

*One by One: A Safe Kids/Safe Streets Initiative
Madison County Coordinating Council
for Families and Children (MC3)*

**Madison County Children's
Budget Report**

August 2006

This project was supported by Award No. 97-JS-FX-K002 awarded by the Office of Juvenile Justice and Delinquency Prevention, Office of Justice Programs, U.S. Department of Justice. Points of view or opinions in this document are those of the author and do not necessarily represent the official position or policies of the U.S. Department of Justice.

Executive Summary

Madison County Children's Budget Report

In January 2004, *One by One: A Safe Kids/Safe Streets Initiative* and the Madison County Coordinating Council for Families and Children (MC3) joined forces to sponsor the development and production of the first Madison County Children's Budget, a yearly accounting of all the expenditures that support children and families in our community. The purpose of the children's budget is to provide a comprehensive picture of where the funding streams for children's programs and other family supports in Madison County originate, where they are channeled, and how they are allocated.

Data collection for the Madison County Children's Budget began in May 2004 and was completed in approximately four months. Survey data were collected for the two most recent fiscal years, 2001 and 2002, for which all agencies reported audited financial information in order to ensure same-year comparisons for every agency. The University of Alabama in Huntsville Economics Department helped collect, organize, and analyze the data, and The Finance Project, a nonprofit policy research and technical assistance organization based in Washington, D.C., assisted in summarizing the key results. Financial information was collected from 60 public and nonprofit agencies that provide services to children and families in Madison County. **Note: This information was compiled prior to significant cuts in children's program funding by the state government.**

The findings from the Madison County Children's Budget will help educate local leaders and the public at large about the current expenditures for programs that support children and families in our community. The sponsors of the children's budget hope policy makers will utilize the results to make more informed decisions about future investments in children's programs and other family supports in Madison County. Hopefully, this analysis will also encourage public and private service providers and funders to develop new or expand existing partnerships, which should lead to better coordinated and more efficient services for children and families in our community in the future.

Findings from the Madison County Children's Budget

Public and nonprofit agencies spent **\$381,660,516** on children's programs in Madison County in **2002**. The total public agency expenditures were **\$362,863,941**; nonprofit spending was **\$18,796,575**. Education programs accounted for 75% of the total public agency expenditures. The Huntsville City, Madison County, and Madison City school systems combined spent over \$273.6 million on K-12 education in our community. Eleven per cent (\$41,319,871) of the total public spending was utilized to provide health services for children and families in Madison County, and 6% (\$20,421,315) was expended on social and economic well-being programs. The early childcare and development, safety, and status of teens categories combined made up only 8% of the total public agency expenditures.

When K-12 education spending is excluded, a total of **\$108,017,041** was spent on services for children and families in Madison County in 2002. The vast majority of these dollars (\$89.2 million) were expended by public agencies; local nonprofit organizations spent approximately \$18.8 million. Almost two-thirds (64%) of the funding for local children's programs came from the federal government; the State of Alabama was the source of 19% of the dollars. Less than 10% of the funds that supported children's programs (not including K-12 education) in our community in 2002 came from local government.

Almost half (46%) of the public agency expenditures (excluding K-12 education) on children and families in Madison County in 2002 were utilized to provide health services. The next largest category of public spending was for social and economic well-being programs (23%). Early childcare and development and safety programs accounted for 12% and 11%, respectively, of public expenditures. Services addressing the status of teens received 7% of public agency spending, and non-K-12 education programs received 1%.

Here are some of the other **important findings** from the data analysis:

- Medicaid accounted for the overwhelming majority (87%) of public agency spending on health services for children and families in Madison County in 2002. Medicaid expenditures totaled over \$35.8 million, an increase of 15% from 2001.
- In 2002, almost half (47%) of the public spending for children and families in the social and economic well-being category supported local child nutrition programs. Temporary Assistance to Needy Families (TANF) expenditures comprised 20% of the spending in this category.
- Over two-thirds (69%) of the public funds spent on early childcare and development in 2002 helped low-income parents in our community pay for childcare.
- Child protective services (CPS) spending was the largest type of public expenditure in the safety category. Over \$6.4 million was spent on CPS in Madison County in 2002. Approximately \$1.7 million was expended on placement costs for children in our community who were removed from their homes.
- Forty per cent of the public agency expenditures on teens in Madison County in 2002 went for juvenile justice and detention programs. Over \$1.4 million was spent on juvenile detention, and nearly \$1 million was invested in investigation, probation, and treatment of juvenile offenders.
- In 2002, almost half (49%) of the funds that supported the children's programs of local nonprofit agencies came from the federal government. Private support was the source for 37% of the nonprofit funding.
- Spending by nonprofit agencies in Madison County in 2002 was relatively evenly dispersed among the education (26%), early childcare and development (21%), status of teens (21%), and safety categories (18%). Social and economic well-being programs and health services comprised only 9% and 5%, respectively, of the total nonprofit spending.

Madison County Children's Budget Report

I. Introduction

In January 2004, the Madison County Coordinating Council for Families and Children (MC3) and *One by One: A Safe Kids/Safe Streets Initiative* joined forces to sponsor the development and production of the first Madison County Children's Budget. Already in use in an increasing number of cities and counties around the country, a children's budget is a yearly accounting of the expenditures that support children and families in a community. The purpose of the children's budget is to provide a comprehensive picture of where the funding streams for children's programs and other family supports in Madison County originate, where they are channeled, and how they are allocated.

The two co-sponsors of the Madison County Children's Budget have extensive experience identifying and measuring spending on programs that support children and families in our community and a keen interest in analyzing the outcomes that result from these expenditures. MC3, which held its first meeting in September 2000, works to enhance coordination, communication and collaboration among the many community partners that address issues for families and children in Madison County.

In January 2002, MC3 produced and distributed the first Madison County Families and Children Report Card, which measured the status of families and children in our community relative to state and national averages. MC3 released its second Families and Children Report Card in February 2005, utilizing updated statistics to analyze whether the various indicators had improved, worsened, or remained the same between 2002 and 2004. The results from both MC3 report cards are used on an ongoing basis to educate leaders and the general public and to encourage actions to improve the lives of children and youth in our community.

One by One: A Safe Kids/Safe Streets Initiative was a multi-agency collaborative effort, led by the National Children's Advocacy Center (NCAC), to find new and innovative ways to prevent and respond to child abuse and neglect in Madison County. One of the goals of the *One by One* project, which was funded by a grant from the U.S. Department of Justice from March 1997 until December 2004, was to develop new and re-allocate existing resources to improve the well-being of children and strengthen families in our community. To achieve this goal, it became apparent to project staff early in the grant period that more data was needed on existing funding of local programs that support children and families.

In 2000 and 2001, *One by One* conducted three funding surveys to determine the funding sources and expenditures of child abuse and neglect, domestic violence and substance abuse agencies in Madison County. These surveys yielded some very important information and helped increase the *One by One* project's knowledge of a few of the many funding streams that support programs for children and families in our community. However, they also demonstrated that more data needed to be collected to obtain a more complete picture of the various expenditures that support children and families in Madison County.

Beginning in the fall of 2002, *One by One*, aided by the project's team of national technical assistance consultants, began to focus more of its time and attention on

facilitating unified financing in Madison County. Unified financing (also known as unified fiscal planning) refers to a range of recent innovations in how human services are being financed in communities across the country, including such creative strategies as blending, braiding, and pooling funding. Jarle Crocker, the *One by One* project's Lead Technical Assistance Consultant, was assigned to review various case studies and other literature on the topic and write a report summarizing his research.

Mr. Crocker completed his report, *Unified Financing: Options to Support Comprehensive Systems Reform for Human Services*, in May 2003. This fifteen-page monograph provides an overview of how different approaches to unified financing can support systems reform to improve outcomes for children and families and contains case studies of two communities that have been successful at implementing fiscal reform. The report also included recommendations for two activities *One by One* could undertake to assess whether unified financing would be a good fit for our community: 1) convening a peer-to-peer meeting so that local officials could learn more about the subject from professionals with expertise in financial reform from other communities, and 2) developing a children's budget that would break down all the funding streams that support programs for children and families in Madison County.

In September 2003, the *One by One* project hosted a Peer-to-Peer Meeting on Unified Fiscal Planning, which explored several nationally-recognized models for reforming the financing of human services for children and families. Thirty people from eleven states and the District of Columbia and fifteen local community leaders attended the meeting. One of the most important outcomes of the meeting was a growing interest among a core group of local officials in developing a children's budget for Madison County. *One by One* hosted a follow-up meeting in December 2003 for thirteen key community leaders to assess whether there was sufficient interest to develop such a budget, and the group agreed to move forward on the children's budget and ask MC3 to co-sponsor it.

On January 22, 2004, MC3 met and agreed to co-sponsor the Madison County Children's Budget with the *One by One* project. The MC3 Executive Committee met later in the month to begin planning the budget and appointed a committee to develop and produce it. The Children's Budget Committee was led by *One by One* Program Manager Kevin Brown and the two MC3 co-chairs: Cym Doggett, who was then the Director of the Madison County Department of Human Resources, and Family Services Center President/CEO Debra Traugher.

In May 2004, the *One by One* project contracted with Debbie Clark, a graduate student in the University of Alabama in Huntsville (UAH) College of Administrative Science, to help collect, organize, and analyze the data for the children's budget. Ms. Clark and her advisor, UAH Economics Professor Dr. Niles Schoening, served on the Children's Budget Committee. Two of the *One by One* project's national consultants, Jarle Crocker and Margaret Flynn of The Finance Project, a nonprofit policy research and technical assistance organization based in Washington, D.C., were also members of the committee.

Ms. Clark began collecting data for the Madison County Children's Budget in May 2004 under the supervision of Dr. Schoening with oversight from Mr. Brown. Data collection from local public and nonprofit agencies continued for several months and was completed in August 2004. The Children's Budget Committee held regular conference calls throughout this period to provide guidance to Ms. Clark as she collected and

organized the data and to discuss the overall progress of the budget. Ms. Clark made a presentation on the data collection methodology she used and the preliminary findings from the children's budget to MC3 members on September 9, 2004, and received valuable feedback from them.

Over the next several months, members of the Children's Budget Committee reviewed the data for possible inaccuracies or inconsistencies. A few potential errors were discovered, and some of the numbers needed clarification. Ms. Clark conducted additional research and made corrections in the data when necessary. In early 2005, Ms. Flynn spent several days analyzing the final data, preparing charts that summarize the key results, and writing the first draft of Sections III-VI of this report. She also presented an overview of her analysis to MC3 members in February 2005.

The Madison County Children's Budget Report was written by Kevin Brown, Margaret Flynn and Debbie Clark. NCAC Research Department staffers Amy Shadoin, Suzanne Magnuson and Lynn Overman and NCAC Federal Programs Director JoAnn Plucker helped edit this report. Dr. Niles Schoening and the two current MC3 co-chairs, Debra Traugher and Nancy Colin of the United Way of Madison County (who replaced Cym Doggett as co-chair in September 2004), reviewed the final draft of the report before it was printed.

The Madison County Children's Budget can be used in a variety of ways. The results will help educate local leaders and the public at large about the current expenditures for programs that support children and families in our community. The sponsors of the children's budget hope policy makers will utilize this report to make more informed decisions about future investments in children's programs and other family supports in Madison County. Hopefully, this analysis will also encourage service providers and funders to develop new or expand existing partnerships, which should lead to better coordinated and more efficient services for children and families in our community in the future.

Finally, MC3 and *One by One* will publicize and disseminate the Madison County Children's Budget Report and the 2004 Madison County Families and Children Report Card together in the coming months. This will allow community leaders and the general public to receive two very important analyses simultaneously: a comprehensive summary of the spending that supports children and families in our community and a report card that measures the outcomes that result from these expenditures.

II. Data Collection Methodology

Scope

The data for the Madison County Children's Budget was collected using a targeted survey of local public and nonprofit agencies that provide social services focusing on children or where children comprise a significant portion of the service beneficiaries. Scope was further defined as agencies funded primarily with public dollars. Among nonprofit agencies, the survey was limited to the largest ones serving children in Madison County, as identified by the Children's Budget Committee. Many small nonprofit organizations, including faith-based ones, were not surveyed. Survey data were collected for the two most recent fiscal years, 2001 and 2002, for which all agencies reported audited financial data in order to provide same-year comparisons for every agency.

Definitions

Appendix A contains operational definitions for the following terms: child, children's programs, expenditures, funding source, operating budget and public.

Data Collection

Collection of financial information from public agencies consisted primarily of interviews with agency representatives and a review of published audited financial documents. The State of Alabama Executive Budget was also sourced. Supplemental information was collected during interviews with agency staff members and from agency web pages. Data was collected from 34 local, state and federal governmental agencies that provide services to children and families in Madison County (see Appendix B for a complete list of the public agencies from which data was collected).

Twenty-six nonprofit agencies provided financial information for the Madison County Children's Budget (see Appendix C for a complete list of the nonprofits that supplied data). Among nonprofit agencies, initial data were collected using a mailed survey (see Appendix D). Follow-up interviews with agency staff were utilized to clarify details and to collect supplemental information. Data was also collected from nonprofit agency web pages.

Public agencies were requested to provide actual expenditures, and most of them did. However, the nature of fund accounting (the method used by public agencies) lends itself to reporting by budgeted dollars, and some agencies determined this was the most expedient method of providing data for the report. For example, the U.S. Army programs on Redstone Arsenal were reported as budgeted expenditures. The assumption made in this report is that budgeted vs. actual expenditures were within an acceptable margin of error. Other notable cases of estimating on the part of public agency representatives occurred in the area of operating expenses. In several instances, agencies provided salaries (or salaries and benefits) data only and were unable to break down the portion of their non-salary-related operating expenditures that were devoted to children's programs.

In order to understand the complete picture of the flow of funds from originating agency through administering agencies to the service provider agency, funding streams were identified by employing both top-down and bottom-up methods; i.e., both money-granting agencies and service provider agencies were surveyed. Using these methods revealed and averted many potential instances of double-counting and helped ensure funds were counted only once.

Data Exclusions

As mentioned above, the financial information from many small nonprofit agencies in Madison County was not included in the survey. The following is a list of other data that was excluded:

- Capital and debt service expenditures for the three school systems in Madison County.
- Expenditures for the adult education program of Huntsville City Schools.
- Expenditures for area private schools.
- Expenditures for the Cities of Gurley, New Hope, Owens Cross Roads, and Triana.

- Spending for the Huntsville and Madison Municipal Courts and Madison County Circuit Court. The expenditures from these three courts were not included because their activities did not fit within our definition of children’s programs. However, Madison County District Court and Circuit Clerk data related to juvenile, child support, protection from abuse, mental commitments, and emancipation court cases was included.
- Madison County Health Department expenditures for some children’s programs administered locally, primarily immunizations. These expenses were excluded because they were not determinable. However, other Health Department programs, such as WIC, were included using top-down research at the state level.
- The expenditures for a few small public programs. This spending was not included because the amount was either minimal or too difficult to segregate from other funds.
- Approximately \$100,000 in funds administered by the Alabama Department of Economic and Community Affairs (ACECA) that went to three small nonprofit organizations that were not part of the survey.

The Double-Counting Issue

Every attempt was made to eliminate duplication of amounts reported by carefully identifying the source of funds. However, without access to each agency's detailed financial records to verify sources, there is a high probability some data has been counted twice. There are two known double-counting scenarios.

In the first scenario, funds flow from one public agency to another. For example, the Alabama Administrative Office of Courts (AOC) provides a partial salary subsidy to the Neaves-Davis Center for Children. The AOC reported salary subsidy expenditures while the Neaves-Davis Center reported actual salary expenditures. In the data tables, all amounts were reported as Neaves-Davis Center expenditures and sourced appropriately. The AOC was not listed as an agency with a children’s program but rather as a source of funds. Using the same reasoning, funding from ADECA, the Children’s Trust Fund of Alabama, and the Children First Trust Fund was not entered in the public data tables. Each of these agencies is neither an originator of funding nor a provider of services, but rather an administrator of funds sourced from the federal government and/or other state agencies. Thus, funds flowing through these agencies are recorded as expenditures of the service provider agency and sourced to the originating agency.

In the second double-counting scenario, funds flow from a public agency to a nonprofit agency. This scenario provided a more difficult challenge since nonprofit data collection was primarily via responses to our survey. For this reason, public and nonprofit agency expenditures are only reported at a highly aggregated level. Several expenditures reported by nonprofit agencies as originating from public sources were identified as double-counting and eliminated from the nonprofit tables (e.g., Medicaid funds distributed to United Cerebral Palsy of Huntsville and the Tennessee Valley.)

Function Assignments

Expenditures were assigned to one of six categories based on their primary program function:

- *Health* – Prenatal and infant care, immunizations, medical care, and mental health and substance abuse services supporting families with children.

- *Social and Economic Well-Being* – Cash, food stamps, housing, and other supports that help families meet their basic needs.
- *Safety* – Child welfare and related services to prevent and respond to child abuse and neglect, domestic violence programs for families, services for child victims of crime, and juvenile crime prevention programs.
- *Early Childcare and Development* – School readiness, childcare, and early intervention services, and after school programs for children in elementary school.
- *Status of Teens* – Youth development and juvenile justice services, pregnancy prevention programs, and after school programs for children in middle and high school. (Note: Some teen programs may also serve children younger than age 13.)
- *Education* – K–12 education expenditures, including special education and related supports.

MC3 Report Card Committee Chair Nancy Colin, who has extensive knowledge of local social service programs, assisted Ms. Clark in assigning public agency expenditures to the appropriate function. The nonprofit funding survey asked agencies to self-designate functions for their programs. Ms. Colin reviewed these designations for consistency with the assignments made by the MC3 Report Card Committee. This important assistance from Ms. Colin ensured that the functional assignments for the Madison County Children’s Budget were as accurate as possible and were consistent with the categories utilized in the 2004 Madison County Families and Children Report Card.

In some instances, a program provided a service that could be categorized in more than one function. For example, substance abuse treatment for adolescents was assigned to the Health function, but it could also arguably fit in the Status of Teens category. In situations like this, the assignment was made based on a determination of the *primary* purpose of the program.

Estimates

Every attempt was made to collect actual expenditures. However, occasionally agencies were unable to supply the requested information, so estimates had to be used. In such cases, agency representatives were interviewed to determine the best way to estimate their expenditures.

Public School Systems

Estimates were used to categorize a portion of the expenditures of the three public school systems in Madison County. Overall, this spending was among the most complex to analyze, although in some cases, the expenditures of the local school systems were straightforward and easy to assign. For example, the federal expenditures listed in the *Schedule of Expenditures of Federal Awards* section of the audited financial statements of each of the school systems were recorded as coming from the federal government and assigned to the appropriate function.

On the other hand, the financial statements of the three school systems did not provide the specific information needed to allocate expenditures to state, local or other sources, so these allocations were estimated using revenue ratios. The state, local, and other sources of revenue are reported in the *Statements of Revenues, Expenditures and Changes in Fund Balances* section of each school system’s financial statements. The capital project

and debt service revenues were excluded from these totals, as were the revenues from each district's Child Nutrition Program (see the next paragraph for a discussion of these revenues). The amount remaining represented the revenue for each school system's education and health services programs. The ratio of the state-local-other revenue streams was calculated for each school district, and the result applied to their education and health expenditures.

The child nutrition programs of the school systems are funded by federal subsidies and cafeteria receipts. Revenue shortfalls, if they occur, are made up out of the school system's reserves and represent local subsidies to the program. For this report, the portion of expenditures representing federal and local subsidies to the program was included, and the share representing meal receipts was excluded (these funds were considered self-generated). Calculating the total receipts minus the total expenditures yielded the subsidy portion of the child nutrition programs. This amount was assigned first to the known federal subsidy. If the remainder was negative, it was assigned to local subsidies; if the remainder was positive, it was assigned to local windfalls. Local subsidies were included in this report, but local windfalls were not since it was assumed that they were used to increase the fund balance in anticipation of future years when shortfalls might occur.

Other Public Agencies

The Mental Health Center of Madison County receives unearmarked funds from the City of Huntsville and Madison County Commission. These funds are pooled and a portion of the total is used for the agency's Children's Outpatient Program. The expenditures for this program were allocated to city and county sources in the same ratio as the total funds were received.

Funds for the Madison County Multiple Needs Child team are received from the Alabama Departments of Human Resources, Mental Health and Retardation, Youth Services, and Education, and the Children First Trust Fund. The source of funding for each case referred to the team is based on the agency that ultimately provides services to the client. Although total expenditures for the local team were available, individual agency expenditures were not, so assignments were made based on the ratio of each agency's total contributions to the fund.

For local Social Security Administration expenditures, Old Age, Survivor and Disability Insurance payments to children in Madison County were available, but Supplemental Security Income (SSI) payments were not. However, the total number of children under 18 receiving SSI payments in the county and the state was available. To calculate the average payment made to children in Alabama, the total amount of SSI payments was divided by the number of SSI recipients in the state. This result was multiplied by the reported number of children receiving SSI payments in Madison County to estimate the local SSI expenditures.

Nonprofit Agencies

The Huntsville/Madison County Chamber of Commerce's LAUNCH program serves a three-county area, and expenditures were reported for the entire program. To estimate the expenditures by county, the average daily membership for schools the program served (as reported by the Alabama Department of Education) was used to generate ratios of

children served in each county. This ratio was then applied to the total expenditures of the LAUNCH program to estimate the total for Madison County.

Revenue ratios were used to allocate the expenditures of the Huntsville Child Care Center and EarlyWorks Museum Complex to funding sources. After assigning the Huntsville Child Care Center expenditures associated with the agency's federal grants to specific programs, the remaining expenditures were assigned to the private or fees categories (there were no local or state sources of funding) based on revenue ratios. The total expenditures of EarlyWorks were known and also assigned to specific sources based on revenue ratios.

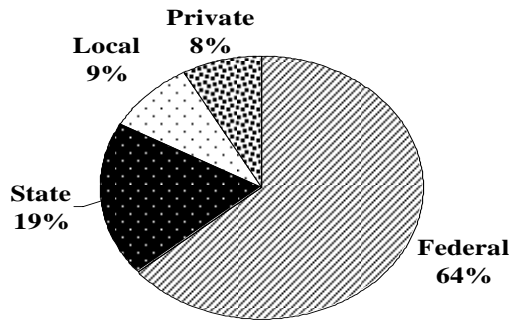
Finally, estimates were used to assign the expenditures of the Boys and Girls Clubs of Greater Huntsville to funding sources and functional categories. The agency's program service expenditures were allocated based on the ratios of revenues identified as originating from the following sources: federal, local, private, and fees. The support services (administrative, overhead, fundraising) of the agency were assumed to be funded by private sources. The expenditures for the informal and supplementary education programs of the Boys and Girls Clubs were assigned to the Education function. The agency's other two programs, health, social, and education and social adjustment, were assigned to the Status of Teens function.

III. Total Spending by Source (Excluding K-12 Education)

The analysis of the data collected for the Madison County Children's Budget identified a total of \$108 million spent on services for children and families in Madison County in 2002. *(Note: This total does not include basic K-12 education expenditures, which are examined in section VI.)* The vast majority of these dollars (\$89.2 million) were expended by state and local public agencies, with local nonprofit organizations spending an additional \$18.8 million. The majority of the funding (64%) came from the federal government; the State of Alabama was the source of 19% of the funds (see Figure 1 and Table 1).

Less than 10% of the funds that supported children's programs (excluding K-12 education) in our community came from local government. This means that services for children and families in Madison County are particularly vulnerable to federal and state funding cutbacks. Local leaders also have limited ability to tailor these services to local needs because they have limited authority and control over funding and policy decisions made at the federal and state levels. Furthermore, state and federal agencies often require grant recipients to match the funds they receive with local dollars. If our local government does not provide this match, it makes it more difficult for agencies in our community to capitalize on these funding opportunities.

**Figure 1: Total Spending By Source (2002)
(K-12 Education Not Included)**



Source	Amount	Percentage
Federal	69,283,155	64%
State	20,997,845	19%
Local	9,465,995	9%
Private	8,270,046	8%
Total	108,017,041	100%

IV. Public Agency Spending by Program Function (Excluding K-12 Education)

This section analyzes what types of program supports and services were supported with the \$89.2 million in public agency funds invested in children and families in Madison County. The public agency expenditures were assigned to one of six categories based on their primary program function: health, social and economic well-being, early childcare and development, safety, status of teens, and education (see Section II for definitions of these categories). *(Note: The spending examined in this section does not include the nonprofit expenditures, which are analyzed in Section V, or the K-12 education expenditures, which are analyzed in Section VI.)*

Almost half (46%) of the public agency spending on children and families in Madison County in 2002 was utilized to provide health services (see Figure 2 and Table 2). This finding is consistent with a national trend: significant and growing proportions of human services dollars are being spent on health care in communities throughout the country. Cost containment within the Medicaid program is an issue that federal and state

governments are struggling with, and rising Medicaid costs will likely put significant strain on overall human services investments in Madison County and many other communities in the coming years.

After health, the next largest category of public expenditures was social and economic well-being (23%), with the majority of funds in this area spent on child nutrition programs. Early childcare and development (12%) and safety programs (11%) received close to the same level of investment. Services addressing the status of teens received 7% of public agency spending and education (other) received 1%. (Note: The education (other) expenditures are in addition to regular K-12 spending, which is analyzed in section VI.)

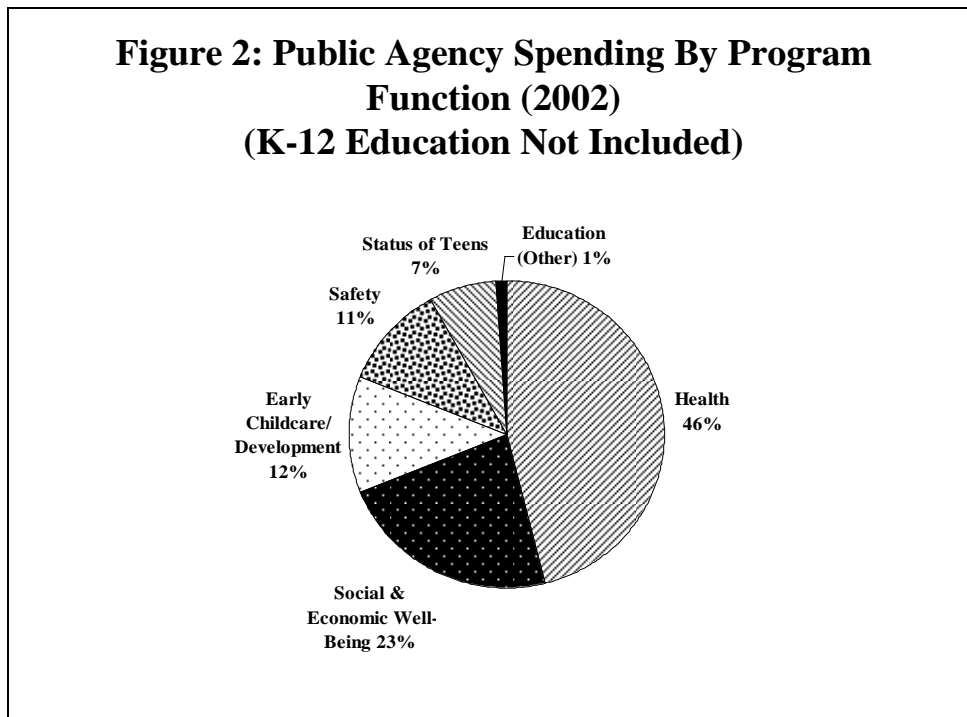


Table 2: Public Agency Spending By Program Function (2002) (K-12 Education Not Included)		
Function	Amount	Percentage
Health	41,319,871	46%
Social & Economic Well-Being	20,421,315	23%
Early Childcare and Development	11,168,052	12%
Safety	9,481,102	11%
Status of Teens	6,288,627	7%
Education (Other)	541,499	1%
Total	89,220,466	100%

Health Spending

In 2002, Medicaid accounted for the vast majority (87%) of public agency spending on health services for children and families in Madison County (see Figure 3 and Table 3). Medicaid is a federal entitlement program that is paid for with a combination of state and federal dollars. From 2001 to 2002, local Medicaid expenditures increased over 15%. This upsurge comprised the majority of the overall rise in spending on children and family services in our community during this period.

Over \$2 million in expenditures supported school health and mental health services in Madison County in 2002. This total includes approximately \$700,000 in local funds that supported the Mental Health Center of Madison County and \$70,000 that Madison City Schools invested in health services. The remainder of the money for these programs came from the federal or state government. According to the 2004 Madison County Families and Children Report Card, only 22% of local children ages 6-17 who need mental health services are receiving them.

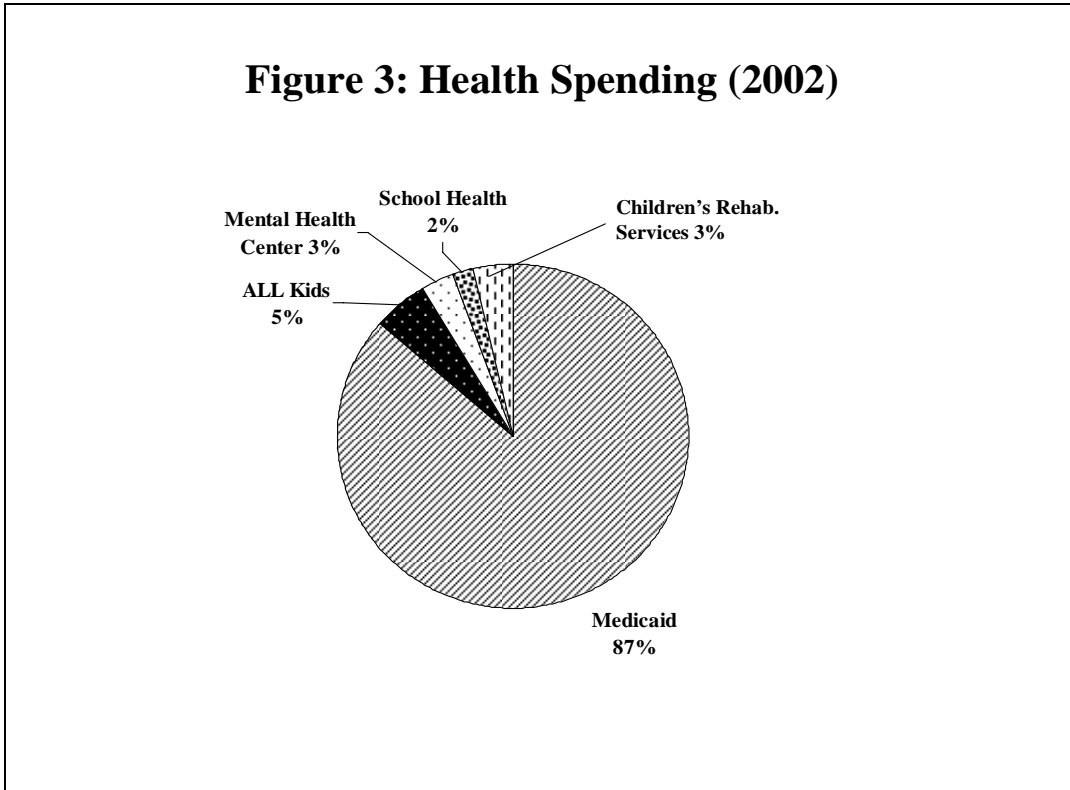


Table 3: Health Spending (2002)

Program/Service	Amount	Percentage
Medicaid	35,864,307	87%
ALL Kids	2,136,321	5%
Mental Health Center of Madison County	1,337,646	3%
Children's Rehabilitation Services	1,109,643	3%
School Health Services	841,145	2%
Multiple Needs	30,809	Less than 1%
Total	41,319,871	100%

Social and Economic Well-Being Spending

In 2002, almost half (47%) of the public spending for children and families in Madison County in the social and economic well-being category supported child nutrition programs (see Figure 4 and Table 4). Over \$9.5 million was invested in these types of programs, which include school lunch and snack programs, as well as meals and snacks provided in early childcare and education settings. The majority of these dollars were federal child nutrition dollars; approximately \$2.6 million came from local government.

The next largest investment (20%) was for Temporary Assistance to Needy Families (TANF) cash assistance and employment programs. TANF, a federal program that requires matching dollars from the state, is aimed at transitioning low-income parents to self-sufficiency. Women, Infants and Children (WIC) expenditures comprised 15% of the spending in this category in 2002, an increase of 3% from the previous year.

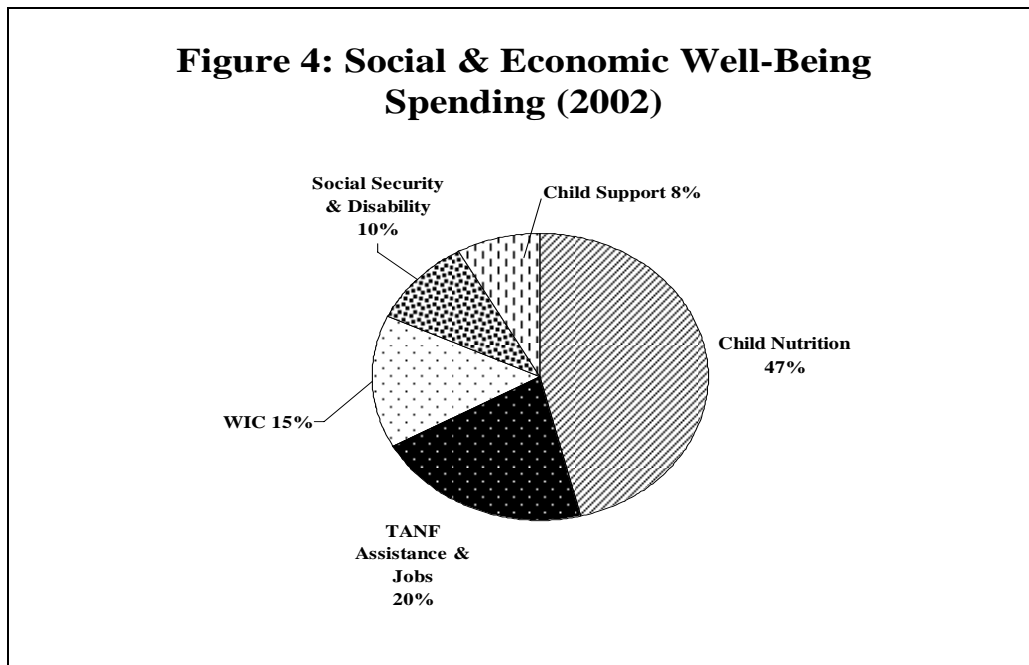


Table 4: Social and Economic Well-Being Spending (2002)

Program/Service	Amount	Percentage
Child Nutrition	9,548,424	47%
TANF Assistance and Jobs	4,183,579	20%
WIC	3,101,118	15%
Social Security and Disability	1,975,241	10%
Child Support	1,587,953	8%
Transitional Housing for Homeless	25,000	Less than 1%
Total	20,421,315	100%

Early Childcare and Development

Over two-thirds (69%) of the public funds spent on early childcare and development in Madison County in 2002 helped low-income parents pay for childcare (see Figure 5 and Table 5). These childcare subsidies, which are funded with a combination of federal and state dollars, provide important support to many low-income families in our community, but they are not available to all of the families who need them. According to the 2004 Madison County Families and Children Report Card, 3.1% of local children under age five are on the local Childcare Management Agency waiting list for care. The U.S. Army also invests over \$1.5 million in childcare programs in Madison County, but these programs are restricted to the families of Army personnel.

Figure 5: Early Child Care & Development Spending 2002

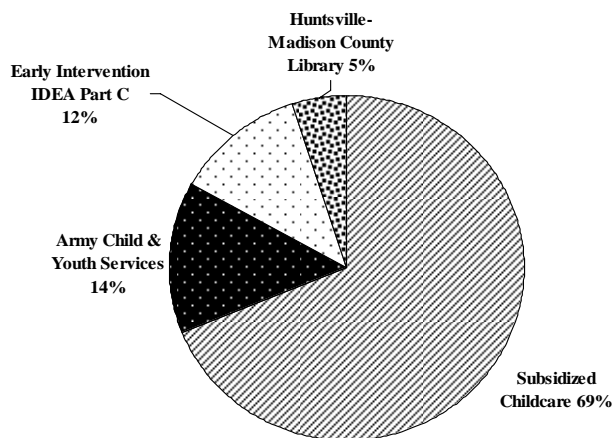


Table 5: Early Childcare and Development Spending (2002)		
Program/Service	Amount	Percentage
Subsidized Child Care	7,738,573	69%
Army Child and Youth Services	1,565,000	14%
Early Intervention, IDEA Part C	1,314,828	12%
Huntsville-Madison County Library	549,651	5%
Total	11,168,052	100%

Safety

The largest type of public expenditure in the safety category by far was for child protective services (CPS); over \$6.4 million was spent on CPS in Madison County in 2002 (see Figure 6 and Table 6). This total includes staff costs for Madison County Department of Human Resources CPS workers as well as dollars that support wraparound services for high-risk families. Nearly \$1.7 million was spent on placement costs for children in our community who were removed from their homes. This amount includes both room and board payments for foster children living in private homes and payments for children in out-of-home placements in shelter, residential, and therapeutic facilities.

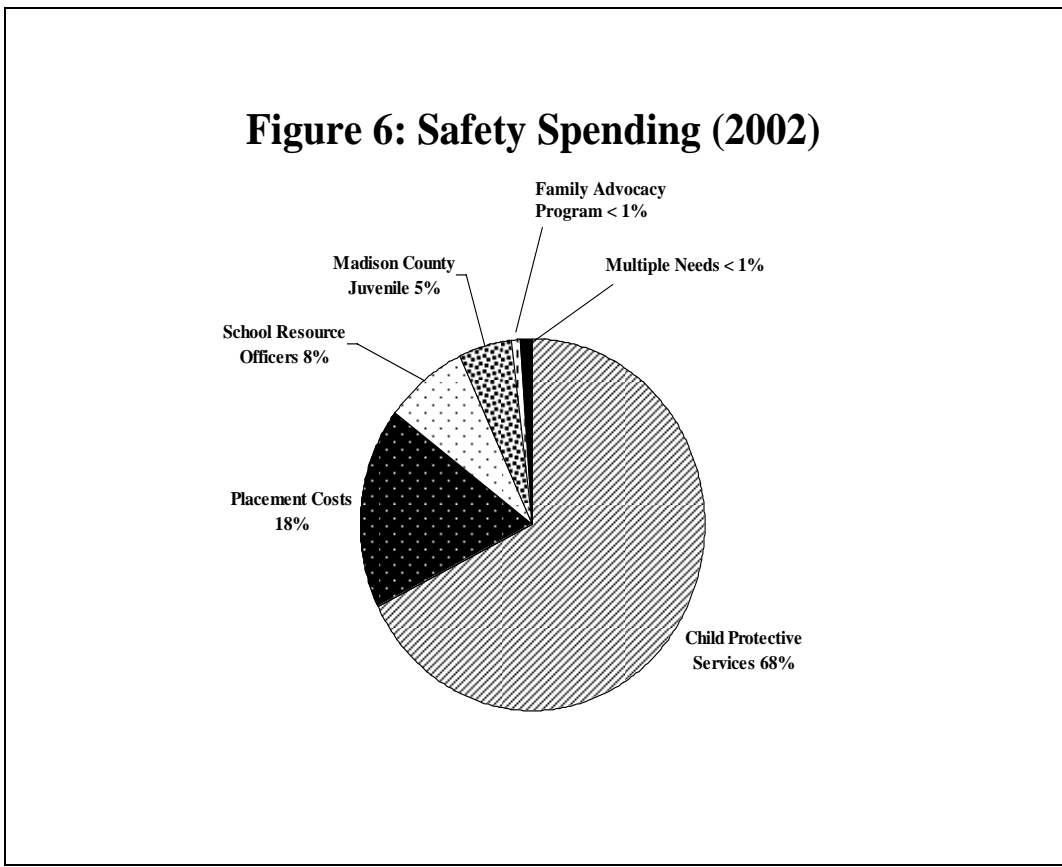


Table 6: Safety Spending (2002)

Program/Service	Amount	Percentage
Child Protective Services	6,474,775	68%
Placement Costs	1,692,395	18%
School Resource Officers	791,716	8%
Madison County Juvenile	446,407	5%
Family Advocacy Program	45,000	Less than 1%
Multiple Needs	30,809	Less than 1%
Total	9,481,102	100%

Status of Teens

Approximately 40% of the public agency expenditures on teens in Madison County in 2002 went for juvenile justice and detention programs (see Figure 7 and Table 7). Over \$1.4 million was spent on juvenile detention, and nearly \$1 million was invested in investigation, probation, and treatment of juvenile offenders.

The Huntsville/Madison County Public Library expended over \$1.6 million on materials and programs for teens, younger children and their families. Various recreation and prevention programs, such as Huntsville DARE, comprised 20% of the total spending on teens. Over \$800,000 was spent by the U.S. Army Child and Youth Services program.

Figure 7: Status of Teens Spending (2002)

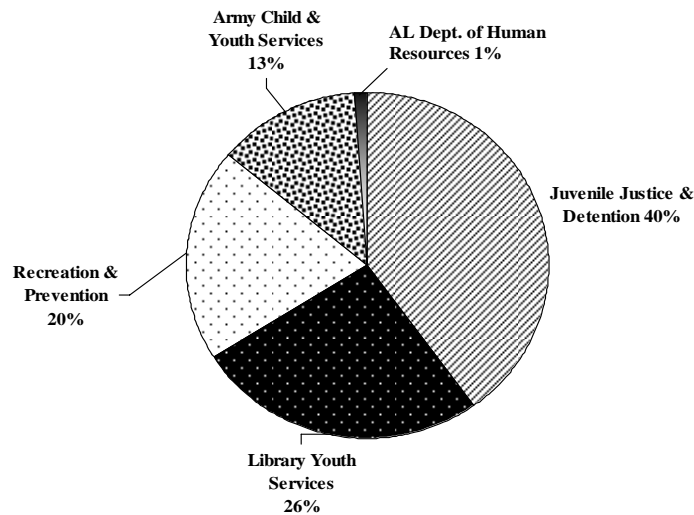


Table 7: Status of Teens Spending (2002)

Program/Service	Amount	Percentage
▪ Madison County Detention	1,488,780	24%
▪ Madison County Probation	765,845	12%
▪ Serious Habitual Offender Comp. Action Program	173,262	3%
▪ Madison County Juvenile Crime Unit	47,500	1%
Juvenile Justice and Detention Total	2,475,387	40%
Library Youth Services Total	1,648,954	26%
▪ Huntsville Neighborhood Services Division	435,000	6%
▪ Huntsville DARE	382,611	6%
▪ Madison County Recreation	270,000	4%
▪ Abstinence Education	137,452	2%
▪ Madison DONT (Drugs Offer No Tomorrow)	46,893	1%
Recreation and Prevention Total	1,271,956	20%
Army Child and Youth Services Total	835,000	13%
▪ Independent Living - ADHR	26,521	.4%
▪ Multiple Needs - ADHR	15,753	.3%
▪ Services for Multi-Needs Children	15,056	.3%
Alabama Department of Human Resources Total	57,330	1%
Total	6,288,627	100%

Education (Other)

The education (other) category encompasses public spending on education programs and supports other than the regular K-12 expenditures of the three school systems in Madison County. In 2002, over two-thirds (67%) of the spending in this category supported education programs, such as 4-H and nutrition education, provided by the local office of the U.S. Department of Agriculture's Cooperative Extension System (see Figure 8 and Table 8).

The second largest investment in this category was the Safety City program, which is administered by the City of Huntsville. This program, supported with federal and state dollars, educates, facilitates, and coordinates bicycle, pedestrian, traffic, fire, and child passenger safety to children and adults in the community. Small amounts of funding were also expended to provide children with an opportunity to participate in the cultural life of Huntsville and to support the coordination of education services for children with multiple needs.

Figure 8: Education (Other) Spending (2002)

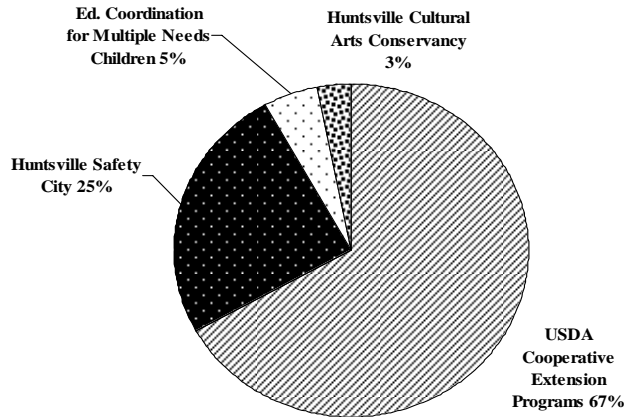


Table 8: Education (Other) Spending (2002)

Program/Service	Amount	Percentage
USDA Cooperative Extension Programs	257,000	47%
Huntsville Safety City	199,590	37%
Huntsville Cultural Arts Conservancy	54,100	10%
Education Services for Multiple Needs Children	30,809	6%
Total	541,499	100%

V. Nonprofit Funding Sources and Spending by Program Function

Nonprofit agencies leveraged approximately \$18.8 million to support services for children and families in Madison County in 2002. As mentioned above, this total does not include the nonprofit funds that had already been counted in state and local public agency budgets and thus were removed from the data to prevent double-counting. The federal government and private funds were the primary sources of support for the children’s programs of local nonprofits (see Figure 9 and Table 9). Almost half (49%) of the funding for these programs came from the federal government. Nonprofit organizations also received significant private support (37%) from United Way and Combined Federal Campaign allocations, individual and corporate donations, fundraisers, foundation grants, and funds provided by national offices to affiliates.

Figure 9: Nonprofit Funding Sources (2002)

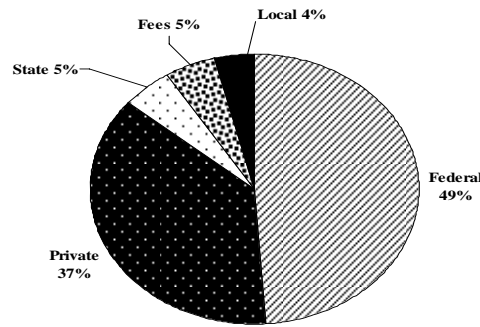


Table 9: Nonprofit Funding Sources (2002)

Source	Amount	Percentage
Federal	9,232,632	49%
Private	6,922,543	37%
State	984,045	5%
Fees	876,915	5%
Local	780,440	4%
Total	18,796,575	100%

As for program function, the data analysis indicates that local nonprofits focused their spending in 2002 on different categories than public agencies. While the funds administered by public agencies were mostly spent on supporting basic human needs such as health services, cash assistance, and nutrition, the dollars nonprofits expended were used to support a variety of support services for children and families (see Figure 10 and Table 10). Nonprofit spending was relatively evenly dispersed among the education (26%), early childcare and development (21%), status of teens (21%), and safety categories (18%). The social and economic well-being and health categories, which together comprised 69% of the public agency expenditures, received only 9% and 5%, respectively, of the total spending by nonprofit organizations.

Within many of the categories, a few large programs received most of the nonprofit funds. In the education category, \$4.95 million of the \$4.97 million invested supported Sci-Quest and the EarlyWorks Museum Complex. Over \$2.6 million of the \$3.9 million dollars spent on early childcare and development supported the Head Start programs of the local Community Action Agency. Finally, almost half (over \$1.8 million) of the total spending in the status of teens category was devoted to the Girls Scouts and Boy Scouts programs in Madison County.

Figure 10: Nonprofit Spending By Program Function (2002)

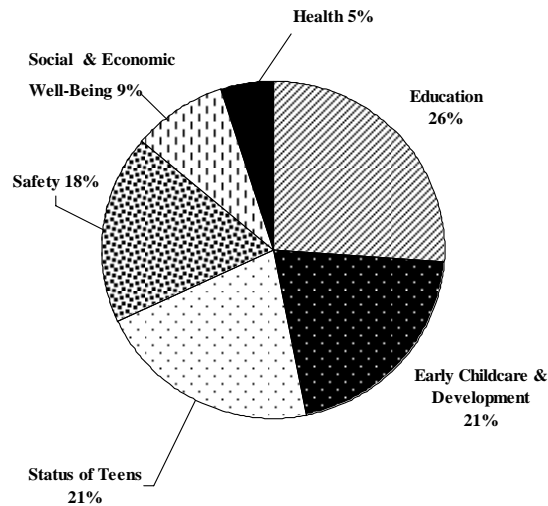


Table 10: Nonprofit Spending By Program Function (2002)

Function	Amount	Percentage
Education	4,976,385	26%
Early Childcare and Development	3,950,361	21%
Status of Teens	3,888,930	21%
Safety	3,331,990	18%
Social & Economic Wellbeing	1,764,299	9%
Health	884,610	5%
Total	18,796,575	100%

VI. K-12 Education Spending

Expenditures on K-12 education outstripped by far all other spending on children and families in Madison County in 2002. Huntsville City, Madison County, and Madison City Schools combined spent over \$273.6 million to educate our children (see Table 11). According to recent data from the 2004 Madison County Families and Children Report Card, the annual expenditure per pupil for the Huntsville City, Madison City, and Madison County school systems was \$6,994; \$5,704; and \$5,615, respectively. All three totals were well below the national average; public school systems in the U.S. spent an average of \$8,745 per pupil on K-12 education in 2004.

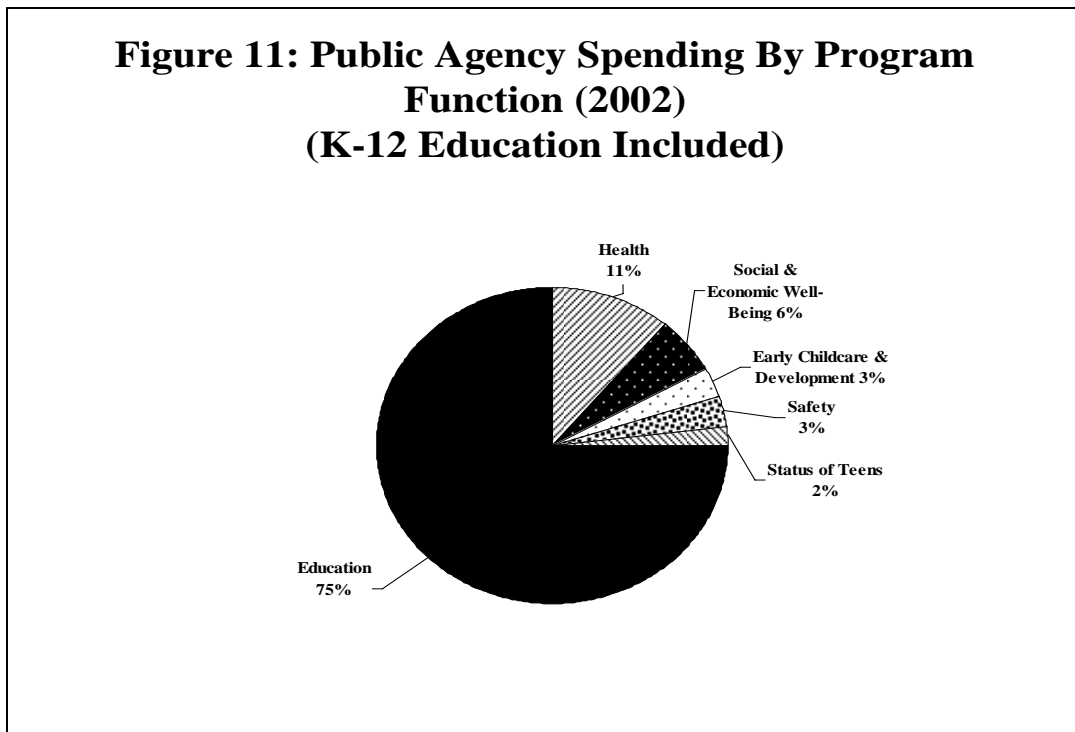
Table 11: K-12 Education Spending (2002)

Huntsville City Schools	152,009,248
Madison County Schools	86,394,417
Madison City Schools	35,239,810
Total	273,643,475

VII. Public Agency Spending by Program Function (Including K-12 Education)

When K-12 education expenditures are included in the Children’s Budget data, the amount of public agency spending increases dramatically. Counting K-12 education, public agencies spent a total of almost \$363 million in 2002 on services for children and families in Madison County. Over nine out of ten (92%) of these dollars were spent in the education, health, and social and economic well-being categories (see Figure 11 and Table 12).

The total expenditures, including public agency and nonprofit spending, on children’s programs in 2002 in Madison County, was \$381,660,516.



**Table 12: Public Agency Spending By Program Function (2002)
(K-12 Education Included)**

Function	Amount	Percentage
Education	274,184,974	75%
Health	41,319,871	11%
Social & Economic Well-Being	20,421,315	6%
Early Childcare and Development	11,168,052	3%
Safety	9,481,102	3%
Status of Teens	6,288,627	2%
Total	362,863,941	100%

Appendix A.

Operational Definitions for the Madison County Children's Budget

Child – The age-related definition of child was taken from each program's definition. Some children's programs provide coverage until age 18, for example, while others continue coverage until age 20. When an age was not specified for the program, data was collected for ages 18 and under (e.g., SSI payments).

Children's programs – The definition was adapted from the one utilized by the authors of *The Children's Budget Report: A Detailed Analysis of Spending on Low-Income Children's Programs in 13 States*, which was published by The Urban Institute in 1998. The three main rules that were used to decide whether programs fit the definition of children's programs were the following: (1) All spending on programs designed explicitly to assist predominantly children, (2) all spending on adults in programs where adults receive services only because of the presence of a child (e.g., TANF), and (3) spending on children's portions of programs that benefit both children and adults if there are specific components of the program designed for children (e.g., Medicaid).

Expenditures – Where possible, the actual expenditures distinguished by the funding source. Where allocation at the expenditure level was not available, a ratio of revenues by source to total revenues was generated. Expenditures were then allocated in the same ratio.

Funding source – The original source of funds regardless of how they flowed. Source categories for public agencies were federal, state, local, or private. These four categories and an additional category of fees were used for nonprofit agencies.

Operating budget – The portion of the budget covering operating expenses, including salaries, benefits and overhead expenses; it does not include capital expenditures or debt service.

Public – Funded with federal, state, or local government funds. Local funding includes the City of Huntsville, the City of Madison, Madison County, and the three local public school systems (Huntsville City, Madison City, and Madison County). Smaller municipalities in Madison County, such as Triana and Gurley, were not surveyed.

Appendix B.

Sources of Financial Information for the Madison County Children's Budget

Public Agencies

Alabama Administrative Office of Courts
Alabama Department of Economic and Community Affairs
Alabama Department of Human Resources
Alabama Department of Public Health
Alabama Department of Rehabilitation Services
Alabama Department of Youth Services
Alabama Institute for Deaf and Blind
Alabama Medicaid Agency
Alabama Multiple Needs Child Office
Children First Trust Fund
Children's Trust Fund of Alabama
City of Huntsville
City of Huntsville Community Development Department
City of Huntsville Recreation Services Department
City of Madison
Huntsville City Schools
Huntsville Housing Authority
Huntsville Police Department
Huntsville/Madison County Public Library
Madison City Schools
Madison County Circuit Court
Madison County Commission
Madison County Department of Human Resources
Madison County District Attorney's Office
Madison County District Court
Madison County Health Department
Madison County Recreation Department
Madison County Schools
Madison County Sheriff's Department
Mental Health Center of Huntsville/Madison County
Neaves-Davis Center for Children
U.S. Department of Agriculture
U.S. Department of the Army
U.S. Social Security Administration

Appendix C.

Sources of Financial Information for the Madison County Children's Budget

Nonprofit Agencies

ARC of Madison County
Big Brothers/Big Sisters of North Alabama
Boy Scouts of America
Boys and Girls Clubs of Greater Huntsville
Chamber of Commerce of Huntsville/Madison County
Children's Health System ("Children's Hospital")
Coalition on At Risk Minority Males (COARMM)
Community Action Agency of Huntsville/Madison and Limestone Counties
Court Appointed Juvenile Advocates (CAJA) of Madison County
Crisis Services of North Alabama
EarlyWorks Museum Complex
Family Services Center
Girl Scouts of North Alabama
Girls Inc. of Huntsville
Harris Home for Children
Health Establishments at Local Schools (HEALS), Inc.
Huntsville Child Care Center
Junior Achievement of North Alabama
Madison DONT (Drugs Offer No Tomorrow)
National Children's Advocacy Center
North Alabama Center for Educational Excellence
Partnership for a Drug-Free Community
Sci-Quest, the North Alabama Science Center, Inc.
Second Mile Development
United Cerebral Palsy of Huntsville and the Tennessee Valley
YMCA of Metropolitan Huntsville

Appendix D.

MC3/One by One Children's Budget Funding Survey of Nonprofits

Did your agency receive funds directly from either the federal, state or local government in Fiscal Year 2002 or Fiscal Year 2001 to support children and families in Madison County?

Yes

No

If yes, please list each of the funding sources on the table on page 2 and fill out the table according to the following directions:

- **Column 1:** Indicate whether these funds were received from the federal, state or local government.
- **Column 2:** List the name of the governmental agency that administered the funds.
- **Column 3:** List the name of the governmental program that provided the funds
- **Column 4:** Indicate the amount that your agency expended from this funding source in FY 02.
- **Column 5:** Indicate the amount that your agency expended from this funding source in FY 01.
- **Column 6:** Check the primary purpose for which the funds were used, using the following information.
 - Health – *Includes prenatal and infant care, immunizations, general medical care, and mental health and substance abuse services aimed at supporting families with children.*
 - Social and Economic Well-Being – *Includes cash, food stamps, housing and other supports aimed at helping families to meet their basic needs.*
 - Safety – *Includes child welfare and related services aimed at preventing and addressing child abuse and neglect, domestic violence services for families, services for children who are victims of crime, and programs designed to prevent juvenile crime.*
 - Early Child Care and Development – *Includes school readiness, child care, and early intervention services, as well as after school programs for children in elementary school.*
 - Status of Teens – *Includes youth development and juvenile justice services, pregnancy prevention programs, and after school programs for children in middle and high school.*
 - Education – *Includes K –12 education expenditures, including special education and related supports.*

Please only check one purpose for each source. If the source was used for two or more purposes, check the purpose for which the majority of the funds were used.

- **Column 7:** Indicate whether the services that your agency provided with the funds should be primarily characterized as prevention or remediation (i.e., intervention or treatment). Again, only check one category for each funding source, based on its PRIMARY use.

