



INDEPENDENT FISCAL OFFICE

February 7, 2023

The Honorable Seth M. Grove
Chairman
House Appropriations Committee
245 Main Capitol Building
Harrisburg, PA 17120

Dear Chairman Grove:

This letter and the attached tables respond to requests for additional information raised at the recent roundtable hearing on January 24, 2023.

Representative Kutz requested information regarding consumer debt by income level as it overlaps with first-time homebuyers and/or renters.

This response focuses on average credit card balances, because (1) that has been the largest source of debt increases over the last year by a significant margin and (2) credit card balances most reflect consumers' ability to cover current expenses. In November 2022, the New York Federal Reserve released an analysis that examined average credit card balances by income and age group through the third quarter of 2022. The analysis used borrowers' zip codes to group balances into equal-population quartiles. The analysis found that all income groups recorded significant reductions in average credit card balances during the onset of the COVID-19 pandemic, but balances for all groups have been increasing since the second quarter of 2021. During that period, the lowest income quartile group recorded the strongest relative increase (see **table below**). These data show that the average balance for borrowers in the lowest income quartile increased by 21.7%. This growth was more than five percentage points higher than any other income group in the analysis. The average balance of \$2,409 was the highest for the first (lowest) income quartile since the first quarter of 2009.

U.S. Average Credit Card Balance by Income

Income Group	Average Balance			2019Q4 to 2021Q2	2021Q2 to 2022Q3
	2019Q4	2021Q2	2022Q3		
Quartile 1	\$2,319	\$1,979	\$2,409	-14.7%	21.7%
Quartile 2	2,884	2,444	2,809	-15.2	14.9
Quartile 3	3,589	2,991	3,466	-16.7	15.9
Quartile 4	4,663	3,840	4,358	-17.7	13.5

Note: Quartile 1 represents the lowest income group.

Source: Federal Reserve Bank of New York.

The **following table** displays average credit card debt by age group to reflect debt held by likely first-time homebuyers or renters. These data show that the average credit card balance for borrowers in the 18-29 age group recorded the largest increase from 2021Q2 to 2022Q3 by a significant margin. The average balance for this group was \$1,708, an increase of 38.4% (more than double the rate of any other age group), and the highest average balance since the fourth quarter of 2008. This increase came after the youngest age group reduced average credit card balances by the largest margin between 2019Q4 and 2021Q2.

U.S. Average Credit Card Balance by Age

Age Group	Average Balance			2019Q4 to 2021Q2	2021Q2 to 2022Q3
	2019Q4	2021Q2	2022Q3		
18-29	\$1,540	\$1,235	\$1,708	-19.8%	38.4%
30-59	4,458	3,704	4,412	-16.9	19.1
60-79	3,599	3,051	3,284	-15.2	7.6
Overall	3,391	2,835	3,283	-16.4	15.8

Source: Federal Reserve Bank of New York.

Representative Stambaugh requested more detail on Department of Humans Services (DHS) program expenditures listed on slides 14 and 15 in the Economic and Budget Outlook presentation.

Page 33 of the IFO's [Pennsylvania Economic & Budget Outlook Fiscal Years 2022-23 to 2027-28](#) report released on November 15, 2022 provides additional detail on projected DHS expenditures from fiscal year (FY) 2023-24 to FY 2027-28. The table located on that page is included below. On slides 14 and 15, Medical Assistance, Long-Term Living and Intellectual Disabilities are highlighted separately. All other program categories from the table below were included within the "All Other" line within the slide presentation. Early intervention is included in the Child Development category, which is expected to grow 1.8% per annum between FY 2023-24 and FY 2027-28.

Fiscal Year	21-22	22-23	23-24	24-25	25-26	26-27	27-28
Wages ¹	\$328	\$413	\$440	\$466	\$482	\$500	\$518
Pensions	162	118	127	129	132	137	145
Retiree Healthcare	23	24	61	65	70	74	77
Employee Healthcare ²	170	118	123	126	129	132	135
All Other							
Medical Assistance	6,157	5,872	6,239	6,270	6,699	6,939	7,171
Long-Term Living	4,518	5,394	5,847	6,345	6,759	7,005	7,245
Intellectual Disabilities	2,143	2,713	3,029	3,259	3,368	3,478	3,591
Human Services Programs	1,427	1,611	1,714	1,802	1,858	1,914	1,974
Mental Health	698	730	775	803	830	858	886
Child Development	462	515	532	544	552	560	568
Income Maintenance	223	277	287	295	302	309	316
Human Services Support	145	164	171	175	179	184	188
Children's Health Insurance	<u>46</u>	<u>95</u>	<u>99</u>	<u>101</u>	<u>104</u>	<u>106</u>	<u>108</u>
Total	16,504	18,045	19,444	20,381	21,464	22,194	22,923
Growth Rate	21.2%	9.3%	7.8%	4.8%	5.3%	3.4%	3.3%

Note: Millions of dollars.

1 Includes wages, salaries, bonuses and payroll taxes (Medicare and Social Security).

2 Includes all non-pension benefits such as health and life insurance and other miscellaneous benefits.

Representative Keefer requested a copy of the 50-state tax burden report.

A copy of the IFO’s [State and Local Tax Revenues: A 50 State Comparison](#) report released on January 19, 2022 is enclosed. An updated report for state and local taxes collected in 2020 will be released by the IFO in February 2023.

Representative Mercuri requested recent data on Pennsylvania migration.

Each year, the U.S. Census Bureau publishes population estimates for the nation, states, counties and other areas. For each release, the U.S. Census Bureau updates the entire time series of estimates from the last Decennial Census (April 1, 2020) to July 1 of the current year. The 2020 Decennial Census provided a new base of data with some methodological differences. As a result, pre- and post-2020 Census estimates may not be entirely comparable. Therefore, pre-2020 Census estimates are not included below.

The net migration for a given geographic area is the difference between in-migration (the number of people moving in) and out-migration (the number of people moving out) during a period. Migration is divided into net domestic migration (within the United States) and net international migration (between the United States and elsewhere). For Pennsylvania, cumulative net migration was approximately 21,300 from April 1, 2020 to July 1, 2022. That was driven by an increase of nearly 37,600 in net international migration and a decline of slightly more than 16,200 in net domestic migration.

Net Migration for Pennsylvania and Surrounding States (000s)						
	Cumulative Net Migration April 1, 2020 to July 1, 2022			Annual Net Migration July 1, 2021 to July 1, 2022		
	Total	International	Domestic	Total	International	Domestic
United States	1,406.8	1,406.8	--	1,010.9	1,010.9	--
Delaware	30.6	3.5	27.1	14.3	2.5	11.8
Pennsylvania	21.3	37.6	-16.2	-13.2	26.7	-40.0
West Virginia	5.0	2.5	2.5	2.2	1.8	0.5
Ohio	-6.0	33.9	-39.9	14.9	24.1	-9.2
Maryland	-35.0	33.3	-68.3	-21.3	23.8	-45.1
New Jersey	-52.7	55.0	-107.7	-24.8	39.4	-64.2
New York	-556.9	108.0	-664.9	-221.6	77.9	-299.6

Source: U.S. Census Bureau, Population Division, Annual and Cumulative Estimates of the Components of Resident Population Change, December 2022.

Representative Klunk requested detail on what occupations or sectors are growing/hiring in Pennsylvania.

Statewide data are currently only captured for total nonfarm job openings and are not broken out into industry detail. As a result, we are unable to complete this request.

Representative Klunk requested detailed college and university employment data by type of institution.

Slide eight of the presentation contains State and Metro Area Employment (SAE) data from the U.S. Bureau of Labor Statistics (BLS) Current Employment Statistics (CES). These data are updated frequently but contain less detailed employment data by subsector than the BLS Quarterly Census of Employment and Wages (QCEW) data. The QCEW data available are lagged and detailed state employment subsector data are only available by calendar year. Additionally, SAE and QCEW categorize college and university employment somewhat differently. The table below contains the most recent three years of QCEW employee headcounts by North American Industry Classification System (NAICS) category within Education Services (NAICS = 61, excludes elementary and secondary schools (NAICS 6111)).

Post-Secondary Educational Services Employment (000s)				
	2019	2020	2021	Change
College, universities and professional schools	151.5	146.0	143.0	-8.5
Private sector	116.0	110.4	109.0	-6.9
State government sector	35.3	35.3	33.7	-1.6
Federal government sector	0.3	0.3	0.3	0.0
Junior colleges	15.9	13.9	13.4	-2.5
Private sector	3.1	2.8	2.8	-0.3
Local government sector	12.8	11.1	10.6	-2.2
Technical and trade schools¹	4.3	3.9	4.2	-0.1
Business schools and computer and mgmt. training²	2.0	1.7	1.9	0.0
Other schools, instruction and education support services^{1,3}	22.5	19.3	21.4	-1.2
Total post-secondary (excludes elem. & secondary schools)	196.2	184.9	184.0	-12.3

Notes: Includes all employment from educational services (NAICS 61) excluding elementary and secondary schools (NAICS 6111). The state government sector includes employment at the Pennsylvania State System of Higher Education and a small number at various state-related universities such as Penn State. The change column is the difference between 2021 and 2019.

1 Most employment is within the private sector, but data includes a very small number from government sectors.

2 All employment is within the private sector.

3 Includes NAICS 6116 (other schools and instruction) and NAICS 6117 (educational support services).

Source: BLS, QCEW.

Representative Grove requested the projected drawdown of fund balances over time.

The FY 2022-23 projected ending balance (\$6.7 billion) combined with the Budget Stabilization Reserve Fund balance (\$5.0 billion) is sufficient to offset projected budget deficits through FY 2026-27.

Sincerely,



Matthew J. Knittel
Director, Independent Fiscal Office

Attachment

cc: The Honorable Matthew Bradford, Chairman, House Appropriations Committee