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United Way
of Pennsylvania

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TO: Members of the House Appropriations Committee

FROM: United Way of Pennsylvania

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SUBJECT: *Fiscal Year 2023-24 Budget Priorities*

Although the COVID-19 pandemic has become an afterthought, many Pennsylvanians continue to face a variety of financial challenges in 2023. Whether it is inflation driving the cost of basic necessities, child care staffing shortages preventing parents from working, or a combination of the two thwarting households from accessing healthcare, educational/career advancement opportunities, or affordable housing, all can be traced to the COVID-19 pandemic. In 2022, PA 211 received over **928,000 calls, texts, and web clicks** for a variety of supports and services across the Commonwealth. The expiration of federal COVID-19 benefit enhancements to programs such as SNAP and Medicaid will likely exacerbate needs across Pennsylvania, placing an additional demand on nonprofits to help those who can't access public benefits or need additional assistance addressing basic needs gaps.

UWP recognizes the need for fiscal prudence and responsible use of public tax dollars, while adopting an on-time Commonwealth budget. We appreciate your dedication to serving Pennsylvanians and allowing UWP to voice our priorities in upcoming negotiations around general budget appropriations.

PA 211: Serving Record Numbers of Struggling Pennsylvanians

For FY 2023-24, United Way of Pennsylvania is urging legislators to increase the annual appropriation to \$2 million for the public-private partnership to provide health and human service information and referrals through PA 211. This three-digit phone number can be used to access state and local services, including publicly and privately funded assistance, for any need 24/7/365. In **2022, PA 211 received over 325,000 call and text requests** for a variety of supports and services. During the same time frame, PA 211's publicly searchable community resource database was accessed more than 603,000 times. In total, **PA 211 received over 928,000 requests**, with the highest needs in areas including housing, utility assistance, food, employment, and clothing/household items.

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According to [PA 211 Counts](#), the top requested supports and services in 2022 across the Commonwealth included Housing & Shelter (160,926), Utility Assistance (54,352), Employment & Income (27,862), Food (18,000) and Clothing & Household (12,302). Compared to 2021, PA 211 saw drastic increases in requests for Housing & Shelter (+22%) and Food (+12.5%) and slight increases in requests for Utility Assistance (+3.5%), and Employment and Income (+4.2%) in 2022. Each month of 2022 saw requests outpace the previous year by upwards of 38.4% (May 2021 compared to May 2022).

In Fiscal Year 2022-23, the United of Pennsylvania and our network of local United Ways sought an infrastructural investment from the Commonwealth of Pennsylvania. PA 211 is incredibly thankful for the \$4 million investment we received on top of our regular \$750,000 annual appropriation. With those funds, the team at PA 211 is in the process of enhancing all points of contact – phone, text messaging, online database, and webchat – to ensure Pennsylvanians have 24/7/365 access during any crisis. In addition, PA 211 is focusing on improving agency response times, increasing resource curation, and increasing human capacity to improve PA 211 services that are available to all Pennsylvanians.

As we continue to enhance our network, build out our infrastructure, and improve our multiple points of access to PA 211, Pennsylvanians still face a multitude of challenges. Simply put, Pennsylvanians' budgets are stretched thin, and they are looking for supports and services to fill gaps created by the skyrocketing prices of basic necessities and disappearing COVID-19 benefits. Continued, enhanced investment in our network will mean the difference between going over the fiscal cliff and finding services to avoid more costly emergencies and falling into poverty for many Pennsylvanians who are working but struggling to making ends meet. In Spring of 2023, United Way of Pennsylvania will release new **Asset Limited, Income Constrained, Employed (ALICE)** Data, which will demonstrate the struggles Pennsylvanians endured throughout the COVID-19 pandemic. These challenges persist due to overwhelming inflation, which is tightening household budgets. The greatest need for many households is housing supports, which require a lengthy intake process. For PA 211 to successfully assist those in need we need to invest as follows:

- **Resource Navigators and Housing Specialists.** The greatest asset PA 211 has is our highly trained staff. The \$2 million appropriation will help us continue the capacity enhancements made possible by the recent funding increase.
- **Continued Technology Improvements to Serve Higher Demand Effectively and Efficiently.** The value of the Commonwealth's investment will depend on the ability to maintain and expand PA 211's technology infrastructure and continue to serve those in need as efficiently and effectively as possible, while

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exploring expanded partnerships for human services, emergency response and recovery, and reducing the potential burden on Commonwealth agencies.

To ensure that PA 211 is positioned to serve current needs, to continue to grow the use of technology and human capacity of this statewide resource, to help achieve equal resourcing for all local PA 211 partners, and to assure that this service remains a public-private partnership with adequate state funding support to leverage United Way support, United Way of Pennsylvania and PA 211 are requesting an appropriation increase from \$750,000 to \$2 million annually. With added staff capacity and continued investment in our enhanced technology infrastructure, PA 211 intends to address the growing needs of struggling Pennsylvania households more efficiently while helping families avoid the fiscal cliff. For more data, see our full [2023-24 PA 211 Funding Request](#).

Early Childhood Education: Child Care, Pre-K Counts, and Head Start

The first five years of a child's life are the most important due to the rapid pace the brain develops during this time. Accordingly, United Way of Pennsylvania and our local United Way partners continue to make significant investments in all children having access to consistent, high quality and affordable early learning. We advocate for more public support because we know investment in high-quality child care, preschool options like Pre-K Counts and Head Start, and evidence-based home visiting services gives children a strong foundation for future academic success, while providing families with the tools to support positive outcomes. Likewise, access to affordable, high-quality child care is beneficial to families, the community and businesses who rely on parents being able to engage in the workforce.

As part of the 2023-24 final state budget, Pennsylvania policymakers should:

- Invest \$500 million in new and recurring state funding to:
 - Implement a child care teacher wage scale that will compete in today's labor market and recognizes the qualifications of the professionals doing the work. Start Strong PA proposes a plan to raise wages to (\$15/hr. for HS diploma or GED), (\$19/hr. for Associate Degree), and (\$21/hr. for Bachelor's Degree or higher). The total investment for this progressive wage scale is \$430 million.
 - Invest \$70 million to increase funding for programs serving subsidized children that have reached a STAR 2, 3 or 4 rating, thereby incentivizing programs to achieve higher levels of quality, and sustaining those that have met the high-quality standards. Such an investment will help compensate child care providers closer to the actual cost of providing these services.

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- Support investments of \$30 million in Pre-K Counts and \$3 million in the Head Start Supplemental Assistance Programs to increase the per child rates to address staffing shortages and inflation.
- Ensure the Pennsylvania Department of Education implements the Pre-K Counts rebidding process without service delivery cuts to current service areas, since all Pennsylvania counties have unmet need for publicly-funded pre-k.

Creating Income Equity and a Path to Financial Stability: A Commonwealth Earned Income Tax Credit

United Way is urging legislators to enact an elective refundable Commonwealth Earned Income Tax Credit (EITC) for eligible federal Earned Income Tax Credit recipients. Two out of five Pennsylvania households were **Asset-Limited, Income-Constrained, Employed (ALICE)**. These households are working but struggle to afford all the essential costs of living, which are quantified in the [ALICE survival budget based on local cost of living in each PA county](#). In addition, ALICE is one emergency away from financial ruin. For ALICE, inflation, lack of access to child care, and other barriers to work create financial uncertainty.

On January 28, 2022, UWP released the findings of a report titled, "[Implementing a State Earned Income Tax Credit \(EITC\) in Pennsylvania: A Benefit-Cost Analysis](#)," which indicates that the implementation of a state Earned Income Tax Credit in PA will yield between \$562 million and \$1.2 billion in economic benefits annually. Per the University of Texas' Child & Family Partnership, the researchers of the report, **for every \$1 spent on a state Earned Income Tax Credit by the Commonwealth, Pennsylvania will receive \$4 back in economic growth and save \$3 dollars in social spending**. For eligible households, the mean benefit will range between \$197 and \$594, depending on the percentage of credit - 10% or 25% as measured by the report - available to the taxpayer.

Currently, **thirty-three states**, including Delaware, Maryland, New Jersey, New York, and Ohio, offer an Earned Income Tax Credit to their hardworking residents. In 2022, Arkansas and North Dakota created temporary nonrefundable state Earned Income Tax Credit programs focused on addressing the impact of inflation on middle- and low-income families. Connecticut, Hawaii, Illinois, Maine, New York, Vermont, and Virginia either increased their state EITC benefit, expanded their program, or made the credit fully refundable to address the impacts of inflation on their state's households. It is time for the General Assembly to work in a bipartisan manner to implement this commonsense policy, which is a strong first step towards economic stability for over 40% of Pennsylvania households. For more information, please visit <https://www.uwp.org/advocacy/eitc-study/> to review the study in its entirety along with impact policy briefs.

Thank you for considering the priorities of United Way as you craft a budget for the 2023-2024 fiscal year. If you have any questions, concerns or comments, please feel free to contact Phil Falvo, UWP Public Policy Director, at (717) 238-7365 x203 or pfalvo@uwp.org.

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