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## States Have Not Yet Seen the Worst of Economic Times, Governors at Meeting Say

By [ROBERT PEAR](#)

WASHINGTON — Although the national economy has begun to bounce back, governors said Saturday that the worst was yet to come at the state level, where revenues are still falling short of projections.

“State revenues continue to deteriorate, as most states are witnessing monthly totals lower than their recent forecasts, which have been revised downward,” said Gov. Jim Douglas of Vermont, the chairman of the [National Governors Association](#), which opened its winter meeting here on Saturday.

Mr. Douglas, a Republican, said the fiscal situation was “fairly poor for most states around the country.” And a report issued by the association predicted that the fiscal year starting July 1 would be “the most difficult to date.”

Health care was another pressing issue on the agenda. A number of the governors, some of them Democrats, were less than enthusiastic about elements of the sweeping health care legislation championed by [President Obama](#) and Democrats in Congress.

Governors said they needed more latitude to devise health insurance programs tailored to the needs, priorities and fiscal capacity of their states.

Gov. [Deval Patrick](#) of Massachusetts, a Democrat, said his state was doing fine with its requirement for people to obtain health insurance.

But Gov. Joe Manchin III of West Virginia, a Democrat who is vice chairman of the National Governors Association, criticized proposals that would require everyone to carry insurance with benefits specified by the federal government.

“One size does not fit all,” Mr. Manchin said. “We need flexibility to make sure our citizens are insured. I should not be mandated to take care of somebody who is having a hard time financially but is very healthy.”

With health legislation stalled in Congress, governors said they were moving ahead on their own to transform the health care system, improve the quality of care and hold down costs.

“To be perfectly honest,” Mr. Douglas said, “I had expected that we would be here today talking about implementation of a new national health plan enacted by Congress. But we cannot wait for the federal government. We are going to move forward. We will provide leadership with or without a federal health care bill.”

[Michelle Obama](#), the first lady, received a warm welcome from the group as she made an impassioned plea for state efforts to reduce childhood obesity.

“We cannot solve our health care problems unless we address our childhood obesity problem, too,” Mrs. Obama said.

Mrs. Obama said health costs would continue to soar if children continued to stuff themselves with salty, high-fat foods that contributed to obesity — and to a higher risk of diabetes, high blood pressure and heart disease.

Even as the governors debated ways to tackle their financial problems, some said the situation could have been worse. Governor Douglas said the [recession](#) might have been deeper and longer if Congress had not approved a \$787 billion package to stimulate the economy last year.

The new governor of New Jersey, [Christopher J. Christie](#), a Republican, said that while the federal aid had helped states, “it really just put off difficult choices.”

Other governors said they were dismayed by the failure of Congress to pass legislation to help create jobs and resuscitate the economy. States, they said, were paying a price for the inaction on Capitol Hill.

“Because of the decline in state revenues,” Mr. Douglas said, “43 states cut \$31 billion from their budgets in

2009. For fiscal year 2010, even with nearly \$30 billion in new revenue, 36 states have been forced to cut \$55 billion. Thirty states have cut elementary, secondary and higher education.”

Given these problems, governors of both parties expressed concern about plans by Democrats in Congress to expand [Medicaid](#), the program for low-income people.

Gov. [Haley Barbour](#) of Mississippi, the chairman of the Republican Governors Association, said the health bills passed by the House and the Senate would impose “an enormous unfunded mandate on states,” forcing them to pick up \$25 billion in new costs over 10 years.

Mr. Barbour explained what this would mean in Mississippi: “Either the state income tax or the state sales tax or both would have to be raised. We would add 300,000 people to the Medicaid rolls. It’s about a 50 percent increase.”

Gov. [Christine Gregoire](#) of Washington, a Democrat, said that despite such concerns, she was “a huge champion of national [health care reform](#).”

“You can’t take little nibbles at health care reform,” Ms. Gregoire said. “It’s got to be comprehensive.”

Ms. Gregoire said she had told the top Democrats in Congress that they might want to delay the expansion of Medicaid if states were still in economic distress in a few years.

“If we don’t come out of this recession and if I have to absorb new costs, I don’t know how I would do it,” Ms. Gregoire said. “We would be hard-pressed to pick up the tab. But that’s not to say we should not move forward on health care reform. Doing nothing would be the biggest mistake.”

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