



Proposed transparency measures and funding increases for the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) school voucher programs in HB 27

Pennsylvania has two programs that provide students with taxpayer-funded vouchers to private and religious schools: the Educational Improvement Tax Credit (EITC) and the Opportunity Scholarship Tax Credit (OSTC) programs. Since their inception in 2001, the EITC and OSTC programs have provided more than \$2 billion in taxpayer funding for school vouchers. [Learn more about these programs HERE.](#)

Current state law explicitly prohibits the collection of data that would allow for an understanding of who benefits from the EITC/OSTC voucher programs or students' academic achievement, making it impossible to evaluate the effectiveness of the vouchers. In fact, a [January 2022 report from the Independent Fiscal Office](#) concluded that "subsidized tuition clearly increases opportunities that may not otherwise be available to certain students, but it is not possible to comment on whether state funds have been used effectively due to lack of general and specific outcome data."

Below find proposed reporting and transparency requirements as well as proposed funding increases for EITC/OSTC in House Bill 27, which passed the PA House on October 4, 2023 with a vote of [103-97](#).

Information about students who apply for and/or receive vouchers

EITC and OSTC scholarship organizations would be required to report the following information for each voucher given to a student by November 1 of each year:

- Indicate if the student has a disability
- Was the student in grades K-8 or 9-12
- The dollar amount of the voucher
- The percentage of the applicant's tuition and fees offset by the voucher
- The household income of the voucher recipient's family reported in a range determined by the Department of Community and Economic Development (DCED)
- For each year a voucher was used:
 - The name of the applicant's school district of residence
 - The name of the school entity that the applicant attends
- For the year prior to the year the voucher was used
 - The name of the applicant's school district of residence
 - The name of the school entity that the applicant attended

For a voucher that is denied to the applicant

- Indicate if the student has a disability
- Was the student in grades K-9 or 9-12

- The household income of the voucher recipient's family reported in a range determined by DCED
- For each year when a voucher was denied:
 - The name of the applicant's school district of residence
 - The name of the school entity that the applicant attend
- For the year prior to the year in which the voucher was denied
 - The name of the applicant's school district of residence
 - The name of the school entity the applicant attended

Beginning with the annual report due on November 1, 2025, Department of Community and Economic Development (DCED) will post a spreadsheet with this information (with personally identifiable information redacted) on its website.

Funding and transparency for scholarship organizations

HB 27 requires that scholarship organizations contribute 90% of the funding they receive to scholarships, reducing the amount they can keep from 20% to 10%.

- Scholarship organizations must annually report how they used the funding they keep.
- DCED must establish guidelines for allowable uses of the funding scholarship organizations keep including:
 - Overhead costs directly related to the administration of the scholarship programs;
 - Payment for third-party household income validation; and
 - Any other uses determined by DCED as appropriate.
- DCED must report annually on its publicly accessible internet website:
 - Annual contributions received;
 - The annual expenditures spent;
 - The annual expenditures earmarked; and
 - The total annual expenditures or the sum of the annual expenditures.

Proposed increases in funding:

- **EITC scholarship organizations from 263 million to \$280 million (+17 million)**
- EITC Educational Improvement Organizations from \$44.5 million to \$64.5 million (+20 million)*
- EITC Pre-K scholarship organizations \$20.5 million to \$30.5 million (+10 million)*
- **EITC Funding to increase PreK or K-12 scholarship amounts for students in economically disadvantaged schools \$12 million to \$50 million (+38 million)**
- **OSTC scholarship organizations \$65 million to \$130 million (+65 million)**

Total proposed funding for school vouchers in House Bill 27: \$460 million

*These organizations do not provide vouchers to private and religious K-12 schools; the funding these organizations receive is not included in the total amount of voucher funding in Pennsylvania above.