

Lifeline Scholarship Program

Legislative Summary & Analysis

OVERVIEW

- The Lifeline Scholarship Program would offer an Education Opportunity Account (EOA) to any student assigned to a district school in the bottom 15% of performance metrics based on state testing. Students cannot enroll in public schools and receive an EOA.

REASON FOR THE LEGISLATION

- While the Pennsylvania constitution calls for a “thorough and efficient system of public education,” it doesn’t mandate that education happen at government-run schools. Many of our local school districts do a phenomenal job, but thousands of children are assigned to schools that persistently rank low for student achievement. Lifeline Scholarship Accounts directly fund students—not institutions—so students in low-achieving schools can chose the education that best fits their needs.

SUMMARY

- **What is a Lifeline Scholarship Account?**
 - Lifeline Scholarship Accounts are EOAs, which are restricted-use accounts funded with state tax dollars. The account funds must be for “qualified education expenses,” which include:
 - Tuition, fees, and uniforms.
 - Curriculum, textbooks, or other instructional materials.
 - Fees for tutoring or other teaching services.
 - Fees for a nationally norm-referenced test, advanced placement or similar examination or standardized examination required for admission to an institution of higher education, and career and technical education examination fees.
 - Hardware, software, and Internet connectivity associated with instruction.
 - Fees for special instruction or therapies for students with a disability.
 - Costs associated with evaluation and identification of special needs.
 - Other valid educational expenses approved by the treasury department.
- **Who would be eligible for a Lifeline Scholarship Account?**
 - Eligibility is limited to students who reside within the attendance area of a low-achieving school and meets one of the following criteria:
 - Attended a public school in this Commonwealth in the preceding school year.

- Received funds from this program in the preceding school year.
 - Will attend first grade for the first time in the next school year.
 - Is currently a child in foster care.
 - Is a child whose parents entered the adoption decree not more than one year prior to submission of the EOA application.
 - Is a child who has a parent or legal guardian on full-time active-duty status in the armed forces of the United States, including members of the National Guard and reserve on active-duty orders.
- **What is a low-achieving school?**
 - A low-achieving school is a public school that ranked in the lowest 15% of the school's designation as an elementary school or secondary school based on combined math and reading scores from the state achievement tests administered in the previous year. The ranking does not include charter schools, cyber charter schools, or area career and technical schools.
 - Students that live within the attendance area of a low-achieving school deserve access to the educational alternatives like Lifeline Scholarship Accounts.
- **How much would each Lifeline Scholarship Account cost?**
 - Each participating child would receive an amount equal to the average state funding per student minus transportation funding. In 2019-2020 ([most recent data available](#)), this equaled around \$6,700 per student.¹ Students that receive an EOA will still qualify for transportation by their resident school district.
 - For eligible students with special needs, this base amount would increase using the state [special education multiplier](#):²
 - For an eligible student in Category 1 (special education students costing district schools between \$1 and \$24,999), multiply the base amount by 1.51.
 - For an eligible student in Category 2 (special education students costing district schools between \$25,000 and \$49,999), multiply the base amount by 3.77.
 - For an eligible student in Category 3A and 3B (special education students costing district schools \$50,000 or more), multiply the base amount by 7.46.
 - If a student has leftover funds in their account at the end of a school year and continues to participate in the program, the funding will roll over and be available for the student's use in the next school year.
 - If a student graduates from high school and has leftover funds in their account, they may use these funds for qualified educational expenses at a public community college or university in Pennsylvania.

FISCAL IMPACT

- Because EOAs would be funded using the average per-pupil education subsidy, the legislature will not need to appropriate additional funding. The treasury can use up to 3% of the EOA amount to pay the costs of overseeing and administering the program.

- Individual school districts will no longer receive the average per-pupil state education subsidy for the children who no longer attend district schools. They will retain all local and federal funds. Districts will not need to send payments to parents for the accounts.

ACCOUNTABILITY

- The state treasurer will administer the EOA, much like the existing 529 program, with funding coming from the state education budget. The state treasurer will work in collaboration with the Office of the Auditor General to, at minimum, conduct annual, random audits of the student accounts.
- Fraudulent misuse of funds will make students ineligible for future participation in the program with notification to law enforcement.
- Private schools are held accountable by the parents and students that they serve. If parents are not satisfied with a private school, they can transfer their child to another. Ultimately, parents—not bureaucrats—know which schools best serve the needs of their children.
- The treasury or any other state agency **may not** regulate the educational programs of participating schools or other eligible entities that accept money from student EOAs.
 - Participating entities must provide parents with receipts for all qualifying expenses. The treasury may also require participating entities that expect to receive at least \$10,000 in payments from EOAs during a school year to file financial viability documentation.

OTHER STATES

- EOAs are currently available to students in ten states: Arizona, Florida, Indiana, Kentucky, Mississippi, Missouri, North Carolina, New Hampshire, Tennessee, and West Virginia. Five of those states passed EOA legislation this past year. This wave of new school choice legislation underscores the growing demand from parents for customizable, high-quality education options for their children.

LIFELINE SCHOLARSHIP PROGRAM CAN SAVE MONEY WHILE SAVING KIDS

- A \$6,700 EOA is **significantly less expensive than the average per-pupil spending at public schools, which is over \$19,000.**³
- Studies confirm that school choice programs save taxpayer dollars. According to [EdChoice](#), 25 out of 28 empirical studies found that school choice programs save taxpayer money; no study found a negative fiscal impact.⁴

LIFELINE SCHOLARSHIP PROGRAM BENEFITS PUBLIC SCHOOLS

- School choice programs do not force any students to leave their public schools. If students are happy with the educational opportunities at their public schools, they can stay. The Lifeline Scholarship Program is for students that do not have their individual needs met at public schools and need an alternative.
- Studies show that competition from school choice alternatives helps kids who attend public schools. [EdChoice](#) found that **31 out of 33 empirical studies concluded that school choice programs improve the academic outcomes of public school students.**⁵ A recent study by the [University of](#)

Arkansas found that, by exerting competitive pressure on public schools, school choice programs improve NAEP test scores across the board.⁶

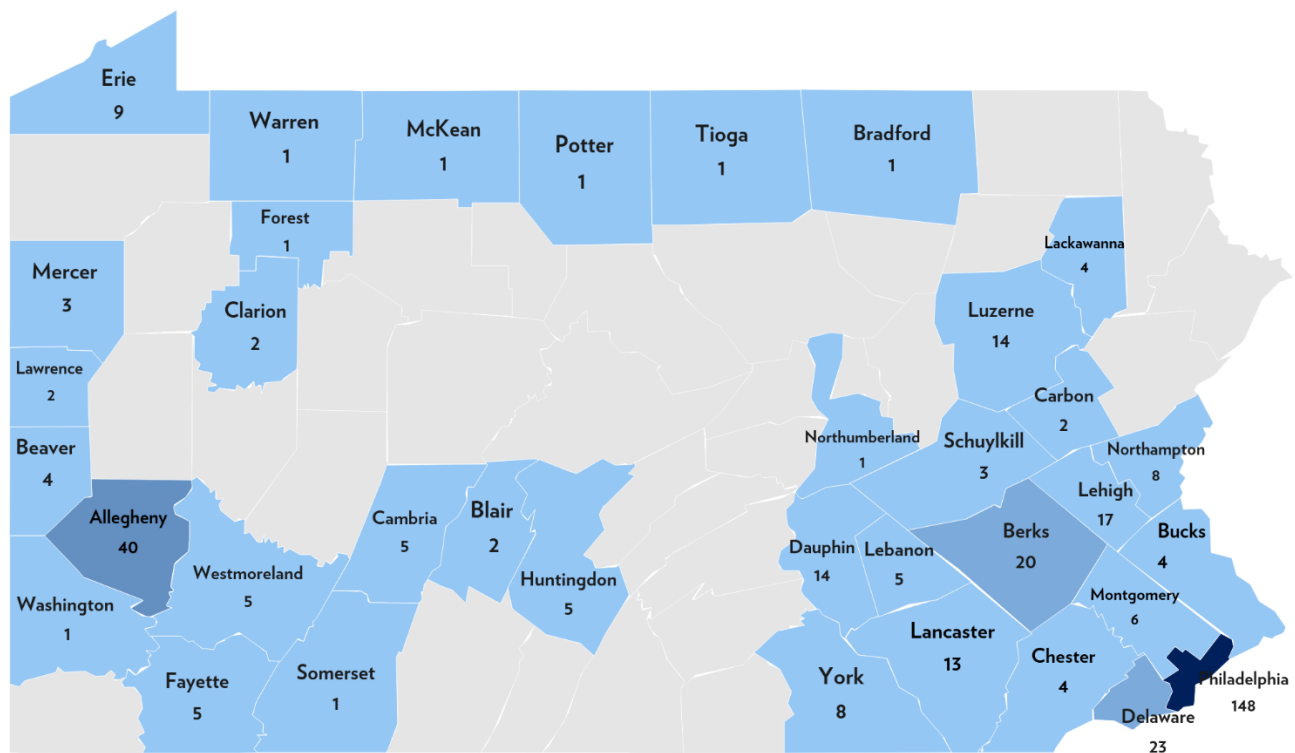
- School choice leaves public schools with more funding and resources. If students leave the district with an EOA, only the average state per-pupil funding follows them; federal and local education funding remains in the district. Students that remain in public schools could benefit from increased per-pupil funding and smaller class sizes.

PARENTS WANT EDUCATIONAL CHOICE

- An overwhelming majority of parents want school choice. A 2021 poll revealed that **support for school choice is at an all-time high, with 74% of registered voters in favor**. School choice is popular on the political right and left, with 83% of Republicans and 70% of Democrats either strongly or somewhat supporting school choice.⁷

Counties with schools in the bottom 15%

Low-achieving schools rank in the bottom 15% of public schools based on PASA, PSSA, and Keystone scores. This map shows the number of low-achieving public schools in each county.



Source: Pa. Department of Education, "Opportunity Scholarship Tax Credit Program: Low Achieving Schools," 2021-22, <https://www.education.pa.gov/K12/Opportunity%20Scholarship%20Tax%20Credit%20Program/Pages/default.aspx>.
 Note: Designation is based on the combined Mathematics/Algebra I and Reading/Literature scores from PASA, PSSA, and/or Keystone.

¹ Pa. Department of Education, Annual Financial Reports Data Detailed," May 2021, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Detailed-.aspx#.VZwC6mXD-Uk>.

² Pennsylvania Association of School Business Officials, "Special Education Funding," (Accessed September 2021), <https://www.pasbo.org/specialeducation>.

³ Pa. Department of Education, Annual Financial Reports (Revenue Data for School Districts) 2019-20, <https://www.education.pa.gov/Teachers%20-%20Administrators/School%20Finances/Finances/AFR%20Data%20Summary/Pages/AFR-Data-Summary-Level.aspx>.

⁴ Greg Forster, "A Win-Win Solution: The Empirical Evidence on School Choice," EdChoice, May 2016, <http://www.edchoice.org/wp-content/uploads/2016/05/A-Win-Win-Solution-The-Empirical-Evidence-on-School-Choice.pdf>.

⁵ Forster, "A Win-Win Solution."

⁶ Patrick Wolf et al., "Education Freedom and Student Achievement: Is More School Choice Associated with Higher State-Level Performance on the NAEP?" March 2021, University of Arkansas, <https://cpb-us-e1.wpmucdn.com/wordpressua.uark.edu/dist/9/544/files/2018/10/education-freedom-and-naep-scores.pdf>.

⁷ American Federation for Children, "New Poll: School Choice Support at All-Time High," June 2021, <https://www.federationforchildren.org/poll-new-poll-confirms-widespread-support-for-school-choice/>.