

# Lifeline Scholarship Program

## OVERVIEW

- Lifeline Scholarships ([Senate Bill 795](#) and [House Bill 1432](#)) offer an Education Opportunity Account (EOA) to students residing in a school ranked in the bottom 15 percent of performance.<sup>1</sup> Gov. Josh Shapiro repeatedly [endorsed](#) the concept during his campaign. Similar legislation (HB 2169) passed the House in 2022.<sup>2</sup>
- Many of our local schools do a phenomenal job, but thousands of children are assigned to schools that persistently rank low for student achievement. According to the [latest statewide assessments](#), 77 percent of Pennsylvania eighth-graders are not proficient in math and 44 percent are not proficient in language arts,<sup>3</sup> with pandemic learning loss being more severe for [minority students](#).<sup>4</sup>
- Among the bottom 15 percent, less than one-in-ten students is proficient in math, and only one-quarter are proficient in English. In 40 of these schools, there were **zero students** doing math at grade level. Lifeline Scholarships extend **immediate relief** to students in these lowest-performing public schools. The scholarships directly fund students—not institutions—so students can choose the education that best fits their needs.
- An overwhelming majority of parents want school choice. [A 2023 poll](#) revealed widespread support for educational choice and, in particular, helping families in low-performing schools. Sixty-seven percent of registered voters **support giving families EOAs to use for their children’s educational expenses**.<sup>5</sup>

## HOW DOES A LIFELINE SCHOLARSHIP WORK?

- Lifeline Scholarship Accounts are EOAs, which are restricted-use accounts funded with state tax dollars. The account funds must be for “qualified education expenses,” at a nonpublic school which include:
  - Tuition.
  - School-related fees.
  - Special education services fees.
- **Who qualifies?** Eligible students must reside within the attendance area of a low-achieving school and meet one of the following criteria:
  - Attended a public school in this Commonwealth in the preceding school year.
  - Received funds from this program in the preceding school year.
  - Will attend either kindergarten or first grade in the upcoming semester.
- **What is a low-achieving school?** A low-achieving school is a public school that ranked in the lowest 15 percent of the school’s designation as an elementary school or secondary school based on combined math and reading scores from the state achievement tests administered in the previous year. The ranking does not include charter schools, cyber charter schools, or area career and technical schools.

- **Who attends low-achieving schools?** Minority and low-income students are overrepresented in underperforming schools. Of students that attend the bottom 15 percent of underperforming schools in Pennsylvania, about 80 percent are economically disadvantaged, and 83 percent are students of color.<sup>6</sup>
  - Approximately 250,000 students live within the attendance area of a bottom 15 percent public school and would be eligible for a Lifeline Scholarship.
- **How much would each Lifeline Scholarship Account cost?** Each participating child would receive: Students that receive an EOA will still qualify for transportation by their resident school district.
  - An eligible student in grades K-8 would receive \$5,000 annually (\$2,500 for half day kindergarten).
  - An eligible student in grades 9-12 would receive \$10,000 annually.
  - An eligible student with special needs, regardless of grade, would receive \$15,000 annually.

## LIFELINE SCHOLARSHIP PROGRAM CAN SAVE MONEY WHILE SAVING KIDS

- At \$5,000 (grade K–8) and \$10,000 (grades 9–12) an EOA is **significantly less costly than the average 2021-22 per-pupil spending at public schools, now over \$21,200.**<sup>7</sup>
- Lifeline scholarships would be financed through a separate state fund, via an appropriation of the state legislature. Funding for Lifeline Scholarships does not impact nor reduce public school funding.
- Studies show that competition from school choice alternatives helps kids who attend public schools. [EdChoice](#) found that 25 out of 28 studies concluded that school choice programs improve the academic outcomes of public school students, while 68 of 73 studies found positive fiscal benefits for school districts and taxpayers.<sup>8</sup>
- A 2021 study by scholars at the [University of Arkansas](#) found that, by exerting competitive pressure on public schools, school choice programs improve test scores across the board.<sup>9</sup>

## ACCOUNTABILITY

- The State Treasurer would administer Lifeline Scholarship accounts, much like the existing 529 program. The Auditor General can conduct random audits of the accounts and refer cases of fraud to the Inspector General.
- The Treasurer can ban nonpublic schools that commit fraud.
- The Treasurer and other state agencies are prohibited from imposing additional regulations on the educational programs of participating schools.

## OTHER STATES

- EOAs, also referred to as Education Savings Accounts (ESAs), are currently or will be available to students in thirteen states: Arizona, Arkansas, Florida, Indiana, Iowa, Mississippi, Montana, New Hampshire, North Carolina, South Carolina, Tennessee, Utah, and West Virginia.<sup>10</sup>
- In 2023 so far, [eight states](#) have established new or expanded existing EOAs. This wave of new school choice legislation underscores the growing demand from parents for customizable, high-quality education options for their children.

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- <sup>1</sup> Sen. Judy Ward, Senate Bill 795, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=S&type=B&bn=0795>; Rep. Clint Owlett, House Bill 1432, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=H&type=B&bn=1432>.
- <sup>2</sup> Rep. Clint Owlett, House Bill 2169, Pennsylvania General Assembly, Regular Session 2021–22, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2021&slnd=0&body=H&type=B&bn=2169>.
- <sup>3</sup> Pennsylvania Department of Education, Pennsylvania System of School Assessment (PSSA) Results 2022, <https://www.education.pa.gov/DataAndReporting/Assessments/Pages/PSSA-Results.aspx>.
- <sup>4</sup> Clare Halloran et al., “Pandemic Schooling and Student Test Scores: Evidence from U.S. States,” National Bureau of Economic Research [Working Paper 29497], November 2021, [https://www.nber.org/system/files/working\\_papers/w29497/w29497.pdf](https://www.nber.org/system/files/working_papers/w29497/w29497.pdf).
- <sup>5</sup> Commonwealth Foundation, “Common Ground in the Commonwealth Poll (March 2023),” April 6, 2023, <https://www.commonwealthfoundation.org/research/common-ground-commonwealth-poll/>.
- <sup>6</sup> See: Pennsylvania Department of Education, Future Ready PA Index, Data Files, SY 2021–22, <https://futurereadypa.org/Home/DataFiles#>.
- <sup>7</sup> Pennsylvania Department of Education, Annual Financial Reports (AFR) Data: Summary-Level, Revenue Data for School Districts 2021–22, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx>.
- <sup>8</sup> EdChoice, “123’s of Education Choice,” April 19, 2022, <https://www.edchoice.org/research-library/?report=the-123s-of-school-choice-2/>.
- <sup>9</sup> Patrick Wolf et al., “Education Freedom and Student Achievement: Is More School Choice Associated with Higher State-Level Performance on the NAEP?” University of Arkansas, Department of Education Reform, March 2021, <https://cpb-us-e1.wpmucdn.com/wordpressua.uark.edu/dist/9/544/files/2018/10/education-freedom-and-naep-scores.pdf>.
- <sup>10</sup> EdChoice, “Educational Savings Accounts (ESAs),” accessed June 15, 2023, <https://www.edchoice.org/school-choice/types-of-school-choice/education-savings-account/>.