

IN THE IOWA ADMINISTRATIVE HEARINGS DIVISION
CENTRAL PANEL BUREAU

<p>In Re: ESA Appeal of:</p> <p style="text-align: center;">Jose Ernesto Reynoso-Macias</p> <p style="text-align: center;">Appellant,</p>	<p style="text-align: center;">26DOE0012 DOE Admin Doc. No. 5239</p> <p style="text-align: center;">PROPOSED DECISION</p>
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STATEMENT OF THE CASE

A hearing in this matter was held by telephone conference on April 3, 2026, with the assistance of a Spanish-language interpreter. Appellant Jose Ernesto Reynoso-Macias appeared self-represented. The Department of Education appeared through Lindsey Browning. Department exhibits 1-2 were admitted as evidence. The matter is fully submitted.

ISSUE

Whether the Department correctly denied eligibility for an Educational Savings Account (“ESA”).

FINDINGS OF FACT

On April 19, 2025, Jose Reynoso-Macias applied for ESAs for his minor children, R.R. and I.R., for the 2025–2026 school year. Although both children received ESAs for the previous two years, the Department denied the 2025–2026 applications. The denial was based on the Department's determination that the children's immigration status did not provide a permanent or indefinite right to remain in the United States.

Mr. Reynoso-Macias holds a class R/TN visa valid until August 13, 2027. The TN nonimmigrant classification allows qualified Canadian and Mexican citizens temporary entry to engage in professional business activities.¹

At the time of the June 30, 2025, ESA application deadline, the children's mother, Brigida Reyes Villegas, was only authorized to remain in the United States through October 4, 2025. R.R. and I.R.'s legal status is dependent upon that of Ms. Reyes Villegas. Additionally, I.R. holds a "limited term" Iowa DOT instruction permit, a designation issued to temporary foreign nationals, further corroborating the temporary nature of their legal right to remain in the U.S.

¹ See *TN USMCA Professionals*, U.S. Citizenship & Immigr. Servs., <https://www.uscis.gov/working-in-the-united-states/temporary-workers/tn-usmca-professionals> (last visited April 9, 2026).

On appeal, the parents noted they have lived legally in Iowa for five years and contribute to the state through employment taxes. They expressed a desire for their children to continue their faith-based education at Western Christian to facilitate their academic progress. While Ms. Reyes Villegas and the children's right to remain in the U.S. was eventually extended to August 18, 2026, this extension did not occur until October 22, 2025 - after the ESA application deadline and the Department's eligibility deadline.

CONCLUSIONS OF LAW

The Students First Act (House File 68), codified primarily within Iowa Code Chapter 257.11B, establishes a per-pupil funding mechanism known as an Education Savings Account (ESA) for resident pupils attending accredited nonpublic schools.

To be a "resident pupil," the child must be "physically present in a district, whose residence has not been established in another district by operation of law, and who meets any of the following conditions:

- Is in the district for the purpose of making a home and not solely for school purposes.
- Meets the definitional requirements of the term "homeless individual" under 42 U.S.C. §11302(a) and (c).
- Lives in a juvenile detention center or residential facility in the district."²

"For school budget years beginning on or after July 1, 2025, resident pupils eligible to enroll in kindergarten through grade twelve who attend a nonpublic school for the applicable school budget year shall be eligible to receive an education savings account payment."³

On or after January 1, but on or before June 30, preceding the school year for which the education savings account payment is requested, the parent or guardian of an eligible pupil may request an education savings account payment by submitting an application to the department of education."⁴ The manner of application is prescribed by the department.⁵

"The director of the department of education has all powers necessary to carry out and effectuate the purposes, objectives, and provisions of [Iowa Code section 257.11B] pertaining to the [ESA] fund.⁶ This delegated power includes the charge to "reduce the possibility of waste, fraud, and abuse."⁷

² Iowa Code sections 257.11B(1)(c), 282.1(2)

³ Iowa Code section 257.11B(2)(a)(3).

⁴ Iowa Code section 257.11B(3)(a).

⁵ 281 Iowa Administrative Code 20.3.

⁶ Iowa Code section 257.11B(5).

⁷ Iowa Code section 257.11B(5)(e).

Pursuant to this authority, the Department established a timeline regarding the ESA program for the 2025–2026 school year:

- **April 16, 2025 – ESA Applications Open**
Parents/Guardians can begin applying for an ESA at 8:00 a.m.
- **June 30, 2025 – ESA Applications Close**
The deadline to submit an ESA application for the 2025-26 school year is 11:59 p.m.
- **July 15, 2025 – Fall ESA Funds Available**
Fall ESA funds are available.
- **September 30, 2025 – Enrollment & Payment Deadline**
To receive and retain ESA funds, each participant must (1) be attending an accredited nonpublic school in Iowa, and (2) pay tuition and fees through the ESA portal by 11:59 p.m.
Failure to complete this step will make the student ineligible to receive and retain ESA funds for the 2025-26 school year.
- **October 1, 2025 – Eligibility Finalized**
Any student with an approved ESA application who is not attending an Iowa accredited nonpublic school or who did not pay fall tuition and fees through the ESA portal by September 30, 2025 are determined to be ineligible.⁸

As a preliminary matter, reasonable deadlines that do not conflict with codified time requirements are essential to the effective management of a program of this scale. Although the Department's timeline has not been formally codified or subjected to the rulemaking process, it does not conflict with existing statutes. Therefore, it is both reasonable and necessary for the Director of the Department of Education, or her designee, to establish an eligibility deadline to manage this multi-million-dollar program effectively and protect against waste, fraud, and abuse.

Iowa residency is the sole basis for ESA eligibility. To be clear, a child does not need to be a U.S. citizen to receive an Iowa ESA under state law. It is uncontested that the Appellants satisfy the statutory requirements of physical presence and intent to make a home in Iowa. The issue becomes whether residency was established elsewhere "by operation of law".

Ideally, bright-line requirements to determine eligibility for foreign nationals would be codified or go through the rulemaking process instead of relying on the somewhat vague Iowa Code section 282.1(2). It would certainly be clearer if a statute or regulation plainly indicated that non-permanent and non-indefinite foreign national visa holders are ineligible for ESAs as the Department contends. Similarly, it would be clearer if the

⁸ *Education Savings Accounts*, Iowa Dep't of Educ., <https://educate.iowa.gov/pk-12/educational-choice/education-savings-accounts> (last visited Apr. 9, 2026).

deadlines provided on the Department's website became rule. In any event, section 282.1(2), defining resident, is applied to the facts of this case.

As of June 30, 2025 (the ESA application deadline) and even October 1, 2025 (the Department's internal deadline to finalize eligibility) Reyes Villegas, I.R. and R.R. only had legal authority to remain in the United States through October 4, 2025. While the family's visas were eventually extended through August 2026, this change did not occur until after these deadlines.

There is no guarantee that a visa extension will always be granted. Conceivably, Iowa taxpayers could fund these ESAs only for an applicant's legal status to lapse mid-year. It is reasonable for the Department to ensure an ESA is not paid out when there is no guarantee an applicant can legally remain through the school year, let alone the first semester. Because the children's legal authority to remain in the United States was scheduled to lapse October 4, 2025, I.R. and R.R. were effectively residents of their home school district in Mexico by operation of law at the time ESA eligibility was finalized.

Again, there is no legal authority that explicitly says non-permanent or non-indefinite visa holders are ineligible for ESAs. The language of the law is clear: ESA eligibility hinges on residence, not immigration status. Therefore, this judge disagrees with the Department's contention that non-permanent or non-indefinite visa holders are categorically ineligible for the ESA program under the governing statutes. Rather, this judge believes the proper standard is whether an applicant can provide a showing of a legal right to remain in the U.S. through the end of the school year for which the ESA is requested.

In this matter, the Department's denial of the ESA applications was compliant with the law and constituted a reasonable exercise of its discretion. Because the children's legal status was set to expire on October 4, at which point their residency would revert to Mexico by operation of law, the Department acted appropriately to mitigate the risk of wasting taxpayer funds and to ensure the effective administration of the ESA program's objectives. Ultimately, this matter underscores the need for greater statutory or regulatory clarity regarding eligibility requirements for foreign nationals to provide more certainty for both the Department and applicants. Nonetheless, upon an independent review and application of the governing law, the Department's decision appears to be correct in this case.

It is unfortunate though that I.R. and R.R. have possibly been mistakenly approved for ESAs in previous years. It is a fair claim that had the family known they were not eligible for ESAs; they might have pursued different schooling to prevent the prospect of forcing their children to later change schools. However, previous errant approvals do not justify future errant approvals. While the Appellant did not make any formal equitable estoppel claim, as a general rule, equitable estoppel cannot be invoked against the state.⁹ Finding no legal error, the Department's denial of ESAs for I.R. and R.R. is affirmed.

⁹ See *ABC Disposal Systems, Inc. v. Department Of Natural Resources*, 681 N.W.2d 596, 607 (Iowa 2004).

ORDER

The Department's decision denying educational savings accounts was correct and is affirmed.

cc: Jose Ernesto Reynoso-Macias, 1840 – 340th St., Garfield Township, IA 57034,
lic_bzrv@outlook.com (By Mail and Email)
Lindsey Browning, AAG, (by AEDMS)
Rebecca Griglione, Rachel Bosovich, DOE (By AEDMS)

Case Title: IN RE: ESA APPEAL OF JOSE ERNESTO REYNOSO-MACIAS V.
IOWA DEPARTMENT OF EDUCATION (5239)
Case Number: 26DOE0012
Type: Proposed Decision

IT IS SO ORDERED.

A handwritten signature in black ink, appearing to be 'TA', with a long horizontal stroke extending to the right.

Thomas Augustine, Administrative Law Judge

BEFORE THE IOWA STATE BOARD OF EDUCATION

In re ESA Application,)	
Jose Ernesto Reynoso-Macias,)	
)	
Appellant,)	Case No. 26DOE0012
)	DE Admin Doc. No. 5239
vs.)	
)	FINAL DECISION
Iowa Department of Education,)	
Respondent.)	

On April 22, 2026, the administrative law judge issued a proposed decision, which affirmed the Respondent’s decision in this matter. The time to appeal the proposed decision has passed, and no appeal was filed. The proposed decision is adopted, as written. Iowa Admin. Code r. 281-6.6(3). PROPOSED DECISION ADOPTED; RESPONDENT’S DECISION AFFIRMED.

This is final agency action in a contested case proceeding.

Any party that disagrees with the Department’s decision may file a petition for judicial review under section 17A.19 of the Iowa Administrative Procedure Act. That provision gives a party who is “aggrieved or adversely affected by agency action” the right to seek judicial review by filing a petition for judicial review in the Iowa District Court for Polk County (home of state government) or in the district court in which the party lives or has its primary office. Any petition for judicial review must be filed within thirty days of this action, or within thirty days of any petition for rehearing being denied or deemed denied.

Dated: May 14, 2026

Iowa State Board of Education, by:

John Robbins, President

CC by certified mail to parties and counsel