

Commonwealth Debt Facts

The Commonwealth of Pennsylvania issues tax-exempt General Obligation bonds to fund its capital budget and other voter-approved bond programs. Every government issues debt to fund its capital programs.

Relative to our size and our wealth, Wall Street considers Pennsylvania to have a low debt burden. Our financing programs consistently out-perform other comparable borrowers when it comes to getting the best prices possible when we go to market. Our investment rules prohibit the use of debt for anything other than the purchase of long-lived assets. According to a 2008 Moody's Investors Service report, Pennsylvania has a low debt level.

- In 2008, Pennsylvania dropped to 27th out of 50 states in its level of per capital tax-supported debt. Pennsylvania also ranks 27th in its level of debt as a percent of 2007 Personal Income.
- Commonwealth debt as a percent of personal income is 2.4%. Standard & Poor's considers any debt level under three percent of personal income to be a "low" debt burden. Pennsylvania's 2.4% debt level is well below the three percent threshold.
- Outstanding Pennsylvania debt per capita is \$870. Standard & Poor's considers any state where debt per capita is below \$1,000 to have a "low debt burden."
- Commonwealth General Fund debt service is equal to 3.4% of total state revenues. Standard & Poor's considers any debt level under five percent of revenues to be a "low debt burden." Pennsylvania's 3.4% debt level is well below the five percent threshold.

Pennsylvania also has a sound credit rating.

- Pennsylvania credit ratings are Double A ("AA"). This "AA" rating has been reaffirmed annually by all three major Wall Street debt rating agencies since 2000.
- PA has maintained a strong "AA" rating; 29 states have seen their credit ratings downgraded since the recession of 2001.

Pennsylvania is well below its constitutional debt ceiling.

- The constitutional debt limit is 1.75 times the average of tax revenues from the previous five years. The constitutional debt limit for 2008/2009 is \$57.06 billion.
- Total debt outstanding is expected to be \$7.05 billion for 2008/2009 or approximately 12.4% of the Pennsylvania constitutional debt limit.
- Outstanding General Obligation debt levels are expected to rise to \$9.7 billion by 2012/13. Because tax receipts also will grow over this period, the debt ratio (the ratio of General Obligation debt to average tax revenues) is only expected to grow to 14.8% of the debt limit in 2012/13.