

# ***West Virginia Children and Families Funding Study***

## ***Update and Report on Trends in Public Expenditures FY 1999 through FY 2006***

June, 2008

*Supported By:*

*Division of Criminal Justice Services / Department of Military Affairs and Public Safety  
State of West Virginia*

### ***Background and Introduction***

This annual update on trends in state and federal expenditures that support services to children and families in West Virginia is the fifth follow-up report prepared annually for the West Virginia Children and Families Funding Study. The 2008 report analyses trends in public expenditures beginning in fiscal year 1999 and running through state fiscal year 2006 (June 30, 2006).

This ongoing project to monitor the level of expenditures through major funding streams was established in 2001. The initial funding study report was released in April of 2003 titled *The Big Picture*. This initial report provided an analysis over a three year period (FY 99 through FY 2001) of significant state and federal expenditures passing through state government agencies. The analysis was designed to monitor public expenditures by primary function. A functional analysis such as this is distinctly different from the way public expenditures are generally administered by state spending units (departments, bureaus, and offices). The functional categories selected allow for analysis of state and federal public investments in the children and families of West Virginia in six major areas regardless of which public agency (spending unit) is responsible for administrative oversight. Thus, the funding streams contributing to a particular functional area of support may be found within the budgets of multiple departments, bureaus, and offices of state government and, in some cases, these funding streams may be directed to local community programs or to individual recipients directly by the federal government.

Four of the functional areas studied make up the major service systems supported by state government. These are:

- Education,
- Health Care,
- Economic Support, and
- Safety & Family Stability.

The other two functional categories address economic and community development and they include:

- Economic Development, and
- Community Capacity Building.

The four major service systems (Education, Health Care, Economic Support, and Safety and Family Stability) account for 98.6% of all FY 2006 expenditures reviewed within the study. More than half (52.6%) of the total reported expenditures during state fiscal year 2006 were in the Education functional area. The state provides a significant portion of the funding for education related programs. 62.6% of the education expenditures in 2006 were state funds. Most of the remaining non-education expenditures examined by the study are federal funds made available through a broad range of federal programs. Federal funds make up 90% of the remaining non education related expenditures. The largest federal investment by far is Medicaid funding made available to the state to provide health related services to children and needy adults. The state must appropriate a certain level of matching funds in order to tap federal Medicaid funding<sup>1</sup> and many other federal programs require state matching at various levels as well. Much of the available state funding for non-education expenditures is required to match the federal funding available to the state.

The *Big Picture Report* provided “funding maps” of the major service systems within West Virginia and provided analysis of three year trends in spending (FY 1999 through FY 2001)<sup>2</sup>. The “funding maps” are diagrams that show how public funds flow from federal to state to local levels. Information available in the 2003 report and updates published since 2003 will not be repeated here. These reports are available at the Funding Study Website – <http://www.prevnet.org/fundingstudy>. This report provides an update of the expenditure data available through 2006 and analyzes trends in state and federal spending over an eight year period (FY 1999 through FY 2006).

Occasionally new federal or state funding streams are established that fall within the six functional categories described above, or a previously available funding stream may be eliminated. For example, funding streams related to the new federal Department of Homeland Security are incorporated into the funding study analysis for FY 2004 through FY 2006. These particular funding streams did not exist prior to FY 2004. Within the state budget, funds for Promise Scholarships were made available for the first time during FY 2002. Also, funds made available through a particular line item in the state budget may occasionally be combined or moved to another line in the budget.

In cases where relevant funding streams are newly established, eliminated, or combined with others, adjustments in the affected funding streams are made in order to monitor the expenditures within a particular category of services and programs in a consistent manner from one year to the next. This results in a reasonably accurate accounting of public expenditures by functional area and sub categories of spending over several years. Care is taken in each annual trends update to track the level of public expenditures over time in order to draw conclusions about changing policy priorities and funding levels.

The reader is urged to review the *Big Picture* report for background and a detailed analysis of each functional service system. If the reader is not familiar with the 2003 report, he or she may find it useful to review that report prior to reading this update. Detail on the various types of public funds available to the state, the methodology used to calculate expenditures, and useful information about source documents and methodology can be found in the 2003 report<sup>3</sup>.

Some of the expenditures monitored through the funding study are estimated when accurate data is not available. The most significant issue related to estimated expenditures is within the Medicaid program.<sup>4</sup>

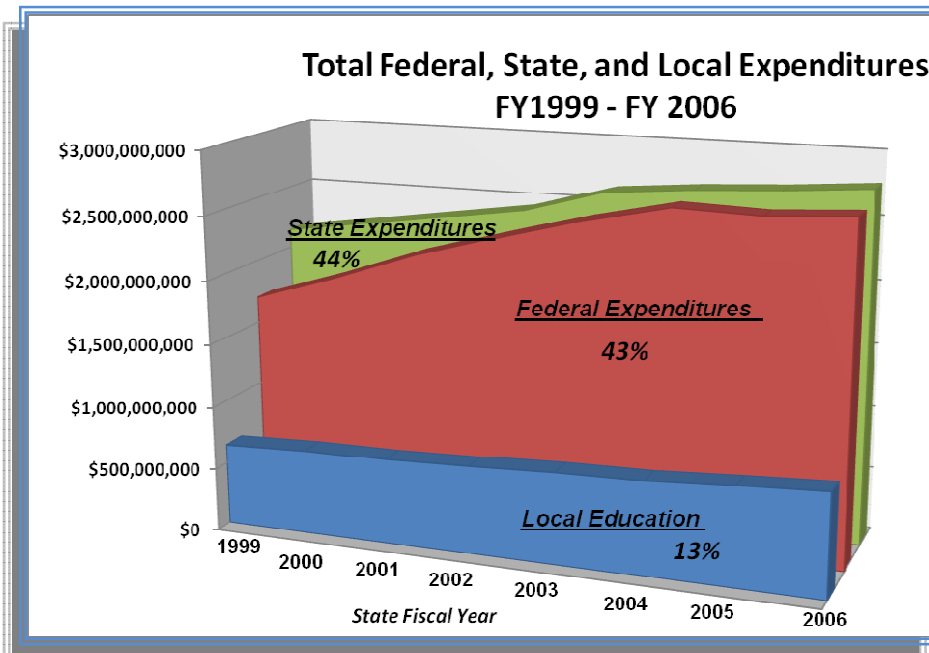
### *General Trends in Expenditures*

Total expenditures of public funds within West Virginia tend to increase each year. Increasing expenditures in real dollar terms are to be expected over time given consistently rising costs of goods and services due to the general inflation within the economy. During state fiscal year 2006, a steadily increasing trend in Education and Health expenditures continued and the increasing trend in Safety related programs over recent years also continued. Recent trends in other functional categories of public services reflect essentially stable levels or small declines (in real dollars).

Total expenditures in “real” dollars increased from FY 05 to FY 06 by about \$131 Million. Total state and federal expenditures have increased over the eight year period for which data has been compiled from approximately \$4.50 Billion in FY 1999 to \$6.25 Billion in FY2006, a thirty-nine percent increase. When adjusted for inflation (constant 1999 dollars) the percentage increase in total expenditures through all funding streams monitored was about 15% over the eight year period.

Funding streams monitored through this project are of three types: federal funds, state appropriated funds, and local education funds generated through property taxes. These three categories of expenditures make up the totals tracked in the annual updates and trends analysis. For FY 2006, state expenditures reflected in the study made up 44.2% of the total, federal expenditures accounted for 43.0%, and local education dollars provided 12.8% of the total.

**Chart 1**



The relative percentage of total expenditures over the eight year period (FY99 through FY2006) is graphically depicted in Chart 1.

There was a slight reduction in total federal expenditures (0.7%) through the funding streams included in the analysis from FY 2004 to FY 2005. Federal expenditures then increased in FY 2006

by 1.5%. Total state expenditures increased each year over the eight year period; however, the rate of increase during more recent years (2003-2006) has been less.

Total **Education** expenditures continued to rise during state fiscal year 2006. Total education expenditures increased by 25.37% over the eight year period (real dollars). Investments in **Early Care and Education** were essentially flat (FY 2005 to 2006); however, the overall increase in this sub-category of education is significant over the eight years (a 74.7% increase). As more children are enrolled in pre-K programs through the public education system, expenditures for early care and education have increased significantly. **K-12** expenditures rise each year (a 25.9% increase over the eight year period). **Higher Education** funding (state & federal support) declined for the third consecutive year in FY 2006. The percentage of increase within higher education programs over the entire eight year period of the study is only 5.4%.

**Health Care** expenditures continued to increase in FY 2006 reflecting the steady upward trend in healthcare costs over the entire eight year period. Total publicly funded health care expenditures captured in the analysis have doubled (97.7% increase) over the years studied in real dollars and health care expenditures have increased by 63.4% in constant 1999 dollars<sup>5</sup>. Health care inflation is historically higher than the general rate of inflation and annual increases in health expenditures is not surprising.

Overall spending to support low income families reflected in the funding streams within the **Economic Support** system increased in 2006 after a decline during the two previous years (FY 2004 & FY 2005). 2006 spending in this area remains below the 2004 level. Expenditures for the **Employment and Training** sub-category appear to have declined significantly during 2006 contributing further to a downward trend in this area since 2003. Expenditures for food and nutrition programs (primarily the federal stamp program) have steadily risen during the current decade and continue to increase. Expenditures in other areas contributing to Economic Support increased modestly.

The longer term (over the eight year period) is one of increased public investment in this area (a 24.8% increase over the period of the study). Almost all of the spending in the **Economic Support** area is from federal dollars (96.3%). State investment in **Economic Support** programs has declined in real dollars by 15.6% over the eight year period FY 99 through FY2006.

Total expenditures through the programs that make up the **Safety and Family Stability** service system increased in FY 2006 after a modest decline in FY 2005. The most notable increase was in the area of **Child Welfare** which saw significant increases in state appropriations for social services and child protective services. Public safety spending reflected a decrease in FY 2006 after increases were noted in 2004 and 2005. Initial federal investment in Homeland Security was reduced significantly in 2006. State expenditures for secure juvenile facilities (primarily juvenile detention centers) remained relatively constant after a recent upward trend over the period FY 2003-05. Expenditures in the Behavioral Health area have remained at about the same level over the three most recent years of the study (FY03-06). Overall spending in the **Safety and Family Stability** functional category increased in FY 2006 due to increases in child welfare spending. Expenditures within all the funding streams making up this functional area over the entire eight year period has increased by 77.6%.

Overall 2006 expenditures in the area of *Economic Development* and in the *Community Capacity Building* area declined as compared to the preceding year. Longer term trends in real dollar investments in these areas indicate increases over the eight years. For the fourth consecutive year, state investments in community capacity building were reduced. Although important to the overall well-being of local citizens, total spending in the economic development and community capacity building areas are extremely small when compared to spending in the four primary functional service systems addressed in the funding study and subsequent trends updates.

***Chart 2***

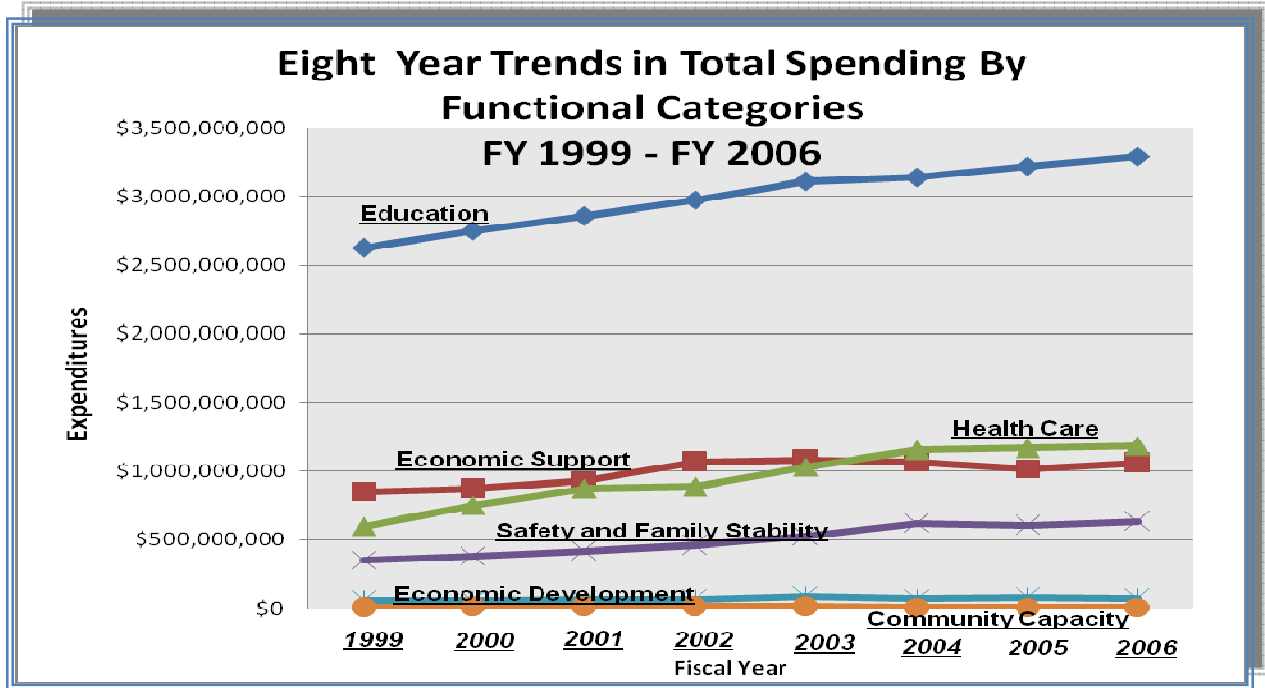


Chart 2 graphically depicts the trends in total expenditures over the eight year period of the study.

*Appendix A* at the end of the report lists the total expenditures identified within the six functional areas for each year of the study as well as the totals each year for sub-categories that make up the functional service systems. Figures adjusted for inflation are also found in *Appendix A*.

***Trends in Expenditures Corrected for Inflation***

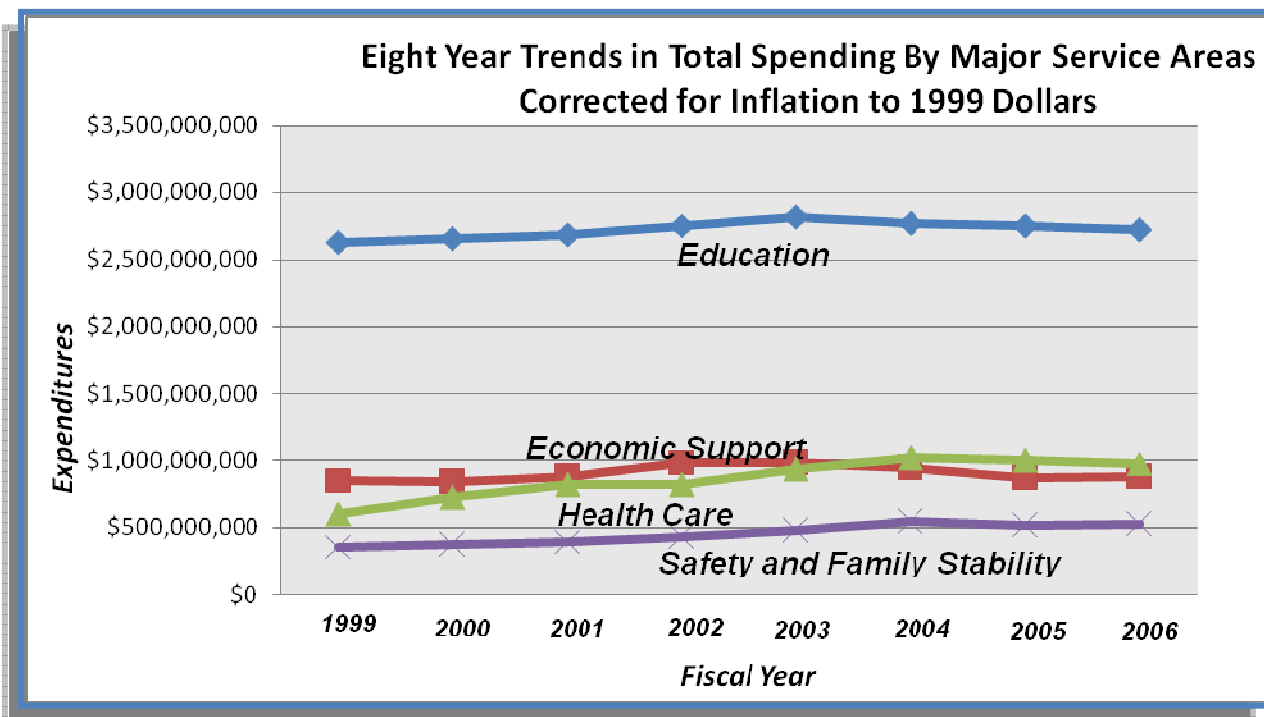
When expenditure levels are corrected for inflation and shown in constant 1999 dollars, the trend in public expenditures captured through the study continues to reflect general increases over the seven year period. The increases in total expenditures (state and federal) over the entire eight year period are much more modest when considered in constant 1999 dollars. The overall corrected increase in public expenditures within the funding streams monitored through the study is 14.8% over the eight year period.

Small increases in excess of that accounted for by inflation are noted for the functional areas of *Education* (3.6% increase) and *Economic Support* (3.1% increase). Somewhat larger increases are noted in the areas of Healthcare and Safety & Family Stability. When the expenditure figures are considered in constant 1999 dollars, spending on *Health Care* has increased by 63.4% and spending on *Safety and Family Stability* has increased by 46.8%.

Spending supporting *Economic Development* (corrected for inflation) has grown by 8.6% and investment in *Community Capacity Building* has declined over the eight year period by 13.0%.

Chart 3 graphically shows these trends in constant 1999 dollars. After generally rising levels of expenditures during the first five years of the study (FY1999-2003) expenditures in inflation adjusted dollars within each of the four major service systems has declined over the most recent three years (FY 2004-06).

**Chart 3**



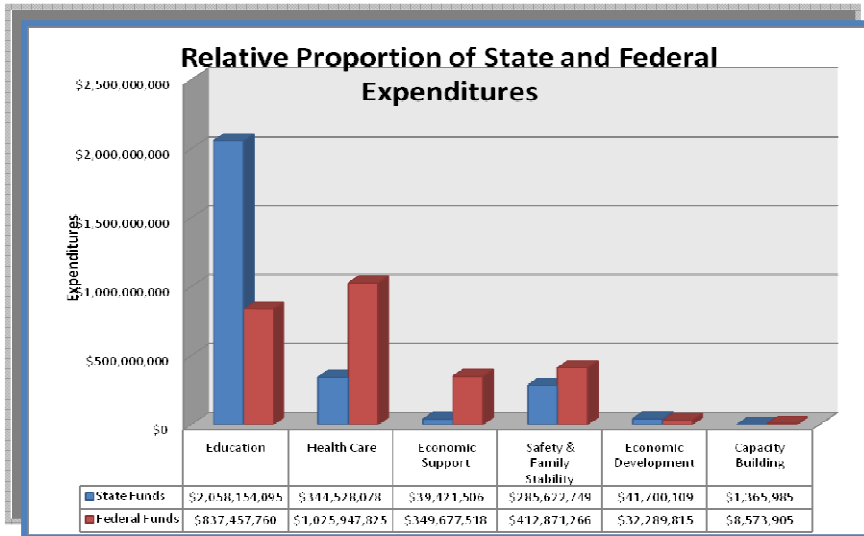
***Comparison of Federal and State Expenditures by Functional Category of Services***

The major functional categories of services monitored through the WV Children and Families Funding Study are all supported by a mix of federal and state funding. *Education* expenditures are predominately supported by state generated dollars (83.3% state funded in FY 2006) while expenditures for *Economic Support* programs are supported by federal funds. *Economic Support* programs including the areas of Economic Assistance, Nutrition and Food, Housing,

and Employment and Training are almost entirely federally funded (96.3% federal). Investments in *Community Capacity Building* are also primarily federal (86.3% federal funds).

Expenditures monitored through the study within the Safety and Family Stability functional area are shared more equally by the state and federal governments.

**Chart 4**



*Safety and Family Stability* services are supported by 42% state funds and 58% federal funds. Economic Development programs are also supported by a more balanced mix of state and federal funding (44% federal and 56% state).

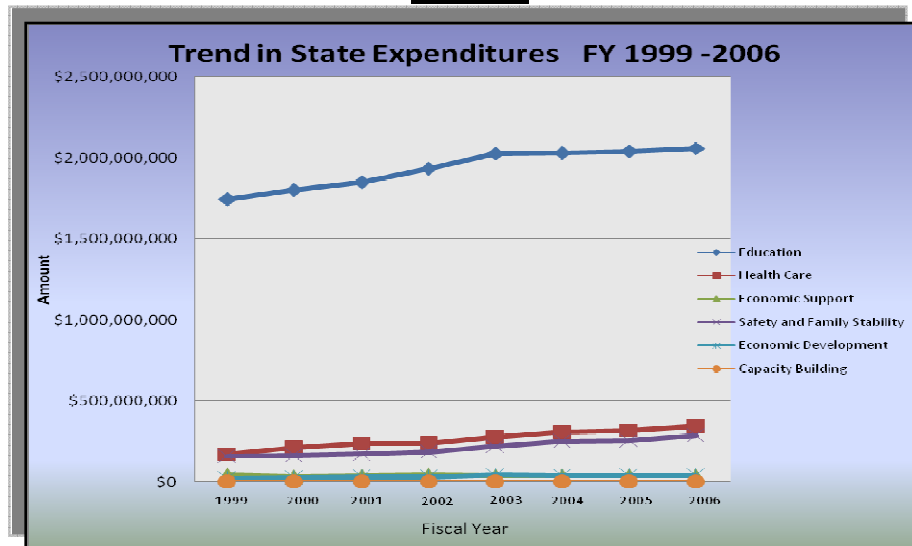
Chart 4 shows the relative percentage of federal and state expenditures within each of the major functional categories for FY 2006.

These relative percentages remain very much the same from one year to the next. Additional information about the proportions of state and federal spending making up each functional area of the study may be found in *Appendix B*.

**Trends in State Expenditures**

State expenditures included in the study have increased over the eight year period from \$2.148 billion to \$2.771 billion. This is an overall increase of 28.9%. *Public Education* accounts for the vast majority of all state dollars included in the study. Over two billion dollars in state funds were expended in 2006 for services and programs in the area of education (preschool, primary, secondary, and higher education). An additional \$816 million in local revenues was spent to support public education as well.

**Chart 5**



The eight year trend in state expenditures within the funding streams included reflects a steady increase in total state investment over the period for each of the functional categories.

Chart 5 graphically depicts the trends over

the eight year period in the expenditure of state funds only.<sup>6</sup>

All functional categories of services have seen increases in state spending over the eight years of the funding study except for Economic Support. Over the eight year period of the study, state spending on *Economic Support* services has declined by 15.6%.

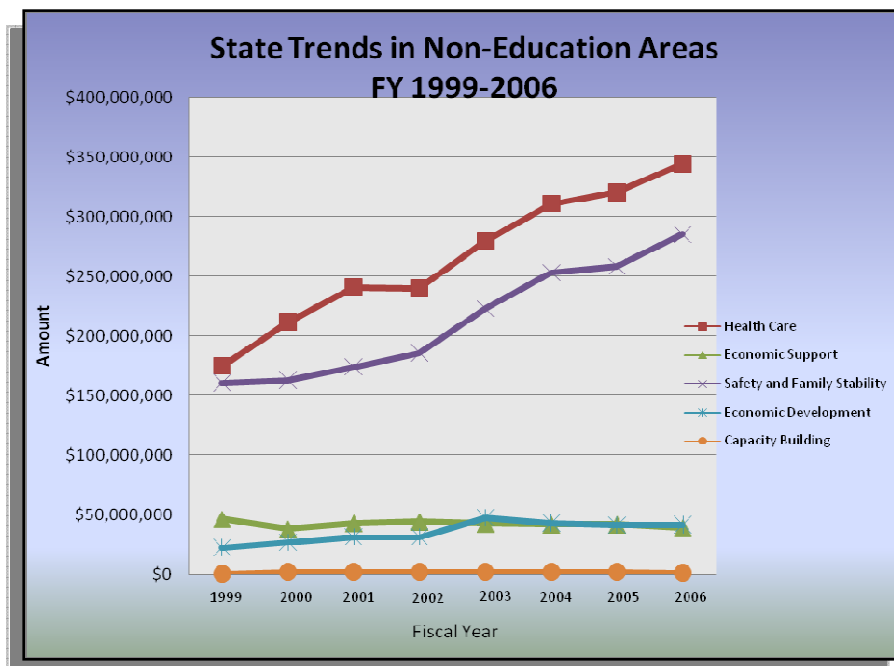
State spending for the *Health Care* system continues to increase driven primarily by state dollars used as Medicaid matching funds. The overall trend in state spending for publicly supported health care programs is one of increasing costs. Over the eight years, expenditures within the Health Care area have nearly doubled (a 97.3% increase in real dollars).<sup>7</sup>

Overall state investments in the *Safety and Family Stability* system have steadily increased during the period of the study. Total state spending in areas of safety and family stability has increased by 77.5% (real dollars) during the study period. Several recent increases in spending within the child welfare and public safety sub-category of programs has accounted for this upward trend. State appropriations for child welfare and secure juvenile detention facilities rose significantly over the three most recent years of the study (FY 2004-06). This was due to the establishment of several new juvenile detention centers and increases in state funding for social services and child protective services.

During the most recent year of the study (FY 2006) state investment in the sub category of **Child Welfare** increased by over \$20 million. State funding of Behavioral Health programs has remained essentially flat for the period FY 2004-06. The state does not fund any programs within the **Youth Development** sub-category of services.

The large state investments in education are quite apparent in the trend lines depicted in Chart 5. The state dollars supporting education exceed the two billion dollar level while state investments in other service systems do not approach that level.

*Chart 6*



Eight year trends in state expenditures for the other functional categories are easier to see in chart form when the education related expenditures are not shown.

Chart 6 shows only the trend lines in the non-education areas.

Chart 6 clearly indicates the significant increases over the eight year period in state spending within the *Health Care* and

*Safety and Family Stability* functional areas.

Sufficient state funds must be provided as required matching funds in order to maintain levels of federal funding available through the federal Medicaid program.<sup>8</sup> State funds must also be used for the construction or operation of secure correctional and detention facilities since federal funds are not available for these purposes. As a result these two cost centers have contributed to significant increases in state spending over the eight year period.

### *Trends in Federal Expenditures*

The general trend in federal spending through the funding streams included in the eight year analysis has been one of increasing expenditures over the period for all major categories of services. FY 06 federal expenditures have declined in some areas however. Total federal expenditures increased by 56.3% in real dollars and 29.2% in constant 1999 dollars when corrected for inflation. Total federal investments have increased significantly in three of the functional areas. Expenditures for *Healthcare* included in the study have nearly doubled (97.9% increase over eight years) since 1999 due largely to consistent increases in spending through the Medicaid program.

Expenditures in the area of *Safety and Family Stability* have increased over the period by 77.7%. Federal expenditures in the areas of behavioral health and child welfare have increased over the years these funding streams have been monitored. Federal funding for youth development programs was cut by about 25% in 2002 and has remained at this reduced level over the past five years of the study. Although overall federal funding has increased over the eight year period within the functional category of safety and family stability expenditures during the the most recent year (2006) show declines in some areas.

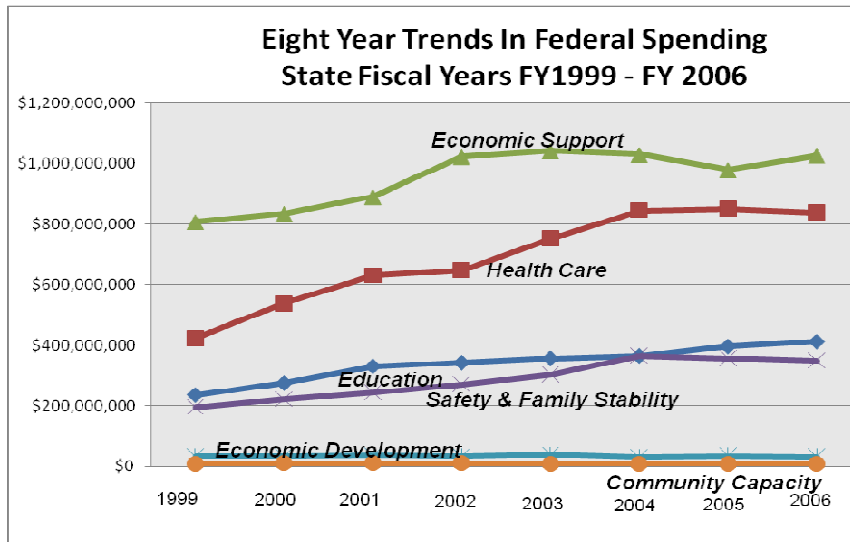
Federal *Education* dollars have increased each year that the funding streams have been tracked. Total Education expenditures by the federal government have increased by 74.8%. The federal increases have been primarily in the area of K-12 public education. Federal spending in higher education has been essentially flat during the period.

There was less of an overall increase in federal spending within the *Economic Support* area – a 27.1% increase over the eight year period. Economic assistance programs and food and nutrition programs have seen increases in real dollars over the eight years. Federal spending through employment and training programs increased during the period 1999-2003, followed by decreasing expenditures in this are over the period 2004-2006. Overall, federal investment in employment and training has declined by 41.8% over the eight year period. After declining in 2005, expenditures for public assistance (Temporary Assistance for Needy Families) increased during 2006.

Federal expenditures within the *Economic Development* functional category have fluctuated over the eight year period ranging from \$34 million to \$38 million. Overall, there has been a 4.9% decrease in federal economic development funding. Federal funds used to support local *Community Capacity Building* declined in 2006. Over the period of the study there has been an

overall decline of 6.2% in the federal expenditures for community capacity building that are included in the study.

**Chart 7**



Over the eight year period, trends in federal expenditures reflect overall increases within the four major service systems (Education, Health, Economic Support, and Safety/ Family Stability). Over the past three years of the funding study, the increasing trend in the level of expenditures has leveled off within all four service systems.

Federal funding for Economic Development and Community Capacity Building has been essentially flat during the period. These trends are apparent in Chart 7.

***Summary of Significant Trends in Public Expenditures***

**Education**

Steady and consistent increases in expenditures for ***Early Care and Education*** and ***Public Education*** (K-12) are noted over the eight year period. The level of public funds available to higher education institutions increased for five years (1999-2003) but has since declined over the three most recent years of the study (FY 04 & FY 06). The continuing development of preschool education programs by public schools throughout the state is a primary contributor to steadily increasing expenditures in the area of early care and education for young children (birth to age five). Although expenditures within this service area have steadily increased, the growth rate has been quite modest over the last four years of the study averaging about 2% per year. Expenditures for K-12 education have grown at an average rate of 3.2% each year over the course of the eight years. Overall, the trend in education expenditures continues to show regular increases in spending; however the more recent trend in higher education is one of declining public funding placing a greater burden on families to pay for higher tuition costs at state colleges and universities.

Federal and state spending for education services is, by far, the most significant portion of the expenditures included in the multi-year funding study. These expenditures account for more than half of all public expenditures supporting services to children and families in West Virginia.

## **Health Care**

**Health Care** expenditures within the funding streams monitored by the study is the most significant factor influencing increases in expenditures for child/family programs. Overall health care spending within the funding streams monitored has doubled during the eight year period studied.<sup>9</sup> Even when adjusted for inflation to constant 1999 dollars, there has been a 63.4% increase in costs over the 1999 levels. Health care inflation has exceeded the general rate of inflation in the costs of goods and services for many years; thus, this increase in inflation adjusted dollars is not unexpected. Some portion of the increased spending for health-related services accounted for in the study is a result of an expansion of the number of children with coverage in the state as the Children's Health Insurance Program has been established and expanded over the eight years covered by this report. West Virginia currently has one of the highest rates of health care coverage for children in the nation.

The rate of increase in health care expenditures has significantly declined during the most recent years of the study. During the first five years of the funding study (1999 to 2004) health care expenditures increased by 93.3%. Over the three most recent years of the study (2004 to 2006), expenditures within the funding streams monitored have been relatively stable rising by only 2.3%.<sup>10</sup>

## **Economic Support**

Expenditures for economic support services are generally tied to economic conditions and tend to increase or decrease as economic conditions change. During 2006, expenditures within the **Economic Assistance** area increased by 6.5%. Spending through the Temporary Assistance for Needy Families program (TANF) increased over spending in 2005 but remained below the level of expenditures during the three year period between 2002 through 2004. Unemployment Compensation payments in 2006 were slightly lower than in 2005 (by 1.5%) and remained well below unemployment payments from 2002 through 2004.

Spending within **Employment and Training** programs has steadily declined over the four later years of the study (2002 through 2006). Expenditures for **Nutrition and Food** have trended consistently upward since 2001 due largely to increases in the Food Stamp program.

The total expenditures for all funding streams monitored in the functional category of **Economic Support** have been stable for the last five years of the study. Increases in nutrition and food have been offset by decreases in economic assistance and employment and training.

The **Earned Income Tax Credit** (a federal refundable tax credit for low income working families) has increased each year of the study as more low income West Virginia families claim the credit. In FY 06, this federal tax credit provided over \$2.63 million to low income working families. The eight year trend for credits taken through the EITC is one of steadily increasing amounts rising by an average of \$7.7 million each year since 1999.

The funding for economic support programs is almost entirely provided from federal programs. 96.3% of all expenditures in this category are provided by the federal government.

### **Safety and Family Stability**

Expenditures in the **Public Safety** sub-category declined in 2006 after significant increases in 2004 and 2005. This is due to a reduction in the initial federal investments in Homeland Security and a leveling off of increasing costs attached to developing additional juvenile detention centers during preceding years. Public expenditures for preventive programs such as community policing has been reduced as federal funds were directed to State Domestic Preparedness under the Homeland Security Department. Federal investment in these preventive programs considered under the youth development sub-category has not been restored as homeland security expenditures have been reduced. Investments in **Youth Development** programs have been essentially stagnant throughout the eight year period. When adjusted for inflation, preventive programs in the area of youth development have experienced a decline in funding of 9% over the years of the study.

Funds available for **Child Welfare** services were increased in FY 2006. There was a decline in Child Welfare funds in 2005 due largely to a reduced level of federal expenditures for foster care services (Title IV-E). Significant increases in state funding for child protective services and social services were noted for the 2006 fiscal year. Federal payments for foster care services also increased in 2006 wiping out the reduction in this funding stream noted in 2005. Overall, spending in the area of child welfare has increased by over 50% during the period of the study with most of that increase in the last four year period (2003-2006). Expenditures for **Behavioral Health** services (primarily through the Medicaid program) appear to have been relatively for three years FY 2004 through 2006).

### **Economic Development**

FY06 investments in **Economic Development** declined by about 4% but have been reasonably stable over the last three years included in the study. After reaching a high point of approximately \$86.5 million in FY 2003, expenditures through the Economic Development funding streams included in the study have declined by about \$12.5 million during the three following years.<sup>11</sup>

### **Community Capacity Building**

Funding for **Community Capacity Building** initiatives has declined since FY 2000. Federal support in this area has remained fairly stable over the course of the study; however, state funding has been reduced each year since 2002. The Capacity building investments are extremely small relative to other categories within the funding study; nevertheless, this is the only functional category where investment has declined over the eight year period when adjusted for inflation (net decline of 13% in inflation adjusted dollars).

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*Through an agreement with:*  
*WV Prevention Resource Center*  
*Marshall University*

**Appendix A**  
**Expenditures by Functional Category FY 1999 through FY 2005<sup>12</sup>**

<b><u>Functional Category</u></b>	<b><u>FY 99</u></b>	<b><u>FY 2000</u></b>	<b><u>FY 2001</u></b>	<b><u>FY2002</u></b>	<b><u>FY2003</u></b>	<b><u>FY2004</u></b>	<b><u>FY2005</u></b>	<b><u>FY2006</u></b>	<b><u>% Increase 99-2006</u></b>
CPI Conversion Factors 1999=1.0	1	1.034	1.063	1.08	1.104	1.134	1.172	1.21	
<b><u>Education</u></b>									
Early Care and Education	\$121,698,359	\$148,546,723	\$178,868,337	\$197,092,240	\$203,203,281	\$206,600,632	\$212,078,602	\$212,577,281	74.7%
Public Education	\$2,136,371,994	\$2,210,582,309	\$2,276,134,436	\$2,330,721,555	\$2,451,029,575	\$2,507,418,661	\$2,616,320,578	\$2,689,895,740	25.9%
Higher Education	\$365,360,105	\$386,671,835	\$399,489,993	\$445,770,324	\$457,017,274	\$421,452,514	\$390,859,008	\$385,023,278	5.4%
<b>Total Education</b>	<b><u>\$2,623,430,458</u></b>	<b><u>\$2,745,800,867</u></b>	<b><u>\$2,854,492,766</u></b>	<b><u>\$2,973,584,119</u></b>	<b><u>\$3,111,250,130</u></b>	<b><u>\$3,135,471,807</u></b>	<b><u>\$3,219,258,188</u></b>	<b><u>\$3,287,496,299</u></b>	25.3%
<i>Adjusted to 1999 dollars</i>	<i>\$2,623,430,458</i>	<i>\$2,655,513,411</i>	<i>\$2,685,317,748</i>	<i>\$2,753,318,629</i>	<i>\$2,818,161,350</i>	<i>\$2,764,966,320</i>	<i>\$2,746,807,328</i>	<i>\$2,716,939,090</i>	3.6%
<b>Total Health Care</b>	<b><u>\$597,876,843</u></b>	<b><u>\$749,332,034</u></b>	<b><u>\$872,018,345</u></b>	<b><u>\$887,697,810</u></b>	<b><u>\$1,032,027,074</u></b>	<b><u>\$1,155,794,523</u></b>	<b><u>\$1,169,709,990</u></b>	<b><u>\$1,181,985,838</u></b>	97.7%
<i>Adjusted to 1999 dollars</i>	<i>\$597,876,843</i>	<i>\$724,692,489</i>	<i>\$820,337,107</i>	<i>\$821,942,417</i>	<i>\$934,807,132</i>	<i>\$1,019,219,156</i>	<i>\$998,046,067</i>	<i>\$976,847,800</i>	63.4%
<b><u>Economic Support</u></b>									
Economic Assistance	\$471,964,404	\$502,791,642	\$579,446,929	\$672,433,396	\$672,275,081	\$645,598,872	\$581,122,797	\$619,165,479	31.2%
Nutrition/Food	\$322,688,236	\$303,444,872	\$293,952,331	\$319,929,201	\$335,388,375	\$362,292,691	\$387,074,303	\$405,206,760	25.6%
Housing	\$12,536,120	\$12,738,799	\$14,443,559	\$14,735,616	\$14,870,051	\$15,132,126	\$14,693,907	\$13,897,489	10.9%
Employment & Training	\$46,532,844	\$52,266,576	\$45,320,146	\$58,573,048	\$61,280,366	\$48,121,030	\$38,043,724	\$27,099,603	-41.8%
<b>Total Economic Support</b>	<b><u>\$853,721,604</u></b>	<b><u>\$871,241,889</u></b>	<b><u>\$933,162,965</u></b>	<b><u>\$1,065,671,261</u></b>	<b><u>\$1,083,813,873</u></b>	<b><u>\$1,071,144,719</u></b>	<b><u>\$1,020,934,731</u></b>	<b><u>\$1,065,369,331</u></b>	24.8%
<i>Adjusted to 1999 dollars</i>	<i>\$853,721,604</i>	<i>\$842,593,703</i>	<i>\$877,857,916</i>	<i>\$986,732,649</i>	<i>\$981,715,465</i>	<i>\$944,572,063</i>	<i>\$871,104,719</i>	<i>\$880,470,521</i>	3.1%
<b><u>Safety &amp; Family Stability</u></b>									
Behavioral Health	\$191,555,571	\$219,377,576	\$248,281,801	\$273,513,908	\$311,784,195	\$364,013,208	\$363,325,754	\$365,725,427	90.9%
Child Welfare	\$134,073,223	\$127,939,999	\$130,384,612	\$144,639,786	\$169,404,731	\$180,255,328	\$168,584,490	\$201,678,528	50.4%
Youth Development	\$4,461,843	\$4,986,186	\$5,458,621	\$4,447,646	\$4,528,747	\$4,829,165	\$4,475,088	\$4,421,596	-0.9%
Public Safety	\$27,538,997	\$33,522,007	\$36,076,588	\$37,640,151	\$42,057,514	\$69,926,465	\$80,208,499	\$63,474,716	130.5%
<b>Total Safety and Family Stability</b>	<b><u>\$357,629,634</u></b>	<b><u>\$385,825,768</u></b>	<b><u>\$420,201,622</u></b>	<b><u>\$460,241,491</u></b>	<b><u>\$527,775,187</u></b>	<b><u>\$619,024,166</u></b>	<b><u>\$605,573,066</u></b>	<b><u>\$635,300,267</u></b>	77.6%
<i>Adjusted to 1999 dollars</i>	<i>\$357,629,634</i>	<i>\$373,139,041</i>	<i>\$395,297,857</i>	<i>\$426,149,529</i>	<i>\$478,057,235</i>	<i>\$545,876,690</i>	<i>\$516,700,568</i>	<i>\$525,041,543</i>	46.8%
<b>Total Economic Development</b>	<b><u>\$56,315,405</u></b>	<b><u>\$60,859,079</u></b>	<b><u>\$67,398,972</u></b>	<b><u>\$65,569,940</u></b>	<b><u>\$86,519,793</u></b>	<b><u>\$74,951,085</u></b>	<b><u>\$76,754,899</u></b>	<b><u>\$73,989,924</u></b>	31.4%
<i>Adjusted to 1999 dollars</i>	<i>\$56,315,405</i>	<i>\$58,857,910</i>	<i>\$63,404,489</i>	<i>\$60,712,907</i>	<i>\$78,369,378</i>	<i>\$66,094,431</i>	<i>\$65,490,528</i>	<i>\$61,148,698</i>	8.6%

<b>Total Community Capacity Building</b>	<u>\$9,441,465</u>	<u>\$12,925,783</u>	<u>\$12,715,082</u>	<u>\$12,496,350</u>	<u>\$11,730,647</u>	<u>\$10,426,183</u>	<u>\$10,812,973</u>	<u>\$9,939,890</u>	5.3%
<i>Adjusted to 1999 dollars</i>	\$9,441,465	\$12,500,757	\$11,961,507	\$11,570,694	\$10,625,586	\$9,194,165	\$9,226,086	\$8,214,785	-13.0%
<b><u>Total Expenditures</u></b>	<u>\$4,498,415,409</u>	<u>\$4,825,985,420</u>	<u>\$5,159,989,752</u>	<u>\$5,465,260,971</u>	<u>\$5,853,116,704</u>	<u>\$6,066,812,483</u>	<u>\$6,114,064,613</u>	<u>\$6,249,197,335</u>	38.9%
<i>Adjusted to 1999 dollars</i>	\$4,498,415,409	\$4,667,297,311	\$4,854,176,625	\$5,060,426,825	\$5,301,736,145	\$5,349,922,825	\$5,216,778,680	\$5,164,625,897	14.8%

## **Appendix B**

### **Summary of Federal and State Expenditures - SFY 2006**

Funds Included in Child-Family Funding Study

<u><b>Education</b></u>	<u><b>Total Federal</b></u>	<u><b>Total State</b></u>	<u><b>% Federal</b></u>	<u><b>% State</b></u>
Early Care and Education	\$119,670,017	\$66,821,678	64.2%	35.8%
Public Education	\$275,411,059	\$1,624,099,329	14.5%	85.5%
Higher Education	\$17,790,190	\$367,233,088	4.6%	95.4%
<b>Total Education</b>	<b>\$412,871,266</b>	<b>\$2,058,154,095</b>	<b>16.7%</b>	<b>83.3%</b>
 <b>Total Health Care</b>	 <b>\$837,457,760</b>	 <b>\$344,528,078</b>	 <b>70.9%</b>	 <b>29.1%</b>
 <u><b>Economic Support</b></u>				
Economic Assistance	\$582,346,062	\$36,819,417	94.1%	5.9%
Nutrition/Food	\$402,604,671	\$2,602,089	99.4%	0.6%
Housing	\$13,897,489	\$0	100.0%	0.0%
Employment & Training	\$27,099,603	\$0	100.0%	0.0%
<b>Total Economic Support</b>	<b>\$1,025,947,825</b>	<b>\$39,421,506</b>	<b>96.3%</b>	<b>3.7%</b>
 <u><b>Safety &amp; Family Stability</b></u>				
Behavioral Health	\$239,369,083	\$126,356,344	65.5%	34.5%
Child Welfare	\$83,161,933	\$118,516,595	41.2%	58.8%
Youth Development	\$4,421,596		100.0%	0.0%
Public Safety	\$22,724,906	\$40,749,810	35.8%	64.2%
<b>Total Safety and Family Stability</b>	<b>\$349,677,518</b>	<b>\$285,622,749</b>	<b>55.0%</b>	<b>45.0%</b>
 <b>Total Economic Development</b>	 <b>\$32,289,815</b>	 <b>\$41,700,109</b>	 <b>43.6%</b>	 <b>56.4%</b>
 <b>Total Community Capacity Building</b>	 <b>\$8,573,905</b>	 <b>\$1,365,985</b>	 <b>86.3%</b>	 <b>13.7%</b>
 <u><b>Total Expenditures</b></u>	 <b>\$2,666,818,089</b>	 <b>\$2,770,792,522</b>	 <b>49.0%</b>	 <b>51.0%</b>
 Total State and Federal	 \$5,437,610,611			
Local Education Expenditures	\$816,470,938			
 Total Including Local Education	 \$6,254,081,549			
 % of Total Federal	 42.64%			
% of Total State	44.30%			
% of Total Local	13.06%			

## *End Notes*

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<sup>1</sup> The state of West Virginia provided 27 cents of each dollar expended through the Medicaid program during FY2006.

<sup>2</sup> For details on the three year trends in expenditures and explanation of the functional service systems see the *WV Children and Families Preliminary Funding Report The Big Picture*, April 2003.

<sup>3</sup> Primary source documents for expenditures through the funding streams included in the study are the State of West Virginia Single Audit and the State Budget Bill which lists funds appropriated by the state legislature. Some expenditures included in the study are estimated based on the best available data.

<sup>4</sup> Eleven of the funding streams monitored through the WV Children and Families Funding Study track expenditures within the joint state-federal Medicaid program. Much of the total Medicaid spending reported is found within the Healthcare functional area; however, Medicaid funds are also found in other functional areas including Early Care and Education, Behavioral Health, Child Welfare, and Community Capacity Building.

In order to calculate the expenditures for these specific funding streams, a methodology was developed in the initial report (2003) based on expenditures by service type and age group reported by the state Medicaid agency. The Medicaid data by age group necessary to calculate the specific level of spending within the eleven funding streams reported upon since 1999 has not been available since 2004. In order to continue to monitor trends in expenditures within the Medicaid funding streams included in the report, these expenditures have been estimated in recent years based on the total expenditures reported by the state Medicaid agency. Previous trends in the data (FY99-2003) are used to make these estimates. Although the Medicaid expenditure data by age group is not available for this update, the methodology outlined above to estimate the relevant expenditures allows for a reasonably accurate analysis of the trends in Medicaid spending during the last three years assuming the proportion of total spending within each functional area has remained consistent.

<sup>5</sup> Public expenditures for health care services include Medicaid, the Children's Health Insurance Program, and several smaller federal health care funding streams. Medicaid expenditures for the elderly (persons over age 65 years) are not included in the study. Expenditures through the Public Employees Health Insurance program are also not included.

<sup>6</sup> This does not reflect total state spending but only the spending through the funding streams included in the analysis that supports the functional service systems defined in the 2003 Big Picture Report.

<sup>7</sup> The reader is reminded that health care expenditures included in the study do not include Medicaid costs for those persons over age 65 years or costs associated with the Public Employees Insurance Agency.

<sup>8</sup> The federal Medicaid program requires a state match that increases as total expenditures within the Medicaid program increase. The state's share was 27% for the 2006 fiscal year.

<sup>9</sup> Medicaid expenditures for healthcare were estimated for FY 2004, FY 2005, and FY 2006 based on data available.

<sup>10</sup> Medicaid expenditures in recent years are estimated due to the unavailability of cost data by age group. Estimates assume the same proportion of Medicaid dollars were spent within the funding streams included in the study as was the case during the period 1999-2002.

<sup>11</sup> Reductions were noted in funding through the Community Development Block Grant Economic Development Initiative and the Appalachian Regional Commission.

<sup>12</sup> FY 2004 through 2006 expenditure totals reflect calculated estimates for those funding streams through the Medicaid program since Medicaid expenditure data is not available by type of service and age group for these years.