



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

325 North Salisbury Street • Raleigh, North Carolina 27699-2440  
Courier # 56-20-25-MS# 2440

Beverly Eaves Perdue, Governor  
Lanier M. Cansler, Secretary

Sherry S. Bradsher, Director  
(919) 733-3055

**March 27, 2009**

**Dear County Director of Social Services**

**Subject: American Recovery and Reinvestment Act of 2009  
Temporary Increase to the FMAP for Foster Care and Adoption Assistance**

With the passage of the American Recovery and Reinvestment Act of 2009 (ARRA), the federal government provides a temporary increase to the FMAP for Foster Care and Adoption Assistance. This temporary increase of 6.2% is effective for the time period of October 1, 2008 through December 31, 2010. These additional funds are intended to provide fiscal relief to states and begin the economic recovery of the nation.

Working with federal partners, North Carolina will be able to amend expenditure reports to receive the additional FMAP for the prior quarters for which the increase is now available. The timing for this change provides significant relief to this year's budget shortfall as it comes on the heels of yet another request from the Office of State Budget and Management for reversions in this state fiscal year. Up until this point, the Division has been able to meet its budget reversion targets without passing any cuts on to county departments of social services. Unfortunately, as we enter the last quarter of the year and we review our budgetary needs, there are areas where spending exceeds budgeted funds. Two of these areas are foster care based on the hold harmless clause under House Bill 2436, Section 10.29(e) and the Child Medical Evaluation Program (CME).

Several options for addressing the state budget shortfall have been explored. Included in these options is a reduction in State Aid to Counties. After careful consideration, it was decided that the state would maintain the current county participation levels for Foster Care and Adoption Assistance. The temporary increase in federal IV-E participation for state fiscal year 2008-09 will be used to support the fiscal needs as referenced above. It is anticipated for SFY 2008-09 that the 6.2% FMAP county adjustment would have resulted in \$1.7 million going to counties.

The plan is to make available to counties the temporary increase in the FMAP for state fiscal year 2009-10. In addition, Governor Perdue's continuation budget provides for the annualization of funding based on Session Law 2008-107, House Bill 2436, Section 10.29 for the

increase in foster care and adoption rates and the foster care reimbursement system as well as provide an inflationary increase in funding for Child Medical Exams.

In implementing the federal and state economic recovery plans, the Division is committed to providing the best possible services to the residents of North Carolina. Working in partnership, we will be able to better address the various needs while maintaining fiscal responsibility. Thank you for working together to achieve these goals.

Sincerely,



Sherry S. Bradsher

cc: Sarah Barham, Budget Officer  
Chairsse Johnson, Section Child Welfare  
Local Business Liaisons Managers  
Child Welfare Services Team Leaders  
Children's Services Program Representatives  
Laketha Miller, Controller