RA 26-384

EDUCATION DEPARTMENT[281]

Regulatory Analysis

Notice of Intended Action to be published: 281—Chapters 16 and 98
"Statewide Voluntary Preschool Program; Financial Management of Categorical Funding"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 256C
State or federal law(s) implemented by the rulemaking: Iowa Code section 256C.2

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

December 1, 2026 9 to 10 a.m.	Room B50 Grimes State Office Building Des Moines, Iowa Via videoconference: meet.google.com/gow-qvqp-iuy Dial: 1.240.428.8860 PIN: 708 227 584#

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Education no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

This proposed rulemaking implements changes to Iowa Code chapter 256C contained in division X of 2026 Iowa Acts, House File 2754, and includes a corresponding amendment to Chapter 98, which is related to financial management of funds generated under Iowa Code chapter 256C.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

The Department will bear the costs of this rulemaking as required by House File 2754.

- **Classes of persons that will benefit from the proposed rulemaking:**

Iowans will benefit from increased options for preschool participation that this rulemaking implements.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Fiscal impacts, if any, are described in the Fiscal Note accompanying House File 2754: www.legis.iowa.gov/docs/publications/FN/1605428.pdf. There are no anticipated quantitative impacts beyond those identified in the Fiscal Note.

- **Qualitative description of impact:**

There is no known or anticipated qualitative impact of this rulemaking.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Costs will be borne by the Department, as described in the Fiscal Note.

- **Anticipated effect on State revenues:**

There is no known effect on State revenues, as described in the Fiscal Note.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Iowa Code section 256C.2 requires rulemaking, so inaction is not an alternative.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Iowa Code section 256C.2 requires rulemaking, which is, as a matter of law, the least costly and intrusive method.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Iowa Code section 256C.2 requires rulemaking, so no alternatives were considered.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Iowa Code section 256C.2 requires rulemaking, so no alternatives were considered.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no impact on small business.

Text of Proposed Rulemaking

ITEM 1. Amend rule **281—16.1(256C)**, definitions of "Applicant," "Program standards" and "Teacher," as follows:

"Applicant" means a school district or independent community-based preschool provider applying to become an approved local program. ~~Only public school districts in Iowa may apply for state funds under this chapter.~~

"Program standards" means the expectations for the characteristics or quality of early childhood settings, centers, and schools approved by the department, on or before ~~January 31, 2024~~ June 18, 2026. Approved program standards include National Association for the Education of Young Children (NAEYC) Program Standards and Accreditation Criteria, Head Start Program Performance Standards, the Iowa Quality Preschool Program Standards (QPPS) and Criteria, or other approved program standards as determined by the department.

"Teacher" means an individual who holds a valid practitioner's license issued by the board of educational examiners under Iowa Code chapter ~~272~~ 256 and holds an endorsement from the board of educational examiners that includes prekindergarten or kindergarten. ~~There is no obligation that the teacher be an employee of the applicant district; the~~ The teacher may be employed by a school district, private provider or other ~~public~~ agency with which the district has entered into an agreement or contract under Iowa Code chapter 28E.

ITEM 2. Adopt the following **new** definitions of "Community-based provider" and "Community partner provider," in rule **281—16.1(256C)**:

"Community-based provider" means a provider approved to directly participate in the preschool program, independently from an approved local school district program.

"Community partner provider" means a provider approved to participate in the preschool program under the authority of an approved local school district program.

ITEM 3. Amend rule 281—16.2(256C) as follows:

281—16.2(256C) Preschool program standards. Approved program standards include Head Start Program Performance Standards, Iowa Quality Preschool Program Standards and Criteria, or the NAEYC Program Standards and Accreditation Criteria. All approved local ~~preschool~~ programs adopt preschool program standards and meet the following criteria:

16.2(1) to **16.2(4)** No change.

16.2(5) *Child learning standards.* The preschool program demonstrates how the curriculum, assessment, staff development, and instructional strategies are aligned to the Iowa Early Learning Standards, adopted on ~~or before January 31, 2024~~ June 18, 2026. The teacher provides instruction on the skills and knowledge included in the Iowa Early Learning Standards.

16.2(6) and **16.2(7)** No change.

16.2(8) *Staff development.* The ~~school district~~ approved local program complies with Iowa Code section 256C.3(4)*"d."* ~~The district makes available to any teacher of a statewide voluntary preschool program who is not employed by the district staff development that the district offers to the district's personnel to maintain the skills appropriate to the teacher's role.~~ The ~~school district~~ approved local program ensures that staff members for the program are provided appropriate staff development in early childhood education. In district programs, the district makes available to any teacher who is not employed by the district staff development offered to the district's personnel to maintain the skills appropriate to the teacher's role.

16.2(9) to **16.2(14)** No change.

ITEM 4. Amend subrule 16.3(3) as follows:

16.3(3) *Districts.* The ~~school district~~ approved local program complies with Iowa Code section 256C.3(4)*"a"* and *"b.,"* as applicable.

ITEM 5. Adopt the following **new** subrule 16.3(4):

16.3(4) *Community-based provider.* The community-based provider complies with Iowa Code section 256C.3(4A) as enacted by 2026 Iowa Acts, Senate File 2754, section 84.

ITEM 6. Amend rule 281—16.8(256C) as follows:

281—16.8(256C) Finance.

16.8(1) No change.

16.8(2) *Aid payments.* Preschool foundation aid is paid as part of the state aid payments made to ~~school districts~~ approved local programs in accordance with Iowa Code section 257.16, except that it is not necessary that an eligible child be a resident of the district in which the child is enrolled voluntarily in the approved local program.

16.8(3) *Separate accounting.* All state funding received under this program is accounted for by the ~~applicant district~~ approved local program separately from other state aid payments.

16.8(4) *Restriction on supplanting.* State funding received under this program is used to supplement, not supplant, other public funding received by the applicant ~~district~~ as the result of the participation of any eligible children in other state or federal funded preschool programs. This restriction is applicable only for costs related to instructional time as described in subrule 16.2(4).

16.8(5) No change.

16.8(6) *Open enrollment not applicable.* Iowa's open enrollment statute (Iowa Code section 282.18) is not applicable for the parent or guardian of an eligible child who desires to access an approved program in a school district not of the child's residence, with possible exceptions related to special education services. Approved programs are open to all eligible Iowa children, regardless of a child's district of residence. ~~Accordingly, it is neither necessary for a parent or guardian to file an open enrollment application, nor will open enrollment applications for approved preschool programs be allowed.~~ Participation in an approved program in a school district not of the child's residence does not create an entitlement to continuous open enrollment under Iowa Code section 282.18.

ITEM 7. Amend subrule 16.9(3) as follows:

16.9(3) *Noncompliance with program specifications.* If the department determines that a participating ~~district~~ approved local program does not meet one or more of the accountability specifications provided in rule 281—16.2(256C), the department informs the ~~school district~~ entity of appropriate actions to be taken ~~by the school district~~ for remediation or correction by the entity. The ~~school district~~ entity submits an action plan that is approved by the department and contains reasonable timelines for coming into compliance. The department will facilitate technical assistance when requested. If the department determines that the ~~school district~~ entity is not taking the necessary actions in a timely manner, the director removes approval and terminates the ~~school district's~~ local program entity's contract as provided in subrule 16.6(2). Until such time as the ~~school district's~~ entity's contract is terminated, the ~~school district~~ entity may continue to participate in the statewide voluntary preschool program.

ITEM 8. Amend subrules 98.13(1) and 98.13(2) as follows:

98.13(1) *Appropriate uses of categorical funding.* Foundation aid funding provided for the program may be used by approved local programs ~~and community providers~~ for any purpose designated by the board of directors of the ~~school district~~ approved local program to meet standards for high-quality preschool instruction and for purposes that directly or indirectly benefit students enrolled in the approved local program. Unexpended and unobligated funding remaining at the conclusion of the program year will be maintained by the approved local program for uses described in this subrule. These purposes include the following:

a. to *c.* No change.

d. Up to 5 percent of the allocation can be used for actual documented costs of program administration, outreach activities, and rent for facilities not owned by ~~the~~ a local school district.

e. to *g.* No change.

h. Costs of transportation involving children participating in the approved program. The costs of transporting other children associated with the preschool program or transporting as provided in Iowa Code section 256C.3(3)*"h"* may be prorated by the ~~school district~~ approved local program.

i. No change.

j. Costs of attendance for a child who is younger or older than four years old and is enrolled in the program may be paid from these funds, or from another ~~school district~~ approved local program account or fund from which preschool program expenditures are authorized by law, if space and

funding are available; however, the child will not be counted for statewide voluntary preschool program funding purposes.

98.13(2) *Pass-through funding to community-~~based~~ partner providers.* The school district will pass through to a community-~~based~~ partner provider for each eligible pupil enrolled in the district's approved local program not less than 95 percent of the per-pupil amount.

a. The community-~~based~~ partner provider may use up to 10 percent of the 95 percent portion for documented allowable administrative and operational costs of providing the district's approved local program. The costs of outreach activities, rent for facilities not owned by the school district, and transportation for children participating in the preschool program are also permissive costs allowed as part of the 10 percent under this paragraph.

b. and *c.* No change.