



RSAI 2025 Legislative Priority: School Choice and the Priority of Public Schools

Background: Iowa provides many options to parents and students regarding their choice of school. The list is detailed at the end of this Position Paper, but basically includes the public school of residence, another public school in the district, open enrollment to any other public school including virtual options, both accredited and nonaccredited nonpublic schools, and two kinds of home school.

HF 68 was enacted in the 2023 Session, which phases in state-funded Education Savings Accounts (ESAs) equal to the state cost per pupil set annually by the Legislature. The ESAs were first available in FY 2024 to students already attending accredited private schools with family income below 300% of the federal poverty level (FPL) and first-time private school enrollees regardless of income (kindergarteners, transfers from public school or from home school). Income eligibility goes up to 400% of the FPL for FY 2025. Next school year, and beyond, there is no income limit for eligibility. The estimated cost to the State, once fully phased in, will likely exceed \$450 million annually.

Financial Impact: RSAI opposes any expansion of programs/plans that redirect or designate additional taxpayer funds for private school, homeschooling, or other private services. Private school programs must include accountability for expenditures and should be subject to public oversight that accompanies tax dollars. Investments in education savings accounts or other private systems stress public school resources in several ways: 1) reducing students (Iowa's funding formula is enrollment-based), 2) concentrating minority and poverty in public school districts where private schools are located, 3) creating pressures to expand (new private schools in rural districts as experienced in Florida and pressure to include home school and nonaccredited private school ESA eligibility down the road), and 4) allowing private schools to choose which students to enroll.

Education Savings Accounts Implementation: ESAs are now Iowa law. As the legislation was enacted within the first two weeks of the 2023 Session, policies did not benefit from the perfecting process of thorough subcommittee and committee meetings, extended conversation, media and constituent attention. RSAI supports several legislative fixes and policy corrections that would improve workability, minimize harmful impacts on public schools, and improve fairness:

- If a student withdraws from the private school after the Oct. 1 enrollment count date and enrolls in the public school, the student should be counted for funding or spending authority in the coming fiscal year.
- The appropriation to public schools to reimburse parents for transportation of nonpublic students should not flow through public schools and their accounting offices. The ESA portal could accomplish transportation reimbursement directly to parents.
- Nonpublic and open enrollment to another public school impact both funding and staffing decisions. A reasonable deadline for ESA application should mirror the March 1 open enrollment deadline. The open enrollment exceptions for good cause could also apply to an ESA after the deadline for extreme cases. Such a deadline would improve the ability of both public and nonpublic schools to budget and staff, allocating resources for the students they will serve.

- HF 68 requires that students receiving an ESA and attending a nonpublic school be counted by the district of residence with the October enrollment count. DOM then uses the enrollment count to generate per pupil supplements (PD, TSS, TLC and EICS) for the resident public school district, on average, \$1,205 per pupil beginning in FY 2025. The Legislature should provide public school boards with flexibility to spend those funds on any necessary purpose of the district, from closing achievement gaps to providing fine arts or computer science courses or any other purpose local leaders determine is critical for students. The new teacher salary minimums and calculation of TSS needed to pay them per HF 2612 in the 2024 Session inadvertently scooped the TSS funds that HF 68 intended local districts to use for school improvement.
- Lastly, an evaluation of the need for and extent of tuition and textbook tax credits and school tuition organization tax credits should be examined. With ESAs available to all students enrolled in accredited nonpublic schools, these funds or a portion of them could fund reinstating operational sharing weightings, district costs of addressing chronic absenteeism, support high-needs public schools and/or schools with concentrations of high-poverty and non-English speaking populations, and other measures of students at-risk of not succeeding, all to close learning gaps and improve outcomes.

Public School Priority: As Iowa public schools will always be the first choice of most Iowa families, they must be adequately funded and supported by the State.

- 1) Since the implementation of Education Savings Accounts, as enacted by HF 68 in 2023, is nearly complete, RSAI supports the following changes.
 - a. Public schools should be relieved of the mandate to reimburse private school parents or provide transportation for private schools.
 - b. Private school students returning to public school after the October enrollment count date should be funded in a timely manner.
 - c. ESA applications should be submitted and approved by the March 1 open enrollment deadline to inform both public and private schools in a timely manner for staff and budget planning.
 - d. Local school districts should receive all categorical funds based on the ESA student count, and those funds should be allowed for any use as directed by the school board to best meet the needs of students enrolled in the public school.
- 2) ESAs should not be expanded to homeschool students or nonaccredited private schools. The state should resist a weakened accreditation process, which would encourage new private schools without high standards to come to Iowa.

Equity of expectations and regulations should be applied consistently to both public and private schools under an ESA environment. There should be a level playing field requiring acceptance of all students, consistent reporting, comprehensive services, mandated content and transparency. Private schools receiving payments from ESAs should be open to an audit and financial review to ensure funds are spent appropriately.