

SUMMARY

On the basis of its fiscal solvency in five separate categories, Arkansas ranks 28th among the US states and Puerto Rico for its fiscal health. Arkansas's short-term position is strong. The state has between 2.65 and 3.47 times the cash needed to cover short-term liabilities. Revenues exceed expenses by 2 percent, producing a small surplus of \$114 per capita. On a long-run basis, net assets represent 17 percent of total assets, and total liabilities are 28 percent of total assets. Total debt in Arkansas is \$3.83 billion, and unfunded pensions are valued at \$32.42 billion on a guaranteed-to-be-paid basis. Other postemployment benefits (OPEB) add \$1.78 billion in total unfunded liabilities.

2014 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
Arkansas	\$1.37 billion	\$3.83 billion	\$112.08 billion	3.4%	\$1,290
National average	\$6.60 billion	\$13.76 billion	\$288.25 billion	6.0%	\$2,144

PENSION LIABILITY

Unfunded pension			Market value of	Market value of	
	liability	Funded ratio	unfunded liability	funded liability ratio	
Arkansas	\$6.17 billion	78%	\$32.42 billion	40%	
National average	\$20.46 billion	74%	\$86.85 billion	40%	

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Arkansas	\$1.78 billion	0%
National average	\$11.14 billion	12%



1. Alaska

2. Nebraska

3. Wyoming

- 4. North Dakota
- 5. South Dakota

6. Florida

- 7. Utah
- 8. Oklahoma

9. Tennessee

10. Montana

11. Ohio

12. Idaho

13. Nevada

14. Missouri

15. Alabama

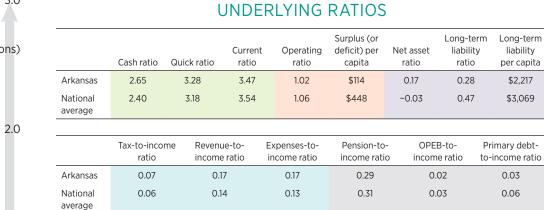
16. Texas

- 17. Indiana
- 18. South Carolina
- 19. Virginia
- 20. New Hampshire
- 21. North Carolina
- 22. Colorado
- 23. Georgia
- 24. Washington
- 25. Iowa
- 26. Minnesota

27. Kansas

28. Arkansas

- 29. Wisconsin
- 30. Oregon
- 31. Arizona
- 32. Mississippi
- 33. Louisiana
- 34. New Mexico
- 35. Michigan
- 36. Vermont
- 37. Rhode Island
- 38. Delaware
- 39. Pennsylvania
- 40. West Virginia
- 41. Maryland
- 42. New York
- 43. Maine 44. California
- 45. Hawaii
- 46. Kentuckv
- 47. Illinois
- 48. New Jersey
- 49. Massachusetts
- 50. Connecticut
- 51. Puerto Rico



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. (Arkansas ranks 15th.)
- Budget solvency measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Arkansas ranks 35th.)
- 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? (Arkansas ranks 27th.)
- 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? (Arkansas ranks 42nd.)
- Trust fund solvency measures how much debt a state has. How large are • unfunded pension liabilities, OPEB liabilities, and state debt compared to the state personal income? (Arkansas ranks 28th.)

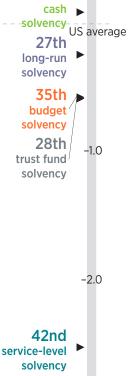
service-level solvency -3.0

For a complete explanation of the methodology used to calculate Arkansas's fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition," 2016 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, June 2016).

3.0

distance from US average (in standard deviations)





15th