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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

MARIANNE UDOW
DIRECTOR

February 6, 2007

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, Michigan 48933

The Honorable Dudley Spade, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Hardiman and Representative Spade:

Section 532(2) of Article 10, 2006 Public Act 345, requires the Department of Human Services to report to the Senate and House appropriation subcommittees, the Senate and House fiscal agencies, and the state budget director on the department's implementation of the licensing and contract compliance review process.

The department's Office of Children and Adult Licensing (OCAL) began addressing the requirements of Section 532 in December of 2004 by convening a work group of licensed private child and family agency representatives along with department staff representing OCAL and the Purchase Services Division (PSD). This work group met periodically through February 2006.

As a result of these discussions, OCAL and PSD eliminated duplicative onsite inspection activities when legally permitted, took steps to eliminate PSD rule related reviews of agency functions which are also monitored by OCAL, and coordinated routine onsite inspections and complaint investigations whenever legally permitted. OCAL and PSD also formalized a process for sharing investigative findings.

Given staffing constraints, OCAL also prioritized the onsite investigations and inspections of child care organizations based on the assessment of risk to children. Those priorities are as follows:

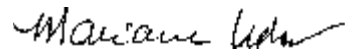
1. Complaint investigations: Investigations of alleged rule violations presenting the potential of significant risk to children receiving services from child care organizations is the top priority.

2. Renewal Inspections¹: The department must make onsite visits before issuing or renewing a child care organization license. The following factors will be considered when prioritizing these inspections:
 - Vulnerability of the children served by the organization.
 - History and type of rule violations and plans of correction.
 - Status of the license.
 - Funding implications if the renewal is not completed timely.
3. Interim Inspections²: The department must make onsite inspections of child care organizations at least once annually. The following factors are considered when prioritizing these inspections:
 - Vulnerability of the children served by the organization.
 - History and type of rule violations and plans of correction.
 - Status of the license
4. Original license inspections: Inspection of new facilities is given a lower priority than currently licensed facilities since children are not in care.

In July of 2006, OCAL formed a work group with private and public agency representatives, community advocates, and other interested parties to review this issue and draft modified administrative rules for child caring institutions. This work group will explore utilizing deemed status for nationally accredited agencies.

If you have any questions please call John Sorbet, chief administrative officer, at (517) 373-7787.

Sincerely,



Marianne Udow

C: Senate and House Appropriations Subcommittee on DHS
Senate and House Fiscal Agencies
Senate and House Policy Offices
State Budget Office

¹ 1973 PA116, MCL 722.115(1).

² 1973 PA116, MCL 722.118a(1).