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# Economics Newsletter

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## FEDERAL OUTLAYS IN SOUTH DAKOTA

DECEMBER 11, 1975

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Federal outlays in South Dakota were down in 1974 by \$157 million from a year earlier. After adjusting for inflation they were \$183 million less. The adjustment for inflation was made by dividing the Consumer Price Index (better known as the Cost-of-Living Index) into the actual dollars. The resulting estimates can be considered as the real purchasing power of the outlays (constant dollar value).

The trends over the 5-year span from 1970 through 1974 are shown in Table 1. From this it can be seen that the 1974 deflated figures were the lowest of any of the years. The table also shows the increases and decreases throughout the period with a dramatic 23 percent drop from 1973 to 1974.

Table 2 presents similar figures for total federal outlays in all the states, as well as the percentage of outlays that go to South Dakota. A somewhat different picture emerges, however. The percentage changes in deflated dollars are not as dramatic or erratic as for South Dakota. They indicate that South Dakota is getting a smaller share of federal outlays. This conclusion is also borne out by the last column showing the decline in percent of federal outlays coming to the state, dropping from .40 percent in 1973 to .31 percent in 1974; again, the lowest for any of the 5 years shown. This, in itself, is not too surprising, however, since in most states the proportion of federal outlays received is very closely correlated with the proportion of U.S. total population within the state. The 1970 Population Census revealed a decline in population in South Dakota which at that time was .33 percent of the U.S.

The federal outlays in South Dakota by agency and some of the major programs within each agency are presented in Table 3. Agencies are listed in the table by declining order in amount of outlays. Within each agency the same procedure has been followed. To conserve space, it was necessary to lump some of the smaller programs into "other outlays." The first column is in actual dollars and the second column shows the percentage each item is of all federal outlays in South Dakota. After the total for each agency, the figure in parentheses is the proportion of that agency's budget allocated to South Dakota. In many cases these are widely different. For example, the Department of Health, Education and Welfare outlays amount to 34.8 percent of all federal outlays within the state, but constitute only .3 percent of HEW's budget. On the other hand, the fifth-ranked agency - Department of the Interior - spends 2.0 percent of its budget here which represents only 6.6% of federal outlays in South Dakota.

At this point it appears appropriate to emphasize that all figures presented here are in terms of "outlays." Outlays in this sense include direct grants, assistance with state programs, returns to the state in "transfer-type" activities, and even loans. For example, one of the highest expenditures is lumped into the category of "Social Security." In a sense, these are monies paid into the federal government and returned. Another example appears in Agriculture under the title of "Meat and Poultry Inspection." In fact, the federal government hires inspectors for federally-inspected plants, but an almost equivalent amount is paid by the processor to the federal government. Thus, it is essential to keep in mind the distinction between federal outlays and federal aid. The latter would very likely be about one-fourth of the total, or about \$220 million instead of \$883 million. Neither figure, of course, is to be taken lightly as it constitutes a very large segment of all governmental expenditures within South Dakota.

It may also be well to note that, arranged by Agencies, some expenditures are likely to go unnoticed with a casual study of the table. Here we can take as an example the rather high proportion of Department of the Interior outlays for Indian-related activities. Careful study will also show that substantial amounts are spent by other Departments for Indian welfare such as in the Department of HEW particularly, the Department of Agriculture and others.

These two observations lead to a third: not all money coming into the state has the same impact on the economy. It depends upon how the money is spent and re-spent. This is called the multiplier effect. Thus, salary payments to federal employees working in local areas may have a higher multiplier effect than expenditures for equipment that these employees may use that is not locally purchased.

As a final note about Table 3, within the 5 years considered in this report, the top ten Agencies determined by total outlays have consistently accounted for 93 percent of all federal outlays in South Dakota. However, there has been some shifting of positions with a decline in some of the farm programs and increases in other areas such as HEW and the Department of Defense which has resulted in Agriculture being relegated to third place. These shifts will probably continue to occur into the foreseeable future.

Table 1

## Federal Outlays In South Dakota, 1970-1974

Year	Amount in Millions of Current \$	Consumer Price Index (1967=100)	Amount in Millions of Constant \$*	Percent Change from Previous Year
1970	724	116.3	623	
1971	742	121.3	612	- 1.8
1972	855	125.3	682	+11.5
1973	1,040	133.1	781	+14.5
1974	883	147.7	598	-23.4

\*Calculated by dividing current dollars by Consumer Price Index.

Table 2

## Total Federal Outlays, 1970-1974

Fiscal Year	Amount in Millions of Current \$	Amount in Millions of Constant \$*	Percent Change from Previous Year	Percent of Total Spent in S.D.
1970	190,010	163,379		.38
1971	208,848	172,175	+5.4	.36
1972	227,014	181,176	+5.2	.38
1973	260,609	195,800	+8.1	.40
1974	281,467	190,567	-2.7	.31

\*Calculated by dividing current dollars by Consumer Price Index.

Table 3

FEDERAL OUTLAYS IN SOUTH DAKOTA  
FISCAL YEAR 1974

(Agencies ranked by outlays within the state)

	FY 1974 Outlays (\$1,000)	% of Federal Outlays Within S.D.
DEPT. OF HEALTH, EDUC. & WELF.		
Social Security (Total)	183,987	20.8
Medicare (Total)	30,769	3.5
Indian Health Facilities & Services	16,358	1.8
Public Assist - Maint. Assist. (State Aid)	14,065	1.6
Medical Assist. Program	12,400	1.4
Educationally Deprived Children	6,178	.7
School Assist. in Fed. Aff. Areas	4,175	.5
Rehab. Services & Fac. Basic Support	2,862	.3
Limit on Salaries & Expenses SSA	2,417	.3
Child Dev. - Head Start	2,039	.2
Public Assist. - Social Services	1,771	.2
Health Professions - Start-up Assist.	1,705	.2
Aging Special Support Proj.	1,690	.2
Voc. Ed. - Basic Grant to States	1,652	.2
Native American Program Supplement	1,567	.2
Nat'l Direct Student Loans	1,520	.2
Higher Educa. Work - Study	1,333	.1
Teachers Corps - Operations & Training	1,189	.1
Health Fac. Const. Grants	922	.1
Misc. Federal Outlays	908	.1
Total Federal Outlays, Dept. of HEW (.3% of U.S. Total)	307,855	34.8

	FY 1974 Outlays (\$1,000)	% of Federal Outlays Within S.D.
DEPT. OF DEFENSE		
Military Active Duty Pay	59,696	6.8
Military Prime Contracts (Total)	26,529	3.0
Civilian Pay	16,748	1.9
Mil. Reserve & Nat. Guard Pay	9,938	1.1
Military Retired Pay	8,224	.9
Civilian Functions Prime Contracts	3,077	.3
Total Dept. of Defense (.2% of U.S. Total)	124,212	14.1
DEPT. OF AGRICULTURE		
Feed Grains Prod. Stabilization	38,197	4.3
Wheat Prod. Stabilization	25,175	2.8
Commodity Loans	14,481	1.6
Food Stamp Bonus Coupons	5,939	.7
Sal. & Exp. ASCS, FHA, REA	5,407	.6
School Lunch Program	3,080	.3
Storage Facility Loans	2,909	.3
Forest Prot. & Util.	2,678	.3
Soil & Water Conserv.	2,332	.3
Commodity Inventory Operations	1,665	.2
Cooperative Extension Service	1,612	.2
Meat & Poultry Inspect.	1,610	.2
Great Plains Conserv.	1,221	.1
Cropland Adjustment Prog.	1,194	.1
Crop Ins. Indemnity Pay.	1,152	.1
Manpower Training	1,114	.1
Agriculture Exp. Sta.	937	.1
Misc. Outlays by USDA	10,523	1.2
Total Dept. of Agr. (.9% of U.S. Total)	121,226	13.7

	FY 1974 Outlays (\$1,000)	% of Federal Outlays Within S.D.		FY 1974 Outlays (\$1,000)	% of Federal Outlays Within S.D.
TREASURY DEPARTMENT			DEPT. OF COMMERCE OUTLAYS		
Interest on the Public Debt	34,720	3.9	(.3% of U.S. Total)	<u>4,843</u>	<u>.5</u>
Fiscal Assist to State & Local Gov't	27,418	3.1	ENVIRONMENTAL PROTECTION AGENCY OUTLAYS (.1% of U.S. Total)		
Compliance, Internal Revenue Service	1,597	.2		<u>4,344</u>	<u>.5</u>
Misc. Federal Outlays	1,481	.2	DEPT. OF JUSTICE OUTLAYS		
Total Federal Outlays, Treasury Dept. (.2% of U.S. Total)	<u>65,216</u>	<u>7.4</u>	(.3% of U.S. Total)	<u>3,987</u>	<u>.4</u>
VETERANS ADMINISTRATION OUTLAYS (.4% of U.S. Total)			GENERAL SERVICES ADMINISTRATION OUTLAYS		
	<u>61,786</u>	<u>7.0</u>	General Supply Fund	1,298	.1
DEPT. OF THE INTERIOR			Buildings Management Funds	1,261	.1
Indian-Related Outlays	40,302	4.6	Other Grant Outlays	632	.1
Water Resources	6,632	.8	Total Federal Outlays, GSA (.1% of U.S. Total)	<u>3,191</u>	<u>.3</u>
Outdoor Recreation Assist.	3,873	.4	DEPT. OF HOUSING & URBAN DEVELOPMENT OUTLAYS		
Parks and Forests	1,879	.2	(.2% of U.S. Total)	<u>2,759</u>	<u>.3</u>
Geol. Min. & Wtr Res. Invest. & Topo Map	1,649	.2	SMALL BUSINESS ADMINISTRATION		
Misc. Federal Outlays	4,017	.4	Disaster Loans	613	.1
Total Federal Outlays, Dept. of Interior (2.0% of U.S. Total)	<u>58,352</u>	<u>6.6</u>	Salaries & Exp. SBA	613	.1
DEPT. OF TRANSPORTATION			Loans to State & Local Dev. Co.	216	+
Highway Plan. & Constr.	36,416	4.1	Econ. Opp. Loans to SB	120	+
Grant-in-aid for Airports, A/A Trt Fund	3,153	.4	Small Bus. Finan. Assist Prog	46	+
Misc. Federal Outlays	2,918	.3	Total Federal Outlays, SBA (.2% of U.S. Total)	<u>1,608</u>	<u>.2</u>
Operations, FAA	2,654	.3	OFFICE OF ECONOMIC OPPORTUNITY OUTLAYS (.3% of U.S. Total)		
Total Federal Outlays, Dept. of Transportation (.5% of U.S. Total)	<u>45,140</u>	<u>5.1</u>		<u>1,160</u>	<u>.1</u>
POSTAL SERVICE OUTLAYS (.4% of U.S. Total)			NATIONAL FOUNDATION ON ARTS & HUMANITIES OUTLAYS (.5% of U.S. Total)		
	<u>41,415</u>	<u>4.7</u>		<u>635</u>	<u>.1</u>
CIVIL SERVICE COMMISSION OUTLAYS (.2% of U.S. Total)			NATIONAL SCIENCE FOUNDATION OUTLAYS (1.7% of U.S. Total)		
	<u>15,374</u>	<u>1.7</u>		<u>559</u>	<u>.1</u>
DEPT. OF LABOR			ACTION OUTLAYS (.3% of U.S. Total)		
Comprehensive Employ. Training Assist.	5,302	.6		<u>371</u>	<u>+</u>
Placement Serv. Admin.	2,073	.2	SELECTIVE SERVICE SYSTEM OUTLAYS (.6% of U.S. Total)		
Unemployment Insur.	1,939	.2		<u>310</u>	<u>+</u>
Work Incentive Prog.	1,038	.1	NATIONAL AERONAUTICS & SPACE ADMIN. OUTLAYS (+)		
Misc. Federal Outlays	1,845	.2		<u>139</u>	<u>+</u>
Total Federal Outlays, Dept. of Labor (.3% of U.S. Total)	<u>12,196</u>	<u>1.4</u>	WATER RESOURCE COUNCIL OUTLAYS (1.1% of U.S. Total)		
RAILROAD RETIREMENT BOARD OUTLAYS (.2% of U.S. Total)				<u>46</u>	<u>+</u>
	<u>6,532</u>	<u>.7</u>	TENNESSEE VALLEY AUTHORITY OUTLAYS (+)		
				<u>39</u>	<u>+</u>

	FY 1974 Outlays (\$1,000)	% of Federal Outlays Within S.D.
INTERSTATE COMMERCE COMMISSION OUTLAYS (.1% of U.S. Total)	<u>36</u>	<u>+</u>
ATOMIC ENERGY COMMISSION OUTLAYS (+)	<u>25</u>	<u>+</u>
FEDERAL CREDIT ADMIN. OUTLAYS (.4% of U.S. Total)	<u>22</u>	<u>+</u>
AGENCY FOR INTERNATIONAL DEVELOPMENT OUTLAYS (+)	<u>19</u>	<u>+</u>

	FY 1974 Outlays (\$1,000)	% of Federal Outlays Within S.D.
EQUAL EMPLOYMENT OPPORTUNITY COMM. OUTLAYS (+)	<u>18</u>	<u>+</u>
FEDERAL HOME LOAN BANK BOARD OUTLAYS (+)	<u>13</u>	<u>+</u>
U.S. INFORMATION AGENCY OUTLAYS (+)	<u>3</u>	<u>+</u>
DEPT. OF STATE OUTLAYS (+)	<u>1</u>	<u>+</u>
TOTAL FEDERAL OUTLAYS (TOTAL OF ALL AGENCY OUTLAYS) (.3% of U.S. Total)	<u>883,432</u>	<u>100.0</u>

NOTES: Figures in ( ) indicate proportion of this agency's total outlays distributed to S.D.

+ Indicates less than .05% ( $\frac{1}{2}$  of 1 percent).

Figures may not all add to totals due to rounding.

Mark Your Calendar!

Agri-Business Day  
Tuesday, April 6, 1976  
SDSU, Brookings, S.D.

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