Financial Strength Index 1st Quarter 2026

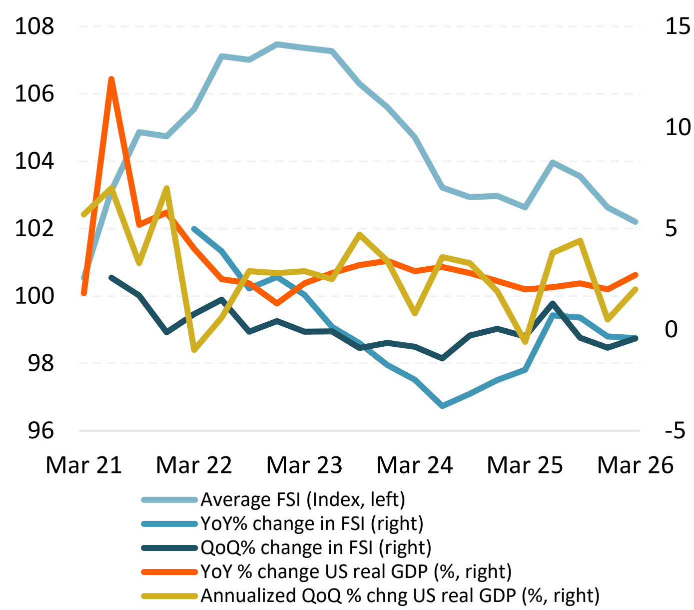
State Financial Strength Slows for Fourth Consecutive Quarter

Piper Sandler's Financial Strength Index (FSI) continued its downtrend in Q1 2026 for the fourth consecutive quarter. The 50-state average fell to 102.20, dropping 0.43 points from the prior quarter and 0.43 points year over year. Although the broader index remains in expansion territory, the data points to continued deceleration in state-level financial performance. The Economic Strength Index (ESI), which excludes pension and fund balance metrics, also declined modestly but remains firmly above neutral at 108.88. Most economic readings signal a slower pace of year-over-year growth, although longer-term trends continue to point upward. State rating actions were positive but quiet, with only one upgrade across the three major rating agencies during the quarter.

FSI Results for the First Quarter of 2026

- The overall Financial Strength Index declined to its lowest level since Q1 2021, with the current average FSI standing at 102.20. The FSI continued to trend lower for the fourth consecutive quarter (Figure 1).
- While state tax revenue improved slightly on a year-over-year basis, home prices, the coincident index, personal income, and GDP declined year over year, driving financial strength lower for the quarter.
- 32 states showed a year-over-year decline in Q1, up from 28 in Q4 2025, but down from the 45 states observed a year prior.
- On a quarter-over-quarter basis, 44 states recorded a decline in Q1, up from 43 in Q4 2025 and significantly higher than Q2 2025, when only four states posted a negative quarter-over-quarter change.
- The top-ranked state recorded an FSI of 106.80, down 0.51 points from Q4 2025 and 0.38 points from Q1 2025.
- Trading spreads remained stable, with an average spread of 13 bps to AAA MMD versus 14 bps in the previous quarter.
- With oil prices spiking to four-year highs in recent months as a result of the Middle East conflict, we could see a one-time uptick in tax revenue in the upcoming quarter for oil-sensitive states. As a result, we expect a rebound in overall financial strength next quarter.

Figure 1: Trend in Average State FSI v US Real Gross Domestic Product

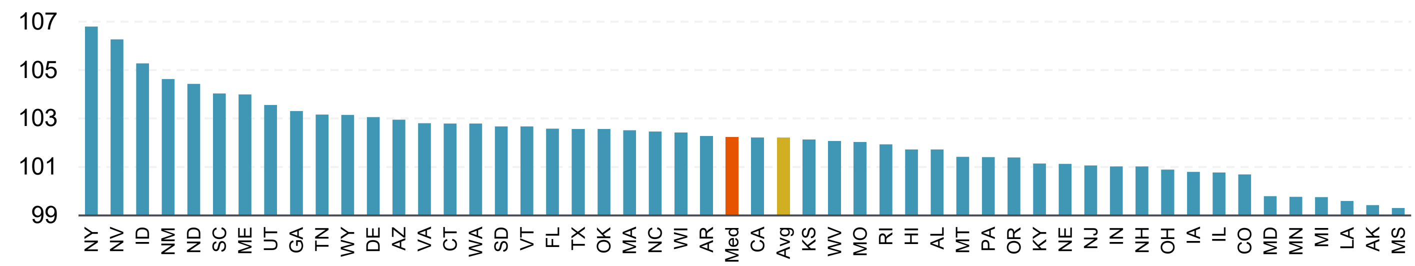


Source: BEA, Piper Sandler

Top Performing States

- New York, Nevada, Idaho, and New Mexico retained the top four positions in Q1 2026, while North Dakota advanced two spots to claim fifth, displacing Utah from the top five (Figure 2).
- **New York** remained in first place. The state ranks in the top 10 for housing price index (+5.33% YoY, 6th), tax revenue (+9.64% YoY, 7th), GDP (+2.95% YoY, 3rd), fund balance as a percentage of expenditures (54.19%, 3rd), and pension funded ratio (96.29%, 7th).
- **North Dakota**'s ranking has steadily improved over the past several quarters, rising to fifth place. The state's performance reflects strong growth in the coincident index (+2.90% YoY, 5th), housing price index (+6.39% YoY, 1st), and fund balance as a percentage of expenditures (92.15%, 1st).

Figure 2: State Financial Strength Index First Quarter 2026 Rankings



Source: Piper Sandler

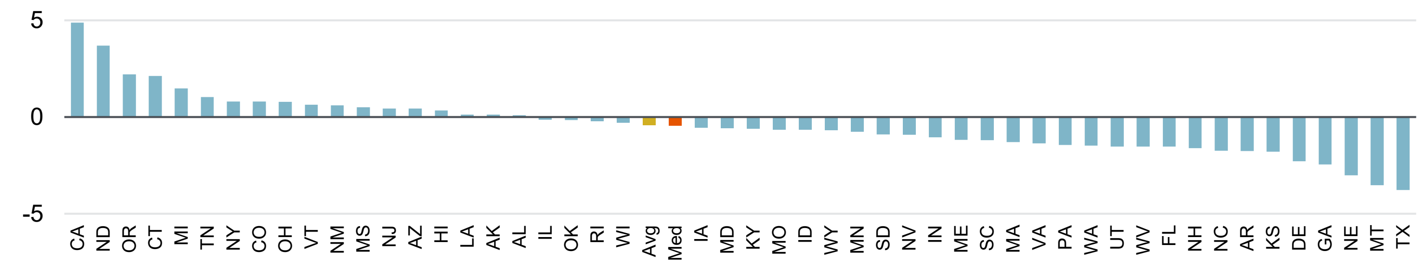
Trailing States

- Louisiana (48th), Alaska (49th), and Mississippi (50th) remained in the bottom tier of the FSI rankings.
- **Louisiana**'s weakness was reflected in its year-over-year tax revenue change (43rd), personal income growth (49th), fund balance as a percentage of expenditures (48th), and GDP growth (43rd).
- While **Alaska** showed strength in fund balance as a percentage of expenditures (11th) and GDP growth (5th), lower rankings in the coincident index (42nd), tax revenue (50th), housing price index (23rd), and pension funded ratio (34th) pushed it to second from the bottom in the overall rankings.
- **Mississippi**'s FSI ended the quarter at 99.31, reflecting a 0.50 point increase year over year but a 0.37 point decline quarter over quarter. The state's ranking was weighed down by significant weaknesses in its pension funded ratio (55.86%, 47th), fund balance as a percentage of expenditures (9.66%, 48th), and GDP growth (32nd).

Movement in FSI Scores and Rankings

- 18 of 50 states recorded year-over-year increases in FSI; however, only 6 of 50 states recorded quarter-over-quarter gains.
- **California** posted the largest year-over-year gain (+4.88), followed by North Dakota (+3.70) and Oregon (+2.20) (Figure 3).
- On the downside, **Texas** recorded the largest year-over-year decline (-3.77), followed by **Montana** (-3.52) and **Nebraska** (-3.02).
- **Alaska** experienced the largest quarter-over-quarter gain (+1.14), followed by **New Jersey** (+0.22) and **Ohio** (+0.21).
- **Hawaii** posted the largest quarter-over-quarter decline (-2.70), followed by **West Virginia** (-1.71) and **Montana** (-1.34).

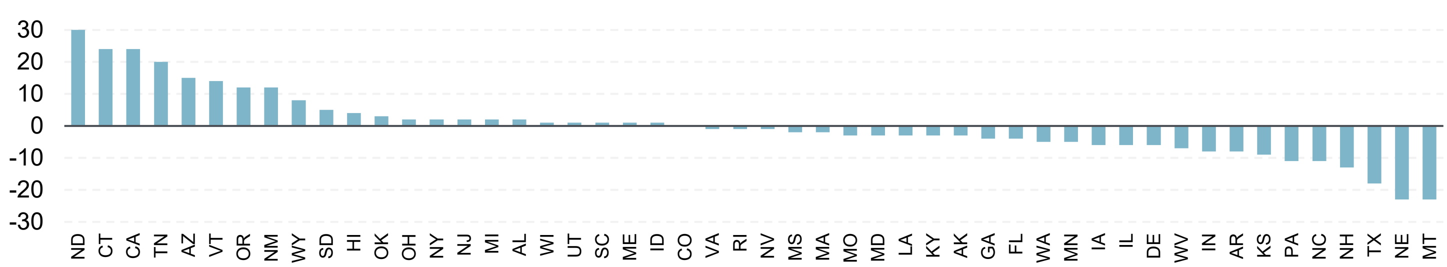
Figure 3: Year over Year Nominal Change in State Financial Strength Index Scores



Source: Piper Sandler

- **North Dakota**’s solid increase in nominal FSI drove a sharp rise in rankings on a year-over-year basis, jumping 33 spots to 5th from 38th, followed by **Connecticut**, which climbed 24 spots to 15th from 39th. **California** was the third largest mover, rising 24 spots to 26th from 50th (Figure 4).
- **Montana** recorded the largest year-over-year decline, falling 23 spots to 33rd from 10th, followed by **Nebraska**, which also dropped 23 spots to 37th from 14th.
- On a quarter-over-quarter basis, **Virginia** showed the strongest improvement, leaping 9 spots to 14th from 23rd. **Vermont** advanced 8 spots to 18th from 26th, and **Tennessee** gained 7 spots to 10th from 17th.
- **Hawaii** posted the largest quarter-over-quarter drop, falling 23 spots to 31st from 8th. **West Virginia** slipped 17 spots to 28th from 11th, while **Colorado** declined 7 spots to 44th from 37th.

Figure 4: Year over Year Movement in State Rankings

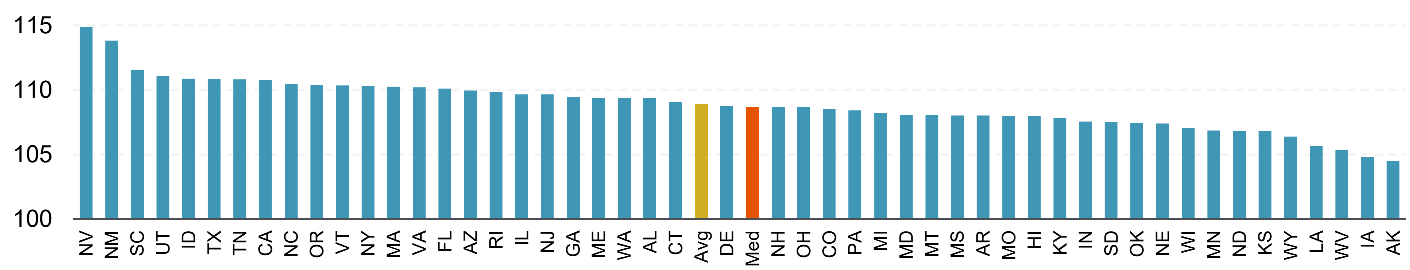


Source: Piper Sandler

ESI Results for the Q1 2026

- Piper Sandler's 50-state Economic Strength Index (ESI), which excludes fund balance and pension ratios from the FSI calculation, fell 0.50 points quarter over quarter and 0.22 points year over year to 108.88, remaining well above the neutral level of 100.

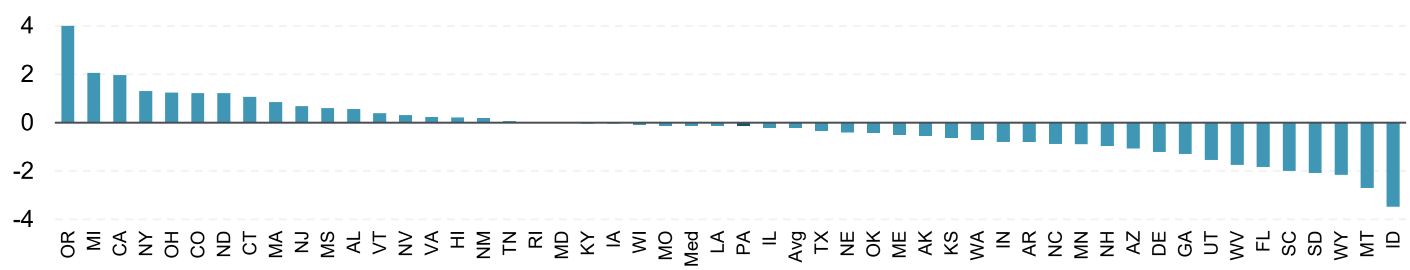
Figure 5: State Economic Strength Index First Quarter 2026 Rankings



Source: Piper Sandler

- All 50 states continued to record an ESI above 100, signaling expansion (Figure 5).
- While 20 states showed year-over-year improvement, only 9 states recorded quarter-over-quarter gains.
- The top state's score was 0.31 points higher than the leader in Q1 2025, while the lowest-ranked state's score declined by 0.34 points. As a result, the spread between the top and bottom states widened by 0.65 points to 10.36 points.
- **Nevada** remained atop the ESI with a score of 114.88, up 0.31 points year over year, followed by **New Mexico**, **South Carolina**, **Utah**, and **Idaho** in second through fifth.
- **Oregon** posted the largest year-over-year gain (+4.49), followed by **Michigan** (+2.06) and **California** (+1.97) (Figure 6).

Figure 6: Year over Year Nominal Change in State Economic Strength Index Scores

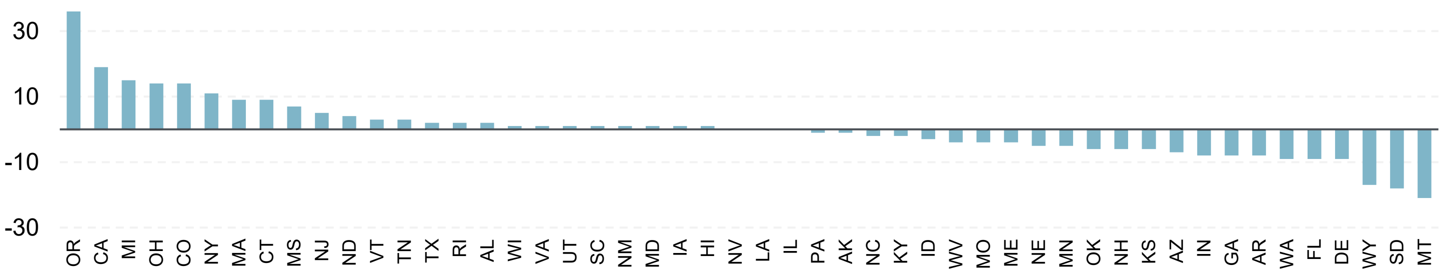


Source: Piper Sandler

- **Oregon** recorded the largest year-over-year improvement in ESI rankings, jumping 36 spots to 10th from 46th a year ago. **California** followed, climbing 19 spots to 8th from 27th, while **Michigan** rose 15 spots to 30th from 45th (Figure 7).
- On the other hand, **Montana** slumped 21 positions year over year to 32nd from 11th, while **South Dakota** dropped 18 spots to 39th from 21st, and **Wyoming** slid 17 spots to 46th from 29th.

- On a quarter-over-quarter basis, **Oregon** led the largest gains, rising 11 spots to 10th from 21st, followed by **Ohio** (+9 to 27th from 36th) and **California** (+8 to 8th from 16th).
- **Hawaii** posted the largest quarter-over-quarter decline, falling 30 spots to 36th from 6th. **Connecticut** dropped 9 spots to 24th from 15th, while **South Dakota** fell 8 spots to 39th from 31st.

Figure 7: Year to Year Movement in State ESI Rankings

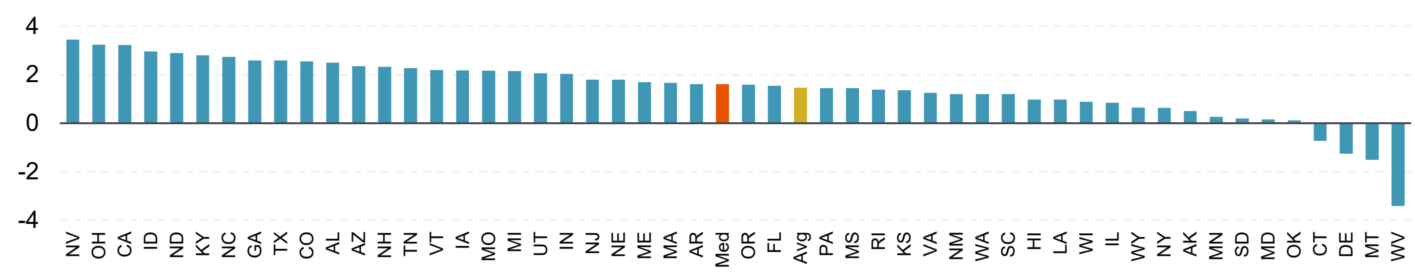


Source: Piper Sandler

Trends in the Components of FSI and ESI

- The leading indicator in the FSI/ESI, the Philadelphia Federal Reserve's Coincident Index, posted a 1.45% year-over-year increase in the first quarter of 2026. Coincident indices for 46 states recorded year-over-year gains, while 4 states experienced declines.
- **Nevada** posted the largest year-over-year gain at 3.45%, followed by **Ohio** at 3.23% and **California** at 3.23% (Figure 8).
- At the other end of the scale, **West Virginia** recorded the largest year-over-year decline in the Coincident Index at -3.42%, followed by **Montana** with a -1.51% decrease.

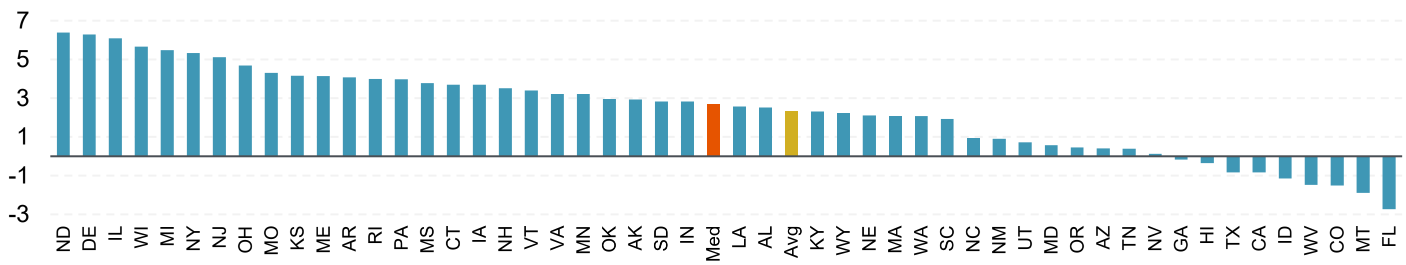
Figure 8: Year over Year % Change in Coincident Index by State (ordered largest to smallest)



Source: Philadelphia Federal Reserve, Piper Sandler

- The Federal Housing Finance Agency's National House Price Index slowed for the seventh consecutive quarter, posting a 2.34% year-over-year gain in Q4 2025, compared to a 2.92% growth rate in Q3 2025.
- **North Dakota** led the housing index, with a year-over-year gain of 6.39%, followed by **Delaware** at 6.28% and **Illinois** at 6.09% (Figure 9).
- **Florida** experienced the largest decline in the housing price index, with a 2.73% year-over-year drop, followed by **Montana** and **Colorado** with year-over-year declines of 1.89% and 1.52%, respectively.

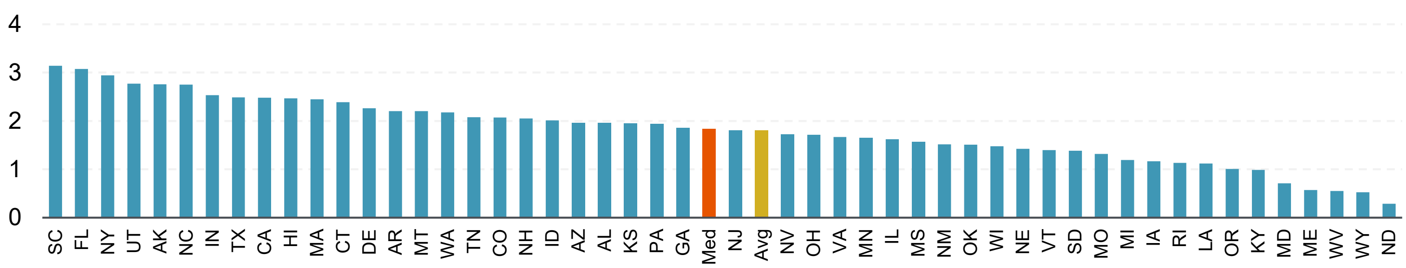
Figure 9: Year over Year % Change in House Price Index by State (ordered largest to smallest)



Source: Federal Housing Finance Agency, Piper Sandler

- The U.S. Bureau of Economic Analysis (BEA) report on state GDP indicates continued deceleration, with year-over-year growth for the period ending Q4 2025 at 1.80%, down from 2.60% for the period ending Q4 2024.
- **South Carolina** recorded the strongest year-over-year gain in real GDP at 3.14%, followed by **Florida** at 3.07% and **New York** at 2.95% (Figure 10).
- All states demonstrated growth in real GDP for the period ending Q4 2025. However, **North Dakota** recorded the smallest year-over-year increase at 0.29%.

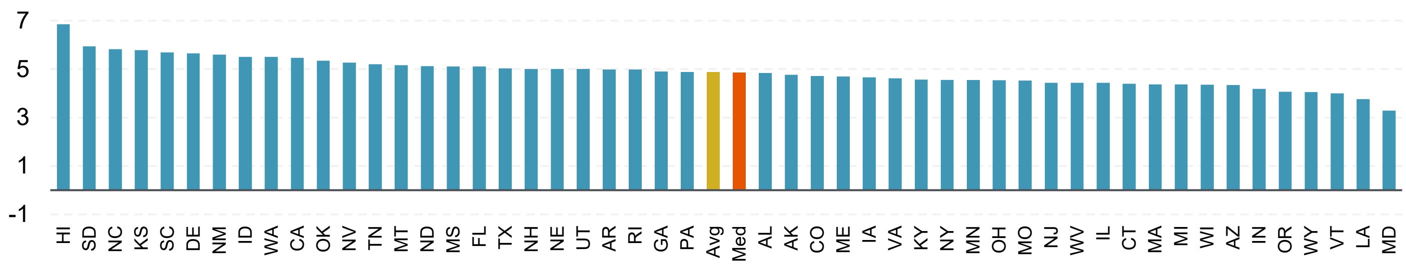
Figure 10: Year over Year % Change in GDP by State (ordered largest to smallest)



Source: BEA, Piper Sandler

- BEA data also show that growth in State Personal Income continued to decelerate over the 12-month period ending Q4 2025, posting a 4.87% annual gain, below the 5.30% gain recorded for the period ending Q4 2024. This marks the tenth consecutive quarter of slowing growth in personal income.
- **Hawaii** led the country in personal income growth for the period, with a 6.85% year-over-year increase, followed by **South Dakota** at 5.93% and **North Carolina** at 5.82% (Figure 11).
- All 50 states saw gains in personal income, with **Maryland** recording the smallest increase at 3.28%.

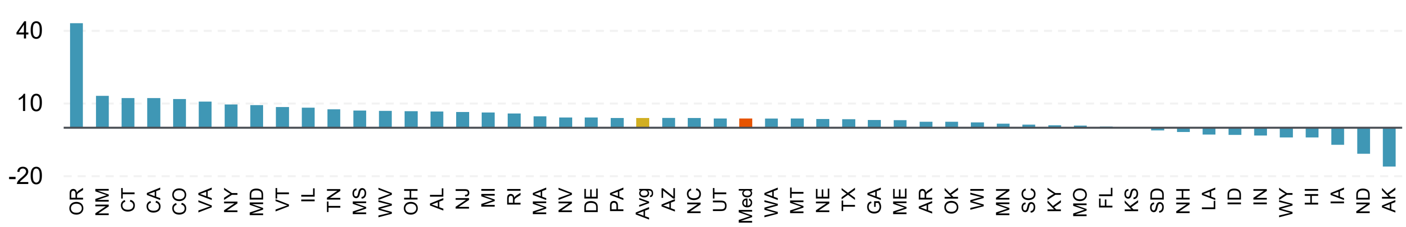
Figure 11: Year over Year % Change in Personal Income (ordered largest to smallest)



Source: BEA, Piper Sandler

- According to U.S. Census Bureau data, State Tax Revenues rose by 4.03% year over year in Q4 2025. 39 states recorded year-over-year revenue gains, while 11 experienced declines.
- **Oregon** continued to lead all states in revenue growth, with collections increasing 43.21% year over year, followed by **New Mexico** at 13.19% and **Connecticut** at 12.26% (Figure 12).
- **Oregon**'s tax revenue spiked due to a pure base effect from the 2024 Kicker Rebate. Because Q1 2024 collections were depressed by the record kicker credit, the year-over-year comparison in 2025 against that suppressed base produced an outsized positive spike, which is not a sign of accelerating economic strength.
- At the other end of the scale, **Alaska** reported the largest decline in state tax revenues, falling 16.05% year over year. **North Dakota** tied for the second-largest decline, with a 10.72% drop.

Figure 12: Year over Year % Change in Tax Collections (ordered largest to smallest)



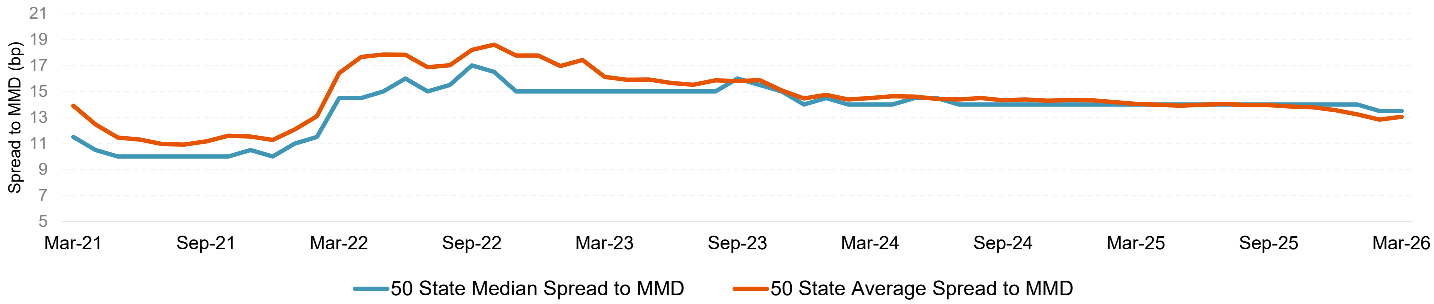
Source : Census Bureau, Piper Sandler

- There were no updates to Fund Balance Ratio data from the National Association of State Budget Officers or State Pension data from the Center for Retirement Research at Boston College for the quarter, so both fund balance ratio and pension funded ratio figures remain unchanged from the previous quarter.

Rating Actions and Credit Spread Movement

- There was only one credit rating upgrade during the quarter, with no other material rating movements. On March 12, 2026, Fitch upgraded the State of **Oklahoma**'s rating to AA+ from AA. The upgrade reflected the state's stronger commitment and capacity to rebuild and sustain reserves through economic cycles, improving its financial flexibility and resilience to volatility.
- State credit spreads remained stable and tightened modestly, with the average fluctuating narrowly between 12.50 and 13.50 bps and the median tightening from 14.00 bps in January to 13.50 bps in February and March (Figure 13).

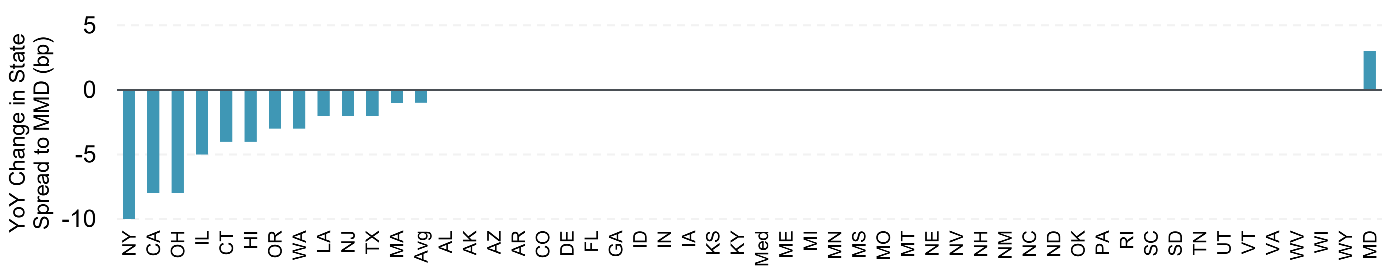
Figure 13: Median and Average State 10 Year Spread to MMD AAA Scale



Source: MMD, Piper Sandler

- New York's spread narrowed by 10 bps YoY, while California and Ohio tightened by 8 bps, supported by continued strong demand for tax-exempt investments. In contrast, Maryland's spread widened by 3 bps on increased concern about losing its AAA rating from S&P following the downgrade from Moody's (Figure 14).

Figure 14: Year over Year Change in State 10 Year Spreads to MMD AAA Scale



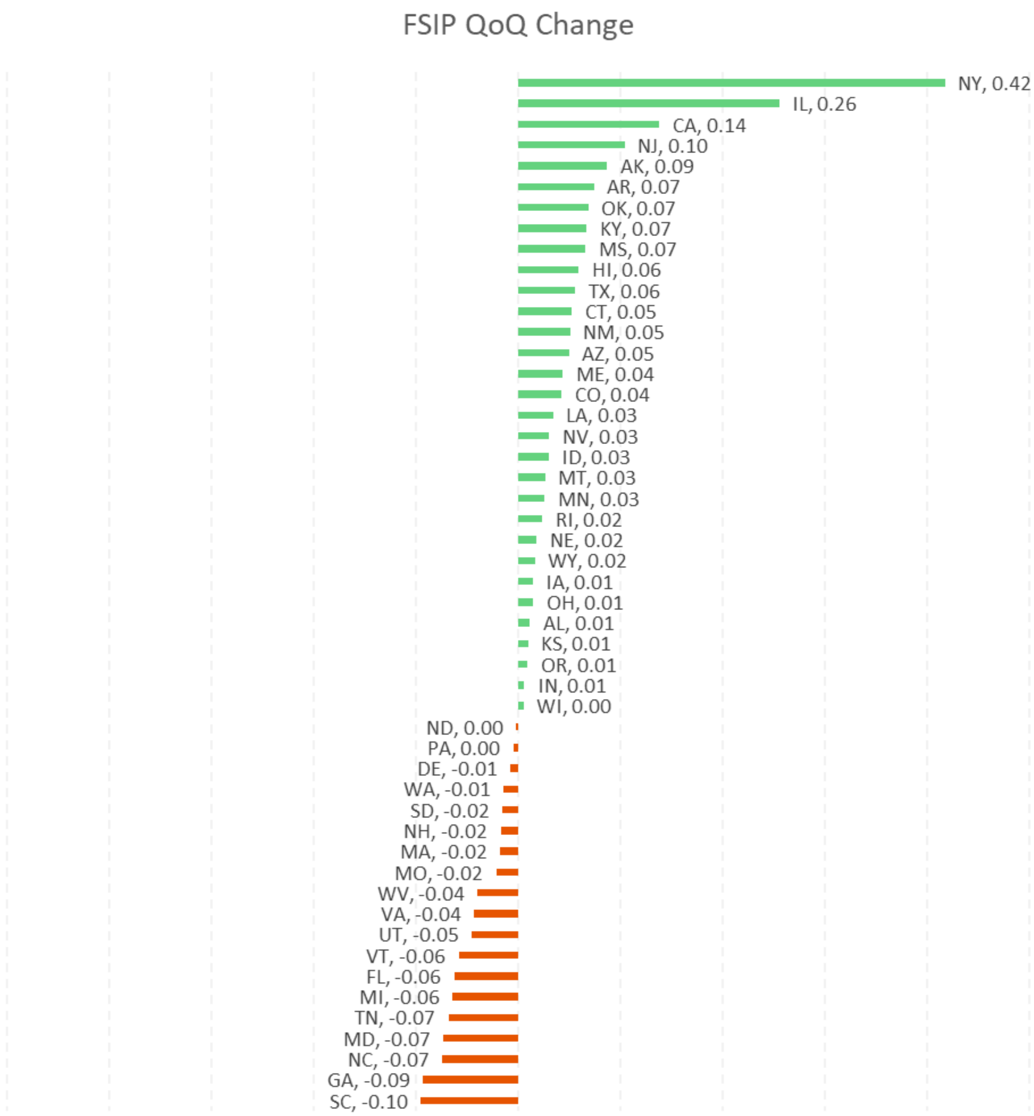
Source: MMD, Piper Sandler

Financial Strength Index – Predictive

Piper Sandler's Financial Strength Index – Predictive (FSIP) utilizes each state's Financial Strength Index (FSI) and its trading spread to forecast potential credit rating changes. A significant disparity between the FSI-P and a state's current rating, known as the rating spread, may signal the possibility of an upgrade or downgrade.

In general, the majority of states have improved based on changes in FSIP, with **New York** showing the largest improvement, followed by **Illinois** and **California** (Figure 15). Oil prices could have a major impact on tax revenue in the coming quarters for oil-sensitive states.

Figure 15: FSIP QoQ Change

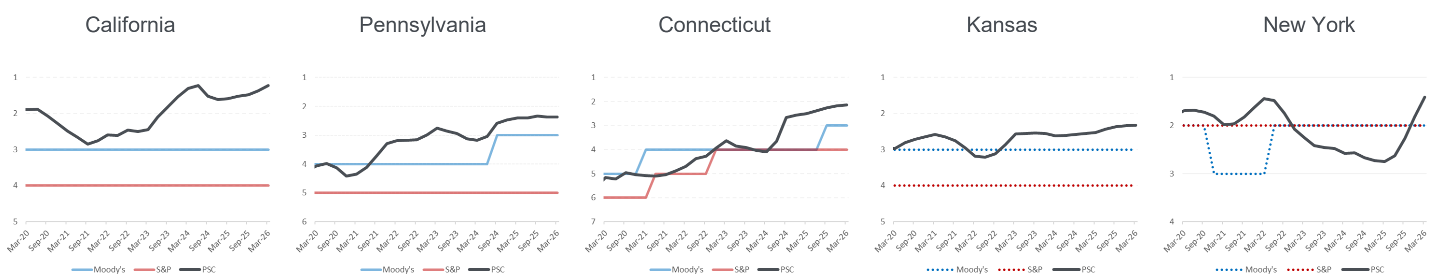


Source: Piper Sandler

PSC Positive Watch:

- **California** remains the strongest positive watch candidate based on the latest FSIP results. The state is currently rated in the Aa2/AA- range, while FSIP suggests a much stronger AAA profile. Both the most recent quarter and trailing four-quarter trend improved, supporting the view that California's current financial and economic profile remains stronger than the assigned rating.
- **Pennsylvania** continues to trend favorably despite a more stable recent trend. FSIP suggests an AA1/AA2 range versus the current Aa2/A+ rating profile, indicating the state may still have room for further credit improvement. Continued stability in financial metrics and budget flexibility would support the positive watch view.
- **Connecticut** remains on positive watch as FSIP continues to point toward the AA1 range versus its current rating Aa2/AA- profile. The state showed improvement in both the most recent quarter and trailing four-quarter trend, which is important given its historical pension and fixed-cost pressures. Stronger revenue and improving financial indicators should continue to support further credit improvement.
- **Kansas** shows continued positive momentum, with FSIP suggesting an AA1/AA2 range versus the current lower assigned rating Aa2/AA- profile. While the most recent quarter was stable, the trailing four-quarter trend improved, suggesting the state's credit profile has strengthened over time. Continued improvement in reserves, revenue stability, and budget flexibility would further support a positive rating view.
- **New York** remains a positive watch candidate, even though the FSIP gap is smaller than other states. The state is currently rated in the Aa1/AA+ range, while FSIP suggests a stronger AAA/AA1 profile. Both the most recent quarter and trailing four-quarter trend improved, and prior metrics showed strong financial strength, solid fund balance, favorable economic indicators, and tight 10-year GO spreads.

Figure 16: The FSIP scores for California, Pennsylvania, Connecticut, Kansas, and New York continued to outperform their current assigned ratings.

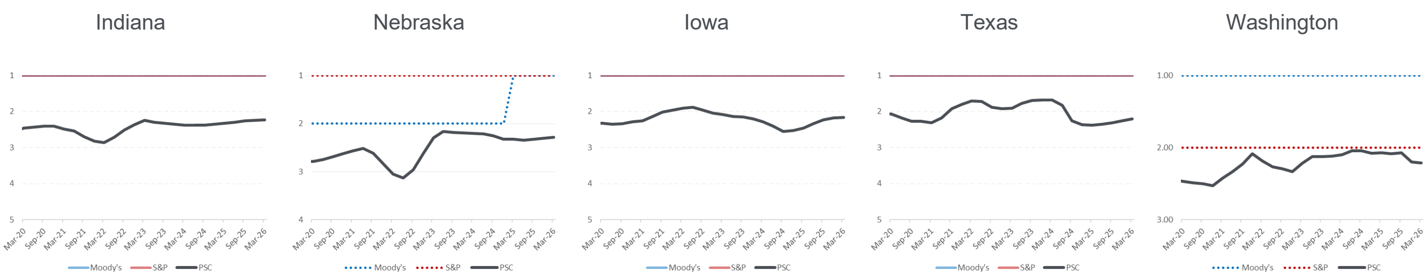


Source: Moody's, S&P, Piper Sandler

PSC Negative Watch:

- **Indiana** remains a negative watch candidate due to the gap between its current Aaa/AAA rating and FSIP's AA1 expectation. While the recent trend is stable, the sharp decline in tax revenue and weaker economic positioning remain concerns. The current top-tier rating may become harder to support if revenue weakness or slower growth continues.
- **Nebraska** continues to perform negatively despite its strong current rating profile. The state is currently rated in the Aaa/AAA range, while FSIP suggests an AA1/AA2 range. Although the trend is stable, weaker financial indicators, including pressure on fund balance and softer tax revenue trends, create concern around the sustainability of its current rating.
- **Iowa** is another AAA-rated state where FSIP continues to suggest an AA1 range, one notch below its current rating. The trailing four-quarter trend has improved, which reduces near-term concern, but the latest quarter FSIP result still points to weaker economic performance relative to its current assigned rating.
- **Texas** remains a potential negative watch candidate, with FSIP suggesting an AA1 range versus its current Aaa/AAA assignment. The signal is lower conviction because recent trends have improved and the broader credit profile remains strong, but weaker economic performance and fund balance pressure should be monitored closely.
- **Washington** stands as a moderate negative watch candidate, with AA1 FSIP suggesting a weaker profile than its current assigned Aaa/AA+ rating. The gap is smaller than other negative watch names, but the trailing four-quarter trend has weakened. Investors should pay closer attention if revenue growth, reserves, or economic performance continue to soften.

Figure 17: Although Indiana, Nebraska, Iowa, Texas, and Washington are mostly rated AAA, their financials and spreads do not align with their assigned ratings, according to the FSIP scores.

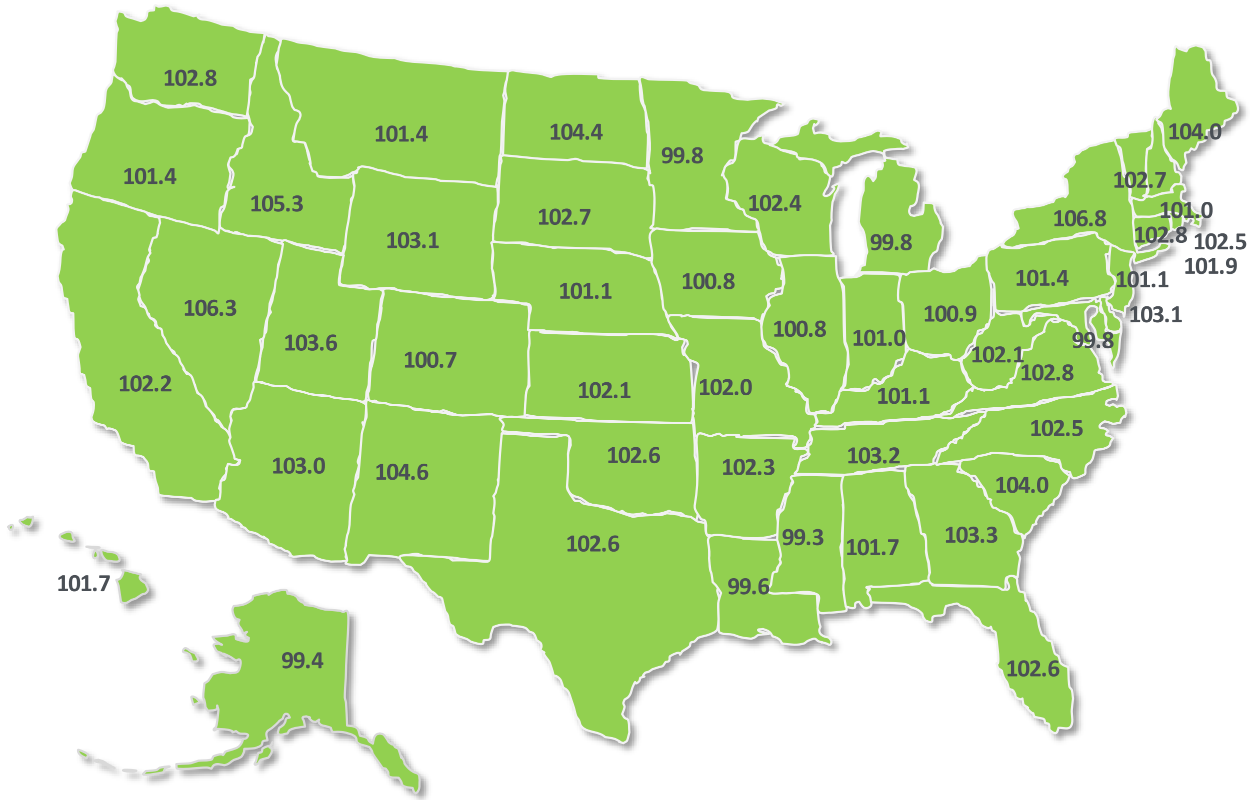


Source: Moody's, S&P, Piper Sandler

Appendix

Financial Strength Heat Map

As of 3/31/2026

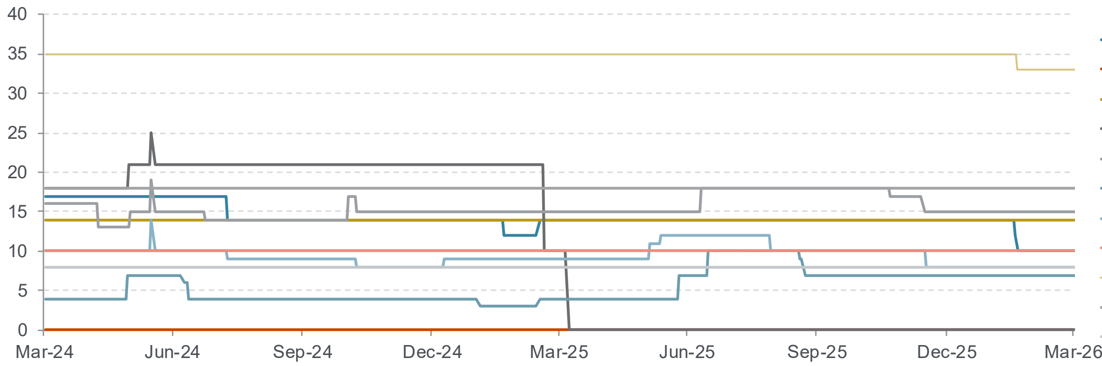


> 107.6 = Strong | > 97.6 =Expanding | > 93.6 = Stable | > 91.6 = Contracting | < 91.6 = Weak

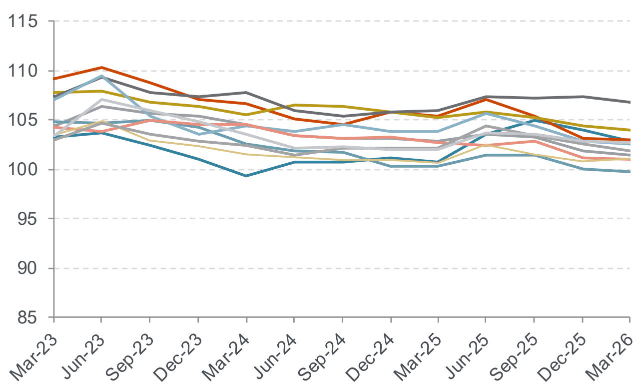
Source: Piper Sandler

Northeast

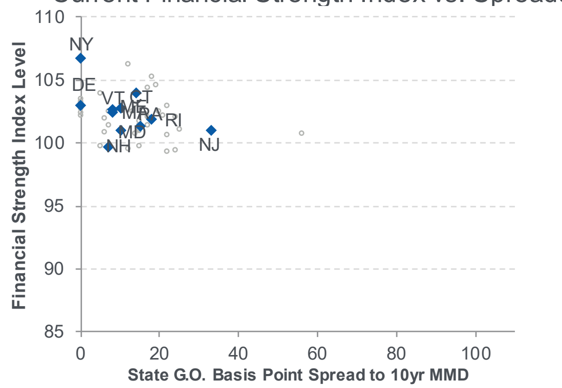
Historical Spreads, 10Yr Exempt Basis Point Spread to AAA MMD



Historical Financial Strength Index



Current Financial Strength Index vs. Spreads



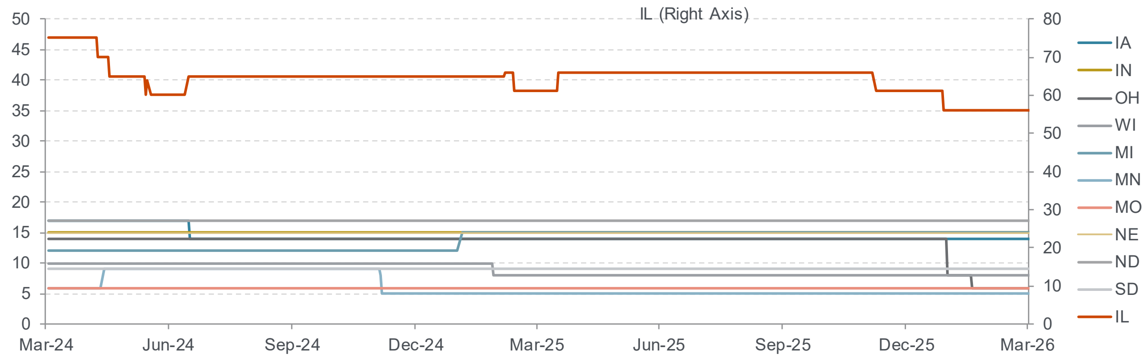
Data as of: 3/31/2026

State	10-year State G.O. Spread*	Financial Strength Index	Economic Strength Index	3yr FSI Trend	Financials: Tax Revenue	Financials: Pension	Financials: Fund Balance	Economic: OFHEO HPI	Economic: Coincident Index	Economic: GDP	Economic: Personal Income	Credit: Rating (Moody's/ S&P/Fitch)	Credit: Rating (FSI-P)	FSI Rank
CT	10	102.80	109.02		12.3%	59.5%	20.1%	3.7%	-0.7%	2.4%	4.4%	Aa2/AA-/AA	AA1	15
DE	0	103.06	108.72		4.1%	87.1%	42.2%	6.3%	-1.3%	2.3%	5.6%	Aaa/AAA/AAA	AAA	12
ME	14	104.00	109.40		3.1%	96.5%	21.5%	4.1%	1.7%	0.6%	4.7%	Aa1/AA/AA+	AA1	7
MD	7	99.79	108.07		9.3%	73.8%	8.9%	0.6%	0.2%	0.7%	3.3%	Aa1/AAA/AAA	AAA/AA1	45
MA	8	102.52	110.25		4.7%	65.8%	25.0%	2.1%	1.7%	2.4%	4.4%	Aa1/AA+/AA+	AA1	22
NH	10	101.03	108.69		-1.7%	68.6%	12.2%	3.5%	2.3%	2.1%	5.0%	Aa1/AA+/AA+	AA1	40
NJ	33	101.06	109.65		6.5%	55.1%	14.4%	5.1%	1.8%	1.8%	4.4%	Aa3/A+/A+	AA3	38
NY	0	106.80	110.34		9.6%	96.3%	54.2%	5.3%	0.6%	2.9%	4.6%	Aa1/AA+/AA+	AAA/AA1	1
PA	15	101.41	108.42		4.1%	67.2%	21.7%	4.0%	1.4%	1.9%	4.9%	Aa2/A+/AA	AA1/AA2	34
RI	18	101.94	109.86		5.9%	66.6%	10.4%	4.0%	1.4%	1.1%	5.0%	Aa2/AA/AA+	AA1/AA2	30
VT	8	102.68	110.36		8.6%	65.7%	22.3%	3.4%	2.2%	1.4%	4.0%	Aa1/AA+/AA+	AA1	18

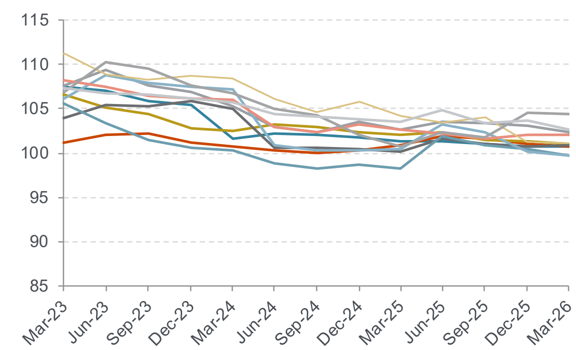
Sources: Philadelphia Fed, FHFA, US Census Bureau, NASBO, Boston College Center for Retirement Research, MMD, TM3, BEA, Moody's, S&P, Fitch, Piper Sandler

Midwest

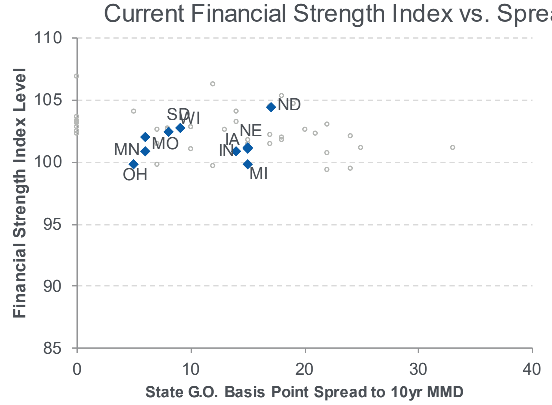
Historical Spreads, 10Yr Exempt Basis Point Spread to AAA MMD



Historical Financial Strength Index



Current Financial Strength Index vs. Spreads

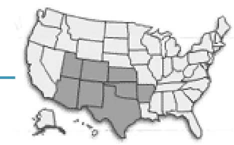


Data as of: 3/31/2026

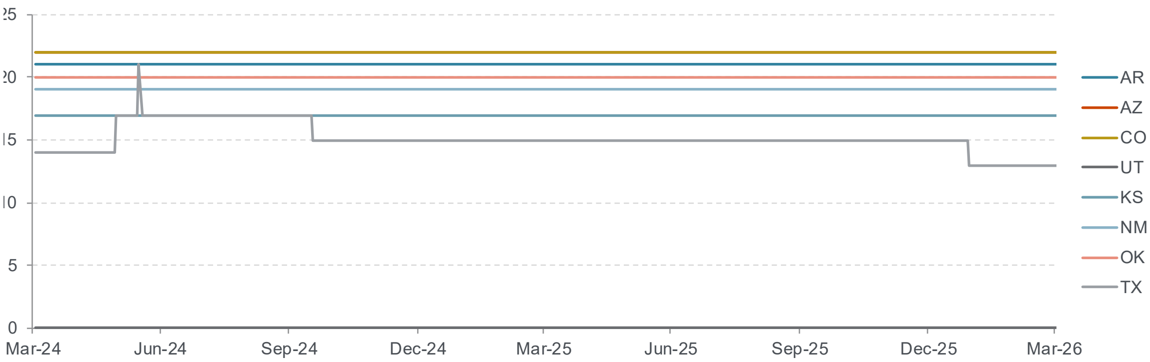
State	10-year State G.O. Spread*	Financial Strength Index	Economic Strength Index	3yr FSI Trend	Financials: Tax Revenue	Financials: Pension	Financials: Fund Balance	Economic: OFHEO HPI	Economic: Coincident Index	Economic: GDP	Economic: Personal Income	Credit: Rating (Moody's/ S&P/Fitch)	Credit: Rating (FSI-P)	FSI Rank
IA	14	100.80	104.82		-7.1%	90.3%	33.5%	3.7%	2.2%	1.2%	4.7%	Aaa/AAA/AAA	AA1	42
IL	56	100.78	109.66		8.2%	45.9%	9.9%	6.1%	0.8%	1.6%	4.4%	A2/A-/A-	A3	43
IN	15	101.03	107.56		-3.2%	78.9%	11.0%	2.8%	2.0%	2.5%	4.2%	Aaa/AAA/AAA	AA1	39
MI	15	99.76	108.21		6.4%	72.2%	19.8%	5.5%	2.1%	1.2%	4.4%	Aa1/AA/AA+	AA1/AA2	47
MN	5	99.77	106.85		1.6%	86.3%	21.0%	3.2%	0.3%	1.6%	4.5%	Aaa/AAA/AAA	AAA/AA1	46
MO	6	102.03	108.01		0.9%	81.8%	37.4%	4.3%	2.2%	1.3%	4.5%	Aaa/AAA/AAA	AAA/AA1	29
ND	17	104.44	106.83		-10.7%	69.7%	92.2%	6.4%	2.9%	0.3%	5.1%	Aa1/AA+/NR	AA1/AA2	5
NE	15	101.13	107.41		3.6%	99.9%	30.5%	2.1%	1.8%	1.4%	5.0%	Aaa/AAA/NR	AA1/AA2	37
OH	6	100.89	108.65		6.8%	80.0%	16.3%	4.7%	3.2%	1.7%	4.5%	Aaa/AAA/AAA	AA1	41
SD	9	102.68	107.54		-1.1%	100.0%	20.2%	2.8%	0.2%	1.4%	5.9%	Aaa/AAA/AAA	AAA/AA1	17
WI	8	102.41	107.07		2.2%	98.1%	30.7%	5.7%	0.9%	1.5%	4.4%	Aa1/AA+/AA+	AAA/AA1	24

Sources: Philadelphia Fed, FHFA, US Census Bureau, NASBO, Boston College Center for Retirement Research, MMD, TM3, BEA, Moody's, S&P, Fitch, Piper Sandler

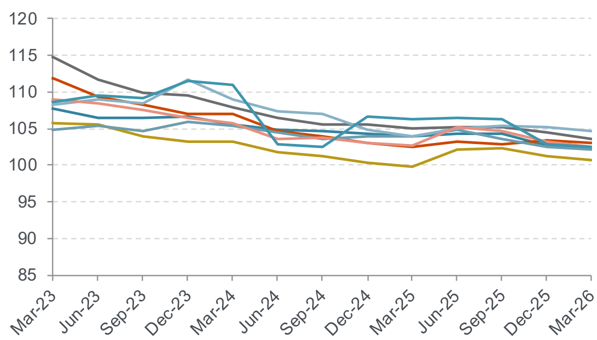
Southwest



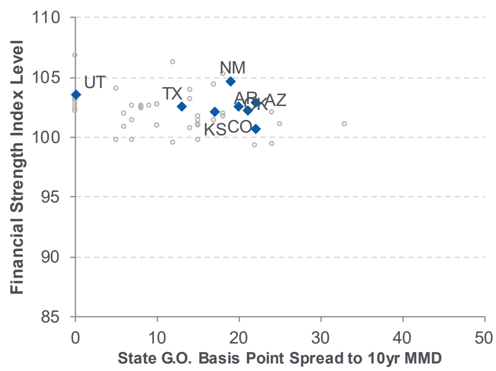
Historical Spreads, 10Yr Exempt Basis Point Spread to AAA MMD



Historical Financial Strength Index



Current Financial Strength Index vs. Spreads



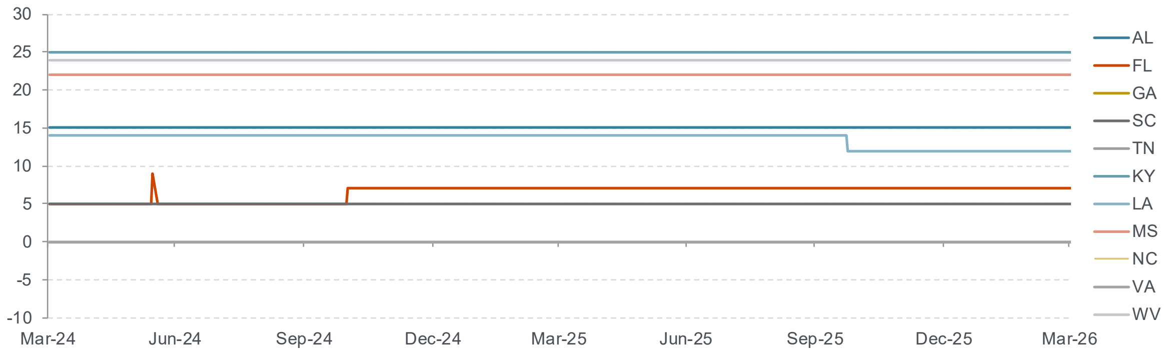
Data as of: 3/31/2026

State	10-year State G.O. Spread*	Financial Strength Index	Economic Strength Index	3yr FSI Trend	Financials: Tax Revenue	Financials: Pension	Financials: Fund Balance	Economic: OFHEO HPI	Economic: Coincident Index	Economic: GDP	Economic: Personal Income	Credit: Rating (Moody's/ S&P)	Credit: Rating (FSI-P)	FSI Rank
AR	21	102.27	108.02		2.5%	84.4%	32.2%	4.1%	1.6%	2.2%	5.0%	Aa1/AA+/NR	AA1/AA2	25
AZ	22	102.96	109.96		4.0%	72.4%	24.4%	0.4%	2.3%	2.0%	4.3%	Aa1/AA/NR	AA2	13
CO	22	100.69	108.51		11.8%	67.8%	12.7%	-1.5%	2.6%	2.1%	4.7%	Aa1/AA/NR	AA2	44
KS	17	102.13	106.83		-0.3%	74.0%	46.8%	4.1%	1.4%	2.0%	5.8%	Aa2/AA-/AA	AA1/AA2	27
NM	19	104.63	113.82		13.2%	66.0%	25.2%	0.9%	1.2%	1.5%	5.6%	Aa1/AA/NR	AA1/AA2	4
OK	20	102.57	107.44		2.4%	85.3%	44.1%	3.0%	0.1%	1.5%	5.3%	Aa1/AA+/AA+	AA1/AA2	20
TX	13	102.57	110.86		3.5%	80.0%	35.4%	-0.8%	2.6%	2.5%	5.0%	Aaa/AAA/AAA	AA1	20
UT	0	103.56	111.07		3.9%	94.0%	15.1%	0.7%	2.1%	2.8%	5.0%	Aaa/AAA/AAA	AAA	8

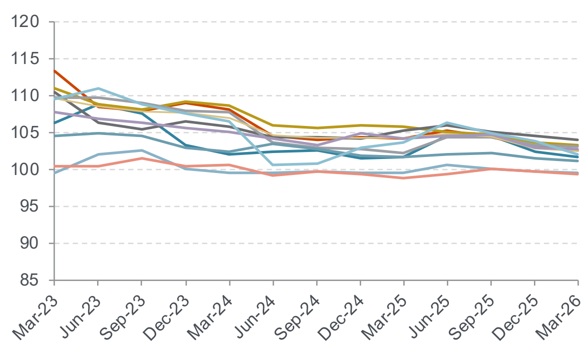
Sources: Philadelphia Fed, FHFA, US Census Bureau, NASBO, Boston College Center for Retirement Research, MMD, TM3, BEA, Moody's, S&P, Fitch, Piper Sandler

Southeast

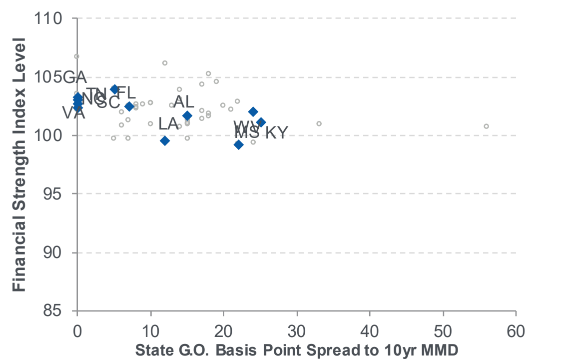
Historical Spreads, 10Yr Exempt Basis Point Spread to AAA MMD



Historical Financial Strength Index



Current Financial Strength Index vs. Spreads



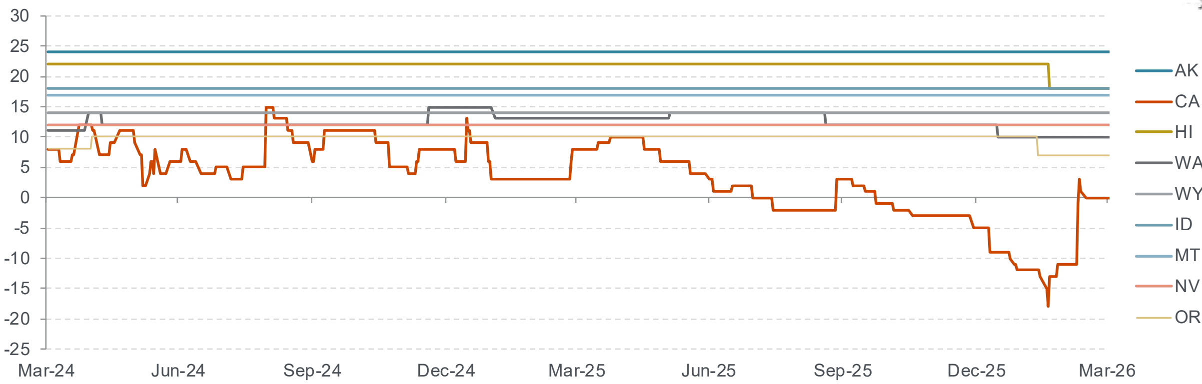
ata as of: 3/31/2026

State	10-year State G.O. Spread*	Financial Strength Index	Economic Strength Index	3yr FSI Trend	Financials: Tax Revenue	Financials: Pension	Financials: Fund Balance	Economic: OFHEO HPI	Economic: Coincident Index	Economic: GDP	Economic: Personal Income	Credit: Rating (Moody's/ S&P/Fitch)	Credit: Rating (FSI-P)	FSI Rank
AL	15	101.73	109.40		6.8%	65.2%	34.6%	2.5%	2.5%	2.0%	4.8%	Aa1/AA/AA+	AA1/AA2	32
FL	7	102.59	110.10		0.4%	80.7%	34.2%	-2.7%	1.5%	3.1%	5.1%	Aaa/AAA/AAA	AAA/AA1	19
GA	0	103.31	109.44		3.3%	77.6%	40.4%	-0.2%	2.6%	1.9%	4.9%	Aaa/AAA/AAA	AAA	9
KY	25	101.14	107.83		1.1%	51.9%	33.6%	2.3%	2.8%	1.0%	4.6%	Aa2/A+/AA	AA2	36
LA	12	99.60	105.66		-2.8%	77.8%	9.4%	2.6%	1.0%	1.1%	3.8%	Aa2/AA/AA-	AA1	48
MS	22	99.31	108.03		7.1%	55.9%	9.7%	3.8%	1.4%	1.6%	5.1%	Aa2/AA/AA	AA2	50
NC	0	102.47	110.45		3.9%	88.2%	14.4%	0.9%	2.7%	2.7%	5.8%	Aaa/AAA/AAA	AAA	23
SC	5	104.04	111.56		1.3%	60.7%	47.8%	1.9%	1.2%	3.1%	5.7%	Aaa/AA+/AAA	AAA/AA1	6
TN	0	103.16	110.82		7.7%	97.2%	19.7%	0.4%	2.3%	2.1%	5.2%	Aaa/AAA/AAA	AAA	10
VA	0	102.81	110.20		10.8%	82.6%	13.0%	3.2%	1.3%	1.7%	4.6%	Aaa/AAA/AAA	AAA	14
WV	24	102.07	105.38		6.9%	91.3%	52.8%	-1.5%	-3.4%	0.5%	4.4%	Aa2/AA-/AA	AA2	28

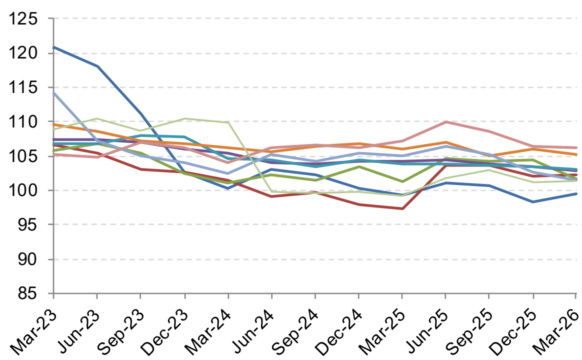
Sources: Philadelphia Fed, FHFA, US Census Bureau, NASBO, Boston College Center for Retirement Research, MMD, TM3, BEA, Moody's, S&P, Fitch, Piper Sandler

Far West

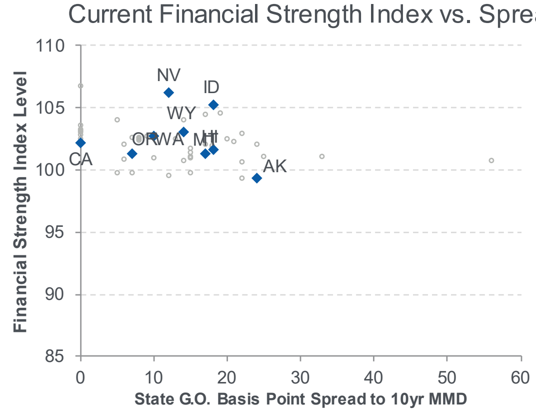
Historical Spreads, 10Yr Exempt Basis Point Spread to AAA MMD



Historical Financial Strength Index



Current Financial Strength Index vs. Spreads



ata as of: 3/31/2026

State	10-year State G.O. Spread*	Financial Strength Index	Economic Strength Index	3yr FSI Trend	Financials: Tax Revenue	Financials: Pension	Financials: Fund Balance	Economic: OFHEO HPI	Economic: Coincident Index	Economic: GDP	Economic: Personal Income	Credit: Rating (Moody's/ S&P/Fitch)	Credit: Rating (FSI-P)	FSI Rank
AK	24	99.42	104.52		-16.0%	71.2%	37.9%	2.9%	0.5%	2.8%	4.8%	Aa2/AA/AA-	AA2	49
CA	0	102.21	110.78		12.3%	73.3%	30.4%	-0.8%	3.2%	2.5%	5.5%	Aa2/AA-/AA	AAA	26
HI	18	101.73	107.99		-4.1%	63.0%	33.0%	-0.4%	1.0%	2.5%	6.9%	Aa2/AA+/AA	AA1/AA2	31
ID	18	105.28	110.87		-2.9%	85.4%	48.5%	-1.1%	3.0%	2.0%	5.5%	Aaa/AA+/AAA	AA1/AA2	3
MT	17	101.42	108.04		3.8%	75.1%	34.8%	-1.9%	-1.5%	2.2%	5.2%	Aa1/NR/AA+	AA1/AA2	33
NV	12	106.27	114.88		4.2%	75.6%	36.2%	0.1%	3.5%	1.7%	5.3%	Aa1/AA+/AA+	AA1	2
OR	7	101.40	110.39		43.2%	72.4%	29.0%	0.5%	1.6%	1.0%	4.1%	Aa1/AA+/AA+	AA1	35
WA	10	102.80	109.40		3.8%	99.1%	7.6%	2.1%	1.2%	2.2%	5.5%	Aaa/AA+/AA+	AA1	16
WY	14	103.15	106.39		-4.0%	79.8%	87.7%	2.2%	0.6%	0.5%	4.1%	NR/AA+/NR	AA1	11

Sources: Philadelphia Fed, FHFA, US Census Bureau, NASBO, Boston College Center for Retirement Research, MMD, TM3, BEA, Moody's, S&P, Fitch, Piper Sandler

FSI Data by State (alphabetical order by state abbreviation)

As of: 3/31/2026

				Financials			Economic				Credit		
State	10-year State G.O. Spread*	Financial Strength Index	Economic Strength Index	Tax Revenue (% Change)	Pension (% Funded)	Fund Balance (% of Expenditures)	OFHEO HPI (% Change)	Coincident Index (%Change)	GDP (% Change)	Personal Income (% Change)	Rating (Moodys/ S&P/Fitch)	Rating (FSI-P)	FSI Rank
AL	15	101.73	109.40	6.8%	65.2%	34.6%	2.5%	2.5%	2.0%	4.8%	Aa1/AA/AA+	AA1/AA2	32
AK	24	99.42	104.52	-16.0%	71.2%	37.9%	2.9%	0.5%	2.8%	4.8%	Aa2/AA/AA-	AA2	49
AZ	22	102.96	109.96	4.0%	72.4%	24.4%	0.4%	2.3%	2.0%	4.3%	Aa1/AA/NR	AA2	13
AR	21	102.27	108.02	2.5%	84.4%	32.2%	4.1%	1.6%	2.2%	5.0%	Aa1/AA+/NR	AA1/AA2	25
CA	0	102.21	110.78	12.3%	73.3%	30.4%	-0.8%	3.2%	2.5%	5.5%	Aa2/AA-/AA	AAA	26
CO	22	100.69	108.51	11.8%	67.8%	12.7%	-1.5%	2.6%	2.1%	4.7%	Aa1/AA/NR	AA2	44
CT	10	102.80	109.02	12.3%	59.5%	20.1%	3.7%	-0.7%	2.4%	4.4%	Aa2/AA-/AA	AA1	15
DE	0	103.06	108.72	4.1%	87.1%	42.2%	6.3%	-1.3%	2.3%	5.6%	Aaa/AAA/AAA	AAA	12
FL	7	102.59	110.10	0.4%	80.7%	34.2%	-2.7%	1.5%	3.1%	5.1%	Aaa/AAA/AAA	AAA/AA1	19
GA	0	103.31	109.44	3.3%	77.6%	40.4%	-0.2%	2.6%	1.9%	4.9%	Aaa/AAA/AAA	AAA	9
HI	18	101.73	107.99	-4.1%	63.0%	33.0%	-0.4%	1.0%	2.5%	6.9%	Aa2/AA+/AA	AA1/AA2	31
ID	18	105.28	110.87	-2.9%	85.4%	48.5%	-1.1%	3.0%	2.0%	5.5%	Aaa/AA+/AAA	AA1/AA2	3
IL	56	100.78	109.66	8.2%	45.9%	9.9%	6.1%	0.8%	1.6%	4.4%	A2/A-/A-	A3	43
IN	15	101.03	107.56	-3.2%	78.9%	11.0%	2.8%	2.0%	2.5%	4.2%	Aaa/AAA/AAA	AA1	39
IA	14	100.80	104.82	-7.1%	90.3%	33.5%	3.7%	2.2%	1.2%	4.7%	Aaa/AAA/AAA	AA1	42
KS	17	102.13	106.83	-0.3%	74.0%	46.8%	4.1%	1.4%	2.0%	5.8%	Aa2/AA-/AA	AA1/AA2	27
KY	25	101.14	107.83	1.1%	51.9%	33.6%	2.3%	2.8%	1.0%	4.6%	Aa2/A+/AA	AA2	36
LA	12	99.60	105.66	-2.8%	77.8%	9.4%	2.6%	1.0%	1.1%	3.8%	Aa2/AA/AA-	AA1	48
ME	14	104.00	109.40	3.1%	96.5%	21.5%	4.1%	1.7%	0.6%	4.7%	Aa1/AA/AA+	AA1	7
MD	7	99.79	108.07	9.3%	73.8%	8.9%	0.6%	0.2%	0.7%	3.3%	Aa1/AAA/AAA	AAA/AA1	45
MA	8	102.52	110.25	4.7%	65.8%	25.0%	2.1%	1.7%	2.4%	4.4%	Aa1/AA+/AA+	AA1	22
MI	15	99.76	108.21	6.4%	72.2%	19.8%	5.5%	2.1%	1.2%	4.4%	Aa1/AA/AA+	AA1/AA2	47
MN	5	99.77	106.85	1.6%	86.3%	21.0%	3.2%	0.3%	1.6%	4.5%	Aaa/AAA/AAA	AAA/AA1	46
MS	22	99.31	108.03	7.1%	55.9%	9.7%	3.8%	1.4%	1.6%	5.1%	Aa2/AA/AA	AA2	50
MO	6	102.03	108.01	0.9%	81.8%	37.4%	4.3%	2.2%	1.3%	4.5%	Aaa/AAA/AAA	AAA/AA1	29
MT	17	101.42	108.04	3.8%	75.1%	34.8%	-1.9%	-1.5%	2.2%	5.2%	Aa1/NR/AA+	AA1/AA2	33
NE	15	101.13	107.41	3.6%	99.9%	30.5%	2.1%	1.8%	1.4%	5.0%	Aaa/AAA/NR	AA1/AA2	37
NV	12	106.27	114.88	4.2%	75.6%	36.2%	0.1%	3.5%	1.7%	5.3%	Aa1/AA+/AA+	AA1	2
NH	10	101.03	108.69	-1.7%	68.6%	12.2%	3.5%	2.3%	2.1%	5.0%	Aa1/AA+/AA+	AA1	40
NJ	33	101.06	109.65	6.5%	55.1%	14.4%	5.1%	1.8%	1.8%	4.4%	Aa3/A+/A+	AA3	38
NM	19	104.63	113.82	13.2%	66.0%	25.2%	0.9%	1.2%	1.5%	5.6%	Aa1/AA/NR	AA1/AA2	4
NY	0	106.80	110.34	9.6%	96.3%	54.2%	5.3%	0.6%	2.9%	4.6%	Aa1/AA+/AA+	AAA/AA1	1
NC	0	102.47	110.45	3.9%	88.2%	14.4%	0.9%	2.7%	2.7%	5.8%	Aaa/AAA/AAA	AAA	23
ND	17	104.44	106.83	-10.7%	69.7%	92.2%	6.4%	2.9%	0.3%	5.1%	Aa1/AA+/NR	AA1/AA2	5
OH	6	100.89	108.65	6.8%	80.0%	16.3%	4.7%	3.2%	1.7%	4.5%	Aaa/AAA/AAA	AA1	41
OK	20	102.57	107.44	2.4%	85.3%	44.1%	3.0%	0.1%	1.5%	5.3%	Aa1/AA+/AA+	AA1/AA2	20
OR	7	101.40	110.39	43.2%	72.4%	29.0%	0.5%	1.6%	1.0%	4.1%	Aa1/AA+/AA+	AA1	35
PA	15	101.41	108.42	4.1%	67.2%	21.7%	4.0%	1.4%	1.9%	4.9%	Aa2/A+/AA	AA1/AA2	34
RI	18	101.94	109.86	5.9%	66.6%	10.4%	4.0%	1.4%	1.1%	5.0%	Aa2/AA/AA+	AA1/AA2	30
SC	5	104.04	111.56	1.3%	60.7%	47.8%	1.9%	1.2%	3.1%	5.7%	Aaa/AA+/AAA	AAA/AA1	6
SD	9	102.68	107.54	-1.1%	100.0%	20.2%	2.8%	0.2%	1.4%	5.9%	Aaa/AAA/AAA	AAA/AA1	17
TN	0	103.16	110.82	7.7%	97.2%	19.7%	0.4%	2.3%	2.1%	5.2%	Aaa/AAA/AAA	AAA	10
TX	13	102.57	110.86	3.5%	80.0%	35.4%	-0.8%	2.6%	2.5%	5.0%	Aaa/AAA/AAA	AA1	20
UT	0	103.56	111.07	3.9%	94.0%	15.1%	0.7%	2.1%	2.8%	5.0%	Aaa/AAA/AAA	AAA	8
VT	8	102.68	110.36	8.6%	65.7%	22.3%	3.4%	2.2%	1.4%	4.0%	Aa1/AA+/AA+	AA1	18
VA	0	102.81	110.20	10.8%	82.6%	13.0%	3.2%	1.3%	1.7%	4.6%	Aaa/AAA/AAA	AAA	14
WA	10	102.80	109.40	3.8%	99.1%	7.6%	2.1%	1.2%	2.2%	5.5%	Aaa/AA+/AA+	AA1	16
WV	24	102.07	105.38	6.9%	91.3%	52.8%	-1.5%	-3.4%	0.5%	4.4%	Aa2/AA-/AA	AA2	28
WI	8	102.41	107.07	2.2%	98.1%	30.7%	5.7%	0.9%	1.5%	4.4%	Aa1/AA+/AA+	AAA/AA1	24
WY	14	103.15	106.39	-4.0%	79.8%	87.7%	2.2%	0.6%	0.5%	4.1%	NR/AA+/NR	AA1	11
Source:	MMD	PSC	PSC	US Census Bureau	Boston College	NASBO	FHFA	Philly Fed	BEA	BEA	Moody's/ S&P/ Fitch	PSC	PSC

Sources: Philadelphia Fed, FHFA, US Census Bureau, NASBO, Boston College Center for Retirement Research, MMD, TM3, BEA, Moody's, S&P, Fitch, Piper Sandler

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Relative State

A Quarterly report on State Economic Health | June 29, 2026

Trends in State Financial Strenght Index Scores

Financial Strength Index Score

State	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
AK	118.9	120.8	118.0	111.1	102.7	100.3	103.0	102.2	100.3	99.3	101.1	100.7	98.3	99.4
AL	106.2	106.3	108.9	107.6	103.3	102.0	102.3	102.5	101.5	101.6	104.4	104.6	102.4	101.7
AR	107.5	107.8	106.4	106.5	106.6	105.5	104.8	104.7	104.4	104.0	104.3	104.2	102.7	102.3
AZ	111.3	111.8	109.3	108.2	107.1	107.0	104.6	103.9	103.1	102.5	103.3	102.9	103.4	103.0
CA	107.7	106.7	105.4	103.0	102.7	101.4	99.1	99.8	98.0	97.3	103.7	103.7	102.2	102.2
CO	106.8	105.8	105.5	104.0	103.2	103.1	101.8	101.2	100.4	99.9	102.1	102.3	101.3	100.7
CT	103.1	103.3	103.6	102.5	101.1	99.4	100.7	100.8	101.1	100.7	103.6	105.0	104.0	102.8
DE	108.5	109.2	110.3	108.7	107.0	106.7	105.1	104.6	105.8	105.3	107.1	105.4	103.2	103.1
FL	114.2	113.2	108.5	107.8	108.9	108.1	104.6	104.0	104.3	104.1	105.2	104.3	103.1	102.6
GA	111.3	111.0	108.8	108.1	109.1	108.6	106.0	105.7	106.0	105.8	105.1	104.7	103.7	103.3
HI	104.8	105.9	106.7	105.4	102.5	101.0	102.3	101.5	103.4	101.4	104.6	104.2	104.4	101.7
IA	105.1	107.5	107.1	105.9	105.4	101.7	102.2	102.1	101.8	101.4	101.4	101.0	100.7	100.8
ID	110.5	109.6	108.7	107.2	106.9	106.2	105.7	106.4	106.7	105.9	107.1	105.0	106.1	105.3
IL	101.0	101.2	102.0	102.1	101.2	100.7	100.4	100.0	100.4	100.9	101.9	101.6	101.1	100.8
IN	106.1	106.6	105.2	104.4	102.8	102.5	103.2	103.0	102.4	102.1	102.4	101.4	101.3	101.0
KS	105.5	104.9	105.5	104.7	105.8	105.4	104.4	103.7	103.9	103.9	104.8	103.7	102.5	102.1
KY	104.1	104.5	105.0	104.6	102.9	102.4	103.4	102.7	101.9	101.7	102.0	102.1	101.5	101.1
LA	99.7	99.5	102.0	102.5	100.1	99.5	99.5	99.6	99.5	99.5	100.6	100.1	99.8	99.6
MA	109.8	107.1	109.5	105.4	103.6	104.3	103.8	104.5	103.9	103.8	105.7	104.4	102.9	102.5
MD	105.2	104.8	104.7	105.0	104.2	102.6	101.8	101.7	100.3	100.4	101.4	101.5	100.0	99.8
ME	107.3	107.8	108.0	106.9	106.4	105.5	106.5	106.3	105.8	105.2	105.8	105.2	104.4	104.0
MI	106.2	105.6	103.4	101.5	100.6	100.3	98.8	98.3	98.7	98.3	101.9	100.9	100.4	99.8
MN	106.7	106.1	108.8	107.9	107.5	107.2	100.9	100.3	100.3	100.5	103.3	102.4	100.2	99.8
MO	108.3	108.2	107.5	106.4	106.2	106.0	102.9	102.3	103.3	102.7	102.2	101.6	102.1	102.0
MS	100.3	100.4	100.5	101.5	100.5	100.7	99.2	99.6	99.4	98.8	99.4	100.0	99.7	99.3
MT	113.6	114.1	107.1	105.0	104.1	102.6	105.2	104.3	105.4	104.9	106.5	105.3	102.8	101.4
NC	109.8	109.6	108.5	107.9	107.7	106.9	104.7	104.3	104.3	104.2	104.7	104.4	102.9	102.5
ND	106.7	106.9	110.2	109.6	107.7	106.7	105.0	104.3	102.1	100.7	102.3	101.8	104.5	104.4
NE	110.8	111.1	108.8	108.2	108.7	108.4	106.0	104.6	105.8	104.1	103.5	104.0	101.3	101.1
NH	105.1	104.3	103.8	105.0	104.5	104.6	103.5	103.1	103.3	102.6	102.4	102.9	101.2	101.0
NJ	104.6	103.5	105.0	102.9	102.4	101.5	101.2	100.9	101.0	100.6	102.5	101.5	100.8	101.1
NM	105.9	108.2	109.1	108.5	111.7	108.9	107.4	107.1	104.8	104.0	105.1	105.4	105.3	104.6
NV	105.1	105.3	104.8	106.9	106.3	104.1	106.2	106.5	106.2	107.2	109.9	108.6	106.4	106.3
NY	109.5	107.4	109.3	107.8	107.4	107.7	106.0	105.4	105.8	106.0	107.3	107.2	107.3	106.8
OH	104.3	104.0	105.5	105.3	105.9	105.0	100.6	100.6	100.4	100.1	101.6	101.0	100.7	100.9
OK	108.8	108.9	108.4	107.5	106.4	105.8	103.6	103.7	103.1	102.7	105.3	104.6	103.1	102.6
OR	109.6	108.8	110.5	108.6	110.5	109.8	99.8	99.6	99.9	99.2	101.8	103.0	101.3	101.4
PA	105.0	104.4	106.3	105.7	105.3	104.5	103.4	103.2	103.1	102.9	103.5	103.3	101.9	101.4
RI	103.5	103.0	104.7	103.5	102.8	102.5	101.5	102.1	102.2	102.1	104.3	103.5	102.6	101.9
SC	110.7	110.4	106.2	105.4	106.4	105.7	104.3	104.3	104.2	105.2	105.9	105.1	104.6	104.0
SD	107.8	107.3	106.8	106.6	106.2	105.7	104.5	104.1	103.8	103.6	104.8	103.4	103.7	102.7
TN	110.1	109.8	109.7	109.0	108.0	107.8	103.6	102.8	102.7	102.1	104.3	104.4	103.2	103.2
TX	109.3	108.6	109.5	109.1	111.6	111.0	102.8	102.5	106.7	106.3	106.4	106.2	102.9	102.6
UT	115.0	114.8	111.7	109.9	109.4	107.9	106.5	105.6	105.5	105.1	105.1	105.3	104.6	103.6
VA	107.8	107.8	106.8	106.3	105.6	105.1	104.1	103.3	104.8	104.2	104.6	104.8	102.9	102.8
VT	103.9	103.4	107.0	105.9	104.9	103.5	102.2	102.3	102.0	102.0	103.7	103.5	102.8	102.7
WA	108.2	107.4	107.5	106.9	106.0	105.4	104.0	103.9	104.3	104.3	104.4	103.8	103.4	102.8
WI	107.4	107.6	109.3	107.6	106.9	105.3	103.0	102.4	103.5	102.7	103.6	103.4	103.0	102.4
WV	108.9	109.6	111.0	108.8	107.5	106.4	100.5	100.8	102.9	103.6	106.3	104.9	103.8	102.1
WY	105.9	106.9	106.9	108.0	107.8	104.7	104.4	103.5	104.5	103.8	103.9	103.6	103.5	103.1
Max	118.9	120.8	118.0	111.1	111.7	111.0	107.4	107.1	106.7	107.2	109.9	108.6	107.3	106.8
Min	99.7	99.5	100.5	101.5	100.1	99.4	98.8	98.3	98.0	97.3	99.4	100.0	98.3	99.3
Median	107.3	107.4	107.1	106.5	106.1	105.2	103.4	103.0	103.2	102.7	104.1	103.7	102.8	102.2
Mean	107.5	107.4	107.3	106.3	105.6	104.7	103.2	102.9	103.0	102.6	104.0	103.6	102.6	102.2
Spread	19.1	21.3	17.5	9.6	11.6	11.6	8.6	8.8	8.7	9.8	10.5	8.6	9.0	7.5

> 107.6 = Strong | > 97.6 =Expanding | > 93.6 = Stable | > 91.6 = Contracting | < 91.6 = Weak

Sources: Piper Sandler

FSI Rank

State	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
AK	1	1	1	1	42	47	29	34	43	46	48	48	50	49
AL	30	32	14	19	37	40	33	29	37	34	21	16	31	32
AR	24	19	32	26	19	22	12	8	14	17	24	21	28	25
AZ	6	5	11	11	15	11	14	19	27	28	33	35	15	13
CA	23	30	38	44	43	43	49	46	50	50	27	25	32	26
CO	27	35	35	42	38	34	38	39	41	44	40	37	37	44
CT	47	46	46	47	47	50	42	42	38	39	29	11	10	15
DE	18	13	5	7	16	14	10	10	8	6	3	5	18	12
FL	3	4	20	16	6	6	15	17	15	15	12	20	20	19
GA	5	7	15	12	5	4	5	5	4	5	15	14	12	9
HI	41	34	31	32	44	44	34	38	23	31	20	22	8	31
IA	37	23	26	29	30	41	35	36	36	36	47	46	44	42
ID	9	11	18	21	18	16	8	3	1	4	4	10	3	3
IL	48	48	48	48	46	45	45	45	42	37	42	40	41	43
IN	32	31	39	41	40	38	28	26	31	31	37	44	39	39
KS	35	38	36	39	28	23	17	21	19	18	16	26	30	27
KY	44	40	40	40	39	39	27	28	35	33	41	38	35	36
LA	50	50	49	46	50	49	47	48	47	45	49	49	48	48
MA	11	27	9	33	36	31	22	11	20	20	10	19	24	22
MD	36	39	43	38	34	35	37	37	44	42	46	42	47	45
ME	26	21	22	24	22	21	3	4	6	8	9	8	9	7
MI	31	36	47	49	48	48	50	50	49	49	43	47	45	47
MN	29	33	16	14	13	10	41	44	45	41	34	36	46	46
MO	19	18	23	27	25	17	31	32	25	26	39	41	33	29
MS	49	49	50	50	49	46	48	47	48	48	50	50	49	50
MT	4	3	25	36	35	36	9	13	10	10	5	6	27	33
NC	12	12	19	15	11	12	13	14	16	12	18	17	22	23
ND	28	28	6	3	10	13	11	15	33	38	38	39	7	5
NE	7	6	17	10	7	5	6	9	7	14	32	23	36	37
NH	39	42	45	37	33	29	25	25	24	27	36	34	40	40
NJ	42	44	41	45	45	42	40	40	39	40	35	43	42	38
NM	34	17	13	9	1	3	1	1	11	16	14	4	4	4
NV	38	37	42	23	23	32	4	2	3	1	1	1	2	2
NY	14	24	10	17	14	9	7	7	5	3	2	2	1	1
OH	43	43	37	35	27	27	43	43	40	43	45	45	43	41
OK	17	14	21	20	20	18	23	20	26	24	11	15	19	21
OR	13	15	4	8	3	2	46	49	46	47	44	33	38	35
PA	40	41	33	31	31	30	26	24	28	23	31	32	34	34
RI	46	47	44	43	41	37	39	35	32	29	23	29	29	30
SC	8	8	34	34	21	19	19	12	18	7	8	9	6	6
SD	21	26	30	25	24	20	16	16	21	22	17	30	13	17
TN	10	9	7	5	8	8	24	27	30	30	25	18	17	10
TX	15	16	8	4	2	1	32	30	2	2	6	3	25	20
UT	2	2	2	2	4	7	2	6	9	9	13	7	5	8
VA	22	20	29	28	29	26	20	23	12	13	19	13	23	14
VT	45	45	27	30	32	33	36	33	34	32	28	28	26	18
WA	20	25	24	22	26	24	21	18	17	11	22	24	16	16
WI	25	22	12	18	17	25	30	31	22	25	30	31	21	24
WV	16	10	3	6	12	15	44	41	29	21	7	12	11	28
WY	33	29	28	13	9	28	18	22	13	19	26	27	14	11

1 - 10 | 11 - 20 | 21 - 30 | 31 - 40 | 41 - 50

Quarter over Quarter Change in FSI Score

State	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
AK	9.45	1.88	-2.80	-6.90	-8.41	-2.40	2.77	-0.84	-1.85	-1.05	1.82	-0.39	-2.44	1.14
AL	0.13	0.04	2.58	-1.31	-4.30	-1.27	0.34	0.18	-1.02	0.15	2.79	0.15	-2.16	-0.70
AR	2.30	0.33	-1.41	0.09	0.18	-1.16	-0.64	-0.12	-0.35	-0.35	0.30	-0.08	-1.55	-0.43
AZ	0.94	0.56	-2.50	-1.12	-1.15	-0.08	-2.39	-0.71	-0.79	-0.57	0.74	-0.39	0.57	-0.48
CA	-2.92	-1.04	-1.27	-2.39	-0.39	-1.22	-2.31	0.69	-1.81	-0.65	6.40	-0.04	-1.54	0.05
CO	-1.34	-0.97	-0.28	-1.54	-0.77	-0.06	-1.32	-0.66	-0.79	-0.50	2.18	0.27	-1.04	-0.59
CT	-1.54	0.19	0.40	-1.18	-1.39	-1.68	1.34	0.07	0.33	-0.47	2.93	1.40	-1.01	-1.20
DE	-0.28	0.66	1.12	-1.57	-1.69	-0.35	-1.61	-0.49	1.17	-0.41	1.77	-1.76	-2.16	-0.14
FL	2.98	-0.99	-4.74	-0.65	1.07	-0.80	-3.50	-0.61	0.34	-0.21	1.04	-0.90	-1.17	-0.49
GA	3.12	-0.34	-2.13	-0.72	1.03	-0.58	-2.56	-0.36	0.32	-0.21	-0.68	-0.42	-1.00	-0.35
HI	-0.64	1.09	0.87	-1.28	-2.94	-1.50	1.28	-0.82	1.97	-2.05	3.19	-0.39	0.25	-2.70
IA	0.60	2.38	-0.42	-1.17	-0.53	-3.72	0.56	-0.11	-0.29	-0.48	0.04	-0.39	-0.33	0.13
ID	-4.25	-0.95	-0.88	-1.45	-0.38	-0.68	-0.49	0.74	0.29	-0.77	1.14	-2.07	1.10	-0.84
IL	-0.94	0.24	0.78	0.12	-0.89	-0.53	-0.37	-0.36	0.36	0.56	0.99	-0.27	-0.55	-0.31
IN	-0.47	0.44	-1.40	-0.79	-1.58	-0.33	0.76	-0.23	-0.63	-0.28	0.28	-0.97	-0.15	-0.22
KS	0.61	-0.56	0.56	-0.75	1.12	-0.46	-0.97	-0.77	0.28	-0.01	0.93	-1.17	-1.14	-0.41
KY	0.38	0.34	0.50	-0.38	-1.71	-0.49	1.00	-0.72	-0.77	-0.15	0.29	0.11	-0.64	-0.36
LA	-2.83	-0.22	2.48	0.51	-2.40	-0.59	-0.02	0.12	-0.13	-0.01	1.14	-0.49	-0.34	-0.18
MA	1.56	-2.74	2.41	-4.06	-1.80	0.74	-0.55	0.71	-0.61	-0.07	1.90	-1.34	-1.49	-0.36
MD	0.40	-0.40	-0.05	0.24	-0.76	-1.60	-0.77	-0.16	-1.38	0.08	1.04	0.08	-1.47	-0.24
ME	0.38	0.46	0.23	-1.12	-0.49	-0.88	1.04	-0.20	-0.52	-0.62	0.63	-0.62	-0.80	-0.39
MI	1.85	-0.69	-2.11	-1.95	-0.87	-0.35	-1.48	-0.51	0.42	-0.41	3.62	-1.01	-0.48	-0.65
MN	-1.67	-0.62	2.71	-0.91	-0.39	-0.34	-6.23	-0.67	0.03	0.22	2.75	-0.88	-2.16	-0.46
MO	1.18	-0.11	-0.69	-1.11	-0.18	-0.18	-3.10	-0.56	0.92	-0.59	-0.50	-0.56	0.45	-0.03
MS	0.08	0.06	0.07	0.99	-1.00	0.18	-1.49	0.47	-0.25	-0.58	0.62	0.55	-0.29	-0.36
MT	3.56	0.48	-7.00	-2.12	-0.90	-1.53	2.62	-0.89	1.08	-0.45	1.57	-1.18	-2.56	-1.34
NC	1.72	-0.21	-1.04	-0.65	-0.21	-0.82	-2.18	-0.38	-0.01	-0.07	0.53	-0.31	-1.53	-0.44
ND	-1.18	0.16	3.35	-0.70	-1.87	-0.94	-1.70	-0.76	-2.16	-1.37	1.54	-0.49	2.75	-0.11
NE	2.85	0.31	-2.34	-0.55	0.49	-0.30	-2.42	-1.41	1.20	-1.65	-0.65	0.52	-2.71	-0.17
NH	-1.35	-0.74	-0.52	1.18	-0.51	0.07	-1.07	-0.42	0.23	-0.65	-0.24	0.50	-1.67	-0.20
NJ	-0.17	-1.13	1.45	-2.03	-0.51	-0.90	-0.27	-0.30	0.02	-0.35	1.87	-1.03	-0.62	0.22
NM	0.10	2.38	0.83	-0.59	3.24	-2.82	-1.52	-0.30	-2.26	-0.78	1.07	0.35	-0.20	-0.62
NV	0.61	0.20	-0.49	2.16	-0.63	-2.20	2.08	0.34	-0.34	0.99	2.74	-1.33	-2.16	-0.16
NY	-0.29	-2.05	1.92	-1.58	-0.36	0.32	-1.72	-0.57	0.42	0.15	1.30	-0.06	0.07	-0.51
OH	0.89	-0.31	1.50	-0.18	0.57	-0.82	-4.41	0.00	-0.25	-0.28	1.45	-0.53	-0.35	0.21
OK	1.35	0.12	-0.51	-0.86	-1.08	-0.66	-2.18	0.08	-0.57	-0.40	2.55	-0.65	-1.47	-0.58
OR	2.15	-0.77	1.66	-1.87	1.90	-0.70	-10.07	-0.16	0.28	-0.68	2.57	1.23	-1.71	0.12
PA	-0.85	-0.63	1.97	-0.68	-0.32	-0.84	-1.11	-0.22	-0.10	-0.21	0.69	-0.30	-1.33	-0.50
RI	-1.46	-0.53	1.69	-1.17	-0.74	-0.30	-1.02	0.65	0.07	-0.04	2.20	-0.89	-0.84	-0.68
SC	3.73	-0.34	-4.19	-0.82	1.05	-0.71	-1.45	0.04	-0.09	1.00	0.67	-0.77	-0.57	-0.53
SD	-0.50	-0.50	-0.58	-0.16	-0.39	-0.53	-1.21	-0.33	-0.33	-0.23	1.26	-1.40	0.21	-0.97
TN	-0.60	-0.36	-0.10	-0.65	-1.04	-0.17	-4.20	-0.76	-0.15	-0.55	2.15	0.11	-1.17	-0.06
TX	1.44	-0.66	0.87	-0.41	2.51	-0.58	-8.22	-0.31	4.17	-0.32	0.08	-0.20	-3.37	-0.29
UT	1.56	-0.25	-3.05	-1.81	-0.48	-1.55	-1.35	-0.90	-0.09	-0.46	0.06	0.12	-0.70	-1.00
VA	-0.19	-0.02	-0.97	-0.52	-0.64	-0.51	-1.03	-0.79	1.48	-0.63	0.44	0.14	-1.85	-0.10
VT	-0.48	-0.49	3.63	-1.13	-1.01	-1.38	-1.32	0.10	-0.27	0.03	1.66	-0.17	-0.72	-0.13
WA	-1.94	-0.81	0.11	-0.55	-0.99	-0.60	-1.35	-0.10	0.36	0.00	0.10	-0.62	-0.39	-0.57
WI	0.47	0.14	1.75	-1.71	-0.67	-1.67	-2.25	-0.64	1.11	-0.77	0.87	-0.15	-0.41	-0.60
WV	2.42	0.72	1.39	-2.18	-1.25	-1.13	-5.89	0.30	2.06	0.71	2.67	-1.40	-1.08	-1.71
WY	-0.10	0.99	0.03	1.12	-0.26	-3.09	-0.32	-0.90	1.04	-0.67	0.04	-0.30	-0.05	-0.36
Max	4.13	1.88	-2.80	-6.90	0.65	-0.72	-3.63	-0.30	-0.36	0.46	2.74	-1.33	-1.28	-0.51
Min	-0.52	-0.22	0.95	0.99	-1.36	-0.71	-0.61	-0.51	-0.29	-0.65	2.09	0.55	-1.69	1.03
Median	0.37	0.01	-0.25	-0.57	-0.45	-0.88	-1.76	-0.40	0.16	-0.51	1.38	-0.38	-0.86	-0.59
Mean	0.46	-0.11	-0.09	-0.98	-0.69	-0.89	-1.49	-0.29	0.04	-0.34	1.33	-0.41	-0.92	-0.43

Positive | Negative

Methodology Overview

Piper Sandler's Financial Strength Index (FSI) is built with a supervised machine-learning framework—specifically, XGBoost—to generate an optimal, forward-looking measure of each state's economic and fiscal health. The model draws on seven publicly available data series: The model uses seven different publicly available economic metrics to compose the index:

- Coincident Index – quarterly, Federal Reserve Bank of Philadelphia (current quarter)
- Real Gross Domestic Product (GDP) – quarterly, U.S. Bureau of Economic Analysis (previous quarter)
- Total Personal Income – quarterly, U.S. Bureau of Economic Analysis (previous quarter)
- State Tax Revenues – quarterly, U.S. Census Bureau (previous quarter)
- House Price Index – quarterly, Federal Housing Finance Agency (previous quarter)
- Fund Balance Ratio – semi-annual, National Association of State Budget Officers
- Pension Funding Ratio – annual, Center for Retirement Research at Boston College

For the five economic indicators (Coincident Index, house prices, tax revenue, GDP, and personal income), the model analyzes percent changes over multiple horizons, quarter-to-quarter, year-over-year, and rolling 2-, 3-, and 5-year periods, each rescaled to 100.
The two fiscal indicators are evaluated on both their current absolute levels (unindexed) and the same set of time series changes (indexed). Including multiple horizons enables the algorithm to capture persistent improvement or deterioration in each state's fundamentals.

Model Training and Performance

Using municipal trading spread data from 2006 to the present, the model estimates how each variable and time horizon contributes to future spreads (Figure A). The resulting specifications deliver an R-squared of 0.997 on the training set and 0.857 on the hold-out test set, evidence of strong explanatory power with minimal overfitting and meaningful predictive accuracy on unseen data.

Figure A: Factor Weightings by Category and Time Horizon

FSI Components	QoQ	YoY	2YR	3YR	5YR	Ratio	By Category
Coincident Index	8.26%	7.89%	6.50%	6.20%	6.79%	0.00%	35.65%
Tax Revenue	2.20%	2.40%	2.33%	2.07%	2.49%	0.00%	11.49%
GDP	1.70%	1.84%	1.77%	2.26%	2.48%	0.00%	10.05%
Personal Income	1.69%	1.65%	1.62%	1.85%	1.98%	0.00%	8.79%
Home Price Index	1.39%	1.40%	1.59%	1.78%	2.26%	0.00%	8.43%
Fund Balance / Expenditure	0.00%	1.74%	1.80%	1.67%	1.93%	3.89%	11.03%
Pension Funding Ratio	0.00%	1.94%	1.64%	2.13%	2.46%	6.39%	14.56%
By Horizon	15.24%	18.86%	17.26%	17.96%	20.40%	10.28%	

Index Construction and Reference Level

The weightings used in the Financial Strength Index (FSI) are derived from the statistical output of the machine learning model. Each economic and financial variable is assigned a **category weight** (shown in the far-right column of Figure A), and each time horizon receives a corresponding **time-period weight** (shown in the bottom row). The FSI for each state is calculated as the sum of all weighted metric scores, where each metric is multiplied by its respective time and category weight. This results in a composite index value representing a state's relative economic and financial strength.

Although the base level for each indexed input is normalized to 100, the inclusion of two **non-indexed** variables, the pension funding ratio and fund balance ratio, alters the interpretation of the composite index. Indexed variables account for 89.7% of the total FSI weight, establishing a **base reference score** of 89.7, above which a state is considered to be in an "expansion" phase and below which it is deemed to be "contracting."

To incorporate the non-indexed variables meaningfully, we apply reference thresholds commonly used in the public finance industry: a **70% pension funded ratio** and a **10% fund balance ratio**. Applying the model's weights to these benchmark values adds **4.9 points** to the base score, resulting in a final **reference threshold of 94.6**. States with FSI scores above this level are interpreted as exhibiting broad economic and fiscal expansion.

**We consider a state with a score above 94.6 as expanding,
while a state with a score below 94.6 is considered contracting**

Index Range and Supplementary Measures

While the FSI is an unconstrained index, with no prescribed maximum or minimum, it is grounded in percent changes across economic and financial factors, which imposes practical limits. Historically, FSI values have tended to range between **115 on the high end** and **75 on the low end**.

In addition to the base FSI, this report includes two supplementary indices: the **Economic Strength Index (ESI)** and the **Financial Strength Index – Predictive (FSI-P)**.

The **ESI** is a sub-index derived from the five economic components of the FSI: the Coincident Index, House Price Index, Real GDP, Personal Income, and State Tax Revenue. The weighted sum of these metrics is adjusted to exclude the financial ratios (fund balance and pension funding), and the base level of the ESI is set to **100**. An ESI **above 100** reflects economic expansion, while a score **below 100** signals contraction.

The **FSI-P**, or Predictive Index, uses the same machine learning model described earlier to assess the **importance of each variable and time horizon** in explaining general obligation (GO) bond credit spreads relative to MMD. FSI-P applies a state's current economic and financial data to forecast its credit spread. The model has been cross validated using data from **2005 to present**, producing a strong average **R^2 of 0.99** and a **Root Mean Squared Error (RMSE) of 0.073**, demonstrating robust predictive accuracy in estimating state level credit spreads.

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