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## BUDGET UNIT BRIEF – FY 2021

Fiscal Services Division

July 1, 2020



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Child Care Assistance

### Purpose and History

The Child Care Assistance (CCA) Program is administered by the Department of Human Services (DHS) and was established in 2000. The CCA Program subsidizes child care costs for low-income families with working parents, parents gaining work skills, parents going to school, and parents unable to care for children for a limited time due to physical or mental illness. Child care is also subsidized for children in need of protective services to prevent or alleviate child abuse or neglect, and for children in foster care home settings. In addition to paying for child care, State and federal funds support the regulation of child care providers and quality improvement activities of providers.

### Populations Served

The CCA Program provides financial assistance for the care of children under the age of 13 in the following circumstances:

- Families in which the parent or parents are working at least 28 hours per week, are in school full-time, or are working part-time and going to school part-time for a total of 28 hours per week in the aggregate, with incomes at or below 145.0% of the federal poverty level (FPL).
- Families that are eligible as outlined above, but at the end of their 12-month eligibility segment are above 145.0% of the FPL but below 85.0% of the State Median Income (SMI). These families are eligible for an additional 12 months of services through CCA Plus.
- Families with children with special needs when parents are working or in school full-time, with incomes up to 200.0% of the FPL. Children with special needs are eligible for the Program through age 18.
- Families receiving Family Investment Program (FIP) benefits and participating in PROMISE JOBS. Income requirements are waived under this scenario.
- Children who have been abused or neglected. Protective child care assistance is available to these children. Income requirements are waived under this scenario.

In FY 2018, a total of 40,858 children were served by the CCA Program. The average number of children participating in the Program per month was 24,208, an increase of 6.7% over FY 2017. The average child in the CCA Program is under age five, has one sibling, and lives in a one-parent family. The parent is working, and the family income is below 100.0% of the FPL; therefore, a copay for services is not required.

### Activities

The CCA Program allows parents and legal guardians to choose their child care provider as long as the provider accepts CCA payment. As of FY 2018, paid providers include:

- 1,526 licensed child care centers.

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### More Information

Department of Human Services Child Care Assistance Program: [dhs.iowa.gov/child-care](https://dhs.iowa.gov/child-care)  
LSA Staff Contact: Kent Ohms (515.725.2200) [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)

- 2,708 registered child care development homes. In-home providers caring for six or more children at one time must register.
- 289 legally operating, nonregistered providers that receive payment under the CCA Program. Providers caring for five or fewer children at one time are not required to be regulated.

Activities other than child care assistance that are funded by the CCA appropriation include:

- Five [Child Care Resource and Referral](#) (CCR&R) contracts and 14 wrap around child care contracts, which assist families in selecting quality child care and provide referrals to child care facilities. Services under these contracts also assist child care providers in adopting developmentally appropriate programs and sustainable business practices via consultation, training, and other resources.
- The [Quality Rating System](#) (QRS), which identifies and promotes quality in child care services. The QRS is voluntary for providers and comes with technical assistance as providers take steps to improve care. Participating providers may also receive bonus pay as their ratings increase or are maintained.
- Early Childhood Iowa community grants to enhance the quality and capacity of child care through recruitment, care for mildly ill children, second and third shift care, provider training, and support for registration and licensure.
- Regulation of providers and payment, which is carried out by the DHS Field Operations and General Administration staff.
- Eligibility for CCA and protective child care assistance activities as determined by the DHS Field Operations staff. Eligibility for PROMISE JOBS child care is determined by Iowa Workforce Development.

### **Funding — State General Fund**

The CCA Program General Fund appropriation is included in the Health and Human Services Appropriations Act. The exact amount of General Fund need fluctuates year to year, depending upon the braiding of the three main funding streams.

Staff members at the Department of Management, the DHS, and the Legislative Services Agency meet regularly to project child care expenditures for current and future fiscal years and provide funding recommendations to the General Assembly, as required by Iowa Code section [234.47](#). Child care assistance is not an entitlement, and a waiting list or other measures may be used if funding does not meet demand. Total funds appropriated from all sources and carried forward equal \$171.6 million for estimated FY 2019.

### **Funding — Other Resources**

Iowa's CCA Program is also supported by federal funds through the Child Care Development Fund (CCDF), which is administered by the federal [Office of Child Care](#) and includes the Child Care Development Block Grant (CCDBG).

Additionally, Temporary Assistance for Needy Families (TANF) funding can be used as long as maintenance of effort requirements are met.

### **Related Statutes and Administrative Rules**

Iowa Code chapter [237A](#)

Iowa Code section [234.47](#)

Iowa Administrative Code [441—106](#), [441—109](#), [441—110](#), [441—118](#), [441—120](#), [441—159](#), [441—168](#), and [441—170](#)

### **Budget Unit Number**

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