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**Independent Fiscal Office Releases
Long-Term Economic and Budget Outlook**

(Harrisburg) - - The Independent Fiscal Office (IFO) has released a long-term economic and budget outlook for Pennsylvania, according to director Matthew Knittel. The report, entitled *The Economic & Budget Outlook: Fiscal Years 2012-13 to 2017-18*, will be available on the office website (www.ifo.state.pa.us).

“The report provides data and analysis that policymakers and residents can use to assess the fiscal sustainability of current tax and spending policies,” Knittel said.

The report considers the demographic, economic, revenue and expenditure trends that may affect the Commonwealth’s fiscal position over the next five years. On a current-policy basis, the analysis finds that expenditure growth has the potential to significantly exceed revenue growth over this period.

Other major findings include:

- The Pennsylvania economy will continue to expand, but at a lackluster pace. Demographic trends and continued tax base erosion will constrain revenue growth. There are important downside risks associated with global economic weakness and the uncertainties of federal tax policy.
- The number of working-aged residents between ages 20 and 64 will decline by one percent between 2010 and 2020. The number of residents age 65 and over will increase by nearly 27 percent over this same period. A decline in the working-age population, combined with a dramatic increase in the elderly, will diminish tax revenues while placing additional pressure on Medical Assistance expenditures.
- Expenditure growth is driven by rising healthcare costs and mandated employer contributions for pensions, which are expected to outpace the growth in revenues.

“The analysis reveals that the Commonwealth will face significant challenges in crafting tax and spending policies to address a growing imbalance between revenues and expenditures,” said Knittel.

Act 120 of 2010 created the Independent Fiscal Office to provide revenue projections for use in the state budget process along with impartial and timely analysis of fiscal, economic and budgetary issues.

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