



# Pennsylvania's Education Improvement Tax Credit Program: A Winning Educational Partnership

Published on Show-Me Institute (<https://showmeinstitute.org>)



In 2001, Pennsylvania became the first state in the nation to enact a highly innovative public-private partnership in the form of an education tax credit aimed at corporations. Since then, the popular Educational Improvement Tax Credit (EITC) Program has provided more than 430,000 scholarships to students from low- and middle-income families across the commonwealth seeking the right school for their child. These families were searching for alternatives to the sometimes dangerous and oftentimes failing government-run schools assigned to them according to their ZIP codes.

Because of the direct engagement of businesses in the educational process, where the businesses fund scholarships in exchange for state tax credits, the EITC program is a tremendously successful public-private partnership. During the first 12 years of the EITC program's operation, businesses have contributed nearly \$470 million in funding for student scholarships – oftentimes helping families directly in the communities where they operate their businesses.

Additionally, this landmark program has saved Pennsylvania taxpayers millions of dollars each year.

With an average scholarship of approximately \$1,100, the EITC serves students for a small fraction of the \$14,865 that school districts spend per student. If each of the 60,000 students receiving EITC scholarships in 2012-13 failed to receive scholarships in the next school year and their parents had to make a decision to place them into a public school, schools would require an additional \$892 million in revenue to handle the additional enrollment.

The EITC creates partnerships between parents, businesses, and scholarship organizations. These partnerships allow funding to follow students, giving children and their families choices of schools that best fit their needs. The success of the EITC program is demonstrated not just in the hundreds of millions it has saved taxpayers and relief to high-growth school districts, but also in parental satisfaction with education outcomes. Demand for EITC scholarships far outweighs what is available from participating Scholarship Organizations (SOs) across the commonwealth. For example, the Children's Scholarship Fund Philadelphia turns away 7,000 scholarship applicants each year due to lack of funds. The EITC provides choices parents demand and offers better outcomes for children.

This paper examines the creation, implementation, and growth of Pennsylvania's EITC program over the past 12 years; specifically, it explores how the program works for the businesses, families, and scholarship organizations that make up the three components of the program. In addition to this academic review of the program, readers are introduced to real-life examples from three different families that are utilizing the EITC program to provide educations for their children that best meet their educational needs. Taken together, these stories along with the deeper look at the nation's first corporate tax credit program will show why Pennsylvania's EITC program has become one of the largest and most successful school choice programs in the nation.

Read the full case study: .

### **Read More:**

 [Download April 2014 Case Study.pdf](#) (635.55 KB)

## **About the Author**



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