



ISSUE BRIEF

RECOVERY ACT EXPENDITURE RATE

Press reports indicate that the rate of Recovery Act expenditures is slow, both nationally and in Florida. The purpose of this brief is to examine the expected rate of expenditures compared with the actual rate.

There are three broad areas of Recovery Act expenditures:

- **Federal grants, contracts, and loans awarded to states, local government, and other entities.** These funds were appropriated in the first major section of the Recovery Act (Division A) and are reported both by federal agencies and by recipients of federal funds through a new federal reporting system.
- **Benefit payments to individuals.** These include payments to lessen the impact of the recession to affected families such as Unemployment Compensation, increased Food Stamp benefits, etc. Enhance Medicaid matching funds are also in this category. (Division B).
- **Tax Relief for individuals and businesses.**

The estimated budgetary impact and expenditures (called outlays) for the Recovery Act were estimated by the Congressional Budget Office (CBO) in February 2009. These estimates showed the expected pattern of budget authority and outlay from 2009 through 2019. The estimated outlays are shown below:

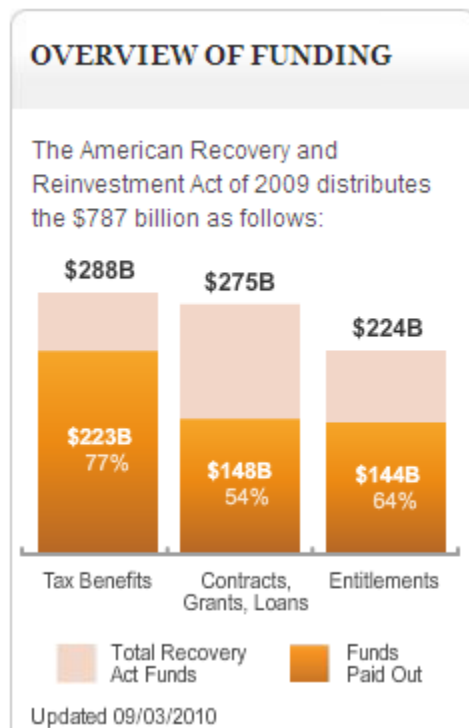
**American Recovery and Reinvestment Act of 2009
Federal Outlay Estimates - National
CBO Report on Conference Committee Bill of February 2009
In \$billions**

	FFY 2009	FFY 2010	FFY 2011	FFY 2012	FFY 2013 and later	Total
Division A	34.8	110.7	76.3	38.1	48.3	308.2
Division B	85.3	108.6	49.9	8.1	15.1	267.0
Subtotal Spending	120.1	219.3	126.2	46.2	63.4	575.2
Tax Relief	64.8	180.1	8.2	-10	-31.3	211.8
Total	184.9	399.4	134.4	36.2	32.1	787

The following chart shows the **cumulative percentage** of Recovery Act expenditures expected based on the CBO projections.

	FFY 2009	FFY 2010	FFY 2011	FFY 2012	FFY 2013 and later.	Total
Division A	11%	47%	72%	84%	100%	
Division B	32%	73%	91%	94%	100%	
Subtotal Spending	21%	59%	81%	89%	100%	

The projected outlays in the CBO report included Recovery Act tax credits in the Division A estimates. For reporting purposes, the federal Recovery.gov has moved these expenditures into the tax relief category and has reported the following national data on Recovery Act spending:

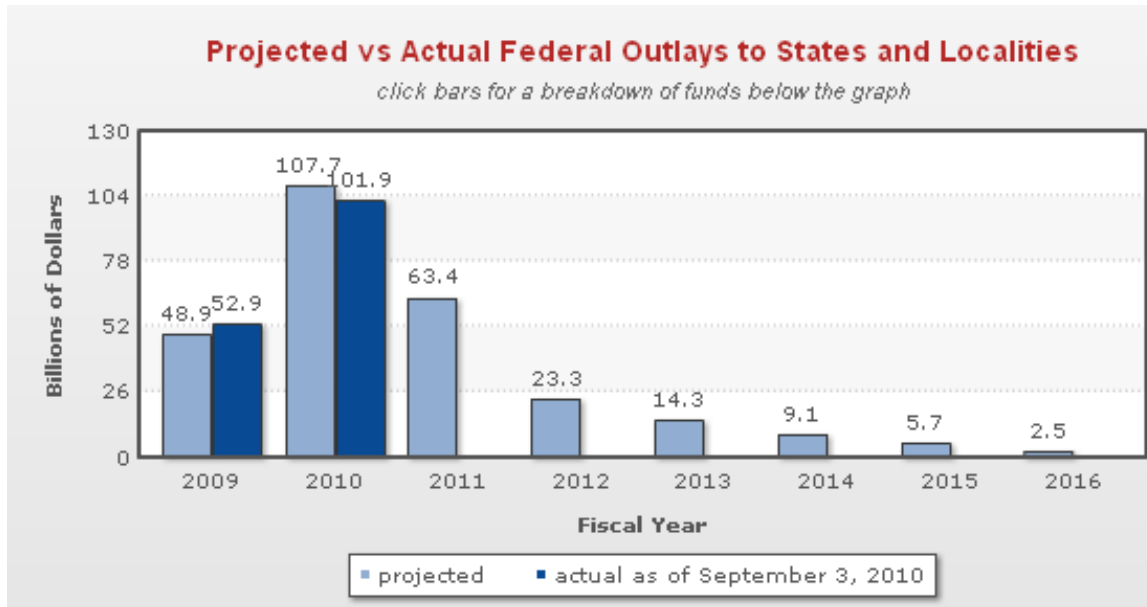


Data is based on federal agency reports updated on September 3, 2010.

PROJECTED VS. ACTUAL OUTLAYS TO STATES AND LOCALITIES

The U.S. Government Accountability Office (GAO) has analyzed the actual federal outlays to states and localities compared to the year-by-year projections. This analysis looks only at the portion of the Recovery Act funds that are going to states and local entities and does not include other government funding or tax relief.

The following chart shows the projected federal outlays by federal fiscal year and then shows the actual outlays as of September 3. The federal fiscal year ends on September 30, so there will be additional expenditures in fiscal 2010.



Source: GAO.Gov/Recovery website.

FLORIDA EXPENDITURE RATES

Based on funds awarded, expenditures in Florida for grants, contracts and loans (Division A) were at 36% as of June 30, 2010 and are expected to be about 48% at the end of September. For funds flowing through state agencies, the June 30 expenditures were 41% of funds awarded and are expected to be around 54% at the end of September.

For overall funds, (Division A and Division B), expenditures as of June 30, 2010 in Florida were 65% of funds awarded and should exceed 70% by the end of September.

Florida expenditure rates are slightly slower than some other states primarily due to two factors:

- The Florida Legislature spread new education funding from the State Fiscal Stabilization Fund over two full school years in order to stabilize local education budgets. In contrast, some states spent this new money more quickly due to immediate budget crises. Florida's approach, while slowing the spending rate, was a more prudent way to ensure stable education funding.
- Florida spent more highway funds on adding capacity, such as building new roads and bridges or adding lanes to roads, rather than resurfacing existing roads. This approach targeted relief of congestion as the highest priority. Capacity building projects take

longer to initiate and complete, but will pay off in the long run in better paying jobs and greater positive impact on Florida's economy.

- Both of these spending issues were the subject of reports by the Governmental Accountability Office (GAO) in July 2009. See GAO report 09-829 for additional details.

OVERALL

While there is a great sense of urgency surrounding Recovery Act expenditures, the overall rate of expenditures are entirely consistent with the original projections of the Congressional Budget Office. Florida's rate of Recovery Act spending is consistent with national projections and state appropriations.