



THE SHERMAN LIBERTY LETTER

Representative Brad Sherman - District 91

The first week of the session was largely about formalities. But in the second week, we are in the thick of it! I don't expect future letters to be as long as this one, but the issue being addressed here, The School Choice Bill / Educational Savings Accounts (ESA) requires a detailed explanation. It has become clear to me that much of the opposition to this bill is based on misconceptions and a lack of understanding. That is understandable because school funding is very complicated and most people don't have the time to study it. **Please Read the information below carefully.** It will provide answers to most of the questions I've been getting.

The School Choice Bill

The Big Picture of Public School Funding

The flow chart below illustrates the different sources of public school funding and where they fit into the overall picture. Note that the **General Fund** at the top of the chart is the main one we will be looking at and it is funded primarily by Supplemental State Aid (SSA) and Property Taxes, as well as some Federal funding.

Revenue Sources and Allowable Expenditures

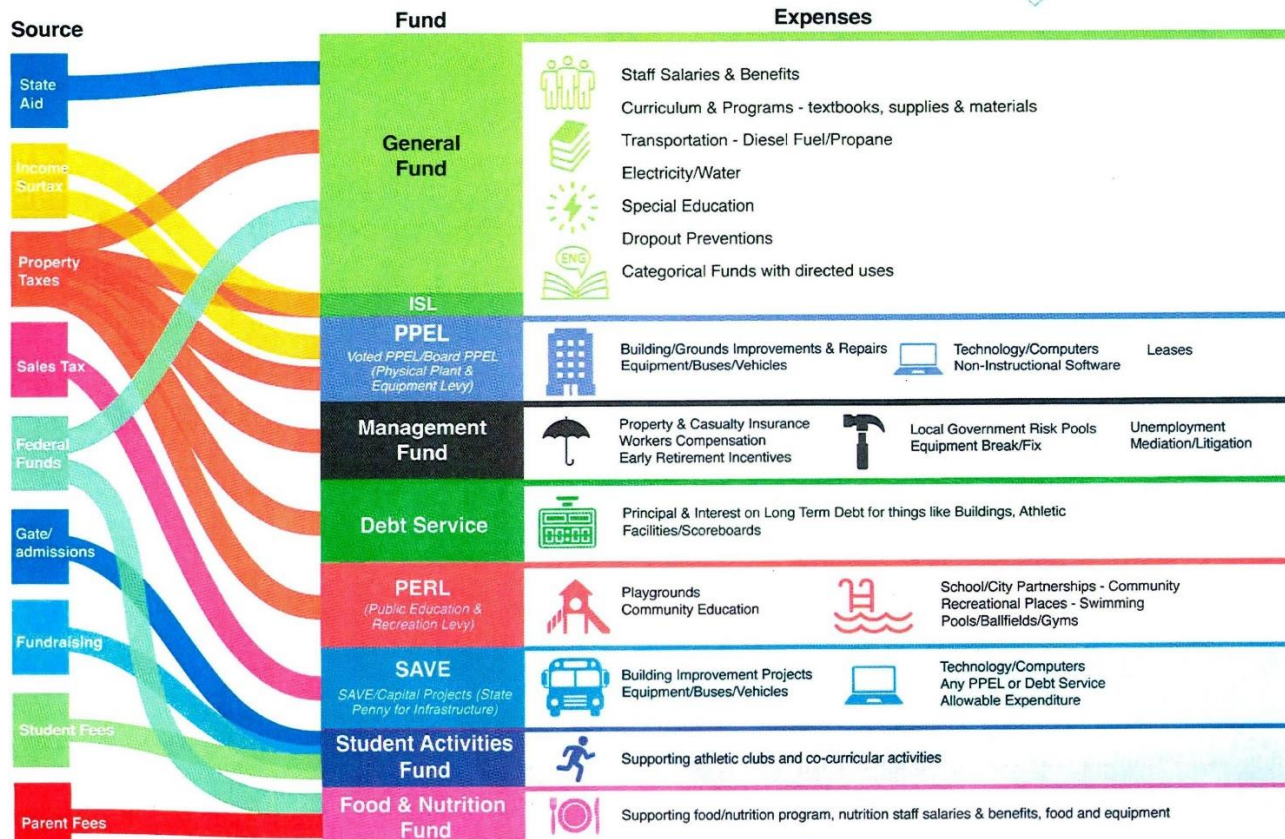


Chart scale does not reflect size of funds.

Estimates vary but I am told that, when it is all said and done, about \$17,000 is spent in Iowa per student per year in the public school systems. Below is a general breakdown of the sources that make up public school funding (numbers below are per student):

- State Aid \$7,598
- Local Taxes \$6,053
- SAVE Funds \$1,300 (equipment, buses, buildings, physical plant, tech, etc.)
- Federal Funds \$1,140
- Other Funding \$ 940
- Total \$17,031

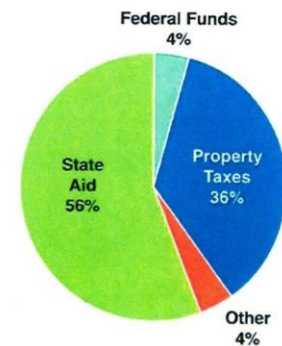
ESA's & The General Fund

ESA's would be paid for out of the The General Fund, which is one of several segments that make up the big picture of school funding (*see the flow chart above*). The General Fund pays for:

- Staff Salaries & Benefits
- Curriculum & Programs (textbooks, supplies & materials)
- Transportation
- Utilities
- Special Education
- Dropout Prevention
- Categorical Funds with Directed Usage

The General Fund is primarily financed by State Aid (56 %) and Property Taxes (36%).

Financing the General Fund



The above represents a typical (pre-COVID) statewide distribution of revenue sources. Local districts may vary considerably.

Educational Savings Accounts (not vouchers)

If a parent chooses to enroll their child in an eligible private school and sets up an ESA for their child, that ESA is funded yearly with \$7,598, from the General Fund until the student is no longer eligible. However, the public school district gets \$1,205/year for each student in the district who has an ESA. This \$1,205/year comes to the public school, even if the student was already enrolled in a private school when the ESA is established.

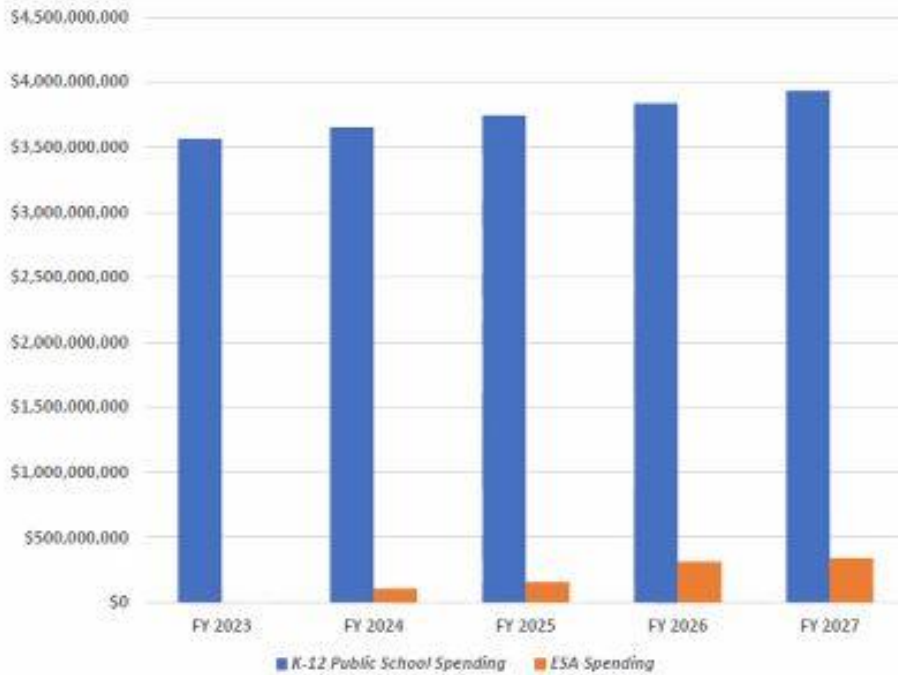
Some Public Schools Will Actually Gain Money

I live in a district where there is an existing private school. Hypothetically, lets say that private school already has 100 students and they all sign up for an ESA. The total funding for those 100 students would be about \$750,000. But that does not reduce the funding to the public school at all because those students were not included in public school count in the first place. In fact, for every private school student who signs up for an ESA, the district they live in receives \$1,205 per year. This means that the private school with 100 students enrolling in an ESA generates \$120,500 in new funds for the public schools. These funds come from SSA into the General Fund.

Do ESA's Drain Public Funds?

Public Schools only lose funding when a student who has been attending moves to a private school, in which case \$7,598, which would have gone into the public school General Fund goes to the student's ESA. But when that happens the state will kick in \$1,205 to the public school. Therefore, the net decrease for the school is \$6,393. So, based on \$17,000/student, the public school retains over 60% of the funding for the student that moves to a private school, but has none of the educational expense.

Some have over sensationalized the expense of the ESA program by using the projected One Billion Dollar number (actually \$900 million) being sent to private schools without pointing out that this number is for a 4-year period. If we add up the money spent on public schools over the same 4-year period, it comes to 15.2 billion. This is illustrated in the chart below which shows that funds for public schools are not being drained.



	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
K-12 Public School Spending	\$3,563,567,415	\$3,651,459,578	\$3,742,746,067	\$3,836,317,719	\$3,932,222,587
ESA Spending	\$0	\$106,886,298	\$156,245,940	\$313,876,119	\$341,128,162

Who Qualifies for ESAs?

Only students attending accredited private schools qualify for the ESA program. Home school students do not qualify. The proposed program would be phased in over a 3 year period.

- Year One: Families in the lower income range, 300% or less of the Federal Poverty Level (FPL), qualify.
- Year Two: Families at or below 400% of FPL qualify.
- Year Three: All qualify.

Note: Safeguards are built in to avoid the misuse of funds. This is an Educational Savings Account, not a voucher. Funds from the savings account are only dispersed to approved schools for tuition, and to approved vendors for other educational needs.

Unspent Money Becoming More Flexible

Schools often have unspent funds because certain funds are restricted to expenditures in specific categories. There are provisions in the school choice bill that will loosen restrictions on some of the categorical funds allowing these funds to be redirected at the discretion of the school district for such things as salary increases and bonuses for teachers.

Help With Recruiting and Training Teachers

There is also a provision for an intern teacher licensing program. It would help with overcrowding in public schools and essentially be a farm-team program to help address the shortage of teachers.

What About Rural Schools?

In rural Iowa this program would be barely noticed because there aren't that many private schools to choose from. When no students move, no money moves because the ESA follows the student. There would essentially be no change except that rural schools may benefit from other parts of the bill, such as restrictions being lifted on categorical spending allowing unspent funds to be used where it is needed.

Accountability (ESA Not Voucher)

Some have concerns that private schools will not have proper oversight and accountability. We are talking about ESA's,

not vouchers. With the proposed ESA's, financial accountability for private schools is built in because money is never given directly to the parents or families. Itemized expenditures are sent directly to pay tuition, etc., and any money left over when the student is no longer eligible goes back to the General Fund. Private schools are also required to administer standardized testing and report it to the state and parents.

Special Programs

Some have objected to the school choice bill because many private schools do not provide all the special programs that some students need. Maybe not, but we must remember that these schools are only getting a fraction of the money that public schools get. Dual enrollment is also available so kids in private schools with special needs can participate in special programs at the public school if the parents desire. The public school can be compensated for that.

Other States

Studies on ESA programs with proper elements in place and a similar school choice program in Florida, show that the ESA School Choice Programs do not have a negative impact on public schools.

Should Public Funds Go To Private Schools?

Some say public money should not be used for private purposes. But that concept doesn't hold water if they are okay with public money going to things like Medicaid and food programs like SNAP. We must not forget that 'public funds' is somewhat of a misnomer, public money is "*The People's Money*" entrusted to government to use properly. We cannot expect to have direct control of the money we send to government, but when it comes to parents benefitting from some of their tax money for the school of their choosing, I see that as a good thing.

Others say they don't want their tax money supporting private schools because they might not agree with what they teach. But that argument cuts both ways. Many don't like what is taught in some public school settings, but they are taxed to support them anyway. As Americans, we value freedom, independence, and individual rights. Yet, with our current educational system, there are some who feel their rights and freedoms are being trampled because they are taxed to support schools that, in some cases, are teaching things they consider harmful to their children. I hope we can all agree that supporting our neighbor's freedom is of high importance.

I hope the information presented here has been helpful. Though some of us might disagree, I trust that we agree on this:
We do not wish to do any harm to public schools and we all want to do what is best for the people of Iowa.

With best regards,



Brad Sherman
State Representative for District 91

Rights come from God, not government, and the purpose of government is to protect those rights.
- from the Declaration of Independence