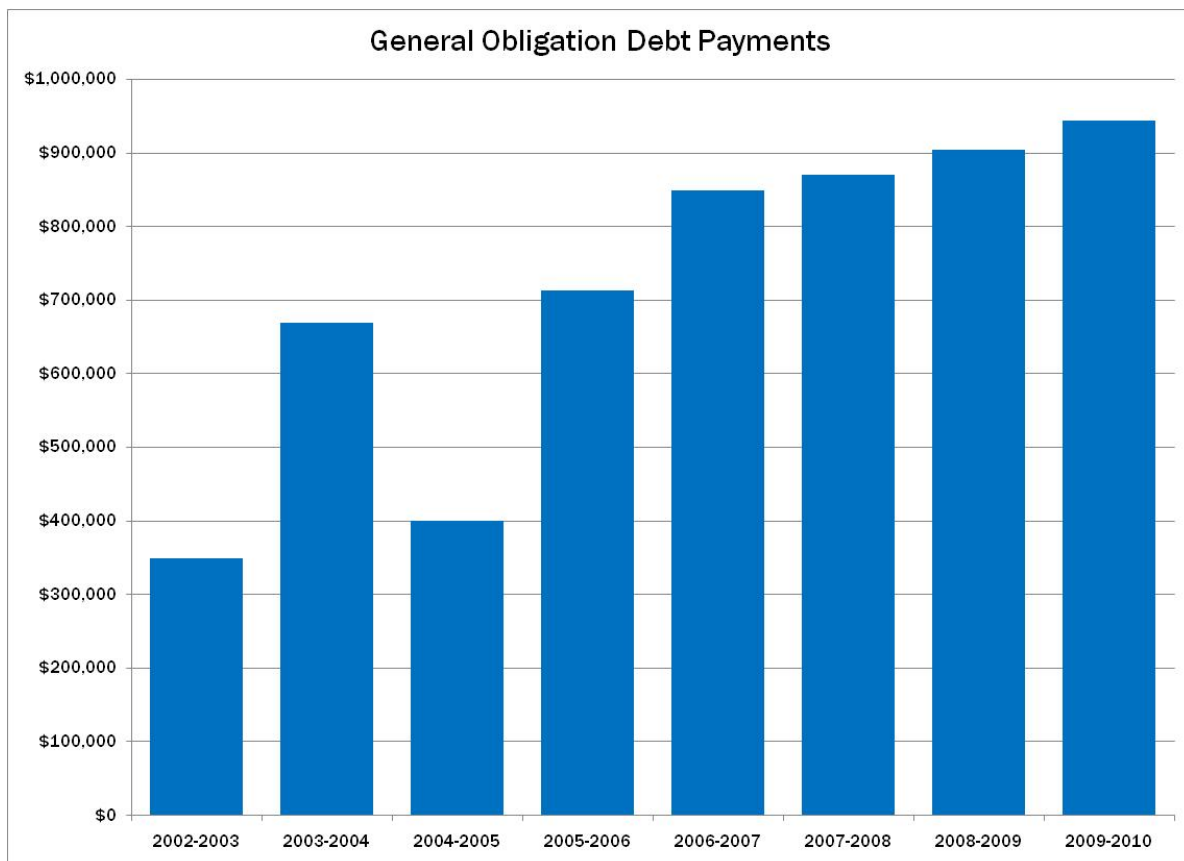




Pennsylvania State Debt

In addition to the state operating budget, Pennsylvania lawmakers each year pass a capital budget, outlining how much the state can borrow, and detailing projects which may be funded through this borrowing. This PolicyPoints looks at Pennsylvania state debt.

- Under Governor Rendell, total state general obligation debt outstanding has increased from \$6.8 billion to a **projected \$9.5 billion** with his 2009-10 budget proposal, a **40% increase** in seven years.
 - ⇒ One of the areas of growth has been the Redevelopment Assistance Capital Program (RACP), which allows the state to borrow funds against future tax collections to award to “economic development,” often to fund sports stadiums, convention centers, or direct grants to corporations.
- Annual payments on general obligation bonds have increased from \$349 million in 2002-03 to **\$942 million** in Gov. Rendell’s proposed budget, **nearly two-and-a-half times the cost** when he took office.



- The capital budget bill for 2009-10, HB 1418, would authorize **\$1.6 billion in new borrowing** in 2009-10. This is **\$457 million, or 37%, more than last year.**
 - ⇒ RACP borrowing would be \$325 million, an increase of \$125 million—**or a whopping 62.5% more than in 2008-09.** This would offset expected cuts in the WAMs and other grant programs from the operating budget.
- Gov. Rendell often justifies increased state borrowing by claiming Pennsylvania has a low debt burden relative to other states. Unfortunately, much of Pennsylvania’s borrowing is done by off-budget agencies, like the Turnpike Commission and the Commonwealth Financing Authority.
 - ⇒ While Pennsylvania’s “state debt” outstanding has increased 40% from Dec. 2002 to Dec. 2008, the amount owed by “state agencies and authorities”—which represents *two-thirds of debt at the state level*—**increased 86%!**

Pennsylvania State Government Debt

Debtor	Debt Outstanding 2002	Debt Outstanding 2008	Increase	Percent Change
Total State	\$23,119,191,000	\$40,038,212,000	\$16,919,021,000	73%
State	\$6,270,391,000	\$8,761,212,000	\$2,490,821,000	40%
State Agencies and Authorities	\$16,848,800,000	\$31,277,000,000	\$14,428,200,000	86%

Source: Governor’s Executive Budget

- Pennsylvania taxpayers owe far more when local government debt is taken into account.
 - ⇒ Pennsylvanians owe **\$115 billion in state and local government debt.**
 - ⇒ That debt amounts to over \$9,000 for every resident of Pennsylvania, or over **\$37,000 for the average family of four.**

Pennsylvania State and Local Government Debt

Debtor	Debt Outstanding	As of:	Per Capita	Source
Total State	\$40,038,212,000	Dec. 2008	\$3,220	
State	\$8,761,212,000	Dec. 2008	\$705	Governor’s Executive Budget
State Agencies and Authorities	\$31,277,000,000	Dec. 2008	\$2,516	Governor’s Executive Budget
Total Local	\$75,314,688,011		\$6,058	
School Districts	\$23,968,836,143	FY 2006-07	\$1,928	PA Dept. of Education
County/Municipal Debt (Est)	\$51,345,851,868	FY 2005-06	\$4,130	US Census Bureau
Total	\$115,352,900,011		\$9,278	

For more on **Government Borrowing and Debt**, visit www.CommonwealthFoundation.org

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