Office of Child Care

National Center on Child Care Subsidy Innovation and Accountability

PROGRAM INTEGRITY FACT SHEET

The Office of Child Care (OCC) has implemented a comprehensive approach to strengthen program integrity to ensure that Child Care and Development Fund (CCDF) funds are utilized appropriately and efficiently to best serve low-income eligible families. One important strategy is the Error Rate Review process which assists States in reducing improper payments.

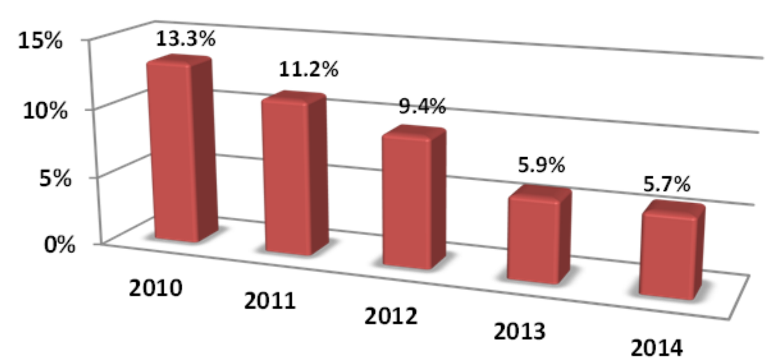
CCDF ERROR RATE REVIEW PROCESS

All 50 States, the District of Columbia, and Puerto Rico complete the Error Rate Review once every three years on a rotational cycle with one-third of the States reporting each year during the three-year cycle. The Error Rate Review process is now in its third three-year cycle with the 18 Year-1 States having completed their third cycle of reviews, reporting in June 2014. The results from the Year-1 States' third-cycle reviews were combined with the results of Year-2 (FY 2012) and Year-3 (FY 2013) States' second-cycle submissions to generate the CCDF national error rate for FY 2014. It is important to note that the error rate methodology was revised in FY 2014 to measure improper payments rather than improper authorizations for payment.

CCDF ERROR MEASURES

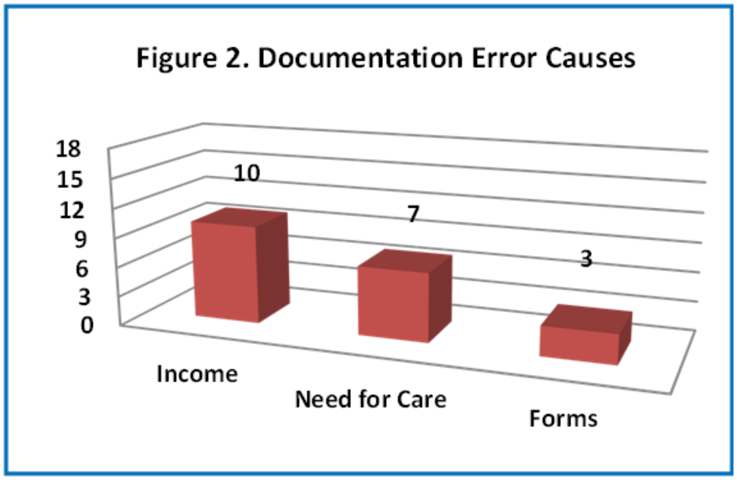
In **Figure 1**, the CCDF error rate declined from 5.9 percent in 2013 to 5.7 percent in 2014, and has declined every year since 2010. More than three-quarters of the States (40) have error rates less than 10 percent.

Figure 1. CCDF National Error Rates for 2010-2014



CAUSES OF IMPROPER PAYMENT ERRORS

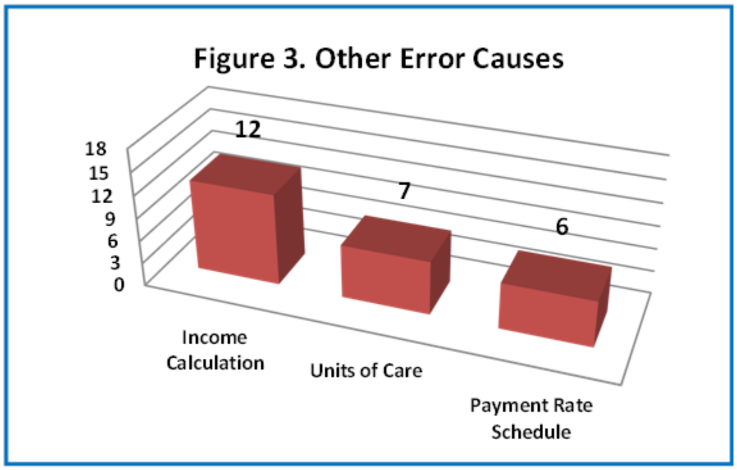
The 18 Year-1 States found that about a third of the cases (30 percent) with improper payment errors were due to missing or insufficient documentation.



In **Figure 2**, the 18 Year-1 States' most frequent causes of documentation errors were related to:

- Paystubs or income verification (10 States)
- Need for care, such as work or school schedules (7 States)
- Application or redetermination forms (3 States)

States also cited missing documentation for provider registration and licenses, special needs verifications, and documentation related to self-employment.



In **Figure 3**, the 18 Year-1 States' most frequently cited other causes of improper payment errors included:

- Incorrect income calculation (12 States)
- Incorrect authorization for hours of care/units (7 States)
- Incorrect provider payment rate or reimbursement amount (6 States)

States also cited errors in relation to the parent fee amount, client activity requirements, change reporting, and data entry.

STATES' STRATEGIES TO REDUCE ERRORS

Year-1 States identified the following implementation actions to correct improper payment error causes:

- **Training and technical assistance**: Including technical assistance for eligibility staff on error-prone issues, clarifications of policy, or IT systems training
- **Ongoing quality assurance reviews**: Including ongoing audits and reviews, and implementing corrective action plans for eligibility agencies with high error rates
- **Policy revisions**: Including review and possible revisions of program policy and procedures
- **IT systems**: Including enhancing IT systems to reduce errors; for example, implementing additional rules or warnings to prevent data entry errors