

FISCAL UPDATE Article

Fiscal Services Division

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CHILD CARE ASSISTANCE FORECASTING GROUP — MARCH 2026

Forecasting Group

Staff from the Department of Management (DOM), the Department of Health and Human Services (HHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on March 6, 2026, to discuss the [Child Care Assistance \(CCA\) Program's](#) estimated fiscal year (FY) 2026 and FY 2027 expenditures. The Forecasting Group is established in Iowa Code section [234.47](#) to discuss revenues and expenditures and agree on an estimate for the current and upcoming fiscal years.

Forecasting Group Projections

As shown in **Figure 1**, the Forecasting Group anticipates approximately \$138.2 million in direct care expenditures in FY 2026. This is an increase of approximately \$6.9 million from actual expenditures in FY 2025. The Forecasting Group anticipates that expenditures will increase an additional \$1.8 million in FY 2027 for a total of \$140.0 million in direct care expenditures. Additionally, the Legal Services Printing and Postage expenditure has been moved to the new expenditure line for Cost Allocation beginning in FY 2026.

Figure 1 — Forecasting Group Child Care Assistance Estimated Budget

	Actual FY 2025	Projected FY 2026	Projected FY 2027
Revenues			
State General Fund Appropriation	\$ 34,966,931	\$ 34,983,000	\$ 34,983,000
Funds Carried Forward	110,642,274	112,323,826	100,601,707
Temporary Assistance for Needy Families	26,205,412	26,205,412	26,205,412
Child Care Development Fund	114,049,000	114,718,145	114,718,145
Total Revenues	\$ 285,863,617	\$ 288,230,383	\$ 276,508,264
Expenditures			
Total Child Care Assistance	\$ 131,310,215	\$ 138,179,505	\$ 139,982,859
Child Care Management Information System	1,841,125	3,754,133	3,866,757
Child Care Management Information System Projects	0	3,520,870	2,345,735
Quality Rating System (QRS) Administration	2,609,781	1,883,026	1,977,177
Quality Activities & Other	15,781,749	16,852,136	18,974,366
Tiered Reimbursement (QRS Levels)	750,000	750,000	750,000
Resource and Referral (Fed & State)	6,776,226	10,370,996	13,621,916
Legal Services, Printing & Postage	172,836	0	0
Healthy Child Care	0	2,353,946	2,424,564
General Administrative Costs	6,338,117	1,872,891	1,929,078
Field Operations	3,265,987	3,303,499	3,402,604
Cost Allocation	0	4,787,675	4,931,305
Total Expenditures	\$ 168,846,037	\$ 187,628,676	\$ 194,206,361
FY Surplus/Shortfall	6,375,306	-11,722,119	-18,299,804
Reversion of Funds	-4,693,753	0	0
Cumulative Carryforward/Deficit	\$ 112,323,826	\$ 100,601,707	\$ 82,301,903

Funding provided from the federal Child Care and Development Block Grant (CCDBG) is required to supplement rather than supplant State funding of CCA programs. The U.S. Department of Health and Human Services Administration for Children and Families (ACF) Office of Child Care considers a state to have satisfied the “supplement not supplant” requirement if the state has not made administrative or legislative changes to reduce the amount of general revenue funds for CCA to low-income families to a level below the amount the state would have spent under state law and policies in place on the date of enactment of the federal [Consolidated Appropriations Act of 2018](#) (March 13, 2018).

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