



FREQUENTLY-ASKED QUESTIONS FROM SCHOOL CHOICE LEGISLATIVE KICKOFF WEBINAR VIEWERS JANUARY 2017

I'm confused about where the money for an ESA comes from, and I'm worried an ESA program will harm the public schools.

The state contributes an average of \$6,000 toward each public-school student's education costs. Local property tax revenues and federal funding are added to that and amount to over \$10,000 on average being spent on each public-school student in Iowa.

Under the ESA proposals the past two years, the value of an ESA grant would only equal a portion of the state per-pupil funding - \$5,500 has been the figure proposed in past ESA bills. An ESA proposal would have no effect on the uniform property tax levy for education – it is applied at a rate of \$5.40/\$1,000 of taxable property valuation. Federal education funding would not be affected.

The ultimate cost of an ESA program would depend on the amount of the ESA grant and the number of eligible students who take the ESA grant. There are currently 33,949 students in Iowa's accredited nonpublic schools – if we assume every one of those students received an ESA grant valued at \$5,500, the total cost of the program for one year would be \$186.7 million dollars. However, not all nonpublic school families would apply for an ESA. We would also see a certain number of public school students transfer, but we do not anticipate a mass exodus.

The total expenditures on education in Iowa from federal, state and local sources is over \$5.2 billion, so the cost of a full ESA program would be the approximate equivalent to 4% of that \$5.2 billion. Legislators will examine several proposals on the amount of the ESA, eligibility issues, and potentially how to phase it in over time. All indications show that the legislature will increase public school funding again this session. There is no intent or plan to reduce public education funding for an ESA program.

Would unspent funds really be there for college? – Past versions of ESA bills required that anything leftover in an ESA each year would roll into the next, and that any amount remaining at high school graduation could be applied to tuition at an Iowa college or university. If a student didn't go to an Iowa college or university, the money would revert to the state.

Isn't there a state budget deficit in Iowa? There is not a state budget deficit. State revenues are increasing, just not as greatly as previously projected. The current state budget for the current fiscal year ending June 30, 2017, is now projected to have about \$7.2 billion in revenue. That's up 4.2 percent

compared with the past state fiscal year, but it represents a decline of \$96.2 million compared with a revenue forecast issued in October. For the 2018 fiscal year, revenue is projected at about \$7.5 billion, which would be up 4.8 percent compared with the current year's latest forecast. Revenues are increasing!

Will families receiving an ESA debit card with tax funds affect their federal poverty levels and STOs? The amount a family receives as an ESA grant would not be considered (taxable) income.

How many lobbyists do we have? The Iowa Advocates for Choice in Education employs the government relations firm of LS2 group, which has at least 3 lobbyists who work on our issue throughout the session. Iowa Catholic Conference and Iowa Christian Schools each have one lobbyist. We also have partner organizations who have a lobbyist at the Capitol and support our efforts, like Americans for Prosperity. The Iowa ACE/Advocates Executive Director has also registered as a lobbyist and occasionally helps at the Capitol whenever needed, such as at Subcommittee hearings.

Will Legislators be able to find funds to support an ESA program? There are legislators already looking for where the money for an ESA program can be found (not out of public school budget) and how an ESA program might be phased in. Legislators usually find money to fulfill their priorities. If legislators really want to do this, they will find a way the state can afford it. There's a long history of that happening here. To us \$100 million or \$200 million for a program sounds astronomical, but when you look at the overall state budget, it's not.