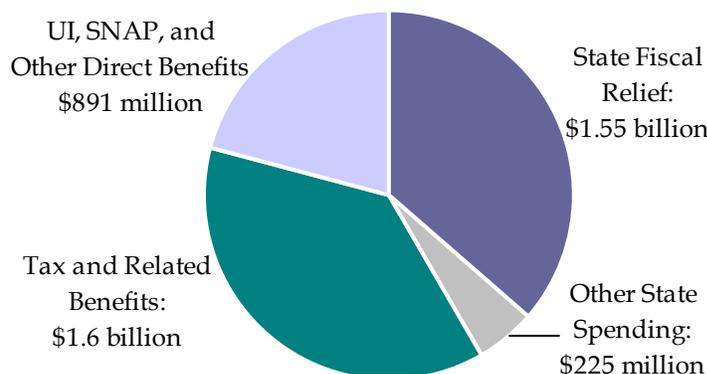


## American Recovery and Reinvestment Act – What has been spent in Massachusetts so far?

Between the passage of the American Recovery and Reinvestment Act (ARRA) in February 2009 and Oct. 1, 2009, approximately \$4.26 billion in ARRA funds have been spent in Massachusetts. The majority of this spending has come in the form of tax and other direct benefits to residents, and in state efforts to close budget gaps in FY 2010 and FY 2011 and limit harmful cuts to programs.

### Estimated State Spending as of October 1st



### TAX AND RELATED BENEFITS

ARRA has already provided an estimated \$1.29 billion in tax benefits to Massachusetts residents. By far the largest source of these benefits, \$1.2 billion, is due to the Making Work Pay tax credit which has increased the take-home pay of qualifying workers in the state. Other tax benefits, such as a modification to the Alternative Minimum Tax, will primarily affect taxpayers when they file their 2009 tax returns.

In addition to tax benefits, Massachusetts retirees and Social Security Insurance recipients have already received \$306.5 million in one-time economic recovery payments.

### OTHER DIRECT BENEFITS

ARRA provides other direct benefits to Massachusetts residents in the form of increased and extended unemployment compensation, increased Supplemental Nutrition Assistance Program (SNAP – formerly food stamps) payments, Pell grants and health insurance benefits for the unemployed. While ongoing estimates for Pell grants and COBRA health insurance extension benefits are not yet available, state residents have already received \$816 million in improved unemployment compensation and \$74.8 million in increased SNAP payments. Because state-by-state estimates for Pell Grants and COBRA benefits up to Oct. 1 are not available, it is important to note that this \$891 million estimate for other direct benefits to Massachusetts understates actual spending so far.

## STATE FISCAL RELIEF

Massachusetts has used \$1.55 billion in funds provided through ARRA to help close the state's budget gaps in both FY 2009 and FY 2010. Direct state fiscal relief comes in three forms:

- Enhanced federal reimbursements for Medicaid (FMAP) – \$1.1 billion in enhanced FMAP has been spent as of Oct. 1. Of this amount, \$806 million was spent in FY 2009. The FY 2010 budget relies on a further \$1.223 billion in enhanced FMAP. The \$1.1 billion total assumes that one quarter of the FY 2010 FMAP amount has been spent as of Oct. 1.
- Education block grant - \$355 million in education block grant funds have been spent as of Oct. 1. Of this amount, \$322 million was spent in FY 2009 to support K-12 school funding. In addition, the FY 2010 budget identifies \$330 million in education block grant funds that will be used to help support funding for public K-12 and higher education campuses in the current fiscal year. The \$355 million total assumes that one-tenth of the total FY 2010 amount has been spent as of Oct. 1 (to reflect one-tenth of the school year having gone by).
- Flexible block grant - \$90 million in flexible block grant funds were spent in FY 2009 to support K-12 school funding. While the governor has announced an additional \$21 million in flexible block grant funds will be used to help fund municipal fire fighter positions, this spending will occur after Oct. 1.

Aside from these major sources of fiscal relief, the state has also spent approximately \$57.5 million thus far in other ARRA funds which also have helped the state to close the budget gap. ARRA provides funding for child care and hospital care for low income families as well as emergency funding for increased costs to the state's low-income cash assistance program (TAFDC). In each of these cases, the new ARRA funding has helped meet budget challenges by supporting the cost of existing programs.

## OTHER STATE SPENDING

Massachusetts has also spent approximately \$225 million in ARRA funding in a number of areas from home weatherization to transportation infrastructure projects to special education. In many of these areas spending will increase substantially in the coming months as more projects get under way and as the new school year continues.

## WHAT ARE WE MISSING

As mentioned above, there are a number of areas where it is difficult to accurately estimate how much ARRA spending has taken place in Massachusetts thus far. For programs such as the expansion of COBRA and increased Pell Grants, state residents have already benefitted substantially. However, because reliable spending estimates do not exist, these programs are not included in the numbers above. The omission of these, and other programs, means that the \$4.26 billion estimate likely understates the actual ARRA spending that has helped Massachusetts and its residents over the last eight months.