



Financing Child Welfare and Prevention Systems



NCSL Child Welfare Fellows | June 26, 2023

<https://bit.ly/NCSLCWF2023>





Financing Child Welfare and Prevention Systems

2023 Child Welfare Fellows Meeting

Kristina Rosinsky, Child Trends

June 26, 2023

Pop Quiz!

1. **What is the largest federal funding stream used by child welfare agencies?**

- a) Title IV-E of the Social Security Act
- b) Medicaid
- c) Temporary Assistance for Needy Families (TANF)
- d) Title IV-B of the Social Security Act

Pop Quiz!

1. What is the largest federal funding stream used by child welfare agencies?

- a) Title IV-E of the Social Security Act
- b) Medicaid
- c) Temporary Assistance for Needy Families (TANF)
- d) Title IV-B of the Social Security Act

Pop Quiz!

2. True or false:

About half of child welfare agency expenditures are spent on out-of-home placements.

Pop Quiz!

2. **True** or false:

About half of child welfare agency expenditures are spent on out-of-home placements.

Pop Quiz!

3. After accounting for inflation, child welfare agency expenditures have _____ between 2010 and 2020.

- a) Increased
- b) Decreased
- c) Stayed the same

Pop Quiz!

3. After accounting for inflation, child welfare agency expenditures have _____ between 2010 and 2020.

- a) **Increased**
- b) Decreased
- c) Stayed the same

Pop Quiz!

4. Which of these funding sources is the most flexible for child welfare agencies?

- a) Title IV-E of the Social Security Act
- b) Social Services Block Grant (SSBG)
- c) Medicaid
- d) Title IV-B of the Social Security Act

Pop Quiz!

4. Which of these funding sources is the most flexible for child welfare agencies?

- a) Title IV-E of the Social Security Act
- b) **Social Services Block Grant (SSBG)**
- c) Medicaid
- d) Title IV-B of the Social Security Act

Pop Quiz!

5. True or false:

Most states finance child welfare in similar ways and have similar expenditure trends.

Pop Quiz!

5. True or **false**:

Most states finance child welfare in similar ways and have similar expenditure trends.

Today's Agenda

- Child welfare financing 101
 - Overview of various funding streams
 - Spending trends
 - State funding profiles
 - Use of funds
- Innovative approaches and strategies for moving forward

Overview of the Child Welfare Financing Survey

- Documents the sources and amounts of spending by child welfare agencies across the U.S.
- 46 states (including DC and Puerto Rico) participated in the SFY 2020 survey*
- Survey collected data on states' expenditures on child welfare activities for state fiscal year 2020

**Georgia, Hawai'i, Idaho, North Dakota, Washington, and West Virginia were unable to respond.*

Child Welfare Financing 101

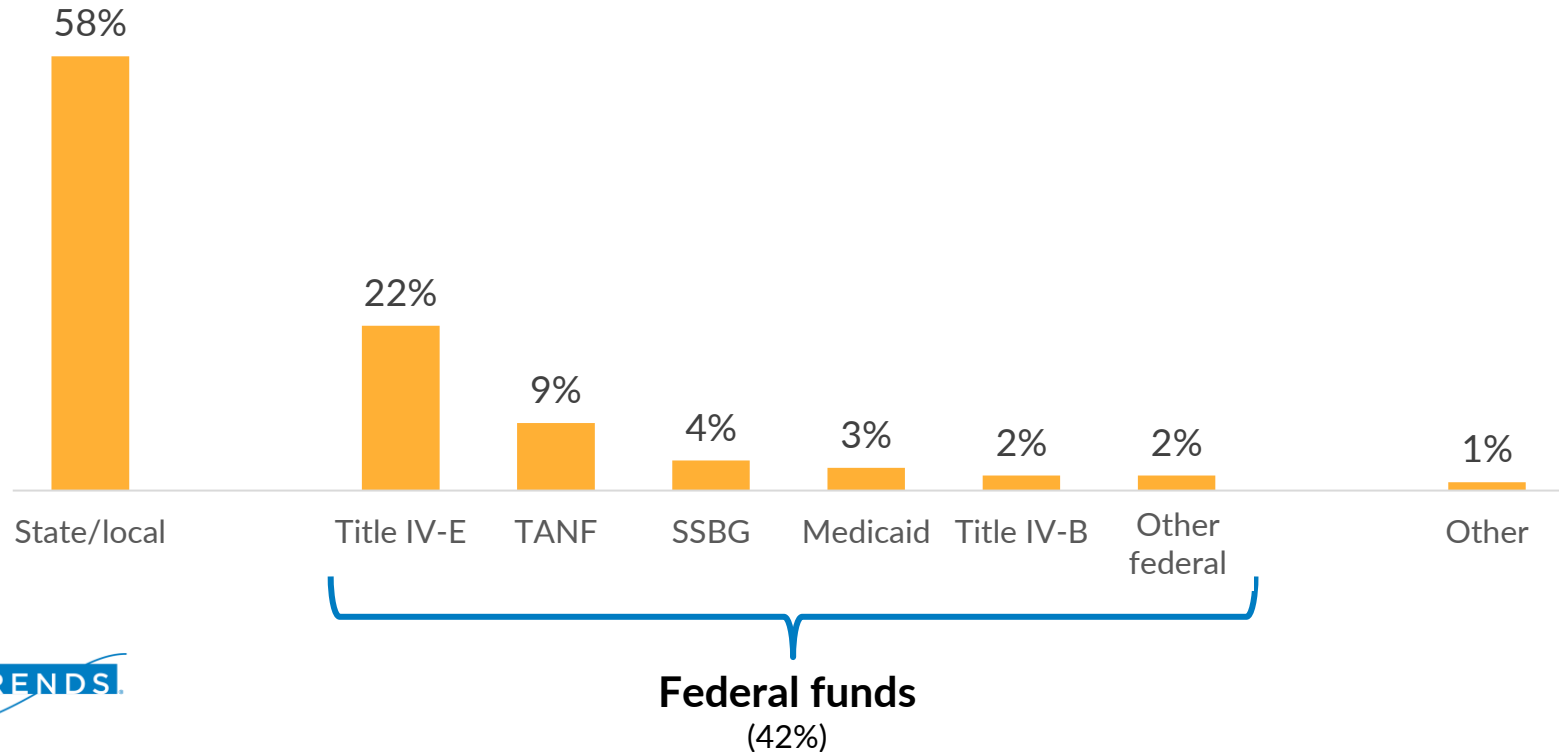
Major child welfare funding sources

- State and local funds
- Federal
 - Title IV-E of the Social Security Act
 - Title IV-B of the Social Security Act
 - Medicaid
 - Social Services Block Grant (SSBG)
 - Temporary Assistance for Needy Families (TANF)
 - Other federal funding streams
- Other funds (e.g., third-party income sources, third-party in-kind contributions, and private dollars)

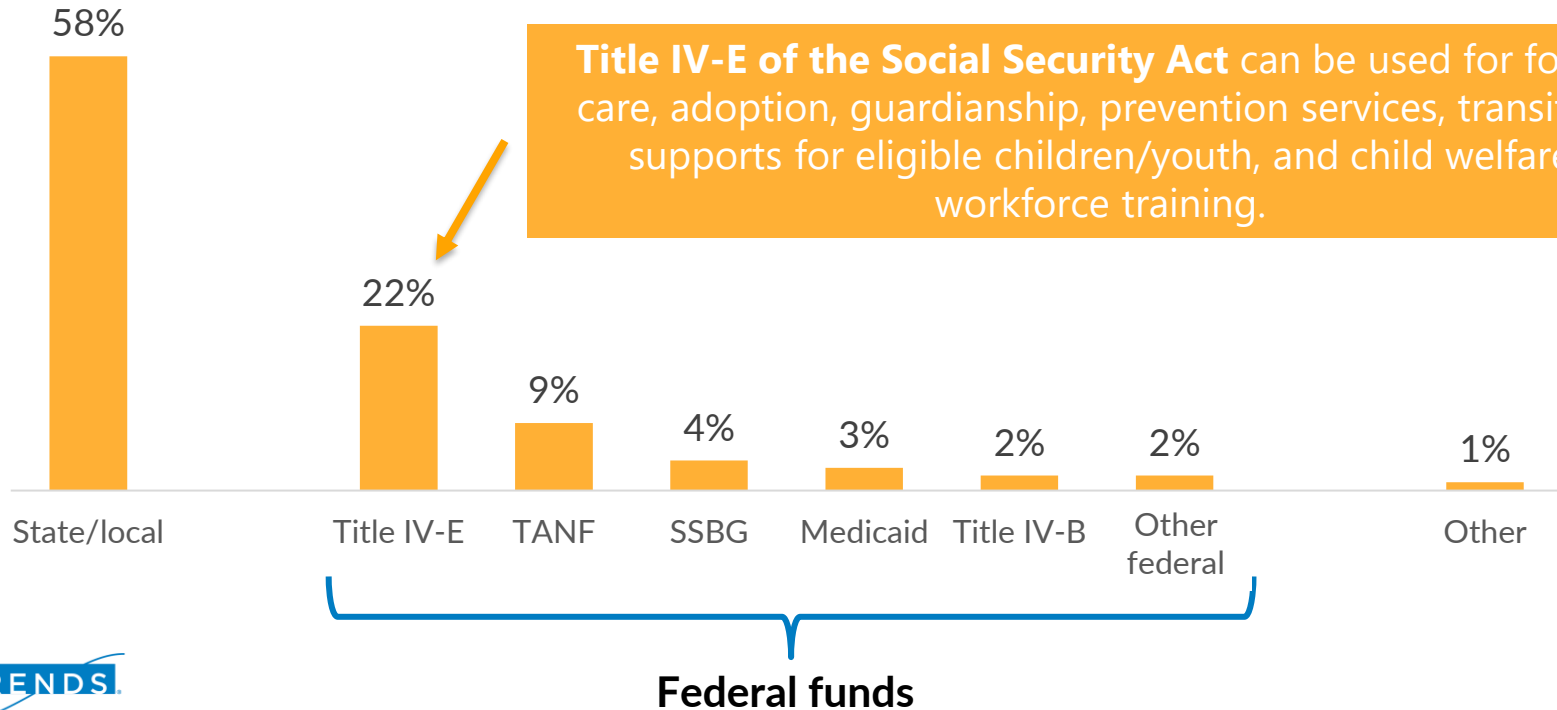
Dedicated

Non-dedicated

Major child welfare funding sources



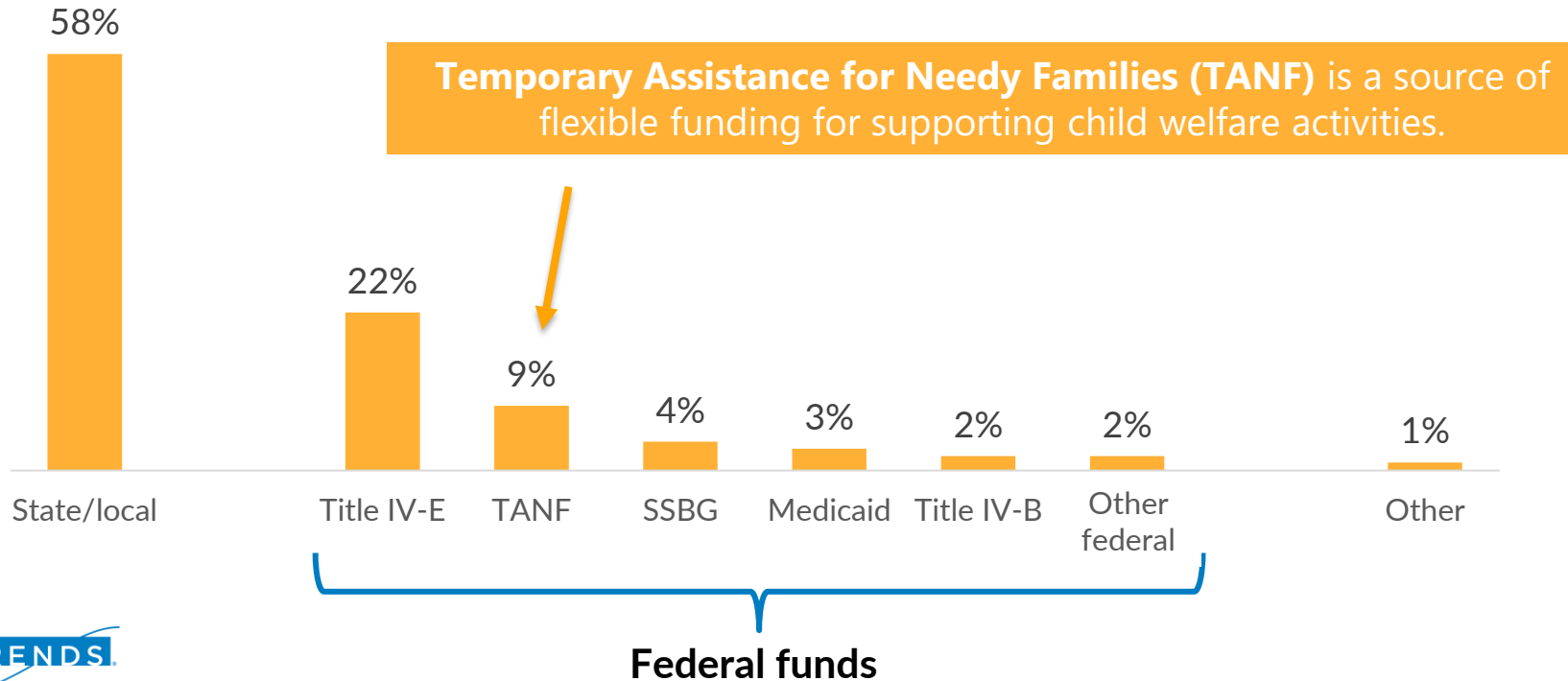
Major child welfare funding sources



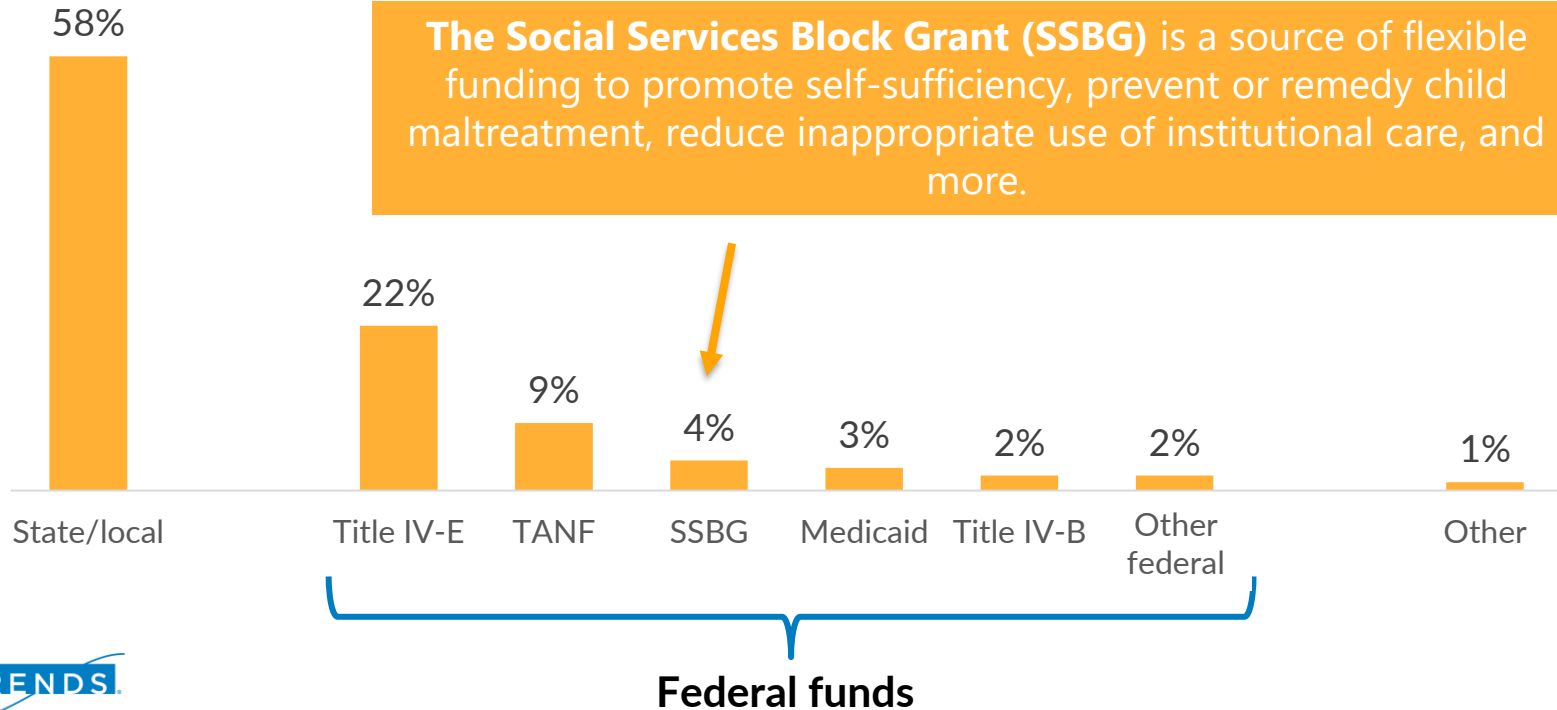
Brief note on the Family First Act

- The data being presented today are from SFY 2020, representing the very early days of Family First Act implementation.
- Family First allows Title IV-E to be used for prevention services, with limitations.
- Before Family First, many states had Title IV-E waivers that allowed them to use Title IV-E for prevention (among other services/activities not traditionally eligible under Title IV-E).

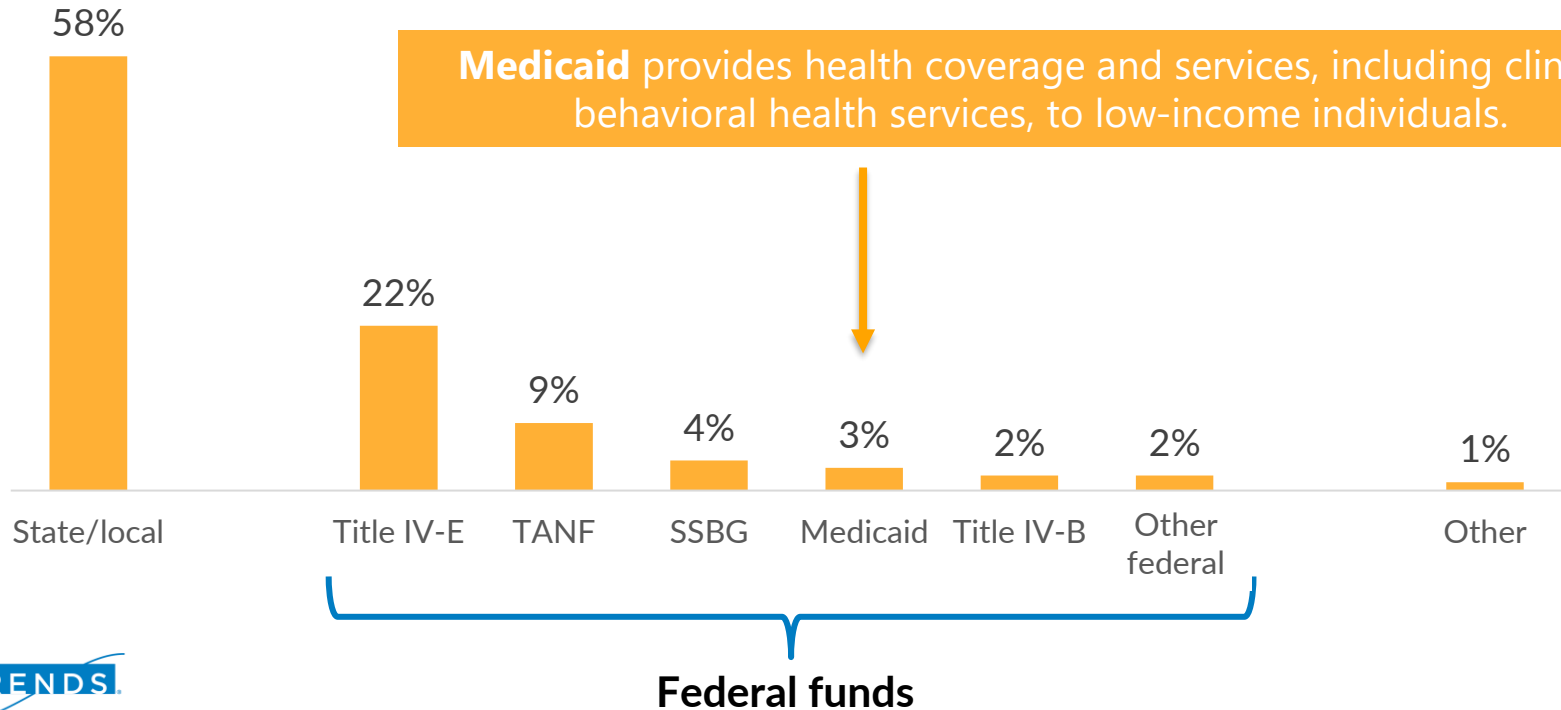
Major child welfare funding sources



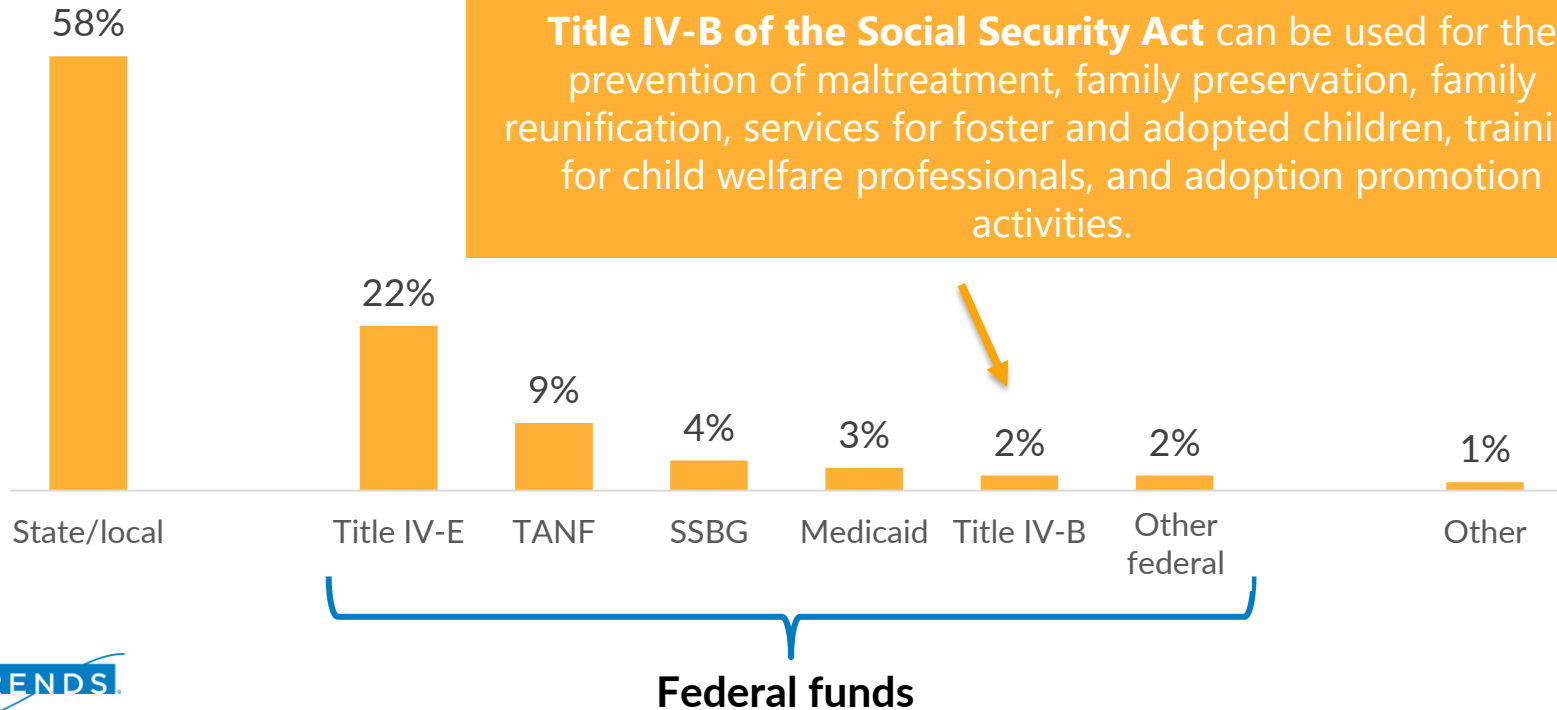
Major child welfare funding sources



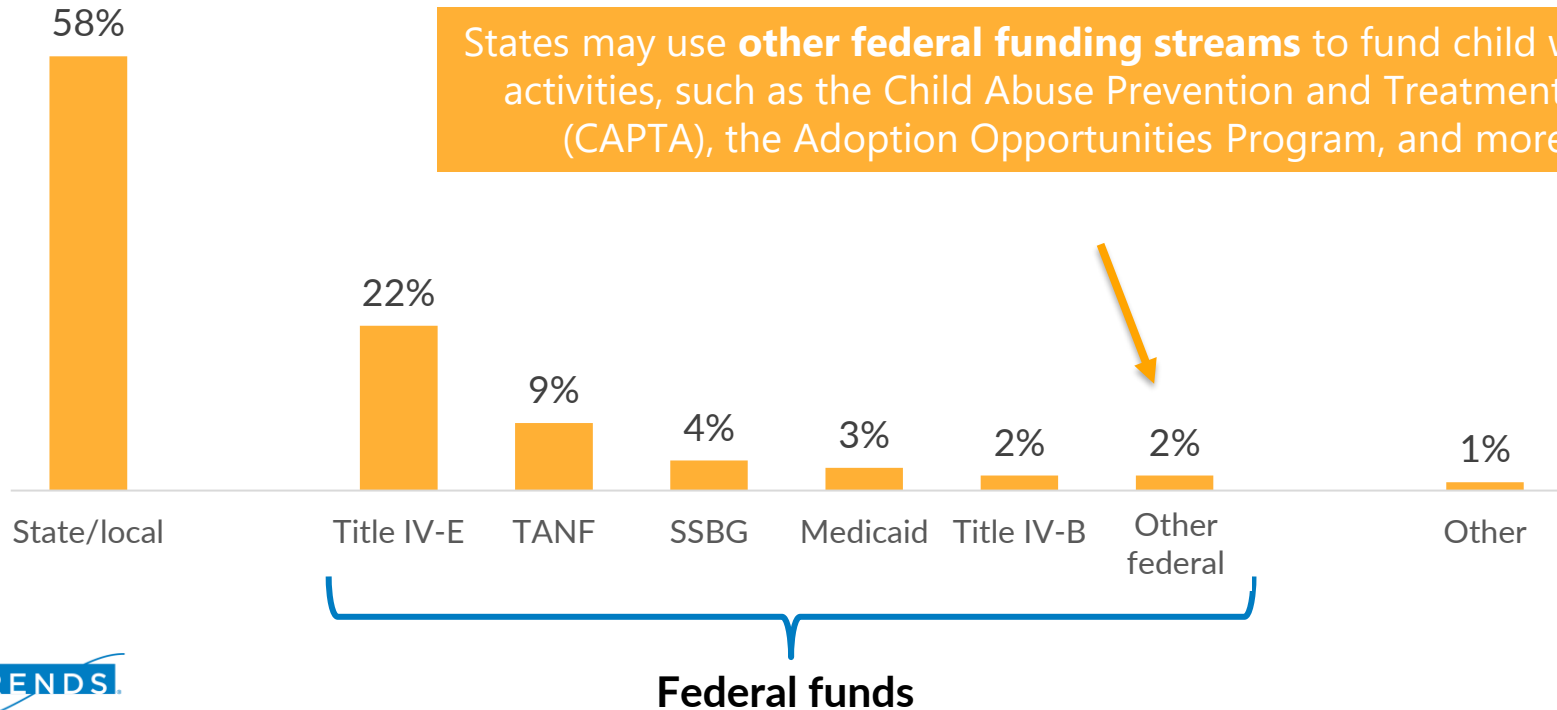
Major child welfare funding sources



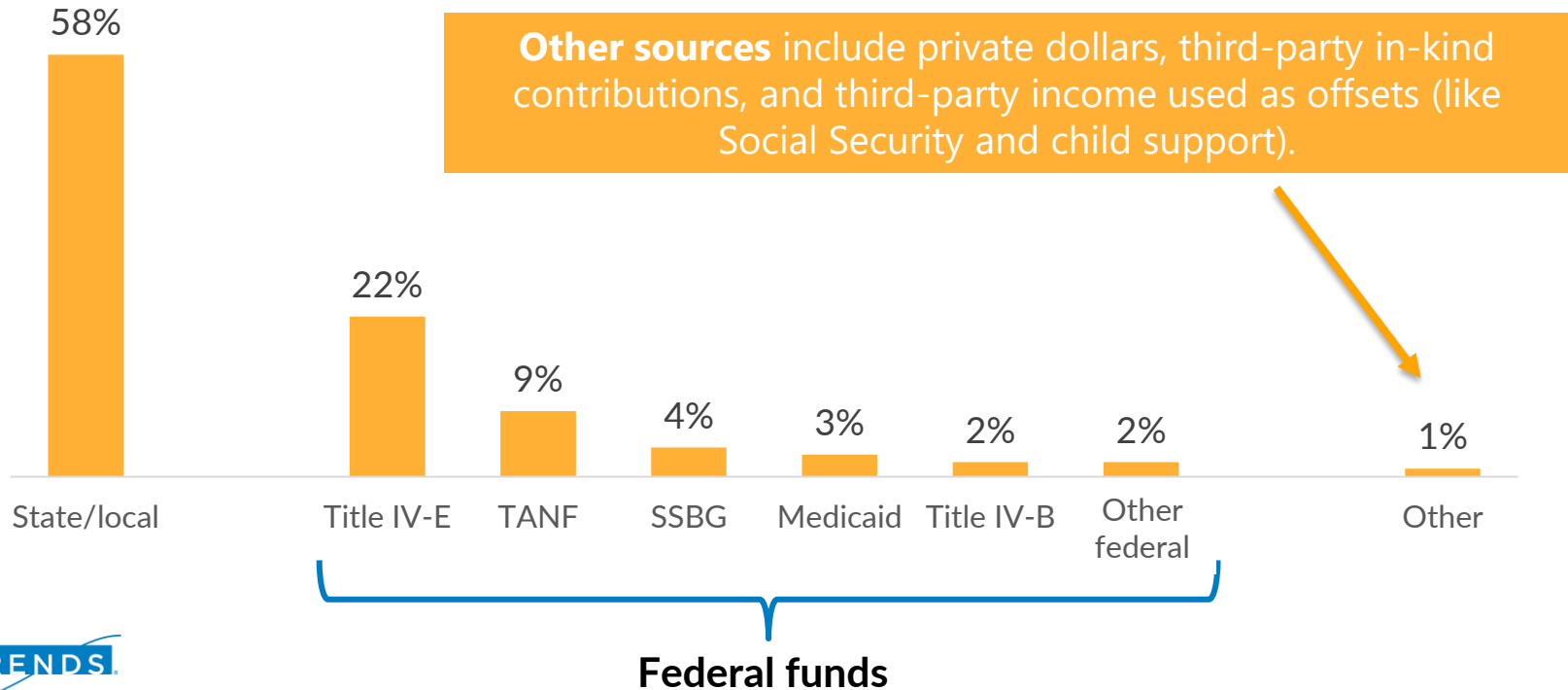
Major child welfare funding sources



Major child welfare funding sources



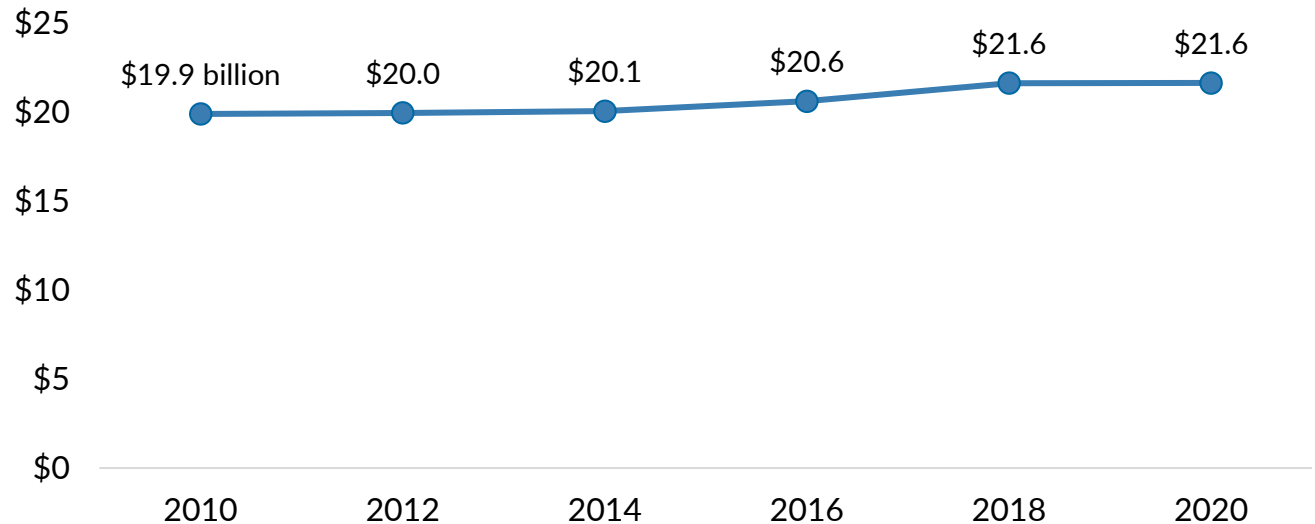
Major child welfare funding sources



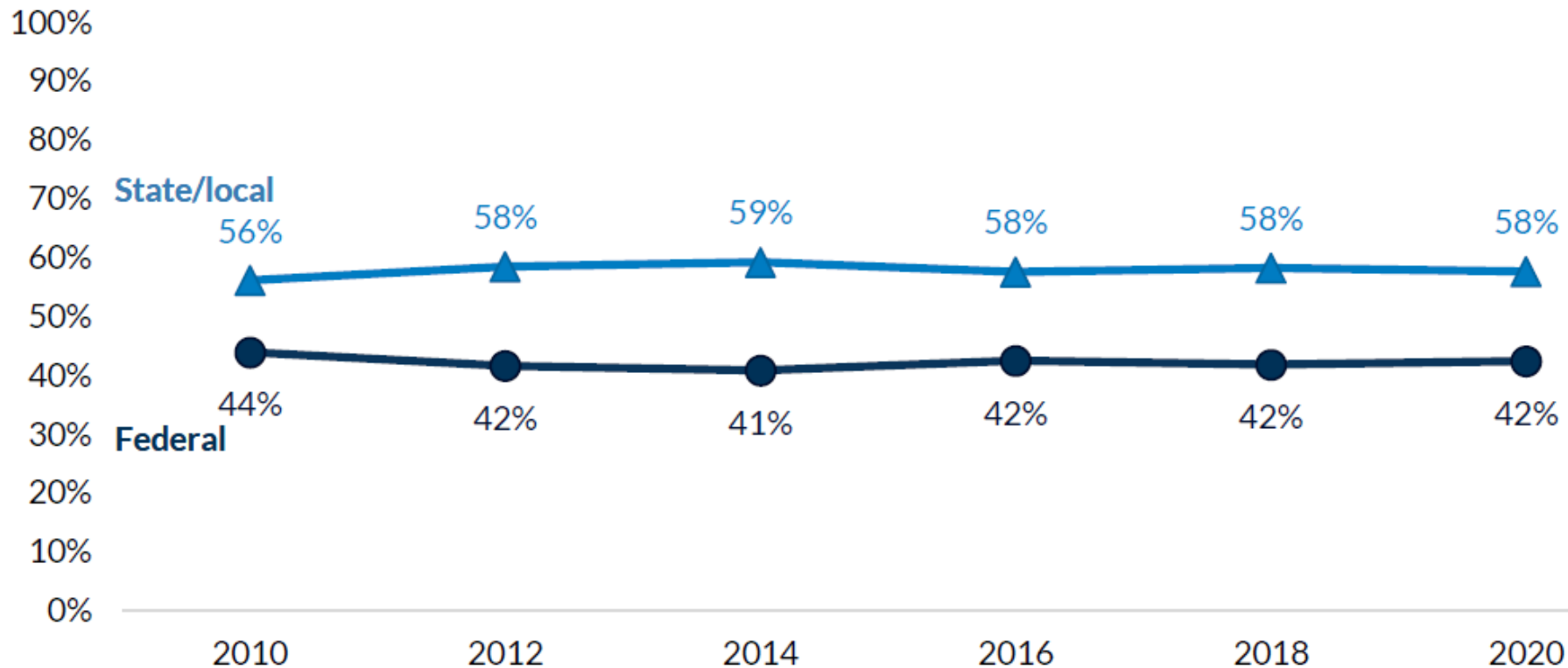
Total child welfare agency expenditures have held steady over the past decade

\$31.4 billion
in SFY 2020

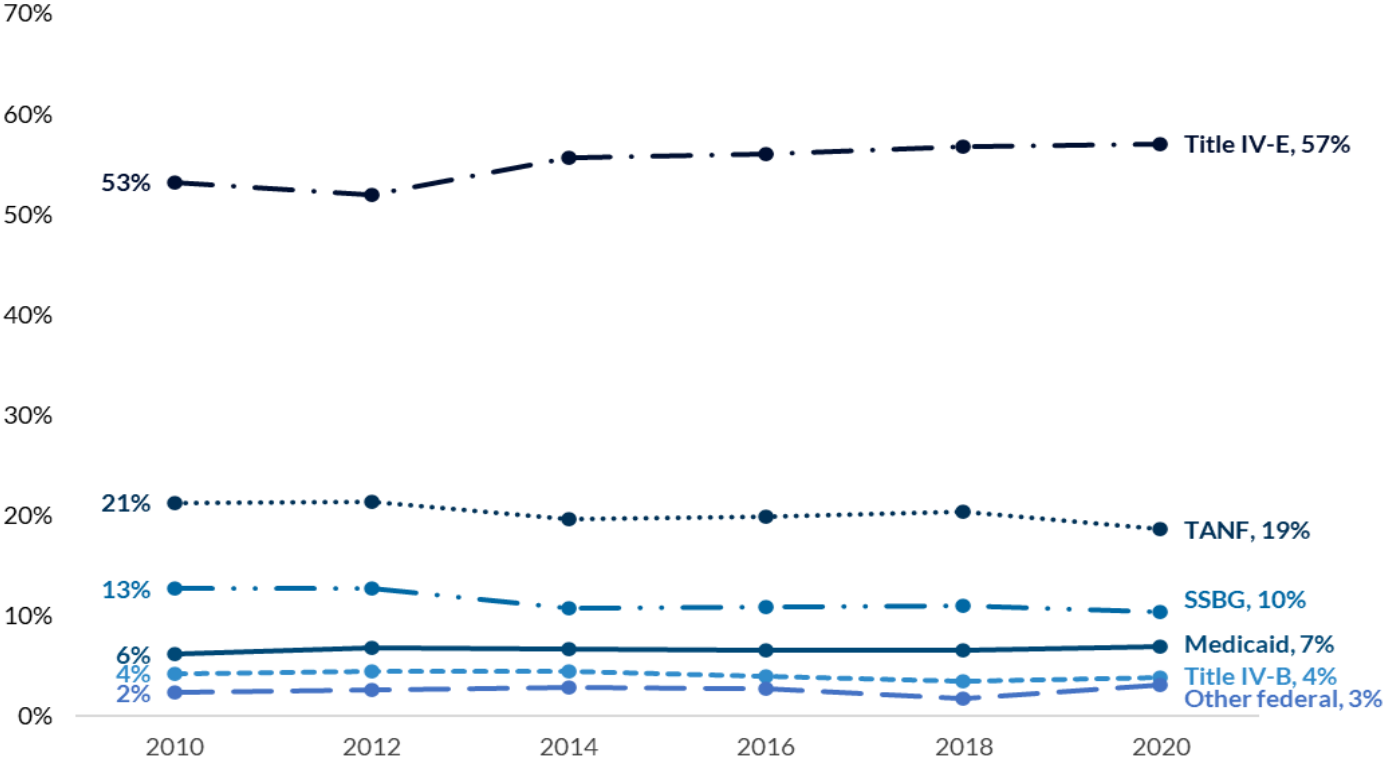
Change in total child welfare agency expenditures, SFYs 2010–2020 (31 states)



State/local sources make up a larger percentage of total child welfare agency expenditures than federal sources



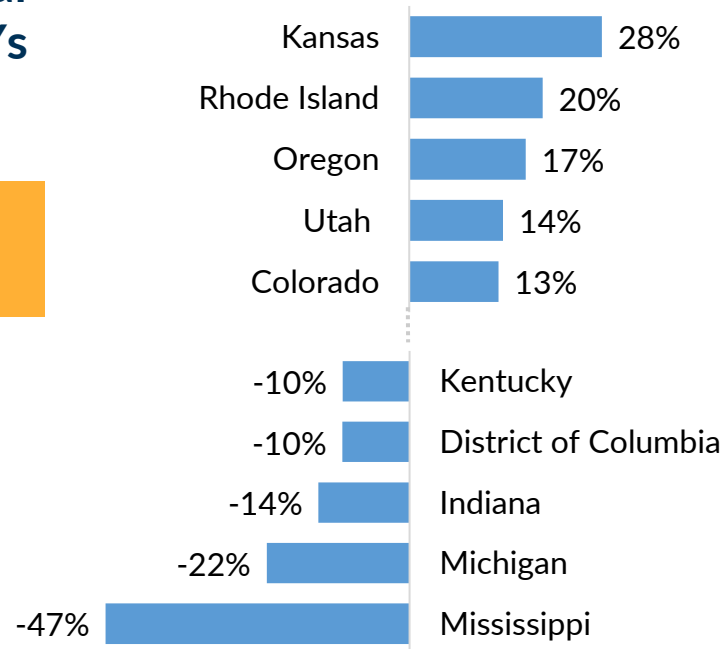
Proportion of total federal expenditures from each major federal source, SFYs 2010–2020 (38 states)



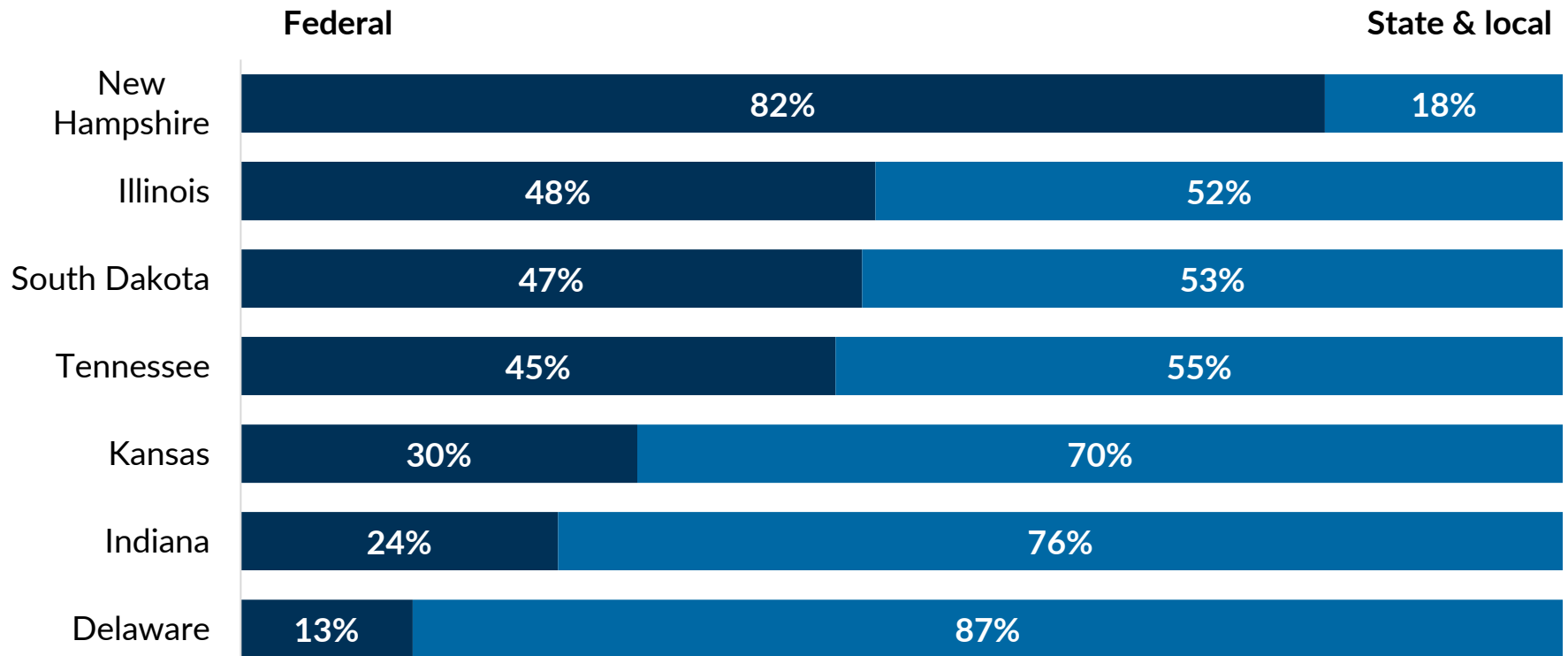
Child welfare agency expenditure trends and financing sources vary greatly among states

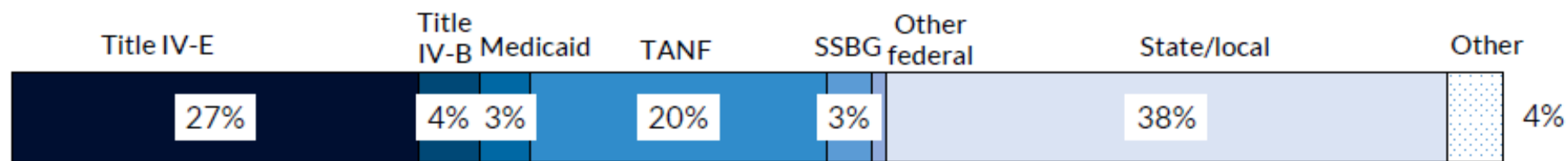
Top increases and decreases in total child welfare agency spending, SFYs 2018-2020

70% of states reported an increase
30% of states reported a decrease



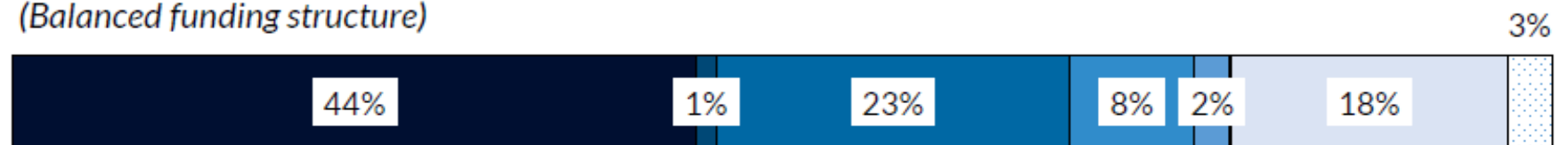
Child welfare agency expenditure trends and financing sources vary greatly among states (continued)





South Carolina

(Balanced funding structure)



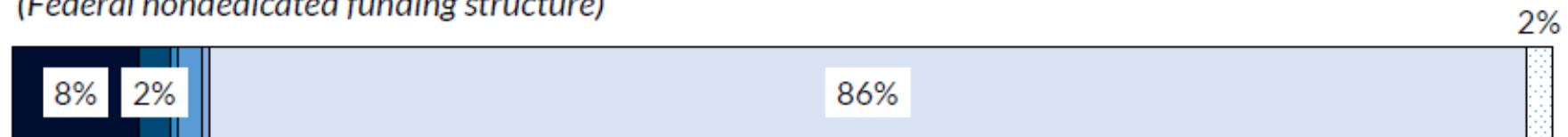
New Hampshire

(Federal dedicated funding structure)



Michigan

(Federal nondedicated funding structure)



Delaware

Medicaid 0%; TANF <1%; SSBG 2%; Other federal <1%

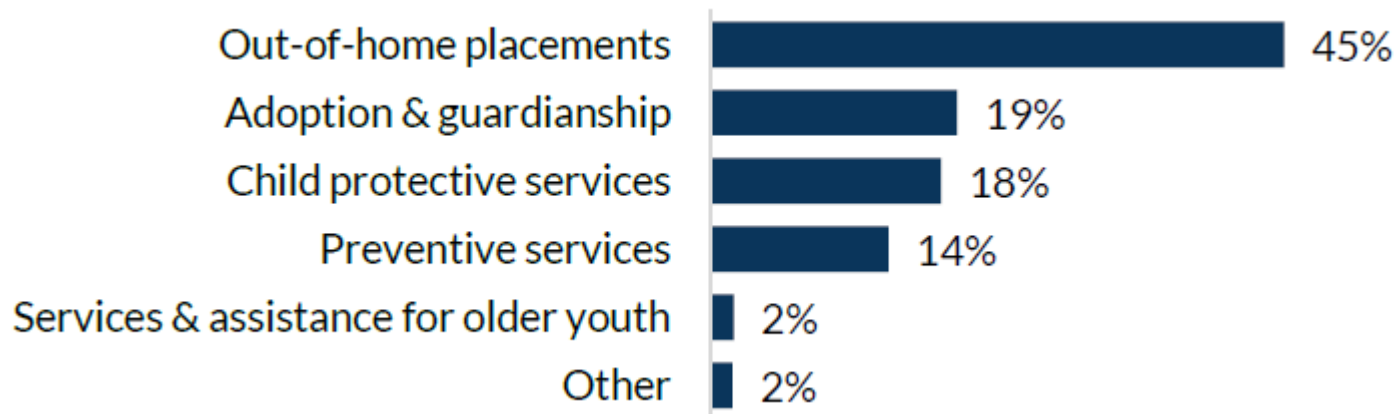
(State/local funding structure)

Reasons for state-level variation

- Ability to meet match requirements
- Characteristics of the children served by the child welfare agency
- Competition from other agencies
- Federal funding stream requirements

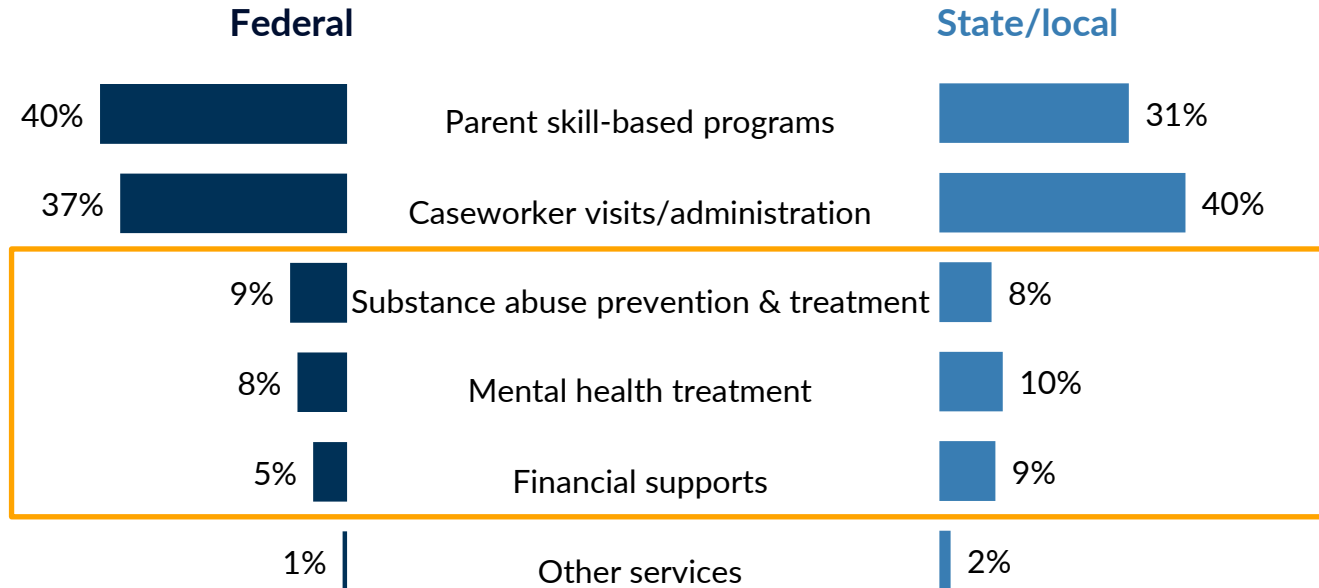
Child welfare agencies used nearly half of all federal and state/local expenditures to finance the costs of out-of-home placements, with smaller proportions spent on other services

Proportion of total expenditures on categories of services (38 states)



Less child welfare agency prevention spending is focused on substance abuse and mental health services than on other preventive services

Percentage of child welfare agency prevention expenditures on various prevention service categories



What about my state?

- Get your phone or computer!
- Google: “Child Welfare Financing Survey 2020”
- Scroll down and find “Individual state profiles”
- Open your state’s factsheet (if your state doesn’t have a factsheet, find a neighboring or “sister” state)

Find a partner and discuss:

- What data surprises you? Why?
- What questions come to mind as you review these data?
- Who can you talk to in your state to get answers to your questions?

Innovative Approaches and Strategies for Moving Forward

Colorado

- Incorporate rules into the funding model that incentivize desired practices and outcomes
- Have a dedicated fund for prevention

New York

- Open-ended uncapped fund for prevention services
 - Designed to incentivize local investment in prevention services
 - State pays 62%, locality pays 38%
 - Contributed to a significant decline in the foster care population, from 37,000 in 2002 to 16,000 in 2018
 - Represented a \$3.4 billion investment of state/local funds between SFYs 2019-2021
 - Complemented by a capped reimbursement for foster care

Strategies for moving forward

- Taking a child/family-focused approach, rather than an agency-focused approach
- Fiscal mapping
- Cost modeling
- Innovative funding strategies

Check out the Children's Funding Project!

<https://www.childrensfundingproject.org>

Small Group Discussion

What are some steps you can take to increase the amount of funding available or how funding is used to improve outcomes for children and families?

Child Welfare Financing SFY 2020

A survey of federal, state, and local expenditures

Kristina Rosinsky, Megan Fischer, and Maggie Haas

Title IV-B Spending by Child Welfare Agencies in SFY 2020

Child welfare agencies across the United States are charged with protecting and promoting the welfare of children and youth who are at risk of or have been victims of maltreatment. State and local child welfare agencies rely on multiple funding streams to administer programs and services. In state fiscal year (SFY) 2020, state and local child welfare agencies spent \$31.4 billion of federal, state, local, and other funds. While many funding sources are available to child welfare agencies, each source has its own unique purposes, eligibility requirements, and limitations creating a complex financing structure that is challenging to understand and administer. Each state's unique funding composition determines what services are available to children and families and the way in which child welfare agencies operate.

This document presents information about Title IV-B spending by child welfare agencies in SFY 2020 collected through Child Trends' national survey of child welfare agency expenditures.¹

Background

Title IV-B of the Social Security Act includes two components referred to as subparts 1 and 2. Subpart 1 is a discretionary grant program composed primarily of the Stephanie Tubbs Jones Child Welfare Services (CWS) program.* CWS funds can be used for a broad variety of child welfare services including, but not

Other available resources

This document is one of many child welfare financing resources available on the [Child Trends](https://www.childtrends.org) website, including a summary of national findings and detailed information on the following funding sources used by child welfare agencies:

- Title IV-E
- Title IV-B
- Temporary Assistance for Needy Families
- Social Services Block Grant
- Medicaid
- Other federal funds
- State and local funds

Child Welfare Agency Spending in Alabama in SFY 2020

Child welfare agencies across the United States are charged with protecting and promoting the welfare of children and youth who are at risk of or have been victims of maltreatment. State and local child welfare agencies rely on multiple funding streams to administer programs and services. In state fiscal year (SFY) 2020, state and local child welfare agencies spent \$31.4 billion of federal, state, local, and other funds. While many funding sources are available to child welfare agencies, each source has its own unique purposes, eligibility requirements, and limitations creating a complex financing structure that is challenging to understand and administer. Each state's unique funding composition determines what services are available to children and families and the way in which child welfare agencies operate.

This document presents information on child welfare agency expenditures in Alabama for SFY 2020¹ collected through Child Trends' national survey of child welfare agency expenditures.

Other available resources

This document is one of many child welfare financing resources available on the [Child Trends](https://www.childtrends.org) website, including a summary of national findings and detailed information on the following funding sources used by child welfare agencies:

- Title IV-E
- Title IV-B
- Temporary Assistance for Needy Families
- Social Services Block Grant
- Medicaid
- Other federal funds
- State and local funds

Overall Expenditures²

	Amount in SFY 2020	% Change from SFY 2018	SFY 2010
Overall	\$281,380,539	N/A	N/A
Federal	\$143,928,938	N/A	N/A
State	\$137,373,601	-6%	-22%
Local	\$7,000	-98%	-75%
Offsets and other ³	Unable to provide	N/A	N/A

Federal Expenditures

Title IV-E

Total in SFY 2020: \$69,849,966

Change from SFY 2018: 29%

Title IV-E of the Social Security Act can be used for foster care, adoption, guardianship, prevention, kinship navigation, and supports for transition-age youth (Chafee and Education and Training Vouchers).⁴ Some states, but not Alabama, also report Title IV-E waiver expenditures and the expenditure of Funding Certainty Grants for SFY

Child Trends.

Child TRENDS

STATE	Title IV-E (a)	Title IV-B (b)	Medicaid (c)	SSBG	TANF (am)	Other Federal Sources	Other (offsets, in-kind, and private dollars)	TOTAL FEDERAL	TOTAL
Alabama (a)	\$2,759,074	\$9,383,989	\$43,363,680	\$22,605,649	\$17,292,874	\$807,228	Unable to provide	\$186,188,490	\$208,307,489
Alaska (a)	\$47,720,596	\$278,192	\$2,767,802	\$2,767,777	\$3,913,956	\$209,667	\$3,368,131	\$512,028,405	\$105,188,431
Arizona (a)	\$13,720,976	\$10,482,392	\$0	\$2,772,840	\$130,864,343	\$29,187,854	\$5,720,239	\$105,188,431	\$105,188,431
Arkansas (a)	\$70,094,095	\$7,750,791	\$5,211,275	\$10,244,025	\$14,908,867	\$679,848	\$1,373,833	\$276,840,104	\$276,840,104
California (a)	\$100,546,545	\$62,174,661	\$351,338,902	\$298,463,761	\$508,233,878	\$6,493,863	Unable to provide	\$1,540,996,558	\$1,540,996,558
Colorado (a)	\$100,074,026	\$8,440,164	\$0	\$12,023,199	\$0	\$6,072,767	\$6,340,758	\$150,996,558	\$150,996,558
Connecticut (a)	\$16,699,434	\$4,154,731	\$25,508,139	\$0	\$175,214,439	\$1,790,772	\$3,044,098	\$333,067,215	\$333,067,215
Delaware (a)	\$8,862,736	\$1,813,966	\$0	\$1,177,708	\$0	\$38,510	\$1,008,909	\$12,260,477	\$12,260,477
District of Columbia (a)	\$50,471,475	\$186,716	\$0	\$0	\$0	\$313,582	\$1,450,621	\$51,415,014	\$51,415,014
Florida (a)	\$48,043,632	\$43,698,962	\$1,967,570	\$146,516,790	\$371,738,443	\$4,514,707	\$18,561,350	\$776,840,104	\$776,840,104
Georgia (a)	\$15,114,661	\$24,094,722	\$193,810	\$0	\$131,950,484	\$2,699,665	Unable to provide	\$389,734,488	\$389,734,488
Hawaii (a)	\$3,342,581	\$2,973,004	\$0	\$10,149,768	\$0	\$48,847	\$924,176	\$47,886,576	\$47,886,576
Idaho (a)	Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing
Illinois (a)	\$28,338,077	\$25,423,232	\$13,218,660	\$12,461,698	\$293,559,851	\$7,248,619	\$27,126,131	\$634,228,163	\$634,228,163
Indiana (a)	\$98,423,028	\$14,855,423	\$4,008,169	\$14,332,734	\$55,832,816	\$10,882,744	\$9,008,813	\$198,425,094	\$198,425,094
Iowa (a)	\$6,710,311	\$3,845,206	\$0	\$23,660,712	\$57,951,111	\$1,181,212	\$4,314,399	\$151,252,572	\$151,252,572
Kansas (a)	\$12,238,908	\$4,687,461	\$252,628	\$23,204,903	\$32,777,486	\$487,739	\$2,312,944	\$99,630,075	\$99,630,075
Kentucky (a)	\$11,025,927	\$9,168,464	\$0	\$46,216,600	\$68,482,393	\$2,748,914	\$14,384,140	\$248,832,117	\$248,832,117
Louisiana (a)	\$10,481,841	\$6,359,820	\$2,893,541	\$34,876,906	\$46,113,548	\$539,265	\$3,074,986	\$161,248,928	\$161,248,928
Maine (a)	\$37,962,543	\$1,804,541	\$0	\$2,106,360	\$0	\$118,134	\$0	\$46,996,278	\$46,996,278
Maryland (a)	\$9,762,420	\$7,455,150	\$4,649,534	\$17,250,520	\$26,501,153	\$813,621	\$55,459,959	\$148,450,598	\$148,450,598
Massachusetts (a)	\$17,023,804	\$7,247,031	\$3,029,222	\$76,515,714	\$0	\$807,259	\$6,800,206	\$267,153,930	\$267,153,930
Michigan (a)	\$18,839,261	\$28,192,754	\$6,094,432	\$25,919,216	\$516,150,065	\$2,321,379	\$3,327,573	\$853,522,106	\$853,522,106
Minnesota (a)	\$99,394,937	\$8,295,191	\$57,799,640	\$23,623,448	\$0	\$15,583,119	\$1,021,117	\$204,696,335	\$204,696,335

<https://www.childtrends.org/publications/child-welfare-financing-survey-sfy2020>

Thank you!

Kristina Rosinsky
krosinsky@childtrends.org