



Economic Brief

State Representative Tommy Sankey

January 2022

Chairman's Report

General Fund revenue collections of \$3.59 billion were above estimate by \$376.8 million for the month of January. Year-to-date collections of \$26.15 billion are above estimate by \$1.847 billion.

Every major tax category exceeded estimate for the month including Non-Tax revenue: Total Corporation Taxes by \$20.9 million; Total Consumption Taxes by \$97.0 million; Personal Income Taxes by \$180.1 million; All Other Taxes by \$65.8 million; and Total Non-Tax Revenue by \$15.4 million.

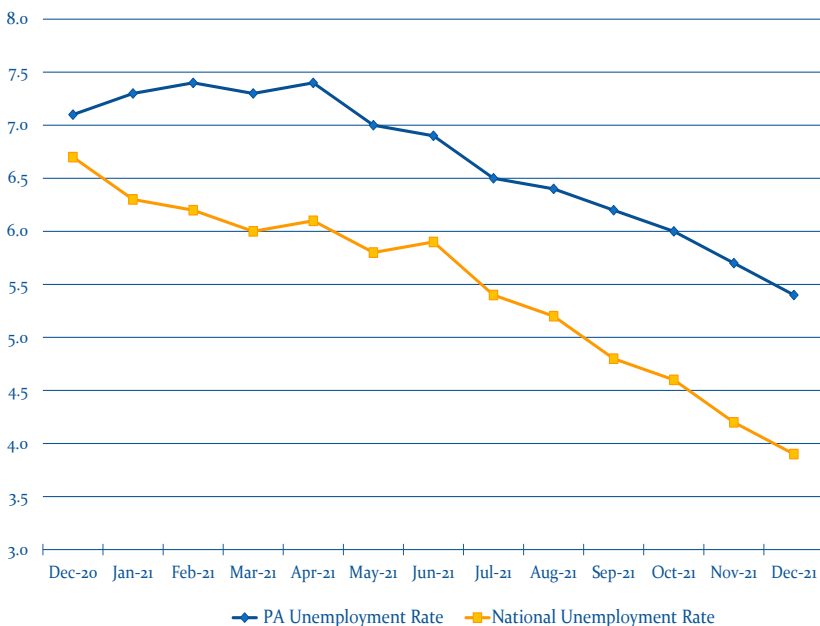
On January 31, 2022, the Independent Fiscal Office (IFO) released its Mid-Year Update for FY2021-22 with a revised revenue estimate of \$45.322 billion, which is \$2.786 billion more than the Official Revenue Estimate. Also included in the report is an initial revenue estimate of \$43.319 billion for FY2022-23.

While FY2021-22 revenues are considerably outperforming estimates, the IFO highlights in its report, that State tax and non-tax revenues are estimated to decline 0.8% in FY2022-23.

December's unemployment report once again shows a slight increase in employment but an even greater exit from the labor force. Pennsylvania's workforce participation rate of 60.8 is the lowest it has been since June of 1987.

The Committee will continue to monitor future risks to the current economic trends which may have a significant impact on future General Fund revenue collections.

12-Month Unemployment Rates



PA EMPLOYMENT STATISTICS

| | Dec. 2021 | Monthly Change | |
|------------------------|---------------|----------------|---|
| Labor Force | 6.241 Million | -18,000 | ↓ |
| Unemployment Rate | 5.4% | -0.3% | ↓ |
| Total Nonfarm Jobs | 5.805 Million | +14,300 | ↑ |
| 12-Month Change | | | |
| Total Nonfarm Jobs | +202,200 | | |
| Unemployment Rate | -1.7% | | |

Surrounding States Unemployment Rates

| | | | |
|----|------|----|------|
| DE | 5.0% | NY | 6.2% |
| MD | 5.0% | OH | 4.5% |
| NJ | 6.3% | WV | 3.7% |



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January Revenue Collections Over Estimate by \$376.8 Million

| IFO Mid-Year Revenue Estimates | | | January Revenue Collections | |
|--|--|--------|------------------------------|--------------------------------|
| Revenue Source | | | Official Estimate | Actual Collections |
| FY21-22 | FY22-23 | Growth | | |
| State Tax & Non-Tax Revenue | State Tax & Non-Tax Revenue | | Total General Fund | Total General Fund ↑ |
| \$41.481 billion | \$41.129 billion | -0.8% | \$3.21 Billion | \$3.59 Billion |
| Federal ARPA Funds | Federal ARPA Funds | | Corporation Taxes | Corporation Taxes ↑ |
| \$3.841 billion | \$2.19 billion | -43.0% | \$184.4 Million | \$205.3 Million |
| General Fund Estimate | General Fund Estimate | | Sales Taxes | Sales Taxes ↑ |
| \$45.322 billion | \$43.319 billion | -4.4% | \$1.16 Billion | \$1.26 Billion |
| | | | Personal Income Taxes | Personal Income Taxes ↑ |
| | | | \$1.57 Billion | \$1.75 Billion |
| | | | All Other Taxes | All Other Taxes ↑ |
| | | | \$289.0 Million | \$354.8 Million |
| | | | Non-Tax Revenue | Non-Tax Revenue ↑ |
| | | | \$6.5 Million | \$21.9 Million |

Inflation in Pennsylvania

A 6.6% total increase from Dec. 2020 to Dec. 2021

