Arkansas Received ‘C’ Grade for its Fiscal Health

September 2020

This report shows that Arkansas did not go into the coronavirus pandemic in good fiscal shape, and it will probably come out of the crisis even worse. Based upon the state’s latest audited financial report, which is dated before the crisis began, Arkansas had a Taxpayer Burden™ of $1,700, earning it a “C” grade from Truth in Accounting.

Arkansas’ elected officials have made repeated financial decisions that left the state with a debt burden of $1.4 billion. That burden equates to $1,700 for every state taxpayer. Arkansas’s financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the $13 billion in retirement benefits promised, the state did not fund $2.3 billion in pension and $2.3 billion in retiree health care benefits.

Arkansas did not have enough money set aside to weather the current pandemic and fluctuations in the market. According to rough estimates by Truth in Accounting, Arkansas is projected to lose $4 billion in revenue as a result of this crisis. The uncertainty surrounding this crisis makes it impossible to determine how much will be needed to maintain government services and benefits, but Arkansas’ overall debt will most likely increase.

The data included in this report is derived from the state of Arkansas’ 2019 audited Comprehensive Annual Financial Report and retirement plans’ reports. To compare states’ financial information go to Data-Z.org.