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S&P U.S. Local Governments Credit Brief: Pennsylvania Counties And Municipalities Means And Medians

Overview

Pennsylvania counties and municipalities are generally well positioned to manage economic headwinds that include inflationary pressures, rising interest rates, and an expected shallow recession in 2023. (For more information on S&P Global Ratings' economic forecast, see "Economic Outlook U.S. Q1 2023: Tipping Toward Recession," published Nov. 28, 2022, on RatingsDirect.) Local governments across the commonwealth are emerging from the COVID-19 pandemic, having benefited from modest revenue recovery and federal stimulus funding that have bolstered reserves. S&P Global Ratings expects that healthy reserves and proactive budgetary management will allow Pennsylvania local governments to weather a potential economic downturn and preserve credit quality across the portfolio.

S&P Global Ratings maintains ratings on 245 municipalities and 39 counties. Overall, the credit quality of municipalities and counties in the commonwealth remains stable, with 3.9% experiencing rating changes in calendar 2022. Over that span, three municipalities and three counties had upgrades on general obligation bonds, and five municipalities had downgrades. Currently, 94.4% of the ratings have a stable outlook, 3.9% have a negative outlook, and 1.7% have a positive outlook.

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