

Child Welfare Policy Manual

Questions & Answers

8.1C TITLE IV-E, Administrative Functions/Costs, Calculating Claims

1. Question: May a title IV-E agency claim Federal financial participation (FFP) in the title IV-E foster care and adoption assistance programs based on estimates of quarterly expenditures, or must FFP be claimed on the basis of actual expenditures reported quarterly?

Answer: In accordance with regulations at 45 CFR 95.4, a "claim" is defined as "...a request for Federal financial participation in the manner and format required by our program regulations, and instructions or directives issued thereunder." The instructions for completing Form CB-496 state that all amounts must be for actual expenditures made under the title IV-E agency's approved IV-E plan in accordance with applicable statutes and regulations. These claims must be supported by accounting records and source documentation at the time they are submitted. Estimates of quarterly expenditures do not represent a "claim" as defined above and, as such, may not be reported on the Form CB-496 for the purpose of claiming FFP. All claims must be comprised of actual expenditures and filed within two years from the end of the quarter within which the expenditures were made.

- **Source/Date:** ACYF-CB-PIQ-96-01 (10/8/96); (12/17/2019)
- **Legal and Related References:** Social Security Act - section 479B; 45 CFR 95.4; ACYF-OC-PI 99-01 (9/22/99), ACYF-CB-PI-10-14 (11/23/10), ACYF-CB-PI-13-06 (12/5/13), and ACYF-CB-PI-18-12 (11/30/18)

2. Question: What is the connection between the date the child is considered to have entered foster care and when the title IV-E agency may claim Federal financial participation (FFP) for foster care maintenance payments?

Answer: Establishing initial eligibility for title IV-E funding and initial claiming for FFP have no relationship to the date the child is considered to have entered foster care defined at section 475(5)(F) of the Social Security Act. The purpose of that provision is to set the "clock" for determining when to satisfy the requirements for holding periodic reviews, permanency hearings, and the termination of parent rights (TPR) provision. A child's initial eligibility for title IV-E funding is not related to this time frame.

The date a child is considered to have entered foster care is, however, related to maintaining a child's eligibility for title IV-E funding. Under 45 CFR 1356.21(b)(2), we require the title IV-E agency to use the date the child is considered to have entered foster care in determining

when to obtain a judicial determination that it made reasonable efforts to finalize a permanency plan. We intentionally linked the timing for obtaining this judicial determination to the date the child is considered to have entered foster care so that such determinations could occur at the permanency hearing, the logical time for making such determinations.

- **Source/Date:** Preamble to the Final Rule (65 FR 4020) (1/25/00); (12/17/2019)
- **Legal and Related References:** Social Security Act - sections 475(5)(F) and 479B; 45 CFR 1355.20 and 1356.21(b)(2)

3. Question: A title IV-E agency asks whether it is required to apply an eligibility factor to child specific costs for children whom it "reasonably views as candidates for title IV-E foster care maintenance payments".

Answer: Administrative costs identified in 45 CFR 1356.60(c)(2) that are not directly linked to the eligibility of children must be allocated in such a manner as to assure that each participating program is charged its proportionate share of costs. Such allocation may be on the basis of case count or on some other equitable basis. These administrative costs include recruitment and licensing of foster homes, rate setting, training, and the proportionate share of related agency overhead.

Child specific administrative costs include such matters as referrals, reports and court proceedings. Allowable administrative costs associated with child specific activities are 100 percent reimbursable for those individuals that the title IV-E agency reasonably views as candidates for title IV-E foster care.

In order to claim child specific administrative costs, the title IV-E agency may individually determine those children who are title IV-E foster care candidates and claim 100 percent of the child specific allowable administrative costs incurred on behalf of these children.

Alternatively, if the child is not specifically identified as a candidate for title IV-E foster care, there must be an allocation. The allocation must be based on a determination both of candidacy for foster care and of potential IV-E eligibility. Using a ratio of IV-E to non-IV-E cases is one acceptable means of allocation. Other means of determining candidacy and of determining potential IV-E eligibility may also be acceptable.

The title IV-E agency must clearly identify in its cost allocation plan or methodology those administrative activities which are child specific and the methodology which will be used for claiming these costs.

- **Source/Date:** ACYF-CB-PA-87-05 (10/22/87); ACYF-CB-PIQ-96-01 (10/8/96); (12/17/2019)
- **Legal and Related References:** Social Security Act - sections 474 and 479B; 45 CFR 1356.60; DHHS Grant Appeals Board Decision No. 844

4. Question: Licenses for foster family homes and child-care institutions often go into effect or may lapse on a day other than the first or last day of the month. How should the title IV-E agency claim Federal financial participation (FFP) for a title IV-E eligible child who is placed in a foster family home or child-care institution that is licensed for a portion of a month?

Answer: If a foster family home or child-care institution is licensed for a portion of a month, the title IV-E agency may claim FFP for the entire month when an otherwise eligible child has resided in that home or institution for the entire month. The title IV-E agency must prorate any claims when the otherwise eligible child has resided in the home or institution for a portion of the month.

- **Source/Date:** Questions and Answers on the Final Rule (65 FR 4020) (1/25/00); (12/17/2019)
- **Legal and Related References:** Social Security Act - sections 471(a)(10) and 479B

5. Question: When May Federal financial participation (FFP) begin for candidates for foster care?

Answer: Title IV-E agencies may claim FFP for administrative costs for allowable administrative functions performed on behalf of foster care candidates in the month in which the child's candidacy is determined consistent with section 472(i)(2) of the Social Security Act (the Act). Title IV-E agencies may not claim FFP for title IV-E administrative functions performed prior to the month of candidacy because a child is not a candidate for foster care until the title IV-E agency has determined that the child is at imminent risk of removal from the home and reasonable efforts are being made to prevent removal, or if necessary, to pursue removal from the home. A title IV-E agency must document that it has determined that a child is a candidate for foster care pursuant to one of three acceptable methods: a case plan that identifies foster care as the goal absent preventative services; an eligibility form used to document the child's eligibility for title IV-E foster care maintenance payments; or evidence of court proceedings related to the child's removal from the home.

- **Source/Date:** ACYF-CB-PA-01-02 (7/3/01); 7/7/2006; (12/17/2019)
- **Legal and Related References:** Social Security Act - sections 472(i)(2)) and 479B; 45 CFR 1356.60; Departmental Appeals Board Decision No. 844; ACYF-CB-IM-06-02

6. Question: Are administrative funds available at 50% Federal financial participation (FFP) for the cost of accrediting a title IV-E agency?

Answer: Yes. Section 471(a)(22) of the Social Security Act requires title IV-E agencies to provide standards to ensure that children in public or private foster care placements are provided quality services that protect the safety and health of the children. Therefore, costs

associated with accrediting a title IV-E agency, to the extent they meet the requirement with regard to the placement of children in foster care, are allowable for the proper and efficient administration of the title IV-E plan.

Any such costs must be allocated, through an approved cost allocation plan or methodology to all benefiting programs.

- **Source/Date:** 06/09/04; (12/17/2019)
- **Legal and Related References:** Social Security Act - sections 471(a)(22) and 479B; 45 CFR 1356.60(c).

7. Question: Section 472(i)(2) of the Social Security Act permits title IV-E agencies to claim administrative costs on behalf of a candidate for foster care who is potentially eligible for benefits under a title IV-E plan under this part. Does the phrase "potentially eligible" mean that the title IV-E agency must determine that a child would meet the Aid to Families with Dependent Children (AFDC) eligibility criteria at the time of removal before claiming allowable costs?

Answer: No. Title IV-E agencies may forgo testing for AFDC eligibility in favor of using cost allocation to claim for allowable title IV-E administrative functions performed on behalf of children who are candidates for foster care maintenance payments. The allocation must be based both on a determination of candidacy for foster care and potential title IV-E eligibility. Title IV-E agencies typically use a ratio of title IV-E to non-title IV-E cases to satisfy the requirement that foster care candidates potentially be eligible for title IV-E. Please see Child Welfare Manual Section 8.1C Question and Answer #3 for more detail on acceptable methods for calculating claims for candidates.

- **Source/Date:** 8/7/2006; (12/17/2019)
- **Legal and Related References:** Social Security Act - sections 472(i)(2) and 479B

8. Question: Which children should be included in the numerator and which in the denominator to determine a title IV-E foster care participation rate for purposes of claiming title IV-E Foster Care program administrative costs under section 474(a)(3) of the Social Security Act (the Act)?

Answer: A title IV-E agency that uses a title IV-E foster care participation rate (sometimes called the eligibility, penetration or discount rate) as a cost allocation methodology must determine this rate by dividing the number of title IV-E foster care eligible children by the total number of children in foster care pursuant to the definition of foster care in 45 CFR 1355.20. The numerator is comprised of the total number of children in foster care determined to meet all title IV-E eligibility requirements. A title IV-E agency may also include in the numerator otherwise eligible children placed with relatives pending foster family home approval or licensure (for the lesser of the average time it takes to license a foster home or 12 months) and children moving from a facility that is not licensed to one that is for up to one month

pursuant to section 472(i)(1) of the Act. The denominator is comprised of the total number children who are in foster care, including those that are title IV-E eligible and those that are not or have not yet been determined title IV-E eligible.

Any methodology for claiming administrative costs, including the calculation of the participation rate described above, must be a part of the State's approved cost allocation plan or a Tribe's approved cost allocation methodology in accordance with 45 CFR 95.507(b)(4) and 45 CFR Part 75 Subpart E cost principles.

Note: This answer previously referenced 2 CFR Part 225. 45 CFR Part 75 supersedes 2 CFR Part 225 effective December 26, 2014 (79 FR 75871, Dec. 19, 2014).

- **Source/Date:** 04/20/12 (revised 11/2/2016)
- **Legal and Related References:** Social Security Act sections 472(i) and 474(a)(3); 45 CFR Part 75, 45 CFR 95.507(b)(4), 45 CFR 1355.20, 79 FR 75871, Dec. 19, 2014, ; 81 FR 3022, Jan. 20, 2016; and Child Welfare Policy Manual section 8.1C Q/A#3