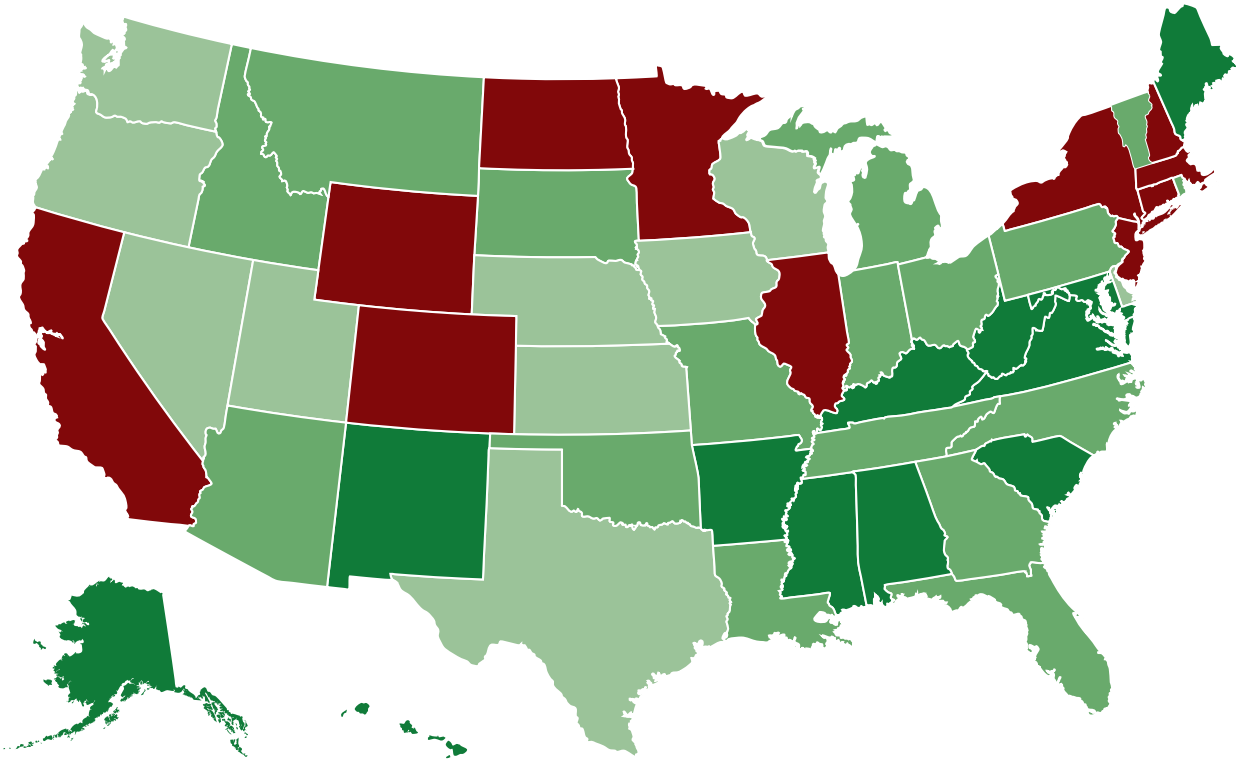
New York's Balance of Payments in the Federal Budget

Federal Fiscal Year 2013



OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

OCTOBER 2015

Message from the Comptroller

October 2015

The fiscal relationship between the federal government and the states has been a topic of debate since the founding of our nation. The late Daniel Patrick Moynihan brought new life to the issue with a series of reports during his 24 years as United States Senator from New York, documenting that the Empire State was generating billions more dollars for the U.S. Treasury than it received back in federal spending.

Much has changed since Senator Moynihan's time in office, but one key fact remains: in the flow of funds to and from Washington, D.C., New York still gives more than it gets. This report shows that in its 2013 fiscal year, the federal government sent less than 91 cents to New York for every federal tax dollar generated in the State. Nationwide, the picture was quite different: the average return for every tax dollar was nearly $1.22, financed, in part, by the federal deficit. New York's balance of payments with the federal government, where spending received amounted to $19.9 billion less than taxes paid, was 46th among the 50 states on a per capita basis.

It's no surprise that a high-income state would generate more in federal taxes than many others. But other factors complicate the picture, raising questions about equity in New York's balance of payments with Washington. While New York is home to many high-income individuals and our economy remains among the nation's largest and most productive, our poverty rate and health care costs are both above the national average. In addition, over the past half-century, New York's gains in key indicators such as employment and population have often lagged the nation's—a fact which Senator Moynihan argued was linked to our longstanding balance-of-payments deficit with Washington.

Our federal tax dollars pay for essential programs ranging from Social Security and Medicare to special education and school lunches, from highways and mass transit to veterans' services and federal retiree benefits, and much more. Some recent developments will benefit New York. For example, federal funding will pay for a larger share of the State's Medicaid costs in the years ahead because of factors including enactment of the Affordable Care Act and federally approved changes to New York's Medicaid program. New York's Congressional delegation and State policy makers deserve credit for these gains.

Still, the budget outlook in Washington is uncertain from both short-term and long-term perspectives, and debate continues over the proper size and role of government. New York historically has been a leader among states in building a robust social safety net and investing our own resources in a wide range of programs that also rely on federal support. It's essential that we maintain a strong partnership with the federal government to maintain and build on such programs in the years ahead.

In the spirit of the Moynihan reports, this analysis is intended to inform our national fiscal conversations, and to help New York's representatives advocate effectively for the State. I hope such discussion will ultimately help lead to better outcomes for New Yorkers.

Thomas P. DiNapoli
State Comptroller

Executive Summary

The budget of the United States government plays a considerable role in the finances of New York State and its local governments, as well as in the daily lives of New Yorkers. Federal spending provides Social Security income, Medicare and Medicaid health coverage and other benefits for millions of State residents. In recent years, federal aid has represented roughly one in three dollars of All Funds receipts in the State Budget. Spending from Washington also supports tens of thousands of New York jobs. Meanwhile, the Empire State generated more than $214 billion in federal tax revenues in Federal Fiscal Year (FFY) 2013.

The fiscal relationships between Washington and the different states vary widely, both overall and within particular budgetary areas. This report examines the flow of funds between the federal government and the 50 states for the Federal Fiscal Year ending September 30, 2013, with special attention to its impact on New York State. The analysis builds on the pioneering work of the late Senator Daniel Patrick Moynihan and the John F. Kennedy School of Government at Harvard University, as well as other researchers. It is based on data from federal budget documents, the Internal Revenue Service and other sources.

Based on federal receipts and outlays analyzed for this report, in FFY 2013, New York State generated an estimated $19.9 billion more in taxes paid to the federal government than it received in return through federal spending. New York contributed $10,896 per capita in tax revenue to the federal budget, nearly a third more than the national average. The State received an estimated $9,885 in per capita federal spending, slightly below the nationwide average. In other words, for every dollar New York generated in federal tax receipts, it received less than 91 cents back in federal spending—compared to a national average of nearly $1.22, financed, in part, by the federal deficit. In its overall balance of payments—the difference between taxes paid and federal spending received—New York ranked 46th among the states, with a per capita deficit of $1,011.

The largest of the broad spending categories in the federal budget represents direct payments to or for individuals for a variety of programs such as Social Security, Medicare, benefits for veterans and for retired federal employees, and food assistance. Spending for such direct payments totaled nearly $2 trillion nationwide in FFY 2013. New York received an estimated $123 billion in this category, with a per capita average that was close to the national figure. Major programs for which the State received higher-than-average per capita expenditures include Medicare, Social Security (including Social Security disability) and food assistance. Payments from Washington for federal employee retirement benefits and veterans' benefits in New York were lower than average on a per capita basis.

In the second largest spending category in the federal budget, grants to state and local governments, New York received $53.1 billion and fared better than 46 states on a per capita basis. Medicaid makes up almost half of all federal spending for such grants, and New York's per capita Medicaid funding from Washington was the highest of any state.

In two other major categories—procurement and federal employee compensation—New York received less than half the national per capita level of federal spending. The State's combined total in these two areas, $18 billion, was less than 3 percent of the nationwide total. Comparatively low levels of military procurement and federal employment and salaries in New York were key factors in these categories.

Overall, New York State received 6.1 percent of total federal spending examined for this analysis. The State generated 8.1 percent of total federal tax revenue examined for this report, which was higher than its share of the U.S. population (6.2 percent) and of the nation's personal income (7.6 percent). On a per capita basis, federal tax revenues from New York State were nearly a third higher than the national average, partly because of relatively higher incomes in the State.

The federal budget deficit in FFY 2013, $680 billion, represented current spending that was funded by borrowing. As a result, federal spending in the states was greater than federal revenue raised—the states, in the aggregate, received more than they paid for. If the federal government had increased revenues, reduced spending or taken some combination of such actions to eliminate its budget deficit, New York's balance of payments could have been substantially more negative.

Federal spending and the cost of federal revenues are not apportioned to the states by any single formula. Rather, dozens of statutory provisions as well as a wide range of economic, demographic and political factors drive the state-by-state distribution of such costs and benefits. Examples of such factors include: each state's population; its numbers of residents in poverty and of those eligible for Social Security and Medicare; income levels; and the states' own policy choices.

Federal laws and the economic and demographic characteristics of the states change over time, so that the distribution of federal budgetary benefits and costs evolves as well. Provisions of the Federal Budget Control Act of 2011 require reductions of hundreds of billions of dollars from baseline spending growth over the coming decade, unless revised. Ongoing concern over the federal budget deficit continues to generate discussion of potential changes in federal programs for health care, public welfare, transportation, education and other services that are essential to New Yorkers, as well as calls for tax policy changes that could affect the State in significant ways. This report is intended to help New Yorkers better understand the impact of federal budget policies, and to inform and promote their participation in the national fiscal debate going forward.

Introduction

This report examines the flow of funds between the federal government and the 50 states for the Federal Fiscal Year ending September 30, 2013.[1] The study includes three major parts:

- Identification of tax revenues paid to the federal government from each of the states and of dollars spent by the federal government in each state, also referred to as expenditures received by each state. Federal spending includes direct payments to or for individuals (for example, Social Security and Medicare); grants to state and local governments (for Medicaid and other programs); military and other procurement; and wages and salaries for federal government employees.
- Analysis of these revenue and expenditure flows to determine the balance of payments—that is, the difference between revenues and expenditures—on the national level and in each of the 50 states.
- Review of specific elements of federal revenues and expenditures to identify how the composition of New York's balance of payments differs from those of the other states.

In FFY 2013, the federal government spent nearly $3.5 trillion, and brought in nearly $2.8 trillion in revenue, with a budget deficit of $680 billion. For the purpose of this analysis, certain revenue and spending amounts were excluded, resulting in an evaluation of $3.2 trillion in expenditures and $2.6 trillion in tax revenues. Therefore, more than 95 percent of federal receipts, and more than 93 percent of outlays, are allocated by state in this report.[2] A summary of the methodology used for this report can be found in Appendix B.

All figures in this report derive from compilation and analysis by the Office of the State Comptroller of data from the United States Office of Management and Budget, the Census Bureau, the Internal Revenue Service, other federal agencies, USASpending.gov and Federal Funds Information for States, unless otherwise noted.

1 For data consistency, national totals and averages in this report include expenditures in and revenues from the District of Columbia in addition to the states. However, because it is an outlier in many categories, the District of Columbia is not included in the rankings of the states. References to the states as a group in this report include the District of Columbia, unless otherwise noted.

2 Such revenues and expenditures include receipts and spending which are relevant and practical to allocate to the states. Miscellaneous fees and customs duties are excluded from revenues. Undistributed offsetting receipts, net interest on the federal government debt and overseas procurement represent most of the outlays excluded from this analysis. Also excluded are receipts from and outlays to Puerto Rico and other outlying areas. See Appendix B: Methodology.

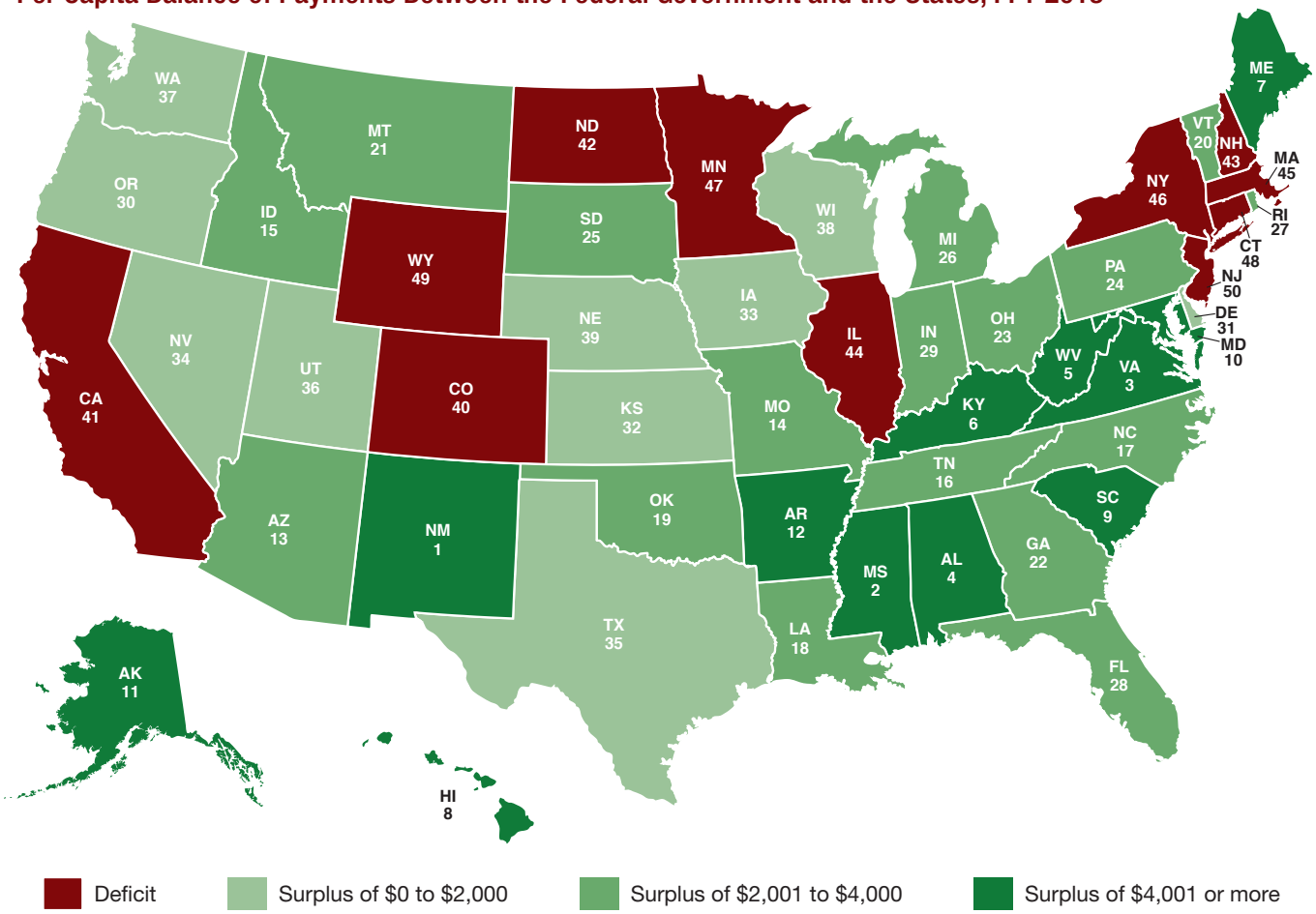
The Balance of Payments Between the Federal Government and the States

Nationwide, most states received substantially more in federal expenditures than they generated in federal revenues in FFY 2013, for an average gain of $1,802 per capita. In other words, the average American "received" that much more in federal expenditures than she or he "paid" in federal taxes.

This was not the case in New York. Unlike most states, New York's balance of payments with Washington was in the negative.

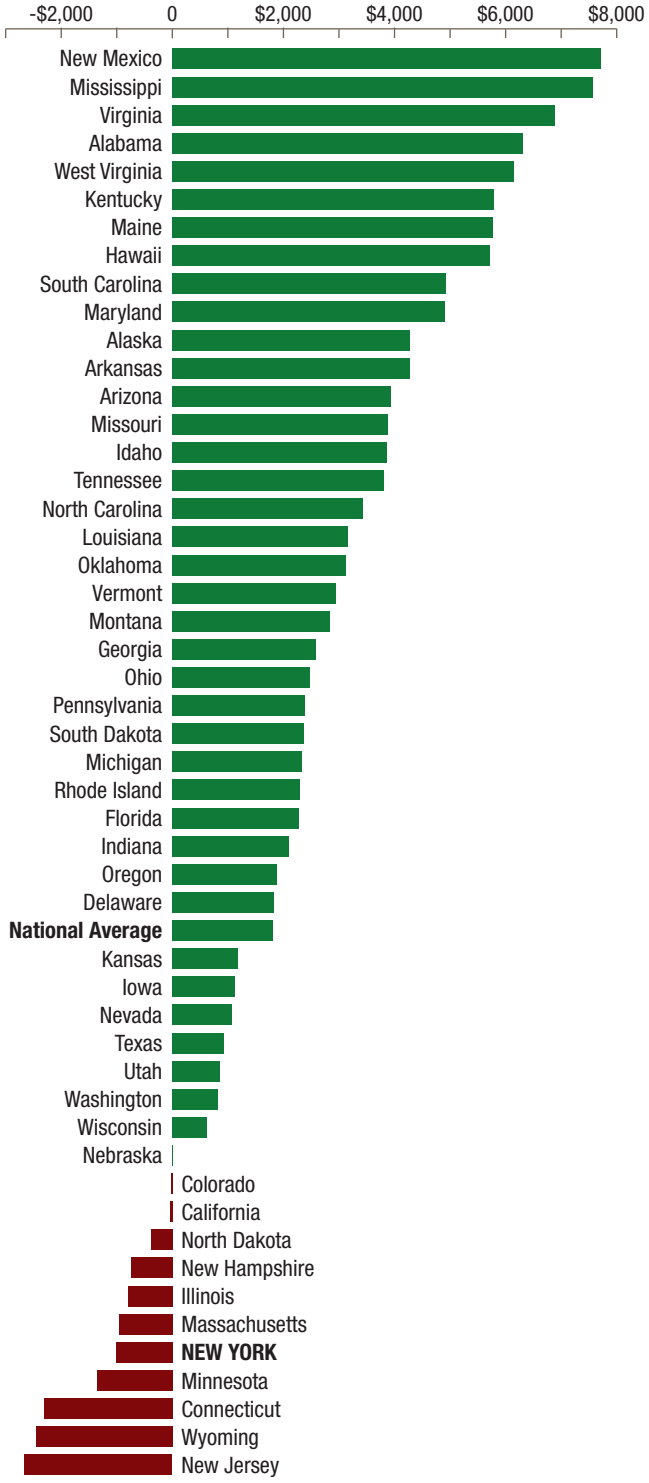
New York's per capita contribution to the federal treasury was $10,896, nearly a third more than the national figure of $8,319. New York received $9,885 in per capita federal spending, slightly below the national average of $10,121. In other words, for every dollar New York generated in federal tax receipts, it received less than 91 cents back in federal spending—compared to a national average of nearly $1.22. The combination of federal tax payments and federal expenditures resulted in a $1,011 per capita deficit for the Empire State, for a ranking of 46th in the nation. Overall, 39 states had a positive balance of payments with the federal government, and eleven—including New York—were in the negative, as shown in Figures 1 and 2.

FIGURE 1
Per Capita Balance of Payments Between the Federal Government and the States, FFY 2013



Note: The numbers shown in the map reflect each state's ranking in per capita balance of payments for FFY 2013, from most favorable (1) to least favorable (50).

FIGURE 2
Per Capita Balance of Payments Between the Federal Government and the States, FFY 2013



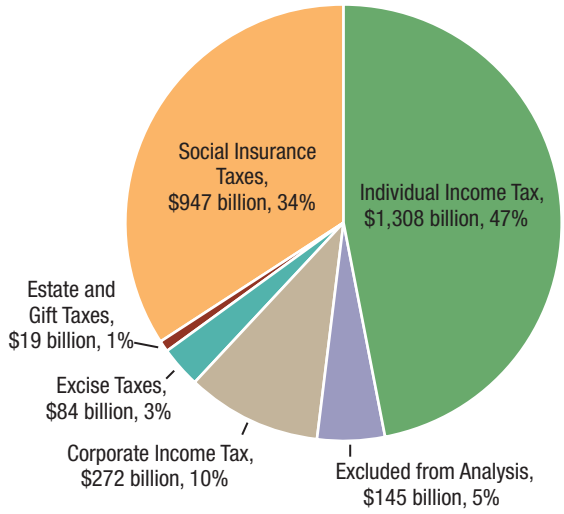
Three of New York's neighboring states—New Jersey, Massachusetts and Connecticut—also had negative results in their balance of payments. On a per capita basis, Connecticut, Wyoming and New Jersey experienced the largest deficits at over $2,000 per capita. Eight of the ten states with the largest positive balances of payments were in the southern or southwestern regions. New Mexico and Mississippi fared the best, each with a per capita surplus greater than $7,000.

On the basis of total dollars (rather than dollars per capita), New York's rank deteriorates from 46th to 49th, with a total deficit of more than $19.9 billion. New Jersey experienced the largest deficit in total dollars, while Virginia and Florida experienced the largest surpluses. (Figures for all states appear in Appendix A.)

Revenues Paid to the Federal Government

In 2013, all revenues paid to the federal government totaled $2.8 trillion. This total includes $2.6 trillion from the following taxes, as classified by the federal Office of Management and Budget: personal or individual income tax; social insurance taxes and contributions; corporate income tax; excise taxes; and estate and gift taxes. Nationwide, collections from these taxes generated $8,319 per capita in FFY 2013. A breakdown of all revenues in FFY 2013 is shown in Figure 3.

FIGURE 3
Federal Revenues in FFY 2013: $2.8 trillion



Note: See next page for revenues included in Social Insurance Taxes. Excise taxes are primarily imposed on the production, sale or consumption of fuel, tobacco and alcohol products, among others. "Excluded from Analysis" represents miscellaneous fees and customs duties, along with revenues from Puerto Rico and other outlying areas.

New York generated 8.1 percent of the $2.6 trillion in federal tax payments, while the State represented 6.2 percent of the nation's population in 2013. At $10,896, New York's per capita contribution to the federal treasury was almost one-third more than the national average, as illustrated in Figure 4. Connecticut had the highest per capita contribution to the federal treasury at $13,929, followed by Wyoming with $12,953. Mississippi generated the lowest per capita total tax payments at $4,813. New York's total payments of $214 billion ranked third among the states, behind California and Texas.

FIGURE 4
Per Capita Taxes Paid to the Federal Government, FFY 2013

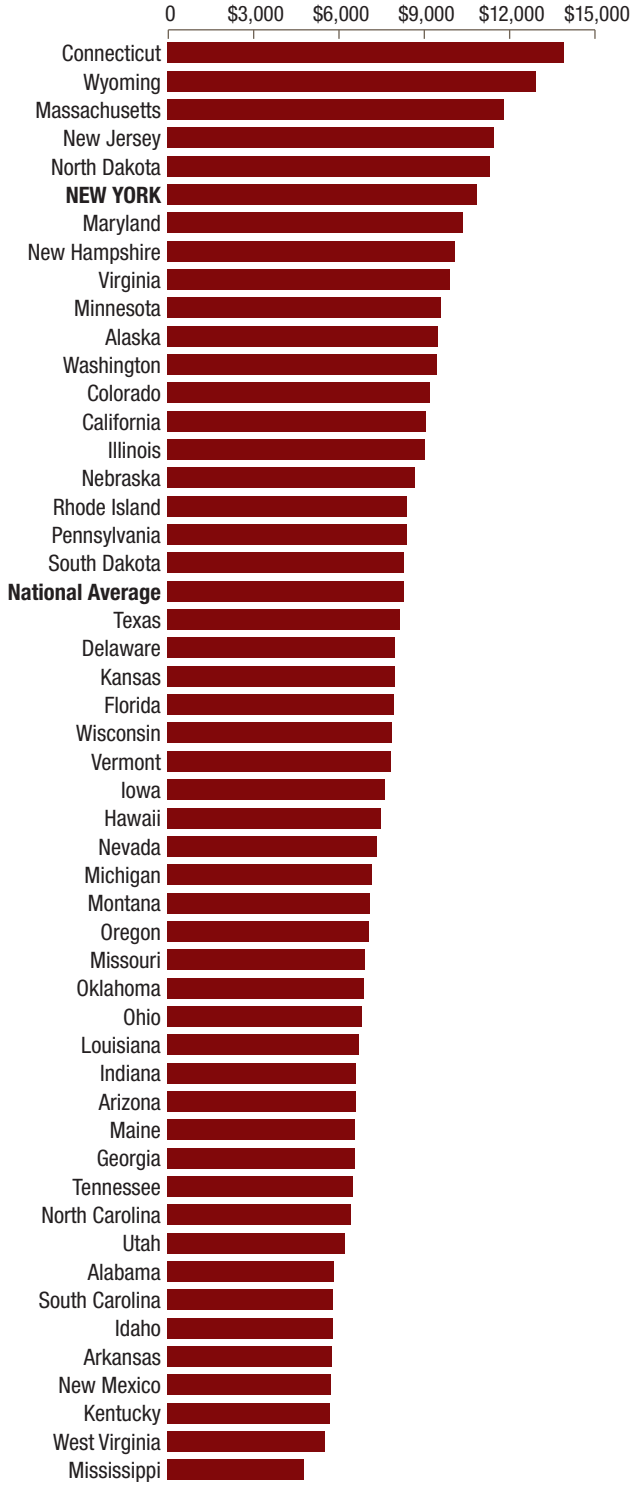


FIGURE 5
Total and Per Capita Federal Taxes Paid: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total (Taxes Paid)	**$2,629,867**	**$8,319**	**$214,114**	**8.1%**	**$10,896**	**6**
Individual Income	$1,308,335	$4,139	$119,860	9.2%	$6,099	6
Social Insurance	$946,683	$2,995	$66,993	7.1%	$3,409	12
Corporate Income	$272,080	$861	$21,218	7.8%	$1,080	5
Excise	$83,906	$265	$4,039	4.8%	$206	50
Estate and Gift	$18,863	$60	$2,005	10.6%	$102	4

Individual Income Taxes

Individual income taxes made up $1.308 trillion, or 49.7 percent, of all taxes paid to the federal government in FFY 2013. New York's payments of almost $120 billion represented nearly 9.2 percent of total federal receipts from individual income taxes.

New York's per capita individual income tax payments of $6,099 were 47 percent higher than the national average of $4,139. New York ranked sixth among the states in this category, with Connecticut first at $8,479. A breakdown of New York's per capita tax payments relative to those made by other states, and to the national average, is shown in Figure 5.

Social Insurance Taxes and Contributions

The second largest component of total taxes is payments for social insurance taxes and contributions.[3] These totaled $946.7 billion and comprised 36 percent of total federal tax revenues. New Yorkers' payments of almost $67 billion were 7.1 percent of the total.

New York's per capita contribution for such payments, $3,409, was 13.8 percent above the national average of $2,995, ranking it 12th among all states in this category. Maryland made the highest per capita social insurance payment at almost $3,959, while Mississippi made the lowest at $2,315.

Corporate Income Tax and Other Taxes

Corporate income taxes made up 10.3 percent of total federal tax receipts in FFY 2013. Some 7.8 percent of this total came from New York. Per capita corporate income taxes for New York were $1,080, more than $200 higher than the national per capita level of $861, placing New York fifth highest among the states.

Wyoming paid the most per capita in corporate income taxes, at $1,375, followed by two of New York's neighbors, Connecticut and Massachusetts. Mississippi and West Virginia's per capita corporate tax payments were approximately half the size of New York's and the lowest among all states.

Other federal taxes include excise taxes on fuel, tobacco and alcohol, and estate and gift taxes. Approximately 4.8 percent of federal excise taxes, and 10.6 percent of federal estate and gift tax receipts,

3 Social insurance taxes and contributions include: 1) FICA (the Federal Insurance Contributions Act tax), withheld for Social Security and Medicare; 2) SECA (the Self-Employment Contributions Act tax), paid by self-employed small business owners on their net earnings to pay for their Social Security, Medicare, and Old Age Survivors and Disability Insurance (OASDI) costs; 3) FUTA (the Federal Unemployment Tax Act tax), withheld for unemployment compensation; 4) RRA and the RUIA (the Railroad Retirement Act and the Railroad Unemployment Insurance Act taxes), used in place of FICA, SECA and FUTA for railroad employees; and 5) other receipts, primarily pension contributions from federal employees.

were from New York State. At $206 per capita each, New York's and Connecticut's overall contributions for federal excise taxes were the lowest of all the states on a per capita basis. North Dakota and Wyoming paid more than twice this amount, and were at the top of the list for per capita excise taxes.

Factors behind these variations include demographics and consumption. North Dakota and Wyoming have significantly smaller, widely dispersed populations and relatively little mass transit, resulting in relatively high per capita fuel consumption. On the other hand, New York and Connecticut both have much higher populations but significantly more reliance on mass transit in and around highly populated cities, as well as lower consumption rates for cigarettes, the second largest overall source of excise tax collections. In New York, the proportion of residents who are licensed drivers is the lowest among the 50 states, a factor that likely affects the State's gasoline tax payments made to the federal government.[4]

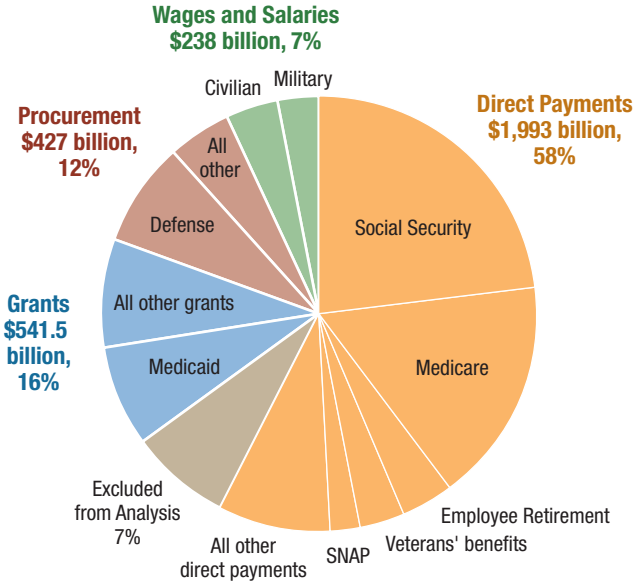
By contrast, New York's per capita estate and gift tax payment of $102 was 71 percent higher than the national average of $60. It ranked fourth in this measure behind Florida, Connecticut and Wyoming. Alaska ranked the lowest in per capita estate and gift tax payments, at $14 per person, less than one-quarter of the national level.

4 For more information, see the Highway Finance Data on Drivers from the U.S. Department of Transportation, Federal Highway Administration at www.fhwa.dot.gov/policyinformation/pubs/hf/pl11028/chapter4.cfm.

Federal Spending in the States

In 2013, the federal government spent $3.5 trillion, including $3.2 trillion in expenditures that could be allocated among the states. For the purposes of this report, such federal spending excludes overseas procurement as well as certain other spending that could not be readily allocated. A breakdown of overall FFY 2013 federal spending is shown in Figure 6.

FIGURE 6
Federal Spending in FFY 2013: $3.5 trillion



Note: The Food Stamp program was renamed the Supplemental Nutrition Assistance Program (SNAP) in 2008. "Excluded from Analysis" consists primarily of undistributed offsetting receipts, net interest on the federal government debt, and overseas procurement, along with expenditures in Puerto Rico and other outlying areas.

By far the largest category of federal expenditures is direct payments to or on behalf of individuals, which added up to nearly $2 trillion or approximately 62 percent of federal spending allocated to the states in FFY 2013. Social Security and Medicare represented more than two-thirds of direct payments in FFY 2013. The second-largest federal spending category was grants to state and local governments. Medicaid made up nearly half of the $541.5 billion in such expenditures. Procurement was the third largest category, at $427 billion, while the fourth largest category, federal employee wages and salaries, totaled $238 billion.

FIGURE 7
Per Capita Federal Expenditures, FFY 2013

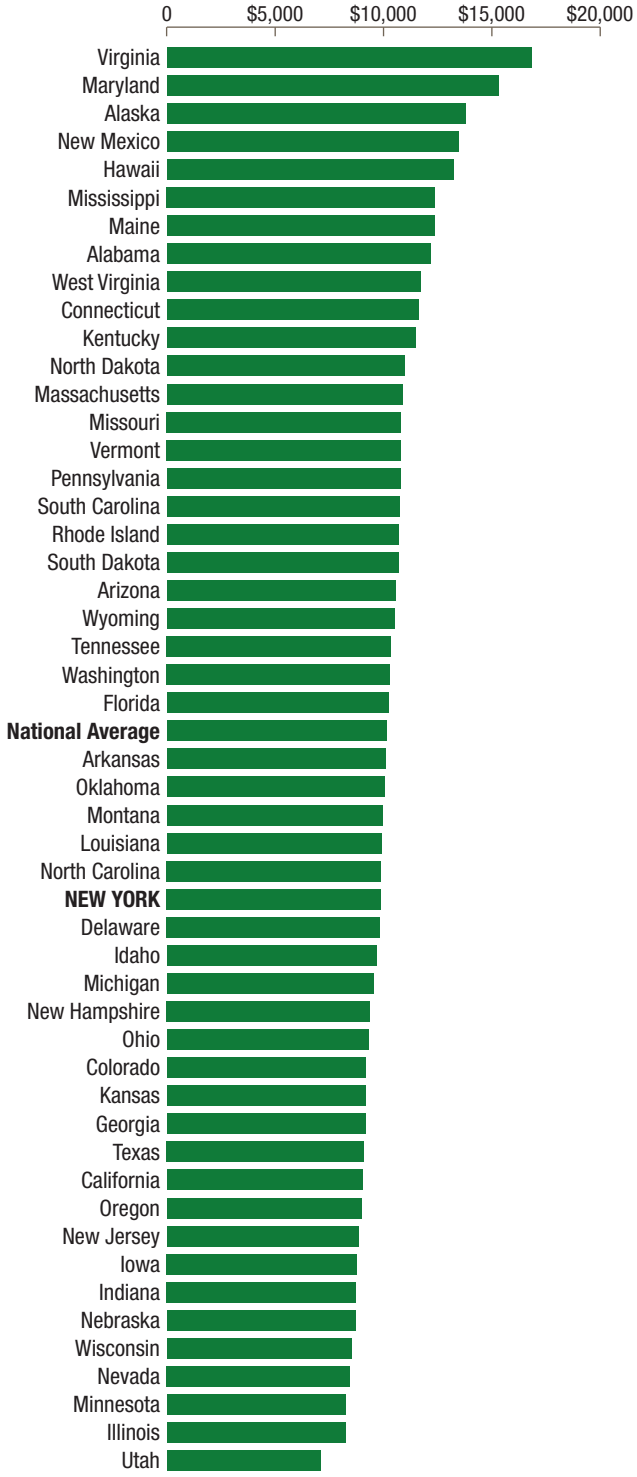


FIGURE 8
Total and Per Capita Federal Spending by Major Category: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total	**$3,199,578**	**$10,121**	**$194,252**	**6.1%**	**$9,885**	**30**
Direct Payments	$1,993,036	$6,305	$123,134	6.2%	$6,266	35
Grants	$541,550	$1,713	$53,108	9.8%	$2,703	4
Procurement	$426,527	$1,349	$11,002	2.6%	$560	39
Wages and Salaries	$238,465	$754	$7,131	3.0%	$363	42

As the recipient of $9,885 in per capita federal spending, New York ranked in the mid-range (30th) among the states, as illustrated in Figures 7 and 8. This amount was $236 per capita, or 2.3 percent, below the national level of $10,121 per capita. Federal spending on a per capita basis was generally higher in low population states than in more populated states such as New York.

Among the ten states that received the highest per capita federal expenditures, none were in the top ten by size of population. Similarly, none of the ten smallest states by population were among the ten states that experienced the lowest per person federal government expenditures. New York's 6.1 percent share of total federal spending was just below its share of the national population (6.2 percent).

Virginia and Maryland ranked first and second among the states as the recipients of per capita federal expenditures of $16,823 and $15,302, or 66 and 51 percent higher than the nationwide average, respectively, primarily because of significantly higher-than-average procurement spending and wages and salaries.

FIGURE 9
Total and Per Capita Direct Payment Expenditures: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total	**$1,993,036**	**$6,305**	**$123,134**	**6.2%**	**$6,266**	**35**
Social Security	$799,389	$2,529	$50,660	6.3%	$2,578	27
Medicare	$579,246	$1,832	$40,357	7.0%	$2,054	11
Federal employee retirement	$129,700	$410	$3,366	2.6%	$171	50
Veterans' benefits programs	$119,016	$376	$4,782	4.0%	$243	49
Supplemental Nutrition Assistance Program	$76,292	$241	$5,651	7.4%	$288	14
Refundable Earned Income Tax Credit	$57,446	$182	$3,462	6.0%	$176	18
Supplemental Security Income	$52,833	$167	$4,263	8.1%	$217	7
All Other	$179,113	$567	$10,593	5.9%	$539	30

Per capita federal spending of $7,080 in Utah was the lowest in the country, 30 percent below the national average. Utah ranked last among the states in direct payments, and 44th in grants, on a per capita basis.

Direct Payments

As noted earlier, direct payments to or for individuals comprised the largest component of federal government expenditures in the states—approximately 62 percent in 2013. The total spent in New York was $194.3 billion, or 6 percent of the nationwide total, placing New York fourth highest for direct payments behind California, Texas and Florida.

Overall, in this category, per capita federal expenditures were similar in New York and nationwide, with New York's figure of $6,266 per capita less than 1 percent below the national average. A breakdown of federal direct payment expenditures by major category in New York and nationally is shown in Figure 9. West Virginia, Florida and Alabama received the highest per capita direct payments, while Utah and Alaska received the lowest.

Social Security

Social Security payments represented the largest component—40 percent—of direct payments to or for individuals. The three major Social Security programs providing benefits to the aged, the disabled and their survivors totaled almost $800 billion in 2013, more than the combined spending for grants and wages and salaries.

Per capita Social Security payments to New York were $2,578, less than 2 percent above the national average. As with other per capita figures, this represents total Social Security payments divided by the state population, not average Social Security benefits per recipient. Differences among the states in per capita payments received for Social Security and other benefit programs represent a mix of factors including the proportion of the population eligible for benefits and the amount of benefits received by individual recipients, which may vary based on numerous criteria.

West Virginia experienced the highest per capita Social Security payments at almost $3,338, which was 34 percent more than the national level of $2,529. Alaska received the lowest per capita payments in the country at $1,568, which was 38 percent below the national average.

Medicare

Nationwide expenditures for all Medicare programs totaled over $579 billion in FFY 2013.

With $2,054 in per capita Medicare payments, New York received 12 percent more than the national average and ranked 11th among the states for such federal spending.

Florida received the highest per capita Medicare payments at $2,448, which was 34 percent higher than the national level of $1,832. Alaska and Utah ranked lowest in this category at 47 and 44 percent below the national average, respectively.

Retirement Payments and Veterans' Benefits

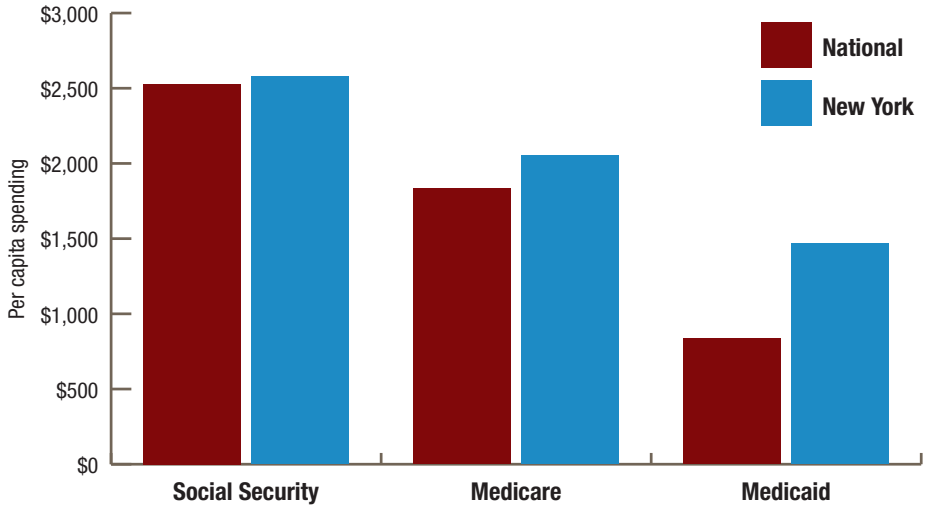
In FFY 2013, New York ranked the lowest in retirement payments to former federal civilian and military employees and 49th for a range of veterans' benefits.[5]

Nationwide, retirement payments to former federal workers made up 6.5 percent of direct payments, at almost $130 billion, in FFY 2013. (Wages and salaries for current employees are reported in a separate category, as detailed below in this report.)

In this category, per capita payments to New York were $171, some 58 percent below the national average. Such per capita spending was highest in Maryland, Virginia and Hawaii, all of which received well over twice the national per capita figure.

5 Veterans' benefits include: 1) payments for service-connected disability; 2) payments for non-service-connected disability; 3) educational and training services; and 4) hospital and medical care.

FIGURE 10
Major Safety Net Spending, New York and National Average, FFY 2013



Social Security, Medicare and Medicaid are, by far, the three largest elements of the federal government's "safety net" expenditures. Figure 10 shows per capita spending on these programs in New York and nationally. Social Security paid more than $50 billion to New Yorkers in FFY 2013, more than any other individual federal program, with per capita payments slightly higher than the national average.

Medicare payments received in the State totaled more than $40 billion, and expenditures per capita in this category were roughly 12 percent above the national average. While the Medicaid program is not on the scale of Social Security or Medicare, it delivered more than $28.8 billion to New York in FFY 2013. (Medicaid is discussed in more detail below, in the section titled Grants.)

At $119 billion, veterans' benefits represented almost 6 percent of direct payments nationwide. For New York, per capita benefits were $243, 35 percent less than the national average of $376 per capita. New Jersey, at $190, was the only state that received less per capita than New York in this category. By contrast, West Virginia and Alaska experienced per capita spending in this category more than two-thirds higher than the national average.

Grants

The federal government spent more than $541 billion in grants to state and local governments in FFY 2013. Medicaid was by far the largest grant program, representing just over half of this total. Spending on transportation was second-largest, at 9.6 percent of the total. Dozens of other grant programs that provide funding for services such as nutrition, housing, education, and family and children's services make up the remainder of this category. New York ranked fourth among the states in per capita federal grants—$2,703, or 58 percent above the national average—largely because of Medicaid and other safety net grants, which are discussed below. Figure 11 provides a breakdown of federal grant payments in New York and nationally.

Three states with much smaller populations than New York's ranked above it for per capita grant expenditures. These were Alaska, Vermont and Wyoming. Nevada, New Hampshire and Virginia received the lowest such expenditures among the 50 states.

FIGURE 11
Total and Per Capita Federal Grants to State and Local Governments: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total	**$541,550**	**$1,713**	**$53,108**	**9.8%**	**$2,703**	**4**
Medicaid	$264,300	$836	$28,812	10.9%	$1,466	1
Transportation	$52,146	$165	$3,283	6.3%	$167	27
Education	$32,659	$103	$2,448	7.5%	$125	9
Other Safety Net	$108,095	$342	$10,750	9.9%	$547	1
All Other	$84,349	$267	$7,815	9.3%	$398	6

Medicaid

In FFY 2013, federal government spending on Medicaid in the 50 states was more than $264 billion. New York received the most per capita Medicaid dollars of any state at $1,466, 75 percent more than the national average of $836 per capita. Such funding is based partly on the Federal Medical Assistance Percentage (FMAP), the level at which the federal government reimburses certain state Medicaid expenditures. FMAP is higher in states with relatively low per capita personal incomes and lower in states with higher personal incomes; New York has a higher per capita income than most states and its FMAP is at the lowest level, 50 percent.

However, the overall level of Medicaid funding received by states from the federal government also reflects other factors. Among others, these include the number of beneficiaries (New York has a higher proportion of its population enrolled in the program than most states); the breadth of benefits the state makes available (New York offers a wider range of benefits than most states); the costs of providing care (wages and certain other costs are generally higher in New York than in many other states); and

FIGURE 12
Highest and Lowest Per Capita Federal Medicaid Spending, FFY 2013

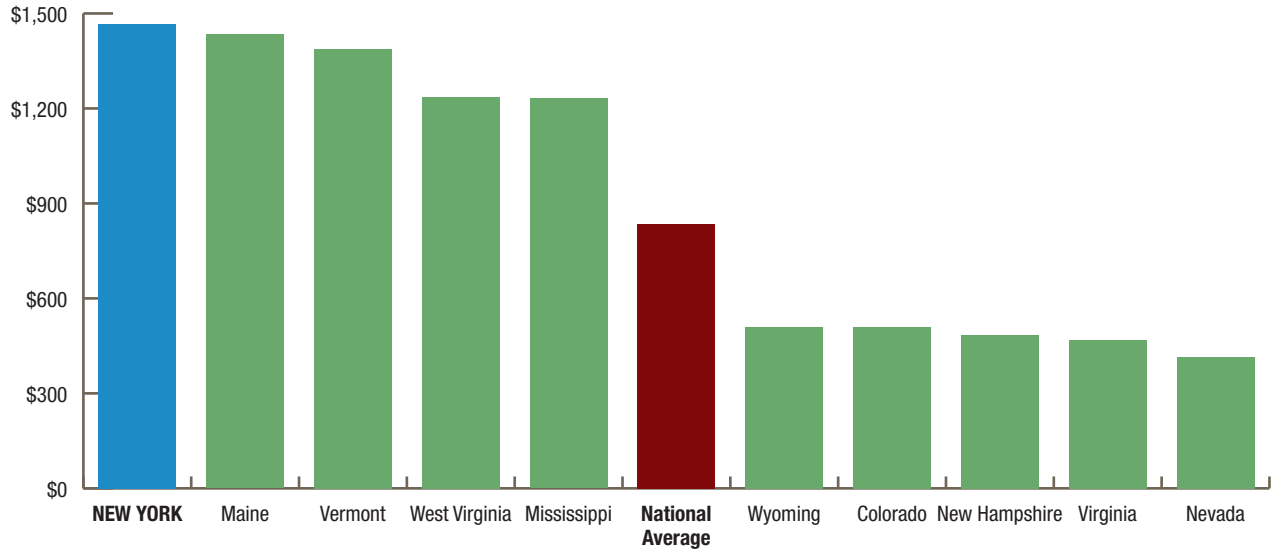


FIGURE 13
Total and Per Capita Federal Transportation Grants: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total	**$52,146**	**$165**	**$3,283**	**6.3%**	**$167**	**27**
Highways	$40,627	$129	$1,766	4.3%	$90	50
Transit	$8,030	$25	$1,392	17.3%	$71	2
Airports	$3,490	$11	$125	3.6%	$6	46

special agreements called waivers in which the federal government may provide additional aid. Figure 12 shows the states with the highest and the lowest federal Medicaid spending per capita in FFY 2013.

New York was followed by Maine and Vermont, where per capita Medicaid spending by the federal government was 72 and 66 percent higher than the national level, respectively. Several southern states—West Virginia, Mississippi, Louisiana and Arkansas—were also among the top ten in per capita Medicaid spending from Washington.

Nevada received the lowest per capita Medicaid spending at $414, which was 50 percent less than the national average.

Aid for Transportation

Federal aid for transportation—highways, mass transit and airports—was the second largest grant category with $52.1 billion spent in FFY 2013.[6] Federal spending on highways and mass transit is largely funded by the Highway Trust Fund, which raised $42.4 billion primarily from the motor fuel tax in FFY 2013. Highway Trust Fund moneys are used both for highway and transit projects. Fund expenditures are distributed based on factors including lane miles and vehicles miles traveled, estimated fuel tax payments by highway users and mass transit usage.

As shown in Figure 13, New York's combined transportation grants were $167 per capita, slightly higher than the national average of $165 per capita. The State ranked 50th in the nation for per capita federal highway funding ($90) but second for transit funding ($71). The federal government also provided more modest aid for airports; New York received $6 per capita in such funding.

Alaska received the highest per capita amount of overall transportation funding at $1,149, nearly seven times the national average. Three other sparsely populated states—Wyoming, Montana and North Dakota—also received federal transportation aid well over twice the national average on a per capita basis. Florida and Michigan received the lowest per capita transportation funding.

6 This category does not include smaller grants for the following safety programs: National Priority Safety, State and Community Highway Safety and National Motor Carrier Safety Assistance.

Aid for Education

Federal aid for education plays a comparatively small, but still important, role in overall funding for most public school districts. For New York State school districts outside of New York City, federal aid totaled $1.5 billion or 4.3 percent of all revenues in the 2013 school district fiscal year.[7] However, certain districts with higher proportions of students from low-income households rely more heavily on federal aid. For example, in 2013 the Buffalo City School District received $112.9 million in federal aid, representing more than 12 percent of its total revenue.

The federal government spent $32.7 billion in FFY 2013 for elementary and secondary education for disadvantaged students (ESEA, Title 1), special education and education improvement programs. As shown in Figure 14, New York received 7.5 percent of the total expenditures for these programs and ranked 9th as a recipient of per capita education spending.

Federal per capita spending for ESEA Title 1 in New York, at $66 per person, was 29 percent higher than the national average placing New York fifth among all states. Louisiana and Alaska received the highest per capita spending for this program, while Colorado, Iowa, Minnesota and Virginia received the lowest.

Federal aid to New York for special education was modestly above the national average on a per capita basis ($41 compared to $38). Alaska received the most at $54 per capita and Nevada received the least at $27 per capita.

FIGURE 14
Total and Per Capita Federal Education Grants: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total	**$32,659**	**$103**	**$2,448**	**7.5%**	**$125**	**9**
ESEA Title I*	$16,163	$51	$1,298	8.0%	$66	5
Special Education	$12,007	$38	$811	6.8%	$41	19
Education Improvement	$4,490	$14	$340	7.6%	$17	15

* Elementary and Secondary Education Act, Title I.

7 Office of the State Comptroller, 2014 Annual Report on Local Governments, available at http://osc.state.ny.us/localgov/datanstat/annreport/14annreport.pdf; p. 44.

FIGURE 15
Total and Per Capita Other Federal Safety Net Spending: New York and Nation, FFY 2013

	50 States		New York			
	Total (millions)	Per capita	Total (millions)	Share of 50 States	Per capita	Rank (per capita)
Total	**$108,095**	**$342**	**$10,750**	**9.9%**	**$547**	**1**
Housing	$23,647	$75	$3,599	15.2%	$183	1
Child Nutrition	$19,074	$60	$1,173	6.2%	$60	22
TANF*	$17,030	$54	$2,551	15.0%	$130	1
Children's Health Insurance	$9,393	$30	$619	6.6%	$31	18
Child and Family Services	$9,340	$30	$674	7.2%	$34	14
All Other	$29,611	$94	$2,134	7.2%	$109	7

* Temporary Assistance for Needy Families

Other Safety Net Spending

New York received significant levels of grant funding for a range of safety net programs apart from the federal government's spending for Medicaid.[8] Overall, the federal government spent $108 billion in FFY 2013 for child nutrition, housing and heating, cash assistance and work supports, children's health, and child and family services such as Head Start.

For these programs collectively, New York received almost 10 percent of national expenditures. Per capita spending for the State in this category, $547, was 60 percent higher than the national average and ranked New York first for such spending. New York was followed by Rhode Island, California and Massachusetts, while per capita spending was the lowest in Utah and Nevada.

Within this category, federal expenditures for housing and the Temporary Assistance for Needy Families (TANF) block grant program represented more than one-third of total spending. New York received about 15 percent of national spending for each of these program areas and experienced the highest per capita expenditures among states for housing and TANF, at $183 and $130, respectively. These amounts were more than double the national averages.

For the $19 billion child nutrition category that includes programs such as School Breakfast and School Lunch, New York received per capita payments almost the same as the national average at $60 per person.

Disaster Assistance

Spending for direct payments and grants includes federal disaster assistance in the form of both grants to state and local governments and benefits for individuals. Congressional action in early 2013, in the wake of Superstorm Sandy, provided significant disaster relief which was expected to extend over multiple years. According to the New York State Division of the Budget, New York State received $577 million in State Fiscal Year 2012-13 in federal disaster assistance associated with Superstorm Sandy, with other federal assistance flowing directly to local governments, public authorities, not-for-profit organizations and individuals. Detailed figures on federal disaster assistance spending in all the states are not readily available.

8 Programs comprising categories represented in Other Federal Safety Net Spending are: Housing: Section 8 Rental Assistance, Public Housing Capital and Operating Funds; Child Nutrition: School Lunch, School Breakfast, Summer Food and other programs; Child and Family Services: Head Start, Community Services Block Grant and other programs; All Other: Adoption and Foster Care Payments, Special Supplemental Nutrition Program for Women, Infants and Children, Low-Income Home Energy Assistance, Child Care and Development Block Grant and other programs.

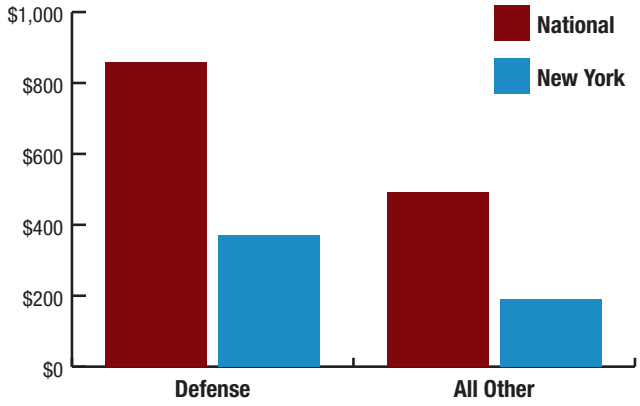
Procurement

The federal government spent just over $426.5 billion in FFY 2013 to purchase services and goods in the 50 states and Washington, D.C.[9] The Department of Defense was the source of almost two-thirds of such procurement spending. The departments of Energy, Veterans Affairs and Health and Human Services, along with the National Aeronautics and Space Administration (NASA), were the next largest sources of such federal procurement spending.

With $560 in per capita spending in this category, less than half the national average, New York ranked 39th among the states. For the Department of Defense, such spending was $371 per person in New York, compared to a national average of $859.

Virginia received both the highest total and per capita amounts from the federal government for procurement. Maryland followed with the second highest per capita spending in the nation. The lowest per capita expenditures occurred in Arkansas, Delaware and Oregon.

FIGURE 16
Procurement, Per Capita Spending, FFY 2013

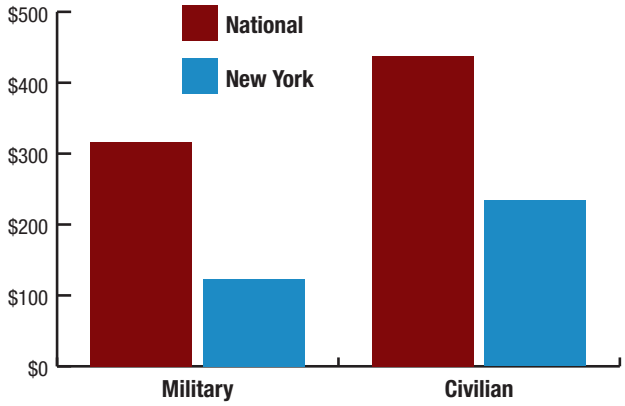


Wages and Salaries

Spending on federal employee wages and salaries throughout the nation totaled $238.5 billion, for a per capita national average of $754 in FFY 2013.[10] Federal government spending on civilian pay was $138.6 billion, or 58 percent of the total, and spending on military salaries was $99.9 billion, or 42 percent.

In New York, just over $7 billion was spent on federal employee wages and salaries, slightly less than 3 percent of the national total. This included $4.6 billion for civilian pay ($234 per capita, as shown in Figure 17) and $2.4 billion for military pay ($123 per capita). Overall, per capita expenditures in New York for this item, $357, were almost 53 percent below the national level and ranked New York 42nd among all states.

FIGURE 17
Wages and Salaries, Per Capita Spending, FFY 2013



9 This amount differs from the 2013 total for spending on contracts provided by USASpending.gov because it does not include $49.4 billion in such spending in other countries. (As elsewhere in this analysis, it also does not include expenditures in Puerto Rico and other outlying areas.)

10 This figure represents direct obligations for wages and salaries. While such payments are also made with reimbursable obligations, this analysis did not include these amounts in its figures for wages and salaries since reimbursable obligations represent spending accounted for elsewhere in the federal budget.

The Federal Budget Deficit

The figures presented in this report reflect actual expenditures and revenues as reported by the federal government with certain estimates and adjustments by the Office of the State Comptroller. Figures in this report are not adjusted to account for the federal budget deficit, which was $680 billion in FFY 2013.

The federal deficit reflects expenditures in one year that go beyond revenues received the same year, and generally are financed by borrowing that will be repaid in future years. Measuring the balance of payments between the states and the federal government without taking the deficit into account may create a misleading impression of costs and benefits associated with the federal budget. For example, closing the FFY 2013 budget deficit solely by reducing spending would have required overall cuts of nearly 20 percent; eliminating it only by raising taxes or other revenues would have meant an overall increase of more than 24 percent. If the federal government had increased revenues, reduced spending or taken some combination of such actions to eliminate its budget deficit, New York's balance of payments could have been substantially more negative.

Assessing New York State's Balance of Payments

Consideration of the balance of payments between New York (or any state) and the federal government often leads to questions regarding whether the State is receiving and paying its "fair share." While the distribution of federal tax liability and spending is clearly unequal among the states, whether it is inequitable is open to interpretation.

In 2013, New York was home to 6.2 percent of the U.S. population, and received a slightly lower proportion of the federal spending that was allocated among the states, 6.1 percent. As a result, its per capita share of federal spending was slightly below the national average. As shown earlier in this report, in some categories such as Medicaid grants and funding for mass transit, New York received comparatively high levels of federal spending; in others, such as the military budget and highway aid, the State's share was proportionally less than in most states. On the revenue side of the federal budget, taxes generated within New York were significantly higher than the national per capita average—largely because of individual income taxes, where New York's per capita payment was higher than 44 other states. The bottom line: New York gives more than it gets.

While a state's population obviously influences the level of its payments to and from Washington, other economic and demographic factors come into play as well. The collective impact of such factors is complex. As a result, it is difficult to construct an overall formula for the many rivulets and streams comprising the overall flow of federal funds. For similar reasons, no single rationale can be said to explain the overall intent of federal spending. Examples of the variety of factors underlying funding analyzed in this report—factors that may partially offset each other within individual programs—include:

- **Poverty.** New York's three-year average poverty rate in 2011-2013 was 15.9 percent, higher than the U.S. average for the same period, at 14.8 percent. A wide variety of federal programs are intended to offset the harmful impacts of poverty. For example, Federal Title 1 education funding is based partly on high numbers or percentages of children from low-income families. However, the level of federal aid also reflects a state's own funding effort relative to its wealth.[11] The result of these and other factors in

11 U.S. Department of Education, description of Education for the Disadvantaged programs, available at /www2.ed.gov/programs/titleiparta/index.html.

the program's allocation formulas was per capita funding to New York that was 29 percent above the national average in FFY 2013.

- **Age.** In 2013, 14.4 percent of New Yorkers were 65 or older, a slightly higher proportion than the nation's 14.1 percent. Payments for both Social Security and Medicare—two of the largest federal programs—are driven in large part by the number of older residents. Yet New York's per capita payments for Social Security were only slightly (1.9 percent) above the national average, while its per capita Medicare expenditures were 12.1 percent above average. Factors accounting for the difference between the two programs may include certain regional cost differences that are reflected in Medicare payments, as well as wide variation in health care utilization across the nation.[12]
- **States' income levels.** Some federal programs are designed to drive increased funding to states which have comparatively lower incomes and thus more limited ability to devote their own resources to public services. For example, New York and some other states receive the statutory minimum federal assistance rate of 50 percent for most Medicaid expenditures because of comparatively high per capita personal incomes. (In New York, this comparably low federal reimbursement rate is more than offset by other factors, as discussed under Grants in this report.) States including Mississippi, Arkansas and Idaho receive a matching rate of more than 70 percent because of relatively lower personal incomes.
- **States' policy choices.** States make widely varying decisions in policy areas ranging from education and health to transportation and environmental policy. In many cases, federal programs make funding available to support states' choices to provide optional services. Medicaid is a primary example. Since the creation of its Medicaid program in 1967, New York has chosen to make coverage widely available and to cover a broad range of services in comparison to many other states. These choices are among the reasons New York received more federal Medicaid dollars in FFY 2013, on a per capita basis, than any other state. State policy choices can also influence the level of federal transportation aid. New York is also home to the Metropolitan Transportation Authority, the largest provider of mass transit in the United States, as well as smaller transit entities in other regions of the State. The State's use of its own resources to support these services helps drive the comparatively high levels of federal aid described earlier in this report.

Overall, New York's share of FFY 2013 federal direct payments to individuals—a category that represented more than half of overall federal spending—was virtually the same as its share of the U.S. population. In the second largest category of federal spending, grants to state and local governments, payments to New York were proportionally among the highest in the country, with New York's share of the nationwide total 50 percent higher than its share of the national population. By contrast, New York ranked low in two major areas of federal spending—procurement, and wages and salaries. Federal spending in these latter two areas may be heavily influenced by proximity to the nation's capital. Virginia and Maryland, home to high concentrations of federal employees and contractors, received the highest per capita levels of overall federal expenditures among all 50 states in FFY 2013.

While New York's per capita share of federal spending in FFY 2013 was slightly below average, its per capita contribution to federal revenues was among the highest in the nation. Nearly half of federal revenues came from the individual income tax, where New York's share was 9.2 percent. The latter reflects the interplay of comparatively higher incomes in New York and a progressive federal income tax, with marginal rates ranging from 10 percent on lower levels of income up to 39.6 percent on higher levels. A relatively large number of high-income and high-wealth residents in the State drives comparatively high levels of federal income tax payments from New York.

12 For extensive discussion of variations in health care utilization, see, for example, *The Dartmouth Atlas of Health Care* at www.dartmouthatlas.org.

New York also generated a higher proportion of federal tax revenue than its share of the national population in three other tax categories—payroll and social insurance taxes, corporate income taxes, and estate and gift taxes—while the State's federal excise tax payments were comparatively low. Payroll taxes are based on salaries and wages, and thus are influenced by factors including the level of typical incomes and the proportion of residents in the workforce. New York's median annual wage of $40,460 in 2013 was 15.3 percent above the U.S. average, while its labor force participation rate that year was modestly below the national rate.[13] New York's 7.8 percent of corporate income taxes paid was slightly below its share of the 2013 gross national product, 8.1 percent. Federal excise taxes are based on purchases of goods such as motor fuel and cigarettes, where New Yorkers' average consumption is lower than the national average.

Overall, New York's share of federal tax revenues, 8.1 percent, appears high if compared to the State's 6.2 percent of the nation's population. Total federal tax payments averaged $8,319 for every U.S. resident in FFY 2013 but were nearly a third higher, at $10,896 per capita, in New York. However, comparing tax revenues in the context of states' personal income produces a different perspective. New York generated 7.6 percent of U.S. personal income in 2013, which was relatively closer to its share of federal tax revenues.

Differences in the cost of living among states may affect the bottom-line impact of both federal expenditures and taxes. For example, an individual with taxable income of $50,000 may pay a similar level of federal taxes regardless of where she or he lives, but could have less purchasing power if living in the metropolitan New York area compared to many other regions of the country.[14] Senator Moynihan's later reports on the states' balances of payments with the federal government adjusted each state's spending and taxes based on estimated differences in costs of living. Such considerations and adjustments are beyond the scope of this report.

In the final "Federal Budget and the States" report issued by Senator Moynihan, researchers at Harvard's Kennedy School of Government wrote that one result of differences among the states' fiscal relationships with the federal government was "to rearrange, and in some cases rearrange quite significantly, the geographic location of economic activity." The researchers added: "There is no definitive consensus as to whether an important purpose of the Federal financial system is to redistribute economic activity across states, or whether such redistribution is merely a result of decisions taken with other motivations."[15] Any such consensus remains elusive today.

13 U.S. Bureau of Labor Statistics.

14 Depending on taxpayers' individual circumstances, the federal income tax system may reflect certain regional differences, including the level of state and local taxes which can be deducted on federal taxes.

15 Herman B. Leonard and Jay H. Walder, *The Federal Budget and the States: Fiscal Year 1999*, page 17.

Conclusion

In the spirit of reports on "The Federal Budget and the States" published over many years by the late Senator Daniel Patrick Moynihan, this report seeks to inform debate over the federal government's relationship with New York and with the states in general by analyzing available data to estimate federal spending, federal taxes paid, and the resulting balance of payments in New York and the other states. The imbalance between taxes paid by New Yorkers to the federal government and moneys received in return through federal spending may raise questions about fiscal equity, but it is clear in any case that the federal budget plays an important role in New York's economy and fiscal condition.

In the New York State Budget, federal receipts represent approximately one-third of all revenue received by the State. Millions of New Yorkers rely on Social Security as a staple of household income, on Medicare and/or Medicaid for essential health care, and on the Supplemental Nutrition Assistance Program for basic food needs. In education alone, federal grants provide important support for services to children with disabilities or limited English proficiency, breakfast and lunch programs, and college loans, as well as other programs. Other federal funds pay for essential services such as highway reconstruction and maintenance, housing, job training, environmental protection, public safety initiatives and far more.

Federal budgetary actions can be especially important in response to downturns in the economy. For example, during and after the Great Recession, the federal government provided emergency unemployment benefit payments that extended the duration of weekly benefits to millions of workers. In 2013, almost $23.9 billion in such payments were made nationwide through the Emergency Unemployment Compensation program; $1.9 billion of these funds were received by eligible individuals in New York State.[16]

> The budget debate in Washington should reflect careful consideration of federal fiscal impacts on the states.

In one major area—health care—recent changes are sending billions of new dollars to New York. Federal support for the State's Medicaid program is projected to rise by $10 billion, or nearly 41 percent, between SFY 2013-14 and SFY 2018-19, primarily because of the Affordable Care Act (ACA) and a federal waiver amendment.[17] That increase will depend partly on the continuation of current federal policies.

While the ACA is increasing federal aid to New York, another recent piece of federal legislation—the Budget Control Act (BCA) of 2011—may have the opposite effect. The BCA established budgetary caps on numerous discretionary federal programs, such as the Special Supplemental Nutrition Program for Women, Infants and Children and the Low-Income Home Energy Assistance Program, that would reduce aid from levels otherwise expected. Subsequent Congressional action revised anticipated reductions resulting from such caps through FFY 2015. However, in the absence of further federal action, the BCA's caps remain in full effect for FFY 2016 and future years.

16 See U. S. Department of Labor, Employment and Training Administration data available at http://ows.doleta.gov/unemploy/DataDownloads.asp.

17 The waiver amendment, approved in April 2014 by the federal Centers for Medicare and Medicaid Services (CMS), is intended to drive a broad restructuring of New York's system of health care for Medicaid beneficiaries and low income, uninsured individuals. For more information on the Medicaid program in New York State, see the Office of the State Comptroller's March 2015 report, *Medicaid in New York: The Continuing Challenge to Improve Care and Control Costs*, available at http://osc.state.ny.us/reports/health/medicaid_2015.pdf.

Further uncertainty over the federal budget's complex impact on New York stems, in part, from disagreements in Washington over addressing the federal debt ceiling. Congress also continues to debate numerous individual programs that are important to New York and other states, including the Highway Trust Fund.

The federal government's budgetary outlook is clouded by projections showing spending generally exceeding revenues, and budget deficits increasing over the long term as a result. The U.S. Government Accountability Office warns, in a conclusion shared by many analysts, that current federal budget policies are "unsustainable over the long term," largely because an aging population is expected to increase health care and retirement costs in proportion to the nation's economic output. Steps to address current and projected federal budget gaps could include cuts in baseline spending growth and/or revenue increases, either of which may change New York's fiscal balance with the federal government.

While long-term fiscal projections are notoriously difficult, and a wide range of policy responses have been proposed, it seems almost certain that the federal deficit will continue to be a flashpoint of political controversy and experimentation. As this report has shown, New York and the other states are substantially affected by many aspects of the federal budget. The debate in Washington should be informed by a careful consideration of the impacts of federal fiscal policies on the states.

Appendix A: Federal Revenues and Expenditures by State

Balance of Payments (Expenditures Minus Revenues), FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$569,711**	**$1,802**			
Alabama	$30,477	$6,305	$4,503	249.9%	4
Alaska	$3,143	$4,275	$2,473	137.2%	11
Arizona	$26,057	$3,932	$2,130	118.2%	13
Arkansas	$12,649	$4,274	$2,472	137.2%	12
California	($1,790)	($47)	($1,849)	(102.6%)	41
Colorado	($155)	($29	($1,832)	(101.6%)	40
Connecticut	($8,295)	($2,307)	($4,109)	(228.0%)	48
Delaware	$1,692	$1,828	$25	1.4%	31
Florida	$44,501	$2,276	$474	26.3%	28
Georgia	$25,880	$2,590	$788	43.7%	22
Hawaii	$8,019	$5,711	$3,909	216.9%	8
Idaho	$6,229	$3,864	$2,062	114.4%	15
Illinois	($10,233)	($794)	($2,597)	(144.1%)	44
Indiana	$13,788	$2,098	$296	16.4%	29
Iowa	$3,467	$1,122	($680)	(37.8%)	33
Kansas	$3,429	$1,185	($617)	(34.3%)	32
Kentucky	$25,428	$5,785	$3,983	221.0%	6
Louisiana	$14,607	$3,158	$1,356	75.2%	18
Maine	$7,657	$5,765	$3,963	219.9%	7
Maryland	$29,078	$4,905	$3,102	172.2%	10
Massachusetts	($6,440)	($962)	($2,764)	(153.4%)	45
Michigan	$23,044	$2,329	$527	29.2%	26
Minnesota	($7,322)	($1,351)	($3,153)	(175.0%)	47
Mississippi	$22,623	$7,563	$5,761	319.7%	2
Missouri	$23,464	$3,882	$2,080	115.4%	14
Montana	$2,876	$2,833	$1,031	57.2%	21
Nebraska	$16	$9	($1,793)	(99.5%)	39
Nevada	$2,985	$1,070	($732)	(40.6%)	34
New Hampshire	($985)	($744)	($2,546)	(141.3%)	43
New Jersey	($23,667)	($2,659)	($4,462)	(247.6%)	50
New Mexico	$16,087	$7,714	$5,912	328.1%	1
NEW YORK	**($19,861)**	**($1,011)**	**($2,813)**	**(156.1%)**	**46**
North Carolina	$33,721	$3,424	$1,622	90.0%	17
North Dakota	($280)	($387)	($2,189)	(121.4%)	42
Ohio	$28,574	$2,470	$667	37.0%	23
Oklahoma	$12,049	$3,129	$1,327	73.6%	19
Oregon	$7,393	$1,881	$79	4.4%	30
Pennsylvania	$30,363	$2,377	$575	31.9%	24
Rhode Island	$2,413	$2,295	$493	27.3%	27
South Carolina	$23,550	$4,932	$3,130	173.7%	9
South Dakota	$2,000	$2,367	$565	31.3%	25
Tennessee	$24,749	$3,810	$2,008	111.4%	16
Texas	$24,672	$933	($869)	(48.2%)	35
Utah	$2,477	$854	($948)	(52.6%)	36
Vermont	$1,839	$2,935	$1,133	62.9%	20
Virginia	$56,939	$6,893	$5,091	282.5%	3
Washington	$5,728	$822	($981)	(54.4%)	37
West Virginia	$11,411	$6,154	$4,352	241.5%	5
Wisconsin	$3,569	$621	($1,181)	(65.5%)	38
Wyoming	($1,431)	($2,456)	($4,258)	(236.3%)	49
District of Columbia	$31,525	$48,766	$46,964	2,606.0%	

Note: Does not include spending in or taxes from Puerto Rico and other outlying areas.

Appendix A (continued)

Taxes Paid to the Federal Government, FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$2,629,867**	**$8,319**			
Alabama	$28,343	$5,864	($2,455)	(29.5%)	43
Alaska	$6,984	$9,501	$1,182	14.2%	11
Arizona	$43,874	$6,621	($1,698)	(20.4%)	37
Arkansas	$17,165	$5,800	($2,519)	(30.3%)	46
California	$348,305	$9,086	$767	9.2%	14
Colorado	$48,533	$9,212	$893	10.7%	13
Connecticut	$50,090	$13,929	$5,610	67.4%	1
Delaware	$7,420	$8,015	($304)	(3.7%)	21
Florida	$155,615	$7,959	($360)	(4.3%)	23
Georgia	$65,695	$6,575	($1,744)	(21.0%)	39
Hawaii	$10,558	$7,520	($799)	(9.6%)	27
Idaho	$9,362	$5,807	($2,512)	(30.2%)	45
Illinois	$116,465	$9,041	$722	8.7%	15
Indiana	$43,580	$6,632	($1,687)	(20.3%)	36
Iowa	$23,632	$7,647	($672)	(8.1%)	26
Kansas	$23,125	$7,991	($328)	(3.9%)	22
Kentucky	$25,079	$5,706	($2,613)	(31.4%)	48
Louisiana	$31,188	$6,743	($1,576)	(18.9%)	35
Maine	$8,756	$6,592	($1,727)	(20.8%)	38
Maryland	$61,646	$10,398	$2,079	25.0%	7
Massachusetts	$79,263	$11,843	$3,524	42.4%	3
Michigan	$71,271	$7,202	($1,117)	(13.4%)	29
Minnesota	$52,066	$9,606	$1,287	15.5%	10
Mississippi	$14,396	$4,813	($3,506)	(42.1%)	50
Missouri	$41,879	$6,929	($1,390)	(16.7%)	32
Montana	$7,239	$7,131	($1,188)	(14.3%)	30
Nebraska	$16,255	$8,699	$380	4.6%	16
Nevada	$20,590	$7,380	($939)	(11.3%)	28
New Hampshire	$13,384	$10,113	$1,794	21.6%	8
New Jersey	$102,312	$11,497	$3,178	38.2%	4
New Mexico	$11,968	$5,739	($2,579)	(31.0%)	47
NEW YORK	**$214,114**	**$10,896**	**$2,577**	**31.0%**	**6**
North Carolina	$63,652	$6,463	($1,856)	(22.3%)	41
North Dakota	$8,212	$11,352	$3,033	36.5%	5
Ohio	$79,064	$6,833	($1,486)	(17.9%)	34
Oklahoma	$26,563	$6,898	($1,421)	(17.1%)	33
Oregon	$27,913	$7,102	($1,217)	(14.6%)	31
Pennsylvania	$107,434	$8,410	$91	1.1%	18
Rhode Island	$8,844	$8,411	$92	1.1%	17
South Carolina	$27,767	$5,815	($2,504)	(30.1%)	44
South Dakota	$7,032	$8,323	$4	0.1%	19
Tennessee	$42,461	$6,537	($1,782)	(21.4%)	40
Texas	$215,835	$8,161	($158)	(1.9%)	20
Utah	$18,061	$6,226	($2,093)	(25.2%)	42
Vermont	$4,932	$7,870	($449)	(5.4%)	25
Virginia	$82,025	$9,930	$1,611	19.4%	9
Washington	$66,079	$9,479	$1,160	13.9%	12
West Virginia	$10,288	$5,548	($2,771)	(33.3%)	49
Wisconsin	$45,385	$7,903	($416)	(5.0%)	24
Wyoming	$7,547	$12,953	$4,634	55.7%	2
District of Columbia	$10,620	$16,428	$8,109	97.5%	

Note: Does not include taxes paid from Puerto Rico and other outlying areas.

Appendix A (continued)

Federal Taxes by Category, FFY 2013 (millions)

	Income Tax Less Refunds	Social Insurance	Corporate	Excise	Estate and Gift
National: 50 States & D.C.	**$1,308,335**	**$946,683**	**$272,080**	**$83,906**	**$18,863**
Alabama	$11,157	$12,631	$3,061	$1,332	$162
Alaska	$3,414	$2,576	$702	$282	$10
Arizona	$19,930	$17,295	$4,619	$1,808	$222
Arkansas	$6,771	$7,290	$2,188	$846	$71
California	$187,717	$110,864	$37,771	$8,336	$3,619
Colorado	$25,137	$16,284	$5,160	$1,660	$292
Connecticut	$30,490	$13,694	$4,675	$740	$491
Delaware	$3,384	$3,033	$770	$214	$19
Florida	$78,056	$50,274	$19,942	$5,320	$2,024
Georgia	$28,723	$26,640	$6,755	$3,178	$399
Hawaii	$4,166	$4,473	$1,324	$537	$60
Idaho	$3,772	$3,989	$1,154	$407	$39
Illinois	$60,555	$40,039	$11,660	$3,469	$742
Indiana	$17,950	$19,433	$4,186	$1,844	$167
Iowa	$10,571	$9,549	$2,499	$871	$141
Kansas	$10,660	$9,150	$2,485	$703	$128
Kentucky	$9,630	$11,125	$2,684	$1,330	$310
Louisiana	$14,518	$11,775	$3,368	$1,338	$190
Maine	$3,709	$3,647	$962	$362	$76
Maryland	$30,290	$23,472	$6,146	$1,429	$309
Massachusetts	$45,759	$23,838	$7,600	$1,583	$483
Michigan	$33,285	$28,298	$6,730	$2,564	$394
Minnesota	$25,416	$19,860	$4,931	$1,591	$268
Mississippi	$4,968	$6,926	$1,558	$883	$62
Missouri	$18,626	$16,420	$4,598	$1,898	$337
Montana	$3,214	$2,778	$887	$339	$21
Nebraska	$6,870	$7,069	$1,683	$546	$86
Nevada	$10,303	$6,629	$2,413	$1,055	$189
New Hampshire	$6,604	$5,029	$1,287	$371	$93
New Jersey	$56,450	$33,990	$9,131	$2,228	$513
New Mexico	$4,825	$5,055	$1,399	$631	$59
NEW YORK	**$119,860**	**$66,993**	**$21,218**	**$4,039**	**$2,005**
North Carolina	$27,072	$26,832	$6,823	$2,684	$241
North Dakota	$4,417	$2,635	$788	$342	$30
Ohio	$37,017	$30,880	$7,963	$2,892	$313
Oklahoma	$12,134	$10,328	$2,843	$1,138	$120
Oregon	$12,435	$11,200	$3,126	$1,017	$135
Pennsylvania	$51,900	$40,991	$10,602	$3,252	$689
Rhode Island	$4,069	$3,555	$918	$229	$73
South Carolina	$11,245	$12,058	$2,972	$1,342	$150
South Dakota	$3,386	$2,529	$800	$283	$33
Tennessee	$18,954	$17,507	$3,991	$1,827	$182
Texas	$111,838	$74,238	$20,209	$7,801	$1,749
Utah	$7,534	$7,724	$2,020	$714	$69
Vermont	$2,143	$2,055	$544	$157	$33
Virginia	$39,756	$31,125	$8,346	$2,417	$382
Washington	$33,373	$23,698	$6,964	$1,707	$337
West Virginia	$3,867	$4,790	$998	$595	$38
Wisconsin	$20,572	$18,667	$4,602	$1,389	$155
Wyoming	$4,316	$2,042	$801	$287	$100
District of Columbia	$5,531	$3,711	$1,225	$99	$53

Note: Does not include taxes paid from Puerto Rico and other outlying areas.

Appendix A (continued)

Expenditures by the Federal Government, FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$3,199,578**	**$10,121**			
Alabama	$58,820	$12,169	$2,048	20.2%	8
Alaska	$10,127	$13,776	$3,655	36.1%	3
Arizona	$69,931	$10,553	$432	4.3%	20
Arkansas	$29,814	$10,075	($47)	(0.5%)	25
California	$346,515	$9,040	($1,081)	(10.7%)	40
Colorado	$48,378	$9,183	($938)	(9.3%)	36
Connecticut	$41,795	$11,622	$1,501	14.8%	10
Delaware	$9,112	$9,842	($279)	(2.8%)	31
Florida	$200,116	$10,235	$113	1.1%	24
Georgia	$91,575	$9,165	($956)	(9.4%)	38
Hawaii	$18,577	$13,231	$3,110	30.7%	5
Idaho	$15,591	$9,671	($450)	(4.4%)	32
Illinois	$106,232	$8,246	($1,875)	(18.5%)	49
Indiana	$57,369	$8,731	($1,390)	(13.7%)	44
Iowa	$27,099	$8,769	($1,353)	(13.4%)	43
Kansas	$26,554	$9,176	($946)	(9.3%)	37
Kentucky	$50,507	$11,491	$1,370	13.5%	11
Louisiana	$45,796	$9,901	($220)	(2.2%)	28
Maine	$16,414	$12,357	$2,236	22.1%	7
Maryland	$90,724	$15,302	$5,181	51.2%	2
Massachusetts	$72,823	$10,881	$760	7.5%	13
Michigan	$94,315	$9,531	($590)	(5.8%)	33
Minnesota	$44,744	$8,255	($1,866)	(18.4%)	48
Mississippi	$37,019	$12,376	$2,255	22.3%	6
Missouri	$65,343	$10,811	$690	6.8%	14
Montana	$10,115	$9,964	($157)	(1.6%)	27
Nebraska	$16,271	$8,708	($1,413)	(14.0%)	45
Nevada	$23,575	$8,450	($1,672)	(16.5%)	47
New Hampshire	$12,400	$9,369	($752)	(7.4%)	34
New Jersey	$78,645	$8,837	($1,284)	(12.7%)	42
New Mexico	$28,055	$13,454	$3,333	32.9%	4
NEW YORK	**$194,252**	**$9,885**	**($236)**	**(2.3%)**	**30**
North Carolina	$97,373	$9,888	($234)	(2.3%)	29
North Dakota	$7,932	$10,965	$844	8.3%	12
Ohio	$107,639	$9,303	($819)	(8.1%)	35
Oklahoma	$38,612	$10,028	($94)	(.9%)	26
Oregon	$35,305	$8,983	($1,138)	(11.2%)	41
Pennsylvania	$137,797	$10,787	$666	6.6%	16
Rhode Island	$11,258	$10,706	$585	5.8%	18
South Carolina	$51,318	$10,748	$626	6.2%	17
South Dakota	$9,032	$10,690	$569	5.6%	19
Tennessee	$67,210	$10,346	$225	2.2%	22
Texas	$240,507	$9,094	($1,028)	(10.2%)	39
Utah	$20,538	$7,080	($3,041)	(30.0%)	50
Vermont	$6,771	$10,805	$684	6.8%	15
Virginia	$138,964	$16,823	$6,702	66.2%	1
Washington	$71,806	$10,300	$179	1.8%	23
West Virginia	$21,699	$11,702	$1,581	15.6%	9
Wisconsin	$48,954	$8,525	($1,597)	(15.8%)	46
Wyoming	$6,116	$10,497	$376	3.7%	21
District of Columbia	$42,144	$65,193	$55,072	544.1%	

Note: Does not include spending in Puerto Rico and other outlying areas.

Appendix A (continued)

Federal Expenditures: Direct Payments, FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$1,993,036**	**$6,305**			
Alabama	$36,825	$7,618	$1,314	20.8%	3
Alaska	$3,606	$4,905	($1,399)	(22.2%)	49
Arizona	$41,694	$6,292	($13)	(0.2%)	32
Arkansas	$21,367	$7,220	$915	14.5%	8
California	$203,895	$5,319	($985)	(15.6%)	47
Colorado	$27,947	$5,305	($1,000)	(15.9%)	48
Connecticut	$22,783	$6,336	$31	0.5%	30
Delaware	$6,480	$7,000	$695	11.0%	13
Florida	$150,600	$7,702	$1,398	22.2%	2
Georgia	$59,575	$5,962	($342)	(5.4%)	40
Hawaii	$8,977	$6,394	$89	1.4%	29
Idaho	$9,466	$5,871	($433)	(6.9%)	41
Illinois	$75,066	$5,827	($477)	(7.6%)	42
Indiana	$41,534	$6,321	$16	0.3%	31
Iowa	$19,811	$6,410	$106	1.7%	28
Kansas	$18,157	$6,274	($30)	(0.5%)	33
Kentucky	$30,852	$7,019	$715	11.3%	12
Louisiana	$29,748	$6,431	$127	2.0%	27
Maine	$10,039	$7,558	$1,254	19.9%	4
Maryland	$39,841	$6,720	$415	6.6%	17
Massachusetts	$41,727	$6,235	($70)	(1.1%)	36
Michigan	$69,676	$7,041	$737	11.7%	11
Minnesota	$31,065	$5,731	($573)	(9.1%)	44
Mississippi	$21,818	$7,294	$989	15.7%	6
Missouri	$40,612	$6,719	$415	6.6%	18
Montana	$6,727	$6,626	$322	5.1%	21
Nebraska	$11,453	$6,129	($175)	(2.8%)	38
Nevada	$16,095	$5,769	($536)	(8.5%)	43
New Hampshire	$8,589	$6,490	$185	2.9%	25
New Jersey	$55,769	$6,267	($38)	(0.6%)	34
New Mexico	$13,549	$6,498	$193	3.1%	24
NEW YORK	**$123,134**	**$6,266**	**($38)**	**(0.6%)**	**35**
North Carolina	$65,475	$6,649	$344	5.5%	20
North Dakota	$5,123	$7,081	$777	12.3%	9
Ohio	$74,921	$6,475	$170	2.7%	26
Oklahoma	$26,103	$6,779	$474	7.5%	16
Oregon	$25,764	$6,556	$251	4.0%	23
Pennsylvania	$90,030	$7,048	$744	11.8%	10
Rhode Island	$7,342	$6,983	$678	10.8%	14
South Carolina	$34,516	$7,229	$924	14.7%	7
South Dakota	$6,285	$7,439	$1,135	18.0%	5
Tennessee	$45,207	$6,959	$655	10.4%	15
Texas	$142,059	$5,371	($933)	(14.8%)	46
Utah	$12,512	$4,313	($1,991)	(31.6%)	50
Vermont	$4,173	$6,660	$356	5.6%	19
Virginia	$54,487	$6,596	$292	4.6%	22
Washington	$42,032	$6,029	($275)	(4.4%)	39
West Virginia	$14,836	$8,001	$1,696	26.9%	1
Wisconsin	$35,438	$6,171	($134)	(2.1%)	37
Wyoming	$3,212	$5,513	($792)	(12.6%)	45
District of Columbia	$5,042	$7,800	$1,495	23.7%	

Note: Does not include spending for direct payments in Puerto Rico and other outlying areas.

Appendix A (continued)

Federal Expenditures: Grants, FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$541,550**	**$1,713**			
Alabama	$7,878	$1,630	($83)	(4.9%)	30
Alaska	$2,475	$3,367	$1,654	96.6%	2
Arizona	$10,890	$1,643	($70)	(4.1%)	29
Arkansas	$5,930	$2,004	$291	17.0%	13
California	$70,640	$1,843	$130	7.6%	19
Colorado	$6,596	$1,252	($461)	(26.9%)	45
Connecticut	$6,973	$1,939	$226	13.2%	16
Delaware	$1,800	$1,944	$231	13.5%	15
Florida	$24,182	$1,237	($476)	(27.8%)	47
Georgia	$14,179	$1,419	($294)	(17.2%)	41
Hawaii	$2,323	$1,655	($58)	(3.4%)	27
Idaho	$2,492	$1,546	($168)	(9.8%)	35
Illinois	$19,383	$1,505	($208)	(12.2%)	38
Indiana	$10,646	$1,620	($93)	(5.4%)	31
Iowa	$4,814	$1,558	($155)	(9.1%)	33
Kansas	$3,618	$1,250	($463)	(27.0%)	46
Kentucky	$8,515	$1,937	$224	13.1%	17
Louisiana	$9,517	$2,058	$344	20.1%	10
Maine	$3,251	$2,447	$734	42.9%	5
Maryland	$8,688	$1,465	($248)	(14.5%)	39
Massachusetts	$13,492	$2,016	$303	17.7%	12
Michigan	$16,992	$1,717	$4	0.2%	24
Minnesota	$8,926	$1,647	($66)	(3.9%)	28
Mississippi	$6,895	$2,305	$592	34.6%	8
Missouri	$10,826	$1,791	$78	4.6%	21
Montana	$2,065	$2,034	$321	18.8%	11
Nebraska	$2,599	$1,391	($322)	(18.8%)	42
Nevada	$2,893	$1,037	($676)	(39.5%)	50
New Hampshire	$1,574	$1,190	($523)	(30.6%)	48
New Jersey	$13,546	$1,522	($191)	(11.1%)	36
New Mexico	$5,072	$2,432	$719	42.0%	6
NEW YORK	**$53,108**	**$2,703**	**$989**	**57.8%**	**4**
North Carolina	$15,767	$1,601	($112)	(6.5%)	32
North Dakota	$1,431	$1,979	$266	15.5%	14
Ohio	$21,553	$1,863	$150	8.7%	18
Oklahoma	$6,558	$1,703	($10)	(0.6%)	25
Oregon	$6,809	$1,733	$19	1.1%	23
Pennsylvania	$23,328	$1,826	$113	6.6%	20
Rhode Island	$2,269	$2,158	$445	25.9%	9
South Carolina	$7,226	$1,513	($200)	(11.7%)	37
South Dakota	$1,410	$1,669	($44)	(2.5%)	26
Tennessee	$11,316	$1,742	$29	1.7%	22
Texas	$38,297	$1,448	($265)	(15.5%)	40
Utah	$3,641	$1,255	($458)	(26.7%)	44
Vermont	$1,735	$2,769	$1,056	61.6%	3
Virginia	$9,323	$1,129	($584)	(34.1%)	49
Washington	$9,691	$1,390	($323)	(18.9%)	43
West Virginia	$4,314	$2,326	$613	35.8%	7
Wisconsin	$8,928	$1,555	($158)	(9.2%)	34
Wyoming	$2,019	$3,465	$1,752	102.3%	1
District of Columbia	$3,157	$4,884	$3,171	185.1%	

Note: Does not include spending for grants in Puerto Rico and other outlying areas.

Appendix A (continued)

Federal Expenditures: Procurement, FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$426,527**	**$1,349**			
Alabama	$9,910	$2,050	$701	52.0%	7
Alaska	$1,663	$2,262	$913	67.7%	5
Arizona	$13,216	$1,994	$645	47.8%	9
Arkansas	$1,070	$361	($988)	(73.2%)	48
California	$49,225	$1,284	($65)	(4.8%)	20
Colorado	$8,331	$1,581	$232	17.2%	14
Connecticut	$10,833	$3,012	$1,663	123.3%	4
Delaware	$278	$300	($1,049)	(77.7%)	49
Florida	$14,403	$737	($613)	(45.4%)	30
Georgia	$7,933	$794	($555)	(41.2%)	24
Hawaii	$1,941	$1,382	$33	2.4%	18
Idaho	$2,764	$1,714	$365	27.1%	11
Illinois	$6,625	$514	($835)	(61.9%)	45
Indiana	$3,215	$489	($860)	(63.7%)	46
Iowa	$1,637	$530	($820)	(60.7%)	42
Kansas	$1,757	$607	($742)	(55.0%)	34
Kentucky	$6,573	$1,495	$146	10.8%	17
Louisiana	$3,559	$770	($580)	(43.0%)	26
Maine	$2,208	$1,662	$313	23.2%	13
Maryland	$27,228	$4,592	$3,243	240.4%	2
Massachusetts	$15,005	$2,242	$893	66.2%	6
Michigan	$5,150	$520	($829)	(61.4%)	44
Minnesota	$3,125	$577	($773)	(57.3%)	36
Mississippi	$6,049	$2,022	$673	49.9%	8
Missouri	$10,125	$1,675	$326	24.2%	12
Montana	$455	$448	($901)	(66.8%)	47
Nebraska	$989	$529	($820)	(60.8%)	43
Nevada	$2,931	$1,050	($299)	(22.2%)	23
New Hampshire	$1,829	$1,382	$32	2.4%	19
New Jersey	$6,565	$738	($612)	(45.3%)	29
New Mexico	$6,952	$3,334	$1,984	147.1%	3
NEW YORK	**$11,002**	**$560**	**($789)**	**(58.5%)**	**39**
North Carolina	$5,699	$579	($770)	(57.1%)	35
North Dakota	$501	$692	($657)	(48.7%)	31
Ohio	$6,626	$573	($777)	(57.6%)	38
Oklahoma	$2,085	$541	($808)	(59.9%)	41
Oregon	$1,165	$296	($1,053)	(78.0%)	50
Pennsylvania	$19,378	$1,517	$168	12.4%	16
Rhode Island	$780	$742	($608)	(45.0%)	28
South Carolina	$5,608	$1,175	($175)	(12.9%)	22
South Dakota	$578	$684	($666)	(49.3%)	32
Tennessee	$7,817	$1,203	($146)	(10.8%)	21
Texas	$41,407	$1,566	$216	16.0%	15
Utah	$2,293	$791	($559)	(41.4%)	25
Vermont	$472	$753	($596)	(44.2%)	27
Virginia	$53,631	$6,492	$5,143	381.2%	1
Washington	$11,963	$1,716	$367	27.2%	10
West Virginia	$1,176	$634	($715)	(53.0%)	33
Wisconsin	$3,291	$573	($776)	(57.5%)	37
Wyoming	$322	$553	($796)	(59.0%)	40
District of Columbia	$17,189	$26,589	$25,240	1,870.7%	

Note: Does not include spending for procurement in Puerto Rico and other outlying areas.

Appendix A (continued)

Federal Expenditures: Wages and Salaries, FFY 2013

	Total (millions)	Per capita	Variation from national per capita	Percentage variation from national per capita	Rank (per capita)
National: 50 States & D.C.	**$238,465**	**$754**			
Alabama	$4,207	$870	$116	15.4%	16
Alaska	$2,383	$3,241	$2,487	329.7%	2
Arizona	$4,131	$623	($131)	(17.4%)	28
Arkansas	$1,448	$489	($265)	(35.1%)	35
California	$22,755	$594	($161)	(21.3%)	32
Colorado	$5,505	$1,045	$291	38.5%	9
Connecticut	$1,206	$335	($419)	(55.5%)	43
Delaware	$554	$598	($156)	(20.7%)	30
Florida	$10,930	$559	($195)	(25.9%)	33
Georgia	$9,888	$990	$235	31.2%	13
Hawaii	$5,336	$3,801	$3,046	403.8%	1
Idaho	$870	$540	($215)	(28.4%)	34
Illinois	$5,158	$400	($354)	(46.9%)	37
Indiana	$1,973	$300	($454)	(60.2%)	47
Iowa	$837	$271	($484)	(64.1%)	48
Kansas	$3,021	$1,044	$290	38.4%	10
Kentucky	$4,566	$1,039	$285	37.7%	11
Louisiana	$2,971	$642	($112)	(14.9%)	26
Maine	$915	$689	($65)	(8.7%)	24
Maryland	$14,967	$2,525	$1,770	234.7%	4
Massachusetts	$2,599	$388	($366)	(48.5%)	41
Michigan	$2,497	$252	($502)	(66.6%)	49
Minnesota	$1,628	$300	($454)	(60.2%)	46
Mississippi	$2,258	$755	$1	0.1%	20
Missouri	$3,780	$625	($129)	(17.1%)	27
Montana	$868	$855	$101	13.4%	17
Nebraska	$1,231	$659	($96)	(12.7%)	25
Nevada	$1,657	$594	($161)	(21.3%)	31
New Hampshire	$407	$308	($447)	(59.2%)	45
New Jersey	$2,765	$311	($444)	(58.8%)	44
New Mexico	$2,482	$1,190	$436	57.8%	6
NEW YORK	**$7,009**	**$357**	**($398)**	**(52.7%)**	**42**
North Carolina	$10,432	$1,059	$305	40.4%	8
North Dakota	$877	$1,213	$458	60.8%	5
Ohio	$4,539	$392	($362)	(48.0%)	40
Oklahoma	$3,867	$1,004	$250	33.1%	12
Oregon	$1,568	$399	($355)	(47.1%)	38
Pennsylvania	$5,060	$396	($358)	(47.5%)	39
Rhode Island	$867	$824	$70	9.3%	19
South Carolina	$3,967	$831	$77	10.1%	18
South Dakota	$759	$898	$144	19.0%	15
Tennessee	$2,870	$442	($313)	(41.4%)	36
Texas	$18,744	$709	($46)	(6.0%)	23
Utah	$2,092	$721	($33)	(4.4%)	22
Vermont	$390	$622	($132)	(17.5%)	29
Virginia	$21,523	$2,606	$1,851	245.4%	3
Washington	$8,121	$1,165	$411	54.4%	7
West Virginia	$1,373	$740	($14)	(1.9%)	21
Wisconsin	$1,296	$226	($529)	(70.1%)	50
Wyoming	$563	$966	$212	28.1%	14
District of Columbia	$16,757	$25,921	$25,167	3,336.3%	

Note: Does not include spending for wages and salaries in Puerto Rico and other outlying areas.

Appendix B: Methodology

The starting point for this analysis is the federal budget and its figures on total receipts and outlays in Federal Fiscal Year (FFY) 2013. Excluded are receipts and outlays for which allocations cannot be made based on readily identifiable data, or for which allocation by state is not relevant. Such receipts include the deposit of earnings from the Federal Reserve and customs duties. Spending which has not been allocated by state is primarily interest paid on federal debt and spending for international procurement.

Federal Budget and Amounts Allocated for This Report (millions)

	Total	Not Allocable	Outside the 50 States and D.C.	Allocated
Receipts	**$2,775,103**	**$134,453**	**$10,783**	**$2,629,867**
Outlays	$3,454,605	$227,629	$27,398	$3,199,578
Deficit	($679,502)			

This analysis is confined to federal spending in and revenues from the 50 states and the District of Columbia. Because per capita figures for the District of Columbia are disproportionately large in many cases, such amounts are excluded from state rankings. The analysis does not include receipts from and expenditures in Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa and other outlying areas. More than 95 percent of federal receipts, and more than 93 percent of expenditures, are allocated by state in this report.

Revenues

Data from the Internal Revenue Service (IRS) and other federal agencies on taxes and fees collected in FFY 2013 provided figures for national revenues, and were used as the basis for the estimates of revenues generated by each state. Sources that were used to supplement IRS data include: the Social Security Administration, for allocation of Federal Insurance Contributions Act and Self Employed Contributions Act payroll taxes; the Bureau of Economic Analysis (BEA), for data used to allocate corporate taxes based on the location of business activity; and the U.S. Department of Transportation and the National Institute of Alcoholism and Alcohol Abuse, for allocation of excise taxes.

Expenditures

Federal budget outlays in FFY 2013 were grouped into four broad categories: direct payments for individuals (for example, Social Security and Medicare); grants (for example, Medicaid and highway grants); procurements; and wages. Such groupings were developed using data from the federal budget and from USASpending.gov, the federal government website that tracks federal expenditures. Spending in these four categories and their major subcategories was then allocated by state using several major sources. These included USASpending.gov; the Catalog of Federal Domestic Assistance data base; BEA; the U.S. Census Bureau; the Social Security Administration; the IRS; and departments of Agriculture, Defense, Health and Human Services (Centers for Medicare and Medicaid Services), Housing and Urban Development, Labor, and Veterans' Affairs.

The Federal Funds Information for States (FFIS) master grant data base was used as a comprehensive source for funding allocations to states from federal grant programs.

Appendix C: Sources

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Statistics of Income (SOI) Tax Stats – IRS Data Book, see: *Table 5: Gross Collections, by Type of Tax and State, Fiscal Year 2013* and *Table 8: Amount of Refunds Issued, Including Interest, by Type of Refund and State, Fiscal Year 2013* at www.irs.gov/uac/SOI-Tax-Stats-IRS-Data-Book or www.irs.gov/pub/irs-soi/13databk.pdf (*2013 Data Book, October 1, 2012 to September 30, 2013*).

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