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Report: Connecticut's Foster Care System Relies Too Heavily on Expensive, Out-of-Home Services

***First-ever comprehensive look at DCF finances
finds spending choices hurt abused and neglected children***

Rigid federal funding rules and counterproductive state budget choices have resulted in a foster care system that is “careening toward crisis,” according to a new report by Connecticut Voices for Children, a research-based child advocacy organization. The report finds that Connecticut’s budget spends far too little on the home and community-based services that can prevent child abuse and can avert costly out-of-home placements once a child is referred to the Department of Children and Families (DCF). Instead, families are helped primarily when crises erupt, children are harmed, and the problems have become more difficult and costly to address. The report is the first-ever comprehensive examination of how state and federal funding is used in DCF’s budget, and how that use has changed over time.

“Connecticut’s recent budget choices have set the state off on a dangerous path that leads to increasing DCF caseloads and an ever-increasing DCF budget. It makes a lot more sense to invest in home and community-based services that can prevent child abuse and neglect and keep children in a family setting, than to wait until families and children are in deep crisis and the state must spend far more to move children into expensive placements.” said Shelley Geballe, President of Connecticut Voices for Children and co-author of the report. “By spending DCF dollars smarter, and drawing down more of the federal reimbursements to which Connecticut is entitled, Connecticut can get better results for kids at a lower cost.”

Among the highlights of the report’s findings:

Connecticut is spending an increasing amount on expensive out-of-home placements to house children in DCF custody, rather than funding the lower-cost, preventive and community-based supports that could avert such placements. Over the last decade, Connecticut’s spending on foster and residential care has increased by \$167.3 million, while the total increase in DCF spending for the home and community-based services that could avert such placements (e.g., child guidance clinics, day treatment, child abuse/neglect intervention, community-based prevention, support for recovering families, family preservation services, individualized family supports, community KidCare, and emergency needs payments) has increased by \$47.9 million. That is, DCF’s spending on out-of-home placements has grown

more than three times faster than its investments in the services that could keep kids safe and *in* their homes.

The state's choices in its use of federal funds have contributed to DCF's increasing caseload and its soaring budget. By diverting federal funds intended to stabilize families and divert children from foster care, Connecticut is effectively forcing families into crisis before they can get assistance and driving up the cost of services.

- Connecticut has diverted to DCF's budget tens of millions of federal Temporary Assistance for Needy Families (TANF) funds that could have been used to stabilize and support low-income parents (through job preparation, education, child care and housing subsidies). In Federal Fiscal Year 2005, \$118 million (41%) of Connecticut's TANF funds are to be spent for DCF case management, DCF investigations, and other DCF services, rather than on the supports for low-income families that could help avert referrals to DCF.
- Connecticut has diverted federal funds targeted to preventive services for families to pay for staff salaries at the DCF-operated Connecticut Children's Place. These "Title IV-B, part 1" funds were to be used to prevent child abuse and neglect, reduce foster care placements, reunite families, arrange adoption, and ensure adequate foster care.
- Connecticut is losing out on millions of dollars in federal Medicaid reimbursements for the care provided to many children in DCF custody because the state has not pursued readily available methods to maximize these federal revenues.

Current federal funding rules make it more difficult for DCF to fund child welfare services in a manner that is cost-effective and serves children's best interests. Connecticut receives federal reimbursement through Title IV-E of the Social Security Act for about half the cost of an eligible foster child's out-of-home placement, but does not receive such reimbursement for the home and community-based services that could safely keep a child in his home. As a result, federal funding rules "reward" DCF for making out of home placements, providing a perverse incentive that makes it more financially advantageous for states to place children out of home than to provide services to keep families together.

Connecticut Voices for Children will release a second report in February that will identify ways to reverse these troubling funding trends, including through more prudent state budget choices, more aggressive federal funding claiming, and revisions to current federal funding restrictions.

"This important report shines light on how ineffectively Connecticut is spending taxpayers' dollars and not aggressively obtaining federal funds that the state can claim. The result of these actions and inactions all too frequently harms children," commented Jeanne Milstein, Connecticut's Child Advocate. "We are all too familiar with the consequences of failing to adequately assess and intervene early on when families need help."

The report, *Careening Toward Crisis: State and Federal Funding of Child Welfare Services in Connecticut*, can be found on the Connecticut Voices for Children Web site at www.ctkidslink.org.

Connecticut Voices for Children is a statewide, research-based policy and advocacy organization committed to promoting leadership, policy change, and investment on behalf of all of Connecticut's children and youth (www.ctkidslink.org). The organization has worked for years on ways to improve child welfare services, including efforts to address state and federal financing challenges. Connecticut Voices is a state partner in *Fostering Results*, a national, nonpartisan project to raise awareness of issues facing children in foster care, supported by a grant from The Pew Charitable Trusts to the Children and Family Research Center in the School of Social Work at the University of Illinois, Urbana-Champaign.

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