FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building Des Moines, Iowa 50319 515.281.3566

CHILD CARE ASSISTANCE FORECASTING GROUP — AUGUST 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 August 21, 2026, to discuss the Child Care Assistance (CCA) program's estimated FY 2026 and FY 2027 expenditures. The Forecasting Group is established in Iowa Code section 234.47 to review revenues and expenditures and agree on estimates for the current and upcoming fiscal years.

Forecasting Group Projections

As shown in **Figure 1**, the Forecasting Group anticipates approximately $135.8 million in direct care expenditures in FY 2026. This is an increase of approximately $4.5 million from actual expenditures in FY 2025. The Forecasting Group anticipates that expenditures will increase an additional $3.8 million in FY 2027 for a total of $139.6 million in direct care expenditures.

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	$ 32,723,000
Funds Carried Forward	110,642,274	112,323,826	108,732,735
Temporary Assistance for Needy Families	26,205,412	26,205,412	26,205,412
Child Care Development Fund	114,049,000	113,731,252	113,731,252
Total Revenues	$ 285,863,617	$ 287,243,490	$ 281,392,399
Expenditures			
Total Child Care Assistance	$ 131,310,215	$ 135,771,226	$ 139,598,237
Child Care Management Information System	1,841,125	2,662,669	3,180,641
Child Care Management Information System Projects	0	1,230,679	4,880,000
Quality Rating System (QRS) Administration	2,609,781	1,543,137	1,684,864
Quality Activities & Other	15,781,749	14,446,629	18,527,844
Tiered Reimbursement (QRS Levels)	750,000	0	750,000
Resource and Referral (Fed & State)	6,776,226	11,353,072	13,908,676
Legal Services, Printing & Postage	172,836	0	0
Healthy Child Care	0	2,451,206	2,860,000
General Administrative Costs	6,338,117	1,920,908	1,887,389
Field Operations	3,265,987	2,870,652	3,364,011
Cost Allocation	0	4,260,578	3,944,444
Total Expenditures	$ 168,846,037	$ 178,510,755	$ 194,586,105
FY Surplus/Shortfall	6,375,306	-3,591,091	-21,926,441
Reversion of Funds	-4,693,753	0	0
Cumulative Carryforward/Deficit	**$ 112,323,826**	**$ 108,732,735**	**$ 86,806,294**

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 total general revenue for CCA spent for low-income families to a level below what 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).

LSA Staff Contact: Lindsey Ingraham (515.281.6764) lindsey.ingraham@legis.iowa.gov

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