

FEDERAL GRANTS TO STATES

State and local governments rely more heavily on federal government support.

- ▶ Federal grants to states did not become a significant factor in federal expenditures until after World War II.¹
- ▶ The emphasis of grant funding has shifted substantially from places to people. In the 1980 fiscal year, 32.6 percent of federal grants to state and local governments were dedicated to individuals and by the 2000 fiscal year, 63.9 percent were for payments to individuals. In the 2009 fiscal year, 66 percent of proposed federal grants to state and local governments are dedicated to individuals.¹
- ▶ Since the 2000 fiscal year, federal aid to states for health services has almost doubled. For the 2009 fiscal year, nearly 48 percent of all federal aid to states is dedicated to Medicaid.²
- ▶ Place-based aid for infrastructure, economic development and education has declined sharply. In the 2009 fiscal year, only 16 percent of total grant funding is dedicated to physical capital investment and 18 percent for other purposes, largely education and training.¹



Although grants to states and local governments have been increasing, grants have declined as a percent of the total federal budget.

- ▶ Federal grants increased from \$443.8 billion in the 2007 fiscal year to \$446.6 billion in the 2008 fiscal year to \$476.1 billion in the 2009 fiscal year.¹
- ▶ Federal grants decreased from 16.3 percent of federal outlay in the 2007 fiscal year to 15.9 percent in the 2008 fiscal year to 15.3 percent in the 2009 fiscal year.¹
- ▶ Federal grants decreased from 3.5 percent of gross domestic product in the 2005 fiscal year to 3.2 percent in the 2009 fiscal year.¹
- ▶ Funding for children declined from 20.1 percent of the federal domestic budget in 1960 to 15.4 percent in the 2006 fiscal year, with a further drop to 13.1 percent estimated for the 2017 fiscal year.²
- ▶ For policy or administrative reasons, states occasionally reject federal aid. For example, during the 2007 fiscal year, the number of states refusing aid for abstinence-only sex education increased from four to 14 and then to 22 during the 2008 fiscal year.²

Congressional earmarking has dramatically increased as a component of overall federal to state spending.

- ▶ Earmarks in appropriation bills increased from 1,439 in 1995 to 13,997 in 2005, but then dropped to 9,963 in 2006.²
- ▶ The price of earmarks increased from \$27.3 billion in the 2005 fiscal year to \$29 billion in the 2006 fiscal year. An estimated 11,610 earmarks costing \$17.2 billion were embedded in Congress's 2008 fiscal year spending bills.²

¹ GPO Access. Budget of the United States Government: State-by-State Tables Fiscal Year 2009. Accessed from <http://www.gpoaccess.gov/usbudget/fy09/bis.html> October 29, 2008.

² Kincaid, John. "State-Federal Relations: Dueling Policies," The Council of State Governments, Book of the States.

Grants to States: 2001-2006 (In thousands of dollars)

STATE	2006	2005	2004	2003	2002	2001
United States	\$428,924,716	\$403,467,210	\$389,706,202	\$382,781,397	\$364,789,480	\$350,326,546
Alabama	5,000,116	4,494,345	4,164,719	4,074,005	4,095,562	3,892,653
Alaska	1,217,110	1,145,159	1,049,706	1,091,391	1,055,596	986,921
Arizona	8,606,646	8,069,461	7,544,080	6,936,753	6,968,635	6,439,144
Arkansas	3,866,226	3,869,400	3,233,499	3,210,582	3,071,214	2,941,918
California	88,317,088	80,948,431	80,132,150	84,468,847	74,687,370	69,747,365
Colorado	5,621,254	5,187,799	4,860,577	4,666,350	4,295,239	3,909,362
Connecticut	3,428,482	3,513,039	3,396,810	3,030,485	3,734,962	3,252,917
Delaware	1,129,736	945,950	922,710	903,476	822,544	788,160
Florida	19,345,077	17,328,518	16,473,396	14,460,722	14,053,858	15,010,631
Georgia	9,753,253	9,521,119	9,335,405	9,016,458	8,644,827	8,383,261
Hawaii	157,863	147,201	134,452	125,434	130,387	124,448
Idaho	1,606,232	1,519,654	1,496,785	1,449,076	1,407,058	1,363,445
Illinois	13,946,155	14,212,799	13,303,609	13,369,662	13,090,976	12,770,065
Indiana	8,081,787	7,993,289	7,963,397	6,760,945	6,556,774	7,052,415
Iowa	3,881,967	3,642,335	3,529,971	3,442,552	3,326,499	3,284,057
Kansas	3,596,388	3,281,217	2,878,801	2,925,220	2,971,413	2,953,527
Kentucky	4,384,427	3,915,278	3,967,334	3,693,634	3,559,669	3,620,278
Louisiana	5,654,409	4,588,748	4,410,251	4,329,053	4,168,290	3,800,785
Maine	1,217,377	1,093,027	1,049,160	1,051,164	1,009,582	976,233
Maryland	6,916,136	5,801,050	5,632,520	5,358,342	5,235,506	5,003,670
Massachusetts	6,814,813	6,475,520	6,202,583	6,435,841	6,283,972	6,886,054
Michigan	19,407,575	18,679,748	19,035,055	19,851,778	19,067,058	18,145,167
Minnesota	10,867,738	10,108,813	9,638,153	9,618,471	8,271,462	8,196,532
Mississippi	4,826,721	4,005,786	3,880,446	3,665,580	3,456,588	3,354,226
Missouri	5,386,306	5,485,698	5,260,101	5,159,094	5,073,185	4,802,371
Montana	1,088,009	1,005,091	955,378	938,000	910,845	863,553
Nebraska	1,721,265	1,770,897	1,695,613	1,784,749	1,820,137	1,684,159
Nevada	3,667,299	3,272,860	2,948,274	2,648,660	2,432,909	2,271,654
New Hampshire	1,385,014	1,245,235	1,278,988	1,283,091	1,178,642	1,040,566
New Jersey	11,060,423	11,394,615	9,813,688	8,997,417	9,320,357	9,081,634
New Mexico	3,745,089	3,608,081	3,031,473	2,951,328	2,768,420	2,561,979
New York	45,615,561	43,731,212	44,112,115	40,874,514	38,982,253	34,712,602
North Carolina	11,260,558	10,675,563	10,326,743	10,356,152	9,450,766	9,309,537
North Dakota	735,705	701,125	613,513	1,190,923	585,521	569,034
Ohio	17,131,020	16,368,355	15,730,201	15,249,395	15,052,078	14,594,220
Oklahoma	3,857,145	3,748,031	3,715,417	3,395,494	3,377,045	3,486,043
Oregon	4,947,578	4,764,615	4,637,052	4,071,501	4,212,673	4,027,505
Pennsylvania	13,650,400	13,307,866	12,156,969	11,943,470	12,787,590	13,120,752
Rhode Island	998,505	908,479	868,929	828,198	749,034	711,439
South Carolina	4,699,299	4,246,231	4,159,942	4,155,920	4,241,010	4,168,449
South Dakota	633,891	614,371	576,215	514,949	506,347	480,960
Tennessee	5,910,319	5,705,768	5,301,665	4,952,923	4,477,936	4,582,883
Texas	19,264,517	17,489,900	17,032,016	17,332,957	16,680,780	17,204,468
Utah	2,384,403	2,189,527	2,112,921	2,165,151	2,170,884	2,100,657
Vermont	1,357,660	1,266,715	981,307	938,085	918,858	919,865
Virginia	10,019,166	9,720,400	8,819,067	8,352,635	8,369,313	7,869,121
Washington	7,820,778	7,228,017	6,911,826	6,785,341	6,806,350	6,576,757
West Virginia	2,077,950	2,015,637	1,942,069	1,544,758	1,453,707	988,322
Wisconsin	9,561,057	9,200,766	9,285,137	9,478,166	9,523,191	8,895,941
Wyoming	1,301,223	1,314,469	1,204,014	952,705	974,608	818,841

Source: The Council of State Governments, Book of the States, 2008.

Note: Includes payments to the federal government, primarily state reimbursements for the supplemental security income program.