

IFO NEWS STAND

Pennsylvania News

State Population Barely Grew in 2019

On December 30, 2019 the [U.S. Census Bureau](#) released national and state population estimates for 2019. Pennsylvania's population grew by just 1,067 people, remaining relatively flat at 12.80 million. The population growth was primarily due to the number of births outpacing the number of deaths by 1,751. Net migration was estimated to be -56 in 2019, compared to the 10,944 gain in the prior year. The significant reversal is driven by a decline in international in-migration, falling 38.3% (-12,143) from 2018. By comparison, domestic out-migration changed from -20,731 to -19,588.

IRS Reports Negative Net Domestic Migration from 2017 to 2018

The IRS also recently released [state migration data](#) for 2017 to 2018 based on tax returns. Pennsylvania recorded a negative net domestic migration of -10,973. Domestic migration into Pennsylvania totaled 193,599 and New York (31,623), New Jersey (30,477) and Florida (15,972) contributed the largest shares. However, Florida (26,211), New Jersey (23,126) and New York (18,333) were also the most common destinations for individuals migrating out of Pennsylvania, and the state as a whole recorded a domestic out-migration of 204,572. By far, New York (13,290) and New Jersey (7,351) recorded the largest net inflows into Pennsylvania. Florida (-10,239), North Carolina (-4,298) and South Carolina (-3,297) were the largest net outflow states.

National News

States Pay \$30 Billion per Year on Targeted Tax Breaks

A recent [article](#) in the Wall Street Journal discusses the benefits of targeted business tax incentives offered by state and local governments. A [study](#) conducted by economists at Columbia Business School and Princeton University found that the number of tax incentives has tripled over the last thirty years. The study estimates that states are paying \$30 billion per year to offer these incentives. However, it is unknown if the costs associated with targeted incentives are warranted because the benefits are difficult to track due to the lack of high quality data. Based on data available, the study found that narrow, firm-specific incentives appear to generate job growth within that targeted industry, but broader regional benefits are not realized. The study also found that larger, profitable firms often receive more incentives and that 25% of business tax incentives flow to a small group of firms that expand to new locations.

State Leading Index Declines in Nine States Including Pennsylvania

On December 31, 2019 the Federal Reserve Bank of Philadelphia released its [State Leading Indexes](#), a six-month forecast of its [State Coincident Indexes](#) for November 2019. Forty-one state coincident indexes are projected to grow over the next six months, but nine (including Pennsylvania) are projected to decline. This outcome is likely related to the uptick in the Pennsylvania unemployment rate for the fourth consecutive month in November. However, the increase in the unemployment rate was due to a positive factor—more people joining the labor force, rather than more people not working. Under these conditions, a decline of the leading index raises less concerns.