

FACTORS INFLUENCING THE FLOW OF FEDERAL FUNDS

Factors influencing federal spending and taxation include:

- **Demographics:** a state's share of residents aged 65 or older and/or under 18, helps determine spending levels for many federal programs designed to assist seniors and children.
- **Economic well-being:** high poverty rates and low income levels in a state increase the likelihood of federal spending on assistance programs, while high incomes reduce the likelihood of such federal spending and increase federal tax payments. While Maryland's average income is well above the national average, it is impressive that total federal grant dollars to the state on a per capita basis are still above the national average.
- **Industry mix:** traditionally strong in manufacturing, shipping, financial services, and government contracting, Maryland is also home to high-technology and internationally-recognizable businesses. The defense sector drives federal procurement dollars to Maryland, and the concentration of farming enterprises increases federal funding to support Maryland's agricultural industry.
- **Federal facilities:** the location of federal facilities, ranging from military bases to offices to research labs, determines state federal spending on employee benefits, wages, and salaries, among other items. Maryland is home to a number of large federal facilities including the National Institutes of Health and the Center for Medicaid and Medicare Systems (part of the U.S. Department of Health and Human Services).
- **Emergency situations:** targeted federal spending helps offset the impact of unexpected and adverse developments, including natural disasters and human catastrophes.