
BUDGET UNIT BRIEF – FY 2024

Fiscal Services Division

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Education Savings Accounts — Standing

Purpose and History

The 2023 enactment of [HF 68](#) (Education Savings Accounts Act) provided a new standing unlimited General Fund appropriation for an Education Savings Account (ESA) Fund under the control of the Department of Education (DE) beginning with FY 2024.

The Fund is required to be used to establish individual accounts for participating pupils and to make qualified ESA payments on behalf of parents and guardians.

Education Savings Accounts

Effective for FY 2024, the following pupils who attend a nonpublic school are eligible to receive an ESA payment:

- All kindergarten pupils.
- Pupils who were enrolled in a public school the previous year.
- Pupils who were enrolled in a nonpublic school the previous year with an annual household income at or below 300.0% of the federal poverty level (FPL).

Year two (FY 2025) eligibility includes the following pupils:

- All kindergarten pupils.
- All pupils who were enrolled in a public school the previous year.
- Pupils who were enrolled in a nonpublic school the previous year with an annual household income at or below 400.0% of the FPL.

Year three (FY 2026) eligibility includes all K-12 pupils in Iowa who attend a nonpublic school.

The annual ESA amount per account is determined by the State cost per pupil (SCPP) for that fiscal year and changes each year based on the State percent of growth (SPG). Funds in an ESA must be used for defined qualified educational expenses. Enrollment and funding amounts are based on annual applications, which are due to the DE by June 30 each year, and verification of a pupil's plans to be enrolled in a nonpublic school.

More Information

Historical School Aid Data: legis.iowa.gov/publications/fiscal/k12/other

LSA Legal Division, Education Finance Legislative Guide: legis.iowa.gov/docs/publications/LG/13834.pdf

LSA Legal Division, Supplemental State Aid Programs Legal Background Briefing:

legis.iowa.gov/docs/publications/BF/13835.pdf

Iowa Department of Management, School Aid Information: dom.iowa.gov/schools

Iowa Department of Education, School Finance Resources: educateiowa.gov/pk-12/schoolbusiness-finance/financial-management/school-finance-resources

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Funds remaining in a pupil's account at the conclusion of a fiscal year will remain in the account for the payment of qualified educational expenses in future fiscal years until the pupil becomes ineligible or until the remaining amounts are transferred to the General Fund. The remaining amounts are required to be transferred to the General Fund when the pupil graduates from high school or reaches the age of 20, whichever occurs first.

Funding — State General Fund

New Iowa Code section [257.11B](#)(5) provides a standing unlimited General Fund appropriation for the ESA Fund beginning with FY 2024.

Related Statutes and Administrative Rules

Iowa Code chapter [257](#)

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