

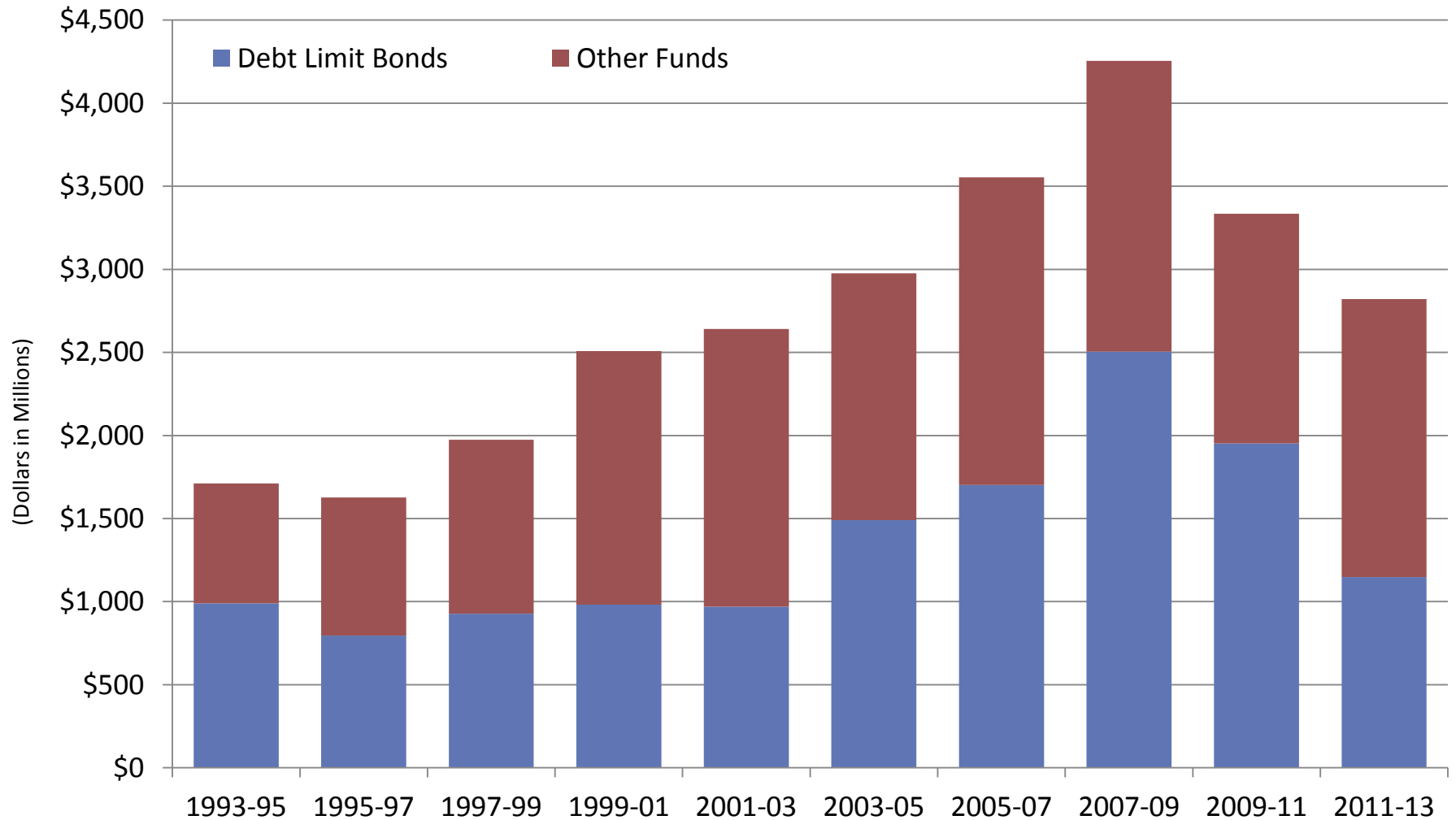


Washington State's Debt Capacity

Wolfgang Opitz,

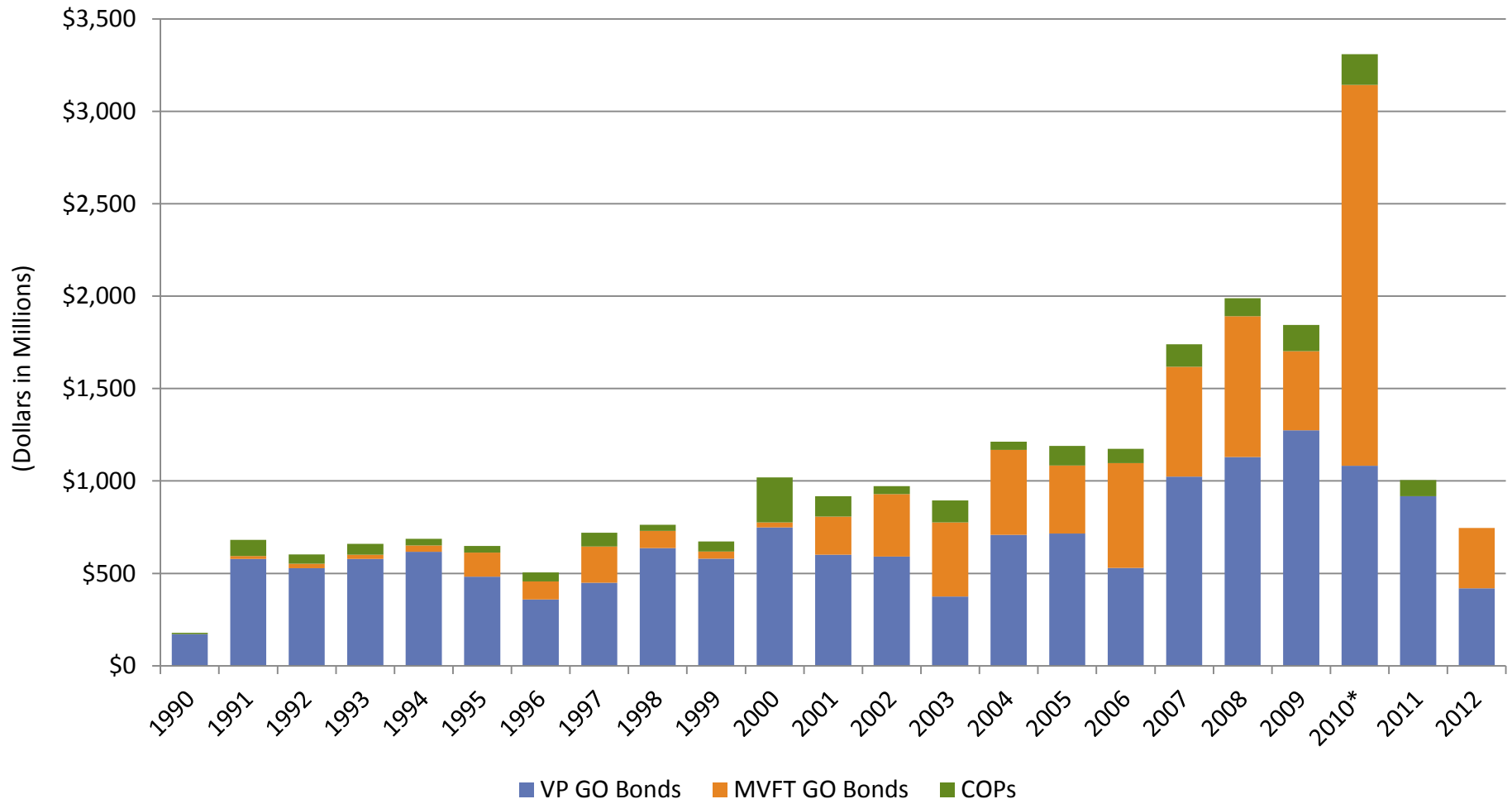
Assistant State Treasurer

Capital Budget Appropriation History



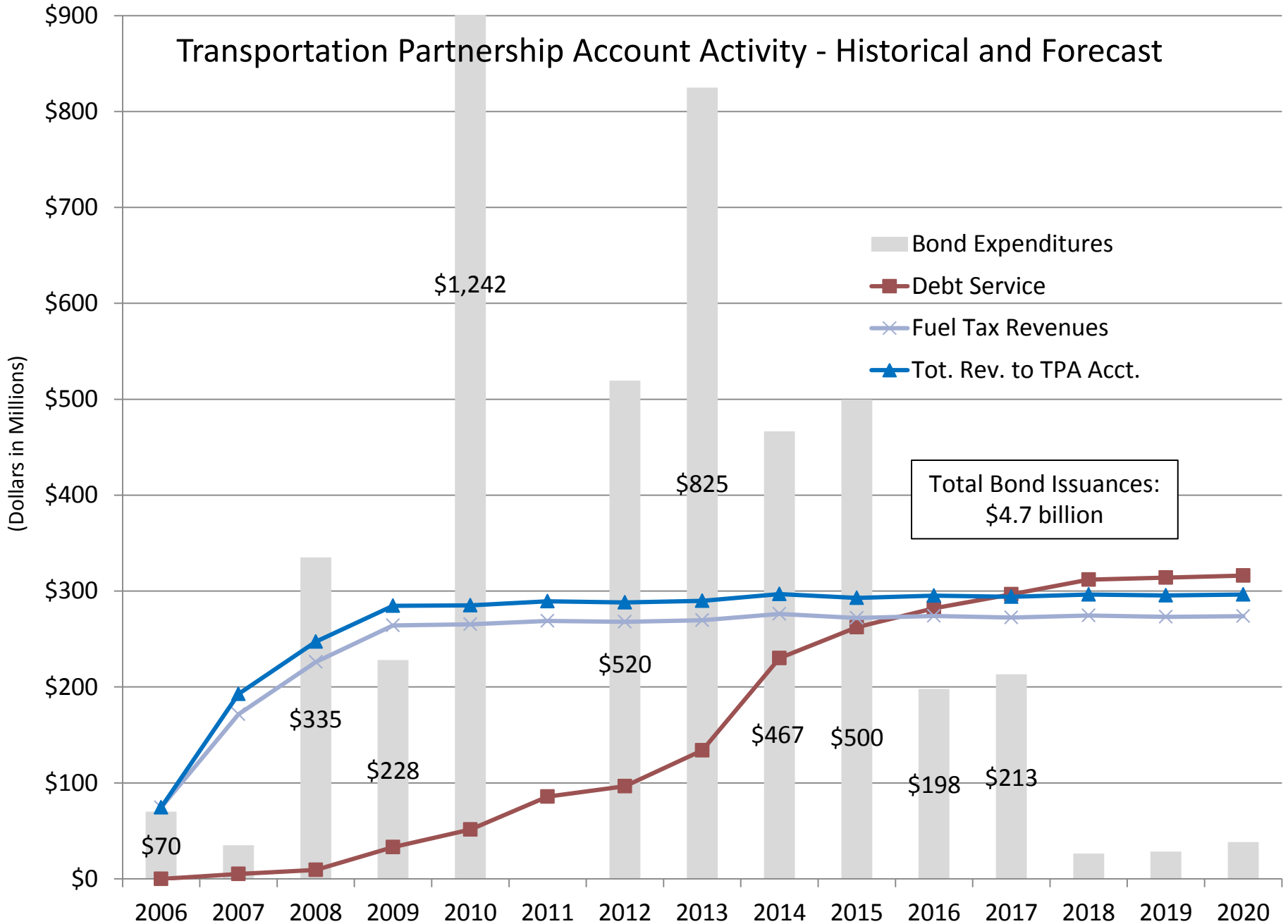
General Obligation Bond Issuance History

Various Purpose, Transportation, and COPs



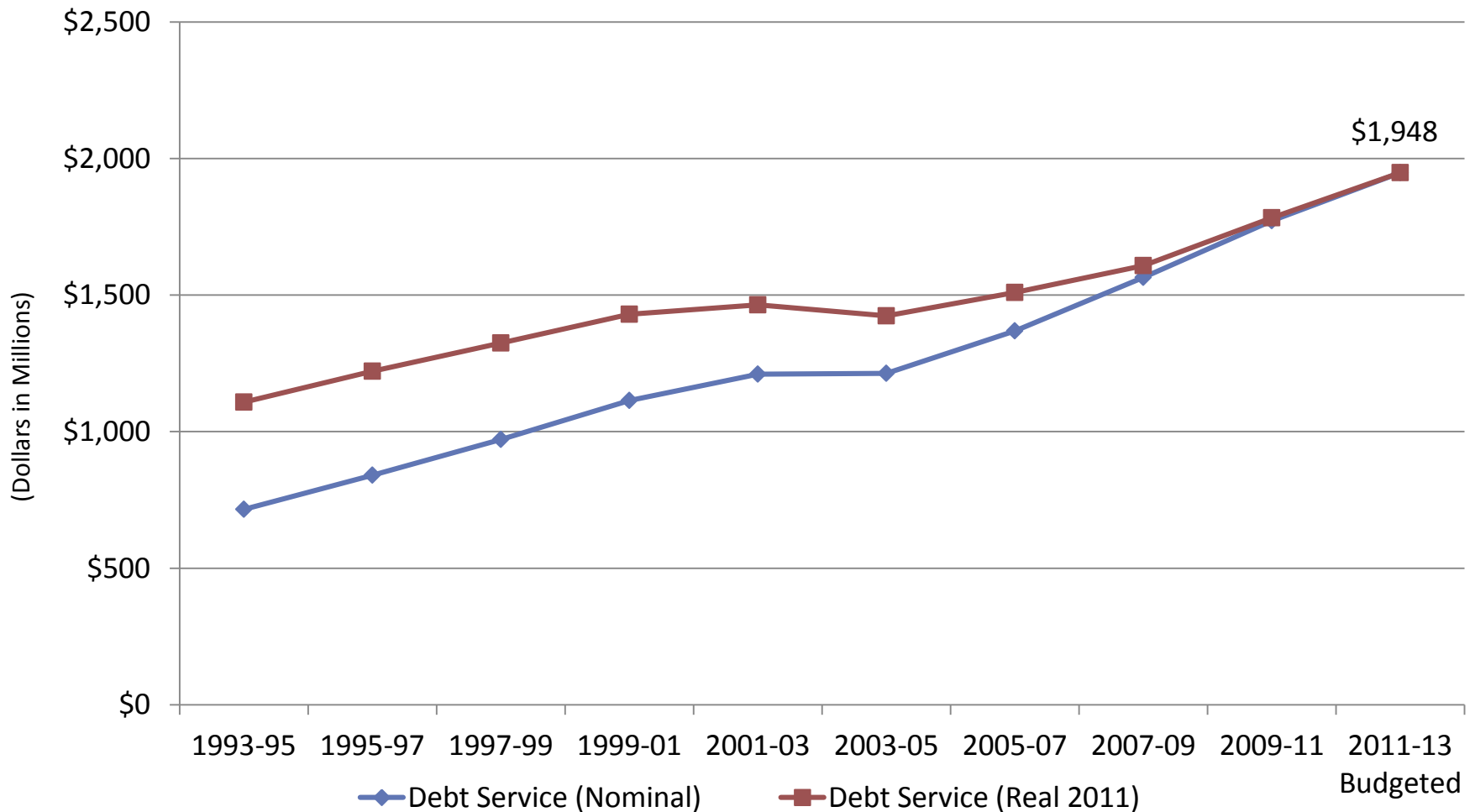
*The 2010 MVFT issuance includes bonds that would have been issued in 2011, but were issued in 2010 to take advantage of the low Build America Bonds (BABs) interest rate.

Transportation Partnership Account Activity - Historical and Forecast



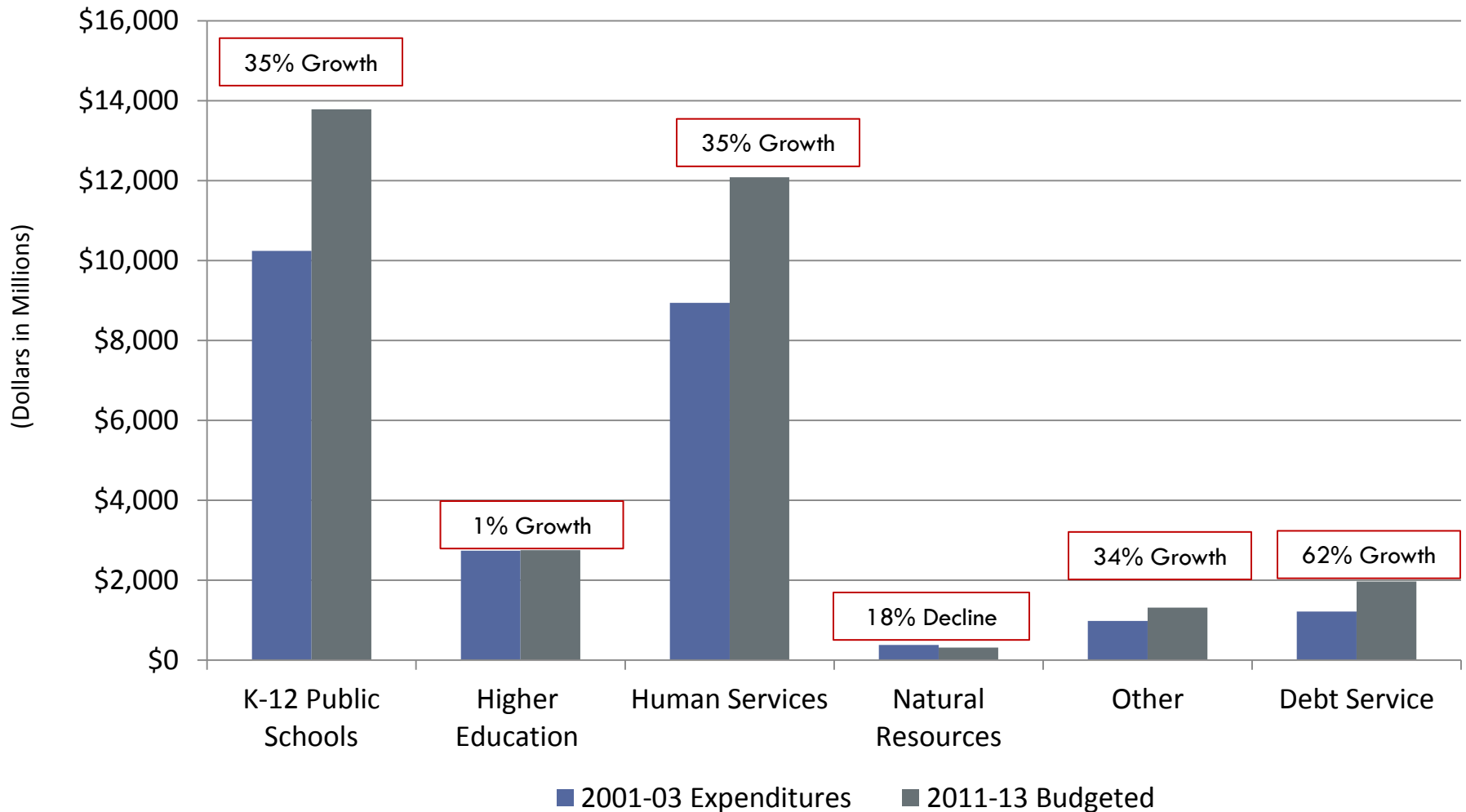
Total Bond Issuances:
\$4.7 billion

State General Fund Debt Service Expenditures



Note: 2011-13 reflects the enacted budget adjusted for the State Treasurer's 2012 Supplemental Operating Budget request to reduce budgeted debt service by \$18,586,000.

Near General Fund-State Ten-Year Change (2001-03 to 2011-13)

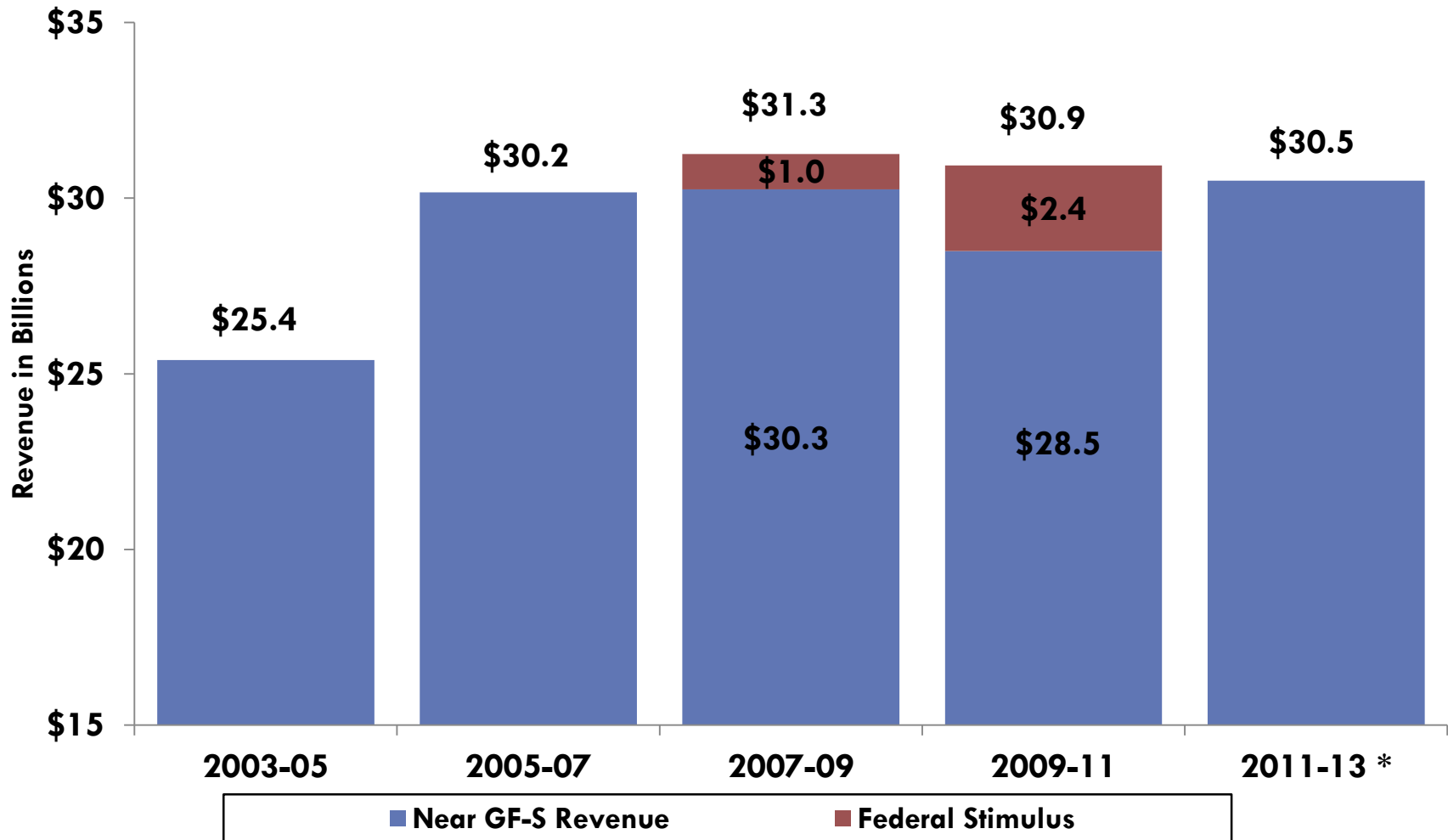


Note: 2011-13 reflects the enacted budget and includes the Opportunity Pathways Account.

Source: Legislative Evaluation & Accountability Program (LEAP) Committee.

Commission on State Debt

With the downward revisions in the forecast, state revenues (after accounting for additional resources from the federal stimulus) will have declined for two consecutive biennia.



* Based on September 2011 forecast.

Washington State Borrowing to Pay for Capital and Transportation Projects Compared with National Medians

	Moody's ⁽¹⁾	S&P ⁽²⁾
Net Tax-Supported Debt		
Washington	\$14,832,717,000	\$13,798,000,000
Median of States	\$ 4,274,192,000	\$3,584,000,000
Net Tax-Supported Debt per Capita		
Washington	\$2,226	\$2,107
Median of States	\$936	\$739
WA Rank in Comparison to Other States	8th	7th
Net Tax-Supported Debt as % of 2008 Personal Income		
Washington	5.30%	5.00%
Median of States	2.50%	2.10%
WA Rank in Comparison to Other States	9th	8th
Net Tax-Supported Debt for 2009 as % of 2008 GSP		
Washington	4.60%	4.30%
Median of States	2.22%	1.80%
WA Rank in Comparison to Other States	10th	7th
Debt Burden as % of Total Government Expenditures		
Washington		6.00%
Median of States		3.00%

(1) 2010 State Debt Medians Report. Moody's U.S. Public Finance. May 2010.

(2) U.S. Public Finance Report Card. Standard & Poor's. U.S. Public Finance. December 16, 2009.

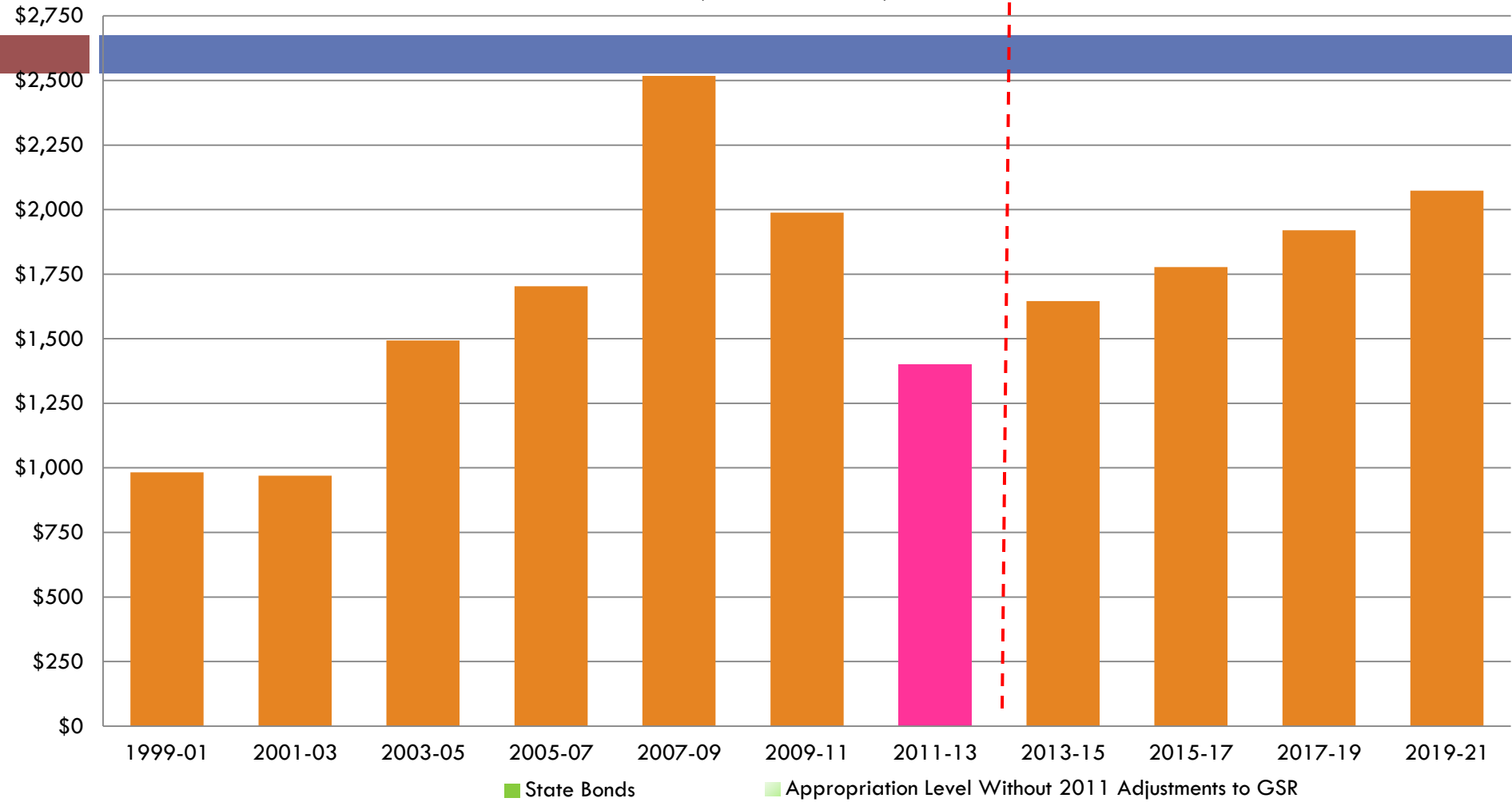
• States without GO debt: South Dakota, Wyoming, and Nebraska. 2011 State Debt Medians Report, Moody's U.S. Public Finance, June 2011.

• State issuers of non-GO Debt: Kentucky, Arizona, Kansas, Indiana, Colorado, Iowa, Idaho, and North Dakota. 2011 State Debt Medians Report, Moody's U.S. Public Finance, June 2011.

Legislative agreement to slow the growth of future debt resulted in \$1.4B in capital capacity for 2011-13. Bond capacity would have been only \$118M without the agreement.

(Dollars in Millions)

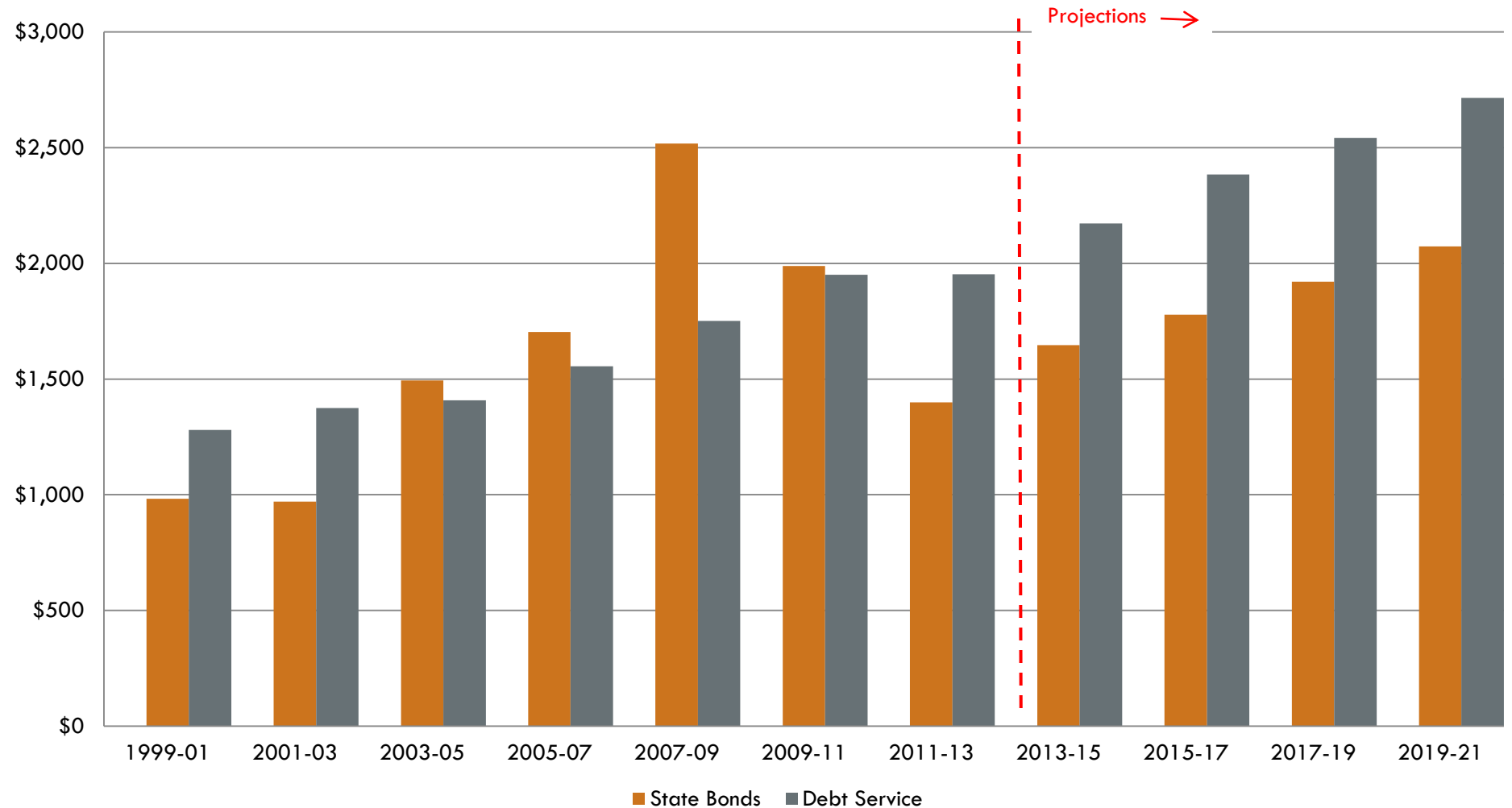
Projections →



- Bond projections based on working debt limits (8.5% FY16-17; 8.25% FY18-19; 8% FY20-21; 7.75% FY22 ongoing) required in SSB 5181.
- 2011-13 includes 2011 bond appropriations in the amount of \$1.1 billion and projected 2012 bond appropriations in the amount of \$300 million.

Debt service will exceed bond capacity from 2011-13 onward, largely to pay off bonds issued in the past.

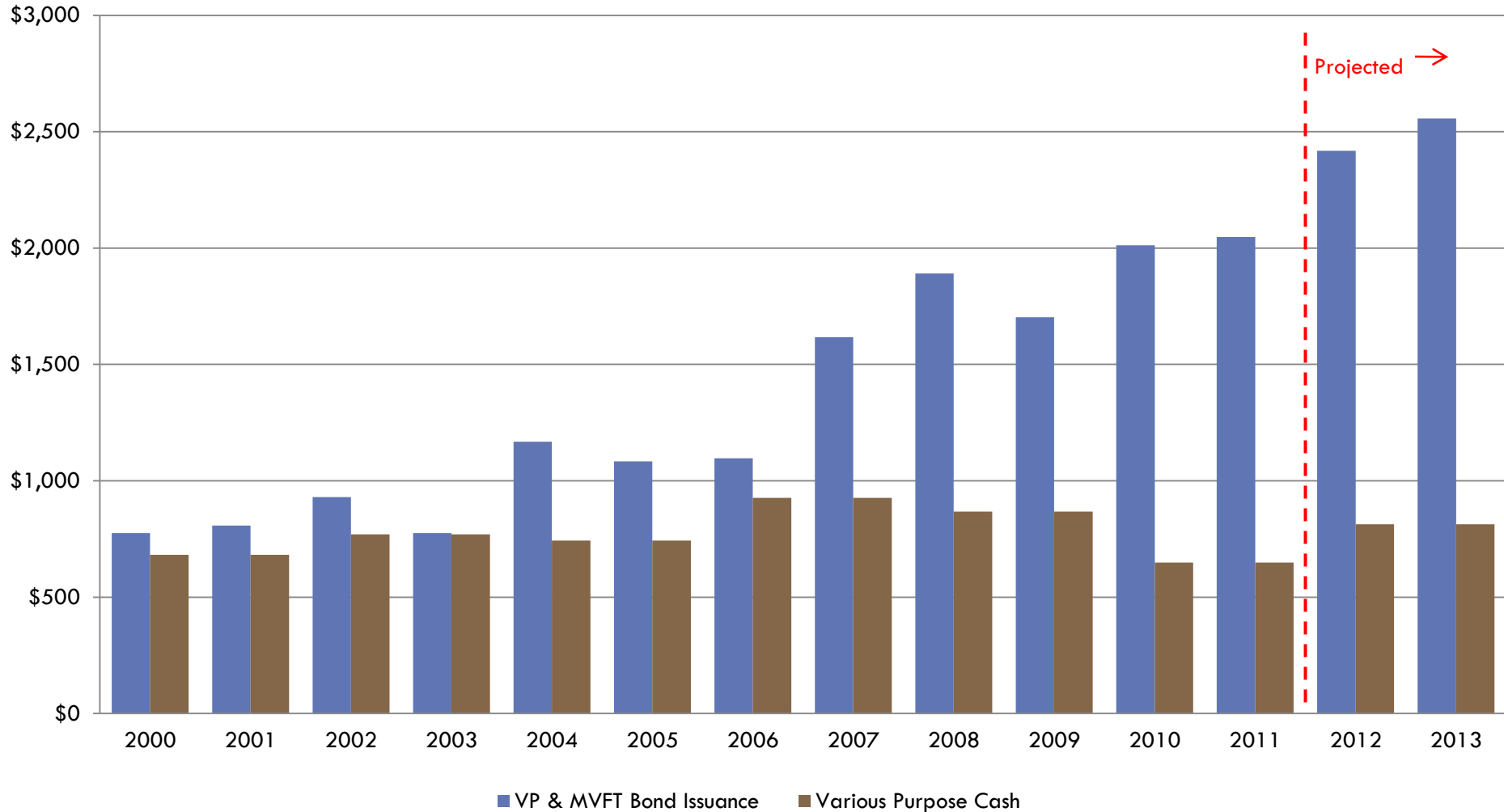
(Dollars in Millions)



- Bond projections based on SSB 5181 working debt limits (8.5% FY16-17; 8.25% FY18-19; 8% FY20-21; 7.75% FY22 ongoing).
- 2009-11: \$81.4 million in Federal America Recovery and Reinvestment Act funds appropriated.
- 2011-13: Includes 2011 bond appropriations in the amount of \$1.1 billion and projected 2012 bond appropriations in the amount of \$300 million.
- 2011-13 through 2019-21: Trust revenue projections held constant from 2009-11. Other non-bond revenue projections held constant from 2011-13.

Capital and Motor Vehicle Fuel Tax Bond spending is now three times as big as spending from capital cash compared with 2000-2003 when bond and cash spending were nearly equal.

(Dollars in Millions)



- The 2011 MVFT bonds were issued in 2010 but not planned to be spent until 2011.
- Preliminary MVFT bond projections as of 6/30/11 include bonds for the 520 bridge.
- Various purpose cash biennial projections are increased by 4.0% and split evenly between fiscal years within biennia.

Mandatory debt service payments come from operating funds so one goal of SSB5181 is to keep debt service at or below 6% in the future.

