

EITC and Economically Disadvantaged Schools

SUMMARY

- The Economically Disadvantaged School component of the EITC provides supplementary scholarships for Pennsylvania students receiving scholarships and attending private schools with the greatest financial need. These supplementary scholarships for elementary/middle school students and high school students are capped at \$2,000 and \$4,000, respectively.

REASON FOR THE LEGISLATION

- A student's future should not rely on their zip code. Low-income students and parents deserve the same flexibility wealthier families enjoy in finding the education that works best for them. Low-income and minority students in Pennsylvania too often experience large achievement gaps, and pandemic-related closures only widened the disparity. A national study found that while students lost, on average, three months of learning in math due to the COVID-19 pandemic, students of color lost three to five months of math learning.¹ Increasing tax credit scholarships for Economically Disadvantaged Schools will channel more resources to the children most likely to fall behind.

WHAT ARE ECONOMICALLY DISADVANTAGED SCHOOLS?

- Economically Disadvantaged Schools are schools where 51 percent or more of the students received an EITC or OSTC scholarship of at least \$1,000 in the preceding school year.²
- Economically Disadvantaged Schools serve predominately low-income families who are unable to pay full tuition. Targeting more tax credit scholarships to students in these schools provides increased education funding to the kids and schools that need it most.
- DCED publishes a list of schools that meet the criteria of an Economically Disadvantaged School. The [Business Leadership Organized for Catholic Schools \(BLOCS\)](#) administers and distributes all Economically Disadvantaged School funds across the state.
- [Appendix B](#) is the 2023–24 list of Economically Disadvantaged Schools, which includes Philadelphia's participating Independence Mission Schools (IMS).

ECONOMICALLY DISADVANTAGED SCHOOLS IN PENNSYLVANIA

- There are 131 designated Economically Disadvantaged Schools in 23 counties across Pennsylvania (Figure 8).

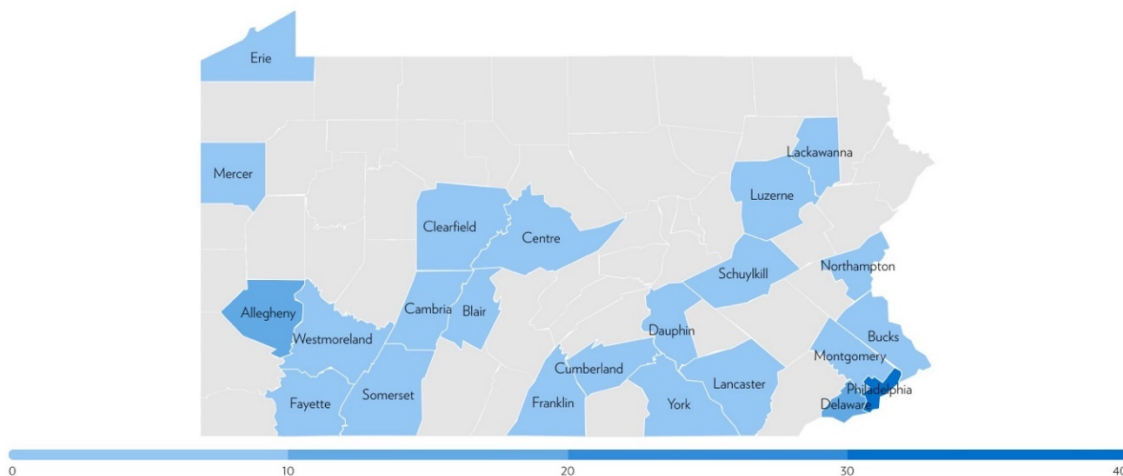
¹ Emma Dorn et al., "COVID-19 and Learning Loss—Disparities Grow and Students Need Help," McKinsey & Co., December 8, 2020, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-and-learning-loss-disparities-grow-and-students-need-help>.

² Act 55 of 2022, enacted on July 8, 2022, pushed the Economically Disadvantaged School threshold from 75 percent to 51 percent of students receiving EITC or OSTC scholarships in the preceding school year. The drop has allowed more schools that serve low-income and impoverished families to participate in the scholarship program. See: Pennsylvania General Assembly, Public School Code of 1949 - Omnibus Amendments, Act of Jul. 8, 2022, P.L. 620, No. 55, <https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2022&sessInd=0&act=55>.

- In 2023–24, these schools received, in addition to EITC dollars, a combined \$13,330,763 in Economically Disadvantaged School funding.
- Act 89 provides provisions for special education services to private school students, provided through the local school district and/or Intermediate Unit (IU).³
- In addition to services provided by Act 89, 27 Economically Disadvantaged Schools provide dedicated special education programming to meet the needs of students with learning disabilities.
- Nineteen Economically Disadvantaged Schools employ staff members dedicated to special education, learning support, and/or English Language Learner (ELL) needs.

2023-24 Economically Disadvantaged Schools

Number of Economically Disadvantaged Schools, that receive supplemental scholarships through the EITC-Economically Disadvantaged Schools Component.



WHO CAN RECEIVE A SUPPLEMENTAL SCHOLARSHIP?

- Any student who attends an Economically Disadvantaged School and receives an EITC and/or OSTC scholarship will receive a supplemental scholarship to match their existing EITC and/or OSTC scholarship.
- There is a \$60 million cap on tax credits for donations to Economically Disadvantaged School supplemental scholarships, up from \$12 million in 2023. This new investment provides supplemental scholarships for more of Pennsylvania’s economically disadvantaged students.
- All eligible students in Economically Disadvantaged Schools receive a supplemental scholarship, prorated based on the available funds and number of students.

HOW MUCH IS A SUPPLEMENTAL SCHOLARSHIP?

³ Pennsylvania Department of Education, “Special Education Services to Nonpublic School Students,” accessed December 12, 2023, <https://www.education.pa.gov/Policy-Funding/BECS/FederalCode/Pages/SpEdNonpublic.aspx>.

- All eligible elementary and middle school students can currently receive a supplemental scholarship amount of up to \$2,000. The scholarship increases to \$4,000 for high school students.
- The higher amount for high school students reflects the higher average costs of operating a high school. The total scholarship amount awarded to a student cannot exceed the costs of tuition and school-related fees.
- The average OSTC and EITC scholarship amounts awarded are only \$1,853 and \$2,583, respectively.⁴

⁴ EdChoice, "Pennsylvania: Educational Improvement Tax Credit Program," February 27, 2023 [update], <https://www.edchoice.org/school-choice/programs/pennsylvania-educational-improvement-tax-credit-program/>; EdChoice, "Pennsylvania: Opportunity Scholarship Tax Credit Program," February 27, 2023 [update], <https://www.edchoice.org/school-choice/programs/opportunity-scholarship-tax-credit-program>.