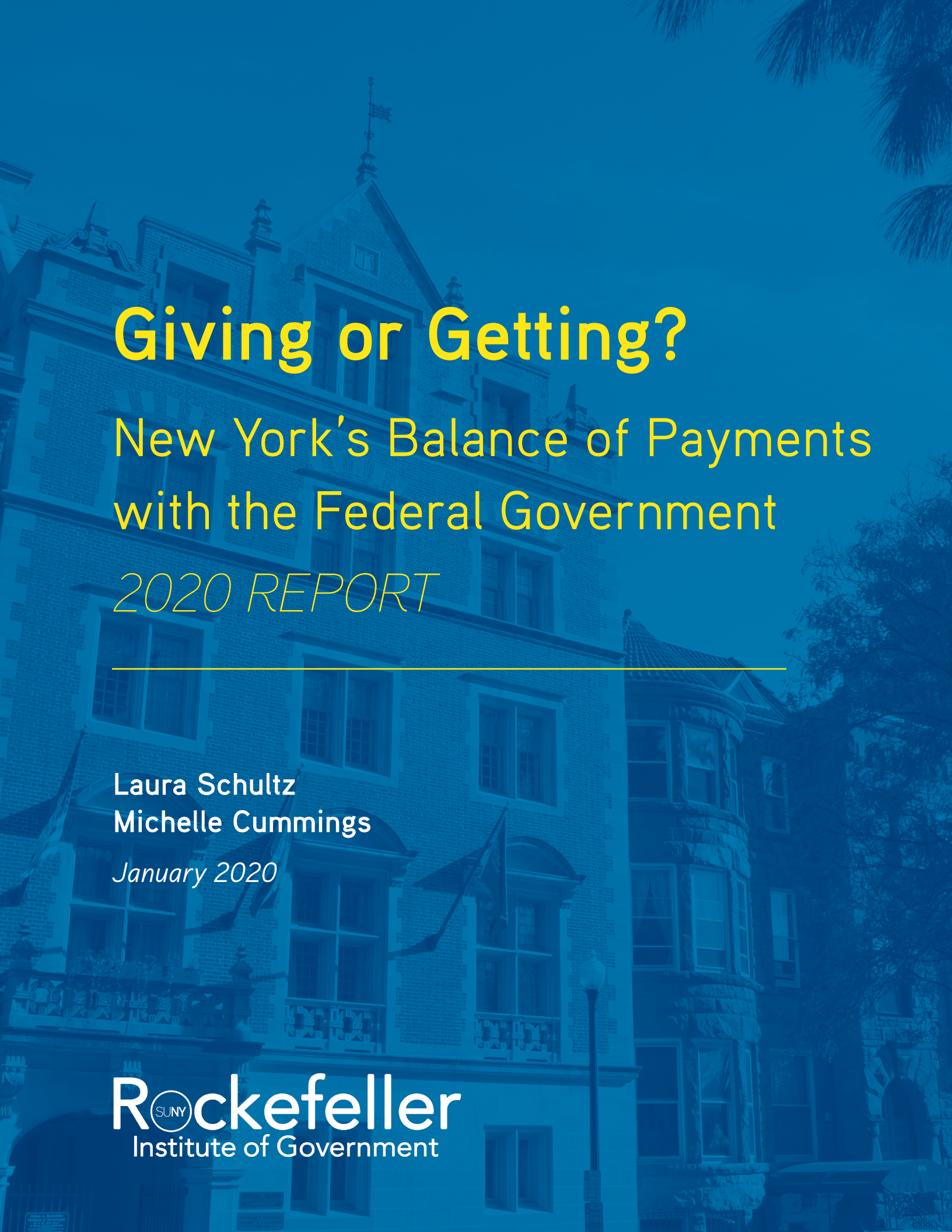

Giving or Getting?

New York's Balance of Payments with the Federal Government

2020 REPORT

Laura Schultz
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January 2020

Rockefeller SUNY Institute of Government

ABOUT THE AUTHORS

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NEW YORK STATE OF OPPORTUNITY. | Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA JR.
Director of the Budget

January 2020

The heated rhetoric of national campaign season is upon us, renewing debates over Federal tax policy and the relationship of the states to the national government. Evidence-based policy analysis is needed more than ever, particularly on how taxpayer dollars are not only utilized, but also distributed.

The New York State Division of the Budget provided financial & technical support for the research and publication of this report so that we may have a fact-based understanding of how revenue and spending policy decisions made in Washington impacts New Yorkers.

The conclusion of this analysis is as true today as when former New York Senator Daniel Patrick Moynihan released his annual *"Fisc"* report: New York State continues to lead the nation in sending more taxpayer dollars to the Federal government than it gets back in return. In fact, forty-two states are in the opposite circumstance. They have a positive balance of payments, meaning they receive more from Washington in terms of Federal dollars than they contribute in taxes. It means that New York State tax dollars are being distributed to other states even after you adjust for any Federal spending in New York.

The aggregate balance of payments deficit for New Yorkers since Federal fiscal year 2015 was over $116 billion. In each of those four years New York also had the largest aggregate balance of payments deficit.

While New York's balance of payments improved in absolute and per capita terms since the last version of this report, it continued to *move* further away from the national *average.* Relative to other states, New York's balance of payments is getting worse and not better. Our residents and businesses remain an outsized supporter of Federal spending programs.

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,

Robert F. Mujica, Jr.
Director of the Budget

Foreword

For more than two decades, former United States Senator from New York Daniel Moynihan put out a report called the Fisc to analyze what states "gave" in tax dollars versus what states "got" from the federal government. The report provided the public and policymakers with important information about the flow of tax dollars. The Fisc report found that New York gave billions more in tax dollars than it got back.

That relationship is significant. It also has profound policy implications for the state, which is why the Rockefeller Institute of Government has produced a third balance of payments report and will continue to do so annually. Additionally, we provide an interactive digital data tool to allow users to explore in depth what each state gives and gets. In this time of increasing financial stress on state and local governments, we believe it is critical to continue and provide this analysis each year.

The Rockefeller Institute of Government's fiscal studies team put the report together with technical assistance and consultation from the New York State Division of the Budget and with information and advice from experts in federal agencies and in think tanks. The effort involved exhaustive data collection, research, and analysis.

The third installment shows that New York continues to send more in taxes than it received back. In 2018, we estimate $22 billion, which is larger than the next two largest states. Over the past four years, New York taxpayers have given $116.2 billion (an average of over $29 billion annually) more to the federal government than they received back in federal spending. We believe this report is essential reading for policymakers and advisors in Congress and the executive when determining "winners" and "losers" in upcoming federal policy debates.

Sincerely,

Patricia Strach
Interim Executive Director
Rockefeller Institute of Government

Executive Summary

In its third 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 these 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) 2017 and developed a preliminary data series for FFY 2018. This report presents a national analysis while paying close attention to New York.

The findings are clear: New York's residents and businesses send more total revenue to the Federal government than any other state and continue to contribute more in taxes than the state receives back in Federal spending. Key findings from this year's report include:

- Over four years, New York taxpayers have given $116.2 billion more to the federal government than they received back in federal spending.
- Preliminary analysis of 2018 data indicates that at -$22.0 billion, New York maintains its 2017 rank as having the least favorable balance of payments of any state in the nation.
- New York's shortfall in 2018 is larger than that of second-ranked New Jersey (-$11.5 billion) and third-ranked Massachusetts (-$9.1 billion) combined. Connecticut and Colorado round out the list of the states with the least favorable balances.

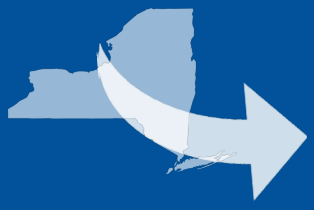
Preliminary Analysis of New York 2018 data indicates:

NEW YORK'S
BALANCE OF PAYMENTS

-$22.0 billion

THE LEAST FAVORABLE

IN THE NATION



NEW YORK'S SHORTFALL
IS LARGER THAN

New Jersey — $11.5 billion

and

Massachusetts — $9.1 billion

COMBINED

NEW YORK'S PER CAPITA
BALANCE OF PAYMENTS:

-$1,125

NEW YORK RANKED
FOURTH TO LAST
PER CAPITA

US PER CAPITA
BALANCE OF PAYMENTS:

$2,063

NEW YORKERS PAY

$3,188

*MORE THAN THE
NATIONAL AVERAGE*

IN 2018, NATIONAL BOP GREW BY

$166

NY BOP GREW BY ONLY

$55

- The New York State per capita balance of payments, -$1,125, 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 three other states.
- The Federal per capita balance of payments in 2018 is $2,063. New Yorkers pay $3,188 more than this average.
- Since 2015, the average annual excess burden for New York residents per capita has been $3,235. The aggregate balance of payments for New Yorkers during this time period was over $116 billion.

The initial impact of the Federal Tax Cuts and Jobs Acts of 2017 (TCJA) can be seen in the preliminary estimates for 2018. The TCJA has 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. This shift places a larger portion of the Federal tax burden on states with a greater number of high-income earners, such as New York.

The preliminary 2018 analysis is based on the recently released *2017 Statistics of Income* series by the Internal Revenue Service and final FFY 2018 Federal data from the *Budget of the U.S. Government, Fiscal Year 2020*. The analysis finds a 6 percent increase in Federal income tax receipts between 2017 and 2018 while total Federal revenues remained relatively flat. These changes in Federal tax policy are likely to continue to have flow-through effects on New York's Federal tax burdens.

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 2018, the Federal government spent approximately $4.1 trillion, an increase of 3.2 percent from the 2017 Fiscal Year. This level of spending was supported by nearly $3.3 trillion in revenue, an increase of 0.4 percent from 2017. Spending in FFY 2017 totaled $4.0 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 close look at the effects of Federal economic redistribution policies on states and offered here is a particular 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 highest poverty rates for their residents, like Federal grants to 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 large elderly populations. States with large defense contracting sectors and more military bases get more Federal defense spending. Federal wages are disproportionately concentrated in states with a large Federal employment presence.

On the other side, receipts are generated primarily from taxes, the most significant of which are the personal income and employment taxes, which account for 90 percent of allocable Federal revenue in 2018. Logically, then, 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 2018 balance of payments based on available preliminary data. It also revises the previously released 2017 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 our 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 2018 of -$22.0 billion ranks it the worst in the nation. In fact, New York's gap in 2018 is larger than that of the next two states — New Jersey (-$11.5 billion) and Massachusetts (-$9.1 billion) — combined. This worst-in-

The results for New York State are stark: the state's negative balance of payments for 2018 of -$22.0 billion ranks it the worst in the nation. In fact, New York's gap in 2018 is larger than that of the next two states — New Jersey (-$11.5 billion) and Massachusetts (-$9.1 billion) — combined. This worst-in-the-nation rank remains the same since this analysis was first estimated in this series for 2015.

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The picture does not improve greatly controlling for population: New York's per capita negative balance of payments of -$1,125 ranks the state as fourth-worst in the nation in 2018.

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.

New York's Balance of Payments: Preliminary Estimate for Federal Fiscal Year 2018

In 2018, New York taxpayers contributed approximately $22.0 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.

TABLE 1. **Receipts, Expenditures, and Balance of Payments, FFY 2018**

Total Balance of Payments			
	New York	Average of All States	New York Difference from Average
Balance of payments ($ millions)	(21,986)	13,629	(35,615)
Rank among 50 states	50		
Per Capita Balance of Payments			
	New York	US Average	NY minus average
Balance of payments (dollars per person)	(1,125)	2,063	(3,188)
Rank among 50 states	47		
Per Capita Receipts and Expenditures			
Receipts (dollars per person)	12,655	9,568	3,087
Expenditures (dollars per person)	11,530	11,631	(101)
Federal spending received per dollar of taxes paid	0.91	1.22	(0.31)

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2020* (Washington, DC: Office of Management and Budget, March 2019). https://www.govinfo.gov/content/pkg/BUDGET-2020-BUD/pdf/BUDGET-2020-BUD.pdf; 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.

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 2018 per capita balance of payments of -$1,125 is the fourth-worst balance of payments in the country. In sharp contrast, the national average per capita balance of payments was positive at $2,063 per person.

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 $12,655 per capita in 2018, $3,087 higher than the national average, while per capita Federal spending in New York was $101 lower than the US average, increasing its negative balance-of-payment gap. The magnitude of the revenue difference is the obvious primary driver in the state's negative balance. In fact, as the Federal reliance on income taxes increased in 2018, this imbalance was made worse.

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 2018**

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 receipts)	**(1,125)**	**2,063**	**(3,188)**		**47**
Ratio: Expenditures to receipts	0.91	1.22	(0.03)		
Receipts	**12,655**	**9,568**	**3,087**	**132**	**3**
Individual income tax	7,670	5,075	2,595	151	3
Employment taxes	3,769	3,532	237	107	19
Corporate income tax	847	619	228	137	3
Excise taxes	226	273	(47)	83	49
Estate and gift taxes	143	69	74	207	1
Expenditures	**11,530**	**11,631**	**(101)**	**99**	**25**
Direct payments for individuals	7,097	7,130	(33)	100	30
Grants	3,302	2,077	1,225	159	4
Contracts and procurement	775	1,617	(842)	48	34
Wages	357	808	(451)	44	45

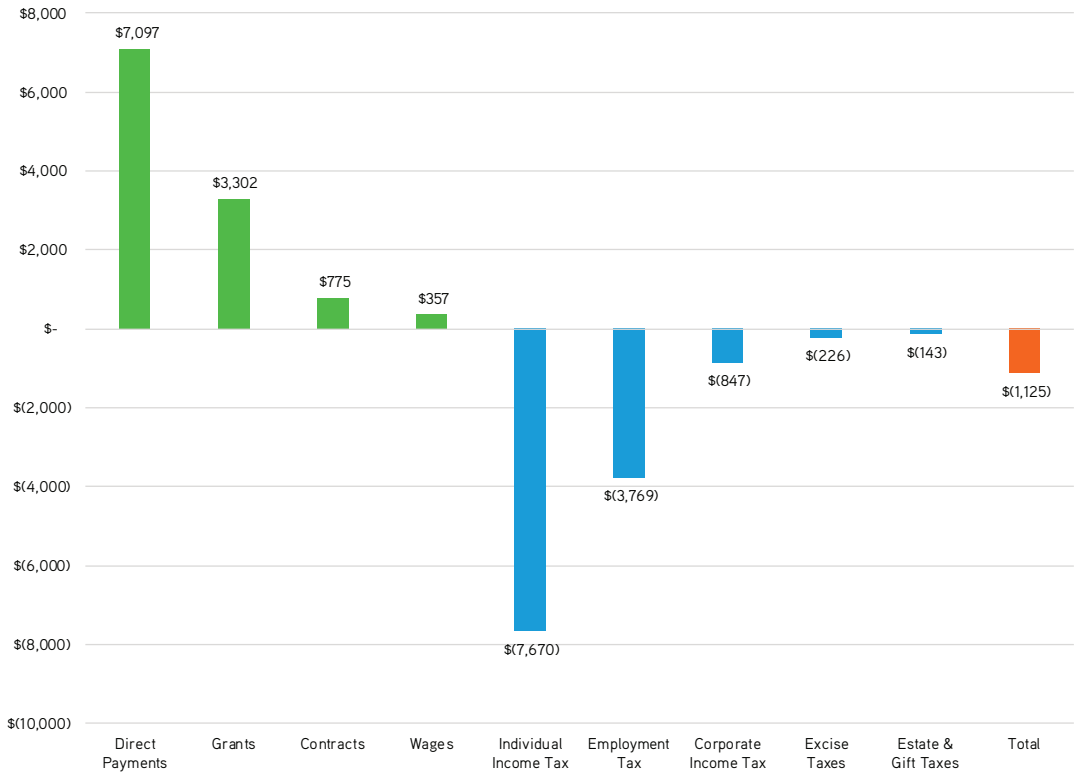
SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2020*, from Federal agencies, and other sources. See methodology appendix for details.

Federal individual income taxes account for $2,595, or 84 percent, of the $3,087 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] High 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 $539 of the balance.

On the spending side, Federal grants per capita are nearly 50 percent higher than the national average in New York, driven by Medicaid and other social programs. At the same time, however, Federal procurement and Federal wages are only about 50 percent of the national per capita average, and direct payments for programs such as Social Security and Medicare are about equal to the national average. Taken together, Federal spending in New York per capita is $101 lower than the national average.

Per capita revenue from New Yorkers to the Federal Budget was third-highest in the nation in 2018, while Federal spending in New York was twenty-fifth. As noted earlier, the net result is that New York's overall per capita balance of payments was fourth worst (forty-seventh out of fifty states) and the worst in the nation in terms of absolute dollars.

FIGURE 1. **New York: Revenues and Expenditures**



SOURCE: Rockefeller Institute of Government.

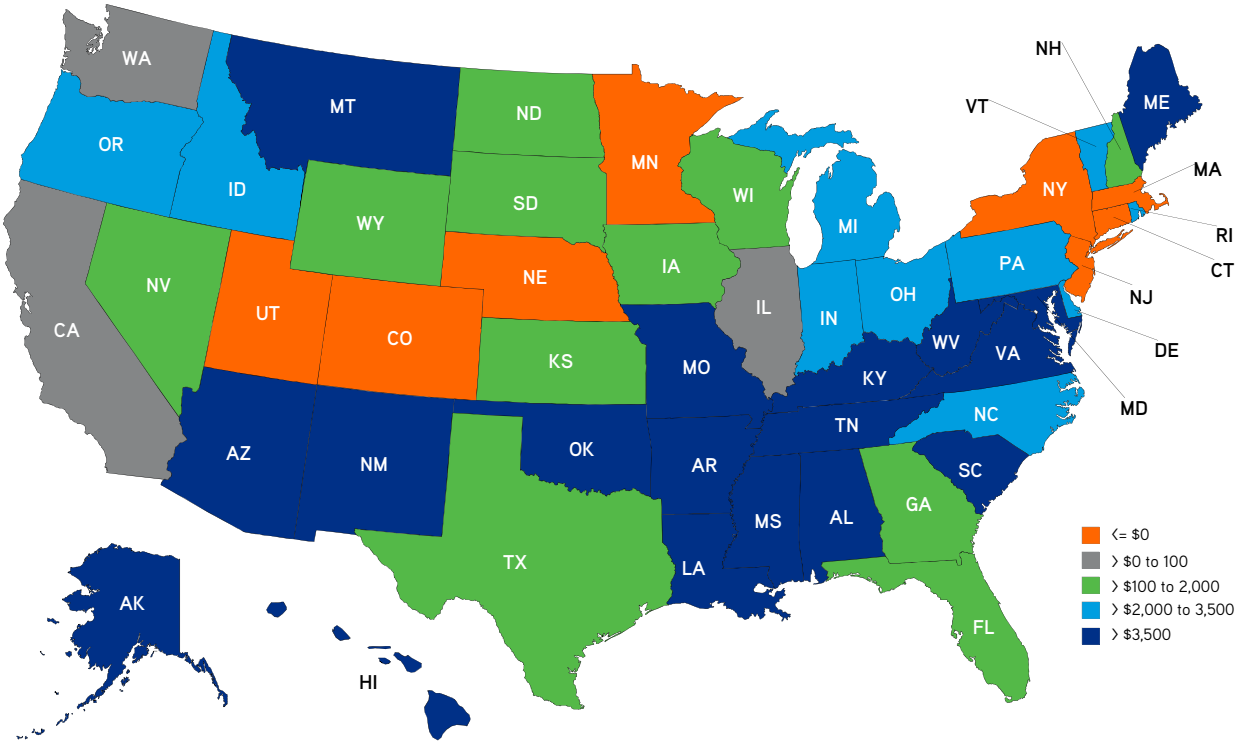
The Balance of Payments across the States

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. Virginia, for example, has 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 significant 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 2018, 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 2018. While its negative balance of payment improved by $55 since 2017, this was a significantly smaller improvement than the $166 positive increase in the national average over that same time period. Figure 2 illustrates the fifty-state balance of payments in Federal Fiscal Year 2018 (see Tables 3 and 4 for state-by-state details).

› Explore this data with our interactive dashboard at rockinst.org/bop

FIGURE 2. **Per Capita Balance of Payments, FFY 2018**



SOURCE: Rockefeller Institute of Government.

TABLE 3. Estimated Distribution of Federal Receipts and Expenditures by State, FFY 2018

(Millions of dollars)

State	Receipts	Expenditures	Balance of Payments	Expenditures per Dollar or Receipts
Virginia	86,367	183,282	96,914	2.12
Maryland	63,520	111,456	47,937	1.75
Kentucky	31,983	77,157	45,174	2.41
Alabama	34,889	70,405	35,516	2.02
Ohio	95,819	130,461	34,641	1.36
Pennsylvania	124,243	157,287	33,044	1.27
North Carolina	82,512	115,486	32,974	1.40
Arizona	55,249	81,646	26,396	1.48
Tennessee	55,285	80,590	25,306	1.46
Missouri	50,228	75,237	25,009	1.50
Florida	215,191	240,100	24,908	1.12
Michigan	86,009	110,007	23,998	1.28
South Carolina	37,960	61,004	23,044	1.61
Louisiana	34,417	54,705	20,288	1.59
Georgia	86,055	106,080	20,025	1.23
Mississippi	18,672	37,524	18,853	2.01
New Mexico	14,340	32,546	18,206	2.27
Oklahoma	29,522	46,678	17,156	1.58
Indiana	54,323	68,918	14,595	1.27
Texas	262,220	275,733	13,513	1.05
Arkansas	21,980	35,383	13,403	1.61
West Virginia	11,773	24,534	12,761	2.08
Oregon	37,020	46,659	9,640	1.26
Hawaii	12,581	20,791	8,210	1.65
Maine	10,863	17,803	6,940	1.64
Alaska	6,920	13,490	6,570	1.95
Kansas	25,359	30,915	5,556	1.22
Idaho	12,926	18,449	5,523	1.43
Wisconsin	52,558	57,204	4,647	1.09
Montana	9,052	13,241	4,188	1.46
Rhode Island	10,228	13,357	3,129	1.31
Delaware	8,664	11,661	2,997	1.35
Nevada	27,489	30,251	2,762	1.10
Iowa	26,843	29,333	2,490	1.09
Vermont	5,888	8,048	2,160	1.37
California	428,656	430,597	1,940	1.00
South Dakota	8,421	9,644	1,224	1.15
Washington	82,710	83,431	722	1.01
Wyoming	6,399	7,062	662	1.10
North Dakota	7,586	8,062	476	1.06
New Hampshire	15,067	15,488	421	1.03
Illinois	131,056	131,400	344	1.00
Nebraska	18,254	17,940	(315)	0.98
Utah	24,826	24,315	(511)	0.98
Minnesota	57,768	57,043	(725)	0.99
Colorado	58,415	56,857	(1,557)	0.97
Connecticut	50,031	41,979	(8,052)	0.84
Massachusetts	92,233	83,155	(9,078)	0.90
New Jersey	111,954	100,436	(11,518)	0.90
New York	247,306	225,320	(21,986)	0.91

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2020*, 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 2018

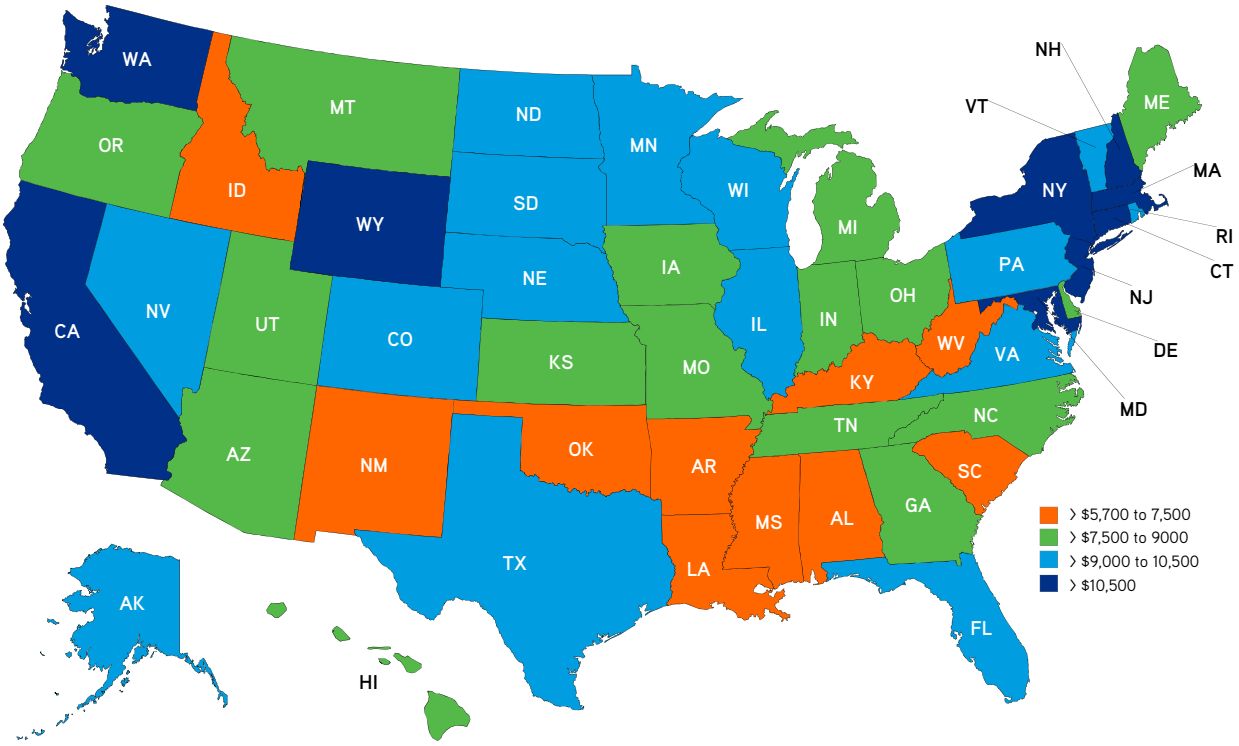
State	Receipts	Expenditures	Balance of Payments	Expenditures per Dollar or Receipts
Virginia	10,140	21,518	11,378	2.12
Kentucky	7,158	17,267	10,110	2.41
Alaska	9,383	18,293	8,909	1.95
New Mexico	6,844	15,532	8,688	2.27
Maryland	10,512	18,445	7,933	1.75
Alabama	7,138	14,404	7,266	2.02
West Virginia	6,520	13,586	7,066	2.08
Mississippi	6,252	12,565	6,313	2.01
Hawaii	8,856	14,636	5,780	1.65
Maine	8,116	13,301	5,185	1.64
South Carolina	7,466	11,999	4,533	1.61
Arkansas	7,293	11,740	4,447	1.61
Louisiana	7,386	11,739	4,354	1.59
Oklahoma	7,487	11,838	4,351	1.58
Missouri	8,198	12,281	4,082	1.50
Montana	8,521	12,464	3,943	1.46
Tennessee	8,166	11,904	3,738	1.46
Arizona	7,704	11,384	3,681	1.48
Vermont	9,402	12,850	3,448	1.37
North Carolina	7,946	11,122	3,176	1.40
Idaho	7,369	10,517	3,148	1.43
Delaware	8,958	12,057	3,099	1.35
Ohio	8,197	11,161	2,963	1.36
Rhode Island	9,673	12,633	2,960	1.31
Pennsylvania	9,701	12,281	2,580	1.27
Michigan	8,604	11,005	2,401	1.28
Oregon	8,834	11,134	2,300	1.26
Indiana	8,118	10,299	2,181	1.27
Kansas	8,710	10,618	1,908	1.22
Georgia	8,181	10,084	1,904	1.23
South Dakota	9,545	10,932	1,387	1.15
Florida	10,103	11,273	1,169	1.12
Wyoming	11,077	12,223	1,146	1.10
Nevada	9,059	9,969	910	1.10
Wisconsin	9,041	9,840	799	1.09
Iowa	8,505	9,294	789	1.09
North Dakota	9,981	10,607	627	1.06
Texas	9,136	9,607	471	1.05
New Hampshire	11,108	11,418	310	1.03
Washington	10,976	11,072	96	1.01
California	10,836	10,885	49	1.00
Illinois	10,286	10,313	27	1.00
Minnesota	10,295	10,166	(129)	0.99
Utah	7,853	7,692	(162)	0.98
Nebraska	9,462	9,299	(163)	0.98
Colorado	10,256	9,983	(273)	0.97
New York	12,655	11,530	(1,125)	0.91
New Jersey	12,567	11,274	(1,293)	0.90
Massachusetts	13,363	12,048	(1,315)	0.90
Connecticut	14,004	11,750	(2,254)	0.84

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2020*, from Federal agencies, and other sources. See methodology appendix for details.

Receipts

On one side of the balance-of-payment 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 2018. 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 and highly industrialized economies.

FIGURE 3. **Per Capita Receipts, FFY 2018**

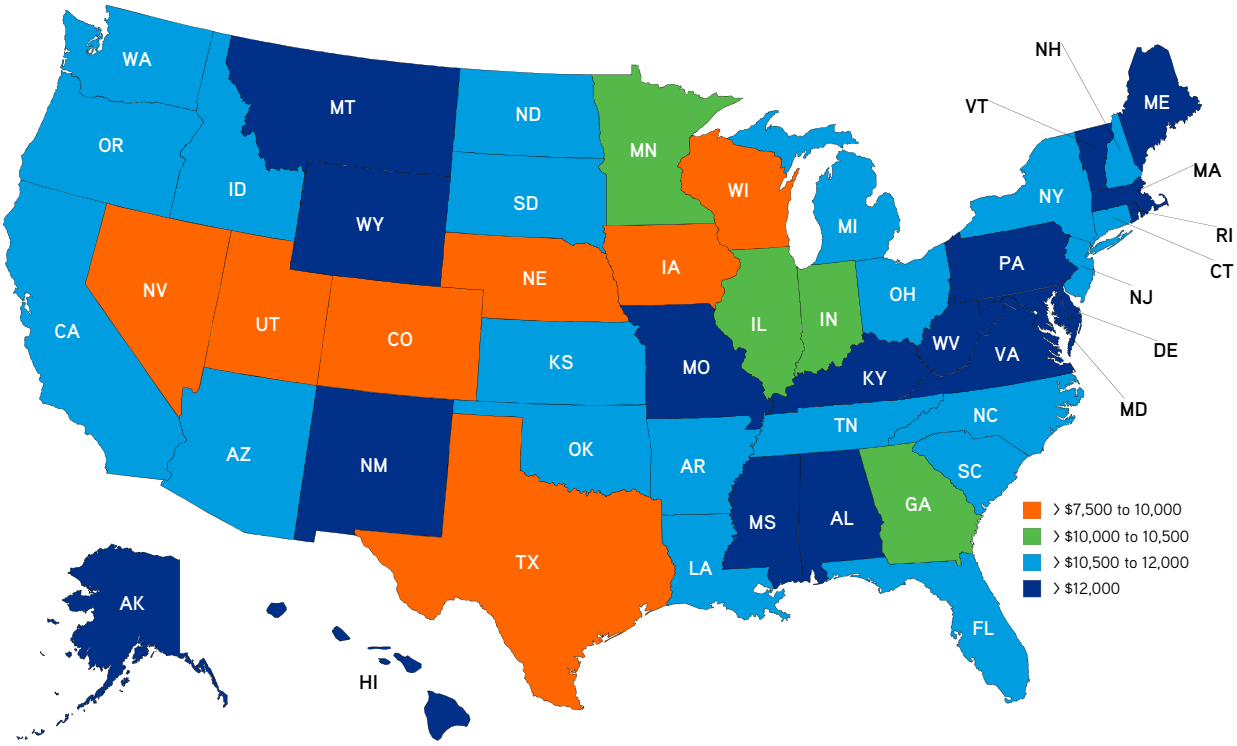


SOURCE: Rockefeller Institute of Government.

Expenditures

The other side of the balance-of-payments equation is Federal spending. Figure 4 shows Federal expenditures per capita, by state, in FFY 2018. The darker blue states have the highest Federal spending per capita. Many of the darkest blue states are near the District of Columbia and have disproportionate amounts of Federal wages and procurement spending. The same is true for New Mexico, home to two large government research centers. Other dark blue states have relatively high poverty and receive considerable Federal spending under Medicaid and other social welfare programs. New York is a lighter blue, slightly below the US average.

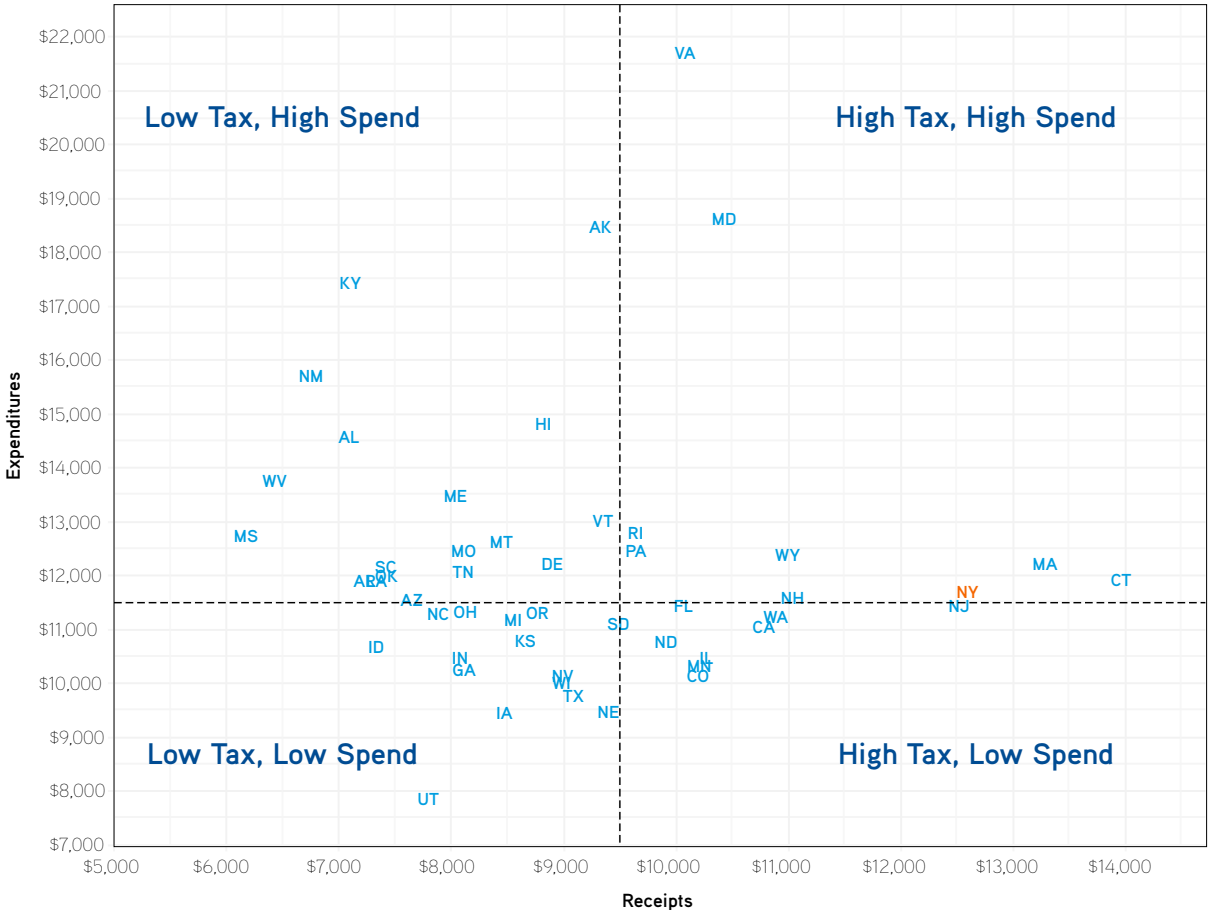
FIGURE 4. **Per Capita Federal Expenditures, FFY 2018**



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 2018. 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 2018**



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 2018, Virginia's per capita balance of payments is the best in the country at $11,378, which is $9,315 above the national average of $2,063 per capita, while Connecticut's is the worst, at -$4,317 per person.

All of the top-five states benefited from larger-than-average levels of Federal spending. Kentucky, Alaska, and New Mexico also benefitted from lower-than-average tax burdens. While the bottom-five states received slightly lower-than-average Federal spending, the bulk of their negative balance is driven by their significantly higher-than-average tax payments.

TABLE 5. Total Balance of Payments: Top-Five and Bottom-Five States, FFY 2018

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
Virginia	11,378	9,315	21,518	9,887	10,140	572
Kentucky	10,110	8,047	17,267	5,636	7,158	(2,410)
Alaska	8,909	6,846	18,293	6,662	9,383	(185)
New Mexico	8,688	6,625	15,532	3,901	6,844	(2,724)
Maryland	7,933	5,870	18,445	6,814	10,512	944
United States	2,063	0	11,631	0	9,568	0
Colorado	(273)	(2,336)	9,983	(1,648)	10,256	688
New York	(1,125)	(3,188)	11,530	(101)	12,655	3,087
New Jersey	(1,293)	(3,356)	11,274	(357)	12,567	2,999
Massachusetts	(1,315)	(3,378)	12,048	417	13,363	3,795
Connecticut	(2,254)	(4,317)	11,750	119	14,004	4,436

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2020*, 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-payment 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 2018, direct payments for individuals constituted 61.3 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 2018

(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	21,518	9,887	7,781	651	1,295	(782)	9,661	8,044	2,781	1,974
Maryland	18,445	6,814	7,885	755	2,081	4	5,465	3,848	3,014	2,206
Alaska	18,293	6,662	6,281	(849)	4,543	2,467	3,965	2,349	3,503	2,696
Kentucky	17,267	5,637	7,886	756	2,762	685	5,649	4,032	971	163
New Mexico	15,532	3,901	7,579	449	3,429	1,352	3,216	1,600	1,308	500
US — Average	**11,630.62**		**7,129.85**		**2,076.53**		**1,616.61**		**807.63**	
Wisconsin	9,840	(1,791)	6,926	(204)	1,702	(374)	932	(684)	280	(528)
Texas	9,607	(2,024)	5,996	(1,133)	1,577	(500)	1,359	(258)	675	(133)
Nebraska	9,299	(2,332)	6,637	(492)	1,479	(598)	447	(1,169)	735	(73)
Iowa	9,294	(2,337)	6,803	(327)	1,732	(344)	461	(1,155)	297	(510)
Utah	7,692	(3,939)	4,829	(2,301)	1,350	(727)	640	(976)	873	66
New York	**11,530**	**(101)**	**7,097**	**(33)**	**3,302**	**1,225**	**775**	**(842)**	**357**	**(451)**

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2020*, 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 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. New Mexico and Alaska, with large military and Federal research installations, also had high per capita Federal wage totals. Nonmilitary wages contributed more to Maryland and New Mexico's per capita totals; Virginia's total was more evenly split between military and nonmilitary. In Alaska, wages for military employees were the main factor in the high per capita totals.

Receipts

Table 7 shows per capita Federal receipts in 2018 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 53.1 percent of total Federal revenues in 2018. 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 36.9 percent of the total Federal revenues. Together these two categories account for 90 percent of the Federal per capita receipts. Corporate income and excise taxes account for 9.4 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 2018**

	Total Receipts		Individual Income Taxes		Payroll Taxes		Corporate Income Taxes		Excise and Other Taxes	
State	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	14,004	4,436	8,772	3,697	3,936	404	932	313	364	21
Massachusetts	13,363	3,795	8,366	3,291	3,841	309	824	205	332	(10)
New York	12,655	3,087	7,670	2,595	3,769	237	847	228	369	27
New Jersey	12,567	2,999	7,453	2,378	3,993	462	752	133	368	26
New Hampshire	11,108	1,540	6,142	1,067	3,988	457	673	54	304	(38)
US — Average	9,568		5,075		3,532		619		342	
Kentucky	7,158	(2,410)	2,979	(2,096)	3,428	(104)	405	(214)	346	4
Alabama	7,138	(2,430)	3,107	(1,968)	3,283	(249)	429	(190)	320	(23)
New Mexico	6,844	(2,724)	2,901	(2,174)	3,190	(342)	426	(193)	327	(15)
West Virginia	6,520	(3,048)	2,589	(2,486)	3,286	(246)	363	(256)	282	(60)
Mississippi	6,252	(3,316)	2,309	(2,766)	3,233	(298)	368	(251)	342	0

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2020*, from Federal agencies, and other sources. See methodology appendix for details.

New York's Balance of Payments: Continuing Trend

This report provides four years of estimates for New York's balance of payments, from Federal Fiscal Years 2015 through 2018. New York's position as last in the country in terms of total balance of payments consistently remains unchanged, and for each year of our analysis, New York's negative balance of payments is almost equal to the sum of the next two (forty-eight and forty-ninth) lowest-ranked states. Table 8 shows the balance of payments, receipts, and expenditures since 2015 with the focus on New York. Tables 8A and 8B provide balance of payments and per capita values for each state over the four year period.

Over four years, New York taxpayers have given $116.2 billion more to the federal government that they received back in federal spending.

Since 2015, the average annual excess burden for New York residents per capita has been $3,235. Federal spending in New York has kept pace with national trends during the four year time period. The primary cause of New York's excess burden are the receipts New York's residents and businesses send the Federal government.

In 2018, we begin to see the impact of the tax reform with the growth in New York's Federal tax burden. Federal tax receipts remained relatively unchanged; the Federal government collected $4 in tax receipts more per person in 2018 than it did in 2017. Over the same period New York's per capita tax payments grew by $137. New York's Federal tax burden has grown by 65 percent more than the national average over the last year. The result is that New York's excess burden, the difference between New York's per capita balance of payments and the Federal average, has worsened by $111 since last year, or 3.6 percent.

TABLE 8. **New York's Balance of Payments: 2015-18**

	2015 Revised	2016 Revised	2017 Revised	2018 Preliminary	Four Year Total	Four Year Average
New York's Balance of Payments ($ millions)						
Balance of Payments	(44,607)	(26,491)	(23,123)	(21,986)	(116,207)	(29,052)
Receipts	250,063	238,180	245,243	247,306	980,792	245,198
Expenditures	205,456	211,690	222,120	225,320	864,585	216,146
Per Capita						
New York						
Balance of Payments	(2,251)	(1,349)	(1,180)	(1,125)	(5,905)	(1,476)
Receipts	12,617	12,126	12,518	12,655	49,917	12,479
Expenditures	10,366	10,778	11,338	11,530	44,012	11,003
United States						
Balance of Payments	1,318	1,759	1,896	2,063	7,036	1,759
Receipts	9,404	9,384	9,564	9,568	37,920	9,480
Expenditures	10,722	11,143	11,460	11,631	44,956	11,239
New York's Excess Burden	**3,568**	**3,108**	**3,077**	**3,188**	**12,940**	**3,235**

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2020*, from Federal agencies, and other sources. See methodology appendix for details.

TABLE 8A. **Four Year Balance of Payments**

	Balance of Payments					
	2015	2016	2017	2018	Total	Average
New York	-44,606	-26,491	-23,123	-21,986	-116,207	(29,052)
New Jersey	-29,666	-18,173	-12,414	-11,518	-71,770	(17,943)
Massachusetts	-15,697	-11,922	-10,688	-9,078	-47,386	(11,846)
Connecticut	-7,695	-11,166	-8,663	-8,052	-35,575	(8,894)
California	-28,877	-312	1,568	1,940	-25,681	(6,420)
Illinois	-16,432	-5,258	-1,081	344	-22,427	(5,607)
Colorado	-2,146	-1,275	-695	-1,557	-5,674	(1,418)
Nebraska	-758	-1,132	-801	-315	-3,007	(752)
Washington	-1,124	-2,965	383	722	-2,985	(746)
Utah	168	-1,393	-644	-511	-2,380	(595)
New Hampshire	-1,280	-266	104	421	-1,021	(255)
North Dakota	-739	97	413	476	247	62
Wyoming	132	900	729	662	2,424	606
South Dakota	585	388	911	1,224	3,109	777
Minnesota	-5,928	5,087	6,766	-725	5,201	1,300
Vermont	1,897	1,718	1,996	2,160	7,770	1,943
Nevada	3,362	604	1,995	2,762	8,723	2,181
Wisconsin	1,192	1,715	2,581	4,647	10,134	2,534
Iowa	3,048	2,532	2,137	2,490	10,206	2,552
Delaware	2,009	2,481	3,014	2,997	10,502	2,625
Rhode Island	2,469	2,087	2,943	3,129	10,629	2,657
Montana	3,063	2,982	3,795	4,188	14,028	3,507
Kansas	3,061	2,479	6,229	5,556	17,325	4,331
Idaho	4,593	4,357	4,722	5,523	19,195	4,799
Alaska	3,199	5,293	6,441	6,570	21,502	5,376
Maine	6,609	6,112	6,649	6,940	26,310	6,578
Hawaii	7,878	7,495	7,886	8,210	31,469	7,867
Oregon	7,355	7,223	9,135	9,640	33,353	8,338
Texas	3,441	13,628	4,931	13,513	35,513	8,878
West Virginia	13,130	12,043	12,666	12,761	50,600	12,650
Arkansas	13,623	12,548	12,944	13,403	52,518	13,129
Indiana	12,820	11,503	13,961	14,595	52,878	13,220
Oklahoma	12,084	15,015	16,284	17,156	60,539	15,135
New Mexico	17,374	16,963	16,561	18,206	69,104	17,276
Louisiana	14,732	15,124	19,798	20,288	69,942	17,485
Mississippi	19,869	16,731	19,097	18,853	74,550	18,638
Georgia	21,848	18,430	19,149	20,025	79,452	19,863
Tennessee	18,555	18,267	21,986	25,306	84,113	21,028
Michigan	19,967	19,739	22,790	23,998	86,494	21,624
South Carolina	22,097	20,526	21,624	23,044	87,292	21,823
Missouri	20,432	20,711	24,644	25,009	90,796	22,699
Arizona	23,806	23,642	24,834	26,396	98,679	24,670
Pennsylvania	19,308	27,622	30,249	33,044	110,223	27,556
Ohio	25,500	25,890	31,526	34,641	117,557	29,389
North Carolina	29,340	26,672	30,646	32,974	119,632	29,908
Florida	34,306	40,970	20,687	24,908	120,872	30,218
Alabama	30,477	31,091	31,183	35,516	128,268	32,067
Kentucky	26,399	37,504	38,954	45,174	148,031	37,008
Maryland	35,128	39,251	44,051	47,937	166,367	41,592
Virginia	52,791	86,782	90,015	96,914	326,502	81,626

TABLE 8B. Four Year Per Capita Balance of Payments

	Balance of Payments							
	2015	2016	2017	2018	Four Year Total	Four Year Average	Four Year Difference from US	Four Year Average Difference from US
Connecticut	(2,141)	(3,120)	(2,424)	(2,254)	(9,939)	(2,485)	(16,975)	(4,244)
New Jersey	(3,311)	(2,048)	(1,397)	(1,293)	(8,048)	(2,012)	(15,084)	(3,771)
Massachusetts	(2,310)	(1,747)	(1,557)	(1,315)	(6,930)	(1,732)	(13,966)	(3,491)
New York	(2,251)	(1,349)	(1,180)	(1,125)	(5,905)	(1,476)	(12,941)	(3,235)
Illinois	(1,278)	(410)	(85)	27	(1,745)	(436)	(8,781)	(2,195)
Nebraska	(401)	(594)	(418)	(163)	(1,576)	(394)	(8,612)	(2,153)
Colorado	(394)	(230)	(124)	(273)	(1,022)	(255)	(8,058)	(2,014)
New Hampshire	(962)	(198)	77	310	(773)	(193)	(7,809)	(1,952)
Utah	56	(458)	(207)	(162)	(771)	(193)	(7,807)	(1,952)
California	(740)	(8)	40	49	(659)	(165)	(7,695)	(1,924)
Washington	(157)	(406)	52	96	(416)	(104)	(7,452)	(1,863)
North Dakota	(979)	128	547	627	322	81	(6,714)	(1,678)
Minnesota	(1,081)	921	1,215	(129)	926	231	(6,110)	(1,528)
Texas	125	488	174	471	1,258	315	(5,778)	(1,444)
Wisconsin	207	297	446	799	1,749	437	(5,287)	(1,322)
Nevada	1,166	207	671	910	2,954	739	(4,082)	(1,020)
Iowa	977	808	680	789	3,254	814	(3,782)	(945)
South Dakota	685	450	1,044	1,387	3,566	891	(3,470)	(868)
Wyoming	225	1,541	1,260	1,146	4,172	1,043	(2,864)	(716)
Florida	1,693	1,986	986	1,169	5,834	1,459	(1,202)	(300)
Kansas	1,053	852	2,140	1,908	5,953	1,488	(1,083)	(271)
United States	1,318	1,759	1,896	2,063	7,036	1,759	0	0
Georgia	2,142	1,788	1,839	1,904	7,673	1,918	637	159
Indiana	1,939	1,734	2,096	2,181	7,951	1,988	915	229
Oregon	1,831	1,766	2,203	2,300	8,100	2,025	1,064	266
Pennsylvania	1,509	2,161	2,365	2,580	8,615	2,154	1,579	395
Michigan	2,013	1,983	2,284	2,401	8,682	2,170	1,646	411
Rhode Island	2,338	1,975	2,786	2,960	10,059	2,515	3,023	756
Ohio	2,197	2,225	2,703	2,963	10,089	2,522	3,053	763
Delaware	2,128	2,614	3,150	3,099	10,991	2,748	3,955	989
Idaho	2,784	2,589	2,747	3,148	11,269	2,817	4,233	1,058
North Carolina	2,922	2,626	2,984	3,176	11,707	2,927	4,671	1,168
Vermont	3,037	2,755	3,196	3,448	12,436	3,109	5,400	1,350
Tennessee	2,815	2,749	3,277	3,738	12,579	3,145	5,543	1,386
Montana	2,979	2,865	3,604	3,943	13,390	3,347	6,354	1,588
Arizona	3,500	3,404	3,523	3,681	14,108	3,527	7,072	1,768
Missouri	3,365	3,402	4,034	4,082	14,883	3,721	7,847	1,962
Louisiana	3,154	3,233	4,239	4,354	14,979	3,745	7,943	1,986
Oklahoma	3,095	3,824	4,141	4,351	15,410	3,853	8,374	2,094
South Carolina	4,517	4,140	4,307	4,533	17,496	4,374	10,460	2,615
Arkansas	4,578	4,196	4,310	4,447	17,532	4,383	10,496	2,624
Maine	4,978	4,591	4,980	5,185	19,734	4,933	12,698	3,174
Hawaii	5,523	5,248	5,537	5,780	22,089	5,522	15,053	3,763
Mississippi	6,656	5,599	6,388	6,313	24,955	6,239	17,919	4,480
Alabama	6,283	6,391	6,396	7,266	26,337	6,584	19,301	4,825
Maryland	5,854	6,537	7,312	7,933	27,635	6,909	20,599	5,150
West Virginia	7,137	6,578	6,971	7,066	27,752	6,938	20,716	5,179
Alaska	4,334	7,138	8,706	8,909	29,088	7,272	22,052	5,513
New Mexico	8,344	8,105	7,911	8,688	33,049	8,262	26,013	6,503
Kentucky	5,970	8,450	8,746	10,110	33,276	8,319	26,240	6,560
Virginia	6,310	10,318	10,634	11,378	38,639	9,660	31,603	7,901

Conclusion

In FFY 2018, 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 $22.0 billion more in taxes to the Federal government than it received in Federal spending. Controlling for population, New York had the fourth-worst balance of payments in the country per capita.

In contrast, forty-two states had a positive balance of payments with the Federal government in 2018, receiving more spending than their taxpayers and economy paid for Federal taxes and other Federal receipts. On average, between and 2017 and 2018 the per capita US balance of payments improved by $166. New York saw an improvement of only $55.

New York's negative balance is driven primarily by Federal taxes on individual income. Total revenue paid to the Federal government in 2018 was $12,655 per capita, $3,087 higher than the national average. Individual income taxes accounted for 56 percent ($7,670) of the total per capita revenue paid, followed by payroll taxes, which constituted another 22 percent ($3,769 per capita) As a result, approximately 88 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 $11,530 in 2018, $101 lower than the US average.

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Former New York Senator Daniel Patrick Moynihan, who highlighted balance-of-payment 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, and low Federal spending in New York on contracts, Federal employees, 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 the preliminary analysis for 2018. The Federal government also continues to deliberate over potential cuts in Federal spending and the reformulation of grant programs, in part to offset revenue lost to newly enacted tax cuts. Both of these actions could have a significant impact on New York's balance-of-payments standing for years to come.

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 add 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 fifty 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 fifty 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 2020*. The document, published in March 2019, provides the most current data on US spending including final spending amounts for Federal Fiscal Years 2017 and 2018. The data used in this analysis is taken from the Analytical Perspectives volume and the Federal Budget database that accompanies the Federal Budget.[3]

In Federal Fiscal Year 2018, the Federal government had receipts of $3.33 trillion and expenditures of $4.11 trillion, creating a deficit of $779 billion (Historical Table 1.1). Using categories generally used in the Federal Budget, Federal receipts were broken down to the major categories displayed in Table 9. The categories were disaggregated further as discussed below. The tables show the preliminary amounts for FFY 2018, which is the primary year of analysis for this report. We also include revised numbers from FFY 2017 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 9. **Federal Receipts and Expenditures by Major Category**

	$ millions FFY 2017	$ millions FFY 2018
Receipts	**3,316,182**	**3,329,904**
Allocable receipts	**3,152,656**	**3,176,941**
Income and employment taxes	2,749,017	2,854,239
Individual income tax	1,587,120	1,683,538
Social insurance and retirement receipts	1,161,897	1,170,701
Corporate income tax	297,048	204,733
Excise taxes	83,823	94,986
Other allocable receipts	22,768	22,983
Unallocable receipts	**163,526**	**152,963**
Expenditures	**3,981,554**	**4,109,042**
Allocable expenditures	**3,797,041**	**3,878,844**
Direct payments to individuals	2,361,330	2,365,057
Grants	674,412	696,507
Contracts	501,684	550,156
Wages	259,615	267,124
Unallocable expenditures	**184,513**	**230,198**
Deficit	(665,372)	(779,138)
Deficit reflected in allocable numbers	(644,385)	(701,903)

Receipts Details

Table 10 and Table 11 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 2020. The source table for each receipt is provided. A "calculated" indicates the value has been calculated based on other numbers in the table.

The bulk of Federal receipts were 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 4.6 percent of the total receipts collected in FFY 2018. This is a standard practice in the calculation of balance of payments.

TABLE 10. **Detailed Breakdown of Federal Receipts**

	$ millions FFY 2017	$ millions FFY 2018	Source
Receipts	**3,316,182**	**3,329,904**	**calculated**
Income and employment taxes	**2,749,017**	**2,854,239**	**calculated**
Individual income tax	1,587,120	1,683,538	hist2.1
Social insurance and retirement receipts	1,161,897	1,170,701	hist2.1
Employment and general retirement	1,111,897	1,121,155	hist2.4
Old-age, survivors insurance, and disability insurance	850,618	854,747	calculated
Old-age and survivors insurance (Off-Budget)	688,048	691,215	hist2.4
Disability insurance (Off-Budget)	162,570	163,532	hist2.4
Hospital insurance	255,930	260,659	hist2.4
Railroad retirement (summed)	5,349	5,749	hist2.4
Unemployment insurance (Trust Funds)	45,808	45,042	hist2.4
Other retirement (Federal employees and non-Federal employees)	4,158	4,473	hist2.4
Corporate income tax	**297,048**	**204,733**	**hist2.1**
Excise taxes	**83,823**	**94,986**	**hist2.1**
Transportation (trust fund)	41,020	42,613	hist2.4
Tobacco	13,804	12,861	hist2.4
Airport and airway	15,055	15,793	hist2.4
Health insurance providers	68	4,681	hist2.4
Alcohol	9,924	10,057	hist2.4
Other excises	3,952	8,981	calculated
Other allocable receipts	**22,768**	**22,983**	**calculated**
Estate and Gift Taxes	22,768	22,983	hist2.5
Unallocable receipts	**163,526**	**152,963**	**hist2.5**
Customs Duties and Fees	34,574	41,299	hist2.5
Federal Reserve deposits	81,287	70,750	hist2.5
All other miscellaneous receipts	47,665	40,914	hist2.5

TABLE 11. **Unallocable Federal Receipts**

	$ millions FFY 2017	$ millions FFY 2018	Source
Unallocable receipts	**163,526**	**152,963**	**calculated**
Customers duties and fees	34,574	41,299	hist2.5
Federal Reserve deposits	81,287	70,750	hist2.5
All other miscellaneous receipts	47,665	40,914	hist2.5

Overview of Expenditures

Expenditures were broken down into four large categories: direct payments for individuals, grants, contracts, and wages. Again, a subset of expenditure categories were also classified as unallocable, representing 5.6 percent of total expenditures in FFY 2018. 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, and 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, the portion of tax credits that are direct payments in the Federal Budget include, among others, the refundable Earned Income Tax Credits and the refundable child credit are allocated as direct payments.

TABLE 12. **Detailed Break Down of Federal Direct Payments Expenditures**

	$ millions FFY 2017	$ millions FFY 2018	Source
Direct payments for individuals	**2,361,330**	**2,365,057**	**hist11.3**
Social security and railroad retirement	**948,589**	**991,204**	**hist11.3**
Social security: old age and survivors insurance	795,483	837,611	hist11.3
Social security: disability insurance	143,176	143,855	hist11.3
Railroad retirement (excluding social security)	9,930	9,738	hist11.3
Federal employees retirement and insurance	**224,958**	**224,016**	**hist11.3**
Civil service retirement	83,676	85,854	hist11.3
Veterans service-connected compensation	57,793	54,533	hist11.3
Military retirement	79,839	79,986	hist11.3
Other	3,650	3,643	hist11.3
Unemployment Assistance	**30,915**	**28,490**	**hist11.3**
Medical care	**828,081**	**844,381**	**hist11.3**
Medicare: SMI plus HI	690,117	692,193	calculated
Medicare: supplementary medical insurance	399,794	400,054	hist11.3
Medicare: hospital insurance	290,323	292,139	hist11.3
Hospital and medical care for veterans	65,998	70,884	hist11.3
Refundable Premium Tax Credit and Cost Sharing Reductions	34,814	41,171	hist11.3
Uniformed Services retiree health care fund (TRICARE)	9,941	10,066	hist11.3
Medical care — other	27,211	30,067	calculated
Assistance to students	**101,947**	**60,902**	**hist11.3**
Student assistance — Department of Education and other	88,427	48,199	hist11.3
Veterans education benefits	13,520	12,703	hist11.3
Housing assistance	**18,706**	**17,370**	**hist11.3**
Food and nutrition assistance	**63,275**	**61,089**	**hist11.3**
SNAP (formerly Food stamps) (including Puerto Rico)	63,193	61,008	hist11.3
Food and nutrition assistance — other	82	81	calculated
Public assistance and related programs	**136,982**	**130,628**	**hist11.3**
Earned income tax credit	59,749	58,640	hist11.3
Supplemental security income program	51,949	47,889	hist11.3
Payment where child credit exceeds tax liability	19,408	18,597	hist11.3
Public assistance — other	5,876	5,502	calculated
All other payments for individuals	**7,877**	**6,977**	**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 13 summarizes the data used to allocate Federal receipts. It also indicates the availability of the data for each year of analysis.

TABLE 13. **Federal Receipts Allocators**

	Source	2017	2018
Individual income tax	IRS Statistics on Income	Y	N — Sub 2017
Old-age, survivors insurance, and disability insurance	Social Security Administration OASDI Contributions	N — Sub 2016	N — Sub 2016
Hospital insurance	Social Security Administration Hospital Insurance Contributions	N — Sub 2016	N — Sub 2016
Railroad retirement	IRS Gross Collections, Table 5	Y	Y
Unemployment insurance (Trust Funds)	US Department of Labor (DOL) Unemployment Insurance Financial Transaction Summary	Y	Y
Other retirement	Census Population	Y	Y
Corporate income tax	US Bureau of Economic Analysis (BEA) Weighted average of capital and wages	Y	Y
Transportation (trust fund)	Federal Highway Administration (FHWA) payments into the Fair Housing Task Force (FHTF) Highway Account	Y	Y
Tobacco	Census Population	Y	Y
Airport and airway	Census Population	Y	Y
Health insurance providers	Oliver Wyman Analysis	N — Sub 2018	Y
Alcohol	National Institute on Alcohol Abuse and Alcoholism (NIAA) alcohol consumption	Y	N — Sub 2017
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, 2017. Final Statistic 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 2017"[4] 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 2017 were applied for the 2017 and 2018 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, 2016."[5] Data for 2015 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 2018.[6]

Unemployment Insurance

Unemployment insurance receipts were allocated using data from the US Department of Labor's UI Financial Transaction Summary ETA 2112 data file.[7] Variable c10 provided net unemployment contributions.

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 2017 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 2017.

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 14 shows how each direct payment program was allocated to the states and the availability of data for FFYs 2017 and 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. 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 "Exhibit R14: Fiscal Year 2016 Annuitants on the Retirement Roll" from the Statistical Abstracts Fiscal Year 2016, 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 and 2018.[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 2017 and published by Department of Defense, Office of the Actuary. July 2018. Data were also collected from the corresponding FFY 2018 report published in May 2019s.[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.

TABLE 14. **Federal Direct Payments Allocators**

	Source	2017	2018
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 2016	N — Sub 2016
Military retirement	Statistical Report on Military Retirement	N — Sub 2016	N — Sub 2016
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	Cost-Sharing Reductions (CSR) Milliman Report for 2015 and 2016 Center for Medicare & Medicaid Services (CMS) Effectuated Enrollment data	N — Sub 2015	N — Sub 2015
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 2017
Supplemental security income program	US Social Security Administration (SSA) Annual Statistical Supplement, Table 7B	Y	Y
Payment where child credit exceeds tax liability	IRS Statistics on Income	Y	N — Sub 2017

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 "Geographic Distribution of the VA Expenditures for Fiscal Year 2017. Corresponding data were also available for 2018. The annual reports are prepared by the Department of Veteran Affairs' National Center for Veteran's Analysis and Statistics.[13]

Two sources were used to allocate the ACA refundable Premium Tax Credit and Cost-Sharing Reductions. Cost-Sharing Reductions (CSRs) used allocators based on an analysis conducted by the consulting firm Milliman. The report allocated CSRs to each state by examining insurers' Minimum Loss Ratio data for Calendar Years 2014 and 2015.[14] Refundable Premium Tax Credits were allocated based on March 2015 CMS Effectuated Enrollment Data.[15] These sources were 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.[16] 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 & Vocational Rehabilitation/Employment data from the "Geographic Distribution of the VA Expenditures for Fiscal Year 2017 and 2018."[17]

Housing Assistance

We allocated housing assistance expenditures based on data on Section 8 vouchers prepared by the Center on Budget and Policy Priorities and included in the 2019 Federal Rental Assistance Factsheets.[18]

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.[19] 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."[20]

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 15 ("fedbud.db" indicates that we summarized data from the Federal Budget database.)

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 2017 and allocators were applied to both years.

Federal Highway Grants

Federal highway grants were allocated using data from the Federal Funds Information for State (FFIS) for the National Highway Performance Program CFDA 20.205. FFIS data were available for FFYs 2017 and 2018.

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.

TABLE 15. **Detailed Breakdown of Federal Grants Expenditures**

	$ millions FFY 2017	$ millions FFY 2018	Source
Grants	**674,412**	**696,507**	**calculated**
HHS_Centers for Medicare and Medicaid Services_Grants to States for Medicaid_Health care services	374,682	389,157	fedbud.db
DOT_Federal Highway Administration_Federal-aid Highways_Ground transportation	43,236	43,305	fedbud.db
USDA_Food and Nutrition Service_Child Nutrition Programs_Food and nutrition assistance	22,445	22,803	fedbud.db
HUD_Public and Indian Housing Programs_Tenant Based Rental Assistance_Housing assistance	20,584	21,384	fedbud.db
HHS_Administration for Children and Families_Temporary Assistance for Needy Families_ Other income security	15,972	16,414	fedbud.db
ED_Office of Elementary and Secondary Education_Education for the Disadvantaged_ Elementary, secondary, and vocational education	16,186	15,277	fedbud.db
ED_Office of Special Education and Rehabilitative Services_Special Education_ Elementary, secondary, and vocational education	12,479	12,753	fedbud.db
HHS_Administration for Children and Families_Children and Families Services Programs_ Social services	10,232	10,651	fedbud.db
HHS_Centers for Medicare and Medicaid Services_Children's Health Insurance Fund_ Health care services	16,224	17,282	fedbud.db
DOT_Federal Transit Administration_Transit Formula Grants_Ground transportation	9,460	10,082	fedbud.db
HHS_other	7,145	7,088	fedbud.db
HHS_Administration for Children and Families_Payments for Foster Care and Permanency_Other income security	7,712	8,581	fedbud.db
HUD_Community Planning and Development_Community Development Fund_Community development	5,616	5,889	fedbud.db
USDA_Food and Nutrition Service_Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)_Food and nutrition assistance	5,698	5,432	fedbud.db
HUD_other	5,550	5,529	fedbud.db
ED_other	4,576	4,614	fedbud.db
USDA_Food and Nutrition Service_Supplemental Nutrition Assistance Program_Food and nutrition assistance	6,954	7,485	fedbud.db
DOI_other	4,722	4,931	fedbud.db
HUD_Public and Indian Housing Programs_Public Housing Operating Fund_Housing assistance	4,316	4,382	fedbud.db
DOT_other	6,361	4,767	fedbud.db
EPA_Environmental Protection Agency_State and Tribal Assistance Grants_Pollution control and abatement	3,453	3,566	fedbud.db
ED_Office of Elementary and Secondary Education_School Improvement Programs_ Elementary, secondary, and vocational education	4,295	4,060	fedbud.db
HHS_Administration for Children and Families_Payments to States for Child Support Enforcement and Family Support Programs_Other income security	4,075	4,137	fedbud.db
USDA_other	2,923	2,990	fedbud.db
other.agency_other	7,526	12,115	fedbud.db
HHS_Administration for Children and Families_Low Income Home Energy Assistance_ Other income security	3,183	3,425	fedbud.db
ED_Office of Special Education and Rehabilitative Services_Rehabilitation Services_ Social services	3,292	3,093	fedbud.db
DOT_Federal Aviation Administration_Grants-in-aid for Airports (Airport and Airway Trust Fund)_Air transportation	3,129	3,036	fedbud.db

Continued on following page

TABLE 15. **Detailed Breakdown of Federal Grants Expenditures**, *continued*

	$ millions FFY 2017	$ millions FFY 2018	Source
DHS_Federal Emergency Management Agency_Disaster Relief Fund_Disaster relief and insurance	5,348	9,715	fedbud.db
DHS_Federal Emergency Management Agency_State and Local Programs_Disaster relief and insurance	2,119	1,704	fedbud.db
HHS_Administration for Children and Families_Child Care Entitlement to States_Other income security	2,905	2,358	fedbud.db
HHS_Substance Abuse and Mental Health Services Administration_Substance Abuse and Mental Health Services Administration_Health care services	2,903	3,258	fedbud.db
DOL_Employment and Training Administration_Training and Employment Services_ Training and employment	2,783	2,724	fedbud.db
HHS_Health Resources and Services Administration_Health Resources and Services_ Health care services	4,838	2,821	fedbud.db
DOJ_other	2,130	1,871	fedbud.db
HHS_Administration for Children and Families_Payments to States for the Child Care and Development Block Grant_Other income security	2,781	3,526	fedbud.db
VA_other	1,992	2,061	fedbud.db
DOL_other	1,588	1,533	fedbud.db
FCC_Federal Communications Commission_Universal Service Fund_Other advancement of commerce	2,199	1,840	fedbud.db
HHS_Administration for Community Living_Aging and Disability Services Programs_ Social services	1,869	1,812	fedbud.db
DOL_Employment and Training Administration_Unemployment Trust Fund_Unemployment compensation	3,016	2,951	fedbud.db
ED_Office of Innovation and Improvement_Innovation and Improvement_Elementary, secondary, and vocational education	1,109	1,044	fedbud.db
DOT_Federal Railroad Administration_Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service_Ground transportation	2,567	73	fedbud.db
DOJ_Office of Justice Programs_Crime Victims Fund_Criminal justice assistance	1,404	1,844	fedbud.db
DHS_other	538	848	fedbud.db
EPA_other	297	296	fedbud.db

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. USA Spending data were available for FFYs 2017 and 2018.

TABLE 16. **Detailed Breakdown of Federal Contracts and Procurements**

	$ millions FFY 2017	$ millions FFY 2018	Source
Contracts (obligations)	**501,684**	**550,156**	**calculated**
Department of Defense — Military Programs	276,981	307,876	objclass.tab2
Department of Veterans Affairs	37,107	39,432	objclass.tab2
Department of Energy	24,329	27,005	objclass.tab2
Department of Health and Human Services	24,222	24,134	objclass.tab2
Department of Homeland Security	25,991	33,979	objclass.tab2
Social Security Administration	15,751	15,910	objclass.tab2
National Aeronautics and Space Administration	15,685	16,035	objclass.tab2
Department of Justice	13,207	14,011	objclass.tab2
Department of Agriculture	14,280	14,419	objclass.tab2
Other (does not include International Assistance)	54,131	57,355	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 17. **Detailed Breakdown of Federal Wages**

	$ millions FFY 2017	$ millions FFY 2018	Source
Wages (obligations)	**259,615**	**267,124**	**calculated**
Military	99,471	102,653	objclass.tab1
Nonmilitary	160,144	164,471	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 2017 and 2018.

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 expend 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 18. **Unallocable Federal Expenditures**

	$ millions FFY 2017	$ millions FFY 2018	Source
Unallocable expenditures	**184,513**	**230,198**	**calculated**
Net interest expenditures	262,551	324,975	hist3.1
International assistance programs	42,459	58,550	objclass.tab2
Undistributed offsetting receipts	(89,826)	(97,869)	hist3.1
Unexplained (s/b obligations/expenditures difference)	(30,671)	(55,458)	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 NYS 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 13 and 14 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 2017 which was released in October 2019. The FFYs 2017 and 2018 balance of payments are estimated based on the distribution of individual income tax across the states in FFY 2017.

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. For example, when the balance of payments was calculated last year, the Census Bureau estimated 7.75 percent of the US population lived in New York State, but as of 2018 the share had fallen to 7.58 percent. 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 2018 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 2017 estimates are presented. These estimates will have more accurate allocators.

Endnotes

1 In 2017, 51 percent of New York's Federal income tax liability came from individuals with an income $500,000 or greater as compared to 38 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 See *A Budget for a Better America, Fiscal Year 2020 Budget of the U.S. Government* (Washington, DC: U.S. Government Publishing Office, March 2019), https://www.govinfo.gov/features/budget-fy2020 for links to all Federal Budget documents.

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