

**House File 707 - Introduced**

HOUSE FILE 707

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 233)

**A BILL FOR**

1 An Act relating to state child care assistance eligibility  
2 requirements and child care provider reimbursement rates.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 237A.1, Code 2023, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 7A. *“Children needing special needs care”*  
4 or *“special needs child”* means a child or children with one or  
5 more of the following conditions:

6 a. The child has been diagnosed by a physician or by a  
7 person endorsed for service as a school psychologist by the  
8 department of education to have a developmental disability  
9 which substantially limits one or more major life activities,  
10 and the child requires professional treatment, assistance in  
11 self-care, or the purchase of special adaptive equipment.

12 b. The child has been determined by a qualified intellectual  
13 disability professional to have a condition which impairs the  
14 child’s intellectual and social functioning.

15 c. The child has been diagnosed by a mental health  
16 professional to have a behavioral or emotional disorder  
17 characterized by situationally inappropriate behavior which  
18 deviates substantially from behavior appropriate to the  
19 child’s age, or which significantly interferes with the child’s  
20 intellectual, social, or personal development.

21 Sec. 2. Section 237A.13, subsection 1, paragraph c, Code  
22 2023, is amended to read as follows:

23 c. The child’s parent, guardian, or custodian is employed  
24 ~~and the family income meets income requirements~~ a minimum of  
25 thirty-two hours per week or an average of thirty-two hours  
26 per week during the month if the child requires basic care,  
27 or twenty-eight hours per week or an average of twenty-eight  
28 hours per week during the month if the child is a special needs  
29 child.

30 Sec. 3. Section 237A.13, Code 2023, is amended by adding the  
31 following new subsection:

32 NEW SUBSECTION. 1A. A family shall only be initially  
33 eligible for state child care assistance if the family’s gross  
34 monthly income does not exceed the lesser of:

35 a. (1) One hundred fifty-five percent of the federal

1 poverty level applicable to the family size for children  
2 needing basic care.

3 (2) Two hundred percent of the federal poverty level  
4 applicable to the family size for children needing special  
5 needs care.

6 *b.* Eighty-five percent of the state median gross monthly  
7 income.

8 Sec. 4. Section 237A.13, subsection 3, Code 2023, is amended  
9 to read as follows:

10 3. *a.* The department shall set reimbursement rates as  
11 authorized by appropriations enacted for payment of the  
12 reimbursements. The department shall conduct a statewide  
13 reimbursement rate survey to compile information on each county  
14 and the survey shall be conducted at least every two years.  
15 The department shall set rates in a manner so as to provide  
16 incentives for an unregistered provider to become registered.

17 *b.* The department shall not modify reimbursement rates  
18 to the state child care assistance program or financial  
19 eligibility requirements for a family participating in the  
20 state child care assistance program without prior enabling  
21 legislation in this state passed on or after January 1, 2023.

22 Sec. 5. Section 237A.13, subsection 8, paragraphs a and c,  
23 Code 2023, are amended to read as follows:

24 *a.* Families with an income at or below one hundred percent  
25 of the federal poverty level whose members, for at least  
26 ~~twenty-eight~~ thirty-two hours per week in the aggregate, are  
27 employed or are participating at a satisfactory level in an  
28 approved training program or educational program, and parents  
29 with a family income at or below one hundred percent of the  
30 federal poverty level who are under the age of twenty-one years  
31 and are participating in an educational program leading to a  
32 high school diploma or the equivalent.

33 *c.* Families with an income of more than one hundred percent  
34 but not more than one hundred ~~forty-five~~ fifty-five percent  
35 of the federal poverty level whose members, for at least

1 ~~twenty-eight~~ thirty-two hours per week in the aggregate, are  
2 employed or are participating at a satisfactory level in an  
3 approved training program or educational program.

4 Sec. 6. DEPARTMENT OF HEALTH AND HUMAN SERVICES —  
5 INCREASED STATE CHILD CARE ASSISTANCE REIMBURSEMENT RATES. The  
6 department of health and human services shall amend its  
7 administrative rules pursuant to chapter 17A to increase the  
8 half-day reimbursement rates paid to child care providers  
9 reimbursed under the state child care assistance program to at  
10 least the sixty-fifth percentile but no more than the eightieth  
11 percentile of the 2020 market rate survey.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with  
14 the explanation's substance by the members of the general assembly.

15 This bill relates to state child care assistance (CCA)  
16 eligibility requirements and child care provider reimbursement  
17 rates.

18 The bill defines "child needing special needs care" or  
19 "special needs child" as a child that has been diagnosed  
20 by a physician or by a person endorsed for service as a  
21 school psychologist by the department of education to have a  
22 developmental disability which substantially limits one or more  
23 major life activities, and requires professional treatment,  
24 assistance in self-care, or the purchase of special adaptive  
25 equipment; a child determined by a qualified intellectual  
26 disability professional to have a condition which impairs the  
27 child's intellectual and social functioning; a child diagnosed  
28 by a mental health professional to have a behavioral or  
29 emotional disorder characterized by situationally inappropriate  
30 behavior which deviates substantially from behavior appropriate  
31 to the child's age, or which significantly interferes with the  
32 child's intellectual, social, or personal development; or a  
33 child with a combination of any of the foregoing conditions.

34 The bill requires, for the purposes of CCA eligibility, that  
35 a child's parent, guardian, or custodian who is employed must

1 work a minimum of 32 hours per week or an average of 32 hours  
2 per week during the month if the child requires basic care, or  
3 28 hours per week or an average of 32 hours per week during the  
4 month if the child is a special needs child.

5 The bill provides that a family shall only be initially  
6 eligible for CCA if the family's gross monthly income does not  
7 exceed the lesser of: (1) 155 percent of the federal poverty  
8 level (FPL) applicable to the family size for children needing  
9 basic care, (2) 200 percent of the FPL applicable to the family  
10 size for children needing special needs care, or (3) 85 percent  
11 of the state median gross monthly income.

12 The bill prohibits the department of health and human  
13 services (HHS) and the director of HHS from modifying  
14 reimbursement rates for child care providers reimbursed under  
15 the CCA program or eligibility requirements for a family  
16 participating in the CCA program without prior enabling  
17 legislation in this state passed on or after January 1, 2023.

18 Based upon funding availability, HHS has established  
19 waiting list categories for CCA based on a priority order  
20 set out in Code section 237A.13(8). The most prioritized  
21 and third most prioritized categories are: (1) families  
22 with income at or below 100 percent of the FPL whose members  
23 work at least 28 hours in the aggregate, are employed or are  
24 participating at a satisfactory level in an approved training  
25 program or educational program, and parents with income at  
26 or below 100 percent of the FPL who are under 21 years of  
27 age and are participating in an educational program leading  
28 to a high school diploma or the equivalent; and (3) families  
29 with an income of more than 100 percent but not more than 145  
30 percent of the FPL whose members work for at least 28 hours  
31 in the aggregate, and are employed or are participating at  
32 a satisfactory level in an approved training program. The  
33 bill changes the work requirements for the first and third  
34 categories of prioritization from 28 hours to 32 hours, and  
35 raises the income limit to qualify for the third category from

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1 145 percent of the FPL to 155 percent of the FPL.

2 The bill directs HHS to set half-day reimbursement rates for  
3 child care providers participating in the CCA program to at  
4 least the 65th percentile but not more than the 80th percentile  
5 of the 2020 market rate survey conducted by HHS to analyze and  
6 evaluate the market rate of child care services throughout the  
7 state.