RANK
39 PENNSYLVANIA

SUMMARY

On the basis of its fiscal solvency in five separate categories, Pennsylvania ranks 39th among the US states and Puerto Rico for its fiscal health. On a cash basis, Pennsylvania has between 0.75 and 1.38 times the cash needed to cover short-term liabilities. Revenues cover 99 percent of expenses, for a deficit of $56 per capita. On a long-run basis, a negative net asset ratio of −0.11 points to the use of debt financing. Total liabilities are 42 percent of total assets. Total debt is $17.66 billion. Unfunded pension liabilities are $169.64 billion on a guarantee-to-be-paid basis, and other postemployment benefits (OPEB) are $17.38 billion. These three liabilities are equal to 34 percent of state personal income.

2014 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Pennsylvania	$12.67 billion	$17.66 billion	$609.68 billion	2.9%	$1,381
National average	$6.60 billion	$13.76 billion	$288.25 billion	6.0%	$2,144

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Pennsylvania	$53.32 billion	62%	$169.64 billion	34%
National average	$20.46 billion	74%	$86.85 billion	40%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Pennsylvania	$17.38 billion	1%
National average	$11.14 billion	12%

MERCATUS CENTER
George Mason University

distance from
US average
(in standard deviations)

UNDERLYING RATIOS

	Cash ratio	Quick ratio	Current ratio	Operating ratio	Surplus (or deficit) per capita	Net asset ratio	Long-term liability ratio	Long-term liability per capita
Pennsylvania	0.75	1.11	1.38	0.99	−$56	−0.11	0.42	$1,956
National average	2.40	3.18	3.54	1.06	$448	−0.03	0.47	$3,069

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio	Primary debt-to-income ratio
Pennsylvania	0.05	0.11	0.12	0.28	0.03	0.03
National average	0.06	0.14	0.13	0.31	0.03	0.06

3.0

2.0

17th
service-level
solvency ▶ **1.0**

KEY TERMS

- **Cash solvency** measures whether a state has enough cash to cover its short-term bills, which include accounts payable, vouchers, warrants, and short-term debt. (Pennsylvania ranks 46th.)

US average

27th
trust fund
solvency ▶

35th
long-run
solvency ▶
▶ **−1.0**

42nd
budget
solvency

- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Pennsylvania ranks 42nd.)

- **Long-run solvency** measures whether a state has a hedge against large long-term liabilities. Are enough assets available to cushion the state from potential shocks or long-term fiscal risks? (Pennsylvania ranks 35th.)

- **Service-level solvency** measures how high taxes, revenues, and spending are when compared to state personal income. Do states have enough "fiscal slack"? If spending commitments demand more revenues, are states in a good position to increase taxes without harming the economy? Is spending high or low relative to the tax base? (Pennsylvania ranks 17th.)

46th ▶
cash
solvency **−2.0**

- **Trust fund solvency** measures how much debt a state has. How large are unfunded pension liabilities, OPEB liabilities, and state debt compared to the state personal income? (Pennsylvania ranks 27th.)

For a complete explanation of the methodology used to calculate Pennsylvania's fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition," 2016 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, June 2016).

−3.0