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.

[**ARC 0773D**, IAB 11/25/26, effective 1/1/27]