RANK
23

TEXAS

SUMMARY

On the basis of its fiscal solvency in five separate categories, Texas ranks 23rd among the US states for its fiscal health. On a short-run basis, Texas has between 1.48 and 2.31 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, and net position improved by $167 per capita in FY 2015. Texas's fiscal performance is better on a long-run basis. Its net assets are 24 percent of total assets after debts have been paid. Long-run liabilities are 33 percent of total assets, or $3,259 per capita. Total primary government debt is $46.97 billion, or 3.7 percent of state personal income. Unfunded pension obligations, on a guaranteed-to-be-paid basis, are $342.07 billion, or 27 percent of state personal income. OPEB is 6 percent of state personal income.

2015 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

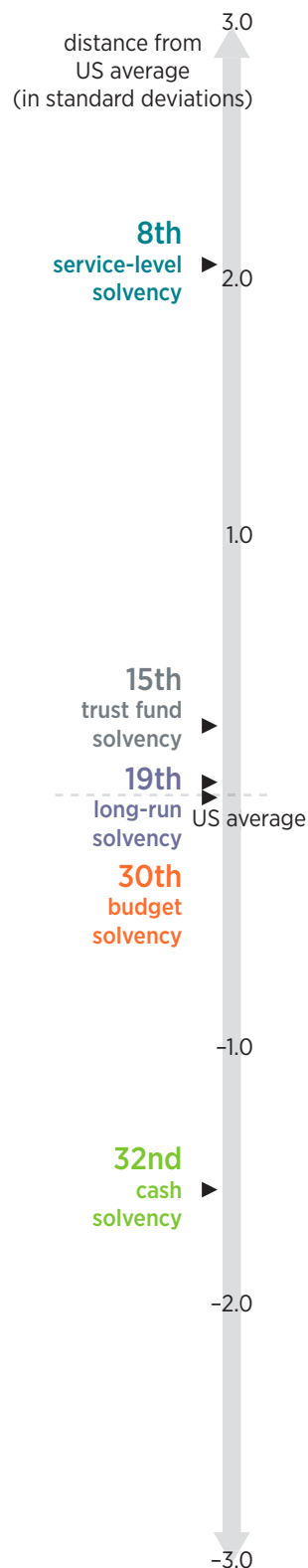|	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Texas	**$18.13 billion**	**$46.97 billion**	**$1,284.26 billion**	**3.7%**	**$1,710**
National average	$6.09 billion	$12.71 billion	$305.43 billion	3.7%	$1,804

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Texas	**$48.99 billion**	**81%**	**$342.07 billion**	**38%**
National average	$20.62 billion	74%	$105.50 billion	36%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Texas	**$79.34 billion**	**1%**
National average	$12.97 billion	12%

MERCATUS CENTER
George Mason University

distance from US average (in standard deviations)

3.0

2.0

1.0

US average

−1.0

−2.0

−3.0

8th service-level solvency ►

15th trust fund solvency ►

19th long-run solvency ►

30th budget solvency

32nd cash solvency ►

UNDERLYING RATIOS

	Cash ratio	Quick ratio	Current ratio	Operating ratio	Surplus (or deficit) per capita	Net asset ratio	Long-term liability ratio	Long-term liability per capita
Texas	1.48	1.99	2.31	1.03	$167	0.24	0.33	$3,259
National average	2.68	3.66	3.93	1.04	$150	−0.17	0.61	$4,272

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Texas	0.04	0.11	0.10	0.27	0.06
National average	0.06	0.13	0.13	0.35	0.04

KEY TERMS

- **Cash solvency** measures whether a state has enough cash to cover its short-term bills, which include accounts payable, vouchers, warrants, and short-term debt. (Texas ranks 32nd.)

- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Texas ranks 30th.)

- **Long-run solvency** measures whether a state has a hedge against large long-term liabilities. Are enough assets available to cushion the state from potential shocks or long-term fiscal risks? (Texas ranks 19th.)

- **Service-level solvency** measures how high taxes, revenues, and spending are when compared to state personal income. Do states have enough "fiscal slack"? If spending commitments demand more revenues, are states in a good position to increase taxes without harming the economy? Is spending high or low relative to the tax base? (Texas ranks 8th.)

- **Trust fund solvency** measures how much debt a state has. How large are unfunded pension liabilities and OPEB liabilities compared to the state personal income? (Texas ranks 15th.)

For a complete explanation of the methodology used to calculate Texas's fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition," 2017 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, July 2017).