

Child Welfare Agency Spending in 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 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.

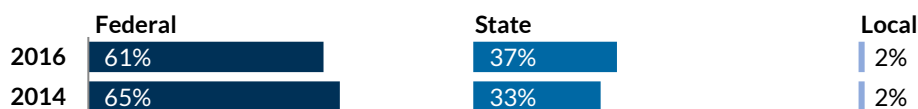
This document presents information on child welfare agency expenditures in Michigan for SFY 2016,¹ collected through Child Trends' national survey of child welfare agency expenditures. It is part of an array of child welfare financing resources, available on the [Child Trends](#) website, including a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

Overall Expenditures

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

	Amount in SFY 2016	% change from	
		SFY 2014	SFY 2006
Overall	\$1,160,583,343	2%	19%
Federal	\$709,092,905	-5%	20%
State	\$432,736,438	15%	33%
Local	\$18,754,000	4%	-71%

The proportion of spending from federal, state, and local sources in Michigan has changed slightly since SFY 2014. Now, a slightly larger proportion of total expenditures is financed by state dollars.



Federal Expenditures

TANF is the largest federal funding source for Michigan.



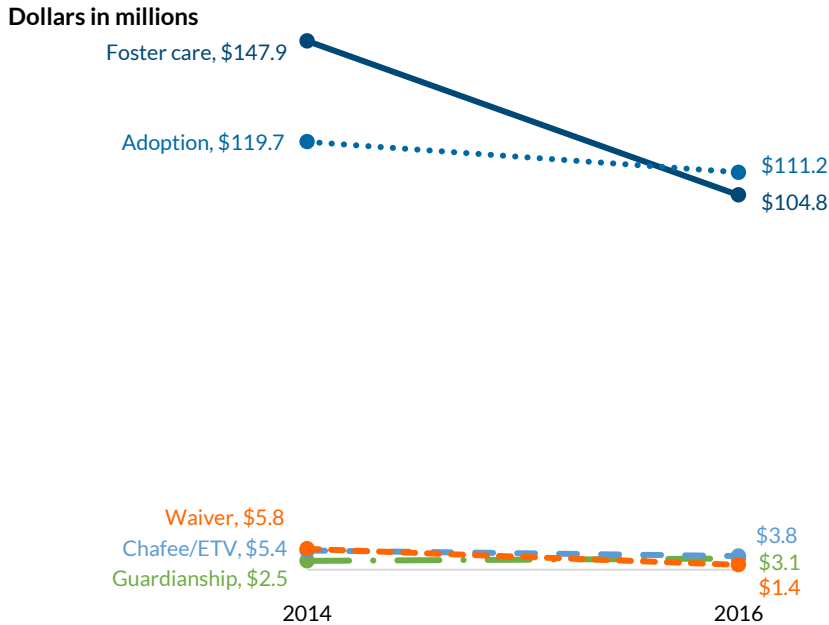
Title IV-E

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 Michigan, also reported Title IV-E waiver expenditures in SFY 2016.⁴

SFY 2016 saw a decrease across all IV-E programs except for guardianship.⁵

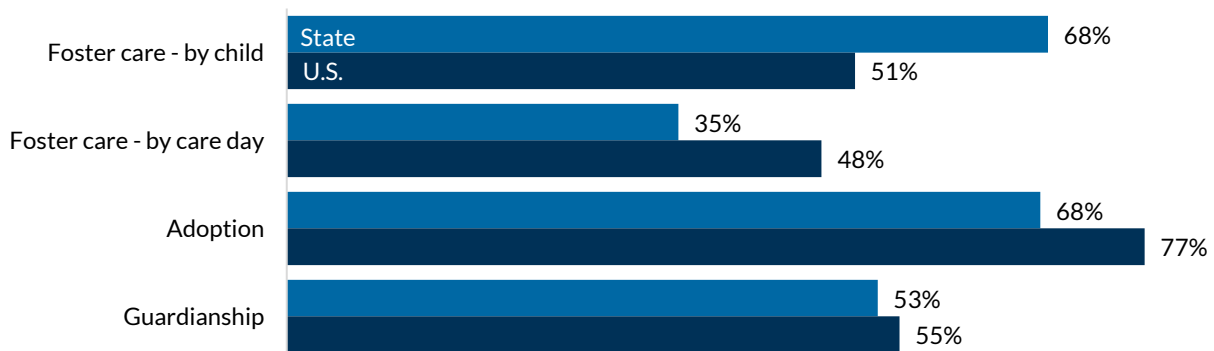
Total in SFY 2016:
\$224,245,002

Change from SFY 2014:
-20%



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

Michigan reported \$1 million in waiver expenditures in SFY 2016. Michigan began its waiver in August 2013.

Michigan spent waiver dollars in the following manner:

Costs that would have been reimbursed without the waiver	0%
Costs for IV-E eligible activities for non-IV-E eligible children	0%
Costs for non-IV-E eligible services/activities	77%
Project development and evaluation costs	23%

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:

\$20,623,879

Change from SFY 2014:

7%

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:

\$8,063,438

Change from SFY 2014:

**New funding source
in 2016**

Medicaid provided to all children in foster care?

Yes, through:

- ✓ State-created eligibility pathway

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:

\$378,599,777

Change from SFY 2014:

15%

Top categories of TANF spending in Michigan:

- 1) Services for children and youth
- 2) Foster care payments
- 3) Relative foster care payments and adoption/guardianship subsidies

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.

Total in SFY 2016:
\$76,251,161
Change from SFY 2014:
-28%

Top categories of SSBG spending in Michigan:

- 1) Administrative costs
- 2) Foster care services for children
- 3) Adoption services

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

Total in SFY 2016:
\$1,309,648
Change from SFY 2014:
-85%

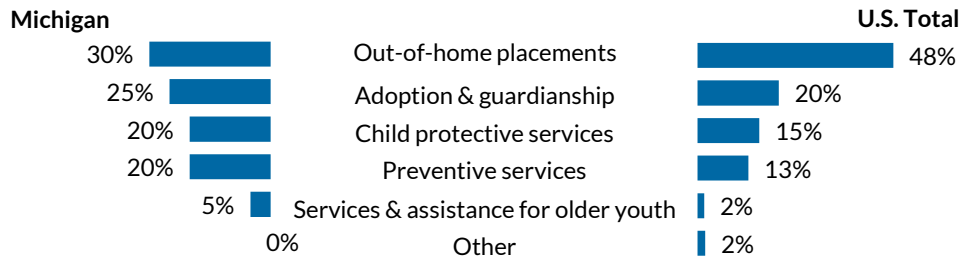
Other federal funds also include funds from the Social Security Administration (SSA), such as Supplemental Security Income (SSI), Social Security Disability Insurance, and Social Security Survivor's Benefits.

Uses of SSA/SSI funds in Michigan

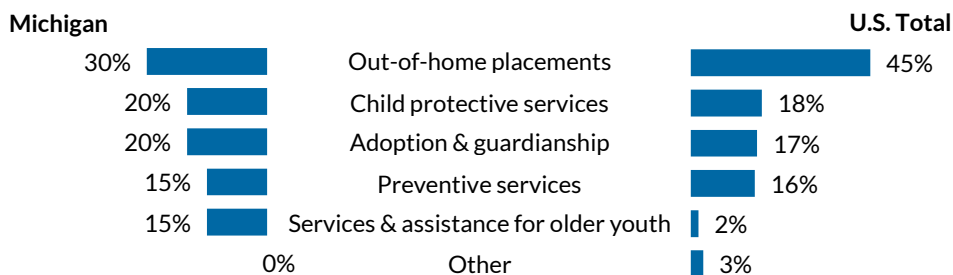
➤ Offset costs for a particular child	X
➤ Offset general child welfare agency costs	X
➤ Placed in an account that the child or caregiver can access	
➤ Other	

Use of Funds

Michigan uses its federal funds differently than the national pattern.¹² The state spends a smaller proportion on out-of-home placements and a larger proportion on preventive services.



Michigan uses its state/local funds differently than the national pattern.¹³ The state spends a smaller proportion on out-of-home placements and a larger proportion on services and assistance for older youth.



Out-of-home placement setting costs¹⁴

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

<u>Federal</u> expenditures on out-of-home placement settings	Michigan		U.S. (39 states)
	Dollar amount	Percentage	Percentage
Family foster care	\$28,093,299	53%	60%
Congregate care	\$25,248,652	47%	40%

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 Michigan used federal and state/local funds.

Top categories of spending in Michigan

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

Adoption and guardianship costs

Federal expenditures on adoption and guardianship	Michigan		U.S. (34 states)
	Dollar amount	Percentage	Percentage
Adoption assistance payments	\$101,114,600	N/A	88%
Post-adoption supports and services	Unable to provide	N/A	8%
Guardianship assistance payments	\$3,064,200	N/A	3%
Post-guardianship supports and services	Unable to provide	N/A	<1%

¹ Each state reported data based on its state fiscal year 2016, which for Michigan is October 1, 2015 to September 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, Michigan was unable to report how much they collected in child support.

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.

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.

Michigan was unable to report how much Title IV-B competitive funds the child welfare agency expended in SFY 2016, therefore total reported IV-B expenditures may be understated.

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.

In SFY 2016, Michigan was unable to report expenditures for the following programs: Adoption Opportunities; Maternal, Infant, and Early Childhood Home Visiting; Social Security Survivor's Benefits; Veteran's Administration funds; and Comprehensive Addiction and Recovery Act funds. Therefore, the total amount of "other federal" expenditures is likely an understatement.

¹² The national percentages are based on an analysis of 42 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.

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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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