

Spending of State & Local 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 state and local funds by child welfare agencies in SFY 2020 collected through Child Trends' national survey of child welfare agency expenditures.¹

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

Background

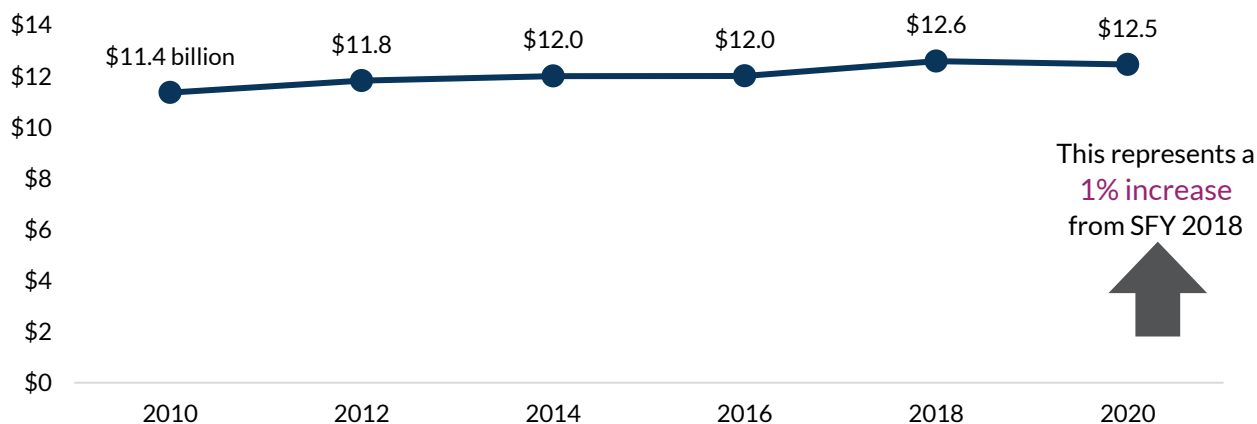
In addition to federal sources, states spend their own dollars on child welfare services and activities. In SFY 2020, **more than half (58%)** of child welfare agencies expenditures came from state and local sources. State and local funds are used to match federal funds, to meet a maintenance of effort requirement for a federal program, and to pay for 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 spent on child welfare, as well. Among responding states, 38 percent reported using local funds to finance child welfare agency expenditures in SFY 2020, while 62 percent reported using no local dollars.

Overview of spending of state & local funds

**\$15.9
billion**

In SFY 2020, child welfare agencies reported spending **\$15.9 billion** in state and local funds on child welfare services.²

State and local expenditures have **increased by 3 percent** over the decade (among states with sufficient data in SFYs 2010 and 2020). The following graph shows the trend line over the past decade.³



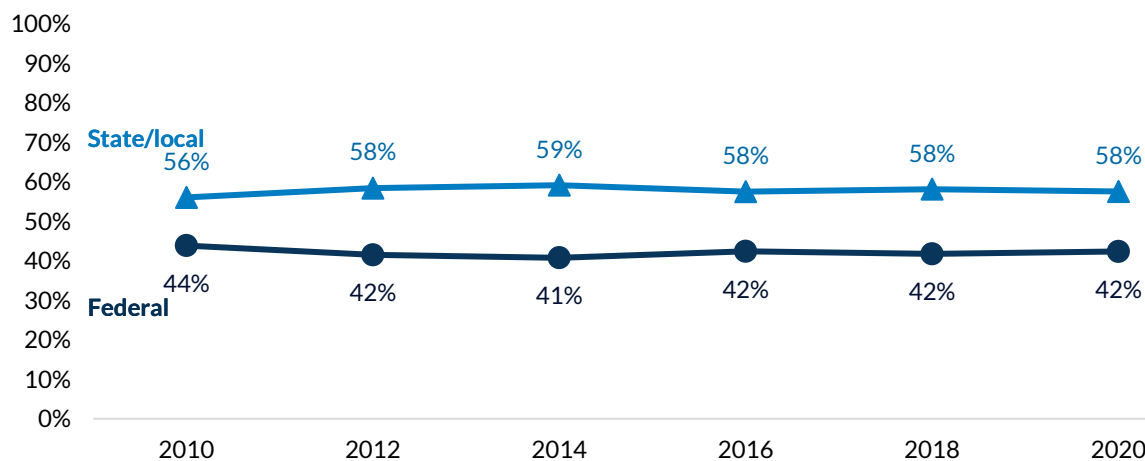
To enable comparisons, all dollar amounts from previous years have been inflated to 2020 levels. The figures presented in this graph reflect an analysis of 33 states with sufficient data across all six surveys conducted between 2010 and 2020 (surveys conducted every two years). Therefore, the total amount of SFY 2020 state and local expenditures presented in this graph (\$12.5 billion) differs from the total amount presented in the text (\$15.9 billion). This graph also depicts a slight decrease in state and local spending since SFY 2018, while an analysis of only states with sufficient data in SFYs 2018 and 2020 shows state and local spending increased slightly.

Between SFYs 2018 and 2020, **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 **-77 percent to 42 percent**, depending on the state.

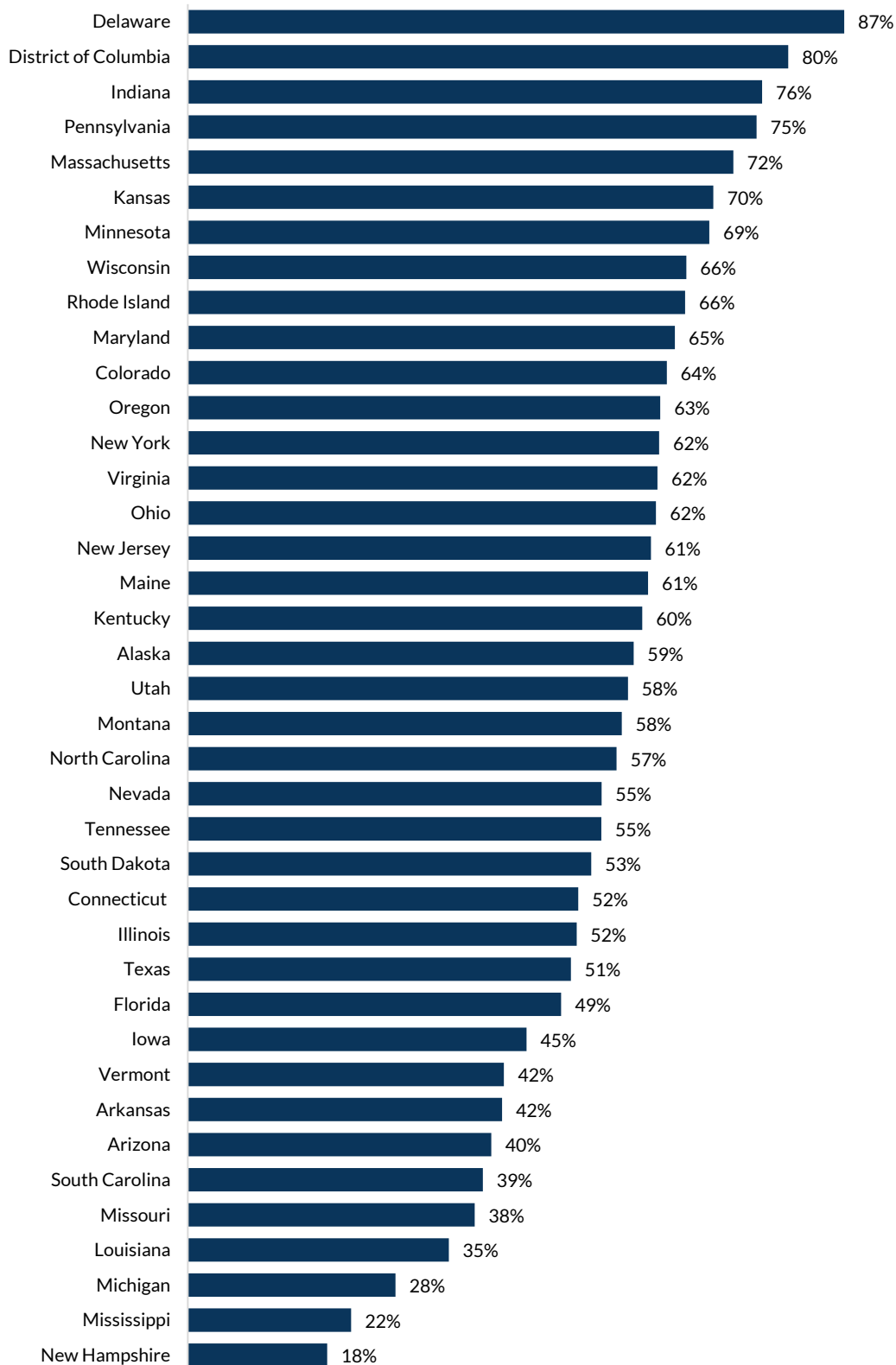
States experiencing changes in the use of state & local funds



Over the past decade, the proportions of total child welfare agency expenditures from state and local sources **have increased slightly**.⁵

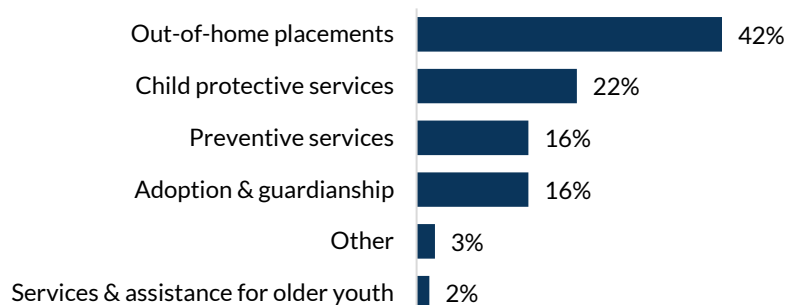


States **varied greatly** in the proportion of total child welfare agency spending that comes from state and local funds ranging from **18 percent** to **87 percent** of total expenditures.⁶

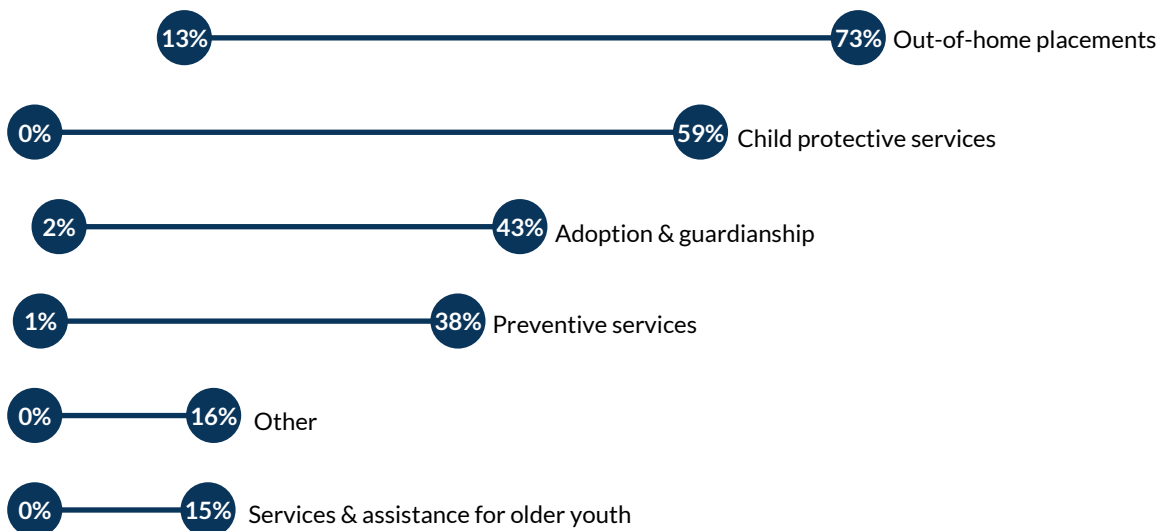


Use of state & local funds

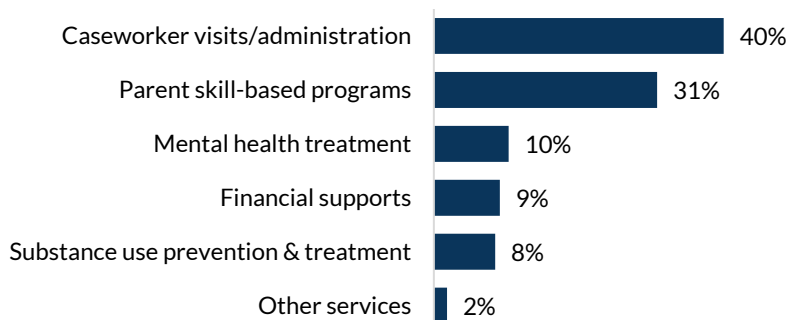
Almost **half** of state and local funds were used to finance **out-of-home placement** costs.⁷



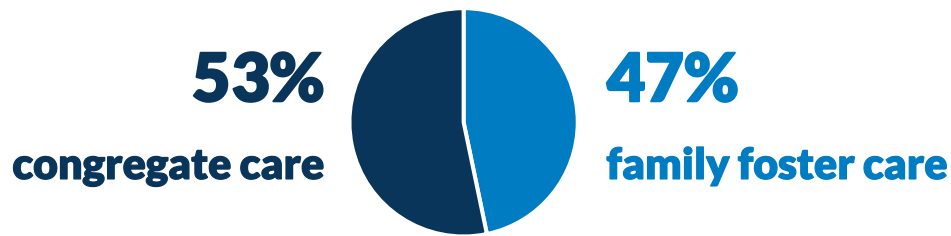
States **varied greatly** in the proportion of state and local funds spent on different service categories.



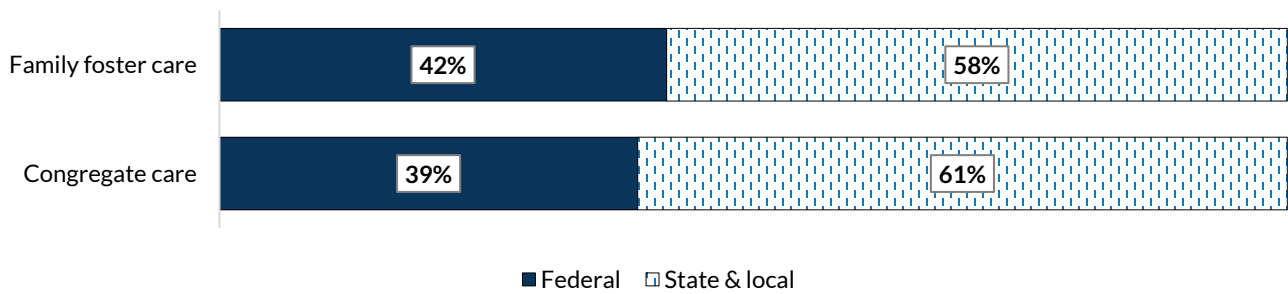
Of state and local dollars used to prevent abuse/neglect, placement into foster care, or re-entry into foster care, **almost half** were used for caseworker visits/administration and **more than one quarter** were used for parent skill-based programs.⁸



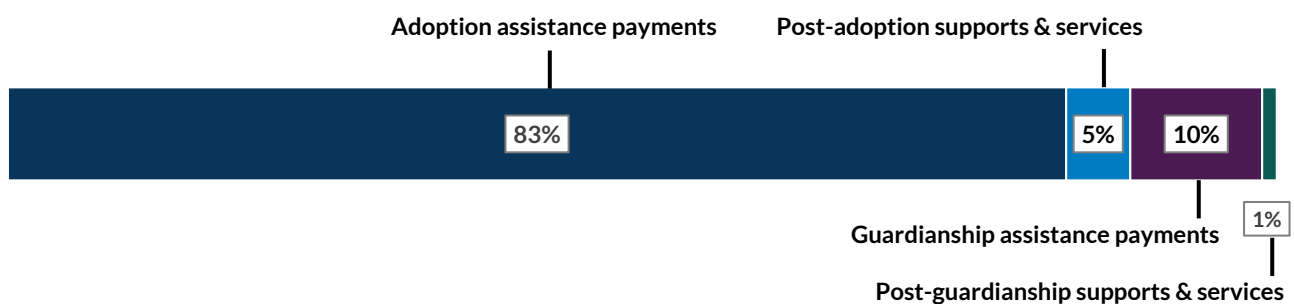
Among state and local expenditures on family foster care and congregate care, child welfare agencies spent a **larger** proportion on congregate care.⁹



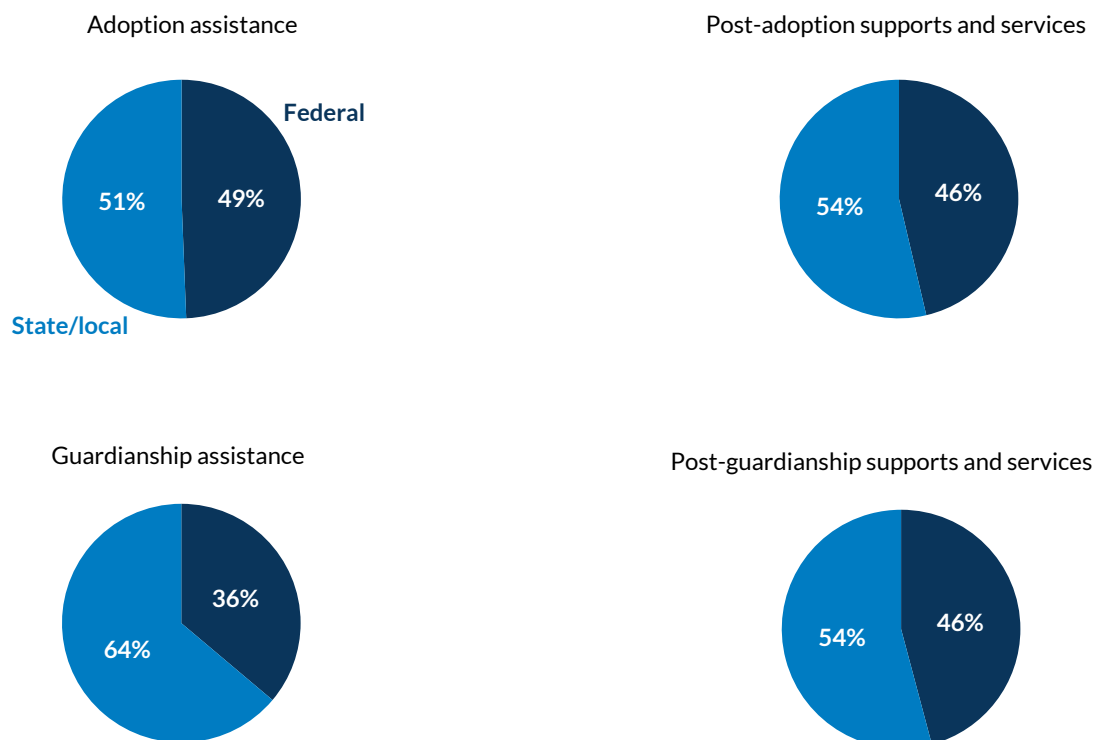
State and local sources, as opposed to federal sources, **financed more than half** of spending on family foster and congregate care.¹⁰



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.¹¹



More than half of spending on each category of adoption and guardianship support was financed by state and local dollars.¹²



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 This amount includes estimated SFY 2020 state and local match expenditures associated with Title IV-E and Title IV-B based on U.S. Department of Health and Human Services' fiscal data for Georgia, Hawai'i, Idaho, North Dakota, Washington, and West Virginia. Using HHS fiscal data on Title IV-E and IV-B expenditures, we were able to estimate the amount these states had to expend in matching state and local dollars. The state and local amounts for these states exclude other state and local expenditures beyond these required matching funds. [U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau. (2022). *Title IV-E Programs Expenditure and Caseload Data 2020*. Available at: <https://www.acf.hhs.gov/cb/report/programs-expenditure-caseload-data-2020>; U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau. (2020). *June 30, 2021, submission of: (1) the second Annual Progress and Services Report (APSR) to the 2020-2024 Child and Family Services Plan (CFSP) for the Stephanie Tubbs Jones Child Welfare Services (CWS), the MaryLee Allen*

*Promoting Safe and Stable Families (PSSF) and Monthly Caseworker Visit Grant programs; the John H. Chafee Foster Care Program for Successful Transition to Adulthood (Chafee) and the Education and Training Vouchers (ETV) Program; (2) the Child Abuse Prevention and Treatment Act (CAPTA) State Plan update; and (3) the CFS-101, Part I, Annual Budget Request, Part II, Annual Summary of Child and Family Services, and Part III, Annual Expenditure Report- Title IV-B, subparts 1 and 2, Chafee, and ETV. Program Instruction ACYF-CB-PI-20-13. Available at: <https://www.acf.hhs.gov/sites/default/files/documents/cb/PI2013.pdf>; U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau. (2022). *Children's Bureau Discretionary Grant Awards*. Available at: <https://www.acf.hhs.gov/cb/grant-funding/discretionary-grant-awards>]*

In addition, California was unable to report state and local spending; Wyoming was unable to report state spending; and Nebraska, Oklahoma, and Puerto Rico were unable to report local spending.

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 SFY 2010 and 2020 is based on an analysis of 38 states with sufficient data.

The percentage change between SFY 2018 and 2020 is based on an analysis of 41 states with sufficient data.

⁴ Based on an analysis of 41 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 31 states with sufficient data across all six surveys conducted between 2010 and 2020 (surveys conducted every two years). The SFY 2018 and 2020 data exclude "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. Georgia, Hawai'i, Idaho, North Dakota, Washington, and West Virginia were omitted from this chart because they did not complete a survey for SFY 2020. Alabama was omitted because the state was unable to report Medicaid expenditures. California was omitted because the state could not report state and local spending. Nebraska was omitted because the state was unable to report local expenditures. New Mexico was omitted because the state was unable to report SSBG expenditures. Oklahoma was omitted because the state was unable to report Medicaid and local expenditures. Puerto Rico was omitted because the state was unable to report local expenditures. Wyoming was omitted because the state was unable to report state expenditures.

⁷ Based on an analysis of 40 states that provided sufficient information. Most states were able to provide only 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 percent due to rounding. See the main report (*Child Welfare Financing SFY 2020: 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.

⁹ Based on an analysis of 27 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 p. 16596 of <https://www.govinfo.gov/content/pkg/FR-2019-04-19/pdf/2019-07827.pdf>.

Congregate care includes the following placement types: group home-family operated, group home-staff operated, group home-shelter care, residential treatment center, qualified residential treatment program, child care institution, child care institution-shelter care, supervised independent living, juvenile justice facility, medical or rehabilitative facility, psychiatric hospital as defined on pp. 16596-16597 of <https://www.govinfo.gov/content/pkg/FR-2019-04-19/pdf/2019-07827.pdf>.

¹⁰ Based on an analysis of 23 states that provided sufficient information.

¹¹ Based on an analysis of 19 states that reported state and local expenditures on various categories of adoption and guardianship costs.

¹² Adoption assistance graph is based on an analysis of 25 states; post-adoption services/supports graph is based on an analysis of 15 states; guardianship assistance graph is based on an analysis of 25 states; and post-guardianship services/supports graph is based on an analysis of 14 states.

Acknowledgement: We thank the Annie E. Casey Foundation and Casey Family Programs for their support and expert consultation throughout the project. We acknowledge that the findings and conclusions presented in this resource are those of the authors alone and do not necessarily reflect the opinions of these organizations.

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>

MAY 2023