

Child Welfare Agency Spending in Kentucky

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 victims of, maltreatment. In state fiscal year (SFY) 2016, the collective public investment in child welfare services totaled \$29.9 billion in federal, state, and local funds. State and local child welfare agencies rely on several major funding sources to administer programs and services, each with its own unique purposes, eligibility requirements, and usage limitations. The unique mix of sources in each state determines what services are available to children and families, which approaches are used, and the way in which child welfare agencies operate.

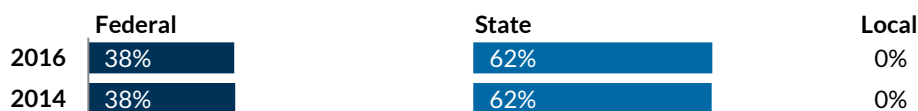
This document presents information on child welfare agency expenditures in Kentucky for SFY 2016,¹ collected through Child Trends' national survey of child welfare agency expenditures. It is part of an array of child welfare financing resources, available on the [Child Trends](#) website, including a summary of national findings and detailed information on each funding source presented here.

Overall Expenditures

Overall child welfare agency spending in Kentucky increased slightly since SFY 2014 and increased from SFY 2006 to 2016.²

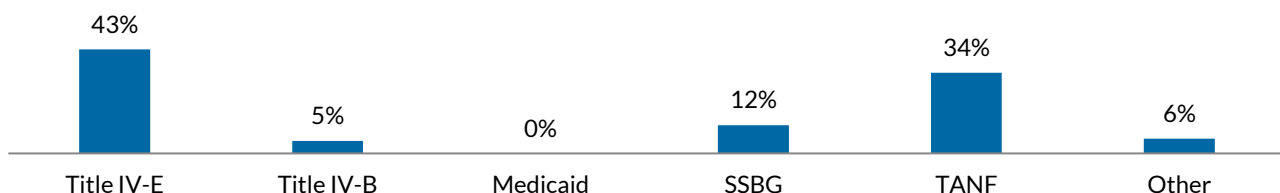
	Amount in SFY 2016	% change from	
		SFY 2014	SFY 2006
Overall	\$560,030,302	3%	15%
Federal	\$212,340,939	2%	7%
State	\$347,689,363	3%	20%
Local	\$0	0%	0%

The proportion of spending from federal, state, and local sources in Kentucky has not changed since SFY 2014.



Federal Expenditures

Title IV-E is the largest federal funding source for Kentucky.



Title IV-E

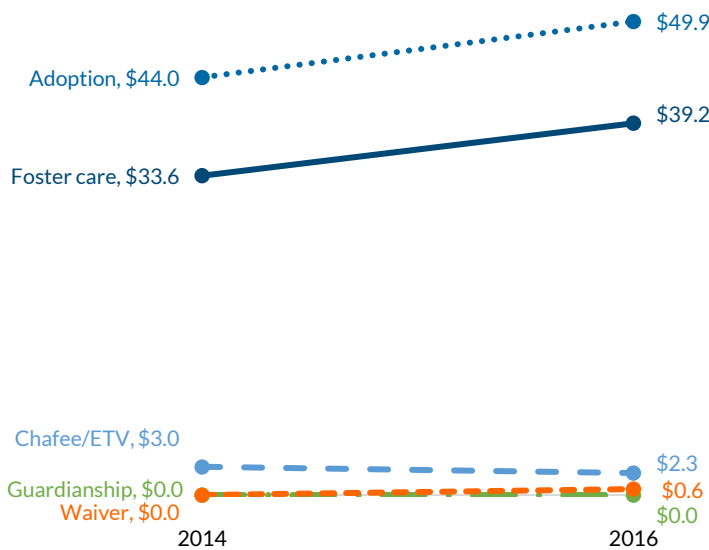
Title IV-E of the Social Security Act can be used for foster care, adoption, guardianship, and supports for transition-age youth (Chafee and Education and Training Vouchers).³ Some states, including Kentucky, also reported Title IV-E waiver expenditures in SFY 2016.⁴

SFY 2016 saw an increase in foster care, adoption, and waiver expenditures and a decrease in Chafee/ETV expenditures compared to SFY 2014.⁵

Total in SFY 2016:
\$92,019,063

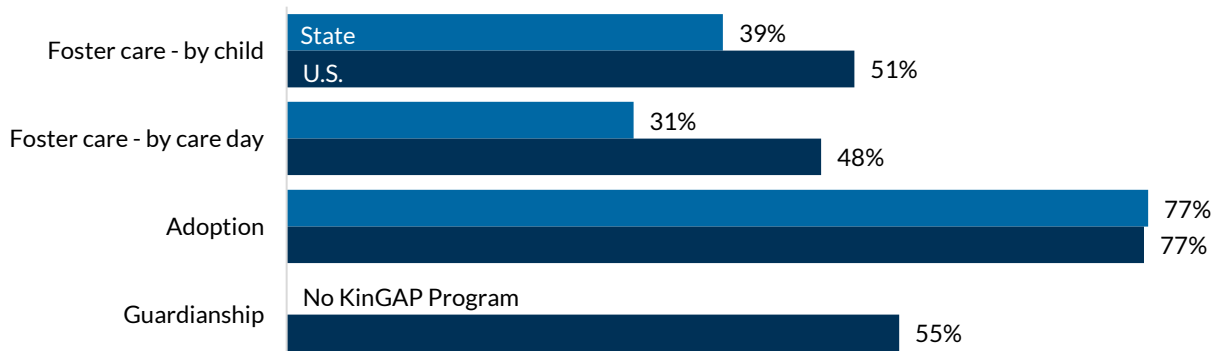
Change from SFY 2014:
14%

Dollars in millions



Title IV-E coverage rates

States can claim Title IV-E funds as reimbursement for foster care maintenance, adoption assistance, and guardianship assistance payments. The chart below shows the percent of such payments reimbursed by Title IV-E. The foster care coverage rate is calculated as a proportion of children and as a proportion of the number of days children spent in foster care (i.e., “care-days”).⁶



Title IV-E waiver

\$1 million

Kentucky reported \$1 million in waiver expenditures in SFY 2016. Kentucky began its waiver in October 2015.

Kentucky spent waiver dollars in the following manner:

Costs that would have been reimbursed without the waiver	27%
Costs for IV-E eligible activities for non-IV-E eligible children	0%
Costs for non-IV-E eligible services/activities	0%
Project development and evaluation costs	73%

Title IV-B

Title IV-B⁷ 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, and training for child welfare professionals.

Total in SFY 2016:

\$10,992,579

Change from SFY 2014:

4%

Medicaid

Medicaid⁸ covers health-related services for millions of low-income individuals. Children who are eligible for Title IV-E Foster Care, Adoption, or Guardianship Programs are automatically eligible for Medicaid. States have the option to extend Medicaid coverage to all children in foster care, and more than half of states do.

Total in SFY 2016:

\$0

Change from SFY 2014:

0%

Medicaid provided to all children in foster care?

Yes, through:

- ✓ State Children's Health Insurance Program

TANF

In addition to providing cash assistance to low-income families, Temporary Assistance for Needy Families (TANF)⁹ can also be used to support a variety of child welfare activities. TANF offers states very flexible funding for supporting children involved in the child welfare system.

Total in SFY 2016:

\$71,387,586

Change from SFY 2014:

-13%

Top categories of TANF spending in Kentucky:

- 1) Relative foster care payments and adoption/guardianship subsidies
- 2) Foster care payments
- 3) Benefits for children in informal kin settings

SSBG

The Social Services Block Grant (SSBG)¹⁰ is a flexible source of federal funds that 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 in Kentucky:

- 1) Child protective services
- 2) Other uses
- 3) In-home services

Total in SFY 2016:
\$24,958,776
Change from SFY 2014:
12%

Other federal funds

In addition to the major federal sources, child welfare agencies may use a variety of additional federal funding streams, such as the Child Abuse Prevention and Treatment Act and the Adoption Opportunities Program.¹¹

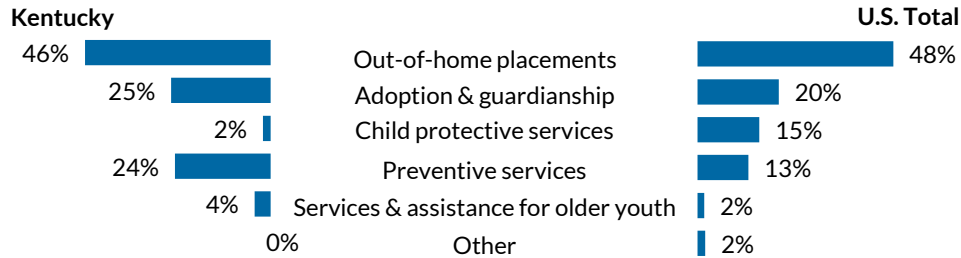
Other federal funds also include funds from the Social Security Administration (SSA), such as Supplemental Security Income (SSI), Social Security Disability Insurance, and Social Security Survivor's Benefits.

Total in SFY 2016:
\$12,982,935
Change from SFY 2014:
6%

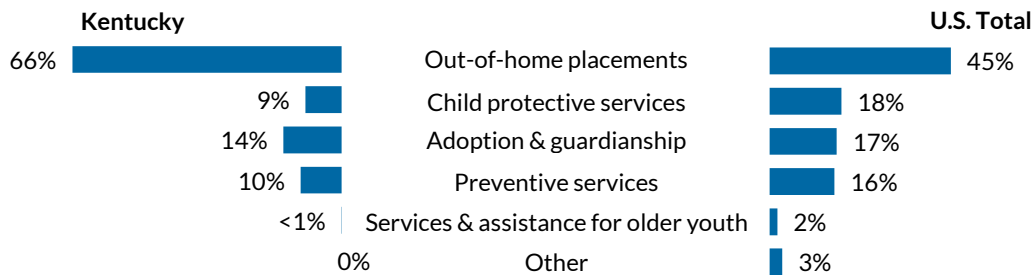
Uses of SSA/SSI funds in Kentucky	
➤ Offset costs for a particular child	X
➤ Offset general child welfare agency costs	
➤ Placed in an account that the child or caregiver can access	
➤ Other	

Use of Funds

Kentucky uses its federal funds differently than the national pattern.¹² The state spends a larger proportion on preventive services and a smaller proportion on child protective services.



Kentucky uses its state/local funds differently than the national pattern.¹³ The state spends a smaller proportion on child protective services and a much larger proportion on out-of-home placements.



Top funding sources for child welfare expenditures

Kentucky indicated the top sources of funds for each of the following categories of child welfare expenditures:

Service category	Top funding sources
Out-of-home placements	<ul style="list-style-type: none"> ➤ Title IV-E ➤ TANF ➤ State funds
Preventive services	<ul style="list-style-type: none"> ➤ Title IV-E ➤ Title IV-B ➤ State funds
Adoption and guardianship	<ul style="list-style-type: none"> ➤ Title IV-E ➤ TANF ➤ State funds
Child protective services	<ul style="list-style-type: none"> ➤ Title IV-B ➤ SSBG ➤ State funds
Services and assistance for older youth	<ul style="list-style-type: none"> ➤ Other federal funds ➤ State funds

Out-of-home placement setting costs¹⁴

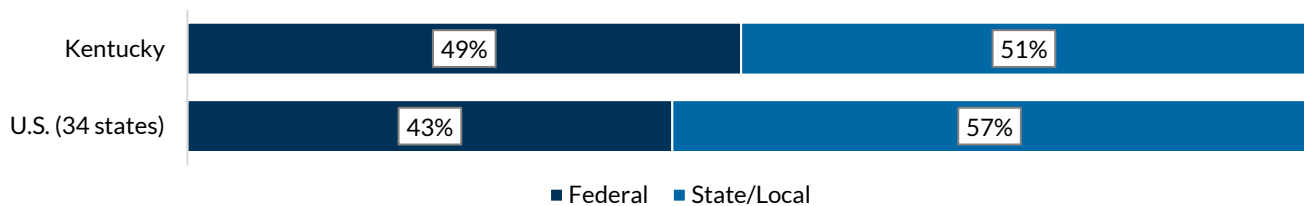
Out of Kentucky's federal spending on family foster care and congregate care, the state spends a little more than half on congregate care. This is different than other states.

<u>Federal</u> expenditures on out-of-home placement settings	Kentucky		U.S. (39 states)
	Dollar amount	Percentage	Percentage
Family foster care	\$47,615,607	49%	60%
Congregate care	\$49,867,374	51%	40%

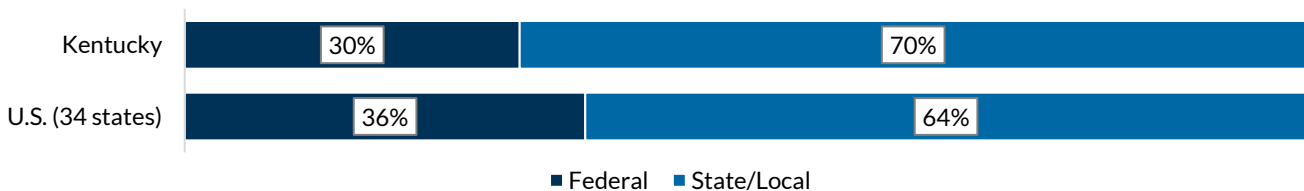
Out of Kentucky's state/local spending on family foster care and congregate care, the state spends almost three quarters on congregate care. This is different than other states.

<u>State/local</u> expenditures on out-of-home placement settings	Kentucky		U.S. (35 states)
	Dollar amount	Percentage	Percentage
Family foster care	\$48,615,607	29%	52%
Congregate care	\$117,112,633	71%	48%

A little more than half of spending on family foster care in Kentucky is financed by state/local dollars, which is less than other states.



Nearly three quarters of spending on congregate care in Kentucky is financed by state/local dollars, which is different than other states.



Preventive services

States provide a variety of services to prevent abuse and neglect, placement into foster care, or (re)entry into foster care. The table below presents the top preventive services for which Kentucky used federal and state/local funds.

Top categories of spending in Kentucky

Federal funds	State/local funds
1) Financial supports	1) Substance abuse prevention and treatment
2) Substance abuse prevention and treatment	2) Mental health treatment
3) Caseworker visits and administration	3) Financial supports

Adoption and guardianship costs

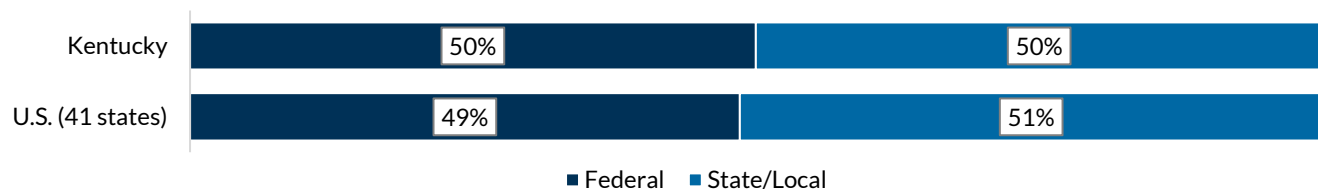
Out of Kentucky's federal spending on adoption and guardianship costs, the state spent almost all funds on adoption assistance payments, which is somewhat different than other states.

Federal expenditures on adoption and guardianship	Kentucky		U.S. (34 states)
	Dollar amount	Percentage	Percentage
Adoption assistance payments	\$49,901,904	96%	88%
Post-adoption supports and services	\$2,318,104	4%	8%
Guardianship assistance payments	\$0	0%	3%
Post-guardianship supports and services	\$0	0%	<1%

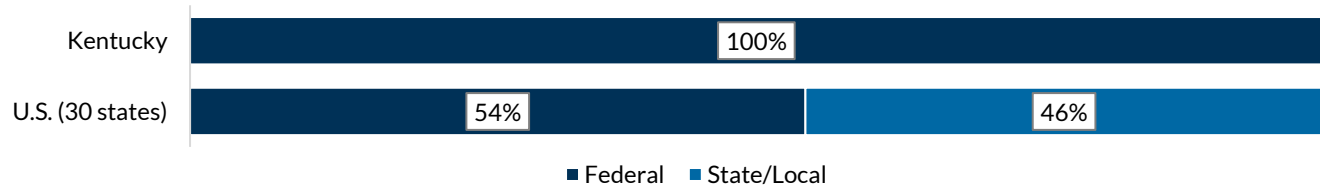
Out of Kentucky's state/local spending on adoption and guardianship costs, the state spent all funds on adoption assistance payments, which is different than other states.

State/local expenditures on adoption and guardianship	Kentucky		U.S. (28 states)
	Dollar amount	Percentage	Percentage
Adoption assistance payments	\$50,019,643	100%	85%
Post-adoption supports and services	\$0	0%	8%
Guardianship assistance payments	\$0	0%	6%
Post-guardianship supports and services	\$0	0%	<1%

Half of spending on adoption assistance payments in Kentucky is financed by state/local dollars, which is similar to other states.



All spending on post-adoption supports and services in Kentucky is financed by federal dollars, which is different than other states.



¹ Each state reported data based on its state fiscal year 2016, which for Kentucky is July 1, 2015 to June 30, 2016.

² 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. See the main report (“*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*”) for more specific information on how this amount was calculated.

The survey instrument has been revised over the 10 rounds of the survey, so some data are not directly comparable.

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

In previous iterations of this survey (SFY 2012 and earlier), 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. In the SFY 2014 and 2016 surveys, we treated child support as its own category, separate from federal, state, and local funds. Note that these child support dollars are those made available to the child welfare agency as opposed to actual expenditures. As a result, 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 2016, Kentucky reported \$1,249,595 in child support dollars that were collected on behalf of children in foster care and made available to the child welfare agency.

To enable comparisons, all dollar amounts from previous years have been inflated to 2016 levels using the gross domestic product deflator (accessed at www.measuringworth.com/uscompare/).

When making comparisons between two years, we excluded from analyses states that lacked sufficient data in either year.

³ By “foster care,” we refer 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 refer to the Title IV-E Adoption Program, which comprises adoption assistance payments, administration, and training. By “guardianship,” we refer to the Title IV-E Guardianship Program, which comprises guardianship assistance payments, administration, and training. By “transition supports,” we refer to the Title IV-E Chafee Foster Care Program for Successful Transition to Adulthood/Education and Training Vouchers.

⁴ As a result of legislation enacted in 1994, 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 to the federal government (i.e., states do not receive more federal funds than they would have in the absence of the waiver) and are required to have an evaluation component. Even with a waiver, states are required to cover all activities they are obligated to provide as part of the IV-E program.

⁵ 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 individual IV-E program (e.g., foster care). However, that does not mean that the state did not use IV-E dollars for foster care; rather, it means that all expenditures for those kinds of services or activities were captured under the IV-E waiver amount it reported.

Kentucky indicated that changes in Foster Care Program spending are due to large increases in the number of children in out-of-home care.

⁶ The foster care coverage rate (or “penetration rate”) by child 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 national foster care coverage rate (by child) is based on an analysis of 48 states.

The foster care coverage rate by care day reflects the percentage of total care days for which the state claimed Title IV-E funds as reimbursement for foster care maintenance payments. The national foster care coverage rate (by care day) is based on an analysis of 30 states.

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 adoption coverage rate is based on an analysis of 49 states.

The guardianship coverage rate reflects the percentage of children receiving guardianship assistance payments for which the state claimed Title IV-E funds as reimbursement for those payments. The national guardianship coverage rate is based on an analysis of 33 states.

The national IV-E foster care, adoption, and guardianship coverage rates vary, due in part to different eligibility criteria for the programs.

See the full report ("*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*") for the methodology used to calculate these rates.

⁷ 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.

⁸ For the survey, researchers asked states to report *only those Medicaid funds which covered costs borne by the child welfare agency and/or for which the child welfare agency paid the nonfederal match*. It excludes Medicaid-funded costs for the child welfare population that were borne by any other agencies (e.g., the health department) unless the child welfare agency paid the nonfederal match, and so excludes costs associated with health care coverage. 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.

⁹ The formal TANF category names and definitions are available in the survey instrument, available in Appendix R of the "*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*" report.

Total TANF expenditures exclude any funds transferred to SSBG.

¹⁰ The formal SSBG category names and definitions are available in the survey instrument, available in Appendix R of the "*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*" report.

¹¹ See endnote 2.

¹² The national percentages are based on an analysis of 42 states that provided sufficient information. Most states, including Kentucky, were only able to provide approximations for how their funds were spent. Totals may not equal 100% due to rounding.

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¹⁴ See the main report ("*Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures*") for definitions of family foster care and congregate care.

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