

February 2002

The Honorable Mike Goschka, Chair
Senate Appropriations Subcommittee on FIA
Michigan State Senate
State Capitol
Lansing, Michigan 48933

Dear Senator Goschka:

Attached is the [report on the subject of late payments](#) to child day care providers for the year 2001. This report is required by Section 636 of Public Act 82 of 2001.

If you wish additional information, please contact Paul Nelson, Director of the Child Development and Care Division. You may reach him at (517) 335-6183.

Sincerely,

Douglas E. Howard

Attachment

cc: Senator Joel Gurgeon
Senator Raymond M. Murphy
Brett Marr, Legislative Affairs
Connie Cole, SFA
Karyn Burke
Monica Martinez
Jennifer Zambiasi
Paul Reinhart, DMB, SBO
Mark Jasonowicz, FIA
Asha Shah, FIA
William Kordenbrock, FIA

Report on Late Payments to Child Day Care Providers For Calendar Year 2001

Late payments to child day care providers occurred in calendar year 2001 for primarily the following five reasons:

1. Applications for child care not processed within the 45-day standard of promptness.

During calendar year 2001 FIA received approximately 10,850 new child care applications each month. On average, 84.5% of these applications were either processed, withdrawn by the applicant or denied because of lack of documentation within the standard. Approximately 15.5% of the applications took longer than 45 days to approve. Initial payments were not made until processing was complete.

2. Federal and State holidays reduced workdays to process billing forms .

Each month FIA processes about 18,500 child care invoices for licensed providers. During the New Years, Thanksgiving and Christmas holidays, providers are given an earlier billing deadline, as only three workdays are available to process billing forms. Not all providers met this earlier billing deadline.

3. The September 11, 2001 terrorist attacks delayed mail.

Slow mail delivery resulted in late receipt of billing forms. All billing forms affected were processed as soon as received but in many cases providers received payments one week late. On 9/16/2001 the Department of Management and Budget mailroom was shut down when a suspicious box containing a powdery substance was found. This mail delay may have caused some late payments.

4. Provider delays in submitting billing form or errors on the form submitted

We attempt to correct all errors we can though this may result in payment being delayed for one week. However, when we are unable to correct the billing form it is returned for correction and this may delay payment for at least an additional week.

5. Systems-related delays.

The Department of Consumer and Industry Services, which maintains the mailing address for all licensed day care providers, implemented a new database and mistakenly replaced the current mailing address with a previous mailing address. This resulted in 31 providers not getting checks on time.

At the introduction of the Interactive Voice Response (IVR) billing system, some providers billed before the end of the pay period. This early billing was not passed to the payment system. A special payroll was run to correct this but resulted in payment delays of two days.

At the same time several hundred payments "errored out" because of related changes made to the payment system. These payments were made one week late.

All systems issues have been corrected.