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[HF 2460](#) – Statewide Preschool Program (LSB5788HV)  
Staff Contact: Michael Guanci (515.725.1286) [michael.guanci@legis.iowa.gov](mailto:michael.guanci@legis.iowa.gov)  
Fiscal Note Version – New

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## **Description**

[House File 2460](#) allows school districts to expand the eligibility and funding provisions for the Statewide Voluntary Preschool Program (SWVPP) to select five-year-old children depending on birthdate (March 15 through September 15 of the school year):

- Beginning in school year 2021-2022 (FY 2023 funding).
- Ending in school year 2023-2024 (FY 2025 funding).

The Bill allows for more than one year of State funding for the same cohort of five-year-old children; however, a school district must give priority to four-year-old children born on or before September 15 of the school year.

The Bill further directs school districts to provide consultation services for the parents or guardians of children enrolled or eligible to enroll in the SWVPP in assessing a child's readiness for enrollment in either the SWVPP or kindergarten.

## **Background**

Under current law, the SWVPP provides funding to school districts for eligible preschool-age children (four years old) and programs. A child is only eligible for one year of State funding. Five-year-old children may attend a preschool through the SWVPP if space is available; however, five-year-old children are not eligible for State funding. Districts have the option of using any remaining funds in their preschool program fund or flexibility fund, or charging tuition for children who are not four years of age by September 15 of the current school year.

There are 321 school districts that participate in the SWVPP. Eligible and certified enrolled children are funded through the State school aid formula solely from the General Fund at half the State cost per pupil (SCPP) multiplied by the enrollment counts from the previous school year. In FY 2020, this amounts to \$3,440 (0.5 of the SCPP) per pupil multiplied by a certified enrollment of 24,998 in the 2018-2019 school year. The total General Fund appropriation in estimated FY 2020 is \$86.2 million, which includes any audit adjustments.

The Department of Education estimates that under the provisions of this Bill, up to 14,149 five-year-old children may be eligible to be added to the certified enrollment count in October 2021 for SWVPP funding in FY 2023. However, it is not known which school districts will have the capacity to accept eligible five-year-old students or which districts currently maintain a waiting list for eligible four-year-old children.

## **Assumptions**

- Enrollment for eligible five-year-old children will begin in school year 2021-2022 and end in school year 2023-2024.
- State funding for the SWVPP each fiscal year will be based on certified enrollment of eligible four- and five-year-old children on October 1 of the previous school year.
- State school aid funding for eligible five-year-old children will begin in FY 2023 and end in FY 2025.

- Under current law, the SCPP will remain at the current level of \$6,880 for FY 2023 through FY 2025.
- Allowing select five-year-old children to be eligible for the SWVPP will increase the number of State-funded preschool children.
- Allowing select five-year-old children to be eligible for a second year of funding for the SWVPP will increase the number of State-funded preschool children.
- It is not known how many eligible five-year-old children will enroll in the SWVPP.
- It is not known how many school districts will receive additional funding for enrolled eligible five-year-old children in the SWVPP.
- Additional eligible five-year-old children may increase the number of licensed teachers.
- Consultation services as described in Section 7 of the Bill will be funded from SWVPP funds, and not from a school district's general operating fund.
- Consultation services will continue after FY 2025.

**Fiscal Impact**

The extent of the fiscal impact for [HF 2460](#) cannot be determined. Starting in FY 2023 and ending in FY 2025, any previous year's enrollment of eligible five-year-old students would increase State school aid from the General Fund.

As a point of reference, the following table shows the increase in state school aid by additional enrollment.

**Estimated Fiscal Impact of HF 2460  
Based on Additional Enrollment in  
the SWVPP (in millions of dollars)**

Number of Students	Additional State School Aid
500	\$ 1.7
1,000	3.4
2,000	6.9
2,500	8.6
5,000	17.2

School districts may see an increase in staff costs. According to the Department of Education, an average teacher FTE is \$58,765.

Consultation services may increase a school district's expenses from its SWVPP fund. The extent of the fiscal impact on a district's SWVPP fund is not known and is expected to vary by program.

**Sources**

Department of Education  
Department of Management, school aid and levy files  
LSA calculations

/s/ Holly M. Lyons

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March 2, 2020

Doc ID 1131128

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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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