



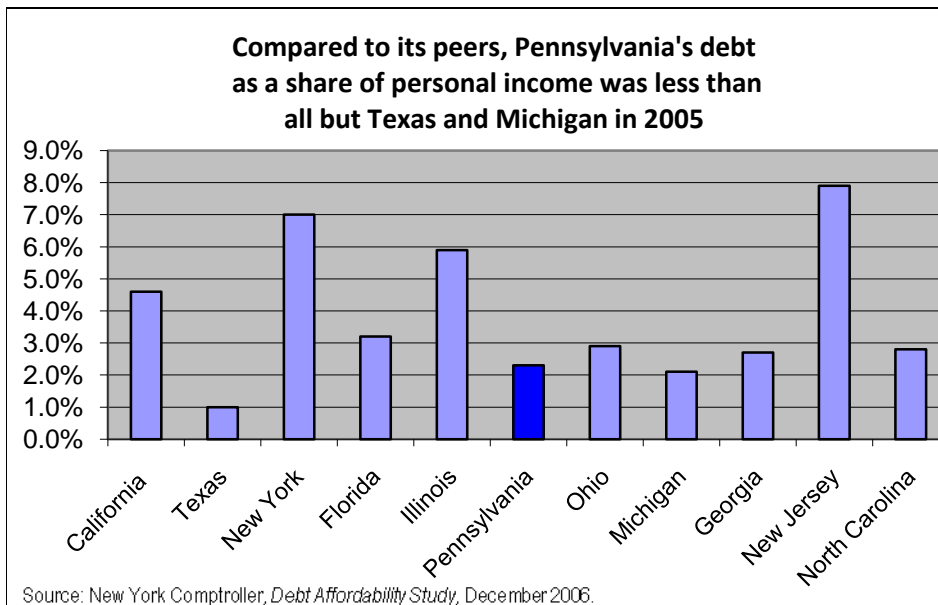
Pennsylvania Debt

State Debt Is the Best Way to Pay for Long-Term Investments.

Pennsylvania takes on a certain amount of debt to pay for a variety of public investments, such as infrastructure repairs, environmental cleanup efforts, and economic development initiatives. **Because borrowing requires a long-term commitment from the Commonwealth, it should be used for projects that will yield long-term benefits to its citizens.**

Pennsylvania Is a Low Debt State.

The Commonwealth’s debt level is low, especially when compared to other similarly sized states.



Less Debt Than Half of All States

In a 2008 report on state debt levels, Moody’s Investor Services ranked Pennsylvania 27th among the 50 states in debt per capita and debt as a percentage of state personal income. That year’s ranking marked an improvement from 2003 debt levels.

Credit Agencies Give Pennsylvania Strong Bond Rating.

Another measure of Pennsylvania’s debt levels is the score it receives from top bond rating agencies. **Three Wall Street debt rating agencies have given the Commonwealth a AA bond rating, their second highest rating.** Pennsylvania’s bond rating is among the highest in the nation.

Why is this important? The higher the credit rating, the lower the interest rate is when Pennsylvania borrows funds, saving taxpayers over the long run.

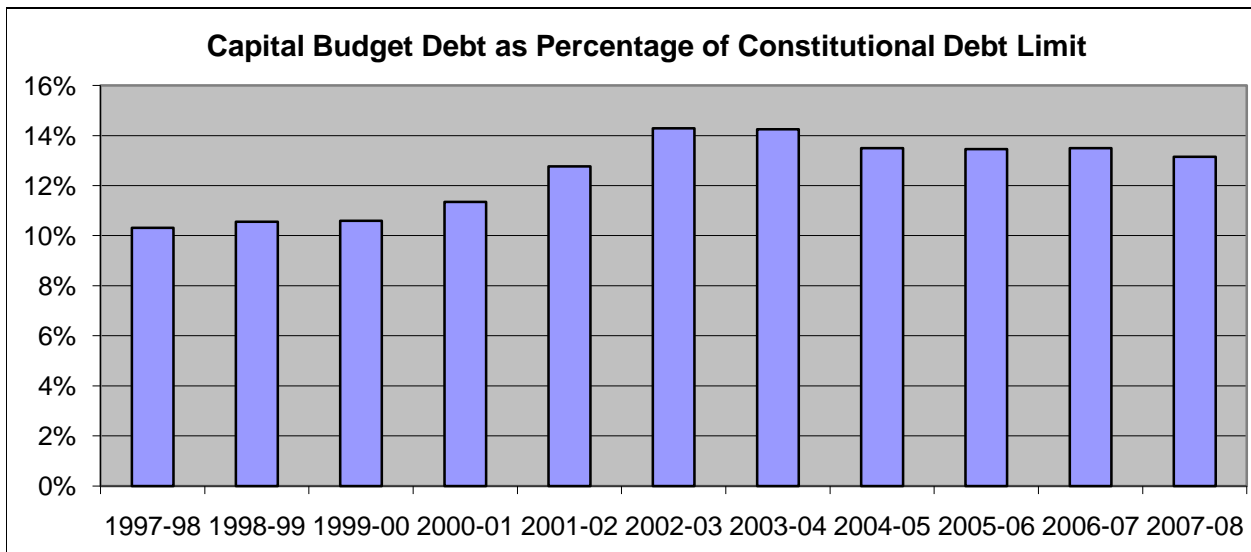


Just the Facts

Pennsylvania Budget and Taxes

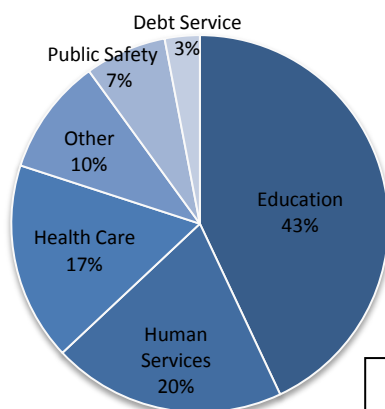
Pennsylvania's Debt Is Well Below State Constitutional Limit.

The Pennsylvania Constitution sets a limit on how much state debt the Commonwealth can accrue. **Since 1997, Pennsylvania's debt level has ranged from 10% to 14% of that constitutional limit.**



Source: Pennsylvania Budget and Policy Center

State Debt Is Small Portion of General Fund Budget.



Pennsylvania's debt service constituted 3% of the state's General Fund budget in the 2007-08 fiscal year. The overwhelming majority of state spending goes to education, human services, health care and public safety.

Source: Commonwealth of Pennsylvania, 2008-09 Governor's Executive Budget

The Pennsylvania Budget and Policy Center is a non-partisan policy research project that provides independent, credible analysis on state tax, budget, and related policy matters, with attention to the impact of current or proposed policies on working families. To learn more about state taxes and spending, go to www.pennbpc.org/pabudget/primer.html.