

# Child Welfare Financing SFY 2014: National Overview

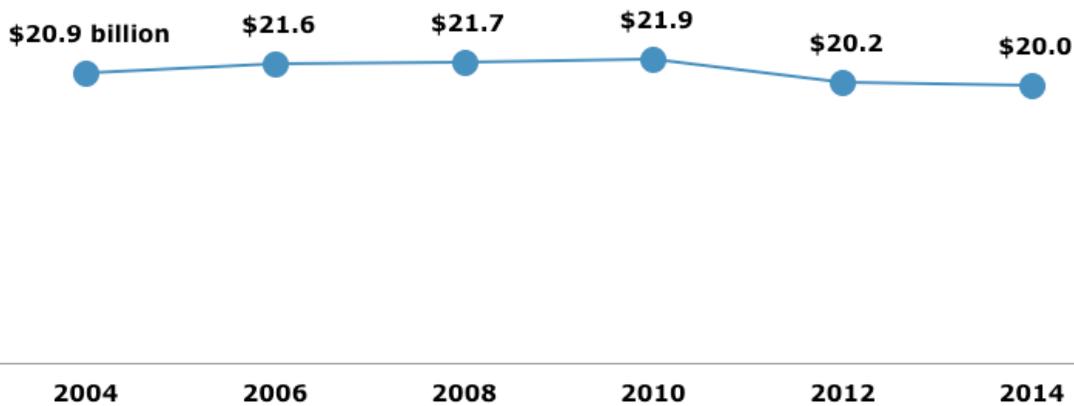
**Child welfare agencies across the United States protect and promote the well-being of children and youth who are at risk of, or have been found to be victims of, maltreatment.** This work is expensive: a total of \$29.1 billion in federal, state, and local funds was spent nationwide in state fiscal year (SFY) 2014. States rely on multiple funding streams for this work, each with its own unique purposes, eligibility requirements, and usage limitations. This complex financing structure determines what services are available to children and families, which approaches are used, and the way that child welfare agencies operate. To understand the challenges and opportunities that child welfare agencies face, it is therefore critical to understand how their work is financed.

This document presents a national overview of child welfare agency spending in SFY 2014, collected through Child Trends' national survey of child welfare agency expenditures.<sup>1</sup> It is part of an array of child welfare financing resources, available on the [Child Trends](#) website, including factsheets that provide more detail on each of the funding sources presented here.

**Child welfare agencies reported spending approximately \$29 billion in SFY 2014, a 1 percent decrease from SFY 2012.<sup>2</sup>**



Among states with comparable data, total child welfare agency expenditures have **decreased by 5 percent** over the past decade.<sup>3,4</sup>

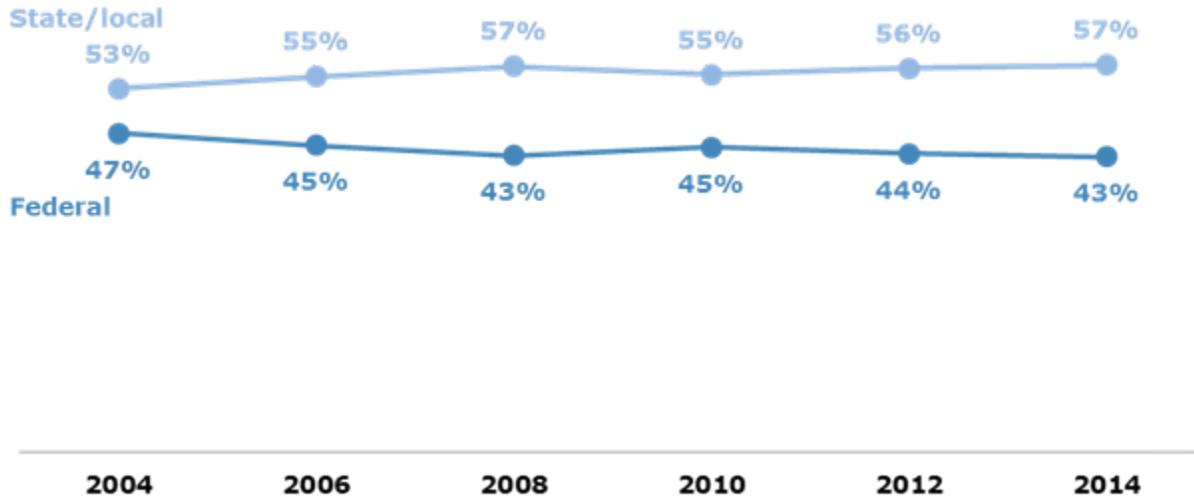


Federal spending **decreased** between SFY 2012 and SFY 2014, and state and local spending **increased slightly**.<sup>5</sup>

	SFY 2012	SFY 2014	% change
<b>Federal</b>	\$13.1B	\$12.8B	-3%
<b>State/Local</b>	\$16.2B	\$16.3B	<1%

In light of increasing numbers of maltreatment referrals, victims, and children in out-of-home care,<sup>6</sup> we might have expected to see increases in spending between SFY 2012 and SFY 2014. However, child welfare spending does not always align with the number of child protective services investigations/assessments or with foster care caseloads. Service costs and child welfare practice changes affect spending year to year, regardless of caseload changes. It is also important to remember that child-specific needs and costs can vary dramatically and fluctuate from year to year, and child welfare agencies support children and families by providing both in-home and out-of-home care. As such, changes in the population of children and families served who are *not* in out-of-home care also impact the overall level of spending by a state child welfare agency.

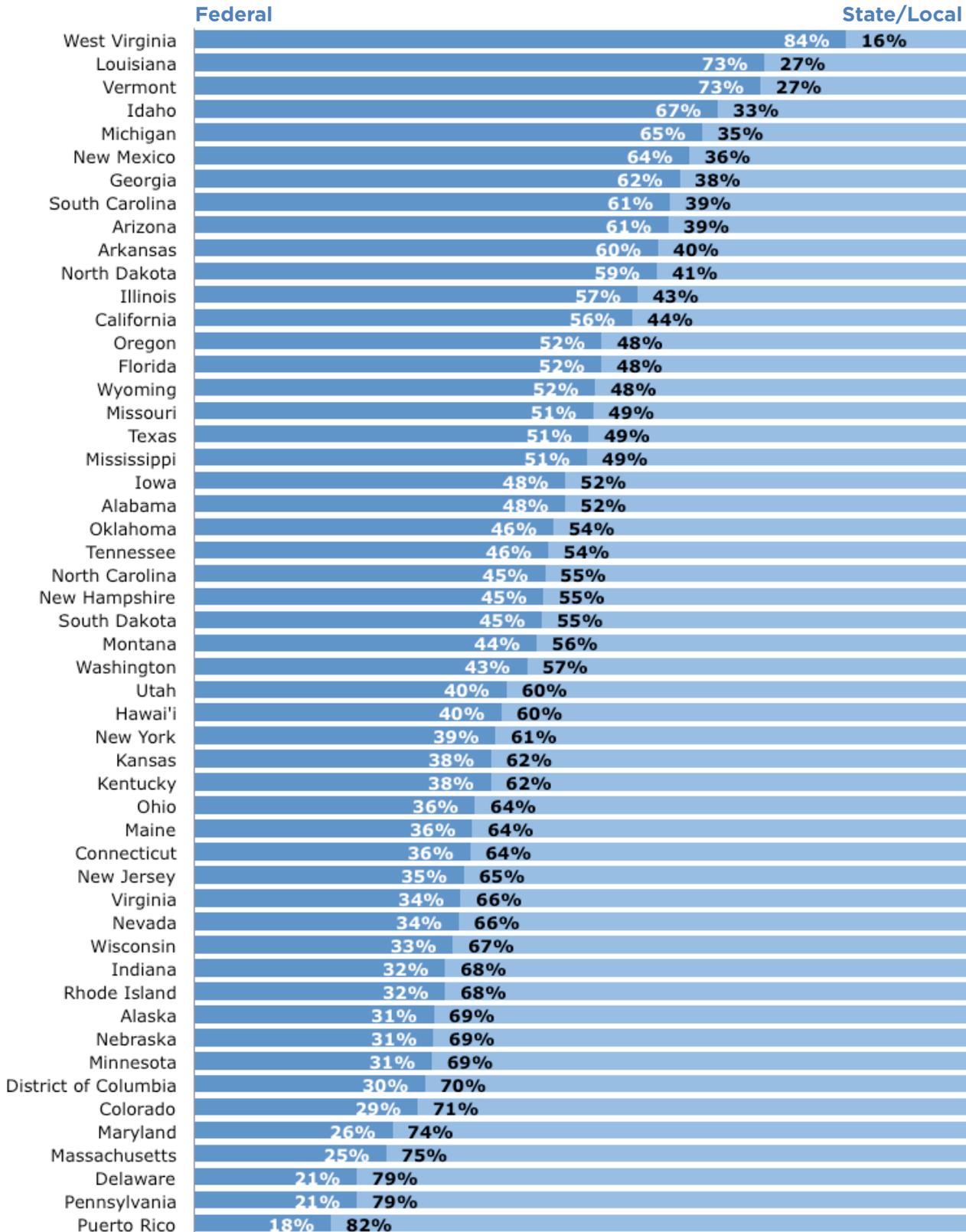
Over the past decade, the state and local share of all child welfare spending has **gradually increased** while the federal share has **gradually decreased**.<sup>7</sup>



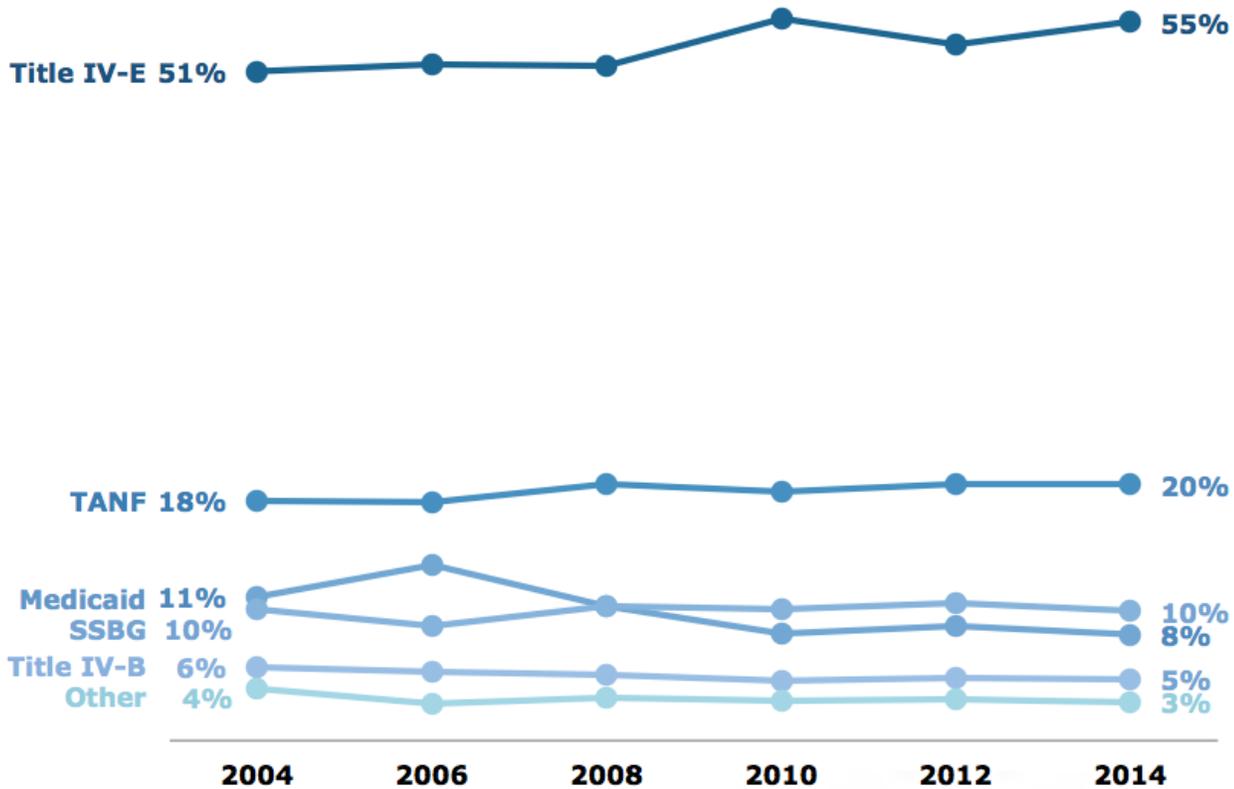
Federal and state/local spending patterns are **similar** for specific services, **almost half** of which were used for out-of-home placements.<sup>8</sup>



States vary widely in the proportion of federal vs. state and local dollars expended in SFY 2014.<sup>9</sup>

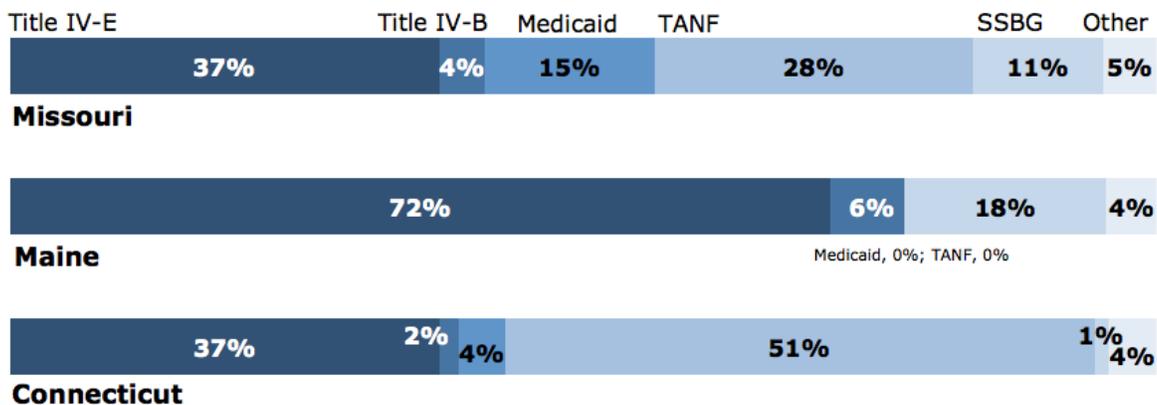


The proportion of expenditures from each of the major federal funding sources has **remained relatively stable** over the decade, in most cases fluctuating by no more than a few percentage points over time.<sup>10</sup>



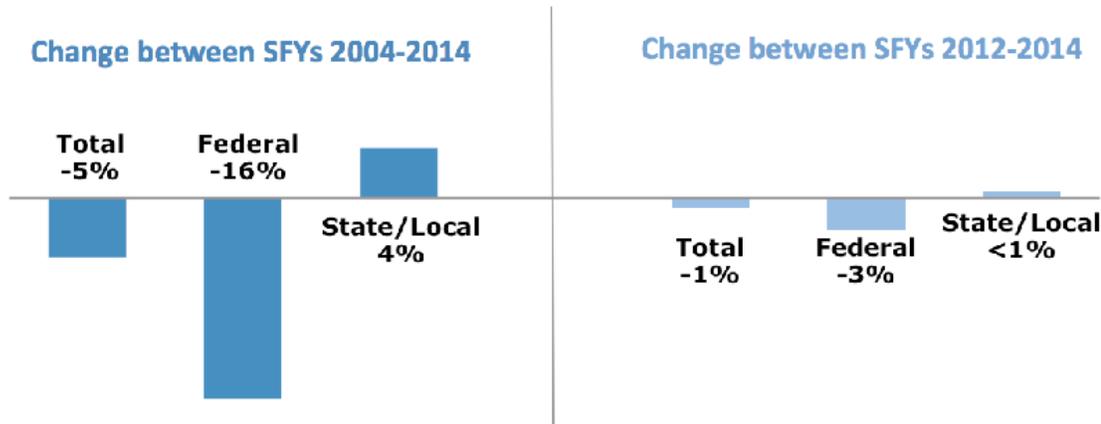
States **vary widely** in their use of federal funding sources.

As an example, this is how three states use federal funding sources to finance child welfare activities.



## States are spending **more** of their own funds.

State and local funds spent on child welfare **increased slightly** since SFY 2012 (<1 percent), and have **increased by 4 percent** since SFY 2004.<sup>11</sup>



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## Endnotes

<sup>1</sup> Each state reported data based on their state fiscal year 2014, which for most states is July 1, 2013 to June 30, 2014. Of the 52 states, only six (AL, DC, MI, NY, TX, and WY) reported a different SFY calendar.

In previous iterations of this survey, child support expenditures by child welfare agencies were treated as “other federal funds” and included in the total amount of federal funds and total amount of funds overall. This year, we treated child support as its own category separate from federal, state, and local funds (although a few states [Montana, Pennsylvania, and Wisconsin] kept child support expenditures in the amount they reported for “other federal funds”). This year, states reported \$64.9 million in child support dollars that were collected on behalf of children in foster care and made available to child welfare agencies (13 states were unable to provide this information). Note that these child support dollars are those made available to child welfare agencies as opposed to actual expenditures. As a result, this year we did not include child support in the total amount of funds (from federal, state, and local sources combined). While child support dollars are a relatively small share of child welfare expenditures, we still urge readers to exercise caution in making direct comparisons between the reported amounts of other federal funds, total federal funds, and total funds over the years due to the reclassification of these dollars.

The survey did not collect information about private dollars granted to child welfare agencies. Therefore, total spending is likely underestimated by a small amount.

The survey captures funds expended by child welfare agencies, but not funds expended by other agencies (such as health or education agencies) on children served by the child welfare system.

The survey instrument has been revised over the nine rounds of the survey, so some data are not directly comparable.

For the purposes of the survey, Washington, D.C. and Puerto Rico are considered to be states.

<sup>2</sup> To enable comparisons, all dollar amounts from previous years have been inflated to 2014 levels using the consumer price index (accessed on [www.measuringworth.com/uscompare/](http://www.measuringworth.com/uscompare/)). In previous reports, the gross domestic product deflator was used to inflate figures. In addition, when making comparisons between two years, we excluded from analyses states that lacked sufficient data in either year.

The number of states providing sufficient data for each round of the survey varies. Therefore, the amounts depicted in the graph may not be directly comparable and are likely an underestimate of true total spending. For example, while this graph shows the same expenditures in SFYs 2004 and 2014, when comparisons are made between the two years using only data from states with sufficient information in both years, total expenditures actually decreased by 5 percent.

Percent change between SFYs 2012 and 2014 is based on an analysis of 48 states with comparable data.

<sup>3</sup> Line graph is based on an analysis of 30 states with comparable data. Percent change between SFYs 2004 and 2014 is based on an analysis of 36 states with comparable data.

<sup>4</sup> When making comparisons between funding levels or funding proportions between two or more years, we restricted the analysis to states with comparable data in the years being compared. This is because some states provided incomplete information or did not respond to the survey in some years. Therefore, the total amount of SFY 2014 expenditures presented in this graph (\$20.0 billion) differs from the total amount presented above (\$29.1 billion).

<sup>5</sup> Percent change in federal spending is based on an analysis of 50 states with comparable data. Percent change in state/local spending is based on an analysis of 49 states with comparable data.

<sup>6</sup> U.S. Department of Health & Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau. (2016). Child maltreatment 2014. Available at: <http://www.acf.hhs.gov/sites/default/files/cb/cm2014.pdf>  
U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau (2015). *Trends in Foster Care and Adoption: FY 2005-FY 2014*. Available at: [http://www.acf.hhs.gov/sites/default/files/cb/trends\\_fostercare\\_adoption2014.pdf](http://www.acf.hhs.gov/sites/default/files/cb/trends_fostercare_adoption2014.pdf)

<sup>7</sup> Based on an analysis of 30 states with comparable data.

<sup>8</sup> The federal percentages are based on an analysis of 46 states and the state percentages are based on an analysis of 44 states that provided sufficient information. Most states were only able to provide approximations for how their funds were spent.

<sup>9</sup> Louisiana was unable to provide information about local spending. Therefore, their proportion of state/local funds may be understated.

<sup>10</sup> Based on an analysis of 38 states with comparable data across all six years.

<sup>11</sup> Change in total spending is based on an analysis of 36 states (for change between SFYs 2004-2014) and 48 states (for change between SFYs 2012-2014). Change in federal spending is based on an analysis of 42 states (for change between SFYs 2004-2014) and 50 states (for change between SFYs 2012-2014). Change in state/local spending is based on an analysis of 42 states (for change between SFYs 2004-2014) and 49 states (for change between SFYs 2012-2014).