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## POLICY

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## Reports

### **Cuts Cost: A Historical and Trend Analysis of the Effects of Proposed Preventive Service Budget Cuts on the Increase in Foster Care Placements** May 19, 2003

All data was obtained from the Administration for Children's Services.

#### **Summary**

Child welfare experts have long recognized that preventive services lead to fewer foster care admissions. Recently, the Administration for Children's Services adopted preventive services as the centerpiece for their plan to reform the way in which the city protects its most vulnerable children.

Despite the recognition that offering preventive services can keep children out of foster care, Mayor Bloomberg has proposed slashing funding for preventive services by 18.5 percent – a \$7.8 million savings for the city, but a \$22 million loss for programs, because of a 65 percent match by the state. The Administration's proposed savings will immediately result in a loss of more than \$14 million in state funding.

Furthermore, decreasing the availability of preventive service slots will increase foster care placement. While preventive services cost only \$6900 per year per family (which on average includes 3 children) foster care costs between \$17,000 and \$54,000 per year per child.

A historical look and financial analysis of the effects of preventive services on foster care admissions reveals that:

1. A \$22 million cut would mean the end of preventive services for 3,188 families (\$22 million/\$6900 per family), or about 7,970 children (average of 2.5 per family).
2. If the city cuts preventive services by 18.5 percent, the number of children in foster care could increase by 12 percent – 3135 more children will be taken away from their families and placed into foster care.
3. The foster care costs for these new placements total \$72,565,000. The city's share of this cost, which on average is matched by the federal and state government at a rate of 70%, is \$21,769,500

By implementing the misguided 18.5 percent cut to preventive services, the city stands to lose more than \$14 million!

#### Historical Perspective on the Effects of Preventive Service Cuts

The concept of preventive services, pioneered in New York State, has been around for nearly 20 years. Child welfare advocates, workers, and parents alike agree that preventive services help keep families together by keeping children in their homes and communities. Without these services, many fear, and research has shown, that more children will wind up in foster care.

However, it should be noted that the correlation between preventive services and foster care admission can be complicated by other factors. This is particularly true during two periods in the past 20 years.

In the late 1980's, the city experienced a crack epidemic. During the first two years of the epidemic, the number of children in foster care nearly tripled. In the early 1990's the crack epidemic was coming to an end and numbers of children entering foster care began a dramatic decline.

This decline, however, was short lived, because of the tragic death of Eliza Isquerdo in 1995. Her death sent a shock wave through the child welfare system. ACS, which until then had been part of the Department of Human Resources, branched out into its own agency. As a response to the outrage over Eliza's death, the agency adopted a "when in doubt, pull them out" approach to child protective services.

The child welfare system has come a long way since these the crack epidemic and the early years of ACS. Today, there are preventive programs for drug addicted parents that enable them to quickly and safely get their children back from foster care. ACS also moved away from the "when in doubt, pull them out" approach which resulted in New York City having the highest rates of foster care admissions in the country. ACS credits a new emphasis on preventive services for shorter stays in foster care and a decreased number of foster care admissions.

#### **Will foster care rates rise?**

Looking back over the existence of ACS and the ups and downs of cuts to its, it is clear that decreasing preventive services played a role in increasing the number of children in foster care. Conversely, increases in preventive services help drive down number of children in foster care. This phenomenon is easily illustrated by looking at two periods of ACS's existence: the years between 1995 and 1998 and the later years, 2000 – 2002.

In 1995, Governor Pataki cut a block grant for child services, which in turn reduced the preventive service budget by nearly \$150 million dollars. In 1996, Mayor Giuliani refused to provide the newly created Administration for Children's Services with nearly \$7 million for child abuse prevention programs at 16 Beacon Schools. Preventive service slots decreased from 13,675 in FY1994 to 12,579 in FY1997. The decrease in preventive

services, combined with ACS's new philosophy on removing kids from their homes drove up foster care rolls by nearly 50 percent between the years of 1995 and 1998.

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