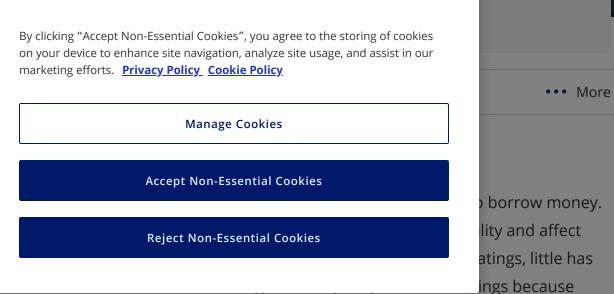
The American Review of Public Administration



Abstract

Most state governm Assigned by credit a their borrowing cos been known about



management capacity is generally difficult to quantify. However, state governments' performance grades assigned by the Government Performance Project (GPP) provide a great opportunity to study how people perceive and respond to state governments' management capacity. This study finds that states with higher GPP grades tend to have higher state GO bond ratings, but the relationship may be nonlinear as people are more sensitive to the extremes of perceived performance. In particular, we observe a "performance premium" scenario in which S&P bond ratings grow at an increasing rate as state GPP grades improve.



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