



## North Carolina Department of Health and Human Services Division of Social Services

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Pheon E. Beal, Director  
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March 14, 2002

**Dear County Director of Social Services**

**Attention: Child Welfare Supervisors  
Child Welfare Workers**

**Subject: Clarification on the Use of IV-E Administrative Funds**

In October 2001, the Division issued an updated Section 1205 – “Foster Care Assistance – Eligibility and Reimbursability” to Volume 1, Chapter IV of the Family Services policy manual. On December 27, 2001, the Division issued a Change Notice for Manual with revisions to Section 1205. Since that time there have been several frequently asked questions regarding the use of IV-E Administrative Funds for children in foster care. The purpose of this letter is to provide clarification on these policy issues.

In 1993, the Administration on Children, Youth and Families (ACYF) issued a memorandum that allowed States to claim federal financial participation (FFP) for IV-E administrative costs associated with a child who otherwise would be eligible for Title IV-E foster care maintenance payments, but for his/her placement in an unlicensed foster family home. *(The claim for FFP is made by entering Program Code “Z” on the day sheet to support worker time spent in providing Foster Care Case Management Services - Service Code 109).* In July 2001, ACYF issued a Policy Announcement to the States changing the previous interpretation. The Policy Announcement stated that FFP under Title IV-E would continue to be available to States for the administrative costs incurred on behalf of a child placed with an unlicensed relative while the State was in the process of licensing the relative’s home. However, if the plan was not to license the relative, or if the relative did not become fully licensed within the normal time frame for licensing foster family homes, FFP under IV-E could not be claimed for administrative costs. The policy went on to state that FFP for administrative costs could not be claimed for any child placed in an unlicensed, unrelated foster family home.

The philosophy behind the revised ACYF policy interpretation was that once a child has been placed in foster care, Section 472 of the Social Security Act sets forth certain eligibility criteria. All of the eligibility criteria in Section 472 of the Act must be satisfied, including placement in a licensed foster family home or child-care institution, in order for the child to be eligible for IV-E purposes and for the State to claim allowable administrative costs. Section 471 of the Act requires that relatives be considered as a

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preference when making placement decisions. However, ACF also recognizes that it is not possible to have a pool of licensed, relative foster family homes readily available to accept children when they enter care. Therefore, the only exception allowed was the use of FFP under Title IV-E for administrative costs for otherwise eligible children who were placed in an unlicensed relative's home for the time it took to license that relative.

It is very important to recognize that the federal government law and policy requires that relatives who care for a child in foster care have the opportunity to be licensed and to receive the full benefits of being a licensed foster family home. The federal Supreme Court has upheld this expectation. When a child in DSS custody or placement responsibility is placed in a relative's home, it is expected that the DSS will explain the licensing process to that relative and offer to proceed with that process. It must be the choice of the relative as to whether they want to apply to be licensed or not and not the discretion of the county DSS. Failure to do this constitutes a serious violation of federal and state child welfare law and policy.

Following ACF's July 2001 Policy Announcement, many States joined us in expressing serious concerns about the financial impact of the revised interpretation. As a result, ACF released a Program Instruction dated November 7, 2001, suspending the implementation of the provision regarding children in unlicensed foster family homes contained in the July Policy Announcement. This instruction stated that FFP for administrative costs associated with an otherwise Title IV-E eligible child placed in an unlicensed foster family home could be claimed until September 30, 2002. This suspension was announced in order for States to have an additional year to fully address the implementation issues of the change in federal policy. Upon receipt of this Program Instruction, the Division issued the December, 2001 Change Notice for Section 1205 to reflect this new information. Therefore, until the end of September, counties may claim FFP for allowable administrative costs associated with any child who would otherwise be eligible for Title IV-E placed in an unlicensed family foster home, regardless of whether the placement is in a relative's home or not.

Beginning October 1, 2002, FFP for the administrative costs of an otherwise Title IV-E eligible child cannot be claimed for any child placed in an unlicensed and unrelated family foster home (*i.e. cannot enter Program Code "Z" on the day sheet to support worker time spent in providing Foster Care Case Management Services - Service Code 109*). Beginning October 1, 2002, FFP for administrative costs of an otherwise Title IV-E eligible child may be claimed for an otherwise IV-E eligible child placed in an unlicensed relative foster home during the licensing process. FFP for administrative costs cannot be claimed for such children placed in an unlicensed relative foster home where there is no intention of licensing the relative or if the relative does not become licensed in the usual amount of time to license foster homes (*i.e. 90 calendar days*). See the attached chart for claiming FFP for otherwise IV-E eligible children in unlicensed family foster homes before and after October 1, 2002.

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We also need to point out that FFP for administrative costs associated with an otherwise eligible foster child cannot be claimed for children in facilities that the Federal Government does not consider as foster care. Facilities not considered foster care placements include detention facilities, psychiatric hospitals, forestry camps, or facilities that are primarily for the detention of children who are adjudicated delinquent.

We have researched with ACF the IV-E allowability for administrative costs for a minor parent and child who are placed together in foster care. We have been informed that if the minor parent is IV-E eligible, FFP for administrative costs associated with the minor parent may be claimed. However, FFP for administrative costs associated with the child of the minor parent cannot be claimed, even if the child is also in DSS custody. The child of the minor parent is not IV-E eligible as long as that child is placed together with the minor parent. Federal IV-E reimbursement for administrative costs is allowed if the child is in DSS custody, placed separately from the minor mother, and determined to be IV-E eligible in his own right.

According to policy from ACF, all children in foster care who have been placed in out-of-home care and are currently at home on a trial home visit are considered "reasonable candidates for foster care" and eligible for IV-E administrative reimbursement. This is documented by the presence of Living Arrangement Code 75 being entered on the DSS-5094 and a statement in the case record that "**absent effective, preventive services, the plan would be removal from the home**". ACF policy documents state that the services and supports provided to a child on a trial home visit can be considered reasonable efforts to prevent the child's removal from the home and return to foster care. Consequently, you may claim FFP for the allowable Title IV-E administrative costs associated with the child during the trial home visit. It is required that the child's case plan document that it is intended for the child to return to foster care if the services provided during the course of the trial home visit prove unsuccessful. The specific language underlined in bold type above should be used as documentation in the case plan. (*For Day Sheet purposes, the worker would continue to use program Code Z with Service Code 109*). Please remember that ACF only recognizes a trial home visit for up to six months, unless the court order specifies a longer period at the time that the trial home visit is initially ordered. If the child remains in DSS custody and in the parent's home after six months or the period of time specified in the court order for the trial home visit, FFP cannot be claimed for administrative costs.

Similarly, we have also learned that all children in "aftercare" may be considered "reasonable candidates for foster care" as a class of children for whom, "absent effective preventive services, the plan would be removal from the home." ACF uses the term "aftercare" to refer to children who are reunited with their family, and DSS no longer has custody but does provide services or supports to the newly reunified family. Consequently, you may claim FFP for the allowable Title IV-E administrative costs associated with the child. In order to consider a child who is newly reunited with his/her family a reasonable candidate for foster care, the child's case plan must document the intent to remove the child from home and return him/her to foster care if the aftercare

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services prove unsuccessful. Again, the specific language underlined in bold type in the preceding paragraph should be used as documentation in the case plan.

For additional information on these issues, you may want to review the information on the Children's Bureau Web Site. This site has a great deal of information that you may find useful in answering questions regarding Federal requirements. The address is <http://www.acf.dhhs.gov/programs/cb/>. Once you get to this site, click on "Laws/Policies". Then choose "Child Welfare Policy Manual" and select #8 on the Table of Contents for Title IV-E. I hope that this letter has clarified any confusion over the use of Title IV-E federal funds for administrative costs.

If you have any additional questions related to IV-E, please consult with your Children's Programs Representative.

Sincerely,



Charles C. Harris, Chief  
Children's Services Section

cc: Pheon Beal  
Sherry Bradsher  
Paul Lesieur  
Children's Services Team Leaders  
CPRs  
Local Business Liaisons

CCH:sam

Attachment

*CS-10-2002*

**USE OF IV-E ADMINISTRATIVE FUNDS FOR CHILDREN IN UNLICENSED FOSTER FAMILY HOMES**

	<b>Prior to October 1, 2002</b>	<b>After October 1, 2002</b>
Children in Unlicensed Non-Relative Foster Family Homes	DSS <u>may</u> claim FFP for administrative costs for an otherwise IV-E eligible child.	DSS <u>may not</u> claim FFP for administrative costs for an otherwise IV-E eligible child.
Children in Unlicensed Relative Foster Family Homes while the home is being licensed	DSS <u>may</u> claim FFP for administrative costs for an otherwise IV-E eligible child while the home is being licensed.	DSS <u>may</u> claim FFP for administrative costs for an otherwise IV-E eligible child while the home is being licensed.
Children in Unlicensed Relative Foster Family Homes where there is no plan to license the home	DSS <u>may</u> claim FFP for administrative costs for an otherwise IV-E eligible child.	DSS <u>may not</u> claim FFP for administrative costs for an otherwise IV-E eligible child.