

State & Local Funds

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.

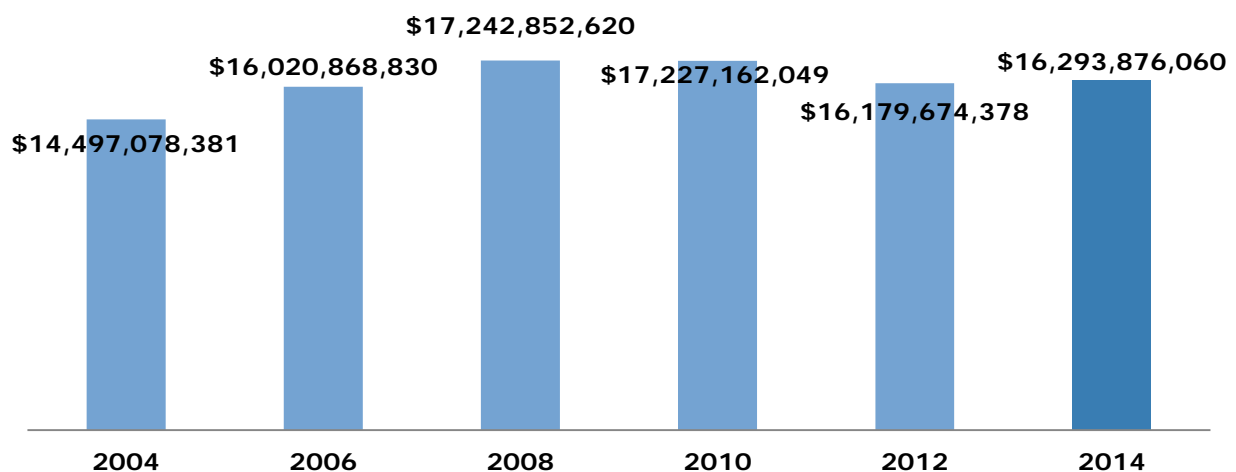
This document presents information about spending of state and local funds by child welfare agencies in SFY 2014, collected through Child Trends' national survey of child welfare agency expenditures.¹ It is part of an array of child welfare financing resources, available on the [Child Trends](#) website, including a summary of national findings and factsheets that provide more detail on each major funding source.

Background

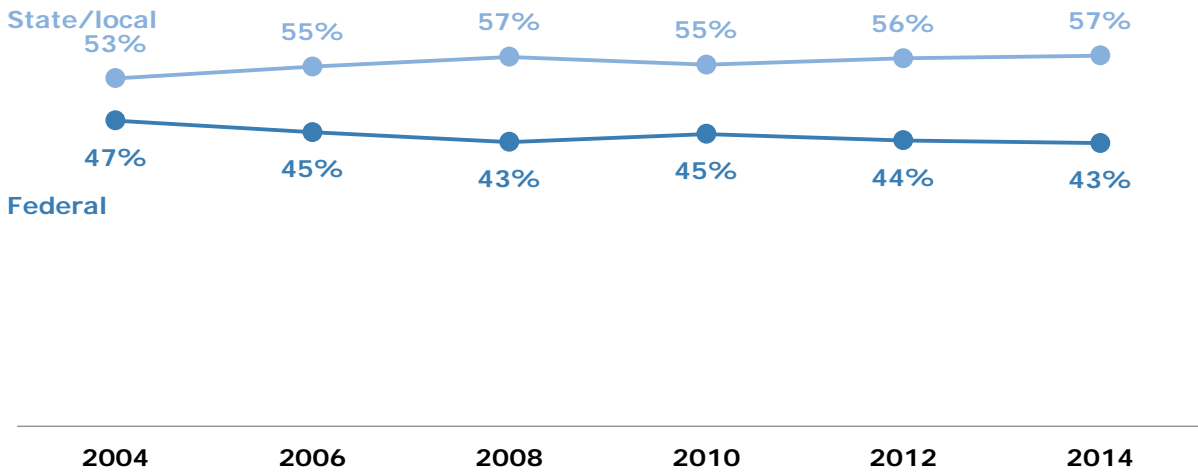
In addition to federal sources, states spend their own dollars on child welfare services and activities. State and local funds are used to match federal funds or to meet a required maintenance of effort for a federal program, and to pay for additional costs that federal funds do not cover. For most states, these funds come primarily from state dollars, though some states report using more local dollars than state dollars. The structure of a state's child welfare system (i.e., state-administered or county-administered) contributes to the participation of localities in financing child welfare activities. However, some state-administered systems report local dollars expended on child welfare as well. In our survey, 23 states reported using local funds for child welfare services in SFY 2014, while 29 states reported using no local dollars.

Overall spending of state and local funds by child welfare agencies

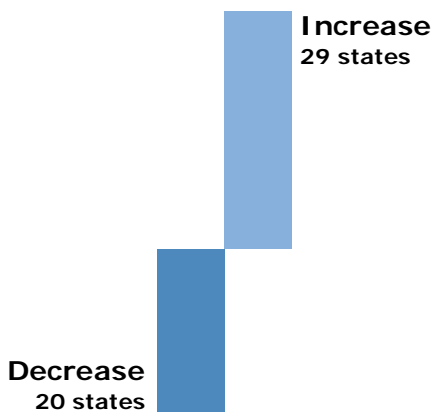
In SFY 2014, child welfare agencies reported spending **\$16.3 billion** in state and local funds on child welfare services.²



Over the past decade, the state and local share of all child welfare spending has **gradually increased** while the federal share has **gradually decreased**.^{3,4}

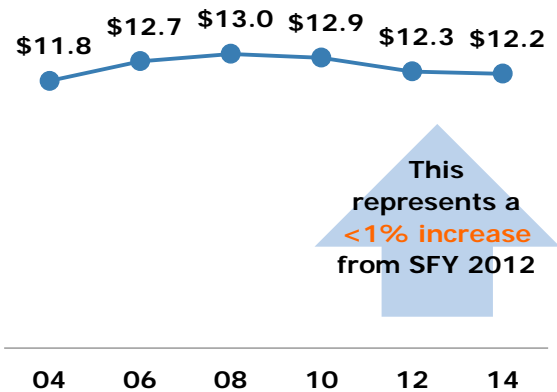


Between SFYs 2012 and 2014, **most** states reported an **increase** in the use of state and local funds.⁵

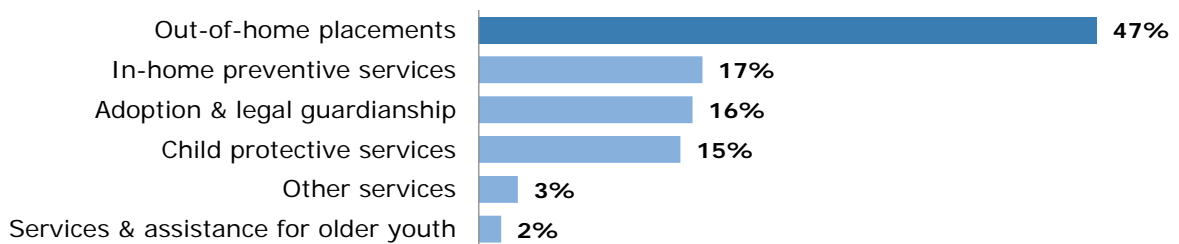


Utilization of state and local funds has **increased** since SFY 2004.

This graph shows how spending of state and local funds has changed over the past decade among states with comparable data in each year.⁶

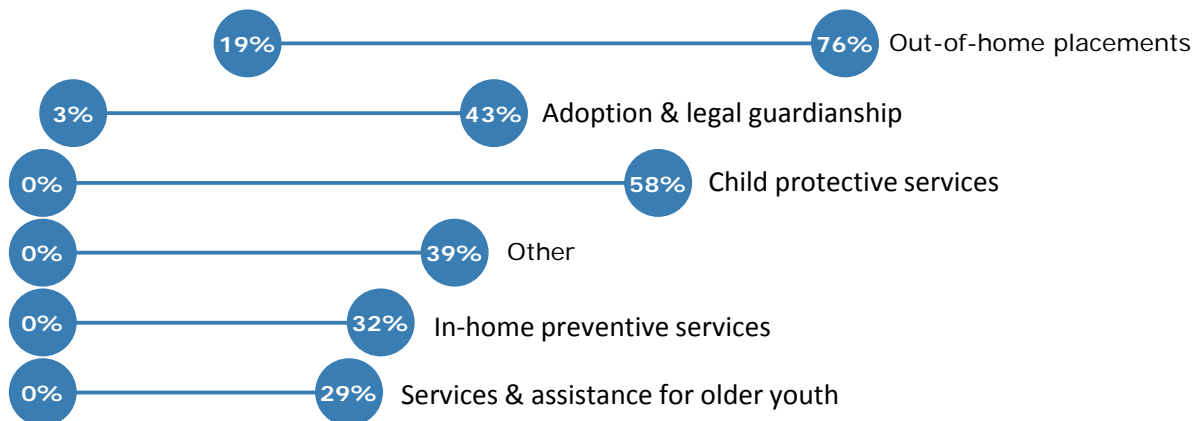


Almost **half** of state and local funds were used to finance **out-of-home placement costs**.⁷



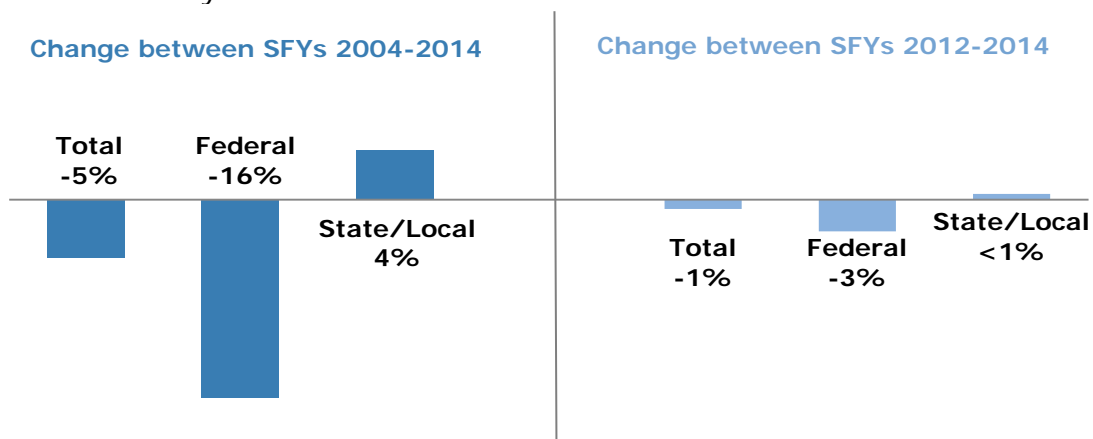
States vary greatly in how they spend state and local dollars.

The figure below shows the range in proportion of state and local funds spent for different categories.

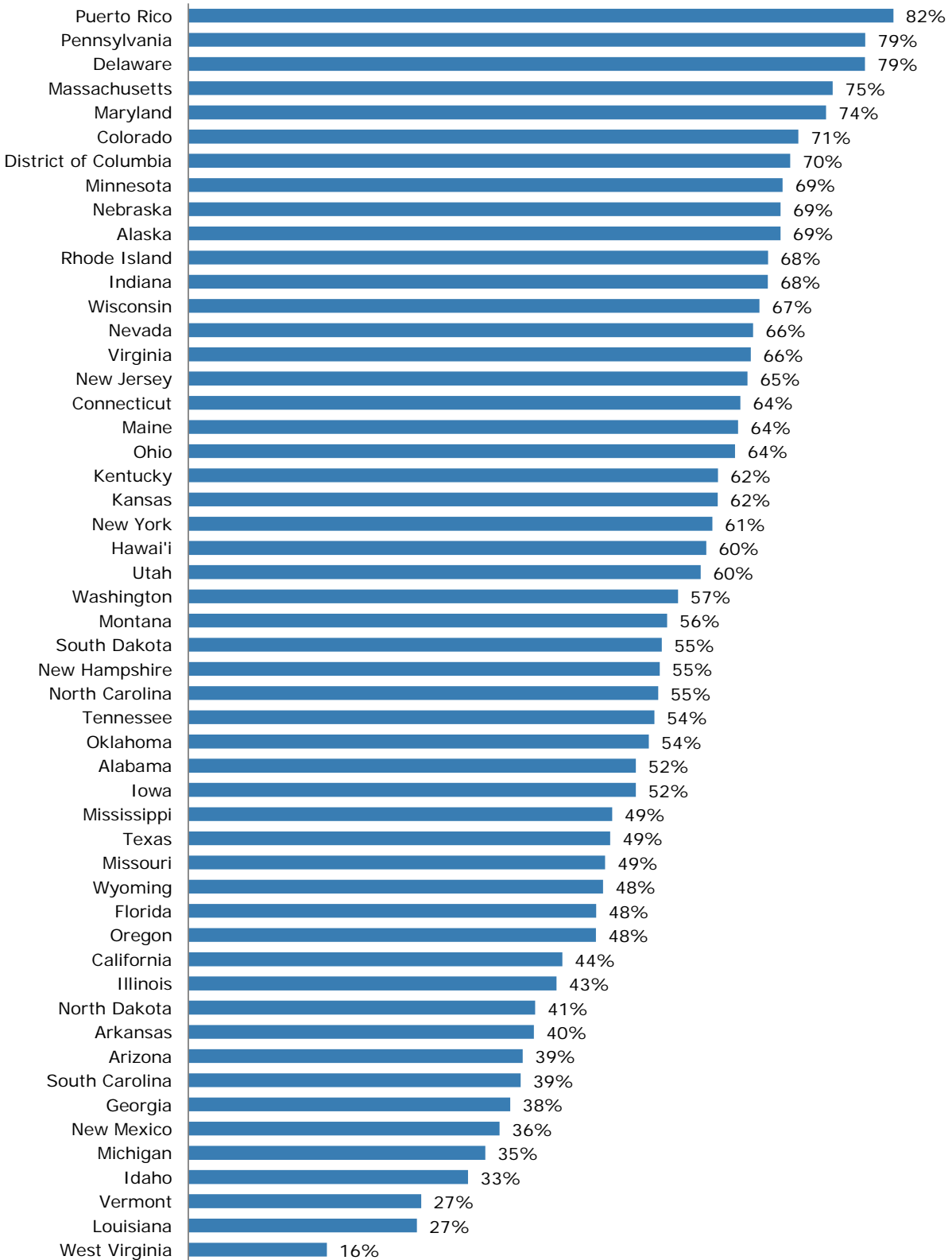


States are spending more of their own funds.

State and local funds spent on child welfare increased slightly since SFY 2012 (<1%), and have increased by 4% since SFY 2004.⁸



States **vary widely** in the proportion of their total spending that comes from state/local funds, ranging from **16%** to **82%** of total expenditures.⁹



¹ 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.

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, DC and Puerto Rico are considered to be states.

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

² The figures presented in this graph reflect the total amount of state and local expenditures by child welfare agencies reported for each SFY. 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.

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/). 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.

³ Based on an analysis of 30 states with comparable data.

⁴ 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.

⁵ Based on an analysis of 49 states with comparable data.

⁶ Line graph is based on an analysis of 35 states with comparable data. Therefore, the total amount of SFY 2014 state and local expenditures presented in this graph (\$12.2 billion) differs from the total amount presented above (\$16.3 billion). See endnote 4 for more information.

Percent change from SFY 2012 is based on an analysis of 49 states with comparable data in SFYs 2012 and 2014.

⁷ 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. See the main report (*“Child Welfare Financing SFY 2014: A survey of federal, state, and local expenditures”*) for full definitions of each of the categories.

⁸ 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).

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

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