

# Students First Education Savings Account Program

*School Finance Formula Review Committee  
Monday, December 16, 2024*



Department of Education

# Established

- Signed January 24, 2023
- Established a framework and funding for education savings accounts (ESAs)
- Must be an Iowa resident
- Must attend full-time K-12 programming at Iowa's accredited nonpublic schools
- ESA funds may be used to pay
  - Tuition and fees at Iowa's accredited nonpublic schools
  - Other statutory allowable educational expenses
- Statutory References
  - Iowa Code § 257.11B
  - 281 IAC 20

# Application

- Each family may submit one application with one or more students included.
- Select application data is sent to Iowa Department of Revenue to verify eligibility against tax records.
- The eligibility for the majority of ESA applications are determined through this automatic process.
- Application eligibility unable to be determined through this process is subjected to additional review and documentation.

# Year 1: Eligibility

- Year 1 – 2023-2024 school year
- Iowa resident
- Attend full-time K-12 programming at one of Iowa's accredited nonpublic schools
- If attended nonpublic school in 2022-2023 school year income requirements apply
  - Income is limited to 300% of poverty level

# Year 1: Funding & Participation

- ESAs are funded \$7,635 for each eligible participant.
- Unused funds remain available for use in a future year the student is an ESA participant.
- Application period: May 31, 2023 – June 30, 2023
- 2023-2024 ESA participation rates were released as part of Fall 2023 certified enrollment.
- 2023-2024 ESA participants: 16,757
- ESAs generate categorical funding for resident districts (Iowa Code § 257.10).

Categorical	State Cost	Minimum	Maximum
TLC	\$377.74	\$377.74	\$377.74
EIC	\$82.78	\$55.18	\$126.80
PD	\$76.00	\$49.95	\$104.70
TSS	\$671.05	\$699.19	\$2,852.23
Total	\$1,207.57	\$1,182.06	\$3,461.47

# Using ESA Funds: Tuition and Fees

- Checkpoint 1: Application is approved.
  - Checkpoint 2: Parent selects school (Iowa accredited nonpublic school).
  - Checkpoint 3: School verifies the student.
  - Checkpoint 4: School charges tuition and fees.
  - Checkpoint 5: Parent confirms tuition and fees.
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- ESA funds remain in the State's General Fund until an eligible expenditure is approved.

# Using ESA Funds: Funds Remaining, Marketplace

- If ESA funds remain after tuition and fees are paid, funds may be used to purchase qualified educational products and services in the Marketplace.
- Examples of allowable products and services –
  - Textbooks
  - Software
  - Tutoring services
  - Instruments
  - Computers
- The Marketplace (MP) is a closed system.
  - Contains only pre-approved vendors that offer ESA-eligible products and services.
  - Contains only pre-approved products and services listed by the pre-approved vendors.
  - All products and services are eligible to be purchased with ESA funds.

# Year 2: Eligibility

- Year 2 – 2024-2025 school year
- Iowa resident
- Attend full-time K-12 programming at one of Iowa's accredited nonpublic schools
- If attended nonpublic school in 2023-2024 school year income requirements apply
  - Income is limited to 400% of poverty level

# Year 2: Funding & Participation

- ESAs are funded \$7,826 for each eligible participant.
- Unused funds remain available for use in a future year the student is an ESA participant.
- Application period: April 16, 2024 – June 30, 2024
- Over 30,000 applications were received.
- Nonpublic schools report ESA participants through certified enrollment. 2024-2025 participation rates will be shared as part of the certified enrollment release.

# Year 3: Eligibility, Funding & Participation

- Year 3 – 2025-2026 school year
- Iowa resident
- Attend full-time K-12 programming at one of Iowa's accredited nonpublic schools
- ESAs will be funded \$7,826 + state supplemental aid increase for FY26.
- Application period: April 16, 2025 – June 30, 2025