

ESA UPDATE

DISCOVER THE DIFFERENCE: UNDERSTANDING EDUCATION SAVINGS ACCOUNTS

Initiated in February 2023, the Students First Act makes state funding available for eligible Iowa K-12 students who choose to attend accredited nonpublic schools in the form of an Education Savings Account (ESA) and also provides public schools additional funding for students who live in the school's district but attend nonpublic schools.

"Public schools are the foundation of our education system and for most families they will continue to be the option of choice, but they aren't the only choice," Governor Reynolds stated. "For some families, a different path may be better for their children. With this bill, every child in Iowa, regardless of zip code or income, will have access to the school best suited for them," (Reynolds, 2023).

What is an ESA?

An ESA (a form of school choice) is a deposit of public funds into government-authorized savings accounts, which eligible families may use to cover tuition, fees, and other qualified education expenses. ESAs foster good stewardship and responsible use of educational spending by empowering parents to shop for educational providers based on price and quality (Forster, 2016). Moreover, unlike traditional voucher programs, unused ESA funds can be rolled over yearly to save for future educational expenses.

Forster also states, "School choice improves academic outcomes for participants and public schools by allowing students to find the schools that best match their needs and by introducing healthy competition that keeps schools mission-focused. It breaks down the barriers of residential segregation, drawing students together from diverse communities."

How do ESAs work in Iowa?

Parents who enroll their eligible children in an accredited nonpublic school will receive approximately \$7,600 annually per child for tuition and other qualified educational expenses. Funds are deposited into the student's ESA (managed by a [state contractor](#)) yearly, and the parent pays the school through an app. Funds remain available until the student graduates high school or turns 20. Any remaining balance is returned to the state general fund at that time.

During the 2023-2024 school year, 16,757 students used a Students First ESA to attend an accredited nonpublic school in Iowa as of the October 1 certified enrollment date (Iowa Department of Education, 2024). Among these students, 2405 enrolled at a Diocese of Des Moines Catholic School.

Is My Child Eligible?

ESAs are available based on the following eligibility:

School Year 2024-25

- All entering kindergarten students
- All students enrolled in a public school
- A student enrolled in a private school with a household income at or below 400% of the [2024 Federal Poverty Guidelines](#)

School Year 2025-26

- All K-12 students in Iowa, regardless of income.

"As stewards of knowledge and faith, embracing the transformative power of education savings accounts in Iowa is a testament to our commitment to nurturing both the minds and spirits of our students," said Donna Bishop, Superintendent of Schools. "By removing the financial barriers for families, we can pave the way for a brighter future, where every child can access the quality education they deserve."

What about Tuition Assistance?

ESAs will not affect the Student Tuition Organization (STO) tuition assistance provided to families through their nonpublic school. Every year, [Iowa's STO Program](#) supports more than 11,000 students. STOs help parents whose education choices are restricted by their income or zip code. Donors to the STO are encouraged to continue to support tuition assistance for families that want a nonpublic or faith-based education for their children.

Can Families Apply for Both an ESA and Tuition Assistance?

Yes! Qualified families can receive both an ESA and tuition assistance. Applying for both options gives eligible families the best chance at receiving the most assistance. The remaining funds in an ESA account can be used for future tuition costs or other eligible educational

expenses. All families at or below 400 percent of the Federal Poverty Guidelines qualify for STO tuition assistance, even if they apply for an ESA.

Learn More and Apply.

Applications open April 16 for the 2024-2025 school year and must be submitted by June 30. Only one application is needed per household. Parents/guardians can add multiple students attending multiple schools from their household. The application process should take 10-15 minutes, and results will be available immediately. Applications are valid for one year; a family must apply annually to remain eligible for the program.

For more information about ESAs, email studentsfirst@iowa.gov or call 515-281-5211. Families can also contact Iowa ACE at 515-313-0687 or info@iowaace.org.

For more information about tuition assistance in the Diocese of Des Moines, visit ctodsmdiocese.org.

Sources:

Forster, G. (2016). *A Win-Win Solution: The Empirical Evidence on School Choice*. Retrieved March 15, 2023 from <https://www.edchoice.org/wp-content/uploads/2016/05/2016-5-Win-Win-Solution-WEB.pdf>.

Governor Kim Reynolds. (2023, January 24). *Reynolds signs Students First Act into law [Press Release]*. <https://governor.iowa.gov/press-release/2023-01-24/gov-reynolds-signs-students-first-act-law#:~:text=The%20Students%20First%20Act%20makes,choice%2C%20Governor%20Reynolds%20stated>.

Iowa Alliance for Choice in Education. (2023). Programs. Retrieved March 15, 2023 from <https://www.iowaace.org/programs/>.

Iowa Department of Education. (2024, January 26). *Certified Enrollment for 2023-24 Holds Steady; 16,757 ESA Participants Enrolled at Iowa Accredited Nonpublic Schools [Press Release]*. <https://educate.iowa.gov/press-release/2024-01-26/certified-enrollment-2023-24-holds-steady-16757-esa-participants-enrolled-iowa-accredited-nonpublic>.