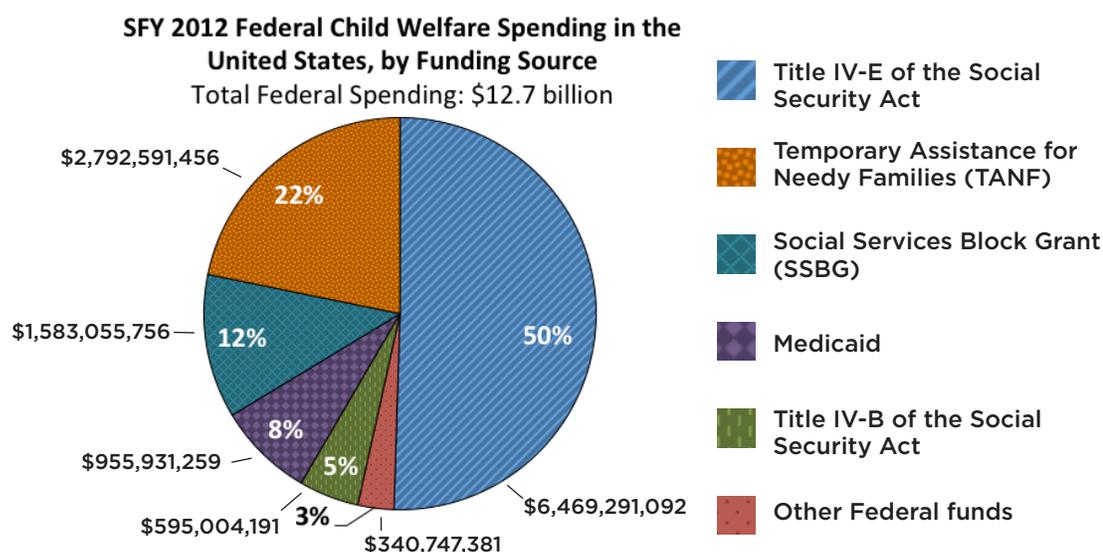


How States Fund Child Welfare Activities

Child welfare agencies are charged with ensuring the safety, permanency, and well-being of children who have been abused or neglected, and those who are at risk of either. The services provided by states and counties vary widely, and include prevention services, child protective services (such as family assessments and investigations), providing payments and supports for out-of-home placements such as foster or kinship care, and adoption and guardianship services and supports.

HOW MUCH STATES ARE SPENDING

Historically, about half of annual child welfare expenditures (\$12.7 billion out of \$28.2 billion in state fiscal year [SFY] 2012) have been from federal sources, and our most recent estimates predict similar ratios for SFY 2014. While the remaining half of child welfare expenditures come from state and local sources (\$10.9 billion and \$4.6 billion respectively, in SFY 2012), much more is known about expenditures of federal dollars, due to the highly regulated nature of the funding streams.¹



HOW DO STATES DECIDE WHICH FUNDING SOURCE TO USE?

Early in 2015, Child Trends interviewed child welfare agency officials in Colorado, Florida, Illinois, Indiana, Massachusetts, Michigan, Ohio, Texas, Utah, and Wisconsin about their experiences funding child welfare activities. Not surprisingly, state policymakers and child welfare agency decision-makers overwhelmingly reported wanting programmatic priorities to guide their decision making. However, leaders identified the following as factors in determining how to fund their programs and services:

- **The specific requirements of individual grants or funding sources** are the main driver in selecting a funding source. Each of the federal funding sources available to state and county child welfare agencies has its own requirements for use.
- **The state of the greater economy** plays a role in funding decisions, at times forcing states to shift service priorities or reduce services—particularly during the recent recession.
- **Media attention** about child fatalities can lead to changes in overall agency priorities, or an increase in services and supports to certain populations of children and families.

¹ For a detailed description of each of these sources, see Federal, State, and Local Spending to Address Child Abuse and Neglect in SFY 2012, <http://www.childtrends.org/?publications=14383>

- **Class action lawsuits** brought on behalf of a group of children against the child welfare agency or the state governor can lead to court-ordered changes in service or staffing.
- **Strong vision and leadership** from the agency, governor, and/or legislature also drive child welfare financing decisions, including what services, initiatives, or innovations are pursued.
- **The alignment of vision and direction in partnering agencies**, such as Medicaid and TANF, can lead to easier coordination of funds and services.

STATES FACE SOME CHALLENGES IN ACCESSING FEDERAL FUNDS

Child welfare agencies have the challenging, but essential, task of protecting and supporting vulnerable children and their families. That task is complicated by the fact that the children and families in the child welfare system have important health, educational, and economic needs as well, which fall under the purview—and sometimes the finances—of other agencies.

Accessing federal funds presents other challenges for states. State leaders mentioned these, among others:

- States **lack sufficient control over how to spend the federal money**, due to federal requirements.
- Federal funds **do not cover a wide enough variety of services/needs**. Title IV-E funds do not cover investigation or child abuse hotlines or other key parts of the child welfare agencies' duties, for example.
- Federal requirements for accessing funding are **burdensome and time-consuming**.

BEST PRACTICES

Leaders offered the following insights for other states:

Decide what children and families need first. Leaders stressed that the work of identifying local needs and developing specific strategies and goals was a critical first step in upholding their duty. Once those are in place, the agency can work with its internal fiscal staff and other agency partners to find funds.

Partner with foundations and other public agencies to secure additional resources to test and evaluate new approaches. **Colorado** has partnered with the Annie E. Casey Foundation and Casey Family Programs to address congregate care issues, use of kin as placement, educational stability for children in foster care, and achieving permanency for all children and youth, including reinstatement of parental rights. **Wisconsin** has partnered with its state Medicaid agency to implement a specialized Medicaid program. The program provides coordinated and comprehensive care to children in out-of-home care.

TO LEARN MORE

- Child Trends: *An Introduction to Child Welfare Funding, and How States Use It* (http://www.childtrends.org/?post_type=publications&p=18550)
- Child Trends: *A Primer on Title IV-E Funding for Child Welfare* (http://www.childtrends.org/?post_type=publications&p=18549)
- Child Trends: *Federal, State, and Local Spending to Address Child Abuse and Neglect in SFY 2012* (<http://www.childtrends.org/?publications=14383>)
- Children's Bureau: Child Welfare Waivers (<http://www.acf.hhs.gov/programs/cb/programs/child-welfare-waivers>)
- Casey Family Programs - *Federal finance reform: Lessons learned from Title IV-E waiver demonstration projects* (http://www.ctfalliance.org/library/lessons_learned_waivers-8.pdf)
- Casey Family Programs: State Child Welfare Policy Database (<http://www.childwelfarepolicy.org/maps/state>)

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