

Michigan

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 Michigan 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 Michigan **increased** since SFY 2012.²

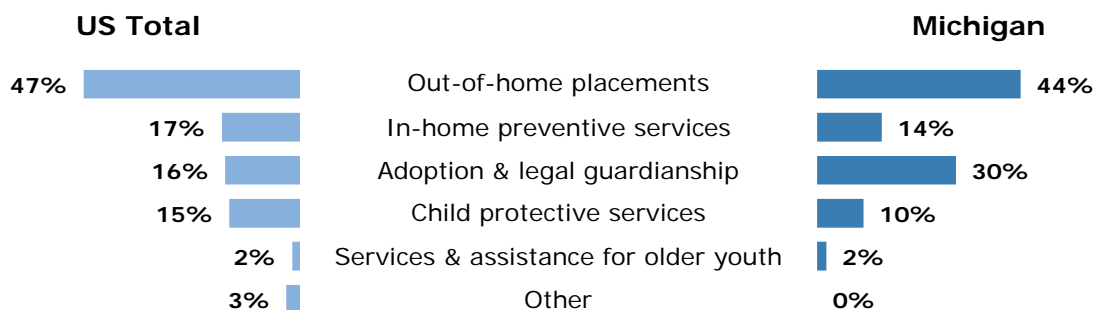
	Amount in SFY 2014	% change from SFY 2012
Overall Spending	\$1,118,271,929	9%
Federal	\$730,584,658	14%
State	\$370,020,644	2%
Local	\$17,666,627	-12%

In SFY 2014, a **slightly larger** proportion of spending came from federal funds than in SFY 2012.



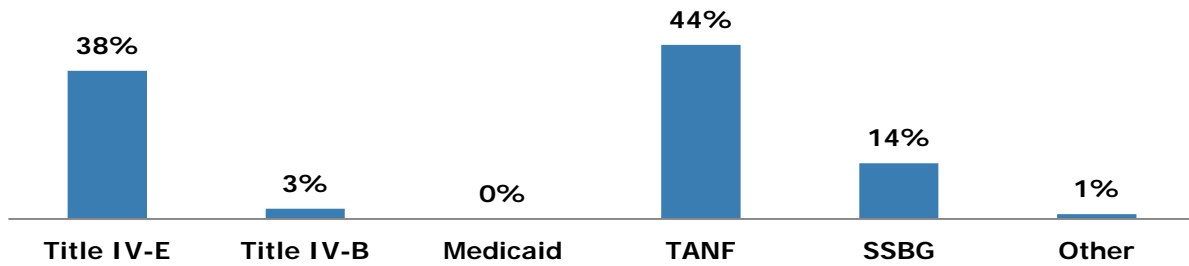
Michigan uses its state and local funds **somewhat differently** than the national pattern.³

Michigan spends a larger proportion on adoption and legal guardianship.

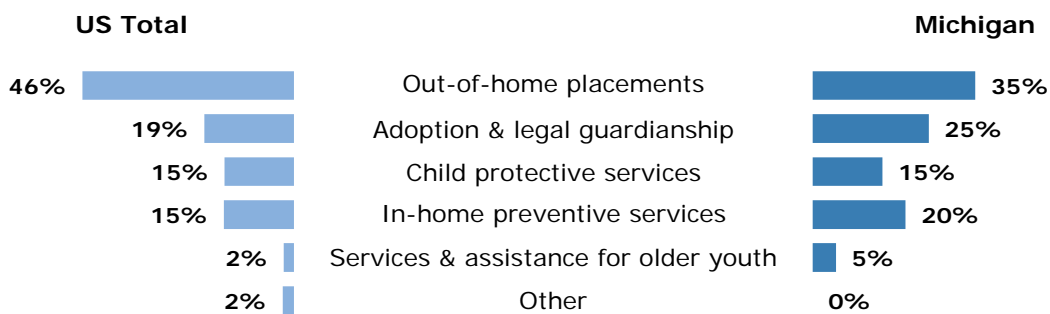


Federal Expenditures

Of all federal funding sources, **TANF** is the largest for Michigan.



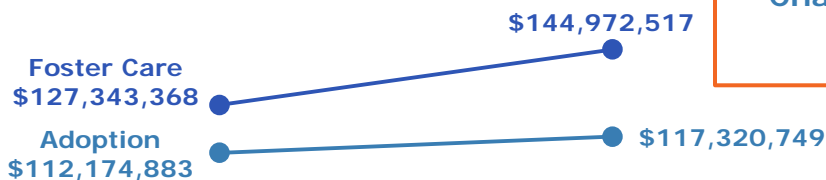
Michigan uses its federal funds in a way that **mirrors** the national pattern.⁴



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 Michigan, also reported Title IV-E waiver expenditures in SFY 2014.⁵

SFY 2014 saw **increases** in foster care and adoption spending compared to SFY 2012.



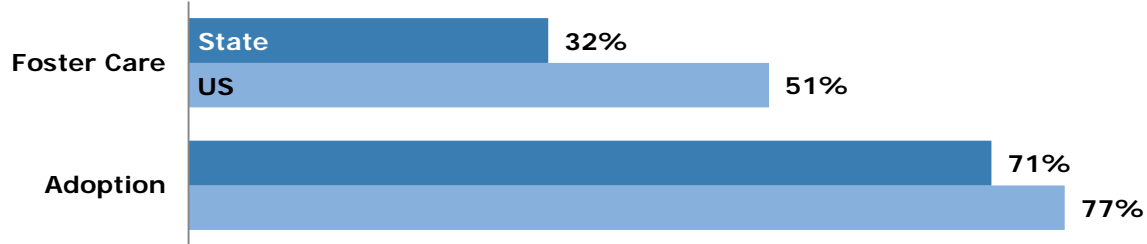
Total in SFY 2014:
\$275,712,571

Change from SFY 2012:
11%



Title IV-E foster care and adoption coverage rates⁶

Michigan claimed IV-E foster care funds for **32%** of children in foster care, and claimed IV-E adoption funds for **71%** of children receiving adoption subsidies.



Title IV-E waiver⁷

Michigan claimed **\$5.7 million** in waiver funds in SFY 2014. The waiver was approved in September 2012 and implementation began in August 2013. Michigan's waiver targets families with young children aged 0 to 5 who are at-risk of future maltreatment through intensive early intervention case management and services.

Michigan 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.	47%
Costs for IV-E eligible activities for children who would not qualify for IV-E under traditional eligibility criteria.	0%
Costs for services/activities falling outside traditional IV-E eligible categories (for any child, regardless of IV-E eligibility).	47%
Project development and evaluation costs mandated by participation in the waiver projects.	6%

Title IV-B

Title IV-B⁸ 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:
\$18,970,277

Change from SFY 2012:
-16%

Medicaid

Total in SFY 2014:
\$0

Change from SFY 2012:
0%

Medicaid⁹ 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.

Medicaid provided to all children in foster care?

Yes through:

- ✓ 1115 and/or 1915(b) waiver

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:
\$323,836,801

Change from SFY 2012:
26%

Top categories of TANF spending:

- ✓ Services for children and youth
- ✓ Foster care payments
- ✓ Relative foster care payments and adoption/guardianship subsidies

SSBG

Total in SFY 2014:
\$103,301,389

Change from SFY 2012:
-6%

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
- ✓ Child protective services
- ✓ Delinquency-related 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:
\$8,763,620

Change from SFY 2012:
285%

¹ Each state reported data based on their state fiscal year 2014, which for Michigan is October 1, 2013 to September 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. In SFY 2014, Michigan reported \$2,069,787 in child support dollars that were collected on behalf of children in foster care and made available to the child welfare agency. 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.

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 Michigan, 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 Michigan, 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.

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, Michigan indicated that a 1915c waiver for Children with Serious Emotional Disturbance (SEDW) was implemented to provide services to foster and adoptive children up to age 21 who require psychiatric hospitalization. The child welfare agency pays the federal match to Medicaid. Michigan also indicated that there was an initiative started in 2012 to increase access to mental health services for children in the child welfare system. This initiative provides an incentive payment to the Community Mental Health Services Program/Pre-paid Inpatient Health Plan on top of the capitation payment provided under the 1915b waiver if a child is in foster care or child protective services levels 1 or 2 and is provided home-based or wraparound services or two or more mental health services excluding assessment. The child welfare agency pays the match to Medicaid for the incentive payment.

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.

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