



Testimony Before the House Appropriations Subcommittee on Health and Human Services

Presented on behalf of the Michigan Federation for Children and Families

Chair: Representative John Roth

Good Afternoon,

My name is Dan Gowdy, CEO of Wedgwood Christian Services. Thank you, Chairman Roth, and the committee for having me today.

“It is easier to build strong children than to repair broken men.” — Frederick Douglass

As Michigan faces difficult fiscal realities and hard budget decisions, that truth should guide us. When revenues tighten, our priorities become clearer. Investment in vulnerable youth — especially those who have experienced abuse, neglect, trauma, and court involvement — is not discretionary spending. It is preventive policy. It is fiscally responsible. And it is foundational to the long-term strength of our state.

If we fail to build strong children now, we will pay exponentially more later — in corrections, emergency care, lost productivity, and generational instability. The work before us today is about building strength at the front end of the system so we are not forced to repair damage at the back end.

(I. Opening – The System Reality)

The reality we witness every day is that the foster care and residential treatment system is not functioning as a true continuum of care. Last week, mLive published an article that underscores our current state. Our system lacks sufficient stable placement options, a workforce that can support them, along with the therapeutic environments these kids, with high acuity, need.

Our way forward is strengthened with a collaborative approach.

If one entity controls the thermostat, the windows, and the furnace, that entity bears responsibility for the temperature of the room. The temperature of our current child welfare system isn't functioning correctly. Most importantly, collaboration has become cold — it's become procedural rather than relational. As a result, high-acuity youth who need intensive residential care are left navigating delays and placement mismatches instead of receiving the warm, therapeutic environments that foster healing and improve their future.

We need to build a sustainable collaborative system of care that is about shared design, shared responsibility, and shared outcomes.

Michigan's child welfare continuum is only as strong as its highest-acuity capacity. Today, that capacity is limited by operational staffing, workforce fragility, and unstable residential environments.



We can't fix that by just adding more beds – although that's also needed. We have to stabilize our workforce – the adults who take care of our most vulnerable youth first.

II. The Role of Residential Treatment & PRTFs

Residential Treatment and Psychiatric Residential Treatment Facilities (PRTFs) serve youth with severe trauma, behavioral dysregulation, and co-occurring mental health needs. The population they serve have faced more trauma and challenges in their young lives than anyone ever should. These facilities provide a structured environment, offer longer-duration treatment, serve court-involved youth diverted from incarceration, and provide step-down continuity after psychiatric hospitalization. Residential care is a clinical intervention tier within Michigan's child welfare continuum.

Without it, children with high needs end up in foster care with families who can't manage their behaviors. Not only is that not fair to the families who are willing to help our foster kids, but it impedes the growth and potential of the child we have a responsibility to care for. Youth who don't have placement options end up in DHHS offices or emergency departments, their juvenile justice involvement escalates, and out-of-state placements increase. None of these serve anyone – not the child, not the foster families, and not the State of Michigan.

III. The 680-Bed Target – Modeled and Operationally Grounded

Our best studies through contract modeling determine a target of 680-beds.

Current contracted capacity includes 398 CCI beds operating at approximately 85% effective utilization. This results in roughly 338 operational beds. Because we have an overburdened system in the State of Michigan, it limits our ability to match the best treatment options for a youth to an available opening. Instead, many youth are placed in the first open bed out of necessity.

A rebalanced system models 677 contracted beds operating at a stabilized 90% utilization rate, results in approximately 609 operational beds. This change represents a net operational gain of approximately 271 beds and opens up capacity to allow youth access to programming that meets their unique needs.

This expansion would distribute acuity more safely, stabilizes staffing ratios, reduces burnout, and lowers reliance on restraint and seclusion.

	Contracted Beds (current)	398	
Priority In-State & Out-State			
	Utilization @ 85%	338	estimated beds utilized - Operational
	Assumed Out of state (115 JJ + 7 AN)	122	approximate from 513.300 tab
	Waiting List (72 AN + 71 JJ)	149	per boilerplate
	Total Youth needing CCI	609	estimated total youth needing care - Operational
	Targeted contracted beds @ 90%	677	targeted contracted beds to accommodate 609 youth assuming 90% occupancy



IV. Residential & Juvenile Justice Innovation Grants

The roughly 680 targeted therapeutic bed defines the level at which Michigan’s high-acuity residential system begins to stabilize. The question before us is not whether we need that capacity — it is how we intentionally move toward it. A Residential and Juvenile Justice Innovation Grant is a disciplined, targeted investment that helps close that gap.

These grants would allow providers to develop new services and invest in infrastructure that increases placement capacity for youth with complex and acute behavioral health needs, aggressive or assaultive behaviors, or those requiring a higher level of care. By strengthening trauma-informed residential models that serve court-involved youth and youth in abuse and neglect cases, innovation funding directly supports stabilization in treatment rather than detention — reducing recidivism, lowering long-term corrections costs, and improving public safety outcomes.

For example, at Wedgwood, we embed Board Certified Behavior Analysts (BCBAs), doctoral-level Occupational Therapists, in addition to the Licensed Master Social Workers (LMSWs) in each residential treatment home to address complex trauma and severe behavioral dysregulation. Although the additional BCBAs and doctoral OTs are not reimbursable under current funding structures, the integration of this clinical team model moves youth beyond crisis containment toward measurable stabilization and functional growth.

We respectfully request a \$2 million one-time appropriation to allow providers to scale these robust, evidence-informed clinical approaches and expand capacity where it is most urgently needed — ensuring that innovation funding strengthens true treatment capability, not minimal supervision.

V. Workforce Stability — The Structural Investment That Determines Capacity

Workforce stability is the single most important investment necessary to stabilize Michigan’s residential treatment capacity. This is not a reactive response to crisis — it is a proactive structural strategy to anchor Michigan’s child welfare continuum. If we do not stabilize and develop the adults who provide care, no amount of bed expansion modeling will translate into operational capacity. Our workforce is our most appreciable asset, and when we strengthen that asset, we expand both the capacity and capability of the entire residential treatment system.

A. Expand Access to the Behavioral Health Loan Repayment Program

Residential programs require licensed clinicians with specialized trauma and behavioral health expertise, yet recruitment and retention remain extraordinarily difficult without meaningful financial incentives. A Behavioral Health Loan Repayment Program provides student loan repayment support to clinicians who commit to serving in high-need behavioral health roles. Without these incentives, residential programs lose clinicians to hospital systems and higher-paying settings, and rural communities experience persistent shortages. Loan repayment is not a discretionary benefit — it is a workforce stabilization tool that directly determines whether residential beds are operational.

To strengthen this pipeline, we respectfully request an additional **\$1.5 million appropriation** to expand access to the Behavioral Health Loan Repayment Program across Michigan’s publicly funded behavioral health system. This investment should expand eligibility to nonprofit and Medicaid-serving providers and remove employer match requirements that apply only to certain



provider groups, ensuring consistent and equitable workforce investment statewide. If we are serious about reaching the 680-bed stabilization threshold, we must invest in the clinicians who make those beds operational.

B. Build the Frontline Workforce Pipeline

Beyond clinician recruitment, we must stabilize the broader frontline workforce that anchors residential care. Building a Registered Apprenticeship model for Youth Treatment Specialists (YTS) allows Michigan to create a predictable, credentialed workforce pipeline with paid on-the-job training and stackable credentials. Clear career ladders — from entry-level roles through supervisory and clinical pathways — combined with trauma-informed leadership development and structured onboarding, reduce turnover and increase sustainable capacity.

The biggest gap to traverse in any agency is the gap between a highly skilled frontline work and a successful supervisor. It is a great thing to do good work with your own hands; it is a far more remarkable accomplishment to do good work using other people's hands.

A developing workforce leads to developing residential capacity. A developing residential capacity strengthens the entire child welfare continuum and positions Michigan to move beyond prolonged federal oversight. If we delay structural workforce investment, the demographic realities facing Michigan — a shrinking working-age population and accelerating retirements — will only compound the challenge. Acting now is not optional; it is essential.

VII. Closing

In closing, the 680-bed target is not aspirational — it is the stabilization threshold for Michigan's high-acuity youth system. Today, 398 contracted beds operating at 85% effective utilization yield approximately 338 operational beds. A rebalanced system operating at 90% utilization would produce roughly 609 effective beds — a gain of 271 operational beds that would materially reduce waitlists, out-of-state placements, and placement mismatches.

But the math only works if the workforce works.

Beds do not stabilize systems — people do. Our greatest constraint is recruitment, retention, and development a pipeline of a skilled behavioral health workforce. That is why we are asking for three targeted investments:

- A \$2 million Residential and Juvenile Justice Innovation Grant to expand treatment capacity and clinical infrastructure.
- A \$1.5 million expansion of the Behavioral Health Loan Repayment Program to strengthen clinician recruitment and retention statewide.
- Continued support for building a Registered Apprenticeship and structured workforce pipeline to stabilize frontline staffing.

These are not isolated line items. Together, they represent a structural workforce strategy. If we invest now, we expand capacity, stabilize placements, reduce recidivism, and move Michigan closer to exiting prolonged federal oversight. If we delay, demographic pressures and workforce shortages will compound, and capacity will continue to erode.



The youth we serve are not abstractions in a spreadsheet. They are children who have endured trauma, instability, and repeated failure by adults. With the right workforce, the right structure, and the right investment, they can stabilize, heal, and build productive futures.

The question before us is not whether we can afford to invest in workforce stability — it is whether we can afford not to.

Thank you for your leadership and for the opportunity to testify today.