Financing Child Welfare and Prevention Systems

NCSL Child Welfare Fellows | June 26, 2023

Financing Child Welfare and Prevention Systems

2023 Child Welfare Fellows Meeting

Kristina Rosinsky, Child Trends

June 26, 2023
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
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
2. True or false:

About half of child welfare agency expenditures are spent on out-of-home placements.
2. **True** or false:

   About half of child welfare agency expenditures are spent on out-of-home placements.
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
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
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
5. True or false:

Most states finance child welfare in similar ways and have similar expenditure trends.
5. True or false:

Most states finance child welfare in similar ways and have similar expenditure trends.
Today’s Agenda

• Child welfare financing 101
  o Overview of various funding streams
  o Spending trends
  o State funding profiles
  o 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)
Major child welfare funding sources

- State/local: 58%
- Title IV-E: 22%
- TANF: 9%
- SSBG: 4%
- Medicaid: 3%
- Title IV-B: 2%
- Other federal: 2%
- Other: 1%

Federal funds (42%)
Major child welfare funding sources

State/local
Title IV-E 22%
TANF 9%
SSBG 4%
Medicaid 3%
Title IV-B 2%
Other federal 2%
Other 1%

Title IV-E of the Social Security Act can be used for foster care, adoption, guardianship, prevention services, transition supports for eligible children/youth, and child welfare workforce training.
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).
Temporary Assistance for Needy Families (TANF) is a source of flexible funding for supporting child welfare activities.
The Social Services Block Grant (SSBG) is a source of flexible funding to promote self-sufficiency, prevent or remedy child maltreatment, reduce inappropriate use of institutional care, and more.
Major child welfare funding sources

Medicaid provides health coverage and services, including clinical behavioral health services, to low-income individuals.
Major child welfare funding sources

Title IV-B of the Social Security Act can be used for the prevention of maltreatment, family preservation, family reunification, services for foster and adopted children, training for child welfare professionals, and adoption promotion activities.
States may use other federal funding streams to fund child welfare activities, such as the Child Abuse Prevention and Treatment Act (CAPTA), the Adoption Opportunities Program, and more.
Major child welfare funding sources

Other sources include private dollars, third-party in-kind contributions, and third-party income used as offsets (like Social Security and child support).
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)

- $19.9 billion in SFY 2010
- $20.0 billion in SFY 2012
- $20.1 billion in SFY 2014
- $20.6 billion in SFY 2016
- $21.6 billion in SFY 2018
- $21.6 billion in SFY 2020
State/local sources make up a larger percentage of total child welfare agency expenditures than federal sources.

<table>
<thead>
<tr>
<th>Year</th>
<th>State/local</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>2012</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>2014</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>2016</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>2018</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>2020</td>
<td>58%</td>
<td>42%</td>
</tr>
</tbody>
</table>
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)

<table>
<thead>
<tr>
<th></th>
<th>Federal</th>
<th>State &amp; local</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Illinois</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>Kansas</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Indiana</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>Delaware</td>
<td>13%</td>
<td>87%</td>
</tr>
</tbody>
</table>
South Carolina
(Balanced funding structure)

New Hampshire
(Federal dedicated funding structure)

Michigan
(Federal nondedicated funding structure)

Delaware
(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

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Federal</th>
<th>State/local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent skill-based programs</td>
<td>40%</td>
<td>31%</td>
</tr>
<tr>
<td>Caseworker visits/administration</td>
<td>37%</td>
<td>40%</td>
</tr>
<tr>
<td>Substance abuse prevention &amp; treatment</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Mental health treatment</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Financial supports</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Other services</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>
What about my state?

- Get your phone or computer!
- 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
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?
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, the 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 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 Temporary Assistance for Needy Families (TANF) program.² TANF funds can be used for a broad variety of child welfare services including, but not limited to:

- Foster care
- Adoption
- Foster care of children under age five

Other available resources

This document is one of many child welfare financing resources available on the Child Trends website, including a summary of national findings and detailed information on the following funding sources used by child welfare agencies:

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

Overall Expenditures²

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount in SFY 2020</th>
<th>% Change from SFY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>$281,360,120</td>
<td>N/A</td>
</tr>
<tr>
<td>Federal</td>
<td>$143,920,108</td>
<td>N/A</td>
</tr>
<tr>
<td>State</td>
<td>$137,370,601</td>
<td>-9%</td>
</tr>
<tr>
<td>Local</td>
<td>$70,000</td>
<td>-63%</td>
</tr>
<tr>
<td>Other</td>
<td>Unable to provide</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Federal Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Total in SFY 2020</th>
<th>Change from SFY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title IV-E</td>
<td>$8,834,914</td>
<td>29%</td>
</tr>
</tbody>
</table>

Title IV-E of the Social Security Act can be used for foster care, adoption, guardianship, prevention, kinship navigation, and support for foster and adoptive families.³ Some states, but not Alabama, also support Title IV-E foster care expenses and may provide financial assistance for emergency care expenses.

Thank you!

Kristina Rosinsky
krosinsky@childtrends.org