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S&P: Pennsylvania GO Debt Rating Lowered To 'AA-' On Weakened Financial Position and Increased Expenditure Pressures.

The downgrade reflects our view of the state's diminished financial flexibility and growing expenditure pressures due to inaction on pension reform and limited revenue growth. The GO rating reflects what we view as Pennsylvania's diverse economic base, which is recovering from the Great Recession, but is projected to experience below-average job and population growth during the next five years; good wealth levels, with personal income per capita at 103% of the nation in 2013; and moderate debt profile. Pennsylvania, however, expects debt levels to rise and exceed the rate of current debt retirement due to its planned issuance to fund aging infrastructure and provide economic stimulus. The economy continues to improve gradually, in our opinion, but not enough to alleviate some of the fiscal pressures the state is facing related to growing pension costs.