economic downturn has increased the need for health coverage, due to rising unemployment, at a time when over half the states are facing budget

shortfalls, and many are considering or are already implementing cuts to health care for people who cannot afford care on their own. As a result, states are already beginning to curb Medicaid services -- such as those that keep older Americans out of nursing homes or provide children access to care. Optional Medicaid services and benefits provided by states are especially at risk, including the provision of long-term care, given that 90 percent of Medicaid long-term care spending is defined as optional. We urge an FMAP increase soon that includes a requirement for states to maintain both eligibility and benefits to avoid cuts in services that may hurt vulnerable Americans. We also urge a temporary increase in the FMAP for Medicaid home and community-based services, which would help older adults and individuals with disabilities exit waiting lists to get the services they need. In addition, we support lifting the cap on Medicaid funding for Puerto Rico and the Virgin Islands.

**Housing Assistance** – The housing foreclosure crisis and falling home prices is at the core of our economic crisis. We urge immediate action to address this crisis. Congress should amend the bankruptcy code to allow bankruptcy judges discretion to modify the terms of mortgages on debtors' primary residences in Chapter 13 bankruptcy proceedings. Allowing mortgage restructurings on the same basis as currently permitted for vacation homes, yachts, investment properties and other secured debt will help families retain their homes and help stabilize their neighborhoods and the economy as a whole.

In addition, Congress should provide at least \$5 billion in additional funding for the Public Housing Capital Fund. Nearly two-thirds of the 2.3 million public housing households include an elderly or disabled person. Providing additional funds to meet the \$22 billion backlog in needed public housing capital improvement offers a timely, targeted and effective means of creating jobs, improving energy efficiency and preserving affordable housing for the nation's neediest households.

**Federal Nutrition Programs** - Fixed and low income seniors face unacceptable choices as food costs increase along with the price of medicine and health care. In addition to providing relief to low-income individuals, increased spending on nutrition programs also offer an immediate economic boost, providing large returns for each dollar spent. Including a temporary increase in the Food Stamps allotment, as well as additional funding for other nutrition programs, including The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), and the Senior Nutrition Program would help ensure that an adequate nutrition safety net is available for the most vulnerable, while also providing an effective economic stimulus.

**Weatherization Assistance Program** - Congress should substantially increase current funding for the Weatherization Assistance Program (WAP). Increasing WAP funding could create new green jobs, provide weatherization assistance to low income households and, as a result, reduce monthly energy bills. Weatherization is a proven economic engine for training technicians in skills needed to develop a "green collar" building efficiency workforce. These efficiencies reduce overall energy consumption, while lowering household energy costs and improving air quality.

**Health Information Technology (Health IT)** - Health IT provides both a short-term stimulus and also lays the groundwork for long-term economic growth. Helping doctors, hospitals and other health and long-term care providers purchase electronic medical

record systems can provide the kind of immediate, valuable investment our economy needs. Such an investment also is essential for developing the nationwide interoperable health information network that is necessary for larger health care reforms that we need to tame health care inflation and remain competitive in the global economy.

The House and Senate have both made substantial progress in crafting thoughtful Health IT legislation to establish necessary standards and the security of private health information so consumers can be confident their personal health information is safe. We urge you to build on these efforts and ensure that Health IT is included in an economic recovery bill that will be one of the first pieces of legislation enacted by the new Congress and signed into law by the new President.

**Stimulation of Health Care Jobs** - At a time when millions of Americans are unemployed, there are hundreds of thousands of good paying nursing jobs going unfilled largely because our nursing schools lack the faculty and capacity to educate enough students. Therefore we urge you to provide grants to accredited nursing schools to enable them to admit more graduate and undergraduate nursing students. Funds could be used to hire new faculty and for a variety of innovative capacity-expanding approaches such as the acquisition of simulation or other capacity-expanding technology, move part-time faculty to full-time status, retain near retirement older faculty, or recruit graduate prepared nurses from clinical practice to part- or full-time faculty. A modest investment would not only assist thousands of job seekers within the next few years, it will also provide a crucial part of the health care workforce infrastructure necessary to implement health care reform.

**Transportation Infrastructure** – Congress should provide substantial funding for transportation capital improvements to rebuild our nation’s aging roads, bridges and transit systems and achieve national goals to reduce reliance on oil, expand mobility options and create new and sustainable “green” jobs. We strongly urge that priority also be given to ready-to-go projects to enhance transit and paratransit systems, implement Complete Streets policies, and improve older driver and pedestrian safety. The best mechanism for distributing funding to achieve all these priorities is the existing Surface Transportation Program (STP), which sets aside funding for trails, sidewalks and other environmental projects and assures that states, metropolitan planning authorities and local jurisdictions all receive equitable funding based on population.

AARP supports these proposals to provide assistance to people of all ages hardest hit by current economic conditions and to promote immediate economic growth and a strong economy in the long-term. If you have any further questions, feel free to call me, or please have your staff contact Cristina Martin Firvida of our Government Relations staff at 202-434-6194.

Sincerely,

A handwritten signature in black ink, appearing to read 'William D. Novelli', written in a cursive style.

William D. Novelli  
Chief Executive Officer