

# ACF

Administration  
for Children  
and Families

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children, Youth and Families

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4. Key Words: Title IV-E, Gramm-Rudman-Hollings, FY 1986 - 1987

## PROGRAM INSTRUCTION

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

**SUBJECT:** Costs Made Unallowable By P.L. 99-177, the "Balanced Budget and Emergency Deficit Control Act of 1985" ("Gramm-Rudman-Hollings")

**LEGAL AND RELATED REFERENCES:** Public Law 99-177, Section 256(f)

**BACKGROUND:** During its last session, Congress enacted P.L. 99-177, the "Balanced Budget and Emergency Deficit Control Act of 1985," (popularly known as the "Gramm-Rudman-Hollings Law"). In that act, the Congress enacted a specific provision applicable to the title IV-E programs. Section 256(f) prohibits Federal financial reimbursement for Foster Care maintenance payments and Adoption Assistance as follows: o Increases resulting from Title IV-E- Foster Care maintenance payment rates or from Adoption Assistance payment rates for Fiscal Year 1986 are allowable for the period October 1, 1985 through February 28, 1986; o No part of maintenance payments or adoption assistance resulting from a rate increase effective during Federal fiscal year 1986 is computable (reimbursable) for expenditures made after February 28, 1986 for Federal financial participation (FFP). Some examples may help explain this further. For an increase effective for the entire Federal fiscal year of 1986, seven-twelfths (7/12 or seven months of the twelve in FY 1986) would not be computable. No part of an increase effective April 1 or July 1 would be computable. o Section 256(f) also prohibits States from making a change in the timetable for making title IV-E payments which has the effect of changing the fiscal year in which title IV-E expenditures are made.

**INSTRUCTION:** States shall not claim expenditures made after February 28, 1986 for Federal financial participation (FFP) for maintenance payments or adoption assistance resulting from a rate increase effective during Federal fiscal year 1986. Amounts previously claimed for such expenditures should be submitted as decreasing adjustments on the next expenditure report. Further, in order to insure that compliance with the law is achieved and documented, each State

shall maintain a record of the percentage of rate increases, the date of the increases, the payments to which they would apply and the amount of Federal expenditures reduced as a result of section 256 (f). Along with the quarterly expenditure report (Form IV-E-2), States shall report on an attachment the percentage of rate increases, the date of the increases, the payments to which they would apply and the amount of Federal expenditures reduced as a result of section 256 (f) during that quarter. On the first such report after receipt of the action transmittal, States shall provide similar information for any relevant prior quarters of FY 1986. The reports with the attachment shall be sent, as usual, to:

Formula Grants Branch  
Management Support Division  
Administration for Children, Youth and Families  
P.O. box 1182  
Washington, D.C. 20013

The State shall send one copy of the report with the attachment to the appropriate Regional Administrator of Human Development Services. At this time, it is unknown whether the provisions of P.L. 99-177 will be invoked for fiscal year 1987. Since there is a possibility that the provisions will be in effect then, each State shall report its estimate of the percentage of rate increases, the payments to which they would apply, the date of the increases and the amount of Federal expenditures that would be reduced as a result of section 256 (f) during Federal fiscal year 1987 (October 1, 1986-September 30, 1987) to the Formula Grants Branch at the address listed above. If a State either has no notion of how much rates might increase or if it estimates that rates will not increase, it shall report that as its estimate. These estimates shall be submitted by June 15, 1986. The State shall also submit its estimate, revised if necessary, at the time it submits its estimate of expenditures for the first quarter of FY 1987. A copy shall be sent to the appropriate Regional Administrator of Human Development Services.

**INQUIRIES**      Regional Administrators, Office of Human  
**TO:**                Development Services  
                          Dodie Livingston  
                          Commissioner