
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2707 Session of
2020

INTRODUCED BY RABB, MADDEN, KINSEY, WEBSTER, KENYATTA,
CALTAGIRONE, HANBIDGE, HILL-EVANS, OTTEN, T. DAVIS, KIM,
DAWKINS, ROEBUCK, ZABEL, SOLOMON, INNAMORATO AND DONATUCCI,
JULY 22, 2020

REFERRED TO COMMITTEE ON EDUCATION, JULY 22, 2020

AN ACT

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

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Paragraph (1) of the definition of "maximum
13 annual household income" in section 2002-B of the act of March
14 10, 1949 (P.L.30, No.14), known as the Public School Code of
15 1949, amended June 22, 2018 (P.L.241, No.39), is amended to
16 read:

17 Section 2002-B. Definitions.

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

1 * * *

2 "Maximum annual household income."

3 (1) Subject to adjustment under paragraphs (2) and (3):

4 (i) Through fiscal year 2018-2019, the amount of
5 \$85,000, plus the applicable income allowance.

6 (ii) Beginning with fiscal year 2019-2020 and each
7 fiscal year thereafter, the amount of \$73,000.

8 * * *

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

12 Section 2003-B. Qualification and application by organizations.

13 * * *

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

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

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

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

30 (iv) The total and average amounts of the

1 scholarships awarded during the immediately preceding
2 school year to eligible students in grades kindergarten
3 through eight.

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

7 (vi) The total and average amounts of the
8 scholarships awarded during the immediately preceding
9 school year to eligible students in grades nine through
10 12.

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

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

23 (viii.1) The total number of eligible scholarship
24 applicants with a maximum annual household income below
25 70% of the Federal poverty guidelines.

26 (viii.2) The total number of eligible scholarship
27 applicants with a maximum annual household income above
28 70% of the Federal poverty guidelines.

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

1 (viii.4) The number of scholarship applicants under
2 subparagraphs (viii.1) and (viii.2) awarded scholarships.

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

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

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

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

17 * * *

18 (d.3) Scholarship priority.--Eligible students with a
19 maximum annual household income below 70% of the Federal poverty
20 guidelines as determined by the annual report of the United
21 States Department of Health and Human Services shall receive
22 scholarships prior to all eligible students above the threshold
23 that have been approved for scholarships.

24 * * *

25 (f) Publication.--The department shall annually publish a
26 list of each scholarship organization, pre-kindergarten
27 scholarship organization, educational improvement organization
28 and opportunity scholarship organization qualified under this
29 section and all information required under section 2008-B.1 in
30 the Pennsylvania Bulletin. The list shall also be posted and

1 updated as necessary on the publicly accessible Internet website
2 of the department.

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

5 Section 2004-B. Application by business firms.

6 * * *

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

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

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

20 Section 2008-B.1. School requirements.

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

- 25 (1) A complete, updated school code which outlines the
26 school's values, mission statement, policies and procedures
27 to be considered in comparison to the social equity standards
28 provided by the Pennsylvania Human Relations Commission, the
29 Department of Education and the Governor's Office.
30 (2) An overview of the school's pedagogy.

1 (3) Curricula information from three years prior to the
2 date of application.

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

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

9 Section 2014-B. Study on academic performance.

10 Following the 2020-2021 school year, the Legislative Budget
11 and Finance Committee shall conduct a study of the effectiveness
12 of the educational improvement and opportunity scholarship tax
13 credit programs as they relate to academic performance and their
14 impact on social equity and shall deliver a written report of
15 its findings to the Governor, the chairperson and minority
16 chairperson of the Education Committee of the Senate and the
17 chairperson and minority chairperson of the Education Committee
18 of the House of Representatives by December 31, 2021. The report
19 shall include, but is not limited to, the following:

20 (1) Academic outcomes and performance of scholarship
21 recipients.

22 (2) Demographics of the scholarship recipients.

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

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

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