

RANK
29

IOWA

SUMMARY

On the basis of its solvency in five separate categories, Iowa ranks 29th among the US states for fiscal health. Iowa has between 1.39 and 2.47 times the cash needed to cover short-term obligations. Revenues exceed expenses by 3 percent, with an improving net position of \$182 per capita. In the long run, Iowa has a net asset ratio of 0.16. Long-term liabilities are lower than the national average, at 22 percent of total assets, or \$1,656 per capita. Total unfunded pension liabilities that are guaranteed to be paid are \$56.39 billion, or 38 percent of state personal income. OPEB are \$0.64 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
Iowa	\$0.00	\$3.65 billion	\$146.69 billion	2.5%	\$1,164
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
Iowa	\$6.31 billion	84%	\$56.39 billion	36%
National average	\$23.43 billion	73%	\$135.50 billion	32%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Iowa	\$0.64 billion	0%
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

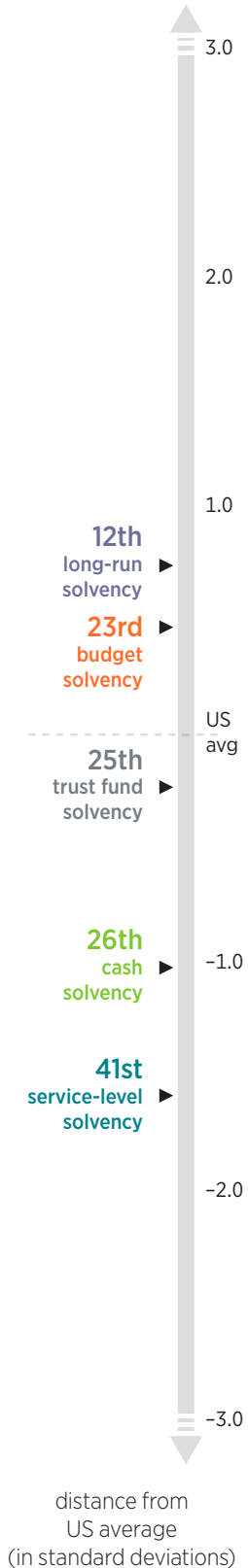
UNDERLYING RATIOS

	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
Iowa	1.39	2.36	2.47	1.03	\$182	0.16	0.22	\$1,656
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
Iowa	0.06	0.15	0.14	0.38	0.00
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. (Iowa ranks 26th.)
- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Iowa ranks 23rd.)
- **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? (Iowa ranks 12th.)
- **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? (Iowa ranks 41st.)
- **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? (Iowa ranks 25th.)



For a complete explanation of the methodology used to calculate Iowa'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).