PART 1

# Administration

States and Territories apply to receive funds through the Child Care and Development Fund (CCDF) program by submitting a CCDF Plan every 2 years in accordance with CCDF regulations. Each State and Territory must designate a Lead Agency, which has broad authority to administer the program either directly or through other governmental or nongovernmental agencies. However, the Lead Agency retains overall responsibility and serves as the point of contact for the administration of the program.

In Part 1 of the CCDF Plan, the Lead Agency provides information about the estimated funds available for child care services funded through CCDF, including Temporary Assistance for Needy Families (TANF), state-funded prekindergarten, and private donated funds. The Lead Agency is required to provide information about the overall management of CCDF services, including contracting practices, implementation of child care services such as eligibility determination and provider payments (also known as certificate programs), and policies to prevent and reduce improper payments.

## Section 1.1 and 1.2 – Lead Agency Information and CCDF Contact Information

In this section of the CCDF Plan, States and Territories identify their CCDF Lead Agency, the agency that "… has been designated by the Chief Executive Officer of the State (or Territory), to represent the State (or Territory) as the Lead Agency. The Lead Agency agrees to administer the program in accordance with applicable Federal laws and regulations and the provisions of this Plan, including the assurances and certifications appended hereto." (**658D, 658E**) Responses to questions 1.1 and 1.2 serve as the Lead Agency's official and formal notification to the Administration for Children and Families of any changes in the administration and location of the Lead Agency and contact for the State or Territory CCDF program. If the Lead Agency uses Web sites or phone lines to communicate with and disseminate information to the public, they are noted in these sections. The CCDF Lead Agency may be located within the departments of human and social services, education, employment services, or other agencies.

The second section of this report includes a profile of each State and Territory, which provides the name of and contact information for each designated Lead Agency. This list is also available at http://nccic.acf.hhs.gov/statedata/dirs/display.cfm?title=ccdf.

## Section 1.3 – Estimated Funding

*The Lead Agency estimates that the following amounts will be available for child care services and related activities during the 1-year period: October 1, 2007 through September 30, 2008.* **(§98.13(a))**

States and Territories provide an estimate of the amount of funds available for child care services and related activities. Lead Agencies provide the total Federal CCDF estimated funds, including Discretionary, Mandatory, and Matching Funds. They also indicate the estimated TANF direct expenditure on child care services and the estimated TANF funds transferred to the CCDF program. Estimated non-Federal CCDF funds, including the State Matching Funds, Maintenance of Effort (MOE), and other State monies, also are provided in this section.

In the CCDF Plans, these estimates are provided for informational purposes and only cover the first fiscal year of the CCDF Plan period (i.e., October 1, 2007, through September 30, 2008). These estimates are not subject to compliance actions, and funds are not distributed based on these estimates, so actual figures are not included in this report.

## Section 1.4 – Estimated Administration Cost

*The Lead Agency estimates that the following amount (and percentage) of Federal CCDF and State Matching Funds will be used to administer the program (not to exceed 5 percent).* **(658E(c) (3), §§98.13(a), 98.52)**

Administrative costs are capped at 5 percent of the State and Territory CCDF allocation, as required by the CCDF regulations. States and Territories provide their estimated administrative costs based on their estimated CCDF funds. For the most up-to-date CCDF expenditure information, refer to the CCDF expenditure tables at www.acf.hhs.gov/programs/ccb/data/index.htm#expenditure.

## Section 1.5 – Administration of the Program

*Does the Lead Agency directly administer and implement all services, programs and activities funded under the CCDF Act, including those described in Part 5.1 – Activities & Services to Improve the Quality and Availability of Child Care, Quality Earmarks and Set-Aside?*

Only eight States and Territories (AR, AS, CNMI, GU, KY, NM, OK, VI) indicate that all services are directly implemented by the CCDF Lead Agency. CCDF-funded services in the remaining States and Territories are implemented by a combination of government and nongovernmental entities, which may include the CCDF Lead Agency.

Table 1.5-A shows which types of agencies are responsible for implementing different types of services discussed in section 1.5 of the CCDF Plan Preprint. Nearly 50 percent of all States and Territories report that the Lead Agency determines eligibility for TANF and non-TANF families. In 70 percent of States and Territories, the Lead Agency or other government agencies makes provider payments. Nearly two-thirds of States and Territories contract with nongovernmental agencies, such as child care resource and referral (CCR&R) agencies, to implement services that assist parents in

**TABLE 1.5-A**
**Entities Providing CCDF Services**

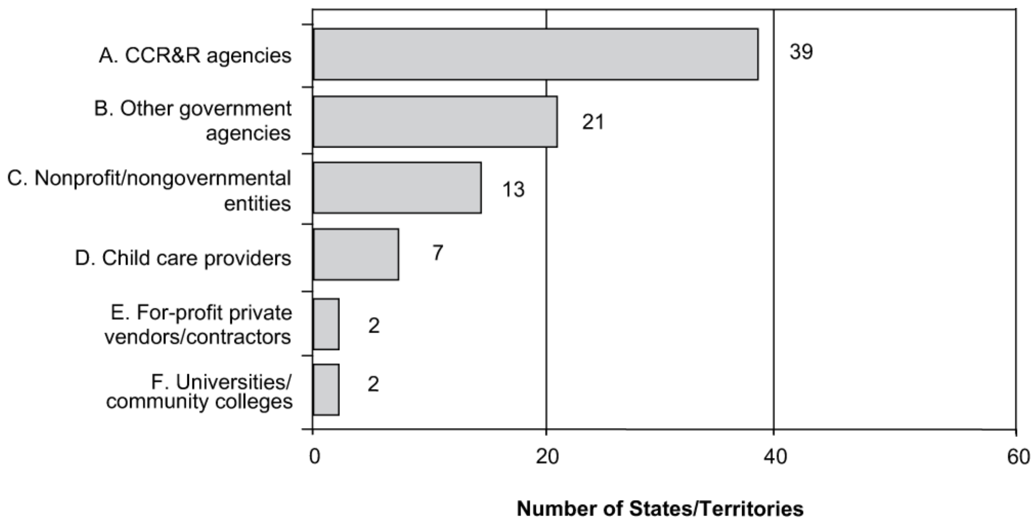
| Service/ Activity | Lead Agency | | Other Government Agencies | | Nongovernmental Agencies | | Combination of Government and Nongovernmental Agencies | |
|---|---|---|---|---|---|---|---|---|
| | Number of States/ Territories | State/ Territory | Number of States/ Territories | State/ Territory | Number of States/ Territories | State/ Territory | Number of States/ Territories | State/ Territory |
| Determines eligibility for TANF families | 26 | AK, AR, AS, CNMI, DC, DE, GA, GU, HI, IA, ID, KS, KY, LA, ME, MI, MO, NE, NM, OK, RI, SC, SD, UT, VI, WY | 15 | CO, MA, MD, MN, MS, NC, ND, NJ, NY, OH, OR, PA, PR, VA, WA | 7 | AZ, CT, IL, MT, NH, VT, WV | 8 | AL, CA, FL, IN, NV, TN,* TX, WI |
| Determines eligibility for non-TANF families | 24 | AR, AS, AZ, CNMI, DE, GA, GU, IA, ID, KS, KY, LA, MI, MO, NE, NM, OK, OR, RI, SC, SD, UT, VI, WY | 8 | CO, MD, MN, NC, ND, NY, OH, WA | 13 | CT, FL, HI, IL, IN, MA, ME, MS, MT, NH, PA, VT, WV | 11 | AK, AL, CA, DC, NJ, NV, PR, TN,* TX, VA, WI |
| Assists parents in locating care | 9 | AR, AS, CNMI, GA, GU, KY, NM, OK, VI | 2 | MI, NE | 33 | AZ, CA, CO, CT, DC, DE, FL, HI, IA, ID, IL, IN, KS, MA, MD, ME, MN, MO, MS, MT, NC, ND, NH, OR, PA, RI, SC, SD, VT, WA, WI, WV, WY | 12 | AK, AL, LA, NJ, NV, NY, OH, PR, TN,* TX, UT, VA |
| Makes provider payment | 31 | AK, AL, AR, AS, AZ, CNMI, CT, DC, DE, GU, IA, ID, KY, LA, MI, MO, MT, NE, NH, NM, OK, OR,* RI, SC, SD, TN, UT, VI, VT, WI, WY | 8 | CO, MD, MN, NC, ND, NY, OH, WA | 9 | FL, GA, IN, KS, ME, MS, NV, PA, WV | 8 | CA, HI, IL, MA, NJ, PR, TX, VA |
| Implements quality activities | 10 | AR, AS, CNMI, DC, GU, KY, MD, NM, OK, VI | 5 | DE, GA, MI, NE, OH | 10 | CA, IL, ME, MN, ND, NH, PA, SC, SD, TN | 31 | AK, AL, AZ, CO, CT, FL, HI, IA, ID, IN, KS, LA, MA, MO, MS, MT, NC, NJ, NV, NY, OR, PR, RI, TX, UT, VA, VT, WA, WI, WV, WY |

*Tennessee indicates that the Lead Agency directly implements services such as eligibility and CCR&R services in some geographic areas in the State, and contracts for services in other geographic areas. In Oregon, the Lead Agency and another government agency i.e., the (Department of Human Services) make the provider payments.

finding care. States and Territories most commonly implement their quality activities through a combination of governmental and nongovernmental agencies, including the Lead Agency.

Forty-eight States and Territories contract with at least one other entity to implement CCDF-funded services. Figure 1.5 illustrates the types of entities other than the Lead Agency that determine eligibility, issue provider payments, or help parents find care. Thirty-nine contract with CCR&R agencies, and 21 contract with other government agencies, which may include TANF agencies. Others contract with child care providers and family child care networks, universities and colleges, and other nongovernmental entities.

**FIGURE 1.5**
**Other Entities That Administer and Implement Child Care Services**




| | |
|---|---|
| **A** | AK, AL, AZ, CA, CO, DC, DE, HI, IA, IL, IN, KS, LA, MA, MD, ME, MN, MO, MT, NC, ND, NE, NH, NJ, NV, OH, OR, PA, RI, SC, SD, TX, UT, VA, VT, WA, WI, WV, WY |
| **B** | AK, CA, CO, HI, IN, MA, MD, MN, MS, NC, ND, NJ, NY, OH, OR, PA, PR, TX, VA, WA, WI |
| **C** | AK, CA, CT, FL, HI, MA, ME, MS, NV, TN, TX, VA, WI |
| **D** | CA, DC, IL, MA, NH, NJ, PR |
| **E** | AZ, GA |
| **F** | ID, NV |

*If the Lead Agency uses outside agencies to deliver services and activities,* ***describe*** *how the Lead Agency maintains overall control.*

As shown in Table 1.5-B, 45 States and Territories that implement services through contracts and agreements indicate that the Lead Agency maintains oversight of all services through multilevel monitoring strategies, including caseload audits, onsite visits, financial audits, reviews of provider attendance and billing records, and other strategies. Some States and Territories require contractors and grantees to provide service data reports on a regular basis, including programmatic and financial data. Others indicate that contractors and grantees are required to provide a workplan for all services implemented through the contract or agreement.

States and Territories implement several strategies to ensure that services provided by other agencies are in compliance with Federal and State regulations and meet the standards set forth by the Lead Agency in contracts and agreements. Twenty-eight Lead Agencies report that rules, guidelines, and policies for CCDF services are established by the Lead Agency. Nineteen States and Territories also indicate that technical assistance and/or training is provided by the Lead Agency to all contractors and grantees to ensure that CCDF services are implemented according to the Lead Agency's guidelines. Of these 19, some also report that periodic evaluation and meetings help identify problem areas.

Another important strategy mentioned by States and Territories is performance-based contracting. Lead Agencies report that contracts include benchmarks or indicators to measure service accessibility, timeliness and efficiency of service delivery, accuracy in eligibility determination and provider payment processes, fiscal and financial compliance, and other indicators.

**TABLE 1.5-B**
**Lead Agency Activities to Maintain Control Over Other Agencies/Entities**

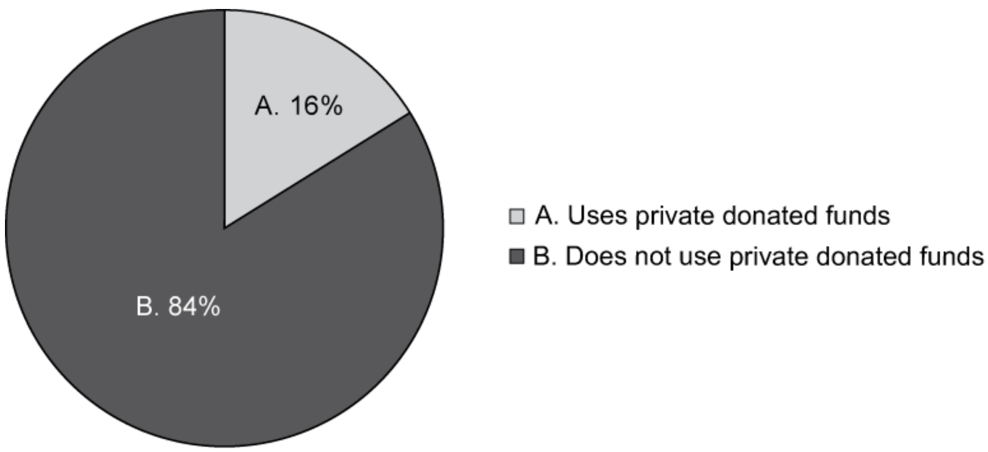
| Activity | Number of States/ Territories | State/Territory |
|---|---|---|
| Monitors contractors and/or local government agencies | 45 | AK, AL, AZ, CA, CO, CT, DC, FL, HI, ID, IL, IN, KS, LA, MA, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NV, NY, OH, OR, PA, PR, RI, SC, SD, TN, TX, UT, VA, VI, VT, WA, WI, WV, WY |
| Establishes rules and policies for all child care services | 28 | AK, AL, AZ, CO, HI, IA, IN, LA, MA, ME, MN, MT, NC, ND, NE, NJ, NY, OH, PA, PR, SD, TN, TX, VA, VI, VT, WI, WV |
| Maintains budgetary and fiscal control | 28 | AK, AL, AZ, CA, CT, HI, ID, IL, IN, LA, MA, MD, MN, MS, MT, NC, OH, OR, PA, PR, RI, SC, SD, TX, VA, VI, WA, WV |
| Specifies performance indicators or measures in contracts | 24 | AK, CO, DC, DE, FL, IL, IN, KS, LA, MA, ME, MN, NC, NE, NH, NJ, NY, OR, TN, TX, UT, VA, WI, WY |
| Provides technical assistance and/or training to all contractors and grantees | 19 | AK, AL, CA, CO, DC, FL, HI, LA, MA, MN, MT, NC, ND, SC, TN, VT, WA, WI, WV |
| Has interagency memorandum of understanding/coordination | 16 | AZ, CA, CO, DC, DE, IA, LA, MD, MI, MO, NE, NV, NY, VA, WA, WI |

# Section 1.6 – Use of Private Donated Funds

*Will the Lead Agency use private funds to meet a part of the matching requirement of the CCDF pursuant to §98.53(e)(2)?*

As seen in Figure 1.6, some Lead Agencies use private donated funds to meet their CCDF State Matching Fund requirements. In the CCDF Plans for Fiscal Years (FY) 2008–2009, nine States (CO, FL, MA, MT, NV, NY, OR, SD, TX) report using private donated funds to meet their State Matching Fund requirements. Of these nine, four (MT, OR, SD, TX) report that private donations are given directly to the Lead Agency. Five States (CO, FL, MA, NV, NY) report that a nongovernmental entity, such as the United Way, is designated to receive private donated funds.

**FIGURE 1.6**
**Use of Private Donated Funds***



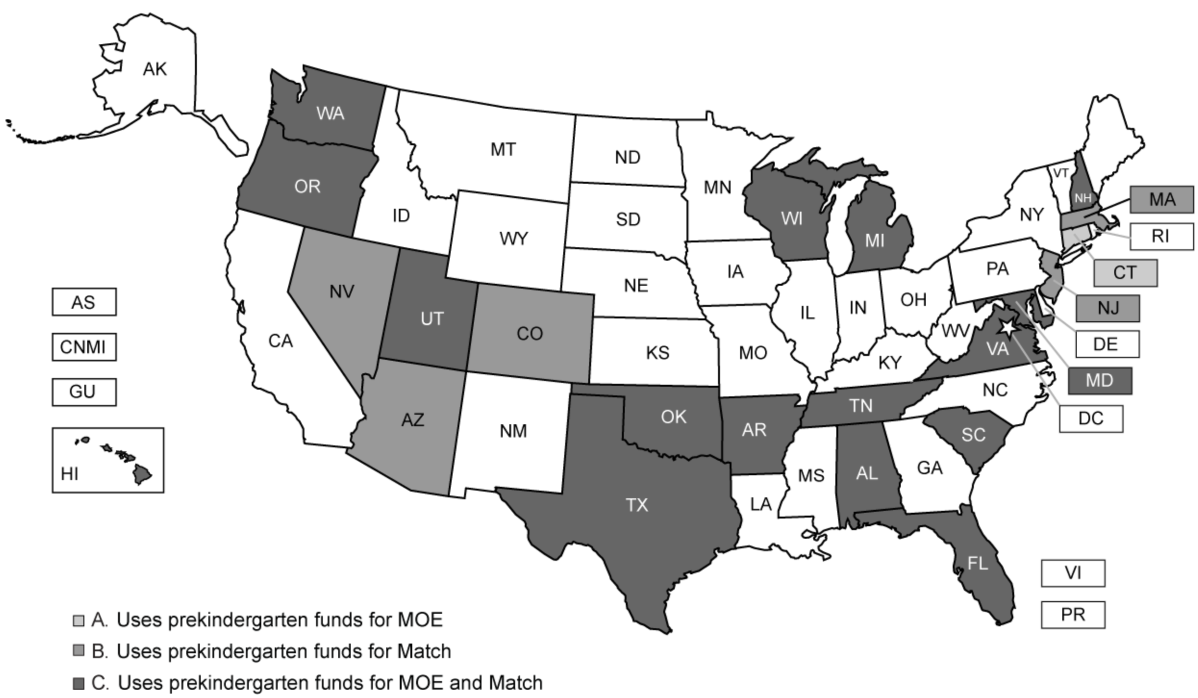

| Category | State/Territory | Total |
|---|---|---|
| A | CO, FL, MA, MT, NV, NY, OR, SD, TX | 9 |
| B | AK, AL, AR, AS, AZ, CA, CNMI, CT, DC, DE, GA, GU, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MS, NC, ND, NE, NH, NJ, NM, OH, OK, PA, PR, RI, SC, TN, UT, VA, VI, VT, WA, WI, WV, WY | 47 |

*This figure represents data from all 56 States and Territories; categories are mutually exclusive.

# Section 1.7 – Use of State Prekindergarten Expenditures for CCDF-Eligible Children

CCDF regulations allow States and Territories to use public prekindergarten funds for up to 20 percent of MOE, as long as full-day/full-year expenditures have not been reduced, and/or up to 30 percent of Matching Funds, as long as efforts are undertaken to ensure that prekindergarten programs meet the needs of working parents. If Lead Agencies use prekindergarten expenditures to meet more than 10 percent of MOE or Match requirements, they must coordinate prekindergarten and child care services to expand the availability of child care. As shown in Figure 1.7, 22 States use public prekindergarten funds to meet their MOE and/or Match requirements.

**FIGURE 1.7**
**Use of Prekindergarten Funds**




| Category | State/Territory | Total |
|---|---|---|
| A | CT | 1 |
| B | AZ, CO, MA, NJ, NV | 5 |
| C | AL, AR, FL, HI, MD, MI, NH, OK, OR, SC, TN, TX, UT, VA, WA, WI | 16 |

## Section 1.7.1 – Prekindergarten Spending and State MOE

*During this plan period, will State expenditures for Pre-K programs be used to meet any of the CCDF maintenance of effort (MOE) requirement?*

*The State assures that its level of effort in full day/full year child care services has not been reduced, pursuant to* **§98.53(h)(1)**.

*Estimated percentage of the MOE requirement that will be met with pre-K expenditures. (Not to exceed 20%.)*

*If the State uses Pre-K expenditures to meet more than 10% of the MOE requirement, the following* ***describes*** *how the State will coordinate its Pre-K and child care services to expand the availability of child care.* (**§98.53(h)**(4))

FY 2008–2009 CCDF Plans indicate that 17 States use public prekindergarten funds to meet State MOE requirements. Fourteen of these States (AR, CT, FL, MD, MI, OK, OR, SC, TN, TX, UT, VA, WA, WI) report using the maximum prekindergarten funds allowed by CCDF regulation, 20 percent of MOE. The remaining three States (AL, HI, NH ) report using prekindergarten funds to meet between 6 percent and 11 percent of MOE requirements. All 17 States indicate that level of effort in full-day/full-year child care services has not been reduced. States using public prekindergarten funds to meet MOE requirements indicate that collaboration with school districts, child care providers, and Head Start programs is encouraged to expand availability of enhanced educational opportunities for 4-year-old children, which include wraparound services and full-day, full-year child care designed to meet the needs of working families.

## Section 1.7.2 – Prekindergarten Spending and State Match

*During this plan period, will State expenditures for Pre-K programs be used to meet any of the CCDF Matching Fund requirement?* (**§98.53(h)**)

*Estimated percentage of the Matching Fund requirement that will be met with pre-K expenditures. (Not to exceed 30%.)*

*If the State uses Pre-K expenditures to meet more than 10% of the Matching Fund requirement, the following* ***describes*** *how the State will coordinate its Pre-K and child care services to expand the availability of child care.* (**§98.53(h)**(4))

Twenty-one States report using public prekindergarten funds to meet State CCDF Matching Fund requirements. Eight of these States (AZ, CO, FL, MI, OR, TX, VA, WI) report using 30 percent of prekindergarten funds, the maximum amount allowed by CCDF regulations to meet Matching Fund requirements. Eight States (AR, MA, MD, OK, SC, TN, UT, WA) report using 20 percent, and one State (NV) reports using 22 percent. The remaining four States (AL, HI, NH, NJ) report using prekindergarten funds to meet between 10 percent and 15 percent of the Matching Fund requirements.

Like States that report using public prekindergarten funds to meet MOE requirements, States using these funds to meet Matching Fund requirements also encourage collaboration between school districts, child care providers, and Head Start programs to ensure availability of full-day/full-year care for children from working families. States prioritize funding for prekindergarten programs that provide wraparound child care either within the program or by partnering with other child care providers.

## Section 1.7.3 – Coordinating Prekindergarten and Child Care Services to Meet the Needs of Working Families

*The following* ***describes*** *State efforts to ensure that pre-K programs meet the needs of working parents.* **(§98.53(h)(2))**

In addition to the strategies described previously, CCDF Lead Agencies coordinate with departments of education to ensure prekindergarten programs meet the needs of working parents. Lead Agencies provide information about the child care certificate program to state-funded prekindergarten programs so these programs can provide working parents with wraparound services and extended hours of care. States also encourage communication between child care providers, prekindergarten teachers, and parents to ensure the needs of the children and families are being met by the early and school-age care program arrangement.

As shown in Table 1.7, Lead Agencies in 19 States are establishing policies, funding, and priorities to maximize coordination between child care providers, school districts, and Head Start programs to help provide full-day/full-year services. Nine States provide state-funded prekindergarten services in child care settings. Six States indicate that program transitions and/or transportation among programs are available to support children and families. Four States require prekindergarten programs to provide full-day/full-year services and/or coordinate wraparound services with local child care providers.

**Table 1.7**
**Strategies to Ensure That Prekindergarten Programs Meet the Needs of Working Parents**

| Strategy | Number of States/ Territories | State/Territory |
|---|---|---|
| Promotes collaboration between child care providers, school districts, and Head Start programs to provide full-day/full-year services | 19 | AL, AR, AZ, CO, FL, MA, MD, MI, NH, NJ, NV, OK, OR, SC, TN, TX, UT, WA, WI |
| Provides state-funded prekindergarten services in child care programs | 9 | AL, AR, MA, MI, OK, SC, TN, WA, WI |
| Makes transportation available to take children from one program to the other | 6 | AR, MI, NH, VA, WA, WI |
| Requires prekindergarten programs to provide full-day/full-year services and/or coordinate wraparound services with local child care providers | 4 | FL, HI, MA, TN |

# Section 1.8 – Improper Payments

In response to one of the key elements of the President's Management Agenda, the Improper Payment Information Act of 2002, and related Office of Management and Budget guidance, the Child Care Bureau initiated the Measuring Improper Payments in the Child Care Program project. On September 5, 2007, the *Federal Register* published the Final Rule (**72 FR 50889**), which became effective October 1, 2007, requiring CCDF Lead Agencies in States, the District of Columbia, and Puerto Rico to report error rates in the CCDF program.

All States and Territories indicate that strategies have been developed to prevent, measure, identify, reduce, and/or collect improper payments. The strategies that States and Territories identify in the FY 2008–2009 CCDF Plans are similar to the strategies reported in the FY 2006–2007 CCDF Plans. Some of the major categories of policies and procedures States and Territories use to prevent and reduce improper payments are automated data systems; training for providers, parents, and agency staff; stricter processes for authorization of services; multilevel monitoring; and outreach activities.

## Section 1.8.1 – Defining Improper Payments

*How does the Lead Agency define improper payments?*

States and Territories have the flexibility to develop their own definitions of improper payments and strategies and mechanisms for addressing them, such as improving verification processes and investing in information technology to assist in eligibility determination.

The Improper Payments Information Act of 2002 defines improper payments as follows:

> … Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative or other legally applicable requirement. Incorrect amounts are overpayments and underpayments (including inappropriate denials of payment or service).[1]

Some States and Territories report using the definition established in the Improper Payments Information Act of 2002. States and Territories use a variety of terms in their definitions, including overpayment, underpayment, provider and client error and/or fraud, and administrative errors. States and Territories also include terms such as fraud, nonfraud, intentional, and unintentional. They also specify parent error/fraud associated with falsifying documents and/or misrepresenting information, failing to report changes in a timely manner, and using care for unauthorized hours or activities. States and Territories identify provider error/fraud associated with incorrect reports of child attendance and number of hours the child is in their care.

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[1] U.S. Office of Management and Budget. (2002). *Implementation guidance for the Improper Payments Information Act of 2002, P.L. 107-300*. Retrieved December 30, 2007, from www.whitehouse.gov/omb/memoranda/m03-13-attach.pdf.

## Section 1.8.2 – Strategies to Prevent, Measure, Identify, Reduce, and/or Collect Improper Payments and Identify Errors in Determination of Client Eligibility

*Has your State implemented strategies to prevent, measure, identify, reduce and/or collect improper payments?* (§98.60(i), §98.65, §98.67)

All States and Territories report using strategies to prevent, measure, identify, reduce, and/or collect improper payments, and identify errors in determination of client eligibility. In addition to the existing strategies, some States and Territories report plans to implement other strategies to prevent and reduce improper payments. Some of these strategies are described in the following paragraphs.

### Preventing and Reducing Improper Payments

States and Territories indicate that automated data systems with functions that contribute to data accuracy are being used to prevent and reduce improper payments. Table 1.8-A illustrates the types of data system strategies. Eighteen States and Territories report that data systems used by the Lead Agency have the capacity to share, review, or match data from other government programs (e.g., Child and Adult Care Food Program, TANF, Medicaid, Food Stamps, Child Support Enforcement, and Unemployment Insurance). Eighteen States and Territories report using a child care data system that can detect errors during eligibility determination and/or can be used to run reports that flag possible improper payments. In addition, 15 States indicate that data systems are used for automated eligibility determination, and 13 States use them to collect child attendance and billing information from providers. Nine States and Territories also report using data mining software to identify and/or resolve discrepancies in caseload data. States and Territories also report that training and technical assistance about using the data systems are available to staff.

**Table 1.8-A**
**Use of Automated Data Systems**

| Strategy | Number of States/ Territories | State/Territory |
|---|---|---|
| Shares /reviews/matches data from other government programs | 18 | AR, AZ, CT, IL, IN, KY, MD, ME, MI, NE, NJ, OR, RI, SD, TX, VT, WA, WI |
| Runs system reports that flag errors | 18 | AZ, DE, FL, HI, IL, KS, ME, MS, NE, NH, NM, PA, RI, SC, UT, VT, WA, WI |
| Performs automated eligibility determination | 15 | AR, HI, IL, KS, MA, MD, ME, MO, MS, MT, PA, SD, WA, WI, WV |
| Performs automated attendance/billing | 13 | DC, DE, IN, MA, MI, MO, MT, OK, RI, SD, VT, WI, WV |
| Conducts data mining | 9 | AR, AS, AZ, CT, ID, ME, MT, TX, VI |
| Pays providers with electronic benefit transfer or direct deposit | 6 | AS, KS, KY, LA, OK, WI |

Table 1.8-B shows how States and Territories report that outreach and training activities and procedure manuals are used to help prevent improper payments. States and Territories also focus on establishing clear communication with parents and providers. Twenty-three States and Territories report that the Lead Agency provides training for agency, field office, and local government staff, as well as contractors as a prevention mechanism. Policy manuals, procedural guides, and other resource materials also are used in 23 States and Territories to help child care staff reduce improper payments. Fifteen States and Territories report that outreach or training activities are conducted to inform clients and child care providers of requirements for participating in child care assistance programs and the rules regarding billing and payment.

**Table 1.8-B**
**Outreach and Training Activities**

| Strategy | Number of States/ Territories | State/Territory |
|---|---|---|
| Conducts training/technical assistance activities for agency/field office/local government staff and/or contractors | 23 | AS, AZ, CO, CT, GA, IL, KS, LA, MA, MD, ME, MT, NC, ND, NE, NY, OH, RI, SC, TX, UT, VA, WV |
| Develops written policy manuals and procedures guide | 23 | AL, AS, CA, CT, GU, IL, IN, KS, LA, MD, ME, NC, NY, OH, PA, PR, RI, SC, TN, UT, VA, VI, WV |
| Conducts outreach/training activities for providers and/or parents | 15 | AS, AZ, CO, GA, KS, LA, MA, MD, NE, NH, OH, OK, PA, PR, RI |

Table 1.8-C shows how States and Territories report using a service authorization process to prevent improper payments. Lead Agencies report that strict processes for authorization of services have been implemented to prevent and reduce incidences of improper payments. Eleven States and Territories also report that strict policies are in place to verify client documentation in the application process. Ten States and Territories identify communication with parents about rules and responsibilities as a strategy. Eight States report that similar strict policies are in place for the periodic eligibility redetermination process.

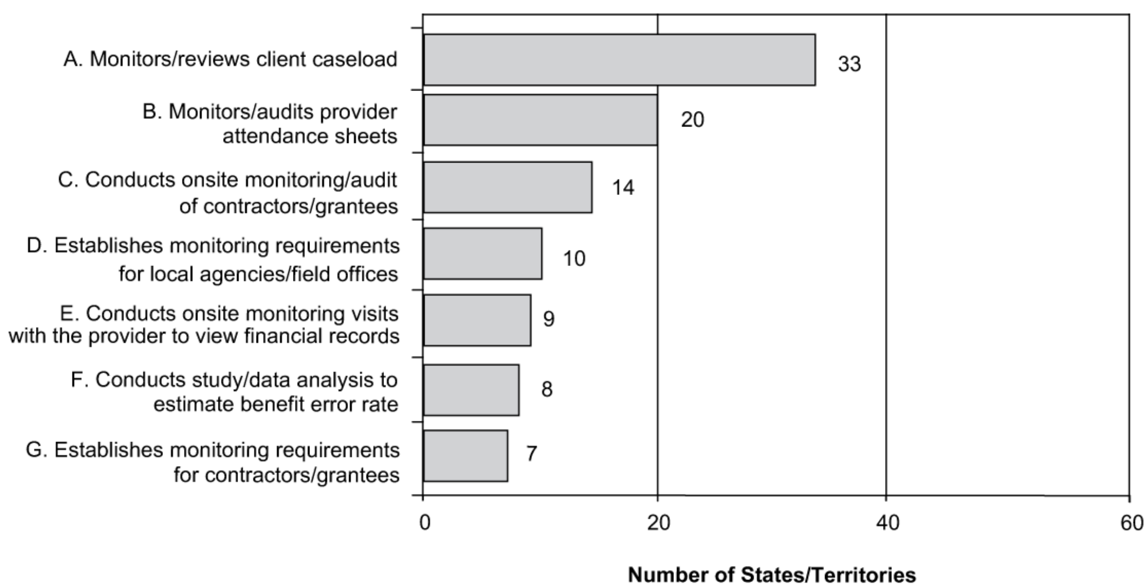
**Table 1.8-C**
**Use of Service Authorization Processes**

| Strategy | Number of States/ Territories | State/Territory |
|---|---|---|
| Maintains strict policies regarding documentation requirements | 11 | CT, DC, FL, GU, HI, LA, MD, NV, NY, WI, WV |
| Communicates with parents about rules and responsibilities | 10 | CO, CT, FL, KS, MA, MN, NC, NE, PR, TX |
| Uses eligibility redetermination process | 8 | CT, FL, MA, MD, NM, NY, TN, UT |

## Identifying and Measuring Improper Payments

Figure 1.8-A illustrates strategies used to identify and measure improper payments. Thirty-three States and Territories report using multilevel monitoring strategies. More than half of States and Territories report that monitoring of caseloads, including random sample reviews of caseloads, is conducted to ensure that documentation supports eligibility decisions. Twenty States and Territories monitor provider attendance sheets and/or audit provider records, and nine conduct onsite monitoring visits to view provider records. Fourteen States indicate that onsite monitoring of contractors and grantees is one of the strategies to prevent improper payments. Ten States and Territories also report that monitoring requirements and tools are established for grantees, contractors, and field office and local government staff. Eight States indicate the Lead Agency conducts studies or data analyses to estimate benefit error rates. Seven States establish monitoring requirements for contractors/grantees.

**FIGURE 1.8-A**
**Strategies to Identify and Measure Improper Payments**

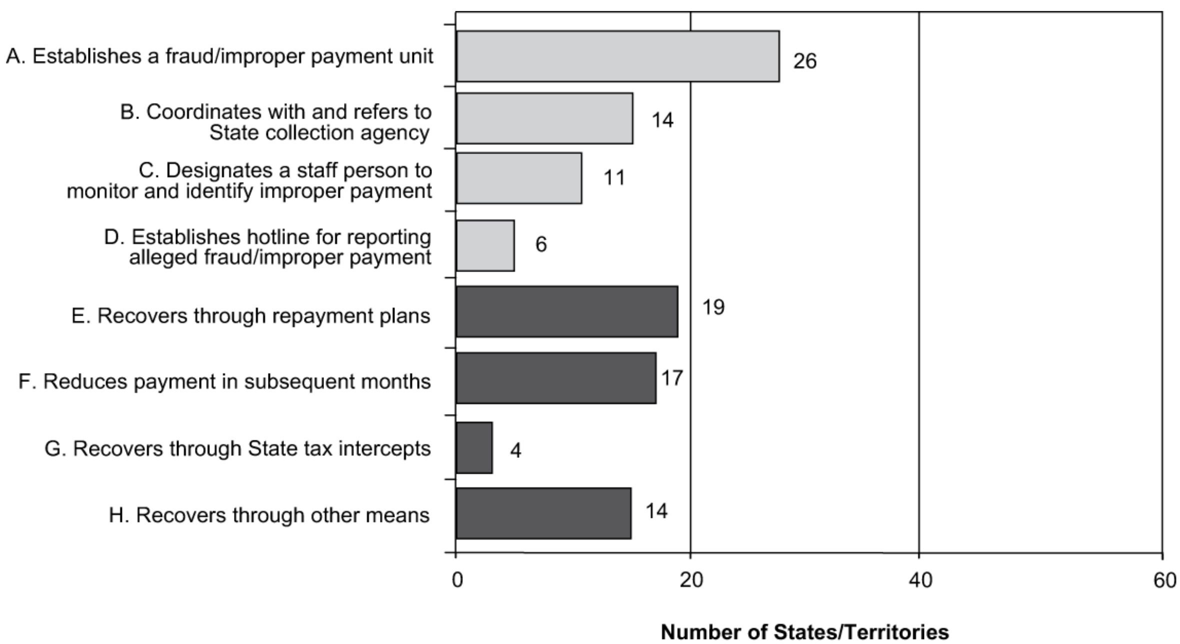



| | |
|---|---|
| A | AK, AL, AZ, CT, DC, FL, GA, GU, ID, IN, KS, KY, LA, MA, MD, ME, MI, MT, ND, NM, NV, NY, OK, PA, RI, SC, TN, TX, UT, WA, WI, WV, WY |
| B | AL, AS, AZ, DC, DE, IA, LA, MA, ME, MI, MO, NH, NM, NY, OK, OR, SC, TN, WI, WV |
| C | AL, CA, CT, DC, FL, IL, IN, MA, ME, MT, NC, NH, TX, VA |
| D | AZ, DC, GA, GU, KS, LA, NC, NY, TN, WY |
| E | AL, DC, DE, IL, KS, LA, MA, NY, SC |
| F | AR, CA, GA, KS, KY, ME, NJ, NM |
| G | AK, AL, MT, TX, WA, WI, WV |

## Investigating Improper Payments and Strategies for Recovery

Figure 1.8-B illustrates some of the common strategies used by States and Territories to investigate and recover improper payments. Thirty-one States and Territories report that the Lead Agency has designated a staff member and/or established a fraud/improper payment unit to investigate and identify improper payments. Fourteen States and Territories coordinate with and/or refer to State collection agencies. Six States establish one or more hotlines for the public to report alleged improper payments and/or fraud. At least one strategy for recovering improper payments, such as repayment plans, reduction of future payments, tax intercepts, and other recovery strategies, is identified by 35 States and Territories.

**FIGURE 1.8-B**
**Strategies to Investigate and Collect Improper Payments**




| | | |
|---|---|---|
| Investigation | A | AK, AR, AZ, CT, DC, DE, FL, GA, GU, IA, ID, IL, LA, MA, NE, OK, PA, RI, SC, SD, TN, TX, VA, VT, WA, WV |
| | B | CNMI, DC, GA, HI, IA, IN, LA, MA, MD, MI, OK, SD, UT, WI |
| | C | AK, AL, AR, CNMI, GA, ID, KS, MO, UT, VA, VT |
| | D | CT, MD, OH, OR, SC, TX |
| Overpayment Collection | E | AL, DE, GU, HI, IA, IN, LA, MD, MT, NC, NE, NJ, NY, OH, SC, VA, VT, WI, WV |
| | F | CNMI, DC, GA, GU, HI, KS, MA, MI, MS, MT, NE, OK, PA, RI, SC, TN, WI |
| | G | CNMI, IN, MI, WI |
| | H | CA, CNMI, GU, KS, MA, MO, MT, NC, NE, NM, PA, SD, WA, WI |

As shown in Table 1.8-D, States and Territories also indicate that the Lead Agency establishes several types of client and provider sanctions to prevent and reduce improper payments. In some cases, client and/or providers may be disqualified for a period of time or indefinitely. Eighteen States and Territories disqualify the client for a short period of time for the first offense and increase the penalty for subsequent offenses, including exclusion from the program. Fifteen States have similar sanctions for providers. Nineteen States and Territories report that provider or client fraud will lead to criminal prosecution. Three States also report that child care licenses may be revoked if providers are found to be committing fraud.

**TABLE 1.8-D**
**Sanctions on Clients and Providers to Help Reduce Improper Payment**

| Strategy | Number of States/ Territories | State/Territory |
|---|---|---|
| Prosecutes criminally | 19 | AL, AR, AZ, CA, CT, DC, DE, FL, GU, MA, MI, MN, MO, NC, NE, NY, PA, RI, VT |
| Disqualifies client | 18 | AL, AR, CT, GU, IL, MA, MD, MI, MN, MT, NC, NE, NV, NY, PR, VA, VT, WV |
| Disqualifies provider | 15 | AR, CT, DC, IL, MD, MI, MN, MT, NC, NV, RI, TN, VA, VT, WV |
| Revokes child care license | 3 | AR, CT, VT |