



State of Michigan
Department of Health and Human Services
County Child Care Fund

2016-2017 Stakeholder Workgroup
Final Report

November 5, 2017

Contents

I. Executive Summary.....	3
II. List of Acronyms.....	3
III. Purpose of the CCF Handbook.....	4
IV. Purpose of the 2016-2017 CCF Handbook Workgroup	4
V. Workgroup Members	4
VI. Workgroup Process.....	5
VII. Recommendations for the 2018 CCF Handbook.....	6
A. CCF Reimbursable Direct Expenditures	6
B. Administrative/Indirect Cost Allotment.....	11
C. Budget Submission Timeline.....	11
VIII. Outstanding Variances for Further Consideration.....	12
Appendix A: Meeting Notes.....	15
Meeting 1: 10/12/2016.....	15
Meeting 2: 10/25/2016.....	27
Meeting 3: 11/9/2016.....	37
Meeting 4: 11/14/2016.....	46
Meeting 5: 12/5/2016.....	57
Meeting 6: 12/12/2016.....	61
Meeting 7: 12/19/2016.....	68
Meeting 8: 1/10/2017	80
Meeting 9: 1/23/2017	81
Meeting 10: 3/30/2017.....	84

I. Executive Summary

In October 2016, the Michigan Department of Health and Human Services (MDHHS or the Department) convened a workgroup including internal and external stakeholders (county and court staff as well as membership organizations) to:

- Identify, review and discuss concerns with the 2013 County Child Care Fund (CCF) Handbook.
- Recommend revisions to CCF reimbursement policies for consideration by MDHHS and possible inclusion in the 2018 CCF Handbook.

This workgroup dedicated itself to accomplishing these goals and produced recommendations that were reviewed by the MDHHS executive team and incorporated into the CCF policies effective in fiscal year 2018.

While the workgroup covered many different CCF related topics, the primary accomplishments of this workgroup were:

- Revising the list of CCF reimbursable direct expenditures for both the in-home care and out of home care programs.
- Establishing an administrative rate of 10% that will be paid to the counties/courts.
- Revising the county/court budget submission timeline.

Outstanding areas of disagreement between MDHHS and county and court stakeholders will be addressed through an ongoing Governance Model sponsored by MDHHS and including county and court stakeholders.

II. List of Acronyms

The following acronyms are relevant to the topics covered in the revised 2018 CCF Handbook and this report.

CCF –Child Care Fund (County)

MAC – Michigan Association of Counties

MACCA - Michigan Association of Circuit Court Administrators

MAFCA – Michigan Association for Family Court Administration

MDHHS – Michigan Department of Health and Human Services

MiSACWIS – Michigan Statewide Automated Child Welfare Information System

MJA – Michigan Judges Association

NMJOA – Northern Michigan Juvenile Officers Association

MPJA - Michigan Probate Judges Association

PCG – Public Consulting Group

SCAO - State Court Administrative Office

III. Purpose of the CCF Handbook

The CCF Handbook, in conjunction with Michigan Statute, Administrative Rules, Michigan Supreme Court Juvenile Court Standards and Administrative Guidelines, Michigan Department of Treasury Accounting Procedures for Local Units of Government and Michigan Case Law, provides the program authority for administering the CCF reimbursement program and the policies that support the administration of the CCF reimbursement program.

IV. Purpose of the 2016-2017 CCF Handbook Workgroup

The CCF Handbook workgroup met from October 2016 through March 2017. MDHHS invited voluntary internal and external stakeholders to the workgroup with the established goals of:

- A. Discussing and receiving input from counties and courts regarding policies (and their practical application) contained within the 2013 CCF Handbook. Specifically:
 - a. Policies that were already identified as conflicting within the body of the 2013 CCF Handbook; and
 - b. Policies that had been updated (via written correspondence) since the 2013 CCF Handbook publication but had not yet been incorporated formally into the Handbook.
- B. Discussing and receiving input from counties and courts regarding the business processes that support the MDHHS CCF Reimbursement Program, including the CCF application within Michigan's Statewide Automated Child Welfare Information System (MiSACWIS).

MDHHS committed to considering all input and discussion from the workgroup as the Department revised the CCF Handbook for fiscal year 2018.

V. Workgroup Members

MDHHS identified stakeholder groups with the intention of garnering input from counties and courts across the state. In addition to county and court personnel, MDHHS identified advocacy and administrative groups representing counties and courts to ensure the broadest representation possible while maintaining a manageable workgroup size.

The following individuals and groups provided input on county child care fund policies through this workgroup process.

Capitol Services, Ben Bodkin

Livingston County, Ashley Gillies

MDHHS, Mary Brennan, Wendy Campau, Kim Chapin, Joel Durr, Kim Etheridge, Robert Fay, Nicole Groulx, Farah Hanley, Mary Housley, Teddy Jay, Angela Jenkins, Jane Johnson, Nikki Jubeck, Rob LaBarre, Mark Meyer, Pam Myers, Jenifer Pettibone, Karla Ruest, Kenton Schulze, Kelly Walters, Scott Werner, Jennifer Wrayno, Steve Yager

Michigan Association for Family Court Administration (MAFCA), David Bilson, Lynn Bullard, Linda Edwards-Brown, John Evans, Nicole Faulds, Kristi Jeffrey, Sandi Metcalf

Michigan Association of Circuit Court Administrators (MACCA), Mike Day, Mike McMillan

Michigan Association of Counties, Elizabeth Gorz

Michigan Probate Judges Association (MPJA), Hon. Sue Dobrich, Joni Patzer

Northern Michigan Juvenile Officers Association (NMJOA), Carla Grezeszak, Andy Thalhammer

Oakland County, John Cooperrider

Public Consulting Group, Inc. (PCG), Mary Alice Carroll, Jen MacBlane, Maureen Stanton

Senate Fiscal Agency, John Maxwell

Senate Majority Policy Office, Dan Dundas

Senator Peter MacGregor's Office, Patty Hertrich

State Court Administrative Office (SCAO), Noah Bradow, Rebecca Mack

Washtenaw County, Kelly Belknap, Andrew DeLeeuw

Wayne County, Kamau Kheperu, Brian Manning

Public Consulting Group (PCG) respectfully acknowledges the commitment to, and support of, revising CCF reimbursement policies by these individuals and groups.

VI. Workgroup Process

MDHHS contracted with PCG to assist with the facilitation of the workgroup, including setting agendas, scheduling meetings, taking notes, and drafting this final summary report.

The workgroup committed to meeting in person as much as possible, with supporting phone calls and web conferencing when necessary.

The workgroup convened in Lansing, Michigan, on the following dates:

10/12/2016	12/12/2016
10/25/2016	12/19/2016
11/9/2016	1/10/2017 (teleconference)
11/14/2016	1/23/2017
12/5/2016 (teleconference)	3/30/2017 (teleconference)

The group worked through the following steps:

- Stakeholders identified issues and questions relating to the 2013 CCF Handbook.
- Stakeholders prioritized issues based on urgency, scope and impact.
- Stakeholders discussed issues in the full workgroup.
 - Some of these discussions happened in small groups and/or offline with reports back to the larger stakeholder group.
- MDHHS provided an official Department response to the questions and concerns raised by the workgroup.
- MDHHS provided multiple drafts for review of the 2018 CCF Handbook.
- Stakeholders provided feedback to each iteration of the draft 2018 CCF Handbook.
- The workgroup agreed to publication of the 2018 CCF Handbook, recognizing that not all issues had been resolved but that the group had made substantial progress and would continue working through a governance model on outstanding issues.

VII. Recommendations for the 2018 CCF Handbook

The workgroup spent considerable time reviewing each of the policies contained in the 2013 CCF Handbook. County and court stakeholders provided many recommendations for updated policies, most of which were accepted by MDHHS.

In this section, you will find an overview of the primary policy changes recommended by the workgroup and reflected in the 2018 CCF Handbook. The recommended changes to CCF policies were:

- A. Revise the list of CCF reimbursable direct expenditures for both the in-home care and out-of-home care programs.
- B. Establish an administrative rate of 10% that will be paid to the counties/courts.
- C. Revise the county/court budget submission timeline.

A. CCF Reimbursable Direct Expenditures

The workgroup reviewed the MDHHS reimbursement policies in the 2013 CCF Handbook and made numerous recommendations to MDHHS for changes to specific line item reimbursement eligibility.

In the 2018 CCF Handbook, the following line items are **eligible** for reimbursement as **Direct Expenditures** under the **Out-of-Home Care Program**. Some of these line items were previously categorized as “unallowable” under the CCF program, while other line items have been revised to provide more specific guidance to counties, courts and tribes.

1. Salaries of county-/court-operated detention center, shelter care facility or group care facility specific employees, limited to:
 - a. Management staff of facility.
 - b. Direct Service staff of facility.
 - c. Mental Health staff of facility.
 - d. Support Staff including clerical staff of facility.

- e. Janitorial/Maintenance staff of facility¹.
 - f. Kitchen staff of facility.
 - g. Security staff of facility.
 - h. Circuit Court employee salaries who support the CCF county-/court-operated detention center, shelter care facility or group care facility.
2. Fringe benefits (including Payroll Taxes, Medical, Vision & Dental Insurance, Group Life Insurance, Disability Insurance, Accident Insurance, Health Savings Accounts, Retirement Contributions, Worker's Compensation and Accrued Severance Benefits) county-/court-operated detention center, shelter care facility or group care facility specific employees and Circuit Court administration who administrate and support the CCF county-/court-operated detention center, shelter care facility or group care facility.
 3. Clothing for children.
 4. Food for children.
 5. Meals furnished to staff who are on duty at a county-/court-operated detention center, shelter care facility or group care facility and assigned responsibilities for the supervision and care of the youth during facility meal time.
 6. Hygiene supplies for children (shampoo, soap, toothpaste, etc.).
 7. Education costs for children who are temporary residents in a county-/court-operated detention center, shelter care facility or group care facility and school attendance in a public school system or their local education agency is not an option.
 8. Utilities of county-/court-operated detention center, shelter care facility or group care facility including water, gas, electric, trash and sewer.
 9. Janitorial supplies of county-/court-operated detention center, shelter care facility or group care facility.
 10. Kitchen supplies of county-/court-operated detention center, shelter care facility or group care facility.
 11. Laundry supplies/service of county-/court-operated detention center, shelter care facility or group care facility.
 12. Linen supplies/service of county-/court-operated detention center, shelter care facility or group care facility (including towels and bedding).
 13. Office supplies that are dedicated solely to the county-/court-operated detention center, shelter care facility or group care facility.
 14. Landline phones, cell phones, and two-way radios used for communication that are dedicated solely to the county-/court-operated detention center, shelter care facility or group care facility.
 15. Copy machine charges that are dedicated to the county-/court-operated detention center, shelter care facility or group care facility.
 16. Mattress, box spring and bed frames used in county-/court-operated detention center, shelter care facility or group care facility.
 17. Medical, dental, psychological and psychiatric services, including medication, for children who are not covered by another source; services used to determine competency are excluded.

¹ Includes facility/grounds staff.

18. Periodicals/books of county-/court-operated detention center, shelter care facility or group care facility.
19. Recreational supplies/programs/TV in a county-/court-operated detention center, shelter care facility or group care facility.
20. Training for CCF funded staff and in-service education directly related to the Out-of-Home program (excluding tuition grants or scholarships for college credit).
21. Mileage reimbursement rate costs for transporting children of a county-/court-operated detention center, shelter care facility or group care facility. (Mileage reimbursement rates used must adhere to the county/tribe published rates. Mileage reimbursement rates are meant to cover all costs of operating a vehicle including maintenance, repairs, taxes, gas, insurance and registration fees.)
22. Drug testing for children.
23. Birth certificates for children.
24. Incentives for youth.
25. Interpreter fees for non-judicial processes.
26. Printing, binding, postage for materials relating to the education and/or correspondence relating to children in the county-/court-operated detention center, shelter care facility or group care facility.
27. Membership dues/fees – professional credential maintenance of staff who provide or support a service to children under the CCF and/or professional staff for whom professional licensure is required in their respective job description.
28. Contracted personnel, programming and/or services².
29. Non-scheduled payments.

In the 2018 CCF Handbook, the following types of **administrative/indirect** costs are **NOT** eligible for reimbursement as Direct Expenditures under the Out-Of-Home Care Program. However, the county's 10% administrative/indirect cost allotment (as described in the following section) can be used to cover these types of expenses.

- 1) General Fund expenditures including salaries of employees who peripherally support CCF activities (including county treasurer, county human resource department, county law enforcement and county information technology department).
- 2) Construction and other capital improvement costs.
- 3) Property and capital equipment expenditures (including purchases of appliances).
- 4) Facility grounds and building maintenance costs (with the exception of salary/fringes costs of maintenance staff of facility).
- 5) Repairs and maintenance of equipment.
- 6) Facility-specific equipment purchases and leases.
- 7) Software and technology costs for CCF programs and/or services to children.
- 8) Insurance – liability.

² Contractual arrangements must meet standards set by the county, be monitored by the county, and be eligible for reimbursement.

- 9) Services that were already accounted for under the in-home care program.
- 10) Rental/use costs for building(s).
- 11) Judicial expenditures.

In the 2018 CCF Handbook, the following line items are **eligible** for reimbursement as **Direct Expenditures** under the **In-Home Care Program**. Some of these line items were previously categorized as “unallowable” under the CCF program while other line items have been revised to provide more specific guidance to counties and courts.

- 1) Circuit court employee salaries who support the CCF in-home care program.
- 2) Fringe benefits (including Payroll Taxes, Medical, Vision and Dental Insurance, Group Life Insurance, Disability Insurance, Accident Insurance, Health Savings Accounts, Retirement Contributions, Worker’s Compensation and Accrued Severance Benefits) of Circuit court employees who administrate and support the CCF in-home care program.
 - a. For those counties that receive the Juvenile Court Officer grant and the appointed Juvenile Court Officer works within an approved program, the proportional fringe benefits (as listed above) for the Juvenile Court Officer may be reimbursable
- 3) Mileage reimbursement rate costs associated with the CCF in-home care program. (Mileage reimbursement rates used must adhere to the county/tribe published rates. Mileage reimbursement rates are meant to cover all costs of operating a vehicle including maintenance, repairs, taxes, gas, insurance and registration fees.)
- 4) Program Supplies and Materials
 - a. Program specific supplies including risk/needs assessments, recognition plaques, and educational/program licenses.
 - b. Office supplies related to program activities and pro-social activities.
 - c. Food related to program activities and pro-social activities.
 - d. Drug test kits.
 - e. Tethers and other forms of electronic monitoring.
- 5) Other Costs
 - a. Cell phones and other safety tracking technology for CCF funded staff.
 - b. Training for CCF funded staff and in-service education related to the in-home care component (excluding tuition grants or scholarships for college credit).
 - c. Education costs for children who are prohibited from school attendance in a public school system or their local education agency and/or have severe educational issues and have been court ordered into a CCF funded educational program.
 - d. Printing, binding, copies, postage for materials that support the CCF in-home care program.
 - e. Membership dues/fees – Professional credential maintenance of staff who provide or support a service to children under the CCF and/or professional staff for whom professional licensure is required in their respective job description.
 - f. Business cards.
- 6) Other program specific activities costs (including entrance fees for programs).
- 7) Conferences/travel costs (other non-CCF related trainings) including evidence-based and promising practices training.
- 8) Contracted personnel, programming and/or services including but not limited to:

Unit cost contracts

 - a. Contracted - drug testing – lab (per “drug test” basis).

- b. Contracted - counselor fees – (per *hour* basis).
 - c. Contracted - group session \$/session (per *session* basis).
 - i. Group roster documentation required.
 - d. Contracted - psychological evaluations, excluding competency examinations – (per *evaluation* basis).
 - e. Contracted - service providers (per *service* basis).
- Closed-end contracts
- a. University contracts (including program evaluation).
 - b. Private agency services contracts.
 - c. Educational services contracts.
 - d. Court Appointed Special Advocate contracts.
 - e. Wraparound contracts.
 - f. Other contracts identifiable to the program.
- 9) Non-scheduled payments (also called case services payments); defined as, “Payments to individuals or organizations for items specified and defined in the CCF Handbook which are not included in the state-established per diem rate.” The payments may include, but are not limited to, the following:
- a. Emergency costs (immediate food, clothing or medical/dental needs which are not covered by another source).
 - b. Gymnasium or other pro-social activity requiring a membership per child related to program activities.
 - c. Rewards/incentive pay for youth related to program activities.
 - d. Bus tokens /gas cards related to program activities.
 - e. Mentor costs - meals, mileage, movies, social costs related to program activities.
 - f. Non-contracted service provider related to program activities.
 - g. Non-contracted group session related to program activities.
 - h. Non-contracted psychological evaluations, excluding competency examinations.
 - i. Family assessment/evaluations.
 - j. Non-contracted counselor fees.
 - k. Non-contracted drug testing – labs.
 - l. Camps/field trips.
 - m. Birth certificates for children.

In the 2018 CCF Handbook, the following types of **administrative/indirect** costs are **NOT** eligible for reimbursement as Direct Expenditures under the In-Home Care Program. However, the county’s 10% administrative/indirect cost allotment (as described in the following section) can be used to cover these types of expenses:

- 1) General Fund expenditure including salaries of employees who peripherally support CCF activities (including county treasurer, county human resources department and county IT department).
- 2) Construction and other capital improvement costs.
- 3) Property and capital equipment expenditures (including purchases/leases of appliances, computers vehicles and fleet Transportation costs).
- 4) Repairs and maintenance costs – equipment.
- 5) Repairs and maintenance costs – building.

- 6) Software and technology expenditures.
- 7) Software general leases (for software and technology used for general support of court process).
- 8) County office supply allocation charges.
- 9) County landline phone allocation charges.
- 10) County copier allocation charges for purpose of in-home care programs
- 11) Printing, binding, copies, postage for court processes and county business.
- 12) Insurance – liability.
- 13) Services that were already accounted for under in-home care.
- 14) Membership dues/fees – professional credential maintenance – Not included as required in an employee’s job description.
- 15) Judicial expenditures.

B. Administrative/Indirect Cost Allotment

MDHHS proposed to the workgroup an administrative rate that could be provided to counties/courts to support costs that are administrative/indirect in nature and thus unallowable for reimbursement as direct expenses. The workgroup carefully considered this recommendation and accepted it as follows:

An Administrative/Indirect Cost allotment equal to 10% of the Total Adjusted Expenditures Subject to Reimbursement at 50% (Gross Expenditures) line on the monthly DHS-207 form or DHS-206B form will be calculated and distributed with every approved monthly 207/206b reimbursement payment. Given that these costs are not reported on the DHS-207 or DHS-206b, no Detailed General Ledger/Transaction Level History Report will be required or reviewed to support the expenditures covered with this allotment.

The administrative/indirect cost allotment will reduce the burden on both county/court and MDHHS staff by reducing the levels of reporting and cost allocation required in previous years. Additionally, establishing this allotment will reduce the risk to counties/courts of submitting administrative/indirect costs to the department that could ultimately be determined unallowable. This allotment allows the counties/courts to spend CCF dollars flexibly and invest in programming that benefits each particular county.

C. Budget Submission Timeline

The workgroup adopted the following county/court annual budget submission timeline recommendation:

- | | |
|-------------|--|
| May 1: | Advance Plan & Budget in MiSACWIS opens |
| August 15: | Advance Plan & Budget submissions deadline for counties/courts |
| October 15: | Advance Plan & Budget approvals deadline for MDHHS |

This recommendation allows counties/courts to begin working on and submitting their Advance Plan & Budgets in MiSACWIS earlier in the year and thus allows MDHHS to review and approve Advance Plan &

Budgets by the start of Michigan’s fiscal year. This advanced timeline reduces the burden on both the county/court staff and MDHHS. It also allows for a more effective budgeting process than in prior years when budgets were generally not submitted and approved prior to the start of the fiscal year.

VIII. Outstanding Variances for Further Consideration

After this six-month process, the workgroup was able to resolve all but a few issues originally identified as in-scope for this workgroup.

MDHHS is committed to the success of the CCF and realizes that further and ongoing discussion is necessary. As this workgroup comes to a close, MDHHS will engage in a Governance Model to ensure open communication between stakeholders and a forum for continuing to resolve any variances in understanding of CCF policies and procedures.

The workgroup has laid out the following variances for further deliberation through the Governance Model:

Program	Expenditure	MDHHS Position	MAFCA/MAC/NMJOA Position
In-Home Care, Out-of-Home Care	Software and technology which directly support child care fund data collection, programs and/or services to children.	Per analysis, allowing Software & Technology Costs would be a conflict of Ottawa County v FIA, 265 Mich App 496; 695 NW2d 562 (2005), and as such, MDHHS cannot support the inclusion as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.
In-Home Care	County copier allocation charges for purpose of in-home care programs.	Per analysis, allowing Maintenance of Capital Assets would be a conflict of Ottawa County v FIA, 265 Mich App 496; 695 NW2d 562 (2005), and as such, MDHHS cannot support the inclusion as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.

Program	Expenditure	MDHHS Position	MAFCA/MAC/NMJOA Position
In-Home Care	Equipment repair and maintenance as it directly relates to in-home care programs.	Per analysis, allowing Maintenance of Capital Assets would be a conflict of Ottawa County v FIA, 265 Mich App 496; 695 NW2d 562 (2005), and as such, MDHHS cannot support the inclusion as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.
In-Home Care, Out-of-Home Care	Other: Costs determined to be directly related to the care and support of children court-ordered into in-home care programs <i>not included</i> in section VII. A. CCF Reimbursable Direct Expenditures of this report and approved by MDHHS staff and court administrative staff.	Per analysis, this proposed, open-ended category of costs would allow for significant latitude and interpretation; likely open the door for disagreements between Courts and MDHHS on appropriateness of costs. MDHHS does not support the inclusion of Other as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.
In-Home Care	Dispute resolution/mediation.	Dispute Resolution/Mediation replaces the judicial process, and as such, MDHHS cannot support it as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.
Out-of-Home Care	Grounds and building maintenance (both routine and non-routine).	Per analysis, allowing Maintenance of Capital Assets would be a conflict of Ottawa County v FIA, 265 Mich App 496; 695 NW2d 562 (2005), and as such, MDHHS cannot support the inclusion as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.

Program	Expenditure	MDHHS Position	MAFCA/MAC/NMJOA Position
Out-of-Home Care	Repairs and maintenance of equipment, e.g. dental equipment (both routine and non-routine).	Per analysis, allowing Maintenance of Capital Assets would be a conflict of Ottawa County v FIA, 265 Mich App 496; 695 NW2d 562 (2005), and as such, MDHHS cannot support the inclusion as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.
Out-of-Home Care	Facility-specific equipment purchases up to \$5,000 (included in Government Finance Association best practices for establishing capitalization threshold for capital assets.)	Per analysis, allowing Purchase of Capital Assets would be a conflict of Ottawa County v FIA, 265 Mich App 496; 695 NW2d 562 (2005), and as such, MDHHS cannot support the inclusion as an allowable Direct Expenditure.	These costs should be allowable as a Direct Expenditure.

Appendix A: Meeting Notes

Meeting 1: 10/12/2016

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	Lansing, MI (Grand Tower)
Date:	Wednesday, October 12, 2016
Start Time:	10 am – 3:30 pm

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
X	Bilson, David	MAFCA
X	Bodkin, Ben	Capitol Services (MAFCA, NMJOA)
X	Bradow, Noah	SCAO
X	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
X	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
X	Carroll, Mary Alice	PCG
X	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
X	Day, Mike	MACCA
X	Dobrich, Hon. Sue	MPJA
X	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
	Etheridge, Kim	MDHHS Observer – Bureau of Audit
X	Evans, John	MAFCA
X	Faulds, Nicole	MAFCA
X	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
x	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
X	Jeffrey, Kristi	Observer
X	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
X	Johnson, Jane	MDHHS Observer
X	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County
X	MacBlane, Jen	PCG
x	Mack, Rebecca	SCAO
X	Manning, Brian	Wayne County

Attended meeting?	Participant Name	Organization
X	McMillan, Mike	MACCA
X	Metcalfe, Sandi	MAFCA
X	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
X	Myers, Pam	MDHHS– Bureau of Audit Director
x	Patzer, Joni	MPJA
	Ruest, Karla	MDHHS Observer – Legislative Services
x	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
	Thalhammer, Andy	NMJOA
X	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
X	Werner, Scott	MDHHS – Bureau of Audit
X	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
X	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

List of Acronyms/Shorthand

CCF – County Child Care Fund

MAC – Michigan Association of Counties

MACCA - Michigan Association of Circuit Court Administrators

MAFCA – Michigan Association for Family Court Administration

MDHHS – Michigan Department of Health and Human Services

MiSACWIS – Michigan Statewide Automated Child Welfare Information System

MJA – Michigan Judges Association

NMJOA – Northern Michigan Juvenile Officers Association

MPJA - Michigan Probate Judges Association

PCG – Public Consulting Group

SCAO - State Court Administrative Office

Agenda

- 1) Introductions
- 2) Housekeeping
- 3) Hierarchy of Policies
- 4) Goals for Workgroup
- 5) Topic Area Identification
- 6) Next Steps/Wrap-up

Introductions – PCG Overview

- 1) Group Introductions
- 2) PCG Introduction
 - a. Maureen Stanton, PCG, Dearborn
 - b. Jen MacBlane, PCG, Syracuse
 - c. Mary Alice Carroll, PCG, Boston

Hierarchy of Policies

- 1) **Background – there seems to be outstanding questions about the hierarchy of rules that dictate the CCF’s operation/eligibility/allowability**
- 2) **Hierarchy is Statute->Administrative Rules->Handbook/Department policies**
 - a. The CCF Handbook is a compilation of the Department’s published policies for operating the CCF
 - b. Noted that the Handbook is not written in legalese because it is not legislation
 - c. Recommendation: Add a definition to the beginning of the CCF Handbook to describe what the document is, purpose, etc.
- 3) **Some concern noted about whether the Department has the authority to create policy outside of legislation that dictates the CCF.**
 - a. MDHHS creates policy nearly every day for a variety of programs; this includes the creation and maintenance of several other Handbooks/manuals used across many different program types
- 4) **When/how is the determination made to change policy through an administrative rule vs. the Handbook?**
 - a. The rule making process is extremely difficult; the Department goes the route of promulgating general rules and then determining more specific policies outside of that. The policies need to be flexible and the Department needs to be able to alter policies, which it cannot do if the whole Handbook is included in the administrative rules.
 - b. Noted a concern that the effort put forth promulgating administrative rules ensures due process of rulemaking – everyone has input; some feedback is that the Handbook excludes the due process of reviewing the rules.
 - i. Noted that the Department does allow for public comment on all policy and that it is reviewed at multiple levels before becoming official Department policy.
- 5) **Stakeholders voiced concern over the transition from what seemed like a Handbook that was fair to the counties/courts as well as the state to a Handbook which is now more heavily restrictive of counties/courts and is being treated as the definite rules of allowable and unallowable costs. (Transition being referenced related to the 2013 CCF Handbook rewrite.)**
 - a. The Department has been hearing concern that the 2013 Handbook did not include input from counties and courts
 - i. Counties and courts were included in a workgroup that provided input to the 2013 Handbook. The Department has documentation that reflects input, including specific language changes requested to the Handbook, was provided by county/court representatives, considered by the Department, and in certain cases used in the 2013 Handbook.
 - ii. Workgroup included SCAO, MPJA, and MAFCA representatives.
- 6) **The recent changes in MDHHS oversight resulted from the OAG audit report that found MDHHS lacking in oversight in a variety of areas**
- 7) **There was some discussion over whether the counties and courts were even under the authority of the Handbook, and if not, then this workgroup would be unnecessary. The Department explained the logic that supports its superintending control over the CCF and its policies, otherwise known as the CCF Handbook. As such, MDHHS will proceed with establishing and monitoring the CCF reimbursement program.**
 - a. Regardless of the authority, MDHHS is committed to increasing the transparency and collaboration with counties, courts, and tribes about the CCF to ensure better communication and shared problem-solving activity.

- b. Courts raised question re: what does collaborative partnership mean? And what is the court's role in that regard? Partnership eroded in past few years. These questions became a parking lot item.
- 8) To Judicial Branch, CCF is significant. Budgets approved at the beginning of the year and mid-year 'decisions and edicts' have affected courts. SCAO states that all of CCF (not just the reimbursable portion) makes up about 25-35% of the whole cost of judiciary**

Goals

- 1) Discuss and receive input from counties and courts regarding concerning policies (and their practical application) contained within the 2013 CCF Handbook. We will be sure to specifically address MDHHS policies that:
 - a. Are already identified as conflicting within the body of the 2013 CCF Handbook
 - b. Have been updated (via written correspondence) since the 2013 publication but have not yet been incorporated formally into the Handbook
- 2) Discuss and receive input from counties and courts regarding the business processes that support the MDHHS CCF Reimbursement Program (including MiSACWIS-CCF application)
- 3) MDHHS will contemplate the input and discussions in this workgroup as it revises the CCF Handbook. MDHHS's goal is to produce a draft, revised Handbook by 12/31/2016 which will become formal MDHHS policy and take effect 10/1/2017.

Topic Area Identification

- a. Indirect costs (can't be reimbursed if it is not on 292)
 - a. Change in definition/interpretation
 - b. **Category: Handbook/Policy**
- b. Interpretation of administrative rules – placing Handbook/MDHHS CCF policies in proper alignment
 - a. Handbook cannot trump law
 - b. What is actually in the rules?
 - c. Example: indirect expenses cannot come out of general fund
 - d. **Category: Handbook/Policy, Conflicting rules**
- c. Capital vs. non capital expense
 - a. Technology Costs – Not all tech costs are a capital expense
 - i. Operating vs. capital costs, can they be a direct expense?
 - ii. Look again at the direct vs. indirect list to see where this would land
 - iii. Maintenance cost for software was disallowed?
 - b. Need to review Ottawa County decision from March 27, 2005 (see attachment to these notes)
 - i. Capital improvements – whether or not they provided a service to a child?
 - c. **Category: Business process, Conflicting rules**
- d. Foster Care relative placements
 - a. Allowable vs. unallowable? Intent of rule?
 - b. **Category: Conflicting rules**
- e. "Any costs that are unreasonable or unnecessary"
 - a. How are the terms "unreasonable" and "unnecessary" defined? Who determines?
 - b. **Category: Handbook/Policy**
- f. Use of Federal and State funds

- a. Federal or state funds cannot be deposited in the child care fund but there is conflicting guidance
 - b. **Category: Conflicting rules**
- g. Budget process has to be well-defined
 - a. Courts need defined process to submit budgets to state – what does budget ‘acceptance’ mean?
 - b. Need mutually acceptable budget submission and amendment process.
 - c. **Category: Business process**
- h. Timing of invoices, payments, etc.
 - a. When Department gets bills, when Department sends payments to counties
 - b. Facility billing cycles and how those relate to billing and payment
 - c. Reconciliation of offsets
 - d. Timing of receiving private agency bills -- state should enforce billing contract, counties set own rules and administration? (Administrative Rule: ‘County Reimbursement Submission Limitation’)
 - e. Bills coming through on offset many years old (overlooked for a long time or fund source errors) that need to be corrected– need to address w/ local MDHHS offices
 - f. **Category: Business process**
- i. Title IV-E relationship and eligibility rules
 - a. Interpretation of this process has changed – what does certification mean at a state level?
 - b. Cash flow problems – monthly interim payment?
 - c. **Category: Business process**
- j. Updates to Handbook references
 - a. Ex: Current Handbook makes references to J-JOLT (no longer exists) needs to reference MiSACWIS
 - b. Ensuring policy is updated with current systems and processes
 - c. **Category: Handbook/Policy**
- k. MiSACWIS issues
 - a. Issues: can’t log on, entering multiple months, judge’s signature delegations
 - b. DHHS is looking into fixing delegation problems (judges’ signatures), Help Desk CCF
 - c. Ability to short-pay if MDHHS disagrees w/ what’s billed to keep payment process flowing.
 - d. **Category: Business process, Technology**
- l. System issue of courts w/ CCF subaccounts receiving payment
 - a. Local state agency office has to fill out their portion to pay courts
 - b. **Category: Business process**
- m. Remedy for disagreements – ongoing process
 - a. State and counties have always had a problem-solving relationship but that is less apparent in recent times
 - b. If a third party is involved in policy making- workgroup may not have to happen again
 - c. MDHHS is always seeking input on policy making – how to move forward with communicating policy changing
 - d. Appropriation Act – MDHHS is required to send to legislature at least 30 days before policy can be finalized.
 - e. How should policy changes be communicated to counties?
 - f. **Category: Business process**
- n. Technical Assistance

- a. Courts are not used to “auditors” – feedback is that there seems to be a fundamental lack of understanding at the state level of who they are talking to at the courts.
- b. Technical assistance is required by Administrative Rules and should be addressed in handbook
- c. Recommendation: Once MDHHS is staffed, send oversight monitors to observe the courts before diving into technical assistance and training/reviews
 - i. General sense from courts that MDHHS is focused on financially reviewing them but the program side needs to also be considered. Staff could use more background on what the courts’ goals are.
- d. MDHHS is currently working to staff a balanced oversight team that can help identify the needs of the counties and help problem solve with the counties.
- e. Perceptions of courts receiving TA by phone via email
- f. **Category: Business process**
- o. Historical Perspective
 - a. Child welfare vs. criminal justice system
 - b. **Category: Handbook/Policy**
- p. Administrative services or direct service to a child?
 - a. Recommendation to implement changes on a going-forward basis (following fiscal year), not implementing them retroactively or immediately.
 - b. **Category: Business process**
- q. In-Home Care
 - a. Criteria for what can be submitted for in-home service cost
 - b. Who can be considered a ‘service provider’?
 - c. Can case workers use skype/polycom to meet face-to-face requirements for a short amount of time (detention/rehab)?
 - i. Noted that the written rules are older than computers
 - ii. Noted the federal government does not allow virtual face-to-face to meet requirements for face-to-face, at this time.
 - d. Currently no courtesy supervision by courts or other counties
 - e. **Category: Handbook/Policy**
- r. \$500 Expenditure Limits
 - a. Mostly related to the indirect costs but there are also references to other types of costs that are limit at \$500 throughout the Handbook
 - b. Note a change from \$300 cap to \$500 limit because of inflation, occurring sometime between 2006 and 2012
 - c. **Category: Handbook/Policy**
- s. Recoupment after audit
 - a. Reasonable approach – what’s happening now and what’s going to happen in the future
 - b. Title IV-E recoupment?
 - c. MDHHS currently looking into the question of recoupment as well as potential payment plans and other ways to mitigate the financial impact of recoupment
 - d. **Category: Business process**
- t. Collaboration
 - a. Ultimately state has responsibility for administering the rules of CCF reimbursement but MDHHS wants input from counties and courts and other stakeholders
 - b. Some courts may need fiscal county people w/ more financial expertise in meetings
 - c. **Category: Handbook/Policy, Business process**
- u. Clarification for uses of donor funding

- a. **Category: Handbook/Policy**
- v. Subrecipient guide as an auxiliary tool for courts to use with private agencies
 - a. **Category: Handbook/Policy**
- w. Contracts
 - a. Types of contracts, out of home placement vs. in-home care services
 - b. **Category: Handbook/Policy**

Indirect Cost

(Note: Future iterations of this proposal will be housed outside of meeting notes as an attachment to the notes. Since these notes were written, changes have been made to items in this section.)

- 1) **Lack of clarity around indirect cost definition**
- 2) **292, 101 funds – 101 accounts are what indirect costs are based off, aren't able to report this on the 292**
- 3) **What has been practiced and what changed during the OAG audit?**
- 4) **Handbook changed procedure from looking at the county to the court cost plan**
 - a. Pg. 17 – reimbursable indirect costs
 - b. “county/circuit court/tribes” would help clarify
- 5) **Indirect costs include the cost of *supporting* direct service of children – need to clarify the intent/definition of “support”**
- 6) **County cost allocation plan concerns**
 - a. Counties run on different fiscal schedules
- 7) **Two alternative approach proposals to indirect costs:**
 - a. Review the Office of Child Support’s cost allocation plan/process and use that as a basis for determining the CCF rules.
 - b. Identify a formula or flat rate to calculate indirect costs.
 - i. There has been previous discussion of a formula– simpler approach to define a formula?
 - ii. MDHHS does this with local public health departments
 - iii. Would provide flexibility to counties and make it easier on MDHHS to administer
 - iv. Group was interested in considering this as an option
- 8) **Concern raised definitions would be applied uniformly when all counties are not same/some structured differently.**

MDHHS Administrative Cost Allocation Flat Rate Proposal Summary

Note: After the 10/12/16 meeting, MDHHS and PCG agreed that referring to Administrative costs made more sense than Indirect Costs and so that is how this section has been written. Indirect Costs are a part of Administrative Costs but MDHHS wanted to be clear that Administrative Costs may include things beyond only Indirect Costs.

- 1) **Categorize direct costs vs. administrative costs**
 - a. Direct vs. Admin vs. Indirect: Need to be clearly defined
- 2) **Essentially, a flat percentage rate would be given and would be applied to a county’s direct costs.**
 - a. Ex: If a county’s direct costs were \$100,000 and the flat indirect cost rate was 10%, the county would be able to expense indirect costs up to \$10,000.

- 3) **A concern was raised over every county having the same administrative cost rate applied, regardless of county size and how much of their operations are ‘in-house’ vs. ‘contracted out’.**
- 4) **A concern was raised about the flat rate essentially being a cost cap and the ability of the cap to cover a county’s actual indirect costs.**
- 5) **Noted that OMB Circular A-87 (or Supercircular) allows for certain costs but the state is being more restrictive. MDHHS noted that the state’s guidance overrides A-87 in limiting certain costs and A-87 states specifically local rules or laws take priority.**
- 6) **Group will have to carefully define Direct Costs because that is the driver of the administrative cost reimbursement amount.**
- 7) **Some feedback in the room was that it would be helpful to have an “either or” option:**
 - a. A county can get the flat rate administrative cost reimbursement and avoid doing a whole cost allocation plan, or
 - b. A county can submit a cost allocation plan and a list of administrative costs for reimbursement of estimated actual costs, which is more burdensome but may be more financially beneficial to some counties.
 - i. Cost allocation plans are generally accepted because of federal regulations – counties have different business needs.
- 8) **Flat rate administrative percentage would go toward administrative expenses at the county’s discretion**
- 9) **MDHHS would monitor the direct cost very closely**
- 10) **Noted that currently, general fund expenditures shouldn’t be included as indirect costs**
- 11) **Noted that more discussion needs to occur around how direct service (vs. direct cost) should be defined for CCF, particularly around salaries and fringe and whether they are categorized as direct cost or not.**
- 12) ***After the meeting on 10/12/16, MDHHS identified that some additional work needed to be done around psychological evaluations to make it clear that psychological evaluations do not include competency examinations. This will be brought up in the next meeting.***

Proposed definition/allowable expenditures under **DIRECT SERVICE – OUT-OF-HOME-CARE**

- Salaries of county-operated detention center/shelter care/group care facility specific employees including:
 - Management Staff of facility
 - Direct Service Staff
 - Mental Health Staff
 - Support Staff including Clerical Staff of facility
 - Janitorial Staff of facility
 - Kitchen Staff of facility
 - Security Staff of facility
- Fringe Benefits of county-operated detention center/shelter care/group care facility specific employees
- Clothing for children
- Food for children
- Meals furnished to staff that are on duty at a county-operated detention center/shelter care/group care facility and assigned responsibilities for the supervision and care of the youth during facility meal time
- Hygiene Supplies for children (Shampoo, Soap, Toothpaste)

- Education costs for children when it is documented that the service is not available through the public school system
- Utilities of county-operated detention center/shelter care/group care facility including Water, Gas, Electric, Trash, Sewer
- Janitorial Supplies of county-operated detention center/shelter care/group care facility
- Kitchen Supplies of county-operated detention center/shelter care/group care facility
- Laundry Supplies/Service of county-operated detention center/shelter care/group care facility
- Linen Supplies/Service of county-operated detention center/shelter care/group care facility (including towels & bedding)
- Mattress, box spring and bed frames used in county-operated detention center/shelter care/group care facility
- Medical, dental, psychological, and psychiatric services for children which are not covered by another source.
- Periodicals/Books of county-operated detention center/shelter care/group care facility
- Recreational Supplies/Programs/TV of county-operated detention center/shelter care/group care facility
- Costs of staff training for Child Care Funded staff and in-service education directly related to the Out-of-Home program (excluding tuition grants or scholarships for college credit).
- Travel costs relating directly to the operation of a county-operated detention center/shelter care/group care facility (Reimbursement will follow “Standardized Travel Regulations” issued by the State of Michigan Civil Service Commission and Department of Technology, Management & Budget. This does not include salaries and fringe for transportation staff or fleet costs.)
- Drug Testing
- Birth certificates for children

Proposed definition/allowable expenditures under **ADMIN OUT-OF-HOME CARE**

- General Fund Expenditures salaries of employees who support CCF activities including county treasurer, HR department
- Circuit court employee salaries directly administrating the CCF (including Court Administrator)
- Construction and other capital improvement costs
- Property and Capital Equipment Expenditures (including purchases of appliances)
- Repairs and Maintenance – Building
- Repairs and Maintenance – Equipment
- Repairs and Maintenance - Vehicle
- Equipment (Copier/Computer) Leases
 - Copy machine could fall under detention center only
- Copier charges
- Software General Leases
- Office Supplies
- Phone landlines
- Printing, Binding, Postage
- Insurance - Liability
- Services that were already accounted for under IHC.
- Membership Dues/Fees – Professional Credential Maintenance
- Psychological Evaluations - court ordered

- Courts say should make this direct to eliminate ‘gamesmanship’, otherwise judges will just stop court-ordering them
- Rental/use costs for building(s)

Additional Feedback

- 1) Technology – discuss whether/when to put this under direct, ongoing service for children

Proposed definition/allowable expenditures under **DIRECT SERVICES – IN-HOME CARE** (reported on 2094)

- Salaries of direct service staff
- Fringe Benefits of staff providing direct services
- Travel costs related directly to the In-Home-Care program. (Reimbursement will follow “Standardized Travel Regulations” issued by the State of Michigan Civil Service Commission and Department of Technology, Management & Budget. This does not include salaries and fringe for transportation staff or fleet costs.)
- Program Supplies and Materials
 - Program Specific Supplies
 - Food related to Program Activities
 - Drug Test Kits
 - Tethers
- Other Costs
 - Cell Phones related to Program Activities
 - Costs of staff training for Child Care Funded staff and in-service education directly related to the In-Home-Care component (excluding tuition grants or scholarships for college credit).
 - Other Program Specific Activities costs (including “Entrance Fees” for programs)
- Contracts
 - Unit Cost
 - Contracted – Lab Drug Testing - \$/Test
 - Contracted - Counselor Fees - \$/hr
 - Contracted - Group Session \$/session
 - Contracted - Psychological Evaluations, **excluding competency examinations** (bold part added after 10/12/16 meeting)
 - Contracted - Service Providers (service specified per child)
 - Closed-End Contracts (reconciliation process/identifiable to a child/contract has to be part of intensive service)
 - University Contracts
 - Other Contracts Identifiable to the program
- Nonscheduled Payments (must be identifiable to a child)
 - Emergency Costs (Immediate Food, Clothing or Medical/Dental needs which are not covered by another source.)
 - Gymnasium Membership per child related to Program Activities
 - Rewards/Incentive Pay for Youth related to Program Activities
 - Bus Tokens /Gas Cards related to Program Activities
 - Mentor Costs - Meals, Mileage, Movies, social costs related to Program Activities
 - Non-contracted service provider related to Program Activities

- Non-contracted group session related to Program Activities
- Non-Contracted Psychological Evaluations related to Program Activities
- Family Evaluations
- Non-Contracted Counselor Fees
- Non-Contracted Drug Testing – Labs
- Camps/Field Trips
- Conferences/Travel costs (other non-CCF related trainings)
 - Evidence based training
- Birth certificates for children

Proposed definition/allowable expenditures under **ADMIN – IN-HOME**

- General Fund Expenditures salaries of employees who support CCF activities including county treasurer, HR department
- Circuit court employee salaries directly administrating the CCF (including Court Administrator)
- Construction and other capital improvement costs
- Property and Capital Equipment Expenditures (including purchases of appliances, vehicles & Fleet Transportation)
- Repairs and Maintenance – Building
- Repairs and Maintenance – Equipment
- Repairs and Maintenance - Vehicle
- Equipment (Copier/Computer) Leases
- Copier charges
- Software General Leases
- Office Supplies
- Phone landlines
- Printing, Binding, Postage
- Insurance - Liability
- Services that were already accounted for under IHC.
- Membership Dues/Fees – Professional Credential Maintenance
- Liability Insurance

Additional Feedback

- 1) Clerk who works with in-home care population but cannot be tied to a child (and supervisor)?
 - a. Expand on direct care salaries staff definition
 - b. If supervisors are not cost allocated anywhere else except for CCF, then they would be direct costs
 - c. Time studies for those not 100% allocated – allocate results to CCF to receive payment?
- 2) Managers currently are on direct side
- 3) 1 up, 1 down policy? admin, probation, clerk (don't all carry caseloads)
- 4) Education?
 - a. Some counties have year round school
 - b. Ex. Have a strict probation school which kids are court ordered to – receive per diem – direct services to needs of a child
- 5) Risk needs assessment?
 - a. Drives treatment plan, probably Direct Cost

Parking Lot

- 1) What authority does the Handbook have over policy?
- 2) How will MDHHS, counties, and courts collaborate in the future?
- 3) How do we make clear the relationship between executive and judicial branches?
- 4) How to move forward in a constructive way?
 - a. Technical assistance
- 5) MiSACWIS issues
 - a. Can't upload as many month as are prepared
 - b. Bills are not paid until the local DHHS office approves and submits the 206b
- 6) Office of Child Support could support cost allocation planning
 - a. Use of A-87 (fed)
- 7) As we discuss Handbook/Policy changes, we need to consider the impact on the supporting technology and the availability of resources to change the technology.
- 8) MDHHS and counties need to consider the impact on certain programs that are at risk of going out of business between now and when the new Handbook will be implemented.

Next Steps

- 1) MDHHS will tackle lags with individual counties and investigate what's causing the delay.
- 2) Next meeting on October 25th. Agenda will be:
 - a. Indirect Costs
 - Review revised proposal
 - Identify next steps/next reviewers
 - b. Business Process
 - Document high level business process map and discuss business process issues
 - c. MiSACWIS
 - Document issues with the system that are barriers to the business process working
 - Workgroup members are asked to bring specific requests for adjustments to next meeting

Meeting 2: 10/25/2016

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	MDHHS SOUTH Grand Tower, Lansing
Date:	Tuesday, October 25, 2016
Start Time:	10 am – 3:30 pm

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
X	Bilson, David	MAFCA
X	Bodkin, Ben	Capitol Services
X	Bradow, Noah	SCAO
X	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
X	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
X	Day, Mike	MACCA
	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
	Etheridge, Kim	MDHHS Observer – Bureau of Audit
X	Evans, John	MAFCA
X	Faulds, Nicole	MAFCA
	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
X	Labarre, Rob	MDHHS - MiSACWIS
X	Jay, Teddy	MDHHS - MiSACWIS
X	Jeffrey, Kristi	Observer
X	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
X	Johnson, Jane	MDHHS Observer
X	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County
X	MacBlane, Jen	PCG
X	Mack, Rebecca	SCAO
X	Manning, Brian	Wayne County

Attended meeting?	Participant Name	Organization
X	Maxwell, John	Senate Fiscal Agency
X	McMillan, Mike	MACCA
X	Metcalfe, Sandi	MAFCA
X	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
X	Myers, Pam	MDHHS– Bureau of Audit Director
	Patzer, Joni	MPJA
X	Ruest, Karla	MDHHS Observer – Legislative Services
X	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
	Thalhammer, Andy	NMJOA
	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
X	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
X	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
X	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Agenda

- 7) Introductions
- 8) Review of Notes document from 10/12/16 meeting
 - a. Refer to Notes handout
 - b. Process for review and finalization?
- 9) Review updated MDHHS Administrative Cost Proposal
 - a. Refer to Notes handout
 - b. Process for review?
- 10) Business Process Outline
 - a. Refer to outline below
- 11) Business Process Issue Discussions
 - a. Refer to Notes handout
- 12) Identify MiSACWIS issues stemming from Business Process discussion
 - a. Workgroup members are asked to bring ideas with them
- 13) Next Steps/Wrap-up

Note: We will plan to break for lunch from 11:45-12:30. Feel free to bring your lunch to the room.

Review of Notes document from 10/12/16 meeting

- 1) It was asked if notes could be approved at the next meeting
 - a. Group agreed to review notes at current meeting and then approve them at the following meeting on November 9th. Notes from current meeting will be distributed much sooner this go-round and will also be approved at November 9th meeting.

- 2) Participants reviewed the notes from the 10/12/16 meeting to provide any immediate/cursory feedback
 - a. Feedback and Revisions
 - i. MAFCA is the “Michigan Association for Family Court Administration”
 - ii. Noted that this document primarily uses “administrative costs” instead of “indirect costs” because indirect costs should be a part of administrative costs
 - iii. Page 6, 13.d: for FY 17, it is no longer the case that MDHHS must send to legislature at least 30 days before policy can be finalized. However, there is a report MDHHS must send to the legislature April 1 summarizing all policy changes
 - iv. Page 3, 5.a.i: Department’s perspective is that the current 2013 handbook was done in a collaborative manner—this is not necessarily the perspective of the courts and the counties.
 - v. Page 4, 8: Represents all of CCF, not just CCF reimbursements
 - vi. Page 9: about travel costs and the “Standardized Travel Regulations”—would like to see this expanded on a bit
- 3) Feedback on 10/12 notes will be clearly identified in a revised version.
- 4) Notes from 10/12/16 meeting and 10/25/16 meeting will be formally approved at the next meeting of the workgroup on November 9th.

Review updated MDHHS Administrative Cost Proposal

1) Admin/Indirect Flat Percentage Rate Proposal:

- a. At first meeting, the group discussed how indirect/administrative costs should be reimbursed. Generally, two options were brought forward: 1. The state will reimburse up to a flat administrative percentage. The state would identify a percentage (ex: 10%) and that percentage would be applied to all direct costs and then reimbursed on top of the direct costs. (ex: if the county had \$100,000 in direct costs and the admin rate is 10%, the county would receive \$100,000 reimbursement for direct costs plus \$10,000 to cover administrative/indirect costs. The group spent a lot of time reviewing the out-of-home and in-home care costs that would fall into the direct vs. indirect cost categories.
- b. Department noted:
 - i. Took into account feedback given in first round of discussion
 - ii. One idea originally mentioned was putting birth certificates in administrative area; Department made that a direct service
 - iii. Made appropriate changes based on discussion feedback from 10/12/16
- c. When putting this proposal together, Department used language about direct service in the administrative rule—a service provided to a specific client rather than a target group—as the guidance
- d. Salaries of direct service staff were a concern from the counties.
 - i. Noted that there cannot be a direct line worker without a manager/supervisor who oversees their work
 - ii. Department asked what the limitation might be on how to allocate these as direct costs?
 1. Counties suggested no cap on who can be reported as direct service/cost based on their position title—if a person spends X amount of time that can be attributed to direct service, they should be reimbursed for it.

2. Some counties noted that they are already tracking workload for those who are not fully reimbursed as direct service providers through a time study or other tracking method.
 3. Counties could use time studies of those not 100% funded as direct service workers to identify the portion of time that would count as a direct cost (to which the administrative rate would be applied)
 4. Counties could use prior year (or prior period) certification to attest to the percent of time/cost associated to direct care/cost
 5. Department wants to have truer representation than certification from prior fiscal year, because workloads may change. Maybe certifications could be done on a semi-annual or quarterly basis?
- iii. Proposed Resolution—for the MDHHS admin cost proposal bullet point on salaries of direct service staff (p.10), the Department will consider making the language more all-encompassing of those who support or have connection to the program. Potential language would allow staff costs to be reimbursed for the portion of time providing direct services to children or in support of that mission.
1. Department will also consider possible strategies for required reporting on this line item to make sure that the requested reimbursement accurately reflects work performed.
- e. Department feels that the admin rate proposal would remedy administrative burdens.
- f. A question was asked about the difference between direct cost and direct service. Department has been using the definition of direct service to define what constitutes a direct cost because direct service is used in the administrative rules whereas direct cost is not.
- g. Request that program-specific supplies and materials be worked in as a direct cost.
- h. Noted a sticking point that needs to be worked out re: general fund vs. CCF. Question: has the group addressed how to get costs into the 292 account? Changing from county cost allocation plan to court cost allocation plan—business process issue.
- i. Can't reimburse for general fund. How does a county human resources cost get into the child care fund? With the way this proposal is laid out, the flat rate reimbursement could be applied to anything in administrative category, including salary.
 - ii. Department's proposal would mean that direct costs would need to be reported and audited but that administrative/indirect costs would not need to be reported. The Department would automatically apply the flat parentage rate to the reported direct costs and send that to the county.
 1. When an auditor reviews a county's child care fund expenditures, they would focus on the direct costs. They would also look at a county's general ledger, or equivalent, to make sure the county actually spent at least the dollars provided for admin/indirect through the flat rate.
 2. Counties would not be expected to report on admin/indirect expenditures on a monthly basis, this would just be reviewed on a site visit to make sure the state isn't overpaying for admin/indirect.
 3. This seemed to be reasonable to counties as they expect to have enough admin/indirect costs to apply/get to the flat rate (10% example was being discussed at this time).

- a. Items that would go on a 207 fall under the direct service components.
 - b. The state could provide or the counties could create a simple worksheet with a handful of cost types to demonstrate the admin costs that go toward the admin rate.
 4. Outstanding question: Should there be a definition in statute of what's allowable for Direct/Admin?
- i. Addition to list of direct costs:
 - i. Education costs— currently listed under direct out-of-home, but should also be for in-home
 - ii. Question—why on p.9 and 11 are psychological mentions highlighted?
 1. Need to make language clear for psych evaluations—considered direct services except competency assessments. MDHHS will take a look at the language based on workgroup feedback re: competency exams.
 - iii. Several approaches to transportation were discussed, particularly around “judicial” travel costs and statewide travel regulations.
 1. Travel regulations—do not include, for instance, a sheriff’s deputy who is full-time moving kids around. Under current proposal, the state would pay mileage, but would not pay for staff, fringes, fleet, etc.
 2. Current proposal includes travel allowances per the state’s/DTMB’s guidelines, however, court/county staff are required to follow county policies on travel.
 - a. Using county-specific guidelines would probably save money for state program.
 - b. Department question: do these travel rates fluctuate? How would the state verify that reimbursement requests were using appropriate rates, especially if every county and tribe had its own rate that could change at any time? Should counties supply backup documentation/travel policy with the 207?
 - c. In the annual submission, county should include travel policy/mileage rate. Department would need to be able to verify rates as part of its oversight function.
 - i. If policy changes around reimbursement during the year, state would need to know that to be able to review 207 expenditures.
 - d. Question: couldn’t department review mileage rates during audit?
 - i. But not every county gets an audit each year.
 - e. Noted that the county pays first, and if someone doesn’t follow county policy, they don’t get reimbursed. So there is already a check in place for this at the county level.
- iv. Question about exclusion for fleet costs (p. 10) about if this extends to everyone, not just transportation staff
 1. County has their own cars—get charged for use. Billing by the mile. Currently in the CCF.
 2. Two costs—use of vehicle (leases, etc.) is excluded; you would just bill the mileage. Staff is a separate issue—these costs are already included in the CCF.

- a. Example: What if a County leases many vehicles, but 4 are specifically court vehicles. Court doesn't do its own leasing—those cars are only used by juvenile court employees. They don't charge for mileage; just for lease fee. Under this proposal, we would no longer be able to do that?
 - i. Mileage would be a direct expense but all other leasing fees would count toward the admin/indirect allocation
 - 3. Page 11: Property and Capital Equipment Expenditures (including purchases of appliances, vehicles, & fleet transportation) would be allowable for indirect/admin, whereas the mileage and the salaries of the drivers would be paid as a direct cost. The costs of the vehicles are capital in nature.
 - v. Counties feel that for facilities, in the four walls owned by the county used for detention/shelter/group care, equipment such as copiers, phone lines, office supplies, printing, postage, etc. should be considered direct costs. If the building is used for other purposes, costs should be prorated based on square footage (or other method).
- j. Question: what is the appropriate percentage for a flat rate?
 - i. MDHHS suggests looking at 10% because that is a common benchmark.
 - 1. 10% is used across MDHHS, including at local health departments.
 - a. Note: For health agencies, their admin percentage is applied and then they receive an allocation which serves as a cap; whereas this proposal would allow actual dollars to increase if direct costs increase.
 - 2. 10% is the diminimus rate noted in the federal Office of Management and Budget circular.
 - 3. Statewide cost report rate setting, PCG looked at other Midwest states and found generally 8-15% is used for indirect costs.
 - 4. Old system—2010 version of CCF policy—had cap of 15% of salaries and fringes; this proposal would likely increase that because the admin percentage would apply to all direct costs, not just salaries/fringe
 - ii. Because there is no actual dollar cap, the dollar amount the counties receive will ebb and flow depending on variance in direct services costs.
 - 1. Department views this as a fair and equitable approach because it follows the amount of services provided in each county
 - 2. How counties use the ~10% would be flexible, dependent on their own spending needs
 - iii. Counties are asked to get feedback on proposed 10% rate before next meeting
 - iv. Goal for MDHHS is to do this the right way, not necessarily make sure everyone is a winner.
- k. Question re: flat rate: is rollover permitted?
 - i. What happens if a county spends less than the flat rate allows in one month but more in the next month? Or year?
 - ii. Tracking might be difficult.
 - iii. Department would have to decide whether the year to year spending will affect the admin rate percentage – if a county is spending less than the admin rate in one year, should their admin rate decrease or should they be able to use the

extra in the next year as a rollover? This could become a budgeting issue for MDHHS.

- iv. It was also noted that this is a reimbursement, not a pot of money to spend—in theory there should not actually be any money left over.

2) Another option for consideration is to have counties submit a cost allocation plan for admin/indirect costs like they do for the Office of Child Support. Separate from CCF, counties already have to do a county cost allocation plan.

- a. Department noted that the rules of what’s allowable under the Title IV-D/Child Support program vs. CCF could be very different, so the cost allocation plan that exists might not be sufficient/accurate for CCF.
- b. Question to be answered before deciding on cost allocation plan or flat rate: can counties continue to use their existing cost allocation plan for both programs (child support and CCF), or will there need to be a separate allocation plan for courts/CCF?

Current Business Process Outline

The CCF Handbook states: In order for funds to be reflected on the monthly chargeback, this report (the 207/206b) must be submitted and approved in the Juvenile Justice On-Line Technology (JJOLT) system by the 15th day of the month. (Reference to JJOLT is outdated and should be replaced with MiSACWIS.)

Current Monthly reimbursement process timeline shared with counties at this year’s trainings:

15th of month: Deadline for 206b/207 submission to hit next monthly offset. This gives the child care fund management unit at MDHHS approximately 5 - 7 working days to approve by the 23rd of month.

24th of month: Accounting pulls data from MiSACWIS for monthly payments & offset.

27th of month: Basic Grant payments go out to counties, where applicable.

Last working day of month: Offset statements go out from Accounting.

First week of following month: Payments issued.

Current Budget process overview:

July 1: Counties start working on the budget for next fiscal year (beginning October 1).

October 1: Budget submission deadline in MiSACWIS

December 15: MDHHS budget approval deadline.

Business Process Issue Discussions

1) Budget submission and approval process

- a. What does budget “approval” mean? This past year, budgets were approved but then questions kept being asked after approval.
- b. Currently, county gets an email and a letter once budget is approved. Budget is very detailed with back up documentation EXCEPT for county-operated facilities which show up as a single line item. MDHHS may ask questions between October 1 and December 15.
- c. At a child care fund training, counties were told that initial approval doesn’t mean each expense is approved.
 - i. Lump sum is approved for eligible reimbursable expenses, but department clarified that this is not meant to be a blank check. There has to be backup documentation of actual expenses that align with the lump sum.

- d. Request: Can approval really mean approval and the budget be set for the year?
- e. Counties don't mind submitting line item budget detail for county-operated facilities, too, just like they do when they request reimbursement.
 - i. Counties already have to put information into an accounting system; they can print the entire budget. The general ledger submitted to the Department has budgeted and actual columns—what the counties could do is submit the budgeted information in addition to their actuals
 - ii. MDHHS is working on an interim process for getting the budget line items in more detail. They are working on doing this soon through an interim process because they don't want to wait until MiSACWIS can be updated because that is going to take a long time.
 - iii. Right now, all institutional care is lumped in county-operated facilities. Per diem contracted rates should be broken out separately in future in MiSACWIS.
- f. Request: Can MDHHS review all documentation up front and request additional info/questions all at once?
 - i. Noted that Section 708 of FY17 budget bill says department must respond to budget request within 30 days of complete submission and can only make requests once.
- g. Training issues
 - i. Some people come to the trainings who don't benefit; some people who should come do not.
 - ii. Changes have to be vetted in advance for the trainings—counties need to be sure that they'll know what the trainings include and that they are sending the right staff to the trainings
- h. Need mutually agreeable submission and amendment process
 - i. Timing problem:
 - 1. Budgets may not be approved until several months after the fiscal year has already begun.
 - 2. Counties requested they get detail and definitions for allowability earlier on, so that they don't have to worry about an "approved" expense not actually being approved for reimbursement.
 - 3. One solution would be to advance the deadline so that approvals happen earlier.
 - a. There was some concern that budgeting so far in advance would lead to too much projection and budgets may not accurate, but it was noted that many budgets are based on prior year figures anyway, so it should not matter too much.
 - b. Noted that the first year under this schedule will have a more compressed schedule for budgeting because there will be less time between when the "old way" budgets are submitted and approved compared to the "new way", counties will have to turn next year budgets around quickly. Counties seemed generally unconcerned about this, figuring the benefit would outweigh the inconvenience.
 - i. **Budget Process Recommendation:**
 - May 1: MiSACWIS opens for Counties to start working on the budget for next fiscal year (beginning October 1).
 - July 15: Budget submission deadline in MiSACWIS

October 1: MDHHS budget approval deadline.

2) Budget Amendment Process:

- a. Are there any concerns about the budget amendment process?
 - i. Just need more clarification around the process and requirements. Counties need to identify the right people to attend the trainings.
- b. Concern about having to make a budget amendment when the rate for something changes even if the total line item doesn't? Example: Budget says line item is \$100, purchasing 5 things at \$20 vs. 4 things at \$25.
 - i. Recommendation: This shouldn't require a full budget amendment if you don't go over your total. Or maybe there could be a notification process from counties to MDHHS that doesn't require an actual amendment.

3) Proposal from Department: monthly interim payments.

- a. The Department's goal is to improve cash flow for counties and reduce cash flow issues.
- b. On the first of the month, MDHHS sends a monthly interim payment to counties. Interim payment could be, for example, 75% of projected/budgeted amounts.
 - i. Hypothetically: if the county gets approved \$120K for a program, divide that \$120K by 12 to get \$10,000 per month. The county could receive up front 75% of that (or \$7,500) on the first of the month. This payment would be sent automatically.
 1. Subsequently, a reconciliation would be done every three months. In a quarterly 207, the county would put in the expenses for all three months and submit it on one quarterly report. Department would do the "true-up"—identifying how much was spent and whether the original payments of 3 months x \$7,500 was too little or too much.
 - ii. Instead of doing monthly reporting on 207/206b, MDHHS would do a reconciliation on a quarterly basis.
 - iii. Counties know they're getting 75% of budget on the first of every month; they save the time of putting together a 207 every month.
 1. But: the true-up process could cut against the counties—state may need to recoup costs. There is some risk present for counties that they would get cash up front, spent it, and then be on the hook for repaying the state once that cash was already dumped into the county fund.
 - a. Counties could continue to reconcile on a monthly basis without having to go through the full 207 every month.
 - iv. This can also help solve the issue of not being able to submit more than one month at a time through MiSACWIS.
 - v. Noted that this is basically a cash advance—this is done with large Medicaid providers and it works because they don't have to go months without reimbursement.
 - vi. Question: does this apply to in-home care only or also to institutional care?
 1. Detention facilities and group care may run well below the allocated budget. One county example was a \$2M budget for group care, when they usually only spend \$300K—goal is to be well below budget—so why should the Department pay these advances for money that the county tries not to spend?

- a. Could create some hassles for the counties administratively if they have to handle and return money they never really spend.
2. Counties wouldn't even want to take a lower rate for institutional care, they recommend getting the cash advance only based on the in-home and county-operated facilities budget.
3. Department would need to figure out if they have any administrative hurdles in segmenting funds for in-home care & county-operated facilities vs. institutional
- vii. Question: how would this proposal affect subaccounts?
 1. Department will have to think through this.
 2. Suggestion from the counties: simplest for the county department if both are handled the same. Counties would write the checks.

Identify MiSACWIS issues stemming from Business Process discussion

- 1) Discussion postponed until next meeting.

Next Steps/Wrap-up

- 1) PCG will write up notes from this meeting ASAP
 - a. PCG and Dept. will send out updated list of what's direct vs. indirect cost for in-home/out-of-home.
 - b. PCG will send around some research on flat admin rates used in other Midwest states.
- 2) Plan for next meeting:
 - a. Admin/Indirect cost solution:
 - i. In next meeting, we will aim to make a recommendation on admin/indirect costs. Options under consideration currently include:
 1. All counties get the flat administrative percentage applied to their direct cost totals.
 2. All counties use a cost allocation methodology that may or may not be the same as the Office of Child Support plan.
 3. Counties can choose which of the first two options they want to use.
 - ii. Solicit feedback on 10% flat admin rate – is this acceptable to counties/courts?
 - iii. Discuss potential for using child support cost allocation plan and potential for that as a solution
 - iv. Counties will solicit feedback on these options from colleagues as appropriate
 - b. Solicit any further feedback on interim payment process/quarterly reconciliation – all in favor?
 - c. Discuss other business process issues/potential solutions, including technical assistance and future policy revision protocols
 - d. Counties to bring recommendations on Handbook/Policy issues flagged in the notes from the previous 10/12/16 meeting
- 3) Meetings scheduled for November 9, November 14, and December 12. Plan to start at 10 am and end at 3 pm rather than 3:30.

Meeting 3: 11/9/2016

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	MDHHS SOUTH Grand Tower, Lansing
Date:	Wednesday, November 9, 2016
Start Time:	10 am – 3:00 pm

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
X	Bilson, David	MAFCA
X	Bodkin, Ben	Capitol Services
	Bradow, Noah	SCAO
X	Belknap, Kelly	Washtenaw County
	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
X	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
X	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
X	Day, Mike	MACCA
X	DeLeeuw, Andrew	Washtenaw County
	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
X	Etheridge, Kim	MDHHS Observer – Bureau of Audit
X	Evans, John	MAFCA
	Faulds, Nicole	MAFCA
X	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
	Labarre, Rob	MDHHS - MiSACWIS
X	Jay, Teddy	MDHHS - MiSACWIS
X	Jeffrey, Kristi	Observer
X	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
	Johnson, Jane	MDHHS Observer
X	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County
	MacBlane, Jen	PCG
X	Mack, Rebecca	SCAO

Attended meeting?	Participant Name	Organization
X	Manning, Brian	Wayne County
	Maxwell, John	Senate Fiscal Agency
X	McMillan, Mike	MACCA
X	Metcalf, Sandi	MAFCA
	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
	Myers, Pam	MDHHS – Bureau of Audit Director
	Patzer, Joni	MPJA
X	Pettibone, Jenifer	MDHHS Observer – Federal Compliance
	Ruest, Karla	MDHHS Observer – Legislative Services
X	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
	Thalhammer, Andy	NMJOA
X	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
X	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Agenda

Introductions

- 1) Review of Notes from past two meetings
 - a. Revised 10/12/16 notes
 - b. 10/25/16 notes
- 2) MDHHS Administrative Cost Proposal
 - a. Review updated proposal
 - i. Options under consideration currently include:
 1. All counties get the flat administrative percentage (10%) applied to their direct cost totals.
 2. All counties use a cost allocation methodology that may or may not be the same as the Office of Child Support plan.
 3. Counties can choose which of the first two options they want to use.
 - b. Discuss options above, including feasibility of the “10%” flat rate
 - c. Discuss potential for using child support cost allocation plan and potential for that as a solution
 - d. Vote on proposed recommendations
- 3) Payment process and quarterly reconciliation timelines
 - a. Solicit any further feedback on interim payment process/quarterly reconciliation
 - b. CCF Legislative Solution proposal
 - i. Discuss proposed solutions as documented in handout distributed at last meeting

- ii. Which of these are relevant considering the business process timeline proposed in the last meeting?
 - c. Vote on moving forward with a recommended timeline/process?
 - 4) Other business process issues/potential solutions
 - a. Including technical assistance and future policy revision protocols
 - 5) Identify MiSACWIS issues stemming from Business Process discussion
 - 6) Handbook/Policy issues
 - a. Work through Handbook/Policy issues flagged in the notes from the 10/12/16 meeting
 - 7) Next Steps/Wrap-up

Note: We will plan to break for lunch from 11:45-12:30. Feel free to bring your lunch to the room.

Review of Notes from past two meetings

- 1) Members of MAFCA, NMJOA and MAC reviewed minutes from 10/12/16 and 10/25/16 and the CCF Reimbursable Costs proposal and sent out recommendations and concerns 11/8/16 evening.
- 2) MDHHS and other workgroup members have decided to table reviewing the notes and feedback until Monday 11/14/16 because of a shortage of review time prior to 11/9/16 meeting
 - a. MDHHS voiced concern that tabling feedback could hold the group back from making progress today on issues. Group noted the concern and thought we could still review the MDHHS administrative/indirect cost proposal without having to go directly through the minutes.
- 3) Maureen will forward the minutes with the suggested revisions and comments from MAFCA, MAC, and NMJOA.

MDHHS Administrative Cost Proposal

- 1) Charge to group from last meeting was to look at this proposal and to bring feedback from counties and courts in order to move to a vote.
 - a. Counties/courts noted that they did not share the proposal with their organizations because they needed more detail.
 - i. Counties/courts would like to share the proposal at MAFCA conference on Thursday, 11/17/16.
- 2) General administrative/indirect proposal questions:
 - a. All direct costs would need to be included on the 207s. Q from courts/counties: How would the administrative/indirect costs be reported? How would the 10% administrative/indirect rate get to the counties?
 - i. County/court suggestion: Add this into the proposal. A: MDHHS is still working on the operationalization of this proposal. MDHHS is looking into the exact type of documentation that would be required for admin/indirect costs as well as the mechanism for getting the admin/indirect portion to the counties (ex: counties ask for reimbursement vs. state automatically gives admin/indirect portion once 207 amount is known).
 - ii. County/court suggestion: Add the administrative portion as a line item as opposed to a "reimbursement"?
 - b. Proposal language update: Some concern from counties/courts that the wording of the proposal is confusing around "May be paid for" – does this mean MDHHS *may* pay the

administrative/indirect cost rate of 10% but may not? MDHHS response: No, this refers only to the non-exhaustive list of things that the county may pay for with its 10% administrative/indirect cost. Suggestion: Clarify that “may” refers to the flexibility the county has to pay for costs. The state WILL pay the admin rate and the counties MAY choose to spend it on the following things.

- c. Question from one county: What is the goal of the flat rate proposal? A: The goal of the administrative/indirect cost proposal is to give flexibility to the counties as well as reduce the administrative burden on both the state and the counties.
- d. Q from counties/courts: If the counties can spend the administrative/indirect cost allocation however they want, why is MDHHS listing out appropriate admin/indirect costs? Why not only list direct costs? A: MDHHS believes it is important to give examples and as much information as possible about what types of costs are direct vs. admin/indirect in nature. MDHHS has encountered a lot of questions in its reviews of county costs about what should be considered each category. The admin/indirect cost list is meant to not only help the counties identify things to spend the admin/indirect allocation on but also to help distinguish and explicitly lay out things that should *not* be included as direct cost.
- e. Counties/courts: Should this document include something about pre-approved expenditures that are documented in the case plan or court order? Specifically, for reward/incentives category.
- f. Counties/courts: Do the lists of direct and admin/indirect costs need to be exhaustive? Some things are really specific and some things are not. Suggestion to make it clear whether each bullet is meant to be exhaustive or not.
- g. Clarification: What is the difference between indirect and admin? County understanding was that Indirect and Admin were one in the same.
 - i. Direct: Definition of “direct cost” from Administrative Rule 400.2001. (g) "Direct service" means service provided to a specific client rather than to a general target group.
 1. Note, the admin rules don't mention “direct cost” only “direct service” so that is where MDHHS is starting with their definition.
 - ii. County Child Care Fund expenditures 400.2022– “Rule 22. (1) Unless otherwise indicated, for county child care fund expenditures within the limits of the annual child care fund ceiling to be eligible for state child care fund 50% reimbursement, all payments shall provide a direct service and be case specific, identifiable to an individual child, and shall not be for a judicial cost or an administrative cost. However, certain administrative costs as defined by the office in published policies and procedures are reimbursable. (2) State child care fund reimbursement is restricted to county child care fund expenditures for service not covered by the following:
 - (a) Medical assistance.
 - (b) Public assistance programs.
 - (c) Public education system.
 - (d) Private insurance.
 - (e) Parental payment.
 - (f) A state or local mental health fund.
 - (g) Social security.
 - (h) Supplemental security income.
 - (i) Veterans administration.”

- iii. Agreed to call the two categories “direct” and “admin/indirect” (or indirect/admin).
 - h. County feedback on general proposal: Adequacy of the proposal depends on what is in the Direct vs. Indirect buckets. Need to know these categories before being able to determine whether 10% will work.
 - i. MDHHS question: Is MAC going to do a survey to determine whether the 10% would work for each county or not? A: Yes, MAC will do this.
- 3) Out-of-Home Care “Direct Costs”
 - a. “Education costs for children when it is documented...” – Sandi will provide suggested language for this bullet.
 - b. Fringe benefits
 - i. Counties/courts noted that the list of fringe benefits is not exhaustive. Is it meant to be?
 - 1. MDHHS asked courts/counties to identify other types of fringe benefits to be included in this list. Counties/courts noted the types below:
 - a. Unemployment insurance, workers comp, social security, sick leave, 457 plan contribution, longevity, optical, severance.
 - 2. MDHHS: things like bonuses and paid parking should not be included here.
 - c. Drug testing for children
 - i. Clarified that this should read “county/court operated” because facilities are licensed differently for a county vs. court operated facility.
 - ii. Language update: Wherever reference “county operated...” → “county/court operated”.
 - d. Rewards/Incentives for children – this line item is listed under the In Home Direct Cost section- non-scheduled payments, but is *not* listed in the Out of Home Care section. County/court suggestion: add this same bullet/language to the Out of Home Care section as well so long as the expenditure is tied to a child in a facility.
 - e. MDHHS brought up the issue of Placement Costs/per diems: these costs were not included in the proposal but should be included as direct costs. FC, JJ, IL, Res care per diems need to be added as a direct cost.
 - i. Family Foster Care/institutional care – should this be included in the direct care amount the 10% is applied to?
 - ii. Conversation ensued about whether or not this would cause a duplicative administrative payment. MDHHS asked whether there would be duplication if the per diems include an administrative portion and then the counties would also be receiving an additional 10% administrative/indirect rate on top of that.
 - iii. Noted that it may be different for counties that have detention facilities vs. counties that do not.
 - iv. County recommendation: The per diem admin portion and the indirect 10% admin are different enough that this is a non-issue.
 - v. Suggestion from one county that using a flat 10% administrative/indirect rate may not be the best option. Others in group seemed to want to move forward with exploring the option. It was also noted at this point that the exercise of going through each of the direct vs. admin/indirect cost categories is necessary no matter what method is used for reimbursing the counties for these costs (flat percentage rate, cost allocation plan, etc.).
 - vi. Additionally, need to think through the 50% payment back to MDHHS.

1. Will come back to this issue, both sides need to think through the process
 - vii. Agencies do not have enough information about the 10% allocation to sit down and really decide if it'll work.
 1. As is stands, 10% of total budget might be sufficient but 10% of partial budget (excluding the per diems, for example) might not.
- 4) Out-of-Home Care "Administrative and Indirect Expenditures"
- a. County question about licensing fees for shelter facilities: What to do with the cost of licensing facilities, including annual fingerprinting? A: There does not seem to actually be licensing fees paid to the state. May need to circle back on fingerprinting costs.
 - b. General Fund expenditure including salaries of employees who peripherally support CCF activities (including county treasurer, county human resources department and county information technology department)
 - i. See 400.2022 Case specific to an individual child – DHHS recognizes the concept that this is not always possible.
 - ii. Keep indirect but may need to come back to the information technology item.
 - c. Circuit court employee salaries directly administrating the CCF (including Court Administrator)
 - i. This is the main issue for counties – whether this can be direct or if it has to be covered under the 10% administrative/indirect allocation?
 - ii. Counties: Move this whole bullet to Direct Cost category. Could differentiate between administrative type staff and staff working with/for children. Replace "administrating" with "supporting".
 - iii. MDHHS suggests that when referencing these costs for staff "not in the building", it stays as an indirect/admin cost. Central service employees vs. court employees.
 - iv. Counties: Clarify this might be a portion of a cost not an entire full-time equivalent.
 - v. Could use staff certification for the percentage of time for staff that are split.
 - vi. MDHHS question: Does the bullet moving to Direct include ALL of child care fund or only state reimbursable CCF programs? Ex: regular juvenile probation officers would not be included in this. Need to make sure we are only talking about child care fund reimbursable programs, not ALL child care fund.
 - vii. Counties: Only some counties have differences here; some counties these are the same thing. Increasing frequency of time studies or doing in conjunction of fiscal year could be helpful in reporting these staff activity allocations.
 - d. Property and Capital Equipment / Repairs and Maintenance Buildings / Repairs and Maintenance Equipment:
 - i. In the past, MDHHS did pay for these things but the Ottawa decision came down and said that counties are supposed to pay for certain things like buildings.
 - ii. MDHHS referenced the Ottawa County court decision, specifically the last paragraph of the decision: *"As we stated at the outset, MCL.45.16 plainly requires a county to pay for its own buildings with its own money. Holding otherwise would undermine the Legislature's goal of encouraging counties to provide focused care for each child. It would twist the statutory design into an unbudgeted and unaccountable state subsidy that provides unlimited matching funds for any purchase that a county decides its juveniles might use. Neither the law nor sound policy persuades us, let alone compels us, to adopt plaintiffs'*

position. On the contrary, the law plainly expresses the Legislature's intent that counties bear the cost for this class of expenditures. Therefore, defendant properly withheld reimbursement for the nonconforming expenditures, and the trial court correctly granted defendant's motion for summary disposition."

- iii. Courts/counties opinion: Important word in the paragraph is unlimited – keeping the lights on is different than unnecessary repairs.
- iv. MDHHS's opinion is that covering these needs is the goal of 10% admin/indirect rate. Identifying individual items becomes very difficult/a burden to track.
- v. MDHHS feedback
 - 1. Level of repairs and maintenance – new foundation is different than changing light switch.
 - 2. DHHS wants to remind the group they are trying to cut down on necessary reporting.
 - 3. In expenditure reviews, MDHHS has seen costs that span the spectrum and they want to make sure costs are reasonable. For example, cutting the grass can turn into tree removal, then landscaping, then beautification.
 - 4. MDHHS has also seen costs for the \$500 limit against a total cost of \$17K for furniture.
- vi. County suggestion: These should be included as a Direct Cost if for a county-operated facility.
 - 1. Difference between routine building & grounds maintenance (direct, ex. Mow lawn...excludes full replacement of fixed assets) and other non-routine maintenance (indirect, ex. Replacing all windows.)
- vii. MDHHS clarified and courts/counties confirmed: Not talking about implementing a \$500 threshold like in the current CCF handbook.
- viii. Code of Federal Regulations 200.13 may provide some guidance for this conversation.
- ix. Needs further discussion.
- e. Maintenance and Repairs Equipment
 - i. Clarify "CCF reimbursable equipment maintenance (ex: copiers, security cameras)"
- f. Software General Leases
 - i. This line includes software purchases, software developing. Suggested edit: "Purchased software, software development, software maintenance costs".
 - ii. County: Some software is a service to a child, if it can be tied to a direct service/case plan for a child. Ex: Case management systems
 - iii. MDHHS: Should larger scale purchases need to be pre-approved by MDHHS? If certain systems are used for non-reimbursable CCF programs, the entire cost shouldn't be included as a direct cost.
 - 1. Ex: electronic data management system – case management portion would be CCF reimbursable.
 - 2. Would need to have a larger conversation in advanced of the purchase or development to demonstrate specifically how the service of child's case could be reimbursable.
 - a. Would also need to address systems already in place.

- iv. County recommendation: Counties should be able to demonstrate, when appropriate, that there are certain costs in this line item that would be reimbursable when directly related to the case plan or direct service to a child.
 - v. MDHHS would need to be very careful about getting good estimates for software costs because they need to get ahead of the budget cycles, especially because these may be drastically increasing costs in future years. Because of the software component, not allowable?
 - vi. County suggestion: Case Management System- purchase/development costs considered direct cost
 - vii. Department feedback: need to be aware that case law still applies even with new technologies.
 - viii. Proposed move to direct – pending further discussion
 - g. Printing, Binding, Postage
 - i. If these expenses are specific to the county/court operated facility – direct cost.
 - h. Insurance – Liability
 - i. Some questions about what kind of liability is included, but group decided the language as written was fine.
 - i. Membership Dues/Fees – Professional Credential Maintenance
 - i. County question: Why is professional membership not a Direct cost if it is tied to a staff member who works directly for the CCF program?
 - ii. MDHHS was looking at this in terms of whether this is required for staff credentialing or whether this is just a discretionary expenditure.
 - iii. County question: Does this bullet also include licenses (ex: licensed therapist)? What about accreditation? Fees to use evidence-based programs?
 - iv. MDHHS: What is the cutoff for the state paying for things that the state doesn't require but the county wants (ex: certain licensure types)?
 - v. Counties will recommend language for this line item.
 - vi. County suggestion: If directly related to job description then should be covered. Very closely related to training for staff. If license required for job- that should be covered
 - 1. Ex. Pay bar dues, master of social work degree (if required), water certification etc.
 - 2. For those maintenance costs that are directly related to the job serving the child care fund.
 - vii. Further clarification needed to confirm if it is eligible for direct category
 - j. Rental/use costs for building(s)
 - i. MDHHS: In old handbook, this was unallowable.
 - ii. Keep indirect.
- 5) In Home Care – Direct Costs
- a. Gym membership line item – what if it's actually a swim club or camp?
 - i. Can this be grouped into 'incentives'? – example of photography class being unallowable, line item needs to apply to interests/needs of all children
 - 1. MDHHS: Would all of these activities be in the case plan?
 - 2. Courts/counties: Yes, would show up in case plan or court order and available to audit.
 - ii. Recommendation: Delete gym membership bullet and make it an example under the rewards/incentives bullet as long as it's in case plan or court order.

Next Steps/Wrap-up

- 1) Next Meetings:
 - a. 11/14, 12/12, 12/19 meeting 10am-3pm Lansing.
- 2) MAC recommended that the group invite Maximus, MGT and SCAO representatives to review the Friend of the Court cost allocation plan with the goal of understanding whether that would be a possibility to use.
 - a. Is doing a cost allocation plan actually acceptable for the state? What changes might need to be made to the existing cost allocation plan? CAP would need to consider what is actually eligible under CCF not just under title IV-D.
- 3) If counties want to use cost allocation plan, administrative rules may need to be revised and loosened.
- 4) MAC reiterated the recommendation to put these rules in statute, not just policy.
- 5) County acknowledgment that MDHHS is trying to reduce the administrative burden to both the state and the counties/courts. Some hesitation about the unknown requirements on counties/courts that could be enacted later. Like documentation for indirect costs/supporting the 10%.
- 6) Items for 11/14 meeting
 - a. Review minutes from previous meeting.
 - b. Review an updated version of the proposal.
 - c. Rebecca Mack to present about cost allocation options?
 - d. Legislative Solutions proposal discussion
 - i. Understanding that some pieces in the legislative topics aren't relevant to the CCF or have already been discussed.
- 7) Counties: Would be helpful to see an example 207 from MDHHS to see how these changes would actually apply.
 - a. MDHHS is working on a supplemental form to document what is being included on a 207 and annual plan and budget.

Meeting 4: 11/14/2016

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	MDHHS SOUTH Grand Tower, Lansing
Date:	Monday, November 14, 2016
Start Time:	10 am – 3:00 pm

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
	Bilson, David	MAFCA
X	Bodkin, Ben	Capitol Services
	Bradow, Noah	SCAO
	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
	Day, Mike	MACCA
X	DeLeeuw, Andrew	Washtenaw County
	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
	Etheridge, Kim	MDHHS Observer – Bureau of Audit
	Evans, John	MAFCA
	Faulds, Nicole	MAFCA
	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
	Labarre, Rob	MDHHS - MiSACWIS
	Jay, Teddy	MDHHS - MiSACWIS
	Jeffrey, Kristi	Observer
	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
	Johnson, Jane	MDHHS Observer
	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County
	MacBlane, Jen	PCG
X	Mack, Rebecca	SCAO

Attended meeting?	Participant Name	Organization
X	Manning, Brian	Wayne County
	Maxwell, John	Senate Fiscal Agency
	McMillan, Mike	MACCA
X	Metcalf, Sandi	MAFCA
	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
	Myers, Pam	MDHHS – Bureau of Audit Director
	Patzer, Joni	MPJA
X	Pettibone, Jenifer	MDHHS Observer – Federal Compliance
X	Ruest, Karla	MDHHS Observer – Legislative Services
X	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
	Thalhammer, Andy	NMJOA
	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
X	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
X	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Original Agenda

10:00-10:10	Introductions
10:10-11:00	Review minutes from last meeting/discuss questions and changes proposed by MAFCA/NMJOA/MAC
11:00-11:45	Rebecca present on cost allocation plan and discussion?
11:45-12:30	Lunch break
12:30-2:00	Discuss updated admin proposal AND talk through In Home Costs section
2:00-3:00	Linda present on Legislative Solutions

Review minutes from last meeting/discuss questions and changes proposed by MAFCA/NMJOA/MAC

- 1) The group chose not to review previous meeting minutes together in the interest of time. Earlier meeting minutes have been revised to incorporate feedback from MAFCA, MAC, and NMJOA. The group agreed to send comments on the notes to Maureen and the notes plus comments will be memorialized at the end of this process.
- 2) The group was careful to note that the minutes reflect their conversations and viewpoints but not necessarily firm agreements, and that the minutes document the types of discussions that were had and progress made in the creation of the handbook.
- 3) Eventually, the group will need to create a document that can be officially accepted or not accepted, such as an MOU or final recommendation report.
- 4) The group agreed that the most important issue is establishing definitions of direct and indirect costs. This matter is fundamental to the further development of policies or proposals.

Discuss updated admin proposal AND talk through In Home Costs section

- 1) Sandi summarized some proposed definitions for various terms including direct costs; direct service; indirect costs; judicial process costs; out-of-home care; in-home care; and “de minimis”/flat rate indirect cost allocation.
- 2) Sandi said that she would send out the proposed definitions of these terms for feedback from the group. The group’s intent is to settle general definitions in order to ease the process of determining what will be listed specifically in categories like direct and indirect cost.
- 3) The group briefly discussed preliminary questions regarding the proposed definitions:
 - a. Regarding out-of-home care: what language should be used regarding the age limit for placement - through age 17 or under age 18? There was some confusion about whether rules as written included children aged 18. MDHHS clarified that the administrative rule says under age 18 and that is what was used to prepare the administrative/indirect cost proposal.
 - b. Regarding indirect costs: whether the administrative rate being discussed applies to costs on the 206B in addition to the 207.
 - c. There was also some concern around the term “notice of placement”.
- 4) The group broke out for roughly two hours so that representatives from the courts and counties could continue to discuss the draft definitions and administrative/indirect cost proposal. The courts and counties plan to make suggested edits to the documents and then send to MDHHS for review. Courts/counties noted that they plan to share a draft version of this at the MAFCA conference later this week. The group agreed to review those documents and discuss on a future conference call or meeting.

Present on Legislative Solutions

- 1) Courts/counties met to provide some potential solutions to help move processes along. The suggestions are in the chart below.

#	Category	Suggested Solution	Explanation	Discussion from Meeting
1	Billing	Establish categories of reimbursable items using categories found in the administrative rules.	These categories should be codified in law to eliminate any confusion as to what is eligible.	This work is in process as part of this workgroup.
2	Billing	Require MDHHS to make Title IV-E determinations within 45 days.	This helps keep the process current.	This is not necessarily tied to the Handbook, but counties and courts want to know in a timely fashion whether CCF will be leveraged or not for each case. MDHHS suggested that the counties and courts make reference to the department’s policies as opposed to incorporating specific policies into the handbook. FOM 902 would be particularly

#	Category	Suggested Solution	Explanation	Discussion from Meeting
				<p>useful because it talks about other fund sources and policies that affect the CCF, including when children switch fund codes.</p> <p>MDHHS understands the need to make determinations more timely and wants to recognize that other stakeholders (including courts who supply court orders and financial information) must also be timely in including documentation required for a determination. The state is working on building a report to identify delayed court orders and will then work with courts to obtain these documents more quickly.</p> <p>It was noted that some delays arise because not every court makes a reasonable efforts determination and because there are delays in verifying income, which are required for the state's Title IV-E determination. This information should be communicated back to the courts.</p> <p>It was suggested that the proposed solution be amended to say within 45 days of receiving all documentation, which would account for some of the delays caused by a lack of court or financial material. MDHHS said that they would investigate how long a determination should take if all documentation is on hand to ensure that 45 days is acceptable. Some discussion about whether the foster care policies use 30 days as the benchmark and the appropriateness of using whatever is in the foster care policies.</p> <p>If determinations are stuck in MiSACWIS, counties/courts can reach out to the MDHHS Federal Compliance Division to make a long form determination and override the funding source until an official status is determined. MDHHS also noted that its recoupment and reconciliation report should help flag changes to fund source more timely.</p>
3	Billing	Allow the court/county to choose whether the state offsets its account or not.	A court/county may wish to eliminate the offset payment in	MDHHS still supports this and it is included in pending legislation. The counties and courts indicated that they would like this to be in the CCF Handbook.

#	Category	Suggested Solution	Explanation	Discussion from Meeting
			order to increase the transparency of the billing process.	MDHHS is considering having the counties decide how to handle the offset at the beginning of each fiscal year, but the department hasn't figured out operationalization yet.
4	Billing	Limit back-billing by purchase of services agencies by requiring bills to be submitted to the state or county/court within 6 months of service	This helps keep the process current and eliminates back billing for thousands of dollars across fiscal years.	<p>MDHHS changed rules around this issue and came to an agreement of one year with some exceptions; the agreement was made with everyone on the committee for rule change recommendations; the committee included courts and counties.</p> <p>The state had previously used a two-year limit, but courts and counties wanted something different, and the agreement for one year beyond the date of service was made. In extraordinary circumstances, the state could offer to pay even though the county would not and vice versa.</p> <p>The committee last met in December 2015, and documents were then circulated to tribes and other stakeholders. The final version was shared with the stakeholder group for single-payer legislation.</p> <p>The courts and counties confirmed that one year is acceptable.</p>
5	Billing	Disallow the state to recoup payment for Title IV-E status changes after a case has been certified by MDHHS as eligible.	This helps keep the process current and eliminates back billing for thousands of dollars across fiscal years.	<p>MDHHS noted that they are currently pursuing a policy change on this issue which would help identify the process for recouping funds in case of an inaccurate eligibility determination. The state wants the ability to negotiate with counties regarding the shared amount of costs in these cases through a formal administrative process, which could include a pre-hearing conference and a third party review. MDHHS hopes to have this policy in place on January 1, 2017.</p> <p>The counties and courts noted that investigations into these cases cost them precious money and time, and that it is hard for counties to budget for these scenarios if they are not making the title IV-E determination. They expressed that Guardian Ad Litem do not always know their responsibility</p>

#	Category	Suggested Solution	Explanation	Discussion from Meeting
				<p>to initiate appeals on behalf of a child, and that the courts often bear this burden.</p> <p>MDHHS also acknowledged that they need to be more timely in recoupment and charge-back. They also realize that some delays in the past could have been mitigated through better planning and training of MDHHS Federal Compliance Division staff. They noted that they will be introducing a quality assurance process statewide hopefully January 1 and are currently hiring for that unit.</p> <p>The group discussed the provision of state law saying that child welfare costs are paid by both state and counties. The counties asked whether, if the state makes a title IV-E determination that is later determined to be in error, the state is <i>required</i> to charge the county back. MDHHS responded that the answer is yes, because the state only has legal authority to pay for Title IV-E eligible cases, so if a case is ineligible, the state is not authorized to pay for the costs.</p> <p>The counties suggested that the reconciliation and recoupment process be separated out from the chargeback process. They also indicated that if MDHHS is working on a new process for January, the counties and courts will seek a statutory change if the legislature is willing, and that the handbook would need to reflect that.</p>
6	Billing	Disallow the state to recoup payment based on a new interpretation by MDHHS of an existing rule or statute.	This helps keep the process current and eliminates back billing for thousands of dollars across fiscal years.	The counties and courts are no longer pursuing this proposal.
7	County Plan/ Billing	Disallow the state to recoup CCF payment for expenditures included in an	County plan and budgets were approved and then individual	The counties and courts acknowledged that this proposal may be addressed in future conversations regarding allowable, unallowable, administrative, and direct costs. The group will also be circling back to the question of recoupment and this can be discussed at that

#	Category	Suggested Solution	Explanation	Discussion from Meeting
		approved County Plan and Budget and/or expenditures that were previously approved by MDHHS.	pieces denied at a later date, resulting in an approved budget and later a reduced line item and reduction in programs for youth and families.	time, as well. More specific guidance should be helpful in addressing this issue.
8	207 Report/ Billing	Allow courts/ counties to submit 207 reports for reimbursement for multiple months simultaneously .	Currently, MISACWIS does not allow the next month to be billed until the previous month is approved. This has resulted in slow and non-payment to courts/ counties.	<p>This issue has been discussed and is in process. MDHHS has made a request to MiSACWIS to change this, but has not yet received estimates of the cost and timeline to change this.</p> <p>MDHHS noted that they made a request to MiSACWIS to allow counties to submit more than one month at a time but that MDHHS will not be able to make payments out of order; for instance, a county could submit for January, February, and March, but January would have to be approved and paid before February or March could.</p> <p>The counties and courts expressed that they will continue to move forward on having this change included in legislation even though MiSACWIS may not be able to accommodate this immediately.</p>
9	207 Report/ Billing	All clarifications/ requests for additional information for the monthly 207 report to be made within 15 days of receipt of the 207 report rather than multiple requests each with a new 15-day clock.	One 15-day period of clarification should be enough.	<p>The courts and counties would prefer that all state questions and requests for clarification be delivered only once, rather than coming in at different times. The counties do not mind back-and-forth with the state after the 15-day window, so long as any outstanding clarifications or requests come from the original list.</p> <p>MDHHS noted that this year is the first that required a manager to review 207 reports, which makes it so that multiple stakeholders are involved in the review process and could find different issues. MDHHS is still navigating this transition and does not have an idea for what a normal time frame for reviewing reports might be.</p>

#	Category	Suggested Solution	Explanation	Discussion from Meeting
				<p>The counties and courts responded that 15 days is the current timeline, and they requested that MDHHS send all questions within those 15 days and not add further items later (though clarifications to the original list would be OK).</p> <p>It was asked whether, if a county submitted reports for multiple months in SACWIS, the 15 days would begin for all of those months at the same time or if they would be staggered. MDHHS responded that 15 days for each month would make sense but that they would work toward whatever was legislatively mandated, even if it was 15 days regardless of how many months are being submitted at once.</p> <p>MDHHS also asked that this recommendation include a standard of promptness from the counties in replying to questions. MDHHS noted that some counties do not respond in a timely manner, which also delays the process. The counties and courts indicated that they would discuss this issue with MAFCA this week.</p>
10	207 Report/ Billing	Upon approval of the 207 report, payments shall be made within 45 days.	Timely payment is an ongoing issue.	<p>MDHHS shares the group's interest in making the payment process more efficient and timely, but suggested that 45 days may not be possible because of how payments are processed in other units. The group suggested that 60 days, rather than 45, might be more feasible.</p> <p>It was also noted that this issue would be alleviated if the group adopts the proposal for counties to receive an interim payment each month. The counties indicated a desire to continue conversations around the interim payment proposal.</p>
11	207 Report/ Billing	Timely partial payments shall be made for undisputed portions of a 207 report while disputed charges are being	Courts/counties have experienced an entire month of reimbursement being held up for small, disputed charges. Cash	The group agreed to this recommendation. MDHHS has made a request for this change with MiSACWIS.

#	Category	Suggested Solution	Explanation	Discussion from Meeting
		challenged or clarified.	flow issues and billing of the next month demands that what can be reimbursed, should be reimbursed.	
12	Administrative/ Billing	Eliminate the 2013 handbook, and go back to the 2002 handbook until it can be rewritten and mutually agreed upon.	The current CCF Handbook does not reflect statute and rule.	<p>The counties noted that the use of the 2013 handbook is contributing to tension even as the group works toward improving the relationship between MDHHS and the counties. The issue for the counties stems from a concern about interruption in the payment of indirect costs. The counties and courts suggest that the use of the 2002 handbook might be better for this interim period.</p> <p>MDHHS responded that all budgets are in line with the 2013 handbook, so moving away from that would be difficult and expressed that this is not currently a remedy the state is considering.</p>
13	County Plan	Allow courts/counties the opportunity to complete a corrective action plan when CCF expenditures are challenged by MDHHS.	This provides the courts/counties the opportunity to correct mistakes without penalty.	<p>The counties and courts expressed a desire for a more collaborative approach to technical assistance when they make mistakes. Counties and courts are concerned that some of their well-established programs are now being declared ineligible for reimbursement, and in such cases, they would appreciate more guidance on how to ensure programs meet any relevant standards.</p> <p>MDHHS asked for more information on the scope of this issue for the counties, including counties not currently receiving adequate assistance and what type of assistance counties would need.</p> <p>The group agreed to return to this topic at a later workgroup session. The state offered to share unusual requests or requests they do not have the staff to manage, and the counties suggested that they could use such information to develop trainings about what sorts of requests are or are not allowable. The counties will also consider what forms of technical assistance would be most</p>

#	Category	Suggested Solution	Explanation	Discussion from Meeting
				helpful and bring those ideas to future discussions.
14	County Plan	Allow courts/counties to amend their annual CCF county plan and budget to reflect the cost allocation plans once they are received by the county and filed with the CCFMU	Local units of government are unable to deficit spend. This provision allows the court/county to match approved expenditures with actual expenditures.	MDHHS stressed the need to be practical and to consider the resource constraints at MDHHS in reviewing multiple amendments throughout the year. The group postponed discussion of this recommendation until after future discussions of budget timelines and processes.
15	Foster Care	Amend MDHHS definition of family foster care to include placement of children in unlicensed relative care by the court and/or MDHHS.	Courts/counties are concerned that MDHHS sometimes places foster children in unlicensed relative homes and then requires the county pay 100% of the administrative cost. Additionally, the court is sometimes required to make the decision because MDHHS policy does not allow a worker to recommend placement in an unlicensed home, even if	<p>Counties and courts discussed relative care and administrative costs, asking about accommodations to put this in non-scheduled payments.</p> <p>MDHHS noted that this would require a substantial budget enhancement; MDHHS estimated this at greater than \$10M in the past.</p> <p>The counties indicated that judges would like to know how much they spend on unlicensed foster care, and it was noted that counties probably have data on children placed in unlicensed homes and could use this data to help determine what they are spending for these children.</p> <p>The counties and courts asked about the hold harmless legislation and whether administrative rates are allowed for unlicensed relatives under that bill. They noted the issue that unlicensed relatives are not paid placements, but the hold harmless bill might not specifically say paid placements.</p> <p>MDHHS responded that the legislation and appropriation were based on the DHHS budget and what is allowable for DHHS to pay, which would only be <i>paid</i> placements (thus excluding unlicensed relatives).</p> <p>It was also noted that MDHHS has been discussing this issue separately with private</p>

#	Category	Suggested Solution	Explanation	Discussion from Meeting
			it is in the best interest of the child.	sector providers. The private sector is particularly interested because they bear the largest burden of this issue.
16	Foster Care	Remove the county hold harmless sunset for foster care.	It is time to make the county hold harmless permanent.	The counties and courts feel there is no reason not to do this, but MDHHS indicated that this would need to be a higher-level discussion.

Next Steps

- 1) The group arranged a conference call for December 5 at 10:30 AM to discuss proposed definitions and policy questions. These proposals will be distributed before the call.
- 2) The group will take up discussion of cost allocation plan at next meeting, as there was not time for this.
- 3) Two additional face to face meetings are scheduled, on December 12 and 19.

Meeting 5: 12/5/2016

Location:	Teleconference
Date:	Monday, December 5, 2016
Start Time:	10:30 am – 12 pm

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
X	Bilson, David	MAFCA
	Bodkin, Ben	Capitol Services
X	Bradow, Noah	SCAO
	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
	Day, Mike	MACCA
	DeLeeuw, Andrew	Washtenaw County
X	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
X	Etheridge, Kim	MDHHS Observer – Bureau of Audit
	Evans, John	MAFCA
	Faulds, Nicole	MAFCA
X	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gorz, Elizabeth	MAC
	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
	Labarre, Rob	MDHHS - MiSACWIS
	Jay, Teddy	MDHHS - MiSACWIS
X	Jeffrey, Kristi	Observer
	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
	Johnson, Jane	MDHHS Observer
	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County
	MacBlane, Jen	PCG
	Mack, Rebecca	SCAO
X	Manning, Brian	Wayne County

Attended meeting?	Participant Name	Organization
	Maxwell, John	Senate Fiscal Agency
X	McMillan, Mike	MACCA
X	Metcalf, Sandi	MAFCA
	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
	Myers, Pam	MDHHS – Bureau of Audit Director
	Patzer, Joni	MPJA
	Pettibone, Jenifer	MDHHS Observer – Federal Compliance
	Ruest, Karla	MDHHS Observer – Legislative Services
	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
	Thalhammer, Andy	NMJOA
X	VanDyk, Robert	MDHHS Observer– Bureau of Audit
X	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
X	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Notes from Call

Referenced the matrix distributed by MDHHS titled “12012016 CCF Proposal Comparison Matrix.” The matrix contains MDHHS’s original proposal on handling direct and indirect/administrative costs for both in-home and out-of-home programs; county/court counterproposal; identification of consensus between the two stakeholder groups; and a summary of the variances between the proposals (non-agreement).

MDHHS noted the document has been shared with MDHHS Executive Director Nick Lyon. MDHHS leadership is pleased with the work the group has accomplished so far.

MDHHS suggested to use this call to walk through the variances.

- Generally, MDHHS and counties/courts are in agreement; the group has made a lot of progress in this collaborative effort.

Confirmed the MAC/MAFCA/NMJOA column represents the counter proposal that Sandi sent on 11/14/16.

Counties/courts recommended that the same language should apply to both in-home/out-of-home for salaries of circuit court staff supporting the CCF program in the county.

- Current practice is to use a time study (once per year) to allocate support personnel who work less than 100% on administering the CCF program. Moving toward twice per year to make the reporting more timely and accurate.

- MDHHS would need to see the certification for the time study and would need to be able to review the methodology used to get to the allocation. This language is currently in the handbook under the site review policy.
- Counties/courts and MDHHS are in agreement about ensuring the language is consistent across the in-home and out-of-home care program definitions.

Counties/courts disagree with how the grounds and building maintenance (both routine and non-routine) are being handled. Disagree with interpretation of Ottawa decision, suggest this interpretation is an overreach of case law. This line item will be problematic in reaching consensus for this proposal.

- Counties/courts disagree with the handling of Technology - not all technology is a capital expense; some technology is a central service. Counties/courts question whether technology should even be tied to the Ottawa decision.
- MDHHS suggested that the counties/courts provide their own legal analysis of the Ottawa decision and a recommendation of how to apply it to the specific line items in the proposal.

Counties/courts disagree with classification of Dispute Resolution/Mediation, particularly with regard to peace making, for example, a program used in Washtenaw.

- Counties/courts: These are really restorative justice practices, particularly peace-making. MDHHS
- MDHHS opinion: Dispute Resolution/Mediation fundamentally replaces a judicial process and thus is a judicial cost not eligible for CCF. If the Dispute Resolution/Mediation is NOT replacing a judicial process, the courts/counties should document this and supply the argument to the state.
 - How should the state differentiate between restorative justice practices vs. replacement of a judicial process?
- Counties/courts question: For costs MDHHS determines as judicial in nature – why are some going to be eligible as direct (CASA, wrap) and some not (dispute resolution/mediation)? MDHHS response: Not eligible for direct cost reimbursement are those specific programs that REPLACE a judicial process. In the spirit of maintaining programming that specifically provides services directly to a youth, as is done in the CASA and wrap programs, MDHHS is willing to move these two into the direct costs.

MDHHS will need to have an internal conversation about circuit court CCF administration employees or, by extension, third parties providing direct case management services via MOU (or other agreement). Discussions to date have represented that central supports are provided through the Circuit Court and as such the argument was made that they should be allowed; this is the first time we have heard that support is provided in some counties, through another entity.

MDHHS does not think it is possible to simply accept the allocation methodology used by the office of child support. Counties would have to use child care fund-specific rules, such as these definitions of direct and indirect/administrative costs.

Action items

- 1) Courts/Counties will get a legal opinion on Ottawa and how it *would not* exclude the items denied by MDHHS in this analysis.

- 2) Courts/Counties will articulate judicial process vs. restorative process as a means to further explore the potential for dispute resolution/mediation costs to be considered direct.
- 3) MDHHS will review suggestion of including “supporting” in the first bullet for staff administering/supporting the CCF program within the county.
 - a. Wayne County will provide their memorandum of understanding with a third party as an example of other staff that could be included in this line item
 - b. MDHHS will consider adding in an exception based on review of the MOU/recommendations provided by the counties.
- 4) MDHHS needs to have a discussion about when a draft of the full handbook could be released.

Meeting 6: 12/12/2016

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	Hall of Justice, 702 W Kalamazoo St., Lansing, 48915 - 1st Floor Conference Room.
Date:	Monday, December 12, 2016
Start Time:	10:00 am – 3:00 pm

Attended meeting?	Participant Name	Organization
X	Baird, Hon. Laura	MJA
X	Bilson, David	MAFCA
X	Bodkin, Ben	Capitol Services
X	Bradow, Noah	SCAO
	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
X	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
X	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
X	Day, Mike	MACCA
X	DeLeeuw, Andrew	Washtenaw County
X	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
	Etheridge, Kim	MDHHS Observer – Bureau of Audit
X	Evans, John	MAFCA
X	Faulds, Nicole	MAFCA
	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
	Labarre, Rob	MDHHS - MiSACWIS
	Jay, Teddy	MDHHS - MiSACWIS
X	Jeffrey, Kristi	Observer
X	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
	Johnson, Jane	MDHHS Observer
	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County
	MacBlane, Jen	PCG

Attended meeting?	Participant Name	Organization
X	Mack, Rebecca	SCAO
X	Manning, Brian	Wayne County
X	Maxwell, John	Senate Fiscal Agency
X	McMillan, Mike	MACCA
X	Metcalf, Sandi	MAFCA
	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
X	Myers, Pam	MDHHS – Bureau of Audit Director
	Patzer, Joni	MPJA
X	Pettibone, Jenifer	MDHHS Observer – Federal Compliance
	Ruest, Karla	MDHHS Observer – Legislative Services
	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
X	Thalhammer, Andy	NMJOA
	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
	Walters, Kelly	MDHHS – Child Care Fund
	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
X	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Meeting Agenda

10:00 – 10:30 Budget Timeline

10:30 – 11:00 Timeline and process for review of specific sections of the handbook (or the entire handbook)

11:00 – 12:45 Indirect Cost Proposal

- a. Review Definitions
- b. Review matrix summary with consensus and variation
- c. Review 10%/flat rate proposal

12:45 – 1:30 Supplemental schedules (draft)

1:30 – 2:10 Outstanding issues

- a. Fictive kin/ foster care relative placements (tied to flat rate indirect proposal) **(did not discuss at meeting)**
- b. Define any costs that are unreasonable or unnecessary
- c. Define face-to-face

2:10 – 2:25 Use of Federal and State funds (Did not discuss at meeting)

- a. Conflicting guidance about whether federal or state funds can be deposited in the child care fund

2:25 – 3:00 Monthly interim payments

Time permitting

1. Formal appeals process

2. Legislative Solutions **Do not need to discuss as a group, just to acknowledge that MAC will work to get the definitions of Indirect/Administrative and Direct costs put into statute so they are more stable.**
3. Recoupment after audit
 - a. What is the approach for past audits?
 - b. What is the approach for future audits?
 - c. MDHHS will be proposing an approach to the group

Budget Timeline & Process for Review of Handbook

1) MDHHS proposed an accelerated time frame for reviewing and revising the CCF Handbook to meet the budget timeline that was recommended in the 10/25/17 meeting.

- a. The budget timeline recommended in the 10/25/17 meeting was:

May 1, 2017:	Open Advance Plan and Budget in MiSACWIS to begin budgets
July 15, 2017:	Advance Plan and Budget submission deadline
September 30, 2017:	MDHHS Advance Plan and Budget approvals complete
- b. Beginning the budget process in May instead of July (as is current process) means MDHHS and the CCF stakeholders need to have the CCF policies and procedures (the handbook) completed well before May.

1) MDHHS proposed the following schedule:

- | | |
|------------------|---|
| 12/22/16: | MDHHS releases 1st handbook ROUGH draft |
| 1/3/17: | Feedback deadline from CCF Handbook Workgroup |
| 1/3/17-1/12/17: | MDHHS creates a 2nd handbook draft from feedback; commences spring training planning |
| 1/13/17: | MDHHS releases 2nd handbook draft for vetting (wide distribution – our list, SCAO, member groups) |
| 1/18/17-1/25/17: | MDHHS review feedback and incorporate; track areas where consensus was not met |
| 2/1/17: | MDHHS releases final draft Handbook |
| 2/15/17: | Feedback deadline |
| 2/28/17: | MDHHS publish final handbook by 2/28/17; incorporates into MDHHS policy before 10/1/17 |

- Originally, MDHHS stated that the 2/28/17 deadline was a go or no go decision point in order to implement the changed budget year activities (ex: starting budget process in May)
 - MDHHS noted that March is a 5-week month, so they could push the go or no go date to the first week of March.
 - Courts/counties noted that since MiSACWIS isn't even open until May, trainings might be better in April/May instead of March/April (allowing for some buffer with the go/no go date).
 - Consensus among MDHHS and courts/counties to change the go/no go date to 3/6/17 based on the revised schedule below.
- The counties provided initial feedback that it would not be possible to get initial feedback to the state by 1/3/17 because of holidays and vacations. Counties proposed the alternatives of 1/6, 1/9, or 1/10 as the deadline for the counties to return feedback.
 - Consensus among counties was to adjust to 1/9/17, acknowledging the extra weekend days may be useful. MDHHS accepted the recommendation, including bumping back the other dates in the proposed timeframe accordingly.
- Counties proposed the following **revised schedule** and MDHHS accepted:

- | | |
|------------------|---|
| 12/22/16: | MDHHS releases 1st handbook ROUGH draft |
| 1/9/17: | Feedback deadline from CCF Handbook Workgroup |
| 1/9/17-1/17/17: | MDHHS creates a 2nd handbook draft from feedback; commences spring training planning |
| 1/19/17: | MDHHS releases 2nd handbook draft for vetting (wide distribution – our list, SCAO, member groups) |
| 1/24/17-1/31/17: | MDHHS review feedback and incorporate; track areas where consensus was not met |
| 2/7/17: | MDHHS releases final draft Handbook |
| 2/21/17: | Feedback deadline |
| 3/6/17: | MDHHS publish final handbook by 2/28/17; incorporates into MDHHS policy before 10/1/17 |
| 04/17 – 05/17: | Statewide training and additional technical assistance |
| 5/1/17: | Open AP&B in MiSACWIS to begin budgets |
| 7/15/17: | AP&B submission deadline |
| 9/30/17: | MDHHS AP&B approvals complete |
- Counties asked: What would trainings look like – where would they be? MDHHS does not yet have a plan laid out but they know that space will be trickier to find since the counties have said they would like to bring more people to the trainings. Trainings will be scheduled as soon as possible.
 - For go/no go date – What if there is not unanimous approval of the CCF handbook after going through the feedback/revision process? How will the state make the decision to publish it as policy or not? What if only 75% of counties want to do this?
 - MDHHS acknowledged that 100% is not really ever a reasonable standard when making changes like this. Generally, MDHHS will look for consensus where appropriate and 75% does not seem too low (hopefully it will be higher). Some of the case law decisions will not be made by consensus because there are other parties involved (legal).
 - Go/no go date is really to meet the updated budget timeline. If consensus isn't reached according to the go/no go date, it could mean the new budget timeline won't work for this next year but that the new budget timeline could be implemented in the following year.
 - Counties agreed to review the revised timeline and to come to the December 19 meeting prepared to agree (or not) to the timeline.
- 2) Counties asked whether there could be any wiggle room (like 10%) in the budget line items being submitted since this first year of making the budget timeline earlier will make it more difficult to project costs.**
- a. MDHHS noted that wiggle room would require a lot of MiSACWIS changes, so it may be up to the county to use their best judgment and historical perspective to estimate the costs for the year.
- 3) Counties raised the question: Why did the budget line items rule change to require a budget amendment if the actual expenditures went over on one line item but under on another?**
- a. MDHHS noted that there are two amendment processes: amendment process to just move money within a program does not require the 3 new signatures; amendment process to change 2091 will require the 3 new signatures.
 - b. MDHHS will review this topic internally and send out a memo for clarification.
 - i. Including definition of term “amendment” and the signature requirements for different levels of line item transfers/budget increases.

*Indirect Cost Proposal***1) Reviewed Definitions**

- a. Sandi emailed the definitions to the group on December 7.
- b. A few issues were noted with the definitions; the following definitions need revisions to be provided by MAFCA:
 - i. Judicial Process and Costs
 - ii. Capital Expenditure

2) Reviewed matrix summary of in-home and out-of-home indirect/admin costs, including areas of consensus and variation

- a. Many of the outstanding variances result from Michigan's application of the Ottawa decision and capital expenditures/assets. MDHHS has an internal legal opinion that supports the use of the Ottawa case law in keeping some costs as indirect/admin as opposed to direct (see orange sections of matrix).
 - i. Counties noted that they have their own legal opinions and will provide the opinions to MDHHS to consider.
 - ii. Counties noted they were at a disadvantage in responding because they have not been allowed to see MDHHS's legal opinion.
 - 1. MDHHS responded that internal legal opinions are not open to the public but they confirmed their willingness to review the opinions submitted by the counties.
 - 2. The question is still open as to the next step if MDHHS reviews the legal opinions and there are still differences in the application of the Ottawa case law to these specific line item designations as Indirect or Admin.
 - iii. Counties suggest looking at the financial definition of a Capital asset per Government Finance Officers Association (GFOA) industry standards, which are used by probably every county and also the state. Generally:
 - 1. Expenditures over \$5,000.
 - 2. Maintenance and upgrades that do not increase the value of a Capital asset and are under \$5,000 are not capital expenditures.
 - 3. Andrew will provide MDHHS with examples of this.
 - iv. MDHHS noted they would need to look more into the capital expenditure dollar value burdens (how will the \$5000 be counted?).
- b. "Other" expenditures
 - i. MDHHS wants to stay away from terms like unnecessary, unreasonable and other.
 - ii. MDHHS can't open the door to anything new that comes up being included as reimbursable.
 - iii. Counties: Who at MDHHS can rule on a single expenditure if something new arises?
 - 1. MDHHS: Most likely the top of the agency, might eventually go through the appeals process.
- c. Dispute resolution/mediation
 - i. MDHHS identified these costs as indirect/administrative and not Direct because they are seen as replacing a judicial process.
 - ii. Counties do not consider all mediation a judicial process.
 - 1. Washtenaw, for example, uses peace-making which is an innovative program in the county. It does not replace a judicial process.

- iii. MDHHS: Outstanding question of whether the mediation processes are producing the reasonable efforts and contrary to the welfare findings with a judge just signing the mediation document. Federally, the judge has to make the determination of reasonable efforts and contrary to the welfare, it can't be a mediator (even if the document is signed by a judge).
 - iv. Recommendation: Include language in the handbook around allowing mediation if the county ensures it does not replace a judicial process and that the federal reasonable efforts and contrary to the welfare determinations will remain the judge's responsibility. Need to be clear in the definition that any mediation being charged as a Direct Cost does not conflict with the unallowable costs (see 2013 handbook unallowable costs).
 - v. Linda and Sandi to send MDHHS information to review on peace-making and other mediation services.
- 3) Review 10%/flat rate proposal
- a. Concern about moving forward with this conversation since there are still outstanding questions about how costs are being categorized between Direct and Indirect/Admin. (ex: primarily the capital expenditure/Ottawa line items)
 - i. These outstanding items affect the counties' decision because these costs will affect the base to which the 10% is applied.
 - b. There was miscommunication in the group about what the base would actually be, to which the 10% would be applied. MDHHS was referring to the gross expenditures as currently used and reported at the bottom of the 207 (meaning taking into account all lines on the 207, including offsetting revenues) whereas the counties were referring to gross expenditures without considering any revenues.
 - i. Counties noted and MDHHS acknowledged that the difference is substantial enough to warrant more research into the question.
 - ii. At Dec. 19th meeting, MDHHS will bring analysis on the 2015 indirect costs as they are currently defined (based on both approved and unapproved budget reports).
 - c. 206b reports – for counties that have a 206b subaccount, will those expenditures also have the 10% applied to them for indirect/admin?
 - i. MDHHS: yes.
 - d. What documentation will be needed for this reporting?
 - i. Counties would have to provide general ledger statements that show at least the amount of indirect/admin costs that the county is requesting reimbursement for as well as supplementals. Wendy distributed the supplementals via email on December 8.
 - e. MDHHS will work on sending out a mocked-up 207 and 206b so that counties can better understand how the 10% flat rate would be applied and determine whether they could move forward with the proposal.

Outstanding issues

- 1) Define any costs that are unreasonable or unnecessary
 - a. Decision – The workgroup recommends against using these terms because they are relative. MDHHS will look at the draft handbook and identify any areas where this still exists with the goal of eliminating this language.
- 2) Define face-to-face

- a. Face to face contact definition – Counties have proposed that videoconferencing (ex: Skype, facetime) should be considered face to face if the child lives outside of a 50-mile radius from the main office.
 - i. MDHHS noted a concern of child safety and that this could only be considered for juvenile justice youth, not abuse/neglect youth. MDHHS also noted a concern about having two different standards for these two populations.
 - ii. Counties could also consider establishing a system of courtesy visits with out-counties but they would still want to be able to use technology.
 - iii. Counties proposed a compromise of seeing the child face-to-face at least once per month and then using video conferencing the other three weeks in the month (since foster care is only required to see kids once per month).

Monthly Interim Payments

- 1) MAFCFA viewed the proposal favorably but MAC did not accept the proposal of monthly interim payments based on an estimated amount.
 - a. Not accepted because of the risk of recoupment.
 - b. Can't have two different systems (one interim, one actual) because MiSACWIS has to be programmed across the board.
- 2) Some counties did express interest in this option, but MDHHS cannot have two different payment systems (one interim, one actual) because MiSACWIS has to be programmed across the board.
- 3) MDHHS offered that a lower percentage could be paid up front to help with cash flow. Originally MDHHS proposed 75% of projected costs could be paid up front, but maybe 50% would work better for counties. MAFCFA and MAC will discuss with their members. Need to revisit after MDHHS offered the percentage could be lowered from 75%.

Action Items

- 1) MDHHS will review the budget amendment policy per discussion and questions about when new signatures are required; MDHHS will send out a memo for clarification.
 - a. Including definition of term "amendment" and the signature requirements for different levels of line item transfers/budget increases.
- 2) Andrew DeLeeuw will provide an example of Capital Expenditures industry standards.
- 3) Counties will send legal opinion re: Capital Expenditures by Wednesday, December 14.
- 4) MDHHS will review resolution/mediation information from Sandi and Linda.

Meeting 7: 12/19/2016

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	South Grand Tower, Lansing
Date:	Monday, December 19, 2016
Start Time:	10:00 am – 3:00 pm

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
X	Bilson, David	MAFCA
X	Bodkin, Ben	Capitol Services
	Bradow, Noah	SCAO
	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
X	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
X	Day, Mike	MACCA
X	DeLeeuw, Andrew	Washtenaw County - Observer
	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
X	Edwards-Brown, Linda	MAFCA
X	Etheridge, Kim	MDHHS Observer – Bureau of Audit
X	Evans, John	MAFCA
	Faulds, Nicole	MAFCA
	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gillies, Ashley	Livingston County - Observer
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
X	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
	Hertrich, Patty	Observer
X	Housley, Mary	MDHHS - Observer
	Labarre, Rob	MDHHS - MiSACWIS
	Jay, Teddy	MDHHS - MiSACWIS
X	Jeffrey, Kristi	Observer
X	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
	Johnson, Jane	MDHHS Observer
	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
X	Kheperu, Kamau	Wayne County

Attended meeting?	Participant Name	Organization
	MacBlane, Jen	PCG
X	Mack, Rebecca	SCAO
X	Manning, Brian	Wayne County
X	Maxwell, John	Senate Fiscal Agency
X	McMillan, Mike	MACCA
X	Metcalf, Sandi	MAFCA
	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
X	Myers, Pam	MDHHS – Bureau of Audit Director
	Patzer, Joni	MPJA
X	Pettibone, Jenifer	MDHHS Observer – Federal Compliance
	Ruest, Karla	MDHHS Observer – Legislative Services
X	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
X	Thalhammer, Andy	NMJOA
	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Meeting Agenda

10:00 – 10:20 Counties to provide feedback/confirmation on budget timeline recommendation

5/1/___: Open Advance Plan & Budget in MiSACWIS to begin budgets
 7/15/___: Advance Plan & Budget submission deadline
 9/30/___: MDHHS Advance Plan & Budget approvals complete

10:20 – 10:30 Counties and MDHHS to confirm feasibility of Revised CCF Handbook draft

12/22/16: MDHHS releases 1st handbook ROUGH draft
 1/9/17: Feedback deadline from CCF Handbook Workgroup
 1/9/17-1/17/17: MDHHS creates a 2nd handbook draft from feedback; commences spring training planning
 1/19/17: MDHHS releases 2nd handbook draft for vetting (wide distribution – our list, SCAO, member groups)
 1/24/17-1/31/17: MDHHS review feedback and incorporate; track areas where consensus was not met
 2/7/17: MDHHS releases final draft Handbook
 2/21/17: Feedback deadline
 3/6/17: MDHHS publish final handbook by 2/28/17; incorporates into MDHHS policy before 10/1/17
 04/17 – 05/17: Statewide training and additional technical assistance
 5/1/17: Open AP&B in MiSACWIS to begin budgets
 7/15/17: Advance Plan & Budget submission deadline

9/30/17: MDHHS AP&B approvals complete

10:30 – 10:40 MDHHS to provide update on budget amendment policy per discussion and questions on 12/12/16 about when new signatures are required

10:40 – 12:00 Indirect Cost Proposal

- a. Follow-up on Capital Expenditures
 - i. Andrew DeLeeuw to have provided an example definition of Capital Expenditures per industry standards; MDHHS to provide feedback on using that definition in lieu of the Ottawa case law
 - ii. Counties to have provided MDHHS with legal opinion re: Capital Expenditures; MDHHS to provide response; discussion
- b. Follow-up on Conflict Resolution/Mediation
 - i. Counties to have provided MDHHS with examples and information to review on Conflict Resolution/Mediation programs; MDHHS to provide response; discussion
- c. MDHHS to provide summary of analysis on indirect costs per current policy; discussion
- d. Counties to provide feedback/questions on the supplemental schedules provided by MDHHS prior to meeting on 12/12/16
- e. Fictive kin/foster care relative placements; how will this be handled in the indirect flat rate proposal?
- f. Counties to provide feedback on 10% administrative/indirect flat rate
- g. Determine process and timeline for finalizing recommendation (gain consensus) to use flat rate or not

12:00 – 12:45 Lunch break

12:45 – 1:15 Use of Federal and State funds

- a. Conflicting guidance about whether Federal or state funds can be deposited in the child care fund

1:15 - 2:00 Formal appeals process follow-up

- a. Will the new Governance Model be sufficient? Other approach?
- b. Recoupment after audit
 - i. What is the approach for past audits?
 - ii. What is the approach for future audits?

Meeting Notes

Counties to provide feedback/confirmation on budget timeline recommendation

5/1: Open Advance Plan & Budget in MiSACWIS to begin budgets

7/15: Advance Plan & Budget submission deadline

9/30: MDHHS Advance Plan & Budget approvals complete

MAC, MAFCA, and NMJOA all support this recommendation. Counties/courts noted that the timeline is aggressive and that there are still some outstanding questions to be answered about operationalizing this, but the general consensus is to move forward with the recommendation.

MDHHS noted that they are speaking with tribes separately, but that initial feedback is positive.

Counties and MDHHS to confirm feasibility of Revised CCF Handbook draft

12/22/16: MDHHS releases 1st handbook ROUGH draft

1/9/17: Feedback deadline from CCF Handbook Workgroup

1/9/17-1/17/17:	MDHHS creates a 2nd handbook draft from feedback; commences spring training planning
1/19/17:	MDHHS releases 2nd handbook draft for vetting (wide distribution – our list, SCAO, member groups)
1/24/17-1/31/17:	MDHHS review feedback and incorporate; track areas where consensus was not met
2/7/17:	MDHHS releases final draft Handbook
2/21/17:	Feedback deadline
3/6/17:	MDHHS publish final handbook by 2/28/17; incorporates into MDHHS policy before 10/1/17
04/17 – 05/17:	Statewide training and additional technical assistance
5/1/17:	Open Advance Plan & Budget in MiSACWIS to begin budgets
7/15/17:	Advance Plan & Budget submission deadline
9/30/17:	MDHHS Advance Plan & Budget approvals complete

The workgroup confirmed its commitment to the above timeline.

MDHHS to provide update on budget amendment policy per discussion and questions on 12/12/16 about when new signatures are required

MDHHS is currently working on a memo to be distributed to counties.

Indirect Cost Proposal

Follow-up on Capital Expenditures

Andrew DeLeeuw provided an example definition of Capital Expenditures per industry standards; the definition is meant to supplement and help understand the Ottawa case law decision.

It is MDHHS' position that the guidance has to do with Accounting/Financial Reporting standards utilized by counties. Regardless of a Reporting Threshold for Capitalization, the characteristic/purpose of the expenditure itself is the same regardless of whether it is above or below any capitalization threshold. The Ottawa case decision makes no distinction of expenditure thresholds definitions in its judgment.

MDHHS provided the following excerpts from the Ottawa case decision:

- “The issue in this case is whether the law requires defendant to reimburse a county...to construct, equip, and improve buildings the county uses to board juveniles. We hold that it does not.” (pg. 1)
- “We begin by acknowledging that MCL 45.16 specifically states that a “county shall, at its own cost and expenses, provide...necessary public buildings, and keep the same in good repair.” (pg. 1)
- R400.2024(a), which states, ‘The operating costs of a county-operated facility...are restricted to the following expenditures for services and goods necessary to provide direct services to the youth placed in the facility...’ The expenses that follow are not related to capital improvements; they pertain to staffing and services....Under this definition, building and equipping a permanent juvenile facility would never qualify as a “direct service” because the stay of any particular juvenile would be relatively short.” (pg. 2)
- Constructing, furnishing, or improving a building violates the reimbursement condition that a county’s costs must be attributable to the individual care of a child. MCL 400.117a(8) (pg. 2)

- These costs might include anything from installing new computers and purchasing new software to constructing a large detention complex from the ground up. (pg. 1)

Washtenaw County noted that they agree that constructing facilities and improving them would be capital expenditures. They are disagreeing on maintaining buildings, which they think should be a direct cost.

MDHHS noted that the Department has not changed its opinion on capital expenditures and is not willing to concede these expenditures as direct costs for reimbursements.

Counties asked for clarification on guidelines as to what *could* be reimbursed as a direct cost.

MDHHS wanted to fill the counties in on conversations they had recently. The Department looked at the gross vs. net question from the last meeting re: the expenditures to which the 10% would be applied – the State is willing to look at the gross expenditures to which they will apply the 10%. Gross expenditures being the Total adjusted expenditures subject to reimbursement prior to any revenue or receipt offset.

The Department noted specifically that the 10% for indirect/administrative costs could be used to support maintenance costs.

The counties requested a break for discussion.

Upon recommencing, the counties noted their favorable opinion of the use of gross expenditures instead of net expenditures.

The counties noted some outstanding questions around the definitions for what can be included as a direct cost on the 207s. Specifically, there was concern over maintenance.

County question: Can counties include their maintenance staff who works only at the county-operated facility as a direct cost? Right now, counties are able to include in direct costs salaries of people who are 100% dedicated to the county-operated facility. Ex: maintenance staff is currently included as a direct cost but a new \$4,000 pipe for the boiler is not considered a direct cost. This is relevant to county-operated facilities only, not for other circuit costs.

- Noted that 27 counties have facilities.
- MDHHS question: Is this maintenance staff different than facility-specific *janitorial* staff? MDHHS and Counties already have janitorial staff as a consensus item in the proposal matrix.
- Counties would like to see a definition for janitorial staff.
- MDHHS response: Janitorial staff salaries and fringes for county-operated facilities would be acceptable as direct costs but the costs labeled as repairs and maintenance supplies costs would not be direct (could be covered under the 10%). Salaries and fringes for facilities should be considered operating costs.

Ottawa County noted that they expect to lose about \$100,000 by using the 10% administrative/indirect flat rate. They agree that looking at the 10% proposal is a good idea but that it won't be as fiscally advantageous for all counties, particularly counties without youth in facilities.

Counties to have provided MDHHS with legal opinion re: Capital Expenditures; MDHHS to provide response; discussion.

Counties and MDHHS agree to revisit this at a later date, outside of this workgroup.

Follow-up on Conflict Resolution/Mediation

Counties to have provided MDHHS with examples and information to review on Conflict Resolution/Mediation programs; MDHHS to provide response; discussion.

MDHHS noted that (referencing the proposal matrix of variances and consensus items re: direct vs. indirect/admin costs), the items previously marked as an outstanding variance in orange remain marked that way. Mediation is still among these variances.

Washtenaw County noted that peace-making has been approved for this budget year. So even though it is approved for this budget year, at this point in drafting the FY18 Handbook, it would not be an allowable direct cost.

MDHHS suggested this be a topic for the Governance Model.

County question: How does the Department consider mediation a replacement of a judicial process if it is non-binding?

County comment: The group may be confusing two different things - mediation on a circuit court level vs. peace-making or smaller level mediation.

MDHHS question: Does mediation come about because of the judicial process? Response: There must be a complaint or referral submitted to come under jurisdiction of the court.

An example of the mediation the counties want included would be regarding a dispute between two kids.

MDHHS question: When mediation is paid for right now, are payments made through court improvement projects? Counties in the room say no but MDHHS CCF staff say that yes, some of the counties are paying this way.

Rebecca Mack – Proposed that the Department work with the MI Supreme Court on a workable definition of Mediation. R. Mack says SCAO is concerned about mediation not being eligible as a direct cost. MDHHS response: Wendy will go back and talk with legal counsel and follow-up with a contact provided by SCAO.

MDHHS to provide summary of analysis on indirect costs per current policy; discussion

MDHHS displayed a copy of the 207 form in order to specifically identify how the 10% would be calculated.

- To calculate the reimbursable indirect/administrative 10% allotment: Refer to the line titled Total Adjusted Expenditures Subject Reimbursement at 50% and the column titled Adjusted Reimbursable Expenditures (7) to locate the total gross expenditures. Multiply the total gross expenditures by 10% to identify the reimbursable indirect/administrative allotment.

- To calculate the reimbursable direct costs: Refer to the line titled Net Expenditures Subject to (50%) Reimbursement and the column titled Adjustments (6) to locate the net expenditures. Multiply the net expenditures by 50% to identify the reimbursable direct costs.
- To calculate the total reimbursable amount from the 207, add the two previous calculations together. Ex: (gross expenditures x 10%) + (net expenditures x 50%) = total reimbursement

Counties suggested that MDHHS report the reimbursement back to the counties separately for indirect/admin vs. direct costs. MDHHS agreed with the suggestion.

MDHHS noted that their proposal for site reviews does not include reviewing the 10%. The state will be reviewing the direct costs per the general ledgers and supplemental schedules.

Counties to provide feedback/questions on the supplemental schedules provided by MDHHS prior to meeting on 12/12/16

MDHHS's proposal is to use the general ledgers and the supplemental schedules to verify the budget requests and reimbursement requests.

- MDHHS does not want to approve something that then ends up being ineligible for direct cost reimbursement. Supplemental schedules should give the counties security that what they report and what is approved will then be reimbursed - less surprises.
- MDHHS's intent is to have a template across the state so that they would be able to roll up statewide expenditures. Trying to reduce MDHHS level of interpretation of costs; could also help the counties better understand how their costs should be reported.

County feedback re: 207 supplemental - general ledgers would not necessarily break down all of the salaries and wages into MDHHS-specific staff categories. This would need to come from a payroll system or some more detailed system (not the general accounting system). This would be a heavy lift for counties if required monthly.

- MDHHS would consider only reporting salaries at a higher level (salaries and wages for a court-operated facility vs. probation, for example).
- Counties noted that their ability to report in these new ways depends on how each county has their accounting systems set up.
- Counties noted they may also have difficulty in breaking costs out by programs (ex: group care vs. shelter care).

MDHHS noted the 2091 supplemental is an anticipated expenditures/budget form. The goal of the supplemental is to break up the large, single figure that currently gets reported in the budget.

The original concept of the supplemental schedules was to help with consistency of information provided to MDHHS and also more accurate information provided up front to allow MDHHS and the counties to understand which costs are eligible for reimbursement and which are not.

MDHHS proposes the 2091 supplemental schedule would be once per year in line with budget submission. County feedback - Once per year does not seem overly burdensome for this schedule; counties most likely already have some sort of back-up that they use internally.

MDHHS noted that an amendment would not be required to move money between line items in the same category on the 2091 supplemental schedule.

MDHHS proposes the 207 supplemental schedule would be required on a monthly basis. The counties are already going through this process in order to fill out the 207 and MDHHS would like to have more detailed information about the types of expenditures and how they are being recorded on the 207.

Counties asked whether adding the supplemental schedules would require more work for MDHHS and therefore slowing down reimbursements. MDHHS response – the supplemental schedules should not add any more processing time because they should make the process more efficient by providing the information MDHHS needs up front.

County feedback re: 2091 supplemental schedule – IHC tab –flip the axes (flip columns and rows). Counties recommend once per year reporting for all supplementals – monthly would be too burdensome. MDHHS would use the annual supplementals to cross reference the monthly 207s.

County question: is the state having parallel conversations about the programmatic reporting (ex: stats on number of kids)? MDHHS response – the Department has not had conversations about this yet, but will look to the counties for guidance. This could be a governance discussion for January.

MDHHS noted the 2094 is not going to change but the state will provide more information at training about what goes into each line item.

MDHHS will take county feedback and revise the proposed supplemental schedules. A new draft will be distributed to the counties to review. MDHHS will look specifically at the frequency of submission for the supplemental schedules.

Fictive kin/ foster care relative placements; how will this be handled in the indirect flat rate proposal?

Fictive kin will continue to be handled like an unlicensed placement. Under foster care, it would be a non-scheduled payment. MDHHS: rule specifically says relative not fictive kin. Courts can authorize payment to fictive kin but it is not reimbursable. State has figured out how to push through the administrative payment but still cannot pay for placements.

Wendy will provide the rule in reference to the above.

Use of Federal and State funds

Conflicting guidance about whether Federal or state funds can be deposited in the child care fund

Counties noted the current handbook specifically says they cannot put Federal/State funds in the child care fund; however, the federal and state governments release grants that counties can apply for. Counties noted that the law says federal and state grants are eligible for the CCF so long as they are for foster care. There is another related question about which donated funds can or cannot be included in the CCF.

MDHHS response: MDHHS expects that federal and state grants should be seen as an offset. Counties noted a conflicting law that says if a grant is specifically for foster care, it *must* be deposited for CCF.

MDHHS noted that the new proposed rules should differentiate between donated funds and federal/state grant funds.

Counties made the point that this version of the handbook needs to be informed by and consistent with state and federal laws.

The state's opinion is that if a county gets a grant from the state or federal governments, the state will not provide match/reimbursement for those funds.

County response: about 7-10 years ago, counties were looking at blended funding models to maximize the dollars to provide programs for kids. Seems like now the state is pushing towards reversing this.

MDHHS response: the CCF is not meant to be reimbursing costs funded through other sources (like state and federal grants). Counties can use that money to fund programs but cannot request reimbursement through CCF (unless program description specifically says the reimbursement is being requested for kids who *are not eligible* for the federal money, ex, not Medicaid eligible).

MDHHS noted that their questions of donated funds came about through audit findings. Use of federal funds rules did not come out of audits but are related. Federal funds rule has been in the handbook since at least 2010.

Recommendation to take this up under Governance Committee.

Formal appeals process follow-up

Will the new Governance Model be sufficient? Other approach?

There is currently pending legislation from Senator McGregor that includes an appeals process/governance model.

If this workgroup can come up with something that is acceptable, then MAC and Capitol Services will work with McGregor to put it into the bill.

Question from MDHHS: If folks in this group already have weighed in on McGregor's bill, do we need to talk about it again? Counties - this specific workgroup did not weigh in on the bill, but some members of this group did.

Recoupment after audit

MDHHS also noted there was always a process in place to review CCF expenditures but the recent OAG audit said MDHHS did not have sufficient oversight procedures in place.

MDHHS noted that they have conducted on-site reviews (4 completed, 1 still in process) that have produced some findings.

- MDHHS is trying to work collaboratively with counties on recoupment.
- MDHHS wants to sit down with each county who is affected in a material way by the on-site reviews to discuss the findings. Affected counties can choose to go through an appeals process. The state won't issue findings publicly until after this process is completed.
- MDHHS noted the affected counties do not yet know the findings from the reviews. Timing for conversations with MDHHS/Counties is to start in January.

- The Auditor General knows about these reviews and so they will ensure MDHHS takes appropriate action.
- Question from counties: If state has blanket findings, will those be shared statewide? MDHHS response: Yes.

The state is only reviewing back one year. Ex: Reviews of FY18 would happen in FY19. The plan is to eventually review each county but not necessarily every county every year.

Question from counties: If, during the recoupment/review process, the county identifies expenditures that were not submitted for reimbursement that were eligible, could those *positive* adjustments be discussed at the review as well? MDHHS will look into this. Broadly speaking, recoupment is when the state recoups funds. Not when the county asks for funds that were overlooked on their end. MDHHS is willing to look into some remedy for the counties, just not through this recoupment process.

County recommendation: The FY18 handbook should include a provision that counties are not required to pay anything more than a year after service (proposed administrative rules includes this provision). Counties noted the biggest problem is with private agencies but this should also apply to the state.

Counties also noted this should include funding status changes (like Title IV-E)? The conversation above did not include funding status changes, only late billing. Legislative Solutions discussion included Title IV-E changes but the proposed administrative rules do not reflect that.

Counties request to treat the CCF the same as state-ward board and care. MDHHS will talk about this and get back to group.

MDHHS is looking into how involved the local MDHHS offices are in the billing/accounting services of the counties through the accounting services centers. Local MDHHS is more involved in some counties and less in others.

Workgroup discussed an Appeals process:

1. MDHHS holds private meeting with counties.
2. If no informal understanding, then go to mediation
 - a. Who would this group involve? SCAO, MAC, MDHHS, etc.?
3. If no acceptance, then go to Administrative Law Judge.
 - a. Noted that using the MI Administrative Hearing Services absent the legislation will be difficult.
4. If necessary, court of appeals.

MAC: The appeals process needs to be developed through the legislative process.

If the appeals process will include the Administrative Law Judge, then the legislature needs to make sure the Administrative Law Judge has the capacity and the appropriations to support it.

Counties are in favor of a mediation step before going to the Administrative Law Judge. Mediation is lower cost and doesn't require the use of lawyers and therefore legal fees.

MDHHS noted that there are really two different things to keep in mind: The state's ability to recoup (has statutory foundation) vs. issues with eligibility (does not yet have statutory foundation, but there is pending now).

At the MDHHS level, the Department is working on rolling out the MDHHS Settlement Committee. MDHHS has many different stakeholders asking for appeals and now MDHHS takes a lot of things to the settlement committee. The Settlement Committee model could work for this process as well.

MDHHS settlement committee – no external stakeholders are at the table. Counties request to have others at the table, like SCAO.

Governance model (including MAC, MAFCA, NMJOA, etc.) to handle ongoing general disputes, philosophical disputes vs. an individual recoupment question which could be handled through an appeal process, starting with a non-legal process without needing to hire lawyers. Alternative dispute resolution (ADR) could be used prior to going to ALJ. Could appeal committee be a subcommittee of the governance model?

MDHHS can propose some language for draft in the handbook about how the governance model could be used to support the CCF appeals process starting in FY18.

County question: For FY17, can this same process be used? MDHHS response: seems like yes, if there isn't already another process established for recoupments for FY17.

Suggestion to include something in the handbook about the governance model and how changes to/recommendations for the CCF policies/handbook would be implemented in the future.

Face to face visits/telecommuting

MDHHS heard county concerns about barriers with face to face visits, particularly for out of home care. MDHHS looked into some alternatives that do not rely on technology (technology like video conferencing is not allowed per MDHHS opinion).

MDHHS is proposing the contact standards for out of home placements be the changed to mirror those for foster care: once per month, face to face.

- The in-home requirements still would be weekly.
- Justification is that out of home is theoretically a safer placement, so this could be the same standard as for foster care. In home is still risky, so need to stay with weekly, similar to child protective services. MDHHS is trying to align foster care and delinquency standards, when appropriate. Ex: CPS and in-home/intensive can both be weekly; out of home care can be monthly for both.
- Caseload ratios would still remain the same.

Washtenaw noted that it may not be in the best interest of the kids to have to switch workers if placed far away in out of home care. Ex: Washtenaw can't get out to visit face to face once per month, so they will either have to use two probation officers OR switch probation officers and break the continuity of having the same case worker.

County question: How does this work for CASA volunteers for kids in foster care? Some programs pay for CASA/give CASA money. Visit requirement is 7-10 days. MDHHS will look into relevant audit findings and follow-up with the group.

Meeting 8: 1/10/2017

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	Teleconference
Date:	Tuesday, January 10, 2017
Start Time:	2:00 - 3:00 pm

[Participant list for this call is unavailable.]

Meeting Purpose

The purpose of this phone call is to discuss feedback from the counties and courts on the first draft of the revised CCF Handbook.

Feedback from counties and courts

Counties and courts provided feedback on the first draft of the report. Feedback included:

1. Regarding Record Retention
 - a. The SCAO doc referenced Schedule #14 Probate Courts... is no longer a valid document. Also, we are making large revisions to the record retention schedule that are pending.
 - b. If the intention is for CCF accounting records to follow the SCAO standards for accounting records... the language should be general and reference that accounting records shall be retained in accordance with the records retention and destruction policies established by the State Court Administrative Office.
2. Define judicial costs in the Glossary
3. Define family needs in the Glossary, provide examples and indicate the list is not exhaustive.
4. Define Category I and II Children's Protective Services cases
5. Clarify Out of Home "voluntary" care (item B(b))
6. Clarify whether mileage reimbursement includes all travel expenses related to children
7. Change in CCF Plan due date to July 15th affects the full-projection by forcing the county to project four months of service, rather than a single month.
8. The Appeal process does not identify the process.
9. In the 2013 CCF handbook, under Part 1: Statutory Case Law and Regulatory Authority, Item C. is listed as the 'Yearly DHS Budget Boiler Plate'; In the 12/24/2016 draft, Part II: Program Authority all of the sections that were present in the CCF 2013 handbook are there except for the part regarding the annual boilerplate language. Is it now the position of the department that annual boilerplate language does not hold program authority over the Child Care Fund?

MAFCA and NMJOA provided comments in a separate document as direct responses to sections of the Handbook draft.

All comments and feedback were reviewed with the group and MDHHS agreed to consider each comment in the second draft of the Handbook.

Meeting 9: 1/23/2017

Meeting Facilitator:	MDHHS
Location:	South Grand Tower
Date:	Monday, January 23, 2017

[Participant list for this meeting is unavailable.]

Meeting Purpose

The purpose of this meeting is to discuss feedback from the counties and courts on the second draft of the revised CCF Handbook.

Feedback from counties and courts

1. Regarding the citation of the Foster Care and Adoption Services Act (MCL 7.22.951 et seq):
 - a. The county position is that CCF Admin Rule allows counties to choose whether to pay unlicensed relative and kin placements (and any admin rate to private agencies). The statute MDHHS references above does not explicitly state relative payment *cannot* be made. State elects to pay unlicensed relatives via state ward board & care so why cannot that be the case for CCF too? Other state material (public website) includes unlicensed relatives within definitions/context of foster care and as such believe those placements are therefore eligible for payment.
 - b. MDHHS response: Discussion referenced federal regulations that define foster care (which does not include unlicensed placements); ISEP requirements to license relatives and lack of progress in that commitment; interpretation of statute that it DOES NOT include payment for unlicensed relatives and actually contains language that describes department requirement to make relatives aware of the benefits of licensure (which includes payment); Headlee implications; and budget implications (est. is \$30MM total new funding necessary; counties would pay half).
2. Discussed the term accepted when referencing a complaint, referral, or petition that has been received and accepted by the Court.
 - a. MDHHS agreed to update the definition of jurisdiction in the glossary of the handbook.
 - b. The definition of jurisdiction will also be updated to address status offenders.
3. Group agreed that when a short-term or temporary out-of-home placement is no longer considered as such (i.e., will be longer term), the case should be moved out of intensive probation.
4. Discussed what the word available means when discussing funding through federal and/or state public assistance programs. Discussion will be continued.
5. Question regarding this section:

A CCF direct expenditure eligible for 50% state reimbursement will:

Be associated with a program that is certified by the presiding judge of the court, director of the county department, and chairperson of the county board of

commissioners, county executive, or designated tribal leadership, and approved in the AP&B...

Courts/counties want to know what would happen if the DHHS county director would not sign off on a program. MDHHS responded that this process must be collaborative and in the case of disagreement over a program's eligibility, the county should report the instance to MDHHS central administration for intervention.

6. Regarding direct expenditures for out-of-home care "Janitorial/Maintenance Staff of facility", the counties request clarification that this includes contracted janitorial, maintenance, grounds staff.
 - a. MDHHS clarified by adding the following:
 - i. Footnote: Includes facility/grounds staff.
 - ii. A separate direct expenditure Contracted personnel, programming and/or services. With its own related footnote of Contractual arrangements must meet standards set by the county, be monitored by the county, and be eligible for reimbursement.
7. Agreed to include Vision and Worker's Compensation as direct expenditures (this was a previous recommendation that was not included in this draft but will be included in future versions).
8. MDHHS clarified that direct expenditures classified as non-scheduled payments does *not* include licensing fees, inspection costs or accreditation because these are administrative in nature.
9. MDHHS affirmed that the 10% administrative allotment (based on allowable direct expenditures) will not be subject to reviews or audits by the state.
 - a. MDHHS added the following language:

Given that these costs are not reported on the DHS-207 or DHS-206b, no Detailed General Ledger/Transaction Level History Report will be required or reviewed to support the expenditures covered with this allotment.
10. Counties disagreed with MDHHS classification of Software and technology costs for CCF programs and/or services to children as administrative/indirect.
 - a. MDHHS maintains its position that these costs are administrative/indirect in nature because this serves the general population and is also related to the Ottawa case law.
11. Counties requested, clarification on how the employee activity certification form will be used. MDHHS agreed to provide clarification.
12. Counties requested reconsidering the level of sign-offs on budget amendments that do *not* change the total budget amount.
 - a. MDHHS proposed new language:

2094 changes updates require no changes. 2091 updates that have line or line item changes but no net expenditure change only require court and MDHHS signatures.

2091 updates that do have net expenditure changes do require the three signatures. Amendments need to be completed prior to September 1 of the fiscal year.

13. MDHHS agreed to insert explanation of reimbursement process (CCF to chargeback/offset to accounting).
14. County question: How will MDHHS use (child specific) data collected in any CCF process? How will counties be included in the decision-making process about use of that data?
 - a. MDHHS response: MDHHS only uses child specific information for verification of eligibility in the reimbursement approval process. Otherwise only aggregate data is used.
15. County question: How will onsite review reports or findings from our reviews/audits be used publicly?
 - a. All material will be available via Freedom of Information Act; MDHHS cannot make commitments to refrain from any sharing outside the department.
16. County question: Will MDHHS put this Handbook through Administrative Rules process?
 - a. MDHHS response: MDHHS has determined that the Handbook is required by statute and needs more flexibility than administrative rules allows.

MDHHS confirmed that it will consider all feedback and publish a third draft of the Handbook for dissemination and review.

Meeting 10: 3/30/2017

Meeting Facilitator:	Public Consulting Group (PCG)
Location:	Teleconference
Date:	3/30/17

Attended meeting?	Participant Name	Organization
	Baird, Hon. Laura	MJA
	Bilson, David	MAFCA
x	Bodkin, Ben	Capitol Services
x	Bradow, Noah	SCAO
	Brennan, Mary	MDHHS Observer – Children’s Services Legal Division
	Bullard, Lynn	MAFCA
X	Campau, Wendy	MDHHS – Child Welfare Field Operations
	Carroll, Mary Alice	PCG
	Chapin, Kim	MiSACWIS
X	Cooperrider, John	Observer
X	Day, Mike	MACCA
X	DeLeeuw, Andrew	Washtenaw County - Observer
	Dobrich, Hon. Sue	MPJA
	Dundas, Dan	Senate Majority Policy Office
X	Durr, Joel	MDHHS Observer
	Edwards-Brown, Linda	MAFCA
	Etheridge, Kim	MDHHS Observer – Bureau of Audit
X	Evans, John	MAFCA
	Faulds, Nicole	MAFCA
	Fay, Robert	MDHHS Observer – Bureau of Audit
X	Gillies, Ashley	Livingston County - Observer
X	Gorz, Elizabeth	MAC
X	Grezeszak, Carla	NMJOA
	Griffin, Kathryn	MACCA
x	Groulx, Nicole	MDHHS Observer – Federal Compliance
X	Hanley, Farah	MDHHS – Financial Operations Director
X	Hertrich, Patty	Observer
x	Housley, Mary	MDHHS - Observer
	Labarre, Rob	MDHHS - MiSACWIS
	Jay, Teddy	MDHHS - MiSACWIS
X	Jeffrey, Kristi	Observer
X	Jenkins, Angela	MDHHS Observer – Child Care Fund Unit
	Johnson, Jane	MDHHS Observer
	Jubeck, Nikki	MDHHS Observer – Child Care Fund Unit
	Kheperu, Kamau	Wayne County

Attended meeting?	Participant Name	Organization
	MacBlane, Jen	PCG
	Mack, Rebecca	SCAO
X	Manning, Brian	Wayne County
x	Maxwell, John	Senate Fiscal Agency
X	McMillan, Mike	MACCA
X	Metcalf, Sandi	MAFCA
	Meyer, Mark	MDHHS Observer – Child Welfare Legal Division
	Murkowski, David	MPJA
X	Myers, Pam	MDHHS – Bureau of Audit Director
	Patzer, Joni	MPJA
X	Pettibone, Jenifer	MDHHS Observer – Federal Compliance
X	Ruest, Karla	MDHHS Observer – Legislative Services
	Schulze, Kenton	MDHHS Observer – Federal Compliance
X	Stanton, Maureen	PCG
X	Thalhammer, Andy	NMJOA
	VanDyk, Robert	MDHHS Observer– Bureau of Audit
	Wagner, Kelly	SCAO
X	Walters, Kelly	MDHHS – Child Care Fund
	Welker, Michael	PCG
X	Werner, Scott	MDHHS – Bureau of Audit
	Wood, Nichole	MDHHS – Workforce Engagement and Transformation
X	Wrayno, Jennifer	MDHHS Observer – Business Service Center 5
X	Yager, Steve	MDHHS – Children’s Services Agency Executive Director

Meeting Notes

This meeting is to review comments provided by the court and county representatives on the revised CCF Handbook.

Originally, court and county representatives provided 133 change requests to the revised draft. MDHHS agreed to 114/133 change requests.

MDHHS committed to continuing discussions around the CCF handbook, but noted the need to wrap up this particular iteration of the handbook so it can be used for the fiscal year 2018 process. MDHHS will work with stakeholders to identify a governance model that can be implemented to address ongoing concerns and continuing areas of disagreement.

MDHHS has captured the areas that are still in disagreement and will forward them to the governance team for review.

Question from the counties/courts: Has the governance team been established? Who’s on it? Has it met yet?

Answer from MDHHS: Governance model has not yet been established, but the plan is to replicate the child support model which has had good results. MDHHS will convene the initial governance group in next 4-8 weeks. MDHHS will work with stakeholders to identify WHO will

be on the team. MDHHS will identify an initial, small group that will then help to identify other members and potential breakout/subcommittees.

Question from the counties/courts: Has a fiscal impact analysis been conducted on this CCF handbook?

Answer from MDHHS: Not directly but MDHHS recognizes it will likely result in more cost to the state because of the increase in categories of directly reimbursable costs. MDHHS will need to closely monitor the costs of the CCF program over the next year.