Child Care Assistance and LIHEAP  
TWO PRIORITIES FOR SUPPORTING WORKING FAMILIES

Child Care Assistance

**Legislative Request**

Increase the income eligibility for child care assistance to 155% of the federal poverty level (with co-payments that increase as income rises) to begin to address the cliff effect and offer more children access to high-quality early-learning environments.

**Why it matters**

The future prosperity of Iowa depends on our ability to support our next generation. Affordable, high-quality child care provides a foundation for lifelong productivity. Iowa’s child-care system has a strong base to build on—it’s filled with caring, talented providers and parents wanting the best for their kids—but it still too often falls short.

The need for care is particularly great in Iowa, which ranks third in the U.S. in the percent of children under age six with all parents in the labor force (74 percent).

The state’s child-care eligibility limit, however, does not adequately support many working families—and excludes many of the children who would benefit most from high-quality early childhood experiences.

Iowa’s child-care assistance program’s income eligibility limit of 145 percent of the federal poverty level ($34,147 for a family of four) is one of the lowest in the country. In 2013, only seven states had a ceiling lower than Iowa’s. In 30 states the threshold was 165 percent of poverty or higher, and in 16 of those, the threshold was at or above 200 percent.

When low-income working parents get a better job or a pay raise that pushes them even slightly above 145 percent of poverty, they find themselves suddenly much worse off. For example, as a married couple with two children, both working, moves from just below to just over the threshold, they see their total resources fall by $8,905 (see Iowa Policy Project’s “Reducing Cliff Effects in Iowa Child Care Assistance”).

Such a drastic “cliff” harms families and is a disincentive for workers to increase work hours, accept raises or advance to a better paying job. In order to support working families in their quest to improve their lives, the child care assistance eligibility level must be raised.

To learn more about child care assistance, contact Danielle Oswald-Thole of the Child and Family Policy Center at 515-778-8187.

Low Income Home Energy Assistance Program

**Legislative Request**

Support a $2 million LIHEAP appropriation to help low-income households to avoid disconnection from their utility provider.

**Why it matters**

It has been a long, cold winter—indeed, the ninth coldest winter since records have been kept. Iowans across the state have seen significant increases in their utility bills and have struggled to stay current. This is especially true for households using propane to heat their homes, as the cost for propane increased substantially this season. For households with limited
incomes, these increased costs have been insurmountable. Many have fallen behind.

The need for assistance with the propane among households participating in the Low Income Home Energy Assistance Program (LIHEAP) has been great:

- In December 2013, Community Action Agencies (CAA)s made 43 emergency deliveries of propane to LIHEAP households ($35,019)
- In January 2014, CAAs made 531 emergency deliveries of propane to LIHEAP ($236,804)
- In February 2014, CAAs made 955 emergency deliveries of propane to LIHEAP ($489,996)

According to the Iowa Utility Board, among households who are customers of investor-owned utilities (IOUs):

- Total revenue owed to IOUs in January 2014 was $41,838,051, the highest ever reported in any month
- Total revenue owed to IOUs for LIHEAP recipients was $9,524,322, the highest ever recorded in a January
- Past-due accounts for LIHEAP recipients generally peak in February or March, so we should anticipate the worst is yet to come

These facts justify a state appropriation to support households struggling to maintain a stable home environment. Iowa does not invest state funds into LIHEAP. This year, some of our neighboring states, including Missouri and Minnesota, have made state appropriations. The Minnesota State Legislature voted to suspend the rules and unanimously allocated $20 million in state dollars to LIHEAP.

The harsh winter temperatures have played havoc on low-income households—and the worst is yet to come. When an expected 35,000 LIHEAP recipients come to a community action agency to get emergency help catching up on their utility bill in April, when the winter moratorium on utility shutoffs ends, there will very few resources available to assist them.

Typically a CAA can use the Emergency Crisis Intervention Program (ECIP) to help, but more than $700,000 of these funds have already been used to assist propane households due to the severe winter and high propane costs. Assistance with furnace repairs and replacement also comes from the ECIP funds, and agencies have been overwhelmed with requests for assistance because of damage incurred this winter.

To learn more about LIHEAP, contact Lana Ross of the Iowa Community Action Association at 515-681-9298.

The Iowa Human Needs Advocates is a group of organizations working to promote and advocate for public policy that assures justice and equity for all Iowans.

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