ADMINISTRATION FOR CHILDREN & FAMILIES

Office of Child Care

ASPE — Assistant Secretary for Planning & Evaluation

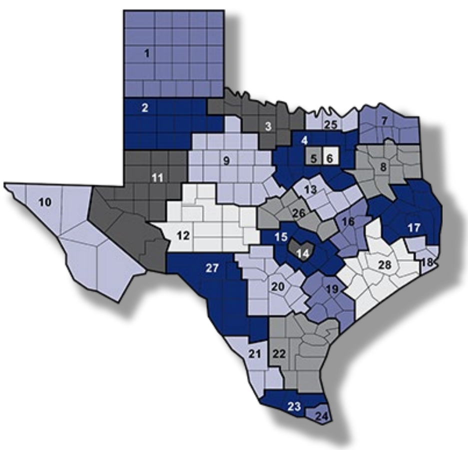
How Texas Achieves Strong Program Integrity in CCDF

Practical Considerations for State CCDF Lead Agencies

This snapshot highlights practices that improve child, family, and program outcomes in state Child Care and Development Fund (CCDF) programs and describes promising approaches in Texas to reduce fraud risk and ensure eligible families receive child care.

Three Key Practices that Drive Program Integrity in Texas

These practices work together to ensure CCDF resources support eligible families to access child care while also reducing risk and preventing fraud.



Practice #1: Layered Oversight and Clear Role Separation

Practice #2: Operational Rigor through Quality Assurance, Data, and Analytics

Practice #3: Strong, Collaborative Culture that Supports Compliance and Integrity

Texas CCDF: A System of Shared Accountability

Texas Workforce Commission (TWC)

The Texas Workforce Commission (TWC) is the CCDF lead agency in Texas and is responsible for administering CCDF child care subsidy and quality.

The annual CCDF allocation is $1.3 billion

Local Workforce Development Boards (LWDBs)

CCDF subsidy funds flow from TWC to 28 Local Workforce Development Boards (LWDBs) across the state that oversee child care services provision

Local Contracting Agencies

LWDBs conduct a competitive procurement process and issue performance-based contracts with local agencies to provide child care services

"Child care is the most critical workforce support for [Texas] families. And investment in young kids is building the future workforce." – Texas stakeholder

Key Metric of Success/Measurable Results

1. Texas's error rate of 0.4% (approved in FY23) is among the lowest in the country (4.93% national average, published in FY25) for this measure of whether eligibility for child care subsidy was properly determined and/or any improper payments were made based on state eligibility rules and requirements.

2. This system still moves fast enough that it doesn't slow families from getting into care and getting to work. Most eligibility reviews are completed **within 24 to 48 hours of application receipt.**

3. TWC's Child Care Services (CCS) program supports the Texas economy. Parents receiving CCS had wages of **over $2.7 billion in FY25**.

4. Since Texas required all child care providers to participate in its Quality Rating and Improvement System (QRIS), Texas Rising Star, in FY23, the share of subsidy children enrolled in certified programs **increased from 44% to 87%** (as of December 2025). These providers have the licensed capacity to serve nearly 545,000 children, benefiting all Texas families, not just those receiving a CCDF subsidy.

5. Texas improves parental self-sufficiency. 87% of working families with low-incomes on the subsidized child care program-maintained employment after one-year, and they had **an average change in earnings of $1,871 per quarter**.

"We are able to be intentional because everything is from a whole-family approach. The ultimate goal of the Texas Workforce Commission (TWC) and the LWDBs is to get families self-sufficient and working, and child care sits right in the middle of that." – Texas stakeholder

Practice #1: Layered Oversight and Clear Role Separation

All three Texas CCDF administration levels—statewide TWC, local WDBs, and local contractors—have **distinct oversight responsibilities** that ensure program integrity through a multi-layered system of internal controls rather than a single layer.

TWC Develops Guidance and Program Rules

- TWC develops policy guidance and program rules on eligibility determination and fraud prevention and monitors the 28 LWDBs for compliance.
- Example: *Fraud Risk Assessment Guidelines and Procedures for On-Site Monitoring of Child Care Services (CCS) Providers.*

LWDBs Develop Policies and Procedures and Provide TA

LWDBs use statewide guidance and program rules to:

- develop policies, procedures, and subsequent technical assistance, and
- monitor local contracting staff to ensure service delivery is done effectively and efficiently.

Contractors Implement Guidance and Program Rules

- Local contractors administer child care programs by implementing TWC and LWDB guidance, rules, policies, and procedures, and are held accountable through performance-based metrics and clear expectations.
- Funds are recouped from the local contractor [a financial penalty] for failure to appropriately conduct eligibility and for improper payments.

Clear Role Separation Enables Success

- Clear **role separation** supports success with defined roles and responsibilities across teams (e.g., caseworkers manage eligibility while compliance staff oversee oversight functions.)
- Texas separates eligibility and enrollment functions from Fact Finding and Fraud Investigations, ensuring investigators remain objective and independent of the entities under review.

TWC requires each LWDB to:

- Identify staff that will be responsible for child care fraud investigations, and for those staff to participate in TWC-provided training.
- Coordinate with TWC's Office of Investigations on provider fraud cases.
- Submit a CCS Annual Provider Monitoring Plan, and to report each month on the CCS providers that they have monitored.
- Use a state data system, the Program Integrity Reporting and Tracking System (PIRTS), to record all local child care fraud investigations.
- Ensure that all CCS providers are using the state-mandated attendance tracking system, and the CCS parents are recording their child's attendance each day.
- Take collection action when fraud is found.

Practice #2: Operational Rigor through Quality Assurance, Data, and Analytics

Robust Quality Assurance (QA) processes at the local level help maintain compliance. For example, the LWDB from Tarrant County and its contractors use the following practices to support their operational rigor.

Training For Local Contractors And Providers

- TWC's Office of Investigations offers monthly training sessions on the Texas Program Integrity Reporting and Tracking System (PIRTS) and fraud fact-finding for new or reassigned LWDB staff.
- LWDBs implement trainings for local contractor staff so everyone clearly understands the program integrity and fraud requirements.
- Providers receive training and technical assistance to ensure that they know and understand the program integrity policies and procedures and to strengthen business practices and ensure providers are charging parents correctly.

Field monitoring ("eyeball checks")

- In Tarrant County, the local contractor conducts 2 to 3 in-person monitoring visits per provider, per year. TWC Guidelines outline requirements for what to review during monitoring visits, such as:
  - verifying the provider is in operation and providing care to the children funded by CCS
  - observing and confirming compliance with attendance tracking requirements, and
  - offering technical assistance and support to ensure adherence to the CCS Provider Agreement.

Initial Eligibility Determination at the Local Level

- Caseworkers conduct the initial eligibility review for child care subsidies.
- A compliance team conducts a secondary review of each case to verify eligibility documentation and family qualifications. Once a case is authorized by the compliance team, the caseworker completes the final authorization.
- Cases are reassigned every two years to prevent over-familiarity between staff and families, avoid bias or preferential treatment, and ensure fresh review perspectives.
- By emphasizing fraud detection and prevention before finalizing eligibility authorization, these valuable resources can go to eligible families.

Site Visits

- Participation in Texas Rising Star QRIS – which is required for participation in the Texas subsidy program – also involves site visits.
- These site visits provide an additional verification layer and are distinct from the monitoring visits conducted by the contractor.

"When you enroll a child/family, you're buying 12 months of services, so you want to make sure it's correct."

Practice #2: Operational Rigor through Quality Assurance, Data, and Analytics

A **robust data system** helps to identify early warning signs for potential fraud. Because the Texas CCDF program is located within the Texas Workforce Commission, data can be easily linked to Unemployment Insurance (UI) and other workforce records.

Case Management System

TWC's ***case management system*** has a module that uses algorithms and analytics to look for trends, outliers, or unusual patterns that might merit further investigation such as:

- providers with unusually high payment amounts or strange patterns in children's attendance data.
- Geolocation maps the location of a family's home, a provider, and the parent's employer to identify excessive distances.

Reports

TWC generates reports for LWDBs and local contracting agencies to ***identify cases needing further review***. While historically focused on potential fraud, waste, and abuse by families, TWC is ***increasingly enhancing detection of provider fraud*** *and opportunities to strengthen policies and procedures.*

Early Warning Report: Uses Unemployment Insurance records to identify individuals who have applied for unemployment benefits. This does not necessarily indicate fraud, waste, or abuse, but could show a family in a job-loss period that could affect eligibility.

Income Report: Shows quarterly wage records to identify potential cases where family income may be above eligibility limit.

Relative Provider Report: All providers must provide TWC their SSN/EIN, which can then be matched against wage records. This quarterly report provides insight into relative providers who are earning significant wages that may not align with child care authorization.

High Risk Provider Report: TWC data team looks at multiple factors across datasets to identify child care programs to flag for further investigation by the LWDBs beyond regular monitoring. LWDBs have 30 days to investigate any provider listed on that report.

In-House Fraud Detection Expertise

TWC has **in-house expertise** that facilitates their effectiveness at identifying potential fraud, waste, and abuse. Their fraud division includes individuals with legal or law enforcement and investigative experience, and their data analytics division includes data analysts with access to an enterprise data warehouse with data from multiple programs. In other states, this expertise might be housed in an external Inspector General's office.

Practice #3: Strong, Collaborative Culture that Supports Compliance and Integrity

TWC, the LDWBs, and the local contractors all contribute to a **strong, collaborative culture** that helps ensure providers are serving the right families, and families are receiving the right services.

Emphasizing accuracy over speed

- Texas emphasizes **"getting it right"** rather than maximizing enrollment at the expense of accuracy.
- This process occurs within 24-48 hours, so it is still family friendly and timely.

Statewide network to share best practices

- Local QA, monitoring and CCS staff participate in a statewide network of LWDBs to **share and discuss best practices and challenges** in child care.
- This allows for information sharing, transparency and consistency across regions. LWDBs staff can also participate in a Child Care Network to share best practices.

Celebrating success

- The LWDBs and local contractors build the human connection with staff by **celebrating strong performance and low error rates**.
- If one partner isn't doing well, they are supported through corrective action.
- Providers are approached from a supportive QA perspective, rather than through punitive enforcement.

Program Integrity Success: *Pairing Enrollment-Based Payment Practices with Attendance Verification Policy and Oversight*

Texas has successfully been paying providers based on an eligible child's enrollment for a long time.

Texas pairs enrollment-based payment practices with high-level program integrity checkpoints built into the system to ensure that 1) child care providers receiving a payment are eligible to participate in CCDF on the front end and 2) attendance is verified on the back end.

Texas verifies attendance via tablets that require a unique parent PIN and takes a photo of the person dropping the child off. If strange attendance patterns are identified, these photos can confirm the presence of the authorized child and family at drop off.

Methods: The U.S. Department of Health and Human Services Office of Child Care and Office of the Assistant Secretary for Planning and Evaluation conducted three 60-minute virtual interviews with staff from the Texas CCDF program. Staff included (1) individuals in the state CCDF lead agency, (2) individuals in a Local Workforce Development Board, and (3) individuals in a local contracting agency in one county. The semi-structured interviews probed the policies and practices that promote program integrity and fraud prevention, as well as how the state measures success.