

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

JOINT EDUCATION AND FINANCE COMMITTEE HEARING

STATE CAPITOL
RYAN OFFICE BUILDING
ROOM 205
HARRISBURG, PENNSYLVANIA

TUESDAY, APRIL 5, 2016

IN RE: EDUCATIONAL IMPROVEMENT TAX CREDIT (EITC)
OPPORTUNITY SCHOLARSHIP TAX CREDIT (OSTC)

BEFORE:

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN, EDUCATION
HONORABLE JAMES ROEBUCK, MINORITY CHAIRMAN, EDUCATION
HONORABLE ROSEMARY BROWN
HONORABLE MIKE CARROLL
HONORABLE JIM CHRISTIANA
HONORABLE HAL ENGLISH
HONORABLE MARK GILLEN
HONORABLE PATRICK HARKINS
HONORABLE HARRY LEWIS
HONORABLE STEVE McCARTER
HONORABLE KRISTIN LEE PHILLIPS-HILL
HONORABLE KATHY RAPP
HONORABLE MIKE REESE
HONORABLE KEVIN SCHREIBER
HONORABLE CRAIG STAATS
HONORABLE WILL TALLMAN
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BEFORE (cont.'d):

- HONORABLE BERNIE O'NEILL, MAJORITY CHAIRMAN, FINANCE**
- HONORABLE JAKE WHEATLEY, MONORITY CHAIRMAN, FINANCE**
- HONORABLE LESLIE ACOSTA**
- HONORABLE STEPHEN BLOOM**
- HONORABLE MARY JO DALEY**
- HONORABLE MARGO DAVIDSON**
- HONORABLE MADELEINE DEAN**
- HONORABLE ELI EVANKOVICH**
- HONORABLE MATTHEW GABLER**
- HONORABLE JORDAN HARRIS**
- HONORABLE LEE JAMES**
- HONORABLE SID KAVULICH**
- HONORABLE STEPHEN KINSEY**
- HONORABLE JERRY KNOWLES**
- HONORABLE JOHN LAWRENCE**
- HONORABLE DANIEL McNEILL**
- HONORABLE DUANE MILNE**
- HONORABLE MIKE PEIFER**
- HONORABLE BRAD ROAE**
- HONORABLE THOMAS SANKEY**

ALSO IN ATTENDANCE:

- HONORABLE JAMIE SANTORA**

**JEAN M. DAVIS, REPORTER
NOTARY PUBLIC**

I N D E X

TESTIFIERS

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1 P R O C E E D I N G S

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3 EDUCATION MAJORITY CHAIRMAN SAYLOR: Good
4 morning, everyone.

5 I want to welcome everybody to the joint hearing
6 of the Finance Committee and the Education Committee this
7 morning.

8 The hearing today is about the EITC and OSTC
9 programs. And we're trying to develop ways to improve the
10 program. These are rare programs that enjoy the support
11 across the board of both parties and many people throughout
12 our communities and this Commonwealth.

13 Obviously, the biggest story for the program is
14 what happened in 2015 when the award letters for successful
15 applicants did not go out until December 29th. I'm sure
16 that we will hear from the testifiers today how that
17 impacted their programs and educational missions.

18 I think everyone, including DCED, would agree
19 that it isn't good for our programs the way it was handled.
20 I know there were some disagreements that many people have
21 had with the Administration regarding this decision.

22 And I wrote letters to explain how even though
23 there was a budget impasse, there was absolutely no reason
24 to not issue those award letters.

25 But we're not here to rehash what happened.

1 Instead, we look forward, making sure that we improve the
2 programs going forward, including making sure that the
3 programs operate in an orderly and predictable fashion.

4 I know that Representative Jamie Santora from
5 Delaware County has legislation to address that. He has
6 joined the Committee today for this hearing.

7 Because we have so many testifiers today on both
8 panels, we'll give each testifier a few minutes to
9 introduce themselves and to describe how their organization
10 benefits from the EITC and the OSTC programs. And then
11 we're going to go straight to questions from members.

12 Chairman, any comments?

13 FINANCE MAJORITY CHAIRMAN O'NEILL: Thank you.

14 I just want to thank you, everybody, for being
15 here. I look forward to the dialogue. We have a nice
16 cross-file of members on both Committees, who actually sit
17 on both the Finance and Education Committee, so they have a
18 nice working knowledge of the program.

19 Thank you for coming.

20 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman
21 Roebuck.

22 EDUCATION MINORITY CHAIRMAN ROEBUCK: Thank you,
23 Mr. Chairman.

24 I, too, look forward to the discussions from this
25 hearing and certainly hope that when we're in the process

1 of those discussions, we will design policies that
2 ultimately improve the program and deliver services to
3 students, which is the primary goal of the endeavor.

4 Thank you.

5 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman
6 Wheatley.

7 FINANCE MINORITY CHAIRMAN WHEATLEY: Thank you
8 for including the Finance Committee in this conversation.
9 I just look forward to hearing the testimony and working
10 with all of the members on both of these Committees to not
11 only support this program, but hopefully have a budget in
12 place that can pay for them.

13 Thank you.

14 EDUCATION MAJORITY CHAIRMAN SAYLOR: Very good.

15 If the first panel would come forward and have a
16 seat here along the front, we'll get started.

17 Otto, do you want to start?

18 Congratulations to Villanova.

19 (Applause)

20 EDUCATION MAJORITY CHAIRMAN SAYLOR: Otto, do you
21 want to start?

22 EXECUTIVE DIRECTOR BANKS: Absolutely. Thank
23 you.

24 Chairman Saylor, Chairman O'Neill, Minority
25 Chairman Roebuck, Minority Chairman Wheatley, and other

1 members of this esteemed body, thank you for giving us this
2 opportunity to present testimony to you today with regard
3 to the Education Improvement Tax Credit Program.

4 I'm joined on my panel to my left, of course, is
5 Sean McAleer from the Pennsylvania Catholic Conference and
6 to my right, of course, is Mr. Dye, who is a partner at
7 Ball, Murren & Connell.

8 In a few minutes I'm sure we'll be joined by
9 Mr. Bill O'Brien from Business Leaders Organized around
10 Catholic Schools.

11 My name, of course, is Otto Banks. I'm the
12 Executive Director of REACH Foundation and REACH Alliance.

13 We are the premier school choice organization in
14 the Commonwealth of Pennsylvania. We provide leadership as
15 well as assistance to other school choice groups throughout
16 the Commonwealth. Our main focus is to ensure that every
17 parent has choice in education and that their children have
18 access to a quality education.

19 Since the inception of the Education Improvement
20 Tax Credit Program in 2001, there have been over 38,840
21 businesses that have contributed to the program with a
22 total dollar amount contributed by those businesses in
23 excess of 985 million and the number of scholarships that
24 have been awarded through the EITC program is over 490,000.

25 Now, June 30th of 2012, as many of you are aware,

1 another program was created, which is the Opportunity
2 Scholarship Tax Credit Program.

3 Since the inception, 2,800 businesses have
4 contributed to the OSTC program. There have been over
5 23,900 scholarships awarded with a total of business
6 contribution in the amount of \$108 million.

7 Since the budget impasse that took place here in
8 the Commonwealth of Pennsylvania has caused a tremendous
9 amount of uncertainty for Pennsylvanians that rely on the
10 OSTC programs, families were uncertain that the children
11 would have money for school, public schools were uncertain
12 that their innovative programs would be funded, and
13 businesses were uncertain that they would receive credit
14 for their contributions.

15 Moving forward, of course, I can defer to one of
16 our partners here that would discuss briefly the impact
17 that it had on their program in terms of the impasse.

18 PRESIDENT & CEO GILFOYLE: Good morning,
19 everyone. My name is Dennis Gilfoyle. I'm the President
20 and CEO of Junior Achievement of Western Pennsylvania based
21 in Pittsburgh. Thank you for this opportunity to be here
22 and to speak to you all.

23 My organization, while it's in Pittsburgh, we
24 also have offices in four other communities in the
25 Commonwealth: Lancaster, York, Philadelphia, and Scranton.

1 We're the largest and oldest youth development
2 organization in the State, presently serving over 200,000
3 young people and 348 school districts and a dozen more
4 after-school programs. Our mission is to empower young
5 people to own their economic success with programs focused
6 on workforce development, entrepreneurship, and financial
7 literacy.

8 About 85 percent of our funding comes from the
9 business community in the Commonwealth, 10 percent comes
10 from foundations, and 5 percent from individuals. So when
11 the Educational Improvement Tax Credit was born in 2001, we
12 wanted to take full advantage of the opportunity.

13 My organization in Pittsburgh receives a good
14 amount of money from that program thanks to the generosity
15 of corporations in our community.

16 We know that the EITC Program has received wide
17 bipartisan support and thousands of businesses participate.
18 But this past year, this is really -- I'm sorry. With
19 2015, we have really seen a decline in these contributions.
20 We attribute it to the problems with the budget impasse.

21 To give you some context, last year at this time
22 alone, we had collected approximately \$487,000 in
23 educational improvement contributions and another \$190,000
24 in educational improvement scholarship funds.

25 We invest these funds in programs that teach

1 young people about financial literacy, about the energy
2 industry, about soft skills in the workplace, job
3 shadowing, financial literacy training for students, and
4 help fund the tuition costs for nearly 100 students every
5 year.

6 With the budget impasse, bottom line for us,
7 we've had to take a \$500,000 line of credit and are
8 currently paying against that and interest. To be
9 specific, what we collected this time last year versus this
10 year, we're essentially \$335,000 behind.

11 And again, it's due primarily to what happened
12 with the letters not getting out in time, with corporations
13 walking away from the program.

14 So at the end of the day for us, it's all about
15 the kids that we serve. I'm going to go a little off
16 script just to tell you that's what's most important to me
17 as an organizational leader in Junior Achievement for the
18 last 32 years.

19 We commit our lives every day to serving our
20 young people to improve their lives. And the EITC Program
21 is vital to that success. But when you're in a hole of
22 \$335,000 at the end of the day, you have to make tough
23 decisions, staff cuts, program cuts, that ultimately affect
24 this year about 20,000 children that aren't going to
25 receive the benefit of the Junior Achievement Program.

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EXECUTIVE DIRECTOR BANKS: Thank you, sir.

At this juncture with your indulgence, I'd like to defer to Mr. Bill O'Brien from Business Leaders Organized for Catholic Schools to discuss the impact that the impasse has had on their scholarship organization as well as the children within the Philadelphia area.

EXECUTIVE DIRECTOR O'BRIEN: First of all, I'd like to thank you all for hosting this panel and for hearing some of the trials and tribulations that we've had this year. It's been a tough year for Catholic schools in the Philadelphia area.

Last year at this time in December we had collected over \$15 million of tax credit money to support low-income families in the Philadelphia area. December 31st of 2015, we collected \$800,000. Now we're up to 11 million, but we're still going to be well below the 17 million that we collected last year in tax credit money.

A lot of it had to do with the fact that the letters being delayed, we know for sure -- and it's very hard to track down because this program, while it's very effective, it's also very difficult to raise money in this program. You have to go out and solicit companies. You have to explain the program. You have to help get their paperwork in. You've got to track their paperwork. You've got to make sure they get their letters. You have to make

1 sure they make their donation.

2 We spent hundreds of man hours between September
3 and December just informing people of the importance of
4 staying in the program. Don't give up on it. We know we
5 lost at least two and a half million dollars of donors that
6 just gave up. They just gave up.

7 These programs need to be procedurally sound, in
8 my opinion. The way I look at this, this program has
9 bipartisan support, always has. It's very effective. For
10 low cost, you get a great -- you give a child a great
11 education that they probably otherwise wouldn't get in the
12 school district or in the school that they're in, because
13 most of this money is serving children that are going to
14 failing schools.

15 So procedurally we owe it to these kids to be
16 able to keep the funding consistent from year to year. It
17 shouldn't really be a budgetary issue. What it should be
18 is a procedural issue. Letters, people apply on July 1st,
19 they hear within 60 days of whether or not they're in the
20 program or not. It should be that simple.

21 People who apply for renewals between May and
22 June 30th, they should hear by September 1st. The money is
23 there. Everybody supports it. My opinion is, you go into
24 each budget cycle with a level funding. You know what you
25 funded it at last year. This is a two-year commitment

1 you're giving people. These companies, when they sign up,
2 they're expecting dues for two years in a row most of them.
3 So you owe them another year anyway. So you should always
4 go into it with a level funding at the minimum amount you
5 did the year before.

6 If you want to debate whether or not more money
7 goes in, debate it. Put it in late. You can always handle
8 late new money coming in. But the money that's there needs
9 to be handed out early. It needs to be handed out
10 effectively. And it needs to be handed out in a time frame
11 that meets these big companies.

12 We're talking about Comcast, PECO, large
13 companies that cannot write a check, you know, just because
14 we pick up a phone and tell them to. It takes time to get
15 it through the system.

16 So a lot of the things that I'd like to see going
17 forward is into these laws that there's minimum funding
18 every year for the program, there's timelines and deadlines
19 for when the letters need to go out so that we can properly
20 inform companies and get the ball rolling because it still
21 takes time to follow up on these companies.

22 But the impact it has for us next year, at least
23 1,000 to 2,000 kids will not receive scholarships, easily
24 1,000 kids. And that's if we don't get any more funding
25 in. We're still expected to pick up a little bit more.

1 But we'll never hit 16.8 or 17 million dollars, which is
2 what we hit last year.

3 EXECUTIVE DIRECTOR BANKS: Thank you, Bill
4 O'Brien.

5 At this juncture I'd like to defer to Jennifer
6 Schoener, Executive Director, Upper Darby Arts and
7 Education Foundation.

8 EXECUTIVE DIRECTOR SCHOENER: Good morning.

9 I want to thank everyone for having me here this
10 morning. My name is Jennifer Schoener. I am the Director
11 of the Upper Darby Arts and Education Foundation, which is
12 a public school foundation. We are non-profit, 501(c)3.
13 We were formed when the budget cuts started coming and we
14 needed to improve the quality of our educational and
15 cultural programs in the Upper Darby School District.

16 When we were created in 1998, since then we've
17 granted over 1,000 grants reaching almost \$2 million and
18 are operated by an independent board of directors who are
19 all volunteer.

20 The foundation -- we don't depend on the
21 taxpayers for our funding. We operate completely
22 separately from the school district. All funds are raised
23 by us that support educational programs in the school
24 district.

25 Our concern is new sources of income have become

1 necessary to continue to provide important programs and
2 services. A lot of the communities across the nation now
3 have their education foundation. And Upper Darby happens
4 to be one of the leading public school foundations in the
5 State of Pennsylvania. And we're very proud to be one of
6 the few that include the arts as well as education.

7 So as we're talking about EITC here today, I
8 think a lot of people don't realize that EITC benefits
9 public school programs as well. And as I stated before, we
10 were created when the budgets were being tightened. And
11 EITC allows us to fund several programs within our district
12 that we wouldn't be able to provide for the students
13 otherwise.

14 We believe that it's imperative for kids to be
15 well rounded. That's why -- you probably heard in Upper
16 Darby that arts and music were one of the first things on
17 the chopping block in our district a few years ago. And
18 this is why the foundation is so adamant about, you know,
19 encouraging kids to be creative and keeping arts in the
20 schools and providing supplemental arts programs to keep
21 kids involved in the district.

22 A couple of the things that I wanted to present
23 to you were the programs that we have for our kids through
24 EITC funding. A primary one right now is what we call the
25 K-2 Literacy Initiative. And we are currently partnering

1 with the Upper Darby School District to put technology into
2 the hands of kindergartners, 1st and 2nd graders, so that
3 we can help them all read by the end of 1st Grade.

4 You may or may not know, Upper Darby has more
5 than 83 different languages. So it's very common for a
6 kindergartner to come in and speak three different
7 languages, but yet he is supposed to be able to read and
8 write English by the end of 1st Grade. That's what we work
9 with every day. That's why this is such a huge benefit to
10 have this EITC funding.

11 And we have over 50 percent of our students are
12 meeting low-income status by the Federal Free and Reduced
13 Lunch Program. So we have a huge challenge in our district
14 with over 12,000 students. And the K-2 Literacy Initiative
15 is our latest initiative to help support the district to
16 meet these challenges.

17 Artistically, we've created the Schoener Musicman
18 Camp in the past four years, which is not meant to replace
19 the music in schools but meant to supplement it. And we
20 offer it to kids in the community with scholarships. And
21 we also reach out and give them lessons and instruments if
22 they can't afford it otherwise. But in that large
23 district, there's a huge amount of talent that we want to
24 keep going.

25 Some other arts programs that we offer are Arts

1 in Residence and Arts on Stage Programs. And what we do is
2 we've granted numerous mini grants to keep the arts going
3 in our district. And we bring in a lot of outside
4 performers and composers and dancers.

5 But we want to take advantage of resources like
6 the National Endowment for the Arts and the Pennsylvania
7 Council on the Arts. And the tax credit contributions
8 enable us to provide the matching funds that are necessary
9 to participate in some of these programs.

10 Also on the more scientific side, we have a
11 robotics team which is supported by EITC funding, which has
12 been a national championship first robotics team in the
13 past several years. We also have engineering programs
14 where we've had at least 300 graduates that are now
15 engineering majors and engineers in the profession that
16 have gone through this supported program.

17 We have dual-enrollment programs with Delaware
18 County Community College where high school students have an
19 opportunity to take college-level courses while they're in
20 high school.

21 We also happen to have a new one that we would
22 really love to see funded more by EITC. It's called the
23 Let's Get Ready College Prep Program. And this provides
24 college SAT prep courses and college mentoring for kids who
25 are low income who might not otherwise have the opportunity

1 to go. And this program supports them.

2 So I really want to be clear. There's no greater
3 benefit to these public school students than fully funding
4 all these programs that allow them to become well-rounded
5 people. The program is really nice that it benefits
6 non-public schools through scholarships because that
7 doesn't take away funding from basic education and it also
8 benefits some much-needed programs that couldn't exist
9 without foundations like ours.

10 If the tax dollars were collected, they could go
11 into education. That's not necessarily the case. We're
12 aware that revenue goes into the General Fund and can be
13 distributed to many different line items in the budget.
14 And the scholarships allow some non-public schools to
15 remain open. And this helps with overcrowding in our
16 public schools.

17 I would ask you to please implement measures that
18 would allow for the EITC dollars to be funded in a
19 consistent manner, as our donors and our students can't go
20 through what they did last year and wonder if these
21 programs are going to happen or if they will be able to
22 participate.

23 In our case, this was a double hit as public
24 school funding was held hostage due to the long budget
25 impasse. So much of what I talked about in our programs

1 are available on our website at www.udfoundation.org. This
2 is a wonderful program and we support it. But the most
3 important thing is that it is fully funded.

4 Thank you for having me here this morning.

5 EXECUTIVE DIRECTOR BANKS: Thank you, Jennifer.

6 I'd like to call Mr. Sean McAleer now to testify
7 from the Pennsylvania Catholic Conference.

8 DIRECTOR McALEER: Good morning.

9 Thank you, Chairman Saylor, Chairman O'Neill,
10 Chairman Roebuck, and Chairman Wheatley, for holding this
11 session.

12 My name is Sean McAleer. I'm from the
13 Pennsylvania Catholic Conference. I'm the Education
14 Director. What that means is I oversee policy for all the
15 bishops in Pennsylvania in the education spectrum.

16 The EITC and OSTC have been just unbelievable
17 programs for Catholic schools. They help keep several
18 students in our schools, keeping those schools vibrant and
19 open.

20 This year has been extremely challenging, not
21 only for the students and for the parents, but for all -- I
22 didn't prepare written testimony so I apologize. I'm just
23 going to echo the points that all the panelists made today.

24 The EITC and OSTC not only impacted the parents
25 and the students, but they impacted the Administration. I

1 had to field thousands of phone calls and try to keep
2 everybody up to date on a weekly basis, which usually I
3 don't do on a weekly basis; but for this year, we had to.

4 I actually came out of mass sending an e-mail on
5 Christmas Eve to all my folks because that's when the
6 Governor said he would approve the letter. So I had to get
7 that out right away. And I got into a little dispute with
8 my wife sending an e-mail right after mass, but I had to do
9 it. This is something that needed to be done.

10 Like I said, it was extremely frustrating this
11 year trying to get over these challenges. And anything
12 that you can do to prevent that from happening in the
13 future, not only would the Catholic school community thank
14 you, but also the public school community, the parents, and
15 the students. We really have to look at this and be
16 looking to make some changes for next year to prevent this
17 from ever happening again.

18 I have eight dioceses in Pennsylvania that offer
19 education. I have about 456 schools across the
20 Commonwealth. And they all benefit greatly from the EITC
21 and OSTC program.

22 So thank you.

23 EXECUTIVE DIRECTOR BANKS: Thank you, Sean.

24 Ladies and gentlemen of this esteemed body, as
25 you can see, this program is critical, again, not only

1 critical to the families, the children, the schools, as
2 well as to, you know, many of the individuals in the
3 community as well that participate in this program.

4 With that being said, the main question that begs
5 to be answered at this juncture is, what can we do? What
6 can we do to ensure that this situation doesn't occur again
7 in the near future? I would, of course, strongly recommend
8 supporting House Bills 1875 and 1876.

9 I will defer to Counsel Dye to explain those two
10 pieces of legislation that are currently being introduced,
11 reviewed, and under consideration.

12 ATTORNEY DYE: Thank you.

13 Good morning, Chairman and Committee members.
14 Thank you for the opportunity to address this issue.

15 You know, House Bills 1875 and 1876, prime
16 sponsor Mr. Santora, the bills will address the issues
17 presented to the Committee today. Very briefly, House Bill
18 1875 would amend the EITC statute to make it clear that the
19 problem that arose regarding the timeliness of applications
20 will not arise again.

21 As you know, the EITC allows for an entity to
22 file an application for either EITC or OSTC funds in the
23 alternative. And due to an unanticipated and, we believe,
24 incorrect interpretation of the law by DCED, when an entity
25 made an application for, say, EITC funding and there were

1 no more funds available, DCED would put their alternative
2 application for OSTC funding in the back of the line.

3 We believe that the law was intended and 1875
4 will make it clear that when an entity does make
5 application in the alternative, if their primary first
6 choice for funding is not available, the application date
7 for their alternative selection would be the same date as
8 the initial application.

9 And that will resolve and alleviate the problems
10 of some entities having their applications put in the back
11 of the line and not being considered.

12 House Bill 1876 would make some additional
13 clarifications to the EITC statute. It would do primarily
14 three things. One, it would make clear that businesses
15 that applied for credits during 2015 could elect to apply
16 the credits for either 2015 or 2016. It's an understanding
17 that DCED had indicated that that is their intent. It is
18 going to happen, but this bill will make certain that that
19 does occur.

20 Second of all, 1876 would require DCED to give
21 written notice of the approval of the application by August
22 15th or within 30 days after filing of the application,
23 whichever is later. And finally, 1876 will require that
24 DCED give written notice of approval within 30 days to the
25 applicants.

1 And that, I think, will help address some of the
2 issues that Mr. O'Brien spoke to with many of the entities
3 not knowing what's going on and giving up the ghost, so to
4 speak.

5 We believe that these two bills are very
6 important. We would ask for your favorable consideration.

7 Thank you.

8 EDUCATION MAJORITY CHAIRMAN SAYLOR: What was the
9 other bill number, 1875 and?

10 ATTORNEY DYE: 1875 and 1876.

11 EDUCATION MAJORITY CHAIRMAN SAYLOR: Okay.

12 EXECUTIVE DIRECTOR BANKS: In closing, before we
13 open it up for questions -- I'm sorry. Is there someone
14 else?

15 CO-CHAIRMAN HOLTZ: Elliott Holtz.

16 Thank you. Chairman, I apologize for getting in
17 late. I was outside in the line.

18 I'm filling in today for Aaron Troodler, who was
19 unable to be here today. My name is Elliott Holtz. I'm
20 the Co-Chairman of the OU Advocacy Center of Pennsylvania,
21 also the Chairman of the Foundation for Jewish Day Schools
22 of Greater Philadelphia, and the Chair of Development on
23 the Executive Board of AIM Academy in Conshohocken, which
24 is a school for children with learning difficulties.

25 And the importance of these programs to all of

1 our schools is something that cannot be overstated in any
2 way. The Foundation for Jewish Day Schools was formed as a
3 scholarship organization in 2001 and has become the life
4 blood of many, many children in the Philadelphia Jewish
5 community being able to attend schools of their choice.

6 Over 40 percent of our children are eligible for
7 the scholarships. So we have a population of extreme need
8 in some locations that would otherwise be attending failing
9 schools in Philadelphia and then other situations where
10 families simply can't afford the cost of the education.

11 In AIM Academy, over 40 percent of our students
12 qualify. And these are students with special needs where a
13 Special Education and a research-based school like AIM is a
14 lifeline to keep these children able to function in
15 society. And without the funds, we would not be able to
16 offer the scholarships that we do.

17 The combination of the budget impasse and the
18 holding back of the letters created absolute havoc in our
19 communities to all of our schools where students, teachers,
20 families, corporations were all on vacation, almost
21 impossible to reach. We worked very hard with the
22 Governor's Office to try to get the letters released.

23 On the 24th, at that point, we lost many of our
24 corporate contributors. Even when the letters came out and
25 they were conditional, companies said, look, we can't

1 function on this basis. And from the school perspective,
2 schools had made commitments to families back this time of
3 the year on the consistency and expectation of this bedrock
4 foundation for the schools.

5 So not only was it for the students, but jobs for
6 teachers, pension plans, welfare plans, were all predicated
7 on the funds that were committed to.

8 We worked nonstop. We didn't let some of our
9 staff go on vacations in the schools. I mean, that's the
10 least of it. But the inconsistency in offering students
11 the ability to come back to the schools left people in a
12 terrible situation.

13 One of our board members at AIM is a chairman of
14 a bank. He said he has never seen such a request from
15 institutions pleading for money at the end of the year to
16 make payroll to cover mortgages and buildings.

17 So I guess I'll leave it as the havoc wreaked was
18 immeasurable and something that we desperately need to come
19 up with solutions so that that doesn't happen again.

20 I won't continue on. People have made some
21 pretty strong statements. But if there's anything that can
22 be done that solidifies this so that it's removed from the
23 process and the timing, it would be tremendously
24 appreciated by not only the families who receive the
25 support but by the lay leaders to run these community

1 organizations, unpaid staff that's given up our time, to
2 make these students available to the education that fits
3 for them, and also from the schools so that there's
4 consistency and reliability on their planning process, not
5 only for the students but for every other process in the
6 eco-system of the school that was severely impacted.

7 So we appreciate the time and the hearing. We
8 would be happy to take any questions.

9 EXECUTIVE DIRECTOR BANKS: Thanks.

10 Gentlemen and ladies, of course, in closing, I'd
11 just like to put like a real face to this issue. And this
12 is a quick story. It's about -- we'll call him Jake just
13 for the sake of argument -- little Jake.

14 See, little Jake could live anywhere. See,
15 little Jake lives in Pittsburgh. And he lives in York. He
16 lives in Philadelphia. He lives in Allentown, Reading,
17 Lancaster.

18 See, little Jake attends a failing school. But
19 before he goes to that school, little Jake has to pass
20 through sometimes gangs. He has to pass through violence.
21 He has to pass through drug dealers every day to go to
22 school.

23 But Jake's mother is at home sometimes, because
24 he's a latchkey kid. And the reason why I say sometimes is
25 because she has, like, two, three jobs just to put food on

1 the table because that's Jake's mother and that's what she
2 wants to do, provide the best possible situation for her
3 child.

4 So one day Jake comes home. Of course, he
5 doesn't expect anyone to be there. And he sees his mother
6 sitting on the couch. And while she's on the couch, she's
7 actually sitting there with tears streaming from her eyes.

8 And, of course, like most boys, when it comes to
9 their mothers, it's like, Mother, why? Why are you crying?
10 What's the situation? What is going on? She said, Jake,
11 I'll tell you what. I want you to go into the bedroom and
12 you know where I keep all the important documents in my
13 closet up on the top shelf. I want you to go on the top
14 shelf. And there's an envelope in there. I want you to
15 get it out.

16 So Jake, of course, being the obedient son that
17 he is, he goes into his mother's room. He looks. But
18 again, remember I said he's a small guy. So Jake looks and
19 says, man, I can't get that. So he goes and looks in the
20 corner and see s a stool. He pulls the stool up, steps on
21 the stool, and goes to reach them. But yet, he's not yet
22 quite tall enough so he can't reach the envelope.

23 So then, of course, he surveys his surroundings
24 again. And he looks in the corner and he sees this old
25 family Bible. It's real huge. It's a huge family Bible.

1 So Jake goes, grabs the family Bible, takes it over to the
2 little bench, the stool, sits it on top of the stool. And
3 he looks around to see if his mother is in the area. She's
4 not there. He's like, oh, great.

5 So what he does, he steps on top of the Bible and
6 he goes to reach. But just as he reaches, his mother says,
7 stop. Wait right there. And Jake's heart, of course,
8 immediately drops. And she said, Jake, before you reach up
9 there, I want you to know you're going to deal with a lot
10 of trials, tribulations, and difficulties in life. But as
11 long as you stand on that Bible and stand on what's right,
12 you'll be able to accomplish and achieve your goals.

13 Now, I know this is a legislative body. I know
14 we're not supposed to talk about religion, bibles, or
15 anything else. But I'll tell you what, sometimes it is the
16 right thing.

17 So Jake reaches up there in that box. He pulls
18 out the letter. And, of course, it's a scholarship
19 notification that he received a scholarship to attend the
20 school of his or her choice.

21 See, the thing is, all I'm asking you to do is
22 stand and do what's right. That's all we want up here. We
23 want you to do what's right. We want you to continue
24 supporting this program. We want you to make the
25 legislative changes necessary in order to help the Jakes

1 that live in Allentown, the Jakes that live in
2 Philadelphia, the Jakes that live in Reading, the Jakes
3 that live in York, the Jakes that live throughout the
4 Commonwealth of Pennsylvania.

5 So just continue to do and stand on what is
6 right. Thank you. And we're open for questions.

7 EDUCATION MAJORITY CHAIRMAN SAYLOR: Mr. Banks,
8 you're welcome to use the Bible anytime in front of this
9 Committee.

10 Chairman Wheatley.

11 FINANCE MINORITY CHAIRMAN WHEATLEY: Well, first
12 of all, that Jake in that story was way more obedient than
13 I've ever been in my life.

14 But listen, I wanted to just commend all of you
15 for your testimony and your presentation. I can tell you,
16 as one of the members that have been very supportive of the
17 EITC and other tax credits, it is not an easy thing to
18 listen and hear how the program may have taken some hit
19 last year.

20 One of the questions I have -- and it's really
21 probably a procedural question. I'm not sure if the
22 Administration or the budget folks were asked to be a part
23 of this, because I would like to know if, in fact, this
24 historically has been the case. I know I've been through
25 some budgets that have gone past our deadline. I'm not

1 sure if it's because of the length of this past budget
2 deadline that this caused this timing issue or has this
3 happened before where this practice has become the normal
4 practice?

5 You're shaking your head, Chairman. It's never
6 happened before?

7 EDUCATION MAJORITY CHAIRMAN SAYLOR: It's never
8 happened before.

9 FINANCE MINORITY CHAIRMAN WHEATLEY: So every
10 other budget impasse that we've had, even the one in 2009,
11 the letters came in, they were awarded, and they were
12 allowed to process the same year?

13 EDUCATION MAJORITY CHAIRMAN SAYLOR: Yes. Under
14 Rendell, yes.

15 FINANCE MINORITY CHAIRMAN WHEATLEY: Under
16 Rendell.

17 And so one of the issues -- I'm not sure if we
18 will ever anticipate another nine months', ten months'
19 delay in the budgetary process and if we are changing laws
20 that are only necessary in the chance that we go through
21 another nine-, ten-month delay, which I assume would mean
22 we all break down.

23 Because here's the problem, at least as I see it.
24 It's hard to imagine tax credits are us saying to the
25 business community, instead of you paying your fair share

1 to our General Fund, we're going to allow you, because we
2 think these issues are so -- and we have. At least in my
3 county, there's like 15 special little funds that are tax
4 credits or tax incentive things outside of just the two
5 you're talking about.

6 So will you look for a change in all of those so
7 once we hit that application process for all those other
8 tax credit programs, they should all be awarded
9 irrespective of what we're going through in the budget
10 situation? because I was always told that everything in
11 this budget becomes a budget discussion, even the tax
12 credits, if, in fact, the General Assembly deems in a year
13 we can no longer afford what we are paying for.

14 So even though I heard someone earlier say, these
15 are two-year commitments, they're actually not. I mean,
16 even though we set the program up to say that you can go in
17 for a possibility of a second year, it's up to the General
18 Assembly in its wisdom to deem if they want to fund it or
19 not.

20 So for me, there's nothing against your worthy
21 programs. We would love to have all of your worthy
22 programs to continue. The question is, how do you make
23 sure this process and the men and women who are a part of
24 it are willing to fund it in the way that secures you?

25 Again, I don't know if we'll ever see another

1 nine-, ten-month delay as we've done in the past. And
2 should we set a law to lock us in to not only all your tax
3 credits, but I'm assuming that would lock in all of the tax
4 credits that are available.

5 If I'm a person who's looking for historic tax
6 credits -- and I know we zeroed them in the last couple
7 years. But say we put \$5 million in the tax credit
8 available, then I want mine locked in, too.

9 So I guess that's a question not for you all.
10 It's a question for us. And I'm not sure if making a law
11 is necessary or is it changing our behavior in this process
12 that's necessary?

13 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman
14 Roebuck.

15 EDUCATION MINORITY CHAIRMAN ROEBUCK: Thank you,
16 Chairman.

17 Mr. Banks, you got my attention with Jake. And
18 what got my attention was the description of a student
19 living in a violent neighborhood, failing schools, and so
20 forth. But I'm not certain how EITC necessarily addresses
21 that.

22 As I look at requirements of the laws we wrote,
23 it says that the eligibility is based solely on family
24 household income. There's no requirement that the student
25 must be in a low-performing school or experience academic

1 difficulties.

2 I wonder how many of the students that get EITC,
3 in fact, are the Jakes that you described or how many are,
4 in fact, not the Jakes that benefit from this program?

5 EXECUTIVE DIRECTOR BANKS: Well, Chairman
6 Roebuck, I can speak to that issue.

7 EDUCATION MINORITY CHAIRMAN ROEBUCK: Okay.

8 EXECUTIVE DIRECTOR BANKS: I know for a fact that
9 at least -- what's the number? -- 23,900 are Jakes for a
10 fact because that's OSTC. Those are all students coming
11 from failing OSTC. That's part of the legislation, of
12 course, that you have.

13 EDUCATION MINORITY CHAIRMAN ROEBUCK: But there's
14 never been any accountability on those students. And
15 that's what my problem is. We say that is true. But
16 there's no requirement that, in fact, that is true. And
17 I'm just saying that I think -- I voted for the EITC.

18 EXECUTIVE DIRECTOR BANKS: I know. That's why I
19 was --

20 EDUCATION MINORITY CHAIRMAN ROEBUCK: And I think
21 the intent was that you're dealing with very specific
22 students who are in distress. And there's never been a way
23 of confirming that, in fact, what the Legislature's intent
24 was has, in fact, been fulfilled. That's one of my
25 problems.

1 EXECUTIVE DIRECTOR BANKS: Again, Representative
2 Roebuck, 23,900 children receive OSTC scholarships. Those
3 are the ones that we can affirm that received those
4 scholarships that fit within the category that you're
5 discussing.

6 EDUCATION MINORITY CHAIRMAN ROEBUCK: And how
7 many are there beyond that who don't fit into that
8 category?

9 EXECUTIVE DIRECTOR BANKS: Those numbers have yet
10 to be broken down by the Department of Community and
11 Economic Development, who, I might add, does an excellent
12 job. I don't know if you appropriate enough to that office
13 and department. Jim O'Donnell and the rest of his team are
14 phenomenal to work with and they've been great throughout
15 this entire process.

16 EDUCATION MINORITY CHAIRMAN ROEBUCK: So we have
17 some we can confirm and a whole sort of nebulous group we
18 can't. That's a -- again, I don't want to beat this. I'm
19 not going to get an answer. I don't think I'm getting an
20 answer.

21 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman, if
22 I can interrupt for a second.

23 EXECUTIVE DIRECTOR BANKS: If I can --

24 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman.

25 EDUCATION MINORITY CHAIRMAN ROEBUCK: I'll yield

1 to the Chairman.

2 EDUCATION MAJORITY CHAIRMAN SAYLOR: We invited
3 the Department of Community and Economic Development so
4 that we could get those things. They declined to appear
5 today to answer our questions on those kinds of things. So
6 it wasn't that we didn't invite everybody here. We invited
7 everybody to come today and testify.

8 And the ones who are testifying on the two panels
9 are the only ones who were willing to come forward today.

10 I just wanted to let you know that.

11 EXECUTIVE DIRECTOR O'BRIEN: If I can just make a
12 comment in terms of target groups and where this funding is
13 going.

14 Within BLOCS we served 20,000 applications for
15 last year and gave out \$16 million and over 11,000
16 scholarships. The average scholarship is between fifteen
17 hundred and two thousand dollars. That fifteen hundred,
18 two thousand dollars makes it affordable for a family to
19 pick their school and stay in school. Most of these
20 families pay something to go to the school. So they're not
21 getting a free ride.

22 I can tell you that last year 60 percent of the
23 families that we served earn less than \$60,000 a year --
24 \$50,000 a year. I'm sorry. And 32 percent of them earn
25 less than \$30,000 a year. So we're targeting the most

1 needy families in the toughest neighborhoods.

2 OSTC has a requirement that the family also go to
3 a failing school. So in other words, we have to screen
4 their income. And then we have to match that income
5 against the neighborhood school that they would normally
6 attend.

7 If they attend a school that is deemed failing by
8 the Department of Education, which we match their address
9 and their school to the Department's list, if that school
10 is on the failing list and they meet the income
11 requirement, we can give them a scholarship.

12 So that's how we match it. It's all done through
13 a process and a system that we -- and, you know, I can show
14 you the names of the kids, down to the names of the kids
15 and who got the money in terms of where it's going.

16 But in general, you know, we're targeting a very
17 poor market, a very poor low-income environment. I feel
18 very confident that the funds are going where they're
19 supposed to go.

20 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman
21 O'Neill -- oh, I'm sorry, Sean. Go ahead.

22 DIRECTOR McALEER: Just to let you know,
23 Representative Roebuck, all the diocese work on need. I
24 have eight SOs in every diocese. They work on need. The
25 lowest income students are the ones getting the most of the

1 scholarship dollars. That's the way it always has been.
2 That's the way it always will be.

3 You can check with DCED because they ask for
4 every scholarship that we give. There's records and
5 everything else. So they would have the records that you
6 would like.

7 Thank you.

8 EDUCATION MAJORITY CHAIRMAN SAYLOR: Yes, go
9 ahead.

10 CO-CHAIRMAN HOLTZ: Also, Chairman Roebuck, we
11 are very careful in all the schools that I work with. We
12 actually use a third-party evaluation firm so there's
13 consistency and objectivity so that we're not looking at
14 students that we might know or not know and make decisions.

15 Everybody is required to submit data on the same
16 basis. We do track for each student what school they would
17 otherwise go to for OSTC. We're very strict on the income
18 requirements. We give our neediest students -- we actually
19 kind of rack and stack them. And those that are most needy
20 fall into the most needy tier. There's five tiers for the
21 Jewish day schools.

22 So we evaluate compared to other families. And
23 we have that reporting data. So we're actually very
24 comfortable that the OSTC students are eligible to go to a
25 failing school. We track it. And the same thing on the

1 income for everybody else.

2 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman
3 O'Neill.

4 FINANCE MAJORITY CHAIRMAN O'NEILL: Just real
5 quick.

6 I got a little confused by little Jake. So
7 you're talking the little Jakes who attend failing schools?

8 EXECUTIVE DIRECTOR BANKS: Yes.

9 FINANCE MAJORITY CHAIRMAN O'NEILL: Because my
10 whole thing is -- and I taught at Simon Gratz High School
11 in Philadelphia -- I don't care what school you go to. You
12 still have to go home to that same neighborhood.

13 EXECUTIVE DIRECTOR BANKS: That's right.

14 FINANCE MAJORITY CHAIRMAN O'NEILL: Okay. You
15 still have to go home to still maybe the same dysfunctional
16 parents, the whole nine yards.

17 EXECUTIVE DIRECTOR BANKS: Absolutely.

18 FINANCE MAJORITY CHAIRMAN O'NEILL: Okay. So
19 it's only failing schools.

20 My second question is, if you have a child in one
21 of those neighborhoods who lives -- who attends a failing
22 charter school, do they qualify?

23 EXECUTIVE DIRECTOR BANKS: Yes.

24 FINANCE MAJORITY CHAIRMAN O'NEILL: Okay.

25 EXECUTIVE DIRECTOR BANKS: Absolutely.

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FINANCE MAJORITY CHAIRMAN O'NEILL: All right.

Thank you.

EDUCATION MAJORITY CHAIRMAN SAYLOR:

Representative Santora.

REPRESENTATIVE SANTORA: First, I'd like to thank the panel. I have worked with many members of this panel on different initiatives.

Jen Schoener is being modest in her testimony. She does an unbelievable job with the students of Upper Darby School District through her music and arts programs and really integrates learning through those processes.

My son has had the benefit of attending, which I will, in full disclosure, we paid the full fee. But the program is absolutely phenomenal.

And I've worked with Bill O'Brien, Otto, Sean, back in 2012 when the Archdiocese of Philadelphia was going to close four high schools and multiple elementary schools. And I was in the middle of it all. I worked for a guy by the name of Brian O'Neil at the time, who was credited with saving those schools through his efforts.

Actually, we worked with the Jewish Federation as well because many of their donors stepped up big time to keep those schools open. And EITC and OSTC was a big part of that with the commitment that that program would go forward on a regular basis.

1 Had those schools closed, the impact on public
2 schools would have been significant. The overcrowding in
3 some of our schools, a school district like Upper Darby
4 School District -- I won't even talk about Philadelphia
5 School Districts for a minute. I'll talk about Upper Darby
6 School District. As you heard, we have 83 first languages
7 spoken in our schools.

8 If Bonner Prendie next door had closed, we
9 estimated about 389 of the students would have ended up at
10 Upper Darby School District out of the 1,000 that were
11 there. The rest would have disbursed to other Catholic
12 schools, private schools, etc.

13 But 389 schools in a school district that already
14 has almost 4,000 kids in the high school would have made a
15 big impact on the school district. We have not heard about
16 the Archdiocese schools threatening to close their high
17 schools since until this year when there was a fear that
18 that 16 million or 17 million that BLOCS get and then
19 there's other organizations. There's Bridge. There's many
20 other groups that the southeast benefits from.

21 We're fearful of not receiving that money. They
22 would not have been able to overcome those funds. So I
23 believe we aren't changing the law. I believe we are
24 clarifying the existing law to make sure that these
25 programs are fully funded. And the point of the check the

1 box was because at one time OSTC was not selling out and
2 EITC was.

3 Now, we didn't want to see that money just go
4 back into the General Fund. We wanted to see it helping
5 the poorest of the poor. So that check-the-box option was
6 an excellent option for businesses.

7 What wasn't fair was if a business -- if EITC
8 sold out in two days and OSTC did not, what would happen is
9 on July 2nd, a group gets their application in, they're
10 already sold out of EITC. They should be on July 2nd for
11 their OSTC application. We don't want to lose these
12 businesses that want to contribute because they got knocked
13 off the program completely.

14 So again, I thank you all for having this
15 hearing, all four Chairmen. I really do appreciate it. I
16 think this is an important piece of legislation that
17 clarifies. And I want to thank all the panelists for being
18 here.

19 EDUCATION MAJORITY CHAIRMAN SAYLOR:

20 Representative Davidson.

21 REPRESENTATIVE DAVIDSON: Thank you, Mr.
22 Chairman.

23 Thank you to all the Chairmen. And thank you to
24 all of the presenters that are here today. I want to
25 commend you for your testimony. And I want to single out

1 my friend, Jennifer Schoener, and the amazing job that she
2 does with the Upper Darby Education and Arts Foundation.

3 In 2011 when I was first in the Legislature, in
4 2012 when the movement started to save Upper Darby Arts, I
5 was at the forefront of making sure that those programs
6 were saved along with my colleague on the other side of the
7 aisle, Nick Micozzie.

8 And so I know how vitally important Arts
9 Education is in the Upper Darby School District. And I
10 also know how important it is that children learn to read
11 before Grade 3.

12 We talk a lot about closing the pipeline to
13 prisons, the school-to-prison pipeline. We talk a lot
14 about it. But it's time to be doing something about it.
15 And this program helps to provide the education curriculum
16 that supports making sure that every child has an
17 opportunity to read in the public schools, which is the No.
18 1 place where families want to send their children to
19 school.

20 And I just think it's so vitally important that
21 we understand that the No. 1 correlation on performance is
22 low income. That is irrefutable. So we know that the
23 chances that a child will be in an area where you have a
24 low-performing school is if that neighborhood is low
25 income. And so there's no question about that.

1 So these programs, OSTC that I fought to make
2 sure that we had in 2011, 2012, you know, personal
3 sacrifice, political sacrifice, to make sure that children
4 with low to moderate incomes have access to a high-quality
5 education.

6 And I'm just sorry that most of the people on my
7 side of the aisle have already left the room. I know this
8 is televised but I'm saying it. And so therefore it is
9 very, very important that we continue these programs,
10 because what's important to me and the people that I serve
11 is that every child has access to a high-quality education
12 regardless of zip code. And this is one of the programs
13 that is providing it at a very low cost to the
14 Commonwealth.

15 Corporations, as you all have testified, can find
16 a tax shelter in a million different places. They're going
17 to find tax shelters. There's many tax shelters that they
18 can choose.

19 But I am very appreciative of the corporations
20 that decided to invest their money, their profits, in
21 education and making sure that low-income children have
22 access to that education. So I'm very supportive of the
23 program. I'm very supportive of making sure that there's
24 no disruption to the program.

25 And I had a lot of conversations with our

1 Governor to make sure that those dollars got to the folks
2 that need them most and that those corporations could
3 fulfill their commitment because they made a commitment to
4 all of you. And that commitment should have been
5 fulfilled.

6 So I'm very supportive of seeing the program
7 continue without disruption. And I will be a leader on
8 that issue as I have been for the last five years.

9 Thank you.

10 EDUCATION MAJORITY CHAIRMAN SAYLOR:

11 Representative Christiana.

12 REPRESENTATIVE CHRISTIANA: Thank you, Mr.
13 Chairman.

14 And to the four Chairmen, thank you for your
15 leadership and having this hearing today.

16 And, panelists, thank you for taking time out of
17 your schedules to be here.

18 I'll start with a pretty broad question about the
19 programs, but specific in nature to the number of
20 scholarships that are awarded between the two programs
21 annually. Do you have that, whether it's an average or
22 last -- let's use the last year.

23 EXECUTIVE DIRECTOR BANKS: The average for EITC
24 is at least 40,000 annually. And for OSTC -- it's over
25 40,000 with EITC and over, I'd say, about 18,000 for OSTC.

1 REPRESENTATIVE CHRISTIANA: Thank you.

2 And I think it's important to point out that we
3 have 255,000 students in Pennsylvania's public schools.

4 When you look at that percentage of roughly -- I
5 think that's about 20 percent of those students receiving
6 scholarships, I think those numbers validate that these are
7 going to the most needy families and those that can't
8 afford it. And those that can afford the tuition to go to
9 these private schools, well, clearly they're probably in
10 that 80 percentile.

11 And one of the criticisms we heard pre-OSTC, one
12 of the criticisms we often heard was that there was no
13 guarantee in the EITC Program. There's no legal
14 requirement that those funds go to low-income families
15 residing in the chronically underperforming traditional
16 public schools.

17 And it's one of those things that it's a
18 criticism that's really hard to prove, prove that it's not
19 happening, similar to prove that you're not cherry picking
20 the best and the brightest. Those are oftentimes
21 criticisms that are very difficult to prove.

22 So what did we do? We created a legal
23 requirement. We created a specific program to address that
24 criticism. We created the OSTC program, a program that
25 only applies to low-income families that reside in the

1 bottom 15 percent of our traditional public schools.

2 And I think that was responsible when it
3 happened. And I think it's responsible that we maintain
4 it. And I think, when appropriate, we increase it
5 proportionally to those students that are within our public
6 schools -- or excuse me -- proportional to those in our
7 private schools compared to our public schools.

8 If we look at the funding, while 20 percent of
9 our kids are in private schools today, they don't receive
10 nearly 20 percent in the funding. In fact, they get
11 roughly half of 1 percent of all funding in Pennsylvania
12 education dollars.

13 So to the gentlelady's point about a value, we're
14 saving tens of thousands of lives every single year. And
15 we're doing it for a fraction of 1 percent. I think that's
16 responsible budgeting.

17 And one final point, this word about high-quality
18 education, a high-quality product. And in this situation
19 we're talking about a product that is education. And a
20 high-quality product should be defined by the consumers of
21 those products.

22 And so if we want a high-quality education for
23 our consumers, which would be parents and students, I think
24 we're on the path to doing an even better job. And the
25 reason being, just sitting here, I went through all the

1 different options, the marketplace of choices for our
2 parents.

3 We have Junior Achievement, a Youth Development
4 Organization. We have Arts and Education Foundations
5 within our public schools. We have the OSTC program for
6 low-income families that reside in our underperforming
7 traditional public school system. We have religious-based
8 schools. We have scholarships for private schools that are
9 non-religious based. We have approved private schools for
10 those that are the most severely challenged. We have cyber
11 public schools, public charter schools, 500 traditional
12 public schools.

13 Like me, I'm a product of a traditional public
14 school and I'm very proud of that. But as unique as this
15 Commonwealth is -- and we talk about it all the time, how
16 unique our 67 counties are and our own districts are unique
17 compared to one another. The education needs of those
18 districts are unique as well all the way down to individual
19 families.

20 We should be encouraging choices. We should be
21 encouraging competition. We shouldn't be finding covert --
22 taking folks in elected positions and appointed positions
23 taking covert means to destroy the public choice that we
24 all worked so hard to establish and to maintain.

25 And I'm not saying anybody up here is taking

1 covert means. I think we are having an honest, transparent
2 dialogue about whether or not a program should be funded
3 and at what level.

4 I wish that Representative Santora didn't have to
5 be a leader on this issue this year and propose these two
6 bills. I actually don't think there's a need for his
7 legislation. However, if there is even the smallest
8 inkling of a legislative solution to ensure this never
9 happens again, it is responsible for us to take that
10 measure.

11 And to you, Representative Santora, thank you for
12 your leadership and offering a solution. If we need belt
13 suspenders and another pair of belts and suspenders to make
14 sure this never happens again, then so be it.

15 However, I will offer that I believe somebody
16 testified about making sure that this legislation would
17 prevent us from being in this situation again. My only
18 concern to that is the legislation is only as good as those
19 that are following the legislation.

20 And I believe that we didn't need to have the
21 result that transpired last year. But I do think it is
22 being responsible elected officials by exhausting every
23 legislative solution on the table. I look forward to
24 having the debate and discussion on those bills going
25 forward.

1 Once again, to the four Chairmen, thank you for
2 your generosity and your hospitality today.

3 EDUCATION MAJORITY CHAIRMAN SAYLOR: A comment
4 and a question for you.

5 As Chairman of the Education Committee, I've seen
6 the results of the EITC and the OSTC programs on public
7 schools as well as private and Christian and Catholic and
8 Jewish schools. I visited Upper Darby.

9 And, you know, even in Red Lion we had an Arts
10 Program that you couldn't tell a special needs student from
11 the regular student. They learned math because of the
12 Arts. So I appreciate, Ms. Schoener, what the Arts have
13 done in the public schools as well as anywhere else.

14 I think that sometimes we do look at the Arts as
15 a luxury for our schools. But for many students, it's a
16 reason. It's just like football and baseball and some of
17 the sports that I like -- not very good at the Arts -- but
18 it's a reason for kids to stay in school. And it's okay
19 because it actually encourages them and helps them
20 accomplish many things that they wouldn't do without that.

21 So I want to thank you for the fundraising you've
22 done and all of you through the work you do.

23 The question I have for all of you is,
24 Representative Christiana this year had a bill in that
25 passed the House that would have increased funding for this

1 program by \$100 million. What are your thoughts as far as
2 -- not whether you support it, because I'm sure you do, but
3 the ability to raise those dollars if the General Assembly
4 and the Governor were to agree to increase funding this
5 program after what we've experienced at this point?

6 EXECUTIVE DIRECTOR BANKS: I'd like to defer to
7 Bill O'Brien.

8 EXECUTIVE DIRECTOR O'BRIEN: Within our
9 constituents, the number of applications that were received
10 last year in terms of need, just to give you an idea, you
11 know, 100 million is a good number. We screened 20,000
12 kids last year with a need of \$56 million. So 100 million
13 is probably not enough to serve the entire State.

14 I can tell you that the demand for this program
15 from a community -- you know, this is all measured through
16 the Department of Community and Economic Development. And
17 it's done that way for a reason. The companies get to give
18 back to the community. That's what they like about the
19 program.

20 You've got over 3,000, 4,000 companies I think
21 signed up for this program now. And they do it because
22 they see the impact it has in their community that they're
23 living and residing in.

24 So from that standpoint, we are actively
25 soliciting the companies all year round. We put in over \$5

1 million worth of new applications for companies. On July
2 1st this year, 5 million new dollars came in. We only got
3 about half of that approved. Half of that got approved
4 because we ran out of funding.

5 So there's demand there for the program from a
6 donor standpoint. And there's certainly demand from a
7 student's perspective. So both sides I think are served
8 well if you want to increase the program. And I do think
9 we would sell it out again in a matter of, you know, years.

10 I mean, I think it took two years to sell the
11 OSTC program out. I think it would probably take about two
12 years to sell additional funding out. So there's a lot of
13 demand for it.

14 EXECUTIVE DIRECTOR BANKS: Mr. Holtz.

15 CO-CHAIRMAN HOLTZ: Chairman, I think that of all
16 the schools that I represent, I'd say we probably only made
17 about 40 percent of the qualified applicants in the
18 aggregate. And we have excitement from potential funders
19 who like the idea that there are system schools for --
20 whether it's special needs students or poor families,
21 whatever it is.

22 I think it takes some time to show the
23 corporations. And now thanks to the SPE legislation, we
24 can bring more people in to be involved. And it's not just
25 the money that they give that connects them to the schools

1 and the students but when they write those checks that go
2 to the schools, they get involved. We have visits from
3 Wells Fargo. We have visits from Bryn Mawr Trust. We
4 involve them in the community in the ways that go beyond
5 this that get them involved in the students.

6 So I think it's multifold. But to answer the
7 simple question, yes, I think we could meet both the need
8 with the students and be able to bring up those donors, if
9 you would call it that, or tax movers, whatever choice of
10 words somebody may use, to fill that like we did for the
11 OSTC.

12 And even if you look at the OSTC and that it took
13 two years to use it, the legislation came about so quickly
14 that it was almost past the time that we could fulfill it
15 in that first year. And you can see that it's
16 oversubscribed very quickly thereafter.

17 EDUCATION MAJORITY CHAIRMAN SAYLOR: And I think,
18 as I talked about Ms. Schoener's program, which is in a
19 public school, I think she was right. There's a real
20 misconception that the program is only for private schools
21 or religious schools or such. And this is one of the
22 things I've been encouraging in York County, which is more
23 of our public schools to take advantage of this, to offer
24 programs such as Schoener's program and others, that our
25 public schools know there's new programs that they need to

1 offer and sometimes they can't afford through, say, our
2 property taxes, which are quite high in the State,
3 particularly in my area. So doing these kinds of things,
4 corporations need to be commended as well for what they're
5 doing with Junior Achievement and everything else.

6 What a better investment for any company or
7 anybody than to invest in children. So I want to thank all
8 the testifiers today.

9 Otto, did you have something to say?

10 EXECUTIVE DIRECTOR BANKS: No.

11 EDUCATION MAJORITY CHAIRMAN SAYLOR: Dennis, do
12 you have something to say?

13 PRESIDENT & CEO GILFOYLE: I was going to add
14 just again with an organization like ours, 85 percent of
15 our funding comes from the corporate community. We carry
16 the EITC in our pocket wherever we go. So there's plenty
17 of interest from the corporate community.

18 Again, we have, as I'm sure you've all
19 experienced, a number of corporations that apply every year
20 and don't get approved. So we'd welcome an increase in
21 support or funding for the program certainly.

22 EDUCATION MAJORITY CHAIRMAN SAYLOR: Very good.
23 All right. Thank you to the panel for coming.

24 And if the next panel would come forward as well.

25 Again, if you would introduce yourselves.

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Shari, do you want to start?

DIRECTOR DYM: Sure. Thank you.

Thank you, distinguished panel, for inviting me to speak. My name is Shari Dym. And I am the Director of Development at the Silver Academy since August of this year. My husband and two sons have attended the school and our youngest is still in the school.

The Silver Academy is a Jewish day school that opened her doors on September 11th, 1944. Harrisburg became the first city in the United States to have a Jewish day school teaching both Judaic and secular studies among communities of fewer than 5,000 Jews.

The vision held by Rabbi David L. Silver, of blessed memory, has continued to thrive over the past 70 years. The Silver Academy has educated thousands of students who have gone on to become leaders in medicine, law, the Rabbinate, government, the Arts, education, and all facets of life.

The Silver Academy is an important and integral part of both Harrisburg and Central Pennsylvania communities. Over the last few years, finances have become a significant challenge for the Silver Academy, as it has for many small private schools. As with all small private schools, we face the challenges of keeping our tuition low so that middle-income families can afford to send their

1 children while maintaining the highest standard of
2 education, which requires an influx of non-tuition dollars.

3 We are also committed to educating low-income
4 children who would not otherwise afford to send children to
5 our school, so we have a very, very, very robust
6 scholarship program.

7 We have a number of students from very low-income
8 families and single-parent families who could not afford
9 our school without complete tuition assistance. Our school
10 currently has approximately 60 children in grades K-8. Our
11 students come from all local school districts, including
12 the Harrisburg School District and other local, challenged
13 school districts.

14 Our budget consists of four sources of income.
15 There's tuition, EITC and OSTC. We have the Silver Academy
16 Foundation and our annual contributions.

17 With the Pennsylvania budget impasse and EITC and
18 OSTC dollars that were frozen until December 24th, many
19 businesses chose not to participate in the program for
20 2015. Like many schools, we were forced to borrow money
21 from other sources to cover our expenses.

22 Now it appears that our school will be short
23 approximately 25 percent of our EITC dollars for this year
24 that we had budgeted. This means that we will lose a total
25 of approximately \$70797.20 from lost EITC and OSTC dollars,

1 which is virtually impossible to make up through
2 fundraising.

3 We may also lose funds from businesses that would
4 have contributed to EITC and OSTC but now are reluctant to
5 become involved in the program. This comes when the demand
6 for scholarship assistance is at an all-time high. The
7 shortfall means we will not have the dollars to pay back
8 our foundation for the money that we borrowed to cover
9 expenses while we waited for the EITC dollars to be
10 released, which compromises our long-term financial
11 stability.

12 The result is a snowball effect, as we have fewer
13 scholarships available to our students for next year, since
14 we cannot repay the loans we took from the foundation and
15 the foundation funds additional scholarships.

16 I just got the numbers this morning. We did just
17 have the cutoff for registration for next year for our
18 school. And 57 percent of our students qualify for EITC or
19 OSTC dollars. The failure to pass EITC and OSTC had a huge
20 economic impact on our budget and our ability to provide
21 the scholarships for underprivileged children.

22 We very much appreciate your Committee's concern
23 about this critical need, which does so much good for
24 Pennsylvania's children. Our school, the parents, and the
25 students generally appreciate all of the good that the

1 General Assembly has done and gone through for EITC and
2 OSTC programs.

3 I encourage the Committee to do everything it can
4 to keep EITC and OSTC programs alive and strong and viable
5 for the coming year and the future, as our school depends
6 on upon it.

7 Thank you.

8 EDUCATION MAJORITY CHAIRMAN SAYLOR: Thank you.

9 Ms. Moore.

10 PRESIDENT MOORE: I guess I should say good
11 morning, gentlemen, because the ladies have left.

12 I have to apologize. I'm recovering from
13 laryngitis, so please bear with me.

14 I was sitting over here fascinated trying to
15 think what could I say that would be different because we
16 all have come here with the same issues at hand.

17 The Neighborhood Academy, first of all, is a
18 school dedicated solely to serving low-income kids.
19 Representative Wheatley has been there. 90 percent of our
20 students -- we are a college prep school. We are 12 hours
21 a day, 11 months a year, three meals a day, and two snacks.
22 The two snacks are the most important.

23 90 percent of our students are EITC or OSTC
24 eligible. 80 percent of our students are OSTC eligible.
25 So to address Representative Roebuck, we can guarantee you

1 that all of our students come from low-income families.
2 And these are kids who would not normally be able to access
3 rigorous college prep curriculum.

4 I think the best thing to say about us is that
5 100 percent of our graduates go on to four-year colleges
6 and universities. And 85 percent of them graduate from
7 universities in five years or less.

8 The national statistic for first-generation
9 students is 11 percent, if that puts it in perspective for
10 you.

11 I think what we'd like to say is that -- and
12 something that I think you brought up is -- and I'm sorry.
13 My eyes are bad. Is it Ms. Dickerson? Is it
14 Representative Dickerson? Is that correct?

15 REPRESENTATIVE DAVIDSON: Davidson.

16 PRESIDENT MOORE: Davidson. I'm sorry. I really
17 appreciated your remarks.

18 I think our Jewish fellow over here represented
19 corporate involvement with our schools beautifully.

20 Because corporations fund these scholarships,
21 they get intimately involved with our students. And that
22 is perhaps something that nobody ever thinks about. So
23 when you're dealing with low-income students, there is no
24 natural network to get high-performing jobs and careers.

25 So because these corporations are dealing

1 intimately with all of the students that were represented
2 by these schools here, they become a pipeline.

3 That corporate officer who attends, looks at your
4 kids and your schools, and says, we'd love to hire you,
5 we'd love to give you an internship, we'd love to give you
6 a pathway so that when you graduate from college, you have
7 an avenue by which you can then work for Eaton Corp or a
8 PNC or, you know, Enterprise Leasing, or fill in the blank.

9 And that is a network and a pathway our kids
10 simply would not have if these corporate partners were not
11 intimately involved with us on a day-to-day basis. And
12 that is the law of unintended consequences that has been
13 the beautiful thing that's been the result of EITC and
14 OSTC.

15 So I think if you cut off that ability of
16 corporate partners to intimately be involved with kids who
17 they never would meet otherwise, you are not only doing a
18 great disservice to the corporations who, I think you're
19 right, they'll find another way to divert their tax dollars
20 somewhere else.

21 So we now have allowed them to be tremendous
22 partners, to meet these kids, to offer them internships.
23 And I think we'd do the State a great disservice if we
24 didn't look long and hard about that. And believe me,
25 these corporate partners are getting choosy. They don't

1 want -- even though the provisional letters were issued at
2 the end of December, they would not issue their letters
3 until they got absolutely clearcut directions from DCED
4 that those tax credits were going to be good.

5 So they're very anxious. They're very nervous.
6 They got their lawyers ready. And I think we need to be
7 aware that we need to make this program something that they
8 can depend on.

9 And so consequently I'm in favor -- obviously,
10 we're all in favor -- of 1875 and 1876.

11 Thank you.

12 VICE PRESIDENT COLISTRA: Good morning.

13 My name is Paul Colistra. I serve as the Vice
14 President for Institutional Advancement, West Catholic
15 Preparatory High School. We are located in West
16 Philadelphia at 45th and Chestnut, Chairman Roebuck's
17 District, right around the corner, Baltimore Avenue.

18 We are a coed high school, a member of the
19 Philadelphia Archdiocese. We were one of the Catholic high
20 schools -- one of the four Catholic high schools previously
21 mentioned that were slated for closure four years ago.

22 We are a population of 365 students. They
23 largely come to us from west and southwest Philadelphia .
24 We will be 100 years old next year. And we have always for
25 all 100 of those years made it a mission to serve that

1 community, so everything west of 30th Street down to south
2 and southwest Philadelphia.

3 We are a face. It's almost as if the legislation
4 for the Opportunity Scholarship Tax Credit Program was
5 written with a school like ours in mind. We largely serve
6 children that would otherwise attend Overbrook, Bartram,
7 West Philadelphia High School, some of the most
8 underperforming and dangerous, quite frankly, high schools
9 in our city -- in our State, really.

10 So 94 percent of our high school seniors move on
11 to college versus a citywide rate that's less than 50
12 percent, as many of us know.

13 So we are, again, largely the face of the
14 program. We consider ourselves a beacon of hope in West
15 Philadelphia. We distribute \$1.4 million of financial aid
16 and scholarships each year to make tuition affordable for
17 our children. Close to a million of those 1.4 dollars come
18 through this tax credit program.

19 So without that support, we would probably lose
20 about 225 of our students immediately overnight into the
21 surrounding public schools that we like to pull them out of
22 and give them opportunities into our schools.

23 Many of our children would not absorb into higher
24 performing charters. And many of our children would not
25 absorb into local Catholic schools.

1 With funding, additional funding, I would like to
2 say that our waiting list -- interest is not our problem.
3 Our problem is the ability for our families to be able to
4 pay for our \$8,000 tuition.

5 Our median income is about \$31,000. We are
6 largely single-parent, multiple-children families. So
7 \$8,000 tuition is just undoable for 93 percent of our
8 families that receive aid.

9 So the program, again, it's as if it was written
10 with us in mind. We are taking full advantage of engaging
11 the corporate community. Many of them have gone on to
12 serve bigger roles in our community, as many of our
13 panelists have mentioned. Many continue to serve on our
14 Board of Trustees, working after-school programs, turning
15 into coaches.

16 We just recently developed a mentoring program
17 that our tax credit partners formed amongst themselves
18 because they wanted to do more. So we have about 27 of our
19 organizations that are going to work and serve in some form
20 of a mentoring program this coming school year.

21 Thank you.

22 TREASURER DYM: Chairmen, gentlemen, ma'am, thank
23 you for inviting us here this morning.

24 I can regurgitate and reread what's Mrs. Dym has
25 already said, but I won't do that. I would like to comment

1 on what Mr. McAleer had said earlier regarding whether EITC
2 was going to come through at the end of the year, where
3 they had collected about \$800,000, which immediately jumped
4 to 11 million or so. They expect to be about 2 million
5 short. 2 million is a big number for them.

6 We expect to be seventy to one hundred thousand
7 dollars short. Incrementally, that's probably a larger
8 percentage for the Silver Academy, being a much smaller
9 school with only a \$2 million budget.

10 OSTC/EITC we would greatly appreciate seeing the
11 OSTC level, the maximum level allowed, eliminated and
12 taking that up to EITC where we could garner full dollars;
13 otherwise, we have money that rolls from year to year. And
14 if we don't use it as it's given by the businesses, we lose
15 it.

16 Regarding a comment on budget impasse, in prior
17 years, DCED has not gotten letters out to businesses until
18 September, October, sometimes November of these years.
19 Again, as Treasurer, that is a hampering to our cash flow
20 where we're looking for dollar s upfront to allow us to
21 spread it out through the balance of the year.

22 This year we had to -- while waiting for DCED
23 letters to come out and the state budget impasse to finally
24 be concluded, we had to go ahead and borrow funds in
25 advance from our foundation. Borrow is not really a great

1 word to use there because we don't pay it back.

2 They come to us. And I'll fund the school in its
3 operations. So any earnings that those funds would have
4 received in the foundation at 5 percent, 8 percent, 10
5 percent, and keeping those dollars in for an annual period,
6 we lose ten, twenty, thirty thousand dollars of earned
7 income into that foundation that's unrecoverable.

8 That puts us in a very difficult situation for
9 the families who we do give scholarship dollars to
10 throughout every year.

11 Thank you.

12 EDUCATION MAJORITY CHAIRMAN SAYLOR: Just a
13 comment. I visited several schools in Philadelphia with
14 Mayor Nutter earlier last year. And one of them was the
15 Kensington School District where CVS had formed a
16 cooperation with the school district. It's a public school
17 where the students who go through the program get jobs at
18 CVS while they're getting ready to go to college as well as
19 CVS helps them get scholarships to pay for college.

20 So I think what you've stressed here is when
21 corporations and businesses get involved in schools,
22 children excel and do far better. In many of these cases,
23 these are first-generation students who will go on to
24 college. I think that's good for education. And I think
25 that's one of the things we need to keep in mind is that at

1 one point, as somebody who's been very active in my
2 community before I got elected to the House, is
3 cooperations kind of died off for a while. It seemed like
4 they had no interest in the community.

5 And it's great to see that the business community
6 now is taking a greater interest in our local communities
7 and getting more invested.

8 So I want to thank you all for coming today. And
9 I think we need to also remember and thank the corporations
10 who are getting involved in helping our children and saving
11 them from the social programs that many times have not
12 benefited them and also getting these kids a good
13 education, a good job that will later provide for a great
14 family life and not increasing the size of our prisons.

15 So I want to thank you for testifying.

16 FINANCE MAJORITY CHAIRMAN O'NEILL: I just have
17 one simple question.

18 The Silver Academy is a faith-based school?

19 TREASURER DYM: Yes.

20 FINANCE MAJORITY CHAIRMAN O'NEILL: As I know
21 West Catholic is. Are your doors open through the EITC
22 program for people who are not of your faith?

23 TREASURER DYM: No.

24 FINANCE MAJORITY CHAIRMAN O'NEILL: Okay.

25 VICE PRESIDENT COLISTRA: That's a great

1 question. We are a Catholic school. We have always been a
2 Catholic school. And we serve a large amount of the
3 Catholic population. We are just about 15 to 18 percent
4 Roman Catholic. And then you fill in the balance from
5 there. So, yes, absolutely open to non-denominational.

6 FINANCE MAJORITY CHAIRMAN O'NEILL: Thank you.

7 Thank you for being here today.

8 EDUCATION MAJORITY CHAIRMAN SAYLOR: Chairman
9 Roebuck.

10 EDUCATION MINORITY CHAIRMAN ROEBUCK: Thank you,
11 Mr. Chairman.

12 I certainly thank the panel for their testimony.
13 I just want to go back to the references that the EITC and
14 the OSTC are both addressing underprivileged students and
15 those who are economically distressed. But yet I look at
16 the income eligibility limits for both programs and in
17 2012-2013, a household limit was 60 -- it went up. It was
18 \$72,000. And then it went up from that to \$90,000.
19 \$90,000 is more than a legislative salary. That's not
20 underprivileged. You might think we're underprivileged.
21 And I don't think we'll have many people who agree with us.
22 But that is the reality.

23 This is not those who are impoverished or
24 underprivileged by any definition with these income limits.

25 MS. MOORE: I can't speak to the income limits.

1 But I can tell you that 75 percent of the families of the
2 Neighborhood Academy have a taxable family income of
3 \$25,000 or less. So, with my colleague Paul, we are the
4 face of EITC and OSTC as far as I can see.

5 EDUCATION MINORITY CHAIRMAN ROEBUCK: I think
6 that the way the law is written, it opens up the door to a
7 lot of folks who aren't in that category. If that's what
8 we were doing, fine. I have no problem with that.

9 But I have a problem with saying that the program
10 is designed to address those who are, quote, unquote,
11 underprivileged when you have income limits in the law
12 itself that will reflect that.

13 Now, maybe we, as legislators, need to remedy
14 that and rewrite it. And when we rewrite the law, we
15 rewrite it to address that as well.

16 I would also just say to the representative from
17 West Catholic, yes, West Catholic is my local Catholic high
18 school. It's four blocks from where I live. I do give
19 contributions to West Catholic when they ask for them. I
20 also go to your football games because you have great
21 teams.

22 I certainly hope to be a partner with you. I
23 certainly think you do a good job. I might also just
24 mention on the side that my wife, who teaches music in
25 Philadelphia public schools for a number of years, did the

1 music for your drama productions.

2 But the thing that concerns me about West
3 Catholic is I think it's a very strong school that
4 seemingly -- and I don't want to characterize it in a way
5 that's not accurate -- has almost been abandoned by the
6 Archdiocese.

7 I can't believe that West Catholic's enrollment
8 is as low as it is. It's a good school. It's a solid
9 academic school. It's an excellent institution. Yet
10 students are allowed now to go, not to West Catholic, but,
11 in fact, to go to Bonner Prendergast. And kids I know who
12 live in southwest do that.

13 So I don't understand what is happening
14 structurally. It seems to me that as much as the funding
15 issue affects you -- and I was even struck when we had the
16 four schools you referenced -- that there was a lot of
17 noise about the other three but not West Catholic in terms
18 of saving those schools.

19 So I just put this on the table because I think
20 we ought to look at everything. I don't know what the
21 reasons for that are. But I think that's, in part,
22 fundamental to West Catholic's survival.

23 VICE PRESIDENT COLISTRA: Yeah. I was there. I
24 was first day on the job when the school was slated to
25 reopen.

1 I would say just two parts to your point. The
2 Arch Diocese's commitment to the school --so the
3 Archdiocese, you know, has two main partners in this
4 rebuild effort and reshape effort. One is the Faith in the
5 Future Foundation, which does a tremendous job in
6 management of the Catholic high school system.

7 The other is BLOCS. Bill O'Brien, the Chairman,
8 Executive Director of BLOCS, was here today. Without BLOCS
9 I don't know that any of the schools, all 17, might not --
10 might have some issues staying around and funding
11 scholarships for students.

12 The Archdiocese has made a commitment as far as I
13 understand it. You know, schools are given independence
14 now to prop themselves up, which is important. We can't
15 lean on a system to keep all of our individual schools
16 open. So there is commitment, a new commitment,
17 structurally that I think has been made. And I think all
18 inside of our system would say so.

19 There's a breath of fresh air independently at
20 each school but also through the partnership, the
21 Archdiocese, with a brand-new Faith in the Future
22 Foundation and also with BLOCS. Again, BLOCS has just been
23 a tremendous partner in helping fund scholarships. There's
24 a reality that there is a dependency on these funds. I
25 think we all understand it. It's all integral to providing

1 our students seats in all of our buildings.

2 So you know, I would say that there is something
3 good happening. It's no longer a total dependence and
4 reliance on the Archdiocese.

5 EDUCATION MINORITY CHAIRMAN ROEBUCK: Thank you.

6 EDUCATION MAJORITY CHAIRMAN SAYLOR: The only
7 comment I would make is that I think that the Auditor
8 General, Eugene DePasquale, does audit programs. And I
9 think that if there were some problems with it, Eugene has
10 always, since we're both friends, done a great job of
11 pointing out where we in the Legislature should be fixing
12 things or the Governor.

13 So I don't see a real lot of abuse. I haven't
14 heard of too many students, if any, who are making eighty
15 or ninety thousand getting scholarships across the State.
16 I'm not saying -- I don't want to sit here and swear there
17 isn't. But everybody I hear from in York County and
18 everywhere else are low-income students who have been
19 receiving these things.

20 So, you know, I think if there is abuse taking
21 place in the program, I would expect that the Auditor
22 General will be pointing that out to all of us as
23 legislators.

24 Next on the list is Chairman Wheatley.

25 FINANCE MINORITY CHAIRMAN WHEATLEY: Thank you,

1 Mr. Chairman.

2 And thank you all for your testimony here this
3 morning. I wanted to ask a question before I give a
4 comment. Are any of you under the impression that either
5 one of these tax credits are going away?

6 TREASURER DYM: To be honest, sir, every year
7 it's a question of, will the State fund the program or not?

8 FINANCE MINORITY CHAIRMAN WHEATLEY: Okay. But
9 are you under the impression that the tax credit itself is
10 being threatened to be taken away?

11 PRESIDENT MOORE: We are not. I think the
12 question is timing.

13 FINANCE MINORITY CHAIRMAN WHEATLEY: So it goes
14 back to my other -- sorry.

15 DIRECTOR DYM: I was just going to say, I think
16 what we're trying to express is we live with the fear that
17 it will go away.

18 FINANCE MINORITY CHAIRMAN WHEATLEY: So welcome
19 to Pennsylvania Budgeting 101. I bet every individual and
20 agency that is funded through our budgetary process
21 probably lives with that fear, especially under the current
22 environment, each and every year, which is why I made the
23 point earlier and I want to reiterate it, because we get
24 locked into these single-focused conversations when they're
25 really a part of a broader conversation.

1 What happened this year is an anomaly. And I'm
2 hoping it's not a trend. But there's no guarantees and
3 promises in this process. So we had a nine-month process
4 that was really over, what's the best way to allocate
5 resources? and if we have enough resources in our system to
6 pay for all the things that we find value in. So I, for
7 one, will sit here and tell you I visited your school. I
8 think you do a wonderful job. I'm not going to argue with
9 if the EITC or OSTC or any of these things actually goes to
10 them because I don't care if you are a parent with 90,000
11 in the household or no dollars in the household, your kids
12 should be guaranteed a quality education. So if we can
13 help you with that, I'm fine with that.

14 The question for me comes down to, we have a lot
15 of programs that are of value. If we added all the tax
16 incentive programs together and not include your \$100
17 million that goes into these two programs that we are
18 funding, it would be 280 million more. So that's \$380
19 million of tax credits that we would be locking in and
20 guaranteeing.

21 So as a philosophy, as a policy perspective, this
22 is where I come from. And it's great that corporations
23 would like to find ways to direct their money. I'm sure,
24 as a taxpayer, we all would like to find a way to lock our
25 money into the things that we care most about. But I don't

1 know if that's a principle we want to do as a general rule
2 of thumb.

3 So the only thing I'm questioning -- because I've
4 never been a part of any conversation that says, we don't
5 want to fund tax credits for the EITC or OSTC. I, for one,
6 wouldn't vote for the elimination of those tax credits.

7 But if we are in a budgetary process, then we
8 need to figure out -- we, meaning the men and women on this
9 panel and beyond. We need to figure out how we pay for it
10 and where it fits into the total process that we have.

11 Now, again, I can't speak to this year that was
12 an anomaly because up until this year, I've never known us
13 not to honor the letters. Right? I've never known that.
14 I don't know if we need a law to address an anomaly unless
15 we assume that the anomaly becomes the norm. And if we see
16 the anomaly becomes a norm, just going back to what you
17 said, normally the Department of Community and Economic
18 Development normally doesn't even send the letters out
19 until what, September or October, you said, normally?

20 TREASURER DYM: No, sir. Normally you would get
21 a letter towards the end of July or in August.

22 FINANCE MINORITY CHAIRMAN WHEATLEY: Okay.

23 TREASURER DYM: But there were prior periods of
24 times where --

25 FINANCE MINORITY CHAIRMAN WHEATLEY: So in other

1 budget impasses, they delayed the letter going out?

2 TREASURER DYM: I'm not sure if they're related
3 to budget impasses or just DCED's paperwork.

4 FINANCE MINORITY CHAIRMAN WHEATLEY: So there
5 were other years where you didn't get the July letter that
6 you normally would have received, but you got them
7 September or October?

8 TREASURER DYM: That's correct. Businesses were
9 not getting the letters until September or October as
10 opposed to getting them the end of July or in August.

11 FINANCE MINORITY CHAIRMAN WHEATLEY: And I'm
12 assuming -- and this is why I would hope that we have some
13 opportunity with the budget folks. I'm assuming that the
14 delays even in prior years were probably based off of what
15 we were going to do in your general budget.

16 As a person who is on the finance side of things,
17 if we get down to prioritization and saying that we're
18 going to cut 350 million out of our budget, I would not
19 want to be locked into tax credits being locked in versus
20 cutting social safety net programs or cutting direct
21 funding to basic education.

22 I would rather have the latitude to say, okay,
23 I'm not going to give you \$15 million in a program. I'm
24 only going to give you 5 million allocation or whatever.

25 I'm not saying that that's what's going on. But

1 I'm assuming that everything that we do from a funding
2 perspective is part of a budget discussion.

3 And unfortunately for all of you who are
4 dependent on the State to act sensibly, that still has men
5 and women who have to do our job, if we do our job by June
6 30th, you don't have this problem. The only time you have
7 this problem is when we don't do our job by the time that
8 we are allocated to do our job.

9 So should we pass a law that says because we
10 can't do our job by our responsible date, then we need to
11 make our departments fall in line and our taxpayers
12 basically on the hook for \$380 million no matter what else
13 we decide to do. I don't think that's the best policy
14 perspective. And that has nothing to do with what you all
15 do.

16 And I'm sorry that you are getting brought into
17 the political game that we play. But that's not -- where I
18 sit, that's not the real essence of this problem. No one
19 is taking away from your tax credit. We all believe that
20 you are doing wonderful jobs.

21 VICE PRESIDENT COLISTRA: For the first time --
22 to answer your question succinctly, I don't think -- and
23 not in my network. I can only speak for me and our people
24 and our community and our school. I don't think there's a
25 feeling the program is going to be pulled out to down to

1 zero. I just don't think -- not to my knowledge.

2 But to our knowledge in our community -- and
3 again, just us -- it's about more, how we can serve -- we
4 have 365 students. We could probably serve 1,000 students.
5 So we're leaving, you know, four to five to six hundred
6 students each school year on a waiting list that are trying
7 to knock down our door to get in.

8 So for us, it's a conversation about how to do
9 more. It's not that we're going to lose the program. Oh,
10 my gosh, what are we going to do with 225 students?

11 This year was the first time in my time and my
12 understanding, our understanding was that was largely
13 related to a procedural issue, not a conversation that
14 we're pulling the program because it's not a worthy program
15 and because we need the dollars elsewhere. It was strictly
16 a procedural issue this year.

17 But again, it's a conversation, not about whole
18 and zero and no program, in our circles. It's a
19 conversation about how we can get more to do more for more
20 children that are waiting to be inside of our building.

21 PRESIDENT MOORE: If you have a moment, I have
22 one question.

23 You all know this better than I do. I thought
24 when I read the legislation for EITC and OSTC, certainly
25 EITC, that it was something that was approved outside of

1 the budget.

2 EDUCATION MAJORITY CHAIRMAN SAYLOR: It was.

3 PRESIDENT MOORE: So I appreciate exactly what
4 you're saying. You've got a pie. You can't just -- but if
5 it's outside the budget, then is that --

6 EDUCATION MAJORITY CHAIRMAN SAYLOR: That is my
7 letter that I sent to the Secretary.

8 PRESIDENT MOORE: That I don't know.

9 EDUCATION MAJORITY CHAIRMAN SAYLOR: It specified
10 that it is outside the budget. That's why the letter
11 should have been issued sooner. It was very clear in the
12 law as interpreted by the attorneys that it's not covered
13 by the budget process as such. It is a guaranteed program
14 as it's written currently.

15 FINANCE MINORITY CHAIRMAN WHEATLEY: Mr.
16 Chairman, if I may.

17 Because the General Assembly so chooses to each
18 and every year, we can pull whatever program we have.
19 There's no law that says that we cannot say to ourselves,
20 we're not funding the 50 million. We're not going to offer
21 the tax credit this year. We have that decision-making.
22 We could do that at any time we choose as a majority to do
23 it and the Governor is willing to sign it. So that's why
24 it becomes a budgetary discussion.

25 If, in fact, we have not enough money in our

1 General Fund and we think that we need to get more into the
2 General Fund, as a body, we can determine to eliminate some
3 of the funds that are accessible for tax credits. Tax
4 credits are, by nature, giving money that should
5 traditionally come into the fund by tax liabilities. We're
6 giving them back to those who are offering things for a
7 purpose that we think is greater. That's all I'm saying.

8 EDUCATION MAJORITY CHAIRMAN SAYLOR: And I
9 understand that, Chairman Wheatley. But there was no
10 disagreement among the Governor, Democrats, or Republicans
11 this year and any thought of decreasing the program. The
12 only thought given in the General Assembly was to increase
13 the program.

14 That's why it was not a part really of the budget
15 this year in particular because there were no discussions
16 by the General Assembly members or the Governor in
17 eliminating the program. The Governor was on board.
18 Everybody was on board. It was just a matter of getting
19 the letters out.

20 That's why I say the way the law is written, it
21 was very clear to me, as I spelled out to DCED in my
22 letter, that those letters should have been issued as such.

23 We are about 15 minutes from the General Assembly
24 starting session. So I will ask members to please keep
25 your questions short and, members of the panel, I

1 apologize, to keep your answers as short as possible.

2 At this point, Representative Knowles.

3 REPRESENTATIVE KNOWLES: Thank you, Mr. Chairman.
4 And I will be brief.

5 First of all, I want to make perfectly clear that
6 I represent nine public schools in Schuylkill, Berks, and
7 Carbon County. I am very fortunate. All of the schools
8 that I represent are class operations and do a good job.

9 Tax credits drive me crazy. Certain tax credits,
10 you know, like when we give out tax credits to filmmakers,
11 that just drives me up a wall.

12 But I will tell you that the EITC program is
13 something that I have supported from the very beginning.
14 It's a great program. It's a good thing. Something that
15 we really did do for a change down here. I'm very proud to
16 be involved in it.

17 Chairman Roebuck, with all due respect, I'm glad
18 -- and by the way, I had to leave for a State Government
19 Committee meeting. But I wanted to come back to address
20 the statement that Chairman Roebuck had made.

21 We talked about Jake before. Let's talk about
22 Jerry, okay? Now we're talking about decades ago. Decades
23 ago my parents decided that they wanted to send me to a
24 parochial school. That's what they decided. They sent me
25 and they sent my four siblings. Nothing against the public

1 education system, which is something that they wanted to do
2 religion based and so forth. So we went.

3 My father drove a bread truck in Tamaqua. Never
4 made more than \$5,200 a year. I would say, what about the
5 working poor? We talk about the underprivileged. And
6 certainly my heart goes out to underprivileged. And I want
7 to see them have every opportunity that they can get.

8 But we need to remember that there's a working
9 poor out there. In this day and age people who work every
10 day and they work their butts off, some of them working two
11 jobs, spouse working, so that they can send their kids to a
12 private school or to a parochial school because that's what
13 they choose. And there should be a choice in terms of
14 where you want to send your kids.

15 So my point would be that when we are talking
16 about this 90,000 or 40,000 or whatever it be, let's just
17 remember that the working poor is out there. And I want to
18 see them have every opportunity as much as I do the
19 underprivileged.

20 Thank you, Mr. Chairman.

21 EDUCATION MAJORITY CHAIRMAN SAYLOR:

22 Representative Davidson.

23 REPRESENTATIVE DAVIDSON: Thank you, Mr.
24 Chairman.

25 I'm not going to belabor the point. Time is of

1 the essence at this point. And I'm not sure where I stand
2 on the legislation proposed by my good colleague because I
3 do believe that the process was an anomaly.

4 I don't think -- it's never happened in 50 years
5 in modern history. I don't think it's going to be repeated
6 that we don't have a budget for nine months. I don't think
7 anybody could stand for that to happen again. So we have
8 to really take a look at legislation that binds us in that
9 way.

10 However, I thought this hearing was more about
11 the impact and the importance of the EITC program and the
12 OSTC program. And those two programs I support
13 wholeheartedly.

14 And I just wanted to say, in reference to
15 Catholic schools in particular, Catholic education and
16 Catholic schools have many times been a beacon in very
17 low-income areas. I know in West Philadelphia where I grew
18 up there was Transfiguration. And when Transfiguration
19 closed, it had a tremendous impact on the options that
20 parents had to send their kids to schools that had a high
21 quality and that were high performing.

22 I was at the forefront of making sure that OSTC
23 happened in the Commonwealth of Pennsylvania because
24 there's a Catholic school next to almost every public
25 school in my district. That bears repeating. There's a

1 Catholic school next to almost every public school in my
2 district.

3 Bonner Prendie was also mentioned. And Bonner
4 Prendie is right across the street. I can see it from my
5 house almost like Alaska. And I wanted to make sure that
6 that was saved.

7 And I think that Catholic schools did an amazing
8 job in terms of budget cutting and closing some schools.
9 There were two schools closed in my district, which was St.
10 (inaudible) and St. Philomena.

11 And that had a tremendous impact because the
12 schools that they were near already had a class size of 32
13 students per class. They could not absorb the students
14 from those Catholic schools.

15 And so we had a real need to be able to fund
16 options for kids and also to support the public schools so
17 that they would not continue to see the overcrowding where
18 those neighborhoods were. So this program is very
19 important.

20 And I was in the building at Bonner Prendie when
21 the announcement was made that West Catholic and Bonner
22 Prendie would be saved due to the program, due to OSTC. So
23 that's why I tend to claim that I helped save Bonner
24 Prendie. And I will still continue to claim that.

25 We have to look at poverty in a different way.

1 When we did the legislation, we looked at 200 to 400
2 percent of the poverty line based on Federal Government
3 guidelines in order to set up the program.

4 So \$90,000 still doesn't spend the way it spent
5 some years ago, especially when you're talking about the
6 size of the family. The average income in my community is
7 forty-five, fifty thousand dollars. There's a lot of
8 people that make a lot more than that. There's a lot of
9 people that make less, slightly less, because you can't
10 afford to live there if you make less.

11 But these are still families that need support,
12 that need high-quality education options for their kids.
13 They want to maintain a middle-class lifestyle. They want
14 to make sure that their children are educated well.

15 And so that is why this program is important.
16 And even if you make \$90,000 and you have a family of six,
17 that does not mean that you are living high on the hog in
18 the Commonwealth of Pennsylvania, especially in suburban
19 districts where your tax bill might be \$12,000 in and of
20 itself for property taxes.

21 So I just wanted to make those quick points and
22 wrap up with that point.

23 Thank you, Mr. Chairman.

24 EDUCATION MAJORITY CHAIRMAN SAYLOR: You're
25 welcome, Representative.

1 Representative Gillen quickly.

2 REPRESENTATIVE GILLEN: I think we have 15
3 seconds left.

4 Thank you for the wonderful work you're doing in
5 your private and parochial schools. And I think we have
6 heard the word wonderful, strong schools, doing a great
7 job, on both sides of the table.

8 But just diagnostically what makes your schools
9 different? Why are these private parochial Christian
10 schools doing such a great job, please?

11 DIRECTOR DYM: That's actually almost exactly
12 what I was going to say in comment to Representative
13 Davidson's comment. Our school represents Jerrys. And
14 when I say that, we are the only Jewish day school in
15 Central Pennsylvania. All the rest have closed due to
16 economic circumstances.

17 Most middle-income families are obviously sending
18 their children to public schools because many of our public
19 schools are doing an excellent job. But there are many in
20 this community and throughout the State who choose to have
21 a parochial education, a Jewish education, be it a Catholic
22 education, that they would like to offer to their children.

23 And one of the things that the EITC dollars have
24 done is to allow us to offer that to the middle-income
25 families. Therefore, our school without the EITC would

1 certainly be struggling to keep its doors open.

2 EDUCATION MAJORITY CHAIRMAN SAYLOR: Very good.

3 Next, Representative Tallman quickly.

4 REPRESENTATIVE TALLMAN: I waive off.

5 EDUCATION MAJORITY CHAIRMAN SAYLOR:

6 Representative Christiana.

7 REPRESENTATIVE CHRISTIANA: Thank you, Mr.
8 Chairman. I'll try to be brief as well.

9 I do want to address this idea that we may not
10 need legislative action because this past year was an
11 anomaly. I think we've all heard about the 100-year flood
12 plain that has flooded six times in four years.

13 And while last year may have been an anomaly, if
14 we could prevent not having another anomaly this year or
15 going forward, we should do that because what will be
16 repeated is this Governor's assault on any education
17 setting that is not the traditional public school setting.

18 We've seen -- while the Governor has asked for
19 record increases to public education, he has singled out a
20 certain segment of our public school education to cut those
21 36,000 students by 50 percent.

22 We've seen the Governor twist his legal authority
23 with driving out these letters, that we've clearly heard
24 today that without action, the law that establishes these
25 programs is recurring. We don't actually need legislative

1 action to continue the programs as they are written in
2 statute because they are separate from the appropriation
3 process.

4 So inaction is by a guaranty of the funding
5 amount. Yet the Governor on July 1st and all the way
6 through December decided not to follow the law, the spirit
7 of the law, the legislative intent, and hereby forces us to
8 have a hearing now in March and take a proactive approach
9 to legislative solutions that probably would not have been
10 necessary.

11 So the Governor's assault on any education
12 setting is going to repeat itself. And therefore we should
13 take any action that could protect those schools and
14 students that are relying on these funds.

15 One final question to Madam President Moore.
16 Representative Mustio and I paid a visit to your school,
17 even though your school is pretty far away from Beaver
18 County and Moon Township. And the reason that we paid a
19 visit was one of our board members was bragging to the
20 point of making us need to come see your amazing facility.

21 And he set a very high bar. And believe it or
22 not, your school exceeded that. And while you're deemed a
23 college prep, one of the criticisms that I mentioned
24 earlier that is often associated with private schools is
25 that you're cherry-picking the best and the brightest.

1 The gentleman, one of your students who met
2 Representative Mustio and I at the door, when he showed up
3 at your school, he was not on the path to going to college.

4 Could you briefly talk about the demographics --
5 or maybe not -- the education demographics of the students
6 when they arrive at your school and then ultimately your
7 acceptance rate into college upon graduation and your
8 graduation rate, please, as well?

9 PRESIDENT MOORE: Quickly. Most of our students
10 come reading two and three grade levels below level. We
11 are an 8-12 Grade school. They're computing at three and
12 four grade levels below level. I'm sure we all share this
13 in common.

14 In five very quick years, we have 100 percent of
15 our seniors go on to college and universities. And as I
16 said earlier, 85 percent graduate from college and
17 universities in five years or less.

18 To answer the question, children learn through
19 relationships, not programs. We follow them all the way
20 through college. We help them overcome most of the hurdles
21 that come with the package of poverty. So I think that's
22 hopefully the quickest answer.

23 REPRESENTATIVE TALL MAN: And a credit to your
24 Board of Directors as well for their work as well as your
25 staff for those wonderful statistics.

1 Thank you.

2 EDUCATION MAJORITY CHAIRMAN SAYLOR: We have two
3 minutes left.

4 Representative Santora, last person.

5 REPRESENTATIVE SANTORA: Great. Thank you.

6 As for the need, there's at least two to three
7 thousand kids for BLOCS alone, forget all the other
8 organizations, that will not get the funding they need or
9 there's 20-plus thousand kids that will get less and have
10 to figure out where to get other funding because BLOCS did
11 not get their donors.

12 So that's why I think there's a need. Every
13 child that needs that funding should get that funding.

14 Number 2, to address Chairman Roebuck's comments
15 on West Catholic, when we formed Faith in the Future, we
16 decided as a group that we were going to take the schools,
17 control the schools, from the Archdiocese. They did not
18 abandon West Catholic.

19 In fact, if West Catholic was not supported, none
20 of those schools would have remained open. I went. My two
21 assignments were Bonner Prendie, because it was in my
22 neighborhood, and West Catholic. I was in West Catholic.

23 Unfortunately, the President of West Catholic at
24 the time did not appeal the process. But a former priest
25 by the name of Mike Marone stepped up and worked hard with

1 Sister -- and I'm going blank on Sister's name. But it's
2 the same as the mascot of West Catholic. Yes. They
3 stepped up and fought for that school.

4 And the donors, including our friends from the
5 Jewish community, stepped up with millions of dollars for
6 the foundation to make sure that West Catholic remained.
7 It just didn't get the press. But believe me, it was the
8 cornerstone of the Faith in the Future keeping those
9 schools and taking over the entire system.

10 And again, last but not least, I want to thank
11 all of you again for doing this. This is important
12 legislation even if it is an anomaly. We can't let these
13 children down. It's a concerted effort. It's public
14 education funding. But it's also EITC/OSTC, which does
15 benefit non-public schools and public schools alike.

16 So thank you.

17 EDUCATION MAJORITY CHAIRMAN SAYLOR: Okay.

18 I want to thank everybody for testifying and for
19 your time today. Sorry we rushed through here at the end.

20 Again, we appreciate it. And hopefully we'll
21 take some of these things into consideration and get this
22 thing fixed.

23 Thank you.

24 (Whereupon, the hearing concluded.)
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I hereby certify that the proceedings and
evidence are contained fully and accurately in the notes
taken by me on the within proceedings and that this is a
correct transcript of the same.

Jean M. Davis
Notary Public