

<h1>ACF</h1> <p>Administration for Children and Families</p>	<h2>U.S. Department of Health and Human Services</h2>	
	<b>1. Log No: CCDF-ACF-PI-2007-08</b>	<b>2. Issuance Date: October 16, 2007</b>
	<b>3. Originating Office: Child Care Bureau, Office of Family Assistance</b>	
	<b>4. Key Words: Child Care Development Fund Error Rate Final Rule</b>	

**TO:** State and Territorial Lead Agencies administering child care programs under the Child Care and Development Block Grant Act of 1990 (the CCDBG Act), as amended, and other interested parties.

**SUBJECT:** Publication of Child Care and Development Fund (CCDF) Error Rate Reporting Final Rule and associated *Data Collection Instructions*.

**REFERENCES:** The CCDBG Act; Section 418 of the Social Security Act; 45 CFR Parts 98 and 99; 72 Federal Register 50889–50900; 72 Federal Register 51639; the Improper Payments Information Act of 2002 (IPIA).

**PURPOSE:** To inform States and Territories of publication of the CCDF Error Rate Reporting Final Rule amending 45 CFR Part 98 of CCDF regulations to add a new Subpart K – Error Rate Reporting. The rule was published on September 5, 2007 and is available at: [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2007\\_register&docid=fr05se07-7.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2007_register&docid=fr05se07-7.pdf)

To transmit to States and Territories the associated *Data Collection Instructions* that will be used to implement the Final Rule as approved by the Office of Management and Budget (OMB) under OMB #0970-0323 (expiring August 31, 2010). The instructions include the Record Review Worksheet (AC-400); Data Entry Form (ACF-401); and the State Improper Authorizations for Payment Report (ACF-402), as attachments.

**BACKGROUND AND POLICY:** The Improper Payments Information Act of 2002 (IPIA) requires Federal agencies to identify programs that are vulnerable to improper payments and to estimate annually the amount of underpayments and overpayments made by these programs. According to IPIA, Federal agencies must report on the actions they are taking to reduce improper payments if the estimated amount of improper payments for an activity or program exceeds \$10 million and 2.5 percent of program payments. CCDF has been identified by OMB as a program susceptible to significant erroneous payments and for which improper payment information is required under the IPIA.

The Error Rate Reporting Final Rule revises CCDF regulations to provide for the reporting of error rates in the expenditure of CCDF grant funds by the fifty States, the District of Columbia, and Puerto Rico in accordance with an error rate methodology established by the Secretary of Health and Human Services (HHS). The error rate reports will serve to implement the provisions of the IPIA and the President's Management Agenda (PMA) goal of "Eliminating Improper Payments."

The initial methodology and reporting requirements associated with the final rule focus on administrative errors associated with client eligibility and improper authorizations for payment as detailed in the accompanying *Data Collection Instructions* titled "Measuring Improper Authorizations for Payment in the Child Care Program." ACF will use the improper authorizations for payment error rates and amount for each State, the District of Columbia, and Puerto Rico to compute a national improper authorizations for payment rate that will be annually reported in the HHS' Performance and Accountability Report (PAR) beginning with the fiscal year 2008 PAR.

A three-year rotational cycle will be used to measure improper authorizations for payment in the States, the District of Columbia, and Puerto Rico. The first cohort of States (including Puerto Rico) subject to the final regulations will need to complete their reviews and submit their data to ACF on or before June 30, 2008.

**ADDITIONAL  
QUESTIONS:**

Additional questions should be directed to the appropriate Regional Office (see attached list).

**ATTACHMENTS:**

1. A copy of the *Data Collection Instructions*
2. Child Care Bureau Program Managers in ACF Regional Offices

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Director  
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cc: ACF Regional Child Care Program Managers

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