



**Testimony for House Finance Information Session
In support of the Working Pennsylvanians Tax Credit bill
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Children First supports a refundable Working Pennsylvanians Tax Credit proposal because it will benefit thousands of children living in lower income working families in our region and even more statewide. We are deeply committed to helping families exit poverty because our research shows that children living in poverty face barriers to their health, their academic success, and their likelihood of earning a family-sustaining wage once they become adults.

Every two years, Children First conducts research about the well-being of children and families in Southeastern PA using the ALICE threshold, a United Way measurement that stands for Asset Limited, Income Constrained, Employed. This measure allows us to count the families living below the federal poverty level plus those above the poverty level but who still cannot afford basic necessities like rent, food, transportation, and health insurance. This data paints a more accurate picture of the economic struggle that many families face.

Our most recent analysis of families living below the ALICE threshold in Delaware, Chester, Bucks, Montgomery Counties, and Philadelphia reveals a sobering reality. In every county, including those typically regarded as wealthy suburban areas, more than one in four families are financially strained. These families are often forced to make impossible decisions on a daily, weekly, and monthly basis as they are living paycheck to paycheck.

Anti-poverty measures, such as a refundable state-level earned income tax credit, are urgently needed to help alleviate the financial pressure on working families in the Southeastern region.

The earned income tax credit works when it is refundable so that families have access to the funding during the year. If the credit is refundable, more families will be able to avoid making impossible choices like whether to pay rent or their child's medicine one month, or whether to pay the heating bill one month or buy enough food the next month.

Across Pennsylvania, over **1.2 million** children live in families struggling to meet basic needs. In Southeastern Pennsylvania alone, there are **880,727** children—with nearly **338,284** children living below the ALICE threshold. That's more children than the entire population of Pittsburgh. It's a staggering number that underscores the scale of the crisis and the urgent need for action.

While we understand that there is not a 1:1 correlation between families below the ALICE threshold and those who would be eligible for the state-level earned income tax credit, there is a fair amount of overlap. Our research shows that there is dire need for support for these low-income families and particularly for the children in these families.

Let's take Chester County as a case study. According to ALICE data, a family of four in Chester County needs \$91,548 just to cover the basic costs of living, excluding childcare, which would push that number even higher. Yet, **29% of families in Chester County—approximately 59,249 households**—are struggling below this income threshold. These families are working hard, but they simply aren't earning enough to meet even the most basic needs.

In the five southeastern counties, the share of families living below the ALICE threshold ranges from 23% in Chester County to 47% in Philadelphia. These families need policy solutions to help them exit poverty. The Working Pennsylvanians Tax Credit is a critical step in the right direction to give families the resources they need to thrive.

Enacting a refundable Working Pennsylvanians Tax Credit would give these families about \$2,300, on average. The federal earned income tax credit maximum is \$7,400. If this state bill moved, the combined tax credits would put almost \$10,000 in the pocket of families who need it to make ends meet. This won't perfectly solve the financial strain of families who can't make ends meet, but if families can access this money when they need it, it will make a meaningful difference.

County (Southeastern PA)	Percent of families below the ALICE threshold, 2022
Delaware	38%
Philadelphia	47%
Chester	29%
Bucks	33%
Montgomery	33%