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State Debt: How and Why US States Borrow Money.

Learn the types of public projects that states fund by issuing debt, how states take on debt and why journalists should cover state debt — plus, explore a state-by-state debt database.

When states take on debt, it's usually for large infrastructure projects that may benefit multiple generations — for example, replacing bridges, building hospitals, or expanding highways and transit systems.

“Unlike the federal government, states generally limit the use of debt to support capital projects, not operating expenditures,” says Kathryn Vesey White, director of budget process studies at the National Association of State Budget Officers and co-author of a [recent paper](#) on federal and state fiscal processes.

News reporters are often assigned to cover big capital projects, and that includes understanding the debt that funds those projects. While interest rates on state debt are low overall, if those rates rose that could lead to tough choices for state leaders, including potentially scaling back or scraping capital investments.

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by Clark Merrefield | September 4, 2025

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