

Ensuring integrity in the Child Care Assistance Program

Minnesota's Child Care Assistance Program (CCAP) provides financial assistance that helps families with low incomes pay for child care while parents work or attend school or training programs. CCAP supports the broader goals of strengthening the economic self-sufficiency of families and providing all children with quality early childhood programs. It is also a key tool that families in underserved communities can use to help break the cycle of poverty and their dependence on public programs.

Provider fraud in the child care program has become a significant concern for states, including Minnesota. The Minnesota Department of Human Services created a child care fraud unit in its Office of Inspector General in 2013 to prevent, detect and investigate fraud. Since its inception, the unit has conducted numerous investigations, including those leading to civil penalties, criminal convictions and closure of child care centers.

Strategies currently underway to address fraud

In response to allegations of widespread fraud in 2018, DHS contracted with the independent firm PFM Consulting Group to analyze data and evaluate operations of the CCAP fraud unit, and to make recommendations for improvement.

The evaluation, completed in January 2019, recommended that DHS take a more proactive, data-driven approach to investigating fraud and other changes to improve the overall management and oversight of the program. Work has begun to implement these recommendations, including:

- Launching a continuous improvement project to evaluate and implement recommendations in partnership with DHS Office of Continuous Improvement, which has a strong track record of analyzing and improving business processes.
- Issuing a request for information (RFI) to begin exploring an electronic attendance system as well as electronic billing and direct deposit of CCAP payments, two vulnerabilities identified in the evaluation.
- Formalizing investigation unit policies and procedures, and maintaining more consistent and organized case data.

Proposed improvements to program oversight

Governor Tim Walz's FY 2020-21 budget recommendations include proposals that address other recommendations in the PFM report, including:

- Enhancing attendance record-keeping requirements for CCAP and clarifying that providers must make attendance records available to DHS or county staff immediately upon request.
- Clarifying that absent days and holidays must be marked on child care providers' billing forms. Dates billed as if children were present when attendance records indicate they were absent are considered overpayments subject to recovery by the state.
- Establishing a uniform method for calculating overpayments related to violations of attendance record-keeping requirements.

- Establishing a penalty if providers fail to follow existing attendance-reporting requirements.
- Shortening retroactive eligibility for CCCAP from six months to three months.
- Funding a case tracking system for CCAP, already used by the state Bureau of Criminal Apprehension, to track and report on investigation activity.
- Increasing funding for fraud prevention grants to counties and providing additional training to county staff.

In addition, the Walz administration is proposing legislation that will:

- Clarify the OIG's ability to share information from open investigations with law enforcement and other agencies.
- Define the CCAP disqualification process and the entities and individuals who can be disqualified.
- Establish preponderance of the evidence as the burden of proof in administrative hearings for disqualifying CCAP providers to bring it in line with standards for other providers in public programs.
- Make the payment or receipt of a kickback a crime for both recipients and providers and the basis for an administrative action against providers in both CCAP and Medicaid.
- Allow the department to disenroll or exclude any provider who has committed an intentional violation in one program for all other DHS programs.

Child care assistance facts and figures

People served:

- 30,000 children in 13,000 families receive CCAP
- 1,948 families on waiting list

Benefits:

- \$1,157 average monthly child care assistance per family for Basic Sliding Fee program
- \$1,674 average monthly child care assistance per family for participants in the Minnesota Family Investment Program.

Funding:

- \$254.1 million for state FY 2018 (state and federal funds)

Find out about CCAP services

[Information about CCAP](#), including who qualifies, how to apply, and [frequently asked questions about child care assistance](#) is available on the DHS website.

Report suspected fraud

Anyone suspecting fraud involving recipients of cash, child care, food assistance, health care and child care providers should complete the [Minnesota Fraud Hotline Form](#) or call:

- Twin Cities metro: 651-431-3968
- Toll-free line: 800-627-9977