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Status and Trends of Unfunded Liabilities of State and Local Pension Funds.

This study analyzes the status of US public pension systems, covering over 90% of public pension assets across states, cities, and counties. At the close of FY 2023, total reported net pension liabilities were approximately \$1.65 trillion, with unfunded liabilities continuing to exceed the size of the US municipal bond market. To stabilize pension systems, state and local governments would need to contribute an additional \$96 billion annually.

Key Takeaways

- State and local governments report net pension liabilities of approximately \$1.65 trillion. The liabilities exceed the size of liabilities in the US municipal bond market.
- Total employer contributions have reached a historical high of \$199.2 billion, equivalent to 21.1% of employee payroll. Despite this increase, the amount still falls \$96 billion short what is necessary to stabilize the pension funding status.
- While the nationwide situation has marginally improved over the last ten years, the aggregate metrics obscure the degree of financial pressure that some states and cities face.

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The Hoover Institution

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