

New Federal Error Rate Regulations for CCDF Programs

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During CAPPAs conferences over the last two years, the Child Development staff have been talking about the federal Improper Payments Information Act (IPIA) and advising that regulations implementing its provisions in CCDF child care programs may be forthcoming. On September 5, 2007, they arrived.

The IPIA requires that federal agencies identify programs susceptible to significant improper payments and estimate the rate of improper payments in those programs. The purpose of this process is to create a mechanism to reduce improper payments nationwide.

In the recently adopted regulations, the Administration for Children and Families (ACF), the federal agency which oversees CCDF programs, effectively transferred this obligation to the states. CDD will issue a Management Bulletin in November describing the tasks that state and local staff will need to perform together to meet our reporting requirements in the current year.

In the current year, the additional workload imposed by the new regulations will be moderate and will largely be the responsibility of State staff. However, the most profound effect of the new federal regulations will involve what state and local staff need to do together long-term to meet the reductions in error rates the new regulations require.

Pursuant to the new regulations, states will be required to do triennial reports estimating their error rates and setting "target" rates for reduction in each successive report. Region 9 of the ACF will review and approve both our targets and our methodology for achieving them. Eventually, all states are expected to approximate a 2.5 percent error rate. Given the size and complexity of California, the only viable way to reduce our overall error rate is agency-by-agency. In other words, the APMU will need to produce agency specific error rates that are consistent with the federal audit standards.

In addition, the federal regulations require repayment for any error discovered in the review. While the current regulations do not impose sanctions on states that fail to meet their reduction targets, we do not rule out that possibility for the future. In short, the new federal regulations have dramatically increased the importance of accurate administration of CCDF programs.

In terms of what to expect from the APMU, the new federal audit requirements will not eliminate the APMU. Rather, the APMU will need to be transformed to assist the state and local agencies in meeting our approved federal targets.

Now, for the bad news. Although on the surface California will only need to report to the ACF once every three years, the actual amount of time between the date the first report is due and the first review month for the subsequent report is 15 months. (The first report is due June, 2008; first month to be reviewed for subsequent report is October, 2009.) Therefore, the time available to identify the changes necessary to meet the targets and to implement those changes will be very constricted.

To start this process, CAPPa has offered to host a one-day training session by CDD entitled "Why We Are Making Errors and How to Fix Them" at the beginning of their January statewide meeting in Newport Beach (January 16-17). All Alternative Payment contractors are strongly urged to attend. Please bring your managers overseeing case management and payment.

For any questions regarding the IPIA and California's response to them please email Greg Hudson at GHudson@cde.ca.gov.