

POLICY PRIORITY

Increase the Child Care Assistance family eligibility level to at least 185% of the federal poverty level for all families

Working families need support so they can go to work or school, and children need quality early learning to build a foundation for future learning and health. With the annual cost of full-time care in Iowa averaging about \$10,400 for an infant and \$8,600 for a 4-year-old, child care is simply out of reach for many families.

Iowa's Child Care Assistance (CCA) program helps low-wage families pay for child care. Recent federal dollars have allowed the state to make modest improvements, such as raising reimbursement levels for some providers and removing administrative barriers, such as giving families a 12-month eligibility period.

But current public investments still leave a huge gap between what parents can afford and the actual cost of quality care. Only 12 percent of Iowa children aged 0-5 in families with low incomes have access to quality care, according to Child Care Aware of America.

Iowa's eligibility limit for families first applying for CCA is still 145% of poverty, among the nation's lowest.

▶ Getting more children into CCA is the first, best way to help families afford child care.

Child care assistance is available everywhere in Iowa. Unlike other proposals we're seeing this year, for tax credits or public-private matching grants, it's not dependent on what community you live in, where you work or whether you can afford to wait till the end of the year to get the help in the form of a tax refund. It is the backbone of our child care system.

▶ Iowa's CCA program still excludes many families who need help paying for care.

A family can get help through CCA as long as their income **when they first apply** is below 145 percent of the federal poverty level, or \$31,842 annually for a family of three. That's among the lowest entrance eligibility limits in the U.S. — and far below what it takes to afford quality care without help.

▶ CCA Plus is a partial solution that leave many Iowa families out.

Iowa has taken steps to allow families, **once on the program**, to remain on past the 145 percent threshold. This new exit eligibility program, "CCA Plus," currently allows families to stay on to 225 percent of poverty with no time limit, and lawmakers are now debating raising that maximum to 250 percent of poverty. But raising the eligibility level only for CCA Plus — to whatever level — leaves Iowa's low family entrance eligibility limit of 145 percent FPL in place for families first applying. It excludes families who apply when their incomes are already even slightly above the cutoff for regular child care assistance — an arbitrary distinction that treats otherwise similar families differently.

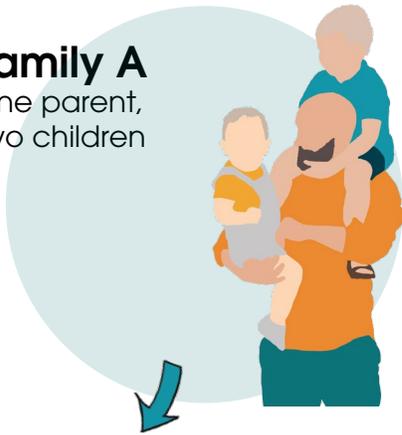
Iowa treats similar families differently when it comes to child care assistance

CCA Plus is only a partial solution

The income eligibility cutoff for Iowa families entering the Child Care Assistance program remains 145% of poverty, or \$31,494 a year for a family of three — among the nation's lowest. In 2019, the state established the CCA Plus program to shrink the "child care cliff" that punishes families by taking away all their child care assistance for accepting even a small raise that puts them over the eligibility cap. But CCA Plus is only available to families already on CCA who get a raise that puts them over the regular limit. It excludes otherwise identical families entering the system with the exact same income.

Family A

One parent, two children



Gets a job paying \$30,744 (140% FPL), and qualifies for help paying for child care through Child Care Assistance.

Gets a raise to \$32,940 (150% FPL)

Qualifies to continue getting help paying for child care by moving to CCA Plus, with a higher family co-pay to reflect higher wages.

Gets help paying for child care



Family B

One parent, two children



Gets a job paying \$32,940 (150% FPL)

Does not qualify for help because family is over income for regular CCA. The only path to CCA Plus is through regular CCA.

Gets no help paying for child care



Solution: To help more families enter and advance in the workplace, Iowa should establish at least a 185% FPL maximum eligibility level for all families regardless of their income at the time of application.