



# Financing Child Welfare and Prevention Systems

**2022 Child Welfare Fellows Kickoff Meeting**

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# 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

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# 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 2008 and 2018.
- a) Increased
  - b) Decreased
  - c) Stayed the same

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- 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
- Challenges and opportunities
- Innovative approaches

# Overview of the Child Welfare Financing Survey

- Documents the sources and amounts of spending by child welfare agencies across the U.S.
- 51 states (including DC and Puerto Rico) participated in the SFY 2018 survey (Idaho was unable to respond)
- Survey collected data on states' expenditures on child welfare activities for state fiscal year 2018

# Child Welfare Financing 101

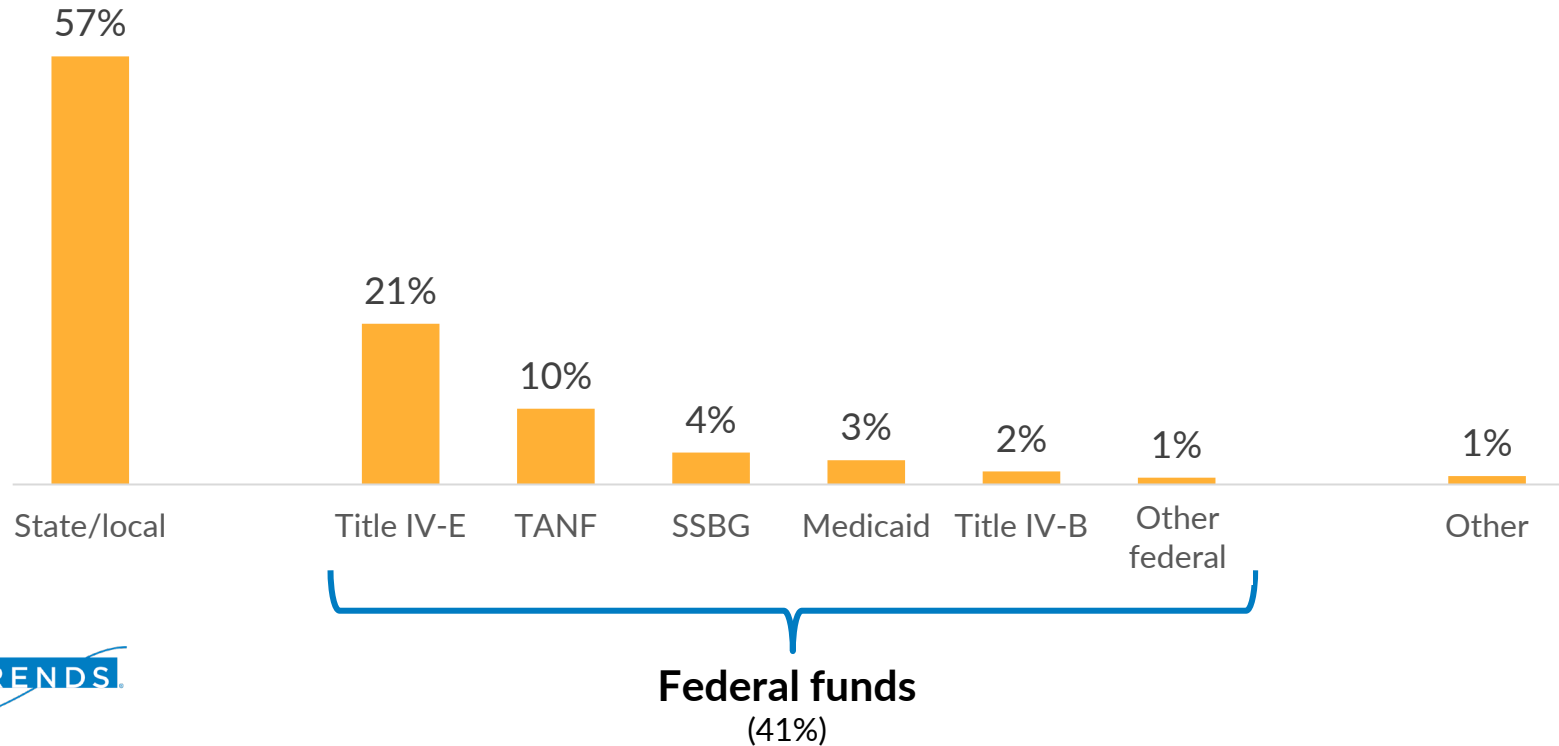
# Major child welfare funding sources

- 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

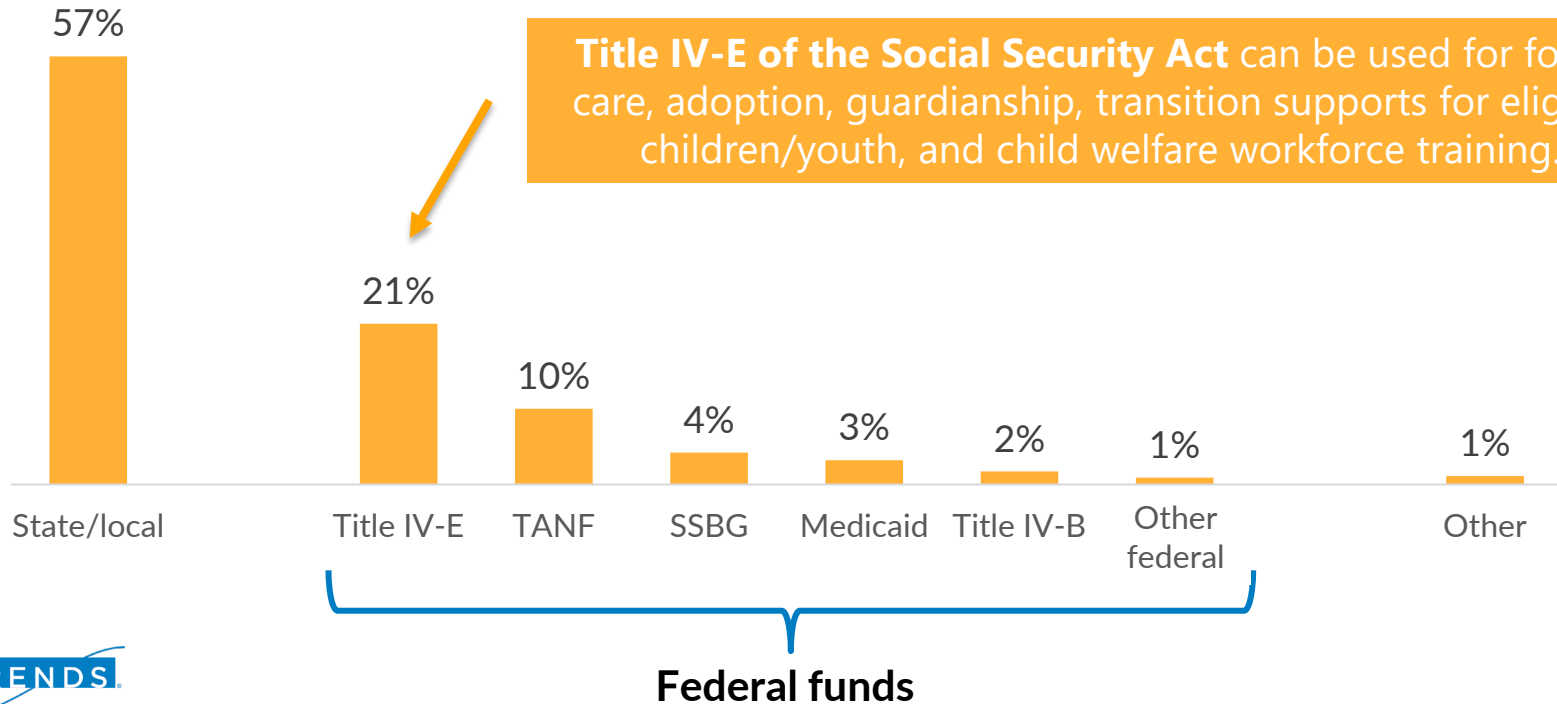
Non-dedicated

# Major child welfare funding sources





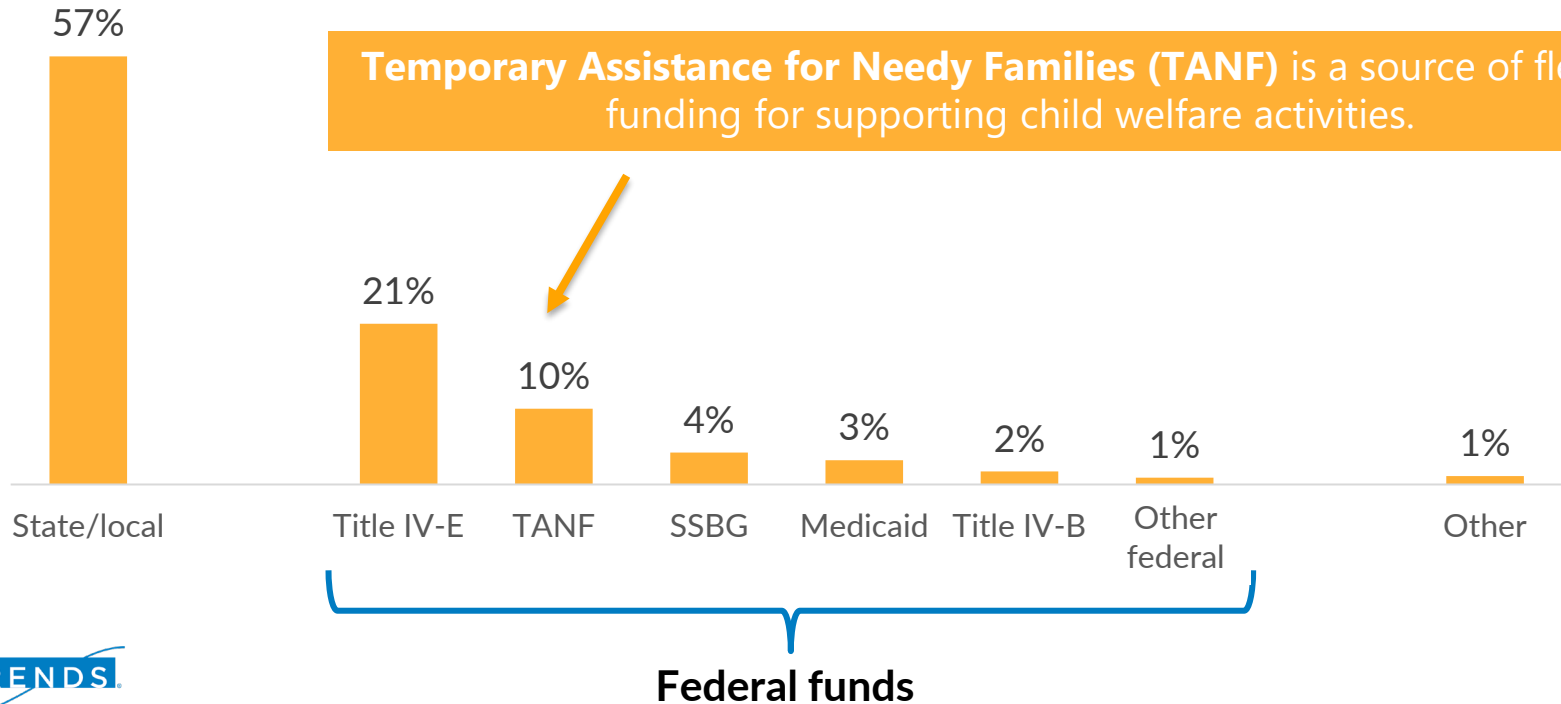
# Major child welfare funding sources



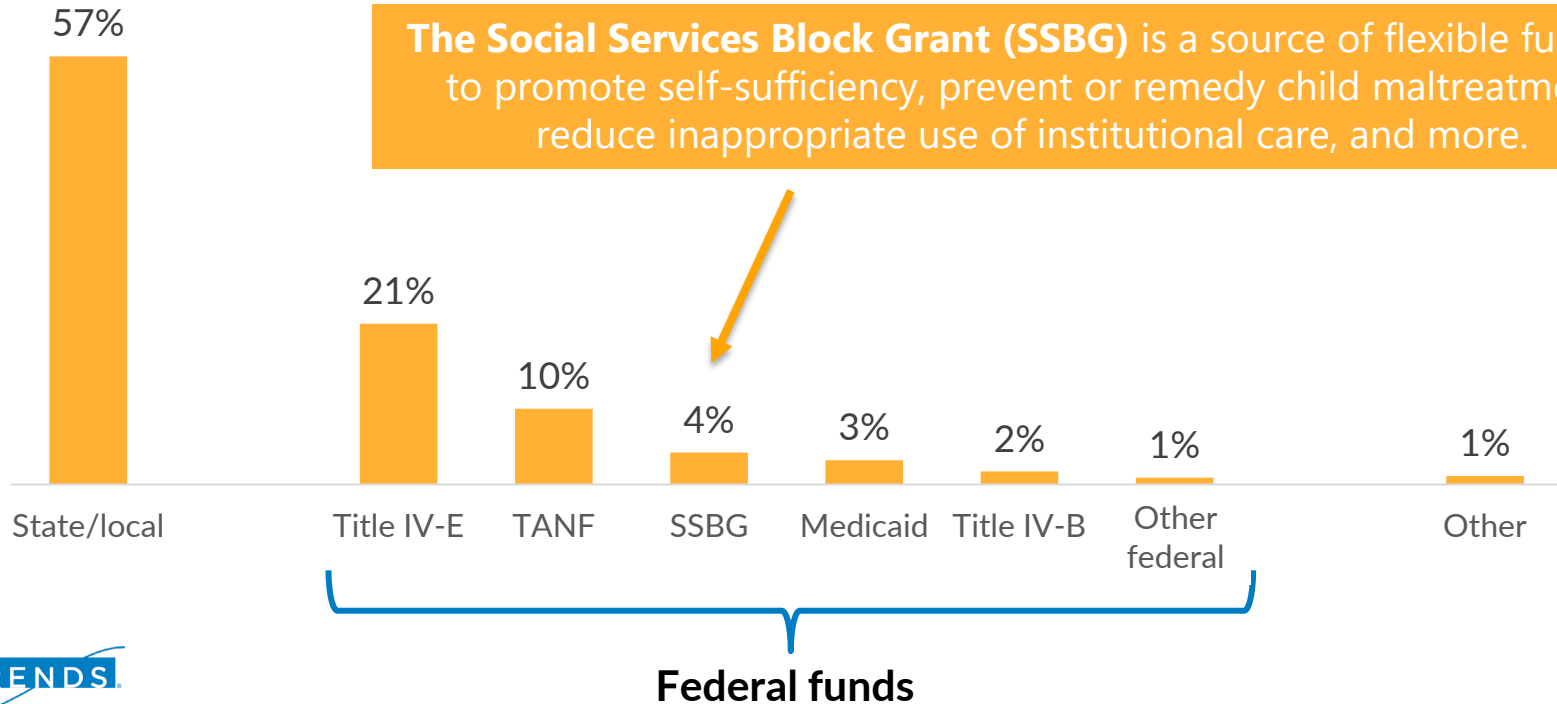
# Brief note on the Family First Act

- The data being presented today are from SFY 2018, before implementation of the Family First Act.
- 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).

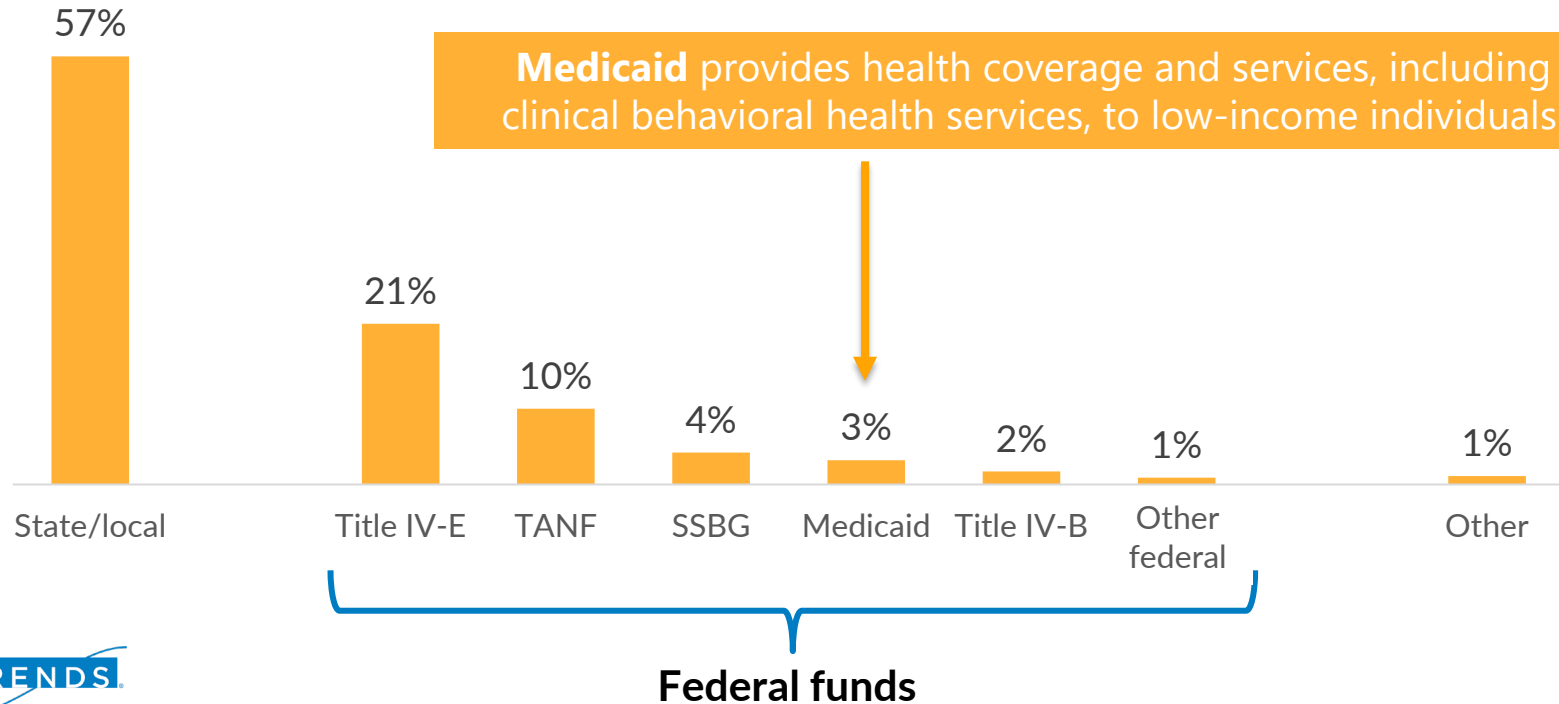
# Major child welfare funding sources



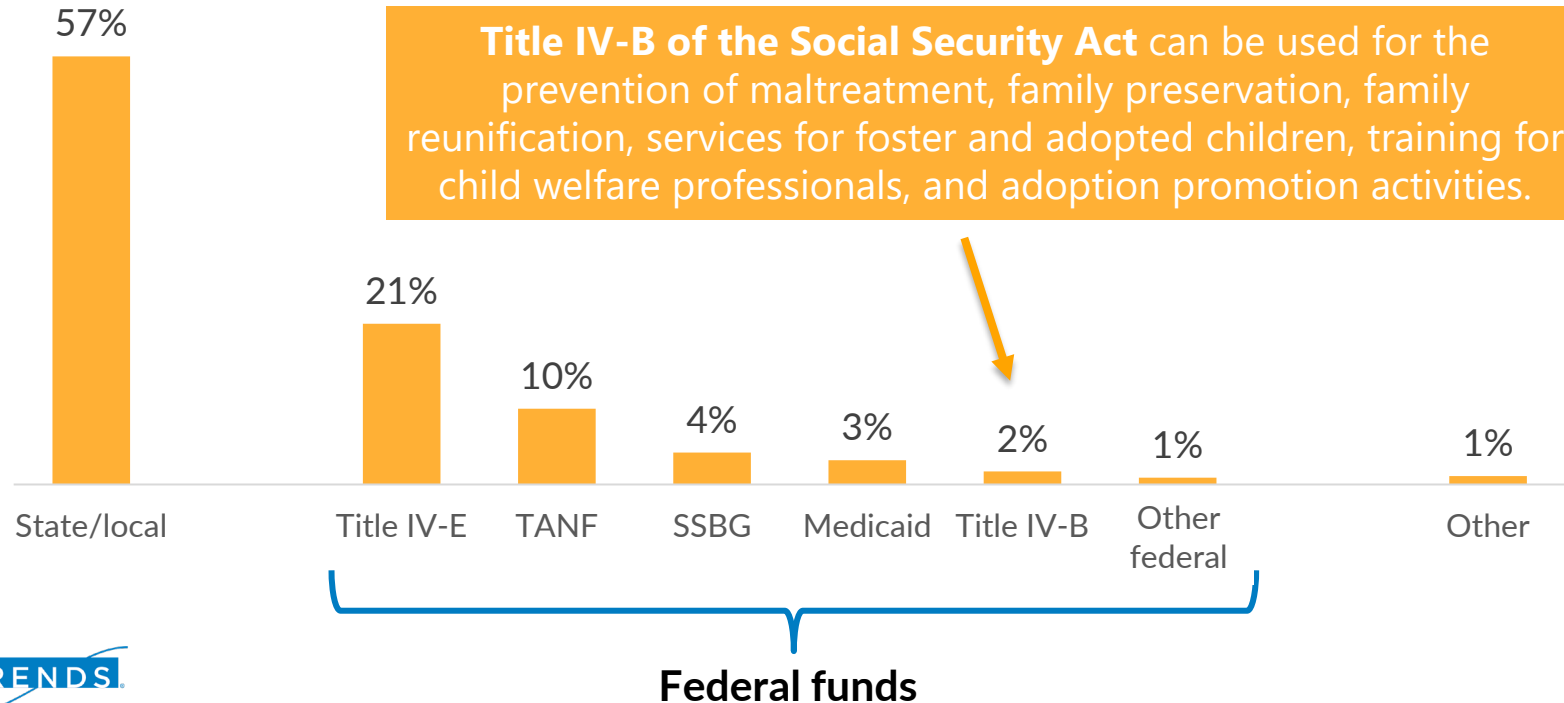
# Major child welfare funding sources



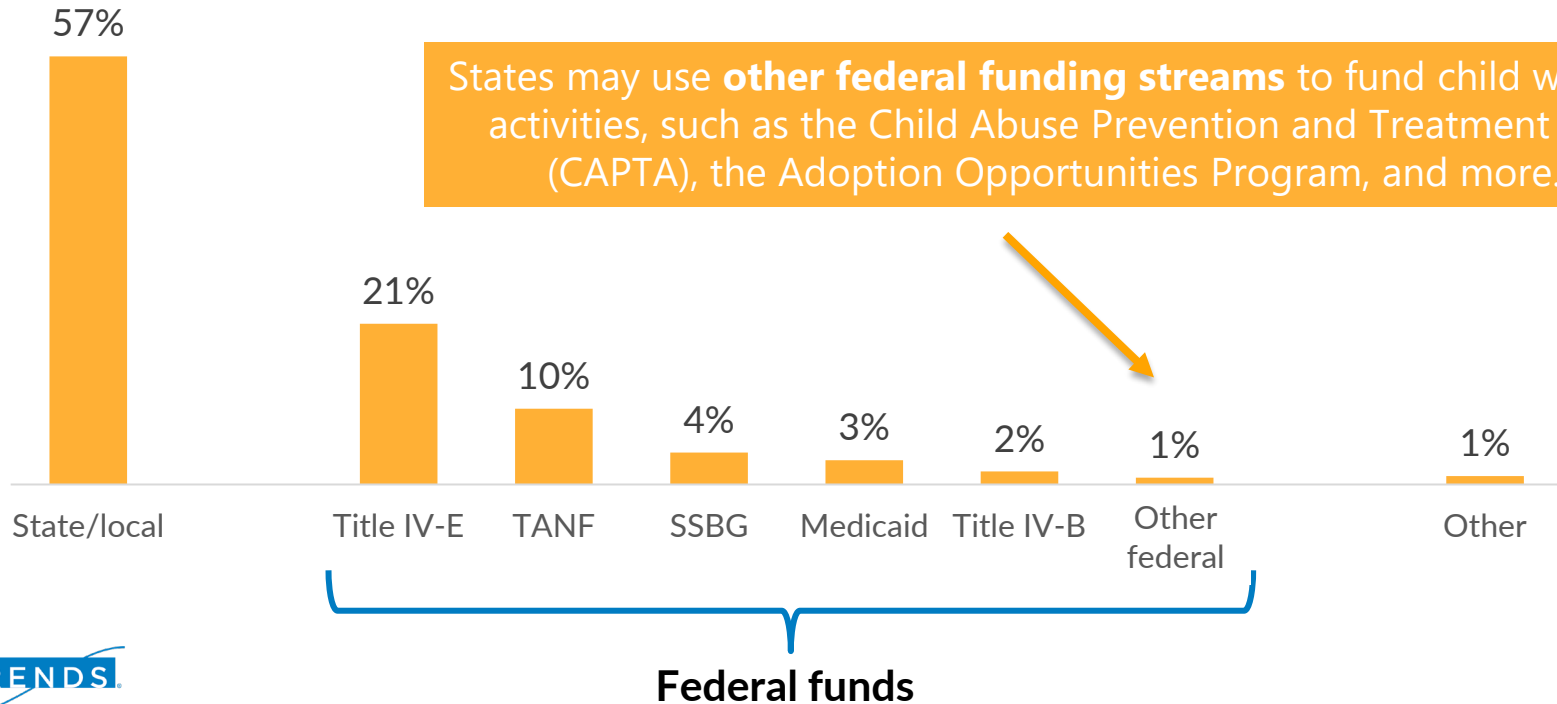
# Major child welfare funding sources



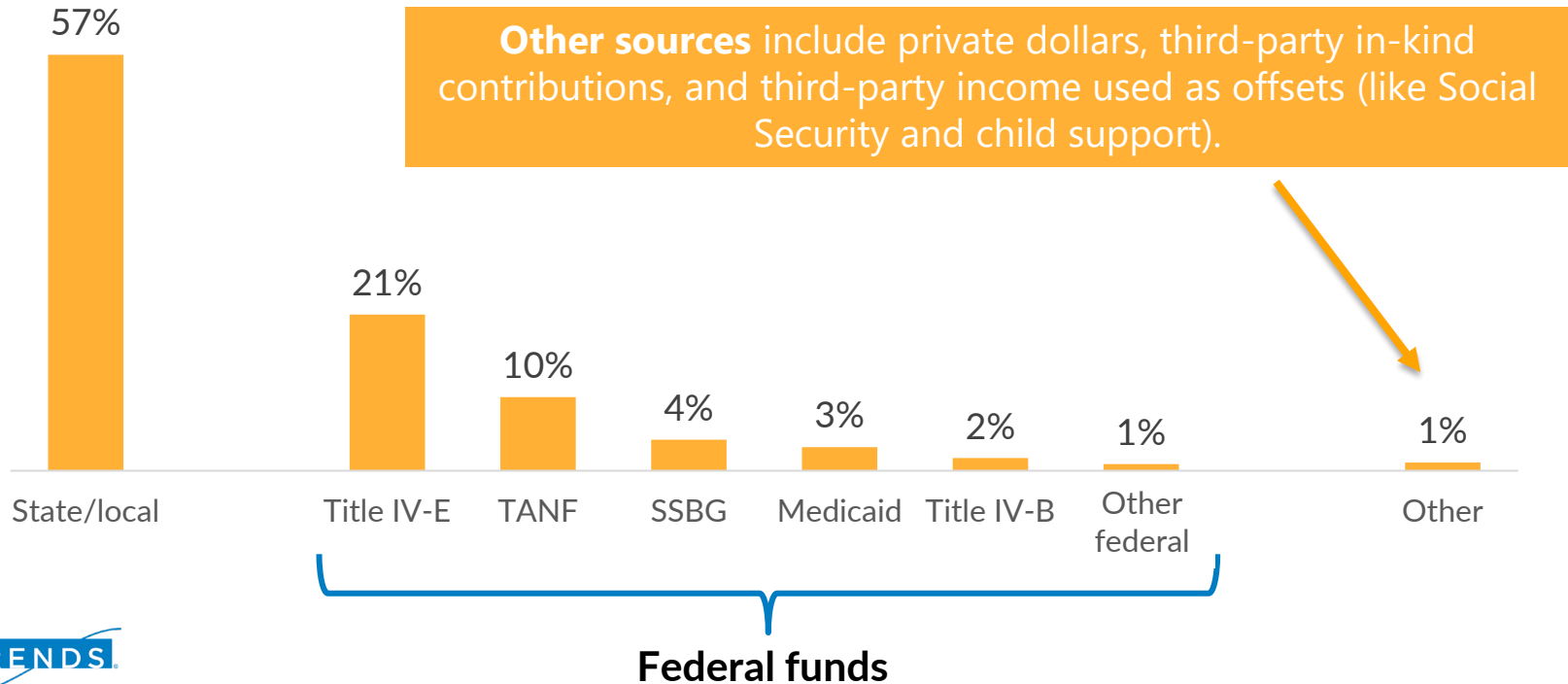
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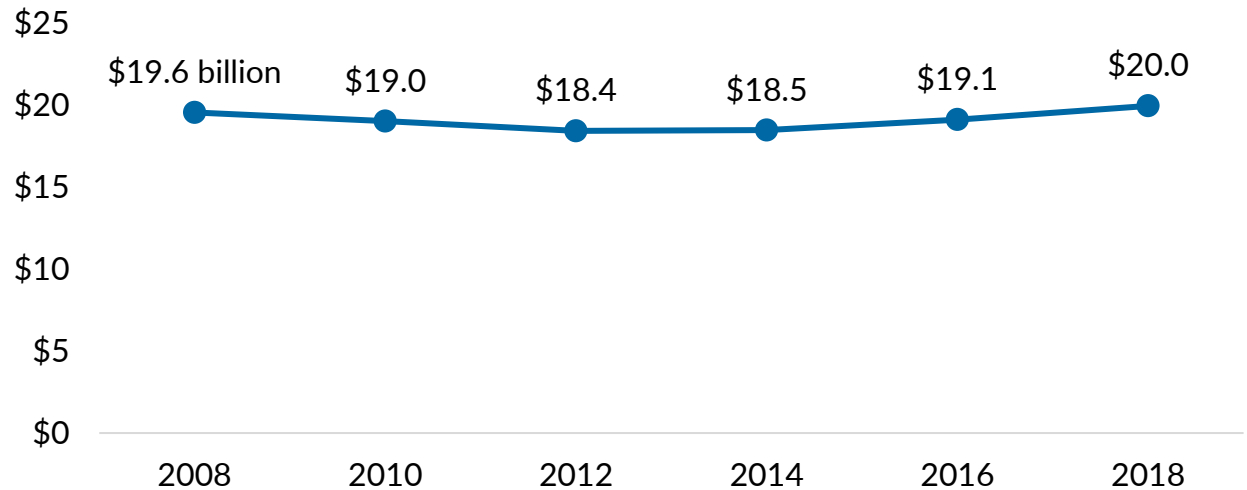




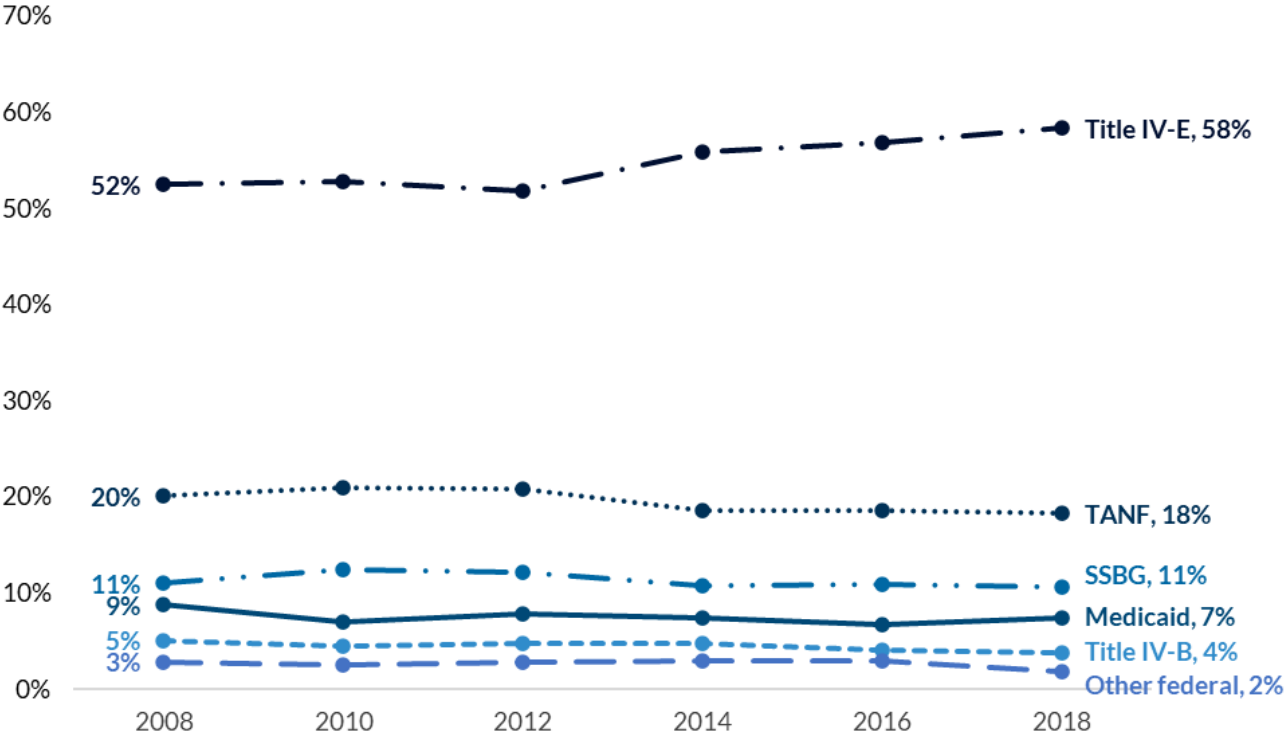
Total child welfare agency expenditures increased by 6 percent from SFY 2016 to SFY 2018, but only by 2 percent over the past decade

**\$33.0  
billion**  
in SFY 2018

**Change in total child welfare agency expenditures,  
SFYs 2008–2018 (32 states)**



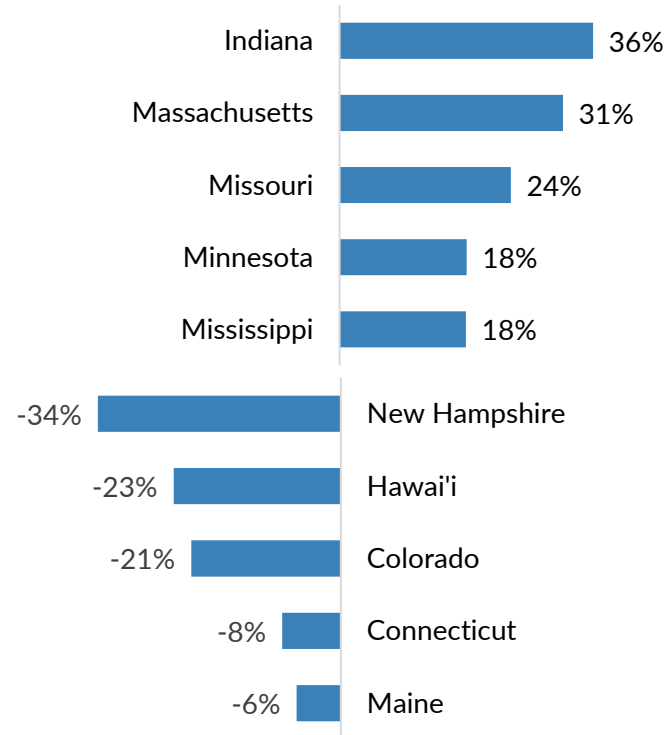
# Proportion of total federal expenditures from each major federal source, SFYs 2008–2018 (42 states)



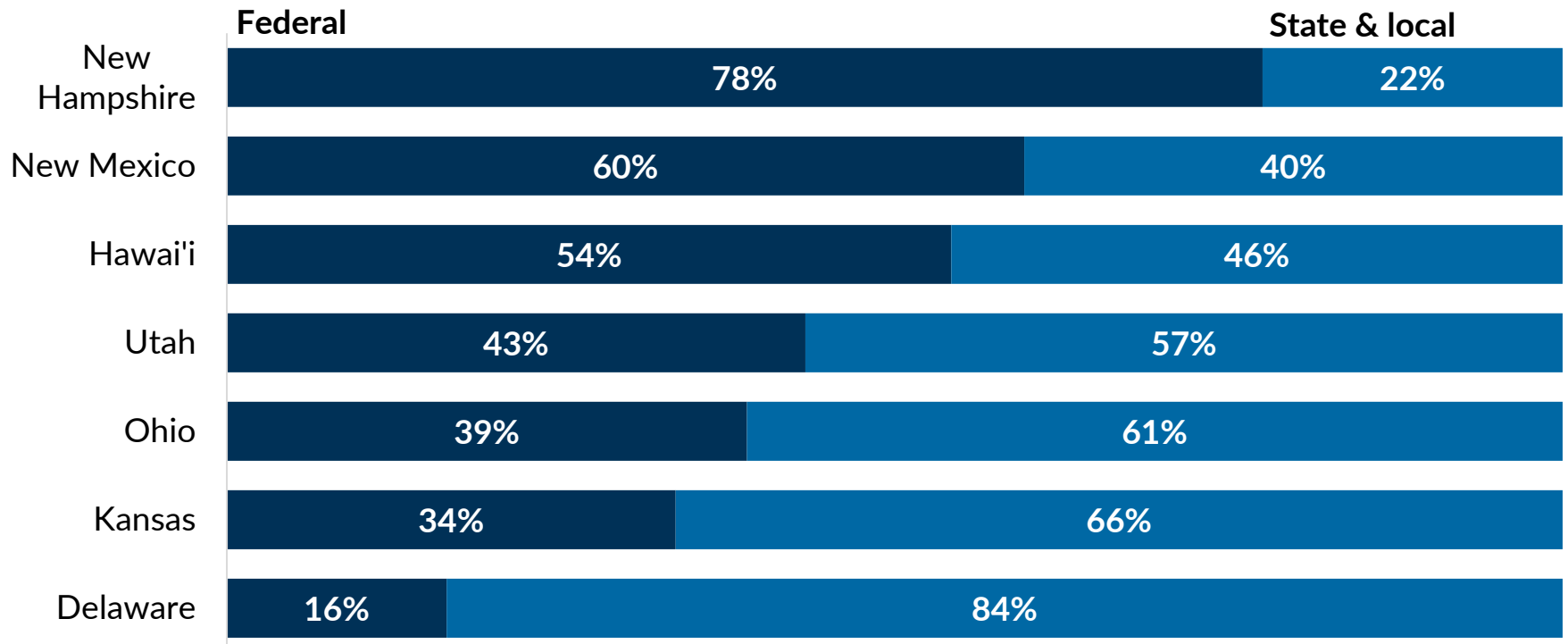
# Child welfare agency expenditure trends and financing sources vary greatly among states

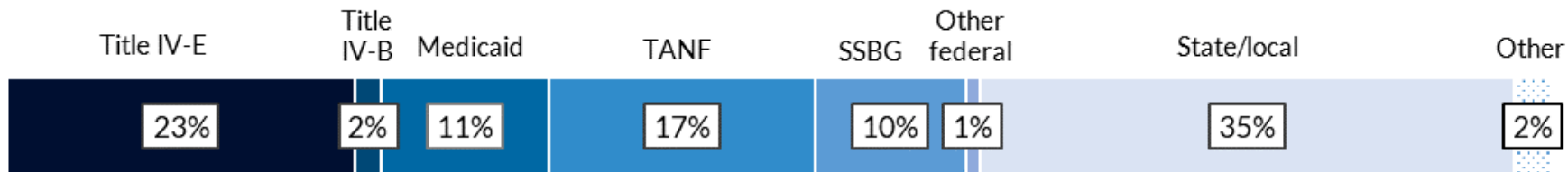
## Top increases and decreases in total child welfare agency spending, SFYs 2016-2018 (39 states)

28 states reported an increase  
11 states reported a decrease



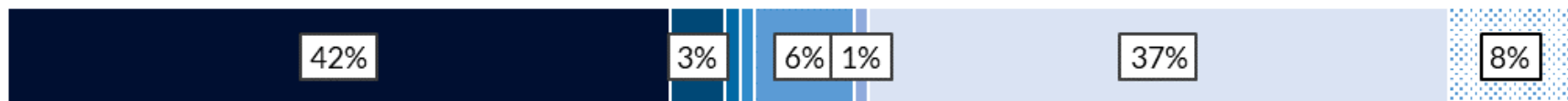
# Child welfare agency expenditure trends and financing sources vary greatly among states (continued)





### Missouri

*Balanced funding structure*



### New Mexico

*Federal dedicated funding structure*

Medicaid 1%; TANF 1%



### Michigan

*Federal nondedicated funding structure*

Medicaid <1%

Other federal <1%



### Delaware

*State/local funding structure*

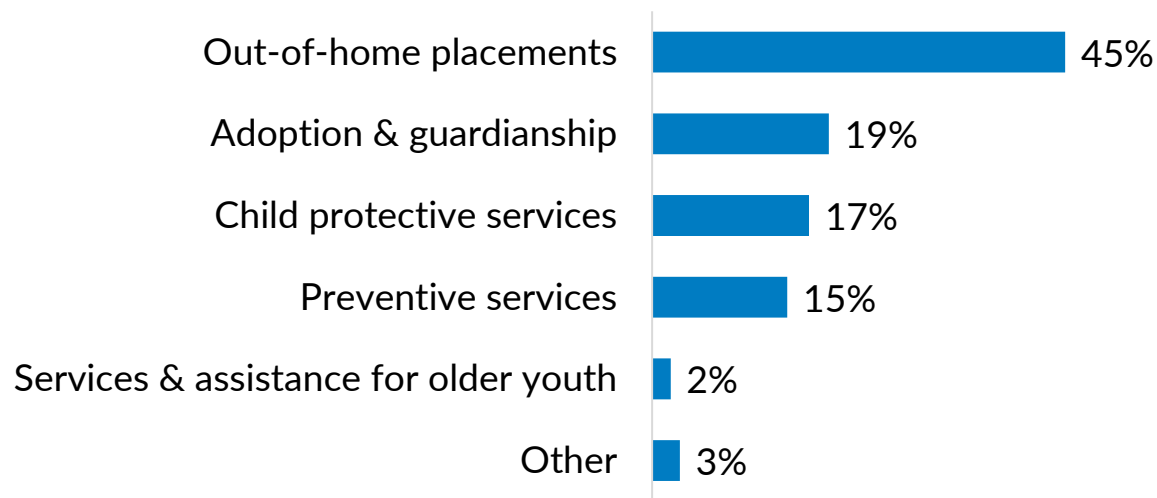
Medicaid 0%; TANF <1%; SSBG 2%; Other federal 0%

# 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

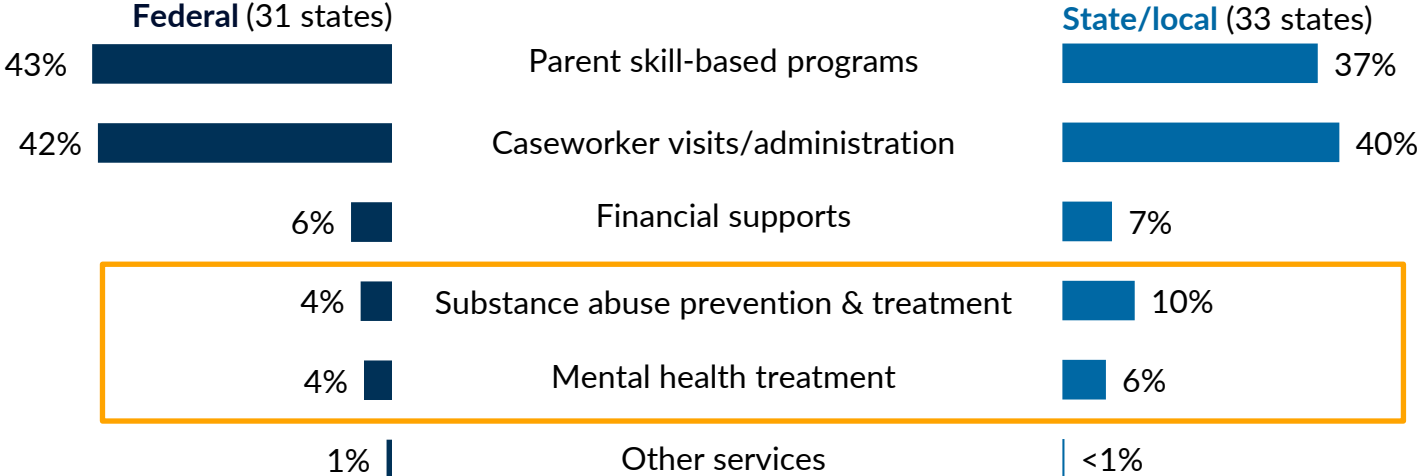
# Child welfare agencies used nearly half of all federal and state/local expenditures to finance the costs of out-of-home placements, with smaller proportions spent on other services

## Proportion of total expenditures on categories of services (41 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





# Challenges and Opportunities

# Challenges and Opportunities

- Shifting upstream towards preventive strategies
- Coordinating with other child-serving agencies

# Innovative Approaches

# 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

# Looking Forward

- Are we getting desired outcomes for all children and families?
- Are we missing resources that could be available to child welfare agencies?
- Why are we not using particular funding streams (e.g., TANF or SSBG)?
- Does our spending reflect our priorities and values?
- How can we use the Family First Act and other recent federal legislation to maximize opportunities to finance child welfare differently?

# Small Group Discussion

**What options do you see to increase the amount of funding available or to more effectively use current funding to improve outcomes for children and families?**

## Child Welfare Agency Spending in the District of Columbia in SFY 2018



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. In state fiscal year (SFY) 2018, state and local child welfare agencies spent \$33 billion using a combination of federal, state, local, and other funds. State and local child welfare agencies rely on multiple funding streams to administer programs and services. While many funding sources are available to child welfare agencies, each 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 the District of Columbia for SFY 2018,<sup>1</sup> collected through Child Trends' national survey of child welfare agency expenditures.

**Other available resources**  
This document is part of an array of 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-E
- Title IV-B
- Temporary Assistance for Needy Families
- Social Services Block Grant
- Medicaid
- Other federal funds
- State and local funds

### Overall Expenditures<sup>2</sup>

Overall child welfare agency spending in the District of Columbia decreased since SFY 2016 and decreased from SFY 2008 to 2018.

	Amount in SFY 2018	% Change from SFY 2016		% Change from SFY 2008	
Overall	\$210,455,958	-0%	-44%		
Federal	\$51,415,014	-13%	-47%		
State	\$157,590,323	-4%	-44%		
Local	\$0	0%	0%		
Offsets and other <sup>3</sup>	\$1,450,621	N/A	N/A		

The proportion of spending from federal, state, and local sources in the District of Columbia has not changed since SFY 2016.

	Federal	State	Local
2018	25%	75%	0%
2014	26%	74%	0%



<https://www.childtrends.org/publications/child-welfare-financing-survey-sfy2018>

# Child Welfare Financing SFY 2018:

## A survey of federal, state, and local expenditures

Kristina Rosinsky, Sarah Catherine Williams, Megan Fischer, and Maggie Haas

## Title IV-B Spending by Child Welfare Agencies in SFY 2018

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This document presents information about Title IV-B spending by child welfare agencies in SFY 2018, collected through Child Trends' national survey of child welfare agency expenditures.<sup>1</sup>

### 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.<sup>2</sup> CWS funds can be used for a broad variety of child welfare services including, but not limited to, the prevention of maltreatment, family preservation, family reunification, services for foster and adopted children, and training for child welfare professionals. This funding is distributed by formula based on a state's under 21 population and per capita income. In federal fiscal year (FFY) 2018, Subpart 1 also included dollars awarded competitively through the Child Welfare Research, Training, and Demonstration Project.

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

STATE	Title IV-B (a)	Medicaid (a)	SSBG	TANF (a)	Other Federal Sources	Other (offsets, in-kind, and private dollars)	TOTAL FEDERAL	TOTAL
Alabama (a)	\$2,759,074	\$9,383,985	\$81,363,680	\$22,601,649	\$17,292,974	\$807,128	\$186,188,490	\$186,188,490
Alaska (a)	\$27,292,984	\$231,192	\$0	\$2,787,802	\$29,967,727	\$0	\$59,069,667	\$59,069,667
Arizona (a)	\$313,726,976	\$10,482,392	\$0	\$27,772,840	\$130,864,343	\$29,187,854	\$570,239,305	\$512,028,405
Arkansas (a)	\$70,996,095	\$7,730,793	\$5,211,275	\$16,246,025	\$14,908,987	\$676,948	\$117,333,833	\$105,186,431
California (a)	\$2,000,066,545	\$62,174,665	\$153,131,890	\$26,021,716	\$5,692,863	\$0	\$2,247,634,619	\$2,247,634,619
Colorado (f)	\$1,000,074,026	\$8,440,164	\$4,386,402	\$12,023,199	\$0	\$6,072,767	\$6,340,758	\$10,996,558
Connecticut (a)	\$18,099,434	\$4,154,733	\$25,598,139	\$0	\$375,524,439	\$1,790,772	\$3,044,098	\$333,067,215
Delaware (a)	\$8,800,736	\$18,833,966	\$0	\$11,777,788	\$0	\$387,517	\$1,008,900	\$32,296,477
District of Columbia (g)	\$40,471,475	\$186,716	\$444,241	\$0	\$0	\$312,582	\$1,450,621	\$51,415,014
Florida	\$40,943,632	\$43,618,962	\$1,967,570	\$146,516,790	\$371,108,443	\$4,514,707	\$186,661,350	\$776,840,104
Georgia (a)	\$15,115,663	\$24,095,722	\$193,830	\$193,905,486	\$2,699,665	Unable to provide	\$189,714,081	\$383,522,066
Hawaii (f)	\$53,342,581	\$2,921,004	\$0	\$10,149,768	\$0	\$927,548	\$47,886,756	\$64,267,057
Iaho (j)	Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing
Illinois	\$283,316,077	\$25,421,232	\$13,218,669	\$12,461,698	\$793,559,851	\$7,248,619	\$27,126,131	\$834,226,162
Indiana (a)	\$98,423,028	\$14,855,623	\$4,098,169	\$14,332,714	\$55,832,816	\$10,882,744	\$9,008,812	\$198,425,094
Iowa (f)	\$64,710,111	\$1,845,206	\$0	\$23,860,712	\$57,951,311	\$1,183,112	\$4,314,399	\$151,352,272
Kansas	\$172,218,908	\$4,687,461	\$252,628	\$22,204,903	\$487,719,891	\$0	\$2,517,744	\$698,670,973
Kentucky	\$117,015,927	\$9,368,464	\$0	\$4,216,600	\$68,482,193	\$2,748,934	\$14,384,140	\$248,832,117
Louisiana	\$70,481,843	\$6,359,825	\$2,893,541	\$34,478,006	\$46,113,548	\$339,265	\$3,034,996	\$161,248,928
Maine	\$37,963,543	\$1,896,541	\$0	\$2,100,360	\$0	\$113,838	\$2,784,394	\$46,996,279
Maryland (a)	\$91,762,420	\$7,455,350	\$4,649,534	\$17,250,520	\$26,501,153	\$831,621	\$55,449,959	\$148,450,988
Massachusetts	\$112,022,804	\$7,247,933	\$33,052,222	\$76,515,714	\$0	\$807,259	\$6,800,206	\$207,153,500
Michigan (a)	\$183,839,261	\$19,102,754	\$6,069,432	\$225,919,216	\$516,160,065	\$2,323,179	\$3,327,973	\$853,227,066
Minnesota (a)	\$99,394,937	\$8,275,191	\$0	\$57,789,640	\$23,623,448	\$0	\$1,021,017	\$204,696,335







# Thank you!

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