



Federal Spending in the States, 2004 to 2013

The Pew Charitable Trusts

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Note: This issue brief has been updated with new data. [Click here to see the latest version of "Federal Spending in the States."](#)

Overview

The federal government spent \$3.1 trillion in the states during its 2013 fiscal year.¹ But the amount and composition of federal spending vary widely from state to state. As a result, federal budget decisions that increase or decrease different areas of spending affect each state differently. The distribution of federal spending provides important context for understanding the effect that federal fiscal policy has on the states.

For nearly three decades, the U.S. Census Bureau produced the Consolidated Federal Funds Report, an annual look at the geographic distribution of federal spending. But following the publication of the fiscal 2010 data, the Census Bureau discontinued the report. To fill this data gap, the Pew Charitable Trusts' fiscal federalism initiative prepared this analysis and companion methodology (available at <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2014/12/federal-spending-in-the-states>). The analysis combines publicly available data sources to show the state-by-state distribution of federal spending, divided into the five major categories used by the Census Bureau:

- **Retirement benefits** payments to individuals include Social Security retirement, survivor, and disability payments; veterans benefits; and other federal retirement and disability payments. Social Security accounts for about three-fourths of these payments.
- **Nonretirement benefits** payments to individuals include Medicare benefits, food assistance, unemployment insurance payments, student financial aid, and other assistance payments. Medicare accounts for nearly two-thirds of these payments.
- **Grants** include funding to state and local governments for a variety of program areas such as health care, transportation, education, and housing, as well as funding for individuals and other nonfederal entities, such as research grants. Medicaid grants to states account for about half of all federal grants.
- **Contracts** for purchases of goods and services, from military and medical equipment to information technology and catering services. Defense purchases account for more than half of federal contracts.
- **Salaries and wages** for federal employees. Roughly two-thirds of this spending is for civilians, and one-third is for military personnel.

Federal spending in the states in fiscal 2013 was equivalent to about one-fifth of states' economic activity

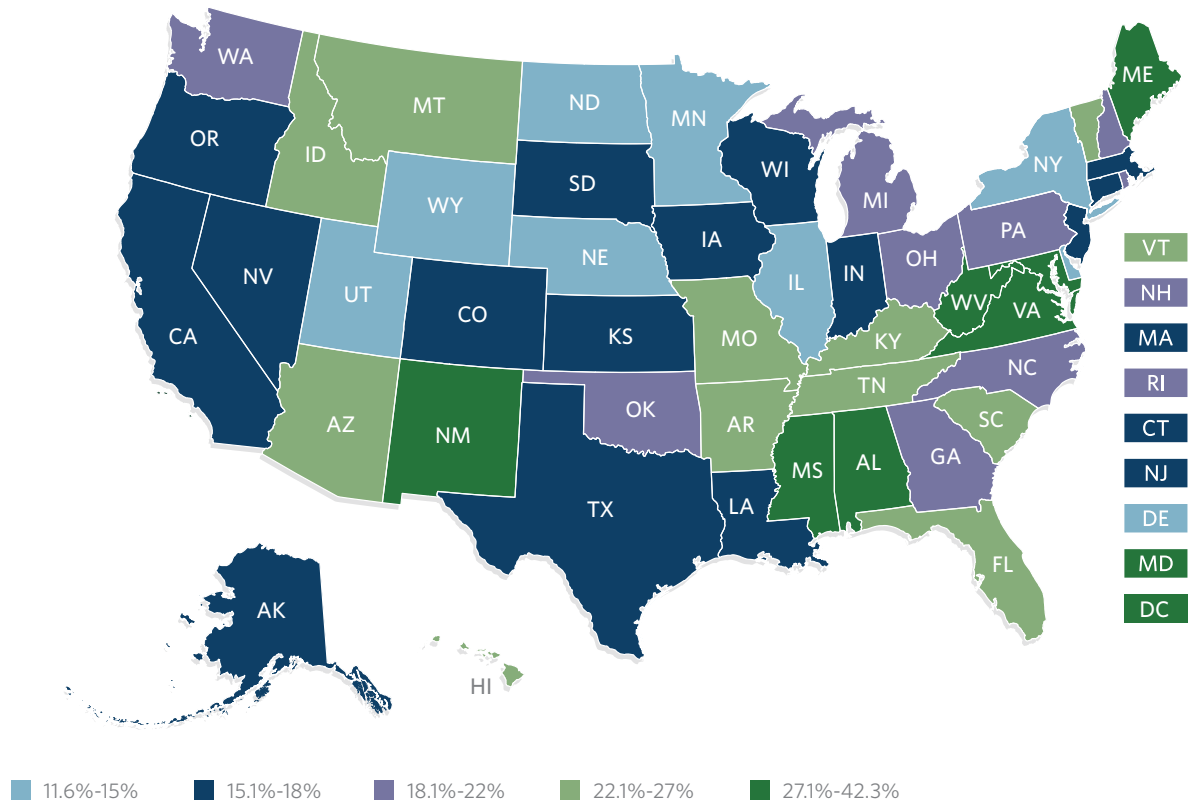
Federal spending affects economic activity in every state. One way to gauge its relative importance is to measure total federal spending against total economic activity—also known as gross domestic product (GDP)—in each state.² This provides a standardized yardstick by which to compare spending across states. It is important to note, however, that this metric does not measure how much total federal spending directly contributes to each state's economy.³

Nationally, federal spending in the states was equivalent to 19 percent of state economic activity in fiscal 2013, but that figure ranged from 32.9 percent in Mississippi to 11.6 percent in Wyoming. Federal spending in the District of Columbia was higher than in any of the states, at 42.3 percent. (See Figure 1.)

Figure 1

Nationally, Federal Spending Is Equivalent to 19% of State Economic Activity

Federal spending relative to gross domestic product, by state, federal fiscal 2013



Note: These data reflect the dollar value of federal spending relative to the size of each state's GDP. They do not measure the federal government's direct contribution to state GDP.

Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USA Spending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and Alaska Department of Revenue

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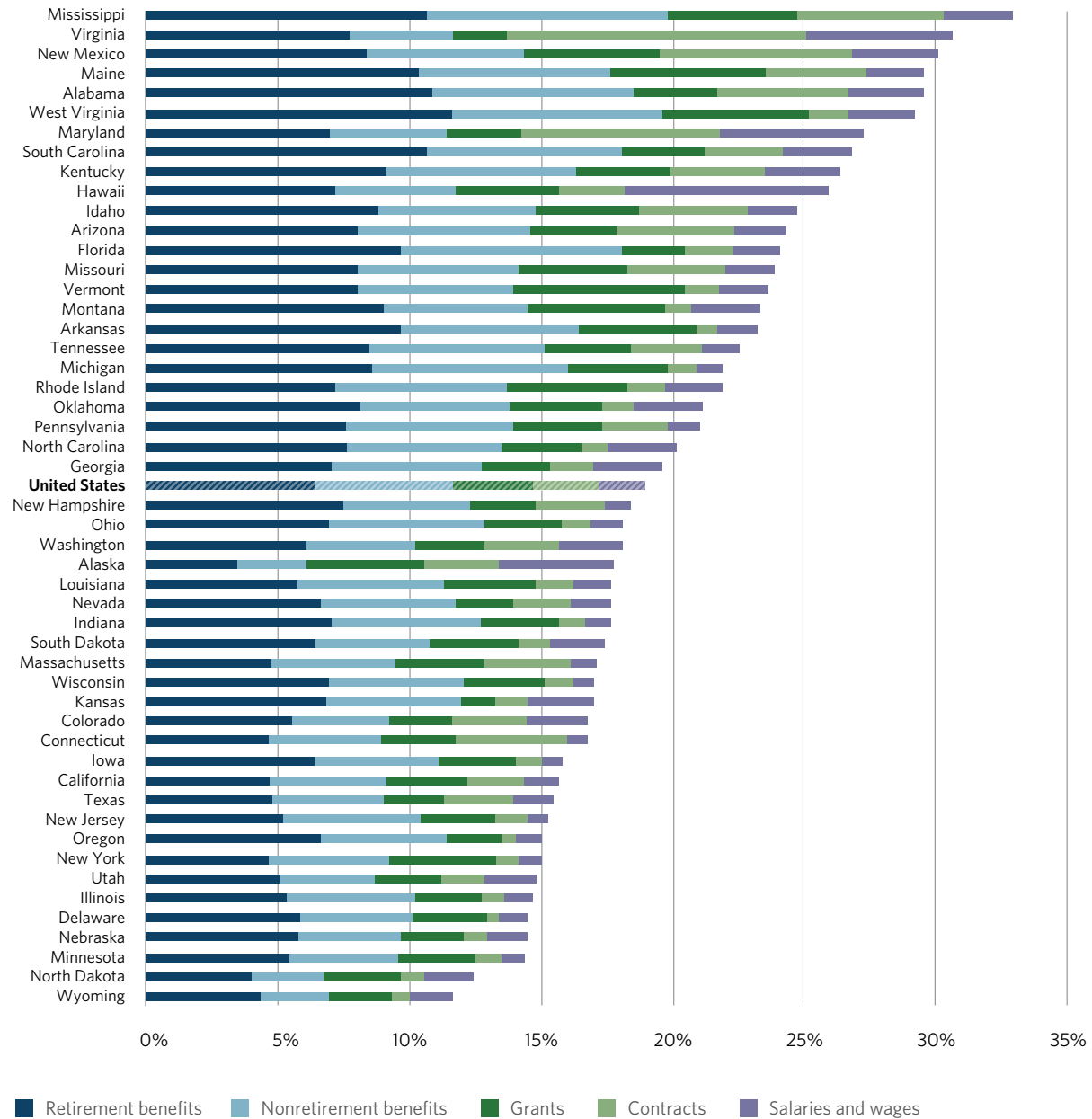
The mix of federal spending varies by state

Multiple factors account for variations in the makeup of federal spending across states, including differences in demographics and types of industries, as well as in the decisions state and local governments make about which public services to provide and at what levels. Because each state's mix of federal spending is unique, the effect of a given federal budget change will vary by state. For instance, in both Louisiana and Alaska, total federal spending was equivalent to about 18 percent of state GDP in fiscal 2013, just below the national average. But spending on salaries and wages was equivalent to 4.4 percent of Alaska's economic activity compared with 1.4 percent of Louisiana's. Consequently, Alaska's economy would likely be more affected than Louisiana's by federal salary and wage cuts. (See Figure 2. Note that these figures do not measure how much federal spending on salaries and wages directly contributed to each state's economy.⁴)

Figure 2

The Mix of Federal Spending Differs Among States

Types of federal spending relative to GDP, by state, federal fiscal 2013



Note: These data reflect the dollar value of federal spending relative to the size of each state's GDP. They do not measure the federal government's contribution to state GDP. The District of Columbia is not shown because it is an outlier. Total federal spending in the District was equivalent to 42.3 percent of the city's economy: 2.8 percent for retirement benefits, 1.7 percent for nonretirement benefits, 4.4 percent for grants, 14.9 percent for contracts, and 18.6 percent for salaries and wages.

Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USAspending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and Alaska Department of Revenue

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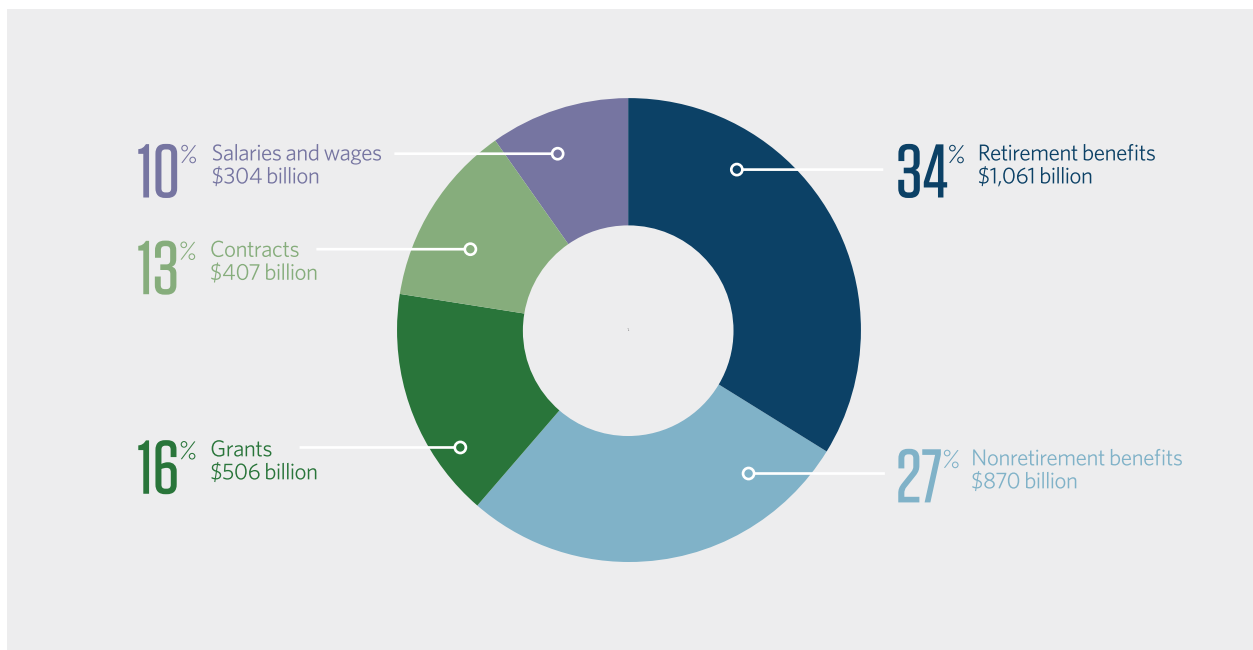
Benefits payments to individuals accounted for 61 percent of federal spending in the states in fiscal 2013

Retirement and nonretirement benefits accounted for more than half of all federal spending in the states in fiscal 2013. Over one-third of total spending went to retirement benefits, including Social Security and federal employee pensions. Nonretirement benefits, the largest of which is Medicare, accounted for over one-quarter of federal spending. Grants, the largest of which is Medicaid, and contracts made up roughly one-sixth and one-eighth of spending, respectively. At 10 percent, salaries and wages was the smallest share of total federal spending. (See Figure 3.)

Figure 3

Nearly 2/3 of Federal Spending in the States Was for Benefits Payments to Individuals

Distribution of federal spending, by category, federal fiscal 2013



Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USAspending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and Alaska Department of Revenue

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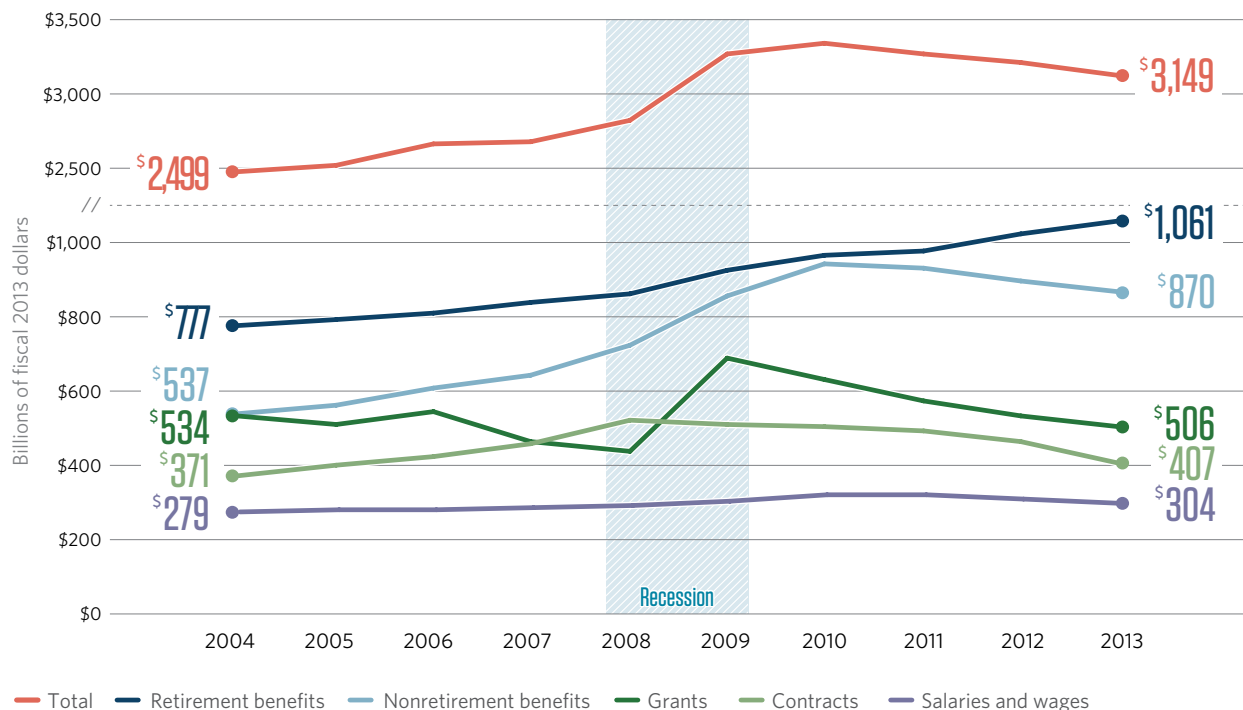
Federal spending in the states grew 26 percent over the past decade, adjusted for inflation

From fiscal 2004 to 2013, total inflation-adjusted federal spending in the states grew 26 percent, from \$2.5 trillion to \$3.1 trillion. Every category of spending increased in real terms, with the exception of grants, which fell by 5 percent. Spending on retirement and nonretirement benefits grew the most (37 percent and 62 percent, respectively), followed by contracts (10 percent) and salaries and wages (9 percent). Federal stimulus aid to states resulted in a temporary spike in grants and nonretirement benefit payments during and immediately after the Great Recession; that aid has been almost entirely phased out. (See Figure 4.)

Figure 4

Growth in Federal Spending in the States Driven Largely by Benefits Payments to Individuals

Inflation-adjusted federal spending by category, federal fiscal 2004-13



Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USAspending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and the Alaska Department of Revenue

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Table 1

How Much Did the Federal Government Spend in Your State?

Total federal spending in millions of dollars, by state, federal fiscal 2013

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
United States	\$1,061,181	\$870,048	\$506,475	\$407,277	\$303,990	\$3,148,971
Alabama	\$20,923	\$14,662	\$6,155	\$9,668	\$5,355	\$56,762
Alaska	\$2,073	\$1,589	\$2,649	\$1,628	\$2,628	\$10,568
Arizona	\$22,360	\$18,262	\$9,058	\$12,350	\$5,275	\$67,306
Arkansas	\$11,865	\$8,315	\$5,484	\$944	\$1,906	\$28,514
California	\$101,841	\$98,526	\$66,693	\$47,657	\$29,008	\$343,725
Colorado	\$16,020	\$10,896	\$7,092	\$8,013	\$6,641	\$48,664
Connecticut	\$11,646	\$10,527	\$7,047	\$10,401	\$1,831	\$41,452
Delaware	\$3,673	\$2,668	\$1,742	\$272	\$692	\$9,047
District of Columbia	\$3,116	\$1,867	\$4,963	\$16,784	\$21,056	\$47,785
Florida	\$76,959	\$66,541	\$19,062	\$14,089	\$14,180	\$190,831
Georgia	\$31,894	\$25,590	\$11,625	\$7,625	\$11,797	\$88,532
Hawaii	\$5,336	\$3,444	\$2,881	\$1,898	\$5,750	\$19,309
Idaho	\$5,440	\$3,629	\$2,377	\$2,574	\$1,118	\$15,139
Illinois	\$38,047	\$35,761	\$17,614	\$6,497	\$7,565	\$105,483
Indiana	\$22,338	\$17,623	\$9,434	\$3,140	\$2,961	\$55,496
Iowa	\$10,461	\$7,697	\$4,783	\$1,600	\$1,341	\$25,883
Kansas	\$9,854	\$7,267	\$1,888	\$1,720	\$3,514	\$24,243
Kentucky	\$16,765	\$13,003	\$6,604	\$6,436	\$5,219	\$48,027
Louisiana	\$14,740	\$13,849	\$9,019	\$3,437	\$3,656	\$44,701
Maine	\$5,610	\$3,976	\$3,186	\$2,079	\$1,227	\$16,078
Maryland	\$23,739	\$15,129	\$9,950	\$25,598	\$18,570	\$92,987
Massachusetts	\$21,146	\$20,795	\$15,039	\$14,572	\$4,077	\$75,631
Michigan	\$37,086	\$31,458	\$16,488	\$4,810	\$4,173	\$94,014
Minnesota	\$16,866	\$12,757	\$9,051	\$3,045	\$2,585	\$44,304
Mississippi	\$11,134	\$9,516	\$5,153	\$5,786	\$2,719	\$34,308
Missouri	\$22,206	\$16,613	\$11,566	\$9,933	\$5,135	\$65,452

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
Montana	\$3,933	\$2,392	\$2,272	\$443	\$1,109	\$10,148
Nebraska	\$6,231	\$4,300	\$2,539	\$968	\$1,598	\$15,636
Nevada	\$8,694	\$6,830	\$2,721	\$2,884	\$2,052	\$23,181
New Hampshire	\$5,096	\$3,229	\$1,649	\$1,788	\$653	\$12,414
New Jersey	\$28,547	\$27,645	\$15,393	\$6,442	\$4,546	\$82,573
New Mexico	\$7,710	\$5,471	\$4,690	\$6,696	\$2,987	\$27,554
New York	\$61,170	\$59,858	\$52,863	\$10,744	\$10,700	\$195,334
North Carolina	\$35,810	\$27,085	\$14,202	\$4,954	\$11,856	\$93,907
North Dakota	\$2,215	\$1,499	\$1,566	\$490	\$1,035	\$6,805
Ohio	\$39,271	\$33,182	\$16,221	\$6,265	\$6,633	\$101,573
Oklahoma	\$14,606	\$10,148	\$6,400	\$2,031	\$4,666	\$37,851
Oregon	\$14,355	\$10,490	\$4,515	\$1,123	\$2,231	\$32,713
Pennsylvania	\$48,861	\$40,341	\$21,898	\$16,181	\$7,707	\$134,989
Rhode Island	\$3,819	\$3,420	\$2,410	\$767	\$1,134	\$11,549
South Carolina	\$19,388	\$13,637	\$5,695	\$5,440	\$4,624	\$48,784
South Dakota	\$2,963	\$1,984	\$1,558	\$565	\$955	\$8,025
Tennessee	\$24,307	\$19,083	\$9,378	\$7,641	\$4,100	\$64,508
Texas	\$72,354	\$64,922	\$35,184	\$39,051	\$22,947	\$234,459
Utah	\$7,095	\$5,049	\$3,516	\$2,237	\$2,723	\$20,620
Vermont	\$2,359	\$1,729	\$1,888	\$393	\$546	\$6,915
Virginia	\$34,719	\$17,910	\$9,081	\$51,186	\$25,133	\$138,029
Washington	\$24,551	\$16,688	\$10,541	\$11,736	\$9,422	\$72,937
West Virginia	\$8,485	\$5,855	\$3,992	\$1,153	\$1,831	\$21,317
Wisconsin	\$19,570	\$14,181	\$8,623	\$3,224	\$2,137	\$47,735
Wyoming	\$1,935	\$1,157	\$1,081	\$317	\$687	\$5,177

Note: Numbers may not add up exactly due to rounding.

Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USAspending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and Alaska Department of Revenue.

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Table 2

How Did Federal Spending Compare With the Size of Your State's Economy?

Federal spending relative to gross domestic product, by state, federal fiscal 2013

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
United States	6.4%	5.3%	3.1%	2.5%	1.8%	19.0%
Alabama	10.9%	7.6%	3.2%	5.0%	2.8%	29.5%
Alaska	3.5%	2.7%	4.5%	2.7%	4.4%	17.8%
Arizona	8.1%	6.6%	3.3%	4.5%	1.9%	24.3%
Arkansas	9.7%	6.8%	4.5%	0.8%	1.6%	23.2%
California	4.7%	4.5%	3.1%	2.2%	1.3%	15.7%
Colorado	5.5%	3.8%	2.4%	2.8%	2.3%	16.8%
Connecticut	4.7%	4.3%	2.8%	4.2%	0.7%	16.7%
Delaware	5.9%	4.3%	2.8%	0.4%	1.1%	14.5%
District of Columbia	2.8%	1.7%	4.4%	14.9%	18.6%	42.3%
Florida	9.7%	8.4%	2.4%	1.8%	1.8%	24.1%
Georgia	7.1%	5.7%	2.6%	1.7%	2.6%	19.7%
Hawaii	7.2%	4.6%	3.9%	2.5%	7.7%	25.9%
Idaho	8.9%	5.9%	3.9%	4.2%	1.8%	24.7%
Illinois	5.3%	5.0%	2.5%	0.9%	1.1%	14.7%
Indiana	7.1%	5.6%	3.0%	1.0%	0.9%	17.6%
Iowa	6.4%	4.7%	2.9%	1.0%	0.8%	15.8%
Kansas	6.9%	5.1%	1.3%	1.2%	2.5%	17.0%
Kentucky	9.2%	7.1%	3.6%	3.5%	2.9%	26.4%
Louisiana	5.8%	5.5%	3.6%	1.4%	1.4%	17.7%
Maine	10.3%	7.3%	5.9%	3.8%	2.3%	29.6%
Maryland	7.0%	4.4%	2.9%	7.5%	5.4%	27.3%
Massachusetts	4.8%	4.7%	3.4%	3.3%	0.9%	17.1%
Michigan	8.7%	7.3%	3.8%	1.1%	1.0%	21.9%
Minnesota	5.5%	4.1%	2.9%	1.0%	0.8%	14.4%
Mississippi	10.7%	9.1%	4.9%	5.5%	2.6%	32.9%

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
Missouri	8.1%	6.1%	4.2%	3.6%	1.9%	23.8%
Montana	9.0%	5.5%	5.2%	1.0%	2.5%	23.3%
Nebraska	5.8%	4.0%	2.4%	0.9%	1.5%	14.5%
Nevada	6.6%	5.2%	2.1%	2.2%	1.6%	17.7%
New Hampshire	7.6%	4.8%	2.4%	2.7%	1.0%	18.4%
New Jersey	5.3%	5.1%	2.9%	1.2%	0.8%	15.3%
New Mexico	8.4%	6.0%	5.1%	7.3%	3.3%	30.1%
New York	4.7%	4.6%	4.1%	0.8%	0.8%	15.0%
North Carolina	7.7%	5.8%	3.0%	1.1%	2.5%	20.1%
North Dakota	4.1%	2.7%	2.9%	0.9%	1.9%	12.5%
Ohio	7.0%	5.9%	2.9%	1.1%	1.2%	18.1%
Oklahoma	8.1%	5.7%	3.6%	1.1%	2.6%	21.1%
Oregon	6.6%	4.8%	2.1%	0.5%	1.0%	15.1%
Pennsylvania	7.6%	6.3%	3.4%	2.5%	1.2%	21.1%
Rhode Island	7.2%	6.5%	4.6%	1.5%	2.1%	21.9%
South Carolina	10.6%	7.5%	3.1%	3.0%	2.5%	26.8%
South Dakota	6.4%	4.3%	3.4%	1.2%	2.1%	17.5%
Tennessee	8.5%	6.7%	3.3%	2.7%	1.4%	22.6%
Texas	4.8%	4.3%	2.3%	2.6%	1.5%	15.5%
Utah	5.1%	3.6%	2.5%	1.6%	2.0%	14.8%
Vermont	8.1%	5.9%	6.5%	1.3%	1.9%	23.7%
Virginia	7.7%	4.0%	2.0%	11.4%	5.6%	30.6%
Washington	6.1%	4.1%	2.6%	2.9%	2.3%	18.1%
West Virginia	11.6%	8.0%	5.5%	1.6%	2.5%	29.2%
Wisconsin	7.0%	5.1%	3.1%	1.2%	0.8%	17.1%
Wyoming	4.3%	2.6%	2.4%	0.7%	1.5%	11.6%

Note: These data reflect the dollar value of federal spending relative to the size of each state's GDP. They do not measure the federal government's contribution to state GDP. Numbers may not add up exactly due to rounding.

Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USAspending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and Alaska Department of Revenue

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Table 3

How Much Did the Federal Government Spend Per Person in Your State?

Per capita federal spending, by state, federal fiscal 2013

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
United States	\$3,357	\$2,752	\$1,602	\$1,288	\$962	\$9,961
Alabama	\$4,329	\$3,033	\$1,273	\$2,000	\$1,108	\$11,743
Alaska	\$2,820	\$2,162	\$3,604	\$2,215	\$3,575	\$14,375
Arizona	\$3,374	\$2,756	\$1,367	\$1,864	\$796	\$10,157
Arkansas	\$4,009	\$2,810	\$1,853	\$319	\$644	\$9,635
California	\$2,657	\$2,570	\$1,740	\$1,243	\$757	\$8,967
Colorado	\$3,041	\$2,068	\$1,346	\$1,521	\$1,261	\$9,237
Connecticut	\$3,238	\$2,927	\$1,960	\$2,892	\$509	\$11,527
Delaware	\$3,967	\$2,882	\$1,882	\$294	\$748	\$9,773
District of Columbia	\$4,820	\$2,887	\$7,678	\$25,963	\$32,572	\$73,920
Florida	\$3,936	\$3,403	\$975	\$721	\$725	\$9,760
Georgia	\$3,192	\$2,561	\$1,163	\$763	\$1,181	\$8,860
Hawaii	\$3,801	\$2,453	\$2,052	\$1,351	\$4,095	\$13,752
Idaho	\$3,375	\$2,251	\$1,474	\$1,597	\$693	\$9,390
Illinois	\$2,953	\$2,776	\$1,367	\$504	\$587	\$8,188
Indiana	\$3,400	\$2,682	\$1,436	\$478	\$451	\$8,446
Iowa	\$3,385	\$2,491	\$1,548	\$518	\$434	\$8,375
Kansas	\$3,405	\$2,511	\$652	\$594	\$1,214	\$8,377
Kentucky	\$3,814	\$2,958	\$1,502	\$1,464	\$1,188	\$10,927
Louisiana	\$3,187	\$2,994	\$1,950	\$743	\$790	\$9,664
Maine	\$4,223	\$2,993	\$2,399	\$1,565	\$924	\$12,104
Maryland	\$4,004	\$2,552	\$1,678	\$4,318	\$3,132	\$15,684
Massachusetts	\$3,160	\$3,107	\$2,247	\$2,177	\$609	\$11,300
Michigan	\$3,748	\$3,179	\$1,666	\$486	\$422	\$9,501
Minnesota	\$3,112	\$2,354	\$1,670	\$562	\$477	\$8,174
Mississippi	\$3,722	\$3,181	\$1,723	\$1,934	\$909	\$11,469

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
Missouri	\$3,674	\$2,749	\$1,914	\$1,643	\$850	\$10,829
Montana	\$3,874	\$2,356	\$2,238	\$436	\$1,092	\$9,996
Nebraska	\$3,335	\$2,301	\$1,359	\$518	\$855	\$8,368
Nevada	\$3,116	\$2,448	\$975	\$1,033	\$735	\$8,308
New Hampshire	\$3,850	\$2,440	\$1,246	\$1,351	\$493	\$9,380
New Jersey	\$3,208	\$3,106	\$1,730	\$724	\$511	\$9,279
New Mexico	\$3,697	\$2,624	\$2,249	\$3,211	\$1,432	\$13,213
New York	\$3,113	\$3,046	\$2,690	\$547	\$544	\$9,940
North Carolina	\$3,636	\$2,750	\$1,442	\$503	\$1,204	\$9,536
North Dakota	\$3,062	\$2,072	\$2,165	\$678	\$1,430	\$9,407
Ohio	\$3,394	\$2,868	\$1,402	\$541	\$573	\$8,778
Oklahoma	\$3,793	\$2,636	\$1,662	\$528	\$1,212	\$9,830
Oregon	\$3,653	\$2,669	\$1,149	\$286	\$568	\$8,324
Pennsylvania	\$3,825	\$3,158	\$1,714	\$1,267	\$603	\$10,568
Rhode Island	\$3,632	\$3,252	\$2,292	\$729	\$1,078	\$10,984
South Carolina	\$4,060	\$2,856	\$1,193	\$1,139	\$968	\$10,217
South Dakota	\$3,507	\$2,348	\$1,844	\$669	\$1,131	\$9,499
Tennessee	\$3,742	\$2,938	\$1,444	\$1,176	\$631	\$9,930
Texas	\$2,736	\$2,455	\$1,330	\$1,477	\$868	\$8,865
Utah	\$2,446	\$1,740	\$1,212	\$771	\$939	\$7,108
Vermont	\$3,764	\$2,760	\$3,013	\$628	\$871	\$11,036
Virginia	\$4,203	\$2,168	\$1,099	\$6,197	\$3,043	\$16,710
Washington	\$3,522	\$2,394	\$1,512	\$1,683	\$1,351	\$10,462
West Virginia	\$4,576	\$3,158	\$2,153	\$622	\$988	\$11,496
Wisconsin	\$3,408	\$2,469	\$1,502	\$561	\$372	\$8,312
Wyoming	\$3,321	\$1,986	\$1,856	\$544	\$1,178	\$8,885

Note: Numbers may not add up exactly due to rounding.

Sources: Pew analysis of data from the U.S. Department of Commerce Bureau of Economic Analysis; USAspending.gov; U.S. Census Bureau; U.S. Office of Personnel Management; U.S. Department of Defense; and Alaska Department of Revenue.

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Endnotes

- 1 Office of Management and Budget, "Fiscal Year 2015 Historical Tables: Budget of the U.S. Government," <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/hist.pdf>. This equals 91 percent of the \$3.5 trillion in federal outlays for fiscal 2013; the remaining 9 percent includes interest payments on the federal debt, international transactions and foreign payments, classified expenditures, and other spending that cannot be assigned to a state.
- 2 Per capita state-level data are available in the downloadable tables <http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2014/12/federal-spending-in-the-states>.
- 3 It is difficult for several reasons to determine how much economic activity in a state is directly attributable to total federal spending in that state. First, government transfers to individuals, such as Social Security and other direct payments, are not direct purchases of goods or services and therefore are not included in state or national GDP calculations. Second, some federal spending in one state may contribute to economic activity in another. For instance, Social Security recipients living in Oregon may spend a portion of their benefits in Idaho, thus contributing to Idaho's economic activity. Third, salary and wage data are reported by place of employment not place of residence, which may overstate or understate spending in areas with a high percentage of commuters.
- 4 See endnote 3.

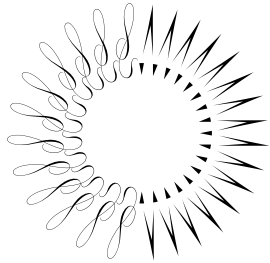
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