



## INDEPENDENT FISCAL OFFICE

Second Floor, Rachel Carson State Office Building  
400 Market Street  
Harrisburg, Pennsylvania 17105

March 7, 2017

The Honorable Stan Saylor  
Chairman  
House Appropriations Committee  
245 Main Capitol Building  
Harrisburg, PA 17120

Dear Chairman Saylor:

This letter responds to requests for additional information raised at the recent budget hearing for the Independent Fiscal Office (IFO).

**Representative Dunbar** asked about the number of states that currently use incremental budgeting. According to a report issued by The National Association of State Budget Officers (NASBO) in August of 2015, incremental budgeting is the primary budget approach utilized by 30 states.<sup>1</sup>

**Representative Quinn** inquired about the out-migration of young people in Pennsylvania. Unfortunately, migration data for all individuals in a particular age group are not readily available. However, the United States Internal Revenue Service (IRS) provides state data on in and out migration by the age of the primary tax filer. These data may be utilized to estimate the income earners and dependents migrating in and out of the state by age group. Tables presenting the IRS migration data for 2013 to 2014 and 2014 to 2015 are enclosed. (Please refer to Tables A and B.)

**Representative Briggs** asked about the number of people working on performance measures in Washington State. The Washington State Institute for Public Policy (WSIPP) website indicates that the office has 22 professional staff.<sup>2</sup> This does not include state agency or legislative staff that also work to measure program effectiveness in Washington State.

**Representative Keller** expressed interest in expenditure growth in Pennsylvania as compared to other states. The U.S. Census Bureau compiles expenditure data by state. The Census defines “expenditure” as

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<sup>1</sup> “Budgeting Processes Spotlight: How States Use Performance Data,” The National Association of State Budget Officers (August 2015). See <https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Issue%20Briefs%20/Budget%20Processes%20Performance%20Brief.pdf>.

<sup>2</sup> See <http://www.wsipp.wa.gov/About/Staff>.

all amounts of money paid out by a government other than for retirement of debt, investment of securities, extension of credit or as agency transactions. Table C (enclosed) reflects total expenditures for the United States, Pennsylvania and surrounding states for the years 2012 through 2014 (latest available).

As indicated during the IFO's budget hearing, the office plans to release an analysis of the Executive Budget proposals in late March and will be available for further discussion with your committee once that report has been released.

Thank you for the opportunity to submit additional information on these topics. If you have further questions, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel". The signature is written in a cursive style with a large initial 'M' and 'K'.

Matthew J. Knittel  
Director

Enclosures

**Table A**  
**Pennsylvania Federal Tax Returns by Age of Primary Income Filer and Domestic Migration from 2013 to 2014**

Age Group of Primary Tax Filer	Number of Federal Tax Returns in/from Pennsylvania				Net Domestic Migration	Net Migration as a share of total returns in 2014
	In PA both 2013 and 2014	Outflow 2013 to 2014	Inflow 2013 to 2014	Total		
All ages	4,938,483	113,575	95,598	5,034,081	-17,977	-0.4%
under 26	418,614	23,219	19,212	437,826	-4,007	-0.9%
26 under 35	821,770	37,282	32,407	854,177	-4,875	-0.6%
35 under 45	806,910	18,230	15,994	822,904	-2,236	-0.3%
45 under 55	958,561	12,927	10,685	969,246	-2,242	-0.2%
55 under 65	911,542	10,042	7,748	919,290	-2,294	-0.2%
65 and over	1,021,086	11,875	9,552	1,030,638	-2,323	-0.2%

Age Group of Primary Tax Filer	Number of Exemptions on Federal Tax Returns				Net Domestic Migration	Net Migration as a share of total exemptions in 2014
	In PA both 2013 and 2014	Outflow 2013 to 2014	Inflow 2013 to 2014	Total		
All ages	10,224,282	202,222	174,676	10,398,958	-27,546	-0.3%
under 26	618,593	31,759	27,423	646,016	-4,336	-0.7%
26 under 35	1,636,580	62,464	56,743	1,693,323	-5,721	-0.3%
35 under 45	2,270,944	45,387	40,339	2,311,283	-5,048	-0.2%
45 under 55	2,366,981	27,884	23,100	2,390,081	-4,784	-0.2%
55 under 65	1,726,530	17,573	13,444	1,739,974	-4,129	-0.2%
65 and over	1,604,654	17,155	13,627	1,618,281	-3,528	-0.2%

Notes: Age groups are based on the primary filers' age. Net Migration is inflow minus outflow to Pennsylvania. Number of exemptions is the total number of people claimed on federal tax returns (includes filer and spouse). Source: U.S. IRS. SOI Tax Stats - Migration Data. 2013 to 2014. <https://www.irs.gov/uac/soi-tax-stats-migration-data>.

**Table B**  
**Pennsylvania Federal Tax Returns by Age of Primary Income Filer and Domestic Migration from 2014 to 2015**

Age Group of Primary Tax Filer	Number of Federal Tax Returns in/from Pennsylvania				Net Domestic Migration	Net Migration as a share of total returns in 2015
	In PA both 2014 and 2015	Outflow 2014 to 2015	Inflow 2014 to 2015	Total		
All ages	4,970,794	85,168	72,321	5,043,115	-12,847	-0.3%
under 26	424,294	20,195	16,597	440,891	-3,598	-0.8%
26 under 35	838,871	27,999	24,374	863,245	-3,625	-0.4%
35 under 45	799,249	12,288	11,293	810,542	-995	-0.1%
45 under 55	934,688	8,866	7,906	942,594	-960	-0.1%
55 under 65	921,269	7,025	5,456	926,725	-1,569	-0.2%
65 and over	1,052,423	8,795	6,695	1,059,118	-2,100	-0.2%

Age Group of Primary Tax Filer	Number of Exemptions on Federal Tax Returns				Net Domestic Migration	Net Migration as a share of total exemptions in 2015
	In PA both 2014 and 2015	Outflow 2014 to 2015	Inflow 2014 to 2015	Total		
All ages	10,213,878	144,334	127,125	10,341,003	-17,209	-0.2%
under 26	625,867	27,507	24,057	649,924	-3,450	-0.5%
26 under 35	1,652,026	44,914	41,336	1,693,362	-3,578	-0.2%
35 under 45	2,240,328	29,019	26,876	2,267,204	-2,143	-0.1%
45 under 55	2,305,924	18,390	16,384	2,322,308	-2,006	-0.1%
55 under 65	1,737,406	11,888	9,179	1,746,585	-2,709	-0.2%
65 and over	1,652,327	12,616	9,293	1,661,620	-3,323	-0.2%

Notes: Age groups are based on the primary filers' age. Net Migration is inflow minus outflow to Pennsylvania. Number of exemptions is the total number of people claimed on federal tax returns (includes filer and spouse). Source: U.S. IRS. SOI Tax Stats - Migration Data. 2014 to 2015. <https://www.irs.gov/uac/soi-tax-stats-migration-data>.

**Table C**  
**Interstate Comparison of Expenditure Growth**

State	2012	2013	2014	AAGR <sup>1</sup>
Pennsylvania	\$87,339,608	\$87,532,654	\$86,985,760	-0.2%
Delaware	\$8,315,681	\$8,648,250	\$8,786,763	2.8%
Maryland	\$41,139,083	\$39,556,993	\$41,308,885	0.2%
New Jersey	\$68,121,744	\$67,362,610	\$69,081,342	0.7%
New York	\$181,226,180	\$184,040,200	\$178,324,895	-0.8%
Ohio	\$76,524,453	\$76,291,671	\$79,239,198	1.8%
West Virginia	\$13,222,912	\$13,234,155	\$13,240,704	0.1%
United States	\$1,981,197,761	\$2,005,911,667	\$2,036,419,293	1.4%

<sup>1</sup>Average annual growth rate.

Notes: The statistics reflect state government fiscal years that end on June 30, except for New York which ends on March 31. Dollar amounts in thousands. Includes expenditures from all funds.