



**OHIO HAS DONE A VERY GOOD JOB** keeping up with required contributions for its public employee pension system. Employer contributions to the teachers' pension fund have generally kept up, but have fallen short of the total required in the last several years. Ohio has a significant long-term bill coming due for its retiree health care and other non-pension benefits—about \$32 billion. But the state is a national leader in setting aside money to cover these costs. It started saving back in the 1970s, and today it is one of only six states on track to fully fund its non-pension obligations. One of just 13 states with any assets set aside as of the end of 2006, Ohio had \$11.1 billion—an amount far higher than any other state. (Alaska had the next highest amount set aside with \$2.2 billion.) Ohio also has made efforts over the past 20 years to contain these costs, such as introducing wellness programs, capping lifetime benefits and increasing deductibles and co-payments.

## PENSIONS

TOTAL BILL COMING DUE: **\$139 billion**<sup>1</sup>

FUNDS SET ASIDE: **\$113 billion**

PORTION UNFUNDED: **\$26 billion**

PERCENT FUNDED: **81 as of 2006**<sup>2</sup>

TEN YEAR FUNDING HIGH: **96% in 2001**

TEN YEAR FUNDING LOW: **80% in 2005**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

**ASSUMPTIONS:** Ohio assumed an 8% return for its pension investments in 2006, the same as the 50-state median. It uses a four-year smoothing period to calculate the actuarial value of assets—one reason that its pension funding level has started to improve in the last year, sooner than states that use a longer smoothing period and are still factoring in poor investment returns from the early part of the decade. The amortization period conforms to accounting standards.

<sup>1</sup> Pension funds include public employees, teachers and highway patrol employees.

<sup>2</sup> 50-state mean was 82%.

KEY:  Top Performer

 Needs Improvement

 Below Par

 Non-Pension Benefits are Minimal

## OTHER BENEFITS

TOTAL BILL COMING DUE: **\$32 billion**<sup>1</sup>

FUNDS SET ASIDE: **\$11 billion**

PORTION UNFUNDED: **\$21 billion**<sup>2</sup>

PERCENT FUNDED: **35 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

<sup>1</sup> \$10.8 billion for state employees.

<sup>2</sup> 173% of covered payroll, compared to a national median of 135%.

**REFORMS:** In 2004, Ohio substantially reformed its pension governance systems by changing the membership of its pension boards, requiring an ethics policy and mandating continuing education for members.

This fact sheet stems from a 50-state analysis of states' retiree benefit obligations by Pew's Center on the States. The full report and 50 state fact sheets can be found at [www.pewcenteronthestates.org](http://www.pewcenteronthestates.org).



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