



Getty Images / Christopher A. Jones

Federal Spending in the States, 2005 to 2014

The Pew Charitable Trusts

Susan K. Urahn, *executive vice president*

Thomas P. Conroy, *vice president*

Team members

Ingrid Schroeder, *director*

Anne Stauffer, *director*

Phillip Oliff

Mark Robyn

Rebecca Thiess

Colin Foard

Justin Theal

Maya Goodwin

Kenneth Hillary

External reviewers

Previous versions of this report benefited tremendously from the insights and expertise of two outside reviewers: Victor J. Miller, former director, Federal Funds Information for States, and Trinity Tomsic, deputy executive director, Federal Funds Information for States. Although they have reviewed the analysis, neither they nor their organization necessarily endorse its findings or conclusions.

Acknowledgments

The authors would also like to thank Pew staff members Hassan Burke, Samantha Chao, Jennifer V. Doctors, Carol Hutchinson, Airlie Loiaconi, Sarah Leiseca, Anya Malkov, Jeremy Ratner, Rica Santos, Lisa Plotkin, and Alan van der Hilst for providing valuable feedback on the report; Dan Benderly and Bailey Farnsworth for design support; Jennifer Peltak and Andrew Qualls for project management and online support; and our other former and current colleagues who made this work possible. Finally, we thank the many federal officials and other experts in the field who were so generous with their time and knowledge.

About this analysis

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. After publication of the fiscal year 2010 data, however, the bureau discontinued the report. To fill this data gap, The Pew Charitable Trusts prepared this analysis and the companion methodology, available at <http://www.pewtrusts.org/en/research-andanalysis/issue-briefs/2014/12/federal-spending-in-the-states>.

Overview

The federal government spent \$3.3 trillion in the states during its 2014 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 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.

This analysis combines publicly available data sources to show the state-by-state distribution of federal spending, divided into the five major categories:²

- **Retirement benefits**, which are payments to individuals and include Social Security retirement, survivor, and disability payments; veterans' benefits; and other federal retirement and disability payments. Social Security accounts for about four-fifths of these payments.
- **Nonretirement benefits**, which are payments to individuals and 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**, which 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 two-thirds 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 2014 was equivalent to about one-fifth of their economic activity

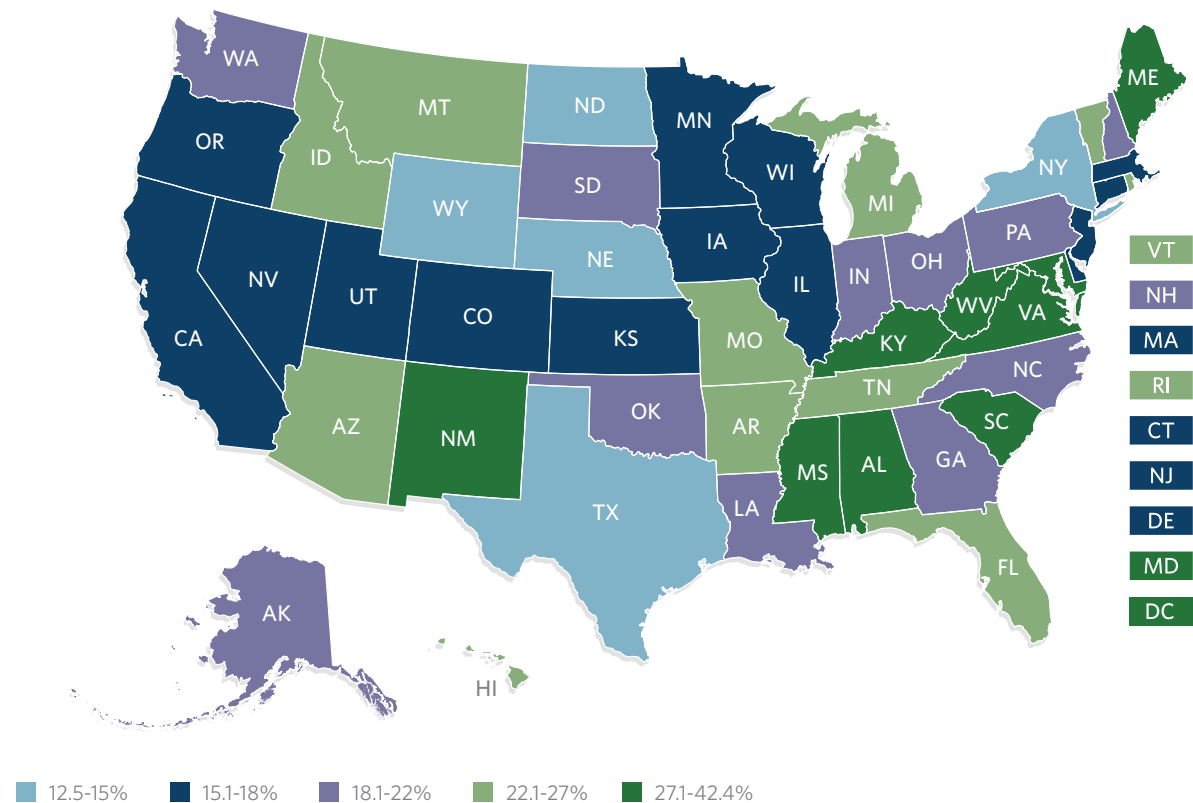
Federal spending affects economic activity in every state. One way to gauge its relative importance is to measure total federal spending against total economic activity—also known as gross domestic product (GDP)—in each state. This provides a yardstick by which to compare federal spending across states. 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 federal fiscal 2014, but on a state-by-state basis, the figure ranged from 32.9 percent in Mississippi to 12.5 percent in Wyoming. Federal spending in the District of Columbia was higher than in any state, at 42.4 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 FY 2014



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

Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

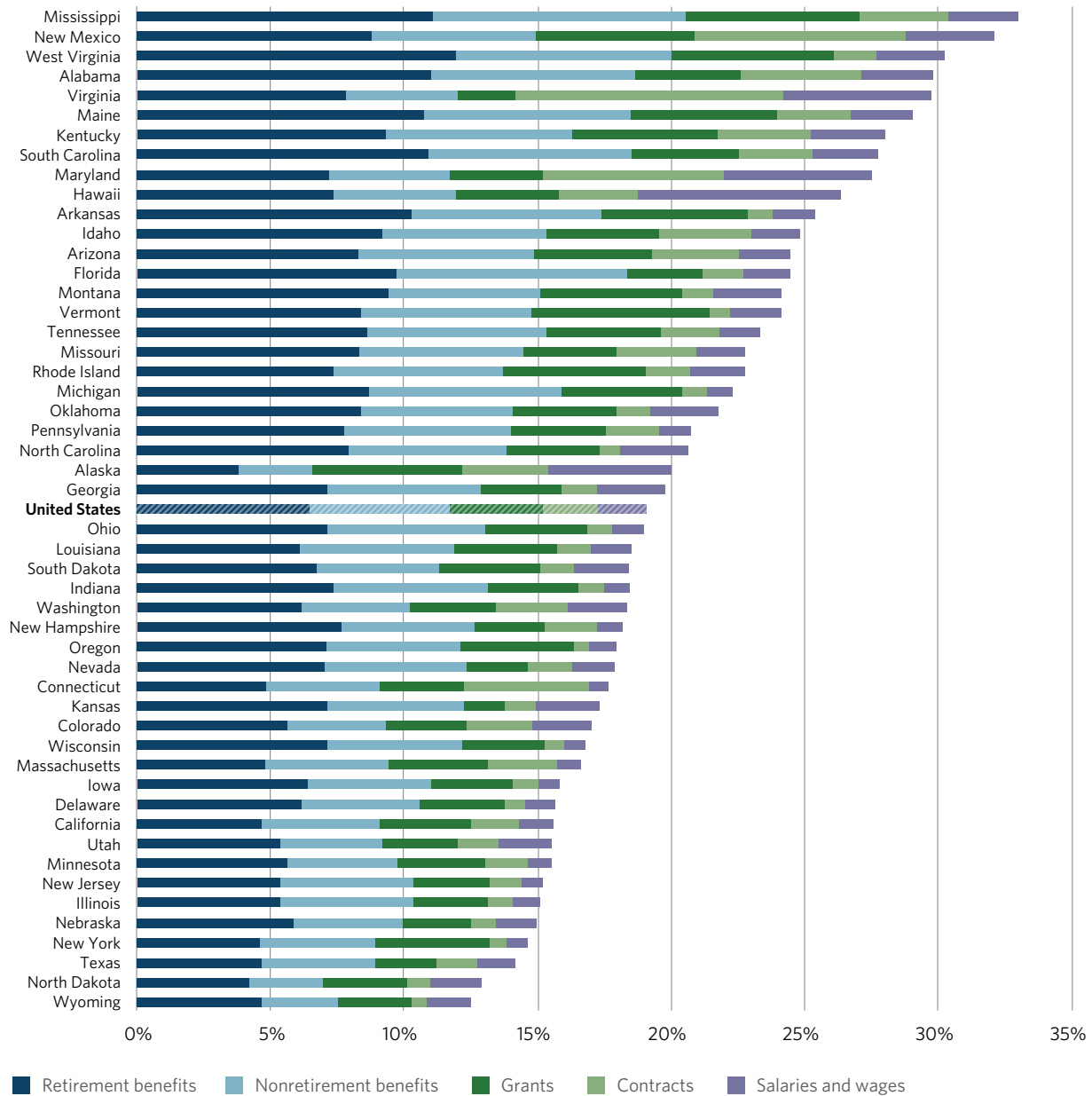
The mix of federal spending varies by state

Multiple factors account for variations in the composition of federal spending across states, including differences in demographics and types of industries and in the decisions that 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 federal budget change will vary by state. For instance, in Alabama and Virginia, total federal spending was equivalent to about 30 percent of state GDP in federal fiscal 2014, but spending on salaries and wages was equivalent to 5.5 percent of Virginia's economic activity, compared with 2.7 percent in Alabama. Consequently, Virginia's economy would probably be more affected than Alabama'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.

Figure 2

The Mix of Federal Spending Differs Among States

Types of federal spending relative to GDP by state, federal FY 2014



Notes: These data reflect the dollar value of federal spending relative to the size of each state's GDP but do not measure the federal government's contribution to state GDP. The District of Columbia is omitted because its data are outliers within the set. Total federal spending in the District was equivalent to 42.4 percent of the city's economy: 2.8 percent for retirement benefits, 1.6 percent for nonretirement benefits, 5.8 percent for grants, 13.6 percent for contracts, and 18.6 percent for salaries and wages.

Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

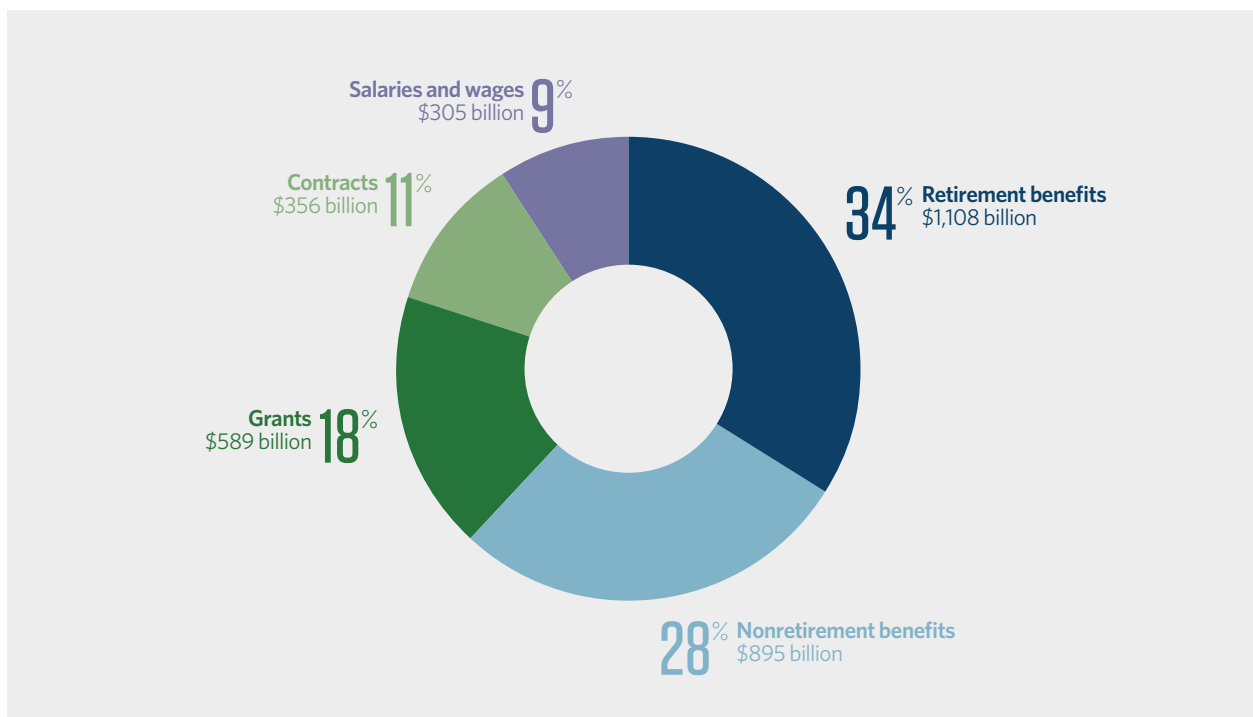
Benefits payments to individuals accounted for 62 percent of federal spending in the states in fiscal 2014

Retirement and nonretirement benefits accounted for more than half of all federal spending in the states in fiscal 2014. 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 in the states. Grants, the largest of which is Medicaid, and contracts made up roughly one-sixth and one-ninth of spending, respectively. At 9 percent, salaries and wages accounted for the smallest share. (See Figure 3.)

Figure 3

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

Distribution of federal spending by category, federal FY 2014



Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

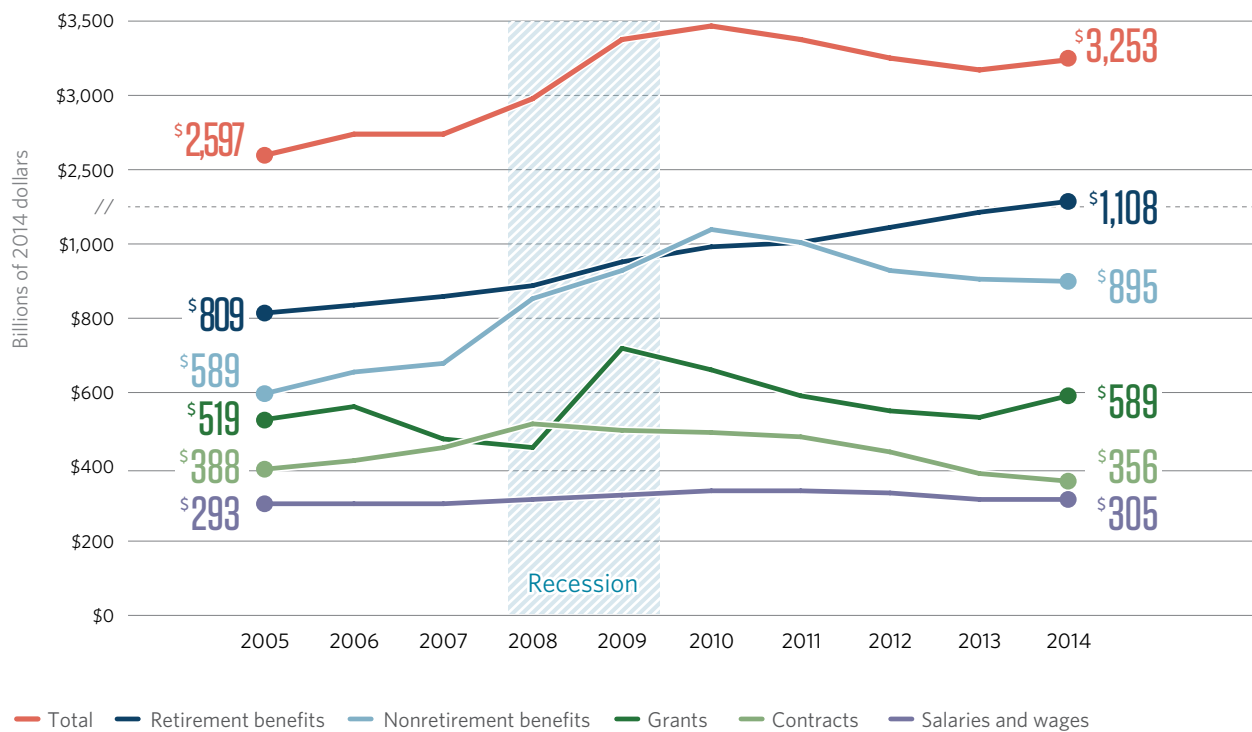
Federal spending in the states grew 25 percent over the past decade, adjusted for inflation

From fiscal 2005 to 2014, total inflation-adjusted federal spending in the states grew 25 percent, from \$2.6 trillion to \$3.3 trillion.⁴ Every category of spending increased in real terms, with the exception of contracts, which fell by 8 percent. Spending on retirement and nonretirement benefits grew the most (37 percent and 52 percent, respectively), followed by grants (13 percent) and salaries and wages (4 percent). The temporary spike in grants and nonretirement benefit payments during and immediately after the Great Recession were the result of federal stimulus aid to states, which has been almost entirely phased out. (See Figure 4.)

Figure 4

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

Inflation-adjusted federal spending by category, federal FY 2005-14



Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

Table 1

How Much Did the Federal Government Spend in Your State?

Total federal spending in millions of dollars by state, federal FY 2014

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
United States	\$1,107,748	\$895,415	\$588,587	\$355,761	\$305,243	\$3,252,754
Alabama	\$21,785	\$15,255	\$7,965	\$8,844	\$5,367	\$59,216
Alaska	\$2,166	\$1,579	\$3,162	\$1,865	\$2,574	\$11,346
Arizona	\$23,521	\$18,709	\$12,502	\$9,265	\$5,307	\$69,304
Arkansas	\$12,283	\$8,475	\$6,432	\$1,122	\$1,900	\$30,212
California	\$106,288	\$102,126	\$76,370	\$41,870	\$29,155	\$355,810
Colorado	\$16,902	\$11,306	\$8,908	\$7,332	\$6,714	\$51,161
Connecticut	\$12,078	\$10,534	\$7,831	\$11,683	\$1,821	\$43,947
Delaware	\$3,876	\$2,756	\$2,006	\$489	\$697	\$9,824
District of Columbia	\$3,264	\$1,868	\$6,672	\$15,645	\$21,466	\$48,916
Florida	\$80,886	\$71,251	\$23,895	\$12,310	\$14,277	\$202,618
Georgia	\$33,628	\$26,791	\$14,272	\$6,348	\$11,779	\$92,818
Hawaii	\$5,561	\$3,503	\$2,889	\$2,208	\$5,783	\$19,944
Idaho	\$5,736	\$3,849	\$2,642	\$2,198	\$1,115	\$15,541
Illinois	\$39,382	\$36,196	\$20,438	\$6,874	\$7,496	\$110,386
Indiana	\$23,223	\$18,133	\$10,756	\$3,042	\$2,955	\$58,110
Iowa	\$10,871	\$7,624	\$5,246	\$1,600	\$1,333	\$26,673
Kansas	\$10,248	\$7,382	\$2,091	\$1,666	\$3,477	\$24,864
Kentucky	\$17,341	\$13,079	\$10,055	\$6,537	\$5,115	\$52,127
Louisiana	\$15,345	\$14,391	\$9,635	\$3,198	\$3,609	\$46,179
Maine	\$5,832	\$4,160	\$2,970	\$1,474	\$1,244	\$15,679
Maryland	\$24,833	\$15,603	\$11,876	\$23,441	\$18,861	\$94,615
Massachusetts	\$21,980	\$20,597	\$16,832	\$11,489	\$4,095	\$74,994
Michigan	\$38,522	\$31,993	\$19,995	\$4,177	\$4,197	\$98,884
Minnesota	\$17,635	\$13,116	\$10,390	\$4,962	\$2,595	\$48,698
Mississippi	\$11,550	\$9,905	\$6,727	\$3,449	\$2,705	\$34,336
Missouri	\$23,084	\$17,209	\$9,551	\$8,489	\$5,092	\$63,426

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
Montana	\$4,109	\$2,512	\$2,319	\$518	\$1,114	\$10,572
Nebraska	\$6,491	\$4,499	\$2,787	\$1,038	\$1,630	\$16,445
Nevada	\$9,423	\$6,998	\$3,114	\$2,237	\$2,078	\$23,850
New Hampshire	\$5,344	\$3,481	\$1,829	\$1,371	\$662	\$12,687
New Jersey	\$29,612	\$27,180	\$15,579	\$6,338	\$4,571	\$83,281
New Mexico	\$8,034	\$5,590	\$5,449	\$7,181	\$2,998	\$29,252
New York	\$63,250	\$60,041	\$59,001	\$8,957	\$10,729	\$201,978
North Carolina	\$37,708	\$28,124	\$16,664	\$3,861	\$11,878	\$98,235
North Dakota	\$2,296	\$1,542	\$1,745	\$475	\$1,043	\$7,102
Ohio	\$40,727	\$33,705	\$21,893	\$5,570	\$6,712	\$108,607
Oklahoma	\$15,184	\$10,427	\$6,958	\$2,310	\$4,631	\$39,509
Oregon	\$15,048	\$10,422	\$9,050	\$1,100	\$2,230	\$37,850
Pennsylvania	\$50,658	\$40,761	\$23,420	\$12,846	\$7,738	\$135,422
Rhode Island	\$3,962	\$3,450	\$2,882	\$882	\$1,134	\$12,310
South Carolina	\$20,423	\$14,294	\$7,505	\$5,159	\$4,568	\$51,949
South Dakota	\$3,095	\$2,091	\$1,737	\$559	\$962	\$8,443
Tennessee	\$25,413	\$19,900	\$12,539	\$6,480	\$4,275	\$68,606
Texas	\$76,082	\$68,257	\$38,247	\$23,993	\$22,895	\$229,473
Utah	\$7,473	\$5,278	\$3,888	\$2,112	\$2,753	\$21,504
Vermont	\$2,458	\$1,857	\$1,919	\$238	\$562	\$7,035
Virginia	\$36,184	\$19,069	\$9,878	\$46,223	\$25,305	\$136,660
Washington	\$25,744	\$16,802	\$13,673	\$11,171	\$9,348	\$76,738
West Virginia	\$8,739	\$5,927	\$4,420	\$1,200	\$1,849	\$22,136
Wisconsin	\$20,431	\$14,599	\$8,801	\$2,101	\$2,153	\$48,085
Wyoming	\$2,040	\$1,217	\$1,183	\$263	\$694	\$5,397

Note: Numbers may not add up exactly because of rounding.

Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

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 FY 2014

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
United States	6.5%	5.2%	3.4%	2.1%	1.8%	19.1%
Alabama	11.0%	7.7%	4.0%	4.5%	2.7%	29.8%
Alaska	3.8%	2.8%	5.6%	3.3%	4.5%	20.0%
Arizona	8.3%	6.6%	4.4%	3.3%	1.9%	24.4%
Arkansas	10.3%	7.1%	5.4%	0.9%	1.6%	25.4%
California	4.7%	4.5%	3.3%	1.8%	1.3%	15.6%
Colorado	5.6%	3.8%	3.0%	2.4%	2.2%	17.0%
Connecticut	4.9%	4.2%	3.1%	4.7%	0.7%	17.7%
Delaware	6.2%	4.4%	3.2%	0.8%	1.1%	15.7%
District of Columbia	2.8%	1.6%	5.8%	13.6%	18.6%	42.4%
Florida	9.8%	8.6%	2.9%	1.5%	1.7%	24.4%
Georgia	7.2%	5.7%	3.0%	1.4%	2.5%	19.8%
Hawaii	7.3%	4.6%	3.8%	2.9%	7.6%	26.4%
Idaho	9.2%	6.2%	4.2%	3.5%	1.8%	24.8%
Illinois	5.4%	5.0%	2.8%	0.9%	1.0%	15.1%
Indiana	7.4%	5.7%	3.4%	1.0%	0.9%	18.4%
Iowa	6.5%	4.5%	3.1%	1.0%	0.8%	15.8%
Kansas	7.1%	5.1%	1.5%	1.2%	2.4%	17.3%
Kentucky	9.3%	7.0%	5.4%	3.5%	2.7%	28.0%
Louisiana	6.1%	5.8%	3.9%	1.3%	1.4%	18.5%
Maine	10.8%	7.7%	5.5%	2.7%	2.3%	29.0%
Maryland	7.2%	4.5%	3.5%	6.8%	5.5%	27.5%
Massachusetts	4.9%	4.6%	3.7%	2.5%	0.9%	16.6%
Michigan	8.7%	7.2%	4.5%	0.9%	0.9%	22.3%
Minnesota	5.6%	4.2%	3.3%	1.6%	0.8%	15.5%
Mississippi	11.1%	9.5%	6.5%	3.3%	2.6%	32.9%

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
Missouri	8.3%	6.2%	3.4%	3.1%	1.8%	22.8%
Montana	9.4%	5.7%	5.3%	1.2%	2.5%	24.1%
Nebraska	5.9%	4.1%	2.5%	0.9%	1.5%	14.9%
Nevada	7.1%	5.3%	2.3%	1.7%	1.6%	17.9%
New Hampshire	7.7%	5.0%	2.6%	2.0%	1.0%	18.2%
New Jersey	5.4%	5.0%	2.8%	1.2%	0.8%	15.2%
New Mexico	8.8%	6.1%	6.0%	7.9%	3.3%	32.1%
New York	4.6%	4.4%	4.3%	0.7%	0.8%	14.7%
North Carolina	7.9%	5.9%	3.5%	0.8%	2.5%	20.6%
North Dakota	4.2%	2.8%	3.2%	0.9%	1.9%	12.9%
Ohio	7.1%	5.9%	3.8%	1.0%	1.2%	19.0%
Oklahoma	8.4%	5.7%	3.8%	1.3%	2.6%	21.8%
Oregon	7.1%	4.9%	4.3%	0.5%	1.1%	18.0%
Pennsylvania	7.8%	6.2%	3.6%	2.0%	1.2%	20.7%
Rhode Island	7.3%	6.4%	5.3%	1.6%	2.1%	22.8%
South Carolina	10.9%	7.6%	4.0%	2.8%	2.4%	27.7%
South Dakota	6.8%	4.6%	3.8%	1.2%	2.1%	18.4%
Tennessee	8.6%	6.8%	4.3%	2.2%	1.5%	23.3%
Texas	4.7%	4.2%	2.4%	1.5%	1.4%	14.2%
Utah	5.4%	3.8%	2.8%	1.5%	2.0%	15.5%
Vermont	8.4%	6.4%	6.6%	0.8%	1.9%	24.1%
Virginia	7.9%	4.1%	2.1%	10.0%	5.5%	29.7%
Washington	6.2%	4.0%	3.3%	2.7%	2.2%	18.4%
West Virginia	11.9%	8.1%	6.0%	1.6%	2.5%	30.2%
Wisconsin	7.1%	5.1%	3.1%	0.7%	0.7%	16.7%
Wyoming	4.7%	2.8%	2.7%	0.6%	1.6%	12.5%

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

Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

Table 3

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

Per-capita federal spending by state, federal FY 2014

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
United States	\$3,474	\$2,808	\$1,846	\$1,116	\$957	\$10,200
Alabama	\$4,495	\$3,148	\$1,643	\$1,825	\$1,107	\$12,218
Alaska	\$2,939	\$2,142	\$4,290	\$2,530	\$3,492	\$15,393
Arizona	\$3,496	\$2,781	\$1,858	\$1,377	\$789	\$10,300
Arkansas	\$4,140	\$2,857	\$2,168	\$378	\$640	\$10,183
California	\$2,740	\$2,633	\$1,969	\$1,079	\$752	\$9,172
Colorado	\$3,156	\$2,111	\$1,663	\$1,369	\$1,254	\$9,553
Connecticut	\$3,360	\$2,930	\$2,178	\$3,250	\$507	\$12,225
Delaware	\$4,141	\$2,945	\$2,143	\$522	\$745	\$10,496
District of Columbia	\$4,947	\$2,831	\$10,112	\$23,710	\$32,533	\$74,134
Florida	\$4,063	\$3,579	\$1,200	\$618	\$717	\$10,179
Georgia	\$3,330	\$2,653	\$1,413	\$629	\$1,167	\$9,192
Hawaii	\$3,916	\$2,467	\$2,034	\$1,555	\$4,072	\$14,043
Idaho	\$3,509	\$2,355	\$1,616	\$1,345	\$682	\$9,506
Illinois	\$3,057	\$2,810	\$1,587	\$534	\$582	\$8,569
Indiana	\$3,520	\$2,748	\$1,630	\$461	\$448	\$8,807
Iowa	\$3,496	\$2,452	\$1,687	\$515	\$429	\$8,578
Kansas	\$3,531	\$2,543	\$721	\$574	\$1,198	\$8,566
Kentucky	\$3,930	\$2,964	\$2,279	\$1,481	\$1,159	\$11,813
Louisiana	\$3,301	\$3,096	\$2,073	\$688	\$776	\$9,933
Maine	\$4,384	\$3,127	\$2,232	\$1,108	\$935	\$11,787
Maryland	\$4,156	\$2,611	\$1,988	\$3,923	\$3,157	\$15,834
Massachusetts	\$3,254	\$3,049	\$2,492	\$1,701	\$606	\$11,102
Michigan	\$3,885	\$3,226	\$2,016	\$421	\$423	\$9,972
Minnesota	\$3,232	\$2,403	\$1,904	\$909	\$476	\$8,924
Mississippi	\$3,858	\$3,309	\$2,247	\$1,152	\$904	\$11,470

State	Retirement benefits	Nonretirement benefits	Grants	Contracts	Salaries and wages	Total
Missouri	\$3,807	\$2,838	\$1,575	\$1,400	\$840	\$10,460
Montana	\$4,016	\$2,455	\$2,266	\$506	\$1,089	\$10,332
Nebraska	\$3,447	\$2,389	\$1,480	\$551	\$866	\$8,733
Nevada	\$3,320	\$2,465	\$1,097	\$788	\$732	\$8,403
New Hampshire	\$4,024	\$2,621	\$1,377	\$1,033	\$499	\$9,553
New Jersey	\$3,313	\$3,041	\$1,743	\$709	\$511	\$9,317
New Mexico	\$3,852	\$2,680	\$2,613	\$3,443	\$1,438	\$14,026
New York	\$3,203	\$3,040	\$2,988	\$454	\$543	\$10,227
North Carolina	\$3,793	\$2,829	\$1,676	\$388	\$1,195	\$9,882
North Dakota	\$3,103	\$2,084	\$2,358	\$642	\$1,410	\$9,596
Ohio	\$3,512	\$2,906	\$1,888	\$480	\$579	\$9,365
Oklahoma	\$3,914	\$2,688	\$1,794	\$595	\$1,194	\$10,184
Oregon	\$3,789	\$2,624	\$2,279	\$277	\$562	\$9,531
Pennsylvania	\$3,960	\$3,186	\$1,831	\$1,004	\$605	\$10,585
Rhode Island	\$3,755	\$3,270	\$2,732	\$837	\$1,075	\$11,669
South Carolina	\$4,229	\$2,960	\$1,554	\$1,068	\$946	\$10,757
South Dakota	\$3,627	\$2,450	\$2,035	\$656	\$1,127	\$9,895
Tennessee	\$3,881	\$3,039	\$1,915	\$990	\$653	\$10,478
Texas	\$2,820	\$2,530	\$1,418	\$889	\$849	\$8,506
Utah	\$2,538	\$1,792	\$1,321	\$717	\$935	\$7,303
Vermont	\$3,922	\$2,963	\$3,062	\$380	\$897	\$11,224
Virginia	\$4,345	\$2,290	\$1,186	\$5,550	\$3,039	\$16,410
Washington	\$3,645	\$2,379	\$1,936	\$1,582	\$1,324	\$10,865
West Virginia	\$4,727	\$3,206	\$2,391	\$649	\$1,000	\$11,973
Wisconsin	\$3,547	\$2,535	\$1,528	\$365	\$374	\$8,349
Wyoming	\$3,491	\$2,083	\$2,025	\$450	\$1,187	\$9,237

Note: Numbers may not add up exactly because of rounding.

Sources: Pew's analysis of data from the U.S. Department of Commerce's 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

©2016 The Pew Charitable Trusts

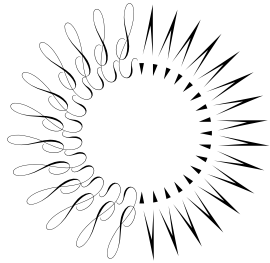
Endnotes

- 1 Office of Management and Budget, "Fiscal Year 2017 Historical Tables: Budget of the U.S. Government," <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/hist.pdf>. This equals 93 percent of the \$3.5 trillion in federal outlays for fiscal 2014; the remaining 7 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 Pew's analysis uses the same federal spending categories as the U.S. Census Bureau used when producing the Consolidated Federal Funds Report. See "About this analysis" on Page 1 for more information.
- 3 Determining how much economic activity in a state is directly attributable to total federal spending in that state is difficult for several reasons. 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 Total inflation-adjusted federal spending in the states grew from \$2.597 trillion to \$3.253 trillion from federal fiscal 2004 to 2015, or 25 percent. The dollar amounts shown in the text have been rounded and cannot be used to calculate the stated percentage increase.

For further information, please visit:
pewtrusts.org/fiscal-federalism

Contact: Sarah Leiseca, communications officer
Email: sleiseca@pewtrusts.org
Phone: 202-540-6369

The Pew Charitable Trusts is driven by the power of knowledge to solve today's most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public, and invigorate civic life.



THE
PEW
CHARITABLE TRUSTS