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More Flexible and Smarter State and Federal Budget Choices Could Help Children at Risk

***Report suggests home and community-based services
could produce better results at a lower cost***

More flexible federal funding rules and an expansion of home- and community-based services could move Connecticut's troubled foster care system away from its state of crisis and better serve the needs of abused and neglected children, according to a new report by Connecticut Voices for Children, a research-based child advocacy organization. The report calls on the federal government to allow greater flexibility in the use of foster care funds and on the state government seek greater flexibility in the use of current federal foster care funds and to pursue greater federal reimbursement through Medicaid to expand home- and community-based services for children in the care of the Connecticut Department of Children and Families.

This report on recommendations for reform follows a report released earlier this year that found that Connecticut 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. Over the last decade, 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.

"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."

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Among the highlights of the report's recommendations:

- **Connecticut should pursue greater federal Medicaid reimbursement for children in DCF care.** Currently, DCF uses state-only dollars to provide coverage for some children and services. Drawing in more federal reimbursements could help free up state dollars that could then be used to expand home- and community-based services that can prevent some removals from home and reduce the need for costly institutional care.
- **Connecticut should seek federal waivers to expand home- and community-based services and use Title IV-E foster care funds more flexibly.** By applying to the federal government for a waiver of federal program requirements in Medicaid and Title IV-E, the state can develop demonstration projects that reduce the number of children in costly out-of-home care. For example, many states have used Title IV-E waivers to use federal funds for a subsidized guardianship program. Since Connecticut already *has* a subsidized guardianship program that is wholly state funded, such a waiver could free state funds to fund more prevention and early intervention services.
- **The federal government should allow greater flexibility in the use of federal funds.** Connecticut receives federal reimbursement 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, or help a parents get back on their feet so the child can be returned home. Federal funding rules essentially "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.

The report is released as the federal budget passed by the U.S. Congress threatens to cut \$10 billion in Medicaid funds to states. The report's authors argue that with dwindling federal resources, the state should explore more flexible uses of federal funds before these cuts are implemented.

These reforms could also help Connecticut in its struggle to meet court-ordered goals for reform of its foster care system, say the report's authors. As part of a federal court-ordered plan, the state's Department of Children and Families (DCF) must meet 22 specific goals for improvement by 2006. These goals include reducing the proportion of children in residential treatment programs and expediting children's return home when reunification with parents is appropriate. While achieving both goals requires a well-functioning system of home and community-based services for children and families, Connecticut lacks such a system, in part because federal matching funds are not available for such services.

"We know that there are many innovative and cost-effective programs that can improve outcomes for at-risk children and youth," says Sharon D. Langer, Senior Policy Fellow at CT Voices for Children and co-author of the report. "Now is the time to use what flexibility currently exists in federal laws to put those programs into effect in Connecticut."

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“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, *Moving Away from Crisis: Alternatives in Financing Child Welfare Services in Connecticut*, can be found on the Connecticut Voices for Children Web site at www.ctkidslink.org. It was released Thursday at an informational forum at the Legislative Office Building in Hartford. Speakers included Shelley Geballe, President of Connecticut Voices for Children; Carl Valentine, President of F.C. Valentine and Associates; John O’Brien, Senior Associate for the Technical Assistance Collaborative; and Mark Testa, Co-Director of *Fostering Results*.

Connecticut Voices for Children is a research-based policy and advocacy organization for children and families (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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