



CITY OF SCRANTON

340 North Washington Avenue, Scranton, PA 18503 | (570) 348-4101 | www.scrantonpa.gov

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FOR IMMEDIATE RELEASE

City of Scranton Credit Rating Jumps Two Grades, Now BBB+

SCRANTON, PA. – The City of Scranton’s credit rating, a review of its financial creditworthiness, rose two levels this month, according to a Standard & Poor’s (S&P) Global Ratings Report update delivered March 7, 2024. The rating improved to BBB+ from BBB-, an uncommon two-step climb for a municipality, with a positive outlook for the future. In June 2023, S&P gave the City of Scranton an investment-grade rating for the first time since 2011.

The S&P Global Ratings Report (attached) states: “The rating reflects our view of the city’s improved liquidity position and ability to maintain balanced operations without federal stimulus. Audited results for fiscal 2022 and unaudited results for fiscal 2023 demonstrate balance without the need to utilize American Rescue Plan Act (ARPA) funding for revenue replacement. As a result of proactive financial management, the city has controlled expenditure growth while revenue has consistently outperformed the budget. The majority of the city’s \$68 million in ARPA funds are allocated to one-time projects. Management estimates 2023 closed with a \$3.8 million general fund surplus (around 3% of expenditures). The 2024 budget is balanced and does not include ARPA funds for revenue replacement. We note that the city eliminated the need for cash flow borrowing with the 2024 budget, as its general fund liquidity and reserves have consistently improved.”

“We are energized and proud of the continued improvement in our credit rating,” Mayor Paige G. Cagnetti said. “Last year’s news that we were investment grade and this year’s leap to BBB+ reflects the financial strength we’re building through processes and policies and a thoughtful, experienced team. We will continue to work toward long-term financial stability and increased financial efficiency for our city government and our taxpayers.”

According to S&P’s credit rating guide, a BBB grade reflects “adequate capacity to meet financial commitments,” but is more subject to adverse economic conditions. The positive outlook provides added belief in Scranton’s future stability.

Specifically, S&P noted that the new rating is an ongoing reflection of Scranton’s “improved liquidity position, ability to maintain structural balance without reliance on federal stimulus funds, and reduced contingent liability exposure after the settlement of several material lawsuits.”

“The City of Scranton should be applauded for their tireless effort to improve their community. This increase demonstrates how far Scranton has come and expands the degree of confidence residents can have in their local government and elected leaders,” said Pennsylvania Economy



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League (PEL) Executive Director Vinny Cannizzaro, Ph.D., MPP. PEL had served as Scranton’s state appointed financial recovery coordinator when it was labeled a financially distressed municipality under Pennsylvania’s Act 47. “By continuing and expanding their work toward sound and transparent financial management and oversight, Scranton can strengthen the community and residents can foster greater trust in local government.”

The upgraded credit rating is the latest in a long line of improvements to the City’s financial status, but it was not long ago that Scranton had no rating at all. S&P withdrew Scranton’s BB- rating in 2011 at the request of City officials. In 2016, the City acquired a so-called “junk level” BB rating. Scranton’s credit rating climbed one notch to BB+ in March 2022, shortly after the City shed its 30-year label as a financially distressed municipality.

ABOUT THE CITY OF SCRANTON: Incorporated in 1866, the City of Scranton has a population of approximately 76,000 residents and is the sixth-largest municipality in the Commonwealth of Pennsylvania. Scranton City Hall is located at 340 N. Washington Ave., Scranton, PA 18503. Residents requiring services should visit www.scrantonpa.gov.

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