

Spending of State & Local Funds by Child Welfare Agencies

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 about spending of state and local funds by child welfare agencies in SFY 2016, 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, detailed information on other major funding sources, and state-level resources detailing each state's expenditures.

Background

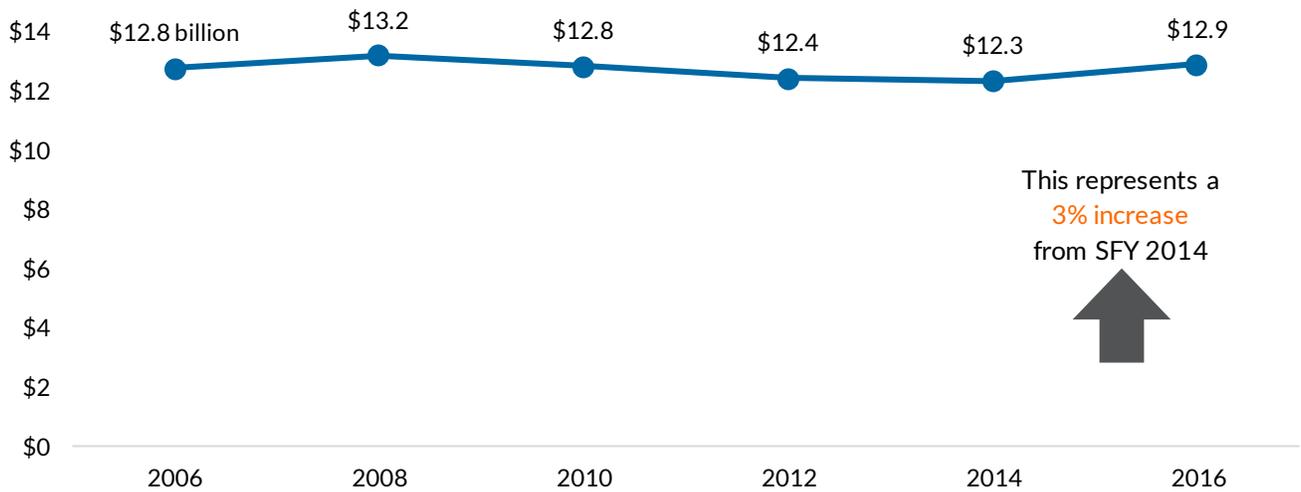
In addition to federal sources, states spend their own dollars on child welfare services and activities. State and local funds are used to match federal funds or to meet a required maintenance of effort for a federal program, and to pay for additional costs that federal funds do not cover. For most states, 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. Among states that provided local spending data, 17 reported using local funds to finance child welfare agency expenditures in SFY 2016, while 25 reported using no local dollars.

Overview of Spending of State & Local Funds

**\$16.4
billion**

In SFY 2016, child welfare agencies reported spending **\$16.4 billion** in state and local funds on child welfare services.²

State and local expenditures have **decreased by less than 1%** over the decade (among states with comparable data in SFYs 2006 and 2016). This graph shows the trend line over the past decade.³



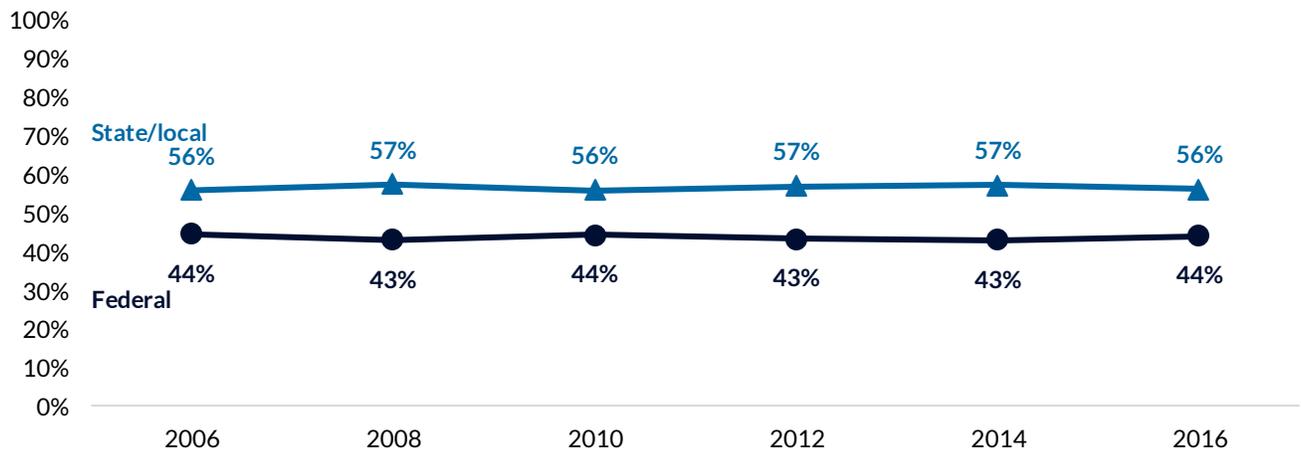
To enable comparisons, all dollar amounts from previous years have been inflated to 2016 levels.

Between SFYs 2014 and 2016, **more states reported an increase** rather than a decrease in the use of state and local funds by child welfare agencies.⁴ Changes in state and local expenditures ranged from **-58% to 81%**, depending on the state. In some instances, states provided explanations for large changes in expenditures. For example, Wyoming noted a large increase in state fund availability between SFYs 2014 and 2016.

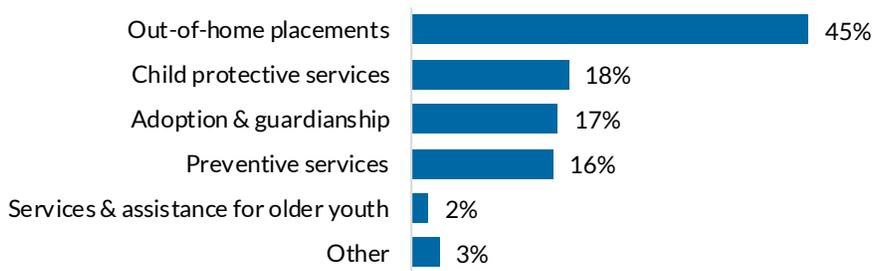
States experiencing changes in the use of state & local funds



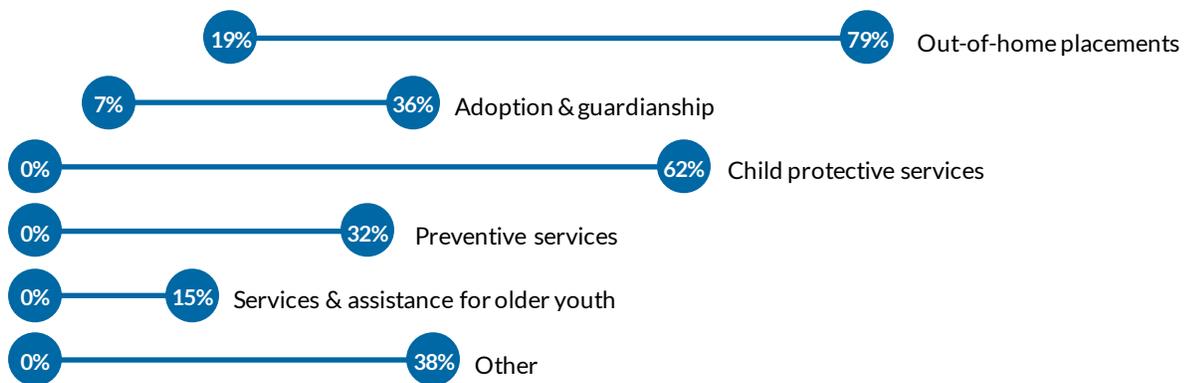
Over the past decade, the proportions of total child welfare agency expenditures from federal and state/local sources **held steady**.⁵



Almost **half** of state and local funds were used to finance **out-of-home placement** costs.⁶



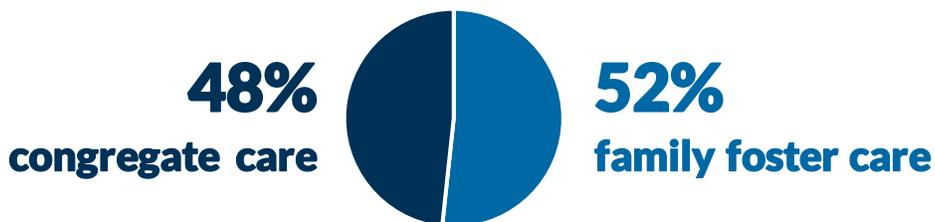
States **varied greatly** in the proportion of state and local funds spent on different service categories.



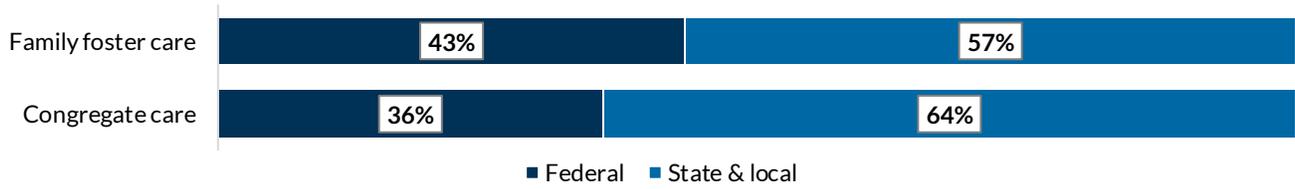
The top three categories of services funded by state and local dollars to prevent abuse/neglect, placement into foster care, or re-entry into foster care were:⁷

- ✓ Caseworker visits/administration (including information and referral services)
- ✓ Parent skill-based programs
- ✓ Financial supports (such as assistance with transportation, housing, child care, and more)

Among state and local expenditures on family foster care and congregate care, child welfare agencies spent a **slightly larger** proportion on family foster care.⁸



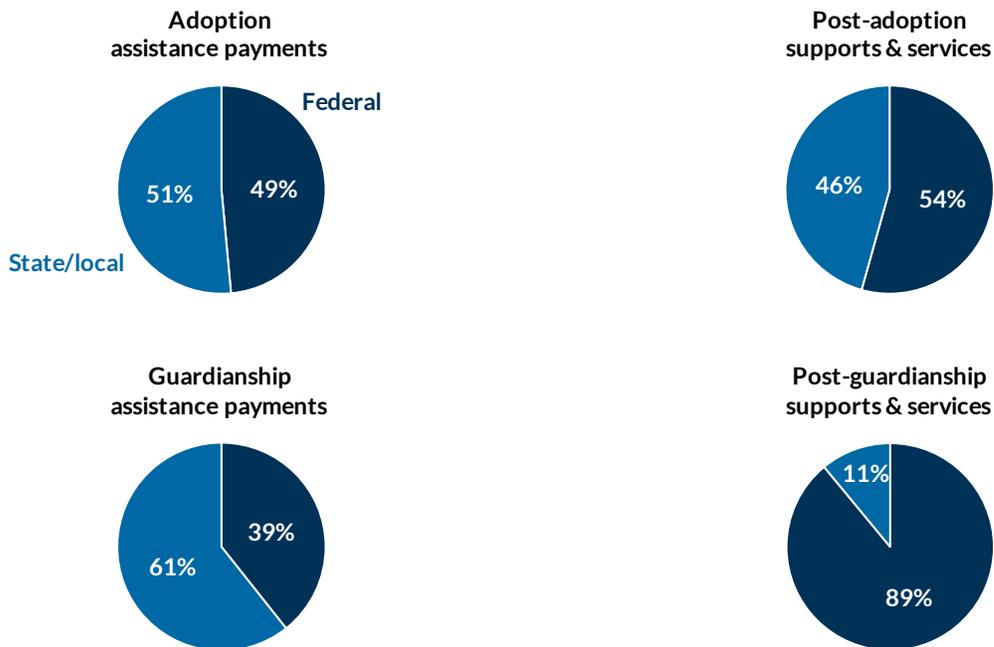
State and local sources, as opposed to federal sources, finance slightly more than half of spending on family foster and congregate care.⁹



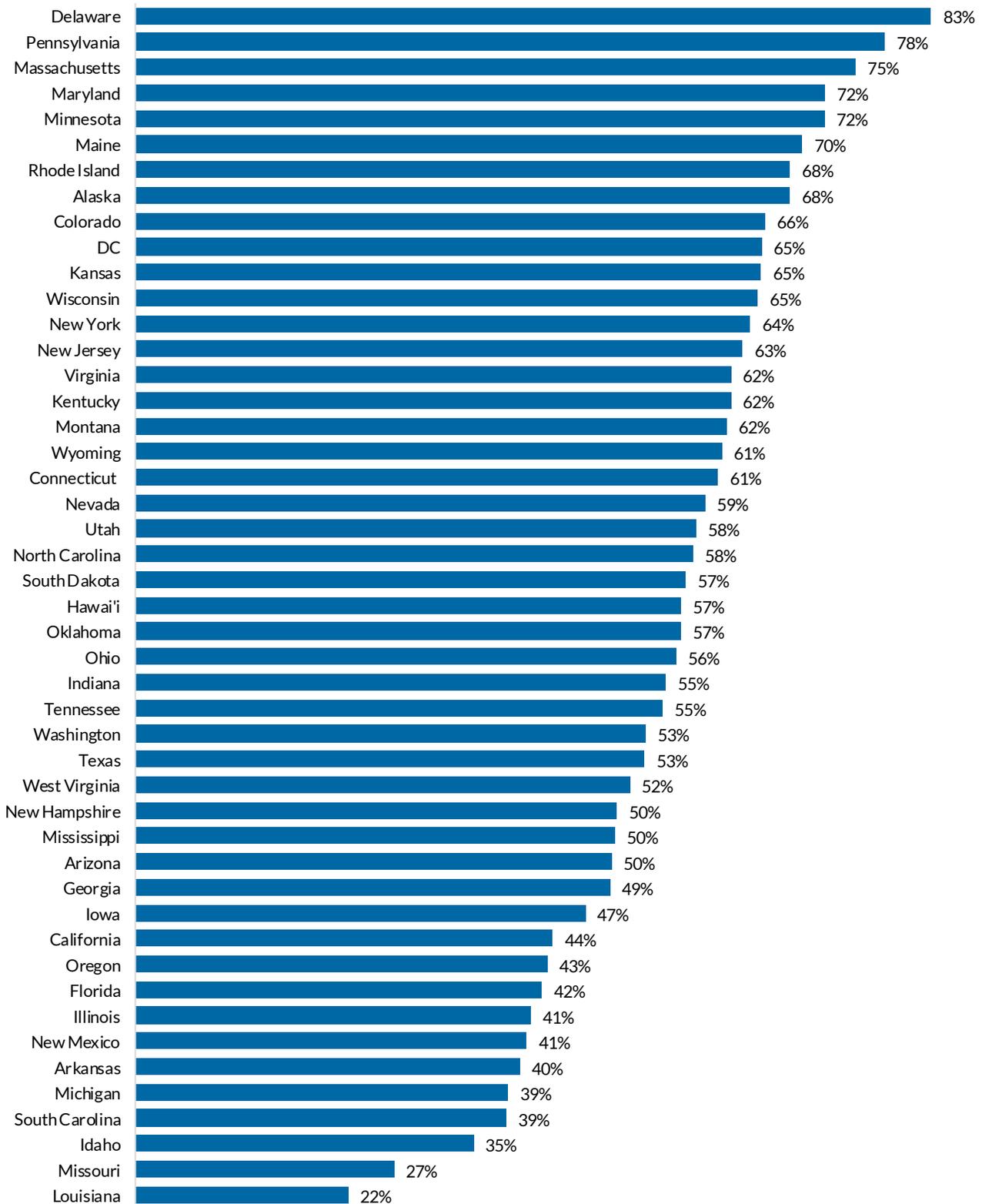
Among state and local expenditures on adoption and guardianship costs, child welfare agencies spent a larger proportion on adoption assistance payments than other types of assistance, supports, and services.¹⁰



Slightly more than half of spending on adoption and guardianship assistance is financed by state and local dollars. Federal funds finance slightly more than half of spending on post-adoption services and supports and most spending on post-guardianship supports and services.¹¹



States **varied greatly** in the proportion of total child welfare agency spending that comes from state/local funds, ranging from **22%** to **83%** of total expenditures.¹²



¹ Each state reported data based on its SFY 2016, which for most states is July 1, 2015 to June 30, 2016. Of the 50 participating states, only six (Alabama, the District of Columbia, Michigan, New York, Texas, and Wyoming) 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. 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.

For the purposes of the survey, the District of Columbia and Puerto Rico are considered states.

This year, Puerto Rico and Vermont were unable to participate, resulting in a total of 50 participating states.

² Based on an analysis of 51 states. This amount includes estimated SFY 2016 state/local match expenditures associated with Title IV-E and Title IV-B for Puerto Rico and Vermont based on U.S. Department of Health and Human Services fiscal data but excludes other state/local expenditures from these two states. Also, Alabama was unable to report state/local spending, and Arkansas, Nebraska, New York, North Dakota, and Oregon were unable to report local spending.

³ 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 expenditures 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.

The line graph is based on an analysis of 34 states with comparable data during the decade. Therefore, the total amount of SFY 2016 state and local expenditures presented in this graph (\$12.9 billion) differs from the total amount presented above (\$16.4 billion).

The percent change between SFY 2014 and 2016 is based on an analysis of 43 states with comparable data.

⁴ Based on an analysis of 43 states with comparable data. We counted any positive change as an increase, and any negative change as a decrease, regardless of magnitude.

⁵ Based on an analysis of 29 states with comparable data during the decade.

⁶ Based on an analysis of 42 states that provided sufficient information. Most states were only able to provide approximations for how their funds were spent. Colorado was unable to report the percentage of state/local funds spent on preventive services, but estimated it is a small amount. Therefore, we assume the preventive services category is underestimated by a small amount. Oklahoma included state/local costs for services and assistance for older youth in the out-of-home placement category. Therefore, we assume the out-of-home placement category is overestimated and the services for older youth category is underestimated by a small amount. Percentages do not equal 100% due to rounding. See the main report (*“Child Welfare Financing SFY 2016: A survey of federal, state, and local expenditures”*) for full definitions of each of the categories.

⁷ Based on an analysis of 42 states that reported the types of preventive services financed by state and local funds.

⁸ Based on an analysis of 35 states that reported state and local expenditures on family foster care and congregate care.

Family foster care includes the following placement types: licensed home, therapeutic foster family home, shelter care foster family home, relative foster family home, pre-adoptive home, kin foster family home as defined on pages 90576 and 90577 of the Federal Register, Vol. 81, No. 240 (<https://www.gpo.gov/fdsys/pkg/FR-2016-12-14/pdf/2016-29366.pdf>).

Congregate care includes the following placement types: group home-family operated, group home-staff operated, group home-shelter care, residential treatment center, child care institution, child care institution-shelter care, supervised independent living, juvenile justice facility, medical or rehabilitative facility, psychiatric hospital as defined on Page 90577 of the Federal Register, Vol. 81, No. 240 (<https://www.gpo.gov/fdsys/pkg/FR-2016-12-14/pdf/2016-29366.pdf>).

⁹ Based on an analysis of 34 states that provided sufficient information.

¹⁰ Based on an analysis of 28 states that reported state and local expenditures on various categories of adoption and guardianship costs.

¹¹ Analysis for adoption assistance is based on 41 states, post-adoption services and supports is based on 30 states, guardianship assistance is based on 42 states, and post-guardianship services and supports is based on 29 states with sufficient information.

¹² Puerto Rico and Vermont are omitted from this chart because they did not complete a survey for SFY 2016. Alabama is omitted from this chart because the state was unable to report state/local expenditures. Nebraska and North Dakota were unable to provide information about local spending and were unable to provide complete information about federal spending. Therefore, their proportions may not be accurate and are omitted from this chart. Arkansas, New York, and Oregon were unable to provide information about local spending. While they are included in the chart, their proportions of state/local funds may be understated (i.e., if they were able to report local spending, their proportion of state/local spending would increase).

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