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Interest Rates Are Rising, But States Aren't Worried Yet. Here's Why.

State and local governments generally use bonds to finance major infrastructure projects. But higher rates won't bust budgets just yet. Plus, more news to use from around the country in this week's State and Local Roundup.

It's Saturday, Oct. 28, and we'd like to welcome you to the weekly State and Local Roundup. There's plenty to keep tabs on, with a federal court striking down Georgia's voting maps, the Texas House voting to let state and local law enforcement arrest migrants, and universal school choice voucher programs potentially busting some state budgets.

But first we turn to Wall Street, where U.S. Treasury 10-year bond rates have hit highs not seen since the Great Recession. That's usually a red flag for state and local governments because they use bonds to finance major infrastructure projects. If the rates on Treasury bonds go up, the rates on all sorts of other bonds go up too.

This year, though, state and local governments are in good shape to withstand the higher costs of issuing debt, according to experts. Thanks to federal pandemic aid and strong revenues over the last few years, one of the biggest things going for states right now is that most of them are flush with cash.

Continue reading.

ROUTE FIFTY

by DANIEL C. VOCK

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