



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

325 North Salisbury Street • Raleigh, North Carolina 27603  
Courier # 56-20-25

James B. Hunt, Jr., Governor  
H. David Bruton, M.D., Secretary

Kevin M. FitzGerald, Director  
(919) 733-3055

September 28, 1999

**Dear County Director of Social Services**

**Attention: Children's Services Program Administrators and Supervisors  
Children's Services Social Workers**

**Subject: Use of TANF Funds to Provide Child Welfare Services**

The purpose of this letter is to provide you with information relating to how TANF funds may be used to provide child welfare services. In a previous Dear County Director Letter dated June 28, 1999, you were informed that TANF funds in your Work First Block Grant may be used to provide certain child welfare services. This letter expands the range of child welfare services that can be supported with these funds and with your allocation of TANF funds that have been transferred to the Social Services Block Grant (referred to elsewhere in this letter as SSBG-2). The letter also provides instruction about how these services should be coded for reporting purposes and how eligibility must be documented in the case record. The expanded use of these funding streams should provide county DSS agencies with greater flexibility to maximize financial resources and to improve their child welfare services program.

We recognize that expanding the scope of funding sources that can be used to provide child welfare services may also result in greater potential for confusion. We encourage you to ask for any needed clarification before making major re-financing decisions. To the extent that your TANF and/or SSBG-2 allocations allow for greater investment in your child welfare services program, we **strongly encourage you to make compliance with the minimum staffing standards in CPS, Foster Care and Adoptions, and adequate staffing in foster home recruitment/training/licensing, adoptive home recruitment/home studies, and Interstate Services, your top priority for the use of such funds.** Adequate staffing ratios is one of the performance indicators referenced in the new welfare reform provisions.

## I. TANF Background

The Temporary Assistance to Needy Families (TANF) program replaced the AFDC program and is primarily designed to help families become economically self-sufficient through employment. Recently-issued federal guidelines distinguish between two types of TANF funds. The first type is 100% federal TANF funds that are provided through a block grant to the state. The second type is Maintenance of Effort or MOE funds. MOE funds are composed of state and county funds that federal regulations require us to spend in order to maintain eligibility for the TANF block grant.

## II. TANF and Child Welfare

It is important to understand the distinction between 100% federal TANF funds and MOE funds. TANF regulations allow the 100% federal funds to be used to provide services that were authorized under the state's 1995 approved AFDC-EA program as long as the same eligibility factors exist and are well documented. TANF regulations restrict the use of MOE funds to one of four distinct purposes, which do not expressly include child welfare. Consequently, 100% federal TANF funds may be used to provide a broad range of child welfare services that were included in the state's 1995 AFDC-EA Plan (see chart on page 5); **MOE funds may not be used to provide child welfare services at this time.** The primary eligibility requirements for TANF (100% federal) are a child living with a parent or specified relative and the existence of an emergency situation. Part IV of this letter provides additional information concerning eligibility documentation for the use of 100% federal TANF funds.

**Important Note: Once the child is determined to be eligible for TANF funding, it must be remembered that funding for any service under TANF may not last longer than 364 days unless a different crisis occurs.**

During the last legislative session, the General Assembly directed the Division to transfer some TANF funds to the existing Social Services Block Grant (SSBG) to minimize the effects of a reduction in federal SSBG funding. **Each county's allocation of SSBG has been reduced by an allocation of TANF Transferred to SSBG.** Referred to in this letter as SSBG-2, these funds take on the characteristics of SSBG funds and are reimbursed at the rate of 75% federal and 25% county. These funds can be used to provide a range of direct adoption and foster care services (see chart on page 6). The eligibility requirements are that the family's gross income must be at or below 200% of the Federal Poverty Level, the presence of a child in the home, and clear documentation of the child or family's need for the identified service. Part IV of this letter provides additional information concerning eligibility documentation for the use of SSBG-2 funds. The 364 day limit does not apply to the use of SSBG-2 funds.

The following chart shows the funding streams and eligibility factors.

<b>TANF-100% FEDERAL BLOCK GRANT</b>	
<b><u>TANF</u></b>	<b><u>SSBG-2</u> (Transfer to <u>SSBG</u>)</b>
<ol style="list-style-type: none"> <li>1. <b>Family must be in crisis (see pgs.7&amp;8 of this letter);</b></li> <li>2. Child must be living with a specified relative (see pgs. 7&amp;8 of this letter);</li> <li>3. Cannot give services for more than 364 days (see pgs. 7&amp;8 of this letter);</li> <li>4. Client must not have resources to meet need (see pgs. 7&amp;8 of this letter).</li> </ol>	<ol style="list-style-type: none"> <li>1. Family must be at or below 200% FPL;</li> <li>2. Family must have child in the home;</li> <li>3. Family must be in need.</li> </ol>

The following chart gives the 200% of Federal Poverty Level (FPL) for Family Compositions (gross monthly income amounts):

<b>Family Size</b>	<b>200% of FPL</b>		<b>Family Size</b>	<b>200% of FPL</b>
1	\$ 1, 373		6	\$ 3, 723
2	\$ 1, 843		7	\$ 4, 193
3	\$ 2, 313		8	\$ 4, 663
4	\$ 2, 783		9	\$ 5, 133
5	\$ 3, 253		10	\$ 5, 603

### **III. TANF and New Child Welfare Codes**

Two new program codes have been assigned to the 100% federal TANF and SSBG-2 funding streams for use on the DSS 4263 (day sheet). Counties may use "R" when coding services to 100% federal TANF funds and "V" when coding services to SSBG-2 funds. The charts attached to this letter list the current service and program codes used for child welfare funding along with the two additional codes.

**Important Note: If a child is IV-E eligible, IV-E funds must be used for all IV-E allowable activities and assistance payments. For example, CPS Case Planning and Case Management must be coded to IV-E.**

The following guidelines should be followed:

- A. Foster Care Assistance payments will be an allowable use of the TANF funds in your county's Work First Block Grant following the necessary modifications to CPITS. We will send formal notification when this modification is completed. The notification will include information about payments to family foster homes and child-caring agencies and foster care payments in IV-E Waiver counties.
- B. Undocumented alien children are not eligible for services or assistance payments funded by TANF, SSBG-2 or IV-E.
- C. IV-E eligible children who meet all of the eligibility criteria for TANF may receive services that are funded with TANF when those services cannot be funded with IV-E. For example, Foster Care Treatment (Service Code 100) cannot be funded through IV-E. Therefore, if the child meets all TANF requirements, this service can be paid for through TANF funds. The case record **must** document how these children are TANF eligible (see attached form).
- D. Since AFDC-EA paid for psychological services, TANF funds can now be used for the same services. **Medical services, however, are not an allowable use of TANF funds.** Please refer to Family Services Manual, Volume VI-Services Administration, Chapter IV-Methods of Service Provision, Appendix B-Rates for Services, for further information.
- E. Allowable costs for activities such as recruitment, licensing, and training of foster parents that are conducted on behalf of a group of children must be allocated on a pro rata basis to the Title IV-E program code (Z). The percentage of allowable charges to IV-E is based on the statewide percentage of children in our legal custody or placement responsibility who are IV-E eligible (currently 69.71%). The percentage of these costs that are not allowable for IV-E reimbursement may be supported with SSBG-2 or TANF funds.
- F. If the family meets the TANF eligibility requirements, counties may charge Services Intake (Service Code 381) to "R" when the worker is assessing a family's need for services to prevent child maltreatment, such as Individual and Family Adjustment Services, Personal and Family Counseling, etc. The intake worker should document the eligibility in the client's case record, enter the client's name on the day sheet (DSS 4263), and record the contact as 381 with program code R.

- G. Under the former AFDC-EA program, there was a cash assistance component. This is available **only** through the Work First program and does not apply to child welfare services.
- H. TANF eligibility does not need to be documented for the provision of Child Protective Services Intake and Investigative Assessments.
- I. TANF eligibility does need to be documented at the point of substantiation for the provision of TANF funded services provided in conjunction with CPS Case Planning and Case Management.

Dear County Director  
 September 28, 1999  
 Page 6

**Child Welfare Services funded with 100% TANF (Program Code "R"), effective July 1, 1999**

SIS Code	Service	Program/Funding Codes
<b>010</b>	<b>Adoption</b>	<b>N,P,X,5,6,7,8,R,V</b>
011	Adoption Recruitment	N,P,X,5,6,7,8,R,V
<b>012</b>	<b>Adoption Asst. Case Mgt./Supervision</b>	<b>N,P,X,Z,5,6,7,8,R,V</b>
041	In-Home Svcs. – Level I Home Mgt	A,B,C,H,I,K,N,P,U,X,Y,5,6,7,8,R
<b>042</b>	<b>In-Home Svcs.-Level II Personal Care</b>	<b>A,B,C,H,I,K,N,P,U,X,Y,R</b>
043	In-Home Svcs.-Level II Home Management	A,B,C,H,I,K,N,P,U,X,Y,R
<b>044</b>	<b>In-Home Svcs.-Level III Home Management</b>	<b>A,B,C,H,I,K,N,P,U,X,Y,R</b>
045	In-Home Svcs.-Level III Personal Care	A,B,C,H,I,K,N,P,U,X,Y,R
<b>046</b>	<b>In-Home Svcs. Level IV Home Management</b>	<b>A,B,C,H,I,K,N,P,U,X,Y,R</b>
100	Foster Care Services Treatment	A,K,N,P,X,Y,5,6,7,8,R,V
<b>102</b>	<b>Foster Care Training</b>	<b>A,K,N,P,X,Z,Y,5,6,7,8,R,V</b>
103	Foster Care Recruitment and Assessment	A,N,P,X,Z,Y,5,6,7,8,R,V
<b>109</b>	<b>Foster Care Case Management</b>	<b>A,K,N,P,X,Z,Y,5,6,7,8,R,V</b>
121	Family Preservation Services	A,K,N,P,X,Y,5,6,7,8,R
<b>122</b>	<b>Family Support Services</b>	<b>A,K,N,P,X,Y,7,8,R</b>
123	Intensive Family Preservation Services	A,K,N,P,X,Y,5,6,7,8,R
<b>140</b>	<b>Housing and Home Improvement</b>	<b>A,B,C,I,N,X,Y,5,6,7,8,R</b>
170	Personal and Family Counseling	A,N,P,X,Y,5,6,7,8,R
<b>210</b>	<b>CPS-Investigation</b>	<b>R,5,6,7,8</b>
211	CPS-Intake	R
<b>220</b>	<b>Unsuccessful Attempts to Locate</b>	<b>R</b>
229	CPS-Other Court Related Activity	A,K,W,P,Y,R
<b>230</b>	<b>CPS-Clinical Treatment</b>	<b>R,5,6,7,8</b>
<b>285</b>	<b>Health Support-Communication Asst.</b>	<b>A,N,X,Y,R</b>
330	Individual and Family Adjustment Services	A,K,N,P,X,Y,5,6,7,8,R
<b>331</b>	<b>I&amp;FA-Representative Payee</b>	<b>N,X,R</b>
380	Case Management	A,K,N,P,T,X,Y,5,6,7,8,R
<b>381</b>	<b>Services Intake</b>	<b>A,N,P,T,X,Y,R</b>
386	Case Management-In-Home Services	B,C,I,N,X,R
<b>390</b>	<b>Other Child Welfare Services</b>	<b>N,P,7,8,R,V</b>

The following codes should be charged to IV-E only.

SIS Code	Service	Prog/Fund Codes
<b>215</b>	<b>Case Planning &amp; Case Management</b>	<b>Z,5,7</b>
228	CPS-Preparation for and Participation in Judicial Determinations in Juvenile Court (PrePlacement)	Z,5,7

**Child Welfare Services funded with TANF-Transferred-to-SSBG (Program Code "V"), effective July 1, 1999**

SIS Code	Service	Program/Funding Codes
<b>010</b>	<b>Adoption</b>	<b>N,P,X,5,6,7,8,R,V</b>
011	Adoption Recruitment	N,P,X,5,6,7,8,R,V
<b>012</b>	<b>Adoption Assistance Case Management/Supervision</b>	<b>N,P,X,Z,5,6,7,8,R,V</b>
100	Foster Care Services Treatment	A,K,N,P,X,Y,5,6,7,8,R,V
<b>101</b>	<b>Foster Care Assistance Eligibility</b>	<b>A,N,P,X,Z,Y,5,6,7,8,V</b>
102	Foster Care Training	A,K,N,P,X,Z,Y,5,6,7,8,R,V
<b>103</b>	<b>Foster Care Recruitment and Assessment</b>	<b>A,N,P,X,Z,Y,5,6,7,8,,R,V</b>
104	Foster Care-Special Services	V
<b>109</b>	<b>Foster Care Case Management</b>	<b>A,K,N,P,X,Z,Y,5,6,7,8,R,V</b>
390	Other Child Welfare Services	N,P,7,8,R,V

#### IV. Documentation Requirements

##### A. TANF

1. When using “R” (i.e. 100% federal TANF funds), all eligibility factors in the former AFDC-EA program must be documented in the child’s case record. We have attached a suggested form that you may use to document these eligibility factors. Please maintain this form in the case record. This form should also help to remind staff that these funds cannot be used longer than 364 days unless there is a different emergency. To be eligible, families must:
  - a. Live in North Carolina with the intent to remain;
  - b. Be United States citizens or legal aliens;
  - c. Have at least one child under the age of 21 who lives with a specified relative. This includes:
    - A child who currently lives in the home with a specified relative, **or**
    - A child who lived in the home with a specified relative up to six months prior to application, **or**
    - An unborn child. If there is a pregnant woman living in the household, this rule is met.
  - d. Have a specified relative living in the home.

A specified relative is:

- Parent-biological mother or father, legal or alleged father, or adoptive parent.
  - Persons related by blood, half blood, or adoption - brother, sister, grandparent, great-grandparent, great great grandparent, uncle or aunt, great-uncle or aunt, great-great-uncle or aunt, nephew, niece, first cousin, or first cousin once removed. (A first cousin once removed is defined as the child of a first cousin.)
  - Step-relative-stepparent, stepbrother, or stepsister.
- e. **Be in an emergency situation.**
  - f. Be unable to resolve the emergency with other available resources. A signed declaration of family income can suffice if it explicitly includes language that gives agency staff the authority to verify.
  - g. The services may not be provided for longer than 364 days.

2. An emergency situation is:

- A crisis situation resulting from a catastrophic illness;
- A substantial loss of shelter, food, clothing, or household furnishings due to fire, flood or similar natural or man-made disaster, or a crime of violence;
- Emergency situation over which there was no control and which left the family homeless or in immediate danger of eviction or foreclosure;
- A situation in which Emergency Assistance is necessary to avoid destitution of the needy child or to provide shelter for the child;
- Emergency situation which could lead to destitution and the destitution or need for a living arrangement did not arise because the child or a specified relative refused, without good cause, to accept employment or training for employment;
- Mass emergencies;
- Loss of a relative who has been responsible for support and/or care of one of his family members;
- Abuse, neglect, or dependency of children;
- Situation in which a child is at risk of removal from the home;
- Situation in which return to the home of a child who is currently separated from his family may create an emergency.

B. SSBG-2

When using code "V", the case record must document that the family is at or below 200% of the Federal Poverty Level. If the family receives either Medicaid or Health Choice, a copy of the card in the child's case record will suffice as verification of the income level. The family may sign a written declaration of their income, but this declaration must also inform the family that the income may be verified. TANF-transferred-to-SSBG funds are reimbursed at the rate of **75% Federal and 25% County**. In some cases, it may be beneficial for County DSS's to use their SSBG-2 money quickly. Directors should contact their Local Business Liaisons to discuss funding choices.

V. State Level Contracts and County Initiated Contracts

Any changes to State Level Contracts will be negotiated by the Division. If county DSS's wish to initiate contracts with State Level Contract providers, they need to ensure that they are not purchasing services already available through State Level Contracts. Once this is assured, either TANF or SSBG-2 funds may be used to purchase allowable services as long as all eligibility requirements are



Dear County Director  
September 28, 1999  
Page 9

met. County DSS administrators may contact their Local Business Liaisons to help determine funding choices.

VI. IV-E Waiver

The 19 counties in the IV- E Waiver Demonstration Project may use TANF funds to pay for allowable child welfare services, utilizing the same guidelines as all other counties. Since there are several important factors to consider, these counties need to assess how to best utilize all available financial resources (i.e. waiver flexible spending, waiver reinvestment, TANF, and SSBG-2) to improve their child welfare system outcomes. Refer to the SIS manual and related fiscal letters for specific codes and instructions regarding the use of waiver funds.

General questions relating to this letter should be directed to Hope Hunt or JoAnn Lamm, Policy and Planning Team in the Children's Services Section at (919) 733-4622. You are also urged to contact your Local Business Liaison and Children's Programs Representative regarding issues relating to program and funding choices in your agency.

Sincerely,

Charles C. Harris, Chief  
Children's Services Section

cc: Kevin FitzGerald  
Nancy Coston  
Melinda Hamrick  
Karen Anderson  
Local Support Managers  
Local Business Liaisons  
Children's Services Team Leaders  
Children's Program Representatives  
Gary Fuquay