
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2063 Session of
2024

INTRODUCED BY CIRESI, BURGOS, SANCHEZ, MADDEN, KHAN, PIELLI,
SCHLOSSBERG, DONAHUE, DELLOSO, PROBST, HILL-EVANS,
D. WILLIAMS, SHUSTERMAN, FRIEL, DALEY, SMITH-WADE-EL, CERRATO
AND FIEDLER, FEBRUARY 27, 2024

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 27, 2024

AN ACT

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

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. The definitions of "educational improvement
11 organization," "eligible pre-kindergarten student," "eligible
12 student," "household income," "income allowance," "maximum
13 annual household income," "opportunity scholarship
14 organization," "pre-kindergarten scholarship organization" and
15 "scholarship organization" in section 2002-B of the act of March
16 10, 1949 (P.L.30, No.14), known as the Public School Code of
17 1949, amended July 8, 2022 (P.L.620, No.55), December 13, 2023
18 (P.L.187, No.33) and December 13, 2023 (P.L.311, No.35), are
19 amended to read:

1 Section 2002-B. Definitions.

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

5 * * *

6 "Educational improvement organization." A nonprofit entity
7 which:

8 (1) is exempt from Federal taxation under section 501(c)
9 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
10 26 U.S.C. § 1 et seq.); and

11 (2) contributes at least 90% of its annual receipts as
12 grants to a public school, a chartered school as defined in
13 section 1376.1, or a private school approved under section
14 1376, for innovative educational programs. The following
15 apply:

16 (i) For purposes of this definition, a nonprofit
17 entity "contributes" its annual cash receipts when it
18 expends or otherwise irrevocably encumbers those funds
19 for expenditure during the then-current fiscal year of
20 the nonprofit entity or during the next succeeding fiscal
21 year of the nonprofit entity. A nonprofit entity shall
22 include a school district foundation, public school
23 foundation, charter school foundation or cyber charter
24 school foundation.

25 (ii) Any receipts not used for grants for innovative
26 educational programs may only be used for the
27 administrative expenses of the educational improvement
28 organization. The administrative expenses must be
29 reasonable and necessary for the educational improvement
30 organization's management and distribution of grants

1 funded under this article.

2 * * *

3 "Eligible pre-kindergarten student." A student, including an
4 eligible student with a disability, who is enrolled in a pre-
5 kindergarten program and is a member of a household with a
6 maximum annual household income [as increased by the applicable
7 income allowance].

8 "Eligible student." A school-age student, including an
9 eligible student with a disability, who is enrolled in a school
10 and is a member of a household with a maximum annual household
11 income [as increased by the applicable income allowance].

12 * * *

13 "Household income." [All money or property received of
14 whatever nature and from whatever source derived. The term does
15 not include the following:

16 (1) Periodic payments for sickness and disability other
17 than regular wages received during a period of sickness or
18 disability.

19 (2) Disability, retirement or other payments arising
20 under workers' compensation acts, occupational disease acts
21 and similar legislation by any government.

22 (3) Payments commonly recognized as old-age or
23 retirement benefits paid to persons retired from service
24 after reaching a specific age or after a stated period of
25 employment.

26 (4) Payments commonly known as public assistance or
27 unemployment compensation payments by a governmental agency.

28 (5) Payments to reimburse actual expenses.

29 (6) Payments made by employers or labor unions for
30 programs covering hospitalization, sickness, disability or

1 death, supplemental unemployment benefits, strike benefits,
2 Social Security and retirement.

3 (7) Compensation received by United States servicemen
4 serving in a combat zone.

5 (8) Payments received from a governmental agency to
6 relieve the economic effects of the COVID-19 pandemic.] As
7 follows:

8 (1) All income from whatever source derived, including:

9 (i) Salaries, wages, bonuses, commissions, income
10 from self-employment, alimony, support money and cash
11 public assistance.

12 (ii) The gross amount of any pensions or annuities,
13 including railroad retirement benefits.

14 (iii) All benefits received under the Social
15 Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), net
16 of amounts withheld for Medicare Part B premium payment.

17 (iv) All benefits received under State unemployment
18 insurance laws.

19 (v) All interest received from the Federal
20 Government or a state government or an instrumentality or
21 political subdivision of the Federal Government or state
22 government.

23 (vi) Realized capital gains and rentals.

24 (vii) Workers' compensation.

25 (viii) The gross amount of loss and time insurance
26 benefits, life insurance benefits and proceeds, except
27 the first \$10,000 of the total of death benefit payments.

28 (ix) Gifts of cash or property, other than transfers
29 between members of a household, in excess of a total
30 value of \$300.

1 (2) The term does not include:

2 (i) Surplus food or other relief in kind supplied by
3 a government agency.

4 (ii) Federal veterans' disability payments.

5 (iii) State veterans' benefits.

6 (iv) Payments to reimburse actual expenses.

7 (v) Compensation received by United States service
8 members serving in a combat zone.

9 (vi) Refunds or rebates paid by a government agency.

10 ["Income allowance." The base amount of \$15,000 for each
11 eligible student, eligible pre-kindergarten student and
12 dependent member of the household. Beginning July 1, 2014, the
13 department shall annually adjust the base amount to reflect
14 upward changes in the Consumer Price Index for All Urban
15 Consumers for the Pennsylvania, New Jersey, Delaware and
16 Maryland area for the preceding 12 months. The department shall
17 immediately submit the adjusted amounts to the Legislative
18 Reference Bureau for publication as a notice in the Pennsylvania
19 Bulletin.]

20 * * *

21 "Maximum annual household income."

22 [(1) Subject to adjustment under paragraphs (2) and (3),
23 the amount of \$90,000, plus the applicable income allowance.

24 (2) With respect to an eligible student with a
25 disability, as calculated by multiplying:

26 (i) the applicable amount under paragraph (1); by

27 (ii) the applicable support level factor according
28 to the following table:

29 Support Level

Support Level Factor

30 1

1.50

(3) Beginning July 1, 2014, the department shall annually adjust the income amounts under paragraphs (1) and (2) to reflect any upward changes in the Consumer Price Index for All Urban Consumers for the Pennsylvania, New Jersey, Delaware and Maryland area in the preceding 12 months and shall immediately submit the adjusted amounts to the Legislative Reference Bureau for publication as a notice in the Pennsylvania Bulletin.] An amount equal to 200% of the Federal poverty level.

* * *

"Opportunity scholarship organization." A nonprofit entity which:

(1) Is exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.); and

(2) Contributes at least 90% of the entity's annual cash receipts to an opportunity scholarship program [or at least 85% of the annual cash receipts if the entity reports an annual IRS program expense percentage of greater than 90% on its IRS 990 tax filing]. The following apply:

(i) For the purposes of this definition, a nonprofit entity contributes the entity's cash receipts to an opportunity scholarship program when the entity expends or otherwise irrevocably encumbers those funds for distribution during the then-current fiscal year of the nonprofit entity or during the next succeeding fiscal year of the nonprofit entity.

(ii) Any cash receipts not used for contributions to an opportunity scholarship program may only be used for

1 the administrative expenses of the opportunity
2 scholarship organization. The administrative expenses
3 must be reasonable and necessary for the opportunity
4 scholarship organization's management and distribution of
5 scholarships funded under this article.

6 * * *

7 "Pre-kindergarten scholarship organization." A nonprofit
8 entity which:

9 (1) is exempt from Federal taxation under section 501(c)
10 (3) of the Internal Revenue Code of 1986 or is operated as a
11 separate segregated fund by a scholarship organization that
12 has been qualified under section 2003-B; and

13 (2) contributes at least 90% of its annual cash receipts
14 to a pre-kindergarten scholarship program by expending or
15 otherwise irrevocably encumbering those funds for
16 distribution during the then-current fiscal year of the
17 organization or during the next succeeding fiscal year of the
18 organization [or at least 85% of the annual cash receipts if
19 the entity reports an annual IRS program expense percentage
20 of greater than 90% on its IRS 990 tax filing]. Any cash

21 receipts not used for contributions to a pre-kindergarten
22 scholarship program may only be used for the administrative
23 expenses of the pre-kindergarten scholarship organization.
24 The administrative expenses must be reasonable and necessary
25 for the pre-kindergarten scholarship organization's
26 management and distribution of scholarships funded under this
27 article.

28 * * *

29 "Scholarship organization." A nonprofit entity which:

30 (1) is exempt from Federal taxation under section 501(c)

1 (3) of the Internal Revenue Code of 1986; and

2 (2) contributes at least 90% of its annual cash receipts
3 to a scholarship program [or at least 85% of the annual cash
4 receipts if the entity reports an annual IRS program expense
5 percentage of greater than 90% on its IRS 990 tax filing].

6 The following apply:

7 (i) For purposes of this definition, a nonprofit
8 entity "contributes" its annual cash receipts to a
9 scholarship program when it expends or otherwise
10 irrevocably encumbers those funds for distribution during
11 the then-current fiscal year of the nonprofit entity or
12 during the next succeeding fiscal year of the nonprofit
13 entity.

14 (ii) Any cash receipts not used for contributions to
15 a scholarship program may only be used for the
16 administrative expenses of the scholarship organization.
17 The administrative expenses must be reasonable and
18 necessary for the scholarship organization's management
19 and distribution of scholarships funded under this
20 article.

21 * * *

22 Section 2. Section 2003-B(c) (3), (d) (3), (d.1) (4) and (d.2)
23 of the act are amended, subsection (c) (1) is amended by adding
24 subparagraphs, subsection (d.1) (2) is amended by adding
25 subparagraphs and the section is amended by adding a subsection
26 to read:

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

28 * * *

29 (c) Scholarship organizations and pre-kindergarten
30 scholarship organizations.--A scholarship organization or pre-

1 kindergarten scholarship organization must certify to the
2 department that the organization is eligible to participate in
3 the educational improvement tax credit program established under
4 this article and must agree to annually report the following
5 information based on the immediately preceding fiscal year to
6 the department by November 1 of each year:

7 (1) For each fiscal year through the 2024-2025 fiscal
8 year:

9 * * *

10 (x) For each scholarship award given to an
11 applicant:

12 (A) An indicator of whether the applicant was an
13 eligible student or an eligible student with a
14 disability.

15 (B) The dollar amount of the scholarship award.

16 (C) The total amount of tuition and school-
17 related fees charged to the applicant and the
18 percentage of the applicant's total annual tuition
19 and school-related fees offset by the scholarship
20 award.

21 (D) The household income of the recipient's
22 household members reported in ranges determined by
23 the department.

24 (E) For the year in which the scholarship award
25 was used:

26 (I) The name of the applicant's school
27 district of residence.

28 (II) The name of the school entity that the
29 applicant attended.

30 (III) The applicant's grade level.

1 (F) For the year prior to the year in which the
2 scholarship award was used:

3 (I) The name of the applicant's school
4 district of residence.

5 (II) The name of the school entity that the
6 applicant attended.

7 (xi) For each scholarship award denied to the
8 applicant:

9 (A) An indicator of whether the applicant was an
10 eligible student or an eligible student with a
11 disability.

12 (B) The household income of the recipient's
13 household members reported in ranges determined by
14 the department.

15 (C) For the year in which the scholarship award
16 was denied:

17 (I) The name of the applicant's school
18 district of residence.

19 (II) The name of the school entity that the
20 applicant attended.

21 (III) The applicant's grade level.

22 (D) For the year prior to the year in which the
23 scholarship award was denied:

24 (I) The name of the applicant's school
25 district of residence.

26 (II) The name of the school entity that the
27 applicant attended.

28 (xii) The information provided under subparagraphs
29 (x) and (xi) shall not include personally identifiable
30 information.

1 * * *

2 [(3) The department may not require any other
3 information to be provided by scholarship organizations or
4 pre-kindergarten scholarship organizations, except as
5 expressly authorized in this article.]

6 (d) Educational improvement organization.--

7 * * *

8 [(3) The department may not require any other
9 information to be provided by educational improvement
10 organizations, except as expressly authorized in this
11 article.]

12 (d.1) Opportunity scholarship organizations.--

13 * * *

14 (2) For each fiscal year through the 2024-2025 fiscal
15 year, an opportunity scholarship organization must agree to
16 report the following information on a form provided by the
17 department by November 1 of each year:

18 * * *

19 (xvi) For each scholarship award given to an
20 applicant:

21 (A) An indicator of whether the applicant was an
22 eligible student or an eligible student with a
23 disability.

24 (B) The dollar amount of the scholarship award.

25 (C) The total amount of tuition and school-
26 related fees charged to the applicant and the
27 percentage of the applicant's total annual tuition
28 and school-related fees offset by the scholarship
29 award.

30 (D) The household income of the recipient's

1 household members reported in ranges determined by
2 the department.

3 (E) For the year in which the scholarship award
4 was used:

5 (I) The name of the applicant's school
6 district of residence.

7 (II) The name of the school entity that the
8 applicant attended.

9 (III) The applicant's grade level.

10 (F) For the year prior to the year in which the
11 scholarship award was used:

12 (I) The name of the applicant's school
13 district of residence.

14 (II) The name of the school entity that the
15 applicant attended.

16 (xvii) For each scholarship award denied to the
17 applicant:

18 (A) An indicator of whether the applicant was an
19 eligible student or an eligible student with a
20 disability.

21 (B) The household income of the recipient's
22 household members reported in ranges determined by
23 the department.

24 (C) For the year in which the scholarship award
25 was denied:

26 (I) The name of the applicant's school
27 district of residence.

28 (II) The name of the school entity that the
29 applicant attended.

30 (III) The applicant's grade level.

1 (D) For the year prior to the year in which the
2 scholarship award was denied:

3 (I) The name of the applicant's school
4 district of residence.

5 (II) The name of the school entity that the
6 applicant attended.

7 (xviii) The information provided under subparagraphs
8 (xvi) and (xvii) shall not include personally
9 identifiable information.

10 * * *

11 [(4) The department may not require other information to
12 be provided by opportunity scholarship organizations, except
13 as expressly authorized in this article.]

14 * * *

15 (d.2) Verification of income.--Each scholarship
16 organization, pre-kindergarten scholarship organization and
17 opportunity scholarship organization shall provide for an
18 application and review process for scholarship applicants that
19 includes a means of verification of household income, which may
20 include submission of the household members' most recently
21 available Federal or State tax returns, if required to be filed
22 by the household members. The scholarship organization, pre-
23 kindergarten scholarship organization or opportunity scholarship
24 organization shall retain records verifying applicant household
25 income for a period of three years and shall make these records
26 available to the department upon request.

27 * * *

28 (g) Reporting.--

29 (1) Each educational improvement organization,
30 scholarship organization, pre-kindergarten scholarship

1 organization or opportunity scholarship organization shall
2 annually report to the department the use of contributions
3 not used for grants for innovative educational programs or
4 for contributions to a scholarship program, pre-kindergarten
5 scholarship program or opportunity scholarship program.

6 (2) No later than November 1 of each year, each school
7 which has accepted a recipient shall report the following to
8 the department:

9 (i) Any changes in student tuition from the previous
10 academic year.

11 (ii) School-level demographic data and the
12 demographic composition of scholarship recipients,
13 reporting the number of students for each by gender, race
14 and ethnicity, students with disabilities and students
15 with limited English proficiency.

16 (iii) For scholarship recipients in the previous
17 school year, the number who graduated, reenrolled in the
18 same school or enrolled in another school.

19 (iv) Aggregate school performance data at the school
20 level and for scholarship recipients, including student
21 performance on assessments administered to the grade
22 level in the building, graduation rate, attendance rate
23 and any other data requested by the department.

24 (v) Overall and disaggregated data on school
25 discipline.

26 (vi) Information on services provided by the school
27 for students with disabilities and English language
28 learners.

29 (3) A school that permanently closes its operations and
30 has enrolled a scholarship recipient within the past three

1 years shall notify the department of its closure.

2 (4) The department shall annually produce a report based
3 on the aggregate information reported to it under this
4 section and make it available on the publicly accessible
5 Internet website of the department.

6 Section 3. This act shall take effect in 60 days.