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California Hides 74 Percent of its Retirement Debt

CHICAGO — Truth in Accounting (TIA), a Chicago-based think tank that analyzes government financial reporting, released a new report titled, *The Financial State of California*. TIA researchers found that California did not report 74 percent — or \$111 billion worth — of the state's retirement debt on its balance sheet.

What is California hiding? TIA researchers discovered that California only reports \$39 billion in retirement and health care benefits; yet owes \$150 billion. Because the state government uses outdated accounting methods, a significant amount of liabilities are excluded from its financial reporting.

“California's pension and retirement benefits debt is actually quite similar to credit debt — one that has beyond reached its limit,” says Sheila Weinberg, founder and CEO of Truth in Accounting. “State officials are ignoring the minimum payment requirements and accumulating more and more debt; further sinking the Golden State into the hole its leaders have dug.”

When TIA researchers included the \$111 billion of hidden debt, they discovered that California:

Owes just over \$328 billion in bills;
has \$94 billion in available assets; and
needs almost \$235 billion to pay its bills

If California's \$235 billion shortfall were divided amongst its taxpayers, each taxpayer's personal share would be \$20,900. It is time California state officials acknowledge and address the state's debt to help correct the burgeoning crisis,” said Weinberg. “Until California's financial data is accurate and transparent, real action cannot be taken and future generations will carry the burden.”

Data from the study was derived from California's June 30, 2014 audited *Comprehensive Annual Financial Report* and retirement plans' actuarial reports.

Founded in 2002, Truth in Accounting is dedicated to educating and empowering citizens with understandable, reliable, and transparent government financial information. Sheila Weinberg is a Certified Public Accountant with more than 30 years of experience in the field.

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