

RANK
31

ARIZONA

SUMMARY

On the basis of its fiscal solvency in five separate categories, Arizona ranks 31st among the US states and Puerto Rico for its fiscal health. On a short-run basis, Arizona's performance is mixed. The state has low levels of cash, or between 0.84 and 1.33 times the cash needed to cover short-term liabilities. Revenues exceed expenses by 5 percent, with a small surplus of \$231 per capita. On a long-run basis, net assets are 15 percent of total assets, and total liabilities account for 26 percent of total assets. Arizona has \$10.07 billion in total debt, with unfunded pension liabilities valued at \$72.16 billion on a guaranteed-to-be-paid basis.

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
Arizona	\$0.00 billion	\$10.07 billion	\$255.09 billion	3.9%	\$1,496
National average	\$6.60 billion	\$13.76 billion	\$288.25 billion	6.0%	\$2,144

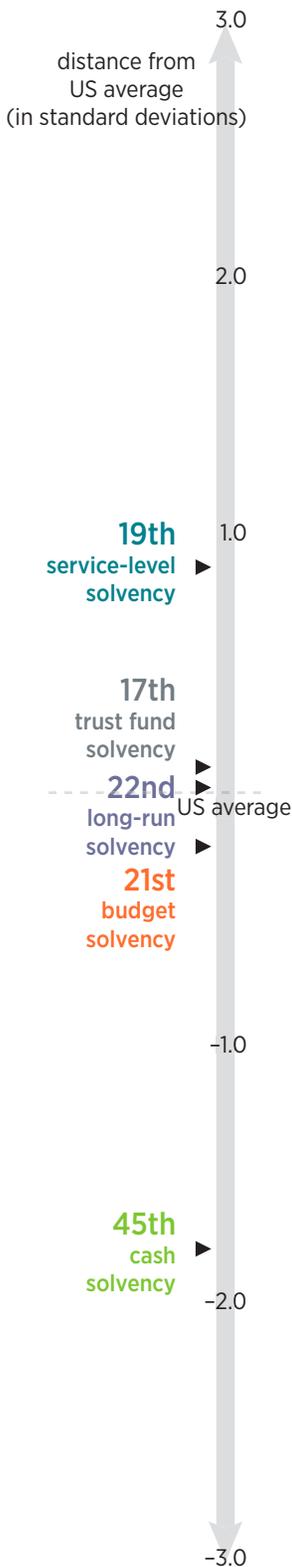
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Arizona	\$17.62 billion	69%	\$72.16 billion	35%
National average	\$20.46 billion	74%	\$86.85 billion	40%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Arizona	\$0.08 billion	96%
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. Kentucky
47. Illinois
48. New Jersey
49. Massachusetts
50. Connecticut
51. Puerto Rico



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
Arizona	0.84	1.10	1.33	1.05	\$231	0.15	0.26	\$1,582
National average	2.40	3.18	3.54	1.06	\$448	-0.03	0.47	\$3,069

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio	Primary debt-to-income ratio
Arizona	0.05	0.12	0.12	0.28	0.00	0.04
National average	0.06	0.14	0.13	0.31	0.03	0.06

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. (Arizona ranks 45th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Arizona ranks 21st.)
- **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? (Arizona ranks 22nd.)
- **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? (Arizona ranks 19th.)
- **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? (Arizona ranks 17th.)

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