

# Education Tax Credits Deliver Over 100,000 Scholarships, Yet Waitlists Remain

## SUMMARY

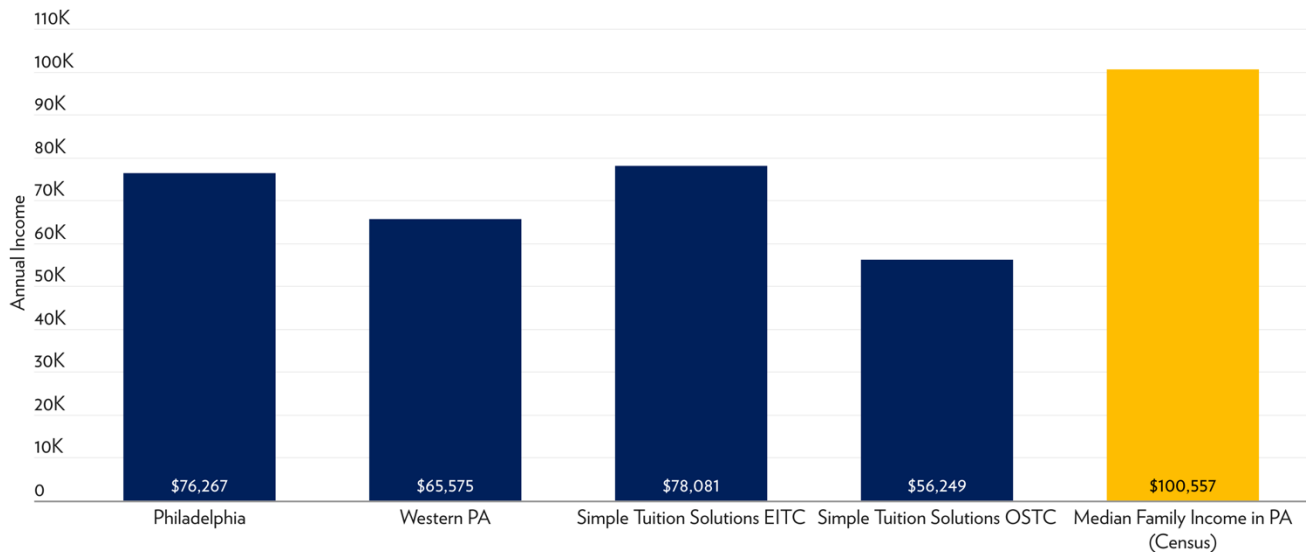
- For the first time since inception, Pennsylvania scholarship organizations awarded over 100,000 scholarships during the 2023–24 school year through the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs.
- Scholarships were awarded to 101,751 students in the amounts of \$2,701 for EITC and \$3,186 for OSTC students.
- In 2023–24, K–12 students in Pennsylvania submitted 169,776 scholarship applications, the highest on record. Unfortunately, 40 percent, or 68,817 student scholarship applications, went unfunded due to arbitrary program caps.
- To address the unmet need of tens of thousands of students with denied tax credit scholarship applications, state lawmakers must continue to expand EITC and OSTC; create new funding paths to access school choice options, such as Lifeline Scholarships and the Learning Investment Tax Credit (LITC); and must pass legislation to ensure that Pennsylvania opts in to the new [Federal Scholarship Tax Credit \(FSTC\)](#).

## PENNSYLVANIA'S SCHOLARSHIP PROGRAMS

- Pennsylvania's [EITC](#) and [OSTC](#) are state tax credit programs that give tens of thousands of low- to middle-income students access to high-quality schools of their choice.
- Scholarships receive funding from businesses and individuals who donate to one of over [250 scholarship organizations](#) across the state. Donors, in return, obtain a 75 percent (one-year commitment) or 90 percent (two-year commitment) credit and/or refund against their state income tax.<sup>1</sup>
- Scholarship organizations disperse this funding to schools, which then award scholarships to students based on financial need. Applicants must be from families below the [household income limit](#) of \$116,055, plus \$20,428 for each dependent.<sup>2</sup> Furthermore, OSTC applicants must also live within the attendance boundary of [a low-achieving school](#).<sup>3</sup>
- The Commonwealth Foundation compiled data from the Archdiocese of Philadelphia and [Simple Tuition Solutions \(STS\)](#) to provide insight into the students served by the programs during the 2024–25 school year.
  - Data from the Archdiocese of Philadelphia, which serves the five-county Philadelphia region, demonstrates that most families receiving tax credit scholarships earn an average of \$76,267 per year, below the median income level of [\\$100,557](#) for Pennsylvania families.
  - STS data shows an average household income of \$78,081 for EITC scholarship recipients and \$56,249 for OSTC recipients.

## 2024-25 Average Annual Family Income of Tax Credit Scholarship Recipients

The average annual family income of scholarship students is significantly less than the average family income in Pa.



U. S. Census Bureau, "American Community Survey: S1903 / Median Income in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)," accessed June 4, 2025, <https://data.census.gov/table/ACSST1Y2023.S1903?q=median+household+income+&g=040XX00US42>

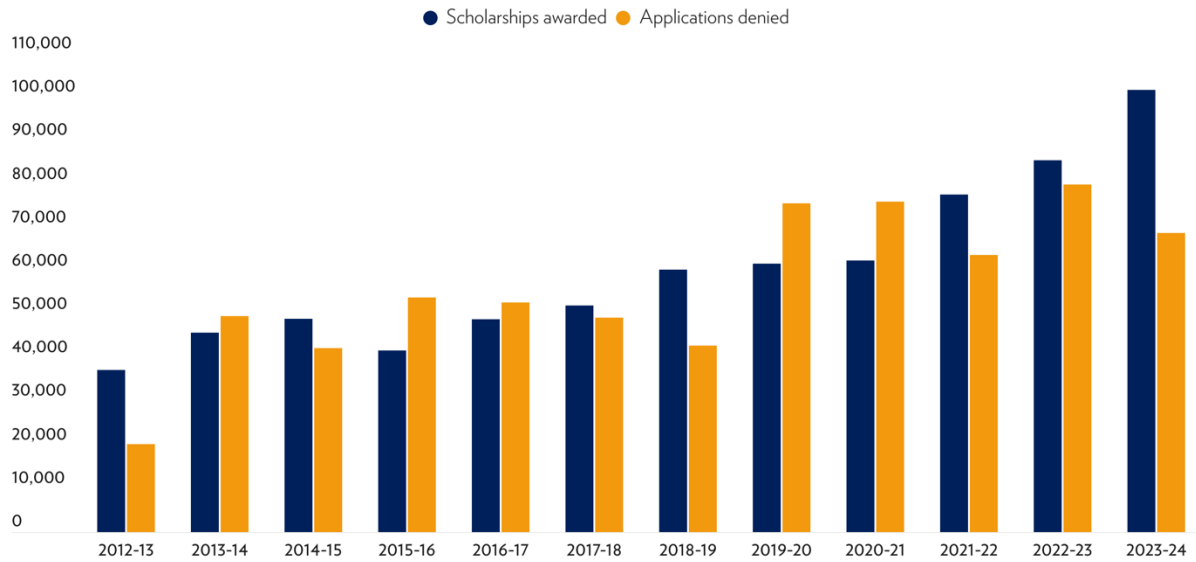
## INCREASING DEMAND FOR SCHOOL CHOICE

The most recent data (i.e., the 2023–24 school year)—obtained by the Commonwealth Foundation from the Department of Community and Economic Development (DCED) through Right to Know (RTK) requests—reveal the current impact of Pennsylvania’s tax credit scholarship programs.

- In 2023–24, K–12 students submitted 169,776 scholarship applications, 5,227 more than the previous year and the highest on record.
  - OSTC applications reached 61,366, but only 15,517 students received scholarship awards; 75 percent, or 48,849 applicants, all of whom reside within a low-achieving public school district, were denied scholarships.
- In 2023–24, the average K–12 tax credit scholarship was \$2,776 per student, up \$117 compared to the previous year.
- Scholarship organizations awarded 101,751 K–12 scholarships in 2022-23, up 16,181 from the previous year.
- Students attend K–12 private schools on EITC or OSTC scholarships in all 67 counties.
- However, the RTK data shows demand continues to far outpace supply. EITC and OSTC program caps failed to fund 68,817 student scholarship applications.

# Demand for EITC/OSTC Far Outpaces Supply

While 101,751 students received a tax credit scholarship in 2023–24, 68,817 applications were unfilled.



Source: Combined yearly total of EITC and OSTC applications. Pennsylvania Department of Community & Economic Development, Right to Know Law Request, 2012-13 through 2022-23 (most recent data available).

## 2025-26 Tax credit scholarship Caps (K-12)

	Scholarships Awarded	Applications Denied	Average Scholarship	EITC	OSTC	EDS	Total
2016-17	48,977	52,857	\$1,885	\$75 million	\$50 million		\$125 million
2017-18	52,144	49,356	\$2,002	\$85 million	\$50 million		\$135 million
2018-19	60,387	42,918	\$2,113	\$110 million	\$50 million		\$160 million
2019-20	61,767	75,651	\$2,201	\$135 million	\$50 million	\$5 million	\$190 million
2020-21	62,507	76,031	\$2,534	\$135 million	\$50 million	\$5 million	\$190 million
2021-22	77,670	63,812	\$2,218	\$175 million	\$50 million	\$5 million	\$230 million
2022-23	85,570	79,979	\$2,633	\$263 million	\$65 million	\$12 million	\$340 million
2023-24	101,751	68,817	\$2,776	\$325 million	\$85 million	\$60 million	\$470 million
2024-25	N/A	N/A	N/A	\$375 million	\$90 million	\$60 million	\$525 million
2025-26	N/A	N/A	N/A	\$375 million	\$90 million	\$110 million	\$575 million

Source: Combined yearly total of EITC and OSTC applications. Pennsylvania Department of Community & Economic Development, Right to Know Law Request, 2012-13 through 2022-23 (most recent data available).



- The [Lifeline Scholarship Program](#),<sup>5</sup> if passed, would provide approximately 13,000 scholarships for every \$100 million appropriated to the more than 200,000 students stuck in Pennsylvania’s failing district schools to attend the private school of their choice.<sup>6</sup>
  - The proposed [Learning Investment Tax Credit](#) would provide an \$8,000 per child refundable tax credit to offset education expenses for children attending a non-public school.
  - Both programs would fund students at far less than the [\\$23,061](#) public schools spend per student.<sup>7</sup>
- Pennsylvania lawmakers must ensure that Pennsylvania opts in to the FSTC, [passed by Congress](#) in July 2025.<sup>8</sup> This brand new program, starting in 2027, will allow anyone with IRS tax liability to donate up to \$1,700 annually through one of Pennsylvania’s existing [Scholarship Organizations](#) to provide scholarships to cover educational expenses for public, private, and possibly homeschool students.
    - The FSTC has uncapped revenue potential with expectations to generate [\\$967 million](#) annually, with failing to opt in costs projected to hit [\\$1.9 billion](#) by 2029.<sup>9</sup>
    - But first, Pennsylvanians need [Gov. Josh Shapiro's FSTC opt in](#) before January 1, 2027.

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<sup>1</sup> Pennsylvania Department of Community & Economic Development (DCED), “Scholarship Organizations: List of Scholarship Organizations Effective 01/01/2024 – 12/31/2024 (EITC),” accessed January 31, 2025, <https://dced.pa.gov/scholarship-organizations/>.

<sup>2</sup> Pennsylvania Department of Community and Economic Development (DCED), “Educational Improvement Tax Credit Program: Organization Guidelines and Application for Scholarship and Educational Improvement Organizations,” (Harrisburg: September 26, 2024), 2, <https://dced.pa.gov/download/eitc-organization-guidelines/?wpdmid=84187>.

<sup>3</sup> Pennsylvania Department of Community and Economic Development (DCED), “Opportunity Scholarship Tax Credit Program (OSTCP),” accessed January 31, 2025, <https://dced.pa.gov/programs/opportunity-scholarship-tax-credit-program-ostc/>; Pennsylvania Department of Education, “Opportunity Scholarship Tax Credit Program: Low Achieving Schools,” accessed January 31, 2025, <https://www.education.pa.gov/K-12/Opportunity%20Scholarship%20Tax%20Credit%20Program/Pages/default.aspx>.

<sup>4</sup> Sen. Mike Regan, Senate Bill 527, Pennsylvania General Assembly, Regular Session 2021–22, <https://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?sYear=2021&sInd=0&body=S&type=B&bn=527>.

<sup>5</sup> Commonwealth Foundation, “PASS/Lifeline Scholarship Program,” May 5, 2025, <https://commonwealthfoundation.org/research/lifeline-scholarship-program-pass/>.

<sup>6</sup> The state Senate passed Lifeline Scholarships, codified as the Pennsylvania Award for Student Success (PASS), multiple times during the 2023–24 legislative session, which Governor Shapiro line-item vetoed from the 2023–24 budget and the House excluded from the 2024–25 budget deal. Meanwhile, the 2025–26 session has two separate but similar initiatives: the PASS scholarship program (Senate Bill 10) and Lifeline Scholarships (House Bill 1489). Each would provide tuition scholarships of up to \$10,000 per student for kids residing in catchment areas of low-achieving public schools. See: Sen. Judy Ward et al., Senate Bill 10, Pennsylvania General Assembly, Regular Session 2025–26, [https://www.legis.state.pa.us/cfdocs/billinfo/bill\\_history.cfm?syear=2025&sind=0&body=S&type=B&bn=10](https://www.legis.state.pa.us/cfdocs/billinfo/bill_history.cfm?syear=2025&sind=0&body=S&type=B&bn=10); Rep. Clint Owlett, House Bill 1489, Pennsylvania General Assembly, Regular Session 2025–26, <https://www.palegis.us/legislation/bills/2025/hb1489>; Commonwealth Foundation, “Underserved Students Face Uncertain Future Following Gov. Shapiro’s Budget Decision,” news release, August 3, 2023, <https://commonwealthfoundation.org/2023/08/03/shapiro-budget-decision/>; Commonwealth Foundation, “2024–25 State Budget Analysis,” July 12, 2024, <https://www.commonwealthfoundation.org/research/2024-25-pa-state-budget-analysis/>.

<sup>7</sup> Commonwealth Foundation, “Pennsylvania School Funding Reaches \$23,000 per Student in 2024,” May 15, 2025, <https://commonwealthfoundation.org/research/pennsylvania-school-funding-reaches-record-level/>.

<sup>8</sup> Public Law No. 119-21 § 70411, 139 Stat. 72 (2025); Commonwealth Foundation, “Federal Scholarship Tax Credit,” February 23, 2026, <https://commonwealthfoundation.org/research/federal-scholarship-tax-credit/>.

<sup>9</sup> Democrats for Education Freedom, “New PA Poll: 78% of Keystone State Voters Support Opting Into the Federal Scholarship Tax Credit (FSTC),” news release, November 25, 2025, <https://dfer.org/2025/11/25/new-pa-poll-78-of-keystone-state-voters-support-opting-into-the-federal-scholarship-tax-credit-fstc/>; America First Policy Institute, “The Cost of Option Out,” accessed April 13, 2026, <https://afpieftc.netlify.app/>.