



# PENNSYLVANIA'S DEBT BURDEN WORSENS

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## THE FINANCIAL STATE OF PENNSYLVANIA

A new analysis of the latest available audited financial reports found Pennsylvania has a Taxpayer Burden™ of \$18,800, earning it a "D" grade based on Truth in Accounting's grading scale. The commonwealth's financial condition has gradually deteriorated since 2009, with its Taxpayer Burden increasing by \$10,600.

Pennsylvania's elected officials have made repeated financial decisions that have left the commonwealth with a debt burden of \$82.1 billion, according to the analysis. That burden equates to \$18,800 for every taxpayer. Pennsylvania's financial problems stem mostly from unfunded retirement obligations that have accumulated over many years. Of the \$124.6 billion in retirement benefits promised, the commonwealth has not funded \$42.8 billion in pension and \$29.8 billion in retiree health care benefits.

Pennsylvania's financial condition is not only alarming but also misleading as government officials have failed to disclose significant amounts of retirement debt on the commonwealth's balance sheet. Residents and taxpayers have been presented with an unreliable and inaccurate accounting of their government's finances.

### Here's the truth:

**40**

Rank

**\$82.1  
billion**

Money needed to  
pay bills

**-\$18,800**

Taxpayer  
Burden

**D**

Financial grade

Data included in this report is derived from the commonwealth of Pennsylvania's 2017 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

# PENNSYLVANIA FINANCIAL BREAKDOWN

## FAST FACTS

- + Pennsylvania has \$38 billion available in assets to pay \$120.1 billion worth of bills.
- + The outcome is a \$82.1 billion shortfall and a \$18,800 Taxpayer Burden.
- + The commonwealth is hiding \$24.7 billion of pension debt and \$24.4 billion of retiree health care debt from its balance sheet.
- + Pennsylvania's reported net position is inflated by \$3.5 billion, largely because the commonwealth defers recognizing losses incurred when the net pension liability increases.

### THE COMMONWEALTH'S BILLS EXCEED ITS ASSETS

Assets	\$96,138,273,000
<i>Minus:</i> Capital assets	-\$47,474,103,000
Restricted assets	-\$10,688,419,000
Assets available to pay bills	\$37,975,751,000
<i>Minus:</i> Bills	-\$120,059,525,000
Money needed to pay bills	-\$82,083,774,000
<b>Each taxpayer's share of this debt</b>	<b>-\$18,800</b>

### BILLS THE COMMONWEALTH HAS ACCUMULATED

Bonds	\$34,657,473,000
Other liabilities	\$27,047,549,000
<i>Minus:</i> Debt related to capital assets	-\$14,190,628,000
Unfunded pension benefits	\$42,771,258,000
Unfunded retiree health care	\$29,773,873,000
<b>Bills</b>	<b>\$120,059,525,000</b>

## GRADE: D

Bottom line: Pennsylvania does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to states with a Taxpayer Burden between \$5,000 and \$20,000. Because of Pennsylvania's balanced budget requirement, its Taxpayer Burden should be \$0.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.