



Education Update

From the Senate Education Committee

APRIL 24, 2006

Property Tax Conference Committee Continues Work

The conference committee on Special Session House Bill 39, the proposed Taxpayer Relief Act, continues to work toward a final compromise measure that can pass both the Senate and the House of Representatives.

The legislation would more than double the Property Tax and Rent Rebate (PTRR) program for low-income senior citizens, would

require all school districts to limit annual tax rate increases and would make state revenues from legalized gaming available to all school districts.

In addition, the bill would require all school districts except Philadelphia, Pittsburgh and Scranton to place a referendum question before school district voters in Spring, 2007 to authorize a shift

from property to local income taxes.

Legislation similar to House Bill 39 was approved by the Senate twice. The conference committee, composed of three members of the Senate and three members of the House of Representatives, was appointed in March.

Since April 3, the conference committee has held six meetings.

Education Improvement Tax Credits Exhausted In Days

Further proving the program's popularity, \$49 million in tax credits for businesses that contribute to public or non-public school foundations was exhausted only days after FY 2005-2006 began.

In FY 2005-2006, \$49 million in tax credits for public and non-public schools was available through the Education Improvement Tax Credit (EITC) program.

According to the Department of

Community and Economic Development, \$14.6 million in tax credits has been awarded to businesses that contributed to 329 education improvement organizations that benefit public schools. Over that same period, \$29.1 million in tax credits were provided to businesses that contributed to 192 scholarship organizations that benefit non-public schools.

A business may receive a tax

credit against state taxes equal to 75% of its one-year contribution to an education improvement or scholarship organization. For a two-year contribution, the tax credit increases to 90%.

In FY 2004-2005, a new tax credit program was created for pre-kindergarten scholarship programs and \$5 million in tax credits were provided those organizations.

FY 2005-2006 Education Improvement Tax Credit Program

	Organizations	Contributions	Tax Credits
Scholarship Organizations	192	\$32,523,727	\$29,121,174
Educational Improvement Organizations	329	\$16,660,647	\$14,663,977
Pre-K Scholarship Organizations	85	\$ 5,404,134	\$ 4,989,929

Data Source: Department of Community and Economic Development

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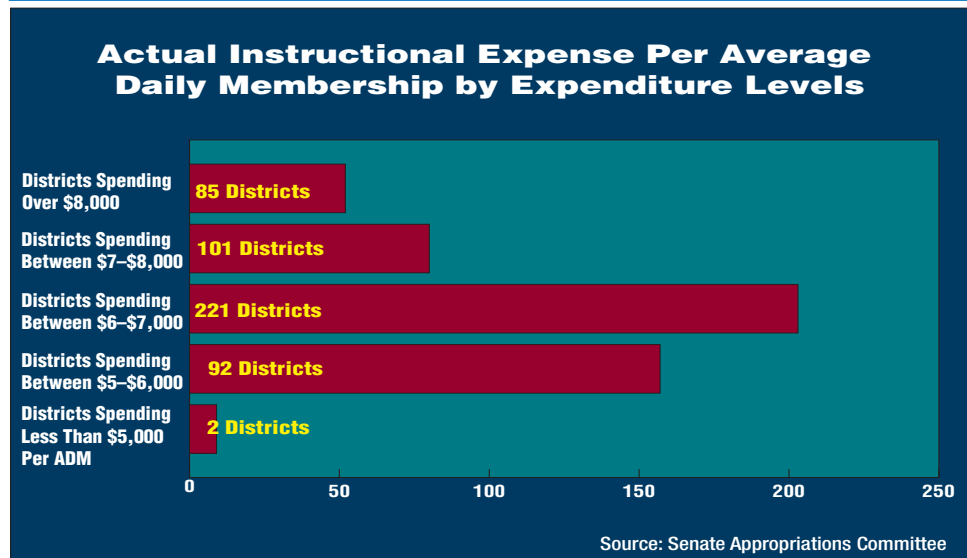
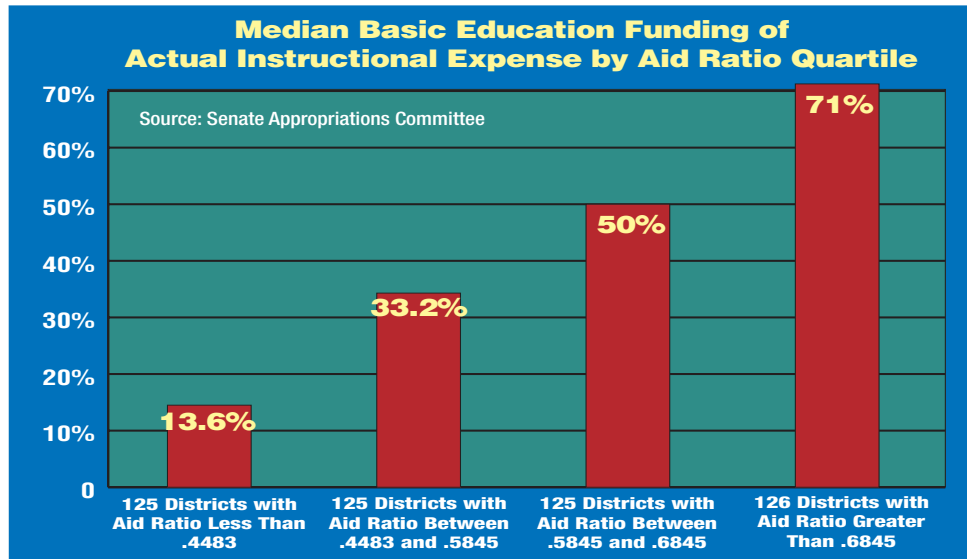
Least Affluent School Districts Receive Most State Aid

In FY 2004-2005, the least affluent 25% of Pennsylvania's school districts received a median of 70% of their actual instructional expenditures from the state basic education subsidy. School districts in the most affluent 25% received a median of 13.6%.

In addition, average per student instructional spending was nearly identical in 75% of the Commonwealth's school districts.

While school districts in the wealthiest 25% spend significantly more, this spending is derived largely from local tax revenue. The wealthiest fifty school districts spend an average of \$9,277 per student on instruction, but receive an average of \$877 per student, or 9.4% of that amount, from the basic education subsidy.

Sixty-four percent of Pennsylvania's school districts have actual instructional expenditures per student of between \$5,000 and \$7,000.



Parent Involvement Bill Clears House Ed Committee

Legislation Senator Rhoades introduced to establish school district parent involvement programs, policies and committees was approved by the House Education Committee on April 5.

Senate Bill 143 would require school districts to coordinate exist-

ing information and resources that can assist parents to improve the academic performance of their students. It would also direct school districts to identify the goals of parent involvement in a written policy and establish parent involvement committees.

The Department of Education would establish a clearinghouse of parent involvement information that school districts can access.

Senate Bill 143 now moves to the full House of Representatives. It was approved by the Senate on May 2, 2005.

For more information or detailed analyses of these topics, contact the Senate Education Committee staff at 787-2637.