

INTERGOVERNMENTAL FINANCIAL DEPENDENCY:

A study of Key Dependency Measures
for the 50 States

PREPARED AND OFFERED IN THE PUBLIC INTEREST BY CLIFTONLARSONALLEN LLP

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About the Authors

Edward J. Mazur currently serves as Senior Advisor for Public Sector Services with CliftonLarsonAllen LLP, and is a nationally recognized spokesman regarding intergovernmental financial dependency and related risks. He has served on both the Governmental Accounting Standards Board and the Federal Accounting Standards Advisory Board. Mazur was confirmed by the U.S. Senate in 1991, to be the first Controller appointed by the President under the Chief Financial Officers Act of 1990, and headed the Office of Federal Financial Management within the Office of Management and Budget. He served four governors as State Comptroller for the Commonwealth of Virginia between 1980 and 1991. During his career, he has also served in the Washington office of the American Institute of CPAs, in senior financial management positions within Virginia State University and Virginia Commonwealth University, and as president of the National Association of State Auditors, Comptrollers, and Treasurers. He is a Certified Public Accounting, and holds an MBA from Wharton and a BA degree in Mechanical Engineering from the University of Connecticut.

Taylor R. Powell currently serves as a Federal Government Assurance Associate for CliftonLarsonAllen LLP. He has worked closely with the Intergovernmental Financial Dependency project since 2007 and has been principal research leader for multiple articles and publications. In 2011 he served on the AICPA Government Organization Audit Committee Toolkit Task Force. He holds a BS degree in Accounting from Virginia Polytechnic Institute and State University.

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INTRODUCTION

Over the past 50 years, state and local governments have come to significantly rely on federal dollars to fund infrastructure, health care, social programs, education, research, and a host of other vital services. However, the continuance of these important federal flows is now under question and at significant risk due to the federal government's heavy reliance on deficit spending and reported concerns regarding its fiscal sustainability.

This study presents the types of data that can be gathered and analyzed to develop a better understanding of the financial interdependency of governmental entities. The illustrated key measures of intergovernmental financial dependency identify the direct federal dollar impact on state governments as a percentage of total state revenue (Table 1 & 2, p. 2 & 4), as well as the indirect federal dollar impact as a percentage of the state's gross domestic product (Table 3, p. 6). Also presented is the impact of the Department of Defense within a state, and the number of federally leased and owned buildings (Table 4, p. 8).

This study is based on a compilation of the 2010 audited financial reports of the 50 states. The results indicate that the percentage of total state revenues sourced directly from the federal government averages 40 percent. Of the 50 states, one has less than 20 percent of revenue sourced directly from the federal government, five states have between 20 percent and 30 percent, 16 states have between 30 percent and 40 percent, 23 states have between 40 percent and 50 percent, and five state have greater than 50 percent.

Indirect federal flows associated with an individual state include federal grants made directly to local governments, federal purchases from businesses, and federal payments made to individuals. The latter is principally comprised of Social Security payments, Medicare payments, salaries and wages, and retirement and disability payments. A state's gross domestic product represents the economic productive capacity of the state. When the total of direct and indirect federal flows for each state is compared with each state's gross domestic product, the average across all 50 states is 27 percent.

Government financial administrators are beginning to acknowledge the risk created by this fiscal interdependency, but for many government leaders and citizens this risk is going largely unnoticed, unmeasured, and unreported.

ACKNOWLEDGEMENTS

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Lisa Blumerman, Chief of Governments Division, and the staff within the Governments Division at the U.S. Census Bureau—for sharing, so willingly, their knowledge and expertise on how to access and apply the treasure trove of information collected, organized, and made available by the U.S. Census Bureau.

Thanks to **Tracy Comerford**, Federal Government Assurance Associate, CliftonLarsonAllen LLP, for her research assistance.

TABLE 1

Direct Federal Dollars Flowing to States as a Percentage of Total State Revenues- Fiscal Year 2010

Sorted by Percentage of Federal Dollars to State Revenue

* Dollars in Thousands

	Primary Government							
	Federal Dollars(SEFA)	Total Revenue	% Federal	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues and Transfers	
South Dakota	\$ 2,561,815	\$ 4,640,166	55.2%	\$ 623,164	\$ 1,819,884	\$ 2,275	\$ 1,305,532	
Rhode Island	5,780,142	10,560,505	54.7%	3,483,486	2,779,716	162,090	2,700,554	
Louisiana	18,174,641	33,512,884	54.2%	4,309,609	11,550,815	2,594,694	8,076,982	
Arizona	16,306,680	31,513,351	51.7%	3,370,314	15,995,334	588,590	10,827,014	
Georgia	25,319,625	51,074,959	49.6%	4,850,922	23,493,735	1,641,355	14,761,392	
Tennessee	16,900,466	34,252,626	49.3%	3,015,850	13,558,692	782,188	10,697,558	
Nevada	5,427,116	11,174,346	48.6%	884,384	4,477,163	56,719	3,976,390	
Missouri	14,794,700	30,504,509	48.5%	3,245,448	11,307,862	1,454,029	10,598,087	
Arkansas	8,657,195	18,370,993	47.1%	3,223,156	7,366,838	526,116	7,095,764	
Colorado	11,448,880	24,849,997	46.1%	5,390,391	9,842,967	632,002	7,656,179	
Texas	56,866,834	123,636,064	46.0%	22,765,454	56,440,821	2,758,852	39,653,149	
Mississippi	9,105,642	20,043,517	45.4%	2,288,471	8,177,252	643,867	5,902,748	
Oregon	11,555,269	25,457,331	45.4%	5,046,693	9,929,342	153,655	7,153,005	
Utah	7,332,975	16,195,199	45.3%	1,529,152	4,411,990	204,237	4,816,897	
Iowa	8,292,774	19,392,113	42.8%	4,837,627	6,642,407	599,727	6,683,589	
Kansas	6,719,171	15,784,813	42.6%	1,337,573	4,190,622	344,037	7,241,642	
Pennsylvania	33,185,386	78,448,723	42.3%	11,805,226	30,929,588	221,195	29,790,108	
Illinois	29,343,341	69,504,991	42.2%	7,139,459	25,820,437	964,434	25,909,218	
Wisconsin	15,463,003	36,694,608	42.1%	8,443,286	11,552,917	1,219,267	13,648,517	
Idaho	3,355,621	7,967,810	42.1%	1,540,945	3,237,157	48,754	2,819,237	
Massachusetts	19,185,900	45,558,329	42.1%	11,727,500	15,665,657	779,403	12,066,230	
Washington	18,280,121	43,567,963	42.0%	10,570,586	14,661,122	938,842	17,333,585	
Montana	2,923,822	7,022,396	41.6%	922,016	2,212,026	514,170	2,105,830	
Maine	3,837,538	9,343,880	41.1%	981,285	3,570,487	-	3,338,446	
Florida	40,441,946	98,728,318	41.0%	16,785,009	32,285,359	1,980,348	29,355,671	
California	97,676,621	244,503,097	39.9%	42,270,795	75,469,783	1,054,196	94,858,285	
North Carolina	24,269,764	60,834,059	39.9%	4,640,534	19,089,123	719,204	21,112,041	
Kentucky	11,646,325	29,658,378	39.3%	5,027,004	7,625,124	773,661	9,805,862	
Connecticut	10,260,137	26,145,100	39.2%	4,745,523	7,998,201	783,373	12,130,571	
Ohio	27,952,971	71,623,652	39.0%	10,837,286	26,243,034	1,241,422	21,152,651	
Indiana	13,806,513	37,189,168	37.1%	3,701,911	11,223,961	9	13,343,968	
Minnesota	14,196,743	38,419,867	37.0%	3,720,882	12,122,408	207,846	16,839,427	
Oklahoma	8,626,117	23,570,558	36.6%	1,726,553	8,401,212	-	6,628,644	
Maryland	13,216,805	36,866,219	35.9%	6,432,622	9,675,453	727,903	15,026,694	
West Virginia	5,285,737	14,881,847	35.5%	3,002,368	4,067,812	635,147	4,985,479	
Vermont	2,151,125	6,085,715	35.3%	561,902	1,798,145	232,155	2,420,642	
New York	62,266,564	180,007,000	34.6%	23,451,000	60,961,000	1,288,000	62,988,000	
Alabama	10,635,676	31,015,118	34.3%	2,221,391	10,324,885	959,252	8,439,569	
New Jersey	22,897,375	67,471,883	33.9%	9,442,387	19,194,230	212,527	26,615,077	
New Hampshire	2,550,607	7,535,393	33.8%	2,296,141	1,948,200	223,103	2,102,171	
Nebraska	3,254,747	10,072,450	32.3%	1,109,959	2,841,557	24,680	3,904,786	
Virginia	14,027,557	44,937,971	31.2%	5,543,886	9,955,539	1,603,355	16,976,263	
Delaware	2,261,805	7,295,975	31.0%	1,689,251	1,657,792	269,137	3,284,968	
North Dakota	1,777,007	6,219,405	28.6%	1,355,650	2,437,794	82,797	2,154,701	
South Carolina	7,536,103	29,686,636	25.4%	7,777,893	9,317,581	671,627	8,911,045	
Alaska	3,360,735	15,553,111	21.6%	2,854,391	2,012,477	675,680	8,237,315	
Wyoming	1,143,976	7,326,425	15.6%	584,338	1,248,868	16,989	4,149,093	
Total - 47 States	\$ 752,061,613	\$ 1,864,699,418						
		47 State Average	40.1%					
Hawaii	\$ 2,426,012	\$ 11,572,128	21.0%	\$ 1,597,413	\$ 2,598,141	\$ 242,544	\$ 4,559,118	
Michigan	27,659,531	59,201,482	46.7%	10,986,000	19,230,009	964,605	23,421,906	
New Mexico	4,836,815	16,573,763	29.2%	3,007,855	6,520,366	403,225	6,315,847	
Total - 50 States	\$ 786,983,971	\$ 1,952,046,791						
		50 State Average	39.7%					

Note: For FY2010, Hawaii, Michigan, and New Mexico did not conduct a consolidated state-wide single audit but rather performed single audits at the department/agency level. The SEFA figures shown were obtained from publicly available departmental level single audit reports and thus the numbers displayed are not deemed comparable to the state-wide consolidated SEFA figures used for the other 47 states.

Sources:

Federal Dollars: From the Schedule of Expenditure of Federal Awards (SEFA) found within each State's FY2010 Single Audit Report

Total State Revenue: From Each State's FY2010 Consolidated Annual Financial Report (CAFR), Government-Wide Financial Statements, Statement of Activities

TABLE 1 (continued)

Direct Federal Dollars Flowing to States as a Percentage of Total State Revenues- Fiscal Year 2010

Sorted by Percentage of Federal Dollars to State Revenue

Component Units

* Dollars in Thousands

	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>General Revenues and Transfers</u>
South Dakota	\$ 461,240	\$ 196,170	\$ 10,427	\$ 221,474
Rhode Island	973,618	75,272	54,467	331,302
Louisiana	2,985,699	1,254,841	258,856	2,481,388
Arizona	638,436	72,203	1,475	19,985
Georgia	4,623,791	1,418,082	145,232	140,450
Tennessee	2,643,844	1,874,648	246,950	1,432,896
Nevada	609,103	600,318	6,892	563,377
Missouri	2,122,526	1,535,694	108,661	132,202
Arkansas	112,350	45,067	-	1,702
Colorado	915,423	256,761	3,085	153,189
Texas	1,685,999	314,713	-	17,076
Mississippi	1,344,169	581,034	58,066	1,047,910
Oregon	1,829,965	1,342,240	2,431	-
Utah	3,285,757	989,222	130,708	827,236
Iowa	34,547	282,864	896	310,456
Kansas	1,166,550	500,672	-	1,003,717
Pennsylvania	2,974,617	2,362,999	364,990	-
Illinois	4,542,834	1,723,522	65,964	3,339,123
Wisconsin	1,474,325	337,137	1,091	18,068
Idaho	160,394	153,716	958	6,649
Massachusetts	1,912,532	2,875,358	363,811	167,838
Washington	16,446	43,771	903	2,708
Montana	526,935	360,999	34,337	346,083
Maine	567,353	543,750	48,023	294,536
Florida	7,227,830	4,589,422	682,415	5,822,264
California	16,474,589	8,695,441	203,865	5,476,143
North Carolina	8,420,283	2,590,119	624,601	3,638,154
Kentucky	2,823,075	1,360,774	133,990	2,108,888
Connecticut	375,123	6,185	1,309	104,815
Ohio	7,014,507	2,333,409	96,238	2,705,105
Indiana	4,254,073	1,879,324	104,058	2,681,864
Minnesota	2,141,473	1,523,166	430,051	1,434,614
Oklahoma	3,983,177	1,697,895	-	1,133,077
Maryland	2,205,638	1,394,426	203,846	1,199,637
West Virginia	977,215	500,659	49,265	663,902
Vermont	553,403	372,492	59,243	87,733
New York	17,191,000	7,268,000	2,869,000	3,991,000
Alabama	4,727,826	1,360,702	174,538	2,806,955
New Jersey	5,541,795	3,612,468	1,620,087	1,233,312
New Hampshire	594,388	185,314	8,330	177,746
Nebraska	794,221	343,700	46,851	1,006,696
Virginia	7,549,204	2,517,369	789,741	2,614
Delaware	147,790	123,708	9,437	113,892
North Dakota	70,890	98,561	-	19,012
South Carolina	2,866,790	139,021	2,679	-
Alaska	590,131	358,362	204,118	620,637
Wyoming	179,433	434,549	7,794	705,361
Hawaii	\$ 884,888	\$ 580,045	\$ 55,441	\$ 1,054,538
Michigan	2,177,685	1,273,221	28,733	1,119,323
New Mexico	144,082	133,117	-	49,271

TABLE 2

Direct Federal Dollars Flowing to States as a Percentage of Total State Revenues- Fiscal Year 2010

Sorted Alphabetically by State

* Dollars in Thousands

	Federal Dollars(SEFA)		Total Revenue	% Federal	Primary Government								
					Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues and Transfers					
Alabama	\$	10,635,676	\$	31,015,118	34.3%	\$	2,221,391	\$	10,324,885	\$	959,252	\$	8,439,569
Alaska		3,360,735		15,553,111	21.6%		2,854,391		2,012,477		675,680		8,237,315
Arizona		16,306,680		31,513,351	51.7%		3,370,314		15,995,334		588,590		10,827,014
Arkansas		8,657,195		18,370,993	47.1%		3,223,156		7,366,838		526,116		7,095,764
California		97,676,621		244,503,097	39.9%		42,270,795		75,469,783		1,054,196		94,858,285
Colorado		11,448,880		24,849,997	46.1%		5,390,391		9,842,967		632,002		7,656,179
Connecticut		10,260,137		26,145,100	39.2%		4,745,523		7,998,201		783,373		12,130,571
Delaware		2,261,805		7,295,975	31.0%		1,689,251		1,657,792		269,137		3,284,968
Florida		40,441,946		98,728,318	41.0%		16,785,009		32,285,359		1,980,348		29,355,671
Georgia		25,319,625		51,074,959	49.6%		4,850,922		23,493,735		1,641,355		14,761,392
Idaho		3,355,621		7,967,810	42.1%		1,540,945		3,237,157		48,754		2,819,237
Illinois		29,343,341		69,504,991	42.2%		7,139,459		25,820,437		964,434		25,909,218
Indiana		13,806,513		37,189,168	37.1%		3,701,911		11,223,961		9		13,343,968
Iowa		8,292,774		19,392,113	42.8%		4,837,627		6,642,407		599,727		6,683,589
Kansas		6,719,171		15,784,813	42.6%		1,337,573		4,190,622		344,037		7,241,642
Kentucky		11,646,325		29,658,378	39.3%		5,027,004		7,625,124		773,661		9,805,862
Louisiana		18,174,641		33,512,884	54.2%		4,309,609		11,550,815		2,594,694		8,076,982
Maine		3,837,538		9,343,880	41.1%		981,285		3,570,487		-		3,338,446
Maryland		13,216,805		36,866,219	35.9%		6,432,622		9,675,453		727,903		15,026,694
Massachusetts		19,185,900		45,558,329	42.1%		11,727,500		15,665,657		779,403		12,066,230
Minnesota		14,196,743		38,419,867	37.0%		3,720,882		12,122,408		207,846		16,839,427
Mississippi		9,105,642		20,043,517	45.4%		2,288,471		8,177,252		643,867		5,902,748
Missouri		14,794,700		30,504,509	48.5%		3,245,448		11,307,862		1,454,029		10,598,087
Montana		2,923,822		7,022,396	41.6%		922,016		2,212,026		514,170		2,105,830
Nebraska		3,254,747		10,072,450	32.3%		1,109,959		2,841,557		24,680		3,904,786
Nevada		5,427,116		11,174,346	48.6%		884,384		4,477,163		56,719		3,976,390
New Hampshire		2,550,607		7,535,393	33.8%		2,296,141		1,948,200		223,103		2,102,171
New Jersey		22,897,375		67,471,883	33.9%		9,442,387		19,194,230		212,527		26,615,077
New York		62,266,564		180,007,000	34.6%		23,451,000		60,961,000		1,288,000		62,988,000
North Carolina		24,269,764		60,834,059	39.9%		4,640,534		19,089,123		719,204		21,112,041
North Dakota		1,777,007		6,219,405	28.6%		1,355,650		2,437,794		82,797		2,154,701
Ohio		27,952,971		71,623,652	39.0%		10,837,286		26,243,034		1,241,422		21,152,651
Oklahoma		8,626,117		23,570,558	36.6%		1,726,553		8,401,212		-		6,628,644
Oregon		11,555,269		25,457,331	45.4%		5,046,693		9,929,342		153,655		7,153,005
Pennsylvania		33,185,386		78,448,723	42.3%		11,805,226		30,929,588		221,195		29,790,108
Rhode Island		5,780,142		10,560,505	54.7%		3,483,486		2,779,716		162,090		2,700,554
South Carolina		7,536,103		29,686,636	25.4%		7,777,893		9,317,581		671,627		8,911,045
South Dakota		2,561,815		4,640,166	55.2%		623,164		1,819,884		2,275		1,305,532
Tennessee		16,900,466		34,252,626	49.3%		3,015,850		13,558,692		782,188		10,697,558
Texas		56,866,834		123,636,064	46.0%		22,765,454		56,440,821		2,758,852		39,653,149
Utah		7,332,975		16,195,199	45.3%		1,529,152		4,411,990		204,237		4,816,897
Vermont		2,151,125		6,085,715	35.3%		561,902		1,798,145		232,155		2,420,642
Virginia		14,027,557		44,937,971	31.2%		5,543,886		9,955,539		1,603,355		16,976,263
Washington		18,280,121		43,567,963	42.0%		10,570,586		14,661,122		938,842		17,333,585
West Virginia		5,285,737		14,881,847	35.5%		3,002,368		4,067,812		635,147		4,985,479
Wisconsin		15,463,003		36,694,608	42.1%		8,443,286		11,552,917		1,219,267		13,648,517
Wyoming		1,143,976		7,326,425	15.6%		584,338		1,248,868		16,989		4,149,093
Total - 47 States	\$	752,061,613	\$	1,864,699,418									
				47 State Average	40.1%								
Hawaii	\$	2,426,012	\$	11,572,128	21.0%	\$	1,597,413	\$	2,598,141	\$	242,544	\$	4,559,118
Michigan		27,659,531		59,201,482	46.7%		10,986,000		19,230,009		964,605		23,421,906
New Mexico		4,836,815		16,573,763	29.2%		3,007,855		6,520,366		403,225		6,315,847
Total - 50 States	\$	786,983,971	\$	1,952,046,791									
				50 State Average	39.7%								

Note: For FY2010, Hawaii, Michigan, and New Mexico did not conduct a consolidated state-wide single audit but rather performed single audits at the department/agency level. The SEFA figures shown were obtained from publicly available departmental level single audit reports and thus the numbers displayed are not deemed comparable to the state-wide consolidated SEFA figures used for the other 47 states.

Sources:

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Total State Revenue: From Each State's FY2010 Consolidated Annual Financial Report (CAFR), Government-Wide Financial Statements, Statement of Activities

TABLE 2 (continued)

Direct Federal Dollars Flowing to States as a Percentage of Total State Revenues- Fiscal Year 2010

Sorted Alphabetically by State

* Dollars in Thousands

	Component Units			
	Operating Grants and		Capital Grants and	General Revenues and
	Charges for Services	Contributions	Contributions	Transfers
Alabama	\$ 4,727,826	\$ 1,360,702	\$ 174,538	\$ 2,806,955
Alaska	590,131	358,362	204,118	620,637
Arizona	638,436	72,203	1,475	19,985
Arkansas	112,350	45,067	-	1,702
California	16,474,589	8,695,441	203,865	5,476,143
Colorado	915,423	256,761	3,085	153,189
Connecticut	375,123	6,185	1,309	104,815
Delaware	147,790	123,708	9,437	113,892
Florida	7,227,830	4,589,422	682,415	5,822,264
Georgia	4,623,791	1,418,082	145,232	140,450
Idaho	160,394	153,716	958	6,649
Illinois	4,542,834	1,723,522	65,964	3,339,123
Indiana	4,254,073	1,879,324	104,058	2,681,864
Iowa	34,547	282,864	896	310,456
Kansas	1,166,550	500,672	-	1,003,717
Kentucky	2,823,075	1,360,774	133,990	2,108,888
Louisiana	2,985,699	1,254,841	258,856	2,481,388
Maine	567,353	543,750	48,023	294,536
Maryland	2,205,638	1,394,426	203,846	1,199,637
Massachusetts	1,912,532	2,875,358	363,811	167,838
Minnesota	2,141,473	1,523,166	430,051	1,434,614
Mississippi	1,344,169	581,034	58,066	1,047,910
Missouri	2,122,526	1,535,694	108,661	132,202
Montana	526,935	360,999	34,337	346,083
Nebraska	794,221	343,700	46,851	1,006,696
Nevada	609,103	600,318	6,892	563,377
New Hampshire	594,388	185,314	8,330	177,746
New Jersey	5,541,795	3,612,468	1,620,087	1,233,312
New York	17,191,000	7,268,000	2,869,000	3,991,000
North Carolina	8,420,283	2,590,119	624,601	3,638,154
North Dakota	70,890	98,561	-	19,012
Ohio	7,014,507	2,333,409	96,238	2,705,105
Oklahoma	3,983,177	1,697,895	-	1,133,077
Oregon	1,829,965	1,342,240	2,431	-
Pennsylvania	2,974,617	2,362,999	364,990	-
Rhode Island	973,618	75,272	54,467	331,302
South Carolina	2,866,790	139,021	2,679	-
South Dakota	461,240	196,170	10,427	221,474
Tennessee	2,643,844	1,874,648	246,950	1,432,896
Texas	1,685,999	314,713	-	17,076
Utah	3,285,757	989,222	130,708	827,236
Vermont	553,403	372,492	59,243	87,733
Virginia	7,549,204	2,517,369	789,741	2,614
Washington	16,446	43,771	903	2,708
West Virginia	977,215	500,659	49,265	663,902
Wisconsin	1,474,325	337,137	1,091	18,068
Wyoming	179,433	434,549	7,794	705,361
Hawaii	\$ 884,888	\$ 580,045	\$ 55,441	\$ 1,054,538
Michigan	2,177,685	1,273,221	28,733	1,119,323
New Mexico	144,082	133,117	-	49,271

TABLE 3

Indirect and Direct Federal Dollars Flowing to States as a Percentage of State GDP- Fiscal Year 2010

* Dollars in Thousands

<u>State</u>	<u>Direct Federal Grants to Local Governments (2009)</u>	<u>Federal Purchases from State Businesses</u>	<u>Federal Payments to Individuals</u>	<u>Total Indirect Flows</u>	<u>Direct Federal Revenues to State Government</u>
Alabama	\$ 860,002	\$ 10,481,742	\$ 35,665,494	\$ 47,007,238	\$ 10,635,676
Alaska	268,355	2,464,278	6,520,896	9,253,529	3,360,735
Arizona	1,091,966	12,813,125	36,245,791	50,150,882	16,306,680
Arkansas	227,662	1,750,994	19,416,796	21,395,452	8,657,195
California	9,018,147	57,536,893	191,068,251	257,623,291	97,676,621
Colorado	1,051,845	10,367,046	29,123,231	40,542,122	11,448,880
Connecticut	402,535	11,956,601	35,224,834	47,583,970	10,260,137
Delaware	59,927	362,660	5,460,709	5,883,296	2,261,805
Florida	3,901,915	17,980,742	137,709,659	159,592,316	40,441,946
Georgia	1,224,110	12,460,681	61,248,343	74,933,134	25,319,625
Idaho	123,427	2,633,326	8,215,692	10,972,445	3,355,621
Illinois	3,014,480	11,600,509	71,580,274	86,195,263	29,343,341
Indiana	469,824	5,498,401	37,711,014	43,679,239	13,806,513
Iowa	502,593	2,372,595	18,360,501	21,235,689	8,292,774
Kansas	241,533	3,059,665	20,228,988	23,530,186	6,719,171
Kentucky	489,831	7,486,131	39,057,949	47,033,911	11,646,325
Louisiana	1,110,699	7,290,637	29,972,431	38,373,767	18,174,641
Maine	152,865	1,735,708	6,029,438	7,918,011	3,837,538
Maryland	1,096,000	26,522,496	51,663,646	79,282,142	13,216,805
Massachusetts	1,514,353	15,987,355	41,341,948	58,843,656	19,185,900
Minnesota	772,565	2,950,444	28,943,830	32,666,839	14,196,743
Mississippi	491,512	2,665,904	11,219,030	14,376,446	9,105,642
Missouri	720,865	13,002,391	40,654,962	54,378,218	14,794,700
Montana	236,886	819,401	6,395,314	7,451,601	2,923,822
Nebraska	257,367	1,306,732	10,402,316	11,966,415	3,254,747
Nevada	683,520	2,407,149	10,426,206	13,516,875	5,427,116
New Hampshire	151,023	1,435,344	7,266,047	8,852,414	2,550,607
New Jersey	875,636	10,236,358	53,676,643	64,788,637	22,897,375
New York	5,789,071	13,883,205	120,865,516	140,537,792	62,266,564
North Carolina	2,294,032	6,090,513	62,774,760	71,159,305	24,269,764
North Dakota	156,507	685,259	4,556,408	5,398,174	1,777,007
Ohio	2,084,006	8,829,337	71,291,868	82,205,211	27,952,971
Oklahoma	371,508	3,374,782	26,219,175	29,965,465	8,626,117
Oregon	1,029,064	2,047,066	22,542,339	25,618,469	11,555,269
Pennsylvania	2,899,377	19,352,447	93,647,027	115,898,851	33,185,386
Rhode Island	453,636	1,001,400	7,224,652	8,679,688	5,780,142
South Carolina	397,783	8,171,373	29,301,701	37,870,857	7,536,103
South Dakota	171,285	912,913	5,480,157	6,564,355	2,561,815
Tennessee	685,477	10,140,621	43,122,805	53,948,903	16,900,466
Texas	3,992,842	40,594,474	135,593,038	180,180,354	56,866,834
Utah	479,915	3,758,424	14,304,731	18,543,070	7,332,975
Vermont	66,265	931,641	3,948,883	4,946,789	2,151,125
Virginia	1,091,059	58,337,629	62,609,453	122,038,141	14,027,557
Washington	1,479,666	10,040,842	43,846,649	55,367,157	18,280,121
West Virginia	189,355	1,782,542	14,453,242	16,425,139	5,285,737
Wisconsin	571,790	9,805,065	31,039,644	41,416,499	15,463,003
Wyoming	126,595	569,384	3,243,038	3,939,017	1,143,976
Total- 47 States	\$ 55,340,676	\$ 457,494,225	\$ 1,846,895,319	\$ 2,359,730,220	\$ 752,061,613
Hawaii	\$ 238,808	\$ 2,744,816	\$ 14,728,798	\$ 17,712,422	\$ 2,426,012
Michigan	1,682,809	6,466,608	62,538,569	70,687,986	27,659,531
New Mexico	375,601	7,498,864	13,156,208	21,030,673	4,836,815
Total- 50 States	\$ 57,637,894	\$ 474,204,513	\$ 1,937,318,894	\$ 2,469,161,301	\$ 786,983,971

Sources:

Direct Federal Grants: From the 2009 Annual Survey of State and Local Government Finances, Governments Division, U.S. Census Bureau

Federal Purchases and Payments to Individuals: From the 2010 Consolidated Federal Funds Report, Governments Division, U.S. Census Bureau

State GDP: From the 2010 Real Gross Domestic Product by State, U.S. Bureau of Economic Analysis, obtained Jan. 2012

The real estimates of Gross domestic product (GDP) by state are measured in chained (2005) dollars. Real GDP by state is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state.

TABLE 3 (continued)

Indirect and Direct Federal Dollars Flowing to States as a Percentage of State GDP- Fiscal

* Dollars in Thousands

<u>State</u>	<u>Total Indirect and Direct Federal Flows</u>		<u>Real GDP by State</u>	<u>Indirect and Direct Federal Flows As a % of State GDP</u>	
Alabama	\$	57,642,914	\$	154,124,000	37.4%
Alaska		12,614,264		45,046,000	28.0%
Arizona		66,457,562		228,486,000	29.1%
Arkansas		30,052,647		91,828,000	32.7%
California		355,299,912		1,731,848,000	20.5%
Colorado		51,991,002		235,152,000	22.1%
Connecticut		57,844,107		211,345,000	27.4%
Delaware		8,145,101		56,199,000	14.5%
Florida		200,034,262		673,375,000	29.7%
Georgia		100,252,759		361,993,000	27.7%
Idaho		14,328,066		50,702,000	28.3%
Illinois		115,538,604		581,259,000	19.9%
Indiana		57,485,752		245,442,000	23.4%
Iowa		29,528,463		127,666,000	23.1%
Kansas		30,249,357		114,021,000	26.5%
Kentucky		58,680,236		144,612,000	40.6%
Louisiana		56,548,408		195,171,000	29.0%
Maine		11,755,549		45,950,000	25.6%
Maryland		92,498,947		264,882,000	34.9%
Massachusetts		78,029,556		342,123,000	22.8%
Minnesota		46,863,582		243,404,000	19.3%
Mississippi		23,482,088		87,075,000	27.0%
Missouri		69,172,918		217,320,000	31.8%
Montana		10,375,423		31,809,000	32.6%
Nebraska		15,221,162		79,674,000	19.1%
Nevada		18,943,991		111,590,000	17.0%
New Hampshire		11,403,021		54,587,000	20.9%
New Jersey		87,686,012		438,721,000	20.0%
New York		202,804,356		1,034,339,000	19.6%
North Carolina		95,429,069		380,631,000	25.1%
North Dakota		7,175,181		31,254,000	23.0%
Ohio		110,158,182		426,116,000	25.9%
Oklahoma		38,591,582		133,464,000	28.9%
Oregon		37,173,738		166,725,000	22.3%
Pennsylvania		149,084,237		505,935,000	29.5%
Rhode Island		14,459,830		44,014,000	32.9%
South Carolina		45,406,960		145,134,000	31.3%
South Dakota		9,126,170		36,272,000	25.2%
Tennessee		70,849,369		228,716,000	31.0%
Texas		237,047,188		1,106,236,000	21.4%
Utah		25,876,045		102,801,000	25.2%
Vermont		7,097,914		23,140,000	30.7%
Virginia		136,065,698		380,609,000	35.7%
Washington		73,647,278		306,633,000	24.0%
West Virginia		21,710,876		55,992,000	38.8%
Wisconsin		56,879,502		221,293,000	25.7%
Wyoming		5,082,993		34,409,000	14.8%
Total- 47 States	\$	3,111,791,833	\$	12,529,117,000	
				47 State Average	26.4%
Hawaii	\$	20,138,434	\$	59,329,000	33.9%
Michigan		98,347,517		344,871,000	28.5%
New Mexico		25,867,488		72,802,000	35.5%
Total- 50 States	\$	3,256,145,272	\$	13,006,119,000	
				50 State Average	26.8%

TABLE 4**Other Key Measures of Intergovernmental Financial Dependency- Fiscal Year 2010**

<u>State</u>	<u>Military Facilities</u>	<u>Military Facilities-</u>	<u>Military Facilities-</u>	<u>Federal Leased/Owned</u>
		<u>Present Replacement Value</u>	<u>Military and Civilian Personnel</u>	<u>Buildings</u>
		<u>(\$ Millions)</u>	<u>(thousands)</u>	<u>(million sq. ft.)</u>
Alabama	90	\$ 10,550	75.0	4.1
Alaska	157	30,180	32.3	1.2
Arizona	49	11,450	50.2	4.2
Arkansas	25	3,773	13.9	2.0
California	349	96,004	267.5	25.7
Colorado	89	14,103	52.7	10.8
Connecticut	36	2,704	12.4	1.5
Delaware	14	1,779	7.8	.2
Florida	182	26,328	90.4	10.4
Georgia	72	27,453	166.3	10.5
Hawaii	120	47,016	82.2	1.2
Idaho	62	3,014	6.5	1.0
Illinois	67	12,177	52.3	10.0
Indiana	39	7,125	16.4	6.1
Iowa	34	2,518	10.2	1.3
Kansas	45	10,285	46.9	2.4
Kentucky	28	11,033	75.7	3.6
Louisiana	38	8,225	44.9	4.1
Maine	29	2,803	9.4	1.0
Maryland	120	21,851	125.0	29.2
Massachusetts	53	5,547	18.3	5.7
Michigan	45	4,467	18.2	6.1
Minnesota	43	1,721	8.5	3.2
Mississippi	59	8,236	26.6	2.2
Missouri	59	9,017	53.8	16.0
Montana	252	3,849	6.6	1.6
Nebraska	122	3,128	12.3	1.9
Nevada	52	11,439	16.4	1.9
New Hampshire	9	444	1.8	.7
New Jersey	38	11,814	25.4	4.8
New Mexico	49	11,677	21.5	2.8
New York	167	15,119	62.4	17.0
North Carolina	104	28,166	164.7	3.9
North Dakota	200	5,842	10.1	1.0
Ohio	69	9,215	35.8	7.4
Oklahoma	51	14,047	61.6	2.5
Oregon	35	2,063	5.6	4.1
Pennsylvania	143	11,703	52.0	10.7
Rhode Island	29	4,069	10.5	.6
South Carolina	65	11,781	68.8	1.9
South Dakota	26	2,577	5.4	.6
Tennessee	48	14,375	18.2	4.5
Texas	161	46,191	219.5	21.7
Utah	95	8,725	29.5	2.9
Vermont	11	388	3.1	1.0
Virginia	232	45,012	221.3	28.6
Washington	108	27,643	90.9	9.0
West Virginia	39	1,229	6.5	3.6
Wisconsin	48	4,097	17.9	1.7
Wyoming	93	2,111	4.9	.3
Total- 50 States	4,150	\$ 676,061	2,536	300.1

Sources:**Military Facilities:** From the Department of Defense, 2011 Base Structure Report, Total DoD Inventory as of 9-30-10**Federal Leased/Owned Buildings:** From the U.S. General Services Administration, Inventory of Leased and Owned Buildings, obtained Jan. 2012.

USING THE INFORMATION IN THIS STUDY

The *2011 Financial Report of the United States Government* states, “(w)hile the precise size of the fiscal gap is highly uncertain, there is little question that current fiscal policies cannot be sustained indefinitely.” In the report, a statement of the Comptroller General of the United States adds emphasis to this assertion by stating, “(i)n addition, debt held by the public continues to grow as a share of the economy; this means the current structure of the federal budget is unsustainable over the longer term.”

Other authoritative sources of objective and rigorous analyses published by the Governmental Accountability Office and the Congressional Budget Office, also assert that the federal government is fiscally unsustainable. In most cases, these assessments have been put forward for many years. The difference today is that the federal government is no longer considered unsustainable only “in the long run.” It is already beginning to experience sustainability problems.

The key measures of intergovernmental financial dependency identified in this study act as a foundation of information to encourage shared leadership between state governors and the federal government in addressing the fiscal sustainability of the federal government. The authors believe that shared leadership would provide several benefits:

1. Governors can help Congress and the administration make better decisions because of their knowledge and understanding of the many ways in which states are dependent on federal revenue streams.
2. Governors can effectively communicate with their citizens about the potential impact of reductions in federal spending. They can also help the American public accept necessary changes to federal programs and activities, and understand the sacrifices necessary to return the federal government to fiscal sustainability.
3. Governors, principally through colleges and universities, can assist in protecting the nation’s foundational knowledge that may be impacted when federal programs are reduced or eliminated.

OTHER AVAILABLE IFD RESOURCES

Intergovernmental Financial Dependency: A Guide for State and Local Governments in Preparing a Special Report

By Edward J. Mazur, published by CliftonLarsonAllen LLP, 2011

www.cliftoncpa.com/resources/IFDspecialreportguide

Intergovernmental Financial Dependency: Why It Matters!

By Edward J. Mazur and John B. Montoro, AICPA “*Journal of Accountancy*,” October 2011

www.journalofaccountancy.com/Issues/2011/Oct/20114206

Our Nation’s Governors – Walking a Tightrope Without a Net

By Edward J. Mazur, AGA “*Journal of Government Financial Management*,” Summer 2011.

www.cliftoncpa.com/resources/walkingatightrope

Intergovernmental Financial Dependency and Related Risks – Proposed Reporting by State and Local Governments

By Edward J. Mazur, published by Cherry, Bekaert, and Holland L.L.P., 2009

www.cliftoncpa.com/resources/intergovernmentalreport