

RANK 40 WEST VIRGINIA

SUMMARY

On the basis of its fiscal solvency in five separate categories, West Virginia ranks 40th among the US states and Puerto Rico for its fiscal health. On a cash basis, West Virginia has between 1.50 and 2.02 times the cash needed to cover short-term liabilities. Revenues exceed expenses by 2 percent, for a surplus of \$131 per capita. Net assets are 12 percent of total assets, and total liabilities are 23 percent of total assets. Total debt is \$2.07 billion. Unfunded pension liabilities are \$19.82 billion on a guaranteed-to-be-paid basis, and other postemployment benefits (OPEB) are \$2.73 billion. These three liabilities are equal to 37 percent of total state personal income.

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
West Virginia	\$0.46 billion	\$2.07 billion	\$66.86 billion	3.1%	\$1,119
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
West Virginia	\$5.55 billion	67%	\$19.82 billion	37%
National average	\$20.46 billion	74%	\$86.85 billion	40%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
West Virginia	\$2.73 billion	20%
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
West Virginia	1.50	1.79	2.02	1.02	\$131	0.12	0.23	\$2,348
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
West Virginia	0.08	0.18	0.18	0.30	0.04	0.03
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. (West Virginia 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? (West Virginia ranks 32nd.)
- 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 28th.)
- 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 45th.)
- 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? (West Virginia ranks 30th.)

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,” 2016 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, June 2016).