RANK
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%

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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.)

3.0

2.0

1.0

US avg

24th
service-level
solvency ▶

40th
budget
solvency ▶

39th
trust fund
solvency ▶

38th
long-run
solvency ▶

31st
cash
solvency

−1.0

−2.0

−3.0

distance from
US average
(in standard deviations)

For a complete explanation of the methodology used to calculate Louisiana's fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition, 2018 Edition" (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, October 2018).