



IOWA CATHOLIC CONFERENCE

Education Savings Account FAQs

What is an Education Savings Account?

Education savings accounts (commonly referred to as ESAs) would allow parents not enrolling their child in a public district to receive a deposit of public funds into government-created savings accounts with restricted, but multiple, uses. A debit card for the parent would be issued. Those funds could cover private school tuition and fees, private instruction, tutoring or training.

How would an Education Savings Account work in Iowa?

Our proposal involves a state grant to be deposited to each pupil's Education Savings Account. The grant would equal the average amount of state per-pupil spending, or approximately \$6,000. Parents would use those funds to cover qualified expenses such as tuition, fees, and curriculum materials. Fraud protection would be carefully built into the program.

An ESA proposal restricted to current public school students would be budget-neutral or even save money for the state.

Where are Education Savings Accounts being utilized?

There are Education Savings Account programs active in five states with nearly 19,000 students. The states are Arizona, Florida, Mississippi, North Carolina and Tennessee.

How do Education Savings Accounts benefit children and families?

Education Savings Accounts would allow parents to choose and afford the form of education that best fits their child's needs. Parents could freely choose from any of the educational options in Iowa, regardless of where they live or their income level.

How would an Education Savings Account program work with the current School Tuition Organization program?

The STO program would be needed to assist the lowest-income students because the state's contribution to a student's ESA account would not necessarily cover all tuition costs.

How is an ESA program different from the STO program?

School Tuition Organizations receive donations from private donors to fund tuition grants to low-income children. These donors receive a 65 percent tax credit for their gift. The ESA program directly uses state funding.

Are school choice programs helping student participants excel?

Test scores can only tell us so much about a child's schooling experience. But if we look at test scores only, the vast majority of random assignment studies—the gold-standard method in social science—find school choice programs help improve students' academic performance, especially over time. The studies that have found negative effects typically reflect only the first year or two of participating students' test scores in their new schools. These trends are normal when students switch schools, whether they are switching from public school to public school or public to private.

We know school choice students tend to be among the most “academically behind” students in their public schools before using choice programs. Their private schools of choice tend to turn their performance around in three to four years on average.

Do school choice programs harm public schools?

When students leave public schools using choice programs, they free up money for the students who remain. Taking a student out of public school removes the cost of educating that student. Most of these savings remain in local school budgets where they benefit other students; the rest of the savings go into state budgets. States and cities with school choice programs have all increased their per-student instructional spending in the years since the programs began.