

America's Pension Bomb: Illinois Is Just the Start

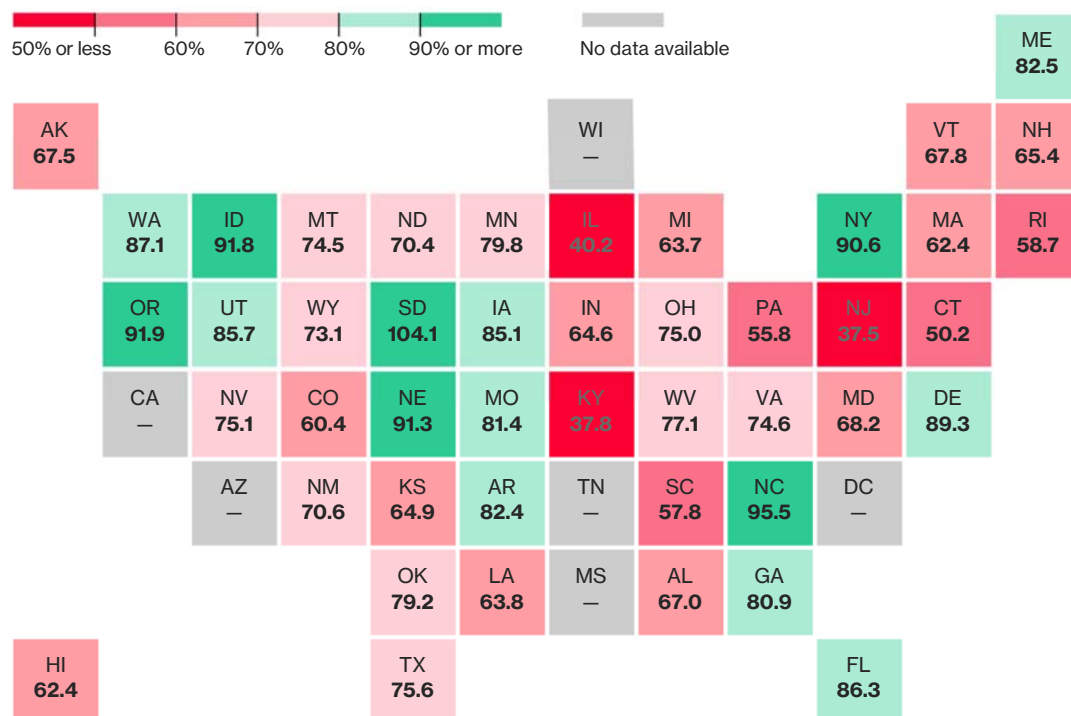
By Laurie Meisler

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We've been hearing it for years: America's public pensions are a ticking time bomb. Well, at long last, the state of Illinois is about to expose just how big this blowup could be. As of the 2015 fiscal year, Illinois had promised its employees \$199 billion in retirement benefits. Right now, it's \$119.1 billion short. That gap lies at the center of a years-in-the-making fiscal mess that's threatening to drop the state's credit rating to junk-bond status. But Illinois is hardly alone. Connecticut and New Jersey—states that, to most of the world, seem like oases of prosperity—are under growing financial strain, too.

We've ranked the states by the size of their funding gap. The lower the funding ratio, the more money the state has to come up with to meet its pension obligations.

Public employee pension funding ratio by state, 2015 figures





Rank	State	Funding ratio 2015	Funding ratio 2014	Change, in percentage points	Fiduciary net position 2015 (\$B)	Total pension liability 2015 (\$B)
1	New Jersey	37.5	42.5	-5.0	81.4	217.1
2	Kentucky	37.8	41.0	-3.2	21.5	56.9
3	Illinois	40.2	41.3	-1.2	80.0	199.1
4	Connecticut	50.2	50.5	-0.3	27.1	53.9
5	Pennsylvania	55.8	59.6	-3.8	77.6	139.1
6	South Carolina	57.8	60.8	-2.9	29.3	50.7
7	Rhode Island	58.7	62.5	-3.8	6.6	11.3
8	Colorado	60.4	64.2	-3.8	42.7	70.6
9	Massachusetts	62.4	68.0	-5.5	49.5	79.2
9	Hawaii	62.4	63.9	-1.5	14.5	23.2
11	Michigan	63.7	66.7	-3.0	54.7	85.9
12	Louisiana	63.8	65.4	-1.6	32.8	51.4
13	Indiana	64.6	69.2	-4.6	30.3	46.8
14	Kansas	64.9	66.6	-1.7	16.6	25.6
15	New Hampshire	65.4	66.2	-0.8	7.6	11.6
16	Alabama	67.0	70.5	-3.5	32.6	48.6
17	Alaska	67.5	60.2	7.3	14.0	20.8
18	Vermont	67.8	74.7	-6.9	3.8	5.6
19	Maryland	68.2	71.3	-3.0	46.0	67.5
20	North Dakota	70.4	73.2	-2.8	4.7	6.6
21	New Mexico	70.6	74.1	-3.5	25.9	36.7
22	Wyoming	73.1	79.4	-6.3	7.4	10.1
23	Montana	74.5	76.0	-1.5	10.1	13.6
24	Virginia	74.6	75.1	-0.5	66.4	89.0
25	Ohio	75.0	79.0	-4.0	172.4	229.8
26	Nevada	75.1	76.3	-1.2	34.7	46.2
27	Texas	75.6	79.2	-3.6	153.8	203.5
28	West Virginia	77.1	77.9	-0.8	13.8	17.9
29	Oklahoma	79.2	81.2	-2.0	28.9	36.5
30	Minnesota	79.8	81.8	-2.1	60.3	75.5
31	Georgia	80.9	83.3	-2.5	82.5	102.0
32	Missouri	81.4	85.3	-3.9	52.8	64.8
33	Arkansas	82.4	85.5	-3.1	24.6	29.8
34	Maine	82.5	85.8	-3.3	12.7	15.4



35	Iowa	85.1	87.4	-2.3	29.0	34.1
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36	Utah	85.7	88.5	-2.8	26.7	31.2
37	Florida	86.3	90.4	-4.1	148.5	172.1
38	Washington	87.1	90.0	-3.0	74.7	85.8
39	Delaware	89.3	92.4	-3.1	9.2	10.3
40	New York*	90.6	98.1	-7.5	183.6	202.7
41	Nebraska	91.3	93.0	-1.7	11.9	13.0
42	Idaho	91.8	NA	NA	14.4	15.7
43	Oregon	91.9	103.6	-11.7	64.9	70.7
44	North Carolina	95.5	99.3	-3.8	89.2	93.4
45	South Dakota	104.1	107.3	-3.2	10.8	10.4

Notes: *As of 2016

Source: Bloomberg, companies' quarterly and annual reports

Methodology: Bloomberg ranked 45 U.S. states based on their pension funding ratios under the Governmental Accounting Standards Board Statement No. 67. These ratios, calculated by dividing states' aggregated fiduciary net position (the value of their pension assets) by their aggregated total pension liability, are an indication of the financial resources available to meet current and future pension obligations. To assemble these figures, the Bloomberg municipal fundamentals team collected and supplemented data from each state's Comprehensive Annual Financial Report, a set of government financial statements. Arizona, California, Mississippi, Tennessee and Wisconsin are not ranked because implementation of GASB 67, which was released in 2012, is contingent upon the pension-plan type and data were not yet available for all plans.

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