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## The Urgent Need for Growing Pa's Tax Credit Scholarships

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Pennsylvania's *tax credit scholarship programs* have helped many students, but thousands of students are turned away each year as demand outpaces supply. *Senate Bill 1204* would end the supply problem by annually increasing tax credit caps by 25 percent if 90 percent of available credits are used.

### Background

Since its inception in 2001, Pennsylvania's Educational Improvement Tax Credit (EITC) program—and subsequent Opportunity Scholarship Tax Credit (OSTC) program in 2012—have offered educational choice to hundreds of thousands of low- to moderate-income Pennsylvania students. But each year, thousands of students remain trapped in schools that don't meet their unique needs due to arbitrary limits, or caps, placed on tax credits. Waiting lists are common among the 450 scholarship organizations. More than **17,000 Philadelphia students** from two scholarship organizations were denied scholarships last year.

### Tax Credit Scholarships Save Money

## Pennsylvania Public Education Funding

	School District	Charter	EITC	OSTC	ESA
Average Per Student Funding	\$17,736	\$14,199	\$1,658	\$2,420	\$6,227
Total Funding	\$30.5 billion	\$1.9 billion	\$135 million	\$50 million	N/A*

\*ESA funding would vary based on participation. Assuming 1 to 2% participation (typical for other states) estimated total grant funding would be \$14 million to \$28 million.

Source: PA Department of Education Annual Financial Reports, Revenue Data for School Districts; PA Department of Community and Economic Development

- The EITC *alone* saved taxpayers more than \$1 billion from 2002-2014, according to an [EdChoice audit](#).
- Education choice programs [increase per-student funding](#) in public schools.

### **Pennsylvania’s Tax Credit Programs are Popular**

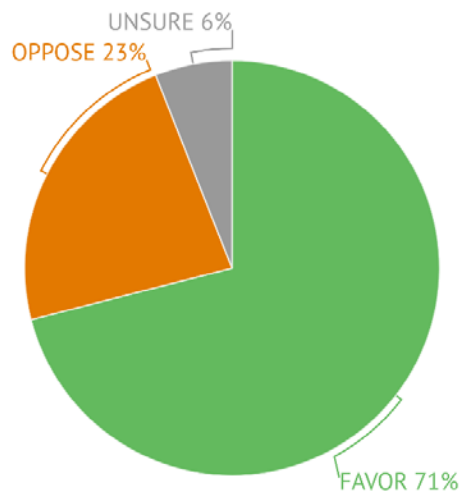
Nearly [50,000 students are served each year](#) by EITC and OSTC. Due to intense demand, thousands more are waitlisted. Polling shows overwhelming support for tax credit scholarships.

- [76 percent](#) of likely voters support EITC.
- 71 percent of likely voters support raising the cap on tax credits.
- Cross party support is strong, with 70 percent of Republicans and 75 percent of Democrats in favor of increasing tax credit scholarship caps.

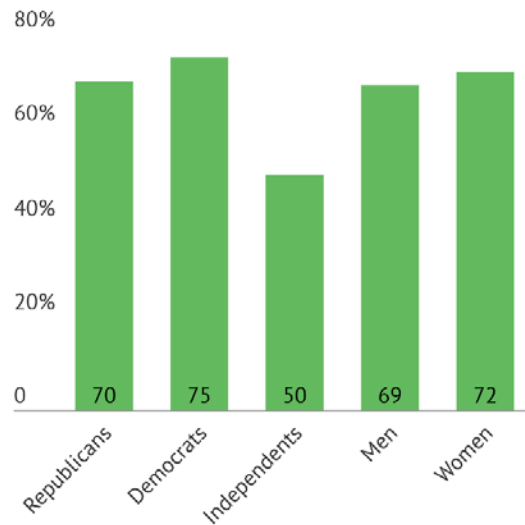
# **POLL: PA. VOTERS SUPPORT RAISING CAPS ON TAX CREDIT SCHOLARSHIPS**

**QUESTION:** Currently, there is a limit on the amount of scholarships available to Pennsylvania students. As a result, many children are currently on waiting lists to receive scholarships. Knowing this, would you favor or oppose INCREASING the cap on these scholarships so more children can participate in this program to attend the public or private school of their choice?

## **TOTAL SUPPORT: 71%**



## **CROSS-PARTY SUPPORT**

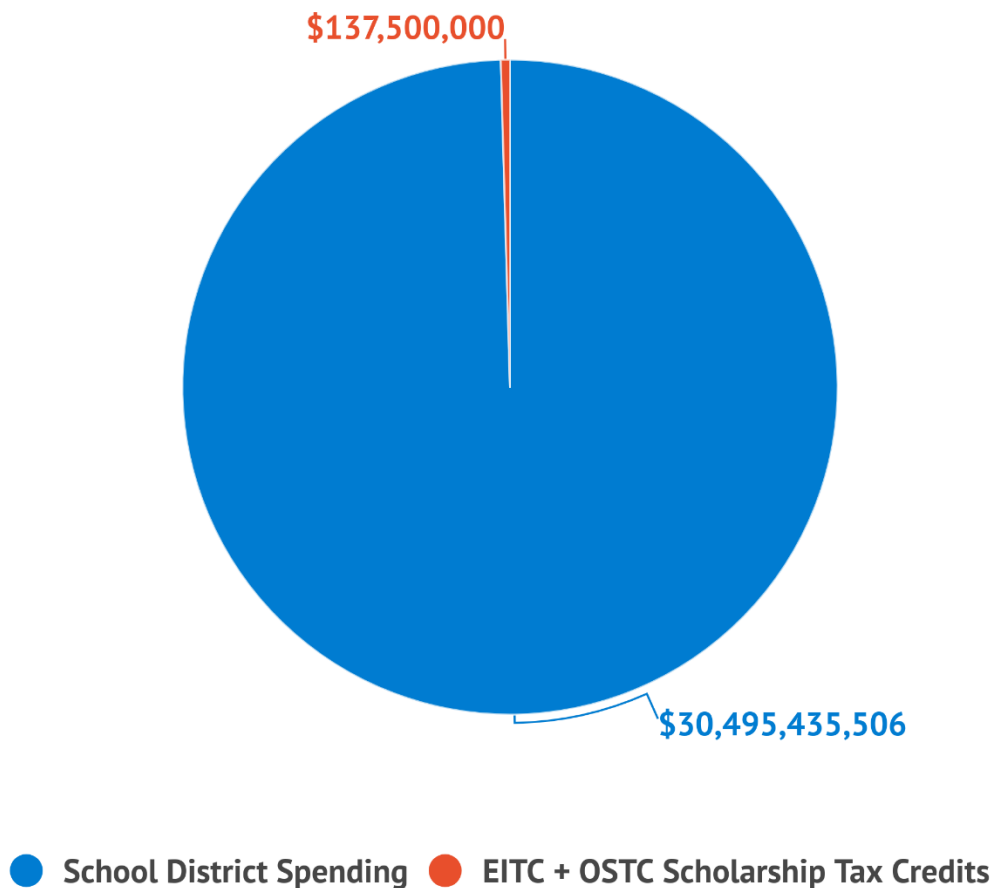


Source: McLaughlin & Associates; [poll of 400 likely Pa. voters](#), conducted Nov. 4-6, 2017

## **Tax Credit Scholarships Serve Many Students—At a Fraction of the Cost**

EITC and OSTC programs educate thousands of Pennsylvania children **for a fraction** of the school districts' costs. Tax credit scholarships save taxpayer dollars and help resolve district funding disparities, while shifting the focus from funding buildings to funding students.

# SCHOOL DISTRICT SPENDING vs SCHOLARSHIP TAX CREDITS, 2016-17



*Source: PA Department of Education Annual Financial Reports, Revenue Data for School Districts (2016-17); PA Department of Community and Economic Development*

- As a percentage of total school district spending last year, EITC and OSTC scholarships represent less than one-half of one percent.
- At \$4.5 billion, school district reserves could fund the EITC and OSTC for 33 years.
- Philadelphia public schools serve **four times as many students, but at 30 times the cost**, of EITC and OSTC scholarships.

- Pittsburgh public schools serve half as many students, at 5 times the cost, of EITC and OSTC scholarships.

Allowing the money to follow the child is the best way to provide a fair, thorough, and efficient education system. [SB 1204](#) would save tax dollars, help reduce funding inequities, and—most importantly—rescue thousands of students currently trapped in a school that doesn't meet their educational needs.