



Medicaid Makes Up Most Federal Grants to States

Funding mix varies significantly by state

Overview

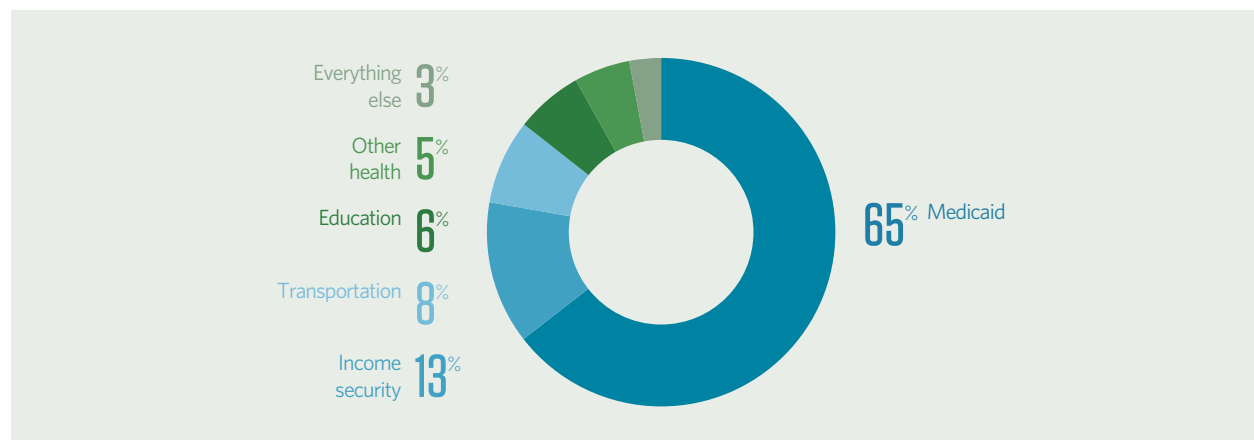
Medicaid is by far the largest federal grant to states, making up 65 percent of total grant funding in 2018. From 2008 to 2018, Medicaid was the main driver of the 42 percent increase in total federal grants to states.¹

Although Medicaid generally makes up the major share of grants to states, other categories still account for substantial portions of this federal funding. (See Figure 1.) The second-largest category in 2018 was income security programs (13 percent of the total), followed by transportation programs (8 percent) and education (6 percent).

Figure 1

Two-Thirds of Federal Grants to States Are for Medicaid

Share of funding by program area, federal fiscal year 2018



Note: The category “everything else” includes the following budget functions: agriculture, energy, natural resources and environment, community and regional development, administration of justice, and veterans’ benefits and services. “Income security” includes the social services and training and employment budget subfunctions. “Other health” includes all items in the health budget other than Medicaid and the Medicare Part D “clawback,” a payment from states to reimburse the federal government for certain costs, which is included in the Medicaid category. Federal Funds Information for States, the source of the data, says that its database accounts for more than 90 percent of federal funds going to state and local governments. Data reflect enacted funding levels and the most recent state allocations available.

Source: Pew analysis of data from Federal Funds Information for States (October 2018), Centers for Medicare & Medicaid Services, Bureau of Economic Analysis, Congressional Budget Office, and Department of Education

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Funding per category varies by state

Medicaid is not only the largest of all grants to states; it is also the largest category of grants in all but one state. But the extent to which the health care program dominates, as well as the mix of funding among the other grant categories, varies substantially by state. (See Figure 2.) In 15 states and the District of Columbia, Medicaid funding represents two-thirds or more of total grant money from the federal government, with the highest figure in New York (74.3 percent). Wyoming (17.6 percent) is the only state where Medicaid is not the largest category of grants. That state's largest grant category was "everything else," which includes leasing rights to oil, gas, and minerals extracted on public lands.

Income security grants

Among the income security programs are temporary cash assistance, employment services, and school-provided meals. The percentage of grants to states that is dedicated to income security programs ranged from 18.1 percent in Nebraska to 6.7 percent in Wyoming.

Transportation grants

Grants to states for transportation programs showed a wider range than those for income security grants. These grants fund programs such as surface transportation, airport improvements, and Federal Highway Administration programs. The share of total grant funding represented by transportation was highest in Alaska (26.2 percent) and lowest in New York (3.5 percent).

Education grants

There was a smaller range among states in the percentage of total federal grant dollars that went to education programs, including Title I, special education, and career and technical education. These grants accounted for 9.5 percent of 2018 total grant funding in South Dakota but just 3.9 percent in the District of Columbia.

Other health grants

Health care grants to states for programs other than Medicaid include funding for health insurance to children (i.e., the Children's Health Insurance Program), access to federally funded health centers, vaccines for children, prevention and treatment of substance abuse, and access to various HIV/AIDS services. These grants made up 7.8 percent of all federal grants in Oklahoma and 2.4 percent in Wyoming.

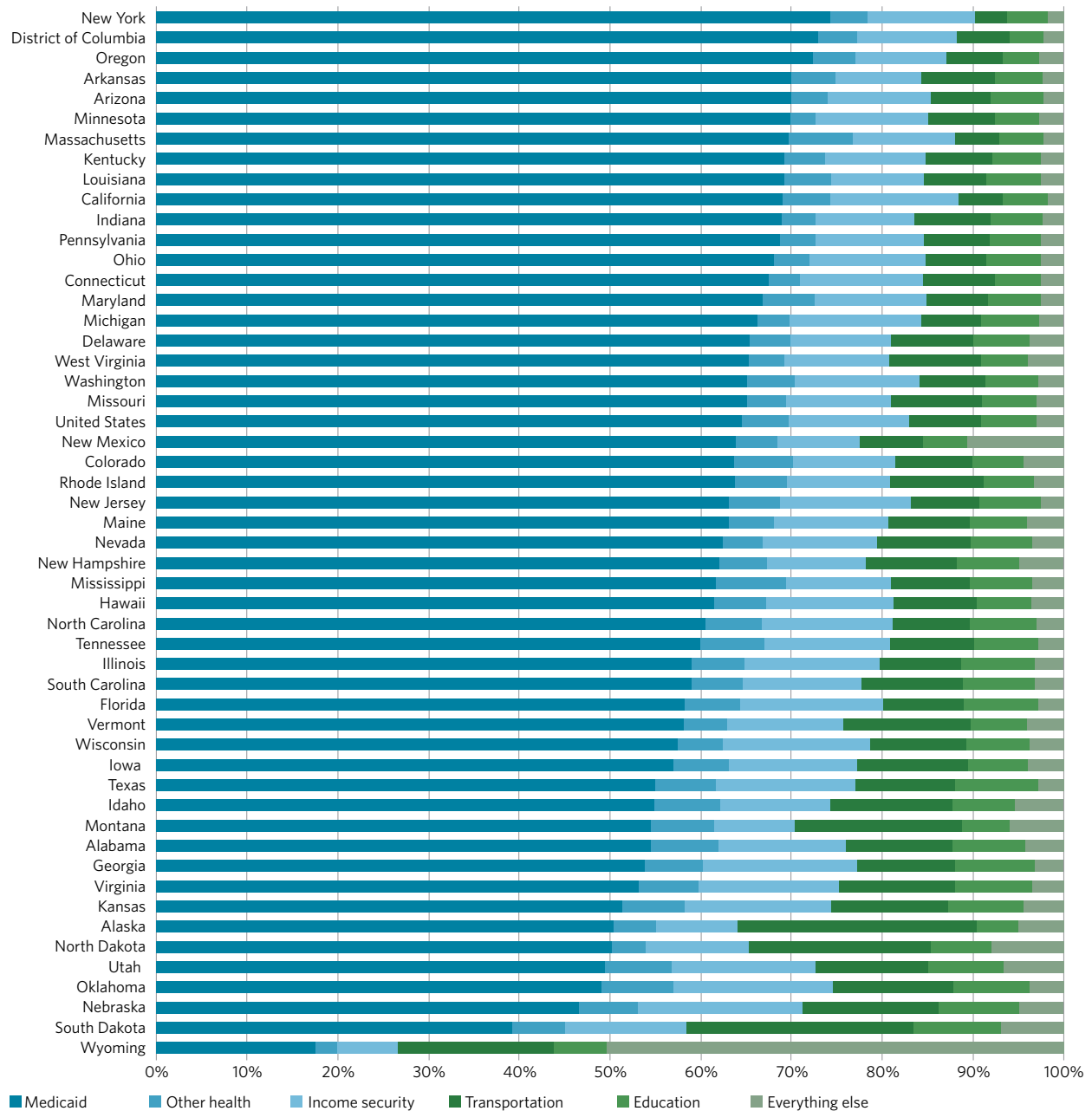
Grants for 'everything else'

This category includes funding for a wide range of programs including environmental protection, funding for crime victims, minerals management, community development, and job training and employment for dislocated workers. More than 50 percent of the federal grants to Wyoming fell into this category, largely related to mineral leasing rights to oil and gas extracted from public lands. In New York, just 1.7 percent of federal grants came from this mix of funding.

Figure 2

In Most States, Medicaid Makes Up Bulk of Federal Grants but Mix Varies

Distribution of total grant funding by program area and state, federal fiscal year 2018



Note: The bars associated with each state total 100 percent of federal grant funding the state receives; the chart shows the breakdown of funding within each state's total. The total dollar amounts each state receives differ significantly. "Everything else" includes grant funding for agriculture, energy, natural resources and environment, community and regional development, administration of justice, and veterans' benefits and services. "Other health" includes all items in the health budget other than Medicaid and the Medicare Part D "clawback," a payment from states to reimburse the federal government for certain costs. Federal Funds Information for States, the source of the data, says that its database accounts for more than 90 percent of federal funds going to state and local governments.

Source: Pew analysis of data from Federal Funds Information for States (October 2018)

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Endnote

- 1 The Pew Charitable Trusts, “Federal Share of State Revenue Rises for Third Year” (2018), <https://www.pewtrusts.org/en/research-and-analysis/articles/2018/07/24/federal-share-of-state-revenue-rises-for-third-year>.

For further information, please visit:

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