

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Realignment of Social Services Block Grant Funds

Joint Legislative Committee on Governmental Operations

November, 2004

The Department and the Division of Social Services have been engaged in discussions with the federal government's Administration for Children and Families (ACF) regarding North Carolina's use of third party match to draw federal IV-E funding. This source of match has been used to partially fund the operating cost of child caring institutions (CCIs) in excess of the rates authorized by legislation for foster care assistance payments. It has been North Carolina's understanding and practice since 1992 that match provided by the CCIs was an appropriate and allowable source of match for IV-E funds. During an April 2004 on-site review, ACF gave a firm opinion that third party match is not allowable and asked North Carolina to immediately cease its practice of making claims for IV-E reimbursement using third party match. The position of ACF is that only public funds may be used to match federal IV-E funds. The Department has computed that sufficient funding is in our budget for this program, however, these funds must be realigned to provide the match as required by ACF.

SL 2003-284, Section 10.19B **IV-E Child Caring Institutions** states "the Department of Health and Human Services shall work with the federal government and child caring institutions to ensure that adequate funds are available to support child caring institution operations". To comply with this language, meetings have been held and options explored to identify the most appropriate methodology to satisfy the ACF's public resource matching requirement. These efforts have identified that we can switch \$1.5M of SSBG funding (actually TANF transferred to SSBG) shown in item 16 of the SSBG plan for state funding used to pay state foster care assistance. With this change in funding source for match for the CCIs, the Department can show adequate and appropriate funding for our IV-E foster care assistance payments. Further, this proposal provides full use of resources budgeted in the State Aid Fund (\$9.3 Million) as provider match for the CCIs. The state funding moved from the state foster care assistance payments will be replaced with the SSBG funding which is an allowable use of SSBG.

This substitution of \$1.5 Million in SSBG funds with existing state funds will allow for continued funding to support the IV-E children with IV-E funding and an appropriate match source while also being able to use SSBG to pay state foster care assistance payments.