

# COLORADO BUSINESS REVIEW

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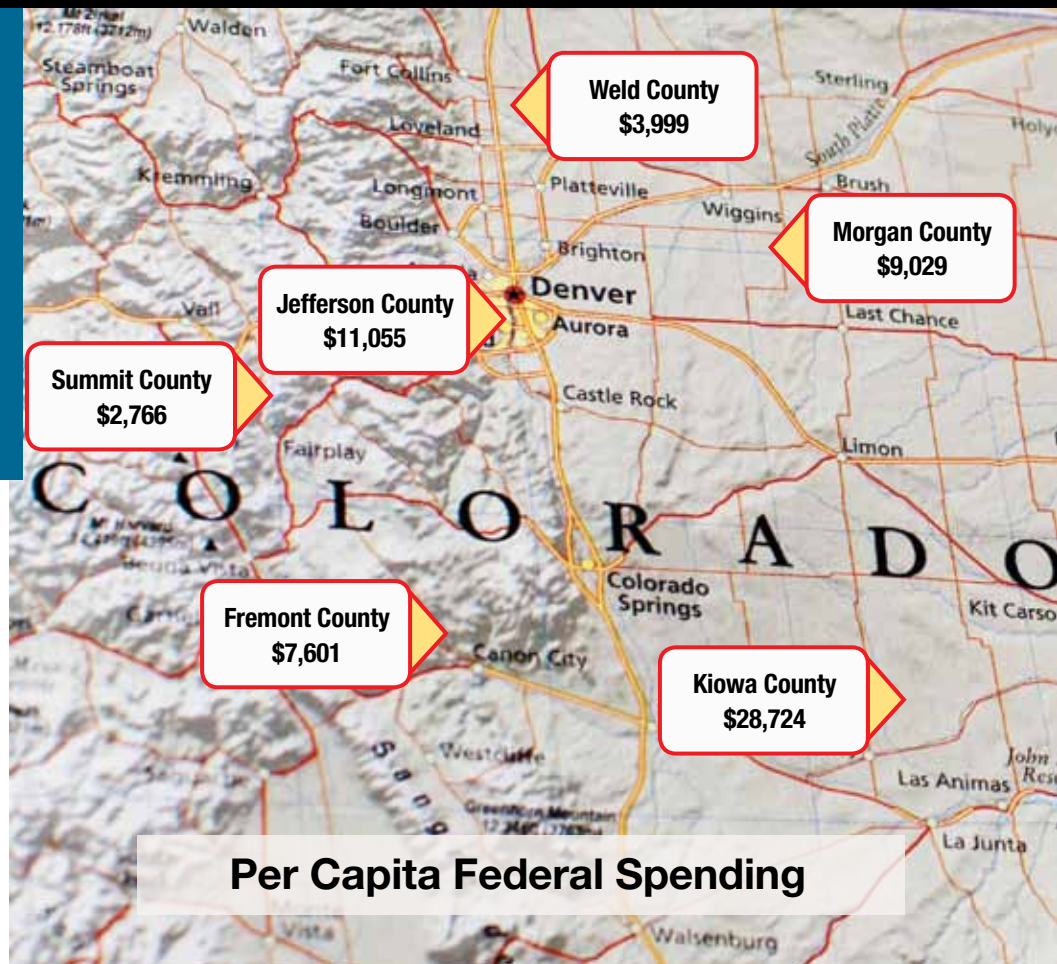
## 2009 Federal Spending in Colorado

Rachel Ford

Federal dollars can be seen everywhere in Colorado: paving the winding mountain roads, supporting a host of federal research facilities, and growing in the rolling fields of grain. The Consolidated Federal Funds Report, a U.S. Census Bureau document on federal spending at the state and county level, groups the money paid out by the federal government into six main categories: direct payments for individuals (retirement and disability only), direct payments for individuals (other than retirement and disability), direct payments other than for individuals, grants, procurement contracts, and salaries and wages. (Note: Other federal commitments include direct loans, guaranteed loans, and insurance.)

According to a 2005 study by the Tax Foundation, Colorado received only about \$0.80 back for every dollar of federal taxes paid. Although the state drew the 9th-highest level of procurement spending in the nation in 2009, in grants and other direct payments, Colorado ranked as one of the lowest states (47th). County funding in Colorado fell on a similarly broad spectrum. Per capita federal spending ranged from \$30,316 in Cheyenne County to \$2,068 in Douglas County. Overall, the counties with the most federal dollars per capita were predominantly small, rural communities with agricultural economies. In general, the federal government spent the least per capita in counties with mountain resorts and the bustling Front Range metropolises.

The federal government devoted 26.8% of its funds in Colorado to retirement and



### Per Capita Federal Spending

Source: U.S. Census Bureau, 2009 Consolidated Federal Funds Report.

For a version of this article using 2010 data, see *Colorado Business Review*, No. 4, 2011, by visiting [leeds.colorado.edu/brd](http://leeds.colorado.edu/brd) and clicking on Publications.

disability payments for individuals, a category of spending that includes Social Security disbursements and military retirement payments. Direct payments for retirement and disability were most concentrated in Park County, making up 72% of spending. Park County was followed closely by Custer, Teller, and Ouray, each receiving about 70% of federal dollars as retirement and disability compensation. Of these counties, Ouray had the greatest percentage directed toward Social Security (45.4%).

Direct payments other than for retirement and disability accounted for a much smaller portion of spending in Colorado, just 15.6%. These other direct payments include Medicare, educational loans, and unemployment compensation. Unsurprisingly, the counties with the largest populations over age 65—El Paso, Arapahoe, Denver, Jefferson, and Adams—collected the highest gross funding for all direct

payments for individuals (heavily weighted by Social Security and Medicare). In terms of other direct payments as a slice of total federal funding, Rio Blanco, San Juan, and Huerfano ranked as the top three counties. Medicare was the most significant expense in all three counties, especially for drug coverage and hospital insurance.

Direct payments other than for individuals, such as crop insurance, conservation reserve programs, and housing assistance, represented only 3.2% of federal spending in Colorado. However, because crop insurance largely dominates this type of funding, these payments are

CONTINUED ON NEXT PAGE


largely responsible for the soaring per capita funding in sparsely populated, rural counties. Kiowa, Baca, and Washington counties were all above average in per capita federal money, and each received 68%, 52%, and 49% of their respective funding in payments other than for individuals (primarily crop insurance). Denver County, highest in gross direct payments other than for individuals, was unique in that most of its payments supported housing assistance programs.

Federal grants, the most diverse form of spending in Colorado, spread 19.3% of the state's federal dollars over nearly 700 unique types of funding, from research to construction. Mineral and San Miguel counties had the highest level of grants in proportion to total spending. Both received approximately 70% of their funding as grants, led by support for highway and airport construction projects in 2009. Although the American Recovery and Reinvestment Act (ARRA) authorized some grants for capital improvements, the bulk of that additional spending did not make its way to the states until after 2009. Also high in grant funding, Conejos and Costilla counties both received 47% of federal monies as grants. However, their largest category of grant spending was the Medical Assistance Program (Medicaid). Conejos and Costilla both had above-average percentages of population over age 65 (more than 15%). In addition, health rankings developed by the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute named both Conejos and Costilla 2 of the 10 Colorado counties highest in morbidity.

Procurement contracts in Colorado leaned heavily toward projects for the Department of Defense and comprised 20.2% of total federal spending in the state. Broomfield County received an astonishing 97.6% of its funds as procurement contracts, \$430 million of which were defense related. In the past 10 years, the Department of Defense awarded the greatest number of contracts in Broomfield County to BT Conferencing Video Inc., Ball Aerospace and Technologies Corp., and Level 3 Communications. In total federal contract dollars (other than for the U.S. Postal Service), Jefferson and El Paso counties grossed higher than any other county, with \$3.2 billion and \$2.7 billion, respectively. However, high levels of procurement contract spending can be deceiving because funds paid to an entity in one state may be dispersed in operations in a different state.

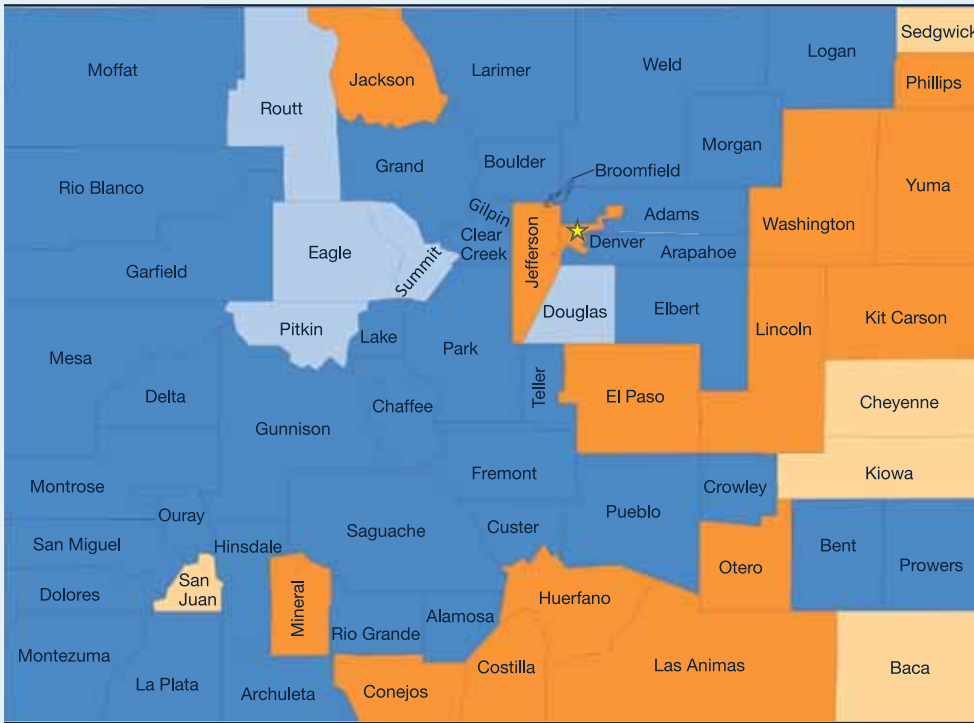
Salaries and wages made up the remaining 14.9% of Colorado's share of federal funds. El Paso County, home of the Air Force Academy and NORAD/USNORTHCOM, drew more salary and wage dollars than any other Colorado county. El Paso received \$331.3 million in wages for Department of Defense civilian employees and \$2.7 billion for active military

personnel. Cheyenne and Fremont counties fell directly behind El Paso in the share of funding disbursed as salaries and wages. Just over one-third of federal dollars spent in Cheyenne are in this category, a significant portion of which is the \$18.5 million in wages for active military employees. Fremont County, which received almost 20% of its funding as salaries and wages, garnered its large share through the earnings of federal prison employees. Fremont is home to four federal prisons, including the nation's only supermax facility. More than 60% of the county's land is owned by some level of government.

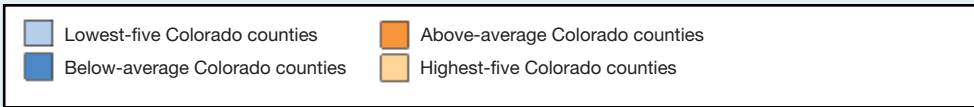
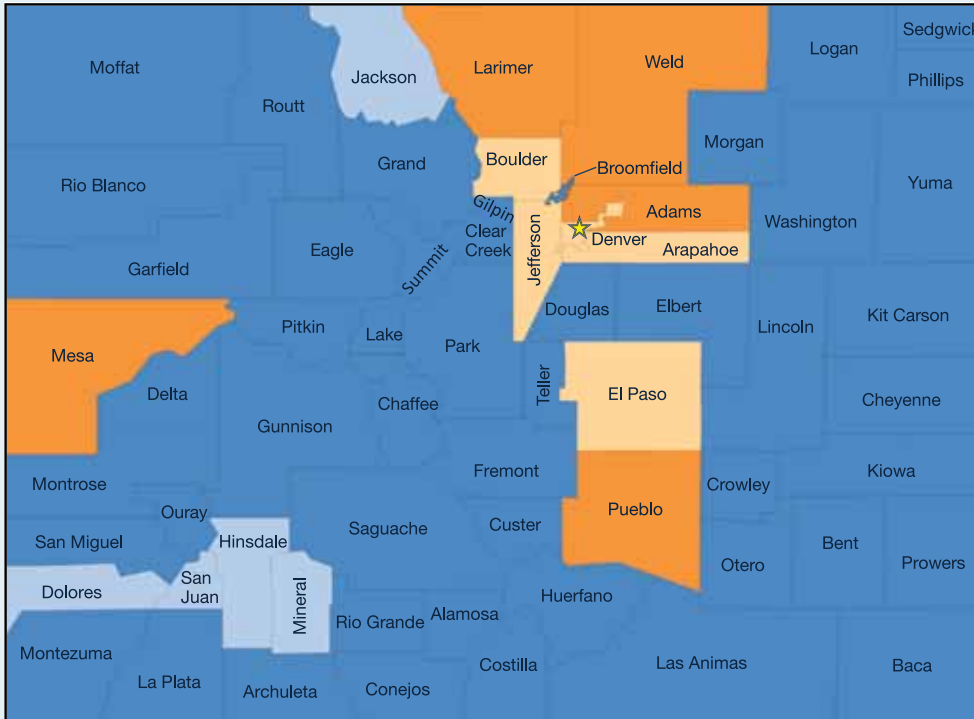
Federal spending amounted to a \$46 billion economic force in Colorado in 2009, significantly shaping the lives and livelihoods of Colorado citizens and even the landscapes of the counties in which they live. However, the federal debt crisis, the downgrade of the U.S. credit rating, and the ongoing unpredictability of federal cash flows have cast a shadow of doubt over Colorado's relationship with federal funding. Colorado counties are in an uneasy position as they consider what changes the future will bring. 

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## Per Capita Federal Spending by County



## Gross Federal Spending by County



	Federal Spending	
	Per Capita	Total
Adams	\$4,542	\$2,011,900,504
Alamosa	8,514	135,138,007
Arapahoe	6,493	3,711,424,394
Archuleta	5,339	66,329,454
Baca	29,519	119,019,699
Bent	8,503	56,568,950
Boulder	8,748	2,643,220,279
Broomfield	7,925	442,693,473
Chaffee	6,916	119,798,012
Cheyenne	30,316	59,086,531
Clear Creek	5,464	49,970,646
Conejos	9,488	77,230,681
Costilla	14,177	47,635,917
Crowley	5,338	32,228,230
Custer	7,297	29,435,916
Delta	7,632	243,998,934
Denver	13,522	8,365,325,564
Dolores	8,159	15,935,324
Douglas	2,068	602,488,955
Eagle	2,130	116,542,729
El Paso	15,116	9,144,319,473
Elbert	3,391	80,170,076
Fremont	7,601	367,778,763
Garfield	3,998	230,465,198
Gilpin	3,580	20,064,260
Grand	4,893	71,540,236
Gunnison	6,287	96,777,395
Hinsdale	5,271	4,470,171
Huerfano	11,987	82,852,487
Jackson	12,295	17,827,688
Jefferson	11,055	6,034,424,263
Kiowa	28,724	39,294,469
Kit Carson	12,339	106,600,577
La Plata	5,621	290,427,492
Lake	3,702	30,716,680
Larimer	5,813	1,739,726,403
Las Animas	10,235	169,790,347
Lincoln	12,317	68,482,452
Logan	6,627	142,500,082
Mesa	6,813	1,005,048,585
Mineral	14,481	13,568,830
Moffat	4,976	71,060,158
Montezuma	8,722	223,952,795
Montrose	6,343	266,836,756
Morgan	9,030	257,226,761
Otero	11,510	217,959,730
Ouray	3,834	18,061,182
Park	3,678	61,578,109
Phillips	11,037	50,098,039
Pitkin	2,627	45,943,721
Prowers	8,443	111,275,600
Pueblo	8,535	1,351,559,359
Rio Blanco	8,828	59,403,925
Rio Grande	8,272	103,999,900
Routt	3,110	74,985,605
Saguache	7,722	54,569,442
San Juan	17,230	9,648,843
San Miguel	6,890	52,964,208
Sedgwick	21,039	52,218,977
Summit	2,766	80,825,566
Teller	5,430	123,209,790
Washington	14,150	65,159,377
Weld	3,999	1,021,608,584
Yuma	14,926	149,875,962
<b>Colorado</b>	<b>9,239</b>	<b>45,981,437,104</b>

Source: U.S. Census Bureau, 2009 Consolidated Federal Funds Report.