TO: Joan Ohl  
Commissioner, Children's Bureau  
Administration for Children and Families  

FROM: Joseph E. Vengrin  
Deputy Inspector General for Audit Services  


Attached is an advance copy of our final report on Title IV-E training costs in New Hampshire. We will issue this report to the New Hampshire Department of Health and Human Services (the State agency) within 5 business days.

Our objective was to determine whether the State agency complied with Office of Management and Budget (OMB) Circular A-87 and Administration for Children and Families (ACF) guidance in claiming Federal reimbursement for the costs of foster care and adoption assistance training.

The State agency did not fully comply with OMB Circular A-87 and ACF guidance in claiming costs for reimbursement. Specifically, the State agency did not allocate training costs between Federal and State programs. As a result, the State agency overstated Federal claims for training costs during State fiscal years 2001 through 2003 by $1.76 million. This problem occurred because the State agency did not follow ACF’s policy for allocating training costs.

We recommend that the State agency:

- make a financial adjustment of $1.76 million on its next Federal Quarterly Report of Expenditures and  

- ensure that it follows OMB Circular A-87 and ACF’s policy for allocating training costs.

In its written comments on our draft report, the State agency disagreed with our findings and recommendations. The State agency presented several rationales for its position and concluded that it should not be liable for the financial adjustment of $1.78 million that we recommended in our draft report.

Based on the State agency’s comments, we reduced our recommended financial adjustment from $1.78 million to $1.76 million to account for staff salaries that the State agency had already allocated between Federal and State programs. We maintain that our remaining recommended disallowances accurately reflect the State agency’s failure to comply with OMB Circular A-87 and ACF guidelines for claiming costs for reimbursement and that a financial adjustment is warranted.
If you have any questions or comments about this report, please do not hesitate to contact me, or your staff may contact Donald L. Dille, Assistant Inspector General for Grants and Internal Activities, at (202) 619-1175 or Michael J. Armstrong, Regional Inspector General for Audit Services, Region I, at (617) 565-2689. Please refer to report number A-01-05-02500.

Attachment
Report Number: A-01-05-02500

Mr. John A. Stephen
Commissioner
Department of Health and Human Services
129 Pleasant Street
Concord, New Hampshire 03301-3857

Dear Mr. Stephen:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) final report entitled "Review of Title IV-E Training Costs in New Hampshire for the Period July 2000 Through June 2003." A copy of this report will be forwarded to the HHS action official noted on the next page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), OIG reports issued to the Department's grantees and contractors are made available to the public to the extent the information is not subject to exemptions in the Act that the Department chooses to exercise (see 45 CFR part 5).

If you have any questions or comments about this report, please do not hesitate to contact me or Donald L. Dille, Assistant Inspector General for Grants and Internal Activities, at (202) 619-1175 or through e-mail at Donald.Dille@oig.hhs.gov. Please refer to report number A-01-05-02500 in all correspondence.

Sincerely yours,

Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures
Direct Reply to HHS Action Official:

Mr. Hugh Galligan
Regional Administrator
Administration for Children and Families
U.S. Department of Health and Human Services
John F. Kennedy Federal Building, Room 2000
Boston, Massachusetts 02203
REVIEW OF TITLE IV-E TRAINING COSTS IN NEW HAMPSHIRE FOR THE PERIOD JULY 2000 THROUGH JUNE 2003
The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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The Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout HHS.

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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR part 5.)

OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.
EXECUTIVE SUMMARY

BACKGROUND

The Federal and State Governments share in the costs of administering and providing staff training for foster care and adoption assistance programs as detailed in each State’s cost allocation plan. Pursuant to Title IV-E of the Social Security Act, the Federal Government shares only in the costs of training State caseworkers who service foster and adoptive children meeting Federal eligibility requirements. States must fund training to provide services to foster and adoptive children not meeting Federal eligibility requirements.

In New Hampshire, the Department of Health and Human Services (the State agency) is responsible for administering the State and Federal foster care and adoption assistance programs. The State agency claimed $4.9 million ($3.7 million Federal share) in direct training costs for these programs during State fiscal years (SFYs) 2001 through 2003.

OBJECTIVE

Our objective was to determine whether the State agency complied with Office of Management and Budget (OMB) Circular A-87 and Administration for Children and Families (ACF) guidance in claiming Federal reimbursement for the costs of foster care and adoption assistance training.

SUMMARY OF FINDING

The State agency did not fully comply with OMB Circular A-87 and ACF guidance in claiming costs for reimbursement. Specifically, the State agency did not allocate training costs between Federal and State programs. As a result, the State agency overstated Federal claims for training costs during SFYs 2001 through 2003 by $1.76 million. This problem occurred because the State agency did not follow ACF’s policy for allocating training costs.

RECOMMENDATIONS

We recommend that the State agency:

- make a financial adjustment of $1.76 million on its next Federal Quarterly Report of Expenditures and
- ensure that it follows OMB Circular A-87 and ACF’s policy for allocating training costs.
STATE AGENCY’S COMMENTS

In its written comments on our draft report, the State agency disagreed with our findings and recommendations. The State agency presented several rationales for its position and concluded that it should not be liable for the financial adjustment of $1.78 million that we recommended in our draft report. The State agency’s comments are included in their entirety as the appendix.

OFFICE OF INSPECTOR GENERAL’S RESPONSE

Based on the State agency’s comments, we reduced our recommended financial adjustment from $1.78 million to $1.76 million to account for staff salaries that the State agency had already allocated between Federal and State programs. We maintain that our remaining recommended disallowances accurately reflect the State agency’s failure to comply with OMB Circular A-87 and ACF guidelines for claiming costs for reimbursement and that a financial adjustment is warranted.
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INTRODUCTION

BACKGROUND

Federal Support for Foster Care and Adoption Assistance Programs

The U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF) funds foster care and adoption assistance programs pursuant to Title IV-E of the Social Security Act. The foster care program finds and supports temporary placements for children who cannot remain safely at home. The adoption assistance program finds and supports permanent placements for children who cannot return safely to their homes.

The Federal and State Governments share in the costs of administering and providing staff training for these programs. The Federal Government reimburses States for the costs of training to:

- prepare new employees for their responsibilities as State caseworkers,
- reinforce or develop knowledge and skills for seasoned caseworkers, and
- provide short-term training to current or new foster and adoptive parents who care for children receiving Title IV-E assistance.

However, pursuant to Title IV-E, the Federal Government shares only in the costs of administering and providing training to State caseworkers who service foster and adoptive children meeting Federal eligibility requirements. States must fund training to provide services to foster and adoptive children not meeting Federal eligibility requirements.

Allocation of Training Costs for Federal Reimbursement

The ACF Policy Announcement ACYF-PA-90-01, issued June 14, 1990, provides:

. . . all training costs must be allocated to Title IV-E . . . in such a manner to assure that each participating program is charged its proportionate share of the costs. The allocation may be determined by case count of Title IV-E children in relation to all children in foster care under the responsibility of the State Title IV-E . . . agency or some other equitable basis.

In this report, we use the term “saturation rate” to refer to the quotient of the number of children eligible for Title IV-E assistance divided by the total number of children receiving adoption and foster care assistance from the State.
The Federal funding rate represents the Federal Government’s share of properly allocated and allowable costs. The Federal funding rate for direct training is 75 percent. One method for calculating reimbursable training costs is to use the saturation rate to allocate the appropriate share of total training costs to the Title IV-E program. The resulting amount is then multiplied by the Federal funding rate to determine Federal reimbursement to the State. States receive reimbursement for the Federal share of Title IV-E training costs by submitting a Federal Quarterly Report of Expenditures to ACF.

New Hampshire’s Cost Allocation Plan

As stated above, ACF Policy Announcement ACYF-PA-90-01 provides that States may use either the saturation rate or “other equitable basis” to allocate training costs to Title IV-E. New Hampshire’s cost allocation plan, which the HHS Division of Cost Allocation approved on July 1, 1999, April 1, 2001, and July 1, 2002, and which applied to our audit period, provides that the State may allocate Title IV-E training costs by various methods, including division allocation, State office allocation, random moment sampling, and direct charge(s) to other benefiting grants/programs as appropriate.

In May 2003, ACF became aware that New Hampshire was not allocating Title IV-E training costs. ACF then notified the State of the Federal requirement to allocate costs, and the State began allocating Title IV-E training costs using the saturation rate in July 2003.

Training Provided in New Hampshire

New Hampshire’s Department of Health and Human Services (the State agency) is responsible for administering the State and Federal foster care and adoption assistance programs. The State agency contracts with colleges and universities within New Hampshire’s university system to provide foster care and adoption assistance training. The types of training offered include:

- preservice training to prepare new employees for their job responsibilities,
- ongoing training to help more seasoned employees reinforce or develop knowledge and skills, and
- parent training to provide new and current foster and adoptive parents with the skills and knowledge needed to care for foster and special-needs adoptive children.
OBJECTIVE, SCOPE, AND METHODOLOGY

**Objective**

Our objective was to determine whether the State agency complied with Office of Management and Budget (OMB) Circular A-87 and ACF guidance in claiming Federal reimbursement for the costs of foster care and adoption assistance training.

**Scope**

We reviewed the State agency’s allocation methodology for State fiscal years (SFYs) 2001 through 2003 (July 1, 2000, through June 30, 2003). During that period, the State agency claimed $4.9 million ($3.7 million Federal share) in training costs for Title IV-E programs. We limited our review of internal control policies and procedures to obtaining an understanding of the process used to report foster care and adoption assistance training costs for reimbursement.

We performed our fieldwork at the State agency in Concord, NH, from December 2004 through April 2005.

**Methodology**

To determine whether the State agency appropriately claimed training costs for Federal reimbursement:

- We reviewed applicable Federal laws, regulations, and ACF’s policy.
- We reviewed the State agency’s methods for recording and allocating training costs.
- We tested the Federal funding rates used to determine Federal dollars claimed.
- We reconciled total foster care and adoption assistance training costs that the State agency claimed on the Federal Quarterly Reports of Expenditures to supporting documentation.
- We used the saturation rate to determine the training costs allocable to Title IV-E. Although the approved State plan called for a different methodology to determine these costs, the State agency did not follow the plan. When ACF called this discrepancy to New Hampshire’s attention in May 2003, the State agency began using the saturation rate methodology because it was acceptable to ACF.

We conducted our audit in accordance with generally accepted government auditing standards.
FINDING AND RECOMMENDATIONS

The State agency did not fully comply with OMB Circular A-87 and ACF guidance in claiming training costs for reimbursement. Specifically, the State agency did not allocate training costs between Federal and State programs. As a result, the State agency overstated Federal claims for training costs during SFYs 2001 through 2003 by $1.76 million. This problem occurred because the State agency did not follow ACF’s policy for allocating training costs.

FEDERAL COST ALLOCATION REQUIREMENTS

Federal guidance for allocating training costs includes OMB Circular A-87 and ACF Policy Announcement ACYF-PA-90-01. According to OMB Circular A-87, “A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.” The ACF Policy Announcement ACYF-PA-90-01, dated June 1990, requires States to use the saturation rate or another equitable method to allocate foster care and adoption assistance costs.

UNALLOCATED TRAINING COSTS

For all 12 quarters in the audit period, the State agency allocated only training-related staff salaries (roughly 4 percent of total training costs) between Federal and State programs. Contrary to ACF’s policy, the State agency charged the Federal Government for the remaining 96 percent of training costs, which included the costs of tuition, travel, and facilities. If the State agency had used the saturation rate to allocate training costs in SFYs 2001 through 2003, it would have allocated an average of 53 percent (the quotient of eligible to total cases) of the total training costs to the Federal Government and the balance (47 percent) to the State program. As the table below shows, the allocated Federal share of training costs should have been $1.97 million instead of the $3.75 million that the State agency claimed:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Quarters</th>
<th>Amount the State Agency Claimed</th>
<th>Allocated Federal Share of Training Costs</th>
<th>Amount Overclaimed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4</td>
<td>$1,005,332</td>
<td>$492,554</td>
<td>$512,778</td>
</tr>
<tr>
<td>2002</td>
<td>4</td>
<td>1,144,420</td>
<td>562,850</td>
<td>581,570</td>
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<tr>
<td>2003</td>
<td>4</td>
<td>1,604,996</td>
<td>938,216</td>
<td>666,780</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>$3,754,748</td>
<td>$1,993,620</td>
<td>$1,761,128</td>
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</tbody>
</table>

1We initially reported that the State agency had not allocated 100 percent of total training costs between Federal and State programs. However, in its comments on our draft report, the State agency provided evidence that it had allocated salaries related to training. As a result, we modified our initial finding to account for the allocation of salaries, which represented 4 percent of training costs, or about $20,000.
As a result, the State agency overstated Federal claims for training costs during SFYs 2001 through 2003 by $1.76 million.\(^2\) This problem occurred because the State agency did not follow ACF’s policy for allocating training costs.

**RECOMMENDATIONS**

We recommend that the State agency:

- make a financial adjustment of $1.76 million on its next Federal Quarterly Report of Expenditures and

- ensure that it follows OMB Circular A-87 and ACF’s policy for allocating training costs.

**STATE AGENCY’S COMMENTS AND OFFICE OF INSPECTOR GENERAL’S RESPONSE**

In its written comments on our draft report, dated November 16, 2005, the State agency disagreed with our finding and recommendations and made the following assertions:

- A financial adjustment would create an unfair result.

- The State agency claimed Title IV-E training costs consistent with its approved cost allocation plan and OMB Circular A-87.

- The State agency claimed costs correctly and consistent with the Social Security Act and Federal regulations.

- ACYF-PA-90-01 was not binding on the State agency as a substantive rule because the policy was not promulgated pursuant to the Administrative Procedures Act.

The State agency’s comments are included in their entirety as the appendix.

**Unfair Financial Adjustment**

**State Agency’s Comments**

The State agency believed that a financial adjustment on its next Federal Quarterly Report of Expenditures would be unfair because the State agency was responsive to ACF in addressing cost allocation questions in 2003. The State agency claimed that it had

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\(^2\) We would have reported a similar finding under ACF’s 1985 policy governing the allocation of training costs, which ACF Policy Announcement ACYF-PA-90-01 replaced. Under the earlier policy, training costs were to be allocated among benefiting programs unless at least 85 percent of the costs were attributable to Title IV-E. (See October 7, 1985, memorandum from the Commissioner of ACF’s Administration on Children, Youth, and Families.)
been unaware of the existence of ACYF-PA-90-01 and ACF-IM-91-15 before its meeting with ACF in August 2003. It stated that it had relied in good faith on its understanding that developing a Title IV-E cost allocation plan that used the saturation rate would absolve the State agency from responsibility for repaying overpayments from prior periods. The State agency also said that repaying the training costs would seriously affect its ability to maintain important training programs.

Office of Inspector General’s Response

ACF sent to all States policy interpretations for allocating training costs on June 14, 1990, and July 24, 1991. According to regional ACF officials, ACF’s “Child Welfare Policy Manual,” which has been posted on its Web site since 2001, also provides guidance for allocating training costs. The State agency did not conform to this policy until 2003. Regional ACF officials informed us that ACF did not excuse New Hampshire from repaying the Federal share of training costs for prior periods because the State agency should have been aware of this policy.

Title IV-E Training Costs Consistent With Approved Cost Allocation Plan and Office of Management and Budget Circular A-87

State Agency’s Comments

The State agency stated that it had claimed costs consistent with its approved cost allocation plan and OMB Circular A-87. Specifically, for allocating training costs, the State agency had used all four methodologies listed in its plan: Division of Children, Youth, and Families (DCYF) allocation; DCYF State office allocation; DCYF random moment sampling allocation; and direct charge(s) to other benefiting grants/programs as appropriate. The State agency asserted that OMB Circular A-87 did not require States to use the saturation rate and required only a reasonable determination based on the legal requirements of the program. The State agency maintained that the allocation methodology that it used was reasonable.

Office of Inspector General’s Response

Although the State agency allocated training-related staff salaries, it failed to allocate the majority of its training costs between Federal and State programs. Staff salaries accounted for only 4 percent of the State agency’s overall training costs during the audit period. We adjusted our finding to account for the salaries that the State agency allocated. The net effect of this adjustment was to reduce the amount due the Federal Government from $1.78 million to $1.76 million.

We maintain that the State agency failed to comply with its approved cost allocation plan by not allocating between Federal and State programs the remaining 96 percent of total training costs, which included the costs of tuition, travel, and facilities. As the State agency indicated, it allocated to Title IV-E only 23 percent of salaries for personnel who participated in the training. Because Title IV-E benefited from only 23 percent of the
training, we do not believe that it is appropriate or reasonable for the State agency to directly charge 96 percent of the total training costs to Title IV-E, especially when four other programs benefited from the training.

We agree that the State agency was not required to use the saturation rate for calculating the Federal share of training costs. However, we used this rate to calculate the 96 percent of training costs that the State agency did not allocate because (1) it was the method that the State agency had begun using in SFY 2004 and (2) it resulted in the smallest amount for the State to repay. Had we used the random moment time study method, for example, the State agency would have owed the Federal Government an additional $600,000.

Title IV-E Training Costs Consistent With Social Security Act and Federal Regulations

State Agency’s Comments

The State agency asserted that it had claimed costs consistent with the Social Security Act and Federal regulations. The State agency pointed out that its training program was designed to provide the essential skills for staff to administer the Title IV-E program in a proper and efficient manner and to ensure that necessary, quality care was provided to Title IV-E-eligible children. The State agency maintained that “under relevant law, these costs are properly chargeable to IV-E, regardless of other children served by staff employed by the State in administering the Foster Care and Adoptive Assistance Plan.” Further, the State agency claimed that it “cannot practically know in advance whether it will be receiving Title IV-E children.” It asserted that the fact that other children benefit from the training should not be a reason to economically undercut the training.

Office of Inspector General’s Response

We disagree with the State agency’s contention that it claimed costs consistent with the Social Security Act and Federal regulations. The State agency acknowledged that its training also benefited children who did not meet Title IV-E eligibility requirements. A Departmental Appeals Board (DAB) opinion, Illinois Department of Children and Family Services, DAB No. 1530 (1995), concluded that training costs must be allocated to benefiting programs so that each program is charged only its share of the costs based on benefits received.

We also disagree with the State agency’s claim that it cannot practically know in advance whether it will have children eligible under Title IV-E. Through its automated eligibility system, the State knows the population of children eligible under Title IV-E. An average of 47 percent of the State agency’s cases (ranging from 38 percent to 57 percent) were eligible for Title IV-E during the 3 years of our audit period. The fact that Federal regulations allow for costs to be claimed does not mean that the Federal Government should bear the full burden of the costs, especially when the State is well aware of its share.
Policy Announcement Not Binding as a Substantive Rule

State Agency’s Comments

The State agency believed that ACYF-PA-90-01 was not binding on the State agency as a substantive rule because the policy was not promulgated pursuant to the Administrative Procedures Act. According to the State agency, neither Title IV-E nor the Federal regulations promulgated pursuant to the Administrative Procedures Act require States to use the Title IV-E saturation rate relative to eligibility in claiming training costs. The State agency claimed that we had imposed a substantive rule requirement on New Hampshire by finding that it had not allocated training costs in accordance with the Social Security Act and OMB Circular A-87 because the State agency did not adhere to the policy guidance in ACYF-PA-90-01.

Office of Inspector General’s Response

Even if the State agency is correct in asserting that ACYF-PA-90-01 was not binding as an administrative procedure rule, the State agency is still responsible for allocating costs between State and Federal programs under ACF’s October 1985 policy governing the allocation of training costs, as we note on page 5. Under this earlier policy, training costs had to be allocated among benefiting programs unless 85 percent of the training costs were attributable to Title IV-E. Because only 47 percent of the costs were attributable to Title IV-E, the State did not meet the 85-percent requirement and therefore should have allocated costs. As stated earlier, we applied the saturation rate because (1) it was the method that the State agency adopted in SFY 2004 and (2) it resulted in the smallest amount for the State to repay.

We maintain that our recommended disallowances accurately reflect the State agency’s failure to comply with OMB Circular A-87 and ACF guidelines for claiming costs for reimbursement and that a financial adjustment is warranted. We reduced our recommended financial adjustment from $1.78 million to $1.76 million to account for staff salaries that the State agency had already allocated.
APPENDIX
Mr. Michael J. Armstrong  
Regional Inspector General for Audit Services  
Office of Audit Services  
Region 1  
John F. Kennedy Federal Building  
Boston, MA 02203

Report Number: A-01-05-02500

Dear Mr. Armstrong:

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft report entitled “Review of Title IV-E Training Costs in New Hampshire for the period of July 2000 through June 2003.” The New Hampshire Department of Health and Human Services (NH DHHS, Department, or New Hampshire) responds as follows:

New Hampshire disagrees with OIG’s finding that the Department did not properly allocate costs of staff training for foster care and adoption assistance between state and federal programs and its recommendation that NH DHHS make a financial adjustment of $1.78 million on its next Federal Quarterly Report of Expenditures.

In support of this response, the Department submits that: 1) the OIG recommendation that New Hampshire make a financial adjustment on its next Federal Quarterly Report of Expenditures, if imposed, would create an unfair result given the Department’s good faith reliance on the law and responsiveness to Administration for Children and Families (ACF) staff; 2) the Department claimed costs consistent with its approved cost allocation plan (CAP); 3) the Department claimed costs correctly and consistent with the requirements of the Social Security Act and federal regulations; and 4) ACYF-PA-90-1 is not binding on the Department as a substantive rule because the policy was not promulgated under the Administrative Procedures Act (APA).

The OIG recommended financial adjustment would create an unfair result

OIG should reconsider its recommendation that the NH DHHS make a financial adjustment of $1.78 million on its next Federal Quarterly Report because New Hampshire relied upon applicable federal law and upon its approved CAP’s. Further, the Department was responsive to ACF in addressing these cost allocation questions and relied in good faith on its understanding that these actions fully resolved the cost allocation issue as to prior periods. All of the Department’s training costs were appropriately charged to a federally reimbursable program dedicated exclusively to child and family issues and the loss of these funds would have a
seriously negative impact on the Department’s ability to maintain critically important training programs going forward.

At all times relevant to the OIG review, NH DHHS was operating under an approved CAP and believed that it was properly claiming federal reimbursement for training costs under Title IV-E. New Hampshire was transparent in its Federal Quarterly Report of Expenditures submitted for reimbursement to ACF with documentation of training expenses. In 2003, ACF first informed the Department of its position that New Hampshire was not claiming Title IV-E training costs appropriately. On May 21, 2003, NH DHHS staff met with ACF staff to discuss New Hampshire’s allocation of Title IV-E training costs.

On August 13, 2003, NH DHHS staff met again with ACF staff and it was agreed that New Hampshire would develop a CAP in accordance with ACF’s guidance surrounding policy documents, ACYF-PA-90-01 & ACF-IM-91-15. Prior to August 2003, NH DHHS was not aware of the existence of ACYF-PA-90-01 or ACF-IM-91-15 and had claimed Title IV-E training costs using the Department’s approved CAP, which was based on the Social Security Act and federal regulations.

All Department staff who attended the August 13, 2003 meeting left the meeting with the understanding that ACF staff had agreed that NH DHHS was to develop a Title IV-E training CAP using the IV-E saturation rate in accordance with ACF’s application of the policy documents. It was agreed that the revised CAP would be effective retroactive to July 1, 2003. Department staff understood that New Hampshire would not be asked to make an adjustment for claimed expenses prior to July 1, 2003, the effective date of New Hampshire’s modified and approved CAP.

In deference to ACF staff’s interpretation of the policy documents produced by ACF, New Hampshire changed its Title IV-E training cost allocation process effective July 1, 2003. By any standard, NH DHHS was responsive to all issues raised and directives issued by ACF staff. More than two years elapsed between the time of ACF’s approval of New Hampshire’s resolution of the IV-E training allocation issue and OIG’s recommendation that New Hampshire repay $1.78 million in IV-E training costs.

Foster care and adoptive assistance training in New Hampshire is properly funded through a variety of federal programs, including IV-E, IV-B, and the Social Services Block Grant (SSBG). If the Department had received timely notice that ACF would seek adjustment for the period reviewed by OIG, New Hampshire could have and would have taken appropriate action to charge certain Title IV-E training costs to other appropriate federal programs such as IV-B and SSBG. Pursuant to 45 CFR 95.1, New Hampshire is now time barred from making such an adjustment because the Department relied to its detriment on its good faith belief that ACF would not seek retroactive repayment. To seek repayment of $1.78 million dollars at this point, would potentially force cuts in training for staff, parents and institutions serving this population and would risk negatively affecting services to children.

Based upon the equities of the totality of the situation, New Hampshire should be held harmless for the federally reimbursable amounts that it would have claimed if it had received proper and timely notice in 2003 that its Title IV-E claims for training costs for the period July 2000 through June 2003 were in jeopardy.
New Hampshire claimed Title IV-E training costs consistent with its approved CAP and OMB A-87

The Department does not concur with OIG’s observation that it acted inconsistently with its approved cost allocation plans. Rather, NH DHHS, at all relevant times, relied upon and utilized allocation methods contained in its CAP. New Hampshire’s CAP stated that the Division for Children, Youth and Family (DCYF) Staff Development Unit provided a number of training programs, including DCYF and non-DCYF sponsored trainings, college courses, and other programs, utilizing the following allocation methods:

- Division Allocation
- DCYF State Office Allocation
- DCYF Random Moment Sampling Allocation and
- Direct Charge to Other Benefiting Grants/Programs as appropriate.

Consistent with its CAP, the Department used each of these allocation methods. Division allocation was used for DCYF Training Unit Staff expenses. For example, during the quarter ending 9/30/02, Training Unit Staff expenses (job #40024000) were allocated across 13 programs, of which IV-E’s share was 32.59%. Division allocation was also applied to Training General Purchase - All Training (job #40100000), which during the quarter ending 3/31/03 imposed costs on 13 benefiting programs, with IV-E absorbing 29% of the costs. DCYF State Office allocation was applied to Training General Purchase - State Office (job #40100105). During the quarter ending 3/31/03, this allocation method imposed training costs on 11 programs, of which IV-E paid 15.79%. The DCYF Random Moment Sampling method was used for Training Juvenile Service Staff (job #40100221), of which IV-E was assessed 39% of costs.

New Hampshire also made direct charges to Title IV-E, as it considered appropriate under Title IV-E statutory and regulatory provisions, and charged other benefiting programs as well. For example, under New Hampshire’s NFI-North, Inc. (NFI) contract for comprehensive training to DCYF staff and foster and adoptive parents, an annual 2-day conference was conducted at which non-DCYF attendees were direct charged. The revenues generated were then used to decrease the cost of the conference charged to Title IV-E. See NFI Contract for 1999 to 2000 at Exhibit A (scope), section B para. #6 and at Exhibit B-1 (budget)(revenue line subtracted from costs) and for 2001 to 2003 at Exhibit A (scope), para. #4.1 and 4.6 and at Exhibit B-1 (budget)(estimated conference registration fees subtracted from Total DCYF Costs). These charges to other benefiting programs may not have been apparent to OIG in its review, as IV-E charges represented net not total charges.

Under NFI’s New Worker Academy’s core training program, the salary of the attendees was allocated across benefiting programs based on a random moment sampling allocation method. This cost allocation method provides significant non-IV-E financial support for DCYF new staff receiving Title IV-E related training. Approximately 10 CPSW’s attended each New Worker Academy session. In 2000, new CPSW’s attended the 24-day core-training program in 3 – 4 day intervals over a 6-month period, which ran twice a year. During 2001 – 2002, a 25 day core training program was delivered in approximately a 2 month period with new CPSW’s alternating 3–4 days at the Academy with 1 – 2 days in the office gaining on-the-job experience each week under the supervision and guidance of a designated mentor and supervisor.
CPSW’s salaries were allocated across various benefitting programs, of which Title IV-E was but one such program. For example, during the quarter ending 9/30/00, IV-E was charged 23% of the salary and benefits of CPSW’s attending the training and 4 other benefitting programs paid the remainder. At all relevant times, New Hampshire acted consistent with its approved CAP and used equitable means to allocate costs to benefitting programs as identified in its CAP.

When ACF staff provided direction regarding the use of Title IV-E saturation rate as a preferred allocation method, New Hampshire followed this guidance and immediately implemented the new allocation process retroactive to July 1, 2003. Subsequently, in November 2003, the use of this new methodology was made a condition of approval of NH DHHS’s revised CAP. “The Title IV-E training allocation methodology must be revised in accordance with ACF policy ACYF-PA-90-01 (6/14/90) and the revision must be retroactive to the beginning of the state fiscal year 2004, which is effective July 1, 2004.” See Letter from Robert Aaronson, HHS Director Division of Cost Allocation to NH DHHS dated November 19, 2003.

Until this term was communicated and became a condition of the Department’s CAP, NH DHHS submitted claims in good faith, relying on its reasonable interpretation of applicable Title IV-E statutory and regulatory provisions, pertinent facts and consistent with approved CAP methodology.

Moreover, the Department does not concur with OIG’s suggestion that OMB Circular A-87 itself requires use of the IV-E saturation rate to ensure that other benefitting programs are assessed a portion of the Title IV-E training costs. Rather, OMB Circular A-87 allows for reasonable determinations based upon the legal requirements of a program, which as set forth below, New Hampshire acted reasonably in reliance upon. OMB Circular A-87 provides in pertinent part:

A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with the relative benefits received.

This language is permissive and does not prescribe the allocation of training costs between federal and state programs. OIG has taken the permissive cost allocation requirement contained in OMB Circular A-87 and imposed a retroactive prescriptive cost allocation requirement of Title IV-E saturation rate on New Hampshire by using the ACF policy guidance statements contained in ACYF-PA-90-1.

New Hampshire’s cost allocation for Title IV-E training complied with OMB Circular A-87 requirements. Given the above, Federal HHS should not retroactively impose conditions not contained in NH’s CAP to disallow costs for the period prior to July 1, 2003.

New Hampshire claimed costs consistent with the requirements of the Social Security Act and federal regulations

The Department’s training program was designed to provide the essential skills for staff to administer the Title IV-E program in a proper and efficient manner and to ensure that necessary, quality care was provided for Title IV-E eligible children. Under relevant law, these
costs are properly chargeable to IV-E, regardless of other children served by staff employed by the State in administering the Foster Care and Adoptive Assistance Plan. See 42 USC §674 (a)(3)(A) and (B); 45 CFR §1356.60. The allocation process employed by the Department during 2000 to 2003 was lawful, consistent with the spirit of the law, and properly allowable under the Department's approved CAP.

Under the plain language of 42 USC §674 (a)(3)(A), the State may properly seek 75% federal financial participation (FFP) under Title IV-E for training costs of "personnel employed or preparing for employment by the State administering the Foster Care and Adoption Assistance Plan." FFP is allowable at the same level for "current or prospective foster or adoptive parents" and "members of the staff of State-licensed or State-approved child care institutions providing care to foster and adopted children receiving assistance under this part, in ways that increase the ability of such persons to provide support and assistance to foster and adopted children." 42 USC §674 (a)(3)(B). Federal regulations, implementing the statute, specify and reiterate the statutory provisions. See 45 CFR §1356.60 (b)(1). To qualify for these federal matching funds, training activities must be described in the State's training plan for Title IV-B. See 45 CFR §1356.60 (b)(2).

During July 2000 through June 2003, the cost of the Department's training programs allocated to Title IV-E complied with these requirements. Training was provided to "personnel employed or preparing for employment by the State administering the Foster Care and Adoption Assistance Plan," or "current or prospective foster or adoptive parents" and "members of the staff of State-licensed child care institutions providing care to foster and adopted children receiving IV-E assistance." The training programs were appropriate and described in the State's training plan for IV-B (contained within NH DCYF's Comprehensive Child and Family Services Plan).

The State is mandated to provide training for personnel administering the Title IV-E program, regardless of caseload mix. See 45 CFR § 1357.15 (l)(l); 45 CFR 1356.60 (b)(2). All staff trained are expected to handle cases involving children eligible under IV-E. If the costs are necessary to achieve IV-E training and would be incurred regardless of other state or other programs, then they should be reimbursed at the prescribed statutory rate. As to prospective foster and adoptive parents, the State cannot practically know in advance whether they will be receiving Title IV-E eligible children or not. And in any case, 42 USC §674 requires the State to provide prospective foster and adoptive parents with such advance training. The fact that other children benefit from the training should not be a reason to economically undercut the training provided for Title IV-E staff and caregivers.

Title IV-E statutory and regulatory requirements, in and of themselves, do not limit or otherwise reduce allowable FFP based on the percentage of IV-E eligible cases that staff serve. Moreover, it is inconsistent with Congressional intent to interpret a provision that enhanced federal funding be provided at a 75% level, which is intended to ensure quality child welfare training, to require that the funding rate be significantly reduced because other foster and adoptive children will benefit. NH DHHS's reliance upon the statutory and regulatory plain language was reasonable.

ACYF-PA-90-1 is not binding on the Department as a substantive rule because it was not promulgated as a rule under the APA.
In the Background section of the review, OIG states that, "...pursuant to Title IV-E, the Federal Government shares only in the costs of administering and providing training to State caseworkers who service foster and adoptive children meeting Federal eligibility requirements. States must fund training to provide services to foster and adoptive children not meeting Federal eligibility requirements." Neither Title IV-E, nor the federal regulations promulgated thereunder contain a requirement that states must use the IV-E saturation rate relative to eligibility in claiming training costs. The OIG has added a requirement that does not exist in statute or rule and thus, as explained below, engaged in improper rulemaking.

ACYF-PA-90-1, dated June 14, 1990, provides in pertinent part that:

...(all training costs must be allocated to Title IV-E...in such a manner to assure that each participating program is charged its proportionate share of the costs. The allocation may be determined by case count of Title IV-E children in relation to all children in foster care under the responsibility of the State Title IV-E...agency or some other equitable basis.

In finding that New Hampshire had not allocated training costs in accordance with the SSA and OMB Circular A-87, because the State did not adhere to the policy guidance contained in ACYF-PA-90-01, OIG has imposed a substantive rule requirement on New Hampshire.

Adding a requirement to an existing statute and duly promulgated regulations without going through the proper rulemaking notice and comment procedures is a violation of the APA. "[A]n interpretation that is 'additive to the regulation' rather than interpretive, or that spells out a requirement that is 'not fairly encompassed' by the regulation, is a substantive rule change that is invalid unless adopted through notice-and-comment rulemaking." Paralyzed Veterans of America v. D.C. Arena L.P., 117 F.3d 579, 588 (D.C. Cir. 1997) as cited in State v. United States Department of Health and Human Services, 340 F. Supp.2d 1 (D.D.C. 2004).

Therefore, the finding should be reversed because New Hampshire's approved cost allocation plan and associated claims for Title IV-E training costs are consistent with the valid legal requirements imposed by Title IV-E, federal regulations and OMB Circular A-87.

In conclusion, New Hampshire disagrees with OIG's finding that the Department did not properly allocate costs of staff training for foster care and adoption assistance between state and federal programs and its recommendation that NH DHHS make a financial adjustment of $1.78 million on its next Federal Quarterly Report of Expenditures. The recommendation that the Department repay funds received in excess of the Title IV-E saturation rate retroactively applies...
Mr. Michael J. Armstrong  
Regional Inspector General for Audit Services  
November 16, 2005  
Page Seven

an interpretation of the law, not contained in statute or regulation and in a manner different from the approved cost allocation plans for the applicable period. Repayment would unfairly penalize the Department and the programs intended to serve Title IV-E and other children in foster care.

Sincerely,

[Signature]

John A. Stephen  
Commissioner

Enclosure

cc: Director DCYF  
Controller
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Grand Total | 47.75 | 1,181.19 | 292.50 | 21.15 | 31.75 | 20,586.58 | 94.10 | 100.10 | 289.10 | 81.09 | 105.77 | 34.29 | 200.98 |
DATE: March 25, 1999

CONTRACT PERIOD: July 1, 1999 to June 30, 2001

CONTRACTOR:

NAME: NFI-North, Inc.

ADDRESS: 105 Loudon Road
Building 4 Suite 201
Concord, New Hampshire 03301

TELEPHONE: [redacted]

CONTACT PERSON: [redacted]

1. Provisions Applicable To All Services:
   1.1. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or Federal or State court orders may have an impact on the Service(s) described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Contract so as to achieve compliance therewith, in which event the price limitations for such Service(s) shall be renegotiated.

   1.2. The Contractor agrees to use its best efforts to apply for any and all appropriate public and private sources of funds which are applicable to the funding of the Service(s) stipulated below. Appropriate records shall be maintained by the Contractor to document actual funds received or denials of funding from such sources of funds.

2. Services To Be Provided:
   2.1. The Contractor shall continue to provide services to the Department of Health and Human Services, Office of Family Services, Children, Youth and Families to implement the comprehensive training support system for the DCYF staff, foster parents, adoptive parents, child care providers and other selected service providers who work with children and their families.

   2.2 The services following services shall be provided by the Contractor in cooperation with the DCYF staff of the Staff Development Unit:
      1) provide core training for all new DCYF staff and advanced training for experienced DCYF staff
      2) review all DCYF training programs for quality improvement and recommend changes
      3) maintain DCYF training records.
      4) maintain the DCYF training library
      5) produce the DCYF Staff Development Partnership newsletter six times per year
      6) plan and present a 2-day conference for all Division staff and selected invitees
      7) implement training for foster and adoptive parents, child care providers, and other targeted service providers
      8) develop training materials for and provide training to District Office staff around child care eligibility and enrollment procedures particularly with reference to low income clients

The specific services to be delivered shall be as follows:
A. Development of a Division Wide Training Plan: The Contractor shall work with Division staff to develop a comprehensive training system for DCYF staff. NFI North will build from the work completed in cooperation with the Division under previous contracts to enhance the current system and to continue to develop a comprehensive, competency-based training curriculum that meets the requirements of a ‘best practice model’ as well as the Erik L. Consent Decree. This system of comprehensive training will include the following components:

1. A system for on-going assessment of training needs based on regular meetings with the leadership of DCYF to insure an understanding of its organizational goals and objectives, especially as it relates to federal and other legal mandates such as Title IV-B, OSHA, Erik L., James O., and any other applicable mandates
   - A competency based training curriculum for all DCYF employees that can be integrated into the MIS system to determine individual as well as Departmental compliance. This will include not only attendance at training but a system for demonstrated proficiency through testing and evaluations by supervisory staff of adherence to ‘best practice’ standards.
   - Development and implementation of an “Individual Training Needs Assessment” targeted for use by every DCYF employee and that can also be integrated into the MIS system.
   - Maintaining a Training Liaison with each DCYF District Office not only to determine unmet training needs but also to educate staff about how the Staff Development Unit is set up to meet these needs.
   - Participation in the Division’s Training Advisory Board.

2. Core training for pre-service and new worker training required of staff with less than six months of experience with the Division.
   - A three day (six hour/day) pre-service training curriculum for all new employees encompassing an overview of those systems and subjects judged most essential by DCYF leadership. Topics will be presented by experienced DCYF staff and will include a corresponding package of written materials.
   - Within the first six months of employment, assist each employee to complete an "Individual Training Needs Assessment" which will help to prioritize which of their job related competency requirements need to be addressed through training.
   - Scheduled New Worker Academy training twice a year. This encompasses training in all the competencies required by DCYF for their respective job category, either child welfare or juvenile justice. It consists of at least 24, six-hour days of training. This core training will be provided by a combination of DCYF and outside trainers. In order to comply with the Erik L. consent decree these 24 days of training will need to include a list of training that are specifically directed toward meeting mandated competencies. The Contractor will submit to all trainers not only the topics of instruction, but the exact competencies they need to address and require them to include a post- training outcome measure of understanding or proficiency in these competencies.

3. A system for providing higher skill development training required for experienced staff, based on their individual training plan. Upon completion of the New Worker Academy each employee will responsible for completing 30 hours of training annually to promote higher skill development. At the time of their annual performance review each staff member, along with their supervisor, will complete an "Individual Training Needs Assessment" and corresponding "Individual Training Plan”. This information will be reviewed and entered into the MIS System in order to track the training needs for experienced staff.

The Contractor shall continue a number of approaches to meeting the training needs of advanced staff including but not limited to
   - continue to offer a calendar of competency based courses given by DCYF and consultant trainers offered either at the Dolloff Building or off-site
• assist in making arrangements for DCYF staff to attend workshops or conferences sponsored by other agencies.
• plan and present a two-day Conference focusing on the training needs of experienced Child Welfare and Juvenile Justice workers, as well as invited providers.
• continue to work with the Division to identify other specific training needs for staff and maintain an awareness of which training meet the requirements for federal funding.

4. A system for monitoring the training each individual has received and for evaluating their progress. Individual training records shall be stored in the Management Information System developed by NFI North under previous contracts. These records will be provided to supervisors and to the involved individuals upon request. This database includes the training history of an individual employee indicating which training the employee has attended and how many hours of training per year they have obtained. In addition to tracking this information will be adding information on each individual's progress towards completion of the competency based training curriculum, their Individual Training Needs Assessment and Training Plan.

As Individual Training Needs Assessments and Plans are developed for each staff member, the system will allow supervisors to monitor and guide the professional development of each employee. The Contractor will maintain a Training Liaison Program which is responsible for explaining the assessment and planning procedure to staff as well as for making recommendations.

5. A system for evaluating the performance of the trainers. The evaluation form provides the Staff Development Partnership with immediate feedback on the training topic, and the trainer, and how the information will be used by participants to increase their job performance. The Contractor will also conduct a three-month follow-up evaluation with trainees that will assess the longer term value of each training. This information will be compiled by the Contractor and become the basis for assessing the performance of the trainer as well as the relevance of the topic. Direct observations of training sessions by members of the Staff Development Unit are also included in the evaluation process.

Each trainer shall be provided with a detailed summary of the evaluation comments received and the Staff Development Partnership is also available to provide consultation and feedback to individual trainers.

B. Implementation of the Training Plan: The Contractor shall work with Division staff to implement of the overall training plan. Implementation will include the following:

1. Further develop the competency-based training curriculum.
   • A list of training topics will be fully outlined denoting the key competency areas being covered within each training, as well as identifying outcome related measures.
   • The existing training materials will be periodically reviewed for their completeness. NFI North training staff will work with the Division to insure that the relevance, quality and quantity of the materials are adequate.

2. Maintain a system for scheduling training and make all necessary logistical arrangements
   • secure training sites either at the Dolloff Building or at outside locations insuring that rooms are of adequate size, (usually 25-30 people) and providing necessary equipment,
   • publicize the schedule for each training event in a timely manner, register participants in accordance with Division policy on priority for training and prior to the training, make a master list of training participants available to the trainer and to the Division staff,
   • provide full logistical support for training including taking telephone messages for participants and maintaining an awareness of who is in the building and what training they are attending.
   • collect any fees charged to certain participants and maintain an accounting of these funds.
When requested by DCYF record training on video tape in order to allow individual staff to acquire information in areas they have missed and gives new staff an overview of training issues until they have the opportunity to attend the next core training themselves.

3. Provide consultant trainers for up to 100 days of training. Maintain a list of approved trainers which includes both outside consultants with a wide variety of expertise as well as qualified DCYF personnel. The selection of trainers shall be done with the input of Division staff. Trainers shall meet the educational and certification requirements set by the Division, and have the credentials and experience which reflect the Division's child welfare and juvenile justice philosophy. NFI North shall make all the contractual and logistical arrangements with the trainers selected by the project.

4. Maintain a library of training resources. This includes pamphlets, books, papers, video-tapes and audio-tapes which can be borrowed by any DCYF staff or provider. All materials in the library are catalogued in the project's computer database and on index cards. The Training Secretary shall monitor the loan and return of materials and notify staff when requested materials are available and when loan materials must be returned.

5. Provide Support for Outside Training: The Contractor shall pay registration fees and limited travel costs for DCYF staff to attend workshops or conferences sponsored by other agencies and organizations (up to the limits of the funds budgeted for this purpose as shown in Exhibit B-1). The Contractor shall work with the Division to identify the criteria for allocating funds for this purpose, including the selection of staff and training topics.

6. Provide a Division-Wide two-day Conference: In cooperation with Division staff organize the annual two-day conference for all DCYF staff and targeted providers to accommodate at least 700 participants. Work with the Division to determine an overall theme for the event, the topics to be included, and the trainers to be selected. Negotiate and contract with the Keynote Speakers and workshop presenters. In addition, NFI North will provide or arrange for the availability of equipment and supplies for the conference and will assume primary responsibility for organizing the event from start to finish. Developed conference brochures and other announcements, register and notify participants. Provide follow-up contact with presenters, including training evaluations.

All costs associated with the conference are the responsibility of the Contractor using contract funds awarded by DCYF and participant fees from non-Division attendees. These costs include: the use of the identified facility; all meals, lodging, travel expenses and training fees of the presenters; meals and transportation for all DCYF staff; and lodging for DCYF staff traveling more than fifty miles to the conference site. Revenue generated from the registration fees from non-DCYF attendees will be collected and accounted for by NFI North and used to defray the costs of the conference.

7. Maintain Computerized Training Records: Under previous contracts, NFI North has entered the training records of all DCYF staff into the project's MIS system. Both staff and supervisors have accessed this data base for such purposes as annual performance reviews and developing plans for skills enhancement. These records will be maintained and updated over the course of this contract to include each individual's compliance with the competency based training curriculum, their Individual Training Needs Assessment and Training Plan.

In addition to individual training records, a complete computer record of all training held since the inception of the contract in 1992 is maintained by NFI North. Entry of information on training prior to 1992 will be done as time permits.

C. Develop and implement a system for providing appropriate specialized training for child care providers and for Department staff responsible for assisting clients with child care needs.
The Training Specialist for Child Care shall at a minimum:
1. Assess the child care training needs of staff in the twelve DHHS District Offices, the New Hampshire Employment Program (NHEP) and in contracted Child Care programs.
2. Develop manuals for training District Office Case Technicians and NHEP staff about child care procedures.
3. Collaborate with the Division of Family Assistance and NHEP for providing Case Technician training.
4. Visit each District Office a minimum of twice a year to offer training and technical assistance as needed.
5. Develop manuals and coordinate and provide the training for Child Care providers who receive reimbursement from the Department of Health and Human Services, Child Development Bureau.
6. Facilitate the offering of courses for the child care community, including, but not limited to, an annual graduate seminar for Child Care directors.
   - The annual seminar shall be a one week graduate course for up to thirty (30) child care directors/managers. This course shall be a three credit (graduate or undergraduate) college course specifically designed for the Directors and Managers of Child Care Centers. The course to be offered shall be decided with the approval of the Administrator of the Child Development Bureau. All costs for this seminar, including room and board for the participants, shall be the responsibility of the Contractor.
   - Other child care training shall be developed in coordination with the staff of the Child Development Bureau.
7. Establish and maintain a system for documenting the training records for all child care providers and case technicians.
8. Assist Child Development Bureau staff in preparing for conferences and functions.

D. Develop and implement a system for providing appropriate specialized training for other selected providers.
1. NFI North will continue to work with the Division to identify particular provider groups who would benefit from an existing training. In addition, NFI North will work to develop specialized training to meet the needs of providers identified by DCYF.
2. Input on training needs will be solicited from provider groups who interact with DCYF.

E. Other Services
In addition to the above, the Contractor shall provide the following services:
1. Work with the Staff Development Partnership to collect, compile, and update on-going information about relevant training events and conferences in New England and New Hampshire. Disseminate information on training offered in New England and New Hampshire to any interested party and maintain a training notice board at the Dolloff Building.
2. Maintain an active list of speakers and trainers on various topics and based on the system of evaluating trainers, recommend presenters who have been well received in DCYF training. Keep resumes, brochures, and trainer publications on hand for perusal by interested parties.
3. Assist DCYF in organizing other outside training and conferences as requested.
4. Provide up to $5,000.00 for reimbursement to foster parents for child care in compliance with policy developed by DCYF.

F. Staffing
The Contractor will provide the following personnel to carry out the services specified in this Contract.
F. Staffing

The Contractor will provide the following personnel to carry out the services specified in this Contract.

- 1 full-time Program Director, with a Masters Degree and a minimum of 5 years experience in a public service agency.
- 2 full-time Training Specialists, each with the minimum of a Bachelor degree and at least 2 years experience in a public service agency. One of the specialists shall have expertise in the field of child care.
- 1 full-time Training Assistant with computer skills, including database and spreadsheet management.
- 1 full-time Training Secretary
- Consultant Trainers with appropriate experience and education to qualify for training on the subject matter of the training.

G. Training Materials

The Contractor shall provide the materials for the annual conference and for the 100 days of consultant training detailed in Item B-2 above. The Division shall provide the materials for competency based training and any other standard curriculum which is repeated on a regular basis.

H. Training Facilities

The Contractor shall provide training sites for up to 100 days of training for those sessions mutually agreed upon by the Contractor and DCYF that cannot be scheduled in the Dolloff Building. The Division shall provide space at the Dolloff Building for the remaining training sessions. The Contractor shall assist in the preparation of these sites including the transportation of materials and equipment when necessary.

The Contractor shall provide the site and make all arrangements for the annual 2-day conference.

II. Equipment and Office Space

The Contractor staff assigned to this Contract shall be housed in the DCYF Training Unit currently located in the Dolloff Building. DCYF will provide telephones, fax machine, copying equipment and computers for use by the Contracted staff. The Contractor shall provide appropriate office furniture and equipment as well as computer and software-related equipment purchased under previous DCYF training contracts.

The Contractor shall also provide at least one each of the following: video camera, VCR, TV, slide projector, overhead projector, audio tape recorder, and a laptop computer which can be connected to the TV for demonstrations. The Contractor shall make provision for all equipment needed for the 2-day annual conference.
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EXHIBIT A
SCOPE OF SERVICES

DATE: April 9, 2001

CONTRACT PROJECT: Comprehensive Training Support System

CONTRACT PERIOD: July 1, 2001 TO June 30, 2003

CONTRACTOR:
NAME: NFI North, Inc.
ADDRESS: 105 Loudon Road
Building 4
Suite 201
Concord, NH 03301

EXECUTIVE DIRECTOR:

TELEPHONE:

FAX:

E-MAIL: 

1. Provisions Applicable To All Services

1.1 The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or Federal or State court orders may have an impact on the Services described herein, the State has the right to modify Service priorities and expenditure requirements under this Contract so as to achieve compliance therewith, in which event the price limitations for such Service(s) shall be renegotiated.
1.2 The Contractor agrees to use its best efforts to apply for any and all appropriate public and private sources of funds which are applicable to the funding of the Services described herein. Appropriate records shall be maintained by the Contractor to document actual funds received or denials of funding from such sources of funds.

2. Services To Be Provided:

2.1 The Contractor will assist, support and expand the competency-based training and educational programs offered by the New Hampshire Division for Children, Youth and Families, Staff Development Unit in the areas of child welfare, juvenile justice, domestic violence, substance abuse and child care.

2.2 The majority of the training will be held in the Dolloff Building, State Office Park South, 117 Pleasant Street, Concord, NH. The Contractor will hold organized trainings at over ten sites throughout the state for each year of the agreement. The Contractor will locate sites to match the specific needs of trainings in location, size or amenities provided. The Contractor will assist in the preparation of these sites, including transport, when necessary, of training materials and equipment. When possible, the Contractor will donate the use of office and meeting space.

3. Comprehensive Training Plan

3.1 The Contractor will provide a system for on-going assessment of training needs by scheduling regular meetings with the leadership of DCYF.

3.2 The Contractor will provide an orientation curriculum for all new employees encompassing an overview of systems and subjects determined to be most essential by DCYF leadership. Orientation will be scheduled for two consecutive days and held every other week.

3.3 Training will include providing 4 (four) series of 25 six-hour days of Child Protection Core New Worker Training and up to 3 series of 10 (ten) 7.5 hour days Juvenile Justice Institutes including delivery of a competency-based curriculum. Twenty-six topics will be covered during this Institute. The Contractor will be expected to provide trainers to complete the mandated requirements.
3.4 Upon completion of the CORE training, each employee is responsible to complete 30 hours of annual training directed at higher skill development. The Contractor will provide advance training skills in two ways: by offering a calendar of competency-based courses and assisting DCYF staff to attend workshops and conferences sponsored by other agencies. The Contractor will also issue certificates of completion to each employee by the Contractor at the completion of CORE training.

3.5 DCYF staff are expected to complete the mentoring within 8 weeks of completing their CORE training. The Contractor will assist with providing mentoring training and guidelines for experienced DCYF staff assigned to mentor new staff members. The Contractor will contract with a Consultant to provide the training and technical assistance for the mentoring program.

3.6 The Contractor will maintain individual training records to track the training that each DCYF staff member has received in order to evaluate their progress in accordance to the Eric L. Settlement. All training provided shall include a list of objectives that are specifically directed to meet mandated competencies.

3.7 The Contractor will purchase a server to implement the MIS training database system. This database will have the ability to sort training attendance by individual, by district office or by a specific position. Both DCYF staff and supervisors will have access to this database for the purpose of annual performance reviews and developing plans for skills enhancement. Included in the system will be the capacity to track staff completion of the various systems of training as well as the capacity to provide demographic and geographic profiles of staff training needs. This MIS system will also be able to store information about the trainers.

3.8 The Contractor will assist in maintaining a Training Liaison with each DCYF District Office not only to determine unmet training needs but also to educate staff about how the Staff Development Unit is set up to meet these needs.

3.9 Each training will conclude with a comprehensive evaluation process that involves an evaluation form to provide immediate feedback on the
training topic, the trainer, and how the information will be used by participants to increase their job performance. Summaries of evaluations will be sent to the trainer and kept on file. The Contractor will be available to provide consultation and feedback to the individual trainers. This information will be reviewed quarterly with all Training Specialists, including the Staff Development Unit and the Contractor.

3.10 Random trainings will be monitored by Contractor staff trained in monitoring. A report of the monitoring will be forwarded to the DCYF Training Unit Administrator who will formulate recommendations that the Contractor will work collaboratively to implement.

4. DCYF Conference

4.1 The Contractor will coordinate all logistics for a two-day conference to approximately 750 DCYF staff and outside providers. The Contractor will work with DCYF in developing a theme, topics and trainers for the event. Once a theme has been determined, the Contractor will then meet with community providers for their input on conference workshop topics. The Contractor will handle all registrations and notification of participants and will donate approximately eight staff to assist with registration and/or moderating workshops. The conference will have a minimum of 30 workshops on various topics. The Contractor will reimburse DCYF staff for transportation costs incurred as a result of conference attendance.

4.2 If identified as a need, the Contractor will initiate an expressive arts project to include DCYF consumers. The project will bring children and youth together from throughout the state to work on an art project that culminates in a performance at the annual DCYF Conference. The Contractor will contribute three staff to insure the success of this project.

4.3 The Contractor will be responsible for publicity, including brochures and press releases and for all costs related to the conference including but not limited to facility costs, equipment, supplies, meals, lodging for DCYF staff traveling more than fifty miles to the conference and for various art organizations that assist in the development of the expressive arts project.
4.4 The Contractor will work cooperatively with the DCYF Staff Development Unit to develop brochures and publications regarding the conference. This includes the date saver, brochure, employee awards brochure, press release packets, attendee packets, nametags and the welcome sign.

4.5 The Contractor will manage all aspects of the recognition of DCYF employees with annual awards at the Conference. This includes the awards process from designing and sending out voting forms, to contacting each individual award winner for notification and information for the awards brochure, which the Contractor will also design and publish.

4.6 Revenue generated from the registration fees from non-DCYF attendees will be collected and accounted for by the Contractor and will be used to defray the costs of the conference.

5. Annual Teen Conference

5.1 If requested, the Contractor will assist in the development and implementation of an Annual Teen Conference. The Contractor, in collaboration with the Teen Independent Living Unit, will assist in the development and roll out of the conference. The planning is primarily done by youth with the guidance of the staff mentioned above.

6. Contracted Services-Outside Presenters

6.1 The Contractor will assume responsibility for contracting with up to 100 presenters outside of DCYF by working with DCYF staff in developing specialized trainings to meet the needs of identified providers and providing training specified in the Comprehensive Training Plan and other advanced trainings.

6.2 The Contractor will select trainers in consultation with DCYF staff and will maintain a list of approved trainers through a computerized system that provides information such as the trainer's educational background, expertise, hourly rates, availability, etc. These trainers will include both outside consultants and qualified DCYF personnel with expertise in Juvenile Justice, Child Protection and Child Care who meet the educational and certification requirements set by DCYF.

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Page 5
Contractor will provide full logistical support for training, including assisting trainers in making travel arrangements and accommodations. The Contractor will also locate and negotiate with various training and conference sites.

6.3 The Contractor will enter into a contract with outside trainers when they are hired for a particular training or workshop. Each trainer’s performance will be evaluated by the Contractor and summarized into a complete evaluation workshop report. The Contractor will use this information to address any concerns regarding the training or the presenter.

6.4 When appropriate, the Contractor will record various trainings on video. The taping of the training session will allow DCYF staff to acquire information and growth in areas they have missed and will give new staff an overview of training issues until they have the opportunity to attend the next core training themselves.

6.5 The Contractor will publicize the schedule for each training event in a timely manner and will register both DCYF staff and outside providers on a first come first serve basis. Information regarding the individual registering for training is documented by the Contractor including their position, district office, and social security number. A master list of training participants will be made available to the trainer.

6.6 The Contractor will also help DCYF in organizing other outside conferences as requested.

7. Maintaining the DCYF Staff Development Unit Library

7.1 The Contractor will build upon and maintain the existing DCYF Staff Development Unit Library. The library will be periodically purged of outdated resource materials and 20 books and 5 videos will be purchased for each year of the contract to supplement the existing resources.

8. Implementation of Individual Training Plans

8.1 The Contractor will assist in the implementation of an Annual Training Needs Assessment targeted for use by every DCYF employee that will
be integrated into the MIS training system. The information, along with the individual training plan, is used to determine and track the professional development of each DCYF employee and will assist in developing their training plan for the upcoming year. A record of each employee's outside training will be posted in the Contractor's MIS system.

8.2 The Contractor will provide $60,000 per contract year to assist up to 250 staff to attend training outside of DCYF annually and will assist with the implementation of the DCYF 5-year training plan. The DCYF Training Administrator will approve attendance at all outside training in advance.

9. Training of Childcare Providers and Department Staff

9.1 The Contractor will assist the Division in providing training of childcare providers and DCYF staff responsible for assisting clients with childcare needs. Specifically, the Contractor will:

- Assess the childcare training needs in the 12 (twelve) District Offices, the New Hampshire Employment Program (NHEP) and childcare providers for the Division;
- Maintain and up-date training manuals for the Division's Case Technicians and NHEP around childcare;
- Develop courses on childcare, including at least one graduate seminar per year to approximately 30 childcare Directors in collaboration with Wheelock College; and
- Collaborate with the Division of Family Assistance and NHEP for Case Technician training on childcare policies and computer systems.

10. Foster Care Childcare

10.1 The Contractor will provide $5,000 for each contract year for administration of childcare assistance to foster parents. This includes processing all childcare assistance requests and payment directly to foster parents.

11. Staff Acknowledgement
11.1 At the direction of the DCYF Staff Development Unit, the Contractor will provide acknowledgments to staff who successfully complete required training as well as other trainings. These acknowledgements may be in the form of plaques, training supplies or other items identified by the DCYF Staff Development Unit. The Contractor's budget includes a maximum of $6,000 for each contract year for these acknowledgements.

12. Publicity, Marketing and Public Relations

12.1 The Contractor will provide assistance in the continuation of public relations for DCYF including marketing and publicity. These services will include:

12.1.a Development and in publishing a bi-monthly (six times a year) newsletter;

12.1.b Co-chairing (with the Staff Development Unit's Administrator) a DCYF Training Advisory Committee. The Training Advisory Committee will gather input for annual conferences and feedback regarding trainings as well as the efficacy of the Staff Development system.

12.1.c Co-facilitating (with a DCYF Staff Development Unit's Program Specialist) a DCYF Speaker's Bureau. The Contractor shall contract with a consultant to assist the contractor and DCYF in the development of the Speakers Bureau. The Contractor will work in cooperation with Administrator of the Staff Development Unit to determine who from the Speakers Bureau is best to respond to requests for public speaking. The Contractor will maintain an active list of speakers who are approved to represent the Division at public speaking events and to educate community organization on the work of the Division.

12.1.d Assisting the Division with gathering news articles for the New England Child Welfare newsletter (Common Ground). The Contractor may be required to travel throughout the state to gather information or conduct interviews for this newsletter.
12.1.e Assisting in developing, publishing and distributing training announcements, conference material, and training reports.

13. Office Space and Equipment

13.1 DCYF will provide the office space, computer hook up, phone service and a minimum amount of office equipment for the contract. Audiovisual equipment will be available to the Contractor for training including LCD projector, microphone, speakers, overhead projectors, slide projector and a TV/VCR. Such equipment must be requested at least 10 days in advance to insure availability. The Contractor will provide any additional audiovisual equipment required including an additional LCD projector and a digital camera.

14. Staff Qualifications

14.1 Staffing will conform to all of the minimum requirements of this contract. Any changes to staffing must have the approval of the DCYF Training Unit Administrator in advance with the exception of the childcare positions. Childcare positions will require advance approval from the Child Development Bureau Administrator. The Contractor will employ the following:

Program Director 1 FTE
The Program Director will be responsible for the implementation and maintenance of the training program. This person will possess a minimum of a Bachelor's degree with a major study in the area of social services or education, or a Master's degree with some training experience.

Training Specialist 1 FTE
The Training Specialist will focus on child welfare issues. This individual will have a minimum of a Bachelor degree with related experience in training and child welfare issues. Expertise in desktop publishing and publications is preferred.

Child Care Training Specialist 1 FTE
The Child Care Training Specialist will be responsible for childcare training. This person will have a minimum of a Bachelor's degree with
experience in childcare systems and childcare needs and issues at both
the local and national level.

Child Care Resource and Referral Consultant .5FTE
This position will provide training and mentoring to the childcare
resource and referral contractors with the Child Development Bureau.
Minimum requirements for the position include a Bachelor's degree in
early childhood education, specifically a Trainer, Mentor, Faculty Level I
Credential issued through DHHS, as well as experience in childcare
training.

Training Assistant 1 FTE
The Training Assistant will maintain all training information for each
DCYF employee, maintain data on all training activities and produce
data for quarterly reports. This position will also be responsible for
providing administrative support for the NFI North Training Specialists
and DCYF Staff Development Unit (SDU) staff.

Training Secretary 1 FTE
The Training Secretary will maintain efficient systems of operation in
order to maintain an effective workflow within the SDU.

15. Reporting Requirements

15.1 The Contractor will be expected to complete a semi-annual report that
will contain the number of DCYF staff that completed the following:

- Orientation;
- Shadowing/mentoring;
- Core Academies;
- 30 hours of annual training requirements; and
- Staff that have completed their Individual Training Plans.

15.2 This report will be completed by the Contractor and forwarded to the
DCYF Training Unit on January 15 and July 15 of each contract year
with the first report due January 15, 2002.

15.3 The Contractor will also be expected to provide reports to the DCYF
training unit upon request.

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16. Program Outcomes and Performance Measures

16.1 The Contractor will demonstrate that a minimum of a 75% of the trainers received an above-average rating based on training evaluations conducted. This outcome statistic will be completed by the Contractor for each fiscal year of the contract and a report forwarded to the DCYF Training Unit by July 31 after completion of each contract year.

16.2 A bi-annual satisfaction survey to training attendees will be conducted by DCYF. At least 75% of the surveys returned will indicate an above average rating. Results will be provided on December 15, 2001, July 15, 2002 and December 15, 2002 and at similar times every year thereafter.

16.3 Twelve (12) trainings will be monitored annually by a neutral party, assigned by DCYF, for content, presentation and transfer of learning. A summary of these results will be shared with the Contractor within 30 days of the evaluation. The Contractor will review this information with the DCYF Training Administrator who will then recommend corrective actions. Ninety percent (90%) of corrective actions suggested by the Administrator will be examined and implemented before the next training on the same topic.

17. Confidentiality

17.1 The Contractor will comply with the confidentiality provisions of RSA 170-G8-a. All information regarding DCYF clients, client families, foster parents and other involved individuals, which the Contractor may learn is strictly confidential and will not be discussed with anyone except DCYF personnel in the performance of contracted services. No DCYF case-specific materials will be removed from the DCYF State or District Offices.
## EXHIBIT B-1

### NFI - North Inc.

#### COMPREHENSIVE TRAINING SUPPORT SYSTEM

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**GRAND TOTAL DCYF COST (incl. in-kind & Conf. Fees):** $1,302,973

$956,511 $346,462
**EXHIBIT B-1**  
**NFI - North Inc.**  
**COMPREHENSIVE TRAINING SUPPORT SYSTEM**

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*Amended Total - DCYF share $1,332,9*
November 19, 2003

Managing Analyst
State of New Hampshire
Department of Health and Human Services
Office of Knowledge Management and
Decision Support
129 Pleasant Street
Concord, New Hampshire 03301-3857

Dear [Name],

This is to advise you of the approval of the revised/updated Department of Health and Human Services Public Assistance Cost Allocation Plan proposed by letter dated June 27, 2003. The plan which was submitted in compliance with 45 CFR 95, Subpart E, is effective July 1, 2002.

The approval shall remain in effect until such time as the basis and methods for allocating costs stipulated in the plan become outdated due to organizational changes, changes in Federal law or regulations or there is a significant change in program composition that would effect the validity of the approved cost allocation procedures.

The plan approved by this letter, and costs claimed in conformance with it, are subject to the following conditions:

1. The approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate.

2. The costs claimed for Federal financial participation must be allowable under the law, the cost principles contained in OMB Circular A-87 and program regulations.

3. The Title IV-E training allocation methodology must be revised in accordance with ACF policy - ACYF-CB-PA-90-01 (6/14/90), and the revision must be retroactive to the beginning of the state fiscal year 2004, which is effective July 1, 2003.

Nothing contained in this letter should be construed as approving activities not otherwise authorized by approved program plans, or Federal legislation or regulations.
November 19, 2003

The implementation of the cost allocation plan approved by this document may from time to time be reviewed by authorized Federal staff. The disclosure of inequities during such review may necessitate changes to the plan.

If you have any questions, you may call my office at (212) 264-2069.

Sincerely,

Director, Division of Cost Allocation

CC: ACF, CMS USDA/FNS