

State-local Government Debt in Washington

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State-local Debt Policy in the U.S.

- ▶ State and local governments independently sell bonds, subject usually only to state-imposed constraints
 - In most cases, interest is exempt from federal tax
 - Federal limits on tax-exempt, private-purpose bonds
- ▶ Bond proceeds used
 - to provide cash flow for short-term needs
 - Short-term notes
 - to finance public capital projects or public facilities
 - General obligation and revenue bonds
 - to support private activities such as home mortgages, student loans, and economic development
 - Revenue bonds

Overview: State-local Government Debt in the U.S.

- ▶ State and local government debt in 2008 of nearly \$2.6 trillion or about \$8,500 per person
 - 18 percent of GDP and 96 percent of annual revenue
- ▶ State-local government debt increased in real per capita terms and relative to GDP since 1992
- ▶ Outstanding debt did not increase faster than state-local government revenue since 1992
- ▶ Large interstate differences
 - More than 3 – 1 ratio from high to low

Overview: State-local Government Debt in the U.S.

- ▶ Long-term debt accounts for the overwhelming bulk of outstanding debt (more than 98%)
- ▶ The bulk of the increase in state-local debt since 1992 was long-term debt for traditional public purposes, rather than private purposes
- ▶ The largest increase in debt since 1992 was in debt held by school districts
 - 6% of debt in 1992 compared to 13% in 2007
- ▶ Annual interest paid on outstanding debt by state and local governments in aggregate decreased substantially relative to annual revenue since 1992
 - For states, 4.2% in 1992 compared to 3.0% in 2007

Statistical Analysis of Interstate Differences: Key Results

- ▶ Debt increased more than might be expected based on the independent variables
 - Debt increased from 1997, to 2002, to 2007 even after controlling for other factors thought to influence it
- ▶ Debt is persistent; debt in one year is positively related to debt in past years
- ▶ Percentage of a population attending K-12 public schools exerted a consistent positive effect
- ▶ Debt serves as a substitute for federal aid
- ▶ State-specific factors are very important

Characteristics of Census Data

- ▶ Government's Division of the U.S. Census Bureau collects and reports data about state-local government structure, finances and employment
 - Standardized definitions and accounting
 - Annual reports
 - More detailed data (each type of local government) in the Census of Governments done in years ending in 2 and 5
- ▶ Best source of information for interstate comparisons of public finance issues
 - But focus on accuracy and detail affects timeliness; 2008 most recently available

Characteristics of Census Data

- ▶ Short-term debt (debt payable in one year or less)
 - Bond anticipation notes, tax anticipation notes and warrants, bank loans, tax-exempt commercial paper, interest-bearing short-term warrants and obligations, and revenue anticipation notes
- ▶ Long-term debt (debt payable in more than one year)
 - General obligation bonds, term bonds, serial bonds, revenue bonds, industrial revenue bonds, pollution control bonds, special assessment bonds, certificates of participation, zero coupon or compound interest bonds, judgments, mortgages, and construction loan notes
 - Subcategories are private purposes and public purposes

Characteristics of Census Data

▶ Private purposes

- "Public debt for private purposes comprises credit obligations of a government or any of its dependent agencies for the purpose of funding private sector activities... This debt is assigned to the government whose bond-issuing authority was used to secure its tax-exempt status ... Examples include:
 - Industrial and commercial development
 - Pollution control and abatement
 - Housing and mortgage loans
 - Private hospital facilities
 - Student loans
 - Private ventures such as sports stadiums, convention centers, and shopping malls. ”

Debt Measures

- ▶ Debt per person, adjusted for inflation
- ▶ Debt as a percentage of gross domestic product for the jurisdiction
- ▶ Debt as a percentage of the annual government revenue for the jurisdiction
- ▶ Annual interest payments on the debt as a percentage of annual revenue
- ▶ Initially, analysis of **total** state and local government debt together, by state
 - Can separate by type of government

Summary of State-local Debt in Washington

- ▶ State and local government debt in 2008 of about \$64.5 billion or about \$10,000 per person
 - 20 percent of GSP and 85 percent of annual revenue
- ▶ Outstanding debt in 2007 was relatively high compared to other states
 - Among the comparison states, only Massachusetts had higher debt per capita and higher debt relative to GSP
 - Four states – MA, CO, TX and NV – had debt that is a larger fraction of annual revenue than in Washington

Summary of State-local Debt in Washington

- ▶ Focusing only on long-term debt for public purposes (excluding what the Census categorizes as “private purpose” debt), Washington’s ranking is even higher relative to the comparison states
 - Per capita of about \$8,700
 - Only Massachusetts has higher per capita debt
 - Washington has the highest debt relative to GSP
 - Two states – MA and NV – had debt that is a larger fraction of annual revenue than in Washington

Summary of State-local Debt in Washington

- ▶ The difference between Washington and other states has been reduced since 1992. That is, other states have been increasing debt at a faster rate than Washington.
 - Per capita debt was 47% greater than the US average in 1992, but only 22% greater in 2007
 - Among the comparison states, debt increased faster than in Washington since 1992 in 9 states – CA, CO, MA, NV, NC, OH, OR, TX, and VA
 - Washington has increased debt for private purposes faster than the other states, except for Massachusetts

Summary of State-local Debt in Washington

- ▶ Focusing only on long-term debt for public purposes (excluding what the Census categorizes as “private purpose” debt), the reduction in the difference between Washington and other states has been even greater
- ▶ Per capita debt increased by 13.5% in Washington since 1992, but by 63.6% nationally
- ▶ Among the comparison states, per capita debt increased faster than in Washington since 1992 in 12 of these states – CA, CO, DE, FL, MA, MN, NV, NC, OH, OR, TX, and VA

State and Local Government Outstanding Long-term Debt, 2007, by State

	Long-term Debt	Long-term Debt	Long-term Debt	Long-term Debt	Long-term Debt	Long-term Debt
		Excluding Private Purposes		Excluding Private Purposes		Excluding Private Purposes
	Per Capita in 2009 dollars	Per Capita in 2009 dollars	Percentage of GSP	Percentage of GSP	Percentage of Annual Revenue	Percentage of Annual Revenue
<i>Washington</i>	\$10,016	\$8,668	19.9%	17.2%	85.3%	73.8%
<i>United States Total</i>	\$8,237	\$6,347	17.3%	13.4%	77.5%	59.7%
<i>California</i>	\$9,468	\$8,377	18.3%	16.2%	70.4%	62.3%
<i>Colorado</i>	\$9,960	\$7,225	19.4%	14.1%	97.8%	70.9%
<i>Delaware</i>	\$8,941	\$5,219	12.0%	7.0%	79.9%	46.6%
<i>Florida</i>	\$7,641	\$6,419	18.0%	15.1%	77.3%	64.9%
<i>Georgia</i>	\$5,262	\$4,465	12.1%	10.3%	62.4%	52.9%
<i>Maryland</i>	\$6,178	\$4,007	12.7%	8.2%	62.1%	40.3%
<i>Massachusetts</i>	\$14,108	\$9,301	25.0%	16.5%	125.4%	82.7%
<i>Minnesota</i>	\$7,674	\$5,932	15.1%	11.7%	70.3%	54.3%
<i>Nevada</i>	\$8,995	\$8,339	16.8%	15.5%	93.4%	86.6%
<i>North Carolina</i>	\$5,812	\$4,704	12.8%	10.3%	65.6%	53.1%
<i>Ohio</i>	\$6,020	\$3,897	14.5%	9.4%	54.9%	35.5%
<i>Oregon</i>	\$8,136	\$7,028	18.3%	15.8%	69.3%	59.8%
<i>Texas</i>	\$8,172	\$6,300	16.1%	12.4%	94.2%	72.6%
<i>Utah</i>	\$6,207	\$4,574	14.7%	10.8%	66.8%	49.2%
<i>Virginia</i>	\$6,841	\$5,254	13.2%	10.1%	71.7%	55.1%

State-local Government Outstanding Debt, 2007, Selected State Comparisons					
Long-term Debt Per Capita in 2009 dollars		Long-term Debt Percentage of GSP		Long-term Debt Percentage of Annual Revenue	
State	Amount	State	Percentage	State	Percentage
<i>Massachusetts</i>	\$14,109	<i>Massachusetts</i>	25.0%	<i>Massachusetts</i>	125.4%
<i>Washington</i>	\$10,017	<i>Washington</i>	19.9%	<i>Colorado</i>	97.8%
<i>Colorado</i>	\$9,959	<i>Colorado</i>	19.4%	<i>Texas</i>	94.2%
<i>California</i>	\$9,468	<i>California</i>	18.3%	<i>Nevada</i>	93.4%
<i>Nevada</i>	\$8,994	<i>Oregon</i>	18.3%	<i>Washington</i>	85.3%
<i>Delaware</i>	\$8,942	<i>Florida</i>	18.0%	<i>Delaware</i>	79.9%
<i>All States</i>	\$8,236	<i>All States</i>	17.3%	<i>All States</i>	77.5%
<i>Texas</i>	\$8,172	<i>Nevada</i>	16.8%	<i>Florida</i>	77.3%
<i>Oregon</i>	\$8,136	<i>Texas</i>	16.1%	<i>Virginia</i>	71.7%
<i>Minnesota</i>	\$7,674	<i>Minnesota</i>	15.1%	<i>California</i>	70.4%
<i>Florida</i>	\$7,640	<i>Utah</i>	14.7%	<i>Minnesota</i>	70.3%
<i>Virginia</i>	\$6,840	<i>Ohio</i>	14.5%	<i>Oregon</i>	69.3%
<i>Utah</i>	\$6,207	<i>Virginia</i>	13.2%	<i>Utah</i>	66.8%
<i>Maryland</i>	\$6,179	<i>North Carolina</i>	12.8%	<i>North Carolina</i>	65.6%
<i>Ohio</i>	\$6,020	<i>Maryland</i>	12.7%	<i>Georgia</i>	62.4%
<i>North Carolina</i>	\$5,812	<i>Georgia</i>	12.1%	<i>Maryland</i>	62.1%
<i>Georgia</i>	\$5,263	<i>Delaware</i>	12.0%	<i>Ohio</i>	54.9%

**State-local Government Outstanding Debt Excluding Private Purposes,
2007, Selected State Comparisons**

Long-term Debt Excluding Private Purposes Per Capita in 2009 dollars		Long-term Debt Excluding Private Purposes Percentage of GSP		Long-term Debt Excluding Private Purposes Percentage of Annual Revenue	
<i>Massachusetts</i>	\$9,301	<i>Washington</i>	17.2%	<i>Nevada</i>	86.6%
<i>Washington</i>	\$8,668	<i>Massachusetts</i>	16.5%	<i>Massachusetts</i>	82.7%
<i>California</i>	\$8,377	<i>California</i>	16.2%	<i>Washington</i>	73.8%
<i>Nevada</i>	\$8,339	<i>Oregon</i>	15.8%	<i>Texas</i>	72.6%
<i>Colorado</i>	\$7,225	<i>Nevada</i>	15.5%	<i>Colorado</i>	70.9%
<i>Oregon</i>	\$7,028	<i>Florida</i>	15.1%	<i>Florida</i>	64.9%
<i>Florida</i>	\$6,419	<i>Colorado</i>	14.1%	<i>California</i>	62.3%
<i>All States</i>	\$6,347	<i>All States</i>	13.4%	<i>Oregon</i>	59.8%
<i>Texas</i>	\$6,300	<i>Texas</i>	12.4%	<i>All States</i>	59.7%
<i>Minnesota</i>	\$5,932	<i>Minnesota</i>	11.7%	<i>Virginia</i>	55.1%
<i>Virginia</i>	\$5,254	<i>Utah</i>	10.8%	<i>Minnesota</i>	54.3%
<i>Delaware</i>	\$5,219	<i>North Carolina</i>	10.3%	<i>North Carolina</i>	53.1%
<i>North Carolina</i>	\$4,704	<i>Georgia</i>	10.3%	<i>Georgia</i>	52.9%
<i>Utah</i>	\$4,574	<i>Virginia</i>	10.1%	<i>Utah</i>	49.2%
<i>Georgia</i>	\$4,465	<i>Ohio</i>	9.4%	<i>Delaware</i>	46.6%
<i>Maryland</i>	\$4,007	<i>Maryland</i>	8.2%	<i>Maryland</i>	40.3%
<i>Ohio</i>	\$3,897	<i>Delaware</i>	7.0%	<i>Ohio</i>	35.5%

Ratio of Washington to U.S. All State Average			
	Long-term Debt	Long-term Debt	Long-term Debt
	Per Capita	Percentage of GDP	Percentage of Annual Revenue
1992	1.47	1.38	1.28
1997	1.33	1.30	1.12
2002	1.32	1.24	1.19
2007	1.22	1.15	1.10

Change in State-local Debt Amounts, 1992 to 2007

Debt Measure	Washington	U.S.	CA	CO	DE	FL	GA	MD	MA	MN	NV	NC	OH	OR	TX	UT	VA
<i>Per Capita Long-term State-Local Real Debt</i>																	
1992	\$8,510	\$5,786	\$5,552	\$7,397	\$10,134	\$6,352	\$4,758	\$5,962	\$8,007	\$6,574	\$6,877	\$4,004	\$3,492	\$5,462	\$5,705	\$8,986	\$4,905
2007	\$10,016	\$8,237	\$9,468	\$9,960	\$8,941	\$7,641	\$5,262	\$6,178	\$14,108	\$7,674	\$8,995	\$5,812	\$6,020	\$8,136	\$8,172	\$6,207	\$6,841
Change, 1992 to 2007	\$1,507	\$2,450	\$3,916	\$2,563	-\$1,193	\$1,288	\$504	\$216	\$6,102	\$1,100	\$2,118	\$1,808	\$2,529	\$2,674	\$2,466	-\$2,779	\$1,936
Percentage Change, 1992 to 2007	17.7%	42.3%	70.5%	34.6%	-11.8%	20.3%	10.6%	3.6%	76.2%	16.7%	30.8%	45.2%	72.4%	49.0%	43.2%	-30.9%	39.5%
<i>Per Capita Private Purpose Real Debt</i>																	
1992	\$871	\$1,906	\$1,560	\$1,943	\$6,136	\$2,032	\$868	\$2,300	\$2,978	\$2,329	\$1,913	\$1,058	\$1,485	\$808	\$1,486	\$2,115	\$2,025
2007	\$1,348	\$1,890	\$1,091	\$2,735	\$3,722	\$1,222	\$797	\$2,171	\$4,808	\$1,743	\$656	\$1,108	\$2,123	\$1,108	\$1,871	\$1,633	\$1,587
Change, 1992 to 2007	\$477	-\$16	-\$470	\$792	-\$2,413	-\$810	-\$71	-\$129	\$1,829	-\$587	-\$1,258	\$50	\$638	\$300	\$385	-\$483	-\$439
Percentage Change, 1992 to 2007	54.8%	-0.9%	-30.1%	40.8%	-39.3%	-39.9%	-8.2%	-5.6%	61.4%	-25.2%	-65.7%	4.7%	43.0%	37.1%	25.9%	-22.8%	-21.7%
<i>Long-term State-Local Debt as Percent of GSP</i>																	
1992	21.3%	15.5%	13.5%	19.1%	19.6%	19.5%	13.0%	15.9%	18.9%	17.0%	15.8%	11.1%	10.0%	16.4%	15.3%	29.2%	12.6%
2007	19.9%	17.3%	18.3%	19.4%	12.0%	18.0%	12.1%	12.7%	25.0%	15.1%	16.8%	12.8%	14.5%	18.3%	16.1%	14.7%	13.2%
Change, 1992 to 2007	-1.4%	1.9%	4.8%	0.3%	-7.6%	-1.4%	-0.9%	-3.2%	6.2%	-1.9%	0.9%	1.7%	4.5%	1.9%	0.7%	-14.5%	0.6%
<i>Private Purpose Debt as Percent of GSP</i>																	
1992	2.2%	5.1%	3.8%	5.0%	11.9%	6.2%	2.4%	6.1%	7.0%	6.0%	4.4%	2.9%	4.2%	2.4%	4.0%	6.9%	5.2%
2007	2.7%	4.0%	2.1%	5.3%	5.0%	2.9%	1.8%	4.5%	8.5%	3.4%	1.2%	2.4%	5.1%	2.5%	3.7%	3.9%	3.1%
Change, 1992 to 2007	0.5%	-1.1%	-1.7%	0.3%	-6.9%	-3.3%	-0.5%	-1.7%	1.5%	-2.6%	-3.2%	-0.5%	0.9%	0.1%	-0.3%	-3.0%	-2.1%
<i>Long-term State-Local Debt as Percent of Annual Revenue</i>																	
1992	102.6%	80.5%	67.2%	102.1%	128.3%	101.2%	76.8%	87.9%	104.4%	80.6%	94.3%	66.0%	48.7%	67.9%	97.0%	135.4%	81.6%
2007	85.3%	77.5%	70.4%	97.8%	79.9%	77.3%	62.4%	62.1%	125.4%	70.3%	93.4%	65.6%	54.9%	69.3%	94.2%	66.8%	71.7%
Change, 1992 to 2007	-17.4%	-2.9%	3.2%	-4.3%	-48.4%	-23.9%	-14.4%	-25.8%	21.0%	-10.3%	-0.9%	-0.4%	6.1%	1.4%	-2.8%	-68.6%	-9.9%
<i>Private Purpose Debt as Percent of Annual Revenue</i>																	
1992	10.5%	26.5%	18.9%	26.8%	77.7%	32.4%	14.0%	33.9%	38.8%	28.5%	26.2%	17.5%	20.7%	10.0%	25.3%	31.9%	33.7%
2007	11.5%	17.8%	8.1%	26.9%	33.3%	12.4%	9.4%	21.8%	42.7%	16.0%	6.8%	12.5%	19.3%	9.4%	21.6%	17.6%	16.6%
Change, 1992 to 2007	1.0%	-8.7%	-10.8%	0.0%	-44.4%	-20.0%	-4.6%	-12.1%	3.9%	-12.6%	-19.4%	-4.9%	-1.4%	-0.6%	-3.7%	-14.3%	-17.1%

Change in State-local Debt Amounts, 1992 to 2007																	
Excluding Private Purposes Debt																	
Debt Measure	Washington	U.S.	CA	CO	DE	FL	GA	MD	MA	MN	NV	NC	OH	OR	TX	UT	VA
<i>Per Capita Long-term State-Local Real Debt</i>																	
<i>Excluding Private Purposes Debt</i>																	
1992	\$7,638	\$3,881	\$3,991	\$5,454	\$3,998	\$4,320	\$3,890	\$3,662	\$5,028	\$4,245	\$4,963	\$2,946	\$2,007	\$4,653	\$4,219	\$6,871	\$2,879
2007	\$8,668	\$6,347	\$8,377	\$7,225	\$5,219	\$6,419	\$4,465	\$4,007	\$9,301	\$5,932	\$8,339	\$4,704	\$3,897	\$7,028	\$6,300	\$4,574	\$5,254
Change, 1992 to 2007	\$1,029	\$2,467	\$4,386	\$1,771	\$1,221	\$2,098	\$575	\$345	\$4,273	\$1,687	\$3,376	\$1,758	\$1,890	\$2,375	\$2,081	-\$2,297	\$2,375
Percentage Change, 1992 to 2007	13.5%	63.6%	109.9%	32.5%	30.5%	48.6%	14.8%	9.4%	85.0%	39.7%	68.0%	59.7%	94.2%	51.0%	49.3%	-33.4%	82.5%
<i>Long-term State-Local Debt as Percent of GSP</i>																	
<i>Excluding Private Purposes Debt</i>																	
1992	19.1%	10.4%	9.7%	14.1%	7.7%	13.2%	10.6%	9.7%	11.8%	11.0%	11.4%	8.2%	5.7%	13.9%	11.3%	22.3%	7.4%
2007	17.2%	13.4%	16.2%	14.1%	7.0%	15.1%	10.3%	8.2%	16.5%	11.7%	15.5%	10.3%	9.4%	15.8%	12.4%	10.8%	10.1%
Change, 1992 to 2007	-1.9%	3.0%	6.5%	0.0%	-0.7%	1.9%	-0.4%	-1.5%	4.7%	0.7%	4.1%	2.2%	3.6%	1.8%	1.1%	-11.5%	2.7%
<i>Long-term State-Local Debt as Percent of Annual Revenue</i>																	
<i>Excluding Private Purposes Debt</i>																	
1992	92.1%	54.0%	48.3%	75.3%	50.6%	68.8%	62.8%	54.0%	65.6%	52.0%	68.1%	48.6%	28.0%	57.8%	71.7%	103.5%	47.9%
2007	73.8%	59.7%	62.3%	70.9%	46.6%	64.9%	52.9%	40.3%	82.7%	54.3%	86.6%	53.1%	35.5%	59.8%	72.6%	49.2%	55.1%
Change, 1992 to 2007	-18.3%	5.8%	14.0%	-4.3%	-4.0%	-3.9%	-9.9%	-13.7%	17.1%	2.3%	18.5%	4.5%	7.5%	2.0%	0.9%	-54.3%	7.1%

Structural Differences in Washington Debt Compared to Other States

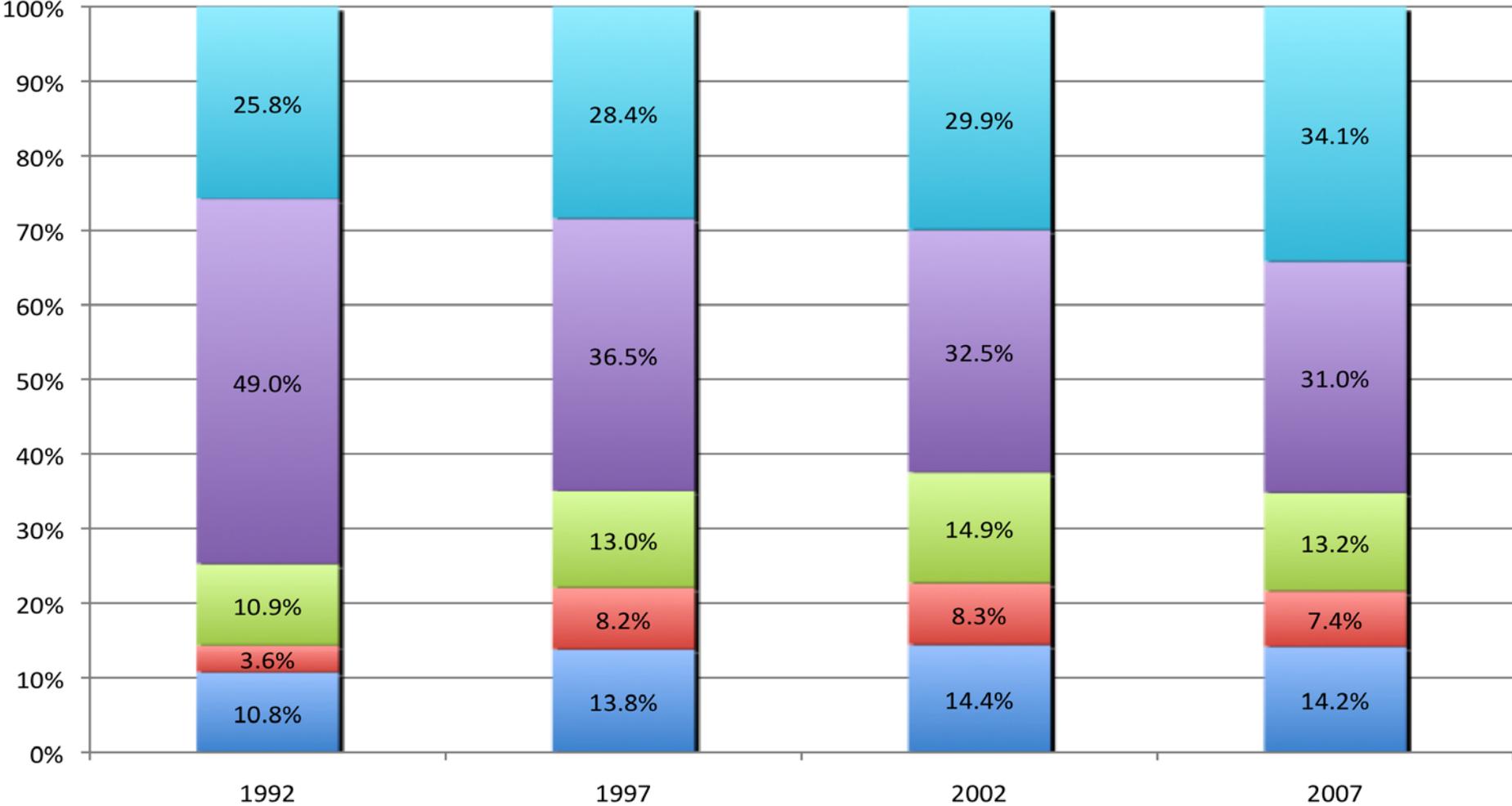
- ▶ The state government's share of debt is lower in Washington compared to other states
 - 34% in Washington compared to 39% for all states
 - Accordingly, the local government share of debt is higher in Washington than other states
- ▶ The state government's share of debt has been increasing since 1992
 - From 25.8% to 34.1%
 - State government debt has grown faster than local government debt since 1992

Structural Differences in Washington Debt Compared to Other States

- ▶ The share of debt issued by special districts is substantially greater in Washington than in other states
 - Census Bureau reports data for 1,229 districts
- ▶ This reflects the fact that several important local government functions provided through special districts in Washington are commonly provided by municipalities or counties or by the private sector in other states
 - These functions include fire protection (374 special districts), water and sewer (131 water districts, 40 sewer districts, and 33 combined water & sewer), and public hospitals (48 districts) among many others.

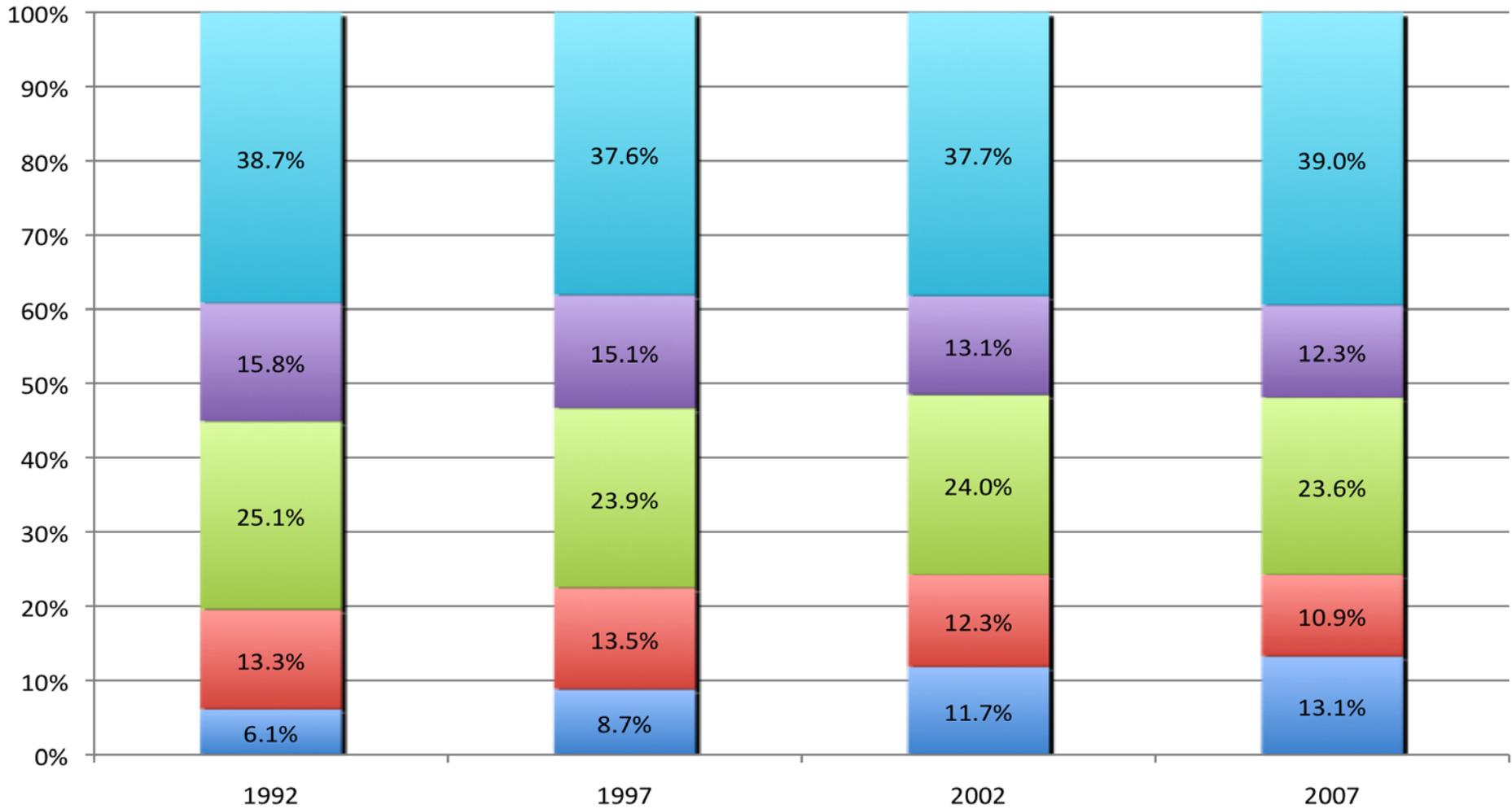
Share of Long-term Debt by Type of Government, State of Washington

School District County Municipality Special District State



Share of Long-term Debt By Type of Government, All States

School District County Municipality Special District State

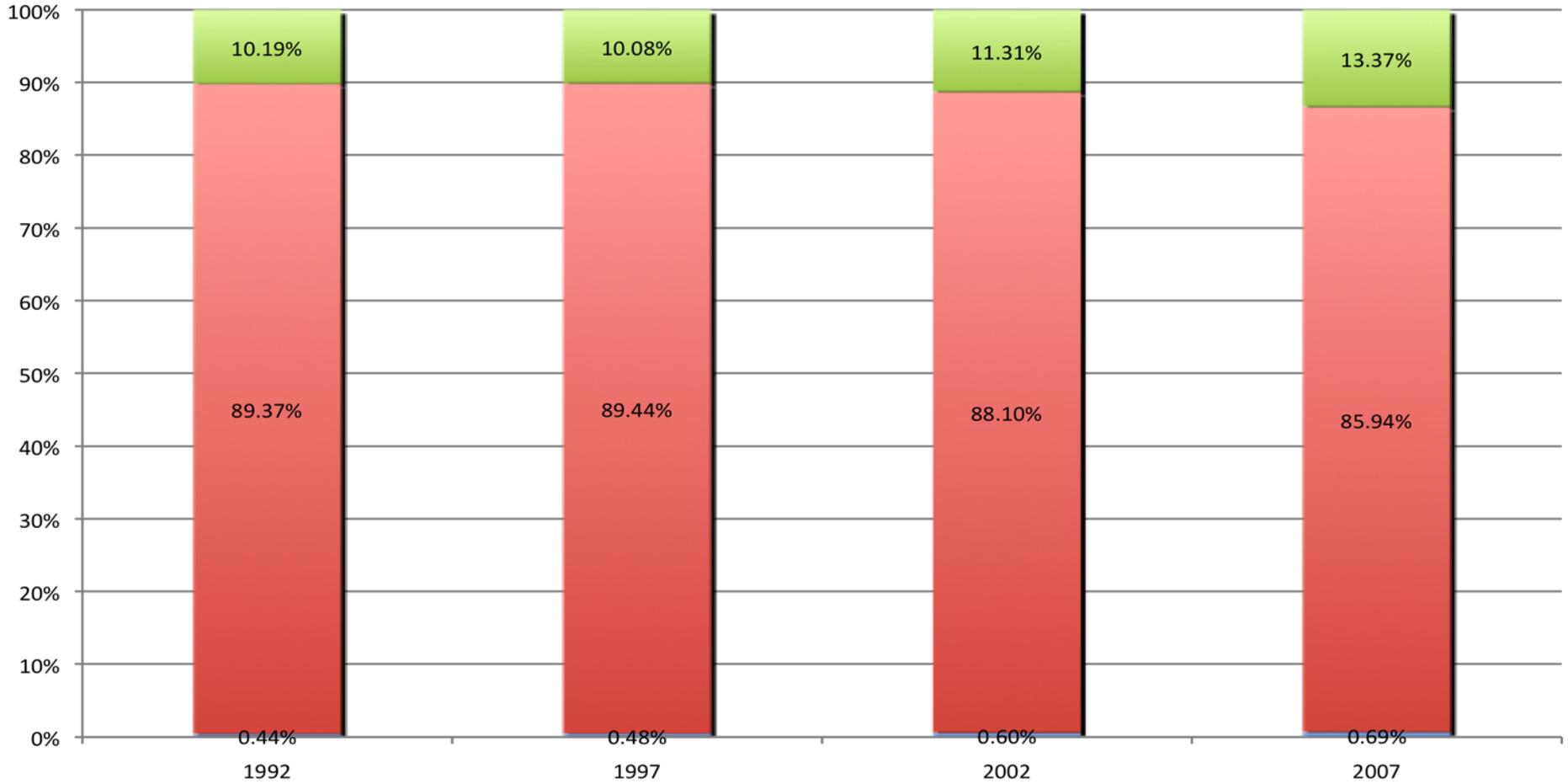


Structural Differences in Washington Debt Compared to Other States

- ▶ State and local governments in Washington have issued debt for “private purposes” to a much lesser degree than other states
- ▶ Private purpose debt accounts for about 23 percent of outstanding debt nationally, but only about 13 percent in Washington
- ▶ However, the relative importance of private purpose debt has been increasing in Washington, whereas it is has been declining nationally

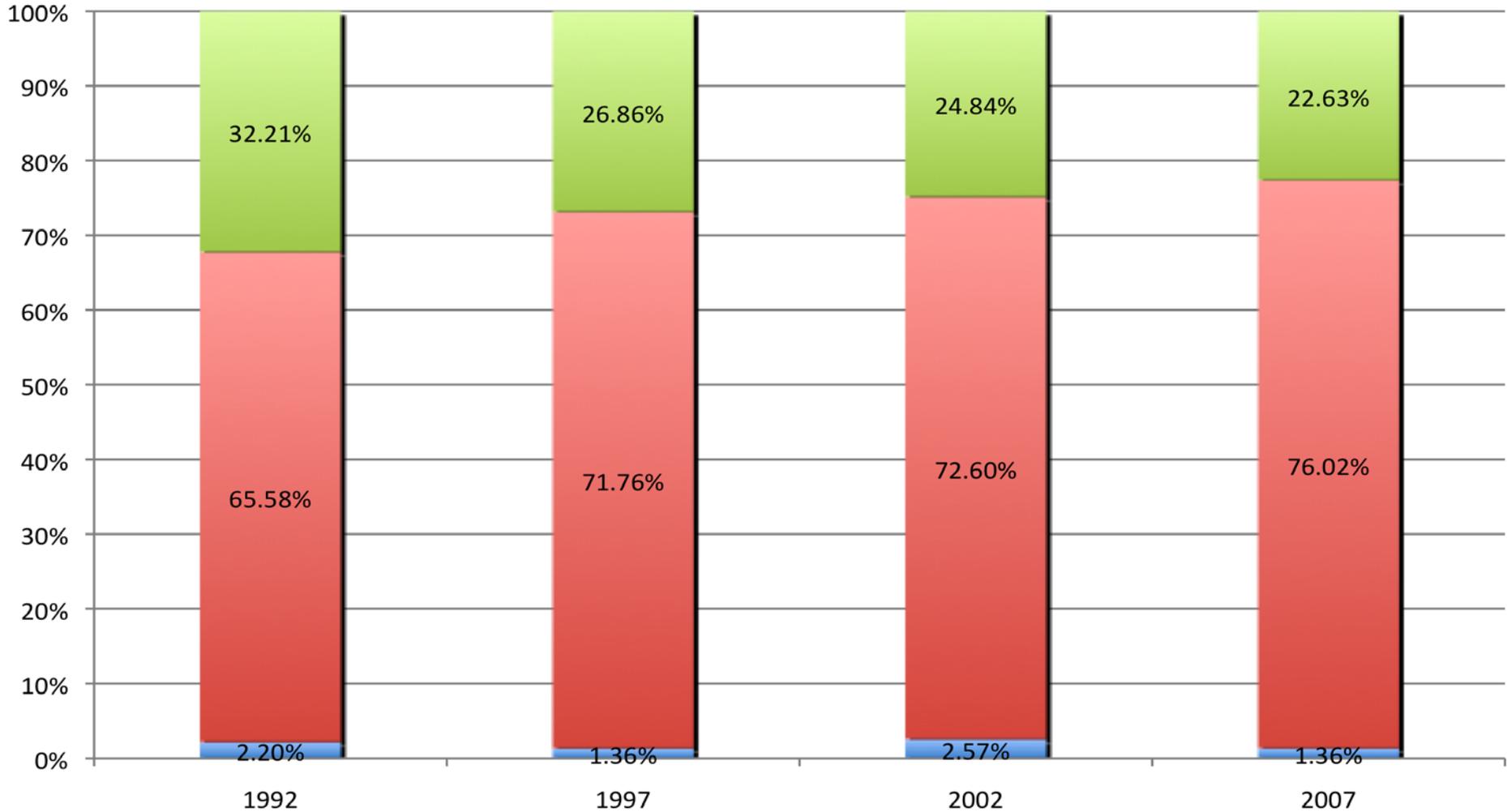
Distribution of Outstanding State-local Debt by Type, State of Washington

■ Short-term ■ Long-term excluding private purposes ■ Private purposes



Distribution of Outstanding State-local Debt by Type, All U.S. States

Short-term Long-term excluding private purposes Private purposes

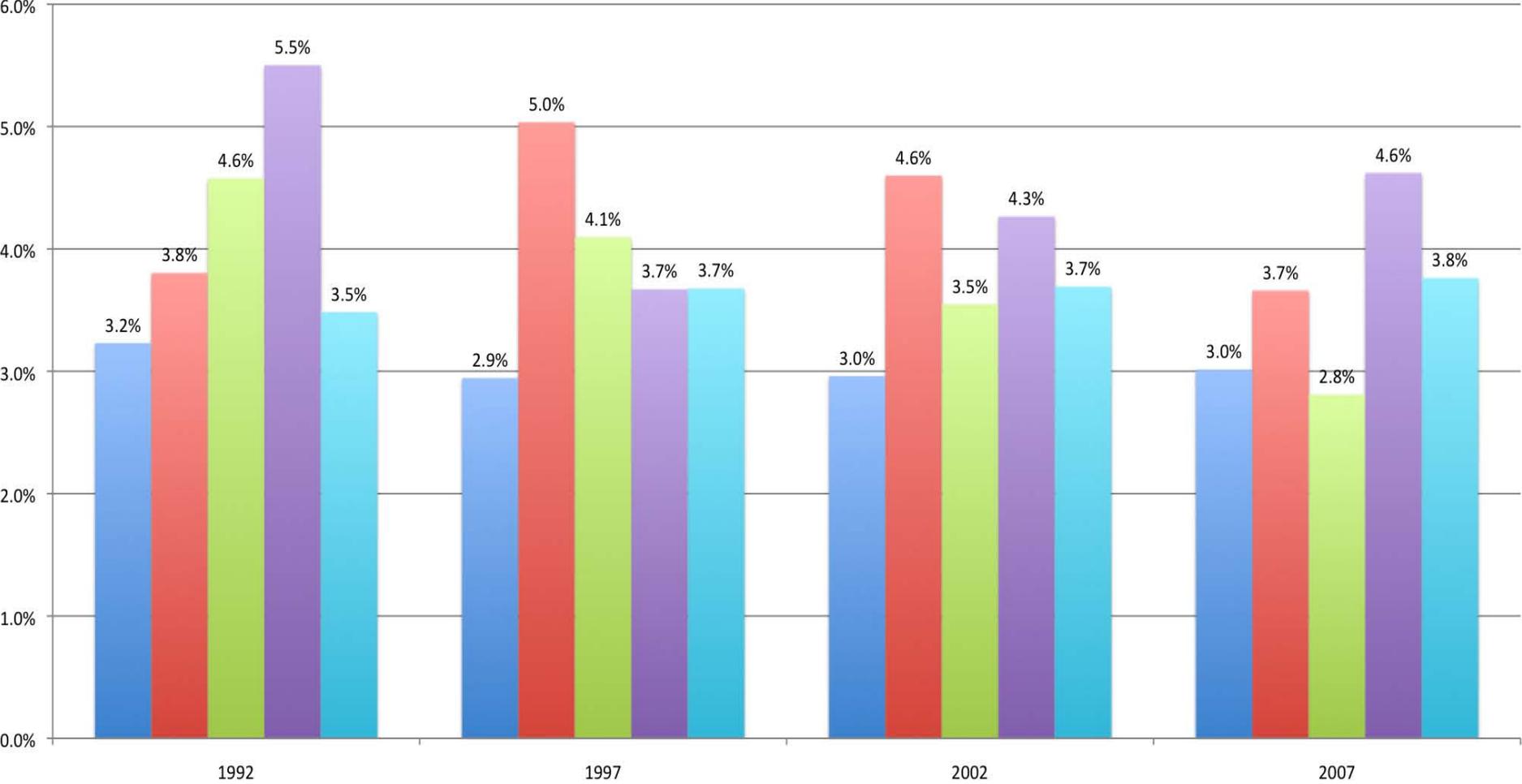


Structural Differences in Washington Debt Compared to Other States

- ▶ The magnitude and pattern of annual interest payments on debt relative to annual revenue are not substantially different for Washington state or local governments than for the corresponding governments nationally
 - School district interest costs are a bit higher in Washington
 - Municipality interest costs are a bit lower in Washington, likely reflecting the role of special districts in Washington
- ▶ Interest costs relative to revenue have been declining, but to a lesser degree in Washington than nationally

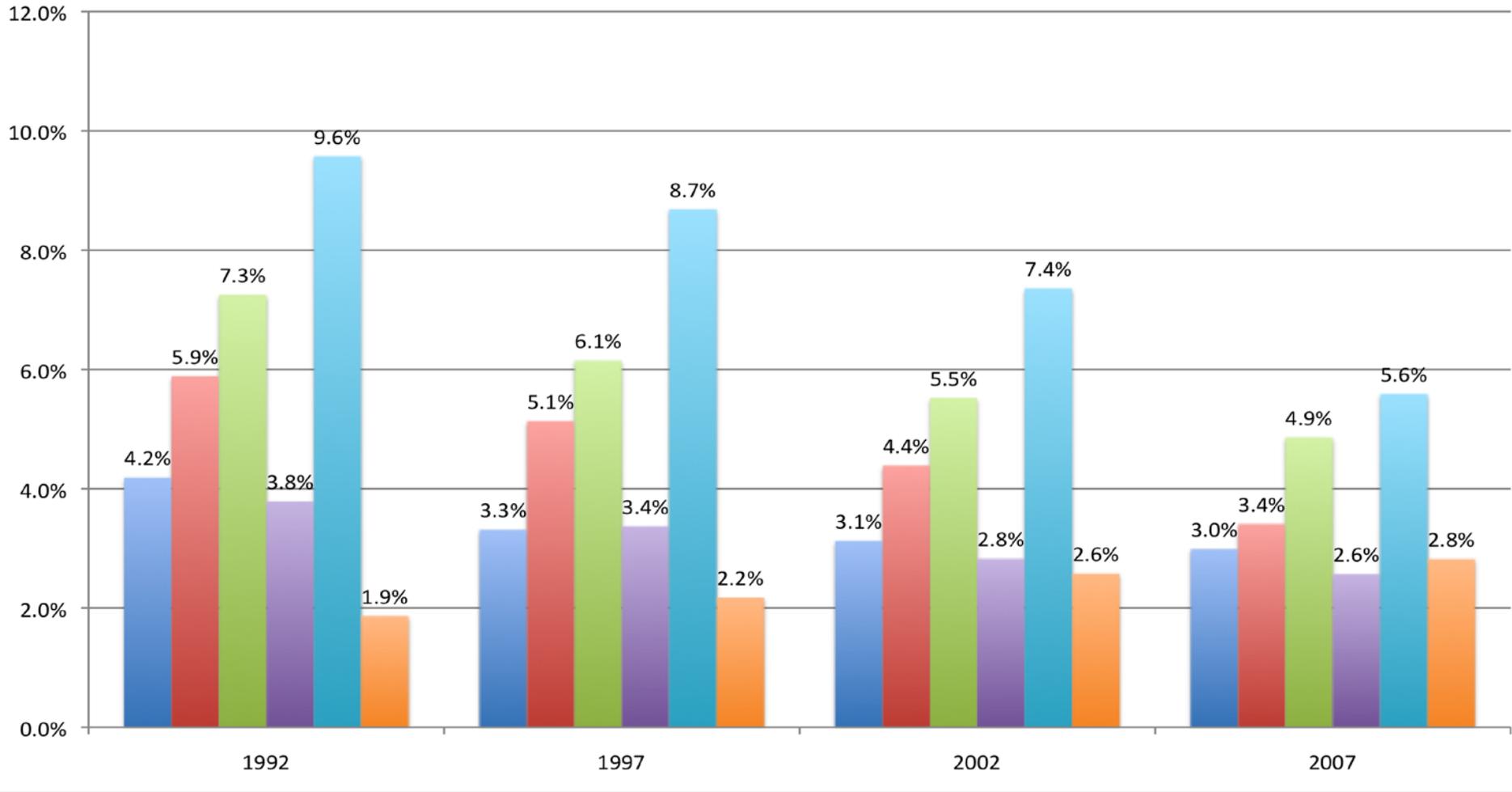
Interest on General Debt as a Percentage of Annual General Revenue, by Type of Government and Year, State of Washington

State County Municipal Special District School District



Interest on State-local Government Debt as a Percentage of Annual General Revenue, by Type of Government and Year, All States

■ State ■ County ■ Municipal ■ Township ■ Special District ■ School District



Statistical Analysis of Interstate Differences in Debt

- ▶ Objective to identify the factors that have influenced differences in debt among the states, and
- ▶ To compare the debt level in to one jurisdiction to all others, after correcting for the effects of economic, social, and political factors
 - Is, in fact, the debt in Washington higher than in other states after allowing for economic, social, and political differences?

Regression Model

- ▶ Debt is a function of past debt and new net borrowing
- ▶ $D(t) = D(t-1) + [B(t) - R(t)]$
- ▶ $[B(t) - R(t)]$
 - Real Gross State Product Per Capita, by State
 - Statewide Unemployment Rate, by State
 - State Government Balance as Percentage of State Government Expenditure, by State
 - Real Per Capita Federal Grants to State and Local Governments, by State
 - Percentage of State Population Greater Than or Equal to Age 65, by State
 - Percentage of State Population in K-12 Public Schools, by State

Regression Model

- Index that Measures Political Ideology of State, varies from 0 (Conservative) to 100 (Liberal)
- 0/1 Variable to Indicate if the State Has a Debt Limit
- 0/1 Variable to Indicate if the State Has No Fiscal (revenue or spending) Limit
- Set of 0/1 variables to Indicate the Year or Time Trend
- **Set of 0/1 Variables to Indicate the State**

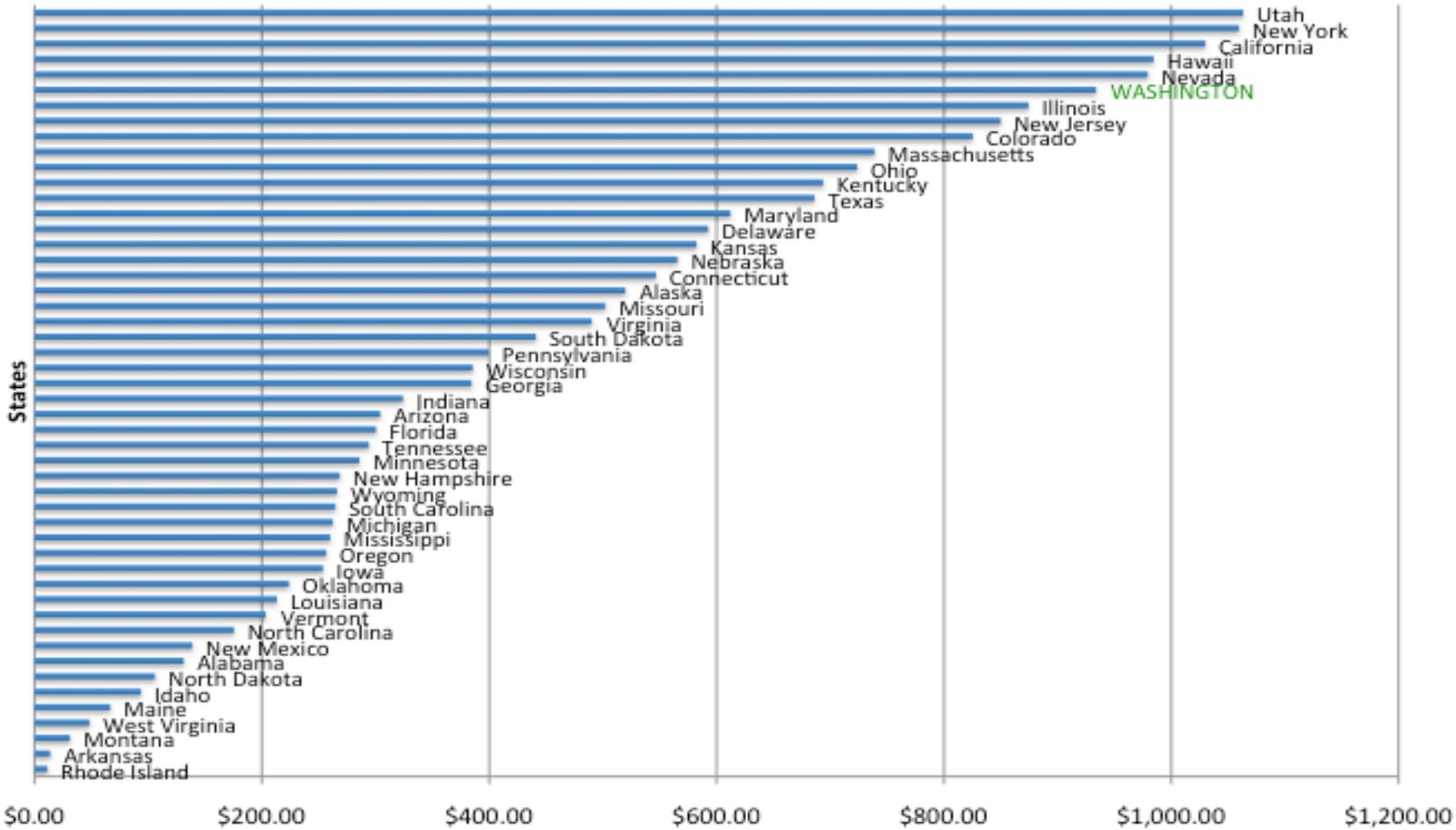
Statistical Analysis: Preliminary Results

- ▶ Confirms the relatively high level of per capita public debt in Washington
 - Difference between Washington and other states is greater among local governments than for the state government alone
- ▶ For local governments, 35 states have statistically significantly less per capita debt than Washington, whereas only 1 state (NY) has more
- ▶ For the state government alone, 18 states have statistically significantly less per capita debt than Washington, whereas 10 states have more

Bond Issues: 2008-2010

- ▶ For recent annual new bond issues, we use data collected from the financial markets by Thomson Reuters
 - These are the data used by and reported in *The Bond Buyer*
- ▶ During the years 2008 – 2010, the amount of Build America Bonds issued by state and local governments in Washington was greater than expected based on the historic use of debt
 - Washington was a major user of BABs

Per Capita Amount of Build America Bond Issues, by State, 2009 - 2010

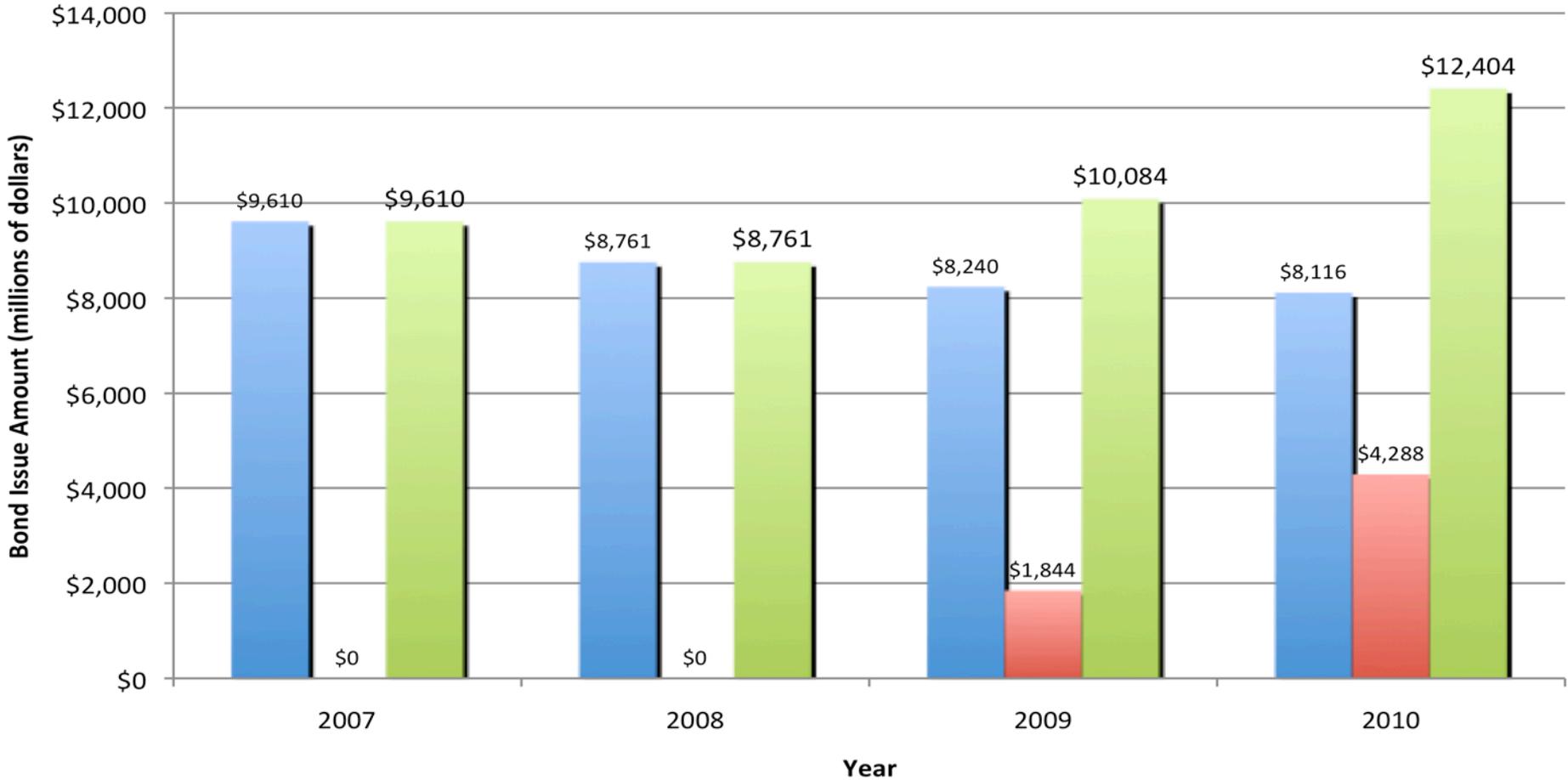


Build America Bond Issue Volume During 2008-2010
Compared to Historic Use of Debt

State*	Share of BAB Issue Volume 2008-2010	Share of Outstanding Debt 2007	Ratio
Utah	1.61%	0.66%	2.44
Hawaii	0.70%	0.43%	1.64
Ohio	4.63%	2.83%	1.64
Nevada	1.42%	0.92%	1.55
California	20.91%	13.70%	1.53
Maryland	1.92%	1.43%	1.34
WASHINGTON	3.40%	2.58%	1.32
Illinois	6.23%	4.84%	1.29
Colorado	2.26%	1.92%	1.18
Texas	9.25%	7.86%	1.18
Nebraska	0.56%	0.48%	1.17
New Jersey	4.09%	3.56%	1.15
Kansas	0.90%	0.82%	1.11
Kentucky	1.65%	1.53%	1.08
New York	11.45%	10.77%	1.06
Missouri	1.66%	1.61%	1.03
Georgia	2.07%	2.01%	1.03
Virginia	2.12%	2.12%	1.00
South Dakota	0.20%	0.20%	0.98
Wyoming	0.08%	0.09%	0.85
Mississippi	0.42%	0.52%	0.81
Connecticut	1.06%	1.36%	0.78
Delaware	0.29%	0.37%	0.78
Tennessee	1.02%	1.41%	0.72
Massachusetts	2.68%	3.72%	0.72
Wisconsin	1.20%	1.74%	0.69
Iowa	0.42%	0.61%	0.69
Arizona	1.10%	1.63%	0.67
Indiana	1.15%	1.72%	0.67
Oklahoma	0.45%	0.69%	0.66
Pennsylvania	2.79%	4.64%	0.60
Florida	3.07%	5.56%	0.55
Minnesota	0.83%	1.61%	0.52
Michigan	1.46%	3.03%	0.48
Alaska	0.20%	0.41%	0.48
New Hampshire	0.20%	0.43%	0.46
Louisiana	0.53%	1.17%	0.45
Oregon	0.54%	1.20%	0.45
South Carolina	0.66%	1.49%	0.44
North Carolina	0.90%	2.08%	0.43
Vermont	0.07%	0.17%	0.42
Idaho	0.08%	0.22%	0.37
Alabama	0.34%	1.02%	0.33
New Mexico	0.15%	0.51%	0.30
North Dakota	0.04%	0.15%	0.25
Maine	0.05%	0.33%	0.15
West Virginia	0.05%	0.38%	0.13
Montana	0.02%	0.26%	0.07
Arkansas	0.02%	0.51%	0.04
Rhode Island	0.01%	0.44%	0.02

Long-term Bond Issues by State and Local Governments in Washington, 2007 - 2010

■ Traditional Long-term Bond Issues
 ■ Build America Bonds
 ■ Total



Questions and Discussion

- ▶ What questions do you have?
- ▶ What additional information about state-local debt in Washington might be helpful to you?