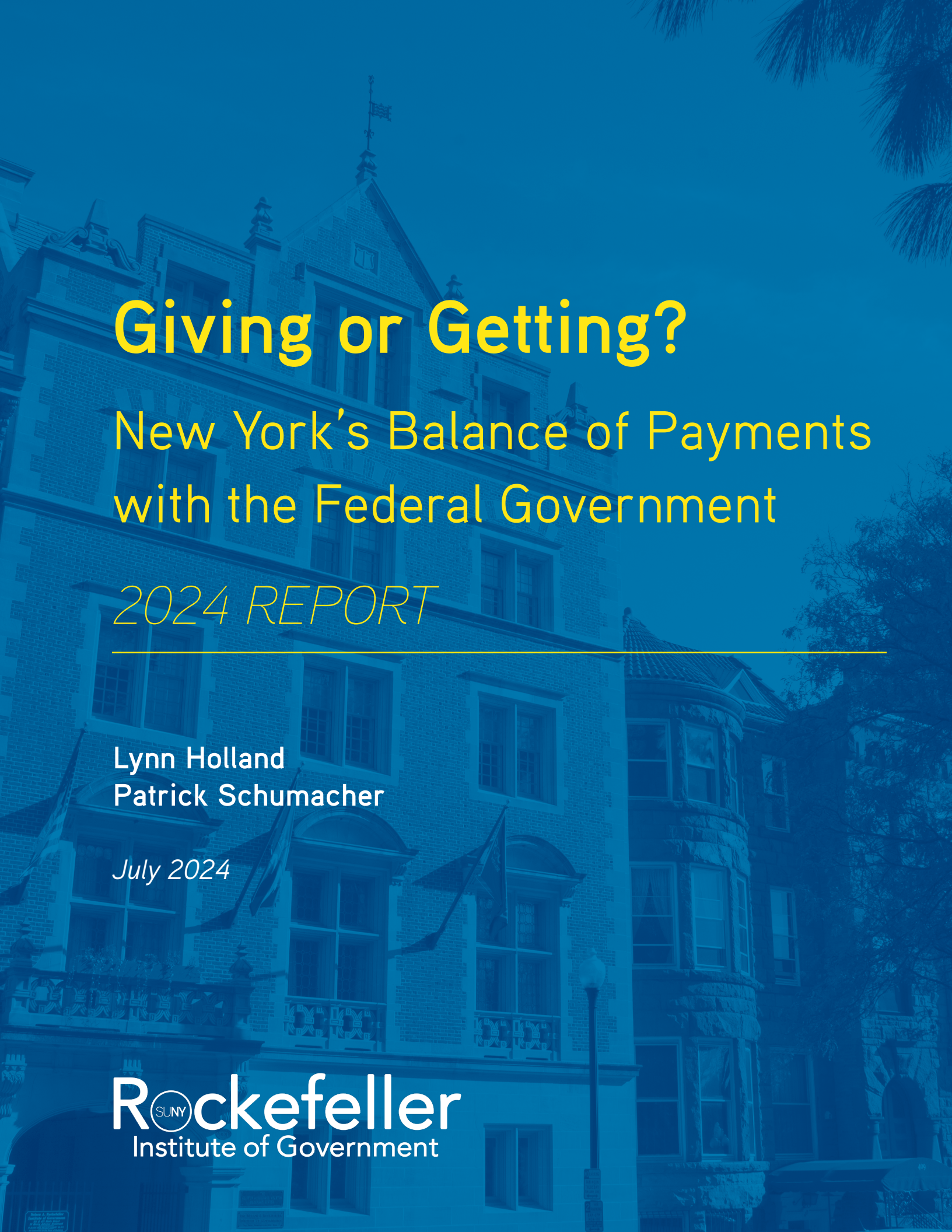

Giving or Getting?

New York's Balance of Payments with the Federal Government

2024 REPORT

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Rockefeller SUNY Institute of Government

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June 2024

By the end of Federal Fiscal Year 2022, the surge in Federal emergency spending in response to the COVID-19 pandemic had largely wound down. And just like that, New York State resumed its role as one of the largest net donor states to the Federal government in the nation. In the seventh edition of *New York's Balance of Payments with the Federal Government*, produced by the Rockefeller Institute of Government in collaboration with the New York State Division of the Budget, we spotlight the differential impacts Federal tax and expenditure policies can have on states and how those effects have evolved over time.

For the first five years of this report – Federal Fiscal Year (FFY) 2015 through FFY 2019 – not only did New York State post a net negative balance of payments, it also ranked at the very bottom among all 50 states. The State's high-wage and high-productivity economy produced extraordinary levels of Federal revenue but failed to attract levels of Federal spending commensurate with either its contribution or its need. That imbalance evaporated in 2020 with the onset of the COVID-19 pandemic and the Federal government's swift and proportionate response. In the prior five years, New York's balance of payments averaged a net negative $31.7 billion. For 2020 and 2021, New York's net positive results lifted the State's ranking to fifth for both years. The data for FFY 2022, as highlighted in this year's report, bring us back to the unfortunate norm, with New York posting a net negative balance of payments of $19.4 billion and a rank of 46 among the 50 states.

The historic shift in the State's balance of payments position for 2020 and 2021 revealed what is possible when Federal programs truly prioritize need, but the results presented in this report indicate that the distribution of Federal spending across the states is back to business as usual. New York is a high-income state, with a strong and vibrant economy that is at the forefront of some of today's most cutting-edge technologies. But New York is also a high-needs state, with an official poverty rate of 14.2 percent in 2022, the ninth highest in the nation. As of March 2024, 7.3 million State residents, almost 40 percent of the population, are enrolled in the Medicaid program.

The myriad challenges New York faces are neither unique to nor the fault of our state. Access to quality health care, education, affordable housing, and responding to climate change continue to test every state. Governor Hochul and the State Legislature tackled these and other challenges in the FY 2025 Enacted Budget, but they also demand Federal funding mechanisms that are fair and adequate to corresponding need. It is our expectation that this report will continue to inform and guide the national debate on fiscal federalism that is as old as the nation itself. We thank the Rockefeller Institute of Government for continuing to provide the tools necessary to support the discussion.

Sincerely,

Blake G. Washington
Budget Director

Executive Summary

In its seventh annual analysis, the Rockefeller Institute of Government examines the amount of Federal funding that every state generates and receives and the respective net difference between the two, referred to by the late Senator Daniel Patrick Moynihan as a state's balance of payments. This report strives to shed light on both the source of these differences and how they have changed over time.

The Rockefeller Institute's annual balance of payments analysis is designed to aid policymakers as they deliberate whether there is too much redistribution of funding or too little. The consequences of budgetary decisions can have a profound impact on the economies of their states and the lives of their constituents. This report presents detailed preliminary estimates of revenue and spending data for Federal fiscal year (FFY) 2022 and revised estimates for FFY 2021.[1] While the analysis presented herein is national in scope, it places the focus squarely on New York.

As speculated in last year's report, the results of this year's analysis for FFY 2022 represent a dramatic break from the prior two years. With a net negative total dollar balance of payments (BOP) of $19.4 billion, New York's ranking relative to other states dropped 41 places from fifth most favorable based on revised estimates for FFY 2021 to 46th for 2022, four rungs above the state's pre-pandemic place as worst in the nation. On a per capita basis, New York's BOP fell from a net positive $7,750 and $6,178 in 2020 and 2021, respectively, to a net negative $984 in 2022.

The results for 2020 and 2021 confirm that the Federal emergency spending programs designed to address the economic impact of COVID-19, comprised in large part of direct payment to individuals, represented a more equitable distribution of aid—one more commensurate with the size of the state's population and need—than those that have been used in the recent past. However, the 2022 results confirm that the auspicious impact of these programs proved to be only temporary. New York's negative balance of $19.4 billion put the state among the ranks of the 11 states estimated to be posting negative BOPs for 2022 based on preliminary data.

Preliminary analysis of New York 2022 data indicates:

NEW YORK'S
BALANCE OF PAYMENTS

-$19.4 billion

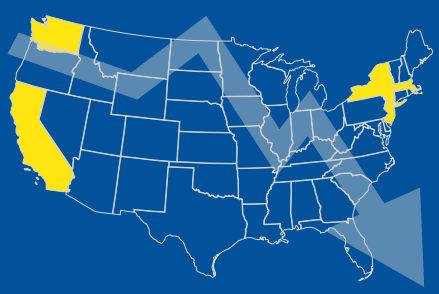
RANKING 46th

IN THE NATION

DOWN FROM 5th IN 2021 DUE TO

$1.4 trillion

decline in emergency pandemic spending



THE BOTTOM FIVE STATES ARE

California (-$72.0B)
Massachusetts (-30.0B)
Washington (-$22.5B)
New Jersey (-$19.4B)
New York (-$19.4B)

NEW YORK'S PER CAPITA
BALANCE OF PAYMENTS

-$984

DOWN FROM

39th

IN 2021

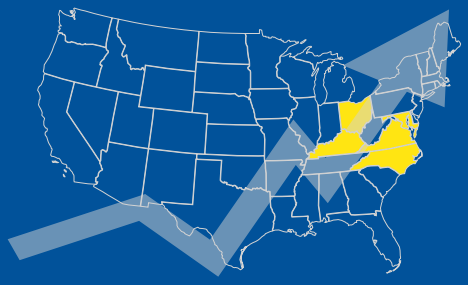
US AVERAGE PER CAPITA
BALANCE OF PAYMENTS

$2,799

New York received

$3,783

LESS THAN NATIONAL AVERAGE



THE TOP FIVE STATES ARE

Virginia ($129.2B)
Maryland ($71.6B)
Kentucky ($65.4B)
Ohio ($56.7B)
North Carolina ($52.7B)

The 2022 shift is largely rooted in the evolving fiscal impact of COVID-19. To address the impact of the pandemic on the national economy, the Federal government authorized spending programs totaling $2.3 trillion in FFY 2020 and another almost $3 trillion in FFY 2021.[2] Expenditures under these programs are estimated to have totaled $1.6 trillion and $1.7 trillion for FFY 2020 and FFY 2021, respectively. These Federal programs were designed to disburse the largest sums of relief funding to the states with the greatest volume of need, resulting in a singularly large share of the funding going to the most populous states in both years.

As a direct consequence of the design of these programs, New York's net BOP position ranked fifth most favorable for both FFY 2020 and FFY 2021. This was a monumental improvement from its rank of 50th for every year for which the Rockefeller Institute had conducted this analysis prior to FFY 2020, starting from FFY 2015. Even on a per capita basis, FFY 2020 and FFY 2021 represented the only years for which New York did not rank among the bottom five states in the history of the Rockefeller Institute's analysis.

With the widespread distribution of vaccines and the most harrowing days of the pandemic behind us, the economic impact of the pandemic receded and the Federal spending that kept much of the economy afloat in 2020 and 2021 began to wind down. COVID-19 emergency relief spending fell to an estimated $391 billion in FFY 2022, a reduction of almost $1.4 trillion from 2021, based on preliminary data. In turn, the Federal budget deficit narrowed by $1.4 trillion in 2022, signaling a return to pre-pandemic fiscal trends, with New York accounting for a disproportionately high share of Federal receipts and a falling share of Federal expenditures.

Thus, FFY 2022 appears to represent the start of a return to business as usual for both US fiscal policy and New York's net balance of payments position. Key findings from this year's report include:

- With 2022 COVID-19-related spending only a fraction of what it was during the prior two years, New York's dollar BOP has once again become more reflective of the state's level of wealth, which is highly concentrated among a relatively small class of taxpayers, and therefore much less reflective of the needs of the majority of New Yorkers. As a result, New York has returned to its pre-pandemic position as a net subsidizer of other states.
- Based on preliminary data, New York posted a negative balance of payments of $19.4 billion, after two consecutive years of large positive BOPs. New York's strong showing in 2020 and 2021 appears to have been a direct consequence of New York receiving a share of Federal emergency COVID-19 spending that was commensurate with its population size and need.
- With the worst of the pandemic in the rearview mirror and the economy on the mend, FFY 2022 saw an estimated 78 percent drop in COVID-19 emergency spending, an 8.0 percent decline in Federal expenditures, and a 21.0 percent increase in budgetary receipts. New York experienced a comparable 21.5 percent increase in tax receipts but saw a 74.5 percent decline in COVID-19 funding and an 18.8 percent decline in expenditures overall. As a result, New York's BOP plummeted from a rank of fifth in 2020 and 2021 to 46th in 2022.

- The remaining of the five states with the least favorable dollar BOPs include California (-$72.0 billion), Massachusetts (-$30.0 billion), Washington (-$22.5 billion), and New Jersey (-$19.4 billion).
- The five states with the most favorable BOPs in 2022 were Virginia ($129.2 billion), Maryland ($71.6 billion), Kentucky ($65.4 billion), Ohio ($56.7 billion), and North Carolina ($52.7 billion).
- For every dollar New York sent to the Federal government, it received only $0.95 in Federal expenditures. This compares to an average of $1.40 received for every dollar contributed across the 50 states.
- Adjusting for population size, New York's BOP dropped from a positive $7,750 in 2020 and $6,178 in 2021, to a negative $984 in 2022. The 2022 decline was associated with a deterioration in the state's ranking from 34 and 39 in 2020 and 2021, respectively, to 42 in 2022. The bottom five states on a per capita basis were New Hampshire (-$2,049), New Jersey (-$2,091), Washington (-$2,894), Massachusetts (-$4,302), and Connecticut (-$4,909).
- The five states with the most favorable BOPs in 2022 on a per capita basis were Virginia ($14,888), Kentucky ($14,507), Alaska ($14,031), New Mexico ($13,009), and Maryland ($11,617).
- The national average per capita balance of payments for FFY 2022 is $2,799. New York received $3,783 less than the national average on a per capita basis.[3] This difference, which defines the state's excess burden, is the largest in the history of this analysis.

The extraordinary size and impact of Federal COVID-19 emergency spending lead us to examine New York's evolving balance of payments position both with and without the approximately $3.7 trillion estimated to have been spent over three fiscal years. This analysis highlights the extent to which 2022 looks more like 2019 than either 2020 or 2021. Of the funding authorized under the six major COVID-19 emergency spending bills and spent in 2020 and 2021, New York received a percentage allocation above its population share, indicative of the state's disproportionately severe level of need at the height of the pandemic.[4] But with the winding down of pandemic-related spending, New York's share of Federal expenditures is shrinking. Based on preliminary data, New York's 2022 share of a declining pot of pandemic funding fell to just above its 5.9 percent population share, indicating a transition toward pre-pandemic distributional patterns.

This year's analysis also revises the preliminary analysis for FFY 2021 by using the Internal Revenue Service's 2021 Statistics of Income series. Based on updated data for the 2021 tax year, New York's share of total Federal personal income tax collections was revised modestly upward from 8.4 percent to 8.5 percent. As a result, New York is estimated to have paid $1.63 billion more in income tax than originally projected, but $1.37 billion less in other taxes, resulting in a small upward revision to the state's contribution to Federal receipts overall. In addition, updated Federal expenditures and allocation data increased New York's estimated Federal funding

allocation by $7.7 billion. These were the primary factors behind the upward revision to the 2021 balance of payments estimate from $115.2 billion to $122.7 billion.

As the overall distribution of tax burdens and Federal budgetary spending across the nation change over time, understanding how these changes impact states provides critical input to evaluating the distributional consequences of fiscal policy.

Introduction

The revenue collected by the Federal government from each state, Federal spending in the states, and the difference between the two are 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 the Federal budget. This report further 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 continued to give far more than they got back. One component of the Federal system tends to concentrate grants and funding to states with the highest poverty rates among their residents. That funding supports programs that provide aid for the needy, such as Medicaid, Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families. 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 within states with a large Federal employee presence.

On the other side of the ledger, revenue is generated primarily from taxes, the most significant of which are 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. For example, for the 2021 tax year, the most recent year for which detailed tax return data are available, the top 1 percent earned 26.3 percent of total adjusted gross income but paid 45.8 percent of all Federal income taxes.[5]

Our analysis provides states and policymakers with detailed information about how Federal spending and revenue burdens are allocated across the states. To fully appreciate why some states receive more than they give and vice versa, it is critical to have accurate data on how Federal spending and revenue are distributed. This information gives policymakers insight into the absolute and relative magnitudes of the gaps in each state's balance of payments with the Federal government, positive or negative, aiding in decisions about whether current and proposed funding allocations are fair and appropriate given their policy goals.

This report provides an estimate of the 2022 balance of payments based on available preliminary data. It also revises the previously released 2021 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. The appendix details the full methodology and presents revisions to last year's estimates.

With COVID-19 spending on the decline, New York posted a negative BOP of $19.4 billion in 2022, landing the state in 46th place. Rounding out the bottom five are California (-$72.0 billion), Massachusetts (-$30.0 billion), Washington (-$22.5 billion), and New Jersey (-$19.4 billion). In total, there were 11 net donor states in 2022, based on preliminary data. The magnitude of the decline in New York's BOP ranking from fifth in 2021 to 46th in 2022 was second only to California's fall from first to 50th. New Jersey saw the third largest change, dropping from 22nd in 2021 to 47th in 2022. Controlling for population also brings New York's ranking closer to its pre-pandemic days: New York's negative per capita balance of payments of -$984 results in a rank of 42 for 2022, following a rank of 39 for 2020 and 34 for 2021. New York posted a rank of 46 for 2019 and 47 for the four years from 2015 to 2018.

This report presents more detailed comparisons to other states and the national average and examines those factors that shifted New York's balance of payments position from negative to positive for two consecutive years and back to negative again for 2022. These results support a characterization of FFY 2022 as a transitional year between the two years when Federal expenditures were dominated by the pandemic and a return to more normal spending patterns. The 2020 and 2021 Federal fiscal years presented a stark contrast with prior years: after posting a negative balance of payments for every year since this analysis was first estimated for 2015, the state secured large net positive positions for both years, bringing the state's rankings up from worst-in-the-nation to fifth most favorable in 2020 and 2021. Indeed, owing to the largest deficits in the nation's history, there were no net donor states for those two years. As a result of the unique set of circumstances created by the pandemic, the states' balance of payments rankings for both 2020 and 2021 were much more closely correlated with state populations and economic needs than had traditionally been the case.

New York's Balance of Payments: Preliminary Estimate for Federal Fiscal Year 2022

In 2022, New York taxpayers contributed an estimated $358.4 billion in Federal revenue but were the recipients of $339.0 billion in Federal expenditures. These data imply a negative balance of payments of $19.4 billion, i.e., the amount the state received in Federal spending less what it contributed in revenue to the Federal Treasury (see Table 1). New York's 2022 balance of payments position ranks the state 46th relative to other states, a substantial deterioration from 2020 and 2021 when the state ranked fifth in both years, and only four rungs above its consistent 50th place—the worst in the nation—from 2015 through 2019.

Calculating the balance of payments on a per capita basis controls for population size. New York does not fare much better by this measure: the state's 2022 negative per capita balance of payments of -$984 yields New York a rank of 42. The national average per capita balance of payments for 2022 was far greater at a positive $2,799. New York's per capita BOP ranking represents a deterioration from its 2020 and 2021 rankings of 34 and 39, respectively, and is four rungs above the state's pre-pandemic 2019 rank of 46.

TABLE 1. **Receipts, Expenditures, and Balance of Payments Federal Fiscal Year 2022**

	New York	Average per State	New York Difference
Total Balance of Payments			
Balance of Payments ($ millions)	($19,358)	$18,836	($38,194)
Rank among 50 States	46		
	New York	**US Average**	**New York Difference**
Per Capita Balance of Payments			
Balance of Payments (dollars per person)	($984)	$2,799	($3,783)
Rank among 50 States	42		
Per Capita Receipts and Expenditures			
Receipts (dollars per person)	$18,216	$13,807	$4,409
Expenditures (dollars per person)	$17,232	$16,606	$626
Federal Spending Received Per Dollar of Taxes Paid	$0.95	$1.20	($0.26)

NOTES: National data are based only on amounts deemed allocable to states; calculations are based on preliminary data and are subject to revision.

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S Government, Fiscal Year 2024*, from federal agencies, and other sources. See methodology appendix for details.

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 state's disproportionately large amount of Federal taxes paid. For example, payments from New York residents and businesses to the Federal government in 2019 were $13,340 per capita, $3,398 higher than the national average, while per capita Federal spending in New York was only $52 above the US average. The magnitude of the revenue difference was the clear primary driver behind the state's negative balance. However, the Federal response to the pandemic at least temporarily disrupted this pattern in both 2020 and 2021. For example, with a receipts gap of $3,463, New York continued to contribute more on a per capita basis relative to the national average in 2021, but also received $1,560 more per capita.

Table 2 provides a detailed breakdown of New York's per capita balance of payments and a 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 2022**

Estimates of Per Capita Federal Receipts, Outlays, and Balance of Payments (only includes amounts deemed allocable to states)

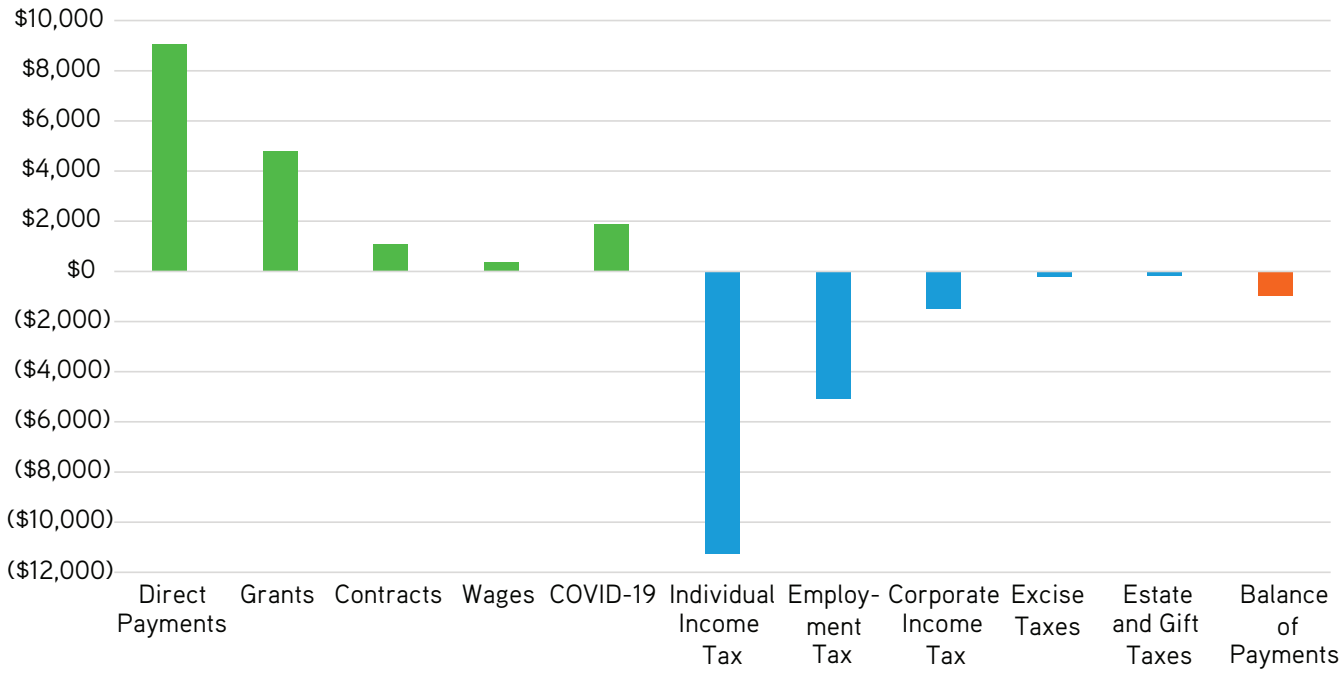
	New York	United States	New York Difference	New York Indexed to US=100	New York Rank Among 50 States
Balance of Payments (Expenditures Minus Receipts)	**($984)**	**$2,799**	**($3,783)**	**—**	**46**
Ratio: Expenditures to Receipts	0.95	1.20	(0.26)	—	—
Receipts	**$18,216**	**$13,807**	**$4,409**	**132**	**3**
Individual Income Taxes	$411,264	$7,791	$3,472	145	3
Employment Taxes	$5,067	$4,398	$669	115	8
Corporate Income Taxes	$1,504	$1,261	$242	119	7
Excise Taxes	$219	$259	($41)	84	50
Estate and Gift Taxes	$163	$97	66	168	5
Expenditures	**$17,232**	**$16,606**	**$626**	**104**	**16**
Direct Payments for Individuals	$9,051	$9,472	($422)	96	38
Grants	$4,808	$2,887	$1,921	167	3
Contracts and Procurement	$1,088	$2,155	($1,067)	50	33
Wages	$393	$935	($440)	46	45
COVID-19 Spending	$1,892	$1,156	$737	164	3

SOURCE: Rockefeller Institute of Government analysis of data from *Budget of the U.S. Government, Fiscal Year 2024*, from federal agencies, and other sources. See methodology appendix for details.

New York's per capita revenue contribution to the Federal budget grew 22.6 percent in FFY 2022, compared with 21.2 percent growth for the nation, as both the national and state economies continued to rebound from the worst of the pandemic. As a state with a significant number of very wealthy individuals, New York's level of per capita receipts typically exceeds the national average by a significant margin, even in the worst of times. But that difference narrowed substantially from $3,398 in 2019 to $2,504 in 2020 due to the pandemic's disproportionately large economic blow to the state economy as compared with the nation overall. New York's unemployment rate averaged 2.3 percentage points above the national average from the first full month of the lockdown, April 2020, through December of that year. But as a result of the state experiencing above average revenue growth in both 2021 and 2022, the difference between New York and national average per capita receipts grew to $4,409 in 2022.[6]

Federal individual income tax collections account for $3,472 or 78.8 percent of the difference between the state and the national average, based on preliminary 2022 data on a per capita basis. New York consistently ranks third among the 50 states in per capita income taxes paid, due to the state's many high-income households who fall within the highest Federal tax brackets.[7] Higher levels of employment taxes and corporate income taxes—reflecting New York's higher average wages and higher income from capital—plus estate and gift taxes account for the remaining $936 of the balance.

FIGURE 1. **New York: FFY 2022 Per Capita Revenues and Expenditures**



On the Federal spending side, there are typically four categories: direct payments to individuals, grants, contracts, and wages. Since 2020, Federal expenditures have contained an additional category of spending, namely COVID-19 emergency spending, which itself is largely comprised of direct payments to individuals and grants. As illustrated in Figure 1, direct payments to individuals comprise the largest component of Federal expenditures and are primarily driven by Social Security and Medicare payments. Grants, the second largest component, tend to be driven by Medicaid and other social programs that are at least partially federally funded but administered by the states. These two categories are inherently correlated with state populations, while the distributions of contracts and wages tend to reflect the geographic locations of Federal contractors and government employees.

Prior to the pandemic, per capita expenditures to New Yorkers tended to roughly equal those of the nation, with grants exceeding the national average and direct payments to individuals, contracts, and wages tending to fall short. Direct payments to New York per capita have tended to trail the national average by only a small percentage, but per capita contracts and wages have tended to trail by about half. In contrast, grants to New York per capita tended to exceed the national average by over 50 percent. On a per capita basis, COVID-19 spending in New York surpassed the national average by 34 percent and 42 percent in 2020 and 2021, respectively. With 2022 pandemic-related spending estimated to be down by $1,357 billion compared with 2021, per capita Federal spending in New York started inching back toward the national average.

Per capita revenue flowing from New Yorkers to the Federal budget ranked third highest in the nation in 2022, despite the continuing challenges posed by the aftermath of the pandemic to the state economy. Meanwhile, per capita Federal expenditures yielded New York a rank of 16 in 2022, down from 11 in 2020 and nine in 2021. The net result is that New York's overall per capita balance of payments resulted in a rank of 42 in 2022, down from 34 in 2020 and 39 in 2021; the state ranked 46th in 2019 and 47th from 2015 to 2018.

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 payments 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 and Kentucky, have lower income levels but high levels of Federal spending due to large government and military facilities or large numbers of government contractors in the region. Structural factors 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. 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 though it may be transitory in nature.

The Federal response to the COVID-19 pandemic was precisely one of those large initiatives that was able to profoundly impact states' balance of payments rankings. As a result of the disproportionate impact of the pandemic on the state economy, New York obtained a greater share of total Federal spending in 2020 and 2021 than in prior years. Specifically, New York received 6.5 percent of total Federal expenditures in 2020 and 6.4 percent in 2021, compared with 5.9 percent in 2019. Of the funding specifically authorized by the six major COVID-19 emergency spending bills, New York is estimated to have received 8.0 percent of the associated expenditures in 2020 and 8.4 percent in 2021, well above the state's population shares of 6.1 percent and 6.0 percent for those two years, respectively, and indicative of New York's disproportionately severe level of need at the time. In contrast, New York is estimated to have received 5.9 percent of non-COVID-19-related Federal expenditures in 2020 and 5.7 percent in 2021.

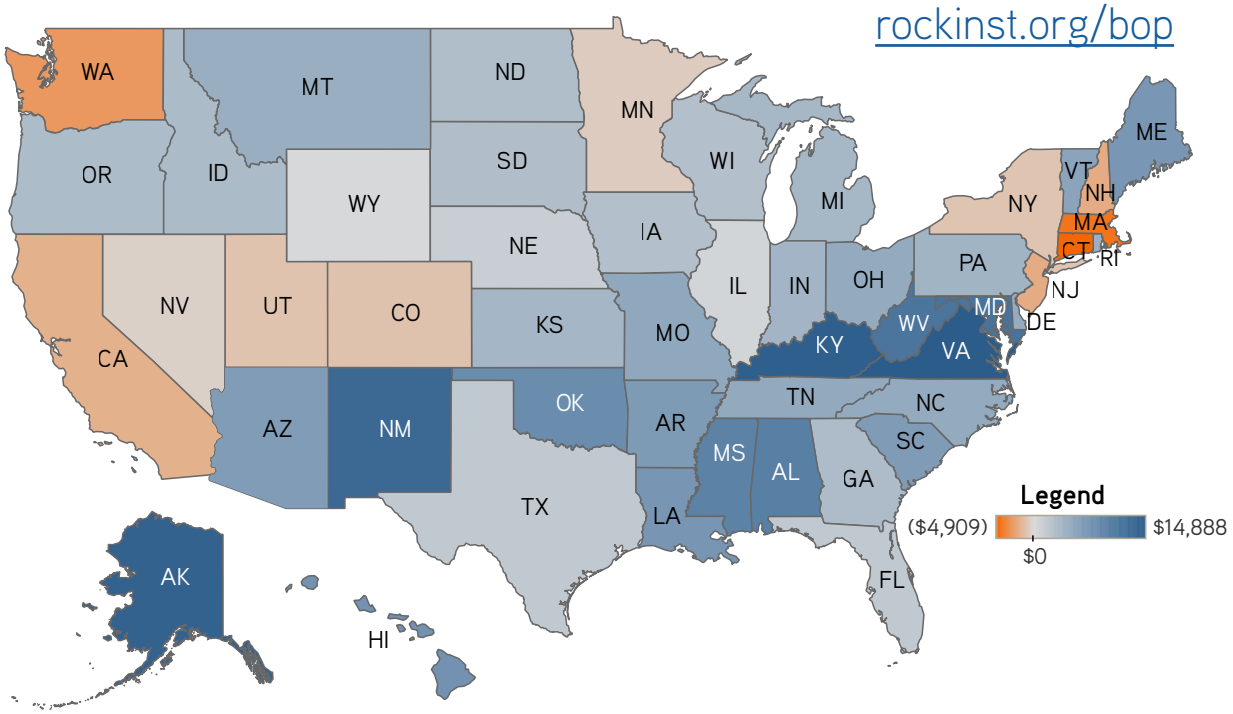
But as results for FFY 2022 demonstrate, the pandemic's fiscal impact is indeed turning out to have been transitory. At $391 billion, national COVID-19 spending is estimated to be 77.6 percent lower in 2022 than in 2021. New York's share of COVID-19 spending rose to 9.6 percent in 2022, based on preliminary data, but with pandemic-related spending accounting for a much smaller piece of total expenditures, New York's share of allocable Federal expenditures for 2022 fell to 6.1 percent. New York's share of non-COVID-19 spending was 5.8 percent in 2022, just below the state's 2019 5.8 percent share of total Federal expenditures, an indication of a return to pre-pandemic distributional patterns.

While there were no net donor states in 2020 and 2021, BOP results were shown to be highly sensitive to the exclusion of COVID-19 spending. For example, when pandemic spending is excluded from the 2021 analysis, nine states' net balance of payments positions turn from positive to negative, including New York's, which falls from fifth most favorable to 49th. Although BOPs tend to be more stable when measured per capita, New York's 2021 ranking nevertheless deteriorates from 39 to 45 when measured on that basis.

In contrast to the results for the prior two years, excluding COVID-19 funding for 2022 barely moves the needle. New York's 2022 dollar BOP ranking falls from 46 to 49 when COVID-19 spending is removed from the analysis. On a per capita basis, the state's ranking falls by only two rungs from 42 to 44. Figure 2A maps the FFY 2022 per capita 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 2B presents a similar mapping based on Federal spending without the emergency COVID-19 spending programs. While 11 states, including New York, are estimated to have had negative BOPs for 2022 based on total Federal expenditures, we estimate that an additional three states would have had negative balance of payments in 2022 were it not for COVID-19 spending programs.

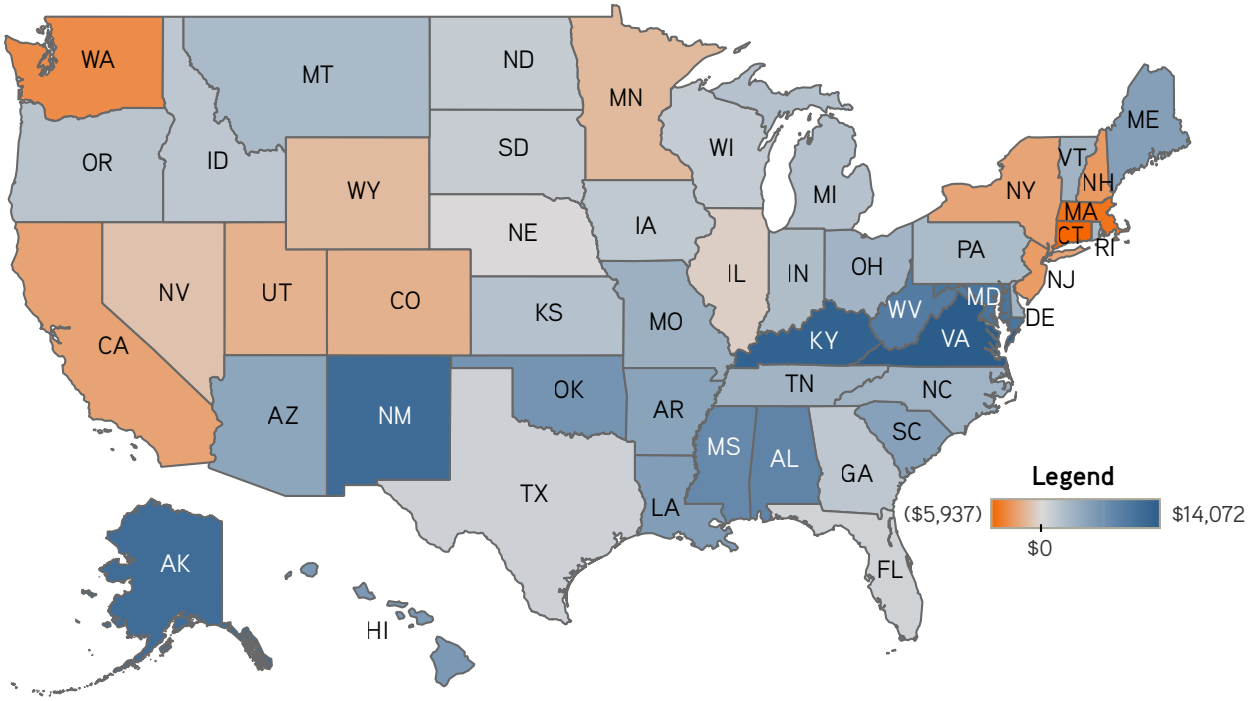
› Explore this data with our interactive dashboard at rockinst.org/bop

FIGURE 2A. **Per Capita Balance of Payments, FFY 2022**



SOURCE: Rockefeller Institute of Government.

FIGURE 2B. **Per Capita Balance of Payments, FFY 2022, Excluding COVID-19 Spending**



SOURCE: Rockefeller Institute of Government.

TABLE 3. **Estimated Distribution of Federal Receipts and Expenditures by State, FFY 2022**

(dollars in millions)

State	Receipts	Expenditures	Expenditures per Dollar of Receipts	Balance of Payments	Rank 2022	Rank 2021	Rank 2020
Virginia	$126,953	$256,164	$2.02	$129,211	1	3	3
Maryland	$96,173	$167,783	$1.74	$71,610	2	8	9
Kentucky	$40,910	$106,358	$2.60	$65,448	3	13	14
Ohio	$127,769	$184,476	$1.44	$56,707	4	7	7
North Carolina	$120,703	$173,412	$1.44	$52,709	5	11	10
Alabama	$46,912	$97,548	$2.08	$50,637	6	15	16
Texas	$379,016	$429,333	$1.13	$50,317	7	2	2
Pennsylvania	$171,007	$221,250	$1.29	$50,243	8	6	6
Arizona	$85,503	$132,861	$1.55	$47,358	9	14	11
Florida	$322,136	$359,124	$1.11	$36,988	10	4	4
Michigan	$114,343	$149,993	$1.31	$35,650	11	12	8
Tennessee	$81,137	$116,315	$1.43	$35,178	12	16	15
South Carolina	$54,369	$89,024	$1.64	$34,655	13	19	21
Oklahoma	$37,062	$70,324	$1.90	$33,261	14	21	23
Louisiana	$43,740	$76,747	$1.75	$33,006	15	17	18
Missouri	$67,922	$99,861	$1.47	$31,939	16	18	17
Georgia	$126,214	$158,150	$1.25	$31,936	17	10	13
Mississippi	$22,071	$50,207	$2.27	$28,136	18	23	27
New Mexico	$18,218	$45,713	$2.51	$27,495	19	25	31
Indiana	$72,284	$98,295	$1.36	$26,011	20	20	19
Arkansas	$29,257	$49,486	$1.69	$20,229	21	27	30
West Virginia	$14,062	$34,166	$2.43	$20,104	22	31	33
Wisconsin	$71,054	$86,463	$1.22	$15,408	23	24	24
Oregon	$54,732	$67,499	$1.23	$12,767	24	26	26
Hawaii	$16,840	$27,764	$1.65	$10,924	25	36	36
Kansas	$34,664	$45,172	$1.30	$10,508	26	35	35
Alaska	$9,599	$19,888	$2.07	$10,289	27	38	42
Maine	$15,503	$25,292	$1.63	$9,789	28	37	37
Iowa	$35,380	$43,656	$1.23	$8,276	29	30	34
Illinois	$185,263	$191,296	$1.03	$6,033	30	9	12
Idaho	$22,052	$28,031	$1.27	$5,979	31	39	39
Montana	$13,937	$18,930	$1.36	$4,993	32	42	44
Delaware	$12,992	$17,901	$1.38	$4,909	33	43	45
Rhode Island	$14,646	$19,261	$1.32	$4,615	34	41	43
Vermont	$8,024	$11,612	$1.45	$3,588	35	46	47
South Dakota	$11,783	$14,290	$1.21	$2,507	36	47	48
Nebraska	$25,099	$27,354	$1.09	$2,254	37	40	41
North Dakota	$10,520	$12,683	$1.21	$2,163	38	45	49
Wyoming	$10,410	$10,493	$1.01	$84	39	50	50
Nevada	$45,555	$44,277	$0.97	($1,278)	40	32	32
New Hampshire	$24,269	$21,403	$0.88	($2,866)	41	49	46
Utah	$42,772	$39,346	$0.92	($3,426)	42	44	40
Minnesota	$85,945	$82,272	$0.96	($3,672)	43	28	28
Colorado	$94,109	$87,902	$0.93	($6,207)	44	29	29
Connecticut	$73,835	$56,120	$0.76	($17,715)	45	48	38
New York	**$358,361**	**$339,003**	**$0.95**	**($19,358)**	**46**	**5**	**5**
New Jersey	$164,831	$145,466	$0.88	($19,366)	47	22	22
Washington	$141,346	$118,815	$0.84	($22,530)	48	33	25
Massachusetts	$144,713	$114,671	$0.79	($30,042)	49	34	20
California	$692,241	$620,261	$0.90	($71,980)	50	1	1

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government Fiscal Year 2024*, 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 2022

(dollars per capita)

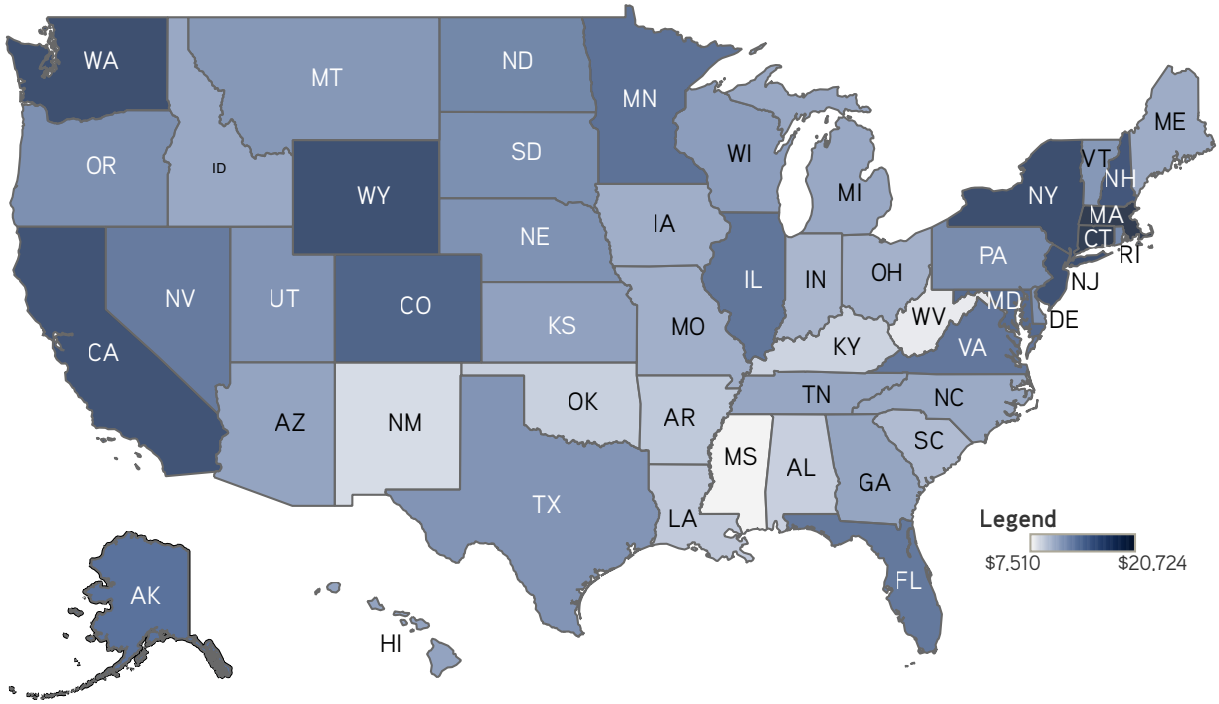
State	Receipts	Expenditures	Expenditures per Dollar of Receipts	Balance of Payments	Rank 2022	Rank 2021	Rank 2020
Virginia	$14,627	$29,515	$2.02	$14,888	1	1	1
Kentucky	$9,068	$23,575	$2.60	$14,507	2	2	2
Alaska	$13,090	$27,122	$2.07	$14,031	3	3	3
New Mexico	$8,620	$21,629	$2.51	$13,009	4	5	5
Maryland	$15,602	$27,220	$1.74	$11,617	5	4	4
West Virginia	$7,927	$19,259	$2.43	$11,332	6	8	6
Alabama	$9,246	$19,225	$2.08	$9,980	7	6	11
Mississippi	$7,510	$17,084	$2.27	$9,574	8	7	8
Oklahoma	$9,221	$17,497	$1.90	$8,275	9	11	14
Hawaii	$11,699	$19,289	$1.65	$7,589	10	10	7
Louisiana	$9,534	$16,728	$1.75	$7,194	11	9	9
Maine	$11,158	$18,204	$1.63	$7,046	12	13	12
Arkansas	$9,604	$16,244	$1.69	$6,640	13	16	17
South Carolina	$10,291	$16,851	$1.64	$6,560	14	14	15
Arizona	$11,608	$18,038	$1.55	$6,430	15	15	10
Vermont	$12,400	$17,944	$1.45	$5,544	16	12	13
Missouri	$10,996	$16,166	$1.47	$5,171	17	20	22
Tennessee	$11,510	$16,501	$1.43	$4,991	18	23	24
North Carolina	$11,285	$16,213	$1.44	$4,928	19	26	25
Ohio	$10,865	$15,687	$1.44	$4,822	20	21	23
Delaware	$12,744	$17,559	$1.38	$4,815	21	22	16
Montana	$12,412	$16,859	$1.36	$4,446	22	24	20
Rhode Island	$13,389	$17,608	$1.32	$4,219	23	18	19
Pennsylvania	$13,183	$17,056	$1.29	$3,873	24	19	18
Indiana	$10,580	$14,387	$1.36	$3,807	25	28	30
Kansas	$11,804	$15,382	$1.30	$3,578	26	33	31
Michigan	$11,396	$14,950	$1.31	$3,553	27	25	21
Idaho	$11,373	$14,456	$1.27	$3,084	28	38	35
Oregon	$12,910	$15,922	$1.23	$3,012	29	30	26
Georgia	$11,565	$14,492	$1.25	$2,926	30	27	32
North Dakota	$13,506	$16,283	$1.21	$2,777	31	17	27
South Dakota	$12,951	$15,705	$1.21	$2,755	32	29	29
Wisconsin	$12,062	$14,678	$1.22	$2,616	33	36	39
Iowa	$11,057	$13,644	$1.23	$2,587	34	31	36
Texas	$12,621	$14,297	$1.13	$1,676	35	37	40
Florida	$14,481	$16,144	$1.11	$1,663	36	34	37
Nebraska	$12,753	$13,899	$1.09	$1,145	37	40	43
Illinois	$14,724	$15,203	$1.03	$479	38	32	41
Wyoming	$17,898	$18,041	$1.01	$144	39	41	38
Nevada	$14,337	$13,935	$0.97	($402)	40	35	28
Minnesota	$15,040	$14,398	$0.96	($643)	41	43	44
New York	$18,216	$17,232	$0.95	($984)	42	39	34
Utah	$12,650	$11,637	$0.92	($1,013)	43	49	49
Colorado	$16,112	$15,049	$0.93	($1,063)	44	44	46
California	$17,731	$15,888	$0.90	($1,844)	45	42	42
New Hampshire	$17,347	$15,299	$0.88	($2,049)	46	48	45
New Jersey	$17,799	$15,708	$0.88	($2,091)	47	45	47
Washington	$18,157	$15,263	$0.84	($2,894)	48	47	48
Massachusetts	$20,724	$16,422	$0.79	($4,302)	49	46	33
Connecticut	$20,460	$15,551	$0.76	($4,909)	50	50	50

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government Fiscal Year 2024*, from federal agencies, and other sources. See methodology appendix for details.

Receipts

On one side of the balance of payments calculation is the amount a state pays in taxes to the Federal government. Figure 3 shows payment of Federal receipts per person by state for FFY 2022. The darker blue states have the highest Federal tax payments and the lighter states have the lowest payments. States paying the highest Federal taxes per capita tend to have high per capita incomes. New York is among the darker blue groups, ranking third highest in per capita receipts, behind only Massachusetts and Connecticut. Washington and Wyoming round out the top five.

FIGURE 3. **Per Capita Federal Receipts, FFY 2022**

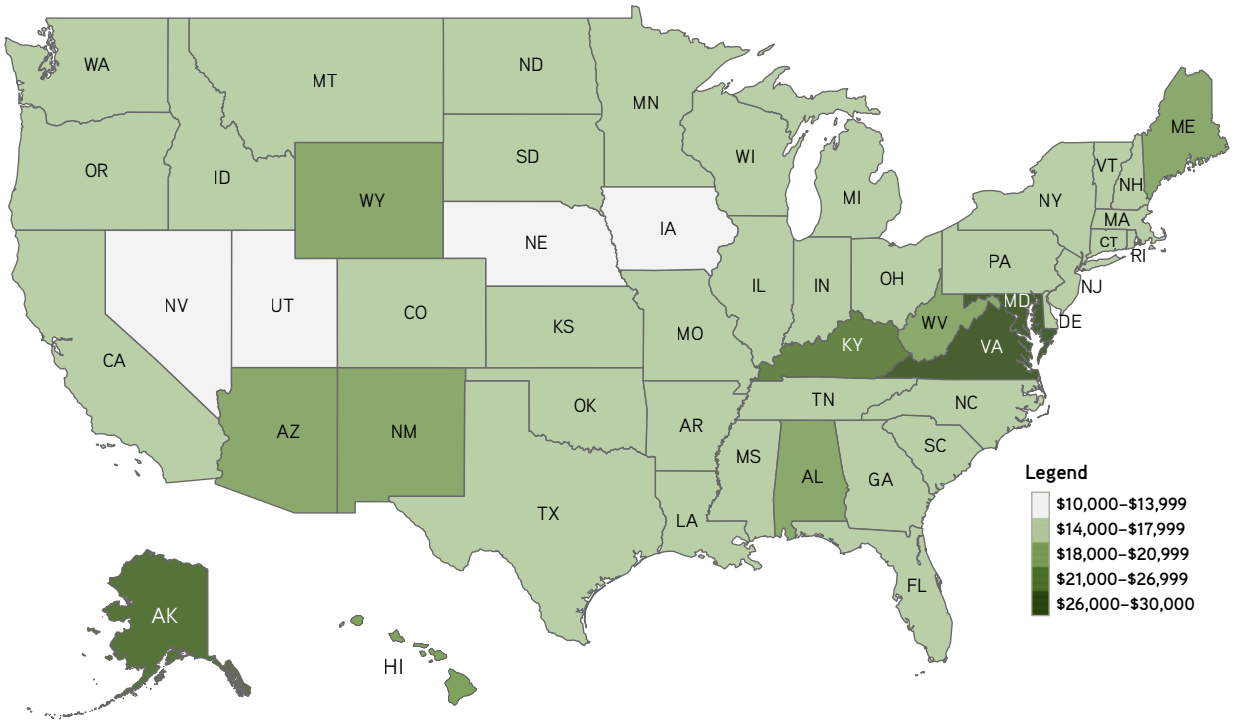


SOURCE: Rockefeller Institute of Government.

Expenditures

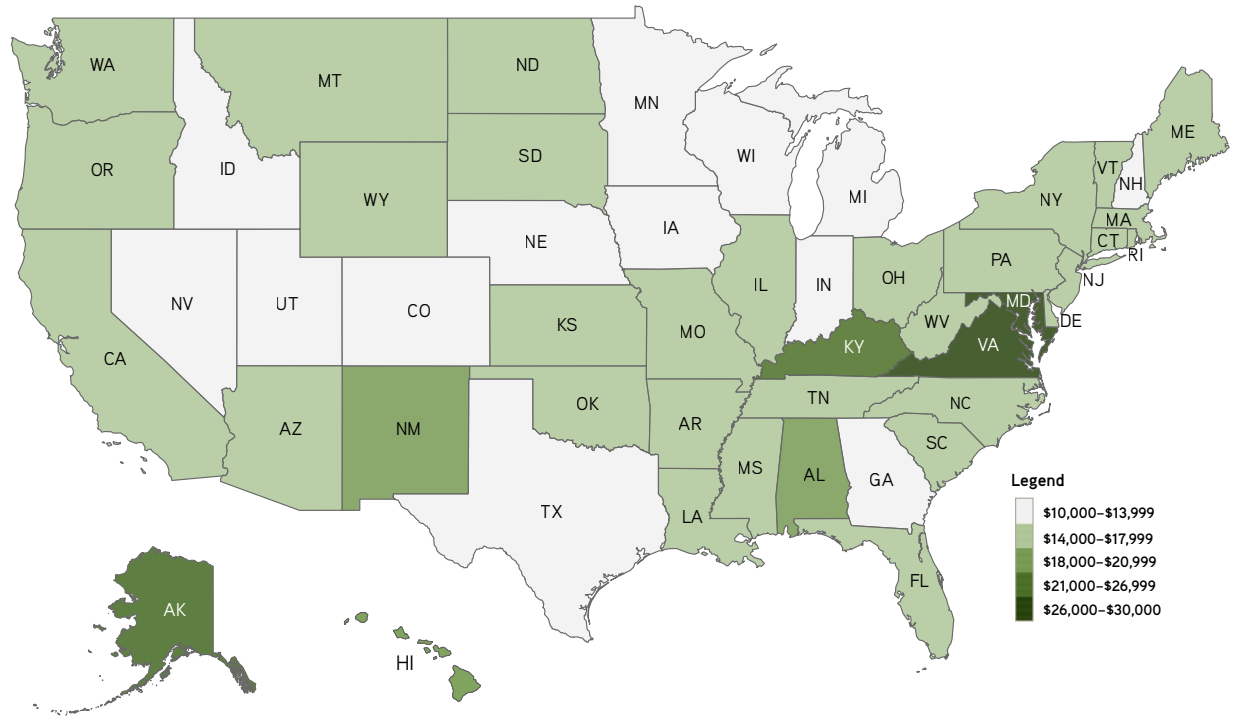
The other side of the balance of payments equation is Federal spending. Figures 4A and 4B show per capita Federal expenditures by state for FFY 2022 with and without COVID-19 spending, respectively. The darker green states have the highest Federal spending per capita. Virginia and Maryland are adjacent to the District of Columbia and have disproportionately large amounts of Federal wages and procurement spending. Kentucky benefits from a disproportionately large volume of Federal contracts. Other dark-shaded states have relatively high poverty rates and receive considerable Federal spending under Medicaid and other social welfare programs. Prior to 2020, New York was roughly equal to the US average, but with the composition of pandemic relief program spending heavily weighted toward direct payments to individuals and grants to state and local governments, New York was $1,421 above the national average for 2020 and $1,560 above for 2021. By 2022, New York was moving closer to pre-pandemic patterns, exceeding the national average by a much smaller $626.

FIGURE 4A. **Per Capita Federal Expenditures, FFY 2022**



SOURCE: Rockefeller Institute of Government.

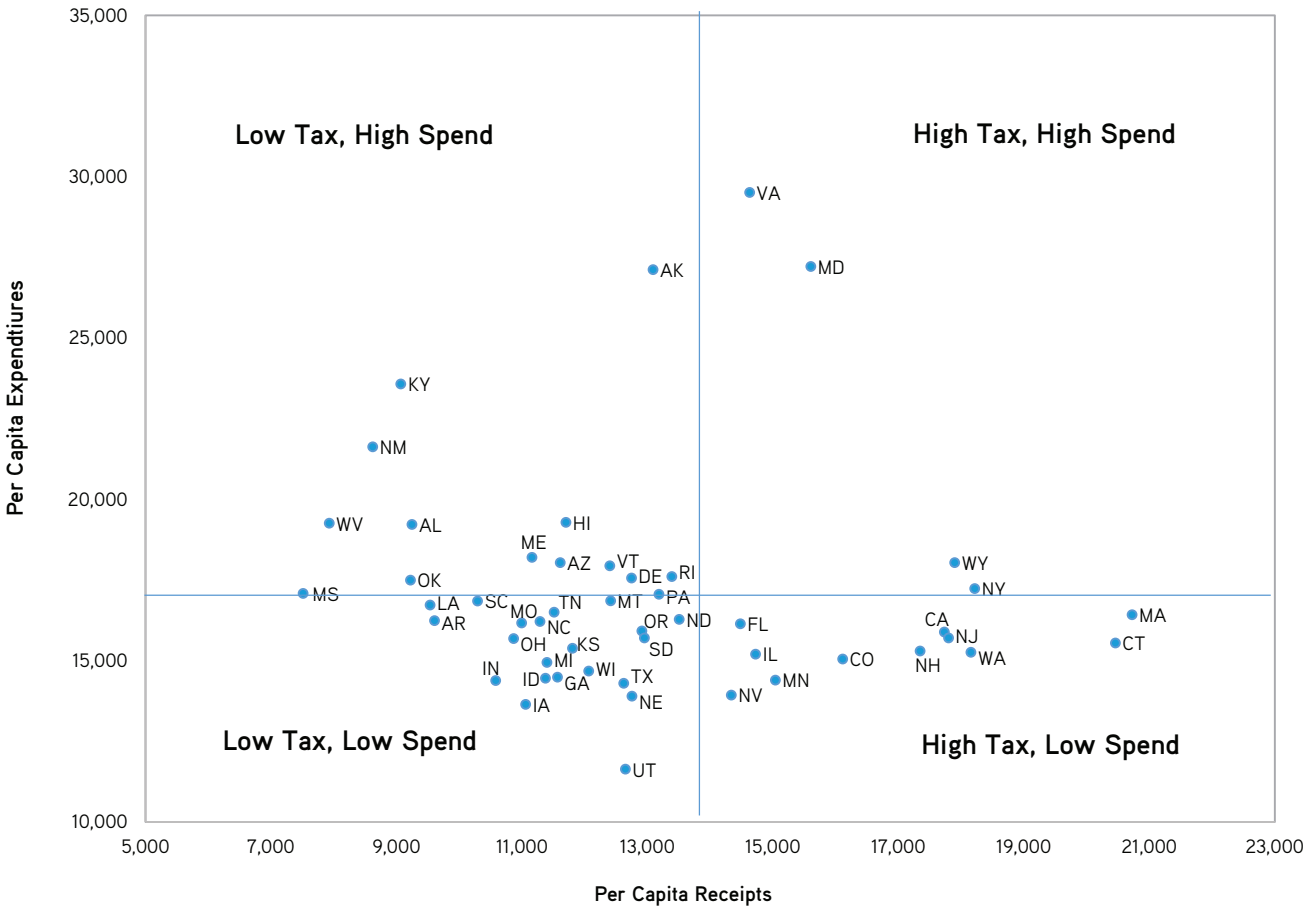
FIGURE 4B. **Per Capita Federal Expenditures, FFY 2022, Excluding COVID-19 Spending**



SOURCE: Rockefeller Institute of Government.

Figure 5 shows each state's position relative to other states for per capita expenditures and receipts combined. The dashed lines indicate the national average for FFY 2022. As illustrated, New York's per capita revenue contribution is substantially higher than the US average, while Federal spending is only slightly above. In contrast, during 2020 and 2021—the peak pandemic years—New York's estimated per capita Federal spending allocation was above the national average. 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 receive disproportionately large amounts of Federal spending for procurement and Federal wages, in addition to contributing above average per capita receipts due to their relatively high average incomes. Kentucky and New Mexico also benefit from disproportionately high procurement spending, but as low-income states contribute below average per capita receipts.

FIGURE 5. **Federal Receipts and Expenditures Per Capita, FFY 2022**



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. With 2022 shaping up as a transitional year between pre- and post-pandemic fiscal climes, New York does not rank among either the top five or bottom five but is inserted for comparison purposes. Table 5 also includes each state's per capita expenditures and receipts, along with comparisons to the national average. As indicated in Table 4 above, the rankings among the top three states have remained stable, with Virginia, Kentucky, and Alaska holding the top spots for the three most recent years. New Mexico and Maryland round out the top five. These five states were also the beneficiaries of the largest amounts of Federal expenditures on a per capita basis, exhibiting per capita contract and wage amounts well above national averages. As it has every year since 2015, Connecticut had the least favorable per capita BOP in 2022, which at -$4,909 was $7,708 below the national average. Connecticut, Washington, and New Jersey have consistently ranked among the bottom five states on a per capita basis, even during the worst years of the pandemic in 2020 and 2021. New York, which had ranked 34th in 2020 and 39th in 2021, fell to a rank of 42 in 2022.

TABLE 5. **Per Capita Balance of Payments: Top-Five and Bottom-Five States, FFY 2022**

(New York included for reference)

State	Total Balance of Payments		Total Receipts		Total Expenditures	
	Level	Difference from US	Level	Difference from US	Level	Difference from US
Virginia	$14,888	$12,089	$14,627	$820	$29,515	$12,909
Kentucky	$14,507	$11,708	$9,068	($4,739)	$23,575	$6,969
Alaska	$14,031	$11,232	$13,090	($717)	$27,122	$10,516
New Mexico	$13,009	$10,210	$8,620	($5,187)	$21,629	$5,023
Maryland	$11,617	$8,819	$15,602	$1,795	$27,220	$10,614
United States	**$2,799**	**—**	**$13,807**	**—**	**$16,606**	**—**
New York	**($984)**	**($3,783)**	**$18,216**	**$4,409**	**$17,232**	**$626**
New Hampshire	($2,049)	($4,848)	$17,347	$3,540	$15,299	($1,307)
New Jersey	($2,091)	($4,890)	$17,799	$3,992	$15,708	($898)
Washington	($2,894)	($5,693)	$18,157	$4,350	$15,263	($1,343)
Massachusetts	($4,302)	($7,101)	$20,724	$6,917	$16,422	($184)
Connecticut	($4,909)	($7,708)	$20,460	$6,653	$15,551	($1,054)

NOTE: US data reflects allocable spending and receipts.

SOURCE: Rockefeller Institute of Government.

All of the top five states benefitted from larger-than-average levels of Federal spending, and three of those states had lower-than-average tax burdens. All of the bottom five states contributed more revenue than the national average on a per capita basis and saw per capita Federal spending below the national average. Indeed, the residents of Massachusetts, Connecticut, New York, and Washington state made the largest per capita contributions to the Federal government in 2022 (see Table 7). New York per capita tax payments remained the third greatest in 2022, after having fallen to fifth place in 2020, a reflection of the impact of the pandemic on New Yorkers' incomes all across the earnings spectrum.

Expenditures

Traditionally, the four major categories of Federal spending examined and used in the balance of payments 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. For both FFY 2020 and FFY 2021, the COVID-19 emergency spending programs accounted for a large portion of expenditures and are therefore tracked separately here. As discussed above, these programs are largely comprised of direct payments to individuals and grants to both public and private entities. Although COVID-19 spending was much lower in 2022, continuing to examine its impact helps to highlight how various forms of Federal spending can uniquely affect states' balance of payments.

Over the five fiscal years that preceded the pandemic, FFY 2015 through FFY 2019, 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 states' elderly populations. The demographic composition of states tends to be stable, insulating direct payments from substantial 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 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, additional safety net programs such as Temporary Assistance for Needy Families and SNAP, 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 consistently rank among the highest in 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.

TABLE 6. **Per Capita Expenditures: Top-Five and Bottom-Five States, FFY 2022**

(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	$29,515	$12,909	$9,375	($97)	$2,347	($540)	$13,892	$11,737	$3,086	$2,150	$815	($340)
Maryland	$27,220	$10,614	$10,184	$711	$2,722	($166)	$9,917	$7,762	$3,542	$2,607	$855	($301)
Alaska	$27,122	$10,516	$8,635	($837)	$5,429	$2,542	$6,760	$4,605	$4,033	$3,098	$2,264	$1,108
Kentucky	$23,575	$6,969	$9,874	$402	$3,970	$1,083	$7,438	$5,283	$1,128	$193	$1,163	$8
New Mexico	$21,629	$5,023	$10,295	$823	$6,116	$3,229	$2,643	$488	$1,539	$604	$1,035	($120)
New York	$17,232	$626	$9,051	($422)	$4,808	$1,921	$1,088	($1,067)	$393	($543)	$1,892	$737
United States	$16,606	—	$9,472	—	$2,887	—	$2,155	—	$935	—	$1,156	—
Texas	$14,297	($2,309)	$8,376	($1,096)	$2,246	($642)	$2,045	($110)	$750	($185)	$880	($276)
Nevada	$13,935	($2,671)	$9,544	$72	$2,213	($674)	$469	($1,686)	$802	($133)	$907	($249)
Nebraska	$13,899	($2,707)	$8,957	($515)	$2,320	($567)	$596	($1,559)	$856	($79)	$1,169	$14
Iowa	$13,644	($2,962)	$9,071	($401)	$2,609	($278)	$543	($1,612)	$365	($570)	$1,056	($100)
Utah	$11,637	($4,969)	$6,749	($2,724)	$1,914	($974)	$805	($1,351)	$1,006	$71	$1,164	$8

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

SOURCE: Rockefeller Institute of Government.

Table 6 shows per capita Federal expenditures by major category for the states with the highest and lowest per capita expenditures for FFY 2022. Virginia, Maryland, Alaska, Kentucky, and New Mexico continue to dominate the top five spots as they did in FFY 2021. New York ranks 16th in per capita expenditures for FFY 2022, down from 11th in 2020 and 9th for 2021, when COVID-19 spending was much greater. New York ranks third in per capita grants and third in per capita COVID-19 spending but is among the bottom 20 for the other three components of per capita expenditures for 2022.

The volume of COVID-19 spending in FFY 2022, would be considered extraordinary by any standard except for the one set by the prior two years. COVID-19 spending represented 7.0 percent of total allocable Federal expenditures in 2022, down from 25.1 percent in 2020 and 26.7 percent in 2021. Composed almost entirely of direct payments and grants, these programs brought the sum of those two categories of spending up from an average of 80.2 percent of total allocable spending over the five fiscal years preceding the pandemic to 85.0 percent for 2020 and 84.5 percent for 2021; that share is estimated to have fallen to 81.4 percent in 2022, based on preliminary data. New York saw the highest per capita amount of COVID-19 spending of the 50 states in both 2020 and 2021, accounting for over 30 percent of the state's total per capita expenditures received in both years. But that share fell to 11.0 percent in 2022, with the state's rank falling to third for that component of spending.

Receipts

Table 7 shows per capita Federal receipts in 2022 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 2022**

	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
Massachusetts	$20,724	$6,917	$13,228	$5,437	$5,489	$1,090	$1,673	$412	$334	($22)
Connecticut	$20,460	$6,653	$13,017	$5,225	$5,524	$1,125	$1,555	$294	$365	$9
New York	$18,216	$4,409	$11,264	$3,472	$5,067	$669	$1,504	$242	$381	$25
Washington	$18,157	$4,350	$10,636	$2,844	$5,658	$1,260	$1,483	$222	$380	$24
Wyoming	$17,898	$4,091	$10,437	$2,645	$4,498	$99	$1,771	$510	$1,192	$836
United States	$13,807	—	$7,791	—	$4,398	—	$1,261	—	$356	—
Oklahoma	$9,221	($4,586)	$4,304	($3,487)	$3,430	($969)	$1,146	($115)	$341	($15)
Kentucky	$9,068	($4,739)	$4,244	($3,547)	$3,561	($837)	$885	($377)	$378	$22
New Mexico	$8,620	($5,187)	$4,137	($3,654)	$3,225	($1,173)	$889	($372)	$369	$13
West Virginia	$7,927	($5,880)	$3,483	($4,309)	$3,265	($1,133)	$781	($480)	$397	$41
Mississippi	$7,510	($6,297)	$3,320	($4,471)	$3,094	($1,304)	$757	($504)	$338	($18)

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 whether it has relatively high or low per capita receipts. However, individual income tax receipts are highly cyclical in nature, its variability is even further exacerbated by the tax's progressive structure. As a result, the share of these taxes as a percentage of total per capita receipts fell 2.2 percentage points to 49.7 percent in 2020 from the prior year as the pandemic ravaged the national labor market but rose to 53.3 percent in 2021 and even further to 56.4 percent in 2022. This volatility reflects the adverse impact of the pandemic on the labor and financial markets, and the subsequent rebound in both wages and capital gains realizations as the economy reopened and the Federal Reserve sent interest rates back to virtually zero. After falling 7.2 percent in 2020, per capita income tax receipts grew 26.8 percent 2021 and 28.3 percent in 2022.

Payroll taxes are the next largest source of Federal revenues, accounting for an average of 36.5 percent of total Federal revenues over the 2015 to 2019 period. With the pickup in both job growth and inflation, per capita payroll tax receipts grew 12.5 percent in 2022. Together individual income taxes and payroll taxes accounted for 88.3 percent of Federal per capita receipts for 2022. Corporate income, excise, and other taxes accounted for the remaining 11.7 percent of the US total and thus do not greatly affect a state's balance of payments.[8]

From FFY 2015 through FFY 2019, New York's individual income taxes accounted for an average of 56.7 percent of the total per capita payments to the Federal government, 5.6 percentage points above the national average. But as the early epicenter of the COVID-19 pandemic, the state faced a higher rate of job loss and stubbornly higher rates of unemployment than the nation.[9] In 2020, New York's per capita individual income tax share fell to 54.9 percent, with the state's income taxes falling 12.4 percent in the wake of the pandemic on a per capita basis. But an improving labor market and strong financial market performance resulted in per capita income tax growth of 29.9 percent in both 2021 and 2022. By 2022, individual income taxes accounted for 61.8 percent of New York's contribution to the Federal treasury.

New York's contribution to Federal payroll taxes on a per capita basis grew 13.5 percent in 2022, representing a substantial pickup from 2020 and 2021. Corporate taxes are among the most volatile component of tax collections but comprise less than 10 percent of both the national and the state total. Since the largest corporations tend to span many states, fluctuations in the growth of collections over time in the state's share tends to closely mirror the national average pattern. For that reason, combined with its relatively small magnitude, this tax component tends not to have a significant impact on New York's net BOP position.

In total, New York's per capita contribution to Federal receipts rose 22.6 percent in 2022, only slightly greater than the national average increase, after a similarly strong rise of 22.4 percent in 2021 and a 9.0 percent decline in 2020. Two consecutive years of strong growth in excess of the national average in the state's per capita tax base contributed to the deterioration in the state's per capita balance of payments position from 41 in 2021 to 46 in 2022.

New York's Balance of Payments: Emerging Trends

This report provides eight years of estimates for New York's balance of payments, from Federal fiscal years 2015 through 2022 (see Tables 12A and 12B).[10] New York's position as last in the country in terms of total balance of payments remained unchanged for the first five years. Over the five Federal fiscal years prior to FFY 2020, New York taxpayers gave $158.3 billion more to the Federal government than they received back in Federal spending, the most of any state. Unfortunately, it took a pandemic of epic proportions to reverse that trend, but the impact proved to be only temporary.

Returning to Business as Usual

The Federal response to the COVID-19 pandemic concentrated an unprecedented volume of relief funding in the form of direct payments to individuals and grants to state and local governments. In so doing, 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 balance of payments was positive for the first time in the history of the Rockefeller Institute's analysis and ranked New York fifth in the nation

in 2020 and 2021. But with the winding down of that aid, the state's BOP ranking fell precipitously to 46th in 2022, fifth from the bottom, as prior patterns began to dominate the allocations across states once again.

TABLE 8. **New York's Balance of Payments, 2018–22**

	2018 (Revised)	2019 (Revised)	2020 (Revised)	2021 (Revised)	2022 (Preliminary)	Five-Year Total	Five-Year Average
Total ($ millions)							
New York							
Receipts	$258,941	$259,635	$244,052	$294,985	$358,361	$1,415,975	$283,195
Expenditures	$229,067	$242,242	$399,896	$417,640	$339,003	$1,627,849	$325,570
Balance of Payments	(29,874)	(17,393)	155,844	122,654	(19,358)	211,874	42,375
United States (Average of the States)							
Receipts	$63,324	$65,919	$64,503	$76,410	$92,918	$363,074	$72,615
Expenditures	$76,789	$82,183	$123,645	$130,601	$111,755	$524,973	$104,995
Balance of Payments	$13,465	$16,264	$59,143	$54,191	$18,836	$161,899	$32,380
Per Capita ($)							
New York							
Receipts	$13,249	$13,340	$12,137	$14,857	$18,216	$71,799	$14,360
Expenditures	$11,721	$12,446	$19,887	$21,035	$17,232	$82,321	$16,464
Balance of Payments	($1,529)	($894)	$7,750	$6,178	($984)	$10,522	$2,104
United States							
Receipts	$9,594	$9,942	$9,633	$11,394	$13,807	$54,370	$10,874
Expenditures	$11,634	$12,395	$18,466	$19,475	$16,606	$78,575	$15,715
Balance of Payments	$2,040	$2,453	$8,833	$8,081	$2,799	$24,205	$4,841
New York's Excess Burden	($3,568)	($3,347)	($1,082)	($1,903)	($3,783)	($13,683)	($2,737)

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 2023*, from Federal agencies, and other sources. See methodology appendix for details.

Table 8 shows the balance of payments, receipts, and expenditures for the most recent five years for which data are available, with a focus on New York. New York's per capita Federal tax burden saw a $1,203 drop in 2020 due to the shock to the state economy caused by the pandemic but grew by $2,720 in 2021 and $3,358 in 2022, the largest year-over-year increase in the history of this analysis. On a national average basis, per capita Federal government collections from the states fell $309 in 2020, illustrating the disproportionately large hit to New York, but grew $1,761 in 2021 and $2,413 in 2022, also the largest increase since 2015. By 2022, New York's excess burden, defined as the difference between New York's per capita balance of payments and the national average, had swelled to $3,783, based on preliminary data, the largest in the history of this analysis.

Just as COVID-19 funding had a profound impact on the balance of payments of every state in 2020 and 2021, the winding down of that funding similarly affected states' BOPs in 2022. As the early epicenter of the pandemic, the New York economy was disproportionately impacted, losing 23.1 percent of its private sector jobs in March and April of 2020 compared with 16.2 percent for the nation. Concomitant with its great need, New York's share of Federal expenditures rose above its pre-pandemic levels due to the state's outsized share of the funding authorized by the six COVID-19 emergency spending bills signed into law over the course of 2020 and 2021. Although the state's share of COVID-19 funding continued to rise to a high 9.6 percent in 2022, that allocation represented a larger share of a much smaller pie than the previous two years.

Tables 9A and 9B highlight the reduced impact Federal COVID-19 emergency spending is estimated to have had on New York's balance of payments in 2022 compared with 2021, both in total dollars and dollars per capita, as well as its impact on the state's ranking among the 50 states. These data show that without the additional Federal emergency COVID-19 spending in 2021, New York would likely have reassumed its pre-pandemic status as a net donor state. On a total dollar basis, it is estimated that the state would have posted a negative BOP of $23.5 billion in 2021 absent COVID-19 spending, with the state's rank deteriorating by 44 places from 5 to 49. On a per capita basis, New York's net BOP position would have fallen to negative $1,183 in the absence of Federal emergency COVID-19 spending, while the state's rank would have fallen six places from 39 to 45.

TALBE 9A. **Total Balance of Payments with and without Federal Emergency COVID-19 Relief Spending, FFY 2022 vs. FFY 2021**

	2021			2022		
	Total	Excluding COVID-19	COVID-19 Impact	Total	Excluding COVID-19	COVID-19 Impact
Total Dollars in Millions						
United States						
Receipts	$3,820,512	$3,820,512	—	$4,645,921	$4,645,921	—
Expenditures	$6,530,068	$4,786,899	$1,743,169	$5,587,743	$5,198,875	$388,868
Balance of Payments	$2,709,556	$966,386	$1,743,169	$941,822	$552,954	$388,868
New York						
Receipts	$294,985	$294,985	$0	$358,361	$358,361	$0
Expenditures	$417,640	$271,496	$146,143	$339,003	$301,776	$37,227
Balance of Payments	$122,654	($23,489)	$146,143	($19,358)	($56,585)	$37,227
Ranking Among 50 States						
New York						
Receipts	3	3	—	3	3	—
Expenditures	4	4	—	4	4	—
Balance of Payments	5	49	44	46	49	(3)

SOURCE: Rockefeller Institute of Government.

TABLE 9B. **Per Capita Balance of Payments with and without Federal Emergency COVID-19 Relief Spending, FFY 2022 vs. FFY 2021**

	2021			2022		
	Total	Excluding COVID-19	COVID-19 Impact	Total	Excluding COVID-19	COVID-19 Impact
Dollars Per Capita						
United States						
Receipts	$11,394	$11,394	—	$13,807	$13,807	—
Expenditures	$19,475	$14,276	$5,199	$16,606	$15,450	$1,156
Balance of Payments	$8,081	$2,882	$5,199	$2,799	$1,643	$1,156
New York						
Receipts	$14,857	$14,857	—	$18,216	$18,216	—
Expenditures	$21,035	$13,674	$7,361	$17,232	$15,339	$1,892
Balance of Payments	$6,178	($1,183)	$7,361	($984)	($2,876)	$1,892
Ranking Among 50 States						
New York						
Receipts	3	3	—	3	3	—
Expenditures	9	28	19	16	22	6
Balance of Payments	39	45	6	42	44	2

SOURCE: Rockefeller Institute of Government.

The story for 2022 looks very different on both a total dollar and per capita basis. Table 9A indicates that COVID-19 spending was down by almost $1.4 trillion on a total dollar basis, or 78 percent, in 2022 compared with 2021. New York's allocation of Federal COVID-19 expenditures is estimated to have dropped by over $100 billion, from $146.1 billion in 2021 to $37.2 billion in 2022. In the absence of the latter spending amount, the state's BOP would have posted a negative $56.6 billion. Due to the relatively small magnitude of COVID-19 expenditures, there is a much smaller change in the state's ranking when COVID-19 funding is removed from the analysis from 46th to 49th. Table 9B indicates that even on a per capita basis, New York's BOP ranking falls only two places from 42 to 44 when COVID-19 funding is excluded.

Table 10 compares 2022 per capita expenditures for a large selection of components of the Federal emergency COVID-19 spending programs with those of the prior year. The largest components of Federal emergency COVID-19 spending programs take the form of direct grants to individuals. In 2020 and 2021, these included economic impact payments and credits and emergency unemployment insurance benefit payments. The Payroll Protection Program and Economic Injury Disaster Loan Program were also among the largest elements of Federal emergency spending, much of which was comprised of direct payments to businesses. With direct grants to individuals dominating Federal emergency COVID-19 spending, the dollar value of these benefits is highly correlated with state population.

TABLE 10. **FFY 2022 Federal Emergency COVID-19 Spending Disproportionately Benefited New York**

(dollars per capita)

Program	2021			2022		
	US	New York	Difference	US	New York	Difference
Total	**$5,263**	**$7,361**	**$2,098**	**$1,172**	**$1,892**	**$720**
Business Loans and Grants						
Economic Injury Disaster Loan Program	$158	$258	$100	$73	$121	$48
Paycheck Protection Program	$892	$977	$84	$30	$33	$3
Other Direct Payments to Individuals						
Federal Pandemic Emergency Unemployment Compensation	$762	$1,847	$1,085	$4	$2	($2)
Pandemic Unemployment Assistance	$239	$618	$379	$3	$0	($3)
Economic Impact Payments Payments	$1,607	$1,539	($68)	$9	$9	($0)
Advanced Child Tax Credit	$138	$124	($14)	$119	$109	($10)
SNAP Pandemic EBT	$86	$96	$11	$54	$70	$16
Education Stabilization Fund HEERF (Students)	$33	$39	$6	$39	$47	$8
Student Loan Deferrals	$169	$142	($27)	$166	$18	($148)
Grants						
Provider Relief Fund	$58	$107	$50	$20	$37	$17
FEMA Disaster Relief Authorization	$97	$255	$158	$58	$310	$252
State and Local Fiscal Recovery Fund	$733	$995	$262	$318	$270	($48)
Emergency Rental Assistance	$100	$94	($7)	$38	$5	($33)
Transportation Funding	$70	$123	$53	$96	$560	$464
Education Stabilization Fund Grants to Governments	$74	$91	$17	$103	$128	$25
Education Stabilization Fund HEERF (Institutions)	$46	$55	$9	$42	$51	$9
Transportation Funding						
Federal Transit Administration	$40	$107	$67	$72	$544	$472
Federal Aviation Administration	$16	$8	($7)	$15	$10	($5)
Other Subagencies	$15	$8	($7)	$9	$6	($3)
Education Funding						
Student Loan Deferrals	$169	$142	($27)	$166	$18	($148)
Broad-Based Debt Relief	$0	$0	$0	$1,139	$960	($179)
Education Stabilization Fund	$74	$91	$17	$103	$128	$25

SOURCE: Rockefeller Institute of Government.

The Coronavirus Relief Fund in 2020, and its continuation into 2021 and 2022 as the State and Local Fiscal Recovery Fund, represented another large component of Federal emergency COVID-19 spending. These programs provide funds to state and local governments to address fiscal stress engendered by the impact of the pandemic on local economies. A lesson learned from the aftermath of the Great Recession of 2008–09 is that starving state and local governments of funds can prolong the downturn and delay the subsequent recovery. The Federal government component of US real GDP fell four consecutive years on an annual average basis from 2011 through 2014 and was virtually flat the following year. Indeed, without the additional economic stimulus that government spending can provide, it took until May 2014 for the nation to catch up to its January 2008 prerecession employment peak and until October 2019 for state and local government employment to catch up to its previous July 2008 peak, based on US Bureau of Labor Statistics data.[11]

The data in Table 10 indicate that COVID-19 spending is much lower in 2022 than in 2021, but also that New York's per capita benefit is estimated to be much higher than the national average based on preliminary data. New York's per capita pandemic

spending benefit was 40.0 percent higher than the national average in 2021, but 61.4 percent higher in 2022. New York continued to benefit exceptionally relative to other states from the Economic Injury Disaster Loan Program, FEMA Disaster Relief, and pandemic-related transportation programs, all of which represent temporary funding streams. Thus, these data highlight the transitory nature of New York's climb above its traditional role as the nation's largest net donor state.

The steep decline in COVID-19 spending in 2022 also helps to explain why the correlation coefficient between states' net BOP positions and state populations is estimated to have become weakly negative and statistically insignificant for 2022, falling from a statistically significant 0.88 for 2021 (see Table 11).[12] The correlation coefficient observed for 2022 resembles that of 2019 much more than for 2020 and 2021, harkening back to the years when larger populations were not necessarily associated with higher BOPs.

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

	FFY 2019		FFY 2020		FFY 2021		FFY 2022	
Expenditure Categories	As a Share of Expenditures	Correlation with Population	As a Share of Expenditures	Correlation with Population	As a Share of Expenditures	Correlation with Population	As a Share of Expenditures	Correlation with Population
Direct Payments	62.1%	0.99	47.2%	0.99	44.5%	0.99	57.0%	0.99
Grants	17.3%	0.94	12.7%	0.94	13.3%	0.94	17.4%	0.94
Contracts	13.8%	0.67	10.3%	0.62	10.8%	0.61	13.0%	0.62
Wages	6.7%	0.77	4.7%	0.77	4.8%	0.76	5.6%	0.76
COVID-19	—	—	25.1%	0.98	26.7%	0.98	7.0%	0.96
Balance of Payments*	—	0.10	—	0.93	—	0.88	—	-0.06

*Correlation coefficients are statistically insignificant for 2019 and 2022, with P-values greater than 0.5 for both years.

SOURCE: Rockefeller Institute of Government.

Table 11 highlights the relationship between the various components of Federal spending and state population. These in turn help to shed light on the relationship between the balance of payments itself and the population size. Direct payments to individuals and grants tend to be the most highly correlated with state populations, while contracts and wages much less so. When COVID-19 spending is included, the share of Federal expenditures distributed roughly on a per capita basis rose from 79.5 percent in 2019 to 85.0 percent in 2020 and 84.5 percent in 2021. These increases help to explain why the correlation between states' BOPs and state populations rose so dramatically in 2020 and 2021 relative to 2019. The combined weight of direct payments, grants to state and local governments, and COVID-19 spending fell to 81.4 percent in 2022, and the correlation between BOPs and populations plummeted accordingly.

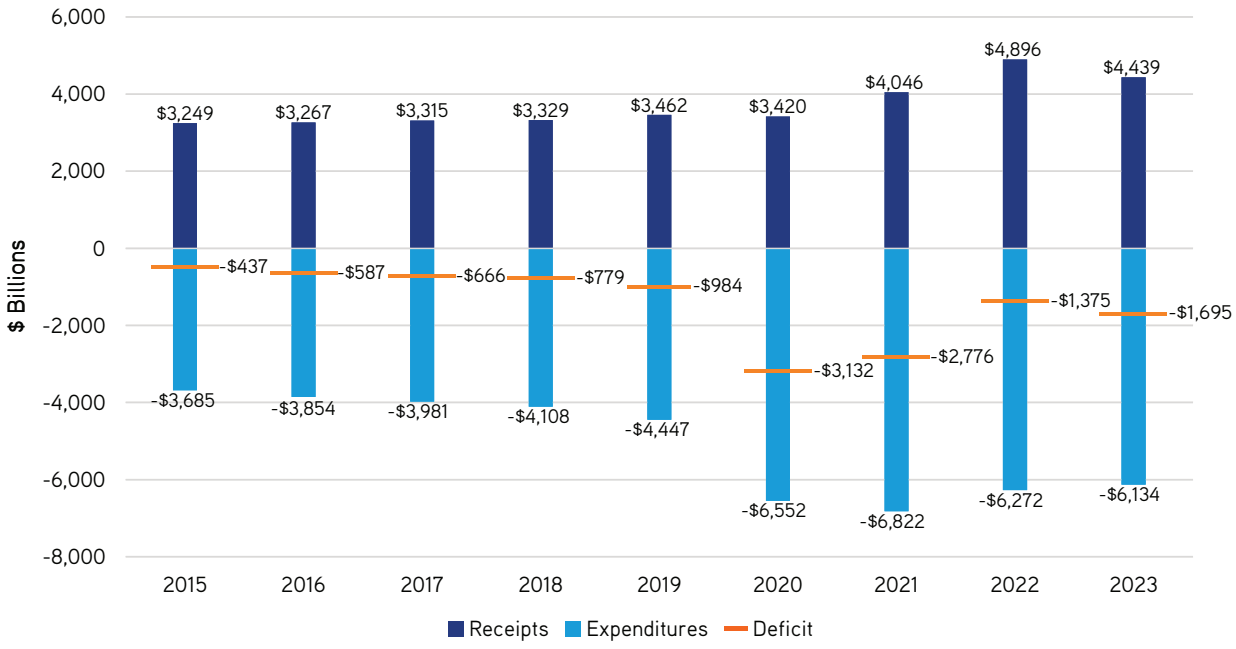
Table 11 also signals that with the 2022 correlation between BOPs and populations falling almost to where it was in 2019, the composition of Federal expenditures is not the only factor impacting this correlation: the ratio between expenditures and receipts, i.e., the size of the Federal deficit itself, is also a critical factor. With Federal expenditures dominating the volume of receipts, as they did in 2020 and 2021, every

state was a net beneficiary of Federal budgetary spending, in turn contributing to the rise in the correlation between states' balance of payments and their populations. With the deficit falling by 50 percent in 2022, resulting in the reemergence of net donor states, the BOP-state population correlation was bound to fall. These data shed light on the sources of New York's unfavorable per capita ranking prior to the pandemic and the direction that ranking appears to be going.

Federal Expenditures Post-Pandemic

Looking ahead, it becomes instructive to consider whether 2022 represents the start of a persistent return to the norms of the pre-pandemic past, particularly in light of Federal legislation that has been signed into law in recent years. The Infrastructure Investment and Jobs Act (IIJA) was signed into law in November 2021, authorizing $1.2 trillion over five years for transportation and infrastructure, including energy and power infrastructure, access to broadband internet, water infrastructure, and beyond. Federal expenditures under the IIJA appear to have been negligible in FFY 2022, and so are not separately accounted for in this report but are likely to become significant starting in 2023. In addition, the CHIPS and Science Act and the Inflation Reduction Act were both signed into law in August 2022. The funding associated with these initiatives is expected to be awarded on a project basis, with spending distributed over a longer period of time, likely starting in FFY 2023.

FIGURE 6. **Recent Federal Budgetary Trends**



SOURCE: US Department of the Treasury.

While the impact of these pieces of legislation on states' finances in 2023 is as yet uncertain, the data presented in Figure 6 provide some clues. These data depict a substantial decline in receipts of 9.3 percent and a more modest decline in Federal expenditures of 2.2 percent for 2023, resulting in an increase in the Federal budget deficit of 23.2 percent to $1.7 trillion.[13] A significant portion of the decline in receipts is likely attributable to a poor performance on Wall Street during Calendar Year (CY) 2022, which the New York State Division of the Budget estimates to have had an adverse impact on taxable capital gains realizations for that tax year, based on preliminary state-level data. Lower capital gains in CY 2022 likely resulted in reduced Federal revenue collections during the April 2023 tax filing season and thus in FY 2023. Financial market weakness in CY 2022 would also have affected finance industry bonuses paid out toward the end of CY 2022 and early CY 2023, disproportionately affecting revenue collections from New York as the nation's financial capital.[14] These data signal that New York's FFY 2023 BOP could see a small improvement, not because of a more equitable distribution of spending, but more likely due to the state's lower contribution to Federal revenues.

There has been substantial growth in the size of Federal deficits and the national debt since the start of the pandemic in 2020. While below the unprecedented levels of 2020 and 2021, the 2023 deficit was historically high—72.2 percent greater than the FFY 2019 pre-pandemic level. The Federal government spent a record $659 billion on net interest payments in 2023, or 2.4 percent of US GDP, the most since FFY 1998. Elevated levels of Federal debt represent risks to the market for US government debt, the value of the dollar, and hence price stability. In response to these risks, Fitch Ratings downgraded the nation's credit rating from AAA to AA+ in August 2023.[15]

If fears surrounding the nation's fiscal situation portend a rebalancing of Federal taxation and spending down the road, the likely result will be lower spending, higher taxes, or both. Any of these options could have significant implications for New York's balance of payments in future years. Unless New York can attract a more consistently equitable share of Federal expenditures, commensurate with its contribution and need, the state is likely to remain one of the largest net donor states in 2023 and beyond.

Tables 12A presents the total dollar balance of payments for each state for the most recent eight years, ordered by the results for 2022. Table 12B reprises these data on a per capita basis, similarly ranked. These tables highlight the extent to which the worst of the pandemic years departed from the funding distribution of the prior period, and to which FFY 2022 signifies a return to business as usual.

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

State	2015	2016	2017	2018	2019	2020	2021	2022	Eight-Year Total
Virginia	$79,106	$83,941	$87,602	$91,785	$104,539	$161,546	$172,266	$129,211	$909,995
Maryland	$30,582	$34,130	$39,435	$41,248	$46,220	$94,477	$101,411	$71,610	$459,112
Kentucky	$39,830	$40,051	$40,786	$46,122	$55,876	$81,551	$82,392	$65,448	$452,055
Ohio	$27,555	$29,820	$35,047	$36,257	$44,553	$114,707	$106,372	$56,707	$451,018
North Carolina	$28,826	$29,789	$33,897	$35,729	$38,733	$92,472	$87,118	$52,709	$399,273
Alabama	$30,072	$32,781	$33,004	$36,836	$37,724	$60,884	$67,989	$50,637	$349,927
Texas	($10,335)	$14,892	$1,834	$18,070	$24,064	$211,646	$183,208	$50,317	$493,697
Pennsylvania	$19,470	$28,818	$32,670	$35,115	$41,317	$133,944	$122,623	$50,243	$464,200
Arizona	$21,113	$25,277	$29,975	$29,797	$29,642	$87,770	$74,086	$47,358	$345,018
Florida	$30,986	$47,256	$30,099	$40,193	$51,038	$160,785	$157,624	$36,988	$554,969
Michigan	$19,118	$20,675	$23,102	$22,702	$28,635	$101,050	$86,170	$35,650	$337,101
Tennessee	$20,276	$20,546	$23,161	$26,497	$29,604	$66,215	$61,436	$35,178	$282,913
South Carolina	$20,895	$22,500	$23,645	$25,065	$28,488	$54,628	$55,112	$34,655	$264,989
Oklahoma	$12,880	$16,743	$17,508	$18,565	$21,915	$44,109	$45,058	$33,261	$210,038
Louisiana	$14,038	$16,301	$20,682	$21,316	$23,632	$57,396	$59,748	$33,006	$246,119
Missouri	$20,497	$23,365	$24,606	$26,023	$26,886	$60,806	$57,826	$31,939	$271,947
Georgia	$18,406	$20,812	$20,834	$22,996	$25,449	$86,012	$88,669	$31,936	$315,114
Mississippi	$18,552	$18,352	$20,921	$20,694	$22,977	$36,984	$39,543	$28,136	$206,159
New Mexico	$17,176	$17,984	$17,760	$19,379	$18,838	$31,153	$33,814	$27,495	$183,600
Indiana	$11,886	$14,144	$16,118	$17,076	$20,461	$56,041	$54,661	$26,011	$216,397
Arkansas	$13,387	$14,193	$14,308	$15,302	$17,454	$31,593	$30,400	$20,229	$156,865
West Virginia	$12,069	$13,106	$13,881	$13,762	$14,728	$24,676	$23,766	$20,104	$136,092
Wisconsin	$1,518	$2,798	$5,040	$7,391	$9,678	$42,716	$38,290	$15,408	$122,839
Oregon	$8,328	$7,726	$9,193	$9,551	$11,471	$37,264	$33,448	$12,767	$129,748
Hawaii	$7,342	$7,579	$7,499	$7,507	$7,704	$18,926	$18,672	$10,924	$86,153
Kansas	$1,672	$3,329	$6,890	$6,104	$7,312	$23,634	$21,428	$10,508	$80,877
Alaska	$5,049	$5,362	$6,517	$6,774	$7,106	$12,427	$13,168	$10,289	$66,693
Maine	$5,300	$6,789	$7,233	$7,628	$8,215	$16,489	$14,715	$9,789	$76,158
Iowa	$2,529	$3,631	$3,806	$5,260	$6,644	$24,069	$24,239	$8,276	$78,455
Illinois	($14,375)	($6,126)	($1,359)	($442)	$2,804	$86,273	$93,763	$6,033	$166,570
Idaho	$5,205	$5,425	$5,668	$5,974	$6,266	$14,161	$11,792	$5,979	$60,470
Montana	$3,167	$3,865	$4,503	$4,841	$4,757	$10,933	$9,722	$4,993	$46,779
Delaware	$2,224	$2,460	$3,064	$3,147	$3,556	$10,437	$8,982	$4,909	$38,779
Rhode Island	$2,138	$2,174	$2,577	$2,612	$3,003	$11,091	$10,378	$4,615	$38,589
Vermont	$1,703	$1,989	$2,186	$3,088	$2,761	$7,772	$7,179	$3,588	$30,267
South Dakota	$671	$1,199	$1,759	$2,157	$2,662	$7,440	$7,110	$2,507	$25,506
Nebraska	($1,312)	($466)	$459	$1,143	$1,636	$12,620	$11,312	$2,254	$27,646
North Dakota	($498)	$430	$640	$788	$1,058	$6,650	$7,365	$2,163	$18,596
Wyoming	$186	$1,068	$862	$1,031	$1,098	$4,252	$3,275	$84	$11,855
Nevada	$1,539	$1,943	$2,739	$2,455	$3,954	$26,131	$21,871	($1,278)	$59,354
New Hampshire	($679)	($765)	($503)	$162	$307	$8,147	$3,827	($2,866)	$7,629
Utah	($308)	($527)	$372	$9	($487)	$13,779	$8,211	($3,426)	$17,623
Minnesota	$3,166	$4,188	$6,798	$588	($2,477)	$35,540	$29,503	($3,672)	$73,634
Colorado	($3,523)	($1,831)	($1,681)	($2,497)	($1,485)	$34,146	$26,942	($6,207)	$43,863
Connecticut	($16,126)	($13,767)	($11,118)	($10,001)	($7,950)	$14,697	$4,941	($17,715)	($57,038)
New York	($44,924)	($33,499)	($32,647)	($29,874)	($17,393)	$155,844	$122,654	($19,358)	$100,804
New Jersey	($24,909)	($23,763)	($20,504)	($18,999)	($16,650)	$48,706	$39,654	($19,366)	($35,830)
Washington	($4,656)	($6,377)	($4,794)	($7,363)	($8,326)	$37,513	$21,813	($22,530)	$5,280
Massachusetts	($19,040)	($16,995)	($16,848)	($15,304)	($14,392)	$54,988	$21,448	($30,042)	($36,185)
California	($17,003)	($10,265)	($9,310)	($26,697)	($11,587)	$258,135	$209,440	($71,980)	$320,735

TABLE 12B. **Per Capita Balance of Payments Over Time (dollars per capita)**

State	2015	2016	2017	2018	2019	2020	2021	2022	Eight-Year Average
Virginia	$9,454	$9,972	$10,341	$10,784	$12,217	$18,705	$19,898	$14,888	$13,283
Kentucky	$8,993	$9,020	$9,154	$10,331	$12,494	$18,093	$18,278	$14,507	$12,609
Alaska	$6,837	$7,221	$8,795	$9,197	$9,686	$16,955	$17,918	$14,031	$11,330
New Mexico	$8,218	$8,594	$8,486	$9,255	$8,972	$14,706	$15,973	$13,009	$10,902
Maryland	$5,107	$5,682	$6,542	$6,827	$7,633	$15,304	$16,423	$11,617	$9,392
West Virginia	$6,548	$7,152	$7,633	$7,620	$8,204	$13,775	$13,312	$11,332	$9,447
Alabama	$6,194	$6,736	$6,766	$7,530	$7,686	$12,101	$13,462	$9,980	$8,807
Mississippi	$6,204	$6,137	$6,995	$6,938	$7,715	$12,502	$13,406	$9,574	$8,684
Oklahoma	$3,294	$4,262	$4,451	$4,708	$5,533	$11,125	$11,288	$8,275	$6,617
Hawaii	$5,160	$5,304	$5,260	$5,275	$5,442	$13,043	$12,906	$7,589	$7,497
Louisiana	$3,008	$3,482	$4,425	$4,570	$5,073	$12,339	$12,913	$7,194	$6,625
Maine	$3,988	$5,096	$5,415	$5,692	$6,104	$12,093	$10,673	$7,046	$7,013
Arkansas	$4,493	$4,744	$4,763	$5,080	$5,778	$10,481	$10,038	$6,640	$6,502
South Carolina	$4,268	$4,534	$4,704	$4,923	$5,523	$10,645	$10,611	$6,560	$6,471
Arizona	$3,090	$3,640	$4,253	$4,159	$4,065	$12,224	$10,187	$6,430	$6,006
Vermont	$2,722	$3,186	$3,498	$4,943	$4,425	$12,088	$11,095	$5,544	$5,938
Missouri	$3,374	$3,836	$4,026	$4,248	$4,378	$9,881	$9,372	$5,171	$5,536
Tennessee	$3,074	$3,089	$3,449	$3,909	$4,334	$9,561	$8,822	$4,991	$5,154
North Carolina	$2,872	$2,931	$3,299	$3,438	$3,688	$8,849	$8,244	$4,928	$4,781
Ohio	$2,371	$2,562	$3,004	$3,104	$3,809	$9,723	$9,041	$4,822	$4,805
Delaware	$2,361	$2,590	$3,199	$3,254	$3,641	$10,520	$8,938	$4,815	$4,915
Montana	$3,070	$3,709	$4,273	$4,559	$4,445	$10,057	$8,787	$4,446	$5,418
Rhode Island	$2,023	$2,055	$2,440	$2,466	$2,838	$10,117	$9,460	$4,219	$4,452
Pennsylvania	$1,522	$2,253	$2,553	$2,741	$3,228	$10,308	$9,423	$3,873	$4,488
Indiana	$1,798	$2,131	$2,419	$2,549	$3,040	$8,255	$8,022	$3,807	$4,003
Kansas	$574	$1,143	$2,367	$2,096	$2,510	$8,044	$7,293	$3,578	$3,451
Michigan	$1,924	$2,077	$2,316	$2,273	$2,868	$10,035	$8,584	$3,553	$4,204
Idaho	$3,150	$3,221	$3,296	$3,409	$3,503	$7,658	$6,192	$3,084	$4,189
Oregon	$2,072	$1,887	$2,217	$2,283	$2,721	$8,779	$7,858	$3,012	$3,854
Georgia	$1,807	$2,019	$2,000	$2,186	$2,394	$8,016	$8,217	$2,926	$3,696
US Average	**$1,304**	**$1,703**	**$1,897**	**$2,040**	**$2,453**	**$8,833**	**$8,081**	**$2,799**	**$3,639**
North Dakota	($659)	$568	$846	$1,037	$1,385	$8,531	$9,467	$2,777	$2,994
South Dakota	$785	$1,388	$2,014	$2,453	$3,001	$8,380	$7,933	$2,755	$3,589
Wisconsin	$263	$484	$870	$1,272	$1,662	$7,245	$6,512	$2,616	$2,615
Iowa	$810	$1,159	$1,211	$1,670	$2,103	$7,544	$7,579	$2,587	$3,083
Texas	($376)	$534	$65	$631	$830	$7,240	$6,198	$1,676	$2,100
Florida	$1,533	$2,291	$1,435	$1,891	$2,375	$7,447	$7,220	$1,663	$3,232
Nebraska	($694)	($245)	$240	$593	$847	$6,430	$5,759	$1,145	$1,759
Illinois	($1,118)	($478)	($106)	($35)	$221	$6,747	$7,389	$479	$1,637
Wyoming	$317	$1,824	$1,486	$1,780	$1,892	$7,362	$5,650	$144	$2,557
Nevada	$536	$666	$922	$810	$1,279	$8,387	$6,950	($402)	$2,394
Minnesota	$577	$758	$1,221	$105	($439)	$6,224	$5,160	($643)	$1,620
New York	**($2,285)**	**($1,706)**	**($1,666)**	**($1,529)**	**($894)**	**$7,750**	**$6,178**	**($984)**	**$608**
Utah	($103)	($173)	$120	$3	($152)	$4,196	$2,459	($1,013)	$667
Colorado	($646)	($330)	($299)	($438)	($258)	$5,903	$4,636	($1,063)	$938
California	($437)	($262)	($237)	($677)	($294)	$6,535	$5,350	($1,844)	$1,017
New Hampshire	($508)	($570)	($372)	$119	$225	$5,909	$2,758	($2,049)	$689
New Jersey	($2,808)	($2,678)	($2,307)	($2,137)	($1,873)	$5,253	$4,278	($2,091)	($545)
Washington	($650)	($874)	($645)	($978)	($1,094)	$4,857	$2,818	($2,894)	$67
Massachusetts	($2,801)	($2,489)	($2,455)	($2,223)	($2,087)	$7,860	$3,068	($4,302)	($679)
Connecticut	($4,494)	($3,846)	($3,110)	($2,798)	($2,229)	$4,086	$1,371	($4,909)	($1,991)

A Tale of Two States

The data presented in this report point to the fact that New York is a high-income state. New York ranks consistently among the top five in total dollar and per capita revenues paid to the Federal government, third in total dollar individual income taxes paid, and second in per capita income taxes paid. But statewide and per capita measures mask the distribution of wealth across the state's households. For the 2021 tax year, the most recent year for which detailed Federal tax return data are available, the 0.7 percent of taxpayers with positive personal income tax liability and Federal adjusted gross incomes of $1 million or more accounted for 37.2 percent of total tax liability for that year. Meanwhile, the 72.8 percent of taxpayers with incomes below $100,000 account for 14.7 percent of total Federal liability. Thus New York's expansive fiscal capacity should not be misconstrued as a justification for New York to be subsidizing other states, since the state's ability to generate income is not directly correlated with the diverse needs of its population. While there are numerous indicators of need, produced by various Federal agencies, New York tends to score high on all of them.

Perhaps the most commonly cited measure of need is the official poverty rate constructed and published annually by the US Census Bureau.[16] The official poverty rate is based on a set of income thresholds developed by the Census Bureau, that vary by family size and composition. If a family's money income, defined as income before taxes and excluding capital gains and noncash government funded benefits. For example, for a family of four with two related children under 18, the 2022 poverty threshold is $29,678: if a family's income is below that threshold, all of the individuals living in the family are said to be living in poverty. These thresholds apply uniformly throughout the nation.

The official poverty rates for the nation and the states for the 2022 calendar year are presented in the first column of Table 13A. The Census Bureau reports that 12.6 percent of the national population was living at or below the poverty threshold in 2022, while the official poverty rate for New York was 1.6 percentage points higher at 14.2 percent. Table 13A indicates that only eight states had an official poverty rate higher than New York. These eight states are also the states with the lowest levels of per capita receipts in FFY 2022. These poverty measures demonstrate that having a high per capita income does not preclude having large numbers of individuals living in poverty.

The Supplemental Poverty Measure (SPM), developed by the US Census Bureau with support from the US Bureau of Labor Statistics, represents an alternative more comprehensive alternative measure of poverty.[17] The SPM supplements the definition of income used in the calculation of the official poverty measure by including income from government programs that provide financial assistance to low-income families. The SPM calculation also includes the impact of Federal and state taxes, as well as work and medical expenses. Finally, the SPM accounts for geographic cost-of-living differentials, which are unaccounted for in the calculation of the official poverty thresholds. Since the state-level data underlying the SPM are based on a smaller sample size than national measures, the Census Bureau averages the data over three years. A comparison of the official poverty rate with the SPM-generated rate (see the second and third columns of Table 13A) indicates that state poverty rates are generally lower using the SPM methodology since they incorporate government-provided supplements to income. But

this comparison also indicates that when using the SPM methodology, only three states have a higher poverty rate than New York.

The US Census Bureau constructs another comprehensive measure of need known as the Community Resilience Estimates (CRE), which estimates the number of individuals in a jurisdiction that are at risk of being socially vulnerable to natural disasters.[18] The Census Bureau identifies 10 risk factors associated with social vulnerability based on American Community Survey (ACS) data.[19] A household is determined to be at low risk of social vulnerability if zero risk factors apply to the household, medium risk if one to two risk factors apply, and high risk if three or more apply. By extending the level of household risk to all of the individuals living in the household, the CRE yields a measure of the percentage of individuals in each jurisdiction that are at low, medium, and high risk. Table 13B ranks the 50 states by the percentage of individuals at low risk of social vulnerability and at high risk. Based on the CRE methodology, only 30.2 percent of New Yorkers are deemed to be at low risk for 2022, the fifth lowest in the nation. Moreover, New York places second only to Mississippi when ranked by the percentage of individuals at high risk. These data indicate that despite its wealth, New York shares much in common with the states that appear near the bottom of the per capital revenue ladder.

Data pertaining to publicly funded healthcare coverage provide further evidence that New York has a large population of low-income individuals in need of public services. After a sustained period of Medicaid enrollment at around 6 million and a peak of over 8 million during the pandemic-period, approximately 7.3 million state residents, almost 40 percent of the population, are receiving Medicaid-eligible services as of March 2024.[20] Moreover, over 9 million New Yorkers—roughly half of the state's population—are enrolled in a publicly subsidized health insurance through either Medicaid, Child Health Plus, or the Essential Plan.[21] A portion of current Medicaid enrollees likely represents part of the post-pandemic overhang and may fall over time. But with the state's three lowest average wage sectors—healthcare and social services, retail trade, and leisure and hospitality—representing a growing share of overall private sector employment, the need for publicly subsidized health is likely to remain high.

These data, in combination with state revenue collections, speak to New York as a state endowed with some of most and least fortunate households in the nation. The third column in Table 13B displays the Gini Coefficient, a widely cited measure of income inequality, also published by the Census Bureau based on ACS data.[22] The Gini index varies from zero to one, where an index value of zero indicates perfect equality, defined as every household having the same income in proportion to its size; an Gini index value of one indicates perfect inequality, defined as one household having all the income. New York posts the highest value of any US state, based on 2022 data.

TABLE 13A. **Alternative Poverty Measures**

Official: 2022 (Percent)		SPM: 2020-22 Three-Year Average (Percent)		Official: 2020–22 Three-Year Average (Percent)		Per Capita Receipts (Dollars)	
United States	12.6	United States	9.8	United States	11.5	United States	$13,807
Mississippi	19.2	California	13.2	New Mexico	18.2	Massachusetts	$20,724
Louisiana	18.6	Florida	12.7	Mississippi	17.8	Connecticut	$20,460
West Virginia	17.4	Mississippi	12.5	Louisiana	16.9	New York	$18,216
New Mexico	17.3	New York	11.9	Arkansas	15.9	Washington	$18,157
Arkansas	16.3	Texas	11.3	Kentucky	15.8	Wyoming	$17,898
Kentucky	16.3	Alabama	10.9	Oklahoma	15.8	New Jersey	$17,799
Alabama	16.2	Louisiana	10.9	West Virginia	15.6	California	$17,731
Oklahoma	15.6	Kentucky	10.8	Alabama	14.8	New Hampshire	$17,347
New York	14.2	Arkansas	10.5	Texas	13.3	Colorado	$16,112
South Carolina	14.0	Nevada	10.5	North Carolina	13.3	Maryland	$15,602
Texas	14.0	North Carolina	10.3	South Carolina	13.3	Minnesota	$15,040
Ohio	13.4	New Mexico	10.2	Florida	13.1	Illinois	$14,724
Michigan	13.3	Georgia	10.1	Georgia	13.0	Virginia	$14,627
Tennessee	13.3	West Virginia	10.1	Nevada	12.6	Florida	$14,481
Missouri	13.1	Hawaii	10.0	New York	12.4	Nevada	$14,337
Georgia	12.9	Oklahoma	9.9	Arizona	12.1	North Dakota	$13,506
North Carolina	12.8	Alaska	9.7	Michigan	11.7	Rhode Island	$13,389
Florida	12.7	Maryland	9.7	Alaska	11.5	Pennsylvania	$13,183
Nevada	12.6	South Carolina	9.5	Missouri	11.5	Alaska	$13,090
Arizona	12.5	Arizona	9.3	Ohio	11.5	South Dakota	$12,951
Indiana	12.5	Connecticut	9.2	California	11.4	Oregon	$12,910
South Dakota	12.4	New Jersey	9.0	Tennessee	11.4	Nebraska	$12,753
California	12.2	Colorado	8.9	Indiana	10.9	Delaware	$12,744
Oregon	12.0	Montana	8.5	Pennsylvania	10.8	Utah	$12,650
Illinois	11.9	Missouri	8.4	Montana	10.7	Texas	$12,621
Kansas	11.9	Virginia	8.4	Delaware	10.5	Montana	$12,412
Montana	11.8	Massachusetts	8.3	Hawaii	10.2	Vermont	$12,400
Pennsylvania	11.8	Tennessee	8.3	Connecticut	9.8	Wisconsin	$12,062
North Dakota	11.2	Delaware	8.1	South Dakota	9.7	Kansas	$11,804
Rhode Island	11.2	Michigan	8.0	North Dakota	9.6	Hawaii	$11,699
Wyoming	11.2	Illinois	7.9	Oregon	9.5	Arizona	$11,608
Nebraska	11.1	Washington	7.9	Illinois	9.4	Georgia	$11,565
Iowa	11.0	Pennsylvania	7.7	Iowa	9.4	Tennessee	$11,510
Maine	10.9	Vermont	7.6	Kansas	9.0	Michigan	$11,396
Alaska	10.8	Oregon	7.4	Idaho	8.9	Idaho	$11,373
Wisconsin	10.8	Indiana	7.3	Maine	8.9	North Carolina	$11,285
Virginia	10.6	Ohio	7.3	Rhode Island	8.8	Maine	$11,158
Idaho	10.5	Wyoming	7.2	Wyoming	8.7	Iowa	$11,057
Massachusetts	10.4	Kansas	7.1	Maryland	8.6	Missouri	$10,996
Vermont	10.2	North Dakota	6.7	Virginia	8.6	Ohio	$10,865
Delaware	10.0	New Hampshire	6.2	Colorado	8.5	Indiana	$10,580
Hawaii	10.0	Iowa	5.9	Massachusetts	8.5	South Carolina	$10,291
Washington	10.0	Nebraska	5.9	Vermont	8.4	Arkansas	$9,604
Connecticut	9.8	South Dakota	5.8	Washington	8.3	Louisiana	$9,534
Maryland	9.8	Idaho	5.7	New Jersey	8.2	Alabama	$9,246
New Jersey	9.7	Rhode Island	5.7	Nebraska	8.1	Oklahoma	$9,221
Minnesota	9.6	Utah	5.7	Wisconsin	8.0	Kentucky	$9,068
Colorado	9.5	Minnesota	5.5	Minnesota	7.7	New Mexico	$8,620
Utah	8.3	Wisconsin	5.1	New Hampshire	7.1	West Virginia	$7,927
New Hampshire	7.4	Maine	4.6	Utah	7.1	Mississippi	$7,510

TABLE 13B. Share of the Population at Low and High Risk of Social Vulnerability and Income Inequality

Low Risk (Percent)		High Risk (Percent)		Gini Coefficient (Index)		Median Household Income (COL Adjusted Dollars*)	
United States	35.1	United States	20.6	United States	0.486	United States	$74,755
Hawaii	28.0	Mississippi	26.8	New York	0.521	Utah	$93,684
California	28.9	New York	25.6	Connecticut	0.501	Maryland	$90,435
New Mexico	29.0	Louisiana	24.9	Massachusetts	0.498	New Jersey	$88,549
Alaska	30.0	New Mexico	24.6	California	0.495	Colorado	$87,093
New York	30.2	Arkansas	24.4	Louisiana	0.492	Massachusetts	$86,415
Nevada	30.6	Alabama	24.3	Florida	0.490	Alaska	$86,345
Mississippi	30.7	West Virginia	23.5	Alabama	0.485	Hawaii	$84,551
Florida	31.2	Oklahoma	23.1	Kentucky	0.485	New Hampshire	$84,340
Louisiana	31.6	Florida	22.3	Illinois	0.484	Minnesota	$84,281
Oklahoma	31.7	Kentucky	22.2	New Jersey	0.482	Virginia	$84,072
Arkansas	31.8	Texas	22.1	Mississippi	0.481	Delaware	$83,605
Texas	32.0	Tennessee	21.9	Arkansas	0.480	Washington	$83,110
Arizona	32.2	South Carolina	21.4	New Mexico	0.480	Connecticut	$82,878
Alabama	34.1	Nevada	20.9	Texas	0.480	North Dakota	$82,570
Oregon	34.1	Pennsylvania	20.8	West Virginia	0.480	California	$81,348
Montana	35.2	New Jersey	20.7	Pennsylvania	0.478	South Dakota	$80,224
West Virginia	35.3	Alaska	20.7	North Carolina	0.477	Idaho	$79,122
South Carolina	35.6	Illinois	20.6	South Carolina	0.476	Iowa	$78,855
Kentucky	36.1	North Carolina	20.4	Virginia	0.476	Nebraska	$77,759
Washington	36.1	Arizona	20.3	Georgia	0.474	Wyoming	$77,557
North Carolina	36.5	Michigan	20.2	Oklahoma	0.474	Rhode Island	$77,243
Idaho	36.6	Ohio	20.1	Washington	0.474	Wisconsin	$76,977
Wyoming	36.6	California	20.0	Michigan	0.469	Kansas	$76,474
New Jersey	36.6	Hawaii	20.0	Missouri	0.469	Georgia	$75,931
Delaware	36.7	Delaware	19.9	Nevada	0.469	Illinois	$75,759
Tennessee	36.7	Missouri	19.8	Ohio	0.469	Montana	$75,210
Georgia	37.0	South Dakota	19.7	Tennessee	0.469	Nevada	$75,050
Illinois	37.5	Oregon	19.6	North Dakota	0.468	Pennsylvania	$74,625
Maine	38.3	Georgia	19.6	Oregon	0.468	Arizona	$74,429
Michigan	38.5	Indiana	19.5	Arizona	0.467	Texas	$74,132
Rhode Island	38.7	Montana	19.1	Montana	0.465	New York	$73,850
Pennsylvania	39.1	Rhode Island	19.0	Rhode Island	0.464	Vermont	$73,744
Missouri	39.2	Wyoming	18.7	Kansas	0.463	Indiana	$72,732
Vermont	39.3	Wisconsin	18.4	Nebraska	0.461	Ohio	$71,897
Maryland	39.3	Kansas	18.4	Maine	0.460	North Carolina	$71,673
Indiana	39.7	Maine	18.4	Maryland	0.459	Michigan	$71,655
Virginia	39.7	Maryland	18.3	Colorado	0.457	Missouri	$71,112
Ohio	39.9	Connecticut	18.2	Hawaii	0.457	Tennessee	$71,058
Connecticut	40.2	Massachusetts	18.0	Indiana	0.456	Oregon	$70,955
Kansas	40.4	Virginia	18.0	Minnesota	0.456	Maine	$68,934
Colorado	40.5	Nebraska	18.0	Iowa	0.451	South Carolina	$68,619
Massachusetts	40.6	Iowa	17.9	Wisconsin	0.451	Alabama	$67,999
Wisconsin	40.6	North Dakota	17.6	South Dakota	0.449	Florida	$67,862
South Dakota	40.9	Washington	17.5	New Hampshire	0.447	Oklahoma	$67,153
Nebraska	41.7	Idaho	17.3	Vermont	0.445	Kentucky	$66,271
Iowa	42.4	Vermont	17.2	Wyoming	0.444	New Mexico	$65,760
North Dakota	42.5	Minnesota	17.0	Idaho	0.443	Arkansas	$64,094
Minnesota	43.2	Colorado	15.8	Delaware	0.441	Louisiana	$61,212
Utah	43.3	New Hampshire	15.4	Alaska	0.428	West Virginia	$60,647
New Hampshire	43.7	Utah	12.9	Utah	0.426	Mississippi	$60,467

*Cost-of-living adjustments are based on BEA regional price parities.

The Medicaid program provides a glaring example of the structural issues highlighted by Senator Moynihan in earlier versions of this report.[23] Unlike the Medicare program, which funds medical care for the elderly and the disabled and is fully funded by the Federal government, the Medicaid program is jointly funded by the Federal government and the states. Much of the Federal contribution is based on the Federal Medical Assistance Percentage, or FMAP, which is determined by a formula that includes per capita personal income as measured by the US Bureau of Economic Analysis (BEA). Due to its high per capita income, New York, along with nine other states, is granted the lowest allowable FMAP of 50 percent, independent of the state's need. Although the FMAP only applies directly to a portion of the program, the New York State Division of the Budget estimates that every percentage point of additional base FMAP is worth approximately $700 million in Federal funding. For example, an increase in New York's FMAP to the 60 percent awarded to Texas would net the state an extra $7 billion on an annual basis.

The final column of Table 13B presents the US Census Bureau measure of median household income, adjusted for cost-of-living differences across states using BEA's regional price parities.[24] New York ranks 31st by this measure just behind Texas.[25] These data indicate that incorporating median measures of state income into program distribution formulas has the potential to produce very different results, particularly after adjusting for state-level cost-of-living differences.

The gap created by the structural inequities Senator Moynihan pointed to can only be filled by state revenues. In that context, Moynihan wrote of the difference between fiscal capacity and fiscal effort.[26] Because of New York's generous endowment of very high-income residents relative to other states, New York has a solid fiscal capacity, but by some measures has already stretched its fiscal effort to the limit. New York's high-income taxpayers already pay some of the highest tax rates in the nation. An overreliance on a relatively narrow taxbase at the top of the income ladder can also result in excessive volatility in tax collections over the course of the business cycle.[27]

In addition, tax rate differentials across states, if sufficiently large, can create tax migration risk.[28] Before the passage of the Tax Cut and Jobs Act at the end of 2017, New Yorkers' state and local tax burden was partially mitigated by the state and local income tax deduction (SALT), but that deduction has since been capped at $10,000 starting in 2018. Senator Moynihan might have added the SALT cap to the list of structural impediments that fuel New York's position as a subsidizer of states that apply less fiscal effort, despite the state's own unmet needs. As indicated in Table 8, these inequities have contributed to New York posting in 2022 its largest excess burden—the difference between New York's per capita balance of payments and the national average—in the history of the Rockefeller Institute's analysis.

Conclusion

FFY 2020 and FFY 2021 represented an extraordinary break from the recent past. After five consecutive years as the nation's largest net donor state, New York posted the fifth largest net *positive* balance of payments position in the nation in 2020 and the sixth largest in 2021, due in large part to the significant Federal COVID-19 relief funding. But as foretold in last year's report, 2020 and 2021 proved to have been an anomaly. Preliminary data for FFY 2022 indicate that New York's resident households and businesses contributed $23.1 billion more to the Federal government than they received in return, ranking the state second from the bottom. Controlling for population, New York's per capita balance of payments ranks just slightly higher at 46th for 2022. This performance is reminiscent of the pre-pandemic years when New York's total dollar BOP consistently ranked 50th, or worst in the nation.

The late New York Senator Daniel Patrick Moynihan highlighted balance of payment inequities throughout the 1980s and 1990s, pointing to structural issues that tended to fuel an imbalance between revenue sent to the Federal government and spending received.[29] Senator Moynihan noted very high incomes among segments of the state's population combined with a progressive Federal tax system that resulted in above-average revenue generated per capita. He also noted the relatively low volume of Federal spending in New York in several budgetary areas, such as contracts, Federal employee wages, and discretionary spending, that more than outweighed the slightly higher-than-average spending on programs that provide assistance to the poor and the elderly, such as Medicare and Medicaid. Although New York's per capita revenue contribution is the third highest in the nation for FFY 2022, the state's resident population is not uniformly affluent. New York's median household income ranks a much lower 16th for Calendar Year 2022, while the state has the fourth highest poverty rate as measured by the Supplemental Poverty Measure. Nevertheless, based on the preliminary 2022 balance of payments data presented in this report, New York is back to subsidizing states that have higher median incomes and lower poverty rates than its own.

Objectives, Scope, and Methodology

This report addresses questions of how Federal revenue and spending are distributed across states and selected other geographies. This analysis aims to further an understanding of 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, effectively subsidizing those states that are on the positive side of the BOP ledger.

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.

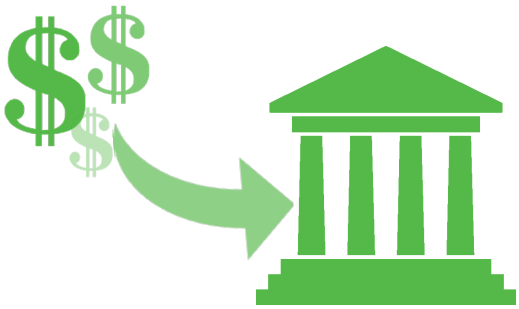
Estimates for these other areas are not the focus of our analysis and are not published. The removal of receipts and expenditures from these geographies is the reason the Federal budget data presented in this document that are deemed to be "allocable" to the 50 states often do not exactly match the US Federal Budget totals.

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 2024*, published in March 2023. This document provides the most current data on US spending including final spending amounts for Federal fiscal years 2018, 2019, 2020, 2021, and 2022. The data used in this analysis are taken from the *Analytical Perspectives* volume and the Federal budget database that accompanies the Federal budget.[30]

In Federal fiscal year 2022, the Federal government had receipts of $4.90 trillion and expenditures of $6.27 trillion, creating a deficit of $1.38 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 14. The categories were disaggregated further as discussed below. The tables show the preliminary amounts for FFY 2022, which is the primary year of analysis for this report. We also include revised numbers from FFY 2021 as a point of comparison.

Categories of the Federal Budget



Receipts:

- Personal income tax.
- Employment taxes, such as Social Security and Medicare.
- Corporate income tax.
- Excise taxes, such as those on motor fuel, tobacco, and alcohol.

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.

TABLE 14. Federal Receipts and Expenditures by Major Category

(dollars in millions)

	FFY 2021	FFY 2022
Receipts	**$4,047,111**	**$4,897,399**
Allocable Receipts	**$3,832,710**	**$4,660,816**
Income and Employment Taxes	$3,358,465	$4,115,673
Individual Income Tax	$2,044,377	$2,632,146
Social Insurance and Retirement Receipts	$1,314,088	$1,483,527
Corporate Income Tax	$371,831	$424,865
Excise Taxes	$75,274	$87,728
Other Allocable Receipts	$27,140	$32,550
Unallocable Receipts	**$214,401**	**$236,583**
Expenditures	**$6,822,470**	**$6,273,324**
Allocable Expenditures	**$6,578,135**	**$5,651,732**
Direct Payments to Individuals	$2,913,970	$3,207,016
Grants	$888,450	$988,655
Contracts	$717,751	$750,394
Wages	$310,551	$315,015
COVID-19 Relief	$1,747,413	$390,652
Unallocable Expenditures	**$244,335**	**$621,592**
Deficit	($2,775,359)	($1,375,925)
Deficit Reflected in Allocable Numbers	($2,737,098)	($978,732)

Receipts Details

Table 15 shows 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 2024. 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.

TABLE 15. **Detailed Breakdown of Federal Receipts**

(dollars in millions)

	FFY 2021	FFY 2022	Source
Receipts	**$4,047,112**	**$4,897,399**	**calculated**
Income and Employment Taxes	**$3,358,465**	**$4,115,673**	**calculated**
Individual Income Tax	$2,044,377	$2,632,146	hist2.1
Social Insurance and Retirement Receipts	$1,314,088	$1,483,527	hist2.1
Employment and General Retirement	$1,251,858	$1,410,735	hist2.4
Old-Age, Survivors Insurance, and Disability Insurance	$952,323	$1,065,975	calculated
Old-Age and Survivors Insurance (Off-Budget)	$814,034	$911,191	hist2.4
Disability Insurance (Off-Budget)	$138,289	$154,784	hist2.4
Hospital Insurance	$294,818	$339,145	hist2.4
Railroad Retirement (summed)	$4,717	$5,615	hist2.4
Unemployment Insurance (Trust Funds)	$56,602	$66,498	hist2.4
Other Retirement (Federal and Nonfederal Employees)	$5,628	$6,294	hist2.4
Corporate Income Tax	**$371,831**	**$424,865**	**hist2.1**
Excise Taxes	**$75,274**	**$87,728**	**hist2.1**
Transportation (Trust Fund)	$43,464	$46,631	hist2.4
Tobacco	$12,136	$11,259	hist2.4
Airport and Airway	$8,184	$11,377	hist2.4
Health Insurance Providers	$206	$0	hist2.4
Alcohol	$10,274	$10,196	hist2.4
Other Excises	$1,010	$8,265	calculated
Other Allocable Receipts	**$27,140**	**$32,550**	**calculated**
Estate and Gift Taxes	$27,140	$32,550	hist2.5
Unallocable Receipts	**$214,402**	**$236,583**	**hist2.5**
Customs Duties and Fees	$79,985	$99,908	hist2.5
Federal Reserve Deposits	$100,054	$106,674	hist2.5
All Other Miscellaneous Receipts	$34,363	$30,001	hist2.5

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 or territory. 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 and represented 4.8 percent of total receipts collected in FFY 2022. This is a standard practice in the calculation of balance of payments.

Overview of Expenditures

Expenditures are broken down into five large categories: direct payments to individuals, grants, contracts, wages, and COVID-19 relief spending. A subset of expenditure categories are also classified as unallocable, representing 4.1 percent of total expenditures in FFY 2022. Expenditures that could not be allocated to individual states include spending on international assistance programs and interest on Federal debt. These expenditures are partially offset by undistributed offsetting receipts.

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

(dollars in millions)

	FFY 2021		FFY 2022		
	Total	COVID-19	Total	COVID-19	Source
Direct Payments for Individuals	**$3,936,698**	**$1,022,728**	**$3,352,046**	**$145,030**	**hist11.3**
Social Security and Railroad Retirement	**$1,139,490**	**—**	**$1,221,859**	**—**	**hist11.3**
Social Security: Old-Age and Survivors Insurance	$987,378	—	$1,069,167	—	hist11.3
Social Security: Disability Insurance	$140,847	—	$142,609	—	hist11.3
Railroad Retirement (excluding Social Security)	$11,265	—	$10,083	—	hist11.3
Federal Employees Retirement and Insurance	**$272,014**	**—**	**$308,761**	**—**	**hist11.3**
Civil Service Retirement	$92,521	—	$96,680	—	hist11.3
Veterans Service-Connected Compensation	$63,054	—	$135,658	—	hist11.3
Military Retirement	$112,134	—	$71,532	—	hist11.3
Other	$4,305	—	$4,891	—	hist11.3
Unemployment Assistance (1)	**$387,726**	**$332,397**	**$48,037**	**$2,190**	**hist11.3**
Medical Care	**$1,026,324**	**—**	**$1,122,429**	**—**	**hist11.3**
Medicare: SMI plus HI	$822,123	—	$896,445	—	calculated
Medicare: Supplementary Medical Insurance	$495,311	—	$556,892	—	hist11.3
Medicare: Hospital Insurance	$326,812	—	$339,553	—	hist11.3
Hospital and Medical Care for Veterans	$98,167	—	$109,961	—	hist11.3
Refundable Premium Tax Credit and Cost Sharing Reductions	$56,307	—	$67,281	—	hist11.3
Uniformed Services Retiree Health Care Fund (TRICARE)	$11,196	—	$11,174	—	hist11.3
Medical Care—Other	$38,531	—	$37,568	—	calculated
Assistance to Students	**$185,407**	**$82,272**	**$173,664**	**$82,258**	**hist11.3**
Student Assistance—Department of Education and Other (2)	$173,162	$82,272	$161,593	$82,258	hist11.3
Veterans Education Benefits	$12,245	—	$12,071	—	hist11.3
Housing Assistance	**$15,891**	**$15,891**	**$16,308**	**—**	**hist11.3**
Food and Nutrition Assistance	**$122,295**	**$28,407**	**$137,947**	**$18,003**	**hist11.3**
SNAP (formerly Food stamps) (including Puerto Rico)	$122,258	$28,407	$137,797	$18,003	hist11.3
Food and Nutrition Assistance—Other	$37	—	$150	—	calculated
Public Assistance and Related Programs	**$777,427**	**$579,651**	**$309,248**	**$42,579**	**hist11.3**
Earned Income Tax Credit	$60,757	—	$64,282	—	hist11.3
Supplemental Security Income Program	$53,420	—	$58,864	—	hist11.3
Child Tax Credit and Child and Dependent Care Tax Credit (3)	$78,959	—	$138,865	—	hist11.3
Coronavirus Payments and Credits (4)	$579,651	$579,651	$42,579	$42,579	hist11.3
Public Assistance—Other	$4,640	—	$4,658	—	calculated
All Other Payments for Individuals	**$10,124**	**—**	**$13,793**	**—**	**hist11.3**

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

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

(3) The Advanced Child Tax Credit Payments are reclassified as COVID-19 relief.

(4) Coronavirus Payments and Credits are reclassified as COVID-19 relief.

Direct payments include social security payments, retirement, and education, housing, food, and other public assistance programs (see Table 16). 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.

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**

Program	Source	2021	2022
Individual Income Tax	IRS Statistics of Income	Y	N-Sub 2021
Old-Age, Survivors Insurance, and Disability Insurance	Social Security Administration OASDI Contributions	Y	N-Sub 2021
Hospital Insurance	Social Security Administration Hospital Insurance Contributions	Y	N-Sub 2021
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 2021
Other Excise Taxes	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, 2021. 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 2022."[31]

To obtain total liability, the following variables are summed:

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

This definition of total income tax liability excludes the Federal Insurance Contributions Act and the Self-Employment Contributions Act (SECA) employment taxes, which are accounted for elsewhere. The state shares from 2021 were applied for both 2021 and 2022.

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, 2021."[32] Data for 2021 were the most recent information available at the time of the analysis and were applied for FFY 2021 and 2022.

Railroad retirement tax was taken from the "Statistics of Income Gross Collections" data. The data have been published for 2022.[33]

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."[34]

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 their 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 provides an indicator as to the availability of data for FFY 2021 and FFY 2022.

TABLE 18. **Federal Direct Payments Allocators**

Program	Source	2021	2022
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 of Income	Y	Y
Supplemental Security Income Program	SSA Annual Statistical Supplement, Table 7B	Y	Y
Payment Where Child Credit Exceeds Tax Liability	IRS Statistics of Income	Y	N-Sub 2021

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

State allocations for civil service retirement expenditures were obtained from the table titled "Exhibit R14: Fiscal Year 2022 Annuitants on the Retirement Roll" from the *Statistical Abstracts Fiscal Year 2022*, Federal Employee Benefit Programs, published by the Office of Personnel Management. Data for prior years were obtained from the corresponding reports for those years.

State allocations for veterans service-connected compensation for FFY 2022 were obtained from the Compensation and Pension data from the "Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX) FY 2022" published by the US Department of Veterans Affairs, Office of Policy, Planning and Preparedness. Data for prior years were obtained from the corresponding reports for those years.[35]

State allocations for Military Retirement benefits 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, 2022*, published by US Department of Defense, Office of the Actuary, October 2023. Data for prior years were obtained from the corresponding reports for those years.[36]

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

Unemployment Assistance

Key data files and links:[37]

- ar2112.csv
- ETHand401_4th_s02.pdf – documentation, describes data
- 4024c6ar2112.pdf- maps variable names to data elements

The US 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 calculate annual fiscal year spending.

Medical Care

State allocations for Medicare Supplementary medical insurance (SMI) plus Hospital insurance (HI) were obtained from Medicare Benefits data from BEA Table SA35, Line 2210. Allocations for Puerto Rico and "Unallocated" were estimated using population shares.

State allocations for Hospital and Medical Care for Veterans for FFY 2022 were obtained from the Medical Care data from "Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX) FY 2022" published by the US Department of Veterans Affairs, Office of Policy, Planning and Preparedness. Data for prior years were obtained from the corresponding reports for those years.[38]

State allocations for the Affordable Care Act (ACA) refundable Premium Tax Credits program are based on enrollment data published in *Effectuated Enrollment: Early 2023 Snapshot and Full Year 2022 Average*, Tables 5 and 6, published by the Centers for Medicaid and Medicare Services (CMS).[39] This source was used to create state-specific weights that were applied to total Federal budgetary spending.

State allocations for 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," were based on the number of TRICARE beneficiaries by state

obtained from *Evaluation of the TRICARE Program FY 2023 Report to Congress*.[40] Beneficiary totals by state from this source includes other TRICARE programs but are deemed the best available proxy.

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 US Department of Education expenditures were allocated using "Education and training assistance" from BEA Table SA35. Allocations for Puerto Rico and "Unallocated" were estimated using population share.

State shares for Veterans Education Benefits were allocated using Education & Vocational Rehabilitation/Employment data from the "General Description of Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX)."[41]

Housing Assistance

Housing assistance expenditures were allocated based on data on Section 8 vouchers provided in the President's Budget, *Analytical Perspectives*, Table 8-4, Section 8 Choice Vouchers presents spending by state for FY 2022.[42] Corresponding tables were downloaded for FY 2018 to 2021.

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, 2021.[43] The refundable childcare tax credits were allocated based on 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, 2022."[44]

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

Grants

Table 19 lists the detailed categories of Federal grant expenditures as they appear in the public Federal budget database that accompanies the Federal budget and Historical Table 12.3.

TABLE 19. Detailed Breakdown of Federal Grants Expenditures

(Dollars in Millions)

	FFY 2021		FFY 2022		
	Total	COVID-19	Total	COVID-19	Source
Grants	**$1,235,252**	**$356,830**	**$1,178,947**	**$204,688**	**calculated**
DHS_Federal Emergency Management Agency_Disaster Relief Fund_ Disaster relief and insurance (1)	$41,334	$32,174	$31,181	$19,424	hist12.3
DHS_Federal Emergency Management Agency_State and Local Programs_Disaster relief and insurance	$62	—	$22	—	hist12.3
DHS_other	$2,664	—	$2,972	—	hist12.3
DOI_other	$5,357	—	$7,613	—	hist12.3
DOJ_Office of Justice Programs_Crime Victims Fund_Criminal justice assistance	$2,589	—	$2,499	—	hist12.3
DOJ_other	$2,441	—	$2,597	—	hist12.3
DOL_Employment and Training Administration_Training and Employment Services_Training and employment	$2,882	—	$3,003	—	hist12.3
DOL_Employment and Training Administration_Unemployment Trust Fund_Unemployment compensation	$5,287	—	$3,754	—	hist12.3
DOL_other	$4,319	—	$3,663	—	hist12.3
DOT_Federal Aviation Administration_Grants-in-aid for Airports (Airport and Airway Trust Fund)_Air transportation	$8,663	$5,233	$5,627	$4,934	hist12.3
DOT_Federal Highway Administration_Federal-aid Highways_Ground transportation	$43,252	—	$43,742	—	hist12.3
DOT_Federal Railroad Administration_Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service_Ground transportation	$12	—	$4	—	hist12.3
DOT_Federal Transit Administration_Transit Formula Grants_Ground transportation	$7,941	—	$7,183	—	hist12.3
DOT_other	$26,641	$18,014	$37,252	$27,136	hist12.3
ED_Office of Elementary and Secondary Education_Education for the Disadvantaged_Elementary, secondary, and vocational education	$16,084	—	$16,616	—	hist12.3
ED_Office of Elementary and Secondary Education_School Improvement Programs_Elementary, secondary, and vocational education	$4,622	—	$5,043	—	hist12.3
ED_Office of Innovation and Improvement_Innovation and Improvement_ Elementary, secondary, and vocational education	$774	—	$704	—	hist12.3
ED_Office of Special Education and Rehabilitative Services_ Rehabilitation Services_Social services	$2,834	—	$3,105	—	hist12.3
ED_Office of Special Education and Rehabilitative Services_Special Education_Elementary, secondary, and vocational education	$12,533	—	$5,387	—	hist12.3
ED_other	$29,661	$24,663	$41,167	$34,485	hist12.3
EPA_Environmental Protection Agency_State and Tribal Assistance Grants_Pollution control and abatement	$3,714	—	$4,266	—	hist12.3
EPA_other	$323	—	$343	—	hist12.3
FCC_Federal Communications Commission_Universal Service Fund_ Other advancement of commerce	$2,123	—	$2,159	—	hist12.3
HHS_Administration for Children and Families_Child Care Entitlement to States_Other income security	$3,151	—	$3,206	—	hist12.3
HHS_Administration for Children and Families_Children and Families Services Programs_Social services	$13,021	—	$13,687	—	hist12.3
HHS_Administration for Children and Families_Low Income Home Energy Assistance_Other income security	$4,413	—	$7,239	—	hist12.3

TABLE 19. **Detailed Breakdown of Federal Grants Expenditures *(continued)***

(Dollars in Millions)

	FFY 2021		FFY 2022		
	Total	COVID-19	Total	COVID-19	Source
Grants					calculated
HHS_Administration for Children and Families_Payments for Foster Care and Permanency_Other income security	$9,713	—	$9,173	—	hist12.3
HHS_Administration for Children and Families_Payments to States for Child Support Enforcement and Family Support Programs_Other income security	$4,158	—	$4,245	—	hist12.3
HHS_Administration for Children and Families_Payments to States for the Child Care and Development Block Grant_Other income security	$12,109	—	$22,779	—	hist12.3
HHS_Administration for Children and Families_Temporary Assistance for Needy Families_Other income security	$15,380	—	$15,286	—	hist12.3
HHS_Administration for Community Living_Aging and Disability Services Programs_Social services	$2,112	—	$1,872	—	hist12.3
HHS_Centers for Medicare and Medicaid Services_Children's Health Insurance Fund_Health care services	$16,093	—	$16,670	—	hist12.3
HHS_Centers for Medicare and Medicaid Services_Grants to States for Medicaid_Health care services	$520,588	—	$591,949	—	hist12.3
HHS_Health Resources and Services Administration_Health Resources and Services_Health care services	$2,872	—	$2,848	—	hist12.3
HHS_Substance Abuse and Mental Health Services Administration_ Substance Abuse and Mental Health Services Administration_Health care services	$4,892	—	$6,277	—	hist12.3
HHS_other	$23,722	—	$22,367	—	hist12.3
HUD_Community Planning and Development_Community Development Fund_Community development	$6,759	—	$7,515	—	hist12.3
HUD_Public and Indian Housing Programs_Public Housing Operating Fund_Housing assistance	$1,620	—	$154	—	hist12.3
HUD_Public and Indian Housing Programs_Tenant Based Rental Assistance_Housing assistance	$25,390	—	$26,361	—	hist12.3
HUD_other	$11,641	—	$14,461	—	hist12.3
Treasury_State and Local Fiscal Recovery Fund (SLFRF)	$243,448	$243,448	$106,088	$106,088	hist12.3
Treasury_Emergency Rental Assistance	$33,299	$33,299	$12,621	$12,621	hist12.3
Treasury_Refundable Premium Tax Credit	$8,327	—	$12,184	—	hist12.3
USDA_Food and Nutrition Service_Child Nutrition Programs_Food and nutrition assistance	$25,744	—	$37,104	—	hist12.3
USDA_Food and Nutrition Service_Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)_Food and nutrition assistance	$5,026	—	$5,610	—	hist12.3
USDA_Food and Nutrition Service_Supplemental Nutrition Assistance Program_Food and nutrition assistance	$12,268	—	$10,717	—	hist12.3
USDA_other	$4,858	—	$4,352	—	hist12.3
VA_other	$2,896	—	$2,480	—	hist12.3
Other	$5,668	—	$6,196	—	hist12.3

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 FFYs 2018 to 2022.

Refundable Premium Tax Credits

In addition to the Health Insurance Marketplace (see the Refundable Premium Tax Credit and Cost Sharing Reductions program in Table 16), section 1331 of the ACA gives states an alternative option of creating a Basic Health Program (BHP) for low-income residents who would otherwise be eligible to purchase coverage through the Health Insurance Marketplace, but which offers some additional flexibility in determining eligibility. As of FFY 2022, only New York, under the rubric of the Essential Plan, and Minnesota participate in this program, which places strict limits on how Federal funds under this option can be spent.[45] Under section 1332 of the ACA, states are also permitted to apply for a State Innovation Waiver to pursue alternative strategies for providing residents with access to high quality, affordable health insurance without sacrificing basic ACA protections.[46] Due to temporal reporting inconsistencies, data are prorated to add up to the total that appears in Historical Table 12.3.

Department of Transportation 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 2021 and 2022. State allocators for Federal Transit Administration (FTA) Transit Formula Grants and the COVID-19 spending-related portion of Transit Infrastructure Grants were obtained from President's FY 2024 Budget Program State-by-State Tables, Table 8-40 and Table 8-41, respectively.[47] Values for expenditures authorized by COVID-19 spending legislation were obtained from the US Department of Transportation subagency financial reports.[48]

Other Grants

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

Contracts and Procurement

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

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

(dollars in millions)

	FFY 2021		FFY 2022		
	Total	COVID-19	Total	COVID-19	Source
Contracts (Obligations)	**$851,065**	**$133,314**	**$756,985**	**—**	**calculated**
Department of Defense—Military Programs	$340,873	—	$355,281	—	objclass.tab2
Department of Veterans Affairs	$55,907	—	$64,281	—	objclass.tab2
Department of Energy	$31,698	—	$34,607	—	objclass.tab2
Department of Health and Human Services (1)	$119,149	$19,175	$120,370	$6,591	objclass.tab2
Department of Homeland Security	$32,871	—	$30,651	—	objclass.tab2
Social Security Administration	$15,865	—	$16,834	—	objclass.tab2
National Aeronautics and Space Administration	$17,808	—	$19,021	—	objclass.tab2
Department of Justice	$15,201	—	$15,449	—	objclass.tab2
Department of Agriculture	$39,570	—	$29,612	—	objclass.tab2
Other (does not include International Assistance) (2)	$182,123	$114,139	$70,879	—	calculated

(1) Includes Provider Relief Fund payments, reclassified as COVID-19 relief spending.

(2) Includes Exchange Stabilization Fund expenditures, designated as unallocable.

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**

(dollars in millions)

	FFY 2021	FFY 2022	Source
Wages (Obligations)	**$310,551**	**$315,015**	**calculated**
Military	$115,002	$116,550	objclass.tab1
Nonmilitary	$195,549	$198,465	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 2021 and 2022.[49]

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 $2.27 trillion in budgetary resources be made available to Federal agencies (see Table 22). In FFY 2021, the government passed two additional bills allocating an additional $3.0 trillion to Federal agencies to address the pandemic and recovery. Over the course of FFYs 2020 and 2021, the Federal government is estimated to have disbursed $1.6 trillion and $1.7 trillion in COVID-19 relief funds, with another $391 billion estimated to have been disbursed in 2022.

TABLE 22. **COVID-19 Relief Supplemental Funding**

Law	Date Signed	Amount
Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 P.L 116-123	March 6, 2020	$7.8 billion
Families First Coronavirus Response Act P.L. 116-127	March 18, 2020	$22.3 billion
Coronavirus Aid, Relief, and Economic Security Act (CARES Act) P.L. 116-136	March 27, 2020	$1,760.0 billion
Paycheck Protection Program and Health Care Enhancement Act P.L. 116-139	April 24, 2020	$483.4 billion
Coronavirus Response and Relief Supplemental Appropriations Act P.L. 116-260	December 27, 2020	$991.3 billion
American Rescue Plan Act of 2021 P.L. 117-2	March 11, 2021	$1,961.9 billion

SOURCE: "Funding Overview," Pandemic Oversight, Council of the Inspectors General on Integrity and Efficiency ICIGIE), https://www.pandemicoversight.gov/data-interactive-tools/funding-overview.

COVID-19 relief funding was distributed to individuals, businesses, healthcare providers, and state and local governments, primarily in two forms. 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 programs. The dramatic number of job losses resulted in a record-breaking number of claims filed for Unemployment Insurance. Increases in Medicare and Medicaid reimbursement rates certainly resulted in higher-than-normal expenditures for these programs, but some of the growth can also be attributed to the increase in the demand for healthcare services caused by the pandemic itself. Because of the difficulty in disentangling these effects, the portions of spending attributable to COVID-19 relief for these programs are not separately reported herein.

A new category of expenditures was created to account for the new spending programs initiated under provide pandemic relief. While hundreds of programs were created through the six bills signed into law, the bulk of expenditures can be attributed to 17

programs (see Table 23). In Fiscal Year (FFY) 2022, the state of COVID-19 funding transitioned towards completion, but allocations from previous legislative acts continued to be disbursed. Despite the bulk of emergency funding measures being enacted in FFYs 2020 and 2021, residual funding remained in distribution, supporting the lingering impacts of the pandemic. The data presented in Table 23 remain subject to revision as updated and more accurate information become available.

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

(dollars in millions)

	FFY 2021	FFY 2022	Source
COVID-19 Relief Spending (Expenditures)	**$1,732,188**	**$376,637**	**calculated**
Business Loans			
Paycheck Protection Program	$296,304	$9,901	Small Business Administration
Economic Injury Disaster Loan Program	$52,376	$24,442	Small Business Administration
Other Direct Payments to Individuals			
Federal Pandemic Unemployment Assistance	$253,108	$1,331	DOL
Pandemic Unemployment Assistance	$79,290	$860	DOL
Economic Impact Payments	$533,767	$3,074	hist11.3, IRS
Advance Child Tax Credit payments	$45,884	$39,505	hist11.3, IRS
SNAP Pandemic EBT Program	$28,407	$18,003	USDA
Education Stabilization Fund HEERF (Students)	$10,838	$12,900	hist11.3, ed.gov
Student Loan Deferrals	$56,209	$55,343	hist11.3, ed.gov
Grants			
Provider Relief Fund	$19,175	$6,591	HRSA
FEMA Disaster Relief Authorization	$32,174	$19,424	dhs.gov
State and Local Fiscal Recovery Fund (SLFRF)	$243,448	$106,088	hist12.3
Emergency Rental Assistance	$33,299	$12,621	hist12.3
Transportation Funding	$23,246	$32,070	DOT
Education Stabilization Fund Grants to Governments	$24,663	$34,485	hist12.3, ed.gov
Education Stabilization Fund HEERF (Institutions)	$15,225	$14,015	hist11.3, ed.gov

Business Loan Programs

The Small Business Administration (SBA) published data on the loans awarded to small businesses through the Paycheck Projection Program[50] and the Economic Impact Disaster Loan program.[51] Loans from the two programs were allocated based on a state's share of loans awarded in FFYs 2021 and 2022 as reported by the SBA.

Pandemic Unemployment

Historical table 11.3 of the Federal Budget reported total unemployment payments of $472.1 billion in 2020 and $387.7 billion in 2021. These payments 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. With the economic impact of the pandemic receding in 2022, Historical table 11.3 reports that unemployment payments fell to $48.0 billion.

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.[52] The total value of the benefits made through the two pandemic unemployment assistance programs in Federal fiscal years 2020, 2021, and 2022 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

Historical Table 11.3 reports a single amount combining the Economic Impact Payments and Advance Child Tax Credit payments created under the emergency pandemic relief programs. The distribution of the Table 11.3 total between the two programs and their allocation across the states are derived from IRS SOI Table 8 of the "Statistics of Income Gross Collections" data published for FFYs 2020 to 2022.[53]

SNAP Pandemic EBT Program

Historical table 11.3 of the Federal Budget reports total food and nutrition assistance direct payments. The US Department of Agriculture separately publishes data on Pandemic EBT Program Participation and Benefits. The total amount spent on Pandemic EBT was removed from the total level of SNAP funding and reclassified as COVID-19 relief spending. Both traditional and pandemic SNAP funding were allocated to the states using Federal Funds Information for States (FFIS) grant data for CFDA code 10.551, the Supplemental Nutrition Assistance Program.

Coronavirus Relief Fund/State and Local Fiscal Recovery Fund

Under the CARES Act, the Coronavirus Relief fund provided payments to state, local, and tribal governments in FFY 2020. This funding was continued under the American Rescue Plan into 2021 and 2022 under the aegis of the State and Local Fiscal Recovery Fund. Total spending for this program is taken from Historical table 12.3. The US Department of the Treasury publishes data on the distribution of the funding by state.[54]

Provider Relief Fund

The Centers for Disease Control and the US 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.[55]

Emergency Rental Assistance

The Emergency Rental Assistance program was funded under the Consolidated Appropriations Act and the American Rescue Plan. The US Treasury Department provides grants to states, territories, and local governments to be distributed to eligible households; Treasury also publishes data on the distribution of this funding by state. [56]

American Rescue Plan Act Transportation Funding

The American Rescue Plan Act created rescue grants for public transportation and airports to provide relief from the economic impact of the COVID-19 pandemic. See Department of Transportation Grants for a description of how funds were allocated by state.

Federal Emergency Management Agency (FEMA)

FEMA provided financial resources and logistical support to help states manage the public health crisis. Public use data files FEMA were analyzed by state.[57]

Education Relief

The Education Stabilization Fund was created as part of the CARES act and further funded through the Consolidated Appropriations Act and the American Rescue Plan Acts. In total, the fund is authorized to provide $263 billion in relief to higher education institutions and their students, school districts, and state governments. Funding distributions published by the US Department of Education are aggregated by state.[58]

The Department of Education reports relief to students in the form of loan deferrals for 2020, 2021, and 2022. This funding was allocated by state using BEA data on education and training assistance.

Unallocable Expenditures

A subset of expenditures categories are 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. This is a standard practice in the calculation of balance of payments.

Table 24 indicates that unallocable Federal expenditures are unusually large for FFY 2022. This is due to the Supreme Court injunction against the Broad-Based Student Debt Relief program announced in August 2023 that prohibited Department of Education expenditures from being distributed to qualifying students per the program's design.[59]

TABLE 24. **Unallocable Federal Expenditures**

(dollars in millions)

	FFY 2021		FFY 2022		
	Total	COVID-19	Total	COVID-19	Source
Unallocable Expenditures	**$254,363**	**$114,139**	**$621,592**	**$379,596**	**calculated**
Net Interest Expenditures	$352,338	—	$475,887	—	hist3.1
International Assistance Programs	$39,605	—	$40,670	—	objclass.tab2
Undistributed Offsetting Receipts	-$123,860	—	-$234,964	—	hist3.1
Exchange Stablization Fund	$114,139	$114,139	—	—	
Broad-Based Student Debt Relief	—	—	$379,596	$379,596	ed.gov
Unexplained (S/B Obligations/ Expenditures Difference)	-$127,859	—	-$39,597	—	calculated

NOTE: The Exchange Stabilization Fund is an emergency reserve fund of the US Department of the Treasury.

Revisions to Estimates

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

Changes in Allocators

Tables 17 and 18 present the allocators used and their availability for each of the Federal fiscal years studied. For datasets in which there were no data available, the values from the next closest year were used. This report utilizes the most recent IRS Statistics of Income data for the 2021 tax year released in February 2024 to determine individual income tax liability. Elements of the FFY 2022 and FFY 2021 balance of payments estimates are based on the distribution of 2021 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, which as of this writing is expected to be released in the fall of 2024, will be integrated into a future report.

The following labeling 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 2022 estimates are presented. Typically, preliminary estimates are calculated based on finalized data released with the *Analytical Perspectives* volume of the Federal budget for the Federal fiscal year. Ten of the 14 required receipts allocators will be specific to the study year (FFY 2022); the remaining five are extrapolated from the prior year (FFY 2021). Similarly, 20 of the 22 required expenditures allocators are 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 2021 estimates are presented. These estimates incorporate more recent data from the Census, IRS, CMS, and the Social Security Administration.

ENDNOTES

1 Federal Fiscal Year (FFY) 2022 started on October 1, 2021, and concluded on September 31, 2022. For convenience, in referring to the 2022 Federal fiscal year, "FFY 2022" and "2022" are used interchangeably. This convenience is extended to all fiscal year references; calendar year 2022 is specified as CY 2022 and all calendar year references are specified as such. The final expenditures and receipts values for FFY 2022 used in this report were published in the FY 2024 President's Budget in March 2023. Revisions to 2021 estimates are based on data not yet available as of last year's report's publication date, particularly related to the distribution of funding across the states and the identification of expenditures as authorized under emergency COVID-19 relief spending.

2 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 $2.273 trillion: the Coronavirus Preparedness & Response Supplemental Appropriations Act ($8 billion), the Families First Coronavirus Response Act ($22 billion), Coronavirus Aid, Relief, and Economic Security Act (CARES) ($1,760 billion), and the Paycheck Protection Program and Health Care Enhancement Act ($483 billion). In December 2020 Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), which authorized the spending of approximately $991 billion to address the ongoing impact of the pandemic, while the enactment of the American Rescue Plan (ARP) Act in March 2021 authorized the spending of another approximately $1,962 billion. Federal expenditures authorized under these programs are derived from various sources within the US Department of the Treasury, including the Federal Pandemic Oversight website https://www.pandemicoversight.gov/data-interactive-tools/funding-overview, the Monthly Treasury Statement (various months), and the Internal Revenue Service; the US Department of Education, Notes to the Financial Statements (various years); the US Department of Transportation, various subagency budget documents; the US Bureau of Economic Analysis; the US Department of Homeland Security; the US Department of Agriculture; the Office of Management and Budget, President's Budget, Historical Tables 11.3 and 12.3 (various years).

3 All per capita values are based on the most current US Census Bureau population estimates for the associated calendar year. National per capita estimates are based on amounts allocated to the 50 states, the District of Columbia, and Puerto Rico, divided by the total population for those areas.

4 For a description of the impact of the pandemic on the New York State and New York City economies, see "New York City's Lagging Recovery," *New York State Executive Budget Economic & Revenue Outlook FY 2023* (Albany: New York State Division of the Budget, 2023), p. 87–92, https://www.budget.ny.gov/pubs/archive/fy23/ex/ero/fy23ero.pdf.

5 Erica York, "Summary of the Latest Federal Income Tax Data, 2024 Update," Tax Foundation, March 13 2024, https://taxfoundation.org/data/all/federal/latest-federal-income-tax-data-2024/.

6 While the favorable differential between state and national per capita revenues represents the good fortune of the *statistically average* New Yorker, it does not represent the fortunes of the *typical* New Yorker.

7 For the 2021 tax year, 58.9 percent of New York's Federal income tax liability came from individuals with an income of $500,000 or greater, as compared to 48.3 percent for the same income categories nationwide.

8 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).

9 For a description of the impact of the pandemic on the New York State and New York City economies, see "New York City's Lagging Recovery," *New York State Executive Budget Economic & Revenue Outlook FY 2023*.

10 Due to pandemic-related delays, the US Census Bureau has not yet published intercensal population re-estimates for 2011 through 2019. Because there were no changes in the data, values for 2015, 2016, and 2017 were not reestimated for this report. Estimates that appear in this report for 2015 and beyond will be revised once a new set of population estimates become available.

11 For a comparison of the policy response to the COVID-19 recession to that of the Great Recession, see "Chart Book: Tracking the Recovery From the Pandemic Recession," Center on Budget and Policy Priorities, updated April 3, 2024, https://www.cbpp.org/research/economy/tracking-the-recovery-from-the-pandemic-recession.

12 A correlation coefficient is a measure between -1 and 1 that indicates the strength and direction of the relationship between two variables. A high correlation coefficient (close to 1) suggests a strong relationship.

13 These data mask the true underlying spending trend. Absent the US Department of Education's reported expenditures for the administration's broad-based student debt relief program in 2022, and their subsequent reversal in 2023 due to a Supreme Court injunction, a truer picture of spending trends emerges. Federal spending would have fallen 13.6 percent in 2022, rather than 8.1 percent as reported above, and would have grown 9.9 percent in 2023, rather than falling 2.2 percent. In turn, the Federal deficit would have been approximately $1.0 billion in 2022 and closer to $2.0 billion in 2023. For more discussion, see *Monthly Budget Review: Summary for Fiscal Year 2023* (Washington, DC: Congressional Budget Office, November 8, 2023), https://www.cbo.gov/system/files/2023-11/59640-MBR.pdf.

14 For discussions of the relationships between financial market performance, bonus payouts, capital gains realizations, and tax collections during this period, see *FY 2025 New York State Executive Budget Economic and Revenue Outlook* (Albany: New York State Division of the Budget, January 2024), p. 70–73, p. 77–82, and p. 98–100, https://www.budget.ny.gov/pubs/archive/fy25/ex/ero/fy25ero.pdf.

15 See "Inside the Ratings: US Sovereign Downgrade and Economic Outlook," FitchRatings, August 10, 2023, https://events.fitchratings.com/insidetheratingsussovereigndow.

16 "How the Census Bureau Measures Poverty," US Census Bureau, revised June 15, 2023, https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html.

17 Emily A. Schrider and John Creamer, "Poverty in the United States: 2022," US Census Bureau, September 12, 2023, https://www.census.gov/library/publications/2023/demo/p60-280.html.

18 See "Methodology," US Census Bureau, revised November 14, 2023, https://www.census.gov/programs-surveys/community-resilience-estimates/technical-documentation/methodology.html.

19 The 10 risk factors are: (1) a household income-to-poverty ratio of less than 130 percent; (2) zero or one caregiver living in the household (defined as an individual age 18–64); (3) household overcrowding defined as 0.75 persons or more per room; (4) a communication barrier defined as no one in the household with at least a high school diploma or no one in the household speaks English "very well"; (5) at least one person in the household is aged 65 years or older; (6) no one in the household is employed full-time, year-round (unless all residents of the household are aged 65 years or older); (7) someone in the household has a disability that poses a serious constraint to significant life activities; (8) no health insurance coverage; (9) no one in the household has access to a vehicle; and (10) no one in the household has broadband internet access.

20 See "NYS Medicaid Enrollment Databook by Month: Enrollment by County, March 2024," New York State Department of Health, revised May 2024, https://www.health.ny.gov/health_care/medicaid/enrollment/historical/all_months.htm.

21 For approximate Child Health Plus and Essential Plan enrollment, see *Healthcare: FY 2025 Executive Budget Briefing Book* (Albany: New York State Division of the Budget, 2024), https://www.budget.ny.gov/pubs/archive/fy25/ex/book/healthcare.pdf.

22 See Kirby G. Posey, "Household Income in State and Metropolitan Areas: 2022," US Census Bureau, December 2023, https://www.census.gov/content/dam/Census/library/publications/2023/acs/acsbr-017.pdf.

23 For example, see Daniel Patrick Moynihan, "Introduction," in *The Federal Budget and the States, Fiscal Year 1995*, ed. Monica E. Friar, Herman B. Leonard, and Jay H. Walder, 3–20.

24 Median household income for 2022 was obtained from Posey, "Household Income in State and Metropolitan Areas: 2022"; BEA regional price parity data for 2022 was obtained from "Regional Price Parities by State and Metro Area," US Bureau of Economic Analysis, December 14, 2023, https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area.

25 Adjusting FFY 2022 per capita receipts for cost-of-living differences moves New York down one rung from third place (see the final column of Table 13A) to fourth place.

26 Moynihan, "Introduction," in *The Federal Budget and the States, Fiscal Year 1995,* 19.

27 For a discussion of the relationship between the distribution of income and revenue volatility, see *FY 2025 NYS Executive Budget Economic and Revenue Outlook* (Albany: New York State Division of the Budget, January 2024): 86–90, https://www.budget.ny.gov/pubs/archive/fy25/ex/ero/fy25ero.pdf.

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