

ICELAND



FINANCING FOR EQUITY IN PRE-PRIMARY EDUCATION

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Introduction

Key financing indicators (UIS Data)

Based on UIS data, the official entrance age to pre-primary education is 3 years old, with the net enrolment rate for both sexes being 96% in 2023.

Governance

The preschool system in Iceland is an integrated system with the same regulations and curriculum for all children aged 1-5. The overall responsibility of the governance and for the implementation of the 2008 [Pre-Preschool Act](#) falls under the Ministry of Education and Children. This includes the National Curriculum Guide for Preschools, and rulings on any disputes that may arise in accordance with the provisions of the Preschool Act. Local authorities are however responsible for the cost and operation of regular preschools, including the responsibility for their general organisation.

Municipalities are **fully responsible** for the **financing, operation and construction** of preschools, similar to primary and lower secondary schools, including teacher salaries, training, and operational costs.

Funds are **raised** through public taxation at the central level and transferred directly to the municipalities in the form of block grants combined with earmarked grants, with municipalities then allocating funds to both schools and compulsory schools. The education budget of preschools and compulsory schools is determined at the local level at the discretion of local authorities.

Preschools run by municipalities are monitored by the local Internal Auditing departments to ensure their finances are used in accordance with the budget, laws and regulations. Each municipality is obliged by the 2008 **Preschool Act** to publish a general preschool policy in the municipality, with children allowed to contribute towards its development.

Tuition-free status

Preschools are not entirely free, although there is an increasing trend of municipalities to offer free preschool for several hours each day.

Parents also contribute an amount towards operating costs at the preschool level. The share of parental contribution varies from one municipality to another. In some cases, it depends on the circumstances of the parents or whether they have more than one child in preschools. Overall, parental contribution is typically around 8-10% of the total operating costs of preschools.

Depending on availability, children can attend preschool from around the age of 1 year to the time they start compulsory school in the year they turn 6 years old. In practice, most children are offered a place in a public preschool when they are aged 18–26 months old, following the submission of an application by the parents and guardians to the municipality where they live.

During the time before the child is normally offered a place in preschools, most parents and guardians use home-based settings. Children from disadvantaged backgrounds are often given priority in preschool admittance.

1. Education resources to subnational governments

Municipalities receive funding from the state government for preschools, similar to the financing of primary and lower secondary schools based on the Local Authorities Equalisation Fund.

2. Education resources to institutions

Municipalities are [required](#) to finance both centre-based and home-based preschool education services, with families paying a co-contribution. Local municipalities [determine](#) the amount of funding for schools through specific funding models or general budget frameworks determined at the local level in [consultation](#) with local school leaders. They are [responsible](#) for all matters related to the accommodation of disadvantaged children within preschools, with specific and varying measures included in their local preschool policies. Municipalities also set admission rules for preschools within their jurisdiction that must take into account the child and parental circumstances, as well as preschool capacity, as stated in the 2008 [Pre-Preschool Act](#).

Fees vary within settings depending on the fee set by the municipality, with fees in full-time municipal preschool education services being publicly subsidised. There are some sibling rebates, and municipalities may have their own schemes for low-income families.

[Fees](#) are also publicly subsidised for private service provision, with all private preschools receiving financial support from their local municipalities, although parental contributions may be higher.

3. Education resources to students and families

Parents co-[contribute](#) towards the operating costs of preschools, with the share varying from municipality to municipality, and in some cases depending on the circumstances of the parents. In some municipalities, single parents and students pay substantially lower fees than others. Many municipalities may also offer fee reductions to parents who have two or more children attending schools at the preschool level. Children with disabilities may also [receive](#) a discount on preschool fees and are often [prioritised](#) in preschool attendance.

4. Social policies and family support programmes

The Ministry of Social Affairs and Housing in Iceland has the responsibility for administration and policy making of social affairs, including support for parents through the means of child benefits, that may be offered from the year following the birth of a child until the year when the child turns 18 years old. There is no specific education component.

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Related resources

- [2022 Education Finance Watch](#)
- [How committed? Unlocking financing for equity in education](#)
- 2026 GEM Report: Access and equity

The Profiles Enhancing Education Reviews (PEER) platform has moved to a new website, <https://www.unesco.org/gem-report/peer>, where it now provides updated, indicator-based analysis and continuous monitoring. The current website, <https://education-profiles.org/>, remains available for reference but will be progressively archived; its profiles, linked to earlier GEM Reports, are no longer being updated.

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