

**Senate File 2244 - Introduced**

SENATE FILE 2244

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**A BILL FOR**

1 An Act relating to the education savings account program,  
2 including the establishment and requirements of qualified  
3 nonpublic schools.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 256.9, Code 2026, is amended by adding the  
2 following new subsections:

3 NEW SUBSECTION. 80. Notify each school district of resident  
4 students who have been approved to participate in the education  
5 savings account program no later than the date on which the  
6 parent or guardian of the student is notified of the student's  
7 approval to participate in the program. Notifications under this  
8 subsection shall include the number of resident pupils approved  
9 to participate and the ages of the resident pupils but shall  
10 contain no other personal information relating to the resident  
11 pupils.

12 NEW SUBSECTION. 81. Make available to the public and submit  
13 to the general assembly a report relating to tuition and  
14 mandatory fee schedules of qualified nonpublic schools in section  
15 257.11B, subsection 1, paragraph "0c", subparagraph (9).

16 NEW SUBSECTION. 82. Require third-party entities and  
17 qualified firms of the education savings account program to  
18 submit annual reports including the total amount of education  
19 savings account funding spent by families on educational  
20 materials, as defined in section 257.11B, subsection 1, paragraph  
21 "b", subparagraph (1), including a separate identification  
22 of the amount spent on educational materials sold directly  
23 by the reporting third-party entity or qualified firm, the  
24 total amount of education savings account funding spent by  
25 families on instructional services outside of qualified nonpublic  
26 schools, and a list of all claims submitted for reimbursement,  
27 including amounts approved for reimbursement. The department  
28 shall annually compile and provide such reports to the general  
29 assembly. Personal information regarding a student in an annual  
30 report submitted pursuant to this subsection shall be kept  
31 confidential as required under the federal Family Educational  
32 Rights and Privacy Act, 20 U.S.C. §1232g, and in the same  
33 manner as personal information in student records maintained,  
34 created, collected, or assembled by or for a school corporation  
35 or educational institution in accordance with section 22.7,

1 subsection 1.

2 NEW SUBSECTION. 83. Require third-party administrators or  
3 vendors of the education savings account program to fully  
4 cooperate with the department and the office of auditor of  
5 state for performance audits of education savings account  
6 expenditures, including providing access to student eligibility  
7 verification, information necessary to evaluate compliance and  
8 detect potential fraud, and vendor information. The board shall  
9 require an annual independent audit, separate from the financial  
10 audit required under section 257.11B, to verify compliance with  
11 education savings account program requirements. Such audit shall  
12 constitute a public record under chapter 22.

13 NEW SUBSECTION. 84. Ensure that any contract with a  
14 third-party administrator or vendor related to the education  
15 savings account program meets all of the following requirements:

16 a. The contract is awarded through a competitive bidding  
17 process.

18 b. Contract terms, including fees and data security  
19 provisions, constitute a public record under chapter 22.

20 c. Fees must not exceed three percent of the total funds  
21 administered on behalf of education savings account participants  
22 and must not exceed direct educational costs.

23 d. Payments to vendors must be made in monthly or quarterly  
24 installments.

25 Sec. 2. Section 257.11B, subsection 1, paragraph b,  
26 subparagraph (1), Code 2026, is amended to read as follows:

27 (1) "*Qualified educational expenses*" includes tuition and  
28 fees at a qualified nonpublic school, textbooks, fees or payments  
29 for educational therapies, including tutoring or cognitive skills  
30 training, curriculum fees, software, and materials for a course  
31 of study for a specific subject matter or grade level, tuition  
32 or fees for nonpublic online education programs, tuition for  
33 vocational and life skills education approved by the department  
34 of education, education materials and services for pupils with  
35 disabilities from an accredited provider, including the cost of

1 paraprofessionals and assistants who are trained in accordance  
2 with state law, standardized test fees, and advanced placement  
3 examinations or examinations related to postsecondary education  
4 admission or credentialing.

5 Sec. 3. Section 257.11B, subsection 1, Code 2026, is amended  
6 by adding the following new paragraph:

7 NEW PARAGRAPH. *0c.* "Qualified nonpublic school" means a  
8 nonpublic school that complies with all of the following:

9 (1) The governing body of the nonpublic school adheres to the  
10 accountability and transparency requirements applicable to the  
11 boards of directors of school districts in the same manner as the  
12 boards of directors of school districts.

13 (2) The nonpublic school adheres to the data reporting  
14 requirements applicable to school districts in the same manner as  
15 a school district.

16 (3) The nonpublic school adheres to the accreditation  
17 standards applicable to school districts that are currently  
18 accredited by the department of education, including standards  
19 related to courses offered and taught by the nonpublic school, in  
20 the same manner as a school district.

21 (4) The nonpublic school adheres to the teacher employment  
22 and teacher licensing requirements applicable to school districts  
23 in the same manner as a school district.

24 (5) The nonpublic school annually reports to the department  
25 of education the number of residents who applied for admission  
26 for purposes of participation in the education savings account  
27 program and the number of resident students who were denied  
28 admission. The report must include the reason for each denial.  
29 Personal information regarding an applicant in a report submitted  
30 pursuant to this subparagraph shall be kept confidential as  
31 required under the federal Family Educational Rights and Privacy  
32 Act, 20 U.S.C. §1232g, and in the same manner as personal  
33 information in student records maintained, created, collected,  
34 or assembled by or for a school corporation or educational  
35 institution in accordance with section 22.7, subsection 1.

1 (6) The nonpublic school reports to the department of  
2 education the number of students participating in the education  
3 savings account program who withdraw from the nonpublic school  
4 and reenter a public school during the school year. The report  
5 must indicate whether the student's return to a public school  
6 was voluntary or the result of removal by the nonpublic school.  
7 Personal information regarding a student in a report submitted  
8 pursuant to this subparagraph shall be kept confidential as  
9 required under the federal Family Educational Rights and Privacy  
10 Act, 20 U.S.C. §1232g, and in the same manner as personal  
11 information in student records maintained, created, collected,  
12 or assembled by or for a school corporation or educational  
13 institution in accordance with section 22.7, subsection 1.

14 (7) The nonpublic school refunds education savings account  
15 funds if a student participating in the education savings  
16 account program withdraws from the school prior to the end of  
17 the semester. The nonpublic school must report a student's  
18 withdrawal in a manner determined by the department of education.  
19 The amount of the refund shall be prorated based on the number  
20 of school days the student was enrolled in the nonpublic school.  
21 The nonpublic school shall pay the amount of the refund to the  
22 pupil's district of residence or, if the pupil has moved out of  
23 the state, shall remit the refund to the department of education  
24 for deposit in the general fund of the state.

25 (8) The nonpublic school does not increase tuition or  
26 mandatory fees for a school year by a rate greater than the  
27 state percent of growth rate applicable to school districts for  
28 that school year. The tuition and mandatory fees charged by  
29 the nonpublic school to a student participating in the education  
30 savings account program must not exceed one hundred twenty-five  
31 percent of the state cost per pupil funding amount for the  
32 applicable school year.

33 (9) The nonpublic school annually reports to the department  
34 of education the tuition and mandatory fee schedules for each  
35 grade level at each school that enrolls students participating in

1 the education savings account program.

2 (10) The nonpublic school assumes full responsibility  
3 for providing and administering any transportation services,  
4 instructional services, or materials managed by public schools  
5 under chapter 285 for students enrolled in the nonpublic school  
6 and participating in the education savings account program.

7 Sec. 4. NEW SECTION. **268.8 Independent evaluation of the**  
8 **education savings account program.**

9 For the school year beginning July 1, 2026, and every five  
10 years thereafter, the university shall conduct an independent  
11 evaluation of the education savings account program in section  
12 257.11B. The evaluation shall include academic outcomes and  
13 demographic characteristics of participating students, patterns  
14 of persistence and withdrawals, and participation trends for  
15 students who have never attended a public school.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with  
18 the explanation's substance by the members of the general assembly.

19 This bill relates to the education savings account (ESA)  
20 program, including the establishment and requirements of  
21 qualified nonpublic schools. The education savings account  
22 program is a program that provides funds to pupils who attend  
23 nonpublic schools to pay for qualified educational expenses,  
24 including but not limited to tuition, tutoring or cognitive skill  
25 training fees, educational therapy costs, software expenses, and  
26 expenses related to course materials.

27 The bill establishes a category of qualified nonpublic schools  
28 that must comply with public school standards of accountability  
29 and transparency, data reporting, accreditation standards, and  
30 teacher employment and licensing requirements.

31 The bill amends the definition of "qualified education  
32 expense" to provide that only tuition and fees at a qualified  
33 nonpublic school are qualified educational expenses for purposes  
34 of the ESA program.

35 The bill requires qualified nonpublic schools to report to

1 the department of education the number of residents who applied  
2 for admission for purposes of participation in the ESA program  
3 and the number of resident students who were denied admission,  
4 including the reason for each denial; to report to the department  
5 the number of students participating in the ESA program who  
6 withdraw from the nonpublic school and reenter a public school  
7 during the school year, indicating whether the student's return  
8 to a public school was voluntary; to refund ESA funds if a  
9 student participating in the ESA program withdraws from the  
10 school prior to the end of the semester; to not increase tuition  
11 or mandatory fees for a school year by a rate greater than  
12 the state percent of growth rate applicable to school districts  
13 for that school year; to annually report to the department the  
14 tuition and mandatory fee schedules for each grade level at each  
15 school that enrolls students participating in the ESA program;  
16 and to assume full responsibility for providing and administering  
17 any transportation services, instructional services, or materials  
18 managed by public schools for nonpublic school ESA participants.

19 The bill requires the department of education to notify each  
20 school district of resident students who have been approved  
21 to participate in the ESA program no later than the date on  
22 which the parent or guardian of the student is notified of  
23 the student's approval to participate in the program; to make  
24 available to the public and submit to the general assembly  
25 a report relating to tuition and mandatory fee schedules of  
26 qualified nonpublic schools; to require third-party entities and  
27 qualified firms of the ESA program to submit annual reports  
28 detailing ESA expenditures; to require third-party administrators  
29 or vendors of the ESA program to fully cooperate with the  
30 department and the office of auditor of state for performance  
31 audits of ESA expenditures; and ensure that any contract with a  
32 third-party administrator or vendor related to the ESA program  
33 meets the requirements in the bill.

34 Lastly, the bill requires the university of northern Iowa to  
35 conduct an independent evaluation of the ESA program every five

1 years.

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