

<h1 style="margin: 0;">ACF</h1> <p style="margin: 0;">Administration for Children and Families</p>	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration on Children, Youth and Families	
	1. Log No: ACYF-CB-PI-02-01	2. Issuance Date: February 25, 2002
	3. Originating Office: Children's Bureau	
	4. Key Words: Title IV-E Financial Report, Form ACF-IV-E-1	

PROGRAM INSTRUCTION

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

SUBJECT:
 Extended approval of Form ACF-IV-E-1 for reporting financial information on the title IV-E Foster Care and Adoption Assistance Programs.

LEGAL and RELATED REFERENCES:
 Title IV-E of the Social Security Act and 45 CFR 201.5

PURPOSE:
 This program instruction (PI) informs States and Territories of the extended approval by the Office of Management and Budget (OMB) of the Form ACF-IV-E-1.

INFORMATION:
 The OMB approval of the Form ACF-IV-E-1 was extended to May 31, 2004. The only change to the previous version is a minor revision to the instructions for Part IV, Demonstration Projects, Holding Account (line 7f). The form data reporting requirements and computations did not change.

ACTION REQUIRED:
 States and participating Territories are requested to photocopy sufficient copies of the form and instructions, included as attachments to this PI, to meet their reporting requirements.

SUBMISSION:
 Form ACF-IV-E-1 must be received by ACF by the 30th day of the month following the end of each fiscal quarter.

One copy with an "original signature" should be submitted to:

Administration on Children, Youth and Families
Office of Management Services
330 C Street, SW
Washington, D.C. 20447

A photocopy should be submitted to the ACF Regional Administrator.

ATTACHMENTS: 1. Copy of the Form ACF-IV-E-1
2. Instructions to complete Form ACF-IV-E-1.

REPORTING BURDEN:

The public reporting burden for collecting the information for the Form ACF-IV-E-1 is estimated to average 40 hours per report. Comments regarding the burden estimate should be sent to the Administration on Children, Youth and Families, Office of Management Services, 330 C St. S.W., Washington, D.C. 20447, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

PAPERWORK REDUCTION ACT:

Under the Paperwork Reduction Act of 1995 (Public Law 104-13), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control number of the Form ACF-IV-E-1 is 0970-0205.

EFFECTIVE DATE:

States and territorial agencies are to begin using this form effective immediately to report expenditures for title IV-E foster care and adoption assistance activities.

INQUIRIES TO: ACF Regional Offices

/s/

Joan E. Ohl
Commissioner

ATTACHMENTS

Attachment A - Copy of the Form ACF-IV-E-1

- Part 1 : [Quarterly Report of Expenditures and Estimates - Foster Care](#)
- Part 1 : [Quarterly Report of Expenditures and Estimates - Adoption Assistance](#)
- Part 2 : [Prior Quarter Adjustments - Foster Care](#)
- Part 2 : [Prior Quarter Adjustments - Adoption Assistance](#)

Part 3 : [Semiannual Budget Projections](#)

Part 4 : [Demonstration Projects](#)

Attachment B - [Instructions to complete Form ACF-IV-E-1](#)

TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE FINANCIAL REPORT

PART 1 : QUARTERLY REPORT OF EXPENDITURES AND ESTIMATES

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Public reporting burden for this collection of information is estimated to average 40 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

STATE:	CURRENT QUARTER ENDED:	NEXT QUARTER ENDING:	New (N) or Revised (R):
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CATEGORY FOSTER CARE	Current Quarter Expenditures		Prior Quarter Adjustments		Next Quarter Estimate	
	(a) Total Computable	(b) Federal Share *	(c) Total Computable	(d) Federal Share	(e) Total Computable	(f) Federal Share*
FMAP Rate:						
1. Maintenance Assistance Payments						
2. Fed. share Child Support Collections						
3. Net Assistance Payments (1 minus 2)						
4. Avg. Monthly No. of Children						
5. State and Local Administration:						
a. Case Planning & Management						
b. Pre-placement Activities						
c. Eligibility Determinations						
d. SACWIS - Operation costs						
e. Other Administration						
f. Total State and Local Administration (a+b+c+d+e)						
6. SACWIS - Development costs						
7. State and Local Training						
8. Demonstration Projects						
9. Total **						

10. State share of next quarter Foster Care estimate [Line 9(e) minus 9(f)] ...	
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*The Federal share percentage of total computable for payments is the FMAP rate, administration is 50%, SACWIS is 50% and training is 75%.

**For Line 9, Col. (a), (c), (d) & (e) = Lines 1+5(f) +6+7+8. Col. (b) & (f) = Lines 3+5(f)+6+7+8.

TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE FINANCIAL REPORT						
PART 1: QUARTERLY REPORT OF EXPENDITURES AND ESTIMATES						
STATE:	CURRENT QUARTER ENDED:		NEXT QUARTER ENDING:		New (N) or Revised (R):	
CATEGORY	Current Quarter Expenditures		Prior Quarter Adjustments		Next Quarter Estimate	
	(a) Total Computable	(b) Federal Share *	(c) Total Computable	(d) Federal Share	(e) Total Computable	(e) Federal Share *
ADOPTION ASSISTANCE						
FMAP Rate:						
1. Adoption Assistance Payments						
2. Avg. Monthly No. of Children						
3. State and Local Administration						
4. State and Local Training						
5. Demonstration Projects						
6. Total (Lines 1+3+4+5)						

7. State share of next quarter Adoption Assistance estimate [Line 6(e) minus 6(f)] ...	
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*The Federal share percentage of total computable for payments is the FMAP rate, administration is 50% and training is 75%.

This is to certify that all information reported on all parts of this form is accurate and true to the best of my knowledge and belief. This also certifies that the State's share of next quarter estimate reported in Part 1 for Foster Care and Adoption Assistance is or will be available to meet the non-Federal share of expenditures as required by law.	
Signature of Approving Official	Date
	Typed Name, Title, Agency Name

Send completed form to:
DHHS, ACF, ACYF
Office of Management Services
330 C Street, S.W.
Washington, D. C. 20447

Send a copy to your Regional Office

**TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE FINANCIAL REPORT
PART 3 : SEMIANNUAL BUDGET PROJECTIONS**

STATE:	CURRENT QUARTER ENDED:		New: [] Revised: []
	Fiscal Year 20_____	Fiscal Year +1 20_____	Fiscal Year +2 20_____
INCLUDE IN LINES 1-7 of Section A and 1-4 of Section B the EXPENDITURES PROJECTED FOR DEMONSTRATION PROJECTS from Control/Comparison Groups used for determining the Cost Neutrality Calculations.			
INCLUDE IN LINES 8 of Section A and 5 of Section B the EXPENDITURES PROJECTED FOR DEMONSTRATION PROJECTS as claimed or estimated for the project itself.			
SECTION A: FOSTER CARE			
1. Maintenance Assistance Payments			
2. TOT. COMPUTABLE Child Support Collections			
3. Net Assistance Payments (1 minus 2)			
4. Avg. Monthly No. of Children			
5. State and Local Administration:			
a. Case Planning & Management			
b. Pre-placement Activities			
c. Eligibility Determinations			
d. SACWIS - Operation costs			
e. Other Administration			
f. Total State and Local Administration (a+b+c+d+e)			
6. SACWIS - Development costs			
7. State and Local Training			
8. Demonstration Projects			
SECTION B: ADOPTION ASSISTANCE			
1. Adoption Assistance Payments			
2. Avg. Monthly No. of Children			
3. State and Local Administration			
4. State and Local Training			
5. Demonstration Projects			

TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE

PART 4 : DEMONSTRATION PROJECTS

STATE:	CURRENT QUARTER ENDED:	NEXT QUARTER ENDING:	Foster Care: ____ Adoption : ____	New(N) or Revised(R) _____			
CATEGORY	Current Quarter Expenditures		Prior Quarter Adjustments	Total Expenditures	Next Quarter Estimate		
A. Quarterly Demonstration Costs	(a) Total Computable	(b) Federal Share	(c) Total Computable	(d) Federal Share	(e) Federal Share	(f) Total Computable	(g) Federal Share
1. Experimental Group Operational Exp.							
2. Control/Comparison Group Operational Exp.							
3. Total Demonstration Operational Exp. (1 plus 2)							
4. Developmental and Evaluation Exp.							
5. Total Expenditures (3 plus 4)							
6. State share of next quarter estimate for Demonstration Projects (5 col (f) minus 5 col (g)) ...							

B. Cost Neutrality Calculation

7a. Cumulative Experimental Grp. Cost Neutrality Limit (CNL)*							
b. Cumulative Experimental Grp. Operational Exp.							
c. Cumulative Control/Comparison Grp. Operational Exp.							
d. Experimental Group Oper. Exp. in Excess of CNL							
e. Total Qtrly. Reimbursable. Exp. (5 (col e & g) minus 7d)							
f. Remaining Current Plus Prior Exp. (Holding Acct.)**							

C. Savings Calculation

8a. Cumulative Savings Realized. (7a minus 7b)					
b. Cumulative Savings Prev. Exp. (from 8e prior qtrly. report)					
c. Total Savings Available for Exp. (8a minus 8b)					
d. Quarterly Expenditure of Available Savings					
e. Cumulative Expenditure of Savings (8b plus 8d)					

D. Quarterly Claim/Estimate

9. Total (7e minus 2 plus 8d)							
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*CNL equals calculated amount per approved formula.

**Line 5 minus 7e. Holding account amounts may be used within the constraints of 45 CFR 95.7.as a portion of the exp. of available savings. Amounts will be deemed as incurred in the current quarter of the quarterly report on which reported.

**Instructions For Completing FORM ACF-IV-E-1
TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE
FINANCIAL REPORT
STATE QUARTERLY REPORT OF EXPENDITURES AND
ESTIMATES**

All States are required to complete and submit this report in accordance with these instructions on behalf of the State agency administering the Foster Care and Adoption Assistance Programs under title IV-E of the Social Security Act. The information collected is used to award funds, make budget estimates and reports to Congress on Federal fund requirements. All items of PARTS 1 and 2 must be completed and submitted quarterly by January 30, April 30, July 30 and October 30

Policy regarding claims for expenditures will be interpreted under statute, regulations, action transmittals and policy issuances. These forms will not be regarded as superseding the interpretation of whether claims are allowable or unallowable under those documents.

Distribution: Mail the original (with original signatures) to:

Administration on Children, Youth and Families
Office of Management Services
330 C Street, S.W.
Washington, D.C. 20447

Send one copy of the form to the appropriate Regional official.

Round all entries to the nearest dollar. Enter State name and complete the information at the top of each Part. Include the appropriate Federal Medical Assistance Percentage (FMAP) rate as published in the Federal Register.

General Instructions for PART 1

All amounts reported in Columns (a), (b), (c), and (d) must be for actual expenditures made under the State's approved IV-E plan and in accordance with all applicable statutes and regulations. The expenditures must be for amounts for payments made on behalf of children determined eligible for title IV-E, or for administration, training and systems costs, claimed in accordance with methodologies in an approved or pending cost allocation plan, negotiated indirect cost rate or other required submission. All amounts reported in Columns (e) and (f) are for estimates of expenditures to be made during the time period indicated based on the best information available to the State.

Under Section 1130 of the Social Security Act, DHHS can authorize demonstration projects that involve the waiver of certain requirements of title IV-E. Within the Form ACF-IV-E-1 there are entries for authorized demonstration projects. Only costs that are for authorized demonstration projects should be reported.

Columns (a) & (b): CURRENT QUARTER EXPENDITURES. Include on Part 1 all amounts paid by the State or local government during the quarter indicated, even if the payment is applicable to a previous quarter, per the Federal regulations at 45 CFR 95.4 and 95.13(a), (b) and (d). Amounts which were paid prior to the current quarter and not previously claimed must be included in Columns (c) & (d), PRIOR QUARTER ADJUSTMENTS.

Columns (c) & (d): PRIOR QUARTER ADJUSTMENTS. This is the net amount combining individual increasing and decreasing adjustments for prior quarters. Increasing adjustments include any expenditures made by the State or local government during a prior quarter which were not reported on a previous submission of this report. Decreasing adjustments include any expenditures previously reported which are now being reduced. Any adjustment reported in this column must be detailed and separated into the increasing and decreasing components by completing PART 2, PRIOR QUARTER ADJUSTMENTS. Claims submitted with expenditures for prior quarter adjustments are subject to 45 CFR Subpart A. Increasing adjustments must be claimed within two years.

Column (e) & (f): NEXT QUARTER ESTIMATE. Include anticipated costs for the quarter indicated as NEXT QUARTER ENDING. The Total Federal share constitutes the State's request for Federal funds for title IV-E-Foster Care and Adoption Assistance.

Previously, separate data reporting was required for non-voluntary and voluntary foster care based on legislative mandates. Due to changes in legislation there is no longer a need to collect information separately. Therefore, non-voluntary and voluntary reporting has been combined into one category for foster care.

Detailed Instructions for PART 1

FOSTER CARE

Line 1: Enter the amount of maintenance assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Foster Care.

Line 2: Enter the Federal share of Child Support Collections collected during the quarter regardless of the quarter to which they apply. The amount in Column (b) must agree with the amount reported on Line 10, Column (b) for Foster Care on Form OCSE-34A for the same quarter.

Line 3: Enter the net amount of assistance payments. Line 1 minus Line 2.

Line 4: Enter the average monthly number of children for whom the payments indicated on Line 1 were or will be made.

Lines 5a-5e: Enter the amount for State and local administration expenditures, including State and local staff activities or activities contracted to private non-profit agencies. Enter amounts for the activity under the most specific of the sub-categories listed here. Refer to ACYF-PA-87-05 and 45 CFR 1356.60 for allowability of these costs.

Line 5a: Enter the amount expended for children in Foster Care for the development, review or revision of case plans or the supervision or management of cases, including preparation for and participation in judicial proceedings and child placement.

Line 5b: Enter the amount for pre-placement activities applicable to individual children clearly at risk of placement in title IV-E-Foster Care.

Line 5c: Enter the amount directly related only to eligibility determination activities for costs involved in the actual verification and documentation of eligibility, as defined in ACYF-PA-87-05.

Line 5d: Enter the amount of Statewide Automated Child Welfare Information System (SACWIS) operation costs. Refer to ACF Action Transmittal ACF-OSS-05.

Line 5e: Include the total computable amount for all other activities, such as rate setting, the appropriate share of automated data processing activities, recruitment and licensing of homes not specific to a child, the issuance of checks and other activities not listed in Lines 5(a) through 5(d).

Line 5f: Enter the total amount for State and Local Administration. The sum of Line 5a through Line 5e.

Line 6: Enter the amount for all SACWIS development costs. Refer to ACF Action Transmittal ACF-OSS-05.

Line 7: Enter the total amount for State and local training eligible for 75% Federal financial participation.

Line 8: Enter the amount for approved demonstration projects for Foster Care authorized under Section 1130 of the Social Security Act, excluding expenditures for Control/Comparison groups. From Part 4, Line 7(f).

Line 9. Enter the total amount for each column as indicated in the footnote.

Line 10. Enter the State share of the estimate, Line 9(e) minus 9(f).

ADOPTION ASSISTANCE

Line 1: Enter the total amount for assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Adoption Assistance.

Line 2: Enter the average monthly number of children for whom the payments indicated on Line 1 were made. Do not enter children who are receiving Medical-only benefits.

Line 3: Enter the amount for State and local administration.

Line 4: Enter the amount for State and local training eligible for 75% Federal financial participation.

Line 5: Enter the amount for approved demonstration projects for Adoption Assistance authorized under Section 1130 of the Social Security Act, excluding expenditures for Control/Comparison groups from Part 4, Line 7(f).

Line 6. Enter the total amount for each column.

Line 7. Enter the State share of the estimate, Line 6(e) minus 6(f).

SIGNATURE OF AUTHORIZING OFFICIAL

The form must be signed by an authorized official of the State agency certifying that: (a), the information provided on all PARTS of this form included in this submission and on all accompanying documents is accurate and true to the best of the official's knowledge and belief, and (b), the amount shown as the State share of expenditures on Line 10 for Foster Care and Line 7 for Adoption Assistance will be available to meet the non-Federal share of expenditures for the estimate quarter as prescribed by law.

Increases or Decreases Greater than Five Percent

On an attached page, States must submit a detailed explanation of any increase or decrease greater than five percent for any data element of Part 1 compared to the same element for the previous quarter. The explanation should include but is not limited to details relating to changes in number of children or type of placement, number of staff or administrative activity, or number of trainees or type of training.

General Instructions for PART 2: PRIOR QUARTER ADJUSTMENTS

Complete and attach as many PRIOR QUARTER ADJUSTMENT pages as necessary to report all prior quarter adjustments using the appropriate page for Foster Care or Adoption Assistance. Report all entries by funding activity (payments, administration, training, etc.). Report only one quarter per line and report separately any entry that refers to a separate line on PART 1, i.e., payments and administrative claims for the same quarter must be reported on separate lines of the adjustment page.

The net of the individual increasing and decreasing adjustments for each activity shall be entered as the net adjustments reported in Columns (c) and (d) on PART 1 for the appropriate line.

Enter the name of the State, the Current Quarter Ended, as entered on PART 1 and the page number if more than one adjustment page is submitted.

Detailed Instructions for PART 2: PRIOR QUARTER ADJUSTMENTS

Column (a). Enter the funding activity for the line of Column (c) and (d) of PART 1 to which the adjustment applies. A list of funding activities is shown at the bottom of PART 2 for Foster Care and Adoption Assistance.

Column (b). Enter the month and year of the end of the quarter to which the adjustment applies.

Column (c). Enter the total computable amount of the adjustment, regardless of the category of the adjustment.

Column (d). Enter the Federal share of the amount in Column (c) using the applicable FMAP rate for the fiscal year to which the adjustment applies, 50% for administration, 75% for training or the appropriate 75% or 50% rate for SACWIS costs.

Column (e). Enter the Federal audit control number, if available, or other comments as applicable. The audit control number greatly facilitates closing audits.

If the adjustment is for payments, include in Column (e), the average monthly number of children who have not been previously claimed for the quarter of the adjustment.

General Instructions for PART 3

Requirement, Due Dates: State agencies administering the Foster Care and Adoption Assistance Programs under title IV-E of the Social Security Act are required to complete and submit this PART of Form ACF-IV-E-1 semiannually by April 30 and October 30. Each report shall contain actual data or projections, as appropriate, for three consecutive Federal fiscal years. The first year of this three-year period will match the fiscal year being reported as "current quarter" in PART 1.; **the first year of this three-year period will be the same as the calendar year in which the report is being submitted.** For example, the reports submitted by April 30 and October 30, 2000 will contain budget projections for fiscal years 2000, 2001, and 2002. All references to "fiscal year" pertain to the Federal fiscal year of October 1 through September 30.

All entries INCLUDING LINE 2 should be in **total computable** amounts.

All of the Line headings on this PART (except Line 2) are the same as the lines for expenditures in PART 1.

Include in Lines 1-7 of Section A and Lines 1-4 of Section B the title IV-E-Foster Care or Adoption Assistance expenditures projected for Demonstration Projects from control/comparison groups used for determining the Cost Neutrality Limit.

Include in Line 8 of Section A and Line 5 of Section B the title IV-E-Foster Care expenditures, actual or projected, for the Demonstration Projects.

Detailed Instructions for PART 3

FOSTER CARE

Line 1: Enter the amount of maintenance assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Foster Care.

Line 2: Enter the TOTAL COMPUTABLE Child Support Collections actually or estimated to be collected during the fiscal year regardless of the quarter and year

to which they apply. The amounts must agree with the amounts forecast for Foster Care on Line 11 of PART 3 on Form OCSE-396A.

Line 3: Enter the net amount of assistance payments. Line 1 minus Line 2.

Line 4: Enter the average monthly number of children for whom the payments indicated on Line 1 were or will be made.

Lines 5a-5e: Enter the amount for State and local administration expenditures, including State and local staff activities or activities contracted to private non-profit agencies. Enter amounts for the activity under the most specific of the sub-categories listed here. Refer to 45 CFR 1356.60 and ACYF-PA-87-05 for allowability of these costs.

Line 5a: Enter the amount expended for children in foster care for the development, review or revision of case plans or the supervision or management of cases, including preparation for and participation in judicial proceedings and child placement.

Line 5b: Enter the amount for pre-placement activities applicable to individual children clearly at risk of placement in title IV-E-Foster Care, as defined in ACYF-PA-87-05.

Line 5c: Enter the amount directly related only to eligibility determination activities for costs involved in the actual verification and documentation of eligibility, as defined in ACYF-PA-87-05.

Line 5d: Enter the amount of operation costs for Statewide Automated Child Welfare Information System (SACWIS).

Line 5e: Enter the total computable amount for all other activities, such as rate setting, the appropriate share of automated data processing activities, recruitment and licensing of homes not specific to a child, the issuance of checks and other activities not listed in Lines 5(a) through 5(d) or in Line 6.

Line 5f: Enter the total amount for State and local Administration. This is the sum of Line 5a through Line 5e.

Line 6: Enter the amount for all SACWIS development costs.

Line 7: Enter the total amount for State and local training.

Line 8: Enter the total amount for approved demonstration projects for Foster Care authorized under Section 1130 of the Social Security Act.

ADOPTION ASSISTANCE

Line 1: Enter the total amount for assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Adoption Assistance.

Line 2: Enter the average monthly number of children for whom the payments indicated on Line 1 were made. Do not enter children who are receiving Medical-only benefits.

Line 3: Enter the amount for State and local administration.

Line 4: Enter the amount for State and local training.

Line 5: Enter the total amount for approved demonstration projects for Adoption Assistance authorized under Section 1130 of the Social Security Act.

Instructions for completion of Form ACF-IV-E-1 Part 4
TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE
DEMONSTRATION PROJECTS

General

This Part should be completed quarterly by any State with an approved title IV-E waiver demonstration. All entries should be made in accordance with the State's approved waiver demonstration terms and conditions. Particular attention should be given to sections B and C, which will require development and maintenance of State schedules to accumulate needed cost data. In this context, states may wish to consider the need to develop specific demonstration fiscal operational procedures. These procedures, to the extent agreed to by ACF, will govern the calculation of reported amounts.

It will be necessary to begin using the Part 4 form prior to implementation of the demonstration since developmental costs and estimates of future quarterly expenditures are sought. It will be necessary to continue using Part 4 for a period after completion of the demonstration since evaluation costs may continue to be incurred (in accordance with the approved terms and conditions). Prior quarter adjustments may be reportable either for the demonstration cases or impact the demonstration through adjustment to amounts used in the cost neutrality formula.

Any State which has incurred demonstration expenditures in a quarter(s) prior to the issuance of the ACF IV-E-1 reporting form should enter cumulative data in sections B and C of Part 4 for the applicable demonstration period(s) on its first quarterly submission. States do not need to re-report previously submitted information using this form. This historical information should be combined with data for the quarter covered by the report. Technical assistance in the assembling of such documentation and the completion of Part 4 is available from ACF Regional Offices.

Amounts reported could be for either foster care or adoption assistance depending on which component of title IV-E has been waived. Should a State operate under waivers for both foster care and adoption assistance, costs for the two components must be reported separately on two forms. Each form should be checked to indicate whether foster care or adoption assistance components are reported.

Columns (a) through (e) should include actual expenditures only. Columns (f) and (g) should include the State's projection of anticipated costs for the next quarter.

Prior quarter adjustments (columns (c) and (d)) should be reported only for periods in which the applicable demonstration program was either operational or under development (for approved developmental costs only). Any amounts for periods prior to that date should be reported in Part 1 of form ACF-IV-E-1. All prior quarter adjustments for demonstration costs must also be identified in Part 2. Adjustments for demonstration experimental group costs must be identified as funding activity "FDE" for foster care or "ADE" for adoption assistance in Part 2, column I.

Adjustments for control or comparison group costs must be claimed on Parts 1 and 2 of Form ACF-IV-E-1 and identified as such in the comments column, column (e), on Part 2. Each demonstration will have at least one control or comparison group established as part of the approved operational terms and conditions. This identification supports the appropriate calculation of the cost neutrality limit (CNL) for the overall demonstration program.

Detailed Instructions for Part 4

Section and Line No.

Section A - Quarterly Demonstration Costs

1. **Experimental Group Operational Expenditures** - Amounts spent on behalf of children participating in the experimental group in any approved and operational title IV-E waiver demonstration project in the State. These costs may cover the items classified as title IV-E maintenance assistance in Section 475(4)(A) of the Social Security Act, administration or training in accordance with Federal regulations at 45 CFR 1356.60 and any additional items or revised eligibility criteria contained in the approved terms and conditions for the waiver demonstration.

Some demonstrations require only the identification of maintenance assistance or administrative costs associated with demonstration cases. In accordance with the approved waiver demonstration terms and conditions, maintenance assistance, administration and State & local training costs, where applicable, should be summed and included on this line. Any amount reported on this line should not be reported in Part 1, lines 1-7 for foster care or lines 1-4 for adoption assistance. These expenditures are to be used in the cost neutrality calculation.

Claims on this line should not include costs on behalf of children participating in the demonstration as part of a control or comparison group. Such amounts are demonstration expenditures, but are reported on line 2 and are utilized in Section B of this report for cost neutrality purposes.

2. **Control/Comparison Group Operational Expenditures** - Amount of expenditure/estimate attributable to children assigned to the demonstration control/comparison group in accordance with the approved terms and conditions. This line includes all appropriate maintenance, administration and/or training costs in accordance with the approved terms & conditions. Any amount reported on this line should also be

reported in Part 1, lines 1-7 for foster care or lines 1-4 for adoption assistance. The dual reporting is necessary since the underlying costs are connected to the demonstration, but remain subject to reimbursement in accordance with existing title IV-E law and policy (without application of any waivers). These expenditures are to be used in the cost-neutrality calculation.

3. **Total Demonstration Operational Expenditures** - Total amount for operations connected with the waiver demonstration project. Equal to the sum of lines 1 & 2.
4. **Developmental and Evaluation Costs** - Amount of expenditure/estimate associated with the development of the demonstration proposal and the performance of a project evaluation. This includes administrative and training amounts for activities undertaken before implementation of the demonstration project and for development and ongoing conduct of the evaluation, in accordance with the approved waiver terms and conditions and the State's approved developmental cost and evaluation plans. These demonstration costs and estimates are not subject to the cost-neutrality calculation.

It should be noted that evaluation costs might extend for a period beyond the completion of the demonstration project. In this case, Part 4 must be completed to identify such costs even though there may be no other demonstration expenditures or need for a cost-neutrality calculation.

5. **Total Expenditures** - Total costs associated with the demonstration program. The amount reported is equal to the sum of lines 3 and 4. This amount shall not be used in calculating the amount reported on the ACF-IV-E-1 Part 1, line 8 for foster care or line 5 for adoption assistance. The amounts on line 9 should instead be used in calculating the reported amount (see instructions below) in Part 1. This step is necessary to limit the total Federal share in accordance with the cost-neutrality provision.
6. **State Share** - Amount of non-Federal funds applicable to line 5 that the State is certifying as available as matching funds to operate the demonstration.

Section B - Cost-Neutrality Calculation

- 7a **Cumulative Experimental Group Cost Neutrality Limit (CNL)** - The amount to be entered in columns (e) and (g) (Federal share) should result from calculations in accordance with the approved terms and conditions on cost-neutrality contained in each State's waiver. This represents the maximum amount of Federal funding available through this reporting period for reimbursement of allowable experimental group demonstration project operational expenditures (column e) and future estimates (column g).

The calculation must utilize data on demonstration experimental and

control/comparison groups quarterly costs as delineated respectively on lines 1 and 2 in this part as well, as cost data for any previous quarter(s) in which the demonstration project was operable. The State will also require information on the number of "cases" in both the experimental and the control/comparison groups. A separate spreadsheet identifying the State's CNL calculations should be maintained at the State agency as supporting documentation.

The column (g) amount should equal the column (e) amount plus the State's estimate of the additional CNL amounts projected for the subsequent quarter. If the State's approved demonstration terms and conditions provide for the option of "up-front" payments based upon estimates exceeding the cost-neutrality calculation by up to five percent, the amount entered in column g should include any portion of such additional funding authority sought by the State. If this option is elected, the State must attach figures showing the projected cost neutrality and the additional up-front funding sought along with a narrative explaining the basis for requesting the specified amount of funding in excess of the CNL. Any such funds approved will be subject to reconciliation based upon actual expenditures in accordance with the approved waiver terms and conditions.

- b. **Cumulative Demonstration Experimental Group Operational Expenditures** - This amount consists of the total of line 1 above plus line 7b from the previous quarter's Demonstration Projects ACF-IV-E-1 - Part 4 report (appropriate column entries). The State must adjust this figure to exclude any expenditure amount not reimbursable due to its removal from the line 7f holding account (amounts in excess of the CNL) because of the expiration of the two-year filing limitation or any amount which is disallowed. If a disallowance action is appealed, the State should not reduce the line 7b total if it decides to retain the funds pending a decision. In addition, should the State prevail in the appeal, a further adjustment to this line may be necessary.

An adjustment may also be made in column g for any portion of a State's previous demonstration project estimate which was not funded through grant award authority. Where any such adjustments are made, states should maintain appropriate supporting work papers identifying the source and basis for the adjustment.

- c. **Cumulative Demonstration Control/Comparison Group Operational Expenditures** Total of line 2 above plus line 7c from the previous quarter's Demonstration Projects ACF-IV-E-1 - Part 4 report.
- d. **Expenditures in Excess of CNL** - Step 1: Line 7b minus line 7a. Amounts should be treated as zero (0) if the result is a negative number. A positive number should be recorded as calculated. Step 2: Subtract (from the Step 1

result) any line 7d entries from the previous quarter's Demonstration Projects ACF-IV-E-1 - Part 4 report. The final result of these steps (including negative amounts) is entered in column (e) and (g) of this line.

- e. **Total Quarterly Reimbursable Expenditures/Estimates** - Amounts should initially be reported in column (e) and (g) only. The amount entered is equal to line 5 minus line 7d. This is the maximum amount of the reported costs subject to Federal funding as of the date reported. If these expenditure/estimate amounts match the amounts reported in the equivalent columns on line 5, the remaining line 7e columns should be completed by copying data from line 5. If, however, there is a difference between lines 5 and 7e, the line 7e total Federal share expenditure amount should then be apportioned between current and prior quarter amounts in accordance with the relative percentages attributable to each category on line 5, columns b and d. The amounts entered in the total computable columns (columns a, c & f) are to be calculated by dividing the Federal share amount (columns b, d & f) by the calculated rate of Federal financial participation (FFP). The calculated FFP rate is equal to the line 5 Federal share amount in the same column divided by the associated total computable column (e.g., col. b/col. a).
- f. **Remaining Current & Prior Expenditures (Holding Account)** - An entry is required only in column e. The amount reported is equal to the line 7d (current report) plus line 7f from the previous quarter's Demonstration Projects fiscal report minus any adjustments. Adjustments can result from either a determination that an amount is no longer reimbursable or a movement of holding account amounts to line 8d (expenditure of available savings). When demonstration project savings are generated, the State should consider using these funds as reimbursement of holding account expenditures. State supporting work papers should be maintained to demonstrate the results of this analysis of the holding account amount each quarter.

Amounts should not ordinarily remain in the holding account beyond the last quarter during which the associated waiver demonstration project is operational in accordance with the approved terms and conditions. The holding account entry may continue to be reported for several quarters after the completion of the demonstration operations if the State intends to report prior quarter adjustments to demonstration expenditures. Federal regulations at 45 CFR 95.7, however, impose time constraints for the reporting of increasing adjustment claims. Any amounts pending beyond this limit should be removed from the holding account as no longer subject to reimbursement.

Section C - Savings/Expenditure Calculation

- 8a. **Cumulative Savings Realized** - (Line 7a minus line 7b) This amount should

be reported in column e. An entry of zero (0) should be made unless the result is a positive number.

- b. **Cumulative Savings Previously Expended** - Line 8e from the previous quarter's Demonstration Projects ACF-IV-E-1, Part 4 report.
- c. **Total Savings Available for Expenditure** - (Line 8a minus line 8b) Amount of savings remaining available for expenditure during the life of the demonstration project.
- d. Quarterly Expenditure of Available Savings - The amount of available savings (line 8c) either expended this quarter for otherwise not claimed title IV-B/IV-E eligible activities or the portion of the holding account expenditures (line 7f) applied against savings. The appropriate level of State match should be used for all expenditures of available demonstration project savings.

If holding account amounts are included, an appropriate deduction to line 7g should appear on the next quarterly Demonstration Projects fiscal report. The State should maintain supporting work papers establishing how all amounts were expended.

- e. **Cumulative Expenditure of Savings** - (Line 8b plus line 8d) - This amount identifies the portion of ever-earned savings expended to date.

Section D - Quarterly Claim/Estimate

- 9. Total - Enter the amount from line 7e minus the amount on line 2 plus the amount on line 8d. Control/comparison group expenditures must be deducted from the amount on line 7e to avoid a duplicative claim. All control/comparison group expenditures must be claimed on Part 1, lines 1-7 for foster care or 1-4 for adoption assistance. The line 8d amount is added to provide funding for qualifying expenditures of earned savings. The entries on line 9 should be transferred to Part 1, line 8 for foster care or line 5 for adoption assistance.