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**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children, Youth and Families**

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INFORMATION MEMORANDUM

TO: State Agencies Administering or Supervising the Administration of Title IV-E of the Social Security Act

SUBJECT: Technical Corrections Amending Section 473 of the Social Security Act

LEGAL AND RELATED REFERENCES: Sections 473 and 474 of Title IV-E of the Social Security Act; P.L. 103-66; P.L. 103-432

BACKGROUND: The Omnibus Budget Reconciliation Act (OBRA) of 1989 amended title IV-E, inserting a new subparagraph into section 474(a)(3), to reimburse States at 75 percent for training of State agency staff and foster and adoptive parents. This amendment expired September 30, 1992 and was reestablished by OBRA 1993, effective October 1, 1994. The OBRA of 1993 also amended title IV-E, inserting two more new subparagraphs into section 474(a)(3), to reimburse States at 75 percent for the development of automated data systems. Both OBRA amendments changed section 474 of the Social Security Act, but corresponding technical changes were not made to other sections of the Act. As a result of this, there was an incorrect citation concerning Federal reimbursement of nonrecurring adoption expenses in section 473. Public Law 103-432, signed on October 31, 1994, made the necessary technical corrections to section 473 and elsewhere, retroactive to 1989 and 1993.

PURPOSE: The purpose of this Information Memorandum (IM) is to provide information regarding technical corrections related to payments to States for nonrecurring adoption expenses.

CONTENT: Section 265 of Public Law 103-432 amended the OBRA 1989 by deleting the reference to section "474(a)(3)(B)" in section 473(a)(6)(B) and replacing it with "474(a)(3)(C)," effective as of the effective date of OBRA 1989.

Section 266 of Public Law 103-432 amended the OBRA 1993 by deleting the reference to section "474(a)(3)(C)" in section 473(a)(6)(B) and replacing it with "474(a)(3)(E)," effective as of the effective date of OBRA 1993.

Accordingly, section 473(a)(6)(B) of the Social Security Act now reads, "A State's payment of nonrecurring adoption expenses under an adoption assistance agreement shall be treated as an expenditure made for the proper and efficient administration of the State plan for purposes of section 474(a)(3)(E)."

The change means that States are entitled to Federal reimbursement of 50 percent of nonrecurring adoption expenses under an adoption assistance agreement and that no higher matching rate has ever been in effect.

NOTE: Section 13713 of OBRA 1993 amended section 474(a)(3) by changing subparagraph (C) to (E) and inserting subparagraphs (C) and (D) to reimburse States at 75 percent for the development of automated data systems.

INQUIRIES: Regional Administrators, ACF Regions I - X

Olivia A. Golden
Commissioner
Administration on Children, Youth and Families

ATTACHMENT:

[Section 13713 of OBRA 1993 Sections 265 and 266 of Public Law 103-432](#)

SEC. 13713. ENHANCED MATCH FOR AUTOMATED DATA SYSTEMS.

a. Payments to States.

1. In general. Section 474(a)(3) (42 U.S.C. 674(a)(3)) is amended
 - A. by striking "and" at the end of subparagraph (B);
 - B. by redesignating subparagraph (C) as subparagraph (E); and
 - C. by inserting after subparagraph (B) the following: "(C) 75 percent of so much of such expenditures as are for the planning, design, development, or installation of statewide mechanized data collection and information retrieval systems (including 75 percent of the full amount of expenditures for hardware components for such systems) but only to the extent that such systems
 - i. "meet the requirements imposed by regulations promulgated pursuant to section 479(b)(2);"
 - ii. "to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect;"
 - iii. "to the extent practicable, have the capability of interfacing with, and retrieving information from, the State data collection system that collects information relating to the eligibility of individuals under part A (for the purposes of facilitating verification of eligibility of foster children); and"
 - iv. "are determined by the Secretary to be likely to provide more efficient, economical, and effective administration of the programs carried out under a State plan approved under part B or this part; and"
- b. "50 percent of so much of such expenditures as are for the operation of the statewide mechanized data collection and information retrieval systems referred to in subparagraph (C); and".

Treatment of state expenditures for data collection and information retrieval systems. Section 474 (42 U.S.C. 674) is amended by adding at the end the following:

"(e) Automated Data Collection Expenditures. The Secretary shall treat as necessary for the proper and efficient administration of the State plan all expenditures of a State necessary in order for the State to plan, design, develop, install, and operate data collection and information retrieval systems described in subsection (a)(3)(C), without regard to whether the systems may be used with respect to foster or adoptive children other than those on behalf of whom foster care maintenance payments or adoption assistance payments may be made under this part."

Effective date. The amendments made by this subsection shall take effect on October 1, 1993.

(b) Termination of Enhanced Match.

In general, Section 474(a)(3)(C) (42 U.S.C. 674(a)(3)(C)), as amended by subsection (a) of this section, is amended by striking "75 percent" each place such term appears and inserting "50 percent."

Effective date. The amendment made by paragraph (1) shall apply to expenditures during fiscal years beginning on or after October 1, 1996.

Public Law 103432 Oct. 31, 1994
Social Security Act Amendments of 1994

SEC. 265. TECHNICAL CORRECTIONS RELATED TO THE HUMAN RESOURCE AND INCOME SECURITY PROVISIONS OF THE OBRA1989.

Amendment Relating to Section 8004(a). Section 408(m)(2)(A) (42 U.S.C. 608(m)(2)(A)) is amended by striking "a fiscal" and inserting "the fiscal".

Amendment Relating to Section 8006(a). Section 473(a)(6)(B) (42 U.S.C. 673(a)(6)(B)) is amended by striking "474(a)(3)(B)" and inserting "474(a)(3)(C)."

Amendment Relating to Section 8007(b)(3). Subparagraph (D) of section 475(5) (42 U.S.C. 675(5)(D)) is amended by moving such subparagraph 2 ems to the right so that the left margin of such subparagraph is aligned with the left margin of subparagraph (C) of such section.

Effective Date. Each amendment made by this section shall take effect as if the amendment had been included in the provision of OBRA 1989 to which the amendment relates, at the time the provision became law.

SEC. 266. TECHNICAL CORRECTION RELATED TO THE HUMAN RESOURCE AND INCOME SECURITY PROVISIONS OF THE OBRA1993.

Amendment Relating to Section 13713(a). Section 473(a)(6)(B) (42 U.S.C. 673(a)(6)(B)) is amended by striking "474(a)(3)(C)" and inserting "474(a)(3)(E)".

Effective Date. The amendment made by this section shall take effect as if the amendment had been included in the provision of OBRA 1993 to which the amendment relates, at the time the provision became law.