

# State Notes

## TOPICS OF LEGISLATIVE INTEREST

Winter 2016



### **Michigan State Government Debt** **By David Zin, Chief Economist**

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The Michigan Constitution of 1963 provides the State of Michigan with the ability to raise cash through the issuance of long-term debt. The State raises the cash by issuing bonds and selling them in capital markets. Debt issued by the Michigan State government falls into two broad categories: 1) general obligation bonds, which are debt instruments backed by the full faith and credit of the State, and 2) nongeneral obligation bonds, which are debt instruments backed by dedicated restricted revenue sources.

The difference between the two categories reflects the degree of certainty that the debt will be repaid: Bonds backed by the full faith and credit of the State will be paid no matter what, meaning that under extreme circumstances programs could be reduced or eliminated, or taxes increased, in order to ensure the bonds are repaid. In contrast, the repayment of bonds backed by dedicated restricted revenue sources generally will be repaid only to the extent that the dedicated restricted revenue is sufficient to cover the repayment. As a result, bonds backed by the full faith and credit of the government generally pay a lower interest rate, reflecting the lower level of risk, than other bonds.

General obligation bonds are issued pursuant to Sections 15 and 16 of Article IX of the State Constitution. Section 15 authorizes the State to borrow money for specific purposes only after a positive two-thirds vote of the members serving in the House of Representatives and the Senate and a positive vote of the electors in a general election. Current examples in Michigan are bonds issued for environmental cleanup programs and public recreation bonds. Section 16 authorizes the State to borrow funds for the purpose of making loans to school districts. These bonds also are backed by the full faith and credit of the State.

Nongeneral obligation bonds are issued pursuant to Sections 9 and 13 of Article IX of the State Constitution. These sections enable public bodies to issue bonds subject to constitutional restrictions and State law. As noted above, these bonds are backed by dedicated revenue sources and are not guaranteed by the full faith and credit of the State. Current examples in Michigan are bonds issued by the State Building Authority and the Michigan State Housing Development Authority.

This Senate Fiscal Agency *State Notes* article provides a summary of the current level of debt issued by the Michigan State government. Included is a discussion of the current types of bonds outstanding and the recent history of the level of debt outstanding. The article also provides a comparison of the level of State debt outstanding in Michigan and in other states. Finally, the article reviews the State budget impact of debt service payments on certain outstanding State bonds.

### **Michigan Government Debt Outstanding**

The State of Michigan reported \$26.6 billion of debt outstanding on September 30, 2014, including \$1.9 billion in general obligation bonds and \$24.6 billion in nongeneral obligation bonds. Table 1 provides a summary of the general obligation and nongeneral obligation bonds outstanding at the end of each fiscal year (FY) from FY 1978-79 through FY 2013-14. As of September 30, 2014, bonds issued for loans to school districts totaled \$1.1 billion, or 54.7% of the total general obligation debt outstanding. The remainder of the general obligation debt outstanding consisted of the

following: environmental protection bonds of \$236.7 million; Clean Michigan Initiative bonds of \$431.1 million; Great Lakes Water Quality bonds of \$203.3 million; and public recreation bonds of \$2.3 million. Michigan voters authorized the public recreation bonds and the environmental protection bonds in November 1988, the Clean Michigan Initiative bonds in November 1998, and the Great Lakes Water Quality bonds in November 2002.

The nongeneral obligation debt of \$24.6 billion outstanding on September 30, 2014, consisted of debt issued by numerous State agencies and special authorities created by the State. The following information provides a summary of these nongeneral obligation bond issues.

**Michigan Department of Transportation Bonds:** Article IX, Section 9 of the State Constitution authorizes the issuance of bonds by the Department of Transportation to support transportation projects across the State. The debt service on these bonds is paid from dedicated transportation revenue. As of September 30, 2014, there were \$2.0 billion of bonds outstanding, of which approximately \$1.1 billion represented bonds related to the State Trunkline Fund, \$0.7 billion represented grant anticipation bonds, and the remainder reflected debt associated with comprehensive transportation projects.

**Michigan State Housing Development Authority Bonds:** The Michigan State Housing Development Authority was created by Public Act 38 of 1969, to issue bonds and notes to finance housing for sale or rental to families with low to moderate incomes and to finance home improvements. The debt service on these bonds is paid from mortgage payments and rental charges from housing projects. As of September 30, 2014, \$2.0 billion of bonds remained outstanding.

**State Building Authority Bonds:** The State Building Authority was created by Public Act 183 of 1964, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education. The debt service on these bonds is paid by rental charges levied against the occupants of the buildings. As of September 30, 2014, there were \$3.1 billion of bonds outstanding.

**Michigan State Park Revenue Bonds:** The Department of Natural Resources was granted the authority to issue revenue bonds for State parks by Public Act 149 of 1960. The debt service on these bonds is paid from State park-generated revenue. As of September 30, 2014, there were \$8.7 million of bonds outstanding. On [Table 1](#), these are reflected under the Other Authorities column.

**Michigan Finance Authority Bonds:** Executive Order 2010-2 consolidated 10 public finance authorities under the Michigan Finance Authority: the Michigan Municipal Bond Authority, the Michigan State Hospital Finance Authority; the Michigan Higher Education Facilities Authority; the Michigan Higher Education Assistance Authority; the Michigan Higher Education Student Loan Authority; the Michigan Public Educational Facilities Authority; the Michigan Tobacco Settlement Finance Authority; the Michigan Underground Storage Tank Financial Assurance Authority; the Michigan State Higher Education Facilities Commission; and the Michigan Forest Finance Authority. While many of the authorities previously authorized to issue nongeneral obligation debt continue to exist as subfunds under the Michigan Finance Authority, legislation governing the Michigan Finance Authority also has authorized additional bond activity. As of September 30, 2014, the Michigan Finance Authority held \$17.5 billion of bonds outstanding.



Of the authorities consolidated under Executive Order 2010-2, four represent the majority of outstanding debt managed by the Michigan Finance Authority: the Michigan State Hospital Finance Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the Michigan Tobacco Settlement Finance Authority. As of September 30, 2009, these four authorities represented 94.7% of the debt consolidated under the Michigan Finance Authority. For reference, the history and purpose of these authorities are described below:

*Hospital Finance Authority Bonds:* Michigan's State Hospital Finance Authority was created by Public Act 38 of 1969, for the purpose of lending money to nonprofit, nonpublic hospitals and health care corporations. The Authority used the volume of borrowing available to receive lower interest rates that were in turn passed on to the health care corporations. The debt service on these bonds is paid from the loan repayments from hospitals. Bonds issued by the Hospital Finance Authority represented approximately 38.8% of the bonds consolidated under the Michigan Finance Authority.

*Michigan Higher Education Student Loan Authority Bonds:* The Michigan Higher Education Student Loan Authority was created by Public Act 222 of 1975, for the purpose of making loans to qualified students attending higher educational institutions in the State. The debt service on these bonds is paid from the loan repayments from students once their education is completed. Bonds issued by the Higher Education Student Loan Authority represented approximately 15.4% of the bonds consolidated under the Michigan Finance Authority.

*Michigan Municipal Bond Authority Bonds:* The Michigan Municipal Bond Authority was created by Public Act 227 of 1985, to assist local units of government in reducing their financing costs for public improvements, deficit reduction, and various other municipal purposes. The Authority pooled the borrowing needs of various local units of government and issued bonds that were used to make loans to local units. The debt service on these bonds is paid from the loan repayments from local units of government. Bonds issued by the Municipal Bond Authority represented approximately 33.1% of the bonds consolidated under the Michigan Finance Authority.

*Michigan Tobacco Settlement Finance Authority Bonds:* The Michigan Tobacco Settlement Finance Authority was created by Public Act 226 of 2005, for the purpose of making loans and grants to encourage economic development projects in Michigan. The debt service on these bonds is paid from revenue the State is receiving from the 1999 settlement between 46 states and the United States tobacco industry. Bonds issued by the Tobacco Settlement Finance Authority represented approximately 7.4% of the bonds consolidated under the Michigan Finance Authority.

### **Historical Levels of Michigan State Government Debt**

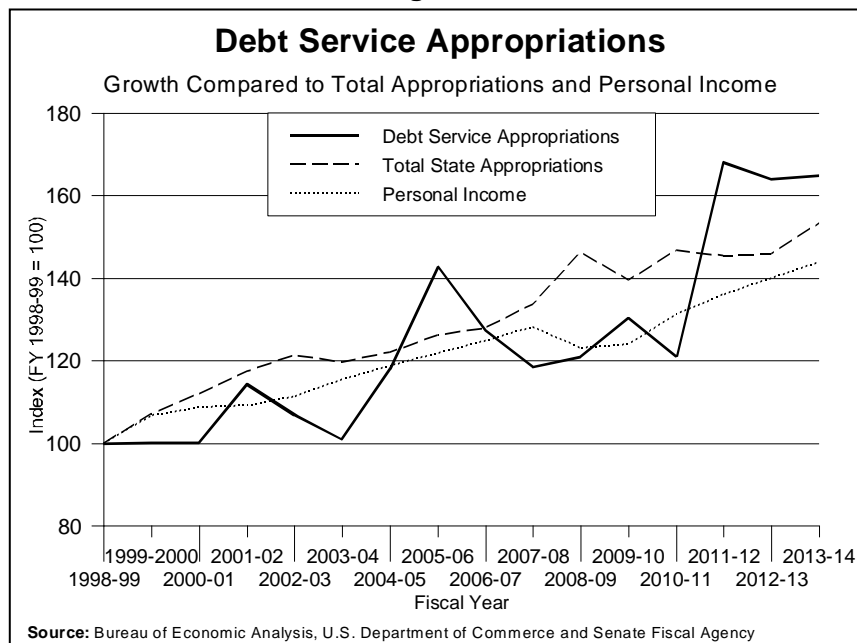
The amount of debt held by the Michigan State government has remained stable in recent years and has grown at an average annual rate of only 2.6% since the end of FY 2006-07. As shown in [Table 1](#), total debt outstanding at the close of FY 1978-79 was \$2.3 billion. Over the next 35 fiscal years, the level of State debt outstanding increased to \$26.6 billion. During this time period, the growth in nongeneral obligation debt exceeded the growth in general obligation debt. In FY 1978-79, general obligation debt accounted for 21.3% of the total State debt outstanding. By FY 2013-14, general obligation debt accounted for only 7.3% of the total State debt outstanding.

In order to analyze the growth in State government debt in recent years, [Figure A](#) provides a graphical summary of the growth in appropriations for State government debt service payments, Michigan personal income, and State appropriations, as measured by total gross appropriations, over the



period FY 1998-99 through FY 2013-14. Michigan personal income is the best available measure of the growth in the Michigan economy as a whole. Over this 15-fiscal year period, State government debt service appropriations increased 64.9%, while Michigan personal income increased 43.9% and State spending, as measured by total gross appropriations, increased 53.3%. The growth in State government debt service exceeded the growth in the Michigan economy (as measured by personal income) and State appropriations over this time period, primarily due to increased debt service costs under the School Bond Loan Program and from bonds issued by the Michigan Department of Transportation. Much of the increase under the School Bond Loan Program reflects increases in outstanding debt, which grew 226.6% over the 15-fiscal year period, while the Transportation bonds reflect a mix of increased debt (136.8% growth) and when payments were structured. Although Transportation debt accounts for a meaningful portion of the increase in debt over the FY 1998-99 to FY 2013-14 period, as shown in Table 1, outstanding Transportation debt primarily increased before FY 2008-09, and has declined in every fiscal year since FY 2008-09.

**Figure A**



**Michigan State Budget Impact of Debt**

The majority of the debt service payments on State debt outstanding do not show up directly in the State budget. Most of the State debt outstanding in Michigan is repaid by the educational institutions, local units of government, and hospitals for which the borrowing is undertaken. These repayments do not involve direct State appropriations. The most direct impact on the State budget of debt service costs results from the repayment of general obligation bonds and bonds issued by the State Building Authority. These debt service payments are made primarily from General Fund/General Purpose appropriations although some are made from Federal and State Restricted funds. Most debt service payments on nongeneral obligation debt are not appropriated, and as indicated above, are paid from the dedicated revenue generated by the authorities that issued the debt.

As with other appropriations, not all debt service appropriations are spent. Table 2 shows the actual expenditure on both principal and interest, as well as the relative magnitude of these payments to debt outstanding, revenue, expenditures, and personal income. Most debt service is directed at nongeneral obligation debt, reflecting the greater portion that type of debt comprises of total debt. While debt service as a share of outstanding debt can vary greatly from year to year, when compared with factors such as personal income, revenue, or expenditures, the burden is relatively small, so swings appear less significant. For general obligation debt, which is backed by tax revenue, over the last 35 years debt service has generally represented between 0.6% and 1.3% of combined earmarked General Fund and School Aid Fund revenue. Similarly, debt service on nongeneral obligation debt has generally represented between 5.9% and 9.8% of total revenue. As a percentage of total State expenditures, debt service has generally ranged from 0.2% to 0.6% for general obligation debt and between 6.0% and 9.5% for nongeneral obligation debt. As a percentage of personal income, debt service has averaged 0.05% for general obligation debt and 1.0% for nongeneral obligation debt.

### **State Government Debt in Michigan Compared with Other States**

The United States Bureau of the Census publishes annual data regarding the levels of debt outstanding in each state. The Bureau of the Census data include both general obligation and nongeneral obligation state debt. In order to provide a meaningful comparison among states, the Bureau of the Census data also are published on a per-capita basis.

Table 3 provides the rankings of state debt per capita for fiscal years 1994-95, 1999-2000, 2004-05, 2009-10, and 2012-13. Over this time period, Michigan generally remained a middle- to low-ranking state in debt outstanding, ranking 28<sup>th</sup> in FY 1994-95, and 30<sup>th</sup> in FY 2012-13, the most recent year for which data comparing the states are available.

With the exception of Nevada, outstanding debt per person increased in every state over the FY 1994-95 to FY 2012-13 period. Michigan's per capita debt increased 136.4%, slightly above the 121.1% average increase for the nation as a whole, and ranking Michigan 21<sup>st</sup> among the 50 states. State debt per capita grew the most in Kansas, where it increased 432.5% over the FY 1994-95 to FY 2012-13 period. In Michigan, outstanding debt per person grew more slowly than in any of the other four Great Lakes states: Indiana (264.5%), Illinois (167.4%), Ohio (159.8%), and Wisconsin (151.8%).

### **Conclusion**

The State of Michigan issues debt that falls into two broad categories: 1) general obligation bonds, which are debt instruments backed by the full faith and credit of the State, and 2) nongeneral obligation bonds, which are debt instruments backed by dedicated restricted revenue sources. The difference between the two categories reflects the degree of certainty the debt will be repaid: bonds backed by the full faith and credit of the State will be paid no matter what, while bonds backed by dedicated restricted revenue sources will generally be repaid only to the extent that the dedicated restricted revenue is sufficient to cover the repayment. As a result, bonds backed by the full faith and credit of the government generally pay a lower interest rate, reflecting the lower level of risk, than other bonds.

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September 30, 2014, bonds issued for loans to school districts totaled \$1.1 billion or 54.7% of the total general obligation debt outstanding. More than 66% of nongeneral obligation debt is held by the Michigan Finance Authority. Similarly, the majority of the increase in debt outstanding since FY 2007-08 has reflected debt under the School Bond Loan program and the Michigan Finance Authority. Over the last 35 years, nongeneral obligation debt has generally grown more rapidly than general obligation debt.

Payments to service outstanding debt vary from year to year and will depend on the amount of debt outstanding, the payment structure agreed to under existing bonds, and the degree to which bonds are refinanced. In FY 2013-14, the State spent slightly less than \$4.7 billion on payments of interest and principal on outstanding debt; of that amount, \$277.5 million represented payments on general obligation debt and \$4.4 billion represented payments on nongeneral obligation debt. Debt service payments in FY 2013-14 represented less than 10% of total State spending and less than 1.2% of Michigan personal income. In FY 2013-14, debt service on general obligation bonds represented 1.4% of combined General Fund and School Aid Fund revenue, and 0.6% of total expenditures.

Compared to other states, Michigan's debt per person has grown at about the same rate as the national average and more slowly than that of any of the other Great Lakes states. Between FY 1994-95 and FY 2012-13, Michigan's debt per person increased 136.4%, compared to the national average of 121.1%, and ranking 21<sup>st</sup> among the 50 states. Michigan's debt per person, including both general obligation and nongeneral obligation debt, averaged \$3,068 per person in FY 2012-13, below the national average of \$3,594 per person, and ranking Michigan 30<sup>th</sup> among the 50 states.

**Table 1**  
**Composition of Michigan State Government Debt**  
(dollars in millions)

Debt Outstanding at end of Fiscal Year	General Obligation Debt					Non-General Obligation Debt								Total State Gov. Debt			
	School Loan	Env. Protection	Clean MI Initiative	Other	Total	Dept. of Trans.	MI State Housing Authority	State Building Authority	Hospital Finance Authority	Higher Ed Student Loan Authority	Municipal Bond Authority	Tobacco Settlement Fin. Authority	Michigan Finance Authority		Other Authorities	Total	
1978-79	\$66.5			\$416.0	\$482.5	\$151.0	\$945.9	\$89.5	\$469.2	\$49.0				\$74.6	\$1,779.2	\$2,261.7	
1979-80	56.1			383.0	439.1	231.9	1,182.5	89.5	647.0	128.0				\$88.9	2,367.8	2,806.9	
1980-81	61.6			348.0	409.6	255.7	1,325.8	89.5	740.7	168.0				\$112.8	2,692.3	3,101.9	
1981-82	53.0			308.0	361.0	227.8	1,452.2	189.2	914.9	211.0				\$210.7	3,205.8	3,566.8	
1982-83	44.3			265.0	309.3	339.7	1,657.9	444.0	1,081.6	267.0				\$269.3	4,059.5	4,368.8	
1983-84	35.3			224.0	259.3	425.7	1,810.0	542.5	1,366.6	252.0				\$393.3	4,790.2	5,049.5	
1984-85	26.7			215.0	241.7	409.9	1,949.4	539.5	1,699.0	193.0				\$710.8	5,501.6	5,743.3	
1985-86	27.0			171.0	198.0	423.7	1,930.0	616.2	1,827.8	140.7	570.4			\$1,122.6	6,631.3	6,829.3	
1986-87	20.7			137.0	157.7	403.9	1,896.8	778.8	1,686.3	123.4	564.5			\$1,207.9	6,661.5	6,819.2	
1987-88	14.5			115.0	129.5	397.8	1,887.0	906.9	1,715.3	104.5	604.5			\$1,208.2	6,824.3	6,953.8	
1988-89	10.4			96.0	106.4	381.4	1,974.0	993.8	1,631.1	149.2	561.9			\$1,187.1	6,878.5	6,984.9	
1989-90	9.7	90.0		88.0	187.7	500.7	2,091.9	1,083.6	1,819.7	206.6	712.0			\$1,204.8	7,619.5	7,807.2	
1990-91	0.0	87.1		75.0	162.1	482.1	2,110.2	1,237.2	1,957.8	203.8	910.0			\$1,548.0	8,449.1	8,611.3	
1991-92	11.8	230.9		160.2	402.9	780.2	2,516.2	1,490.8	2,092.0	376.0	968.7			\$1,653.5	9,877.4	10,280.3	
1992-93	34.6	241.5		144.7	420.8	763.5	2,034.6	1,453.1	2,147.7	528.5	1,066.5			\$1,673.9	9,667.8	10,088.7	
1993-94	55.8	254.7		127.6	438.0	903.5	1,976.5	1,494.4	2,303.0	531.3	1,403.9			\$1,816.7	10,429.2	10,867.3	
1994-95	180.0	386.9		139.1	706.0	888.1	1,985.9	1,453.4	2,467.7	557.9	1,469.1			\$2,251.2	11,073.3	11,779.3	
1995-96	180.0	377.8		127.2	685.0	854.2	1,987.3	1,478.9	2,777.0	625.4	1,368.0			\$2,397.4	11,488.3	12,173.3	
1996-97	174.4	368.9		111.8	655.2	873.7	2,068.4	1,616.7	2,887.8	672.9	1,591.9			\$2,396.2	12,107.6	12,762.8	
1997-98	328.7	450.7		94.7	874.1	866.0	2,088.6	1,996.8	3,586.5	817.4	1,686.0			\$417.8	11,459.1	12,333.1	
1998-99	322.7	439.9		76.9	839.4	827.9	2,026.5	1,945.1	3,569.3	782.4	2,243.6			\$406.2	11,801.0	12,640.3	
1999-2000	316.4	421.7	96.9	65.3	900.2	801.8	2,058.3	1,957.8	3,735.5	835.6	2,555.1			\$398.9	12,343.1	13,243.3	
2000-01	386.0	480.6	92.3	39.5	998.3	1,481.1	2,010.9	2,159.3	3,751.2	929.4	2,883.8			\$449.0	13,664.8	14,663.1	
2001-02	448.3	453.8	144.4	34.8	1,081.3	1,726.8	2,030.9	2,582.1	3,845.5	1,419.3	2,961.1			\$523.2	15,088.9	16,170.1	
2002-03	550.1	485.2	301.0	34.8	1,371.0	1,723.9	1,841.4	2,606.8	4,087.1	1,299.4	3,095.1			\$544.8	15,198.5	16,569.5	
2003-04	625.5	513.1	314.7	44.7	1,498.0	1,868.8	1,713.1	2,544.6	4,093.5	1,860.4	3,435.2			\$574.9	16,090.5	17,588.5	
2004-05	721.2	487.3	375.5	32.9	1,617.0	1,766.8	1,732.9	2,614.5	4,384.0	2,287.1	3,809.5			\$460.2	17,055.0	18,672.0	
2005-06	759.4	482.6	450.0	74.1	1,766.1	1,920.1	1,766.2	3,449.3	4,857.9	2,355.4	3,456.5		490.5	\$478.3	18,774.2	20,540.3	
2006-07	502.7	454.0	434.9	71.7	1,463.4	2,360.3	1,785.2	3,365.7	5,130.8	2,318.0	4,145.9		1,013.5	\$685.7	20,805.2	22,268.6	
2007-08	502.7	437.8	464.2	72.6	1,477.3	2,256.9	2,397.0	3,375.1	5,282.7	2,277.9	4,346.9		1,080.1	\$760.0	21,776.5	23,253.7	
2008-09	655.5	419.4	513.9	70.9	1,659.7	2,474.5	2,337.9	2,968.7	5,600.0	2,219.1	4,775.5		1,071.2	\$771.7	22,218.5	23,878.3	
2009-10	671.2	408.3	513.8	67.8	1,661.1	2,368.6	2,526.2	3,008.0	a)	a)	a)		a)	14,885.2	\$13.5	22,801.6	24,462.7
2010-11	861.9	406.5	523.4	77.9	1,869.7	2,260.8	2,474.2	3,175.3	a)	a)	a)		a)	14,048.1	\$12.8	21,971.2	23,840.9
2011-12	1,003.6	361.6	503.3	134.7	2,003.2	2,225.9	2,338.6	3,103.3	a)	a)	a)		a)	17,107.0	\$12.0	24,786.8	26,790.1
2012-13	1,130.9	302.3	468.1	130.9	2,032.2	2,105.1	2,114.6	3,181.6	a)	a)	a)		a)	16,079.3	\$11.3	23,491.8	25,524.0
2013-14	1,053.9	236.7	431.1	205.6	1,927.3	1,960.4	2,020.1	3,105.9	a)	a)	a)		a)	17,537.3	\$10.4	24,634.1	26,561.3

- Notes: a) Executive Order 2010-2 consolidated 10 public finance authorities under the Michigan Finance Authority: Michigan Municipal Bond Authority, Michigan State Hospital Finance Authority; Michigan Higher Education Facilities Authority; Michigan Higher Education Assistance Authority; Michigan Higher Education Student Loan Authority; Michigan Public Educational Facilities Authority; Michigan Tobacco Settlement Finance Authority; Michigan Underground Storage Tank Financial Assurance Authority; Michigan State Higher Education Facilities Commission; and the Michigan Forest Finance Authority.  
b) Excludes General Obligation notes issued pursuant to Article IX, Section 14 of the State Constitution and excludes activity of the Michigan Strategic Fund.  
c) State Building Authority bonds are not General Obligation debt, but debt service is often paid from General Fund revenue.  
d) Payments of principal can be boosted above scheduled amounts by refunding and refinancing.

Source: Annual Report of the State Treasurer, Michigan Department of Treasury, various years

**Table 2**  
**State Government Debt Outstanding and Debt Service**  
(dollars in millions)

Fiscal Year	Debt Outstanding at End of Fiscal Year			Payment of Interest and Principal			Gen. Obligation Debt Payments				Non-General Obligation Debt Payments			
	General Obligation	Non-General Obligation	Total	Gen. Ob. Bonds	Non-General Obligation	Total	Pct. of Debt Outstanding	Pct. of GF+SAF Tax Revenue	Pct. of Total Expenditures	Pct. of Pers. Income	Pct. of Debt Outstanding	Pct. of Total Revenue	Pct. of Total Expenditures	Pct. of Pers. Income
1978-79	\$482.5	\$1,779.2	\$2,261.7	\$70.2	\$157.1	\$227.3	14.6%	1.5%	0.8%	0.08%	8.8%	1.7%	1.8%	0.18%
1979-80	439.1	2,367.8	2,806.9	66.4	257.9	324.3	15.1%	1.4%	0.7%	0.07%	10.9%	2.7%	2.6%	0.28%
1980-81	409.6	2,692.3	3,101.9	66.8	231.1	297.9	16.3%	1.3%	0.7%	0.07%	8.6%	2.3%	2.3%	0.23%
1981-82	361.0	3,205.8	3,566.8	68.6	358.7	427.2	19.0%	1.3%	0.6%	0.07%	11.2%	3.5%	3.4%	0.35%
1982-83	309.3	4,059.5	4,368.8	69.3	424.8	494.1	22.4%	1.2%	0.6%	0.06%	10.5%	3.7%	3.9%	0.39%
1983-84	259.3	4,790.2	5,049.5	65.1	530.7	595.8	25.1%	0.9%	0.5%	0.05%	11.1%	4.1%	4.4%	0.44%
1984-85	241.7	5,501.6	5,743.3	64.6	719.8	784.4	26.7%	0.8%	0.5%	0.05%	13.1%	5.2%	5.4%	0.55%
1985-86	198.0	6,631.3	6,829.3	64.1	1,284.9	1,349.0	32.4%	0.7%	0.5%	0.05%	19.4%	9.1%	9.2%	0.92%
1986-87	157.7	6,661.5	6,819.2	51.2	1,501.6	1,552.8	32.5%	0.6%	0.3%	0.04%	22.5%	10.2%	10.2%	1.03%
1987-88	129.5	6,824.3	6,953.8	36.9	2,056.7	2,093.6	28.5%	0.4%	0.2%	0.02%	30.1%	13.1%	13.1%	1.34%
1988-89	106.4	6,878.5	6,984.9	33.1	1,546.6	1,579.7	31.1%	0.4%	0.2%	0.02%	22.5%	9.4%	9.4%	0.93%
1989-90	187.7	7,619.5	7,807.2	29.9	1,072.6	1,102.5	15.9%	0.3%	0.2%	0.02%	14.1%	5.2%	6.1%	0.61%
1990-91	162.1	8,449.1	8,611.3	42.8	1,213.9	1,256.7	26.4%	0.5%	0.2%	0.02%	14.4%	6.5%	6.2%	0.68%
1991-92	402.9	9,877.4	10,280.3	28.7	1,379.2	1,407.9	7.1%	0.3%	0.1%	0.02%	14.0%	6.7%	6.9%	0.73%
1992-93	420.8	9,667.8	10,088.7	70.0	1,802.4	1,872.4	16.6%	0.7%	0.3%	0.04%	18.6%	8.5%	8.4%	0.91%
1993-94	438.0	10,429.2	10,867.3	117.2	1,657.1	1,774.3	26.8%	1.0%	0.5%	0.06%	15.9%	6.9%	7.3%	0.78%
1994-95	706.0	11,073.3	11,779.3	251.7	2,535.7	2,787.4	35.6%	1.7%	0.9%	0.11%	22.9%	9.5%	9.5%	1.12%
1995-96	685.0	11,488.3	12,173.3	54.2	2,263.9	2,318.0	7.9%	0.3%	0.2%	0.02%	19.7%	8.0%	7.9%	0.95%
1996-97	655.2	12,107.6	12,762.8	63.9	1,752.5	1,816.5	9.8%	0.4%	0.2%	0.03%	14.5%	5.9%	6.0%	0.70%
1997-98	874.1	11,459.1	12,333.1	63.8	1,980.6	2,044.3	7.3%	0.4%	0.2%	0.02%	17.3%	6.3%	6.5%	0.75%
1998-99	839.4	11,801.0	12,640.3	71.3	2,222.7	2,293.9	8.5%	0.4%	0.2%	0.03%	18.8%	6.9%	7.0%	0.80%
1999-2000	900.2	12,343.1	13,243.3	85.6	2,086.0	2,171.6	9.5%	0.4%	0.3%	0.03%	16.9%	6.1%	6.2%	0.70%
2000-01	998.3	13,664.8	14,663.1	138.2	2,634.4	2,772.5	13.8%	0.7%	0.4%	0.05%	19.3%	7.1%	7.0%	0.87%
2001-02	1,081.3	15,088.9	16,170.1	423.9	2,461.3	2,885.1	39.2%	2.3%	1.1%	0.14%	16.3%	6.6%	6.3%	0.81%
2002-03	1,371.0	15,198.5	16,569.5	78.6	3,696.2	3,774.7	5.7%	0.4%	0.2%	0.03%	24.3%	9.8%	9.5%	1.20%
2003-04	1,498.0	16,090.5	17,588.5	285.7	3,063.1	3,348.8	19.1%	1.5%	0.7%	0.09%	19.0%	7.8%	7.8%	0.96%
2004-05	1,617.0	17,055.0	18,672.0	112.8	3,146.2	3,259.0	7.0%	0.6%	0.3%	0.03%	18.4%	7.9%	7.9%	0.96%
2005-06	1,766.1	18,774.2	20,540.3	113.8	3,863.0	3,976.8	6.4%	0.6%	0.3%	0.03%	20.6%	9.3%	9.3%	1.14%
2006-07	1,463.4	20,805.2	22,268.6	140.8	2,320.0	2,460.8	9.6%	0.7%	0.3%	0.04%	11.2%	5.6%	5.6%	0.67%
2007-08	1,477.3	21,776.5	23,253.7	80.4	2,977.3	3,057.7	5.4%	0.4%	0.2%	0.02%	13.7%	6.9%	6.9%	0.84%
2008-09	1,659.7	22,218.5	23,878.3	105.2	3,326.0	3,431.2	6.3%	0.6%	0.2%	0.03%	15.0%	7.4%	7.4%	0.97%
2009-10	1,661.1	22,801.6	24,462.7	108.4	4,844.0	4,952.4	6.5%	0.6%	0.2%	0.03%	21.2%	10.4%	10.4%	1.41%
2010-11	1,869.7	21,971.2	23,840.9	57.2	4,623.6	4,680.8	3.1%	0.3%	0.1%	0.02%	21.0%	9.4%	9.7%	1.27%
2011-12	2,003.2	24,786.8	26,790.1	232.1	7,819.3	8,051.5	11.6%	1.2%	0.5%	0.06%	31.5%	16.6%	16.8%	2.07%
2012-13	2,032.2	23,491.8	25,524.0	256.1	3,968.8	4,224.8	12.6%	1.3%	0.6%	0.07%	16.9%	8.4%	8.6%	1.02%
2013-14	1,927.3	24,634.1	26,561.3	277.5	4,397.8	4,675.3	14.4%	1.4%	0.6%	0.07%	17.9%	9.2%	9.1%	1.10%

- Notes: a) Excludes General Obligation notes issued pursuant to Article IX, Section 14 of the State Constitution.  
b) State Building Authority bonds are not General Obligation debt, but debt service is often paid from General Fund revenue.  
c) Payments of principal can be boosted above scheduled amounts by refunding and refinancing.  
d) Based on debt outstanding at end of fiscal year.

Sources: Annual Report of the State Treasurer, Michigan Department of Treasury, various years; Bureau of Economic Analysis, U.S. Dept. of Commerce; and Department of Technology, Management and Budget, "Comprehensive Annual Financial Report", various issues.



Table 3

State Rankings in State Debt Per Person							
State	State Rankings by Fiscal Year					% Change FY 1994-95 to FY 2012-13	Rank
	FY 1994-95	FY 1999-2000	FY 2004-05	FY 2009-10	FY 2012-13		
Alabama	40	37	46	44	43	112.6%	27
Alaska	2	1	2	2	4	56.9	43
Arizona	46	49	45	41	40	193.5	8
Arkansas	42	43	42	47	46	66.9	40
California	22	31	18	18	19	158.9	15
Colorado	39	42	22	27	28	243.4	3
Connecticut	5	4	3	4	3	90.0	32
Delaware	4	7	7	8	8	26.7	47
Florida	35	40	41	39	42	78.5	36
Georgia	43	46	47	48	47	70.1	39
Hawaii	7	5	9	9	9	34.2	45
Idaho	32	25	39	35	38	102.3	29
Illinois	16	16	12	11	11	167.4	13
Indiana	38	36	28	22	24	264.5	2
Iowa	44	47	40	36	39	189.3	9
Kansas	50	48	35	38	37	432.5	1
Kentucky	17	23	33	28	25	85.0	34
Louisiana	14	29	26	21	17	104.1	28
Maine	12	11	13	12	15	64.6	41
Maryland	15	17	23	15	12	133.7	23
Massachusetts	6	2	1	1	1	148.1	20
<b>Michigan</b>	<b>28</b>	<b>22</b>	<b>27</b>	<b>30</b>	<b>30</b>	<b>136.4</b>	<b>21</b>
Minnesota	37	39	44	42	33	156.6	17
Mississippi	45	41	43	40	36	232.6	4
Missouri	29	27	21	25	27	153.3	18
Montana	11	13	11	16	21	37.9	44
Nebraska	41	44	48	49	49	18.1	48
Nevada	27	35	38	46	48	(1.1)	50
New Hampshire	3	6	6	7	7	31.3	46
New Jersey	9	10	8	5	5	135.9	22
New Mexico	34	20	17	14	22	219.7	5
New York	8	8	5	6	6	83.1	35
North Carolina	47	38	36	43	41	205.8	7
North Dakota	25	15	25	29	32	90.1	31
Ohio	33	33	34	34	31	159.8	14
Oklahoma	31	32	32	33	34	115.8	26
Oregon	18	24	19	23	23	98.4	30
Pennsylvania	30	34	30	24	20	209.9	6
Rhode Island	1	3	4	3	2	63.0	42
South Carolina	24	26	16	26	29	127.6	25
South Dakota	13	12	15	13	14	77.4	37
Tennessee	48	50	50	50	50	77.0	38
Texas	49	45	49	45	45	181.5	10
Utah	36	28	31	37	35	132.8	24
Vermont	10	9	10	10	10	85.6	33
Virginia	26	30	29	31	26	156.7	16
Washington	20	21	24	17	13	169.1	12
West Virginia	23	19	20	20	18	179.5	11
Wisconsin	21	18	14	19	16	151.8	19
Wyoming	19	14	37	32	44	6.2	49

**Note:** Nationally, debt per person increased 121.1% over the FY 1994-95 to FY 2012-13 period.

**Source:** Bureau of the Census, U.S. Department of Commerce