



ISSUE BRIEF

MEASURING RECOVERY ACT IMPACT

PER CAPITA RATE COMPARED TO PROPORTION OF STATE BUDGET

USA Today, the Wall Street Journal, and other sources such as the website, Pro Publica, have analyzed Recovery Act funding based on the funding awarded on a per capita basis. These per capita analyses have reported that Florida is last among the states on this measure.

This issue brief examines the validity of using per capita analysis as the basis for assessing the impact of the Recovery Act and further examines Recovery Act funding as a function of the size of the state budget rather than the total state population.

Per Capita Analysis

A per capita analysis simply divides the amount of Recovery Act funds by the total number of people in the state. This method inevitably results in Florida being at or near the bottom for several reasons:

- **Demographics.** Florida is blessed with a disproportionate number of elders. Overall, Florida is 6% of America, but only 5.4% of school age America (age 5 to 24). At the other end of the age spectrum, Florida has over 9% of Americans over age 85. Since the largest portion of stimulus funding is for education, the composition of the population of Florida will lower the state's ranking in a per capita analysis.
- **Climate.** Two of the major sources of energy funding, the Weatherization Assistance Program and the State Energy Program use climate as a significant factor in allocating funds among states.
- **Historical Inequity.** In many instances Congress used existing allocation methods to distribute stimulus funds. In areas like highway funding, Florida has long been disadvantaged in the federal funding formulas. In some instances, the use of existing allocation methods had the effect of continuing historical patterns.

While these factors combine to put Florida low on the list of states from a per capita standpoint, this approach does not provide a very useful perspective on the impact of stimulus funding.

Comparison to State Budget

Each state began the Recovery Act implementation with an existing state budget. **A better way to judge the impact of the stimulus would be to compare the total stimulus funding to the state budget.** States receiving more stimulus funds as a percentage of the state budget would see a greater impact than states receiving less.

To examine this impact, we compared total stimulus funds for each state to its latest available budget. To assure an “apples to apples” comparison, the total stimulus funding was taken from the latest federal agency reports listed on the Recovery.gov website. The number used was reported by federal agencies and includes benefits to individuals as well as federal grants, contracts and loans.

The state budget information was taken from the latest actual amounts listed in the annual report published by the National Association of State Budget Officers (NASBO).

Based on this analysis, Florida ranked 11th among the states on the impact of stimulus funding. When the same analysis was done based on amount actually paid out, Florida ranked 10th. The analysis is shown in Table 1.

This approach provides a more relevant picture of the impact of stimulus funding on Florida. Whatever measure is used, however, it is clear that budget situation in Florida would have been catastrophic without the Recovery Act funds.

Table 1
Recovery Act
Analysis of Recovery Funds Available and Funds Paid Out as Percentage of State Budget
Rankings by State

State	Funds Available (\$millions)	Funds Paid Out (\$millions)	State Budget (\$millions)	Funds Available as Percentage of State Budget	Rank	Funds Paid Out as Percentage of State Budget	Rank
South Dakota	1,205	702	3,150	38%	1	22%	5
Illinois	16,294	12,466	46,877	35%	2	27%	1
Nevada	3,202	2,358	9,240	35%	3	26%	2
Michigan	14,404	9,758	43,982	33%	4	22%	7
Indiana	7,918	5,583	24,239	33%	5	23%	4
Montana	1,460	888	4,477	33%	6	20%	12
Arizona	8,006	5,732	24,721	32%	7	23%	3
Missouri	6,848	4,699	21,179	32%	8	22%	6
Texas	26,185	16,822	82,156	32%	9	20%	9
Idaho	1,794	1,264	5,930	30%	10	21%	8
Florida	19,398	13,023	64,379	30%	11	20%	10
North Dakota	1,051	662	3,597	29%	12	18%	16
New Hampshire	1,400	893	4,806	29%	13	19%	15
Tennessee	7,412	4,727	26,324	28%	14	18%	20
Maine	2,071	1,345	7,427	28%	15	18%	19
Pennsylvania	16,230	11,003	58,696	28%	16	19%	13
Georgia	10,152	7,380	36,762	28%	17	20%	11
New York	31,437	21,134	116,056	27%	18	18%	17
Washington	8,479	5,913	31,732	27%	19	19%	14
North Carolina	10,556	7,108	41,587	25%	20	17%	25
Massachusetts	11,060	7,549	44,146	25%	21	17%	23
Rhode Island	1,739	1,210	7,097	24%	22	17%	26
Utah	2,995	1,961	12,420	24%	23	16%	29
Ohio	13,596	9,063	56,763	24%	24	16%	28
Oregon	5,314	3,872	22,644	23%	25	17%	24
Iowa	3,771	2,931	16,129	23%	26	18%	18
South Carolina	4,848	3,077	20,787	23%	27	15%	30
Minnesota	6,583	4,949	28,446	23%	28	17%	22
California	44,698	31,885	194,276	23%	29	16%	27
Mississippi	3,542	2,219	15,599	23%	30	14%	34
Kansas	2,879	1,859	12,689	23%	31	15%	31
New Jersey	10,975	8,638	48,704	23%	32	18%	21
Maryland	6,422	3,697	29,798	22%	33	12%	39
Kentucky	4,899	3,363	22,995	21%	34	15%	32
Vermont	1,128	690	5,308	21%	35	13%	38
Colorado	5,321	3,640	25,129	21%	36	14%	33
Oklahoma	4,133	2,785	19,962	21%	37	14%	35
Nebraska	1,747	984	8,712	20%	38	11%	43
Virginia	6,896	4,307	35,330	20%	39	12%	41
Arkansas	3,240	2,089	16,899	19%	40	12%	40
Wisconsin	6,874	5,027	36,091	19%	41	14%	36
Connecticut	4,615	3,248	24,536	19%	42	13%	37
New Mexico	2,635	1,691	14,790	18%	43	11%	42
Louisiana	5,076	2,962	29,995	17%	44	10%	44
Delaware	1,357	719	8,621	16%	45	8%	46
Wyoming	735	403	4,958	15%	46	8%	47
Hawaii	1,580	936	11,160	14%	47	8%	45
West Virginia	2,486	1,332	18,710	13%	48	7%	49
Alaska	1,590	779	12,322	13%	49	6%	50
Alabama	4,959	3,051	40,159	12%	50	8%	48

Notes: Funds available and funds paid out from Recovery.gov Agency reports as of Sept. 1, 2010.
<http://www.recovery.gov/Transparency/agency/Pages/StateTotalsByAgency.aspx>

State Budget from Table 1 in the 2008 State Expenditure Report published in Fall 2009 by the National Association of State Budget Officers