



STATEMENT

August 3, 2017

STATEMENT FROM PENNSYLVANIA TREASURER JOE TORSELLA:

“The necessity to step in and financially prop up the General Fund just six weeks into the fiscal year is extraordinary and without precedent. Cash flow borrowing this early and of this magnitude has not happened in the last twenty-five years. As a state, we once again find ourselves in uncharted waters, not only having to borrow so early in the fiscal year, but doing so with an underlying General Fund budget process that is not yet balanced.

“This is deeply troubling. While our lending is expected to be for a short two-week period, I am extremely concerned that without action from the General Assembly this month, we will face a more difficult problem within weeks. Our projections continue to show that – without corrective action – the General Fund balance will become negative in early September and will remain so for two-thirds of the fiscal year, with the projected overall borrowing need potentially as much as \$3 billion.

“Short-term borrowing of that amount and duration exceeds Treasury’s capacity to prudently lend. Further, to my knowledge, there is no historical precedent for Treasury lending to the General Fund while the budget remains out of balance. Other potential sources of short-term borrowing – such as tax-anticipation notes – would be irresponsible under these circumstances.

“There are limits to what Treasury can prudently do to bolster the General Fund. I therefore urge action by the General Assembly to pass a responsible revenue package. A credit downgrade is entirely preventable, and I emphasize the need for action now, this month.”

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Pennsylvania Treasury

Joe Torsella, State Treasurer

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