

MICHAEL F. GERBER, MEMBER
148TH LEGISLATIVE DISTRICT

105 EAST WING
P.O. BOX 202148
HARRISBURG, PENNSYLVANIA 17120-2148
PHONE: (717) 787-9475
FAX: (717) 787-0861
E-MAIL: repgerber@pahouse.net

527 FAYETTE STREET
CONSHOHOCKEN, PENNSYLVANIA 19428
PHONE: (610) 832-1679
FAX: (610) 832-1684



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

DEPUTY WHIP
CHAIRMAN – SOUTHEAST DEMOCRATIC
DELEGATION
BOARD MEMBER – STATE EMPLOYEE
RETIREMENT SYSTEM

MEMORANDUM

To: Members of the House of Representatives.

From: Representative Michael F. Gerber
Representative Dwight Evans
Representative Steve Santarsiero
Representative Jake Wheatley

Date: June 13, 2012

Subject: Co-Sponsorship of Legislation – EITC Expansion and Reform

As a longtime supporter of the Education Improvement Tax Credit (EITC) program, I will introduce legislation designed to increase EITC funding, improve the process for those who contribute to EITC, reform EITC to make it more transparent and protect its integrity, and, most importantly, direct EITC resources to those Pennsylvania children who need it most.

First, this legislation would expand the program by adding another \$75 million in available tax credits, enabling more entities to give, and raising the cap on individual contributions.

Second, this proposal would make the contribution process less cumbersome for those who give to EITC by allowing existing contributors to reapply to the program earlier than new applicants.

Third, this legislation would provide much needed reforms to enhance transparency and protect the integrity of the program. Under this legislation, the Department of Community and Economic Development would be required to post certain program information on its website, including EITC organizations' IRS, audit and other financial information, information regarding businesses that receive tax credits, and the schools or other programs which receive EITC funding. The bill would also prohibit current legislators from serving on EITC organization boards of directors or advisory boards, working as employees at EITC organizations, or being formally involved in any other way with an EITC organization. Furthermore, former legislators will be required to wait at least two years before serving in any of the aforementioned capacities.

The legislation would also limit the amount of EITC money any scholarship or educational improvement organization retains for administrative costs, ensuring EITC funds benefit those we all intend to help.

Finally, this proposal would create a third EITC program called the Keystone Scholarship Tax Credit (KSTC). The KSTC directs dollars to those students who need it most, by creating a scholarship program for students who (1) live within the attendance boundary of a low-achieving school and (2) come from households where the yearly income is no more than 1.33 times the federal poverty rate. Importantly, this proposal ensures educational continuity. Under the legislation, once students are deemed eligible for this program, they would remain eligible for 3 years, without having to worry about a slight change of circumstance that could make them ineligible. This predictability is not only good for students and their families, but it is also helps the higher achieving schools in which KSTC children enroll. And as we are all concerned about the potential for fraud and abuse, safeguards will be put in place to ensure the integrity of the scholarship program.

I hope you will join me in expanding and protecting EITC, and directing resources to Pennsylvania students who need our help the most.

If you have an interest in cosponsoring this legislation please contact, Melanie Brown, mabrown@pahouse.net or (717) 787-9475. We look forward to your support.