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U.S. State Retiree Medical And Other Postemployment Benefit Liabilities Keep Rising As States Prioritize Other Obligations

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U.S. State Retiree Medical And Other Postemployment Benefit Liabilities Keep Rising As States Prioritize Other Obligations

Total unfunded state other postemployment benefit (OPEB) liabilities have increased, according to S&P Global Ratings' latest survey of U.S. states. Many states have completed new OPEB actuarial studies since our last survey (which used 2015 or previous studies) and total unfunded liabilities across all states increased $22.7 billion or 3.9% in fiscal 2016. The rise in unfunded OPEB liabilities in our fiscal 2016 survey builds upon a trend of rising liabilities reported in our fiscal 2015 survey ($59.4 billion or 12% growth) after stable to declining liability trends in our 2013 and 2014 surveys.

Despite recent efforts to curb liabilities, growth in total state OPEB liabilities have continued as most states fail to fully fund their actuarially required contributions (ARC). In our opinion, many have chosen to direct their limited resources elsewhere rather than prefund retiree health benefits, which are not legally protected in most states, because they face various budgetary pressures. According to our report, "Poised To Strengthen In Fiscal 2018, U.S. State Budget Conditions Remain Under Longer Term Pressure" (published May 8, 2017, on RatingsDirect), projected budget gaps are smaller than those in recent years and states could see revenues rebound in fiscal 2018. Many states are forecasting tax revenue growth for fiscal 2018 but we believe it is unclear if improved performance would lead to significant progress in addressing unfunded OPEB liabilities in the near term.

Overview

- Overall unfunded state OPEB liabilities growth has slowed but remains somewhat high.
- Per capita liabilities remain low for most states, with several notable exceptions.
- Only a handful of states meet their actuarially recommended OPEB costs as most prioritize other spending.
- Despite many states' ability to change OPEB benefits, thus reducing liabilities, OPEB ratios still affect credit quality.
- The upcoming implementation of Governmental Accounting Standards Board (GASB) Statements Nos. 74 and 75 could increase comparability across states but might mask plan funding progress.

Furthermore, we believe material improvement in funding long-term obligations requires a sustained effort. While changes to plan offerings and increases in funding could mitigate the OPEB challenges many states face, reform resulting in materially improved key metrics succeeds only when there is a continuing commitment from state policymakers, potentially over many years.

The implementation of updated Governmental Accounting Standards Board (GASB) Statements Nos. 74 and 75 will likely change the OPEB liability some states report next year. We believe the new GASB reporting standards improve transparency and comparability of government-specific OPEB liabilities. Revised reporting could also raise reported liabilities due to the standardization of the actuarial cost method and introduction of the GASB blended discount rate. This could be more pervasive than what we have seen for pensions because most states don't prefund OPEB liabilities.

These updated standards also allow states to report their proportionate share of OPEB liability for cost-sharing, multiple-employer plans to arrive at the state's net OPEB liability, similar to GASB Statements Nos. 67 and 68 for pension reporting. We expect that this could help offset growth in reported liabilities for many states as localities begin to report a proportionate share of the liability. We estimate that nearly half of all states report the majority of their combined total OPEB liability in cost-sharing, multiple-employer plans that could report a reduced share of the OPEB liability after implementation. Although some states might report a lower proportionate share of the OPEB liability next year, we expect state OPEB obligations will continue increasing thereafter absent meaningful and sustained funding progress.

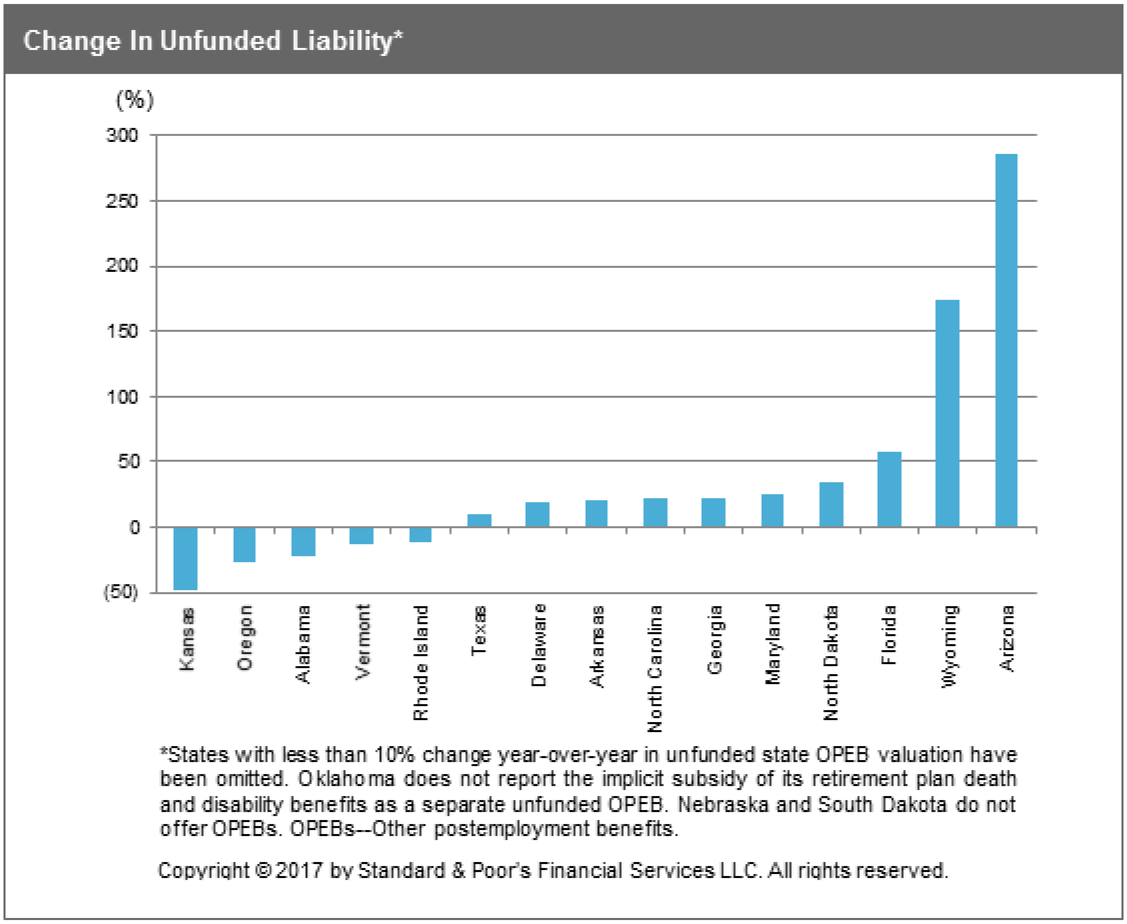
However, we believe that the ability to track state funding progress against actuarial recommendations could be more difficult with the new standards, due to the elimination of the ARC from the OPEB disclosures. This change could prove to be especially challenging with regard to funding the actuarial recommendation, because most states typically do not prefund for future OPEB liabilities, instead covering OPEB costs on a pay-as-you-go (paygo) basis. As states grapple with a variety of budgetary stresses, including rising healthcare costs, aging populations, and uncertainty surrounding the Affordable Care Act and Medicaid, we believe many states will continue to divert their limited resources to spending in areas other than prefunding OPEB obligations.

OPEB Liability Growth Slows For Most, But Not All

The 50 states' combined unfunded OPEB liabilities rose more slowly in our fiscal 2016 survey, at 3.9%, compared with 12% a year earlier. Despite slower growth from the 12% in our previous survey, we consider the 3.9% rise to be somewhat high. In addition, growth in OPEB liabilities in our fiscal 2016 survey surpassed growth in tax-supported debt (which fell 0.4% in the year) and growth in the population that indirectly supports them (0.5% national growth in 2016, per the U.S. Census Bureau). Most states continue to pay OPEB contributions on a paygo basis, opting to pay current-year benefits from current revenues in a given year instead of prefunding OPEB liabilities (which aims to reduce estimated future contributions through investment returns) and debt issuance essentially remains flat as states manage their limited resources. For more information on state debt trends, see "U.S. State Debt Levels Continue To Flatline Despite State Efforts To Raise Transportation Revenues," published July 17, 2017.

Since our last survey, growth in unfunded OPEB liabilities has risen largely due to ARC underfunding. In our opinion, underfunding ARC is prevalent in the state sector, with actuarial valuations that report rising unfunded liabilities without significant plan amendments or assumption changes. However, we have observed several exceptions in which it appears assumption revisions drive the change in liability. In our opinion, reduced liability from assumption changes (such as assumed reduced medical trend costs) are more transitory that concrete steps to address increasing OPEB liabilities, such as prefunding or cutting costs by implementing plan amendments. In addition, not all states, even with established trust funds, made contributions in fiscal 2016. If states continue to underfund, we expect that unfunded liabilities will continue to rise.

Chart 1



While unfunded OPEB liabilities increased modestly in the majority of states, liabilities in 10 states increased 10% or more. Most of that change stems from updated actuarial valuations and includes several state plans that have lowered their discount rates since our most recent survey. While Arizona and Wyoming exhibit the largest year-over-year growth, the change appears relatively extreme due in part to the small size of unfunded liabilities. Base-year totals for fiscal 2015 unfunded liabilities are approximately $354 million and $252 million, respectively, which is well below the national median of $3.1 billion in our fiscal 2015 survey. The actuarial accrued liability of the Arizona Department of Administration's (ADOA) single-employer OPEB plan rose after an updated actuarial valuation as of June 30, 2016, from the previous valuation as of June 30, 2014, in which the discount rate changed to 3% from 4%. In addition, the ADOA plan, which pays Northern Arizona University (NAU medical) costs directly, began incorporating NAU in its fiscal 2016 reporting. Wyoming's actuarial accrued liability for the state's single-employer retiree health insurance plan nearly doubled in the June 30, 2015, actuarial valuation. However, the state's liability of $1,179 per capita is near the national median of $1,080. Compared with the prior year's valuation, Georgia's actuarial accrued liabilities for the state and school OPEB funds rose as of June 30, 2015, after Georgia updated actuarial assumptions and methods to mirror the results of recent pension system experience studies. However, asset accumulation somewhat offset this rise, after the state appropriated additional contributions in fiscal 2016 following determination by the plan's board for a reserve for future financing costs. Funded ratios for the plans are 2.9% and 0.3%, respectively.

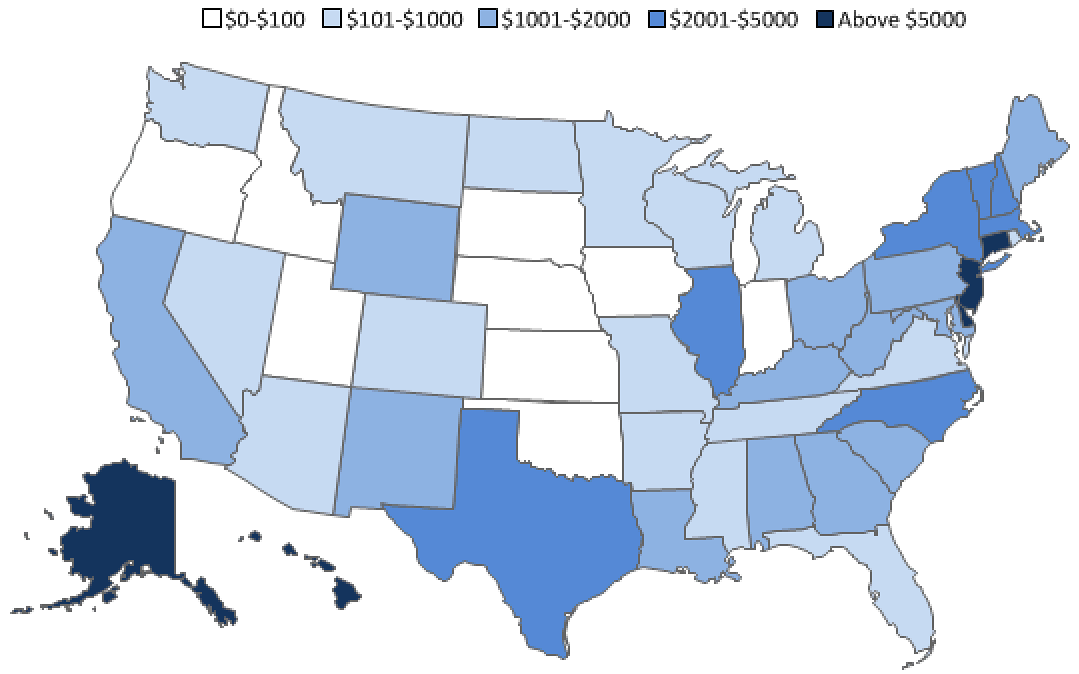
A smaller subset of states significantly reduced their liabilities; five reportedly lowered their combined unfunded OPEB liabilities by 10% or more in our fiscal 2016 survey. Most of the reduction stems from changes to actuarial assumptions incorporated into updated actuarial valuations. For example, Oregon's July 1, 2015, actuarial valuation for the state's Public Employees Benefit Board plan assumed lower medical coverage in the future, which decreases liability. Alabama's Public Education Employees' Health Insurance plan's Sept. 30, 2015, actuarial valuation was updated to reflect that, effective Jan. 1, 2017, a Medicare Advantage with Prescription Drug plan will provide post-65 medical and prescription drug benefits. Vermont lowered its reported liabilities after updating actuarial assumptions including, but not limited to, assumed claim costs. Kansas' nearly 50% reported reduction in unfunded liability incorporates the transition of that state's single-employer health insurance benefit plan to an employee-all-pay model in 2017.

Per Capita Growth Reflects Change In Liabilities

Per capita unfunded state OPEB liabilities rose 3.5% in our fiscal 2016 survey. In our view, this largely reflects growth in reported liability, rather than underlying changes to state population despite migration in some states. According to the U.S. Census Bureau, the Southwest and Rocky Mountain regions experienced swift growth during the calendar year while many states--ranging from the eastern seaboard to the Midwestern plains--reported population loss in 2016. Overall, the nation's population grew just 0.5%.

The largest burden from per capita unfunded OPEB liability remains concentrated in the eastern states, as well as Alaska and Hawaii. The larger share across the eastern U.S. could relate in part to the strong presence of unions in these states, while Alaska and Hawaii have overall larger state expenditures relative to their population size.

Chart 2
Unfunded OPEB Per Capita



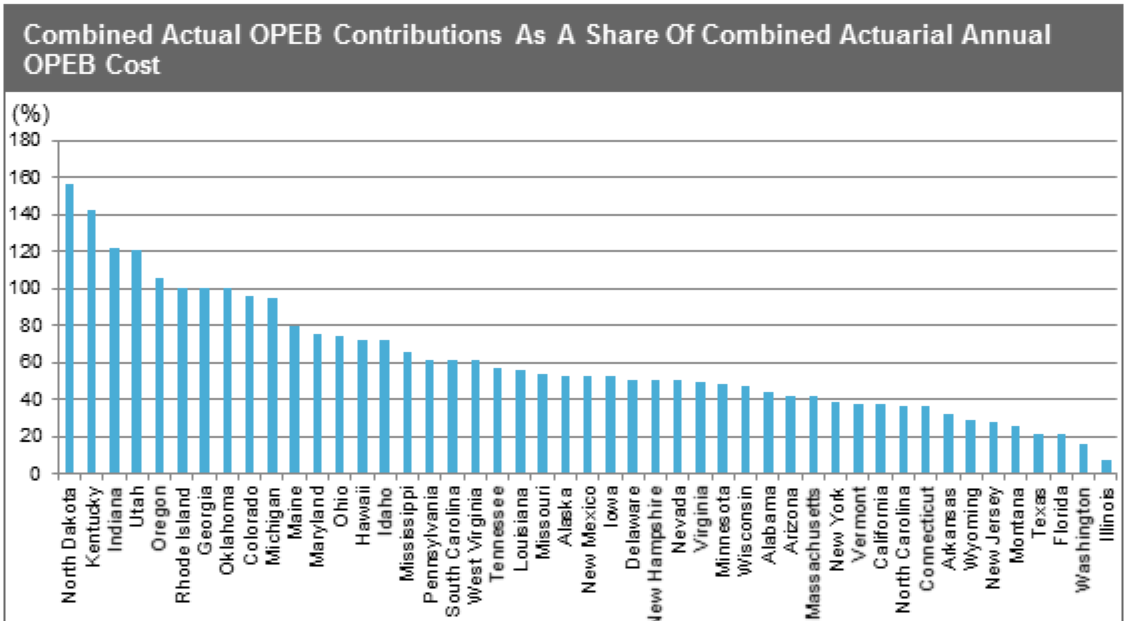
Note: Oklahoma does not report implicit subsidy of its retirement plan death and disability benefits. Nebraska and South Dakota do not offer OPEB. Unfunded liabilities calculated based on most recent actuarial study available.

Although unfunded OPEB liabilities have grown for states overall, they aren't evenly distributed (see chart 2). Only five states have a per capita unfunded liability greater than $5,000 while nine states have less than $100, including Nebraska and South Dakota, which do not offer OPEB benefits. Unfunded liabilities rose for states with the lowest per capita liabilities; in our most recent survey, 16 states had per capita liabilities of less than $100.

Few States Meet Their Actuarial OPEB Costs

Seven states met or exceeded their combined actuarial annual OPEB costs in fiscal 2016, according to the survey (see chart 3). Three states contributed 90%-100% of costs. In our view, the contrast between funding for state OPEB plans and state pension liabilities--for which more states meet funding levels--reflects statutory requirements in many states to prefund pension plans. Most states, however, have not established legal protections for prefunding OPEB liabilities. In addition, some states might have more legal flexibility to change health care benefits, compared with pension benefit changes. This means limited available money must fund pension benefits, resulting in minimized OPEB contributions via paygo methodology.

Chart 3



Note: Data reflects both most recent CAFR available and actuarial valuation. Oklahoma does not report implicit subsidy of its retirement plan death and disability benefits as a separate unfunded OPEB. Kansas' combined annual OPEB cost was negative in fiscal 2016 following adjustments to the ARC for its self insurance health fund, which is becoming employee-pay-all in 2017. We have excluded Nebraska and South Dakota because they do not offer OPEBs. CAFR--Comprehensive annual financial report.

Prefunding OPEB Liabilities: Wishful Thinking For Most, Although Some Have Made Strides

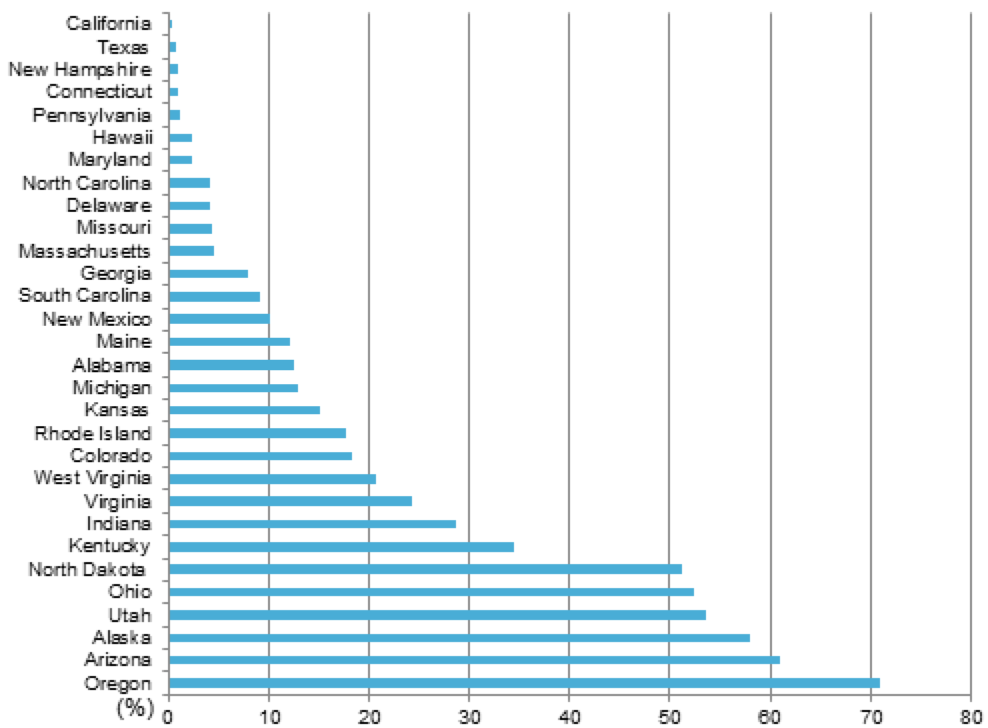
Several states (see chart 4) have committed to prefunding OPEB liabilities by establishing and funding trusts in an effort to quell rising liabilities.

Since our most recent survey, Oregon has significantly improved its funded ratio due to the change in coverage assumption and reported the highest OPEB funded ratio in the nation, at 70.9% funded in fiscal 2016. In recent years, the state has taken measures to fully fund its ARC and expects to amortize its explicit subsidy over 10 years. Arizona was the second-highest funded state, at 60.9%. The per capita liability for both Oregon and Arizona is relatively small at $43 and $204, respectively, which we believe contributes to each's relatively high funded OPEB ratio. However, Alaska, which has the highest per capita liability in the nation at $9,697, also has what we consider a relatively healthy OPEB funded ratio of 58%. The state's combined OPEB funded ratio improved greatly in fiscal 2015 after an extraordinary $3 billion contribution from the state's constitutional budget reserve fund to its pension systems that also benefits OPEBs. Unlike many other states, Alaska's OPEBs are constitutionally protected and the state has a track record of funding its OPEB liability on an actuarial basis.

In total, 31 states have accumulated assets for at least one of their retiree health plans. Conversely, 19 have either accumulated no assets or have not established trust accounts; and 14 have low funded ratios ranging from 0.02% to 10%. Several states have established trust accounts in recent years but are not funding them. In our opinion, those with trust funds and that consistently make actuarially recommended contributions to prefund these liabilities are better positioned to combat rising retiree healthcare obligations.

Chart 4

Combined Funded Ratio For OPEB Funds* (%)



*We have excluded states without accumulated assets from the chart. OPEB--Other postemployment

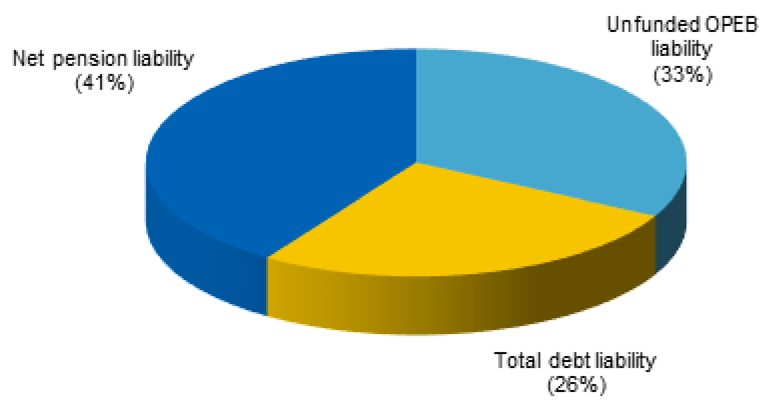
For many states, despite recent reform efforts, significant change has not yet resulted. For example, Connecticut law considers state employee OPEB a contractual right of current workers, and state payment of teachers' OPEB a state statutory obligation. Its OPEB trust fund is small at $230 million, but the state is scheduled to increase contributions in fiscal 2018, beginning with a $132.6 million step-up matching contribution to match increased employee contributions.

Retiree Health Benefits Represents One-Third Of Long-Term Liabilities, But A Fraction Of Overall Spending

Unfunded retiree health benefits represent a third of overall state liabilities while unfunded pensions and debt account for 41% and 26% of liabilities, respectively (see charts 5 and 6). As of the most recent survey, debt and OPEBs accounted for a slightly greater share of overall liabilities, at 30% and 35%, respectively, while pensions made up 35%. We believe the growth in the proportion of pension liabilities in the past year is due in part to weak investment returns in fiscal 2016 that spurred growth in states' reported net pension liabilities measured under GASB accounting; a decreasing state debt load also contributed. The GASB pension reporting standards value pension plan assets to market, which lends to volatility in year-to-year reported pension funded ratios. While OPEB makes up a smaller share of states' liability profiles, OPEB liabilities have still increased--just not as fast as pension liabilities have. We expect that with updated GASB standards for OPEB reporting, some states' reported OPEB liabilities could decline next year as they begin to report their proportionate share of cost-sharing, multiple-employer plan OPEB liabilities. This could partially, or even completely, offset increases to reported liabilities due to newly mandated liability, asset, and funding methodologies.

Chart 5

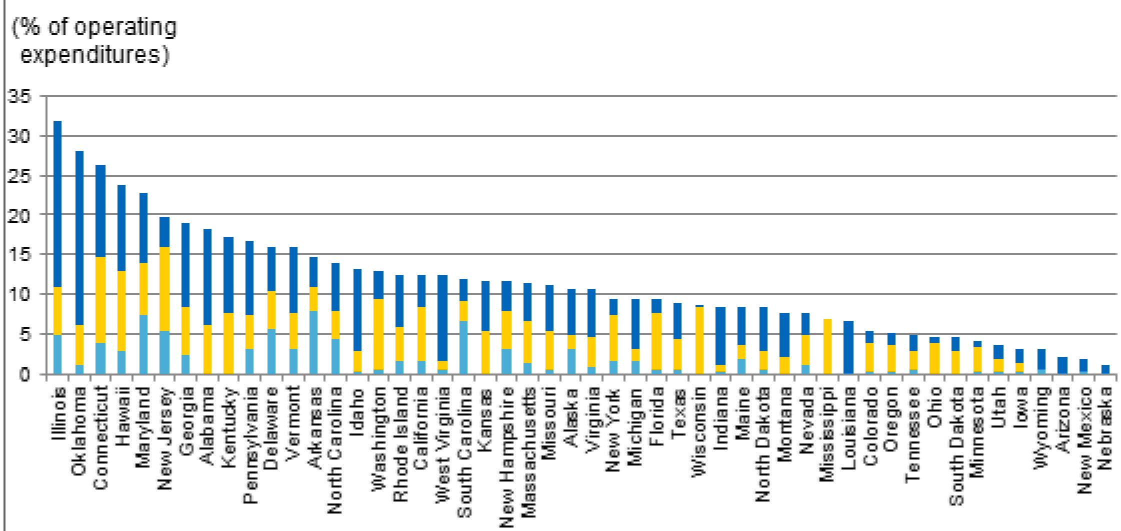
Total State Debt, Pension NPL, And OPEB UAAL



Note: OPEB and pension data based on most recent actuarial study. Debt numbers are sourced from our report, "U.S. State Debt Levels Continue To Flatline Despite State Efforts To Raise Transportation Revenues" published July 17, 2017, on RatingsDirect. NPL--Net pension liability. OPEB--Other postemployment benefits. UAAL--Unfunded actuarial accrued liabilities.

Chart 6

Annual Cost As A Share Of General Spending



Note: Contribution and expenditure data is on a budgetary basis as of fiscal 2016. Illinois operated in fiscal 2016 without a comprehensive budget and its Group Health Insurance payment, which includes its paygo for OPEB benefits, was not funded and contributed to the state's backlog of unpaid bills. Kentucky's pension contributions above include OPEB benefits. Montana does not make cash contributions for its implicit subidy OPEB plan. Nebraska and South Dakota do not report its OPEB. Ohio's pension contributions above are the amounts made to the retirement system. Each system's board annual determines the portion of the employer contribution, if any, that is directed to fund health care benefits. Oklahoma does not report implicit subsidy of its retirement plan death and disability benefits as a separate unfunded OPEB. Some information unavailable for Alabama, Arizona, Kentucky, Louisiana, Mississippi, Nebraska and New Mexico. OPEB--Other post employment benefits.

OPEBs Are Important To Credit Quality

Reporting of OPEB liabilities varies widely across states, so our analysis considers a state's relative liability, proactive liability management, and flexibility to adjust benefits and plan offerings. The legal and practical flexibility for most states to adjust OPEB liabilities remains an important factor in our analysis of a state's overall debt and liability profile. We have seen many states reduce their OPEB liabilities, and we expect this trend will continue.

A recent example in Kansas illustrates this flexibility. The state's single-employer health insurance benefit plan is transitioning to an employee-all-pay model in 2017. Following a decision by the Kansas Health Care Commission in June 2016, non-Medicare eligible retirees will no longer be subsidized beginning Jan. 1, 2017. This transition is factored into the June 30, 2016, actuarial valuation and the trend rates for medical, prescription drug, and administrative costs is assumed to be negative 100% in 2017 and 0% thereafter. If we omitted this plan, Kansas would otherwise report contributions equal to about 75% of cost.

In practical terms, however, alterations to benefits are not always straightforward. OPEB benefits can be subject to union negotiations, which have resisted reductions to benefits. Other reforms, such as Illinois' attempt to modify its

OPEB obligations, were ultimately ruled unconstitutional. Also, state governments have managed a longstanding tradeoff between lower wages than many private sector positions, but stronger benefits. A reduction in benefits while maintaining lower wages could make it more difficult for states to retain skilled workers. For these reasons, many states have not taken further action to reduce OPEB liabilities, and it is unlikely that operational constraints will subside in the near future. Nevertheless, many states have reduced benefits.

Without action to either prefund OPEB liabilities or reduce benefits, OPEB liabilities could escalate, leading to higher future costs. In addition, we believe that OPEB liabilities and costs are sensitive to underlying actuarial assumptions, so small changes to actuarial assumptions can have exponential effects on reported liabilities. Also, with new GASB rules that will provide specific methodologies such as blended discount rates, we could see reported liabilities rise. Higher assumed medical costs or life expectancy could also increase liabilities across states. Therefore, most states offering OPEB benefits will likely see some trend of cost increase over the next few years. States currently assuming higher ultimate medical trend rates are taking a more conservative approach than those incorporating lower rates, in our opinion.

States Prepare For Updated GASB Reporting Requirements

States will soon be required to report their OPEB liabilities under updated GASB reporting standards; GASB Statement No. 74 for plan reporting is effective for fiscal years beginning after June 15, 2016, and Statement No. 75 for employer reporting is effective for fiscal years beginning after June 15, 2017.

Details regarding GASB 74 and 75 reporting standards

The following are key changes due to the new standards:

- A single discount rate, based on asset projections, blending the assumed actuarial funding rate with a 'AA' rated bond index, will be used to measure total OPEB liabilities (TOL), which is calculated using prescribed actuarial methodologies.
- For state cost-sharing plans, the government employer will disclose its share of the NOL, or the TOL's unfunded portion, whereas the OPEB liability might have previously only been disclosed on the state financial statements.
- The employer's share of the expense will be calculated and included on its income statement.
- The notes will include 10-year historical exhibits for the NOL, investment return, and actual contributions as compared to the ADOC.
- They will also include sensitivity analyses for both discount rate and medical trends.

The statements' expected effects

We believe the requirement under the standards to disclose employers' share of the unfunded liability for cost-sharing, multiple-employer OPEB plans is more transparent than current reporting standards and will allow for better comparability of liabilities across states. Given the generally low OPEB funded ratios and likelihood of projected asset depletion dates, we expect the GASB standards will require a majority of plans to use a blended market discount rate and likely raise reported OPEB liabilities given the current market environment. Some OPEB plans report liabilities using cost methods other than entry-age normal, which will be required under the new statements. Also, community rated plans that have an implicit subsidy now must include an age adjustment when calculating liabilities. There might be some one-time effects based on the reporting standards changes. These plans may see moderate-to-significant increases in reported liability during the year in which the new GASB standards are adopted. However, for states that participate in cost-sharing, multiple-employer plans, new standards that require disclosure of the proportionate share of liability could otherwise offset higher reported OPEB liabilities.

Under the new standards, a state is not required to report the actuarially recommended contribution (formerly the ARC) if that state has not committed to funding this by statute or policy. We expect this change will lead to less information on states' annual actuarial costs of funding in financial reports, which could make it harder to track the government's progress and trends in funding the long-term OPEB liability.

Although we expect some movement within relative liabilities, we don't believe these changes will result in significant adjustments for most states. In our view, the changes to OPEB liabilities because of the updated GASB standards are more likely to affect states with relatively aggressive actuarial assumptions and accounting methods, for which there has been limited funding discipline and progress, or limited action on reform.

Survey Methodology

We derived our calculation of OPEB liabilities from the most recent state comprehensive annual financial report and benefit plan actuarial reports currently available to us. We have combined multiple OPEB plans for each state into one combined funded figure. Our survey includes those OPEB plans that states disclose as a state obligation, although we use the combined OPEB for multiemployer plans when both state and local governments participate. Some states provide a state general fund contribution to local teacher OPEB plans, and for these we have also included teacher OPEB. In most cases, OPEBs of public university systems are not included, unless a state considers these a direct state responsibility or if they are not reported separately from the states' cost-sharing, multiple-employer plan.

Some states do not perform annual actuarial valuations or OPEB actuarial valuations as often as they perform pension system valuations. We have used the most recent OPEB valuations available; in most cases, these will be for 2015 and 2016, but for a few we have used 2014. In this survey, with the following exceptions, we have used the same state OPEB plans that we included in our 2015 survey, validating comparisons we made with the OPEB amounts in that report (see table).

U.S. States' OPEB Liabilities And Ratios

State	Unfunded state OPEB (mil. $)	Total OPEB liability (mil. $)	Combined funded ratio, all OPEB funds (%)	Unfunded OPEB per capita	Combined actuarial annual OPEB cost (mil. $)	Combined actual annual payment (mil. $)	Percent of annual actuarial cost paid	Actual annual payment/total governmental funds expenditures (%)	Valuation date
Alabama	9,107	10,411	12.5	1,873	902	394	43.7	1.86	Sept. 30, 2015
Alaska	7,194	17,147	58.0	9,697	1,136	599	52.7	5.60	June 30, 2015
Arizona	1,369	3,500	60.9	197	204	86	42.0	0.29	June 30, 2015
Arkansas	2,160	2,160	0.0	723	172	55	31.9	0.33	June 30, 2016

U.S. States' OPEB Liabilities And Ratios (cont.)

State	Unfunded state OPEB (mil. $)	Total OPEB liability (mil. $)	Combined funded ratio, all OPEB funds (%)	Unfunded OPEB per capita	Combined actuarial annual OPEB cost (mil. $)	Combined actual annual payment (mil. $)	Percent of annual actuarial cost paid	Actual annual payment/total governmental funds expenditures (%)	Valuation date
California	77,939	78,175	0.3	1,986	5,693	2,149	37.7	0.84	June 30, 2016
Colorado	1,287	1,557	17.4	232	86	83	96.0	0.36	Dec. 31, 2016
Connecticut	21,888	22,117	1.0	6,120	1,574	566	36.0	1.98	June 30, 2016
Delaware	7,150	7,460	4.2	7,510	426	217	51.0	2.74	July 1, 2016
Florida	19,099	20,669	7.6	927	1,252	263	21.0	0.34	July 1, 2016
Georgia	13,663	14,842	7.9	1,325	149	149	100.0	0.40	June 30, 2015
Hawaii	7,833	8,024	2.4	5,483	689	500	72.5	4.70	July 1, 2015
Idaho	88	88	0.0	52	9	6	72.1	0.09	July 1, 2015
Illinois	33,051	33,051	0.0	2,582	2,415	185	7.7	0.28	June 30, 2014
Indiana	339	476	28.8	51	34	42	121.5	0.13	June 30, 2016
Iowa	218	218	0.0	70	23	12	52.6	0.08	July 1, 2014
Kansas	224	264	15.1	77	-59	53	(91.1)	0.37	June 30, 2016
Kentucky	4,539	6,925	34.4	1,023	272	387	142.5	1.51	June 30, 2016
Louisiana	5,322	5,322	0.0	1,137	372	207	55.7	0.81	July 1, 2015
Maine	2,011	2,211	12.0	1,511	129	102	79.6	1.38	June 30, 2016
Maryland	11,789	12,081	2.4	1,960	649	491	75.6	1.35	June 30, 2016
Massachusetts	16,322	17,085	4.5	2,396	1,475	614	41.6	1.06	Jan. 1, 2016
Michigan	9,550	10,969	12.9	962	811	767	94.7	1.44	Sept. 30, 2015
Minnesota	667	667	0.0	121	76	36	48.0	0.10	July 1, 2014
Mississippi	709	709	0.0	237	49	32	66.1	0.19	June 30, 2016
Missouri	2,583	2,700	4.3	424	178	96	53.7	0.39	June 30, 2016
Montana	458	458	0.0	440	47	12	25.7	0.21	Jan. 1, 2015
Nebraska	N/A	N/A	0.0	N/A	N/A	N/A	0.0	N/A	N/A
Nevada	1,445	1,447	0.1	492	126	63	50.0	0.61	July 1, 2015

U.S. States' OPEB Liabilities And Ratios (cont.)

State	Unfunded state OPEB (mil. $)	Total OPEB liability (mil. $)	Combined funded ratio, all OPEB funds (%)	Unfunded OPEB per capita	Combined actuarial annual OPEB cost (mil. $)	Combined actual annual payment (mil. $)	Percent of annual actuarial cost paid	Actual annual payment/total governmental funds expenditures (%)	Valuation date
New Hampshire	2,841	2,868	1.0	2,128	219	111	51.0	1.93	Dec. 31, 2014
New Jersey	84,304	84,304	0.0	9,425	8,168	2,274	27.8	4.07	July 1, 2015
New Mexico	3,805	4,277	11.0	1,828	304	160	52.7	1.03	June 30, 2016
New York	77,853	77,853	0.0	3,943	4,169	1,605	38.5	1.08	April 1, 2014
North Carolina	32,467	33,868	4.1	3,200	2,575	943	36.6	2.17	Dec. 31, 2015
North Dakota	93	191	51.3	123	8	13	155.9	0.21	June 30, 2016
Ohio	15,058	31,655	52.4	1,297	2,580	1,916	74.3	3.26	Dec. 31, 2015
Oklahoma	5	5	0.0	1	51	51	0.0	0.28	July 1, 2016
Oregon	176	607	70.9	43	23	24	105.7	0.10	Dec. 31, 2015
Pennsylvania	20,725	20,950	1.1	1,621	1,540	953	61.9	1.38	Jan. 1, 2015
Rhode Island	590	717	17.7	558	50	50	100.0	0.68	June 30, 2015
South Carolina	9,857	10,857	9.2	1,987	763	465	60.9	2.25	June 30, 2015
South Dakota	N/A	N/A	0.0	N/A	N/A	N/A	0.0	N/A	N/A
Tennessee	1,380	1,380	0.0	208	130	74	56.6	0.25	July 1, 2015
Texas	87,235	87,876	0.7	3,131	7,211	1,561	21.6	1.42	Aug. 31, 2016
Utah	185	399	53.7	61	31	37	120.9	0.31	Dec. 31, 2014
Vermont	1,822	1,823	0.0	2,918	129	49	37.9	0.87	June 30, 2016
Virginia	5,297	6,998	24.3	630	411	205	50.0	0.56	June 30, 2015
Washington	5,274	5,274	0.0	724	521	83	15.9	0.28	Jan. 1, 2015
West Virginia	2,712	3,417	20.6	1,481	307	187	60.8	1.66	June 30, 2015
Wisconsin	942	942	0.0	163	77	37	47.7	0.13	Jan. 1, 2015
Wyoming	691	691	0.0	1,179	57	16	28.5	0.40	July 1, 2015
Total	611,318	657,685	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Median	3,323	3,889	N/A	1,080	N/A	N/A	51.0	N/A	N/A

U.S. States' OPEB Liabilities And Ratios (cont.)

State	Unfunded state OPEB (mil. $)	Total OPEB liability (mil. $)	Combined funded ratio, all OPEB funds (%)	Unfunded OPEB per capita	Combined actuarial annual OPEB cost (mil. $)	Combined actual annual payment (mil. $)	Percent of annual actuarial cost paid	Actual annual payment/total governmental funds expenditures (%)	Valuation date
Average	12,736	13,702	N/A	1,797	N/A	N/A	53.7	N/A	N/A

Note: Oklahoma does not report implicit subsidy of its retirement plan death and disability benefits as a separate unfunded OPEB. Nebraska and South Dakota do not report its OPEBs. Florida also reports its state share of liabilities, but for consistency with other states, we have included the sum of total plans. OPEB--Other postemployment benefits. N/A--Not applicable.

Jason He contributed research assistance to this report.