

**To:** House and Senate Appropriations Committee

**From:** United Way of Pennsylvania

**Date:** February 25, 2025

**SUBJECT: United Way of Pennsylvania 2025-2026 Budget Priorities**

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United Way of Pennsylvania is advocating for the needs of ALICE households across the Commonwealth to be addressed in the 2025-2026 state budget. Almost a third of Pennsylvanian households (28%) are Asset Limited, Income Constrained, Employed (ALICE). [ALICE represents 28% of Pennsylvanians](#) that work but struggle to make ends meet.

ALICE households earn above the Federal Poverty Level but earn much less than what is needed to afford their basic necessities and are one emergency away from financial ruin. If you combine PA households earning below the ALICE Threshold with those living below the FPL, that's [41% of PA households](#) who face financial hardship every day, in every county in our state. We believe that the increased investment in key areas of social service delivery, childcare and tax credits will foster long-term economic security and growth for the state.

**PA 211:**

**United Way of Pennsylvania is urging legislators to increase the annual appropriation for PA 211 to \$2.5 million in the final 2025-2026 state budget.** PA 211 is a statewide public-private partnership that allows all residents of Pennsylvania to have free access to customized health, housing and human services information in one place 24 hours a day, 7 days a week. PA 211 is a one-stop resource to find information about community services, available in more than 240 languages and dialects.

PA 211 is universally necessary for rural, urban, and suburban communities across Pennsylvania - both to help our neighbors and to track and publicly report needs data, demographic data, and unmet needs. This is vital to help people secure the right support at the right time, save taxpayer resources, and avoid both trauma and financial disaster for individual households. Basic needs shortages are often a contributing factor in mental health crises and substance use disorders. It's better for a person to reach out to the accessible and effective help-space of PA 211 when they get behind on their utility bills for advice about payment plans, customer assistance programs and/or LIHEAP, in advance of utilities being shut-off. It's better for communities and individuals to call PA 211 and seek housing or eviction prevention resources, rather than enter the more expensive category of homeless services. **In 2024 alone, PA 211 helped almost 1.9 million Pennsylvanians.**

- **This included nearly 250,000 interactions** with resource navigators via calls, texts, and chats, and about 1.65 million searches using the PA 211 online database at [www.pa211.org](http://www.pa211.org).
- **The 250,000 interactions resulted in almost 705,000 referrals.**

- **The top needs in 2024 were: housing, utilities, and food. The PA 211 data demonstrate variability in needs in the Pennsylvania region.**

In recent years, the cost of living has grown exponentially, increasing the need for services, including among families who may never have had to seek supportive community resources before, and as a result, the demand for PA 211 services has expanded across the state. The community needs are straining the network's ability to provide adequate service delivery.

In FY 2022-2023, PA 211 was awarded a one-time grant of \$4 million dollars, in addition to the historical state appropriation of \$750,000. Some of this funding was used for technological improvements that improved PA 211's ability to track and publicly report data while the rest was used to invest in PA 211's human capital and increase staffing to provide additional services that met demand. With the one-time grant fully spent, PA 211 will experience longer call wait-times and higher abandon rates, leading to higher unmet needs, unless Commonwealth investments are increased.

**We urge the General Assembly to increase funding for PA 211 from the annual appropriation from \$750,000 to \$2.5 million** and secure the ongoing availability of this service in rural areas and allow nonprofits to quantify and address unmet needs.

### **Early Childhood Education and Pre-K:**

**United Way of Pennsylvania strongly advocates for increased investments in early childhood education (ECE) and childcare for the 2025-2026 state budget.** Childcare and early education play a critical role in the development, well-being and academic success of children from birth to age five. Childcare is also necessary for people who care for children to participate in the workforce that fuels the profitability of every business sector in Pennsylvania. By investing in high-quality, accessible childcare, Pennsylvania can ensure that all children in our state have the opportunity to grow and succeed. The main barrier to childcare access is an insufficient number of teachers which means there are not enough classrooms to serve children of parents who want to work. We are asking Pennsylvania lawmakers to include the following in the final 2025-2026 state budget:

- **Support the investment of \$57.7 million towards childcare in the state.** We advocate for \$55 million in recruitment and retention grants, that would provide \$1,000 more annually per childcare employee to licensed childcare centers collaborating with the Child Care Works program.
- **Invest an additional \$10 million to increase Early Intervention provider rates,** ensuring equitable support for all Pennsylvania children, regardless of family income.
- **Support the investments of \$17 million in additional funding for the Pre-K Counts program to raise wages for Pre-K educators, and \$90.8 million in the Head Start Supplemental Assistance Program.**

**State Earned Income Tax Credit:**

**United Way of Pennsylvania, and our network are advocating for the implementation of a state Earned Income Tax Credit in Pennsylvania.** 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, 31 states and the District of Columbia offer relief to working families in the form of an Earned Income Tax Credit. Of those states, 27 offer a refundable tax credit, meaning any balance remaining, after tax liability is met, is provided in the form of a refund to the taxpayer. Studies show that refundable tax credits have a greater economic impact due to the reinvestment of the funds provided to the recipients, who typically do not save them.

According to the IRS, as of December 2024, approximately 23 million workers and families received approximately \$64 billion in EITC for the 2023 tax year. **In Tax Year 2023, there were 802,000 claims for EITC in Pennsylvania, with the average EITC amount received was \$2,600. This money is often circulated in the taxpayer’s local economy, improving community economic security.** The largest component of that spending is made at grocery stores, indicating EITC recipients do, in fact, use their refunds to “make ends meet.” Other major expenditures include vehicle repairs, home repairs, and paying down credit card debt. Households have been seen using their EITC claim to help pay for education or training to boost their job prospects and earning potential.

The socio-economic impacts of the tax credit have been studied by a variety of reputable sources, and one conclusion is clear: Earned Income Tax Credits incentivize work and are a great benefit for middle- and low-income households. We are urging the General Assembly to implement this policy, which will economically uplift so many households across PA.

Thank you for considering the priorities of United Way of Pennsylvania as you craft a budget for the 2025-2026 fiscal year. If you have any questions, concerns or comments, please feel free to contact Melody Zimmerman, Policy and External Affairs Manager, at [mzimmerman@uwp.org](mailto:mzimmerman@uwp.org) or (717) 238-7365 x204.