WORKFORCE DEVELOPMENT DIVISION
Workforce Policy and Service Delivery Branch
Technical Assistance Bulletin 276

Keyword: **Child Care; Unemployment Insurance**

Subject: **Child Care Fraud Detection Report Tools—*Update***

Date: **December 22, 2016**

This Technical Assistance (TA) Bulletin provides Local Workforce Development Boards (Boards) with information on child care fraud detection reports. The Texas Workforce Commission (TWC) provides these reports through its Regulatory Integrity Division's (RID) Business Support Section (BSS) to assist Boards with detection of potential fraud.

This TA Bulletin updates TA Bulletin 258 and incorporates information related to Chapter 809, as amended, effective October 1, 2016.

Child Care and Unemployment Insurance Early Warning Report

Purpose and Discussion
The Child Care and Unemployment Insurance Early Warning Report is a tool to assist Boards in oversight of Child Care and Development Fund (CCDF) funds. RID's BSS sends this report to Boards twice a month, normally on the first and third Wednesday. The report seeks to identify and assess customers who filed an unemployment insurance (UI) claim advising TWC that they are not working and therefore may have experienced a nontemporary change in work status. The objective is to prevent child care overpayments by identifying customers before their three-month job search period expires. A customer identified in the report has not necessarily experienced a nontemporary change in work. Potential child care issues are resolved by verifying the customers' employment/training status using current local procedures.

Methodology
The Child Care and Unemployment Insurance Early Warning Report identifies active child care customers whose eligibility is based on their employment but who have recently filed for UI benefits and reported to TWC that they are unemployed or have had a reduction in work hours. The report considers only exact Social Security number (SSN) matches.

The Child Care and Unemployment Insurance Early Warning Report includes customer records with reason-for-care code **1-Employment** or **3-Employment and Training/Education** on the TWIST **Child Care Program Detail, Family** tab, with one of the following TWIST eligibility characteristic codes:
- **10—Low Income**
- **2—TANF Applicant**
- **3—Transitional**

Child Care Income Report

Purpose and Discussion
The Child Care Income Report is a tool to assist Boards in the oversight of CCDF funds. RID's BSS sends this report to Boards quarterly. The report seeks to identify and assess customers who are potentially ineligible due to parental/custodial changes or underreporting of income that could place the family income over 85 percent of the state median income (SMI). A customer identified in the report is not necessarily ineligible for services; the issue of eligibility can be established only after a thorough review of the customer's case file and may involve contacting the customer for further information.

Methodology
The Child Care Income Report excludes from consideration those customers funded through Child Protective Services, foster care, or the Workforce Innovation and Opportunity Act (WIOA) dislocated worker program—funding sources that are not subject to the federal income eligibility limits. The methodology for generating the report is to compare all currently available income sources for the parent/custodian of a child care recipient to the 85 percent SMI level, using the known family size as identified in TWIST. Currently available income sources for generating the report include UI wage records.

Note: The Child Care Income Report is prepared using the federal 85 percent SMI limitation for the known family size. Individual Boards can establish their own income limitations, which can be more restrictive than the federal limits for receiving subsidized child care.

If the SSN and both instances of customer surname match exactly, a record continues through the report process. If a record does not have a 100 percent match on SSN and surname, but SSN and at least 75 percent of the characters in the surnames match, it is considered a match and continues through the remaining process. (Previously, if the surnames did not match exactly, the record was excluded from the report.)

Relative Care Income Report

Purpose and Discussion
The Relative Care Income Report is a tool to assist Boards in the oversight of CCDF funds. RID's BSS sends this report to Boards quarterly. The goal of the report is to identify and assess self-arranged providers most at risk of receiving child care payments but not actually providing care due to other employment. The report attempts to address one of the risks associated with relative providers; however, being listed on the report does not by itself indicate any impropriety.

Methodology
Relative providers providing full-time care during the quarter tested are matched by tax identification number to taxable wages. Relative providers who receive more than $4,000 in taxable wages and more than $750 in child care payments during the quarter tested are listed on the report. The parameters of the methodology do not represent official rules on allowable income or billable care but rather establish a baseline to identify relative providers who pose the

most risk.

Send inquiries regarding this TA Bulletin to wfpolicy.clarifications@twc.state.tx.us.

RESCISSIONS:
TA Bulletin 200
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