

# Child Welfare Agency Spending in Alabama in SFY 2020



Child welfare agencies across the United States are charged with protecting and promoting the welfare of children and youth who are at risk of or have been victims of maltreatment. State and local child welfare agencies rely on multiple funding streams to administer programs and services. In state fiscal year (SFY) 2020, state and local child welfare agencies spent \$31.4 billion of federal, state, local, and other funds. While many funding sources are available to child welfare agencies, each source has its unique purposes, eligibility requirements, and limitations creating a complex financing structure that is challenging to understand and administer. Each state's unique funding composition determines what services are available to children and families and the way in which child welfare agencies operate.

This document presents information on child welfare agency expenditures in Alabama for SFY 2020<sup>1</sup> collected through Child Trends' national survey of child welfare agency expenditures.

## Other available resources

This document is one of many child welfare financing resources available on the [Child Trends](#) website, including a summary of national findings and detailed information on the following funding sources used by child welfare agencies:

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

## Overall Expenditures<sup>2</sup>

	Amount in SFY 2020	% Change from	
		SFY 2018	SFY 2010
<b>Overall</b>	\$281,380,539	N/A	N/A
Federal	\$143,928,938	N/A	N/A
State	\$137,373,601	-6%	-22%
Local	\$78,000	-98%	-75%
Offsets and other <sup>3</sup>	Unable to provide	N/A	N/A

## Federal Expenditures

### Title IV-E

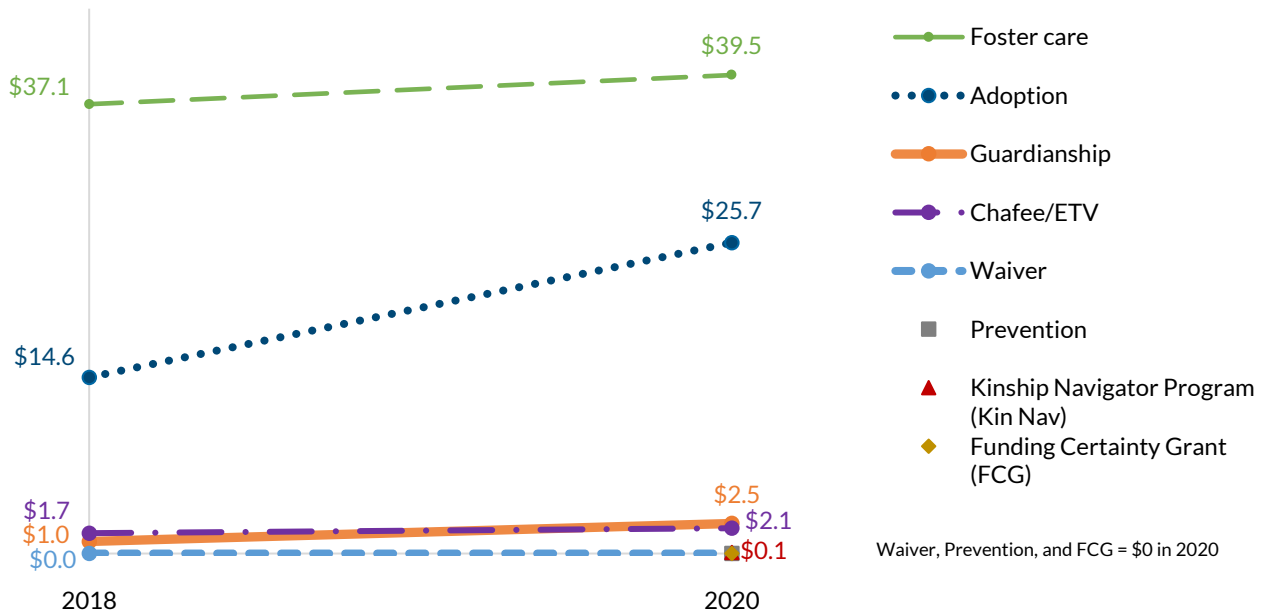
Total in SFY 2020: \$69,849,966

Change from SFY 2018: 29%

Title IV-E of the Social Security Act can be used for foster care, adoption, guardianship, prevention, kinship navigation, and supports for transition-age youth (Chafee and Education and Training Vouchers).<sup>4</sup> Some states, but not Alabama, also reported Title IV-E waiver expenditures and the expenditure of Funding Certainty Grants for SFY 2020.<sup>5</sup>

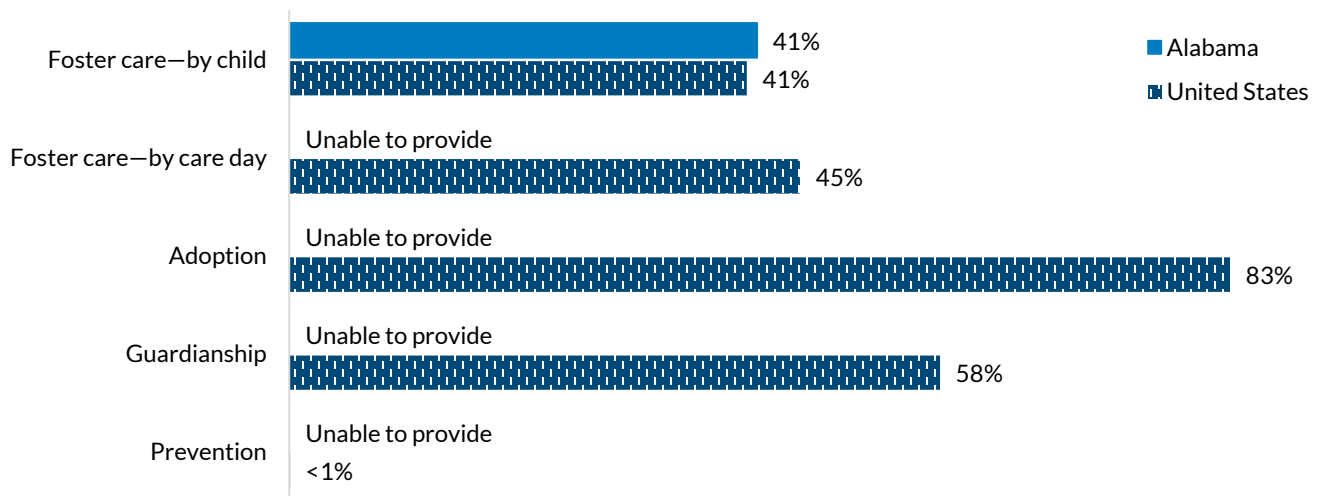
Of the \$70 million in Title IV-E expenditures in SFY 2020, all was spent by state/local child welfare agencies on child welfare services and activities.<sup>6</sup> Among these services and activities, there were increased expenditures across all programs compared to SFY 2018.<sup>7</sup>

**Title IV-E Spending**  
(in millions of dollars)



**Title IV-E coverage rates**

States can claim Title IV-E funds as reimbursement for foster care maintenance payments, adoption assistance payments, guardianship assistance payments, and prevention services. The following chart shows the percentage of such payments reimbursed by Title IV-E. The foster care coverage rate is calculated as a proportion of children and as a proportion of the number of days children spent in foster care (i.e., “care days”).<sup>8</sup>



## Family First Prevention Services Act

The federal Family First Prevention Services Act (Family First Act) was signed into law on February 9, 2018, and amends Title IV-E of the Social Security Act and other child welfare programs. The Family First Act allows states and eligible tribes with a prevention plan approved through the Administration for Children and Families (ACF) to seek Title IV-E reimbursement for preventive services provided to families with children at risk of entering foster care (“candidates for foster care”) or pregnant or parenting youth in foster care. The status of each state’s prevention plan is available on ACF’s website.<sup>9</sup> These preventive services include evidence-based and approved mental health services, substance use treatment, and in-home parent skill-based programs. These services have no income eligibility requirements, and states have some flexibility to define “candidates for foster care,” thus enabling reimbursement for these services for more children than other Title IV-E programs. Additionally, for children and youth who do ultimately enter foster care, the Family First Act recommends that children be placed with families (kinship or foster) and limits the types of congregate care placement settings eligible for federal reimbursement. The law also allows Title IV-E funds to help reimburse foster care maintenance payments for children placed with their parent in a substance use treatment facility and to pay for eligible evidence-based kinship navigator programs. This landmark legislation was followed by the Family First Transition Act (Transition Act), passed in 2019, which provides \$500 million in time-limited funding to give states additional flexibility and support to implement the Family First Act. The Transition Act also provides Funding Certainty Grants to jurisdictions that had a Title IV-E waiver demonstration project that operated through September 30, 2019, to help mitigate negative fiscal impacts due to the end of the waiver. The data in this report capture SFY 2020 expenditures, which is the first fielding of this survey in which states could have received reimbursement for new programs authorized through the Family First Act and new funds through the Transition Act. On this survey, 19 states reported expenditures from these new funding streams. The changes introduced by the Family First Act (and the Transition Act) have begun to directly impact child welfare financing and will continue to do so.

## Title IV-B

**Total in SFY 2020:** \$9,712,391

**Change from SFY 2018:** 1%

Title IV-B<sup>10</sup> of the Social Security Act can be used for a variety of child welfare services, including preventing maltreatment, family preservation, family reunification, services for foster and adopted children, and training for child welfare professionals.

## Medicaid

**Total in SFY 2020:** Unable to provide

**Change from SFY 2018:** N/A

Medicaid<sup>11</sup> covers health-related services for millions of low-income individuals. Children who are eligible for Title IV-E foster care, adoption, or guardianship programs are automatically eligible for Medicaid.

## Social Services Block Grant

**Total in SFY 2020:** \$31,084,210

**Change from SFY 2018:** 34%

The Social Services Block Grant (SSBG)<sup>12</sup> is a flexible source of federal funds that child welfare agencies can use to promote self-sufficiency, prevent or remedy child maltreatment, reduce inappropriate use of institutional care, and more.

## Top categories of SSBG spending by child welfare agencies in Alabama:

- **Case management services:** services or activities for arranging, coordinating, and monitoring services
- **Child protective services:** services or activities to prevent or remedy maltreatment of children (e.g., immediate investigation and intervention, emergency shelter, developing case plans, assessment/evaluation of family circumstances, arranging alternative living arrangements)
- **Administrative costs**

## Temporary Assistance for Needy Families

Total in SFY 2020: \$32,217,349

Change from SFY 2018: 81%

In addition to providing cash assistance to low-income families, Temporary Assistance for Needy Families (TANF)<sup>13</sup> can also be used to support a variety of child welfare activities. TANF offers states flexibility in how to use funding to support children involved in the child welfare system.

## Top categories of TANF spending by child welfare agencies in Alabama:

- **Other child welfare services:** services provided to children and families at-risk of or involved in the child welfare system (e.g., legal action, transportation, independent living services)
- **Emergency assistance:** assistance or benefits authorized solely under prior law
- **Family preservation services:** community-based services to help children remain in or return to their homes (e.g., respite care, parenting skills classes, individual or family counseling)

## Other federal funds

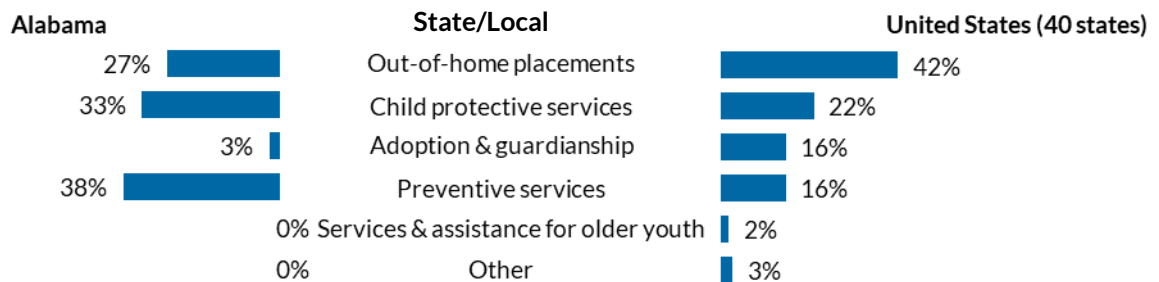
Total in SFY 2020: \$1,065,022

Change from SFY 2018: 28%

In addition to the major federal sources, child welfare agencies may use other federal funding streams, such as: the Child Abuse Prevention and Treatment Act; Community-Based Child Abuse Prevention grants; Children’s Justice Act; Adoption Opportunities; Adoption and Legal Guardianship Incentive Awards; Maternal, Infant, and Early Childhood Home Visiting programs; Family First Transition Act grants; Coronavirus Relief Funds; and others.<sup>14</sup>

## Use of Funds

Alabama’s use of state/local funds differs from the national pattern.<sup>15</sup> The state spends a smaller proportion on out-of-home placement costs and a much larger proportion on preventive services costs.



## Top funding sources for child welfare expenses

Alabama identified the top funding sources for the following categories of child welfare expenses:

Service category	Sub-category	Top funding sources <sup>16</sup>
Out-of-home placements	All out-of-home placement categories	<ul style="list-style-type: none"> <li>Title IV-E</li> <li>State funds</li> <li>Local funds</li> </ul>
	Family foster care	<ul style="list-style-type: none"> <li>Title IV-E</li> <li>Title IV-B</li> </ul>
	Congregate care	<ul style="list-style-type: none"> <li>Title IV-E</li> <li>Title IV-B</li> </ul>
Preventive services	All preventive services categories	<ul style="list-style-type: none"> <li>TANF</li> <li>State funds</li> <li>Local funds</li> </ul>
	Parent skill-based programs and services	<ul style="list-style-type: none"> <li>Title IV-B</li> <li>Medicaid</li> <li>State funds</li> </ul>
	Substance use prevention and treatment	<ul style="list-style-type: none"> <li>Medicaid</li> <li>Local funds</li> </ul>
	Mental health treatment programs and services	<ul style="list-style-type: none"> <li>Medicaid</li> <li>State funds</li> </ul>
	Financial supports	<ul style="list-style-type: none"> <li>Local funds</li> </ul>
	Caseworker visits and administration	<ul style="list-style-type: none"> <li>Title IV-E</li> <li>SSBG</li> <li>State funds</li> </ul>
Adoption and guardianship		<ul style="list-style-type: none"> <li>Title IV-E</li> <li>Title IV-B</li> </ul>
Child protective services		<ul style="list-style-type: none"> <li>Title IV-B</li> <li>TANF</li> <li>State funds</li> </ul>
Services and assistance for older youth		<ul style="list-style-type: none"> <li>Title IV-E</li> </ul>

## Adoption and guardianship costs

The following is a breakdown of Alabama's spending on adoption and guardianship costs. Administrative and training costs are included in the federal expenditures provided.

	Federal	State/Local
Adoption assistance	\$25,783,688	-
Post-adoption supports and services	-	-
Guardianship assistance	\$2,496,574	-
Post-guardianship supports and services	\$0	-

"-" means the state was unable to provide information.

<sup>1</sup> Each state reported data based on its State Fiscal Year 2020, which for Alabama was October 1, 2019 to September 30, 2020.

<sup>2</sup> See the main report (*Child Welfare Financing SFY 2020: A survey of federal, state, and local expenditures*) for more specific information about the methodology, interpretation of findings, and important caveats.

The survey instrument was revised over the 12 rounds of the survey, so some data are not directly comparable. See the main report for more details about changes to the survey and comparability.

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

When comparing two or more years, we conducted the analysis only if the state had comparable data in both years.

Alabama was unable to report Medicaid for SFY 2020 and offsets and other funds for SFY 2018 and SFY 2020, so total federal and total expenditures may be understated and some comparisons to other SFYs cannot be made. In addition, Alabama provided an approximation of local expenditures for SFY 2020.

<sup>3</sup> Alabama was unable to provide information about offsets, third party in-kind contributions, and private dollars for SFY 2020.

<sup>4</sup> By "foster care," we refer to the Title IV-E Foster Care Program, which comprises foster care maintenance payments, administration, training, and Statewide Automated Child Welfare Information System (SACWIS)/Comprehensive Child Welfare Information System (CCWIS) costs. By "adoption," we refer to the Title IV-E Adoption Assistance Program, which comprises adoption assistance payments, administration, and training. By "guardianship," we refer to the Title IV-E Guardianship Assistance Program, which comprises guardianship assistance payments, administration, and training. By "prevention," we refer to the Title IV-E Prevention Services Program, which comprises services, administration, and training. By "kinship navigation," we refer to the Title IV-E Kinship Navigator Program, which comprises payments for kinship navigator programs, administration, and training. By "transition supports," we refer to the Title IV-E Chafee Foster Care Program for Successful Transition to Adulthood/Education and Training Vouchers.

<sup>5</sup> Legislation enacted in 1994 granted time-limited authority through the Social Security Act for the federal government to waive state compliance with specific Title IV-E eligibility requirements for states participating in approved child welfare demonstration projects. These cost-neutral demonstration projects (or "waiver projects") were developed to promote innovation in designing and delivering child welfare services to support child safety, permanency, and well-being. Waiver projects were required to be cost-neutral to the federal government (i.e., states did not receive more federal funds than they would have in the absence of the waiver) and were required to have an evaluation component. Even with a waiver, states were required to cover all activities they are obligated to provide as part of the IV-E program. All waiver projects ended September 2019. (Stoltzfus, E. (2018). *Child Welfare: An Overview of Federal Programs and Their Current Funding*. Congressional Research Service, (R43458; January 2, 2018), Washington, D.C. <https://crsreports.congress.gov/product/pdf/R/R43458>)

<sup>6</sup> Title IV-E can also be used as reimbursement or passed through to tribes or spent on other allowable services/activities administered by child welfare agencies or other entities, such as juvenile justice, early childhood, behavioral health, or developmental disabilities programs.

<sup>7</sup> States were instructed to report any IV-E waiver dollars separately from any other IV-E dollars, meaning that a state could have reported \$0 for any individual IV-E program (e.g., foster care). However, that does not mean that the state did not use IV-E dollars

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for foster care; rather, it means that all expenditures for those kinds of services or activities were captured under the IV-E waiver amount it reported.

<sup>8</sup> The foster care coverage rate (or “penetration rate”) by child reflects the percentage of all children in out-of-home placements for which the state claimed Title IV-E funds as reimbursement for foster care maintenance payments. The national foster care coverage rate (by child) is based on an analysis of 46 states.

The foster care coverage rate by care day reflects the percentage of total care days for which the state claimed Title IV-E funds as reimbursement for foster care maintenance payments. The national foster care coverage rate (by care day) is based on an analysis of 29 states.

The adoption coverage rate reflects the percentage of children receiving adoption assistance payments for which the state claimed Title IV-E funds as reimbursement for those payments. The national adoption coverage rate is based on an analysis of 44 states.

The guardianship coverage rate reflects the percentage of children receiving guardianship assistance payments for which the state claimed Title IV-E funds as reimbursement for those payments. The national guardianship coverage rate is based on an analysis of 38 states.

The prevention coverage rate reflects the percentage of children who received prevention services for which the state claimed Title IV-E funds as reimbursement for those services. The national prevention coverage rate is based on an analysis of 16 states.

The national IV-E foster care, adoption, guardianship, and prevention coverage rates vary, due in part to different eligibility criteria for the programs.

See the main report for the methodology used to calculate these rates.

<sup>9</sup> Learn more about each state’s prevention plan at: <https://www.acf.hhs.gov/cb/data/status-submitted-title-iv-e-prevention-program-five-year-plans>

<sup>10</sup> For this survey, states were asked to report their child welfare agency’s(ies’) total federal IV-B expenditures for child welfare services/activities. They were told to exclude any IV-B dollars expended by non-profits, courts, or other entities in the state unless the funds flowed through the state/local child welfare agency to the outside entity and were spent on child welfare services/activities. Thus, because some IV-B dollars may have gone directly to, and been spent by, these outside entities, the total reported here may not represent the state’s total IV-B expenditures.

<sup>11</sup> For the survey, researchers asked states to report only Medicaid funds that covered costs borne by the child welfare agency and/or for which the child welfare agency paid the nonfederal match. It excludes Medicaid-funded costs for the child welfare population borne by any other agencies (e.g., the health department) unless the child welfare agency paid the nonfederal match and so excludes costs associated with health care coverage. It should be acknowledged, therefore, that this understates (by a significant, yet indeterminate, amount) the degree to which Medicaid supports children involved with the child welfare system and child welfare activities overall in the United States.

<sup>12</sup> The SSBG category names and definitions are condensed and/or summarized from the definitions on ACF’s uniform definitions of services webpage (U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services. (2009). *SSBG Legislation Uniform Definition of Services*. <https://www.acf.hhs.gov/ocs/resource/uniform-definition-of-services>)

<sup>13</sup> The TANF category names and definitions are condensed and/or summarized from the definitions in ACF’s instructions for completing federal TANF reporting forms (U.S. Department of Health and Human Services, Administration for Children and Families. (n.d.). *Instructions for the completion of state TANF financial report forms: ACF-196R and ACF-196*. [https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf\\_196r\\_instructions\\_final.pdf](https://www.acf.hhs.gov/sites/default/files/documents/ofa/acf_196r_instructions_final.pdf))

Total TANF expenditures exclude any funds transferred to the Social Services Block Grant (SSBG).

<sup>14</sup> The survey instrument was revised over the 12 rounds of the survey, so some data are not directly comparable. See the main report for more details about changes to the survey and comparability.

<sup>15</sup> Most states, including Alabama, were able to provide only approximations for how their funds were spent. Totals may not equal 100% due to rounding.

<sup>16</sup> This information is presented in no particular order.

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

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

**MAY 2023**