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TO: Wesley Prater, Chair  
Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Linda Edwards-Brown, Juvenile Center Administrator  
Denise Dalrymple, Children's Services Director  
Jim Beougher, Washtenaw County FIA Director

DATE: March 17, 2004

SUBJECT: 2003/04 State Child Care Fund Budget Revision Removing Capital Expenditures

**BOARD ACTION REQUESTED:**

The Washtenaw County Trial Court/Family Division/Juvenile Center and the Family Independence Agency request the Board of Commissioners ratify the Chair of the Board's signature on the revised 2003/2004 State Child Care Budget Summary Form 2091 for a new total anticipated expenditures for fiscal year 2003/2004 of \$7,275,613.

**BACKGROUND:**

The Child Care Fund (CCF) is a joint effort between state and county governments to fund programs to serve neglected, abused and delinquent youth in Michigan. Each year, counties submit an annual CCF Plan with sub-accounts for the Family Division of the Circuit Court and local Family Independence Agency (FIA) to the state. The plans are reviewed and approved by the Bureau of Juvenile Justice – Child Care Fund Division of the FIA.

Expenditures are made locally and then submitted monthly for reimbursement. All eligible expenditures are reimbursed at fifty percent. The one exception is Preadoptive care, which is 100% reimbursable. To be eligible for reimbursement, programs must serve youth who are either: 1) neglect or abuse cases, or delinquent youth under the jurisdiction of the court; and 2) who either are at risk of being placed in out-of-home placement, or who have a treatment goal of early return from placement.

The CCF also shares in the funding of out-of-home placements when the safety of the youth, family, or the community is at risk. Families must be under the jurisdiction of the Family Division of the Circuit Court or the FIA to access services under the CCF. To be eligible to receive Child Care Funding, the county must submit an annual plan and budget signed by the chair of the County Board of Commissioners, the Chief Judge, and the director of the Family Independence Agency.

The eligibility of capital expenses has been under dispute for several years. The State's current guidelines state that expenses relating to building construction or rental are not eligible for State Child Care Fund reimbursement. The county joined Ottawa County in a lawsuit against the State of Michigan to seek reimbursement for such capital expenses in resolution #01-0198. This lawsuit is still pending and final determination on the eligibility of capital expenses has not been determined.

Washtenaw County submitted its original 2003/2004 State Child Care Budget Summary Form 2091 in September 2003, with ratification from the Board of Commissioners in resolution 03-0171. This original submission included expenditures for building depreciation as a part of the County's Cost Allocation Plan. The State would not approve the budget until these building charges were backed out of the calculations.

**DISCUSSION:**

The original submission of the county's State Child Care Budget Form was rejected, holding up reimbursement for eligible expenditures. The county recalculated the State Child Care Budget removing the \$938,096 of building charges that the State believes are not eligible for Child Care Fund reimbursement. The revised budget form was submitted to the State and they have since approved the county's 2003/04 State Child Care Budget. All other calculations and program plans remain unchanged.

**IMPACT ON HUMAN RESOURCES:**

None.

**IMPACT ON BUDGET:**

This revision reduces the total expenditures from \$8,213,710 to \$7,275,613. It was anticipated that the State would not authorize these capital expenditures so this does not impact the County's Child Care Fund appropriation or budget.

**IMPACT ON INDIRECT COSTS:**

Total Child Care Fund indirect costs for 2004 are \$1,579,577, \$938,096 of which are related to building depreciation. The county is currently involved in a lawsuit with the State of Michigan to determine the eligibility of capital depreciation expenses. The revised 2003/04 State Child Care Budget includes the remaining indirect cost categories for a total of \$641,481.

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

The CCF budget impacts staffing for the Juvenile Division of the Trial Court, Children's Services, and programming and services for FIA. Several outside agencies are impacted as well, as contractual service providers.

**CONFORMITY TO COUNTY POLICIES:**

This request conforms to County policies.

**ATTACHMENTS/APPENDICES:**

FIA form 2901

In Home Care Component Reports

A RESOLUTION RATIFYING THE SIGNATURE OF THE CHAIR OF THE BOARD ON  
THE REVISED 2003/2004 STATE CHILD CARE FUND BUDGET SUMMARY FORM  
2091

WASHTENAW COUNTY BOARD OF COMMISSIONERS

April 7, 2004

WHEREAS, the Washtenaw County Board of Commissioners adopted the original 2003/2004 State Child Care Fund Budget Form 2091 in October 2003 through resolution 03-0171; and

WHEREAS, the original submission included capital expenses for building depreciation; and

WHEREAS, the eligibility of such expenses has been under dispute for several years and the county joined Ottawa County in a lawsuit against the State of Michigan to challenge the eligibility of these expenses in resolution #01-0198; and

WHEREAS, this lawsuit is still pending and final determination on the eligibility of capital expenses has not been determined at this time; and

WHEREAS, the State of Michigan would not accept the original 2003/04 State Child Care Budget submission due to the inclusion of these expenses; and

WHEREAS, the Washtenaw County Trial Court/ Family Division □ Juvenile Center and the Washtenaw County Family Independence Agency have prepared a revised 2003/2004 State Child Care Fund Budget removing these expenditures in order for the State to approve our 2003/2004 budget so reimbursement will begin; and

WHEREAS, the total capital expenditures removed from the State budget calculations total \$938,096; and

WHEREAS, program plans have not been changed from the original submission; and

WHEREAS, as appropriated, net expenditures are \$7,269,917; fifty percent (50%) to be reimbursed by the State; and

WHEREAS, as appropriated, Preadoptive Care expenditures are \$5,696; one hundred percent (100%) to be reimbursed by the State; and

WHEREAS, total expenditures will result in projected revenue of \$3,640,654; and

WHEREAS, these amounts are consistent with the 2004 county Child Care Fund budget; and

WHEREAS, to receive the fifty percent (50%) match for expenditures, the State Child Care Fund Budget requires the authorizing signatures of the Presiding Judge of the Family Division, the Director of the Family Independence Agency, and the Chairperson of the Board of Commissioners; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, Human Resources, the County Administrator's Office and the Ways & Means Committee

NOW THEREFORE BE IT RESOLVED, that the Washtenaw County Board of Commissioners hereby ratifies the signature of the Chair of the Board on the revised 2003/2004 State Child Care Budget Summary Form 2091 to the Michigan Family Independence Agency for total estimated expenditures of \$7,275,613, as on file with the County Clerk.