

RANK
12

ALABAMA

SUMMARY

Based on FY 2015 unaudited financials, Alabama is ranked 12th among the states for fiscal health. The state has between 4.13 and 5.53 times the cash needed to cover short-term liabilities. Revenues exactly match expenses, with the state showing a slightly improved net position of \$1 per capita. On a long-run basis, a net asset ratio of -0.02 indicates that Alabama does not have any assets remaining after debts have been paid. Long-term liabilities are 32 percent of total assets, an increase over last year's ratio of 20 percent, driven by new reporting requirements to include pension liabilities on the balance sheet. On a guaranteed-to-be-paid basis, total unfunded pension liabilities are \$69.1 billion, or 37 percent of state personal income. OPEB is \$11.64 billion. Together, these unfunded liabilities are equal to 44 percent of state personal income.

2015 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

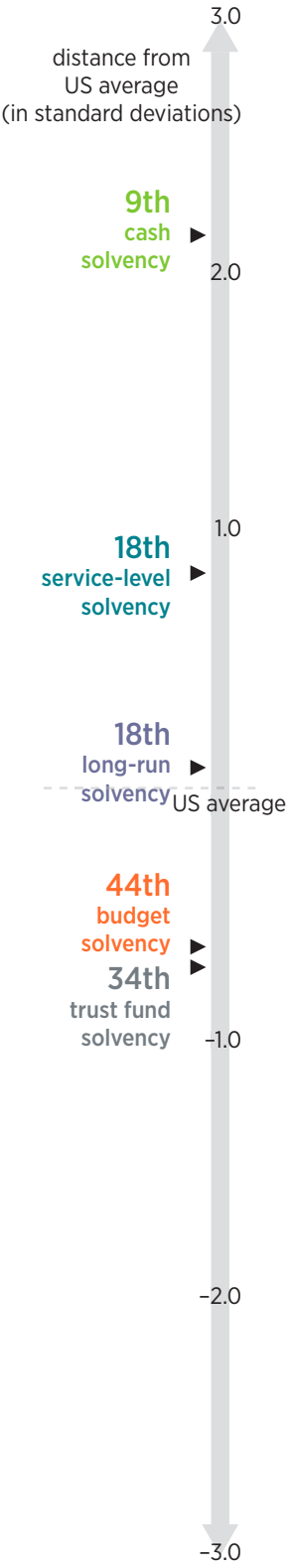
	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Alabama	n/a*	n/a*	\$184.78 billion	n/a*	n/a*
National average	\$6.09 billion	\$12.71 billion	\$305.43 billion	3.7%	\$1,804

* Alabama's Comprehensive Annual Financial Report (CAFR) for FY 2015 was not publicly available at the time of analysis, so this fiscal summary draws from the state's 2015 unaudited financial report. As a result, general obligation bond and debt figures are not yet reported.

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded ratio
Alabama	\$15.20 billion	67%	\$69.10 billion	31%
National average	\$20.62 billion	74%	\$105.50 billion	36%

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



OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Alabama	\$11.64 billion	10%
National average	\$12.97 billion	12%

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	4.13	4.77	5.53	1.00	\$1	-0.02	0.32	\$2,137
National average	2.68	3.66	3.93	1.04	\$150	-0.17	0.61	\$4,272

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Alabama	0.05	0.12	0.12	0.37	0.06
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. (Alabama ranks 9th.)
- **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 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? (Alabama 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? (Alabama 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? (Alabama ranks 34th.)

For a complete explanation of the methodology used to calculate Alabama’s fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, “Ranking the States by Fiscal Condition,” 2017 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, July 2017).