

**FMAP Foster Care/Adoption Assistance
American Recovery and Reinvestment Act Implementation Plan**

a. Funding Table

For complete ACF Funding Table, please see Appendix 1 (dollars in millions).

Project/Activity	Program Level	FY 2009	FY 2010-FY 2019
Payments for Foster Care and Permanency (Obligations).	823.0	389.0	434.0

b. Objectives

The Children's Bureau seeks to provide for the safety, permanency and well being of children through leadership, support for necessary services, and productive partnerships with states, tribes, and communities. Under the American Recovery and Reinvestment Act (Recovery Act), an estimated additional \$806 million will be provided to states to increase the federal match for state maintenance payments for foster care, adoption assistance, and guardianship assistance. These goals support HHS Strategic Objective 3.2: *Protect the safety and foster the well-being of children and youth*. The HHS Strategic Plan, Fiscal Years 2007 – 2012 can be found at: <http://aspe.hhs.gov/hhsplan/>.

c. Activities

A federal match equal to the Medicaid match rate for medical assistance payments (FMAP) is provided for state maintenance payments for foster care, adoption assistance, and guardianship assistance care under Title IV-E of the Social Security Act. Beginning in FY 2010, tribes also will be eligible for these funds.¹ The Recovery Act temporarily increases the FMAP rate for state title IV-E entitlement programs by approximately 6.2 percentage points. This matching rate increase is effective October 1, 2008 through December 31, 2010.

d. Characteristics

Funds are awarded to states at the beginning of each quarter based on state estimates and then are adjusted after the end of the quarter when states report actual expenditures.

The Recovery Act does not appropriate funds for this purpose, but rather changes the FMAP rate for Title IV-E maintenance payments. The funding for this change is appropriated annually. Funds will be awarded quarterly for FY 2009, FY 2010 and first quarter of FY 2011. ACF will issue initial grants to increase the first and second quarter awards to states for FY 2009 and then will apply the new FMAP rates to subsequent quarterly awards through the first quarter of FY 2011 as required by the statute. It is estimated that states will receive \$187 million in additional funding through the second quarter of FY 2009. The final amounts for these and future quarters will depend on the actual state expenditures matched at the higher rate.

¹ For tribes that opt to participate in the title IV-E program the applicable FMAP will be either a tribal FMAP to be calculated using the per capita income of the tribe's service population; or, if higher, the highest FMAP of any state in which the Indian Tribe is located. The Recovery Act FMAP increase will be applicable only where the state FMAP is higher than the tribal FMAP.

e. Delivery Schedule

Federal payments to states for foster care, adoption and guardianship subsidies are reimbursement for “services” rendered. The Recovery Act simply increases the rate of reimbursement states receive from the federal government for statutorily prescribed items of cost related to a child’s board and care.

- Grants for 1st and 2nd quarter state estimates – issued March 16, 2009
- Program guidance advising states how to report their expenditures and make any needed adjustments to quarterly expenditure reports – issued March 16, 2009
- Grants for 3rd quarter state estimates – issued for Adoption Assistance on April 7, 2009 and issued for Foster Care on April 14, 2009
- Grants for 1st quarter actual expenditures – to be completed by May 15, 2009
- Grants for 4th quarter state estimates – to be issued no later than July 1, 2009
- Grants for future periods and adjustments for actual expenditures – will occur on a quarterly basis

f. Environmental Review

The distribution of additional funds for FMAP as a result of the Recovery Act is categorically excluded from environmental review based on Category 2 section F - Functional Exclusion: Grants for Social Services under Chapter 30-20-30 of the HHS General Administration Manual.

By definition, the use of these funds: (1) mitigates social and environmental impacts; (2) does not include construction or alterations of the human environment; and (3) have no anticipated individual or cumulative significant effect on natural or cultural assets. Therefore FMAP qualifies for a Categorical Exclusion from National Environmental Protection Act (NEPA). This activity is funded under the Recovery Act Division B and is not subject to Section 1609(c) reporting requirements.

g. Measures

Table 1:

Measure	Most Recent Result	FY 2009 Target	FY 2010 Target	FY 2010 +/- FY 2009
For those children who had been in care less than 12 months, maintain the percentage that has no more than two placement settings. (<i>Child Welfare Services</i>) (<i>Outcome</i>)	FY 2007: 84.4% (Target Exceeded)	80%	80%	Maintain
Increase the adoption rate from 9.19 percent in FY 2003, to 10.0 percent in FY 2008, and 10.5 percent in FY 2013. (<i>Foster Care, Adoption Opportunities, Adoption Incentives, Adoption Assistance</i>) (<i>Outcome</i>)	FY 2007: 10% (Target Exceeded)	10.1%	10.2%	+0.1

Measure	Most Recent Result	FY 2009 Target	FY 2010 Target	FY 2010 +/- FY 2009
Number of adoptions from foster care. (<i>Foster Care, Adoption Assistance</i>) (<i>Output</i>)	FY 2007: 51,200 (Historical Actual)	51,000	51,000	Maintain
Amount of Recovery Act FMAP funds expended by states, and states and tribes starting in FY 2010. (<i>Output</i>)	\$19 million (thru March 31, 2009)	\$354 million	\$359 million	+ \$5 million

Table 2:

Data Source	Data Validation
Adoption and Foster Care Analysis Reporting System (AFCARS)	States report child welfare data to ACF through the Adoption and Foster Care Analysis Reporting System (AFCARS). All state semi-annual AFCARS data submissions undergo extensive edit-checks for internal reliability. The results of the AFCARS edit-checks for each of the six-month data submissions are automatically generated and sent back to each state, to help the state to improve data quality. Many states submit revised data to insure that accurate data are submitted, often for more than one prior submission period. The Children’s Bureau conducts several AFCARS compliance reviews each year, which typically result in a comprehensive AFCARS Improvement Plan (AIP). Also, states’ Statewide Automated Child Welfare Information Systems (SACWIS) systems are undergoing reviews to determine the status of their operation and the automated system’s capability of meeting the SACWIS requirement to report accurate AFCARS data. To speed improvement, the agency funds the National Resource Center for Child Welfare Data and Technology. This Resource Center provides technical assistance to states to improve reporting to AFCARS, improve statewide information systems, and to make better use of their data. Finally, ACF has recently implemented the AFCARS Project that includes a detailed review of all aspects of AFCARS by federal staff and participation of the field in identifying possible changes to improve the system. All of these activities should continue to generate additional improvements in the data over the next few years.
Monthly Treasury Department Reports	The Treasury Department consolidates the financial information from each state/grantee and publishes the aggregate information on a monthly basis. These reports are generally available within 15 days after the end of each month.

The outcome measures are reported on annually, as well as the first output measure in Table 1. The last output measure in Table 1 related to amount of Recovery Act funds expended will be reported quarterly.

The annual targets for the outcome measures in Table 1 are expressed as maintenance goals because states have discretion over how to spend the state dollars that are freed up by the increased federal share provided by the Recovery Act. Therefore, it is unclear what impacts, if any, this change may have on the Foster Care program performance measures.

h. Monitoring/Evaluation

All Recovery Act programs will be assessed for risk and to ensure that appropriate internal controls are in place throughout the entire funding cycle. These assessments will be done consistent with the statutory requirements of the Federal Manager’s Financial Integrity Act and

the Improper Payments Information Act, as well as OMB's circular A-123 "Management's Responsibility for Internal Control."

ACF will follow its existing internal control structure in implementing the FMAP provision, as described below. The major source of financial risk in the title IV-E program is state claims submitted on behalf of ineligible children. ACF has successfully reduced the program's error rate associated with claiming for ineligible children through its title IV-E eligibility reviews.

Title IV-E eligibility reviews are a two stage process whereby a team of federal and state reviewers assess a sample of cases to determine whether claims are being made on behalf of eligible children and for appropriate expenditures. States that do not meet the threshold for the first stage of the review implement a program improvement plan and then are assessed during a second stage review using a larger sample. In both review stages unallowable costs associated with the sample cases are disallowed. States that fail to meet the thresholds in a second stage review are subject to a disallowance that is extrapolated to the universe of title IV-E cases. The reviews and the attendant program improvement efforts associated with continuing to reduce the IV-E error rate are ongoing. In addition, ACF will work on an ongoing basis with the OIG to coordinate oversight and audit activity.

ACF does not anticipate any financial risk associated directly with the increase in FMAP. Under the regulatory review promulgated at 45 CFR 1356.71, Foster Care Eligibility Reviews are conducted systematically in each state (the 50 states, the District of Columbia, and Puerto Rico) every three years.² Corrective action plans instituted by ACF to address improper payments in the foster care program have been designed to address those eligibility errors and other payment errors (e.g. underpayments) that have contributed most to improper payments.

i. Transparency

The Recovery Act funds are an increase in the percentage of reimbursement states receive based on the claims they submit for foster care, adoption and guardianship subsidies. States will receive one grant award using the base FMAP and a separate award for the increase under the Recovery Act.

ACF will ensure that all title IV-E funds, including the Recovery Act enhanced match are expended on eligible children and for allowable costs using the monitoring protocol described in the "Monitoring" section. In addition, the expenditure of these funds will be carefully monitored by Children's Bureau regional staff and by ACF Office of Administration (OA) grants specialists with strong oversight from the national office.

Performance results on the outcome and output measures in Table 1 are available in the annual ACF Budget Justification and Online Performance Appendix (available at: <http://www.acf.hhs.gov/programs/olab/budget/index.html>).

j. Accountability

² While tribes are eligible for direct FMAP funding beginning in FY 2010, ACF has not yet received any tribal title IV-E plans. It is possible that even if a tribe submits a plan in FY 2010, the program may not be running in time to benefit from the Recovery Act FMAP increase.)

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, ACF will build on and strengthen existing processes. Senior ACF and Children's Bureau officials will meet regularly with senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system will also incorporate Recovery Act program stewardship responsibilities for program and business function managers. ACF program managers and senior managers are accountable for the oversight of performance results and improvement actions through the Performance Management Appraisal Program (PMAP). Managers are assessed on the extent to which their oversight of state programs results in state compliance with applicable federal law and regulations and/or areas of noncompliance are addressed expeditiously.

k. Barriers to Effective Implementation

None identified.

l. Federal Infrastructure

Not applicable.