Fiscal Note

Fiscal Services Division

HF 2358 – Preschool Program Providers (LSB5279HV)
Staff Contact: Lora Vargason (515.725.1286) lora.vargason@legis.iowa.gov
Fiscal Note Version – New

Description
House File 2358 allows community-based providers, as defined in the Bill, to directly participate in the Statewide Voluntary Preschool Program (SWVPP) for four-year-old preschoolers upon application with the Department of Education (DE). The Bill also authorizes the State Board of Education to adopt emergency administrative rules to implement the provisions of the Bill.

Background
The SWVPP, established in Iowa Code chapter 256C, provides funding to school districts for eligible preschool-age children and programs. Under current law, only school districts that meet certain requirements established by the State Board of Education can participate in the SWVPP. School districts are currently allowed to contract with community-based providers for SWVPP services. State funding provided for the SWVPP is provided to school districts based on the number of eligible students enrolled in the preschool program. If the school district contracts with a community-based provider, any State funding passes from the school district to the community-based provider.

Over the last three years, the following number of school district and community-based partnerships have been in place:
- 2023-2024 academic year — 323 school district programs with 238 community partner locations.
- 2024-2025 academic year — 324 school district programs with 231 community partner locations.
- 2025-2026 academic year — 325 school district programs with 228 community partner locations.

The DE currently dedicates 3.0 full-time equivalent (FTE) positions to provide State oversight and technical assistance, including professional development, coaching services, and program monitoring. Professional development is also provided through the Area Education Agencies (AEAs) as a fee-for-service option.

The Bill proposes a funding model similar to what is currently used for funding charter schools by providing for State aid payments in the year of enrollment versus in arears as is the practice for State aid payments made to school districts.

Assumptions
- Community-based providers will adhere to the same programmatic requirements and administrative tasks as those currently assumed by school districts, including annual program assurances, State data reporting, assessment requirements, and meeting preschool program standards as established by the State Board of Education.
- Licensing requirements for SWVPP personnel will be maintained.

- With a potential increase in community-based providers, the DE may require additional FTE positions to support State oversight and technical assistance services.
- The current State school aid for SWVPP is $4,074 per pupil.
- Each new community-based provider will be supporting classrooms with a maximum of 20 pupils at a State school aid cost of $81,000.
- The cost to the DE for salary and benefits for an Education Program Consultant is $160,000 per FTE position and for a Data Analyst is $149,000 per FTE position.

Fiscal Impact
The fiscal impact of House File 2358 cannot be determined because it is unknown whether there will be an increase in SWVPP participation due to additional pupils participating in preschool programs provided by community-based providers. For each additional pupil participating in SWVPP, there will be an additional cost to the General Fund of $4,074 based on the current State cost per pupil. In addition, the DE may incur additional administrative costs due to the increase of oversight and providing technical assistance to community-based providers. Depending on the number of community-based providers, this may require the DE to hire additional FTE positions.

Source
Department of Education

/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.