

House & Finance Committees Hearing on the Educational Improvement Tax Credit Program, April 5, 2016

Provided by: Dennis Gilfoyle, President & CEO, Junior Achievement of Western Pennsylvania, Pittsburgh

Good morning. Again, my name is Dennis Gilfoyle and I am the President and CEO of Junior Achievement of Western Pennsylvania located in Pittsburgh. In addition to my office, Junior Achievement has regional offices in 4 communities in the Commonwealth in Lancaster, York, Scranton and Philadelphia.

Junior Achievement is the state's oldest and largest youth development organization, presently serving 200,000 students in 348 school districts in the Commonwealth. Our mission is to empower young people to own their economic success through programs focused on three key areas: workforce development, entrepreneurship and financial literacy. Over 85% of our funding comes from the business community, 10% from foundations and 5% from individuals. The Educational Improvement Tax Credit program has been a vital and integral part of our organization's revenue since its inception in 2001. All JA offices in Pennsylvania are eligible to receive EITC funds for Educational Improvement. My regional office in Pittsburgh is also eligible to receive EITC funds for Scholarships and we also are eligible to receive funds through the Opportunity Scholarship Tax Credit program.

Historically, the EITC program has received wide bipartisan support with thousands of businesses in Pennsylvania participating and even thousands more agencies and institutions like Junior Achievement have benefitted by

this important program provided by the Department of Community and Economic Development. Last year at this time alone, Junior Achievement of Western Pennsylvania received total EITC contributions that included \$487,500 in Educational Improvement contributions and \$190,000 designated for Scholarships. We invested these funds in programs to teach children about the energy industry, soft skills in the workplace, job shadowing, financial literacy training for students and parents, and helped fund tuition costs for nearly 100 students attending private schools. The EITC program has enabled our organization across the state to expand programming and meet the demand provided by our school system.

The recent budget impasse has created an artificial financial crisis in my organization, which we have never experienced before in our 77 year history. Since there was no budget passed until recently, corporations had to delay making their EITC contributions and in several circumstances businesses abandoned their participation due to the lack of faith in our state government. It has caused my organization to borrow and to pay interest on a \$500,000 line of credit, to cut programming and staff and to delay payments to other vendors and creditors. To be more specific, we are \$335,500 in the hole because of the delay in releasing the tax credits with little chance of recovery. That means 20,000+ students in western Pennsylvania are not going to participate in JA this year, in addition to staff cuts and other cost-saving measures.

We recently met with officials from CONSOL....a \$50,000 contributor to JA through EITC. They're not comfortable under the current circumstances to make that contribution, all because of the state budget problems and the way the Governor and General Assembly have handled the situation.

This is very serious. We will continue to do all we can to bring a message of hope and prosperity to our young people but the environment in state government surely is no example we would want to share with our future generation of workers, consumers and voters.

SAMPLE QUESTIONS:

How much revenue has your organization lost in EITC contributions due to the budget impasse? Can you cite specific examples?

What can this committee do to help this from reoccurring in future budget years?

Can you share specific examples of why companies are not participating in the EITC program this year?

Any suggestions on how to improve the EITC program?