

RANK 42 WEST VIRGINIA

SUMMARY

On the basis of its fiscal solvency in five separate categories, West Virginia is ranked 42nd among the US states for fiscal health. On a short-run basis, West Virginia has between 1.45 and 1.95 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, and net position improved by \$221 per capita in FY 2015. In the long run, West Virginia's net asset ratio is -0.13, and long-term liabilities are 43 percent of total assets, or \$4,223 per capita. Total primary government debt is \$2.08 billion, or 3.1 percent of state personal income. West Virginia has a relatively high level of revenues and expenses as a percent of state personal income. Unfunded pension liabilities, on a guaranteed-to-be-paid basis, are \$22.78 billion, or 33 percent of state personal income. OPEB is 4 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
West Virginia	\$0.41 billion	\$2.08 billion	\$68.33 billion	3.1%	\$1,130
National average	\$6.09 billion	\$12.71 billion	\$305.43 billion	3.7%	\$1,804

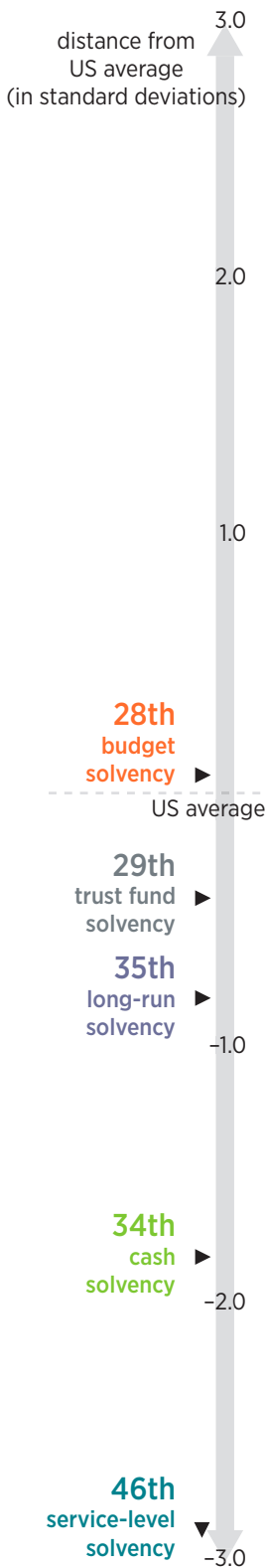
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
West Virginia	\$5.55 billion	67%	\$22.78 billion	33%
National average	\$20.62 billion	74%	\$105.50 billion	36%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
West Virginia	\$2.73 billion	20%
National average	\$12.97 billion	12%

1. Florida
2. North Dakota
3. South Dakota
4. Utah
5. Wyoming
6. Nebraska
7. Oklahoma
8. Tennessee
9. Idaho
10. Montana
11. Missouri
12. Alabama
13. Ohio
14. Nevada
15. North Carolina
16. Indiana
17. Alaska
18. Virginia
19. South Carolina
20. Arkansas
21. Oregon
22. Georgia
23. Texas
24. Minnesota
25. New Hampshire
26. Washington
27. Hawaii
28. Iowa
29. Wisconsin
30. Colorado
31. Delaware
32. Kansas
33. Arizona
34. Mississippi
35. Maine
36. Michigan
37. Connecticut
38. Rhode Island
39. New York
40. Vermont
41. New Mexico
- 42. West Virginia**
43. California
44. Louisiana
45. Pennsylvania
46. Maryland
47. Kentucky
48. Massachusetts
49. Illinois
50. New Jersey



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
West Virginia	1.45	1.72	1.95	1.03	\$221	-0.13	0.43	\$4,223
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
West Virginia	0.08	0.18	0.17	0.33	0.04
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. (West Virginia ranks 34th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (West Virginia ranks 28th.)
- **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? (West Virginia ranks 35th.)
- **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? (West Virginia ranks 46th.)
- **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? (West Virginia ranks 29th.)

For a complete explanation of the methodology used to calculate West Virginia’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).