



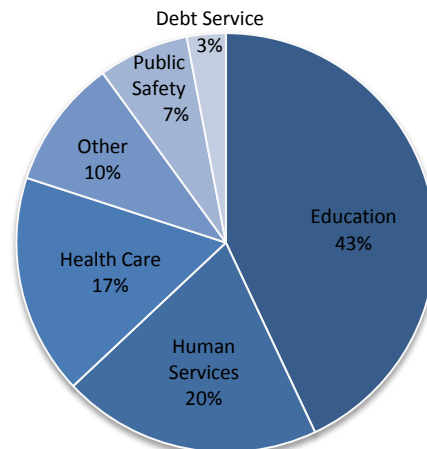
Just the Facts

Pennsylvania Budget and Taxes

Pennsylvania Spending

State Budget Is Based on Priorities.

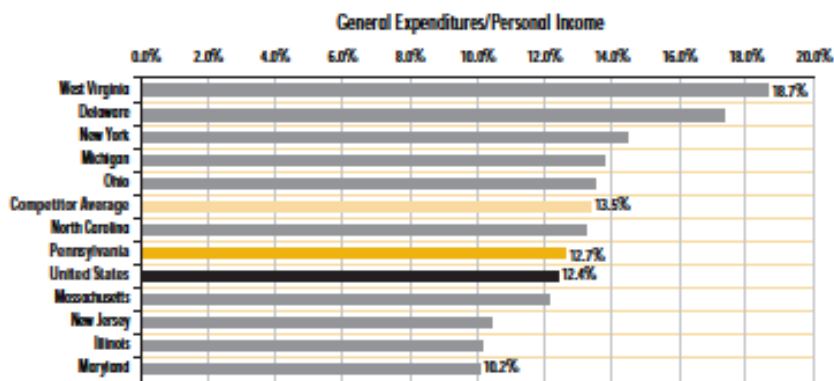
Pennsylvania’s budget funds critical public services that keep our communities safe, educate our children, help our economy to grow, and provide health care for the poor and disabled. **Two-thirds of General Fund spending goes to just three areas: education, health care, and public safety.** Another 20% supports human services, such as child protection, adoption programs, mental health services, and programs for the developmentally disabled.



Source: Commonwealth of Pennsylvania, 2008-09 Governor’s Executive Budget

Pennsylvania Spending Near National Average.

Pennsylvania’s General State Expenditures as a Share of Personal Income are Roughly Equal to the U.S. Average, 2005



Source: The Urban Institute-Brookings Institution Tax Policy Center, State & Local Government Finance Data Query System. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments.

Pennsylvania state spending is in the lower half of all states. **As a share of personal income¹, state spending ranks 30th among the 50 states.** While the state comes in just above the national average, we are well below the average of our competing states, which include neighboring states and other large manufacturing centers like Michigan and North Carolina.

¹ State personal income measures a state's economic activity. It includes the total of all wages, salaries, employer-contributed pensions and insurance, business earnings, rental earnings, dividends, and interest earned by commonwealth residents.



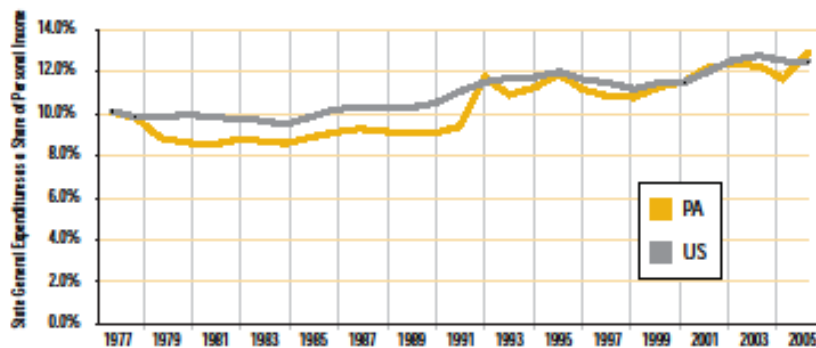
Just the Facts

Pennsylvania Budget and Taxes

Pennsylvania State Spending Out of Control? Hardly.

State government spending, as a share of personal income, has been below the national average for 27 of the last 30 years.

Pennsylvania's General Expenditures Are Generally Lower than the U.S. Average Over Time



Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

State Spending Reflects Pennsylvania's Unique Character.

- With 12.4 million people, Pennsylvania is the sixth largest state in the nation.
- The commonwealth has the third highest percentage of residents who are over 65, creating demand for senior services.
- As a manufacturing center at the crossroads of the Northeast, the Midwest, and the South, Pennsylvania is also a transportation hub with infrastructure needs and expenses.

Public Investments Strengthen Our Economy.

Surveys show that businesses look for a skilled workforce, a good quality of life for their employees, and access to markets, including a good transportation system, when deciding whether to relocate or expand. State investments in these services make Pennsylvania an attractive place to do business.

The Pennsylvania Budget and Policy Center is a non-partisan policy research project that provides independent, credible analysis on state tax, budget, and related policy matters, with attention to the impact of current or proposed policies on working families. To learn more about state taxes and spending, go to www.pennbpc.org/pabudget/primer.html.