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PER CAPITA FEDERAL SPENDING: AN INTERSTATE COMPARISON

Data recently released by the U.S. Bureau of the Census indicate that Michigan continues to rank near the bottom of state rankings in the amount of federal spending per capita. In Fiscal Year 1995-96, Michigan ranked 48th, down from 47th in FY95 and 45th in FY94.

The Census Bureau breaks down federal spending into five categories:

1) Direct Payments for Individuals. Payments made directly to individuals, including such major items as Social Security and federal employee pensions, food stamps, and earned income tax credits; or on behalf of individuals, such as Medicare payments to health care providers and Pell grants (higher education assistance). This is, by far, the largest category of federal spending, accounting for 54 percent of the U. S. total and 67 percent of the Michigan total.

2) Grants to State and Local Government. Includes a wide range of programs, most notably Medicaid, cash assistance to those with low incomes, education grants, and grants for highway construction. Because federal grants are often made on a matching basis, high per capita federal grants often accompany high levels of state own-source spending, as well.

3) Procurement. Federal purchasing covers many things, but interstate differences often reflect military spending, either on weapons and equipment or on military bases.

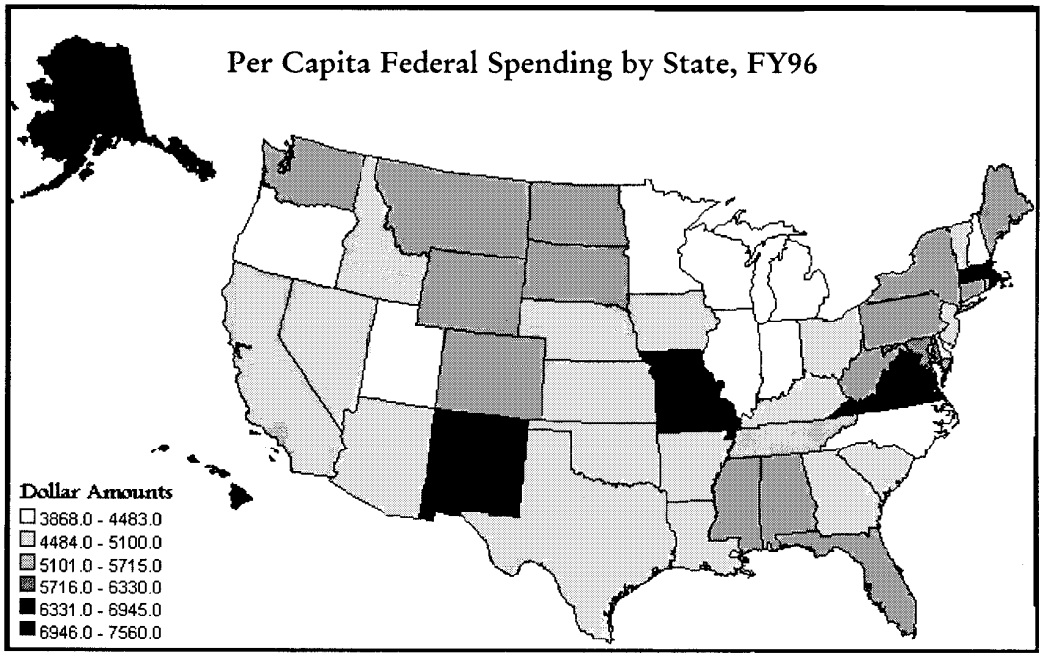
4) Salaries and Wages. The presence or absence of federal employees, either civilian or military, in a jurisdiction accounts for interstate differences in this category.

5) Other (Not shown in accompanying table). Includes all other federal spending that can be allocated to states. Normally small amounts.

Michigan is below the national average in each of the four categories shown in the table. It is, however, especially low in procurement and in salaries and wages, in part reflecting minimal federal military spending in Michigan. While this may depress Michigan's overall ranking, it also means that Michigan will be less affected by any future military downsizing.

Michigan ranked 48th in expenditures from the Federal Highway Trust Fund at $46 per capita, compared with a U. S. average of $73. If federal highway expenditures in Michigan had been at the national average, Michigan would have received an additional $255 million in FY96.

If total federal spending in Michigan in FY96 had been equal to the national average, it would have been $10.4 billion higher than it actually was.



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Federal Per Capita Spending by Category, Fiscal Year 1995-96

State	Drct Payments for Individuals		Grants to St. & Lcl Gov'ts		Procurement		Salaries & Wages		Total	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Virginia	$2,781	22	$ 510	50	$ 2,177	1	$ 1,846	3	$ 7,536	1
Maryland	2,857	19	699	43	1,680	4	1,444	4	7,303	2
Alaska	1,682	50	1,731	1	1,324	5	2,187	1	7,151	3
New Mexico	2,586	35	1,134	8	2,146	2	984	6	7,048	4
Hawaii	2,734	27	951	15	868	11	2,034	2	6,771	5
Missouri	2,924	14	763	30	1,977	3	594	22	6,549	6
Massachusetts	3,075	7	1,118	9	998	7	469	34	5,984	7
Rhode Island	3,299	4	1,188	4	427	31	640	18	5,715	8
Montana	2,748	24	1,097	11	299	42	719	14	5,658	9
Mississippi	3,016	8	1,014	14	856	12	579	25	5,591	10
North Dakota	2,572	37	1,140	7	326	39	999	5	5,544	11
West Virginia	3,509	2	1,144	6	281	43	446	38	5,509	12
Florida	3,705	1	586	48	564	23	532	29	5,498	13
Alabama	3,187	5	778	28	687	19	678	15	5,478	14
Maine	2,940	13	1,117	10	730	17	581	24	5,477	15
Connecticut	2,960	12	941	16	954	8	433	41	5,472	16
Pennsylvania	3,399	3	839	21	459	29	467	35	5,322	17
South Dakota	2,693	30	1,184	5	340	37	730	13	5,290	18
Washington	2,682	31	750	32	832	13	827	8	5,286	19
Colorado	2,305	47	630	46	1,218	6	846	7	5,234	20
Wyoming	2,483	42	1,473	2	318	40	822	10	5,228	21
New York	2,971	11	1,351	3	348	36	394	44	5,206	22
U.S. Average	*2,784*		*845*		*745*		*631*		*5,180*	
Tennessee	2,913	15	841	20	812	14	508	32	5,180	23
Louisiana	2,890	18	1,088	13	480	27	479	33	5,083	24
Oklahoma	2,993	9	738	36	365	33	824	9	5,055	25
Kentucky	2,907	16	864	18	516	25	629	19	5,051	26
South Carolina	2,794	20	820	24	677	20	596	21	4,975	27
California	2,523	39	829	22	870	10	566	28	4,939	28
Arizona	2,771	23	699	42	787	16	570	26	4,927	29
Arkansas	3,181	6	849	19	180	50	413	42	4,811	30
New Jersey	2,991	10	814	25	470	28	445	39	4,800	31
Kansas	2,742	26	661	45	431	30	661	17	4,800	32
Georgia	2,439	44	729	37	645	21	803	11	4,723	33
Vermont	2,522	38	1,088	13	501	26	458	37	4,711	34
Iowa	2,695	29	712	41	273	44	331	48	4,701	35
Delaware	2,892	17	828	23	212	48	567	27	4,639	36
Nevada	2,621	34	547	49	878	9	530	30	4,634	37
Idaho	2,410	45	746	34	795	15	530	31	4,606	38
Nebraska	2,552	38	746	35	354	35	624	20	4,598	39
Texas	2,390	46	695	44	724	18	588	23	4,522	40
Ohio	2,789	21	785	26	410	32	413	43	4,488	41
North Carolina	2,656	33	714	39	313	41	669	16	4,475	42
Oregon	2,746	25	873	17	191	49	440	40	4,423	43
Illinois	2,679	32	779	27	267	45	459	36	4,324	44
New Hampshire	2,446	43	766	29	578	22	386	45	4,304	45
Indiana	2,585	36	626	47	358	34	337	47	4,146	46
Utah	1,959	49	723	38	536	24	739	12	4,097	47
Michigan	***2,729***	***28***	***750***	***33***	***228***	***46***	***290***	***49***	***4,095***	***48***
Minnesota	2,296	48	759	31	329	38	355	46	4,048	49
Wisconsin	2,505	41	713	40	225	47	267	50	3,868	50

Source: U.S. Department of Commerce, Bureau of the Census, *Federal Expenditures by State for Fiscal Year 1996.*