Child Care & Development Block Grant in Iowa

The Child Care & Development Block Grant (CCDBG) is the primary federal grant program that allows states to provide child care assistance to low-income working families with children under age 13. The majority of these funds serve children 6 years or younger, with the remainder supporting care for older children during out-of-school time.

Subsidies help remove barriers to affordable, high-quality child care, whether in center- or home-based settings. They give working parents the ability to access quality care and choose the type of care that works best for them. The majority of funds go directly to providing early learning experiences, but states can also use the funding to:

- Recruit and retain a well-qualified, fairly compensated, and effective workforce
- Support continuous quality improvement
- Meet the child care needs of families working nontraditional hours

How CCDBG Funds Flow
Using an established federal formula, states, territories, and tribal entities receive grant awards from the Department of Health and Human Services, Administration for Children and Families (ACF).

Parents
Families can use vouchers to help cover the cost of care if a provider/program agrees to accept them.

Providers
Grants and contracts represent agreements between the subsidy program and child care providers to designate slots for subsidy-eligible children.

In Iowa, 39% of children ages 0-6 are eligible for a CCDBG subsidy under federal rules on average each month. However, of these children 88% are not served due to insufficient federal funding.

Income Eligibility
Given CCDBG is a federal block grant, state Lead Agencies have the flexibility to design their own subsidy programs in compliance with established eligibility and quality requirements and may choose to set their own additional requirements.

The Lead Agency in Iowa is the Iowa Department of Human Services.

Families that meet income eligibility and work/job training/education requirements can apply to the Lead Agency for a subsidy. Many families are required to pay a copay, but states may waive those requirements. Families who receive a subsidy may choose any participating child care provider, including center-based care (including faith-based programs), home-based care, and in-home care.

In Iowa, eligibility is capped at 44% of State Median Income (SMI). This means that a family of 3 is eligible for a subsidy if they make: $2,511 or less per month ($30,132 per year).

CCDBG by the Numbers in Iowa

- **236,046** Children Under 6
- **73%** Population Under 6 with All Parents in the Workforce
- **10,496** Children Ages 0-6 Served by CCDBG and Mandatory Funds
- **3,000** Providers Accepting CCDBG Subsidies
- **64%** Children Currently Served by CCDBG Who Are Under the Age of 6
- **$78,312,415** CCDBG and Mandatory Funds
- **$7,772,457** CCDBG State Match
- **$496,298,196** CCDBG COVID-Relief Allocations: CARES | CRRSA | ARPA (CCDF + Stabilization)
- **$26,205,412** TANF Transferred to CCDBG

Income Eligibility

- **$2,511 or less** per month ($30,132 per year) for a family of 3 in Iowa, capped at 44% of State Median Income (SMI), to qualify for a CCDBG subsidy.
Throughout the pandemic, there was strong bipartisan support for federal relief funding to keep the child care sector afloat. CCDBG was the primary mechanism for providing this relief to child care providers and ensuring access to child care for thousands of working families through CARES, CRRSA, and ARPA. As of December 31, 2022:

2,155 child care programs in Iowa received American Rescue Plan Stabilization support, impacting up to 73,900 children.

Providers in 98% of Iowa counties have received funds, including:

**Most common use of funds:** Personnel costs and keeping programs staffed.

**Most common use of funds:** Rent and mortgage payments, typically their largest operating expense.

American Rescue Plan Act Spending Spotlight

Funds have been used to support and stabilize the workforce through wage bonuses. Through the Iowa Worker Premium Pay Program, early educators received recruitment and retention bonuses of $1,000 each.

Federal pandemic relief funding, which buttressed an already struggling child care market, expires in September 2024. As this temporary funding expires, Congress must come together to strengthen and invest in our federal early learning and care programs so families can access the reliable, high-quality, affordable child care they depend on.

In Iowa, providers are reimbursed at a far lower rate than recommended. Low payment rates make it difficult for providers to stay financially afloat and provide high-quality learning experiences. They also force low- and middle-income working families to pay higher child care fees to compensate.

Receiving subsidies results in much lower out-of-pocket costs for families. In Iowa, a family receiving a CCDBG subsidy pays between $8 and $138 out-of-pocket per month.

Families with very low incomes and families receiving TANF are exempt from copayments.

Families that don’t receive subsidies pay significantly higher costs. For instance, center-based infant care ranges in price from $635 to $1,124 in Adams County and Dallas County, respectively.

Find more information on child care prices by age and care setting in your state or county here.

Provider Reimbursements

ACF recommends that Lead Agencies set provider reimbursement rates at the 75th percentile of the market rate. This is the price the lowest 75% of child care programs included in the market rate survey reported charging.

However, market rates often do not reflect the actual costs of providing high-quality care as programs must charge what families can afford in order to fill slots. Therefore, there is a significant gap between how much providers are reimbursed and how much it costs to provide care. Find answers to the most frequently asked questions about provider reimbursement rates here.

**Provider Reimbursement Rates in Iowa**

In percentiles of market rate

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