

Spending of Other Federal Funds by Child Welfare Agencies in SFY 2020

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. State and local child welfare agencies rely on multiple funding streams to administer programs and services. In state fiscal year (SFY) 2020, state and local child welfare agencies spent \$31.4 billion of federal, state, local, and other funds. While many funding sources are available to child welfare agencies, each source 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 "other federal funds" by child welfare agencies in SFY 2020 collected through Child Trends' national survey of child welfare agency expenditures.¹

Background

In addition to the major federal sources (Title IV-E, Title IV-B, Medicaid, Temporary Assistance for Needy Families (TANF), and the Social Services Block Grant (SSBG)), child welfare agencies could access a variety of other federal funding streams, including:

- **Child Abuse Prevention and Treatment Act (CAPTA) and/or Community Based Child Abuse Prevention (CBCAP).** CAPTA provides formula grants to states to improve child protective services. It also provides funding aimed at child maltreatment prevention, assessment, and treatment. CBCAP, which is a part of CAPTA, provides formula grants to states for child abuse prevention work carried out by community-based organizations.
- **Children's Justice Act.** This act provides formula grants to eligible states from the national Crime Victims Fund to support improvements in investigating and prosecuting child maltreatment cases.
- **Adoption Opportunities.** This program provides competitive grants to states and other entities to promote the adoption of older children, children of color, or children who have special needs. The funds are also used to remove barriers to adoption, provide post-adoption support to families, and provide other related activities.
- **Adoption and Legal Guardianship Incentive Awards.** This funding source provides incentive payments to states to encourage more adoptions and legal guardianships from foster care.

Other available resources

This document is one of many 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

Incentive payments are provided when a state improves its rate of adoptions and guardianships (in general and for older children).

- **Maternal, Infant, and Early Childhood Home Visiting (MIECHV).** This program provides formula funds and competitive grants to fund home visiting programs to help improve outcomes for at-risk children. Some home visiting models can help reduce child abuse and neglect and promote the healthy development of children.
- On the SFY 2020 survey, we also included relevant federal funding streams available because of the COVID-19 pandemic and Family First Act implementation:
 - **Family First Transition Act (FFTA) grants.** The Family First Transition Act was signed in 2019 to help states during the early implementation of the Family First Act. The law provides one-time funding to help agencies implement the Family First Act.
 - **Coronavirus Relief Fund.** The Coronavirus Relief Fund was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. The Relief Fund provided funds (\$150 billion) for which state and local entities could apply for pandemic-related relief payments.

Not every child welfare agency used these funding sources due to how the funds were distributed or awarded.

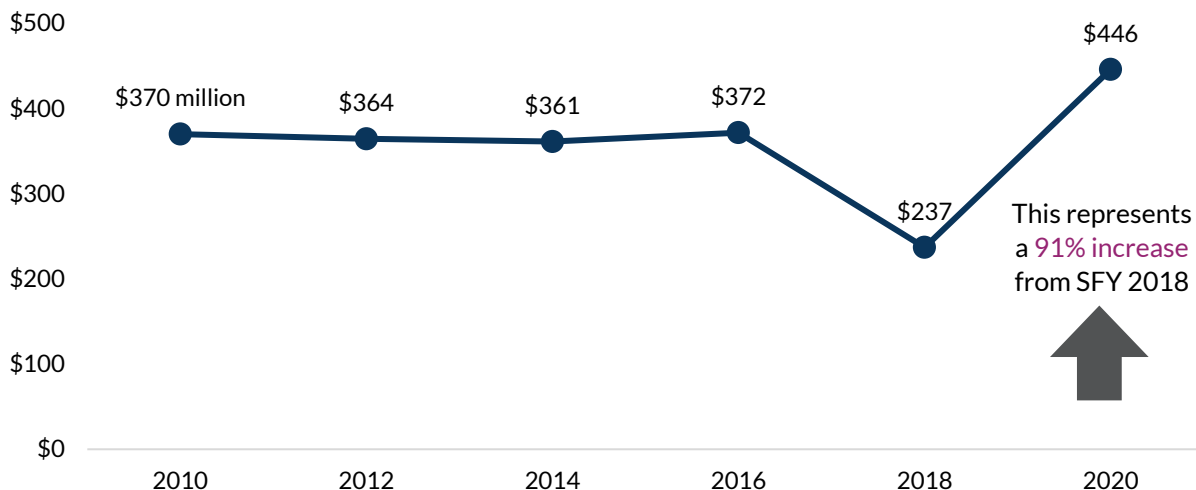
Overview of spending of other federal funds

**\$458
million**

In SFY 2020, child welfare agencies reported spending \$458 million in other federal funds (in addition to the major federal funding sources) on child welfare services.²

Other federal expenditures have **increased by 19 percent** over the decade (among states with sufficient data in SFYs 2010 and 2020). The following graph shows the trend line over the decade.³ This steep increase may be attributed to the additional federal funding streams available to states through Transition Act grants and Coronavirus Relief Fund payments. This increase may also be explained by increased federal funding available to states for CAPTA grants in FFY 2020.⁴ In some instances, states explained changes in other federal funds spent between SFY 2018 and SFY 2020. Pennsylvania noted that the Coronavirus Relief Fund and Transition Act grants contributed to their significant increase in other federal funds. South Carolina explained that their new use of Children's Justice Act dollars and Coronavirus Relief Fund payments contributed to their increase in other federal funds.

We also conducted a sensitivity analysis to account for the changes made to the survey starting in SFY 2018. In earlier surveys, we included Supplemental Security Income, Social Security Disability Insurance, Social Security Survivor's Benefits, and Veteran's Administration funds in the other federal funds category. However, we removed these funding sources from this category starting with the SFY 2018 survey and included them in a category of third-party income used as offsets to child welfare agency expenditures. The sensitivity analysis showed that with more comparable data, the use of other federal funds increased even more steeply by 119 percent between SFY 2010 and SFY 2020.

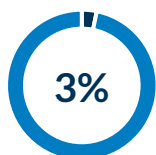


To enable comparisons, all dollar amounts from previous years have been inflated to 2020 levels. The figures presented in this graph reflect an analysis of 43 states with sufficient data across all six surveys conducted between 2010 and 2020 (surveys conducted every two years). Therefore, the total amount of SFY 2020 other federal expenditures presented in this graph (\$446 million) differs from the total amount presented in the text (\$458 million).

Between SFYs 2018 and 2020, **more states reported an increase** than a decrease in the use of other federal funds by child welfare agencies. Changes in other federal funds expenditures ranged from **-75 percent to 1,998 percent**, depending on the state.



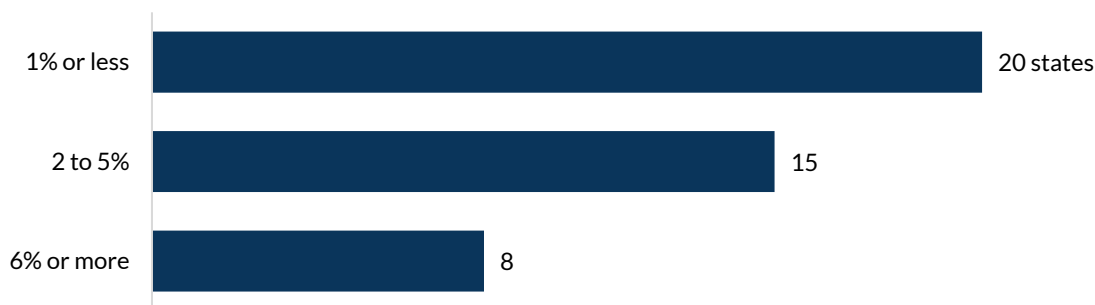
Other federal funds as a share of all federal funds



Other federal funds comprised a **very small** proportion of federal funds spent by child welfare agencies in SFY 2020.⁵ This proportion **has held steady** since SFY 2010.⁶

Other federal funds accounted for **<1 percent to 20 percent** of federal dollars spent by child welfare agencies in SFY 2020, depending on the state. This variation underscores the fact that the use of other federal funding sources varied by state given the way the funds for such sources were distributed or awarded.

Percentage of federal expenditures



¹ See the main report (*Child Welfare Financing SFY 2020: 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 2020, which for most states is July 1, 2019, to June 30, 2020. Of the 46 participating states, only five (Alabama, the District of Columbia, Michigan, New York, and Texas) reported a different SFY period.

The survey instrument has been revised over the 12 rounds of the survey, so some data are not directly comparable. 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, Georgia, Hawai'i, Idaho, North Dakota, Washington, and West Virginia were unable to participate resulting in a total of 46 participating states.

² As some states were unable to provide data for each of the "other" categories listed on the survey, the total amount reported here is likely an understatement of actual spending from these sources.

The survey has been adapted over time. For instance, 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 and 2020 surveys, child support was captured under "third party income used as offsets" and was included in total expenditures. As a result, our expenditure data for SFY 2018 and 2020 were not directly comparable to data from earlier years. For all relevant analyses comparing SFY 2018 and 2020 data to prior year's data, we conducted sensitivity analyses using more comparable data. Unless otherwise stated, the sensitivity analyses supported the same substantive conclusions as the main analyses.

³ To enable comparisons, all dollar amounts from previous years have been inflated to 2020 levels using the gross domestic product deflator (accessed at www.measuringworth.com/uscompare/).

When comparing 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 percentage change between SFYs 2010 and 2020 is based on an analysis of 46 states with sufficient data.

The percentage change between SFYs 2018 and 2020 is based on an analysis of 45 states with sufficient data.

⁴ First Focus on Children. (2020). *Children's Budget 2020*. Available at: <https://firstfocus.org/wp-content/uploads/2020/09/ChildrensBudget2020.pdf>

⁵ This percentage is based on an analysis of 43 states with complete federal expenditure data in SFY 2020.

⁶ Based on an analysis of 38 states with sufficient data across all six surveys conducted between 2010 and 2020 (surveys conducted every two years).

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Main Report: Rosinsky, K., Fischer, M., & Haas, M. (2023). *Child Welfare Financing SFY 2020: A survey of federal, state, and local expenditures*. Child Trends. doi: 10.56417/669519085q. <https://www.childtrends.org/publications/child-welfare-financing-survey-sfy2020>

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