Ranking the States by Fiscal Condition

2018 Edition

Eileen Norcross and Olivia Gonzalez

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George Mason University
3434 Washington Blvd., 4th Floor, Arlington, Virginia 22201
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ABSTRACT

For the fifth and final year, we rank states according to their financial condition. On the basis of FY 2016 financial reports of the 50 states, this study ranks the states' fiscal solvency using 13 indicators that assess the extent to which the states can meet their obligations. State finances are analyzed according to five dimensions of solvency: cash, budget, long-run, service-level, and trust fund solvency. These five dimensions are combined to produce an overall ranking of state fiscal solvency. Nebraska, South Dakota, Tennessee, Florida, and Oklahoma rank as the top five most fiscally solvent states. Kentucky, Massachusetts, New Jersey, Connecticut, and Illinois rank as the bottom five states. This ranking highlights the relative performance of the states in one year, but understanding financial health requires looking at the underlying objective performance of each state over time. We complement this year's ranking with a 10-year trend analysis of the states' financial performance. We find that although, on average, state budgets have not fallen to the lows they reached during the recession, they also have not quite improved to prerecession levels. There has been a slight decline in average state operating ratios since FY 2014, but most states are still able to match revenues with expenses. Long-term liabilities have, on average, increased over time. Long-term liabilities increased the most significantly in FY 2015, largely as a result of new Government Accounting Standards Board rules that require states to report unfunded pension obligations on their balance sheets. Unfunded pension liabilities remain an ongoing problem for the states, and their magnitude is only more transparently revealed by these reporting changes. Pairing these findings with what we have learned from the past four editions of this study, we conclude with recommendations for future research that emphasize pairing quantitative and qualitative data in context to analyze state financial condition.

JEL codes: H2, H3, H7, M410, M420

Keywords: state fiscal health, financial ratios, state budget, state finance, state debt, public pensions, OPEB, state borrowing, municipal debt, fiscal solvency

This paper can be accessed at www.mercatus.org/statefiscalrankings.

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For the fifth year in a row, we assess the fiscal health of the states. Each edition of these rankings has provided a snapshot of each state's fiscal health by presenting information from states' audited financial reports in an easily accessible format. The goal for our research has been to establish a consistent set of financial data and basic indicators with which to evaluate individual state performance, better understand the factors that drive changes in performance, and identify areas where financial reporting may improve. States face many fiscal problems, but these problems are not insurmountable. Studying how each state is performing with regard to a variety of fiscal indicators can help state policymakers address persistent issues and anticipate potential problems.

As with any set of measures, financial indicators and trend lines should be interpreted with caution and in the context of a deeper analysis of each state's financials, pension systems, rainy day funds, budget and policy reforms, economic conditions, and fiscal institutions.

For our analysis, we draw primarily from each state's comprehensive annual financial reports (CAFR) as well as from state actuarial reports.[1] The goal of this study, as well as that of previous editions, has been to operationalize the CAFR by applying 13 basic indicators to measure state fiscal health. We calculate this year's rankings from the states' fiscal year (FY) 2016 reports and then apply our trend analysis to reports from 2006 through 2016. We hope that by applying our indicators to more years of data, we can reach a better understanding of what constitutes fiscal health.

1. All data except for personal income, population, and information on each state's pension system and other postemployment benefits (OPEB) are drawn from each state's CAFR. A CAFR is a full accounting of a state government's finances, and it includes information on assets, long-term liabilities, debt, and cash flow. CAFRs provide the most comprehensive public accounting of state finances that allows for cross-state comparisons and the analysis of state performance over time. Appendix A table A1 lists where data were found for each variable.

This paper contains three sections. Section 1 presents this year's ranking. Section 2 presents an analysis of how states have changed over time, with an emphasis on what can be learned from consistently strong and consistently weak states. We also highlight lessons from oil-producing states, tax-reforming states, and states with the biggest changes in the health of their pension system. Section 3 concludes with key lessons from the rankings and trends and implications for states moving forward. More detailed information regarding the methodology and indicators by which we measure financial condition can be found in the appendices.

Several themes persist from the previous editions of "Ranking the States by Fiscal Condition." States with long-running structural deficits and large unfunded pension obligations tend to be states that either skipped or reduced their contributions to employee pension and health benefit plans and then issued debt to cover budget shortfalls or pension contributions, effectively adding to future obligations. States that are reliant on natural resource revenues experienced dramatic swings in cash, budgetary, and service-level solvency indicators. FY 2015 Government Accounting Standards Board (GASB) reforms that required states to report unfunded pension obligations on their books generally resulted in larger long-term liabilities for states with weaker pension funding levels. With several years of data, we can also see the effect of tax reform in Indiana, Kansas, Michigan, North Carolina, Rhode Island, and Utah.

1. RANKING THE STATES

Building on the previous editions of this study, we rank the states according to their fiscal solvency on the basis of their audited financial reports.[2] Fiscal solvency captures whether a state is able to meet its short-term and long-term obligations without incurring excessive debt, engaging in budget gimmicks, or using other evasive tactics.[3]

Each edition of this study has applied a method for assessing financial condition developed by public administration researchers XiaoHu Wang, Lynda Dennis, and Yuan Sen (Jeff) Tu.[4] Their study defined four types of solvency,

2. The most recent CAFRs available for all states at the time of writing were from FY 2016.
3. Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, June 2017); Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition, 2016 Edition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, June 2016); Eileen Norcross, "Ranking the States by Fiscal Condition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, July 2015).
4. XiaoHu Wang, Lynda Dennis, and Yuan Sen (Jeff) Tu, "Measuring Financial Condition: A Study of U.S. States," *Public Budgeting & Finance* 27, no. 2 (2007): 1–21.

including (1) cash solvency, (2) budget solvency, (3) long-run solvency, and (4) service-level solvency. In 2014, Sarah Arnett applied this method of measuring fiscal condition to produce a ranking of the states on the basis of their relative performance.[5] The next edition of "Ranking the States by Fiscal Condition" updated Arnett's study by changing how service-level solvency is calculated and by adding another dimension of solvency, (5) trust fund solvency, which included total unfunded pension obligations, other postemployment benefits (OPEB), and total state debt.[6] Following the first edition, each new report adopted the same methodology, with minor improvements each year.[7] The five solvency areas each attempt to measure different aspects of fiscal condition:

1. 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.
2. Budget solvency measures whether a state can cover its fiscal-year spending using current revenues. It can help address the question of whether the state ran a shortfall during the year.
3. 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?
4. Service-level solvency captures whether states have enough "fiscal slack" by measuring taxes, revenues, and expenses relative to state personal income. If spending commitments demand more revenues, are states in a good position to increase taxes without harming their economy? Are expenses high relative to the income of state residents, pointing to unsustainable levels of spending?
5. Trust fund solvency measures how much retirement-related debt a state has. How large are unfunded pension liabilities and OPEB liabilities compared with the state personal income?[8]

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5. Sarah Arnett, "State Fiscal Condition: Ranking the 50 States" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, January 2014).
6. Norcross, "Ranking the States by Fiscal Condition."
7. In addition to adding a new solvency area, the 2015 edition of "Ranking the States by Fiscal Condition" changed the way service-level solvency is calculated by measuring taxes, revenues, and expenditures as a proportion of personal income. The 2017 edition of the study dropped total state debt from the trust fund solvency area and capped outlier cash values for the cash solvency area. This year's edition equally weights each solvency area. For a better understanding of how these methodological changes affect the rankings, see appendix A for a backtracked ranking for each year this study has been released.
8. For a more in-depth explanation of each solvency area, see Norcross and Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition."

The first four dimensions—cash, budget, long-run, and service-level solvency—are constructed on the basis of data from the state's CAFR, particularly its statement of net assets, statement of activities, and change in net position. The fifth dimension of solvency is trust fund solvency, which consists of unfunded pension obligations and OPEB liabilities. Data measuring each state's unfunded pension obligations come from individual actuarial reports for the state governments' state-administered pension plans. OPEB data come from CAFR statements and the actuarial statements of OPEB plans, where available. Population figures are drawn from the US Census, and personal income data are drawn from the Bureau of Economic Analysis' regional economic accounts.[9]

Using the state's financial statements, we construct 13 fiscal indicators to measure the different dimensions of fiscal health.[10] Table 1 provides basic statistics, including the mean, median, standard deviation, and maximum and minimum values for each ratio in FY 2016. These statistics provide an overview of the average performance of the 50 states for each indicator. The biggest changes from the past year's fiscal rankings report, which used FY 2015 data, are in three indicators: the change in net position or surplus (deficit) per capita, the long-term liability ratio, and the unfunded-pension-to-state-income ratio.

To rank the states by their short-term and long-term fiscal health prospects, the 13 indicators listed in table 1 are bundled according to the dimensions of solvency they measure. Appendix A explains how the individual indicators are standardized and summed to create an index of fiscal solvency. The state profiles in appendix C summarize key information for each state, providing a closer look at the underlying data that make up the final ranking.

Cash Solvency Rankings

The first dimension of the ranking, cash solvency, is composed of three indicators, or ratios: the cash ratio, the quick ratio, and the current ratio, as displayed by equation 1. These three different ratios measure varying degrees of liquidity of state assets, with the cash ratio being the most liquid and the current ratio being the least liquid. These ratios capture a government's cash position relative to its

9. United States Census Bureau, "State Population Totals, 2006–2016," https://www.census.gov/data/datasets/2017/demo/popest/state-total.html; Bureau of Economic Analysis, "Regional Economic Accounts, 2006–2016," https://www.bea.gov/data/economic-accounts/regional.
10. Appendix A table A1 describes where the line items for each fiscal indicator can be found in each state's financial statement, and appendix A table A2 provides definitions of each indicator.

TABLE 1. DESCRIPTIVE STATISTICS FOR FISCAL YEAR 2016 STATE GOVERNMENT FINANCIAL INDICATORS

Financial indicators	n	Mean	Median	Standard deviation	Maximum	Minimum
Cash ratio[a]	50	2.22	1.50	2.53	17.07	0.42
Quick ratio[a]	50	2.99	2.45	2.53	17.38	0.92
Current ratio[a]	50	3.22	2.63	2.56	17.92	1.05
Operating ratio	50	1.01	1.03	0.09	1.16	0.52
Surplus (deficit) per capita	50	−$72.45	$135.94	$1,038.13	$529.95	−$6,945.82
Net asset ratio	50	−0.17	0.00	0.74	0.77	−2.98
Long-term liability ratio	50	0.63	0.39	0.79	3.88	0.04
Long-term liability per capita	50	$4,386.94	$3,010.80	$4,137.26	$18,928.22	$282.34
Tax income ratio	50	0.06	0.06	0.02	0.10	0.00
Revenue income ratio	50	0.13	0.13	0.03	0.23	0.09
Expenses income ratio	50	0.13	0.12	0.04	0.26	0.08
Pension income ratio	50	0.43	0.40	0.16	0.91	0.17
OPEB income ratio[b]	48	0.04	0.03	0.05	0.21	0.00

Source: Authors' analysis of the FY 2016 CAFRs for all states.

Notes: CAFR = comprehensive annual financial report; FY = fiscal year; OPEB = other postemployment benefits.
a. These are the descriptive statistics for the cash, quick, and current ratios before the outliers have been capped. The maximum values change to 7.72, 9.81, and 9.00 for the cash, quick, and current ratios, respectively, after capping Alaska as an outlier.
b. OPEB-to-income ratios are reported for only 48 states because two states, Nebraska and South Dakota, do not report unfunded OPEB liabilities.

short-term liabilities. They indicate whether a government can meet bills that are due over a 30- to 60-day horizon.

$$\text{Cash solvency} = \text{cash ratio} + \text{quick ratio} + \text{current ratio} \tag{1}$$

As table 1 shows, the states' mean cash ratio in FY 2016 is 2.22, meaning states have 2.22 times more cash than short-term liabilities, on average. The average quick and current ratios for FY 2016 are 2.99 and 3.22, respectively. As a rough guideline, healthy current ratios should exceed two, and cash and quick ratios should be greater than one.[11] Most states have enough cash to cover short-term liabilities, on the basis of these minimum benchmarks.

11. Steven Finkler, *Financial Management for Public, Health, and Not-for-Profit Organizations* (Upper Saddle River, NJ: Prentice Hall, 2012).

Table 2 ranks the states according to cash solvency. The rank is derived from a z-score, or a standardized value of the summed cash solvency indicators, which measures by how many standard deviations an individual state's score is above or below the mean for all 50 states. For example, Ohio's cash index is 2.26 standard deviations above the mean, giving the state a rank of ninth place for cash solvency. Ohio's cash metrics, or indicators, show that it has a strong cash position, with between three to four times the cash needed to cover its short-term bills. By contrast, Washington has a cash index of −1.23, or about one standard deviation below the mean. Washington's cash, quick, and current ratios are 1.33, 2.05, and 2.48, respectively. These metrics indicate that although Washington has sufficient cash relative to minimum benchmarks, it still performs below the mean performance of the states.

The top five states that performed well in this area, relative to other states, in FY 2016 are Alaska, Wyoming, South Dakota, Florida, and Montana. The bottom five states are Arizona, Pennsylvania, Massachusetts, Illinois, and Connecticut.

Alaska, Wyoming, and South Dakota's high level of cash solvency is due to these states' restricted permanent funds. Although each of their permanent funds is structured differently, they all restrict cash in some way. Alaska has cash, quick, and current ratios of 17.07, 17.38, and 17.93, respectively, in FY 2016 primarily because of $69.15 billion in cash, cash equivalents, investments, and receivables recorded on its statement of net position. However, $44.79 billion of this is restricted for the state's permanent funds, meaning it cannot readily be accessed for meeting short-term bills.[12] Similarly, Wyoming's high cash solvency indicators reflect the state's reported $23.09 billion in cash on hand, $11.46 billion of which is restricted as nonspendable within the Permanent Mineral Trust Fund or the Common School Land Fund.[13] Of South Dakota's $3.14 billion in cash on hand, $663.56 million is restricted in funds held as permanent investments.[14] However, as will be seen in the next few sections, Alaska does poorly in budget solvency and trust fund solvency (ranking 50th in both areas), and Wyoming does poorly in budget (47th), service-level (37th), and trust fund (37th) solvency. South Dakota performs relatively better in these other areas despite its restricted funds. The main takeaway here is that large cash ratios do not necessarily imply robust fiscal health. Although saving money for specific purposes may be fiscally responsible

12. Alaska FY 2016 CAFR, p. 19.
13. "Cash on hand" is used here to refer to cash, cash equivalents, investments, and receivables on a statement of net position. Wyoming FY 2016 CAFR, p. 36.
14. South Dakota FY 2016 CAFR, p. 34.

TABLE 2. RANKING OF STATES BY CASH SOLVENCY (FISCAL YEAR 2016)

Rank	State	Cash index	Rank	State	Cash index
1	Alaska	11.12	26	Iowa	−1.02
2	Wyoming	8.82	27	Indiana	−1.08
3	South Dakota	6.11	28	Virginia	−1.10
4	Florida	5.08	29	Washington	−1.23
5	Montana	3.68	30	New Jersey	−1.29
6	Alabama	2.92	31	Louisiana[a]	−1.29
7	Idaho	2.80	32	Colorado	−1.53
8	North Dakota	2.70	33	Delaware	−1.58
9	Ohio	2.26	34	Texas	−1.66
10	Tennessee	2.03	35	Michigan	−1.72
11	Arkansas	1.95	36	New Hampshire	−1.73
12	Nebraska	1.70	37	Rhode Island	−1.75
13	Oregon	0.88	38	West Virginia	−1.98
14	Missouri	0.84	39	Wisconsin	−2.12
15	Utah	0.61	40	Kentucky	−2.25
16	Georgia	0.35	41	Maryland	−2.29
17	Minnesota	0.24	42	Kansas	−2.34
18	Hawaii	−0.01	43	Maine	−2.36
19	Mississippi	−0.25	44	New York	−2.51
20	Oklahoma	−0.37	45	California	−2.55
21	New Mexico	−0.46	46	Arizona	−2.68
22	South Carolina	−0.49	47	Pennsylvania	−2.84
23	North Carolina	−0.59	48	Massachusetts	−3.09
24	Nevada	−0.68	49	Illinois	−3.17
25	Vermont	−0.80	50	Connecticut	−3.26

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The cash solvency index is the sum of the standardized values of the cash, quick, and current ratios.
a. New Jersey's cash solvency score is –1.2853, and Louisiana's is –1.2946. New Jersey is ranked 30th, and Louisiana is ranked 31st, although the rounded scores are the same.

to some extent, there exists a point at which this behavior exhibits diminishing marginal returns, especially if other financial needs are not being met.

Florida's strong cash position is due to high levels of cash that are not restricted by permanent funds but are in some way set aside within the state's rainy day fund. The state reports $20.35 billion of pooled investments with the State Treasury, $1.4 billion of which is part of the state's Budget Stabilization Fund to be accessed in the case of a fiscal emergency.[15] These are indicators of a strong short-term position.

Montana's cash solvency rank is due to cash and equity in pooled investments of $1.68 billion and $2.29 billion, respectively, giving it a strong short-term position. According to the FY 2016 CAFR, Montana has a total general fund balance of $271.3 million.[16] An analysis of states' recession readiness indicates that to weather an average recession, Montana would need $465 million in budget reserves.[17]

It should be noted that one state, Alabama, has consistently performed well in the cash solvency area but has also consistently been late in filing its CAFR. Alabama released its FY 2016 CAFR on February 28, 2018. Public finance research suggests that late financial report filing can be associated with poor financial management or can act as an early sign of fiscal distress.[18] Although Alabama has between 3.66 and 4.89 times the cash needed to cover short-term obligations in FY 2016, it should not be overlooked that the state's reporting practices could be greatly improved.

Budget Solvency Rankings

Equation 2 displays the indicators that make up the second dimension of this ranking, budget solvency, which measures whether a state's revenues match its expenses. The first indicator is the operating ratio, the proportion of total

15. Florida FY 2016 CAFR, p. 67.
16. In 2017, Montana instituted a budget stabilization fund; the state had previously relied on any remaining balances in its general fund to meet budget shortfalls. See Title 17, Chapter 7, Part 1 17-7-30 Budget Stabilization Reserve Fund—Rules for Deposits and Transfers (https://leg.mt.gov/bills/mca/title_0170/chapter_0070/part_0010/section_0300/0170-0070-0010-0300.html).
17. Erick Elder, "Weathering the Next Recession: Is Montana Prepared?" (https://www.mercatus.org/publication/weathering-next-recession-how-prepared-montana), in "Weathering the Next Recession: How Prepared Are the 50 States?" (Mercatus Research, Mercatus Center at George Mason University, January 2016), p. 24.
18. Kloha, Philip, Carol S. Weissert, and Robert Kleine, "Someone to Watch over Me: State Monitoring of Local Fiscal Conditions," *American Review of Public Administration* 35, no. 3 (2005): 236–55.

revenues available to cover total expenses. A ratio greater than one indicates that revenues exceed expenses and thus that the state can pay for budgeted spending in the fiscal year. An operating ratio of less than one is a red flag indicating that the state is vulnerable to cash flow problems in the event of a fiscal setback. In FY 2016, the average operating ratio was 1.01, meaning that most states' revenues were able to cover expenses.

$$\text{Budget solvency} = \text{operating ratio} + \text{surplus (or deficit) per capita} \tag{2}$$

The second indicator is the surplus (or deficit) per capita, which is measured as the state's change in net assets divided by the state's population. The change in net assets, also known as the change in position, captures the change in direction of the state's overall financial position between the previous and current years. An increase in net assets is considered a surplus, whereas a decrease is considered a deficit. Most states reported a decline in position, or deficit, in FY 2016 of $72.45 per capita, on average. As section 2 will later explain, this is the first year since FY 2009 that most states have experienced a deficit. Note also that states with weak operating ratios tend to record a deficit.

Average surpluses per capita decreased by $222.43 in FY 2016 from the previous year. This means that, on average, states' net position declined. As table 1 displays, the maximum surplus per capita also dropped significantly from the previous year, falling from $2,810.21 to $529.95. This steep drop in average net position is largely due to the effect of declining oil prices in North Dakota. North Dakota's surplus per capita in FY 2015 was $2,810.21, but this figure fell to a deficit of $137.47 in FY 2016. This change leaves North Carolina's surplus per capita of $529.95, a slight increase from $492.64 in FY 2015, as the new maximum surplus for FY 2016. For both years, Alaska remains the state with the largest deficit per capita.

Together, the operating ratio and the surplus or deficit per capita form the budget solvency index, which allows us to rank the states according to budget solvency, as seen in table 3. The top five states in this index in FY 2016 are Nevada, North Carolina, Georgia, Utah, and South Carolina. The bottom five states are Illinois, Wyoming,[19] Connecticut, New Jersey, and Alaska.

19. Wyoming stands out as a state that dropped significantly in budget solvency from FY 2015 to FY 2016. This decline was primarily driven by a drop in revenues (−12%) that exceeded the state's rise in expenses (5%). The largest areas that contributed to the drop in revenues included capital grants and contributions (−80%) and taxes (−20%). The largest tax decreases came from federal mineral royalties (−38%), mineral severance (−33%), miscellaneous (31%), and sales and use taxes (−19%).

TABLE 3. RANKING OF STATES BY BUDGET SOLVENCY (FISCAL YEAR 2016)

Rank	State	Budget index	Rank	State	Budget index
1	Nevada	2.30	26	Missouri	0.38
2	North Carolina	1.94	27	Maryland[d]	0.38
3	Georgia	1.15	28	South Dakota	0.36
4	Utah	1.14	29	Virginia	0.30
5	South Carolina[a]	1.14	30	West Virginia	0.22
6	Florida	1.08	31	Pennsylvania	0.16
7	Tennessee	1.04	32	Colorado	0.10
8	Mississippi	0.96	33	Ohio	0.09
9	Vermont	0.91	34	Oregon	0.04
10	New Hampshire	0.86	35	New York[e]	0.04
11	Hawaii	0.83	36	Indiana	−0.06
12	Minnesota	0.81	37	Nebraska	−0.09
13	Idaho	0.78	38	North Dakota	−0.33
14	Montana[b]	0.78	39	Kentucky	−0.37
15	Arizona	0.74	40	Louisiana	−0.43
16	Maine	0.72	41	Oklahoma	−0.63
17	California	0.69	42	Delaware	−0.85
18	Wisconsin	0.68	43	New Mexico	−0.94
19	Washington	0.66	44	Kansas	−0.95
20	Arkansas	0.64	45	Massachusetts	−1.12
21	Rhode Island	0.55	46	Illinois	−1.36
22	Alabama	0.49	47	Wyoming	−1.40
23	Iowa	0.47	48	Connecticut	−1.56
24	Texas[c]	0.47	49	New Jersey	−2.04
25	Michigan	0.46	50	Alaska	−12.25

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The budget solvency index is the sum of the standardized values of a state's operating ratio and its surplus (deficit) per capita ratio.
a. Utah's budget solvency score is 1.1374, and South Carolina's is 1.1353. Utah is ranked fourth, and South Carolina is ranked fifth, although the rounded scores are the same.
b. Idaho's budget solvency score is 0.7839, and Montana's is 0.7809. Idaho is ranked 13th, and Montana is ranked 14th, although the rounded scores are the same.
c. Iowa's budget solvency score is 0.4730, and Texas's is 0.4683. Iowa is ranked 23rd, and Texas is ranked 24th, although the rounded scores are the same.
d. Missouri's budget solvency score is 0.3832, and Maryland's is 0.3787. Missouri is ranked 26th, and Maryland is ranked 27th, although the rounded scores are the same.
e. Oregon's budget solvency score is 0.0377, and New York's is 0.0355. Oregon is ranked 34th, and New York is ranked 35th, although the rounded scores are the same.

Long-Run Solvency Rankings

Long-run solvency is measured by three indicators: the net asset ratio, the long-term liability ratio, and the long-term liability per capita ratio, as displayed by equation 3. The first of these indicators, the net asset ratio, is the proportion of net assets, or assets that are left over after a state government has paid its debts, relative to the government's total assets. The greater the amount of net assets relative to total assets, the more the government has on hand to cover long-term liabilities. The average net asset ratio in FY 2016 is −0.17. The second indicator, the long-term liability ratio, represents the proportion of long-term liabilities relative to total assets. It includes liabilities like outstanding bonds, loans, claims and judgments, pensions, OPEB, and compensated employee absences. On average, states held long-term liabilities representing 63 percent of their total assets in FY 2016. The third long-run solvency indicator is long-term liabilities per capita. In FY 2016, states held an average of $4,386.94 per person in long-term liabilities.

$$\begin{gathered}\text{Long-run solvency} = \\ \text{net asset ratio} + \text{long-term liability ratio} \\ + \text{long-term liability per capita ratio}\end{gathered} \tag{3}$$

Average long-term liabilities relative to assets have worsened slightly since FY 2015. The maximum long-term liabilities relative to assets increased from 3.60 to 3.88 (New Jersey), whereas the minimum improved slightly from 0.05 to 0.04 (Nebraska). Long-term liabilities per capita increased by $115.04, on average. The maximum long-term liability per capita increased from $16,820.87 to $18,928.22 (New Jersey), and the minimum decreased from $378.61 to $282.34 (Nebraska).

Table 4 ranks the states according to long-run solvency. States that performed well in this ranking by holding relatively lower levels of long-term liabilities include Nebraska, South Dakota, Oklahoma, Tennessee, and Idaho. States that performed poorly because of their higher levels of long-term liabilities included Kentucky, Connecticut, Massachusetts, Illinois, and New Jersey.

Service-Level Solvency Rankings

Service-level solvency attempts to measure how much "fiscal slack" states have (to raise taxes or increase spending) through the calculation of three

TABLE 4. RANKING OF STATES BY LONG-RUN SOLVENCY (FISCAL YEAR 2016)

Rank	State	Long-run index	Rank	State	Long-run index
1	Nebraska	10.98	26	Michigan	−0.23
2	South Dakota	4.39	27	Georgia	−0.30
3	Oklahoma	3.82	28	Kansas	−0.35
4	Tennessee	3.45	29	Mississippi	−0.40
5	Idaho	2.80	30	New Hampshire	−0.43
6	Alaska	2.34	31	Indiana	−0.44
7	Wyoming	2.13	32	Ohio	−0.45
8	North Carolina	1.96	33	Colorado	−0.54
9	North Dakota	1.84	34	West Virginia	−0.76
10	Utah	1.37	35	Maine	−0.78
11	South Carolina	0.99	36	Washington	−0.93
12	Iowa	0.74	37	Pennsylvania	−0.95
13	Montana	0.61	38	Louisiana	−1.02
14	New Mexico	0.56	39	New York	−1.08
15	Missouri	0.26	40	Delaware	−1.12
16	Nevada	0.14	41	Vermont	−1.19
17	Florida[a]	0.14	42	Hawaii	−1.32
18	Virginia	0.08	43	Rhode Island	−1.62
19	Alabama	0.03	44	Maryland	−1.69
20	Arizona	0.02	45	California	−1.73
21	Texas	−0.01	46	Kentucky	−2.71
22	Minnesota	−0.10	47	Connecticut	−3.60
23	Arkansas	−0.15	48	Massachusetts	−3.86
24	Wisconsin	−0.18	49	Illinois	−5.14
25	Oregon	−0.22	50	New Jersey	−5.35

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The long-run solvency index is the sum of the standardized values of the net asset, long-term liability, and long-term liability per capita ratios.
a. Nevada's long-run solvency score is 0.1384, and Florida's is 0.1379. Nevada is ranked 16th, and Florida is ranked 17th, although the rounded scores are the same.

ratios: those of total taxes, revenues, and expenses relative to state personal income, as displayed by equation 4. All else equal, a lower value for each of these ratios is better for a state's fiscal health. States with especially high levels of taxes, revenues, and expenses relative to state personal income are at greater financial risk should they experience a sudden downturn. They are more likely to have difficulty responding to increased demands on their budgets or increasing costs associated with pensions and OPEB obligations when hard times hit.

$$\text{Service-level solvency} = \text{tax-to-income ratio} + \text{revenue-to-income ratio} + \text{expenses-to-income ratio} \quad (4)$$

Table 5 ranks the states according to service-level solvency. States with low levels of taxes, revenues, and expenses as a percentage of personal income are ranked at the top. The best-performing states when it comes to service-level solvency include Nevada, Alaska, New Hampshire, Virginia, and Florida, whereas the weakest-performing states are West Virginia, Vermont, Delaware, North Dakota, and New Mexico.

Although a lower value of each of the indicators that compose service-level solvency is generally better for a state's fiscal health, greater context is required to interpret these metrics. These ratios provide a starting point to understand how each state compares when it comes to the financial burden it places upon its citizens. However, other factors, such as the structure of a state's tax system and the nature of its spending, need to be considered when evaluating the fiscal effect of states' tax and budget decisions.

Trust Fund Solvency Rankings

Trust fund solvency captures the portion of a state's long-term liabilities that includes risk-adjusted pension obligations and OPEB relative to state personal income, as displayed by equation 5. OPEB are benefits other than pensions that are paid to former employees; they largely consist of retiree medical insurance, but they may also include ancillary benefits such as life insurance. The long-term liability solvency area captures some portion of these liabilities, but not the entirety of them. As described in appendix A table A1, the liability numbers used for long-run solvency are taken from the states' statements of net assets and of activities. Until FY 2015, states only reported their deficit in annual contributions to the pension system as part of their long-term

TABLE 5. RANKING OF STATES BY SERVICE-LEVEL SOLVENCY (FISCAL YEAR 2016)

Rank	State	Service-level index	Rank	State	Service-level index
1	Nevada	4.36	26	Arizona	−0.26
2	Alaska	4.19	27	Connecticut	−0.32
3	New Hampshire	3.77	28	California	−0.49
4	Virginia	3.39	29	Idaho	−0.56
5	Florida	3.33	30	Washington	−0.60
6	South Dakota	2.80	31	Michigan	−0.68
7	Nebraska	2.69	32	Wisconsin	−0.69
8	Missouri	2.21	33	Maine	−0.87
9	Utah	1.97	34	Montana	−0.92
10	Kansas	1.89	35	Massachusetts	−0.95
11	Oklahoma	1.53	36	Minnesota	−1.14
12	Tennessee	1.50	37	Wyoming	−1.38
13	Texas	1.32	38	New York[b]	−1.38
14	Illinois	1.31	39	Rhode Island	−1.56
15	Colorado	1.08	40	Oregon	−1.58
16	North Carolina	1.04	41	Iowa[c]	−1.58
17	Maryland	0.77	42	Hawaii	−2.05
18	Indiana	0.71	43	Kentucky	−2.10
19	Georgia[a]	0.71	44	Mississippi	−2.33
20	New Jersey	0.69	45	Arkansas	−3.00
21	Alabama	0.49	46	West Virginia	−3.08
22	South Carolina	0.31	47	Vermont	−3.28
23	Pennsylvania	0.25	48	Delaware	−3.36
24	Louisiana	−0.13	49	North Dakota	−3.37
25	Ohio	−0.21	50	New Mexico	−4.43

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The service-level solvency index is the sum of the standardized values of the tax-, revenue-, and expenses-to-income ratios.
a. Indiana's service-level solvency score is 0.7081, and Georgia's is 0.7068. Indiana is ranked 18th, and Georgia is ranked 19th, although the rounded scores are the same.
b. Wyoming's service-level solvency score is −1.3815, and New York's is −1.3829. Wyoming is ranked 37th, and New York is ranked 38th, although the rounded scores are the same.
c. Oregon's service-level solvency score is −1.5781, and Iowa's is −1.5807. Oregon is ranked 40th, and Iowa is ranked 41st, although the rounded scores are the same.

liabilities.[20] That number—the deficiency in pension funding since 1997—did not provide an accurate picture of the governments' true financial positions.[21] However, as of FY 2015, accounting guidance GASB 68 requires states to report their net pension obligation as part of their long-run liabilities.

$$\text{Trust fund solvency} = \text{pension-to-income ratio} + \text{OPEB-to-income ratio} \quad (5)$$

An additional standard, GASB 67, provides new guidance for state governments in selecting the discount rate used to measure the present value of their unfunded liabilities. Previously, under GASB 25, governments selected the expected rate of return on plan assets with which to calculate the present value of their unfunded liabilities. This expected rate of return is based on pension plan asset portfolios, which are typically invested in a mix of equities, fixed income, and alternatives. However, this aspect of GASB 25 was criticized in that it effectively measured a government-guaranteed, and therefore riskless, obligation with reference to risky assets. On average, state plans used a discount rate of 7.52 percent to calculate the present value of plan liabilities in FY 2015, which is much higher than the return on bonds. The difference between these two discount rates is the risk premium that plans are assuming.

GASB 67 attempts to correct GASB 25 on this matter by suggesting a "blended approach" in applying a discount rate to value pension liabilities. For the portion of the liability that is backed by assets, the expected rate of return on pension assets (the higher discount rate) may be used to calculate the present value of the liability. For the portion of the liability that is not backed by assets, a low-risk return on tax-exempt municipal bonds (a lower discount rate) is to be used. The effect of this "blended rate" approach depends on when the plan is estimated to run out of assets. A plan projected to run out of assets sooner would apply the lower discount rate to a greater portion of its liability, resulting in a much larger present value for the unfunded liability. This effect points to an incentive for plans to project pension asset run-out dates far into the future, which will enable them to apply the higher discount rate, resulting in smaller present values for unfunded liabilities and lower annual contributions.

The effect of GASB 68 and GASB 67 is mixed. GASB 68's inclusion of unfunded pension liabilities on the balance sheet is an improvement in

20. Norcross and Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition."
21. Sheila Weinberg and Eileen Norcross, "GASB 67 and GASB 68: What the New Accounting Standards Mean for Public Pension Reporting" (Mercatus on Policy, Mercatus Center at George Mason University, Arlington, VA, June 2017).

transparency and accounting. But measurement problems still remain in the reporting of pension liabilities.[22] The discretion states have in determining when they estimate a plan will run out of assets results in subjective and inconsistent application of discount rates. States vary in how stringently they apply the discount rate to measure underfunding. For example, New Jersey applied the lower return on municipal bonds to more of its pension plans' liabilities in FY 2016, leading to the reporting of much higher liabilities than similarly situated states such as Illinois, which in FY 2015 projected that its major plans will not run out of assets until 2065.[23] Because of the inconsistent application of GASB 67, many states still continue to understate the full value of their pension liabilities.[24]

In addition to ongoing variation in the measurement of plan underfunding, states only recognize the portion of their pension or OPEB liability for which the state government is responsible. The net pension liability that they report does not measure the entire unfunded liability for plans in which both local and state governments participate and contribute. Our interest is in determining the fiscal health of all pension plans that are administered by the state government, regardless of the degree to which the state government is a participating or contributing employer to that plan.

For these reasons, we continue to include the trust fund solvency area to help account for persisting gaps in financial reporting of pension and OPEB liabilities.[25] We use the most recent actuarial reports of pension and OPEB plans that states offer to their employees to complement information found on state CAFRs. We also include the full unfunded liability of state-administered plans to alert state governments to the fiscal condition of pension systems for which they have administrative responsibility. These shortfalls present a possible contingent liability to the state should the participating local government experience fiscal stress. As with previous editions of the fiscal rankings, this survey does not include plans that are locally administered and locally funded.[26]

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22. Sheila Weinberg and Eileen Norcross, "A Judge in Their Own Cause: GASB 67/68 and the Continued Mismeasurement of Public Pension Liabilities," *Journal of Law, Economics & Policy* 14, no. 1 (2017): 61–90.
23. Weinberg and Norcross, "Judge in Their Own Cause," 72.
24. Weinberg and Norcross, "Judge in Their Own Cause," 72.
25. The trust fund solvency indicator was first introduced in Norcross, "Ranking the States by Fiscal Condition," and has been applied in each edition since. In previous editions, trust fund solvency also included total debt outstanding. However, this component was eventually dropped because most debt is captured in long-run solvency, making the trust fund solvency indicator redundant.
26. A more in-depth description of the pension and OPEB data that were collected can be found in Norcross and Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition," 8.

Average pension-to-income ratios increased by 8 percent since FY 2015, from 0.35 to 0.43. This means that in FY 2016, unfunded pension liabilities account for 43 percent of state personal income, on average. The increase from FY 2015 is largely due to the drop in the discount rate used to value pension liabilities on a fair-market basis.[27] The maximum pension-to-income ratio increased from 0.73 to 0.91 (Alaska), and the minimum pension-to-income ratio increased from 0.16 to 0.17 (Tennessee).

Table 6 ranks the states according to trust fund solvency. The strongest states in this area include Oklahoma, Kansas, Tennessee, Nebraska, and Indiana. The five states with the weakest trust fund solvency are Illinois, Mississippi, Ohio, New Mexico, and Alaska. It should be stressed that pension and OPEB underfunding are measured relative to state personal income. How a state performs in the ranking is due to the size of its unfunded pension liability as compared with the relative wealth of its residents. For this reason, New Jersey—a high-income state—performs better than Alaska, although New Jersey's pension underfunding is a pressing budgetary problem, whereas Alaska's defined-benefit pension plans are closed to new entrants and not increasing in size. This indicates that it is important not to rely on the pension-to-income metric alone but to pair it with a qualitative and complete assessment of the individual pension plans in question. The metric is useful, however, in that it highlights the magnitude of pension underfunding and the risk underfunding poses to state finances, which has not been consistently recognized or measured by states and local governments.

Overall Ranking of the States

To construct an overall fiscal ranking of the states, the scores from the five dimensions of solvency are equally weighted and added together, as displayed by equation 6.[28] Table 7 ranks the states according to fiscal condition. The top five states are Nebraska, South Dakota, Tennessee, Florida, and Oklahoma. The bottom five states are Kentucky, Massachusetts, New Jersey, Connecticut, and Illinois.

$$\begin{gathered}\text{Fiscal Condition Index} = \\ (\text{cash solvency} \times 0.20) + (\text{budget solvency} \times 0.20) \\ + (\text{long-run solvency} \times 0.20) + (\text{service-level solvency} \times 0.20) \\ + (\text{trust fund solvency} \times 0.20)\end{gathered} \tag{6}$$

27. Section 2 expands on how interest rates have changed between 2006 and 2016.
28. This contrasts with the approach to the FY 2013, FY 2014, and FY 2015 rankings, which applied stronger weights to the short-term solvency areas. See appendix A for an explanation of this change.

TABLE 6. RANKING OF STATES BY TRUST FUND SOLVENCY (FISCAL YEAR 2016)

Rank	State	Trust fund index	Rank	State	Trust fund index
1	Oklahoma	5.62	26	Arkansas	−0.29
2	Kansas	4.26	27	Rhode Island	−0.36
3	Tennessee	3.25	28	Georgia	−0.38
4	Nebraska	2.12	29	West Virginia	−0.42
5	Indiana	1.75	30	Michigan	−0.50
6	Wisconsin	1.18	31	Colorado	−0.53
7	Florida	0.99	32	Minnesota	−0.55
8	New Hampshire[a]	0.99	33	Missouri	−0.56
9	Arizona	0.91	34	Alabama	−0.72
10	Virginia	0.78	35	South Carolina	−0.74
11	Delaware	0.58	36	Connecticut	−0.84
12	North Dakota	0.57	37	Wyoming	−0.87
13	South Dakota	0.56	38	New Jersey	−0.90
14	North Carolina	0.44	39	Louisiana[b]	−0.90
15	Texas	0.26	40	Montana	−1.03
16	Massachusetts	0.25	41	California	−1.10
17	Maryland	0.15	42	Oregon	−1.21
18	Vermont	0.11	43	Kentucky	−1.33
19	Washington	0.07	44	Hawaii[c]	−1.33
20	Utah	0.02	45	Nevada	−1.44
21	Idaho	0.01	46	Illinois	−1.49
22	Maine	0.00	47	Mississippi	−1.57
23	New York	−0.02	48	Ohio	−1.66
24	Pennsylvania	−0.19	49	New Mexico	−1.76
25	Iowa	−0.23	50	Alaska	−1.93

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The trust fund solvency index is the sum of the standardized values of the pension- and OPEB-to-income ratios.
a. Florida's trust fund solvency score is 0.9887, and New Hampshire's is 0.9873. Florida is ranked seventh, and New Hampshire is ranked eighth, although the rounded scores are the same.
b. New Jersey's trust fund solvency score is −0.8980, and Louisiana's is −0.9016. New Jersey is ranked 38th, and Louisiana is ranked 39th, although the rounded scores are the same.
c. Kentucky's trust fund solvency score is −1.3253, and Hawaii's is −1.3325. Kentucky is ranked 43rd, and Hawaii is ranked 44th, although the rounded scores are the same.

TABLE 7. RANKING OF STATES BY FISCAL CONDITION (FISCAL YEAR 2016, UNWEIGHTED)

Rank	State	Fiscal condition index	Rank	State	Fiscal condition index
1	Nebraska	3.48	26	Wisconsin	−0.23
2	South Dakota	2.84	27	Arizona	−0.25
3	Tennessee	2.25	28	Colorado	−0.28
4	Florida	2.12	29	Iowa	−0.32
5	Oklahoma	2.00	30	Washington	−0.41
6	Wyoming	1.46	31	Oregon	−0.42
7	Idaho	1.17	32	Michigan	−0.53
8	Utah	1.02	33	Maryland	−0.54
9	North Carolina	0.96	34	Maine	−0.66
10	Nevada	0.93	35	Pennsylvania	−0.71
11	Alaska	0.69	36	Mississippi	−0.72
12	New Hampshire	0.69	37	Louisiana	−0.76
13	Virginia[a]	0.69	38	Hawaii	−0.77
14	Alabama	0.64	39	Vermont	−0.85
15	Missouri	0.63	40	Rhode Island	−0.95
16	Montana	0.62	41	New York	−0.99
17	Kansas	0.50	42	California	−1.04
18	Georgia	0.31	43	West Virginia	−1.20
19	North Dakota	0.28	44	Delaware	−1.26
20	South Carolina	0.24	45	New Mexico	−1.41
21	Indiana	0.17	46	Kentucky	−1.75
22	Texas	0.07	47	Massachusetts	−1.76
23	Ohio	0.01	48	New Jersey	−1.78
24	Minnesota	−0.15	49	Connecticut	−1.91
25	Arkansas	−0.17	50	Illinois	−1.97

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The fiscal condition index is the sum of the cash, budget, long-run, service-level, and trust fund solvency indices equally weighted as follows: (0.20 × cash solvency score) + (0.20 × budget solvency score) + (0.20 × long-run solvency score) + (0.20 × service-level solvency score) + (0.20 × trust fund solvency score).

a. Alaska's fiscal condition solvency score is 0.6946, New Hampshire's is 0.6911, and Virginia's is 0.6905. Alaska is ranked 11th, New Hampshire is ranked 12th, and Virginia is ranked 13th, although the rounded scores are the same.

In this year's edition of the fiscal rankings, we present the ranking of the states on an unweighted basis. We also provide a ranking calculated with the same weights used in the most recent four editions of this study for comparison in table 8. The weighted ranking places more emphasis on the short term and therefore rewards states with permanent trusts and a high level of cash. Whereas it is important for states to maintain a reserve fund to cover periods of volatility, holding an excess of cash is not necessarily indicative of strong fiscal health, as Alaska and North Dakota demonstrate. Additionally, service-level solvency was assigned a weight of 10 percent in previous years because of the subjective nature of that metric. In the current study, service-level solvency is weighted equally (20 percent) with the other dimensions, arguably giving it more prominence than it previously had. There are good reasons to give more weight to certain dimensions over others, but we stress that ultimately, the relative ranking of a state does not mean as much as the metrics underlying that ranking.

In comparing the two methods, we can see that the bottom five states remain largely unchanged and that the rest of the rankings incur only minor changes. In the weighted ranking, Wyoming makes the top five because of its large levels of cash, but it gets pushed down in the unweighted ranking by Nebraska, Tennessee, and Oklahoma.

2. FISCAL CONDITION TRENDS

For this section, we collected the same data used for section 1, including historical data, to look at how states performed between fiscal years 2006 and 2016 as a whole. After looking at the 13 financial indicators over this time period, we discovered national trends within each area of solvency. Within these trends, national themes emerged. In particular, states that rely heavily on oil tax revenues experience more fiscal stress than other states and show more volatile operating ratios that reflect their difficulty in matching revenues with expenses when oil prices decline. Additionally, we compare significant tax reforms made by several states and their effects on the fiscal health of those states.

National Trends

Cash solvency. Cash trends across the states have, on average, improved over time. Each indicator of cash solvency—the cash, quick, and current ratios—shows an upward trend since FY 2006, with the biggest dip in cash available relative to

TABLE 8. RANKING OF STATES BY FISCAL CONDITION (FISCAL YEAR 2016, WEIGHTED)

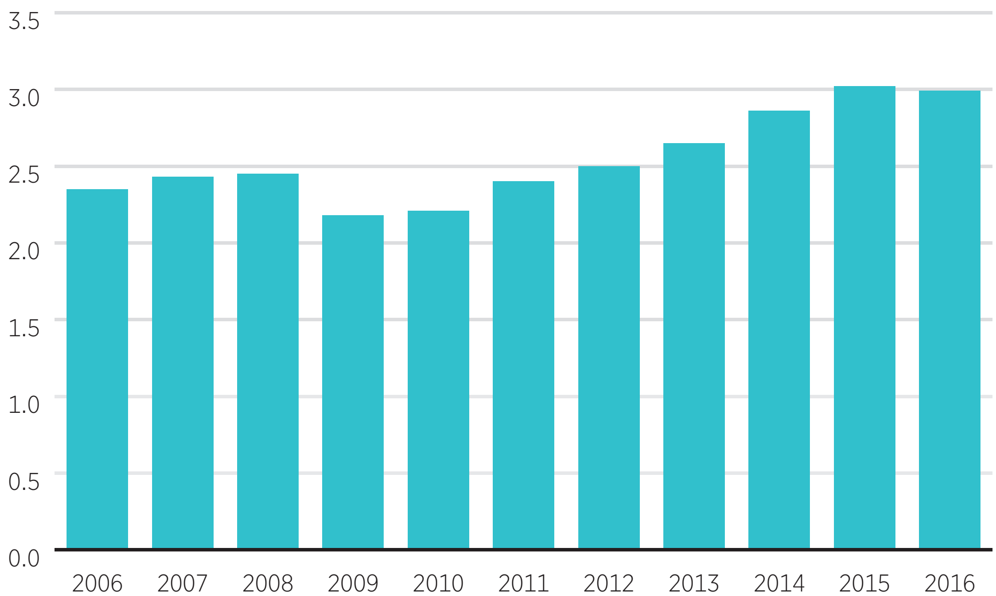
Rank	State	Fiscal condition index	Rank	State	Fiscal condition index
1	South Dakota	3.04	26	Indiana	−0.20
2	Florida	2.60	27	Texas	−0.26
3	Wyoming	2.59	28	Iowa	−0.30
4	Nebraska	2.14	29	Washington	−0.35
5	Tennessee	1.89	30	Vermont	−0.40
6	Idaho	1.48	31	Wisconsin	−0.47
7	Montana	1.43	32	Colorado	−0.50
8	Alabama	1.17	33	Kansas	−0.57
9	Utah	0.95	34	Michigan	−0.58
10	Nevada	0.87	35	Arizona	−0.61
11	North Carolina	0.82	36	Maine	−0.74
12	Oklahoma	0.75	37	Maryland	−0.75
13	North Dakota	0.73	38	Rhode Island	−0.77
14	Missouri	0.62	39	Louisiana	−0.81
15	Ohio	0.59	40	California	−0.98
16	Arkansas	0.56	41	Pennsylvania	−1.03
17	Georgia	0.53	42	West Virginia	−1.04
18	South Carolina	0.28	43	New Mexico	−1.05
19	Minnesota	0.19	44	New York	−1.11
20	Virginia	0.15	45	Delaware	−1.24
21	New Hampshire	0.13	46	Kentucky	−1.53
22	Alaska	0.06	47	New Jersey	−1.72
23	Oregon	0.02	48	Massachusetts	−1.93
24	Hawaii	−0.18	49	Illinois	−2.12
25	Mississippi[a]	−0.18	50	Connecticut	−2.16

Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

Note: CAFR = comprehensive annual financial report. The weighted fiscal condition index is the sum of the cash, budget, long-run, service-level, and trust-fund solvency indices weighted as follows: (0.35 × cash solvency score) + (0.35 × budget solvency score) + (0.10 × long-run solvency score) + (0.10 × service-level solvency score) + (0.10 × trust fund solvency score).

a. Hawaii's fiscal condition solvency score is −0.1815, and Mississippi's is −0.1820. Hawaii is ranked 24th, and Mississippi is ranked 25th, although the rounded scores are the same.

FIGURE 1. AVERAGE CASH TO SHORT-TERM LIABILITIES (QUICK RATIO) TRENDS



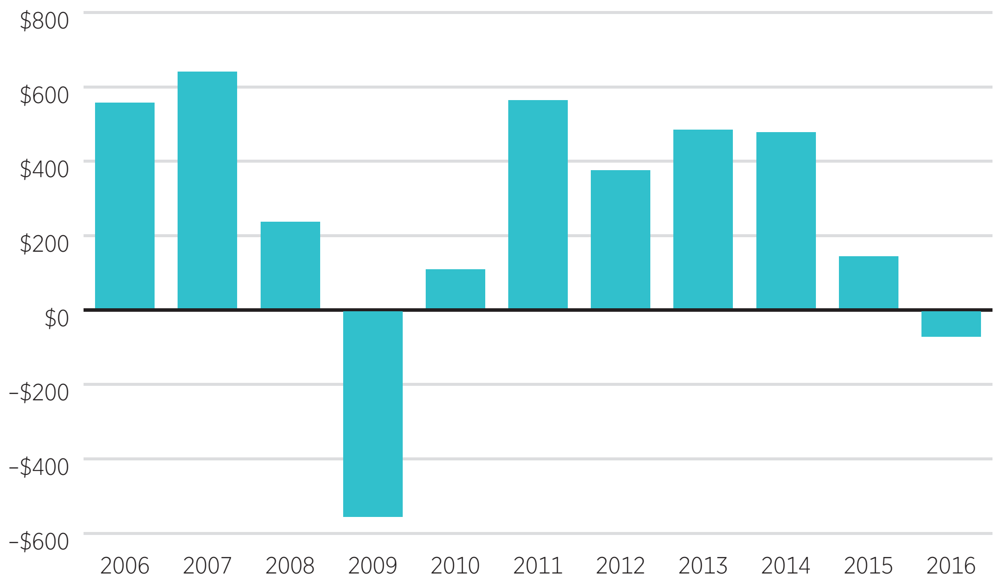
Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

short-term debt occurring shortly after the recession in FY 2009. We plot the quick ratio in figure 1 to illustrate this, but all three ratios follow this general trend.

Budget solvency. Budget solvency shows more variation across the states and over time. Overall, most states have experienced surpluses—that is, their net position has moved in a positive direction—until recently, as shown in figure 2. In FY 2016, most states experienced deficits, or declines in net position, for the first time since FY 2009, with an average deficit of −$72 per capita. The largest average deficit experienced before that, −$556 per capita, occurred after the recession. However, there has been quite a bit of variation in surplus (or deficit) per capita trends since FY 2006, so these averages should be interpreted cautiously and paired with a closer look at the underlying trends for each state.

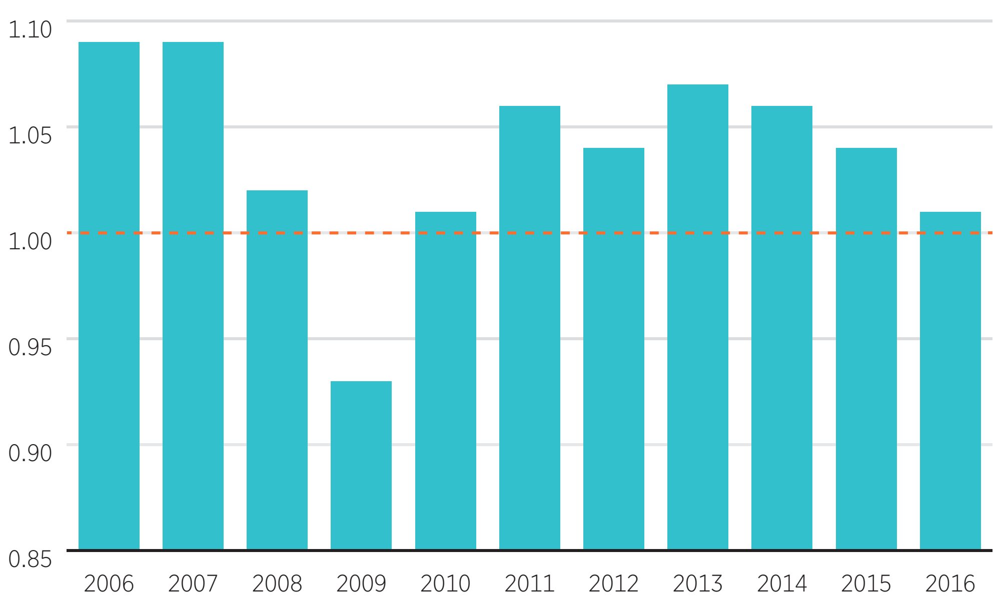
Figure 3 displays the trends for the average level of revenues relative to expenses, or the operating ratio. State performance for this indicator has experienced less variation across states than the surplus per capita indicator, and it has been relatively robust since FY 2006, with FY 2009 as the weakest year for budget solvency. Following the recession in 2009, states had an operating ratio of 0.93 on average, meaning that most states' revenues only covered around 93 percent of their expenses. There has been a slight decline in average state operating ratios since FY

FIGURE 2. AVERAGE SURPLUS (OR DEFICIT) PER CAPITA TRENDS



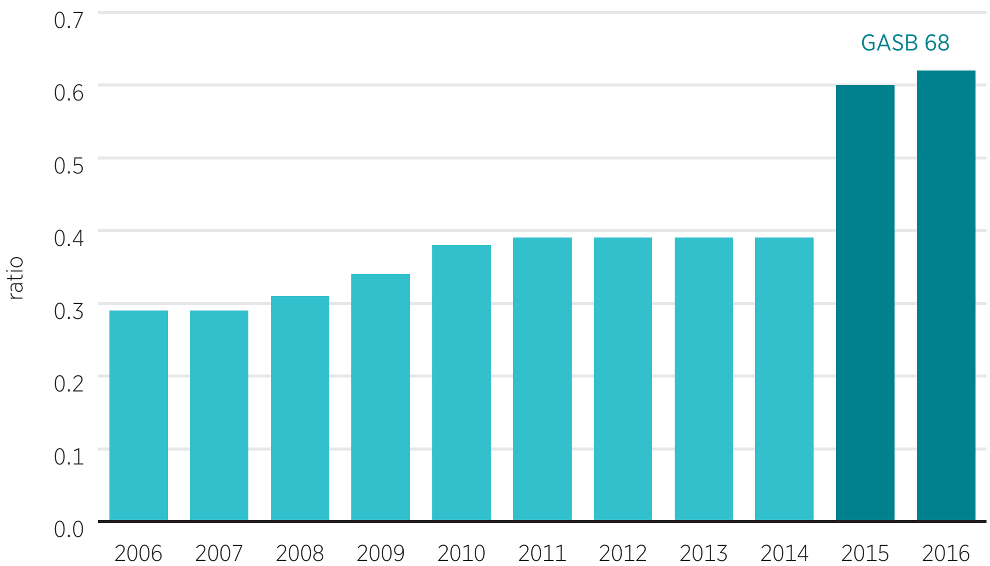
Source: Authors' analysis of the FY 2006–2016 CAFRs and US Census for all 50 states.

FIGURE 3. AVERAGE REVENUE-TO-EXPENSES (OPERATING RATIO) TRENDS



Source: Authors' analysis of the FY 2016 CAFRs for all 50 states.

FIGURE 4. AVERAGE LONG-TERM LIABILITY TO TOTAL ASSET TRENDS



Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

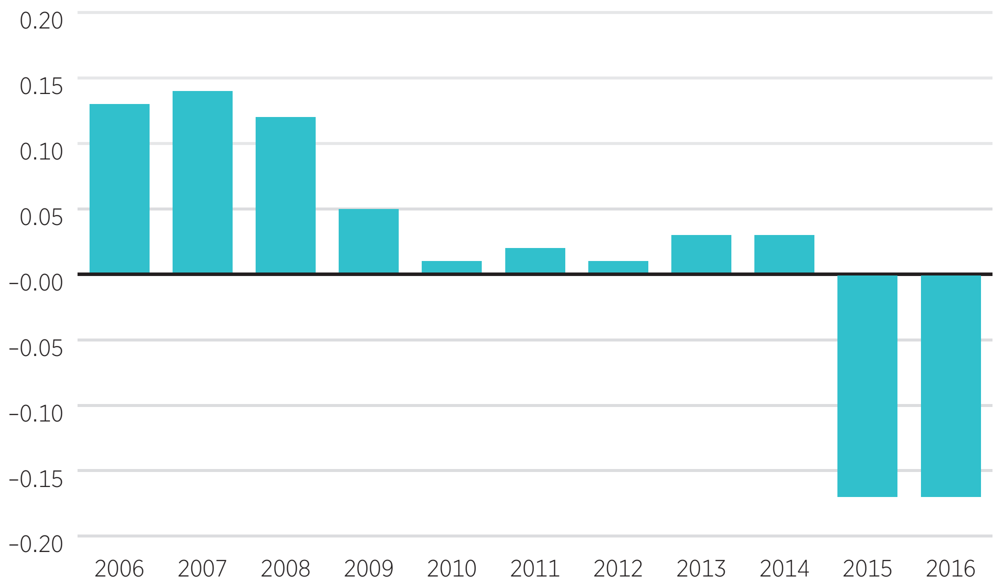
Note: GASB = Government Accounting Standards Board.

2014, but operating ratios have not fallen below the recommended level of 1.00; in other words, most states have managed to at least match revenues with expenses. Although state budgets have not fallen to the lows they hit during the recession, they also have not quite improved to prerecession levels. The largest average operating ratio in our sample, 1.09, occurred before the recession, in fiscal years 2006 and 2007.

Long-run solvency. All three indicators of long-run solvency—the long-term liability-to-asset ratio, liabilities per capita, and the net asset ratio—have worsened over time. The most drastic decline took place in FY 2015, largely as a result of GASB 68, which required states to report their unfunded pension liabilities on their balance sheets.

Figure 4 displays how GASB 68 influenced the size of long-term liabilities relative to total assets. Between fiscal years 2014 and 2015, the average long-term liability-to-asset ratio increased by 53 percent, and the liabilities per capita ratio increased by 54 percent. Long-term liabilities, on average, have grown from 29 percent of assets held by states in FY 2006 to 62 percent in FY 2016. Average long-term liabilities per capita have also followed a similar trend, with a low of $2,122 per capita in FY 2006 and a high of $4,387 per capita in FY 2016.

FIGURE 5. AVERAGE NET ASSET RATIO TRENDS



Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

The worsening of states' long-term financial positions is also reflected in average net asset ratios, which started at 0.13 in FY 2006 and dropped to −0.17 in fiscal years 2015 and 2016, as figure 5 shows. Figure 5 also demonstrates GASB 68's influence on net asset ratios in 2015. The states' average net asset ratio declined sixfold, falling from 0.03 in FY 2014 to −0.17 in FY 2015. Reporting larger unfunded pension liabilities increases the size of total long-term liabilities. Any available assets must now be stretched further than before to cover these liabilities.

There are a variety of reasons why a state may show a negative net asset ratio. All the metric indicates is that the state's liabilities exceed its assets. A negative net position requires a deeper look at the individual state's finances and its reasons for issuing debt. When states issue debt for ordinary purposes, such as capital construction (e.g., school or road construction), but do not record the underlying asset, this may lead the state to show a negative net asset ratio, although this does not mean the state is in fiscal stress. However, in some cases, states issue debt for extraordinary reasons—to cover budget gaps or to make contributions to the pension system. Issuing debt for spending that should be covered through annual appropriations is a red flag for fiscal imprudence and distress. This demonstrates that there is a spectrum of possible reasons for issuing debt and that different reasons have varying implications for state fiscal health. As with all metrics, it is important to look deeper into the net asset ratio to determine the purpose and overall frequency of debt issuances.

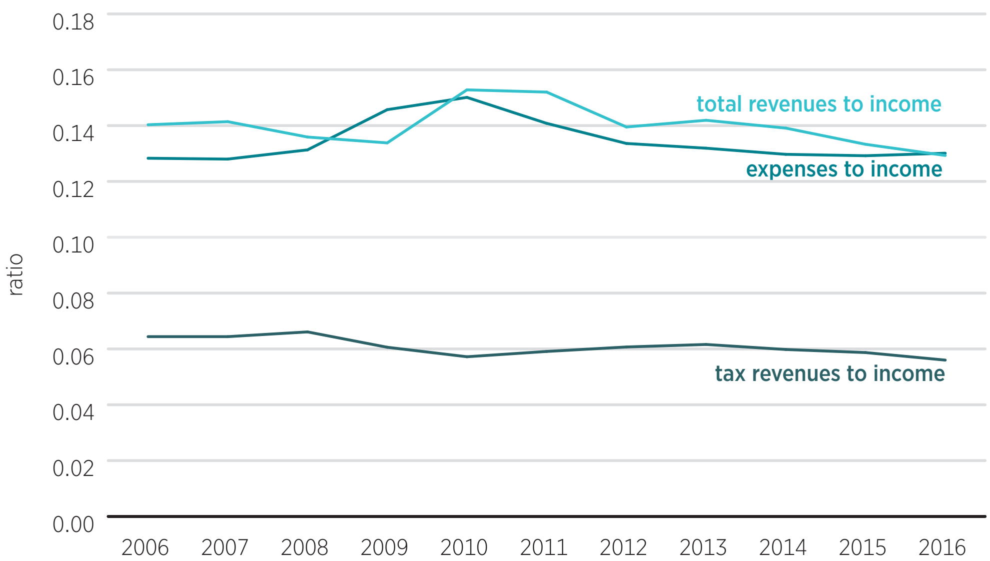
For example, in fiscal years 2015 and 2016, New York reported a deficit in net position because of the issuance of debt for purposes related to tobacco settlements, local governments, infrastructure and transit projects, and obligations related to postemployment benefits for public workers.[29] Kentucky's FY 2016 negative net asset ratio stems from the adoption of GASB 68 and the reporting of pension liabilities on its balance sheet.[30] The decline in net assets in Massachusetts is attributed to five primary reasons: the implementation of GASB 68, school construction costs, infrastructure and highway projects, debt issued to pay for capital assets held by quasi-public entities, payments to local governments and housing authorities, and OPEB payments.[31] In FY 2009, Ohio reported a $6.11 billion deficit for unrestricted government assets because of the issuance of debt to public colleges and universities and to local governments and component units to build schools. Its unfunded liabilities of $341.5 million were due to compensated absences for public employees.[32]

Service-level solvency. Overall, the service-level solvency area provides only a very broad picture of the tax and spending burden placed on residents of the states. The trend lines, when paired with additional analysis, are complemented by budgetary solvency metrics, as detailed earlier in section 2. For tax revenues relative to state personal income, FY 2008 is the year that stands out, as shown in figure 6; the ratio increased to a high of 0.07 and marginally decreased the states' average fiscal slack. Although tax revenues relative to income have remained somewhat constant, total taxes have experienced a steady increase, dropping only after the 2008 recession. Total revenues relative to income show a trend similar to that of taxes, without much variation over time, but with slightly more variation than taxes. Revenues similarly experienced a drop, but in FY 2009, the year after the recession, rather than in FY 2008. Average expenses relative to income increased between fiscal years 2009 and 2010, reflecting a reduction in fiscal slack for most states. This was likely a result of the recession.

Trust fund solvency. Figure 7 displays the trends in the trust fund solvency indicators. Overall, there has been an increase in the average pension-to-income

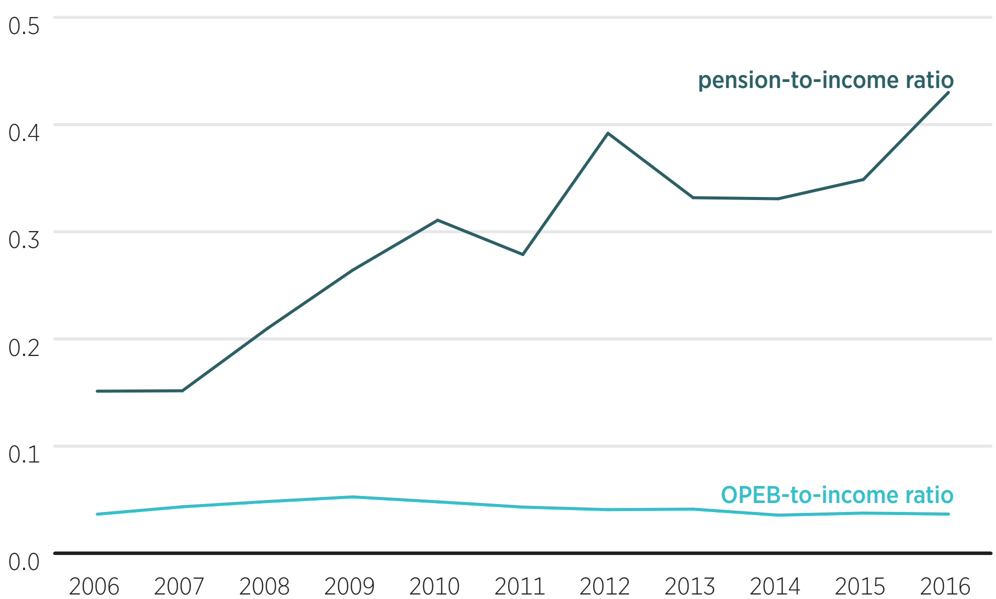
29. New York 2015 CAFR, p. 23; New York 2016 CAFR, p. 23.
30. Kentucky 2016 CAFR, p. 17.
31. Massachusetts 2016 CAFR, p. 19.
32. Ohio 2009 CAFR, pp. 7–8.

FIGURE 6. AVERAGE TAXES, REVENUES, AND EXPENSES RELATIVE TO STATE PERSONAL INCOME



Source: Authors' analysis of the FY 2006–2016 CAFRs and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

FIGURE 7. AVERAGE TRUST FUND SOLVENCY TRENDS



Source: Authors' analysis of the FY 2006–2016 CAFRs, pension and OPEB actuarial reports, and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

TABLE 9. 15-YEAR TREASURY BOND INTEREST RATES

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest rate	5.23	5.12	4.29	3.92	3.36	3.64	2.03	2.87	2.81	2.59	1.68

Source: US Department of the Treasury, "Daily Treasury Yield Curve Rates," accessed October 1, 2018, https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield.

Note: The 15-year rate is the average between the 10-year and 20-year daily yield curve rates.

ratio over time. There was a significant uptick in FY 2012 and a drop back down in FY 2013, but there has been a gradual increase since.

The present value of unfunded pension liabilities is measured on a risk-adjusted basis determined by the prevailing rate of return on notional 15-year Treasury bonds on June 30 of each fiscal year.[33] As displayed in table 9, interest rates hit a low mark in 2012 and another in 2016, resulting in an increase in the present value of the states' unfunded pension liabilities in those years. There was not much variation in the average OPEB-to-income ratio, leaving it less informative than the pension-to-income indicator.

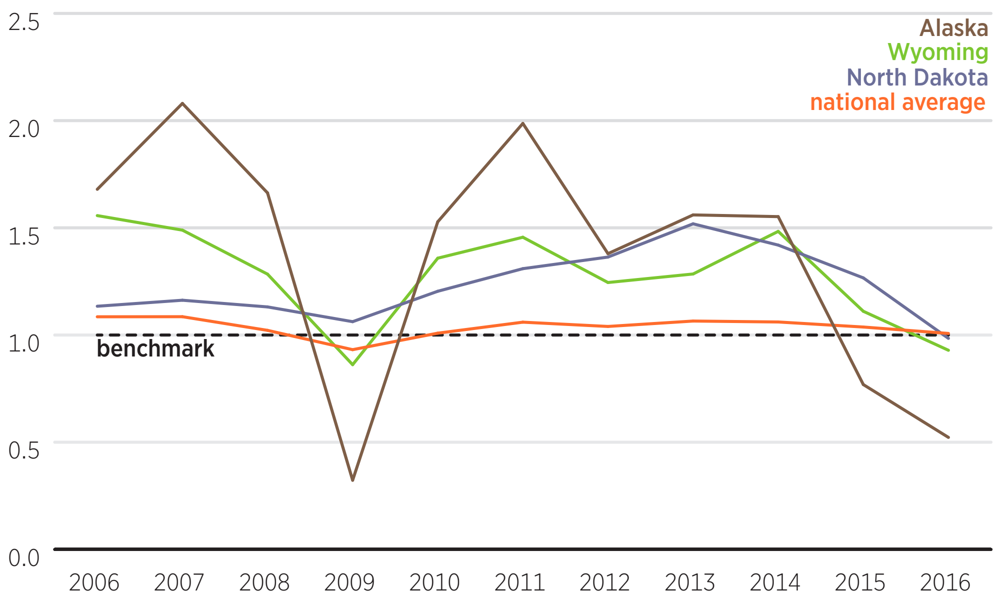
For the period during which we applied these indicators to state financial reports,[34] several patterns emerged on the basis of economic and fiscal factors that prevailed in particular states. We identified similar patterns of short-term volatility in the fiscal performance of states that rely on natural resources for their primary source of revenue. States with large and growing unfunded pension liabilities and persistent structural deficits showed worsening trends in long-term performance. And states that undertook significant tax reforms showed changes in their fiscal performance.

Fiscal Implications of Heavy Reliance on Oil Tax Revenues

States that rely primarily on oil tax revenues to finance government spending are marked by big swings in short-term solvency.[35] For example, Alaska, North Dakota, and Wyoming each rely more heavily for their revenue on severance taxes on oil production than do other states. Revenue from severance taxes made

33. This is the case for most years, except for 2007, in which the last available rates in the fiscal year were reported on June 29 by the US Treasury, and 2012, in which they were reported on June 28. Daily records of Treasury yield curve rates are available at https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield.
34. We relied primarily on state CAFRs supplemented by information from state actuarial pension and OPEB reports.
35. Norcross and Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition."

FIGURE 8. STATES RELIANT ON OIL TAXES EXPERIENCE THE MOST VOLATILE BUDGETS (OPERATING RATIO)



Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

up 41 percent and 19 percent of general revenues for North Dakota and Wyoming, respectively, in FY 2016.[36] Alaska typically relies on severance taxes more than any other state. In FY 2016, however, it was unable to generate enough severance tax revenue to pay for the tax credits it had given to oil producers, with the result that it reported on its CAFR a negative amount of severance taxes brought in.[37]

All three states depend on severance taxes more than other states, and they experience more revenue volatility as a result. Figure 8 displays how Alaska, North Dakota, and Wyoming compare with the national average in their ability to match revenues to expenses. These states have extremely volatile operating ratios relative to the rest of the country. In most years, Alaska's revenues exceeded its expenses by 50 percent or more. A decline in oil prices, however, resulted in revenues falling short of expenses by 50 percent in FY 2016. North Dakota and Wyoming follow similar paths. In FY 2015, North Dakota's revenues exceeded expenses by 27 percent, but in FY 2016, they fell short and covered only 98 percent of spending. Wyoming's FY 2014 revenues exceeded expenses by 48 percent, but then in FY 2016 revenues fell to cover only 93 percent of expenses.

36. North Dakota FY 2016 CAFR, p. 37; Wyoming FY 2016 CAFR, p. 39.
37. Alaska FY 2016 CAFR, p. 38, reports that –$318,546,000 was brought in via severance taxes that year.

As figure 8 displays, all states experienced weakened operating ratios as a result of the recession in 2008 and 2009, but the key difference between most states and Alaska, North Dakota, and Wyoming is that most states have recovered and stabilized. In contrast, Alaska, North Dakota, and Wyoming's budgetary solvency indicators are still marked by volatility caused by swings in the price of natural resources. A study by the Pew Research Center notes a similar trend and warns against the highly volatile nature of severance taxes. Their study ranks Alaska, North Dakota, and Wyoming as having the first-, second-, and third-most-volatile revenue streams of the 50 states, respectively, between 1997 and 2016.[38]

Many other states, including New Mexico, Oklahoma, Montana, Texas, and West Virginia, implement similar severance taxes on oil production, but they amount to 10 percent or less of general revenues. Thus, these states do not rely as heavily on these taxes as do Alaska, North Dakota, and Wyoming. As a result, they do not exhibit as much volatility in their finances, as shown by the operating ratio indicator. The Pew Research Center's study ranks New Mexico, Oklahoma, Montana, Texas, and West Virginia as having the 8th, 14th, 25th, 26th, and 47th most volatile revenue streams, respectively, of the 50 states.[39]

Fiscal Implications of Major Tax Reforms

During the period in which we applied these indicators to state finances, between 2006 and 2016, several states undertook major tax reform. Two recent studies examine the effect of these reforms in several states, including Utah, Indiana, North Carolina, Kansas, Rhode Island, and Michigan.

In this section, we review these studies and their findings in light of the fiscal ranking metrics for states. Figure 9 portrays the operating ratio budget trends for the highlighted tax reform states. We will discuss how their tax reforms affected their ability to match revenues with expenses over time as well as their tax revenue and expense trends relative to total state personal income.

The effects of a state's tax reform on revenues depend on the design of the reform and on its implementation.[40] Utah, Indiana, and North Carolina reduced

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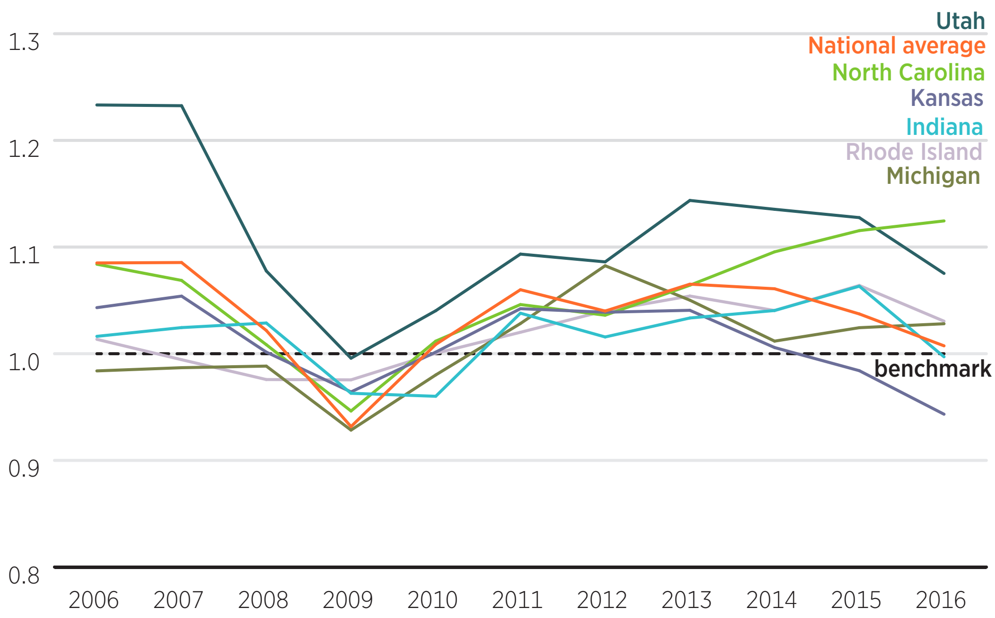
38. Pew Research Center, "Revenue Volatility Varies Widely by State and Tax Type," January 29, 2015, http://www.pewtrusts.org/en/research-and-analysis/articles/2015/01/revenue-volatility-varies-widely-by-state-and-tax-type.
39. Pew Research Center, 2015.
40. According to one analysis, the effect of North Carolina's reforms resulted in an overall improvement in the state's business climate from 44th place in 2013 to 11th place in 2018. See Nicole Kaeding and Jeremy Horpedahl, "Help from Our Friends: What States Can Learn from Tax Reform Experiences across the Country," Tax Foundation, May 15, 2018, https://taxfoundation.org/state-tax-reform-lessons-2018/.

FIGURE 9. BUDGET TRENDS (OPERATING RATIO) FOR STATES WITH SIGNIFICANT TAX REFORMS



Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

tax rates while broadening their bases. Base-broadening increases the overall efficiency of a tax system by reducing the distortionary effect of taxes on decision-making.[41] Utah moved from a progressive income tax to a flat income tax of 5 percent and replaced income deductions with a credit system, both of which also improved efficiency. Sales taxes were reduced, but certain exemptions for food purchases made using government assistance remained in place, a reform intended to achieve greater equity for low-income residents.[42] The effect of these reforms on Utah's tax revenues from 2006 to 2016 is mixed.[43] Taxes as a percentage of state income declined from 7 percent to 5 percent from 2006 to 2012 and then increased to 6 percent from 2013 to 2016, as figure 10 shows. Expenses as a percentage of income have declined from a high of 12 percent in 2010 to 9 percent in 2016, as shown in figure 11.

41. George R. Crowley, "Case Studies in the Political Economy of Tax Reform" (Mercatus Research, Mercatus Center at George Mason University, 2016).
42. Crowley notes that sales tax for food purchased with government assistance programs was already exempted before the reforms. This feature of sales tax reform is unlikely to achieve the goal of greater equity. See Crowley, "Case Studies in the Political Economy of Tax Reform," 16.
43. Crowley, "Case Studies in the Political Economy of Tax Reform," 17–18.

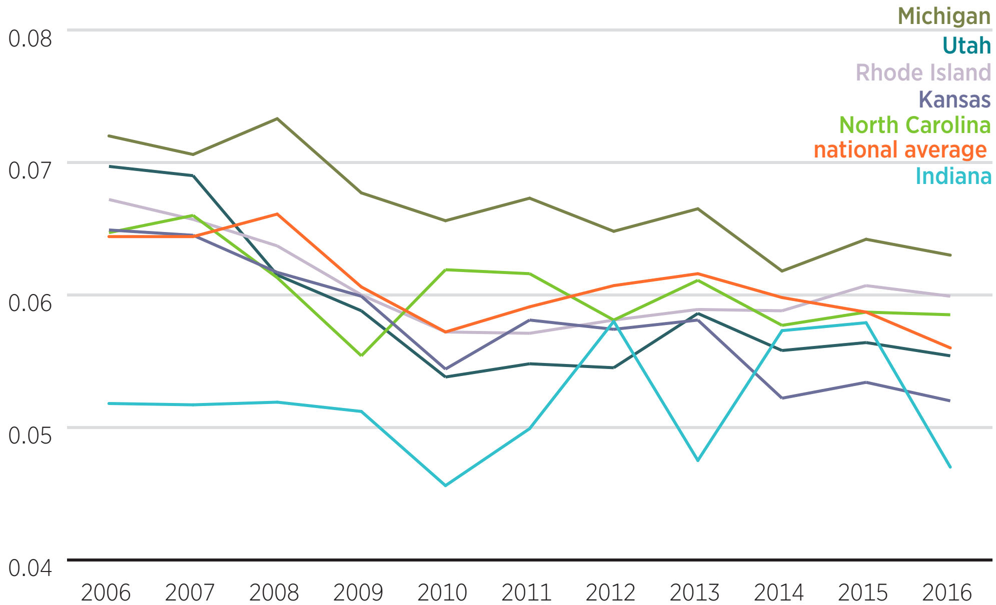
As figure 9 displays, all states experienced dips in revenues as a result of the recession in 2008. Utah's revenues, however, dropped more significantly than most because of a decline in income and sales taxes that resulted from the state's 2006 and 2007 tax reforms.[44] Utah's budget solvency indicators show that over the 2006–2016 period, the state generally has operated with revenues exceeding expenses by a comfortable margin, except in the years following the state's reforms and the recession. A decline in expenses helps to account for Utah's positive operating ratios.

Indiana gradually reduced both its corporate and its income tax rates between 2012 and 2017. Nicole Kaeding and Jeremy Horpedahl of the Tax Foundation note that in addition to reducing rates, Indiana simplified its tax code; eliminated some tax incentives, thereby broadening its base; and increased its gas tax. Indiana's operating ratio over the post-reform period indicates that the state's revenues either matched its expenses or exceeded them by between 2 and 6 percent. In 2016, Indiana's operating ratio hit a low point of one, with revenues exactly matching expenses. The state's ratio of tax to personal income has alternated between 6 percent (in 2012) and 5 percent (in 2016) of state income (figure 10), while its expenses have remained steady at 11 percent of state income (figure 11), which explains Indiana's lower operating ratio in 2016.

Between 2013 and 2017, North Carolina undertook a series of tax reform measures. In 2013, the state changed its personal income tax from a three-bracket structure to a flat rate of 5.75 percent. It also cut its flat corporate tax rate from 6.9 percent to 5 percent, limited or eliminated dozens of tax exemptions, expanded its sales tax base, and repealed its estate tax.[45] As George Crowley explains, base broadening and lowering the tax rate meet the criteria of increasing efficiency and convenience, while at the same time, removing tax brackets may decrease equity for lower-income residents.[46] The net effect of these changes has been positive, as the state's financial indicators show. In FY 2010, North Carolina's operating ratio reached its lowest mark, with the state's revenues exceeding its expenses by 1 percent. Since the implementation of tax reform, North Carolina's expenses have decreased, and it stands out in figure 9 because of this. Its revenues exceeded its expenses by 12 percent in 2016. North Carolina's net position

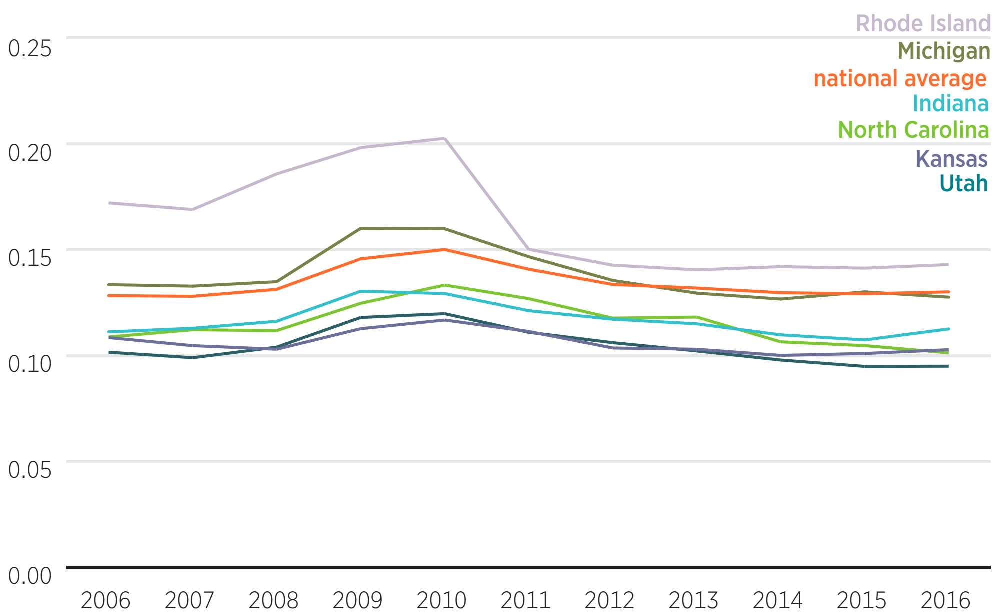
44. Crowley, "Case Studies in the Political Economy of Tax Reform," 17–18; Kaeding and Horpedahl, "Help from Our Friends," 3.
45. Tax Foundation and North Carolina Chamber Foundation, *North Carolina Illustrated: A Visual Guide to Tax Reform*, accessed August 23, 2018, https://interactive.taxfoundation.org/nc-illustrated/ - north-carolina-illustrated.
46. Crowley, "Case Studies in the Political Economy of Tax Reform," 31.

FIGURE 10. SERVICE-LEVEL TRENDS (TAX-TO-INCOME RATIO) FOR STATES WITH SIGNIFICANT TAX REFORMS



Source: Authors' analysis of the FY 2006–2016 CAFRs and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

FIGURE 11. SERVICE-LEVEL TRENDS (EXPENSES-TO-INCOME RATIO) FOR STATES WITH SIGNIFICANT TAX REFORMS



Source: Authors' analysis of the FY 2006-2016 CAFRs and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

has also improved, with its surpluses increasing from $296 per capita in FY 2013 to $530 per capita in FY 2016. The state's taxes as a percentage of income have remained relatively steady at less than 6 percent annually, as shown in figure 10. Lastly, as shown in figure 11, North Carolina's expenses have declined from 13 percent of state income in 2010 to 10 percent in 2016, which has contributed to the state's strong operating ratios.

In contrast to Utah, Indiana, and North Carolina, Kansas lowered its tax rates and narrowed its tax base in 2012, running against the criteria of greater tax-system efficiency. This reform was not coupled with reductions to spending to offset lost income, and it also included a pass-through exemption for the income of sole proprietorships that narrowed the state's tax base while encouraging tax avoidance. The effect of the overall reform was revenue negative. Taxes as a percentage of state income fell from 6 percent in FY 2012 to 5 percent in FY 2014, as shown in figure 10, while spending remained at 10 percent of state income, as shown in figure 11. The overall results of the reform are evident in the state's budget indicators, as displayed in figure 9. In FY 2012, Kansas's revenue exceeded the state's expenses by 4 percent, but from then it declined. In fiscal years 2015 and 2016, the state's revenues covered 98 percent and 94 percent of spending, respectively. Kansas's net position moved in a negative direction, with deficits of $77 and $283 per capita in fiscal years 2015 and 2016, respectively.

In FY 2010, Rhode Island implemented a revenue-neutral reform of its personal income tax. The state reduced its number of income tax brackets from five to three and lowered its top marginal tax rate from 9.9 percent to 5.9 percent while also eliminating its alternative 6 percent flat tax on personal income. The goal of these reforms was to achieve greater efficiency by streamlining rates and greater equity by eliminating itemized deductions and reducing the number of tax credits.[47] The reform was projected to shift more of the tax burden to the top 5 percent of income earners. The state's revenues increased slightly after the reform, remaining at roughly 6 percent of state income in 2010, as figure 10 shows, while the state's expenses dropped sharply from 20 percent of state income to 14 percent of state income after the reform, as shown in figure 11. The result, borne out in figure 9, was that the state's operating ratio increased steadily from 1.00 in FY 2010 to 1.06 in FY 2015. As Crowley notes, Rhode Island's modest increase in tax revenue may also be due to overall increases in its GDP and per capita income.[48] Rhode Island's operating ratio has since fallen slightly to 1.03 in FY 2016.

47. Crowley, "Case Studies in the Political Economy of Tax Reform," 20.
48. Crowley, "Case Studies in the Political Economy of Tax Reform," 21.

Michigan undertook tax reform twice between 2006 and 2016. In FY 2007, the state replaced its Single Business Tax with the simpler-to-administer Michigan Business Tax, which consisted of a 4.95 percent tax on business income, a 0.8 percent tax on gross receipts, and an additional 22 percent surcharge on these activities. The surcharge proved very unpopular, leading to a second set of reforms in 2011 that repealed the Michigan Business Tax and replaced it with a 6 percent flat tax on corporate income. The tax exempted all noncorporate businesses.[49] These reforms followed some of the principles of optimal taxation, including increasing efficiency, transparency, and convenience. But, as Crowley finds, they may be criticized on equity grounds because they primarily benefit business owners.[50] Evaluating the effect of these reforms on revenues is complicated by the fact that the Michigan economy experienced a decline in GDP and employment that began in 2000 and continued until 2009.[51] Increases in GDP and per capita income preceded the 2011 tax reforms, and job growth began to improve.

Michigan's operating ratio rose steadily from a low of 0.93 in FY 2009 to a high of 1.08 in FY 2012. The state's operating ratio has since fallen and stabilized from FY 2014 to FY 2016 in the range between 1.01 and 1.03, as figure 9 displays. Improvement in the state's operating ratio is likely due to expenses being cut. Michigan's tax revenues declined from 7 percent to 6 percent between 2006 and 2016, as shown by figure 10. The state's expenses increased from 13 percent to 16 percent of state income between 2006 and 2009 and then declined to 13 percent in 2016, as figure 11 shows.

States with Pension Problems

States with large and growing pension liabilities include Connecticut, Illinois, Kentucky, and New Jersey. The trend lines for these states show increases in both long-run liabilities and unfunded pension liabilities. Between fiscal years 2006 and 2016, their long-term liabilities relative to assets tripled in size. Long-term liabilities were roughly equal to assets in both Illinois and New Jersey in FY 2006, but by FY 2016, they were three times as large as assets. Unfunded pension liabilities have more than doubled in New Jersey over this period, from 20 percent to 49 percent of state personal income. In Illinois and Kentucky, unfunded pension liabilities relative to state income tripled over this period from 22 percent and 21 percent to 67 percent and 61 percent, respectively. Connecticut's

49. Crowley, "Case Studies in the Political Economy of Tax Reform," 23.
50. Crowley, "Case Studies in the Political Economy of Tax Reform," 24.
51. Crowley, "Case Studies in the Political Economy of Tax Reform," 25–26.

long-term liabilities grew over this period from 87 percent of assets to more than 200 percent of assets, and the state's unfunded pensions relative to state income also more than doubled from 19 percent to 48 percent.

States with Consistently Strong Fiscal Performance

Most states have healthy cash ratios of between one to three times the cash needed to cover their short-term bills. To determine which states are "consistently strong" in fiscal performance, we examine the solvency indicators on which they show greater variation, such as budget, long-run, and trust fund.

Montana exhibits strong short-term performance in budget solvency, with an operating ratio of at least 1.00 and surpluses, or increases in net position, over the entire period from FY 2006 to FY 2016. Idaho, Iowa, Mississippi, Missouri, North Carolina, North Dakota, Ohio, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, and Wisconsin have maintained operating ratios of at least one in all but one year of the period studied. Alabama, Colorado, Florida, Minnesota, Nebraska, South Carolina, Vermont, and Wyoming each had operating ratios of at least one in all but two years studied.

Most states have kept their long-term liabilities below 50 percent of their assets. States that have surpassed this threshold and consistently kept their long-term liabilities at or below 20 percent of assets include Alaska, Idaho, Montana, Nebraska, North Carolina, North Dakota, Oklahoma, South Dakota, Tennessee, and Wyoming. Alabama, Indiana, Iowa, Maine, Missouri, and New Mexico kept liabilities at 20 percent of assets during most of the period studied, with increases in recent years. These increases could be due to the implementation of GASB 68, which requires states to record unfunded pension liabilities on their balance sheets.

Pensions and OPEB are two areas in which most states show a consistent decline in solvency, due to growing unfunded liabilities. No state has consistently kept pension underfunding to 20 percent or less of state income across the whole sample. Indiana and Nebraska have come closest, with pension-to-income ratios falling below 0.20 over the past several years. However, their ratios have since risen to 0.23 and 0.22, respectively. Arizona, Arkansas, Colorado, Florida, Idaho, Indiana, Iowa, Kansas, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, Washington, Wisconsin, and Wyoming all had OPEB-to-income ratios below 0.05 from FY 2006 to FY 2016. Nebraska and South Dakota report no unfunded OPEB liabilities.

States with Consistently Weak Fiscal Performance

A state exhibiting particularly weak short-run performance over the period from FY 2006 to FY 2016 is New Jersey, which recorded expenses exceeding revenues for all years in the sample, pointing to an ongoing structural deficit. Similarly, Illinois's and Kentucky's revenues fell short of those states' expenses in all but one or two years sampled. Louisiana's operating ratios began a steady decline in FY 2010, with revenues failing to match expenses from that year through FY 2016. Other states with weak operating ratios include California, Connecticut, Hawaii, Maryland, and Massachusetts.

In the long run, several states' net positions moved in a negative direction in most years, including those of Hawaii, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, New Jersey, and New York. Several states had long-term liabilities that exceeded their assets by 50 percent or more for most years, including Connecticut, Illinois, Massachusetts, and New Jersey. California, Rhode Island, and Washington all had liabilities that made up at least 50 percent of their assets for all years in the sample, and New York joined and has remained in this group of states since FY 2009. Furthermore, all of these states except for Washington had negative net asset ratios for each year in the sample. Maryland and Vermont had negative net asset ratios beginning in FY 2009, and Pennsylvania had a negative net asset ratio beginning in FY 2010.

Trust fund solvency has grown weaker for nearly all states over the period sampled. It should be stressed, however, that performance in trust fund solvency is relative to the total income of a state's residents. For example, in FY 2016 New Jersey had unfunded pension liabilities of 49 percent of state income, and Alaska had unfunded pension liabilities of 91 percent of state income. However, New Jersey is a densely populated state with a high level of personal income, and its growing unfunded pension and OPEB liabilities continue to put it under immense fiscal pressure, as can be seen in the state's low levels of cash, its structural deficit, and its high ratio of long-term liabilities to assets. Alaska, in contrast, has a small population and low levels of personal income. Because it closed its defined-benefit pension plans to new hires in 2005, its unfunded pension liability should decrease over the coming years, presenting less of a risk to its finances.

3. CONCLUSION

In addition to updating the US state fiscal rankings with FY 2016 data, we have applied our 13 basic indicators of fiscal solvency to state fiscal data for the preceding 10-year period. This allowed us to examine trends of fiscal performance across the states. In this data, several patterns are clear. The effects of tax reforms, oil price shocks, pension underfunding, the recession, and accounting reforms are all evident in the 10-year trend lines. States that are the most reliant on oil revenues show volatility in the short run and the most dramatic swings in levels of cash and revenue. In some cases, this leads those states to increase spending beyond a level that could be supported if the revenues were raised in proportion to the incomes of residents. Several states undertook tax reforms in the years we analyzed. Indiana, Kansas, Michigan, North Carolina, Rhode Island, and Utah each passed a variety of measures, including reductions to income, corporate, and sales taxes. In the cases of Indiana, North Carolina, and Utah, these reforms were accompanied by base-broadening or spending reforms that resulted in an overall neutral or positive effect on the states' financial positions, as shown by improvement in their budgetary solvency indicators. Kansas's tax reform of 2012, in contrast, cut tax rates but did not undertake spending reforms and narrowed the state's tax base by including an exemption for sole proprietorships. As a result, Kansas's budgetary solvency has steadily declined over the post-reform years. Over the period from FY 2006 to FY 2016, some states have consistently performed poorly, including Connecticut, Illinois, and New Jersey, all of which have experienced either ongoing structural deficits, a growing reliance on debt to fund spending, or underfunded pensions and OPEB liabilities. States with low levels of debt and unfunded pension liabilities and with strong short-term indicators include Nebraska, Tennessee, and Utah.

Financial indicators provide a snapshot of state fiscal performance and make the audited financial reports of state governments more accessible to the public, but they cannot provide a complete picture of fiscal performance. However, the indicators can serve as warning flags and reveal important patterns, such as whether a state is running structural deficits or accumulating excessive levels of debt, or if its finances are at particular risk to economic shocks. The goal of this research is to shed light on how to best assess the short- and long-run fiscal risks states face and then to put this assessment in the context of states' economic and fiscal institutions. With 10 years of data at our disposal, future research will assess the statistical reliability and validity of the metrics used in this study—that is, how well do these particular metrics assess fiscal condition in the states? The findings of that research may allow us to propose a core set of indicators that state governments might use to monitor signs of fiscal stress and that can be used in conjunction with qualitative analysis and case studies.

APPENDIX A. RANKING METHODOLOGY

This study calculates 13 financial indicators, as described in table A2, to create five dimensions of fiscal solvency: cash, budget, long-run, service-level, and trust fund. Table A1 describes the financial statements in which each indicator is found. Individual indicators are grouped and summed according to the dimension of solvency to which they contribute. For some indicators, a higher value indicates a higher degree of solvency. These include the cash ratio, quick ratio, current ratio, operating ratio, surplus (or deficit) per capita, and net asset ratio. For several other indicators, a lower value indicates higher solvency. To construct a ranking that is intuitive to interpret, the following indicators are transformed by taking their inverse: long-term liability ratio, long-term liability per capita, taxes-to-income ratio, revenue-to-income ratio, expenses-to-income ratio, pension affordability ratio, and OPEB affordability ratio.

TABLE A1. FINANCIAL STATEMENT DATA USED TO CONSTRUCT INDICATORS

Financial statement	Line item	Definition	Notes
Statement of net assets (net position)	Cash	Cash balances at the end of the fiscal year	
Statement of net assets (net position)	Cash equivalents	Short-term, highly liquid investments convertible to cash either readily or within three months of maturity	
Statement of net assets (net position)	Investments	Liquid resources that are invested to earn a return higher than a bank deposit	Most investments are reported at fair value.
Statement of net assets (net position)	Receivables	Funds due from transactions with government (timing of these collections may vary, depending on their type)[a]	There are three types of transactions: (a) exchange transactions (e.g., individuals paying the state for college tuition or health services); (b) exchange-like transactions between the state and another party in which the value of the exchange is not equal to the benefits (e.g., the purchase of licenses or permits or regulatory fees); (c) nonexchange transactions, in which the government gives value to another party without receiving equal value in exchange.[b]
Statement of net assets (net position)	Current assets	Assets that are converted into cash or consumed within the year	
Statement of net assets (net position)	Current liabilities	Obligations due within the year	Obligations include accounts payable, short-term debt, and voucher warrants.

TABLE A1. FINANCIAL STATEMENT DATA USED TO CONSTRUCT INDICATORS (*CONTINUED*)

Financial statement	Line item	Definition	Notes
Statement of net assets (net position)	Noncurrent liabilities	Long-term liabilities due over a few years or decades, often with interest[c] (listed in order of maturity)	Liabilities include outstanding bonds, net pension obligations,[d] compensated absences, and pollution remediation obligations.
Statement of net assets (net position)	Unrestricted net assets	Assets that may be used for any purpose	“Used for any purpose” does not imply the resource is liquid. A deficit in unrestricted net assets may signal the issuance of new debt and does not indicate fiscal trouble.
Statement of net assets (net position)	Restricted net assets (net position)	Assets that are restricted for a particular purpose (e.g., capital projects and debt service)	Assets are restricted by enabling legislation. They may be expendable, or they may be nonexpendable, such as the principal used to fund an endowment.
Statement of net assets (net position)	Total net assets (total net position)	Combined net assets, including capital assets such as land, buildings, equipment, and infrastructure (e.g., roads, bridges, and tunnels), less any outstanding debt used to acquire those assets	Capital assets are reported net of related debt. The resources needed to repay capital debt must be provided by other sources, since the capital assets themselves cannot be liquidated to fund these liabilities.
Statement of net assets (net position)	Total assets	Sum of current, noncurrent, and capital assets	
Statement of net assets (net position)	Total liabilities	Sum of short- and long-term liabilities	Category includes general obligation and revenue bond debts, payments toward OPEB,[e] and the state’s portion of any unfunded pension.
Statement of activities	Total taxes	All revenues due from taxes levied	Category excludes grants, charges for services, contributions, transfers, and investment earnings.
Statement of activities	Total revenue	Total taxes plus program revenue	Category includes unrestricted grants, charges for services, contributions, transfers, and investment earnings.
Statement of activities	Total expenses	Total spent on governmental programs, debt service, unemployment compensation, loans, intergovernmental revenue sharing, lotteries, and the operation of government and commissions	On an accrual basis, expenses include costs that were incurred that year (such as earned pension benefits that will not be paid until a future date).
Statement of activities	Changes in net assets	General revenues and changes in net assets totaled and added to net (expense) revenue totals to produce the change in net assets over the reporting period	Governments report the amount of net assets at the beginning of the year and add or subtract changes in net assets for the year to present ending net assets.[f]

Financial statement	Line item	Definition	Notes
Annual reports for state pension plans	Unfunded pension liability	Pension plan assets subtracted from pension plan liabilities to calculate the size of the pension plan's unfunded liability (or liability without any assets backing it)	These figures are reported in the annual reports of pension plans; in the fiscal rankings, the liability is recomputed on the basis of a low-risk or guaranteed-discount rate.
Notes to the basic financial statement	OPEB liability	The OPEB obligation stated in the notes to the basic financial statement	These data were cross-checked with Standard & Poor's OPEB data.

Source: Dean Michael Mead, *An Analyst's Guide to Government Financial Statements* (Norwalk, CT: Governmental Accounting Standards Board, 2012).

a. Dean Michael Mead, *An Analyst's Guide to Government Financial Statements* (Norwalk, CT: Governmental Accounting Standards Board, 2012), 66. Examining receivables balances over time may help to show if the government's ability to collect monies is increasing or decreasing.
b. "Minnesota Management & Budget Statewide Operating Policy," No. 0104-03, July 12, 2012, revised August 2, 2013. The GASB classifies nonexchange transactions into four types: (a) derived tax revenues, or the payment of income or sales taxes to the state; (b) nonexchange revenues, such as property taxes; (c) government-mandated nonexchange revenues, or federal grants to be used to carry out a mandate; and (d) voluntary nonexchange transactions, such as donations.
c. States vary in reporting what is included in noncurrent liabilities. The notes to their financial statements provide more detail. See GASB, "Touring the Financial Statements, Part IV: Note Disclosures," GASB website, December 2009, http://gasb.org/cs/ContentServer?c=GASBContent_C&pagename=GASB%2FGASBContent_C%2FUsersArticlePage&cid=1176156722430.
d. GASB, "GASB Improves Pension Accounting and Financial Reporting Standards," GASB website, news release, June 25, 2012, http://www.gasb.org/cs/ContentServer?pagename=GASB/GASBContent_C/GASBNewsPage&cid=1176160126951. According to GASB, net pension obligation (NPO) is the difference between the annual required contribution (ARC) to fund the benefits earned in that year plus the cost of past earned benefits and the employer's actual fiscal year contribution. See GASB, "Statement No. 27 of the Governmental Accounting Standards Board: Accounting for Pensions by State and Local Governmental Employers" (No. 116-C, Governmental Accounting Standard Series, November 1994). The NPO only recognizes a portion of the annual expense of the pension plan, and it is not a measure of the outstanding pension liability. If the state has historically made the full ARC, its NPO is zero. This standard for recording the expense of the pension plan was replaced in FY 2014 with new guidance, GASB Statement No. 68. See GASB, "Summary of Statement 68 Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27," GASB website, June 2012, http://www.gasb.org/jsp/GASB/Pronouncement_C/GASBSummaryPage&cid=1176160219492.
e. OPEB = other postemployment benefits.
f. GASB, "Touring the Financial Report, Part II: The Statement of Activities," GASB website, May 2007, http://gasb.org/cs/ContentServer?c=GASBContent_C&pagename=GASB%2FGASBContent_C%2FUsersArticlePage&cid=1176156736216.

TABLE A2. FINANCIAL INDICATORS USED TO MEASURE FISCAL CONDITION

	Financial Indicator	Definition	Interpretation	Solvency dimension
1	Cash ratio	(Cash + cash equivalents + investments)/current liabilities	Higher ratio indicates greater cash solvency	Cash
2	Quick ratio	(Cash + cash equivalents + investments + receivables)/current liabilities	Higher ratio indicates greater cash solvency	Cash
3	Current ratio	Current assets/current liabilities	Higher ratio indicates greater cash solvency	Cash
4	Operating ratio	Total revenues/total expenses	1 or greater indicates budget solvency	Cash
5	Surplus (or deficit) per capita	Change in net assets/population	Positive ratio indicates budget solvency	Budget
6	Net asset ratio	Restricted and unrestricted net assets/total assets	Higher ratio indicates greater long-run solvency	Long-run
7	Long-term liability ratio	Long-term (noncurrent) liabilities/total assets	Lower value indicates greater long-run solvency	Long-run
8	Long-term liability per capita	Long-term (noncurrent) liabilities/population	Lower value indicates greater long-run solvency	Long-run
9	Tax-to-income ratio	Total taxes/state personal income	Lower value indicates greater service-level solvency	Service-level
10	Revenue-to-income ratio	Total revenues/state personal income	Lower value indicates greater service-level solvency	Service-level
11	Expenses-to-income ratio	Total expenses/state personal income	Lower value indicates greater service-level solvency	Service-level
12	Pension-to-income ratio	Unfunded pension liability/state personal income	Lower value indicates greater trust fund solvency	Trust fund
13	OPEB-to-income ratio	OPEB/state personal income	Lower value indicates greater trust fund solvency	Trust fund

Note: OPEB = other postemployment benefits.

Following the methodology of last year's edition, for each indicator within the cash solvency dimension, we use an inner quartile method to establish an upper boundary at which to cap outliers. We do so by separating the data into quartiles and then setting the outer boundary at three times the inner quartile range beyond quartile three. Doing so sets a clear boundary with which we can identify any major outliers to cap.

To arrive at an overall ranking that aggregates each dimension of solvency, the ranking for each dimension is assigned a weight. Unlike that of previous years, this year's edition gives each area of solvency an equal weight of 20 percent. This change was made to provide a more objective index of fiscal condition. Although an argument can be made to weight the short-term more heavily, a counterargument could be made for doing the opposite. Cash and budget solvency issues might be a more immediate concern for policymakers on any given day, but long-run and trust fund solvency are just as important and can easily become more relevant when an economic downturn hits. Yet whichever area of solvency is prioritized, choosing to weight some areas more heavily than others is a subjective judgment. For this reason, we weight each dimension equally and provide our data online so that anyone can easily apply different weights and see how ranks change accordingly.

After applying the weights, the overall solvency score is calculated by summing each of the dimensions of solvency into one final score that the states are then ranked by. The primary methodological change between this year and all previous editions of this study has been the change in weights.[52]

Although only minor changes have been made each year to improve the fiscal condition index, these changes add up to a substantial overhaul that can affect the interpretation of changes in rank from year to year. Major methodological changes that have taken place include changes to the way service-level solvency was calculated in the 2015 edition (FY 2013), the capping of outliers in the 2017 edition (FY 2015), and the equal weighting of each subindex area in this edition (FY 2016). Each methodological change was carried into subsequent editions and has now been backtracked to reproduce the rankings with a standardized methodology across all years in which this study has been produced. Table A3 provides the backtracked rankings for fiscal years 2006–2016, for ease of comparison. The data were adjusted for inflation using 2016 conversion factors, but this only affected the surplus per capita and long-term liability per capita figures. All other indicators in the rankings are relative measures of financial line items, and therefore their interpretation does not change upon adjusting for inflation.

As a result of standardizing the methodology, the replicated rankings from fiscal years 2013–2015 may not be perfectly comparable with the datasets from previous editions of this study. This is because of changes to the way that the index was calculated as well as to the way in which the data were collected and categorized. For example, in the 2017 edition, we classified both bills that are due within one year and those that are due in more than one year among North Dakota's long-term liabilities; in this edition, we reclassified bills due within one year as current liabilities. These changes helped standardize the rankings over the selected sample but did not drastically change the rankings themselves.

52. For a more detailed description of how the dimensions of solvency are calculated, see Norcross and Gonzalez, "Ranking the States by Fiscal Condition, 2017 Edition."

TABLE A3. RANKING THE STATES BY FISCAL CONDITION USING NEW METHODOLOGY (FISCAL YEARS 2006–2015)

	Fiscal Year 2006						Fiscal Year 2007					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Alabama	2	5	15	15	37	3	5	8	32	15	35	7
Alaska	4	2	1	50	50	1	1	2	1	50	50	1
Arizona	20	19	7	24	19	22	24	18	12	25	24	24
Arkansas	5	23	34	42	28	24	7	22	35	42	1	9
California	43	46	42	25	15	41	41	46	46	29	14	43
Colorado	32	17	16	4	43	16	27	17	15	5	44	15
Connecticut	38	48	39	18	42	43	37	48	34	18	37	40
Delaware	37	32	25	45	9	39	35	34	25	45	7	39
Florida	19	38	41	6	4	12	13	38	18	6	2	8
Georgia	26	20	37	12	10	21	21	23	27	14	11	21
Hawaii	7	33	46	44	46	30	15	31	44	43	46	36
Idaho	17	8	8	30	18	14	25	7	10	34	8	16
Illinois	40	50	48	8	40	46	42	50	49	11	45	48
Indiana	42	3	26	14	12	13	20	3	38	13	16	11
Iowa	13	13	32	28	16	20	12	13	28	26	17	17
Kansas	34	25	33	19	21	29	36	29	26	17	23	28
Kentucky	28	39	36	38	45	38	30	39	50	38	43	46
Louisiana	6	28	24	37	39	23	4	27	8	40	39	18
Maine	50	15	30	39	32	47	50	15	24	37	31	41
Maryland	36	37	23	9	17	25	47	37	43	9	19	30
Massachusetts	46	47	29	26	25	45	44	47	31	28	22	45
Michigan	45	36	49	33	27	44	46	36	48	32	26	44
Minnesota	31	24	12	35	30	33	28	21	23	35	32	33
Mississippi	27	31	21	43	41	40	18	33	7	44	42	34
Missouri	15	16	40	10	31	17	10	20	37	7	29	13

	Fiscal Year 2006						Fiscal Year 2007					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Montana	3	6	4	29	33	7	3	5	5	30	36	6
Nebraska	18	1	17	13	6	2	14	1	11	10	3	2
Nevada	23	29	11	1	34	8	29	28	33	1	38	12
New Hampshire	25	14	35	2	11	10	23	14	29	2	20	10
New Jersey	12	49	50	22	44	34	19	49	47	21	41	38
New Mexico	39	11	43	49	48	49	40	12	20	49	47	50
New York	41	45	27	34	20	42	39	45	42	33	15	42
North Carolina	49	27	18	20	5	27	49	24	17	23	4	27
North Dakota	9	21	5	40	14	19	11	19	4	39	12	20
Ohio	16	41	38	23	49	32	16	42	21	24	49	31
Oklahoma	21	9	10	16	36	18	38	9	14	20	34	25
Oregon	14	35	22	32	23	26	34	35	41	22	27	32
Pennsylvania	33	26	31	17	26	28	32	25	30	16	25	26
Rhode Island	30	43	45	41	47	50	31	44	45	41	48	49
South Carolina	35	34	13	36	38	36	33	32	16	36	40	37
South Dakota	10	10	28	5	2	4	6	10	22	3	6	3
Tennessee	8	4	14	11	3	6	8	4	13	12	5	4
Texas	48	12	6	7	1	9	43	11	9	8	21	19
Utah	1	18	3	21	22	5	2	16	3	19	18	5
Vermont	24	30	47	47	7	37	22	30	36	47	9	35
Virginia	22	22	19	3	13	11	26	26	40	4	13	14
Washington	29	40	20	27	8	31	17	41	19	27	10	23
West Virginia	11	42	9	48	35	35	9	40	6	46	30	29
Wisconsin	44	44	44	31	29	48	45	43	39	31	33	47
Wyoming	47	7	2	46	24	15	48	6	2	48	28	22

TABLE A3. RANKING THE STATES BY FISCAL CONDITION USING NEW METHODOLOGY (FISCAL YEARS 2006–2015) (*CONTINUED*)

	Fiscal Year 2008						Fiscal Year 2009					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Alabama	6	8	44	17	40	15	5	6	8	16	34	5
Alaska	1	2	1	50	50	1	1	2	50	45	50	27
Arizona	36	21	34	24	3	21	48	26	37	24	19	31
Arkansas	5	20	28	42	29	22	8	19	17	43	28	21
California	48	47	45	27	17	44	49	47	43	25	26	46
Colorado	27	18	12	6	33	18	32	17	16	6	37	16
Connecticut	37	48	49	19	39	45	42	48	45	15	27	40
Delaware	35	34	38	46	15	41	36	35	34	46	6	38
Florida	17	38	36	5	5	10	12	37	29	5	10	7
Georgia	23	29	29	20	21	24	24	32	24	13	15	19
Hawaii	18	35	46	41	47	40	25	36	49	40	42	49
Idaho	12	7	10	31	7	9	19	8	32	29	24	18
Illinois	46	50	47	10	46	48	50	50	44	12	46	50
Indiana	13	3	13	18	1	4	13	4	21	20	7	8
Iowa	15	13	14	26	8	17	15	11	9	31	22	17
Kansas	38	26	26	14	6	20	43	20	19	14	21	24
Kentucky	34	42	48	38	45	47	34	43	36	39	40	44
Louisiana	7	24	7	40	42	25	7	24	4	38	39	20
Maine	49	15	25	37	36	42	47	16	5	35	35	33
Maryland	32	39	43	11	23	30	33	38	38	11	17	26
Massachusetts	43	46	20	28	30	37	40	46	33	26	18	37
Michigan	45	37	32	34	34	39	41	40	31	37	23	42
Minnesota	22	22	23	33	12	27	26	22	23	34	30	30
Mississippi	20	31	11	43	32	35	20	28	10	42	47	32
Missouri	8	19	15	8	31	13	18	18	20	8	32	13

State	Fiscal Year 2008						Fiscal Year 2009					
	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Montana	4	6	5	32	35	7	4	10	2	33	36	11
Nebraska	14	1	9	9	4	2	17	1	12	9	2	1
Nevada	19	28	39	1	38	8	16	27	41	1	41	9
New Hampshire	31	16	37	2	19	11	35	21	26	2	13	10
New Jersey	28	49	50	23	44	46	22	49	46	22	43	45
New Mexico	44	11	42	49	48	49	21	12	48	50	48	48
New York	40	44	31	35	22	38	39	44	40	32	16	41
North Carolina	47	25	24	21	11	29	44	23	25	18	4	22
North Dakota	16	17	3	39	2	16	9	15	1	41	8	14
Ohio	11	40	16	22	49	28	11	39	27	23	49	23
Oklahoma	25	9	8	15	9	12	14	7	7	21	1	3
Oregon	29	32	33	30	28	33	28	33	42	28	45	35
Pennsylvania	33	23	22	13	26	23	38	29	30	19	20	28
Rhode Island	39	45	41	44	41	50	29	45	15	44	44	47
South Carolina	42	30	30	36	43	43	37	25	14	36	38	34
South Dakota	3	10	19	3	10	3	2	9	13	4	5	2
Tennessee	10	4	18	12	24	6	10	3	11	10	3	4
Texas	41	12	17	7	18	19	31	13	39	7	14	15
Utah	2	14	6	16	20	5	3	14	6	17	25	6
Vermont	21	33	35	45	16	36	30	34	22	48	12	36
Virginia	24	27	21	4	13	14	27	30	28	3	11	12
Washington	30	41	40	25	14	32	23	41	35	27	9	29
West Virginia	9	36	4	47	37	31	6	31	3	49	33	25
Wisconsin	26	43	27	29	25	34	45	42	18	30	29	39
Wyoming	50	5	2	48	27	26	46	5	47	47	31	43

TABLE A3. RANKING THE STATES BY FISCAL CONDITION USING NEW METHODOLOGY (FISCAL YEARS 2006–2015) (*CONTINUED*)

	Fiscal Year 2010						Fiscal Year 2011					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Alabama	7	7	13	19	34	9	9	7	35	17	37	11
Alaska	1	2	1	50	50	2	1	2	1	50	50	2
Arizona	49	29	29	21	23	31	49	26	28	23	24	33
Arkansas	14	18	30	44	27	27	14	19	40	43	31	29
California	46	46	45	25	24	41	44	46	43	26	26	46
Colorado	36	14	39	7	37	22	33	15	34	7	39	21
Connecticut	48	47	49	16	31	46	48	47	44	19	32	45
Delaware	34	35	23	45	10	37	41	36	32	47	7	43
Florida	6	36	6	5	7	5	10	35	26	5	10	6
Georgia	27	30	28	17	16	21	27	31	38	11	16	22
Hawaii	26	37	46	40	43	49	32	39	47	42	42	49
Idaho	19	9	10	28	20	17	21	8	5	31	17	18
Illinois	50	50	50	11	45	50	50	50	49	18	46	50
Indiana	20	3	37	14	3	11	22	3	25	16	6	9
Iowa	15	15	9	31	18	18	12	11	22	30	23	19
Kansas	43	20	21	13	19	24	39	21	23	14	21	23
Kentucky	28	43	44	39	41	45	17	44	45	40	44	38
Louisiana	8	25	41	26	39	23	18	30	42	25	41	26
Maine	44	16	11	34	35	34	47	16	21	37	22	36
Maryland	38	40	43	10	15	26	40	42	48	10	15	28
Massachusetts	42	48	47	27	14	48	42	48	39	29	19	48
Michigan	41	39	32	36	29	40	36	38	30	34	35	39
Minnesota	32	28	35	35	25	33	31	24	29	36	28	35
Mississippi	18	24	12	41	46	32	16	23	14	41	47	32
Missouri	12	19	26	9	32	15	13	18	27	8	29	15

	Fiscal Year 2010						Fiscal Year 2011					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Montana	3	10	4	29	38	7	3	10	4	27	40	10
Nebraska	10	1	20	6	2	1	11	1	17	6	3	1
Nevada	16	31	40	1	44	13	20	33	37	2	43	16
New Hampshire	23	21	25	2	12	10	37	29	46	1	13	12
New Jersey	22	49	48	20	36	44	25	49	50	20	38	44
New Mexico	21	11	34	48	48	43	24	13	8	49	48	41
New York	45	45	38	37	17	42	45	45	41	38	18	47
North Carolina	40	26	17	24	5	25	38	25	19	24	9	24
North Dakota	9	12	3	42	11	14	7	12	3	45	11	13
Ohio	5	38	27	22	49	20	8	37	20	22	49	20
Oklahoma	17	8	31	15	1	4	19	9	15	15	1	4
Oregon	33	33	36	32	47	38	29	28	12	35	45	37
Pennsylvania	39	32	33	23	21	29	43	32	36	21	25	30
Rhode Island	29	44	22	43	42	47	34	43	33	32	33	42
South Carolina	31	22	16	38	40	35	28	20	11	39	36	34
South Dakota	2	6	5	4	4	3	2	6	7	3	5	3
Tennessee	13	5	14	12	26	8	6	4	18	12	4	5
Texas	35	13	18	8	13	16	35	14	16	9	14	17
Utah	4	17	8	18	28	6	4	17	6	13	27	8
Vermont	25	34	15	47	8	36	23	34	13	48	2	27
Virginia	24	27	19	3	9	12	26	27	24	4	12	14
Washington	30	41	42	30	6	30	30	40	9	28	8	25
West Virginia	11	23	7	46	30	28	15	22	10	44	30	31
Wisconsin	47	42	24	33	22	39	46	41	31	33	20	40
Wyoming	37	4	2	49	33	19	5	5	2	46	34	7

TABLE A3. RANKING THE STATES BY FISCAL CONDITION USING NEW METHODOLOGY (FISCAL YEARS 2006–2015) (*CONTINUED*)

	Fiscal Year 2012						Fiscal Year 2013					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Alabama	9	7	31	16	36	13	7	20	37	16	33	14
Alaska	1	2	1	50	50	2	1	2	1	50	50	2
Arizona	42	22	12	24	23	28	43	22	10	21	22	28
Arkansas	15	21	39	44	26	31	14	21	39	42	28	34
California	48	46	44	21	39	43	47	46	23	27	39	43
Colorado	29	15	19	8	37	20	26	16	20	7	38	19
Connecticut	49	48	41	27	34	48	48	47	43	28	37	46
Delaware	22	37	48	47	14	41	21	39	42	46	12	41
Florida	13	36	11	5	11	10	5	32	5	4	10	7
Georgia	33	32	35	15	21	24	34	31	32	17	19	24
Hawaii	32	39	47	42	42	47	32	40	29	44	43	45
Idaho	18	10	14	30	17	21	15	8	7	31	20	18
Illinois	50	49	45	23	46	50	50	49	45	23	44	50
Indiana	20	4	32	19	7	16	23	3	30	13	6	12
Iowa	14	14	15	32	2	9	13	15	17	34	23	21
Kansas	38	19	22	10	19	22	35	18	27	10	16	22
Kentucky	36	44	46	39	44	46	39	45	47	40	45	47
Louisiana	19	31	42	25	41	27	22	34	49	22	42	30
Maine	46	17	33	40	24	40	49	17	24	39	30	40
Maryland	44	42	43	14	20	36	42	43	46	14	17	33
Massachusetts	40	47	40	29	18	45	46	48	48	30	18	48
Michigan	34	30	6	35	33	33	30	30	21	32	31	32
Minnesota	31	24	29	31	30	34	24	23	12	38	34	31
Mississippi	16	27	21	41	47	30	17	27	33	41	47	36
Missouri	17	20	34	7	28	17	19	19	26	8	29	17

	Fiscal Year 2012						Fiscal Year 2013					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Montana	4	9	8	28	40	11	6	9	6	29	35	13
Nebraska	10	1	25	6	4	1	11	1	16	6	5	1
Nevada	21	28	26	2	45	14	20	25	15	2	46	11
New Hampshire	25	33	23	1	10	8	36	33	31	1	13	9
New Jersey	35	50	50	17	38	49	37	50	50	19	40	49
New Mexico	12	12	37	49	48	37	16	12	35	48	49	39
New York	45	45	38	36	22	42	45	44	44	37	21	44
North Carolina	41	23	27	22	12	26	44	24	18	25	8	25
North Dakota	5	11	2	46	8	5	4	10	2	49	9	6
Ohio	6	35	20	20	49	18	8	35	34	20	48	20
Oklahoma	11	8	7	13	1	4	12	7	22	12	1	4
Oregon	23	26	28	37	43	32	18	29	9	36	41	29
Pennsylvania	47	34	36	18	25	35	41	37	40	18	24	35
Rhode Island	37	43	18	34	32	38	38	42	19	35	27	38
South Carolina	27	18	13	38	35	29	25	11	14	26	32	23
South Dakota	2	6	5	3	9	3	2	5	13	3	7	3
Tennessee	7	5	16	11	5	6	9	6	25	11	4	8
Texas	39	13	10	9	16	19	29	14	8	9	15	16
Utah	8	16	9	12	27	12	10	13	4	15	25	10
Vermont	24	40	30	48	3	39	28	36	41	47	2	37
Virginia	30	29	17	4	15	15	27	28	28	5	14	15
Washington	28	41	24	26	13	25	33	41	36	24	11	27
West Virginia	26	25	49	45	31	44	31	26	38	45	26	42
Wisconsin	43	38	4	33	6	23	40	38	11	33	3	26
Wyoming	3	3	3	43	29	7	3	4	3	43	36	5

TABLE A3. RANKING THE STATES BY FISCAL CONDITION USING NEW METHODOLOGY (FISCAL YEARS 2006–2015) (*CONTINUED*)

	Fiscal Year 2014						Fiscal Year 2015					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Alabama	10	20	33	15	36	18	9	19	40	19	36	18
Alaska	1	2	1	50	50	2	1	7	50	8	50	11
Arizona	42	21	21	20	15	26	44	21	17	26	20	30
Arkansas	13	25	35	43	27	29	12	24	23	45	30	27
California	47	46	23	28	41	43	46	45	11	29	41	42
Colorado	34	15	19	8	30	19	34	32	33	12	29	23
Connecticut	48	47	50	27	37	48	49	47	4	22	35	40
Delaware	28	41	46	46	12	44	25	39	43	47	8	41
Florida	7	28	7	3	10	7	5	16	10	4	6	5
Georgia	29	30	30	14	22	23	23	28	24	15	22	20
Hawaii	27	40	43	42	43	45	20	42	34	44	42	43
Idaho	14	9	6	33	16	15	10	5	6	30	12	9
Illinois	49	49	41	24	44	49	50	49	46	20	44	50
Indiana	25	3	26	19	6	13	19	29	13	16	5	17
Iowa	22	16	24	30	23	25	24	13	32	38	25	29
Kansas	35	19	38	10	20	21	37	20	45	11	18	22
Kentucky	43	45	44	40	45	50	45	46	37	41	45	47
Louisiana	19	35	47	23	42	30	27	38	47	24	38	37
Maine	44	23	40	35	25	38	41	35	12	35	24	34
Maryland	41	43	45	17	17	34	43	44	39	18	14	33
Massachusetts	50	48	48	31	19	47	48	48	48	32	19	48
Michigan	33	31	37	29	31	33	36	25	35	34	31	32
Minnesota	17	22	15	38	33	28	18	23	15	39	32	28
Mississippi	15	29	29	41	47	36	17	30	36	43	47	38
Missouri	16	17	31	7	32	17	16	15	18	7	33	14

	Fiscal Year 2014						Fiscal Year 2015					
State	Cash	Long-run	Budget	Service-level	Trust Fund	FCI	Cash	Long-run	Budget	Service-level	Trust Fund	FCI
Montana	6	6	10	32	40	12	6	14	7	31	40	10
Nebraska	9	1	14	6	3	1	11	1	29	6	3	1
Nevada	20	24	20	2	46	11	22	22	16	2	46	16
New Hampshire	37	33	39	1	13	10	39	33	42	1	9	12
New Jersey	36	50	49	21	39	46	35	50	49	23	39	49
New Mexico	21	12	11	48	49	40	26	11	21	50	49	46
New York	46	44	34	34	21	41	42	40	25	36	16	36
North Carolina	40	18	8	18	9	22	31	9	5	17	13	15
North Dakota	3	10	3	49	7	6	4	8	1	49	7	6
Ohio	12	34	18	22	48	20	14	31	41	25	48	26
Oklahoma	11	7	16	12	1	4	13	4	8	10	1	2
Oregon	18	27	17	37	38	32	15	27	14	37	43	24
Pennsylvania	45	38	42	16	26	35	47	36	38	21	26	35
Rhode Island	38	42	22	36	28	39	38	43	9	40	28	39
South Carolina	23	11	13	25	35	24	21	10	19	27	34	21
South Dakota	2	5	9	4	11	3	2	3	26	3	10	3
Tennessee	8	8	36	11	2	8	7	2	20	13	2	4
Texas	32	14	4	9	8	14	29	18	30	9	15	19
Utah	5	13	5	13	24	9	8	12	3	14	23	8
Vermont	26	36	27	47	5	37	30	41	22	48	17	44
Virginia	24	32	28	5	14	16	28	17	31	5	11	13
Washington	31	39	25	26	18	27	33	37	44	28	21	31
West Virginia	30	26	32	45	29	42	32	34	28	46	27	45
Wisconsin	39	37	12	39	4	31	40	26	27	33	4	25
Wyoming	4	4	2	44	34	5	3	6	2	42	37	7

Note: FCI = Fiscal Condition Index. Major methodological changes include changes to the way service-level solvency is calculated in the 2015 edition (FY2013), the capping of outliers in the 2017 edition (FY2015), and the equal weighting of each subindex area in this edition (FY2016). Each new methodological change was carried into the next year's edition and has now been backtracked to reproduce the rankings with a standardized methodology across all years that this study has been produced.

APPENDIX B. DATA TABLES

TABLE B1. COMPONENTS OF CASH SOLVENCY: CASH, QUICK, AND CURRENT RATIOS FOR THE STATES (FISCAL YEAR 2016)

State	Cash ratio	Quick ratio	Current ratio	State	Cash ratio	Quick ratio	Current ratio
Alabama	3.66	4.23	4.89	Montana	3.98	4.82	5.26
Alaska	17.07	17.38	17.92	Nebraska	2.95	3.86	3.95
Arizona	0.88	1.14	1.40	Nevada	1.46	2.65	2.69
Arkansas	3.17	3.86	4.14	New Hampshire	0.75	1.46	2.82
California	0.82	1.19	1.62	New Jersey	0.93	2.44	2.44
Colorado	1.32	1.93	2.11	New Mexico	2.01	2.53	2.60
Connecticut	0.42	1.00	1.05	New York	0.71	1.51	1.52
Delaware	1.34	1.95	1.98	North Carolina	1.67	2.55	2.72
Florida	4.80	5.80	5.81	North Dakota	3.23	4.59	4.63
Georgia	2.13	3.13	3.24	Ohio	3.43	4.05	4.20
Hawaii	2.22	2.77	2.91	Oklahoma	2.06	2.55	2.67
Idaho	3.57	4.36	4.66	Oregon	2.70	3.25	3.42
Illinois	0.55	0.92	1.13	Pennsylvania	0.69	1.08	1.39
Indiana	1.37	2.06	2.68	Rhode Island	1.13	1.84	2.02
Iowa	1.39	2.36	2.47	South Carolina	1.90	2.48	2.70
Kansas	0.80	1.60	1.62	South Dakota	4.76	6.63	6.78
Kentucky	0.87	1.52	1.75	Tennessee	3.03	4.12	4.17
Louisiana	1.27	2.01	2.48	Texas	1.28	1.76	2.09
Maine	0.65	1.30	2.02	Utah	1.61	3.65	3.75
Maryland	0.75	1.60	1.75	Vermont	1.62	2.46	2.50
Massachusetts	0.48	1.11	1.16	Virginia	1.55	2.23	2.31
Michigan	1.04	1.73	2.27	Washington	1.33	2.05	2.48
Minnesota	2.32	2.99	3.01	West Virginia	1.27	1.54	1.78
Mississippi	2.14	2.56	2.78	Wisconsin	0.89	1.74	1.76
Missouri	1.97	3.68	3.72	Wyoming	7.20	7.59	7.81

Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

Note: Table B1 lists the underlying cash indicators for each state. As a result, it reflects Alaska's values before they are capped. After transforming the data to cap outliers, Alaska's cash, quick, and current ratios become 7.72, 9.81, and 9.00, respectively.

TABLE B2. COMPONENTS OF BUDGET SOLVENCY: OPERATING RATIO AND SURPLUS OR DEFICIT PER CAPITA (FISCAL YEAR 2016)

State	Operating ratio	Surplus or deficit per capita ($)	State	Operating ratio	Surplus or deficit per capita ($)
Alabama	1.03	141.62	Montana	1.05	261.71
Alaska	0.52	−6945.82	Nebraska	0.99	−0.01
Arizona	1.05	226.94	Nevada	1.16	520.57
Arkansas	1.04	248.10	New Hampshire	1.04	412.78
California	1.04	270.78	New Jersey	0.89	−797.87
Colorado	1.01	40.33	New Mexico	0.96	−489.97
Connecticut	0.92	−692.68	New York	1.00	16.36
Delaware	0.96	−376.84	North Carolina	1.12	529.95
Florida	1.07	276.63	North Dakota	0.98	−137.47
Georgia	1.07	331.36	Ohio	1.00	63.08
Hawaii	1.05	332.18	Oklahoma	0.96	−170.68
Idaho	1.05	240.07	Oregon	1.01	−33.38
Illinois	0.92	−450.10	Pennsylvania	1.01	62.25
Indiana	1.00	−14.32	Rhode Island	1.03	225.23
Iowa	1.03	182.19	South Carolina	1.07	372.62
Kansas	0.94	−282.97	South Dakota	1.02	106.11
Kentucky	0.98	−124.77	Tennessee	1.07	289.93
Louisiana	0.96	11.04	Texas	1.03	155.48
Maine	1.04	252.21	Utah	1.08	291.33
Maryland	1.02	130.26	Vermont	1.05	412.12
Massachusetts	0.95	−490.71	Virginia	1.02	92.23
Michigan	1.03	160.46	Washington	1.04	229.47
Minnesota	1.05	312.74	West Virginia	1.01	89.07
Mississippi	1.06	323.29	Wisconsin	1.04	243.57
Missouri	1.03	107.78	Wyoming	0.93	−576.67

Source: Authors' analysis of the FY 2006–2016 CAFRs for all 50 states.

TABLE B3. COMPONENTS OF LONG-RUN SOLVENCY: NET ASSET RATIO, LONG-TERM LIABILITY RATIO, AND LONG-TERM LIABILITIES PER CAPITA (FISCAL YEAR 2016)

State	Net asset ratio	Long-term liability ratio	Long-term liability per capita ($)	State	Net asset ratio	Long-term liability ratio	Long-term liability per capita ($)
Alabama	0.01	0.31	2,118	Montana	0.22	0.20	2,247
Alaska	0.77	0.08	8,670	Nebraska	0.28	0.04	282
Arizona	0.07	0.34	2,194	Nevada	0.03	0.37	1,697
Arkansas	0.11	0.35	2,986	New Hampshire	−0.02	0.50	2,555
California	−0.57	0.92	5,642	New Jersey	−2.98	3.88	18,928
Colorado	−0.02	0.48	3,175	New Mexico	0.50	0.23	3,977
Connecticut	−1.71	2.30	17,418	New York	−0.24	0.58	4,605
Delaware	−0.15	0.61	7,537	North Carolina	0.08	0.14	938
Florida	0.12	0.31	2,199	North Dakota	0.53	0.10	3,509
Georgia	−0.01	0.47	2,302	Ohio	0.07	0.51	3,243
Hawaii	−0.16	0.84	12,056	Oklahoma	0.31	0.11	609
Idaho	0.37	0.11	963	Oregon	0.17	0.41	3,283
Illinois	−2.86	3.30	12,816	Pennsylvania	−0.27	0.61	3,109
Indiana	−0.13	0.50	2,155	Rhode Island	−0.49	0.90	5,717
Iowa	0.16	0.22	1,656	South Carolina	0.17	0.23	1,311
Kansas	−0.05	0.41	2,527	South Dakota	0.34	0.08	650
Kentucky	−1.15	1.38	9,960	Tennessee	0.14	0.10	641
Louisiana	−0.20	0.65	4,133	Texas	0.26	0.33	3,474
Maine	−0.21	0.56	2,812	Utah	0.26	0.15	1,555
Maryland	−0.48	0.99	7,186	Vermont	−0.25	0.68	5,154
Massachusetts	−1.93	2.75	11,518	Virginia	−0.06	0.33	1,714
Michigan	−0.10	0.45	1,883	Washington	0.02	0.64	8,169
Minnesota	0.07	0.36	2,458	West Virginia	−0.12	0.43	4,194
Mississippi	−0.04	0.37	3,036	Wisconsin	0.00	0.33	2,589
Missouri	−0.01	0.26	1,809	Wyoming	0.74	0.10	3,989

Source: Authors' analysis of the FY 2006–2016 CAFRs and the US Census for all 50 states.

TABLE B4. COMPONENTS OF SERVICE-LEVEL SOLVENCY: TAXES, REVENUES, AND EXPENSES TO TOTAL STATE PERSONAL INCOME (FISCAL YEAR 2016)

State	Taxes/ personal income	Revenues/ personal income	Expenses/ personal income	State	Taxes/ personal income	Revenues/ personal income	Expenses/ personal income
Alabama	0.05	0.12	0.11	Montana	0.05	0.14	0.13
Alaska	0.00	0.14	0.26	Nebraska	0.05	0.09	0.09
Arizona	0.05	0.13	0.12	Nevada	0.04	0.09	0.08
Arkansas	0.07	0.18	0.18	New Hampshire	0.03	0.09	0.09
California	0.06	0.13	0.12	New Jersey	0.05	0.11	0.12
Colorado	0.04	0.11	0.11	New Mexico	0.07	0.23	0.24
Connecticut	0.06	0.12	0.13	New York	0.06	0.14	0.14
Delaware	0.09	0.18	0.19	North Carolina	0.06	0.11	0.10
Florida	0.04	0.09	0.09	North Dakota	0.08	0.19	0.19
Georgia	0.05	0.12	0.11	Ohio	0.05	0.12	0.12
Hawaii	0.09	0.16	0.15	Oklahoma	0.05	0.10	0.11
Idaho	0.06	0.13	0.13	Oregon	0.06	0.15	0.15
Illinois	0.05	0.10	0.11	Pennsylvania	0.05	0.12	0.12
Indiana	0.05	0.11	0.11	Rhode Island	0.06	0.15	0.14
Iowa	0.06	0.15	0.14	South Carolina	0.05	0.12	0.11
Kansas	0.05	0.10	0.10	South Dakota	0.04	0.09	0.09
Kentucky	0.07	0.15	0.16	Tennessee	0.05	0.11	0.10
Louisiana	0.04	0.12	0.13	Texas	0.04	0.11	0.11
Maine	0.06	0.14	0.13	Utah	0.06	0.10	0.09
Maryland	0.06	0.11	0.11	Vermont	0.10	0.19	0.18
Massachusetts	0.06	0.13	0.14	Virginia	0.05	0.09	0.09
Michigan	0.06	0.13	0.13	Washington	0.05	0.13	0.13
Minnesota	0.08	0.14	0.13	West Virginia	0.07	0.18	0.18
Mississippi	0.06	0.17	0.16	Wisconsin	0.06	0.13	0.13
Missouri	0.04	0.10	0.10	Wyoming	0.07	0.14	0.15

Source: Authors' analysis of the FY 2006–2016 CAFRs and the Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

TABLE B5. COMPONENTS OF TRUST FUND SOLVENCY: UNFUNDED PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS AS A PERCENTAGE OF PERSONAL INCOME (FISCAL YEAR 2016)

State	Pensions/ personal income	OPEB/ personal income	State	Pensions/ personal income	OPEB/ personal income
Alabama	0.46	0.05	Montana	0.53	0.01
Alaska	0.91	0.21	Nebraska	0.22	0.00
Arizona	0.40	0.00	Nevada	0.65	0.01
Arkansas	0.41	0.00	New Hampshire	0.27	0.03
California	0.54	0.05	New Jersey	0.49	0.15
Colorado	0.43	0.01	New Mexico	0.80	0.05
Connecticut	0.48	0.09	New York	0.35	0.07
Delaware	0.30	0.17	North Carolina	0.31	0.08
Florida	0.27	0.02	North Dakota	0.30	0.00
Georgia	0.40	0.04	Ohio	0.75	0.03
Hawaii	0.61	0.13	Oklahoma	0.35	0.00
Idaho	0.36	0.00	Oregon	0.65	0.00
Illinois	0.67	0.08	Pennsylvania	0.37	0.03
Indiana	0.23	0.00	Rhode Island	0.40	0.01
Iowa	0.38	0.00	South Carolina	0.46	0.05
Kansas	0.33	0.00	South Dakota	0.32	0.00
Kentucky	0.61	0.03	Tennessee	0.17	0.01
Louisiana	0.49	0.04	Texas	0.33	0.07
Maine	0.35	0.03	Utah	0.36	0.00
Maryland	0.34	0.03	Vermont	0.34	0.06
Massachusetts	0.33	0.04	Virginia	0.28	0.01
Michigan	0.42	0.04	Washington	0.34	0.04
Minnesota	0.44	0.00	West Virginia	0.41	0.04
Mississippi	0.71	0.01	Wisconsin	0.26	0.00
Missouri	0.43	0.01	Wyoming	0.49	0.01

Source: Authors' analysis of the FY 2006–2016 CAFRs, pension and OPEB actuarial reports, and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

Note: OPEB = other postemployment benefits.

TABLE B6. STATE DEBT (FISCAL YEAR 2016)

State	Total general obligation bonds ($ thousands)	Total primary government debt ($ thousands)	Personal income ($ thousands)	Ratio of debt to personal income	Total primary debt per capita ($)
Alabama	722,383	5,191,977	190,791,463	0.03	1,068
Alaska	921,144	2,093,079	41,032,003	0.05	2,821
Arizona	0	9,502,194	278,924,877	0.03	1,371
Arkansas	1,518,148	3,959,545	117,572,045	0.03	1,325
California	79,043,295	112,554,735	2,197,492,012	0.05	2,868
Colorado	0	6,301,318	288,432,728	0.02	1,137
Connecticut	17,394,622	23,545,920	254,047,871	0.09	6,584
Delaware	2,118,548	3,271,448	46,362,308	0.07	3,436
Florida	10,712,000	25,174,000	944,443,033	0.03	1,221
Georgia	9,493,441	14,096,779	431,331,043	0.03	1,367
Hawaii	6,294,325	8,667,415	72,214,987	0.12	6,067
Idaho	0	1,228,927	65,823,005	0.02	730
Illinois	26,795,531	31,256,694	666,935,503	0.05	2,442
Indiana	0	1,000,258	288,486,508	0.00	151
Iowa	0	3,648,776	146,685,133	0.02	1,164
Kansas	0	7,745,489	141,112,300	0.05	2,664
Kentucky	0	7,692,612	175,258,173	0.04	1,734
Louisiana	4,610,809	12,264,745	203,591,796	0.06	2,620
Maine	464,444	1,168,260	59,005,346	0.02	877
Maryland	9,465,285	18,319,396	348,569,720	0.05	3,045
Massachusetts	21,668,296	29,569,062	443,700,515	0.07	4,341
Michigan	1,625,000	7,314,900	440,291,844	0.02	737
Minnesota	7,043,943	9,155,250	287,681,695	0.03	1,659
Mississippi	4,389,749	5,697,307	107,402,992	0.05	1,906
Missouri	208,880	3,546,970	266,406,080	0.01	582
Montana	115,500	220,753	44,188,348	0.00	212
Nebraska	0	34,780	94,661,640	0.00	18
Nevada	1,358,430	3,186,600	128,294,465	0.02	1,084
New Hampshire	889,802	1,486,235	77,848,085	0.02	1,113
New Jersey	1,991,645	42,727,114	554,267,581	0.08	4,777
New Mexico	326,755	3,497,735	80,758,305	0.04	1,681
New York	2,887,000	56,692,000	1,195,263,336	0.05	2,871
North Carolina	3,038,665	7,808,030	426,188,736	0.02	770
North Dakota	0	1,894,145	41,715,862	0.05	2,499
Ohio	9,283,156	17,689,412	521,208,626	0.03	1,523
Oklahoma	82,100	2,141,450	179,237,997	0.01	546
Oregon	5,525,430	11,083,552	184,407,086	0.06	2,708
Pennsylvania	12,517,909	16,588,566	655,506,262	0.03	1,298

TABLE B6. STATE DEBT (FISCAL YEAR 2016) (*CONTINUED*)

State	Total general obligation bonds ($ thousands)	Total primary government debt ($ thousands)	Personal income ($ thousands)	Ratio of debt to personal income	Total primary debt per capita ($)
Rhode Island	1,051,810	2,556,297	54,486,321	0.05	2,420
South Carolina	962,196	2,856,956	195,791,444	0.01	576
South Dakota	0	522,268	41,584,285	0.01	603
Tennessee	2,124,897	2,389,853	288,531,063	0.01	359
Texas	15,060,000	50,806,000	1,327,260,948	0.04	1,823
Utah	2,585,000	5,155,000	124,319,657	0.04	1,689
Vermont	667,832	708,855	31,429,989	0.02	1,135
Virginia	601,632	6,634,016	451,911,594	0.01	789
Washington	20,518,000	25,892,000	389,858,930	0.07	3,553
West Virginia	393,089	2,030,403	68,457,129	0.03	1,109
Wisconsin	6,054,989	13,855,193	273,188,936	0.05	2,398
Wyoming	0	24,259	32,326,423	0.00	41

Source: Authors' analysis of the FY 2006–2016 CAFRs, US Census, and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

TABLE B7. PENSION LIABILITIES UNDER STATE DISCOUNT RATE ASSUMPTIONS (FISCAL YEAR 2016)

State	Assets ($ thousands)	Liabilities ($ thousands)	Unfunded liability ($ thousands)	Funded ratio (percent)	Unfunded liability/personal income (percent)
Alabama	33,502,184	49,295,145	15,792,961	68	8
Alaska	14,676,677	21,045,476	6,368,799	70	16
Arizona	44,308,076	64,121,791	19,813,715	69	7
Arkansas	24,819,082	30,580,140	5,782,848	81	5
California	542,068,513	764,260,788	222,192,275	71	10
Colorado	43,404,710	74,565,792	31,161,082	58	11
Connecticut	31,370,324	66,736,317	35,365,993	47	14
Delaware	9,339,315	10,438,848	1,099,534	89	2
Florida	145,500,000	170,400,000	24,900,000	85	3
Georgia	82,676,301	110,944,246	28,267,945	75	7
Hawaii	14,998,749	27,439,234	12,440,485	55	17
Idaho	14,323,049	16,523,159	2,200,110	87	3
Illinois	118,251,464	249,337,048	131,085,584	47	20
Indiana	31,330,640	47,409,874	16,079,234	66	6
Iowa	31,960,270	38,267,347	6,307,077	84	4
Kansas	18,256,598	27,318,252	9,061,654	67	6
Kentucky	29,181,865	61,838,997	32,657,132	47	19
Louisiana	39,656,394	60,022,980	20,366,586	66	10
Maine	13,077,353	16,031,096	2,953,743	82	5
Maryland	51,955,510	72,790,542	20,835,031	71	6
Massachusetts	48,059,750	83,529,085	35,469,335	58	8
Michigan	62,215,349	100,102,842	37,887,493	62	9
Minnesota	55,956,165	73,481,336	17,525,171	76	6
Mississippi	25,685,579	42,843,536	17,157,957	60	16
Missouri	57,004,531	70,286,370	13,281,840	81	5
Montana	10,500,261	14,123,457	3,623,196	74	8
Nebraska	12,322,196	13,492,408	1,170,212	91	1
Nevada	35,896,200	48,459,200	12,563,000	74	10
New Hampshire	7,682,989	12,816,264	5,133,274	60	7
New Jersey	86,052,246	152,267,734	66,215,488	57	12
New Mexico	26,789,655	38,284,351	11,494,696	70	14
New York	297,520,200	312,171,100	14,650,900	95	1
North Carolina	92,964,638	101,529,965	8,565,327	92	2
North Dakota	4,637,285	7,135,253	2,497,968	65	6
Ohio	177,227,260	239,829,006	62,601,746	74	12
Oklahoma	29,202,211	38,772,320	9,570,109	75	5
Oregon	58,390,900	74,910,200	16,519,300	78	9
Pennsylvania	87,139,774	149,784,305	62,644,532	58	10

TABLE B7. PENSION LIABILITIES UNDER STATE DISCOUNT RATE ASSUMPTIONS (FISCAL YEAR 2016) (*CONTINUED*)

State	Assets ($ thousands)	Liabilities ($ thousands)	Unfunded liability ($ thousands)	Funded ratio (percent)	Unfunded liability/personal income (percent)
Rhode Island	7,882,086	12,821,954	4,939,869	61	9
South Carolina	31,870,335	52,850,048	20,979,713	60	11
South Dakota	10,851,252	10,851,252	0	100	0
Tennessee	35,368,705	37,050,760	1,682,055	95	1
Texas	219,554,573	272,046,415	52,491,842	81	4
Utah	26,713,884	31,111,369	4,397,485	86	4
Vermont	4,005,175	5,976,436	1,971,260	67	6
Virginia	67,660,203	90,793,027	23,132,824	75	5
Washington	74,352,600	88,271,000	13,918,400	84	4
West Virginia	13,598,681	17,927,504	4,328,823	76	6
Wisconsin	95,396,200	95,414,000	17,800	100	0
Wyoming	7,863,264	9,937,983	2,074,719	79	6

Source: Authors' analysis of the FY 2006–2016 CAFRs, pension actuarial reports, and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

TABLE B8. PENSION LIABILITIES DISCOUNTED UNDER RISK-FREE DISCOUNT RATE (FISCAL YEAR 2016)

State	Market value of liability ($ thousands)	Market value of unfunded liability ($ thousands)	Funded ratio (percent)	Unfunded liability/ personal income (percent)
Alabama	120,473,034	86,970,850	28	46
Alaska	52,011,300	37,334,622	28	91
Arizona	154,739,525	110,431,449	29	40
Arkansas	72,915,366	48,170,513	34	41
California	1,732,907,146	1,190,838,633	31	54
Colorado	166,217,211	122,812,501	26	43
Connecticut	153,021,586	121,651,262	21	48
Delaware	23,086,689	13,747,374	40	30
Florida	398,511,579	253,011,579	37	27
Georgia	255,444,582	172,768,281	32	40
Hawaii	59,008,684	44,009,935	25	61
Idaho	38,107,225	23,784,176	38	36
Illinois	564,045,760	445,794,296	21	67
Indiana	98,440,619	67,109,979	32	23
Iowa	88,351,824	56,391,554	36	38
Kansas	65,237,811	46,981,212	28	33
Kentucky	135,771,655	106,589,790	21	61
Louisiana	140,071,194	100,414,799	28	49
Maine	33,876,023	20,798,670	39	35
Maryland	169,051,277	117,095,767	31	34
Massachusetts	192,642,441	144,582,691	25	33
Michigan	246,290,795	184,075,446	25	42
Minnesota	181,685,664	125,729,499	31	44
Mississippi	102,313,225	76,627,646	25	71
Missouri	171,257,249	114,252,718	33	43
Montana	33,727,758	23,227,497	31	53
Nebraska	33,217,349	20,895,153	37	22
Nevada	119,817,390	83,921,190	30	65
New Hampshire	28,537,177	20,854,187	27	27
New Jersey	358,589,297	272,537,051	24	49
New Mexico	91,425,586	64,635,931	29	80
New York	719,957,636	422,437,436	41	35
North Carolina	224,528,255	131,563,618	41	31
North Dakota	17,319,233	12,681,948	27	30
Ohio	566,206,101	388,978,841	31	75
Oklahoma	92,363,644	63,161,433	32	35
Oregon	178,890,560	120,499,660	33	65
Pennsylvania	332,542,282	245,402,509	26	37

TABLE B8. PENSION LIABILITIES DISCOUNTED UNDER RISK-FREE DISCOUNT RATE (FISCAL YEAR 2016) (*CONTINUED*)

State	Market value of liability ($ thousands)	Market value of unfunded liability ($ thousands)	Funded ratio (percent)	Unfunded liability/ personal income (percent)
Rhode Island	29,571,168	21,689,082	27	40
South Carolina	121,887,630	90,017,295	26	46
South Dakota	24,167,218	50,081,157	45	120
Tennessee	85,449,862	50,081,157	41	17
Texas	650,956,041	431,401,468	34	33
Utah	71,751,894	45,038,010	37	36
Vermont	14,674,700	10,669,525	27	34
Virginia	195,252,429	127,592,226	35	28
Washington	208,607,671	134,255,071	36	34
West Virginia	41,346,055	27,747,374	33	41
Wisconsin	166,029,890	70,633,690	57	26
Wyoming	23,732,567	15,869,303	33	49

Source: Authors' analysis of the FY 2006–2016 CAFRs, pension actuarial reports, US Treasury daily yield curve rates, and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

TABLE B9. OTHER POSTEMPLOYMENT BENEFITS: RETIREE HEALTH BENEFITS (FISCAL YEAR 2016)

State	Total unfunded OPEB liability ($ thousands)	Funded ratio (percent)	OPEB/ personal income (percent)	State	Total unfunded OPEB liability ($ thousands)	Funded ratio (percent)	OPEB/ personal income (percent)
Alabama	9,478,603	13	5	Montana	458,429	0	1
Alaska	8,484,662	55	21	Nebraska	n/a	n/a	n/a
Arizona	36,236	98	0	Nevada	1,445,333	0	1
Arkansas	124,711	0	0	New Hampshire	2,138,368	0	3
California[a]	106,061,100	0	5	New Jersey	85,424,700	0	15
Colorado	1,845,893	17	1	New Mexico	3,805,064	11	5
Connecticut	21,887,478	1	9	New York	88,504,417	0	7
Delaware	7,729,000	4	17	North Carolina	32,467,020	4	8
Florida	20,554,898	1	2	North Dakota	87,700	53	0
Georgia	15,937,643	9	4	Ohio	15,142,634	52	3
Hawaii	9,065,926	2	13	Oklahoma	5,215	0	0
Idaho	115,982	21	0	Oregon	120,900	80	0
Illinois	51,898,621	0	8	Pennsylvania	20,724,570	1	3
Indiana	339,447	29	0	Rhode Island	644,316	18	1
Iowa	643,300	0	0	South Carolina	10,484,863	9	5
Kansas	5,657	0	0	South Dakota	n/a	n/a	n/a
Kentucky	5,915,484	60	3	Tennessee	1,751,877	0	1
Louisiana	7,603,850	0	4	Texas	87,370,542	1	7
Maine	1,851,822	9	3	Utah	184,510	54	0
Maryland	11,789,450	2	3	Vermont	1,822,348	0	6
Massachusetts	16,322,500	4	4	Virginia	5,431,000	25	1
Michigan	17,992,900	21	4	Washington	13,750,912	0	4
Minnesota	666,638	0	0	West Virginia	3,060,099	18	4
Mississippi	709,077	0	1	Wisconsin	942,314	0	0
Missouri	3,182,984	5	1	Wyoming	243,728	0	1

Source: Authors' analysis of the FY 2006–2016 CAFRs, OPEB actuarial reports, and Bureau of Economic Analysis Regional Economic Accounts for all 50 states.

Note: n/a = not available; OPEB = other postemployment benefits.
a. California's OPEB includes the unfunded liabilities for both the state's OPEB plan and the California Employers' Retiree Benefit Trust plan.

TABLE B10. PENSION PLANS (FISCAL YEAR 2016)

State	Plans
Alabama	Employees' Retirement System of Alabama Teachers' Retirement System of Alabama Judicial Retirement Fund
Alaska	Public Employees' Retirement System Teachers' Retirement System Judicial Retirement System National Guard and Naval Militia Retirement System Elected Public Officers Retirement System
Arizona	Arizona State Retirement System Public Safety Personnel Retirement Systems Corrections Officer Retirement Plan Elected Officials' Retirement Plan
Arkansas	Arkansas Public Employees' Retirement System Arkansas District Judges' Retirement System Arkansas Teacher Retirement System Arkansas State Police Retirement System Arkansas Judicial Retirement System Arkansas State Highway Employees' Retirement System
California	Public Employees' Retirement Fund Legislators' Retirement Fund Judges' Retirement Fund Judges' Retirement Fund II California State Teachers' Retirement System—Defined Benefit Plan California State Teachers' Retirement System—Cash Balance Plan California State Teachers' Retirement System—DB Supplement University of California Retirement Plan
Colorado	Fire and Police Pension Association Fire and Police Pension Association—Hybrid Plan State Division Trust Fund School Division Trust Fund Local Government Division Trust Fund Judicial Division Trust Fund
Connecticut	State Employees' Retirement System Teachers' Retirement System Family Support Magistrates Municipal Employees' Retirement System Probate Judges' and Employees' Retirement System
Delaware	State Employees' Plan New State Police Plan Revised Judicial Plan Diamond State Port Corporation Plans Volunteer Fireman Pension Plans County and Municipal Plan—General County and Municipal Plan—Police and Firefighter
Florida	Florida Retirement System
Georgia	Employees' Retirement System of Georgia Public School Employees' Retirement System Legislative Retirement System Georgia Judicial Retirement System Georgia Military Pension Fund Teachers' Retirement System Firefighters' Pension Fund
Hawaii	Employees' Retirement System Police and Firefighters

State	Plans
Idaho	Public Employee Retirement System of Idaho Firefighters' Retirement Fund Judges' Retirement Fund
Illinois	State Employees' Retirement System Judges' Retirement System General Assembly Retirement System Teachers' Retirement System State Universities Retirement System Illinois Municipal Retirement System
Indiana	Public Employees' Retirement Fund Teachers' Retirement Fund 1977 Police Officers' and Firefighters' Pension and Disability Fund Judges' Retirement System State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan Prosecuting Attorneys' Retirement Fund Legislators' Retirement System
Iowa	Iowa Public Employees' Retirement System Judicial Retirement Fund Peace Officers' Retirement, Accident, and Disability System Municipal Fire and Police Retirement System
Kansas	Kansas Public Employees' Retirement System Kansas Police and Firemen's Retirement System Kansas Retirement System for Judges
Kentucky	Kentucky Employees' Retirement System Teachers' Retirement System Judicial Retirement Plan Legislative Retirement Plan
Louisiana	Firefighters' Retirement System Louisiana State Employees' Retirement System Teachers' Retirement System of Louisiana Louisiana School Employees' Retirement System Louisiana State Police Retirement System
Maine	Maine Public Employees' Retirement System Maine Judicial Retirement Program Maine Legislative Retirement Program Maine Public Employees' Retirement System Consolidated Plan for Participating Local Districts
Maryland	Teachers' Retirement System Employees' Retirement System State Police Retirement System Judges' Retirement System Law Enforcement Officers' Pension System Correctional Officers' Retirement System Employees' Retirement System—Municipal Law Enforcement Officers' Pension System—Municipal
Massachusetts	State Employees' Retirement System Massachusetts Retirement System
Michigan	Legislative Retirement System State Police Retirement System State Employees' Retirement System Public School Employees' Retirement System Judges' Retirement System Municipal Employees' Retirement System of Michigan

TABLE B10. PENSION PLANS (FISCAL YEAR 2016) (*CONTINUED*)

State	Plans
Minnesota	State Employees' Retirement Fund State Patrol Retirement Fund Correctional Employees' Retirement Fund Statewide "specialty" retirement plans (judges, elected officials, and legislators) General Employees' Retirement Fund Public Employees' Police and Fire Fund Public Employees' Correctional Fund Municipal Employees' Retirement Fund Teachers' Retirement Association
Mississippi	Public Employees' Retirement System Mississippi Highway Safety Patrol Retirement System Municipal Retirement System Supplemental Legislative Retirement System
Missouri	Missouri State Employees' Plan Judicial Plan Missouri Department of Transportation and Highway Patrol Employees' Retirement System University of Missouri Retirement Plan Public School Retirement System Public Education Employee Retirement System
Montana	Public Employees' Retirement System Firefighters' United Retirement System Sheriffs' Retirement System Highway Patrol Officers' Retirement System Game Wardens' & Peace Officers' Retirement System Judges' Retirement System Montana Municipal Police Officers' Retirement System Volunteer Firefighters' Compensation System Teachers' Retirement System
Nebraska	Nebraska School Employees' Retirement System Nebraska Judges' Retirement System Nebraska State Patrol Retirement System State Employees' Retirement Benefit Fund County Employees' Retirement System
Nevada	Public Employees' Retirement System
New Hampshire	New Hampshire Retirement System Judicial Retirement Plan
New Jersey	Public Employees' Retirement System (State) Public Employees' Retirement System (Local) Teachers' Pension and Annuity Fund State Police Retirement System Judicial Retirement System Police and Firemen's Retirement System (State) Police and Firemen's Retirement System (Local)
New Mexico	Public Employees' Retirement Fund Legislative Retirement Fund Judicial Retirement Fund Magistrate Retirement Fund Volunteer Firefighters' Retirement Fund Educational Retirement Board
New York	Employees' Retirement System Police and Fire Retirement System Teachers' Retirement System

State	Plans
North Carolina	Teachers' and State Employees' Retirement System Consolidated Judicial Retirement System Legislative Retirement System Local Government Employees' Retirement System Firefighters' and Rescue Squad Workers' Pension Fund Registers of Deeds' Supplemental Pension Fund National Guard Pension Fund
North Dakota	Public Employees' Retirement System Highway Patrolmen's Retirement System Retirement Plan for Employees of Job Service North Dakota Teachers' Fund for Retirement
Ohio	Ohio Public Employees Retirement System School Employees' Retirement System State Teachers' Retirement System Police and Fire Pension Fund
Oklahoma	Oklahoma Public Employees' Retirement System Teachers' Retirement System of Oklahoma Uniform Retirement System for Justices and Judges Oklahoma Firefighters' Pension and Retirement System Oklahoma Police Pension and Retirement System Oklahoma Law Enforcement Retirement System
Oregon	Public Employees' Retirement System State Employees' Retirement System Public School Employees' Retirement System Municipal Retirement System
Pennsylvania	State Employees' Retirement System Public School Employees' Retirement System Municipal Retirement System
Rhode Island	Employees' Retirement System of Rhode Island Teachers' Retirement System Municipal Employees' Retirement System Judicial Retirement Board Trust State Police Retirement Board Trust
South Carolina	South Carolina Retirement System Police Officers' Retirement System General Assembly Retirement System Judges' and Solicitors' Retirement System National Guard Retirement System
South Dakota	South Dakota Retirement System
Tennessee	Tennessee Consolidated Retirement System Tennessee Consolidated Retirement System—Hybrid
Texas	Employees' Retirement System Law Enforcement and Custodial Officer Supplemental Retirement Fund Judicial Retirement System I Judicial Retirement System II Teacher Retirement System Municipal Retirement System County and District Retirement System Emergency Services Retirement System

TABLE B10. PENSION PLANS (FISCAL YEAR 2016) (*CONTINUED*)

State	Plans
Utah	Noncontributory Retirement System Contributory Retirement System Public Safety Retirement System Firefighters' Retirement System Judges' Retirement System Utah Governors' and Legislators' Retirement Plan Tier 2 Public Employees' Retirement System Tier 2 Public Safety and Firefighters' Retirement System
Vermont	State Employees' Retirement System State Teachers' Retirement System Municipal Employees' Retirement System
Virginia	Virginia Retirement System State Police Officers' Retirement System Virginia Law Officers' Retirement System Judicial Retirement System Political Subdivisions State Employees—Teachers
Washington	Public Employees' Retirement System Plan 1 Public Employees' Retirement System Plan 2/3 Teachers' Retirement System Plan 1 Teachers' Retirement System Plan 2/3 School Employees' Retirement System Law Enforcement Officers' and Fire Fighters' Retirement Plan 1 Law Enforcement Officers' and Fire Fighters' Retirement Plan 2 Washington State Patrol Retirement System Public Safety Employees' Retirement System Judicial Retirement System
West Virginia	Public Employees' Retirement System Deputy Sheriff Retirement System Emergency Medical Services Retirement System Municipal Police Officers' and Firefighters' Retirement System Teachers' Retirement System Public Safety Death, Disability, and Retirement Fund State Police Retirement System Judges' Retirement System
Wisconsin	Wisconsin Retirement System
Wyoming	Public Employees' Pension Plan State Patrol, Game and Fish Warden, and Criminal Investigator Plan Volunteer Firefighters' Pension Plan Paid Firemen's Pension Plan A Paid Firemen's Pension Plan B Judicial Pension Plan Law Enforcement Pension Plan Volunteer Emergency Medical Technician Pension Plan Air Guard Firefighters' Pension Plan

APPENDIX C. STATE PROFILES

This section contains a summary of each state's key metrics and data for fiscal solvency, including total debt; pension liability and OPEB obligations; and underlying ratios for cash, budget, long-run, service-level, and trust fund solvencies. Each summary begins with a brief analysis of the state's overall fiscal performance alongside the state's relative rank and position for each dimension of solvency.

As noted in the study, the data and metrics can only provide a basic picture of a state's fiscal condition. Relative ranking is not as meaningful as the underlying fiscal indicators for a state. The metrics provided here should be used in conjunction with other data and analysis of state economic conditions and fiscal and budgetary institutions.

Key to the State Profiles

The state's five fiscal categories have been mapped on a vertical number line on the second page of each state profile, along with its ranking for that measure. The markers represent the distance of that category from the US average. Markers that fall outside the range of +3.0 to –3.0 standard deviations are represented by up or down arrows.

The labels for each of the markers are stacked in descending order along the line. They are also color coded with the adjacent table of the state's underlying ratios.

The key terms, explained on the second page, help lawmakers and others ask questions about the fiscal health of their state.

n/a = not applicable

RANK

14

ALABAMA

SUMMARY

On the basis of its solvency in five separate categories, Alabama ranks 14th among the US states for fiscal health. Alabama has between 3.66 and 4.89 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of $142 per capita. In the long run, a net asset ratio of 0.01 indicates that Alabama does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 31 percent of total assets, or $2,118 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $86.97 billion, or 46 percent of state personal income. OPEB are $9.48 billion, or 5 percent of state personal income.

2016 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
Alabama	**$0.72 billion**	**$5.19 billion**	**$190.79 billion**	**2.7%**	**$1,068**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

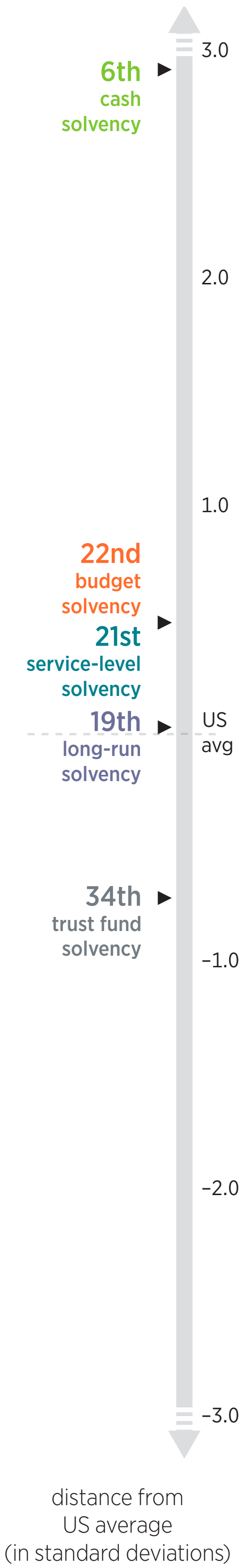
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded ratio
Alabama	**$15.79 billion**	**68%**	**$86.97 billion**	**28%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Alabama	**$9.48 billion**	**13%**
National average	$14.51 billion	14%

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



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
Alabama	**3.66**	**4.23**	**4.89**	**1.03**	**$142**	**0.01**	**0.31**	**$2,118**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Alabama	**0.05**	**0.12**	**0.11**	**0.46**	**0.05**
National average	0.06	0.13	0.13	0.43	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. (Alabama ranks 6th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending out of current revenues. Did it run a shortfall during the year? (Alabama ranks 22nd.)
- **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? (Alabama 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? (Alabama ranks 21st.)
- **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? (Alabama ranks 34th.)

RANK
11

ALASKA

SUMMARY

On the basis of its solvency in five separate categories, Alaska ranks 11th among the US states for fiscal health. Alaska has between 17.07 and 17.92 times the cash needed to cover short-term obligations. However, much of this revenue is part of the Alaska Permanent Fund and is not readily available for spending. With the fall of oil prices between FY2014 and FY2016, Alaska's budgetary position has weakened significantly. Revenues only cover 52 percent of expenses, with a worsening net position of –$6,946 per capita. In the long run, Alaska has a net asset ratio of 0.77. Long-term liabilities are higher than the national average in per capita terms at $8,670 per capita, but lower than the national average when measured as a percentage of total assets. Total unfunded pension liabilities that are guaranteed to be paid are $37.33 billion, or 91 percent of state personal income. OPEB are $8.48 billion, or 21 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

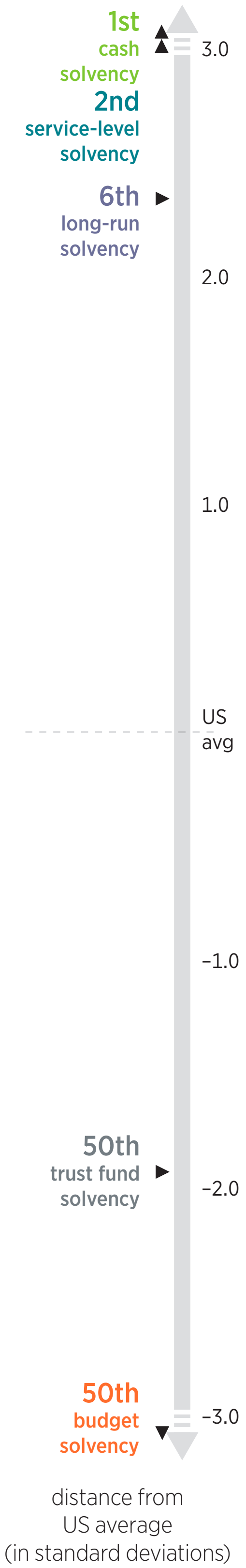
STATE DEBT

	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Alaska	**$0.92 billion**	**$2.09 billion**	**$41.03 billion**	**5.1%**	**$2,821**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Alaska	**$6.37 billion**	**70%**	**$37.33 billion**	**28%**
National average	$23.43 billion	73%	$135.50 billion	32%

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



OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Alaska	**$8.48 billion**	**55%**
National average	$14.51 billion	14%

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
Alaska	**17.07**	**17.38**	**17.92**	**0.52**	**−$6,946**	**0.77**	**0.08**	**$8,670**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Alaska	**0.00**	**0.14**	**0.26**	**0.91**	**0.21**
National average	0.06	0.13	0.13	0.43	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. (Alaska ranks 1st.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Alaska ranks 50th.)
- **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? (Alaska ranks 6th.)
- **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? (Alaska ranks 2nd.)
- **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? (Alaska ranks 50th.)

27 ARIZONA

SUMMARY

On the basis of its solvency in five separate categories, Arizona ranks 27th among the US states for fiscal health. Arizona has between 0.88 and 1.40 times the cash needed to cover short-term obligations, well below the US average. Revenues exceed expenses by 5 percent, with an improving net position of $227 per capita. In the long run, Arizona has a net asset ratio of 0.07. Long-term liabilities are lower than the national average, at 34 percent of total assets, or $2,194 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $110.43 billion, or 40 percent of state personal income. OPEB are $0.04 billion, or less than 1 percent of state personal income.

2016 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**	**$9.50 billion**	**$278.92 billion**	**3.4%**	**$1,371**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

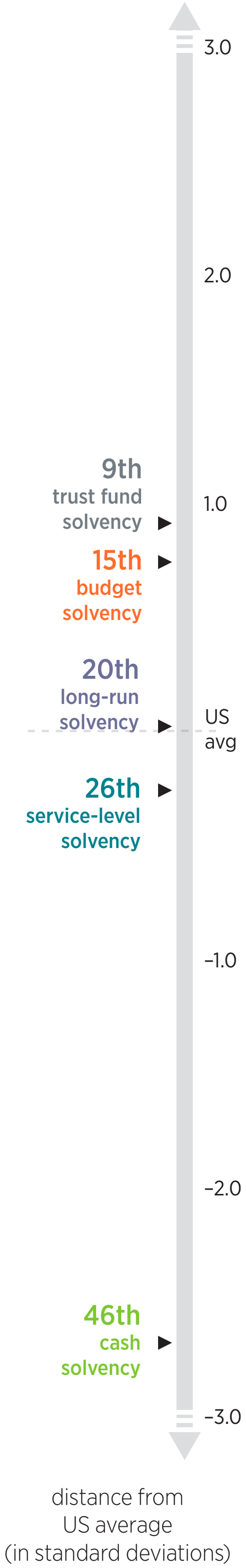
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Arizona	**$19.81 billion**	**69%**	**$110.43 billion**	**29%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Arizona	**$0.04 billion**	**98%**
National average	$14.51 billion	14%

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



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	**0.88**	**1.14**	**1.40**	**1.05**	**$227**	**0.07**	**0.34**	**$2,194**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Arizona	**0.05**	**0.13**	**0.12**	**0.40**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Arizona ranks 46th.)
- **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 15th.)
- **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 20th.)
- **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 26th.)
- **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? (Arizona ranks 9th.)

25 ARKANSAS

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

SUMMARY

On the basis of its solvency in five separate categories, Arkansas ranks 25th among the US states for fiscal health. Arkansas has between 3.17 and 4.14 times the cash needed to cover short-term obligations. Revenues exceed expenses by 4 percent, with an improving net position of $248 per capita. In the long run, Arkansas has a net asset ratio of 0.11. Long-term liabilities are lower than the national average, at 35 percent of total assets, or $2,986 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $48.17 billion, or 41 percent of state personal income. OPEB are $0.12 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

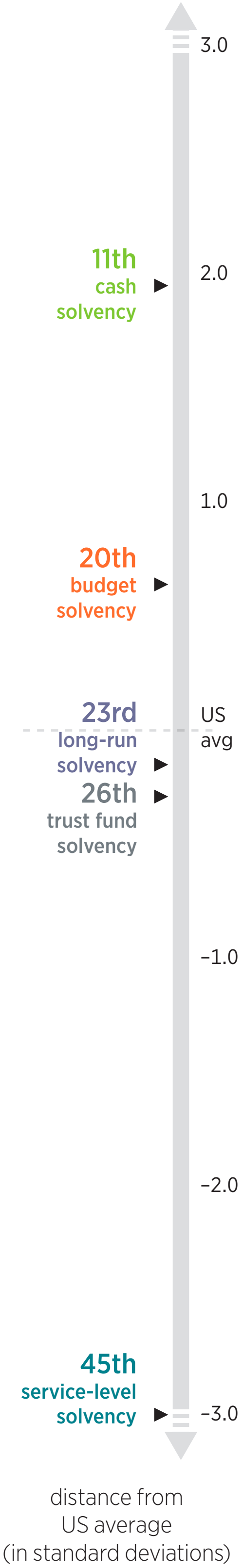
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Arkansas	**$1.52 billion**	**$3.96 billion**	**$117.57 billion**	**3.4%**	**$1,325**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Arkansas	**$5.78 billion**	**81%**	**$48.17 billion**	**34%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Arkansas	**$0.12 billion**	**0%**
National average	$14.51 billion	14%



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
Arkansas	**3.17**	**3.86**	**4.14**	**1.04**	**$248**	**0.11**	**0.35**	**$2,986**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Arkansas	**0.07**	**0.18**	**0.18**	**0.41**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Arkansas ranks 11th.)
- **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 20th.)
- **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 23rd.)
- **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 45th.)
- **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? (Arkansas ranks 26th.)

42 CALIFORNIA

SUMMARY

On the basis of its solvency in five separate categories, California ranks 42nd among the US states for fiscal health. California has between 0.82 and 1.62 times the cash needed to cover short-term obligations, well below the US average. Revenues exceed expenses by 4 percent, with an improving net position of $271 per capita. In the long run, California's negative net asset ratio of 0.57 points to the use of debt and large unfunded obligations. Long-term liabilities are higher than the national average, at 92 percent of total assets, or $5,642 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $1,190.84 billion, or 54 percent of state personal income. OPEB are $106.06 billion, or 5 percent of state personal income.

2016 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
California	**$79.04 billion**	**$112.55 billion**	**$2,197.49 billion**	**5.1%**	**$2,868**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

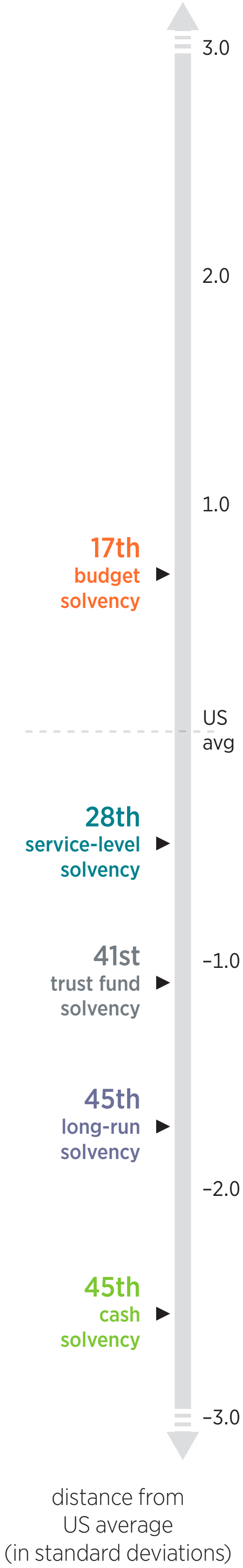
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
California	**$222.19 billion**	**71%**	**$1,190.84 billion**	**31%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
California	**$106.06 billion**	**0%**
National average	$14.51 billion	14%

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



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
California	**0.82**	**1.19**	**1.62**	**1.04**	**$271**	**−0.57**	**0.92**	**$5,642**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
California	**0.06**	**0.13**	**0.12**	**0.54**	**0.05**
National average	0.06	0.13	0.13	0.43	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. (California 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? (California ranks 17th.)
- **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? (California ranks 45th.)
- **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? (California ranks 28th.)
- **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? (California ranks 41st.)

28 COLORADO

SUMMARY

On the basis of its solvency in five separate categories, Colorado ranks 28th among the US states for fiscal health. Colorado has between 1.32 and 2.11 times the cash needed to cover short-term obligations. Revenues exceed expenses by 1 percent, with an improving net position of $40 per capita. In the long run, a net asset ratio of −0.02 indicates that Colorado does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 48 percent of total assets, or $3,175 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $122.81 billion, or 43 percent of state personal income. OPEB are $1.85 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

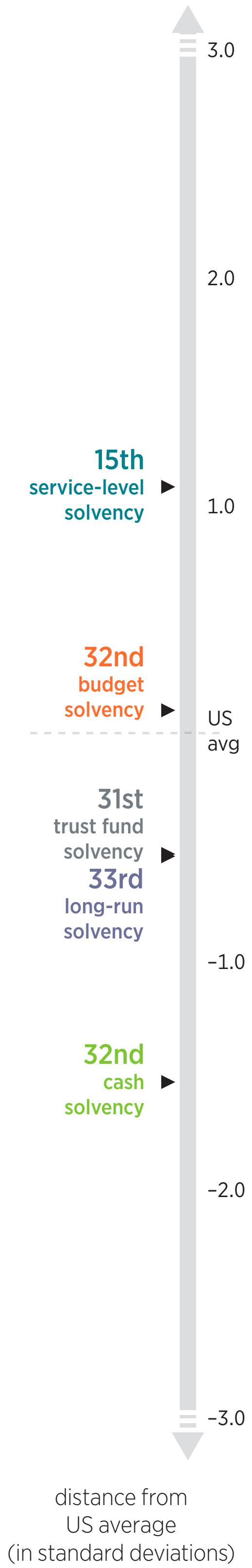
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Colorado	**$0.00**	**$6.30 billion**	**$288.43 billion**	**2.2%**	**$1,137**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Colorado	**$31.16 billion**	**58%**	**$122.81 billion**	**26%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Colorado	**$1.85 billion**	**12%**
National average	$14.51 billion	14%



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
Colorado	**1.32**	**1.93**	**2.11**	**1.01**	**$40**	**−0.02**	**0.48**	**$3,175**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Colorado	**0.04**	**0.11**	**0.11**	**0.43**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Colorado 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? (Colorado 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? (Colorado ranks 33rd.)
- **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? (Colorado ranks 15th.)
- **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? (Colorado ranks 31st.)

49 CONNECTICUT

SUMMARY

On the basis of its solvency in five separate categories, Connecticut ranks 49th among the US states for fiscal health. Connecticut has between 0.42 and 1.05 times the cash needed to cover short-term obligations, well below the US average. Revenues only cover 92 percent of expenses, with a worsening net position of –$693 per capita. In the long run, Connecticut's negative net asset ratio of 1.71 points to the use of debt and large unfunded obligations. Long-term liabilities are higher than the national average, at 230 percent of total assets, or $17,418 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $121.65 billion, or 48 percent of state personal income. OPEB are $21.89 billion, or 9 percent of state personal income.

2016 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
Connecticut	**$17.39 billion**	**$23.55 billion**	**$254.05 billion**	**9.3%**	**$6,584**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

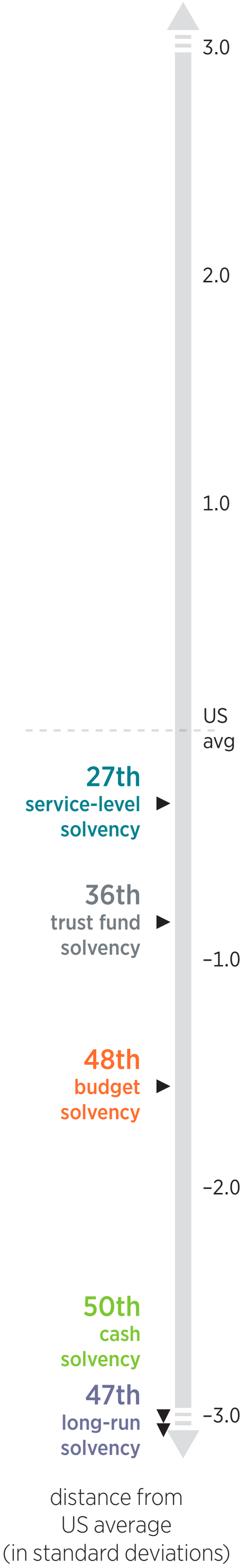
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Connecticut	**$35.37 billion**	**47%**	**$121.65 billion**	**21%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Connecticut	**$21.89 billion**	**1%**
National average	$14.51 billion	14%

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



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
Connecticut	**0.42**	**1.00**	**1.05**	**0.92**	**−$693**	**−1.71**	**2.30**	**$17,418**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Connecticut	**0.06**	**0.12**	**0.13**	**0.48**	**0.09**
National average	0.06	0.13	0.13	0.43	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. (Connecticut ranks 50th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Connecticut ranks 48th.)
- **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? (Connecticut ranks 47th.)
- **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? (Connecticut ranks 27th.)
- **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? (Connecticut ranks 36th.)

44 DELAWARE

SUMMARY

On the basis of its solvency in five separate categories, Delaware ranks 44th among the US states for fiscal health. Delaware has between 1.34 and 1.98 times the cash needed to cover short-term obligations. Revenues only cover 96 percent of expenses, with a worsening net position of –$377 per capita. In the long run, Delaware has a net asset ratio of –0.15. Long-term liabilities are higher than the national average in per capita terms at $7,537 per capita, but slightly lower than the national average when measured as a percentage of total assets. Total unfunded pension liabilities that are guaranteed to be paid are $13.75 billion, or 30 percent of state personal income. OPEB are $7.73 billion, or 17 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

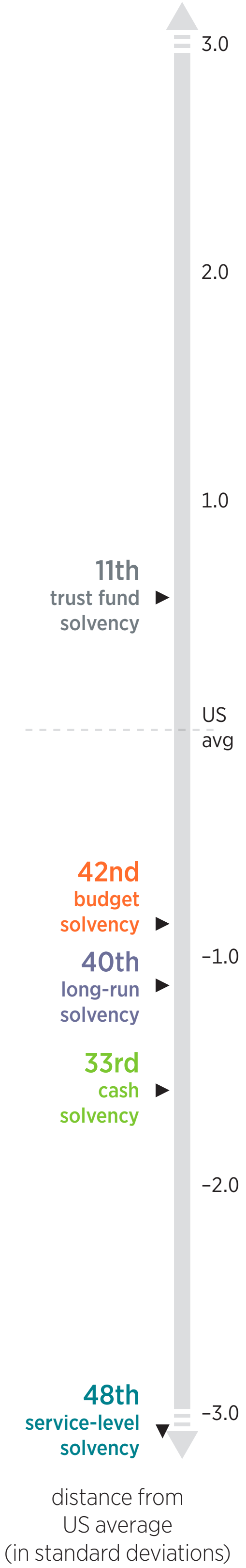
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Delaware	**$2.12 billion**	**$3.27 billion**	**$46.36 billion**	**7.1%**	**$3,436**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Delaware	**$1.10 billion**	**89%**	**$13.75 billion**	**40%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Delaware	**$7.73 billion**	**4%**
National average	$14.51 billion	14%



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
Delaware	**1.34**	**1.95**	**1.98**	**0.96**	**−$377**	**−0.15**	**0.61**	**$7,537**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Delaware	**0.09**	**0.18**	**0.19**	**0.30**	**0.17**
National average	0.06	0.13	0.13	0.43	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. (Delaware ranks 33rd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Delaware ranks 42nd.)
- **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? (Delaware ranks 40th.)
- **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? (Delaware ranks 48th.)
- **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? (Delaware ranks 11th.)

4 FLORIDA

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

SUMMARY

On the basis of its solvency in five separate categories, Florida ranks 4th among the US states for fiscal health. Florida has between 4.80 and 5.81 times the cash needed to cover short-term obligations, well above the US average. Revenues exceed expenses by 7 percent, with an improving net position of $277 per capita. In the long run, Florida has a net asset ratio of 0.12. Long-term liabilities are lower than the national average, at 31 percent of total assets, or $2,199 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $253.01 billion, or 27 percent of state personal income. OPEB are $20.55 billion, or 2 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

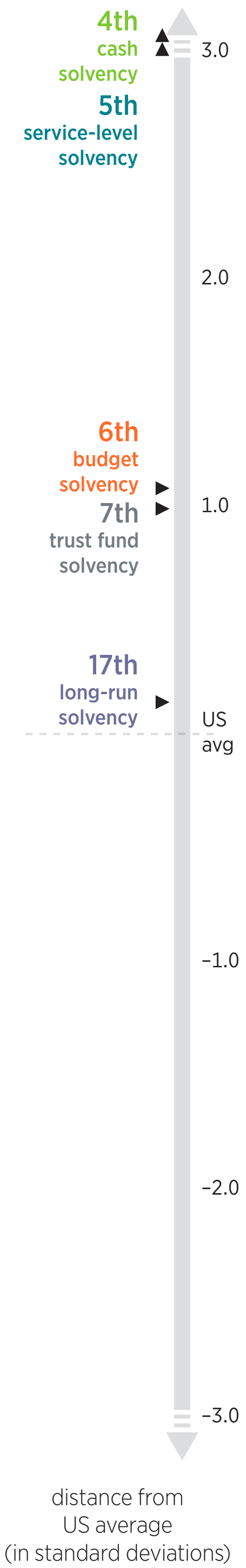
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Florida	**$10.71 billion**	**$25.17 billion**	**$944.44 billion**	**2.7%**	**$1,221**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Florida	**$24.90 billion**	**85%**	**$253.01 billion**	**37%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Florida	**$20.55 billion**	**1%**
National average	$14.51 billion	14%



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
Florida	**4.80**	**5.80**	**5.81**	**1.07**	**$277**	**0.12**	**0.31**	**$2,199**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Florida	**0.04**	**0.09**	**0.09**	**0.27**	**0.02**
National average	0.06	0.13	0.13	0.43	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. (Florida ranks 4th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Florida ranks 6th.)
- **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? (Florida ranks 17th.)
- **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? (Florida ranks 5th.)
- **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? (Florida ranks 7th.)

18 GEORGIA

SUMMARY

On the basis of its solvency in five separate categories, Georgia ranks 18th among the US states for fiscal health. Georgia has between 2.13 and 3.24 times the cash needed to cover short-term obligations. Revenues exceed expenses by 7 percent, with an improving net position of $331 per capita. In the long run, a net asset ratio of –0.01 indicates that Georgia does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 47 percent of total assets, or $2,302 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $172.77 billion, or 40 percent of state personal income. OPEB are $15.94 billion, or 4 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

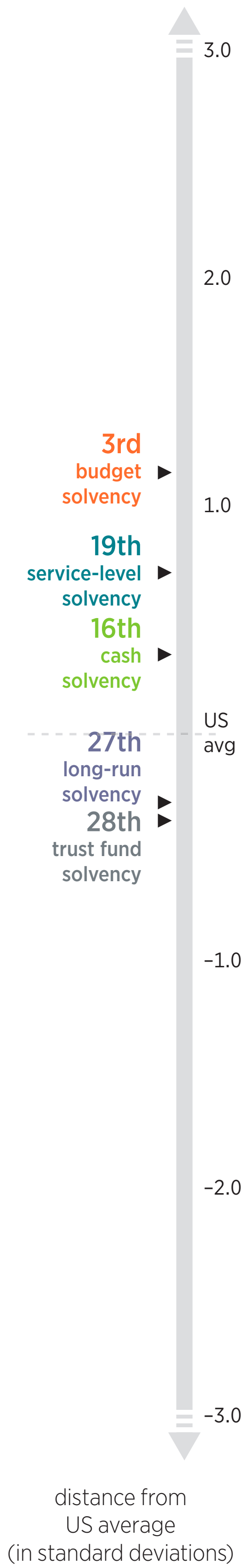
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Georgia	**$9.49 billion**	**$14.10 billion**	**$431.33 billion**	**3.3%**	**$1,367**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Georgia	**$28.27 billion**	**75%**	**$172.77 billion**	**32%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Georgia	**$15.94 billion**	**9%**
National average	$14.51 billion	14%



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
Georgia	**2.13**	**3.13**	**3.24**	**1.07**	**$331**	**−0.01**	**0.47**	**$2,302**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Georgia	**0.05**	**0.12**	**0.11**	**0.40**	**0.04**
National average	0.06	0.13	0.13	0.43	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. (Georgia ranks 16th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Georgia ranks 3rd.)
- **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? (Georgia 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? (Georgia ranks 19th.)
- **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? (Georgia ranks 28th.)

38 HAWAII

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

SUMMARY

On the basis of its solvency in five separate categories, Hawaii ranks 38th among the US states for fiscal health. Hawaii has between 2.22 and 2.91 times the cash needed to cover short-term obligations. Revenues exceed expenses by 5 percent, with an improving net position of $332 per capita. In the long run, Hawaii has a net asset ratio of –0.16. Long-term liabilities are higher than the national average, at 84 percent of total assets, or $12,056 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $44.01 billion, or 61 percent of state personal income. OPEB are $9.07 billion, or 13 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

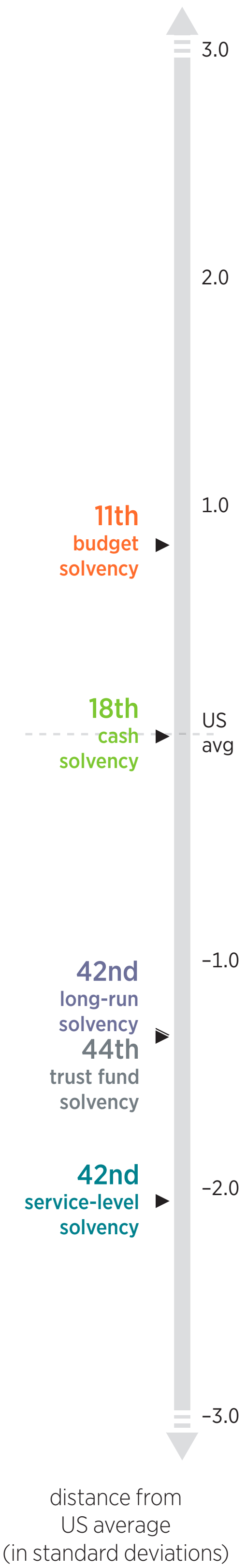
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Hawaii	**$6.29 billion**	**$8.67 billion**	**$72.21 billion**	**12.0%**	**$6,067**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Hawaii	**$12.44 billion**	**55%**	**$44.01 billion**	**25%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Hawaii	**$9.07 billion**	**2%**
National average	$14.51 billion	14%



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
Hawaii	**2.22**	**2.77**	**2.91**	**1.05**	**$332**	**−0.16**	**0.84**	**$12,056**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Hawaii	**0.09**	**0.16**	**0.15**	**0.61**	**0.13**
National average	0.06	0.13	0.13	0.43	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. (Hawaii ranks 18th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Hawaii ranks 11th.)
- **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? (Hawaii ranks 42nd.)
- **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? (Hawaii ranks 42nd.)
- **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? (Hawaii ranks 44th.)

7 IDAHO

SUMMARY

On the basis of its solvency in five separate categories, Idaho ranks 7th among the US states for fiscal health. Idaho has between 3.57 and 4.66 times the cash needed to cover short-term obligations, well above the US average. Revenues exceed expenses by 5 percent, with an improving net position of $240 per capita. In the long run, Idaho has a net asset ratio of 0.37. Long-term liabilities are lower than the national average, at 11 percent of total assets, or $963 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $23.78 billion, or 36 percent of state personal income. OPEB are $0.12 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

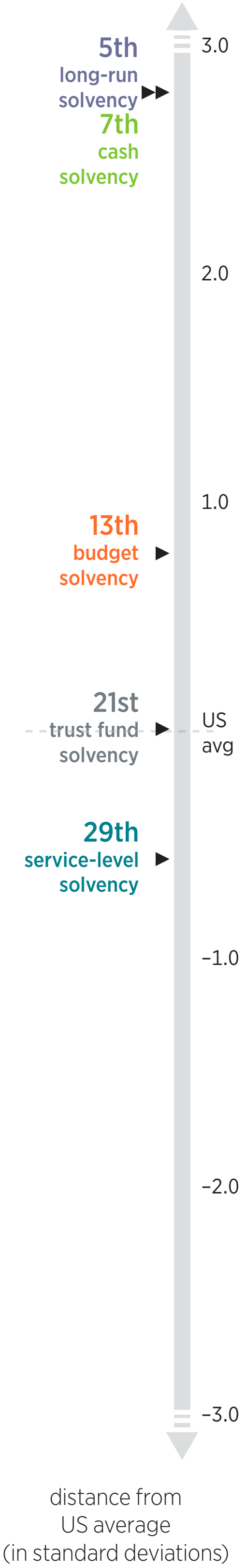
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Idaho	**$0.00**	**$1.23 billion**	**$65.82 billion**	**1.9%**	**$730**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Idaho	**$2.20 billion**	**87%**	**$23.78 billion**	**38%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Idaho	**$0.12 billion**	**21%**
National average	$14.51 billion	14%



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
Idaho	**3.57**	**4.36**	**4.66**	**1.05**	**$240**	**0.37**	**0.11**	**$963**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Idaho	**0.06**	**0.13**	**0.13**	**0.36**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Idaho ranks 7th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Idaho ranks 13th.)
- **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? (Idaho ranks 5th.)
- **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? (Idaho ranks 29th.)
- **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? (Idaho ranks 21st.)

50 ILLINOIS

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

SUMMARY

On the basis of its solvency in five separate categories, Illinois ranks 50th among the US states for fiscal health. Illinois has between 0.55 and 1.13 times the cash needed to cover short-term obligations, well below the US average. Revenues only cover 92 percent of expenses, with a worsening net position of –$450 per capita. In the long run, Illinois's negative net asset ratio of 2.86 points to the use of debt and large unfunded obligations. Long-term liabilities are higher than the national average, at 330 percent of total assets, or $12,816 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $445.79 billion, or 67 percent of state personal income. OPEB are $51.90 billion, or 8 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

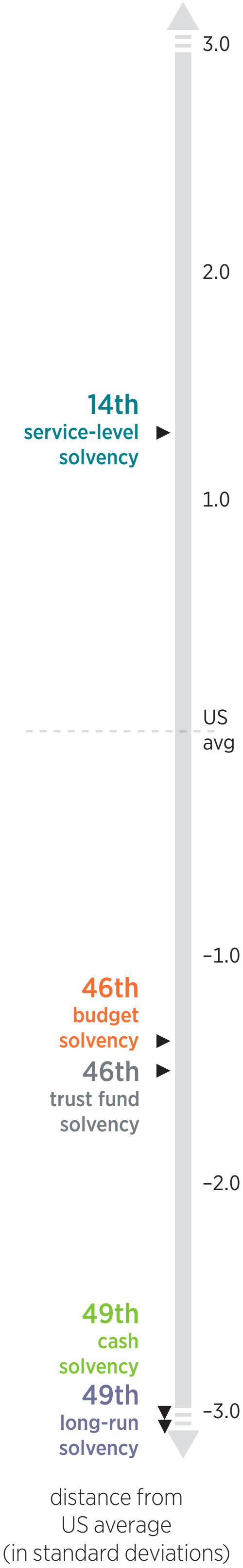
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Illinois	**$26.80 billion**	**$31.26 billion**	**$666.94 billion**	**4.7%**	**$2,442**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Illinois	**$131.09 billion**	**47%**	**$445.79 billion**	**21%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Illinois	**$51.90 billion**	**0%**
National average	$14.51 billion	14%



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
Illinois	**0.55**	**0.92**	**1.13**	**0.92**	**−$450**	**−2.86**	**3.30**	**$12,816**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Illinois	**0.05**	**0.10**	**0.11**	**0.67**	**0.08**
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. (Illinois ranks 49th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Illinois ranks 46th.)
- **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? (Illinois ranks 49th.)
- **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? (Illinois ranks 14th.)
- **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? (Illinois ranks 46th.)

21 INDIANA

SUMMARY

On the basis of its solvency in five separate categories, Indiana ranks 21st among the US states for fiscal health. Indiana has between 1.37 and 2.68 times the cash needed to cover short-term obligations. Revenues cover 100 percent of expenses, with a worsening net position of –$14 per capita. In the long run, Indiana has a net asset ratio of –0.13. Long-term liabilities are lower than the national average, at 50 percent of total assets, or $2,155 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $67.11 billion, or 23 percent of state personal income. OPEB are$0.34 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

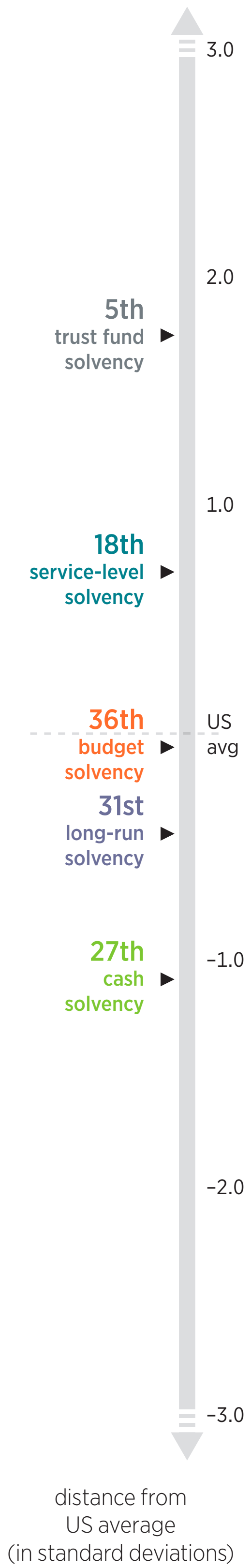
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Indiana	**$0.00**	**$1.00 billion**	**$288.49 billion**	**0.3%**	**$151**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Indiana	**$16.08 billion**	**66%**	**$67.11 billion**	**32%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Indiana	**$0.34 billion**	**29%**
National average	$14.51 billion	14%



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
Indiana	**1.37**	**2.06**	**2.68**	**1.00**	**−$14**	**−0.13**	**0.50**	**$2,155**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Indiana	**0.05**	**0.11**	**0.11**	**0.23**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Indiana ranks 27th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Indiana ranks 36th.)
- **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? (Indiana ranks 31st.)
- **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? (Indiana ranks 18th.)
- **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? (Indiana ranks 5th.)

29 IOWA

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

SUMMARY

On the basis of its solvency in five separate categories, Iowa ranks 29th among the US states for fiscal health. Iowa has between 1.39 and 2.47 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of $182 per capita. In the long run, Iowa has a net asset ratio of 0.16. Long-term liabilities are lower than the national average, at 22 percent of total assets, or $1,656 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $56.39 billion, or 38 percent of state personal income. OPEB are $0.64 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

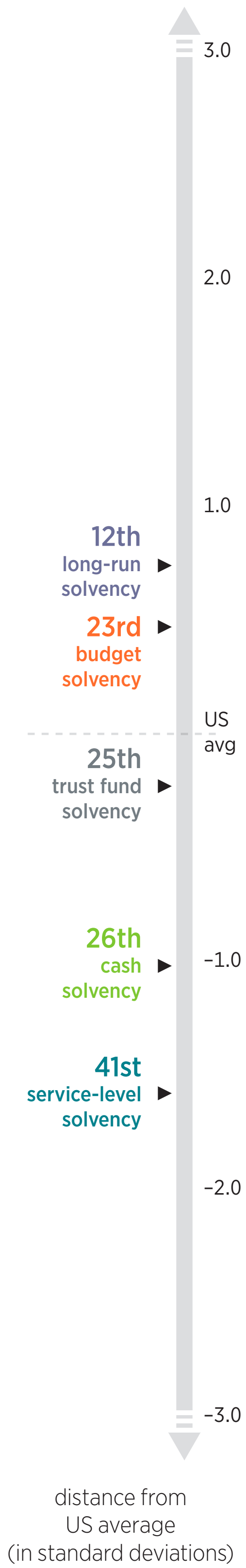
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Iowa	**$0.00**	**$3.65 billion**	**$146.69 billion**	**2.5%**	**$1,164**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Iowa	**$6.31 billion**	**84%**	**$56.39 billion**	**36%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Iowa	**$0.64 billion**	**0%**
National average	$14.51 billion	14%



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
Iowa	**1.39**	**2.36**	**2.47**	**1.03**	**$182**	**0.16**	**0.22**	**$1,656**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Iowa	**0.06**	**0.15**	**0.14**	**0.38**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Iowa ranks 26th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Iowa ranks 23rd.)
- **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? (Iowa ranks 12th.)
- **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? (Iowa ranks 41st.)
- **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? (Iowa ranks 25th.)

17 KANSAS

SUMMARY

On the basis of its solvency in five separate categories, Kansas ranks 17th among the US states for fiscal health. Kansas has between 0.80 and 1.62 times the cash needed to cover short-term obligations, well below the US average. Revenues only cover 94 percent of expenses, with a worsening net position of –$283 per capita. In the long run, a net asset ratio of –0.05 indicates that Kansas does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 41 percent of total assets, or $2,527 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $46.98 billion, or 33 percent of state personal income. OPEB are $0.01 billion, or less than 1 percent of state personal income.

2016 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
Kansas	**$0.00**	**$7.75 billion**	**$141.11 billion**	**5.5%**	**$2,664**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

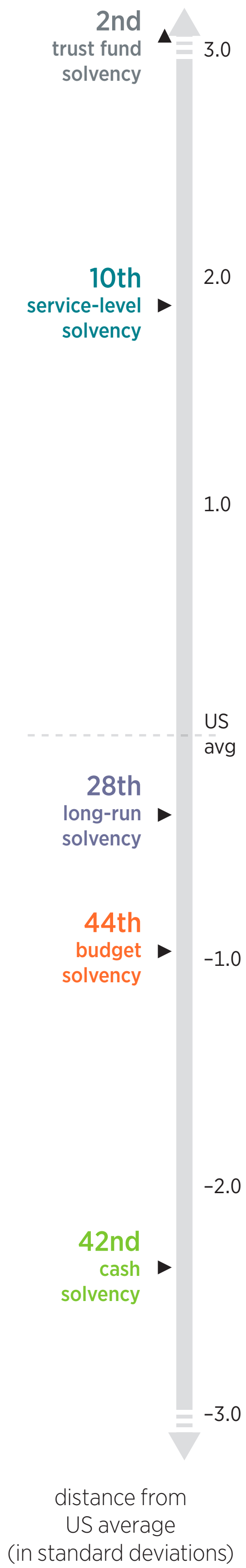
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Kansas	**$9.06 billion**	**67%**	**$46.98 billion**	**28%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Kansas	**$0.01 billion**	**0%**
National average	$14.51 billion	14%

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



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
Kansas	**0.80**	**1.60**	**1.62**	**0.94**	**−$283**	**−0.05**	**0.41**	**$2,527**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Kansas	**0.05**	**0.10**	**0.10**	**0.33**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Kansas ranks 42nd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Kansas ranks 44th.)
- **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? (Kansas 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? (Kansas ranks 10th.)
- **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? (Kansas ranks 2nd.)

46 KENTUCKY

SUMMARY

On the basis of its solvency in five separate categories, Kentucky ranks 46th among the US states for fiscal health. Kentucky has between 0.87 and 1.75 times the cash needed to cover short-term obligations, well below the US average. Revenues only cover 98 percent of expenses, with a worsening net position of –$125 per capita. In the long run, Kentucky's negative net asset ratio of 1.15 points to the use of debt and large unfunded obligations. Long-term liabilities are higher than the national average, at 138 percent of total assets, or $9,960 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $106.59 billion, or 61 percent of state personal income. OPEB are $5.92 billion, or 3 percent of state personal income.

2016 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
Kentucky	**$0.00**	**$7.69 billion**	**$175.26 billion**	**4.4%**	**$1,734**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

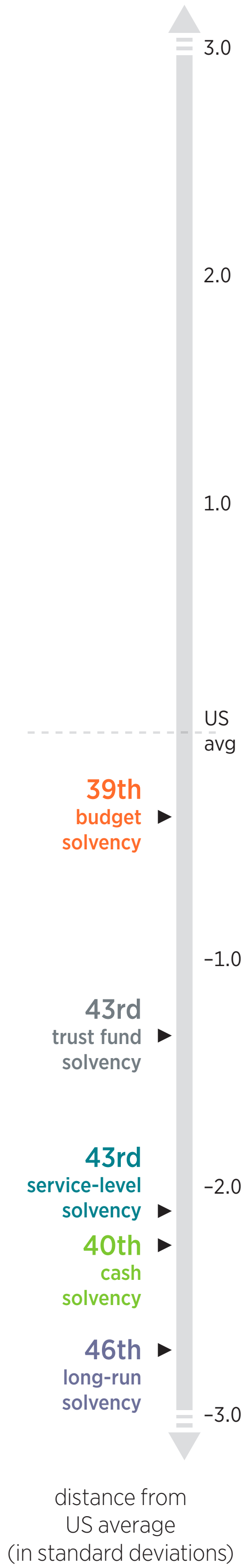
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Kentucky	**$32.66 billion**	**47%**	**$106.59 billion**	**21%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Kentucky	**$5.92 billion**	**60%**
National average	$14.51 billion	14%

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



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
Kentucky	**0.87**	**1.52**	**1.75**	**0.98**	**−$125**	**−1.15**	**1.38**	**$9,960**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Kentucky	**0.07**	**0.15**	**0.16**	**0.61**	**0.03**
National average	0.06	0.13	0.13	0.43	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. (Kentucky ranks 40th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Kentucky ranks 39th.)
- **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? (Kentucky ranks 46th.)
- **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? (Kentucky ranks 43rd.)
- **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? (Kentucky ranks 43rd.)

37 LOUISIANA

SUMMARY

On the basis of its solvency in five separate categories, Louisiana ranks 37th among the US states for fiscal health. Louisiana has between 1.27 and 2.48 times the cash needed to cover short-term obligations. Revenues only cover 96 percent of expenses, with an improving net position of $11 per capita. In the long run, Louisiana's negative net asset ratio of 0.2 points to the use of debt and unfunded obligations. Louisiana's long-term liabilities are at about the same level of the US national average, at 65 percent of total assets, or $4,133 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $100.41 billion, or 49 percent of state personal income. OPEB are $7.60 billion, or 4 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

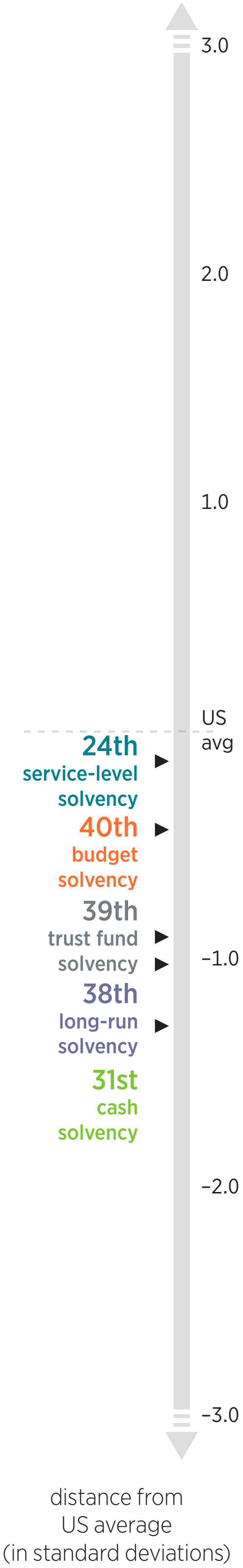
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Louisiana	**$4.61 billion**	**$12.26 billion**	**$203.59 billion**	**6.0%**	**$2,620**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Louisiana	**$20.37 billion**	**66%**	**$100.41 billion**	**28%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Louisiana	**$7.60 billion**	**0%**
National average	$14.51 billion	14%



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
Louisiana	**1.27**	**2.01**	**2.48**	**0.96**	**$11**	**–0.20**	**0.65**	**$4,133**
National average	2.22	2.99	3.22	1.01	–$72	–0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Louisiana	**0.04**	**0.12**	**0.13**	**0.49**	**0.04**
National average	0.06	0.13	0.13	0.43	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. (Louisiana ranks 31st.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Louisiana ranks 40th.)
- **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? (Louisiana ranks 38th.)
- **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? (Louisiana ranks 24th.)
- **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? (Louisiana ranks 39th.)

34 MAINE

SUMMARY

On the basis of its solvency in five separate categories, Maine ranks 34th among the US states for fiscal health. Maine has between 0.65 and 2.02 times the cash needed to cover short-term obligations. Revenues exceed expenses by 4 percent, with an improving net position of $252 per capita. In the long run, Maine's negative net asset ratio of 0.21 points to the use of debt and unfunded obligations. Long-term liabilities are lower than the national average, at 56 percent of total assets, or $2,812 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $20.80 billion, or 35 percent of state personal income. OPEB are $1.85 billion, or 3 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

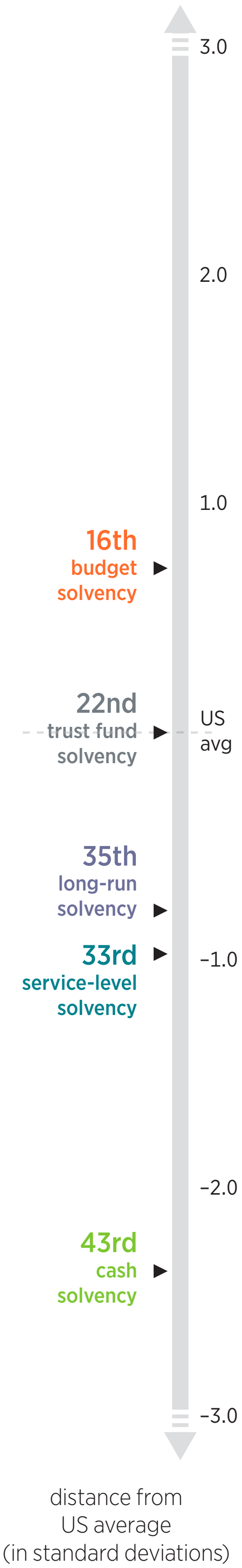
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Maine	**$0.46 billion**	**$1.17 billion**	**$59.01 billion**	**2.0%**	**$877**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Maine	**$2.95 billion**	**82%**	**$20.80 billion**	**39%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Maine	**$1.85 billion**	**9%**
National average	$14.51 billion	14%



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
Maine	**0.65**	**1.30**	**2.02**	**1.04**	**$252**	**−0.21**	**0.56**	**$2,812**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Maine	**0.06**	**0.14**	**0.13**	**0.35**	**0.03**
National average	0.06	0.13	0.13	0.43	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. (Maine ranks 43rd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Maine ranks 16th.)
- **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? (Maine 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? (Maine ranks 33rd.)
- **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? (Maine ranks 22nd.)

33 MARYLAND

SUMMARY

On the basis of its solvency in five separate categories, Maryland ranks 33rd among the US states for fiscal health. Maryland has between 0.75 and 1.75 times the cash needed to cover short-term obligations, below the US average. Revenues exceed expenses by 2 percent, with an improving net position of $130 per capita. In the long run, Maryland's negative net asset ratio of 0.48 points to the use of debt and unfunded obligations. Long-term liabilities are higher than the national average, at 99 percent of total assets, or $7,186 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $117.10 billion, or 34 percent of state personal income. OPEB are $11.79 billion, or 3 percent of state personal income.

2016 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
Maryland	**$9.47 billion**	**$18.32 billion**	**$348.57 billion**	**5.3%**	**$3,045**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

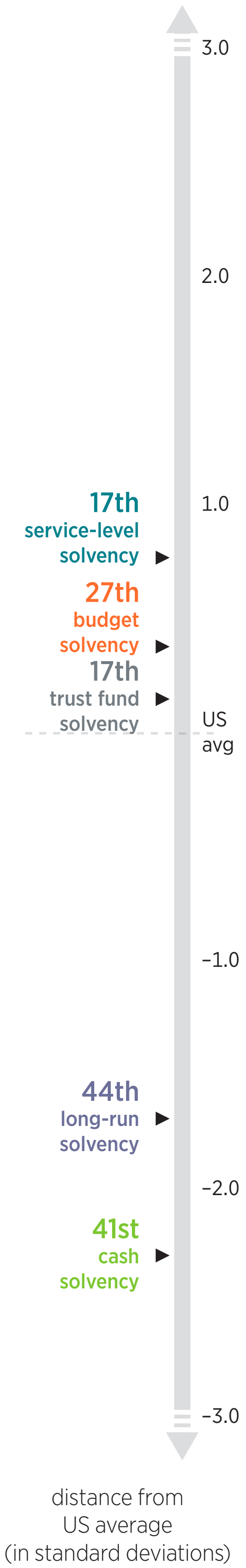
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Maryland	**$20.84 billion**	**71%**	**$117.10 billion**	**31%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Maryland	**$11.79 billion**	**2%**
National average	$14.51 billion	14%

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



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
Maryland	**0.75**	**1.60**	**1.75**	**1.02**	**$130**	**−0.48**	**0.99**	**$7,186**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Maryland	**0.06**	**0.11**	**0.11**	**0.34**	**0.03**
National average	0.06	0.13	0.13	0.43	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. (Maryland ranks 41st.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Maryland ranks 27th.)
- **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? (Maryland ranks 44th.)
- **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? (Maryland ranks 17th.)
- **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? (Maryland ranks 17th.)

47 MASSACHUSETTS

SUMMARY

On the basis of its solvency in five separate categories, Massachusetts ranks 47th among the US states for fiscal health. Massachusetts has between 0.48 and 1.16 times the cash needed to cover short-term obligations, well below the US average. Revenues only cover 95 percent of expenses, with a worsening net position of –$491 per capita. In the long run, Massachusetts's negative net asset ratio of 1.93 points to the use of debt and unfunded obligations. Long-term liabilities are higher than the national average, at 275 percent of total assets, or $11,518 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $144.58 billion, or 33 percent of state personal income. OPEB are $16.32 billion, or 4 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

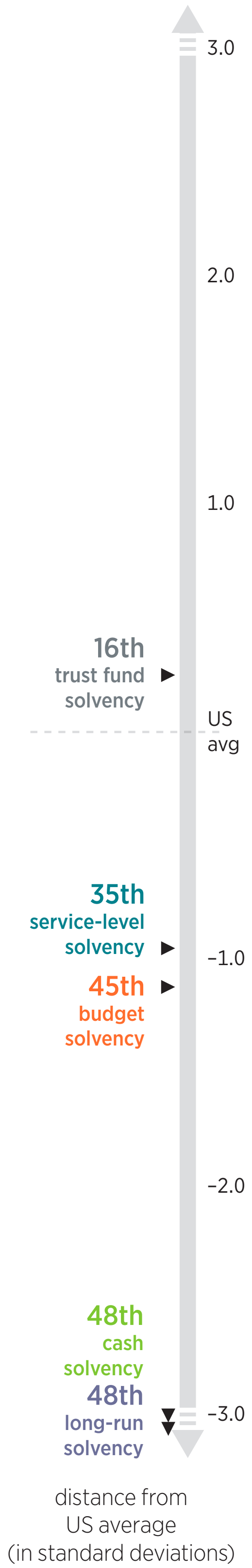
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Massachusetts	**$21.67 billion**	**$29.57 billion**	**$443.70 billion**	**6.7%**	**$4,341**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Massachusetts	**$35.47 billion**	**58%**	**$144.58 billion**	**25%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Massachusetts	**$16.32 billion**	**4%**
National average	$14.51 billion	14%



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
Massachusetts	**0.48**	**1.11**	**1.16**	**0.95**	**−$491**	**−1.93**	**2.75**	**$11,518**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Massachusetts	**0.06**	**0.13**	**0.14**	**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. (Massachusetts ranks 48th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Massachusetts ranks 45th.)
- **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? (Massachusetts ranks 48th.)
- **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? (Massachusetts ranks 35th.)
- **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? (Massachusetts ranks 16th.)

32 MICHIGAN

SUMMARY

On the basis of its solvency in five separate categories, Michigan ranks 32nd among the US states for fiscal health. Michigan has between 1.04 and 2.27 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of $160 per capita. In the long run, Michigan has a net asset ratio of –0.1. Long-term liabilities are lower than the national average, at 45 percent of total assets, or $1,883 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $184.08 billion, or 42 percent of state personal income. OPEB are $17.99 billion, or 4 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

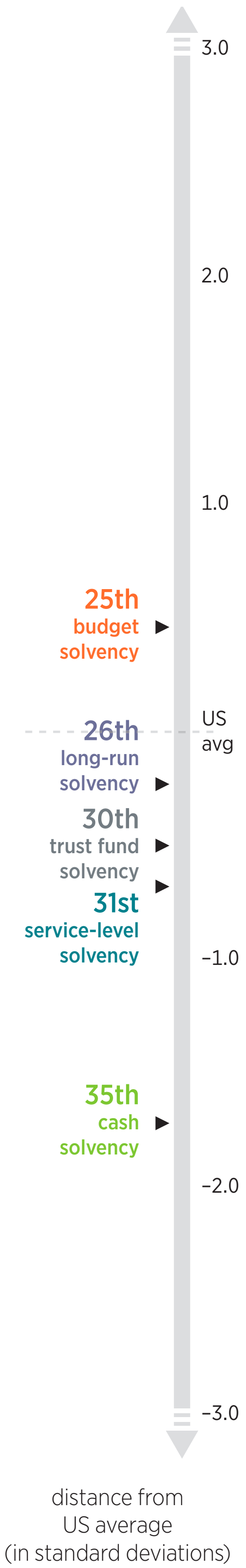
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Michigan	**$1.63 billion**	**$7.31 billion**	**$440.29 billion**	**1.7%**	**$737**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Michigan	**$37.89 billion**	**62%**	**$184.08 billion**	**25%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Michigan	**$17.99 billion**	**21%**
National average	$14.51 billion	14%



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
Michigan	**1.04**	**1.73**	**2.27**	**1.03**	**$160**	**−0.10**	**0.45**	**$1,883**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Michigan	**0.06**	**0.13**	**0.13**	**0.42**	**0.04**
National average	0.06	0.13	0.13	0.43	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. (Michigan ranks 35th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Michigan ranks 25th.)
- **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? (Michigan ranks 26th.)
- **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? (Michigan ranks 31st.)
- **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? (Michigan ranks 30th.)

24 MINNESOTA

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

SUMMARY

On the basis of its solvency in five separate categories, Minnesota ranks 24th among the US states for fiscal health. Minnesota has between 2.32 and 3.01 times the cash needed to cover short-term obligations. Revenues exceed expenses by 5 percent, with an improving net position of $313 per capita. In the long run, Minnesota has a net asset ratio of 0.07. Long-term liabilities are lower than the national average, at 36 percent of total assets, or $2,458 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $125.73 billion, or 44 percent of state personal income. OPEB are $0.67 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

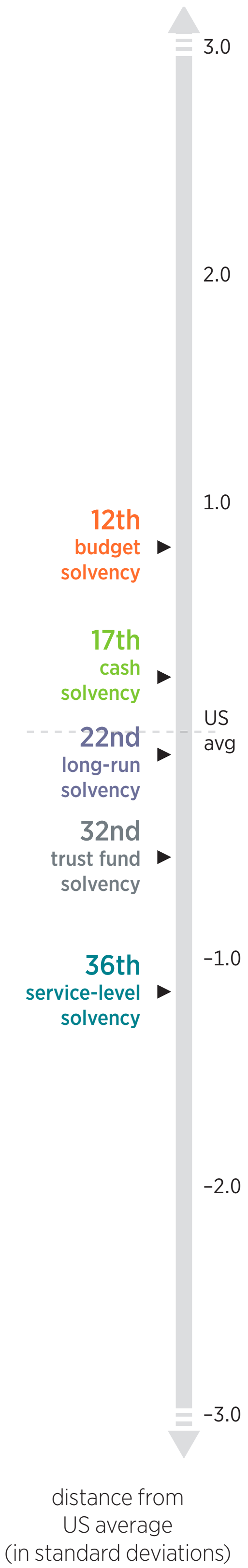
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Minnesota	**$7.04 billion**	**$9.16 billion**	**$287.68 billion**	**3.2%**	**$1,659**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Minnesota	**$17.53 billion**	**76%**	**$125.73 billion**	**31%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Minnesota	**$0.67 billion**	**0%**
National average	$14.51 billion	14%



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
Minnesota	**2.32**	**2.99**	**3.01**	**1.05**	**$313**	**0.07**	**0.36**	**$2,458**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Minnesota	**0.08**	**0.14**	**0.13**	**0.44**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Minnesota ranks 17th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Minnesota ranks 12th.)
- **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? (Minnesota 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? (Minnesota ranks 36th.)
- **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? (Minnesota ranks 32nd.)

36 MISSISSIPPI

SUMMARY

On the basis of its solvency in five separate categories, Mississippi ranks 36th among the US states for fiscal health. Mississippi has between 2.14 and 2.78 times the cash needed to cover short-term obligations. Revenues exceed expenses by 6 percent, with an improving net position of $323 per capita. In the long run, a net asset ratio of –0.04 indicates that Mississippi does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 37 percent of total assets, or $3,036 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $76.63 billion, or 71 percent of state personal income. OPEB are $0.71 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

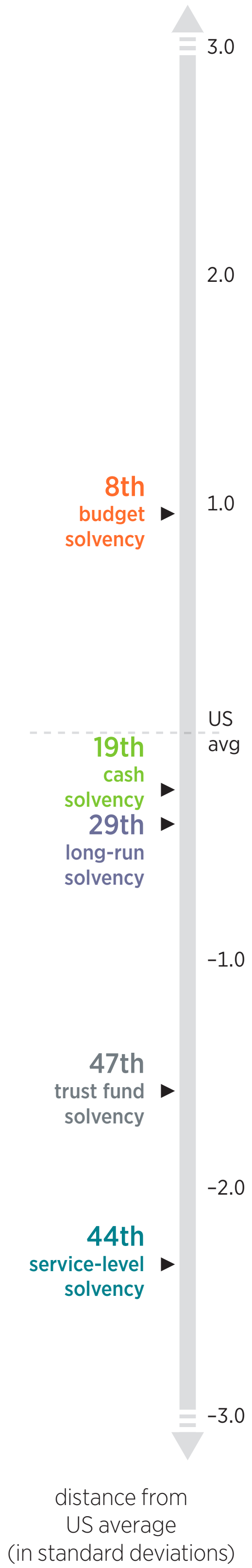
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Mississippi	**$4.39 billion**	**$5.70 billion**	**$107.40 billion**	**5.3%**	**$1,906**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Mississippi	**$17.16 billion**	**60%**	**$76.63 billion**	**25%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Mississippi	**$0.71 billion**	**0%**
National average	$14.51 billion	14%



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
Mississippi	**2.14**	**2.56**	**2.78**	**1.06**	**$323**	**−0.04**	**0.37**	**$3,036**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Mississippi	**0.06**	**0.17**	**0.16**	**0.71**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Mississippi ranks 19th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Mississippi ranks 8th.)
- **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? (Mississippi ranks 29th.)
- **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? (Mississippi ranks 44th.)
- **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? (Mississippi ranks 47th.)

15 MISSOURI

SUMMARY

On the basis of its solvency in five separate categories, Missouri ranks 15th among the US states for fiscal health. Missouri has between 1.97 and 3.72 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of $108 per capita. In the long run, a net asset ratio of −0.01 indicates that Missouri does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 26 percent of total assets, or $1,809 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $114.25 billion, or 43 percent of state personal income. OPEB are $3.18 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

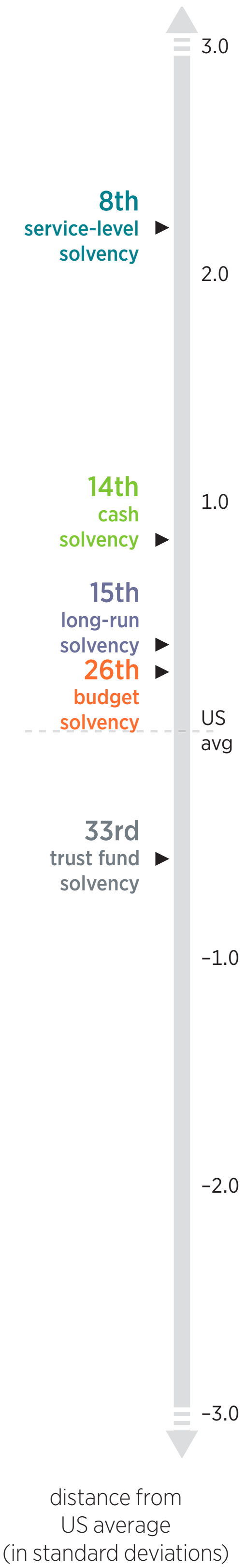
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Missouri	**$0.21 billion**	**$3.55 billion**	**$266.41 billion**	**1.3%**	**$582**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Missouri	**$13.28 billion**	**81%**	**$114.25 billion**	**33%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Missouri	**$3.18 billion**	**5%**
National average	$14.51 billion	14%



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
Missouri	**1.97**	**3.68**	**3.72**	**1.03**	**$108**	**−0.01**	**0.26**	**$1,809**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Missouri	**0.04**	**0.10**	**0.10**	**0.43**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Missouri ranks 14th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Missouri ranks 26th.)
- **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? (Missouri ranks 15th.)
- **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? (Missouri 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? (Missouri ranks 33rd.)

16 MONTANA

SUMMARY

On the basis of its solvency in five separate categories, Montana ranks 16th among the US states for fiscal health. Montana has between 3.98 and 5.26 times the cash needed to cover short-term obligations, well above the US average. Revenues exceed expenses by 5 percent, with an improving net position of $262 per capita. In the long run, Montana has a net asset ratio of 0.22. Long-term liabilities are lower than the national average, at 20 percent of total assets, or $2,247 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $23.23 billion, or 53 percent of state personal income. OPEB are $0.46 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

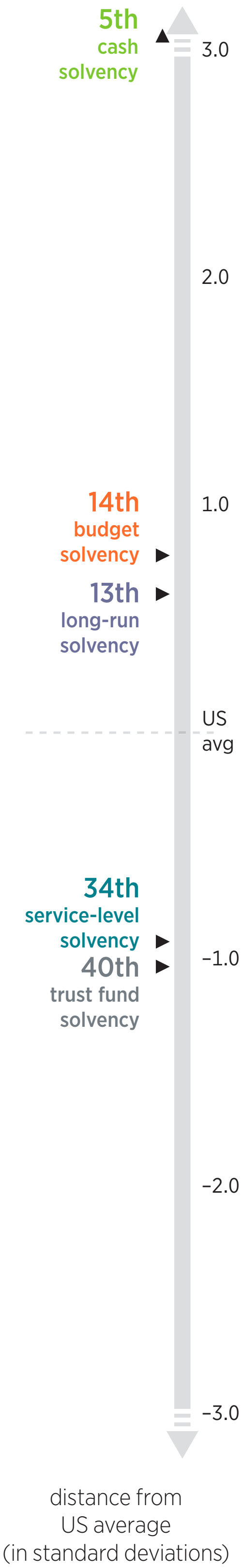
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Montana	**$0.12 billion**	**$0.22 billion**	**$44.19 billion**	**0.5%**	**$212**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Montana	**$3.62 billion**	**74%**	**$23.23 billion**	**31%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Montana	**$0.46 billion**	**0%**
National average	$14.51 billion	14%



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
Montana	**3.98**	**4.82**	**5.26**	**1.05**	**$262**	**0.22**	**0.20**	**$2,247**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Montana	**0.05**	**0.14**	**0.13**	**0.53**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Montana ranks 5th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Montana ranks 14th.)
- **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? (Montana ranks 13th.)
- **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? (Montana ranks 34th.)
- **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? (Montana ranks 40th.)

1 NEBRASKA

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

SUMMARY

On the basis of its solvency in five separate categories, Nebraska ranks 1st among the US states for fiscal health. Nebraska has between 2.95 and 3.95 times the cash needed to cover short-term obligations, above the US average. Revenues only cover 99 percent of expenses, and its net position is unchanged from the previous year. In the long run, Nebraska has a net asset ratio of 0.28. Long-term liabilities are lower than the national average, at 4 percent of total assets, or $282 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $20.90 billion, or 22 percent of state personal income.

2016 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
Nebraska	**$0.00**	**$0.03 billion**	**$94.66 billion**	**0.0%**	**$18**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

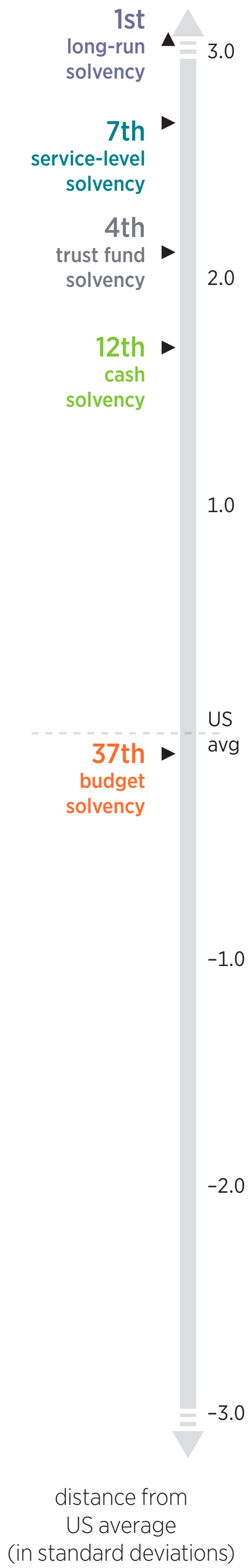
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Nebraska	**$1.17 billion**	**91%**	**$20.90 billion**	**37%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Nebraska	**n/a***	**n/a***
National average	$14.51 billion	14%

* Nebraska does not report an OPEB liability.



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
Nebraska	**2.95**	**3.86**	**3.95**	**0.99**	**$0**	**0.28**	**0.04**	**$282**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Nebraska	**0.05**	**0.09**	**0.09**	**0.22**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Nebraska ranks 12th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Nebraska ranks 37th.)
- **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? (Nebraska ranks 1st.)
- **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? (Nebraska ranks 7th.)
- **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? (Nebraska ranks 4th.)

10 NEVADA

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

SUMMARY

On the basis of its solvency in five separate categories, Nevada ranks 10th among the US states for fiscal health. Nevada has between 1.46 and 2.69 times the cash needed to cover short-term obligations. Revenues exceed expenses by 16 percent, with an improving net position of $521 per capita. In the long run, a net asset ratio of 0.03 indicates that Nevada does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 37 percent of total assets, or $1,697 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $83.92 billion, or 65 percent of state personal income. OPEB are $1.45 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

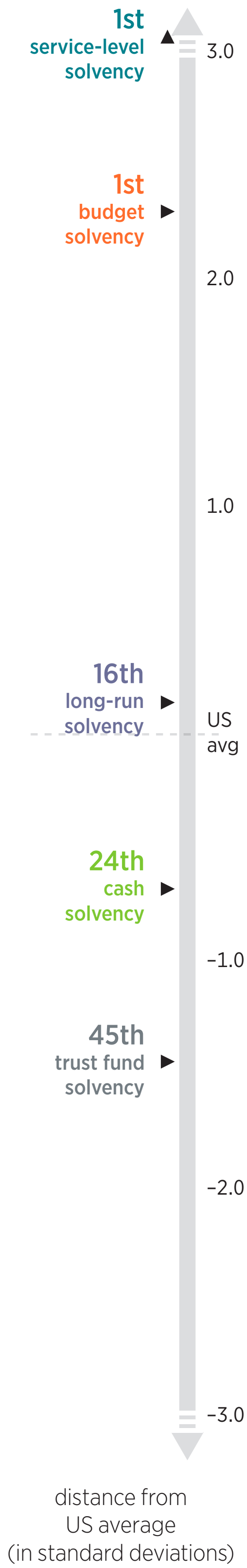
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Nevada	**$1.36 billion**	**$3.19 billion**	**$128.29 billion**	**2.5%**	**$1,084**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Nevada	**$12.56 billion**	**74%**	**$83.92 billion**	**30%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Nevada	**$1.45 billion**	**0%**
National average	$14.51 billion	14%



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
Nevada	**1.46**	**2.65**	**2.69**	**1.16**	**$521**	**0.03**	**0.37**	**$1,697**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Nevada	**0.04**	**0.09**	**0.08**	**0.65**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Nevada ranks 24th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Nevada ranks 1st.)
- **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? (Nevada ranks 16th.)
- **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? (Nevada ranks 1st.)
- **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? (Nevada ranks 45th.)

12 NEW HAMPSHIRE

SUMMARY

On the basis of its solvency in five separate categories, New Hampshire ranks 12th among the US states for fiscal health. New Hampshire has between 0.75 and 2.82 times the cash needed to cover short-term obligations. Revenues exceed expenses by 4 percent, with an improving net position of $413 per capita. In the long run, a net asset ratio of –0.02 indicates that New Hampshire does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 50 percent of total assets, or $2,555 per capita. Total unfunded pension liabilities are $20.85 billion, or 27 percent of state personal income. OPEB are $2.14 billion, or 3 percent of state personal income.

2016 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
New Hampshire	**$0.89 billion**	**$1.49 billion**	**$77.85 billion**	**1.9%**	**$1,113**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

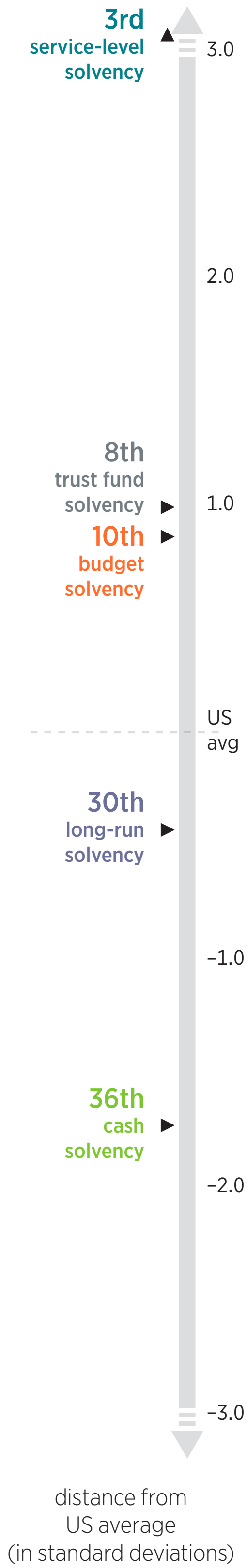
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
New Hampshire	**$5.13 billion**	**60%**	**$20.85 billion**	**27%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
New Hampshire	**$2.14 billion**	**0%**
National average	$14.51 billion	14%

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



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
New Hampshire	**0.75**	**1.46**	**2.82**	**1.04**	**$413**	**−0.02**	**0.50**	**$2,555**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
New Hampshire	**0.03**	**0.09**	**0.09**	**0.27**	**0.03**
National average	0.06	0.13	0.13	0.43	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. (New Hampshire ranks 36th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (New Hampshire ranks 10th.)
- **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? (New Hampshire ranks 30th.)
- **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? (New Hampshire ranks 3rd.)
- **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? (New Hampshire ranks 8th.)

48 NEW JERSEY

SUMMARY

On the basis of its solvency in five separate categories, New Jersey ranks 48th among the US states for fiscal health. New Jersey has between 0.93 and 2.44 times the cash needed to cover short-term obligations. Revenues only cover 89 percent of expenses, with a worsening net position of –$798 per capita. In the long run, New Jersey's negative net asset ratio of 2.98 points to the use of debt and large unfunded obligations. Long-term liabilities are higher than the national average, at 388 percent of total assets, or $18,928 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $272.54 billion, or 49 percent of state personal income. OPEB are $85.42 billion, or 15 percent of state personal income.

2016 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
New Jersey	**$1.99 billion**	**$42.73 billion**	**$554.27 billion**	**7.7%**	**$4,777**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

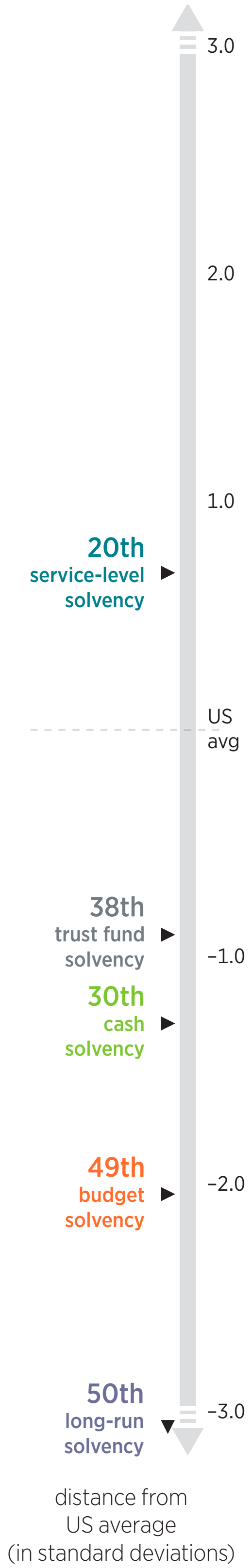
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
New Jersey	**$66.22 billion**	**57%**	**$272.54 billion**	**24%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
New Jersey	**$85.42 billion**	**0%**
National average	$14.51 billion	14%

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



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
New Jersey	**0.93**	**2.44**	**2.44**	**0.89**	**–$798**	**–2.98**	**3.88**	**$18,928**
National average	2.22	2.99	3.22	1.01	–$72	–0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
New Jersey	**0.05**	**0.11**	**0.12**	**0.49**	**0.15**
National average	0.06	0.13	0.13	0.43	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. (New Jersey ranks 30th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (New Jersey ranks 49th.)
- **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? (New Jersey ranks 50th.)
- **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? (New Jersey ranks 20th.)
- **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? (New Jersey ranks 38th.)

45 NEW MEXICO

SUMMARY

On the basis of its solvency in five separate categories, New Mexico ranks 45th among the US states for fiscal health. New Mexico has between 2.01 and 2.60 times the cash needed to cover short-term obligations. Revenues only cover 96 percent of expenses, with a worsening net position of –$490 per capita. In the long run, New Mexico has a net asset ratio of 0.5. Long-term liabilities are lower than the national average, at 23 percent of total assets, or $3,977 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $64.64 billion, or 80 percent of state personal income. OPEB are $3.81 billion, or 5 percent of state personal income.

2016 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
New Mexico	**$0.33 billion**	**$3.50 billion**	**$80.76 billion**	**4.3%**	**$1,681**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

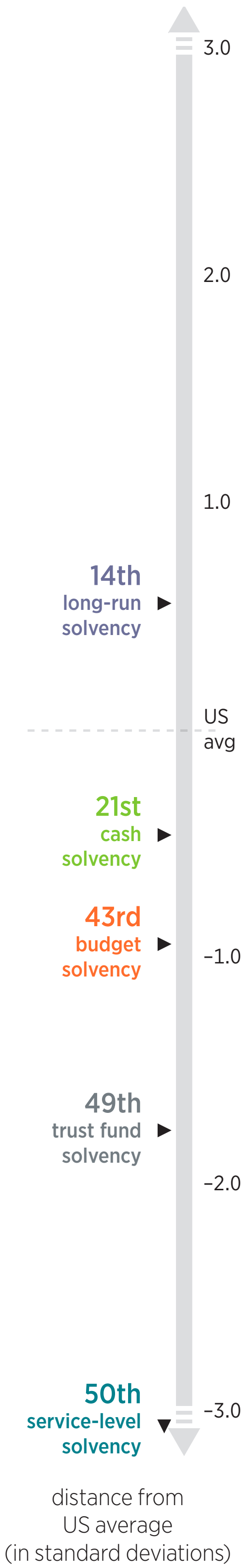
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
New Mexico	**$11.49 billion**	**70%**	**$64.64 billion**	**29%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
New Mexico	**$3.81 billion**	**11%**
National average	$14.51 billion	14%

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



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
New Mexico	**2.01**	**2.53**	**2.60**	**0.96**	**−$490**	**0.50**	**0.23**	**$3,977**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
New Mexico	**0.07**	**0.23**	**0.24**	**0.80**	**0.05**
National average	0.06	0.13	0.13	0.43	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. (New Mexico ranks 21st.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (New Mexico ranks 43rd.)
- **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? (New Mexico ranks 14th.)
- **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? (New Mexico ranks 50th.)
- **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? (New Mexico ranks 49th.)

41 NEW YORK

SUMMARY

On the basis of its solvency in five separate categories, New York ranks 41st among the US states for fiscal health. New York has between 0.71 and 1.52 times the cash needed to cover short-term obligations, well below the US average. Revenues match expenses, with an improving net position of $16 per capita. In the long run, New York's negative net asset ratio of 0.24 points to the use of debt and unfunded obligations. Long-term liabilities are 58 percent of total assets, lower than the national average. In per capita terms, long-term liabilities are larger than the national average at $4,605. Total unfunded pension liabilities that are guaranteed to be paid are $422.44 billion, or 35 percent of state personal income. OPEB are $88.50 billion, or 7 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

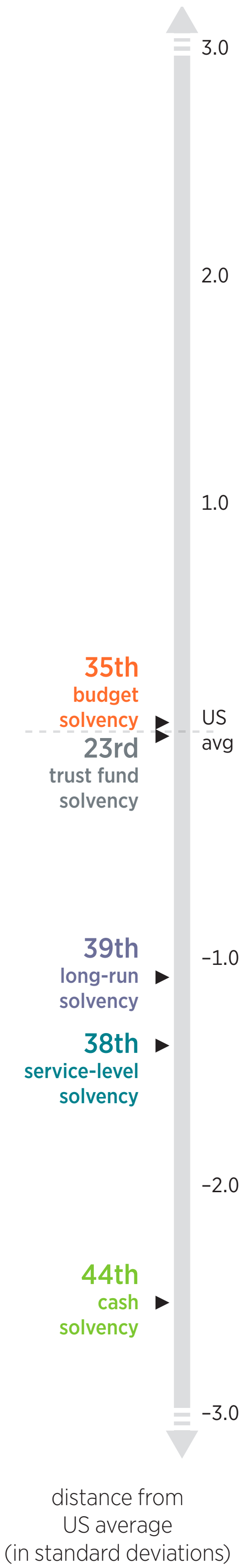
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
New York	**$2.89 billion**	**$56.69 billion**	**$1,195.26 billion**	**4.7%**	**$2,871**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
New York	**$14.65 billion**	**95%**	**$422.44 billion**	**41%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
New York	**$88.50 billion**	**0%**
National average	$14.51 billion	14%



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
New York	**0.71**	**1.51**	**1.52**	**1.00**	**$16**	**−0.24**	**0.58**	**$4,605**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
New York	**0.06**	**0.14**	**0.14**	**0.35**	**0.07**
National average	0.06	0.13	0.13	0.43	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. (New York ranks 44th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (New York 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? (New York ranks 39th.)
- **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? (New York ranks 38th.)
- **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? (New York ranks 23rd.)

9 NORTH CAROLINA

SUMMARY

On the basis of its solvency in five separate categories, North Carolina ranks 9th among the US states for fiscal health. North Carolina has between 1.67 and 2.72 times the cash needed to cover short-term obligations. Revenues exceed expenses by 12 percent, with an improving net position of $530 per capita. In the long run, North Carolina has a net asset ratio of 0.08. Long-term liabilities are lower than the national average, at 14 percent of total assets, or $938 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $131.56 billion, or 31 percent of state personal income. OPEB are $32.47 billion, or 8 percent of state personal income.

2016 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
North Carolina	**$3.04 billion**	**$7.81 billion**	**$426.19 billion**	**1.8%**	**$770**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

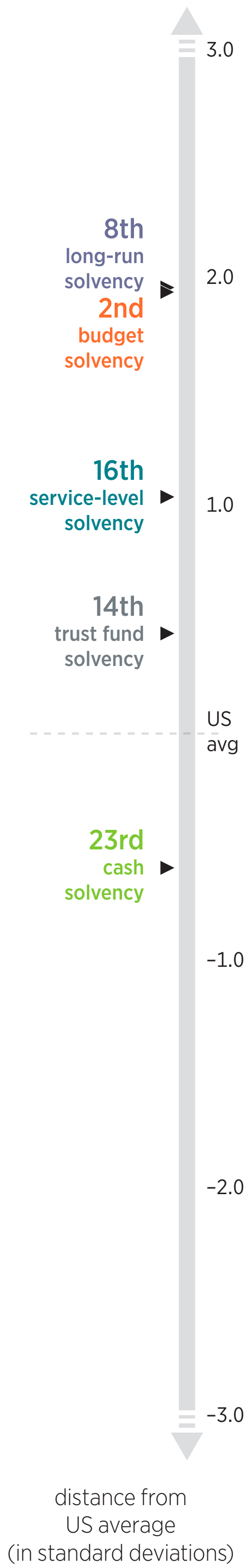
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
North Carolina	**$8.57 billion**	**92%**	**$131.56 billion**	**41%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
North Carolina	**$32.47 billion**	**4%**
National average	$14.51 billion	14%

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



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
North Carolina	**1.67**	**2.55**	**2.72**	**1.12**	**$530**	**0.08**	**0.14**	**$938**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
North Carolina	**0.06**	**0.11**	**0.10**	**0.31**	**0.08**
National average	0.06	0.13	0.13	0.43	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. (North Carolina ranks 23rd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (North Carolina ranks 2nd.)
- **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? (North Carolina ranks 8th.)
- **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? (North Carolina ranks 16th.)
- **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? (North Carolina ranks 14th.)

19 NORTH DAKOTA

SUMMARY

On the basis of its solvency in five separate categories, North Dakota ranks 19th among the US states for fiscal health. North Dakota has between 3.23 and 4.63 times the cash needed to cover short-term obligations, well above the US average. Revenues only cover 98 percent of expenses, with a worsening net position of –$137 per capita. In the long run, North Dakota has a net asset ratio of 0.53. Long-term liabilities are lower than the national average, at 10 percent of total assets, or $3,509 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $12.68 billion, or 30 percent of state personal income. OPEB are $0.09 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

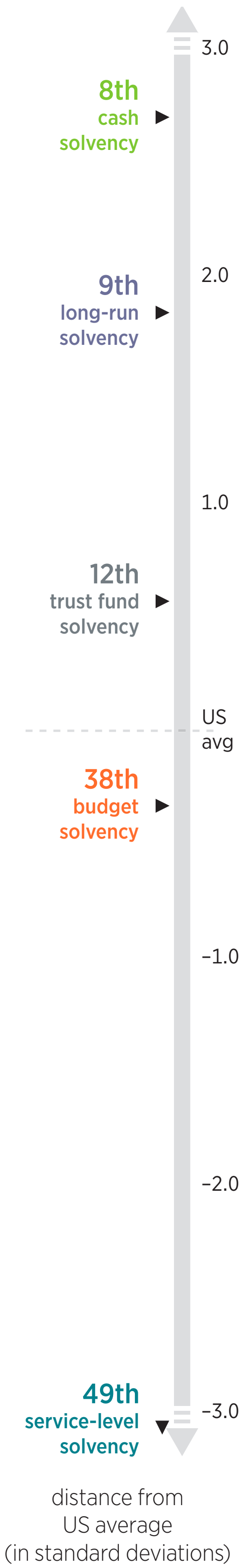
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
North Dakota	**$0.00**	**$1.89 billion**	**$41.72 billion**	**4.5%**	**$2,499**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
North Dakota	**$2.50 billion**	**65%**	**$12.68 billion**	**27%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
North Dakota	**$0.09 billion**	**53%**
National average	$14.51 billion	14%



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
North Dakota	**3.23**	**4.59**	**4.63**	**0.98**	**−$137**	**0.53**	**0.10**	**$3,509**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
North Dakota	**0.08**	**0.19**	**0.19**	**0.30**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (North Dakota ranks 8th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (North Dakota ranks 38th.)
- **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? (North Dakota ranks 9th.)
- **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? (North Dakota ranks 49th.)
- **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? (North Dakota ranks 12th.)

RANK
23

OHIO

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

SUMMARY

On the basis of its solvency in five separate categories, Ohio ranks 23rd among the US states for fiscal health. Ohio has between 3.43 and 4.20 times the cash needed to cover short-term obligations, well above the US average. Revenues match expenses, with an improving net position of $63 per capita. In the long run, Ohio has a net asset ratio of 0.07. Long-term liabilities are lower than the national average, at 51 percent of total assets, or $3,243 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $388.98 billion, or 75 percent of state personal income. OPEB are $15.14 billion, or 3 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

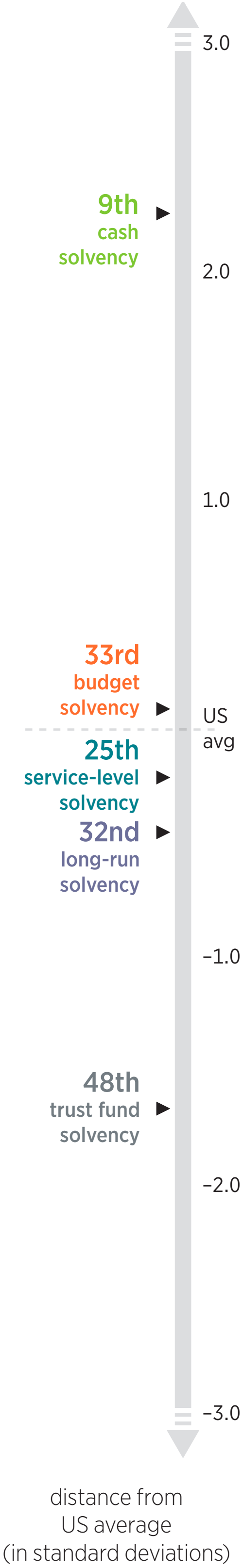
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Ohio	**$9.28 billion**	**$17.69 billion**	**$521.21 billion**	**3.4%**	**$1,523**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Ohio	**$62.60 billion**	**74%**	**$388.98 billion**	**31%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Ohio	**$15.14 billion**	**52%**
National average	$14.51 billion	14%



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
Ohio	**3.43**	**4.05**	**4.20**	**1.00**	**$63**	**0.07**	**0.51**	**$3,243**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Ohio	**0.05**	**0.12**	**0.12**	**0.75**	**0.03**
National average	0.06	0.13	0.13	0.43	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. (Ohio ranks 9th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Ohio ranks 33rd.)
- **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? (Ohio ranks 32nd.)
- **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? (Ohio ranks 25th.)
- **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? (Ohio ranks 48th.)

5 OKLAHOMA

SUMMARY

On the basis of its solvency in five separate categories, Oklahoma ranks 5th among the US states for fiscal health. Oklahoma has between 2.06 and 2.67 times the cash needed to cover short-term obligations. Revenues only cover 96 percent of expenses, with a worsening net position of –$171 per capita. In the long run, Oklahoma has a net asset ratio of 0.31. Long-term liabilities are lower than the national average, at 11 percent of total assets, or $609 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $63.16 billion, or 35 percent of state personal income. OPEB are $0.01 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

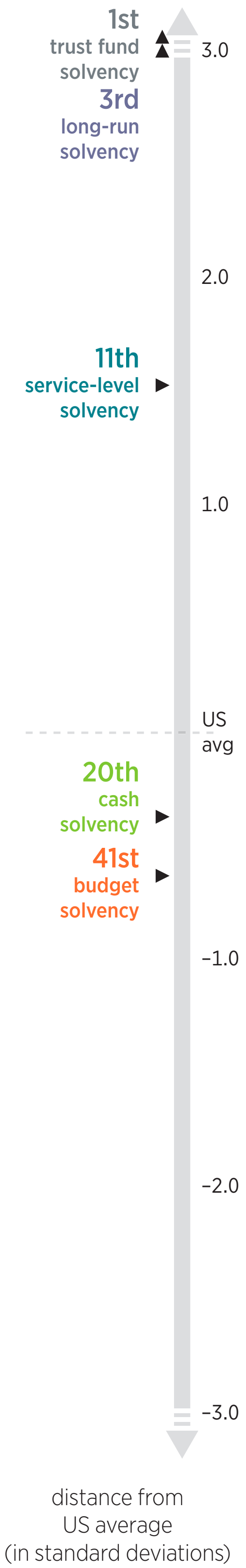
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Oklahoma	**$0.08 billion**	**$2.14 billion**	**$179.24 billion**	**1.2%**	**$546**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Oklahoma	**$9.57 billion**	**75%**	**$63.16 billion**	**32%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Oklahoma	**$0.01 billion**	**0%**
National average	$14.51 billion	14%



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
Oklahoma	**2.06**	**2.55**	**2.67**	**0.96**	**−$171**	**0.31**	**0.11**	**$609**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Oklahoma	**0.05**	**0.10**	**0.11**	**0.35**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Oklahoma ranks 20th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Oklahoma ranks 41st.)
- **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? (Oklahoma ranks 3rd.)
- **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? (Oklahoma ranks 11th.)
- **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? (Oklahoma ranks 1st.)

31 OREGON

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

SUMMARY

On the basis of its solvency in five separate categories, Oregon ranks 31st among the US states for fiscal health. Oregon has between 2.70 and 3.42 times the cash needed to cover short-term obligations. Revenues exceed expenses by 1 percent, with a worsening net position of –$33 per capita. In the long run, Oregon has a net asset ratio of 0.17. Long-term liabilities are lower than the national average, at 41 percent of total assets, or $3,283 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $120.50 billion, or 65 percent of state personal income. OPEB are $0.12 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

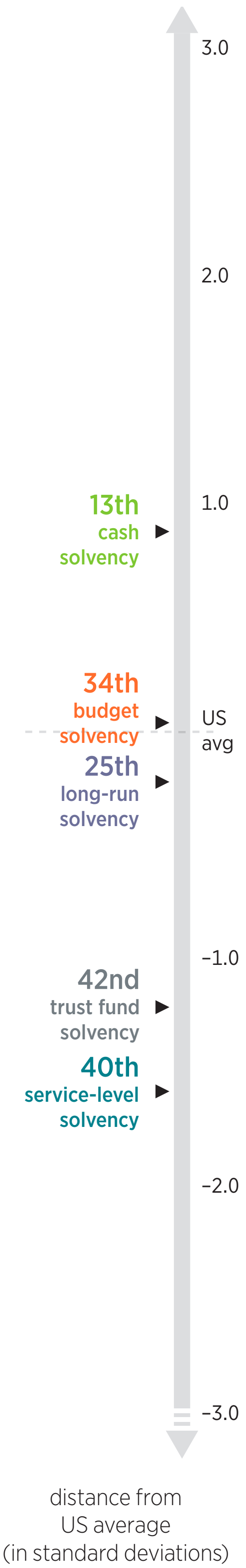
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Oregon	**$5.53 billion**	**$11.08 billion**	**$184.41 billion**	**6.0%**	**$2,708**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Oregon	**$16.52 billion**	**78%**	**$120.50 billion**	**33%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Oregon	**$0.12 billion**	**80%**
National average	$14.51 billion	14%



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
Oregon	**2.70**	**3.25**	**3.42**	**1.01**	**−$33**	**0.17**	**0.41**	**$3,283**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Oregon	**0.06**	**0.15**	**0.15**	**0.65**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Oregon ranks 13th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Oregon ranks 34th.)
- **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? (Oregon ranks 25th.)
- **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? (Oregon ranks 40th.)
- **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? (Oregon ranks 42nd.)

35 PENNSYLVANIA

SUMMARY

On the basis of its solvency in five separate categories, Pennsylvania ranks 35th among the US states for fiscal health. Pennsylvania has between 0.69 and 1.39 times the cash needed to cover short-term obligations, well below the US average. Revenues exceed expenses by 1 percent, with an improving net position of $62 per capita. In the long run, Pennsylvania's negative net asset ratio of 0.27 points to the use of debt and large unfunded obligations. Long-term liabilities are lower than the national average, at 61 percent of total assets, or $3,109 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $245.40 billion, or 37 percent of state personal income. OPEB are $20.72 billion, or 3 percent of state personal income.

2016 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
Pennsylvania	**$12.52 billion**	**$16.59 billion**	**$655.51 billion**	**2.5%**	**$1,298**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

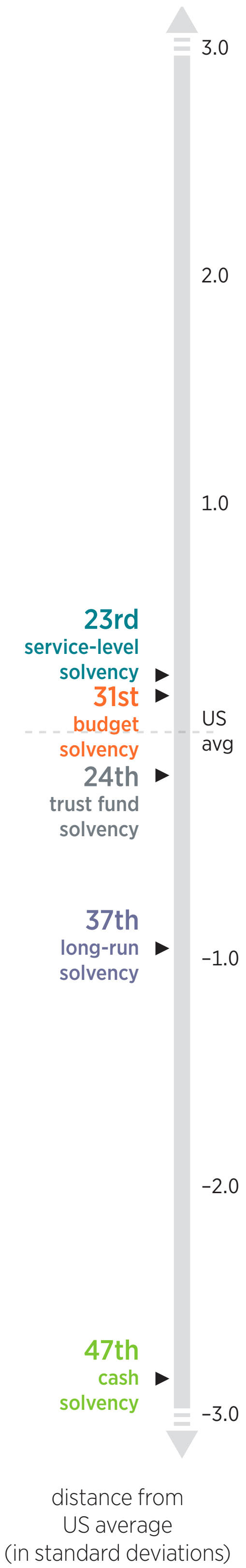
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Pennsylvania	**$62.64 billion**	**58%**	**$245.40 billion**	**26%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Pennsylvania	**$20.72 billion**	**1%**
National average	$14.51 billion	14%

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



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
Pennsylvania	**0.69**	**1.08**	**1.39**	**1.01**	**$62**	**−0.27**	**0.61**	**$3,109**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Pennsylvania	**0.05**	**0.12**	**0.12**	**0.37**	**0.03**
National average	0.06	0.13	0.13	0.43	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. (Pennsylvania ranks 47th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Pennsylvania ranks 31st.)
- **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? (Pennsylvania ranks 37th.)
- **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? (Pennsylvania ranks 23rd.)
- **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? (Pennsylvania ranks 24th.)

40 RHODE ISLAND

SUMMARY

On the basis of its solvency in five separate categories, Rhode Island ranks 40th among the US states for fiscal health. Rhode Island has between 1.13 and 2.02 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of $225 per capita. In the long run, Rhode Island's negative net asset ratio of 0.49 points to the use of debt and unfunded obligations. Long-term liabilities are higher than the national average, at 90 percent of total assets, or $5,717 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $21.69 billion, or 40 percent of state personal income. OPEB are $0.64 billion, or 1 percent of state personal income.

2016 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
Rhode Island	**$1.05 billion**	**$2.56 billion**	**$54.49 billion**	**4.7%**	**$2,420**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

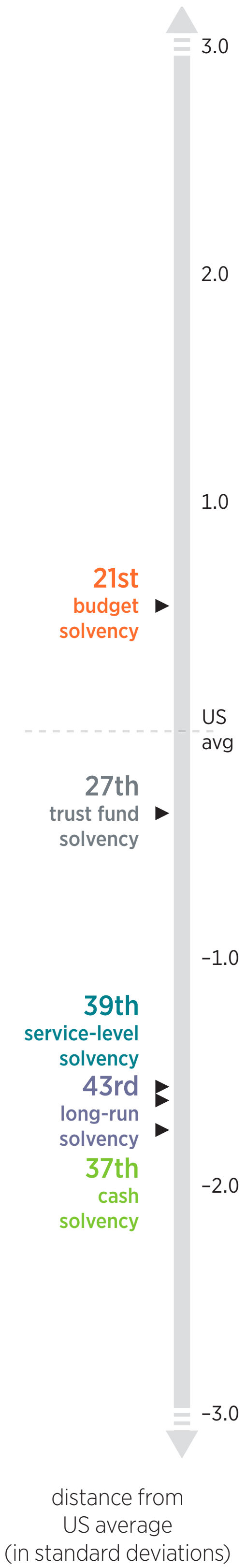
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Rhode Island	**$4.94 billion**	**61%**	**$21.69 billion**	**27%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Rhode Island	**$0.64 billion**	**18%**
National average	$14.51 billion	14%

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



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
Rhode Island	**1.13**	**1.84**	**2.02**	**1.03**	**$225**	**−0.49**	**0.90**	**$5,717**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Rhode Island	**0.06**	**0.15**	**0.14**	**0.40**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Rhode Island ranks 37th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Rhode Island 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? (Rhode Island ranks 43rd.)
- **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? (Rhode Island ranks 39th.)
- **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? (Rhode Island ranks 27th.)

20 SOUTH CAROLINA

SUMMARY

On the basis of its solvency in five separate categories, South Carolina ranks 20th among the US states for fiscal health. South Carolina has between 1.90 and 2.70 times the cash needed to cover short-term obligations. Revenues exceed expenses by 7 percent, with an improving net position of $373 per capita. In the long run, South Carolina has a net asset ratio of 0.17. Long-term liabilities are lower than the national average, at 23 percent of total assets, or $1,311 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $90.02 billion, or 46 percent of state personal income. OPEB are $10.48 billion, or 5 percent of state personal income.

2016 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
South Carolina	**$0.96 billion**	**$2.86 billion**	**$195.79 billion**	**1.5%**	**$576**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

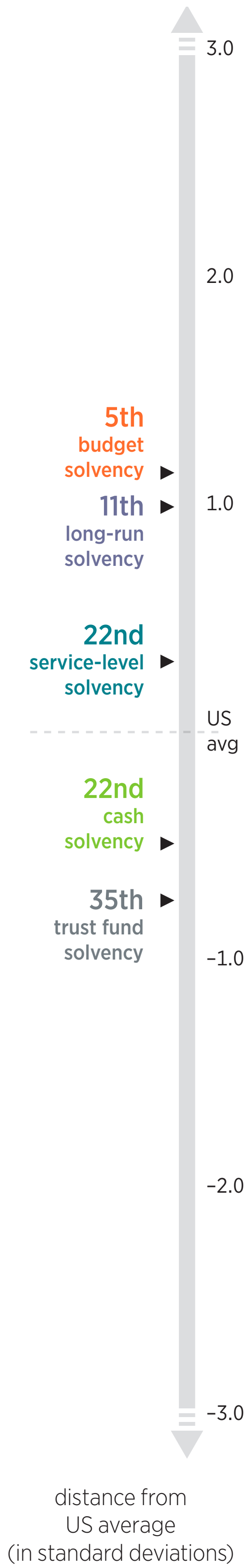
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
South Carolina	**$20.98 billion**	**60%**	**$90.02 billion**	**26%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
South Carolina	**$10.48 billion**	**9%**
National average	$14.51 billion	14%

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



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
South Carolina	**1.90**	**2.48**	**2.70**	**1.07**	**$373**	**0.17**	**0.23**	**$1,311**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
South Carolina	**0.05**	**0.12**	**0.11**	**0.46**	**0.05**
National average	0.06	0.13	0.13	0.43	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. (South Carolina ranks 22nd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (South Carolina ranks 5th.)
- **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? (South Carolina ranks 11th.)
- **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? (South Carolina ranks 22nd.)
- **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? (South Carolina ranks 35th.)

2 SOUTH DAKOTA

SUMMARY

On the basis of its solvency in five separate categories, South Dakota ranks 2nd among the US states for fiscal health. South Dakota has between 4.76 and 6.78 times the cash needed to cover short-term obligations, well above the US average. Revenues exceed expenses by 2 percent, with an improving net position of $106 per capita. In the long run, South Dakota has a net asset ratio of 0.34. Long-term liabilities are lower than the national average, at 8 percent of total assets, or $650 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $13.32 billion, or 32 percent of state personal income.

2016 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
South Dakota	**$0.00**	**$0.52 billion**	**$41.58 billion**	**1.3%**	**$603**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

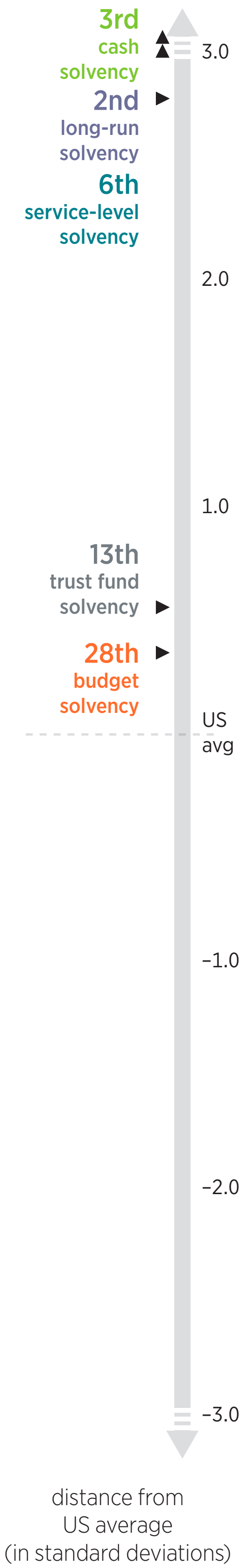
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
South Dakota	**$0.00**	**100%**	**$13.32 billion**	**45%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
South Dakota	**n/a***	**n/a***
National average	$14.51 billion	14%

* South Dakota does not report an OPEB liability.



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
South Dakota	**4.76**	**6.63**	**6.78**	**1.02**	**$106**	**0.34**	**0.08**	**$650**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
South Dakota	**0.04**	**0.09**	**0.09**	**0.32**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (South Dakota ranks 3rd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (South Dakota 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? (South Dakota ranks 2nd.)
- **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? (South Dakota ranks 6th.)
- **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? (South Dakota ranks 13th.)

3 TENNESSEE

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

SUMMARY

On the basis of its solvency in five separate categories, Tennessee ranks 3rd among the US states for fiscal health. Tennessee has between 3.03 and 4.17 times the cash needed to cover short-term obligations. Revenues exceed expenses by 7 percent, with an improving net position of $290 per capita. In the long run, Tennessee has a net asset ratio of 0.14. Long-term liabilities are lower than the national average, at 10 percent of total assets, or $641 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $50.08 billion, or 17 percent of state personal income. OPEB are $1.75 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

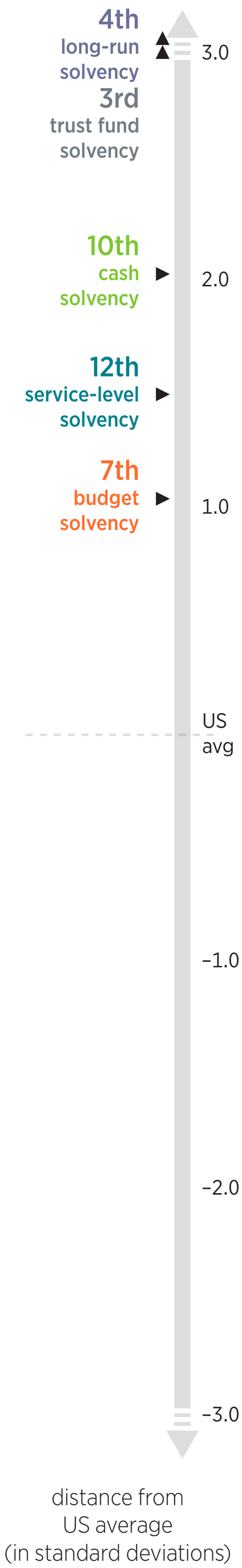
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Tennessee	**$2.12 billion**	**$2.39 billion**	**$288.53 billion**	**0.8%**	**$359**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Tennessee	**$1.68 billion**	**95%**	**$50.08 billion**	**41%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Tennessee	**$1.75 billion**	**0%**
National average	$14.51 billion	14%



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
Tennessee	**3.03**	**4.12**	**4.17**	**1.07**	**$290**	**0.14**	**0.10**	**$641**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Tennessee	**0.05**	**0.11**	**0.10**	**0.17**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Tennessee ranks 10th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Tennessee ranks 7th.)
- **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? (Tennessee ranks 4th.)
- **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? (Tennessee ranks 12th.)
- **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? (Tennessee ranks 3rd.)

22 TEXAS

SUMMARY

On the basis of its solvency in five separate categories, Texas ranks 22nd among the US states for fiscal health. Texas has between 1.28 and 2.09 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of $155 per capita. In the long run, Texas has a net asset ratio of 0.26. Long-term liabilities are lower than the national average, at 33 percent of total assets, or $3,474 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $431.40 billion, or 33 percent of state personal income. OPEB are $87.37 billion, or 7 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

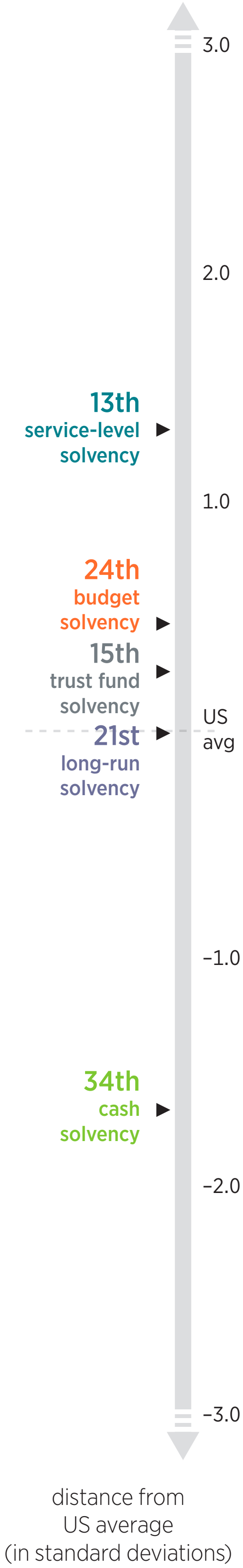
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Texas	**$15.06 billion**	**$50.81 billion**	**$1,327.26 billion**	**3.8%**	**$1,823**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Texas	**$52.49 billion**	**81%**	**$431.40 billion**	**34%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Texas	**$87.37 billion**	**1%**
National average	$14.51 billion	14%



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	**1.28**	**1.76**	**2.09**	**1.03**	**$155**	**0.26**	**0.33**	**$3,474**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	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**	**0.11**	**0.33**	**0.07**
National average	0.06	0.13	0.13	0.43	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 34th.)
- **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 24th.)
- **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 21st.)
- **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 13th.)
- **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.)

8 UTAH

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

SUMMARY

On the basis of its solvency in five separate categories, Utah ranks 8th among the US states for fiscal health. Utah has between 1.61 and 3.75 times the cash needed to cover short-term obligations. Revenues exceed expenses by 8 percent, with an improving net position of $291 per capita. In the long run, Utah has a net asset ratio of 0.26. Long-term liabilities are lower than the national average, at 15 percent of total assets, or $1,555 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $45.04 billion, or 36 percent of state personal income. OPEB are $0.18 billion, or less than 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

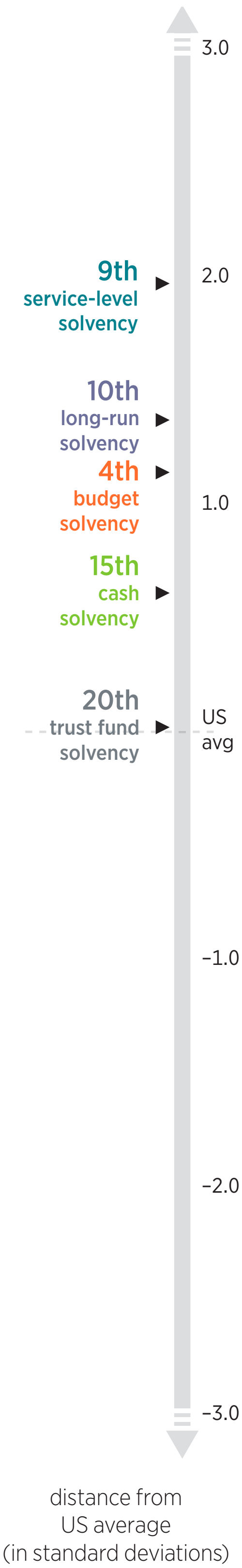
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Utah	**$2.59 billion**	**$5.16 billion**	**$124.32 billion**	**4.1%**	**$1,689**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Utah	**$4.40 billion**	**86%**	**$45.04 billion**	**37%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Utah	**$0.18 billion**	**54%**
National average	$14.51 billion	14%



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
Utah	**1.61**	**3.65**	**3.75**	**1.08**	**$291**	**0.26**	**0.15**	**$1,555**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Utah	**0.06**	**0.10**	**0.09**	**0.36**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Utah 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? (Utah ranks 4th.)
- **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? (Utah ranks 10th.)
- **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? (Utah ranks 9th.)
- **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? (Utah ranks 20th.)

39 VERMONT

SUMMARY

On the basis of its solvency in five separate categories, Vermont ranks 39th among the US states for fiscal health. Vermont has between 1.62 and 2.50 times the cash needed to cover short-term obligations. Revenues exceed expenses by 5 percent, with an improving net position of $412 per capita. In the long run, Vermont's negative net asset ratio of 0.25 points to the use of debt and unfunded obligations. Long-term liabilities are higher than the national average, at 68 percent of total assets, or $5,154 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $10.67 billion, or 34 percent of state personal income. OPEB are $1.82 billion, or 6 percent of state personal income.

2016 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
Vermont	**$0.67 billion**	**$0.71 billion**	**$31.43 billion**	**2.3%**	**$1,135**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

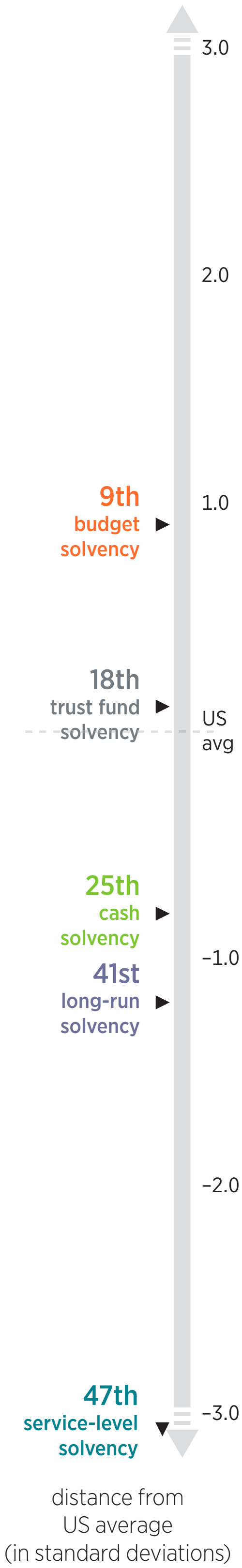
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Vermont	**$1.97 billion**	**67%**	**$10.67 billion**	**27%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Vermont	**$1.82 billion**	**0%**
National average	$14.51 billion	14%

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



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
Vermont	**1.62**	**2.46**	**2.50**	**1.05**	**$412**	**−0.25**	**0.68**	**$5,154**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Vermont	**0.10**	**0.19**	**0.18**	**0.34**	**0.06**
National average	0.06	0.13	0.13	0.43	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. (Vermont ranks 25th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Vermont ranks 9th.)
- **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? (Vermont ranks 41st.)
- **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? (Vermont ranks 47th.)
- **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? (Vermont ranks 18th.)

13 VIRGINIA

SUMMARY

On the basis of its solvency in five separate categories, Virginia ranks 13th among the US states for fiscal health. Virginia has between 1.55 and 2.31 times the cash needed to cover short-term obligations. Revenues exceed expenses by 2 percent, with an improving net position of $92 per capita. In the long run, Virginia has a net asset ratio of –0.06. Long-term liabilities are lower than the national average, at 33 percent of total assets, or $1,714 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $127.59 billion, or 28 percent of state personal income. OPEB are $5.43 billion, or 1 percent of state personal income.

2016 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
Virginia	**$0.60 billion**	**$6.63 billion**	**$451.91 billion**	**1.5%**	**$789**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

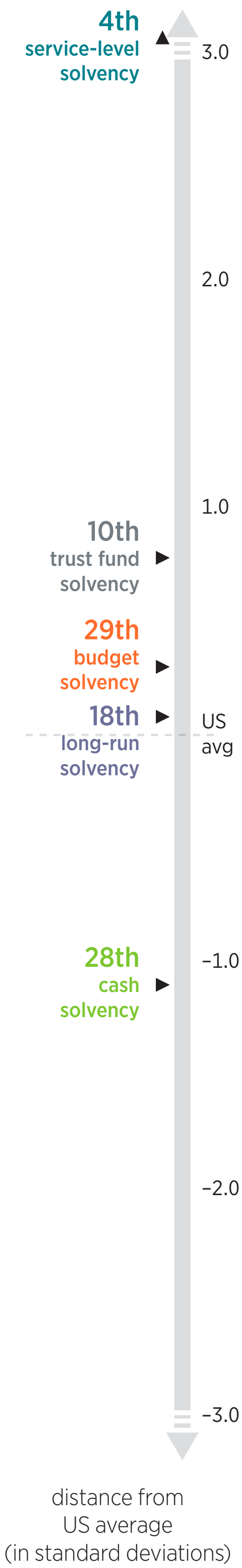
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Virginia	**$23.13 billion**	**75%**	**$127.59 billion**	**35%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Virginia	**$5.43 billion**	**25%**
National average	$14.51 billion	14%

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



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
Virginia	**1.55**	**2.23**	**2.31**	**1.02**	**$92**	**−0.06**	**0.33**	**$1,714**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Virginia	**0.05**	**0.09**	**0.09**	**0.28**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Virginia ranks 28th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Virginia ranks 29th.)
- **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? (Virginia ranks 18th.)
- **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? (Virginia ranks 4th.)
- **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? (Virginia ranks 10th.)

30 WASHINGTON

SUMMARY

On the basis of its solvency in five separate categories, Washington ranks 30th among the US states for fiscal health. Washington has between 1.33 and 2.48 times the cash needed to cover short-term obligations. Revenues exceed expenses by 4 percent, with an improving net position of $229 per capita. In the long run, a net asset ratio of 0.02 indicates that Washington does not have any assets remaining after debts have been paid. Long-term liabilities are higher than the national average, at 64 percent of total assets, or $8,169 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $134.26 billion, or 34 percent of state personal income. OPEB are $13.75 billion, or 4 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

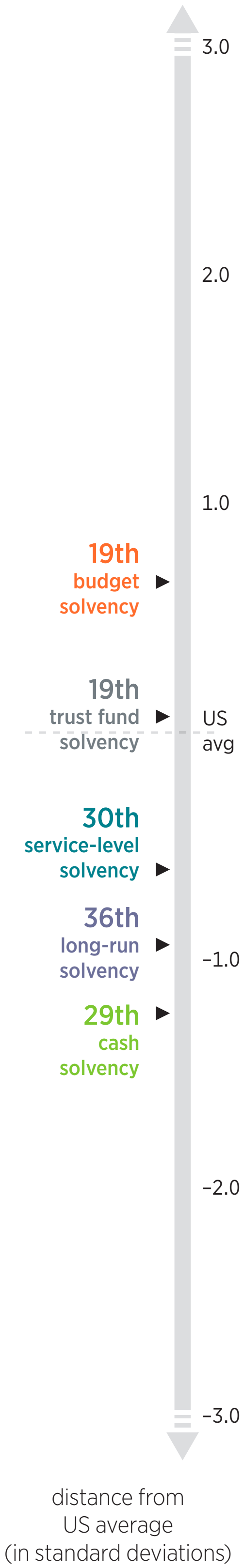
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Washington	**$20.52 billion**	**$25.89 billion**	**$389.86 billion**	**6.6%**	**$3,553**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Washington	**$13.92 billion**	**84%**	**$134.26 billion**	**36%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Washington	**$13.75 billion**	**0%**
National average	$14.51 billion	14%



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
Washington	**1.33**	**2.05**	**2.48**	**1.04**	**$229**	**0.02**	**0.64**	**$8,169**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Washington	**0.05**	**0.13**	**0.13**	**0.34**	**0.04**
National average	0.06	0.13	0.13	0.43	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. (Washington ranks 29th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Washington ranks 19th.)
- **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? (Washington ranks 36th.)
- **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? (Washington ranks 30th.)
- **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? (Washington ranks 19th.)

43 WEST VIRGINIA

SUMMARY

On the basis of its solvency in five separate categories, West Virginia ranks 43rd among the US states for fiscal health. West Virginia has between 1.27 and 1.78 times the cash needed to cover short-term obligations. Revenues exceed expenses by 1 percent, with an improving net position of $89 per capita. In the long run, West Virginia has a net asset ratio of –0.12. Long-term liabilities are lower than the national average, at 43 percent of total assets, or $4,194 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $27.75 billion, or 41 percent of state personal income. OPEB are $3.06 billion, or 4 percent of state personal income.

2016 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	**$0.39 billion**	**$2.03 billion**	**$68.46 billion**	**3.0%**	**$1,109**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

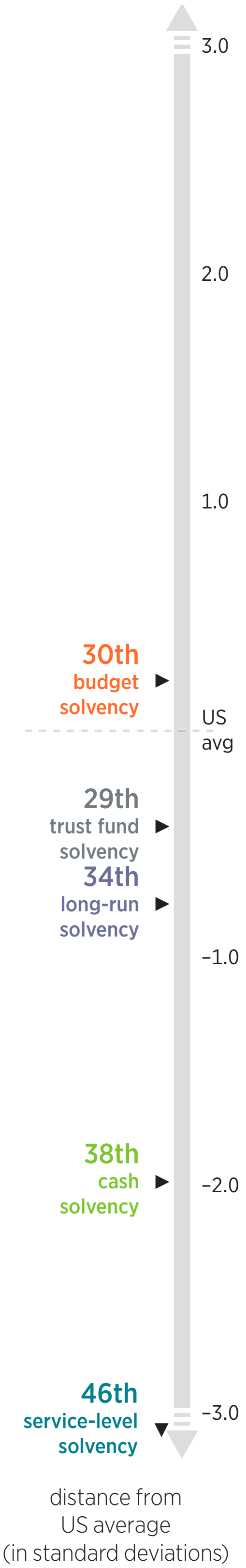
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
West Virginia	**$4.33 billion**	**76%**	**$27.75 billion**	**33%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
West Virginia	**$3.06 billion**	**18%**
National average	$14.51 billion	14%

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



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	**1.27**	**1.54**	**1.78**	**1.01**	**$89**	**−0.12**	**0.43**	**$4,194**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
West Virginia	**0.07**	**0.18**	**0.18**	**0.41**	**0.04**
National average	0.06	0.13	0.13	0.43	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 38th.)
- **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 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? (West Virginia ranks 34th.)
- **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.)

26 WISCONSIN

SUMMARY

On the basis of its solvency in five separate categories, Wisconsin ranks 26th among the US states for fiscal health. Wisconsin has between 0.89 and 1.76 times the cash needed to cover short-term obligations, well below the US average. Revenues exceed expenses by 4 percent, with an improving net position of $244 per capita. In the long run, a net asset ratio of 0 indicates that Wisconsin does not have any assets remaining after debts have been paid. Long-term liabilities are lower than the national average, at 33 percent of total assets, or $2,589 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $70.63 billion, or 26 percent of state personal income. OPEB are $0.94 billion, or less than 1 percent of state personal income.

2016 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
Wisconsin	**$6.05 billion**	**$13.86 billion**	**$273.19 billion**	**5.1%**	**$2,398**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

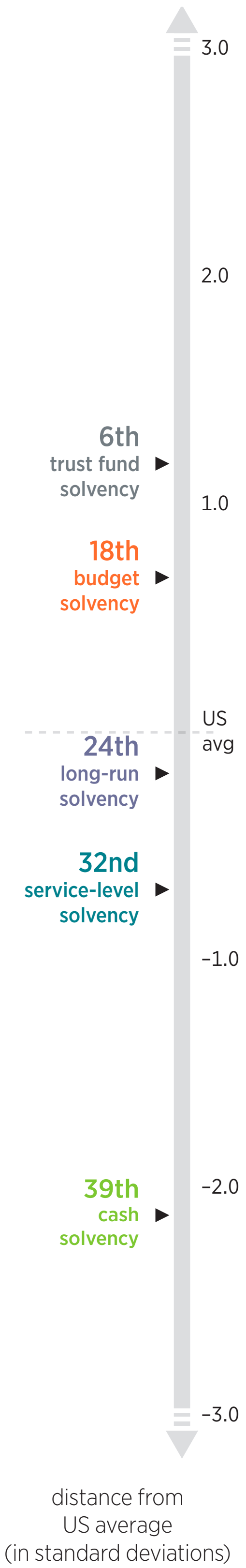
PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Wisconsin	**$0.02 billion**	**100%**	**$70.63 billion**	**57%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Wisconsin	**$0.94 billion**	**0%**
National average	$14.51 billion	14%

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



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
Wisconsin	**0.89**	**1.74**	**1.76**	**1.04**	**$244**	**0.00**	**0.33**	**$2,589**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Wisconsin	**0.06**	**0.13**	**0.13**	**0.26**	**0.00**
National average	0.06	0.13	0.13	0.43	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. (Wisconsin ranks 39th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Wisconsin ranks 18th.)
- **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? (Wisconsin ranks 24th.)
- **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? (Wisconsin ranks 32nd.)
- **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? (Wisconsin ranks 6th.)

6 WYOMING

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

SUMMARY

On the basis of its solvency in five separate categories, Wyoming ranks 6th among the US states for fiscal health. Wyoming has between 7.20 and 7.81 times the cash needed to cover short-term obligations, well above the US average. Revenues only cover 93 percent of expenses, with a worsening net position of –$577 per capita. In the long run, Wyoming has a net asset ratio of 0.74. Long-term liabilities are lower than the national average, at 10 percent of total assets, or $3,989 per capita. Total unfunded pension liabilities that are guaranteed to be paid are $15.87 billion, or 49 percent of state personal income. OPEB are $0.24 billion, or 1 percent of state personal income.

2016 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

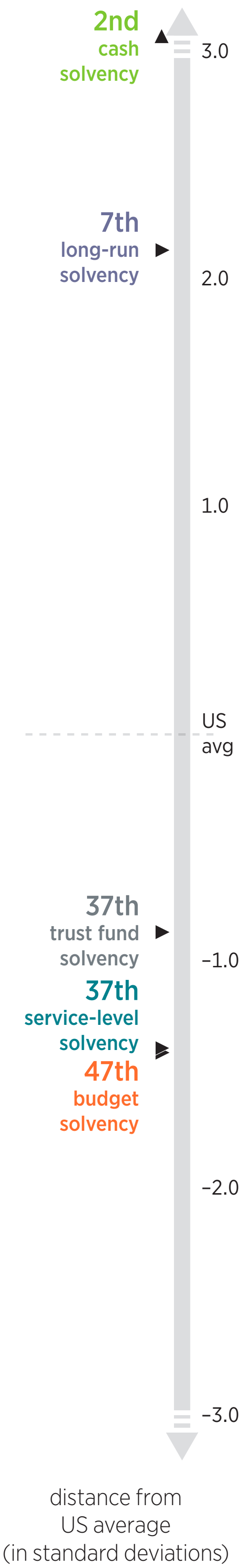
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Wyoming	**$0.00**	**$0.02 billion**	**$32.33 billion**	**0.1%**	**$41**
National average	$5.85 billion	$12.65 billion	$319.33 billion	3.7%	$1,830

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Wyoming	**$2.07 billion**	**79%**	**$15.87 billion**	**33%**
National average	$23.43 billion	73%	$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Wyoming	**$0.24 billion**	**0%**
National average	$14.51 billion	14%



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
Wyoming	**7.20**	**7.59**	**7.81**	**0.93**	**−$577**	**0.74**	**0.10**	**$3,989**
National average	2.22	2.99	3.22	1.01	−$72	−0.17	0.63	$4,387

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Wyoming	**0.07**	**0.14**	**0.15**	**0.49**	**0.01**
National average	0.06	0.13	0.13	0.43	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. (Wyoming ranks 2nd.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Wyoming ranks 47th.)
- **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? (Wyoming ranks 7th.)
- **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? (Wyoming ranks 37th.)
- **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? (Wyoming ranks 37th.)

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ABOUT THE AUTHORS

Eileen Norcross, MA, is the vice president of policy research and a senior research fellow at the Mercatus Center at George Mason University. Her research includes state and local finances, public sector pensions, fiscal federalism, and institutional analyses of state and local economies.

Olivia Gonzalez is a research associate at the Mercatus Center at George Mason University. Her research focuses on public finance issues and economic development, specializing in state fiscal health and public sector pensions. She received her BS in economics from George Mason University, where she is currently a PhD student.

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