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Personal Finance

Political Litmus Test: Bluest States Spilling The Most Red Ink

Neil Weinberg, 02.25.10, 10:30 AM ET

Want to know which states are in the worst financial condition? One telling indicator that might not immediately come to mind is whether most of its citizens identify themselves as Democrats.

The five states in the worst financial condition—Illinois, New York, Connecticut, California and New Jersey—are all among the bluest of blue states. The five most fiscally fit states are more of a mix. Three—Utah, Nebraska and Texas—boast Republican majorities and two—New Hampshire and Virginia—skew Democratic.

The financial ranking of the states is part of a recent Forbes report on the [Global Debt Bomb](#). The political affiliation data was compiled in a 2009 poll of 350,000 adults by [Gallup Daily](#).

Forbes' metrics for each state included unfunded pension liabilities, changes in tax revenue, credit ratings, debt as a percentage of Gross State Product, debt per capita, growth expectations for employment and the state economy, net migrations and a "moocher ratio" that compares government employees, pension burdens and Medicaid enrollees to private-sector employment.

In Pictures: Bluest States Spilling The Most Red Ink

Why do Democratic states appear to be struggling more than Republican ones? It comes down to stronger unions and a larger appetite for public programs, according to Kent Redfield, professor emeritus of political studies and public affairs at the University of Illinois' Center for State Policy and Leadership.

Do you think state finances are better in Democratic or Republican hands? Share your thoughts in the Reader Comments section.

"Unions in general have more influence in Democratic-controlled states," he says. "This isn't to say that unions are bad, but where they're strong you have bigger demands for social services and coalitions with construction companies, road builders and others that push up debt."

Of the 10 states in the worst financial condition, eight are among a total of 23 defined by Gallup as "solidly Democratic," meaning the Democrats enjoy an advantage of 10 percentage points or greater in party affiliation. These states include the ones listed above as making up the bottom five, plus Massachusetts, Ohio and Wisconsin.

Of the three other basement-dwellers, Kentucky is defined as "leaning Democratic" (a five- to 10-percentage-point Democratic advantage) and the remaining two—Louisiana and Mississippi—are termed politically "Competitive" (less than a five-percentage-point advantage for either party). Louisiana tilts slightly Democratic and Mississippi slightly Republican.

The majority Republican states ranked among the financially healthiest are Utah, Nebraska, Texas, North Dakota and Montana. All told, seven of the 10 most Republican states rank in the top half in terms of fiscal fitness. The exceptions are Kansas at No. 28, Alaska (31) and Mississippi (44). It should be noted that four of these red-leaning states are categorized as "competitive" by Gallup. In total only three of the 50 states (Idaho, Utah and Wyoming) are rated "solidly Republican"; only Alabama ranks as "Republican leaning."

2/25/2010

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Utah, the fiscally fittest state, has debt of just \$442 and unfunded pension obligations of \$7,272 per resident. It is also America's second reddest state with a 21-percentage-point Republican advantage in party affiliation. The Beehive state boasts a triple-A credit rating from Moody's.

Illinois is in the worst financial condition, with per-capita debt of \$1,877 and unfunded pensions of \$17,230. Moody's rates Illinois' general obligation debt A1, ahead of only California's.

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