



Mercatus Center Senior Research Fellow Veronique de Rugy examines a state’s unemployment at the time The American Recovery and Reinvestment Act (ARRA) was passed and the stimulus funds that each state has received to date— there is no correlation between the two variables.

The red plot shows each state’s unemployment rate as of February 2009 and billions of dollars of stimulus funds that it has received to date. The blue line represents a hypothetical linear projection around which the scattered values should cluster, if in fact stimulus moneys were being distributed to states with the highest levels of unemployment. Put differently, this blue line should represent the trend of the scattered points if spending were in fact being distributed in accordance with its own claim that stimulus spending can create jobs.

Yet, with a few exceptions, the data show that this is not the case. Many higher-unemployment states are getting far fewer stimulus dollars than lower-unemployment states.

Take Michigan, for instance. At the time, Michigan’s 12 percent unemployment rate was the highest in the country. So far, it has received \$310 per person in stimulus funds. That’s below the average stimulus per person across all states (\$350). And it’s lower than the \$414 per person that the state of Vermont, a state with relatively low unemployment at the time (7.1 percent), has received so far.

Now look at the state with the lowest unemployment rate in the country at the time ARRA was passed: North Dakota. It’s getting \$567 per person with a 4.3 percent unemployment rate. 47 states are receiving less stimulus funds per person, many with much higher rates of unemployment.

This suggests that stimulus funds have not been allocated according to a state’s level of economic distress at the time of the Act, with disbursement instead being determined by other factors.

Veronique de Rugy probes [the true drivers of stimulus allocation](#).

To contact Dr. de Rugy, call 202.550.9246 or email rlandaue@gmu.edu.