



North Carolina Department of Health and Human Services  
Division of Social Services

325 North Salisbury Street • Raleigh, North Carolina 27603  
Courier # 56-20-25 MSC 2409

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Pheon E. Beal, Director  
(919) 733-3055

**February 28, 2006**

**Dear County Director of Social Services**

**Attention:** Children's Services Supervisors  
Children's Services Social Workers  
County Fiscal Officers

**Effective Date:** Immediately

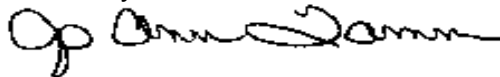
**Subject:** Changes in IV-E Administrative Costs

This notice contains updated information on changes to the IV-E program affecting foster children placed in unlicensed homes. Information on this subject was first communicated to agencies by the Dear County Director letter dated January 25, 2006, [FSCWS-05-06](#). This is to inform you that we have just learned that President Bush signed the Deficit Reduction Act of 2005 (previously known as the Budget Reconciliation Act) on February 8<sup>th</sup>. There have been no changes to the bill since information was previously communicated to agencies and we have no other information on the Act at this time. We currently have no information on the recoupment process related to the October 1, 2005 effective date for the changes to the IV-E program. We will update counties as soon as we have this information. We are instructing county departments of social services to cease from using IV-E Administrative funds for otherwise IV-E eligible children who are placed in unlicensed homes unless you are actively engaged in the licensing process with relatives.

For the 38 counties participating in the IV-E Waiver Demonstration Project, we are strongly encouraging you not use the flexibility that you have with IV-E funds for this purpose as this is not an appropriate use nor does it assist in meeting the outcomes of the waiver. As we indicated in the previous letter, this change is expected to have an adverse impact on the cost neutrality of the demonstration project.

The Division wants to ensure that County Departments of Social Services are fully aware of these serious fiscal concerns. If you have questions, please feel free to contact Thomas Smith at (919) 733-9465 or at [thomas.smith@ncmail.net](mailto:thomas.smith@ncmail.net) .

Sincerely,

A handwritten signature in black ink, appearing to read "Jo Ann Lamm".

Jo Ann Lamm, Chief  
Family Support and Child Welfare Services Section

cc: Pheon Beal  
Sherry Bradsher  
Children s Program Representatives  
Work First Representatives  
Family Support and Child Welfare Services Team Leaders  
Local Business Liaisons  
Sarah Barham  
Javier Rivera

**FSCWS-11-06**