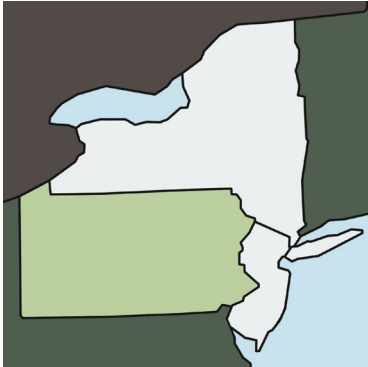


## PENNSYLVANIA Budget Report Card



PENNSYLVANIA HAS A HISTORY of enacting late budgets riddled with one-time actions to achieve balance. Even though the state’s 2019 spending plan was passed a week before the start of the new fiscal year, timeliness didn’t yield a higher grade in the budget maneuvers category. For fiscal 2017 through 2019, the state averaged a D-minus, the lowest possible mark. It was faulted for balancing budgets by deferring recurring expenditures, shifting revenues and costs, funding recurring expenditures with debt, and using asset sales and upfront revenues to offset continuing spending.

The state maintained a C average in reserve funds, primarily because of rules governing deposits into and withdrawals from the rainy day fund. Still, as of June 30, 2019 – the end of the fiscal year – Pennsylvania had a rainy day fund balance of only \$22.5 million. (Nine days later, the governor’s office announced a \$317 million deposit.)

In legacy costs, Pennsylvania posted a D average, the second-lowest mark possible. Though it provided full actuarially determined contributions for public worker pensions, its funding level of 55 percent – about 15 percentage points below the total for all states – reflected past contribution shortfalls. The state did not provide actuarially determined funding for other postemployment benefits (OPEB), such as retiree health care, during the evaluation period.

### MID-ATLANTIC STATES SIDE BY SIDE: Three-Year Average Grades, 2017–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
New Jersey	D	D	D-	B	B
New York	A	D-	B	B	B
Pennsylvania	B	D-	D	C	B
US AVERAGE	B	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: The Balancing Act* at [VolckerAlliance.org](http://VolckerAlliance.org).


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## PENNSYLVANIA Budget Report Card

BUDGET FORECASTING				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Consensus Revenue Forecasts	<b>X</b>	<b>X</b>	<b>X</b>
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
<b>3-YEAR AVERAGE</b>		<b>B</b>	<b>3-YEAR TREND</b> —	

BUDGET MANEUVERS				
	2017	2018	2019	
	CATEGORY GRADE	<b>D</b>	<b>D</b>	<b>D</b>
	Deferring Recurring Expenditures	<b>X</b>	<b>X</b>	<b>X</b>
	Revenue and Cost Shifting	<b>X</b>	<b>X</b>	<b>X</b>
	Funding Recurring Expenditures with Debt	<b>X</b>	<b>X</b>	<b>X</b>
	Using Asset Sales and Upfront Revenues	<b>X</b>	<b>X</b>	<b>X</b>
<b>3-YEAR AVERAGE</b>		<b>D</b>	<b>3-YEAR TREND</b> —	

LEGACY COSTS				
	2017	2018	2019	
	CATEGORY GRADE	<b>D</b>	<b>D</b>	<b>D</b>
	Public Employee OPEB Funding	<b>X</b>	<b>X</b>	<b>X</b>
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	55%	55%	55%
<b>3-YEAR AVERAGE</b>		<b>D</b>	<b>3-YEAR TREND</b> —	

RESERVE FUNDS				
	2017	2018	2019	
	CATEGORY GRADE	<b>C</b>	<b>C</b>	<b>C</b>
	Positive Reserve or General Fund Balance	<b>X</b>	<b>X</b>	<b>X</b>
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	<b>X</b>	<b>X</b>	<b>X</b>
<b>3-YEAR AVERAGE</b>		<b>C</b>	<b>3-YEAR TREND</b> —	

TRANSPARENCY				
	2017	2018	2019	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	<b>X</b>	<b>X</b>	<b>X</b>
	Discloses Tax Expenditures	✓	✓	✓
<b>3-YEAR AVERAGE</b>		<b>B</b>	<b>3-YEAR TREND</b> —	

### KEY

✓	Followed best practice
<b>X</b>	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg; 2018 data also used for 2019.

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