# 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

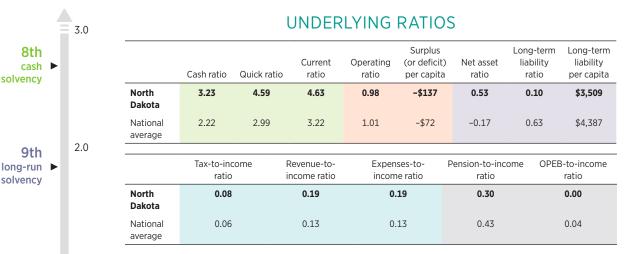
	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
North Dakota	\$2.50 billion	65%	\$12.68 billion	27%
National average	\$23.43 billion	73%	\$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

- 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





# **KEY TERMS**

- Cash solvency measures whether a state has enough cash to cover its short-• term bills, which include accounts payable, vouchers, warrants, and shortterm 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.)



solvency

solvency

12th

**38th** 

budget 🕨 solvency

trust fund

solvency

1.0

US avg

-1.0

-2.0

distance from US average (in standard deviations) For a complete explanation of the methodology used to calculate North Dakota'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).