



Written by [Bob Adelman](#) on September 29, 2019

40 of the 50 States Don't Have Enough Money to Pay All Their Bills

Most of the “sinkhole” states with the most red ink are blue. But should we be surprised?

Now that states are required to follow new rules of full financial disclosure, the truth is coming out: Most of the states in the union don't have enough money to pay all of their bills. In its latest report, Sheila Weinberg, head of Truth in Accounting (TIA), which prepares and publishes its Financial State of the States report every September, [said](#):



At the end of the fiscal year (FY) 2018, 40 states did not have enough money to pay all of their bills. This means that to balance the budget — as is supposedly required by law in 49 states — elected officials have not included the true costs of the government in their budget calculations and have pushed [unreported] costs onto future taxpayers.

While most states report that they are making efforts to fully fund their pension plans, in the past they weren't required to account for liabilities for pensioners' healthcare costs. Now they are.

For example, the state of New York touts its fiscal responsibility by reporting that it has funded 93 percent of its pension liabilities. But, under the new full disclosure rules, the state has been forced to reveal that it has only funded one penny out of every dollar of its enormous retiree healthcare obligations.

Added together, those 40 states — the worst of which TIA refers to as “sinkhole” states — owe more than \$1.5 *trillion* in total debt. When each state's unfunded liabilities is divided by the number of each state's taxpayers, the truth is staggering. For example, each taxpayer in New Jersey (50th on the list) owes \$65,100 in order for the state to meet its promised obligations. Illinois is right behind, with each taxpayer liability calculated to be \$52,600.

There is some “sunshine,” but precious little. Only three states received A's for their fiscal condition. Another seven received B's, 13 received C's, 18 received D's, while the rest earned failing grades of F for their fiscal irresponsibility.

Four of the five “sunshine” states — Alaska, North Dakota, Wyoming, and Idaho — are enjoying surpluses thanks largely to their booming energy industries. But all five are behaving responsibly with their surpluses. TIA lauded Utah for its careful and prudent financial management:

Utah's taxpayers and residents benefit from some of the most responsible financial management practices in the nation. Utah has the best record among the 50 states in keeping expenses below revenues.

In fact, Utah has done that every year since 2005 — even during the Great Recession. For FY 2018,



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Utah has a Taxpayer Surplus of \$5,300.

Utah also produces some of the timeliest financial reports in the nation.

On the other hand leaders in Connecticut (48th) are frittering away their state's healthy financial condition by deliberately underfunding that state's promises:

Connecticut's overall financial condition improved slightly from the previous fiscal year. The amount of Connecticut's debt related to unfunded retiree health care benefits slightly decreased, but the state still needs \$51,800 from each state taxpayer to pay off the debt accumulated to date.

While some focus on Connecticut's strong economic indicators, such as personal income, the state is not setting enough money aside to pay for promised benefits, including unfunded pension and retiree health care promises.

Adding to the woes of "sinkhole" states is the exodus of high-income individuals. Lee Wallace, a resident of Illinois, is one of those who hasn't left yet, but plans to shortly:

I live in Illinois. Lifelong Illinoisan. Yes, I know it sucks. My 5 year plan is to leave the state before it collapses financially and my home value plummets. Property taxes, sales taxes and income taxes are insane over here. DO NOT MOVE HERE....

I live outside of Chicago in the suburbs. Yes there are lots of jobs and opportunity here so that's good — but beware: Illinois is a house of cards that is near its tipping point, financially speaking. The unfunded pension debt is unsustainable and among the worst in the country.

They can't fix the pension problem because this is a completely blue state and run by Democrats and also very strong labor unions and lobbyists over here.

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