An Act relating to education, including establishing a Student First Scholarship Program and a Student First Enrollment Supplement Fund, requiring the boards of directors of school districts to publish certain specified information, modifying provisions related to required social studies instruction, open enrollment, teacher librarian endorsements, competent private instruction, and special education, making appropriations, providing penalties, and including effective date, applicability, and retroactive applicability provisions.
FUNDING SUMMARY

FY 2023

Student First Scholarships would require an estimated State General Fund annual appropriation of $55.2 million beginning with FY 2023. This estimate assumes 10,000 scholarships are awarded and each pupil has a weighting of 1.00.

FY 2024

This Bill will have no net impact on the State General Fund for FY 2024. The changes include the following:

- A decrease of $79.1 million to the State General Fund standing unlimited appropriation for State Foundation School Aid due to the 10,000 students no longer being counted in the public school enrollment. Fiscal year 2024 State Foundation Aid is based on October 2022, certified enrollment and would reflect the reduction of students now attending nonpublic schools.
- Maintains the estimated FY 2023 State General Fund appropriation of $55.2 million for the Student First Scholarships.
- An increase of $23.9 million for a new standing unlimited State General Fund appropriation for the Student First Enrollment Supplement Fund. The estimate assumes 10,000 scholarships are awarded and each pupil has a weighting of 1.00. The appropriation must be distributed equally ($222,500 per district) to the estimated 102 school districts with a budget enrollment of 500 students or fewer.

MAJOR INCREASES/DECREASES/TRANSFERS OFEXISTING PROGRAMS

FISCAL IMPACTS

DIVISION I: School District Transparency

Transparency and State Standards: There is no fiscal impact to the State; however, there is a fiscal impact to local school districts. The requirement of this Bill to make information sortable requires an interactive database, which may be beyond the current capabilities of school district software and systems. Additional administrative costs may be required to support the software and systems and support internal and external users. These costs cannot be estimated and would vary by school district.

School districts would need to provide classroom coverage for the time teachers would need to prepare materials for posting or add additional contract days for completion of the work. If substitutes are used rather than additional contract days, the statewide cost to school districts is estimated to be $27.4 million.
The posting of materials online may result in additional costs to districts if translation into additional languages is needed; however, these costs cannot be estimated.

DIVISION II: Student First Scholarship Program

**Student First Scholarship:** A weighting of 1.00 would result in a Student First Scholarship equal to an estimated $5,521 annually. While the number of Scholarships is limited to 10,000, a pupil may have a weighting above 1.00 if the pupil receives additional weighting.

**Student First Scholarships Appropriation:** Student First Scholarships would require an estimated State General Fund annual appropriation of $55.2 million beginning with FY 2023. This estimate assumes 10,000 scholarships are awarded and each pupil has a weighting of 1.00.

DIVISION III: Social Studies Instruction

There is no fiscal impact to the State; however, there may be a fiscal impact to local school districts. The language of this Bill allowing the modification of the required civics test for a student who has an individualized education program (IEP) may be in conflict with federal regulation. It is unclear whether this Bill would allow sufficient accommodations to meet the needs of all special education students, allowing those students to graduate.

There may be additional costs to school districts, as multiple test taking opportunities may require staff time to proctor the test to ensure completion of the test and graduation of students. Costs to local school districts cannot be estimated.

SIGNIFICANT CODE CHANGES

DIVISION I: School District Transparency

Requires school foundation aid, preschool foundation aid, supplementary aid, and adjusted additional property tax aid payments to a school district to be reduced by the Department of Education (DE) for each day the school district intentionally violates new Iowa Code section 279.76, related to transparency and State standards. The amount to be withheld is to be determined by the DE and in proportion to the actual damages caused by the school district’s violation of the transparency and State standards.

Requires each school district to post specified information to the school district's Internet site, to update the information twice each school year, to notify parents and guardians of when the information is updated, and
requires the information to be accessible to the public for five years.

Requires each school district to adopt protocols for the selection, review, reconsideration, and removal of materials from libraries operated by the school district. Provides for the process of parental or guardian objection to materials, including appeal to the State Board of Education.

Requires the DE to create a flowchart outlining the process for a parent or guardian to request the removal of a book from a school library.

**DIVISION II: Student First Scholarship Program**

Establishes the Student First Scholarship Program beginning July 1, 2022 (FY 2023). The following pupils who attend nonpublic schools accredited by the Department of Education as provided in Iowa Code section 256.11 and nonpublic institutions that comply with State Board of Education standards for providing special education programs are eligible to receive a Student First Scholarship:

- A pupil whose household has an annual income which is less than or equal to 400.0% of the poverty income guidelines.
- A pupil who has a IEP.
- A pupil who received a Student First Scholarship for the immediately preceding school budget year and who is eligible to enroll in grade 1 through grade 12.

Limits the number of Student First Scholarships to no more than 10,000 in each school year. While the number of Scholarships is limited to 10,000, a pupil may have a weighting above 1.00 if the pupil receives additional weighting.

Provides that by January 1 preceding the school year for which the Student First Scholarship is requested, the parent or guardian of a pupil enrolled in a school district, eligible to enroll in a school district for kindergarten in the next school year, or enrolled in a nonpublic school who received a Student First Scholarship in the current school year, may request a Student First Scholarship by submitting an application to the DE indicating that the parent or guardian intends to enroll the pupil in a nonpublic school for the entirety of the school year.

Requires the DE to assign a Student First Scholarship equal to the sum of the following:

- 88.40% (estimated $6,553 for FY 2023) of the regular program State cost per pupil (estimated $7,413 for FY 2023) less the statewide average foundation property tax per pupil (estimated $2,213 for FY 2023) multiplied by the pupil's weighted enrollment if the pupil was enrolled in the pupil's district of residence.
The total teacher salary supplement district cost per pupil for the pupil’s district of residence (estimated $635.61 for FY 2023).

The total professional development supplement district cost per pupil for the pupil’s district of residence (estimated $71.99 for FY 2023).

The total early intervention supplement district cost per pupil for the pupil’s district of residence (estimated $78.41 for FY 2023).

The total area education agency (AEA) teacher salary supplement district cost per pupil for the pupil’s district of residence (estimated $33.26 for FY 2023).

The total AEA professional development supplement district cost per pupil for the pupil’s district of residence (estimated $3.88 for FY 2023).

The total teacher leadership supplement district cost per pupil for the pupil’s district of residence (estimated $357.80 for FY 2023).

Creates a Student First Scholarship Fund in the State Treasury, under the control of the DE, consisting of moneys appropriated to the DE for the purpose of providing Student First Scholarships. For the fiscal year commencing July 1, 2022 (FY 2023), and each succeeding fiscal year, this Bill appropriates from the State General Fund to the DE for deposit in the Fund the amount necessary to pay all Student First Scholarships approved for that fiscal year.

Requires the DE to establish an account in the Student First Scholarship Fund for each pupil approved for a scholarship. The amount of the pupil’s Student First Scholarship must be deposited into the pupil’s account on July 1. The amount must be available for use by parents and guardians for the payment of qualified educational expenses, as defined in this Bill, incurred by the parent or guardian for the pupil during that fiscal year.

Requires moneys remaining in a pupil’s account upon the conclusion of the fiscal year to remain in the pupil’s account in the Student First Scholarship Fund for the payment of qualified educational expenses in future fiscal years during which the pupil participates in the Program until the pupil becomes ineligible or until the remaining amounts are required to be transferred to the State General Fund under specified conditions.

Specifies that the DE must transfer any funds remaining in the account of a pupil who has withdrawn from nonpublic school due to a change of residence who does not enroll in a different nonpublic school to the State General Fund.

Specifies that for each pupil with a positive balance in the pupil’s account in the Student First Scholarship Fund upon graduation from high school or reaching 21 years of age, whichever occurs first, the DE is
required to transfer the remaining moneys for deposit in the State General Fund.

Establishes a Student First Enrollment Supplement Fund under the control of the Department of Management (DOM).

Specifies that for each fiscal year beginning on or after July 1, 2023 (FY 2024), there is appropriated annually from the State General Fund to the DOM for deposit in the Student First Enrollment Supplement Fund an amount equal to the product of the number of Student First Scholarships approved for the base year multiplied by the sum of the statewide average foundation property tax per pupil (estimated $2,213 for FY 2023) plus the difference between the amounts determined under Iowa Code section 257.16B(2)(c)(1) and (2), for the calculation of school district property tax replacement payments (PTRP) (estimated $175 for FY 2023).

Requires moneys available in the Student First Enrollment Supplement Fund to be distributed in equal amounts as Student First Enrollment Supplement Payments to school districts with a budget enrollment of 500 students or fewer for the budget year.

DIVISION III: Social Studies Instruction

Requires a specific assessment of student knowledge to be included in the currently required United States government class and requires an achieved minimum 70.0% score on the United States Citizenship and Immigration Services civics test as a requirement for graduation.

DIVISION IV: Private Instruction — Special Education

Specifies that a child of compulsory attendance age who is identified as requiring special education is eligible for placement under competent private instruction without prior approval of the placement by the director of special education of an AEA.

Specifies that a parent, guardian, or legal custodian of a child who is identified as requiring special education may request dual enrollment. The appropriate special education services for the child must be determined pursuant to Iowa Code chapter 256B (Special Education).

DIVISION V: Open Enrollment

Specifies that a right of appeal under Iowa Code section 290.1 is also available to the sibling or stepsibling of a student seeking open enrollment under Iowa Code section 282.18(5) who is denied an open enrollment
application by either the school board of the district of which the student is a resident of or a decision of the school board of the receiving district to deny an open enrollment application.

Authorizes the sibling or stepsibling of a student who open enrolls under Iowa Code section 282.18(5) to participate immediately in a varsity interscholastic sport if the sibling or stepsibling open enrolls as well.

DIVISION VI: Teacher Librarians

Specifies that the licensed teacher librarian required for each school district is not required to have completed a master's degree.

EFFECTIVE DATE

Specifies the following provisions of this Bill take effect on enactment:

- Specifying the duties of the Director of the DE includes the adoption of rules related to the administration of, and applications for, the Student First Scholarship Program.
- The enactment of the Student First Scholarship Program.
- Student First Scholarship Program application deadlines.
- The authority of the DE to adopt emergency rules related to this Bill.

Specifies the section of this Bill enacting the Student First Enrollment Supplement Fund applies to school budget years and fiscal years beginning on or after July 1, 2023 (FY 2024).

Specifies that the provision making a Student First Scholarship received by a taxpayer not taxable income for purposes of State individual income taxation is applicable retroactively to tax years beginning on or after January 1, 2022 (TY 2022).
Senate File 2369 provides for the following changes to the Code of Iowa.

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### Unassigned Standings

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