

EITC and Economically Disadvantaged Schools

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SUMMARY

- The Economically Disadvantaged School (EDS) component of the Educational Improvement Tax Credit (EITC) scholarship program provides supplementary scholarships for Pennsylvania students, who are economically disadvantaged and attend private schools on an EITC scholarship. The current per-student caps on the EDS supplementary scholarships are \$2,000 for grades K–8 and \$4,000 for grades 9–12.

REASON FOR THE LEGISLATION

- A student's access to a high-quality, high-performing school should not rely on a 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 experience widening achievement gaps, and pandemic-related closures only exacerbated the disparity.
 - The [Nations Report Card](#), or the National Assessment of Educational Progress (NAEP), recent publication shows that Pennsylvania public schools have made no measurable improvement since 2003 to close achievement gaps of more than 25 points for Black and Hispanic students, Economically Disadvantaged students, or English Language Learners.¹
- Increasing tax credit scholarships for Economically Disadvantaged Schools would provide direct relief to underserved and under-resourced children.

WHAT ARE ECONOMICALLY DISADVANTAGED SCHOOLS?

- Economically Disadvantaged Schools are schools where 51 percent or more of the students received an EITC scholarship of at least \$500 in the preceding school year.²
- Economically Disadvantaged Schools serve predominately low-income families unable to pay full tuition. Directing supplemental tax credit scholarships to students in these schools provides increased education funding to the kids and schools that need it most.
- The Department of Community and Economic Development (DCED) oversees EDS funding, but the [Business Leadership Organized for Catholic Schools](#) (BLOCS) administers and distributes all EDS funds to qualifying schools.³ Neither schools nor students need to be Catholic to participate in the EDS program.

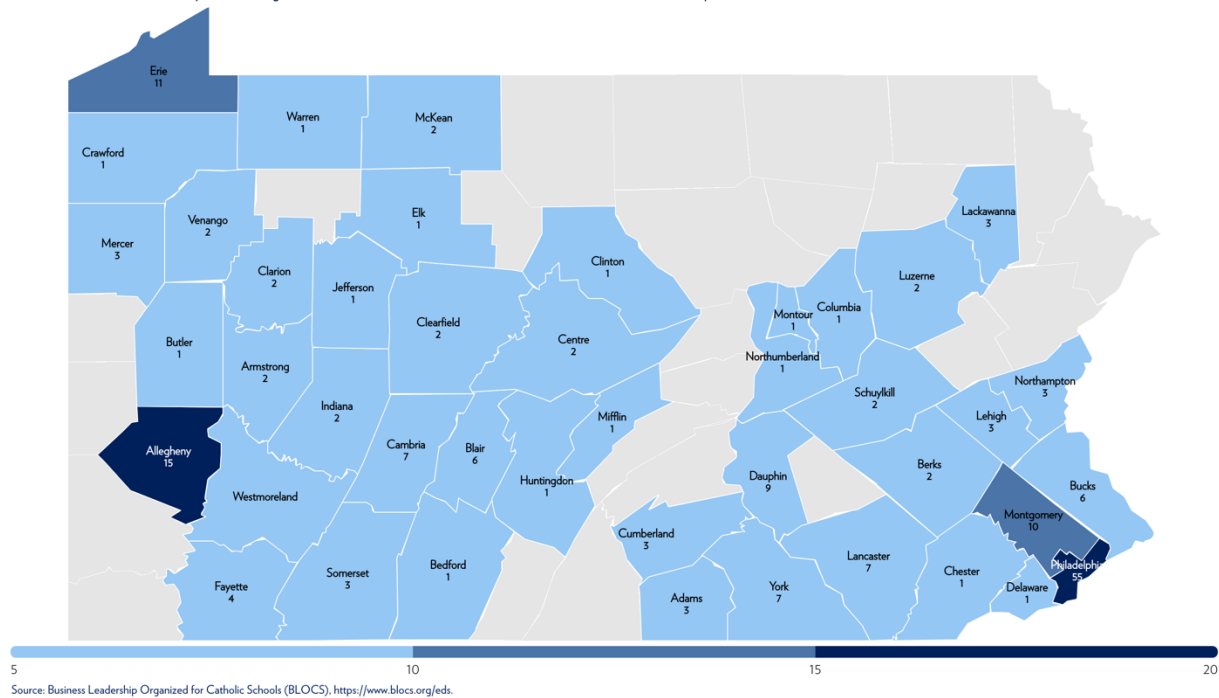
ECONOMICALLY DISADVANTAGED SCHOOLS IN PENNSYLVANIA

- There are 221 designated Economically Disadvantaged Schools in 43 counties across Pennsylvania for the 2025–26 school year, compared to 131 schools in 29 counties the previous year.

- Special education students with EDS scholarships receive services under [Act 89](#) provisions to private school students, administered through the local school district and/or Intermediate Unit (IU).⁴
 - The number of Economically Disadvantaged Schools providing dedicated special education services has increased by 50 percent over the last year. There are currently 54 Economically Disadvantaged Schools providing dedicated special education programming to meet the needs of students with learning disabilities, compared to 27 the previous year.

2025-26 Economically Disadvantaged Schools

43 counties serve economically disadvantaged schools, where at least 51% of students receive an EITC scholarship.



HOW MUCH IS A SUPPLEMENTAL SCHOLARSHIP?

- Any student attending an Economically Disadvantaged School with an EITC scholarship of at least \$500 also receives the supplemental scholarship. BLOCS must fundraise tax credits to finance the EDS scholarships across Pennsylvania.
- Currently, eligible elementary and middle school students can receive a supplemental scholarship of up to \$2,000. The EDS scholarship cap increases to \$4,000 for high school students.
 - In the 2024–25 school year, 20,912 students received supplemental scholarships amounting to \$288 per K–8 student and \$576 for students in grades 9–12.
- There is a \$60 million cap on tax credits for donations to EDS supplemental scholarships. The total scholarship amount awarded to a student cannot exceed the costs of tuition and school-related fees.
 - Donors to the EDS program receive a 99 percent tax credit against their Pennsylvania tax liability.⁵

POLICY RECOMMENDATIONS

Improve scholarship reliability for Pennsylvania's most vulnerable students.

- The EDS scholarship disbursement for the 2024–25 school year was far below the legal threshold. K–8 students, at \$288, and 9–12 students, at \$576, received only 14 percent of the respective \$2,000/\$4,000 amounts permitted by law.
 - The shortfalls negatively impacted students, schools and families who rely on the EDS scholarships to cover thousands of dollars in unfunded tuition costs.
 - Normally credits become available in July, however, 2023's six-month delay in passing the state budget resulted in fewer scholarships awarded and at lower dollar amounts because donors could not access credits until December.
- Lawmakers must work diligently to pass the state budget by June 30, 2025, in accordance with state law to provide families with reliable scholarship funds by the start of the 2025–26 school year.

Fund Students Directly

- Pennsylvania tax dollars should follow all students—including special education—to the school of their choice, whether to public, private, charter, career and technical, or home education programs.
- Funding students directly—as with the [Lifeline Scholarship Program](#)—would be a vital step toward fulfilling the Pennsylvania Commonwealth Court 2023 [ruling](#), which states that lawmakers should work to ensure “every student receives a meaningful opportunity to succeed.”⁶

Pass the Child Learning Investment Tax Credit (CLITC)

- The [CLITC](#) would provide an \$8,000 refundable tax credit against Pennsylvania tax liability. Families could use the credit to cover educational expenses for their children, including private school tuition and tutoring for students in Pre-K through 12th grade.
- In conjunction with other tax credit programs, like the [Child and Dependent Care Enhancement Tax Credit](#) passed in 2023, CLITC would bolster educational choice in the commonwealth by helping families invest in their child's education in a way which best fits their needs.
- While this tax credit proposal is available to families of all income levels, it does contain a provision allowing low-income families to receive relief up-front, ensuring those most in need can also benefit.

Support the Educational Choice for Children Act (ECCA)

- Congress should pass the [ECCA](#)—which passed the House Ways and Means Committee in 2024. [Reintroduced](#) for the 2025–26 session, the ECCA would generate, [at minimum](#), nearly \$20 million in tax credit scholarships for low- and middle-income Pennsylvania families.⁷

¹ Commonwealth Foundation, “Pa. Public Schools: Nation's Report Card 2024,” February 25, 2025, <https://commonwealthfoundation.org/research/pennsylvania-public-schools-nations-report-card-2024/>; National Center for Education Statistics, “Nation's Report Card: 2024 Mathematics State Snapshot Report, Pennsylvania, Grade 4, Public Schools,” U.S. Department of Education: Institute of Education Sciences, January 29, 2025, <https://nces.ed.gov/nationsreportcard/subject/publications/stt2024/pdf/2024219PA4.pdf>.

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>.

³ Business Leadership Organized for Catholic Schools, “Economically Disadvantaged Schools: Maximize Your Impact with a 99% Tax Credit,” accessed March 31, 2025, <https://www.blocs.org/eds>.

⁴ Pennsylvania Department of Education, “Special Education Services to Nonpublic School Students,” accessed March 12, 2025, <https://www.education.pa.gov/Policy-Funding/BECS/FederalCode/Pages/SpEdNonpublic.aspx>.

⁵ Business Leadership Organized for Catholic Schools, “Economically Disadvantaged Schools.”

⁶ William Penn School District et al. v. PA Department of Education et al., 587 MD 2014, “Memorandum Opinion Filed” (February 7, 2023), <https://www.pacourts.us/news-and-statistics/cases-of-public-interest/587-md-2014---william-penn-school-district-et-al-v-pa-department-of-education-et-al>.

⁷ Rep. Adrian Smith (R-NE), H.R. 833 – Educational Choice for Children Act of 2025, 119th Congress, <https://www.congress.gov/bill/119th-congress/house-bill/833/text>; Sen. Bill Cassidy (R-LA), S.292 – Educational Choice for Children Act of 2025, 119th Congress, <https://www.congress.gov/bill/119th-congress/senate-bill/292>.