

November 24, 2010

## **Effect of the ARRA on federal receipts and expenditures**

### **Revisions to quarterly estimates**

(all values reported at annual rates)

Revisions to the estimated effects of the ARRA for quarters prior to the third quarter of 2010 were incorporated on November 1, 2010.

These revisions primarily reflect revisions to the weekly Financial and Activity Reports of ARRA-authorized spending submitted by federal agencies to the Recovery Accountability and Transparency Board (RATB). The largest of these revisions were made to federal funding of Medicaid benefits for the first and second quarters of 2010. Some ARRA-funded Medicaid benefits, which were applied through an increase in federal medical assistance percentage (FMAP) payments for the period October 1, 2008 through December 31, 2010, had not previously been reported to the RATB by the Department of Health and Human Services. As a result, the effect of the ARRA on **Medicaid grants** (line 21) was revised up \$11.0 billion for the first quarter of 2010 and \$2.1 billion for the second quarter of 2010.

The effect of the ARRA on **consumption expenditures** (line 8) was revised down by between \$0.4 billion and \$0.8 billion for each quarter from the second quarter of 2009 through the second quarter of 2010. These revisions primarily reflect the removal of ARRA-authorized funds that were distributed through federal loans programs. Although reported as expenditures on [recovery.gov](http://recovery.gov), federal loans are excluded from the national income and product accounts (NIPAs), and do not impact our estimates of consumption expenditures. These funds are now treated as a coverage adjustment in the reconciliation of our expenditures with total outlays as reported on [recovery.gov](http://recovery.gov).