

EDUCATION DEPARTMENT[281]

Regulatory Analysis

Notice of Intended Action to be published: 281—Chapter 20
“Students First Act—Education Savings Accounts”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 257.11B
State or federal law(s) implemented by the rulemaking: 2026 Iowa Acts, House File 2754

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

November 17, 2026
8 to 9 a.m.

Room B50
Grimes State Office Building
Online at meet.google.com/uzu-nfiq-jca
Phone: 1.929.276.1400
PIN: 992 943 978#

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Education no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Grimes State Office Building
400 East 14th Street
Des Moines, Iowa 50319
Phone: 515.281.8661
Email: thomas.mayes@iowa.gov

Purpose and Summary

This proposed rulemaking updates rules in light of 2026 Iowa Acts, House File 2754, division VII. The rulemaking also removes obsolete rules and statutory references.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• **Classes of persons that will bear the costs of the proposed rulemaking:**

The State will bear the costs of compliance. According to the Fiscal Note accompanying House File 2754, the cost is unknown.

• **Classes of persons that will benefit from the proposed rulemaking:**

Individuals who want to participate in the education savings account (ESA) program will benefit from an additional application window.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

• **Quantitative description of impact:**

The quantitative impact is unknown.

- **Qualitative description of impact:**

The qualitative impact is unknown.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are administrative costs to the State, but the amount is undetermined.

- **Anticipated effect on State revenues:**

There is an anticipated effect of undetermined size on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Iowa Code section 257.11B requires the adoption of rules to implement the ESA program.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

No alternatives were considered. Iowa Code section 257.11B requires the adoption of rules to implement the ESA program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

No alternative methods could be considered.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Iowa Code section 257.11B requires the adoption of rules to implement the ESA program.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no known impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind rule 281—20.1(257) and adopt the following new rule in lieu thereof:

281—20.1(257) Definitions.

“*Department*” means the department of education.

“*Full-time*” means enrollment at a nonpublic school with a minimum school calendar that meets the requirement of Iowa Code section 279.10 for at least 75 percent of the school’s definition of “full-time.”

“*Nonpublic school*” means the same as defined in Iowa Code section 285.16.

“*Qualified educational expenses*” means the same as defined in Iowa Code section 257.11B(1)“b.”

1. For purposes of this definition, an approvable provider of “educational therapies” is qualified by recognized training and education to provide those educational therapies. To prevent waste, fraud, and abuse, “educational therapies” does not include therapies provided by the student’s family. For purposes of this definition, “family” includes parents, step-parents, guardians, siblings, half siblings, step-siblings, grandparents, step-grandparents, aunts, uncles, or first cousins.

2. For purposes of this definition, approvable “online education programs” means online education programs provided by online education providers approved by the department under 281—Chapter 15.

3. For purposes of this definition, an approvable provider of “vocational and life skills education” is any entity approved by the department or any other unit of state government to provide the vocational and life skills education sought.

4. For purposes of this definition, an approvable “accredited provider” is any individual or organization holding a credential issued by the Iowa board of educational examiners or any other credential issued by the state of Iowa to provide the service at issue. For purposes of this paragraph, paraprofessionals or assistants are sufficiently trained if they hold a credential issued under Iowa Code section 256.157 or if they have received training and education deemed sufficient by their supervising professional.

5. For purposes of this definition, expenses listed in Iowa Code section 257.11B(1) “b” as “not included” in the definition of “qualified educational expenses” are not eligible for payment.

“Resident” means the same as defined in Iowa Code section 282.1(2).

“Student” means the same as “pupil” as that term is used in Iowa Code section 257.11B.

ITEM 2. Rescind rule 281—20.2(257) and adopt the following new rule in lieu thereof:

281—20.2(257) Eligible students. A student is eligible if the student meets the requirements in Iowa Code section 257.11B(2) “a”(3).

ITEM 3. Amend rule 281—20.3(257) as follows:

281—20.3(257) Application process. The parent or guardian of an eligible student may request an ESA payment during the time ~~period~~ periods specified by Iowa Code section 257.11B(3) ~~as enacted by 2023 Iowa Acts, House File 68, section 7,~~ by applying to the department, in a manner prescribed by the department. Within the time frame provided by Iowa Code section 257.11B(5) ~~as enacted by 2023 Iowa Acts, House File 68, section 7,~~ the department will provide a response to the application.

ITEM 4. Amend subrule 20.4(3) as follows:

20.4(3) The department’s actions under Iowa Code section 257.11B(5) “e” and “f” ~~as enacted by 2023 Iowa Acts, House File 68, section 7,~~ may be any action consistent with the department’s authority under Iowa Code section 256.1.