Indiana

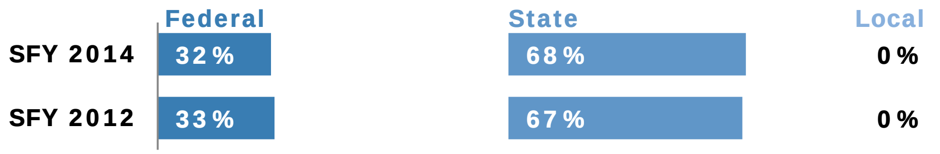
Child welfare agencies across the United States protect and promote the well-being of children and youth who are at risk of, or have been found to be victims of, maltreatment. This work is expensive: a total of $29.1 billion in federal, state, and local funds was spent nationwide in state fiscal year (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 on child welfare agency expenditures in Indiana for 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 of the funding sources presented here.

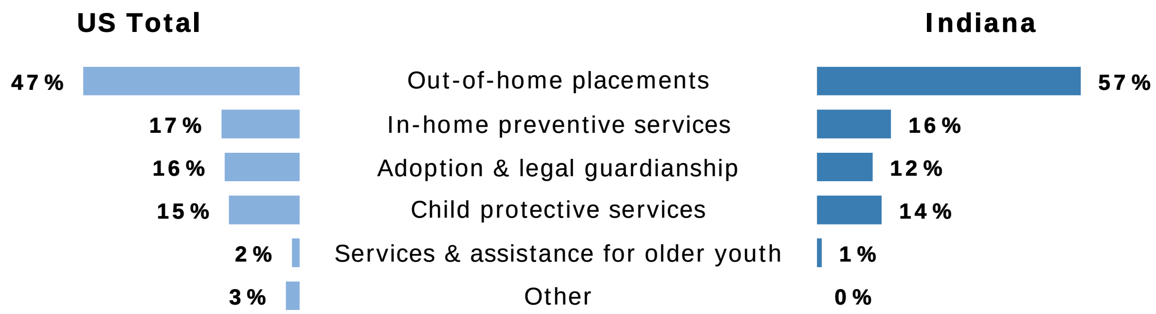
Overall child welfare agency spending in Indiana increased since SFY 2012.[2]

	Amount in SFY 2014	% change from SFY 2012
Overall Spending	$793,901,864	24%
Federal	$256,470,918	20%
State	$537,430,946	26%
Local	$0	0%

The proportion of spending from federal, state, and local sources remains relatively unchanged since SFY 2012.



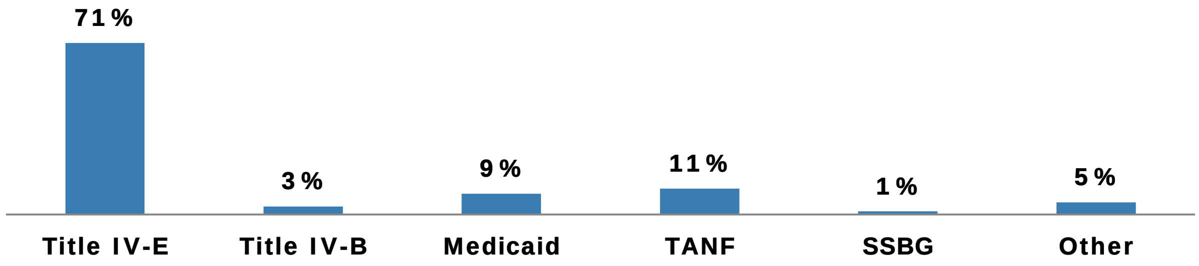
Indiana uses its state and local funds in a way that mirrors the national pattern, with the exception of spending a larger proportion on out-of-home placements.[3]



THE ANNIE E. CASEY FOUNDATION
casey family programs
Child TRENDS

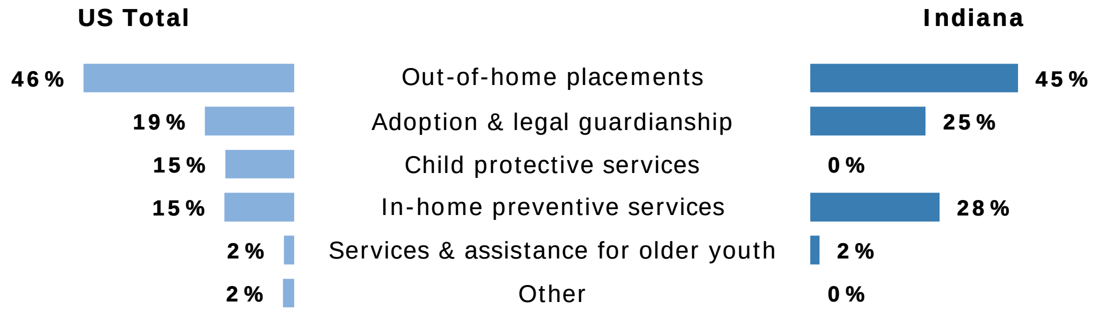
Federal Expenditures

Of all federal funding sources, Title IV-E is the largest for Indiana.



Indiana uses its <u>federal</u> funds differently than the national pattern.[4]

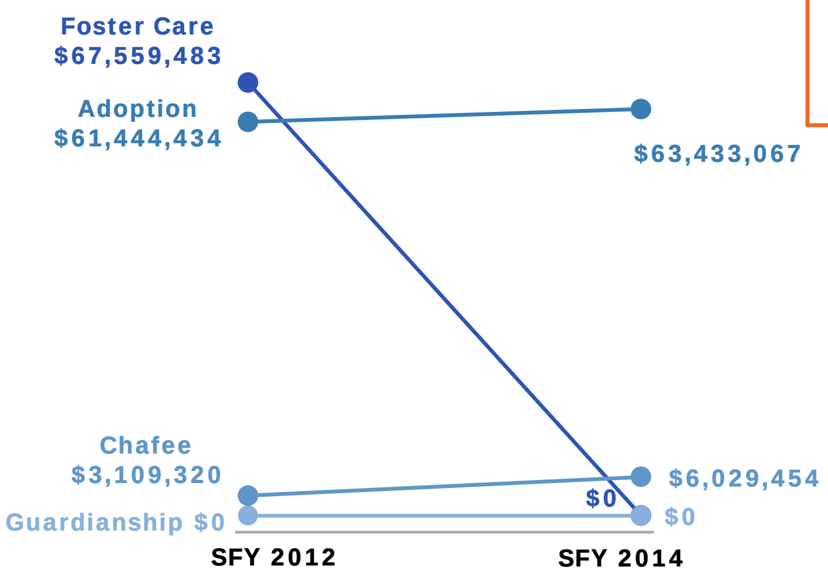
Indiana spends a larger proportion on in-home preventive services and a smaller proportion on child protective services.



Title IV-E

Title IV-E of the Social Security Act can be used for foster care, adoption, guardianship, and transition supports for eligible children. Some states, including Indiana, also reported Title IV-E waiver expenditures in SFY 2014.[5]

In SFY 2014, Indiana began covering foster care costs with waiver dollars.

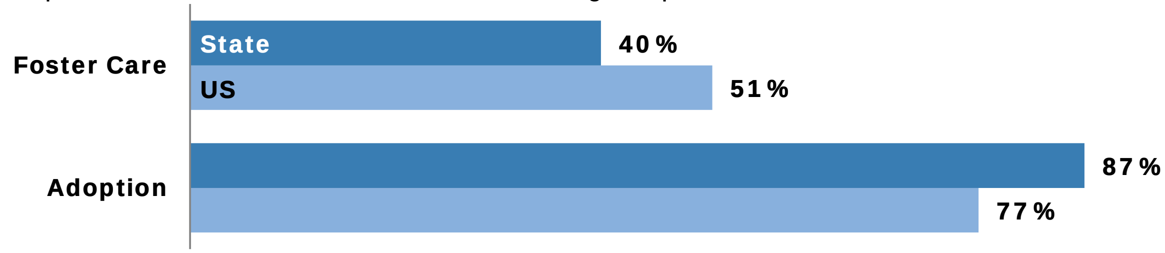


Total in SFY 2014:
$181,865,054

Change from SFY 2012:
21%

Title IV-E foster care and adoption coverage rates[6]

Indiana claimed IV-E foster care funds for **40%** of children in foster care, and claimed IV-E adoption funds for **87%** of children receiving adoption subsidies.



Title IV-E waiver[7]

Indiana claimed **$112.4 million** in waiver funds in SFY 2014. Indiana began implementing their current waiver in July 2012, but has had a waiver program since 1998. Under its waiver, Indiana seeks to increase the array, intensity, and accessibility of innovative child welfare services, including community-based wraparound services and home-based alternatives to out-of-home placement.

Indiana spent waiver dollars in the following manner:

Costs that would have been reimbursed without the waiver. These are the costs for IV-E eligible children to receive IV-E eligible activities.	44%
Costs for IV-E eligible activities for children who would **not** qualify for IV-E under traditional eligibility criteria.	36%
Costs for services/activities falling outside traditional IV-E eligible categories (for any child, regardless of IV-E eligibility).	20%
Project development and evaluation costs mandated by participation in the waiver projects.	0%

Title IV-B

Title IV-B[8] of the Social Security Act can be used for a variety of child welfare services including the prevention of maltreatment, family preservation, family reunification, services for foster and adopted children, training for child welfare professionals, and adoption promotion activities.

Total in SFY 2014:
$8,730,184

Change from SFY 2012:
-39%

Medicaid

Total in SFY 2014:
$22,005,385

Change from SFY 2012:
133%

Medicaid[9] covers health-related services for millions of low-income individuals. Children who are eligible for Title IV-E Foster Care, Adoption, or Guardianship assistance are automatically eligible for Medicaid. States have the option to extend Medicaid coverage to children who are not eligible for Title IV-E; most states do.

Agency uses of Medicaid dollars:

- ✓ Rehabilitative services
- ✓ Services for children in treatment foster homes

Medicaid provided to all children in foster care?

No

TANF

Temporary Assistance for Needy Families (TANF)[10] is often thought of as a welfare program for low-income families, but the funding can be used to support a variety of child welfare activities. It offers states very flexible funding for supporting child welfare cases.

Total in SFY 2014:
$27,627,514

Change from SFY 2012:
39%

Top categories of TANF spending:

- ✓ Emergency services
- ✓ Other allowable services

SSBG

Total in SFY 2014:
$3,325,096

Change from SFY 2012:
-74%

The Social Services Block Grant (SSBG)[11] is a flexible source of federal funds that state child welfare agencies can use to promote self-sufficiency, prevent or remedy child maltreatment, reduce inappropriate use of institutional care, and more.

Top categories of SSBG spending:

- ✓ Foster care for children
- ✓ Prevention and intervention services
- ✓ Other allowable services

Other Federal Funds

In addition to the major federal sources, there are a variety of additional federal funding streams that states may use to fund their child welfare activities, such as the Child Abuse Prevention and Treatment Act, the Adoption Opportunities Program, Supplemental Security Income, and more.[12]

Total in SFY 2014:
$12,917,685

Change from SFY 2012:
119%

[1] Each state reported data based on their state fiscal year 2014, which for Indiana is July 1, 2013 to June 30, 2014.

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

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. On this round of the survey, we treated child support as its own category, separate from federal, state, and local funds. Note that these child support dollars are those dollars made available to the child welfare agency 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. In SFY 2014, Indiana was unable to report how much they collected in child support.

[2] 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] The national percentages are based on an analysis of 44 states that provided sufficient information. Most states, including Indiana, were only able to provide approximations for how their funds were spent. Totals may not equal 100% due to rounding.

[4] The national percentages are based on an analysis of 46 states that provided sufficient information. Most states, including Indiana, were only able to provide approximations for how their funds were spent. Totals may not equal 100% due to rounding.

[5] By "foster care," we are referring to the Title IV-E Foster Care Program, which comprises foster care maintenance payments, administration, training, and Statewide Automated Child Welfare Information System (SACWIS) costs. By "adoption," we are referring to the Title IV-E Adoption Program, which comprises adoption assistance payments, administration, and training. By "guardianship," we are referring to the Title IV-E Guardianship Program, which comprises guardianship assistance payments, administration, and training. By "transition supports," we are referring to the Title IV-E Chafee Foster Care Independence Program/Education and Training Vouchers.

Resulting from legislation enacted in 2011, there is time-limited authority granted through the Social Security Act for the federal government to waive state compliance with specific Title IV-E eligibility requirements for states participating in approved child welfare demonstration projects. These cost-neutral demonstration projects (or “waiver projects”) are designed to promote innovation in the design and delivery of child welfare services to support child safety, permanency, and well-being. Waiver projects are required to be cost-neutral, i.e., states do not receive more federal funds than they would have in the absence of the waiver. Even with a waiver, states are required to cover all activities they are obligated to provide as part of the IV-E program.

[6] The foster care coverage rate (or “penetration rate”) reflects the percentage of all children in out-of-home placements for which the state claimed Title IV-E funds as reimbursement for foster care maintenance payments. The adoption coverage rate reflects the percentage of children receiving adoption subsidy payments for which the state claimed Title IV-E funds as reimbursement for those payments.

The national IV-E adoption coverage rate is much higher than the IV-E foster care coverage rate. This could be due in part to the different eligibility criteria for the two programs.

[7] States were instructed to report any IV-E waiver dollars separately from any other IV-E dollars, meaning that a state could have reported $0 for any of the individual IV-E programs (e.g., foster care, adoption assistance). However, that does not mean that the state did not use IV-E dollars for foster care, adoption assistance, etc.; rather, it means that all of their expenditures for those kinds of services or activities were captured under the IV-E waiver amount they reported.

Indiana started its third IV-E waiver term in SFY 2013. This helps explain the changes seen in the IV-E foster care program.

[8] For this survey, states were asked to report only dollars claimed by the state/local child welfare agencies and to exclude any IV-B dollars expended by non-profits, courts, or other entities in the state unless the funds flowed through the state/local child welfare agency to the outside entity. Thus, because some IV-B dollars may have gone directly to, and been spent by, these outside entities, the total reported here may not represent the state's total IV-B expenditures.

[9] For the survey, states were asked to report the Medicaid dollars claimed for child welfare services in SFY 2014 *for which the child welfare agency paid the nonfederal match*. Thus, the Medicaid dollars described in this report represent only those for which the child welfare agency was responsible for the non-federal share requirement. States were specifically asked to exclude Medicaid-funded costs for the child welfare population that were borne by other agencies (e.g., the health department). It should be acknowledged, therefore, that this understates (by a significant, yet indeterminate, amount) the degree to which Medicaid supports child welfare clients and child welfare activities.

When asked whether the state experienced any changes in how Medicaid is used for child welfare activities or in how Medicaid-funded child welfare services are structured/financed, Indiana indicated that as part of its rule-based rate setting which commenced in 2012, Indiana unbundled residential and foster care rates, separating payments for placement from those for behavioral health services. Indiana now requires foster care and residential providers to bill Medicaid-eligible services to Medicaid.

[10] The formal TANF category names and definitions are available in the survey instrument, available at: http://www.childwelfarepolicy.org/tools/assets/files/SFY-2014-CW-Financing-Survey_NOVEMBER-11_distributed.pdf.

[11] The formal SSBG category names and definitions are available in the survey instrument, available at: http://www.childwelfarepolicy.org/tools/assets/files/SFY-2014-CW-Financing-Survey_NOVEMBER-11_distributed.pdf.

[12] See endnote 1.

UPDATED DECEMBER 2016