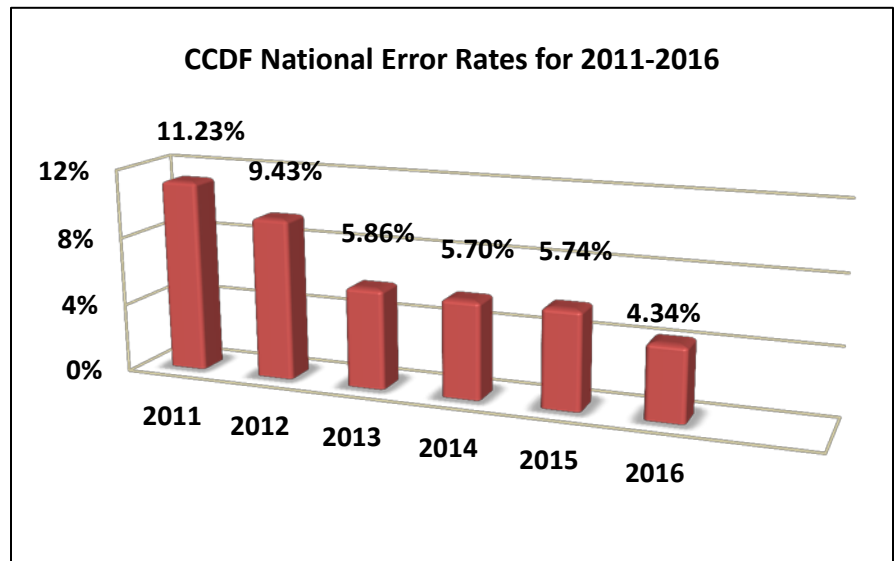




The Office of Child Care (OCC) has implemented a comprehensive approach to strengthen program integrity, to ensure that Child Care and Development Fund (CCDF) funds are utilized appropriately and efficiently to best serve families and children. One important strategy is the Error Rate Review, which assists States in identifying and reducing errors, including those causing 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. Results from States reporting in June 2016 were combined with the results from States reporting in 2014 and 2015 to generate the CCDF National Error Rate for FY 2016. In 2016, the Error Rate Review process completed its third three-year cycle.



CCDF Error Measures

The figure on the right displays the CCDF National Error Rates from the past two cycles (six years). The National Error Rate decreased from 5.74 percent in 2015 to 4.34 percent in 2016. This is a substantial decrease, following a slight increase in 2015. The National Error Rate remains below the 10 percent required threshold.

Of the 17 States reporting in 2016, 14 States had error rates below 10 percent. Over the three years of the third cycle, 47 of 52 States reported error rates below 10 percent.

Several States saw large declines in their error rates from the prior cycle, which contributed to the decline in the National Error Rate. These States cited several improvements made in this cycle, including:

- Building staff capacity to include additional or back-up staff to support the review process.

- Clearly defining errors to better align with policy, and ensuring all reviewers applied error definitions uniformly.
- Providing trainings, including refresher trainings, for all review staff.

Causes of Improper Payment Errors

The 17 States reporting in 2016 found that about 42 percent of improper payment errors were due to missing or insufficient documentation.

The most frequent causes of missing or insufficient documentation errors involved:

- Verification of work activity
- Work or activity schedules to determine need for care
- Application forms, redetermination forms, or family files
- Child support verifications

States also cited missing or insufficient documentation related to child care vouchers, income verification, and provider health and safety requirements. One State reported no missing or insufficient documentation errors.

Fifty-eight percent of improper payment errors were due to causes other than missing or insufficient documentation. The most frequent causes of other improper payment errors involved:

- Income calculation
- Level of care
- Payment rate

State also cited errors related to failing to act on reported changes and child support sanctions.

States' Strategies to Reduce Errors

The 17 States reporting in 2016 identified the following implementation actions to correct causes of improper payment errors:

- **Training and technical assistance:** Increasing the training and technical assistance available to eligibility agencies.
- **Policy and procedural changes:** Reviewing and clarifying or revising policy in response to errors identified.
- **Ongoing case reviews:** Conducting case reviews in between review cycles to monitor errors and identify problem areas.
- **Staffing changes:** Hiring additional staff to provide oversight and monitoring, or staff reorganization to allow offices to become more specialized.
- **New or upgraded forms or documentation for eligibility staff:** Creating, or making changes to, forms and instructions used in eligibility determinations.
- **IT system upgrades:** Enhancing or upgrading IT systems to assist in making eligibility determinations and increasing accuracy.