THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1730 Session of 2021

INTRODUCED BY RABB, SANCHEZ, ISAACSON, GUENST, SOLOMON, HILL-EVANS, ROZZI, SCHWEYER, CIRESI, KENYATTA AND OTTEN, JULY 20, 2021

REFERRED TO COMMITTEE ON EDUCATION, JULY 20, 2021

AN ACT

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," in educational tax credits, further providing for definitions, for qualification and application by organizations and for application by business firms and providing for school requirements and for study on academic performance.

Section 1. Paragraph (1) of the definition of "maximum annual household income" in section 2002-B of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, is amended to read:

Section 2002-B. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Maximum annual household income."
(1) Subject to adjustment under paragraphs (2) and (3):  
   (i) Through fiscal year 2020-2021, the amount of $90,000, plus the applicable income allowance.  
   (ii) Beginning with fiscal year 2021-2022 and each fiscal year thereafter, the amount of $73,000.

Section 2. Section 2003-B(c)(1) and (f) of the act are amended and the section is amended by adding a subsection to read:

Section 2003-B. Qualification and application by organizations.

   (c) Scholarship organizations and pre-kindergarten scholarship organizations.—A scholarship organization or pre-kindergarten scholarship organization must certify to the department that the organization is eligible to participate in the educational improvement tax credit program established under this article and must agree to annually report the following information to the department by November 1 of each year:

      (1) (i) The number of scholarships awarded during the immediately preceding school year to eligible pre-kindergarten students.

      (ii) The total and average amounts of the scholarships awarded during the immediately preceding school year to eligible pre-kindergarten students.

      (iii) The number of scholarships awarded during the immediately preceding school year to eligible students in grades kindergarten through eight.

      (iv) The total and average amounts of the scholarships awarded during the immediately preceding school year to eligible students in grades kindergarten through eight.
through eight.

(v) The number of scholarships awarded during the immediately preceding school year to eligible students in grades nine through 12.

(vi) The total and average amounts of the scholarships awarded during the immediately preceding school year to eligible students in grades nine through 12.

(vii) Where the scholarship organization or pre-kindergarten scholarship organization collects information on a county-by-county basis, the total number and the total amount of scholarships awarded during the immediately preceding school year to residents of each county in which the scholarship organization or pre-kindergarten scholarship organization awarded scholarships.

(viii) The total number of scholarship applications processed and the amounts of any application fees charged, either per scholarship application or in the aggregate through a third-party processor.

(viii.1) The total number of eligible scholarship applicants with a maximum annual household income below 70% of the Federal poverty guidelines.

(viii.2) The total number of eligible scholarship applicants with a maximum annual household income above 70% of the Federal poverty guidelines.

(viii.3) The number of scholarship applicants under subparagraphs (viii.1) and (viii.2).

(viii.4) The number of scholarship applicants under subparagraphs (viii.1) and (viii.2) awarded scholarships.
(viii.5) The amount of scholarship money awarded to eligible scholarship applicants under subparagraphs (viii.1) and (viii.2).

(viii.6) The total amount transmitted to each school on behalf of a scholarship recipient.

(ix) The organization's Federal Form 990 or other Federal form indicating the tax status of the organization for Federal tax purposes, if any, and a copy of a compilation, review or audit of the organization's financial statements conducted by a certified public accounting firm.

(x) A complete list of every individual and business that donated to the organization during the preceding fiscal year.

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(d.4) Scholarship priority.--Eligible students with a maximum annual household income below 70% of the Federal poverty guidelines as determined by the annual report of the United States Department of Health and Human Services shall receive scholarships prior to all eligible students above the threshold that have been approved for scholarships.

* * *

(f) Publication.--The department shall annually publish a list of each scholarship organization, pre-kindergarten scholarship organization, educational improvement organization and opportunity scholarship organization qualified under this section and all information required under section 2008-B.1 in the Pennsylvania Bulletin. The list shall also be posted and updated as necessary on the publicly accessible Internet website of the department. The list shall separately identify the
opportunity scholarship organization that qualifies under subsection (d.3).

Section 3. Section 2004-B of the act is amended by adding a subsection to read:

Section 2004-B. Application by business firms.

* * *

(f) Conflicts of interest.--A business firm or individual applying for an educational improvement or opportunity scholarship tax credit with the department shall include the following, when applicable:

(1) A list of individual donors.
(2) Business contracts with the Commonwealth.
(3) Donations to elected officials.
(4) Business contracts with schools.
(5) Relatives employed by schools.
(6) Pending litigation involving the Commonwealth.
(7) Fines, penalties or back taxes owed to the Commonwealth.

Section 4. The act is amended by adding sections to read:

Section 2008-B.1. School requirements.

To receive funds through the educational improvement tax credit and opportunity scholarship tax credit programs, public and nonpublic schools must submit the following to the Department of Education:

(1) A complete, updated school code which outlines the school's values, mission statement, policies and procedures to be considered in comparison to the social equity standards provided by the Pennsylvania Human Relations Commission, the Department of Education and the Governor's Office.
(2) An overview of the school's pedagogy.
(3) Curricula information from three years prior to the
date of application.

(4) Data on academic performance outcomes as it relates
to standardized testing or another consistent measure of
academic performance.

(5) Demographic information, including, but not limited
to, race, gender and disability of scholarship applicants,
scholarship recipients and the school's student body.

Section 2014-B. Study on academic performance.

Following the 2022-2023 school year, the Legislative Budget
and Finance Committee shall conduct a study of the effectiveness
of the educational improvement and opportunity scholarship tax
credit programs as they relate to academic performance and their
impact on social equity and shall deliver a written report of
its findings to the Governor, the chairperson and minority
chairperson of the Education Committee of the Senate and the
chairperson and minority chairperson of the Education Committee
of the House of Representatives by December 31, 2023. The report
shall include, but is not limited to, the following:

(1) Academic outcomes and performance of scholarship
recipients.

(2) Demographics of the scholarship recipients.

(3) Current accountability measures regarding schools
receiving funds on behalf of scholarship recipients.

(4) Recommendations on increasing accountability
measures and ensuring that scholarship funds are being
granted to eligible students most in need.

Section 5. This act shall take effect in 120 days.