

Spending of State & Local Funds by Child Welfare Agencies 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 about spending of state and local funds by child welfare agencies in SFY 2018, collected through Child Trends' national survey of child welfare agency expenditures.¹

Background

In addition to federal sources, states spend their own dollars on child welfare services and activities. In SFY 2018, more than half (56%) of child welfare agencies expenditures came from state and local sources. 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, 20 reported using local funds to finance child welfare agency expenditures in SFY 2018, while 29 reported using no local dollars.

Overview of spending of state & local funds

**\$18.2
billion**

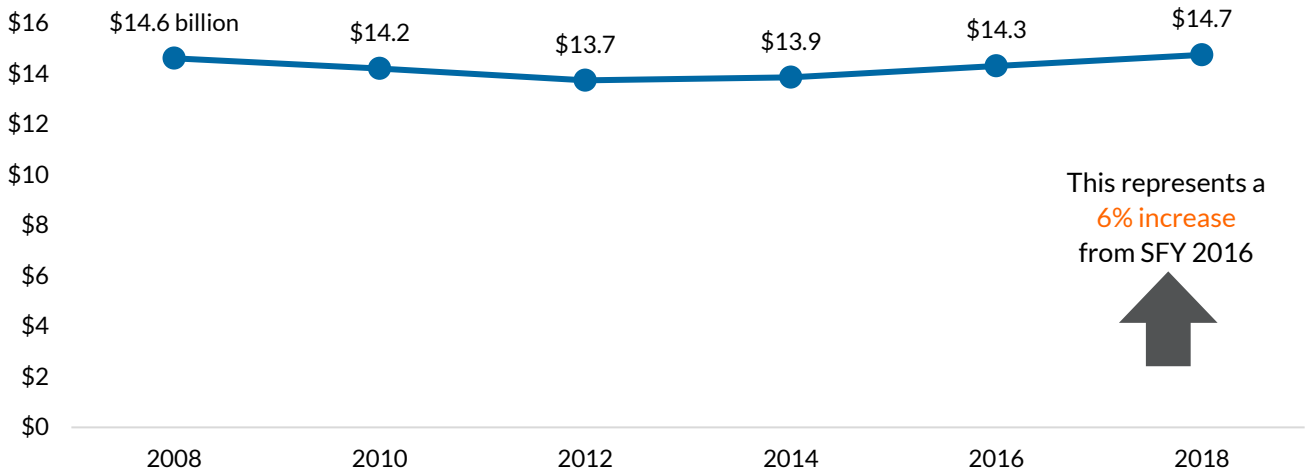
In SFY 2018, child welfare agencies reported spending **\$18.2 billion** in state and local funds on child welfare services.²

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, resources on state-level expenditures, 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 expenditures have **decreased by 5%** over the decade (among states with sufficient data in SFYs 2008 and 2018). This graph shows the trend line over the past decade.³



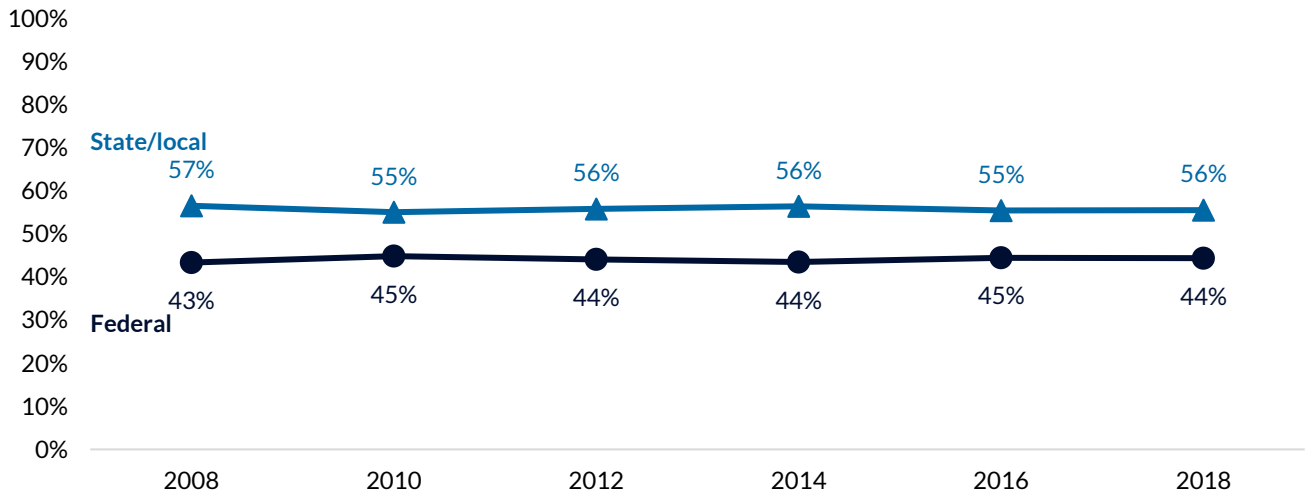
To enable comparisons, all dollar amounts from previous years have been inflated to 2018 levels. The figures presented in this graph reflect an analysis of 37 states with sufficient data across all six years. Therefore, the total amount of SFY 2018 state and local expenditures presented in this graph (\$14.7 billion) differs from the total amount presented in the text (\$18.2 billion). This graph also depicts a slight increase in state/local spending over the decade, while an analysis of only states with sufficient data in SFYs 2008 and 2018 shows state/local spending decreased.

Between SFYs 2016 and 2018, **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 **-72% to 100%**, depending on the state.

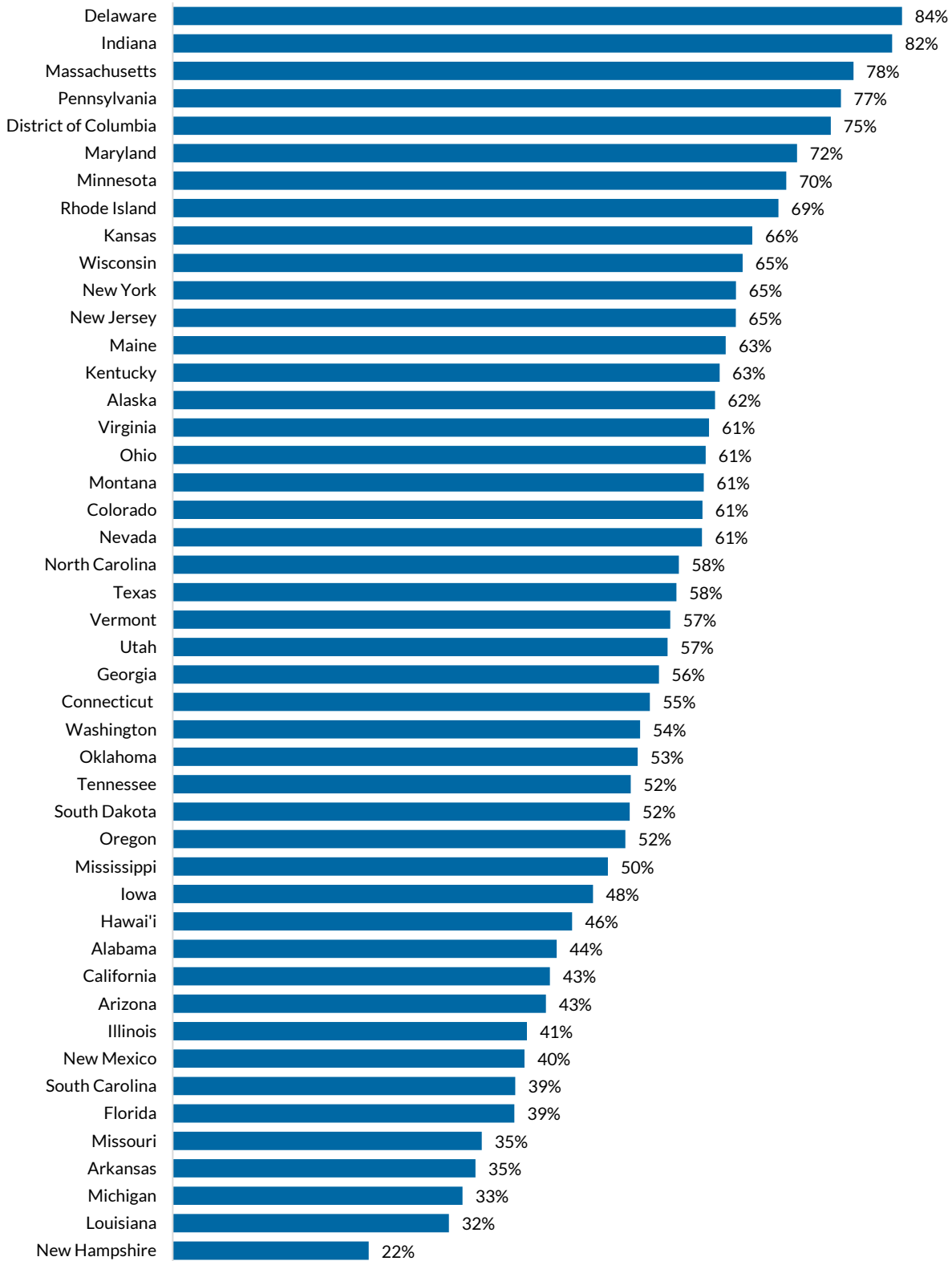
States experiencing changes in the use of state & local funds



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

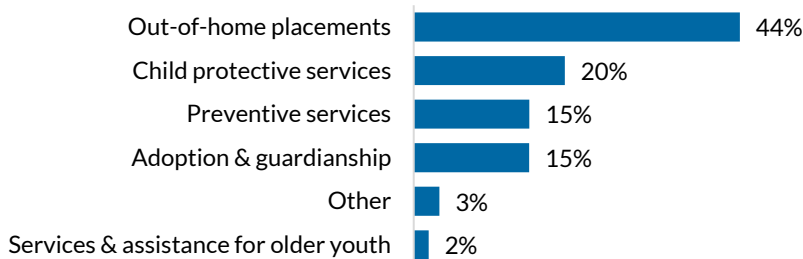


States varied greatly in the proportion of total child welfare agency spending that comes from state/local funds, ranging from 22% to 84% of total expenditures.⁶

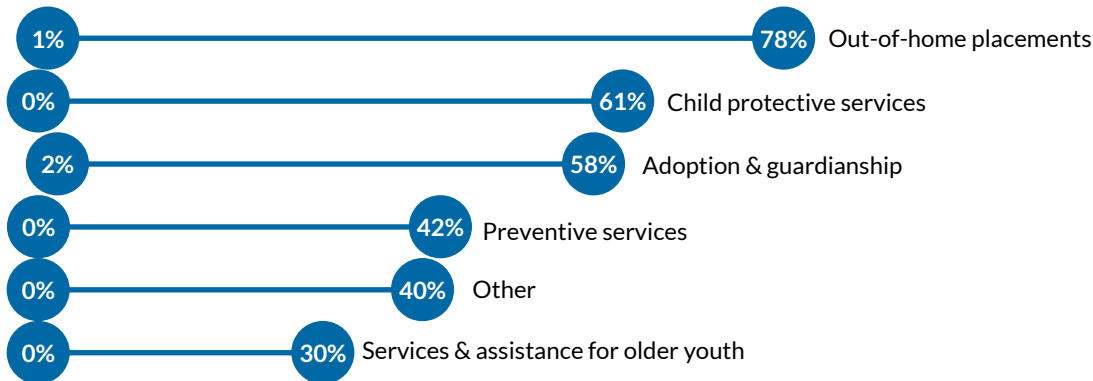


Use of state & local funds

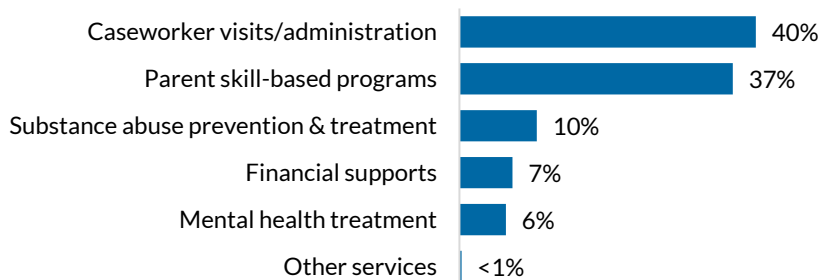
Almost **half** of state and local funds were used to finance **out-of-home placement** costs.⁷



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



Of state and local dollars used to prevent abuse/neglect, placement into foster care, or re-entry into foster care, more than three-quarters were used for caseworker visits/administration and parent skill-based programs.⁸



¹ 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.

Each state reported data based on its SFY 2018, which for most states is July 1, 2017 to June 30, 2018. Of the 51 participating states, only five (Alabama, the District of Columbia, Michigan, New York, and Texas) reported a different SFY calendar.

The survey instrument has been revised over the 11 rounds of the survey, so some data are not directly comparable. Please see the main report for more details about changes to the survey and comparability.

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

This year, Idaho was unable to participate, resulting in a total of 51 participating states.

² Puerto Rico was unable to report state/local spending, Wyoming was unable to report state spending, and North Dakota was unable to report local spending.

³ 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 making comparisons between expenditures or funding proportions between two or more years, we restricted the analysis to states with sufficient 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 percent change between SFY 2008 and 2018 is based on an analysis of 44 states with sufficient data.

The percent change between SFY 2016 and 2018 is based on an analysis of 42 states with sufficient data.

⁴ Based on an analysis of 42 states with sufficient 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 34 states with sufficient data across all six years. The SFY 2018 data excludes “other” funds including third-party income used as offsets, third-party in-kind contributions, and private dollars.

⁶ This analysis excludes “other” funds including third-party income used as offsets, third-party in-kind contributions, and private dollars. California’s reported state/local funds are underestimated because not all county expenditures are reported through the state claiming process. Idaho is omitted from this chart because they did not complete a survey for SFY 2018. Nebraska is omitted from this chart because the state was unable to report other federal expenditures. North Dakota is omitted because they were unable to report local spending. Puerto Rico is omitted because they were unable to report state and local spending. West Virginia is omitted because they were unable to provide complete information about federal spending. Wyoming is omitted because they were unable to report state spending.

⁷ Based on an analysis of 44 states that provided sufficient information. Most states were only able to provide approximations for how their funds were spent. States were not asked to report how they spent “other” funding sources (third-party income used as offsets, third-party in-kind contributions, and private dollars). Percentages do not equal 100% due to rounding. See the main report (“*Child Welfare Financing SFY 2018: A survey of federal, state, and local expenditures*”) for full definitions of each of the categories.

⁸ Based on an analysis of 33 states that reported the types of preventive services financed by state and local funds.

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