

<h1>ACF</h1> <p>Administration for Children and Families</p>	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration for Children, Youth and Families	
	1. Log No: ACYF-PI-89-09	2. Issuance Date: October 31, 1989
	3. Originating Office: Children's Bureau	
	4. Key Words: Licensing Child Care Institutions	

## PROGRAM INSTRUCTION

**TO:** State Agencies Administering or Supervising the Administration of Titles IV-E and IV-B of the Social Security Act and Indian Tribes and Indian Tribal Organizations (ITOs)

**SUBJECT:** Licensing or Approval of Foster Family Homes and Public or Private Child-Care Institutions

**LEGAL AND RELATED REFERENCES:** Sections 471(a)(10) and (11) and 472(b)(1) and (2) and (c)(1) and (2) of the Social Security Act; 45 CFR 1356.21(g)(2); ACYF-PIQ-85-11

**BACKGROUND:** Section 472(b) of the Social Security Act (the Act) includes a description of the types of foster care facilities in which children may be placed and costs claimed under title IV-E. In section 472(c), the terms "foster family home" and "child-care institution" are defined in relation to licensing or approval requirements and restrictions are explained regarding certain types of institutions where the costs of care may not be claimed.

Questions have been raised about the definition of "child-care institution" in relation to the need for licensing or approval in order to claim Federal financial participation (FFP) for title IV-E eligible children. The purpose of this Program Instruction is to reiterate Federal policy regarding the need for State licensing or approval of foster family homes (including relative foster homes), nonprofit private child-care institutions, and, in particular, public child-care institutions accommodating 25 or fewer children.

**CONTENT:** In order for a State to claim FFP for a title IV-E eligible child placed in a foster family home or child-care institution, the facility in which the child is placed must be licensed or approved by the agency of such State having responsibility for licensing homes or institutions of this type, in accordance with State licensing standards. This requirement does not apply where Federal matching funds will not be claimed. Policy Interpretation Question ACYF-PIQ-85-11 responds to a question regarding the licensing of relative foster homes and whether the State can waive some foster home standards or criteria for licensing or approval of such homes. While the

waiver of a specific requirement is allowable in certain situations, all foster care facilities in which title IV-E eligible children are living must be licensed or approved in order to claim FFP. This includes the homes of relatives.

Section 472(c)(2). of the Act defines a child-care institution as ". . . a nonprofit private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing . . ." Therefore, in order to claim FFP under title IV-E for an eligible child, both nonprofit private child-care institutions, and public child-care institutions which accommodate no more than 25 children, must be licensed or approved by the State.

**INSTRUCTION:** State policies relating to the licensing or approval of family foster homes and child-care institutions should be reviewed and corrective action taken, if appropriate, to ensure compliance with licensing or approval requirements in sections 471(a)(10) and (11) and 472(b)(1) and (2) and (c)(1) and (2) of the Act, 45 CFR 1356.21(g)(2), and ACYF-PIQ-85-11.

**EFFECTIVE DATE:** Effective upon issuance

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