



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).

(Outlays in millions)					
FMAP Foster Care/Adoption Assistance	Program Level Estimate	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012-2019 Estimate
Total	929.0	258.0	500.0	154.0	17.0

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 \$929 million will be provided to states to increase the federal match for state maintenance payments for foster care, adoption assistance, and guardianship assistance.

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 are eligible for these funds. The Recovery Act temporarily increases the FMAP rate for state title IV-E entitlement programs by at least 6.2 percentage points.¹ 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.

¹ Not all states received the same rate increase. In addition to the 6.2 percentage point increase, the Recovery Act provides for application of a "base" FMAP rate calculated for the current fiscal year or the one calculated in a previous fiscal year (hold harmless provision), if that rate is higher. There were 17 states in fiscal years 2009 and 2010 whose Recovery Act portion of the FMAP rate exceeded the 6.2 percentage points, and 27 states will exceed that rate in FY 2011.



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 issued initial grants to increase the first and second quarter awards to states for FY 2009 and then began applying the new FMAP rates to subsequent quarterly awards. This process will continue through the first quarter of FY 2011 as required by the statute. It is estimated that states will receive \$929 million in additional funding through the end of the first quarter of FY 2011. The final amounts for these quarters will depend on the actual state expenditures matched at the higher rate.

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 – completed May 15, 2009
- Grants for 4th quarter state estimates – completed July 1, 2009
- Grants for future periods and adjustments for actual expenditures – will occur ongoing 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.



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G. Measures

Table 1: The first performance measure below is a quarterly reporting output measure. The additional three measures will report annually, thus only annual targets are included.

Outcome / Achievement	Units	Type	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	Program End
Amount of Recovery Act FMAP funds expended by	\$ million	TARGET		\$349	\$496	\$614	\$758	\$797	\$836	\$876	\$912	\$929
states, and states and tribes starting in FY 2010. <i>(Output)</i>		ACTUAL	\$258 million	\$358 million	\$466 million							
For those children who had been in care less than 12 months, maintain the	%	TARGET	80%	n/a	n/a	n/a	80%	n/a	n/a	n/a	80%	n/a
percentage that has no more than two placement settings. <i>(Outcome)</i>		ACTUAL	Oct-10	n/a	n/a	n/a	Oct-11	n/a	n/a	n/a	Oct-12	n/a
Increase the adoption	%	TARGET	10.1%	n/a	n/a	n/a	10.2%	n/a	n/a	n/a	10.3%	n/a
rate. <i>(Outcome)</i>		ACTUAL										
Number of adoptions from	#	TARGET	55,000	n/a	n/a	n/a	55,000	n/a	n/a	n/a	55,000	n/a
foster care. <i>(Output)</i>		ACTUAL										



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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 to ensure that appropriate internal controls are in place throughout the entire lifecycle of the program. These assessments are conducted by operating components to comply 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" (including Appendices A, B, and C).

ACF's risk management process fits within the overall governance structure established at HHS to address Recovery Act program risks. The HHS Risk Management and Financial Oversight Board provides executive leadership and establishes accountability for the risk assessment process related to internal controls over financial reporting, and the HHS Senior Assessment Team ensures that risk assessment objectives are clearly communicated throughout the Department. ACF's Recovery Act Coordination Team carries out comprehensive annual assessments of its Recovery Act program(s) to identify risks and develop strategies to address them, including those associated with selecting recipients, awarding and overseeing funds, and achieving program goals. It meets weekly to monitor and assess the effectiveness of mitigation strategies and identify emerging risks.

In addition, ACF has presented its high level risks to the Recovery Act Implementation Team. Chaired by the Deputy Secretary and comprised of senior policy officials from throughout the Department, the Implementation Team convenes monthly to monitor progress in carrying out Recovery Act program and address the obstacles and risks that could impact on their success.

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

ACF is open and transparent in all of its grant competitions and regulations depending on what is appropriate for program activities that involve spending of Recovery Act funding consistent with statutory and OMB guidance. 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

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, ACF has built upon and strengthened existing processes. Senior ACF 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 also incorporates 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.

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.)



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L. Federal Infrastructure

Not applicable.

Summary of Significant Changes:

Provided timely updates regarding funding levels and performance results.