

**FINANCIAL PROCEDURES
FOR OUT-OF-HOME CARE**

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I. INTRODUCTION

A financial eligibility determination must be completed for all children in out-of-home care to determine if they are entitled to state and/or federal benefits.

A. Purpose

Financial Procedures Policy for Out-of-Home Care is provided to ensure that children placed in out-of-home care receive services needed, and to ensure monies are disbursed appropriately, within guidelines established by federal and state policies. Payments are made to out-of-home care providers for children for whom the Department has planning responsibilities. Many children in the care and control of the Department also have their own sources of income. Each of these sources of income should be disbursed in ways authorized by federal and state laws and policies. All local funds disbursements should be made in accordance with all the applicable policies set forth in the Administrative Manual, Chapter 20, (iDHR/Office of Audit/Audit Documents/Local Funds/Chapter 20) to include documentation sufficient to show that the monies were used for the intended purposes.

B. Legal Basis

The State Department of Human Resources is required, in accordance with the provisions of the Code of Alabama 1975 §38-2-6 (10) (14) to seek out and provide care and protection to dependent, neglected, and abused children. This includes completion of a comprehensive, physical and mental evaluation of each child, assessment of the family environment, and placement of such child in substitute care outside the child's own home when necessary.

The Social Security Act Title IV, Part E sections 406(a); 422(b) (8); 471(a) (1); 472; 475(4) (A) & (B) and (5); Title 45 Code of Federal Regulations (CFR) Parts 1355 and 1356: Family First Prevention Services Act (P.L. 115-123) provides federal regulations and requirements regarding services to children in out-of-home care necessary to obtain federal funding for children. These federal regulations include, but are not limited to:

- Making reasonable efforts to preserve and reunify families;

- Determining if specified criminal acts preclude reasonable efforts being required;
- Developing an individualized service plan (case plan) for each child in care;
- Considering adult relatives as placement resources for children;
- Providing foster care maintenance payments for eligible children;
- Reporting of known or suspected child abuse, neglect, or exploitation;
- Establishing and maintaining standards for foster family home and child care institutions;
- Reviewing of standards and payments referred to above;
- Determining that reasonable efforts shall assure that a child's health and safety are paramount;
- Assuring that children have permanency hearings as prescribed; and
- Planning concurrently for an alternative permanent living arrangement while pursuing a first plan of choice.
- Termination of parental rights;
- Performing criminal records checks of prospective adoptive and foster parents;
- Providing medical insurance coverage (Medicaid) for eligible foster children; and
- Training of prospective foster parents before children are placed in their home.

II. Payment Categories

Foster Care and Board Payments can be made under two payment categories: Title IV-E Foster Care Maintenance Payments (FCMP) and Aid to Children in Foster Care (ACFC). Each of these programs are utilized to enable states to provide foster care and transitional or independent living services to children. Federal and State Governments appropriate funds yearly to ensure states are able to carry out these programs. Sec. 470 [42 U. S. C. 670].

A. Title IV-E Foster Care Maintenance Payments (FCMP)

1. Eligibility Criteria

- Child has been removed from the home by a court order (or Voluntary Placement Agreement) because of conditions

contrary to his/her well-being, and the Department has been given overall responsibility for placement and care of the child; and

- Reasonable efforts have been made prior to placement to prevent or eliminate the need for removal from the home; or
- Reasonable efforts were not required due to an emergency situation which required immediate and temporary removal from the home;
- Reasonable efforts are being made to make it possible for the child to return home. (only applicable to children who came into care prior to March 27, 2000).
- Reasonable efforts must be addressed within 60 days via a court order
- The first court order, including the Pick-Up Order, must contain a judicial determination to the effect that continuation in the home is contrary to the welfare/best interest of the child

NOTE: If a child is placed in Foster Care on a Voluntary Placement/Agreement for Foster Care, the court orders are not required to contain reasonable efforts language. An order addressing Best Interests of a child must be obtained within 180 days of a child entering into foster care.

2. Providers and Reimbursable Placements

a. Placement of children must be in a foster family home that meets the standards of full licensure or approval that are established by the state. Children placed in provisionally licensed homes are not IV-E reimbursable. If the home becomes fully licensed or approved, the child may become IV-E eligible at that point. Congregate Care Services for TLP/ILP, Mothers & Infants and specialized placements for youth who are victims of or at risk of becoming victims of sex trafficking

programs that are duly licensed and approved by the state are also reimbursable.

b. Court orders must contain a judicial determination to the effect that continuation in the home is contrary to the welfare/best interests of the child. In addition, a judicial finding of reasonable efforts to prevent removal of the child has been made or reasonable efforts were not required due to the emergency situation. If this reasonable efforts language is not included in the original order, but a subsequent order is received with the appropriate language, the new order should be scanned into the FACTS system file cabinet and the Social Worker should contact the Office of Child Welfare Eligibility for determination at that time.

A court order documenting Reasonable Efforts should also occur within 60 days of the child entering care.

Examples of Contrary to the Welfare/Best Interests of a Child Language are:

- There are grounds to believe that the child is suffering from illness or injury or is in immediate danger from the child's surroundings and that the child's immediate removal from such surroundings is necessary for the protection of the health and safety of such child;
- There are grounds to believe that the child has no parent, guardian, or other suitable person willing and able to provide supervision and care for such child.
- Evidence or likelihood of serious harm to the child's physical or mental health resulting from existing living arrangements;
- No alternative resources or arrangements are available to the family that would adequately safeguard the child without requiring removal; and
- No relative or other third-party custodian is available who can protect the child and provide for his or her welfare

- The child has no parent, guardian, custodian or other suitable person able and willing to provide supervision and care for such child; or
- The release of such child would present a serious threat of substantial harm to such child.

c. Children, born to a IV-E eligible foster child, who live in the same home with the teen parent shall be considered eligible for Title IV-E funding even though the Department does not have custody or planning responsibility. The child is entitled to IV-E Medicaid for as long as the IV-E eligible parent and the child remain in the same home. The child is eligible for payment on the date he/she is born or joins the household. Board payment for the child born to the teen parent in foster care is the amount appropriate for the child's age.

d. A child may be eligible for Title IV-E funding if removed from the home by a Voluntary Placement Agreement (PSD-BFC-731, Agreement for Foster Care). Eligibility under the Agreement is limited to 180 days from the date of removal from the home unless there has been a judicial determination by a court of competent jurisdiction within the 180 days that continued voluntary placement is in the best interests of the child. If a child continues in foster care on a Voluntary Agreement past 180 days without judicial determination, the child will no longer be IV-E eligible. A child may be awarded funding under the ACFC category at that time. Note: Reasonable Efforts language in court orders is not needed in this instance.

e. Foster children, placed in Alabama by another state, who are placed with an approved/licensed provider, receiving

foster care board payment from the sending state, and IV-E eligible in the sending state are IV-E eligible for Medicaid in Alabama. The sending state should furnish documentation of IV-E eligibility through the ICPC process. The sending state is financially responsible for medical and other bills until the ICPC case is terminated.

f. Children who are in foster care and have a Kinship Guardian ordered by the Court are considered IV-E eligible. For instructions and policy related to Kinship Guardianship please refer to Out of Home Care Policy, Permanency and Concurrent Planning.

3. Initial Determination

Workers will enter child's information on all eligibility screens in FACTS at the time the child is removed from the home. Once all eligibility screens are completed, the worker will also scan copies of vital information and court orders into the FACTS system file cabinet. Once the documents are reviewed, the Office of Child Welfare Eligibility will make an eligibility determination and notify the County Department of their finding. For instructions on submitting eligibility information, refer to the Roadmap for IV-E determination on FACTS.

4. Redetermination of Eligibility

In order to maintain IV-E eligibility:

- The Department must maintain legal responsibility; and
- A court order documenting reasonable efforts is required

Permanency hearings must be held or an order with the appropriate findings must be obtained no less than every 12 months while the Department has planning responsibility for the child. The court order must contain a judicial finding that the Department has made reasonable efforts to finalize the permanency plan. Failure to submit an order can cause the child to be ineligible for IV-E funding. Eligibility

information will be submitted to the Office of Child Welfare Eligibility for processing the redetermination.

A child may remain IV-E eligible after turning 18-years-old if one of the following criteria are met.

- Currently enrolled in high school; or
- Participating in classes in preparation for their GED; or
- Currently enrolled in college or university, full-time/part-time; or
- Enrolled in a vocational or trade school; or
- Participating in Job Corps; or
- Participating in classes on résumé writing/interview skills; or
- Employed at least 80 hours per month; or
- Youth is incapable of participating in any of the above described activities due to a medical condition; or
- “Other” activity addressed through ILP. If “Other” is selected in FACTS, a text box will be available for explanation of the activities.

Eligibility will be terminated the month the child turns twenty-one (21). FACTS tracks the age of children and the Social Worker will be prompted to select one of the above criteria to establish continued eligibility after the age of eighteen (18).

If a child leaves foster care, but returns after turning 18, the child must meet at least one of the education or employment conditions as outlined above. If the break in foster care is less than six (6) months, or there is a court order for trial independence in place, a new determination is not needed. If the break in foster care is more than the six (6) months requirement, a new initial determination will be required. All points of the initial eligibility requirements must be met.

B. Aid to Children in Foster Care (ACFC)

A child may be eligible for ACFC if it is determined the child needs placement outside the home and is not IV-E eligible. The child may be in the custody of the Department or the Department may have planning responsibility as designated via court order or by an Agreement for Foster Care.

The county can continue ACFC payments for a child who is 20 but not yet 21 and is attending a school/vocation/training program. If a child is not enrolled in one of these programs, the payment should be terminated. Termination should be made in the month prior to the child turning 21. If a child has income, their countable income must be less than the AFDC (rate in effect July 16, 1996) payment standard for one (1) child to remain eligible. ACFC payments must be terminated when a child turns 21.

Note: The Department does not currently claim title IV-E foster care maintenance payments for a child placed with a parent in a licensed residential family-based treatment facility for substance abuse.

III. Emergency Assistance Foster Care (EAFC)

EAFC funds are used to: Encourage the care of children in their own homes or in the homes of relatives by furnishing temporary financial assistance and services to needy families with children; to provide a reasonable subsistence compatible with decency and health as far as practicable under the conditions in the state; to help maintain and strengthen family life; and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection.

1. Eligibility Criteria

The following criteria must be met in order for a foster child to qualify for Emergency Assistance Foster Care.

- An emergency exists in which a child is at risk of removal; or
- An emergency exists and a child has been removed from the home;

- There must be a child in the home under the age of 21-years-old; or
- The child must have lived with a parent or specified relative at least one day/night within the past six (6) months.

NOTE: Children who are removed from their parents or legal guardians directly from a hospital do not meet these requirements.

2. Specified Relatives; this is an exclusive list

a. Female:

- Mother, adoptive mother, stepmother (but not her parents);
- Sister, adoptive sister, stepsister, sister-in-law;
- Aunt, great aunt, great-great aunt, aunt-in-law;
- Grandmother, great grandmother, great-great grandmother, great-great-great grandmother, step-grandmother (meaning the subsequent wife of the child's natural grandfather), adoptive grandmother (meaning the mother of a parent who was adopted);
- Niece;
- First cousin, first cousin once removed (meaning the first cousin of the dependent child's parent or the child of the dependent child's first cousin);
- Spouses of any individual listed in MALE category

b. Male:

- Father, adoptive father, stepfather (but not his parents);

- Brother, adoptive brother, stepbrother, brother-in-law;
- Uncle, great-uncle, great-great uncle, uncle-in-law;
- Grandfather, great grandfather, great-great grandfather, great-great-great grandfather, step-grandfather (meaning the subsequent husband of the child's natural grandmother), adoptive grandfather (meaning the father of a parent who was adopted);
- Nephew;
- First cousin, first cousin once removed (meaning the first cousin of the dependent child's parent or the child of the dependent child's first cousin);
- Spouses of any individual listed in the FEMALE category.

Emergency Assistance funds are available for new, eligible cases for up to twelve (12) months following the initial emergency. Contact with the family by the Social Worker will determine if an emergency exists. Children in foster care may be eligible for Emergency Assistance even if they are receiving IV-E, Title XX, or Medicaid.

3. Determination

An eligibility determination for Emergency Assistance Foster Care is to be completed in FACTS. The eligibility screens should be completed by the worker who has initial contact with the family or by the Social Worker who determines an emergency exists. Information should be entered within seventy-two (72) hours after services are initiated, but no later than thirty (30) days after the initiation of services or the child may not be eligible for funding. An application is generated by FACTS and should be signed by a parent or guardian and scanned into

the FACTS File Cabinet. A copy can also be kept in the family case file. If the parent or relative is unwilling or unable to sign the application, the Social Worker can submit the form on behalf of the child. The authorization date on the form should be the first date of purchased care or service for which Emergency Assistance may be claimed, or the first date in which a child is the care/custody of the Department. The authorization date cannot be more than thirty (30) days after the date of the initial emergency or the date initial services were initiated.

IV. Other Certifications

If a child does not qualify for Emergency Assistance Foster Care, he/she may qualify for Title XX or Temporary Assistance to Needy Families funding (TANF). If a child does not qualify for any of these programs, he/she may continue to receive services Without Regard to Income (WRTI). These determinations are made at the time eligibility information is entered into the FACTS system.

For the purpose of these certifications, family is defined as the basic family unit consisting of an adult and her or her spouse (including common-law) and children under the age of 18 (or under 21 if in school) related by blood or marriage, or adoption that are residing in the same household. (For further information please refer to Program Procedures for Title XX, TANF, and WRTI Certification located on iDHR.)

Income must be certified when assessing eligibility for Title XX and TANF. For certification of income a family is defined as: 1.) children who are not living in their parents' home (regardless of custody) are a family of "one". Only the child's gross income will be considered or 2.) If children and their parents live in the same household (regardless of custody), the total gross income of the children who live in the home and the parents will be considered.

A. Title XX

An individual is certified for Title XX when that individual meets either of the following:

1. A child resides in an out of home placement; the Department, another State agency, or a licensed child placing agency has custody and/or planning responsibility; and the child's gross income is equal to or less than 200% of the poverty level; or

2. Children and their parents reside in the same home and family's gross income is equal to or less than 200% of the poverty level.

B. Temporary Assistance to Needy Families (TANF)

An individual is certified for TANF when that individual meets either of the following:

1. A child resides in an out of home placement, has a permanency goal of return home or live permanently with relatives, and the child's gross income is equal to or less than 200% of the poverty level; or

2. Children and their parents reside in the same home and the family's gross income is equal to or less than 200% of the poverty level.

C. Without Regard to Income (WRTI)

When families are unwilling or unable to complete eligibility information, or when the family cannot be certified for any other reason, the Department will continue to provide services Without Regard to Income.

NOTE: When any individual is certified WRTI for purposes of providing protective services day care, that certification must be reviewed every ninety (90) days. Certification must be reviewed at least annually in all other cases.

V. Use of Local Public and Private Funds

Local funds may be used to pay for items or services not fully covered by the Foster Care Board Payment. Use of these funds must be authorized by the ISP team and should be made through the use of vendor payments. When the use of a vendor payment is not feasible (e.g., child placed out of the county or the state):

- The County Department may make a payment to the foster care provider or the child for the explicit purpose of purchasing the needed item.
- The foster care provider must sign an acknowledgement statement documenting receipt of payment.
- The foster care provider must provide, to the county department, original receipts for the item purchased.

- Documentation of the necessity to make a non-vendor payment must be in the case record and attached to the disbursement authorization.

For specific information on how and when local funds may be spent, refer to Local Funds Policy located in Chapter 20 of the Administrative Policies and Procedures of the Department of Human Resources, Section VIII, which can be located in iDHR/Office of Audit/Local Funds/Chapter 20 revised.

A. Independent Living Program Funds (ILP)

ILP funds are received from a federal grant that places restrictions on their use. Since ILP funds are part of local funds, the following policies must be followed along with all other local funds policies.

ILP funds are used to serve youth aged 14 and older who are currently in foster care.

Purchased supports and services should increase the youth's ability to become self-sufficient through improved self-esteem, confidence, skill development, confidence, education, and employment.

Supports and services should positively impact the areas of achievement in education and employment, and the prevention of homelessness, dependency, non-marital child birth, incarceration, and other high risk behaviors.

Examples of Allowable Costs:

- Allowances up to \$500 per teen per fiscal year
- Incentives for grades (not to exceed \$50 per grading period)
- Teens assisting with training (not to exceed \$25 per session)
- Teens attending group trainings (not to exceed \$10 per session)
- Monthly stipends to students enrolled in college for incidentals not covered by their ETV (not to exceed \$75 per month)
- Purchase of training aids such as workbooks and videos that address the stated purpose of the Independent Living Program
- Payment of expenses for the Youth Advisory Council meetings and group training
- Tutoring
- Extracurricular activities
- Money Management activities
- Graduation expenses, Junior or Senior Prom (one or the other, not both), purchase of class rings

- Aftercare payments (not to exceed \$1,000)
- Under certain circumstances, orthodontic services
- Counseling

NOTE: Payment for counseling may only be authorized from ILP funds if the counseling aid in permanence and it has been approved by the State ILP Coordinator.

Prohibited Costs:

- No room and board payments may be paid for youth under the age of 18
- No payments may be made directly to teens for “scholarships or education support”
- No salary may be paid from ILP funds to children in foster care
- Activities that are a duplication of items covered in the Foster Care Maintenance Payments. **(A list of items covered by the FCMP can be found in Out of Home Care Policy, Sections Applicable to All Out of Home Care, page 3.)**
- Birth control (See Family Planning Policy located in iDHR for more information)
- General office equipment
- Automobiles and Automobile Insurance

B. Foster Care Trust Fund (FCTF)

These funds are distributed by the Department and may be used to meet specific needs of individual children that cannot be met by private or public (local) funds, board payments, or ILP Funds. Requests for these funds are based on the child’s individual need for the item or service.

Foster Care Trust Funds cannot be used to:

- Purchase equipment or items valued at \$500 or more (i.e. musical instruments, etc.). County offices are encouraged to seek out alternative arrangements for such items.
- Pay for medical and dental services
- To reimburse expenses already incurred

The Foster Care Trust Fund will not replace local efforts by county departments to secure funds from the community for local disbursements towards clothing, Christmas, foster parent appreciation events, etc. The county worker completing the request form shall provide documentation of efforts to obtain

other funds to pay for the item/service requested. This includes a listing of all other outside sources contacted (businesses, churches, civic organizations, social service agencies, etc.).

To apply for Foster Care Trust Funds:

Requests are made to the Family Services Partnership-Office of Foster Care using the Request for Foster Care Trust Funds form 2157 located on iDHR/Out of Home Care/ Forms and Instructions. Instructions for the use of this form are also located in Out of Home Care Forms and Instructions. A copy of the approved request should be maintained in the case record.

Prior approval by the Foster Care Trust Fund Coordinator is required before Foster Care Trust Funds can be used. The service or items needed must be identified in the ISP. A copy of the ISP incorporating the need shall be submitted as an attachment to the Request for Foster Care Trust Funds.

Approval of a funding request is conditioned upon a sufficient balance in the Trust Fund account. A review panel will make dispositions regarding requests for funds for activities or trips that exceed \$500. The panel is comprised of the Program Manager, Office of Foster Care, Foster Care Consultant serving as Coordinator of the FCTF, and a representative from the State Foster Parent Association.

The Office of Foster Care will notify the county in writing of the disposition of their request. The Office of Foster Care will also generate the disbursement request for the Finance Office SDHR Finance Partnership. Payment to the county department of approved request is processed by the Finance Partnership and takes 2-3 weeks. Payment is not to be made for the requested item or service until approval and a check is received from SDHR.

Any unused funds must be returned to the Office of Foster Care with a reference to the case for which it was approved for return to the Foster Care Trust Fund. All expenditures must be made in accordance with Local Funds policies found in the Administrative Manual, Chapter 5-.16 and other policy detailed in this memo.

C. Social Security Funds

SSI and SS Funds are each administered by the Social Security Administration but each has different funding sources and regulations. SSI is paid for the current month and should be used for that month. SS is

paid for the previous month and has no stipulations that the funds must be used in the month in which they are received.

When a child in the custody of the Department has private earmarked funds (SS, SSI, donations, etc.) these funds will be utilized and spent **first**, before spending local funds, which include ILP funds, Flex Funds, etc. If there are funds remaining, then reimburse SDHR for placement costs.

D. Other uses of a child's private earmarked funds:

- Since private earmarked client accounts are the property of the child and are not Departmental (State) funds, they are exempt from some standard Local Funds policy.

Examples include but are not limited to:

- Equipment purchases over \$499 (computer, bedroom furniture, etc.)
- Improvements to property
- Damages to houses, cars, etc. If repairs are for damages to a foster parent's home or vehicle, there must be at least 2 written estimates for repair costs attached to the disbursement.
- Bond or Bail, Fines or Penalties

These expenditures to vendors are allowed **if** requested in writing by the child or ordered by the Court. Proper documentation for these expenditures must be attached to the disbursement.

NOTE: For specific procedures regarding how and when to spend Social Security benefits, refer to Chapter 20 of the Administrative Manual, Local Funds section.