

EXECUTIVE SUMMARY

Child Welfare Financing SFY 2022

A Survey of Federal, State,
and Local Expenditures

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Executive Summary

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 who have been victims of—maltreatment. 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 source has its own purposes, eligibility requirements, and limitations, creating a complex financing structure that is challenging to understand and administer. Each state's unique funding composition impacts what services are available to children and families and the ways in which child welfare agencies operate.

During federal fiscal year (FFY) 2022 (October 1, 2021, to September 30, 2022), child welfare agencies received an estimated 4.3 million referrals for suspected child abuse or neglect of approximately 7.5 million children (U.S. DHHS, CB, 2024b). These agencies served approximately 570,000 individual children in foster care in FFY 2022, 369,000 of whom remained in care on September 30, 2022 (U.S. DHHS, CB, 2023b).

Child welfare administrators, policymakers, advocates, and researchers need accurate, up-to-date information on states' financing and on the financing-related challenges and opportunities that agencies face in serving children and families. To this end, Child Trends conducted the 13th edition of its national survey of child welfare agency expenditures.

We found that, in state fiscal year (SFY) 2022, state and local child welfare agencies spent \$34.3 billion of federal, state, local, and other funds. After accounting for inflation, expenditures increased by 3 percent over the past decade (i.e., 2012 to 2022). As in previous analyses, we found that most child welfare agency funding comes from state and local (as opposed to federal) sources and that almost half of child welfare agency expenditures are spent on out-of-home placements. Child welfare agencies continue to spend a relatively small proportion of their dollars on prevention.

This report is one among an array of resources compiled from the survey's findings, which can be found on the [Child Trends](#) website. These resources include state-specific resources and detailed information on the following funding sources used by child welfare agencies:

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

All dollar figures have been adjusted for inflation and are presented in 2022 dollars.

When we compare spending across years, we are using the inflation-adjusted amounts.

Key findings

In keeping with previous iterations of this survey, this report examines child welfare agency expenditures from federal, state, local, and other funding sources for SFY 2022 and analyzes changes over time (after adjusting for inflation). As in prior years, Child Trends requested financial data from all 50 states plus the District of Columbia and Puerto Rico. In total, 46 states participated.¹

¹ This year, Alabama, Alaska, Hawai'i, Kentucky, North Dakota, and West Virginia were unable to participate.

Key findings from the SFY 2022 survey include the following:

- **Total spending decreased slightly from SFY 2020 to 2022 but has increased slightly over the past decade.** Child welfare agencies reported spending \$34.3 billion in SFY 2022, representing a 3 percent decrease from SFY 2020 to SFY 2022 but a 3 percent increase since SFY 2012.
- **Out-of-home placements continue to be child welfare agencies' primary use of funds,** but SFY 2022 data show that child welfare agencies are spending a slightly smaller proportion of their funding on out-of-home placements than in prior years.
- **Federal expenditures increased over the past decade despite decreasing slightly since SFY 2020.** In SFY 2022, child welfare agencies expended \$16.8 billion in federal funds, representing a 4 percent decrease since SFY 2020 but a 6 percent increase over the past decade.
 - Over the past decade, **Title IV-E** expenditures have grown due to the creation and expansion of multiple programs. More children became eligible for Title IV-E adoption assistance, states created and expanded their Title IV-E guardianship assistance programs, and states began implementing new Title IV-E prevention and kinship navigator programs. However, most recently (from SFY 2020 to SFY 2022), Title IV-E expenditures have decreased slightly due to fewer children in care, new restrictions on the use of Title IV-E for congregate care placements, and the elimination of the Title IV-E waiver program.
 - While **Title IV-B** expenditures steadily decreased during the 2010s, the latest data show expenditures from this source leveling off in recent years. The prior steady decrease was driven by sequestration and relatively stable appropriation levels from 2013 to 2017. However, the influx of additional time-limited funding via COVID-19 pandemic-related legislation stemmed the decrease during and immediately following the pandemic.
 - Child welfare agencies' **Medicaid** expenditures have increased slightly over the past decade, likely driven in part by increased Federal Medical Assistance Percentage (FMAP) rates that started in 2020 via the Families First Coronavirus Response Act (FFCRA, P.L. 116-127). These time-limited increases remained in effect during the reporting period for this survey. While Medicaid expenditures are up over the decade, they decreased slightly from 2020 to 2022, which—similar to Title IV-E—may have been driven by reductions in the number of children in foster care.
 - Both **TANF** and **SSBG** expenditures by child welfare agencies have decreased over the past decade. Survey respondents suggested that decreases in these sources were driven in part by the intentional reallocation of these dollars to other, non-child-welfare-related purposes. In addition, SSBG was affected by sequestration, which reduced allocations starting in FY 2013.

Title IV-E Waivers

Legislation enacted in 1994 granted time-limited authority 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. All waivers ended by September 30, 2019.

Sequestration, or the imposition of across-the-board spending cuts, was a fiscal policy enacted by Congress via the Budget Control Act of 2011 (P.L. 112-25). It was designed to automatically reduce federal spending starting in 2013 in the event Congress failed to pass a deficit-reducing budget by a specified time. Sequestration affects Title IV-B and SSBG.

FMAP rates determine the amount the federal government reimburses states for eligible costs. The FMAP rates for all states are reassessed and updated annually and are higher for states with lower average per capita incomes.

- The use of **other federal funds** has increased in recent years, driven by the creation of the time-limited Family First Transition Act (FFTA, P.L. 116-94) grants and miscellaneous COVID-19 pandemic funds that child welfare agencies accessed.
- The expenditure of **state and local funds** has held steady over the past decade despite a recent slight decrease from SFY 2020 to SFY 2022—likely a result of decreased foster care caseloads. Some states also attribute the reduction to increased federal COVID-19 pandemic relief dollars that reduced the need for state and local funding; however, it is important to consider that total federal expenditures also decreased from SFY 2020 to SFY 2022.
- Finally, the expenditure of **other funding sources**—notably, child benefits (such as Social Security benefits) and family income (such as child support)—are down since SFY 2020. This is likely the result of child welfare agencies curbing their practice of using child benefits, such as Social Security Disability Insurance (SSDI), to cover foster care costs.
- **National findings and trends mask extensive state variation across all aspects of child welfare financing.** States vary in terms of which funding sources they rely on, how their use of specific funding streams have changed over time, and how they use their funds.

Reflection questions for readers

This report presents national and state-level data on how much child welfare agencies spend, which funding sources they use, and how they spend available funds. Stakeholders can use the information to better understand child welfare expenditure data and the ways in which child welfare financing can provide a robust, effective array of services and supports to improve outcomes for children and families.

As our readers review the data presented in this report, we encourage them to consider the following questions:

- **How can the child welfare field use the Family First Prevention Services Act (P.L. 115-123) and other recent legislation to maximize opportunities to finance child welfare differently?** How might recent legislation present new opportunities or challenges?
- **Do the ways in which the child welfare system is financed reflect common priorities and values (such as the importance of keeping families together)?** For example, does the balance between child welfare agency spending on out-of-home care and prevention make sense when considering what other agencies are (or are not) doing to prevent child maltreatment?
- **Are all available funding sources being maximized strategically?** How can the child welfare system collaborate with other child-serving agencies to contribute to an efficient and effective budget strategy?
- **How did the influx of pandemic relief dollars affect child welfare agency funding?** What does the expiration of these funds mean for child welfare agency budgets?
- **Are child welfare agencies achieving their desired outcomes for all children and families?** What changes need to be made to improve outcomes? Which funding sources could finance these changes?

We hope that the data in this report spark conversations about these and other topics and serve as a catalyst to improve the well-being of children and families across the United States.

Main Report: Rosinsky, K., Fischer, M., Haas, M., Ibarra, A., & Williams, S.C. (2025). *Child Welfare Financing SFY 2022: A survey of federal, state, and local expenditures*. Child Trends. DOI: 10.56417/5123x6901v