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## BUDGET UNIT BRIEF – FY 2025

Fiscal Services Division

July 1, 2024



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

### Child Care Assistance

#### Purpose and History

The Child Care Assistance (CCA) Program is administered by the Department of Health and Human Services (HHS) and was established in 2000. The CCA Program subsidizes child care costs for low-income families with working parents, parents gaining work skills, parents going to school, and parents unable to care for children for a limited time due to physical or mental illness. Child care is also subsidized for children in need of protective services to prevent or alleviate child abuse or neglect and for children in foster care home settings. In addition to paying for child care, State and federal funds support the regulation of child care providers and quality improvement activities of providers.

#### Populations Served

The CCA Program provides financial assistance for the care of children under the age of 13 in the following circumstances:

- Families in which the parent or parents are working at least 32 hours per week, are in school full-time, or are working part-time and going to school part-time for a total of 32 hours per week in the aggregate, with incomes at or below 160.0% of the federal poverty level (FPL), but not more than 85.0% of the State median gross monthly income.
- Families with children requiring special needs care in which the parent or parents are working at least 28 hours per week, are in school full-time, or are working part-time and going to school part-time for a total of 28 hours per week in the aggregate, with incomes at or below 200.0% of the FPL, but not more than 85.0% of the State median gross monthly income. Children with special needs are eligible for the Program through the age of 18.
- Families that are eligible as outlined above, but at the end of their 12-month eligibility segment are above 145.0% of the FPL but below 225.0% of the FPL. These families are eligible for an additional 12 months of services through CCA Plus.
- Families that enroll in the program as outlined above whose income increases above 225.1% of the FPL but remains below 250.0% of the FPL, or below 275.0% for families with children with special needs. These families receive reduced support as part of the State's graduated exit child care program.
- Families receiving Family Investment Program (FIP) benefits and participating in PROMISE JOBS. Income requirements are waived under this scenario.
- Children who have been abused or neglected. Protective child care assistance is available to these children. Income requirements are waived under this scenario.

In FY 2023, a total of 28,708 children were served by the CCA Program. The average number of children participating in the Program per month was 17,245, a decrease of 5.4% from FY 2022. The average monthly cost per child for FY 2023 was \$509.25.

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#### More Information

Department of Human Services Child Care Assistance Program: [hhs.iowa.gov/child-care](https://hhs.iowa.gov/child-care)  
LSA Staff Contact: Chris Ubben (515.725.0134) [chris.ubben@legis.iowa.gov](mailto:chris.ubben@legis.iowa.gov)

**Activities**

The CCA Program allows parents and legal guardians to choose their child care provider as long as the provider accepts CCA payment. At the close of FY 2023, paid providers include:

- 1,496 licensed child care centers.
- 2,034 registered child care development homes. In-home providers caring for six or more children at one time must register.
- 84 legally operating, nonregistered providers that receive payment under the CCA Program. Providers caring for five or fewer children at one time are not required to be regulated.

Activities other than child care assistance that are funded by the CCA appropriation include:

- [Child Care Resource and Referral](#) contracts and wraparound child care contracts, which assist families in selecting quality child care and provide referrals to child care facilities. Services under these contracts also help child care providers adopt developmentally appropriate programs and sustainable business practices via consultation, training, and other resources.
- The [Quality Rating System](#) (QRS), which identifies and promotes quality in child care services. The QRS is voluntary for providers and comes with technical assistance as providers take steps to improve care. Participating providers may also receive bonus pay as their ratings increase or are maintained.
- Early Childhood Iowa community grants to enhance the quality and capacity of child care through recruitment, care for mildly ill children, second and third shift care, provider training, and support for registration and licensure.
- Regulation of providers and payment, which is carried out by the HHS Field Operations and General Administration staff.
- Eligibility for CCA and protective child care assistance activities as determined by the HHS Field Operations staff. Eligibility for PROMISE JOBS child care is determined by Iowa Workforce Development.

**Funding — State General Fund**

The CCA Program General Fund appropriation is included in the Health and Human Services Appropriations Act. The General Fund appropriation for the CCA Program had been stable at approximately \$40.8 million since FY 2019, until 2023 Iowa Acts, [Senate File 561](#) (FY 2024 Health and Human Services Appropriations Act) increased the appropriation to \$64.2 million to accommodate the transfer of the Early Childhood Iowa Program into the HHS pursuant to 2023 Iowa Acts, [Senate File 514](#) (State Government Alignment Act). The amount allocated for use by the CCA Program remained unchanged at \$35.0 million.

Staff members at the Department of Management, the HHS, and the Legislative Services Agency meet regularly to project child care expenditures for current and future fiscal years and provide funding recommendations to the General Assembly, as required by Iowa Code section [234.47](#). Child care assistance is not an entitlement, and a waiting list or other measures may be used if funding does not meet demand. Total funds appropriated from all sources including funds carried forward for FY 2023 equaled \$238.9 million, and total expenditures for FY 2023 totaled \$147.3 million.

**Funding — Other Resources**

Iowa's CCA Program is also supported by federal funds through the Child Care Development Fund (CCDF), which is administered by the federal [Office of Child Care](#) and includes the Child Care Development Block Grant (CCDBG).

Additionally, Temporary Assistance for Needy Families (TANF) funding may be used as long as maintenance of effort requirements are met.

**Related Statutes and Administrative Rules**

Iowa Code chapter [237A](#)

Iowa Code section [234.47](#)

Iowa Administrative Code [441—106](#), [441—109](#), [441—110](#), [441—118](#), [441—120](#), [441—159](#), and [441—170](#)

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