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Iowa Legislative Services Agency
State Capitol
Des Moines, IA 50319

December 2010

Family Investment Program (FIP), Food Assistance Program, State Child Care Assistance, and Earned Income Tax Credit

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I. Introduction

The State of Iowa implements federal-state programs providing various forms of financial and other assistance to low-income Iowans. This Legislative Guide provides a summary of four financial assistance programs of major importance to low-income families with children: the Family Investment Program (FIP), the Food Assistance Program, the State Child Care Assistance Program, and the Earned Income Tax Credit (EITC). The programs provide cash or other forms of financial assistance to individuals and families and all but EITC are administered by the Iowa Department of Human Services (DHS). In general, a person must apply for DHS-administered assistance at a DHS local office or through the Internet. A combined public assistance application form is used for FIP, child care assistance, refugee cash assistance, Food Assistance, Medical Assistance (Medicaid), and other DHS programs. The application form can be obtained from a DHS county office or through the Internet at: <http://www.dhs.state.ia.us>.

For the four programs highlighted in this Guide, program eligibility is based upon one or more of the following factors:

- The financial means of the applicant and applicant's family. For programs other than EITC, "financial means" includes both income and property or other available resources. Income eligibility usually involves a comparison of family income with poverty levels outlined in administrative rules.
- The presence of children in the applicant's family.

This Legislative Guide provides an overview of FIP, the Food Assistance, the State Child Care Assistance, and the EITC Programs' major components, financial and participation information, legal background, and examples of how the programs work.

Sources. The information consulted in the preparation of this Legislative Guide includes the Iowa Code, Iowa Administrative Code (through December 1, 2010), federal law and regulations (through September 30, 2010), interviews, and Iowa DHS Policy Manuals in effect as of December 1, 2010. The employees' policy manuals referred to in this Guide may be accessed on the Internet at:

<http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/PolManual.htm>. Unless otherwise indicated, Iowa Code citations are current through the 2011 Iowa Code.

II. Family Investment Program

A. Family Investment Program Overview

Purpose. The Family Investment Program (FIP) provides cash assistance to needy families with children. Eligibility is determined based upon the monthly family income and resources. Unless a hardship extension is granted, the period of assistance is subject to a lifetime limit of 60 months. Participants enter into a Family Investment Agreement outlining steps leading to self-sufficiency.

Participants. The typical FIP participant family in Iowa is headed by a single, 20- to 29-year-old, high school-educated or equivalent, Caucasian female with two children who



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receives Food Assistance and Medicaid services.¹ An average of 17,444 families per month were served in fiscal year 2009-2010, reversing a downward trend in caseloads with a 7 percent increase over the previous year. Seventy-seven percent were one-parent families, 6 percent had both parents in the home, and 17 percent consisted of children living with a relative. FIP provides monthly cash payments based on family size and income. The average payment is about \$331 a month (\$3,972 annually) per household. The average period of FIP assistance is 20 months.²

B. History

Iowa enacted FIP in 1993 to replace the Aid to Families with Dependent Children (AFDC) Program as part of the state's welfare reform initiative. Because Iowa's welfare reform initiative preceded welfare reform measures on the federal level, Iowa's program initially was operated under a federal waiver. In 1996, the federal government enacted the federal Personal Responsibility and Work Opportunity Reconciliation Act, replacing the entire AFDC Program, which operated as an entitlement, with the Temporary Assistance for Needy Families (TANF) Program, a federal block grant.

C. Funding

The FIP program is funded by the federal government through the Temporary Assistance for Needy Families (TANF) Block Grant and state appropriations. The TANF Block Grant allows the states a significant amount of flexibility in the use of the federal grant moneys, subject to maintenance of effort requirements. Iowa receives \$131.5 million annually. In state fiscal year 2010-2011, appropriations of \$40.4 million in TANF funds were combined with appropriations of \$19 million in state funds for a total of \$59.4 million in appropriations for FIP cash assistance. Funding for FIP cash assistance also includes the state share of child support collections from support assigned to the state due to the receipt of FIP and collections of FIP overpayments. For state fiscal year 2010-2011, the DHS is projecting child support collections of \$9.2 million and overpayment recoveries of \$500,000.

Other TANF appropriations in addition to FIP cash assistance include FIP supportive services, transportation reimbursement, FIP work-related activities, short-term benefits, FIP and non-FIP child care, pregnancy prevention, family support, child welfare services, and FIP administration. The TANF Block Grant appropriations in state fiscal year 2009-2010 for purposes other than FIP cash assistance totaled \$114 million.³ The TANF appropriation in state fiscal year 2010-2011 includes \$24.1 million of TANF Emergency Funds under the American Recovery and Reinvestment Act of 2009.

D. General Requirements

As a condition of receiving cash assistance, the program requires a participating family to enter into a Family Investment Agreement or FIA⁴. The FIA generally provides for family

¹ Iowa Department of Human Services, Budget Submissions for State Fiscal Year 2012, Offer #401-HHS-001: Supporting Basic Needs of Low-Income Iowans, September 3, 2010, available at <http://www.dhs.state.ia.us/docs/2012-Offer-401-HHS-001-Basic-Needs-of-Low-income-Iowans-Narrative.pdf> (last visited September 7, 2010).

² Iowa Department of Human Services, The Family Investment Program (FIP), Comm. 108(w), Rev. 1/08, available at <http://www.dhs.state.ia.us/docs/Comm108W.pdf> (last accessed August 31, 2010).

³ E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010) (on file with author).

⁴ Iowa Code § 239B.8. For limited exceptions to the requirement that persons receiving Family Investment Program assistance enter into an FIA, see Iowa Code § 239B.1(a)-(c).

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members' participation in one or more work, training, and education components which collectively, are known as the PROMoting Independence and Self-sufficiency through Employment Job Opportunities and Basic Skills Program, or PROMISE JOBS.

E. Related Programs

With some exceptions, FIP participants also receive assistance from the Food Assistance Program and family health care coverage through the Medicaid Program (also known as "Title XIX" due to the program's legal basis in that title of the federal Social Security Act and as "Medical Assistance" as it is referred to at the state level in Iowa Code chapter 249A). In addition, DHS has an extensive program to establish child support obligations and to collect these obligations on behalf of FIP participants and others.^{5,6}

F. Legal Basis

"Family Investment Program," Iowa Code chapter 239B, was enacted in 1997 to replace Iowa Code chapters 239 (Aid to Dependent Children or ADC) and 249C (Job Opportunities and Basic Skills or JOBS). The Department of Human Services' rules for the program can be found in the Iowa Administrative Code under agency number 441, chapters 7, 40-46, and 93. Federal law is codified in 42 U.S.C. chapter 7, subchapter IV – Grants to States for Aid and Services to Needy Families With Children and for Child Welfare Services and federal regulation in 45 C.F.R. chapter II, pts. 260-287. The federal law initially authorized the block grant and funding for a period of five years. After years of debate and more than 10 temporary extensions, the TANF block grant was extended in 2006 for five more years until September 30, 2010.⁷

G. Family Units

In order to participate in FIP, a family unit must include a child less than 18 years of age⁸ who is residing with at least one parent or other specified relative who is listed in law and in rule.⁹ The income eligibility requirements and the amount of cash assistance paid to a family participating in the program are based upon the number of people determined to be in the family unit. Because basic eligibility is linked to the presence of children, to be considered part of the family unit, an adult must have a relationship link with that child, as a relative, by marriage, or by legal status. The statute and rules list those who may qualify as having a relationship to the child, including the parent or other "specified relative" such as a grandparent, aunt, stepparent, etc. Special provisions exist for children who themselves are parents and who may have good cause for not living with their own parent or guardian.¹⁰

⁵ See Iowa Code chapters 252A-252K.

⁶ Iowa Code §§ 239B.2(6) and 239B.6.

⁷ Federal Deficit Reduction Act of 2005, Pub. L. No. 109-171.

⁸ A family member who is 18 years of age and a full-time student expected to complete secondary school before age 19 is considered to be a child for eligibility and related purposes. Iowa Admin. Code 441-41.21(1).

⁹ Iowa Code §§ 239B.1 and 239B.2; Iowa Admin. Code 441-41.21(3) and 41.22(3).

¹⁰ Iowa Code § 239B.10; Iowa Admin. Code 441-41.22 (15) – (19).



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H. Basic Eligibility

Eligibility requirements for the Family Investment Program include a large number of factors to address specific circumstances of applicants for the program.¹¹ Because of the complexity of the requirements, the following list of basic factors provides only a general guide to the requirements for determining eligibility and should not be relied upon to predict whether DHS would determine that a particular family unit is eligible:

- **Application.** The program requires a written application to be submitted to the DHS office for the county in which the applicant lives. A short eligibility assessment and a full application can also be completed and submitted via the Internet by use of the DHS Online Application for State of Iowa Services (OASIS) at:

<https://secureapp.dhs.state.ia.us/oasis/>.

DHS utilizes a combined application form so that one application can be used to apply for all of the major public assistance programs for families, including FIP, child care assistance, Medicaid, and Food Assistance. The initial application process requires a telephone or face-to-face interview with a DHS income maintenance worker or other representative.¹² Continuing eligibility requires a review of eligibility every six months.¹³ Decisions concerning eligibility are issued in writing and may be appealed.

- **Income Level.** The initial income eligibility determination for applicants is subject to a three-part test as illustrated in Appendix A. The income eligibility determination for the continuing eligibility of participants is subject to a two-part test, also illustrated in Appendix A.¹⁴ If income exceeds a certain level, an application is rejected or eligibility is ended. Participants are required to report whenever income starts or stops, and certain types of income are automatically reported to DHS through the state Income and Eligibility Verification System known as "IEVS."¹⁵
- **Resources.** Program eligibility allows for ownership of various resources such as a homestead, household goods, personal effects, life insurance which has no cash surrender value, one motor vehicle of any value, and a motor vehicle with a value of up to \$4,658 for each adult and working teenage child. In addition, the applicant family may have up to \$2,000 in other personal property, which may include the amount of motor vehicle value in excess of \$4,658 for each adult and working teenage child. The amount of property associated with a homestead can affect eligibility. In determining the continuing eligibility of a participating family, the limit on additional personal property increases to \$5,000.¹⁶

¹¹ Iowa Code § 239B.2; Iowa Admin. Code 441-41.

¹² Iowa Admin. Code 441-40.24(2); Iowa Department of Human Services Income Maintenance Employee Policy Manual, Title 4 – Family Investment Program, Ch. B – Application Processing, "Interviews."

¹³ Iowa Admin. Code 444-40.27(1).

¹⁴ Iowa Code § 239B.7(1), (2), (5)-(7); Iowa Admin. Code 441-41.27.

¹⁵ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 4 – Family Investment Program, Ch. G – "Case Maintenance: Changes Reported From Automated Sources".

¹⁶ Iowa Code § 239B.7(8)-(10); Iowa Admin. Code 441-41.26(1). This administrative rule requires DHS to annually increase the motor vehicle disregard to reflect inflation. As of June 2009, according to the Iowa Department of Human Services Income Maintenance Policy Manual, Title 4 – Family Investment Program, Ch. D – "Vehicles," the disregard amount is \$4,658.



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- **Tools.** The resource requirements also allow for ownership of up to \$10,000 in tools of the trade or capital assets for self-employment.¹⁷
- **Employment.** The presence of an employed or unemployed parent in a family unit does not by itself make the family eligible or ineligible. The amount of family income and parent involvement in a Family Investment Agreement and employment and training activities are critical factors in determining initial or continuing eligibility.¹⁸
- **Family Investment Agreement.** With few exceptions, as a condition of eligibility, adult FIP applicants and recipients are subject to a Family Investment Agreement, as described in section J of this portion of this Guide, and referral to the PROMISE JOBS Program.¹⁹ The initial FIP application process requires the applicant to enter into and sign a Family Investment Agreement.²⁰
- **Information.** Applicants and participants must agree to provide information as requested by DHS.²¹
- **Child Support.** The parent or specified relative is subject to a list of requirements, such as cooperation with paternity establishment and other child support requirements. There are “good cause” exceptions to these requirements; for example, if cooperation would cause physical or emotional harm to the child or other family member, the requirement would not apply.²²
- **Residency.** The parent or specified relative must be a resident of the state of Iowa.²³
- **Citizenship.** The parent or specified relative must either be a U.S. citizen or have a noncitizen status recognized under federal law.²⁴ Under federal law, in order to be eligible for a federal public benefit, a qualified alien as defined in 8 U.S.C. § 1641 must reside in the United States for at least five years before becoming eligible.²⁵ However, the five-year residency requirement does not apply to qualified aliens described in 8 U.S.C. § 1612, qualified aliens as defined in 8 U.S.C. § 1641, who entered the United States before August 22, 1996, and aliens who were battered or subjected to extreme cruelty and who meet requirements for noncitizen status under federal law.²⁶
- **School Attendance.** Requirements in Iowa law applying sanctions to participant families for a child’s failure to attend school, often called “Learnfare,” were repealed in 2004.²⁷ However, a child who does not attend school is required to enter into a Family Investment Agreement and be referred to the PROMISE JOBS Program.²⁸ If a child is

¹⁷ Iowa Code § 239B.7(9)(c); Iowa Admin. Code 441-41.26(1)(n).

¹⁸ Iowa Code § 239B.2(3).

¹⁹ Iowa Admin. Code 441-41.24(2).

²⁰ Iowa Code § 239B.29(4); Iowa Admin. Code 441-93.4(1).

²¹ Iowa Code § 239B.2(5).

²² Iowa Code § 239B.2(6).

²³ Iowa Code § 239B.2(8); Iowa Admin. Code 441-41.23(1).

²⁴ Iowa Code § 239B.2B.

²⁵ Iowa Admin. Code 441-41.23(5).

²⁶ Iowa Admin. Code 441-41.23(4); E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010)(on file with author).

²⁷ 2003 Iowa Code § 239B.2A; repealed by 2004 Iowa Acts ch. 1043, § 11.

²⁸ Iowa Admin. Code 441-24.2.



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attending school, participants are required to report any change in the child's school attendance.²⁹

I. Other Eligibility Considerations

In addition to the basic eligibility provisions, above, consideration is given to certain individual circumstances of a family for initial and continuing eligibility. Examples of the circumstances considered include:

- **Time Limit.** Under federal law, a participant is subject to a general lifetime limit of 60 calendar months for the receipt of assistance funded by the TANF Program. A federal law provision allows the state to exempt up to 20 percent of the caseload from this requirement for hardship reasons.³⁰ The time limit begins when an adult person begins receiving FIP cash assistance.³¹
- **Work Requirements.** Federal law also requires that a minimum percentage of each state's participant caseload participates in work activities or the state faces a financial penalty. These required state work participation rates are 50 percent overall and 90 percent for two-parent families. However, a state can reduce the percentage rate target by using a caseload reduction credit. For every percentage point a state reduces its caseload below its FY 2004-2005 level (without restricting eligibility), the credit reduces the state's target participation rate by one percentage point.³² To count toward a state's work participation rate, single parents must participate in work activities for an average of 30 hours per week, or an average of 20 hours per week if they have a child under age six. Two-parent families must participate in work activities for an average of 35 hours per week or, if they receive federal child care assistance, 55 hours per week.³³
- **Stepparents.** The rules include various special provisions for stepparents and other nonparental relatives. For example, the resources of a stepparent living in the home are not considered unless the stepparent is included in the family unit for purposes of eligibility and in determining the amount of assistance.³⁴
- **Controlled Substance Felony Offense.** Iowa has opted out of a provision in federal law that would require a reduction in the cash assistance paid to a family unit that includes an individual who has been convicted of a felony offense that has as an element the possession, use, or distribution of a controlled substance.³⁵ However, Iowa law provides that unless exempt for good cause specified in rule, such an individual must participate in drug rehabilitation activities or fulfill other requirements to verify that the individual does not illegally possess, use, or distribute a controlled substance.³⁶

²⁹ Iowa Admin. Code 441-27(4)(e).

³⁰ 42 U.S.C. § 608(a)(7).

³¹ Iowa Admin. Code 441-41.30.

³² 45 CFR § 261-31.

³³ 45 CFR § 261-40.

³⁴ Iowa Admin. Code 441-41.26(2)(c).

³⁵ Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, § 115, opt-out in Iowa Code § 239B.5(3)(a).

³⁶ Iowa Code § 239B.5(3)(b).



J. Family Investment Agreement

An applicant family is required to commit to the family's Family Investment Agreement or an FIA as part of the application process. The FIA is an individualized agreement between the FIP client and the state of Iowa that outlines the family's needs, the services to be provided by the PROMISE JOBS Program, the actions the family will take, and the time frames to be met by the family so that the family can become economically self-supporting.³⁷ A limited benefit plan is the consequence for a participant's failure to carry out the steps of an FIA. See the Limited Benefit Plan section of this Guide for more information.

Only the following circumstances exempt individual FIP participants from entering into an FIA: the individual is less than age 16 and is not a parent; the individual is age 16 through 18, is not a parent, and is attending school on a full-time basis; or the individual is not a U.S. citizen and is not a qualified alien.³⁸ In addition, a leave from engagement in work or training options must be offered upon the birth of a child or placement with the participant parent of an adoptive or foster care child. The leave duration matches that available under the federal Family and Medical Leave Act of 1993, which entitles a person to up to 12 workweeks of leave from employment during any 12-month period for similar family events.³⁹

Through individual assessment, PROMISE JOBS and the participant choose appropriate activities. The FIA options include the following:⁴⁰

- Job readiness activities, including job club, individual job search, workplace essentials training, mental health treatment, substance abuse treatment, or other rehabilitative activities.
- Work activities, including part-time or full-time employment, self-employment, on-the-job training, work experience, or unpaid community service.
- Educational activities, including high school completion, general education development (GED) certification, adult basic education (ABE), English as a second language (ESL) training, vocational training, or postsecondary training up to and including a baccalaureate degree.
- Parenting skills.
- Family Development and Self-Sufficiency Program or other family development program.
- Referral for family planning counseling services can also be included as an optional FIA component. However, the PROMISE JOBS Program will not impose a Limited Benefit Plan for failure to choose or carry out this component.

³⁷ E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010)(on file with author).

³⁸ Iowa Code § 239B.8(1)(a)-(c).

³⁹ Iowa Code § 239B.8(2); Iowa Admin. Code 441.14(1)(f), 29 U.S.C. § 2612.

⁴⁰ Iowa Code § 239B.8(2)(a)-(j); Iowa Admin. Code 441-93.4(4); E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010)(on file with author).



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- Participation in a safety plan to address or prevent family or domestic violence. This option may include a temporary waiver period from required participation in employment-related activities.
- Activities to address barriers to participation which may be specified in an incremental FIA. The following are identified in rule as barriers: need for adult or child care in an area where that care is not available, lack of transportation, substance addiction, sexual or domestic abuse history, overwhelming family stress, or physical or cognitive disability or mental illness.⁴¹

Some of the additional financial support provisions available to help participants in carrying out their FIA activities include⁴²:

- State Child Care Assistance Program when needed to participate in a PROMISE JOBS activity.
- A reimbursement for transportation expenses when needed to participate in a PROMISE JOBS activity other than employment. For those employed, a deduction to cover transportation costs is given from the income earned to calculate the family's FIP grant.
- Some training and education expenses including tuition for high school completion, ABE, ESL, and GED and short-term training and required clothing and equipment.
- Short-term assistance through the Family Self-Sufficiency Grant (FSSG) Program to remove a barrier related to obtaining or retaining employment.

K. PROMISE JOBS Program

Throughout the history of the AFDC Program, various initiatives were implemented at the federal and state levels to add work and training components to the program. The work and training component in Iowa is known as the PROMISE JOBS⁴³ or JOBS Program and the statutory provisions are found in Iowa Code chapter 239B along with the other FIP provisions. DHS currently contracts with the Department of Workforce Development to provide the employment and training PROMISE JOBS Program services, and the DHS Bureau of Refugee Services provides the program to refugees until U.S. citizenship is granted or English proficiency is attained.⁴⁴

JOBS Program staff work with participants in the Family Investment Program to develop and monitor the participant family's FIA.⁴⁵ According to Iowa Code Section 239B.17, the PROMISE JOBS Program requirements vary in accordance with the FIA entered into by a particular family. Generally, the program includes the following activities:

- Placing applicants and participants in employment and training.

⁴¹ Iowa Admin. Code 441-93.4(5).

⁴² E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010)(on file with author).

⁴³ PROMISE JOBS is an acronym for the phrase, "PROMoting Independence and Self-sufficiency through Employment Job Opportunities and Basic Skills"; Iowa Code §239B.1(11).

⁴⁴ Iowa Admin. Code 441-93.4.

⁴⁵ Iowa Code § 239B.18

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- Work experience training for applicants and participants for whom the training is likely to lead to regular employment.
- Incentives, opportunities, services, financial education, and other benefits to aid applicants and participants.

In addition to the FIA options and the activities described above, PROMISE JOBS may include orientation and assessment, job-seeking skills training, and parenting skills training.⁴⁶ A participant's transportation and child care needs are addressed as part of the PROMISE JOBS Program and included in the FIA.⁴⁷

L. Family Development and Self-Sufficiency (FaDSS) Grant Program

Overview. The FaDSS Program is available statewide and provides intensive supportive services to FIP families with significant or multiple barriers to family stability and employment. Participation in the program is voluntary. Families eligible for FaDSS are referred to the program by Department of Workforce Development PROMISE JOBS workers, local DHS workers, family self-referral, or other sources. The Department of Human Rights, Division of Community Action Agencies, administers the program. Local grantees provide direct services using trained workers.⁴⁸

Program Service Components. The FaDSS Program may include assistance regarding job-seeking skills, family budgeting, nutrition, self-esteem, health and hygiene, child rearing, child care education preparation, and goal setting. In addition, grantees may address other family needs, such as child care assistance, transportation, substance abuse treatment, support group counseling, food, clothing, and housing.⁴⁹

M. Limited Benefit Plan

If an individual participant does not fulfill reporting requirements or other terms of the FIA, the individual, and usually the individual's family, enters into a Limited Benefit Plan (LBP).⁵⁰ An initial LBP excludes eligibility for cash assistance for an indeterminate period with cash assistance only to be reinstated if a participant complies with FIA requirements.⁵¹ If a person is subject to a subsequent LBP, the LBP is effective for six months or less as specified by rule,⁵² is followed by an indeterminate period of LBP eligibility, and will only end if the participant complies with FIA requirements. Except for cases involving noncompliance by a needy relative acting as a payee, a stepparent, or a child who is a mandatory JOBS Program participant, an LBP applies to the entire family unit.⁵³

⁴⁶ Iowa Code § 239B.17(2); Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 4 — Family Investment Program, Ch. J — "PROMISE JOBS: Overview — PROMISE JOBS Components and Services."

⁴⁷ Iowa Code §§ 239B.8(2), 239B.17(3), and 239B.24; Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 4 — Family Investment Program, Ch. J — "PROMISE JOBS: Family Investment Agreement — Barriers to Participation."

⁴⁸ Iowa Code § 216A.107; Iowa Admin. Code 427-15.

⁴⁹ Iowa Code § 216A.107(3)(c); Iowa Admin. Code 427-15.6(3).

⁵⁰ Iowa Code § 239B.9.

⁵¹ Iowa Admin. Code 441-41.24(8).

⁵² Under most circumstances, a person subject to a subsequent limited benefit plan will be ineligible for assistance for at least six months. However, for failure to verify hours of employment, a shorter period may be applied; Iowa Admin. Code 441-41.24(8)(h).

⁵³ Iowa Code § 239B.9(2).



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N. Crimes — Program Violations

State law provides that it is a fraudulent practice to obtain or attempt to obtain FIP benefits or assistance by use of a willfully false statement or representation, by knowing failure to disclose a material fact, by impersonation, or by any fraudulent device. It is also a fraudulent practice to aid or abet another person in obtaining or attempting to obtain FIP benefits or assistance by any such means.⁵⁴ Fraudulent practice crimes are classified by degrees according to the value of property or service involved. Thus the penalty for conviction for a fraudulent practice ranges from a simple misdemeanor for a fifth degree offense involving a value of less than \$200 to a class “C” felony for a first degree offense involving a value in excess of \$10,000.⁵⁵

Under federal law, if an individual’s benefits under a federal, state, or local law relating to a means-tested welfare or a public assistance program are reduced because of an act of fraud by the individual under the law or program, the individual may not, for the duration of the reduction, receive an increased benefit under the Food Assistance Program, a public housing program, or any other means-tested welfare or public assistance program for which federal funds are appropriated as a result of a decrease in the income of the individual attributable to such reduction.⁵⁶

If a person is convicted of making a fraudulent statement or misrepresentation of the person’s residence in order to receive benefits under FIP, the Food Assistance Program, or federal Supplemental Security Income (SSI) assistance simultaneously in two or more states, the person is ineligible to receive assistance for 10 years.⁵⁷

O. Special Needs Payments

Guardians/Conservators. Provision is made for payments for guardianship or conservatorship fees up to \$10 per month.⁵⁸

School Expenses. Payment is allowed for expenses associated with a child’s attendance at a public or accredited nonpublic school, including those incurred in a certified preschool and home schooling that is monitored and approved by the school system. Expenses include education costs, specific charges made by a school, and expenses required of all students in a course of instruction. Examples include mandatory fees for home economics or physical education.⁵⁹ Payment is not provided for items for which the school waived the fee.

Waiver of School Fees. A public school is required to waive fees for FIP participants and other indigent children attending within that public school’s area. The family must complete an application and reapply each year. The waiver applies to any item supplied by the school for which the school would otherwise charge a fee, such as textbooks, school supplies, transportation, and summer school tuition.⁶⁰

⁵⁴ Iowa Code § 239B.14.

⁵⁵ Iowa Code §§ 714.8 - 714.14.

⁵⁶ 42 U.S.C. § 608a.

⁵⁷ Iowa Admin. Code, 441-46.29.

⁵⁸ Iowa Admin. Code 441-41.28(3)(b).

⁵⁹ Iowa Admin. Code 441-41.27(9)(j) and 41.28(3); Iowa Department of Human Services Employees’ Policy Manual, Title 4 — Family Investment Program, Ch. F — Budgeting, “Calculating the Amount of Assistance — Special Needs — School Expenses.”

⁶⁰ Iowa Code § 256.7(20); Iowa Admin. Code 281-18; and Iowa Department of Human Services Employees’ Policy Manual, Title 4, — Family Investment Program, Ch. F — Budgeting, “Calculating the Amount of Assistance — Special Needs — School Expenses.”



P. FIP Eligibility and Cash Assistance Benefit Example

Calculation of eligibility and the cash assistance benefit amount is a complex process. Both eligibility for FIP and the amount of cash assistance are determined by applying several schedules. The Schedule of Basic Needs or Payment Standard was last increased in state fiscal year 1990-1991.⁶¹

For a sample calculation, turn to Appendix A. This sample calculation is for a single parent, working 36 hours per week who has two children, one a toddler who is age one and the other a third grader. See Appendix A for how the eligibility and cash assistance amounts are determined. If the family wage earner in the example was employed 40 hours per week at the minimum wage of \$7.25 per hour, the family income would be too high for the family to be eligible for FIP. In the Appendix A example, the single parent works 36 hours per week at \$7.25 per hour and meets all resource requirements but does not have any other income such as child support. Under this example, the monthly FIP cash assistance benefit is \$75.

III. Food Assistance (Food Stamp) Program

A. Overview

Purpose. Iowa's Food Assistance Program, formerly known at the federal level as the Food Stamp Program and now called Supplemental Nutrition Assistance Program or SNAP,⁶² is intended to promote the general welfare of low-income households by raising the households' levels of nutrition to avoid hunger and malnutrition. The program also is intended to benefit the retail and agricultural economies. Until 2002, under the national program, participants utilized paper coupons to purchase food items. The federal government required states to implement the electronic benefit transfer (EBT) approach⁶³ and no longer provides the paper coupons. Participants now use an EBT card that operates similar to a debit card, except that the card can only be used to purchase food items.

Participants. In June 2010, 346,561 persons residing in Iowa received food assistance, a 14.2 percent increase from June 2009. Of Iowa households receiving benefits, 51,112, or 32 percent, received food assistance but no other state benefits, and 108,168, or 68 percent, received food assistance and also received benefits from FIP or the Medicaid Program, or both.⁶⁴

Funding Sources. Food assistance benefits are 100 percent federally funded. About \$509.5 million in federal food and nutrition funds were received in Iowa in fiscal year 2009-2010. The federal and state governments share payment of the administrative costs, with each paying 50 percent of these costs.⁶⁵

⁶¹ 1990 Iowa Acts, Ch. 1270 § 1(4).

⁶² Iowa Department of Human Services, Health and Financial Support Application, "Food Assistance," p. 1, available at http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual_Documents/Forms/470-0462.pdf.

⁶³ Iowa Code § 234.12A.

⁶⁴ E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010)(on file with author).

⁶⁵ Id.



FIP, Food Assistance, Child Care Assistance, and EITC

B. Legal Basis

Iowa law for implementing the federal SNAP provisions involving DHS is codified at Iowa Code sections 234.12, 234.12A, and 234.13. The DHS rules for the programs are published in the Iowa Administrative Code under agency number 441, chapters 65 and 66. At the federal level, the program is administered by the United States Department of Agriculture, Food and Nutrition Service. Federal law is codified at 7 U.S.C. chapter 51, §§ 2011-2036. Federal rules are published in Title 7, Chapter II, of the Code of Federal Regulations, pts. 271 through 283.

C. Eligibility

Eligibility for the Food Assistance Program is based upon various residency, income, and resource tests. Persons who are eligible for certain other public welfare programs such as the Family Investment Program, ongoing county general assistance, and Federal Supplemental Security Income are generally deemed to be “categorically eligible” for food assistance. However, program eligibility requirements must still be met and their food assistance benefit amount is adjusted based upon individual family or household income and other individual circumstances.⁶⁶ The maximum monthly benefit for an eligible household of three in fiscal year 2009-2010 is \$526.⁶⁷

The basic eligibility unit for food assistance is a household which includes spouses, parents, and children, or related or unrelated persons, who customarily buy, fix, and eat their food together. Ineligible persons include certain aliens, certain students, persons who do not comply with program requirements, and incarcerated persons.⁶⁸

D. Application

The program requires an application submitted to any DHS local office. The application may be submitted in person, by mail, by facsimile transmission, or by electronic means. If the applicant is also applying for FIP, a combined public assistance form and interview may be used.⁶⁹ A person may be eligible for emergency service in processing the application if serious circumstances exist, such as having less than \$100 in liquid resources or shelter costs in excess of money available. If approved for emergency service, the first food assistance benefits will be received by the household within seven days of the application date.⁷⁰ The application process requires a telephone or face-to-face interview with a DHS income maintenance worker.⁷¹

The worker must verify the information submitted on the application. The verification covers a broad spectrum – from the identity of the applicant to income and certain

⁶⁶ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, “Determining Assistance – Calculating Benefit Level.”

⁶⁷ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, “Determining Assistance – Calculating Benefit Level.”

⁶⁸ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. C – Nonfinancial Eligibility, “Household Composition.”

⁶⁹ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. B – Application Processing, “Filing a Food Assistance Application.”

⁷⁰ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. B – Application Processing, “Emergency Service.”

⁷¹ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. B – Application Processing, “Interviews.”



deductible expenses – and may include review of documents, collateral contacts, and use of the state Income and Eligibility Verification System, which contains income and resources information from multiple government agency databases.⁷² The processing standard provides for issuance of food assistance benefits to eligible households within 30 days of initial application. Decisions concerning eligibility are issued in writing and may be appealed.⁷³

Reporting Requirements. At recertification, participants are required to report changes in circumstances that could change eligibility for the program. Households in which all adult members are elderly or disabled and have no earned income are assigned a certification period of 12 months and most others are assigned a certification period of six months. A shorter certification period of three months or longer may be assigned to households with unstable circumstances. Each household is required to report an increase in gross income to over 130 percent of the federal poverty level for that size of household.⁷⁴

E. Use of the Electronic Benefit Transfer (EBT) System

The coupon or “stamp” system used for many years to distribute benefits has been replaced with an EBT system. Benefits are credited once per month on the same day, based upon the first letter of the last name of the person for whom the food assistance case was opened. An Iowa EBT card can be used in other states that accept the card and vice versa. A household can have up to three cards utilizing the same account.⁷⁵ An Iowa EBT card may be used in any of the following authorized outlets:⁷⁶

- Authorized retail outlets, such as grocery stores, farmers markets, convenience stores, and specialty stores.
- Communal dining facilities and congregate meal sites.
- Meals on Wheels programs (for persons age 60 and older or for persons who have a disability).
- Any of the following living situations where the eligible household member is residing: group living arrangements, private not-for-profit drug or alcohol treatment programs, public and private not-for-profit homeless programs, and shelters for battered women and children.

F. Income Requirements

The program utilizes both gross and net income calculations as shown in the chart below to determine eligibility and the amount of assistance provided. Households which are categorically eligible are not subject to income requirements for determining eligibility.

⁷² Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. B – Application Processing, “Verification.”

⁷³ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. B – Application Processing, “Processing Standards – Denying an Initial Application.”

⁷⁴ Iowa Admin. Code, 441-65.5.

⁷⁵ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. A – Administration, “Electronic Benefit Transfer – Providing Access to the Food Account;” see also Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 14 – Management Information, Ch. J – Iowa's EBT EPPIC™ System.

⁷⁶ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. A – Administration, “Participant Use of Benefits – Where Food Assistance Can Be Used.”



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Households with an elderly person (age 60 and older) or disabled person are subject to the net income guidelines. All other households must meet both gross and net income guidelines.⁷⁷ Net income is determined by making various adjustments to gross income for standard deduction purposes, medical expenses, dependent care costs, child support paid by household members, and excess shelter expenses.⁷⁸

FOOD ASSISTANCE INCOME ELIGIBILITY⁷⁹

Household Size	Maximum Gross Monthly Income	Maximum Net Monthly Income
1	\$1,174	\$903
2	\$1,579	\$1,215
3	\$1,984	\$1,526
4	\$2,389	\$1,838
5	\$2,794	\$2,150
6	\$3,200	\$2,461
7	\$3,605	\$2,773
8	\$4,010	\$3,085
	For each additional person, add \$406	For each additional person, add \$312

G. Resource Limits

Except for those with categorical eligibility, food assistance eligibility is subject to limitations regarding the resources owned by the household. The basic limit is no more than \$2,000. However, for households with eligible members who have a disability or are older than age 60, the limit is \$3,000.⁸⁰ Countable resources include liquid resources, such as savings, which can easily be converted to cash and nonliquid resources, such as buildings or other real property, which cannot be easily converted to cash.⁸¹ The entire value of one motor vehicle is excluded. Vehicles are also excluded if used as the household's home, for self-employment, or for transporting a household member who has a physical disability.⁸² Various resources such as the homestead, household goods, and the Earned Income Tax Credit are not counted toward the resource limit.⁸³

H. Work Requirements

Unless exempt, the members of a food assistance household are subject to work requirements.⁸⁴ Those subject to the work requirements are deemed to be "Mandatory Work Registrants" or MWRs and are referred to the Iowa Department of Workforce

⁷⁷ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, "Determining Assistance."

⁷⁸ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, "Determining Assistance."

⁷⁹ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, "Determining Assistance – Gross Income Limit" and "Determining Assistance – Net Income Limit."

⁸⁰ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. D – Resources, "Resource Limits."

⁸¹ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. D – Resources, "Countable Resources – What Resources to Count." Employees'

⁸² Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. D – Resources, "Vehicles."

⁸³ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. D – Resources, "Excluded Resources."

⁸⁴ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. C – Nonfinancial Eligibility, "Mandatory Work Registrants (MWRs)."

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Development for voluntary employment services under the Food Assistance Employment and Training Program.⁸⁵

Able-bodied adults ages 18 to 59, without dependents (also referred to as ABAWDs) are subject to work requirements and must work or participate in a work program at least 60 hours per month. Exemptions from the work requirement include attaining age 60 or older, pregnancy, student status, disability, and caring for a child or an incapacitated person.⁸⁶

I. Benefit Amount

The benefit amount is determined based upon monthly estimates of anticipated income. The anticipated income and deductible expenses for the months of the certification period are applied to determine the benefit amount for the months of the certification period.⁸⁷ The benefit amount is determined by multiplying a household's net monthly income by 30 percent and subtracting that figure from the maximum benefit amount. See Appendix B for an example calculation of food assistance benefits. The following are maximum benefit amounts:

Household Size	Maximum Net Monthly Allotment
1	\$200
2	\$367
3	\$526
4	\$668
5	\$793
6	\$952
7	\$1,052
8	\$1,202
	For each additional member, add \$150

J. Crimes — Program Violations

State law provides that it is a fraudulent practice to obtain or attempt to obtain food assistance benefits by use of a willfully false statement or representation, by knowing failure to report changes in circumstances affecting entitlement to benefits, by transferring an EBT card or other assistance transfer instrument to another with the intent the benefits will be used for someone other than the eligible person's household, by acquisition, use, or attempt to use benefits which were not issued to that household, or by knowing acquisition,

⁸⁵ Iowa Department of Human Services' Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. C – Nonfinancial Eligibility, "Mandatory Work Registrants (MWRs) – Work Requirements for MWRs."

⁸⁶ Iowa Department of Human Services' Employees' Income Maintenance Policy Manual, Title 7 – Food Assistance, Ch. C – Nonfinancial Eligibility, "Mandatory Work Registrants (MWRs) – Work Requirements for MWRs;" The ABAWD work requirement has been suspended through September 30, 2011 due to the high unemployment rate. E-mail from Iowa Department of Human Services (December 3, 2010)(on file with author)

⁸⁷ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, "Anticipating Income and "Determining Assistance – Deductions."

⁸⁸ Iowa Department of Human Services Income Maintenance Employees' Policy Manual, Title 7 – Food Assistance, Ch. F – Budgeting, "Determining Assistance – Calculating Benefit Level."



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alteration, transfer, or redemption of benefits in violation of state or federal requirements for the program.⁸⁹

The penalty provisions are the same as for the FIP Program. Fraudulent practice crimes are classified by degrees according to the amount involved. Thus the penalty for conviction for a fraudulent practice ranges from a simple misdemeanor for a fifth degree offense involving a value of less than \$100 to a class “C” felony for a first degree offense involving a value in excess of \$10,000.⁹⁰ In addition, if a court or an administrative disqualification hearing results in a finding that a person obtained or attempted to obtain food assistance benefits by fraudulent means, the person involved is deemed to have committed an intentional program violation and is ineligible for food assistance benefits. The period of ineligibility can be permanent upon a first, second, or third violation, depending on the nature and seriousness of the violation. For example, if the violation was trafficking food assistance benefits valued at \$500 or more, the period of ineligibility is permanent for the first violation.⁹¹

K. Disaster Food Assistance

Households adversely affected by a disaster in a presidentially declared disaster area may be eligible for individual food assistance benefits if the state is federally approved to operate a disaster program.⁹²

L. Food Assistance Benefit Example

The amount of Food Assistance Program benefits is determined based upon the number of family members and countable family income.

Appendix B provides an example of how the benefit is determined for a single-parent family with two children, one a toddler age one and the other a third grader. In this example, also used in Appendix A, the single parent works 36 hours per week at \$7.25 per hour and meets all resource requirements but does not have other income such as child support for the two children. The example assumes that apartment rent is \$502 per month and the family pays utility costs. Because the family in the example receives FIP benefits, the family is categorically eligible for food assistance benefits. Under this example, the food assistance benefit for the family is \$432 per month.

IV. State Child Care Assistance

A. Overview

Purpose. State Child Care Assistance (CCA) is administered by DHS to assist low-income working families, including FIP participants, with the cost of child care for children age 12 and younger and children age 13 through 18 with a developmental disability.⁹³

⁸⁹ Iowa Code § 234.13.

⁹⁰ Iowa Code §§ 714.8 through 714.14.

⁹¹ Iowa Code § 29C.20A. Iowa Department of Human Services Income Maintenance Employees’ Policy Manual, Title 7 – Food Assistance, Ch. J – Intentional Program Violation, “Penalties for Intentional Program Violation.”

⁹² Iowa Department of Human Services Income Maintenance Employees’ Policy Manual, Title 7 – Food Assistance, Ch. L – Disaster Food Assistance Program, “Terms Used in the Disaster Food Assistance Program.”

⁹³ Iowa Code § 237A.1(2).

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Assistance is provided on a sliding scale basis according to family income. The program also promotes the provision of high-quality child care.⁹⁴

Participants. In FY 2009-2010, an average of 23,660 children between the ages of 0-13 (up to age 19 for children with special needs) were provided child care assistance each month. Of the 23,660 average, 20,483 were children of low-income working families, 1,094 were children in protective child care or foster care homes, and 2,083 were children in FIP families participating in PROMISE JOBS activities.⁹⁵

Funding Sources. This program is funded by the federal government through the Child Care and Development Block Grant, commonly referred to as the Child Care and Development Fund (CCDF) and by state appropriations. In addition to the funding from CCDF, many states, including Iowa, exercise the authorization to transfer a portion of the funding appropriated for the TANF Block Grant to CCDF. In federal fiscal year 2010-2011, the following amounts were budgeted for CCA and child care-related activities allowed or required under CCDF:⁹⁶

- Federal CCDBG: \$59.5 million (includes \$15.7 million in one-time CCDF funding provided through the federal American Recovery and Reinvestment Act of 2009)
- Federal TANF transferred for child care: \$22.7 million
- Iowa appropriations: \$32.3 million
- Fund transfer and state and federal funds carried forward: \$13.3 million
- Total state and federal spending for federal fiscal year 2010-2011: \$127.8 million

B. Legal Basis

History. The Child Care and Development Block Grant was originally created in the federal Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) as a discretionary funded program. When federal welfare reform legislation was enacted in 1996, replacing the Aid to Families With Dependent Children entitlement program with the Temporary Assistance to Needy Families Block Grant, related child care entitlement programs were incorporated into the Child Care and Development Block Grant. Consequently, CCDF includes specific funding streams, earmarked funding, and state funding requirements. The earmarked funding may be used for research and evaluation, resource and referral activities, activities that increase parental choice, provision of technical assistance, and activities designed to improve the quality and availability of child care.⁹⁷

Federal Law. The federal Child Care and Development Block Grant Act of 1990, as amended, and the federal Social Security Act § 418, as amended, are the primary

⁹⁴ Iowa Department of Human Services, Child Care (Subsidy and Regulation): One-Page Summary, http://www.dhs.state.ia.us/docs/narrative_childcare.pdf (last visited September 3, 2010).

⁹⁵ Iowa Council on Human Services Budget Submission for State Fiscal Year 2011 – Offer 401-HHS-005: Child Care Narrative, available at <http://www.dhs.state.ia.us/docs/2012-Offer-401-HHS-005-Child-Care-Narrative.pdf> (last visited September 10, 2010) and Iowa Council on Human Services Budget Submission for State Fiscal Year 2011 – Offer 401-HHS-005: Child Care Financial, available at <http://www.dhs.state.ia.us/docs/2012-Offer-401-HHS-005-Child-Care-financial.pdf> (last visited September 10, 2010).

⁹⁶ E-mail from Jen Harbison, Legislative Liaison, Iowa Department of Human Services (December 3, 2010)(on file with author).

⁹⁷ U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, and Development Fund Fact Sheet, July 2010, available at: <http://www.acf.hhs.gov/programs/ccbf/ccdf/factsheet.htm> (last visited September 21, 2010).



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sources of federal law. It is codified at 42 U.S.C. § 9858, et seq. Federal rules are published at 45 C.F.R. pts. 98 and 99.⁹⁸

State Law. Iowa law for CCA is codified at Code section 237A.13. Eligibility and reimbursement requirements may be periodically revised in legislation, typically in annual appropriations legislation for DHS. Rules are published in 441 IAC chapter 170. DHS policy is published in Department of Human Services Social Services Policy Manual, Title 13 — Social Services Resources, Chapter G — “Child Care Assistance,” available on the Internet at:

http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual_Documents/Master/13-g.pdf.

C. Basic Eligibility

Family Circumstances. CCA is available on a sliding-scale basis to the children of income-eligible parents who are described by one of the following circumstances:⁹⁹

- The child’s parent, guardian, or custodian is participating in approved academic or vocational training. Assistance provided while the parent participates in postsecondary education leading up to and including a baccalaureate degree program or vocational training is subject to a 24-month lifetime limit.
- The child’s parent, guardian, or custodian is seeking employment. Eligibility for assistance while seeking employment is limited to 30 days during a 12-month period.
- The child’s parent, guardian, or custodian is employed 28 or more hours per week, or an average of 28 or more hours per week, and the family income meets income requirements. CCA may be provided for the hours of employment of a single parent or the coinciding hours of employment of both parents in a two-parent home, and for actual travel time between home, child care facility, and place of employment.
- The child’s parent, guardian, or custodian is absent for a limited period of time due to hospitalization, physical illness, or mental illness, or is present but is unable to care for the child for a limited period as verified by a physician. CCA under this provision is limited to a maximum of one month, unless extenuating circumstances are justified and approved after review by a DHS administrator.
- The child needs protective services to prevent or alleviate child abuse or neglect.
- The child is age 13 through 16, the family circumstances meet other eligibility requirements above, and assistance is approved by DHS because special family circumstances exist that would place the child at risk if left home alone.

Income Eligibility. Unless other eligibility requirements are applicable, as described below, the family’s nonexempt gross monthly income cannot exceed one of the following income limits:¹⁰⁰

⁹⁸ U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, “CCDF Final Regulations” available at <http://www.acf.hhs.gov/programs/ccb/law/finalrul/index.htm> and http://www.federalgrantswire.com/child_care_and_development_block_grant.html (both last visited September 7, 2010).

⁹⁹ Iowa Code § 237A.13; Iowa Admin. Code 441-170.2(2)(b).

¹⁰⁰ Iowa Admin. Code 441-170.2(1)(a).

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- One hundred forty-five percent of the federal poverty level applicable to the family size for children needing basic care.
- Two hundred percent of the federal poverty level applicable to the family size for children with special needs.
- Eighty-five percent of Iowa's median family income if that figure is lower than the other two limits.

Income exemptions include certain types of unearned income, various forms of public assistance such as food assistance, and adoption subsidy payments.

Public Assistance Eligibility. CCA is available to persons participating in activities approved under the PROMISE JOBS Program and participants in FIP without regard to income eligibility requirements if there is a need for child care services.¹⁰¹ PROMISE JOBS staff administer CCA for child care needed to participate in PROMISE JOBS activities.¹⁰²

Child Protection Eligibility. Child care services for a child with protective needs are provided without regard to income. To receive protective child care services, the family must meet specific requirements, and child care must be identified in the child's social services case file as a necessary service.¹⁰³

Age of Child. CCA is provided only to children up to age 13 unless a child has special needs, in which case CCA may be provided up to age 19. Children who are age 13 through 15 may be eligible for child care assistance benefits if there are special family circumstances that put the child's safety and well-being at risk.¹⁰⁴

Period of Eligibility. Eligibility for CCA is redetermined at least every six months in the same manner as at application. However, FIP participants or those whose earned income was taken into account in determining the needs of FIP participants are not subject to financial eligibility redetermination.¹⁰⁵

D. Waiting Lists

Overview. CCA is not an entitlement program.¹⁰⁶ If there is insufficient funding to provide CCA to all who are eligible, DHS is required to apply waiting list requirements. The waiting list is applied in the following descending priority order:¹⁰⁷

- Families with an income at or below 100 percent of the federal poverty level whose members are employed at least 28 hours per week, and parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 years and are participating in an educational program leading to a high school diploma or the equivalent.

¹⁰¹ Iowa Admin. Code 441-170.2(1)(b).

¹⁰² Iowa Admin. Code 441-170.3(3)(a).

¹⁰³ Iowa Admin. Code 441-130.3(1)(e)-(f), 441-130.7, 441-170.1, and 441-170.2(1).

¹⁰⁴ Iowa Code § 237A.13(1)(e)-(f); Iowa Admin. Code 441-170.2(2)(a).

¹⁰⁵ Iowa Admin. Code 441-170.3(5).

¹⁰⁶ Iowa Code § 237A.13(8).

¹⁰⁷ Iowa Code § 237A.13(7)(a)-(d) and (8).



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- Parents with a family income at or below 100 percent of the federal poverty level who are under the age of 21 years and are participating, at a satisfactory level, in an approved training program or in an educational program.
- Families with an income of more than 100 percent but not more than 145 percent of the federal poverty level whose members are employed at least 28 hours per week.
- Families with an income at or below 200 percent of the federal poverty level whose members are employed at least 28 hours per week and have a special needs child as a member of the family.

Waiting List Exceptions. The following are not subject to the waiting list requirements:¹⁰⁸

- Persons eligible due to participation in FIP, persons whose earned income is considered in determining eligibility and benefits for a FIP participant, and persons who are participating in activities approved under the PROMISE JOBS Program.
- A family that is receiving state child care assistance at the time a child is born into the family. The newborn child is approved for services when the family reports the birth of the child.
- Children who need protective services to prevent or alleviate child abuse or neglect.
- A child in a family that is eligible for CCA and that receives a state adoption subsidy for the child.

E. Sliding Scale

Overview. CCA is provided on a sliding scale of family copayments determined based upon the amount of a family's nonexempt gross monthly income (primarily earned income) and the number of family members. See Appendix C for a table showing the family income limitations and amount of copay required per unit of service for a particular subsidy amount.¹⁰⁹ The provider collects the copay from the family. A unit of service is one-half day, which is defined as up to five hours of service in a 24-hour period.¹¹⁰

Temporary Copay Reduction or Exemption. A family's sliding scale copay may be temporarily reduced or exempted for any of the following circumstances:¹¹¹

- Extensive medical bills for which there is no payment through insurance coverage or other assistance.
- Shelter costs that exceed 30 percent of the household income.
- Utility costs, not including the cost of a telephone, that exceed 15 percent of the household income.
- Additional expenses for food resulting from diets prescribed by a physician.

¹⁰⁸ Iowa Code § 237A.13(6)(a)-(d).

¹⁰⁹ Iowa Admin. Code 441-170.4(2)(a).

¹¹⁰ Iowa Admin. Code 441-170.1; Iowa Department of Human Services Social Services Employees' Policy Manual, Title 13 – Social Services, Ch.G – Child Care Assistance Program, "Authorizing Services – Unit of Service."

¹¹¹ Iowa Admin. Code 441-170.4(3).



F. Types of Providers

Overview. In general, according to federal law, families are free to select the type of child care provider,¹¹² subject to various state requirements, such as child abuse registry checks, intended to protect the child's health and safety.¹¹³ The following provider types are addressed in DHS rules:¹¹⁴

- Nonregistered child care home.
- Registered child development home.
- Licensed child care center.
- Facility operated by or under contract to a public or nonpublic school that is exempt from DHS licensing or registration.
- Adult caretaker providing care to the child in the child's home.

Regulation of Providers. Approximately 5,000 unregulated providers, such as nonregistered child care homes, were listed with Iowa's five child care resource and referral agency regions in FY 2009-2010.¹¹⁵ There are about 5,600 child development homes registered with DHS and 1,500 child care centers licensed by DHS.¹¹⁶ Each person providing child care to children whose families are receiving CCA is subject to criminal and child abuse registry checks, whether or not the provider is registered or licensed.¹¹⁷ An unregistered child care home is restricted to providing care to five or fewer children at any one time.¹¹⁸

Child Development Homes. The child development homes registered by DHS fall into three categories: A, B, and C.¹¹⁹ Each category is subject to the same general health and safety and physical space requirements and there are progressively higher standards for age, experience, and educational qualifications of the providers in the progression from categories A through C. Additional staff may be required in all categories, depending on the number of children present for a period of time.¹²⁰ A category A provider may care for up to six preschool children at any one time, plus two school age children for periods of less than two hours, for a maximum of eight children at any one time.¹²¹ A category B provider may care for up to six preschool children at any one time, plus up to four school age children and two part-time children for a total of 12 children at any one time.¹²² A category C provider may care for up to 12 preschool children at any one time, plus two

¹¹² Iowa Admin. Code 441-170.4(7)(a); The concept of parent choice is part of the federal Child Care and Development Block Grant Act of 1990, which requires the state plan to provide assurance that a child will be placed with the provider selected by the parent to "the maximum extent practicable." 42 U.S.C. § 9858c(c)(2)(A). See also Iowa Code § 237A.13(2).

¹¹³ Iowa Code § 237A.5.

¹¹⁴ Iowa Admin. Code 441-170.4(3).

¹¹⁵ Iowa Child Care Resource & Referral Agency Reports, compiled as of July 2010, <http://www.iowaccr.org/County%20Data/index.html> (last visited September 7, 2010).

¹¹⁶ Iowa Department of Human Services, Child Care (Subsidy and Regulation): One-Page Summary, http://www.dhs.state.ia.us/docs/narrative_childcare.pdf (last visited September 3, 2010).

¹¹⁷ Iowa Code § 237A.5(2)(a)(1)(e); Iowa Admin. Code 441-109.6(6), 441-110.7(3), and 441-170.4(3)(h).

¹¹⁸ Iowa Code § 237A.3.

¹¹⁹ Iowa Code § 237A.3A(3)(a).

¹²⁰ Iowa Admin. Code 441-110.5, 441-110.8, 441-110.9, and 441-110.10.

¹²¹ Iowa Admin. Code 441-110.8.

¹²² Iowa Admin. Code 441-110.9.



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school age children for periods of less than two hours and two part-time children, for a total of 16 children at any one time.¹²³

G. State Child Care Assistance Benefit Example

Overview. Eligibility for the State Child Care Assistance Program is determined based upon the parent having a need for service, financial eligibility requirements (for those not exempt from this criteria), and nonfinancial eligibility criteria (citizenship/alien status, age, state of Iowa residency). Financial eligibility is determined based upon the number of family members and countable family income. Appendix C provides a table used for determining the income eligibility and copayment requirements for the State Child Care Assistance Program.

Example. The CCA table in Appendix C can be applied to the example used for the FIP and food assistance benefits in Appendices A and B. The family in the example is a single-parent family with two children, one a toddler age one and the other a third grader. The single parent works 36 hours per week at \$7.25 per hour and does not have other income such as child support for the two children, resulting in a gross income of \$1,044 per month. In this example, it is assumed the infant and the school-age child are receiving 40 hours per week of child care in a registered, category B child development home and that the care is provided at the maximum full-day rates paid by DHS of \$24.48 for the infant and \$20.40 for the school age child. This translates to \$224.40 per week or \$972.40 per month (4 1/3 weeks).

Because the family in the example is participating in the FIP Program, the family is categorically eligible for State Child Care Assistance without regard to income eligibility requirements if there is a need for child care services. However, according to the table, any family of three meeting other eligibility requirements and earning less than \$1,450 per month is eligible for CCA without a copayment. With children the same age as the family in the example, the maximum benefit without a copayment for five full days of child care per week is \$224.40 per week or \$972.40 per month for a family of that income level.

V. Earned Income Tax Credit

A. Earned Income Tax Credit Overview

The Earned Income Tax Credit (EITC) is an income tax credit for low-to-moderate income working individuals and families. It applies to both federal and Iowa income taxes and the taxpayer must file returns to receive the credit. The EITC reduces federal and state income tax liability. Both the state and federal credit are refundable, which means a tax refund is payable if the credit amount exceeds the amount of taxes owed.¹²⁴

For tax year 2010, married filing jointly taxpayers with three or more qualifying children can earn up to \$48,362 in a year and receive a federal credit of up to \$5,666, and married filing jointly taxpayers with no children can earn up to \$18,470 and receive a federal credit

¹²³ Iowa Admin. Code 441-110.10.

¹²⁴ Iowa Department of Human Services brochure, Earned Income Tax Credit: "Puts Extra Money in Your Pocket," available at: http://www.dhs.state.ia.us/Consumers/Assistance_Programs/CashAssistance/eitc.html (last visited September 8, 2010).

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of \$457.¹²⁵ The Iowa EITC is available to individuals and families who are eligible for the federal EITC and amounts to 7 percent of the amount of the federal EITC or up to \$32 for single taxpayers and up to \$397 for married taxpayers with three or more qualifying children.¹²⁶

The EITC is also available to families participating in public assistance programs although families receiving the maximum EITC amounts would likely have too much income to be eligible for those programs. Receiving the EITC does not affect income eligibility for public benefits, such as Medicaid, Food Assistance, cash assistance, Child Care Assistance, or subsidized housing.¹²⁷

DHS is required to provide educational materials about federal and state EITC to each household receiving assistance or benefits under FIP, Food Assistance, and other programs administered by DHS.¹²⁸ The Iowa EITC is administered by the Department of Revenue and funded with state General Fund dollars. DHS is not involved in EITC administration.¹²⁹

B. History

Congress originally approved the tax credit legislation in 1975, in part to offset the burden of social security taxes and to provide an incentive to work.¹³⁰ The Iowa EITC was originally enacted in 1989,¹³¹ and the credit was increased to 7 percent and made refundable in 2007.¹³²

C. Legal Basis

Federal law for the EITC is codified at 26 U.S.C. §32. Iowa law is codified at Iowa Code section 422.12B.

D. Funding

Nationally, for tax year 2008, the EITC was claimed on 23.7 million returns and amounted to \$49.3 billion.¹³³ In Iowa, for tax year 2004, 165,746 tax filers claimed the federal or state EITC or both,¹³⁴ and in tax year 2009 the Iowa EITC is expected to amount to about \$22.3 million.¹³⁵

¹²⁵ U.S. Internal Revenue Service, Preview of 2010 EITC Income Limits, Maximum EITC Amount and the EITC-related Tax Law Changes, last reviewed or updated December 4, 2009, available at <http://www.irs.gov/individuals/article/0,,id=215766,00.html> (last visited September 8, 2010).

¹²⁶ Iowa Department of Revenue, Iowa Income Tax FAQ, Item 11 - **Federal Earned Income Tax Credit**: "How much can I claim on my Iowa return?", available at <http://www.iowa.gov/tax/educate/faqinc.html#11> (last visited September 8, 2010).

¹²⁷ Iowa Department of Human Services brochure, Earned Income Tax Credit: "Puts Extra Money in Your Pocket," available at: http://www.dhs.state.ia.us/Consumers/Assistance_Programs/CashAssistance/eitc.html (last visited September 8, 2010).

¹²⁸ Iowa Code § 217.36.

¹²⁹ E-mail from Iowa Department of Human Services (December 3, 2010)(on file with author).

¹³⁰ U.S. Internal Revenue Service, EITC Home Page, last reviewed or updated September 3, 2010, available at <http://www.irs.gov/individuals/article/0,,id=96406,00.html> (last visited September 8, 2010).

¹³¹ 1989 Iowa Acts, Ch. 268, §6.

¹³² 2007 Iowa Acts, Ch. 161, §1, 22.

¹³³ U.S. Internal Revenue Service, Earned Income Tax Credit Statistics, last reviewed or updated December 21, 2009, available at: <http://www.irs.gov/individuals/article/0,,id=177571,00.html> (last visited September 8, 2010).

¹³⁴ Iowa Department of Revenue, Iowa's Earned Income Tax Credit: Tax Credits Program Evaluation Study, February 2007, available at: <http://www.iowa.gov/tax/taxlaw/iowaEITCStudyFeb2007.pdf> (last visited September 8, 2010).

¹³⁵ Iowa Department of Revenue, Tax Credits and Analysis Program: 2007 Report to the General Assembly, December 2007, available at <http://www.iowa.gov/tax/taxlaw/IDRTaxCreditReportDec2007.pdf> (last visited September 8, 2010).



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E. Eligibility

A taxpayer must have earned income and file a tax return to receive EITC benefits, even if the taxpayer would not be otherwise required to file a return.¹³⁶ Having dependent children is a key eligibility element, although eligibility is available to low-income taxpayers without dependent children who do not work full-time or earn less than a full-time minimum wage earner (single taxpayers with adjusted gross income (AGI) of less than \$13,460 or married filing jointly taxpayers with AGI of less than \$18,470).¹³⁷

Other eligibility provisions involve the dependency relationship, age of taxpayer or dependent and disability status of children, residency and citizenship status in the U.S., age of taxpayers without children, and existence of investment income. The following table outlines the earned income parameters:

Federal and Iowa Earned Income Tax Credit Parameters Tax Year 2010

Number of Children	Credit Rate (percent)	Minimum Income for Maximum Credit	Federal Maximum Credit	Phase-out Rate (percent)	Phase-out Range*		IA Maximum Credit
					Beginning Income	Ending Income	
2010							
No children	7.65	5,980	457	7.65	7,480	13,460	33
One Child	34	8,970	3,050	15.98	16,450	35,535	213
Two Children	40	12,590	5,036	21.06	16,450	40,363	353
Three Children +	45	12,590	5,666	21.06	16,450	43,352	397

* The values of the beginning and ending points of the phase-out range are increased for married taxpayers filing jointly. The values for these taxpayers are \$5,010 higher in 2010.¹³⁸

F. EITC Benefit Example

For purposes of illustration, in the example of the single-parent family with two children who works 36 hours per week at \$7.25 per hour (estimated AGI of \$13,572), the federal credit for tax year 2010 would be \$5,036 and the Iowa credit would be \$353. As indicated previously, receiving the EITC does not affect income eligibility for public benefits, such as Medicaid, Food Assistance, cash assistance, Child Care Assistance, or subsidized housing.

Unlike welfare benefits which are paid on a monthly or other frequent bases, the EITC benefit is primarily paid in one lump sum as a refund through the federal and state tax

¹³⁶ U.S. Internal Revenue Service, EITC Home Page, last reviewed or updated September 3, 2010, available at: <http://www.irs.gov/individuals/article/0,,id=96406,00.html> (last visited September 8, 2010).

¹³⁷ U.S. Internal Revenue Service, Preview of 2010 EITC Income Limits, Maximum EITC Amount and the EITC-related Tax Law Changes, last reviewed or updated December 4, 2009, available at <http://www.irs.gov/individuals/article/0,,id=215766,00.html> (last visited September 8, 2010).

¹³⁸ Internal Revenue Service, Revenue Procedure 2009-50, accessed October 21, 2009, from <http://www.irs.gov/pub/irs-drop/rp-09-50.pdf>. Federal figures cited are from Tax Policy Center, EITC Parameters 1975-2010, available at <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?DocID=36&Topic2id=40&Topic3id=42> from data provided by???

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return system. However, taxpayers who have a reasonable certainty of their eligibility for EITC can file an IRS Form W-5 — Earned Income Credit Advance Payment Certificate to receive advance payment of a portion of their EITC benefit for the year. For 2010, advance payments cannot exceed \$1,830 and the balance of the credit can be claimed through filing a tax return.¹³⁹

VI. Combined Benefit Packages — Other Assistance

A. Illustrative Monthly Benefit Value

For purposes of illustration, in the example of the single-parent family with two children, one a toddler age one and the other a third grader, receiving all-day child care in a category B child development home, with the single parent working 36 hours per week at \$7.25 per hour, used in Appendices A and B, assuming no changes in circumstances, the cash value of the combined monthly FIP, Food Assistance, and Child Care Assistance benefits and the EITC would be as follows:

Monthly FIP benefit	\$ 75.00
Monthly food assistance benefit	\$ 435.00
Monthly state child care assistance benefit	\$ 972.40
Monthly federal earned income tax credit ¹⁴⁰	\$ 419.60
Monthly Iowa earned income tax credit	\$ 29.42
Combined monthly benefit amount	\$1,931.42

B. Other Assistance

In addition, the example family may be eligible for other programs and benefits, such as the following:

- The Medical Assistance Program (also known as Medicaid or Title XIX).¹⁴¹
- Free and reduced-price school meals.¹⁴²
- Low-Income Heating Assistance Program (LIHEAP) administered in this state as the Iowa Affordable Heating Program.¹⁴³

¹³⁹ Department of the Treasury, Internal Revenue Service, 2010 Form W-5.

¹⁴⁰ Except for a portion of the Earned Income Tax Credit which can be received as an advance payment, the EITC is paid as a lump sum through the tax return process after the tax year has been completed. The monthly figure shown is 1/12 of the amount calculated for this example.

¹⁴¹ Iowa Code ch. 249A; Iowa Admin. Code 441-75.

¹⁴² Federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. §§ 1751-1785.

¹⁴³ Iowa Code § 216A.103; Iowa Admin. Code 427-10.



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- Individual Development Accounts, or IDAs, which help low-income Iowans accumulate assets through personal savings and matching contributions available from charitable organizations.¹⁴⁴

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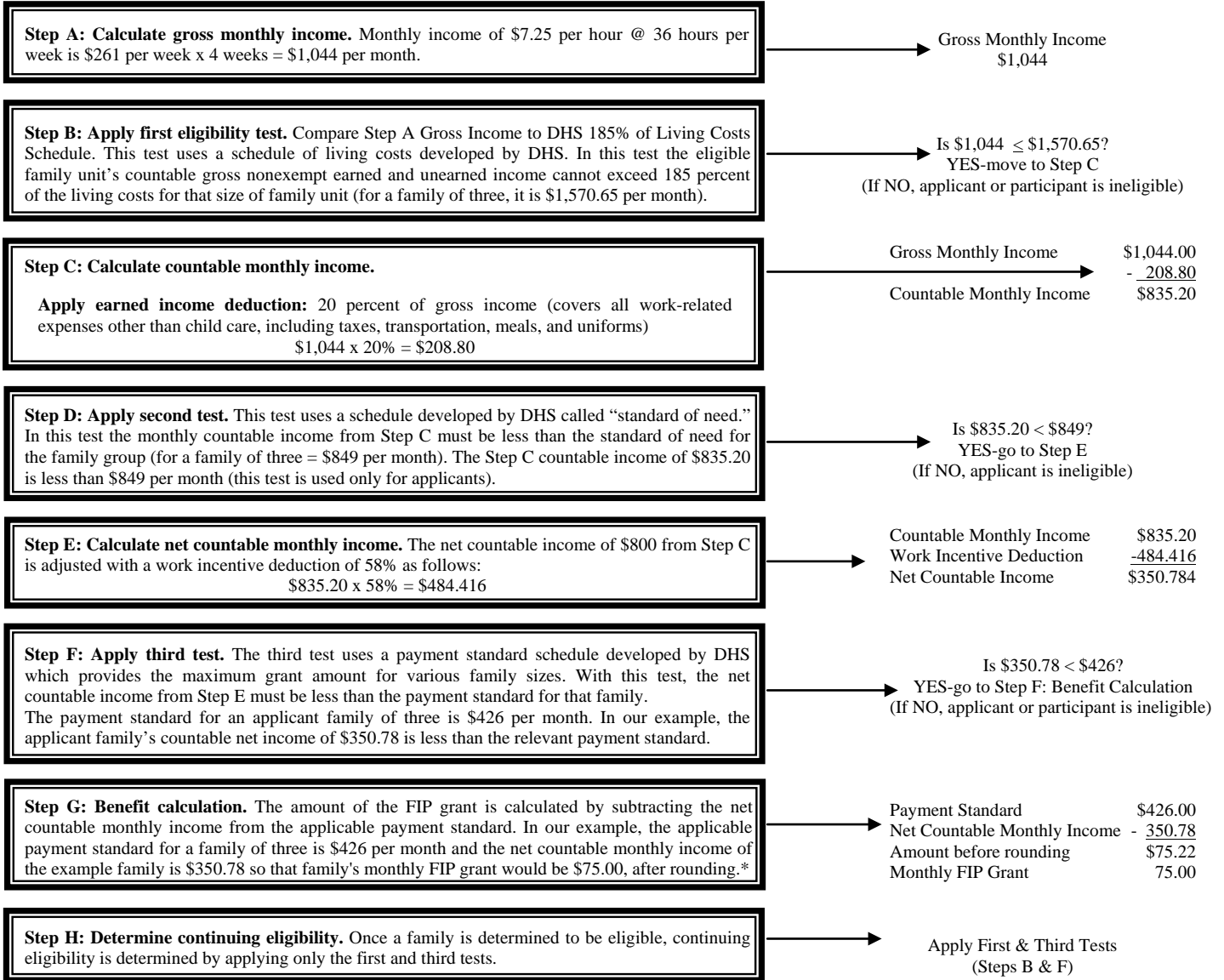
¹⁴⁴ Iowa Code ch. 541A; Iowa Admin. Code 441-10.

Appendix A: Family Investment Program Calculation of Eligibility and Benefit Example

Assumptions. Here's a sample calculation of initial eligibility requirements and a benefit amount for a single-parent family with two children, one a toddler age one and the other a third grader. In this example, the single parent works 36 hours per week in a \$7.25 per hour job and meets all resource requirements, and there is no other income source such as child support for the two children. The table at the bottom is used by DHS for these types of calculations.

Explanation

Calculation



Schedule of Needs (in Dollars)											
Number of Persons	1	2	3	4	5	6	7	8	9	10	Each Add'l Person
185% of Living Costs	675.25	1330.15	1570.65	1824.10	2020.20	2249.60	2469.75	2695.45	2915.60	3189.40	320.05
Schedule of Living Costs or Standard of Need	365	719	849	986	1092	1216	1335	1457	1576	1724	173
Schedule of Basic Needs or Payment Standard	183	361	426	495	548	610	670	731	791	865	87
Ratio of Basic Needs to Living Costs	50.18	50.18	50.18	50.18	50.18	50.18	50.18	50.18	50.18	50.18	50.18

Source: Iowa Department of Human Services Policy Income Maintenance Manual — Title 4 — Family Investment Program, Chapter F — “Budgeting, Applying Income Tests,” as of 9/10/10. *DHS policy (441 IAC 45.27) requires rounding down to a whole dollar amount.

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**Appendix C:
Child Care Assistance Program
Income Eligibility and Copay Requirements
Effective September 2010**

Income Increment Levels	Monthly Income According to Family Size										Copay Based on Number of Children in Care		
	1	2	3	4	5	6	7	8	9	10	1	2	3 or more
A	858	1154	1450	1746	2043	2338	2634	2931	3226	3523	\$0.00	\$0.00	\$0.00
B	903	1215	1526	1838	2150	2461	2773	3085	3396	3708	\$0.20	\$0.45	\$0.70
C	928	1249	1569	1889	2210	2530	2851	3171	3491	3812	\$0.45	\$0.70	\$0.95
D	954	1283	1611	1941	2270	2599	2928	3258	3586	3916	\$0.70	\$0.95	\$1.20
E	980	1319	1657	1995	2334	2672	3010	3349	3687	4025	\$0.95	\$1.20	\$1.45
F	1007	1355	1702	2050	2398	2744	3092	3440	3787	4135	\$1.20	\$1.45	\$1.70
G	1035	1393	1749	2107	2465	2821	3179	3537	3893	4251	\$1.45	\$1.70	\$1.95
H	1063	1431	1797	2164	2532	2898	3265	3633	3999	4366	\$1.70	\$1.95	\$2.20
I	1093	1471	1847	2225	2603	2979	3357	3735	4111	4489	\$1.95	\$2.20	\$2.45
J	1123	1511	1898	2286	2674	3060	3448	3836	4223	4611	\$2.20	\$2.45	\$2.70
K	1154	1553	1951	2350	2748	3146	3545	3944	4341	4740	\$2.45	\$2.70	\$2.95
L	1186	1595	2004	2414	2823	3232	3641	4051	4460	4869	\$2.70	\$2.95	\$3.20
M	1219	1640	2060	2481	2902	3322	3743	4166	4584	5006	\$2.95	\$3.20	\$3.45
N	1252	1685	2116	2549	2981	3413	3845	4278	4709	5142	\$3.20	\$3.45	\$3.70
O	1287	1732	2175	2620	3065	3508	3953	4398	4841	5286	\$3.45	\$3.70	\$3.95
P	1322	1779	2235	2691	3148	3640	4061	4518	4973	5430	\$3.70	\$3.95	\$4.20
Q	1359	1829	2297	2767	3237	3705	4174	4644	5112	5582	\$3.95	\$4.20	\$4.45
R	1396	1879	2360	2842	3325	3806	4288	4771	5251	5734	\$4.20	\$4.45	\$4.70
S	1435	1931	2426	2922	3418	3912	4408	4904	5398	5894	\$4.45	\$4.70	\$4.95
T	1475	1984	2492	3001	3511	4019	4528	5038	5546	6055	\$4.70	\$4.95	\$5.20
U	1516	2040	2562	3085	3609	4131	4655	5179	5701	6225	\$4.95	\$5.20	\$5.45
V	1557	2095	2631	3169	3707	4244	4782	5320	5856	6394	\$5.20	\$5.45	\$5.70
W	1601	2154	2705	3258	3811	4363	4916	5469	6020	6573	\$5.45	\$5.70	\$5.95
X	1644	2212	2779	3347	3915	4481	5050	5618	6184	6752	\$5.70	\$5.95	\$6.20
Y	1690	2274	2857	3441	4025	4607	5191	5775	6357	6941	\$5.95	\$6.20	\$6.45
Z	1736	2336	2934	3534	4134	4732	5332	5932	6530	7130	\$6.20	\$6.45	\$6.70
AA	1785	2402	3017	3633	4250	4865	5482	6098	6713	7330	\$6.45	\$6.70	\$6.95
BB	1834	2467	3099	3732	4366	4997	5631	6264	6896	7530	\$6.70	\$6.95	\$7.20

Source: Iowa Department of Human Services, Social Services Employees' Policy Manual, Title 13 — Social Service Resources, Ch. G — Child Care Assistance, "Authorizing Services: Fee Schedule." (as of September 2010).

Half-Day Rate Ceilings for Basic Care				
Age Group	Child Care Center	Child Development Homes:		Nonregistered Family Home
		Category C	Category A or B	
Infant and Toddler	\$15.81	\$11.73	\$12.24	\$8.19
Preschool	\$12.75	\$11.48	\$11.48	\$7.19
School Age	\$11.48	\$10.20	\$10.20	\$7.36

Source: Iowa Department of Human Services, Social Services Employees' Policy Manual, Title 13 — Social Service Resources, Ch. G — Child Care Assistance, "Establishing Payment Rate — Maximum Payment Rates" (as of September 2010).