



Politics trumps poor kids in Keystone budget impasse

Evan Grossman

December 4, 2015

Private, philanthropic dollars that fund private school scholarships for poor children are being held hostage by Pennsylvania's budget impasse.

State funding to public school districts has been frozen for months, but the lack of a budget has also iced Educational Improvement Tax Credit scholarships, which are privately raised but administered by the state Department of Community and Economic Development. They help to pay the tuition of students who could not otherwise afford to attend private schools.

The result is that while politicians slug it out over a new budget in Harrisburg, students across the commonwealth are caught in the bureaucratic crossfire. Cutting off those funding streams is also having a serious impact on private schools that serve some of Pennsylvania's poorest neighborhoods, forcing the Neighborhood Academy in Pittsburgh and others to consider shutting down.

"It's a very serious cash flow issue where, if they don't have other means to meet the bottom line, unless this gets resolved very soon, we're going to lose a lot of providers for good," Ina Lipman, executive director of Children's Scholarship Fund Philadelphia (CSFP), told Watchdog.

The Children's Scholarship Fund raises \$10 million from private contributions to pay tuition for 6,000 kids each year. The Philly program is in high demand, attracting more than 95,000 applications annually, mostly from families seeking alternatives to failing public schools.

In the last decade, Pennsylvania's EITC program awarded more than 284,000 scholarships worth \$335 million.

EITC dollars also defray the cost of public education for state taxpayers. According to Jason Bedrick at the Cato Institute, and backed by a 2014 report, if every scholarship recipient were to re-enter traditional district schools, it would cost the state an additional \$826 million per year.

Participating private and parochial schools use EITC funds to finance tuitions for students who would not be able to afford a private, college preparatory education without them. But the state has not released any of that money because officials say they can't without a budget in place.

Grounded in the Pennsylvania tax code, EITC funds are locked because the DCED says it doesn't know what limits to place on the amounts of tax credits it can legally issue to participating contributors. So the state agency, backed by Gov. Tom Wolf, won't process applications until a budget is enacted.

According to DCED Secretary Dennis Davin, "the department's hands are tied."

Education advocates like Lipman disagree and are calling for Wolf to order the release of those funds as schools begin to consider fiscal alternatives ranging from cutbacks to closures.

"This is not a matter of appropriation that needs yearly approval," Lipman said. "So many of the arguments that Gov. Wolf's administration are setting forth are smokescreens. The governor is in full control of whether the DCED can issue these approval letters and issue them in time for this tax credit year and not jeopardize so many organizations that are really in the field to help low-income children to gain access to educational opportunities across the board."

Last month, administrators and staff of the Neighborhood Academy, a Pittsburgh private school whose leaders say is on the brink of closing if those funds don't come through, held a rally in Harrisburg to raise awareness about the issue. Before Thanksgiving, Lipman and CSFP also held a rally in front of Wolf's Philadelphia offices at the Bellevue.

Despite those demonstrations, the governor has not relented.

"You're putting economically fragile schools that serve economically fragile students deeper in the hole," Lipman said. "Over the last 15 years, we have watched a lot of schools close even without this kind of crisis. We found that once they close, they are not able to reopen and the devastation to already poor communities is huge."

"It's painful for me to watch," she said, "and it's avoidable."