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FEDERAL FUNDS IN SOUTH DAKOTA

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Federal funds flowing in to South Dakota increased by more than 37 percent, or \$388 million dollars, from 1976 to 1977. In constant 1967 dollars, the increase was 29 percent or \$176 million. In a state where 1977 personal incomes totaled about \$3.75 billion in current dollars, the impact of \$1.4 billion of federal spending can be significant.

The trends of Federal outlays in South Dakota for the past eight years are shown in Table 1. This table also illustrates the rather erratic nature of the spending.

Table 2 presents similar figures for total Federal funds in all of the states, as well as the percentage of outlays that go to South Dakota. The relatively large increase of Federal dollars in 1977 did not bring them back to the percentage levels of the early 1970s. This, in itself, may not be too surprising since in most states the proportion of Federal outlays received tends to be closely correlated with the proportion of U.S. total population within each state. The report being summarized here estimates South Dakota's population at .3 percent of the U.S. population, receiving .4 percent of the Federal funds.

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 of the importance of their outlays within the state. Within each agency, the same procedure has been followed, with smaller programs lumped into "other agency funds".

The first column of Table 3 is in actual dollars while the second column shows the percentage each item is of all Federal outlays within South Dakota. After the total for each agency, the figure in parentheses is the proportion of that agency's budget allocated to the state.

Funds provided by the Department of Health, Education and Welfare continue to lead Federal outlays within the state, accounting for 30.9 percent of all Federal funds in the state, though they only represent .3 percent of that Department's budget. The Department of Agriculture funds expanded from about \$92 million in 1976 to \$333 million in 1977 (275 percent), to boost it into second place in outlays in South Dakota and from .6 percent of its budget to nearly 1.7 percent. Greatly expanded commodity loans, together with feed grain and wheat stabilization programs, accounted for nearly 90 percent of the increase.

At this point it is appropriate to emphasize some of the special considerations for use of the figures presented here. These tables were developed from "Geographic Distribution of Federal Funds in South Dakota" compiled for the Executive Office of the President by the Community Services Administration.

These reports were formerly "Federal Outlays". Federal funds here generally means "obligations" and are only for the Executive Branch of the Federal Government.

Comparisons with previous years must be made with caution. There is a category of programs classified as "Indirect Federal Support" which are not included in any of the figures shown here. As examples, there was about \$600 million of such "funds" distributed in South Dakota in 1977 by the Department of Agriculture which are not shown. (Including \$223 million of emergency disaster loans and \$247 million of loans to rural electricians.)

In 1977, the Treasury Department paid \$46 million as "Interest on the Public Debt." The Department of Housing and Urban Development provided almost \$40 million in home mortgage insurance. These are now listed as "Indirect" and not shown.

Some of the funds or outlays are loans and others are "transfer" - type payments. One of the largest outlays is for a broad category of "Social Security". In a sense, these are monies paid in to the Federal Government and returned. Another example appears in Agriculture under the title "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 government.

It is important to note the difference between "Funds" and "Aid". The Treasury Department's report of "Federal Aid to States" lists assistance to state and local governments in the amount of \$240 million for South Dakota or only about 17 percent of the \$1,428 million shown here as Funds. Aids do not include such items as Federal administrative expenses incurred in the state, grants to individuals or institutions, payments for services of Federal employees, or grants for administrative expenses of regional bodies.

Some expenditures are likely to go unnoticed with a casual study of the tables. Careful study will show that substantial amounts are also spent by Departments other than the Department of Interior for Indian-related activities, such as by the Department of Labor, Department of HEW, the Department of Agriculture and others.

These observations lead to another: not all money coming into the state has the same impact on the economy. Much 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 use that is not locally purchased.

Table 1

Federal Funds In South Dakota, 1970-1977

Fiscal 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
1975	985	161.2	611	+ 2.2
1976	1,040	170.2	611	0
1977	1,428	181.5	787	+28.8

*Calculated by dividing current dollars by Consumer Price Index.

Table 2

Total Federal Funds, 1970-1977

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
1975	326,726	202,684	+6.4	.30
1976	358,870	210,852	+4.0	.29
1977	395,656	217,992	+3.4	.36

*Calculated by dividing current dollars by Consumer Price Index.

DISTRIBUTION OF FEDERAL FUNDS IN SOUTH DAKOTA
FISCAL YEAR 1977
(Agencies ranked by outlays within the state)

	FY 1974 Funds (\$1,000)	% of Federal Funds Within S.D.
DEPT. OF HEALTH, EDUC. & WELFARE		
Social Security (Total)	273,428	19.1
Medicare (Total)	50,868	3.6
Medical Assist. Program	24,752	1.7
Public Assist. - Maint. and Training (State)	13,682	1.0
Social Services - Low Income & Public. Assist.	9,968	.7
Basic Educ. Grants	9,020	.6
Educationally Deprived Children	7,905	.5
SAFA - Maint. & Oper.	7,836	.5
Other Health	6,705	.5
Other Education	5,198	.4
Limit on Salaries & Expenses SSA	3,350	.2
Higher Educ. Work - Study	3,309	.2
Rehab. Services & Fac. Basic Support	3,033	.2
Health Professions	2,898	.2

Voc. Educ. - Basic Grant to States	2,480	.2
Child Development - Head Start	2,255	.2
Nat'l Direct Student Loans	1,943	.1
Alcohol & Drugs	1,902	.1
Aging Special Support Proj.	1,876	.1
Native American Program	1,802	.1
Educ. Opportunity Grants	1,654	.1
Higher Education	1,599	.1
Indian Education	1,570	.1
Higher Educ. Ins. Loans	1,508	.1
Other Welfare	1,035	.1
Total Federal Funds, Dept. of HEW (.3% of U.S. Total)	441,577	30.9
DEPT. OF AGRICULTURE		
Commodity Loans	117,561	8.2
Feed Grains Prod. Stabilization	53,593	3.7
Commodity Inventory Operations	31,002	2.2
Wheat Prod. Stabilization	27,475	1.9
Crop Insurance	16,704	1.2
Watershed, Water & Waste Programs	11,500	.8
Rural Tel. Bank Loans	9,606	.7
Soil & Water Conserv.	8,693	.6
Food Stamp Bonus Coupons	8,486	.6
Other Food Programs	8,485	.6
Sal. & Exp. ASCS, FHA, REA	7,554	.5
Forest Prot., Util. & Res.	7,367	.5
School Food Program	6,658	.5
Storage Facility Loans	4,799	.3
Meat & Poultry Inspect. and Grading	2,070	.1
Manpower Training	2,062	.1
Extension Service	2,007	.1
Great Plains Conserv.	1,789	.1
Agriculture Exp. Sta.	1,313	.1
Rural Housing	630	.1
Other	3,788	.3
Total Dept. of Agriculture (1.7% of U.S. Total)	333,148	23.3
DEPT. OF DEFENSE		
Military Active Duty Pay	71,234	5.0
Military Prime Contracts (Total)	24,844	1.7
Civilian Pay	23,215	1.6
Military Retired Pay	15,101	1.1
Mil. Reserve & Nat. Guard Pay	7,843	.5
Civilian Functions Prime Contracts	1,713	.1
Other	1,312	.1
Total Dept. of Defense (.2% of U.S. Total)	145,262	10.2
DEPT. OF THE INTERIOR		
Indian-Related Outlays	61,828	4.3
Federal Reclamation	28,507	2.0
Drought Emergency	5,073	.4
Fish & Wildlife	4,032	.3
Outdoor Recreation Assist.	2,858	.2
Parks and Forests	2,213	.1
Geol. Min. & Wtr. Res.	1,867	-
Pay. in lieu of Taxes	1,748	.1
Other	532	.1
Total Dept. of Interior (2.3% of U.S. Total)	108,660	7.6
VETERANS ADMINISTRATION		
Veterans Hospitalization	31,552	2.2
Vet. Adj. Training	17,075	1.2
Vet. Disabil. Comp.	13,402	.9
Vet. Disabil. Pensions	9,011	.6
Other	19,877	1.4
Total Veterans Administration (.5% of U.S. Total)	90,917	6.4

DEPT. OF TRANSPORTATION			Salaries & Exp. SBA	698	
Highway Plan. & Constr.	61,813	4.3	Disaster Loans	637	
Operations, FAA	3,519	.2	Water Pollution Control		
Other	728	+	Loans	844	.1
Total Dept. of Transportation			Other	202	
(.5% of U.S. Total)	<u>66,079</u>	<u>4.6</u>	Total SBA		
			(.4% of U.S. Total)	<u>3,204</u>	<u>.2</u>
DEPT. OF COMMERCE			NATIONAL FOUNDATION OF		
Econ Development -			ARTS & HUMANITIES		
Public Works	44,861	3.1	(.5% of U.S. Total)	<u>1,164</u>	<u>.1</u>
Econ Development -			FEDERAL ENERGY ADMIN.		
Drought Assist.	2,134	.1	(.3% of U.S. Total)	<u>894</u>	<u>.1</u>
Weather	1,741	.1	ACTION		
Other Econ Development	1,247	.1	(.4% of U.S. Total)	<u>720</u>	<u>.1</u>
Other	1,077	.1	NATIONAL S		
Total Dept. of Commerce			NATIONAL SCIENCE		
(.6% of U.S. Total)	<u>51,060</u>	<u>3.6</u>	FOUNDATION		
			(.1% of U.S. Total)	<u>688</u>	<u>.1</u>
POSTAL SERVICE			ENERGY RESEARCH &		
(.4% of U.S. Total)	<u>50,628</u>	<u>3.5</u>	DEVELOPMENT ADMIN. (+)	<u>343</u>	<u>+</u>
			NATIONAL AERONAUTICS		
DEPT. OF LABOR			& SPACE ADMIN. (+)	<u>250</u>	<u>+</u>
Training Assist.	11,564	.8	TENNESSEE VALLEY		
Indian Employment	12,057	.8	AUTHORITY (+)	<u>108</u>	<u>+</u>
Employment Serv. Admin.	3,924	.3	WATER RESOURCES COUNCIL		
Unemploy. Benefits	3,230	.2	(.7% of U.S. Total)	<u>51</u>	<u>+</u>
Unemploy. Insurance	2,250	.2	EQUAL EMPLOYMENT		
Federal Employees	1,429	.1	OPPORTUNITY COMMISSION		
Work Incentive Prog.	1,196	.1	(.1% of U.S. Total)	<u>48</u>	<u>+</u>
Other	331	+	FEDERAL HOME LOAN		
Total Dept. of Labor			BANK BOARD		
(.3% of U.S. Total)	<u>35,981</u>	<u>2.5</u>	(.1% of U.S. Total)	<u>46</u>	<u>+</u>
			INTERSTATE COMMERCE		
TREASURY DEPARTMENT			COMMISSION		
Fiscal Assist. to			(.1% of U.S. Total)	<u>38</u>	<u>+</u>
State & Local Gov't	21,704	1.5	DEPT. OF STATE (+)	<u>2</u>	<u>+</u>
Compliance, Internal			State Total - Federal		
Revenue Service	2,096	.1	Funds - All Agencies		
Other	2,098	.1	(.4% of U.S. Total)	<u>\$1,428,827</u>	<u>100.0</u>
Total Treasury Department					
(.2% of U.S. Total)	<u>25,898</u>	<u>1.8</u>			
CIVIL SERVICE COMMISSION					
OUTLAYS (.2% of U.S. Total)	<u>25,545</u>	<u>1.8</u>			
DEPT. OF HOUSING & URBAN					
DEVELOPMENT					
Community Development	9,072	.6			
Other	6,431	.5			
Total Dept. of Housing &					
Urban Development					
(.4% of U.S. Total)	<u>15,503</u>	<u>1.1</u>			
ENVIRONMENTAL PROTECTION					
AGENCY					
Grants for Waste Treat.	9,562	.7			
Other	627	+			
Total Environmental Prot.					
Agency (.1% of U.S. Total)	<u>10,189</u>	<u>.7</u>			
RAILROAD RETIREMENT					
BOARD OUTLAYS					
(.2% of U.S. Total)	<u>9,171</u>	<u>.6</u>			
DEPT. OF JUSTICE					
(.3% of U.S. Total)	<u>4,841</u>	<u>.3</u>			
COMMUNITY SERVICES					
ADMIN. (.4% of U.S. Total)	<u>3,409</u>	<u>.2</u>			
GENERAL SERVICES ADMIN.					
General Supply Fund	1,633	.1			
Federal Buildings	949	.1			
Other	822	.1			
Total Gen. Serv. Admin.					
(.1% of U.S. Total)	<u>3,404</u>	<u>.2</u>			
SMALL BUSINESS ADMIN.					
Small Bus. Loans	823	.1			

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

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

Dollar figures are in thousands and therefore may not all add to totals due to rounding.

SOURCE: "Geographic Distribution of Federal Funds in South Dakota," formerly "Federal Outlays in South Dakota." Compiled for the Executive Office of the President by the Community Services Administration.

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