Municipal Bond Credit Perspectives

State of the States

May 2021

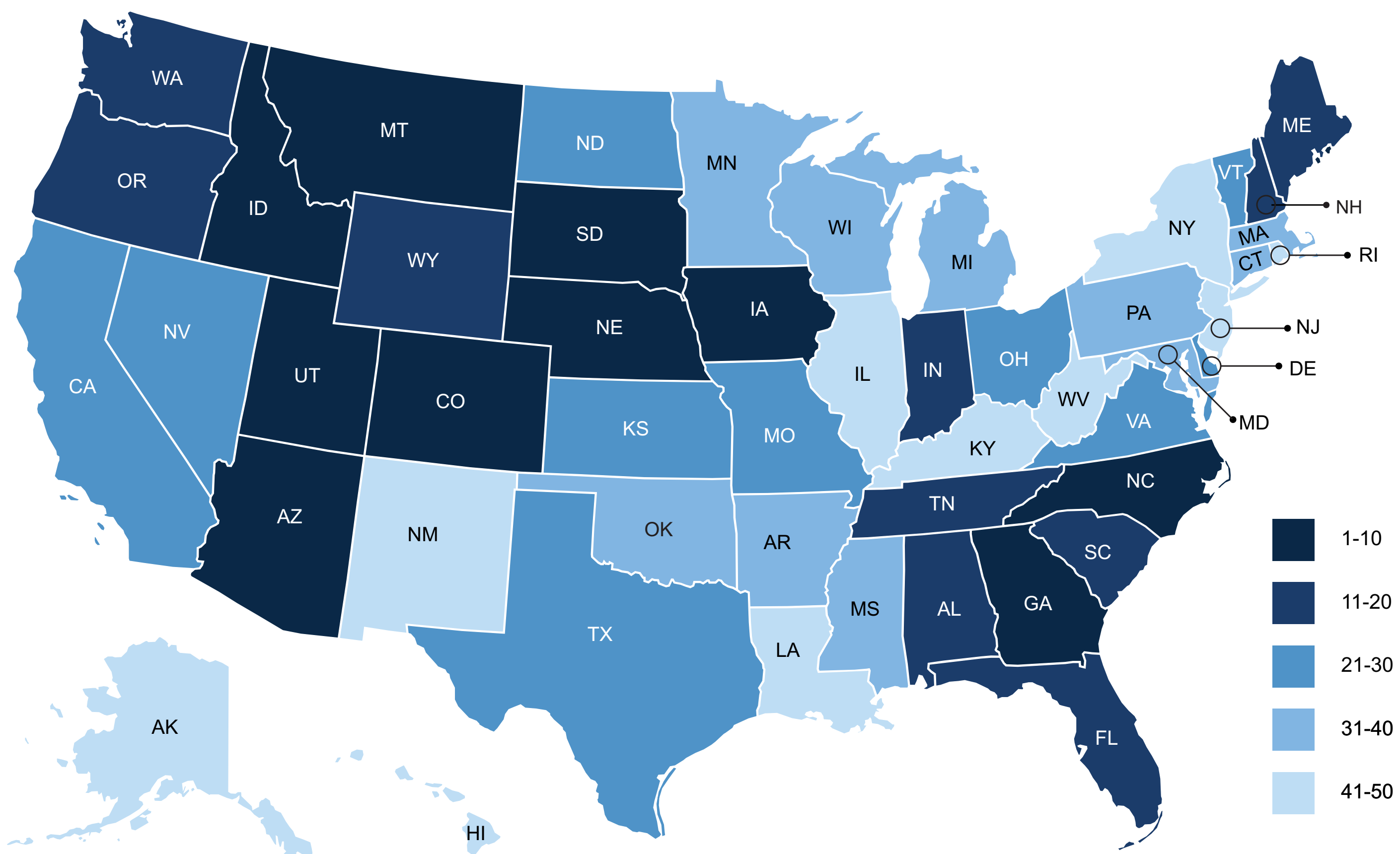
ASSET MANAGEMENT | WHITE PAPER

Conning Changes Outlook to Stable

Key Findings

- Conning changes outlook to stable from declining on state credit quality
- Impact of COVID-19 on state finances was less significant than expected and recovery is well on track
- Stimulus aided states both directly and indirectly
- Some states outperformed because of their economies and tax climates
- Work-from-home dynamics impacted population changes and fueled regional housing price growth
- Financial markets recovered quickly, benefitting states' investment income tax and pension funding levels
- Sales tax revenue was unexpectedly resilient

Exhibit 1: State of the States Rank May 2021



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Executive Summary: Conning Changes Outlook to Stable

Conning believes state credit quality stabilized because of improving economic conditions, unprecedented federal stimulus and a pandemic that impacted states' finances less than initially projected. We expect states' revenue growth to outpace debt growth, and for credit quality to further stabilize. However, a state's tax revenue might be up, down, or steady depending on, among other things, the prevalence of the novel coronavirus, the state's major economic sectors, or its revenue system. The State of the States ranking captures these relative strengths and weaknesses.

The pandemic brought an abrupt end to the longest economic expansion in U.S. history. At this time last year, we were amid the worst of the pandemic. Businesses and schools were closed and layoffs were rampant—all of which had a significant impact on state finances. At the time we estimated that the pandemic would significantly damage state economies, but it ultimately had minimal effect on the states' credit quality.

In retrospect, Conning sees many important factors that impacted the financial health of U.S. states. For one, sales taxes were resilient, especially as online sales offset declines in the service part of the economy. Second, layoffs occurred among lower-paying jobs, which minimized the income tax hit for states. Third, financial markets recovered, which benefitted states' investment-derived income tax collections and pension funding levels. Fourth, an unprecedented amount of federal aid allowed states to manage through the pandemic while preserving rainy-day funds, a major change from the recession of 2008-9. Last, population changes, an indicator we find to be a good forecaster of future credit quality, will be volatile for years to come as new work-from-home conditions will potentially reshape these long-standing population trends.

2021 Findings: Western States Continue Their Dominance

Prior to the outbreak of coronavirus, Conning's view was that state credit quality was the strongest it had been in a decade. However, we revised our outlook to negative in the 2020 State of the States report as we had expected the pandemic to force states to make difficult budget decisions and possibly dip into reserves to address revenue shortfalls.

As our rankings suggest, some states were much better positioned to deal with COVID-19-related credit stresses, either because of stronger balance sheets or their ability to benefit from better economic conditions and/or socio-economic trends (Exhibit 2 lists our top- and bottom-five state rankings). **Utah** (#1) took top honors this year for the sixth year in a row. Strong underlying economic conditions and population growth with low debt levels and a favorable tax climate have been the state's hallmarks for over half a decade. **Idaho** (#3) moved up a spot, as it was the highest-ranked state in four of our 13 indicators. New to the top five were several Midwest states, including **Nebraska** (#2), **South Dakota** (#4) and its neighbor **Montana** (#5).

Colorado (#7), **Washington** (#11) and **South Carolina** (#18) all moved out of the top five due to declining employment, tax revenue growth and GDP growth, respectively. We have highlighted in past reports how the socioeconomic and economic success of the states in our rankings was a regional story and this year is no exception, although we have observed a few shifts geographically.

Conning's report separates indicators into groups that rank socioeconomic conditions, economic activity and financial metrics. **New Mexico** (#45), **Texas** (#26), **Nevada** (#30), **Minnesota** (#35) and **Massachusetts** (#36) were the five states that dropped the most this year, ranging from 14 to 19 spots. A common narrative for these states is the impact the economic turmoil had on tax collections and, in turn, how that depleted reserves. In periods of stress, such as the crisis related to the coronavirus pandemic, reserves provide states a buffer to cover losses in revenue. That is why we look at reserves versus fixed costs and as a percentage of General Fund expenditures.

Outside of South Dakota and Montana, **Maine** (#12), **Georgia** (#9) and **Ohio** (#25) were some of the biggest positive movers.

Exhibit 2: Top Five and Bottom Five States with Commentary

Top Five States	Comment	Bottom Five States	Comment
1. Utah	Top-five rank in GDP Growth, Employment Growth, Unemployment Rate, Personal Income Growth, HPI Change and Population Growth.	46. Illinois	Ongoing population decline, weak reserves and a high Economic Debt burden result in this low overall ranking.
2. Nebraska	Lowest Economic Debt, Debt per Capita, and Unemployment Rate support overall credit strength.	47. New York	High Debt/Capita, declining population and an unfavorable Business Tax Climate outweigh its high Personal Income/ Capita ranking.
3. Idaho	Strong Tax Revenue Growth, a growing population and a healthy housing market. Employment growth remained strong during the pandemic.	48. West Virginia	A weak economy, low Personal Income/ Capita, and a declining population. Reserves remain a strength.
4. South Dakota	Low Economic Debt, a favorable Tax Climate, and low relative Unemployment Rate helped bolster its overall rank.	49. Louisiana	The housing market suffered during the pandemic. Employment Growth and GDP Growth also lagged.
5. Montana	Personal Income Growth and a strong housing market outweighed the state's relatively low GDP/Capita.	50. Hawaii	Multiple indicators were affected by the pandemic including the housing market, Employment Growth, Population Growth and Tax Revenue Growth.

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Tax Revenue: Fortunes Differed Substantially During Pandemic

Last year we noted that states relying on economically sensitive revenue sources require additional reserves to provide flexibility during volatile times. Taxes such as those levied on sales and gross receipts and income tend to shift with the economy, while property taxes typically lag economic swings, allowing state and local governments time to adjust. With that in mind, we expected a sharp decline in tax revenue growth due to the COVID-19 outbreak in March 2020. But as became clear after we published our 2020 State of the States report, state tax collections outperformed expectations. And as we moved into 2021, some states outperformed on a year-over-year basis as well.

Following the passage of the American Rescue Plan Act of 2021, we now expect that outperformance to continue in the majority of states. The latest round of stimulus is hitting states' coffers this spring, which should make it easier to pass budgets this year. Positive headlines have already emerged, from California's windfall[1] to Connecticut's declining operating shortfall[2] estimates, and even Illinois' improved deficit outlook.[3]

Having said that, during the second quarter of 2020 no major source of tax revenue for states was untouched. With the unemployment rate spiking and stock market tanking, we saw declines in normally less volatile sources of tax revenues such as taxes on wages and investment earnings.[4] Retail sales declined as well, as much of the service-based economy followed shelter-in-place mandates.[5] However, sales tax collections did not decline as much as would have been expected as a result of a 2018 Supreme Court ruling that expanded a state's ability to collect sales taxes from online retailers.[6] And those tax revenues have been significant, as people continue to shop online due to closures and as a safety precaution. For example, in Michigan, sales and use-tax collections from online shopping and mail order business increased by more than 180% year over year in FY 2020.[7]

Census Bureau 2020 data shows states' total tax collections fell just under 2% year over year, which is a very positive result compared to the extremely pessimistic projections at the start of the pandemic. Those weak projections are leading to large budget surpluses for FY 2021 in some states. For example, **New Jersey** now projects a $6.4 billion surplus even without accounting for federal relief funds.[8] The 2% decrease is remarkable compared to the Great Recession when tax collections for states fell on average by 11%. However, prior to the COVID-19 pandemic, FY 2020 revenue forecasts had projected a 3.4% increase in General Fund revenues, with sales and use taxes and personal income taxes expected to rise by 3.3% and 3.7%, respectively.[9]

Nearly half the states experienced year-over-year tax collection growth in 2020 and half experienced declines (Exhibit 3 shows the five that gained and declined most). **Idaho's** growth of 13% was strongest in 2020, followed by **Illinois'** and **Vermont's** 5% growth. Energy-producing states' declines were among the largest, with **Alaska** noting a 34% decline and **North Dakota** experiencing a 23% decline. Tourism-heavy states like **Hawaii** (-12%) did particularly poorly as well. **Virginia** (-10%) and **Wyoming** (-9%) are also standouts; **Wyoming** does not levy an income tax, which was a source of stability for other states.

[1] AP News, " Budget 'windfall' in California as economy weathers virus,"Nov. 18, 2020, https://apnews.com/article/california-coronavirus-pandemic-0b98ed1c639d70b7ca0a7a6b0ffb71f5

[2] CT Mirror, " Spiking tax revenue will wipe out state budget deficit, analysts say," Jan. 15, 2021, https://ctmirror.org/2021/01/15/spiking-tax-revenue-will-wipe-out-state-budget-deficit-analysts-say/

[3] Bloomberg, "Illinois Slashes Budget Deficit Forecast Over Economic Gains," Feb. 9, 2021, https://www.bloomberg.com/news/articles/2021-02-09/illinois-slashes-budget-deficit-forecast-over-economic-gains

[4] Source: Appendix A: Tax Revenue Growth and Conning calculations.

[5] CNBC, "Retail sales plunge a record 16.4% in April, far worse than predicted," https://www.cnbc.com/2020/05/15/us-retail-sales-april-2020.html#:~:text=Retail%20Sales-,Retail%20sales%20plunge%20a%20record%2016.4,April%2C%20far%20worse%20than%20predicted&text=Retail%20sales%20fell%2016.4%25%20in,badly%20as%20did%20service%20stations

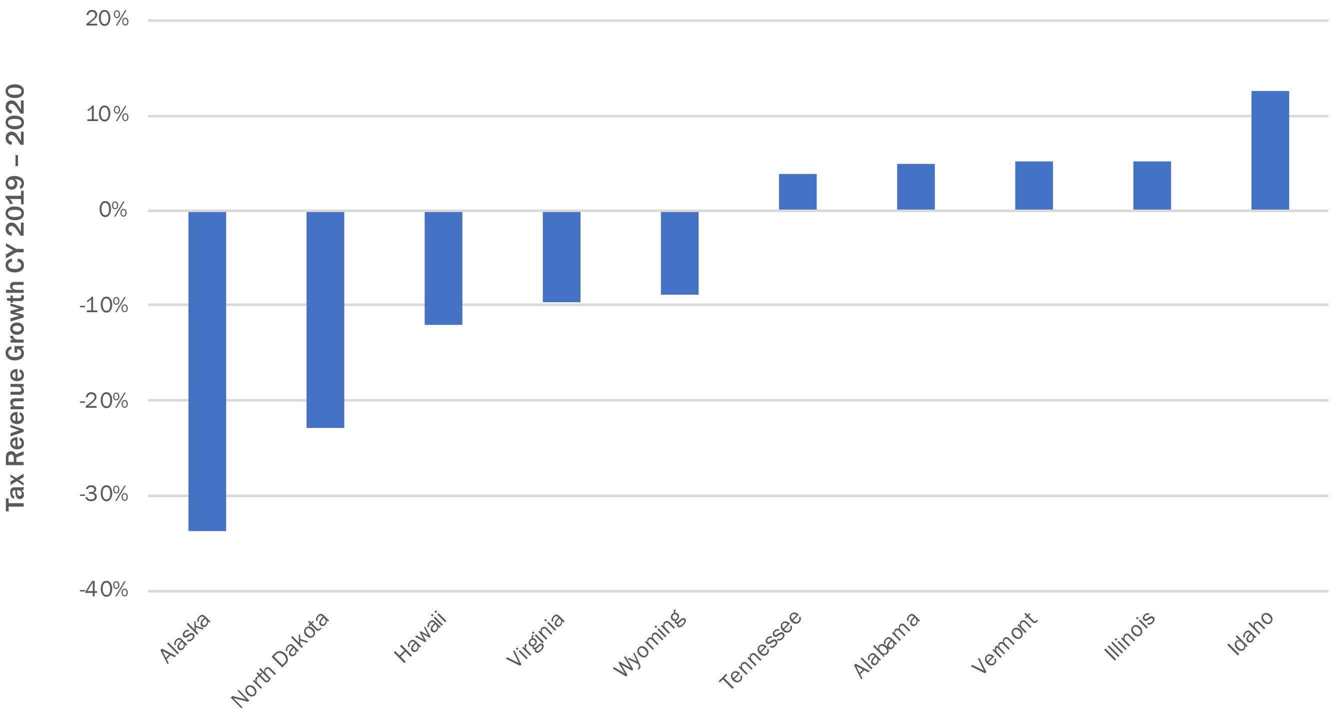
[6] South Dakota v. Wayfair, Inc., 585 U.S., 138 S. Ct. 2080 (2018), https://www.supremecourt.gov/opinions/17pdf/17-494_j4el.pdf

[7] Brookings Municipal Finance Conference annual winter webinar, "The COVID-19 Pandemic and State and Local Budgets: Past, Present, and Future." February 10, 2021. https://www.brookings.edu/wp-content/uploads/2021/01/Rachael-Eubanks-slides.pdf

[8] Reuters, "U.S. states project rosier revenue as economy heats up," April 8, 2021, https://www.reuters.com/article/usa-states-revenue/u-s-states-project-rosier-revenue-as-economy-heats-up-idUSL1N2LZ2O0

[9] ©2021 The National Association of State Budget Officers (NASBO), https://www.nasbo.org/reports-data/fiscal-survey-of-states

Exhibit 3: Highest and Lowest Tax Revenue Growth CY 2019 – 2020

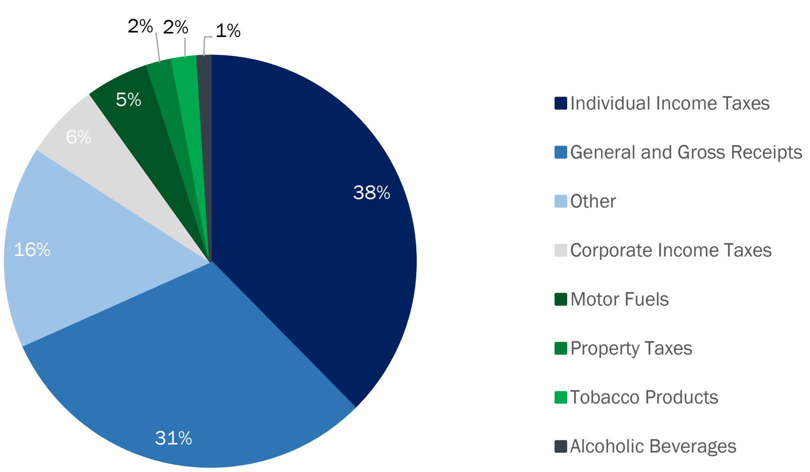


Prepared by Conning, Inc. Source: Census Bureau, U.S. Department of Commerce (2020), https://www.census.gov/programs-surveys/qtax/data/tables.2020.html

Where Does Tax Revenue Growth Come From?

Nationwide, sales and gross receipts taxes plus individual income taxes accounted for 82.1%[10] of tax revenue collections in 2020; however, the source of tax collections varies across the states. This combined source as a percentage of total revenues increased slightly from 81.7% in 2019. Property taxes typically do not account for a large portion of state revenues (see Exhibit 4) and are not often used for state operations, but instead redistributed to local governments. For example, when including local governments, property tax in the aggregate accounts for almost 40% of total tax revenues, according to data collected by the Census Bureau.[11]

Exhibit 4: State Tax Revenue by Type 2020



Prepared by Conning, Inc. Source: Census Bureau, U.S. Department of Commerce (2021), "Table 2. National totals of state government tax revenue, by type of tax," https://www.census.gov/data/tables/2020/econ/qtax/historical.Q4.html

[10] Census Bureau, U.S. Department of Commerce (2021), "Table 2. National totals of state government tax revenue, by type of tax," https://www.census.gov/data/tables/2020/econ/qtax/historical.Q4.html

[11] Census Bureau, U.S. Department of Commerce (2021). https://www.census.gov/data/tables/2018/econ/qtax/historical_table_1.html

States Underperformed by Not Taxing Income

Seven states—**Alaska**, **Florida**, **Nevada**, **South Dakota**, **Texas**, **Washington** and **Wyoming**—do not levy personal income taxes and **New Hampshire** and **Tennessee** (as of 2020[12]) only collect taxes on interest and dividends. Six out of these seven states saw drastic reductions in tax revenue growth, with average collections down 11.0% while the average for all 50 states was -2.4%.[13]

New Hampshire experienced a 4% decline in total tax revenue collections in 2020. In addition to levying a small amount of income taxes and sales taxes, corporate taxes, which declined by 8.5% year over year, accounted for 27% of total tax collections.[14] New Hampshire's roughly 15% reliance on property taxes was a stabilizing factor in 2020. Conversely, most of **Tennessee's** tax revenues are derived from sales taxes, which performed relatively well in 2020 with a 2.7% increase. Its total tax revenue collections increased by 4% in 2020, highlighting how sales tax collections were stronger than corporate tax collections and some other revenue sources in 2020.

A small portion of states—including **Alaska**, which saw the largest decline in tax revenues from 2018 to 2019 and again between 2019 and 2020—rely on severance taxes for the majority of their tax revenues.[15] These taxes, levied on the extraction or production of natural resources such as oil and gas, are especially volatile and were further strained by the pandemic.

States reliant on tourism revenue also experienced additional strain due to travel restrictions and stay-at-home orders. **Hawaii's** General Fund tax revenue declined 6.3% in FY 2020 and, as of March 2021, it projected a 2.5% decline for FY 2021 before returning to growth in FY 2022.[16] **Nevada's** tourism and visitor-dependent economy was particularly vulnerable to the pandemic because, lacking an income tax, the state depends on sales tax and hotel bed taxes. The lack of an income tax also means the state did not benefit from taxing income on professionals who worked from home.

States That Enjoyed Higher Tax Collections

Sources of year-over-year growth varied for those states with larger increases in tax collections. **Idaho**, which saw the largest year-over-year tax revenue growth, experienced both double-digit growth in sales and income taxes. Idaho has experienced strong population growth and an associated economic boom for several years, something that in prior years Conning has addressed as one of the major predicting factors of state credit quality, as it drives up economic output and subsequent tax revenues. The same cannot be said about **Illinois**, which tends to be the worst-performing state when it comes to population changes. However, it benefited from federal support in the form of the Paycheck Protection Program and the Federal Pandemic Unemployment Program, both of which preserved the state's personal income revenue stream by keeping Illinoisians employed and providing taxable unemployment benefits.[17]

Vermont is one of the few states with a relatively high reliance on property taxes (31.4% of total tax revenues in 2020[18]), which fell sharply during the recession of the early 2000s and the Great Recession. However, Vermont's tax collections did well in 2020 in part because property values held up very well, driven by an influx of people moving from the larger northeastern metropolitan areas. This migration added to the state's personal income tax collections, and its reliance on property taxes should benefit future tax collections as well since property reassessments will take a cycle or two to affect property tax collections.

Alabama benefited from one of the shortest stay-at-home orders in the nation (26 days, the fourth-shortest) preserving employment and its economy. Furthermore, like Illinois, its economy is more dependent on agriculture and non-durable goods manufacturing, both of which did relatively well in 2020.

[12] The Center Square, "Tennessee's last vestige of income tax ends on Jan. 1," Dec. 31, 2020, https://www.thecentersquare.com/tennessee/tennessee-s-last-vestige-of-income-tax-ends-on-jan-1/article_cf8748f0-49fc-11eb-ad97-b78293856bf0.html#:~:text=Tennessee%20state%20Capitol%20in%20Nashville%2C%20Tenn.&text=(The%20Center%20Square)%20%E2%80%93%20Tennessee's,dividends%20is%20finally%20phased%20out.

[13] Census Bureau, U.S. Department of Commerce (2020), https://www.census.gov/programs-surveys/qtax/data/tables.2020.html

[14] IBID

[15] Conning State of the States Report (2020), https://www.conning.com/about-us/insights/state-of-the-states-2020

[16] State of Hawaii, General Fund Forecast – March 8, 2021 Attachment 2, https://tax.hawaii.gov/useful/a9_1cor/

[17] Tax Foundation, "State Tax Collections Down 4.4 Percent Through September, While Local Tax Collections Rise," https://taxfoundation.org/state-tax-revenue-state-tax-collections-2020/

[18] Census Bureau, U.S. Department of Commerce (2020), https://www.census.gov/programs-surveys/qtax/data/tables.2020.html

Alabama and **Illinois** are two of 13 states that impose a sales tax on groceries. A recurring story during the pandemic in 2020 was how Americans, sheltering in place, had to eat more at home and as such spent more on groceries. States with some of the highest taxes on food purchases, like **Missouri**, **Kansas** and **South Dakota** (all above 6%[19]), had above average tax revenue growth.

Economic Debt: Half of States Improve, Half Worsen

We use economic debt to rank the states in terms of the total debt burden on a state's tax base. As we previously reported, pension systems have increasingly pressured state budgets as liabilities rise and returns decline, causing annual contributions to increase. The market disruptions caused by the pandemic were expected to exacerbate this funding crisis and lead to increased fixed costs; however, the financial markets ultimately had a strong year and Conning now expects the impact to have been minimal. Even so, budget uncertainty possibly caused some states to not make full annual contributions to their plans, which will pressure funding levels down the road. Furthermore, despite the strong recovery, returns still fell short of lofty assumed rates of return, depressing funding levels all else being equal.[20] Having said that, most of the data used for the following analysis does not capture all that transpired in 2020.

Economic debt is a slow-moving metric, as we normally do not expect to see many changes year over year. In fact, there were no changes among our five states with the highest economic debt as a percentage of personal income (see Exhibit 5), with only **Hawaii** and **Connecticut** swapping places. **Connecticut**'s pension liability increased significantly for this year's report, offsetting declines in net tax-supported debt and other post-employment benefit (OPEB) liabilities. **Hawaii's** debt metrics worsened but less so than Connecticut's, hence the position swap. Both states saw their overall economic debt increase. The 50 states were split down the middle between states improving and worsening their economic debt burdens.

Exhibit 5: Total Economic Debt as a % of Personal Income

Lowest Economic Debt		Highest Economic Debt	
Nebraska	0.4%	Delaware	21.7%
South Dakota	0.9%	Hawaii	28.4%
Oklahoma	0.9%	Illinois	28.8%
Iowa	1.0%	Connecticut	29.4%
North Dakota	1.1%	New Jersey	30.9%

Prepared by Conning, Inc. Sources: Econ Debt: ©2020 Moody's Investors Services, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates—used with limited permission, "Medians - State debt declined in 2019, but likely to grow in coming years" (May 12, 2020), https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1224760, Bureau of Economic Analysis, U.S. Department of Commerce (2021), "State Annual Personal Income, 2020 (Preliminary) and State Quarterly Personal Income, 4th Quarter 2020," (March 24, 2021), https://www.bea.gov/news/2021/state-annual-personal-income-2020-preliminary-and-state-quarterly-personal-income-4th and ©Standard & Poor's Financial Services LLC, "Sudden-Stop Recession Pressures U.S. States' Funding For Pension And Other Retirement Liabilities" (August 3, 2020), https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=11587385&ArtRevId=1&sid=&sind=A&

Ohio and **Alabama** noted the strongest improvements. Both states reduced OPEB liabilities drastically, while **Ohio** also reduced its pension liability. **North Dakota** moved among the top-five best states in terms of economic debt burden by not only lowering its net tax-supported burden, but also by improving its pension funding ratio as well as OPEB liability.

Indicators: Socioeconomic Conditions

Socioeconomic factors, which include population changes, income, and the tax code, affect a state's overall condition. In our last report Conning increased the importance of population changes, as we believe it is a good predictor of a state's future fiscal condition given that a state's financial resources typically grow with its tax base.

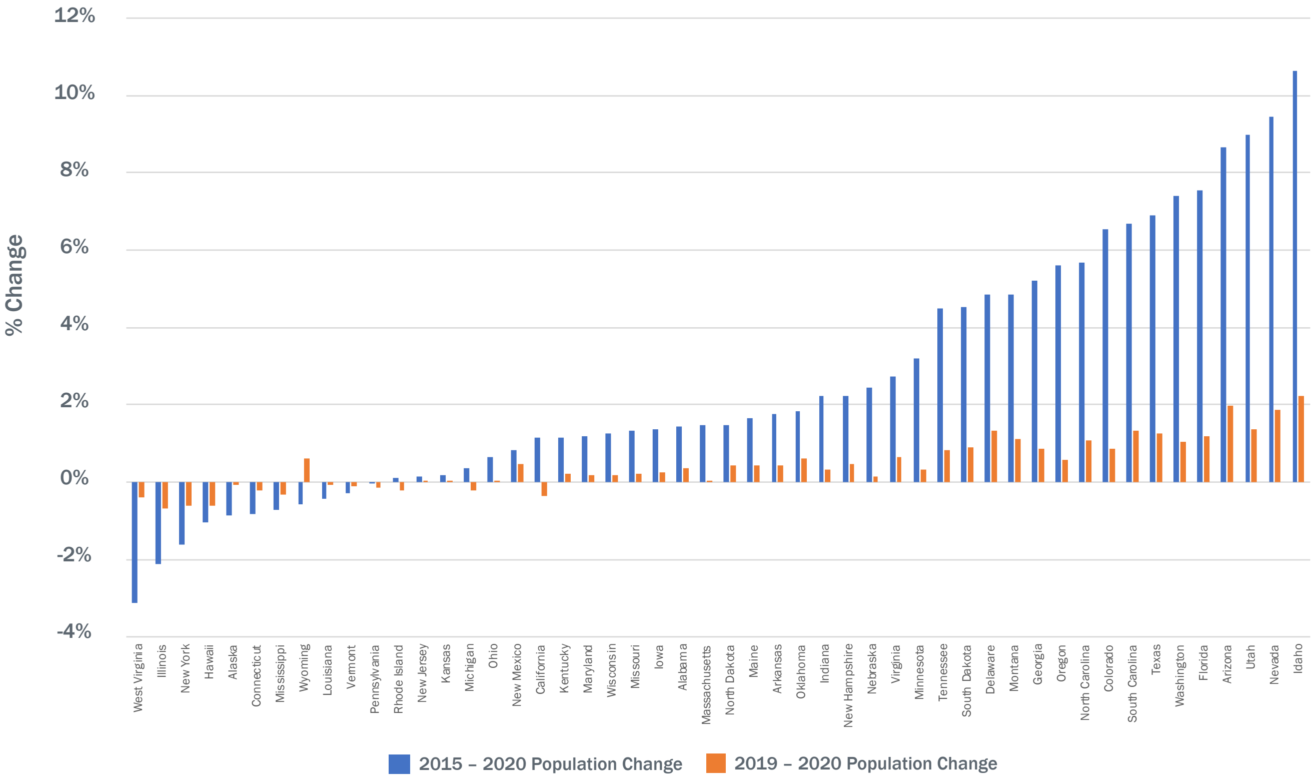
Population Change: Migration Persists to West and South

This year's population data from the U.S. Census Bureau shows a pattern we have noticed for several years: in general, people are moving to the western and southern regions. In 2020, **Idaho**, **Arizona**, **Nevada**, **Utah** and **South Carolina** experienced the most significant positive population changes. On the flip side, **Illinois**, **Hawaii**, **New York**, **West Virginia** and **California** were the five states with the worst year-over-year changes in population.

[19] ©Tax Foundation, "How Does Your State Treat Groceries, Candy, and Soda?" October 30, 2019, https://taxfoundation.org/grocery-tax-candy-tax-soda-tax-2019/

[20] Equable Institute, "State of Pensions 2020," https://equable.org/state-of-pensions-2020/

Exhibit 6: Population Change



Prepared by Conning, Inc. Source: Census Bureau, U.S. Department of Commerce, Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

Exhibit 6 highlights the past five years of population changes as well as the most recent year-over-year change, supporting the notion that the states with positive longer-term population changes continued that trend through 2020. We have likened this previously to a snowball rolling down a mountain, continuing to grow as it collects more snow.

A declining population may dent state tax revenue barring an increase in tax rates, and maintaining revenues is critical for states with a relatively high percentage of fixed costs. **Illinois** (fixed costs = 18.3% of Total Governmental Fund expenditures) and **Connecticut** (21.7%)[21] are some examples. Last November **Illinois** voters defeated the "Illinois Allow for Graduated Income Tax Amendment"[22] which would have repealed the state's flat tax rate and established a graduated income tax. The graduated rate was expected to bring in additional revenues and would have been a step in fixing the state's recurring budgetary issues. **Connecticut** also dropped plans to add tolls to increase its revenue base.[23]

The "Why" Behind Moves: Are Pandemic-Spurred Changes Here to Stay?

We can infer much from these population-change numbers; however, they do not directly address some of the underlying reasons behind why people move. For state-specific moving patterns, we reviewed the 2019 and 2020 United Van Lines surveys, which asked why people move from one state to another. Last year's survey results indicated that 40% of Americans who moved did so because of a new job or job transfer, and that more than one in four who moved did so to be closer to family.

[21] Investortools. http://investortools.net.conning.com/?State=-DYMoRt5its&

[22] Chicago Tribune, "Pritzker-funded group concedes defeat on Illinois graduated income tax amendment, throwing future of state finances in doubt," Nov. 3, 2020, https://www.chicagotribune.com/politics/ct-illinois-tax-rate-amendment-election-results-20201103-kcjm3pgd6nhb5i5w7o5ucttdqy-htmlstory.html

[23] Hartford Courant, "After the legislature fails to agree on a vote, Gov. Ned Lamont says he's giving up on tolls-for-trucks this year," Feb. 19, 2020, https://www.courant.com/politics/hc-pol-lamont-tolls-dead-20200219-mwjtywnomnc2hcgjwtqnrzxfem-story.html

United Van Lines also looked at data from March to October of 2020 to see if the pandemic influenced Americans' decisions to move. Exhibit 7 lists the leading motivations, which included changes to employment status or the ability to work remotely but also reflected concerns related to health and well-being, increased proximity to family and improvement to quality of life.

In **California** and **New York**, the primary reason for moving was because of a job (34.2%).[24] Some New Yorkers moved to the suburbs during the pandemic: a net 187,000 households left New York City in 2020, compared to 87,000 in 2019.[25] Only 15% of workers were coming to an office, down from 95%. In **California**, net exits from San Francisco increased 649% year over year from March through the end of the year, but 80% of those stayed in state.[26] Overall, moves to smaller metro areas increased 23%.[27]

An estimated 56 million Americans shifted to remote work due to the pandemic and an estimated 15 million workers are expected to consider relocating or changing their work schedules over the next two years.[28] Those choosing to move because of newfound flexibility allowing them to work remotely, closer to family or in more affordable areas may impact state income tax collections. **New Hampshire** recently filed a complaint with the U.S. Supreme Court[29] to stop **Massachusetts** from collecting income taxes from out-of-state residents, and 14 other states have since signed amicus briefs backing **New Hampshire**. In response to the shift to remote work, **Massachusetts** enacted a temporary rule, joining six other states in taxing telecommuters even if they are not physically present. This revenue accounts for about 7% of **Massachusetts'** personal income tax collections.[30] **New York** also follows this rule, and any changes may be a concern given its reliance on nonresident income tax (about 15% of personal income tax collections).[31]

Exhibit 7: Moves Due to Pandemic

Reason	Percent
Personal and family health and well-being	60%
Closer to family	59%
Changes in employment status	57%
Lifestyle change or improvement of quality of life	53%

Prepared by Conning, Inc. Source: United Van Lines, "United Van Lines' National Migration Study Reveals Where and Why Americans Moved in 2020," https://www.unitedvanlines.com/newsroom/movers-study-2020

People Moving to the Jobs

The pandemic's likely permanent effect on workplace flexibility may impact the correlation between state economic factors. In our 2020 report, Conning highlighted the relationship between a state's personal income growth and population growth. Overall, the trend since 2010, as shown in Exhibit 8, did not change; however, the states boasting strong personal income growth year over year in 2019 did not necessarily see the same increase in 2020. **Colorado**, **Washington** and **Utah** maintained above-average population and personal income growth from 2010 – 2020. **Utah** ranked #3 for personal income growth (and #4 for population growth) in 2020 with an 8.2% increase, while **Washington** (#20 for personal income growth, #11 for population growth) increased 6.6% and **Colorado** (#42, #14) increased 4.8%.

Among the top 10 states for personal income growth, only one **(Michigan)** posted a year-over-year population decline in 2020. Three of the bottom 10 states for personal income growth experienced year-over-year population declines **(Connecticut, Alaska and New York)**. The 2020 population growth is measured from July 1, 2019 through July 2, 2020, and therefore does not account for the full effects the pandemic may have had throughout the year.

[24] United Van Lines, "United Van Lines' National Migration Study Reveals Where and Why Americans Moved in 2020," https://www.unitedvanlines.com/newsroom/movers-study-2020

[25] Wall Street Journal, "How a year of the Covid-19 pandemic changed New York City. The numbers are in," March 16, 2021, https://www.wsj.com/story/the-numbers-are-in-how-a-year-of-the-covid-19-pandemic-changed-new-york-city-60251164

[26] California Policy Lab, "CalExodus: Are People Leaving California?," https://www.capolicylab.org/calexodus-are-people-leaving-california/

[27] Wall Street Journal, "Americans Up and Moved During the Pandemic. Here's Where They Went," https://www.wsj.com/articles/americans-up-and-moved-during-the-pandemic-heres-where-they-went-11620734566?mod=hp_lead_pos5

[28] Municipal Weekly, Citi Research, Jan. 25, 2021, "Bull (trade), and cross-border tax disputes," https://www.citivelocity.com/rendition/eppublic/documentService/dXNlcl9pZD1JY1NJTXBrenBZYWJERHRKQnpDU29zS1RueGoxd2ZrbCZIbWFpbF9zZW5kX2lkPTIyMTE0MTkyNTQmdj0x/ZG9jX2lkPTEwNDk5NjlmcGxhdGZvcm09ODQ

[29] New Hampshire v. Massachusetts, No. 220154, Supreme Court of the United States, https://www.supremecourt.gov/search.aspx?filename=/docket/docketfiles/html/public/22o154.html

[30] ©2021 Moody's Investors Services, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates—used with limited permission, "More remote work fosters New England income tax dispute with potential implications for other states," https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1259705

[31] IBID

Exhibit 8: Population Growth vs. Personal Income Growth 2010 – 2020

Prepared by Conning, Inc. Sources: Bureau of Economic Analysis, U.S. Department of Commerce (2021), "State Annual Personal Income, 2020 (Preliminary) and State Quarterly Personal Income, 4th Quarter 2020," (March 24, 2021), https://www.bea.gov/news/2021/state-annual-personal-income-2020-preliminary-and-state-quarterly-personal-income-4th and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

State Tax Climate: Comparing Tax Systems

Conning has shown in previous State of the States reports how population changes tend to build momentum, which makes it hard for states to buck negative trends. This is especially difficult for states facing budget shortfalls since, absent reducing the expenditure side of their income statement, all they have left to do is increase taxes, which can deter people from moving to certain states.

This relationship led us to add the Tax Foundation's State Business Tax Climate Index rank into the 2020 State of the States' ranking, with a weight of 4%. This report analyzes a state's tax climate, specifically as it pertains to business friendliness. The State Business Tax Climate Index data complements our financial, economic, and socio-economic metrics to create a whole picture of state strength. States that can attract new businesses inherently have more employment opportunities for their residents, which should boost economic activity and make those states more attractive to residents of underperforming states.

Exhibit 9 lists the five best- and worst-ranked states by the Tax Foundation.[32] Among the top five, there were no changes from the previous year. **Florida** did lower its corporate income tax temporarily, which improved its ranking in that category from #9 to #6.

Among the bottom five, **California** and **New York** swapped places and **Minnesota** replaced **Arkansas** as #46 for business-tax climate. **Arkansas** improved one spot to #45. The Tax Foundation's best-ranked states are similar in that they do not levy certain taxes, such as a corporate income tax, individual income tax, or sales tax. The top-two ranked states in this category, **Wyoming** and **South Dakota**, do not have a corporate or income tax. However, the fact that a state levies all major taxes is not in itself a reason to score poorly; **Utah** (#8) and **Indiana** (#9) levy all major taxes and still scored well.

[32] ©Tax Foundation, "2021 State Business Tax Climate," https://taxfoundation.org/2021-state-business-tax-climate-index/

Oregon and **Colorado** were notable states moving down, by seven and four spots, respectively. **Oregon** dropped significantly as a result of a corporate tax law change that now makes it one of two states, along with **Delaware**, to impose both a corporate income tax and gross receipts tax. **Colorado's** overall rank is still slightly better than average coming in at #21. **North Carolina** and **Kentucky** both improved five spots, with **North Carolina** moving up to #10 and **Kentucky** rising to #19, due to a small methodology change regarding how property taxes factor into the rankings.

Exhibit 9: Tax Foundation Rank for Business Tax Climate

Best Business Tax Climate		Worst Business Tax Climate	
Wyoming	1	Minnesota	46
South Dakota	2	Connecticut	47
Alaska	3	New York	48
Florida	4	California	49
Montana	5	New Jersey	50

Prepared by Conning, Inc. Source: © Tax Foundation, "2021 State Business Tax Climate," https://taxfoundation.org/2021-state-business-tax-climate-index/

Home Price Index: Strength Outside the Large Metros

The Federal Housing Finance Agency's Housing Price Index (HPI), which measures sales prices of homes in each state, provides an analog to the overall economic health of a state. If the underlying economy is healthy and residents feel their jobs are stable, home purchase prices should reflect this confidence in a generally rising trend. The pandemic produced another driver of price increases in the form of the work-from-home environment. Residents of cramped apartments in cities like New York and Los Angeles spread out to the suburbs and even neighboring states to wait out the lockdowns with more living space. Manhattan home sales declined by 44% in the third quarter of 2020 compared to the year prior while sales in Los Angeles County dropped by 49.5% in May compared to May of 2019.[33, 34]

"As evidence of the housing price strength nationwide in 2021, even the weakest performing state in this year's report, Louisiana, with a year-over-year price appreciation of 5.8%, would have ranked a decent 15th in the 2020 State of the States."

Idaho retained its spot as No. 1 in year-over-year HPI change and year-over-year population growth. The next-highest ranked states for HPI growth were **Montana**, **Utah**, **Arizona**, and **Connecticut**. **Connecticut** and **Montana** saw the largest jump in ranks year over year, improving by 45 and 27 spots, respectively. **Connecticut's** HPI rose by 14.1% from 4Q2019-4Q2020 compared to just 1.9% from 4Q2018-4Q2019. **Idaho's** housing market appreciated by 21.1% in 2020. Even the weakest performing state in this year's report, **Louisiana**, with a year-over-year price appreciation of 5.9%, would have ranked a decent 15th in the 2020 State of the States. (The worst-performing states are listed in Exhibit 10.)

[33] CNBC, "Manhattan apartment sales tumble 46%, leaving 10,000 unsold units," Oct. 2, 2020, https://www.cnbc.com/2020/10/02/manhattan-apartment-sales-tumble-46percent-leaving-10000-unsold-apartments.html

[34] Los Angeles Times, "Southern California home sales plunged in May, while median price inched up," June 18, 2020, https://www.latimes.com/homeless-housing/story/2020-06-18/southern-california-may-home-sales-plunged-prices-hold-steady

Exhibit 10: Bottom-Five Ranked for HPI Change 2020 – 21

State	% Change 2019	2020 SotS Rank	% Change 2020	2021 SotS Rank
West Virginia	6.7%	7	8.0%	46
Illinois	2.0%	49	7.7%	47
North Dakota	3.2%	45	6.7%	48
Hawaii	4.9%	27	6.1%	49
Louisiana	3.0%	46	5.9%	50

Prepared by Conning, Inc. Source: Federal Housing Finance Agency (FHFA) (2021), "States (Seasonally Adjusted and Not Adjusted," https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index-Datasets.aspx#qpo

Low interest rates may also have made purchasing a home more attractive and those who were able to work from home had the luxury of exploring new locations that were not tied to their jobs. High demand, coupled with lagging supply, has also fueled the price hikes. Homebuilders pared back construction following large losses after the Great Recession and supply was lagging coming into the pandemic. These elevated prices continue to make it difficult for first-time homebuyers to participate as they quickly get priced out of the market.[35]

Indicators: Economic Activity

Conning's State of the States ranking methodology captures economic activity in several ways, such as GDP and several employment-related measures like the unemployment rate.

GDP: Pandemic Impact Varied by State

GDP is the most comprehensive measure of a state's economic health. It encapsulates the underlying economic activity in each state by measuring the goods and services produced and assigning a market value to those products. GDP is reported both annually and quarterly to provide a continuous assessment of a state's economic standing.

Our top-five performing states in annual GDP growth were **Utah**, **Washington**, **Arizona**, **Idaho** and **South Dakota**; our lowest were **Hawaii**, **West Virginia**, **Alaska**, **Oklahoma** and **Wyoming** (see Exhibit 11).

South Carolina and **Florida** dropped out of the top five from last year, moving to #25 and #11, respectively, replaced by **Idaho** and **South Dakota**. **Idaho** was already on the cusp of the top five last year (#6 in the 2020 report) while **South Dakota** moved up an astronomical 39 spots from #44. We addressed **South Dakota's** story in the section on tax revenue growth; **Idaho** benefited across its industries, with particular strength in its construction and real estate sectors, but the manufacturing and government sectors also contributed.

While **North Dakota** moved out of the bottom five in terms of state GDP growth, it only marginally improved as it climbed three spots to #44. **Hawaii** took its spot among the five lowest-ranked states. We identified **Hawaii** and **Nevada** last year as states whose economies rely heavily on tourism: In 2020, the Accommodation and Food Services sector accounted for 11.6% of **Nevada's** economy and 6.9% of **Hawaii's** (though these figures do not include transportation-related dollars, which are also tied to tourism activity). No surprise: both states experienced some of the worst GDP declines in 2020. **Nevada** was only second behind **Texas** in terms of seeing a decline in its State of the States rank in this indicator.

[35] The Wall Street Journal, "U.S. Housing Market Is Nearly 4 Million Homes Short of Buyer Demand," April 15, 2021, https://www.wsj.com/articles/u-s-housing-market-is-nearly-4-million-homes-short-of-buyer-demand-11618484400?mod=hp_featst_pos3

Looking More Closely at Underlying Economies

Conning uses the GDP growth indicator to identify trends in states' economies. A subdivision of the growth rate—the individual sectors that contribute to a state's GDP growth are defined by the North American Industry Classification System (NAICS)—allows us to pinpoint sectors, such as oil and gas extraction, that are supporting or harming a state's economy.

Exhibit 11: GDP Growth Rankings

Best		Worst	
Utah	1	Hawaii	46
Washington	2	West Virginia	47
Arizona	3	Alaska	48
Idaho	4	Oklahoma	49
South Dakota	5	Wyoming	50

Prepared by Conning, Inc. Source: Bureau of Economic Analysis, U.S. Department of Commerce (2021), https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1

Our lowest-ranked states in GDP growth share a common underlying reliance on a limited number of NAICS sectors. Four of these states—**Alaska**, **Oklahoma**, **West Virginia** and **Wyoming**—lean heavily on the Mining, Quarrying, and Oil and Gas Extraction (oil) industry, while **Hawaii** is exposed to the Accommodation and Food Services industry (see Exhibit 12). These industries were negatively affected by the pandemic and states with less diverse economies experienced sharper declines in economic output.

Exhibit 12: NAICS Sector GDP Change and Contribution

State	Sector	% Change YoY	% GDP Contribution
Alaska	Mining, quarrying, and oil and gas extraction	-34.4	9.6
Oklahoma		-46.5	6.3
West Virginia		-37.8	6.5
Wyoming		-41.6	11.3
Hawaii	Accommodation and food services	-35.9	6.9

Prepared by Conning, Inc. Source: Bureau of Economic Analysis, U.S. Department of Commerce (2021), "SQGDP2 Gross domestic product (GDP) by state," https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1&acrdn=1

Alaska derived 9.6% of its 2020 GDP from the oil industry and saw a 34.3% decline in output in the sector year over year. Only the Arts, Entertainment, and Recreation industry saw a larger decline of 35.4% year over year; however, this sector only accounts for 0.4% of state GDP, so its effect was minimal.[36] **Oklahoma** experienced the largest decline in output among the four oil states at 46.5% year over year, with a GDP reliance of 6.3%. **West Virginia** and **Wyoming** saw contractions of 37.8% and 41.6%, respectively, with GDP contributions of 6.5% and 11.3%.

West Texas Intermediate crude oil prices plunged from a January 2020 pre-pandemic peak of $63.27 to -$36.98 in April, throwing the industry into a prolonged recovery for the rest of the year.[37] Oil prices in 2021 have only recently exceeded the January 2020 high. The dramatic shock was primarily due to the price war between Russia and Saudi Arabia and the recovery period was drawn out by the pandemic lockdowns.[38] During the peak of the pandemic, activities that would normally support these oil-dependent states, like air travel and work commutes, were suspended as states implemented strict travel restrictions and workers adapted to the work-from-home environment. Global oil demand plummeted and states reliant on oil production suffered.

[36] Bureau of Economic Analysis, U.S. Department of Commerce (2021), https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1

[37] U.S. Energy Information Administration, U.S. Department of Energy (2021), Crude Oil Spot Prices, https://www.eia.gov/dnav/pet/hist/RWTCD.htm

[38] CNN Business, "Why oil prices are crashing and what it means," https://www.cnn.com/2020/03/09/business/oil-price-crash-explainer/index.html

Hawaii's 6.1% contraction in GDP is related to a sector we highlighted in Conning's 2020 report as potentially experiencing negative effects due to the pandemic.[39] The state's Accommodation and Food Services industry saw a 35.9% decline in economic activity in 2020, which accounted for 6.9% of the year's GDP. With travel plans on hold for the country, Hawaii's tourist-dependent economy stalled.

Positively, all five of these states saw growth in the Retail Trade sectors, which held up well despite the pandemic's shuttering of many brick-and-mortar shopping venues. Shoppers shifted to online retail and the influx of cash provided by multiple stimulus checks supported spending.

In Conning's 2020 report, we also mentioned the importance of a diversified economy and highlighted **Texas** as a state that has shifted its reliance away from the oil industry over the past 40 years. While its 2020 GDP still declined (-4.6%), it was not as severe as the aforementioned states whose GDP is more dependent on oil production.

GDP per Capita: Large Differences Among States

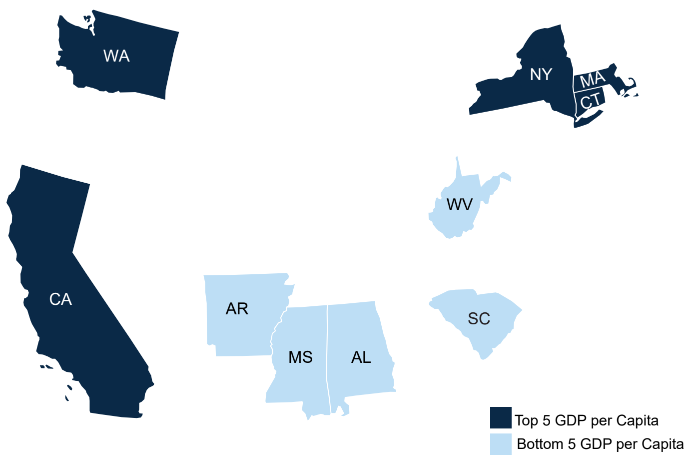
Measuring GDP on a per capita basis accounts for the size discrepancy of states, allowing us to measure a state's efficient use of its population. Large states that do not produce as much relative to their population stand out as having unused potential output.

Our top-ranked states for the category (see Exhibit 13) were mostly centered on the East and West Coasts for many years, as this metric is fairly sticky and requires a substantial change in population or economic activity to move the needle. Even the pandemic was not able to cause such a change, with **New York**, **Massachusetts**, **Washington**, **Connecticut** and **California** remaining among the five highest-ranked states. This is even more remarkable as **New York**, **Massachusetts**, and **Connecticut** were hit by a double whammy of significant GDP declines and being among the bottom third in year-over-year changes in population. **California** and **Connecticut** did drop a spot, as **Washington** moved up two spots, from #5 to #3. Its GDP growth was second-best in 2020 and population growth was 11th among all states.

Utah continues to move up the ranks, jumping six spots from last year to #22, further solidifying its position as our highest overall ranked state. A couple of other states that we mentioned previously in this report, like **South Dakota** and **Virginia**, did well, moving up five and four spots, respectively, to #17 and #15 in GDP per capita. Three states—**Texas**, **Rhode Island** and **Oklahoma**—dropped six spots to #23, #29 and #44 in this indicator.

At the other end of the spectrum, we have five states that remained essentially unchanged from our 2020 report. **Mississippi**, **West Virginia** and **Arkansas** came in at #50, #49 and #48, again. **Idaho** improved two spots, which allowed **South Carolina** to move in among the bottom five, ending up #46, and **Alabama** dropped a spot to #47 in terms of GDP per capita.

Exhibit 13: GDP Per Capita Top Five, Bottom Five



Prepared by Conning, Inc. Sources: Bureau of Economic Analysis, U.S. Department of Commerce (2021), https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1 and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

[39] Appendix A: Gross Domestic Product (GDP) Growth by State

Large year-over-year changes to these metrics require large changes to either of the contributing variables, so a multi-year shift in population could bump GDP per capita up or down but it would take time to see the impact. **Mississippi's** and **Arkansas'** populations have not changed dramatically in recent years and there have been no major shifts in output, so they remain at the bottom of our rankings for this category. **West Virginia's** population has declined by 3.1% since 2015 but its GDP Growth was also negative in 2020.[40]

Employment Growth, Unemployment Rate: Watch for COVID-19 Impact

We use unemployment rates as reported by the Bureau of Labor Statistics and take an average of the most recent 12 months (previously we ranked only the most recent month's unemployment data), as it provides a more comprehensive view of a state's unemployment rate.

At the time of writing the 2020 report, unemployment claims were at record highs, far exceeding those seen during the Great Recession.[41] Last year's employment picture was heavily influenced by the pandemic: on average, states saw employment levels drop by almost 6% between February of 2020 and February of 2021. There were certainly outliers, with **Idaho** and **Utah** being the only two states adding jobs during the aforementioned period. As we have noted, both states benefitted from above average changes in population growth and generally healthy economies. And as Conning has also documented in prior years, we see people relocating for jobs, a trend that generally remains. Exhibit 14 lists the states with the greatest gains in population and employment.

Exhibit 14: Population, Employment Growth

Population Growth		Employment Growth	
State	**Rank**	**State**	**Rank**
Idaho	1	Idaho	1
Arizona	2	Utah	2
Nevada	3	Montana	3
Utah	4	South Dakota	4
South Carolina	5	Arkansas	5
Delaware	6	Nebraska	6
Texas	7	Alabama	7
Florida	8	North Carolina	8
Montana	9	Tennessee	9
North Carolina	10	South Carolina	10

Prepared by Conning, Inc. Sources: Bureau of Labor Statistics, U.S. Department of Labor (2021), "Table 3. Employees on nonfarm payrolls by state and selected industry sector, seasonally adjusted," https://www.bls.gov/web/laus.supp.toc.htm, and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States," https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

Employment growth shows that a state's underlying economy can support further population growth with new jobs and industries. Up until March 2020, employment trends were mostly positive. From February 2019 to February 2020, 42 states saw improvement in their employment numbers, with **Texas**, **Idaho**, **Arizona**, **Rhode Island**, and **Utah** experiencing the most growth. Of these five states, all but **Rhode Island** (#44) were among the 15 best states for employment growth from February 2020 to February 2021.

Of the five worst-performing states (**Hawaii**, **New York**, **Nevada**, **California** and **New Mexico**) for employment growth, **Hawaii**, **New York** and **California** also experienced population declines. **Illinois**, which ranked at the bottom for population growth and #39 for employment growth, is of particular concern because a declining population coupled with job losses makes it difficult for the state to organically grow out of its distressed financial situation. It is worth noting how five of the 10 worst-performing states for employment growth were in the Northeast, which along with **California** and **Hawaii**, were also some of the hardest hit states population-wise. As we reported in the 2020 States of the States report, people have left states for job opportunities elsewhere. Assuming some sort of work-from-home environment is here to stay, even post coronavirus, it remains to be seen if that relationship between jobs and population movement continues.

[40] Appendix A: Population Change

[41] Tax Foundation, "A Visual Guide to Unemployment Benefit Claims," https://taxfoundation.org/unemployment-insurance-claims/?utm_source=Tax+Foundation+Newsletters&utm_campaign=3ddbb2621a-

The pandemic's impact on tourism may have affected employment growth in many states, and some experts suggest it may be as long as four years before tourism and business travel fully recover from the pandemic. Leisure and hospitality employment weakened across the nation from February 2020 to February 2021 with declines in every state, ranging from 3% in **Idaho** to 40.3% in **Hawaii**.[42] As a percent of total employment, leisure and hospitality ranged from 7.2% in **New York** to 19.3% in **Nevada**. **Hawaii's** leisure and hospitality employment accounted for 19.2% of total employment in 2020 but fell to less than 14% in 2021. **Nevada** experienced a similar decline, with leisure and hospitality employment dropping 30.2%, bringing its percent of total employment down more than five percentage points in 2021.

New York and **California** also experienced large declines (35% and 34%, respectively), but those jobs account for a smaller portion of total employment (7.2% and 8.5%, respectively).[43] In **New York**, tourism is not expected to rebound until late 2024.[44]

Indicators: Financial Metrics

Economic activity affects states' financial health. As such these indicators are intertwined in the following section, which focuses on state-specific financial metrics Conning uses as indicators for our State of the States rankings like reserves, economic debt, debt per capita, and tax revenue growth.

Reserves: States Tap a Critical Tool for Budget Management

We have argued that in a period of stress such as the pandemic, reserves provide states with a buffer against revenue losses. States entered 2020 with stronger reserves than they had prior to other downturns. In fact, in FY 2019 total reserve balances reached all-time highs both nominally and as a percent of General Fund expenditures.[45]

We measured a state's financial cushion by its FY 2021-enacted General Fund reserve balance plus rainy-day fund balances (reserved and unreserved) as a percentage of budgeted General Fund expenditures. We consider a reserve equal to 10% or more of General Fund expenditures to be healthy. At the height of the total reserve balances in FY 2019, 38 states reported total balances above 10%, which, as of FY 2021, declined to 25 states, and three states had reserves of less than 1% of budgeted General Fund expenditures.[46] The average state reserve balance was 12.7% as of the FY 2021 enacted budgets, which is down from 14.9% in FY 2020. The FY 2021 enacted total reserve balances pre-date the American Rescue Plan Act stimulus, with some pre-dating COVID-19, and are therefore likely to change.

Wyoming, **North Dakota** and **Oregon** kept their spots in the top five, with **Wyoming** holding its #1 rank and **North Dakota** and **Oregon** each increasing one position to #2 and #4, respectively. **West Virginia** moved up three spots to #3 and **Colorado** jumped from #39 to #5. **New Mexico** lost its spot in the top five as it dropped 17 positions to #21. Its reserves declined from 25.3% to 11.1% of expenditures.

Alaska dropped 13 positions from #2 to #15 as its reserves declined from 30.3% of General Fund expenditures in FY 2020 to 13% in FY 2021.[47] States reliant on volatile revenue sources need stronger reserves to provide a cushion when revenues decline. Declining reserves in Alaska, which experienced the largest year-over-year decline in tax revenue collections, limit its future ability to weather revenue volatility. **Wyoming**, also an energy-reliant state, projects the worst revenue loss of any state with a 27% decline in its General Fund and budget reserve accounts;[48] however, its reserves are strong and have remained mostly stable, allowing it to maintain its #1 position. **Oklahoma** dropped 24 spots to #37 as its reserves declined as a percent of expenditures from 15.9% in FY 2019 to 7.3% in FY 2020.

[42] Appendix A: Year-over-Year Employment Growth

[43] IBID

[44] The Wall Street Journal, "How a year of the Covid-19 pandemic changed New York City. The numbers are in," March 16, 2021, https://www.wsj.com/story/the-numbers-are-in-how-a-year-of-the-covid-19-pandemic-changed-new-york-city-60251164

[45] ©2021 The National Association of State Budget Officers (NASBO), https://www.nasbo.org/reports-data/fiscal-survey-of-states,

[46] Appendix A: Reserves

[47] ©2021 The National Association of State Budget Officers (NASBO), https://www.nasbo.org/reports-data/fiscal-survey-of-states, Note: FY 2020 are preliminary actual figures while FY 2021 are enacted figures.

[48] Barb Rosewicz,Mike Maciag & Alexandre Fall. "States Forecast Wide-Ranging Effects on Revenue Since the Pandemic's Start." Pew Research Center, Washington, D.C. (March 31, 2021) https://www.pewtrusts.org/en/research-and-analysis/articles/2021/03/31/states-forecast-wide-ranging-effects-on-revenue-since-the-pandemics-start?, April 2021.

FIXED COSTS: Reserves Preserved in Some States with High Fixed Costs

As a states' fixed costs, including debt-service payments, pension and OPEB contributions, take up a larger share of their General Fund expenditures, heavily burdened states like **Connecticut**, **Illinois** and **New Jersey** have the more difficult decision to make when revenues come in below expectation. These high fixed costs could crowd out other state programs like education or force states to draw down reserves. Even in normal economic times, expenditure growth that outpaces inflation (and in some cases revenue growth) strains state reserves. Identifying how much of these growing expenses are fixed costs is an important metric and driven by a state's economic debt burden.

Fiscal 2021-enacted budgets show many states tapping total reserve funds, causing some states to fall in their ranking. **Pennsylvania** held its bottom spot at #50 as its reserves declined from 0.1% of expenditures in FY 2019 to -7% in FY 2020, a considerable decline from 1.5% in its enacted FY 2020 budget[49] (see Exhibit 15). Failing to contribute to its reserves during good times does not bode well for growth; however, federal stimulus should provide support and, favorably, Pennsylvania's proposed FY 2022 budget includes a $97.8 million transfer to its budget stabilization reserve fund.[50] **Kansas** dropped 11 positions to enter the bottom five at #47. **Minnesota** dropped 19 positions to enter the bottom five at #46. **Rhode Island** dropped five positions to enter the bottom five at #49. **Illinois** remained in the bottom five but improved by one spot to #48. **New Jersey** and **Kentucky** each improved their reserves enough relative to the other states to move out of the bottom five.

Stronger-than-expected revenue collections and federal relief funds may keep states from dipping into their reserves and may help raise FY 2021 reserve totals. States benefited from federal relief funds throughout the year, including the most recent American Rescue Plan (ARP), which can be used to cover expenses incurred through December 31, 2024. States are expected to receive 50% this year and 50% no earlier than 12 months from the first payment.[51] **Michigan's** allocation ($5.6 billion) equals 50.9% of its General Fund budget (9% of total expenditures),[52] and the state expects to have a $2.5 billion surplus. This could help change Michigan's reserve trajectory, as it dropped 25 positions from #8 to #33 while its reserves declined from 17.2% of expenditures to 8.8%. **Pennsylvania** was allocated $7.3 billion, or 22% of its General Fund expenditures, and **Illinois** should receive $7.5 billion, or 17.5% of its General Fund expenditures. Given the one-time nature of the surplus funds, many states plan to allocate the funds toward infrastructure or other non-recurring expenses.

Exhibit 15: Bottom Five States for Reserves

State	Reserves as % of Exp 2021	Rank
Minnesota	2.0%	46
Kansas	1.7%	47
Illinois	0.8%	48
Rhode Island	0.5%	49
Pennsylvania	-7.0%*	50

Prepared by Conning, Inc. Source: ©2020 The National Association of State Budget Officers, "The Fiscal Survey of States (Fall 2020)," https://www.nasbo.org/reports-data/fiscal-survey-of-states

*as of FY 2020

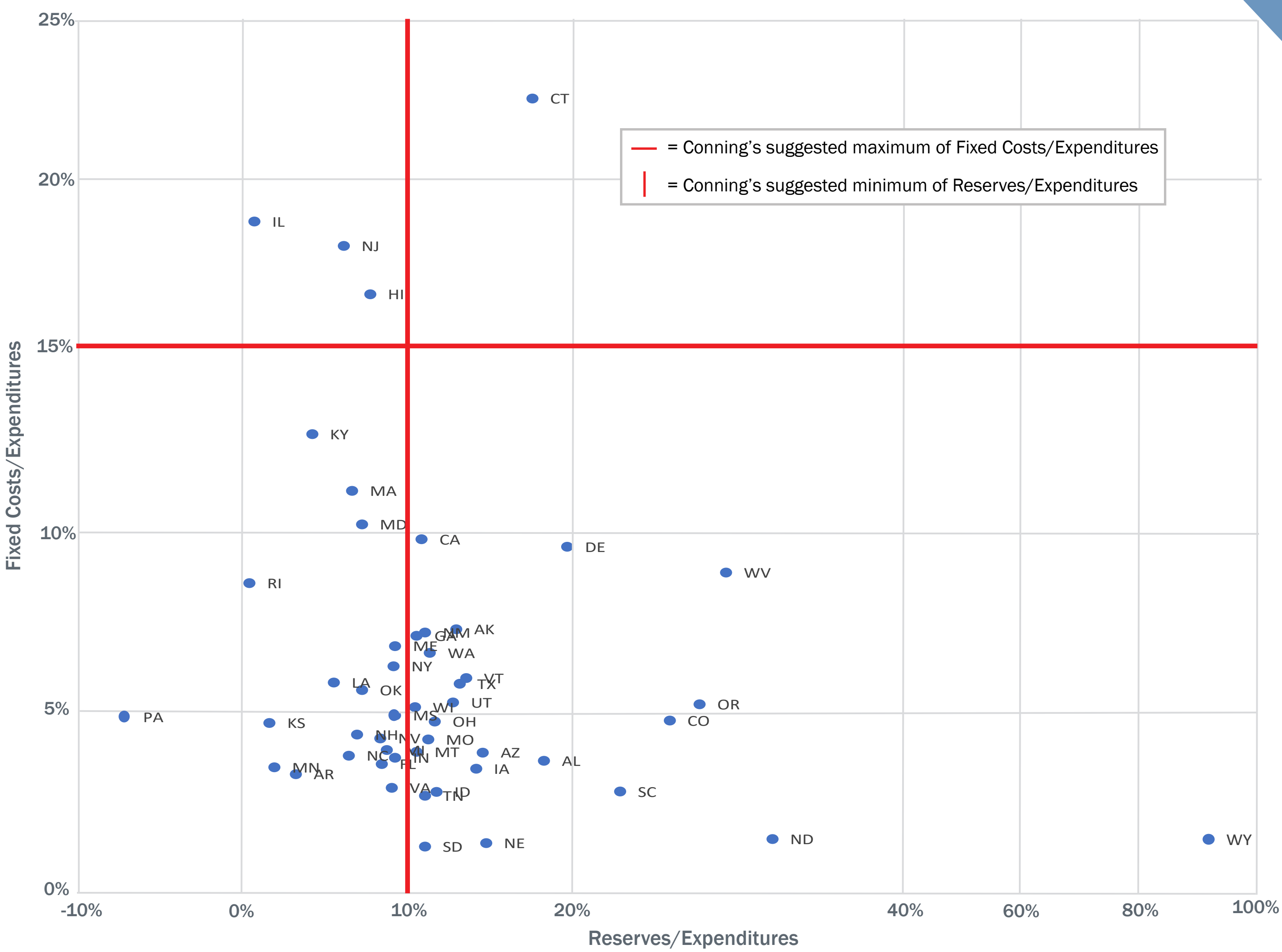
[49] ©2021 The National Association of State Budget Officers (NASBO), https://www.nasbo.org/reports-data/fiscal-survey-of-states
Note: FY 2021 figures exclude Ohio, Oklahoma, Pennsylvania and Wisconsin, as complete data were not available.

[50] State of Pennsylvania, https://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Documents/2021-2022%20Budget%20In%20Brief.Web%20Version1.pdf

[51] National Conference of State Legislatures, "American Rescue Plan Act of 2021," https://www.ncsl.org/ncsl-in-dc/publications-and-resources/american-rescue-plan-act-of-2021.aspx

[52] ©Copyright 2021, Kroll Bond Rating Agency, LLC, "Coronavirus (COVID-19): The Funding Windfall Cometh—Focus on States," https://www.kbra.com/documents/report/46651/coronavirus-covid-19-the-funding-windfall-cometh-focus-on-states

Exhibit 16: Fixed Costs and Reserves vs. Expenditures



Prepared by Conning, Inc. Sources: ©2021 The National Association of State Budget Officers (NASBO), https://www.nasbo.org/reports-data/fiscal-survey-of-states, Fixed Costs/Expenditures: Made from data available from Investortools. Exhibit 16 charts state reserves versus state fixed costs, both as a percentage of General Fund expenditures. The red cross represents the levels that Conning considers adequate for each metric (10% or more Reserves/Expenditures; 15% or less Fixed Costs/Expenditures).

Exhibit 16 charts state reserves versus state fixed costs, both as a percentage of General Fund expenditures. The red cross represents the levels that Conning considers adequate for each metric (10% or more Reserves/Expenditures; 15% or less Fixed Costs/Expenditures).

In a "regular" recession, states in the bottom right quadrant would be better prepared for an economic slowdown because they have reserve balances that are more than 10% of their General Fund expenditures and fixed costs that are less than 15% of their General Fund expenditures. In Conning's 2020 report, we noted that those states included **Alaska**, **Wyoming** and **North Dakota** which, though better prepared for an economic slowdown given the strength of their reserve balances and lower fixed costs, would likely see their reserves shrink given the added strain of oil price volatility. In fact, each of the three states saw their reserves decline, though **Alaska's** dropped more precipitously than **North Dakota's** or **Wyoming's**, both of which mostly maintained their positions on the chart while **Alaska** moved closer to the 10% threshold.

States with the highest fixed costs were **Connecticut**, **Illinois**, **New Jersey**, **Hawaii** and **Kentucky**. **Hawaii**, which relies on tourism-related revenues, saw its reserves drop from 13.1% to 6.2%, while its fixed costs remained elevated at 16.3%. These revenues may be slow to rebound and cause **Hawaii** to dip further into its reserves to make up for the shortfall while also meeting its fixed cost requirements. Hawaii resorted to deficit borrowing in 2020 to meet its near-term expenditures.[53]

[53] ©2021 Moody's Investors Services, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates—used with limited permission, "Debt-based budget relief maneuvers may defer and amplify fiscal challenges," https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1266388

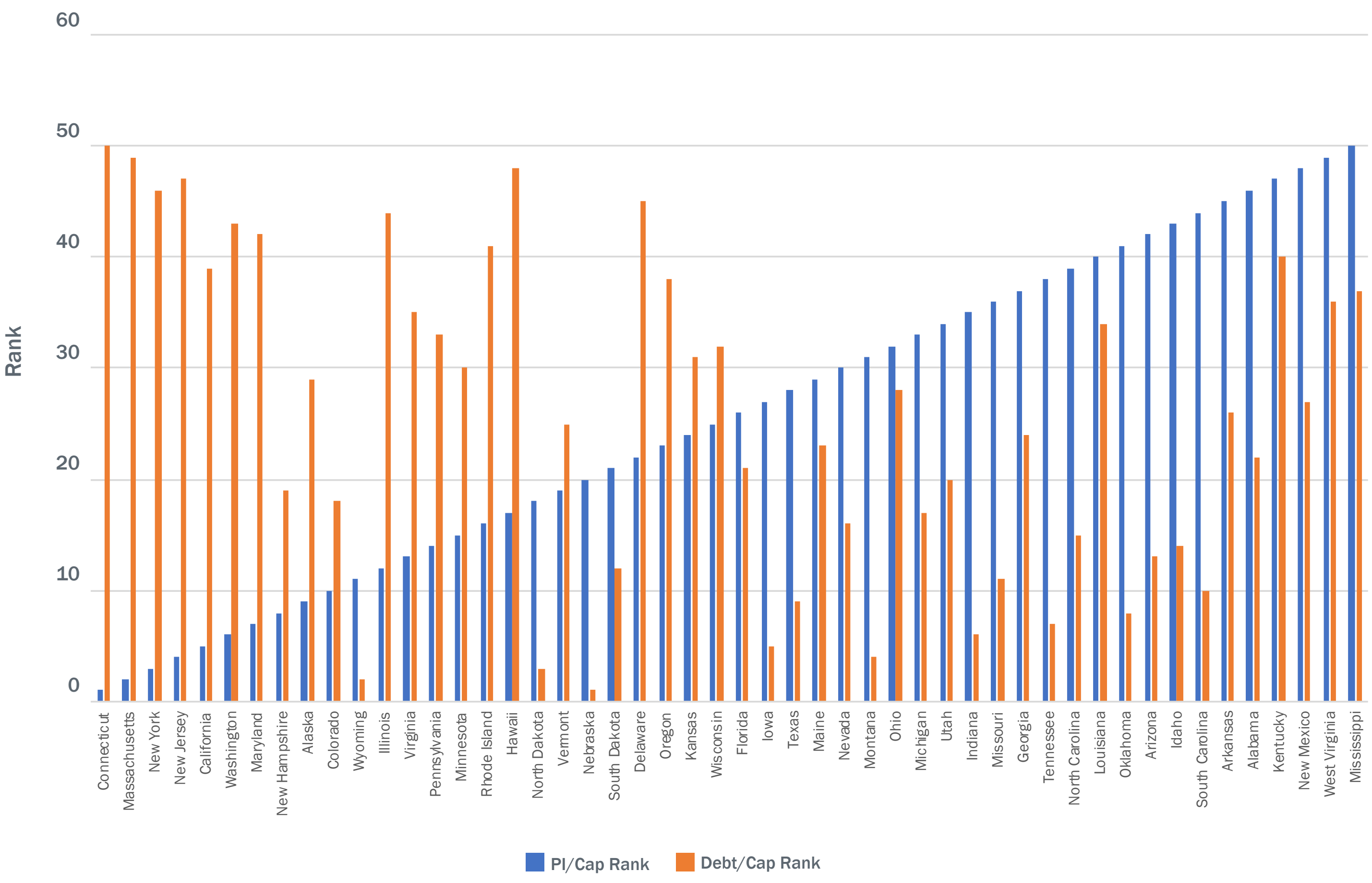
Illinois (0.8% reserves/expenditures, 18.3% fixed costs/expenditures) and **New Jersey** (6.2%, 17.7%) opted for similar measures, with **Illinois** being the lone state to tap the Federal Reserve's Municipal Liquidity Facility. **Connecticut's** fixed costs remain the highest at 21.7%, but the state continued to increase its reserves despite revenue volatility caused by the pandemic. **Kentucky** (4.3%, 12.5%) continues to grapple with its fixed costs as it maintains one of the nation's worst-funded pension plans. However, the state legislature recently passed a change to the Kentucky Teachers' Retirement System, which will lower costs in the future but will not immediately reverse Kentucky's rising pension costs.[54]

Debt per Capita: Greater Risk in Low-Wealth States

Conning further analyzes a state's burden by measuring its total debt per capita. These rankings—both for the top five and bottom five positions—were unchanged year over year. Out of the 14 states with the highest burdens in our 2020 report, only **California** and **Kentucky** swapped places with **California** now #39 and **Kentucky** now #40.

Connecticut remains in the bottom slot with a debt per capita of $6,653.[55] **Nebraska's** No. 1 position in our 2020 report was unchanged, but even among the 25 states with low debt per capita, we did not see much movement. **Arkansas** dropped 10 spots and **Colorado** dropped eight places as its debt load increased, but **Colorado** does have good population growth. For **Connecticut**, which experienced negative population growth in 2019 and 2020, its debt burden will fall on fewer and fewer residents.

Exhibit 17: Personal Income/Capita Rank vs. Debt/Capita Rank



Prepared by Conning, Inc. Sources: Bureau of Economic Analysis, U.S. Department of Commerce (2021), "State Annual Personal Income, 2020 (Preliminary) and State Quarterly Personal Income, 4th Quarter 2020," (March 24, 2021), https://www.bea.gov/news/2021/state-annual-personal-income-2020-preliminary-and-state-quarterly-personal-income-4th and ©2020 Moody's Investors Services, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates—used with limited permission, "Medians—State debt declined in 2019, but likely to grow in coming years" (May 12, 2020), https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1224760 and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

[54] Pension & Investments, "Reprinted with permission from Crain Communications Inc., Copyright 2021, "Kentucky lawmakers override veto of teachers hybrid plan," https://www.pionline.com/legislation/kentucky-lawmakers-override-veto-teachers-hybrid-plan

[55] Appendix A: Debt Per Capita

As Exhibit 17 shows, states with some of the highest debt-per-capita ranks, like **Connecticut**, **Massachusetts**, **New York**, **New Jersey** and **California**, also boast some of the higher personal-income-per-capita ratios. This is important to keep in mind because in theory a wealthier population can incur a higher tax burden needed to support these higher debt levels. But the math comes undone when these wealthier residents move out of a state and leave behind a debt burden for a smaller and potentially less affluent population base.

Conclusion

Looking forward, we expect states to report positive tax collections. Income tax collections should accelerate throughout the year as more people come off unemployment. Sales tax collections should be bolstered by the reopening of the service economy and stimulus funds from the American Rescue Plan ending up with individuals. At the same time, infrastructure rebuilding is central to President Biden's proposed economic plan. That could bolster growth and strengthen credit quality as well, although the adaptation of such a plan remains uncertain at this point.

The importance of a state's taxing regime is emphasized by its potential impact on retirement decisions, business locations and subsequent jobs, which all influence population movements. In some cases, a state's tax climate impacts revenue volatility which, in an environment like we experienced due to the COVID-19 pandemic, is an important bellwether for future credit quality.

The amount of federal aid states received in 2020 allowed many to preserve reserves, which was especially important for states with high fixed cost burdens and relatively low levels of reserves. Budgetary flexibility allows a state to more easily adapt in times of fiscal crisis and high fixed costs may dampen the effects of expenditure cuts.

In Conning's 2020 report we focused heavily on how revenue volatility differs across states due to different tax regimes and economic factors such as industry type, e.g., tourism versus manufacturing. The pandemic highlighted some of the states that were overly exposed to certain industries or sources of tax revenues. In this year's State of the States report, we took a deeper dive into the sources of state revenues and which states have done well during the pandemic. We showed how income and sales tax collections, the two main sources of tax revenue for states, were impacted differently last year.

Despite all the talk about deficit financing and the ability of states to borrow from the federal government under the Municipal Liquidity Facility, we saw little change in overall economic debt. Despite the extraordinary returns the stock market and, to a lesser extent, the bond market exhibited in 2020, we could see pension funding levels come down for some states in future years as some states may not have made full annual plan contributions given budgetary uncertainty.

Our focus on economic debt is in part driven by the fact that supporting it through debt service payments, pension and OPEB contributions may make it more difficult for states to cut expenditures in tough economic times. This becomes even a bigger problem for states that see their tax base growth fall behind, either because of lackluster economies or people moving out of the state.

As we have shown in the past, population changes are important determinants of credit quality because when people leave a state they walk away from a liability, which then falls on a smaller population base. This subsequently increases the cost of living, which may cause some residents to seek more affordable places to live, further perpetuating a cycle of declining population.

Conning's stable outlook reflects our observation that state credit quality has weathered the pandemic well and states are in a good position to grow out of the recessionary impacts experienced over the last year.

About This Report

Conning's State of the States report is our proprietary, ongoing ranking of the U.S. states by credit outlook. States are the largest issuers of municipal bonds and we believe that a sound understanding of their credit quality is a prerequisite to effective municipal bond investing. This report forms the basis for our internal ratings, which also consider security features and fiscal management, yielding a comprehensive assessment of both credit quality and direction. This analysis centers on our disciplined approach to constructing and managing municipal bond portfolios.

Conning's Municipal Credit Research Team

Conning manages more than $9 billion of municipal bonds held in client portfolios. Its dedicated municipal research team follows the firm's existing holdings and makes recommendations for new purchases.

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About Conning

Conning (www.conning.com) is a leading investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including insurers and pension plans, with investment solutions, risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

Appendix A — Methodology and Description of Indicators

Conning analyzes 13 metrics indicative of state credit health to calculate our state rankings, measuring business climate, financial metrics, and economic data including income levels and housing activity.

Economic Debt Per Personal Income (8% weight)

A ranking of each state according to its economic debt as a percentage of 2020 annual personal income.

Conning defines economic debt for each state as its net tax-supported debt + unfunded pension liabilities + unfunded OPEB liabilities. Each state's economic debt is then divided by its personal income.

Sources: ©2020 Moody's Investors Services, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates – used with limited permission, "Medians—State debt declined in 2019, but likely to grow in coming years" (May 12, 2020), https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1224760 and Bureau of Economic Analysis, U.S. Department of Commerce (2021), "State Annual Personal Income, 2020 (Preliminary) and State Quarterly Personal Income, 4th Quarter 2020," (March 24, 2021), https://www.bea.gov/news/2021/state-annual-personal-income-2020-preliminary-and-state-quarterly-personal-income-4th and ©Standard & Poor's Financial Services LLC, "Sudden-Stop Recession Pressures U.S. States' Funding For Pension And Other Retirement Liabilities" (August 3, 2020), https://www.capitaliq.com/CIQDotNet/CreditResearch/SPResearch.aspx?articleId=&ArtObjectId=11587385&ArtRevId=1&sid=&sind=A&

Reserves (8% weight)

A ranking of states that compares available funds to expenditures. Each state's total funds—the sum of its General Fund balance and budget stabilization fund—are divided by state expenditures.

Source: ©2020 The National Association of State Budget Officers, "The Fiscal Survey of States (Fall 2020)," https://www.nasbo.org/reports-data/fiscal-survey-of-states

Debt Per Capita (8%)

Dividing net tax supported state debt by population provides a measure of a state's debt burden.

Sources: ©2020 Moody's Investors Services, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates – used with limited permission, "Medians – State debt declined in 2019, but likely to grow in coming years" (May 12, 2020), https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1224760 and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

Gross Domestic Product (GDP) Growth by State (8% weight)

A ranking of each state's annualized current dollar GDP growth.

Source: Bureau of Economic Analysis, U.S. Department of Commerce (2021), https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1

Gross Domestic Product Per Capita (8% weight)

A ranking that compares each state's annualized current dollar GDP divided by its population.

Source: Bureau of Economic Analysis, U.S. Department of Commerce (2021), https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1 and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

Year-over-Year Employment Growth (8% weight)

A ranking of states based on year-over-year total employment growth from February 2020 to February 2021 (preliminary).

Source: Bureau of Labor Statistics, U.S. Department of Labor (2021), "Table 3. Employees on nonfarm payrolls by state and selected industry sector, seasonally adjusted" https://www.bls.gov/web/laus.supp.toc.htm

Personal Income Per Capita (8% weight)

A ranking of states by Personal Income per Capita.

Sources: Bureau of Economic Analysis, U.S. Department of Commerce (2021), "State Annual Personal Income, 2020 (Preliminary) and State Quarterly Personal Income, 4th Quarter 2020," (March 24, 2021),
https://www.bea.gov/news/2021/state-annual-personal-income-2020-preliminary-and-state-quarterly-personal-income-4th and Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States" https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

Appendix A — Methodology and Description of Indicators *(continued)*

Unemployment Rate (8% weight)

A ranking of states by the average their unemployment rates over the most recent 12 months (March 2020 – February 2021).

Source: Bureau of Labor Statistics, U.S. Department of Labor (2021), "State unemployment rates over the last 10 years, seasonally adjusted," https://www.bls.gov/charts/state-employment-and-unemployment/state-unemployment-rates-animated.htm#

Year-over-Year Personal Income Growth (8% weight)

A ranking of states by personal income growth, comparing year over year growth from 2019 – 2020.

Source: Bureau of Economic Analysis, U.S. Department of Commerce (2021), "State Annual Personal Income, 2020 (Preliminary) and State Quarterly Personal Income, 4th Quarter 2020," (March 24, 2021),
https://www.bea.gov/news/2021/state-annual-personal-income-2020-preliminary-and-state-quarterly-personal-income-4th

One-Year Change in Home Prices (8% weight)

A ranking of states based on one-year change HPI, 4Q2019 – 4Q2020.

Source: Federal Housing Finance Agency (FHFA) (2021), "States (Seasonally Adjusted and Not Adjusted," https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index-Datasets.aspx#q-po

Tax Revenue Growth (8%)

A ranking of states by annual total tax revenue growth 2019 – 2020.

Source: Source: Census Bureau, U.S. Department of Commerce (2021), "Quarterly Summary of State & Local Tax Revenue Data Tables," https://www.census.gov/programs-surveys/qtax/data/tables.2020.html

Tax Foundation's State Business Tax Climate Index (4% weight)

"The Tax Foundation's State Business Tax Climate Index enables business leaders, government policymakers, and taxpayers to gauge how their states' tax systems compare. While there are many ways to show how much is collected in taxes by state governments, the Index is designed to show how well states structure their tax systems and provides a road map for improvement."

Source: © Tax Foundation, "2021 State Business Tax Climate," https://taxfoundation.org/2021-state-business-tax-climate-index/

Population Change (8% weight)

A ranking of states by annual change in population from 2019 to 2020.

Source: Census Bureau, U.S. Department of Commerce (2021), "Annual Estimates of the Resident Population for the Nation and States"
https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html

Additional Source Information

Appendix B—State Rankings by Credit Indicator

State	Raw Score	End Rank	Economic Debt	Reserves	Debt per Capita	Tax Rev Growth	GDP/Cap	GDP Growth	Employment Growth	Unemployment Rate Avg	Personal Inc Change YoY	Pers Inc/ Cap	HPI Change	Population Growth	Tax Climate
Alabama	22.6	16	26	8	22	4	47	16	7	14	19	46	28	25	41
Alaska	32.12	44	42	15	29	50	10	48	37	30	48	9	44	38	3
Arizona	16.4	6	10	11	13	24	38	3	11	33	2	42	4	2	24
Arkansas	27.72	31	29	45	26	14	48	17	5	12	27	45	32	24	45
California	26.92	28	36	24	39	17	5	15	47	48	14	5	16	46	49
Colorado	18.2	7	16	5	18	12	12	6	28	27	42	10	27	14	21
Connecticut	28.44	32	49	9	50	21	4	26	36	38	49	1	5	44	47
Delaware	24.76	24	46	7	45	22	6	21	22	31	34	22	41	6	13
Florida	23.28	19	15	34	21	36	39	11	32	29	16	26	22	8	4
Georgia	19.96	9	18	25	24	10	27	13	16	21	12	37	18	13	31
Hawaii	40.4	50	47	36	48	48	16	46	50	49	31	17	49	49	38
Idaho	12.16	3	6	17	14	1	45	4	1	5	4	43	1	1	20
Illinois	33.2	46	48	48	44	2	11	29	39	44	23	12	47	50	36
Indiana	22.44	15	20	28	6	32	30	20	13	24	32	35	10	26	9
Iowa	18.8	8	4	12	5	23	20	12	19	4	18	27	43	28	40
Kansas	26.52	27	21	47	31	20	24	19	18	10	40	24	25	35	35
Kentucky	31.08	42	45	44	40	13	43	30	20	20	21	47	26	30	19
Louisiana	39.6	49	39	43	34	33	36	45	40	39	36	40	50	39	42
Maine	21.4	12	33	28	23	9	40	24	23	8	6	29	8	22	29
Maryland	28.64	34	41	37	42	40	8	10	30	23	33	7	33	32	44
Massachusetts	29.68	36	44	40	49	45	2	23	43	42	7	2	21	36	34
Michigan	30.96	40	22	33	17	42	37	40	38	45	8	33	23	42	14
Minnesota	28.72	35	17	46	30	30	14	27	34	17	41	15	38	27	46
Mississippi	30.56	39	32	28	37	19	50	18	12	32	13	50	30	45	32
Missouri	24.4	22	23	20	11	25	35	22	14	13	35	36	36	29	12
Montana	15.64	5	25	25	4	11	41	32	3	9	1	31	2	9	5
Nebraska	11.84	2	1	10	1	6	13	9	6	1	22	20	12	33	28
Nevada	27.64	30	12	35	16	31	32	36	48	50	15	30	34	3	7
New Hampshire	23.44	20	24	39	19	34	18	33	25	22	39	8	9	20	6
New Jersey	30.96	40	50	42	47	26	9	28	42	46	17	4	14	37	50
New Mexico	32.92	45	31	21	27	43	42	43	46	40	25	48	13	21	23

Appendix B—State Rankings by Credit Indicator

State	Raw Score	End Rank	Economic Debt	Reserves	Debt per Capita	Tax Rev Growth	GDP/Cap	GDP Growth	Employment Growth	Unemployment Rate Avg	Personal Inc Change YoY	Pers Inc/ Cap	HPI Change	Population Growth	Tax Climate
New York	34.16	47	37	31	46	28	1	41	49	47	43	3	29	48	48
North Carolina	20.24	10	11	41	15	15	31	7	8	26	28	39	17	10	10
North Dakota	23.48	21	5	2	3	49	7	44	33	6	47	18	48	23	17
Ohio	25.8	25	14	18	28	16	28	34	29	35	24	32	11	34	39
Oklahoma	30.32	37	3	37	8	39	44	49	24	16	45	41	40	18	30
Oregon	23	17	27	4	38	37	25	14	41	28	9	23	15	19	15
Pennsylvania	30.44	38	30	50	33	29	21	38	35	41	11	14	24	41	27
Rhode Island	31.48	43	40	49	41	27	29	31	44	43	5	16	7	43	37
South Carolina	23.08	18	34	6	10	7	46	25	10	18	30	44	37	5	33
South Dakota	13.6	4	2	21	12	18	17	5	4	2	10	21	45	12	2
Tennessee	21.52	13	7	21	7	5	33	37	9	25	44	38	19	15	18
Texas	26.36	26	35	14	9	41	23	42	15	33	38	28	39	7	11
Utah	10.24	1	8	16	20	8	22	1	2	3	3	34	3	4	8
Vermont	27.08	29	43	13	25	3	34	39	45	7	29	19	20	40	43
Virginia	24.48	23	19	32	35	47	15	8	17	19	37	13	35	16	26
Washington	20.64	11	28	19	43	44	3	2	31	37	20	6	6	11	16
West Virginia	36.16	48	38	3	36	38	49	47	26	36	26	49	46	47	22
Wisconsin	28.44	33	13	27	32	35	26	35	27	15	46	25	31	31	25
Wyoming	22.36	14	9	1	2	46	19	50	21	11	50	11	42	17	1

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