

PHILADELPHIA AFFORDABILITY REPORT 2026

*The Cost of Living Crisis
and Impact of Continued
Funding Cuts*



INTRODUCTION

Last fall, the city of Philadelphia finally shed an unwanted crown: It is no longer the poorest big city in America.

It is, instead, the *second-poorest* big city in America.¹

And even this modest progress belies the ugly underlying truth: Philadelphia is in the midst of a cost-of-living crisis. By some measures, half of all Philadelphians – 800,000 people – cannot make basic ends meet.² Homeownership, once a point of distinction, is now falling faster in Philadelphia than in other large cities.³ Income inequality is widening⁴ and economic mobility is worsening: Children born into Philadelphia’s poorest homes today are earning less money as adults than children a generation ago.⁵

This crisis is about to get far worse. The Trump administration is imposing deep cuts to the social safety nets, many of which are just now beginning to trickle down to states and cities across the United States. These cuts will fall particularly hard on Philadelphia, a city where roughly one-third of residents rely on public health insurance and food assistance – and where tens of thousands, at least, are about to lose that critical support.

At the same time, Pennsylvania lawmakers are slashing taxes on corporations, which will rob the state, which provides substantial funding to Philadelphia and other cities, of desperately needed revenue needed to soften the impacts of the Trump-imposed cuts.

These outside blows are landing just as Philadelphia’s leadership begins to navigate a new and uncertain financial future for the city. The Mayor and City Council have embarked upon a strategy of cutting local business taxes, in hopes of luring more private employers and creating new jobs.



1 Philadelphia Inquirer: <https://www.inquirer.com/news/philadelphia/poverty-rate-census-20250911.html>

2 Federal Reserve Bank of Philadelphia: https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Reports/understanding-economic-stability-and-economic-mobility-in-philadelphia.pdf?sc_lang=en

3 Federal Reserve Bank of Philadelphia: <https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/affordability-challenges-and-barriers-to-homeownership-in-philadelphia.pdf>

4 National Equity Atlas: <https://www.nationalequityatlas.org/indicators/income-inequality?breakdown=ranking&geo=07000000004260000>

5 Chetty, Raj: <https://phlcouncil.com/wp-content/uploads/2025/01/Opportunity-Insights.pdf>

But there is a tradeoff: Even if these tax cuts successfully stimulate new economic activity, they will still cost the city as much as \$2.8 billion in revenue over the next dozen years.⁶ That will lead to pressure to raise local property taxes – a tax that has already risen sharply in recent years and that falls particularly hard on the most economically vulnerable Philadelphians.

The depth of Philadelphia’s cost-of-living crisis is no secret to those who must survive it every day.

For the past two years, POWER Interfaith – Philadelphia’s largest faith-based organization effort, representing more than 50 congregations across the city and 150 around the state – has been organizing Philadelphia congregants and neighbors to build and fight for a city that is both fully affordable and fully funded. Our work has included surveys of more than 750 Philadelphians about the daily hardships they face from the soaring cost of housing and other basic necessities.

The surveys, taken in 2024, were conducted over the course of nearly 50 home, congregation and neighborhood meetings in every corner of Philadelphia. Meetings were held across 29 different congregations, on ten individual blocks, in each major city neighborhood, and nine of ten council districts. The results were illuminating.

Two-thirds of respondents said they have had to forego another bill just to pay their mortgage or rent. More than 80 percent said they have trouble paying their property taxes. Most reported a rising number of unhoused members in their congregations.

And more than 90 percent said the city of Philadelphia is not doing enough to invest in their community’s needs.

POWER Interfaith now continues this work with the following report, which will detail just how deeply cost-burdened Philadelphians are today, and how the coming tax and spending cuts across all levels of government will make the crisis worse.

Unless, that is, local leaders take proactive steps to prepare and adapt.

⁶ Penn Policy: <https://docs.google.com/document/d/1cPzA-FXUazc3DhD-hR6aLElvuJGHRVUM/edit>



PART I: (UN)AFFORDABILITY IN PHILADELPHIA

POVERTY AND INCOME INEQUALITY

We begin with an overview of poverty and income inequality.

Approximately 300,000 Philadelphians still live in poverty.⁷ The poverty rate is even higher among children. About one in four children in Philadelphia are living in poverty – significantly higher than the national rate of 16 percent, according to research by Pew Charitable Trusts.⁸

And the top line poverty level numbers below the extent of the hardship. Nearly half of Philadelphians living in poverty are actually living in deep poverty – meaning they earn less than 50 percent of the income needed just to reach the federal poverty line. And the rate of deep poverty in Philadelphia has declined more slowly over the past decade.

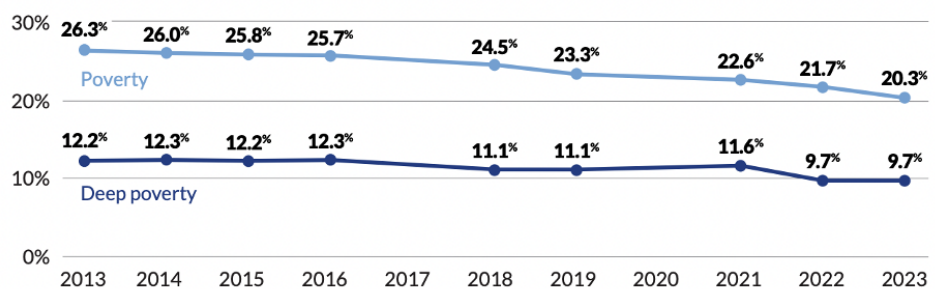
Research by Pew Charitable shows that poverty in Philadelphia fell by about six percentage points over the decade between 2013 and 2023. But the percentage of Philadelphians living in deep poverty fell by less than three percentage points over the same period.⁹

Of course, poverty in Philadelphia – like many other communities – is heavily concentrated in discrete areas that have historically been the targets of segregationist and discriminatory policies such as mortgage redlining and inequitable investments in infrastructure and neighborhood services.

Poverty rates remain much higher among Philadelphia’s communities of color than among the city’s White residents. The 2023 poverty rate was 24.5 percent for Black residents and 26 percent for non-White Hispanic

residents – both nearly double the 13.5 percent poverty rate among White residents, according to figures compiled by the Mayor’s Office of Community Empowerment and Opportunity.¹⁰

Poverty and Deep Poverty in Philadelphia, 2013-23



Source: *Philadelphia 2025 State of the City* (Pew Charitable Trusts)

7 Philadelphia Inquirer: <https://www.inquirer.com/news/philadelphia/poverty-rate-census-20250911.html>

8 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2025/04/philadelphia-2025>

9 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2025/04/philadelphia-2025>

10 City of Philadelphia Mayor’s Office of Community Empowerment and Opportunity: <https://www.phila.gov/media/20250625102745/office-ceo-community-needs-assessment-2024-short-form-report.pdf>

Group	Total Population	Total Population Share	Population in Poverty	Poverty Rate	Share of Population in Poverty
TOTAL	1,506,393		306,222	20.3%	
BY RACE AND ETHNICITY					
Black	600,599	39.9%	146,910	24.5%	48.0%
White, Non-Hispanic	484,650	32.2%	65,314	13.5%	21.3%
Hispanic, of any Race	240,810	16.0%	62,567	26.0%	20.4%
Asian	121,964	8.1%	24,260	19.9%	7.9%

Source: [2024 Community Needs Assessment](#) (Phila Office of Community Empowerment and Opportunity)

Poverty is an imperfect measure because even people living above the poverty line can struggle to make ends meet.

A more comprehensive evaluation of financial hardship is ALICE – which stands for Asset Limited, Income Constrained, Employed – and includes households whose incomes are above the federal poverty line but who still do not earn enough to afford basic necessities such as housing, transportation, healthcare and childcare.

Nearly half of all households in Philadelphia are living below the ALICE threshold, according to an inaugural study last year by the Federal Reserve Bank of Philadelphia.¹¹

The study included text surveys and focus groups that revealed the chronic instability and unending stress that families below the ALICE threshold experience in their daily lives.

For instance, almost all ALICE respondents reported frequent and erratic fluctuations in income: 87 percent said they had experienced a wage swing of at least ten percent during the previous six months – compared to 74 percent for respondents living above the ALICE threshold.

In addition, **59 percent of ALICE respondents said they could not pay all their bills each month** (compared with 23 percent of respondents above the threshold) and 13 percent said they do not have stable housing (compared with five percent above the threshold).

As with poverty, households of color – particularly Black households – are more likely to be living below the ALICE threshold. Across Pennsylvania, **an estimated 58 percent of Black households and 52 percent of Hispanic households are below the threshold**, according to United Way Pennsylvania.¹²

To understand the full extent of the economic uncertainty facing Philadelphia’s lowest-income households – to barriers to upward mobility they face – it is also important to remember what is known as the “cliff effect.”

11 Federal Reserve Bank of Philadelphia: https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Reports/understanding-economic-stability-and-economic-mobility-in-philadelphia.pdf?sc_lang=en

12 United for ALICE | United Way Pennsylvania: <https://www.unitedforalice.org/introducing-ALICE/pennsylvania>

Key Demographic Groups, Pennsylvania, 2023

	Total	Below ALICE Threshold	■ Poverty ■ ALICE ■ Above ALICE Threshold		
ALL HOUSEHOLDS	5,308,845	2,125,980	12%	28%	60%
AGE					
Under 25 Years	175,379	115,018	35%	31%	34%
25 to 44 Years	1,637,323	546,918	12%	21%	67%
45 to 64 Years	1,877,619	616,096	11%	22%	67%
65 Years and Over	1,618,524	847,948	12%	40%	48%
RACE/ETHNICITY					
American Indian/ Alaska Native	8,024	4,242	17%	36%	47%
Asian	168,432	55,425	8%	25%	67%
Black	546,841	315,691	18%	39%	42%
Hispanic	336,378	176,380	14%	39%	48%
Native Hawaiian/ Pacific Islander	1,356	763	16%	40%	44%
Two or More Races	232,790	106,081	11%	34%	54%
White	4,083,643	1,499,713	7%	29%	63%
HOUSEHOLD TYPE					
Married With Children	854,910	124,308	5%	10%	85%
Single-Female-Headed With Children	305,940	220,434	40%	32%	28%
Single-Male-Headed With Children	116,503	61,815	19%	34%	47%
Single or Cohabiting, Under 65, no Children	2,412,968	871,475	12%	25%	64%
RURAL/URBAN					
Rural	612,452	257,620	13%	29%	58%
Urban	4,696,393	1,868,360	12%	27%	60%

Source: *2025 State of ALICE in Pennsylvania* (United for ALICE & United Way Pennsylvania)

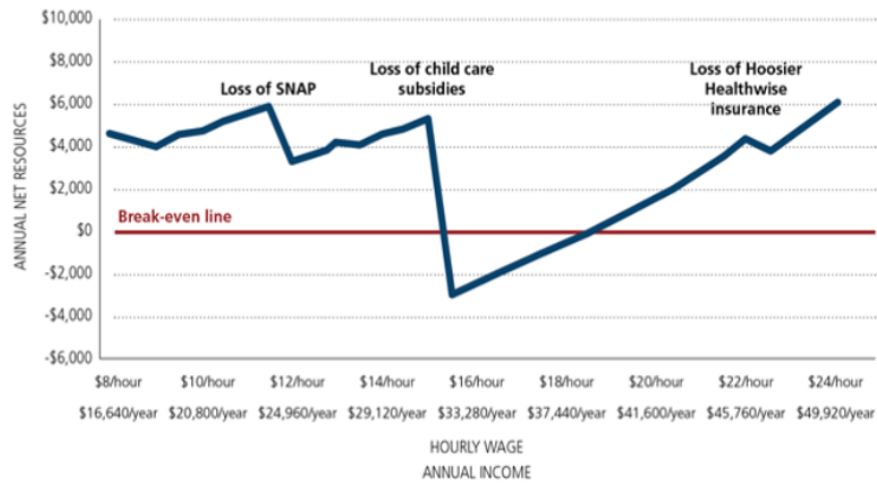
Also known as “benefit cliffs,” the cliff effect refers to the loss of public benefits – from cash and food assistance to health insurance and childcare subsidies – that can occur when a household receives a small rise in earnings that renders them ineligible for one or more safety net program. In such cases, an increase in income can leave a family in a worse financial position, if the raise is not enough to offset the loss of, for instance, childcare support.

Cliff effects lead to economic and poverty-entrapping distortions, like workers turning down promotions or opting not to apply for better-paying jobs because they cannot afford to lose, for instance, their childcare. The risk of falling off a benefit cliff is highest for people making between \$13 and \$17 per hour.¹³ An example of the cliff effect is illustrated in the following graphic from the National Center for Children in Poverty.

¹³ National Conference of State Legislatures: <https://www.ncsl.org/human-services/introduction-to-benefits-cliffs-and-public-assistance-programs>

It can be challenging to fully map out and model benefit cliffs, which involve multiple safety net programs with different eligibility requirements and vary based on factors such as location, household size, and age of children. State Rep. Malcolm Kenyatta (D-Philadelphia) has introduced legislation to study the cliff effect throughout Pennsylvania, though the bill has not yet passed.

But a limited report commissioned in 2024 by the workforce development agency Philadelphia Works identified more than 7,700 households in Philadelphia County living on the edge of a benefit cliff. Such households are within \$1 an hour of losing access to social services.¹⁴ The analysis also found that Black- and women-led households were more likely to live on the edge of a benefit cliff.

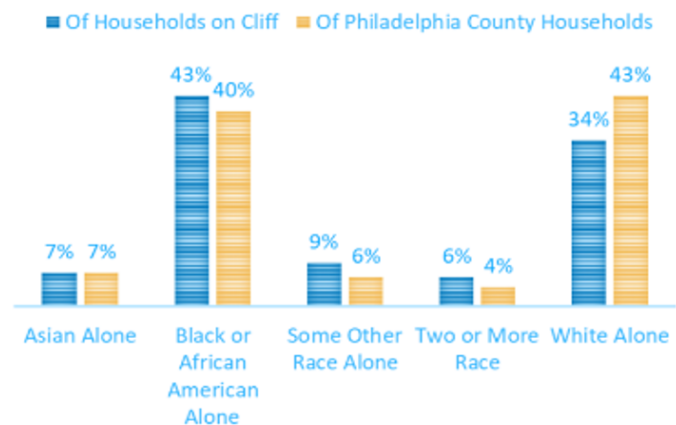


Source: *Introduction to Benefits Cliffs and Public Assistance Programs* (National Conference of State Legislatures)

Finally, another measure of financial hardship is housing cost burden. A household is considered cost-burdened if more than 30 percent of housing costs consume 30 percent or more of monthly income, according to the U.S. Department of Housing and Urban Development. And a household is considered severely cost-burdened if more than 50 percent of monthly income is spent on housing costs.

By those metrics, an estimated one-third of all Philadelphia households – including both owners and renters -- are cost burdened, according to data compiled by the Mayor’s Office of Community Empowerment and Opportunity. One in ten households are severely cost burdened.¹⁵

Table 4: Demographic Characteristics of Head of Households, Philadelphia County



Source: *Exploring the Benefit Cliff in Philadelphia County* (Philadelphia Works)

14 Philadelphia Works: https://philaworks.org/wp-content/uploads/sites/4/2024/09/Benefit-Cliff-Policy-Brief_Final_.pdf

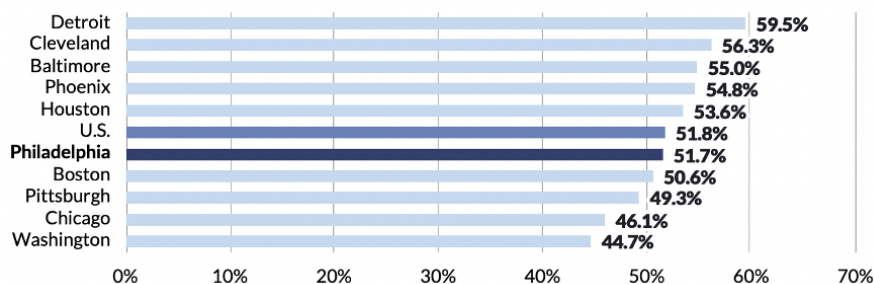
15 City of Philadelphia Mayor’s Office of Community Empowerment and Opportunity: <https://www.phila.gov/media/20250625102745/office-ceo-community-needs-assessment-2024-short-form-report.pdf>

The issue is particularly acute among renters: More than 50 percent of Philadelphia renters reported spending at least 30 percent of their income on housing in 2023, according to Pew.¹⁶

Philadelphia has made gains in income and poverty levels in recent years. But even those top line trends mask the darker truth that these gains are accruing largely to people who are already wealthy.

The National Equity Atlas produces a metric known as the “inequality index,” a score based on the ratio between the ratio of household income in the city at the 95th percentile and the 20th percentile.

Share of Renters Spending at Least 30% of Income on Housing, 2023 In Philadelphia and other large cities



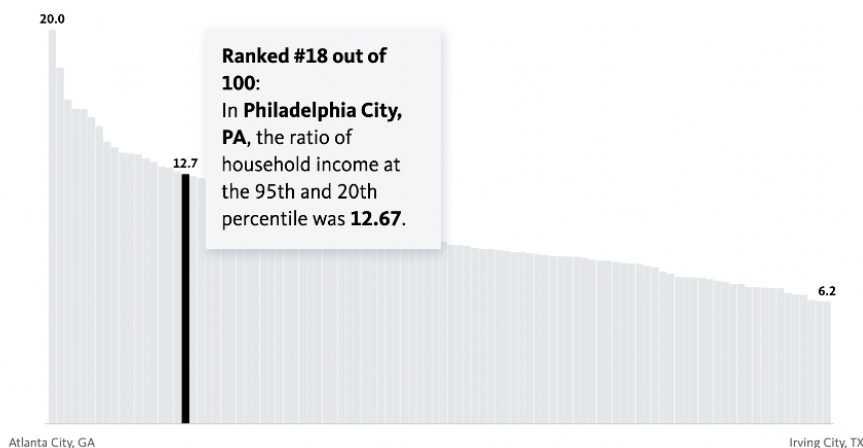
Source: *Philadelphia 2025 State of the City* (Pew Charitable Trusts)

In 2022, the most recent year for which data are available, a Philadelphia household in the 95th percentile of income earned \$241,000 annually. That was 12.67 times as much as a household in the fifth percentile, which earned just over \$19,000.¹⁷

That means Philadelphia has an inequality index of 12.67, which ranks 18th worst out of 100 cities tracked by the National Equity Atlas.

And that gap has been widening over time. The data show that Philadelphia’s Inequality Index ballooned more than 50 percent since 1990, when it was 8.3.

But perhaps most troubling at all is that economic mobility for children born into low-income families in Philadelphia has declined dramatically over the past 25 years – more so than many other places around the country.



Source: *Philadelphia 2025 State of the City* (Pew Charitable Trusts)

16 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2025/04/philadelphia-2025>

17 National Equity Atlas: <https://www.nationalequityatlas.org/indicators/income-inequality?breakdown=ranking&geo=070000000004260000>

Recent research by Raj Chetty, a professor of public economics at Harvard University, found that children born into low-income homes in Philadelphia are earning less as adults than those born the generation before them.

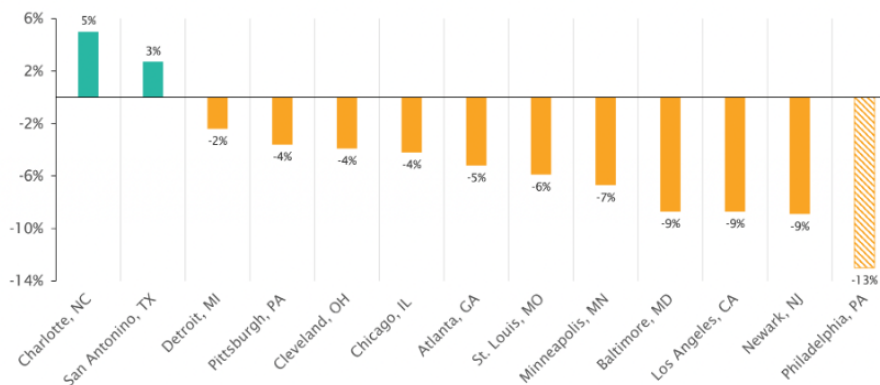
Chetty found that children born into low-income homes in Philadelphia in 1978 earned, on average, just over \$31,000 a year by age 27 (in the year 2005). But children born into low-income homes in Philadelphia in 1992 earned an average of just over \$27,000 by age 27 (in 2019).¹⁸

That’s a 13 percent loss in economic opportunity; and it is the worst decline, by a substantial margin, of a group of 13 cities that Chetty compared.

And here, too, we see disparate fortunes. The average household income at age 27 for Black children born in 1992 to low-income parents in Philadelphia is less than \$23,000 a year. The average income at 27 for a White child born into the same circumstances is more than \$31,000.

Changes in Upward Mobility in the United States

Average Change in Household Income at Age 27 for Children born in 1978 vs. 1992 to Low-Income Parents



Source: [Creating Opportunity in Philadelphia New Insights from Big Data, Oct 2024](#) (Raj Chetty)

18 Chetty, Raj: <https://phlcouncil.com/wp-content/uploads/2025/01/Opportunity-Insights.pdf>

HOUSING AND HOMELESSNESS

Housing is at the core of Philadelphia’s escalating cost-of-living crisis.

Philadelphia has long stood out among major American cities for maintaining a relatively high rate of homeownership, even among lower-income households. More than half of the city’s households are owners – a far higher proportion than neighboring big cities like New York, Boston and Washington.

But there are signs of distress. A December 2025 study by the Federal Reserve Bank of Philadelphia found that the rate of homeownership is now declining faster in Philadelphia than both the nation as a whole and in many large cities.¹⁹

The study found that between 2005 and 2023, homeownership across Philadelphia fell 5.3 percentage points, from 57.5 percent to 52.4 percent. The nationwide homeownership rate fell 1.6 points over the same period, from 66.9 percent to 65.3 percent.

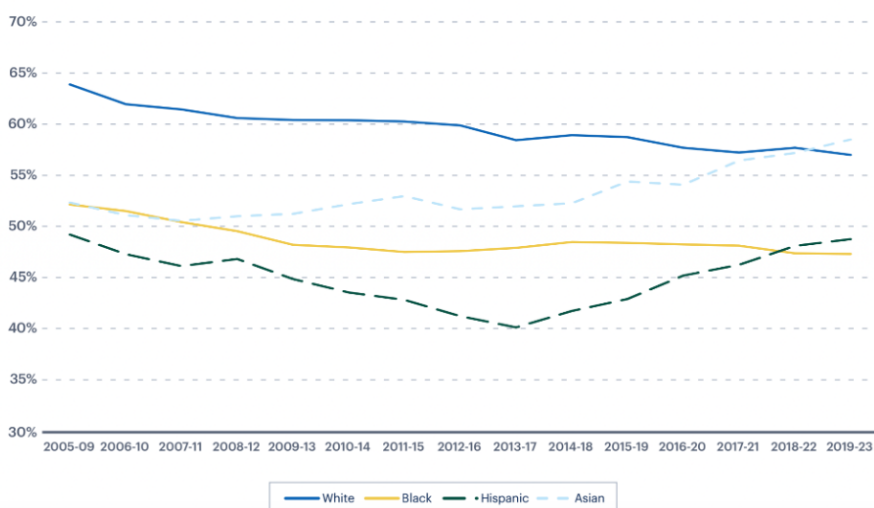
The rate of decline in Philadelphia was more than twice as fast in Baltimore (50.6 percent to 48.1 percent), six times faster than in Boston (36.2 percent to 35.3 percent), and nine times faster than in New York (33.2 percent to 32.6 percent).

The Federal Reserve study found that metro areas saw a rise in homeownership during the COVID-19 pandemic. Philadelphia did not. And while homeownership rates fell for both Black and White

households, White Philadelphians continue to own homes at a significantly higher rate than Black Philadelphians (57.4 to 47.4 percent).

A central culprit in the decline of homeownership is, not surprisingly, affordability. Rising prices and ownership costs in Philadelphia have far outstripped income growth and inflation in recent years, according to the Federal Reserve’s findings.

Homeownership Rate by Race and Ethnicity in Philadelphia, 2009–2023



Source: *Affordability Challenges and Barriers to Homeownership in Philadelphia* (Federal Reserve Bank of Philadelphia)

19 Federal Reserve Bank of Philadelphia: <https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/affordability-challenges-and-barriers-to-homeownership-in-philadelphia.pdf>

For example, nominal median household income in the city grew 63.9 percent between 2009 and 2023. Incomes in Philadelphia rose faster than in the country as a whole, which saw a 52.4 percent increase in nominal household income.

But incomes in Philadelphia rose far more slowly than the median home price in the city, which surged 94.4 percent over the same period.

Similarly, over the past decade, the nominal median annual cost of owning a home jumped 163 percent: from \$7,991 to \$21,033. Inflation, as measured by the Consumer Price Index, rose 28.7 percent over the same period.

The three major components of homeownership costs are mortgage payments, property taxes and insurance premiums. And the cost of all three components rose far faster than inflation over the past decade: 189 percent for mortgage payments, 110 percent of property taxes, and 68 percent for home insurance premiums.

The result is that homeownership is out of reach for a growing number of Philadelphians.

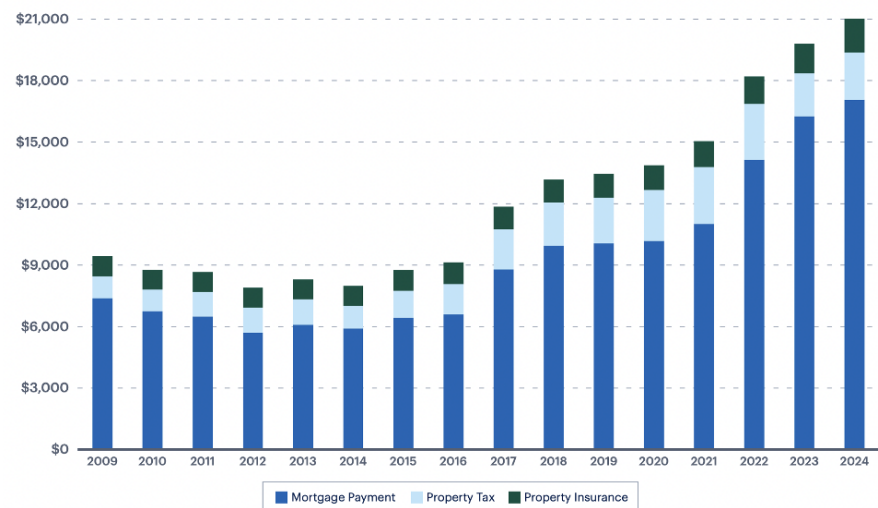
A common guideline in mortgage lending is that housing costs should not exceed 28 percent of a borrower's gross monthly income. Using that rule, the share of arm's-length home sales that are affordable to households earning the median income in Philadelphia has fallen sharply over the past decade.

Between 2013-15, according to the Federal Reserve, more than 60 percent of arm's-length home sales were affordable to a household earning at the median income. That tumbled to less than 40 percent between 2022-24 – a drop of more than 30 percent.

Housing affordability has deteriorated even more steeply for households of color.

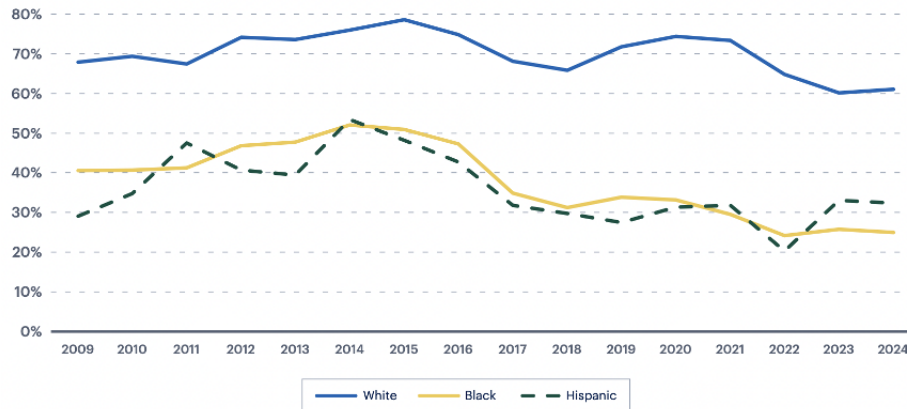
In 2023, a White household earning the median income for White households in Philadelphia could afford 60.2 percent of arm's-length home sales. But a typical Black household could afford only 25.7 percent of arm's-length home sales in the city. A typical Hispanic households could afford just 32.4 percent of homes.

Median Homeownership Costs, 2009–2024



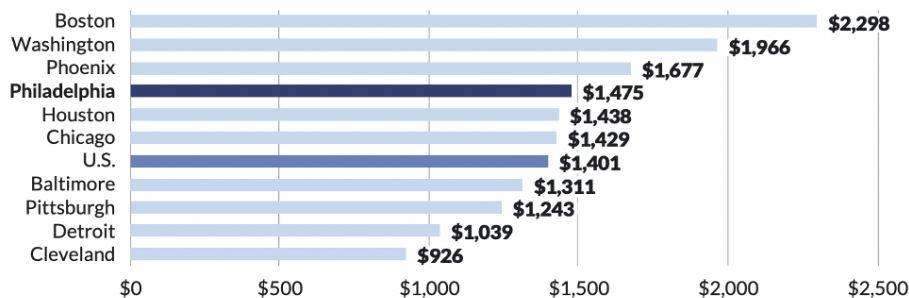
Source: [Affordability Challenges and Barriers to Homeownership in Philadelphia](#)
 (Federal Reserve Bank of Philadelphia)

Percent of Arm’s-Length Sales Affordable to Households with Median Income by Race and Ethnicity, 2009–2024



Source: *Affordability Challenges and Barriers to Homeownership in Philadelphia* (Federal Reserve Bank of Philadelphia)

**Median Rent for a Two-Bedroom Unit, 2023
 In Philadelphia and other large cities**



Source: *Philadelphia 2025 State of the City* (Pew Charitable Trusts)

And that gap in affordability between White households and households of color has widened over time. Of course, as more Philadelphians are frozen out of the housing market, more turn to the rental market, which drives up demand for apartments – and the cost of rent.

Median rent for a two-bedroom apartment in Philadelphia was \$1,475 in 2023, according to Pew Charitable Trust’s 2025 State of the City.²⁰

That was higher than the national average of \$1,401 and fourth highest among a group of ten comparable large cities that Pew examined. It was also 20 percent from just two years earlier, Pew’s data show.

And rent is still escalating rapidly: A March 2025

story in the Philadelphia Inquirer reported that median monthly rent in the area is now \$1,885.²¹ Sadly, the combination of soaring home prices and fast-rising rents also leads to more people becoming homeless. The city of Philadelphia’s 2025 point-in-time count of unhoused residents found 5,516 people experiencing homelessness across the city – a six percent increase from the previous year and a 23 percent increase over the past three.²²

Approximately two-thirds of people experiencing homelessness in Philadelphia are Black, according to research by Pew.²³

20 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2025/04/philadelphia-2025>

21 Philadelphia Inquirer: <https://www.inquirer.com/consumer/childcare-cost-rent-philadelphia-inflation-20250508.html>

22 City of Philadelphia Office of Homeless Services: <https://www.phila.gov/media/20260121120749/ohs-pit-count-summary-report-2025.pdf>

23 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2025/04/philadelphia-2025>

BEYOND HOUSING

Other costs are squeezing Philadelphians, too.

For instance, almost half of Philadelphia residents – 48 percent – are classified as cost-burdened by transportation, because transportation costs consume more than 15 percent of their monthly income, according to the city’s annual Community Needs Assessment. Some households now spend nearly a quarter of their income just on transportation.²⁴

Meanwhile, the Philadelphia Inquirer recently reported that the average monthly cost of daycare in the city is \$961 per child – meaning, the newspaper reported, that it now costs more on average to send two kids to daycare than it does to rent a home.²⁵

While it is not city-specific, the First Five Years Fund reports the cost of center-based daycare in Pennsylvania was nearly \$15,000. That is 40 percent of the income for a single parent earning the state median income.²⁶

THE HIDDEN FACTOR

There is one other hidden factor worth mentioning that contributes to the growing cost burden in Philadelphia: An upside-down tax structure.

Philadelphians bear one of the most unequal and regressive tax burdens in the country – particularly, as we shall discuss in more detail later, Philadelphians who rent rather than own their homes.

The city of Washington, D.C., used to conduct an annual study comparing the state and local tax burdens faced by families at various income levels in the biggest city in every state in the country. The most recent study found that a family in Philadelphia earning \$25,000 a year paid an effective tax rate of 21.8 percent in 2022.²⁷

That was the third highest tax rate on low-income families out of the 51 cities studied. Philadelphia ranked behind only Seattle and Los Angeles.

The median state and local tax rate on low-income families in the study was 14.5 percent.

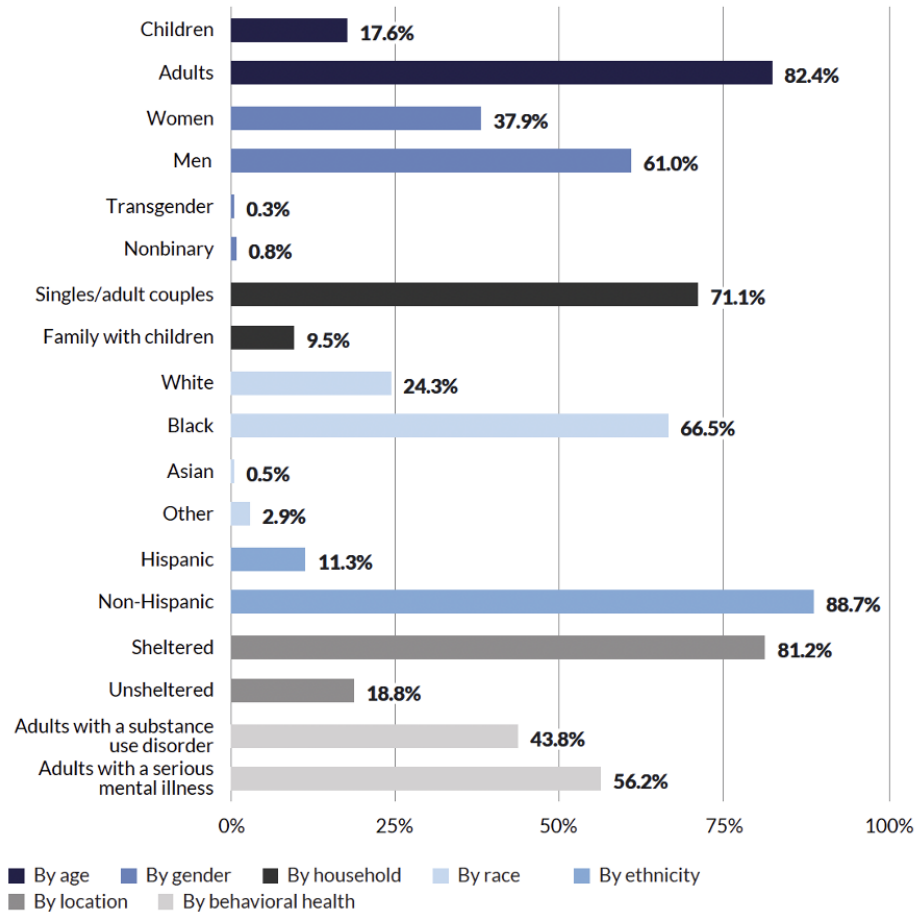
24 City of Philadelphia Mayor’s Office of Community Empowerment and Opportunity: <https://www.phila.gov/media/20250625102745/office-ceo-community-needs-assessment-2024-short-form-report.pdf>

25 Philadelphia Inquirer: <https://www.inquirer.com/consumer/childcare-cost-rent-philadelphia-inflation-20250508.html>

26 First Five Years Fund: <https://www.ffyf.org/wp-content/uploads/2025/09/2025-Pennsylvania-State-Fact-Sheet.pdf>

27 Government of the District of Columbia: https://ora-cfo.dc.gov/sites/default/files/dc/sites/ora-cfo/publication/attachments/2022%2051City%20Study_Final.pdf

Profile of People Experiencing Homelessness in Philadelphia, 2024



Source: [Philadelphia 2025 State of the City](#) (Pew Charitable Trusts)

To be fair, much of the blame here lies with the State of Pennsylvania, which has the fourth most-regressive tax structure in the country, according to the most recent “Who Pays” by the Institute for Taxation and Economic Policy. This is in large part because Pennsylvania charges a flat personal income tax – meaning the tax rate is the same whether someone earns \$20,000 or \$20 million – rather than a progressive income tax in which marginal rates rise the more one makes.

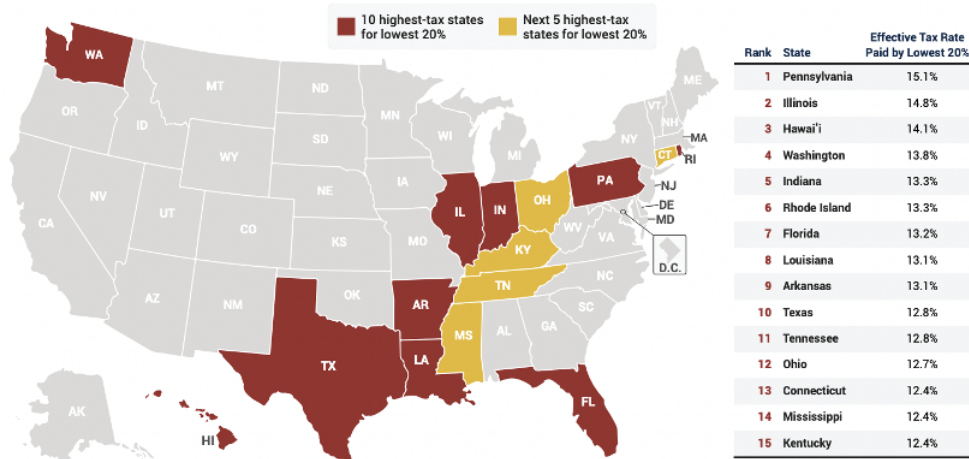
Table 1a: 2022 Estimated Burdens of Major Taxes for a Hypothetical Family Earning \$25,000/Year

RANK	CITY	ST	TAXES				BURDEN	
			INCOME 2/	PROPERTY 3/	SALES 4/	AUTO	AMOUNT	PERCENT
1	Seattle	WA	-	4,294	1,495	582	6,371	25.5%
2	Los Angeles	CA	0	3,665	1,434	564	5,663	22.7%
3	Philadelphia	PA	1,716	2,431	994	306	5,446	21.8%
4	Honolulu	HI	(165)	4,121	933	473	5,362	21.4%
5	Boston	MA	(541)	4,661	822	273	5,215	20.9%
6	Chicago	IL	67	2,760	1,384	635	4,846	19.4%
7	Birmingham	AL	798	2,002	1,858	183	4,841	19.4%
8	New York	NY	(1,834)	5,184	1,292	144	4,786	19.1%
9	Nashville	TN	-	2,818	1,781	185	4,783	19.1%
10	Kansas City	MO	250	1,966	1,997	548	4,761	19.0%

Source: *Tax Rates and Tax Burdens In the District of Columbia: A Nationwide Comparison* (Government of the District of Columbia)

ITEP’s most recent study, published in January 2024, found that Pennsylvanians in the bottom 20 percent of income (less than \$22,100 a year) paid an effective tax rate of 15.1 percent.

States with the Highest Taxes on Low-Income Households



Source: Institute on Taxation and Economic Policy (ITEP)

Source: *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States* (Institute on Taxation and Economic Policy)

That is more than double the six percent effective tax rate paid by Pennsylvanians in the top one percent (more than \$746,300 in income).²⁸

In fact, when ranked solely on how much a state taxes its poorest residents, Pennsylvania ranked as the worst state in the country.

28 Institute on Taxation and Economic Policy: <https://sfo2.digitaloceanspaces.com/itep/ITEP-Who-Pays-7th-edition.pdf>

PART II: THE COMING STORM(S)

As we have explained, Philadelphia is a city of deep poverty and widespread financial hardship – a city in which most households struggle, and often fail, to make basic ends meet. Philadelphians living on the bottom rung, in the city’s poorest households, have also lost ground over time, even as the city’s broader fortunes have improved.

This structural poverty and inequality will become even worse because of recent decisions made beyond our city’s control.

The biggest cuts will come from Washington, where President Donald Trump and the Republican-controlled Congress are shredding the national safety net through the “One Big Beautiful Bill Act” and other austerity measures. But Harrisburg, too, is on a similar path, as the governor and the Legislature are in the midst of cutting state taxes on corporations in half.

Complicating matters even further: City Hall will have fewer options to respond to future shortfalls and mitigate harm to residents

Make no mistake: The coming cuts will magnify the many challenges already facing Philadelphians, particularly lower-income and Black and Brown households.

As we shall see, tens of thousands of households across the city are about to lose health insurance and food assistance. An already upside-down tax structure will become even more lopsided. And city leaders will face intense pressure to raise local property taxes.

A REVERSE ROBIN HOOD IN WASHINGTON

We begin this section with a discussion of the fiscal austerity imposed by the federal government, which began immediately after President Donald Trump took office with the Elon Musk-led “DOGE” spending cuts – and which are about to become far worse now that Trump’s “One Big Beautiful Bill Act” has become law.

It is hard to overstate how dependent the city of Philadelphia is on federal support. The city received more than \$2 billion in federal grants in fiscal 2024-25 – roughly a third of its city budget.²⁹

More than 30 percent of Philadelphians – half a million residents – rely on food assistance through Supplemental Nutrition Assistance Program³⁰ and get health insurance through Medicaid and the related Children’s Health Insurance Program.³¹

²⁹ City of Philadelphia: <https://www.phila.gov/media/20250728120451/budget-in-brief-FY2026-approved-2.pdf>

³⁰ City of Philadelphia: <https://www.phila.gov/2025-11-07-mayor-parker-affirms-philadelphias-continued-commitment-to-the-one-philly-snap-response-plan/>

³¹ Georgetown University McCourt School of Public Policy: <https://ccf.georgetown.edu/2025/02/06/medicaid-coverage-by-county-2023/>

The Trump administration is taking a meat cleaver to all of it. It is impossible to track the full scope of federal cuts at the municipal level – in part because of a haphazard and error-riddled reporting by the Musk-led DOGE campaign but also because so much is still to come under the OBBBA. But a rough tabulation in mid-2025 by the Center for American Progress found that DOGE cut close to \$200 million worth of federal grants in Philadelphia alone.³²

One micro example of the impacts: Share Food Program, one of the city's largest food banks, ran out of meat and milk to distribute earlier this year because the Trump administration unilaterally canceled two vital food assistance programs. The food bank's executive director told Philadelphia magazine that the administration canceled two federal programs that were expected to provide a combined \$8.5 million in assistance – effectively a 20 percent budget cut, imposed without reason or warning. "They gave us two days' notice," George Matysik, told the publication. "They gave us two days' notice."³³

And these are the equivalent to tremors before the earthquake that is the One Big Beautiful Bill Act, the budget megabill that Trump and the Republican-controlled Congress enacted earlier this year.

The legislation is an unprecedented upwards redistribution of wealth. The OBBBA will cut federal taxes, primarily for the very wealthy, by \$4.5 trillion over the next 10 years, according to Congressional Budget Office estimates.

It will partially pay for those tax cuts with approximately \$1.1 trillion in spending cuts.³⁴

Most of those cuts will come out of two of the nation's most important safety net programs, both in Philadelphia and across the country as a whole: Medicaid and SNAP, which is also known as the food stamps program.

FEWER WILL HAVE HEALTH INSURANCE

Nationwide, the CBO estimates that the federal bill will lead to as many as 16 million Americans losing their health insurance – approximately 11 million from losing access to Medicaid or coverage losses through the Affordable Care Act and another roughly five million from the loss of tax credits that they depend upon to afford private insurance.³⁵

In Pennsylvania, the Center on Budget and Policy Priorities currently estimates that 382,000 people will lose their coverage entirely and become uninsured. Another 32,000 Pennsylvanians could lose coverage because they will no longer be able to afford premiums without the tax credits.³⁶

That's 414,000 people at risk of losing – about 13 percent of Pennsylvania's current Medicaid enrollees.

32 Center for American Progress: <https://www.americanprogress.org/article/doge-cuts-by-city-state-and-congressional-district/>

33 Philadelphia magazine: <https://www.phillymag.com/news/2025/12/05/trump-philadelphia-funding-cuts/>

34 Congressional Budget Office: <https://www.cbo.gov/publication/61570>

35 Congressional Budget Office: https://www.cbo.gov/system/files/2025-06/Wyden-Pallone-Neal_Letter_6-4-25.pdf

36 Center on Budget and Policy Priorities: https://www.cbpp.org/sites/default/files/5-29-25sfp-factsheets_rev8-1-25-pa.pdf

Researchers at Georgetown University estimate that 31.3 percent of people in Philadelphia County are covered by Medicaid. That’s about 500,000 residents in all, based on the city’s population of 1.6 million people.

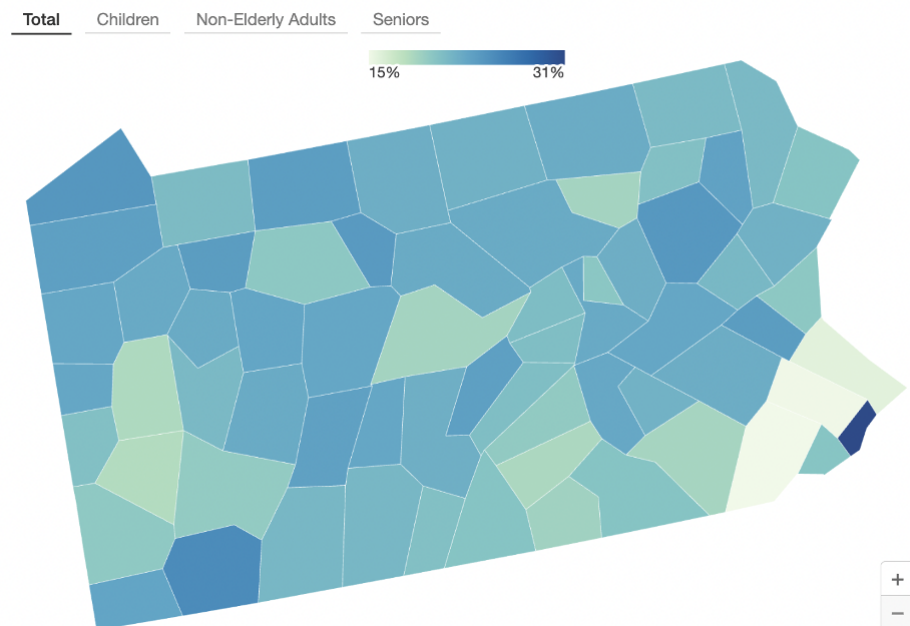
It also means that somewhere around **65,000 Philadelphians will likely lose their health insurance under the OBBBA, based on the CBPP estimates.**

It’s important to remember that these impacts will fall disproportionately hard on Philadelphia. Philadelphia County’s Medicaid coverage rate is the highest of all 67 counties across Pennsylvania. It’s more than five percentage points higher than the next county (Fayette).

And children will bear the worst of it. Georgetown University estimates that more than half of children in Philadelphia – 54.7 percent – are covered by Medicaid or the related Children’s Health Insurance Program. That’s nearly ten percentage points higher than the next county (Forest).³⁷

Medicaid Coverage by County, 2023

Hover over each county for more information. Use tabs below to view coverage for additional populations:



Source: [Medicaid Coverage by County, 2023](https://ccf.georgetown.edu/2025/02/06/medicaid-coverage-in-pennsylvania-counties-2023/) (Georgetown University McCourt School of Public Policy)

³⁷ Georgetown University McCourt School of Public Policy: <https://ccf.georgetown.edu/2025/02/06/medicaid-coverage-in-pennsylvania-counties-2023/>

FOOD COSTS WILL BE HIGHER

It is the same story with food stamps. The Congressional Budget Office projects that enrollment in SNAP will fall by 4.7 million Americans, because of eligibility cuts and intentionally cumbersome paperwork requirements intended to frustrate people out of seeking assistance they would otherwise be entitled to. The remaining Americans still receiving food stamps will see their allotments reduced.³⁸

Four Ways the Harmful Republican Megabill Takes Away Food Assistance



Slashes federal funding for states' SNAP programs, forcing unaffordable costs on them and risking deep cuts or even some states ending SNAP entirely



Takes food away from millions of people, including families with children aged 14+, older adults aged 55-64, and veterans, by expanding harsh, ineffective, and red tape-laden work requirements



Ends food assistance for many people with a lawful immigration status based on humanitarian need



Cuts food benefits by preventing SNAP from keeping pace with the cost of a healthy diet and increasing paperwork to prove other expenses

Result

Cuts SNAP by about 20 percent through 2034. About 4 million people, including about 1 million children, would lose all or a substantial amount of the food assistance they need to afford groceries.

Source: *By the Numbers: Harmful Republican Megabill Takes Food Assistance Away From Millions of People* (Center on Budget and Policy Priorities)

There are currently around two million Pennsylvanians receiving SNAP benefits, according to the Center on Budget and Policy Priorities. The organization estimates that 143,000 of them are at risk of losing food stamps entirely because of the new bureaucratic hurdles. Another 16,000 Pennsylvanians are expected to lose assistance because of changes revoking SNAP eligibility from immigrants who are in the United States under humanitarian protections, including refugees, asylum seekers, and victims of sex or labor trafficking.³⁹

Nearly 500,000 Philadelphians rely on food assistance through SNAP, according to the Mayor's office.⁴⁰ Applying CBPP's statewide estimates suggests that roughly 40,000 city residents will soon lose access to food stamps.

And, of course, even those who remain eligible for food stamps will receive less assistance. The Center for Budget and Policy Priorities estimates that a mother with one child will lose \$244 a month in food assistance.⁴¹

As with Medicaid, the impacts of SNAP cuts will be felt more heavily in Philadelphia than anywhere else in Pennsylvania. Just over 30 percent of city residents are currently enrolled in SNAP, according to recent news reporting – once again the highest rate of the state's 67 counties and about six percentage points higher than the next county (Lafayette).⁴²

38 The Commonwealth Fund: <https://www.commonwealthfund.org/publications/issue-briefs/2025/jun/how-medicaid-snap-cutbacks-one-big-beautiful-bill-trigger-job-losses-states>

39 Center on Budget and Policy Priorities: https://www.cbpp.org/sites/default/files/5-29-25sfp-factsheets_rev8-1-25-pa.pdf

40 City of Philadelphia: <https://www.phila.gov/2025-11-07-mayor-parker-affirms-philadelphias-continued-commitment-to-the-one-philly-snap-response-plan/>

41 Center on Budget and Policy Priorities: <https://www.cbpp.org/research/food-assistance/by-the-numbers-harmful-republican-megabill-takes-food-assistance-away-from>

42 WGAL: <https://www.wgal.com/article/snap-recipients-pennsylvania/65379625>

FROM PELL GRANTS TO GASOLINE

To be clear, the federal austerity cuts imposed by the One Big Beautiful Bill Act aren't just limited to health insurance and food assistance.

For example, the draconian legislation also slashes nearly \$500 billion in clean-energy tax cuts, which will drive up the cost of rapidly expanding wind and solar power. The Center for American Progress estimates that Pennsylvania households will end up spending an average of \$93 a year more on electricity and \$582 more a year on gasoline.⁴³

The federal bill also imposes new eligibility restrictions on Pell Grants for low-income students attending university. CAP estimates that nearly 85,000 students across Pennsylvania could see cuts to Pell Grant funding under the new rules – and nearly 40,000 could lose the federal financial support altogether.⁴⁴

And then there are all the secondary ways that these cuts will reverberate through communities – like the loss of spending power in households that must now devote even more of their budgets to food and health insurance (if they can afford it at all). Beyond direct cuts to state and local assistance, the Commonwealth Fund estimates that the state of Pennsylvania will lose \$337 million in tax revenue as a result of the Medicaid and SNAP cuts.⁴⁵

STATE TAX CUTS THAT PRIORITIZE PROFITS OVER PEOPLE

Unfortunately, city and state leaders have made recent choices that will magnify this cost-of-living crisis even further.

The State of Pennsylvania, which already has one of the most regressive tax structures in the country, is in the midst of slashing taxes on corporations by 50 percent. The multiyear plan, begun under former Democratic Governor Tom Wolf will ultimately lower the state's tax on corporate profits from 9.99 percent in 2022 to 4.99 percent by 2031. Governor Josh Shapiro has not only continued the plan, he has called for accelerating the cuts.

A recent analysis by Penn Policy found that deep cuts in corporate taxes over the past 20 years have already cost Pennsylvania more than \$5 billion lost revenue. The revenue loss is projected to grow to \$7.7 billion by the 2030-31 fiscal year.⁴⁶

This has a direct impact on Philadelphia. The city's 2025-26 budget includes a projected \$325 million in state aid: \$1 of every \$20 in the city's roughly \$6 billion general fund.⁴⁷

43 Center for American Progress: <https://www.americanprogress.org/article/pennsylvania-families-cost-of-living-would-increase-under-house-republicans-one-big-beautiful-bill-act/>

44 Center for American Progress: <https://www.americanprogress.org/article/pennsylvania-families-cost-of-living-would-increase-under-house-republicans-one-big-beautiful-bill-act/>

45 The Commonwealth Fund: <https://www.commonwealthfund.org/publications/issue-briefs/2025/jun/how-medicaid-snap-cutbacks-one-big-beautiful-bill-trigger-job-losses-states>

46 Penn Policy: https://pennpolicy.org/research_publication/pennsylvanias-choice-the-coming-fiscal-crisis-presentation/

47 City of Philadelphia: <https://www.phila.gov/media/20250728120451/budget-in-brief-FY2026-approved-2.pdf>

THE TIGHTROPE FACING CITY HALL

The City of Philadelphia has embarked on a similar plan to dramatically cut its Business Income and Receipt Tax. Commonly known as the BIRT, it is a two-pronged tax on both revenue and profits.

The fiscal 2025-26 budget approved last year by Mayor Cherelle Parker and the City Council includes an immediate cut to the BIRT, reducing the levy to 0.141 percent on gross receipts (down from 0.1415) and 5.71 percent on net income (from 5.81 percent). But escalating cuts are planned through 2038, until the portion of the tax on gross receipts has been eliminated entirely and the portion on net income has been lowered to just 2.8 percent.

Penn Policy estimates that the BIRT cuts will cost Philadelphia as much as \$2.8 billion in lost tax revenue between now and 2038, even if the tax cuts generate more economic activity in the city – which is no sure thing.⁴⁸

The hope is that these tax cuts will lure more businesses into the city and create new and better-paying jobs for Philadelphians. That is, obviously, a laudable goal.

But the timing is a challenge. As we have shown, both the City of Philadelphia and the State of Pennsylvania are about to come under enormous pressure to preserve, to the extent possible, the vital safety net programs that the Trump administration is trying to shred. That will mean finding ways to raise additional revenue – even as billions of dollars in corporate and businesses taxes have been taken off the table.

It is, therefore, an almost inevitable consequence that property taxes will rise in response.

PRESSURE ON PROPERTY TAXES

It is important to note that making the city more dependent on property taxes was an explicit goal of the Philadelphia Tax Reform Commission, which advocated for the BIRT cuts. “...Philadelphia’s tax base should shift from mobile sources (wages and businesses) to immobile ones (real estate) to encourage economic growth,” the commission wrote in its February 2025 interim report.⁴⁹

And the early signs of this shift are already visible in the city’s finances. Philadelphia’s most recent five-year financial plan to rise more than 16 percent over the next four years – climbing from \$940 million in the current Fiscal 2026 to nearly \$1.1 billion in Fiscal 2030.

BIRT collections, by contrast, are projected to remain flat at \$726 million.⁵⁰

48 Penn Policy: <https://docs.google.com/document/d/1cPzA-FXUazc3DhD-hR6aLElvuJGhrVUM/edit>

49 Philadelphia Tax Reform Commission: <https://phlcouncil.com/wp-content/uploads/2025/02/TRC-Report-Final-2-25-25.pdf>

50 City of Philadelphia: <https://www.phila.gov/media/20250710155914/FY26-30-Five-Year-Plan-per-Council-Approved-Budget-2.pdf>



City of Philadelphia		SUPPORTING REVENUE SCHEDULES						
Five Year Financial Plan FY2026-2030		FISCAL YEARS 2024 TO 2030						
FUND		(Amounts in Thousands)						
General								
REVENUE								
Taxes								
NO.	AGENCY AND REVENUE SOURCE	FY 2024 Estimate	FY 2025 Estimate	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate
(1)	(2)	(5)	(6)	(7)	(8)	(9)	(9)	(9)
A. Real Property								
1	1. Current	803,152	863,282	897,229	959,424	998,720	1,034,477	1,057,667
2	2. Prior	34,940	42,081	43,199	36,455	32,786	32,130	31,487
3	Subtotal	838,092	905,363	940,428	995,879	1,031,506	1,066,607	1,089,154
B. Wage and Earnings								
4	1. Current	1,840,188	1,944,878	2,034,288	2,117,170	2,197,926	2,272,629	2,335,951
5	2. Prior	2,716	5,400	5,400	5,400	5,400	5,400	5,400
6	Subtotal	1,842,904	1,950,278	2,039,688	2,122,570	2,203,326	2,278,029	2,341,351
C. Business Taxes								
7	1. Business Income & Receipts	679,751	679,751	725,920	732,716	735,335	725,544	726,129
2. Net Profits								
8	a. Current	31,833	38,927	27,621	26,491	26,563	26,247	25,886
9	b. Prior	10,734	4,700	4,700	4,700	4,700	4,700	4,700
10	Subtotal	42,567	43,627	32,321	31,191	31,263	30,947	30,586
11	Total, Business Taxes	722,318	723,378	758,241	763,907	766,598	756,491	756,715
D. Other Taxes								
12	1. Sales	210,015	213,677	222,010	230,602	239,134	247,839	255,260
13	2. Sales (Pension)	90,016	93,677	102,010	110,602	119,134	127,839	135,260
14	Subtotal	300,031	307,354	324,019	341,204	358,268	375,678	390,520
15	3. Amusement	40,800	44,586	47,448	48,307	49,466	50,960	52,336
16	4. Real Property Transfer	265,587	315,446	372,657	390,619	416,634	431,549	447,171
17	5. Smokeless Tobacco	508	511	514	517	520	523	526
18	6. Philadelphia Beverage	69,576	65,749	64,434	63,764	63,171	62,223	61,252
19	7. Construction Impact	3,693	3,700	3,500	3,500	3,500	3,500	3,500
20	8. Other	4,441	3,977	4,253	4,305	4,364	4,417	4,459
21	Subtotal	684,636	741,323	816,825	852,216	895,923	928,850	959,764
22	Total Taxes	4,087,950	4,320,342	4,555,182	4,734,572	4,897,353	5,029,977	5,146,984

Source: [City of Philadelphia Five Year Financial Plan](#) (City of Philadelphia)

But it is important to remember that escalating property taxes also further exacerbate Philadelphia’s affordability crisis.

There are a few reasons for this. First, city real estate taxes have also already climbed sharply in recent years. Research by the Federal Reserve Bank of Philadelphia shows that city property taxes have rise more than three times as fast as inflation over the past decade. Property taxes now account for more than \$1 of every \$10 spent on housing costs.⁵¹

51 Federal Reserve Bank of Philadelphia: <https://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/affordability-challenges-and-barriers-to-homeownership-in-philadelphia.pdf>

“Property tax burdens remain a concern for long-term affordability,” the bank wrote in its December 2025 report, “Affordability Challenges and Barriers to Homeownership in Philadelphia.”

The median residential property tax bill has jumped more than 15 percent in just the past two years, according to Pew Charitable Trusts’ 2025 State of the City. The median annual property tax bill for Philadelphia households now tops \$2,300.⁵²

Second, while Philadelphia’s reliance on property taxes is relatively low compared to other cities, a disproportionate share of those taxes are borne by residential rather than commercial property owners.

It is a function of the city’s “eds and meds” economy in which most of the city’s non-government employers are public agencies, universities and hospitals – all which are generally exempt from property taxes. In fact, just three of the city’s top 15 employers in 2024 were for-profit companies, according to Pew Charitable Trust’s 2025 State of the City.

Largest Employers in Philadelphia, 2024

2024 rank	Employer
1	University of Pennsylvania
2	U.S. government
3	City of Philadelphia
4	School District of Philadelphia
5	The Children’s Hospital of Philadelphia
6	Thomas Jefferson University Hospital
7	Temple University
8	Temple University Hospital
9	American Airlines
10	SEPTA
11	Comcast Corp.
12	Thomas Jefferson University
13	Drexel University
14	Albert Einstein Medical Center
15	Universal Protection Service

Source: [Philadelphia 2025 State of the City](#) (Pew Charitable Trusts)

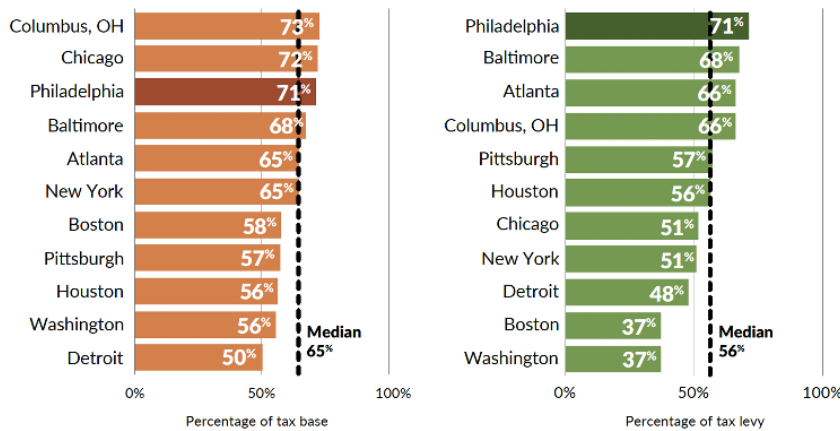
A separate study by Pew published in 2022, found that 71 percent of Philadelphia’s property tax revenue came from residential parcels. That was the highest share among ten other comparison cities.⁵³

52 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2025/04/philadelphia-2025>

53 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2022/09/how-property-is-taxed-in-philadelphia>

Third, property taxes make a much larger share of the overall tax burden for one particular group of people in Philadelphia: Low-income renters, the most economically vulnerable of all the city’s residents. They feel the squeeze of property tax increases far more than any other Philadelphians.

Residential Property as a Percentage of Tax Base and Taxes Levied
 In Philadelphia and comparison cities, 2021

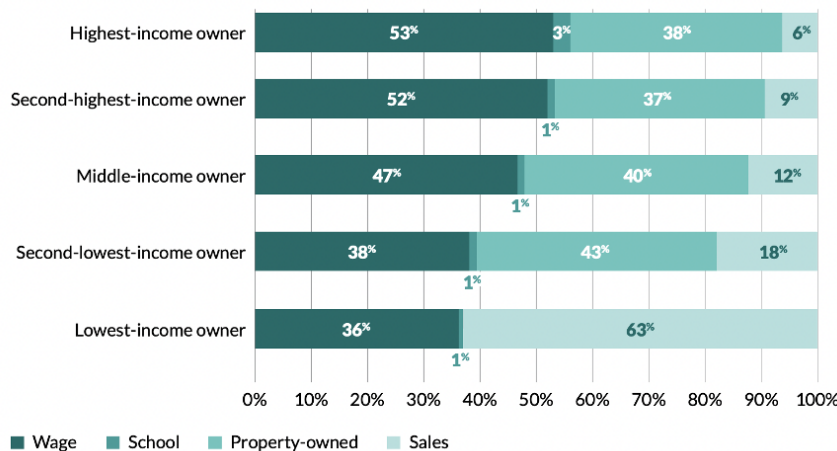


Note: If Philadelphia’s use and occupancy tax were counted as a tax on real estate, the share levied on residential properties would fall to 64%.

Source: *Philadelphia 2025 State of the City* (Pew Charitable Trusts)

Elements of Tax Burden on Homeowners

Shares of effective rate from wage, school income, property, and sales taxes



Source: *Philadelphia 2025 State of the City* (Pew Charitable Trusts)

Pew examined this dynamic in detail in a March 2023 study titled, “The Local Tax Burden on Philadelphia Households.”⁵⁴

To study the effects of local taxes at different income levels, Pew’s researchers divided the city’s household levels into homeowners and renters. They then separated each group into five subgroups based on household income and assumed that each household had income equal to the midpoint of each quintile.

Pew found that property taxes are actually progressive for homeowners. This is because of protections like the city’s generous homestead exemption, which city leaders raised in 2024 to \$100,000, and which nearly eliminates property taxes for many low-income owners.

Pew’s analysis, conducted in 2023 when the homestead exemption was at \$80,000, found that the lowest-income owner paid 2.5 percent of their income in local taxes (\$300 in total taxes paid). The highest-income owner paid an effective local tax rate of six percent (\$12,620 in total taxes paid).

54 Pew Charitable Trusts: <https://www.pew.org/en/research-and-analysis/reports/2023/03/the-local-tax-burden-on-philadelphia-households>

But Philadelphia renters are living in a completely different reality. Renters do not pay property taxes directly. But they do pay them indirectly, as landlords pass the cost of property taxes along as part of the rent they charge their tenants.

When accounting for this pass-through impact, Pew found that property taxes account for an astonishing 80 percent of the tax burden borne by the lowest-income renter: double that of the highest income renter. And renters receive none of the property-tax protections that homeowners do.

As a result, local taxes in Philadelphia are sharply regressive.

Pew’s analysis showed that the lowest-income renter paid an effective tax of 12.8 percent (about \$830 in total taxes paid).

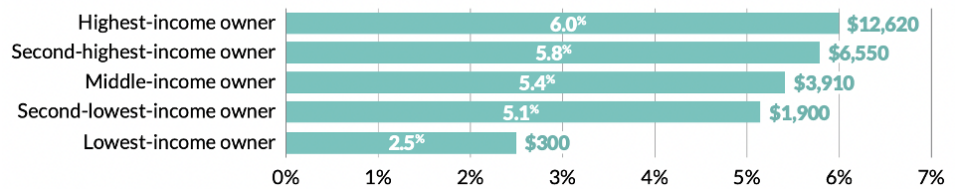
That was nearly double the effective tax rate paid by the highest-income renter: 6.7 percent (\$8,930 in total taxes paid).

And here, as ever, we find that the worst effects are magnified for people of color, because Black and Hispanic Philadelphians are far more likely to be renters rather than homeowners when compared to White Philadelphians.

Pew found that Black and Hispanic households account for two-thirds of the renters in the lowest-income group. Black households alone were nearly half of the group.

Tax Burdens on 5 Representative Homeowner Households

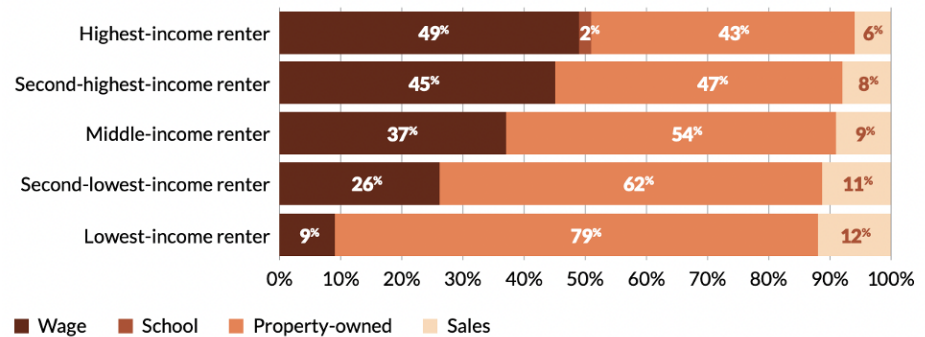
Bars show effective tax rate, with equivalent tax dollars shown



Source: [The Local Tax Burden on Philadelphia Households](#) (Pew Charitable Trusts)

Elements of Tax Burden on Renters

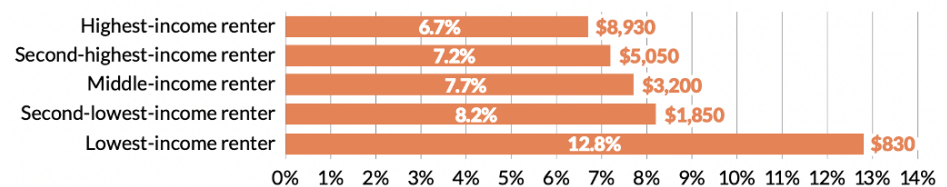
Shares of effective rate from wage, school income, property, and sales taxes



Source: [The Local Tax Burden on Philadelphia Households](#) (Pew Charitable Trusts)

Tax Burdens on 5 Representative Renter Households

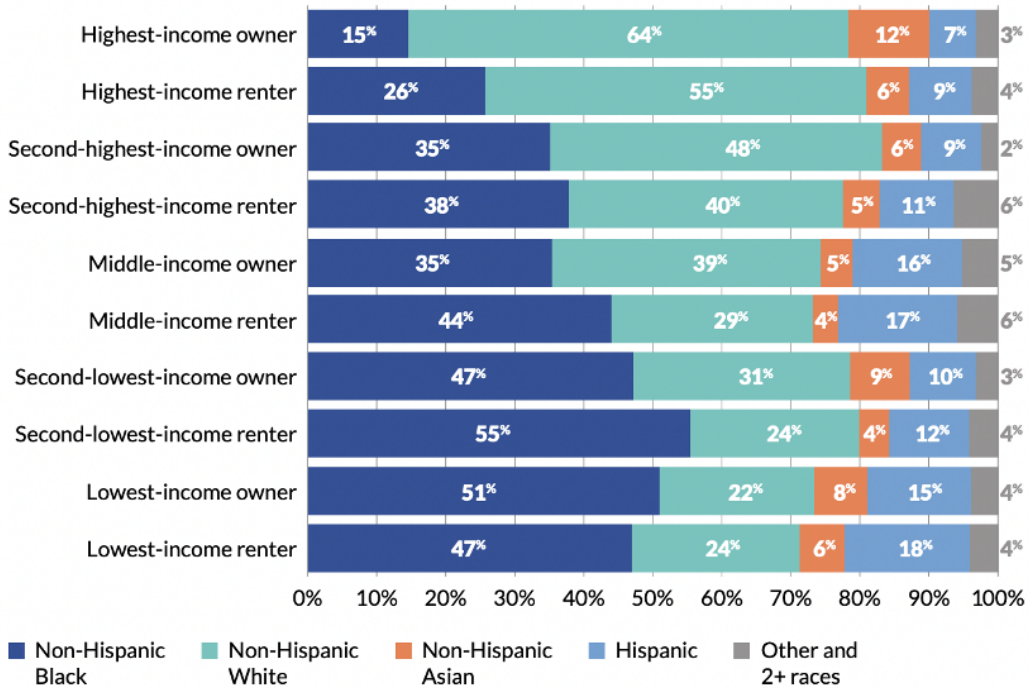
Bars show effective tax rate, with equivalent tax dollars shown



Source: [The Local Tax Burden on Philadelphia Households](#) (Pew Charitable Trusts)

Racial and Ethnic Makeup of Representative Owner and Renter Households

Ranked by income and housing types



Source: *The Local Tax Burden on Philadelphia Households* (Pew Charitable Trusts)

THE TIME TO PREPARE IS NOW

To be very clear: There are no easy answers to these challenges.

Philadelphia has struggled with deep poverty for decades. And the cuts to the social safety net that are about to be imposed by the Trump administration are truly unprecedented. No community of the country will escape unscathed.

There are also structural complications unique to our city and state. The 150-year-old “uniformity clause” in Pennsylvania’s state constitution has long been interpreted by courts to mean that all state and local taxes must be flat. That complicates efforts to raise sufficient revenues in ways that are fairer to the people at the bottom of the economic scale, such as through a graduated income tax.

The city’s high concentration of tax-exempt employers – our “eds-and-meds” economy – further constrains revenue options.

But these factors make it even more critical that city leaders be cleared-eyed about the challenges facing Philadelphia.

We must prepare serious and sober projections about the impacts of the impending revenue losses we face, and then we must develop a menu of policy options to soften those impacts and mitigate harm to residents.

And we must ensure that any actions we take do not make the current cost-of-living crisis even worse, particularly for the hundreds of thousands of Philadelphian families who are already living on the edge.

POWER
INTERFAITH
FAITH COURAGE JUSTICE