Improve Iowan’s Employment and Economic Security

Family Investment Program/PROMISE JOBS
Food Assistance
Child Care Assistance
Child Support Recovery
## Family Investment Program

### Purpose

Iowa’s Family Investment Program (FIP) is a cash assistance program to support low-income families with children and to provide services for them to become self-sufficient.

### Who Is Helped

The Family Investment Program helps people with minor children. Families must:

- Meet income and asset requirements.
- Be residents of Iowa.
- Be citizens or legally qualified non-citizens (such as refugees).
- Participate in work, training, or educational services to become self-sufficient.

63 percent of FIP households are one-parent families, while 5 percent include both parents.

32 percent of FIP households provide care to children of relatives. Some of these children are in the child welfare system. Others came to live with relatives as the result of voluntary arrangements with their parents.

The average FIP family is headed by a single Caucasian woman between 20 and 29 years old with a high school or equivalent education. The typical family has two children under the age of 6.

Benefits are limited to a five-year lifetime limit with exceptions in hardship cases.

Average length of time on FIP:

- Single parent family: 22 months
- Two-parent family: 10 months
- Caretaker family: 29 months

FIP caseloads have decreased every year since SFY10. The single-parent caseload is expected to continue to decrease in SFY19-SFY21, but at a slower rate, while the two-parent and caretaker caseloads remain relatively stable.

The FIP budget request includes funding for an Iowa-based non-profit organization to provide tax preparation assistance to low-income Iowans for the express purpose of expanding use of the federal and state earned income tax credit or EITC. By reducing a household’s tax liability and in many cases even paying a refund, the EITC encourages work by increasing the amount of income available to meet household expenses.
For tax year 2018, the maximum adjusted gross income limit for a household headed by a single parent ranges from $40,320 (one qualifying child) to $49,194 (three or more qualifying children). The 2018 maximum adjusted gross income limit for a 2-parent household ranges from $46,010 to $54,884. Households with no qualifying children may also be eligible for the EITC; however, income limits are much lower.

FIP families and other low-income households can receive tax preparation assistance.

- **A parent with two children must have income after deductions below $426/month, or $5,112 annually, to qualify.**
- **In June 2018, over 87 percent of individuals receiving FIP also received Food Assistance and 94 percent received Medicaid.**
- **About 134 families currently have a hardship exemption from the five-year limit. Hardship determinations are revisited every six months. This is less than two percent of the FIP caseload.**
- **Every month, about 29 recipients are canceled because of the five-year lifetime limit.**

### Services

The FIP appropriation funds the following:

- **Cash benefits.** FIP cash benefits are provided on a monthly basis. Eligibility determination is made by DHS Field Operations staff. DHS staff also make referrals for the PROMISE JOBS program.
  - An average of 8,721 families a month received FIP in SFY18.

- **PROMISE JOBS Program.** The acronym stands for Promoting Independence and Self-Sufficiency through Employment, Job Opportunities, and Basic Skills.
  - DHS contracts with Iowa Workforce Development (IWD) to provide PROMISE JOBS services.
  - This program provides training, education, and employment services. In addition, the program pays allowances for specified costs, such as transportation, related to participating in program activities.
  - The DHS Bureau of Refugee Services provides PROMISE JOBS services to FIP recipients with refugee status.
  - An average of 4,730 FIP families a month received PROMISE JOBS in SFY18.

### Monthly Average Types of Services SFY18

<table>
<thead>
<tr>
<th>Services</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIP</td>
<td>8,721</td>
</tr>
<tr>
<td>PROMISE JOBS</td>
<td>4,730</td>
</tr>
<tr>
<td>FaDSS</td>
<td>1,435</td>
</tr>
<tr>
<td>FSSG</td>
<td>86</td>
</tr>
</tbody>
</table>
• **Family Self-Sufficiency Grant (FSSG) Program.**
  - DHS contracts with IWD to administer this grant program.
  - This grant program provides up to $1,000 per family per year to pay for work related goods and services (e.g. car repair, clothing, and employment related certification requirements).
  - An average of 86 FIP families a month received this grant in SFY18.

• **Family Development and Self-Sufficiency (FaDSS) Program.**
  - The Department of Human Rights administers this program.
  - FaDSS provides intensive home-based case management services to PROMISE JOBS families who have barriers keeping them from achieving self-sufficiency.
  - FaDSS is an example of a “Two-Generation” program designated to disrupt the poverty cycle by meeting the needs of both children and their parents simultaneously. The federal TANF agency has encouraged states to adopt more two-generation strategies.
  - An average of 1,435 FIP families a month received this service in SFY18.

Free tax preparation assistance is provided to low-income families and individuals to complete and submit federal and state tax returns, including electronic filing, which may qualify for federal and state earned income tax credits. The maximum federal EITC for tax year 2018 ranges from $3,461 with one qualifying child, to $6,431 with three or more qualifying children. The maximum federal EITC for a household with no qualifying child is $519.

Iowa’s state EITC is based on a percentage of the federal EITC, currently 15 percent. An emphasis is put on providing tax preparation assistance in areas of the state lacking this resource.

**Before** receiving a FIP grant, PROMISE JOBS participants must sign a self-sufficiency agreement identifying what they will do to become self-sufficient.

**FIP recipients receive their monthly cash benefits via an Electronic Access Card (EAC) that can be used anywhere a VISA debit card is accepted. Effective February 1, 2014, the department implemented policy to comply with federal legislation that prohibits participants from using their EAC at liquor stores, casinos, and adult entertainment venues in which performers disrobe or perform in an unclothed state.**
Both federal and state refundable EITC are generally exempt or excluded when determining eligibility for other public assistance programs, including FIP and Food Assistance. Earned income disregards further encourage FIP families to work and also increase household income.

### Goals & Strategies

**Goal:** Help families become self-sufficient.

**Strategies:**
- Provide an array of employment related supports.
- Coordinate with IWD to improve work participation rates.
- Participate as a mandatory partner in Iowa’s one-stop centers.

**Results:**
- In SFY18, 80.4 percent of people who left FIP stayed off the benefit program for at least a year.
- Iowa’s actual work rate for the first half of FFY18 exceeds the federal requirement by a wide margin.

### Cost of Services

- The average annual benefit per FIP recipient is $1,626.
- The average annual cost of service per-person in the PROMISE JOBS program is $2,432.
- The average FSSG grant per family is $594.

**The maximum annual FIP amount paid to a family of three is less than 25 percent of the federal poverty level.**

**In SFY18, the average monthly FIP payment was:**
- $347.34 for 1-parent households = $4,168 annually;
- $436.06 for 2-parent households = $5,232 annually; and
- $272.44 for caretaker households = $3,269 annually.

### Funding Sources

The Family Investment Program is funded by state general funds, federal funds, including TANF, and other funding from child support recovery and intra-state transfers.

The SFY19 total FIP budget is $81,267,291:
- $40,365,715 (50 percent) is state general funds.
- $33,388,040 (41 percent) is federal funds.
- $7,513,536 (9 percent) is other.

**SFY19 Funding**

- State General Fund (50%)
- Federal (41%)
- Other Funding (9%)

- Temporary Assistance for Needy Families (TANF) is a block grant, which means Iowa gets the same amount of funding each year.

- PROMISE JOBS participation helps Iowa meet federal TANF work participation rates.

- Failure to meet TANF work participation rates can reduce federal funding.

- Current funding and authorization for the TANF block grant ends September 30, 2018.

- Neither the House nor Senate has passed a bill to reauthorize or replace TANF. With the House recessed until early September 2018, and mid-term elections in November, it’s most likely that Congress will pass a short-term continuing resolution to authorize and fund TANF until after the elections, and with no significant policy changes.
<table>
<thead>
<tr>
<th>Legal Basis</th>
<th>Federal:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Title IV-A of the Social Security Act</td>
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<tr>
<td></td>
<td>• Code of Federal Regulations 45 CFR 260 – 265</td>
</tr>
<tr>
<td></td>
<td>State:</td>
</tr>
<tr>
<td></td>
<td>• Iowa Code, Chapter 239B</td>
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<tr>
<td></td>
<td>• Iowa Administrative Code, 441 IAC 40, 41, 42, 45, 46, and 93</td>
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</tbody>
</table>
# Food Assistance

## Purpose

Food Assistance (FA), also known as the Supplemental Nutrition Assistance Program (SNAP), is a federally funded program that provides benefits to purchase food for low-income Iowans.

## Who Is Helped

### Food Assistance

People eligible for Food Assistance must:

- Be residents of Iowa.
- Be citizens or legally qualified non-citizens (such as refugees).
- Have household incomes not to exceed 160 percent of the federal poverty level. For a family of three, that equals a gross annual income of about $32,700.

In SFY18:

- An average of 356,767 Iowans in 169,897 households received benefits every month, a 5 percent decrease from SFY17.
- Recipients and benefits have decreased every year since SFY14.
- 87 percent of FA recipients also receive Medicaid and/or Family Investment Program (FIP) benefits, or hawk-i.
- The average recipient is a 27-year-old Caucasian female.
- 53 percent of recipients are under age 18 or over age 59.

### Supplemental Food Programs

The Commodity Supplemental Food Program (CSFP) and The Emergency Food Assistance Program (TEFAP) provide food to low-income Iowans.

- CSFP served an average of 3,258 elderly Iowans per month and distributed over 955,000 pounds of in SFY18.
- TEFAP served an average of 277,000 individuals per month and distributed 6 million pounds of food during SFY18.

## Recipients by Program in SFY18

- 81% FA only
- 13% FA and FIP
- 5% FA and Medicaid
- 1% FA and hawk-i

## Age of Recipients in SFY18

- 44% Children
- 47% Age 18-59
- 9% 60 & Over

## FA Recipients

<table>
<thead>
<tr>
<th>Month</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2017</td>
<td>375</td>
</tr>
<tr>
<td>June 2018</td>
<td>350</td>
</tr>
<tr>
<td>June 2019</td>
<td>325</td>
</tr>
<tr>
<td>June 2020</td>
<td>300</td>
</tr>
<tr>
<td>June 2021</td>
<td>275</td>
</tr>
</tbody>
</table>
- Having children is not a requirement to receive Food Assistance benefits.
- People incarcerated more than 30 days are not eligible. Their families may continue to receive benefits if the household still meets eligibility requirements.
- Requirements under the federal Affordable Care Act (ACA) for individuals to obtain health care coverage and the increased availability of such coverage to Iowans under the Iowa Health and Wellness Plan caused a shift in household and recipient counts from FA Only to FA Medicaid. As of June 2018, FA Only households accounted for less than 11 percent of all households receiving Food Assistance as compared to over 33 percent of all households in December 2012.

## Services

### Food Assistance
- Food Assistance benefits ensure low-income Iowans have access to food.
- Benefits may only be used to purchase unprepared food and non-alcoholic beverages.
- Plants and seeds used to produce food are eligible to be purchased with FA benefits.
- All FA transactions occur electronically on Electronic Benefit Transfer (EBT) cards. The card does not have cash benefits and will not work at an ATM.

### Employment and Training Program
- Food Assistance Employment and Training (E&T) is a voluntary program for FA recipients. The program offers recipients job seeking skills, classroom training, and structured employment search, at no cost to participants.
- DHS partners with the following to provide these valuable services to FA recipients seeking self-sufficiency through training and employment:
  - Des Moines Area Community College
  - Hawkeye Community College
  - Indian Hills Community College
  - Iowa Western Community College
  - Kirkwood Community College
  - Northeast Iowa Community College
  - Southwestern Community College
  - Western Iowa Tech Community College
- 70 percent of participants who completed E&T in SFY18 obtained a credential for an in-demand industry.
- Future plans for the E&T program include expanding to all Iowa community colleges, as well as community-based organizations.

### Wireless EBT Program
- This program provides farmers with wireless machines so they may process transactions for FA recipients at farmers markets and roadside stands. This provides easy access to the freshest food Iowa has to offer while promoting local farmers and economies.

### Average Benefits SFY18:
- $224.86 per month per household
- $107.06 per month per individual
- $3.52 per day per individual
- $1.17 per meal
- EBT cards may be used to buy food from:
  - 130 farmers
  - 91 different farmers markets
  - 44 roadside stands

**Food Distribution Programs**
- The Commodity Supplemental Food Program (CSFP) distributes commodities directly to elderly recipients.
- The Emergency Food Assistance Program (TEFAP) distributes food through food banks and meal sites to low-income Iowans.

**Nutrition Education**
SNAP Education (SNAP-Ed) teaches FA recipients about good nutrition and how to make their food dollars stretch further. SNAP-Ed participants also learn the importance of being physically active.

- **While Food Assistance may be used in any state, approximately 98 percent of benefits are used in Iowa or bordering states.**
- **DHS and the Department of Education partner to identify children who qualify for free school lunches based on the receipt of Food Assistance or FIP, or being in foster care.**
- **Employment and Training services through community colleges provide free short term certification for in-demand industries in Iowa.**

<table>
<thead>
<tr>
<th>Goals &amp; Strategies</th>
<th>Percentage of Errors Calculating Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal: Improve efficiency and accuracy. Strategy: Continue monitoring and training on key causes of errors.</td>
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</tr>
<tr>
<td>Goal: Prevent fraud and abuse. Strategies: Implemented new methods to identify potential misuse of EBT cards. Identify and cancel benefits for ineligible individuals who are incarcerated.</td>
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<table>
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<tr>
<th>Cost of Services</th>
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<tbody>
<tr>
<td>The average annual FA benefit per recipient is $1,285.</td>
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</table>

- **In SFY18, the average monthly FA benefit for FIP households was $409.78 = $4,917 annually; for FA Only households was $161.99 = $1,944 annually; for Medical Assistance households was $223.56 = $2,683 annually; and for hawk-i households was $237.67 = $2,852 annually.**
Food Assistance benefits and The Emergency Food Assistance Program (TEFAP) are funded 100 percent by federal dollars. Iowa and the federal government split the administrative costs 50/50.

Nutrition Education, Commodity Supplemental Food Program (CSFP), and the Employment & Training (E & T) program are funded 100 percent with federal dollars.

The SFY19 total projected budget is $477,687,709:
- $455,019,849 is federal
  - $433,982,821 in benefits
  - $21,037,028 in admin costs
- $22,667,860 in state general fund.

✓ In SFY18, $462.9 million was drawn from the federal government for Food Assistance benefits, a one-year decrease of 6.6 percent.
✓ The USDA estimates that $9 in economic activity is generated for every $5 spent on food.
✓ Both state and federal funds are used to contract with a vendor to provide EBT cards.
✓ The Department of Inspections and Appeals (DIA) receives federal funding for fraud investigations related to Food Assistance.
✓ Current authorization and funding for the food assistance programs in this narrative expire September 30, 2018. While both chambers of Congress have passed reauthorization bills, it is unlikely that they will reconcile differences before current authorization expires. The most likely scenario is that there will be a short-term continuing resolution for authorization and funding until after the mid-term elections in November, with no major policy changes.

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>SFY19 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Assistance benefits and The Emergency Food Assistance Program (TEFAP) are funded 100 percent by federal dollars. Iowa and the federal government split the administrative costs 50/50.</td>
<td>![SFY19 Funding Diagram]</td>
</tr>
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<td>Nutrition Education, Commodity Supplemental Food Program (CSFP), and the Employment &amp; Training (E &amp; T) program are funded 100 percent with federal dollars.</td>
<td></td>
</tr>
<tr>
<td>The SFY19 total projected budget is $477,687,709:</td>
<td></td>
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</tbody>
</table>
| - $455,019,849 is federal | ![State General Fund (4.8%)]
- $433,982,821 in benefits | ![Federal Benefits (90.8%)]
- $21,037,028 in admin costs | ![Federal Admin (4.4%)]
- $22,667,860 in state general fund. | |

<table>
<thead>
<tr>
<th>Legal Basis</th>
<th>Federal:</th>
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<tbody>
<tr>
<td>Section 6 of the Food and Nutrition Act of 2014 as amended by P.L. 113-79</td>
<td></td>
</tr>
</tbody>
</table>

| | State: |
| | Iowa Administrative Code, 441 IAC 65 |
## Purpose

The Child Care Assistance (CCA) Program supports low-income families with working parents, parents gaining work skills, or parents going to school. In addition to paying for child care, this appropriation supports the regulation of child care providers and quality improvement activities.

### Who Is Helped

Child Care Assistance provides financial assistance for children under the age of 13 in:

- Families whose parents are: (1) working at least 28 hours per week; or (2) in school full time; or (3) are working and in school for a combined minimum of 28 hours per week; and (4) have income below 145 percent of the Federal Poverty Level (FPL).

- Families with children with special needs where parents are working or are in school full time with incomes up to 200 percent FPL.

The Child Care Development Block Grant (CCDBG) Act of 2014, and federal regulations implementing the Act, provides families with opportunities for additional months of CCA coverage, effective SFY17.

- States are required to use a 12-month certification period compared to the 6-month period previously used in Iowa.

- An exit eligibility program, CCA Plus, is currently available for 12 months to families at re-certification if they meet eligibility requirements but are over 145 percent FPL and under 85 percent of the State Median Income (SMI).

  - Final federal regulations published on September 30, 2016, require states to base exit eligibility on reaching a certain income limit established by the state, but under 85 percent of the SMI. Effective October 1, 2018, states cannot use a time limit to determine the duration of their exit eligibility programs. On June 17, 2018, the department requested a waiver from this requirement. The department is awaiting federal response to that request.

  - If the waiver is not granted, the department will need to negotiate exit eligibility criteria that are acceptable to the federal agency responsible for administering the CCDBG.

- Families with a temporary lapse in work or education/training that qualifies for CCA, including maternity leave, medical incapacity, job loss, school breaks, etc., will maintain eligibility during that time.

### Number of Children Served SFY18

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCA (85%)</td>
<td>85%</td>
</tr>
<tr>
<td>PROMISE JOBS (6%)</td>
<td>4%</td>
</tr>
<tr>
<td>Protective (4%)</td>
<td>6%</td>
</tr>
<tr>
<td>CCA Plus (5%)</td>
<td>5%</td>
</tr>
</tbody>
</table>

### Ages of Children Served SFY18

- Infant and Toddlers (16%)
- Preschool Age (42%)
- School Age (42%)
Families receiving Family Investment Program benefits and participating in certain PROMISE JOBS (PJ) activities can receive financial assistance for children under the age of 13. Protective Child Care is available to children who have been abused or neglected.

In SFY18, 40,858 children were served.

- A monthly average of 24,208 children received a child care service, a 6.7 percent increase from SFY17.
- The Child Care Assistance caseload is expected to increase in each year for SFY19-21.
- The PROMISE JOBS caseload is expected to continue to decrease each year for SFY19-21, but at a slower rate.
- The Protective caseload is expected to remain relatively stable for SFY19-21.
- The CCA Plus caseload is expected to continue to increase each year for SFY19-20, then level off for SFY21.

The average CCA child is under age five, has one sibling, and lives in a one-parent family. The parent is working. The family income is below 100 percent of the FPL and therefore does not have a co-pay for services.

- The 2018 Federal Poverty Level for a family of three is $20,784. A family of three can earn up to $30,132 annual gross wages and remain eligible for CCA.
- In SFY18, 94.2 percent of families needing child care were employed; this is 0.5 percent decrease from SFY17.

<table>
<thead>
<tr>
<th>Services</th>
<th>Average Monthly Number of Children Served</th>
</tr>
</thead>
</table>

The Child Care Assistance program allows parents to choose their child care provider. Providers include:

- 1,526 licensed child care centers.
- 2,708 registered child care development homes. In-home providers caring for six or more children at one time must register.
- 289 legally operating, non-registered providers who receive payment under the CCA program. Providers caring for five or fewer children at one time are not required to be regulated.

The number of non-registered providers reported as receiving CCA payments decreased significantly from June 2017 – June 2018; from 733 to 289, a reduction of 444 or 61 percent.

The department has reasoned that this reduction is largely due to the combined effect of: (1) new requirements for this type of provider imposed by federal reauthorization legislation and resulting regulations; and (2) identifying and eliminating from the list/count, providers previously authorized to receive CCA payments who have either never actually received a payment, or have not received recent payments.

*CCA Plus was implemented in SFY17. SFY19-21 projections are based on current policy of providing 12 additional months of service.
• The department has further reasoned that the potential impact on the availability of CCA-funded services caused by any reduction in the number of non-registered providers due to new federal requirements is largely offset by an increase in the capacity of licensed child care centers resulting from a combination of new centers and expanded capacity of existing centers.
  o Had all of the non-registered providers eliminated from the department's SFY17 count been serving the maximum number of CCA children allowed – neither condition actually existed – the number of CCA slots corresponding to these providers would have been 2,200.
  o In contrast, the number of slots available through licensed centers increased by 3,485.

Activities other than child care assistance funded by this appropriation:
• The five Child Care Resource and Referral contracts and the 14 wraparound child care contracts both increase access to quality services/providers. Management and oversight of these contracts is performed by General Administration staff.
• The Quality Rating System (QRS) identifies and promotes quality in child care services. The QRS is voluntary for providers. Management and oversight for this program is performed by General Administration staff.
• Regulatory activities which are carried out by Field Operations and General Administration staff.

In addition, Child Care Assistance and Protective Child Care eligibility and payment activities are performed by DHS Field Operations. PROMISE JOBS child care eligibility activities are performed by Iowa Work Force Development staff.

✓ More than 85 percent of child care bills are submitted electronically.
✓ 100 percent of child care centers are visited annually.
✓ In SFY18, the department met a target of monitoring 100% of child development homes by conducting on-site visits of each home.
Goal: Improve Iowans’ Employment and Economic Security

Strategies:
- Provide child care assistance to support working families.
- Promote the use of quality child care services.
- Ensure child care payments are made timely.

SFY18 Results
- 94.2 percent of families paid under CCA received assistance due to employment.
- 96 percent of children were cared for in licensed or regulated child development homes.
- 94 percent of all CCA expenditures were made to regulated providers.
- 99.8 percent of correctly submitted child care bills were paid within 10 days.

Cost of Services

The average annual child care assistance benefit per child in SFY18 was $4,861. The average annual child care assistance benefit per child in SFY19 is estimated at $4,998, with the provider rate increase to be implemented January 1, 2019.

Current child care reimbursement rates are based on a 2004 Market Rate Study (MRS). The Child Care and Development Fund (CCDF) regulations require states to conduct a MRS every three years and to set their rates based on that information to assure access.

Since July 1, 2016, providers rated as a 5 under the Quality Rating System (QRS) are reimbursed at rates based upon the 75th percentile of the 2014 MRS.

The department’s SFY19 appropriations bill included $3,000,000 for the express purpose of increasing provider rates. Effective January 1, 2019, all provider rates are being increased based upon the 2014 MRS; QRS rated providers will be reimbursed at higher tiered rates based upon their rating level. Providers rated as a 5 under QRS will be reimbursed at rates based upon the 75th percentile of the 2017 MRS.
Child Care Assistance programs are funded by state general funds and federal funds, including the Child Care Development Fund (CCDF) and TANF (Temporary Assistance for Needy Families).

The CCDF includes discretionary funds under the Child Care and Development Block Grant (CCDBG) as well as mandatory and matching funds.

The total Child Care Assistance budget for SFY20 is $155,947,300:
- $40,816,931 state general funds
- $115,130,369 federal funds

The total Child Care Assistance budget for SFY21 is $159,383,725:
- $48,436,891 state general funds
- $110,946,834 federal funds

Iowa consistently receives all available CCDF.

Up to 30 percent of TANF funds can be transferred to CCDF and SSBG combined. The combined maximum amount is currently being transferred to those programs.

Additional TANF funds are used directly for child care costs of working families.

The total SFY20 Child Care Assistance budget request reflects a status quo (0.0 percent) general fund increase from the SFY19 Enacted Appropriation.

The total SFY21 Child Care Assistance budget request reflects a $7,619,960 (18.7 percent) general fund increase from the SFY19 Enacted Appropriation.

The key budget drivers of the SFY20 & SFY21 budget requests are:
- These requests assume that the CCDBG federal increase enacted for FFY18 will continue for FFY19, FFY20, and FFY21. If this funding level occurs, the increase for SFY19 will provide federal CCDF funds to carry forward to help meet the increased needs for SFY20. Likewise, some federal CCDF funds will remain available to carry forward to SFY21, although a smaller amount. The lower federal revenue plus increasing expenditures results in the need for SFY21.
- An overall increase in the natural trends for both caseloads and the cost per case in SFY20 and SFY21.
The need to annualize the provider rate increase from SFY19 beginning January 1, 2019. The annual cost is $6 million, of which, $3 million was appropriated in SFY19 to fund the half year cost.

If the increase in CCDBG funds for FFY18 does not continue as assumed for this budget request, the projected need for SFY20 would be approximately $26.5 million and the projected need for SFY21 would be approximately $31 million.

The Child Care Development Block Grant (CCDBG) Act of 2014, “Reauthorization”, made significant policy changes across the subsidy, regulatory and quality improvement components of the child care system. The Act also authorized funding increases over five years. Iowa was allocated about $943,415 in additional funds for FFY17 and $19,273,820 for FFY18. This additional funding was substantially less than the amount actually needed to cover increased costs resulting from the state’s actions. This lack of adequate funding resulted in the state having to increase the amount of state general funds and TANF funds used for child care, to cover the gap.

Subsequent instructions to states from the federal Office of Child Care (OCC) indicate that one of the conditions for states to receive the additional CCDBG funds under P.L. 115-14, is that states are expected to use the additional CCDBG funds to “increase their total investment in quality improvement and the provision of child care services to low-income working families and not to displace other investments in child care.” Further clarification is required regarding these instructions and their application with respect to states that previously invested additional state and/or TANF funds for the very purpose for which the additional CCDBG funds are intended. In the interim, neither this budget request, nor any other request, assumes that the state must maintain a specific level of TANF funding for child care services.

Federal funding for CCDF is partially subject to annual sequestration reductions required under the Budget Control Act of 2011 (BCA, P.L. 112-25). The impact of future sequestration is unknown and has not been included in CCDF funding estimates.

**Legal Basis**

**Federal:**
- Section 418 of Title IV-A of the Social Security Act, as amended
- Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996
- Child Care and Development Fund Block Grant Act of 2014
- Consolidated Appropriations Act of 2018 (P.L. 115-14)
- Code of Federal Regulations 45, Parts 98 and 99

**State:**
- Iowa Code, Chapters 237A and 256I
Request - Child Care Assistance  
State Fiscal Year 2020

Request Total: $155,947,300  
General Fund Need: $40,816,931

Request Description:

The Child Care Assistance (CCA) program provides funding for child care for children of low-income parents who are working, in school, or a combination of both, including families participating in PROMISE JOBS activities or receiving protective child care. Funding within the CCA appropriation also supports the Child Care Resource and Referral (CCR&R) Agencies and the Quality Rating System.

This request seeks to provide funding for the anticipated number of children to be served in child care assistance; increase the percentage of children served in regulated settings; increase the number of registered child development homes; and increase the number of providers who voluntarily apply for the quality rating system and receive a rating at level 2 or higher.

SFY19 Enacted Appropriation - 2018 Session

<table>
<thead>
<tr>
<th>Decision Package Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFY19 Enacted Appropriation</td>
<td>$40,816,931</td>
</tr>
<tr>
<td>Total State $ Appropriated</td>
<td>$40,816,931</td>
</tr>
</tbody>
</table>

Funding Needed to Maintain Current Service Level

<table>
<thead>
<tr>
<th>Decision Package</th>
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<tbody>
<tr>
<td>1</td>
<td>SFY20 CCDBG Federal Revenue Changes - This budget request assumes the CCDBG increase enacted in FFY18 will continue for FFY19, FFY20, and FFY21. If this funding level occurs, it is estimated that $12,335,245 will be carried forward from SFY19 to SFY20 and an additional $13,395,305 increase is estimated to be available for SFY20. The expenditure increases for SFY20 will be offset by the federal revenue increases which reduce the general fund need. After SFY20 obligations are met, an estimated $4,075,855 in federal funds will remain available to help fund the SFY21 need. Without the continuation of the FFY18 CCDBG federal revenue increase, the projected need for SFY20 would be $26.5 million.</td>
<td>($8,054,835)</td>
</tr>
<tr>
<td>2</td>
<td>SFY20 Child Care Assistance Increasing Trends - Increased need is due to the increasing trend in the average monthly number of children served and a slightly increasing trend in the cost per child prior to the rate increase. The SFY19 appropriation, excluding the rate increase, funded an average of 25,127 children per month at a cost of $409.81 per child. The SFY20 projection is based on an average of 25,826 children per month at $411.76 prior to including the rate increase. This is an increase of 699 children per month and $1.95 per child.</td>
<td>4,045,763</td>
</tr>
<tr>
<td>3</td>
<td>SFY20 Child Care Assistance Annualization of the SFY19 Provider Rate Increase - The SFY19 appropriation directed the department to increase the CCA provider rates beginning 1/1/19 and appropriated $3 million for that purpose. The annual cost is $6 million. Funding for the other half year is needed to fully implement the rate increase on an annual basis in SFY20. The average monthly cost per child is projected to increase by $14.62, from $416.50 in SFY19 to $431.12 in SFY20.</td>
<td>3,000,000</td>
</tr>
<tr>
<td>4</td>
<td>SFY20 Quality Set Aside Expenditure Increase - The federal quality set aside requirements increase from 11% to 12% for FFY20, requiring an increase in quality set aside expenditures of $1,009,072.</td>
<td>1,009,072</td>
</tr>
</tbody>
</table>

Total Requested for Current Service Level Funding: $0

Funding for Improved Results

<table>
<thead>
<tr>
<th>Decision Package</th>
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<tbody>
<tr>
<td>1</td>
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<td>$0</td>
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</table>

Total Requested for Improved Results Funding: $0

General Fund Total $40,816,931

General Fund Change From Prior Year $0
## Request - Child Care Assistance
### State Fiscal Year 2020

### Total Funding Summary:

<table>
<thead>
<tr>
<th>Program</th>
<th>State Funding Total</th>
<th>Federal Funding Total</th>
<th>Other Funding Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$40,816,931</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care Trust Fund</td>
<td>$0</td>
<td></td>
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</tr>
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<td>Quality Assurance Trust Fund</td>
<td>$0</td>
<td></td>
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### Other Funding Total

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<th>Program</th>
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</tr>
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<tbody>
<tr>
<td></td>
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</table>

### Totals

<table>
<thead>
<tr>
<th>Program</th>
<th>Request Total</th>
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<tbody>
<tr>
<td></td>
<td>$155,947,300</td>
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### FTEs included in request:

<table>
<thead>
<tr>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
</tr>
</tbody>
</table>
Request - Child Care Assistance
State Fiscal Year 2021

Request Total: $159,383,725
General Fund Need: $48,436,891

Request Description:

The Child Care Assistance (CCA) program provides funding for child care for children of low-income parents who are working, in school, or a combination of both, including families participating in PROMISE JOBS activities or receiving protective child care. Funding within the CCA appropriation also supports the Child Care Resource and Referral (CCR&R) Agencies and the Quality Rating System.

This request seeks to provide funding for the anticipated number of children to be served in child care assistance; increase the percentage of children served in regulated settings; increase the number of registered child development homes; and increase the number of providers who voluntarily apply for the quality rating system and receive a rating at level 2 or higher.

SFY19 Enacted Appropriation - 2018 Session

SFY19 Enacted Appropriation $40,816,931

Total State $ Appropriated: $40,816,931

Funding Needed to Maintain Current Service Level

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<td>($8,054,835)</td>
</tr>
<tr>
<td>2</td>
<td>SFY21 CCDBG Federal Revenue Changes - The CCDF federal funds for SFY20 are estimated to level off in SFY21 with no additional increase. The amount of available carry forward for SFY21 is less than SFY20 because part of it is expended to meet increased costs in SFY20. In addition, the carry forward from SFY20 will be fully expended in SFY21. The net result is a decrease in federal funds available to meet SFY21 expenditures which increases the general fund need. Without the continuation of the FFY18 CCDBG federal revenue increase, the projected need for SFY21 would be approximately $31 million.</td>
<td>4,183,535</td>
</tr>
<tr>
<td>3</td>
<td>SFY20 Child Care Assistance Increasing Trends - Increased need is due to the increasing trend in the average monthly number of children served and a slightly increasing trend in the cost per child prior to the rate increase. The SFY19 appropriation, excluding the rate increase, funded an average of 25,127 children per month at a cost of $409.81 per child. The SFY20 projection is based on an average of 25,826 children per month at $411.76 prior to including the rate increase. This is an increase of 699 children per month and $1.95 per child.</td>
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</tr>
<tr>
<td>4</td>
<td>SFY21 Child Care Assistance Increasing Trends - Increased need is due to the increasing trend in the average monthly number of children served and a 0.5% increase in the average monthly cost per child. The SFY21 projection is based on an average of 26,355 children per month at a cost of $433.34 per child. This is an increase of 529 children per month and $2.22 per child.</td>
<td>3,436,425</td>
</tr>
<tr>
<td>5</td>
<td>SFY20 Child Care Assistance Annualization of the SFY19 Provider Rate Increase - The SFY19 appropriation directed the department to increase the CCA provider rates beginning 1/1/19 and appropriated $3 million for that purpose. The annual cost is $6 million. Funding for the other half year is needed to fully implement the rate increase on an annual basis in SFY20. The average monthly cost per child is projected to increase by $14.62, from $416.50 in SFY19 to $431.12 in SFY20.</td>
<td>3,000,000</td>
</tr>
<tr>
<td>6</td>
<td>SFY21 Child Care Assistance Annualization of the SFY19 Provider Rate Increase - The provider rate increase is fully implemented in SFY20 with no further increase for SFY21.</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>SFY20 Quality Set Aside Expenditure Increase - The federal quality set aside requirements increase from 11% to 12% for FFY20, requiring an increase in quality set aside expenditures of $1,009,072.</td>
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### Request - Child Care Assistance
#### State Fiscal Year 2021

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**Total Requested for Improved Results Funding:** $0

### General Fund Total

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<td>Health Care Trust Fund</td>
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<td>Other*</td>
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<tr>
<td><strong>Total</strong></td>
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<td>* Other:</td>
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</table>

### Federal Funding Total

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Assistance to Needy Families (TANF)</td>
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</tr>
<tr>
<td>Social Services Block Grant (SSBG)</td>
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</tr>
<tr>
<td>Federal Financial Participation (FFP)</td>
<td>$0</td>
</tr>
<tr>
<td>Other**</td>
<td>$63,780,008</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$110,946,834</strong></td>
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<tr>
<td>**** Other: Child Care Development Fund</td>
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</table>

### Other Funding Total

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### Request Total

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<tbody>
<tr>
<td><strong>Totals</strong></td>
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</table>

### FTEs included in request:

| FTEs | - |
**Purpose**
The Child Support Recovery Unit assists custodial parents to receive court-ordered child support payments. Recoveries also reimburse taxpayers for the cost of public assistance (welfare).

**Who Is Helped**
Eligibility for services:
- All people who receive public cash assistance from the Family Investment Program (FIP). Recoveries reimburse government benefits.
- All people who pay a one-time fee ($25) for help in recovering court-ordered support.

Number served:
- In SFY18, CSRU served 580,613 parents and children on 164,947 cases. Of these:
  - 8 percent receive FIP.
  - 53 percent formerly received FIP.
  - 39 percent never received FIP. These people asked for the state’s help in collecting child support and paid a one-time $25 fee.
- Caseloads are projected to remain level through SFY20 and SFY21.
- During SFY18, in cases where support had been established or modified by CSRU, the median annual income of a custodial parent served by CSRU was $16,728. For noncustodial parents served by CSRU, the median annual income was $20,616.

**Who Receives Child Support SFY18**
- Now Receiving FIP (8%)
- Former FIP (53%)
- Never FIP (39%)

**Number of Parents and Children Served**

**Median Annual Income for CSRU Families in SFY18**
In SFY18, nearly $15.8 million in collections went to state and federal governments to offset the cost of public assistance.

8.8 percent of custodial parents served by CSRU are male.

**Services**

- The CSRU helps parents establish paternity and support orders and enforces orders for support. Child support collections help families with children become self-sufficient.

- Customers are served by 21 field offices, a centralized employer call center, the Collection Services Center, and a central operations unit.

- CSRU sent 163,714 income-withholding notices to employers in SFY18. Seventy-nine percent of collections come from employer withholdings.

- In SFY18, the Collection Services Center (CSC) processed 2,713,890 child support payments, totaling $320.8 million.

- In SFY18, the CSRU filed 9,110 affidavits establishing paternity, 5,926 orders establishing paternity and support, and 3,991 modifications of support orders.

The average child support collected during SFY18 was $174.30 a month.

Child support helps address part of the estimated $948 per month it costs to raise a child.

In SFY19, 64 percent of the Child Support Recovery Unit operating budget is for staffing costs and 36 percent is for the support costs.
**Goals & Strategies**

Goal: Secure financial and emotional support for children from both parents.

Strategies:
- Collect child support in the month it is due. Timely support is essential to family self-sufficiency.
- Make it easy for employers to deduct child support from wages.

**Results:**
- In SFY18, CSRU collected nearly 73 percent of current support in the month due. Iowa routinely exceeds the national average.

![Graph showing Support Collected in the Month Due](image)

- CSRU collected $252.3 million from employers in SFY18. Iowa was the first state to operate one-stop service center for employers.

**Cost of Services**

The average annual cost for CSRU to provide services is $331 per case.

The CSRU collects an average of $2,092 annually per court-ordered case.

**Annual Costs & Collections per Case**

- During SFY19, each CSRU employee will collect an estimated $671,565 in child support.
- During SFY18, CSRU collected $15,602 per full-time equivalent (FTE) employee to reimburse the FIP program for public assistance provided, returning a significant portion of the state cost per FTE of $28,380.
- For every $1 spent to collect child support, $5.46 was collected for children, families, and to reimburse taxpayers for the cost of public assistance (welfare).
### Funding Sources
The Child Support Recovery Unit is funded by state dollars and federal funds, including a match via federal financial participation and federal incentives based on key performance areas.

The total budget for SFY19 is $54,655,553:
- $39,023,365 (71.4 percent) is federal funding.
- $14,586,635 (26.7 percent) is state general fund.
- $1,045,553 (1.9 percent) is other funding.

### Legal Basis

#### Federal:
- 42 U.S.C. §602(a)(2) Additionally, in accordance with TANF Maintenance of Effort (MOE) requirements at 42 U.S.C. §609(a)(8) and §652(g)

#### State:
- Iowa Code, Chapters 252B, 252C, 252D, 252E, 252F, 252H, 252I, 252J, 252K
- Iowa Administrative Code, 441 IAC 95, 96, 97, 98, 99, and 100.

### SFY19 Funding

- **State General Fund (27%)**
- **Federal Funds (71%)**
- **Other Funding (2%)**

**✓ In SFY19, CSRU will reimburse the FIP (welfare) program $6.0 million (state share) in public assistance collections.**

**✓ CSRU collections reimburse the FIP program for public assistance benefits. Thus without full funding for CSRU, decreased public assistance collections will become an additional funding need for the FIP program.**

**✓ Without full funding for CSRU, families will be impacted by a loss of collections.**