

RANK
50

NEW JERSEY

SUMMARY

On the basis of its fiscal solvency in five separate categories, New Jersey is ranked 50th among the US states for its fiscal health. On a short-run basis, New Jersey has between 84 percent and 211 percent of the cash needed to cover short-term obligations. Revenues cover 91 percent of expenses, and net position decreased by \$678 per capita in FY 2015. On a long-run basis, New Jersey's metrics are dire. A net asset ratio of -2.92 points to a heavy reliance on debt and large unfunded obligations. Long-term liabilities are 360 percent of total assets, or \$16,821 per capita, which is the highest among the states. Total primary government debt is \$44.23 billion, or 8.3 percent of state personal income, far above the average for the US states. Unfunded pension liabilities, on a guaranteed-to-be-paid basis, are \$224 billion, or 42 percent of state personal income. OPEB is 15 percent of state personal income, the highest ratio in the states.

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 |
|-------------------|--------------------------|-------------------------------|-------------------------|--|-------------------------------|
| New Jersey | \$2.37 billion | \$44.23 billion | \$535.60 billion | 8.3% | \$4,937 |
| National average | \$6.09 billion | \$12.71 billion | \$305.43 billion | 3.7% | \$1,804 |

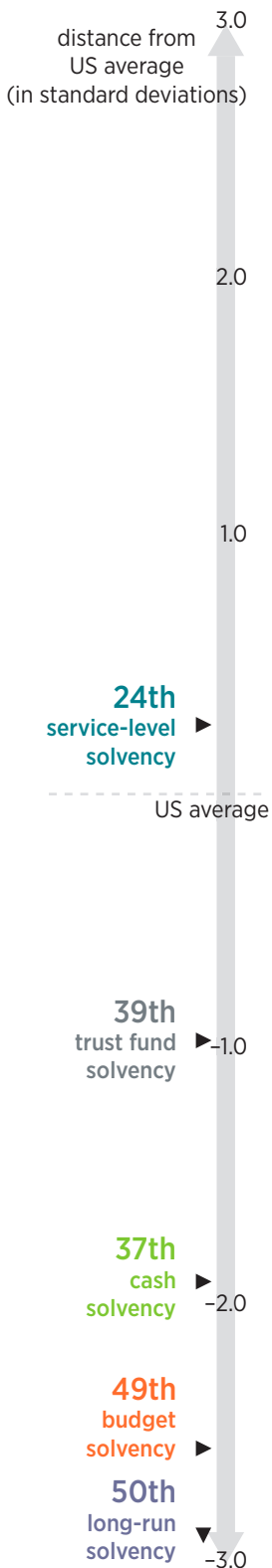
PENSION LIABILITY

| | Unfunded pension liability | Funded ratio | Market value of unfunded liability | Market value of funded liability ratio |
|-------------------|----------------------------|--------------|------------------------------------|--|
| New Jersey | \$58.93 billion | 60% | \$224.00 billion | 28% |
| National average | \$20.62 billion | 74% | \$105.50 billion | 36% |

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

| | Total unfunded OPEB | Funded ratio |
|-------------------|------------------------|--------------|
| New Jersey | \$81.45 billion | 0% |
| National average | \$12.97 billion | 12% |

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**



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 | 0.84 | 2.10 | 2.11 | 0.91 | -\$678 | -2.92 | 3.60 | \$16,821 |
| 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 |
|-------------------|---------------------|-------------------------|--------------------------|-------------------------|----------------------|
| New Jersey | 0.06 | 0.11 | 0.12 | 0.42 | 0.15 |
| 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. (New Jersey 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? (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 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? (New Jersey ranks 39th.)

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