



NEWS RELEASE

For immediate release: March 11, 2004

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Connecticut Foster Care Reform Efforts Face Federal Financing “Straitjacket,” New Report Shows

*In Tough Budget Times, State Finds Efforts to Innovate, Give Kids
Stable Homes Stymied by Inflexible Federal Financing Rules*

New Haven, CT: As Connecticut struggles to meet court-ordered goals for reform of its foster care system, a new report released today shows the state’s reform efforts are hampered by rigid federal financing rules that stifle innovation and severely restrict spending federal dollars on services that could help reduce the number of children in out-of-home placements. The report comes as Congress debates extending a program that has helped some states make improvements for children and families in need and as the federal government finishes its evaluations of state child welfare systems against a set of performance benchmarks, with failing states (including Connecticut) in jeopardy of losing a portion of the more than \$4.6 billion in annual federal funding for children in foster care.

The report -- *The Foster Care Straitjacket: Innovation, Federal Financing & Accountability in State Foster Care Reform* -- highlights a hurdle to reform faced by Connecticut and most other states -- the inability to spend limited federal dollars earmarked for foster care on services that could actually help give children safer, more stable, permanent homes. The report also shows that when states *have* been granted more flexible use of federal funding through “waivers” – and then are required to measure the results -- several of those states have achieved success in reducing the number of children in out-of-home placements, and the length of time that children spend in the foster care system.

“Current federal funding rules can be a straitjacket to state and local efforts to reform our troubled foster care systems,” said Jess McDonald, Co-Director of *Fostering Results* and former Director of the Illinois Department of Children & Families. “This report shows that when states are given the freedom to innovate and are granted more flexible, accountable use of federal dollars, they *can* get better results for children and families in need.”

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As part of a federal court-ordered plan to reform services for Connecticut's foster care system, 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 need the federal government to be a partner, not an obstacle to improving Connecticut's foster care system," said Shelley Geballe, Co-President of Connecticut Voices for Children and a member of the advisory panel to the federal court monitor who co-administers DCF. "Connecticut should be able to expect the same level of federal financial support when we try to keep kids in their homes and communities as is currently provided when kids are placed into state custody with DCF."

The report outlines how current federal financing rules favor keeping children in foster care over providing services that can help keep children at home or support other permanent, stable arrangements for children like legal guardianship. States are currently reimbursed by the federal government for caring for children in foster care, but extremely limited in their ability to spend those same federal dollars on services like mental health and substance abuse treatment or alternatives like subsidized guardianship that give abused and neglected children more stable, permanent homes. Nevertheless, despite these current federal funding restrictions, the report shows that some states, when granted flexible use of federal funding through "waivers," have succeeded in reducing the number or length of stay of children in foster care in part by using federal funds to pay for these alternative services:

- Connecticut was granted a waiver in 1998 to use federal funds to offer intensive and comprehensive behavioral health services to youth who were approved for placement in residential care. At completion of the demonstration project in 2002, DCF found that these services had reduced the number of children placed in highly restrictive settings and the duration of placements, and also children who returned home from residential stays showed significant improvements in their behavior.
- Illinois used federal financing waivers to subsidize private guardianship and provide more than 6,800 children with stable, permanent homes. The state then reinvested the more than \$28 million in federal "savings" it gained into other services that helped cut the number of children in foster care from 51,000 to 19,000 in just five years.
- Delaware cut by nearly one-third the amount of time that the children of drug and alcohol abusing parents spent in foster care through a waiver program using federal dollars to identify families in need of immediate substance abuse treatment and services.

Currently, at least 17 waivers from 12 states are pending before the U.S. Department of Health & Human Services (HHS). However, the authority to grant new waivers is scheduled to expire at the end of March unless Congress passes a resolution to extend the program. But even if the program is extended, federal law currently allows HHS to approve just ten waivers each year, ensuring that some states will be left without this important tool for foster care reform.

As mandated by Congress, HHS is nearing completion of a formal process to evaluate state child welfare systems against a set of defined performance standards. Of the forty-seven evaluations – known as Children & Family Service Reviews (CFSRs) – conducted so far, not a single state has passed, which under law threatens to reduce every state’s share of federal child welfare funding. Many state officials and child welfare advocates, however, believe that current federal funding rules severely limit their ability to innovate in ways that could help states reform their foster care systems and meet the federally defined performance standards for children and families in need.

The report was issued by *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. The complete report is available at www.fosteringresults.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. Connecticut Voices is a state partner of *Fostering Results* and has worked for years on ways to improve child welfare services, including efforts to address state and federal financing challenges.

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