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**United Way
of Pennsylvania**

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TO: All Members of the General Assembly
FROM: United Way of Pennsylvania
DATE: March 7, 2024
SUBJECT: *Fiscal Year 2024-25 Budget Priorities*

Like the prior year, 2023 presented many financial challenges for Pennsylvania households. While rising inflation drove the cost of basic essentials, wages did not keep up with the costs of goods and services. For middle- and low-income working households, the additional challenge of finding affordable, high-quality child care played a role in a variety of financial decisions including whether parents maintained employment or left the workforce to care for children. In addition, the last of the pandemic-era individual supports, continuous Medicaid and CHIP enrollment expired at the end of March. As a result, the “unwinding” process has begun, leaving some individuals and households with a level of uncertainty regarding health insurance coverage.

PA 211: Connecting Pennsylvanians to Supports and Services

For FY 2024-25, United Way of Pennsylvania is urging legislators to increase/maintain Gov. Shapiro’s suggested the annual appropriation to/of \$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 **2023, PA 211 received over 252,000 contacts (calls texts, and chats) for over 384,000 requested resources.** During the same time frame, PA 211’s publicly searchable community resource database was accessed more than 943,000 times. In total, **PA 211 saw more than 1.2 million engagements,** with the highest needs in areas including housing, utility assistance, food, employment, and clothing/household items.

According to [PA 211 Counts](#), the top requested supports and services in 2023 across the Commonwealth included Housing & Shelter (187,327), Utility Assistance (77,634), Employment & Income (27,927), Food (22,647) and Clothing & Household (13,074). Compared to 2022, PA 211 saw drastic increases in requests for Utility Assistance (+43%) and Food (+26%) Housing & Shelter (+16%) and a modest increase in requests for Clothing

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and Household items (6%) in 2022. While housing-related resources remained the most requested, utility assistance saw the greatest year-over-year increase.

In addition to intake and referral, PA 211 also engages in statewide scheduling for Volunteer Income Tax Assistance (VITA) sites. In 2023, PA 211 scheduled over 21,000 VITA appointments - 17,700 navigator scheduled and over 3,500 self-scheduled - across the Commonwealth. In addition, PA 211 received approximately 32,600 tax calls. In prior years, PA 211 also engaged in VITA scheduling, which yielded an average of \$1,786 per tax return per eligible filer.

In Fiscal Year 2022-23, the United of Pennsylvania received a \$4 million investment in PA 211. PA 211 invested those funds to enhance 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 implemented chat translation capabilities for 75 languages to allow customers to interact with English-speaking PA 211 agents in the customer’s preferred language. This resulted in PA 211 receiving a national award for Service Innovation at the 2023 AIRS conference.

As PA 211 continues to improve all points of contact and enhance technological capabilities, it will be the solution to close the loop on tracking Social Determinants of Health (SDOH). PA 211 is currently engaged in a SDOH pilot project navigating nearly 2,000 members and tracking their service connections. The goal for year 2 of the project is to grow and enhance the project, and to continue to improve health outcomes. This pilot has the potential to lay the foundation for a statewide, close-loop system that can address SDOH, which will lead to long-term savings for the Commonwealth in Health, Human Services, Education, unemployment and related programs.

In Spring of 2023, United Way of Pennsylvania released new **Asset Limited, Income Constrained, Employed (ALICE) Data**, which demonstrated the struggles Pennsylvanians endured throughout the COVID-19 pandemic. As demonstrated by the data, federal supports created by the Families First Coronavirus Response Act, the CARES Act, the Coronavirus Response and Consolidated Appropriations Act of 2021, and the American Rescue Plan Act prevented many ALICE households from going over the fiscal cliff and slipping into poverty. Unfortunately, inflation and uncertainty in Pennsylvania’s child care sector are forcing many ALICE households to make difficult decisions.

As demonstrated by PA 211 Counts, 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 continue 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.

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- **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 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 [2024-25 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 to be able to engage in the workforce.

As part of the 2024-25 final state budget, Pennsylvania policymakers should:

- Support the Shapiro Administration’s proposal to increase subsidy rates to the 75th percentile of the current price families pay for child care services. This increase will help alleviate some of the rising facility, food, utility and supply costs for providers participating in Child Care Works.
- Invest \$284 million in new and recurring state funding to implement a child care teacher recruitment and retention initiative. This will help alleviate the historic staffing crisis that is causing classrooms and entire programs to close and leave working families without access to child care. The funding would provide monthly payments to providers maintaining a subsidy agreement with the commonwealth and would be restricted for initiatives which would help retain and recruit staff such as monthly wage increases, hiring

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bonuses, benefit packages, or retention bonuses for staff staying for a certain length of time or for staff achieving certain credentials or degrees.

- Support an investment of \$30 million in Pre-K Counts to increase the per child rate to help address workforce challenges and inflationary pressures in the sector. For the Head Start Supplemental Assistance Program, the proposed investment of \$2.7 million to the per child rate should be examined so that it has parity to the Pre-K Counts rate increase. To achieve this, the needed investment should be \$8.8 million in the Head Start Supplemental Assistance line.
- Ensure this is the first step, as additional investments will be needed in future years to further mitigate teacher shortages in this competitive economy and provide greater access to this once-in-a-lifetime opportunity for our preschool learners.

Creating Income Equity and a Path to Financial Stability: A State 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 resident. 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.

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Thank you for considering the priorities of United Way as you craft a budget for the 2024-2025 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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