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Philadelphia, Pennsylvania: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aa’: Wage taxes, Pennsylvania Intergovernmental Cooperative Authority (PICA) taxes, property and business income and receipts (BIRT) taxes together make up about 60% of total general fund revenues. Fitch Ratings expects revenues to resume growth that exceeds its expectations for long-term inflation as the economic conditions improve. The city retains essentially unlimited independent legal ability to raise revenues. Expenditure Framework: ‘a’: Spending increases will likely exceed revenue growth, requiring continued proactive budgeting. The city has just adequate expenditure flexibility notwithstanding moderate fixed costs given a highly unionized workforce and a statutorily defined collective bargaining framework. Long-Term Liability Burden: ‘aa’: Long-term liabilities are expected to remain moderate relative to Philadelphia’s broad and diverse economic resource base. Operating Performance: ‘a’: Reserves have strengthened with the city’s prudent management through the pandemic-driven downturn and subsequent economic and tax revenue recovery. Fitch believes the city will continue its trend of prudent and conservative budget management, preserving strong gap-closing capacity to withstand a moderate economic downturn.

ACCESS REPORT

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