



Child Care and Adoption Projections

Projections Workgroup. Staff from the Department of Management (DM), the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on March 26, 2015, to discuss estimated Child Care Assistance and Adoption Subsidy Program expenditures for FY 2015 and FY 2016. The projections workgroup 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.

Child Care Assistance Program. The General Fund appropriation for FY 2015 is \$47.1 million, a decrease of \$15.6 million compared to FY 2014. The decreased funding was mostly due to a decreased estimate of child care expenditures and federal funds also being carried forward to FY 2015. When federal fund carryforwards are used, the funds supplant General Funds in a one-time manner that must be adjusted in succeeding fiscal years.

Fiscal Year 2015. The following items were considered:

- Enacted eligibility changes in the FY 2015 Health and Human Services Appropriations Act (Iowa Acts chapter [1140](#)) permitted parents that are both employed part-time and participating in academic or vocational training part-time to use a combination of these hours to meet the 28 hours a week minimum.
- The Child Care Development Fund revenue award letter for discretionary funds was recently received by the DHS. The allocation from the Administration for Children and Families was less than the estimate made by Federal Funds Information for States used at the December meeting. This resulted in decreased revenue of \$800,000 in FY 2015 and \$1.1 million in FY 2016.
- The consensus agreement for FY 2015 was a projected surplus of \$7.4 million. This is an increase of \$3.8 million over the December consensus, due to continued decreasing monthly enrollment. Enrollment for FY 2015 year to date has decreased 6.2% compared to the same eight months in FY 2014. Expenditures over that same time period have decreased 3.2%.
- Participating child care providers have also decreased, primarily in the Non-Registered Providers category. DHS attributed this decrease to the requirement that all providers receiving Child Care Assistance payments submit to a national criminal history check that involves fingerprinting pursuant to Iowa Code section [237A.5](#) that started on July 1, 2013.

Fiscal Year 2016. The consensus agreement for FY 2016 was an estimated deficit of \$1.6 million based on a status quo budget. After utilizing the FY 2015 carryforward, this becomes a surplus of \$5.9 million. There are some requirements related to Maintenance of Effort that will impact the total carryforward available from FY 2015. All three agencies acknowledge that it's difficult to know when or if program enrollment decreases will stop. The average cost per child was projected to increase slightly. Based on the proposed funding in the FY 2016 Governor's budget recommendation, the projected surplus will be \$3.8 million, and the surplus with the FY 2015 carryforward will be \$11.3 million.

Child Care Assistance Projections

	FY 2014	FY 2015	FY 2016
	Actual	Projected	Projected
Resources			
State Funds			
General Fund Appropriation	\$ 62,709,794	\$ 47,132,080	\$ 47,132,080
i/3 Distribution Appropriation	25,769	0	0
Federal Funds			
Child Care Development Fund (CCDF)	\$ 45,819,514	\$ 45,909,257	\$ 45,652,231
TANF Transferred to CCDF	25,732,687	35,047,110	35,047,110
ECI Grant Prior Year C.F.	29,050	0	0
Other			
Balance Brought Forward	\$ 4,472,378	\$ 6,809,992	\$ 0
TOTAL	<u>\$ 138,789,192</u>	<u>\$ 134,898,439</u>	<u>\$ 127,831,421</u>
Expenditures			
Child Care Assistance	\$ 105,238,696	\$ 102,736,560	\$ 103,862,776
Empowerment Early Child	6,347,522	6,350,000	6,350,000
CC Resources & Referral	2,745,010	2,813,854	2,960,873
Child Care MIS	249,513	421,500	462,686
Quality Rating System	1,011,974	936,974	936,974
Quality Activities	7,014,162	7,248,070	7,607,798
Administration, Legal, and Field	6,718,083	6,848,672	7,126,902
Transfer to IDPH	0	100,000	100,000
OIG Audit Payment	2,654,238	0	0
TOTAL	<u>\$ 131,979,199</u>	<u>\$ 127,455,630</u>	<u>\$ 129,408,009</u>
(NEED)/Surplus	<u>\$ 6,809,992</u>	<u>\$ 7,442,809</u>	<u>\$ -1,576,588</u>
FY 2016 after FY 2015 Surplus			\$ 5,866,221

TANF: Temporary Assistance for Needy Families

ECI: Early Childhood Iowa

IDPH: Iowa Department of Public Health. Required transfer to assist low-income parents with child burial expenses.

Adoption Projections.

The FY 2015 Health and Human Services Appropriations Act included a General Fund appropriation of \$42.6 million for the Adoption Subsidy Program. This was an increase of \$1.9 million compared to FY 2014. The number of Title IV-E eligible adopted children continues to increase and for FY 2015 the current average is near 77.5%, compared to 75.4% in FY 2014.

Fiscal Year 2015. The workgroup agreed to an estimated surplus of \$836,600.

Fiscal Year 2016. The workgroup agreed to an estimated program deficit of \$417,600 using a status quo budget. Based on the Governor's FY 2016 budget recommendation this will result in a deficit of \$109,900.

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