

Budget Unit Brief

FY 2017



Child Care Assistance

Background

The [Child Care Assistance \(CCA\)](#) program is administered by the [Department of Human Services \(DHS\)](#) 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 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 145.0% of the federal poverty level (FPL).
- Families with children with special needs when parents are working or in school full-time, with incomes up to 200.0% of the FPL. Children with special needs are eligible for the program through age 18.
- Families receiving [Family Investment Program \(FIP\)](#) benefits and participating in PROMISE JOBS. Income requirements are waived under this scenario.
- Protective Child Care Assistance is also available to children who have been abused or neglected. Income requirements are waived under this scenario.

In FY 2016, a total of 37,486 children were served by the CCA program, compared to 44,777 (-16.3%) in FY 2012. The average number of children participating in the program per month was 21,111. The average child in the CCA program is school-aged, has one sibling, and lives in a one-parent family. The parent is working, and the family income is below 100.0% of the FPL and therefore does not require a copay for services. The average annual CCA benefit per child in FY 2016 was \$4,810, compared to \$4,299 in FY 2012.

The CCA program allows parents and legal guardians to choose their child care provider as long as the provider accepts CCA payment. As of FY 2016, paid providers include:

- 1,488 licensed child care centers.
- 3,207 registered child care development homes. In-home providers caring for six or more children at one time must register.
- 1,379 legally operating, non-registered 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 this appropriation include:

- Five [Child Care Resource and Referral \(CCR&R\)](#) contracts and 17 wrap-around child care contracts that assist families in selecting quality child care and provide referrals to child care facilities. Services under these contracts also assist child care providers in adopting developmentally appropriate programs and sustainable business practices via consultation, training, and other resources.
- A [Quality Rating System \(QRS\)](#) that 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.
- Regulation of providers and payment is carried out by the DHS [Field Operations](#) and [General Administration](#) staff.
- Eligibility for CCA and Protective Child Care activities is determined by the DHS Field Operations. Eligibility for PROMISE JOBS Child Care is determined by Iowa Workforce Development.

More Information

Department of Human Services Child Care Assistance Program: <http://dhs.iowa.gov/child-care>

Iowa General Assembly: <https://www.legis.iowa.gov/>

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Funding — State General Fund

The CCA program General Fund appropriation is included in the Health and Human Services Appropriations Act. The General Fund appropriation to CCA has averaged \$47.8 million annually for the five-year period from FY 2013 to FY 2017. The exact amount of General Fund need fluctuates year-to-year, depending upon the ability to use federal funds to supplant General Fund dollars, allowing surpluses to be used for other purposes.

Staff at the [Department of Management](#), the DHS, and the LSA 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 and carried forward total \$136.6 million for Estimated FY 2017.

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 \(CCDBG\)](#). CCDBG funds have averaged \$47.0 million annually for the five-year period from FY 2013 to FY 2017.

Additionally, [Temporary Assistance for Needy Families \(TANF\)](#) funding can be used as long as maintenance of effort requirements are met. TANF funds appropriated by the General Assembly have averaged \$34.3 million from FY 2013 to FY 2017.

Related Statutes and Administrative Rules

Iowa Code chapters [237A](#) and [237B](#); Iowa Code section [234.47](#)
[441](#) Iowa Administrative Code chapters [106](#), [109](#), [110](#), [118](#), [120](#), [159](#), [168](#), and [170](#)

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