RESULTS FIRST
CHILD WELFARE SUMMARY

MANAGEMENT AND BUDGET

Child Welfare Summary

April 2018

County child welfare agencies, tribes, the Minnesota Department of Human Services, and the Minnesota Department of Health administer a range of services aimed at reducing and preventing child maltreatment and out-of-home care. These investments also have the opportunity to decrease crime, improve health care outcomes, and increase future earnings, thereby generating benefits to participants and the state.

Minnesota Management and Budget (MMB) worked with state and local partners to identify existing, publicly-funded child welfare services and estimate the benefits and costs of providing those services. The resulting inventory contains 74 services, many of which are available across the state while others are unique services created as counties explore new ways to support children and their families. As reflected in Figure 1, there are varying levels of research supporting the effectiveness of these services.

Figure 1: Summary of child welfare inventory

Note: A qualifying study uses a randomized control trial or quasi-experimental design, meaning there is a treatment and control group to test the impact of the service.

Category of Services: A group of services a client may receive, dependent on need. Some services may be evidenced-based, but they have not been studied holistically.

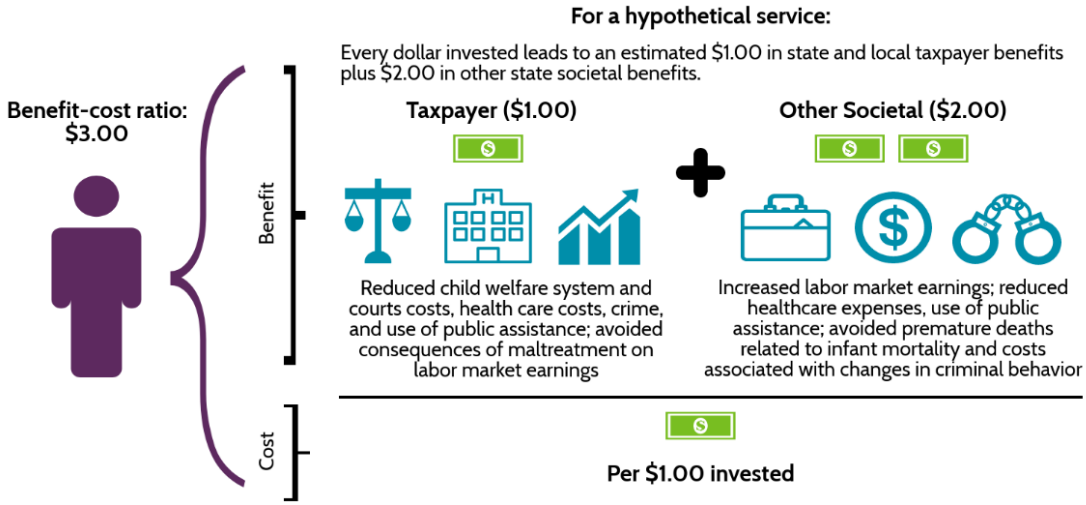
Eleven services in the Results First inventory (15 percent) are rated Proven Effective, meaning they have a strong enough base of research supporting their positive impact on maltreatment and out-of-home care outcomes. An additional 10 services are rated Promising based on the current available research conducted into those programs.

For a service to receive a Proven Effective or Promising rating, the service must have been studied using a randomized control trial or quasi-experimental design, meaning there is a treatment and control group to test the impact of the service. Researchers and practitioners have been disinclined to use such techniques to study some child welfare services because it could be perceived as unethical to deny services to potentially maltreated children and their families. However, some quasi-experimental designs can use statistical matching to create artificial control groups. Nevertheless, limited research in the child welfare field often leaves counties to pursue a course of action without good information on whether that action will cause improvements in children's wellbeing.

Benefit-cost analysis

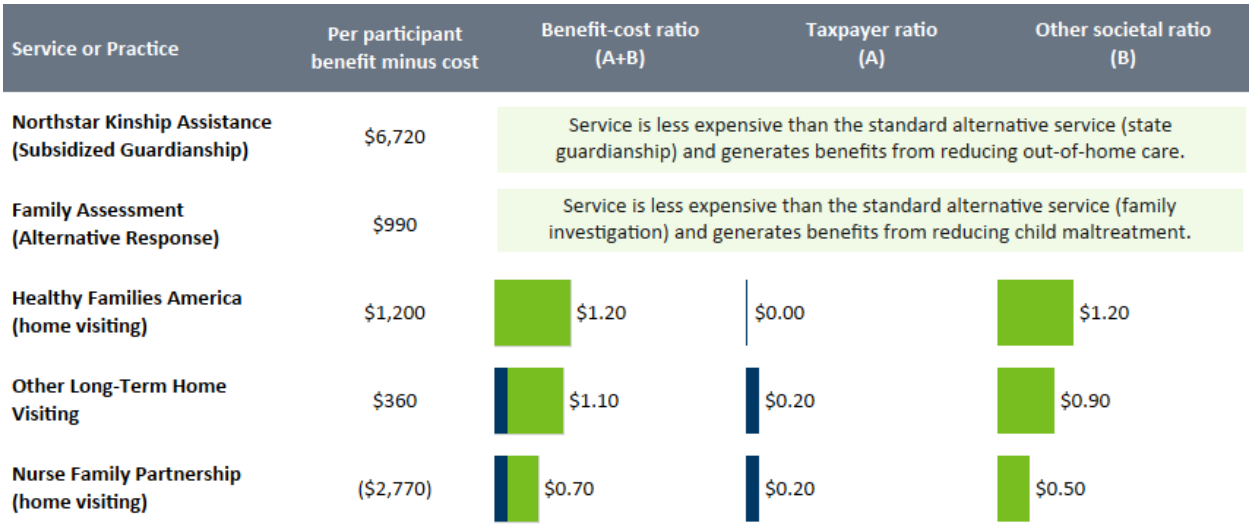
For five services, adequate research is available to conduct a benefit-cost analysis (see Figure 3). To estimate the ratios, MMB uses a statistical model that assigns dollar values to the benefits of decreasing child maltreatment and out-of-home care.

Figure 2: Explanation of a benefit-cost ratio



These projected outcomes come from existing rigorous evaluations of child welfare services. Four of the programs MMB examined have estimated benefits that exceed their costs. Estimated benefits per dollar invested range from $1.20 for Healthy Families America to $0.70 for Nurse Family Partnership. Northstar Kinship Assistance and Family Assessment are less expensive than the alternative intervention and therefore do not have an associated benefit-cost ratio. Most benefits accrue to participants through future labor market earnings.

Figure 3: Comparison of benefit-cost ratios for child welfare services



- ***Per participant benefit minus cost*** is the difference between the present value of cash inflows (anticipated benefits) from a given service and the present value of cash outflows (costs).
- ***Benefit-cost ratio*** is the net present value of anticipated benefits to state residents for every dollar invested in the service.
- ***Taxpayer benefits*** *(blue)* accrue from avoided child welfare system costs, avoided health care, public assistance, and criminal justice costs, and increased tax revenues from labor earnings.
- ***Other societal benefits*** *(green)* accumulate to society through increased labor market earnings, avoided health costs, avoided victimization costs, and in some cases avoided premature deaths related to infant mortality.

Marginal cost of child welfare involvement

MMB estimated the per-child marginal cost of providing services to a child involved with the child welfare system at various stages. These costs consider the work of the state, counties, courts, and law enforcement.

Figure 4: Child welfare system marginal cost per child

	Investigations and family assessments	Court cases and filings	Ongoing, in-home case management	Out-of-home care and case management	Adoptions
Estimated marginal cost	$1,090	$3,600 (CHIPS) $2,710 (Permanency)	$5,790	$28,290	$100,070

The model has several key elements, including the costs associated with maltreatment investigations, court involvement, ongoing case management, out-of-home care, and adoptions. These cost estimates represent marginal cost *averages*, and counties may experience variation, reflecting their unique populations, strengths, and challenges.

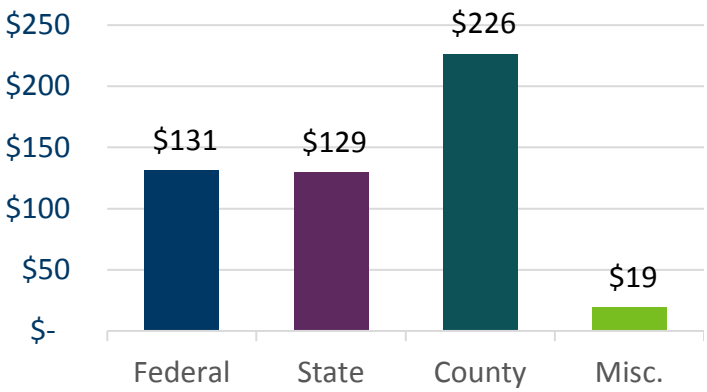
The marginal cost estimates include county, state, and federal costs and exclude tribal cost data. A Minnesota Association of County Social Services Agencies subcommittee representing fourteen counties, the Minnesota Department of Human Services, the Minnesota Courts, and others provided data to inform the cost model.

Funding and expenditures

In 2016, the federal government, the State of Minnesota, and the state's 87 counties spent more than $505 million on child welfare services for Minnesota children. This includes, but is not limited to, case management, investigations and assessments, out-of-home care, adoptions, and many of the administrative functions necessary to support these activities. Notably, it excludes court costs and tribal funding (except state dollars for American Indian Initiative tribes). In any given year, counties typically provide around half of the needed funding through property taxes and other local sources.

Case management – both in-home and during out-of-home care – is the largest expenditure, accounting for $125 million or nearly 25 percent of the costs. Family foster care payments and adoption and kinship care assistance account for $86 million and $71 million, respectively. Family investigation and family assessment is the other single, primary expenditure category, amounting to $49 million.

Figure 5: Minnesota child welfare system funding, by source (2016, in millions)



Results First background

Through the Minnesota Results First Initiative, MMB inventories publically-funded services and estimates the extent to which they generate positive, cost-effective outcomes for Minnesotans. MMB collaborates with state, local, and national partners to identify and estimate the benefits and costs of a range of public services that support the well-being of Minnesotans. Past efforts include work in adult criminal justice, juvenile justice, adult mental health, and adult and youth substance use. Future analyses will study higher education and children's mental health.

To learn more about the Results First Initiative and access the full child welfare inventory and report, please visit mn.gov/mmb/results-first or contact ResultsFirstMN@state.mn.us.