

The Institute

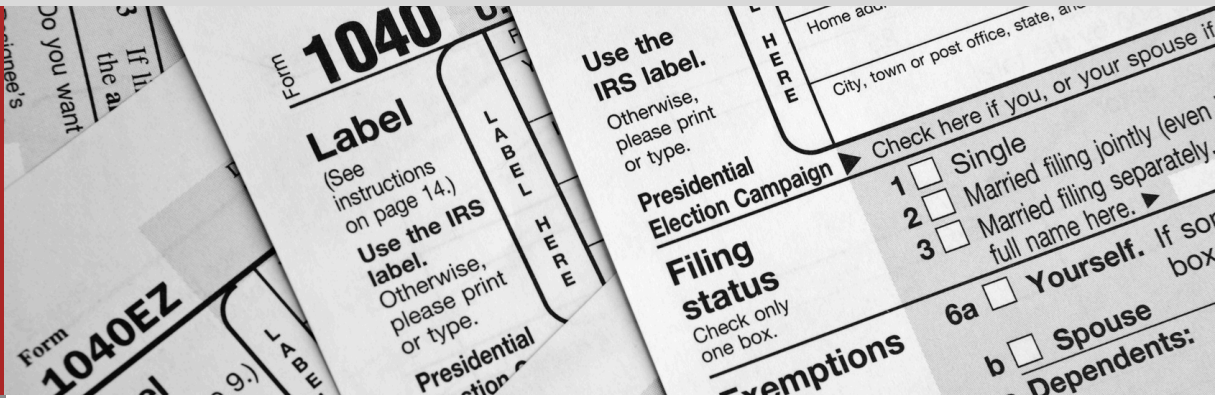
Turning Information into Insight

Policy Tracker



The Institute's Policy Tracker covers state and federal policy focused research and aims to educate and inform about Relevant challenges, opportunities, and potential non-partisan solutions.

IMPROVING ACCESS TO TAX BENEFITS



IMPROVING ACCESS TO TAX BENEFITS

Families may also miss opportunities to receive benefits if they are not required to pay taxes due to low income.

Improving Access to Tax Benefits

Background

Primary caregivers who are not parents or close relatives are ineligible to claim benefits for children in their care. For example, this may occur when the head of household is not married to their cohabitating partner but supports and helps parent their partner’s child. It may also occur when a filer assumes informal care for children (such as the child of a friend or certain relative who may be hospitalized or incarcerated, for example). If the income of the filer meets eligibility thresholds for the Earned Income Tax Credit or the Child Tax Credit, but the child does not meet relationship test rules, benefits cannot be claimed. The relationship test recognizes biological children, stepchildren, adopted children, foster children, siblings, half-siblings, stepsiblings, grandchildren, nieces, and nephews.[1]

Families may also miss opportunities to receive benefits if they are not required to pay taxes due to low incomes. Some individuals may interpret the lack of filing requirement to mean that they are required not to file, or they may opt not to file because the find the process to be overly burdensome. They may also be unaware that they are eligible for benefits such as the Earned Income Tax Credit or the Child Tax Credit if they file.

Significance

In Pennsylvania, over two percent of households consist of cohabiting couples with children. In Northeastern Pennsylvania, these percentages range from 1.9 percent in Monroe County to nearly five percent in Carbon County. Data are unavailable for households with children who are unrelated or distantly related to householders.

In Pennsylvania, nearly 217,700 grandparents live with their grandchildren. Approximately 13 percent of them live below the poverty level. In Northeastern Pennsylvania counties, these percentages range from five percent in Wyoming County to 21 percent in Schuylkill County (averaging 11 percent).

Half these Pennsylvania grandparents who reside with grandchildren and live below the poverty level are responsible for their grandchildren. In Northeastern Pennsylvania counties, these percentages range from 32 percent in Wayne County to 72 percent in Carbon County (averaging 54 percent).

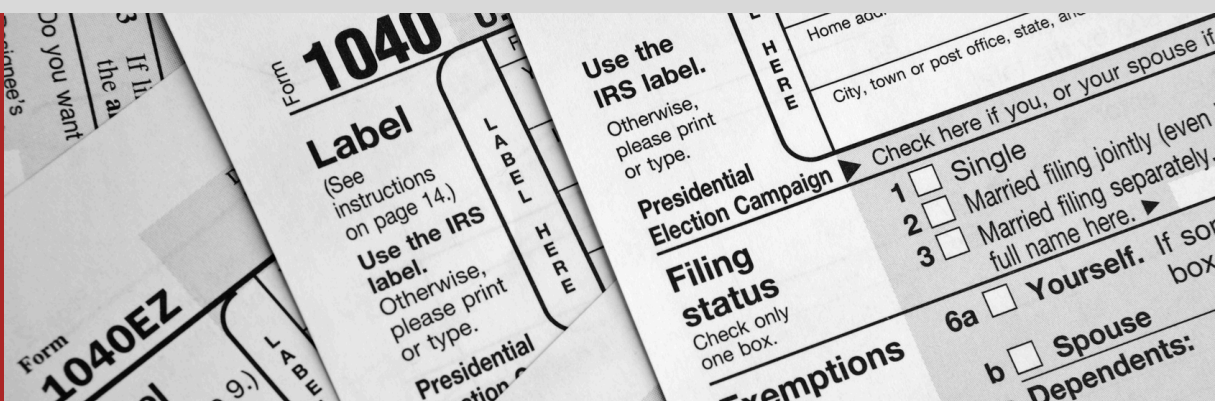
Cohabiting Couple Households With Children										
	Pennsylvania	Carbon County	Lackawanna County	Luzerne County	Monroe County	Pike County	Schuylkill County	Susquehanna County	Wayne County	Wyoming County
Total households	5,274,853	27,255	88,263	135,055	61,212	24,262	57,988	15,517	20,877	10,912
Cohabiting couple household	7.3%	11.8%	8.1%	7.9%	7.6%	8.4%	10.5%	8.1%	6.5%	8.9%
With children of the householder under 18 years	2.2%	4.7%	3.2%	2.6%	1.9%	2.7%	4.1%	3.3%	2.8%	3.0%

Source: American Community Survey 5-Year Estimates

Grandparents Living With Grandchildren										
	Pennsylvania	Carbon County	Lackawanna County	Luzerne County	Monroe County	Pike County	Schuylkill County	Susquehanna County	Wayne County	Wyoming County
Total:	217,696	1,172	3,891	6,557	4,889	1,262	2,201	736	829	502
Income below poverty level	27,892	98	608	862	535	85	452	43	131	27
Grandparent responsible for own grandchildren under 18 years	14,051	71	430	471	319	38	157	19	42	19

Source: American Community Survey 5-Year Estimates

IMPROVING ACCESS TO TAX BENEFITS



Improving Access to Tax Benefits (cont.)

Recommendations

There are several ways to improve access to benefits like the Earned Income Tax Credit and the Child Tax Credit. Access is particularly difficult with respect to diverse or unconventional caregiving arrangements.

Relationship-test criteria could be revised to extend tax-credit eligibility to nontraditional primary caregivers. Under such revisions, caregivers who are not closely related to children in their care could qualify if they can show certain connections to the children, such as through the provision of substantial financial support.

Tax departments at all levels of government could expand outreach by partnering with organizations that serve people who are not required to file. Outreach could include clergy, teachers, social service providers, and other community leaders. Additionally, along with tax preparers and advocates, tax departments could share information in multiple languages and formats in order to increase awareness of available tax benefits among eligible households less likely to claim them.

Tax departments at all levels of government could improve access to low-cost or free filing services. Many individuals who are not required to file may opt not to do so because they believe the process to be overly burdensome. Ensuring that convenient, low-cost or free services are available could incentivize more individuals or households to submit returns and receive benefits. The IRS Direct File program could be revived, and access to free software provided through the Free File program – which is associated with limited taxpayer awareness and complexity for users – could be improved. Increased funding for Volunteer Income Tax Assistance (VITA) services could also improve access.[2]

IMPROVING ACCESS TO TAX BENEFITS

Relationship-test criteria could be revised to extend tax-credit eligibility to nontraditional primary caregivers.

Sources

[1] Qualifying Child Rules. Internal Revenue Service. (n.d.). <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/qualifying-child-rules>

[2] How the Tax System Can Better Support All Families. Tax Policy Center. (2026, January 27). <https://taxpolicycenter.org/features/how-tax-system-can-better-support-all-families>

SUPPORT FOR GIG WORKERS IN THE TAX SYSTEM



SUPPORT FOR GIG WORKERS IN THE TAX SYSTEM

Although gig work remains concentrated in larger metropolitan counties, its prevalence is growing in mid-sized counties such as Luzerne and Lackawanna, and even in rural areas as access to broadband improves.

Support for Gig Workers in the Tax System

Background

The gig economy relies on workers who provide on-demand work, services or goods. It includes workers engaged in short-term, freelance, contract, platform-based, or independent work arrangements rather than traditional full-time employment. In recent years, the gig economy in Pennsylvania has transitioned from a rapidly expanding alternative work arrangement into a permanent component of the state's labor market. Growth accelerated during the pandemic and stabilized afterward, with gig work evolving beyond rideshare and delivery services into professional, digital, and remote contract employment. Although participation remains concentrated in large metropolitan counties, mid-sized and rural counties have experienced notable expansion driven by remote work and income diversification needs.

Although gig work offers flexibility and supplemental income opportunities, taxes are not automatically withheld from payments. Individuals engaging in gig work do not always aware of their responsibility to allocate portions of their incomes to pay income and self-employment taxes. Even those who are aware may not know that they must make estimated tax payments to avoid paying lump sums each year – which leads to penalties. These unanticipated payments due are often beyond the means of lower-income households.

Additionally, independent contractors are not always equipped to navigate opportunities for tax deductions. Their incomes often fluctuate as well, which further adds to confusion.

Significance

Pennsylvania's gig workforce expanded significantly between 2021 and 2025. Estimates suggest:

- More than 870,000 independent workers operate across the Commonwealth.
- Approximately 260,000 workers participate in app-based gig platforms, contributing an estimated \$7.2 billion in economic activity.[1]

Earlier growth in gig employment was dominated by transportation and delivery services. Over the past five years, Pennsylvania has seen a diversification toward higher-skill sectors. Professional services have become the largest segment of independent workers statewide, indicating a movement toward knowledge-based gig employment.

Although gig work remains concentrated in larger metropolitan counties, which account for more than 40 percent of the state's gig workforce, its prevalence is growing in mid-sized counties such as Luzerne and Lackawanna, and even in rural areas as access to broadband improves. Gig work now allows rural residents to participate in national labor markets without geographic relocation—an outcome rarely observed prior to 2020.

Recommendations

Implement optional or mandatory tax withholding for gig workers. Congress could require gig economy platforms to implement automatic tax withholding for independent contractors. Under this approach, companies such as rideshare and food delivery platforms would withhold a reasonable percentage of worker earnings throughout the year. Although this would modestly reduce take-home pay in the short term, it could help workers avoid large, unexpected tax liabilities and improve financial stability during tax season.

Expand targeted tax preparation and financial support services. Policymakers could strengthen access to tax assistance tailored to gig workers by partnering with community-based organizations, Volunteer Income Tax Assistance (VITA) sites, and private tax preparation providers. Expanding specialized outreach, education, and filing support would help independent workers better understand tax obligations, maximize eligible credits, and maintain compliance.[2]

Sources:

- [1] Axios Philadelphia. (2024). Gig work participation and economic impact in Pennsylvania.
 [2] Tax Policy Center. (January 27, 2026). How the Tax System Can Better Support All Families.



STATE LEGISLATIVE BRIEFING

A curated briefing of state legislative proposals and recent legislative actions

STATE BRIEFINGS

- Postpartum Medicaid Coverage
- Affordable Housing Efforts
- 2026-2027 Budget Proposal

Safeguarding Postpartum Medicaid Coverage HB 1628

On January 6, House Bill 1628 was introduced to strengthen postpartum health care by safeguarding Medicaid coverage for new mothers for a full year after childbirth. Extending postpartum Medicaid coverage to 12 months ensures that all mothers – particularly those facing structural barriers – maintain access to essential medical care, mental health services, and ongoing postpartum support.

By promoting continuity of care, the legislation directly addresses Pennsylvania’s rising maternal mortality rates and protects access to critical services during the most vulnerable period following childbirth. Overall, this measure helps reduce inequities and reinforces the Commonwealth’s commitment to preventing maternal deaths.

Affordable Housing Efforts HB 2185 & HB 2186

On February 2, House Bills 2185 and 2186 were introduced. Together, these measures call for the removal of zoning restrictions in single-family-only residential areas to allow for the development of accessory dwelling units (ADUs), duplexes, triplexes, and quadplexes. To help meet the growing demand for affordable housing, the legislation proposes two complementary reforms.

House Bill 2185 would require municipalities of sufficient size or density to permit duplexes, triplexes, and quadplexes in areas currently limited to single-family zoning. While expanding multifamily housing where demand is highest, the policy preserves local oversight by allowing municipalities to deny developments that do not align with community needs. House Bill 2186, meanwhile, empowers homeowners to create ADUs while continuing to permit municipalities to establish reasonable regulations.

Together, these measures aim to alleviate Pennsylvania’s housing shortage by creating new, more affordable pathways for residential development. Both bills were referred to the Housing and Community Development Committee.

Announcement of Pennsylvania’s 2026-27 Budget Proposal

On February 3, Governor Josh Shapiro presented his 2026–27 budget proposal to the General Assembly and the people of Pennsylvania. The proposal builds on three years of efforts to lower costs, drive economic growth, strengthen public safety, support students, cut taxes, and ensure taxpayer dollars are spent wisely.

As the Governor begins his fourth year in office, the 2026–27 budget proposal builds on this momentum through the following initiatives and strategies:

- Enacting a Pennsylvania False Claims Act
- Creating Safeguards and Protections for AI Use
- Leading the Way on Reliable, Affordable Energy
- Modernizing Tax Incentives to Grow the Economy
- Building More Safe, Stable, and Affordable Housing
- Building a Strong Child Care and Teacher Workforce
- Protecting Our Children Through Child Welfare Enhancements
- Slashing Permitting, Licensing, and Business Processing Times
- Ensuring Responsible Data Center Development in Pennsylvania
- Protecting Our Aging Population through Investment and Reforms
- Supporting Performance and Opportunity within Higher Education
- Protecting Pennsylvanians from Chaos and Confusion at the Federal Level
- Expanding Our Workforce and Meeting Critical Needs for Economic Growth
- Supporting Law Enforcement, Reducing Crime, and Making Our Communities Safer
- Finally Increasing the Minimum Wage to Reduce Expenditures and Generate Revenue
- Providing the Mental and Behavioral Health Support People Need, When They Need It
- Building upon Historic Investments in Education and Creating Opportunity for Our Students to Succeed
- Strengthening the Only Growing Economy in the Northeast Through Innovation, Agriculture, and Connectivity
- Making Life More Affordable for Pennsylvanians by Cutting Taxes, Lowering Energy Costs, and Investing in Critical Infrastructure

To read more about the Governor’s Budget Proposal, please visit the full brief [here](#).



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STATE BRIEFINGS

- Housing Action Plan
- Phone-Free Schools
- PA SITES Awards

Governor Shapiro Unveils Pennsylvania's First-Ever Housing Action Plan

On February 12, Governor Josh Shapiro unveiled Pennsylvania's first comprehensive Housing Action Plan, a statewide strategy designed to ensure that every resident has access to safe, stable, and affordable housing. Developed in response to a 2024 Executive Order, the plan outlines current housing challenges, projects future needs, and introduces nearly thirty initiatives focused on expanding housing supply, modernizing regulations, and strengthening protections for renters and homeowners. The plan reflects extensive statewide engagement with residents, local leaders, developers, advocates, and housing experts.

The Governor's Housing Action Plan lays out five core goals:

1. Build and Preserve Pennsylvania's Housing Stock
2. Expand Housing Opportunity for All Pennsylvanians
3. Provide Pathways to Housing Stabilization and Sustainability
4. Modernize Pennsylvania's Housing Development Regulation
5. Improve Coordination and Accountability

To implement this vision, the Governor's 2026–27 proposed budget includes major investments such as a \$1 billion infrastructure initiative to support housing development, strengthened protections for renters, support for manufactured homeowners, tools to preserve generational wealth, and regulatory modernization. These actions build on prior progress – including expanded funding for affordability programs, eviction prevention efforts, and home repair initiatives – and reflect a coordinated, long-term commitment to ensuring every Pennsylvanian has a dignified place to call home.

Phone-Free Schools SB 1014

On February 3, Senate Bill 1014 received its third passage and final consideration in the Pennsylvania House of Representatives. This legislation would require schools to adopt policies prohibiting cellphone use during the school day, with exceptions for students who have medical conditions or individualized education plans that require communication devices. If enacted, these policies would make Pennsylvania the 28th state to restrict cellphone use in classrooms, joining states such as New York, Virginia, and Florida.

Evidence shows that cellphone restrictions improve academic outcomes, reduce classroom distractions, and are reported by students to support better mental health. In a memo sent to all Senate members in July 2025, references to studies conducted by the Journal of Human Development and Capabilities, Pew Research, and the National Education Association highlight a correlation between declines in children's mental health and academic performance and the rise of smartphones.

Governor Shapiro Announces New PA SITES Awards

On February 25, Governor Josh Shapiro, alongside Pennsylvania Department of Community and Economic Development (DCED) Secretary Rick Siger, announced that the Commonwealth will invest more than \$31 million in seven projects through the Pennsylvania Strategic Investments to Enhance Sites (PA SITES) program.

PA SITES was established to provide grant and loan funding to develop competitive sites for businesses seeking to relocate to or expand within the Commonwealth. Program funding supports both planning and construction activities. To date, PA SITES has awarded \$146.6 million to 37 projects statewide.

Round three of PA SITES funding includes more than \$11 million for Luzerne County, awarded to the Greater Hazleton Community-Area New Development Organization Inc. (CAN DO). The investment includes a \$6.3 million grant and a \$5.15 million loan to support development of a 150-acre site in the Humboldt Industrial Park Northwest in Hazle Township. The project will create five parcels ranging from 18 to 33 acres, designed to accommodate multiple buildings between 185,000 and 310,000 square feet.



FEDERAL LEGISLATIVE BRIEFING

A curated briefing of federal legislative proposals and recent legislative actions

FEDERAL BRIEFINGS

- 119th Congress Overview
- Current Landscape of Bills and Resolutions

119th Congress Overview

Since the formation of the 119th Congress (2025–2026) in January 2025, 7,889 bills have been proposed in the House and 4,015 bills in the Senate. The House has introduced more resolutions, concurrent resolutions, and joint resolutions than the Senate (1,110, 76, and 151, respectively, compared with 629, 27, and 122). Conversely, the Senate has submitted significantly more amendments than the House (4,396 and 166 legislations, respectively). Since the beginning of 2025, 79 pieces of public legislation have been enacted; although no private laws have been passed, 13 have been introduced.

Congressional action has been most prevalent in the policy disciplines of health (1,545 bills and resolutions), armed forces and national security (1,118), and government operations and politics (1,028). Other frequently addressed areas include international affairs, taxation, and crime and law enforcement. By contrast, relatively few actions have involved animals; water resources development; arts, culture, and religion; and families, each of which has seen fewer than 100 bills and resolutions.[1]

Current Landscape of Bills and Resolutions Proposed in Congress

Approximately seven percent of the 14,000 bills and resolutions brought before the 119th Congress are expected to become legislation. Seventy-nine bills have been signed by the President and therefore enacted. In addition, 314 bills and joint resolutions (which must be approved by both chambers of Congress) were enacted or incorporated into other legislation. Twenty-six bills and resolutions have failed to pass since the start of the year.

Health has been the primary focus of introduced bills and resolutions during this period, with 1,467 measures organized into subcategories. These include health care coverage and access (110 bills), health care costs and insurance (87), health programs administration and funding (86), Medicare (73), and health personnel (71).

Overall, 12,301 bills were introduced; 399 passed the House and 104 passed the Senate. Additionally, 511 bills and resolutions have received substantial numbers of votes in one of the two chambers. Of the 79 enacted measures signed by the President, 20 pertained to Native Americans and public lands and natural resources. Seventeen measures related to financial matters, such as foreign trade, the economy, and taxation. Another 13 were associated with energy, environmental protection, and science, technology, and communication. Sixteen measures concerned armed forces and national security, as well as crime and law enforcement, while two related to government operations and politics. Areas including agriculture and food, health, housing and community development, immigration, international affairs, law, social welfare, sports and recreation, and transportation and public works each had one law enacted. The subject matter for two bills was not published on the website.

The five most recent legislative actions (as of March 2026) include:

- Amending the Federal Food, Drug, and Cosmetic Act (H.R. 7867) to establish standardized testing for pathogens and microorganisms in infant formula products and manufacturing facilities, and to require the sharing of certain positive test results and inspection classifications.
- Amending Title XVIII of the Social Security Act (H.R. 7863) to tailor Medicare payments for specified surgical procedures involving high-cost supplies furnished in office-based facilities.
- Rebuilding and clarifying federal interest rate exportation parity intent within the banking system (H.R. 7866).
- Reforming medical loss ratios and limiting qualified health plan enrollment fraud through amendments to the Public Health Service Act and Title XXVII of the Patient Protection and Affordable Care Act (H.R. 7861).
- Amending the Public Health Service Act regarding the Living Organ Donation Reimbursement Program (H.R. 7868).[2]



FEDERAL LEGISLATIVE BRIEFING

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FEDERAL BRIEFINGS

- Actions Taken by President

Recent Actions Taken by President

A total of 490 presidential actions have been documented since March 9, 2026. Several of the most recent executive orders focus on national defense strategies and tactics, including ensuring the supply of elemental phosphorus and supporting coal-generated energy resources. Other executive orders address protecting citizens from predatory scams and cybercrime, suspending “duty-free” entry of international shipments, and halting “certain tariff actions.”

Additional recent executive actions include presidential nominations and appointments submitted to the Senate in early March 2026. These nominations include the Secretary of Homeland Security, United States Marshal, U.S. Representative to the Organization for Security and Cooperation in Europe, Ambassador Extraordinary and Plenipotentiary, Assistant Secretary of State, and members of the Board of Governors of the Federal Reserve System. Further nominations were made for judicial positions, including District Judge, District Court Judge, Circuit Judge, and Judge of the United States Court of International Trade.

Recent presidential proclamations include U.S. Hostage and Wrongful Detainee Day, a dedication to disrupting cartel criminal operations, the Ratepayer Protection Pledge proclamation regarding AI and data centers, National Angel Family Day, and the temporary addition of a surcharge on imported goods. Other proclamations pertain to George Washington’s Birthday, Unleashing American Commercial Fishing in the Atlantic, ensuring beef affordability for consumers, National Black History Month, the Year of Celebration and Rededication, and National School Choice Week. The most recent presidential memorandum instructed executive-level departments and agencies to cease participation in “international organizations, conventions, and treaties that are contrary to the interests of the United States.”^[3]

Sources

- 1 <https://www.congress.gov/browse>
- 2 <https://www.govtrack.us/congress/bills/>
- 3 <https://www.whitehouse.gov/briefing-room/presidential-actions/>



Exploring the Dynamics Surrounding Data Centers in Northeastern Pennsylvania: 2026

Key Takeaways

Data centers are resource-intensive, but their impact is not predetermined. With strong standards, transparent governance, and community-aligned planning, NEPA can capture economic benefits while protecting environmental quality and local well-being.

Data centers vary widely in their community impact, which depends on choices around energy sourcing, cooling systems, land-use, regulatory oversight, and community benefit agreements. With strong planning and standards, they can function as regional assets rather than local burdens.

NEPA's Strategic Advantages

- Abundant land, resources, and strong infrastructure potential
- Temperate climate that supports energy-efficient cooling
- Expanding fiber networks and proximity to major East Coast markets
- Supportive legislation and local government interest
- Robust higher-education and workforce-development pipelines



Scan to read
the full study!

Challenges and Concerns

Energy Use: Data centers run continuously, creating high electricity demand; efficiency improves with free cooling, renewable power, and high-performance design.

Water Use: Cooling systems can consume large volumes of water, with about 80% lost to evaporation; closed-loop systems can cut freshwater use by up to 70 percent through recycling and rainwater capture.

Local Impacts: Noise and light pollution, air and water quality concerns, and strain on utilities and natural resources are central to community discussions.

Economic & Workforce Impact

Construction Phase: Generates substantial short-term employment and produces strong multiplier effects for local businesses.

Operational Phase: Supports a smaller but highly skilled, high-wage workforce in IT infrastructure, cybersecurity, electrical and mechanical systems, facilities engineering, and network operations.

Regional Growth: Provides stable tax revenue and attracts related industries and additional investment.

Recommendations

Data centers are complex and resource-intensive, yet their ultimate impact on Northeastern Pennsylvania is not predetermined. Outcomes depend on planning, standards, governance, and alignment with regional institutions. By implementing these recommendations, Northeastern Pennsylvania can capitalize on the economic benefits of data centers while addressing community concerns and safeguarding long-term sustainability:

- Require **public reporting** of emissions performance and electricity and water usage, with daily and annual water usage thresholds.
- Supplement reliance on resources with **renewable energy options and energy-efficient cooling technologies**.
- Mitigate safety risks and address community concerns by adopting and following **safe-distance guidelines** for data center development.
- **Engage local communities** early in the planning process.
- **Strengthen oversight** through legislation and regulatory measures.
- Require **local hiring targets** for construction and operations, and prepare the local workforce through regional colleges and training programs.
- Ensure that development contributes to **long-term regional resilience**.

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THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



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