

## **Allocation of Title IV-E stimulus funds may help forestall cuts in foster care and adoption assistance that some states are currently considering**

I am grateful to Heidi Epstein and Howard Davidson at the American Bar Association Center on Children and the Law for sharing this excellent summary of the impact of the first allocation of Title IV-E funding under the American Recovery and Reinvestment Act (ARRA). Please let me know ([kbryson@gu.org](mailto:kbryson@gu.org)) how the economic downturn and the stimulus are affecting foster, adoption and kinship programs in your state.

### First Six Months of IV-E Stimulus Funds Released to States

On Monday, March 16, the U.S. Department of Health and Human Services (HHS) released the first allocation of Title IV-E funding under the American Recovery and Reinvestment Act (ARRA). Under ARRA, Title IV-E foster care maintenance, adoption assistance, and kinship guardianship assistance will benefit from an increased federal match of 6.2% for all 50 states <<http://www.cwla.org/advocacy/arrainstructions.pdf>> . The increased match, similar to the increased match for Medicaid, is retroactive to October 1, 2008, and will last through December 31, 2010.

Currently, states receive a match in funding from 50% to nearly 80%. Every state's match will increase by 6.2 percent points, meaning that a state that normally receives a 50% match (one state dollar drawing one federal dollar) will now receive a 56.2% match. The increased Title IV-E match does not fully apply in California or Florida, where five-year waivers are in effect that allowed the states or parts of the states to block-grant funds as fixed allocations of Title IV-E funding. HHS has indicated those states could renegotiate possible changes.

The release of Title IV-E funds is for state claims from October 1, 2008, through the end of this month--the first two quarters of FY 2009. These increased funds may help forestall cuts in foster care and adoption assistance that some states are currently considering. The increased match applies only to maintenance payments, adoption assistance, and the new guardianship assistance.

A state's administrative costs remain at a 50% match for all states. There is no maintenance-of-effort requirement on the Title IV-E funds, but, under the increased match for Medicaid, a state may not reduce Medicaid eligibility coverage from what it was on July 1, 2008. If a state fails to meet that Medicaid requirement, it may also lose its claim to the increased Title IV-E funds.

A state that reduces its adoption assistance or foster care maintenance is passing up the opportunity to leverage more federal dollars while maintaining the same state level of spending. Another option is that a state could reduce its state spending slightly while still maintaining the same maintenance payments and adoption assistance.

Funds for fiscal relief are just beginning to flow from the economic recovery law; as they do, the Obama Administration is creating more websites that provide state-by-state breakouts of various allocations. Last week, the Administration created a website for funds from HHS <<http://www.hhs.gov/recovery>> . Some of the first funds from HHS are for community health centers. The flow of funds varies, with some requiring a state contribution or match, some allocated to each state, and other dollars designated for local programs.

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