RA 26-242

HUMAN SERVICES DEPARTMENT[441]

Regulatory Analysis

Notice of Intended Action to be published: 441—Chapter 170
"Child Care Services"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 237A.13 and 237A.29
State or federal law(s) implemented by the rulemaking: Iowa Code sections 237A.13 and 237A.29

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

September 8, 2026 10 a.m.	Microsoft Teams Meeting ID: 245 818 881 867 66 Passcode: ya9va9uv

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Health and Human Services no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Victoria L. Daniels
321 East 12th Street
Des Moines, Iowa 50319
Phone: 515.829.6021
Email: compliancerules@hhs.iowa.gov

Purpose and Summary

This proposed chapter was reviewed as part of the Red Tape Review process laid out by Executive Order 10. Through the Red Tape Review process, restrictive terms were removed, duplicative information was streamlined, and language was changed to be in line with modern procedures and practices. This proposed chapter establishes requirements for the payment of child care services. Child care services are for children of low-income parents who are in academic or vocational training, employed or looking for employment, unable to care for children due to physical or mental illness, or needing protective services to prevent or alleviate child abuse or neglect. Services may be provided in a licensed child care center, a registered child development home, the child's own home, or a nonregistered family child care home.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

This proposed rulemaking does not have a cost to the public.

- **Classes of persons that will benefit from the proposed rulemaking:**

Child care facilities, children, and parents in Iowa will benefit from having clear and concise rules for how to receive child care services in Iowa.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

There is not expected to be a quantitative impact from this rulemaking.

- **Qualitative description of impact:**

Child care facilities, children, and parents in Iowa will benefit from having clear and concise rules for how to receive child care services in Iowa.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The Department incurs personnel and other administrative costs associated with enforcement of this proposed chapter.

- **Anticipated effect on State revenues:**

This proposed rulemaking is not expected to have an impact on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The establishment of these rules is required by Iowa Code section 237A.12.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This rulemaking is not expected to have an impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 441—Chapter 170 and adopt the following **new** chapter in lieu thereof:

CHAPTER 170
CHILD CARE SERVICES

441—170.1(237A) Definitions.

"Child care" means the same as defined in Iowa Code section 237A.1.

"Child care facility" means the same as defined in Iowa Code section 237A.1.

"Child with protective needs" means a child who is in foster care or has a case file that identifies child care as a safety or well-being need to prevent or alleviate the effects of child abuse or neglect. Child care is provided as part of a safety plan during a child abuse or child in need of assistance assessment or as part of the service plan established in the family's case plan. This designation means that the child has at least one of the following:

1. An open child abuse assessment;
2. An open child in need of assistance assessment;
3. An open child welfare case as a result of a child abuse assessment;
4. A petition on file for a child in need of assistance adjudication; or
5. Adjudication as a child in need of assistance.

"Client" means a current or former recipient of the child care assistance program.

"Client error" means and may result from:

1. False or misleading statements, oral or written, regarding the client's income, resources, or other circumstances that affect eligibility or the amount of assistance received;
2. Failure to timely report changes in income, resources, or other circumstances that affect eligibility or the amount of assistance received;
3. Failure to timely report the receipt of child care units in excess of the number approved by the department;
4. Failure to comply with the need for service requirements.

"Department error" means child care assistance incorrectly paid for the client because of action attributed to the department as the result of one or more of the following circumstances:

1. Loss or misfiling of forms or documents.
2. Errors in typing or copying.
3. Computer input errors.
4. Mathematical errors.
5. Failure to determine eligibility correctly or to certify assistance in the correct amount when all essential information was available to the department.
6. Failure to make timely changes in assistance following amendments of policies that require the changes by a specific date.

"Food services" means the preparation and serving of nutritionally balanced meals and snacks.

"Intentional program violation" means and may result from knowingly making or causing to be made a false statement or a misrepresentation of a material fact, failing to disclose a material fact, or committing a fraudulent practice to receive benefits in an amount greater than the amount the client or provider is entitled to receive.

"In-home" means care that is provided within the child's own home.

"Net profit from self-employment" means gross income less the costs of producing the income other than depreciation. A net loss in self-employment income cannot be offset from other earned or unearned income.

"Overpayment" means any benefit or payment received in an amount greater than the amount the client or provider is entitled to receive.

"Parent" means the parent or the person who serves in the capacity of the parent of the child receiving child care assistance services.

"Program and activities" means the daily schedule of experiences in a child care setting.

"PROMISE JOBS" means the department's work and training program, promoting independence and self-sufficiency through employment job opportunities and basic skills as described in 441—Chapter 93.

"Provider" means a licensed child care center, a registered child development home, a caretaker who provides care for a child in the child's home, or a nonregistered child care home.

"Provider error" means and may result from:

1. Presentation for payment of any false or fraudulent claim for services or merchandise;

2. Submitting false information for the purpose of obtaining greater compensation than that to which the provider is legally entitled;

3. Failure to report the receipt of a child care assistance payment in excess of that approved by the department;

4. Charging the department an amount for services rendered over and above what is charged private pay clients for the same services;

5. Failure to maintain a copy of attendance records signed by the parent and the provider.

"Recoupment" means the repayment of an overpayment by the client or provider or both.

"Signature" means a person's name written in a distinctive way as a form of identification and will include but not be limited to wet ink signatures and electronic verification options such as picture/ face recognition, PIN entry, digital fingerprint, biometric verification, or electronic signature that is unique to the person signing.

"Special needs child" means the same as defined in Iowa Code section 237A.1.

"Supervision" means the care, protection, and guidance of a child.

"Timely" means within ten calendar days.

"Unit(s) of service" means a half day that will be up to 5 hours of service per 24-hour period.

"Vocational training or education" means a training plan that includes a specific goal; that is, high school completion, high school equivalency, improved English skills, or development of specific academic or vocational skills.

441—170.2(237A,239B) Eligibility requirements. A person deemed eligible for benefits under this chapter is subject to all other state child care assistance requirements including but not limited to provider requirements under Iowa Code chapter 237A and provider reimbursement methodology. The department will determine the number of units of service to be approved.

170.2(1) *Financial eligibility.* Financial eligibility for child care assistance will be based on federal poverty levels as determined by the Office of Management and Budget and on Iowa's median family income as determined by the U.S. Census Bureau. Poverty guidelines and median family income amounts are updated annually. Changes will go into effect for the child care assistance program on July 1 of each year.

a. Income limits.

(1) For initial eligibility, an applicant family's nonexempt gross monthly income cannot exceed the amounts as described in Iowa Code section 237A.13(2).

(2) For ongoing eligibility, at the time of a family's annual eligibility redetermination, if the family's nonexempt gross monthly income exceeds the amounts in subparagraph 170.2(1)*"a"*(1), the family may continue to be eligible as long as the family's nonexempt gross monthly income does not exceed the amounts in this subparagraph.

1. 225 percent of the federal poverty level applicable to the family size for children needing basic care or special-needs care; or

2. 85 percent of Iowa's median family income, if that figure is lower than the standard in numbered paragraph 170.2(1)*"a"*(2)"1."

(3) For ongoing eligibility, at the time of a family's annual eligibility redetermination, if the family's nonexempt gross monthly income exceeds the amounts in subparagraphs 170.2(1)*"a"*(1) and *"a"*(2), the family may continue to be eligible as long as the family's nonexempt gross monthly income does not exceed the amounts as described in Iowa Code section 237A.14(1).

b. Exceptions to income limits. Exception to income limits can be made under certain circumstances:

(1) A person who is participating in activities approved under the PROMISE JOBS program is eligible for child care assistance without regard to income if there is a need for child care services.

(2) A person who is part of the family investment program or whose earned income was taken into account in determining the needs of a family investment program recipient is eligible for child care assistance without regard to income if there is a need for child care services.

(3) A person who is employed by a child care facility or child care home that is accepting child care assistance and who is eligible under Iowa Code section 237A.13A as enacted by 2026 Iowa Acts, House File 2514, is eligible for child care assistance without regard to income if there is a need for child care services. The family will be assigned a copay as specified by the department based on the family's nonexempt gross monthly income.

(4) Protective child care services are provided without regard to income.

(5) Child care services for licensed foster parents who need child care for foster children are provided without regard to income.

(6) In certain cases, the department will provide child care services as directed in a court order.

c. Determining gross income. Eligibility will be determined using a projection of income based on the best estimate of future income. In determining a family's gross monthly income, the department will consider all income received by a family member from sources identified by the U.S. Census Bureau in computing median income unless excluded under paragraph 170.2(1)*"d."*

(1) Income considered will include wages or salary, net profit from self-employment, social security, dividends, interest, income from estates or trusts, net rental income and royalties, public assistance or welfare payments, pensions and annuities, unemployment compensation, workers' compensation, alimony, child support, veterans pensions, cash payments, casino profits, railroad retirement, permanent disability insurance, strike pay, and living allowance payments made to participants of the AmeriCorps program.

(2) Income will be projected using gross income received in the previous 30-day period or an average of the income from a longer period of time if indicative of future income.

(3) Anticipated changes to future income will be considered for new employment using an employer statement of earnings or other verification from the income source.

(4) For seasonal workers, the monthly gross income will be determined by calculating the total amount of income earned in a 12-month period preceding the date of application and dividing the total amount by 12.

d. Income exclusions. The following sources are excluded from the computation of monthly gross income:

(1) Money received from the sale of property unless the person was engaged in the business of selling property.

(2) Withdrawals of bank deposits.

(3) Money borrowed.

(4) Tax refunds.

(5) Federal or state earned income tax credit.

(6) Reimbursement from the employer for job-related expenses.

(7) Gifts.

(8) Lump-sum inheritances or insurance payments or settlements.

(9) Capital gains.

(10) The value of the Supplemental Nutrition Assistance Program (SNAP) allotment under the Food and Nutrition Act of 2008 as amended to August 1, 2026.

(11) The value of USDA-donated foods.

(12) The value of supplemental food assistance under the Child Nutrition Act of 1966 as amended to August 1, 2026, and the special food program for children under the National School Lunch Act as amended to August 1, 2026.

(13) Earnings of a minor unless the minor is the parent on the application.

(14) The income of the parents with whom a teen parent resides.

(15) Loans and grants obtained and used under conditions that preclude their use for current living expenses.

(16) Any grant or loan to any undergraduate student for educational purposes made or insured under the Higher Education Act as amended to August 1, 2026.

(17) Stipends received for participating in the foster grandparent program.

(18) Payments from the subsidized guardianship waiver program.

(19) Any adoption subsidy payments received from the department.

(20) Payments from the federal Low-Income Home Energy Assistance Program (LIHEAP).

(21) For children with special needs, income spent on any regular ongoing cost that is specific to that child's disability.

(22) Moneys received under the federal Social Security Persons Achieving Self-Sufficiency (PASS) program or the Income-Related Work Expense (IRWE) program.

(23) Payments from the transition to independence program (TIP).

(24) Stipends from the preparation for adult living (PAL) program.

(25) Income received by a Supplemental Security Income recipient if the recipient's earned income was considered in determining the needs of a family investment program recipient.

(26) Payments to volunteers participating in the Volunteers in Service to America (VISTA) program.

(27) Census earnings received by temporary workers from the Bureau of the Census.

(28) Payments from the Iowa individual assistance grant program (IIAGP).

(29) Per capita payments from or funds held in trust in satisfaction of a judgment of the Indian Claims Commission or the court of claims.

(30) Payments made pursuant to Real Estate Settlement Procedures Act (RESPA) as amended to August 1, 2026, to the extent the payments are exempt from taxation.

(31) Payments for major disaster and emergency assistance provided under the Disaster Relief Act of 1974 as amended to August 1, 2026 and, the Disaster Relief and Emergency Assistance Amendments of 1988 as amended to August 1, 2026.

e. Family size. The following people shall be included in the family size for the determination of eligibility:

(1) Legal spouses who reside in the same household.

(2) Natural mother or father, adoptive mother or father, or stepmother or stepfather, and children who reside in the same household.

(3) A child or children who live with a person or persons not legally responsible for the child's support.

f. Effect of temporary absence. The composition of the family does not change when a family member is temporarily absent from the household. A family member may be absent from the home temporarily for the following reasons:

(1) An absence for the purpose of education or employment.

(2) An absence due to medical reasons that is anticipated to last less than three months.

(3) Any absence when the person intends to return home within three months.

g. Resource limits. For initial and ongoing eligibility, family resources cannot exceed $1 million.

170.2(2) *General eligibility requirements.* In addition to meeting financial requirements, the child needing services must meet age, residency, and citizenship requirements. Each parent in the household must have at least one need for service and shall cooperate with the department's quality control review and with investigations conducted by the department of inspections, appeals, and licensing.

a. Age. Child care will be provided only to children up to age 13, unless the child is a special needs child, in which case child care will be provided up to age 19. When a child reaches the age of 13 or, as applicable, the age of 19, during the certification period, eligibility will continue until the end of the approved certification period.

b. *Residency.* To be eligible for child care services, the person must be living in the state of Iowa. Residency will include those persons living in Iowa for a temporary period, other than for the purpose of vacation.

c. *Citizenship.* As a condition of eligibility, the applicant shall attest to the child's citizenship or alien status by signing the Child Care Assistance Application form. Child care assistance payments may be made only for a child who:

(1) Is a citizen or national of the United States; or

(2) Is a qualified alien as defined at 8 U.S.C. Section 1641 as amended to August 1, 2026.

1. The applicant shall furnish documentation of the alien status of any child declared to be a qualified alien.

2. A child who is a qualified alien is not eligible for child care assistance for a period of five years beginning on the date of the child's entry into the United States with qualified alien status. The five-year prohibition from receiving assistance does not apply to qualified aliens described at 8 U.S.C. Section 1613 as amended to August 1, 2026.

d. *Need for service.* Assistance will be provided to a two-parent family only during the parents' coinciding hours of participation in training, employment, or job search. Each parent in the household shall meet one or more of the following requirements:

(1) The parent is in academic or vocational training in full-time status. Child care services may be provided for the parent's hours of participation in academic or vocational training and for actual travel time between the child care location and the training facility.

1. Child care provided while the parent participates in postsecondary education leading up to a baccalaureate degree program or vocational training will be limited to a 24-month lifetime limit. PROMISE JOBS child care allowances provided while the parent is a recipient of the family investment program and participating in PROMISE JOBS components in postsecondary education or training will count toward the 24-month lifetime limit.

2. Payment will not be approved for child-care during training in the following circumstances:

- The training is for jobs paying less than minimum wage.
- A parent who possesses a baccalaureate degree wants to take additional college coursework unless the coursework is to obtain a teaching certificate or complete continuing education units.
- The course or training is one that the parent has previously completed.
- The parent wants to participate in online or distance learning from the parent's own home, and the training facility does not require specified hours of attendance.

(2) The parent is employed an average of 32 or more hours per week (28 hours per week if the family includes a special needs child) during the month. Child care services may be provided for the hours of employment, or for sleep time during daytime hours, and for actual travel time between the child care location and the place of employment.

(3) The parent has a child with protective needs for child care. The department will determine the hours of need for a child with protective needs, regardless of the parent's hours of participation in training, employment, or job search. The child welfare case file will document the eligibility for service of the child with protective needs.

(4) The parent is absent from the home due to inpatient hospitalization or outpatient treatment because of physical or mental illness, or is present but due to medical incapacity is unable to care for the child or participate in work or training, as verified by a physician. Eligibility under this paragraph is limited to parents who become temporarily medically incapacitated, or to instances of one parent in a two-parent household being permanently disabled, while eligible for child care assistance based on the need criteria in subparagraph 170.2(2)*"d"*(1) or *"d"*(2).

1. Child care assistance will continue to be available through the authorized certification period after the parent becomes temporarily medically incapacitated.

2. The number of units of service authorized will be determined as follows:

- For a single-parent family, the number of units authorized for the period of incapacity will not exceed the number of units authorized for the family before the onset of incapacity.

- For a two-parent family where one parent is temporarily or permanently incapacitated, the units of service authorized will be based on the need of the parent who is not incapacitated.

(5) The parent is looking for employment. Child care for job search hours will be limited to only those hours the parent is actually looking for employment, including travel time. Job search will be limited to a maximum of 90 consecutive days.

1. For applicants, job searching will be approved for a maximum of 90 consecutive days. If the parent has not started employment within 90 days, assistance will be canceled.

2. For ongoing participants, job search will be limited to a maximum of 90 consecutive days.

(6) The parent needs child care services due to participation in activities approved under the PROMISE JOBS program.

(7) The family is part of the family investment program and there is a need for child care services due to employment or participation in vocational training or education. A family who meets this requirement due to employment is not required to work a minimum number of hours. If a parent in a family investment program household remains in the home, child care assistance can be paid if that parent receives supplemental security income.

(8) The parent is employed and participating in academic or vocational training for an average of 32 or more hours per week (28 hours per week if the family includes a special needs child) during the month.

(9) Family eligibility will continue during an approved certification period when a temporary lapse in need for service for a parent occurs. A temporary lapse in a parent's need for service is allowed when a time-limited absence from work, training or education program occurs due to:

1. Need to care for a family member.

2. An illness.

3. Maternity leave.

4. Family Medical Leave Act (FMLA) as amended to August 1, 2026, situations for household members.

5. Participation in a treatment/rehabilitation program.

6. Any reduction in employment or vocational training or education hours that fall below the minimum number set forth in subparagraph 170.2(2)*"d"*(1), *"d"*(2) or *"d"*(8) as long as the parent continues to work or attend training or education.

7. Any student holiday or break for a parent participating in training or education.

8. Any interruption in work for a seasonal worker who is not working between regular industry work seasons.

(10) Family eligibility will be canceled if the lapse in need is not temporary because the lapse will continue with no established end date.

e. Cooperation. Parents shall cooperate with the department when the department selects the family's case for quality control review to verify eligibility. Parents shall also cooperate with investigations conducted by the department of inspections, appeals, and licensing to determine whether information supplied by the parent regarding eligibility for child care assistance is complete and correct.

(1) Failure to cooperate will serve as a basis for cancellation or denial of the family's child care assistance.

(2) Once assistance is denied or canceled for failure to cooperate, the family may reapply but will not be considered for approval until cooperation occurs.

170.2(3) *Priority for assistance.* Child care services will be provided only when funds are available. Funds available for child care assistance will first be used to continue assistance to families currently receiving child care assistance and to families with protective child care needs or licensed foster parents who need child care for foster children. When funds are insufficient, families applying for services must meet the specific requirements in this subrule.

a. Priority groups. Priority groups will be determined according to Iowa Code section 237A.13(9).

b. *Exceptions to priority groups.* The following are eligible for child care assistance and will not be prevented from receiving benefits by waiting lists for child care services:

(1) Families with protective child care needs.

(2) Recipients of the family investment program or those whose earned income was taken into account in determining the needs of family investment program recipients.

(3) Families who receive a state adoption subsidy for a child.

(4) Families who are experiencing homelessness.

(5) Licensed foster parents who need child care for foster children.

c. *Effect on need for service.* Families approved under a priority group are not required to meet the requirements in paragraph 170.2(2)*"d,"* except at review or redetermination.

170.2(4) *Reporting changes.* The parent may report any changes in circumstances affecting these eligibility requirements and changes in the choice of provider to the department worker or the PROMISE JOBS worker within ten calendar days of the change.

a. *Timely reporting.* If the change is timely reported, the effective date of the change will be the date when the change occurred.

b. *Non-timely reporting.* If the change is not timely reported, the effective date of the change will be the date when the change is reported to the department office or the PROMISE JOBS office.

c. *Exceptions.* The following changes must be reported:

(1) Changes in income when the family's gross monthly income exceeds 85 percent of Iowa's median family income.

(2) A lapse in a parent's need for service that is not temporary.

(3) A change in residency outside of the state of Iowa.

(4) No eligible child remains in the home.

d. *Changes not required to report.* The department will disregard any reported changes that are not required to be reported unless the change would cause the authorized units to be increased or the family copay amount to be decreased.

441—170.3(237A,239B) Application and determination of eligibility.

170.3(1) *Application process.* Application for child care assistance may be made online using the electronic application available on the family portal, at any local office of the department, or by mailing an application to the department.

a. At the end of a certification period, ongoing eligibility is determined by completing the Child Care Assistance Review form.

b. The application may be filed by the applicant; by the applicant's authorized representative; or, when the applicant is incompetent or incapacitated, by a responsible person acting on behalf of the applicant.

c. The date of application is the date a signed application form containing a legible name and address is received by the department. An electronic or paper application delivered to a closed office is considered to be received on the first day following the day the office was last open that is not a weekend or state holiday.

d. Families who are determined eligible for child care assistance will be approved for a certification period of at least 12 months. Families who fail to complete the review and redetermination process will lose eligibility at the end of the certification period.

170.3(2) *Exceptions to application requirement.* An application is not required for:

a. A person who is participating in activities approved under the PROMISE JOBS program.

b. Recipients of the family investment program or those whose earned income was taken into account in determining the needs of family investment program recipients. The date of application is the date the family requests child care assistance from the department.

c. Children with protective needs.

d. Licensed foster parents who need child care for foster children.

e. Child care services provided under a court order.

170.3(3) *Application processing.* The department will promptly approve or deny an application based on priority groups and the date the application was received.

a. The department, or PROMISE JOBS program as applicable, will determine the number of units of service authorized for each eligible family and will:

(1) Inform the family through the notice of decision; and

(2) Inform the family's provider through the Certificate of Enrollment form.

b. Unless a provider or applicant indicates otherwise, delivery of notice shall be effectuated through electronic means.

c. The effective date of assistance will be the date of application or the date the need for service began, whichever is later. When an application is not required, the effective date will be as follows:

(1) For a person participating in activities under the PROMISE JOBS program, the effective date of child care assistance will be the date the person becomes a PROMISE JOBS participant or the date the person has a need for child care assistance to participate in an approved PROMISE JOBS activity as described in 441—Chapter 93, whichever is later.

(2) For a family receiving family investment program benefits, the effective date of child care assistance will be no earlier than the effective date of family investment program benefits, 30 days before the date of application for child care assistance, or the date the need for service began, whichever is the latest.

(3) For a family with protective service needs, the effective date of assistance will be the date the family signs the Application for All Social Services form.

(4) When child care services are provided under a court order, the effective date of assistance will be the date specified in the court order or the date of the court order if no date is specified.

(5) For a family whose application was denied for failure to provide requested information but who provides all information necessary to determine eligibility, including verification of all changes in circumstances, within 14 days of the denial, the effective date of assistance will be the date that all information required to establish eligibility is provided. If the fourteenth calendar day falls on a weekend or state holiday, the family will have until the next business day to provide the information.

170.3(4) *Waiting lists for child care services.*

a. When the department has determined that there may be insufficient funding, applications for child care assistance will be taken only for the priority groups for which funds have been determined available according to subrule 170.2(3).

b. When the department determines that there is adequate funding, the department will notify the public regarding the availability of funds.

170.3(5) *Review and redetermination.* The department will redetermine a family's financial and general eligibility for child care assistance no sooner than 12 months following the initial determination or most recent redetermination.

a. The department will use information gathered on the Child Care Assistance Review form to redetermine eligibility, except when the family is not required to complete a review form as provided in paragraph 170.3(5)*"b."*

(1) If the family does not return a complete review form to the department by the end of the certification period, the family must reapply for benefits, except as provided in paragraph 170.3(6)*"a."* A returned Child Care Assistance Review form is complete when all items are answered, the form is signed and dated by the applicant, and is accompanied by all verification needed to determine continued eligibility.

(2) The department will redetermine only general eligibility for recipients eligible under paragraph 170.2(1)*"b."*

(3) If eligibility under paragraph 170.2(1)*"b"* ends, the department will redetermine financial and general eligibility for child care assistance. The redetermination of eligibility will be completed within 30 days.

b. Families who have children with protective needs, licensed foster parents who need child care for foster children, and families who are receiving child care assistance because the parent is participating in activities under the PROMISE JOBS program are not required to complete the Child Care Assistance Review form. The department will gather information needed to redetermine general eligibility. If the department needs information from the family, the department will send a written request to the family. If the family does not return the requested information by the due date, the family must reapply for child care assistance, except as provided in paragraph 170.3(6)*"a."*

170.3(6) *Reinstatement.* Assistance will be reinstated without a new application when all necessary information is provided before the effective date of expiration or cancellation and eligibility can be reestablished. If there is a change in circumstances, the change must be verified before the case will be reinstated.

a. Grace period. Assistance will be reinstated without a new application when all information necessary to determine eligibility, including verification of all changes in circumstances, is provided within 14 calendar days of the effective date of expiration or cancellation and eligibility can be reestablished. If the fourteenth calendar day falls on a weekend or state holiday, the family will have until the next business day to provide the information. The effective date of child care assistance will be the date that all information required to establish eligibility is provided.

b. Denial. Child care assistance will be denied when the department determines that:

(1) The client is not in need of service;

(2) The client is not financially eligible;

(3) There is another resource available to provide the service or a similar service free of charge that allows parents to select from the full range of eligible providers;

(4) Funding is not available;

(5) An application is required and the client or representative refuses or fails to sign the application form;

(6) The client refuses or fails to supply information or verification requested or to request assistance and authorize the department to secure the required information or verification from other sources. Signing a general authorization for release of information to the department does not meet this responsibility; or

(7) The client fails to cooperate with a quality control review or with an investigation conducted by the department of inspections, appeals, and licensing.

c. Termination. Child care assistance may be terminated when the department determines that:

(1) The client no longer meets the eligibility criteria in subrule 170.2(2);

(2) The client's income exceeds the financial guidelines;

(3) Another resource is available to provide the service or a similar service free of charge that allows parents to select from the full range of eligible providers;

(4) Funding is not available;

(5) The client makes a false or misleading statement, misrepresents, conceals, or withholds facts;

(6) The client refuses or fails to supply information or verification requested or to request assistance and authorize the department to secure the required information or verification from other sources; or

(7) The client fails to cooperate with a quality control review or with an investigation conducted by the department of inspections, appeals, and licensing.

441—170.4(237A) Elements of service provision.

170.4(1) *Fees.* Fees for services received will be charged to clients according to the schedules in this subrule, except that fees will not be charged to clients receiving services without regard to income.

a. Sliding fee schedule.

(1) For families whose eligibility is established in subparagraphs 170.2(1)*"a"*(1) and *"a"*(2), the child care assistance and child care assistance plus programs fee schedule found on the department's website is effective for eligibility determinations made on or after July 1, 2025. The fee is a per-unit charge that is applied to the child in the family who receives the largest number of units of service.

The fee will be charged for only one child in the family, regardless of how many children receive assistance.

(2) For families whose eligibility is established in subparagraph 170.2(1)*"a"*(3), the child care assistance exit program fee schedule found on the department's website is effective for eligibility determinations made on or after July 1, 2025. The fee is a percentage of the cost of child care for each child in the family who receives service.

b. Collection. The provider will collect fees from clients and maintain records of fees collected. These records will be available for audit by the department.

c. Inability of client to pay fees. Child care assistance may be continued without a fee, or with a reduced fee, when a client reports in writing the inability to pay the assessed fee due to the existence of one or more of the conditions set forth below. Before reducing the fee, the department will assess the case to verify that the condition exists and to determine whether a reduced fee can be charged. The reduced fee will then be charged for the remainder of the certification period. Reduced fees may be justified by:

(1) Extensive medical bills for which there is no payment through insurance coverage or other assistance.

(2) Shelter costs that exceed 30 percent of the household income.

(3) Utility costs not including the cost of a telephone that exceed 15 percent of the household income.

170.4(2) *Method of provision.* Parents shall be allowed to exercise their choice for in-home care, except when the parent meets the need for service under subparagraph 170.2(2)*"d"*(3), as long as the conditions in paragraph 170.4(7)*"d"* are met. When the child meets the need for service under subparagraph 170.2(2)*"d"*(3), parents shall be allowed to exercise their choice of licensed, registered, or non-registered child care provider, except when the department determines it is not in the best interest of the child. The provider must meet one of the applicable requirements set forth in this subrule.

a. Licensed child care center. A child care center shall be licensed by the department to meet the requirements set forth in 441—Chapter 109 and shall have a current Certificate of License form.

b. Registered child development home. A child development home shall meet the requirements for registration set forth in 441—Chapter 110 and shall have a current Certificate of Child Care Home Registration form.

c. Non-registered child care home. A non-registered child care home shall have an approved Payment Application form and a current Child Care Assistance Provider Agreement with the department. Non-registered child care homes are required to meet minimum health and safety standards as set forth in 441—Chapter 110.

d. In-home care. In-home providers who provide care for the child in the family home must sign the Payment Application for Non-registered Providers and Child Care Assistance Provider Agreement forms. In-home providers must meet the following components as set forth in:

(1) 441—paragraph 110.10(1)*"a,"* professional development for preservice training;

(2) 441—paragraph 110.10(1)*"b,"* professional development for mandatory reporting of child abuse;

(3) 441—paragraph 110.10(1)*"c,"* professional development for first-aid and cardiopulmonary resuscitation (CPR) training; and

(4) 441—subrule 110.11(3), record checks.

e. Out-of-state provider. A child care provider who is not located in Iowa may be selected by the parent so long as the out-of-state child care provider verifies that the provider meets the licensing requirements to be a provider in the state in which the provider operates.

170.4(3) *Components of service program.* Every child eligible for child care services will receive supervision, food services, and program and activities, and may receive transportation.

170.4(4) *Payment.* The department will make payment for child care provided to an eligible family when the family reports their choice of provider to the department and the provider has an approved Child Care Assistance Provider Agreement form on file.

a. Rate of payment. The rate of payment for child care services, except for in-home care, which will be paid in accordance with paragraph 170.4(4)*"d,"* will be the actual rate charged by the provider for a private individual, not to exceed the maximum rates applicable to the provider type and age group as shown below.

(1) Half-day rates are calculated by dividing the provider's weekly rate from the Child Care Assistance Provider Agreement form by five to get the daily rate and then dividing this daily amount by two to get the half-day rate.

(2) To be eligible for the special-needs rate, the parent must submit documentation to the department that the child needing services has been assessed by a qualified professional and meets the definition for a "special needs child," and the provider must submit documentation to the department of the support being provided based on the description of the child's special needs, including adaptive equipment, more careful supervision, or special staff training.

Table 1
Half-Day Rate Ceilings for (Licensed Center)

	No Quality Rating		Quality Rating 1 or 2		Quality Rating 3 or 4		Quality Rating 5	
Age Group	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs
Infant and Toddler	$25.66	$51.94	$25.66	$51.94	$25.66	$51.94	$27.00	$51.94
Preschool	$19.50	$30.43	$20.25	$30.43	$21.50	$30.43	$22.97	$30.43
School Age	$16.50	$30.34	$17.10	$30.34	$17.50	$30.34	$18.50	$30.34

Table 2
Half-Day Rate Ceilings for (Child Development Home A/B)

	No Quality Rating		Quality Rating 1 or 2		Quality Rating 3 or 4		Quality Rating 5	
Age Group	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs
Infant and Toddler	$16.63	$24.95	$16.63	$24.95	$16.63	$24.95	$17.50	$26.25
Preschool	$15.00	$22.50	$15.50	$23.25	$16.00	$24.00	$17.00	$25.50
School Age	$15.00	$22.50	$15.25	$22.88	$15.50	$23.25	$15.75	$23.63

Table 3
Half-Day Rate Ceilings for (Child Development Home C)

	No Quality Rating		Quality Rating 1 or 2		Quality Rating 3 or 4		Quality Rating 5	
Age Group	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs	Basic	Special Needs
Infant and Toddler	$18.00	$27.00	$18.00	$27.00	$18.00	$27.00	$18.50	$27.75
Preschool	$16.28	$24.42	$17.00	$25.50	$17.50	$26.25	$18.50	$27.75
School Age	$15.00	$22.50	$15.75	$23.63	$16.44	$24.66	$17.50	$26.25

Table 4
Half-Day Rate Ceilings for Child Care Home (Not Registered)

Age Group	Basic	Special Needs
Infant and Toddler	$16.63	$24.95
Preschool	$15.00	$22.50
School Age	$15.00	$22.50

b. The following definitions apply in the use of the rate tables:

(1) "Licensed center" means those providers as detailed in 170.4(2)*"a."*

(2) "Child development home A/B" or "child development home C" means those providers as defined in paragraph 170.4(2)*"b."*

(3) Under age group, "infant and toddler" means age two weeks to three years.

(4) "Preschool" means three years to school age.

(5) "School age" means a child in attendance in full-day or half-day classes.

(6) A child care facility that is rated under the quality rating system will be paid according to the corresponding quality rating payment level in the tables above only during the period the rating is valid as defined in 441—Chapter 118. If the child care facility does not have a quality rating or its quality rating expires, the child care facility will be paid according to the "no quality rating" payment level. A child care facility whose quality rating has expired will not receive backdated payments once a new rating is awarded.

(7) For a child care facility rated "quality rating 5," if a renewal application is received before the current rating period expires, the child care facility will continue to be paid according to the "quality rating 5" payment level until a decision is made on the IQ4K application.

c. *Payment for days of absence.* Payment may be made to a child care provider for an individual child not in attendance at a child care facility or home not to exceed four days per calendar month providing that the child is regularly scheduled on those days and the provider also charges a private individual for days of absence.

d. *Payment for in-home care.* Payment may be made for in-home care when there are three or more children in a family who require child care services. The rate of payment for in-home care will be the state's minimum wage amount.

e. *Limitations on payment.* Payment will not be made for therapeutic services that are provided in the care setting and include but are not limited to services such as speech, hearing, physical and other therapies; individual or group counseling; therapeutic recreation; and crisis intervention. Payment will not be made for educational services that are provided in the care setting and include but are not limited to services such as private tutoring and homeschool instruction.

f. *Review of the calculation of the rate of payment.* Maximum rate ceilings cannot be appealed. A provider who is in disagreement with the calculation of the half-day rate as set forth in paragraph 170.4(4)*"a"* may request a review within 15 calendar days of notification of the rate in question. The department will provide a written response within 15 calendar days of receipt of the request for review.

g. *Submission of claims.* The department will issue payment when the provider submits correctly completed documentation of attendance and charges. The department will pay for no more than the number of units of service authorized in the notice of decision issued.

(1) Providers shall submit documentation of attendance and charges within six months of the care being provided. Submission of claims older than six months are subject to special review and may be rejected.

(2) The provider shall keep the attendance records for a period of five years after the billing date.

(3) Providers shall submit a claim in one of the following ways:

1. Using the Child Care Assistance Billing/Attendance form, or

2. Using an electronic request for payment submitted through the provider portal or other approved child care management system. Providers using an electronic method shall ensure attendance records include the child's name, the dates, the daily time in and time out entries for days the child was in care, and the signature of the parent or other designee certifying the attendance is accurate.

441—170.5(237A) Adverse actions.

170.5(1) *Provider agreement.* The department may refuse to enter into or may revoke a child care assistance provider agreement if any of the following occur:

a. The department finds the provider is not following the minimum health and safety regulatory requirements as set forth in 441—Chapters 109 and 110.

b. The provider has submitted claims for payment for which the provider is not entitled.

c. The provider fails to cooperate with an investigation conducted by the department of inspections, appeals, and licensing to determine whether information the provider supplied to the department regarding payment for child care services is complete and correct. Once the agreement is revoked for failure to cooperate, the department will not enter into a new agreement with the provider until cooperation occurs.

d. The provider does not meet one of the applicable requirements set forth in subrule 170.4(2).

e. The provider fails to comply with any of the terms and conditions of the department.

f. An overpayment of funds with a balance of $3,000 or more exists for a provider and that provider fails to enter into a repayment agreement with the department of inspections, appeals, and licensing or does not make payments according to the repayment agreement on file.

170.5(2) *Provider agreement sanction.* If the provider agreement is terminated for any of the reasons in subrule 170.5(1), the agreement will remain terminated for the time periods set forth below:

a. The first time the agreement is terminated, the provider may reapply for another agreement at any time.

b. The second time the agreement is terminated, the provider cannot reapply for another agreement for 12 months from the effective date of termination.

c. The third or subsequent time the agreement is terminated, the provider cannot reapply for another agreement for 36 months from the effective date of termination.

d. The department will not act on an application for a child care assistance provider agreement submitted by a provider during the sanction period.

e. The department is not required to approve an application submitted by a provider following the sanction period. When the provider has an overpayment on record, evidence of an active payment agreement and payments made will be taken into consideration.

170.5(3) *Client child care assistance benefits sanction.* If child care assistance is terminated for any of the reasons in subparagraphs 170.3(6)*"c"*(5) through *"c"*(7), the case will remain terminated for the time periods set forth below:

a. The first time the case is terminated, the client may submit a new application for assistance at any time.

b. The second time the case is terminated, the client cannot reapply for 12 months from the effective date of termination.

c. The third time the case is terminated, the client cannot reapply for 36 months from the effective date of termination.

d. The department will not act on an application for child care assistance submitted by a client during the sanction period.

e. The department is not required to approve an application submitted by a client following the sanction period. When the client has an overpayment on record, evidence of an active payment agreement and payments made will be taken into consideration.

441—170.6(237A) Appeals. Notice of adverse action will be given in accordance with 441—Chapter 16. The right to appeal will be given in accordance with 441—Chapter 2506.

441—170.7(237A) Provider fraud.

170.7(1) *Fraud.* The department will consider a child care provider to have committed fraud when an intentional program violation results in:

a. The department of inspections, appeals, and licensing finds in an administrative or judicial proceeding a provider to have obtained child care assistance payment(s) for which the provider was not eligible in an amount in excess of $1,000; or

b. The provider has agreed to entry of a civil judgment or judgment by confession that includes a conclusion of law that the provider has obtained child care assistance payment in an amount in excess of $1,000 for which the provider was not eligible.

170.7(2) *Potential provider sanctions.* Potential sanctions are set forth in Iowa Code section 237A.29.

170.7(3) *Factors considered in determining level of sanction.* The department will consider factors in determining the sanction(s) to be imposed according to Iowa Code section 237A.29(2)*"c."*

170.7(4) *Mitigating factors.* If the sanction determined according to subrule 170.7(2) is suspension from or ineligibility for receipt of child care assistance payment, the department will determine whether it is appropriate to reduce the level of a sanction for the particular case, considering:

a. Prior provision of provider education.

b. Provider willingness to obey program rules.

c. A lesser sanction will be sufficient to resolve the violation.

441—170.8(237A) Client fraud.

170.8(1) *Program violation.* An individual who is found by the department of inspections, appeals, and licensing in an administrative proceeding, or by a court in a judicial proceeding, to have committed an intentional program violation or has agreed to entry of a civil judgment or judgment by confession that includes a conclusion of law that the individual has committed an intentional program violation, that includes a conclusion of law that the individual has committed an intentional program violation, is disqualified from receiving the child care assistance benefits. If an individual is found to have committed an intentional program violation, a sanction must be imposed on the individual found to have committed the intentional program violation and the household as set forth in 45 CFR Section 98.68(b)(2) as amended to August 1, 2026. The sanction will be determined by the department after the administrative or judicial proceeding or without a hearing if the individual waives the right to a hearing by agreement to entry of a civil judgment or judgment by confession.

170.8(2) *Potential client sanctions resulting from fraud.* The period of disqualification is:

a. For a first violation, the individual is disqualified for one year;

b. For a second violation, the individual is disqualified for two years; and

c. For a third violation, the individual is permanently disqualified.

441—170.9(237A) Child care assistance overpayments. All child care assistance overpayments will be subject to recoupment.

170.9(1) *Notification and appeals.* All clients or providers will be notified when it is determined that an overpayment exists. Notification will include the amount of, date of, and reason for the overpayment. The department will provide additional information regarding the computation of the overpayment upon the client's or provider's request. The client or provider may appeal the computation of the overpayment and any action to recover the overpayment in accordance with 441—Chapter 2506.

170.9(2) *Determination of overpayments.* All overpayments due to client, provider, or department error or due to benefits or payments issued pending an appeal decision will be recouped. Recoupment of overpayments resulting from benefits or payments issued pending a decision on an appeal hearing will not occur until after a final appeal decision is issued and the department prevails. Overpayments will be computed as if the information had been acted upon timely.

170.9(3) *Failure to cooperate.* Failure by the client to cooperate in the investigation of alleged overpayments will result in ineligibility for the months in question and the overpayment will be the total amount of assistance received during those months. Failure by the provider to cooperate in the investigation of alleged overpayments will result in payments being recouped for the months in question.

170.9(4) *Payment agreement.* The client or provider may choose to make a lump-sum payment or make periodic installment payments as agreed to with the department. Failure to negotiate an approved payment agreement may result in further collection action.

170.9(5) *Procedures for recoupment.*

a. When the department determines that an overpayment exists, the department will submit the case to the department of inspections, appeals, and licensing for investigation, recoupment, or referral for possible prosecution.

b. The department of inspections, appeals, and licensing will initiate recoupment by notifying the debtor of the overpayment.

c. When financial circumstances change, the department of inspections, appeals, and licensing has the authority to revise the recoupment plan.

d. Recoupment for overpayments due to client error or due to department error that affected eligibility will be made from the parent who received child care assistance at the time the overpayment occurred. When two parents were in the home at the time the overpayment occurred, both parents are equally responsible for repayment of the overpayment.

e. Recoupment for overpayments due to provider error or due to department error that affected benefits will be made from the provider.

f. Recoupment for overpayments caused by both the provider and client will be collected from both the provider and client equally.

170.9(6) *Suspension and waiver.* Recoupment will be suspended on non-fraud overpayments when the amount of the overpayment is less than $35. Recoupment will be waived on non-fraud overpayments of less than $35 that have been held in suspense for three years.

These rules are intended to implement Iowa Code sections 237A.13, 237A.14, and 237A.29.