

ACF

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**Administration
for Children
and Families**

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Program Instruction

TO: State and Territorial Agencies Administering or Supervising the Administration of title IV-E of the Social Security Act

SUBJECT: Extension of Delayed Effective Date of Policy Regarding title IV-E Administrative Costs for Children Placed in Unlicensed Foster Family Homes Issued in ACYF-CB-PA-01-02, "Clarifying Guidance Regarding Candidates for Foster Care," July 3, 2001

LEGAL AND RELATED REFERENCES:

Memorandum to the ACF Regional Administrators from the Acting Commissioner, Administration on Children, Youth, and Families, "Clarification on Determination of Title IV-E Administrative Cost Ratio," August, 17, 1993; ACYF-CB-PA-01-2, "Clarifying Guidance Regarding Candidates for Foster Care," July 3, 2001, ACYF-CB-PI-01-09, "Effective Date of ACYF-CB-PA-01-02..." November 7, 2001

BACKGROUND: On July 3, 2001, ACF issued ACYF-CB-PA-01-02 (now set forth, in pertinent part, in section 8.1B of the Child Welfare Policy Manual) to clarify long-standing policy regarding candidates for foster care. Through ACYF-CB-PA-01-02, we also rescinded a policy, articulated in an internal 1993 memorandum to the ACF Regional Administrators, allowing States to claim Federal financial participation (FFP) for title IV-E administrative costs for an otherwise eligible child placed in an unlicensed foster family home. We replaced the 1993 policy with new guidance that carried out the statutory licensing requirements. Specifically, the only circumstance in which a State may claim FFP for title IV-E administrative costs on behalf of a child in an unlicensed foster family home is when the child is otherwise eligible and the home is that of a relative and in the process of becoming licensed.

Based on States' concerns regarding the fiscal impact of implementing ACYF-CB-PA-01-02, the Secretary delayed the effective date of the provision regarding children in unlicensed foster family homes for a year to permit States opportunity to license the affected foster family homes (ACYF-CB-PI-01-09).

While we stand by the policy that prohibits claiming title IV-E administrative costs on behalf of children placed in unlicensed foster family homes, the intense interest and concern expressed by a group of States has led the Secretary to conclude that extending the delayed effective date is in order. The Secretary believes that publishing a regulation for notice and comment is the proper course of action at this juncture.

INSTRUCTION: States may continue to claim FFP for the administrative costs associated with an otherwise title IV-E eligible child placed in an unlicensed foster family home pending the issuance of a Final Rule. Accordingly, Question 11 of Section 8.1B, which sets forth the policy on children in unlicensed foster family homes, is deleted.

ACYF-CB-PA-01-02 (now in the Child Welfare Policy Manual) otherwise remains in effect.

INQUIRIES: ACF Regional Administrators.

/s/

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Assistant Secretary
Administration for Children and Families