

March 17, 2009

**ARRA - Title IV-E Adoption Assistance and Foster Care Programs
Additional Funding Available**

The Department of Health and Human Services announced the release of \$187 million authorized by the American Recovery and Reinvestment Act (ARRA) to support adoption assistance and foster care programs in all 50 states and the District of Columbia. Nearly \$98 million will support adoption assistance programs, while nearly \$89 million will go to foster care programs. www.hhs.gov/recovery/programs/acf/adoption-foster.html

Virginia's impact during the 1st and 2nd quarter of FY 2010 will be:

Adoption Assistance - \$998,699

Foster Care - \$2,427,225

Virginia total - \$3,425,924

The Foster Care Program helps States to provide safe and stable out-of-home care for children until the children are safely returned home, placed permanently with adoptive families or placed in other planned arrangements for permanency.

The Adoption Assistance Program provides funds to States to facilitate the timely placement of children, whose special needs or circumstances would otherwise make it difficult to place, with adoptive families.

The Foster Care and Adoption programs are authorized under title IV-E of the Social Security Act, as amended, help states, including the District of Columbia and Puerto Rico. Beginning in federal fiscal year 2010, tribes will also be eligible for these funds. Children in foster care numbered 496,000 in FY 2007. The average monthly number of children receiving IV-E Adoption Assistance in FY 2008 was approximately 381,000.

Title IV-E Funding Methodology

- 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 for eligible children. The match ranges between 50 and 83 percent depending on the state's per capita income.
- Funding is contingent upon an approved state plan to administer or supervise the administration of the program.
- There is no cap on federal funding; the amount spent reflects the number of children eligible for assistance.
- Funds are also available for administrative costs to manage the program, to train staff and foster parents, to recruit foster parents, and other related expenses. These expenditures, however, use match rates other than the FMAP to determine federal funding.
- In FY 2008, federal funding for these programs was over \$6.5 billion.

Effects of Recovery Act Funding

- The ARRA temporarily increases the FMAP rate for Title IV-E by approximately 6.2 percentage points.
- This matching rate increase is effective Oct. 1, 2008 through Dec. 31, 2010.
- ACF will issue initial grants to increase the first and second quarter awards to eligible 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 if all Medicaid eligibility requirements in ARRA are met.
- It is estimated that states will receive \$187 million in additional funding through the second quarter of FY 2009 for the foster care and adoption assistance programs.

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