

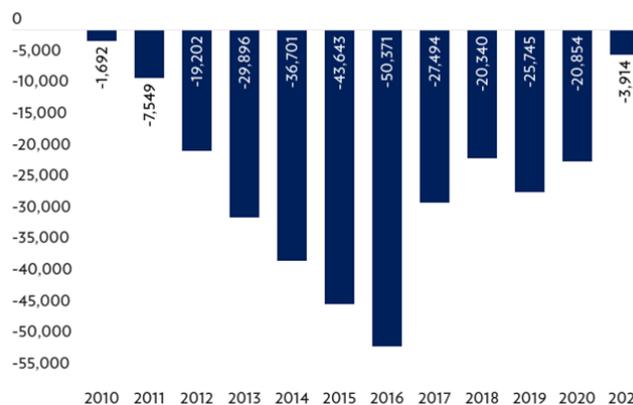
# Pennsylvania's Population Problems

## THE PROBLEM

New [data](#)<sup>1</sup> from the United States Census Bureau shows Pennsylvania's population problems remain:

- Pennsylvania's population decreased by 25,000 from July 2020 to July 2021. Natural population decrease, when there are more deaths than births, drove this decrease.
- The Census Bureau data shows that deaths in the commonwealth during this time frame totaled 160,000. About 80,000 Pennsylvanians died in a [typical year](#) prior to COVID-19.<sup>2</sup>
- Pennsylvania lost 3,194 citizens from domestic migration, continuing an 11-year trend of population loss from domestic outmigration. However, the pandemic seems to have slowed the trend of outmigration.
  - Pennsylvania ranked 48th in the 2021 [U-Haul Growth Index](#) and 37th in the 2021 [United Van Lines National Movers Study](#).<sup>3,4</sup>
  - About 36 percent of people leaving the state cited a job as the main reason for moving. A 2021 Pennsylvania Independent Fiscal Office (IFO) [report](#) projects that the state's working age population will decrease some 250,000 by 2025 from the 2020 level.<sup>5</sup>
- On a positive note, Pennsylvania gained 7,467 residents from international migration, helping offset some of the losses from domestic migration. Since 2010, Pennsylvania has seen 274,000 international migrants come into the state.

## Pennsylvania: Annual Population Lost to Domestic Migration 2010-2021



United States Census Bureau, "Annual Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Change for the United States, States, the District of Columbia, and Puerto Rico: April 1, 2010 to July 1, 2020" <https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates/2020-evaluation-estimates/2010s-state-total.html>

2021 Data: United States Census Bureau, "Annual and Cumulative Estimates of the Components of Resident Population Change for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2021" <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>

The combination of outmigration and an aging population could have devastating effects on Pennsylvania's economy. The IFO's October 2021 "[Labor Market Update](#)" shows a depleted Pennsylvania workforce that only has a 61 percent workforce participation rate.<sup>6</sup> Pennsylvania needs to start gaining, rather than losing domestic migrants to grow the economy. Tax burdens and fiscal stability are correlated with attracting domestic migrants.

- Seven out of nine states with [no state income tax](#) saw population gains from domestic migration.<sup>7</sup>
  - The average tax rate in the top third of growth states is 3.5 percent, while the average tax rate in the bottom third is 7.3 percent.
- Four out of the five [most fiscally stable](#) states saw population gain from domestic migration.<sup>8</sup>

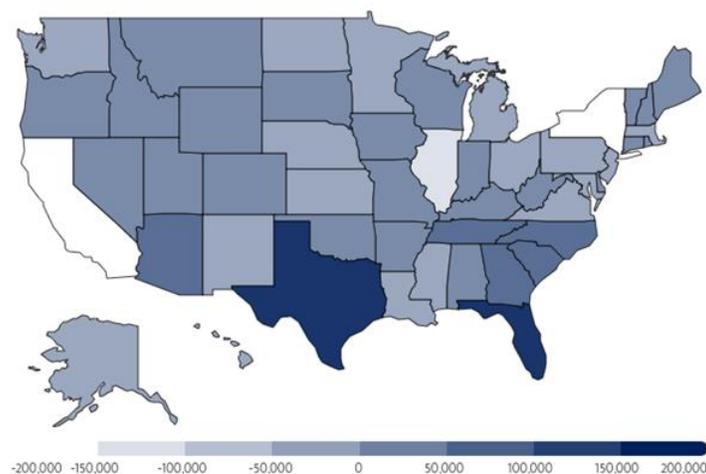
## THE SOLUTION

The Taxpayer Protection Act (TPA), [House Bill 71](#),<sup>9</sup> can lower our tax burden and improve our fiscal stability. It places limits on how fast state government spending can grow. These limits would allow the state to build up its *rainy day* fund. Formally titled the Budget Stabilization Reserve Fund, the current balance covers the Keystone State's expenses for around 25 days.<sup>10</sup> If Pennsylvania gets its rainy day fund to adequate levels, excess money could be returned to residents through tax cuts. Eventually, Pennsylvania could become the 10th state without an income tax. Both effects will make Pennsylvania more desirable for domestic migrants.

An influx of domestic migrants is crucial to the state's economic future as the population continues to age.

## NET DOMESTIC MIGRATION BY STATE

JULY 2020-JULY 2021



Source: US Census Bureau: "Annual and Cumulative Estimates of the Components of Resident Population Change for the United States, Regions, States, District of Columbia, and Puerto Rico: July 1, 2020 to July 1, 2021"  
<https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>

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<sup>1</sup> United States Census Bureau, "State Population Totals and Components of Change: 2020-2021" December 21, 2021, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>

<sup>2</sup> Pennsylvania Department of Health, "Death Statistics," <https://www.health.pa.gov/topics/HealthStatistics/VitalStatistics/DeathStatistics/Pages/death-statistics.aspx>

<sup>3</sup> U-Haul, "U-Haul Growth Index: Texas is the No. 1 Growth State of 2021," January 3, 2022, <https://www.uhaul.com/Articles/About/U-Haul-Growth-Index-Texas-Is-The-No-1-Growth-State-Of-2021-26380/>

<sup>4</sup> United Van Lines, "Annual 2021 United Van Lines National Movers Study," January 3, 2022, <https://www.unitedvanlines.com/newsroom/movers-study-2021>

<sup>5</sup> Pennsylvania Independent Fiscal Office, "Demographic and Labor Market Update," October 6, 2021, [http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Lancaster\\_Chamber\\_Presentation\\_%20Oct\\_6\\_2021.pdf](http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Lancaster_Chamber_Presentation_%20Oct_6_2021.pdf)

<sup>6</sup> Pennsylvania Independent Fiscal Office, "Labor Market Update," October 2021, [http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Labor\\_Market\\_Update\\_October\\_2021.pdf](http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Labor_Market_Update_October_2021.pdf)

<sup>7</sup> Jim Probasco, "9 States With No Income Tax," January 25, 2022, <https://www.investopedia.com/financial-edge/0210/7-states-with-no-income-tax.aspx>

<sup>8</sup> United States News and World Report, "Fiscal Stability Rankings," March 9, 2021, <https://www.usnews.com/news/best-states/rankings/fiscal-stability>

<sup>9</sup> Pennsylvania General Assembly, "Regular Session 2021-2022 House Bill 71," December 14, 2021, <https://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?year=2021&sind=0&body=H&type=B&bn=71>

<sup>10</sup> "Treasurer Garrity Announces Transfer of \$2.6 billion to the Rainy Day Fund," Pa. Treasury new release, September 29, 2021, <https://patreasury.gov/newsroom/archive/2021/09-29-Rainy-Day-Fund.html>