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Do States Have Enough Saved for Retiree Health Care Benefits?

Data from 2018 and 2019, released under new government accounting rules, shows both chronic underfunding and modest progress

Overview

Historically, health care and other nonpension retirement benefits have been more poorly funded than pensions for retired public workers. Now new data resulting from updated government accounting requirements offers a more complete picture of the long-term price tag of these benefits, known as other post-employment benefits (OPEBs). This data allows users to see for the first time how each state's liabilities for OPEBs change annually and what would be required to keep them from growing.

Using data from the new reporting requirements, The Pew Charitable Trusts has developed a metric—known as the net amortization benchmark—to measure whether a state's contributions are sufficient to keep the gap between OPEB assets and OPEB liabilities from growing on an annual basis, assuming plan assumptions are met. Pew's assessment shows that states collectively fell short of the benchmark by $30 billion in 2019, with just 10 states meeting the benchmark. If states continue to fund below this threshold, they will face growing debt for OPEB benefits. This information can help state policymakers better track the accumulated liability (the estimated amount that a state would need to have set aside today to pay for promised benefits that have already been earned) for OPEBs and identify whether the debt for unfunded retiree health care and similar benefits will grow or shrink on their state's balance sheet. The data also helps policymakers understand which states face the biggest long-term fiscal challenges from underfunded OPEB plans.

This brief serves as a data update to Pew's 2018 evaluation of OPEB benefits and explores the way this new, more comprehensive information can help government officials identify the challenges their states face and develop plans to ensure that retiree health benefits can be funded sustainably.

In 2019, the most recent year for which comprehensive data is available, states collectively reported $749 billion in OPEB liabilities but only about $69 billion in assets to pay for these benefits, resulting in a funded ratio—the share of benefits already earned that have been pre-funded—of just 9.2%. In contrast, that same year the total funded ratio for state retirement systems was 71%. Pre-funding retirement benefits is a way to pay for the compensation of public employees while they are providing service rather than pushing costs for work done today years or decades into the future. States vary widely in the progress they've made toward pre-funding: Eleven states reported no assets set aside while Alaska's, Arizona's, and Oregon's OPEBs were fully funded. Several states that had long had no assets set aside for these benefits, such as Hawaii and Vermont, have recently started the protracted process toward adequately funding these benefits.

In addition to a range of funding levels, states also show a significant disparity in the value of OPEB benefits they offered to public employees and retirees. The 27 states that provide retirees with a subsidy that covers a fixed percentage of health insurance premiums account for over 90% of the liabilities, with five states accounting for over 57% of the country's total OPEB debt. The other half of states offer public employees and retirees much smaller benefits that typically have an immaterial impact on their state's budget. Identifying policies to effectively manage the cost of these benefits can be a challenging task for the states with the largest liabilities.

New data shows increased funding for OPEB benefits but still a big shortfall

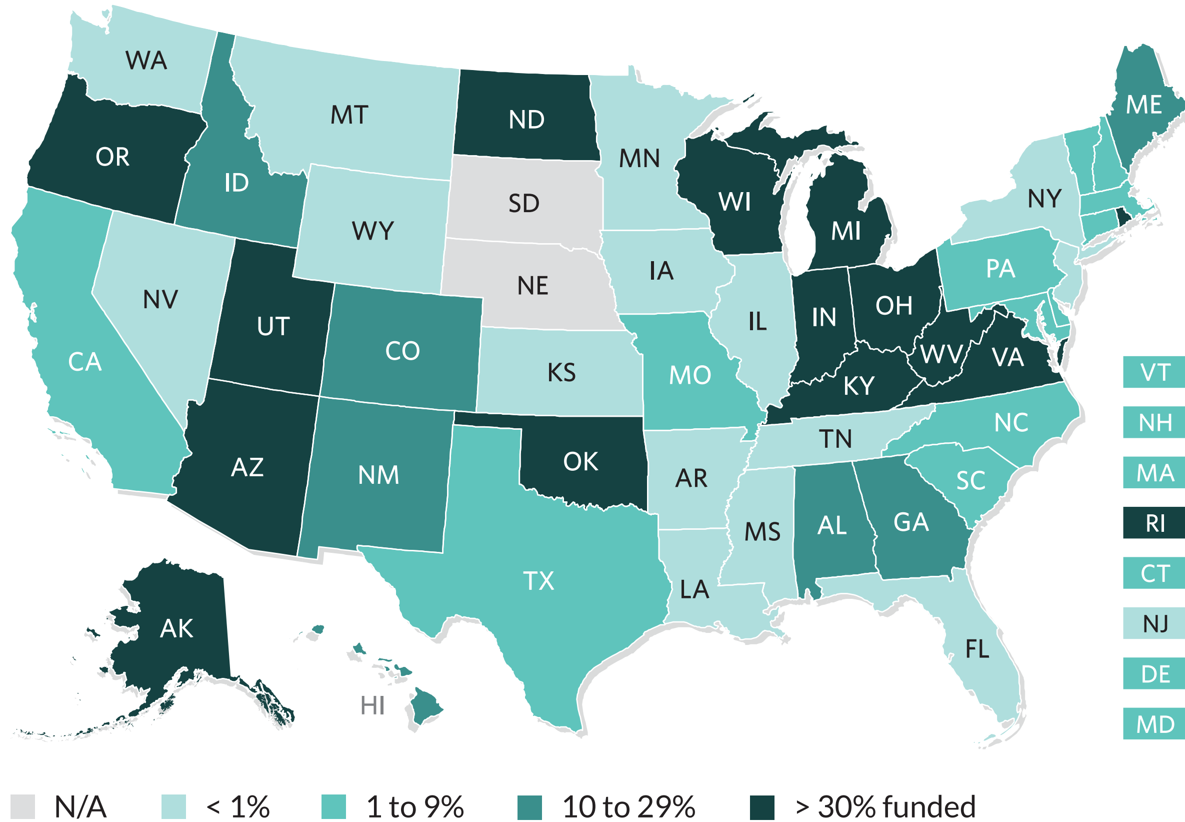
In 2019, states had just $69 billion in assets set aside to fund OPEB liabilities of $749 billion, leaving a funding gap for retiree health benefits and other nonpension retirement benefits of $680 billion. Although this means that just 9% of these liabilities were funded based on the calculations by plan actuaries, the figure was actually an improvement compared to the 8% funded ratio reported for these benefits in 2018, as well as to the 3% funding level states reported in 2006.

States vary significantly in their progress in pre-funding OPEB benefits, and when they fall short, that means the bill for benefits that have already been earned by public workers gets pushed years or decades into the future. Of the 48 states that reported OPEB liabilities in 2019—Nebraska and South Dakota do not include them in their financial reports—15 have either not put aside any funds to pay for promised benefits or their available funds are negligible; 12 have a funded ratio between 1% and 10%; seven have a funded ratio of 10%-29%; and only 14 have a funded ratio of 30% or above. (See Figure 1.)

Figure 1

State OPEB Funded Ratios, 2019

A majority of states still have funded levels below 30%



Source: State annual comprehensive financial reports, OPEB actuarial valuations and financial reports, and state responses to data inquiries

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The 2018 and 2019 figures presented in this analysis use numbers reported by states under new accounting standards. The most recent comprehensive numbers using the prior reporting requirements were as of fiscal year 2016 because in 2017 states varied in which standard was being applied and, as a result, a consistent set of 50-state data is not available for that reporting period.

In 2016, states reported $696 billion in liabilities and $46 billion in assets, with a funding gap of $650 billion. By 2018, liabilities had risen to $748 billion and assets to $62 billion, with a funding gap of $686 billion. Unfortunately, due to the combination of inconsistent reporting standards, limited data disclosed under the older reporting requirements, and a gap for 2017, it is difficult to pinpoint what drove these increases in OPEB liabilities and assets, particularly since policymakers were making changes to benefit provisions, actuarial assumptions, and contribution policies over this period.

One advantage of the new standard is that, going forward, understanding year-over-year changes in the data will be much easier. Thanks to this new information, which includes details in the changes in liabilities year by year as well as changes in reported assets, Pew can report that the $7.5 billion increase in assets between 2018 and 2019 was due to the combination of contributions exceeding benefit payments by $2.7 billion, plus investment returns

delivering $5 billion. On the other side of the balance sheet, liabilities largely stayed the same thanks to lower-than-expected health costs and updates to actuarial assumptions that shape the liability calculations. These two factors drove a substantial downward revision in total liabilities, which would have otherwise grown by $36 billion if 2018 assumptions were maintained in 2019.

In the future, state policymakers can use this more comprehensive data to see the impact of changes to benefit provisions, track gains and losses from actuarial estimates missing the mark, and see how their contribution policy would increase or decrease OPEB funding gaps over time.

States vary in the type and cost of OPEB benefits

Twenty-seven states provide retirees from public-sector jobs with a health care benefit that covers a fixed percentage (in some cases 100%) of health insurance premiums and health care costs.[1] Twelve other states provide a fixed subsidy for those premiums that is not guaranteed to keep pace with health care cost growth. Finally, nine states offer no direct subsidy, but allow retirees to buy into the state's health insurance benefit at the same rate as active employees. Nebraska does not provide OPEB benefits to retirees. South Dakota restructured its OPEB retiree health premiums to eliminate implicit subsidies, thus discontinuing the need for reporting under Government Accounting Standards Board (GASB) rules.[2] Moreover, some states offer their retirees additional benefits, such as life insurance.[3]

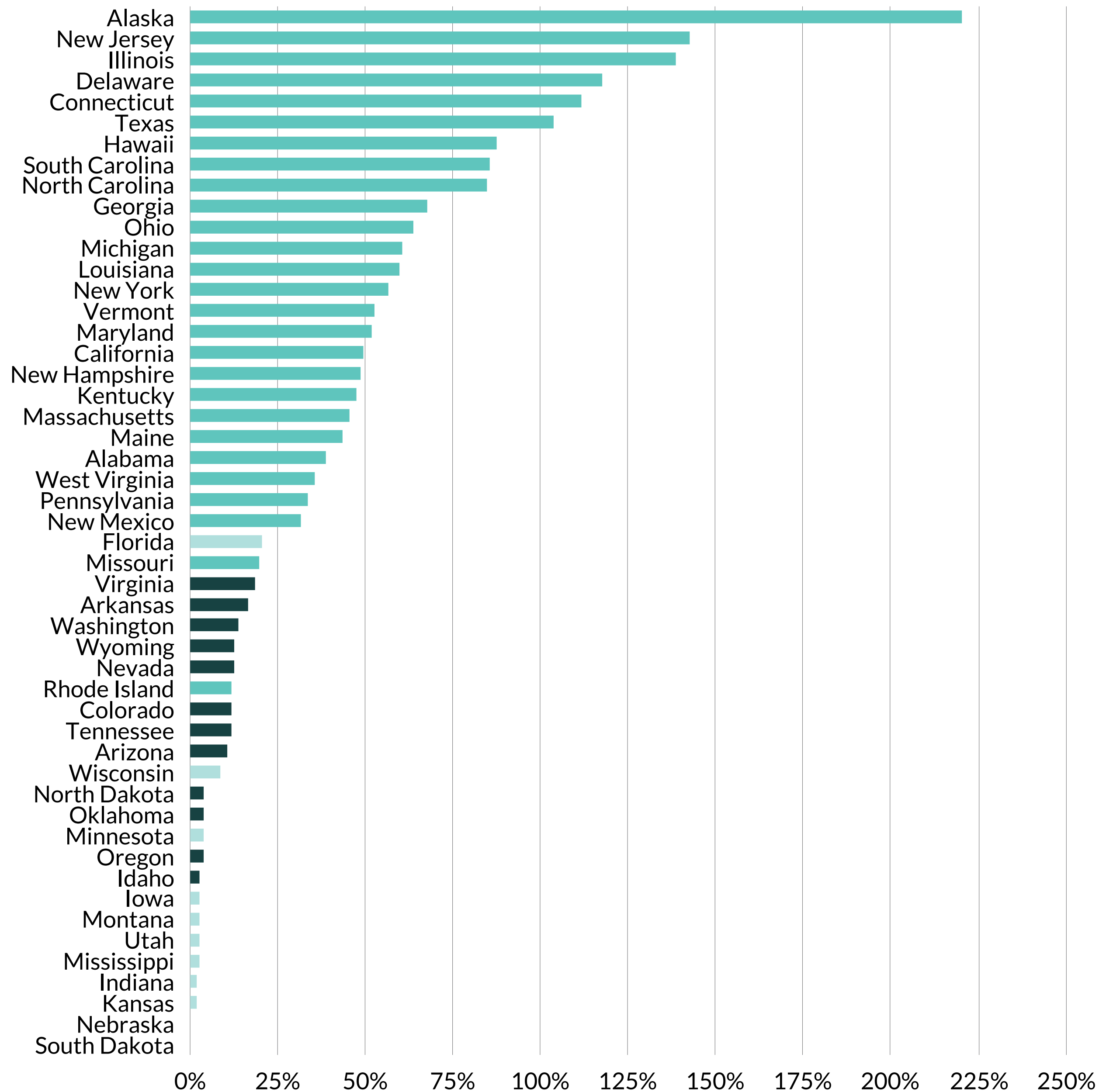
Differences in the scope of the benefits offered are reflected in estimated costs, with plans that provide a fixed percentage of coverage resulting in the highest costs. Fixed subsidy plans are typically, though not always, less costly. States that offer no direct subsidies report minimal OPEB liabilities. To provide a sense of scale, Figure 2 shows the OPEB liabilities for each state as a percentage of own-source revenue, which serves as a proxy for the financial resources that state has available and is defined as total revenues minus any revenues from intergovernmental transfers, utilities, liquor stores, and insurance trusts. Each state is also categorized by the type of health care benefit it offers. The states with the highest ratio of liabilities to state revenue are almost entirely those that provide a fixed percentage of premiums, while the states with indirect subsidies at a fixed cost largely report OPEB liabilities that are very small compared to state resources.

Some states with low liabilities will be unlikely to face significant financial pressure from OPEB obligations. But the states with the highest liabilities need to have a credible and sustainable funding plan to avoid situations in which policymakers would have to decide whether to reduce benefits. A number of states—including Hawaii, Kentucky, Michigan, South Carolina, and Vermont—have relatively high OPEB liabilities but have also taken steps to pre-fund these promises to beneficiaries. Illinois, Louisiana, New Jersey, and New York all had among the highest reported liabilities as a share of state revenue in 2019 yet had not set aside anything to pre-fund OPEB benefits.

Figure 2

2019 States' Total OPEB Liabilities as Percentage of State Own-Source Revenue

Benefits with fixed-percentage premiums lead to higher obligations



Source: State annual comprehensive financial reports, OPEB actuarial valuations and financial reports, and state responses to data inquiries

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New metrics offer more complete picture of OPEB financing

The accounting standards introduced by GASB in 2018 offer a more complete picture of the fiscal health of OPEB plans than previous accounting methods. The disclosure requirements allow for improved analysis of plan contribution policies by supporting the construction of forward-looking metrics such as operating cash flow and net amortization, measures that until now were available only for public pension plans.[4]

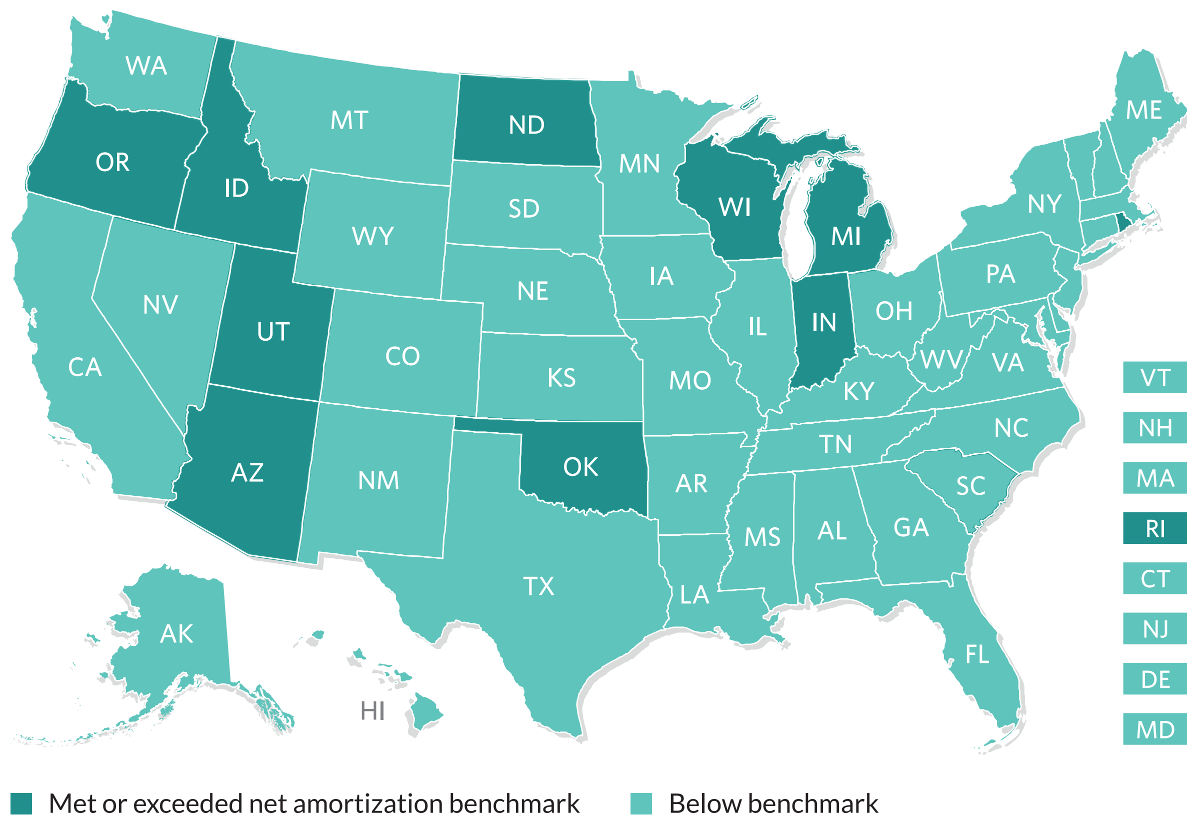
On an operating cash flow basis, employer and employee contributions to state OPEB plans in 2019 collectively exceeded benefit payments and administrative expenses by nearly $1.2 billion—a positive cash flow. As a result, states, in the aggregate, were able to provide promised benefits to retirees and set aside some additional assets to fund future benefits. However, this collective result masks that states vary significantly in cash flow with 25 states having positive cash flow, 11 states having negative cash flow, and 12 states having precisely $0 net cash flow: State contributions to the state's OPEB fund exactly matched what the state paid out in benefits.

But even with the 25 states reporting a positive cash flow in 2019, most states continue to fall short of their net amortization benchmark—the minimum funding needed to pay for new benefits while keeping unfunded liabilities from growing on an annual basis, assuming investments hit their target and increases in cost of health care and other assumptions hold true. In 2019, state public sector OPEB plans collectively fell short of the net amortization benchmark by $30 billion—so without future increases in the amount states contribute to their plans or reductions in benefits states promise to their retirees, the 50-state funding gap can be expected to grow.

Just 10 states—Arizona, Idaho, Indiana, Michigan, North Dakota, Oklahoma, Oregon, Rhode Island, Utah, and Wisconsin—met or exceeded the net amortization benchmark in 2019. That doesn't mean that the other states can't currently pay benefits to their retirees, but it does mean that these states are pushing costs into the future—when policymakers will eventually have to choose between reducing state spending on other priorities in order to fund retiree health benefits or reducing the benefits.

Figure 3

States That Meet the Net Amortization Benchmark



Source: State annual comprehensive financial reports, OPEB actuarial valuations and financial reports, and state responses to data inquiries

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Conclusion

New, expanded data allows for a more complete picture of state retiree health care plans and other nonpension retirement benefits. Overall, states had pre-funded about 9% of these benefits—far below what actuaries recommend but an improvement over past funding levels. The new disclosure standards will allow policymakers, beneficiaries, researchers, and the public to better understand what drives the changes in funding levels and to see how contribution policies, actuarial forecasts, and, in some cases, volatility in investment markets can end up affecting the fiscal position of a state's OPEB plans.

While most plans are significantly underfunded, they vary significantly in how policymakers have managed these liabilities, as well as the generosity of the benefits and scale of the liabilities in contrast with the overall fiscal picture. The 26 states with the most modest benefits reported having less than 10% of the total liability for OPEBs, while the 11 states with the most significant benefits when measured against state own-source revenue disclosed having more than half of the total liability. Policymakers can look to where their state stands on this measure to assess the fiscal significance of unmanaged OPEB liabilities and the potential need for corrective action, whether increasing funding or adjusting benefits.

In particular, net amortization provides a measure of whether OPEB contributions from states and other participating public employers will keep the funding gap for these benefits from growing over the long term. States fell short of this benchmark by $30 billion in 2019, indicating that if contribution policies remain the same and actuarial assumptions hold true, OPEB benefits will be an increasing debt on state and local balance sheets.

Policymakers, state and local workers, and the public need to be informed about the important public policy issues that can affect their states. These new disclosures for retiree health care and other nonpension retirement benefits are painting a more complete picture of the fiscal impact of these benefits on state budgets and on residents.

Methodology

All figures presented in this brief are as reported in public documents or as provided by officials for the more than 172 OPEB plans reviewed for the preparation of the brief. The main data sources were the comprehensive annual financial reports produced by each state, actuarial reports and valuations, and other state documents that disclose financial details about state OPEB plans.

The brief's researchers shared the collected data with plan officials to give them an opportunity to review it and to provide additional information, which was incorporated into the data.

Due to lags in valuation for many state OPEB plans, fiscal 2019 is the most recent year for which comprehensive data was available for all 50 states.

In addition to key funding data reported by state OPEB plans, the brief's researchers calculated two forward-looking measures to assess contribution adequacy and risk of insolvency.

The first, the net amortization benchmark, allows for the comparison of employer OPEB contributions to the amount that would be needed to keep the funding gap from growing. The benchmark is calculated as the sum of the cost of new benefits earned over the course of the fiscal year (reported as service cost in the Schedule of Changes to New OPEB Liability) and the interest on the existing net liability for OPEB benefits minus any employee contributions. States where contributions exceed that benchmark would expect to see the OPEB funding gap decline if all actuarial assumptions were met and would experience positive amortization. For states where contributions fall below the benchmark, the net OPEB liability would be expected to rise if all assumptions were met as the state's OPEB plans experienced negative amortization.

Operating cash flow ratio, the second forward-looking measure, is the difference between employer and employee contributions (and any other incoming cash flows) to OPEB plans, on one hand, and the benefit payments for retiree health care and other nonpension retirement benefits that were provided in the course of the fiscal year, on the other hand. For pay-as-you-go plans in which contributions are immediately used to pay for benefits, contributions are exactly matched by benefit payments and operating cash flow is zero. For pre-funded OPEB plans that have set aside substantial levels of assets to fund benefits for current and future retirees, operating cash flow will be negative—with plan administrators expecting the difference to be made up by investment earnings. The ratio of any negative operating cash flow to plan assets offers a measure of the dependency of a given retirement plan on investment performance to maintain asset levels. In particular, operating cash flow levels below -5% of assets is an early warning sign that a plan runs a significant risk of its assets, and even potential insolvency, unless the state increases its contributions to the plan.

Each state OPEB plan uses different key assumptions and methods in presenting its financial information to relevant stakeholders. The researchers made no adjustments or changes to the presentation of aggregate state asset or liability data for this brief.

Assumptions underlying each state's funding data include the rate of return on investments; health cost trends; and estimates of employees' life spans, retirement ages, salary growth, marriage rates, retention rates, and other demographic characteristics.

Glossary

Other post-employment benefits. In addition to pension benefits, state governments offer other post-employment benefits—primarily by helping pay for retiree health insurance. Other expenditures may include insurance coverage such as dental, vision, life, or disability.

OPEB liabilities. These liabilities reflect the expected cost of OPEB benefits for retirees and current workers over the course of their lives. These estimates are produced and reported by actuaries working for states and state retirement plans.

Funded ratio. The level of a state's OPEB assets in proportion to its accrued OPEB liability.

OPEB debt/unfunded liabilities. The difference between the total value of OPEB benefits owed—to current and retired employees or dependents—and the plan assets on hand. This difference is an unfunded obligation for past service, with data reflecting the GASB standards in effect at the time. Before 2014, the data represents the unfunded actuarial accrued liability; since 2014, this is the net OPEB liability.

Operating cash flow. The difference, before investment income or loss, between expenses (including benefit payments) and employer and employee contributions. When divided by assets, operating cash flow provides a benchmark for the rate of investment return required to ensure that asset balances do not decline.

Discount rate. This rate is used to express future OPEB liabilities in today's dollars. The discount rate is the assumed interest rate used to account for the fact that money invested now will accumulate interest and be worth more later.

Net amortization. The calculation uses the plan's own reported numbers and assumptions about investment returns, and measures whether total contributions to a public retirement system would have been sufficient to reduce unfunded liabilities if all actuarial assumptions—primarily investment expectations—had been met for that year. Plans that consistently fall short of this benchmark can expect to see the gap between the liability for promised benefits and available funds grow over time.

Net amortization benchmark. A minimum funding metric to assess whether payments to an OPEB plan are sufficient to pay for the cost of new benefits and to make progress on shrinking unfunded liabilities.

OPEB liability as a share of own-source revenue. To find this number, The Pew Charitable Trusts compared states' 2019 OPEB liabilities with 2019 state own-source revenue to show these liabilities in relation to the potential resources that states could draw on to cover the liabilities. Examining state OPEB liabilities as a share of state own-source revenue, which serves as a proxy for the available resources to fund these benefits, shows the differences across states as well as how these differences closely track the type of benefits offered. This analysis shows significant overall reported OPEB liabilities, but the relative size varies widely. States with the lowest liabilities as a share of state resources can make choices about how to best fund these benefits without adding unmanageable strains to the fiscal situation facing future generations of taxpayers. Meanwhile those with the largest liabilities in relation to available resources have the greatest need for action to manage these benefits.

Appendix A

State OPEB Liabilities and Funded Ratios (dollar amounts in thousands)

State	Assets	Liability	Funded ratio
Alabama	$1,666,221	$7,151,913	23.3%
Alaska	$10,976,509	$10,920,356	100.5%
Arizona	$2,414,790	$2,401,067	100.6%
Arkansas	$0	$2,263,262	0.0%
California	$1,737,298	$113,899,977	1.5%
Colorado	$474,969	$2,466,225	19.3%
Connecticut	$1,252,460	$24,597,439	5.1%
Delaware	$410,101	$8,379,622	4.9%
Florida	$0	$12,658,249	0.0%
Georgia	$3,590,647	$21,292,909	16.9%
Hawaii	$1,205,496	$9,975,249	12.1%
Idaho	$33,759	$150,244	22.5%
Illinois	-$6,792	$73,448,369	0.0%
Indiana	$207,895	$340,858	61.0%
Iowa	$0	$447,355	0.0%
Kansas	$0	$84,852	0.0%
Kentucky	$3,361,592	$8,572,794	39.2%
Louisiana	$0	$9,578,309	0.0%
Maine	$351,147	$2,650,869	13.2%
Maryland	$350,732	$15,369,583	2.3%
Massachusetts	$1,368,548	$19,662,106	7.0%
Michigan	$10,206,297	$27,310,149	37.4%
Minnesota	$0	$993,207	0.0%
Mississippi	$239	$199,731	0.1%
Missouri	$177,976	$3,671,468	4.8%

Continued on next page.

Montana	$0	$95,045	0.0%
Nebraska	N/A	N/A	N/A
Nevada	$1,597	$1,325,980	0.1%
New Hampshire	$36,842	$2,283,856	1.6%
New Jersey	$273,173	$73,754,200	0.4%
New Mexico	$756,750	$3,999,139	18.9%
New York	$0	$65,058,000	0.0%
North Carolina	$1,830,812	$33,427,161	5.5%
North Dakota	$137,512	$219,284	62.7%
Ohio	$16,621,086	$29,135,119	57.0%
Oklahoma	$410,166	$516,313	79.4%
Oregon	$675,600	$668,800	101.0%
Pennsylvania	$633,407	$20,596,645	3.1%
Rhode Island	$251,716	$647,839	38.9%
South Carolina	$1,433,516	$16,557,008	8.7%
South Dakota	N/A	N/A	N/A
Tennessee	$0	$2,051,985	0.0%
Texas	$1,351,958	$99,662,875	1.4%
Utah	$294,151	$362,842	81.1%
Vermont	$52,045	$2,320,364	2.2%
Virginia	$2,523,398	$7,609,111	33.2%
Washington	$0	$5,079,882	0.0%
West Virginia	$1,091,661	$3,030,762	36.0%
Wisconsin	$1,007,006	$2,179,922	46.2%
Wyoming	$0	$392,471	0.0%
National	**$69,162,281**	**$749,460,765**	**9.2%**

Note: Nebraska does not calculate its liability for retiree health care and other benefits. South Dakota stopped reporting on OPEB liability as of 2014.

Source: State annual comprehensive financial reports, OPEB actuarial valuations and financial reports, and state responses to data inquiries

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Appendix B

Details of Net Amortization Calculation (dollar amounts in thousands)

State	Beginning of year net pension liability	Assumed return	Assumed interest due on 2019 beginning of year debt	2019 normal cost	2019 total expected cost	Employee contributions with interest	Net amortization benchmark	Employer and other contributions with interest	Percent of employer benchmark paid	Net amortization dollar amount
AL	$11,096,922	4.39%	$487,096	$267,685	$754,781	$0	$754,920	$366,281	49%	-$388,639
AK	$1,283,289	8.00%	$102,635	$177,188	$279,823	$0	$280,159	$174,312	62%	-$105,847
AZ	-$17,959	7.48%	-$1,344	$84,530	$83,186	$17,039	$66,178	$94,388	143%	$28,219
AR	$2,303,748	3.76%	$86,665	$80,550	$167,215	$460	$167,286	$69,418	41%	-$97,868
CA	$104,840,618	4.39%	$4,599,600	$3,974,347	$8,573,947	$376,969	$8,193,962	$3,230,629	39%	-$4,963,333
CO	$2,168,624	5.95%	$129,000	$72,818	$201,818	$1,621	$200,838	$111,895	56%	-$88,944
CT	$19,895,977	3.94%	$784,132	$935,511	$1,719,643	$171,758	$1,547,539	$803,665	52%	-$743,874
DE	$8,210,130	3.87%	$317,732	$303,006	$620,738	$0	$620,738	$256,290	41%	-$364,448
FL	$10,551,552	3.87%	$408,345	$451,020	$859,365	$0	$859,365	$196,495	23%	-$662,870
GA	$19,465,385	4.20%	$818,411	$693,656	$1,512,067	$3,447	$1,469,546	$1,260,799	86%	-$208,748
HI	$8,681,047	7.00%	$607,673	$214,292	$821,965	$0	$821,965	$660,292	80%	-$161,674
ID	$131,304	4.41%	$5,785	$4,258	$10,043	$0	$9,599	$10,170	106%	$572
IL	$68,324,373	3.62%	$2,473,342	$2,663,156	$5,136,498	$136,970	$4,999,528	$1,230,251	25%	-$3,769,278
IN	$259,852	3.87%	$10,056	$12,419	$22,475	$873	$21,602	$32,440	150%	$10,838
IA	$434,346	3.70%	$16,071	$25,669	$41,740	$0	$41,707	$28,217	68%	-$13,489
KS	$89,187	3.58%	$3,193	$11,125	$14,318	$0	$14,318	$9,185	64%	-$5,133
KY	$5,898,847	6.98%	$411,664	$174,778	$586,442	$144,355	$450,679	$426,599	95%	-$24,080
LA	$9,614,657	3.22%	$308,389	$249,107	$558,496	$0	$557,558	$313,544	56%	-$244,014
ME	$2,291,870	5.26%	$120,523	$55,610	$176,133	$0	$170,264	$91,186	54%	-$79,078
MD	$11,404,568	3.87%	$441,357	$378,457	$819,814	$0	$819,814	$524,992	64%	-$294,822
MA	$18,573,764	3.95%	$733,664	$806,024	$1,539,687	$0	$1,539,687	$606,743	39%	-$932,944
MI	$18,031,668	6.90%	$1,244,038	$308,748	$1,552,786	$215,619	$1,317,809	$1,603,698	122%	$285,889
MN	$934,944	3.76%	$35,120	$55,054	$90,174	$100	$89,857	$54,492	61%	-$35,365

MS	$181,862	3.56%	$6,474	$4,459	$10,933	$0	$10,933	$8,137	74%	-$2,796
MO	$3,475,780	4.84%	$168,108	$78,069	$246,177	$70,443	$174,968	$135,705	78%	-$39,263
MT	$85,897	3.89%	$3,341	$4,014	$7,355	$0	$7,355	$2,647	36%	-$4,708
NE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NV	$1,301,388	3.58%	$46,590	$51,882	$98,472	$0	$98,472	$40,373	41%	-$58,099
NH	$2,568,924	4.34%	$111,586	$73,485	$185,071	$0	$182,255	$96,880	53%	-$85,375
NJ	$85,378,813	3.87%	$3,304,160	$3,230,343	$6,534,503	$120,880	$6,413,623	$2,322,048	36%	-$4,091,575
NM	$4,348,355	4.08%	$177,413	$156,598	$334,011	$90,304	$243,707	$220,901	91%	-$22,806
NY	$68,006,000	3.87%	$2,629,576	$2,320,000	$4,949,576	$0	$4,951,729	$1,966,018	40%	-$2,985,711
NC	$28,457,809	3.87%	$1,100,978	$1,561,659	$2,662,637	$0	$2,663,013	$1,151,001	43%	-$1,512,011
ND	$80,248	7.47%	$5,995	$3,832	$9,827	$17	$9,767	$13,931	143%	$4,164
OH	$11,885,133	4.22%	$501,186	$907,213	$1,408,399	$324,285	$995,045	$29,478	3%	-$965,567
OK	$139,536	6.19%	$8,631	$13,591	$22,222	$0	$18,050	$29,154	162%	$11,104
OR	$72,300	6.40%	$4,625	$13,100	$17,725	$0	$13,357	$73,494	550%	$60,136
PA	$24,363,596	3.74%	$912,284	$642,460	$1,554,744	$51,214	$1,509,425	$883,368	59%	-$626,057
RI	$436,887	5.00%	$21,844	$17,977	$39,821	$0	$39,821	$50,696	127%	$10,875
SC	$14,173,646	3.62%	$513,187	$518,882	$1,032,069	$0	$1,031,977	$655,603	64%	-$376,373
SD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TN	$2,154,489	3.61%	$77,709	$95,589	$173,298	$0	$173,237	$116,797	67%	-$56,440
TX	$97,979,626	3.74%	$3,669,227	$4,378,937	$8,048,164	$231,494	$7,800,051	$1,502,394	19%	-$6,297,657
UT	$101,626	3.87%	$3,929	$5,958	$9,887	$0	$9,817	$28,789	293%	$18,972
VT	$2,172,790	3.58%	$77,786	$65,376	$143,162	$0	$143,162	$122,479	86%	-$20,683
VA	$5,144,810	6.39%	$328,705	$266,486	$595,191	$160,492	$411,309	$374,607	91%	-$36,701
WA	$5,826,832	3.58%	$208,601	$317,866	$526,467	$0	$526,467	$93,836	18%	-$432,631
WV	$2,422,570	7.15%	$173,214	$51,870	$225,084	$0	$225,084	$213,267	95%	-$11,817
WI	$783,643	4.70%	$36,797	$65,700	$102,497	$7,848	$83,735	$93,896	112%	$10,160
WY	$307,532	3.87%	$11,901	$13,156	$25,058	$0	$25,058	$8,552	34%	-$16,506

Source: State annual comprehensive financial reports, OPEB actuarial valuations and financial reports, and state responses to data inquiries

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Endnotes

1 Pew classifies states based on what the majority of covered retirees receive: Some states offer different types of benefits to different types or tiers of workers. In some cases, states will reduce the generosity of benefits over time as new workers enter the workforce and then retire.

2 Although these plans do not make an explicit monthly premium contribution to retirees, many offer retirees a reduced premium through a group rate, which is an implicit subsidy.

3 For more information on state OPEB plan design, please see: The Pew Charitable Trusts, "State Retiree Health Plan Spending" (2016), https://www.pewtrusts.org/en/research-and-analysis/reports/2016/05/state-retiree-health-plan-spending.

4 For a detailed discussion of the net amortization metric, see: The Pew Charitable Trusts, "The State Pension Funding Gap: 2014" (2016), https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2016/08/the-state-pension-funding-gap-2014.

For further information, please visit: pewtrusts.org/pensions

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