

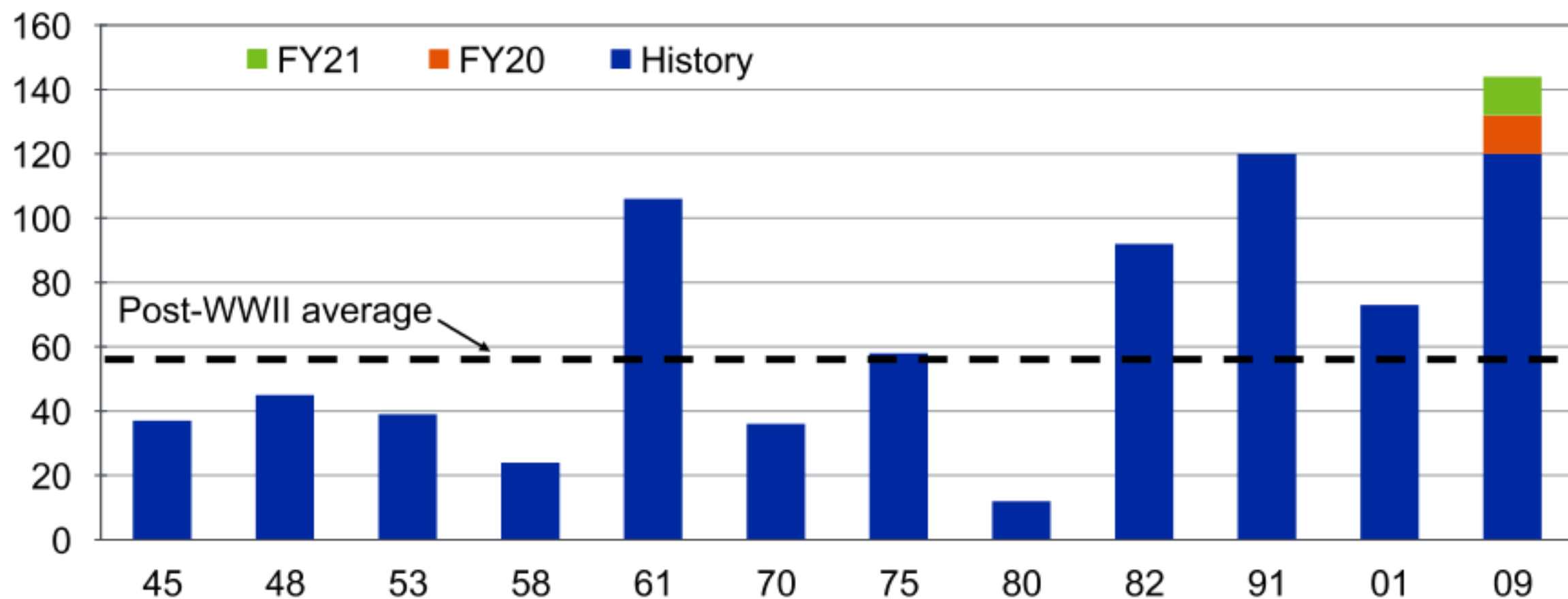
Stress Testing States

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June 2019

We're #1

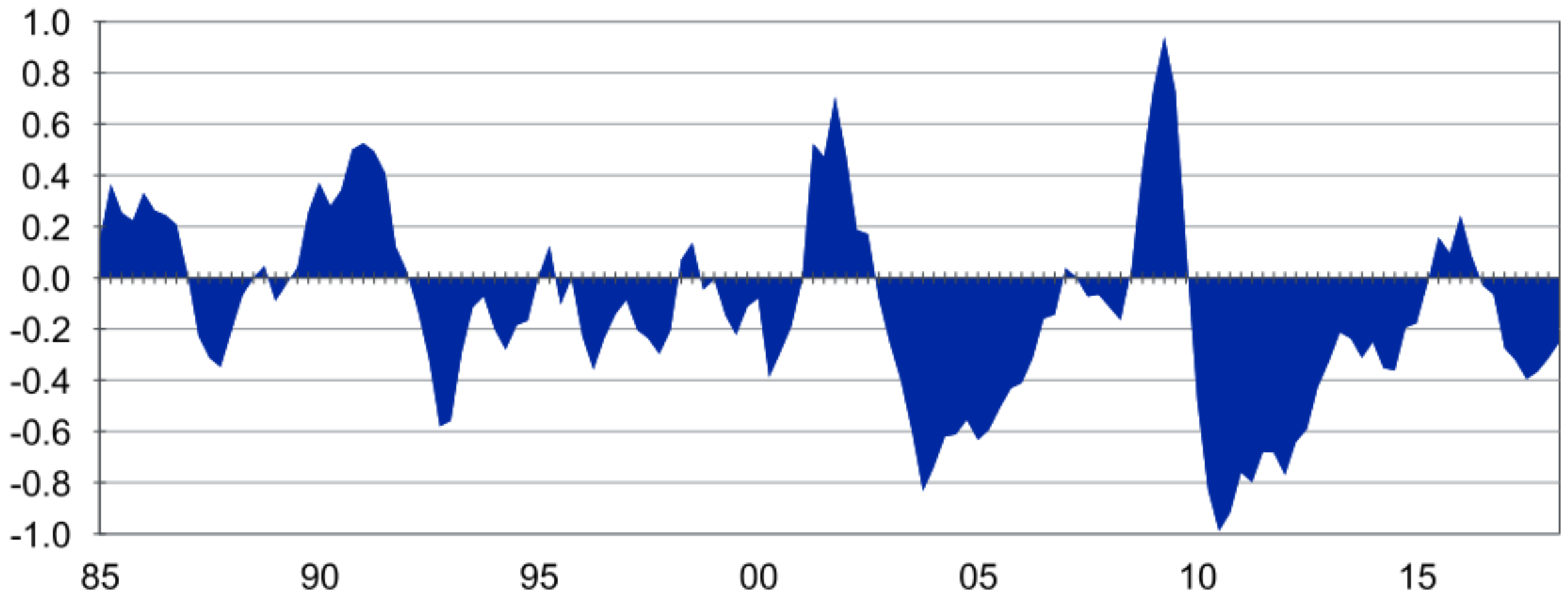
Duration of business cycle expansion, months, Jul-Jun fiscal year



Sources: NBER, Moody's Analytics

Economic Consequences Growing Larger

Fiscal drag/boost from states and local governments

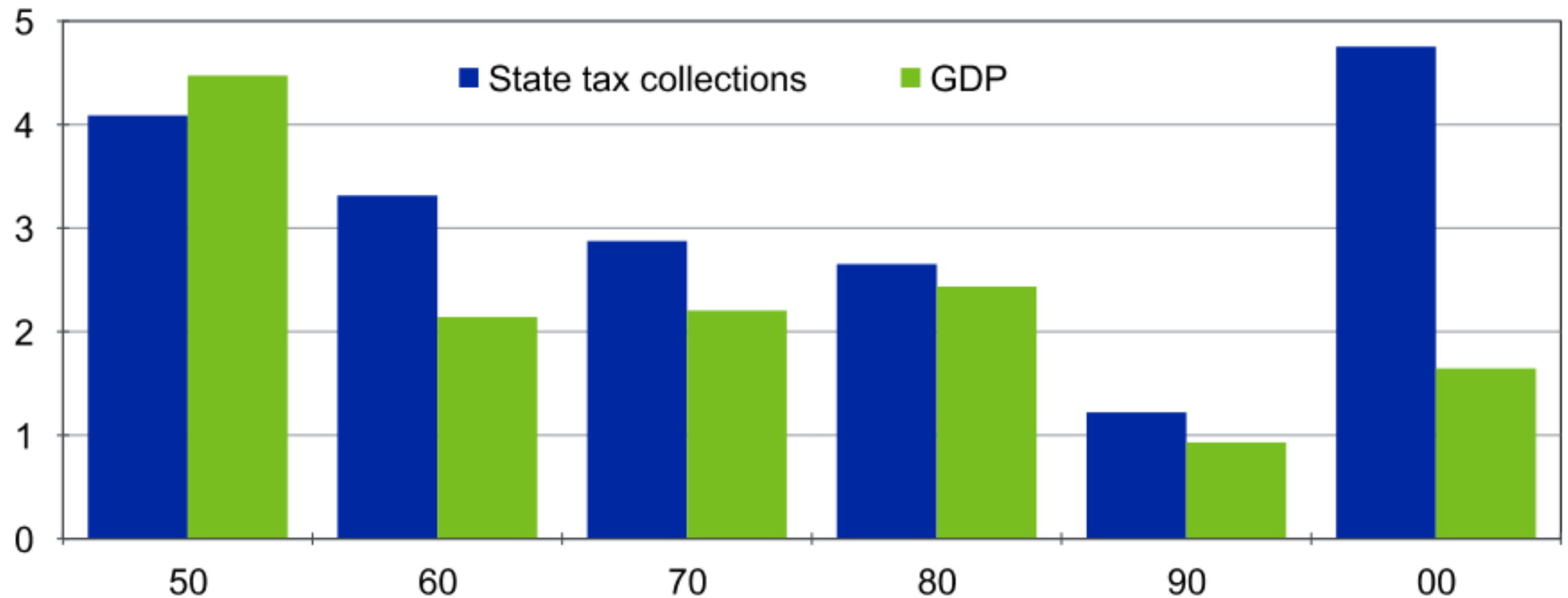


Sources: BEA, Moody's Analytics

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Increased Volatility in Tax Collections

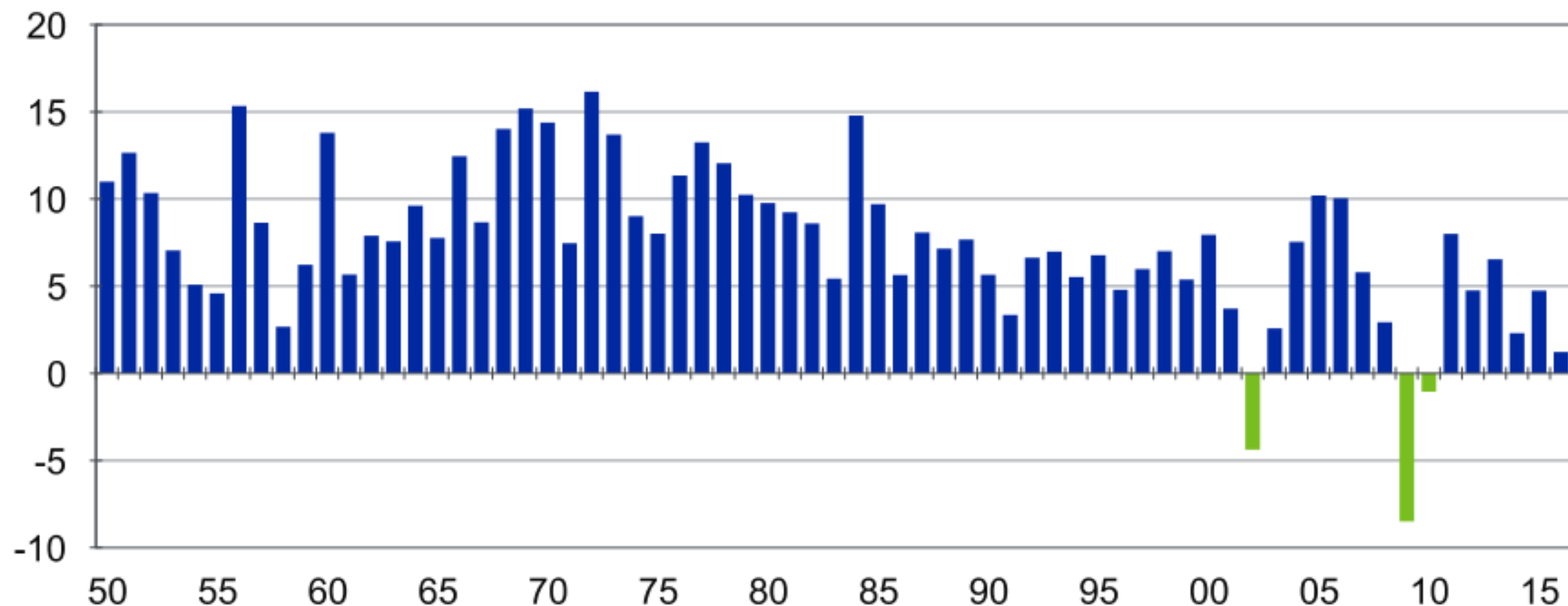
Standard deviation of annual % change, nominal



Sources: Census Bureau, BEA, Moody's Analytics

Welcome to the 21st Century

State tax revenue, % change

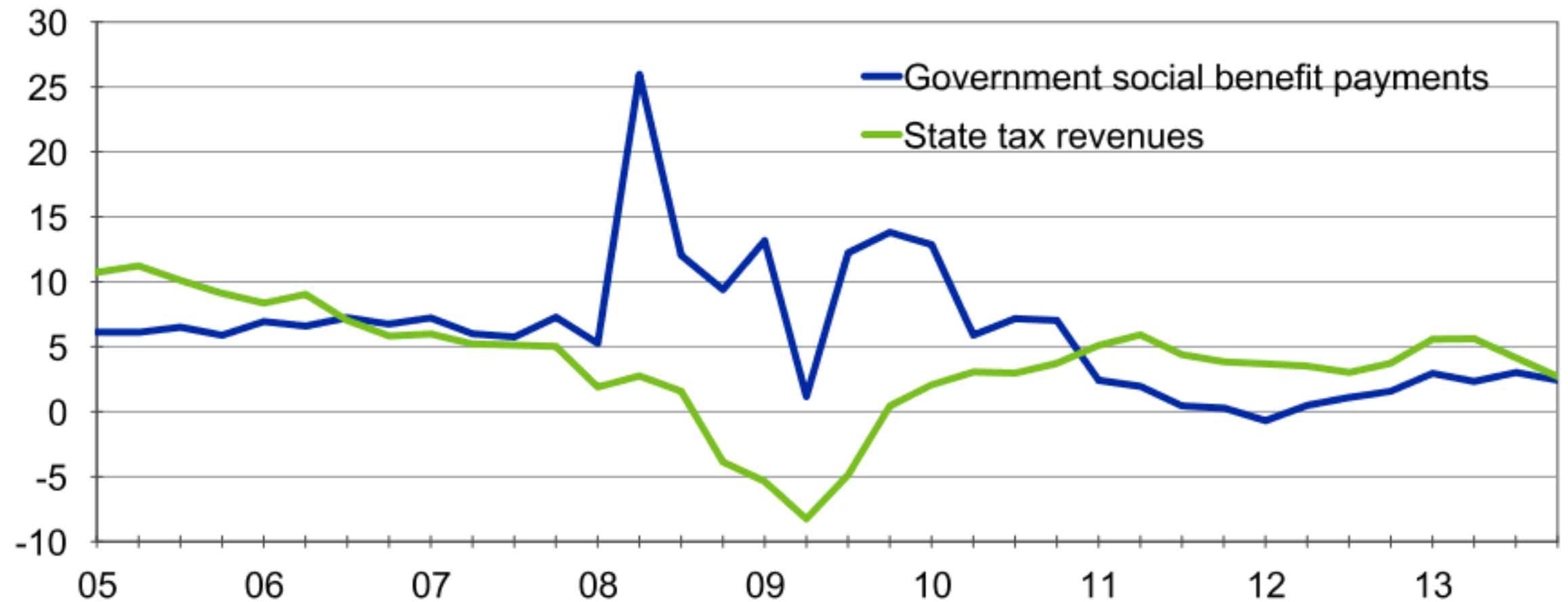


Sources: Census Bureau, Moody's Analytics

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Recessions Affect Revenues AND Spending

% change yr ago

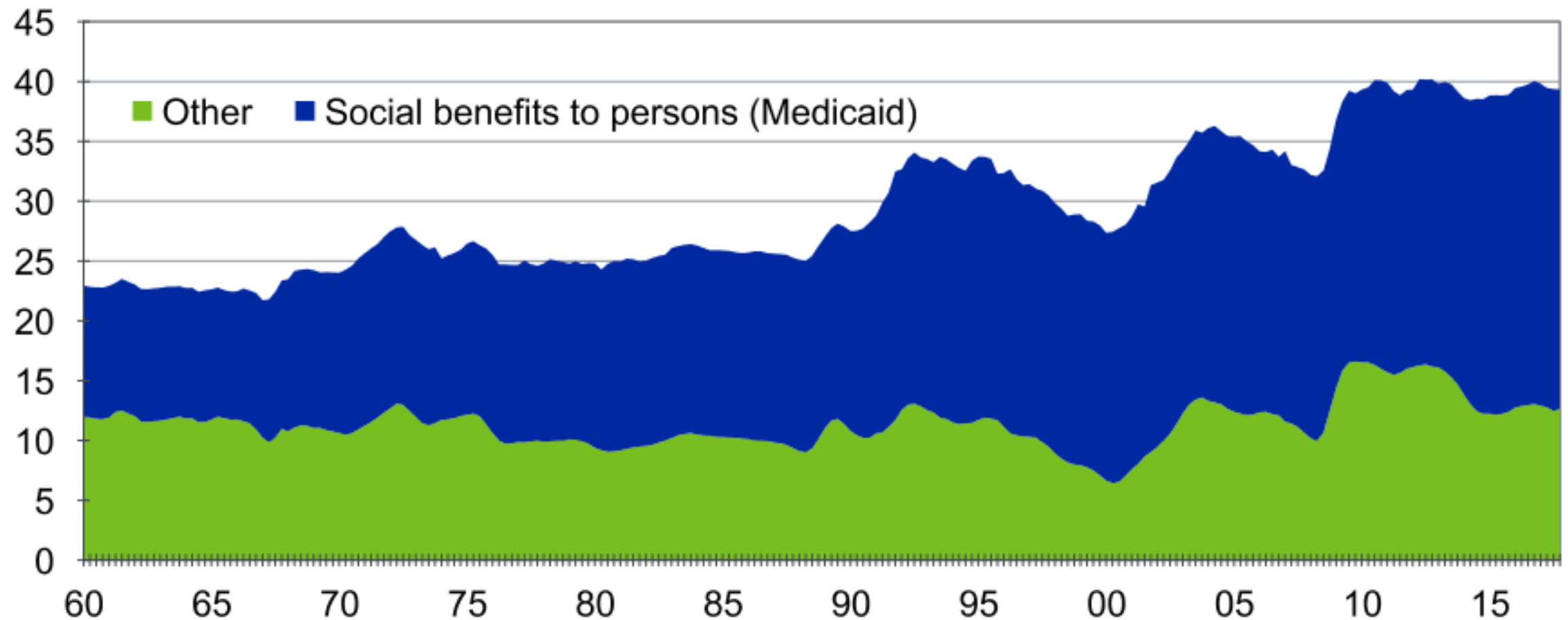


Sources: BEA, Moody's Analytics

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Mounting Mandatory Burden

State and local mandatory spending as a % of total

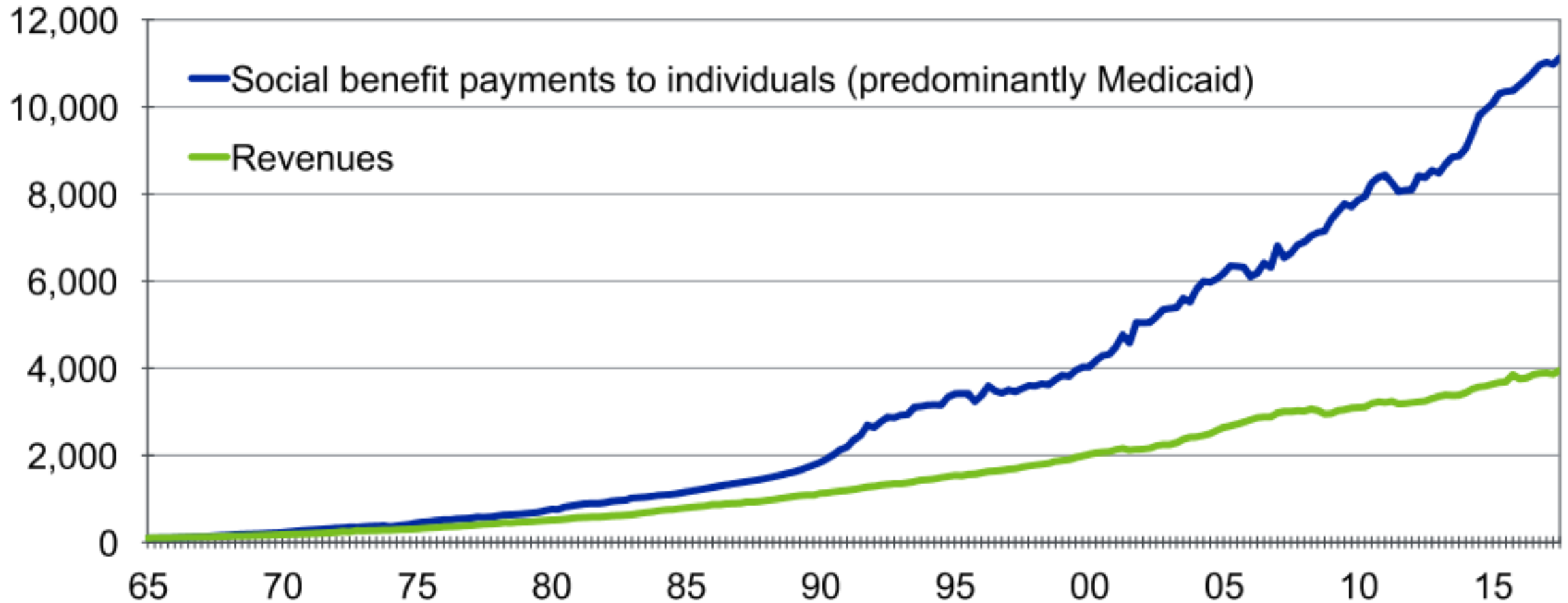


Sources: BEA, Moody's Analytics

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Unsustainable

State and local governments, 1965Q1=100

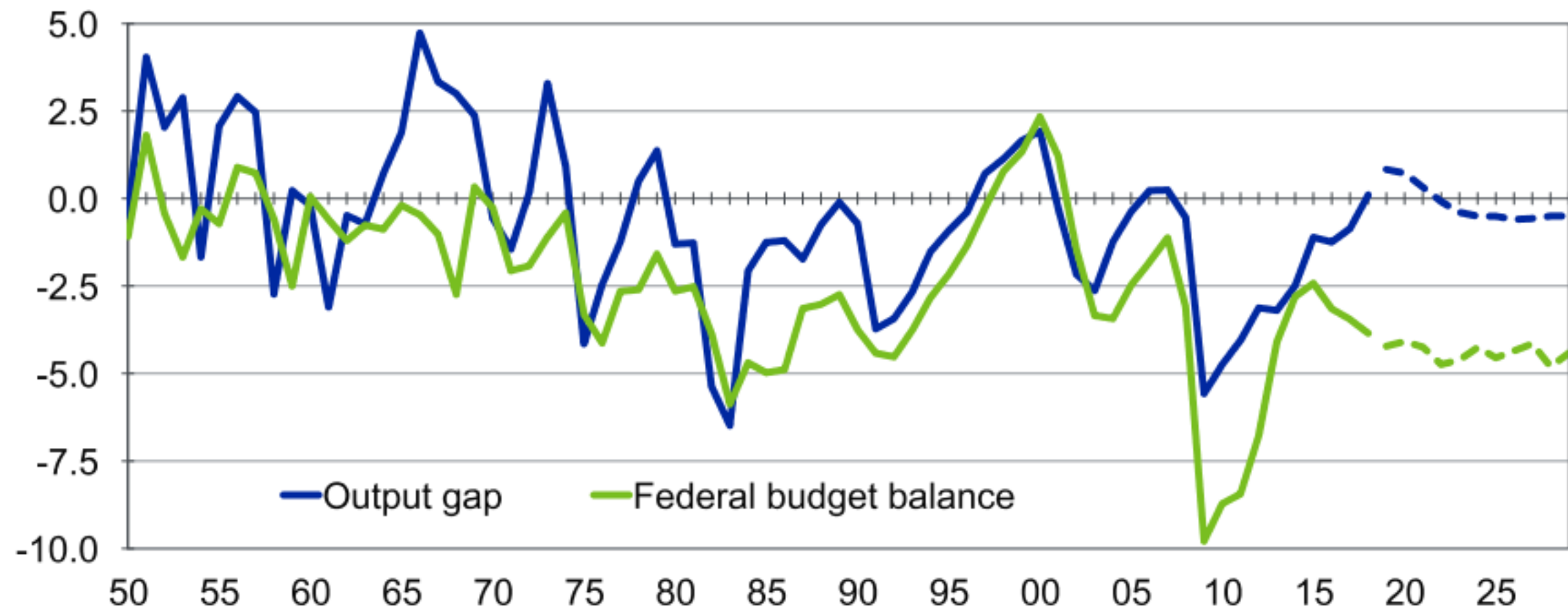


Sources: BEA, Moody's Analytics

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Things Only Get Harder from Here

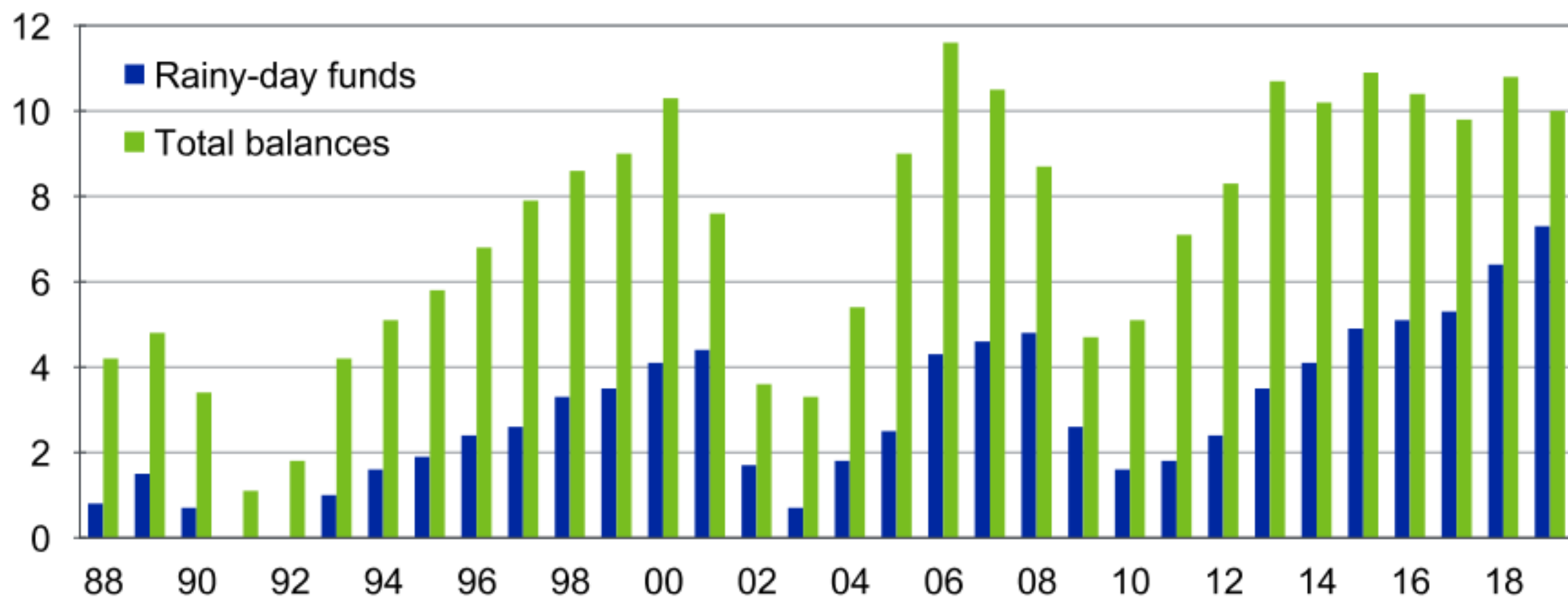
% of GDP, federal fiscal year



Source: BEA, CBO, OMB, Moody's Analytics
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States Better Prepared to Fend for Themselves

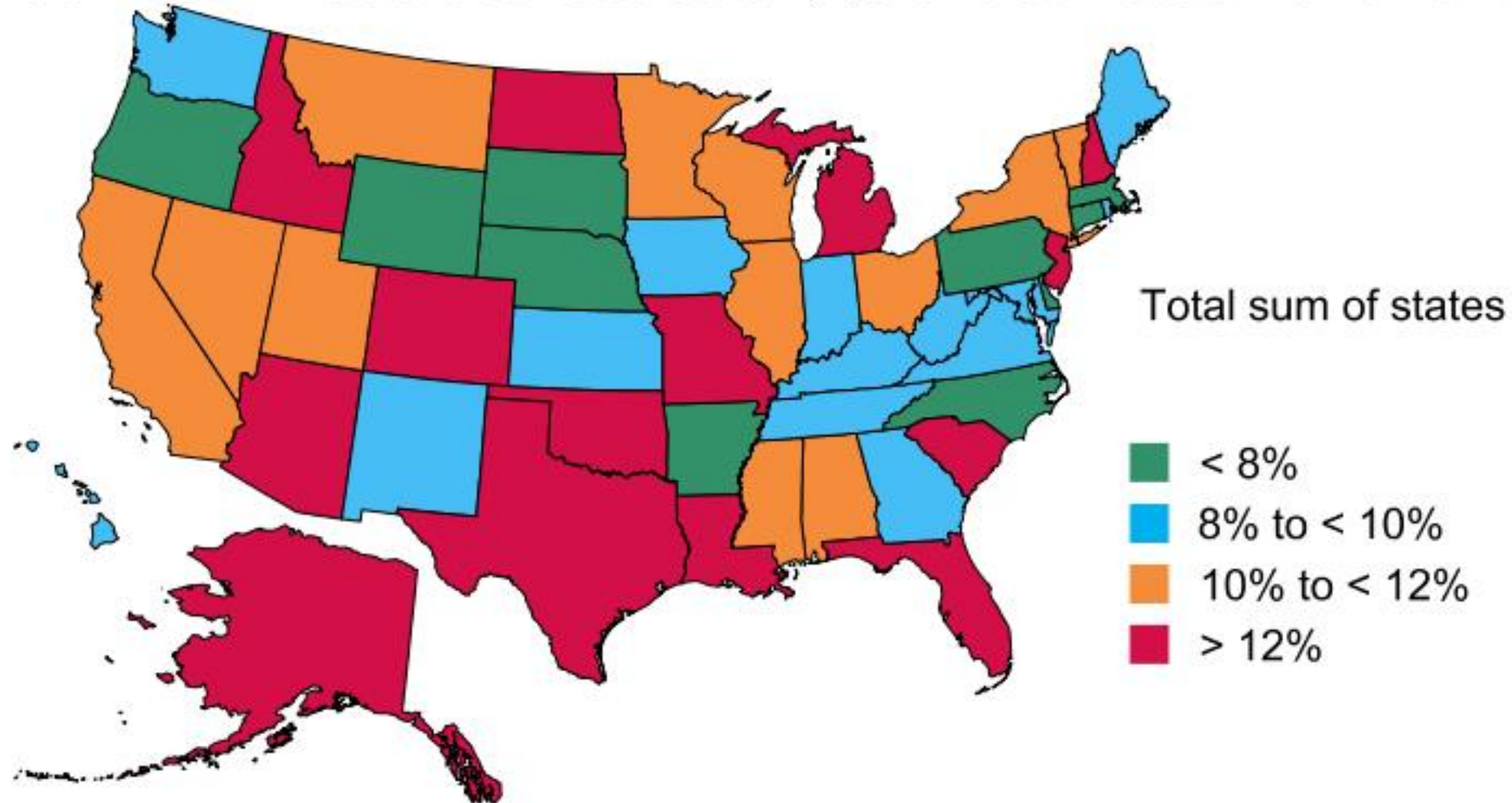
State fund balances as a % of expenditures, state fiscal year



Sources: NASBO, Moody's Analytics

Not All Shocks Are Created Equal

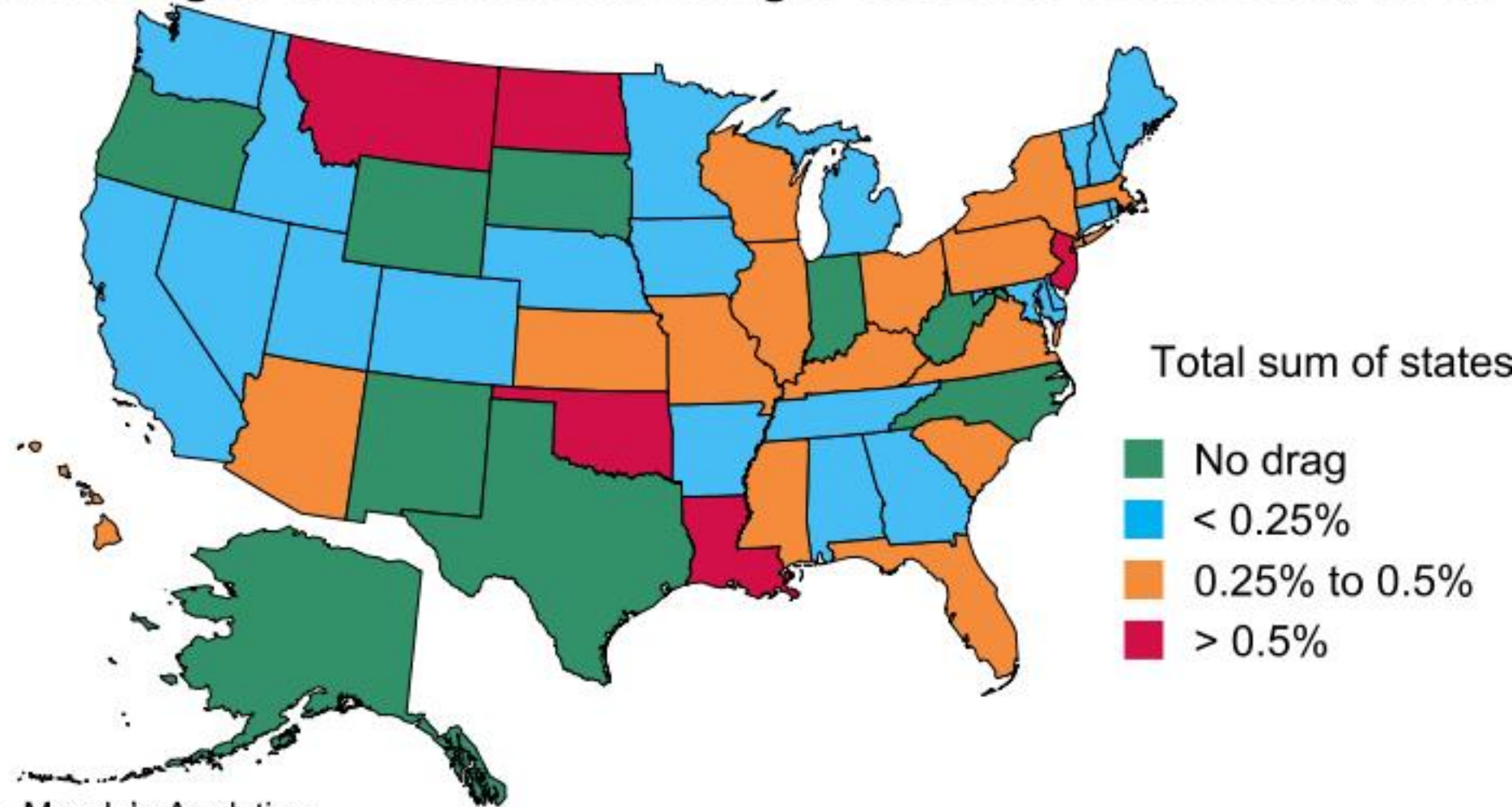
Fiscal shock from moderate recession, % of estimated 2018 revenue



Sources: NASBO, Moody's Analytics
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Shortfalls Will Complicate the Next Recovery

Potential state government fiscal drag from next recession, % of



Sources: BEA, Moody's Analytics
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