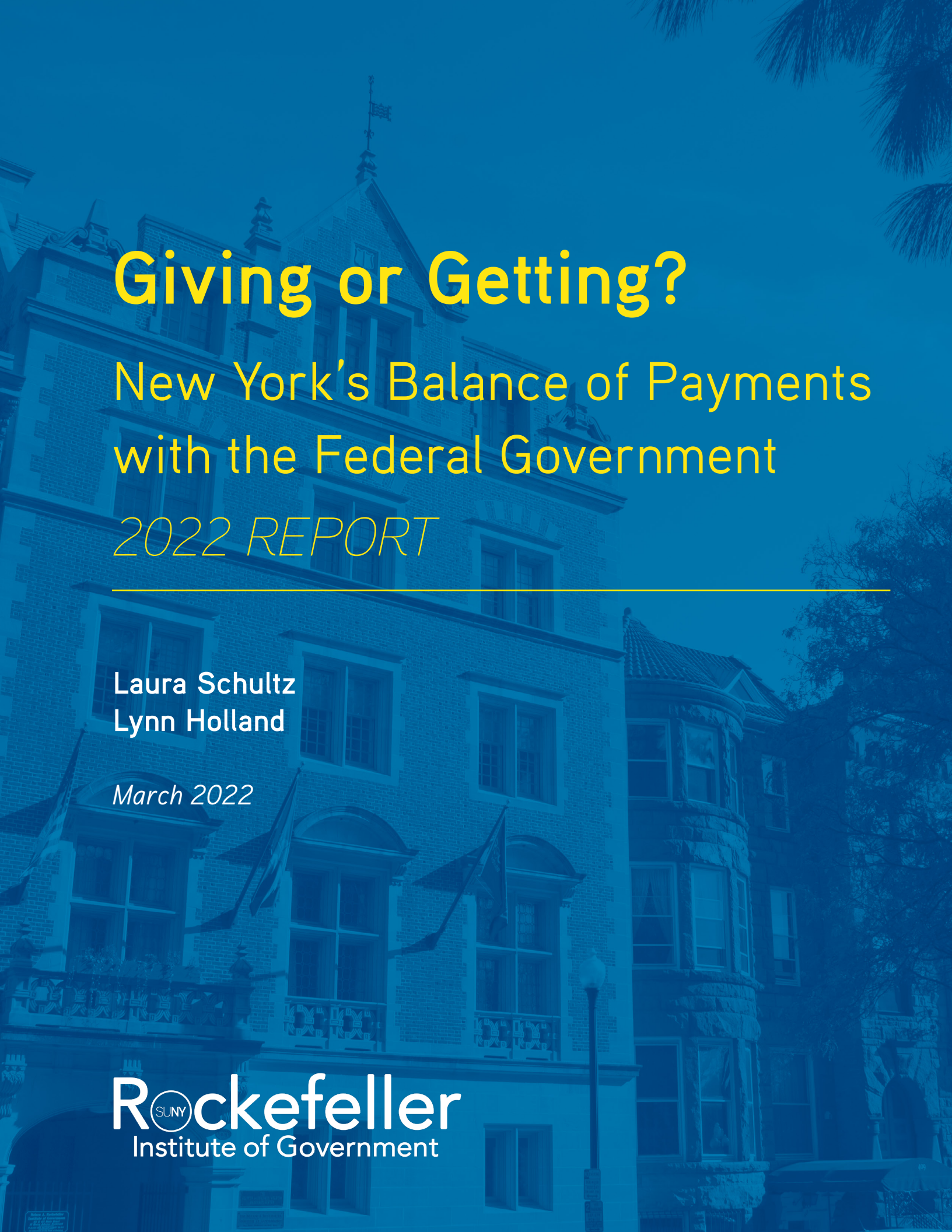

Giving or Getting?

New York's Balance of Payments with the Federal Government

2022 REPORT

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March 2022

Rockefeller SUNY Institute of Government

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March 2022

New York's unique position as a primary port of entry for travelers to the United States brought COVID-19, and the brunt of the pandemic, directly to our residents early and before the nation was prepared to respond. The financial impact of the pandemic on receipts saw New York facing higher projected budget shortfalls than at any point in the state's history. New York responded by reshaping the state's hospital systems, gathering personal protective equipment (PPE) and medical supplies from around the world, developing a path for re-opening and reimagining the state's economy, and successfully pressing for the federal support that our state needed, which is reflected in this year's report.

The federal government's effort to address the pandemic has temporarily suspended New York's status as the largest net donor state in the nation, by temporarily suspending the concept of donor states entirely. For the first time in recent memory, there were no net donor states for the federal government's 2020 fiscal year. There were eight such states in 2019.

New York is at an unprecedented crossroads between the global COVID pandemic and the historic influx of federal relief aid. Both conditions will eventually pass, and in the absence of dramatic federal reforms including a reversal of the damaging SALT deduction cap, New York will once again reclaim the dubious distinction of being the top donor state in which its taxpayers subsidize the federal government more than any other state.

As this report notes, New York taxpayers gave $168.2 billion more to the federal government than they got back in federal spending over the five federal fiscal years prior to FFY 2020. Even if one were to count all the federal aid sent to New York during the pandemic, New Yorkers are still short by almost $32 billion over this time period (see Page 6). In other words, with all else being equal, New York continues to be the federal government's top donor state.

This report makes clear that the federal budget plays an important role in the State's economy and fiscal condition, and the inequity in federal services that relegate New York to donor state status even with the influx of COVID relief. Understanding the policy ramifications of Washington's response to the pandemic and its longstanding use of New York as a donor state will be essential to managing the crisis over the next fiscal year and beyond.

Thank you to the Rockefeller Institute of Government, which since 1981 has provided accessible evidence-based analysis and outreach to inform impactful decisions that must be made by lawmakers at every level of government.

Sincerely,

Robert F. Mujica, Jr.
Budget Director

Executive Summary

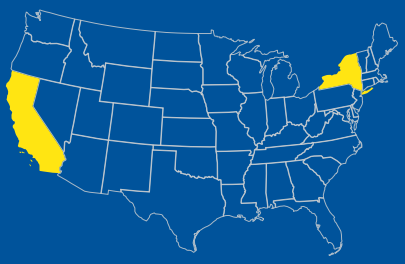
In its fifth annual analysis, the Rockefeller Institute of Government estimates the distribution of Federal budget receipts and expenditures across the United States. This report examines where Federal funds are generated and spent, the balance of payments differentials that exist across states, the primary explanations for those differences, and how those gaps have changed over time.

This annual analysis is designed to aid policymakers as they continue to debate whether there is too much redistribution or too little, and the impact of their decisions on the states. This report presents detailed estimates of revenue and spending data for Federal fiscal year (FFY) 2019 and preliminary estimates for FFY 2020. While the report presents a national analysis, the focus is placed squarely on New York.

This year's analysis makes clear that FFY 2020 was a fiscal year like no other due to the COVID-19 pandemic. Billions of dollars were distributed to state governments, local communities, and healthcare providers to address the public health emergency. The Federal government responded to the pandemic-induced shock to the economy in a starkly different manner than it had responded to previous economic crises. Perhaps learning some of the lessons from the weak and protracted recovery from the Great Recession, Congress passed in rapid succession several trillion-dollar programs, comprised in large part of direct payments to individuals. As a result, a Federal budget deficit of $3.1 trillion was incurred, by far the largest in history.

Preliminary Analysis of New York 2020 data indicates:

NEW YORK'S
BALANCE OF PAYMENTS
$136.2 billion
THE FIFTH MOST FAVORABLE
IN THE NATION



NEW YORK'S IMPROVEMENT
50 TO FIFTH
WAS SECOND ONLY TO
CALIFORNIA

NEW YORK'S PER CAPITA
BALANCE OF PAYMENTS
$6,744

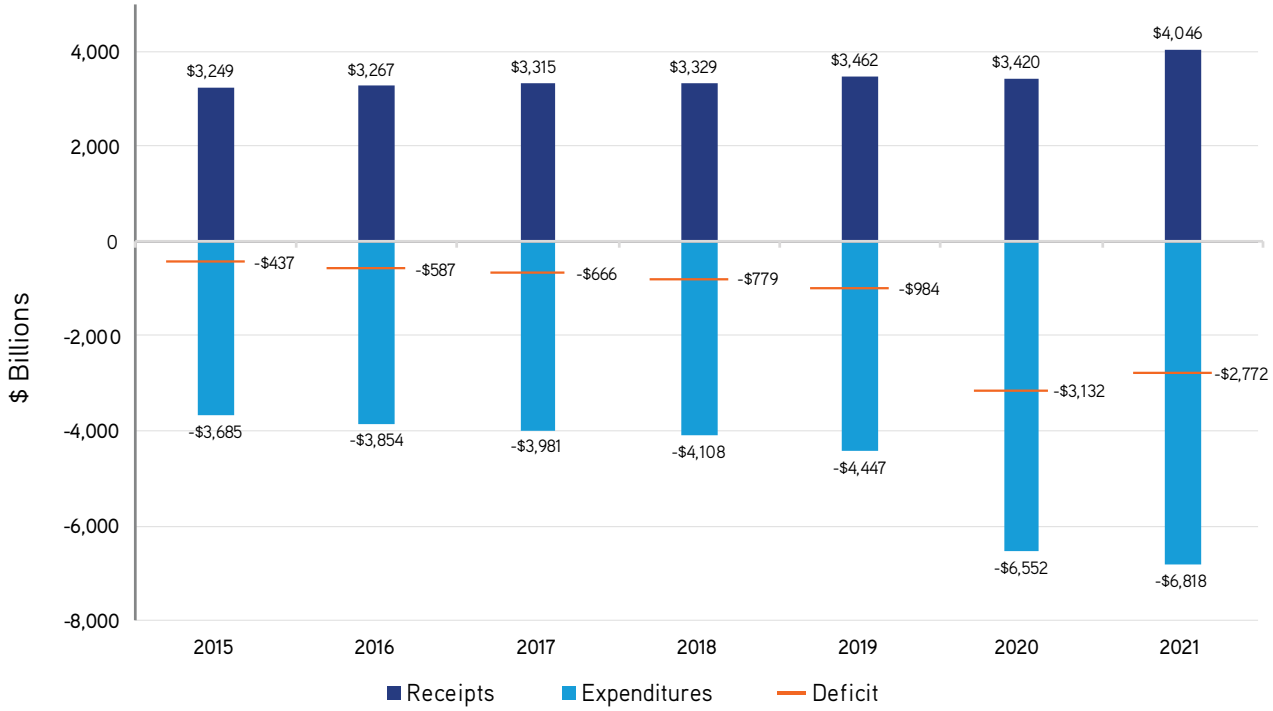
UP FROM
47TH
IN 2019

US PER CAPITA
BALANCE OF PAYMENTS
$8,801

New York's BOP is
$2,057
LESS THAN THE
NATIONAL AVERAGE

NY's POSITIVE 2020 BALANCE
FALLS SHORT OF
COMPENSATING THE
COMBINED
2015–19 SHORTFALL OF
$168.2 billion

FIGURE 1. **COVID-19 Explodes Federal Spending and Deficit in FFY 2020**



SOURCE: US Department of the Treasury.

By design, these Federal programs disbursed the largest sums of relief funding to the states with the largest volume of need, which translated to the most money going to the most populous states. As a result—and perhaps for the first time in recent memory—there are no net donor states. The implications for New York were transformative: New York's rank based on its net balance of payments position among the 50 states improved from 50th, for all the years the Rockefeller Institute has conducted this analysis, to fifth for FFY 2020. The figure above indicates a Federal budget deficit for FFY 2021 of $2.8 trillion, only slightly lower the prior year, portending the likelihood that there will be no net donor states for FFY 2021 as well. Key findings from this year's report include:

- Over the five Federal fiscal years prior to FFY 2020, New York taxpayers gave $168.2 billion more to the Federal government than they received in Federal spending, the most of any state.
- Preliminary analysis of 2020 data indicates a positive balance of payments of $136.2 billion, affording New York a rank of fifth and a stark break from the past.
- California ($262.8 billion), Texas ($191.3 billion), Florida ($176.6 billion), and Virginia ($167.5 billion) round out the list of the top five states with the most favorable balances. Notably, the top five include the four most populous states in the nation.

- New York's per capita balance of payments, $6,744, affords the state a rank of 41, a substantial deterioration in the state's position as compared with the state's total dollar position, but an improvement over the state's 2019 rank of 47. Indeed, FFY 2020 represents the first time that New York hasn't ranked among the bottom five in the history of this analysis.
- The national average per capita balance of payments for FFY 2020 is $8,801. New Yorkers received $2,057 less than this average. These findings indicate that no state had a negative balance of payments position for FFY 2020 on either a total dollar or a per capita basis.
- New York's more favorable 2020 rankings relative to past years are primarily driven by the impact of the pandemic on the state economy and the nature of the Federal emergency spending programs that were implemented in response. The Rockefeller Institute estimates that upwards of $1.5 trillion was disbursed in FFY 2020 under these programs.
- At the same time, less revenue flowed from New York to the Federal government due to the state's weakened economy. Population density downstate, particularly in New York City, demanded a stringent shutdown, resulting in massive layoffs across the state as the virus spread north and west. New York's unemployment rate reached 16.2 percent in April 2020, compared to a national average peak of 14.7 percent that same month. By the end of FFY 2020, the state's unemployment rate had only fallen to 10.0 percent, compared to 7.9 percent for the nation.
- In the absence of the $1.5 trillion estimated COVID-19 emergency spending, the Rockefeller Institute estimates that New York's net dollar BOP position would have ranked 27th, while the state's per capita balance of payment position would have ranked a much less favorable 48th.

The extraordinary impact of Federal emergency spending programs on New York's 2020 balance of payments position led to an examination of Federal expenditures both with and without these programs. Four major pieces of legislation were passed by Congress and signed into law during FFY 2020, which in total authorized pandemic relief spending of up to $2.59 trillion: the Coronavirus Preparedness & Response Supplemental Appropriations Act ($8 billion), the Families First Coronavirus Response Act ($19 billion), Coronavirus Aid, Relief, and Economic Security Act (CARES) ($2,080 billion), and the Paycheck Protection Program and Health Care Enhancement Act ($483 billion). It is estimated that these four programs resulted in expenditures totaling upwards of $1.5 trillion before the end of FFY 2020.

As a result of the disproportionate impact of the pandemic on the state economy, New York received 6.33 percent of Federal expenditures in 2020, compared with 5.85 percent for 2019. For example, New York's share of funding from all Federal unemployment insurance programs jumped from 7.2 percent in 2019 to 10.2 percent in 2020.

NEW YORK'S SHARE OF:

7.74%

COVID-19 SPENDING

5.85%

OTHER SPENDING

Of the funding authorized by the four major COVID-19 emergency spending bills, New York is estimated to have received 7.74 percent. New York is estimated to have received 5.85 percent of Federal non-COVID-19 related expenditures, approximately equal to the state's 2019 share of Federal expenditures.

This year's analysis also revised the preliminary analysis for FFY 2019 by using the *2019 Statistics of Income* series published by the Internal Revenue Service (IRS). When updated with 2019 liability data, New York's personal income tax share fell from 9.1 percent to 8.6 percent for 2019. As a result, New York paid $8.2 billion less in income tax than originally projected. Additional updated data increased New York's estimated Federal funding allocation by $9.4 billion. These were the primary factors in the upward revision of the 2019 balance of payments estimate from -$22.7 billion to $21.7 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 2020, the Federal government spent approximately $6.6 trillion, an increase of 47.3 percent from the 2019 fiscal year. The significant jump was the result of increased spending designated to address the COVID-19 pandemic. This level of spending was supported by $3.4 trillion in revenue, a decrease of 1.2 percent from 2019. Spending in FFY 2019 totaled $4.4 trillion, with supporting revenues of $3.5 trillion. As a result, the Federal budget deficit ballooned to $3.1 trillion for FFY 2020, the largest in history.

The revenue collected by the Federal government from each state, Federal spending in the states, and the difference between the two 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 against the backdrop of their contributions to Federal revenues. This report offers a focus on New York and its standing relative to other states.

Traditionally, some states have received far more in Federal spending than their residents and businesses pay through taxes, while other states have given far more than they get back. The Federal system tends to concentrate 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 the largest elderly populations. States with large defense contracting sectors and more military bases receive more Federal defense spending, while 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 typically account for about 90 percent of allocable Federal revenue. Logically, the revenues from these sources are 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 data pertaining to how Federal spending and revenue burdens are distributed across the states. To fully appreciate why some states receive more than they give and vice versa, it is critical to have accurate detailed information on how Federal spending and revenue are distributed. This information gives policymakers insight into the magnitude of the gaps in each state's balance of payments, aiding in decisions about whether current and proposed funding distributions are fair and appropriate.

The extent to which the COVID-19 pandemic disrupted the traditional patterns and distributions of Federal expenditures and receipts cannot be overstated. The pandemic both reduced Federal revenue owing to the adverse shock to the economy and added an array of emergency spending programs aimed at preventing further economic collapse. As a result of this unique set of circumstances, net balance of payments positions for 2020 were much more closely correlated with state populations than usual. Indeed, net BOP positions for 2020 based on total Federal expenditures exhibit

a correlation coefficient of 0.92 with state populations. When emergency COVID-19 spending is excluded from Federal expenditures, that correlation falls to 0.54. For FFY 2019, this correlation was only 0.10.

This report provides an estimate of the 2020 balance of payments based on available preliminary data. It also revises the previously released 2019 preliminary analysis, reflecting actual receipts and expenditures for that year and other updates to the 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 present a stark contrast with past years: after posting net negative balance of payments positions for every year since this analysis was first estimated for FFY 2015, the state secures a net positive position of $136.2 billion for FFY 2020. In fact, New York's 2020 BOP is the fifth largest in the nation, behind only California ($262.8 billion), Texas ($191.3 billion), Florida ($176.6 billion), and Virginia ($167.5 billion). New York's improvement from worst-in-the-nation to fifth best was the second largest improvement only after California, which improved from 47th to first. Massachusetts and New Jersey tied for the third greatest improvement in rank from 48 and 49 to 21 and 22, respectively.

Controlling for population, New York still exhibits an improvement in its net BOP position but not by nearly the same degree as in its raw dollar position: New York's per capita balance of payments of $6,744 results in an improvement from 47 for 2019 to 41 for 2020.

This report presents more detailed comparisons to other states and the national average and examines those factors that shifted New York's net balance of payments position from negative to positive.

New York's Balance of Payments: Preliminary Estimate for Federal Fiscal Year 2020

In 2020, New York taxpayers contributed approximately $254.0 billion in revenue, but the state was the recipient of $390.3 billion in expenditures. These data imply a net positive balance of payments position of $136.2 billion more in revenue to the Federal government than the state received back in Federal spending (Table 1). New York's 2020 balance of payments position was the fifth largest in the nation, representing a substantial improvement from 2019 when the state ranked 50th, or worst, in the nation.

Calculating the balance of payments per capita controls for a state's population. New York does not fare as well by this measure: the state's 2020 per capita balance of payments of $6,744 gives New York a rank of 41. Nevertheless, 2020 represents a significant improvement over 2019 when the state had the fourth worst per capita balance of payments in the country. The national average per capita balance of payments for 2020 was an even greater $8,801 per person.

TABLE 1. **Receipts, Expenditures, and Balance of Payments, FFY 2020**

	New York	Average per State	New York Difference
Total Balance of Payments			
Balance of Payments ($ millions)	$136,240	$58,920	$77,319
Rank Among 50 States	5		
Per Capita Balance of Payments			
	New York	US Average	New York Difference
Balance of Payments (dollars per person)	$6,744	$8,801	($2,057)
Rank Among 50 States	41		
Per Capita Receipts and Expenditures			
Receipts (dollars per person)	$12,575	$9,632	$2,943
Expenditures (dollars per person)	$19,320	$18,434	$886
Federal Spending Received Per Dollar of Taxes Paid	$1.54	$1.91	($0.38)

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2022*, 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 Balance of Payments?

Prior to 2020, New York's consistently negative balance of payments had been driven primarily by the disproportionate amount of Federal taxes paid. For example, payments from New York residents and businesses to the Federal government in 2019 were $13,396 per capita ($3,454 higher than the national average) while per capita Federal spending in New York was $53 lower than the US average. The magnitude of the revenue difference was the obvious primary driver behind the state's negative balance. As Table 1 makes clear, the Federal response to the pandemic, at least temporarily, disrupted this pattern in 2020. With a receipts gap of $2,943, New York continued to contribute more on a per capita basis relative to the national average, but the state also received more on a per capita basis, with the spending gap favoring New York by $886.

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 2020**

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

	New York	United States	New York Difference	NY Indexed to US=100	NY Rank Among 50 States
Balance of Payments (Expenditures Minus Receipts)	**$6,744**	**$8,801**	**($2,057)**	**77**	**41**
Ratio: Expenditures to Receipts	$1.54	$1.91	$0.30	–	–
Receipts	**$12,575**	**$9,632**	**$2,943**	**131**	**4**
Individual Income Tax	$6,867	$4,785	$2,082	143	3
Employment Taxes	$4,565	$3,903	$662	117	9
Corporate Income Tax	$828	$632	$196	131	3
Excise Taxes	$205	$259	($54)	79	50
Estate and Gift Taxes	$110	$52	$58	211	3
Expenditures	**$19,320**	**$18,434**	**$886**	**105**	**18**
Direct Payments for Individuals	$8,568	$8,792	($224)	97	34
Grants	$3,605	$2,351	$1,254	153	4
Contracts and Procurement	$870	$1,877	($1,007)	46	35
Wages	$369	$810	($440)	46	46
COVID-19 Spending	$5,907	$4,604	$1,303	128	7

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2022*, from federal agencies, and other sources. See methodology appendix for details.

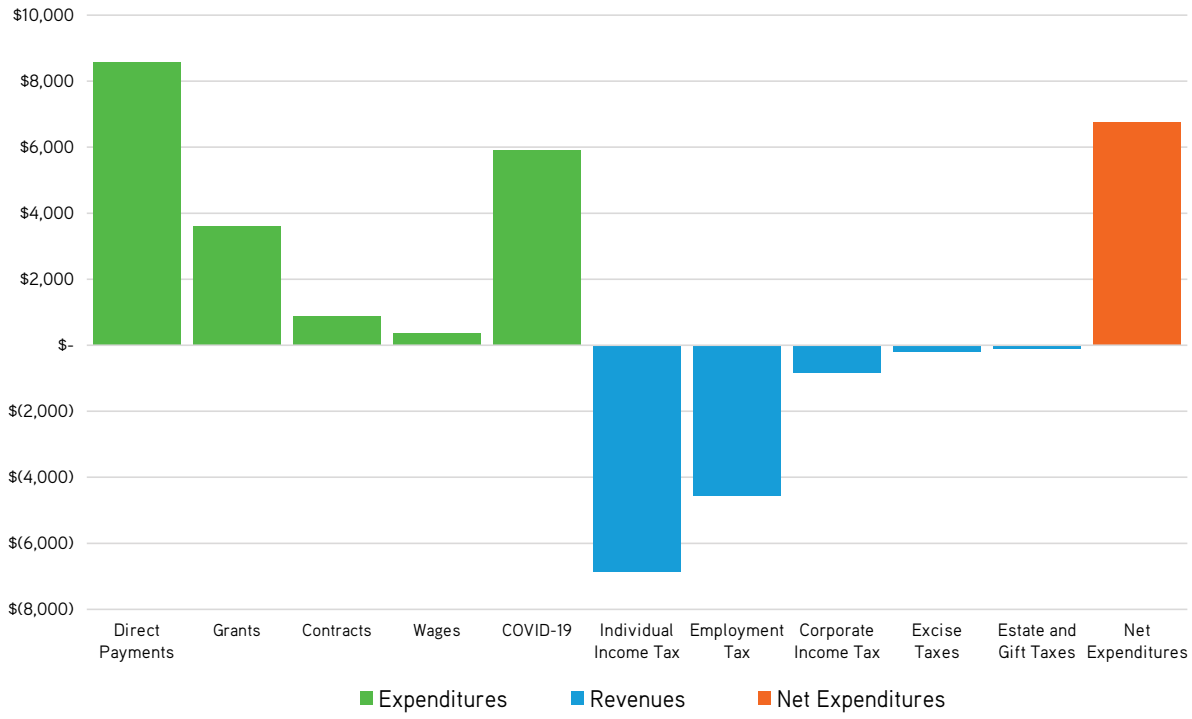
The $2,943 difference between New York's Federal taxes per capita and the US average is narrower than the $3,454 difference in 2019, owing to the pandemic's proportionately larger economic blow to the state economy as compared with the nation. Federal individual income taxes account for $2,082, or 71 percent, of the 2020 difference. Nevertheless, New York still ranks third among the 50 states in per capita income tax, due to the state's many high-income households who fall within 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 excise and estate and gift taxes account for another $861 of the balance.

On the Federal spending side, there are typically four categories: direct payments to individuals, grants, contracts, and wages. As illustrated in Figure 2, direct payments to individuals comprise the largest component of Federal expenditures and are primarily driven by Social Security and Medicare payments. Grants, traditionally the second largest component, tend to be driven by Medicaid and other social programs that are at least partially-Federally funded but are administered by the states. These two categories tend to be inherently correlated with state populations, while the distributions of contracts and wages tend to reflect the geographic locations of Federal contractors and government employees.

When measured on a per capita basis for New York, direct payments to individuals, contracts, and wages have traditionally underperformed the national average. While direct payments per New Yorker have tended to lag behind the national average by a very small percentage, state per capita contracts and wages have tended to trail by about half. In contrast, grants to New York per capita have exceeded the national average by over 50 percent. But as Figure 2 reveals, Federal expenditures contain a category of spending that did not exist before FFY 2020, namely the COVID-19 emergency spending programs, which are largely comprised of direct payments to individuals and grants. On a per capita basis, COVID-19 spending in New York surpassed the national average by 28 percent. Taken together, 2020 per capita Federal spending in New York exceeds the national average by $886, or 4.8 percent.

Per capita revenue flowing from New Yorkers to the Federal budget continued to rank fourth highest in the nation in 2020, despite the ravages of the pandemic to the state economy. Meanwhile, per capita Federal expenditures yielded New York a rank of 18 in 2020, a significant improvement from 24 in 2019. As noted earlier, the net result is that New York's overall per capita balance of payments resulted in a rank of 41 in 2020, up from 47 in 2019, and fifth in terms of absolute dollars, compared with worst in the nation (50) in 2019.

FIGURE 2. **New York: FFY 2020 Per Capita Revenues and Expenditures**



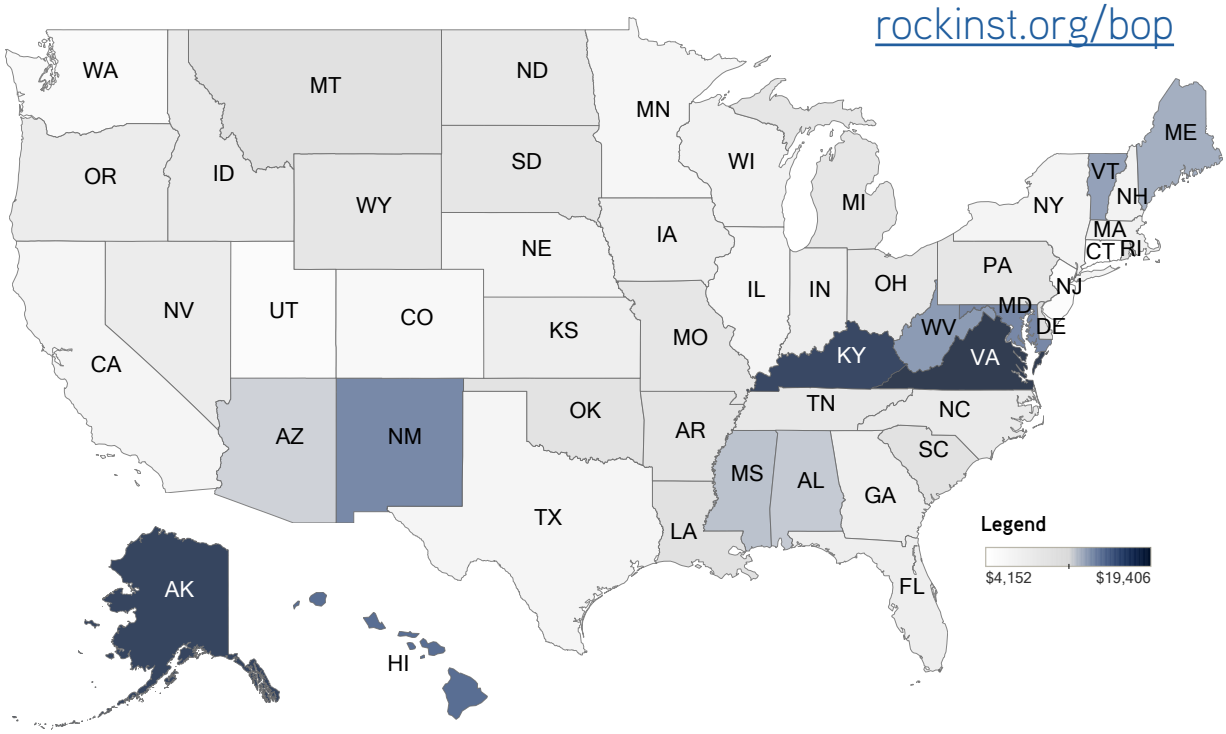
The Balance of Payments Across the States

The annual balance of payments in any given state is influenced by several 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. The receipts side of the balance of payment equation could potentially be 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 factors, such as the 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 transitory in nature.

Every state had a net positive balance of payments position with the Federal government for 2020, each having received more in Federal spending than it remitted in Federal taxes and other Federal revenues. This compares with 41 such states in 2019, when New York was one of only nine states that had a negative balance of payments. However, the impact of the historic Federal response to the pandemic, resulting in a budgetary deficit of unprecedented size, cannot be overstated. Thus, New York's favorable BOP position is likely to be only temporary. Figure 3A maps the FFY 2020 balance of payments positions for each of the 50 states based on total Federal spending (see Tables 3 and 4 for state-by-state details). Figure 3B presents a similar mapping based on Federal spending without the emergency COVID-19 spending programs.

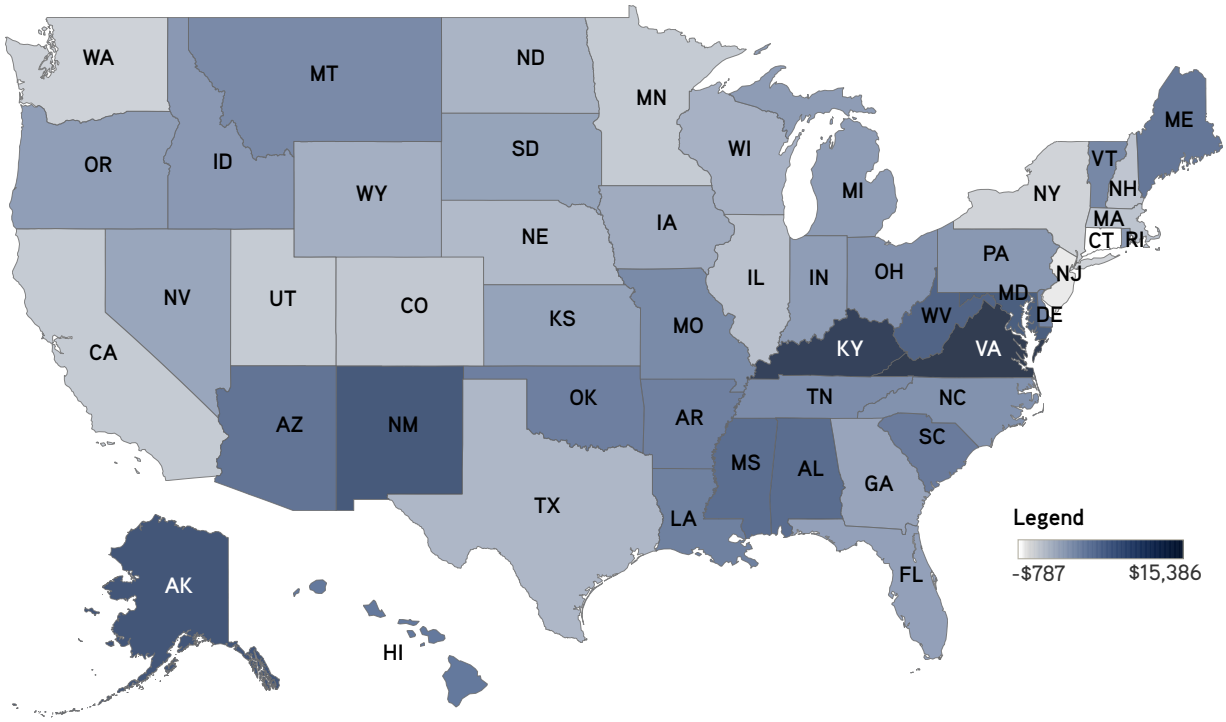
› Explore this data with our interactive dashboard at rockinst.org/bop

FIGURE 3A. **Per Capita Balance of Payments, FFY 2020**



SOURCE: Rockefeller Institute of Government.

FIGURE 3B. **Per Capita Balance of Payments, FFY 2020, Excluding COVID-19 Spending**



SOURCE: Rockefeller Institute of Government.

TABLE 3. **Estimated Distribution of Federal Receipts and Expenditures by State, FFY 2020**

(millions of dollars)

State	Receipts	Expenditures	Balance of Payments	Expenditures per Dollar or Receipts
California	$463,728	$726,514	$262,786	$1.57
Texas	$264,931	$456,221	$191,290	$1.72
Florida	$206,266	$382,913	$176,646	$1.86
Virginia	$91,823	$259,325	$167,503	$2.82
New York	$254,039	$390,278	$136,240	$1.54
Pennsylvania	$124,788	$257,167	$132,380	$2.06
Ohio	$92,665	$208,546	$115,881	$2.25
Michigan	$83,740	$185,050	$101,310	$2.21
North Carolina	$82,869	$178,495	$95,625	$2.15
Maryland	$70,180	$161,792	$91,613	$2.31
Georgia	$85,811	$174,187	$88,376	$2.03
Arizona	$57,313	$144,648	$87,334	$2.52
Illinois	$131,103	$215,712	$84,609	$1.65
Kentucky	$29,850	$112,789	$82,940	$3.78
Tennessee	$54,418	$122,601	$68,183	$2.25
Missouri	$48,346	$110,991	$62,645	$2.30
Alabama	$33,699	$96,242	$62,543	$2.86
Indiana	$52,034	$109,580	$57,546	$2.11
South Carolina	$37,902	$94,788	$56,886	$2.50
Louisiana	$32,418	$87,130	$54,712	$2.69
Massachusetts	$98,443	$152,232	$53,789	$1.55
New Jersey	$119,921	$164,195	$44,274	$1.37
Oklahoma	$27,586	$70,715	$43,129	$2.56
Wisconsin	$52,888	$95,079	$42,191	$1.80
Washington	$93,630	$134,357	$40,726	$1.43
Mississippi	$16,976	$54,689	$37,713	$3.22
Oregon	$38,437	$75,445	$37,009	$1.96
Minnesota	$59,622	$94,729	$35,107	$1.59
Colorado	$62,986	$96,721	$33,735	$1.54
Arkansas	$19,504	$52,154	$32,650	$2.67
New Mexico	$13,912	$45,262	$31,350	$3.25
Nevada	$27,756	$54,753	$26,996	$1.97
West Virginia	$10,970	$36,306	$25,335	$3.31
Iowa	$25,807	$50,962	$25,155	$1.97
Kansas	$25,167	$49,819	$24,652	$1.98
Hawaii	$12,772	$31,996	$19,224	$2.51
Maine	$10,493	$28,734	$18,241	$2.74
Idaho	$13,729	$30,430	$16,700	$2.22
Utah	$26,546	$42,866	$16,321	$1.61
Connecticut	$52,099	$67,072	$14,973	$1.29
Nebraska	$17,559	$31,335	$13,776	$1.78
Alaska	$6,908	$20,146	$13,238	$2.92
Montana	$8,735	$21,437	$12,702	$2.45
Rhode Island	$10,445	$22,781	$12,336	$2.18
Delaware	$9,062	$20,733	$11,672	$2.29
New Hampshire	$16,003	$26,110	$10,107	$1.63
South Dakota	$7,910	$16,862	$8,952	$2.13
Vermont	$5,764	$14,683	$8,919	$2.55
North Dakota	$8,097	$15,752	$7,655	$1.95
Wyoming	$6,519	$12,456	$5,938	$1.91

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government Fiscal Year 2022*, 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 2020**

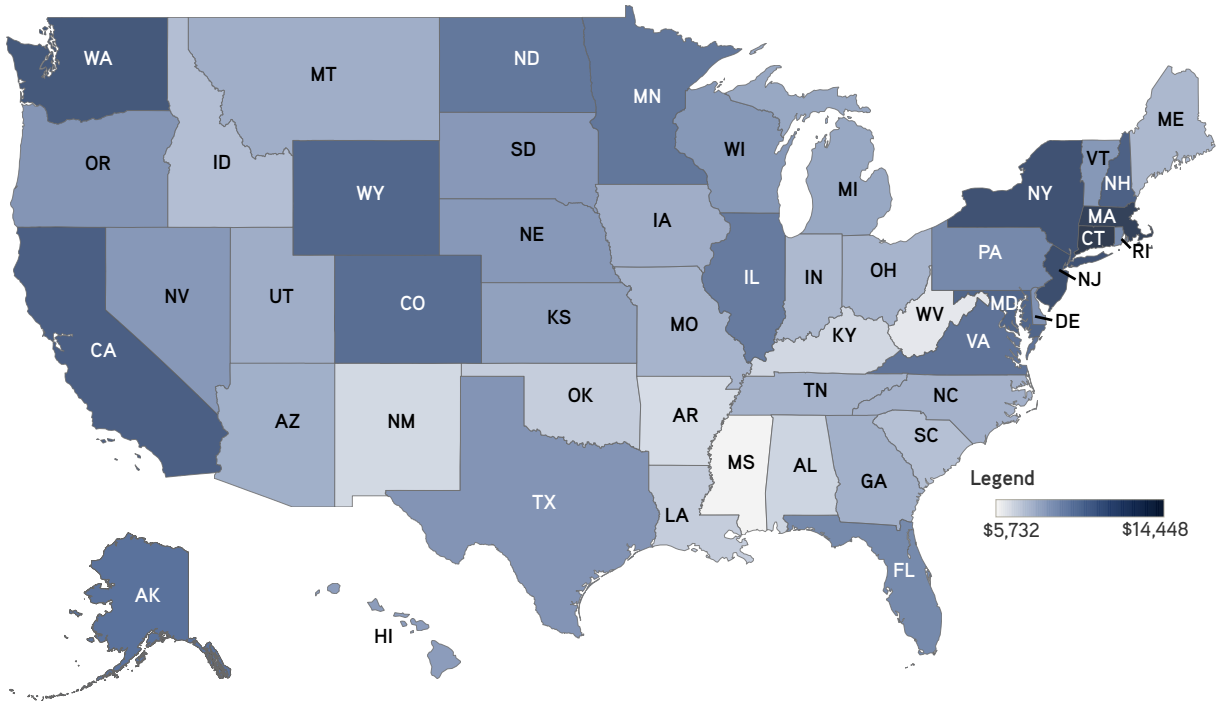
State	Receipts	Expenditures	Balance of Payments	Expenditures per Dollar or Receipts
Virginia	$10,638	$30,044	$19,406	$2.82
Kentucky	$6,625	$25,032	$18,407	$3.78
Alaska	$9,419	$27,470	$18,051	$2.92
Maryland	$11,361	$26,192	$14,831	$2.31
New Mexico	$6,570	$21,375	$14,805	$3.25
West Virginia	$6,116	$20,240	$14,124	$3.31
Vermont	$8,964	$22,833	$13,869	$2.55
Maine	$7,702	$21,092	$13,390	$2.74
Hawaii	$8,776	$21,986	$13,210	$2.51
Mississippi	$5,733	$18,468	$12,736	$3.22
Alabama	$6,707	$19,155	$12,448	$2.86
Arizona	$8,014	$20,226	$12,212	$2.52
Delaware	$9,154	$20,944	$11,790	$2.29
Louisiana	$6,960	$18,707	$11,746	$2.69
Montana	$8,056	$19,771	$11,715	$2.45
Rhode Island	$9,518	$20,759	$11,241	$2.18
South Carolina	$7,405	$18,519	$11,114	$2.50
Oklahoma	$6,967	$17,860	$10,893	$2.56
Arkansas	$6,476	$17,318	$10,842	$2.67
Wyoming	$11,301	$21,594	$10,293	$1.91
Pennsylvania	$9,597	$19,778	$10,181	$2.06
Missouri	$7,855	$18,033	$10,178	$2.30
South Dakota	$8,921	$19,017	$10,096	$2.13
Michigan	$8,310	$18,363	$10,053	$2.21
Tennessee	$7,874	$17,740	$9,866	$2.25
North Dakota	$10,393	$20,218	$9,825	$1.95
Ohio	$7,853	$17,674	$9,821	$2.25
North Carolina	$7,938	$17,098	$9,160	$2.15
Idaho	$7,465	$16,546	$9,081	$2.22
Oregon	$9,071	$17,805	$8,734	$1.96
Nevada	$8,940	$17,636	$8,695	$1.97
Indiana	$7,668	$16,149	$8,481	$2.11
Kansas	$8,566	$16,957	$8,391	$1.98
Georgia	$8,011	$16,261	$8,250	$2.03
Florida	$9,577	$17,778	$8,202	$1.86
Iowa	$8,089	$15,974	$7,885	$1.97
Massachusetts	$14,003	$21,655	$7,651	$1.55
New Hampshire	$11,617	$18,954	$7,337	$1.63
Wisconsin	$8,974	$16,132	$7,159	$1.80
Nebraska	$8,952	$15,975	$7,023	$1.78
New York	**$12,575**	**$19,320**	**$6,744**	**$1.54**
California	$11,729	$18,375	$6,646	$1.57
Illinois	$10,232	$16,836	$6,604	$1.65
Texas	$9,090	$15,653	$6,563	$1.72
Minnesota	$10,448	$16,600	$6,152	$1.59
Colorado	$10,909	$16,752	$5,843	$1.54
Washington	$12,151	$17,437	$5,285	$1.43
Utah	$8,114	$13,102	$4,989	$1.61
New Jersey	$12,910	$17,676	$4,766	$1.37
Connecticut	$14,448	$18,600	$4,152	$1.29

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 payments calculation is the amount a state pays in taxes to the Federal government. Figure 4 shows payment of Federal taxes and receipts per person by state for FFY 2020. The darker blue states have the highest Federal tax payments and the lighter 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 4. **Per Capita Federal Receipts, FFY 2020**

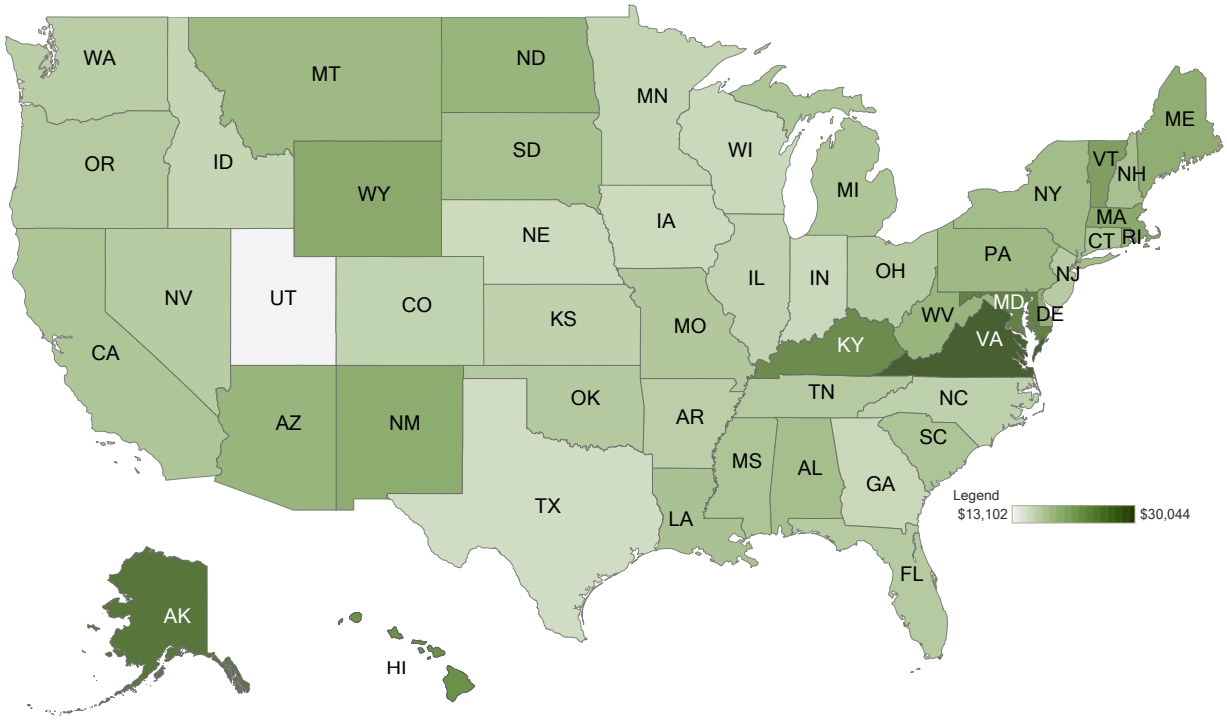


SOURCE: Rockefeller Institute of Government.

Expenditures

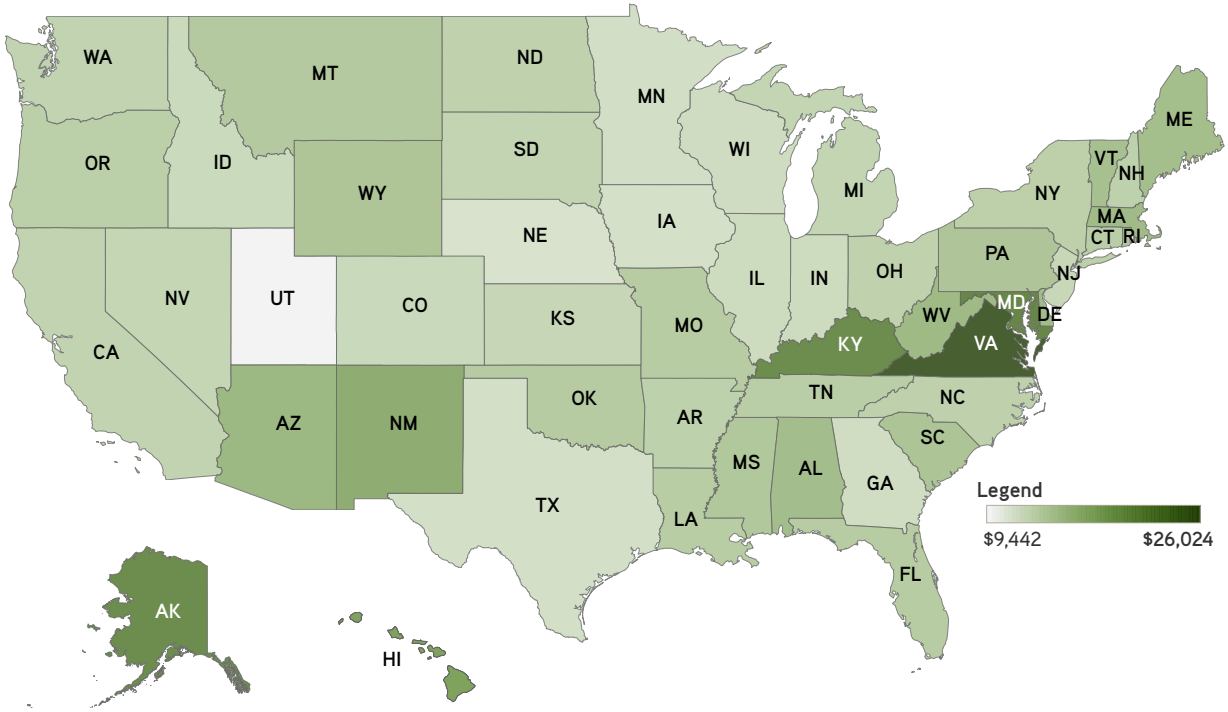
The other side of the balance of payments equation is Federal spending. Figure 5 shows Federal expenditures per capita by state for FFY 2020. The darker green states have the highest Federal spending per capita. Virginia and Maryland are adjacent to the District of Columbia and have disproportionate amounts of Federal wages and procurement spending. Kentucky benefits from Federal contracts. Other dark-shaded states have relatively high poverty rates and receive considerable Federal spending under Medicaid and other social welfare programs. In a more typical year, New York would be slightly below the US average, but for 2020, New York is $886 above.

FIGURE 5A. **Per Capita Federal Expenditures, FFY 2020**



SOURCE: Rockefeller Institute of Government.

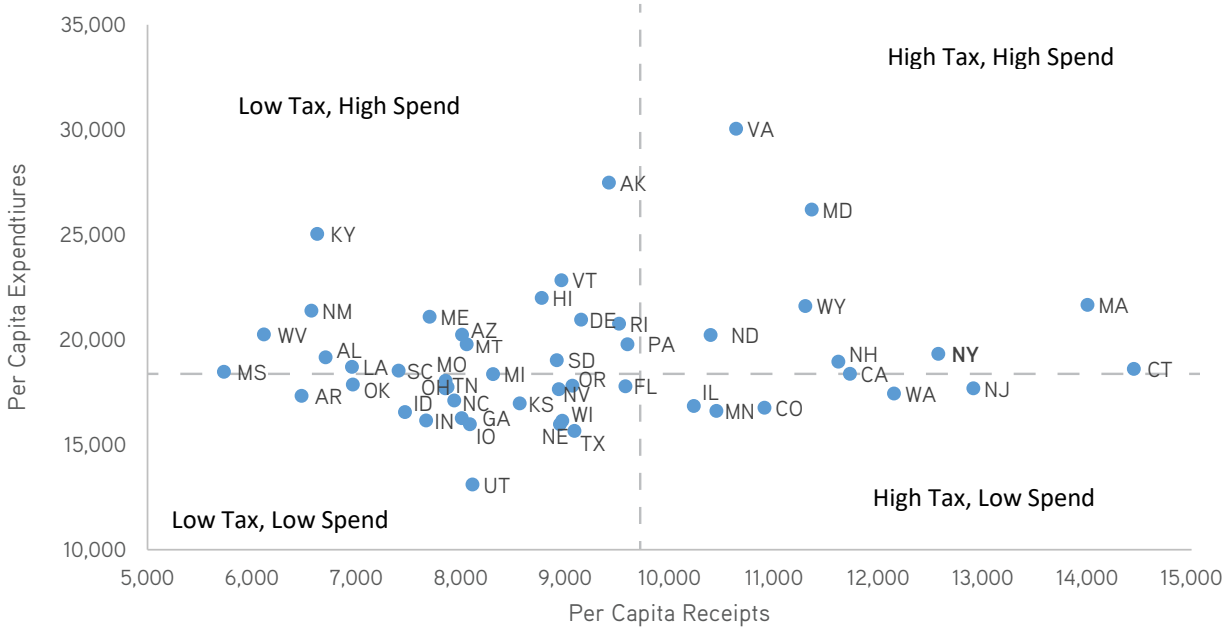
FIGURE 5B. **Per Capita Federal Expenditures, FFY 2020, Excluding COVID-19 Spending**



SOURCE: Rockefeller Institute of Government.

Figure 6 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 2020. As illustrated, New York's per capita contribution is substantially higher than the US average, while Federal spending is only slightly above. 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, in addition to above average per capita receipts. Kentucky also benefits from disproportionately high procurement spending but contributes below average per capita receipts.

FIGURE 6. **Federal Receipts and Expenditures Per Capita, FFY 2020**



SOURCE: Rockefeller Institute of Government.

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. For FFY 2020, Virginia's per capita balance of payments is the best in the country at $19,406, which is $10,605 above the national average of $8,801 per capita. Virginia displaced Kentucky for the top spot this year, with the latter dropping to second place. Once again, Connecticut has the least favorable BOP, which at $4,152 is $4,649 below the national average. New York, which had ranked among the bottom five for 2019, ranks 41st for 2020.

TABLE 5. **Per Capita Balance of Payments: Top-Five and Bottom-Five States, FFY 2020**
(New York included for reference)

State	Total Balance of Payments		Total Expenditures		Total Receipts	
	Level	Difference from US	Level	Difference from US	Level	Difference from US
Virginia	$19,406	$10,605	$30,044	$11,611	$10,638	$1,006
Kentucky	$18,407	$9,606	$25,032	$6,598	$6,625	($3,008)
Alaska	$18,051	$9,250	$27,470	$9,036	$9,419	($213)
Maryland	$14,831	$6,030	$26,192	$7,758	$11,361	$1,729
New Mexico	$14,805	$6,004	$21,375	$2,941	$6,570	($3,062)
United States	**$8,801**	**$0**	**$18,434**	**$0**	**$9,632**	**$0**
New York	**$6,744**	**($2,057)**	**$19,320**	**$886**	**$12,575**	**$2,943**
Colorado	$5,843	($2,958)	$16,752	($1,682)	$10,909	$1,277
Washington	$5,285	($3,516)	$17,437	($997)	$12,151	$2,519
Utah	$4,989	($3,812)	$13,102	($5,331)	$8,114	($1,518)
New Jersey	$4,766	($4,035)	$17,676	($757)	$12,910	$3,278
Connecticut	$4,152	($4,649)	$18,600	$167	$14,448	$4,816

NOTE: US data reflects the total that can be allocated among the 50 states.

SOURCE: Rockefeller Institute of Government.

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. For all of the bottom-five states but Connecticut, Federal spending was below the national average. For all but Utah, negative balances were driven by their significantly higher-than-average tax payments. The residents of Connecticut, Massachusetts, New Jersey, and New York made the largest per capita contributions to the Federal government in 2020, $4,816, $4,371, $3,278, and $2,943 above the national average, respectively.

Expenditures

Traditionally, the four major categories of Federal spending examined and used in the balance of payment calculations have been direct payments for individuals under programs such as Social Security and Medicare, Federal grants to state and local governments, contracts and other forms of Federal procurement, and the wages of Federal workers.

But FFY 2020 was not a traditional year. As discussed above, the COVID-19 emergency spending programs accounted for a large portion of FFY 2020 Federal expenditures. These programs were largely comprised of direct payments to individuals and grants to both public and private entities.

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

TABLE 6. **Per Capita Expenditures: Top-Five and Bottom-Five States, FFY 2020**

(New York included for reference)

	Total Spending		Direct Payments		Grants		Contracts		Wages		COVID-19	
State	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US
Virginia	$30,044	$11,611	$9,576	$784	$1,823	($527)	$11,699	$9,822	$2,926	$2,117	$4,020	($584)
Alaska	$27,470	$9,036	$7,771	($1,021)	$5,010	$2,659	$4,556	$2,679	$3,529	$2,720	$6,604	$2,000
Maryland	$26,192	$7,758	$9,325	$533	$2,196	($155)	$6,983	$5,106	$3,192	$2,382	$4,496	($109)
Kentucky	$25,032	$6,598	$9,544	$752	$3,246	$895	$7,159	$5,282	$994	$184	$4,089	($515)
Vermont	$22,833	$4,399	$9,992	$1,200	$3,424	$1,073	$1,176	($700)	$643	($167)	$7,598	$2,994
New York	$19,320	$886	$8,568	($224)	$3,605	$1,254	$870	($1,007)	$369	($440)	$5,907	$1,689
United States	$18,434	-	$8,792	-	$2,351	-	$1,877	-	$810	-	$4,604	-
Wisconsin	$16,132	($2,301)	$8,630	($521)	$1,955	($642)	$1,115	($1,249)	$331	($20)	$4,101	($227)
Nebraska	$16,975	($2,458)	$8,271	($313)	$1,709	$164	$627	($1,080)	$789	($402)	$4,578	($1,034)
Iowa	$15,974	($2,460)	$8,479	($1,273)	$2,236	($506)	$543	($215)	$340	($92)	$4,375	($707)
Texas	$15,653	($2,780)	$7,519	($313)	$1,845	($114)	$1,662	($1,333)	$717	($470)	$3,910	($571)
Utah	$13,102	($5,331)	$6,233	($2,559)	$1,555	($796)	$691	($1,185)	$963	$153	$3,660	($1,149)

SOURCE: Rockefeller Institute of Government

NOTE: US total reflects the amount that can be allocated among the 50 states.

Over the five fiscal years preceding 2020, direct payments for individuals averaged 62.4 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 constituted 76.0 percent of direct payments, with spending under these programs closely linked to the size of the states' elderly populations. The demographic composition of states tends to be stable, insulating direct payments from annual flux. Variability in the three other expenditure categories—grants, contracts, and wages—particularly across states, can have a significant impact on determining which states have the highest and lowest total per capita expenditures.

Grants to state and local governments are traditionally the second-largest category of Federal expenditures next to direct payments, representing 17.8 percent of total spending over the five fiscal years preceding 2020. The largest component of this category is the Medicaid program. Other significant components include Federal highway spending, safety net programs such as Temporary Assistance for Needy Families, and Federal education grants. The decision to participate—or not—in Medicaid expansion under the Affordable Care Act program appears to have had a significant impact on the variability of per capita Federal spending in this category across states.

The final two expenditure categories, contracts and wages, show significant variation by state and are an important factor in determining which states end up with the highest or lowest per capita spending totals. For example, Virginia, Kentucky, and Maryland had the first, second, and third highest levels of per capita contract spending. 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.

In FFY 2020, COVID-19 spending represented 25.0 percent of total Federal expenditures. Composed almost entirely of direct payments and grants, these programs brought the sum of those two categories of spending up to 85.4 percent of total spending for 2020, up from an average of 80.2 percent over the previous five fiscal years. Vermont saw the highest per capita COVID-19 spending in 2020, at $7,598, with four additional low-population states—Wyoming, North Dakota, Alaska, and Rhode Island—rounding out the top five. New York ranked seventh in this spending category, at $5,907.

Receipts

Table 7 shows per capita Federal receipts in 2020 by major category for the states with the five highest and five lowest per capita receipts.

TABLE 7. **Per Capita Receipts: Top-Five and Bottom-Five States, FFY 2020**

	Total Receipts		Individual Income Taxes		Payroll Taxes		Corporate Income Taxes		Excise and Other Taxes	
State	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US
Connecticut	$14,448	$4,816	$8,141	$3,355	$5,047	$1,144	$912	$280	$348	$36
Massachusetts	$14,003	$4,371	$7,900	$3,115	$4,997	$1,094	$828	$195	$279	($33)
New Jersey	$12,910	$3,278	$6,798	$2,012	$5,113	$1,210	$715	$83	$284	($28)
New York	$12,575	$2,943	$6,867	$2,082	$4,565	$662	$828	$196	$316	$4
Washington	$12,151	$2,519	$6,370	$1,585	$4,668	$765	$756	$124	$357	$45
United States	$9,632	$0	$4,785	$0	$3,903	$0	$632	$0	$312	$0
Kentucky	$6,625	($3,008)	$2,719	($2,067)	$3,129	($774)	$417	($215)	$360	$48
New Mexico	$6,570	($3,063)	$2,836	($1,949)	$2,946	($957)	$429	($203)	$358	$47
Arkansas	$6,476	($3,156)	$2,702	($2,083)	$2,964	($939)	$496	($136)	$314	$2
West Virginia	$6,116	($3,516)	$2,356	($2,429)	$3,048	($855)	$366	($266)	$346	$34
Mississippi	$5,732	($3,900)	$2,122	($2,663)	$2,927	($976)	$363	($269)	$320	$9

NOTE: US total reflects the amount that can be allocated among the 50 states.

SOURCE: Rockefeller Institute of Government

Individual income taxes are the largest source of receipts paid to the Federal government. Over the five fiscal years preceding 2020, these taxes accounted for an average of 51.1 percent of total Federal revenues. A state's individual income tax obligation has the greatest impact in determining which have relatively high or low per capita receipts. However, because of their highly cyclical nature, which is further exacerbated by the progressive nature of the income tax, the share of these taxes as a percentage of the total fell 1.4 percentage points to 49.7 percent in 2020 as the pandemic ravaged the national labor market.

Payroll taxes are the next largest source of Federal revenues, accounting for an average of 36.5 percent of total Federal revenues over the preceding five-year period. In contrast to income taxes, payroll tax collections per capita actually rose 4.4 percent in FFY 2020, compared with a 7.3 percent decline in income tax receipts. This was likely due to the annual rise in income cap, above which individuals pay no additional taxes, and the unusual pattern of job losses that continues to characterize the pandemic. With job losses largely concentrated among low-income workers that earn well below the income cap, the payroll tax share rose 4.0 percentage points in 2020. Together these two categories accounted for 90.2 percent of the Federal per capita receipts in 2020. Corporate income, excise, and other taxes accounted for 9.8 percent of the US total and do not greatly affect a state's balance of payments. These taxes fell as a share of the total in 2018 as a result of the decline in the corporate tax rate effective for the 2018 tax year with the implementation of the Tax Cuts and Jobs Act (TCJA).

The above trends were even more impactful for New York due to the state's position as the first epicenter of the COVID-19 pandemic and as the resident state for a large number of high-income households. Individual income taxes accounted for an average of 56.6 percent of total collections over the five years from FFY 2015 through FFY 2019, 5.5 percentage points above the national average. That share fell two percentage points to 54.6 percent in 2020 as New York income taxes are estimated to have taken a dive in the wake of the pandemic. As for the nation, state payroll taxes grew in 2020, but at the slower pace of 1.6 percent. Despite a 6.1 percent decline in per capita level of receipts contributed by New Yorkers to the Federal government, almost double the 3.1 percent decline in the national average, the state's per capita contribution continued to rank fourth for 2020.

New York's Balance of Payments: Emerging Trends

This report provides six years of estimates for New York's balance of payments, from Federal fiscal years 2015 through 2020.[2] New York's position as last in the country in terms of total balance of payments remained unchanged for the first five years, and for each of those years New York's negative balance of payments is almost equal to the sum of the next two (48th and 49th) lowest-ranked states. Over the five Federal fiscal years prior to FFY 2020, New York taxpayers gave $168.2 billion more to the Federal government than they received back in Federal spending, the most of any state.

A Break From the Past and the Impact of COVID-19

The COVID-19 pandemic—and the nature of the Federal response to it—engendered an extraordinary transformation in New York's net balance of payments position for FFY 2020. By concentrating an unprecedented volume of relief funding in the form of direct payments to individuals and grants to state and local governments, New York received an amount of aid more commensurate with its level of need and the size of its population than in the past. As a result, the state's net balance of payments position was positive for the first time in the history of this analysis and ranked New York fifth in the nation.

Table 8 shows the balance of payments, receipts, and expenditures since 2015 with a focus on New York. New York's annual per capita Federal tax burden grew by $677 between 2015 and 2019, but due to the shock to the state economy caused by the pandemic, per capita revenue fell by $820. On a national average basis, the Federal government collected $528 more per person in 2019 than it did in 2015, with per capita revenue falling $309 in 2020, illustrating the disproportionately large hit to New York. Over the five Federal fiscal years from 2015 to 2019, New York's excess burden, the difference between New York's per capita balance of payments and the national average, posted an average value of $3,554. But in FFY 2020, that measure fell to $2,057.

TABLE 8. **New York's Balance of Payments: 2015-20**

	2015 (Revised)	2016 (Revised)	2017 (Revised)	2018 (Revised)	2019 (Revised)	Five-Year Total	Five-Year Average	2020 (Preliminary)
Total ($ millions)								
New York								
Receipts	$250,038	$246,379	$254,437	$259,635	$260,719	$1,271,208	$254,242	$254,039
Expenditures	$205,114	$212,880	$221,114	$224,877	$239,062	$1,103,047	$220,609	$390,278
Balance of Payments	($44,924)	($33,499)	($33,323)	($34,758)	($21,656)	($168,161)	($33,632)	$136,240
United States (Average of the States)								
Receipts	$61,038	$61,296	$62,850	$63,323	$65,916	$314,423	$62,885	$64,487
Expenditures	$69,498	$72,419	$74,947	$76,393	$81,791	$375,047	$75,009	$123,407
Balance of Payments	$8,461	$11,123	$12,097	$13,069	$15,874	$60,624	$12,125	$58,920
Per Capita ($)								
New York								
Receipts	$12,720	$12,547	$12,986	$13,285	$13,396	$64,933	$12,987	$12,575
Expenditures	$10,434	$10,841	$11,285	$11,506	$12,283	$56,349	$11,270	$19,320
Balance of Payments	($2,285)	($1,706)	($1,701)	($1,778)	($1,113)	($8,583)	($1,717)	$6,744
United States								
Receipts	$9,413	$9,387	$9,568	$9,594	$9,941	$47,903	$9,581	$9,632
Expenditures	$10,718	$11,091	$11,409	$11,574	$12,336	$57,127	$11,425	$18,434
Balance of Payments	$1,305	$1,703	$1,842	$1,980	$2,394	$9,224	$1,845	$8,801
New York's Excess Burden	**($3,590)**	**($3,409)**	**($3,542)**	**($3,758)**	**($3,507)**	**($17,807)**	**($3,561)**	**($2,057)**

NOTE: US total reflects the amount that can be allocated among the 50 states.

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2022*, from Federal agencies, and other sources. See methodology appendix for details.

Four major pieces of legislation were passed by Congress and signed into law during FFY 2020 authorizing pandemic relief spending of up to $2.59 trillion: the Coronavirus Preparedness & Response Supplemental Appropriations Act ($8 billion), the Families First Coronavirus Response Act ($19 billion), Coronavirus Aid, Relief, and Economic Security Act (CARES) ($2,080 billion), and the Paycheck Protection Program and Health Care Enhancement Act ($483 billion). The Rockefeller Institute estimates that these four programs resulted in upwards of $1.5 trillion being disbursed before the end of the 2020 FFY.

As a result of the disproportionate impact of the pandemic on the state economy, New York received 6.33 percent of Federal expenditures in 2020, compared with 5.85 percent for 2019. This growth reflects both an increase in New York's share of regular funding and a level of COVID-19 relief spending higher than the national average. For example, New York's share of funding from Federal unemployment insurance programs jumped from 7.2 percent in 2019 to 10.2 percent in 2020. Of the funding authorized by the four major COVID-19 emergency spending bills, New York is estimated to have received 7.74 percent.

Tables 9A and 9B below show how Federal COVID-19 emergency spending is estimated to have affected New York's balance of payments, both in total dollars and dollars per capita, as well as the state's ranking among the 50 states. These data show that without the additional Federal emergency COVID-19 spending, New York's net BOP position would have fallen to a still positive but much smaller $16.9 billion, with the state's rank deteriorating from five (including COVID-19 spending) to 27 (without). On a per capita basis, New York's net BOP position would have fallen to $838 in the absence of Federal emergency COVID-19 spending, the state's rank would have been a more familiar 48, one rung below the state's revised 2019 rank.

TABLE 9A. **FFY 2020 Total Balance of Payments with and without Federal Emergency COVID-19 Relief Spending**

	Including COVID-19	Excluding COVID-19	COVID-19 Impact
Total ($ millions)			
United States			
Receipts	$3,224,335	$3,224,335	$0
Expenditures	$6,170,342	$4,629,113	$1,541,229
Balance of Payments	$2,946,007	$1,404,778	$1,541,229
New York			
Receipts	$254,039	$254,039	$0
Expenditures	$390,278	$270,955	$119,323
Balance of Payments	$136,240	$16,916	$119,323
Rank Among 50 States			
New York			
Receipts	3	3	0
Expenditures	3	4	-1
Balance of Payments	5	27	-22

SOURCE: Rockefeller Institute of Government.

TABLE 9B. FFY 2020 Per Capita Balance of Payments with and without Federal Emergency COVID-19 Relief Spending

	Including COVID-19	Excluding COVID-19	COVID-19 Impact
In Dollars			
United States			
Receipts	$9,632	$9,632	$0
Expenditures	$18,434	$13,829	$4,604
Balance of Payments	$8,801	$4,197	$4,604
New York			
Receipts	$12,575	$12,575	$0
Expenditures	$19,320	$13,413	$5,907
Balance of Payments	$6,745	$837	$5,907
Rank Among 50 States			
New York			
Receipts	4	4	0
Expenditures	18	27	-9
Balance of Payments	41	48	-7

SOURCE: Rockefeller Institute of Government.

New York's net BOP position improves significantly between 2019 and 2020 from a rank of 50 to 27, even after excluding the approximately $1.5 trillion in COVID-19 emergency spending identified in this analysis. This improvement is primarily due to the spending triggered by the economic impact of the pandemic within the nation's countercyclical safety net programs. Greater spending is generally expected within these programs during a downturn. Since safety net programs—including unemployment insurance benefits, Medicaid, and food assistance—tend to take the form of direct payments to individuals, or in the case of Medicaid, grants to states, disbursements tend to be highly correlated with state population.

Given that COVID-19 represented a public health emergency that disproportionately impacted the elderly among other groups, Medicare spending also saw unforeseen growth in 2020 (Medicare spending across states tends to be correlated with the size of the elderly population). CMS also expanded its existing Medicare Accelerated and Advance Payment Programs to compensate providers for revenue losses sustained due to the cessation of non-COVID-related procedures, with some of that compensation dispensed in the form of loans. This spending further increased the correlation between Medicare disbursements and state population. When spending increased in existing programs, the COVID-19 impact often could not be easily separated making it infeasible to deduct the spending based on available data. As a result, there likely exists a residual amount of COVID-19 emergency spending in this preliminary analysis.

Since New York saw significant growth in safety net and Medicare spending in 2020, the state's net dollar BOP position improved relative to 2019, even after excluding the impact of federal emergency spending, as illustrated in Table 9A. However, on a per capita basis, the impact of that growth on New York's BOP ranking naturally disappears (see Table 9B).

Table 9C shows that after accounting for $1.5 trillion in emergency COVID-19 relief spending, the federal government disbursed $216 billion during the fiscal year ending September 30, 2020, that was unanticipated only seven months earlier. The table identifies $187 billion in direct payments spending that was unforeseen as late as February 2020. It is therefore reasonable to assume that a large proportion of OMB's prediction error is due to program spending triggered as a result of the pandemic. Since spending for these three programs would tend to be highly correlated with state population, increased spending would have a relatively more favorable impact on the net dollar balance of payments positions of large states than of small states. Indeed, New York was not the only state to see a significantly improved BOP ranking in 2020 compared to 2019, even after excluding pandemic relief spending. California saw the greatest improvement, from 47 to 10; Massachusetts from 48 to 28; Illinois from 38 to 21; and Texas from 12 to 3. Florida ranked 3rd in 2019, but improved to 2nd in 2020 with pandemic funding excluded. In contrast, the seven smallest states saw the greatest deterioration in their rankings, with South Dakota falling from 34 to 45; Alaska from 28 to 36; Delaware from 32 to 40; Montana from 31 to 39; North Dakota from 39 to 47; Vermont from 36 to 44; and Wyoming from 40 to 48. If the COVID-19 pandemic had not occurred and Federal spending on direct payment programs was consistent with projections made in February 2020, New York would have likely retained its ranking among the net donor states to the Federal government.

TABLE 9C. **The Impact of the Pandemic on Selected Preexisting Programs in FFY 2020**

	$ millions Projected (as of February 2020)	$ millions Actual (as of May 2021)	$ millions Difference
Expenditures	**4,789,746**	**6,550,396**	**1,760,650**
COVID Relief Spending	-	1,544,298	1,544,298
Remainder	4,789,746	5,006,098	216,352
Direct Payments	**2,766,981**	**2,953,575**	**186,594**
State Unemployment Insurance	27,814	127,609	99,795
Medicare	823,986	895,959	71,973
Food Assistance (SNAP)	58,605	77,629	19,024
Grants	**790,732**	**799,290**	**8,558**
Contracts	**598,365**	**641,495**	**43,130**
Health and Human Services	27,333	40,785	13,452
USDA	15,976	30,064	14,088
Wages	**289,697**	**290,945**	**1,248**
Unallocable Expenditures	**343,971**	**320,793**	**(23,178)**

SOURCE: Rockefeller Institute of Government.

Table 10 lists per capita expenditures for the largest components of the 2020 Federal emergency COVID-19 spending programs. The Rockefeller Institute estimates that these programs represent over 95 percent of total 2020 pandemic-related expenditures. Table 10 indicates that spending largely took the form of direct grants to individuals, including economic impact payments, enhanced unemployment insurance benefits, the Payroll Protection Program, and the forgivable advances granted through the Economic Injury Disaster Loan Program (EIDL). With direct grants to individuals dominating Federal emergency COVID-19 spending, the dollar value of these benefits are highly correlated with state population. Indeed, net BOP positions for 2020 based on total Federal expenditures exhibit a correlation coefficient of 0.92 percent with state populations. When emergency COVID-19 spending is excluded from Federal expenditures, that correlation falls to 0.54 percent.

TABLE 10. **FFY 2020 Federal Emergency COVID-19 Spending Disproportionately Benefited New York**

Program	US (Per capita)	New York (Per Capita)	New York Difference from the US
Total	**$4,604**	**$5,907**	**$1,689**
Business Loans			
Paycheck Protection Program	$1,567	$1,916	$348
Economic Injury Disaster Loan Program	$135	$202	$454
Other Direct Payments to Individuals			
Federal Pandemic Unemployment Assistance	$880	$1,421	$541
Pandemic Unemployment Assistance	$149	$297	$148
Coronavirus Payments and Credits—Economic Impact Payments	$819	$790	($28)
Grants			
Coronavirus Relief Fund	$448	$342	($106)
Provider Relief Fund	$355	$667	$312
FEMA Disaster Relief Authorization	$86	$144	$58
Education Funding			
Student Loan Deferrals	$81	$81	$0
Education Stabilization Fund	$85	$46	($39)

SOURCE: Rockefeller Institute of Government.

Table 11 highlights the relationship between the nature of Federal spending and state population. Direct payments to individuals and grants tend to be highly correlated with state populations, while contracts and wages much less so. These data shed light on the sources of New York's unfavorable per capita ranking prior to the pandemic. In FFY 2020, fully 85 percent of Federal expenditures were distributed on a per capita basis—funding put directly in the hands of individuals—compared to 80 percent in FFY 2019.

TABLE 11. **COVID-19 Increased the Correlation Between Spending and Population**

	FFY 2019		FFY 2020	
Expenditure Categories	As a Share of Expenditures	Correlation Between Spending and Population	As a Share of Expenditures	Correlation Between Spending and Population
Direct Payments	62.5%	0.98	47.7%	0.99
Grants	17.4%	0.94	12.8%	0.95
Contracts	13.8%	0.67	10.2%	0.62
Wages	6.3%	0.75	4.4%	0.76
COVID-19	–	–	25.0%	0.98

SOURCE: Rockefeller Institute of Government.

Tables 12A and 12B provide the balance of payments and per capita values for each state for the most recent six years. As Table 12A shows, there were indeed no net donor states in FFY 2020. On a per capita basis, New York does not fare quite as well, its rank falling to 41, but nevertheless representing a substantial improvement from a negative average BOP position of -$1,717 over the previous five years.

TABLE 12A. **Balance of Payments Over Time (in millions)**

State	2015	2016	2017	2018	2019	2020	Six Year Total	Six Year Average
New Jersey	(24,909)	(23,763)	(20,664)	(19,575)	(17,942)	44,274	(62,580)	(10,430)
Connecticut	(16,126)	(13,767)	(11,299)	(10,521)	(8,923)	14,973	(45,663)	(7,610)
New York	(44,924)	(33,499)	(33,323)	(34,758)	(21,656)	136,240	(31,921)	(5,320)
Massachusetts	(19,040)	(16,995)	(17,004)	(15,416)	(14,758)	53,789	(29,424)	(4,904)
New Hampshire	(679)	(765)	(384)	402	226	10,107	8,907	1,485
North Dakota	(498)	430	692	858	1,098	7,655	10,235	1,706
Wyoming	186	1,068	1,128	1,324	1,025	5,938	10,668	1,778
Washington	(4,656)	(6,377)	(5,004)	(7,127)	(3,648)	40,726	13,914	2,319
Utah	(308)	(527)	443	3	(495)	16,321	15,437	2,573
Nebraska	(1,312)	(466)	488	1,238	2,117	13,776	15,840	2,640
South Dakota	671	1,199	1,819	2,184	2,504	8,952	17,329	2,888
Vermont	1,703	1,989	2,241	2,402	2,358	8,919	19,612	3,269
Colorado	(3,523)	(1,831)	(1,618)	(2,328)	(2,312)	33,735	22,124	3,687
Rhode Island	2,138	2,174	2,644	2,846	2,477	12,336	24,614	4,102
Delaware	2,224	2,460	3,098	3,324	3,889	11,672	26,667	4,445
Montana	3,167	3,865	4,504	4,868	4,279	12,702	33,385	5,564
Nevada	1,539	1,943	2,707	2,496	2,550	26,996	38,231	6,372
Alaska	5,049	5,362	6,577	7,023	6,812	13,238	44,062	7,344
Idaho	5,205	5,425	5,683	5,985	6,521	16,700	45,519	7,587
Minnesota	3,166	4,188	6,772	(717)	(2,467)	35,107	46,049	7,675
Iowa	2,529	3,631	3,766	5,099	6,192	25,155	46,373	7,729
Kansas	1,672	3,329	7,081	6,370	7,790	24,652	50,895	8,482
Maine	5,300	6,789	7,368	8,040	8,169	18,241	53,907	8,985
Hawaii	7,342	7,579	7,516	7,781	8,351	19,224	57,793	9,632
Illinois	(14,375)	(6,126)	(1,490)	(1,029)	1,657	84,609	63,246	10,541
Wisconsin	1,518	2,798	5,064	7,091	8,189	42,191	66,850	11,142
Oregon	8,328	7,726	9,044	9,284	10,931	37,009	82,321	13,720
West Virginia	12,069	13,106	13,997	13,710	14,791	25,335	93,008	15,501
Arkansas	13,387	14,193	14,468	15,160	16,822	32,650	106,679	17,780
New Mexico	17,176	17,984	17,770	20,197	18,779	31,350	123,256	20,543
Oklahoma	12,880	16,743	17,804	17,843	21,923	43,129	130,321	21,720
Indiana	11,886	14,144	16,271	16,919	20,258	57,546	137,024	22,837
Mississippi	18,552	18,352	20,959	20,936	23,642	37,713	140,155	23,359
Louisiana	14,038	16,301	20,962	21,736	23,808	54,712	151,557	25,260
South Carolina	20,895	22,500	24,091	25,151	28,187	56,886	177,712	29,619
California	(17,003)	(10,265)	(12,097)	(26,296)	(11,886)	262,786	185,239	30,873
Missouri	20,497	23,365	26,499	26,320	27,631	62,645	186,957	31,159
Tennessee	20,276	20,546	23,178	26,153	29,246	68,183	187,583	31,264
Georgia	18,406	20,812	21,146	22,738	25,449	88,376	196,927	32,821
Michigan	19,118	20,675	23,252	23,663	28,848	101,310	216,866	36,144
Arizona	21,113	25,277	28,118	29,104	26,769	87,334	217,716	36,286
Alabama	30,072	32,781	33,095	35,358	38,329	62,543	232,177	38,696
Texas	(10,335)	14,892	3,565	18,278	27,832	191,290	245,524	40,921
North Carolina	28,826	29,789	34,517	36,366	38,920	95,625	264,043	44,007
Maryland	30,582	34,130	39,090	42,555	45,559	91,613	283,529	47,255
Ohio	27,555	29,820	35,295	35,728	45,611	115,881	289,890	48,315
Pennsylvania	19,470	28,818	32,736	35,113	42,406	132,380	290,923	48,487
Kentucky	39,830	40,051	40,876	49,525	56,990	82,940	310,211	51,702
Florida	30,986	47,256	29,840	42,647	55,805	176,646	383,181	63,863
Virginia	79,106	83,941	87,594	93,448	106,947	167,503	618,538	103,090

TABLE 12B. **Per Capita Balance of Payments Over Time**

State	2015	2016	2017	2018	2019	2020	Six Year Total	Six Year Average
Connecticut	(4,494)	(3,846)	(3,160)	(2,943)	(2,502)	4,152	(12,793)	(2,132)
New Jersey	(2,808)	(2,678)	(2,325)	(2,201)	(2,018)	4,766	(7,264)	(1,211)
Massachusetts	(2,801)	(2,489)	(2,477)	(2,239)	(2,140)	7,652	(4,496)	(749)
New York	(2,285)	(1,706)	(1,701)	(1,778)	(1,113)	6,744	(1,839)	(307)
Washington	(650)	(874)	(674)	(947)	(479)	5,285	1,663	277
Colorado	(646)	(330)	(288)	(409)	(402)	5,843	3,769	628
California	(437)	(262)	(308)	(667)	(301)	6,646	4,671	779
Utah	(103)	(173)	143	1	(155)	4,989	4,701	784
Illinois	(1,118)	(478)	(117)	(81)	131	6,604	4,941	824
New Hampshire	(508)	(570)	(284)	297	166	7,337	6,438	1,073
Nebraska	(694)	(245)	254	643	1,095	7,023	8,077	1,346
Minnesota	577	758	1,216	(128)	(437)	6,152	8,138	1,356
Texas	(376)	534	126	639	960	6,563	8,445	1,408
Wisconsin	263	484	874	1,221	1,406	7,159	11,407	1,901
Nevada	536	666	911	824	825	8,695	12,457	2,076
North Dakota	(659)	568	915	1,129	1,438	9,825	13,216	2,203
Iowa	810	1,159	1,198	1,619	1,960	7,885	14,630	2,438
Kansas	574	1,143	2,433	2,187	2,674	8,391	17,403	2,900
US Average	1,304	1,703	1,841	1,980	2,394	8,801	18,023	3,004
Florida	1,533	2,291	1,422	2,006	2,597	8,202	18,051	3,008
Wyoming	317	1,824	1,946	2,286	1,767	10,293	18,433	3,072
Georgia	1,807	2,019	2,030	2,162	2,395	8,250	18,663	3,110
South Dakota	785	1,388	2,082	2,483	2,823	10,096	19,657	3,276
Oregon	2,072	1,887	2,181	2,219	2,593	8,734	19,686	3,281
Indiana	1,798	2,131	2,442	2,526	3,010	8,481	20,387	3,398
Michigan	1,924	2,077	2,331	2,369	2,889	10,053	21,644	3,607
Pennsylvania	1,522	2,253	2,559	2,741	3,313	10,181	22,570	3,762
Rhode Island	2,023	2,055	2,502	2,686	2,341	11,241	22,848	3,808
Ohio	2,371	2,562	3,026	3,059	3,900	9,821	24,737	4,123
North Carolina	2,872	2,931	3,359	3,500	3,706	9,160	25,528	4,255
Idaho	3,150	3,221	3,304	3,416	3,645	9,081	25,817	4,303
Delaware	2,361	2,590	3,234	3,437	3,982	11,790	27,394	4,566
Tennessee	3,074	3,089	3,452	3,858	4,282	9,866	27,621	4,604
Missouri	3,374	3,836	4,336	4,296	4,500	10,178	30,520	5,087
Arizona	3,090	3,640	3,989	4,062	3,671	12,212	30,665	5,111
Vermont	2,722	3,186	3,586	3,844	3,778	13,869	30,984	5,164
Montana	3,070	3,709	4,274	4,585	3,999	11,715	31,351	5,225
Louisiana	3,008	3,482	4,485	4,660	5,111	11,746	32,492	5,415
Oklahoma	3,294	4,262	4,526	4,525	5,535	10,893	33,035	5,506
South Carolina	4,268	4,534	4,792	4,940	5,465	11,114	35,112	5,852
Arkansas	4,493	4,744	4,816	5,033	5,568	10,842	35,496	5,916
Maine	3,988	5,096	5,516	5,999	6,070	13,390	40,058	6,676
Hawaii	5,160	5,304	5,271	5,468	5,899	13,210	40,312	6,719
Maryland	5,107	5,682	6,485	7,043	7,524	14,831	46,671	7,779
Mississippi	6,204	6,137	7,008	7,019	7,938	12,736	47,041	7,840
Alabama	6,194	6,736	6,785	7,228	7,809	12,448	47,200	7,867
West Virginia	6,548	7,152	7,696	7,592	8,239	14,124	51,351	8,558
New Mexico	8,218	8,594	8,491	9,646	8,944	14,805	58,698	9,783
Alaska	6,837	7,221	8,877	9,535	9,286	18,051	59,806	9,968
Kentucky	8,993	9,020	9,174	11,094	12,743	18,407	69,430	11,572
Virginia	9,454	9,972	10,340	10,980	12,499	19,406	72,651	12,109

Conclusion

FFY 2020 represented an extraordinary break from the recent past. After five consecutive years as the largest net donor state, New York posted the fifth largest net positive balance of payments position in the nation. Unfortunately, it took a deadly pandemic—and a rapid and resolute Federal response—to turn the tide. Preliminary data indicates that New York's resident households and businesses received $136.2 billion more from the Federal government than it contributed in taxes. Controlling for population, New York's balance of payments posted a less favorable rank of 41 for 2020, but still represented a significant improvement from FFY 2019.

History will likely prove FFY 2020 to have been an anomaly. 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 in more normal times tend to fuel an 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 employee wages, and discretionary spending that more than outweighed the slightly higher-than-average spending on assistance programs such as Medicaid. Right up until the country was ravaged by the COVID-19 pandemic, these structural issues continued to worsen for New York more than 30 years later.

New York is likely to enjoy a favorable balance of payments climate for an additional one or two years. Owing to the strength of the national economic recovery, Federal receipts grew 18.3 percent in FFY 2021. But with the emergency pandemic funding programs passed and signed into law during FFY 2021, including the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan Act (ARP), expenditures grew 4.1 percent in 2021, on top of 47.3 percent growth in the prior year. As a result, the Federal budget posted a deficit of $2.8 trillion, portending the likelihood that there will be no net donor states for FFY 2021 as well. Moreover, the New York economic recovery continues to lag that of the nation. By the end of FFY 2021, the national unemployment rate had fallen to 4.7 percent, compared to a rate of 7.1 percent for New York. These data suggest that New York's net balance of payments position for 2021 is likely to mirror that of 2020.

As of this writing, the fate of the Build Back Better reconciliation bill hangs in the balance, but residual pandemic spending combined with proceeds from the Infrastructure Investment and Jobs Act (IIJA) are likely to support favorable balance of payments for all the states for the Federal fiscal year now underway. However, IIJA spending will be spread over five years and will thus have a relatively modest impact on an annual basis. Consequently, once Federal emergency COVID-19 spending completes its course through the economy—and unless New York can continue to attract a more equitable share of Federal expenditures, commensurate with its contribution and need—the state will likely retake its position as one of the nation's largest net donor states, if not the largest.

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 businesses, contributed to the Federal budget through the payment of Federal taxes and other remittances, and how much individuals, governments, and other economic actors 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 Federal budget data.

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.

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.
- 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.
- COVID-19 relief spending.

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 2022*. This document, published in May 2021, provides the most current data on US spending including final spending amounts for Federal fiscal years 2018, 2019, and 2020. The data used in this analysis are taken from the *Analytical Perspectives* volume and the Federal budget database that accompanies the Federal budget.[3]

In FFY 2020, the Federal government had receipts of $3.42 trillion and expenditures of $6.55 trillion, creating a deficit of $3.13 trillion (Historical Table 1.1). Using categories generally used in the Federal budget, Federal receipts were broken down to the major categories displayed in Table 13. The categories were disaggregated further as discussed below. The table shows the preliminary amounts for FFY 2020, which is the primary year of analysis for this report. We also include revised numbers from FFY 2019 as a point of comparison.

TABLE 13. **Federal Receipts and Expenditures by Major Category**

	$ millions FFY 2019	$ millions FFY 2020
Receipts	**$3,463,364**	**$3,421,162**
Allocable Receipts	**$3,306,801**	**$3,234,865**
Income and Employment Taxes	$2,960,970	$2,918,616
Individual Income Tax	$1,717,857	$1,608,661
Social Insurance and Retirement Receipts	$1,243,113	$1,309,955
Corporate Income Tax	$230,245	$211,845
Excise Taxes	$98,914	$86,780
Other Allocable Receipts	$16,672	$17,624
Unallocable Receipts	**$156,563**	**$186,297**
Expenditures	**$4,446,956**	**$6,550,396**
Allocable Expenditures	**$4,143,198**	**$6,229,603**
Direct Payments to Individuals	$2,563,038	$2,953,575
Grants	$721,140	$799,290
Contracts	$582,585	$641,495
Wages	$276,435	$290,945
COVID-19 Relief Spending		$1,544,298
Unallocable Expenditures	**$303,758**	**$320,793**
Deficit	($983,592)	($3,129,234)
Deficit Reflected In Allocable Numbers	($836,397)	($2,994,738)

Receipts Details

Table 14 and Table 15 show a breakdown of Federal receipts by major category and subcategory. The data come from the "Historical Tables" published as part of the *Analytical Perspectives* volume of the Federal budget for fiscal year 2022. The source table for each receipt is provided. Use of the term "calculated" indicates the value has been constructed from other data in the table.

The bulk of Federal receipts are 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 are 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 payments. 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 14. **Detailed Breakdown of Federal Receipts**

	$ millions FFY 2019	$ millions FFY 2020	Source
Receipts	**$3,463,364**	**$3,421,162**	**calculated**
Income and Employment Taxes	**$2,960,970**	**$2,918,616**	**calculated**
Individual Income Tax	$1,717,857	$1,608,661	hist2.1
Social Insurance and Retirement Receipts	**$1,243,113**	**$1,309,955**	**hist2.1**
Employment and General Retirement	$1,197,393	$1,261,651	hist2.4
Old-Age, Survivors Insurance, and Disability Insurance	$914,303	$965,428	calculated
Old-Age and Survivors Insurance (Off-Budget)	$770,282	$825,307	hist2.4
Disability Insurance (Off-Budget)	$144,021	$140,121	hist2.4
Hospital Insurance	$277,572	$291,778	hist2.4
Railroad Retirement (summed)	$5,518	$4,445	hist2.4
Unemployment Insurance (Trust Funds)	$40,934	$43,104	hist2.4
Other Retirement (Federal Employees and Nonfederal Employees)	$4,786	$5,200	hist2.4
Corporate Income Tax	**$230,245**	**$211,845**	**hist2.1**
Excise Taxes	**$98,914**	**$86,780**	**hist2.1**
Transportation (Trust Fund)	$43,671	$42,764	hist2.4
Tobacco	$12,457	$12,354	hist2.4
Airport and Airway	$15,976	$9,016	hist2.4
Health Insurance Providers	$9,590	$15,316	hist2.4
Alcohol	$9,992	$9,490	hist2.4
Other Excises	$7,228	($2,160)	calculated
Other Allocable Receipts	**$16,672**	**$17,624**	**calculated**
Estate and Gift Taxes	$16,672	$17,624	hist2.5
Unallocable receipts	**$156,563**	**$186,297**	**hist2.5**
Customs Duties and Fees	$70,784	$68,551	hist2.5
Federal Reserve Deposits	$52,793	$81,880	hist2.5
All Other Miscellaneous Receipts	$32,986	$35,866	hist2.5

TABLE 15. **Unallocable Federal Receipts**

	$ millions FFY 2019	$ millions FFY 2020	Source
Unallocable Receipts	**$156,563**	**$186,297**	**hist2.5**
Customs Duties and Fees	$70,784	$68,551	hist2.5
Federal Reserve Deposits	$52,793	$81,880	hist2.5
All Other Miscellaneous Receipts	$32,986	$35,866	hist2.5

Overview of Expenditures

For 2020, expenditures were broken down into five large categories: direct payments to individuals, grants, contracts, wages, and COVID-19 relief spending. Again, a subset of expenditure categories were also classified as unallocable, representing 4.9 percent of total expenditures in FFY 2020. 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, the portion of tax credits that are direct payments in the Federal budget includes, among others, the refundable Earned Income Tax Credits and the refundable child credit.

TABLE 16. **Detailed Breakdown of Federal Direct Payments Expenditures**

	$ millions FFY 2019	$ millions FFY 2020	$ millions FFY 2020 COVID-19 Adjusted	Source
Direct Payments for Individuals	**$2,563,038**	**$3,605,845**	**$2,953,575**	**hist11.3**
Social Security and Railroad Retirement	**$1,047,957**	**$1,100,045**	**$1,100,045**	**hist11.3**
Social Security: Old-Age and Survivors Insurance	$892,904	$945,065	$945,065	hist11.3
Social Security: Disability Insurance	$145,062	$144,327	$144,327	hist11.3
Railroad Retirement (excluding Social Security)	$9,991	$10,653	$10,653	hist11.3
Federal Employees Retirement and Insurance	**$249,071**	**$263,087**	**$263,087**	**hist11.3**
Civil Service Retirement	$88,760	$91,045	$91,045	hist11.3
Veterans Service-Connected Compensation	$60,703	$62,286	$62,286	hist11.3
Military Retirement	$95,599	$105,615	$105,615	hist11.3
Other	$4,009	$4,141	$4,141	hist11.3
Unemployment Assistance(1)	**$27,442**	**$472,102**	**$127,609**	**hist11.3**
Medical Care	**$925,233**	**$1,071,029**	**$1,071,029**	**hist11.3**
Medicare: SMI Plus HI	$762,730	$895,959	$895,959	calculated
Medicare: Supplementary Medical Insurance	$444,297	$500,135	$500,135	hist11.3
Medicare: Hospital Insurance	$318,433	$395,824	$395,824	hist11.3
Hospital and Medical Care for Veterans	$77,660	$87,395	$87,395	hist11.3
Refundable Premium Tax Credit and Cost Sharing Reductions	$43,285	$44,387	$44,387	hist11.3
Uniformed Services Retiree Health Care Fund (TRICARE)	$10,457	$10,571	$10,571	hist11.3
Medical Care—Other	$31,101	$32,717	$32,717	calculated
Assistance to Students	**$84,539**	**$175,653**	**$143,244**	**hist11.3**
Student Assistance—Department of Education and Other(2)	$71,106	$162,533	$130,124	hist11.3
Veterans Education Benefits	$13,433	$13,120	$13,120	hist11.3
Housing Assistance	**$17,145**	**$16,979**	**$16,979**	**hist11.3**
Food and Nutrition Assistance	**$56,438**	**$77,629**	**$77,629**	**hist11.3**
SNAP (formerly Food Stamps) (including Puerto Rico)	$56,366	$77,636	$77,636	hist11.3
Food and Nutrition Assistance—Other	$72	($7)	($7)	calculated
Public Assistance and Related Programs	**$146,836**	**$419,889**	**$144,521**	**hist11.3**
Earned Income Tax Credit	$59,209	$57,577	$57,577	hist11.3
Supplemental Security Income Program	$53,107	$53,848	$53,848	hist11.3
Payment Where Child Credit Exceeds Tax Liability	$28,898	$27,779	$27,779	hist11.3
Coronavirus Payments and Credits(3)		$275,368		
Public Assistance—Other	$5,876	$5,317	$5,317	calculated
All Other Payments for Individuals	**$8,377**	**$9,432**	**$9,432**	**hist11.3**

(1) Unemployment payments made through the Pandemic Unemployment Assistance and Federal Pandemic Unemployment Compensation programs were reclassified as COVID-19 Relief.

(2) Student assistance allocated throught the Education Stabilization Fund and the Student Loan deferals were reclassified as COVID-19 Relief.

(3) Coronavirus Payments and Credits were reclassified as COVID-19 Relief.

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 17 summarizes the data used to allocate Federal receipts. It also indicates the availability of the data for each year of analysis.

TABLE 17. **Federal Receipts Allocators**

	Source	2019	2020
Individual Income Tax	IRS Statistics on Income	Y	N-Sub 2019
Old-Age, Survivors Insurance, and Disability Insurance	Social Security Administration OASDI Contributions	N-Sub 2018	N-Sub 2018
Hospital Insurance	Social Security Administration Hospital Insurance Contributions	N-Sub 2018	N-Sub 2018
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	Y
Alcohol	NIAA alcohol consumption	Y	N-Sub 2019
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, 2019. 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 2019."[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 (FICA) and the Self-Employment Contributions Act (SECA) employment taxes, which are accounted for elsewhere. The state shares from 2019 were applied for 2019 and 2020.

Social Insurance and Retirement

Old-age and survivors insurance, 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, 2018."[5] Data for 2018 were the most recent information available at the time of the analysis and were applied for FFYs 2018, 2019, and 2020.

The railroad retirement tax was taken from the "Statistics of Income Gross Collections" data. The data have been published for 2020.[6]

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."[7]

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 2020 and Later*.[8] The study forecasted the tax burden by state.

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 payment programs were developed using agency data when available. When they were not, reliable third-party proxies were identified. Table 18 shows how each direct payment program was allocated to the states and the availability of data for FFY 2019 and FFY 2020.

TABLE 18. **Federal Direct Payments Allocators**

	Source	2019	2020
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	Y	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	CSR Milliman Report for 2015 and 2016 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 2019
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 2019

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 posted 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 the table titled "Exhibit R14: Fiscal Year 2020 Annuitants on the Retirement Roll" from the *Statistical Abstracts Fiscal Year 2020, 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 2018, 2019, and 2020.[9]

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, 2020,* published by Department of Defense, Office of the Actuary. Data were also collected from the corresponding FFYs 2018 and 2019 reports.[10]

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

Unemployment Assistance

Key data files and links:[11]

- 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 obtain 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 shares.

Hospital and Medical Care for Veterans state shares were allocated using Medical Care 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 2018, 2019, and 2020.[12]

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). This 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.[13] Even though this total includes other TRICARE programs, it is a more appropriate source than the overall Census populations.

Other medical care expenditures were deemed immaterial; in the absence of specific agency information, amounts were allocated 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 shares.

State shares for Veterans Education Benefits were allocated using Education & Vocational Rehabilitation/Employment data from the "General Description of Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX)"[14]

Housing Assistance

Housing assistance expenditures were allocated based on data on Section 8 vouchers provided in the President's Budget, *Analytical Perspectives*, Table 11-37, Section 8 Choice Vouchers (14.871) presents spending by state for FFY 2020.[15] Corresponding tables were downloaded for FFYs 2018 and 2019.

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, 2019.[16] 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, 2019."[17]

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 19 ("fedbud.db" indicates that data were summarized from the Federal budget database).

TABLE 19. **Detailed Breakdown of Federal Grants Expenditures**

	FFY 2019 ($ millions)	FFY 2020 ($ millions)	FFY 2020 COVID-19 Adjusted ($ millions)	Source
Grants	**$721,140**	**$829,093**	**$799,290**	**calculated**
HHS_Centers for Medicare and Medicaid Services_Grants to States for Medicaid_Health care services	$409,421	$458,468	$458,468	fedbud.db
DOT_Federal Highway Administration_Federal-aid Highways_Ground transportation	$43,768	$46,327	$46,327	fedbud.db
USDA_Food and Nutrition Service_Child Nutrition Programs_Food and nutrition assistance	$23,247	$22,709	$22,709	fedbud.db
HUD_Public and Indian Housing Programs_Tenant Based Rental Assistance_Housing assistance	$22,208	$24,632	$24,632	fedbud.db
HHS_Administration for Children and Families_Temporary Assistance for Needy Families_Other income security	$15,493	$16,551	$16,551	fedbud.db
ED_Office of Elementary and Secondary Education_ Education for the Disadvantaged_Elementary, secondary, and vocational education	$16,203	$15,810	$15,810	fedbud.db
ED_Office of Special Education and Rehabilitative Services_ Special Education_Elementary, secondary, and vocational education	$12,978	$12,741	$12,741	fedbud.db
HHS_Administration for Children and Families_Children and Families Services Programs_Social services	$11,240	$11,892	$11,892	fedbud.db
HHS_Centers for Medicare and Medicaid Services_Children's Health Insurance Fund_Health care services	$17,689	$16,880	$16,880	fedbud.db
DOT_Federal Transit Administration_Transit Formula Grants_Ground transportation	$10,500	$9,909	$9,909	fedbud.db
HHS_other	$6,296	$7,138	$7,138	fedbud.db
HHS_Administration for Children and Families_Payments for Foster Care and Permanency_Other income security	$8,599	$8,836	$8,836	fedbud.db
HUD_Community Planning and Development_Community Development Fund_Community development	$5,178	$5,235	$5,235	fedbud.db
USDA_Food and Nutrition Service_Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)_ Food and nutrition assistance	$5,314	$5,011	$5,011	fedbud.db
HUD_other	$5,808	$5,805	$5,805	fedbud.db
ED_other	$4,964	$6,854	$6,854	fedbud.db
USDA_Food and Nutrition Service_Supplemental Nutrition Assistance Program_Food and nutrition assistance	$7,100	$8,006	$8,006	fedbud.db
DOI_other	$5,565	$5,054	$5,054	fedbud.db
HUD_Public and Indian Housing Programs_Public Housing Operating Fund_Housing assistance	$4,458	$4,580	$4,580	fedbud.db
DOT_other	$7,936	$9,671	$9,671	fedbud.db

TABLE 19. **Detailed Breakdown of Federal Grants Expenditures, *continued***

	FFY 2019 ($ millions)	FFY 2020 ($ millions)	FFY 2020 COVID-19 Adjusted ($ millions)	Source
EPA_Environmental Protection Agency_State and Tribal Assistance Grants_Pollution control and abatement	$3,826	$4,019	$4,019	fedbud.db
ED_Office of Elementary and Secondary Education_School Improvement Programs_Elementary, secondary, and vocational education	$4,616	$4,591	$4,591	fedbud.db
HHS_Administration for Children and Families_Payments to States for Child Support Enforcement and Family Support Programs_Other income security	$4,117	$4,424	$4,424	fedbud.db
USDA_other	$2,599	$3,959	$3,959	fedbud.db
other.agency_other	$9,144	$12,078	$12,078	fedbud.db
HHS_Administration for Children and Families_Low Income Home Energy Assistance_Other income security	$3,695	$3,812	$3,812	fedbud.db
ED_Office of Special Education and Rehabilitative Services_ Rehabilitation Services_Social services	$3,119	$3,039	$3,039	fedbud.db
DOT_Federal Aviation Administration_Grants-in-aid for Airports (Airport and Airway Trust Fund)_Air transportation	$3,303	$3,289	$3,289	fedbud.db
DHS_Federal Emergency Management Agency_Disaster Relief Fund_Disaster relief and insurance (1)	$6,735	$43,317	$13,514	fedbud.db
DHS_Federal Emergency Management Agency_State and Local Programs_Disaster relief and insurance	$903	$273	$273	fedbud.db
HHS_Administration for Children and Families_Child Care Entitlement to States_Other income security	$3,244	$2,979	$2,979	fedbud.db
HHS_Substance Abuse and Mental Health Services Administration_Substance Abuse and Mental Health Services Administration_Health care services	$3,679	$4,322	$4,322	fedbud.db
DOL_Employment and Training Administration_Training and Employment Services_Training and employment	$2,684	$2,782	$2,782	fedbud.db
HHS_Health Resources and Services Administration_Health Resources and Services_Health care services	$3,009	$2,926	$2,926	fedbud.db
DOJ_other	$2,317	$2,378	$2,378	fedbud.db
HHS_Administration for Children and Families_Payments to States for the Child Care and Development Block Grant_ Other income security	$3,906	$7,021	$7,021	fedbud.db
VA_other	$2,050	$2,979	$2,979	fedbud.db
DOL_other	$1,232	$3,729	$3,729	fedbud.db
FCC_Federal Communications Commission_Universal Service Fund_Other advancement of commerce	$2,113	$2,141	$2,141	fedbud.db
HHS_Administration for Community Living_Aging and Disability Services Programs_Social services	$1,917	$2,291	$2,291	fedbud.db
DOL_Employment and Training Administration_ Unemployment Trust Fund_Unemployment compensation	$3,038	$964	$964	fedbud.db
ED_Office of Innovation and Improvement_Innovation and Improvement_Elementary, secondary, and vocational education	$857	$775	$775	fedbud.db
DOT_Federal Railroad Administration_Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service_Ground transportation	$26	$8	$8	fedbud.db
DOJ_Office of Justice Programs_Crime Victims Fund_ Criminal justice assistance	$2,300	$6,533	$6,533	fedbud.db
DHS_other	$2,469	$2,023	$2,023	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 (CMS) 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 2019 and allocators were applied for 2020 as well.

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 2019 and 2020.

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 state allocation of grants for the Federal agency as a whole.

TABLE 20. **Detailed Breakdown of Federal Contracts and Procurements**

	$ millions FFY 2019	$ millions FFY 2020	$ millions FFY 2020 COVID-19 Adjusted	Source
Contracts (Obligations)	**$582,585**	**$760,495**	**$641,495**	**calculated**
Department of Defense—Military Programs	$339,995	$343,481	$343,481	objclass.tab2
Department of Veterans Affairs	$39,564	$49,252	$49,252	objclass.tab2
Department of Energy	$28,001	$29,383	$29,383	objclass.tab2
Department of Health and Human Services (1)	$27,175	$159,785	$40,785	objclass.tab2
Department of Homeland Security	$27,175	$30,866	$30,866	objclass.tab2
Social Security Administration	$15,810	$16,263	$16,263	objclass.tab2
National Aeronautics and Space Administration	$16,836	$18,236	$18,236	objclass.tab2
Department of Justice	$14,944	$18,236	$18,236	objclass.tab2
Department of Agriculture	$13,617	$30,064	$30,064	objclass.tab2
Other (does not include International Assistance)	$59,468	$64,929	$64,929	calculated

(1) Provider Relief Fund payments were reclassifed as COVID-19 Relief spending.

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 spending was allocated according to agency procurement data from USASpending.gov. USASpending data were available for FFYs 2018, 2019, and 2020.

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 21. **Detailed Breakdown of Federal Wages**

	$ millions FFY 2019	$ millions FFY 2020	Source
Wages (Obligations)	**276,435**	**290,945**	**calculated**
Military	105,899	109,572	objclass.tab1
Nonmilitary	170,536	181,373	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 for Puerto Rico was estimated based on its population as 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 for the US Postal Service. These wages were allocated to states based upon data from the Full-Time Personnel data files obtained directly from the Office of Personnel Management. Data were available for FFYs 2019 and 2020.[18]

COVID-19 Relief Funding

In FFY 2020, the Federal government passed four appropriations bills that allocated funds to address the public and economic impacts of the COVID-19 pandemic. Together these four pieces of legislation authorized an additional $2.59 trillion in budgetary resources be made available to Federal agencies. Over the course of FFY 2020, the Federal government is estimated to have disbursed approximately $1.5 trillion in COVID-19 relief spending.[19]

The funding was distributed to individuals, businesses, healthcare providers, and state and local governments. There were two forms of COVID-19 relief spending. The first was through new programs created explicitly to distribute funds. These programs include the Paycheck Protection Program for small businesses, Economic Impact Payments deposited into bank accounts, and the Coronavirus Relief Fund for state and local governments.COVID-19 also resulted in higher-than-average expenditures for existing social safety net programs. The dramatic number of job losses resulted in a record-breaking number of claims filed for unemployment insurance and Federal spending on unemployment assistance increased by $100.2 billion in FFY2020 (Table 16). The increases in Medicare reimbursement rates in response to the COVID-19 pandemic, resulted in higher-than-normal expenditures for the program. Expenditures grew by $133.2 billion over the past year. Direct payments for food and nutrition assistance (SNAP) spending also increased by $21.3 billion. The growth in expenditures in these programs can be attributed to greater usage as a result of the pandemic, but the portion of spending attributed to COVID-19 relief could not be identified at this time. As a result, these increased expenditures were not reallocated to the COVID-19 Relief Spending category for this analysis.

TABLE 22. **COVID-19 Relief Supplemental Funding, FFY 2020**

Legislation	Date	Budgetary Resources
Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 P.L 116-123	March 6, 2020	$8 billion
Families First Coronavirus Response Act P.L. 116-127	March 18, 2020	$19 billion
Coronavirus Aid, Relief, and Economic Security Act (CARES Act) P.L. 116-136	March 27, 2020	$2,080 billion
Paycheck Protection Program and Health Care Enhancement Act P.L. 116-139	April 24, 2020	$483 billion

SOURCE: "The Federal Response to COVID-19: How is the federal government funding relief efforts for COVID-19?," Data Lab, https://datalab.usaspending.gov/about/.

A new category of expenditures was created for this year's analysis to account for the new spending programs initiated to provide pandemic relief. While hundreds of programs were created through the four bills signed into law, the bulk of FFY 2020 expenditures can be attributed to 10 programs.

TABLE 23. **Detailed Breakdown of COVID-19 Relief Spending**

	$ millions FFY 2020	Source
COVID-19 Relief Spending (Obligated)	**$1,544,298**	**calculated**
Business Loans		
Paycheck Protection Program	$525,012	FFIS
Economic Injury Disaster Loan Program	$45,141	Treasury Department
Other Direct Payments to Individuals		
Federal Pandemic Unemployment Assistance	$294,639	calc
Pandemic Unemployment Assistance	$49,807	calc
Coronavirus Payments and Credits—Economic Impact Payments	$275,368	hist11.3
Grants		
Coronavirus Relief Fund	$150,000	CARES Act
Provider Relief Fund	$119,000	HRSA
FEMA Disaster Relief Authorization	$29,802	CARES Act
Education Funding		
Student Loan Deferrals	$27,027	ed.gov
Education Stabilization Fund	$28,502	ed.gov

Business Loan Programs

The Small Business Administration (SBA) published data on the loans awarded to small businesses through the Paycheck Projection Program and the Economic Impact Disaster Loan program. All PPP funds are eligible for forgiveness so the total value of the loans were included. Only a portion of EIDL advances and loans were eligible for forgiveness. This portion of those loans was included as COVID relief spending. Loans from the two programs were allocated based on a state's share of loans awarded in FFY 2020 as reported by the SBA.

Pandemic Unemployment

Historical table 11.3 of the Federal Budget reported $472.1 billion in total unemployment payments in 2020. These included payments made through traditional unemployment insurance claims and the supplemental unemployment funding through pandemic specific programs such as the Federal Pandemic Unemployment Assistance and the Pandemic Unemployment Assistance programs.

The monthly dataset published by the US Department of Labor on Net Unemployment Insurance benefits included new variables to account for the pandemic specific programs. The total value of the benefits made through the two pandemic unemployment assistance programs in FFY 2020 were calculated and recategorized as COVID-19 relief spending. The same data were used to allocate the distribution to the states.

Coronavirus Payments and Credits

The distribution of Economic Impact Payments by state was taken from Table 8 in "Statistics of Income Gross Collections" data published by the IRS for FFY 2020.

Coronavirus Relief Fund

Part of the CARES Act, the Coronavirus Relief fund provided payments to state, local, and tribal governments in FFY 2020. The Department of the Treasury published data on the distribution of the funding by state.

Provider Relief Fund

The Centers for Disease Control and the Department of Health and Human Services have maintained a database of all payments made as part of the Provider Relief Fund. These data were aggregated to determine state totals.

Education Relief

The Education Stabilization Fund provided $30 billion in relief to higher education institutions and their students, school districts, and state governments. The US Department of Education published funding distributions on their website, which were in turn aggregated by state.

The Department of Education's FFY 2020 financial report showed $27.0 billion in COVID-19 student loan deferrals. This funding was allocated by state using BEA data on education and training assistance.

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 expenditures and payments for international assistance programs. These represented 6.8 percent of the total expenditures collected in FFY 2019 and 0.9 percent in FFY 2020. This is a standard practice in the calculation of balance of payments.

TABLE 24. **Unallocable Federal Expenditures**

	$ millions FFY 2019	$ millions FFY 2020	$ millions FFY 2020 COVID-19 Adjusted	Source
Unallocable Expenditures	$303,758	$1,064,018	$320,793	calculated
Net Interest Expenditures	$375,158	$345,470	$345,470	hist3.1
International Assistance Programs	$57,153	$66,199	$66,199	objclass.tab2
Undistributed Offsetting Receipts	($98,192)	($106,362)	($106,362)	hist3.1
Unexplained (S/B Obligations/Expenditures Difference)	($30,361)	$758,711	$15,486	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 the 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 17 and 18 present the allocators used and their availability for each of the Federal fiscal years studied. For years for which data were unavailable, the values from the next closest year were used. This report utilizes the most recent IRS Statistics of Income data for the 2019 tax year to determine individual income tax liability, released in December 2021. Elements of the FFY 2019 and FFY 2020 balance of payments estimates are based on the distribution of 2019 individual income tax liability across the states.

In addition to the potential lag in allocator data, much of the source data is revised on a regular basis. For example, the US Census Bureau revises state population data annually. Notably, 2020 was a decennial census year but because of delays resulting from the pandemic, the intercensal estimates for the years 2011 through 2019 have not yet been released. Traditionally, these revisions have been relatively minor, but the 2020 Census results indicate that New York's 2020 population had been underestimated by an unusually large amount. Thus, it can be inferred that there will be unusually large upward revisions to some of the intercensal year data. The revised population data will be integrated into the report published in 2023.

The following labelling conventions have been adopted to refer to the annual revisions to the calculations.

Preliminary estimates—Preliminary estimates are those values calculated for the immediately preceding Federal fiscal year. In this report, Preliminary FFY 2020 estimates are presented. Typically, preliminary estimates are calculated based on finalized data released with the *Analytical Perspectives* volume of the Federal budget for the upcoming Federal fiscal year.[28] Nine of the 14 required receipts allocators will be specific to the study year (FFY 2020); the remaining five are extrapolated from the prior year (FFY 2019). Similarly, 15 of the 22 required expenditures allocators will be specific to the study year, while the remainder are extrapolated from the prior year.

Revised estimates—Revised estimates are updates to preliminary estimates calculated in the previous year. In this report, revised FFY 2019 estimates are presented. These estimates incorporate more recent data from the IRS, CMS, and the Social Security Administration.

ENDNOTES

1 In 2019, 50 percent of New York's Federal income tax liability came from individuals with an income $500,000 or greater as compared to 39 percent for the same income categories nationwide.

2 Due to pandemic-related delays, the Census Bureau has not yet published intercensal population reestimates for 2011 through 2019. As a result, the estimates that appear in this report for 2015 through 2019 will be revised once a new set of population estimates become available.

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ACKNOWLEDGMENTS

The authors wish to thank Patrick Schumacher for his research assistance.

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