

IOWA

Overall Market Rating: **Growth Ready**

Iowa’s ESA program became law in early 2023 and is rated by the nonprofit organization EdChoice as the nation’s third most expansive education savings account (after Arizona and Florida). All students statewide are eligible for the ESA, and there is no budget cap. Over 40,000 students received an ESA in 2025-26, up from 19,000 in the program’s debut year, 2023-24. The value of the ESA is pegged to the state’s share of the per-pupil cost of public education, which is just under \$8,000 for 2025-26. Schools are required to be accredited, but new schools can qualify so long as they have begun the accreditation process before they open. The Center for Advancement of Christian Education (CACE) is available to help new schools through the accreditation process. ESA students must take all required state (and federal, when applicable) tests, which is a departure from most other ESA states, which allow schools to choose from an assortment of nationally normed exams. About 41% of students in Iowa are economically disadvantaged, below the national average. But the state is not wealthy; the median household income is also slightly below the national average.

Iowa also has a tax-credit program for donations to scholarship tuition organizations. Students can stack STO scholarships with ESAs, but there is a \$20 million cap on tax credits statewide. Finally, Iowa families can claim a 25% tax credit on out-of-pocket educational expenses annually, up to a maximum credit of \$500 per dependent.

+ Best ✓ Fair - Inadequate	Program(s) Prioritize Low- Income HHs	Funding Is Adequate to Meet Demand (High or No Cap)	New Schools Eligible in First Year	Per-Pupil Amount Is Adequate	The Application Process Is Family-Friendly	There Is a Supportive Ecosystem for Private Schools
IOWA	-	✓	✓	✓	✓	+

K-12 Enrollment

IOWA 2025-26			
Total PK-12	Public District	Public Charter	Private (2021-22)
515,221	472,627 (92%)	1,594 (0.3%)	44,787 (8.7%)

Choice Program Details

Iowa Students First Education Savings Account (ESA)

Eligibility	Amounts	Participation	Other
All K-12 students	\$7,988 for 2025-26	Nearly 41,000 to date in 2025-26	<ul style="list-style-type: none"> Homeschoolers are not eligible Families must pay tuition first and can use leftover funds on books, tutoring or therapies (but not on uniforms, disposable school supplies or transportation)

School Tuition Organization Tax Credit Scholarship

Eligibility	Amounts	Participation	Other
Students in HHs up to 400% of federal poverty level	Average scholarship value is \$1,500; there is no cap on a donor's tax credit, but statewide there is a \$20 million cap on tax credits, which are 75% of the amount donated	17,184 in 2023-24	<ul style="list-style-type: none"> Individuals (as part of LLCs or other entities) and businesses can claim the credits Students can stack an STO scholarship with an ESA, and ESA funds can be carried over

Sources: Iowa Department of Education, [EdChoice.org](https://www.edchoice.org)