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TO: State Agencies, Territories, and Insular Areas Administering or Supervising the Administration of Title IV-E of the Social Security Act; and State Independent Living Coordinators.

SUBJECT: Information on the updated method to calculate state and tribal funding under the John H. Chafee Foster Care Program for Successful Transition to Adulthood (Chafee) program.

LEGAL AND RELATED: Section 477 of the Social Security Act (the Act) under title IV-E, 42 U.S.C. § 677.

PURPOSE: The purpose of this Information Memorandum (IM) is to provide information to grantees on the formula used to calculate allotments under the John H. Chafee Foster Care Program for Successful Transition to Adulthood (Chafee program), including information on adjustments to Fiscal Year (FY) 2019 awards and information on allotments calculated for FY 2020.

BACKGROUND:

The Chafee program provides flexible funding to states and participating tribes to partner with and support youth in their transition from foster care into adulthood. Allotments to states are made in accordance with section 477(c) of the Act. Yearly allotments are made on the basis of the total amount appropriated by Congress, the total of number of children (ages 0-21) in the state's foster care system, and adjusted based on the two "hold harmless" provisions outlined in section 477(c)(2) of the Act. Allotments to participating Indian tribes, tribal organizations, or tribal consortia are made on the basis of a calculated tribal foster care ratio and subtracted from the state's allotment, as outlined in section 477(j) of the Act. Beginning with FY 2020, funding for the program has been increased from \$140 million per year to \$143 million (section 477(h) of the Act).

INFORMATION:

As part of a commitment to good governance and robust business operations, the Administration for Children and Families (ACF) has reviewed calculation procedures and identified necessary corrections to certain elements of the Chafee program allotment formula. As a result, there will be modest adjustments to some grantees' 2019 allotments. In addition, ACF is taking this opportunity to share information on FY 2020 allotments.

Chafee Funding Formula State Calculations

In general, state allotments are determined based on the state's percentage of children in foster care, out of the national total of children in foster care, using data submitted by states to the Adoption and Foster Care Analysis and Reporting System (AFCARS). Year-to-year changes in Chafee allotments are primarily driven by changes in the population of children in foster care, both within individual states and nation-wide.

This initial allotment based on foster care data is assessed against a hold harmless provision to ensure that every state receives a minimum level of funding (the greater of \$500,000 or the allocation that the state received under the prior Independent Living Program in FY 1998).

Adjustments are then made to ratably reduce the allotments of all other states to account for increases to states for which the hold harmless provision applies. The statutory language addressing the hold harmless provision, including the specific approach required to ratably reduce allotments, when necessary, is as follows:

HOLD HARMLESS PROVISION.—

(A) IN GENERAL.—The Secretary shall allot to each State whose allotment for a fiscal year under paragraph (1) is less than the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998, an additional amount equal to the difference between such allotment and such greater amount.

(B) RATABLE REDUCTION OF CERTAIN ALLOTMENTS.—In the case of a State not described in subparagraph (A) of this paragraph for a fiscal year, the Secretary shall reduce the amount allotted to the State for the fiscal year under paragraph (1) by the amount that bears the same ratio to the sum of the differences determined under subparagraph (A) of this paragraph for the fiscal year as the excess of the amount so allotted over the greater of \$500,000 or the amount payable to the State under this section for fiscal year 1998 bears to the sum of such excess amounts determined for all such States.¹

¹ 42 USC § 677(c)(2), SSA section is 477(c)(2).

In reviewing calculation procedures used in FY 2019, we have determined that consideration of the state's excess over their hold harmless level was not part of the ratable reduction calculation; the ratable reduction ratio should be based on a state's excess over their hold harmless level, compared to the excess of all such states. This resulted in some states receiving either somewhat more or less than should have been provided according to the statutory formula in FY 2019.

Chafee Funding Formula Tribal Calculations

The Chafee statute authorizes an Indian tribe, tribal organization, or tribal consortium that has an approved plan to operate the title IV-E Foster Care and Adoption Assistance program or that has entered into a tribe-state agreement for receipt of title IV-E foster care funding to apply for a separate allotment. An eligible tribe's allotment for Chafee is subtracted from the state's allotment where the Indian tribe, tribal organization, or tribal consortium is located. The tribe's allotment is calculated by creating a tribal foster care ratio and applying the ratio to the state's allotment.

The statute defines the tribal foster care ratio as the ratio of -

(A) the number of children in foster care under the responsibility of the Indian tribe, tribal organization, or tribal consortium (either directly or under supervision of the State), in the most recent fiscal year for which the information is available; to

(B) the sum of—

(i) the total number of children in foster care under the responsibility of the State within which the Indian tribe, tribal organization, or tribal consortium is located; and

(ii) the total number of children in foster care under the responsibility of all Indian tribes, tribal organizations, or tribal consortia in the State (either directly or under supervision of the State) that have a plan approved under this subsection.²

In reviewing procedures initially used to award FY 2019 funds, we determined that the tribal ratio did not include the total number of children in foster care under all Indian tribes, tribal organizations or tribal consortia in the state that participate in the Chafee program. This adjustment only affects allotments when there are multiple tribal grantees located within a single state. Tribal allotments are also be affected by changes in the allotment of the state in which the tribe is located.

Adjustments to FY 2019 Allocations and Information on FY 2020 Allocations

In light of the issues identified in calculating FY 2019 allocations and because FY 2019 funds are still available to grantees for obligation until September 30, 2020, ACF is taking action now to revise FY 2019 grants. Please see Attachment C for the adjusted FY 2019 allocations.

² 42 USC § 677(j)(5), SSA 477(j)(5).

ACF is also taking this opportunity to share FY 2020 Chafee allocations which reflect the increased funding for the program, use of updated foster care data and the correct application of the statutory formula for both states and tribes.

For other information related to the application, re-allocation, spending, and/or reporting of Chafee funds, please refer to the most recent Program Instructions for the Annual Progress and Service Report (APSR): ACYF-CB-PI-20-02 (for states) and ACYF-CB-PI-20-03 (for tribes).

Inquiries To: ACF Office of Grants Management (see Attachment A)

/s/

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/s/

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Disclaimer: Information Memoranda (IMs) provide information or recommendations to states, Indian tribes, grantees, and others on a variety of child welfare issues. IMs do not establish requirements or supersede existing laws or official guidance.

Attachments

Attachment A: OGM Grant Management Officers

Attachment B: Revised FY 2019 Allotments.

Attachment C: FY 2020 Allotments