

Thank you Chair Morse, Vice-chairs Martus and Green, and committee members, especially my Representative Rachel Hood, District 81!

Hello, my name is Dan Gowdy, President and CEO of Wedgwood Christian Services. Our main offices are in Kentwood, SE of Grand Rapids. Wedgwood started in 1960 serving youth with significant trauma and has not wavered from that mission for 64 years.

Along with my colleagues, who will introduce themselves shortly, we are grateful to be here and share some insights into Michigan's Child Welfare System and how we might stabilize and re-focus our combined resources to result in the greatest benefit for youth and families.

I will focus my brief comments on Michigan's Child Welfare Continuum and its inflection points – you should have access to an infographic titled Michigan Child Welfare Continuum.

There are three relevant appropriation line items that fund the majority of child welfare expenses: Foster Care Payments, Adoption Subsidies, and the Child Care Fund.

This graphic shows the major types of services provided within Michigan's Continuum of Child Welfare services. The blue and orange bar underneath some of the boxes represent what portion of those services are provided by public or government services and what portion is provided by private non-profit organizations.

There are two critical inflection points within this system that have a lifetime societal impact.

The first three boxes in the upper left are all "In Home" services and represent a major opportunity within the system.

Family Preservation and Diversion Services matter a great deal. Research from a 2019 study entitled, *The Unseen Costs of Foster Care* revealed that when a youth is removed from their family and placed in the system, there is a life-time societal costs of \$119,069 compared to other youth who remained in the home. These costs include future earning potential, likelihood of substance abuse, crime, medical and mental care, as well as teen pregnancy.

If you look to the right you will see “Out of Home” services. The primary success for the continuum’s “out of home” services is dependent on Foster Care and Child Care Institutions, or Residential Treatment.

This leads us to the second inflection point. Youth who are able to successfully move through the system of care, follow an essential pathway to achieve permanency. If a youth ages out in the system, they do NOT achieve permanency, the lifetime societal cost for that individual exceeds \$627,000 !

What we are experiencing more and more within Michigan’s Foster Care programs is that youth have greater mental and behavioral health needs, which requires a higher designation of care and higher costs.

Let’s first start by looking at the center of the Child Welfare continuum, Residential Treatment - Child Care Institutions

- There is a wide array of treatment programs within Residential Treatment. A continuum of care within Residential Treatment which is within the larger system of the Child Welfare continuum.
- In 2018, 50% of youth in Residential Treatment were in the least restrictive setting, they would be on the far-left side of that box. In FY 23, this type of care was only 17% of total served in Residential Treatment That’s a 33% drop in just 5 years.
- This is mainly the result of a greater percentage of youth with higher level of acuity.
- Also going on at the same time, within Residential Treatment, was a reduction in available beds. In December of 2020, there were over 1,000 youth in Residential Treatment (CCI). Today that number is under 500. This is 300 less than the national average for youth needing Residential Treatment. A result of more than 16 CCI’s closing during the Pandemic. Although, capacity is improving, the waiting list for Residential Treatment continues to be a concern.
- The increased need for higher acuity services within Residential Treatment combined with the capacity concerns taxes already stretched resources of Foster Care, because there is nowhere else for these kids to go.

- Because Residential Treatment is utilizing available capacity for higher acuity needs, Foster Care is left serving youth, who just a few years ago, would have been served in a residential treatment program with 24/7 clinical & nursing care.

From FY 18 to FY 23, we saw a 9% increase in the severity of needs of kids in Foster Care.

Foster Care and Child Care Institutions are necessary services to help youth stabilize, cope with their trauma, and move successfully through the system of care. Recent trends show these programs, the majority of which are provided by private, non-profit agencies, are caring for an increasingly higher level of mental and health needs.

Recognizing this trend in child welfare can help inform the state on future child welfare policy decision and budget priorities.

Thank you for your time.

I'd like to turn it over to my colleague from D.A. Blodgett- St. John.

