

MOODY'S
INVESTORS SERVICE

SPECIAL COMMENT

This is another in an ongoing series on pension obligations. Previous reports (listed on page 10) covered potential pension accounting changes, fiscal pressure on governments, and the stock market's impact on pension funding. The impact of pension obligations on U.S. state and local credit ratings will be the subject of further reports in the coming months.

Combining Debt and Pension Liabilities of U.S. States Enhances Comparability

Table of Contents:

SUMMARY	1
RATIONALE FOR COMBINING PENSION LIABILITIES WITH DEBT ACCOUNTING RULES ALLOW SIGNIFICANT FLEXIBILITY IN DETERMINING LIABILITIES	2
PENSION BENEFITS ARE PROTECTED, LONG-TERM OBLIGATIONS	3
CONNECTICUT, ILLINOIS AND HAWAII DEBT AND PENSION LIABILITIES RANK AMONG HIGHEST COMBINING LONG-TERM LIABILITIES IS A STEP TOWARDS ENHANCED ANALYSIS OF STATES' RELATIVE PENSION FUNDING	6
MOODY'S RELATED RESEARCH	13

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Summary

Our credit analysis has long focused on states' net tax-supported debt, while also looking separately at pension funded ratios¹ to assess the relative risk implied in states' long-term liabilities. As part of our ongoing efforts to provide increased transparency, and in view of prospects for sluggish economic growth and slow revenue recovery among U.S. states, this report provides figures that combine unfunded pension liabilities with outstanding bonds when evaluating the leverage position of state governments.

Large and growing debt and pension burdens have been, and will continue to be, contributing factors in rating changes. However, unfunded pension liabilities have grown more rapidly in recent years because of weaker-than-expected investment results, previous benefit enhancements and, in some states, failure to pay the full annual required contribution (ARC).² Moreover, pension liabilities may be understated because of current governmental accounting standards.

Demographic factors (including the retirement of Baby Boom generation employees and increasing life expectancy of beneficiaries) are also adding to liabilities. States are beginning to respond to this growing challenge by increasing contribution requirements, raising minimum retirement ages, and undertaking other reforms. Several states have both high debt and pension liabilities, and these states, predictably, rank highest using these new measures. States' liability rankings versus revenue or economic measures tend to be indicative of the nature of risks these states carry in funding their obligations over the long term. Combining debt and pension metrics will improve transparency for investors by:

- » Supplementing traditional credit analysis measures and improving comparative credit assessment of states
- » Better aligning state credit analysis with corporate and other market sectors
- » Improving comparability between and among U.S. states and corporate, sovereign and sub-sovereign issuers.

¹ The funded ratio of a pension is defined as the actuarially determined value of its assets divided by its actuarial, accrued liability for benefits.

² The ARC is defined as the amount needed to provide for future pension benefits earned in the current year as well as the share needed to amortize a portion of any unfunded liability from prior years.

Rationale for Combining Pension Liabilities with Debt

We have historically assessed the credit risk of states' long-term obligations by comparing the amount of outstanding bonds to the size and growth of state tax bases and economies. We have ranked states in our annual debt medians reports based on the par value of outstanding bonds (net tax-supported debt³), as a percentage of income, on a per-capita basis and, more recently, as a share of states' gross domestic product. The funded ratios of pension plans have also been regularly factored into our analysis of state credit. In Moody's U.S. States Scorecard, first published in 2006, states have been ranked based on scores in 15 variables, including aggregate pension funded ratio.⁴

The pension funded ratio alone does not provide a full context for measuring the burden of long-term funding needs. For example, a relatively low funded ratio can reflect liabilities that are small in relation to available resources. A funded ratio that appears to be healthier when compared with those of other states still can be associated with onerous funding needs, given states' differing capacities to generate tax revenues, cut operating costs, and reform pension plans. Treating pension liabilities as a form of debt, and combining the unfunded amount with outstanding indebtedness, improves transparency by providing a more complete comparison of states based on their total long-term obligations as a portion of available revenue and taxing capacity.

The total pension and debt burden highlights different credit characteristics when compared to economic or revenue measures. Pension and debt liabilities compared to operating fund revenues indicate the relative degree of affordability based on current revenue sources. A comparison of the combined liabilities to GDP, population, and personal income indicates the economic and demographic base states may draw on to meet their obligations over time. For states such as Connecticut, Illinois and New Jersey, which have engaged in both underfunding and pension bond issuance, combined debt and pension metrics facilitate more comprehensive comparisons. This approach also provides a basis for comparisons with other sectors, such as hospitals and corporations, sovereigns and sub-sovereigns.

Accounting Rules Allow Significant Flexibility in Determining Liabilities

Public pension obligations represent deferred compensation owed to government employees. To derive the value of their obligations, states use actuarial projections, which incorporate assumptions about employee retirement ages, longevity, investment performance, and other factors. The unfunded actuarial accrued liabilities (UAALs) are highly sensitive to changes in the underlying assumptions. States use different combinations of assumptions and actuarial cost methods, making comparisons among states imperfect. Nonetheless, Moody's relies on the issuer's reported pension funded ratio and ARC as rough estimates of the magnitude of pension liabilities.

Notably, the Governmental Accounting Standards Board's rules applicable to pension reporting (GASBS 25 and 27) allow states significant flexibility not permitted under the Financial Accounting Standards Board's rules for corporate financial reporting (FAS 87). GASB indicates that the discount rate used to derive plan liabilities' present value should be consistent with expected long-term asset returns. FASB, meanwhile, dictates that the discount rate be consistent with guaranteed investment contracts or other instruments that could be used to settle a plan's liabilities. This difference stems

³ Net tax-supported debt excludes bonds that are not supported by state revenues and moral obligations or other guarantees that are not expected to be paid from state revenues.

⁴ The U.S. States Scorecard includes an aggregate funded ratio for each state as one of four metrics in the debt category.

from the fact that governments exist in perpetuity, while corporations can cease to exist. States and other public-sector plan sponsors typically discount their liabilities using the approximately 8% return anticipated on stocks and other assets, which substantially reduces the liabilities' reported size. For a state with a pension funded ratio of 70%, lowering the discount rate to 7% from 8% would lower the funded ratio to approximately 63%.

Moody's uses valuations of assets and liabilities for pension funding as reported in audited financial statements for states according to GASB reporting standards. Use of other assumptions and valuation methods would likely lead to higher unfunded liabilities than are currently disclosed.

Pension Benefits Are Protected, Long-Term Obligations

States typically provide pension benefits through retirement plans managed by systems that are not directly managed by the state government, but that are bound by statutory provisions. Once accrued, public pension benefits are protected, contractual obligations, sometimes shielded by specific pension provisions in state constitutions. In this respect, pension benefits differ from other post-employment benefits (or OPEB, primarily health insurance), which are typically easier for states to alter.⁵ Pension liabilities therefore have an irrevocable, long-term nature that resembles bonded debt. States, however, retain the ability to alter many factors that go into valuing pension liabilities. In addition, states' requirements to contribute to pension plans in any specific year are subject to statutory change. States have also passed laws granting relief from contribution requirements in times of fiscal stress. Bonds, by contrast, carry specific dates on which interest and principal must be paid, and these dates are not subject to change by the legislature.

Connecticut, Illinois and Hawaii Debt and Pension Liabilities Rank Among Highest

The combined net tax-supported debt and pension liability figures in this report have been measured compared with state personal income, GDP, population and operating fund revenue. The states with the largest combined pension and debt burdens include Connecticut, Hawaii, Illinois, Kentucky, Massachusetts, Mississippi, New Jersey and Rhode Island, as well as the Commonwealth of Puerto Rico. Figures 1 and 2 display the 10 states with the largest long-term liabilities as a percentage of revenues and as a percentage of GDP, respectively. A total of 12 states appear in these charts.

In general, states' rankings for debt and pension combined parallel their rankings for debt alone. Nebraska and South Dakota have conservative approaches to borrowing in the bond market and also benefit from comparatively low pension funding needs and therefore rank among the lowest in the combined measures. Hawaii, Massachusetts and Connecticut – the three states with the largest ratios of bonded debt to personal income – are also among states with the largest combined debt and pension obligations relative to their economies and revenues. Connecticut (Aa2, stable) has a combination of very high debt and pension obligations, even in view of its wealth. Looking at all four measures of pension and debt burden, Connecticut has the highest funding needs, followed by Hawaii, Massachusetts (Aa1, stable), Mississippi (Aa2, stable) and Illinois. Hawaii (Aa1, negative) has a combination of very high debt (given that it issues debt for local capital projects), and it has struggled to make pension ARCs in recent years. Most of these states, however, have offsetting credit strengths that account for their high ratings, underscoring that these liabilities are only one of many factors that

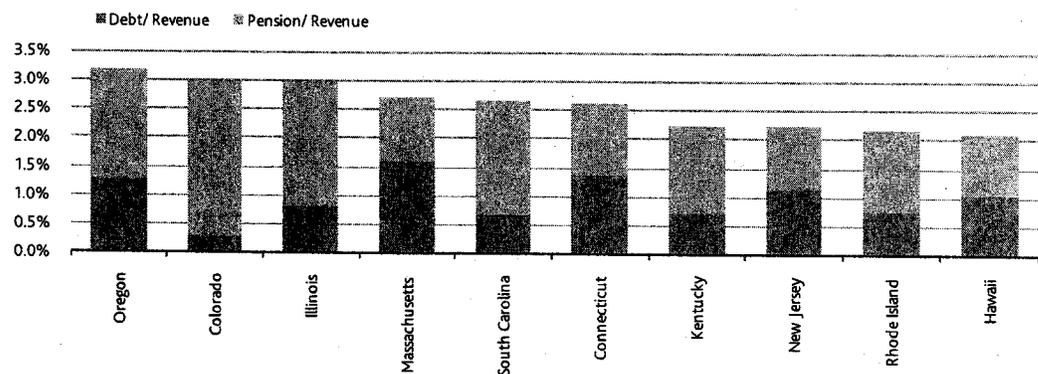
⁵ While we do include OPEB liabilities in our analysis of states, we have not included them in the current report because they are less binding under state law.

contribute to state credit ratings. In the case of Illinois, this high burden in combination with other fiscal weaknesses makes Illinois the lowest rated state, at A1 with a negative outlook.

Not all states with large debt burdens also suffer from weak pension funding, however. New York (Aa2, stable), Delaware (Aaa, stable) and California (A1, stable) – states with comparatively large debt burdens – are not among the states with the highest combined long-term liabilities. New York which ranked fifth for debt to personal income in Moody's 2010 state debt medians report, ranks 35th based on its combined debt and pension obligations relative to personal income. Colorado and Illinois have two of the largest combined debt and pension obligations versus revenues for different reasons. In the case of Colorado (Aa1, stable issuer rating), the ranking reflects weak pension funding and a revenue system that has been ratcheted lower by the state's constitutional constraints on taxes. Illinois' ranking is the product of a severe pension funding shortfall, a high debt burden, and use of numerous special revenue funds that reduce revenues of the state's general operating funds.

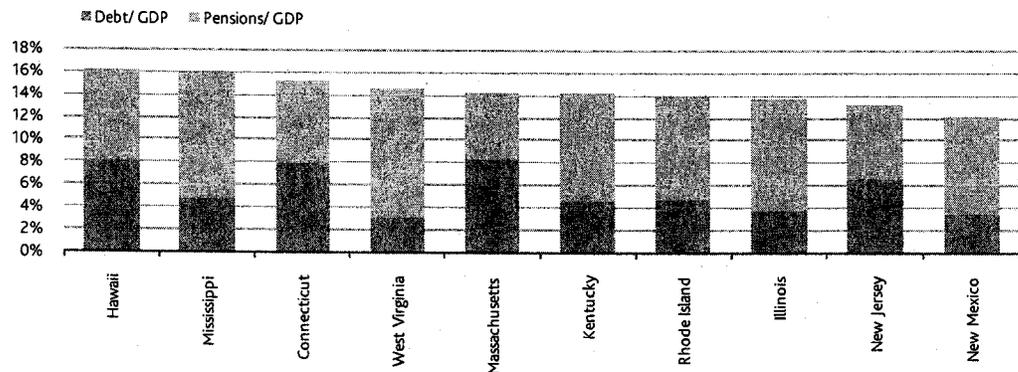
FIGURE 1

Combined Liabilities as Share of Operating Revenue – Top 10 States



Illinois has also faced dwindling tax revenues in the recent recession while its pension contribution requirements have increased. Illinois law provides for annual contributions that are less than the actuarially determined amount needed to amortize pension liabilities over 30 years. The relative burden of Illinois' combined long-term debt and pension obligations may be understated compared with other states due to the adoption of a five-year smoothing policy for asset valuation.

FIGURE 2
Combined Liabilities as Share of State GDP – Top 10 States



Mississippi is a comparatively high-debt state, because of debt issued for economic development. The state in recent years has experienced faster growth in pension liabilities than in assets. As a consequence, Mississippi this year raised the required employee contribution rate to 9% of gross salary from 7.25%. Kentucky (Aa1, negative issuer rating) also has comparatively high net tax-supported debt. The state in 2008 enacted legislation aimed at moving to full ARC payments, although not until 2025. Rhode Island (Aa2, stable) has unfunded pension liabilities that reflect a history of generous retirement incentives, as well as weak investment returns in recent years. The state is paying its annual required contribution and has enacted a series of pension reforms, which indicate the burden will be manageable over time.

New Jersey (Aa2, negative) faces pension funding requirements that, like Illinois,' are straining the state's budget. The state has committed, under a package of pension reforms, to fund one seventh of its ARC in fiscal 2012. In fiscal 2010, New Jersey failed to make any contribution, and it did not budget a contribution for the current year. In addition, the state faces retiree health benefit liabilities that are even more onerous than its pension burden. The governor has proposed additional reforms, including reversal of a 9% benefit increase granted in 2001, elimination of automatic cost-of-living adjustments, and increases in both the minimum retirement age and required employee contributions.

The State of Alaska (Aaa, stable) has a low liability-to-revenue ranking but, interestingly, relatively high liability rankings based on income and population (fifth and sixth, respectively). These divergent rankings are explained by the state's petroleum-tax-based revenue system, which is not directly connected to population or personal income.

Not included in the preceding charts is the Commonwealth of Puerto Rico, for which the outlook was revised to negative in August in large part because of a very low pension funded ratio. Puerto Rico (A3, negative) has three pension funds, which have a combined funded ratio of 14.5%. The combined debt and pension measure shows that Puerto Rico's debt and pension burden is dramatically higher than the 50 states as a share of economic output, at 94% of GDP compared with Hawaii's 16%. Puerto Rico's long-term liabilities are 437% of revenues, compared with just under 300% for Colorado and Illinois.

Combining Long-Term Liabilities Is a Step Towards Enhanced Analysis of States' Relative Pension Funding

The combination of pension and debt measures represents a tool to help investors understand the relative magnitudes of these long-term liabilities. Pension funding pressures will continue to have a negative impact on state credit quality and state ratings. Combining debt and pension liabilities will allow enhanced comparisons not only among states but also with corporate entities.

We acknowledge, nevertheless, that these measures have certain limitations. Despite existing provisions under generally accepted accounting principles to standardize pension disclosure, states are able to make different assumptions about interest rates and other key variables, and they are able to use different actuarial cost methods. We have not adjusted for these differences. In addition, many states participate in cost-sharing, multi-employer plans, for which the reported liabilities include substantial amounts attributable to local governments. In some cases,⁶ we have already adjusted the liabilities to reflect the approximate amounts attributable to the state rather than to local entities, but we expect to revise the data further over time to more accurately reflect states' portions of cost-sharing plans. This approach improves our ability to assess and compare states' long-term liabilities at a time when pension funding pressures are increasing.

⁶ We have adjusted the pension liability amounts attributable to Ohio and Nevada, in response to the states' estimates of their shares of liabilities in cost-sharing plans.

FIGURE 3

States' Combined Pension and Long-Term Debt Liabilities Compared to Various Metrics

Ranked From Highest to Lowest

Personal Income		GDP		Per Capita		As a % of Revenue					
1	Hawaii	27.7%	1	Hawaii	16.2%	1	Connecticut	9,366	1	Oregon	316.8%
2	Mississippi	22.8%	2	Mississippi	15.9%	2	Hawaii	7,987	2	Colorado	298.5%
3	Connecticut	22.3%	3	Connecticut	15.2%	3	Massachusetts	7,872	3	Illinois	296.8%
4	New Mexico	21.9%	4	West Virginia	14.5%	4	New Jersey	7,198	4	Massachusetts	271.9%
5	Alaska	21.6%	5	Massachusetts	14.2%	5	Illinois	6,692	5	South Carolina	264.0%
6	Kentucky	21.2%	6	Kentucky	14.2%	6	Alaska	6,407	6	Connecticut	262.7%
7	West Virginia	20.9%	7	Rhode Island	13.9%	7	Rhode Island	6,261	7	Kentucky	223.0%
8	Massachusetts	20.6%	8	Illinois	13.6%	8	Kentucky	5,143	8	New Jersey	222.6%
9	Illinois	20.5%	9	New Jersey	13.2%	9	Mississippi	4,955	9	Rhode Island	217.3%
10	Rhode Island	19.7%	10	New Mexico	12.2%	10	West Virginia	4,910	10	Hawaii	210.3%
11	Louisiana	18.9%	11	Oregon	11.0%	11	New Mexico	4,842	11	Mississippi	202.0%
12	New Jersey	18.5%	12	Oklahoma	10.4%	12	Louisiana	4,799	12	Alabama	195.0%
13	Oregon	17.6%	13	South Carolina	10.4%	13	Maryland	4,677	13	Montana	173.3%
14	Oklahoma	17.1%	14	Maine	10.1%	14	Oregon	4,666	14	Maryland	172.7%
15	South Carolina	15.6%	15	Maryland	9.8%	15	Oklahoma	4,142	15	Louisiana	167.0%
16	Maine	13.9%	16	Louisiana	9.7%	16	Colorado	3,968	16	Maine	167.0%
17	Maryland	13.5%	17	Alaska	9.3%	17	Maine	3,790	17	New Hampshire	164.5%
18	Colorado	13.3%	18	Montana	8.3%	18	California	3,704	18	Arizona	164.2%
19	Montana	13.2%	19	Colorado	8.0%	19	Minnesota	3,688	19	California	162.6%
20	Idaho	12.0%	20	Idaho	7.7%	20	South Carolina	3,560	20	New Mexico	162.6%
21	California	11.8%	21	Alabama	7.6%	21	New Hampshire	3,336	21	Oklahoma	160.8%
22	Alabama	11.5%	22	California	7.4%	22	Montana	3,071	22	West Virginia	149.3%
23	Minnesota	11.4%	23	Minnesota	7.4%	23	Delaware	2,974	23	Idaho	146.0%
24	Utah	10.9%	24	New Hampshire	7.4%	24	Kansas	2,968	24	Kansas	134.1%
25	Kansas	10.6%	25	Kansas	6.8%	25	Alabama	2,756	25	Minnesota	127.9%
26	Arizona	10.3%	26	Vermont	6.0%	26	Wyoming	2,731	26	Florida	123.4%
27	New Hampshire	10.1%	27	Arizona	5.9%	27	Idaho	2,616	27	Nevada	119.2%
28	Delaware	9.9%	28	Utah	5.6%	28	New York	2,601	28	Utah	118.3%
29	Wyoming	9.7%	29	Washington	5.2%	29	Washington	2,510	29	Washington	117.8%
30	Washington	8.4%	30	Florida	5.2%	30	Vermont	2,462	30	Virginia	114.6%
31	Vermont	8.4%	31	Georgia	5.1%	31	Virginia	2,257	31	Georgia	111.4%
32	Georgia	8.2%	32	Michigan	5.0%	32	Arizona	2,233	32	New York	101.6%
33	Florida	7.8%	33	Arkansas	4.7%	33	Utah	2,207	33	Pennsylvania	84.5%
34	Virginia	7.4%	34	Virginia	4.5%	34	Florida	2,073	34	Michigan	78.1%
35	New York	7.4%	35	New York	4.4%	35	Georgia	2,067	35	North Dakota	73.1%
36	Arkansas	7.2%	36	Delaware	4.3%	36	Michigan	1,903	36	Ohio	71.7%
37	Nevada	6.2%	37	Wyoming	4.2%	37	Wisconsin	1,765	37	Delaware	70.7%

FIGURE 3

States' Combined Pension and Long-Term Debt Liabilities Compared to Various Metrics
 Ranked From Highest to Lowest

Personal Income			GDP		Per Capita		As a % of Revenue				
38	Michigan	6.2%	38	Wisconsin	4.2%	38	Pennsylvania	1,726	38	Missouri	69.8%
39	Wisconsin	6.1%	39	Pennsylvania	3.9%	39	Arkansas	1,587	39	Wyoming	67.9%
40	North Dakota	5.6%	40	Nevada	3.1%	40	Nevada	1,547	40	Vermont	66.1%
41	Pennsylvania	5.6%	41	North Dakota	3.1%	41	North Dakota	1,477	41	Wisconsin	65.3%
42	Texas	4.5%	42	Ohio	2.9%	42	Ohio	1,184	42	Texas	64.7%
43	Ohio	4.1%	43	Missouri	2.8%	43	Texas	1,131	43	Alaska	64.1%
44	Missouri	4.0%	44	Texas	2.3%	44	Missouri	1,099	44	South Dakota	60.9%
45	South Dakota	3.5%	45	Iowa	2.1%	45	Iowa	949	45	Arkansas	59.5%
46	Iowa	3.4%	46	South Dakota	1.9%	46	South Dakota	884	46	North Carolina	42.0%
47	North Carolina	3.3%	47	North Carolina	1.9%	47	North Carolina	818	47	Tennessee	37.2%
48	Tennessee	2.9%	48	Tennessee	1.9%	48	Tennessee	750	48	Indiana	35.4%
49	Indiana	2.5%	49	Indiana	1.7%	49	Indiana	685	49	Iowa	32.3%
50	Nebraska	0.1%	50	Nebraska	0.1%	50	Nebraska	43	50	Nebraska	2.3%
	Puerto Rico	108.4%			94.4%			16,157*			436.8

Sources: State and retirement plan audited financial reports, Moody's State Debt Medians, Bureau of Economic Analysis and U.S. Census Bureau information

* Per capita was derived using the per capita income multiplied by population (both numbers found in 2009 CAFR)

FIGURE 4

States' Debt and Pension Liabilities

State	Net Tax-Supported Debt (000s)	Unfunded Pension Liability (000s)	Combined Debt and Pension (000s)
Alabama	\$3,748,559	\$9,228,918	\$12,977,477
Alaska	\$939,600	\$3,535,519	\$4,475,119
Arizona	\$4,856,686	\$9,868,823	\$14,725,509
Arkansas	\$900,483	\$3,686,420	\$4,586,903
California	\$87,320,000	\$49,589,000	\$136,909,000
Colorado	\$2,011,683	\$17,925,705	\$19,937,388
Connecticut	\$17,093,853	\$15,858,500	\$32,952,353
Delaware	\$2,202,968	\$429,399	\$2,632,367
Florida	\$20,819,974	\$17,610,905	\$38,430,879
Georgia	\$11,011,066	\$9,303,207	\$20,314,273
Hawaii	\$5,176,063	\$5,168,108	\$10,344,171
Idaho	\$831,110	\$3,213,106	\$4,044,216
Illinois	\$23,957,015	\$62,439,093	\$86,396,108
Indiana	\$3,156,986	\$1,239,639	\$4,396,625
Iowa	\$219,279	\$2,635,677	\$2,854,956
Kansas	\$3,213,826	\$5,152,469	\$8,366,295
Kentucky	\$7,269,586	\$14,918,955	\$22,188,541
Louisiana	\$5,708,165	\$15,851,276	\$21,559,441
Maine	\$1,002,485	\$3,994,115	\$4,996,600
Maryland	\$9,166,095	\$17,488,177	\$26,654,272
Massachusetts	\$30,371,476	\$21,533,599	\$51,905,075
Michigan	\$7,461,594	\$11,515,100	\$18,976,694
Minnesota	\$5,463,418	\$13,955,784	\$19,419,202
Mississippi	\$4,364,174	\$10,262,074	\$14,626,248
Missouri	\$4,672,127	\$1,906,496	\$6,578,623
Montana	\$349,260	\$2,645,369	\$2,994,629
Nebraska	\$27,032	\$49,446	\$76,478
Nevada	\$2,446,111	\$1,643,838	\$4,089,949
New Hampshire	\$880,871	\$3,537,732	\$4,418,603
New Jersey	\$31,951,013	\$30,726,692	\$62,677,705
New Mexico	\$2,809,156	\$6,922,147	\$9,731,303
New York	\$61,259,793	\$(10,428,000)	\$50,831,793
North Carolina	\$7,174,650	\$503,580	\$7,678,230
North Dakota	\$211,822	\$743,800	\$955,622
Ohio	\$10,766,277	\$2,904,560	\$13,670,837
Oklahoma	\$2,100,583	\$13,172,000	\$15,272,583
Oregon	\$7,110,604	\$10,738,900	\$17,849,504
Pennsylvania	\$11,827,000	\$9,923,500	\$21,750,500

FIGURE 4

States' Debt and Pension Liabilities

State	Net Tax-Supported Debt (000s)	Unfunded Pension Liability (000s)	Combined Debt and Pension (000s)
Rhode Island	\$2,240,527	\$4,353,892	\$6,594,419
South Carolina	\$4,184,210	\$12,052,684	\$16,236,894
South Dakota	\$109,528	\$608,886	\$718,414
Tennessee	\$2,003,673	\$2,719,767	\$4,723,440
Texas	\$12,892,508	\$15,124,564	\$28,017,072
Utah	\$2,665,545	\$3,480,753	\$6,146,298
Vermont	\$441,017	\$1,089,831	\$1,530,848
Virginia	\$7,056,177	\$10,733,000	\$17,789,177
Washington	\$14,832,717	\$1,894,400	\$16,727,117
West Virginia	\$1,962,926	\$6,971,820	\$8,934,746
Wisconsin	\$9,726,313	\$252,600	\$9,978,913
Wyoming	\$42,066	\$1,444,353	\$1,486,419
Puerto Rico	\$40,201,000	\$23,900,000	\$64,101,000

FIGURE 5

States Ranked by Debt and Pension Liability as Share of GDP

State	NTSD/ GDP	State	Unfunded Pension Liability/ GDP	State	Adjusted Debt/ GDP
Massachusetts	8.32%	West Virginia	11.31%	Hawaii	16.20%
Hawaii	8.11%	Mississippi	11.18%	Mississippi	15.94%
Connecticut	7.91%	Illinois	9.85%	Connecticut	15.24%
New Jersey	6.73%	Kentucky	9.54%	West Virginia	14.49%
New York	5.35%	Rhode Island	9.19%	Massachusetts	14.22%
Mississippi	4.75%	Oklahoma	8.99%	Kentucky	14.18%
Rhode Island	4.73%	New Mexico	8.66%	Rhode Island	13.92%
California	4.73%	Hawaii	8.09%	Illinois	13.63%
Kentucky	4.65%	Maine	8.03%	New Jersey	13.20%
Washington	4.60%	South Carolina	7.71%	New Mexico	12.18%
Oregon	4.40%	Alaska	7.38%	Oregon	11.05%
Wisconsin	4.05%	Montana	7.37%	Oklahoma	10.43%
Illinois	3.78%	Connecticut	7.34%	South Carolina	10.38%
Delaware	3.56%	Colorado	7.21%	Maine	10.05%
New Mexico	3.52%	Louisiana	7.13%	Maryland	9.75%
Maryland	3.35%	Oregon	6.65%	Louisiana	9.70%
West Virginia	3.18%	New Jersey	6.47%	Alaska	9.34%
Florida	2.80%	Maryland	6.40%	Montana	8.34%
Georgia	2.77%	Idaho	6.09%	Colorado	8.02%
South Carolina	2.68%	Massachusetts	5.90%	Idaho	7.67%
Kansas	2.62%	New Hampshire	5.90%	Alabama	7.63%
Louisiana	2.57%	Alabama	5.43%	California	7.41%
Utah	2.43%	Minnesota	5.31%	Minnesota	7.39%
Ohio	2.28%	Vermont	4.28%	New Hampshire	7.36%
Alabama	2.20%	Kansas	4.20%	Kansas	6.82%
Pennsylvania	2.14%	Wyoming	4.09%	Vermont	6.02%
Minnesota	2.08%	Arizona	3.97%	Arizona	5.92%
Maine	2.02%	Arkansas	3.75%	Utah	5.60%
Missouri	1.96%	Utah	3.17%	Washington	5.18%
Alaska	1.96%	Michigan	3.01%	Florida	5.16%
Arizona	1.95%	Virginia	2.70%	Georgia	5.11%
Michigan	1.95%	California	2.69%	Michigan	4.96%
Nevada	1.86%	North Dakota	2.38%	Arkansas	4.66%
North Carolina	1.79%	Florida	2.37%	Virginia	4.48%
Virginia	1.78%	Georgia	2.34%	New York	4.44%
Vermont	1.73%	Iowa	1.94%	Delaware	4.26%
Idaho	1.58%	Pennsylvania	1.79%	Wyoming	4.21%
New Hampshire	1.47%	South Dakota	1.65%	Wisconsin	4.15%

FIGURE 5

States Ranked by Debt and Pension Liability as Share of GDP

State	NTSD/ GDP	State	Unfunded Pension Liability/ GDP	State	Adjusted Debt/ GDP
Oklahoma	1.43%	Nevada	1.25%	Pennsylvania	3.93%
Indiana	1.24%	Texas	1.24%	Nevada	3.12%
Texas	1.05%	Tennessee	1.08%	North Dakota	3.06%
Montana	0.97%	Missouri	0.80%	Ohio	2.90%
Arkansas	0.92%	Delaware	0.69%	Missouri	2.77%
Colorado	0.81%	Ohio	0.62%	Texas	2.29%
Tennessee	0.79%	Washington	0.59%	Iowa	2.10%
North Dakota	0.68%	Indiana	0.49%	South Dakota	1.94%
South Dakota	0.30%	North Carolina	0.13%	North Carolina	1.92%
Iowa	0.16%	Wisconsin	0.11%	Tennessee	1.87%
Wyoming	0.12%	Nebraska	0.06%	Indiana	1.73%
Nebraska	0.03%	New York	-0.91%	Nebraska	0.09%

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