

Child Care

Legislative Services
Agency

Child Care Timeline

- Pre-WWII families relied on other family members for child care
- WWII
 - Lanham Act of 1940
- 1954 first tax deduction for child care expenses
- 1971 comprehensive child development act (vetoed)
- 1975 Iowa's first statutory regulation of child care
- 1976 child care tax deduction replaced with Child and Dependent Care Tax Credit
- 1985 Iowa requires background checks for registered child care staff
- 1987 Iowa requires periodic inspections of child care centers
- 1989 federal child care for military personnel program begins
- Late 1980's-1990 Child Care Development Block Grant (CCDBG) and the At-Risk Child Care Program are implemented at a federal level

Child Care Timeline

- 1990 Iowa establishes its own child and dependent care tax credit and early childhood development tax credit
- 1997 federal child tax credit established
- 1998 Iowa requires background checks for non-registered providers
- 2000 Iowa established the State Child Care Assistance Program
- 2006 Iowa implements the Quality Rating System, raises income cap
- 2014 Federal government overhauls the CCDBG
- 2021 Iowa establishes CCA Exit and child care homes allowed up to 6 children
- 2023 CCA reimbursement rates are in statutory law

Financing

- Child Care Assistance (CCA) is largely funded through federal dollars
- States have requirements around the percentage and use of Child Care and Development Fund (CCDF) awards
- In federal FY 2020, CCDF was approximately \$6.9 billion
- For federal grant year 2023, Iowa received approximately \$103.1 million in federal funds that could be used for child care assistance.
- Iowa had \$73.4 million of federal funding that could be used for child care carried forward into state fiscal year 2023.
- For SFY 23-24, Iowa appropriated \$47.17 million for CCA from TANF funds and \$64.22 million from the State General Fund.
- Iowa expected to increase its surplus of child care funds by \$34.3 million by the end of FY 2023, for a total surplus of \$107.7 million



Eligibility Requirements for Child Care Assistance

General Requirements

- Each parent, guardian, or custodian is doing one of the following:
 - Employed
 - Seeking Employment (limited to hours looking for work and 90 consecutive calendar days)
 - Attending approved education or training (limited to 24 months per lifetime)
 - Absent due to hospitalization, illness, or is unable to care for the child (limited to 90 consecutive days unless otherwise specified)

OR

- The child is in need of care to prevent or alleviate abuse or neglect

OR

- The child is 13-15 years old and an exception has been made by HHS due to special circumstances

Financial Requirements

- A family with a child under 13 years of age who either:
 - Has a gross annual income of 160% or less of the federal poverty level for the family's size; OR
 - Has a gross annual income less than 85% of Iowa's median income (if that number is less than 160% of the FPL for the family's size)
 - 145% FPL = \$36,047 per year (single parent w/ two children)
 - 160% FPL = \$39,776 per year (single parent w/ two children)
- A family with a child below 19 years of age who needs special care who:
 - Has a gross annual income of 200% of the federal poverty level for the family's size; OR
 - Has a gross annual income less than 85% of Iowa's median income (if that number is less than 200% of the FPL for the family's size)
- A family's total combined assets cannot exceed \$1 million.
- There are 37 exclusions to income
- 5 exceptions to income requirements

Ongoing Authorization

A family that initially qualified for CCA must reapply for CCA every 12 months

Continuing on CCA after a family's income is more than the initial authorization requirement is called CCA Plus

CCA Plus continues until a family's income is equal to or more than 225% of FPL for the family's size

CCA Graduated Eligibility Phase-Out

Families that qualify for CCA will have the state pay* for child care until the family's income reaches 225% of FPL

- *subject to copayments and care providers requesting families to pay the difference between CCA reimbursements and the provider's private pay rate

For regular child care, if income is:

- $\geq 225\%$ but $< 235\%$ of FPL, then the family pays 33% of child care costs
- $\geq 235\%$ but $< 245\%$ of FPL, then the family pays 45% of child care costs
- $\geq 245\%$ but $< 250\%$ of FPL, then the family pays 60% of child care costs

For special needs care, if income is:

- $\geq 225\%$ but $< 245\%$ of FPL, then the family pays 33% of child care costs
- $\geq 245\%$ but $< 265\%$ of FPL, then the family pays 45% of child care costs
- $\geq 265\%$ but $< 275\%$ of FPL, then the family pays 60% of child care costs

The Case of Jenny Examlpton

- Jenny is a single mom of a four-year-old and a one-year-old
- Jenny makes \$2,500/month (\$30,000/year)
- Jenny's four-year-old goes to daycare 5 days/week for 8 hours and the one-year-old 4 days/week for 8 hours

- Conclusion:
 - Jenny qualifies for CCA (income > 160% FPL for 3 person family)
 - Jenny's copayments = \$39.50/week (3.95 per unit x 5 days per week x 2 units per day)

Current Child Care Climate

Families Currently Served

Families in CCA
(< 160% FPL):
23,578

Families in CCA Plus
(≥ 160% but < 225%):
4,028

Families in CCA Exit
(≥ 225% but < 250% (or 275%
for special needs care)):
144

Provider Reimbursement Criteria

Child Care Centers:
A facility that provides child care or preschool services for any amount* of children, except when the facility is registered as a child development home.

Child Development Homes (A, B, and C):
A person or program registered to provide child care as a child development home.

Child Care Homes:
individual persons providing child care from their homes, including relatives of the child.

Out-of-State Providers:
Eligible to receive CCA reimbursements if the entity can verify the provider meets all requirements to be a provider in the state the provider is located.



Center or Preschool Requirement Chart

NUTRITION and PHYSICAL ACTIVITY				
LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
<p>1. Any staff member who prepares meals completes one of the following food safety trainings (choose ONE):</p> <ul style="list-style-type: none"> a) Food Safety in Child Care-4 hours (Institute of Child Nutrition online training) <p>OR</p> <ul style="list-style-type: none"> b) Iowa State University Extension and Outreach (ISU-EO) Food Safety Training (choose one): <ul style="list-style-type: none"> 1. Food Safety Escape Challenge 2. Safe Food for a Healthy Future 3. ServSafe Food Handler <p>OR</p> <ul style="list-style-type: none"> c) Other DHS or IQ4K-approved Food Safety training <p>OR</p> <ul style="list-style-type: none"> d) ServSafe Certification 	<p>1. The program (choose ONE):</p> <ul style="list-style-type: none"> a) Participates in CACFP, NSLP or another departmental approved Child Nutrition Program (CNP). <p>OR</p> <ul style="list-style-type: none"> b) Completes all of the following (as applicable to ages served): <ul style="list-style-type: none"> I. Iowa CACFP Steps to Success Module 2: lessons 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 15, and 17 only (staff planning the menu and their supervisor) II. Video "CACFP Child Care Center Infant Staff Training" or Iowa CACFP Infant Feeding Training -- Steps to Success Module 15 (parts 1 and 2) (infant lead staff and their supervisor) III. Video "CACFP Child Care Center Staff Training" or Iowa CACFP Wellness Module - Meaningful Mealtimes (all lead staff responsible for mealtime supervision and their supervisor) 	<p>1. The program (choose ONE):</p> <ul style="list-style-type: none"> a) Participates in CACFP, NSLP or another departmental approved Child Nutrition Program (CNP). <p>OR</p> <ul style="list-style-type: none"> b) If exempt from CACFP, the program identifies and implements two nutrition goals from the completed action plan in Level 1. 	<p>1. The program (choose ONE):</p> <ul style="list-style-type: none"> a) Participates in CACFP, NSLP or another departmental approved Child Nutrition Program (CNP) AND identifies and implements one nutrition goal from the completed action plan in Level 1 <p>OR</p> <ul style="list-style-type: none"> b) If exempt from CACFP, the program identifies and implements one additional nutrition goal from the completed action plan in Level 1. 	<p>1. The program (choose ONE):</p> <ul style="list-style-type: none"> a) Participates in CACFP, NSLP or another departmental approved Child Nutrition Program (CNP) AND identifies and implements one additional nutrition goal from the completed action plan in Level 1 <p>OR</p> <ul style="list-style-type: none"> b) If exempt from CACFP, the program identifies and implements one additional nutrition goal from the completed action plan in Level 1.
<p>2. The program completes a self-assessment and creates an action plan in the area of nutrition.</p>	<p>2. The program identifies and implements one physical activity goal from the completed action plan in Level 1.</p>	<p>2. The program identifies and implements one additional physical activity goal from the completed action plan in Level 1.</p>	<p>2. The program identifies and implements one additional physical activity goal from the completed action plan in Level 1.</p>	<p>2. The program identifies and implements one additional physical activity goal from the completed action plan in Level 1.</p>
<p>3. The program completes a self-assessment and creates an action plan in the area of physical activity.</p>				

Reimbursement Structure as of March 1, 2023

Half-Day Rate Ceilings for Licensed Centers

	No QRS Rating		QRS Rating 1 or 2		QRS Rating 3 or 4		QRS Rating 5	
Age Group	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs
Infant and Toddler	\$23.21	\$51.94	\$23.21	\$51.94	\$23.21	\$51.94	\$24.05	\$51.94
Preschool	\$18.98	\$30.43	\$19.50	\$30.43	\$20.00	\$30.43	\$21.00	\$30.43
School Age	\$15.00	\$30.34	\$15.50	\$30.34	\$16.00	\$30.34	\$17.00	\$30.34

Half-Day Rate Ceilings for Child Development Homes (A or B)

	No QRS Rating		QRS Rating 1 or 2		QRS Rating 3 or 4		QRS Rating 5	
Age Group	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs
Infant and Toddler	\$14.00	\$21.00	\$14.00	\$21.00	\$14.00	\$21.00	\$15.00	\$22.50
Preschool	\$12.75	\$19.13	\$13.00	\$19.50	\$13.75	\$20.63	\$15.00	\$22.50
School Age	\$11.25	\$16.88	\$12.50	\$18.75	\$13.00	\$19.50	\$13.50	\$20.25

*One half-day unit is 5 hours of child care (reimbursements not prorated)

Half-Day Rate Ceilings for Child Development Homes (C)

	No QRS Rating		QRS Rating 1 or 2		QRS Rating 3 or 4		QRS Rating 5	
Age Group	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs
Infant and Toddler	\$15.25	\$22.88	\$15.25	\$22.88	\$15.25	\$22.88	\$16.25	\$24.38
Preschool	\$15.00	\$22.50	\$15.00	\$22.50	\$15.00	\$22.50	\$16.00	\$24.00
School Age	\$13.00	\$19.50	\$13.75	\$20.63	\$14.50	\$21.75	\$15.00	\$22.50

Half-Day Rate Ceilings for Child Care Homes (Not Registered)

Age Group	Basic	Special Needs
Infant and Toddler	\$12.98	\$19.47
Preschool	\$12.50	\$18.75
School Age	\$10.82	\$16.23

Half-Day Rate Ceilings for In-Home Providers (NEW)

Age Group	Basic	Special Needs
Infant and Toddler	\$36.25	\$36.25
Preschool	\$36.25	\$36.25
School Age	\$36.25	\$36.25

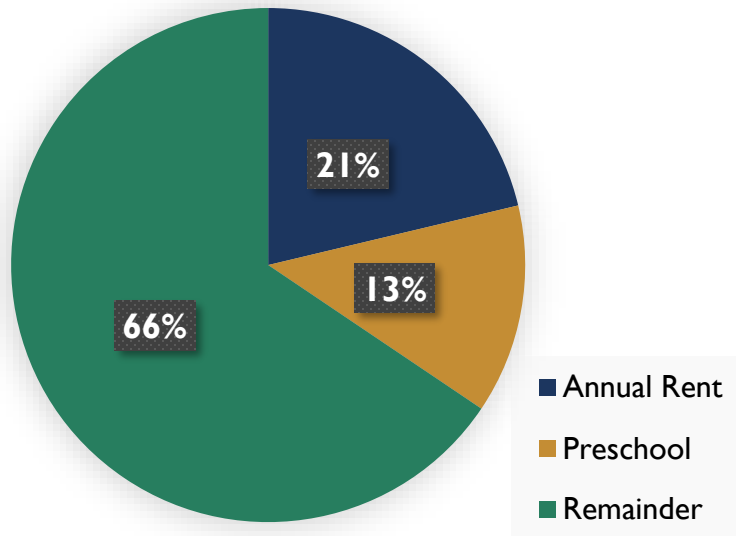
Cost of Child Care

Average Annual Cost in Iowa

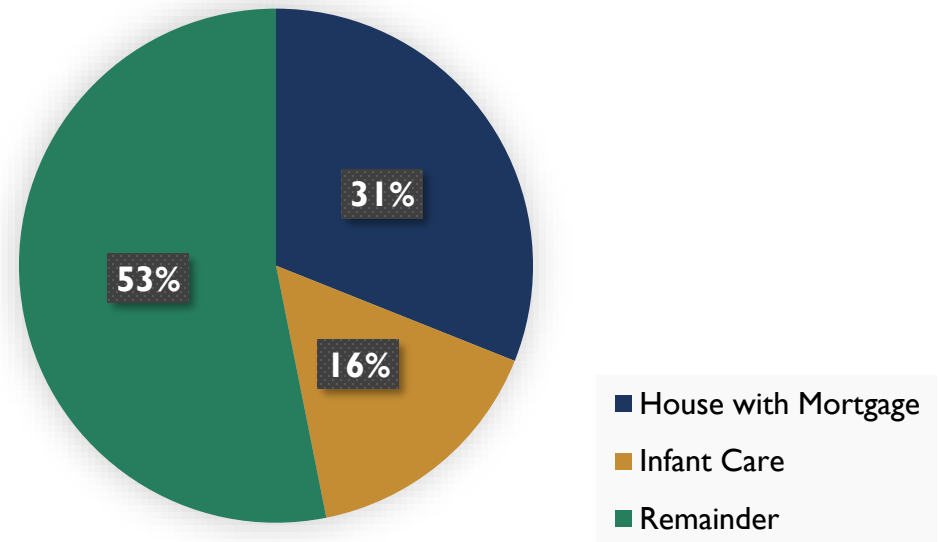
- Without CCA
 - \$10,378 for infants
 - \$8,633 for 4-year-olds (preschool)
- For Reference
 - \$10,964 for 2023-2024 in-state undergraduate tuition at Uni. of Iowa
 - \$13,956 is the median annual rent in Iowa
 - \$20,364 is the median annual cost of a house with a mortgage
 - \$65,600 is the median gross income in Iowa
 - Nationally accepted amount of “affordable child care” = 7% of annual income
 - Preschool care = 13%
 - Infant care = 15.8%

Average Annual Cost Comparison

Rent and Preschool



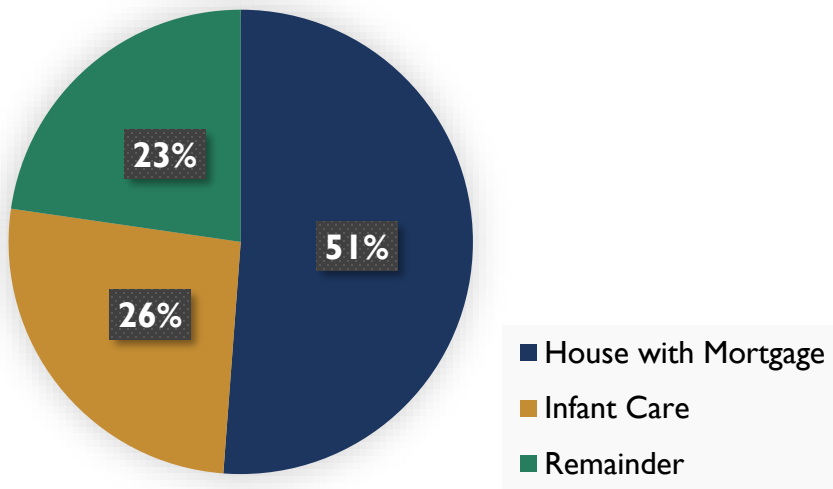
Mortgage and Infant Care



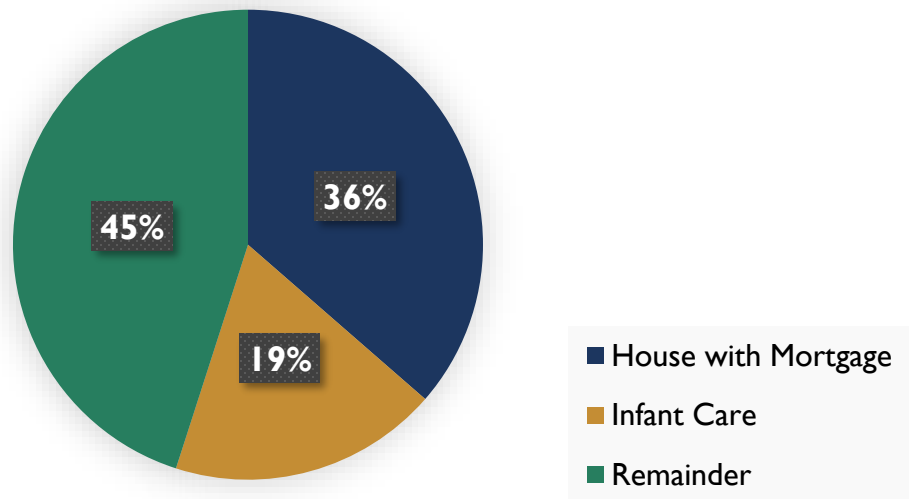
Pie Charts show average costs as a percentage of \$65,600, the median gross income in Iowa.

Average Annual Cost Comparison

Mortgage and Infant Care (160%)



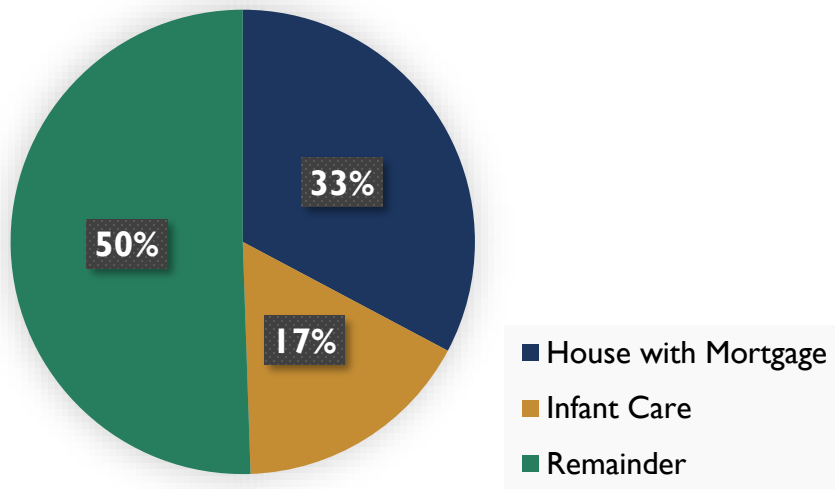
Mortgage and Infant Care (225%)



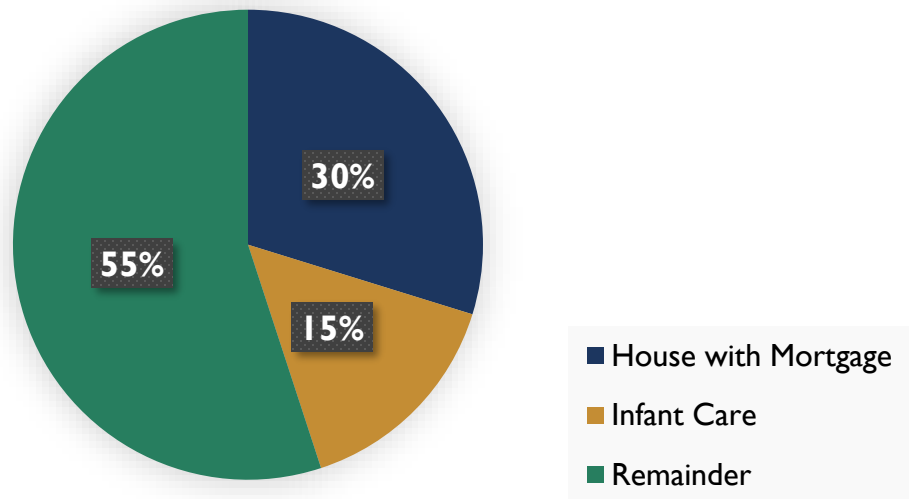
Pie Charts show average costs as a percentage of 160% and 225% of FPL for 3 person family.

Average Annual Cost Comparison

Mortgage and Infant Care (250%)



Mortgage and Infant Care (275%)



Pie Charts show average costs as a percentage of 250% and 275% of FPL for 3 person family.

2023 Child Care Cost Comparison by State

5 Most Expensive Jurisdictions

- District of Columbia \$19,214
- Massachusetts \$16,781
- Washington \$13,404
- New Jersey \$13,367
- Connecticut \$13,052

5 Least Expensive Jurisdictions

- Missouri \$7,062
- Kentucky \$6,841*
- South Dakota \$6,677
- Arkansas \$6,575
- Mississippi \$5,439**

*\$66,143 median ; 4th lowest unemployment rate

**Lowest median income

Iowa is the 27th most expensive jurisdiction

2023 Child Care Cost as Percentage of State Median Income

5 Highest Percentages

- District of Columbia 28.6%
- California 24.9%
- Massachusetts 22.7%
- Oregon 22.2%
- New York 22.1%

5 Lowest Percentages

- North Dakota 12.6%
- Kentucky 11.9%
- Alabama 11.9%
- Mississippi 11.7%
- South Dakota 10.2%

Iowa is the 36th most expensive jurisdiction

Other Related Programs

Voluntary Preschool Programs

- Who is eligible
 - Generally 4-year-olds, but exceptions allowed
 - Districts allowed to create additional criteria
- How many spots are available:
 - Determined by teacher-child ratio requirements
- Cost to families
 - 10 hours/week free of charge to enrolled children
- Cost to the state
 - \$81 million in FY 2022

Recent Changes in Child Care

Legislative Session in Iowa

- In the 2022 legislative session in Iowa:
 - Child care providers are allowed to collect the difference between the state CCA reimbursement rate and the rate the provider charges private parties.
 - Prohibition on COVID-19 vaccine as a condition for enrollment in child care.
 - Child care givers who are 16 years old or older may provide child care to school age children without additional supervision.
 - Increasing the amount of 2 and 3 year old children a single caregiver can provide child care to at one time. (7 and 10 respectively)
 - State tax credits for employers who receive a federal tax credit for providing child care to employees.
- In the 2023 legislative session in Iowa:
 - “Child needing special needs care” now defined.
 - FPL for a family’s initial CCA authorization increased
 - Employed care givers now need to work 32 hours/week or an average of 32 hours/week for the month in order to maintain eligibility if the child does not have special needs
 - HHS may no longer adjust reimbursement rates or financial eligibility requirements for CCA until a bill passes allowing HHS to do so.

Legislative Session in Other States

- During the 2022 legislative session:
 - 26 states passed 80 bills that affect child care subsidies and quality of child care
 - 16 states passed 34 bills that give early childhood financing
 - 18 states passed 31 bills related to early childhood governance
 - 17 states passed 30 bills relating to prenatal, infant, and toddler wellbeing
 - 15 states passed 25 bills to begin or improve programs to get children ready for kindergarten
 - 18 states passed 24 bills related to the early child care and education workforce
- Common themes in child care across other states:
 - Increasing the supply of child care
 - Reducing the costs of child care
 - Child care quality control
 - Assistance for younger children (infants/prenatal) and their families
 - Changes focused on the childcare workforce

Example Legislation in Other States

- Colorado bill S-213
 - Grants to employers to establish child care facilities
- California bill A-185
 - Develops a grant process to establish a universal preschool program
- Kentucky bill HB 499
 - Creates child care system funded by employers and state matching funds
- West Virginia bill S-656
 - Tax credit for employers to provide onsite child care for employees
 - 50% for one year and 20% for up to five years after

Example Legislation in Other States

- Maryland bill H-1100
 - \$1,000 bonus child care provider employees who work at least 20 hours/week
 - \$1,000 bonus to all new employees who work at least 20 hours/week.

- Paid family and medical leave insurance programs
 - Delaware and Maryland
 - All residents; 12 weeks of paid leave
 - Up to 90% pay in Maryland; up to 80% pay in Delaware
 - South Carolina and Utah
 - State employees only; up to six weeks of leave
 - 100% pay

Looking Ahead



■ Workforce Concerns

- Not enough workers
 - Pay/benefit increases alone may not be enough
- HHS CCA pilot program
- HHS partnership with economic groups

■ 2024 Market Rate Survey

■ Proposed rulemaking

- Enrollment vs. Attendance
- Prospective vs. Retrospective payments

For Your Information



- VA child care system

- Subsidized on a sliding scale
- Median salary of \$45,000
- Approximately \$1 billion/year

- Cost of universal childcare in Iowa

- All kids 0 through 5 years of age \$1.034 billion
- All kids 0 through 5 and special needs 6 through \$1.067 billion

- Cost of universal childcare in the US

- Estimated \$70 billion/year
- Social security \$1.22 trillion
- National defense \$767 billion
- Veterans benefits \$274 billion

Term Reference Guide

ARPA — American Rescue Plan Act

Care provider (or Child Care Provider or Provider) — The facility or operation in the business of taking care of children

Caregiver — The individual person taking care of the children (whether as an employee or owner/operator of a Care provider)

CCA — Child Care Assistance

FPL — Federal Poverty Level

HHS — Iowa Department of Health and Human Services

IQ4K — Iowa Quality for Kids

MIA — Missing in Action

NGO — Non-governmental organization

Parent — For the purposes of this presentation, a parent, guardian, or legal custodian

POW — Prisoner of War

SNAP — Supplemental Nutrition Assistance Program

TANF — Temporary Assistance for Needy Families

Questions
