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U.S. Laws Said to Impede States' Moves in Foster Care

By **LESLIE KAUFMAN**

Federal laws enacted in the 1990's that were meant to create more accountability in state foster-care systems are instead stifling needed innovations and endangering parts of the \$4.6 billion in federal financing going to states for the care of poor children, according to a report to be released today.

The report, by Fostering Results, a foster-care research and education nonprofit group based in Chicago, comes as Congress debates reauthorization of the laws.

The largest stream of federal money for foster care comes from the IV-E titles of the Social Security law. The financing was created to prevent states from leaving children in dangerous homes because the states could not afford foster care.

While this money can be used for paying foster parents or institutions, though, it cannot be used for services that would help families stay together, like mental health counseling or substance abuse. And in 2000 the federal government also introduced accountability reviews for the Title IV-E money that came with stiff fiscal penalties. The states have been largely failing these reviews.

President Bush has given the states the option to gain more flexibility in how they use federal money for foster care — and thus, it is hoped, improve their performance — if they agree to fix the amounts they receive at current levels.

The report finds that Washington is asking states to choose between flexibility financing or adequate financing when they need both.

"There is a fiction in the debate in Washington," said Gail Nayowith, the executive director of the Citizens' Committee for Children, a group in partnership with Fostering Results, "suggesting we can get flexibility and accountability and it will cost less. It will not."

Wade F. Horn, assistant secretary of health and human services for children and families, countered that states could opt out of Mr. Bush's proposed plan.

He added that Mr. Bush had also proposed significant new financing for child welfare programs besides Title IV-E that do let states spend on services like substance abuse treatment and family counseling.