



Opportunity Scholarships for Pennsylvania

THE PROBLEM: VIOLENT & FAILING SCHOOLS

- The commonwealth's worst-performing schools are found all over Pennsylvania. The bottom-5%, for example, report dismal proficiencies in reading (32%) and math (38%) in 2010-11 and are among the state's most violent.
 - ⇒ At the worst-performing school, William Sayre Middle School, nine out of 10 students cannot read or do math at grade level.
 - ⇒ Students in the bottom-5% of schools in performance were **five times as likely** to be raped, assaulted or experience a violent crime as those in other schools.
- All 10 reported rapes in Pennsylvania schools in 2010-11 were in the Philadelphia School District.
- Nearly 40% of sexual assaults occurred in York City, with nearly all incidents at two middle schools—17 at Hannah Penn, and eight at Edgar Fahs Smith. The latter also saw 115 assaults on students.
- Of the 412 incidents of indecent exposure reported in Pennsylvania's public schools, 58% were in the Erie City school district.
- Wilkinsburg Borough schools in the Pittsburgh area have the highest rates of violence in Pennsylvania, at 78 incidents per 100 students at Wilkinsburg Senior High and 137 incidents per 100 students at Wilkinsburg Middle School. In 2010-11, the two schools reported 192 assaults on students and staff as well as multiple incidents of sexual assaults, reckless endangering, robberies, terroristic threats and other incidents.

THE SOLUTION: LET CHILDREN ESCAPE BAD SCHOOLS FOR BETTER

Children trapped in violent, failing schools need lawmakers to throw them a lifeline. Pennsylvania's Educational Improvement Tax Credit (EITC) program began in 2001, giving businesses tax credits for donations to non-profit Scholarship Organizations that award scholarships to children to attend private schools, or to Educational Improvement Organizations that provide programs in public schools, such as Junior Achievement and performing arts programs. The Department of Community & Economic Development registers organizations and tracks contributions.

- The state gives each donating business a tax credit of 75% of their donation amount (or 90% if they pledge the donation for two consecutive years) against what they owe in state taxes.
- More than **40,000 students receive scholarships annually**, with the average scholarship amount at \$1,100. Participating families had an average income of less than \$29,000.
- Tax credits are currently capped at \$75 million a year, limiting the scope of the program. Waiting lists for scholarships are long. For example, the Children's Scholarship Fund Philadelphia **turns away 7,000 applicants each year** due to lack of EITC-funded scholarships.

A new proposal (HB 2468) would expand the existing EITC program while adding an additional category of scholarship organizations. Under HB 2468:

- The EITC limit would increase from \$75 million to \$200 million in 2012-13. This includes a \$17 million increase for Scholarship Organizations, \$8 million for Educational Improvement Organiza-

tions, and **\$100 million for Opportunity Scholarship Organizations**, a new category.

- ⇒ Opportunity Scholarship Organizations would provide scholarships to children residing within the attendance areas of the lowest-achieving 15% of public schools.
- ⇒ Opportunity scholarships could be used at private schools and neighboring public school districts, should those schools decide to participate.
- ⇒ The maximum opportunity scholarship would be capped at \$8,500 for students without disabilities and \$15,000 for students with disabilities, or the actual tuition and fees of the new school, whichever is less.

SCHOOL CHOICE SAVES

School choice improves academic achievement.

- A U.S. Department of Education report found students in the Washington, D.C. Opportunity Scholarship Program were 21% more likely to graduate than their public school peers.
- In the latest study, students in the Milwaukee Parental Choice Program were more likely to graduate in four years than students in public schools.
- In a review of studies of scholarship programs, the Friedman Foundation found that nine of 10 “gold-standard” studies show scholarships improve student outcomes on standardized tests. Further, 19 of 20 studies found scholarship programs improved public schools (the other found no visible impact).

School choice will reduce future welfare and corrections costs for high school dropouts.

- In 2010, 34,000 Pennsylvania seniors did not graduate high school, which translates into lost lifetime earnings of nearly **\$9 billion**.
- According to a 2009 study funded by the Pennsylvania Department of Labor and Industry, high school dropouts are more likely to go to prison. Each inmate costs Pennsylvania taxpayers more than \$35,000 a year. A 2012 study of scholarship students finds “winning a lottery for admission to the school of choice greatly reduces criminal activity.”
- Dropouts are more likely to be on Medicaid and other welfare programs. Taxpayers could save more than \$500 million in health care costs over the lifetime of each class of dropouts, according to the Alliance for Excellent Education.
- A study commissioned by the Obama administration in 2012 found that a youth who neither graduates nor joins the workforce costs taxpayers **more than \$250,000** over the course of his or her lifetime.

School choice costs less.

- School districts spent \$14,865 per student in 2010-11. By contrast, tax-credit scholarships could serve students for anywhere between \$1,100 (the average EITC scholarship) and \$8,500, the maximum opportunity scholarship for non-special needs students under HB 2468.
- The average Catholic school tuition, according to the Pennsylvania Catholic Conference, is \$3,500 for elementary schools and \$6,500 for high schools.
- Under HB 2468, businesses could give **20,000 students a \$5,000 opportunity scholarship**. These scholarships would educate each child for almost \$10,000 less than the average spending of school districts, a net savings to taxpayers of \$197 million.
- The expansion of existing EITC scholarships under HB 2468 could provide **an additional 16,000 students** with a \$1,100 scholarship. Compared with school district spending, this would save taxpayers an additional \$217 million.
- EITC and opportunity scholarships do not affect or diminish current public education spending. The program is funded through voluntary contributions from businesses.