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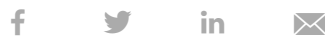
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# 2017's Most & Least Independent States

Jun 20, 2017 | Richie Bernardo



Americans value independence. We fought hard for it during the American Revolutionary War. Today, however, we celebrate not only our freedom from the British crown but also our strong ability to rely upon ourselves as individuals. It's a virtue we instill in our children, employees, organizations.

But what does it mean for whole populations to be "independent" in the modern sense of the word?

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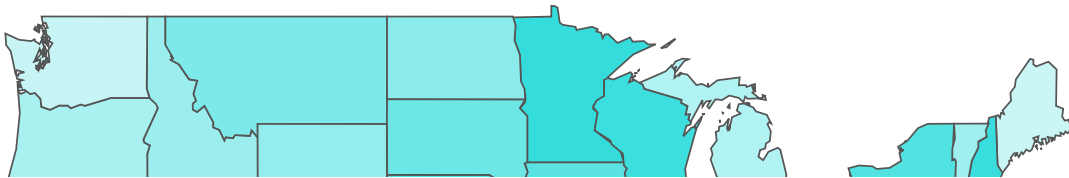
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## Main Findings



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15	Kansas	59.51	20	4	31	31
16	South Dakota	58.91	27	33	3	10
17	Maryland	58.74	16	40	18	6
18	Nevada	58.67	43	5	40	11
19	Delaware	58.59	26	1	27	42
20	Montana	57.86	34	44	26	1
21	Florida	57.27	35	23	30	8
22	Illinois	56.99	22	3	34	39
23	North Dakota	56.76	18	18	28	38
24	Rhode Island	56.41	10	28	41	24
25	Wyoming	55.91	28	31	48	3
26	Oklahoma	55.73	37	29	44	2
27	Idaho	55.58	45	32	7	7
28	Vermont	55.30	24	34	24	28
29	Pennsylvania	54.76	19	27	39	20

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47	Mississippi	40.77	49	49	42	26
48	Alaska	40.62	25	38	50	46
49	Kentucky	37.20	42	48	33	49
50	Louisiana	36.25	46	37	49	48

## Ask the Experts

Reliance on others can be challenging to overcome. For the best ways to achieve greater independence in several of the dependency categories we examined in this report, we asked a panel of experts to share their thoughts on the following key questions:

1. Is it fair that some states are more dependent than others on the federal government?
2. What tips do you have for a person who wishes to increase his or her financial independence? What are some first steps?
3. What tips do you have for a person who wishes to reduce his or her job dependency? Should they try to join the “gig” economy?
4. Should presidential campaigns be publicly funded in order to help ensure the president is as independent as possible from special interests?
5. Should states try to make their economies more or less dependent on international trade? How?

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Colorado, and Montana -- has participation rates below 7.5%. Funding tends to flow away from states with low participation to states with high participation.

Generally speaking, this is typically related to a state's income tax. For example, Mississippi has high participation in SNAP and is one of the poorest states, while New Hampshire has low participation and is one of the wealthiest states. However, economists also focus on tax expenditures

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direct outlays. Tax expenditure is essentially government spending through the tax code; put differently, taxes that are not paid to the federal government because of the way the tax code is organized. For example, some of the largest tax expenditures are for employer provided health insurance and home ownership. Unlike the SNAP example, such tax expenditures tend to favor more affluent states.

**What tips do you have for a person that wishes to increase his/her financial independence? What are some first steps?**

For all the gimmicks about financial independence and getting rich, it's the unspectacular story that matters the most. You shouldn't buy into "get rich quick." Rather, "get rich slow." What I mean by this is that small steps -- like paying down high interest debt such as credit cards and contributing money to tax-preferred accounts like 401(k)s -- allows you to harness the power of compound interest. If a 25-year-old made a one-time contribution of \$5,500 to a Roth IRA in 2017 and the returns in the stock market averaged 7% per year, that contribution would swell to more than \$82,000 by the time she retired. The first steps on financial independence that I discuss with my undergraduate students are always about paying down debt and saving money in tax-preferred accounts.

**What tips do you have for a person that wishes to reduce his/her job dependency? Should they try to join the "gig" economy?**

The biggest hedge against job dependency is to be mobile. To me, this really means two things. First, our economy is extremely dynamic and it's hard to know what jobs will be "good jobs" in the future. Ten years ago, for example, who would have envisioned the disruption to the taxi industry from Uber and Lyft? Although nothing is certain, a credible literature in economics has demonstrated that the return to additional years of

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## Methodology

In order to determine the most independent states, WalletHub's analysts compared the 50 states across five key dimensions: 1) Financial Dependency, 2) Government Dependency, 3) Job-Market Dependency, 4) International-Trade Dependency and 5) Vice Dependency.

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- Poverty Rate: Full Weight (~1.07 Points)
- Share of “Underwater” Mortgages: Double Weight (~3.33 Points)  
Note: This metric measures the percentage of homes with mortgages that have negative equity.

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### Government Dependency – Total Points: 20

- Federal Dependence: Quadruple Weight (~11.43 Points)  
Note: This metric is based on WalletHub’s “Most & Least Federally Dependent States” ranking.
- Share of Household Receiving Public Assistance & SNAP/Food Stamps: Full Weight (~2.86 Points)  
Note: “SNAP” refers to the national Supplemental Nutrition Assistance Program.
- Share of Federal, State & Local-Government Employees: Full Weight (~2.86 Points)
- Tax Freedom Day: Full Weight (~2.86 Points)  
Note: “Tax Freedom Day” refers to the day when the state’s taxpayers have collectively earned enough money to pay their federal, state and local tax bills for the year. This metric measures the number of days since the beginning of the year that the event takes place (sooner indicates greater independence).

### Job-Market Dependency – Total Points: 20

- Industry Variety: Full Weight (~4.00 Points)
- Job Growth Rate: Full Weight (~4.00 Points)
- Unemployment Rate: Full Weight (~4.00 Points)
- Underemployment Rate: Full Weight (~4.00 Points)
- Job Creation Index: Full Weight (~4.00 Points)  
Note: This metric is based on Gallup’s “Job Creation Index” and measures the percentage of workers who reported that their employer is increasing its workforce minus the percentage reporting the opposite.

### International-Trade Dependency – Total Points: 20

- Share of Jobs Supported by Exported Goods: Full Weight (~6.67 Points)
- Share of Private-Industry Employment at Foreign-Owned Firms: Full Weight (~6.67 Points)
- Share of State GDP Generated by Exports to Other Countries: Full Weight (~6.67 Points)

### Vice Dependency – Total Points: 20

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Median Daily Time Spent watching TV. Full weight ( 1.54 Points)

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Sources: Data used to create this ranking were collected from U.S. Census Bureau, Bureau of Economic Analysis, Pitney Bowes, Federal Deposit Insurance Corporation, FINRA Investor Education Foundation, Charitable Trusts, Council for Community and Economic Research, Zillow.com, Tax Foundation, Gallup, International Trade Administration, U.S. Bureau of Economic Analysis, Social Security Administration, and Mental Health Services Administration, Centers for Disease Control and Prevention, National Council on Problem Gambling, NapoleonCat, National Telecommunications and Information Administration, Minnesota Population Center, University of Minnesota, TransUnion and WalletHub research.

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