

Giving or Getting?

New York's Balance of Payments with the Federal Government

2021 REPORT

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Rockefeller
SUNY
Institute of Government



ABOUT THE AUTHOR

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Division of the Budget

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The global pandemic and our nation's response to it has reignited the discussion of the role of the Federal government and states. In the spring, New York State was blindsided by COVID-19 as the Federal government left states to fend for themselves and failed to stop 3 million travelers from Europe from entering New York City-area airports and others.

As the pandemic took its toll on our public health, it also battered our economy leaving state budgets at historically distressed levels, perhaps no more so than New York State's, which thanks to Federal negligence was the global epicenter of the pandemic before New York State led the nation with its response, bent the curve, and achieved one of the lowest infection rates in the nation. Yet despite promises, the Federal government has failed to deliver promised funding to offset these revenue losses that are due entirely to the pandemic.

More than ever, the current crisis requires informed evidence-based analysis on how Federal tax dollars have been distributed. The Division of the Budget collaborated with the Rockefeller Institute of Government on the research and publication of this report to inform how policies in Washington are impacting the state revenues and New Yorkers.

At a time when some in Washington say states should go bankrupt rather than receive Federal funding to support them through one of the worst economic downturns in our nation's history, New York's position – once again – as the nation's top donor state is stark.

As the report shows, New York's residents and businesses in 2019 sent \$22.8 billion more to the Federal government than they got back in return -- a shortfall larger than that of the second and third-ranked state combined. While New York is the single largest net contributor to the Federal government, 42 states get back more from the Federal government than they send. New York's worst-in-the-nation rank remains the same since Senator Daniel Patrick Moynihan released his annual "Fisc" report.

New York's historically outsized contribution to Federal spending programs has helped ensure resources are available when hurricanes strike, fires sweep through neighborhoods, and floods wash out roads and bridges. It's time for the Federal government to support us in our time of need so New York as producer of 8% of the national Gross Domestic Product can lead the nation's recovery. We continue to hold

out hope that new leadership in Washington will deliver the funding New York State desperately needs.

Our appreciation goes out to the Rockefeller Institute of Government, which has been providing rigorous and thorough analysis for nearly four decades, informing policymakers and the citizens they represent.

This analysis clarifies where we stand today and informs future decisions.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Mujica, Jr.", written in a cursive style.

Robert F. Mujica, Jr.
Director of the Budget



Executive Summary

In its fourth annual analysis, the Rockefeller Institute of Government has estimated the distribution of Federal budget receipts and expenditures across the United States. This report examines where Federal funds are generated and spent, the balance of payments differential that exists between the states, the primary explanations for those differences, and how those gaps change over time.

This annual analysis is designed to aid policymakers as they continue to discuss whether there is too much redistribution or too little, and the impact of those redistribution decisions on states. The Rockefeller Institute estimated detailed revenue and spending data for Federal fiscal year (FFY) 2018 and developed a preliminary data series for FFY 2019. This report presents a national analysis while paying close attention to New York.

The findings based on this analysis are clear: New York's residents and businesses continue to contribute more in taxes than the state receives back in Federal spending. Key findings from this year's report include:

- Over five years, New York taxpayers have given \$142.6 billion more to the federal government than they have received back in federal spending, the most of any state.
- Preliminary analysis of 2019 data indicate that at -\$22.8 billion, New York maintains its five-year trend as having the least favorable balance of payments of any state in the nation.
- New York's shortfall in 2019 is larger than that of second-ranked New Jersey (-\$10.3 billion) and third-ranked Massachusetts (-\$9.9 billion) combined. California and Connecticut round out the list of the top five states with the least favorable balances.

Preliminary Analysis of New York 2019 data indicates:



NEW YORK'S
BALANCE OF PAYMENTS

-\$22.8 billion

THE LEAST FAVORABLE
IN THE NATION



NEW YORK'S SHORTFALL
IS LARGER THAN

New Jersey — -\$10.3 billion
and
Massachusetts — -\$9.9 billion
COMBINED



NEW YORK'S PER CAPITA
BALANCE OF PAYMENTS:

-\$1,172



NEW YORK RANKED
THIRD TO LAST
PER CAPITA



US PER CAPITA
BALANCE OF PAYMENTS:

\$2,412

NEW YORKERS PAY

\$3,584

MORE THAN THE
NATIONAL AVERAGE



IN 2019, NATIONAL BOP GREW BY

\$386

NY BOP GREW BY ONLY

\$173

- The New York State per capita balance of payments, -\$1,172, continues to rank as one of the least favorable in the nation. New York's negative per capita balance of payments is less than all but Connecticut (-\$1,614) and Massachusetts (-\$1,439).
- The Federal per capita balance of payments in 2019 is \$2,412 - a net positive to citizens of these states. New Yorkers pay \$3,584 more than this average.

Last year's report provided a preliminary analysis of the impact of the Federal Tax Cuts and Jobs Acts of 2017 (TCJA). The TCJA partially shifted revenue collection from corporate income tax to individual income taxes. The share of Federal revenue generated from individual income taxes grew from 50.3 percent in 2017 to 53.0 percent in 2018 and was 51.9 percent in 2019. The preliminary 2018 analysis was based on the most current data sets available at the time: the 2017 Internal Revenue Service's *Statistics of Income* series and the final FFY 2018 Federal data from the *2020 Budget of the U.S. Government*. While the approach showed the impacts of the shift from corporate to individual income taxes, it did not provide insights into how the TCJA shifted the relative individual income tax burdens among the states.

This year's analysis revised the preliminary analysis by using the *2018 Statistics of Income* series. Between 2017 and 2018, New York's share of individual income tax burden grew from 8.9 to 9.1 percent. The 0.2 percentage point growth was the second highest after California. This was the primary factor in the downward revision of the 2018 balance of payments estimate from -\$22.0 billion to -\$26.3 billion.

As the overall distribution of tax burdens and Federal budget spending across the nation changes over time, understanding how these changes impact the states provides critically important information when evaluating the fairness and appropriateness of proposed changes in fiscal policy.

Introduction

In FFY 2019, the Federal government spent approximately \$4.4 trillion, an increase of 8.3 percent from the 2018 fiscal year. This level of spending was supported by nearly \$3.5 trillion in revenue, an increase of 4.0 percent from 2018. Spending in FFY 2018 totaled \$4.1 trillion, supporting revenues were \$3.3 trillion.

Revenue collected by the Federal government, Federal spending in the states, and the difference between these two in each state is the subject of this report. This "balance of payments" (BOP) analysis provides a look at the effects of Federal economic redistribution policies on states. This report offers a focus on New York and its standing relative to other states.

Some states receive far more in Federal spending than their residents and businesses pay through taxes, while other states give far more than they get. The Federal system concentrates grants and funding to states with the highest poverty rates among their residents. Federal grants support programs of aid for the needy (Medicaid, Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, etc.) Payments to individuals under the Social Security and Medicare programs are disproportionately concentrated in states with larger elderly populations. States with

large defense contracting sectors and more military bases receive more Federal defense spending. Federal wages are disproportionately concentrated in states with a large Federal employment presence.

On the other side, revenue is generated primarily from taxes, the most significant of which are the personal income and employment taxes, which accounted for 90 percent of allocable Federal revenue in 2019. Logically, this Federal revenue is raised disproportionately from residents of states with more high-income individuals who pay taxes at the highest rates under the progressive Federal income tax structure.

Our analysis provides states and policymakers with clear information about how Federal spending and revenue burdens are distributed among states. While there are understandable reasons why some states receive more than they give and vice versa, it is important to have solid information—and thus a better understanding—about how Federal spending and revenue are distributed among the states. This information gives policymakers insight into the magnitude of gaps in each state’s balance of payments, aiding in decisions about whether current and proposed distributions are fair and appropriate.

This report provides an estimate of the 2019 balance of payments based on available preliminary data. It also revises the previously released 2018 preliminary analysis, reflecting actual receipts and expenditures for that year and other updates in source data.

The analysis consists of two steps:

1. Federal receipts and expenditures from the Federal Budget are distributed into major categories and subcategories, all adding up to Federal budget totals.
2. Subcategory totals are allocated to states and US territories based on agency data documenting geographic distributions or appropriate proxies.

Data identifying the geographic source of receipts and location of spending were collected from relevant agencies wherever possible. Where complete data on the distribution of receipts and expenditures were not available, proxies were developed based on all available data. The appendix details the full methodology and presents revisions to last year’s estimates.

The results for New York State are stark: the state’s negative balance of payments for 2019 of -\$22.8 billion ranks it the worst in the nation. In fact, New York’s gap in 2019 is larger than that of the next two states—New Jersey (-\$10.3 billion) and Massachusetts (-\$9.9 billion)—*combined*. This worst-in-the-nation rank remains the same since this analysis was first estimated in this series in 2016.

The picture does not improve greatly controlling for population: New York’s per capita negative balance of payments of -\$1,172 ranks the state as third-worst in the nation in 2019.

This report presents more detailed comparisons to other states and the national average, and examines factors that drive New York’s negative balance of payments.

The results for New York State are stark: the state’s negative balance of payments for 2019 of -\$22.8 billion ranks it the worst in the nation.

New York's Balance of Payments: Preliminary Estimate for Federal Fiscal Year 2019

In 2019, New York taxpayers contributed approximately \$22.8 billion more in revenue to the Federal government than the state received back in Federal spending (Table 1). New York's negative balance of payments remains the largest of any state in the nation.

Calculating the balance of payments per capita controls for a state's population. New York does not fare much better even by this measure: the state's 2019 per capita balance of payments of -\$1,172 is the third-worst balance of payments in the country. In sharp contrast, the national average per capita balance of payments was positive at \$2,413 per person.

TABLE 1. Receipts, Expenditures, and Balance of Payments, FFY 2019

Total Balance of Payments			
	New York	Average of All States	New York Difference from Average
Balance of payments (\$ millions)	(22,798)	15,989	(38,786)
Rank among 50 states	50		
Per Capita Balance of Payments			
	New York	US Average	NY Minus Average
Balance of payments (dollars per person)	(1,172)	2,412	(3,584)
Rank among 50 states	48		
Per Capita Receipts and Expenditures			
Receipts (dollars per person)	13,343	9,944	3,399
Expenditures (dollars per person)	12,171	12,356	(185)
Federal spending received per dollar of taxes paid	0.91	1.24	(0.33)

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.

NOTES: Calculations are based on preliminary data and are subject to change when final data are released.

What Drives New York’s Negative Balance of Payments?

New York’s consistently negative balance of payments is driven primarily by the disproportionate amount of Federal taxes paid, rather than relatively lower Federal spending received: payments from New York residents and businesses to the Federal government were \$13,343 per capita in 2019, \$3,399 higher than the national average. Further per capita Federal spending in New York was \$185 lower than the US average, increasing its negative balance of payments gap. The magnitude of the revenue difference is the obvious primary driver in the state’s negative balance. The Tax Cuts and Jobs Act of 2017 worsened New York’s imbalance. The tax changes increased the Federal reliance on income taxes and limits on itemized deductions for state and local taxes and mortgage interest negatively impacted residents in states that rely on property taxes for revenue generation and have high property values.

[Table 2](#) provides a detailed breakdown of New York’s per capita balance of payments and comparison with the national average. The table also provides details on New York’s rank compared to other states. A state-by-state analysis can be found in the next section ([Tables 3 and 4](#)).

TABLE 2. New York’s Per Capita Balance of Payments with the Federal Government in FFY 2019

Estimates of per capita federal receipts, expenditures, and balance of payments
(Only includes amounts deemed allocable to states)

	New York	United States	New York Minus US	NY Indexed to US=100	NY Rank Among 50 States
Balance of payments (expenditures minus revenue)	(1,172)	2,412	(3,584)		48
Ratio: Outlays to receipts	0.91	1.24			
Revenue	13,343	9,944	3,399	134	3
Individual income tax	8,037	5,161	2,876	156	3
Employment taxes	4,012	3,739	273	107	16
Corporate income tax	949	694	255	137	3
Excise taxes	250	300	(50)	83	50
Estate and gift taxes	95	50	45	190	2
Expenditures	12,171	12,356	(185)	99	26
Direct payments for individuals	7,419	7,672	(253)	97	40
Grants	3,482	2,145	1,337	162	4
Contracts and procurement	905	1,706	(801)	53	31
Wages	365	833	(468)	44	44

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*; from Federal agencies, and other sources. See methodology appendix for details.

Federal individual income taxes account for \$2,876, or 85 percent, of the \$3,399 difference between New York’s Federal taxes per capita and the US average. New York ranks third among the fifty states in per capita income tax, with many high-income taxpayers in the highest Federal tax brackets.¹ Higher levels of employment taxes and corporate income taxes—reflecting New York’s higher average wages and higher income from capital—plus estate and gift taxes account for another \$523 of the balance.

On the spending side, Federal grants per capita are 62 percent higher than the national average in New York, driven by Medicaid and other social programs. At the same time, however, procurement and Federal wages are only 53 percent of the national per capita average, and direct payments for programs such as Social Security and Medicare are close to equal to the national average. Taken together, Federal spending in New York per capita is \$185 lower than the national average.

Per capita revenue from New Yorkers to the Federal budget was third highest in the nation in 2019, while Federal expenditure in New York was twenty-sixth. As noted earlier, the net result is that New York’s overall per capita balance of payments ranked third worst (48 out of 50 states) and the worst in the nation in terms of absolute dollars.

FIGURE 1. New York: Revenues and Expenditures



SOURCE: Rockefeller Institute of Government.

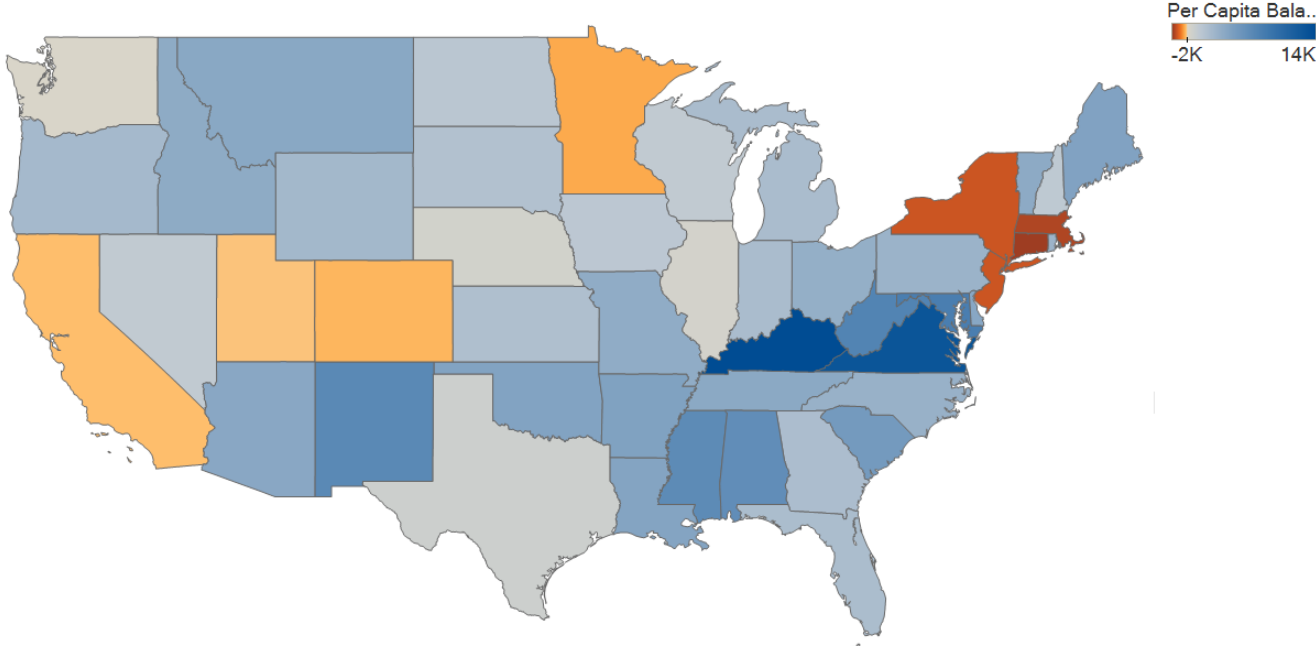
The Balance of Payments Across the States

The annual balance of payments in any given state is influenced by a number of factors. A state that has a disproportionately large percentage of high-income earners (such as New York) will inherently pay more in Federal personal income taxes. A state with a similar income distribution may also have high tax payments but could have this side of the balance of payment equation offset by higher Federal government spending. This is the case in Virginia, a relatively high-income state but one with disproportionately high spending on Federal employees, DC-area agencies and government contractors. Other states, such as New Mexico, have lower income levels but high levels of Federal spending due to large government and military facilities in the region. Structural issues such as these that are not subject to dramatic annual shifts serve to keep a state relatively consistent from year to year in its national ranking in a balance of payments analysis. Meanwhile, other issues, such as timing of Federal expenditures for large initiatives, may be large enough to impact a state's ranking for a given year even though it is temporary in nature.

Forty-two states have a positive balance of payments with the Federal government for 2019, each receiving more Federal spending than taxpayers remitted in Federal taxes and other Federal revenues.² New York is one of the eight states that had a negative balance of payments in 2019. While its negative per capita balance of payments improved by \$173 since 2018, this was a significantly smaller improvement than the \$386 positive increase in the national average over that same time period. [Figure 2](#) presents the 50-state balance of payments in Federal fiscal year 2019 (see [Tables 3](#) and [4](#) for state-by-state details).

➤ [Explore this data with our interactive dashboard at rockinst.org/bop](https://rockinst.org/bop)

FIGURE 2. Per Capita Balance of Payments, FFY 2019



SOURCE: Rockefeller Institute of Government.

TABLE 3. Estimated Distribution of Federal Receipts and Expenditures by State, FFY 2019
(millions of dollars)

State	Receipts	Expenditures	Balance of Payments	Expenditure per Dollar of Receipts
Virginia	89,890	201,674	111,785	2.24
Kentucky	33,477	96,706	63,229	2.89
Florida	215,842	266,841	50,999	1.24
Maryland	66,747	116,689	49,942	1.75
Ohio	99,332	141,337	42,004	1.42
Pennsylvania	128,031	169,548	41,516	1.32
North Carolina	86,690	122,127	35,437	1.41
Alabama	35,759	68,791	33,033	1.92
Arizona	58,031	88,938	30,907	1.53
South Carolina	39,860	68,068	28,209	1.71
Tennessee	57,517	85,574	28,057	1.49
Georgia	89,207	114,022	24,814	1.28
Michigan	89,154	113,317	24,163	1.27
Missouri	52,226	75,775	23,550	1.45
Louisiana	35,315	56,394	21,080	1.60
Mississippi	19,135	39,989	20,853	2.09
Texas	267,237	286,751	19,514	1.07
Oklahoma	30,429	48,781	18,353	1.60
Indiana	55,782	72,240	16,458	1.30
New Mexico	14,912	29,966	15,054	2.01
Arkansas	22,284	36,652	14,368	1.64
West Virginia	11,999	25,764	13,765	2.15
Oregon	38,813	50,134	11,320	1.29
Hawaii	12,853	21,512	8,659	1.67
Alaska	6,930	14,351	7,421	2.07
Wisconsin	54,808	61,954	7,146	1.13
Idaho	13,871	20,931	7,060	1.51
Maine	11,253	17,578	6,325	1.56
Kansas	26,616	32,909	6,294	1.24
Iowa	27,632	32,339	4,707	1.17
Montana	9,618	14,130	4,512	1.47
Illinois	138,100	142,430	4,330	1.03
Delaware	9,037	13,208	4,171	1.46
Nevada	30,030	33,779	3,749	1.12
Rhode Island	10,495	13,890	3,395	1.32
Vermont	6,000	8,486	2,486	1.41
New Hampshire	15,488	17,341	1,853	1.12
South Dakota	8,668	10,469	1,802	1.21
Wyoming	6,419	8,037	1,618	1.25
North Dakota	7,744	8,969	1,224	1.16
Nebraska	18,936	19,705	769	1.04
Washington	88,082	88,424	342	1.00
Utah	26,694	26,277	(416)	0.98
Colorado	62,030	60,655	(1,374)	0.98
Minnesota	60,116	58,220	(1,896)	0.97
Connecticut	52,000	46,246	(5,754)	0.89
California	459,794	453,141	(6,653)	0.99
Massachusetts	97,003	87,084	(9,919)	0.90
New Jersey	115,623	105,289	(10,334)	0.91
New York	259,573	236,775	(22,798)	0.91

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.

TABLE 4. Estimated Per Capita Distribution of Federal Receipts and Expenditures by State, FFY 2019

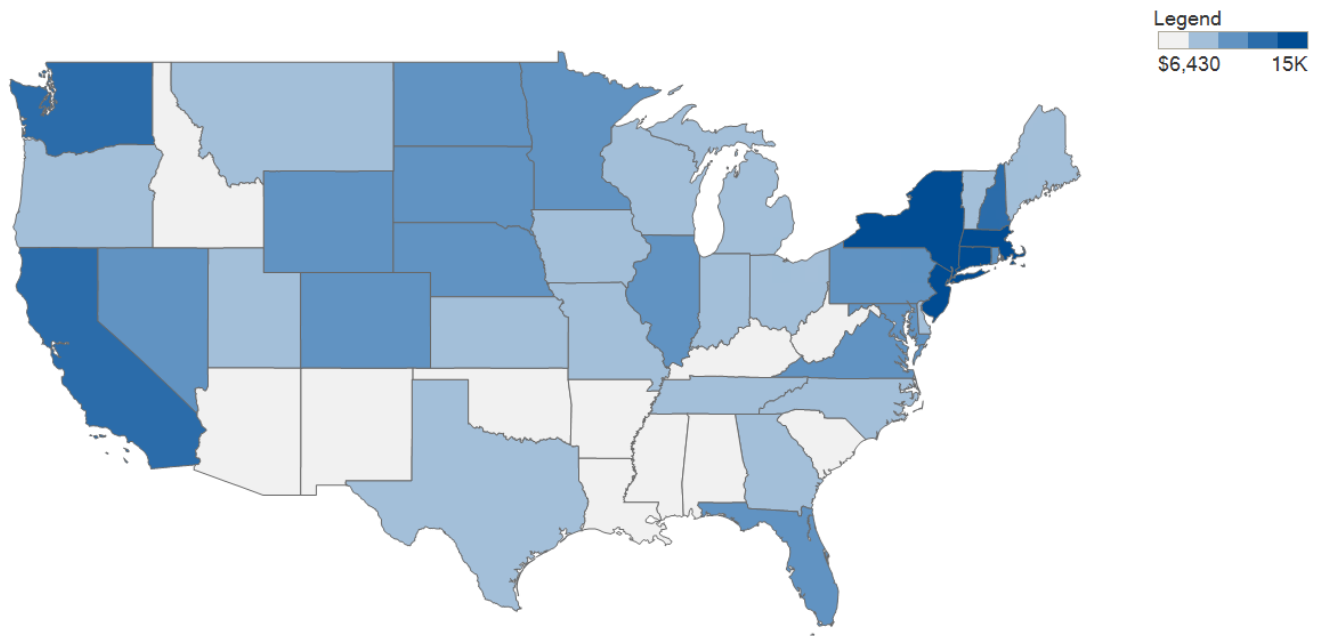
State	Revenues	Expenditures	Balance of Payments	Expenditure per Dollar of Revenues
Kentucky	7,493	21,646	14,153	2.89
Virginia	10,531	23,628	13,096	2.24
Alaska	9,473	19,617	10,144	2.07
Maryland	11,040	19,301	8,261	1.75
West Virginia	6,695	14,376	7,681	2.15
New Mexico	7,112	14,291	7,179	2.01
Mississippi	6,430	13,436	7,007	2.09
Alabama	7,293	14,030	6,737	1.92
Hawaii	9,078	15,194	6,116	1.67
South Carolina	7,742	13,220	5,479	1.71
Arkansas	7,384	12,145	4,761	1.64
Maine	8,371	13,077	4,705	1.56
Oklahoma	7,690	12,328	4,638	1.60
Louisiana	7,596	12,131	4,534	1.60
Delaware	9,281	13,564	4,284	1.46
Arizona	7,973	12,219	4,246	1.53
Montana	8,999	13,221	4,221	1.47
Tennessee	8,422	12,531	4,108	1.49
Vermont	9,615	13,600	3,984	1.41
Idaho	7,762	11,712	3,951	1.51
Missouri	8,509	12,346	3,837	1.45
Ohio	8,498	12,091	3,593	1.42
North Carolina	8,266	11,644	3,379	1.41
Pennsylvania	10,001	13,244	3,243	1.32
Rhode Island	9,907	13,112	3,205	1.32
Wyoming	11,090	13,886	2,796	1.25
Oregon	9,202	11,886	2,684	1.29
Indiana	8,286	10,731	2,445	1.30
Michigan	8,927	11,347	2,419	1.27
Florida	10,050	12,424	2,375	1.24
Georgia	8,402	10,739	2,337	1.28
Kansas	9,136	11,296	2,160	1.24
South Dakota	9,798	11,834	2,037	1.21
North Dakota	10,162	11,769	1,607	1.16
Iowa	8,758	10,250	1,492	1.17
New Hampshire	11,390	12,753	1,363	1.12
Wisconsin	9,413	10,640	1,227	1.13
Nevada	9,749	10,967	1,217	1.12
Texas	9,216	9,889	673	1.07
Nebraska	9,789	10,187	397	1.04
Illinois	10,898	11,240	342	1.03
Washington	11,567	11,612	45	1.00
Utah	8,326	8,196	(130)	0.98
California	11,637	11,468	(168)	0.99
Colorado	10,771	10,533	(239)	0.98
Minnesota	10,660	10,323	(336)	0.97
New Jersey	13,017	11,854	(1,163)	0.91
New York	13,343	12,171	(1,172)	0.91
Massachusetts	14,074	12,635	(1,439)	0.90
Connecticut	14,585	12,971	(1,614)	0.89

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.

Receipts

On one side of the balance of payments calculation is the amount a state pays in taxes to the Federal government. [Figure 3](#) shows payment of Federal taxes and receipts per person by state in FFY 2019. The darker blue states have the highest Federal tax payments and the lighter blue states have the lowest payments (New York is in the darkest-blue group). States paying the highest Federal taxes per capita tend to have high per capita incomes.

FIGURE 3. Per Capita Receipts, FFY 2019

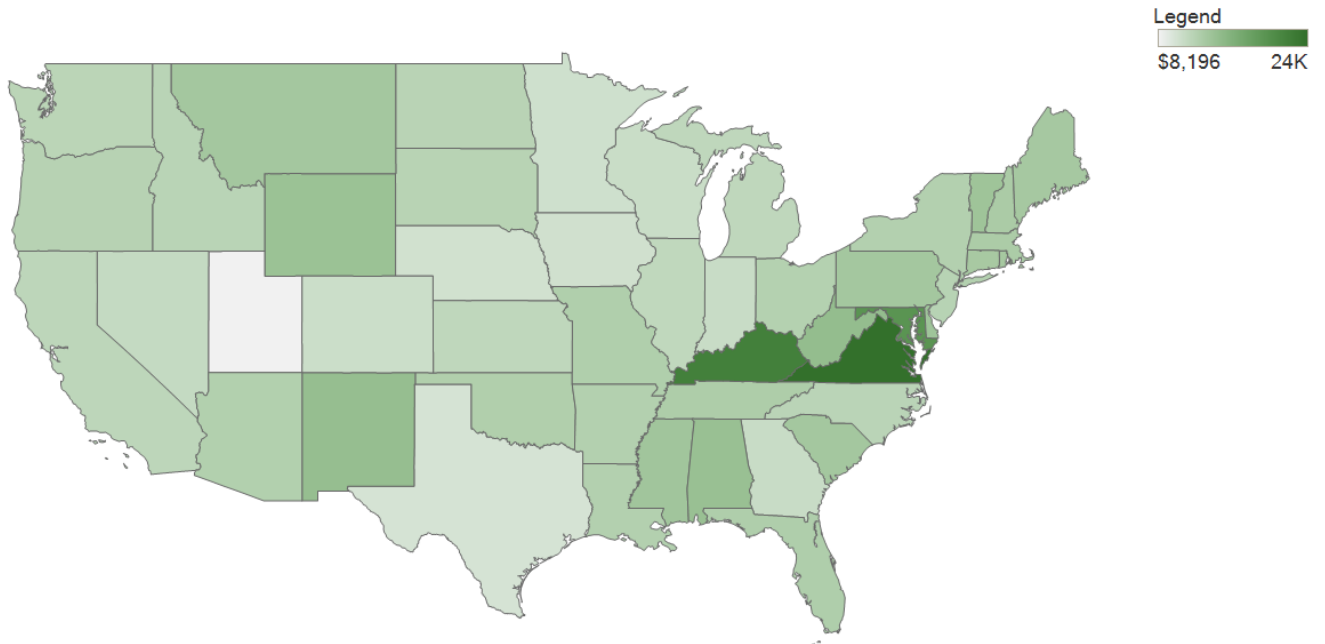


SOURCE: Rockefeller Institute of Government.

Expenditures

The other side of the balance of payments equation is Federal spending. [Figure 4](#) shows Federal expenditures per capita, by state, in FFY 2019. The darker green states have the highest Federal spending per capita. Virginia and Maryland are adjacent to the District of Columbia and have disproportionate amounts of Federal wages and procurement spending. Kentucky benefits from federal contracts. Other dark states have relatively high poverty and receive considerable Federal spending under Medicaid and other social welfare programs. New York is a lighter green, only slightly below the US average.

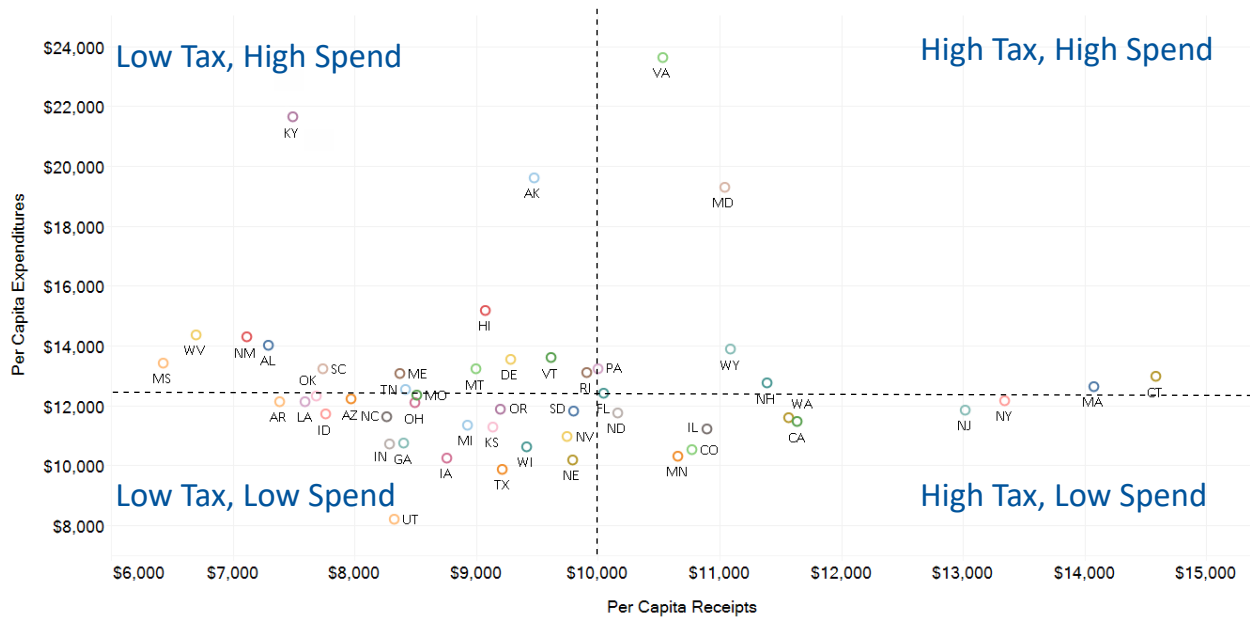
FIGURE 4. Per Capita Federal Expenditures, FFY 2019



SOURCE: Rockefeller Institute of Government.

[Figure 5](#) shows each state's position relative to other states for per capita expenditures and receipts combined. The dashed lines indicate the national average for FFY 2019. As illustrated, New York's per capita contribution is higher than the US average, while Federal spending is slightly below. Other states are high or low for various reasons: the outliers Maryland and Virginia, for example, both have dramatically higher Federal spending per capita than the average state, as they are near the physical headquarters for most of the Federal government and have significantly disproportionate Federal spending for procurement and Federal wages.

FIGURE 5. Federal Receipts and Expenditures Per Capita, FFY 2019



SOURCE: Rockefeller Institute of Government.

NOTE: Dashed lines are US averages.

A Closer Look at the Top-Five and Bottom-Five States

Table 5 shows the per capita balance of payments for the top-five and bottom-five states, and each state’s difference from the United States average. It also includes a breakdown of expenditures and receipts. In FFY 2019, Kentucky’s per capita balance of payments is the most favorable in the country at \$14,153, which is \$11,741 above the national average of \$2,412 per capita. Kentucky displaced Virginia for the top spot this year. Connecticut’s is the worst, at -\$1,614. Connecticut’s per capita balance of payments is \$4,026 below the national average.

All of the top-five states benefited from higher-than-average levels of Federal spending. Kentucky, Alaska, and West Virginia also benefitted from lower-than-average tax burdens. Three of the bottom-five states received lower-than-average Federal spending. The bulk of their negative balances is driven by their significantly higher-than-average tax payments. The residents of New Jersey, New York, Massachusetts, and Connecticut contributed at least \$3,000 more per capita in taxes than the national average.

TABLE 5. Total Balance of Payments: Top-Five and Bottom-Five States, FFY 2019

State	Total Balance of Payments		Total Expenditures		Total Receipts	
	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US
Kentucky	14,153	11,741	21,646	9,290	7,493	(2,451)
Virginia	13,096	10,684	23,628	11,272	10,531	587
Alaska	10,144	7,732	19,617	7,261	9,473	(471)
Maryland	8,261	5,849	19,301	6,945	11,040	1,096
West Virginia	7,681	5,269	14,376	2,020	6,695	(3,249)
United States	2,412	0	12,356	0	9,944	0
Minnesota	(336)	(2,748)	10,323	(2,033)	10,660	716
New Jersey	(1,163)	(3,575)	11,854	(502)	13,017	3,073
New York	(1,172)	(3,584)	12,171	(185)	13,343	3,399
Massachusetts	(1,439)	(3,851)	12,635	279	14,074	4,130
Connecticut	(1,614)	(4,026)	12,971	615	14,585	4,641

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.

Expenditures

The four major categories of Federal spending examined and used in the balance of payments calculations are:

- direct payments for individuals under programs such as Social Security and Medicare;
- Federal grants to state and local governments;
- contracts and other Federal procurement; and
- wages of Federal workers.

Table 6 shows per capita Federal expenditures by major category for the states with the highest and lowest per capita expenditures.

In 2019, direct payments for individuals constituted 62.1 percent of total Federal expenditures. As a result, this one category has the potential for the greatest influence on the expenditure side of the balance of payments calculation. Social Security and Medicare constitute nearly three-quarters of direct payments and spending under these programs is closely linked to states' elderly populations. The demographic make-ups of states are stable, insulating direct payments from annual variability. Variations in the three other expenditure categories—grants, contracts, and wages—have a significant impact on determining which states have the highest and lowest total per capita expenditures.

TABLE 6: Total Expenditures: Top-Five and Bottom-Five States, FFY 2019

(New York included at the bottom of the table for reference)

State	Total Spending		Direct Payments		Grants		Contracts		Wages	
	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US
Virginia	23,628	11,272	8,494	822	1,351	(794)	10,920	9,214	2,863	2,029
Kentucky	21,646	9,290	8,361	689	2,843	698	9,468	7,762	974	141
Alaska	19,617	7,261	6,680	(992)	4,859	2,714	4,564	2,858	3,514	2,681
Maryland	19,301	6,945	8,550	878	2,129	(16)	5,520	3,814	3,102	2,269
Hawaii	15,194	2,838	8,415	743	2,111	(34)	590	(1,115)	4,078	3,244
US—Average	12,356		7,672		2,145		1,706		833	
Minnesota	10,323	(2,033)	7,033	(639)	2,218	73	723	(983)	350	(484)
Iowa	10,250	(2,106)	7,530	(142)	1,942	(203)	469	(1,237)	309	(524)
Nebraska	10,187	(2,169)	7,481	(191)	1,522	(623)	431	(1,275)	753	(80)
Texas	9,889	(2,467)	6,431	(1,241)	1,626	(519)	1,143	(563)	690	(144)
Utah	8,196	(4,160)	5,427	(2,245)	1,352	(793)	498	(1,207)	919	85
New York	12,171	(185)	7,419	(253)	3,482	1,337	905	(801)	365	(468)

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.

Grants to state and local governments is the second-largest category of Federal expenditures next to direct payments. The biggest component of these grants is for Medicaid. Other significant components include Federal highway spending, safety net programs such as Temporary Assistance for Needy Families, and Federal education grants. Participation—or not—in the Medicaid expansion program appears to have a significant impact on the per capita total Federal spending in this category.

The final two expenditure categories, contracts and wages, show significant variation and are an important factor in determining which states end up with the highest or lowest per capita spending totals. Virginia and Maryland had the first and third highest per capita contracts total due to their proximity to Washington, DC.

Proximity to Washington also contributes to the high concentration of Federal employees in Maryland and Virginia. Hawaii and Alaska, with large military and Federal research installations, also had high per capita Federal wage totals.

Receipts

[Table 7](#) shows per capita Federal receipts in 2019 by major category for the states with the five highest and five lowest per capita receipts.

Individual income taxes are the largest source of receipts paid to the Federal government. These taxes account for 51.9 percent of total Federal revenues in 2019. A state's individual income tax obligation has the greatest impact in determining which have relatively high or low per capita receipts. Payroll taxes are the next most significant determinant, accounting for 37.6 percent of the total Federal revenues. Together these two categories account for 89.5 percent of the Federal per capita receipts. Corporate income and excise taxes account for 10.5 percent, on average, of the US total and do not greatly affect a state's balance of payments.

TABLE 7. Total Receipts: Top-Five and Bottom-Five States, FFY 2019

State	Total Receipts		Individual Income Taxes		Payroll Taxes		Corporate Income Taxes		Excise and Other Taxes	
	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US	Per Capita Total	State Minus US
Connecticut	14,585	4,641	8,999	3,839	4,141	402	1,057	363	388	38
Massachusetts	14,074	4,130	8,669	3,508	4,111	372	944	250	349	(1)
New York	13,343	3,399	8,037	2,876	4,012	273	949	255	345	(5)
New Jersey	13,017	3,073	7,602	2,441	4,216	476	842	148	358	8
California	11,637	1,693	6,822	1,661	3,591	(148)	865	171	359	9
US—Average	9,944		5,161		3,739		694		350	
Arkansas	7,384	(2,560)	3,002	(2,159)	3,510	(230)	541	(153)	332	(18)
Alabama	7,293	(2,651)	3,002	(2,158)	3,479	(260)	466	(228)	345	(5)
New Mexico	7,112	(2,832)	2,889	(2,271)	3,354	(386)	484	(210)	385	35
West Virginia	6,695	(3,249)	2,534	(2,627)	3,439	(300)	397	(297)	326	(24)
Mississippi	6,430	(3,514)	2,243	(2,917)	3,428	(311)	397	(297)	361	11

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.



New York's Balance of Payments: Emerging Trends

This report provides five years of estimates for New York's balance of payments, from Federal fiscal years 2015 through 2019. New York's position as last in the country in terms of total balance of payments remains unchanged and for each of the five years New York's negative balance of payments is almost equal to the sum of the next two (forty-eighth and forty-ninth) lowest-ranked states. [Table 8](#) shows the balance of payments, receipts, and expenditures since 2015 with a focus on New York. [Tables 8A](#) and [8B](#) provide the balance of payments and per capita values for each state for the most recent five years.

New York's annual per capita Federal tax burden has grown by \$726 since 2015. To compare, the Federal government collected \$540 more per person in 2019 than it did in 2015. In 2019, New York's excess burden, the difference between New York's per capita balance of payments and the Federal average, reached its highest levels in five years. Since 2015, the national per capita balance of payments has improved by \$1,094 and New York's balance of payments has improved by only \$1,079.

TABLE 8. New York's Balance of Payments: 2015-19

	2015 Revised	2016 Revised	2017 Revised	2018 Revised	2019 Preliminary	Five Year Total	Five Year Average
New York's Balance of Payments (\$ millions)							
Balance of Payments	(44,607)	(24,925)	(23,972)	(26,284)	(22,798)	(142,585)	(28,517)
Receipts	250,063	237,873	245,019	250,759	259,573	1,243,287	248,657
Expenditures	205,456	212,948	221,047	224,475	236,775	1,100,702	220,140
Per Capita							
New York							
Balance of Payments	(2,251)	(1,269)	(1,224)	(1,345)	(1,172)	(7,260)	(1,452)
Receipts	12,617	12,111	12,507	12,832	13,343	63,410	12,682
Expenditures	10,366	10,842	11,283	11,487	12,171	56,149	11,230
United States							
Balance of Payments	1,318	1,760	1,896	2,026	2,412	9,411	1,882
Receipts	9,404	9,384	9,565	9,582	9,944	47,879	9,576
Expenditures	10,722	11,143	11,461	11,608	12,356	57,290	11,458
New York's Excess Burden	3,568	3,029	3,120	3,371	3,584	16,672	3,334

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2021*, from Federal agencies, and other sources. See methodology appendix for details.

TABLE 8A. Five Year Balance of Payments

State	Balance of Payments (\$ millions)					Five Year Total	Five Year Average
	2015	2016	2017	2018	2019		
New York	(44,606)	(24,925)	(23,972)	(26,284)	(22,798)	(142,585)	(28,517)
New Jersey	(29,666)	(16,646)	(13,576)	(13,835)	(10,334)	(84,058)	(16,812)
Massachusetts	(15,697)	(11,916)	(12,169)	(11,391)	(9,919)	(61,093)	(12,219)
California	(28,877)	2,385	3,647	(13,084)	(6,653)	(42,582)	(8,516)
Connecticut	(7,695)	(10,879)	(8,620)	(7,673)	(5,754)	(40,621)	(8,124)
Illinois	(16,432)	(4,902)	(247)	763	4,330	(16,488)	(3,298)
Colorado	(2,146)	(1,346)	(1,181)	(1,280)	(1,374)	(7,327)	(1,465)
Washington	(1,124)	(2,880)	(969)	(1,778)	342	(6,410)	(1,282)
Utah	168	(1,387)	(574)	(888)	(416)	(3,097)	(619)
Nebraska	(758)	(1,015)	(235)	453	769	(787)	(157)
New Hampshire	(1,280)	(268)	107	810	1,853	1,222	244
North Dakota	(739)	185	619	782	1,224	2,071	414
Minnesota	(5,928)	5,309	7,801	(1,598)	(1,896)	3,688	738
Wyoming	132	966	940	1,118	1,618	4,774	955
South Dakota	585	506	1,124	1,608	1,802	5,626	1,125
Vermont	1,897	1,739	1,976	2,127	2,486	10,225	2,045
Nevada	3,362	1,022	1,714	1,622	3,749	11,470	2,294
Rhode Island	2,469	2,192	2,650	2,766	3,395	13,472	2,694
Delaware	2,009	2,601	3,174	3,335	4,171	15,290	3,058
Iowa	3,048	2,740	2,693	4,131	4,707	17,318	3,464
Montana	3,063	3,060	3,589	3,888	4,512	18,112	3,622
Wisconsin	1,192	1,830	3,620	5,756	7,146	19,545	3,909
Kansas	3,061	2,597	6,238	5,640	6,294	23,831	4,766
Idaho	4,593	4,476	4,707	5,790	7,060	26,626	5,325
Alaska	3,199	5,373	6,558	6,917	7,421	29,468	5,894
Maine	6,609	6,161	6,609	6,576	6,325	32,280	6,456
Hawaii	7,878	7,745	7,504	7,764	8,659	39,550	7,910
Oregon	7,355	7,449	8,726	9,226	11,320	44,076	8,815
Texas	3,441	13,941	2,863	20,274	19,514	60,034	12,007
West Virginia	13,130	12,241	13,129	12,849	13,765	65,114	13,023
Arkansas	13,623	12,525	12,660	13,337	14,368	66,513	13,303
Indiana	12,820	11,790	13,703	14,514	16,458	69,284	13,857
Oklahoma	12,084	15,026	15,887	15,981	18,353	77,330	15,466
New Mexico	17,374	17,048	16,722	16,883	15,054	83,080	16,616
Louisiana	14,732	14,636	19,000	19,685	21,080	89,133	17,827
Mississippi	19,869	16,689	18,957	18,793	20,853	95,161	19,032
Georgia	21,848	18,842	18,918	20,714	24,814	105,135	21,027
Michigan	19,967	19,338	21,359	21,567	24,163	106,394	21,279
Tennessee	18,555	18,465	20,854	25,165	28,057	111,095	22,219
Missouri	20,432	20,936	23,800	24,052	23,550	112,769	22,554
South Carolina	22,097	20,624	21,983	23,164	28,209	116,076	23,215
Arizona	23,806	24,455	28,643	29,317	30,907	137,129	27,426
North Carolina	29,340	27,149	31,352	33,003	35,437	156,281	31,256
Ohio	25,500	26,478	31,546	32,829	42,004	158,357	31,671
Pennsylvania	19,308	29,025	33,241	35,578	41,516	158,669	31,734
Alabama	30,477	30,878	31,074	36,132	33,033	161,594	32,319
Florida	34,306	40,746	22,450	35,557	50,999	184,059	36,812
Maryland	35,128	38,454	43,675	43,463	49,942	210,663	42,133
Kentucky	26,399	37,751	38,386	46,072	63,229	211,837	42,367
Virginia	52,791	86,984	90,776	97,513	111,785	439,849	87,970

TABLE 8B. Five Year Per Capita Balance of Payments

State	Balance of Payments					Five Year Total	Five Year Average	Five Year Difference from US	Five Year Average Difference from US
	2015	2016	2017	2018	2019				
Connecticut	(2,141)	(3,040)	(2,412)	(2,148)	(1,614)	(11,355)	(2,271)	(20,766)	(4,153)
New Jersey	(3,311)	(1,876)	(1,527)	(1,553)	(1,163)	(9,431)	(1,886)	(18,842)	(3,768)
Massachusetts	(2,310)	(1,746)	(1,773)	(1,650)	(1,439)	(8,919)	(1,784)	(18,330)	(3,666)
New York	(2,251)	(1,269)	(1,224)	(1,345)	(1,172)	(7,260)	(1,452)	(16,672)	(3,334)
Colorado	(394)	(243)	(210)	(225)	(239)	(1,311)	(262)	(10,723)	(2,145)
Illinois	(1,278)	(382)	(19)	60	342	(1,277)	(255)	(10,689)	(2,138)
California	(740)	61	93	(331)	(168)	(1,086)	(217)	(10,497)	(2,099)
Utah	56	(456)	(185)	(281)	(130)	(995)	(199)	(10,407)	(2,081)
Washington	(157)	(395)	(130)	(236)	45	(874)	(175)	(10,285)	(2,057)
Nebraska	(401)	(533)	(122)	235	397	(424)	(85)	(9,835)	(1,967)
Minnesota	(1,081)	961	1,401	(285)	(336)	660	132	(8,752)	(1,750)
New Hampshire	(962)	(200)	79	597	1,363	878	176	(8,534)	(1,707)
Texas	125	499	101	706	673	2,105	421	(7,307)	(1,461)
North Dakota	(979)	245	820	1,029	1,607	2,721	544	(6,690)	(1,338)
Wisconsin	207	317	625	990	1,227	3,367	673	(6,045)	(1,209)
Nevada	1,166	350	577	535	1,217	3,845	769	(5,567)	(1,113)
Iowa	977	875	857	1,309	1,492	5,509	1,102	(3,902)	(780)
South Dakota	685	587	1,288	1,823	2,037	6,419	1,284	(2,993)	(599)
Kansas	1,053	892	2,143	1,937	2,160	8,186	1,637	(1,225)	(245)
Wyoming	225	1,653	1,624	1,935	2,796	8,232	1,646	(1,179)	(236)
Florida	1,693	1,975	1,070	1,669	2,375	8,782	1,756	(630)	(126)
United States	1,318	1,760	1,896	2,026	2,412	9,412	1,882	0	0
Georgia	2,142	1,828	1,817	1,969	2,337	10,093	2,019	682	136
Indiana	1,939	1,777	2,057	2,169	2,445	10,388	2,078	976	195
Oregon	1,831	1,821	2,104	2,201	2,684	10,642	2,128	1,230	246
Michigan	2,013	1,943	2,141	2,158	2,419	10,674	2,135	1,263	253
Pennsylvania	1,509	2,271	2,599	2,778	3,243	12,400	2,480	2,988	598
Rhode Island	2,338	2,074	2,508	2,616	3,205	12,741	2,548	3,329	666
Ohio	2,197	2,276	2,705	2,808	3,593	13,579	2,716	4,168	834
North Carolina	2,922	2,673	3,053	3,178	3,379	15,205	3,041	5,793	1,159
Idaho	2,784	2,660	2,738	3,301	3,951	15,434	3,087	6,022	1,204
Delaware	2,128	2,740	3,317	3,448	4,284	15,916	3,183	6,505	1,301
Vermont	3,037	2,788	3,164	3,396	3,984	16,370	3,274	6,958	1,392
Tennessee	2,815	2,779	3,108	3,717	4,108	16,528	3,306	7,116	1,423
Montana	2,979	2,940	3,408	3,660	4,221	17,208	3,442	7,796	1,559
Missouri	3,365	3,439	3,896	3,926	3,837	18,463	3,693	9,051	1,810
Louisiana	3,154	3,129	4,068	4,224	4,534	19,109	3,822	9,697	1,939
Arizona	3,500	3,521	4,064	4,088	4,246	19,418	3,884	10,007	2,001
Oklahoma	3,095	3,826	4,040	4,053	4,638	19,652	3,930	10,240	2,048
Arkansas	4,578	4,188	4,216	4,425	4,761	22,169	4,434	12,757	2,551
South Carolina	4,517	4,160	4,378	4,556	5,479	23,089	4,618	13,677	2,735
Maine	4,978	4,628	4,950	4,913	4,705	24,174	4,835	14,762	2,952
Hawaii	5,523	5,423	5,269	5,466	6,116	27,797	5,559	18,385	3,677
Mississippi	6,656	5,585	6,341	6,292	7,007	31,880	6,376	22,469	4,494
Alabama	6,283	6,347	6,374	7,392	6,737	33,133	6,627	23,722	4,744
Maryland	5,854	6,404	7,249	7,193	8,261	34,961	6,992	25,549	5,110
West Virginia	7,137	6,685	7,226	7,115	7,681	35,844	7,169	26,432	5,286
New Mexico	8,344	8,146	7,988	8,057	7,179	39,714	7,943	30,302	6,060
Alaska	4,334	7,246	8,865	9,380	10,144	39,970	7,994	30,558	6,112
Kentucky	5,970	8,506	8,618	10,311	14,153	47,558	9,512	38,146	7,629
Virginia	6,310	10,342	10,723	11,448	13,096	51,920	10,384	42,508	8,502

The Tax Cuts and Jobs Act and the Balance of Payments

The Federal Tax Cuts and Jobs Act (TCJA) was signed into law on December 22, 2017 and enacted significant changes to individual and corporate income tax codes. It was considered the most comprehensive reform since The Tax Reform Act of 1986. The TCJA revised the tax code in several ways that had the potential to change the distribution of tax burden across states including a shift in revenue generation from corporate to individual income taxes, increases in the standard deductions, limits on the State and Local Tax (SALT) and mortgage deductions, and changes in tax rates in several brackets. The changes were expected to redistribute more of the burden onto states with high-income filers, higher real estate values, and high property taxes.

[Table 9](#) presents the per capita individual income tax payments from each state to the federal government for the years 2015 through 2018. A number of factors can impact the income tax receipts generated by a state over time including demographic shifts and regional economic health. For example, states with an inflow of college-educated professionals would expect to see steady growth in the per capita individual income tax payments over time. States whose economies rely on volatile industries such as energy or finance could see swings on a year-to-year basis depending on the performance of the sector.

[Table 9](#) calculates the average annual change in per capita individual income tax payments over the three years prior to the TCJA (2015-17) and the year the TCJA (2018) was implemented. Nationally, prior to the TCJA, individual income tax revenue grew by 1 percent annually. In 2018, the per capita individual income tax grew by 5.5 percent. In every state, the changes post-TCJA were a shift from the trends prior to passage of the reform.

After TCJA, seventeen states saw an increase in per capita tax payments higher than the national average. The three most negatively impacted states, California, Nevada, and Illinois, saw double digit percentage rates almost twice the national average. New York saw the fourth largest jump in individual income taxes post-TCJA. Of the 10 states with the largest post-TCJA increases, seven ranked in the bottom 10 for per capita balance of payments. Their higher than average TCJA income tax increases only worsen their relative standing in the balance of payments calculations.

Thirty-three states saw per capita income taxes increase at a rate slower than the national average. Texas, Arkansas, and Florida all saw per capita tax payments decrease after the TCJA. Five of the least impacted states were among the 10 with the most favorable balance of payments. These states benefited from smaller than average increases in their individual income tax burden resulting in a more favorable balance of payments.

TABLE 9. Per Capita Individual Income Tax Changes for Most and Least Favorable States

	2015	2016	2017	2018	Pre-TCJA Annual Change	TCJA Change	BOP Rank Per Capita (2019)
California	5,777	5,893	5,971	6,678	1.7%	11.8%	44
Nevada	4,386	4,784	4,657	5,194	3.0%	11.5%	38
Illinois	5,427	5,362	5,233	5,778	-1.8%	10.4%	41
New York	7,125	6,928	7,213	7,841	0.6%	8.7%	47
Utah	3,345	3,568	3,511	3,787	2.5%	7.9%	43
Maryland	5,410	5,543	5,426	5,843	0.1%	7.7%	4
Massachusetts	7,710	7,765	7,931	8,484	1.4%	7.0%	49
Washington	5,690	6,077	6,077	6,495	3.3%	6.9%	42
Idaho	2,893	3,050	3,047	3,252	2.6%	6.7%	20
Connecticut	8,655	8,307	8,267	8,801	-2.3%	6.5%	50
Missouri	3,624	3,703	3,551	3,776	-1.0%	6.3%	21
Oregon	3,885	4,089	4,062	4,319	2.3%	6.3%	27
US Average	4,716	4,709	4,812	5,074	1.0%	5.5%	
West Virginia	2,502	2,412	2,426	2,464	-1.5%	1.6%	5
Iowa	3,574	3,602	3,539	3,583	-0.5%	1.2%	35
Mississippi	2,228	2,302	2,174	2,191	-1.2%	0.8%	7
Hawaii	3,732	3,911	3,974	4,003	3.2%	0.7%	9
Alabama	2,883	2,988	2,937	2,952	0.9%	0.5%	8
Indiana	3,370	3,496	3,422	3,437	0.8%	0.4%	28
Alaska	5,090	4,693	4,384	4,402	-7.2%	0.4%	3
Wyoming	5,748	5,023	5,419	5,422	-2.9%	0.1%	26
Texas	4,682	4,231	4,711	4,654	0.3%	-1.2%	39
Arkansas	2,826	2,953	3,010	2,946	3.2%	-2.1%	11
Florida	4,970	4,583	5,595	5,437	6.1%	-2.8%	30

SOURCE: Rockefeller Institute of Government.

The COVID-19 Pandemic and the Balance of Payments

Next year's report will present preliminary findings from Federal fiscal year 2020 covering the time period October 1, 2019 through September 30, 2020. In March and April of 2020, four laws were enacted in response to the coronavirus pandemic: P.L. 116-123, P.L. 116-127, P.L. 116-136, and P.L. 116-139. The Congressional Budget Office estimated that combined these four laws increased discretionary outlays and mandatory spending by \$498 billion and \$1,404 billion respectively over the next 10 years. The bulk of outlays will occur in FFYs 2020 and 2021.³ These funds have been distributed to individuals, businesses, medical providers, and state and local governments. The Congressional Budget Office also estimates the laws will result in a \$502 billion decline in revenues.

While the federal budget data will not be available until later in 2021, we know that Federal expenditures will be far larger than receipts in FFY 2020 and this will likely continue for FFY 2021. All states will see larger balances of payments over the next two years. It is possible that in all states, Federal expenditures in states will exceed receipts.

Conclusion

In FFY 2019, New York continued to have the greatest negative balance of payments of all states in the nation in absolute dollar terms. New York's residents and businesses contributed \$22.8 billion more in taxes to the Federal government than it received in Federal spending. Controlling for population, New York had the third-worst balance of payments in the country per capita.

In contrast, 42 states had a positive balance of payments with the Federal government in 2019, receiving more spending than their taxpayers and economy paid for Federal taxes and other Federal receipts. On average, between 2018 and 2019, the per capita US balance of payments improved by \$386. New York saw an improvement of only \$173.

New York's negative balance of payments is driven primarily by Federal taxes on individual income. Total receipts paid to the Federal government in 2019 was \$13,343 per capita, \$3,399 higher than the national average. Individual income taxes accounted for 60 percent (\$8,037) of the total per capita revenue paid, followed by payroll taxes, which constituted another 30 percent (\$4,012 per capita) As a result, approximately 90 percent of the total per capita revenue New York sends to the Federal government comes from individuals through the combined impact of these two types of taxes. New York residents spending per capita was \$12,171 in 2019, \$185 lower than the US average.

Former New York Senator Daniel Patrick Moynihan, who highlighted balance of payments inequities throughout the 1980s and 1990s, pointed to structural issues in New York that fueled the Empire State's imbalance between revenue sent to the Federal government and spending received. Senator Moynihan noted very high incomes among segments of the resident population combined with a progressive Federal tax system that resulted in above-average revenue generated per capita. This is compounded by low Federal spending in New York on contracts, Federal employees' wages, and discretionary spending that more than outweighed the slightly higher-than-average spending on assistance programs such as Medicaid. These structural issues continue to worsen for New York more than thirty years later.

The evidence of the impact of the Federal tax bill on high income tax earners enacted in 2017 can be seen in analysis for 2018 and 2019. In 2020, the Federal government responded to the COVID-19 pandemic and economic fallout by allocating trillions in relief to individuals, businesses, state and local governments, and medical providers. The impact of these fiscal policies and the COVID-19 pandemic will have a significant impact on New York's balance of payments standing for years to come. This makes the 2019 balance of payments analysis an important benchmark as we monitor the long-term fiscal impacts of these policies and events.

Objectives, Scope, and Methodology

This report addresses questions of how Federal revenue and spending are distributed across states and selected other geographies. The analysis is intended to understand how much individual states, through their residents, employers, and private business contributed to the Federal budget through the payment of Federal taxes and other receipts, and how much individuals, governments, and other actors in state economies receive in Federal spending. A state's "balance of payments" is Federal spending in a state minus revenue paid to the Federal government. A negative balance means that a state's residents and economy pay more than they receive.

Overview

A state's balance of payments is based on Federal receipts and expenditures that are allocated to individual states in a two-step process.

1. Federal receipts and expenditures from the Federal budget are broken down into major categories and subcategories that sum to the Federal budget totals.
2. Amounts are allocated to states and other geographic areas using data on where receipts were actually raised and where expenditures were actually spent. When actual data on the distribution of receipts and expenditures are not available, best available proxies are identified.

The approach ensures that the sum of the amounts allocated to the individual states and other geographic areas, plus a small amount of unallocable receipts or expenditures, equals the Federal budget totals. As a result, all numbers allocated to states are consistent with the Federal budget.

Geographic Scope

The primary focus of this analysis is the 50 states. Adjustments are made to account for receipts and expenditures that occur in the District of Columbia, Puerto Rico, US Territories, and other areas outside of the focus area. Where we had specific data for Puerto Rico and other territories, we used it to allocate a share of Federal spending and receipts to these areas. In cases where data were only available for the 50 states and the District of Columbia, but where we considered it highly likely that a specific revenue source or expenditure category was attributable to such an area, we allocated using the area's proportionate share of the total population.

Estimates for these other areas are not the focus of our analysis and are not published. The removal of receipts and expenditures from these geographies is the reason the Federal budget data presented in this document do not exactly match the US Federal Budget numbers.

Step 1: Categorizing the Federal Budget

The primary data source for nationwide Federal spending and receipts is the *Budget of the U.S. Government, Fiscal Year 2021*. The document, published in February 2019, provides the most current data on US spending including final spending amounts for Federal fiscal years 2017, 2018, and 2019. The data used in this analysis is taken from the Analytical Perspectives volume and the Federal budget database that accompanies the Federal budget.⁴

In Federal fiscal year 2019, the Federal government had receipts of \$3.46 trillion and expenditures of \$4.45 trillion, creating a deficit of \$984 billion. Using categories generally used in the Federal budget, Federal receipts were broken down to the major categories displayed in [Table 10](#). The categories were disaggregated further as discussed below. The tables show the preliminary amounts for FFY 2019, which is the primary year of analysis for this report. We also include revised numbers from FFY 2018 as a point of comparison.

Categories of the Federal Budget



Receipts:

- ◇ Personal income tax.
- ◇ Employment taxes, such as Social Security and Medicare.
- ◇ Corporate income tax.
- ◇ Excise taxes, such as those on motor fuel, tobacco, and alcohol and other taxes, consisting primarily of estate and gift taxes.



Expenditures:

- ◇ Direct payments for individuals, such as Social Security and Medicare.
- ◇ Grants such as Medicaid and grants from the Federal Highway Trust Fund.
- ◇ Contractual and procurement spending.
- ◇ Wages and salaries of Federal workers.

TABLE 10. Federal Receipts and Expenditures by Major Category

	\$ millions FFY 2018	\$ millions FFY 2019
Receipts	3,329,907	3,464,161
Allocable receipts	3,176,941	3,307,598
Income and employment taxes	2,854,239	2,961,229
Individual income tax	1,683,538	1,717,857
Social insurance and retirement receipts	1,170,701	1,243,372
Corporate income tax	204,733	230,245
Excise taxes	94,986	99,452
Other allocable receipts	22,983	16,672
Unallocable receipts	152,966	156,563
Outlays	4,109,042	4,448,316
Allocable outlays	3,871,345	4,143,198
Direct payments to individuals	2,365,067	2,563,038
Grants	696,507	721,140
Contracts	550,156	582,585
Wages	259,615	276,435
Unallocable outlays	237,697	305,118
Deficit	(779,135)	(984,155)
Deficit reflected in allocable numbers	(694,404)	(835,600)

Receipts Details

Table 11 and Table 12 show a breakdown of Federal receipts by major category and subcategory. The data came from the “Historical Tables” published as part of the *Analytical Perspectives* volume of the Federal budget for fiscal year 2021. The source table for each receipt is provided. A “calculated” indicates the value has been calculated based on other numbers in the table.

TABLE 11. Detailed Break Down of Federal Receipts

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Receipts	3,329,907	3,464,161	calculated
Income and employment taxes	2,854,239	2,961,229	calculated
Individual income tax	1,683,538	1,717,857	hist2.1
Social insurance and retirement receipts	1,170,701	1,243,372	hist2.1
Employment and general retirement	1,121,155	1,197,393	hist2.4
Old-age, survivors insurance, and disability insurance	854,747	914,303	calculated
Old-age and survivors insurance (Off-Budget)	691,215	770,282	hist2.4
Disability insurance (Off-Budget)	163,532	144,021	hist2.4
Hospital insurance	260,659	277,572	hist2.4
Railroad retirement (summed)	5,749	5,518	hist2.4
Unemployment insurance (Trust Funds)	45,042	41,193	hist2.4
Other retirement (federal employees and non-federal employees)	4,473	4,757	hist2.4
Corporate income tax	204,733	230,245	hist2.1
Excise taxes	94,986	99,452	hist2.1
Transportation (trust fund)	42,613	44,111	hist2.4
Tobacco	12,861	12,457	hist2.4
Airport and airway	15,793	15,976	hist2.4
Health insurance providers	4,681	9,590	hist2.4
Alcohol	10,057	9,992	hist2.4
Other excises	8,981	7,326	calculated
Other allocable receipts	22,983	16,672	calculated
Estate and gift taxes	22,983	16,672	hist2.5
Unallocable receipts	152,966	156,563	hist2.5
Customs duties and fees	41,299	70,784	hist2.5
Federal Reserve deposits	70,750	52,793	hist2.5
All other miscellaneous receipts	40,917	32,986	hist2.5

The bulk of Federal receipts were generated from individual income and employment taxes. Tax expenditures that are embedded in the overall tax system, such as the mortgage interest deduction, are part of the overall tax that is allocated to the states.

A subset of receipts categories were classified as unallocable. These are monies received by the Federal government that cannot be attributed to a specific state. Unallocable Federal receipts include deposits of earnings by the Federal Reserve System (earnings beyond those needed to fund operations and other requirements) and customs payment. These represented 4.5 percent of the total receipts collected in FFY 2019. This is a standard practice in the calculation of balance of payments.

TABLE 12. Unallocable Federal Receipts

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Unallocable receipts	163,526	152,963	calculated
Customs duties and fees	41,299	70,784	hist2.5
Federal Reserve deposits	70,750	52,793	hist2.5
All other miscellaneous receipts	40,917	32,986	hist2.5

Overview of Expenditures

Expenditures were broken down into four large categories: direct payments to individuals, grants, contracts, and wages. Again, a subset of expenditure categories were also classified as unallocable, representing 6.9 percent of total expenditures in FFY 2019. Expenditures that could not be allocated to individual states include spending on international assistance programs and interest on Federal debt.

Direct payments include social security payments, retirement, education, housing, food, and other public assistance programs. Tax expenditures are treated as expenditures when they are specifically enumerated in the Federal budget. Under this treatment, some tax credits are considered direct payments. These credits include the refundable Earned Income Tax Credits and the refundable Child Tax Credit.

TABLE 13. Detailed Break Down of Federal Direct Payments Outlays

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Direct payments for individuals	2,365,067	2,563,038	hist11.3
Social security and railroad retirement	991,204	1,047,957	hist11.3
Social security: old age and survivors insurance	837,611	892,904	hist11.3
Social security: disability insurance	143,855	145,062	hist11.3
Railroad retirement (excl. social security)	9,738	9,991	hist11.3
Federal employees retirement and insurance	223,959	249,071	hist11.3
Civil service retirement	85,854	88,760	hist11.3
Veterans service-connected compensation	54,476	60,703	hist11.3
Military retirement	79,986	95,599	hist11.3
Other	3,643	4,009	hist11.3
Unemployment assistance	28,490	27,442	hist11.3
Medical care	844,381	925,233	hist11.3
Medicare: SMI plus HI	692,193	762,730	calculated
Medicare: supplementary medical insurance	400,054	444,297	hist11.3
Medicare: hospital insurance	292,139	318,433	hist11.3
Hospital and medical care for veterans	70,884	77,660	hist11.3
Refundable Premium Tax Credit and Cost Sharing Reductions	41,171	43,285	hist11.3
Uniformed Services retiree health care fund (TRICARE)	10,066	10,457	hist11.3
Medical care—other	30,067	31,101	calculated
Assistance to students	60,902	84,539	hist11.3
Student assistance—Department of Education and other	48,199	71,106	hist11.3
Veterans education benefits	12,703	13,433	hist11.3
Housing assistance	17,370	17,145	hist11.3
Food and nutrition assistance:	61,089	56,438	hist11.3
SNAP (formerly Food stamps) (including Puerto Rico)	61,008	56,366	hist11.3
Food and nutrition assistance—other	81	72	calculated
Public assistance and related programs:	130,628	146,836	hist11.3
Earned income tax credit	58,640	59,209	hist11.3
Supplemental security income program	47,889	53,107	hist11.3
Payment where child credit exceeds tax liability	18,597	28,898	hist11.3
Public assistance—other	5,502	5,622	calculated
All other payments for individuals:	7,044	8,377	hist11.3

Step 2: Allocating the Federal Budget to States and Other Geographic Areas

Federal receipts and spending are allocated to individual states using a broad array of data sources. When available, data that directly indicate where Federal receipts originated or where Federal expenditures occurred were used. Federal agency data were considered ideal and were used when available.

Receipts Allocations

[Table 14](#) summarizes the data used to allocate Federal receipts. It also indicates the availability of the data for each year of analysis.

TABLE 14. Federal Receipts Allocators

	Source	2018	2019
Individual income tax	IRS Statistics on Income	Y	N—Sub 2018
Old-age, survivors insurance, and disability insurance	Social Security Administration OASDI Contributions	N—Sub 2017	N—Sub 2017
Hospital insurance	Social Security Administration Hospital Insurance Contributions	N—Sub 2017	N—Sub 2017
Railroad retirement	IRS Gross Collections, Table 5	Y	Y
Unemployment insurance (trust funds)	US DOL Unemployment Insurance Financial Transaction Summary	Y	Y
Other retirement	Census Population	Y	Y
Corporate income tax	BEA Weighted average of capital and wages	Y	Y
Transportation (trust fund)	FHWA payments into the FHTF Highway Account	Y	Y
Tobacco	Census Population	Y	Y
Airport and airway	Census Population	Y	Y
Health insurance providers	Oliver Wyman Analysis	Y	N—Sub 2018
Alcohol	NIAA alcohol consumption	Y	N—Sub 2018
Other excises	Census Population	Y	Y
Estate and Gift Taxes	IRS Gross Collections, Table 5	Y	Y

Individual Income Tax

Income tax receipts were allocated using income tax liability from the Statistics of Income branch of the Internal Revenue Service, for the latest tax liability year available, 2018. Final Statistics of Income data are compiled only after all extensions have expired and all returns are collected. Data were collected from “Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, Tax Year 2018.”⁵ For total liability, the following variables are summed:

- A06500 Income tax amount;
- A85530 Additional Medicare tax; and
- A85300 Net investment income tax.

This is total income tax liability, excluding the Federal Insurance Contributions Act and the Self-Employment Contributions Act (SECA) employment taxes, which are accounted for elsewhere. The state shares from 2018 were applied for the 2018 and 2019 analysis.

Social Insurance and Retirement

Old-age, survivors insurance, and disability insurance receipts and hospital insurance were allocated using Table 2 and Table 4, respectively, from the Social Security Administration: "Earnings and Employment Data for Workers Covered Under Social Security and Medicare, by State and County, 2017."⁶ Data for 2017 were the most recent information available and they were applied for all years of analysis.

Railroad retirement tax was taken from the "Statistics of Income Gross Collections" data. The data have been published for 2019.⁷

Unemployment Insurance

Unemployment insurance receipts were allocated using data from the "Statistics of Income Gross Collections."

Other Retirement

The "other retirement" category was allocated according to the population data from the US Census Bureau.

Corporate Income Tax

Corporate income tax was allocated based on the assumption that 75 percent of the burden falls on the owner of capital and 25 percent falls on wage earners. These numbers were calculated based on the US Bureau of Economic Analysis (BEA) State and Personal Income dataset. Sensitivity analysis using alternative plausible assumptions did not have a significant impact on conclusions for New York.

Excise Taxes

Receipts for transportation trust fund receipts, primarily gasoline excise taxes, were allocated based on information published by the Federal Highway Administration (FHWA), "Federal Highway Trust Fund Receipts Attributable to Highway Users in Each State."⁸

Receipts for the health insurance provider excise tax were allocated using an August 2018 study by the consulting firm Oliver Wyman, *Analysis of the Impacts of the ACA's Tax on Health Insurance in 2018 and Beyond*.⁹ The study forecasted the 2018 tax burden by state. The same values were used for 2019.

Alcohol beverage excise taxes were allocated based on analysis of consumption data from the National Institute on Alcohol Abuse and Alcoholism (NIAAA).

Other excise taxes, including tobacco taxes, airport and airway taxes, and a small amount of miscellaneous excise taxes, were allocated to states in proportion to the population.

Expenditure Allocations

Direct Payments

Allocators for direct programs were developed using agency data when available. When they were not, reliable third-party proxies were identified. [Table 15](#) shows how each direct payment program was allocated to the states and the availability of data for FFYs 2018 and 2019.

Table 15. Federal Direct Payments Allocators

	Source	2018	2019
Social Security and Retirement			
SSA Old age and survivors insurance	USASpending.gov	Y	Y
SSA: Disability insurance	USASpending.gov	Y	Y
Railroad retirement	BEA State Personal Income	Y	Y
Civil service retirement	Office of Personnel Management	N—Sub 2019	Y
Military retirement	Statistical Report on Military Retirement	Y	Y
Unemployment assistance			
Unemployment Assistance	US DOL Unemployment Insurance Financial Transaction Summary	Y	Y
Medical Care			
Medicare: SMI plus HI	BEA State Personal Income	Y	Y
Hospital and medical care for veterans	Geographic Description of Department of Veterans Affairs Expenditures	Y	Y
Refundable premium tax credit and cost sharing reductions	CMS Effectuated Enrollment data	Y	Y
Uniformed services retiree health care fund (TRICARE)	TRICARE Beneficiaries by location	Y	Y
Medical care—other	Census Population	Y	Y
Assistance to Students			
Department of Education	BEA State Personal Income	Y	Y
Veterans education benefits	Geographic Description of Department of Veterans Affairs Expenditures	Y	Y
Housing Assistance			
Housing assistance	Center on Budget and Policy Priorities	Y	Y
Food and Nutrition Assistance			
Food and nutrition assistance	Federal Funds Information for States	Y	Y
Public Assistance and Related Programs			
Earned income tax credit	IRS Statistics on Income	Y	N—Sub 2018
Supplemental security income program	SSA Annual Statistical Supplement, Table 7B	Y	Y
Payment where child credit exceeds tax liability	IRS Statistics on Income	Y	N—Sub 2018

Social Security and Railroad Retirement

Social Security old-age and survivors insurance and disability insurance were allocated to states in accordance with the corresponding direct payment amounts included on [USASpending.gov](https://www.USASpending.gov). Railroad Retirement and disability benefits were allocated to states in proportion to the corresponding component of personal income from the Bureau of Economic Analysis (Table SA35, Line 2121).

Federal Employees Retirement and Insurance

Civil service retirement expenditures were allocated to states using the table titled “Exhibit R14: Fiscal Year 2019 Annuitants on the Retirement Roll” from the *Statistical Abstracts* Fiscal Year 2019, Federal Employee Benefit Programs, published by the Office of Personnel Management.

Veterans’ service-connected compensation was allocated to states using Compensation and Pension data from the “General Description of Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX)” published by the US Department of Veterans Affairs, Office of Policy, Planning and Preparedness, for FFYs 2017, 2018, and 2019.¹⁰

Military retirement state shares were estimated using (1) number of retired and (2) monthly payment information collected from *Statistical Report on the Military Retirement System—Fiscal Year Ended September 30, 2019* published by Department of Defense, Office of the Actuary. August 2020. Data were also collected from the corresponding FFY 2017 and 2018 reports.¹¹

State shares of other Federal employees’ retirement expenditures were allocated using the US Census Bureau population share.

Unemployment Assistance

Key data files and links:¹²

- [ar2112.csv](#);
- [ETHand401_4th_s02.pdf](#)—documentation, describes data; and
- [4024c6ar2112.pdf](#)—maps variable names to data elements.

The Department of Labor publishes monthly data on net unemployment insurance benefits (variable c54, Line 31). The value is the total of regular unemployment benefits paid to claimants. The total paid is then reduced by any refunds received from claimants and administrative banking costs incurred. Monthly data are summed to get calculate annual fiscal year spending.

Medical Care

Medicare supplementary medical insurance (SMI) plus hospital insurance (HI) was allocated using Medicare benefits data from BEA Table SA35, Line 2210. Allocations for Puerto Rico and “Unallocated” were estimated using population share.

Hospital and Medical Care for Veterans state shares were allocated using Medical care data from the general description of “General Description of Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX)” published by the US

Department of Veterans Affairs, Office of Policy, Planning and Preparedness, for FFYs 2017, 2018, and 2019.¹³

The ACA refundable Premium Tax Credits used allocators based on enrollment data published in Tables 3 and 4 in the *Early 2020 Effectuated Enrollment Snapshot* report published by the Centers for Medicaid and Medicare Services (CMS). The source was used to create a weighted state-by-state distribution that was then used to allocate the total in the Federal budget.

The Uniformed Services Retiree Health Care Fund, also known as the US Department of Defense Medicare-Eligible Retiree Health Care Fund or “TRICARE for Life” was allocated using the number of TRICARE beneficiaries by state.¹⁴ Even though this total includes other TRICARE programs, it is a more appropriate source than the overall Census populations.

Other medical care expenditures were small and we did not find specific information for allocation. As a result, we allocated this amount using state population data from the US Census Bureau.

Assistance to Students

State shares for Department of Education expenditures were allocated using “Education and training assistance” from BEA Table SA35. Allocations for Puerto Rico and “Unallocated” were estimated using population share.

State shares for Veterans Education Benefits were allocated using education and vocational rehabilitation/employment data from the “General Description of Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX).”¹⁵

Housing Assistance

We allocated housing assistance expenditures based on data on Section 8 vouchers provided in the President’s Budget. Table 14-31. Section 8 Choice Vouchers (14.871) presented spending by state for FY 2019.¹⁶ Corresponding tables were downloaded for FY 2017 and 2018.

Food and Nutrition Assistance

Food and nutrition assistance was allocated to states using Federal Funds Information for States (FFIS) grant data for CFDA code 10.551, the Supplemental Nutrition Assistance Program.

Public Assistance and Related Programs

The earned income tax credit was allocated using data from line item A59720 in the “SOI Tax Stats” provided by the Statistics of Income branch of the Internal Revenue Service, 2017.¹⁷ The refundable childcare credits were allocated from the same data set using line item A07220.

Supplemental Security Income Program expenditures were allocated using Federal SSI data from “Table 7.B7—Total Federally administered payments by state and other area, 2016.”¹⁸

State shares for all other payments for individuals were allocated using population.

Grants

Federal grant expenditures were broken down into detailed categories based on categorizations of grants in the public Federal budget database that accompanies the Federal budget. See [Table 16](#) (“fedbud.db” indicates that we summarized data from the Federal budget database.)

TABLE 16. Detailed Breakdown of Federal Grants Outlays

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Grants	696,507	721,140	calculated
HHS_Centers for Medicare and Medicaid Services_Grants to States for Medicaid_Health care services	389,157	409,421	fedbud.db
DOT_Federal Highway Administration_Federal-aid Highways_Ground transportation	43,305	43,768	fedbud.db
USDA_Food and Nutrition Service_Child Nutrition Programs_Food and nutrition assistance	22,803	23,247	fedbud.db
HUD_Public and Indian Housing Programs_Tenant Based Rental Assistance_Housing assistance	21,384	22,208	fedbud.db
HHS_Administration for Children and Families_Temporary Assistance for Needy Families_Other income security	16,414	15,493	fedbud.db
ED_Office of Elementary and Secondary Education_Education for the Disadvantaged_Elementary, secondary, and vocational education	15,277	16,203	fedbud.db
ED_Office of Special Education and Rehabilitative Services_Special Education_Elementary, secondary, and vocational education	12,753	12,978	fedbud.db
HHS_Administration for Children and Families_Children and Families Services Programs_Social services	10,651	11,240	fedbud.db
HHS_Centers for Medicare and Medicaid Services_Children’s Health Insurance Fund_Health care services	17,282	17,689	fedbud.db
DOT_Federal Transit Administration_Transit Formula Grants_Ground transportation	10,082	10,500	fedbud.db
HHS_other	7,008	6,296	fedbud.db
HHS_Administration for Children and Families_Payments for Foster Care and Permanency_Other income security	8,581	8,599	fedbud.db
HUD_Community Planning and Development_Community Development Fund_Community development	5,889	5,178	fedbud.db
USDA_Food and Nutrition Service_Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)_Food and nutrition assistance	5,432	5,314	fedbud.db
HUD_other	5,467	5,808	fedbud.db
ED_other	4,614	4,964	fedbud.db
USDA_Food and Nutrition Service_Supplemental Nutrition Assistance Program_Food and nutrition assistance	7,485	7,100	fedbud.db
DOI_other	4,931	5,565	fedbud.db
HUD_Public and Indian Housing Programs_Public Housing Operating Fund_Housing assistance	4,382	4,458	fedbud.db
DOT_other	8,224	7,936	fedbud.db

TABLE 16. Detailed Breakdown of Federal Grants Outlays, continued

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Grants	696,507	721,140	calculated
EPA_Environmental Protection Agency_State and Tribal Assistance Grants_Pollution control and abatement	3,566	3,826	fedbud.db
ED_Office of Elementary and Secondary Education_School Improvement Programs_Elementary, secondary, and vocational education	4,060	4,616	fedbud.db
HHS_Administration for Children and Families_Payments to States for Child Support Enforcement and Family Support Programs_Other income security	4,137	4,117	fedbud.db
USDA_other	2,123	2,599	fedbud.db
other.agency_other	8,083	9,144	fedbud.db
HHS_Administration for Children and Families_Low Income Home Energy Assistance_Other income security	3,425	3,695	fedbud.db
ED_Office of Special Education and Rehabilitative Services_Rehabilitation Services_Social services	3,093	3,119	fedbud.db
DOT_Federal Aviation Administration_Grants-in-aid for Airports (Airport and Airway Trust Fund)_Air transportation	3,036	3,303	fedbud.db
DHS_Federal Emergency Management Agency_Disaster Relief Fund_Disaster relief and insurance	9,715	6,735	fedbud.db
DHS_Federal Emergency Management Agency_State and Local Programs_Disaster relief and insurance	1,704	903	fedbud.db
HHS_Administration for Children and Families_Child Care Entitlement to States_Other income security	2,358	3,244	fedbud.db
HHS_Substance Abuse and Mental Health Services Administration_Substance Abuse and Mental Health Services Administration_Health care services	3,258	3,679	fedbud.db
DOL_Employment and Training Administration_Training and Employment Services_Training and employment	2,724	2,684	fedbud.db
HHS_Health Resources and Services Administration_Health Resources and Services_Health care services	2,821	3,009	fedbud.db
DOJ_other	1,871	2,317	fedbud.db
HHS_Administration for Children and Families_Payments to States for the Child Care and Development Block Grant_Other income security	3,526	3,906	fedbud.db
VA_other	2,061	2,050	fedbud.db
DOL_other	1,413	1,232	fedbud.db
FCC_Federal Communications Commission_Universal Service Fund_Other advancement of commerce	1,840	2,113	fedbud.db
HHS_Administration for Community Living_Aging and Disability Services Programs_Social services	1,812	1,917	fedbud.db
DOL_Employment and Training Administration_Unemployment Trust Fund_Unemployment compensation	2,951	3,038	fedbud.db
ED_Office of Innovation and Improvement_Innovation and Improvement_Elementary, secondary, and vocational education	1,044	857	fedbud.db
DOT_Federal Railroad Administration_Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service_Ground transportation	73	26	fedbud.db

TABLE 16. Detailed Breakdown of Federal Grants Outlays, continued

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Grants	696,507	721,140	calculated
DOJ_Office of Justice Programs_Crime Victims Fund_ Criminal justice assistance	1,844	2,300	fedbud.db
DHS_other	2,552	2,469	fedbud.db
EPA_other	296	277	fedbud.db

Medicaid

Medicaid was allocated to the states based on the Federal share of total Medicaid expenditures reported by the states on Centers for Medicare & Medicaid Services Form 64, which reflects all state expenditures. State expenditures were calculated by summing programmatic expenditures, known as “total computable” spending, and administrative reimbursement. Data were available for FFY 2018 and allocators were applied for 2019 as well.

Federal Highway Grants

Federal highway grants were allocated using data from the Federal Funds Information for States (FFIS) for the National Highway Performance Program CFDA 20.205. FFIS data were available for FFYs 2018 and 2019.

Other Grants

Most other grants were allocated based on the most-closely corresponding FFIS grant. Where no single grant appeared to correspond closely, they were allocated based on the average allocation of grants for the Federal agency as a whole.

Contracts and Procurement

Data from Federal obligations for contracts and procurements from the Federal budget object class data were used to estimate total Federal expenditures for contracts and procurements by agencies. The total agency data were allocated according to agency procurement data from USASpending.gov. USASpending data were available for FFYs 2017, 2018, and 2019.

TABLE 17. Detailed Breakdown of Federal Contracts and Procurements

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Contracts (obligations)	550,156	582,585	calculated
Department of Defense—Military Programs	307,876	339,995	objclass.tab2
Department of Veterans Affairs	39,432	39,564	objclass.tab2
Department of Energy	27,005	28,001	objclass.tab2
Department of Health and Human Services	24,134	27,175	objclass.tab2
Department of Homeland Security	33,979	27,175	objclass.tab2
Social Security Administration	15,910	15,810	objclass.tab2
National Aeronautics and Space Administration	16,035	16,836	objclass.tab2
Department of Justice	14,011	14,944	objclass.tab2
Department of Agriculture	14,419	13,617	objclass.tab2
Other (does not include International Assistance)	57,355	59,468	calculated

Wages

Data on Federal obligations for wages and salaries were taken from the object class data accompanying the Federal budget and adjusted to estimate total military and nonmilitary wages.

TABLE 18. Detailed Breakdown of Federal Wages

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Wages (obligations)	259,615	276,435	calculated
Military	99,471	105,899	objclass.tab1
Nonmilitary	160,144	170,536	objclass.tab1

Military Wages

Military wages were allocated to states based on each state's share of military wages as reported by the US Bureau of Economic Analysis Table SA7N. The share of Puerto Rico was estimated based on its population reported by the US Census Bureau. These data were available for all years of analysis.

Civilian Wages

Civilian wages in the Federal budget exclude wages of the US Postal Service. These wages were allocated to states based upon data from the non-seasonal full-time personnel in data files obtained directly from the Office of Personnel. Data were available for FFYs 2018 and 2019.

Unallocable Expenditures

A subset of expenditures categories were classified as unallocable. These are monies spent by the Federal government that cannot be attributed to a specific state. Unallocable Federal expenditures include net interest outlays and payments for international assistance programs. These represented 5.6 percent of the total expenditures collected in FFY 2018. This is a standard practice in the calculation of balance of payments.

TABLE 19. Unallocable Federal Outlays

	\$ millions FFY 2018	\$ millions FFY 2019	Source
Unallocable expenditures	237,697	305,118	calculated
Net interest outlays	324,975	375,158	hist3.1
International assistance programs	58,550	57,153	objclass.tab2
Undistributed offsetting receipts	(97,869)	(98,192)	hist3.1
Unexplained (s/b obligations/outlays difference)	(47,959)	(29,001)	calc

Revisions to Estimates

The calculation of the balance of payments relies on data from over a dozen agencies and third-party suppliers. Each data set has a unique release and revision cycle. Ideally, the calculation would use final data from each of the sources, but these are not always available. Despite limitations in the availability of some source data, the Rockefeller Institute of Government and New York State Division of the Budget believe there is value in generating estimates in a timely manner even if these calculations are based on preliminary data or reasonable estimates.

Changes in Allocators

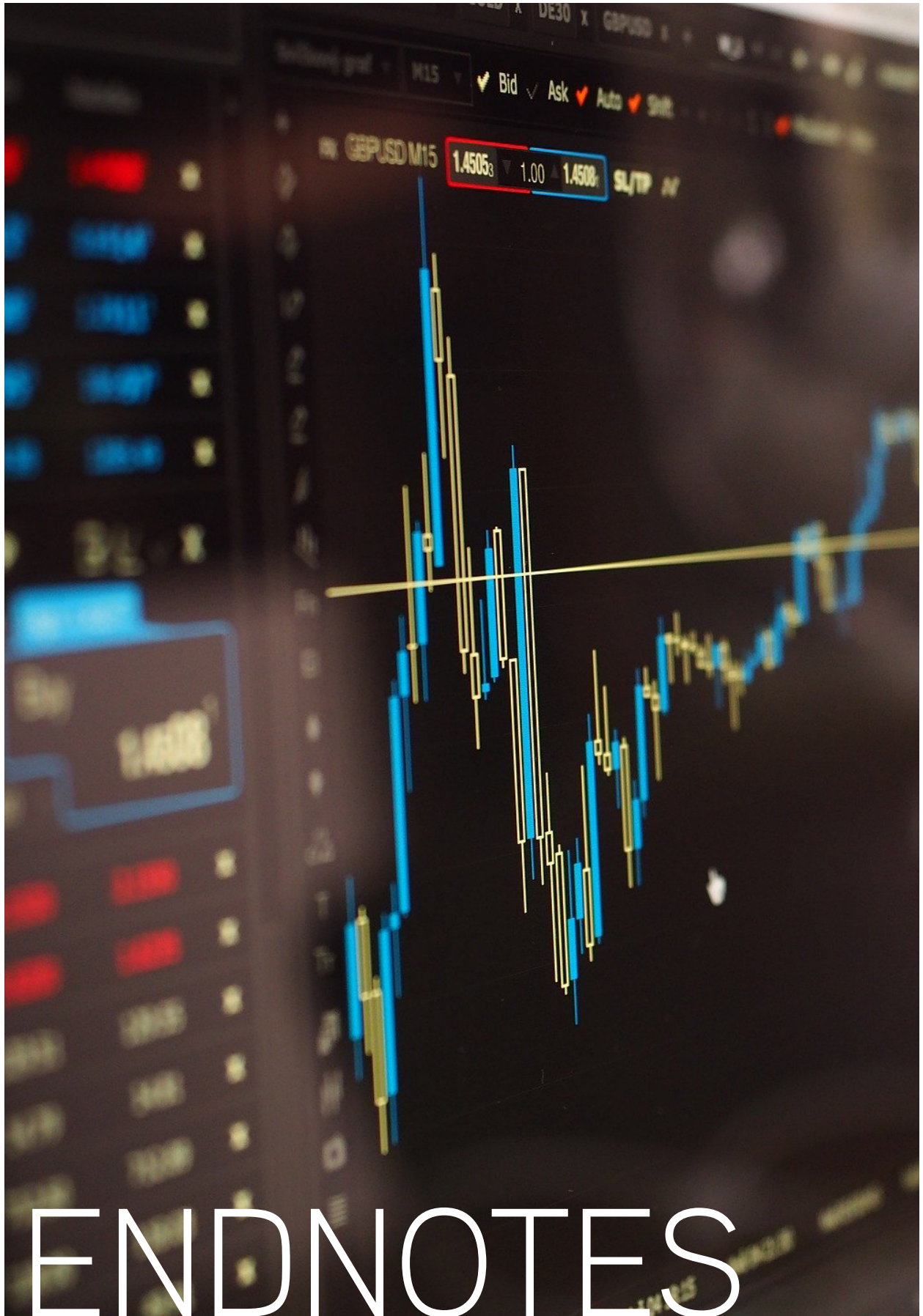
[Tables 14](#) and [15](#) presented the allocators used and their availability for each of the Federal fiscal years studied. For datasets in which there were no data available, the values from the next closest year was used. This report utilizes the most recent IRS Statistics of Income FFY 2018, which was released in August 2020. The FFYs 2018 and 2019 balance of payments are estimated based on the distribution of individual income tax across the states in FFY 2018.

In addition to the potential lag in allocator data, many of the data sources revise their data on a regular basis. For example, the US Census Bureau publishes state population for all of the FFYs studied. But the data are updated annually and state population data will not be complete until the 2020 Census has been conducted. These revisions are generally relatively minor. These minor revisions will affect the numbers calculated year-after-year.

The following labelling convention has been developed to address revisions of calculations annually.

Preliminary estimates—Preliminary estimates are those values calculated for the immediately preceding FFY. In this report, Preliminary FFY 2019 estimates are presented. In this and future reports, preliminary estimates are calculated with final Federal budget data. Nine out of fourteen receipts allocators will be specific to the study year. Fifteen out of twenty-two of the expenditures allocators will be specific to the year.

Revised estimates—Revised estimates are updates to preliminary estimates calculated in the previous year. In this report, Revised FFY 2018 estimates are presented. These estimates integrated more recent data from the IRS, CMS and the Social Security Administration.



- 1 In 2018, 52.7 percent of New York’s Federal income tax liability came from individuals with an income of \$500,000 or greater as compared with 40.2 percent for the same income categories nationwide.
- 2 Because the Federal government spent more than it raised, Federal spending in the average state was greater than Federal receipts.
- 3 *The Budgetary Effects of Laws Enacted in Response to the 2020 Coronavirus Pandemic, March and April 2020* (Washington, DC: US Congressional Budget Office, June 2020), <https://www.cbo.gov/system/files/2020-06/56403-CBO-covid-legislation.pdf>.
- 4 See *A Budget for America’s Future, Fiscal Year 2021 Budget of the U.S. Government* (Washington, DC: US Government Publishing Office, February 10, 2020), <https://www.govinfo.gov/features/budget-fy2021> for links to all Federal Budget documents.
- 5 Downloaded from <https://www.irs.gov/pub/irs-soi/18in55cm.xlsx>.
- 6 Downloaded from https://www.ssa.gov/policy/docs/statcomps/eedata_sc/2017/index.html.
- 7 Downloaded from: <https://www.irs.gov/statistics/soi-tax-stats-gross-collections-by-type-of-tax-and-state-irs-data-book-table-5>.
- 8 Downloaded from: <https://www.fhwa.dot.gov/policyinformation/statistics/2018/>.
- 9 Chris Carlson, Glenn Giese, and Steven Armstrong, *Analysis of the Impacts of the ACA’s Tax on Health Insurance in 2020 and Later* (Milwaukee: Oliver Wyman, August 28, 2018), https://health.oliverwyman.com/content/dam/oliver-wyman/blog/hls/featured-images/August2017/HIT_Impact_Report_Revised.pdf.
- 10 Downloaded from https://www.va.gov/vetdata/docs/GDX/GDX_FY19.xlsx.
- 11 *Statistical Report on the Military Retirement System—Fiscal Year 2019* (Washington, DC: US Department of Defense Office of the Actuary, August 2020), https://media.defense.gov/2020/Aug/12/2002475697/-1/-1/0/MRS_STATRPT_2019_FINAL.PDF.
- 12 “Data Downloads,” US Department of Labor, <https://oui.doleta.gov/unemploy/DataDownloads.asp>.
- 13 Downloaded from https://www.va.gov/vetdata/docs/GDX/GDX_FY19.xlsx.
- 14 “Patient Numbers by State,” US Military Health System, accessed December 30, 2020, <https://health.mil/I-Am-A/Media/Media-Center/Patient-Population-Statistics/Patient-Numbers-By-State>.
- 15 Downloaded from https://www.va.gov/vetdata/docs/GDX/GDX_FY19.xlsx.
- 16 See *A Budget for America’s Future, Fiscal Year 2021 Budget of the U.S. Government* (Washington, DC: US Government Publishing Office, February 10, 2020), <https://www.govinfo.gov/features/budget-fy2021>.
- 17 Downloaded from <https://www.irs.gov/pub/irs-soi/18in55cm.xlsx>.
- 18 *Annual Statistical Supplement to the Social Security Bulletin, 2016* (Washington, DC: Social Security Administration, May 2017), <https://www.ssa.gov/policy/docs/statcomps/supplement/2016/>.



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Created in 1981, the Rockefeller Institute of Government is a public policy think tank providing cutting-edge, evidence-based policy. Our mission is to improve the capacities of communities, state and local governments, and the federal system to work toward genuine solutions to the nation's problems. Through rigorous, objective, and accessible analysis and outreach, the Institute gives citizens and governments facts and tools relevant to public decisions.

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