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Virginia Public School Authority: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aa’: Fitch expects Virginia’s principal revenue sources, primarily income and sales taxes, will continue to reflect the depth and breadth of the economy as well as its above-average sensitivity to cyclical downturns. The commonwealth has complete control over its revenues, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework: ‘aaa’: Virginia maintains ample expenditure flexibility, with a low burden of carrying costs for liabilities and a broad ability to cut expenses common to most U.S. states. As with most states, Medicaid remains a key expense driver, but one Fitch expects the commonwealth will be able to actively manage without threatening fiscal stability. Long-Term Liability Burden: ‘aaa’: Virginia’s long-term liability burden is low and well managed. Debt issuance is carefully monitored through both constitutional limitations and stringent institutional practices. Virginia’s ratio of net pension liabilities to personal income remains below that of most states. Operating Performance: ‘aaa’: The commonwealth is well positioned to deal with economic downturns, having exceptionally strong gap-closing capacity derived from its control over revenues and spending. Virginia also demonstrated an ability to restore financial flexibility in times of economic recovery and expansion. The state maintains solid reserves, which are rapidly replenished when drawn upon.

ACCESS REPORT

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