

RANK
27

HAWAII

SUMMARY

On the basis of its fiscal solvency in five separate categories, Hawaii ranks 27th among the US states for fiscal health. Its new rank makes Hawaii one of the biggest movers since last year's edition, primarily a result of improvements in the state's cash position as well as moving from having a deficit to a surplus per capita. Hawaii's short-run position is close to the US average. Hawaii holds between 2.64 and 3.72 times the cash on hand to meet short-term obligations. Revenues exceed expenses by 2 percent, and net position increased by \$170 per capita in FY 2015. Hawaii performs below the US average on the long-run metrics. A negative net asset position of 0.19 and long-term liability ratio of 87 percent indicate that Hawaii has a relatively high level of long-term obligations at \$11,779 per capita. Total primary government debt is \$8.11 billion, or 11.9 percent of state personal income. On a guaranteed-to-be-paid basis, unfunded pension liabilities are \$33.38 billion or 49 percent of state personal income, and OPEB is 13 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
Hawaii	\$5.96 billion	\$8.11 billion	\$68.37 billion	11.9%	\$5,666
National average	\$6.09 billion	\$12.71 billion	\$305.43 billion	3.7%	\$1,804

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Hawaii	\$8.77 billion	62%	\$33.38 billion	30%
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



distance from
US average
(in standard deviations)



OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Hawaii	\$9.07 billion	2%
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
Hawaii	2.64	3.52	3.72	1.02	\$170	-0.19	0.87	\$11,779
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
Hawaii	0.09	0.16	0.15	0.49	0.13
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. (Hawaii 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? (Hawaii 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? (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 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? (Hawaii ranks 42nd.)

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