Payment Integrity Scorecard

Program or Activity
Administration for Children and Families (ACF) - Child Care and Development Fund

Reporting Period
Q4 2026

FY 2025 Overpayment Amount ($M)* **$845**

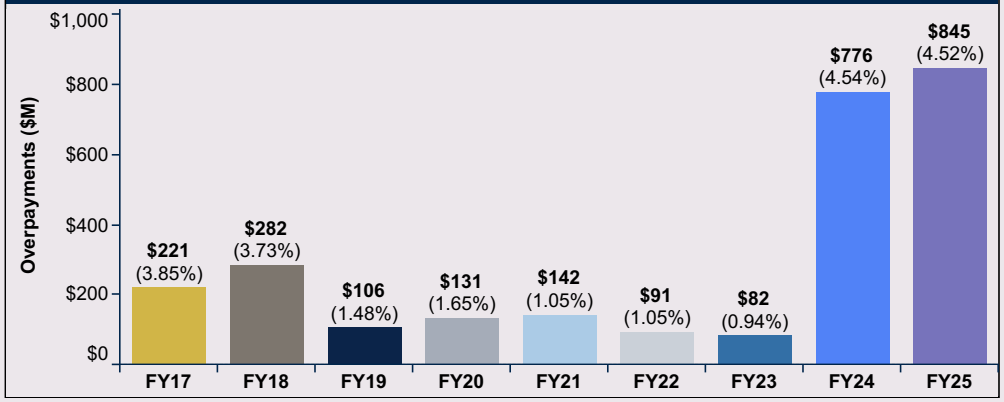
*Estimate based a sampling time frame starting 10/2023 and ending 9/2024

HHS
Administration for Children and Families (ACF) - Child Care and Development Fund

Brief Program Description & summary of overpayment causes and barriers to prevention:

The Child Care and Development Fund program is a federally funded, state-administered block grant program with each state having maximum flexibility in developing the Child Care and Development Fund programs and policies that best suit the needs of children and families within that state. States tailor their review of errors to reflect the policies and procedures unique to their state and therefore, states have varying requirements for establishing and verifying a client's eligibility.

Historical Payment Rate and Amount ($M)
(Overpayment as Percentage of Total Outlays)



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

ACF developed a draft plan to revise the error rate methodology to require more frequent reporting. In July, ACF hosted a program integrity series at a national meeting for CCDF state and territory administrators to address CCDF program integrity fundamentals, internal controls and risk management, fraud prevention and investigations, and using CCDF error rate review results to support program improvement. These activities help states build stronger oversight systems, identify vulnerabilities, and take corrective action to ensure CCDF funds are used appropriately and effectively. ACF also launched national and regional program integrity and accountability Peer Learning Groups (PLG) to provide states with an ongoing opportunity to share strategies and collaborate with peers. ACF provided targeted technical assistance and training to states and territories on program integrity and accountability, including supporting states with an improper payment rate above the established 10% threshold to implement corrective action plans. Planned actions for the next quarter include finalizing the new improper payments reporting methodology to require more frequent error rate reporting, providing ongoing training and technical assistance to states, including through PLGs, and implementing additional accountability measures for states with an improper payment rate above the established 10% threshold.

	Accomplishments in Reducing Overpayment	Date
1	Developed a draft plan to revise the current improper payment reporting methodology, moving from a three-year reporting cycle to a biennial or annual reporting cycle, to improve the timeliness of improper payment information to identify and address program risks sooner.	Sep-26
2	Worked with states that have improper payment rates above the established 10% threshold to implement corrective action plans (CAPs) to address root causes of errors, including conducting a virtual site visit with a Lead Agency to support CAP implementation.	Sep-26
3	Delivered CCDF training and technical assistance to states, including hosting a program integrity series at a national meeting, launching regional and national program integrity Peer Learning Groups for states, and conducting state/federal joint case reviews.	Sep-26

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	Goals towards Reducing Overpayments	Status	ECD
1	Provide targeted technical assistance and training to states, informed by the specific root causes of errors and corrective actions identified by each state, to address issues and reduce improper payments.	**Completed**	Sep-26
2	Reduce the estimated future Improper Payment and Unknown Payment rate based on the reduction target.	**On-Track**	Sep-27

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	**Recovery Activity**	States are required to recover improper payments resulting from fraud. For overpayments identified through the error rate process not resulting from fraud, states will work to recover overpayments to the extent recoverable based on state rules.	States are working to recover overpayments resulting from fraud and to the extent recoverable, those that were not the result of fraud. HHS will follow up with states on the status of recovery efforts reported through the error rate process.
2	**Recovery Activity**	Review Single Audit and Office of Inspector General Audit reports to identify expenditures not made in accordance with Child Care and Development Fund regulations.	For overpayments identified in audit reports for which disallowances for expenditures not made in accordance with Child Care and Development Fund regulation were sustained, the disallowances will be recovered via offset or repayment.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$845M	Overpayments that occurred because of a Failure to Access Data/Information Needed.	Specific eligibility criteria varies by state. States have maximum flexibility within federal guidelines over key policy levers in developing programs and policies that best suit the needs of their children and families. Therefore, root causes vary by state.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	Improve prevention of improper payments by providing training and technical assistance that targets the root causes of improper payments reported by states and developing new accountability measures for states with an improper payment rate above the established threshold.

The Child Care and Development Fund (CCDF) program is a federally funded, state-administered block grant program that gives states flexibility to design programs and policies that best suit the needs of children and families in their states. States tailor their review of errors to reflect the policies and procedures unique to their state and therefore, states have varying requirements for establishing and verifying a client's eligibility. For this reason, there is not a common lexicon for root cause data/eligibility themes across states. The data used to calculate and report improper payments data is collected by the states and aggregated at the federal level, and states are not required to report dollar amounts associated with individual root causes. Therefore, while the specific root causes of errors and associated corrective actions are identified by each reporting state under the policies unique to the state, the errors are consolidated into one control cause category for this aggregate reporting at the federal level. Although this approach limits the level of detail available in nationwide reporting, it preserves state flexibility and supports targeted corrective actions that reflect each state's program design.