

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 707	House Committee:	PASSED 4/5/23 (24-0)
Committee:	Appropriations	House Floor:	PASSED 4/13/23 (99-0)
Floor Manager:	Rep. Joel Fry	Senate Floor:	PASSED 5/2/23 (49-0)
Date:	May 3, 2023	Governor:	
Staff:	Natalie Ginty (5-2063)		

Child Care Assistance

- This bill is based on proposed emergency rules from the Iowa Department of Human Services this winter. The bill ensures that in the future, DHHS will need to receive legislative approval to increase child care provider rates and expand eligibility of the Child Care Assistance program. The bill makes the other following changes:
 - Increases the number of hours required to be worked from 28 hours to 32 hours per week to qualify for CCA
 - Expands eligibility from 145% FPL to 155% FPL
 - Provides a \$10.8 million increase to child care providers that accept CCA children
- Fiscal note:
 - The 10% FPL increase for eligibility is estimated to cost \$8.7 million annually. The rate increase for child care providers is estimated to cost \$10.8 million annually, with a combined total of \$20.8 million.
 - The projected carryforward for the Child Care Assistance program is \$107.7 million in FY2023 and \$145 million in FY2024. DHHS estimates that these increased appropriations will not impact the state general fund in future fiscal years based on increased federal funds.

Section by Section Analysis

Section 1 (Iowa Code 237A.1)

Defines "child needing special needs care" as a child:

- With a developmental disability which substantially limits major life activities and receives professional treatment,
- With a condition which impairs the child's intellectual and social functioning; and/or
- That has a behavioral or emotional disorder characterized by situationally inappropriate behavior which deviates substantially from behavior appropriate to the child's age

Section 2 (Iowa Code 237A.13)

Codifies an increase to the number of hours required for those with children in basic care to be worked from 28 hours per week to 32 hours per week to qualify for state child care assistance.

Section 3 (Iowa Code 237A.13)

Codifies an increase to eligibility for the state child care assistance program from 145% FPL to 155% FPL. This section maintains other eligibility of 200% FPL for special needs children and 85% of state median gross monthly income.

Section 4 (Iowa Code 237A.13)

Prohibits DHHS from changing child care reimbursement or CCA eligibility without enabling legislation.

Section 5 (Iowa Code 237A.13)

Conforming change based on changes to FPL eligibility and hours worked.

Section 6 – DHHS – Increased State Child Care Reimbursement Rates

Requires DHHS to amend administrative rules to increase half-day reimbursement rates to at least the 65th percentile, but no more than the 80th percentile of the 2020 market rate survey.

Amendment Analysis

H-1343 by Senate – Increases eligibility to 160% FPL. By doing this, this increases the total amount from the Child Care Development Fund to \$25.7 million compared to last fiscal year, with \$13.2 million towards increased number of Iowans eligible for CCA and \$10.9 million towards increased child care provider rates.

- The projected carryforward for the Child Care Assistance program is \$107.7 million in FY2023 and \$145 million in FY2024. DHHS estimates that these increased appropriations will not impact the state general fund in future fiscal years based on increased federal funds.

	As Proposed	As Amended	Difference
Increase rate	\$ 10,888,051.20	\$ 10,888,051.20	\$ -
Increase eligibility	\$ 8,699,996.64	\$ 13,158,992.64	\$ 4,458,996.00
Increase rate and eligibility overlap	\$ 1,074,672.00	\$ 1,635,671.04	\$ 560,999.04
	\$ 20,662,719.84	\$ 25,682,714.88	\$ 5,019,995.04