Child Welfare Agency Spending in North Dakota in SFY 2018

Child welfare agencies across the United States are charged with protecting and promoting the welfare of children and youth who are at risk of, or have been victims of, maltreatment. In state fiscal year (SFY) 2018, state and local child welfare agencies spent $33 billion using a combination of federal, state, local, and other funds. State and local child welfare agencies rely on multiple funding streams to administer programs and services. While many funding sources are available to child welfare agencies, each has its own unique purposes, eligibility requirements, and limitations, creating a complex financing structure that is challenging to understand and administer. Each state's unique funding composition determines what services are available to children and families and the way in which child welfare agencies operate. This document presents information on child welfare agency expenditures in North Dakota for SFY 2018,[1] collected through Child Trends' national survey of child welfare agency expenditures.

Other available resources

This document 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 the following funding sources used by child welfare agencies:

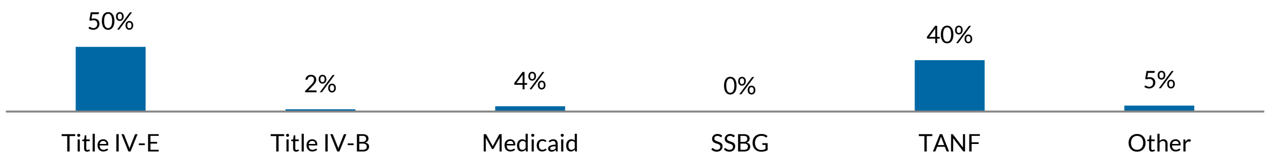
- Title IV-E
- Title IV-B
- Temporary Assistance for Needy Families
- Social Services Block Grant
- Medicaid
- Other federal funds
- State and local funds

Overall Expenditures[2]

		% Change from	
	Amount in SFY 2018	SFY 2016	SFY 2008
Overall	$72,302,711	N/A	N/A
Federal	$48,201,807	N/A	8%
State	$24,100,904	-5%	70%
Local	Unable to provide	N/A	N/A
Offsets and other[3]	Unable to provide	N/A	N/A

Federal Expenditures

Title IV-E is the largest federal funding source used by child welfare agencies in North Dakota.



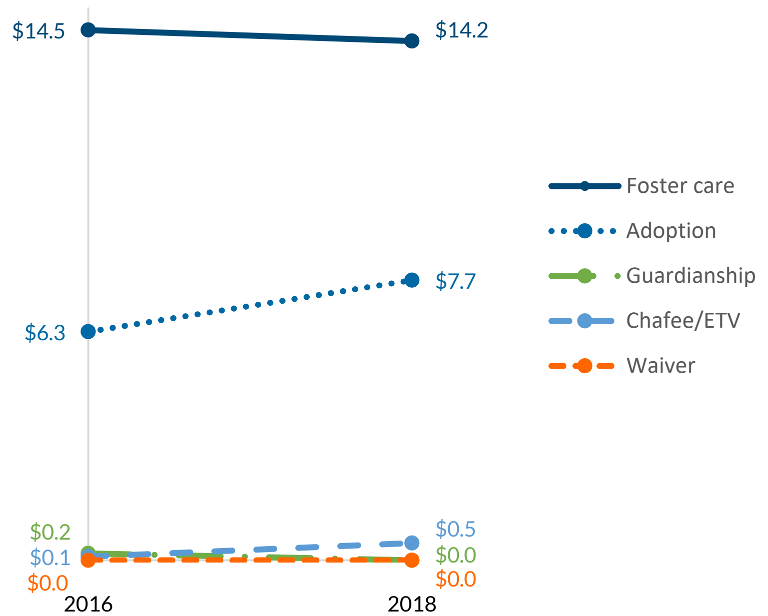
Child TRENDS

Title IV-E   Total in SFY 2018: $24,034,361   Change from SFY 2016: 14%

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).[4] Some states, but not North Dakota, also reported Title IV-E waiver expenditures in SFY 2018.[5]

Of the $24 million in Title IV-E expenditures in SFY 2018, $22 million was spent by state/local child welfare agencies on child welfare services and activities.[6] Among these services and activities, there was an increase in adoption and Chafee/ETV expenditures and a decrease in foster care and guardianship expenditures compared to SFY 2016.[7]

Title IV-E Program Spending
(in millions of dollars)

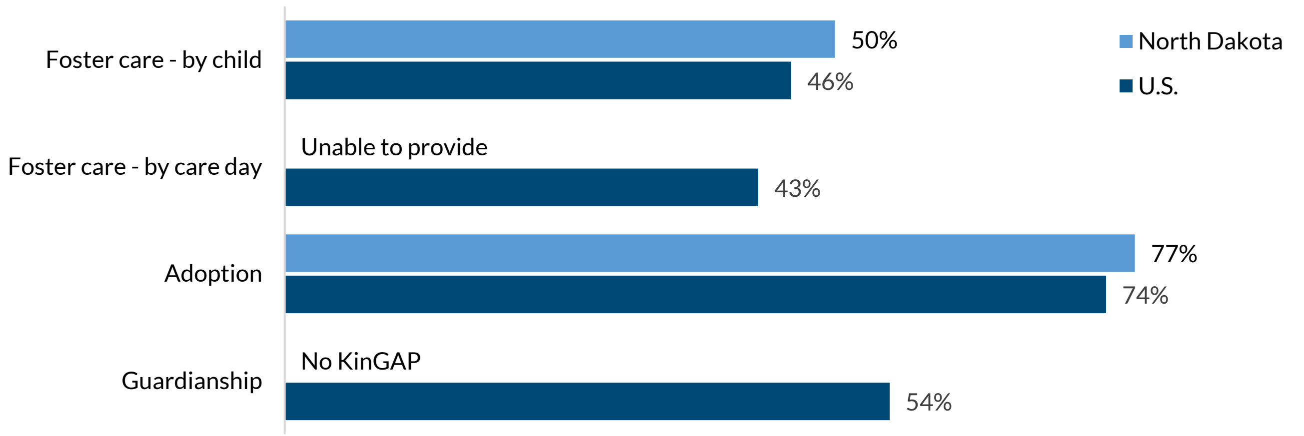


Family First Prevention Services Act

The Family First Prevention Services Act of 2018 (Family First) reforms Title IV-E of the Social Security Act and other child welfare programs. Family First allows states and eligible tribes to seek Title IV-E reimbursement for preventive services provided to families with children at risk of entering foster care. Additionally, Family First encourages children to be placed with families (kinship or foster) and makes changes to the types of congregate care placement settings eligible for federal reimbursement. The law also allows Title IV-E funds to help reimburse the costs of foster care maintenance payments for children placed with their parent in a substance abuse treatment facility, and to pay for the costs of eligible evidence-based kinship navigator programs. This landmark legislation was followed by the Family First Transition Act (Transition Act) in 2019, which provides time-limited funding to allow states additional flexibility and support to implement Family First. It also provides assistance to jurisdictions that had a Title IV-E waiver demonstration project to help cover any negative fiscal impacts due to the end of the waiver. The data in this fact sheet captures SFY 2018 expenditures, before most of the new Family First provisions became effective. The changes introduced by Family First (and the Transition Act) will directly impact child welfare financing structures in the future.

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”).[8]



Title IV-B **Total in SFY 2018:** $861,913 **Change from SFY 2016:** 20%

Title IV-B[9] 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.

Medicaid **Total in SFY 2018:** $1,988,499 **Change from SFY 2016:** 21%

Medicaid[10] 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.

Uses of Medicaid dollars by child welfare agencies in North Dakota:

– Rehabilitative services
– Targeted case management
– Treatment foster care

TANF **Total in SFY 2018:** $19,098,060 **Change from SFY 2016:** -20%

In addition to providing cash assistance to low-income families, Temporary Assistance for Needy Families (TANF)[11] 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.

SSBG **Total in SFY 2018:** $0 **Change from SFY 2016:** N/A

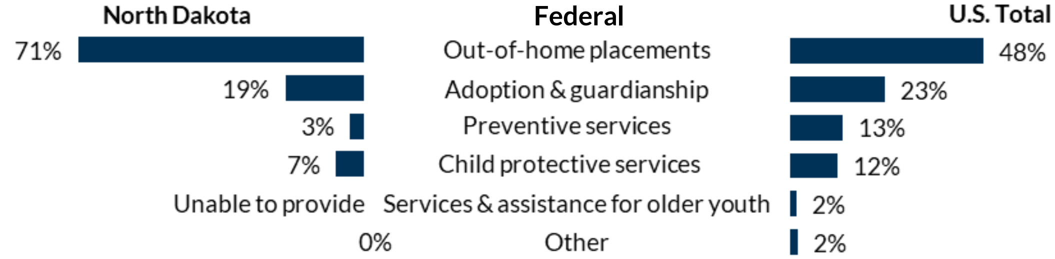
The Social Services Block Grant (SSBG) [12] is a flexible source of federal funds that child welfare agencies can use to promote self-sufficiency, prevent or remedy child maltreatment, reduce inappropriate use of institutional care, and more.

Other federal funds **Total in SFY 2018:** $2,218,974 **Change from SFY 2016:** 18%

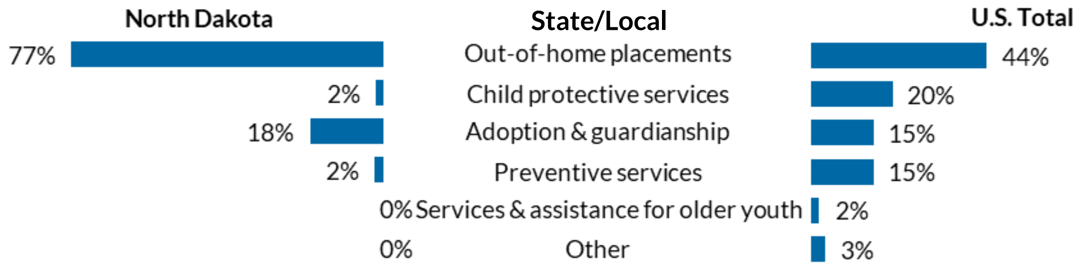
In addition to the major federal sources, child welfare agencies may use a variety of additional federal funding streams. These include the Child Abuse Prevention and Treatment Act, Children's Justice Act, Adoption Opportunities, Adoption and Legal Guardianship Incentive Awards, and Maternal, Infant, and Early Childhood Home Visiting programs, among others.[13]

Use of Funds

North Dakota uses its federal funds differently than the national pattern.[14] The state spends a much larger proportion on out-of-home placements and a smaller proportion on preventive services.



North Dakota uses its state/local funds differently than the national pattern.[15] The state spends a much larger proportion on out-of-home placements and a smaller proportion on child protective services.



[1] Each state reported data based on its State Fiscal Year 2018, which for North Dakota is July 1, 2017 to June 30, 2018.

[2] See the main report (*"Child Welfare Financing SFY 2018: A survey of federal, state, and local expenditures"*) for more specific information about the methodology, interpretation of findings, and important caveats.

The survey has been adapted over time. We updated the SFY 2018 survey instrument to include IV-E expenditures for non-child welfare services/activities, third-party income used as offsets, third-party in-kind contributions, and private dollars. We included those expenditures in our calculations of SFY 2018 expenditures. In addition, the way child support was handled has changed. For the SFY 2012 survey and earlier, child support expenditures by child welfare agencies were treated as "other federal funds" and included in the total amount of federal expenditures and total amount of expenditures overall. In the SFY 2014 and SFY 2016 surveys, we treated child support as its own category separate from federal, state, and local funds and did not report child support as part of total federal, state, or local expenditures. In the SFY 2018 survey, child support is captured under "third-party income used as offsets" and is included in total expenditures. As a result, our expenditure data for SFY 2018 are not directly comparable to data from earlier years. For all relevant analyses comparing SFY 2018 data to prior year's data, we conducted sensitivity analyses using more comparable data. For these sensitivity analyses, we excluded the following from SFY 2018 amounts: IV-E expenditures for non-child welfare services/activities, Title IV-E funds used as reimbursement or passed through to tribes, third party income used as offsets (except for Social Security Administration and Veteran's Administration funds since they had been captured under "other federal funds" in prior surveys), third-party in-kind contributions, and private dollars. We also excluded child support dollars from SFY 2008, 2010, 2012, and 2018 calculations. Unless otherwise stated, the sensitivity analyses supported the same substantive conclusions as the main analyses.

To enable comparisons, all dollar amounts from previous years have been inflated to 2018 levels using the gross domestic product deflator (accessed at www.measuringworth.com/uscompare/).

When comparing two or more years, we excluded from analyses states that lacked sufficient data in either year.

North Dakota was unable to report local expenditures and offsets/other expenditures for SFY 2018, therefore state/local and total expenditures may be understated and some comparisons to other SFYs cannot be made. In addition, North Dakota was unable to report SSBG and local expenditures for SFY 2016, therefore some comparisons to other SFYs cannot be made.

[3] North Dakota was unable to provide information about offsets, third party in-kind contributions, and private dollars for SFY 2018.

[4] 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)/Comprehensive Child Welfare Information System (CCWIS) 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.

[5] 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.

[6] The remaining expenditures were used as reimbursement or passed through to tribes or spent on other allowable services/activities administered by child welfare agencies or other entities, such as juvenile justice, early childhood, behavioral health, or developmental disabilities 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 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.

[8] 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 2018: A survey of federal, state, and local expenditures"*) for the methodology used to calculate these rates.

[9] For this survey, states were asked to report their child welfare agency’s(ies’) total federal IV-B expenditures for child welfare services/activities. They were told 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 and were spent on child welfare services/activities. 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.

[10] 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 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.

[11] The formal TANF category names and definitions are available in the *"Child Welfare Financing SFY 2018: A survey of federal, state, and local expenditures"* report.

Total TANF expenditures exclude any funds transferred to SSBG.

[12] The formal SSBG category names and definitions are available in the *"Child Welfare Financing SFY 2018: A survey of federal, state, and local expenditures"* report.

North Dakota was unable to report SSBG expenditures for SFY 2016.

[13] See endnote 2.

North Dakota was unable to report SFY 2018 expenditures for the Adoption Opportunities and Maternal, Infant, and Early Childhood Home Visiting programs. Therefore, the total amount of "other federal" expenditures may be understated.

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

North Dakota was unable to report the percentage of federal spending spent on services and assistance for older youth. Since the remaining categories of services sum to 100%, the reported percentages are likely overestimated.

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

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