

Government spending / Articles

Which states rely the most on federal aid?

A fifth of state and local government revenues come from federal funding.

Updated August 1, 2024 by the [USAFacts team](#)

In 2021, the US government provided nearly \$1.3 trillion[▯] to state and local governments through federal grants. These grants made up a fifth of states' total revenues, funding healthcare, education, social services, infrastructure, and public safety programs.

Overall, federal aid to state and local governments has risen by over \$400 billion since 2019 because of COVID-19's burden on healthcare and social programs.

Though Office of Management and Budget data shows that while federal grants increased annually from 2013 to 2021, they fell in 2022[▯] (when adjusted for inflation).

Federal funding comes through several overlapping programs targeting state and local governments. The proportion of state revenues attributable to federal aid is determined by combining the funding received by both state and local institutions.

The five states that received the most federal aid were:

- California (\$162.9 billion)
- New York (\$110.2 billion)
- Texas (\$105.8 billion)
- Florida (\$58.8 billion)
- Pennsylvania (\$57.1 billion)

These figures largely correlate with population. To interpret state reliance on the federal government more accurately, we can look at total aid as a percentage of annual state revenues.



Subscribe to stay informed about DOGE and federal spending >

In 2021, Montana led the states with the highest proportion of federal funding to the overall budget at 31.8%, followed by New Mexico (30.7%), Kentucky (30.1%), Louisiana (29.8%), and Alaska (29.0%).

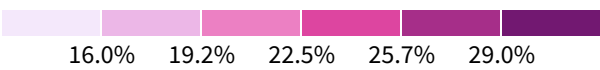
year. In 2020 and 2021, Vermont received over \$4.9 billion in federal grants.

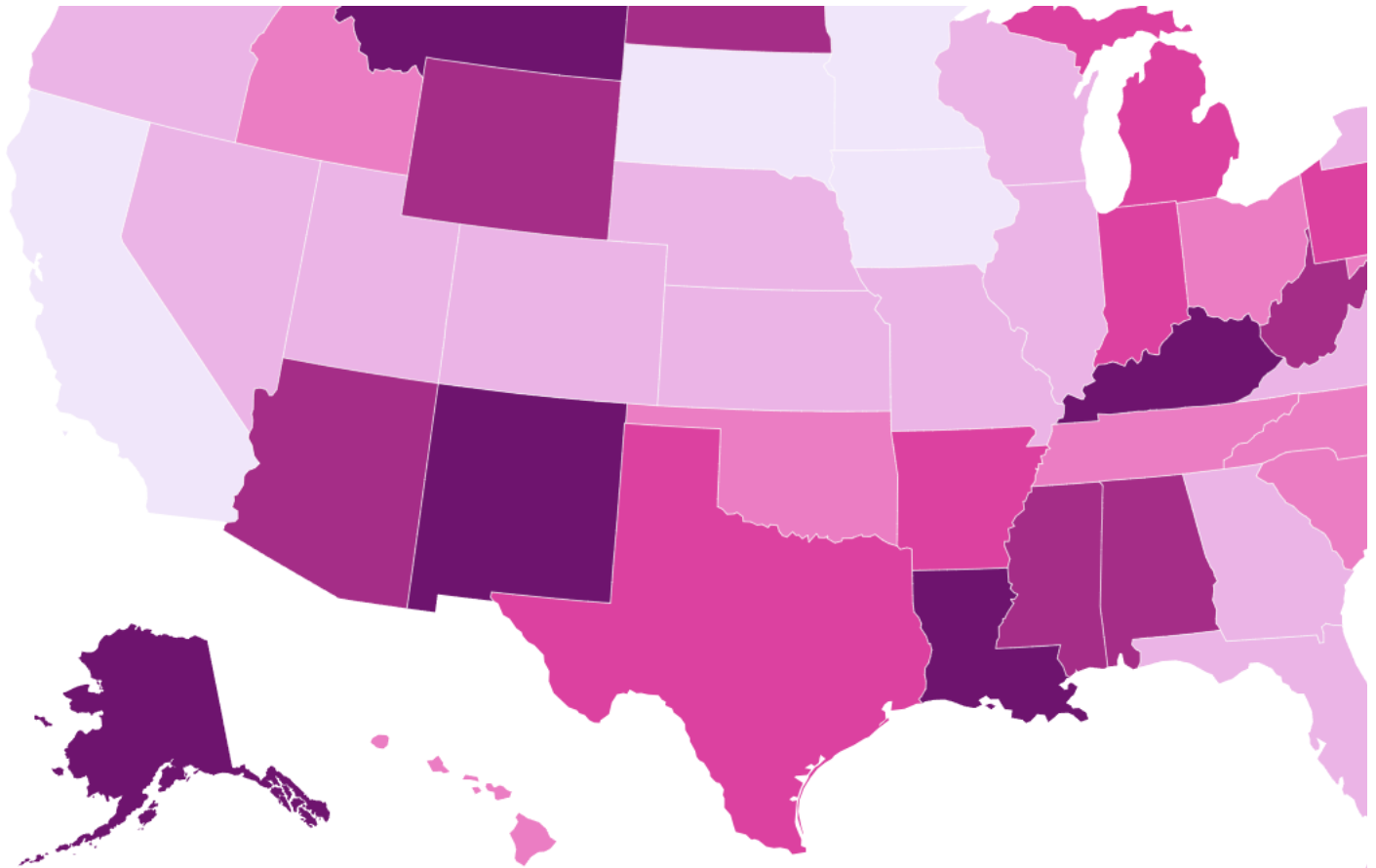
Despite receiving the most federal funding dollar-wise, California was the second-least reliant state on a percentage basis, with 14.5% of revenue coming from the federal government, followed by Minnesota (14.6%), South Dakota (15.0%), and Iowa (15.5%).

State and local revenues depend on federal money to different degrees.

Percentage of total state and local revenues from federal government grants, FY 2021

Map Table





All dollar values in this article have been adjusted for inflation into FY 2023 dollars. The data on state and local government finances is reported based on each individual government's fiscal year, and the specific months composing a fiscal year can vary significantly. State and local government finance data inflation adjustments are based on federal fiscal year-level inflation data.

Source: [US Census Bureau](#) • [Get the data](#) • [Embed](#) • [Download image](#) • [Download SVG](#)

How much money do states receive per resident?

Another way to evaluate reliance on federal funding is on a per-person basis, where federal funding is represented as the average amount a state receives per resident to better illustrate the extent of federal support relative to population.

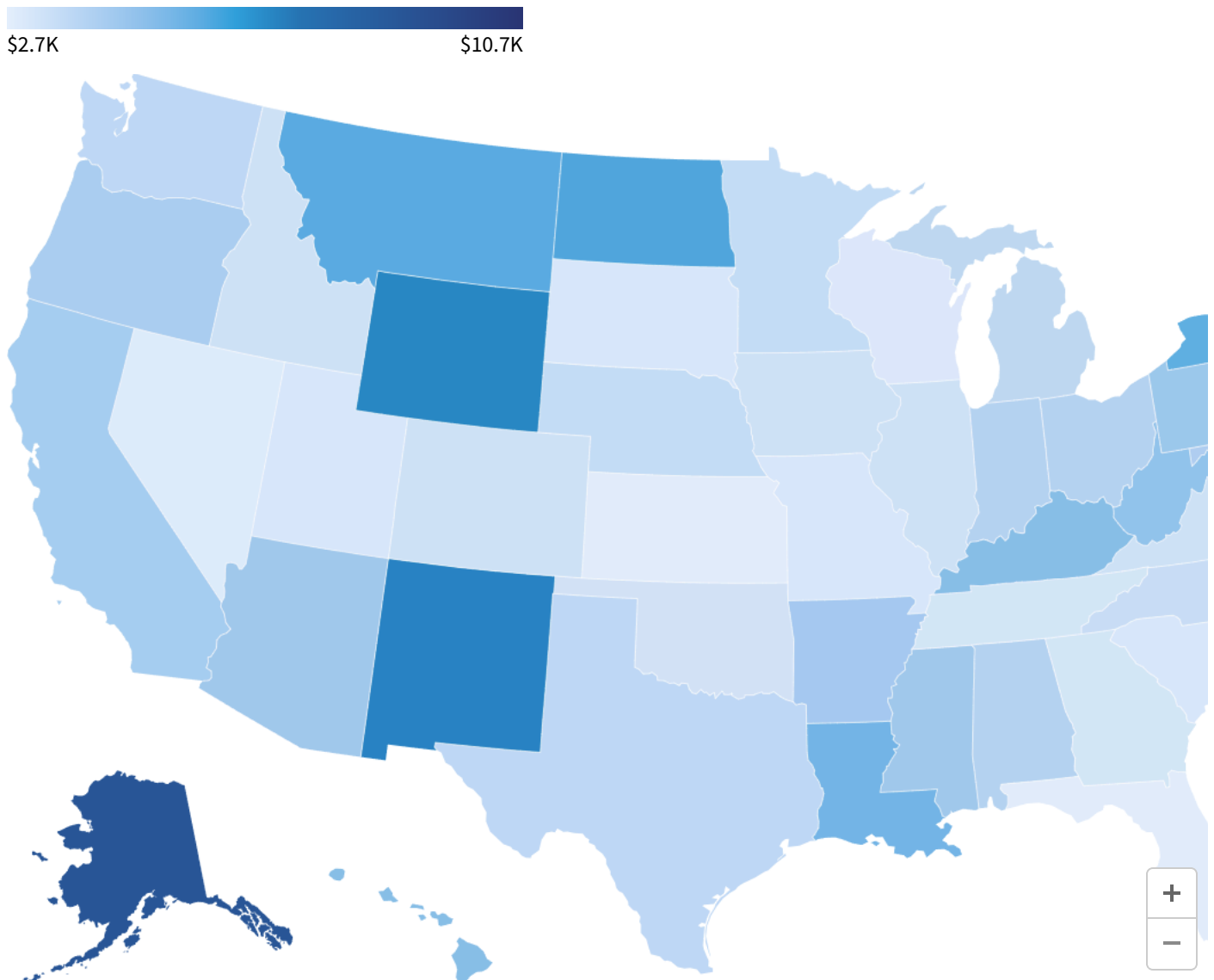
Using this metric, Alaska had the highest rate of federal funding in 2021 at roughly \$8,628 per person, a whole 26.5% more than the second-highest state, Rhode Island, which received \$6,821. They're followed by New Mexico (\$6,748), Wyoming (\$6,718), and Delaware (\$6,011).

Alaska, Rhode Island, and New Mexico were the states with the highest rates of federal funding per person.

Federal funding per capita by state, FY 2021

Map

Table



All dollar values in this article have been adjusted for inflation into FY 2023 dollars. The data on state and local government finances is reported based on each individual government's fiscal year, and the specific months composing a fiscal year can vary significantly. State and

While a per-capita analysis offers insights into the average federal investment per resident, it may overlook nuances that influence federal aid allocation, such as the prevalence of low-income families, the incidence of natural disasters, economic fluctuations, and recent Medicaid expansions. These shifting circumstances can cause federal assistance to vary year over year.

States with unique needs or higher costs may have disproportionately higher per-person federal funding — New Mexico, whose [Medicaid enrollment rate](#) of 38.3% is higher than the 23.6% national average, ranks in the top three for federal per-capita funding due in part to its increased federal Medicaid support.

Government spending

Get data-driven insights into how governmental revenue and spending affect American lives and programs.

[Read more](#)

How do states receive federal funding?

Federal assistance is typically allocated through grants to support a broad range of basic services, including health care, education, social services, infrastructure, and public safety.

opposed to general purpose fiscal assistance. As a result, the Office of Management and Budget issued temporary exceptions to allow aid to flow more freely during the pandemic.

Total 2021 federal aid grants grew to over \$1.4 trillion[□] – about 5.4% of US GDP that year and just over 18% of all federal spending, according to federal data.

The majority of federal grants to state and local governments in 2021 and 2023 funded health insurance programs.

Federal grant money separated by function, adjusted for inflation FY 2021 and FY 2023

	2021	2023
Medicaid and CHIP		\$608.9B \$633.8B
General purpose fiscal assistance	\$10.2B	\$284.4B
All other programs	\$165.9B \$170.5B	
Housing assistance	\$82.5B \$48.1B	
Elementary and secondary education	\$69.8B \$61.1B	
Highway transportation	\$54.5B \$49.1B	
Disaster relief	\$49.5B \$34.0B	

\$32.9B

\$26.9B

Public health

\$28.6B

\$16.9B

Federal grant money for 2021 is inflation-adjusted to 2023 dollars.

Source: [USAFacts](#) • [Get the data](#) • [Embed](#) • [Download image](#) • [Download SVG](#)

Total federal funding to state and local governments fell 23.2% between 2021 and 2023 but remains higher than pre-pandemic levels. Much of this reduction is attributable to the December 2021 end of the Covid Relief Fund, which provided general support to [help states maintain balanced operating budgets](#) amidst the pandemic's economic downturn.

Where does this data come from?

The Census Bureau provides [annual state and local government finance statistics](#) and historical datasets on the revenue, expenditure, debt, and assets (cash and security holdings) for US governments. Data is available up to 2021 as of February 28, 2024.

Additional statistics on federal grant money by category are compiled by the USAFacts team for our [State of the Union in Numbers](#) report.

Get more [economic updates](#) and data [on federal spending](#) from USAFacts, and [get the latest data by signing up for our newsletter](#).



Related government spending articles

Read data analyses written by the USAFacts team.



How much money does the government spend per person?



How are public schools funded?






Which states bring in the most non-tax revenue?



Page sources and methodology

All of the data on the page was sourced directly from government agencies. The analysis and final review was performed by USAFacts.

 Census Bureau
logo

Census Bureau

State and Local Government Finances

 USAFacts logo

USAFacts



USA **FACTS**

USAFacts is a not-for-profit, nonpartisan civic initiative making government data easy for all.

[Learn more about us](#)

Subscribe

Subscribe to get more unbiased, data-driven insights sent to your inbox weekly.

Email

Browse

[Crime](#)

[Defense & security](#)

More

[Articles](#)

[Guides and reports](#)



ENVIRONMENT

FAQS

Government spending

Population

Health