

Child Welfare Policy Manual

Questions & Answers

8.3B TITLE IV-E, Foster Care Maintenance Payments Program, Payments

1. Question: Under title IV-E, how is the term "foster care maintenance payments" defined?

Answer: Under title IV-E, the term "foster care maintenance payments" is defined (in section 475(4) of the Social Security Act) as: "...payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child and reasonable travel to the child's home for visitation and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence."

The cost items listed in the first sentence apply equally to family foster care and institutional foster care. The costs of providing the items may include costs such as local transportation necessary for either a foster parent or institution to provide the items. However, allowable costs do not include reimbursement in the nature of salary for the exercise by the foster family of ordinary parental duties.

The second sentence applies only to institutional foster care. The reasonable costs of administration and operation necessary to provide the items only for children served under title IV-E foster care are allowable elements in payments to child care institutions. Since these costs are limited types of activities and apply only to title IV-E children, the costs of foster care in institutions will have to be allocated along two lines: (1) the allocation of costs, for purposes of Federal financial participation (FFP), based on allowable cost items and activities; and (2) the allocation of costs based on the proportion of children in the institution receiving foster care under title IV-E for those allowable elements compared to children whose care is paid under other programs.

The establishment of a cost allocation system for institutions, as well as for the title IV-E agency itself, is a title IV-E agency-responsibility and is a necessary precursor to the title IV-E agency's ability to claim FFP for allowable institutional foster care costs.

- **Source/Date:** ACYF-CB-PA-82-01 (4/30/82) revised 08/31/09
- **Legal and Related References:** Social Security Act - sections 472, 474 and 475 (4)

2. Question: Does title IV-E preclude a State agency from passing on to the child title IV-E funds for his use for his maintenance in an independent living program?

(Deleted 02/25/2011)

3. Question: Please clarify how funds may be disbursed for allowable child care.

Answer: Title IV-E agencies may include the cost of allowable child care in the basic foster care maintenance payment or may make a separate maintenance payment directly to the licensed provider. For example, if, in a particular foster family, both parents work, the title IV-E agency may include the cost of child care in the maintenance payment made to that family or may pay the licensed provider directly. Regardless of the payment method chosen, the title IV-E agency must be able to provide documentation to verify allowable expenditures.

- **Source/Date:** Preamble to the Notice of Proposed Rulemaking (63 FR 50058) (9/18/98); (11/07/19)
- **Legal and Related References:** 45 CFR 1355.20

4. Question: Federal policy allows a title IV-E agency to include child care for working foster parents in the title IV-E foster care maintenance payment. Are there any Federal requirements that prohibit a title IV-E agency from providing child care for working foster parents in some but not all "political subdivisions" or jurisdictions?

Answer: No. Nothing in statute or regulation prohibits a title IV-E agency from providing child care for working parents in some but not all jurisdictions. Daily supervision is one of the components of a foster care maintenance payment, and licensed child care is an allowable element of daily supervision in certain circumstances (see the definition of foster care maintenance payments in 45 CFR 1355.20). A title IV-E agency has the discretion to choose the way in which it will provide daily supervision, including whether or not to provide child care in the title IV-E foster care maintenance payment for some or all working foster parents.

- **Source/Date:** March 1, 2005; November 7, 2019
- **Legal and Related References:** Social Security Act - section 475(4)(A) and 479B; 45 CFR 1355.20

5. Question: May title IV-E foster care maintenance payments flow through a for-profit entity to the foster care provider?

Answer: Yes. The Fair Access Foster Care Act of 2005 (Public Law 109-113), which took effect on November 22, 2005, amended section 472(b) of the Social Security Act to eliminate the prohibition against making foster care maintenance payments through a for-profit entity.

- **Source/Date:** 01/29/07
- **Legal and Related References:** Social Security Act, section 472; Public Law 109-113

6. Question: May title IV-E eligible children in adoptive homes receive title IV-E foster care maintenance payments prior to finalization of adoption?

Answer: Prior to the finalization of adoption, title IV-E eligible children in adoptive homes may receive foster care maintenance payments if the home is licensed for foster care. This practice is necessary to prevent a gap in medical care and/or support for foster children who have been placed for adoption but are ineligible for IV-E subsidy until the adoption assistance agreement is signed.

- **Source/Date:** ACYF-CB-PIQ-82-01 (1/19/82)
- **Legal and Related References:** Social Security Act - section 471 and 475

7. Question: May the title IV-E agency claim a title IV-E foster care maintenance payment for an allowable provider that covers the entire month if a child is temporarily absent for a portion of the month? For example, the child has run away, goes on a weekend home visit, or is hospitalized for medical treatment during some part of the month.

Answer: Yes. The title IV-E agency may provide a full month's title IV-E foster care maintenance payment to the licensed provider if the brief absence does not exceed 14 days and the child's placement continues with the same provider. Otherwise, the title IV-E agency must prorate its claims if the child is absent from the placement for more than a reasonable brief period.

- **Source/Date:** 1/29/2007; 11/07/2019
- **Legal and Related References:** Social Security Act - section 472, 479B

8. Question: Must a title IV-E agency discontinue title IV-E foster care maintenance payments provided per section 475(8)(B) of the Act for a youth who is age 18 or older if the title IV-E agency determines that the youth is no longer meeting the education or employment criteria, or is no longer incapable of meeting any of these criteria due to a medical condition, as elected by the title IV-E agency?

Answer: Yes. A title IV-E agency must ensure that a youth receiving a title IV-E foster care maintenance payment under section 475(8)(B) of the Act meets the education and employment criteria or is incapable of meeting any of these criteria due to a medical condition, as elected by the title IV-E agency. Once a title IV-E agency determines that a youth no longer meets the criteria, the agency must discontinue the title IV-E foster care maintenance payment for the youth. However, if the youth meets the criteria at a later time, the title IV-E agency may resume payments to the youth.

- **Source/Date:** 05/06/2013
- **Legal and Related References:** Social Security Act § section 475(8)(B); CWPM Section 8.3A.4 Q/A #1

9. Question: May a title IV-E agency make title IV-E foster care maintenance payments directly to a youth age 18 or older who is in a supervised independent living setting under agency supervision?

Answer: Yes. If the youth is in a supervised independent living setting and there is no actual provider or other child placing intermediary, the title IV-E agency may pay the foster care maintenance payment directly to the youth.

- **Source/Date:** 05/06/2013
- **Legal and Related References:** ACYF-CB-PI-10-11