

## U.S. Municipal Bond Market

# COVID-19 Spending to Date Not an Accurate Indicator of Need

### Summary

- Economic data out today, while not as bad as forecast, still makes a strong case that the U.S. economic recovery is stalling.
- The Dallas Federal Reserve's MEI was slightly lower this week and has remained close to the same level since the end of June, when the reopening rollback began.
- We believe that if the economy does not receive support in the form of fiscal policy that it could begin to backtrack again.
- State and local governments have only spent 25% of the \$139 billion provided in the CARES Act for COVID relief. We discuss why they have not spent more and why this lack of spending should not be an indicator that they do not need more federal relief.

### Economy Showing More Signs of Stalling

Economic data out today shows more signs that the U.S. economy is stalling. U.S. second quarter GDP plunged 32.9%, indicating the economy experienced the worst contraction since WWII. Weekly jobless claims came in at 1.434 million, rising for the second straight week after declining for 15 straight weeks. "The second quarter numbers would have been stunning if they weren't fully anticipated," wrote HilltopSecurities' Scott McIntyre and Greg Warner.<sup>1</sup>

### Mobility Index Has Also Stalled Since End of June

The Dallas Federal Reserve's national Mobility and Engagement Index (MEI) fell slightly again this week to -42.63 and has averaged -42.58 since June 20. We believe this index can be used as an indicator of what economic activity is likely to look like in coming weeks. In other words, a bump higher is not likely in the cards anytime soon.

The negative impact from the reopening rollback, which began at the end of June, is beginning to take its toll. Yesterday, the U.S. Federal Reserve indicated that the economy is looking at a long road to recovery, yet it assured financial markets that it would play its part in providing necessary monetary policy or stimulus.

### COVID-19 Relief Update

Lawmakers in Washington are still debating a fifth phase of COVID-19 relief. Unemployment benefits are expiring at the end of this month and Congress is scheduled to leave Washington on Friday, August 7. A little over a week remains and there has only been a limited amount of dialogue coming out of the beltway. Some reports are now pointing to the potential for a small relief package focused on extended unemployment benefits, however there is really not enough feedback coming out to form a strong opinion of where things are at this point. This lack of color and clarity could be an indicator that political risk is rising.

We believe that if the economy does not receive support in the form of fiscal policy that it could begin to backtrack again. It has been hovering in anticipation that lawmakers would move swiftly by the beginning of April, but time is running out. Also, we believe state and local governments could shed another 1.5 million job, or more, and be forced to introduce unwanted service interruptions if there is not substantive

Tom Kozlik

Head of Municipal Strategy & Credit  
214.859.9439  
tom.kozlik@hilltopsecurities.com

*We believe that if the economy does not receive support in the form of fiscal policy that it could begin to backtrack again.*

fiscal policy support for them as well.

The fact that state and local governments have not spent a substantial portion of the \$139 billion allocated in the March 2020 CARES Act should not be indicators of their need.

*The fact that state and local governments have not spent a substantial portion of the \$139 billion allocated in the March 2020 CARES Act should not be indicators of their need.*

**COVID-19 Relief Fund Disbursement to Date**

An argument from some is that U.S. state and local governments do not need additional aid because they have not yet spent the \$139 billion of Coronavirus Relief Fund (CRF) money allocated to them under the March CARES Act. Data recently released by the U.S. Treasury Department shows they have only spent about 25% of the funds allocated to them (see data in Appendix on page 4). We present several reasons why this lack of spending is not a good indicator of the need for state and local government aid.

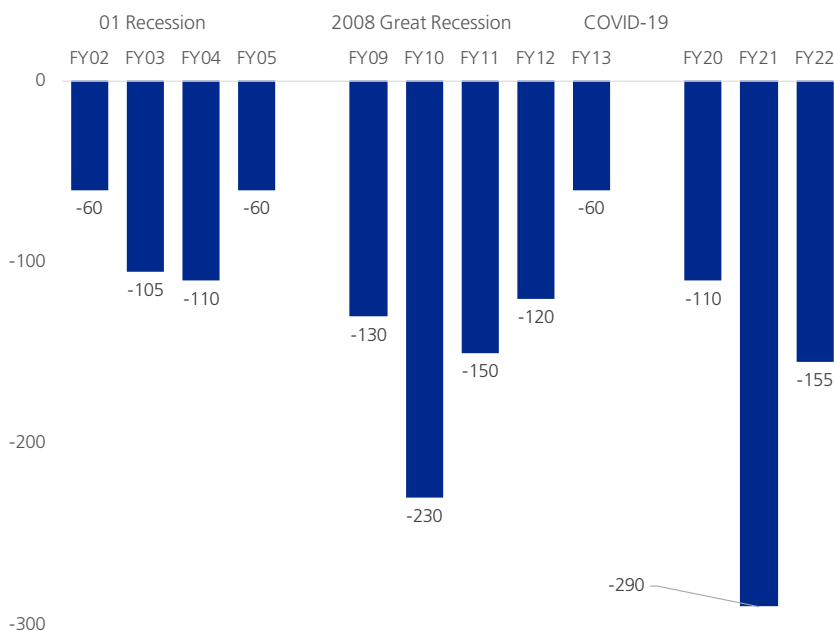
- The \$150 billion (\$139 billion for state and locals) of COVID-19 CARES Act aid can only be used for COVID-19 specific purposes and cannot be used to make up for budget gaps or revenue losses.
- States will spend the CRF to fight COVID-19 in the coming months as the law intended.<sup>2</sup>
- U.S. Treasury’s confusing and evolving guidance has slowed state actions.<sup>3</sup>
- It takes time to thoughtfully spend a new, flexible grant program.<sup>4</sup>
- Some states have been harder hit than others and have required a higher level of more immediate spending.
- We are hearing anecdotal evidence that the distribution of the funds from states to local governments has been delayed. However, this also reinforces the above bullet points from Michael Leachman of the Center on Budget and Policy Priorities.

If the lack of quick spending argues anything, it is probably that lifting restrictions on how the \$139 billion of CRF can be spent is likely an appropriate policy consideration.

*If the lack of quick spending argues anything, it is probably that lifting restrictions on how the \$139 billion of CRF can be spent is likely an appropriate policy consideration.*

In addition, we believe it is more appropriate to consider the large budget and revenue shortfalls state and local governments have experienced and which they are forecasting when considering state need of additional federal aid. The Center on Budget and Policy Priorities now projects revised state budget shortfalls of \$555 billion from fiscal years 2020 to 2022.<sup>5</sup>

**COVID-19 State Budget Shortfall Comparisons**



*We believe it is more appropriate to consider the large budget and revenue shortfalls state and local governments have experienced and which they are forecasting when considering state need of additional federal aid.*

Source: Center on Budget and Policy Priorities and HilltopSecurities.

State and local governments have already laid off or furloughed about 1.5 million workers. In the coming months, we expect governments to potentially shed another amount close to that or more in order to balance budgets without substantial aid. State and local government consumption and investment fell in the second quarter. This could become a trend going forward and also hinder broader economic recovery without federal relief.

*In the coming months, we expect governments to potentially shed another amount close to that or more in order to balance budgets without substantial aid.*

Please see Appendix on pages 4-9 for the Interim Report of Costs Incurred by State/ Local Governments through June 30, 2020.

---

<sup>1</sup> Please see: McIntyre, Scott and Greg Warner; [The Worst Ever was Better than Expected](#); HilltopSecurities; July 30, 2020.

<sup>2</sup> Leachman, Michael; [Good Reasons Why States Haven't Yet Spent All Coronavirus Relief Funds](#); The Center for Budget and Policy Priorities; June 25, 2020.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Ibid.*

<sup>5</sup> Roundup: [Need for More State Fiscal Relief Continues](#); Center on Budget and Policy Priorities; July 27, 2020.

#### Recent HilltopSecurities Municipal Commentary

- [The HEALS Act: Republicans' Fifth Phase Proposal, Almost Final](#), July 27, 2020
- [Fed Expands Main Street Lending Program Eligibility to Include Nonprofits](#), July 23, 2020
- [Job Market Improvement Stalled, Implications for Fiscal Policy Uncertain](#), July 23, 2020
- [COVID 5](#), July 21, 2020
- [Lines are Being Drawn](#), July 20, 2020
- [The Political Risk of Phase Five and the Next Three Weeks](#), July 16, 2020
- [Municipals Shrug Off Reopening Rollback](#), July 14, 2020

Readers may view all of the HilltopSecurities Municipal Commentary [here](#).

# Appendix

## Interim Report of Costs Incurred by State/Local Governments

Through June 30, 2020 (data as of July 23, 2020)

Page 1 of 6

State		Payment Amount	Total Costs Incurred	Percent Spent
Alabama	Total allocation	\$1,901,262,160	\$3,347,668	0.2%
	Eligible local governments that certified:			
	Jefferson County	\$114,915,910	\$1,922,702	1.7%
	Payment to the state	\$1,786,346,250	\$1,424,966	0.1%
Alaska	Total allocation, payment to state	\$1,250,000,000	\$352,121,301	28.2%
Arizona	Total allocation	\$2,822,399,972	\$554,971,835	19.7%
	Eligible local governments that certified:			
	Maricopa County	\$398,960,914	\$10,004,729	2.5%
	Mesa city	\$90,389,099	\$43,246,067	47.8%
	Phoenix city	\$293,320,141	\$169,337,780	57.7%
	Pima County	\$87,107,597	\$10,752,035	12.3%
	Tucson city	\$95,634,512	\$35,949,627	37.6%
	Payment to the state	\$1,856,987,708	\$285,681,596	15.4%
Arkansas	Total allocation, payment to state	\$1,250,000,000	\$264,100,879	21.1%
California	Total allocation	\$15,321,284,928	\$11,415,457,753	74.5%
	Eligible local governments that certified:			
	Alameda County	\$291,634,022	\$127,281,814	43.6%
	Contra Costa County	\$201,281,392	\$56,612,696	28.1%
	Fresno County	\$81,579,507	\$26,784,956	32.8%
	Fresno City	\$92,755,913	\$12,487,039	13.5%
	Kern County	\$157,078,307	\$50,471,687	32.1%
	Los Angeles County	\$1,057,341,432	\$299,196,475	28.3%
	Los Angeles city	\$694,405,324	\$348,461,370	50.2%
	Orange County	\$554,133,765	\$97,355,520	17.6%
	Riverside County	\$431,091,226	\$77,130,691	17.9%
	Sacramento County	\$181,198,725	\$147,967,953	81.7%
	Sacramento city	\$89,623,427	\$6,606,952	7.4%
	San Bernardino County	\$380,408,021	\$80,891,498	21.3%
	San Diego County	\$334,061,822	\$129,112,881	38.6%
	San Diego city	\$248,451,020	\$93,428,606	37.6%
	San Francisco city	\$153,823,503	\$99,779,187	64.9%
	San Joaquin County	\$132,988,949	\$16,030,850	12.1%
	San Jose city	\$178,295,348	\$62,633,779	35.1%
	San Mateo County	\$133,761,077	\$24,795,378	18.5%
	Santa Clara County	\$158,099,960	\$94,983,781	60.1%
	Stanislaus County	\$96,085,924	\$11,746,231	12.2%
	Ventura County	\$147,621,523	\$26,133,407	17.7%
	Payment to the state	\$9,525,564,789	\$9,525,564,789	100.0%
Colorado	Total allocation	\$2,233,011,164	\$1,259,478,118	56.4%
	Eligible local governments that certified:			
	Adams County	\$90,285,974	\$14,575,842	16.1%
	Arapahoe County	\$114,569,892	\$1,181,736	1.0%
	Denver city	\$126,892,712	\$2,950,175	2.3%
	El Paso County	\$125,704,768	\$44,930,102	35.7%
	Jefferson County	\$101,708,240	\$23,599,983	23.2%
	Payment to the state	\$1,673,849,579	\$1,172,240,280	70.0%
Connecticut	Total allocation, payment to state	\$1,382,477,973	\$63,415,715	4.6%
Delaware	Total allocation	\$1,250,000,000	\$80,066,797	6.4%
	Eligible local governments that certified:			
	New Castle County	\$322,766,669	\$2,673,558	0.8%
	Payment to the state	\$927,233,331	\$77,393,239	8.3%

## Interim Report of Costs Incurred by State/Local Governments

Page 2 of 6

State		Payment Amount	Total Costs Incurred	Percent Spent	
Florida	Total allocation	\$8,328,221,072	\$968,760,278	11.6%	
	Eligible local governments that certified:				
	Brevard County	\$105,034,237	\$1,863,739	1.8%	
	Broward County	\$340,744,702	\$127,766,276	37.5%	
	Hillsborough County	\$256,847,065	\$3,034,243	1.2%	
	Jacksonville city/ Duval County	\$167,120,862	\$51,764,273	31.0%	
	Lee County	\$134,459,744	\$20,920,476	15.6%	
	Miami-Dade County	\$474,085,079	\$51,871,061	10.9%	
	Orange County	\$243,146,629	\$9,636,929	4.0%	
	Palm Beach County	\$261,174,823	\$39,898,367	15.3%	
	Pasco County	\$96,659,480	\$29,766,885	30.8%	
	Pinellas County	\$170,129,283	\$14,707,955	8.6%	
	Polk County	\$126,467,997	\$41,202,347	32.6%	
	Volusia County	\$96,543,791	\$7,506,280	7.8%	
	Payment to the state	\$5,855,807,380	\$568,821,445	9.7%	
Georgia	Total allocation	\$4,117,018,751	\$942,066,962	22.9%	
	Eligible local governments that certified:				
	Atlanta city	\$88,434,611	\$13,474,819	15.2%	
	Cobb County	\$132,638,743	\$432,072	0.3%	
	DeKalb County	\$125,341,475	\$19,178,376	15.3%	
	Fulton County	\$104,364,187	\$20,819,240	19.9%	
	Gwinnett County	\$163,368,405	\$7,639,904	4.7%	
	Payment to the state	\$3,502,871,330	\$880,522,551	25.1%	
	Hawaii	Total allocation	\$1,250,000,000	\$150,455,925	12.0%
		Eligible local governments that certified:			
Honolulu County		\$387,176,021	\$62,008,595	16.0%	
Payment to the state	\$862,823,979	\$88,447,330	10.3%		
Idaho	Total allocation, payment to state	\$1,250,000,000	\$63,558,638	5.1%	
Illinois	Total allocation	\$4,913,633,437	\$753,487,498	15.3%	
	Eligible local governments that certified:				
	Chicago city	\$470,078,038	\$211,239,060	44.9%	
	Cook County	\$428,597,905	\$22,589,919	5.3%	
	DuPage County	\$161,042,598	\$4,222,778	2.6%	
	Kane County	\$92,900,218	\$10,350,078	11.1%	
	Lake County	\$121,539,986	\$0	0.0%	
	Will County	\$120,529,327	\$0	0.0%	
	Payment to the state	\$3,518,945,366	\$505,085,663	14.4%	
Indiana	Total allocation	\$2,610,489,557	\$934,172,285	35.8%	
	Eligible local governments that certified:				
	Indianapolis city/Marion County	\$168,312,121	\$5,062,822	3.0%	
Payment to the state	\$2,442,177,436	\$929,109,462	38.0%		
Iowa	Total allocation, payment to state	\$1,250,000,000	\$578,010,726	46.2%	
Kansas	Total allocation	\$1,250,000,000	\$18,322,453	1.5%	
	Eligible local governments that certified:				
	Johnson County	\$116,311,034	\$9,788,483	8.4%	
	Sedgwick County	\$99,636,917	\$1,444,861	1.5%	
Payment to the state	\$1,034,052,050	\$7,089,109	0.7%		
Kentucky	Total allocation	\$1,732,387,748	\$111,275,142	6.4%	
	Eligible local governments that certified:				
	Louisville/Jefferson County metro government	\$133,793,184	\$8,170,585	6.1%	
Payment to the state	\$1,598,594,564	\$103,104,557	6.4%		
Louisiana	Total allocation, payment to state	\$1,802,619,343	\$557,296,187	30.9%	
Maine	Total allocation, payment to state	\$1,250,000,000	\$299,114,916	23.9%	

## Interim Report of Costs Incurred by State/Local Governments

Page 3 of 6

State		Payment Amount	Total Costs Incurred	Percent Spent
Maryland	Total allocation	\$2,344,276,754	\$1,012,078,461	43.2%
	Eligible local governments that certified:			
	Anne Arundel County	\$101,071,866	\$42,516,981	42.1%
	Baltimore County	\$144,369,685	\$21,294,772	14.8%
	Baltimore city	\$103,559,428	\$51,121,730	49.4%
	Montgomery County	\$183,336,954	\$43,906,157	23.9%
	Prince George's County	\$158,670,549	\$20,636,049	13.0%
	Payment to the state	\$1,653,268,271	\$832,602,772	50.4%
Massachusetts	Total allocation	\$2,672,641,383	\$955,895,504	35.8%
	Eligible local governments that certified:			
	Boston city	\$120,853,359	\$10,499,397	8.7%
	Plymouth County	\$90,945,730	\$1,473,526	1.6%
	Payment to the state	\$2,460,842,294	\$943,922,581	38.4%
Michigan	Total allocation	\$3,872,510,075	\$310,965,493	8.0%
	Eligible local governments that certified:			
	Detroit city	\$116,915,243	\$105,740,893	90.4%
	Kent County	\$114,633,581	\$6,572,284	5.7%
	Macomb County	\$152,501,374	\$12,077,791	7.9%
	Oakland County	\$219,438,710	\$46,047,340	21.0%
	Wayne County	\$188,331,621	\$47,565,159	25.3%
	Payment to the state	\$3,080,689,545	\$92,962,026	3.0%
Minnesota	Total allocation	\$2,186,827,321	\$28,977,190	1.3%
	Eligible local governments that certified:			
	Hennepin County	\$220,879,842	\$24,453,653	11.1%
	Ramsey County	\$96,026,771	\$3,992,284	4.2%
	Payment to the state	\$1,869,920,708	\$531,254	0.0%
Mississippi	Total allocation, payment to state	\$1,250,000,000	\$23,248,897	1.9%
Missouri	Total allocation	\$2,379,853,017	\$627,029,777	26.3%
	Eligible local governments that certified:			
	Jackson County	\$122,669,998	\$6,085,561	5.0%
	St. Louis County	\$173,481,106	\$10,750,946	6.2%
	Payment to the state	\$2,083,701,913	\$610,193,270	29.3%
Montana	Total allocation and payment to the state	\$1,250,000,000	\$76,431,405	6.1%
Nebraska	Total allocation	\$1,250,000,000	\$54,139,733	4.3%
	Eligible local governments that certified:			
	Douglas County	\$166,134,258	\$2,683,059	1.6%
	Payment to the state	\$1,083,865,742	\$51,456,674	4.7%
Nevada	Total allocation	\$1,250,000,000	\$218,847,768	17.5%
	Eligible local governments that certified:			
	Clark County	\$295,004,620	\$17,647,711	6.0%
	Las Vegas city	\$118,944,280	\$110,885,740	93.2%
	Payment to the state	\$836,051,100	\$90,314,317	10.8%
New Hampshire	Total allocation, payment to state	\$1,250,000,000	\$425,108,298	34.0%
New Jersey	Total allocation	\$3,444,163,690	\$162,513,806	4.7%
	Eligible local governments that certified:			
	Bergen County	\$162,662,060	\$6,904,884	4.2%
	Camden County	\$88,375,284	\$5,623,169	6.4%
	Essex County	\$139,414,976	\$13,221,831	9.5%
	Hudson County	\$117,327,044	\$5,537,567	4.7%
	Middlesex County	\$143,966,957	\$6,331,016	4.4%
	Monmouth County	\$107,974,956	\$19,009,765	17.6%
	Ocean County	\$105,949,275	\$448,986	0.4%
	Passaic County	\$87,564,767	\$53,317,746	60.9%
	Union County	\$97,077,214	\$1,118,843	1.2%
	Payment to the state	\$2,393,851,157	\$51,000,000	2.1%

## Interim Report of Costs Incurred by State/Local Governments

Page 4 of 6

State		Payment Amount	Total Costs Incurred	Percent Spent
New Mexico	Total allocation	\$1,250,000,000	\$94,080,713	7.5%
	Eligible local governments that certified:			
	Albuquerque city	\$150,364,461	\$68,365,254	45.5%
	Bernalillo County	\$31,818,045	\$4,430,710	13.9%
	Payment to the state	\$1,067,817,494	\$21,284,750	2.0%
New York	Total allocation	\$7,543,325,288	\$4,030,649,058	53.4%
	Eligible local governments that certified:			
	Erie County	\$160,306,415	\$25,449,306	15.9%
	Hempstead town	\$133,832,096	\$6,754,484	5.0%
	Monroe County	\$129,433,145	\$36,007,819	27.8%
	Nassau County	\$102,940,679	\$102,940,679	100.0%
	New York city	\$1,454,710,278	\$1,446,250,203	99.4%
	Suffolk County	\$257,655,488	\$188,442,394	73.1%
	Westchester County	\$168,822,336	\$46,478,761	27.5%
	Payment to the state	\$5,135,624,853	\$2,171,156,014	42.3%
	North Carolina	Total allocation	\$4,066,866,178	\$358,594,084
Eligible local governments that certified:				
Charlotte city		\$154,549,216	\$18,593,297	12.0%
Guilford County		\$93,732,721	\$21,209,336	22.6%
Mecklenburg County		\$39,199,344	\$1,833,048	4.7%
Wake County		\$193,993,721	\$14,412,707	7.4%
Payment to the state		\$3,585,391,176	\$302,545,696	8.4%
North Dakota	Total allocation, payment to state	\$1,250,000,000	\$116,137,261	9.3%
Ohio	Total allocation	\$4,532,572,912	\$547,523,759	12.1%
	Eligible local governments that certified:			
	Columbus city	\$156,790,569	\$1,951,927	1.2%
	Cuyahoga County	\$215,510,540	\$28,290,298	13.1%
	Franklin County	\$76,336,363	\$27,317,592	35.8%
	Hamilton County	\$142,642,735	\$1,591,623	1.1%
	Montgomery County	\$92,775,281	\$40,452,385	43.6%
	Summit County	\$94,402,597	\$11,634,208	12.3%
	Payment to the state	\$3,754,114,827	\$436,285,726	11.6%
	Oklahoma	Total allocation	\$1,534,357,612	\$69,578,133
Eligible local governments that certified:				
Oklahoma City city		\$114,302,395	\$2,744,924	2.4%
Oklahoma County		\$47,291,598	\$209,443	0.4%
Tulsa County		\$113,690,800	\$1,304,385	1.1%
Payment to the state	\$1,259,072,820	\$65,319,380	5.2%	
Oregon	Total allocation	\$1,635,472,404	\$136,113,285	8.3%
	Eligible local governments that certified:			
	Multnomah County	\$28,057,837	\$6,967,348	24.8%
	Portland city	\$114,247,256	\$3,069,702	2.7%
	Washington County	\$104,660,475	\$8,440,565	8.1%
	Payment to the state	\$1,388,506,837	\$117,635,669	8.5%
Pennsylvania	Total allocation	\$4,964,107,464	\$1,324,271,932	26.7%
	Eligible local governments that certified:			
	Allegheny County	\$212,190,475	\$12,740,999	6.0%
	Bucks County	\$109,628,270	\$147,226	0.1%
	Chester County	\$91,606,532	\$30,649,993	33.5%
	Delaware County	\$98,892,981	\$25,334,015	25.6%
	Lancaster County	\$95,224,630	\$4,634,170	4.9%
	Montgomery County	\$144,988,260	\$4,749,500	3.3%
	Philadelphia city	\$276,406,953	\$115,826,450	41.9%
	Payment to the state	\$3,935,169,363	\$1,130,189,578	28.7%
Rhode Island	Total allocation, payment to state	\$1,250,000,000	\$247,613,509	19.8%

## Interim Report of Costs Incurred by State/Local Governments

Page 5 of 6

State		Payment Amount	Total Costs Incurred	Percent Spent	
South Carolina	Total allocation	\$1,996,468,642	\$763,028	0.0%	
	Eligible local governments that certified:				
	Greenville County	\$91,354,042	\$763,028	0.8%	
	Payment to the state	\$1,905,114,601	\$0	0.0%	
South Dakota	Total allocation, payment to state	\$1,250,000,000	\$74,790,653	6.0%	
Tennessee	Total allocation	\$2,648,084,890	\$446,824,464	16.9%	
	Eligible local governments that certified:				
	Memphis city	\$113,607,218	\$28,964,536	25.5%	
	Nashville-Davidson metro govt	\$121,122,775	\$33,802,782	27.9%	
	Shelby County	\$49,921,022	\$8,221,346	16.5%	
	Payment to the state	\$2,363,433,874	\$375,835,801	15.9%	
Texas	Total allocation	\$11,243,461,411	\$1,366,541,773	12.2%	
	Eligible local governments that certified:				
	Austin city	\$170,811,897	\$76,850,000	45.0%	
	Bexar County	\$79,626,415	\$7,884,636	9.9%	
	Collin County	\$171,453,156	\$96,833,400	56.5%	
	Dallas County	\$239,952,373	\$14,050,901	5.9%	
	Dallas city	\$234,443,128	\$41,660,010	17.8%	
	Denton County	\$147,733,722	\$28,687,973	19.4%	
	El Paso County	\$27,484,280	\$685,346	2.5%	
	El Paso city	\$118,956,279	\$137,436	0.1%	
	Fort Bend County	\$134,262,394	\$1,138,366	0.8%	
	Fort Worth city	\$158,715,568	\$18,840,290	11.9%	
	Harris County	\$425,942,656	\$13,194,530	3.1%	
	Hidalgo County	\$151,582,673	\$15,060,477	9.9%	
	Houston city	\$404,868,873	\$38,171,828	9.4%	
	Montgomery County	\$104,983,285	\$21,258,503	20.2%	
	San Antonio city	\$269,983,717	\$64,326,669	23.8%	
	Tarrant County	\$209,816,857	\$51,960,630	24.8%	
	Travis County	\$61,147,507	\$7,236,230	11.8%	
	Williamson County	\$93,382,340	\$35,481,993	38.0%	
		Payment to the state	\$8,038,314,291	\$833,082,555	10.4%
	Utah	Total allocation	\$1,250,000,000	\$235,180,516	18.8%
		Eligible local governments that certified:			
		Salt Lake County	\$203,603,981	\$33,800,598	16.6%
		Utah County	\$111,630,342	\$6,729,667	6.0%
		Payment to the state	\$934,765,677	\$194,650,250	20.8%
	Vermont	Total allocation, payment to state	\$1,250,000,000	\$124,339,045	9.9%
Virginia	Total allocation	\$3,309,738,321	\$823,060,663	24.9%	
	Eligible local governments that certified:				
	Fairfax County	\$200,235,485	\$52,233,579	26.1%	
	Payment to the state	\$3,109,502,836	\$770,827,083	24.8%	
Washington	Total allocation	\$2,952,755,793	\$126,862,651	4.3%	
	Eligible local governments that certified:				
	King County	\$261,582,611	\$54,131,500	20.7%	
	Pierce County	\$157,912,031	\$12,016,673	7.6%	
	Seattle city	\$131,510,476	\$31,065,500	23.6%	
	Snohomish County	\$143,447,144	\$21,112,813	14.7%	
	Spokane County	\$91,224,220	\$1,482,109	1.6%	
	Payment to the state	\$2,167,079,311	\$7,054,055	0.3%	
West Virginia	Total allocation, payment to state	\$1,250,000,000	\$607,528,714	48.6%	



## Interim Report of Costs Incurred by State/Local Governments

Page 6 of 6

State		Payment Amount	Total Costs Incurred	Percent Spent
Wisconsin	Total allocation	\$2,257,710,742	\$126,126,268	5.6%
	Eligible local governments that certified:			
	Dane County	\$95,394,062	\$31,391,449	32.9%
	Milwaukee County	\$62,044,049	\$13,180,986	21.2%
	Milwaukee city	\$102,977,846	\$5,945,771	5.8%
	Payment to the state	\$1,997,294,786	\$75,608,062	3.8%
Wyoming	Total allocation, payment to state	\$1,250,000,000	\$43,876,721	3.5%
<b>Total</b>		<b>\$139,000,000,002</b>	<b>\$34,165,173,638</b>	<b>24.6%</b>

Source: U.S. Treasury Department and HilltopSecurities.

*The paper/commentary was prepared by Hilltop Securities (HTS). It is intended for informational purposes only and does not constitute legal or investment advice, nor is it an offer or a solicitation of an offer to buy or sell any investment or other specific product. Information provided in this paper was obtained from sources that are believed to be reliable; however, it is not guaranteed to be correct, complete, or current, and is not intended to imply or establish standards of care applicable to any attorney or advisor in any particular circumstances. The statements within constitute the views of HTS as of the date of the document and may differ from the views of other divisions/departments of affiliate Hilltop Securities Inc. In addition, the views are subject to change without notice. This paper represents historical information only and is not an indication of future performance. This material has not been prepared in accordance with the guidelines or requirements to promote investment research, it is not a research report and is not intended as such. Sources available upon request.*

*Hilltop Securities Inc. is a registered broker-dealer, registered investment adviser and municipal advisor firm that does not provide tax or legal advice. HTS are wholly owned subsidiaries of Hilltop Holdings, Inc. (NYSE: HTH) located at 1201 Elm Street, Suite 3500, Dallas, Texas 75270, (214) 859-1800, 833-4HILLTOP*