

# Child Learning Investment Tax Credit

## SUMMARY

- Last year, [lawmakers approved](#) the Child and Dependent Care Enhancement Tax Credit and a \$66.7 million increase for child-care subsidies. Pennsylvania lawmakers are looking for ways to lower costs for families.
- The Child Learning Investment Tax Credit, as proposed in [Senate Bill \(SB\) 1280](#), creates a \$8,000 per child refundable tax credit to offset education expenses if parents choose a non-public school.
- The \$8,000 tax credit is less than half of the [\\$22,000 public schools receive per student](#).

## WHY DO WE NEED THIS?

- Families shouldn't have to choose between paying their mortgage and having quality education options for their children or working two jobs just to pay for the school their child needs.
- Fifty-one percent of Pennsylvanian families report they would prefer a private school or homeschooling for their child, yet only 15 percent attend a private school. The Child Learning Investment Tax Credit Program would empower families to choose the education option they prefer.
- The [63,000 scholarship application waiting list](#) for current choice programs indicates parents want more choices.
- In Philadelphia alone, [19,863](#) students are on the charter school waiting list.
- The Child Learning Investment Tax Credit would enable families to choose a school without delay.

## HOW DOES IT WORK

- Child Learning Investment Tax Credits would be easy for families to use and simple for the Pennsylvania Department of Revenue to administer. After enrolling in a nonpublic school, a parent or guardian would claim the tax credit on their annual tax return. The parent would then receive the credit.
  - The Child Learning Investment Tax Credit mechanism is similar to the [Child and Dependent Care Enhancement Tax Credit](#).
  - The bill contains a provision that would give low-income families the option to receive relief up front, ensuring those who can't foot the bill for educational costs can also benefit.
- Tax credit programs are subject to standard audits. This ensures tax-credit dollars directly benefit children without creating an additional bureaucratic or monitoring system.
- The \$8,000 is enough to aid families. The average tuition among [all private schools in Pennsylvania is \\$12,170](#). However, Simple Tuition Solutions (STS) reports that the median tuition rate across schools in 53 Pennsylvania counties that provide EITC/OSTC scholarships is \$5,598 annually.

## WHAT EXPENSES WOULD QUALIFY FOR THE TAX CREDIT?

- The Child Learning Investment Tax Credit Program would provide tax credits and/or refunds for any parent up to \$8,000 per child for the following expenses.
  - Tuition and fees at a nonpublic school;
  - Textbooks or curriculum materials;
  - Fees for after-school or summer education programs provided by a nonpublic school;
  - Tutoring;
  - Educational software and applications;
  - Fees for standardized and nationally recognized tests, including college admissions tests, advanced placement examinations, and related preparatory courses;
  - Education services for students with disabilities from a licensed or accredited practitioner or education service provider; and
  - Contracted services provided by a public school district, including specific classroom instruction.

## WHAT WOULD IT COST?

- [SB 1280](#), as written, would be the first universal refundable education tax credit in the nation.
- If capped at \$500 million, the Child Learning Investment Tax Credit Program would provide a long-term fiscal savings of \$969,393,080 for taxpayers.
  - This range represents between a \$190 cost and a \$5,918 benefit per student, given the significantly lower cost of the tax credit **compared to** the \$22,000 spent per student in public schools.
- Because [55.5 percent](#) of school district revenue flows from local sources, school districts would retain funding for students participating in the Child Learning Investment Tax Credit Program.
- Oklahoma enacted the [first universal education tax credit program in 2023](#). For 2024, the cap on tax credit funds for private schools is \$150 million and, by 2026, will increase to \$250 million. The legislation includes a separate \$5 million cap for homeschooled students. The value of the credit for private schools is based on total adjusted gross income with credits totaling \$5,000 to \$7,500 per student.