



DCS Practice SOP

Foster Family Home Licensing

12.31: Evaluating Financial Stability

Related Policy: [12.31](#)

Effective Date: January 1, 2026

Version: 1

Roles

- Licensing Worker

Procedure

Indiana law requires foster parents to show they have enough income and manage their money well to keep their home safe and stable.

Foster care payments (called per diem) are meant to support the child's needs while they are in foster care. These payments may not cover all costs, so foster families must show they can stay financially stable without relying on the per diem.

The licensing worker will:

1. Complete the Financial Stability for Foster Family Home form with the foster family during both initial licensing and re-licensing;
2. Review the form and follow up on any missing or unclear information; and
3. Evaluate the family's financial situation to make sure they have enough income to care for a child in foster care without using the per diem as part of their income.

Note: Supplemental Nutrition Assistance Program (SNAP) (food stamps) and Temporary Assistance for Needy Families (TANF) are not counted as income for licensing. Receiving these benefits does not automatically disqualify someone from becoming a foster parent.

4. Talk with the foster family about how per diem payments should be used to support the child's needs, such as:
 - a. Food (including infant formula),
 - b. Clothing (including repairs, mending, alterations, or replacements),
 - c. Shelter-related needs (like summer camp or hotel stays for school trips),
 - d. Childcare or babysitting,
 - e. School supplies (like paper, pens, or a calculator), and
 - f. Personal care items (like soap, shampoo, toothpaste, diapers, and wipes).

Important: Per diem should not be used for the foster parent's personal or household expenses (see References), such as:

- a. Rent or mortgage,
 - b. Insurance or car payments, and
 - c. Routine home maintenance
5. Re-check the family's financial stability if something major changes, such as:
 - a. A job loss or change
 - b. Moving to a new home

- c. Adopting or gaining custody of more children

A new Financial Stability form may be requested to document the updated information.

Definitions

- [Licensing Worker](#)

Resources

- [Financial Stability for Foster Family Home \(SF 55734\)](#)

Additional Information

- N/A

References

- [Policy 16.01 Funding for Children in Out-of-Home Care](#)