



Child Care Assistance Program fraud investigations

Issue:

- DHS has no capacity to investigate provider fraud in the Child Care Assistance Program (CCAP). CCAP provides financial assistance through Basic Sliding Fee child care and MFIP child care, to help low-income families pay for child care. CCAP enables low-income parents to pursue employment or education leading to employment, and helps assure that children are well cared for and prepared to enter school ready to learn.
- State and county child care program and licensing staff have identified several cases that raise suspicions of provider fraud, including potential situations of improper billing and parent and provider collusion.
- Similar investigation units in other states have found substantial amounts of improper provider payments.

Proposal:

- This proposal establishes a team of child care provider fraud investigators and data analysts in the Office of the Inspector General.
- The team will work with child care assistance program and licensing staff and law enforcement at the local, state and federal level to conduct investigations.
- The proposal includes a total of six investigators and analysts, and two licensors.

Impact:

- The team is expected to investigate about 7 percent of providers during the first four-year period.
- Projected program saving and recoveries can, in part, be reinvested in the program, helping reduce the waiting list for the Basic Sliding Fee program.
- For the FY 2014-15 biennium, CCAP payments are projected to total \$418 million.

Number of people affected

- There are approximately 12,500 total CCAP providers paid annually.
- More than 19,000 families receive CCAP funding each month.
- In November 2012, 6,178 families were on the Basic Sliding Fee waiting list.

Fiscal impact:

- FY 2014: \$293,000
- FY 2015: \$65,000
- FY 2016: \$101,000 savings
- FY 2017: \$43,000

Related information:

- Minnesota Management & Budget website: <http://www.mmb.state.mn.us/>
- Child care assistance fact sheet: <https://edocs.dhs.state.mn.us/lfsrver/Public/DHS-4745-ENG>