

Economic Update

October 2026

Greater Susquehanna Valley
Chamber of Commerce

Matthew Knittel, Director

Independent Fiscal Office

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General Fund Revenue Estimates

- Next Fiscal Year: May (Initial), June (Final) and January (Mid-Year Update)
- Outlook for Next 5 Fiscal Years: mid-November

Analysis of Pension Law Changes: SERS and PSERS

Member Requests

- School Property Tax Replacement with Sales and Income Tax

Miscellaneous Regular Reports

- Quarterly Natural Gas Production
- Research Briefs (SNAP, Medicaid, Gasoline Consumption)
- Property Tax – Act 1 Index, Reassessment Impact

Pennsylvania Demographics

Age	Levels (000s)			Change (000s)		Change %	
	2020	2025	2030	20-25	25-30	20-25	25-30
0-19	3,011	2,919	2,804	-92	-115	-3.1%	-3.9%
20-64	7,497	7,341	7,232	-156	-109	-2.1%	-1.5%
65-79	1,880	2,132	2,205	252	73	13.4%	3.4%
80+	<u>608</u>	<u>668</u>	<u>807</u>	<u>60</u>	<u>139</u>	<u>9.9%</u>	<u>20.8%</u>
Total	12,996	13,060	13,048	64	-12	0.5%	-0.1%
Source: U.S. Census Bureau. Forecasts by IFO.							

PA Population: Components of Change (000s)

	2015-20	2020-25	2025-30
Start of Period	12,899	12,996	13,060
1 Births	682	646	616
2 Deaths	-677	-725	-735
3 Domestic Migration	-48	-52	-72
4 International Migration	140	195	180
End of Period	12,996	13,060	13,049
Change	97	64	-12
Birth Rate Age 14-52	4.1%	4.0%	3.7%
Birth Rate Age 20-29	6.9%	6.1%	5.4%
Note: Birth Rate is rate at end of period. Source: US Census Bureau. Forecast by IFO.			

County Demographics

County	Number		Change 2020-25		Components		
	2020	2025	Number	Percent	Natural	Dom Mig	Int Mig
Montour	18,130	17,868	-262	-1.4%	-175	-303	216
Northumberland	91,544	89,920	-1,624	-1.8%	-2,302	261	417
Snyder	39,737	39,655	-82	-0.2%	-6	-198	122
Union	<u>42,659</u>	<u>42,313</u>	<u>-346</u>	<u>-0.8%</u>	<u>-268</u>	<u>-344</u>	<u>266</u>
Region	192,070	189,756	-2,314	-1.2%	-2,751	-584	1,021
Note: Dom Mig is Domestic Migration, Int Mig is International Migration. International Migration includes unclassified. 2025 data are estimates and subject to revision. Source: U.S. Census Bureau.							

Region Working Age Cohort (18-64) Contracts

County	Number		Change 2020-25		Median Age
	2020	2025	Number	Percent	
Montour	10,299	9,794	-505	-4.9%	43.7
Northumberland	53,393	50,939	-2,454	-4.6%	44.1
Snyder	23,418	22,726	-692	-3.0%	41.0
Union	<u>26,580</u>	<u>26,089</u>	<u>-491</u>	<u>-1.8%</u>	39.5
Region	113,690	109,548	-4,142	-3.6%	
Note: 2025 data are estimates and subject to revision. Median Age is for 2025. Source: U.S. Census Bureau.					

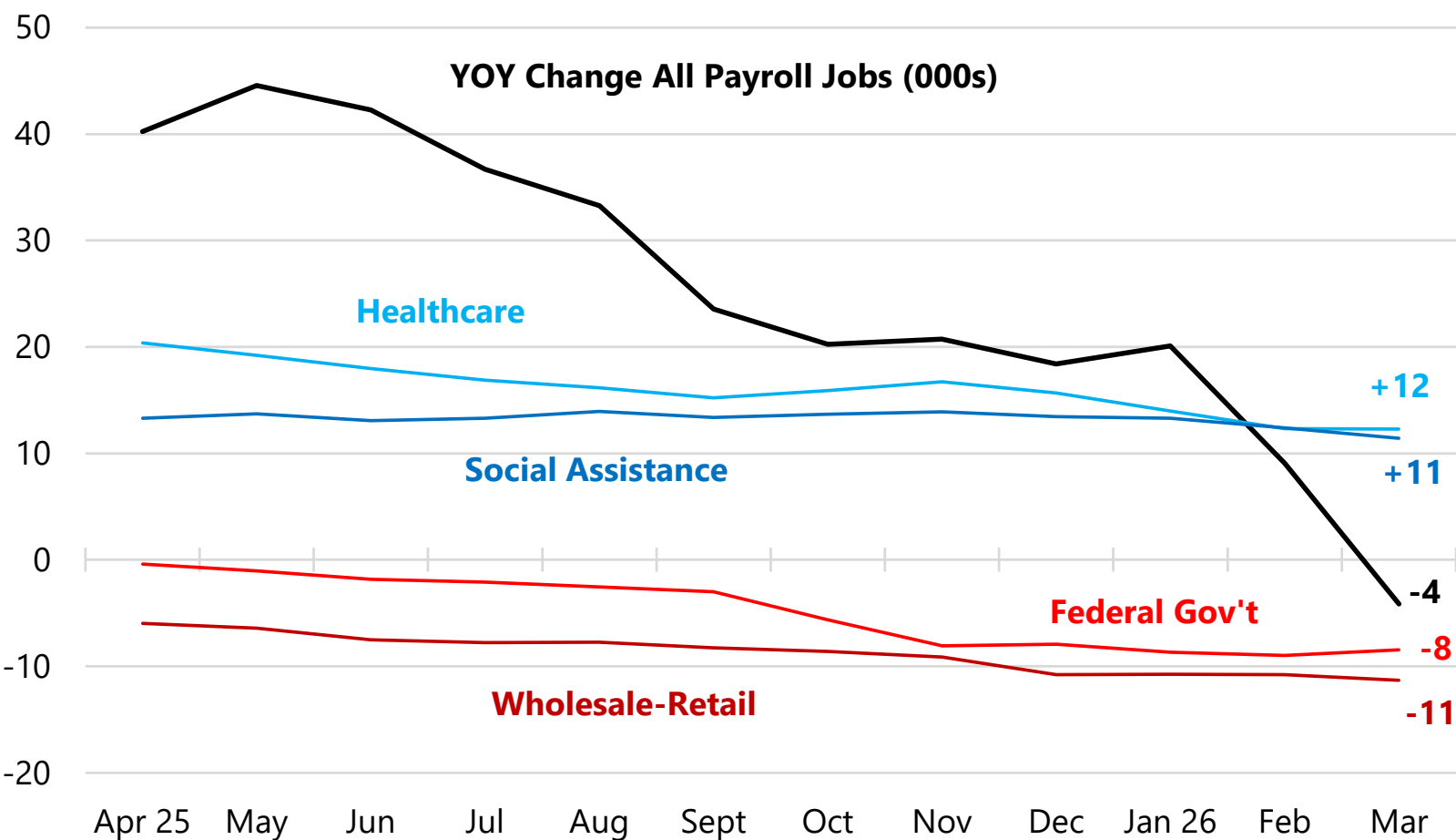
County Payroll Jobs and Wages

County	Q1 Levels			# or \$ Change		% Change	
	2024	2025	2026	2025	2026	2025	2026
Montour							
Payroll Jobs	16,717	17,167	17,340	449	174	2.7%	1.0%
Wages (millions)	\$363	\$387	\$408	\$24	\$21	6.7%	5.5%
Northumberland							
Payroll Jobs	26,098	26,030	25,909	-68	-120	-0.3%	-0.5%
Wages (millions)	\$366	\$366	\$371	\$0	\$5	0.0%	1.5%
Snyder							
Payroll Jobs	15,244	15,330	15,278	86	-52	0.6%	-0.3%
Wages (millions)	\$171	\$176	\$177	\$5	\$1	2.7%	0.8%
Union							
Payroll Jobs	17,405	17,175	16,781	-229	-394	-1.3%	-2.3%
Wages (millions)	\$243	\$255	\$261	\$12	\$6	5.0%	2.5%
Note: Count of jobs, not residents employed, based on business location. Excludes self-employed. Includes part-time jobs. Source: U.S. Bureau of Labor Statistics QCEW.							

Region vs Statewide

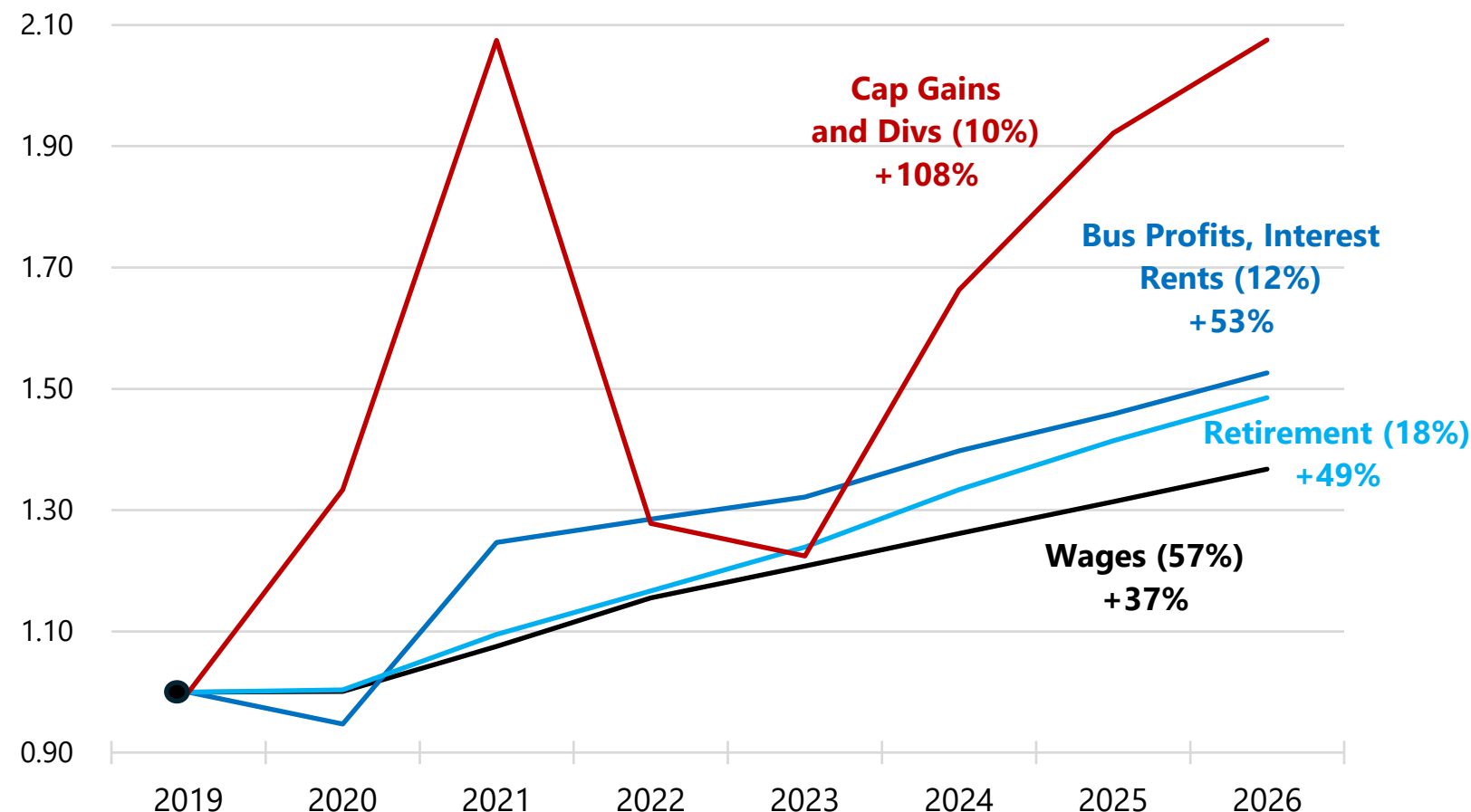
	Q1 levels			Change		% Change	
	2024	2025	2026	2025	2026	2025	2026
4 County Region							
Payroll Jobs	75,464	75,701	75,309	238	-392	0.3%	-0.5%
Wages (\$ millions)	\$1,143	\$1,184	\$1,218	\$41	\$35	3.6%	2.9%
Avg Annual Wage	\$60,580	\$62,550	\$64,710	\$1,970	\$2,160	3.3%	3.5%
Statewide							
Payroll Jobs (000s)	5,933	5,976	5,980	43	4	0.7%	0.1%
Wages (\$ billions)	\$111.8	\$116.5	\$121.5	\$4.7	\$4.0	4.2%	3.4%
Avg Annual Wage	\$75,370	\$78,000	\$80,590	\$2,630	\$2,590	3.5%	3.3%
Note: Excludes self-employed. Includes part-time jobs. Source: U.S. Bureau of Labor Statistics QCEW.							

PA Payroll Jobs Contracted in Spring



- Source: QCEW (6-month delay)
- All jobs data are “benchmarked” to this source
- Healthcare: Home Healthcare, Outpatient, Nursing Home
- Social Assist: Elderly-Disabled Services, Adult Day Care, Direct Care workers
- Spring slow down: Construction and Delivery Services
- Sept Jobs Report: +45k, but will likely be revised down significantly

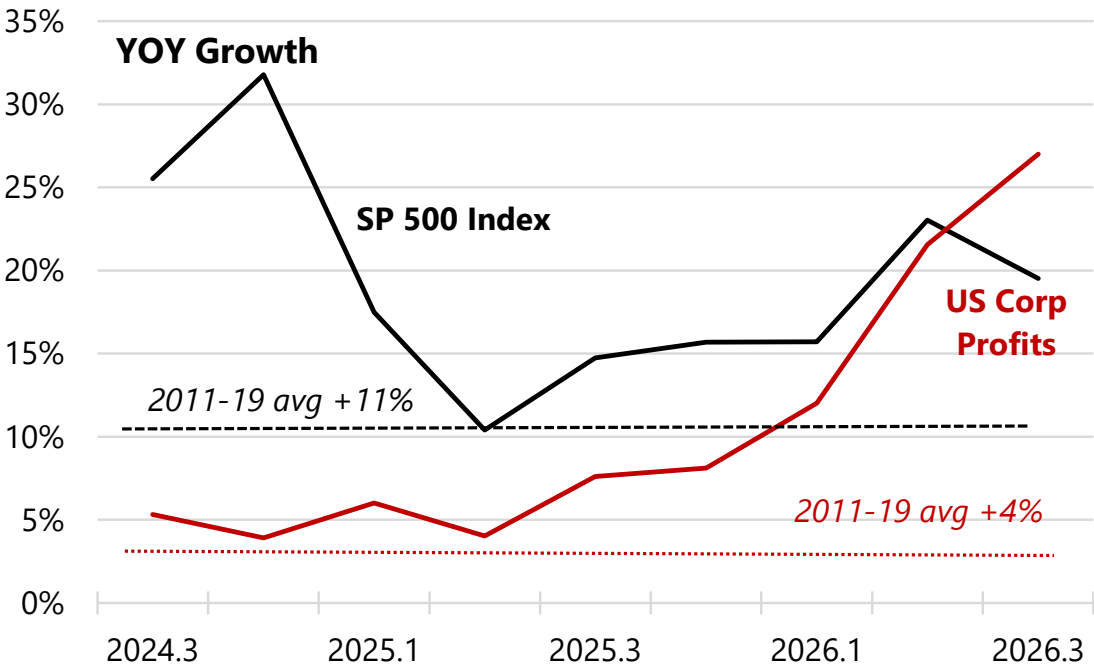
Surge in Stock Market Income: 2019 to 2026



- Graph shows total growth of **PA Cash Income** components
- **PA Cash Income = \$882 billion** (+46% 2019 to 2026)
- Philadelphia CPI-U +32%
- <\$100k income: Wages 55% of income, Retirement is 25%
- >\$500k income: Wages 29% of income, Capital Gains is 28%

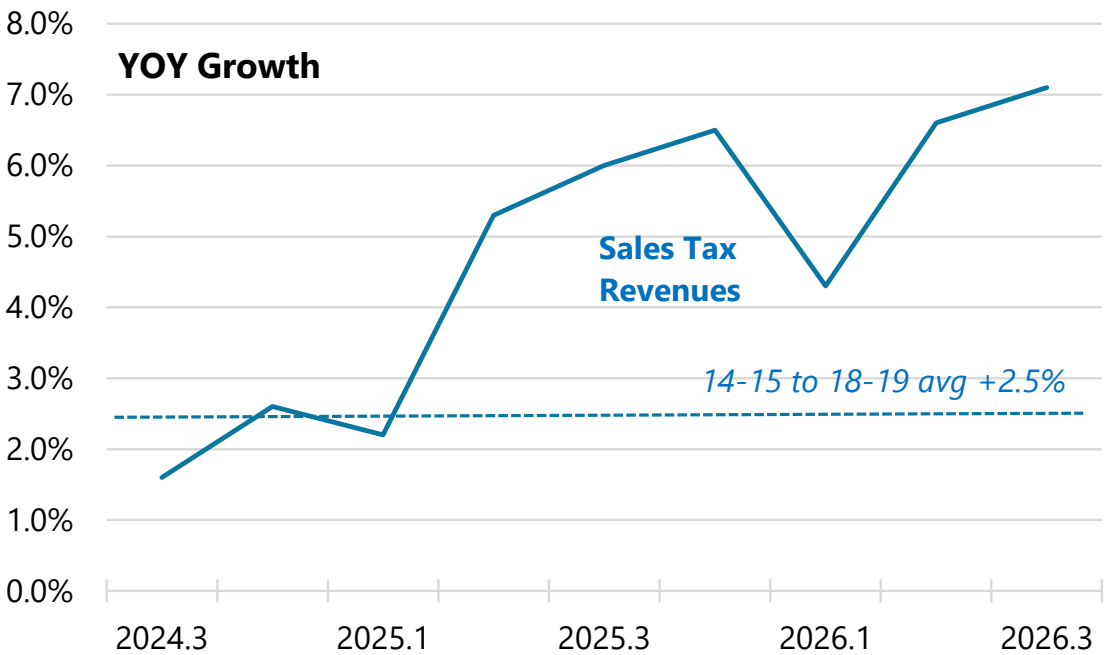
Note: Retirement includes pensions, Social Security and IRAs. Business Profits include self-employed income. Percentages in parentheses are the income type's share of Total Cash Income.

Wealth Gains Drive Very Strong PA Spending

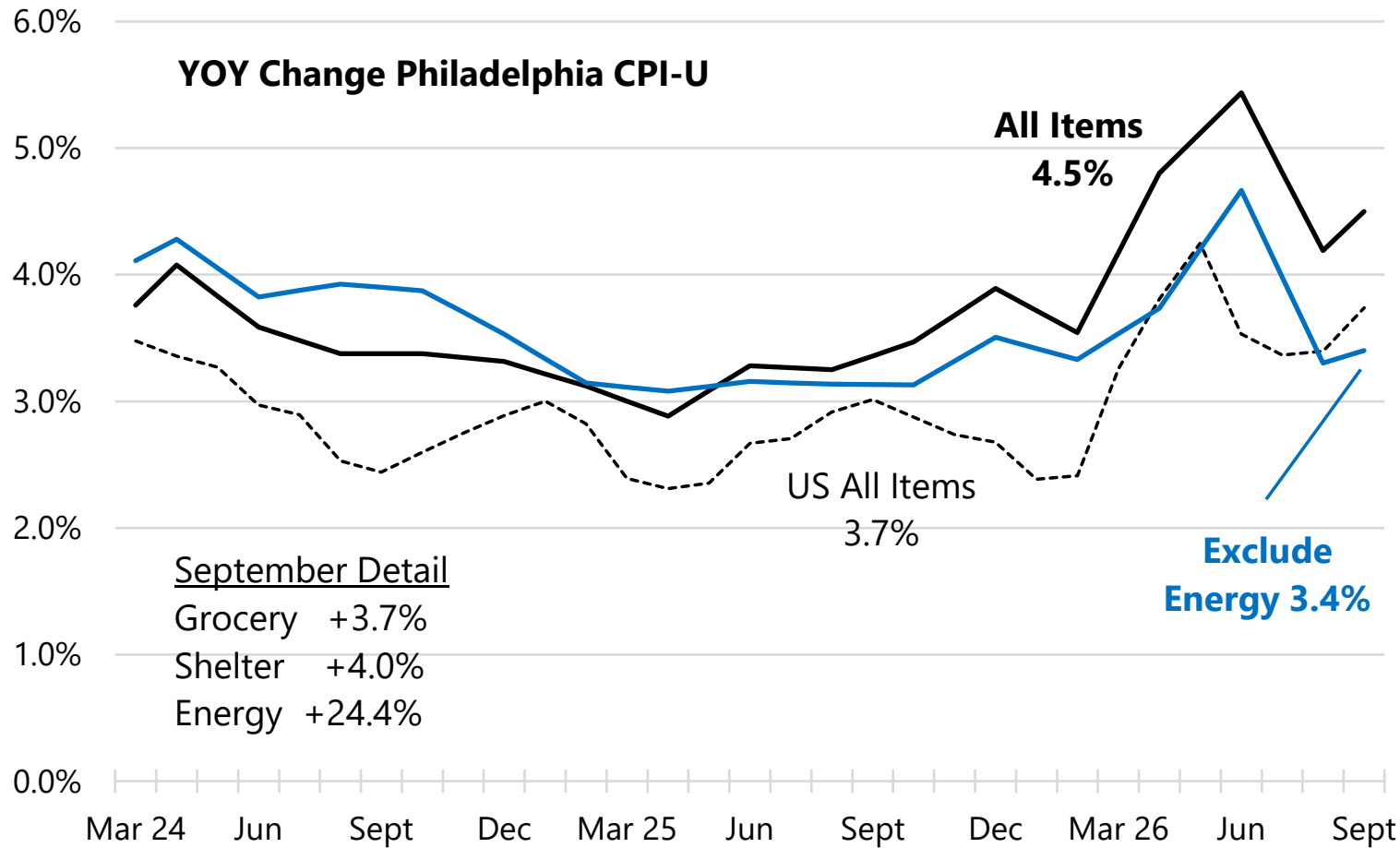


- Corporate Profits growth: much is AI related
- Historical averages do not include a recession

- Sales Tax is our best metric for real-time spending
- ~1/3 of total consumer spending is taxable
- October sales tax up +8% YOY



Energy Drives PA Inflation



- PA > US due to CPI Shelter component
- 39% of Philly CPI, 36% of US
- Disregard May-June bump, technical issues
- Energy up +24% (6% of CPI): gasoline and electric/natural gas
- Gasoline up +34% in summer, but PA drivers did not reduce purchases
- Groceries are 7% of CPI

State-Local Effective Tax Rates

	All Taxes		Income		Property		Sales	
	ETR	Rank	ETR	Rank	ETR	Rank	ETR	Rank
New York	17.4%	1	5.1%	2	4.7%	5	3.0%	18
Maryland	12.7%	12	4.5%	3	2.9%	31	1.7%	43
New Jersey	12.5%	13	2.9%	17	4.8%	4	2.1%	40
Pennsylvania	11.5%	21	3.1%	15	2.9%	29	2.3%	38
Ohio	11.1%	22	2.9%	19	3.1%	25	3.2%	16
US Average	11.1%		2.4%		3.2%		2.9%	
Note: ETR is State-Local Tax Revenue / Cash Income. Cash Income includes wages, interest, dividends, pensions, IRA withdrawals, Social Security, business profits and transfer payments (e.g., SNAP). U.S. Average is unweighted so that all states have equal weight. Total excludes severance taxes.								

General Fund Financial Statement

Fiscal Year	23-24	24-25	25-26	26-27
Net Revenues	\$43.49	\$44.16	\$46.43	\$47.75
Expenditures	-44.86	-47.82	-49.03	-50.85
Plus: Prior Year Lapses	<u>0.59</u>	<u>1.12</u>	<u>0.84</u>	<u>0.41</u>
Current Year Deficit	-0.79	-2.55	-1.76	-2.69
Less: DHS Cycle Rolls	--	--	1.32	1.32
Less: Revenue Transfers	--	--	0.67	0.58
Less: Other Temporary Measures	<u>0.27</u>	<u>0.87</u>	<u>0.80</u>	<u>0.45</u>
Structural Deficit	-1.06	-3.41	-4.55	-5.03
Year End Balances				
General Fund Surplus	\$6.63	\$4.16	\$2.46	--
Rainy Day Fund	6.25	7.47	7.76	\$8.11
Note: Billions of dollars.				

Questions?

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