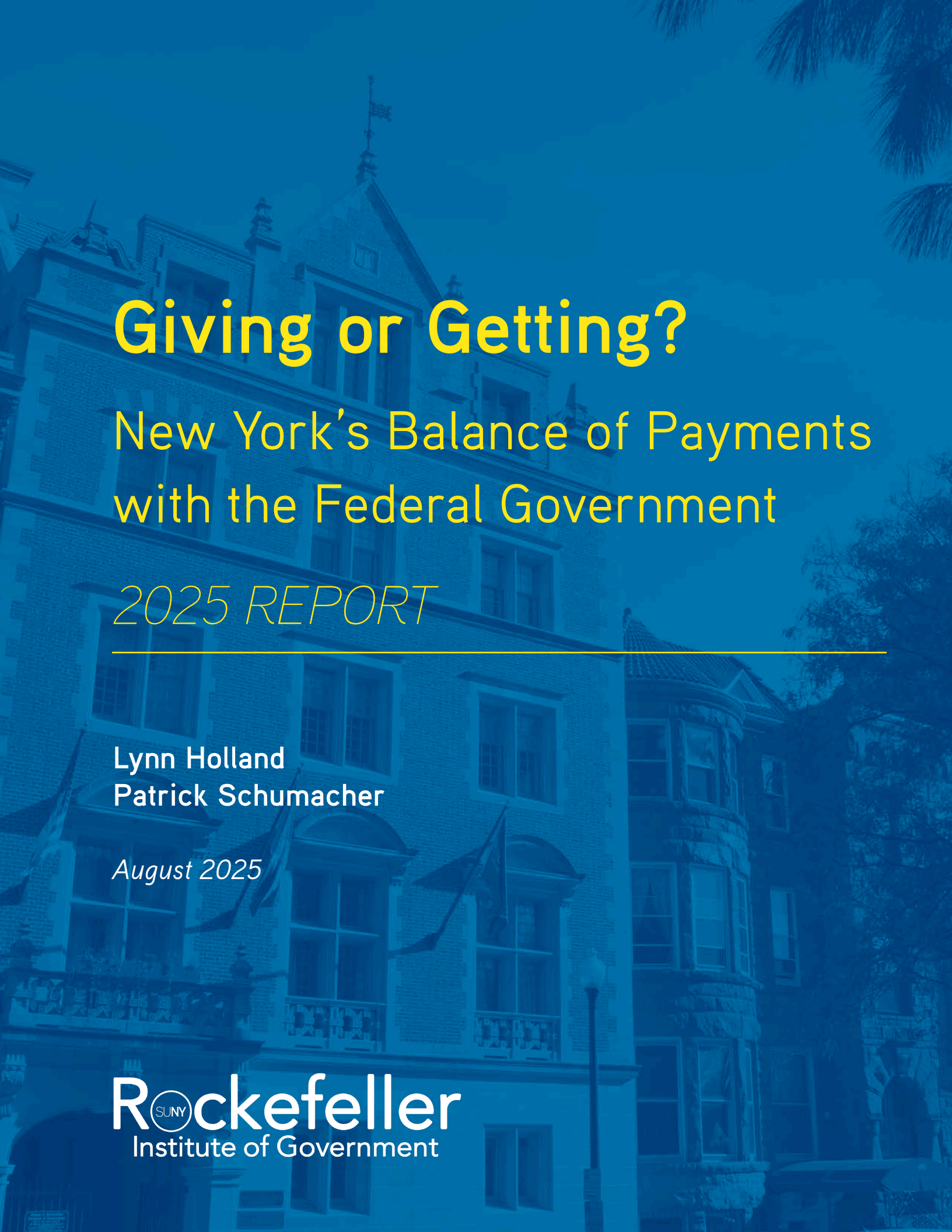

Giving or Getting?

New York's Balance of Payments with the Federal Government

2025 REPORT

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August 2025

Rockefeller SUNY
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July 2025

In the eighth edition of *Giving or Getting? 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 highlight the profound impact the COVID-19 pandemic continued to have on the national and State economies and finances. This report documents how that impact persisted long after we threw off our masks and proceeded to rebuild our lives. Labor and equity market gyrations, the ensuing inflation, and the Federal Reserve's unprecedented response continued to impact federal fiscal trends through the end of Federal Fiscal Year (FFY) 2023.

For each of the first five years for which this analysis has been conducted – FFY 2015 through FFY 2019 – New York State posted a negative balance of payments and ranked at or near the bottom among the 50 states. During those years 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. The onset of the COVID-19 pandemic and the Federal government's swift and proportionate response disrupted that pattern but also ushered in an unprecedented degree of economic and financial market volatility. In the prior five years, New York's balance of payments averaged a net negative $32.9 billion. For 2020 and 2021, New York's net positive results lifted the State's ranking to fourth and fifth for these two years, respectively. But as a result of the ensuing volatility, New York's balance and payments ricocheted from a negative balance of $10.3 billion and a rank of 46th for FFY 2022 to a positive balance $13.3 billion and a rank of 27th in 2023.

Looking ahead, the results presented in this report demonstrate the importance of looking at long-term underlying fiscal trends. Over the nine fiscal years covered by this analysis, New York's balance of payments averages a positive $13.1 billion, yielding a nine-year rank of 27th. But if the approximately $4 billion in pandemic-related funding disbursed over the four years from FFY 2020 through FFY 2023 is removed, New York's balance of payments falls to a negative $23.1 billion and the State's rank falls to 48th.

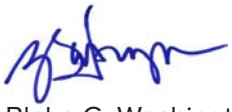
As the pandemic's impact on the economy and the federal budget peters out, pre-pandemic patterns can be expected to swiftly re-emerge, dominated by New York's story as a tale of two states. New York is a high-income state, with a strong and vibrant economy that is at the forefront of some of today's most cutting-edge technologies. But New York is also a high-needs state, with an official poverty rate of 14.1 percent in 2023, the ninth highest in the nation. As of April 2025, 6.9 million State residents, almost 40 percent of the population, are enrolled in the Medicaid program.

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. 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 continued to tackle these and other challenges in the FY 2026 Enacted

NEW YORK STATE | Division of the Budget

Budget, but they also demand Federal funding mechanisms that are fair and adequate to the State's 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

Executive Summary

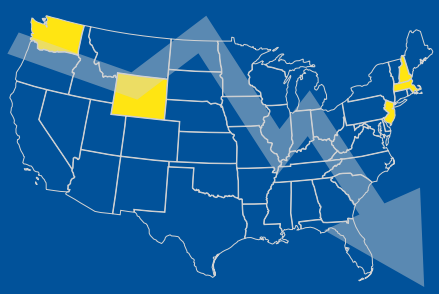
Each year, trillions of dollars flow between the Federal government and the states, but not all states benefit equally. Some receive far more in Federal spending than they pay in taxes, while others contribute substantially more than they get back. In its eighth annual analysis, the Rockefeller Institute of Government addresses the question of redistribution by analyzing the balance of payments. A term popularized by the late Senator Daniel Patrick Moynihan, the balance of payments refers to the net difference between Federal revenue collected from a state and Federal expenditures spent within that state. 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 (BOP) 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. The report is also important for understanding how Federal fiscal policy, economic cycles, and relief from emergency programs (e.g., those related to COVID-19) shape the financial relationship between states and Washington, DC. This report presents detailed preliminary estimates of revenue and spending data for Federal fiscal year (FFY) 2023 and revised estimates for FFY 2022.[1] While the analysis presented herein is national in scope, it places the focus squarely on New York.

New York has historically been one of the largest contributors to Federal revenues, but prior to the COVID-19 pandemic, the state's return on those tax dollars consistently lagged behind the magnitude of its contribution and behind other states' returns. This pattern was disrupted by the COVID-19 pandemic in 2020 and 2021, when the disbursement of an estimated $3.4 trillion in emergency spending resulted in no net donor states for those two years for the first time in the history of this analysis. Strong revenue growth combined with a decline in spending put New York back in the red for 2022, with the state posting a negative balance of $10.3 billion. But in 2023, pandemic-induced volatility resulted in a $13.3 billion positive balance for the state. New York's BOP rank on a dollar basis improved from 46th in 2022 to 27th in 2023.

Preliminary analysis of New York 2023 data indicates:

NEW YORK'S
BALANCE OF PAYMENTS
$13.3 billion
RANKING 27th
IN THE NATION
excluding emergency pandemic spending
NEW YORK WOULD HAVE
Ranked 47th



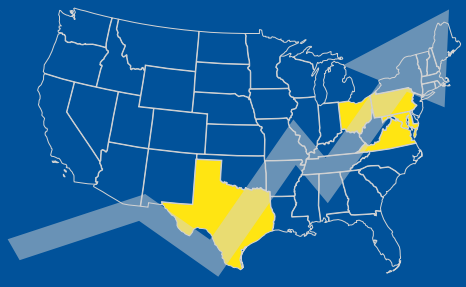
THE BOTTOM FIVE STATES ARE
New Jersey (-$18.9B)
Massachusetts (-$6.8B)
Washington (-$54.0M)
New Hampshire (+$32.0M)
Wyoming (+$1.9B)

NEW YORK'S PER CAPITA
BALANCE OF PAYMENTS
$674

DOWN FROM
44th
IN 2022

US AVERAGE PER CAPITA
BALANCE OF PAYMENTS
$4,099

New York received
$3,425
LESS THAN NATIONAL AVERAGE



THE TOP FIVE STATES ARE
Virginia ($145.4B)
Maryland ($81.1B)
Texas ($80.0B)
Pennsylvania ($62.8B)
Ohio ($60.0B)

New York's return to a positive balance of payments in 2023—and its 19-step improvement in rank on a total dollar basis—was driven by a substantial decline in Federal revenue collections, along with the state's disproportionately large share of what remained of COVID-19 pandemic funding. Federal revenues collected from New Yorkers fell 8.4 percent between 2022 and 2023, compared to a smaller 7.3 percent drop in national collections that can be allocable to the states. Because New York possesses the fourth largest revenue base of the 50 states, this 1.1 percentage point differential translates into a very large dollar value, more than offsetting the decline in Federal expenditures to the state.

In addition, New York continued to receive a disproportionately large share of funding from the remaining Federal COVID-19 emergency relief programs ($1,045 per capita for New York versus $650 nationally). Although reduced from prior years, this lingering pandemic-related aid was the other decisive factor generating the state's positive balance and improved position relative to other states. Excluding the funding related to pandemic relief, the dollar value of New York's balance of payments would have been negative, and the state's rank would have dropped to 47th.

Table 1 below, which presents the average balance of payments over the nine years that the Rockefeller Institute has issued this report, highlights the profound impact that the COVID-19 pandemic has had on New York's balance of payments. In 2020 and 2021, Federal spending contained an unusually large volume of pandemic recovery aid that tended to be distributed commensurate with state population. New York's average dollar-value balance over the nine years for which the Rockefeller Institute has conducted this analysis is a positive $13,057 million, yielding a rank of 27th. Only two states—Massachusetts and New Jersey—are net donors. But when pandemic funding is excluded from the analysis, New York's BOP falls to a negative $23,107 and a rank of 48th. These data suggest that the latter measure is likely a much better predictor of New York's fiscal relationship with the Federal government going forward.

Although COVID-19 funding had its greatest impact in 2020 and 2021, the results for 2022 and 2023 indicate that the pandemic and its aftermath continued to have a substantial fiscal impact during those two years. For example, the historical data indicate that it is extremely rare for revenue collections to fall on a fiscal year basis, as it did in 2023, in the absence of either a recession or a major law change. This decline can be directly linked to the inflation and financial market volatility engendered by the long tail of the pandemic. Moreover, Treasury Department data indicate a reversal in the following year, with total Federal receipts growing 10.8 percent in 2024, to which New York State taxpayers likely made a substantial contribution. As a result, we fully expect New York to post a negative balance of payments for 2024, and thus rejoin the ranks of the bottom five states by this time next year.

TABLE 1 | Nine-Year Average Balance of Payments With and Without COVID-19 Spending
(Dollars in Millions)

	Actual		Excluding COVID-19	
State	Average BOP	Rank	Average BOP	Rank
Alabama	$44,529	8	$39,056	4
Alaska	$7,668	35	$6,418	28
Arizona	$44,494	9	$35,301	9
Arkansas	$20,104	22	$16,619	21
California	$35,950	14	($29,013)	50
Colorado	$8,223	33	$1,093	39
Connecticut	$4,622	41	($155)	42
Delaware	$4,800	40	$3,459	33
Florida	$67,173	4	$41,123	3
Georgia	$43,558	11	$29,309	12
Hawaii	$12,375	28	$10,301	24
Idaho	$7,723	34	$5,807	30
Illinois	$13,763	26	($4,941)	46
Indiana	$27,574	19	$19,782	20
Iowa	$10,482	29	$6,613	27
Kansas	$9,651	31	$6,351	29
Kentucky	$39,600	12	$34,244	10
Louisiana	$32,408	16	$25,355	16
Maine	$10,424	30	$8,663	25
Maryland	$71,184	3	$63,150	2
Massachusetts	($1,307)	49	($12,075)	47
Michigan	$43,580	10	$29,031	13
Minnesota	$4,850	39	($2,524)	44
Mississippi	$29,234	18	$25,429	15
Missouri	$37,050	13	$30,059	11
Montana	$5,922	36	$4,506	31
Nebraska	$3,986	42	$1,611	37
Nevada	$8,437	32	$3,839	32
New Hampshire	$1,191	48	($530)	43
New Jersey	($13,008)	50	($26,469)	49
New Mexico	$26,871	20	$24,292	17
New York	$13,057	27	($23,107)	48
North Carolina	$48,850	7	$37,565	5
North Dakota	$2,352	46	$1,098	38
Ohio	$52,127	6	$37,234	8
Oklahoma	$25,970	21	$21,499	19
Oregon	$15,724	24	$10,432	23
Pennsylvania	$55,663	5	$37,322	7
Rhode Island	$5,198	38	$3,424	34
South Carolina	$33,531	15	$27,844	14
South Dakota	$3,418	44	$2,176	36
Tennessee	$31,949	17	$24,124	18
Texas	$72,212	2	$37,341	6
Utah	$3,411	45	$103	41
Vermont	$3,516	43	$2,449	35
Virginia	$100,890	1	$91,443	1
Washington	$5,714	37	($3,804)	45
West Virginia	$18,454	23	$16,370	22
Wisconsin	$14,978	25	$8,370	26
Wyoming	$1,836	47	$1,002	40

SOURCE: Rockefeller Institute of Government staff estimates.

Key findings from this year's report include:

- Based on preliminary data, New York posted a positive balance of payments of $13.3 billion and a ranking of 27th for 2023; this compares with a negative balance of $10.3 billion and a rank of 46th for 2022. New York's improved ranking for 2023 was a direct consequence of the decline in Federal revenue collected from state taxpayers, in combination with the state's large share of what remains of Federal emergency COVID-19 spending.
- Adjusting for population size, New York's BOP improves from a negative $522 in 2022 to a positive $674 in 2023. Nevertheless, the state's ranking on a per capita basis deteriorated by one step from 44 in 2022 to 45 in 2023. The national average per capita balance of payments for 2023 was $4,099, meaning that New York received $3,425 less than the national average on a per capita basis.[2]
- Across all states, allocable Federal receipts decreased by 7.3 percent in 2023, while total Federal allocable expenditures increased by 1.4 percent. New York experienced a larger 8.4 percent decrease in Federal tax receipts and a 1.7 percent *decrease* in overall Federal expenditures. Excluding pandemic spending, New York would have seen an even larger decrease in Federal expenditures, and its BOP rank would have deteriorated from 27th to 47th for 2023.
- While COVID-19 spending significantly boosted the dollar amount of New York's balance of payments, when the increment is spread over the state's large population, New York's ranking on a per capita basis remains reliably near the bottom, where it has historically been. Indeed, excluding pandemic spending, New York's per capita rank for 2023 remains unchanged at 45th.
- Only three states posted a negative balance of payments for 2023. The five states with the least favorable dollar balance of payments in 2023 were New Jersey (-$18.9 billion), Massachusetts (-$6.8 billion), Washington (-$54 million), New Hampshire (+$32 million), and Wyoming (+$1.9 billion).
- The five states with the most favorable dollar value balance of payments in 2023 were Virginia ($145.4 billion), Maryland ($81.1 billion), Texas ($80.0 billion), Pennsylvania ($62.8 billion), and Ohio ($60.0 billion).
- For every dollar New York sent to the Federal government in 2023, it received $1.04 in Federal expenditures. This compares to an average of $1.32 received for every dollar contributed across the 50 states. As a state with a high concentration of income and wealth, New York continued to contribute significantly more in receipts on a per capita basis ($16,145) than the national average ($12,662)—a difference of $3,483.
- The bottom five states on a per capita basis in 2023 were New Jersey (-$2,011), Massachusetts (-$967), Washington (-$7), New Hampshire (+$23), and California (+$342).

- The five states with the most favorable BOPs in 2023 on a per capita basis were Virginia ($16,650), New Mexico ($16,178), Alaska ($14,760), Maryland ($13,037), and West Virginia ($12,130).
- Although the aftermath of the pandemic has continued to impact Federal spending and receipts, the results for 2022 and 2023 indicate that New York is likely to regain its historic status as a consistent donor state going forward.
- New York's expansive fiscal capacity is often construed as a justification for New York to be subsidizing other states, but this argument fails to appreciate the extreme diversity of economic outcomes within the state and the equally 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. That need is easily masked by the great wealth of a relative few.

Introduction

The revenue collected by the Federal government from each state, Federal spending in the states, and the difference between the two are the subjects 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 have continued to give far more than they got back. One characteristic of the Federal system is the grants and funding that flow to states with the highest poverty rates among their residents through 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 disproportionately flow to states with the largest populations of older residents. States with large defense contracting sectors and more military bases receive more Federal defense spending, while Federal government 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 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 2022 tax year, the most recent year for which detailed tax return data are available, the top 1 percent earned 22.4 percent of total adjusted gross income but paid 40.4 percent of all Federal income taxes.[3]

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 2023 balance of payments based on available preliminary data. It also revises the previously released 2022 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 the 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.

New York posted a positive BOP of $13.3 billion in 2023, based on preliminary data, lifting the state's rank to 27th from 46th in 2022. There were only three net donor states in 2023: New Jersey (-$18.9 billion), Massachusetts (-$6.8 billion), and Washington (-$54 million). Rounding out the bottom five were New Hampshire ($32 million) and Wyoming ($1.9 billion). New York's 19-rung climb in its BOP ranking for 2023 was matched by that of Florida, which improved from 25th in 2022 to 6th in 2023, and only exceeded by California, which saw a jump from 50th to 26th. The only other state seeing a double-digit improvement in its rank was Illinois. These four states were among the five generating the largest volumes of receipts in 2023, highlighting the importance of revenue dynamics in the BOP determination for that year. The other factor lifting New York's rank for 2023 was its remaining COVID-19 spending; excluding that spending, New York would have posted a rank of 47.

New York's ranking has shown less volatility when controlling for population. New York's positive per capita balance of payments of $674 for 2023 results in a rank of 45th, following 44th for 2022, 37th for 2021, and 39th for 2020. Thus, New York's per capita rank is on track to approach its average pre-pandemic rank of 48th for the five years from 2015 to 2019.

These results indicate that the Federal budget is continuing to transition away from the pandemic period, when Federal expenditures (and BOPs) were highly correlated with state population, toward more typical spending patterns. The 2020 and 2021 Federal fiscal years presented a stark contrast with prior years: after consistently posting negative balances of payments, the state secured large net positive positions for both years, dramatically improving its rankings from near the bottom to fourth and fifth most favorable. Owing to an influx of Federal relief and the large Federal deficit, there were no net donor states in those two years. However, as relief from the

pandemic subsided, net donor states reappeared (11 in 2022 and three in 2023, based on preliminary data). Consequently, the 2023 rankings show a partial return towards patterns influenced by traditional factors like state income levels, defense spending, and the geographic distribution of Federal agencies and employees. Nevertheless, lingering COVID-19 funding continued to have a significant impact on New York in 2023.

New York's Balance of Payments: Preliminary Estimate for Federal Fiscal Year 2023

In Federal Fiscal Year (FFY) 2023, New York State received $13.3 billion more in Federal spending ($332.0 billion) than its taxpayers contributed in Federal revenues ($318.7 billion), resulting in a positive balance of payments (see Table 2). Calculating the balance of payments on a per capita basis controls for population size. By this measure, New York's per capita balance of payments for FFY 2023 was $674. While positive, this figure places New York 45th among the 50 states.

TABLE 2 | Receipts, Expenditures, and Balance of Payments, Federal Fiscal Year 2023

	New York	Average per State	New York Difference
Total Balance of Payments			
Balance of Payments ($ millions)	$13,300	$27,871	($14,571)
Rank Among 50 States	27		
	New York	**US Average**	**New York Difference**
Per Capita Balance of Payments			
Balance of Payments (Dollars Per Person)	$674	$4,099	($3,425)
Rank Among 50 States	45		
Per Capita Receipts and Expenditures			
Receipts (Dollars Per Person)	$16,145	$12,662	$3,483
Expenditures (Dollars Per Person)	$16,819	$16,760	$59
Federal Spending Received Per Dollar of Taxes Paid	$1.04	$1.32	($0.28)

NOTE: 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 the *Budget of the U.S. Government, Fiscal Year 2025*, and from Federal agencies and other sources; see "Appendix: Objectives, Scope, and Methodology" for details.

What Drives New York's Balance of Payments?

From 2015 through 2019—the first five years of this analysis—New York consistently posted a negative balance of payments, primarily driven by the disproportionately large volume of Federal taxes paid by state taxpayers. However, an infusion of $3.4 trillion in Federal funding to the states in 2020 and 2021 in response to the COVID-19 pandemic dramatically shifted this pattern. As a result, New York, along with every other state, had positive balances in both of those years. Moreover, New York's per capita Federal expenditures were, for the first time, higher than the national average, highlighting how, as the early epicenter of the pandemic, New York had displayed an extraordinary level of need.

Allocable Federal receipts grew 21.5 percent in 2022 as the economy continued to rebound from the pandemic, while allocable expenditures fell 14.2 percent, due in large part to a much lower volume of COVID-19 relief spending. Those two developments resulted in a negative balance of payments for New York of -$10.3 billion. Although the state was continuing to disproportionately benefit from remaining pandemic spending, receipts growth of 18.1 percent applied to the nation's fourth-largest receipts base, combined with a decline in the overall volume of funds flowing to the state, sent New York's BOP ranking down from fifth in 2021 to 46th in 2022.

In 2023, New York returned to a positive balance of $13.3 billion ($674 per capita), based on preliminary data. An 8.4 percent decline in the state's large revenue base, combined with a disproportionately large benefit from an albeit steadily shrinking pool of pandemic funds, was sufficient to swing New York's BOP into the black. Nevertheless, as a state with a high concentration of income and wealth, New York continued to contribute significantly more in receipts on a per capita basis ($16,145) than the national average ($12,662)—a difference of $3,483. That difference narrowed in 2023 but remained historically large. At the same time, New York continued to receive more Federal spending per capita ($16,819) than the national average ($16,760) due to the remnants of pandemic funding. Although national pandemic-related spending fell from an estimated $438 billion in 2022 to a much smaller $222 billion in 2023, if the latter spending is removed from the 2023 analysis, New York's BOP becomes a negative $7.3 billion, and its rank falls from 27th to 47th.

Pandemic-Induced Volatility Continues to Drive New York's Balance of Payments

Table 3 puts the preliminary results for 2023 into historical perspective by comparing New York's balance of payments, receipts, and expenditures with those of the US for the most recent five years (2019–23). New York's contribution to Federal receipts fell 6.0 percent in 2020 due to the initial shock of the pandemic, but grew by a substantial 20.8 percent in 2021 and another 18.1 percent in 2022 as the state's economic recovery from the pandemic progressed and financial markets boomed.

TABLE 3 | New York's Balance of Payments: 2019–23

	2019 (Revised)	2020 (Revised)	2021 (Revised)	2022 (Revised)	2023 (Preliminary)	Five-Year Total	Five-Year Average
Total ($ millions)							
New York							
Receipts	$259,709	$244,052	$294,706	$348,027	$318,666	$1,465,159	$293,032
Expenditures	$239,161	$393,949	$423,627	$337,746	$331,966	$1,726,449	$345,290
Balance of Payments	($20,548)	$149,897	$128,921	($10,281)	$13,300	$261,290	$52,258
United States (Average of the States)							
Receipts	$65,919	$64,503	$76,418	$92,885	$86,103	$385,827	$77,165
Expenditures	$82,588	$123,901	$130,702	$112,192	$113,974	$563,357	$112,671
Balance of Payments	$16,669	$59,398	$54,284	$19,307	$27,871	$177,529	$35,506
Per Capita ($)							
New York							
Receipts	$12,844	$12,139	$14,848	$17,663	$16,145	$73,639	$14,728
Expenditures	$11,828	$19,594	$21,343	$17,141	$16,819	$86,726	$17,345
Balance of Payments	($1,016)	$7,456	$6,495	($522)	$674	$13,087	$2,617
United States							
Receipts	$9,882	$9,631	$11,393	$13,771	$12,662	$57,340	$11,468
Expenditures	$12,381	$18,500	$19,487	$16,634	$16,760	$83,762	$16,752
Balance of Payments	$2,499	$8,869	$8,093	$2,863	$4,099	$26,422	$5,284
New York's Excess Burden	($3,515)	($1,413)	($1,598)	($3,384)	($3,425)	($13,336)	($2,667)

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 2025*, from Federal agencies, and other sources. See methodology appendix for details.

However, the pandemic recovery also subjected the US and the rest of the world to the highest rates of inflation since the 1970s, peaking in the US at 8.6 percent during the second quarter of 2022, relative to the same quarter in 2021. The Federal Reserve's effort to quell inflation triggered a round of monetary tightening that lasted from March 2022 to August 2023. The Federal Reserve raised its short-term interest rate target by 525 basis points over an 18-month period, representing a historically rapid pace of tightening. Those increases, in turn, had a resoundingly negative impact on both the financial markets and the real economy, particularly on its most interest-rate sensitive sectors, such as real estate and autos. The S&P 500 lost approximately 20 percent of its value over the first 10 months of 2022. Financial market fluctuations generally reverberate throughout the nation, but because of the outsized importance of the financial sector to the New York economy, their impact tends to become amplified in the state.

Financial market volatility affects individual income tax revenues primarily via two components of income: private sector bonus wages and capital gains realizations. Since bonus payments—whether in the form of direct cash payments or stock grants—are treated as ordinary wages for tax purposes, they are subject to withholding. Therefore, the revenue impact of bonus payouts is contemporaneous. A firm's financial

performance over the course of a given calendar year is traditionally reflected in bonus payouts made in the fourth quarter of that year or the first quarter of the following calendar year. Thus, weak financial market performance in CY 2022 would negatively impact Wall Street bonuses paid and corresponding tax receipts collected in FFY 2023.[4] New York State Division of the Budget (DOB) estimates that economywide bonuses fell 17.8 percent during the four quarters of the 2023 Federal fiscal year, after two consecutive double-digit increases in 2021 and 2022. Since bonus income is typically taxed at the highest marginal rates, the impact of fluctuations in bonus income on tax collections can be large.

Poor financial market performance also negatively impacts income tax receipts through declines in capital gains. In years of poor performance, individuals may choose to continue to hold assets for longer, and those who do cash out will realize lower levels of gains. The Congressional Budget Office (CBO) reports that for the nation as a whole, net capital gains income fell 38.0 percent for the 2022 tax year on a liability basis, while an even greater decline of 47.7 percent was experienced in New York, following two consecutive years of strong growth.[5] Unlike wages, governments do not withhold against realized capital gains income. Although taxpayers can adjust their quarterly estimated payments, taxpayers who earn substantial amounts of positive capital gains or losses income often do not reconcile with the national and state tax authorities until the final estimated payment of the tax year and the tax filing season, which is early the following year.

Consequently, the revenue impact of the policies aimed at addressing inflation and the negative impact on financial markets was almost entirely felt during the 2023 Federal fiscal year. Based on preliminary data, New York's per capita receipts fell by $1,518 in 2023, compared to a national average decline of $1,109. As indicated in Table 3 above, by 2023, New York's excess burden—the amount by which its per capita BOP trails the national average—stood at $3,425, remaining high despite the positive balance for the year.

Figure 1 depicts the relative magnitudes of the major components of per capita revenues and expenditures for 2023. Table 4 provides a detailed breakdown of New York's per capita balance of payments compared to the national average for 2023. Per capita revenue flowing from New Yorkers to the Federal budget ranked 4th highest in the nation in 2023. Among the various categories of Federal receipts, individual income tax collections are the largest component and the most important driver of the difference between New York and the nation on a per capita basis. In 2023, New Yorkers paid $8,882 per capita in Federal individual income taxes, which is $2,512 or 72 percent above the national average of $6,370. New York consistently ranks near the top (4th in 2023) among states in per capita Federal receipts, due to its large number of high-income households. The remainder of the difference stems from higher-than-average per capita payments for employment taxes ($736), corporate income taxes ($243), and estate and gift taxes ($40) compared to the US average. Indeed, only per capita excise tax collections are below the national average.

FIGURE 1 | New York: FFY 2023 Per Capita Revenues and Expenditures

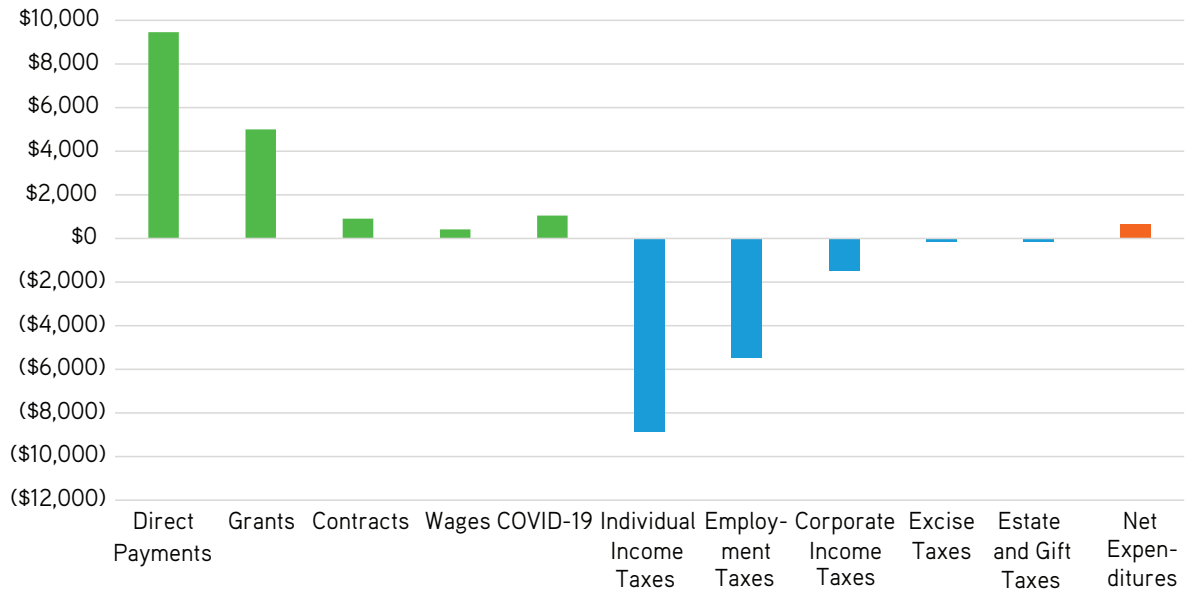


TABLE 4 | New York's Per Capita Balance of Payments with the Federal Government for FFY 2023, Estimates of Per Capita Federal Receipts, Expenditures, and Balance of Payments
(Only includes amounts deemed allocable to states)

	New York	United States	New York Difference	New York indexed to US=100	New York Rank Among 50 States
Balance of Payments (Expenditures Minus Receipts)	**$674**	**$4,099**	**($3,425)**	**—**	**45**
Ratio: Expenditures to Receipts	1.04	1.32	(0.28)	—	—
Receipts	**$16,145**	**$12,662**	**$3,483**	**128**	**4**
Individual Income Taxes	$8,882	$6,370	$2,512	139	3
Employment Taxes	$5,473	$4,738	$736	116	7
Corporate Income Taxes	$1,475	$1,233	$243	120	7
Excise Taxes	$176	$223	($47)	79	49
Estate and Gift Taxes	$139	$99	$40	141	8
Expenditures	**$16,819**	**$16,760**	**$59**	**100**	**23**
Direct Payments for Individuals	$9,456	$10,022	($566)	94	41
Grants	$4,997	$2,865	$2,132	174	3
Contracts and Procurement	$909	$2,258	($1,349)	40	42
Wages	$412	$965	($440)	46	46
COVID-19 Spending	$1,045	$650	$395	161	2

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2025*, and from Federal agencies and other sources; see "Appendix: Objectives, Scope, and Methodology" for details.

On the Federal spending side, there were five major categories: direct payments to individuals, grants, contracts, wages, and COVID-19 emergency spending. Direct payments to individuals (primarily Social Security and Medicare) remained the largest component nationally. Grants (driven by Medicaid and other social programs) were the second largest. These two categories generally correlate with population, while contracts and wages depend more on the location of Federal contractors and employees.

As indicated in Table 4, per capita Federal expenditures in New York ranked 23rd for 2023, with per capita Federal spending in New York ($16,819) modestly exceeding the national average ($16,760), as it has since 2020, though by progressively less. The 2023 differential was driven by two categories: grants ($2,132 above average) and COVID-19-related spending ($395 above average). These higher amounts were largely but not entirely offset by lower-than-average spending in New York for direct payments to individuals (-$566), contracts (-$1,349), and Federal wages (-$440). Federal grants to New York have historically tended to be higher than the national average, so it is significant that, without pandemic spending, the state's per capita expenditures would have failed to offset per capita receipts in 2023. This further signals that, as pandemic funding diminishes, a return to a large negative balance of payments is likely on the horizon.

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 with disproportionately high spending on Federal employees, DC-area agencies, and government contractors. Other states, such as New Mexico and Alaska, 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 typically 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 this impact may be transitory in nature.

The Federal response to the COVID-19 pandemic was precisely one of those large initiatives that profoundly impacted 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 6.4 percent of total Federal allocable expenditures in 2020 and 6.5 percent in 2021, compared with 5.8 percent in 2019. Of the funding specifically authorized by the six major COVID-19 emergency spending bills, New York is estimated to have received 7.9 percent of the associated expenditures in 2020 and 8.1 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.

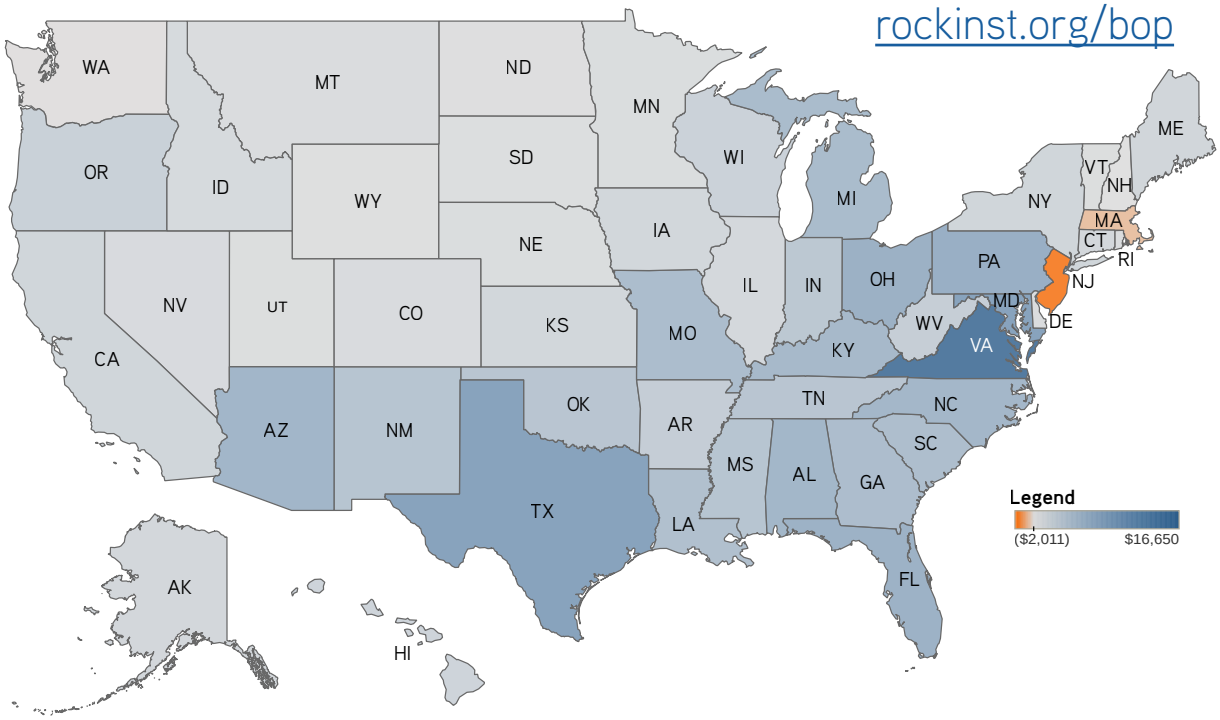
As results for 2022 and 2023 demonstrate, the pandemic's direct fiscal impact indeed turned out to have been transitory, but its effects have lingered. At $222 billion nationally in 2023, direct COVID-19 emergency spending was roughly half the level of 2022 ($438 billion) and significantly lower than the $3.4 trillion spent in 2020 and 2021 combined. New York's estimated share of this direct COVID-19 spending was 9.3 percent in 2023, up from 7.7 percent in 2022. With pandemic-related spending accounting for a much smaller piece of total expenditures, New York's share of total allocable Federal expenditures for 2023 was 5.8 percent, comparable to the pre-pandemic period, and only just above New York's share of non-COVID spending of 5.7 percent.

Despite the petering out of pandemic spending, it continues to have a significant impact on New York's dollar value balance of payments and ranking. Excluding pandemic spending reduces New York's balance of payments from $13.3 billion to negative $7.3 billion, and the state's ranking falls from 27th to 47th. On a per capita basis, New York's BOP falls from $674 to a negative $372, but the state's position relative to other states remains unchanged at 45th. This suggests that while COVID-19 spending significantly boosted the dollar amount of New York's balance of payments, when the increment is spread over the state's large population, New York's ranking on a per capita basis remains reliably near the bottom, where it has historically been.

Figure 2A maps the 2023 per capita balance of payments positions for each of the 50 states based on total Federal spending. Based on preliminary data, only three states (Washington, Massachusetts, and New Jersey) had a negative total balance of payments for 2023. Figure 2B presents a similar mapping, excluding COVID-19 spending. Under the latter scenario, the number of states with a negative BOP rises to six, adding New Hampshire, California, and New York to the list. This result highlights how understanding a state's balance of payments requires considering both its underlying structural profile and the impact of major, time-bound Federal initiatives like the pandemic response. Tables 5 and 6 illustrate the recent volatility in New York's balance of payment ranking on both a dollar and per capita basis.

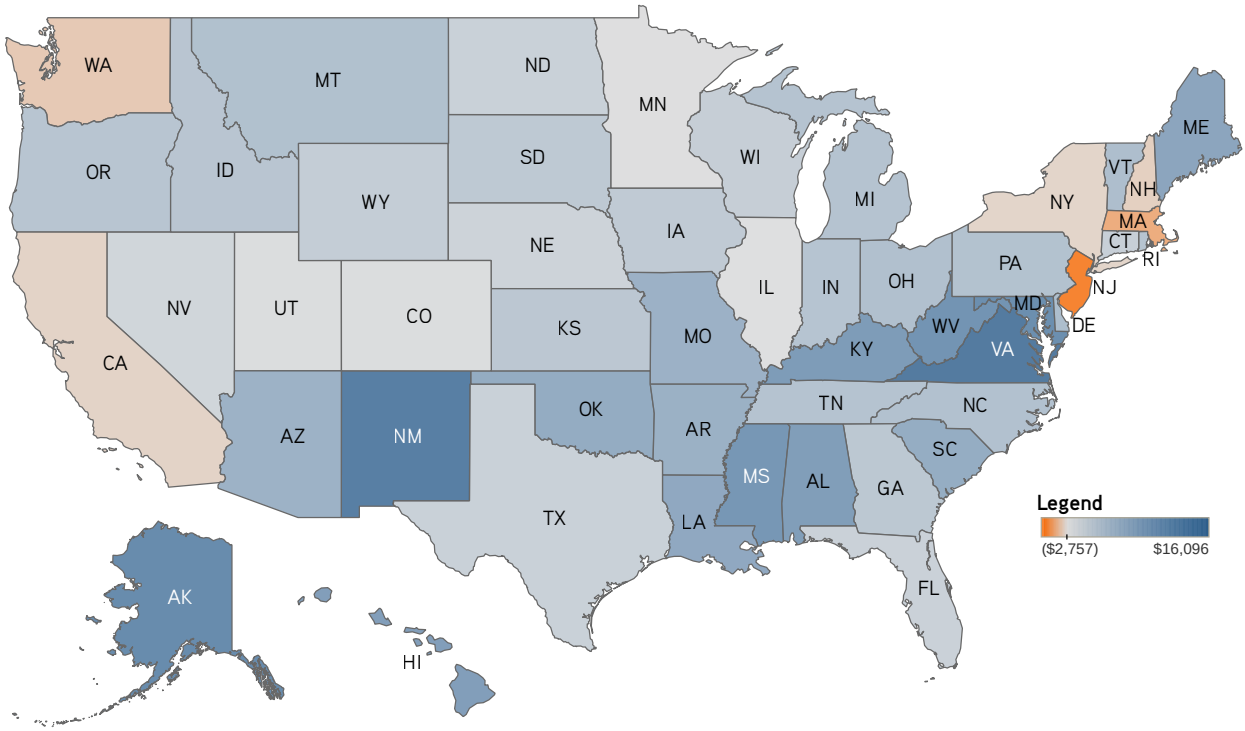
› Explore this data with our interactive dashboard at rockinst.org/bop

FIGURE 2A | Per Capita Balance of Payments, FFY 2023



SOURCE: Rockefeller Institute of Government.

FIGURE 2B | Per Capita Balance of Payments, FFY 2023 Excluding COVID-19 Spending



SOURCE: Rockefeller Institute of Government.

TABLE 5 | Estimated Distribution of Federal Receipts and Expenditures by State, FFY 2023
(Dollars in Millions)

State	Receipts	Expenditures	Expenditures Per Dollar of Receipts	Balance of Payments	2023 Rank	2022 Rank	2021 Rank
Virginia	$119,365	$264,800	$2.22	$145,435	1	1	4
Maryland	$87,702	$168,752	$1.92	$81,050	2	2	7
Texas	$378,584	$458,576	$1.21	$79,992	3	7	1
Pennsylvania	$159,133	$221,951	$1.39	$62,818	4	5	6
Ohio	$119,706	$179,716	$1.50	$60,010	5	3	8
Florida	$318,706	$377,664	$1.18	$58,958	6	25	3
Arizona	$80,987	$134,759	$1.66	$53,772	7	9	13
Alabama	$44,556	$97,106	$2.18	$52,550	8	4	14
North Carolina	$117,556	$169,878	$1.45	$52,322	9	6	12
Kentucky	$38,367	$87,574	$2.28	$49,207	10	8	16
Michigan	$106,515	$152,742	$1.43	$46,227	11	10	10
Missouri	$63,540	$107,931	$1.70	$44,391	12	12	17
Georgia	$118,910	$162,629	$1.37	$43,719	13	14	9
South Carolina	$52,633	$95,337	$1.81	$42,703	14	15	20
Louisiana	$40,110	$80,411	$2.00	$40,301	15	11	15
Mississippi	$21,934	$56,410	$2.57	$34,477	16	18	22
New Mexico	$17,975	$52,292	$2.91	$34,317	17	13	23
Oklahoma	$36,068	$68,973	$1.91	$32,906	18	16	21
Tennessee	$77,004	$109,807	$1.43	$32,804	19	17	19
Indiana	$69,367	$99,743	$1.44	$30,377	20	19	18
Arkansas	$26,656	$49,186	$1.85	$22,530	21	20	26
West Virginia	$13,707	$35,183	$2.57	$21,476	22	21	32
Oregon	$50,119	$68,790	$1.37	$18,671	23	23	25
Wisconsin	$67,879	$84,999	$1.25	$17,120	24	22	24
Hawaii	$16,299	$31,131	$1.91	$14,833	25	24	35
California	$598,206	$611,610	$1.02	$13,404	26	50	2
New York	$318,666	$331,966	$1.04	$13,300	27	46	5
Maine	$14,507	$27,305	$1.88	$12,798	28	27	38
Kansas	$32,081	$43,592	$1.36	$11,510	29	26	36
Iowa	$34,238	$45,440	$1.33	$11,202	30	29	33
Alaska	$8,626	$19,497	$2.26	$10,871	31	28	41
Connecticut	$66,454	$77,154	$1.16	$10,700	32	41	37
Illinois	$169,960	$180,297	$1.06	$10,337	33	45	11
Idaho	$20,251	$28,513	$1.41	$8,262	34	30	39
Nevada	$41,462	$48,277	$1.16	$6,815	35	39	34
Colorado	$86,611	$92,811	$1.07	$6,201	36	42	31
Montana	$13,297	$18,873	$1.42	$5,577	37	31	43
Delaware	$12,623	$18,178	$1.44	$5,555	38	33	45
Rhode Island	$13,726	$18,986	$1.38	$5,260	39	32	42
Nebraska	$24,103	$28,778	$1.19	$4,674	40	36	40
Minnesota	$76,385	$81,029	$1.06	$4,644	41	44	29
Utah	$39,223	$42,896	$1.09	$3,673	42	40	44
Vermont	$7,545	$11,151	$1.48	$3,606	43	34	48
South Dakota	$11,143	$14,473	$1.30	$3,330	44	35	47
North Dakota	$9,895	$12,094	$1.22	$2,199	45	37	46
Wyoming	$8,758	$10,640	$1.21	$1,883	46	38	50
New Hampshire	$21,981	$22,013	$1.00	$32	47	43	49
Washington	$123,772	$123,718	$1.00	($54)	48	47	30
Massachusetts	$126,348	$119,514	$0.95	($6,834)	49	48	27
New Jersey	$153,777	$134,912	$0.88	($18,865)	50	49	28

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2025*, and from Federal agencies and other sources; see "Appendix: Objectives, Scope, and Methodology" for details.

TABLE 6 | Estimated Per Capita Distribution of Federal Receipts and Expenditures by State, FFY 2023

(Dollars Per Capita)

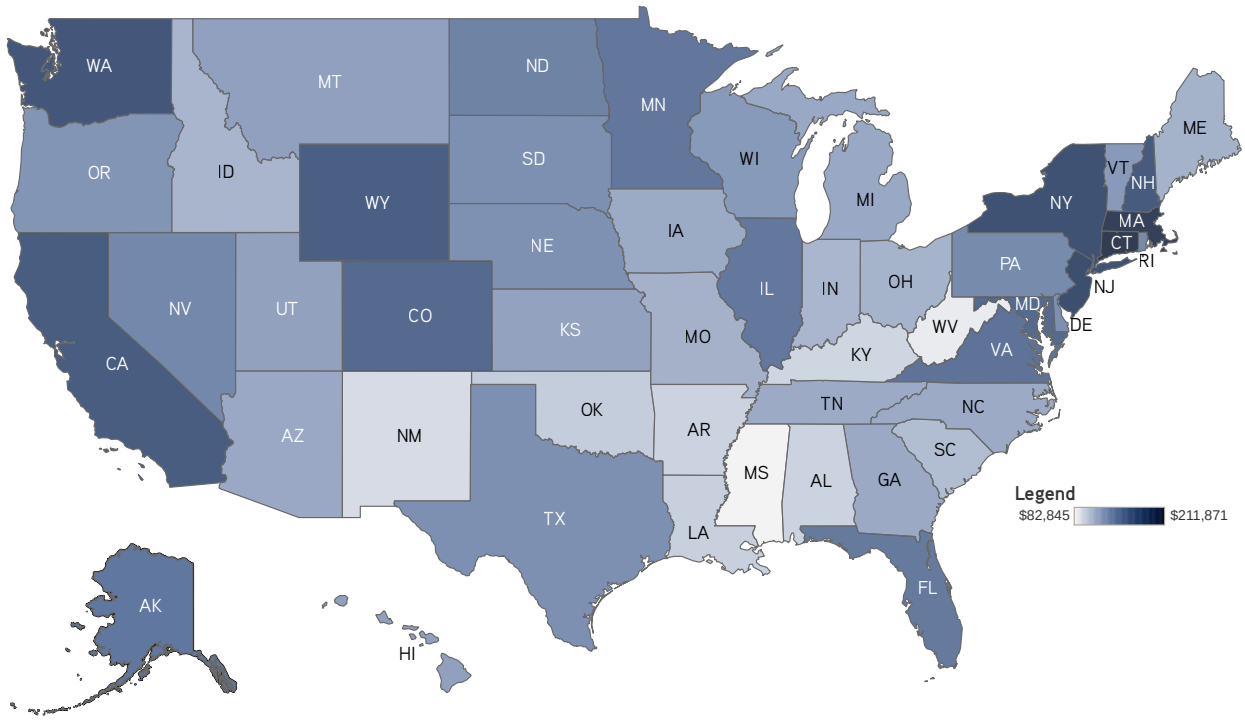
State	Receipts	Expenditures	Expenditures Per Dollar of Receipts	Balance of Payments	2023 Rank	2022 Rank	2021 Rank
Virginia	$13,666	$30,316	$2.22	$16,650	1	3	3
New Mexico	$8,474	$24,652	$2.91	$16,178	2	1	1
Alaska	$11,711	$26,471	$2.26	$14,760	3	4	4
Maryland	$14,107	$27,143	$1.92	$13,037	4	2	2
West Virginia	$7,742	$19,872	$2.57	$12,130	5	5	7
Mississippi	$7,452	$19,166	$2.57	$11,714	6	6	6
Kentucky	$8,431	$19,244	$2.28	$10,813	7	7	8
Hawaii	$11,308	$21,598	$1.91	$10,291	8	9	5
Alabama	$8,706	$18,975	$2.18	$10,268	9	8	10
Maine	$10,365	$19,508	$1.88	$9,144	10	12	11
Louisiana	$8,742	$17,526	$2.00	$8,784	11	11	9
Oklahoma	$8,875	$16,972	$1.91	$8,097	12	10	12
South Carolina	$9,769	$17,695	$1.81	$7,926	13	14	13
Arkansas	$8,684	$16,024	$1.85	$7,340	14	13	15
Arizona	$10,837	$18,033	$1.66	$7,195	15	15	17
Missouri	$10,235	$17,386	$1.70	$7,150	16	17	19
Vermont	$11,631	$17,190	$1.48	$5,558	17	16	16
Delaware	$12,179	$17,539	$1.44	$5,360	18	21	20
Ohio	$10,124	$15,199	$1.50	$5,075	19	23	25
Montana	$11,753	$16,683	$1.42	$4,929	20	18	21
Pennsylvania	$12,224	$17,050	$1.39	$4,826	21	28	23
North Carolina	$10,804	$15,612	$1.45	$4,808	22	20	27
Rhode Island	$12,439	$17,206	$1.38	$4,767	23	19	14
Tennessee	$10,772	$15,361	$1.43	$4,589	24	22	28
Michigan	$10,563	$15,148	$1.43	$4,584	25	25	24
Indiana	$10,082	$14,497	$1.44	$4,415	26	24	26
Oregon	$11,783	$16,172	$1.37	$4,389	27	31	30
Idaho	$10,274	$14,465	$1.41	$4,191	28	30	39
Georgia	$10,747	$14,698	$1.37	$3,951	29	32	22
Kansas	$10,870	$14,769	$1.36	$3,900	30	27	34
South Dakota	$12,134	$15,761	$1.30	$3,626	31	26	29
Iowa	$10,638	$14,119	$1.33	$3,481	32	33	31
Wyoming	$14,969	$18,187	$1.21	$3,218	33	35	40
Connecticut	$18,241	$21,179	$1.16	$2,937	34	42	44
Wisconsin	$11,446	$14,333	$1.25	$2,887	35	34	38
North Dakota	$12,541	$15,328	$1.22	$2,787	36	29	18
Texas	$12,321	$14,924	$1.21	$2,603	37	37	35
Florida	$13,914	$16,488	$1.18	$2,574	38	38	33
Nebraska	$12,125	$14,477	$1.19	$2,351	39	36	41
Nevada	$12,899	$15,019	$1.16	$2,120	40	39	32
Utah	$11,391	$12,458	$1.09	$1,067	41	40	49
Colorado	$14,676	$15,727	$1.07	$1,051	42	41	45
Illinois	$13,444	$14,261	$1.06	$818	43	43	36
Minnesota	$13,277	$14,085	$1.06	$807	44	45	43
New York	$16,145	$16,819	$1.04	$674	45	44	37
California	$15,261	$15,603	$1.02	$342	46	46	42
New Hampshire	$15,676	$15,699	$1.00	$23	47	47	50
Washington	$15,752	$15,746	$1.00	($7)	48	48	47
Massachusetts	$17,880	$16,913	$0.95	($967)	49	49	46
New Jersey	$16,395	$14,384	$0.88	($2,011)	50	50	48

SOURCE: Rockefeller Institute of Government analysis of data from the *Budget of the U.S. Government, Fiscal Year 2025*, and from Federal agencies and other sources; see "Appendix: Objectives, Scope, and Methodology" 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 2023. 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 fourth highest in per capita receipts, behind only Connecticut, Massachusetts, and New Jersey. Washington rounds out the top five.

FIGURE 3 | Per Capita Federal Receipts, FFY 2023

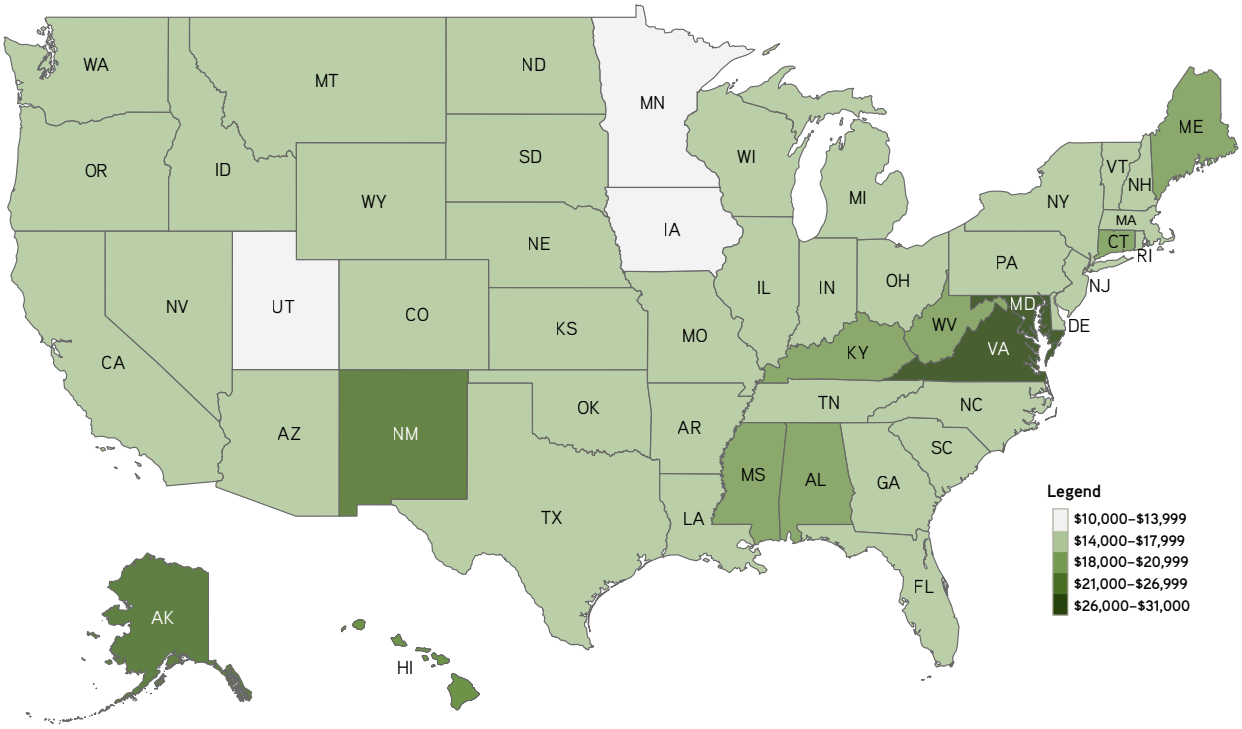


SOURCE: Rockefeller Institute of Government.

Expenditures

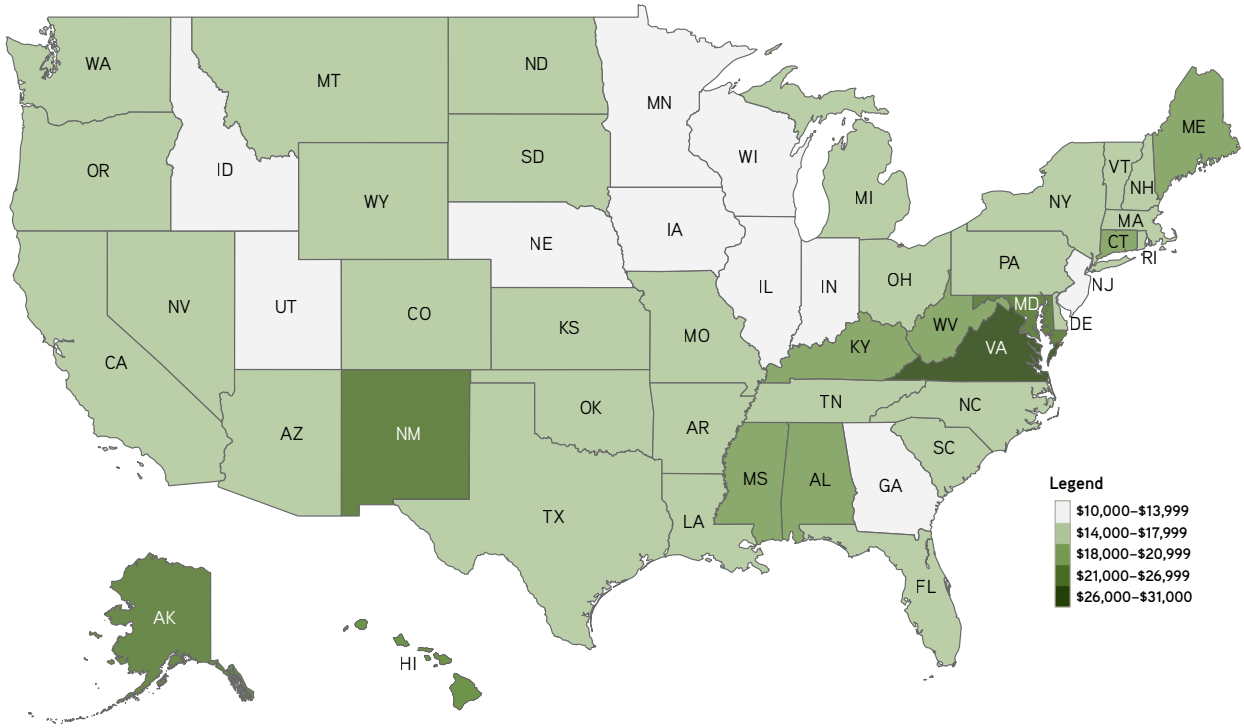
The other side of the balance of payments equation is Federal spending. Figures 4A and 4B show per capita Federal expenditures by state for 2023 with and without COVID-19 spending, respectively. The darker green states have the highest Federal spending per capita. Virginia and Maryland are geographically adjacent to the District of Columbia and account for disproportionately large amounts of Federal wages and procurement spending. Alabama, Connecticut, and Mississippi benefit 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's per capita Federal spending was consistently below but within $1,000 of the US average. However, with the composition of pandemic relief program spending heavily weighted toward direct payments to individuals and grants to state and local governments, New York's per capita Federal spending exceeded the national average by $1,094 in 2020, $1,857 in 2021, and $507 in 2022. By 2023, New York was moving closer to pre-pandemic patterns, exceeding the national average by a much smaller $59.

FIGURE 4A | Per Capita Federal Expenditures, FFY 2023



SOURCE: Rockefeller Institute of Government.

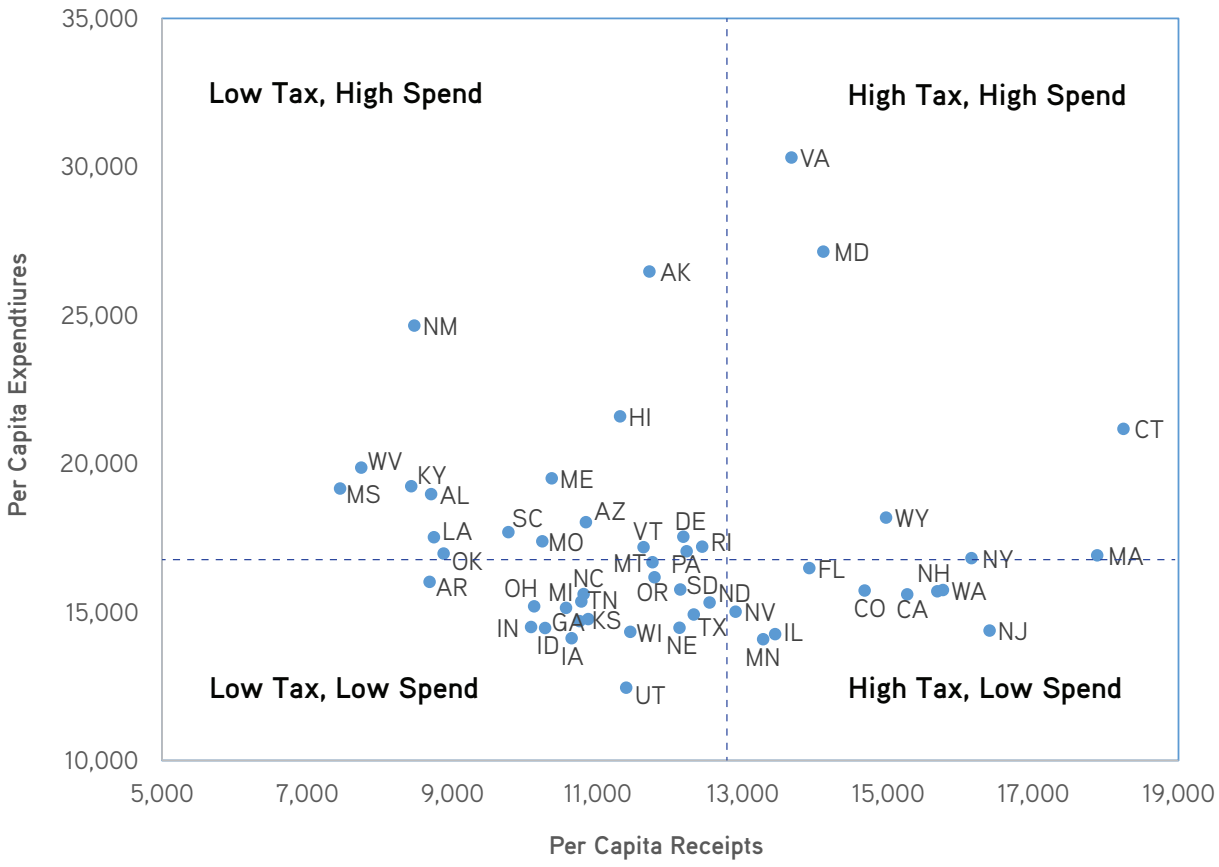
FIGURE 4B | Per Capita Federal Expenditures, Excluding COVID-19 Relief, FFY 2023



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 2023. As illustrated, New York's per capita receipts are substantially higher than the US average, while per capita spending is only slightly above average. In contrast, during the peak years of pandemic-related spending (2020, 2021, and 2022), New York's estimated per capita Federal spending allocation was significantly 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. Alaska and New Mexico also receive disproportionately high Federal spending, driven by infrastructure, defense, and social programs, but as lower-income states, they contribute below-average per capita receipts.

FIGURE 5 | Federal Receipts and Expenditures Per Capita, FFY 2023



SOURCE: Rockefeller Institute of Government.

A Closer Look at the Top Five and Bottom Five States

Table 7 shows per capita balance-of-payments data for the five states with the highest and lowest balances relative to the national average, with New York included for comparison. The rankings among the top states remain consistent, with Virginia, New Mexico, Alaska, Maryland, and West Virginia holding the highest positive balances. These states receive substantially higher per capita Federal expenditures, primarily because of Federal procurement contracts, defense installations, and infrastructure spending. Of these, Virginia and Maryland also contribute above-average Federal receipts, reflecting relatively high incomes, while New Mexico, Alaska, and West Virginia provide below-average receipts.

TABLE 7 | Per Capita Balance of Payments: Top Five and Bottom Five States, FFY 2023
(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	$16,650	$12,552	$13,666	$1,004	$30,316	$13,556
New Mexico	$16,178	$12,080	$8,474	($4,188)	$24,652	$7,892
Alaska	$14,760	$10,662	$11,711	($950)	$26,471	$9,711
Maryland	$13,037	$8,938	$14,107	$1,445	$27,143	$10,383
West Virginia	$12,130	$8,031	$7,742	($4,920)	$19,872	$3,111
United States	$4,099	—	$12,662	—	$16,760	—
New York	$674	($3,425)	$16,145	$3,483	$16,819	$59
California	$342	($3,757)	$15,261	$2,599	$15,603	($1,158)
New Hampshire	$23	($4,075)	$15,676	$3,014	$15,699	($1,061)
Washington	($7)	($4,105)	$15,752	$3,091	$15,746	($1,015)
Massachusetts	($967)	($5,066)	$17,880	$5,218	$16,913	$152
New Jersey	($2,011)	($6,110)	$16,395	$3,733	$14,384	($2,377)

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

SOURCE: Rockefeller Institute of Government.

In contrast, the bottom five states—New Jersey, Massachusetts, Washington, New Hampshire, and California—have had consistently low if not negative balances due to their relatively high per capita contributions to Federal revenues, coupled with below-average Federal expenditures, except for Massachusetts. New York posted the fourth-largest per capita level of receipts and a level of per capita expenditures just above the national average, resulting in a modest positive balance of $674 and a rank of 45th, just a single rung above the bottom five states.

Expenditures

Traditionally, the four major categories of Federal spending 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. Since 2020, COVID-19 emergency spending programs have accounted for a sufficiently large portion of expenditures to merit tracking them 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 2023, it has continued to have a significant impact on the results of this analysis. Thus, examining 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, 2015 through 2019, direct payments for individuals accounted for an annual average of 61.9 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. The Old-Age, Survivors, and Disability Insurance Program—popularly known as Social Security—is the nation's largest direct payments program, providing monthly benefits designed to replace the loss of income due to retirement, disability, or death. The next largest direct payments program is Medicare, which funds medical care for qualifying Americans over the age of 65 and some people with disabilities who receive Social Security Disability Insurance (SSDI). Together, Social Security and Medicare constituted an average of 76.0 percent of direct payments annually during the five-year period preceding the pandemic, with spending under these programs closely linked to the size of a state's population of older residents. A state's demographic composition 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 represent the second largest category of Federal expenditures after direct payments and accounted for an annual average of 17.7 percent of total spending over the five fiscal years preceding 2020. The largest component of this category is the Medicaid program, which is jointly funded by the Federal government and the states, and localities in some instances. Medicaid alone accounts for 10.0 percent of Federal spending. Due to this joint financing arrangement, states are heavily reliant on Federal funding to support their Medicaid programs, which vary from state to state. In 2023, the Federal government contributed over $580 billion nationally to state Medicaid programs, of which New York received approximately 10 percent with a roughly equivalent share of total national enrollment. Other significant components include Federal highway spending, additional safety net programs such as Temporary Assistance for Needy Families and SNAP, and Federal education grants, including the Title 1 program for K-12 education and Pell Grants for postsecondary education. 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 categories of expenditures, contracts and wages, show significant variation by state and are important factors in determining which states have the highest or lowest per capita Federal spending totals (see Table 8). In 2023, Virginia and Maryland ranked among the highest in per capita contract spending, with Virginia and Maryland receiving amounts well above the national average. Proximity to Washington, DC, also contributes to the high concentration of Federal employees in both states, reflected in their elevated per capita wage totals compared to the US average. Alaska and Hawaii similarly recorded high per capita Federal spending on wages, respectively, due in part to large military and Federal research installations.

TABLE 8 | Per Capita Expenditures: Top-Five and Bottom-Five States, FFY 2023
(New York included for reference)

	Total Spending		Direct Payments		Grants		Contracts		Wages		COVID-19	
State	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US
Virginia	$30,316	$13,556	$10,040	$18	$2,509	($357)	$14,059	$11,801	$3,154	$2,189	$555	($96)
Maryland	$27,143	$10,383	$10,582	$560	$2,832	($34)	$9,544	$7,286	$3,618	$2,653	$568	($82)
Alaska	$26,471	$9,711	$8,940	($1,082)	$5,432	$2,567	$6,127	$3,869	$4,196	$3,231	$1,777	$1,126
New Mexico	$24,652	$7,892	$10,816	$794	$5,919	$3,054	$5,608	$3,350	$1,607	$642	$703	$52
Hawaii	$21,598	$4,838	$10,823	$801	$2,748	($118)	$3,040	$783	$4,357	$3,392	$630	($20)
New York	$16,819	$59	$9,456	($566)	$4,997	$2,132	$909	($1,349)	$412	($553)	$1,045	$395
United States	$16,760	$0	$10,022	$0	$2,865	$0	$2,258	$0	$965	$0	$650	$0
Wisconsin	$14,333	($2,428)	$10,175	$153	$2,300	($566)	$975	($1,283)	$365	($600)	$518	($132)
Illinois	$14,261	($2,499)	$9,203	($819)	$2,780	($85)	$1,081	($1,176)	$563	($402)	$634	($17)
Iowa	$14,119	($2,642)	$9,606	($416)	$2,499	($366)	$1,091	($1,167)	$392	($573)	$531	($119)
Minnesota	$14,085	($2,676)	$9,369	($653)	$3,121	$256	$609	($1,648)	$415	($550)	$570	($80)
Utah	$12,458	($4,302)	$7,146	($2,876)	$1,875	($990)	$1,835	($422)	$1,028	$63	$574	($76)

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

SOURCE: Rockefeller Institute of Government.

Overall, Virginia, Maryland, Alaska, New Mexico, and Hawaii occupy the top five spots for highest per capita Federal spending in 2023. New York ranks 23rd in per capita expenditures for 2023, down from 18th in 2022, and even further below the state's 2020 and 2021 rankings, when COVID-19-related spending represented a much higher share of overall expenditures. For 2023, New York lands above the national average for per capita grants and per capita COVID-19 spending but remains below the national average for per capita direct payments, contracts, and wages.

COVID-19-related Federal spending continued to decline in 2023 as pandemic-era relief programs wound down. COVID-19 spending accounted for 3.9 percent of total allocable Federal expenditures in 2023, down from 7.8 percent in 2022, and much lower than the 25.6 percent recorded in 2020 and 27.4 percent in 2021. These pandemic-related programs, consisting primarily of direct payments and grants, had increased the combined share of these two expenditure categories from an average of 79.6 percent of total allocable Federal expenditures for the five Federal fiscal years preceding the pandemic (2015–19) to 84.8 percent in 2020 and 84.3 percent in 2021. That share

subsequently declined to 81.0 percent in 2022 and 80.8 percent in 2023. Even as COVID-19 funding receded, New York continued to receive a disproportionately large share. The state ranked second among the 50 states in per capita COVID-19 spending in 2020, first in 2021, fourth in 2022, and second again in 2023. In 2023, New York's per capita COVID-19 spending level of $1,045 was $395, or 60.7 percent, above the national average ($650).

Receipts

Table 9 shows per capita Federal receipts in 2023 by major category for the states with the five highest and five lowest levels.

TABLE 9 | Per Capita Receipts: Top-Five and Bottom-Five States, FFY 2023

	Total Receipts		Individual Income Taxes		Payroll Taxes		Corporate Income Taxes		Excise and Other Taxes	
State	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US	Level	Difference from US
Connecticut	$18,241	$5,580	$10,419	$4,049	$5,852	$1,114	$1,523	$291	$447	$126
Massachusetts	$17,880	$5,218	$10,089	$3,719	$5,860	$1,123	$1,623	$390	$307	($15)
New Jersey	$16,395	$3,733	$8,687	$2,317	$6,160	$1,422	$1,307	$74	$242	($80)
New York	$16,145	$3,483	$8,882	$2,512	$5,473	$736	$1,475	$243	$315	($7)
Washington	$15,752	$3,091	$8,104	$1,734	$5,906	$1,169	$1,459	$227	$282	($39)
United States	$12,662	—	$6,370	—	$4,738	—	$1,233	—	$321	—
Arkansas	$8,684	($3,977)	$3,792	($2,578)	$3,572	($1,166)	$941	($292)	$380	$58
New Mexico	$8,474	($4,188)	$3,538	($2,832)	$3,605	($1,132)	$869	($364)	$462	$141
Kentucky	$8,431	($4,231)	$3,567	($2,803)	$3,722	($1,015)	$863	($370)	$278	($43)
West Virginia	$7,742	($4,920)	$3,132	($3,238)	$3,529	($1,209)	$778	($455)	$303	($19)
Mississippi	$7,452	($5,209)	$2,992	($3,378)	$3,393	($1,345)	$731	($502)	$337	$16

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

SOURCE: Rockefeller Institute of Government.

Individual income taxes remain the largest source of receipts paid to the Federal government, although their share decreased notably in 2023. Over the five fiscal years preceding the pandemic, these taxes accounted for an average of 51.1 percent of total Federal revenues. A state's individual income tax liability typically has the greatest impact on whether it has relatively high or low per capita receipts. However, individual income tax receipts are highly cyclical, with variability often exacerbated by the extent of the tax's progressive structure. The share of total receipts accounted for by these taxes peaked at 56.4 percent in 2022, reflecting the economy's rebound from its pandemic lows and strong financial market activity. However, that share fell substantially in 2023, dropping 6.1 percentage points to 50.3 percent, consistent with the impact of financial market weakness on income, as discussed above.

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. Unlike income taxes, per capita payroll tax receipts continued to grow, rising 7.9 percent in 2023, reflecting sustained labor market activity. Together, individual income taxes

and payroll taxes accounted for 87.7 percent of Federal receipts for 2023. Corporate income, excise, and other taxes accounted for the remaining 12.3 percent of the US total and thus generally do not greatly affect a state's balance of payments.[6]

New York's contribution from individual income taxes has historically been higher than the national average. From 2015 through 2019, these taxes accounted for an average of 56.7 percent of the state's total payments to the Federal government, 5.6 percentage points above the national average for the period. As home to the world's financial capital, New York posted an even stronger rebound in individual income tax collections, posting growth of 30.0 percent in 2021 and 24.1 percent in 2022, on a per capita basis. Accordingly, New York saw a significant decline of 17.5 percent in its per capita income tax contributions in 2023, based on preliminary data. By 2023, individual income taxes accounted for 55.0 percent of New York's contribution to the Federal treasury, down from 60.9 percent in 2022, but still 4.7 percentage points above the national average share for 2023.

New York's contribution to Federal payroll taxes grew 8.7 percent on a per capita basis in 2023, reflecting the continuation of the state's post-pandemic labor market recovery, as well as above-trend inflation. Corporate taxes are volatile but represent less than 10 percent of total receipts for both the state and the nation. Due to the multistate operations of large corporations, fluctuations in New York's corporate tax collections generally mirror national patterns. Therefore, this component typically does not significantly impact New York's net BOP position. In total, New York's overall per capita contribution to Federal receipts fell 8.6 percent in 2023, slightly more than the national average decline of 8.1 percent. This followed two consecutive years of strong growth of 22.3 percent in 2021 and 19.0 percent in 2022. The recent volatility observed in Federal receipts has been dominated by fluctuations in individual income tax receipts as the economy continues to move beyond the long tail of the COVID-19 pandemic.

Table 10 presents the total dollar balance of payments for each state for the most recent nine years. Table 11 reprises these data on a per capita basis. These tables highlight the profound impact of the pandemic in 2020 and 2021, as well as the impact of the volatility that has directed its sequel in 2022 and 2023.

TABLE 10 | Balance of Payments Over Time
(Dollars in Millions)

State	2015	2016	2017	2018	2019	2020	2021	2022	2023
Alabama	$31,153	$32,542	$33,408	$36,954	$41,279	$62,878	$63,088	$46,907	$52,550
Alaska	$3,458	$4,259	$5,402	$6,145	$6,426	$10,989	$11,584	$9,877	$10,871
Arizona	$22,371	$26,176	$31,324	$31,896	$35,354	$87,851	$71,560	$40,138	$53,772
Arkansas	$13,117	$14,035	$14,488	$15,094	$17,356	$32,043	$30,719	$21,556	$22,530
California	($22,928)	($16,566)	($21,098)	($36,547)	($22,225)	$280,711	$197,267	($48,471)	$13,404
Colorado	($561)	$961	$1,754	$1,229	$2,158	$36,405	$27,287	($1,423)	$6,201
Connecticut	($6,729)	($3,353)	($5,086)	($1,830)	$2,953	$28,439	$17,605	($1,103)	$10,700
Delaware	$1,982	$2,310	$2,900	$3,072	$3,564	$10,221	$9,201	$4,392	$5,555
Florida	$32,476	$49,942	$32,934	$45,601	$57,010	$163,915	$151,955	$11,765	$58,958
Georgia	$21,122	$27,104	$23,664	$25,906	$28,153	$94,133	$95,641	$32,578	$43,719
Hawaii	$8,079	$8,345	$8,469	$8,937	$9,447	$20,737	$20,222	$12,309	$14,833
Idaho	$5,205	$5,785	$5,725	$5,611	$6,204	$14,281	$11,945	$6,487	$8,262
Illinois	($17,351)	($11,013)	($7,929)	($7,672)	($3,426)	$79,245	$86,236	($4,559)	$10,337
Indiana	$12,155	$13,885	$15,696	$16,441	$20,420	$55,124	$55,763	$28,305	$30,377
Iowa	$3,335	$3,906	$4,581	$6,077	$7,729	$24,924	$24,273	$8,307	$11,202
Kansas	$2,974	$2,827	$4,238	$5,104	$6,557	$22,934	$20,108	$10,608	$11,510
Kentucky	$26,307	$26,972	$28,372	$30,015	$33,941	$58,870	$59,307	$43,409	$49,207
Louisiana	$13,834	$16,943	$21,140	$21,886	$24,801	$57,376	$60,321	$35,071	$40,301
Maine	$6,464	$6,877	$8,223	$7,292	$9,645	$17,039	$15,055	$10,428	$12,798
Maryland	$44,162	$47,887	$50,123	$53,547	$57,528	$105,023	$113,904	$87,430	$81,050
Massachusetts	($13,200)	($12,494)	($13,446)	($12,912)	($11,512)	$47,793	$29,265	($18,423)	($6,834)
Michigan	$19,085	$21,020	$23,271	$23,914	$30,201	$101,747	$87,028	$39,731	$46,227
Minnesota	($5,898)	($4,438)	($2,120)	($3,496)	($2,988)	$34,132	$27,942	($4,124)	$4,644
Mississippi	$19,626	$20,713	$24,095	$25,677	$27,147	$40,833	$41,091	$29,445	$34,477
Missouri	$20,728	$24,774	$24,038	$30,444	$32,296	$64,215	$59,222	$33,348	$44,391
Montana	$3,155	$3,855	$4,500	$4,878	$4,893	$10,984	$10,077	$5,376	$5,577
Nebraska	($666)	($98)	$1,018	$1,510	$2,081	$12,683	$11,799	$2,875	$4,674
Nevada	$3,528	$3,270	$4,135	$3,432	$5,122	$25,775	$22,898	$960	$6,815
New Hampshire	($1,191)	($1,133)	$44	$891	$1,249	$8,679	$4,014	($1,870)	$32
New Jersey	($29,414)	($27,155)	($25,428)	($26,536)	($24,332)	$39,311	$28,964	($33,621)	($18,865)
New Mexico	$17,422	$18,899	$19,581	$20,836	$23,207	$35,186	$39,635	$32,762	$34,317
New York	($46,285)	($35,031)	($30,356)	($32,104)	($20,548)	$149,897	$128,921	($10,281)	$13,300
North Carolina	$29,028	$28,641	$32,912	$34,118	$38,715	$91,498	$86,107	$46,312	$52,322
North Dakota	($676)	$497	$687	$856	$983	$6,319	$7,599	$2,707	$2,199
Ohio	$24,317	$27,039	$31,426	$32,031	$37,294	$108,416	$99,494	$49,113	$60,010
Oklahoma	$12,185	$16,524	$17,973	$18,269	$20,828	$42,472	$41,625	$30,949	$32,906
Oregon	$7,613	$7,666	$8,452	$8,490	$9,714	$34,969	$32,666	$13,273	$18,671
Pennsylvania	$19,551	$26,566	$30,345	$32,623	$38,861	$128,615	$114,980	$46,611	$62,818
Rhode Island	$2,485	$2,522	$2,714	$2,914	$3,232	$11,337	$11,256	$5,064	$5,260
South Carolina	$21,840	$22,478	$23,852	$25,412	$27,118	$53,064	$53,678	$31,634	$42,703
South Dakota	$754	$1,304	$1,992	$2,226	$2,951	$7,668	$7,144	$3,395	$3,330
Tennessee	$18,121	$19,260	$21,759	$22,963	$24,631	$62,058	$55,641	$30,300	$32,804
Texas	$858	$20,545	$22,124	$26,997	$33,754	$220,274	$201,915	$43,452	$79,992
US Average	$8,072	$10,633	$11,493	$12,354	$15,220	$57,407	$52,141	$17,572	$26,061
Utah	$473	($93)	$824	$618	$460	$14,112	$10,008	$624	$3,673
Vermont	$1,747	$2,217	$2,340	$2,358	$2,262	$7,177	$6,428	$3,512	$3,606
Virginia	$64,310	$66,277	$68,266	$74,981	$82,411	$136,325	$151,115	$118,894	$145,435
Washington	($876)	$438	($137)	($1,363)	($966)	$39,366	$27,815	($12,796)	($54)
West Virginia	$13,023	$14,288	$15,315	$14,792	$15,964	$25,929	$24,885	$20,414	$21,476
Wisconsin	$1,016	$2,178	$5,102	$6,705	$9,640	$41,868	$37,218	$13,955	$17,120
Wyoming	$330	$1,306	$1,053	$1,419	$1,457	$4,494	$3,578	$1,005	$1,883

TABLE 11 | Per Capita Balance of Payments Over Time
(In Dollars)

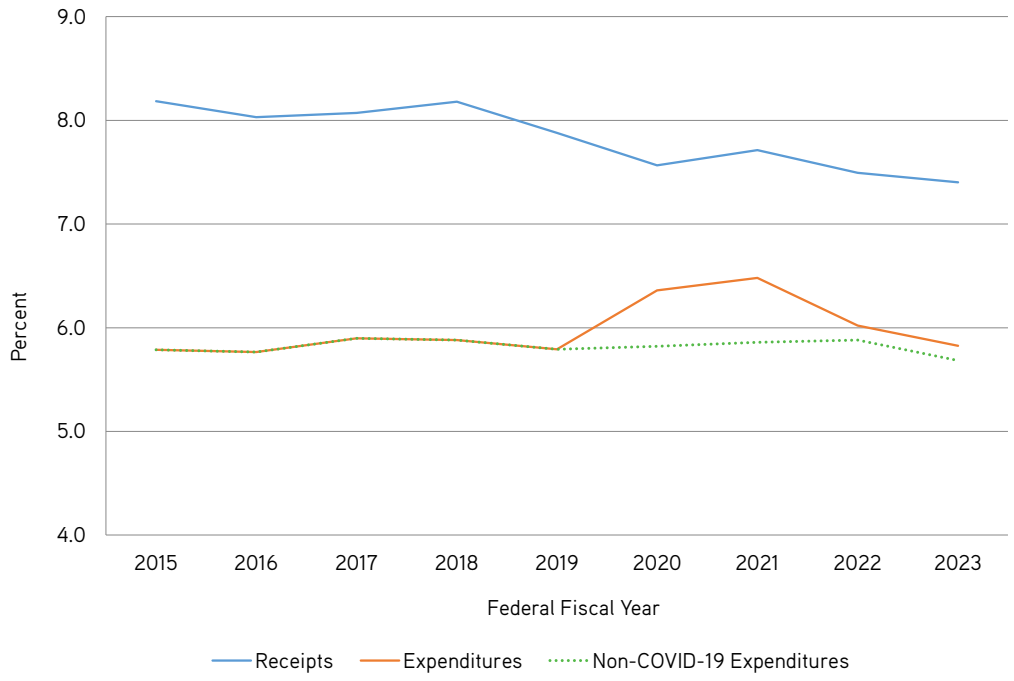
State	2015	2016	2017	2018	2019	2020	2021	2022	2023
Alabama	$6,346	$6,599	$6,745	$7,425	$8,250	$12,493	$12,495	$9,241	$10,268
Alaska	$4,678	$5,729	$7,280	$8,330	$8,745	$14,992	$15,773	$13,449	$14,760
Arizona	$3,336	$3,853	$4,558	$4,580	$5,002	$12,223	$9,838	$5,441	$7,195
Arkansas	$4,416	$4,709	$4,844	$5,036	$5,777	$10,629	$10,149	$7,073	$7,340
California	($588)	($422)	($535)	($924)	($562)	$7,103	$5,040	($1,238)	$342
Colorado	($103)	$174	$313	$216	$376	$6,291	$4,693	($243)	$1,051
Connecticut	($1,863)	($930)	($1,410)	($507)	$819	$7,944	$4,881	($305)	$2,937
Delaware	$2,098	$2,423	$3,016	$3,163	$3,632	$10,304	$9,155	$4,303	$5,360
Florida	$1,612	$2,432	$1,578	$2,158	$2,670	$7,591	$6,960	$526	$2,574
Georgia	$2,072	$2,627	$2,269	$2,460	$2,645	$8,770	$8,862	$2,980	$3,951
Hawaii	$5,585	$5,728	$5,808	$6,121	$6,484	$14,289	$13,975	$8,546	$10,291
Idaho	$3,129	$3,409	$3,300	$3,171	$3,430	$7,722	$6,271	$3,336	$4,191
Illinois	($1,339)	($851)	($614)	($595)	($267)	$6,191	$6,790	($361)	$818
Indiana	$1,834	$2,085	$2,348	$2,444	$3,020	$8,118	$8,181	$4,135	$4,415
Iowa	$1,063	$1,240	$1,448	$1,916	$2,428	$7,810	$7,589	$2,594	$3,481
Kansas	$1,018	$966	$1,448	$1,741	$2,235	$7,806	$6,843	$3,612	$3,900
Kentucky	$5,920	$6,050	$6,339	$6,689	$7,545	$13,058	$13,157	$9,605	$10,813
Louisiana	$2,962	$3,616	$4,519	$4,686	$5,317	$12,333	$13,034	$7,635	$8,784
Maine	$4,839	$5,131	$6,114	$5,399	$7,105	$12,487	$10,918	$7,497	$9,144
Maryland	$7,299	$7,875	$8,199	$8,722	$9,333	$17,000	$18,433	$14,119	$13,037
Massachusetts	($1,922)	($1,808)	($1,932)	($1,846)	($1,641)	$6,833	$4,180	($2,623)	($967)
Michigan	$1,911	$2,098	$2,316	$2,375	$2,997	$10,101	$8,667	$3,953	$4,584
Minnesota	($1,070)	($799)	($378)	($619)	($525)	$5,977	$4,886	($721)	$807
Mississippi	$6,575	$6,940	$8,076	$8,632	$9,143	$13,802	$13,942	$10,009	$11,714
Missouri	$3,411	$4,066	$3,932	$4,968	$5,257	$10,433	$9,596	$5,397	$7,150
Montana	$3,049	$3,687	$4,253	$4,574	$4,550	$10,103	$9,107	$4,791	$4,929
Nebraska	($349)	($51)	$526	$776	$1,064	$6,460	$6,006	$1,458	$2,351
Nevada	$1,235	$1,126	$1,399	$1,140	$1,669	$8,269	$7,274	$302	$2,120
New Hampshire	($886)	($839)	$32	$653	$910	$6,295	$2,893	($1,339)	$23
New Jersey	($3,240)	($2,977)	($2,771)	($2,878)	($2,628)	$4,239	$3,124	($3,617)	($2,011)
New Mexico	$8,312	$9,001	$9,319	$9,907	$10,998	$16,608	$18,719	$15,499	$16,178
New York	**($2,304)**	**($1,739)**	**($1,504)**	**($1,588)**	**($1,016)**	**$7,456**	**$6,495**	**($522)**	**$674**
North Carolina	$2,914	$2,843	$3,235	$3,321	$3,733	$8,756	$8,151	$4,324	$4,808
North Dakota	($887)	$650	$896	$1,110	$1,266	$8,105	$9,767	$3,466	$2,787
Ohio	$2,083	$2,311	$2,677	$2,723	$3,164	$9,189	$8,455	$4,170	$5,075
Oklahoma	$3,124	$4,219	$4,585	$4,651	$5,281	$10,711	$10,426	$7,687	$8,097
Oregon	$1,895	$1,873	$2,038	$2,029	$2,304	$8,240	$7,678	$3,125	$4,389
Pennsylvania	$1,516	$2,056	$2,344	$2,513	$2,991	$9,896	$8,834	$3,590	$4,826
Rhode Island	$2,306	$2,330	$2,502	$2,669	$2,952	$10,339	$10,259	$4,606	$4,767
South Carolina	$4,503	$4,579	$4,805	$5,063	$5,341	$10,339	$10,334	$5,982	$7,926
South Dakota	$885	$1,516	$2,290	$2,543	$3,344	$8,635	$7,968	$3,732	$3,626
Tennessee	$2,740	$2,886	$3,228	$3,373	$3,589	$8,958	$7,988	$4,290	$4,589
Texas	$31	$738	$785	$947	$1,170	$7,533	$6,828	$1,443	$2,603
US Average	**$2,168**	**$2,578**	**$2,865**	**$3,070**	**$3,521**	**$9,562**	**$8,900**	**$4,284**	**$5,344**
Utah	$158	($30)	$264	$194	$142	$4,297	$2,997	$184	$1,067
Vermont	$2,747	$3,483	$3,662	$3,681	$3,523	$11,162	$9,933	$5,418	$5,558
Virginia	$7,665	$7,848	$8,028	$8,772	$9,585	$15,783	$17,452	$13,692	$16,650
Washington	($122)	$60	($18)	($180)	($126)	$5,094	$3,592	($1,642)	($7)
West Virginia	$7,054	$7,782	$8,402	$8,170	$8,867	$14,472	$13,936	$11,506	$12,130
Wisconsin	$175	$375	$874	$1,144	$1,639	$7,100	$6,328	$2,364	$2,887
Wyoming	$566	$2,243	$1,827	$2,468	$2,532	$7,779	$6,173	$1,727	$3,218

New York's Balance of Payments: Emerging Trends

This report provides nine years of estimates for New York's balance of payments, from Federal fiscal years 2015 through 2023 (see Tables 10 and 11 above). New York's negative balance ranked at the bottom among the 50 states for the first three years of this analysis, from 2015 to 2017, improving only to 49th place in 2018 and 48th in 2019. Over those five years, New York taxpayers contributed $164.3 billion more to the Federal government than the state received back in Federal spending, the largest cumulative deficit of any state for that period. The COVID-19 pandemic and the Federal funding that flowed to cushion its blow reversed this trend, resulting in a large positive balance of payments for New York in 2020 and 2021. With pandemic funding continuing to recede, historical distributional patterns have begun to reemerge, though punctuated by some residual volatility.

As Federal pandemic spending has continued to fall, so too has New York's share of total allocable Federal expenditures. New York's share of expenditures peaked in 2021 at the height of the pandemic, as New York benefited disproportionately from the $4.1 trillion estimated to have been spent over the four years from 2020 through 2023. But if pandemic spending is removed from both nationwide and New York expenditures, New York's 2023 share is the lowest to date. Indeed, the revenues New York sends to the Federal government are also falling as a percentage of the national total. As indicated in Figure 6, this appears to be a long-term trend and likely a result of the state's slower economic and population growth relative to many other states.[7]

FIGURE 6 | New York Receipts and Expenditures Falling as Percent of National Total

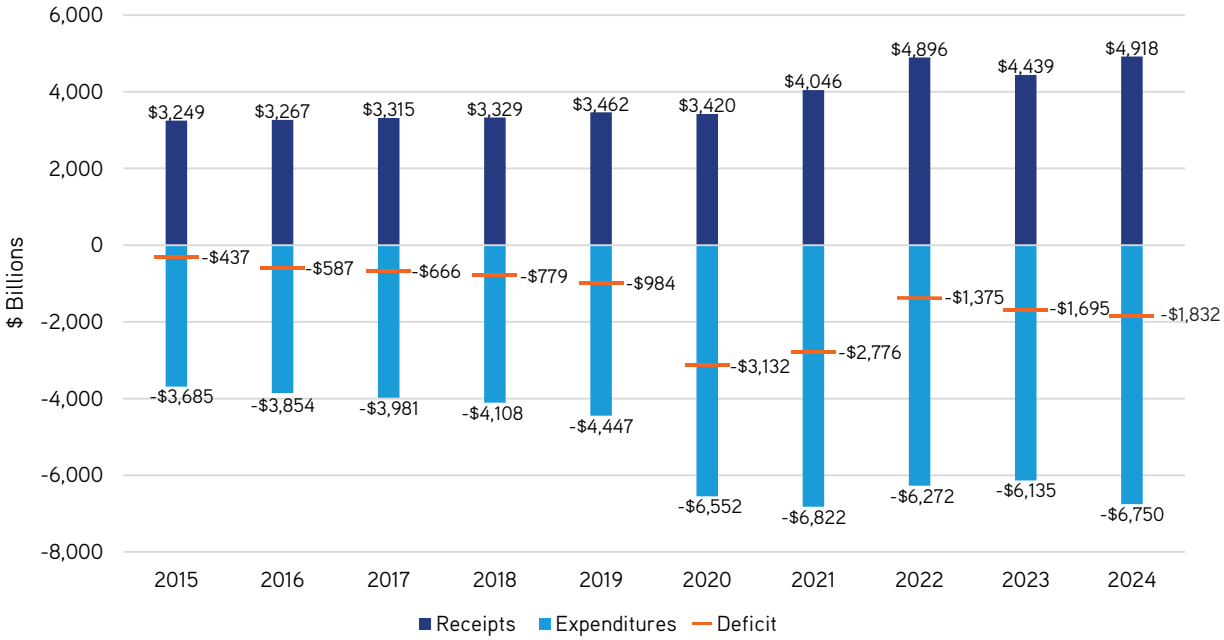


SOURCE: US Department of the Treasury.

But despite the long-term trends indicated in Figure 6, New York remains one of the largest contributors to the Federal treasury on both a total dollar and a per capita basis. Figure 7 indicates that Federal receipts grew 10.8 percent in 2024, which may indicate that the four states with the nation's highest levels of per capita receipts—Connecticut, Massachusetts, New Jersey, and New York—all neighboring states in the Northeast, are likely to have posted negative balance of payments for that year.

Continuing to look beyond 2023, it becomes instructive to consider the fiscal landscape following the pandemic, particularly in light of Federal legislation signed into law in recent years. The Infrastructure Investment and Jobs Act (IIJA), signed in November 2021, authorized $1.2 trillion over five years for transportation, energy, broadband, water infrastructure, and more. Although funding has been obligated, the Department of Transportation has not yet reported a significant volume of spending for FFY 2023. More significant spending is anticipated for FFY 2024 and beyond.

FIGURE 7 | Federal Deficits Remain Large



SOURCE: US Department of the Treasury.

Figure 7 portrays the 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 $1.7 trillion deficit for 2023 was historically high—72.3 percent greater than the 2019 pre-pandemic level of $984 billion. The Federal government spent what was then a record $659 billion on net interest payments in 2023, or 2.4 percent of US GDP, the most since 1998. Meanwhile, the 2024 deficit climbed even higher, reaching $1.8 trillion, with a record-breaking $882 billion spent on net interest payments. 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.[8] And on May 16, 2025, Moody's Ratings also downgraded the US government's long-term issuer and senior unsecured ratings from Aaa to Aa1, due to the increased amount of debt and high interest payment ratios, while at the same time changing the outlook status to stable from negative, based on the country's advantages associated with the dollar's role as the dominant reserve currency, its history of having an effective independent Federal Reserve, and its strong institutions rooted in the rule of law, the constitutional separation of powers, and strong monetary and macroeconomic policy institutions.[9]

The budget reconciliation package passed by the House of Representatives on May 22, 2025, is jointly estimated by the CBO and the Joint Committee on Taxation to add $2.4 trillion to the Federal debt over the next 10 years.[10] Thus, concerns surrounding the nation's fiscal situation are likely to continue to mount and portend even more pressure to reduce Federal spending, with implications for New York's balance of payments in future years. The reconciliation package passed by the House is estimated by the CBO, as adjusted by the Kaiser Family Foundation (KFF), to reduce the Federal contribution to Medicaid spending by $723 billion over 10 years, increasing the number of uninsured by 7.6 million nationwide.[11] The CBO/KFF analysis determines that approximately 1 million New Yorkers would be at risk of losing their health insurance by 2034 should this legislation be enacted in its current form. A recent Rockefeller Institute report outlining the potential administrative and legislative changes to Federal healthcare policy anticipates that the impact on New York will be significant.[12]

Concerns related to the mounting national debt were the rationale for the creation of the Department of Government Efficiency, or DOGE, in January 2025, whose mission was to cut $2 trillion from Federal spending. One way DOGE has sought to achieve spending reductions is by cutting the Federal workforce. Although there is no definitive accounting of the number Federal workers that have lost their jobs over the last four months, *The New York Times* is tracking approximately 284,000 in confirmed cuts (with the proviso that some of these employees have been reinstated by court order and some have been called back to work by the agencies themselves), employee buyouts, and planned reductions combined.[13] Although data are not yet available that would fully reflect these actions, Table 12, which presents the distribution of Federal workers across the states and DC for 2024, indicates which states may be most at risk of losing significant numbers of jobs if the planned cuts come to full fruition. Table 13 further shows the distribution of New York's Federal workers by Federal agency. New York's Federal workers represent 3.9 percent of the national Federal workforce, and only 1.2 percent of New York's total workforce. But Federal workers earn a solid middle-class average wage, representing over $11 billion in annual wages for roughly 116,000 workers in New York. Hence, a substantial loss of Federal government jobs could in turn have significant local macroeconomic effects, as well as negatively affect the state's balance of payments.

TABLE 12 | Distribution of Federal Employment and Wages Across the States: CY 2024

State	Total Employment		Total Wages ($000s)		Average Wage	Federal Employment as a Share of State Total
	Level	Share	Level	Share		
Alabama	58,274	1.9%	$5,872,936	1.9%	$100,781	2.8%
Alaska	15,537	0.5%	$1,542,114	0.5%	$99,254	4.7%
Arizona	59,177	2.0%	$5,916,014	1.9%	$99,971	1.8%
Arkansas	21,856	0.7%	$1,916,976	0.6%	$87,710	1.7%
California	254,253	8.5%	$26,833,027	8.8%	$105,537	1.4%
Colorado	57,087	1.9%	$5,999,920	2.0%	$105,101	2.0%
Connecticut	18,700	0.6%	$1,754,286	0.6%	$93,814	1.1%
Delaware	6,725	0.2%	$630,941	0.2%	$93,817	1.4%
District Of Columbia	192,644	6.4%	$27,162,724	8.9%	$141,000	25.4%
Florida	161,319	5.4%	$15,465,696	5.1%	$95,870	1.6%
Georgia	112,796	3.8%	$10,615,357	3.5%	$94,111	2.3%
Hawaii	35,680	1.2%	$3,461,982	1.1%	$97,028	5.6%
Idaho	14,480	0.5%	$1,314,201	0.4%	$90,760	1.7%
Illinois	82,325	2.7%	$7,942,457	2.6%	$96,477	1.4%
Indiana	40,540	1.4%	$3,605,039	1.2%	$88,926	1.3%
Iowa	18,372	0.6%	$1,520,313	0.5%	$82,752	1.2%
Kansas	26,914	0.9%	$2,350,351	0.8%	$87,327	1.9%
Kentucky	36,332	1.2%	$3,084,591	1.0%	$84,900	1.8%
Louisiana	32,547	1.1%	$2,873,302	0.9%	$88,283	1.7%
Maine	17,318	0.6%	$1,686,235	0.6%	$97,371	2.7%
Maryland	161,679	5.4%	$21,248,924	6.9%	$131,427	5.8%
Massachusetts	46,259	1.5%	$4,769,318	1.6%	$103,100	1.3%
Michigan	57,503	1.9%	$5,398,714	1.8%	$93,886	1.3%
Minnesota	33,502	1.1%	$3,180,785	1.0%	$94,944	1.1%
Mississippi	27,410	0.9%	$2,368,494	0.8%	$86,411	2.3%
Missouri	57,127	1.9%	$5,013,771	1.6%	$87,766	2.0%
Montana	14,286	0.5%	$1,321,636	0.4%	$92,513	2.8%
Nebraska	17,319	0.6%	$1,520,439	0.5%	$87,789	1.7%
Nevada	22,624	0.8%	$2,125,872	0.7%	$93,967	1.5%
New Hampshire	9,115	0.3%	$929,548	0.3%	$101,977	1.3%
New Jersey	49,773	1.7%	$5,052,185	1.7%	$101,504	1.2%
New Mexico	30,042	1.0%	$2,900,402	0.9%	$96,546	3.5%
New York	116,109	3.9%	$11,249,177	3.7%	$96,884	1.2%
North Carolina	82,195	2.7%	$7,366,763	2.4%	$89,626	1.7%
North Dakota	9,345	0.3%	$784,623	0.3%	$83,962	2.2%
Ohio	84,951	2.8%	$8,127,817	2.7%	$95,677	1.5%
Oklahoma	53,233	1.8%	$4,657,275	1.5%	$87,488	3.1%
Oregon	29,522	1.0%	$2,894,431	0.9%	$98,042	1.5%
Pennsylvania	103,709	3.5%	$9,645,551	3.2%	$93,006	1.7%
Rhode Island	11,849	0.4%	$1,214,836	0.4%	$102,529	2.4%
South Carolina	38,035	1.3%	$3,428,387	1.1%	$90,137	1.7%
South Dakota	11,742	0.4%	$1,000,580	0.3%	$85,214	2.6%
Tennessee	58,146	1.9%	$5,898,254	1.9%	$101,439	1.8%
Texas	224,541	7.5%	$21,843,000	7.1%	$97,278	1.6%
Utah	41,376	1.4%	$3,567,352	1.2%	$86,218	2.4%
Vermont	6,859	0.2%	$699,084	0.2%	$101,926	2.2%
Virginia	194,079	6.5%	$22,344,845	7.3%	$115,133	4.7%
Washington	79,628	2.7%	$7,986,618	2.6%	$100,299	2.2%
West Virginia	26,586	0.9%	$2,591,045	0.8%	$97,458	3.8%
Wisconsin	31,362	1.0%	$2,645,020	0.9%	$84,339	1.1%
Wyoming	8,106	0.3%	$719,673	0.2%	$88,778	2.9%
United States	3,000,886	100.0%	$306,042,879	100.0%	$101,984	1.9%

NOTE: The District of Columbia is included for reference.

SOURCE: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

TABLE 13 | Federal Government Employment and Wages in New York: CY 2024

Agency	Number of Establishments	Total Employment	Total Wages	Average Wage
Statewide	2768	116,140	$11,252,178,334	$96,884
Army and Airforce Exchange Services	2	576	$14,377,783	$24,972
Army Non-Appropriated Funds	51	880	$38,833,289	$44,108
Coast Guard Exchange System Morale, Well-Being, and Recreation Program	4	13	$380,272	$29,825
Commodity Futures Trading Commission	1	165	$34,533,866	$209,830
Consumer Financial Protection Bureau	1	49	$11,079,876	$225,751
Department of Veterans Affairs	27	19,925	$2,126,005,965	$106,701
Department of Agriculture	141	1,209	$107,772,988	$89,130
Department of Commerce	50	980	$81,455,532	$83,111
Department of Defense	89	11,135	$957,026,237	$85,951
Department of Education	3	91	$13,444,317	$148,016
Department of Energy	51	174	$25,871,468	$149,089
Department of Justice	60	5,514	$745,983,691	$135,285
Department of Labor	32	671	$89,604,561	$133,539
Department of State	12	331	$41,984,958	$126,885
Department of the Air Force Non-Appropriated Funds	4	36	$1,045,343	$29,446
Department of the Interior	34	1,005	$98,432,621	$97,967
Department of Transportation	19	2,427	$409,377,777	$168,698
Department of Treasury	29	7,590	$780,548,815	$102,845
Environmental Protection Agency	7	647	$89,326,447	$138,116
Equal Employment Opportunity Commission	3	82	$9,499,510	$115,848
Federal Communications Commission	1	13	$2,053,293	$156,980
Federal Deposit Insurance Corporation	3	271	$55,862,465	$206,455
Federal Trade Commission	2	48	$8,249,860	$170,699
General Services Administration	22	572	$75,020,953	$131,137
Government Accountability Office	1	10	$1,331,592	$133,159
Homeland Security	95	12,286	$1,449,843,162	$118,006
Merit Systems Protection Board	1	17	$2,246,908	$130,256
National Aeronautics Space Administration	1	47	$7,831,746	$165,751
National Archives/Records Administration	2	29	$3,142,243	$107,722
National Credit Union Administration	14	60	$8,782,252	$145,957
National Labor Relations Board	5	89	$12,106,197	$136,408
National Science Foundation	1	14	$1,595,854	$113,990
Navy Exchange	3	31	$1,120,933	$35,870
Nuclear Regulatory Commission	3	16	$1,831,549	$112,159
Office Of Personnel Management	5	30	$3,740,103	$124,670
Overseas Private Investment Corporation	2	25	$4,328,582	$171,429
Railroad Retirement Board	4	13	$1,105,788	$87,276
Securities And Exchange Commission	1	588	$141,767,831	$241,307
Small Business Administration	5	175	$18,748,454	$106,878
Smithsonian Institution	3	226	$19,350,389	$85,686
Social Security Administration	37	3,509	$361,288,364	$102,948
The Corporation for National and Community Service	1	29	$3,176,653	$111,150
The Department of Housing and Urban Development	4	407	$54,729,363	$134,444
United States Federal Courts	18	1,995	$234,779,093	$117,659
US Department of Health And Human Services	44	1,043	$136,516,734	$130,847
US Postal Service	1819	41,012	$2,953,505,451	$72,016
Veterans Affairs	3	23	$3,270,820	$142,210
Other	34	63	$8,259,849	$130,302

SOURCE: New York State Department of Labor, Quarterly Census of Employment and Wages.

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 2022 tax year, the most recent year for which detailed Federal tax return data are available, 0.9 percent of New York taxpayers with positive personal income tax liability and Federal adjusted gross incomes of $1 million or more accounted for 42.4 percent of total Federal tax liability.[14] Meanwhile, 68.4 percent of taxpayers with incomes below $100,000 accounted for 11.5 percent of New Yorkers' total Federal income tax liability. New York's expansive fiscal capacity is often construed as a justification for New York to be subsidizing other states, but this argument fails to appreciate the extreme diversity of economic outcomes within the state and the equally 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.[15] The official poverty rate is derived from a set of income thresholds developed by the Census Bureau that vary by family size and composition. These thresholds are based on a family's "money income," defined as before-tax income excluding capital gains and noncash government-funded benefits. For example, for a family of four with two related children under 18, the 2023 poverty threshold is $30,900; 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, without regard to cost-of-living differences.

The official poverty rates for the nation and the states for the 2023 calendar year are presented in the first column of Table 14. The Census Bureau reports that 12.5 percent of the national population was living at or below the poverty threshold in 2023. Although New York had the fourth highest level of per capita receipts in FFY 2023 (see the last column), the state's official poverty rate was 1.6 percentage points above the national rate, at 14.1 percent. Table 14 indicates that only eight states had an official poverty rate higher than New York, and that these eight states are also the states with the lowest levels of per capita receipts in FFY 2023. These data 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 a more comprehensive alternative measure of poverty.[16] 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 differences, 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 14) 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 under the SPM methodology, only four 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 who are at risk of being socially vulnerable to natural disasters.[17] The Census Bureau identifies 10 risk factors associated with social vulnerability based on American Community Survey (ACS) data.[18] 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 15 ranks the 50 states by the percentage of individuals at low risk of social vulnerability and at high risk. Based on the CRE methodology, 29.6 percent of New Yorkers are deemed to be at low risk for 2023, the fourth lowest in the nation. But when states are ranked by the percentage of individuals at high risk, New York places second only to Mississippi. Here again, we see that New York finds itself in both extremes of the spectrum.

Data pertaining to publicly funded healthcare coverage provides further evidence that New York has a large population of low-income individuals in need of public services. After peaking at over 8 million during the pandemic period, Medicaid enrollment stood at approximately 6.9 million state residents, or 35 percent of the population, as of April 2025.[19] When combined with individuals covered under Child Health Plus and the Essential Plan, over 9 million New Yorkers—almost half of the state's population—are enrolled in publicly subsidized health insurance programs.[20] 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 insurance is likely to remain high.

These data, in combination with state revenue collections, speak to New York as a state endowed with some of the most and least fortunate households in the nation. The third column in Table 15 displays the Gini Coefficient, a widely cited measure of income inequality, also published by the Census Bureau based on ACS data.[21] The Gini index varies from zero to one, where an index value of zero indicates perfect equality, which is defined as every household having the same income in proportion to its size; a 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 2023 data.

TABLE 14 | Alternative Poverty Measures

Official: 2023 (Percent of Population)		SPM: 2021–23 Three-Year Average (Percent of Population)		Official: 2021–23 Three-Year Average (Percent of Population)		Per Capita Receipts: FY 2023 (Dollars)	
United States	12.5	United States	11.0	United States	11.4	United States	$12,662
Louisiana	18.9	California	15.4	Louisiana	18.9	Connecticut	$18,241
Mississippi	18.3	Louisiana	14.3	New Mexico	18.5	Massachusetts	$17,880
New Mexico	16.9	Florida	14.0	Mississippi	17.3	New Jersey	$16,395
West Virginia	16.4	Mississippi	13.5	Arkansas	15.8	New York	$16,145
Kentucky	16.1	New York	12.9	Kentucky	15.7	Washington	$15,752
Oklahoma	15.8	Texas	12.6	West Virginia	15.3	New Hampshire	$15,676
Alabama	15.7	Nevada	12.6	Oklahoma	14.9	California	$15,261
Arkansas	15.4	Kentucky	11.9	Alabama	14.6	Wyoming	$14,969
New York	14.1	West Virginia	11.8	North Carolina	13.2	Colorado	$14,676
South Carolina	13.9	Arkansas	11.8	Texas	13.1	Maryland	$14,107
Tennessee	13.8	Georgia	11.6	Nevada	12.9	Florida	$13,914
Georgia	13.7	Alabama	11.5	Georgia	12.9	Virginia	$13,666
Texas	13.7	North Carolina	11.4	South Carolina	12.7	Illinois	$13,444
Michigan	13.5	Arizona	11.1	Florida	12.5	Minnesota	$13,277
Ohio	13.2	New Mexico	10.9	Arizona	12.4	Nevada	$12,899
North Carolina	12.8	Oklahoma	10.4	New York	12.1	North Dakota	$12,541
Arizona	12.6	Maryland	10.4	Michigan	11.9	Rhode Island	$12,439
Florida	12.4	Hawaii	10.3	California	11.7	Texas	$12,321
Indiana	12.2	New Jersey	10.3	Missouri	11.1	Pennsylvania	$12,224
Nevada	12.2	South Carolina	10.1	Ohio	10.9	Delaware	$12,179
Oregon	12.1	Massachusetts	9.7	Pennsylvania	10.7	South Dakota	$12,134
California	12.0	Alaska	9.6	Tennessee	10.6	Nebraska	$12,125
Missouri	12.0	Virginia	9.6	Alaska	10.4	Oregon	$11,783
Pennsylvania	11.9	Illinois	9.4	Illinois	10.0	Montana	$11,753
Montana	11.8	Colorado	9.4	Oregon	9.8	Alaska	$11,711
Illinois	11.6	Missouri	9.3	Montana	9.7	Vermont	$11,631
Rhode Island	11.4	Michigan	9.2	Indiana	9.7	Wisconsin	$11,446
South Dakota	11.4	Pennsylvania	9.1	Delaware	9.6	Utah	$11,391
Kansas	11.2	Washington	9.1	Hawaii	9.3	Hawaii	$11,308
Iowa	11.1	Connecticut	9.0	North Dakota	9.3	Kansas	$10,870
Delaware	10.8	Montana	8.8	Virginia	9.2	Arizona	$10,837
Wisconsin	10.6	Tennessee	8.7	Iowa	9.0	North Carolina	$10,804
Alaska	10.5	Delaware	8.5	Kansas	8.9	Tennessee	$10,772
Maine	10.5	Oregon	8.4	Rhode Island	8.9	Georgia	$10,747
Massachusetts	10.5	Ohio	8.2	Idaho	8.9	Iowa	$10,638
Wyoming	10.4	Vermont	8.1	Massachusetts	8.8	Michigan	$10,563
Washington	10.3	Indiana	8.0	Connecticut	8.8	Maine	$10,365
Connecticut	10.2	Kansas	8.0	Maine	8.7	Idaho	$10,274
Hawaii	10.2	North Dakota	7.5	Wyoming	8.6	Missouri	$10,235
Nebraska	10.2	New Hampshire	7.4	Maryland	8.5	Ohio	$10,124
Virginia	10.2	Wyoming	7.3	Washington	8.5	Indiana	$10,082
Idaho	10.1	Rhode Island	6.8	New Jersey	8.4	South Carolina	$9,769
North Dakota	10.0	Idaho	6.8	Nebraska	8.4	Oklahoma	$8,875
Vermont	9.9	Utah	6.8	Wisconsin	8.4	Louisiana	$8,742
Maryland	9.7	Nebraska	6.7	South Dakota	8.3	Alabama	$8,706
New Jersey	9.7	Wisconsin	6.6	Colorado	8.2	Arkansas	$8,684
Colorado	9.4	Iowa	6.5	Vermont	7.7	New Mexico	$8,474
Minnesota	9.2	South Dakota	6.2	Minnesota	7.2	Kentucky	$8,431
Utah	9.0	Minnesota	6.1	New Hampshire	7.1	West Virginia	$7,742
New Hampshire	7.3	Maine	5.9	Utah	6.7	Mississippi	$7,452

TABLE 15 | 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	34.9	United States	20.4	United States	0.483	United States	$77,719
Hawaii	26.8	Mississippi	26.0	New York	0.516	Utah	$97,924
New Mexico	28.2	New York	25.5	Louisiana	0.497	Maryland	$94,809
California	28.5	Louisiana	24.7	Connecticut	0.495	Massachusetts	$92,158
New York	29.6	New Mexico	24.5	Massachusetts	0.488	New Hampshire	$92,108
Alaska	30.9	Arkansas	23.6	California	0.487	New Jersey	$91,581
Nevada	31.1	Alabama	23.5	Mississippi	0.484	Colorado	$91,525
Florida	31.3	West Virginia	23.0	Florida	0.483	Virginia	$89,196
Oklahoma	31.3	Oklahoma	22.6	Illinois	0.481	Hawaii	$89,050
Mississippi	31.7	Kentucky	22.0	Georgia	0.479	Connecticut	$88,222
Texas	31.8	Florida	21.9	New Jersey	0.479	North Dakota	$87,326
Louisiana	31.8	Texas	21.7	Texas	0.479	Alaska	$87,201
Arizona	31.9	Tennessee	21.3	Alabama	0.477	Washington	$87,096
Arkansas	32.0	South Carolina	21.0	New Mexico	0.477	Minnesota	$86,438
Oregon	33.8	Pennsylvania	20.8	Pennsylvania	0.477	California	$84,804
Alabama	34.7	New Jersey	20.7	Kentucky	0.476	Vermont	$83,434
Wyoming	34.7	Nevada	20.4	Tennessee	0.476	Nebraska	$82,685
Montana	35.1	Delaware	20.3	Arkansas	0.474	South Dakota	$82,631
West Virginia	35.3	Rhode Island	20.3	Oklahoma	0.474	Rhode Island	$82,355
South Carolina	35.4	Arizona	20.2	North Carolina	0.473	Delaware	$82,229
Delaware	35.7	Ohio	20.2	South Carolina	0.472	Idaho	$81,880
Washington	35.7	Illinois	20.2	Virginia	0.472	Illinois	$81,277
New Jersey	36.0	North Carolina	20.1	Ohio	0.470	Wyoming	$80,968
Kentucky	36.0	Michigan	20.1	Washington	0.470	Iowa	$80,730
Idaho	36.2	Alaska	20.0	West Virginia	0.468	Wisconsin	$80,208
Tennessee	36.3	California	19.8	Michigan	0.466	Nevada	$78,709
North Carolina	36.6	Indiana	19.4	Rhode Island	0.466	Montana	$78,608
Georgia	36.8	Montana	19.4	Arizona	0.465	Kansas	$78,159
Illinois	37.3	Georgia	19.4	Oregon	0.464	Texas	$77,981
Rhode Island	38.0	Oregon	19.3	Nebraska	0.463	Georgia	$77,065
Maine	38.3	Wyoming	19.2	Nevada	0.463	Oregon	$76,452
Pennsylvania	38.5	South Dakota	19.1	South Dakota	0.462	Arizona	$76,315
Michigan	38.6	Missouri	19.1	Missouri	0.461	New York	$76,238
Missouri	39.0	Hawaii	18.9	Montana	0.460	Pennsylvania	$75,719
Maryland	39.2	Connecticut	18.9	Colorado	0.458	Maine	$75,659
Connecticut	39.2	Wisconsin	18.5	Delaware	0.456	Indiana	$75,347
Ohio	39.6	Maine	18.4	Maryland	0.456	North Carolina	$75,248
Indiana	39.7	Massachusetts	18.4	Vermont	0.455	Missouri	$74,632
Virginia	39.7	Maryland	18.3	Indiana	0.454	Ohio	$73,926
Massachusetts	39.8	Kansas	18.0	Minnesota	0.454	Michigan	$73,364
Kansas	40.1	Virginia	17.8	Kansas	0.452	Tennessee	$73,124
South Dakota	40.3	Iowa	17.8	Hawaii	0.451	South Carolina	$72,967
Wisconsin	40.4	Washington	17.3	Maine	0.451	Florida	$70,838
Colorado	40.6	North Dakota	17.3	Alaska	0.449	Oklahoma	$70,362
Vermont	40.7	Idaho	17.2	Wisconsin	0.448	Alabama	$69,188
Iowa	41.7	Nebraska	17.0	Iowa	0.446	New Mexico	$68,911
Nebraska	42.1	Minnesota	16.7	Wyoming	0.446	Arkansas	$67,910
Utah	42.5	Vermont	16.5	New Hampshire	0.445	Kentucky	$67,537
New Hampshire	42.9	Colorado	15.8	North Dakota	0.445	Louisiana	$65,961
Minnesota	43.0	New Hampshire	15.6	Idaho	0.440	Mississippi	$62,304
North Dakota	43.3	Utah	13.2	Utah	0.423	West Virginia	$62,241

*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.[22] Unlike the Medicare program, which is fully funded by the Federal government, the Medicaid program is jointly funded by the Federal government, states, and localities. As Moynihan proclaimed in that report, when Medicaid was created in 1966, "no state joined in with more enthusiasm than New York."[23] In 2023, New York accounted for approximately 10 percent of the Federal portion of total program funding, but accounted for 13 percent of the state and local portion. 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). New York's high per capita income ranked fourth among the 50 states for CY 2023 and, along with nine other high-income 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.

Because the distribution of income in New York is so highly skewed, median income is a more representative measure of income than the average. The final column of Table 15 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 32nd by this measure. If the state's 2023 level of per capita receipts is adjusted for cost-of-living differences, New York's rank remains high at fifth place. These data indicate that incorporating median measures of state income into program distribution formulas has the potential to produce very different results that are more representative of need, 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 reminded readers of the FFY 1995 version of the balance of payments report of the important difference between fiscal capacity and fiscal effort.[25] In that report, Senator Moynihan defined tax capacity as a state's relative ability to raise revenue and "tax effort" as the extent to which a state taps into that capacity, both measured on a per capita basis. Because of New York's generous endowment of very high-income residents relative to other states, New York had then, as it does now, solid fiscal capacity, as represented by its high per capita income. But by 1995, the state had already stretched its fiscal effort to the limit. Indeed, New York's high-income taxpayers continue to pay some of the highest tax rates in the nation. An overreliance on a relatively narrow segment of the tax base at the top of the income ladder can also result in excessive volatility in tax collections over the course of the business cycle.[26]

In addition, tax rate differentials across states, if sufficiently large, can create tax migration risk.[27] 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. New York taxpayers may get some relief depending on the outcome

of negotiations still underway as of this writing. Senator Moynihan might have added the SALT cap to the list of structural impediments that fuel the state's position as a subsidizer of states that apply less fiscal effort than New York, despite the state's own unmet needs. With pandemic funding exiting the fiscal picture, these inequities have begun to reassert their dominance over the state's balance of payments with the rest of the nation.

Conclusion

New York's decades-long position as a net donor state to the Federal government was disrupted by the COVID-19 pandemic starting in FFY 2020. Boosted by unprecedented levels of Federal COVID-19 relief, the state's balance of payments was catapulted from the bottom five to the top five for two years—a reversal driven by extraordinary, time-limited interventions. Although pandemic funding has dwindled, the impact of the pandemic on the economy has proven to be more durable, injecting a high degree of volatility in the performance of Federal revenue collections, particularly those related to the performance of financial markets. This volatility translated into New York's balance of payments turning negative once again in 2022, reassuming a rank among the bottom five states, then bouncing back to positive in 2023 and an unprecedented position close to the middle of the distribution at 27th. But as highlighted in Table 1, had it not been for the impact of COVID-19 relief spending, it is virtually certain that New York would have remained among the bottom five states over the life of this analysis.

As the temporary pandemic-era programs continue to unwind, longstanding structural imbalances are reasserting themselves. As Senator Daniel Patrick Moynihan long emphasized, New York's high Federal tax burden—driven by a progressive tax system and a concentration of high-income earners—*typically outpaces* the Federal spending it receives, potentially only temporarily offset by the long tail of the pandemic. At the same time, the state receives disproportionately low levels of Federal investment in areas such as defense contracts, Federal employee wages, and discretionary grants.

These structural dynamics, resulting in a high Federal tax burden relative to Federal spending, persist despite New York's economic profile not being uniformly affluent. While the state's per capita revenue contribution ranks fourth nationally, reflecting its relatively small population of extremely high earners, its median household income ranks 32nd adjusted for the cost of living—thus, by several measures, New York has one of the highest poverty rates in the country. As the 2023 budgetary data illustrate, New York's structural fiscal imbalance leaves it in the position of receiving less in Federal support relative to its contribution than many states with less internal economic disparity and lower levels of poverty.

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, the 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, which 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 2025*, published in March 2024. This document provides the most current data on total US spending, including final spending amounts for Federal fiscal years 2015 through 2023. The data used in this analysis are taken from the *Analytical Perspectives* volume and the Federal budget database that accompanies the Federal budget.[28]

In Federal fiscal year 2023, the Federal government had receipts of $4.44 trillion and expenditures of $6.13 trillion, creating a deficit of $1.69 trillion (Historical Table 1.1). Using categories generally used in the Federal budget, Federal receipts were broken down into the major categories displayed in Table 16. The categories were disaggregated further as discussed below. The tables show the amounts for FFY 2023, which is the reference year of analysis for this report, and for FFY 2022 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, alcohol, and other taxes, consisting primarily of estate and gift taxes.

Expenditures:

- Direct payments for individuals, such as Social Security and Medicare.
- Grants such as Medicaid and grants from the Federal Highway Trust Fund.
- Contractual and procurement spending.
- Wages and salaries of Federal workers.
- COVID-19 relief spending.

TABLE 16 | Federal Receipts and Expenditures by Major Category
(Dollars in Millions)

	FFY 2022	FFY 2023
Receipts	**$4,897,339**	**$4,440,947**
Allocable Receipts	**$4,660,816**	**$4,319,991**
Income and Employment Taxes	$4,115,673	$3,790,937
Individual Income Taxes	$2,632,146	$2,176,481
Social Insurance and Retirement Receipts	$1,483,527	$1,614,456
Corporate Income Taxes	$424,865	$419,584
Excise Taxes	$87,728	$75,802
Other Allocable Receipts	$32,550	$33,668
Unallocable Receipts	**$236,523**	**$120,956**
Expenditures	**$6,273,324**	**$6,134,672**
Allocable Expenditures	**$5,651,732**	**$5,730,884**
Direct Payments to Individuals	$3,197,477	$3,418,941
Grants	$950,914	$991,153
Contracts	$750,394	$770,224
Wages	$315,015	$328,483
COVID-19 Relief	$437,933	$222,083
Unallocable Expenditures	**$621,592**	**$403,788**
Deficit	($1,375,985)	($1,693,725)
Deficit Reflected in Allocable Numbers	($990,916)	($1,410,893)

Receipts Details

Table 17 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 2025. 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 is 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 17 | Detailed Breakdown of Federal Receipts
(Dollars in Millions)

	FFY 2022	FY 2023	Source*
Receipts	**$4,897,399**	**$4,440,947**	**Calculated**
Income and employment taxes	**$4,115,673**	**$3,790,937**	**Calculated**
Individual Income Taxes	$2,632,146	$2,176,481	Table 2.1
Social Insurance and Retirement Receipts	$1,483,527	$1,614,456	Table 2.1
Employment and General Retirement	$1,410,735	$1,558,147	Table 2.4
Old-Age, Survivors Insurance, and Disability Insurance	$1,065,975	$1,193,755	Calculated
Old-Age and Survivors Insurance (Off-Budget)	$911,191	$1,020,442	Table 2.4
Disability Insurance (Off-Budget)	$154,784	$173,313	Table 2.4
Hospital Insurance	$339,145	$357,762	Table 2.4
Railroad Retirement (summed)	$5,615	$6,630	Table 2.4
Unemployment Insurance (Trust Funds)	$66,498	$49,404	Table 2.4
Other Retirement (Federal and Nonfederal Employees)	$6,294	$6,905	Table 2.4
Corporate Income Taxes	**$424,865**	**$419,584**	**Table 2.1**
Excise Taxes	**$87,728**	**$75,802**	**Table 2.1**
Transportation (Trust Fund)	$46,631	$42,216	Table 2.4
Tobacco	$11,259	$10,299	Table 2.4
Airport and Airway	$11,377	$22,277	Table 2.4
Health Insurance Providers	—	—	Table 2.4
Alcohol	$10,196	$9,501	Table 2.4
Other Excises	$8,265	($8,491)	Calculated
Other Allocable Receipts			
Estate and Gift Taxes	$32,550	$33,668	Table 2.5
Unallocable Receipts	**$236,523**	**$120,956**	**Table 2.5**
Customs Duties and Fees	$99,908	$80,338	Table 2.5
Federal Reserve Deposits	$106,674	$581	Table 2.5
All Other Miscellaneous Receipts	$29,941	$40,037	Table 2.5

*Table numbers refer to Historical Tables, *Budget of the United States Government, Fiscal Year 2025.*

A subset of receipt categories is classified as unallocable. These are monies received by the Federal government that cannot be attributed to a specific state or territory and represented 2.7 percent of total receipts collected in FFY 2023. 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. This is a standard practice in the calculation of the 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 is also classified as unallocable, representing 6.6 percent of total expenditures in FFY 2023. 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.

Direct payments include social security payments, retirement, education, housing, food, and other public assistance programs (see Table 18). 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 Credit and the refundable child credit.

TABLE 18 | Detailed Breakdown of Federal Direct Payments Expenditures

(Dollars in Millions)

	FFY 2022	FFY 2023	Source*
Direct Payments for Individuals	**$4,238,948**	**$4,512,888**	**Table 11.3**
Social Security and Railroad Retirement	**$1,221,859**	**$1,357,344**	**Table 11.3**
Social Security: Old-Age and Survivors Insurance	$1,069,167	$1,197,696	Table 11.3
Social Security: Disability Insurance	$142,609	$149,705	Table 11.3
Railroad Retirement (excluding Social Security)	$10,083	$9,943	Table 11.3
Federal Employees Retirement and Insurance	**$308,761**	**$331,538**	**Table 11.3**
Civil Service Retirement	$96,680	$104,068	Table 11.3
Veterans Service-Connected Compensation	$135,658	$148,428	Table 11.3
Military Retirement	$71,532	$74,680	Table 11.3
Other	$4,891	$4,362	Table 11.3
Unemployment Assistance (1)	**$48,037**	**$30,976**	**Table 11.3**
Medical Care	**$2,009,330**	**$2,233,144**	**Table 11.3**
Medicare: SMI plus HI (2)	$896,445	$994,863	calculated
Medicare: Supplementary Medical Insurance	$556,892	$604,180	Table 11.3
Medicare: Hospital Insurance	$339,553	$390,683	Table 11.3
Hospital and Medical Care for Veterans	$109,961	$124,474	Table 11.3
Refundable Premium Tax Credit and Cost Sharing Reductions	$67,281	$68,998	Table 11.3
Uniformed Services Retiree Health Care Fund (TRICARE)	$11,174	$11,568	Table 11.3
Medical Care—Other	$28,024	$38,378	calculated
Assistance to Students	**$173,664**	**$202,313**	**Table 11.3**
Student Assistance—Department of Education and other (3)	$161,593	$189,654	Table 11.3
Veterans Education Benefits	$12,071	$12,659	Table 11.3
Housing Assistance	**$16,308**	**$17,740**	**Table 11.3**
Food and Nutrition Assistance	**$137,947**	**$123,890**	**Table 11.3**
SNAP (formerly Food stamps) (including Puerto Rico) (4)	$137,797	$123,787	Table 11.3
Food and Nutrition Assistance—Other	$150	$103	calculated
Public Assistance and Related Programs	**$309,248**	**$199,734**	**Table 11.3**
Earned Income Tax Credit	$64,282	$55,468	Table 11.3
Supplemental Security Income Program	$58,864	$57,675	Table 11.3
Payment Where Child Tax Credit and Child and Dependent Care Tax Credit Exceed Tax Liability	$138,865	$28,995	Table 11.3
Advance Child Tax Credit Payments and Other Pandemic Payments and Credits (5)	$42,579	$53,488	Table 11.3
Public Assistance—Other	$4,658	$4,108	calculated
All Other Payments for Individuals	**$13,793**	**$16,209**	**Table 11.3**

(1) Amount for FFY 2022 includes COVID-19 relief payments made through the Pandemic Unemployment Assistance and Federal Pandemic Unemployment Compensation programs.

(2) Amount for FFY 2022 includes COVID-19 relief payments allocated through the Medicare 2% reimbursement rate add-on.

(3) Amounts include COVID-19 relief payments allocated throught the Education Stabilization Fund and the Student Loan deferals programs.

(4) Amounts include COVID-19 relief payments made through the SNAP Pandemic EBT program.

(5) Amounts are COVID-19 relief payments.

*Table numbers refer to *Historical Tables, Budget of the United States Government, Fiscal Year 2025.*

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

TABLE 19 | Federal Receipts Allocators

Program	Source	2022	2023
Individual Income Taxes	IRS Statistics of Income, Table 2	Y	2022
Old-Age, Survivors Insurance, and Disability Insurance	Social Security Administration OASDI Contributions	Y	2022
Hospital Insurance	Social Security Administration Hospital Insurance Contributions	Y	2022
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 Bureau population estimates	Y	Y
Corporate Income Taxes	BEA Weighted average of capital and wages	Y	Y
Transportation (Trust Fund)	FHWA payments into the FHTF Highway Account	Y	Y
Tobacco	Census Bureau population estimates	Y	Y
Airport and Airway	Census Bureau population estimates	Y	Y
Health Insurance Providers	Oliver Wyman Analysis	Y	Y
Alcohol	NIAA alcohol consumption	Y	2022
Other Excise Taxes	Census Bureau population estimates	Y	Y
Estate and Gift Taxes	IRS Gross Collections, Table 5	Y	Y

NOTE: A checkmark indicates that the data used to construct the allocators for the states were available for the reference year; in the absence of reference year data, data for the prior year were used as a proxy.

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, 2022. 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."[29]

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 2022 were applied for both 2022 and 2023.

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, 2022."[30] Data for 2022 were the most recent information available at the time of the analysis and were applied for FFY 2022 and 2023.

The railroad retirement tax was taken from the "Statistics of Income Gross Collections" data. The data have been published for 2023.[31]

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 U.S. Census Bureau.

Corporate Income Tax

The corporate income tax was allocated based on the assumption that 75 percent of the burden falls on owners of capital and 25 percent falls on wage earners. Using this assumption, weighted shares were created from the US Bureau of Economic Analysis (BEA) State and Personal Income dataset. Capital income was defined as the sum of dividends, interest, and rent (BEA Line 46) plus proprietors' income (BEA Line 70).[32] Labor income was defined as wages and salaries (BEA Line 50). 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."[33]

Alcohol beverage excise taxes were allocated based on analysis of consumption data from the National Institute on Alcohol Abuse and Alcoholism (NIAAA).[34]

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 20 shows how each direct payment program was allocated to the states and provides an indicator as to the availability of data for FFY 2022 and FFY 2023.

TABLE 20 | Federal Direct Payments Allocators

Program	Source	2022	2023
Social Security and Retirement			
SSA Old-Age and Survivors Insurance	USASpending.gov	✓	✓
SSA: Disability Insurance	USASpending.gov	✓	✓
Railroad Retirement	BEA State Personal Income	✓	✓
Civil Service Retirement	Office of Personnel Management	✓	✓
Military Retirement	Statistical Report on Military Retirement	✓	2022
Unemployment Assistance			
Unemployment Assistance	US DOL Unemployment Insurance Financial Transaction Summary	✓	✓
Medical Care			
Medicare: SMI plus HI	BEA State Personal Income	✓	✓
Hospital and Medical Care for Veterans	Geographic Description of Department of Veterans Affairs Expenditures	✓	✓
Refundable Premium Tax Credit and Cost Sharing Reductions	CSR Milliman Report for 2015 and 2016 CMS Effectuated Enrollment data.	✓	✓
Uniformed Services Retiree Health Care Fund (TRICARE)	TRICARE Beneficiaries by location	✓	✓
Medical Care—Other	Census Bureau population estimates	✓	✓
Assistance to Students			
Department of Education	BEA State Personal Income	✓	✓
Veterans Education Benefits	Geographic Description of Department of Veterans Affairs Expenditures	✓	✓
Housing Assistance			
Housing Assistance	Center on Budget and Policy Priorities	✓	✓
Food and Nutrition Assistance			
Food and Nutrition Assistance	Federal Funds Information for States	✓	✓
Public Assistance and Related Programs			
Earned Income Tax Credit	IRS Statistics of Income	✓	2022
Supplemental Security Income Program	SSA Annual Statistical Supplement, Table 7B	✓	✓
Payment Where Child Credit Exceeds Tax Liability	IRS Statistics of Income	✓	2022

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 2023 Annuitants on the Retirement Roll" from the *Statistical Abstracts Fiscal Year 2023*, Federal Employee Benefit Programs, published by the Office of Personnel Management. Data for prior years were obtained from the corresponding reports for those years.[35]

State allocations for veterans' service-connected compensation for FFY 2023 were obtained from the Compensation and Pension data from the "Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX) FY 2023" 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.

State allocations for military retirement benefits were estimated using (1) the 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 the Department of Defense, Office of the Actuary, October 2023. Data from 2022 were used in place of 2023, as it is the most recent year for which the report is available. 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 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 2023 were obtained from the Medical Care data from "Geographic Distribution of the Department of Veterans Affairs Expenditures (GDX) FY 2023" 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 ACA refundable premium tax credits are based on enrollment data published by KFF in *Estimated Total Premium Tax Credits Received by Marketplace Enrollees*. This source draws from the *Effectuated Enrollment: Early 2024 Snapshot and Full Year 2023 Average* reports by the Centers for Medicare & Medicaid Services (CMS).[39]

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 2024 Report to Congress*.[40] Beneficiary totals by state from this source include 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 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 for FY 2023 were allocated based on data on Section 8 vouchers provided in the president's budget, *Analytical Perspectives*, Table 8-35. Section 8 Housing Choice Vouchers (14.871).[42] Corresponding tables were downloaded for FY 2015 to 2023.

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, 2022.[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, 2023." Data for prior years were obtained from the corresponding reports for those years.[44]

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

Grants

Table 21 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 21 | Detailed Breakdown of Federal Grants Expenditures
(Dollars in Millions)

Description	FFY 2022	FFY 2023	Source*
Grants	**$950,914**	**$991,153**	**Table 12.3**
Department of Homeland Security			
Federal Emergency Management Agency Disaster Relief Fund**	$31,181	$23,819	Table 12.3
DHS Other	$2,994	$3,720	Table 12.3
Department of the Interior	**$7,613**	**$8,479**	**Table 12.3**
Department of Justice	**$7,613**	**$8,479**	**Table 12.3**
DOJ Office of Justice Programs Crime Victims Fund Criminal Justice Assistance	$2,499	$1,991	Table 12.3
DOJ Other	$2,597	$3,348	Table 12.3
Department of Labor			
DOL Employment and Training Administration Training and Employment Services Training and Employment	$3,003	$3,100	Table 12.3
DOL Employment and Training Administration Unemployment Trust Fund Unemployment Compensation	$3,754	$3,432	Table 12.3
DOL Other	$3,663	$1,723	Table 12.3
Department of Transportation			
DOT Federal Aviation Administration Grants-in-aid for Airports (Airport and Airway Trust Fund) Air Transportation**	$5,627	$4,319	Table 12.3
DOT Federal Highway Administration Federal-aid Highways Ground Transportation	$43,742	$47,688	Table 12.3
DOT Federal Railroad Administration Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service Ground Transportation	$4	$18	Table 12.3
DOT Federal Transit Administration Transit Formula Grants Ground Transportation	$7,183	$9,966	Table 12.3
DOT Other**	$37,252	$25,571	Table 12.3
Department of Education			
ED Office of Elementary and Secondary Education Education for the Disadvantaged Elementary, Secondary, and Vocational Education	$16,616	$17,857	Table 12.3
ED Office of Elementary and Secondary Education School Improvement Programs Elementary, Secondary, and Vocational Education	$5,043	$5,493	Table 12.3
ED Office of Innovation and Improvement Innovation and Improvement Elementary, Secondary, and Vocational Education	$704	$812	Table 12.3

TABLE 21 | Detailed Breakdown of Federal Grants Expenditures, *continued*
(Dollars In Millions)

Description	FFY 2022	FFY 2023	Source*
Department of Education			
ED Office of Special Education and Rehabilitative Services Rehabilitation Services Social Services	$3,105	$3,528	Table 12.3
ED Office of Special Education and Rehabilitative Services Special Education Elementary, secondary, and Vocational Education	$5,387	$15,114	Table 12.3
ED Other**	$41,167	$24,720	Table 12.3
Environmental Protection Agency			
EPA Environmental Protection Agency State and Tribal Assistance Grants Pollution Control and Abatement	$4,266	$7,069	Table 12.3
EPA Other	$343	$344	Table 12.3
FCC Universal Service Fund	**$2,159**	**$2,471**	**Table 12.3**
Department of Health and Human Services			
HHS Administration for Children and Families Child Care Entitlement to States Other Income Security	$3,206	$3,628	Table 12.3
HHS Administration for Children and Families Children and Families Services Programs Social Services	$13,687	$14,637	Table 12.3
HHS Administration for Children and Families Low Income Home Energy Assistance Other Income Security	$7,239	$5,875	Table 12.3
HHS Administration for Children and Families Payments for Foster Care and Permanency Other Income Security	$9,173	$9,799	Table 12.3
HHS Administration for Children and Families Payments to States for Child Support Enforcement and Family Support Programs Other Income Security	$4,245	$4,617	Table 12.3
HHS Administration for Children and Families Payments to States for the Child Care and Development Block Grant Other Income Security	$22,779	$22,875	Table 12.3
HHS Administration for Children and Families Temporary Assistance for Needy Families Other Income Security	$15,286	$16,459	Table 12.3
HHS Administration for Community Living Aging and Disability Services Programs Social Services	$1,872	$2,237	Table 12.3
HHS Centers for Medicare and Medicaid Services Children's Health Insurance Fund Health Care Services	$16,670	$17,588	Table 12.3
HHS Centers for Medicare and Medicaid Services Grants to States for Medicaid Health Care Services**	$591,949	$615,772	Table 12.3
HHS Health Resources and Services Administration Health Resources and Services Health Care Services	$2,848	$2,971	Table 12.3
HHS Substance Abuse and Mental Health Services Administration Substance Abuse and Mental Health Services Administration Health Care Services	$6,277	$7,144	Table 12.3
HHS Other	$22,367	$11,592	Table 12.3
Department of Housing and Urban Development			
HUD Community Planning and Development Community Development Fund Community Development	$7,515	$8,774	Table 12.3
HUD Public and Indian Housing Programs Public Housing Operating Fund Housing Assistance	$154	$19	Table 12.3
HUD Public and Indian Housing Programs Tenant Based Rental Assistance Housing Assistance	$26,361	$29,559	Table 12.3
HUD Other	$14,461	$15,201	Table 12.3
Department of the Treasury			
Refundable Premium Tax Credit	$12,184	$13,599	Table 12.3
Coronavirus Relief Fund/State and Local Fiscal Recovery Fund**	$106,088	$2,998	Table 12.3
Emergency Rental Assistance**	$12,621	$3,161	Table 12.3

TABLE 21 | Detailed Breakdown of Federal Grants Expenditures, *continued*
(Dollars In Millions)

Description	FFY 2022	FFY 2023	Source*
Department of Agriculture			
USDA Food and Nutrition Service Child Nutrition Programs Food and Nutrition Assistance	$37,104	$29,126	Table 12.3
USDA Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Food and Nutrition Assistance	$5,610	$6,819	Table 12.3
USDA Food and Nutrition Service Supplemental Nutrition Assistance Program Food and Nutrition Assistance	$10,717	$10,848	Table 12.3
USDA Other	$4,352	$4,501	Table 12.3
Department of Veterans Affairs	**$2,480**	**$2,418**	**Table 12.3**
Other Agencies	**$6,196**	**$6,555**	**Table 12.3**

*Table numbers refer to "Historical Tables," *Budget of the United States Government, Fiscal Year 2025.*

**Amounts include COVID-19 relief funding.

Medicaid

Medicaid was allocated to the states based on the Federal share of total Medicaid expenditures reported by the states on the Centers for Medicare & Medicaid Services (CMS) Form 64, which reflects all state expenditures. State expenditures were calculated by summing programmatic expenditures, known as "total computable" spending, and administrative reimbursement. Data were available for FFY 2015 through FFY 2023.[45] Data were also obtained from the CMS-64 FFCRA Increased FMAP Expenditure data to disaggregate temporary pandemic-related adjustments that were authorized under the Families First Coronavirus Response Act (FFCRA).[46] This was done to determine the proportion of funds related to COVID-19.

Refundable Premium Tax Credits

In addition to the Health Insurance Marketplace (see the Refundable Premium Tax Credit and Cost Sharing Reductions program in Table 18 above), 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.[47] 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.[48] 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 all years of analysis. State allocators for Federal Transit Administration (FTA) Transit Formula Grants and the COVID-19 spending-related portion of Transit Infrastructure Grants were obtained from the president's *FY 2025*

Budget Program State-by-State Tables, Table 8-40 and Table 8-41, respectively.[49] Values for expenditures authorized by COVID-19 spending legislation were obtained from the Department of Transportation subagency financial reports.[50]

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 for contracts and procurements is obtained for each agency from the tables found in *Object Class Analysis, Budget of the U.S. Government, Fiscal Year 2025*, which, unlike the historical tables, are obligations-based and appear in Table 22. The data were allocated to the states based on procurement data obtained from USASpending.gov, by agency.

Table 22 | Detailed Breakdown of Federal Contracts and Procurements

	FY 2022	FY 2023
Contracts (obligations)	$750,394	$770,224
Department of Defense—Military Programs	$355,281	$413,009
Department of Veterans Affairs	$64,281	$71,891
Department of Energy	$34,607	$40,098
Department of Health and Human Services*	$120,370	$51,011
Department of Homeland Security	$30,651	$35,675
Social Security Administration	$16,834	$17,501
National Aeronautics and Space Administration	$19,021	$20,001
Department of Justice	$15,449	$20,514
Department of Agriculture	$29,612	$23,193
Other (Does Not Include International Assistance)	$70,879	$77,331

*Amount for 2022 includes COVID-19 relief funding.

SOURCE: Object Class Analysis, Budget of the U.S. Government, Fiscal Year 2025.

Wages

Data on Federal obligations for wages and salaries were also taken from tables found in *Object Class Analysis, Budget of the U.S. Government, Fiscal Year 2025*, which, unlike the historical tables, are obligations-based, and appear in Table 23.

TABLE 23 | Detailed Breakdown of Federal Wages
(Dollars In Millions)

	FY 2022	FY 2023
Wages (obligations)	**$315,015**	**$328,483**
Military	$116,550	$121,022
Nonmilitary	$198,465	$207,461

SOURCE: Object Class Analysis, Budget of the U.S. Government, Fiscal Year 2025.

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 on data from the Full-Time Personnel data files obtained from the Office of Personnel Management. Data were available for FFY 2015 through FFY 2023.[51]

COVID-19 Relief Funding

In response to the COVID-19 pandemic, the Federal government passed six major spending packages during the fiscal years 2020 and 2021, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA).[52] Together, these six packages authorized trillions of dollars to tackle the health and economic crisis. This report has categorized COVID-19 relief funding separately, where possible, to help track this unparalleled Federal spending and to distinguish it from ongoing, non-pandemic Federal expenditures.

TABLE 24 | Detailed Breakdown of COVID-19 Spending
(Dollars In Millions)

	FFY 2022	FFY 2023	Source
COVID-19 Relief Spending (Expenditures)	$437,932	$222,083	calculated
Direct Payments to Individuals			
Paycheck Protection Program	$9,901	$348	Small Business Administration
Economic Injury Disaster Loan Program	$24,442	$30,450	Small Business Administration
Medicare 2% Reimbursement Rate Add-On	$9,544	$0	BEA
Federal Pandemic Unemployment Assistance	$1,331	$0	DOL
Pandemic Unemployment Assistance	$860	$0	DOL
Economic Impact Payments	$3,074	$0	Table 11.3, IRS
Advance Child Tax Credit payments	$39,505	$53,488	Table 11.3
SNAP Pandemic EBT Program	$17,998	$13,763	USDA
Education Stabilization Fund HEERF (students)	$12,900	$881	Table 11.3, ed.gov
Education Stabilization Fund HEERF (Higher Ed)	$14,015	$4,868	Table 11.3, ed.gov
Student Loan Deferrals	$55,343	$26,084	Table 11.3, ed.gov
Grants			
Medicaid FFCRA Sections 6008 and 6004	$37,741	$34,985	CMS
Provider Relief Fund	$6,591	$0	HRSA
FEMA Disaster Relief Authorization	$19,424	$15,342	dhs.gov
State and Local Fiscal Recovery Fund (SLFRF)	$106,088	$2,998	Table 12.3
Emergency Rental Assistance	$12,621	$3,161	Table 12.3
Transportation Funding	$32,070	$16,352	DOT
Governor's Education Stabilization Fund	$1,852	$751	Table 12.3, ed.gov
Education Stabilization Fund Grants to Governments	$32,633	$18,612	Table 12.3, ed.gov

*Table numbers refer to Historical Tables, *Budget of the United States Government, Fiscal Year 2025.*

In FFY 2023, COVID-19 funding continued to transition towards completion. While hundreds of programs were created through the six bills signed into law, the bulk of the remaining expenditures can be attributed to 19 programs (see Table 24). As the table shows, some of these programs, such as the Federal Pandemic Unemployment Assistance, no longer have any disbursements in FFY 2023, while others, like the SNAP Pandemic EBT program, still exhibit substantial funding.

Business Loan Programs

The Small Business Administration (SBA) published data on the loans awarded to small businesses through the Paycheck Protection Program[53] and the Economic Injury Disaster Loan program.[54] Loans from the two programs were allocated based on a state's annual share of loans awarded, 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, $387.7 billion in 2021, and $48.0 billion in 2022. 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 2023, Historical Table 11.3 reports that unemployment payments fell to $31.0 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.[55] The total value of the benefits made through the two pandemic unemployment assistance programs in Federal fiscal years 2020, 2021, and 2022 was calculated and recategorized as COVID-19 relief spending. The same data was used to allocate the distribution to the states. No data spending was assigned to 2023.

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. For FFY 2022, the distribution of Table 11.3 total between the two programs and their allocation across the states are derived from SOI Tax Stats—amount of refunds issued, including interest, by state—IRS Data Book Table 8.[56] Since the corresponding table for FFY 2023 does not break out the amounts for these two programs separately, the 2022 distribution was used.

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 Food and Nutrition Service (FNS) 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, reclassified as COVID-19 relief spending, and allocated to the states based on data provided by FNS.[57] Traditional SNAP funding was 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 Department of the Treasury publishes data on the distribution of the funding by state.[58]

Provider Relief Fund

The Centers for Disease Control and the Department of Health and Human Services have maintained a database of all payments made as part of the Provider Relief Fund. These data were aggregated to determine state totals.[59]

Emergency Rental Assistance

The Emergency Rental Assistance program was funded under the Consolidated Appropriations Act and the American Rescue Plan. The Treasury Department provides grants to states, territories, and local governments to be distributed to eligible households. These funds were allocated using data from Table 8-43 from the *2025 Budget Program State-by-State Tables*.[60]

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. These funds were allocated using distribution data from the *2025 Budget Program State-by-State Tables*, Tables 8-39, 8-40, 8-41, and 8-42.[61]

Federal Emergency Management Agency (FEMA)

The Federal Emergency Management Agency (FEMA) provided financial resources and logistical support to help states manage the public health crisis. Public use data files from FEMA were analyzed by state.[62]

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 Act. In total, the fund is authorized to provide $263 billion in relief to higher education institutions and their students, school districts, and state governments. Total national expenditures for FFY 2023 are published by the US Department of Education.[63] State-level allocations were derived from the Education Stabilization Fund COVID-19 portal, which provides cumulative totals; those cumulative shares were applied in this analysis.[64] The Department of Education reports relief to students in the form of loan deferrals, beginning in 2020. This funding was allocated by the state using BEA data on education and training assistance.

In fiscal year 2022, the Biden administration proposed a broad-based student loan debt relief program designed to provide financial relief to millions of borrowers. A Supreme Court ruling, however, blocked the implementation of this initiative, and the funds intended for this debt relief were not disbursed (see *Biden v. Nebraska*, 600 U.S. 477). As a result, the Federal government did not actually make any allocations to the states for this initiative. For the purposes of this balance of payments analysis, an unallocable expenditure of $379.6 billion is reported for FFY 2022, and a negative unallocable expenditure of $332.9 billion is reported for FFY 2023 (see Table 25).

Unallocable Expenditures

A subset of expenditure categories is classified as unallocable and appears in Table 25. 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 the balance of payments.

TABLE 25 | Unallocable Federal Expenditures
(Dollars In Millions)

	FY 2022	FY 2023
Total Unallocable	**$621,592**	**$403,788**
Net Interest Expenditures	$475,887	$658,267
International Assistance Programs	$40,670	$55,116
Undistributed Offsetting Receipts	($234,964)	($131,927)
Broad-Based Student Debt Relief	$379,596	($332,858)
Unexplained (S/B Obligations/Expenditures Difference)	($39,597)	$155,190

SOURCE: "Historical Table 3.1," *Budget of the U.S. Government, Fiscal Year 2025*; "Object Class Analysis," *Budget of the U.S. Government, Fiscal Year 2025*; U.S. Department of Education, *FY 2023 Agency Financial Report*.

Revisions to Estimates

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

Changes in Allocators

Tables 19 and 20 present the allocators used to distribute national totals to the states and their availability for each of the Federal fiscal years studied. For datasets in which there was no data available, the values from the next closest year were used. This

report uses the most recent IRS Statistics of Income data for the 2022 tax year by state, released in January 2025, to distribute individual income tax receipts, as well as some other elements, to the states for both FFY 2023 and FFY 2022.

In addition, the population data used to distribute Federal funds and calculate per capita amounts were updated based on new estimates released by the US Census Bureau. This follows the agency's release of revisions to population estimates for the period from 2020 to 2023, as well as revisions to the intercensal estimates for the period from 2011 to 2019. Population estimates are used to allocate some components of Federal spending to the states, as well as to estimate all of the per capita allocations.

Finally, we explicitly break out the CMS valued Medicaid COVID enhancement of **$35.0 billion** under a dedicated **"COVID Medicaid"** category. Earlier in the pandemic, when total Federal COVID-19 relief exceeded $2 trillion, the Medicaid COVID-19 enhancement represented a relatively small share of overall spending and did not substantially affect state-level totals. With most COVID-19 programs now expired and remaining COVID-19-related funding down to approximately $200 billion, however, the Medicaid enhancement has become a more prominent component of the residual COVID-19 spending. As a result, we now report it separately. This adjustment does not alter our overall state BOP totals, except in any presentation that excludes COVID-19-related funding.

Labeling Conventions

Preliminary estimates—Preliminary estimates are those values calculated for the immediately preceding Federal fiscal year. In this report, preliminary FFY 2023 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. Nine of the 13 required receipts allocators are specific to the study year (FFY 2023); the remaining four are extrapolated from the prior year (FFY 2022). Similarly, three of the required expenditures allocators are extrapolated from the prior year (military retirement, advanced child tax credit payment, and payment where child credit exceeds tax liability).

Revised estimates—Revised estimates are updates to preliminary estimates calculated in the previous year. In this report, revised FFY 2022 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) 2023 started on October 1, 2022, and concluded on September 31, 2023. For convenience, in referring to the 2023 Federal fiscal year, "FFY 2022" and "2022" are used interchangeably. This convenience is extended to all fiscal year references; calendar year 2023 is specified as CY 2023 and all calendar year references are specified as such. The final expenditures and receipts values for FFY 2023 used in this report were published in the *Budget of the United States Government, Fiscal Year 2025*, published in March 2024. Revisions to 2022 estimates are based on data not yet available as of last year's report's publication date, particularly related to the distribution of revenues and funding across the states and the identification of expenditures as authorized under emergency COVID-19 relief spending.

2 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 over those areas.

3 Erica York, "Summary of the Latest Federal Income Tax Data, 2025 Update," Tax Foundation, November 8 2024, https://taxfoundation.org/data/all/federal/latest-federal-income-tax-data-2025/.

4 Although there is no official estimate of bonus income on a national basis, the New York State Division of the Budget constructs bonus series for 12 of the state's industrial sectors. See *Your Family Is My Fight: FY 2026 Executive Budget Economic, Revenue, and Spending Methodologies* (Albany, NY: New York State Division of the Budget, January 2025): pp. 51-53, https://www.budget.ny.gov/pubs/archive/fy26/ex/fy26-executive-methodology-report.pdf.

5 *The Budget and Economic Outlook: 2025 to 2035* (Washington, DC: Congressional Budget Office, January 2025), http://www.cbo.gov/publication/60870; *Your Family Is My Fight: FY 2026 NYS Executive Budget Economic and Revenue Outlook* (Albany, NY: New York State Division of the Budget, January 2025): p. 93, https://www.budget.ny.gov/pubs/archive/fy26/ex/ero/fy26ero.pdf.

6 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).

7 Over the period from 2015 to 2023, New York's population share fell from 6.2 percent to 5.9 percent; similarly, New York's share of US GDP fell from 8.2 percent to 7.8 percent over the same period.

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

9 See Moody's "Moody's Rating downgrades United States ratings to Aa1 from Aaa; changes outlook to stable," news release, May 16, 2025, https://www.moodys.com/web/en/us/about-us/usrating.html.

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