

Senate File 453 - Introduced

SENATE FILE 453
BY DONAHUE

A BILL FOR

1 An Act relating to school district and area education agency
2 funding and education savings accounts, and including
3 applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I
TRANSPORTATION

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2
3 Section 1. Section 285.2, subsection 1, paragraph a, Code
4 2025, is amended to read as follows:

5 a. (1) Boards Except as provided in subparagraph (2), boards
6 of directors of school districts shall be required to provide
7 transportation services to nonpublic school pupils as provided
8 in section 285.1 when the general assembly appropriates funds
9 to the department of education for the payment of claims for
10 transportation costs submitted by the school district.

11 (2) Boards of directors of school districts shall not be
12 required to provide transportation services to nonpublic school
13 pupils of nonpublic schools that accept payments from individual
14 accounts under section 257.11B.

15 Sec. 2. Section 285.3, subsection 1, Code 2025, is amended to
16 read as follows:

17 1. a. A Except as provided in paragraph "b", a parent or
18 legal guardian of a student attending an accredited nonpublic
19 school, who furnishes transportation for the student pursuant to
20 section 285.1, subsection 17, paragraph "c", and who meets the
21 requirements of subsection 2 of this section, is entitled to
22 reimbursement equal to an amount calculated under the provisions
23 of section 285.1, subsection 3. In addition, a parent or
24 guardian who transports one or more family members more than four
25 miles to their nonpublic school of attendance shall be entitled
26 to one supplemental mileage payment per family, per claim period,
27 equal to thirteen percent of the parental reimbursement for the
28 claim period rounded to the nearest whole dollar.

29 b. A parent or guardian of a student attending a nonpublic
30 school, who furnishes transportation described in paragraph "a",
31 is not entitled to reimbursement or a supplemental mileage
32 payment under paragraph "a", if the parent or guardian uses funds
33 from a pupil's individual account under section 257.11B to make a
34 payment to a nonpublic school.

35 Sec. 3. APPLICABILITY. This division of this Act applies to

1 school budget years beginning on or after July 1, 2025.

2 DIVISION II

3 SCHOOL AID FORMULA FOR NONPUBLIC SCHOOL SHARED TIME

4 Sec. 4. Section 257.6, subsection 1, paragraph a,
5 subparagraph (3), Code 2025, is amended to read as follows:

6 (3) Shared-time and part-time pupils of school age enrolled
7 in public schools within the district, irrespective of the
8 districts in which the pupils reside, in the proportion that
9 the time for which they are enrolled or receive instruction for
10 the school year is to the time that full-time pupils carrying
11 a normal course schedule, at the same grade level, in the
12 same school district, for the same school year, are enrolled
13 and receive instruction. Tuition charges to the parent or
14 guardian of a shared-time or part-time nonresident pupil shall
15 be reduced by the amount of any increased state aid received
16 by the district by the counting of the pupil unless the pupil
17 is also enrolled in a nonpublic school that accepts funds from
18 individual accounts under section 257.11B. This subparagraph
19 applies to pupils enrolled in grades nine through twelve under
20 section 299A.8 and to pupils from accredited nonpublic schools
21 accessing classes or services on the accredited nonpublic school
22 premises under section 256.12 or on the school district site, but
23 excludes accredited nonpublic school pupils receiving classes or
24 services funded entirely by federal grants or allocations.

25 DIVISION III

26 AREA EDUCATION AGENCIES MEDIA AND EDUCATION COSTS FOR NONPUBLIC
27 STUDENTS

28 Sec. 5. Section 257.37, subsection 4, Code 2025, is amended
29 to read as follows:

30 4. "Enrollment served" means the basic enrollment of all
31 school districts within the boundaries of the area education
32 agency plus the number of nonpublic school pupils served by
33 the area education agency with media services or educational
34 services, as applicable, other than nonpublic school pupils of
35 nonpublic schools that accept funds from individual accounts

1 under section 257.11B, and except that if a nonpublic school
2 pupil or a pupil attending another district under a whole grade
3 sharing agreement or open enrollment receives services through
4 an area other than the area of the pupil's residence, the
5 pupil shall be deemed to be served by the area of the pupil's
6 residence, which shall by contractual arrangement reimburse
7 the area through which the pupil actually receives services.
8 Each school district shall include in the enrollment report
9 submitted pursuant to section 257.6, subsection 1, the number of
10 nonpublic school pupils within each school district for media and
11 educational services served by the area. However, the school
12 district shall not include in the enrollment report nonpublic
13 school pupils receiving classes or services funded entirely by
14 federal grants or allocations.

15 Sec. 6. Section 257.37, subsection 5, Code 2025, is amended
16 to read as follows:

17 5. a. If an area education agency does not serve nonpublic
18 school pupils who attend nonpublic schools that do not accept
19 funds from individual accounts under section 257.11B in a manner
20 comparable to services provided public school pupils for media
21 and educational services, as determined by the state board of
22 education, the state board shall instruct the department of
23 management to reduce the funds for media services and educational
24 services within the area one time by an amount to compensate
25 for such reduced services. The media services budget shall
26 be reduced by an amount equal to the product of the cost per
27 pupil in basic enrollment for the budget year for media services
28 times the difference between the enrollment served and the basic
29 enrollment recorded for the area. The educational services
30 budget shall be reduced by an amount equal to the product of
31 the cost per pupil in basic enrollment for the budget year for
32 educational services times the difference between the enrollment
33 served and the basic enrollment recorded for the area.

34 b. This subsection applies only to media and educational
35 services which cannot be diverted for religious purposes.

1 c. Notwithstanding this subsection, an area education agency
2 shall distribute to nonpublic schools that do not accept funds
3 from individual accounts under section 257.11B media materials
4 purchased wholly or partially with federal funds in a manner
5 comparable to the distribution of such media materials to public
6 schools as determined by the director of the department of
7 education.

8 Sec. 7. Section 273.2, subsection 3, paragraph a, Code 2025,
9 is amended to read as follows:

10 a. The area education agency shall furnish educational
11 services and programs as provided in section 273.1, this section,
12 sections 273.3 through 273.8, and chapter 256B to pupils enrolled
13 in public or nonpublic schools which are on the list of
14 accredited schools pursuant to section 256.11, which request
15 to receive such services, except to pupils as provided in
16 subsection 15. The programs and services provided shall be
17 at least commensurate with programs and services existing on
18 July 1, 1974. The programs and services provided to pupils
19 enrolled in nonpublic schools shall be comparable to programs
20 and services provided to pupils enrolled in public schools within
21 constitutional guidelines.

22 Sec. 8. Section 273.2, subsection 3, paragraph b, unnumbered
23 paragraph 1, Code 2025, is amended to read as follows:

24 The Except nonpublic schools that accept payments from
25 parents or guardians with an account under section 257.11B, the
26 area education agency may furnish evidence-based professional
27 development services to public or nonpublic schools which are on
28 the list of accredited schools pursuant to section 256.11 if any
29 of the following requirements are satisfied:

30 Sec. 9. Section 273.2, subsection 5, paragraph a, Code 2025,
31 is amended to read as follows:

32 a. The area education agency may furnish services under
33 subsection 3 or 4 to public or nonpublic schools located within
34 its boundaries, or within the boundaries of a contiguous area
35 education agency, which are on the list of accredited schools

1 pursuant to section 256.11, except for nonpublic schools that
2 accept payments from accounts under section 257.11B.

3 Sec. 10. Section 273.2, subsection 6, paragraph d, Code 2025,
4 is amended to read as follows:

5 d. Auxiliary services for nonpublic school pupils as provided
6 in section 256.12. However, if auxiliary services are provided
7 their funding shall be based on the type of service provided,
8 except if the parent or guardian of a nonpublic school pupil uses
9 funds from a pupil's individual account under section 257.11B
10 to make a payment to an accredited nonpublic school, no funding
11 shall be provided to the nonpublic school pupil.

12 Sec. 11. Section 273.2, Code 2025, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 15. A nonpublic school pupil whose parent or
15 guardian uses funds from the pupil's individual account under
16 section 257.11B to make a payment to an accredited nonpublic
17 school, the nonpublic school pupil shall not be eligible to use
18 educational services and programs provided under this section,
19 unless the pupil pays the area education agency directly for the
20 services and programs.

21 DIVISION IV

22 SCHOOL TUITION ORGANIZATION TAX CREDIT

23 Sec. 12. Section 422.11S, subsection 2, Code 2025, is amended
24 by adding the following new paragraph:

25 NEW PARAGRAPH. d. The contribution is used by a qualified
26 school that does not accept payments from a parent or guardian
27 using funds from a pupil's individual account under section
28 257.11B.

29 Sec. 13. APPLICABILITY. This division of this Act applies to
30 contributions made to a school tuition organization on or after
31 July 1, 2025.

32 DIVISION V

33 SCHOOL TUITION AND TEXTBOOK TAX CREDIT

34 Sec. 14. Section 422.12, subsection 2, paragraph b, Code
35 2025, is amended to read as follows:

1 education for the payment of claims for transportation costs,
2 if the nonpublic school accepts payments using funds from
3 an ESA. The bill also specifies parents and guardians of
4 nonpublic school students are not entitled to reimbursement for
5 transportation costs or supplemental mileage payments, if the
6 parent or guardian utilizes an ESA for payments to a nonpublic
7 school.

8 The division applies to school budget years beginning on or
9 after July 1, 2025.

10 DIVISION II — SCHOOL AID FORMULA FOR NONPUBLIC SCHOOL SHARED
11 TIME. Under the bill, for shared-time and part-time pupils
12 enrolled in a school district, the tuition charged to the parent
13 or guardian by the school district is reduced by the amount of
14 any increased state aid received by the district by counting the
15 pupil in enrollment, unless the pupil attends a nonpublic school
16 that accepts payments from accounts under Code section 257.11B.

17 DIVISION III — AREA EDUCATION AGENCIES MEDIA AND EDUCATION
18 COSTS FOR NONPUBLIC STUDENTS. A nonpublic school pupil who
19 attends a nonpublic school that accepts payments from accounts
20 under Code section 257.11B shall not be considered part of the
21 enrollment for purposes of "enrollment served" under Code section
22 257.37.

23 The bill strikes provisions requiring area education agencies
24 to provide educational, programming, and professional services to
25 nonpublic schools that accept payments from parents or guardians
26 using an ESA and to the pupils that are the subject of such
27 payments.

28 DIVISION IV — SCHOOL TUITION ORGANIZATION TAX CREDIT —
29 REPEAL. The bill provides that contributions made to a student
30 tuition organization (STO) that are used by a qualified school
31 that accepts payments from a parent using funds from an ESA
32 are not eligible to receive the STO tax credit. The provision
33 applies to contributions made to a school tuition organization on
34 or after July 1, 2025.

35 DIVISION V — SCHOOL TUITION AND TEXTBOOK TAX CREDIT. The bill

1 modifies the tuition and textbook tax credit in Code section
2 422.12(b) that is equal to 25 percent of the first \$2,000
3 the taxpayer has paid others for tuition and textbooks for
4 each dependent receiving private instruction at an accredited
5 nonpublic school that does not accept payments from ESA funds.

6 The division applies to tuition and textbooks purchased for
7 school budget years beginning on or after July 1, 2025.

8 DIVISION VI — CONCURRENT ENROLLMENT. The bill defines
9 "accredited nonpublic school" for purposes of Code chapter 261E
10 (senior year plus program) to mean a nonpublic school that does
11 not accept payments from a parent or guardian using an ESA. By
12 defining "accredited nonpublic school" in Code chapter 261E in
13 this manner, a pupil who attends a nonpublic school that accepts
14 ESA funds is not eligible for the senior year plus program under
15 Code chapter 261E.

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