



[SF 2383](#) – Preschool Funding (LSB5223SV)
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Fiscal Note Version – New

Description

[Senate File 2383](#) relates to Statewide Voluntary Preschool Program (SVPP) pupils whose household income is below a certain amount, minimum hours required to be offered, and funding calculations.

The Bill allows each school district to choose at the beginning of each school year between the currently required minimum of 10 hours of instruction per week for an enrolled pupil, or a heightened required number of hours for enrolled pupils whose household family income is below 185.0% of the federal poverty level (FPL) and a required 10 hours per week of instruction for all other pupils. For FY 2025, the increased requirement is a minimum of 15 hours per week of instruction, and for FY 2026 and each succeeding school year, the increased requirement is a minimum of 20 hours per week of instruction.

The Bill requires school districts to allow families of pupils whose household income is below 185.0% of the FPL applicable to the family's size to choose between 10 hours of instruction per week or the minimum hours of instruction established for pupils of families with income below 185.0% of the FPL applicable to the family's size for the pupil.

The Bill changes the calculation for preschool budget enrollment for school districts that choose to follow the heightened hours of instruction requirement for pupils whose household income is below 185.0% of the FPL to the sum of the following number of eligible pupils:

- For the school year beginning July 1, 2024 (FY 2025), 75.0% of eligible pupils who receive 15 hours per week of instruction and whose household income is less than 185.0% of the FPL plus 50.0% of all other eligible pupils; and
- For school years beginning on or after July 1, 2025 (FY 2026), the actual number of eligible pupils who receive 20 hours per week of instruction and whose household income is less than 185.0% of the FPL plus 50.0% of all other eligible pupils. Calculations for preschool budget enrollment for school districts that continue to follow currently required minimum hours of instruction remain unchanged.

Background

A school district with an approved SVPP is funded in part by preschool foundation aid payments. The preschool foundation aid payment is calculated by multiplying the regular program State cost per pupil (SCPP) by the school district's preschool budget enrollment. Currently, the preschool budget enrollment for a given year is calculated by multiplying the number of eligible students enrolled in the preschool program by 50.0%.

According to the U.S. Census Bureau, approximately 22.2% of Iowa families have a household income below 185.0% of the FPL.

Assumptions

- The number of school districts that would choose to participate in the expanded SVPP in FY 2025 and FY 2026 cannot be determined because future school district decisions cannot be estimated.
- The number of families that would choose to participate in the expanded SVPP in FY 2025 and FY 2026 cannot be determined because future family decisions cannot be estimated.
- In Iowa, 22.2% of the population has a household income below 185.0% of the FPL, and this will be the same for all pupils eligible for the SVPP.
- There will be 29,415 pupils participating in the SVPP, and 6,530 pupils will qualify for additional funding.
- The SCPP will remain at \$7,635.
- The FY 2024 SCPP is \$7,635, and the SVPP is funded at 50.0% (\$3,818). An increase to 75.0% would increase the payments to \$5,726 per eligible pupil in FY 2025, an increase of \$1,909 compared to FY 2024 per pupil. An increase to 100.0% would increase the payments to \$7,635 per eligible pupil in FY 2026, an increase of \$1,909 compared to estimated FY 2025.

Fiscal Impact

Senate File 2383 will have an unknown fiscal impact since the future decisions of school districts and families cannot be known. However, if 22.2% (6,530) of SVPP pupils qualify for additional funding, the maximum fiscal impact on the General Fund for FY 2025 would be an estimated increase of \$12.5 million (6,530 × \$1,909) compared to estimated FY 2024, and the impact for FY 2026 would be an increase of \$12.5 million (6,530 × \$1,909) compared to estimated FY 2025.

Sources

U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplement (CPS ASEC)
Iowa Department of Education, Bureau of Information and Analysis Services, Student Reporting in Iowa 2023-2024 fall enrollment file
LSA analysis and calculations

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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