

# IFO NEWS STAND



## Pennsylvania News

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### Philadelphia Region Inflation Remains Steady

On July 11, the U.S. Bureau of Labor Statistics released regional [consumer price index data](#). The Philadelphia region CPI-U increased by 2.1% from the previous June. Excluding energy, the Philadelphia region CPI-U grew 2.4% year-over-year, while medical care showed strong growth of 3.9%. Nationally, inflation remains low with 1.6% growth from the prior year, or 2.1% growth if energy is excluded.

### Personal Income Growth Moderates in 2019 Q1

On June 25, the U.S. Bureau of Economic Analysis released state [personal income data](#) for 2019 Q1. Compared to the prior year, data show that Pennsylvania personal income grew by 3.5% in the first quarter with the largest earnings increase coming from government transfers. Transfer receipts grew by 7.7% year-over-year in Pennsylvania and 6.9% nationally. In Pennsylvania, growth was driven by Medicaid transfers, which grew by 12.0%. Across all states, Pennsylvania ranked 29th in personal income growth and outperformed the following border states: Delaware (3.4%), New Jersey (3.2%) and New York (1.7%).

### Nonemployer Businesses Expand in 2017

The number of Pennsylvania nonemployer businesses grew by 2.1% in 2017 according to a [new data release](#) from the U.S. Census Bureau. Nonemployer establishments accounted for 849,036 of all Pennsylvania businesses in 2017. These businesses are defined as having no paid employees, annual business receipts of \$1,000 or more and are typically independent contractors, sole-proprietorships or partnerships. The Transportation and Warehousing sector led nonemployer business growth in 2017, which grew by 18.4% or 10,420 establishments.

## National News

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### Nursing Home Costs Outpacing Medical and Consumer Inflation

On June 25, Bloomberg featured the results of a six-year study on [nursing home prices](#) by Georgetown University Medical Center. It found that nursing home prices between 2005 and 2010 generally increased much faster than the overall cost of medical care and consumer inflation. In 2018, the national median cost for a private room in a nursing home was \$275 per day, or \$100,375 per year. Long-term care is not covered by Medicare and cost increases are absorbed by private wealth or state Medicaid programs.

### Student Debt Cancellation Led to General Deleveraging

The [July NBER Digest](#) summarized a working paper that explored the link between student debt, other forms of credit utilization and labor market outcomes. Using a natural experiment created by recent collections lawsuits, the study followed two cohorts and found that debt cancellation for borrowers in default on student loans led to a 25% reduction in total debt from other accounts including credit cards, auto loans and home loans. These borrowers were also more likely than the cohort who did not receive student debt relief to move to a different state or change jobs and averaged more than \$4,000 in total additional earnings over a three-year period.