

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



December 13, 2007

COUNTY FISCAL LETTER (CFL) 07/08-31

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY AUDITOR CONTROLLERS
ALL COUNTY PROBATION OFFICERS
ALL IV-E TRIBAL GOVERNMENTS

SUBJECT: FEDERAL DEFICIT REDUCTION ACT (DRA) of 2005, SIGNED
FEBRUARY 8, 2006, AND REVISED POLICY AND INSTRUCTIONS
FOR TITLE IV-E/NON-TITLE IV-E DISCOUNT RATE

REFERENCE: CFL NO. 92/93-16, DATED OCTOBER 1, 1992 AND
CFL NO. 06/07-28, DATED MARCH 30, 2007

This CFL provides revised information regarding Title IV-E provisions in the DRA, signed February 8, 2006, and also provides revised policy and instructions for calculating the Title IV-E/Non-Title IV-E (or federal/nonfederal) discount rate.

DRA of 2005

Effective July 1, 2007, counties will no longer be required to track and report administrative costs associated with the one calendar month provision added by the DRA of 2005. This provision, Section 472 i(1)(B) of the Social Security Act, limits administrative costs to a period of not more than one calendar month for an otherwise Title IV-E eligible child who moves from an unlicensed or unapproved facility to a licensed or approved foster family home or child care institution. CFL No. 06/07-28 provided instructions for reporting costs associated with the retroactive period (April 1, 2006 through June 30, 2007) and indicated that a subsequent CFL would provide instructions for the period from July 1, 2007 forward. Since then, the County Welfare Directors Association (CWDA) conducted a statewide survey that indicated the staff resources and costs required to continue identifying these costs would exceed the potential federal reimbursement. As such, the California Department of Social Services (CDSS) and CWDA agreed that counties will no longer report these costs, effective with the July – September 2007 quarter.

CFL 06/07-28 allowed counties to use the same data source to amend the federal/nonfederal caseload count in the adjustment claims as was used in the original claim (i.e., CA 800 or CA 237 FC) and use a mid-month or three month total federal/nonfederal caseload count for the June 2006 through the June 2007 quarters.

In discussions between CDSS and the Department of Health and Human Services (DHHS), Administration for Children and Families (ACF) regarding the DRA provisions, ACF raised concerns that California's methodology may not be in compliance with federal rules and requested CDSS ensure that:

- All counties use the same data source for caseload information.
- The universe reflects all children in foster care, including those that are funded by non-Title IV-E sources [such as Temporary Assistance for Needy Families, Social Security Income (SSI), and county-only and/or state-only funded. It also excludes placements with non-related legal guardians under specified conditions (see item seven, page four of this CFL).

In response to these concerns, CDSS proposed and obtained ACF approval for implementation of the following revised policy and procedures effective with the July - September 2007 quarter. These procedures supersede the instructions for calculating the discount rate in CFL Nos. 92/93-16, dated October 1, 1992, and 93/94-35, dated March 11, 1994.

Title IV-E/Non-Title IV-E Discount Rate

The Title IV-E/Non-Title IV-E discount rate is CDSS' federally approved methodology for identifying and claiming Title IV-E administrative costs. The rates must be calculated and applied uniformly statewide to meet federal cost allocation plan requirements for consistent and equitable treatment of costs (OMB Circular A-87, Attachment A, Part C.f.).

Revised Methodology effective July 1, 2007

Option to Use Combined or Separate Rates: As in the past, County Welfare Departments (CWDs) and County Probation Departments (CPDs) may choose one of two options for determining discount rates for use on the quarterly County Expense Claim (CEC). Option One is to use a single county rate based on combined CWD and CPD foster care cases. Option Two is for CWDs and CPDs to use separate rates calculated based on their respective foster care populations. Under both options, the CWD is responsible for the ratio calculation. CWDs will provide the quarterly discount rate to CPDs, who may apply the discount to eligible costs prior to submitting invoices to the CWD or have the CWD apply the discount on their behalf.

Data Source: Previously, counties were allowed the option of using either the CA 800 or the CA 237 FC. Effective with the July – September 2007 quarter, the CA-800 Assistance Claim must be the single data source for federal foster care (Aid Code 42), state-only foster care (Aid Code 40), and emergency assistance foster care (Aid Code 5K) caseload information. Counties are also required to maintain records and report the count of all county-only and non-Title IV-E funded

foster care cases, including prior month adjustments, in a manner similar to the methodology used for Aid Codes 42, 40, and 5K in order to reflect the entire universe of children in foster care.

Ratio Construction: The Title IV-E discount rate is computed as follows:

Numerator: Unduplicated "Title IV-E Eligible cases" paid for the period as described on the following page.

Divided by

Denominator: Total of all Title IV-E eligible and Non-Title IV-E cases, including Emergency Assistance-Foster Care, State Only Foster Care, County/Tribe only Foster Care cases, and any other open child welfare case that is managed by the social worker, as described for Title IV-E and non-Title IV-E cases in the following section titled "Composition of Cases/Cost Data".

Note: It is critical that both the rate and the costs are comparable to ensure an equitable distribution of costs.

Composition of Cases/Cost Data:

A. Title IV-E-eligible cases include:

1. Total federally eligible placements, including all prior month adjustments recognized during the reporting period, as reported on the county's monthly Assistance Claim CA 800 FC Line 13 for Aid Code 42.

A case paid under more than one aid code during a single month may be counted on the CA 800 FC persons count as long as the case was Title IV-E eligible for at least one day. No case should be counted under more than one aid type for the same case-month. However, even though the case is counted only once, payments on the case should be separately reported under each aid type for the portion of the month the case was eligible under that aid type.

2. Total Emergency Assistance (Aid Code 5K) cases paid for children placed with unapproved relatives or non-related extended family members for no more than four months pending approval of the home, including any applicable prior month adjustments in this category recognized during the reporting period.
3. Total Foster Care cases paid with all-county funds for children who are placed with unapproved relatives or non-related extended family members for no more than four months pending approval of the home, including any applicable prior month adjustments in this category recognized during the reporting period.

4. Total of all other cases paid with pass-through SSI funds for children that were otherwise determined to be eligible for Title IV-E funding, including all applicable prior month adjustments recognized during the reporting period.

B. Non-Title IV-E cases include:

5. Total non-Title IV-E placements, including all prior month adjustments recognized during the reporting period, as reported on the county's monthly assistance claim CA 800 FC NonFed Line 21 Persons Count for Aid Code 40.
6. Total Emergency Assistance and county-funded foster care placements, including prior month adjustments recognized during the reporting period, not otherwise counted in items two, three, or four above.
7. For purposes of the ratio construction, Items five and six may be reduced by the number of foster care children placed with a non-related legal guardian, absent a dependency order, since neither the State nor county/tribe has placement authority under these circumstances.

Additional Information:

- Cases involving minor parents in foster care placed with their child(ren) should be reflected as one count.
- Cases paid under the Seriously Emotionally Disturbed program for children who have been placed in out of home care by an individualized education program team are not counted because they do not receive case management services from a CWD social worker.
- Persons count data from the CA 800s must be adjusted on a separate worksheet to reflect unduplicated counts.
- Person count data must reflect the total count for the three-months of the reporting quarter. Previously, counties had the option of using data for one month of the quarter or a total of the three months of the quarter.
- CWDs shall enter the Title IV-E persons count totals on the County Expense Claim (CEC) Expenditure Schedule, DFA 325.1 Line AD Federal Count for Aid to Families with Dependent Children-Foster Care (AFDC-FC) Persons. The non-Title IV-E case count is entered in Line AE, AFDC-FC column of the same schedule.

8. The discount rate is applied to the following program codes in the CEC.

007	Relative/Nonrelative Home Approval Process
117	Adoptions Case Management
127	Probation IV-E – Case Management
128	Probation IV-E – Preplacement Prevention
145	Child Welfare Services (CWS) Training
147	CWS - Court Related
148	CWS – Case Management
155	Licensing/Foster Family Home
359	CWS/LiveScan/ California Law Enforcement Telecommunications System Background checks
504	Assembly Bill (AB) 2129 Foster Parent Training
506	AB 2129 Foster Parent Recruitment
513	Emergency Assistance – Emergency Response
562	Kinship and Foster Care Emergency Funds
577	Monthly Visits – Group Home Placements

September 2007 Adjustment Claims:

Adjustments to reflect the changes described in this letter for the July - September 2007 quarter, should be included with September 2007 adjustment claim which is due July 1, 2008.

CEC Users' Manual

The CEC Users' Manual will be revised consistent with the changes in this letter.

Documentation Requirements

Counties are responsible for maintaining clear documentation of all foster care cases paid per month, including prior month adjustments, and including those paid with 100 percent county funds. Step-by-step county-specific procedures for developing and maintaining this documentation, and ensuring complete and unduplicated counts must be in writing and available to auditors.

County Probation Departments (CPDs)

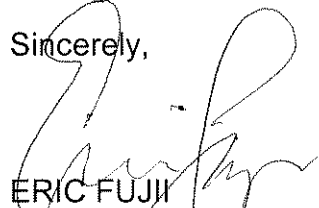
CPDs must work closely with CWDs to ensure that only eligible costs are claimed for Title IV-E reimbursement and that the costs claimed are consistent with the Memorandum of Understanding (MOU) between the two departments. CWDs are responsible for ensuring that the MOU is current, that all Title IV-E costs invoiced by the CPD are reported appropriately and that the costs reflect proper and accurate application of the Title IV-E/Non-Title IV-E discount rate.

Title IV-E Tribal Governments

Tribal governments must follow the same procedures as outlined for CWDs.

If you have any questions regarding this CFL, please direct them to the Fiscal Systems Bureau electronic mailbox at fiscal.systems@dss.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Fujii", is written over the typed name and title.

ERIC FUJII
Deputy Director
Administration Division

c: County Welfare Directors Association
Chief Probation Officers of California
Karuk Tribe