THE PEW CENTER ON THE STATES

The Trillion Dollar Gap

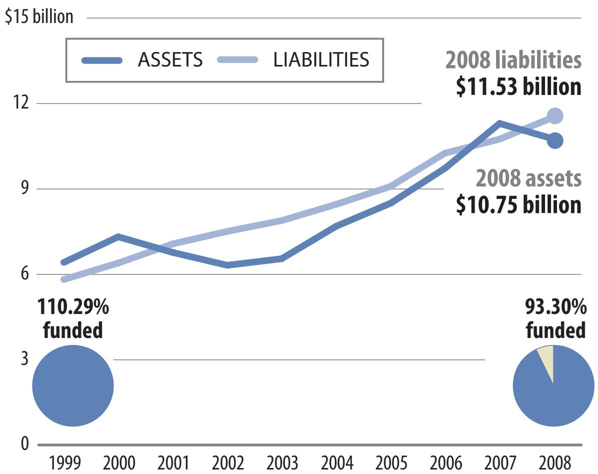
Underfunded State Retirement Systems and the Roads to Reform

Idaho

IDAHO is a top performer when it comes to managing its long-term pension liability, but needs to improve how it handles the bill coming due for retiree health care and other benefits. The state has consistently met or surpassed its actuarially required contribution levels each year since 1997, and it has funded 93 percent of its total pension obligation—well above the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. Idaho is one of only three states (along with Oregon and West Virginia) in which pension assets reflect the market value—meaning that these states do not average gains and losses over a set period of time. This means that the state's pension system is likely to show a greater drop in funding next year than that of other states, but it also is likely to report a quicker recovery. Idaho has relatively limited long-term liabilities for retiree health care and other benefits, and it is one of 29 states to set aside any funds to cover these costs.

PENSIONS, 1999 – 2008

Idaho's pension liabilities grew 98 percent between 1999 and 2008, outpacing assets, which grew 68 percent in that period.



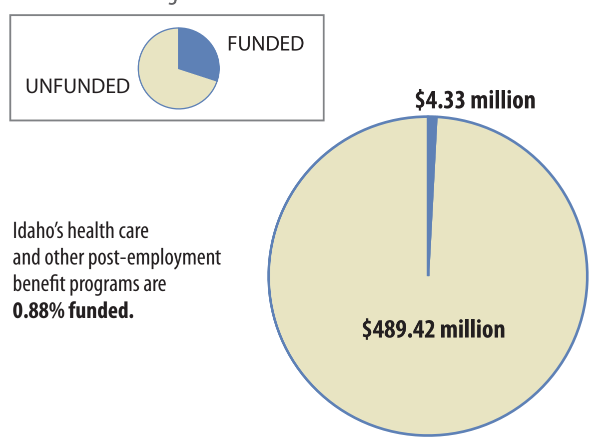
Total Bill Coming Due:	$11,526,600
Portion Unfunded:	$772,200
Annual Required Contribution (ARC):	$256,400
Percentage ARC Funded:	111.31%

Note: In thousands

PENSIONS: SOLID PERFORMER

HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 4 percent of Idaho's total retirement bill but are 39 percent of the state's retirement funding shortfall.



Total Bill Coming Due:	$493,746
Portion Unfunded:	$489,421
Annual Required Contribution (ARC):	$45,494
Percentage ARC Funded:	38.90%

Note: In thousands

HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT

Solid performer
Needs improvement
Serious concerns

Our grades assess states on how well they manage their retirement obligations. Each state can earn up to four points for its pension plans: two points for a funding ratio of at least 80 percent; one for an unfunded liability below covered payroll; and one for paying an average of at least 90 percent of the ARC during the past five years. Solid Performer = 4 points. Needs Improvement = 2–3 points. Serious Concerns = 0–1 points. Grading for health care and other benefits is simpler because most states have only recently begun to fund and collect data on these liabilities. States are solid performers if they have set aside assets equal to at least 7.1 percent of their liabilities (the 50-state average), or they need improvement if they have contributed less.
For more details, read the full report at www.pewcenteronthestates.org/TrillionDollarGap.

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