

**The Supporting Statement
For the Child Care and Development Fund (CCDF)
*Data Entry Form and State Improper Payments Report***

**Department of Health and Human Services
Administration for Children and Families
Office of Family Assistance
Child Care Bureau**

A. Justification

1. Information Collection:

Section 2 of the Improper Payments Act of 2002 provides for estimates and reports of improper payments by Federal agencies. Subpart K of 45 CFR, Part 98 will require States to prepare and submit a report of errors occurring in the administration of CCDF grant funds once every three years.

2. Use of Information:

The aggregate information received through receipt of *State Improper Authorizations for Payment Reports*, with the data source being case-specific *Record Review Worksheets* and *Data Entry Forms*, will be used to prepare the annual Performance and Accountability Report (PAR) and will provide information necessary to offer technical assistance to grantees.

3. Reporting Burden Reduction:

States electronically submit *State Improper Authorizations for Payment Reports*. States are encouraged to enter all data fields from each *Record Review Worksheet* and *Data Entry Form* into a data base for computation of data inserted into their *State Improper Authorizations for Payment Reports*.

4. Efforts to identify Duplication:

This data is not already available from any other source. While other programs produce error rate measures, their procedures are not compatible with provisions of the Child Care and Development Block Grant of 1990.

5. Small Business Burden:

This data collection effort does not involve small businesses or other small entities.

6. Frequency of Information Collection:

The Improper Payments Act of 2002 requires Federal agencies to annually report error rate measures. ACF has obtained approval from OMB for each State, the District of Columbia and Puerto Rico to collect data and report findings once every three years. Without this information collection, HHS will be unable to report information in the Performance and Accountability Report (PAR).

7. Special Circumstances:

This data collection effort conforms to guidance provided by the Office of Management and Budget. There are no special circumstances requested for this information collection.

8. Solicitation of Comments:

In preparation for this data collection effort, the methodology was tested during two pilots with a total of nine States. These nine States volunteered to help design and test a strategy for measuring improper payments in the Child Care and Development Fund (CCDF) Program that recognized the considerable variation exercised in implementing this block grant. Additional States provided information about use of information technology and use of internal controls to prevent, identify, and reduce improper payments.

A Federal Register notice soliciting public comment was published as part of the NPRM notice for the proposed rule. A number of public comments had application for both the NPRM and the data collection forms and instructions. Responses to comments pertaining to both documents can be found in the preamble to the proposed Final Rule. In response to requests for additional clarification in the data collection forms and instructions document, these changes have been made: 1) reinforcement that the sampling frames are drawn from the fiscal year prior to July 1 of the designated calendar year in which a *State Improper Authorizations for Payment Report* must be submitted, that the methodology is limited to authorization for payment, and that the location of the case record review is at State discretion; 2) explicit statements that State policy is the benchmark for decisions about eligibility verification, when recalculation of eligibility and parent copayment is necessary, and whether electronic case records are acceptable; 3) clarification that use of an improper payments planning team (Team) and staffing structure of such a Team is at State discretion; 4) clarification that expected recoupment is based on the overpayment authorization amount, and 5) clarification that staff of an agency that determines subsidy eligibility may also conduct case record review, as long as the same staff do not perform both functions or are not supervised by persons responsible for eligibility determinations.

Other comments pertained to elements of the methodology. In response, the methodology instructions were modified to 1) make explicit that States may select more than three replacement cases for each sampling frame, 2) add language providing for calculation for total Overpayments as the point of reference for

amount of improper payments States expect to recover, 3) allow States to apply a "pooling" factor to their calculation of the total amount of improper authorizations for payment when non-CCDF funds are pooled with CCDF funds to pay for child care services, and 4) provide that, if a State does not now collect any data by county, the smallest jurisdictional entity for which data is now collected (such as region) may be substituted for county and stratified according to instructions for counties.

Note: In addition to changes made in response to public comment, several technical changes were made per proofreading and to make the forms and instructions easier for States to use.

9. Payment to Respondents:

Not applicable.

10. Confidentiality:

This information collection does not require any assurance of confidentiality.

11. Sensitive Nature:

This data collection does not involve asking questions of a sensitive nature. A unique identification number is required of States to distinguish among cases, however, States do not provide any case level data to the Federal agency.

12. Estimate of Data Collection Burden:

In order to estimate the total burden hours, the cost of conducting each of the separate data consolidation tasks was estimated, based on data from the initial pilot of the methodology. The tasks culminating in completion of the *Record Review Worksheet* and *Data Entry Form* are preparation and training, record review process, drawing the sample, and consolidation of data and other support activities. The tasks resulting in completion of the *State Improper Authorizations for Payment Report* are calculation of the error rate findings, analysis of causes and decisions about strategies, and report preparation. Staff time for each task was divided into categories according to job classification to allow for differing salary ranges for reporting in Part II Worksheet, # 11.

Annual Burden Estimates

| Instrument | Number of Respondents | Number of Responses per Respondent | Average Burden Hours per Response | Total Burden Hours |
|---|------------------------------|---|--|---------------------------|
| <i>Record Review Worksheet</i> | 17 | 276.38 | 15.43 | 72,478 |
| <i>Data Entry Form</i> | 17 | 276.38 | .18 | 815 |
| <i>State Improper Authorizations for Payment Report</i> | 17 | 1 | 639 | 10,864 |

Estimated Total Annual Burden Hours: 84,157

13. Respondent Cost:

There are no required direct monetary costs to respondents to participate in this data collection effort.

14. Estimated Federal Cost:

States will electronically submit *State Improper Authorizations for Payment Reports*. Oversight of the data collection project; provision of training and ongoing technical assistance to States in adhering to the data collection methodology; Provision of assistance and training to States, software enhancement for Federal data collection, data analysis and national-level report preparation are estimated to cost \$605,107/year.

15. Program Changes:

This is a new project.

16. Publications:

The CCDF annual error rates will be posted on the Child Care Bureau web site within three months after the Department's submission of each year's Performance and Accountability Report (PAR).

17. Expiration Date:

The current expiration date will be displayed at the top right corner of each of the two forms.

18. Exceptions to Certification Statement:

There are no exceptions to this form.

B. Collections of Information Employing Statistical Methods

1. Respondent Universe and Sampling:

The 50 States, the District of Columbia and Puerto Rico comprise the respondent universe. Each respondent responds once every three years. The respondent universe was stratified by region (10 total), with the regions randomly ordered. The respondent universe was sorted within regions by caseload, from the most cases to the least cases. Every third respondent on the list was then selected, using a random start number the first and second years. The third year includes those respondents not selected in year one or year two.

2. Collection Procedures:

Each of the respondents for each year randomly select a sample of 271 cases for review, sufficient to achieve the OMB-approved 90% confidence interval +/- 5. Data are entered in case-specific *Record Review Worksheet* and *Data Entry Forms* and then consolidated for entry into the *State Improper Authorizations for Payment Report*. Respondents submit their report on or before June 30 of the reporting year.

3. Response Rates:

There will be a 100 % response rate from States.

4. Tests of Procedures or Methods:

A methodology to systematically measure improper payments has been piloted in nine States (in two phases). This functioned as a pretest. The *State Improper Authorizations for Payment Report* was added to the pilot data collection activity to accommodate the reporting of State Data to ACF.

5. Contact Information for Statistical Design, Data Collection, and Analysis:

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|-------------------------|--|----------------------|
| Wenda Singer | Improper Payments Team Leader | (202)205-8345 |
| Moniquin Huggins | Director, Program Operations, CCB | (202)690-8490 |
| Harry Day | CCB Data Contractor | (301)881-2590 |