

# Federal, State, and Local Spending to Address Child Abuse and Neglect in SFY 2006

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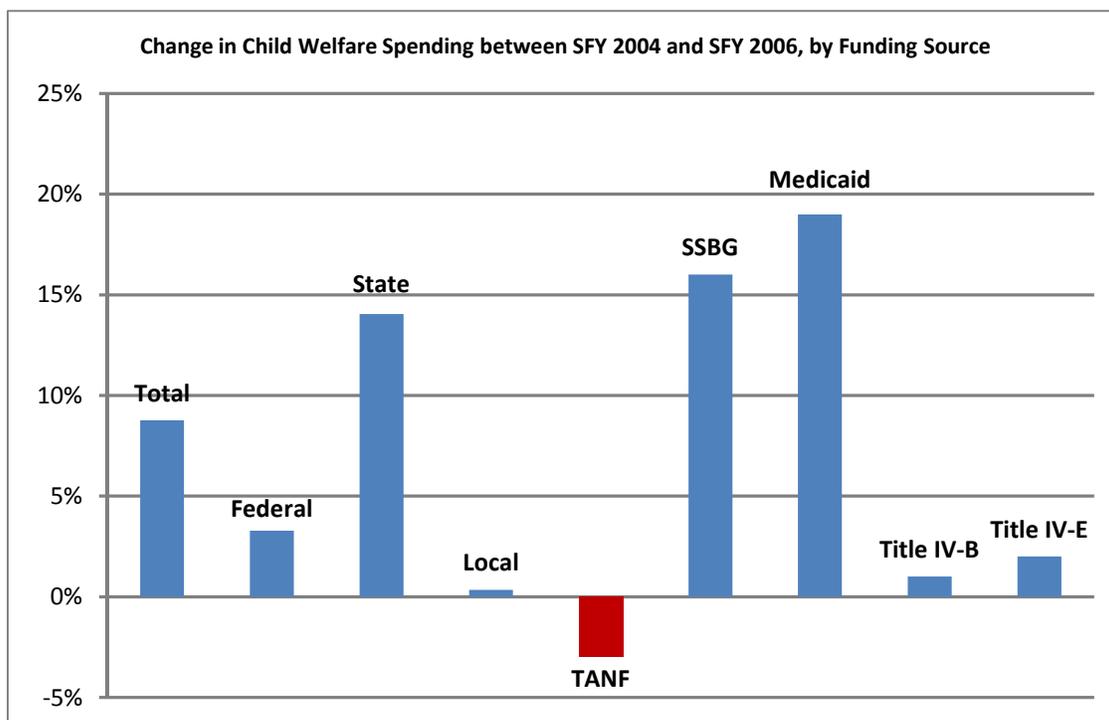
## EXECUTIVE SUMMARY

Identifying the sources and scope of child welfare financing in the U.S. continues to be critical for understanding the challenges and opportunities through which states address the needs of their most vulnerable children and youth. This report summarizes key findings from a survey of all 50 states and the District of Columbia regarding their child welfare expenditures in SFY 2006.

The current study, conducted by Child Trends and funded by the Annie E. Casey Foundation and Casey Family Programs, represents the sixth time that state-level child welfare financing data have been collected through a national survey. The report presents results from the state fiscal year (SFY) 2006 survey of federal, state, and local funding sources, and highlights important trends over the past decade.<sup>1</sup> It is important to note that although overall trends in child welfare expenditures are reported here, there is significant variation in expenditures among individual states. Detailed information on individual states' expenditures can be found in Appendices A & B of this report.

Key findings include:

- **Child welfare spending continues to increase.** States spent at least \$25.7 billion in federal, state, and local funds for child welfare purposes in SFY 2006, a 9% increase in spending since SFY 2004 after adjusting for inflation. Total spending has increased in each biennium since data have been collected (SFY 1996).
- **Federal and state funds increased, while local dollars remained stable.** In SFY 2006, states spent \$12.4 billion in federal dollars, \$10.7 billion in state dollars, and \$2.6 billion in local dollars. Between SFY 2004 and SFY 2006, federal spending increased by 3%, state spending by 14%, and local spending remained virtually unchanged.



Sources: 2005 Urban Institute Child Welfare Survey and 2007 Casey Child Welfare Financing Survey

Note: Comparison between SFY 2004 and SFY 2006 for the categories depicted above are based on the following number of states: Total (48), Federal (49), State (49), Local (40), TANF (48), SSBG (49), Medicaid (39), Title IV-B (51) and Title IV-E (51)

- The increase in federal funds is attributed primarily to increases in Medicaid and SSBG.** The Social Services Block Grant (SSBG) (including Temporary Assistance for Needy Families (TANF) funds transferred to SSBG) and Medicaid experienced the largest increases between SFY 2004 and SFY 2006 (16% and 19%, respectively), while modest increases occurred with Title IV-B (1%) and Title IV-E (2%). TANF spending (excluding TANF funds transferred to SSBG) decreased (3%) between SFY 2004 and SFY 2006, as did expenditures from the “other” category (27%), which includes Supplemental Security Income, Social Security Benefits, and other federal grants or awards.
- The federal share of total child welfare spending declined.** After increasing each biennium between SFY 1996 and SFY 2002, the federal share of total child welfare expenditures has declined to just under 48%. In SFY 2006, state dollars represented 41% of total spending, and local dollars accounted for 11%.
- Title IV-E expenditures continue to increase, but the rate of growth has slowed.** Title IV-E expenditures exceeded \$6 billion in SFY 2006, a 2% increase since SFY 2004. However, the rate of increase in this funding stream has slowed each biennium since SFY 1996.
- The national foster care penetration remained virtually unchanged.** The national Title IV-E foster care penetration rate (which represents the percent of foster children in the U.S. supported through the federal Title IV-E program) remained steady between SFY 2004 and SFY 2006 at 57%.
- Less than half of IV-E ineligibility determinations are due to income levels.** On average, less than half (46%) of the children who were determined ineligible for Title IV-E reimbursement were ineligible due to the income of their parents, based on responses from 27 states. The other main ineligibility reasons reported by states included the foster care home/facility not being fully licensed, the lack of necessary judicial determinations, ineligible placement types, and a variety of “other” reasons, including issues related to the deprivation of the child, removal requirements, age of the child, citizenship issues, and the child receiving Supplemental Security Income (SSI) payments.
- Title IV-E foster care administration and placement expenditures continued to increase.** States spent approximately \$2.3 billion in Title IV-E dollars on foster care administration and placement activities (includes Statewide Automated Child Welfare Information Systems (SACWIS) and training dollars) in SFY 2006, a 4% increase over SFY 2004. States that provided estimates of administration and overhead spending from Title IV-E reported that an average of 49% of these funds supported caseworker salaries (based on reports from 23 states) and 19% supported eligibility determination activities (based on reports from 30 states).
- Expenditures from the Title IV-E Adoption Assistance Program continued to increase.** States spent nearly \$1.8 billion in Title IV-E adoption assistance dollars in SFY 2006, a 16% increase over adoption expenditures from SFY 2004.
- Title IV-E adoption assistance payments exceed foster care maintenance payments in 26 states.** More than half of the states (26) reported higher expenditures for adoption assistance payments than foster care maintenance payments in SFY 2006. This number has increased since SFY 2004 and SFY 2002, when 17 and 12 states, respectively, reported adoption assistance payments exceeding foster care maintenance payments.

## I. INTRODUCTION

Child welfare agencies in the United States are charged with ensuring the safety, permanency, and well-being of children who have been abused or neglected, and those deemed at risk of abuse or neglect. Agencies in each state provide a range of services to children, families, and communities, designed to protect and promote the welfare of victimized and at-risk children and youth.

In federal fiscal year (FFY) 2006, child welfare agencies received approximately 3.3 million referrals of alleged abuse or neglect, involving 6 million children (U.S. DHHS, 2008a). Approximately 3.6 million children were investigated or assessed, with 30% of those children (905,000) determined to be victims of abuse or neglect (U.S. DHHS, 2008a). Some children who have experienced maltreatment, or are determined to be at risk of maltreatment, may be able to receive appropriate protections in their own homes, while others need to be removed and placed in the public child welfare agency's custody and care. As of September 30, 2006, approximately 509,000 children were in foster care in the U.S. (U.S. DHHS, 2008b). An estimated 799,000 children were served by the foster care system in FFY 2006, a figure that accounts for children who may have entered and/or exited care throughout the year (U.S. DHHS, 2008b).

To fulfill their mandate for protecting children and preventing child abuse and neglect, child welfare agencies must provide a broad array of services for children and families. For the purposes of this report, we define "child welfare" to comprise the following services administered by the child welfare agency: services for children and families to prevent abuse and neglect; family preservation services; child protective services (intake, family assessment, investigation, and case management); in-home services; out-of-home placements; and adoption services.

In carrying out their responsibilities to children, most child welfare agencies use a combination of federal, state, and local funding. Within these sources are multiple potential funding streams, each accompanied by its own set of program requirements, service definitions, and eligibility rules. The multiple avenues and mechanisms for financing child welfare activities result in a multi-layered financing system that can change significantly from year to year, and be susceptible to shifting priorities or major events at any level. *(For a detailed summary of the legislative history of child welfare financing and in-depth descriptions of the federal, state, and local funding sources reviewed in this report, please see Scarcella et al., 2006).*

An accounting of child welfare expenditures in the U.S. continues to be critical for policy makers, agency administrators, advocacy groups, and practitioners to understand the challenges and opportunities through which states address the needs of their most vulnerable children and youth. This report represents the sixth time that state-level child welfare financing data have been collected through a national survey. The first five rounds of data collection were conducted by the Urban Institute, and reported data for state fiscal years 1996, 1998, 2000, 2002, and 2004 (Bess et al., 2001; Bess et al., 2002; Geen, Boots, & Tumlin, 1999; Scarcella et al., 2004; Scarcella et al., 2006). The current study, conducted by Child Trends and funded by the Annie E. Casey Foundation and Casey Family Programs, collected data from SFY 2006. We requested and received financial data from all 50 states and the District of Columbia. (For the purposes of the survey, D.C. is considered to be a state and referred to as such throughout this report). Please see Appendix C for a detailed description of the study's methodology.

This report summarizes key findings from states' reports of expenditures from federal, state, and local funding sources for SFY 2006, and highlights important trends over the past decade. We focus primarily on the changes in child welfare expenditures between SFY 2004 and SFY 2006—the two most recent data collection periods—as well as a comparison to SFY 1996 data whenever possible. For an accurate comparison, all dollar amounts from previous years have been inflated to SFY 2006 using the gross domestic product price deflator. States also had the opportunity via the SFY 2006 survey to provide corrections to data that had been previously submitted in earlier rounds, and eight states provided revisions to one or more funding categories. Except where noted,

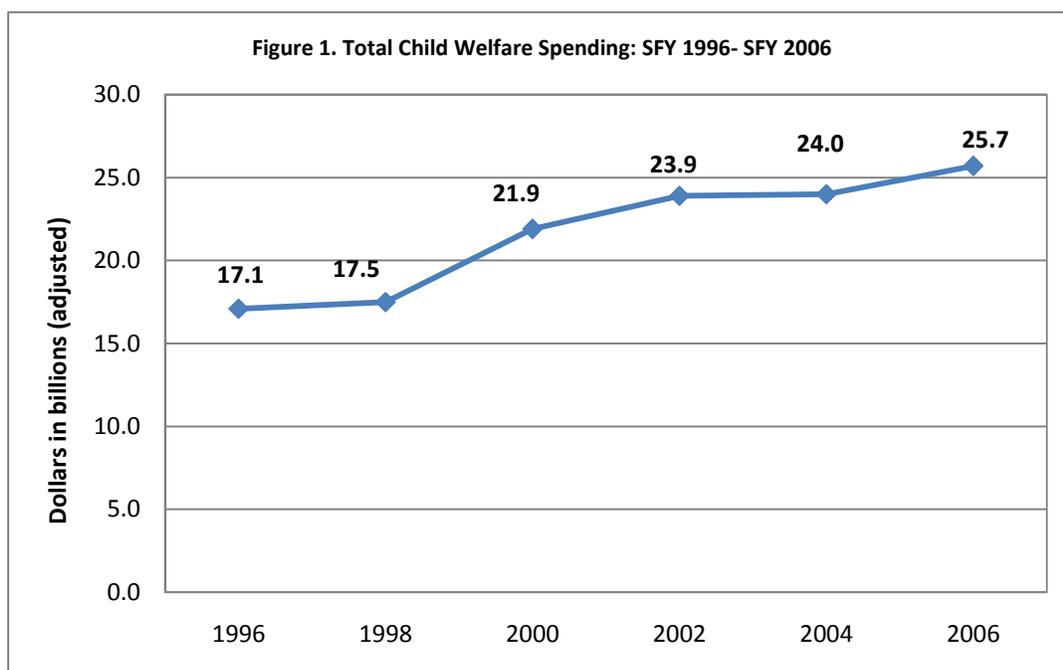
these changes to states' historical data have been incorporated for the current report's comparisons with earlier years.

Although we received data from all 50 states and D.C. for SFY 2006, some states were not able to provide all requested information. As a result, the financial information reported here is likely an underestimation of actual amounts. Additionally, because the instrument itself has been revised over the course of the six rounds of the survey, some data are not directly comparable to other years. Throughout the report, we note instances in which states were unable to provide complete information about a particular category, or when a comparison between years is not possible. We have also included an extensive notes section at the end of this report (Appendix D) to describe the data challenges and limitations in detail.

## II. TOTAL CHILD WELFARE SPENDING

### *Child Welfare Spending Continues to Increase*

States spent at least \$25.7 billion on child welfare activities in SFY 2006. This represents a 9% (\$1.9 billion) increase since SFY 2004 and a 55% increase (\$8 billion) since SFY 1996, based on an analysis of 48 and 46 states, respectively.<sup>2</sup> Figure 1 depicts the increase in total spending on child welfare services over time since SFY 1996.<sup>3</sup>



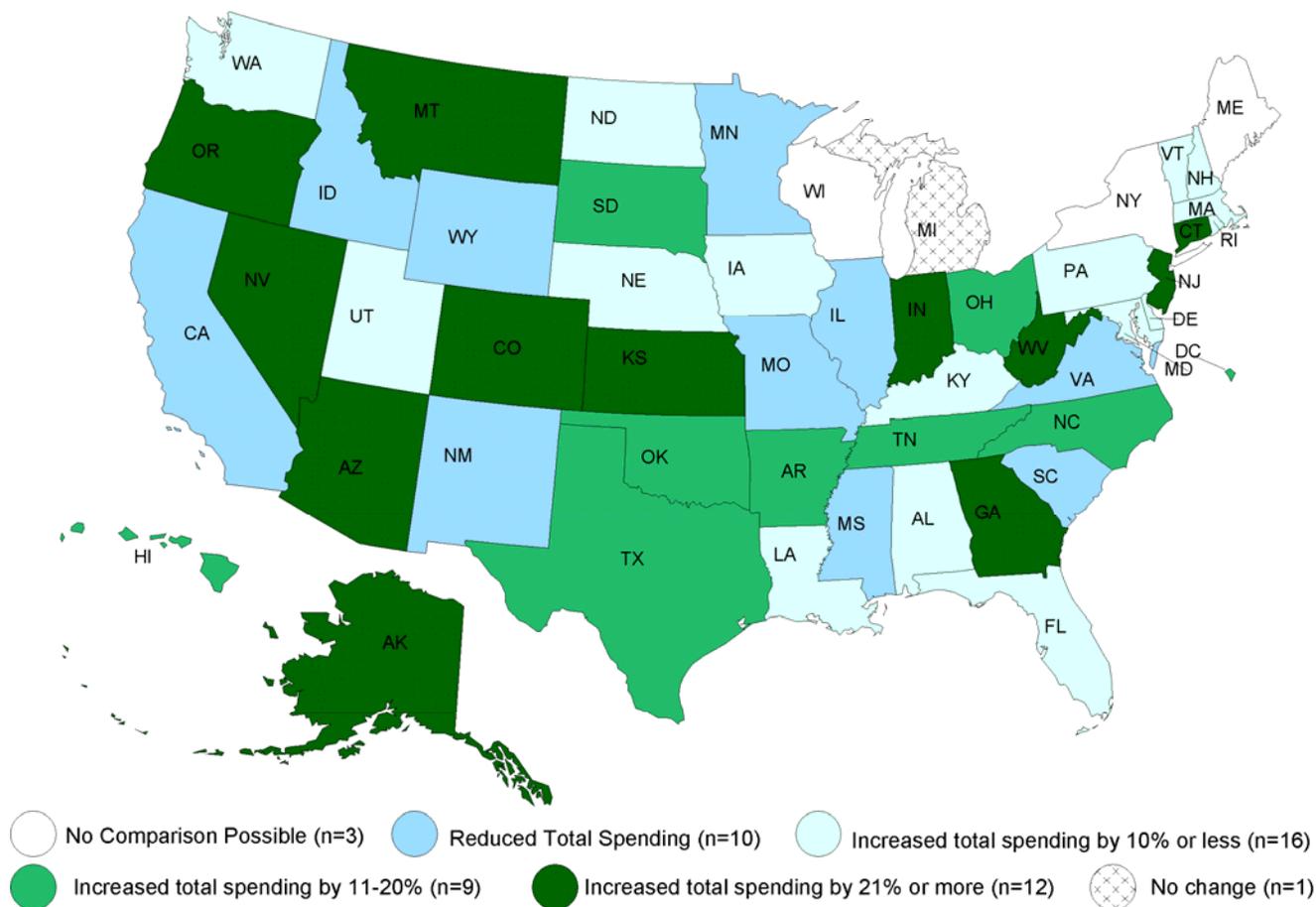
Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey

Note: Includes data from all 51 states. Amounts represent total reported by states for each year. However, the number of states providing complete data for each round of the survey varies. Amounts have been adjusted for inflation and represent 2006 dollars.

### *States Vary Greatly in Spending between SFY 2004 and SFY 2006*

Although child welfare spending continues to increase nationally, the rate of change in total expenditures between SFY 2004 and SFY 2006 varied considerably among individual states, with 37 states reporting an increase in total spending, while 10 states reported a decrease between the two years. One state reported no measurable change in total child welfare spending between SFY 2004 and SFY 2006, and three states could not be compared.<sup>4</sup> Among the 48 states that provided sufficient data for both rounds of the survey, the median change between SFY 2004 and SFY 2006 was a 9% increase. Figure 2 illustrates the state-by-state changes in total child welfare spending between SFY 2004 and SFY 2006.

Figure 2. Changes in Total Child Welfare Spending between SFY 2004 and SFY 2006



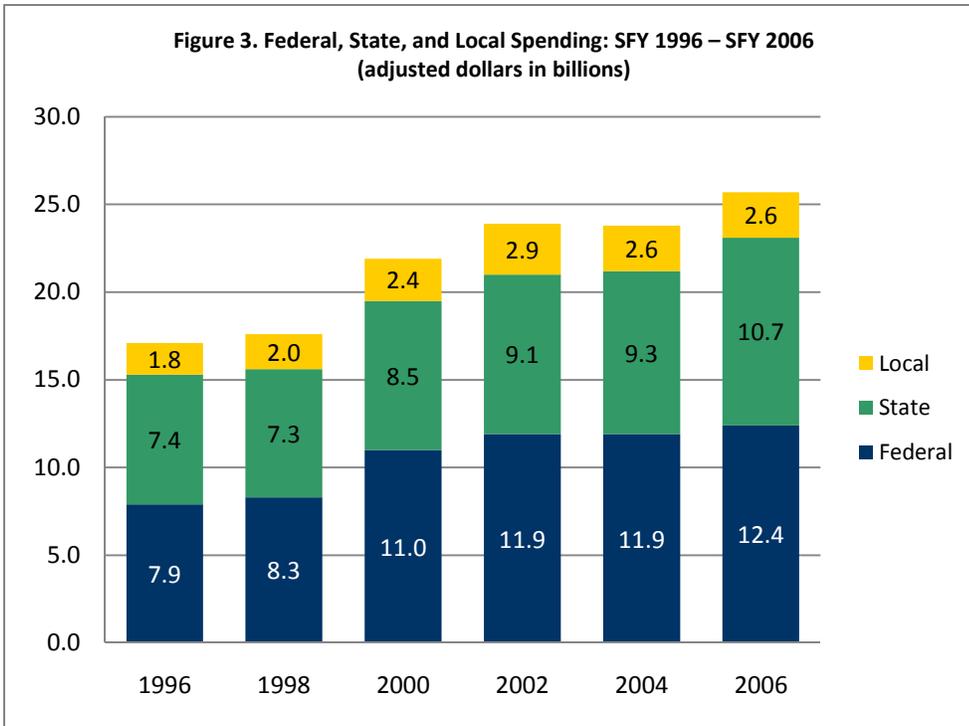
Sources: 2005 Urban Institute Child Welfare Survey and 2007 Casey Child Welfare Survey  
 Note: SFY 2004 dollars have been adjusted for inflation

Of the 37 states with increases in total child welfare spending since SFY 2004, the median increase was 13%, with a range of 1% to 80%. Six states reported increases of 30% or more, while 16 states reported an increase of 10% or less.

Among the 10 states reporting a decrease in total child welfare spending, the percent change between SFY 2004 and SFY 2006 ranged from 2% to 24%, with a median decline of 4%.

**Federal and State Funds Increase since SFY 2004**

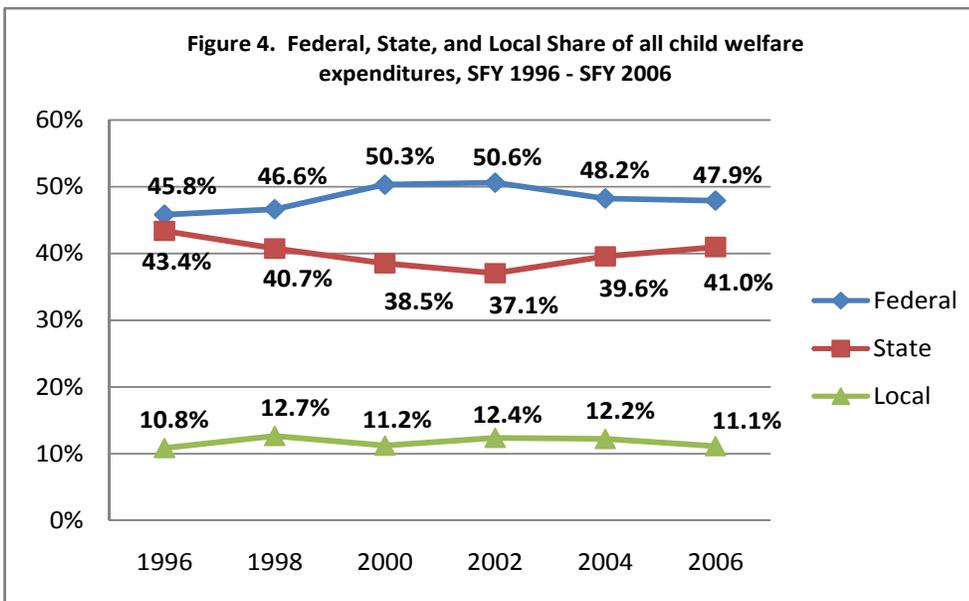
In SFY 2006, states spent at least \$12.4 billion in federal funds, \$10.7 billion in state funds, and \$2.6 billion in local funds. Between SFY 2004 and SFY 2006, federal spending increased by 3% (\$388 million), state spending by 14% (\$1.3 billion), and local spending remained virtually unchanged (a negligible increase of 0.4%, or \$9 million), based on a comparison of 49, 49, and 40 states, respectively.<sup>5</sup> Figure 3 depicts child welfare spending from federal, state, and local sources since SFY 1996.



Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey  
 Note: Includes data from all 51 states. Amounts represent total reported by states for each year. However, number of states providing complete data for each round of the survey varies. Amounts have been adjusted for inflation and represent 2006 dollars

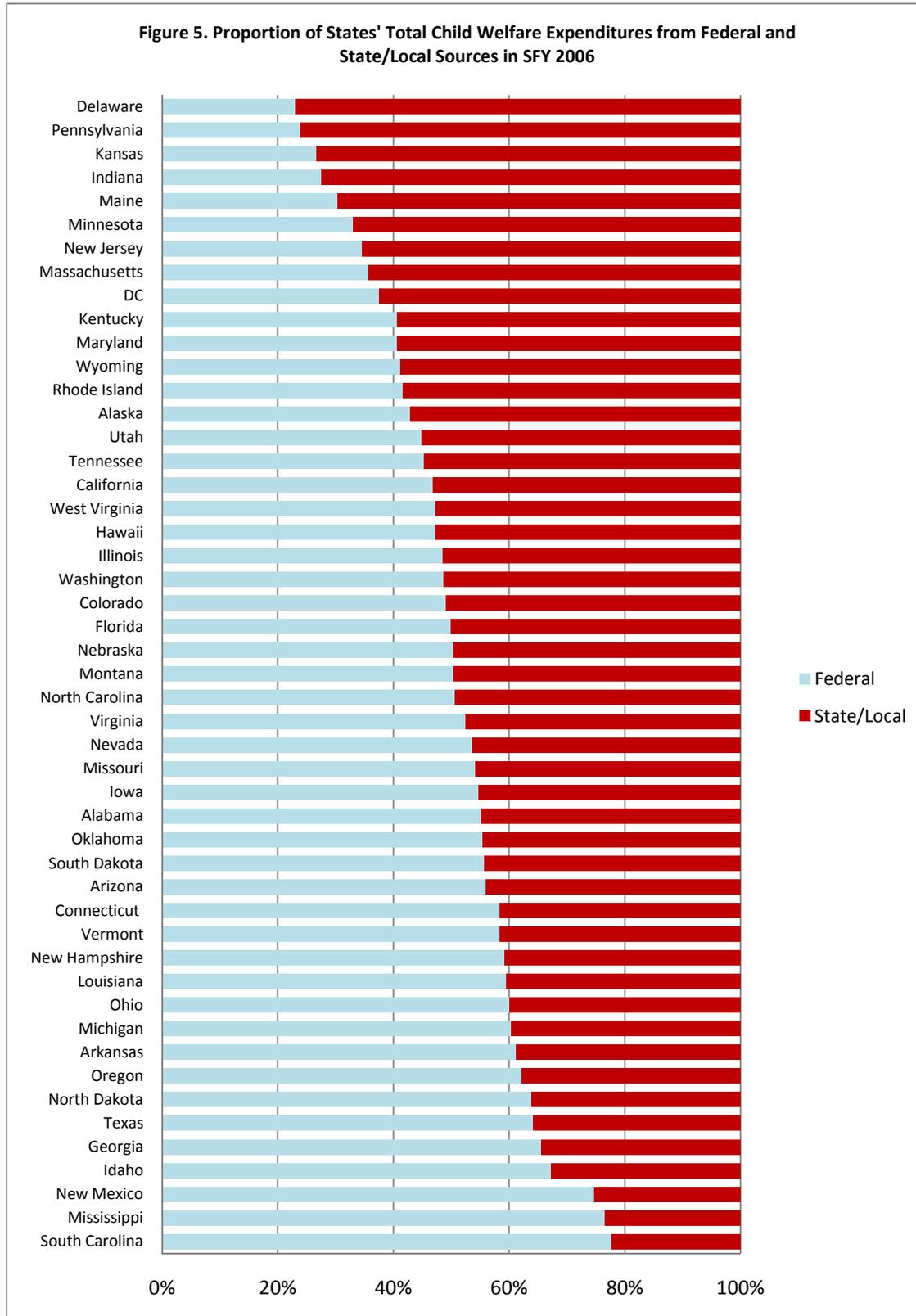
**Proportion of Funds from Federal Sources is Decreasing**

In SFY 2006, federal funds accounted for 48% of total spending, state funds for 41%, and local funds for 11%, based on an analysis of 49 states.<sup>6</sup> The share of federal funds has decreased slightly since SFYs 2002 and 2004, while the proportion of state funds increased over that time period. Figure 4 below illustrates the trend of federal, state, and local contributions to child welfare financing since SFY 1996.



Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey  
 Note: Number of states providing data varies by year. Amounts may not total 100% due to rounding.

These data represent the distribution of funds nationally, but states varied considerably in SFY 2006 in their reliance on the three funding sources (illustrated in Figure 5). Federal funds accounted for more than 60% of all child welfare spending in nine states, and accounted for 40% or less in nine states.



Note: Represents 49 states. Excludes NY and WI.

### III. FEDERAL CHILD WELFARE FUNDS

States can receive federal dollars for child welfare activities from a variety of sources, some dedicated to child welfare (i.e., Titles IV-B and IV-E of the Social Security Act), while others are designed for broader purposes (e.g., Medicaid, SSBG, TANF, Supplemental Security Income and Social Security Benefits, and a host of other grants and awards). Table 1 outlines the major sources of federal funding used by states for child welfare purposes.

**Table 1. Key Federal Child Welfare Funding Sources, 2006**

*Adapted from Scarcella et al., 2006.*

Funding Source	Eligible Population	Eligible Services	Type of Funding
<b>Title IV-B of the Social Security Act</b>			
Subpart 1 ( <i>Child Welfare Services</i> )	No eligibility criteria	Services and activities to prevent abuse and neglect; preserve and reunite families; promote safety, permanence, and well-being of children in foster or adoptive placements; and maintain a qualified workforce	Discretionary Federal match rate is 75%
Subpart 2 ( <i>Promoting Safe and Stable Families</i> )	No eligibility criteria	Services for family preservation, family support, time-limited reunification, and adoption promotion and support	Capped entitlement <i>and</i> a discretionary component Federal match rate is 75%
<b>Title IV-E of the Social Security Act</b>			
<b>Foster Care Program</b>			
Maintenance payments	Children in out-of-home placements who would have qualified, based on measures in place in 1996, for assistance through the Aid to Families with Dependent Children (AFDC) program in the homes from which they were removed, who entered care through a judicial determination or voluntary placement, and who are in licensed or approved placements.	Room and board payments to out-of-home care providers for eligible children	Open-ended entitlement Federal match rate is equal to each state's FMAP (Federal Medical Assistance Percentage), ranging from 50% to 83%
Administration and placement	Expenses associated with children in foster care who are IV-E eligible (including caseworker salaries), and proportional administrative expenses for the foster care program	Case planning, placement services, court preparation and proceedings, case management, eligibility determinations, licensing, foster parent recruitment, and other overhead and administrative activities	Open-ended entitlement Federal match rate is 50%
Training	Training costs proportional to the population of IV-E eligible children	Training for public agency staff and foster parents	Open-ended entitlement Federal match is 75%
<b>Adoption Assistance Program</b>			
Adoption payments (including non-recurring expenses)	Children with "special needs," as defined by the state, who would have qualified, based on measures in place in 1996, for assistance through the Aid to Families with Dependent Children (AFDC) program in the homes from which they were removed, or are SSI eligible.	Payments to adoptive parents (not exceeding comparable foster care payment amounts); non-recurring adoption expenses, including court costs, attorney fees, and other related expenses	Open-ended entitlement Federal match rate is equal to each state's FMAP, ranging from 50% to 83%
Administration and placement	Expenses associated with children who are eligible for IV-E adoption assistance	Placement costs and other administrative activities related to adoption	Open-ended entitlement Federal match rate is 50%
Training	Training costs proportional to the population of IV-E eligible children	Training for public agency staff and adoptive parents	Open-ended entitlement Federal match rate is 75%

**Table 1, cont. Key Federal Child Welfare Funding Sources, 2006**

<b>Chafee Foster Care Independence Program/Education and Training Vouchers (ETVs)</b>			
	Chafee: Youth (no minimum age) who are likely to remain in foster care until age 18; youth age 18- 21 who have “aged out” of foster care  ETVs: Youth eligible for Chafee services; youth adopted from foster care after turning 16; youth who are progressing toward a degree or training completion on 21 <sup>st</sup> birthday (up to age 23)	Chafee: Life skills training programs, education, employment initiatives, substance abuse prevention, preventive health activities; housing expenses (maximum of 30% of funds)  ETV: Vouchers up to \$5,000 per year for post-secondary education or vocational training	Chafee: Capped entitlement ETV: Discretionary Federal match rate is 80%
<b>Statewide Automated Child Welfare Information System (SACWIS)</b>			
	N/A	Development, implementation, and maintenance of statewide automated child welfare information system	Open-ended entitlement Federal match rate for ongoing operational costs is 50%
<b>Temporary Assistance for Needy Families (TANF)</b>			
	Needy families with children, as determined by the state	Supports and services, including those that are related to child welfare, that meet at least one of main purposes of the TANF program, or activities that were in the state’s AFDC plan on September 30, 1995 or August 21, 1996	Capped block grant No state match required, but states must meet a Maintenance of Effort requirement
<b>Social Services Block Grant (SSBG)</b>			
	State-specific	Broad range of services that will meet at least one of five purposes of the SSBG program, including prevention of abuse and neglect, child protection, and reunification	Capped entitlement
<b>Medicaid</b>			
	State-specific, within federal mandates. Children who are Title IV-E eligible are also categorically eligible for Medicaid. States have the option to extend Medicaid to non-IV-E eligible adopted children or former foster youth age 18-21	Services related to child welfare, including targeted case management, rehabilitative services, and administrative costs associated with these options. Medicaid’s eligible services also include medically necessary health and mental health care for children, but these services were not included in the data collected by the survey.	Open-ended entitlement Federal matching rate depends on the state’s per capita income, ranging from 50% to 83%
<b>Supplemental Security Income/Social Security Benefits</b>			
	SSI: Low-income children and adults who are aged 65 or older, blind, or disabled  SS: Children of workers who have retired, become disabled, or died	Payments for food, clothing, shelter, and some disability-related costs (non-medical)	Open-ended entitlement Fully federally funded (no state match)

**Federal Expenditures Increase by 3%**

States spent at least \$12.4 billion in federal funds on child welfare in SFY 2006, representing a 3% increase over SFY 2004 (\$388 million), based on a comparison of 49 states.<sup>7</sup> The change in federal spending between SFY 2004 and SFY 2006 varied among states, with 31 states increasing and 17 states decreasing federal expenditures. One state reported no measurable change in federal spending, and a comparison was not possible for two states. The median change for the 49 states that were compared was an increase of 7% over SFY 2004.

For the 31 states reporting an increase in federal funds, the percentage increase ranged from 3% to 85%, with a median increase of 20%. Five states reported an increase of more than 50%, and eight states reported an increase of 10% or less.

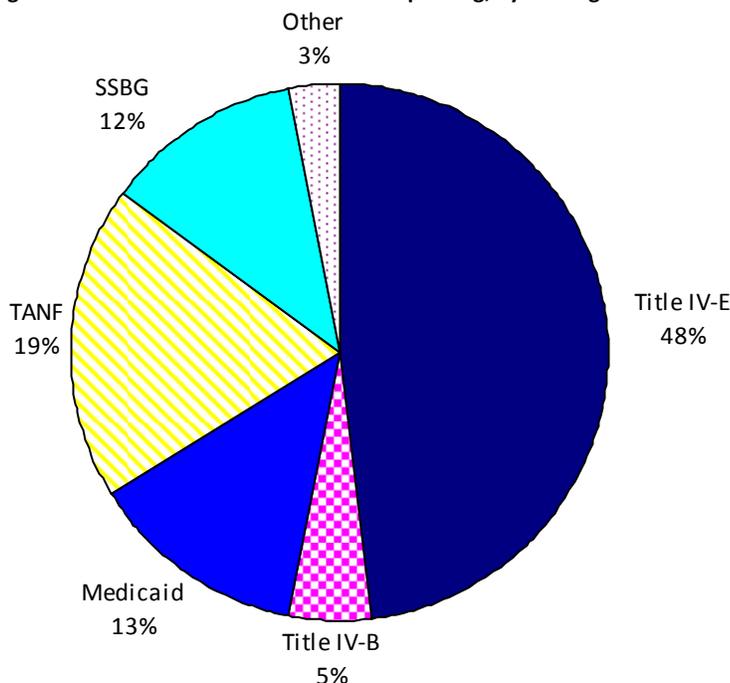
For the 17 states reporting a decrease in federal funds between SFY 2004 and SFY 2006, the percent decline ranged from 1% to 41%, with a median decrease of 11%. Eight states reported a decrease of 10% or less, while six states reported a decrease of more than 20%.

An analysis of 50 states that reported sufficient data in both SFY 1996 and SFY 2006 indicates that federal spending has increased 56% (\$4.4 billion) in that time period.<sup>8</sup>

**Proportion of Federal Funds from Medicaid and SSBG Increases, Title IV-E and TANF Decreases**

For SFY 2006, 45 states were able to provide sufficient information about their sources of federal funds.<sup>9</sup> Figure 6 illustrates the breakdown of federal expenditures by funding source for SFY 2006.

**Figure 6. SFY 2006 Federal Child Welfare Spending, by funding source**



Source: 2007 Casey Child Welfare Financing Survey

Note: Based on data from 45 states. Excludes AZ, LA, MS, NY, VA, and WV. SSBG includes TANF funds transferred to SSBG. Title IV-B includes Subparts 1 and 2. "Other" includes any SSI/SS dollars reported by states, as well as federal dollars not included in the other categories.

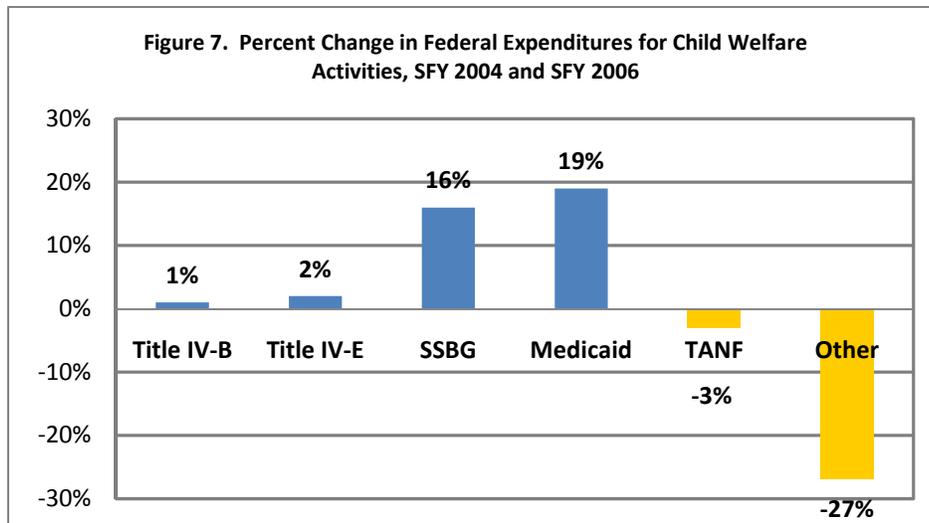
Title IV-E expenditures accounted for approximately 48% of all federal funds in SFY 2006 and represent the largest category of federal expenditures. The second largest federal funding stream as reported by states for SFY 2006 was TANF (19%), followed by Medicaid (13%), SSBG (12%), Title IV-B (5%, representing both Subpart 1 and Subpart 2), and "other" (3%, includes SSI/SS benefits as well as any other federal dollars not included in the above categories).

In comparison, the breakdown of federal funds from 42 states for SFY 2004 indicated 50% of federal funds came from Title IV-E, 5% from Title IV-B, 10% from Medicaid, 20% from TANF, 11% from SSBG, and 3% from "other."

**Title IV-B, Title IV-E, SSBG and Medicaid Expenditures Increase**

A comparison with SFY 2004 data on federal expenditures indicates that SSBG and Medicaid experienced the largest increases between SFY 2004 and SFY 2006 (16% and 19%, respectively), while modest increases occurred with Title IV-B (1%) and Title IV-E (2%). TANF spending decreased (3%) between SFY 2004 and SFY 2006, as did expenditures in the "other" category (27%).

Figure 7 illustrates the percent change in the federal funding streams between SFY 2004 and SFY 2006.



Sources: 2005 Urban Institute Child Welfare Survey and 2007 Casey Child Welfare Survey

Note: SFY 2004 and SFY 2006 comparisons of federal funding categories included in the following number of states: 51 (Titles IV-B and IV-E), 48 (TANF), 49 (SSBG and “other”), and 39 (Medicaid). Title IV-E and Title IV-B data for SFY 2004 includes HHS claims for South Carolina and Maine. “Other” category includes SSI/SS funds, and other grants and awards such as Adoption Opportunities, Children’s Justice Act, CAPTA grants, etc.

## Federal Funds Dedicated to Child Welfare

The principal sources of federal funds for child welfare activities derive from Titles IV-B and IV-E of the Social Security Act. The largest federal funding stream is Title IV-E, comprising the Foster Care and Adoption Assistance programs, which are open-ended entitlements, and the Chafee Foster Care Independence Program, which is a capped entitlement (with a discretionary component, the Education and Training Vouchers). There are two programs under Title IV-B: Subpart 1 (Child Welfare Services), a discretionary grant program that funds a range of child welfare services, and Subpart 2 (Promoting Safe and Stable Families), which funds family support, family preservation, time limited reunification, and adoption promotion activities, some through a capped entitlement and the remainder through discretionary funds. In addition to Titles IV-B and IV-E, a variety of other federal grant programs and awards are provided to states specifically for child welfare purposes. States’ use of these dedicated federal funding sources for child welfare in SFY 2006 is discussed below.

### Title IV-E

The Title IV-E Foster Care Program reimburses states for expenditures in three categories: maintenance payments that cover the costs of shelter, food, clothing for eligible children; foster care placement services and administrative costs related to foster care (which may include activities such as case-planning and pre-placement services, SACWIS costs, caseworker salaries, eligibility determination, and other general overhead and administrative costs incurred); and expenses related to training for agency staff and foster parents.

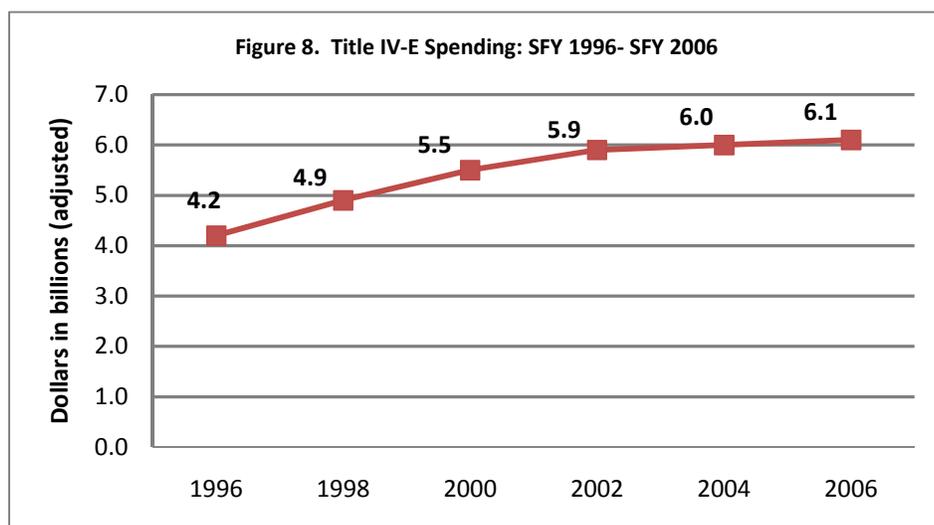
The Title IV-E Adoption Assistance Program also reimburses states for expenditures in three categories: adoption assistance payments to eligible families; adoption placement services and administrative costs related to adoptions from foster care; and expenses related to training for agency staff and adoptive parents. The Foster Care and Adoption Assistance programs are open-ended entitlements, providing reimbursements to states at an established level for all eligible claims.

The Chafee Foster Care Independence Program allocates funding to states under Title IV-E for expenses related to activities that prepare youth transitioning out of the foster care system (or those who have already transitioned) for self-sufficiency after leaving the agency’s care. Unlike the Foster Care and Adoption Assistance programs, the Chafee program operates as a capped entitlement, with the Education and Training Voucher component receiving discretionary funding. States receive Chafee dollars allocated at an amount proportional to their share of the foster care population in the U.S.

On the SFY 2006 survey, states were asked to report the amount of federal Title IV-E funds that they claimed in SFY 2006 for the following specific reimbursement categories: foster care maintenance payments, foster care placement services and administration, foster care training, SACWIS funding, adoption assistance payments, adoption assistance placement services and administration, adoption training, Chafee Foster Care Independence funds, and any dollars from a IV-E Waiver Demonstration Project (if applicable).<sup>10</sup>

### ***IV-E Expenditures Continue to Increase, but Growth Rate Declining***

Nearly \$6.1 billion in federal Title IV-E funds were spent by child welfare agencies in SFY 2006. This represents a slight increase of 2% (\$122 million) over SFY 2004, based on data from all 51 states.<sup>11</sup> Although IV-E expenditures continue to increase, the rate of growth has slowed since SFY 2002, after periods of notable growth between SFY 1996 and SFY 2002. Figure 8 illustrates this trend.



Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey

Note: Amounts have been adjusted for inflation and represent 2006 dollars. Includes data from all 51 states. Number of states providing data for each round of the survey varies, and includes some HHS claims data in place of missing information from states.

### ***States Vary Widely in IV-E Expenditure Changes***

Between SFY 2004 and SFY 2006, the median change in IV-E spending for all states was an increase of 6%. However, states varied in their IV-E expenditures between the two years, with 29 states reporting an increase, 20 states reporting a decrease, and 2 states reporting no measurable change.

Of the 29 states that saw an increase in IV-E, the percent change reported ranged from 4% to 128%, with a median increase of 17%. Five states reported increasing their Title IV-E spending by more than 50% between SFY 2004 and SFY 2006, while nine states reported an increase of 10% or less.

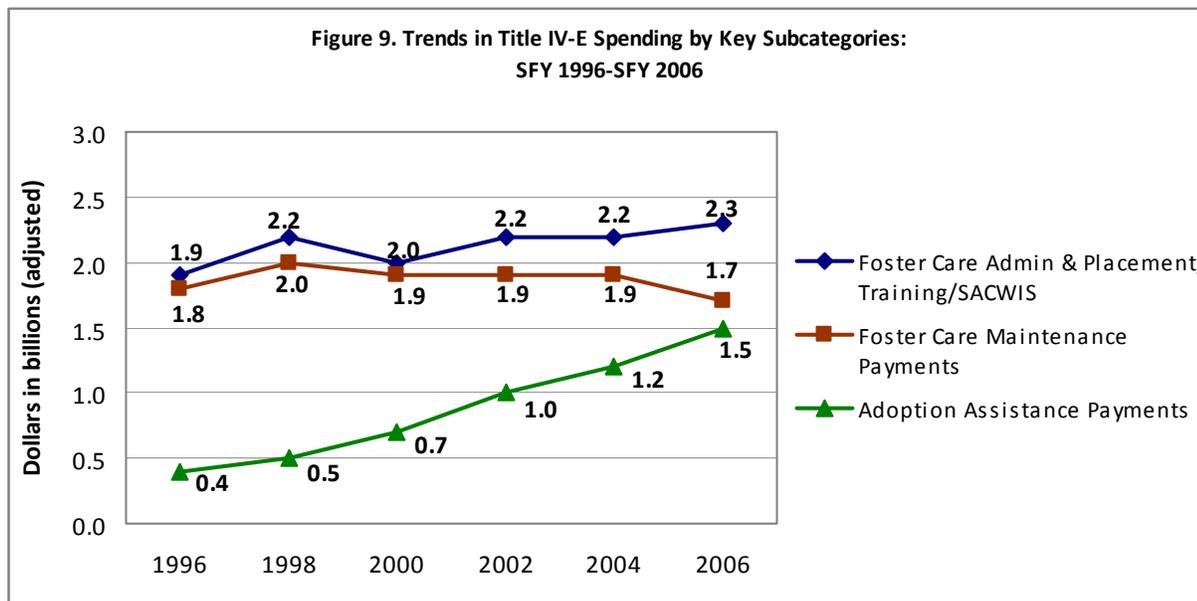
Of the 20 states reporting a decrease in Title IV-E spending between SFY 2004 and SFY 2006, the percent decline ranged from 1% to 36%, with a median decrease of 16%. Six states reported decreases of 10% or less, and four states reported decreases of greater than 20%.

An analysis of all 51 states shows that Title IV-E spending has increased by 45% (\$1.9 billion) since SFY 1996.<sup>12</sup>

### ***Foster Care Maintenance Declines, Adoption Assistance Increases***

The increase in total Title IV-E spending since SFY 2004 and SFY 1996 results principally from increases in the Adoption Assistance Program, combined with a smaller increase in foster care administration and placement expenditures, and a decrease in foster care maintenance payments. Within the Title IV-E Foster Care Program,

states spent at least \$1.7 billion on foster care maintenance payments in SFY 2006, and \$2.3 billion on administration and placement services, training, and SACWIS combined. Within the Adoption Assistance Program, states spent nearly \$1.5 billion on payments to adoptive families, and \$327 million on adoption administration and training combined. Figure 9 depicts the changes in these key Title IV-E subcategories over time, between SFY 1996 and SFY 2006.



Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey

Note: Amounts have been adjusted for inflation and represent 2006 dollars. Includes data from all 51 states. Number of states providing data for each round of the survey varies by year, and includes some HHS claims data in place of missing information from states. When a state provided a revision to their total IV-E amounts previously submitted, but not revisions to the subcategories, the original or proportional amounts reported for those subcategories were utilized for comparison over time.

### States Spent \$4 Billion on Foster Care Program in SFY 2006

In SFY 2006, states spent at least \$4 billion in Title IV-E foster care funds.<sup>13</sup> This represents a minor decrease of 1% (\$40 million) from the amount spent on the foster care program in SFY 2004, based on data from 44 states.<sup>14</sup> Within the Title IV-E Foster Care Program, states spent at least \$1.7 billion on foster care maintenance payments in SFY 2006, and \$2.3 billion on administration and placement activities, training, and SACWIS combined.

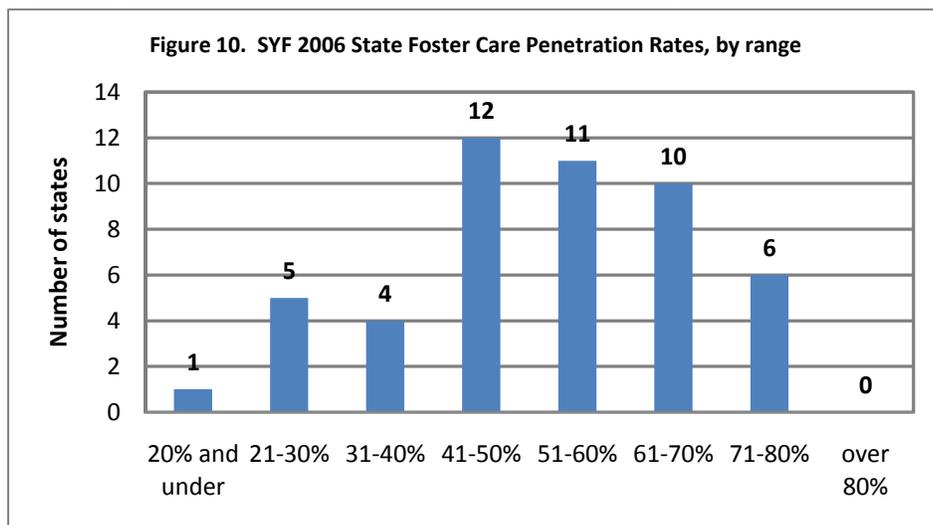
Based on the 44 states that provided sufficient data for both years, Title IV-E foster care maintenance payments decreased by 8% (\$125 million) between SFY 2004 and SFY 2006, and administration and placement activities, training, and SACWIS combined dollars increased by 4% (\$86 million).

Of the 44 states compared, 24 states increased their IV-E foster care program expenditures between SFY 2004 and SFY 2006, and 20 states decreased their expenditures. The slight decrease observed in the IV-E foster care program between SFY 2004 and SFY 2006 can be attributed to a decrease in maintenance payments, which was greater than the slight increase in the administration and placement activities, training, and SACWIS dollars (illustrated in Figure 9 above).

### National Foster Care Penetration Rate Remains Stable

As in previous rounds of the survey, states were asked to report the percentage of children in out-of-home placements in SFY 2006 for which the state received Title IV-E reimbursement for foster care maintenance payments (also known as the state's foster care penetration rate). Based on 49 states that were able to provide this data as either a percentage point or an estimated range, the national penetration rate for SFY 2006 was approximately 57%.<sup>15,16,17</sup>

State foster care penetration rates varied considerably in SFY 2006, however, with one state reporting a range of 20% or under, and six states reporting rates of 71-80%. This variation in foster care penetration rates as reported by states for SFY 2006 is illustrated below in Figure 10.



Note: Represents 49 states. Excludes NV and WI.

Based on reports from 49 states in SFY 2006 and 46 states in SFY 2004, the average penetration rate remained virtually unchanged at 57% each year.<sup>18</sup> However, an analysis of only the 36 states that provided penetration rate data for all four years that this information was requested on the surveys—2000, 2002, 2004, and 2006—shows a decline in the national average penetration rate, from 68% (2000), to 60% (2002), to 59% (2004), to 58% (2006).<sup>19</sup>

Of the 46 states that were able to provide estimates of their foster care penetration rates in both SFY 2004 and SFY 2006, 18 states reported an increase, 18 states reported a decrease, and 10 states reported no change in their rates between the two years.<sup>20,21</sup>

### ***Nearly Half of IV-E Administration and Overhead Funds Used for Caseworker Salaries***

A new question was included in the SFY 2006 survey to collect additional information from states about spending within the IV-E foster care administration and placement funding stream. The types of expenditures that states claim for IV-E foster care administration and placement costs comprise a vast array of activities, including costs related to case planning and other pre-placement services, court proceedings, licensing, staff development and training, eligibility determination, caseworker salaries, and foster care and adoption recruitment. Given the wide range of activities claimed by states for IV-E reimbursement under this category, it has traditionally been challenging to understand the sources of these claims. The additional questions on the SFY 2006 survey sought to illuminate states' use of Title IV-E administration and placement dollars, which continue to comprise the largest share of the IV-E program expenditures.

For SFY 2006, states were asked to separate their IV-E foster care placement services and administration dollars into two subcategories: (1) case planning/pre-placement services, and (2) administration and overhead. Within the administration and overhead subcategory, states were asked to estimate the percentage of these dollars used to cover the costs of two expenditure categories: (1) caseworker salaries, and (2) eligibility determination.

Twenty-three states provided either an approximate percentage or an approximate range of the administration and overhead dollars spent on caseworker salaries. Responses from the 23 states ranged from 0% to 98% of those funds supporting caseworker salaries, with an average response of 49%, and a median of 61%. Thirty states provided either an approximate percentage or an approximate range of the administration and overhead dollars spent on eligibility determination. Responses from these 30 states ranged from 0% to 84%, with an

average response of 19%, and a median response of 9%.<sup>22</sup> The wide range of states' responses to the requested administrative categories is notable. However, additional probes of state expenditures in these two categories was beyond the scope of the current research effort. Given the considerable variation reported by states under the administrative and overhead category, further research on these expenditures is warranted.

### ***Less than Half of IV-E Ineligible Cases Attributed to Income of Parents***

Another new section in the SFY 2006 survey asked states to provide additional information regarding the reasons that children in out-of-home care were ineligible for Title IV-E reimbursement in SFY 2006. Federal IV-E reimbursement for children in foster care is predicated on the following conditions being met: the child's family must be eligible for federal assistance through the income level requirements established for the Aid to Families with Dependent Children (AFDC) program in 1996; the child must be placed in a fully licensed foster home or facility; the necessary judicial determinations for the child's removal and placement must be made (including findings that a child's continual residence in their home of origin is contrary to their welfare, that reasonable efforts have been made to preserve the family and maintain the child in the home, and other specific determinations for voluntary placements); required criminal background checks and safety checks for prospective caregivers must be conducted and documented; the child must be determined to be deprived of parental support; and the state child welfare agency must have responsibility for care and placement of the child.

To better understand the IV-E requirements that most commonly lead to a determination of ineligibility for children in foster care, the SFY 2006 survey requested that states provide an estimate of their most common ineligibility reasons. States were provided with four specific categories: income of parents; lack of necessary judicial determinations; foster care home/facility not fully licensed; and ineligible placement types, as well as a category labeled "other." For each option, states could provide either an estimated percentage or an approximate percent range of children who were determined ineligible for that reason.

Twenty eight states reported a percentage or range for at least one of the categories specified above. Additionally, six states that could not provide specific numerical data were able to report their estimates of the largest categories of ineligibility for their state. In total, two-thirds of the states (34) provided some information about the reasons for IV-E ineligibility in their states.<sup>23</sup>

Table 2 below summarizes states' responses.

**Table 2. SFY 2006 IV-E Ineligibility Reasons**

	<b># of States Responding</b>	<b>Range of responses</b>	<b>Median</b>	<b>Average</b>
<b>Income of parents</b>	27	Under 10% to 100%	46%	46%
<b>Foster care home/facility not licensed</b>	20	0% to 60-69%	10%	16%
<b>Lack of necessary judicial determinations</b>	25	Under 10% to 55%	10%	13%
<b>Ineligible placement types</b>	20	Under 10% to 51%	5%	11%
<b>Other*</b>	17	Under 10% to 60%	31%	28%

\*Common "Other" responses included: deprivation, child not removed from a specified relative, child receiving SSI, age of the child, citizenship issues, and removal requirements not met.

Note: Of the six states that were unable to provide a specified percentage or rate but reported some information about ineligibility reasons, five reported that income of parents is likely the most common reason, with one state reporting that the foster home/facility not being fully licensed likely accounts for the largest share.

### ***IV-E Adoption Assistance Expenditures Increase by Nearly \$230 million***

In SFY 2006, states spent approximately \$1.8 billion on the Title IV-E Adoption Assistance Program.<sup>24</sup> This represents an increase of 16% (\$226 million) since SFY 2004, based on an analysis of 44 states. Within the

Adoption Assistance Program, states spent nearly \$1.5 billion on payments to adoptive families, and \$327 million on adoption administration and training combined.

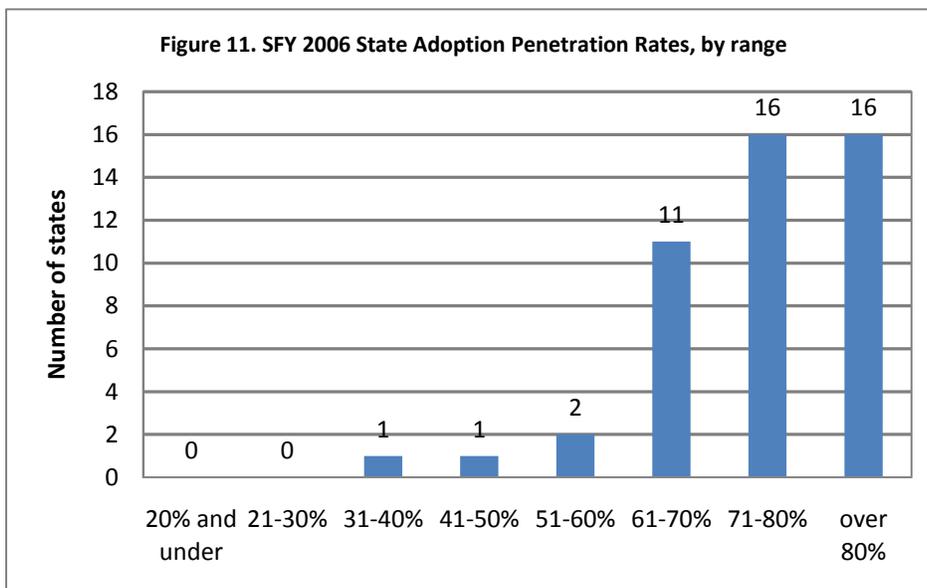
Based on the 44 states that provided sufficient data for comparison, Title IV-E adoption assistance payments increased 16% (\$193 million) between SFY 2004 and SFY 2006, while adoption administration and training expenditures increased 12% (\$33 million) over that time period.<sup>25</sup>

***Adoption Assistance Payments Exceed Foster Care Maintenance Payments in 26 States***

Title IV-E expenditures for adoption assistance payments exceeded those for foster care maintenance payments in more than half of the states (26) in SFY 2006. This number has increased since SFY 2004 and SFY 2002, when 17 and 12 states, respectively, reported adoption assistance payments exceeding foster care maintenance payments.

***National Adoption Penetration Rate Remains Stable***

States were asked to report the percentage of adopted children for which the state received Title IV-E reimbursement for subsidy payments (also known as the state’s adoption assistance penetration rate). Based on 47 states that were able to provide these data as either percentage points or estimated ranges, the national adoption assistance penetration rate for SFY 2006 was approximately 80%.<sup>26</sup> State adoption penetration rates do not vary as widely as the IV-E foster care program penetration rates. Figure 11 illustrates the dispersion of states’ adoption penetration rates for SFY 2006 below.



Note: Represents 47 states. Excludes GA, NV, WY, and VA

The penetration rate remained virtually unchanged between SFY 2004 and SFY 2006, based on the weighted averages of 47 and 45 states respectively.<sup>27</sup> An analysis of the 38 states that provided penetration rate data for the years 2002, 2004, and 2006 shows a modest decline in the national average penetration rate over those years, from 83% (2002), to 82% (2004), to 81% (2006).<sup>28</sup>

Of the 44 states that were able to provide estimates of their adoption penetration rates in both SFY 2004 and SFY 2006, 11 states reported an increase, 11 states reported a decrease, and 22 states reported no change in their rates between the two years.<sup>29</sup>

***No Change in IV-E Expenditures from Chafee Foster Care Independence Program***

In addition to the Foster Care and Adoption Assistance reimbursement programs, states are also allocated funds through the Chafee Foster Care Independence Program under Title IV-E for activities and services related to

youth who are transitioning (or who have already transitioned) out of the foster care system. In SFY 2006, states spent at least \$166 million on the Chafee Foster Care Independence Program (including Education and Training Vouchers reported by states).<sup>30</sup> This amount represents a negligible change (less than 1%) from SFY 2004, based on a comparison of all 51 states.

### ***Juvenile Justice Draws Down Nearly \$270 million in IV-E Dollars in SFY 2006***

The populations of children and youth served by the juvenile justice system and the child welfare system in a state may overlap, and it is not unusual for children and youth to alternate between the two state systems. Juvenile justice agencies are permitted to draw down Title IV-E funds for certain costs associated with the care of eligible children in their system. States were asked in the survey to report whether the juvenile justice agency in the state drew down Title IV-E funds in SFY 2006. Of the 49 states that answered this question, 20 reported that the juvenile justice agency did draw down Title IV-E funds in SFY 2006. The total amount reported by 17 of the states totaled over \$267 million. Responses ranged from a low of \$367,000 in Michigan to a high of \$179 million in California.

### ***IV-E Disallowances for SFY 2006 Claims Total Nearly \$60 million***

The survey asked states to identify SFY 2006 Title IV-E claims that were disallowed by the federal government. Of the 48 states that responded to this question, 19 states reported that some of their SFY 2006 IV-E claims were disallowed. Seventeen of these states provided specific information about the amount of their IV-E disallowance, which totaled approximately \$58 million, with amounts ranging from under \$8,000 to over \$26 million. Those states that were able to provide information about the reasons for disallowance described a variety of causes, including issues with eligibility determination, missing documentation, lack of timely permanency hearings, administrative claiming errors, provider licensure issues, children not being removed from specified relatives, and “human error.”

## **Title IV-B**

### ***Title IV-B Expenditures Increase Modestly by 1%***

Title IV-B comprises Subpart 1 (Child Welfare Services), a discretionary grant program that funds a range of child welfare services, and Subpart 2 (Promoting Safe and Stable Families), which has both capped entitlement and discretionary components to fund family support, family preservation, time limited reunification, and adoption promotion activities. Data from all 51 states indicate that states spent approximately \$637 million in Title IV-B dollars in SFY 2006. Of this \$637 million, at least \$264 million came from Subpart 1, and nearly \$363 million from Subpart 2. Pennsylvania was unable to provide a breakdown of its total Title IV-B dollars (\$9 million) into Subparts 1 and 2.

Based on data from all 51 states, Title IV-B expenditures remained relatively stable between SFY 2004 and SFY 2006, increasing by just over 1% (\$8 million).<sup>31</sup> Since SFY 1996, Title IV-B expenditures have increased by 29% (\$141 million) based on an analysis of 50 states.<sup>32</sup>

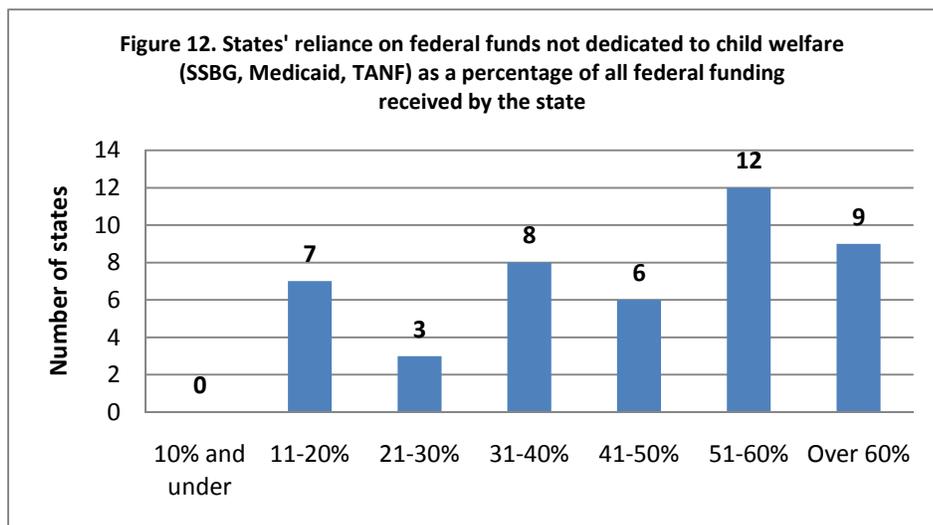
## **Federal Funds Not Dedicated to Child Welfare**

### ***States' Use of Non-Dedicated Federal Funds Increased***

In SFY 2006, states funded child welfare activities with nearly \$5.4 billion in TANF, SSBG, and Medicaid dollars combined. The combined expenditures represent an increase of 16% (\$596 million) over SFY 2004 expenditures from those three funding streams, based on an analysis of 39 states that provided complete data.<sup>33</sup> *(For a more detailed discussion of states' motivations and abilities to use non-dedicated federal funds for child welfare purposes, please see Scarcella et al., 2006 and Scarcella et al., 2004).*

The national average of states' reliance on these non-dedicated sources as a percentage of all federal funds is 44%, however states vary greatly in their use of these funding sources.<sup>34</sup> Seven states report that these three sources accounted for less than 20% of all federal funds, while nine states reported that SSBG, Medicaid, and TANF accounted for more than 60% of all their federal funds used for child welfare activities in SFY 2006.

Figure 12 below illustrates the variation in states' reliance on these "non-dedicated" federal funding sources for child welfare.



Note: Represents 45 states. Excludes states that did not provide Medicaid data for SFY 2006: AZ, LA, MS, NY, VA, WV

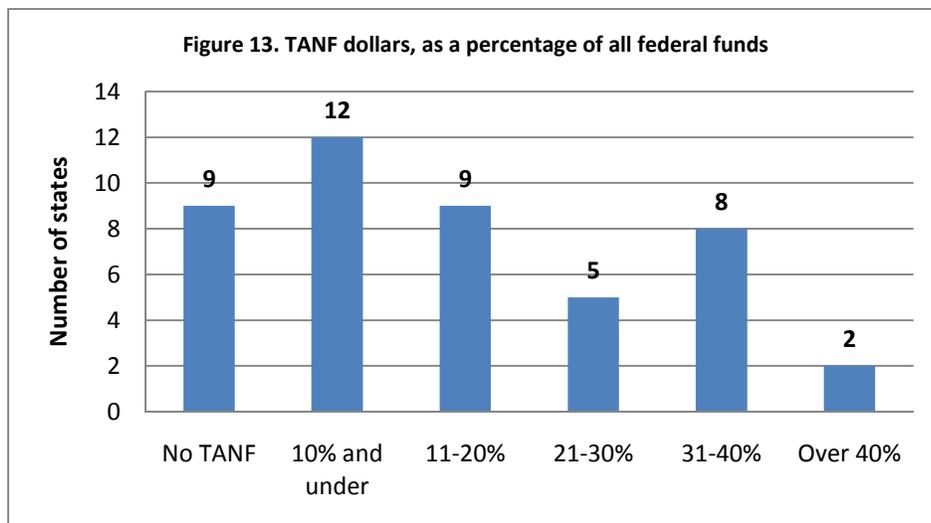
Each of the three programs will be explored in more detail below. It should be noted that TANF replaced the Emergency Assistance (EA) program, which was eliminated by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. The funds from the former EA program were shifted into the TANF program. The SFY 1996 survey collected information about states' EA expenditures, and not TANF expenditures. Therefore, comparisons in this report between SFY 1996 and SFY 2006 expenditures that include TANF are actually utilizing the EA dollars that states reported using for child welfare in SFY 1996.

## TANF

### *Total TANF Spending Decreases by 3%*

In SFY 2006, states spent \$2.4 billion in TANF funds on child welfare, excluding TANF funds transferred to SSBG. This represents a 3% (\$72 million) decline from SFY 2004, based on data available for 48 states.<sup>35</sup> Since SFY 1996, TANF spending (excluding transfers to SSBG) has increased 156% (over \$1.4 billion), based on an analysis of 48 states.<sup>36</sup>

Nationally, TANF accounted for 19% of all federal funds spent on child welfare. States' use of TANF funds for child welfare purposes as a percentage of all federal funds ranged from 0% in the nine states that used no TANF dollars, to a high of 47%. Figure 13 below illustrates the variation in states reliance on TANF dollars for child welfare activities.



*Note:* Represents 45 states. Excludes states that did not provide Medicaid data for SFY 2006: AZ, LA, MS, NY, VA, WV. TANF amount excludes TANF dollars transferred into SSBG.

### ***States Transfer More than \$750 Million Dollars from TANF to SSBG***

Through PRWORA, states are authorized to transfer up to 10% of their annual TANF allocations into SSBG. In SFY 2006, states reported transferring at least \$761 million in TANF funds to SSBG for child welfare activities, based on 49 states that provided this information. Twelve states reported transferring no TANF dollars to SSBG, while 37 states transferred some TANF funds to SSBG, ranging from a low of \$117,000, to a high of more than \$171 million.

Including the TANF funds reported as having been transferred to SSBG, states spent at least \$3.1 billion in total TANF dollars on child welfare services in SFY 2006, based on 49 states reporting the transferred amount.<sup>37</sup> When the TANF transfer is included in the total TANF amount, a comparison of SFY 2006 TANF dollars with SFY 1996 TANF dollars shows an increase of 333% (\$2.4 billion), based on an analysis of 46 states.<sup>38</sup>

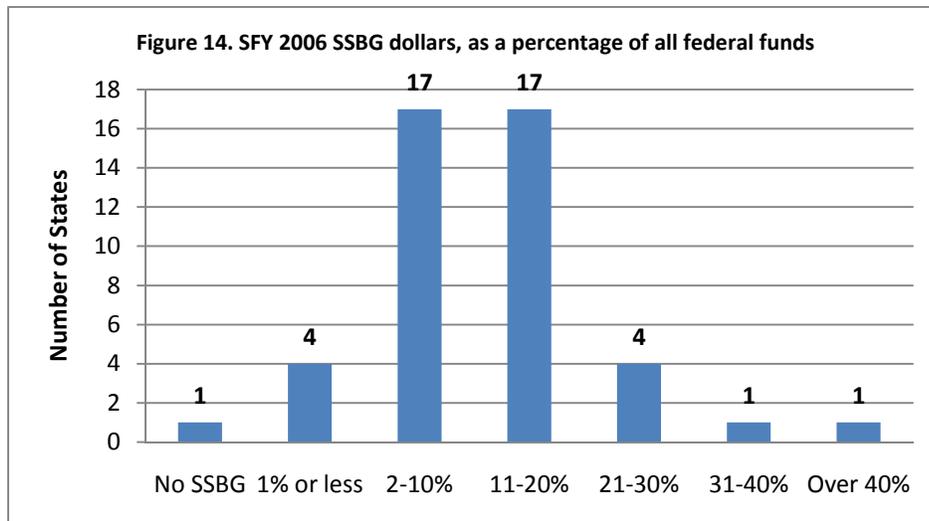
## **SSBG**

### ***Total SSBG Expenditures for Child Welfare Increase 16% since SFY 2004***

In SFY 2006, states spent nearly \$1.6 billion in SSBG funds for child welfare activities (including TANF funds transferred to SSBG). This represents a 16% (\$219 million) increase over SFY 2004, based on available data for 49 states.<sup>39</sup> Of the 51 states providing SSBG data in SFY 2006, only one (Nebraska) reported using no SSBG dollars for child welfare. Including the TANF funds transferred to SSBG in SFY 2006, a comparison with SFY 1996 shows a 27% increase (\$307 million), based on an analysis of 44 states.<sup>40</sup>

The \$761 million reported as being transferred from TANF to SSBG in SFY 2006 represents nearly half (48%) of the child welfare expenditures categorized under SSBG. When this TANF transfer is removed from the SSBG category, the use of pure SSBG funds for child welfare by states in SFY 2006 was approximately \$812 million, based on 49 states reporting the transferred amount.<sup>41</sup> Since SFY 1996 (with the TANF transfer excluded from SFY 2006 data) SSBG expenditures for child welfare decreased 33% (\$375 million), based on an analysis of 42 states.<sup>42</sup>

Nationally, SSBG (including the TANF transfers) accounted for 12% of all federal funds expended on child welfare activities in SFY 2006. States' use of SSBG dollars for child welfare purposes as a percentage of all federal funds ranged from a low of 0% to a high of 42%. Figure 14 below illustrates the variation in states' reliance on SSBG for child welfare purposes.



Note: Represents 45 states. Excludes states that did not provide Medicaid data for SFY 2006: AZ, LA, MS, NY, VA, WV. SSBG amount includes TANF dollars transferred to SSBG.

## Medicaid

### *Medicaid Spending on Child Welfare Activities Increases by 19%*

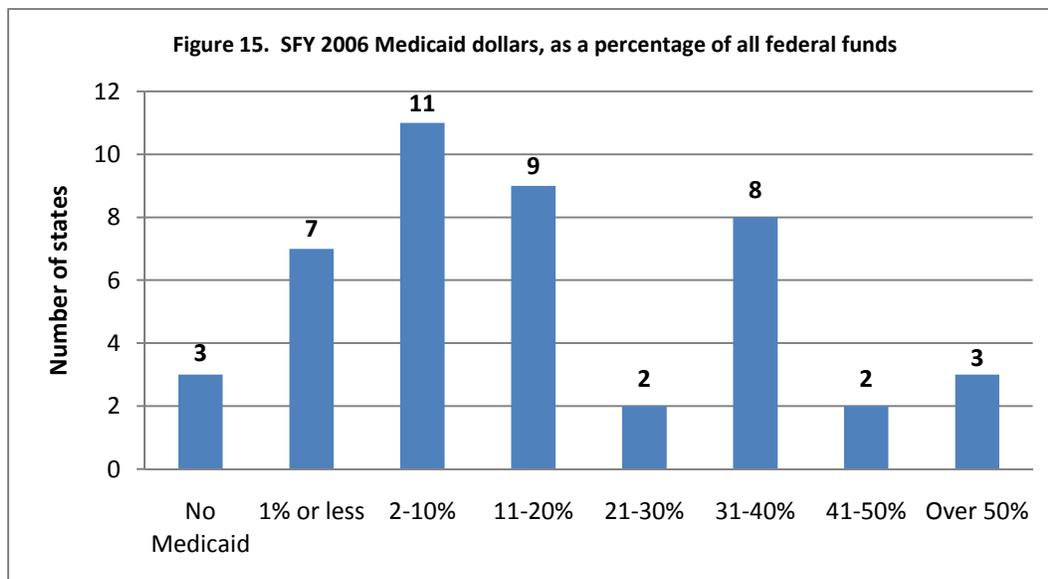
States were asked to report the Medicaid dollars claimed for child welfare services in SFY 2006 for which the child welfare agency paid the nonfederal match. The definition of Medicaid funds requested on the survey included those associated with targeted case management or rehabilitative services (e.g., residential treatment, behavior modification treatment, etc.) for children involved with the child welfare system as well as transportation to and from health service providers. We explicitly asked states to exclude Medicaid funds used to pay for direct health services (e.g., dentist, in-patient services, etc.) for Medicaid-eligible children who are involved with the child welfare system.

In SFY 2006, states spent approximately \$1.4 billion in Medicaid dollars for child welfare purposes. This represents a 19% (\$208 million) increase over SFY 2004, based on an analysis of 39 states that provided data for both years.<sup>43</sup>

Three states reported using \$0 in Medicaid dollars for child welfare activities in SFY 2006, and one state reported using \$0 in Medicaid funds for child welfare in both SFY 2004 and SFY 2006. Another state reported using no Medicaid dollars in SFY 2004 but some Medicaid in SFY 2006, and one state reported using some Medicaid in SFY 2004, but \$0 in SFY 2006.<sup>44</sup>

Between SFY 1996 and SFY 2006, Medicaid spending for child welfare activities increased 78% (\$602 million), based on an analysis of 42 states.<sup>45</sup>

Nationally, Medicaid funds accounted for 13% of all federal funds used for child welfare purposes. The proportion of Medicaid funds varied greatly for individual states, however, from a low of 0% in three states to a high of 70%. Figure 15 below illustrates the variation in states' reliance on Medicaid for child welfare purposes.



*Note:* Represents 45 states. Excludes states that did not provide Medicaid data for SFY 2006: AZ, LA, MS, NY, VA, WV

### ***Nearly 1/3 of States Report Using Medicaid to Supplement Payments for Medically Fragile Children***

States were asked whether they use Medicaid funds to supplement payments to providers caring for medically fragile children. Of the 45 states that answered this question, 16 states reported that they do use Medicaid funds for this purpose.

### ***Two States Report Disallowances for SFY 2006 Medicaid Claims***

The survey included a question on whether any SFY 2006 Medicaid claims for children involved in the child welfare system (other than those related to direct health services) were disallowed by the federal government. Forty-six states answered this question, with only two (Colorado and Kansas) reporting that Medicaid disallowances did occur for their states' SFY 2006 claims. Only Kansas provided a specific amount for the disallowance, which was nearly \$8.7 million, almost 98% of the Medicaid dollars they claimed for child welfare purposes in SFY 2006.<sup>46</sup>

## **Supplemental Security Income, Social Security Benefits, and Other Federal Funds**

### ***States Spent More Than \$150 million in SSI/SS Survivors' Benefits/SS Disability Benefits for Child Welfare***

In this round of the survey, states were asked to specifically report on the amount of Title XVI Supplemental Security Income (SSI) and Social Security Survivors' and Disability Benefits used for child welfare purposes in SFY 2006.<sup>47</sup> Nearly three-quarters of the states (38) were able to provide some information about these categories for SFY 2006. Most states that could not report the data cited that the information either wasn't tracked for SFY 2006, or was housed at the county or local level.

Of the 38 states that were able to report on SSI/SS funds expended for child welfare purposes in SFY 2006, the amount totaled nearly \$157 million. Amounts reported by states ranged from a low of \$263,000, to nearly \$19 million.<sup>48</sup> Because this information was not solicited specifically in the SFY 2004 survey, a direct comparison to the previous data cannot be made.

### ***Other Federal Funds Exceed \$150 million***

In SFY 2006, states reported using at least \$156 million in other federal funds on child welfare activities (excluding SSI/Survivor's Benefits). This amount includes funds from more than 50 sources as reported by states, and represents 1.2% of all federal dollars in SFY 2006.

## **IV. STATE CHILD WELFARE FUNDS**

### Child Welfare Expenditures from State Dollars Continue to Increase

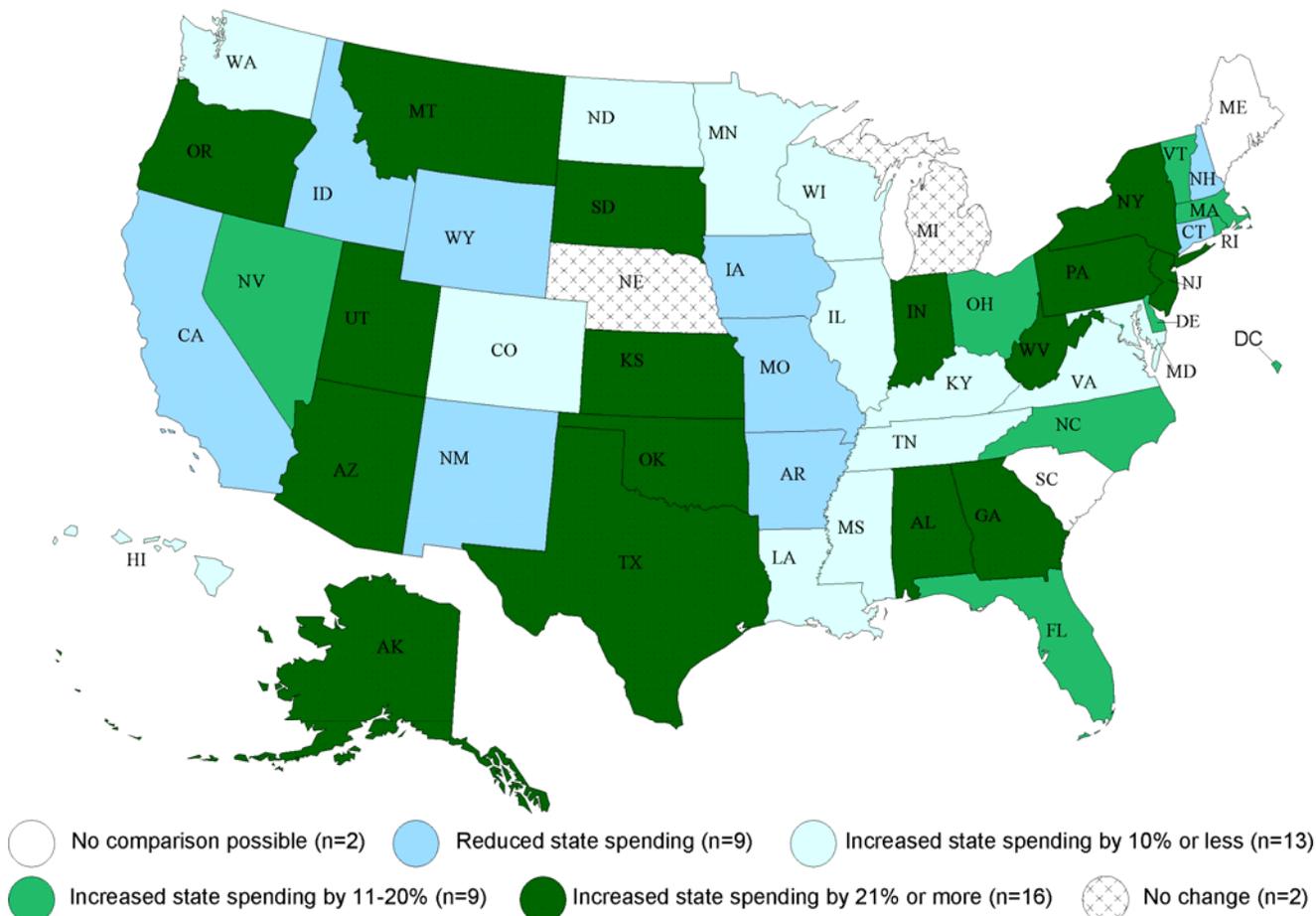
In SFY 2006, states spent approximately \$10.7 billion in state funds on child welfare activities. This represents a 14% increase (\$1.3 billion) from SFY 2004, based on an analysis of 49 states.<sup>49</sup> The median change reported for these 49 states was an increase of 12%. Only 9 states reported a decrease in their state expenditures, while 38 states reported an increase since SFY 2004. Two states did not report a measurable change in their state dollars, and two states could not be compared due to missing data in SFY 2004.

Of the 38 states that saw an increase in their use of state funds, the percent change ranged from 2% to 153%, with a median increase of 17%. Four states reported increases of more than 50% since SFY 2004, while 13 states saw increases of 10% or less.

Of the nine states reporting a decline in their state funds between SFY 2004 and SFY 2006, the percent change ranged from 3% to 57%, with a median decline of 11%.

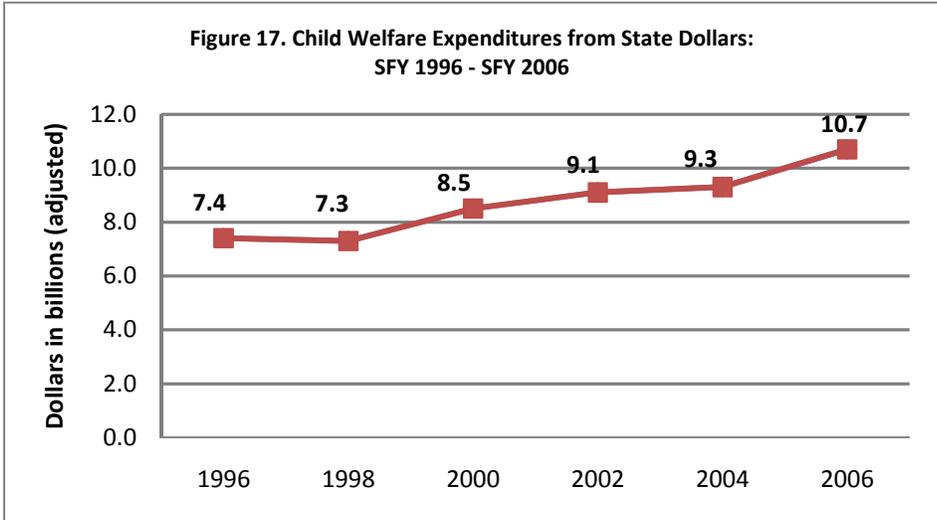
Figure 16 provides a state-by-state overview of changes in child welfare expenditures from state funds between SFY 2004 and SFY 2006.

**Figure 16. Changes in Child Welfare Expenditures from State Dollars between SFY 2004 and SFY 2006**



Sources: 2005 Urban Institute Child Welfare Survey and 2007 Casey Child Welfare Survey  
 Note: SFY 2004 dollars have been adjusted for inflation

Based on an analysis of 47 states, state spending increased 42% (\$3 billion) since SFY 1996.<sup>50</sup> Figure 17 presents total state dollars reported by states in SFY 1996 to SFY 2006.



Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey  
 Note: Includes data from all 51 states. Amounts represent total reported by states for each year. However, number of states providing complete data for each round of the survey varies. Amounts have been adjusted for inflation and represent 2006 dollars

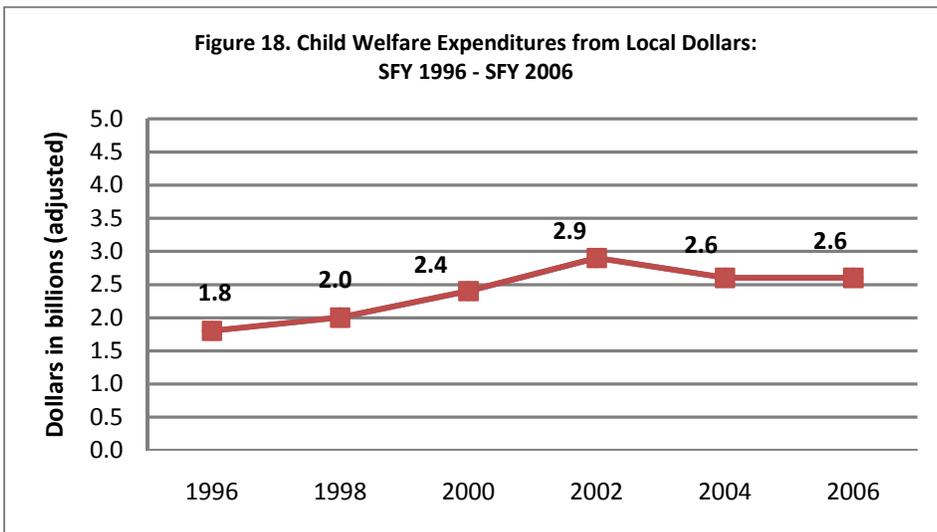
## V. LOCAL CHILD WELFARE FUNDS

### *No Change in Local Child Welfare Spending Between SFY 2004 and SFY 2006*

In SFY 2006, states spent approximately \$2.6 billion in local funds on child welfare activities. Local funding amounts remained stable between SFY 2004 and SFY 2006, with a negligible change of 0.3% (\$9 million), based on an analysis of 40 states that provided data on their local expenditures for both years.<sup>51</sup>

Of these 40 states, 10 states reported a decrease in local funds between SFY 2004 and SFY 2006, and 10 reported an increase. Twenty states saw no change in their local spending between SFY 2004 and SFY 2006, reporting that no local dollars were used for child welfare in either year.

Based on an analysis of 41 states, local spending has increased 57% (\$903 million) since SFY 1996.<sup>52</sup> Figure 18 presents total local dollars reported by states between SFY 1996 and SFY 2006.

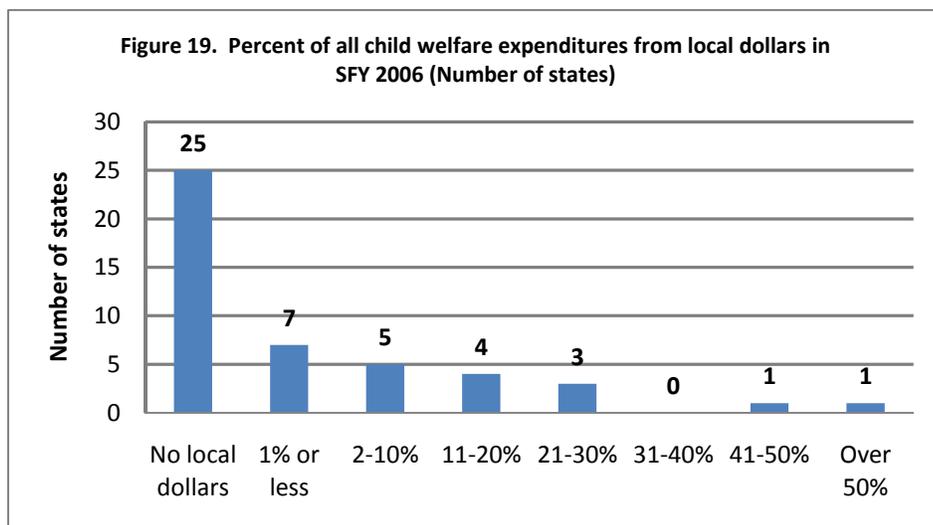


Source: 1997, 1999, 2001, 2003, and 2005 Urban Institute Child Welfare Surveys and 2007 Casey Child Welfare Financing Survey

Note: Includes data from all 51 states. Amounts represent total reported by states for each year. However, number of states providing complete data for each round of the survey varies. Amounts have been adjusted for inflation and represent 2006 dollars.

### ***Use of Local Funds for Child Welfare Varies***

Nationally, local funds accounted for 11% of all child welfare expenditures in SFY 2006. However, states' reliance on local funds as a percentage of all child welfare dollars spent in SFY 2006 varied significantly, with 25 states reporting no local funds, seven states reporting that local funds accounted for 1% or less, and one state reporting that local funds accounted for 54% of all child welfare spending in SFY 2006. Figure 19 shows the distribution of states' reliance on local funds for child welfare activities.



Note: Represents 46 states. Excludes IA, MO, NY, OK, and WI.

### ***Nearly 1/3 of States Required Localities to Match Federal Title IV-E Dollars in SFY 2006***

States were asked on the survey if they required counties/local governments to match federal Title IV-E funds in SFY 2006. Of the 47 states that answered this question, 16 reported that they did require localities to match federal IV-E dollars.<sup>53</sup> Of these 16 states, 14 were able to specify the percentage of the state's non-federal match for Title IV-E foster care maintenance that was paid for by the state, and the percentage paid for by the county. Nine states reported a higher state share than local share, with state contributions ranging from 62% to nearly 100% in this group. Two states reported an even split between state and local contributions to the non-federal IV-E match, with 50% coming from the state and 50% from localities. Three states (California, Minnesota, and Ohio) reported higher local shares than state shares, with 60% coming from localities and 40% from state dollars in California, and 100% of the non-federal match coming from local funds in Minnesota and Ohio.

### ***One Quarter of States Report Allowing Localities to Draw Down Additional IV-E Dollars***

States were also asked on the SFY 2006 survey if their counties/local governments could draw down additional federal Title IV-E funds by matching these funds with local dollars. Of the 39 states that answered this question, 13 reported that they did allow localities to draw down additional IV-E funds in SFY 2006.

## VI. DISCUSSION

Data from the 2007 Casey Child Welfare Financing Survey show that, overall, states' financing of child welfare services has continued to follow longstanding trends in spending. Total spending, exceeding \$25.7 billion in SFY 2006, has increased in each biennium since data have been collected (SFY 1996). Likewise, Title IV-E expenditures continue to increase, but at a decreasing rate, and primarily as a result of increases in spending on foster care administration and placement services, and adoption assistance. There continues to be enormous variation in states' reliance on federal funds overall, and particularly on the specific federal funding sources. Further, individual states' financing of child welfare remains volatile, as we see significant shifts in spending over relatively short periods of time.

While these are longstanding trends, questions remain about why these trends are occurring, and what the future holds for states' financing of child welfare services. New federal legislation expanding the scope of IV-E, recent changes to non-dedicated federal funding streams, and the possibility of a prolonged economic downturn all may alter the child welfare financing trends we have witnessed. Moreover, concerns about the structure of federal child welfare financing have yet to be fully addressed, despite numerous legislative proposals and an overwhelming consensus that the existing structure fails to support key system priorities.

Even casual observers of child welfare financing will notice that total spending has steadily increased during a period of time in which child welfare caseloads have been relatively stable. Between SFY 1996 and SFY 2006, total child welfare spending increased by 55% after inflation. During this same period, the number of children who were found to be victims of child abuse or neglect declined from 930,000 (in just 44 states) to 905,000 (in 50 states, the District of Columbia, and Puerto Rico) (U.S. DHHS, 1998; U.S. DHHS, 2008a). In addition, the number of children in foster care on the last day of the fiscal year was 507,000 in 1996 and 509,000 in 2006, while the number of children served in foster care increased modestly from 725,000 to 799,000 (U.S. Congress, 2004; U.S. DHHS, 2008b). Although the number of children adopted from foster care increased significantly over this period (from about 28,000 in 1996 to 51,000 in 2006) and the total number of children receiving adoption assistance payments increased dramatically, it seems unlikely that the increase in adoption assistance alone would account for the trend in overall spending (U.S. DHHS, 2008d).

So what does account for the sizable increase in child welfare spending over the past decade? There are several possibilities. Clearly, the cost per child involved in child welfare systems may have increased. In previous surveys, state officials have reported that the children they are serving have more severe needs. Regardless of the severity of needs, states may also be providing more comprehensive and expensive services to the children they serve. It is also possible that states have made increased investments in prevention activities (including alternative response systems) which have decreased the number of children that otherwise would have come to the attention of child welfare authorities (which would presumably lead to child welfare agencies serving more high-need children, for whom prevention activities were unsuccessful). More research is needed to assess the types of investments states are making, and to understand the overall spending patterns we observe.

With regard to the trends in IV-E expenditures, it is not surprising that spending on foster care maintenance payments has been fairly stable, since the number of children in foster care has been stable, and that adoption assistance spending has increased, since the number of foster children adopted has increased significantly. But what accounts for the persistent growth in spending for foster care administration and placement services? As noted above, it is possible that child welfare agencies are serving more difficult children and/or providing more comprehensive child placement services. States also may have become better educated about the range of activities than can be funded under IV-E and how to claim them appropriately. We also know that administrative requirements for states (including eligibility determinations, paperwork and documentation, etc.) have increased considerably over the past decade. Another possible reason for the increase in administrative and placement costs is the requirement in class action lawsuits for states to decrease caseloads, necessitating the addition of a significant number of new caseworkers. Given that the states that provided information regarding specific administrative expenditures on the SFY 2006 survey reported that as much as 70% of the IV-E administrative and overhead dollars (under the broader category of IV-E placement services and administration)

went towards caseworker salaries and eligibility determination, it seems unlikely that typical agency overhead expenditures are driving the spending trend.

As has been discussed at length in the reports from earlier rounds of the financing survey, states vary greatly in the percentage of their total spending that comes from federal dollars, as well as the sources of federal funds they rely on. Certainly, much of the difference in states' child welfare financing reflects local contexts, local budgets, and local politics. However, when a relatively poor state receives less federal funding for child welfare (and often has a lower IV-E penetration rate) than many wealthier states, questions of equitable distribution of federal funds are raised.

At the same time, the volatility of child welfare financing in individual states, as documented by the surveys, is remarkable. Results from the SFY 2006 survey and reports from previous financing surveys show that it is not unusual to see a state's total child welfare spending shift by 30 percent in two years. The changes in spending within specific federal financing sources are even more extreme. The volatility we have observed appears likely to persist, or even increase, in the near future. The increase between SFY 2004 and SFY 2006 in federal child welfare spending was primarily due to increases in Medicaid and SSBG. The 2005 Deficit Reduction Act made changes to Medicaid that were expected to reduce child welfare agencies' ability to use these funds for foster children.<sup>54</sup> In addition, SSBG is a capped entitlement that states may use for a wide variety of social services purposes. Most states view SSBG dollars as "glue money," however, to be used to fill in gaps in social services after other budgetary decisions have been made. Thus, particularly during a time of state budget crises, child welfare agencies may face significant competition for SSBG funds. Finally, states actually decreased their use of TANF dollars for child welfare services in SFY 2006 (as compared to SFY 2004), and should TANF agencies need more of the block grant funds to support cash assistance purposes (likely in times of recession) and meet work participation rates, child welfare agencies may see their access to TANF dollars continue to decline.

Although recent economic and legislative changes may restrict states' access to, and use of, "non-dedicated" sources of child welfare funding, the 2008 Fostering Connections to Success and Increasing Adoption Act has increased the scope of the Title IV-E program. States may now claim federal reimbursement under IV-E for subsidized guardianship, foster care maintenance payments made to youth remaining in care past the age of 18, and adoption assistance payments made on behalf of children from families who do not meet IV-E income requirements. In addition, federal reimbursement increased for certain training activities and for transportation to allow foster children to remain in their school of origin. Although this is the largest expansion of Title IV-E since 1980, the actual increase in federal expenditures is estimated by the Congressional Budget Office to be only \$3 billion over the next 10 years.

The 2008 Act provides additional support for key programmatic priorities and increases the protections of children in child welfare, yet it does not address the fundamental structural deficiencies in federal child welfare financing. First, Title IV-E foster care eligibility remains linked to 1996 AFDC income standards, not adjusted for inflation. Although this survey found that IV-E penetration rates remained virtually unchanged between SFY 2004 and SFY 2006 at 57 percent, the longer trend over the past decade is downward, and this linkage can only hurt states' abilities to obtain federal reimbursement in the future. Moreover, many policymakers are concerned about the message that maintaining this link sends – that the federal government only has a financial stake in the care of foster children from very poor families. There appears to be widespread consensus that de-linking Title IV-E from AFDC is necessary and appropriate, but the complex nature of the child welfare financing structure (including how to address historical inequities across states) makes legislative reform challenging. Data from this survey on the reasons why children are currently not determined eligible for IV-E (on average, states reported that less than half (46%) of the children were ineligible due to the income of their parents) should help policymakers better estimate the costs of de-linking.

In addition to IV-E foster care de-linking, the 2008 Act did not address the imbalance between federal funds allocated for foster care and adoption, and the funds allocated for prevention and child protective services. With IV-E being an uncapped entitlement program, and IV-B a capped program (and at a relatively low level), researchers and advocates have noted that states lack any financial incentive to achieve the child welfare goals

of keeping families together and ensuring timely permanency for children removed from their homes. With the current funding structures of IV-E and IV-B, reducing the number of children in foster care actually reduces the amount of federal revenue that states receive. Numerous legislative proposals have been floated to provide states greater flexibility in their use of IV-E dollars and to make states more accountable for positive outcomes for children. Many states seeking federal fiscal flexibility applied for, and received, waivers from Title IV-E during the past decade. However, most experts believe these waivers failed to encourage significant innovation or child welfare reform. Moreover, HHS lost its authority to grant additional IV-E waivers in 2005.

Even as they celebrated the passage of the Fostering Connections to Success and Increasing Adoption Act, Congressional sponsors acknowledged that the Act was a first step and additional federal reforms are needed. Reauthorization for TANF is needed in 2010, and the reauthorization hearings will consume much of the attention of the Congressional committees that are also responsible for child welfare oversight. However, this does not necessarily mean that additional child welfare reform is not possible or even unlikely. Discussions about child welfare have often been tied to discussions of the broader social service net generally, and TANF specifically (child welfare reforms were widely discussed during passage of the Personal Responsibility and Work Reconciliation Act). Moreover, a significant portion of federal funds expended on child welfare comes from TANF and money transferred from TANF to the Social Services Block Grant. While there may be concerns about discussing child welfare in the context of TANF reauthorization, child welfare advocates will need to balance these concerns with the real possibility that this may be one of the legislative vehicles most likely to move forward.

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## VIII. APPENDICES

### Appendix A: SFY 2006 State-by-State Data

State	Total Spending	Change from SFY 2004	Federal Spending	Change from SFY 2004	Title IV-E	Change from SFY 2004	Title IV-B <sup>a</sup>	Change from SFY 2004	TANF <sup>b</sup>	Change from SFY 2004
Alabama	299,254,165	4.71%	165,085,484	-7.42%	29,695,708	10.16%	14,107,159	9.53%	19,307,438	-14.26%
Alaska	107,202,991	22.19%	46,037,391	18.55%	23,785,900	13.22%	1,660,491	49.40%	0	0.00%
Arizona	455,807,056	37.66%	255,126,056	22.97%	125,792,556	63.75%	13,534,000	48.37%	71,629,400	23.54%
Arkansas	102,311,219	11.14%	62,617,464	22.86%	41,633,281	-7.13%	8,350,863	121.35%	5,163,162	267.77%
California	4,399,479,000	-1.90%	2,058,742,000	5.76%	1,314,454,000	-3.68%	83,373,000	-9.95%	286,103,000	13.98%
Colorado	453,473,443	22.66%	222,669,745	56.99%	82,974,137	26.80%	6,645,754	-9.27%	0	0.00%
Connecticut	685,981,827	22.65%	400,258,865	57.95%	225,253,409	128.21%	4,472,549	-13.35%	136,340,264	6.34%
Delaware	53,238,947	4.71%	12,283,977	-26.06%	7,669,799	-17.97%	1,355,060	-13.50%	315,673	2.20%
DC	267,136,644	13.03%	100,453,651	8.97%	23,896,595	-36.49%	1,508,003	-20.83%	2,100,000	-54.59%
Florida	1,003,537,213	8.86%	500,729,750	0.34%	198,253,489	9.85%	32,253,605	-2.95%	155,468,347	-8.99%
Georgia	819,687,496	80.46%	537,857,317	84.97%	99,629,923	5.43%	22,876,475	3.61%	192,405,936	110.59%
Hawaii	113,837,471	16.62%	53,812,835	28.68%	30,811,540	14.46%	2,986,076	-3.49%	7,086,448	
Idaho	53,290,500	-12.52%	35,884,848	-5.56%	12,982,748	11.61%	3,373,200	5.57%	12,005,400	17.10%
Illinois	1,241,370,233	-2.84%	602,811,625	-13.74%	315,198,334	-20.71%	27,155,110	-20.37%	186,040,216	5.10%
Indiana	649,066,626	55.79%	178,666,198	59.15%	108,641,437	61.53%	12,675,373	-10.16%	46,006,212	293.56%
Iowa	347,702,560	4.16%	190,213,266	13.70%	58,766,378	9.73%	4,887,491	0.33%	46,468,524	45.56%
Kansas	288,966,692	22.37%	76,927,836	-37.61%	46,450,816	4.92%	5,435,351	7.45%	12,221,219	-59.75%
Kentucky	413,813,486	9.42%	168,132,143	22.83%	74,389,971	6.00%	10,497,275	-12.48%	53,863,916	72.40%
Louisiana	222,485,703	0.58%	132,434,518	-2.82%	61,827,184	-13.15%	15,453,897	-4.93%	291,083	248.00%
Maine	121,736,511		36,968,128		24,251,874	-0.87%	3,086,703	3.42%	0	
Maryland	498,274,967	9.12%	202,761,076	29.77%	123,103,614	15.33%	7,771,291	-27.61%	24,077,772	3696.89%
Massachusetts	719,765,059	6.31%	257,013,278	-3.51%	97,766,021	-7.89%	9,261,690	-6.14%	0	0.00%
Michigan	829,794,181	-0.29%	500,944,497	-3.40%	191,986,271	-17.94%	25,619,643	12.18%	208,000,000	-1.12%
Minnesota	531,983,539	-8.16%	176,223,335	-21.14%	78,095,517	-15.64%	8,409,620	-0.38%	0	0.00%
Mississippi	83,832,451	-1.94%	64,215,154	-2.28%	22,604,370	37.43%	10,384,705	-27.92%	17,367,218	3.67%
Missouri	411,368,975	-24.21%	222,606,617	-29.08%	91,808,527	9.12%	14,933,675	-4.88%	40,398,839	102.35%
Montana	61,681,929	30.42%	31,096,157	26.79%	11,775,871	-20.25%	2,064,670	14.17%	2,353,325	-37.35%
Nebraska	184,015,695	7.85%	92,586,462	17.29%	30,537,091	19.12%	4,113,763	10.07%	0	0.00%
Nevada	101,552,926	24.65%	54,400,041	20.27%	33,157,048	49.30%	4,686,404	56.79%	3,205,790	-1.39%
New Hampshire	81,554,399	7.02%	48,316,595	27.56%	17,285,108	-1.08%	1,826,759	7.21%	6,220,586	100.00%
New Jersey	725,732,715	39.06%	251,073,715	42.33%	95,639,590	3.72%	11,774,629	-6.31%	33,767,856	176.65%
New Mexico	73,041,132	-23.81%	54,623,279	2.62%	31,425,463	16.51%	5,062,758	-8.79%	0	-100.00%
New York	1,932,987,349		984,765,670	-29.60%	585,236,149	-15.53%	38,523,196	152.55%	230,771,481	-47.45%
North Carolina	421,092,078	11.30%	212,999,533	6.96%	88,746,240	13.13%	14,056,719	-11.08%	99,119,142	4.10%
North Dakota	53,820,087	6.03%	34,415,465	4.59%	13,386,611	0.19%	1,063,668	28.00%	12,020,792	21.08%
Ohio	1,106,670,844	15.37%	664,106,329	59.77%	452,675,699	29.04%	32,703,125	17.67%	5,440,023	-35.42%
Oklahoma	248,445,899	19.02%	137,586,885	3.09%	67,822,512	57.78%	10,467,323	18.33%	17,317,578	1.28%
Oregon	408,066,923	22.71%	253,878,627	13.69%	79,500,305	25.84%	8,229,341	55.84%	66,583,835	31.51%
Pennsylvania	1,624,380,399	3.29%	389,052,449	-40.51%	314,803,170	-19.21%	8,867,329	-2.72%	38,397,779	-83.16%
Rhode Island	207,764,196	3.91%	86,579,417	-5.13%	22,407,965	6.81%	3,089,131	18.05%	7,872,793	-3.74%
South Carolina	211,286,443	-3.01%	164,038,543		23,994,736	-26.24%	12,606,777	8.84%	43,807,325	
South Dakota	56,619,931	14.43%	31,510,445	-0.77%	8,446,477	-1.13%	1,357,709	76.85%	8,253,813	-18.15%
Tennessee	522,904,871	12.69%	236,389,877	20.96%	59,441,247	58.02%	19,389,227	-25.61%	0	0.00%
Texas	1,015,726,824	18.12%	652,113,490	13.31%	233,503,955	19.70%	55,991,407	-4.67%	239,214,901	13.75%
Utah	138,068,848	5.20%	61,897,037	-11.47%	23,103,012	-15.90%	5,574,850	0.92%	0	0.00%
Vermont	86,882,407	8.16%	50,793,267	5.18%	18,624,332	-14.49%	1,559,561	-5.25%	918,028	-74.94%
Virginia	273,774,844	-4.17%	143,614,180	-11.49%	92,515,708	-14.50%	10,552,970	-16.65%	5,382,760	3.99%
Washington	481,137,381	8.14%	234,040,620	10.50%	117,283,071	25.35%	11,124,448	-6.33%	17,970,928	-1.84%
West Virginia	185,461,810	31.03%	87,513,632	39.96%	29,613,650	-20.88%	9,113,452	43.13%	15,282,584	668.30%
Wisconsin	330,634,124		169,501,024	3.64%	122,467,925	-0.05%	10,188,787	-0.64%	10,643,094	-3.78%
Wyoming	26,989,857	-3.73%	11,119,922	15.73%	3,976,272	23.31%	841,728	-11.95%	445,043	-77.32%
<b>U.S. Total</b>	<b>25,734,692,866</b>	<b>8.76%</b>	<b>12,399,489,714</b>	<b>3.29%</b>	<b>6,089,092,606</b>	<b>2.05%</b>	<b>636,897,790</b>	<b>1.30%</b>	<b>2,387,649,523</b>	<b>-3.00%</b>

Sources: 2005 Urban Institute Child Welfare Survey and 2007 Casey Child Welfare Survey

0 = state did not use funding stream; blank = state did not report amount

Notes: Dollar amounts from SFY 2004 have been adjusted for inflation. Blank cells for percent change from SFY 2004 indicate that comparison could not be made due to incomplete/missing data. South Carolina and Maine did not complete SFY 2004 survey; however South Carolina later provided a total expenditure amount for SFY 2004. New York and Wisconsin did not provide local expenditures for SFY 2006.

a. Title IV-B includes subparts 1 and 2.

b. TANF spending excludes TANF funds transferred to SSBG; these dollars are included in SSBG amounts.

## Appendix A: SFY 2006 State-by-State Data, continued.

State	SSBG	Change from SFY 2004	Medicaid	Change from SFY 2004	Other Federal	Change from SFY 2004	State Spending	Change from SFY 2004	Local Spending	Change from SFY 2004
Alabama	31,334,443	-7.17%	64,209,149	-20.91%	6,431,587	520.09%	131,635,185	24.56%	2,533,496	41.29%
Alaska	9,024,600	24.69%	8,284,200	15.01%	3,282,200	44.39%	61,165,600	25.08%	0	0.00%
Arizona	40,726,200	-2.62%			3,443,900	-84.15%	200,681,000	62.31%	0	0.00%
Arkansas	1,728,657	320.49%	2,051,965	100.00%	3,689,536	574.26%	39,693,755	-3.41%	0	0.00%
California	319,392,000	68.05%	48,482,000	32.64%	6,938,000	-40.39%	1,349,259,000	-7.72%	991,478,000	-7.85%
Colorado	94,313,792	189.19%	32,382,512	-8.34%	6,353,550	461.79%	162,355,127	2.10%	68,448,571	-0.59%
Connecticut	2,407,211	-27.02%	24,488,852	80.58%	7,296,580	63.00%	285,722,962	-6.59%	0	0.00%
Delaware	1,362,624	-46.72%	0	-100.00%	1,580,821	-39.27%	40,954,970	19.64%	0	0.00%
DC	524,000	-4.78%	70,482,398	56.90%	1,942,655	-24.07%	166,682,993	15.63%	0	0.00%
Florida	94,261,870	3.96%	1,177,756	-11.70%	19,314,683	-14.20%	500,464,270	20.41%	2,343,193	-67.25%
Georgia	29,178,340	16.84%	190,923,185	248.38%	2,843,458	-7.26%	270,368,915	71.22%	11,461,264	106.77%
Hawaii	12,391,891	65.39%	37,103		499,777	-55.08%	60,024,636	7.58%	0	
Idaho	6,196,100	-44.59%	561,500	14.76%	765,900	-38.47%	17,405,652	-24.06%	0	0.00%
Illinois	21,440,720	-52.10%	29,154,354	22.63%	23,822,891	10.01%	638,558,608	10.32%	0	0.00%
Indiana	8,300,977	-4.93%	2,464,571		577,628	-94.48%	117,590,790	152.88%	352,809,638	36.82%
Iowa	16,635,599	-5.97%	58,992,161	6.79%	4,463,113	11.42%	157,489,294	-5.42%		
Kansas	7,114,087	-1.77%	218,909	-99.39%	5,487,454	617.38%	212,038,856	87.91%	0	
Kentucky	20,180,010	24.09%	0	0.00%	9,200,971	27.80%	245,681,343	1.81%	0	0.00%
Louisiana	46,256,232	12.26%			8,606,122	14.14%	90,051,185	6.02%	0	0.00%
Maine	3,809,872		3,045,584		2,774,095		84,768,383		0	
Maryland	20,346,819	-35.75%	26,371,271	370.81%	1,090,309	26.01%	292,617,605	2.78%	2,896,286	-81.56%
Massachusetts	82,587,402	-3.07%	59,329,671	0.36%	8,068,494	33.67%	462,751,781	12.68%	0	0.00%
Michigan	66,156,293	49.73%	0		9,182,290	26.77%	274,920,434	0.26%	53,929,250	36.75%
Minnesota	18,921,126	-8.56%	55,596,616	-2.43%	15,200,456	-66.06%	88,124,381	2.93%	267,635,823	-0.93%
Mississippi	12,549,301	-27.72%			1,309,560	75.45%	19,170,577	1.78%	446,720	-52.59%
Missouri	25,748,545	-2.70%	38,055,922	6.76%	11,661,109	-91.16%	188,762,358	-17.49%		
Montana	1,998,226	-2.43%	1,764,314	0.36%	11,139,751	2762.53%	30,585,772	34.33%	0	0.00%
Nebraska	0	0.00%	52,846,346	13.65%	5,089,262	66.03%	91,429,233	-0.27%	0	0.00%
Nevada	3,914,176	3.31%	2,356,938	-71.85%	7,079,685	53.22%	42,886,497	18.36%	4,266,388	
New Hampshire	4,391,269	41.49%	16,212,892	23.83%	2,379,981	-4.91%	26,569,621	-11.47%	6,668,183	-19.85%
New Jersey	29,627,288	36.50%	77,303,047	139.35%	2,961,305	-45.33%	474,659,000	37.39%	0	0.00%
New Mexico	10,972,937	6.53%	4,973,494	-40.44%	2,188,627	100.00%	18,417,853	-56.81%	0	0.00%
New York	119,766,192	-51.64%			10,468,652	161.51%	948,221,679	30.71%		
North Carolina	9,204,874	36.78%	18,898	-83.33%	1,853,660	-34.40%	80,130,978	12.91%	127,961,567	18.23%
North Dakota	1,554,290	-3.03%	6,041,232	-15.89%	348,872	100.00%	11,615,772	8.25%	7,788,850	9.37%
Ohio	171,359,815	554.06%	983,275	-36.48%	944,392	7.85%	142,036,800	13.63%	300,527,715	-28.21%
Oklahoma	23,809,480	-0.74%	13,150,657	-60.00%	5,019,335	-34.51%	110,859,014	47.25%		
Oregon	16,832,623	-12.09%	75,971,950	-4.25%	6,760,573	17.78%	147,219,364	46.87%	6,968,932	-22.60%
Pennsylvania	12,020,993	2.46%	1,225,478	-36.95%	13,737,700	1.24%	907,785,350	33.04%	327,542,600	38.60%
Rhode Island	88,070	100.00%	50,061,239	-11.31%	3,060,219	0.59%	121,184,779	11.51%	0	0.00%
South Carolina	18,076,305		65,126,033		427,367		42,764,057		4,483,843	
South Dakota	6,664,598	3.46%	4,966,336	18.55%	1,821,512	5.39%	25,109,486	41.65%	0	
Tennessee	35,100,846	24.87%	114,841,619	19.30%	7,616,939	3.16%	286,514,994	6.67%	0	0.00%
Texas	435,381	-86.46%	97,507,163	19.22%	25,460,683	-3.54%	348,628,931	27.51%	14,984,403	36.49%
Utah	12,410,000	-0.33%	19,354,998	-15.08%	1,454,176	-13.15%	76,171,812	25.28%	0	-100.00%
Vermont	5,089,208	-9.49%	21,282,095	45.22%	3,320,043	259.02%	36,089,140	12.67%	0	0.00%
Virginia	31,989,037	-9.28%			3,173,705	238.08%	74,594,682	2.42%	55,565,982	9.82%
Washington	35,456,695	-10.32%	29,674,338	-23.76%	22,531,140	135.15%	246,914,968	5.91%	181,793	100.00%
West Virginia	31,437,613	89.68%			2,066,333	1107.54%	97,948,178	23.97%	0	0.00%
Wisconsin	8,072,791	-4.77%	13,464,717	26.81%	4,663,710	676.69%	161,133,100	2.26%		
Wyoming	2,906,459	-3.13%	1,437,942		1,512,477	225.03%	15,869,935	-13.88%	0	0.00%
U.S. Total	1,586,067,877	16.31%	1,386,874,681	18.81%	312,907,238	-26.75%	10,724,280,655	14.04%	2,610,922,497	0.35%

## Appendix B: SFY 2006 State-by-State Title IV-E Spending

State	Total Title IV-E	Change from SFY 2004	Foster Care Program	Change from SFY 2004	Foster Care Maintenance Payments	Change from SFY 2004	Foster care administration/training/SACWIS	Change from SFY 2004	Adoption Assistance Program	Change from SFY 2004
Alabama	29,695,708	10.16%	19,883,535	3.70%	5,391,485	-1.71%	14,492,050	5.87%	7,561,479	21.08%
Alaska	23,785,900	13.22%	15,937,500	17.83%	1,328,500	10.12%	14,609,000	18.58%	7,277,900	4.44%
Arizona	125,792,556	63.75%	88,126,233	73.90%	43,649,524	66.56%	44,476,709	81.77%	33,658,223	44.18%
Arkansas <sup>b</sup>	41,633,281	-7.13%	30,003,655	-16.31%	5,682,319	-47.57%	24,321,336	-2.77%	10,443,281	25.20%
California	1,314,454,000	-3.68%	975,880,000	-7.79%	430,095,000	-10.19%	545,785,000	-5.81%	305,760,000	12.57%
Colorado	82,974,137	26.80%	59,624,862	43.13%	15,692,517	2.64%	43,932,345	66.61%	20,528,307	-8.97%
Connecticut	225,253,409	128.21%	176,478,805	131.99%	65,920,126	108.46%	110,558,679	148.73%	46,634,262	122.09%
Delaware	7,669,799	-17.97%	5,512,725	-21.56%	1,051,841	-15.28%	4,460,884	-22.90%	1,652,505	-4.31%
DC	23,896,595	-36.49%	13,227,905	-48.74%	6,681,608	-54.16%	6,546,297	-41.71%	9,347,580	-10.45%
Florida	198,253,489	9.85%	131,299,872	11.98%	53,446,567	28.24%	77,853,305	3.02%	58,215,265	17.15%
Georgia	99,629,923	5.43%	53,542,317	-4.25%	20,288,166	-32.61%	33,254,151	28.84%	38,139,032	7.84%
Hawaii	30,811,540	14.46%	20,058,368 <sup>a</sup>		6,312,545 <sup>a</sup>		13,745,823 <sup>a</sup>		10,094,632 <sup>a</sup>	
Idaho	12,982,748	11.61%	9,137,148	13.67%	3,871,128	17.20%	5,266,020	11.21%	3,260,800	11.62%
Illinois	315,198,334	-20.71%	155,621,130	-7.50%	57,561,037	1.48%	98,060,093	-12.06%	87,884,289	10.18%
Indiana	108,641,437	61.53%	67,751,415	81.52%	37,682,365	81.66%	30,069,050	81.35%	34,717,912	25.00%
Iowa	58,766,378	9.73%	26,876,101	13.01%	14,450,098	11.98%	12,426,003	14.22%	30,401,727	8.15%
Kansas	46,450,816	4.92%	31,101,836	-5.92%	10,603,198	-6.05%	20,498,638	-5.85%	13,076,285	39.00%
Kentucky	74,389,971	6.00%	48,554,296	-2.00%	28,672,951	-1.98%	19,881,345	-2.04%	23,803,406	26.49%
Louisiana	61,827,184	-13.15%	46,292,292	-17.84%	19,733,421	-18.17%	26,558,871	-17.60%	13,773,290	4.49%
Maine	24,251,874	-0.87%	9,790,415		7,094,567		2,695,848		13,475,397	
Maryland	123,103,614	15.33%	102,643,627 <sup>a</sup>		41,744,646 <sup>a</sup>		60,898,981 <sup>a</sup>		16,170,785 <sup>a</sup>	
Massachusetts	97,766,021	-7.89%	64,911,920	-14.09%	24,482,525	-17.46%	40,429,395	-11.92%	29,341,076	9.14%
Michigan	191,986,271	-17.94%	81,604,767	-35.49%	36,595,907	-38.72%	45,008,860	-32.59%	110,381,504	8.75%
Minnesota	78,095,517	-15.64%	52,191,702	-24.46%	18,950,761	6.56%	33,240,941	-35.21%	23,818,758	11.52%
Mississippi	22,604,370	37.43%	15,388,115	34.62%	5,951,224	131.16%	9,436,891	6.56%	6,639,957	77.71%
Missouri	91,808,527	9.12%	57,101,230	6.96%	13,331,919	-23.90%	43,769,311	22.03%	31,905,963	15.03%
Montana	11,775,871	-20.25%	6,454,297 <sup>a</sup>		1,184,818 <sup>a</sup>		5,269,479 <sup>a</sup>		4,637,064 <sup>a</sup>	
Nebraska	30,537,091	19.12%	20,326,030	23.16%	5,896,645	-36.77%	14,429,385	101.03%	7,820,775	19.61%
Nevada	33,157,048 <sup>a</sup>	49.30%	24,335,417 <sup>a</sup>		7,002,633 <sup>a</sup>		17,332,784 <sup>a</sup>		8,377,920 <sup>a</sup>	
New Hampshire	17,285,108	-1.08%	10,341,981	-16.36%	2,649,923	-3.46%	7,692,058	-9.61%	6,182,690	39.77%
New Jersey	95,639,590	3.72%	61,487,264	1.45%	17,898,820	-34.35%	43,588,444	30.73%	29,725,979	6.85%
New Mexico	31,425,463	16.51%	18,794,586	28.12%	4,886,025	2.75%	13,908,561	40.28%	11,606,519	0.76%
New York	585,236,149	-15.53%	356,345,017	-25.41%	133,465,192	-45.48%	222,879,825	-4.31%	213,942,799	7.14%
North Carolina	88,746,240	13.13%	51,681,930	1.92%	36,063,473	10.90%	15,618,457	-14.13%	27,282,386	12.56%
North Dakota	13,386,611	0.19%	9,699,704	-8.79%	4,737,360	-7.09%	4,962,344	-10.36%	3,324,259	21.90%
Ohio	452,675,699	29.04%	231,272,346	14.15%	104,286,128	-10.09%	126,986,218	46.62%	163,423,226	14.68%
Oklahoma	67,822,512	57.78%	39,680,828	59.84%	17,990,827	15.06%	21,690,001	136.04%	24,148,129	52.03%
Oregon	79,500,305	25.84%	50,222,509	35.36%	19,369,779	17.53%	30,852,730	49.60%	25,476,693	11.54%
Pennsylvania	314,803,170	-19.21%	255,459,864 <sup>a</sup>		136,245,260 <sup>a</sup>		119,214,604 <sup>a</sup>		53,872,754 <sup>a</sup>	
Rhode Island	22,407,965	6.81%	12,763,289	3.54%	4,615,683	41.75%	8,147,606	-10.18%	8,781,419	11.88%
South Carolina	23,994,736	-26.24%	10,343,225		4,145,791		6,197,434		12,513,280	
South Dakota	8,446,477	-1.13%	5,302,830	-7.93%	2,764,896	1.13%	2,537,934	-16.12%	2,651,035	18.56%
Tennessee	59,441,247	58.02%	28,878,927	25.55%	21,521,983	27.32%	7,356,944	20.65%	27,176,549	110.85%
Texas	233,503,955	19.70%	168,836,361	22.06%	120,073,203	20.06%	48,763,158	27.26%	56,228,116	9.99%
Utah	23,103,012	-15.90%	15,552,707	-23.63%	4,262,550	8.08%	11,290,157	-31.25%	6,826,917	4.60%
Vermont	18,624,332	-14.49%	11,213,490	-28.10%	7,744,497	-34.83%	3,468,993	-6.56%	6,641,334	19.16%
Virginia	92,515,708	-14.50%	76,537,482	-16.35%	35,235,908	7.27%	41,301,574	-29.57%	13,962,508	-7.08%
Washington	117,283,071	25.35%	80,985,458	23.94%	18,491,663	16.98%	62,493,795	26.16%	32,304,702	26.09%
West Virginia	29,613,650	-20.88%	17,292,811	-41.35%	12,145,254	-42.91%	5,147,557	-37.30%	11,044,142	54.98%
Wisconsin	122,467,925	-0.05%	76,816,909	-12.00%	19,873,998	40.60%	56,942,911	-22.17%	42,552,053	30.65%
Wyoming	3,976,272	23.31%	2,800,489	31.90%	892,957	48.89%	1,907,532	25.21%	731,459	24.14%
<b>U.S. Total</b>	<b>6,089,092,606</b>	<b>2.05%</b>	<b>4,001,967,522</b>	<b>-1.10%</b>	<b>1,719,711,211</b>	<b>-7.60%</b>	<b>2,282,256,311</b>	<b>4.38%</b>	<b>1,789,198,322</b>	<b>15.67%</b>

Sources: 2005 Urban Institute Child Welfare Survey and 2007 Casey Child Welfare Survey

0 = state did not use funding stream; blank = state did not report amount

Notes: Dollar amounts from SFY 2004 have been adjusted for inflation. Blank cells for percent change from SFY 2004 indicate that comparison could not be made due to incomplete/missing data. NY and WI did not report foster care penetration rates. GA, NV, VA, and WY did not report adoption penetration rates.

a. State provided overall IV-E expenditures but could not provide total breakdown into foster care and adoption subcategories. Using the overall IV-E amount reported by the state on the survey, IV-E breakdowns were calculated based on HHS claims data for FFY 2006. Assumed proportional amounts were expended in each subcategory as reported on HHS claims.

b. State provided corrections to total IV-E amount reported in SFY 2004, but not revisions to the subcategories. Therefore, estimations for IV-E subcategories for SFY 2004 for comparison purposes with SFY 2006 were calculated by assuming the same proportions were expended in each subcategory as originally reported by the state.

## Appendix B: SFY 2006 State-by-State Title IV-E Spending, Continued.

State	Adoption Payments	Change from SFY 2004	Combined Adoption Administration and Training	Change from SFY 2004	Chafee Foster Care Independence Program	Change from SFY 2004	Demonstration Project	Foster care penetration rate (%)	Adoption penetration rate (%)
Alabama	5,633,890	20.76%	1,927,589	22.04%	2,250,694	46.42%		36.50	65.00
Alaska	6,561,200	1.84%	716,700	36.33%	570,500	11.09%		66.10	81.00
Arizona	30,189,620	45.84%	3,468,603	31.20%	4,008,100	43.19%		51-60	51-60
Arkansas	9,295,162	31.92%	1,148,119	-11.37%	1,186,345	86.36%		70.41	91.00
California	261,678,000	15.29%	44,082,000	-1.25%	32,814,000	-5.49%		75.00	87.00
Colorado	15,368,750	0.00%	5,159,557	-28.17%	2,820,968	129.58%		41-50	71-80
Connecticut	32,405,880	130.64%	14,228,382	104.80%	2,140,342	31.17%		41-50	71-80
Delaware	1,433,465	0.94%	219,040	-28.61%	504,569	-15.21%		38.23	51.84
DC	7,981,013	0.48%	1,366,567	-45.23%	1,321,110	-4.53%		41-50	61-70
Florida	38,702,061	15.27%	19,513,204	21.06%	8,738,352	-35.42%		64.99	72.51
Georgia	28,864,149	21.21%	9,274,883	-19.71%	7,948,574	147.37%		30.00	
Hawaii	9,545,446 <sup>a</sup>		549,186 <sup>a</sup>		658,540			61-70	71-80
Idaho	2,620,300	15.99%	640,500	-3.31%	584,800	-13.07%		58.00	85.00
Illinois	75,464,233	5.12%	12,420,056	55.72%	6,874,509	-47.83%	64,818,406	61-70	Over 80
Indiana	33,086,648	27.38%	1,631,264	-9.36%	2,936,580	209.74%	3,235,530	50.40	65.00
Iowa	27,161,655	9.64%	3,240,072	-2.89%	1,488,550	-10.38%		45.00	74.00
Kansas	10,626,040	27.78%	2,450,245	124.52%	2,272,695	25.71%		41-50	71-80
Kentucky	21,934,033	33.00%	1,869,373	-19.69%	2,032,269	12.05%		57.42	82.43
Louisiana	10,518,022	5.08%	3,255,268	2.65%	1,761,602	6.00%		65.51	80.66
Maine	9,508,447		3,966,950		976,828		9,234	41-50	61-70
Maryland	15,511,050 <sup>a</sup>		659,735 <sup>a</sup>		4,289,202			51-60	61-70
Massachusetts	23,951,430	-0.74%	5,389,646	95.73%	3,513,025	-5.09%		30.00	70.00
Michigan	100,599,917	5.34%	9,781,587	63.04%	0	-100.00%		46.00	84.00
Minnesota	15,719,188	7.23%	8,099,570	20.89%	1,952,333	-8.17%	132,724	60.64	79.17
Mississippi	5,168,042	57.93%	1,471,915	217.13%	576,298	-44.03%		20 and under	31-40
Missouri	27,462,081	21.63%	4,443,882	-13.86%	2,801,334	-6.95%		70.00	77.00
Montana	4,345,081 <sup>a</sup>		291,983 <sup>a</sup>		631,377		53,133	58.00	81.00
Nebraska	7,057,147	14.74%	763,628	96.95%	2,390,286	-7.82%		21-30	61-70
Nevada	6,318,508 <sup>a</sup>		2,059,412 <sup>a</sup>		443,711				
New Hampshire	2,555,677	58.04%	3,627,013	29.24%	760,437	61.71%		60.00	77.00
New Jersey	20,746,865	26.09%	8,979,114	-21.01%	4,426,347	16.92%		21-30	41-50
New Mexico	10,405,846	9.10%	1,200,673	-39.39%	571,568	33.27%	452,790	73.00	88.00
New York	209,829,300	7.33%	4,113,499	-1.52%	14,948,333	-2.97%		31-40	Over 80
North Carolina	26,526,875	10.73%	755,511	168.69%	3,019,815	15.29%	6,762,109	52.42	61-70
North Dakota	2,646,020	19.67%	678,239	31.44%	362,648	-8.03%		41-50	71-80
Ohio	68,495,844	17.56%	94,927,382	12.69%	4,200,000	-25.00%	53,780,127	71-80	Over 80
Oklahoma	18,053,999	44.72%	6,094,130	78.77%	3,993,555	75.42%		61-70	61-70
Oregon	24,287,562	17.00%	1,189,131	-42.89%	2,346,844	26.44%	1,454,259	71-80	71-80
Pennsylvania	38,008,374 <sup>a</sup>		15,864,380 <sup>a</sup>		5,470,551			66.27	86.43
Rhode Island	6,782,228	-3.45%	1,999,191	142.43%	863,257	7.37%		41-50	61-70
South Carolina	11,084,731		1,428,549		1,138,231			31.00	71.00
South Dakota	2,376,409	14.46%	274,626	71.94%	492,612	-9.98%		51.95	70.78
Tennessee	25,487,688	119.76%	1,688,861	30.82%	3,385,771	96.21%		50.28	75.60
Texas	52,282,945	15.48%	3,945,171	-32.54%	8,439,478	50.10%		72.70	74.40
Utah	6,082,720	11.03%	744,197	-28.98%	723,388	24.70%		40.75	66.78
Vermont	5,941,035	6.60%	700,299	100.00%	769,508	25.60%		50.77	92.98
Virginia	11,798,386	5.14%	2,164,122	-43.12%	2,015,718	19.10%		54.00	
Washington	26,407,076	25.06%	5,897,626	30.95%	3,992,911	55.01%		71-80	Over 80
West Virginia	9,285,402	36.35%	1,758,740	456.09%	1,276,697	56.37%		21-30	71-80
Wisconsin	37,819,590	29.29%	4,732,463	42.61%	2,701,057	1.35%	397,906	51-60	83.98
Wyoming	694,830	28.33%	36,629	-23.35%	444,324	-13.26%			
<b>U.S. Total</b>	<b>1,462,309,859</b>	<b>16.46%</b>	<b>326,888,462</b>	<b>12.24%</b>	<b>166,830,543</b>	<b>0.18%</b>	<b>131,096,218</b>	<b>57.35</b>	<b>79.61</b>

## Appendix C: Methodology

*Survey Development.* Child Trends developed a survey instrument for the 2007 Casey Child Welfare Financing Survey based on the previous five rounds of data collection conducted by the Urban Institute. As with previous rounds of the survey, the instrument was refined based on current key topics of interest and relevance to the field, as well as feedback from the respondents themselves. Developed in consultation with staff from Casey Family Programs and the Annie E. Casey Foundation, the survey was vetted over a period of several months, and was pilot tested by key field staff prior to finalization. The final instrument was converted into a writeable PDF electronic document with 24 questions, and made available for download and completion on Child Trends' website.

Because the survey instrument has been revised over the course of the six rounds of the survey, some data were not directly comparable to other years. To enhance our ability to accurately compare data across states and across years, respondents were asked to use the definitions below to provide the requested fiscal data.

<ul style="list-style-type: none"> <li>• <b>Expenditures</b></li> </ul>	<p><b>Include:</b> all state fiscal year (SFY) 2006 expenditures for the programs, case management, administration, and operation (including field and administrative staff expenses) of your state's child welfare services system, including all funds for services contracted out to another agency that meet the definition of child welfare below.</p> <p>If your child welfare agency is housed within a larger administrative agency, please be sure to only include Medicaid, TANF, and SSBG funds that were used <u>for child welfare purposes</u>.</p> <p><b>Exclude:</b> capital costs, appropriated but unexpended funds, and recoupment of federal reimbursement from prior years.</p>
<ul style="list-style-type: none"> <li>• <b>Child welfare</b></li> </ul>	<p><b>Include:</b> all of the following services that are administered by the child welfare agency: services for children and families to prevent abuse and neglect; family preservation services; child protective services (intake, family assessment, investigation, and case management); in-home services; out-of-home placements; and adoption services.</p> <p><b>Exclude:</b> domestic violence, juvenile justice, and all other services that the child welfare agency may provide that are not listed above.</p>

*Survey Distribution and Completion.* In October 2007, we mailed a letter to each state's child welfare administrator, requesting participation in the SFY 2006 survey. State administrators were identified from the list maintained by the National Association of Public Child Welfare Administrators (NAPCWA). The introductory letter, addressed from Doug Nelson, President of the Annie E. Casey Foundation and William C. Bell, President and CEO of Casey Family Programs, was accompanied by instructions to access, download, and submit the survey electronically. In addition to the letter and survey instructions, summaries of states' responses to the prior child welfare financing surveys (for SFYs 1996, 1998, 2000, 2002, and 2004) were included in the mailed packages, to allow states to provide us with any changes to their previously submitted data.

After each survey package was mailed, we conducted extensive phone and email follow-up with the child welfare administrators' office in each state to confirm receipt of the materials, answer any questions about the procedures or timelines accompany in the survey, and identify the designated individual(s) to whom the survey was assigned. Once the respondents were identified, we followed up directly with the appropriate individuals to encourage each state's participation in the study and address any questions about the instrument itself. States

were able to complete the survey in an electronic format and email their completed instruments directly to Child Trends, though some respondents submitted the survey via fax. Although we requested that states assign the survey to appropriate staff for completion within the first month of receiving the mailing, data collection continued through September 2008.

#### *Data Quality Checks and Confirmation with States*

Following receipt and review of the survey from each state, we conducted phone and email follow-ups with respondents to confirm their responses and clarify certain data. In addition to checking all reported figures and calculations for mathematical accuracy throughout the survey, we compared the states' SFY 2006 responses to the data they submitted in SFY 2004. Any categories that increased or decreased by more than 20% between SFY 2004 and SFY 2006 were flagged as requiring additional follow up with the states to confirm that the numbers were correct. We also identified any questions that were left blank, as well as a response of "0," as issues to clarify with states.

We contacted the individual listed on the survey as the state's "staff contact for fiscal data" to request a follow-up phone conversation after our thorough review of the submitted data. If the contact listed on the survey was unavailable for a follow-up call or requested that another staff member familiar with the data participate in communication with us, we worked with that referral to schedule the call. We were able to conduct these phone calls with the vast majority of the states. With some states, we were most successful in conducting follow-up communications over email.

During the follow-up communications with states, we addressed calculation inconsistencies, discussed data that changed significantly (i.e., 20% or more) from SFY 2004 to SFY 2006, requested missing data for responses that were unanswered, and clarified with states whether responses of "0" actually reflected a true zero or were instead intended to reflect that data could not be reported. Additionally, we asked for verification from states that their reported Medicaid and TANF amounts comprised only dollars for child welfare purposes, as defined in the survey. Thus, we confirmed that the Medicaid dollars reported were only funds that the state claimed for child welfare services (e.g., targeted case management, behavioral modification treatment) and not for direct health services (e.g., dentist, in-patient services) for Medicaid-eligible children who are involved with the child welfare system. Similarly, for TANF we confirmed that the dollars reported were only funds that the child welfare agency used for child welfare services in SFY 2006, and did not include other expenditures such as funds expended by the welfare agency for supports to welfare recipients, or for child-only TANF payments to kinship care givers.

In many instances, states provided us with revisions and corrections to their initial submission based on our follow-up communications. Some states requested additional time to seek input from other agency staff in confirming that the numbers were accurate, or decided to re-do the instrument entirely. This iterative process with the states continued through June 2008. Following this extensive data-checking phase, we developed a 1-page summary of data for the main SFY 2006 financial categories from the survey for each state. This document presented key data that would be reported for each state, and allowed states to have a final opportunity to provide any revisions prior to analysis and publication. We emailed this document to the individuals who had worked on the survey or with us during the follow-up phase, as well as the state's child welfare administrator. In this communication, we requested that states review and confirm their reported data for us, and also highlighted any remaining questions or notable shifts between SFY 2004 and SFY 2006 that we saw as critical to revisit. During this final review period, some states provided us with further revisions and clarifications until their submission was complete. If requested, states were given additional time during this period to confirm that their data were accurate.

Throughout the follow-up period, states were extremely generous with their time and expertise, and we acknowledge the immensity of work that went into this effort. The quality of the data and our ability to interpret the information were vastly improved by the states' additional investment in this confirmation process.

## Appendix D: Notes

<sup>1</sup> The state fiscal year (SFY) for most states was July 1, 2005 through June 30, 2006. However, four states indicated a different time period for their SFY 2006: Alabama, DC, Minnesota, and New York.

<sup>2</sup> Comparison of total funds for SFY 2004 and SFY 2006 excludes Maine, New York, and Wisconsin due to incomplete information for both years. Comparison of total funds for SFY 1996 and SFY 2006 excludes New Mexico, New York, Rhode Island, Virginia, and Wisconsin due to incomplete information for both years.

<sup>3</sup> The original amounts published were \$14.4 billion for SFY 1996, \$15.6 billion for SFY 1998, \$20 billion for SFY 2000, \$22.2 billion for SFY 2002, and \$23.3 billion for SFY 2004. However, states have adjusted their data from these years during later rounds of the survey.

<sup>4</sup> Throughout the survey, states that had a percentage change between two years that rounds to 0% are classified as having no measurable change.

<sup>5</sup> Comparison of federal funds and state funds between SFY 2004 and SFY 2006 excludes Maine and South Carolina. Comparison of local funds excludes Hawaii, Iowa, Kansas, Maine, Missouri, Nevada, New York, Oklahoma, South Carolina, South Dakota, and Wisconsin.

<sup>6</sup> The calculation of the national federal, state, and local shares of total child welfare spending excludes New York and Wisconsin, who were unable to provide local expenditures for SFY 2006. Based on previous surveys and other available data, these two county-administered states are recognized as likely having a significant contribution to overall spending from their localities. Therefore, including these two states in the calculations would likely underestimate the overall local share, and overestimate the federal and state shares. Although three other states did not provide information about their local expenditures for SFY 2006, these states (Iowa, Missouri, Oklahoma) have state-administered child welfare programs, and thus were assumed to have a minimal, if any, contribution of funds from local sources.

Although not all other states were able to provide complete responses for every single data category requested (i.e., 6 states were unable to provide Medicaid information, and 13 states did not supply information about SSI/Social Security Benefits amounts) we have included all states aside from New York and Wisconsin in our calculation of the federal, state, and local shares. Due to the relatively small contribution of SSI/Social Security Benefits dollars to the states' total expenditures (both in dollar amount and percentage), we determined that including those states that could not report this information would not have a noticeable impact on the resulting amounts reported.

For the six states missing Medicaid data for SFY 2006 (Arizona, Louisiana, Mississippi, New York, Virginia, and West Virginia), three of the states (Louisiana, New York, and Virginia), reported using no Medicaid dollars for child welfare purposes in at least three prior rounds of the survey. Based on this historical expenditure pattern by the states, it is likely that their use of Medicaid in SFY 2006 was also minimal to none. The other three states (Arizona, Mississippi, and West Virginia), however, have used Medicaid funds in the past and can not be presumed to have used no Medicaid dollars for SFY 2006. To measure the potential impact on the overall findings of including these six states in the calculation of federal, state, and local shares, we conducted a sensitivity analysis by computing the data in two ways: first including the six states in the calculations, and then excluding them entirely. When the six states were excluded from the computation (in addition to Wisconsin) the resulting data are: federal share (47.47%), state share (41.05%), and local share (11.48%). Each of these amounts is less than 0.5% off of the results calculated when the six states *are* included (47.91%, 40.97%, and 11.12%, respectively). Therefore, we have included these states in the federal, state, and local share statistic. Including the states that could not provide Medicaid data is also consistent with methodologies employed in earlier rounds of the survey. However, these six states are excluded from all calculations involving the proportions of the various funding streams under the federal funding category, with the recognition that their inclusion would likely underestimate the national Medicaid contribution and overestimate the other federal categories.

<sup>7</sup> Comparison of federal funds and state funds between SFY 2004 and SFY 2006 excludes Maine and South Carolina, who did not complete the SFY 2004 survey.

<sup>8</sup> Comparison of federal funds and state funds between SFY 1996 and SFY 2006 excludes Virginia, who did not complete the SFY 1996 survey.

<sup>9</sup> Arizona, Louisiana, Mississippi, New York, Virginia, and West Virginia were unable to provide Medicaid data, and thus were excluded from this analysis.

<sup>10</sup> States were asked to report only Title IV-E funds claimed for child welfare services in this section of the survey, and to exclude from their response IV-E funds drawn down by other agencies, such as juvenile justice. Tennessee noted, however, that juvenile justice is a part of the child welfare system in their state. Where possible they excluded juvenile justice amounts, but explained that this wasn't possible for case management and most residential care costs.

<sup>11</sup> Calculation includes HHS claims data for Maine and South Carolina for SFY 2004, rather than state survey reports.

<sup>12</sup> Calculation includes HHS claims data for Hawaii and Virginia for SFY 1996, rather than state survey reports.

<sup>13</sup> Hawaii, Maryland, Montana, Nevada, and Pennsylvania were unable to provide complete breakdowns of their Title IV-E expenditures for SFY 2006 into the Foster Care and Adoption Assistance programs. Therefore, HHS claims data for SFY 2006 were utilized for these states in order to estimate national expenditures in each IV-E program (although Pennsylvania did provide Chafee expenditures). The total IV-E amounts reported by the states in the SFY 2006 survey were used to calculate an estimated amount expended in each IV-E subcategory, using proportional amounts claimed to HHS.

<sup>14</sup> All comparisons for expenditures from the IV-E Foster Care program between SFY 2004 and SFY 2006 exclude Hawaii, Maryland, Maine, Montana, Nevada, Pennsylvania, and South Carolina due to incomplete data.

<sup>15</sup> Nevada and Wyoming did not provide foster care penetration rates for SFY 2006.

<sup>16</sup> To calculate a national average based on the individual penetration rates reported by the 49 states, penetration rates were weighted based on each state's foster care population. Using data from HHS' Children's Bureau (U.S. DHHS, 2008c) the number of children served in foster care in FFY 2006 was calculated for each state. To compute this figure, we summed the number of children in care on the last day of the fiscal year (September 30) with the number of children exiting care throughout the fiscal year. With the number of children served and the penetration rate for each of the 49 states, we then calculated the number of children in each state for whom federal IV-E foster care reimbursement was received. We summed this number for each of the 49 states to compute the total number of children receiving IV-E reimbursement in those states, and divided this by the total number of children served in foster care in the 49 states.

Previous rounds of the survey did not use this weighted methodology, and thus the rates originally reported for SFYs 2000, 2002, and 2004 have changed. The average penetration rates for the U.S. reported in those years were computed by calculating the average percentage reported by the states, rather than taking into consideration the varying size of the foster care populations in each state. Revisions to the earlier data using the more appropriate weighted methodology for each fiscal year result in national penetration rates of: 67% (2000), 60% (2002), and 57% (2004), based on rates reported by 41, 47, and 46 states, respectively. Foster care data for the computation of the weighted penetration rates in 2002, 2002, and 2004 were obtained from the HHS Children's Bureau (U.S. DHHS, 2008c), and data available through the Child Welfare League of America's National Data Analysis System ([www.ndas.cwla.org](http://www.ndas.cwla.org)).

<sup>17</sup> The national IV-E penetration rate reported here differs from the national figure from AFCARS that the Administration of Children and Families at the US Department of Health and Human Services uses. The authors have discussed this discrepancy with staff from HHS, and while the exact cause of the differing figures is not entirely clear, it is likely that definitional issues regarding how AFCARS defines who is a child in foster care, and the definitions that individual states use to arrive at the numbers they have reported in this survey are contributing factors.

<sup>18</sup> Weighted average of penetration rate with 49 states in SFY 2006 is 57.35. Weighted average of penetration rate with 46 states in SFY 2004 averages is 56.85. Although both figures round to 57%, the slight decline may be due to rounding error.

<sup>19</sup> Comparison of foster care penetration rates between SFY 1996 and SFY 2006 excludes: Arkansas, Connecticut, Delaware, Maine, Massachusetts, Missouri, Nebraska, Nevada, North Dakota, Pennsylvania, South Carolina, South Dakota, Virginia, Wisconsin, and Wyoming.

<sup>20</sup> Comparison of foster care penetration rates between SFY 2004 and SFY 2006 excludes Maine, Nevada, South Carolina, Wisconsin, and Wyoming.

<sup>21</sup> In both the SFY 2004 and SFY 2006 surveys, states were asked to report either a specific percentage or an approximate range (e.g., 21-30%, 31-40%) for their foster care penetration rate. States were classified as increasing their penetration rate between 2004 and 2006 if: a) they reported a specific percentage in both years, and the percentage in 2006 was greater than the percentage in 2004; b) they reported a range in both years, and the range reported in 2006 was greater than the range reported in 2004; or c) they reported either a percentage in 2006 and a range in 2004, and the percentage in 2006 was higher than the range in 2004, or they reported a range in 2006 and a percentage in 2004, and the range reported in 2006 was higher than the percentage reported in 2004. Comparable methodology was used to detect decreases.

<sup>22</sup> These percentages have not been weighted to account for the varying amounts of administration and overhead dollars used in each state that responded to these questions. Therefore, the average percent reported by the states cannot be interpreted as a national average for spending on caseworker salaries and/or eligibility determination.

<sup>23</sup> Georgia's data was calculated for the time period between 5/2007 and 9/2007 rather than SFY 2006.

<sup>24</sup> Includes calculations based on HHS claims data for the 5 states that were unable to provide a complete breakdown of SFY 2006 Title IV-E expenditures (Hawaii, Maryland, Montana, Nevada, Pennsylvania).

<sup>25</sup> All comparisons for expenditures from the IV-E Adoption Assistance program between SFY 2004 and SFY 2006 exclude Hawaii, Maryland, Maine, Montana, Nevada, Pennsylvania, and South Carolina due to incomplete data.

<sup>26</sup> To calculate a national average based on the individual penetration rates reported by the 47 states, penetration rates were weighted based on each states' population of adopted children for whom Title IV-E adoption reimbursement claims were submitted to HHS. Data from HHS' Children's Bureau provided the average monthly number of children for each state for whom claims were submitted. With this number and the adoption penetration rate for each of the 47 states, we then calculated the number of children in each state for whom federal IV-E adoption subsidy reimbursements were received. We summed these figures for each state to compute the estimated monthly number of children receiving IV-E reimbursement from all 47 states combined, and divided this by the total average monthly number of children for whom claims were submitted for the 47 states.

Previous rounds of the survey did not use this weighted methodology, and thus the rates originally reported for have changed. The average penetration rates for the U.S. reported in those years were computed by calculating the average percentage reported by the states, rather than taking into consideration the varying size of the number of adopted children from whom IV-E reimbursement was claimed in each state. Therefore, previous years' penetration rates were revised using the more appropriate weighting methodology. Revisions to the earlier data indicate national penetration rates of: 81% (2002), and 79% (2004), based on rates reported by 44 and 45 states, respectively.

<sup>27</sup> Penetration rate with 47 states in SFY 2006 averages to 79.61. Penetration rate with 45 states in SFY 2004 averages to 79.48. Slight decline may be due to rounding error.

<sup>28</sup> Comparison of adoption penetration rates between SFY 2002 and SFY 2006 excludes Connecticut, Delaware, Georgia, Hawaii, Indiana, Maine, Massachusetts, Montana, Nevada, North Carolina, South Carolina, Virginia, and Wyoming. For all years, ranges of "Over 80" reported by states for their adoption penetration rates were converted into an approximate percentage for calculation purposes. The average percentage for each year reported by states that were able to provide a specific percentage above 80% was used as the designated number for the "Over 80" states, to enable calculations. The percentages used for this group are as follows: 85.29% (2006), 86.28% (2004), and 86.36% (2002).

<sup>29</sup> Comparison of adoption penetration rates between SFY 2004 and SFY 2006 excludes Georgia, Maine, Montana, Nevada, South Carolina, Virginia, and Wyoming.

<sup>30</sup> Some states included their ETV amounts directly in their Chafee dollars, while others listed these funds in the "other" category. When possible, we removed ETV dollars from the "other" category and placed them under Chafee instead. Some states were unable to specifically categorize all the funds in their "other" category, however, and thus the "other" category may contain some ETV funds. Therefore, the total Chafee dollars reported here may be a small underestimation due to ETV funds that may not have been captured in their entirety.

<sup>31</sup> Calculation includes HHS claims data for Maine and South Carolina for SFY 2004, rather than state survey reports.

- <sup>32</sup> Calculation excludes Arizona, and includes HHS claims data for Hawaii and Virginia for SFY 1996, rather than state survey reports.
- <sup>33</sup> Comparison of non-dedicated federal funds in SFY 2004 and SFY 2006 excludes: Arizona, Hawaii, Indiana, Louisiana, Maine, Michigan, Mississippi, New York, South Carolina, Virginia, West Virginia, and Wyoming.
- <sup>34</sup> National proportion of federal funds from SSBG, Medicaid, and TANF excludes the six states that could not provide Medicaid data for SFY 2006: Arizona, Louisiana, Mississippi, New York, Virginia, and West Virginia.
- <sup>35</sup> Comparison of TANF expenditures (excluding TANF dollars transferred to SSBG) in SFY 2004 and SFY 2006 excludes Hawaii, Maine, and South Carolina.
- <sup>36</sup> Comparison of TANF expenditures (excluding TANF dollars transferred to SSBG) in SFY 1996 and SFY 2006 excludes Delaware, Hawaii, and Virginia.
- <sup>37</sup> Total TANF funds for SFY 2006 (including TANF dollars transferred to SSBG) excludes DC and Pennsylvania.
- <sup>38</sup> Comparison of TANF expenditures (including TANF dollars transferred to SSBG) in SFY 1996 and SFY 2006 excludes Delaware, DC, Hawaii, Pennsylvania, and Virginia.
- <sup>39</sup> Comparison of SSBG expenditures (including TANF dollars transferred to SSBG) in SFY 2004 and SFY 2006 excludes Maine and South Carolina.
- <sup>40</sup> Comparison of SSBG expenditures (including TANF dollars transferred to SSBG in SFY 2006) in SFY 1996 and SFY 2006 excludes Alaska, Connecticut, Hawaii, Michigan, Nebraska, Virginia, and Wisconsin.
- <sup>41</sup> Total SSBG funds for SFY 2006 (excluding TANF dollars transferred to SSBG) excludes DC and Pennsylvania.
- <sup>42</sup> Comparison of SSBG expenditures (excluding TANF dollars transferred to SSBG in 2006) in SFY 1996 and SFY 2006 excludes Alaska, DC, Connecticut, Hawaii, Michigan, Nebraska, Pennsylvania, Virginia, and Wisconsin.
- <sup>43</sup> Comparison of Medicaid expenditures in SFY 2004 and SFY 2006 excludes Arizona, Hawaii, Indiana, Louisiana, Maine, Michigan, Mississippi, New York, South Carolina, Virginia, West Virginia, and Wyoming.
- <sup>44</sup> In prior rounds of the survey, Medicaid data was excluded for three states (California, Ohio, and Maryland), due to the dollars reported by these states being associated with case management activities classified as an administrative function, rather than a service. However, based on our consultation with Medicaid experts, it was determined that these types of administrative activities performed by the child welfare agency should be considered a child welfare Medicaid expense and captured in the survey. Therefore, we included these types of administrative costs in this year's survey, and also replaced Medicaid data for these three states that had been previously removed from prior years.
- <sup>45</sup> Comparison of Medicaid expenditures in SFY 1996 and SFY 2006 excludes Alaska, Arizona, Hawaii, Louisiana, Michigan, Mississippi, New York, Virginia, and West Virginia.
- <sup>46</sup> Kansas notes that this disallowance is the result of different interpretations of their Medicaid plan, which has been an ongoing situation for their state over the past several years. The \$8.7 million reported as a disallowance by Kansas for SFY 2006 was removed from the Medicaid total they originally reported, to more accurately capture the federal Medicaid expenditures.
- <sup>47</sup> In the SFY 2004 survey, states were asked to include these amounts into the "other federal funds" category rather than provide a separate estimate.
- <sup>48</sup> Texas and New Mexico reported child support collection dollars in their SSI/Survivor's Benefits amount.
- <sup>49</sup> Comparison of state expenditures for child welfare in SFY 2004 and SFY 2006 excludes Maine and South Carolina.

<sup>50</sup> Comparison of state expenditures for child welfare in SFY 1996 and SFY 2006 excludes New Mexico, Rhode Island, Virginia, and Wisconsin.

<sup>51</sup> Comparison of local expenditures for child welfare in SFY 2004 and SFY 2006 excludes Hawaii, Iowa, Kansas, Maine, Missouri, Nevada, New York, Oklahoma, South Carolina, South Dakota, and Wisconsin.

<sup>52</sup> Comparison of local expenditures for child welfare in SFY 1996 and SFY 2006 excludes Iowa, Maryland, Michigan, Missouri, Montana, New York, Oklahoma, Oregon, Virginia, and Wisconsin.

<sup>53</sup> Not applicable for D.C.

<sup>54</sup> Implementation of regulations for these changes have been at least temporarily suspended by Congressional action.

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