



# FACT SHEET

South Carolina Policy Council

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## Federal Spending in South Carolina: How Does Your County Rank?

South Carolina is heavily dependent on federal funding, raising questions regarding the state's fiscal autonomy, as well as its approach to budgeting. But who, really, is getting this money? At the state level, federal funding accounts for 39 percent of the proposed, total FY10-2011 state budget. At the county level, however, federal expenditures vary widely – ranging from a low of \$4,287 per capita for York County to a high of \$16,606 for Aiken County.

In the FY10-2011 proposed Senate budget, federal funding reached an all-time high of \$8.258 billion, compared to an [overall state budget of \\$21.151 billion](#). But if federal funding in the state budget is up owing to one-time stimulus dollars, South Carolina's status as a "recipient" state is not new. According to the D.C.-based Tax Foundation, "South Carolina has been a 'recipient state' since at least 1981, ranging between \$1.19 and \$1.36 in federal spending received per dollar of taxes paid."

Explains the [Foundation](#):

*South Carolina taxpayers receive more federal funding per dollar of federal taxes paid than the average state. Per dollar of federal tax collected in 2005, South Carolina citizens received approximately \$1.35 in the way of federal spending. This ranks the state 16th highest nationally and represents a slight rise from 1995, when South Carolina received \$1.20 per dollar of taxes in federal spending, ranking it 18th highest nationally. Neighboring states and the amount of federal spending per dollar of federal taxes collected were: North Carolina (\$1.08) and Georgia (\$1.01).*

While the Tax Foundation's numbers are based on federal taxes received vs. paid, we can also look to [U.S. Census data](#) for a broader picture of federal expenditures in South Carolina.<sup>1</sup> The Census data includes all federal expenditures and obligations, including defense spending, federal welfare program distributions, and U.S. Post Office spending. Based on this data, federal expenditures in South Carolina are slightly below the national average. Overall, the state received \$38.832 billion of \$4.4 trillion in total federal expenditures, obligations and assistance for FY07-2008.<sup>2</sup>

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<sup>1</sup>The Census Bureau provides additional data on federal-state expenditures here: <http://www.census.gov/prod/2009pubs/fas-08.pdf>. But the Consolidated Federal Funds report is useful because it provides county-level per capita data based on factors such as retirement, salary/wages, and grants.

<sup>2</sup>Note that these figures, the latest available, do not account for ARRA federal stimulus spending.

Yet, federal expenditures vary widely by county. Consider the three counties with the highest rate of per capita federal expenditures:

- Aiken: \$16,606
- Charleston: \$14,858
- Berkeley: \$12,737

In some cases – for instance, Charleston – one might guess that defense spending (owing to Charleston AFB) partially accounts for high per capita federal spending. As for Aiken, its considerable dependence on federal spending is likely due to the Savannah River Site and related U.S. Department of Energy expenditures/procurement contracts.

The three counties with the lowest levels of per capita federal spending are:

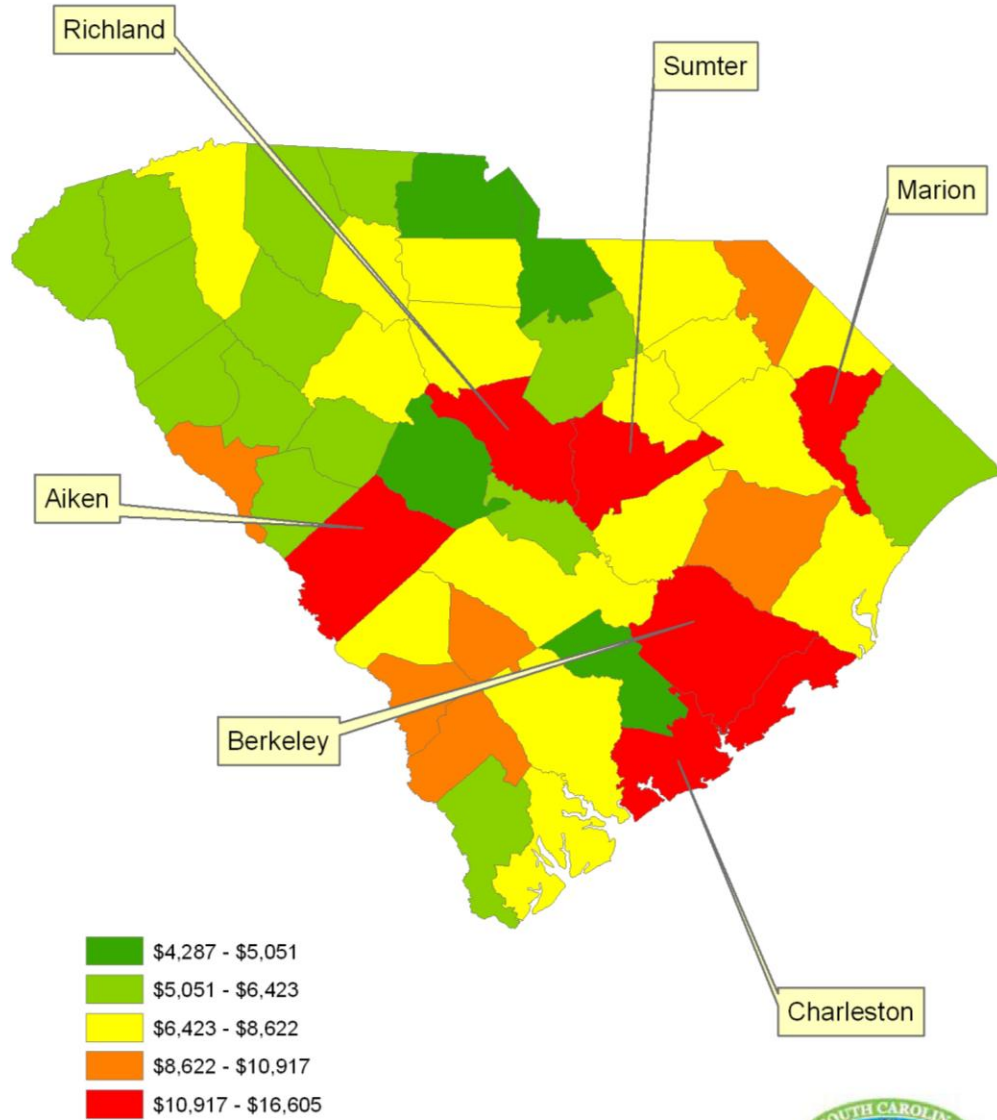
- York: \$4,287
- Lancaster: \$4,663
- Lexington: \$4,716

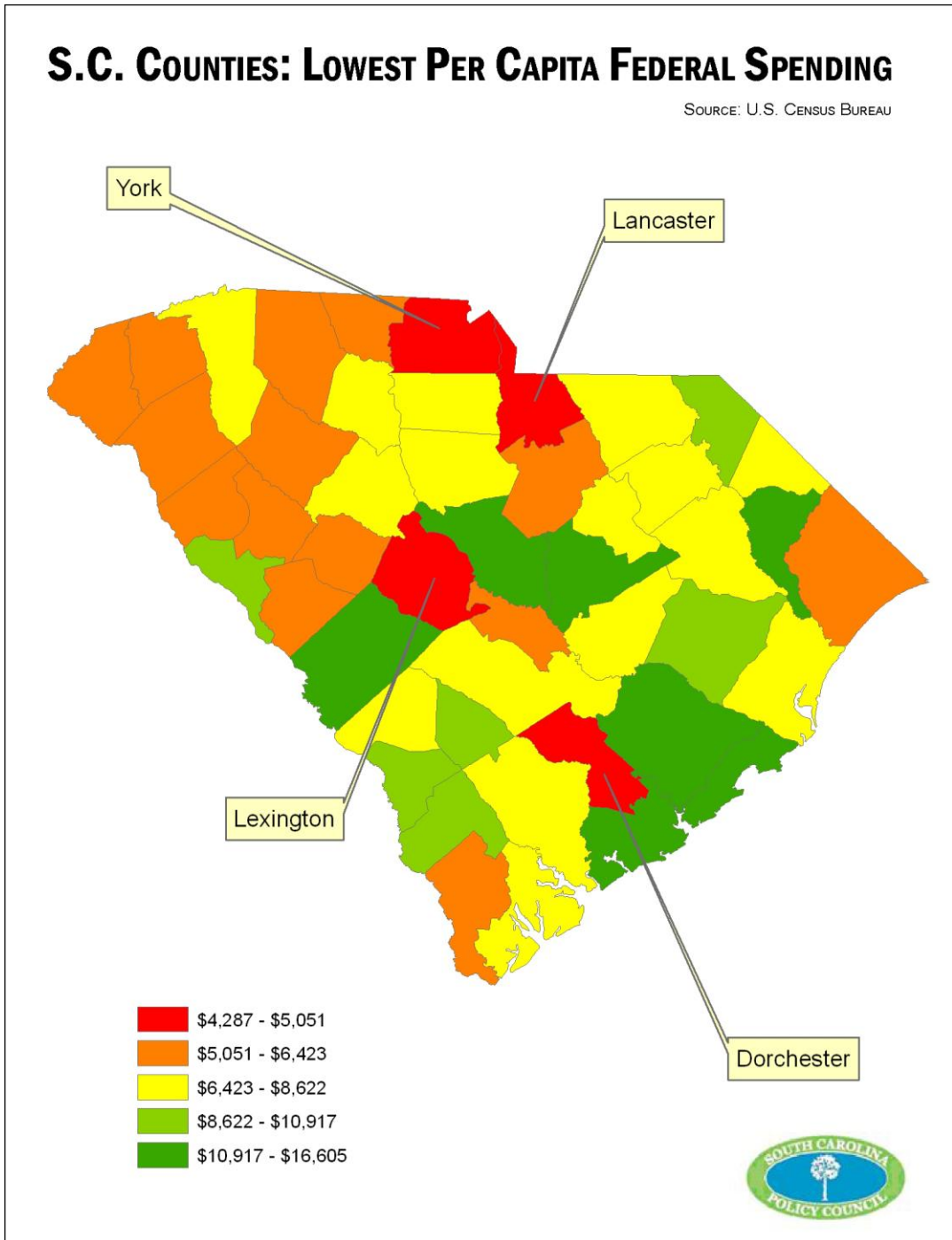
These three counties are among the fastest growing in the state, raising questions as to whether reduced dependency on federal expenditures correlates with increased economic growth. Indeed, if the [research of economist Arthur Laffer](#) is any indication, we should expect that to be the case. Thus, South Carolina's continued dependence on federal spending is hurting our state's economy and reducing private sector economic growth.

See the maps and table below for how your county fares:

## S.C. COUNTIES: HIGHEST PER CAPITA FEDERAL SPENDING

SOURCE: U.S. CENSUS BUREAU





<b>County</b>	<b>Fed Funds Per Capita</b>
Aiken	\$16,606
Charleston	\$14,858
Berkeley	\$12,737
Richland	\$11,427
Sumter	\$11,208
Marion	\$11,163
McCormick	\$9,401
Bamberg	\$9,398
Marlboro	\$9,256
Hampton	\$9,118
Williamsburg	\$9,081
Allendale	\$8,940
Clarendon	\$8,337
Georgetown	\$8,246
Colleton	\$7,989
Orangeburg	\$7,918
Barnwell	\$7,879
Dillon	\$7,850
Beaufort	\$7,849
Florence	\$7,533
Union	\$7,512
Lee	\$7,428
Greenville	\$7,079

<b>County</b>	<b>Fed Funds Per Capita</b>
Chesterfield	\$6,807
Darlington	\$6,718
Fairfield	\$6,699
Newberry	\$6,557
Chester	\$6,536
Greenwood	\$6,267
Oconee	\$6,175
Abbeville	\$5,948
Edgefield	\$5,870
Kershaw	\$5,799
Calhoun	\$5,731
Jasper	\$5,561
Horry	\$5,524
Laurens	\$5,486
Anderson	\$5,434
Pickens	\$5,396
Spartanburg	\$5,363
Saluda	\$5,313
Cherokee	\$5,157
Dorchester	\$4,785
Lexington	\$4,716
Lancaster	\$4,663
York	\$4,287

*Nothing in the foregoing should be construed as an attempt to aid or hinder passage of any legislation.  
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