

# CHAPTER 4 . FISCAL IMPACT ANALYSIS

A major portion of the ProtectOhio evaluation is the Cost-Benefit Study, which identifies cost savings and changes in expenditure patterns arising from the use of managed care technologies. The Cost Benefit Study has two components. The *fiscal impact analysis* examines changes in revenues and in service expenditures, both at the family/child level and at the system level. The *cost effectiveness analysis* reveals how differing county "purchasing decisions" affect the number of people who use services, the level and duration of services, and whether those changes are cost-effective to children and families and the system that serves them. Chapter 4 examines the initial results of the fiscal impact analysis. The cost effectiveness analysis will be conducted in future years of the ProtectOhio evaluation.

The ProtectOhio demonstration is about changing the rules that govern how federal Title IV-E funds are expended. Prior to entering into the Title IV-E Waiver, Ohio counties could use federal Title IV-E for a restricted set of purposes related primarily to board, maintenance, and administrative expenses. Under the Title IV-E Waiver, Ohio counties are given much greater latitude over the expenditure of Title IV-E funds. The effect of the Title IV-E Waiver on how counties spend Title IV-E funds and the collateral effect on child welfare expenditures overall is at the core of the ProtectOhio evaluation.

This first report on the fiscal impact of the ProtectOhio Waiver begins with a brief discussion of the hypothesized effect of the ProtectOhio policy change, along with the specific research questions that will be addressed during the five-year evaluation. The methods section describes the data collection and analysis activities undertaken during the first year of the evaluation.

The remainder of this report presents the results of analyses of state data sources and preliminary responses to a subset of the research questions. This section presents only a small subset of the statewide financial data analyzed during the first year. After extensive review, the evaluation team deemed that much of the state data was too unreliable to support even a report of preliminary results. To make up for these deficiencies, the Fiscal Study team will be working with selected demonstration and comparison counties to review their data and make adjustments during year two of the evaluation.

## I. RESEARCH QUESTIONS

The basic theory that underpins a federal Title IV-E Waiver such as the ProtectOhio program is rather simple. Under the ProtectOhio demonstration, participating counties are to receive the same amount of federal Title IV-E foster care board and maintenance

reimbursement they would have received in the absence of the Waiver.<sup>1</sup> Counties may spend their Title IV-E revenue on whatever combination of services and clients they choose, regardless of whether those services or clients are eligible for Title IV-E reimbursement under pre-existing regulations. With the ability to use Title IV-E funds for non-foster care services, counties are expected to increase investments in services that support placement prevention, reunification and adoption and reduce reliance on out-of-home placements. Counties may also invest more in staff training and focus less on reimbursability and eligibility determination. All these shifts in expenditure patterns are expected to improve outcomes and satisfaction for children and families.

While the fiscal policy change of the Title IV-E Waiver is expected to change the way counties spend Title IV-E dollars, the policy change does not explicitly stimulate reductions or increases in other federal, state or local expenditures. However, state and federal policy makers are interested in the impact of the Title IV-E Waiver on other revenue streams, particularly Title IV-E administration and training, Medicaid, and the local contribution to child welfare expenditures.

The specific research questions that flow from the theory underlying the ProtectOhio program fall into two broad areas: fiscal changes at the system level and fiscal consequences at the child and family level.

1. What are the fiscal consequences, at the system level, of shifting to a prospective reimbursement system?
  - 1.1 Has the demonstration led to a change in how expenditures are distributed among out-of-home care and in-home community based services?
  - 1.2 Has the demonstration led to a change in overall child welfare expenditures?
  - 1.3 Has the demonstration led to a change in federal, state and local shares of child welfare expenditures?
  - 1.4 Has the demonstration led to a change in claims to Title IV-E administration, training and eligibility?
  - 1.5 Has the demonstration led to a change in claims to other uncapped funding streams, such as Medicaid, mental health or juvenile courts claiming IV-E reimbursement outside of ProtectOhio?
2. What are the fiscal consequences, at the child and family level, of shifting to a prospective reimbursement system?
  - 2.1 How much money is spent per child or family in the demonstration and comparison counties?

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<sup>1</sup> See Appendix 4, Exhibit 1 for the explanation for how Title IV-E reimbursement is calculated for demonstration counties under the waiver.

## I. Research Questions

- 2.2 Do demonstration counties spend less per child on out-of-home placements than comparison counties?
- 2.3 How do demonstration and comparison counties differ in how much they spend on children and families with different needs?
- 2.4 For a given type of family or child, are better outcomes achieved per dollar spent in demonstration counties than in comparison counties?
- 2.5 For a given level of expenditure, are children and families in demonstration counties more likely to have good outcomes?
- 2.6 For a given level of expenditure, are children and families in demonstration counties more likely to be satisfied with the services they received?

In addition to stimulating changes in the types of services purchased to serve children and families, the ProtectOhio Waiver may also stimulate changes in the administration and organization of child welfare services. In fact, counties may change the structure of child welfare service delivery in order to bring about a shift in expenditures towards placement prevention, reunification and adoption services. The process study of the ProtectOhio evaluation will address the following questions about structural changes stimulated by the shift to prospective reimbursement of Title IV-E.

1. Do the public and private sector shares of child welfare expenditures change in the demonstration counties? Do the public and private sectors share more management, administration and training costs?
2. Does the demonstration increase capacity to measure outcomes and utilize automated decision support systems in the demonstration counties?
3. Do purchasing methods change in the demonstration counties? If so, how?
4. What rate setting models are adopted among demonstration counties? What type of risk sharing schemes with private contractors are introduced? Are these different from those adopted among comparison counties?
5. What types of contracts are put into place? Do vendors develop subcontracts?
6. What types of networks are formed?
7. Is there consolidation within the provider community?
8. How are these changes related to the quality and level of services?

The initial findings relating to these questions can be found in Chapter 2 (Process study). These questions will continue to be explored through future site visits at both demonstration and comparison counties.

## **II. METHODS**

### **A. Data Needed to Answer Research Questions**

Ideally, the database needed to detect meaningful changes in expenditure patterns and to attribute observed changes to the ProtectOhio Waiver would have to record expenditures, revenue sources, and units of service by service category and by service date for comparison and demonstration counties. This database would organize the information by client-specific periods or spells of service utilization. In addition, demographic characteristics of the clients, such as age at time of receipt of service, ethnicity and gender would also be contained in the database with direct links to service utilization spells. The demographic information would be used to help explain changes in overall expenditures and to isolate changes caused by the ProtectOhio policy change from those caused by changes in the mix of child welfare clients and other factors not specifically related to the Waiver itself.

The database would contain as much historical data as was available, as well as data accumulated during the demonstration. Many of the characteristics of the service delivery system and the service populations are hard to match across demonstration and comparison counties. With historical data, it would be possible to compare how each county responds to the Waiver over time as well as how each county compared with its matched comparison county. Historical information in the database would be used to predict an expected trajectory for expenditure, service utilization, and unit cost variables for both the demonstration and comparison counties.

Few if any states have service utilization and claims level data at such a refined level of granularity. Ohio is no exception. Moreover, because the burden of gathering detailed data is high, ODHS officials were reluctant to impose new data collection requirements on demonstration and comparison counties. As a consequence, in response to a Fiscal Information Audit conducted by the study team (described below), ODHS decided that the evaluation should rely on existing state and county data sources.

Within these parameters, the following data collection tasks were undertaken. First, the Fiscal Study team conducted a fiscal information audit to determine what existing information resources state and county officials had available to support the construction of a database of expenditure and units of service data. Second, we obtained copies of state data sources identified during the fiscal information audit. These data were organized into a coherent database, and analyses were conducted to assess the usefulness and reliability of the existing state data. The remainder of this section describes the methods used for the fiscal information audit and for the construction of a research database from state data sources.

### **B. Fiscal Information Audit**

During the fall of 1998, the Fiscal Study team surveyed state and local officials to learn about existing fiscal data sources at the state and local level. At the state level, the

purpose of the audit was to determine what data sources existed for all counties and whether those data were a good fit for the fiscal research questions. State officials were asked about all statewide sources of fiscal data, including how the data were reported, whether the reported data generated payments to counties, the accuracy of the data, and the relationships among the different data sources.

At the county level, the purpose of the fiscal audit was to determine the feasibility of collecting fiscal data from the demonstration counties and to get the county perspective on state data sources. Finance officers in the demonstration counties were asked a series of questions designed to ascertain each county's capability to report expenditure data by categories that related to the fiscal questions posed by the Waiver. How did counties track expenditure data? Was the data tracked on a cash basis or a date of service basis? Were units of service tracked with expenditure data? How did counties track funds received from or transferred to other county agencies? Counties were also asked about how they reported fiscal information to the state and what their views were on the accuracy of that data. The results of these interviews are presented below in the Findings section.

### **C. Construction of Database from State Data Sources**

Based on the findings of the fiscal information audit (described in greater detail below), the Fiscal Study team decided to build an expenditure database based on the disbursement file of the statewide child welfare accounting system (ODHS 2820), augmented by the results of the random moments survey (SS-RMS). The ODHS 2820 disbursement file contains fiscal data for all county child welfare expenditures, both direct county expenditures and payments to foster parents and contractors. (Direct county expenditures are those incurred for county staff and operations.) Each expenditure reported on the ODHS 2820 is classified by the month of expenditure, the type of service, and the funding stream that reimbursed the cost. We received both electronic and paper copies of data for three complete federal fiscal years – two before the demonstration and one during the demonstration.

Disbursement data from the ODHS 2820 was augmented by the county time study or "SS-RMS." While the ODHS 2820 contains fiscal information on direct county expenditures, it does not divide these expenditures into specific activities such as foster care case management or treatment and counseling. The SS-RMS divides direct county expenditures into various activity categories relevant to ProtectOhio research questions, and is conducted each quarter. As with the ODHS 2820, the Fiscal Study Team received both electronic and paper copies of SS-RMS data. However, the SS-RMS data were available for only two complete federal fiscal years – one before the demonstration and one during the demonstration.

Other state data sources – the ODHS 2820 receipts file, the ODHS 4280 quarterly report of foster care expenditures and the ODHS 4281 reports of Title IV-E eligibility – were obtained to address any questions that arose from the ODHS 2820 and SS-RMS data.

Using the ODHS 2820 disbursement file and the SS-RMS, reported expenditures were collapsed into expenditure and revenue categories which would be used to address the fiscal questions posed by the ProtectOhio Waiver. Appendix IV, Exhibit 2 contains a detailed accounting of how the ODHS 2820 and SS-RMS codes were aggregated into these categories. Within the foster care and maintenance, family support services, and training categories, direct county spending and non-direct county spending (such as contracts, payments to foster parents, emergency services funds) were coded separately. Each category is described below.

### *Expenditure Categories:*

**Foster care maintenance** – This category is comprised of direct county expenditures for case management of out-of-home care cases and payments made to foster parents and contracted out-of-home care providers.

**Family support services** -- This category is comprised of direct county expenditures for child protective services, treatment and counseling for out-of-home care cases and case management for cases without children in placement. This expenditure category also included protective, preventive, reunification, kinship and independent living services delivered by contract providers. The state's kinship care allocation, Early Start/Family Stability funds, and the IV-E Waiver Caseload Analysis costs were also included in this category.

**Adoption** - Adoption subsidies, the Post Adoption Special Services Subsidy (PASSS), and any contracts for adoption services were included in this category. The random moment survey does not distinguish adoption services from other case management and treatment services. Direct county expenditures on adoption were included in expenditures for family support services.

**Training** – Amounts allocated to training by the SS-RMS, tuition payments and contracts for county staff training, foster and adoptive parent training and foster caregiver training stipends were folded into this category

**Eligibility determination** – Amounts allocated to Title IV-E eligibility determination by the SS-RMS were subsumed under this heading.

*Revenue Categories*

**Federal Revenue**

Title IV-E Administration and Training  
Title IV-E Foster Care Maintenance  
Title IV-E ProtectOhio  
Title IV-E Adoption  
Title XX  
Title IV-B  
Temporary Assistance to Needy Families (TANF)  
Medicaid Administration  
Independent Living  
Miscellaneous Federal funds

**State Revenue**

State Child Protection Allocation (SCPA), Kinship grant, Wellness Block Grant, Ohio Veterans' Children's Home (OVCH), Casey Foundation, and miscellaneous grants  
PASSS and Adoption Collaboration  
Family Stability

**Local Revenue**

All local funds from levy or county general fund

### **III. FINDINGS**

The findings in this report focus primarily, though not exclusively, on the suitability and reliability of the state data sources. The analysis determined whether the reported information appeared accurate and consistent with our understanding of the revenue and expenditure flows captured on the state data forms. Specific findings are presented below.

#### **A. State Data Sources**

##### ***A.1. Nature of State Data Sources***

ODHS maintains the following data sources for the management of county child welfare finances.

##### **ODHS 2820**

ODHS requires each county to maintain a Children's Services Fund which includes all state, local and federal funds related to child welfare services. Each month, each county fills out a Children Services Monthly Financial Statement based on a coding guide for all cash receipts and expenditures during the month. The ODHS 2820 reports provide a record of expenditures and revenue flowing in and out of a county's Children's Services Fund. The ODHS 2820 disbursement file contains computer records of all reported disbursements. The ODHS 2820 receipts file contains a record of all reported expenditures.

Depending on the funding stream, the ODHS 2820 disbursement reports can be related to reimbursement to counties. Most importantly, the random moment time study is applied to the total amount of direct county expenditures reported on these forms. In addition, to receive state child protection allocation funds (SCPA) or Title IV-B funds, counties must report allowable expenditures on an ODHS 2820 disbursements form. However, foster care expenditures reported on the disbursement forms do not have any relationship to reimbursement.

##### **ODHS 4280**

On the ODHS 4280, counties report the number of children in foster care at the end of the quarter and the expenditures on their behalf during the quarter. Reported expenditures include both IV-E and non-IV-E eligible children. The ODHS 4280 is not linked to federal or state reimbursement. The data are collected to prepare a federal Title IV-E report. However, the fiscal data (not the number of children data) were used to set the base for the initial cost neutrality calculation for the ProtectOhio allocations. Prospectively, the foster care expenditure data are being used to calculate the unit cost growth for the control counties that is used to set annual ProtectOhio allocations.



ODHS SS-RMS (Social Services Random Moment Survey)

The ODHS SS-RMS is the cost allocation survey the state and counties use to allocate total direct county expenditures to activities based on relevant federal and state reimbursement criteria. Based on the categories and guidelines developed by the state, each county conducts its own time study each month. The results of the time study determine the county's claim for federal reimbursement. The county-specific SS-RMS data goes back to July 1996, though some counties suspect that counties did not learn to conduct their own studies accurately until the January-March 1997 quarter.

ODHS IV-E payment system

The IV-E benefit issuance system, which is not a part of FACSIS but is linked to it, contains some automated cost information for Title IV-E eligible children. Title IV-E payments for county-operated foster care are recorded. Payments to contract agencies are also recorded in electronic format by child, month, provider, and total cost. Since this payment system is used to generate Title IV-E claims, ProtectOhio counties do not record this data as of October 1, 1997.

ODHS 4281

The ODHS 4281 is a quarterly report used to calculate each county's Title IV-E eligibility rate. Counties report a monthly average count of all children in substitute care placements and of those, and a count of children eligible for Title IV-E reimbursement. These child counts do not correspond directly to any other reported expenditure data or with FACSIS.

**A.2. *Suitability of State Data Sources***

The purpose of the information audit was to determine whether ODHS had information resources to support an analysis of the fiscal impacts of the ProtectOhio Waiver. A copy of the report of the fiscal audit can be found in Appendix 4, Exhibit 3. From our review, we reached the following conclusions:

- There are no statewide data sources that link expenditure information to specific clients. In other words, it is not possible to attach expenditure data to client-specific demographic and service utilization data in FACSIS.
- Among statewide data sources on out-of-home care, no data source contains a link between expenditure and unit of service information, making an accurate calculation of unit costs impossible. Without information on the number of units associated with expenditures, it is difficult to explain the information communicated by total expenditures. For example, one county may have the same level of expenditures on out-of-home care as another, but may be supplying many fewer units of care at a higher cost. Total expenditure numbers fail to reveal this difference.

- All statewide data sources contain cash-based expenditure data. There are no statewide data sources that contain expenditure information by date of service. Cash-based expenditure information is subject to variation based on billing practices and one-time payments. These fluctuations may appear in the data without reflecting any real expenditure variations. Cash-based expenditure information cannot be linked to service information in FACSIS, which is by date of service.
- There are no good sources of statewide data on non-out-of-home care services, such as reunification or adoption services. The statewide accounting codes for contracted services provide total cash expenditures but no information on the type of service, the number of units of service provided, the number of children served or when the service was delivered. The SS-RMS codes are only divided by services delivered while in out-of-home care and services delivered either before or after out-of-home care. Richer distinctions among the categories of prevention, protection and permanency are not possible.
- Few demonstration counties collect and maintain child-specific expenditure databases that contain historical data.
- Most demonstration counties track aggregate expenditures on a cash basis, rather than by date of service.

While these are significant weaknesses, we did determine that the available data could be used to answer the following general questions:

- What is the overall expenditure level and how has it changed;
- Have there been changes in expenditure patterns; and
- Have there been any changes in revenue by source?

The ODHS 2820 disbursement file, SSRMS data, and FACSIS careday data appear to be the best suited sources of data for these purposes, especially if the data could be verified in the field with local county officials.

#### ***A.3. Reliability of State-Level Data Sources***

Bearing in mind the limits of the 2820 disbursement file and the SS-RMS, the Fiscal Study team constructed the database described in the Methods section. Once constructed, the database was used to check the consistency of the data sources and to verify assumptions about how counties were reporting financial information. It should be noted that officials at ODHS have never made the comparisons reported below for a large group of counties, nor have they generally used these data to describe county fiscal activity.

As it turned out, the expenditures reported on the 2820 disbursement file were more complicated than originally understood. We had anticipated using the ODHS 2820

disbursement file to report preliminary information about total expenditures, expenditures by funding stream and level of government that reimbursed the charges, and expenditures by service category. However, comparisons of the ODHS 2820 to other state data sources raised serious questions about the basic utility of ODHS 2820 data. Specific comparisons and the problems encountered are described below.

#### *ODHS 2820 Disbursement File as a Source for Total Expenditures on Child Welfare Services*

To learn more about the data contained in the ODHS 2820 disbursement file, we compared data reported in the disbursement file to the ODHS 2820 receipts file by federal fiscal year. The receipts file contains county reports of revenue received during a given year. Because the amount of cash received during a year does not necessarily correspond with the amount expended during that year, we did not expect a one-to-one correspondence between the two data sources. For example, claims for Title IV-E funds can be submitted up to two years after the services were delivered. If a county was paid during FFY98 for services delivered during FFY97, that county would show more Title IV-E receipts during FFY98 which would not have a corresponding expenditure in the disbursements file. However, we expected that the disbursements and receipts files would be roughly comparable for many counties.

How different are the two sources? Tables 1 and 2 compare total reported receipts and total reported disbursements from the ODHS 2820 files. Three years of paired annual disbursements and receipts are shown for each county for a total of 52 pairs for the demonstration group and 52 pairs for the comparison group. For most counties, the difference between receipts and disbursements during these periods is substantial. Among the demonstration counties, receipts figures are within 10 percent or less of disbursement figures in only 11 out of 52 observed pairs. Among the comparison group, the correspondence is somewhat better, where disbursements are within 10 percent of receipts in 17 out of 52 reported fiscal years. There are most likely explanations for the larger discrepancies, some of which will apply to more than one county and some which will be unique to a particular county and a particular year. The conclusion, however, is that neither source can be used to describe total child welfare expenditures without seeking these explanations from the counties themselves.

**TABLE 1 Comparison of Total 2820 Receipt Reports and Total 2820 Disbursement Reports**

Three Federal Fiscal Years

Demonstration Counties

County	Fiscal Yr	Total Receipts	Total Disbursements	Difference	Percent Difference
Ashtabula	FY 96	\$3,613,798	\$2,581,456	\$1,032,342	29%
	FY 97	\$4,033,580	\$2,868,891	\$1,164,689	29%
	FY 98	\$5,190,446	\$4,197,573	\$992,873	19%
Belmont	FY 96	\$1,500,828	\$1,656,000	-\$155,173	<b>-10%</b>
	FY 97	\$2,088,806	\$2,202,850	-\$114,044	<b>-5%</b>
	FY 98	\$2,867,775	\$4,105,427	-\$1,237,652	<b>-43%</b>
Clark	FY 96	\$2,810,869	\$5,226,705	-\$2,415,836	<b>-86%</b>
	FY 97	\$6,107,598	\$6,531,773	-\$424,175	<b>-7%</b>
	FY 98	\$7,493,675	\$8,879,742	-\$1,386,067	<b>-18%</b>
Crawford	FY 96	\$1,578,485	\$1,672,427	-\$93,942	<b>-6%</b>
	FY 97	\$1,444,951	\$1,731,978	-\$287,027	<b>-20%</b>
	FY 98	\$1,601,784	\$1,357,568	\$244,216	15%
Fairfield	FY 96	\$1,868,959	\$2,278,091	-\$409,132	<b>-22%</b>
	FY 97	\$1,533,446	\$2,363,100	-\$829,654	<b>-54%</b>
	FY 98	\$1,600,464	\$2,615,425	-\$1,014,961	<b>-63%</b>
Franklin	FY 96	\$69,413,478	\$74,596,784	-\$5,183,306	<b>-7%</b>
	FY 97	\$93,353,237	\$87,092,169	\$6,261,068	<b>7%</b>
	FY 98	\$111,249,179	\$87,505,080	\$23,744,099	21%
Greene	FY 96	\$4,150,220	\$3,602,530	\$547,690	13%
	FY 97	\$4,596,129	\$4,059,479	\$536,650	12%
	FY 98	\$5,360,225	\$4,489,301	\$870,923	16%
Hamilton	FY 96	\$45,641,360	\$44,932,822	\$708,538	<b>2%</b>
	FY 97	\$45,393,770	\$54,657,018	-\$9,263,248	<b>-20%</b>
	FY 98	\$75,078,338	\$60,571,479	\$14,506,859	19%
Lorain	FY 96	\$9,415,552	\$8,581,309	\$834,243	<b>9%</b>
	FY 97	\$9,626,678	\$8,616,785	\$1,009,893	<b>10%</b>
	FY 98	\$11,277,186	\$8,976,573	\$2,300,613	20%
Medina	FY 96	\$838,344	\$1,405,059	-\$566,715	<b>-68%</b>
	FY 97	\$1,000,368	\$1,522,858	-\$522,490	<b>-52%</b>
	FY 98	\$1,939,159	\$2,084,300	-\$145,141	<b>-7%</b>
Muskingum	FY 96	\$3,877,673	\$3,314,637	\$563,036	15%
	FY 97	\$3,707,801	\$3,122,935	\$584,866	16%
	FY 98	\$4,764,747	\$3,630,666	\$1,134,082	24%
Portage	FY 96	\$4,577,031	\$4,057,424	\$519,607	11%
	FY 97	\$5,309,122	\$5,373,652	-\$64,530	<b>-1%</b>
	FY 98	\$5,636,869	\$6,341,824	-\$704,955	<b>-13%</b>
Richland	FY 96	\$5,129,034	\$3,685,688	\$1,443,346	28%
	FY 97	\$5,601,370	\$4,061,605	\$1,539,765	27%
	FY 98	\$6,330,998	\$5,273,787	\$1,057,211	17%
Stark	FY 96	\$5,639,082	\$14,133,301	-\$8,494,219	<b>-151%</b>
	FY 97	\$12,717,208	\$11,981,335	\$735,873	<b>6%</b>
	FY 98	\$13,883,353	\$13,041,968	\$841,386	<b>6%</b>

### III. Findings

TABLE 2 Comparison of Total 2820 Receipt Reports and Total 2820 Disbursement Reports

Three Federal Fiscal Years - Comparison Counties

County	Federal Fiscal Year	2820 Receipts Reports Total Receipts	2820 Disb. Reports Total Disbursements	Difference	Percent Difference
Allen	FY 96	\$4,010,822	\$2,948,656	\$1,062,166	26%
	FY 97	\$3,869,582	\$2,462,554	\$1,407,028	36%
	FY 98	\$4,319,909	\$2,957,608	\$1,362,301	32%
Butler	FY 96	\$14,197,219	\$16,104,243	-\$1,907,024	-13%
	FY 97	\$15,479,546	\$14,910,910	\$568,636	<b>4%</b>
	FY 98	\$14,866,482	\$15,111,269	-\$244,787	<b>-2%</b>
Clermont	FY 96	\$3,750,756	\$4,604,253	-\$853,497	-23%
	FY 97	\$4,220,275	\$4,316,638	-\$96,363	<b>-2%</b>
	FY 98	\$4,573,270	\$5,532,344	-\$959,074	-21%
Columbiana	FY 96	\$1,355,564	\$1,248,682	\$106,882	<b>8%</b>
	FY 97	\$1,564,445	\$1,493,868	\$70,577	<b>5%</b>
	FY 98	\$1,194,677	\$1,319,951	-\$125,274	<b>-10%</b>
Hancock	FY 96	\$683,718	\$758,519	-\$74,801	-11%
	FY 97	\$924,014	\$1,523,177	-\$599,163	-65%
	FY 98	\$1,031,990	\$1,718,109	-\$686,119	-66%
Hocking	FY 96	\$599,185	\$794,121	-\$194,936	-33%
	FY 97	\$736,765	\$880,483	-\$143,718	-20%
	FY 98	\$1,044,913	\$962,343	\$82,571	<b>8%</b>
Mahoning	FY 96	\$7,510,995	\$6,266,250	\$1,244,745	17%
	FY 97	\$9,776,445	\$5,839,887	\$3,936,558	40%
	FY 98	\$10,202,671	\$7,999,815	\$2,202,856	22%
Miami	FY 96	\$2,368,215	\$2,265,043	\$103,172	<b>4%</b>
	FY 97	\$2,792,816	\$2,522,902	\$269,914	<b>10%</b>
	FY 98	\$2,893,960	\$2,873,022	\$20,938	<b>1%</b>
Montgomery	FY 96	\$28,064,857	\$30,972,232	-\$2,907,375	<b>-10%</b>
	FY 97	\$34,593,509	\$35,164,205	-\$570,696	<b>-2%</b>
	FY 98	\$40,691,784	\$36,568,676	\$4,123,108	<b>10%</b>
Scioto	FY 96	\$1,804,169	\$1,996,398	-\$192,229	-11%
	FY 97	\$2,183,294	\$1,883,070	\$300,224	14%
	FY 98	\$2,501,316	\$2,010,053	\$491,263	20%
Summit	FY 96	\$31,085,123	\$27,312,160	\$3,772,963	12%
	FY 97	\$26,426,122	\$39,950,294	-\$13,524,172	-51%
	FY 98	\$45,262,700	\$32,990,666	\$12,272,035	27%
Trumbull	FY 96	\$9,053,131	\$6,202,957	\$2,850,174	31%
	FY 97	\$9,187,710	\$6,282,115	\$2,905,595	32%
	FY 98	\$10,153,417	\$6,637,203	\$3,516,214	35%
Warren	FY 96	\$2,155,035	\$2,034,529	\$120,506	<b>6%</b>
	FY 97	\$2,320,577	\$2,140,542	\$180,035	<b>8%</b>
	FY 98	\$2,528,821	\$2,383,796	\$145,025	<b>6%</b>
Wood	FY 96	\$2,315,832	\$2,537,362	-\$221,530	-10%
	FY 97	\$2,210,157	\$2,930,033	-\$719,876	-33%
	FY 98	\$3,220,987	\$2,983,705	\$237,282	<b>7%</b>

*ODHS 2820 Disbursement File as a Source for Revenue Data*

When counties report disbursements as part of the ODHS 2820 reporting process, they mark the expenditure with a code which identifies both the type of expenditure (foster care, adoption, etc.) as well as the funding stream to which the expenditure should be charged. However, we discovered that the funding codes in the disbursement file do not mean the expenditure is actually charged to those funding streams. Instead, counties report amounts which are potentially eligible for reimbursement under a certain funding stream. Counties are only *paid* up to the allocation for that funding stream, but no reconciliation is ever done for the expenditures reported under that revenue stream on ODHS 2820. As such, the information on funding streams cannot be used to analyze the contributions of various revenue streams and government levels to child welfare budgets.

Table 3 illustrates this point with ProtectOhio dollars. This table compares the ProtectOhio allocation for FFY 98, the amount counties designated as ProtectOhio expenditures on the ODHS 2820 disbursement file, and the amount counties reported as ProtectOhio receipts on the ODHS 2820 receipts file. This table clearly illustrates that the funding stream information on the ODHS 2820 disbursement file does not bear any reliable relationship with actual funding received through a given revenue stream.

TABLE 3 Comparison of Data Sources on Protect Ohio Funds

	FFY 98 PROTECT OHIO Awards	2820 Reported PO Receipts	2820 Reported PO Disbursements.	Difference Receipts- Disbursement	Difference Award- Receipts	Difference Award- Disbursement
Franklin	16,313,699	14,959,531	43,943,511	-28,983,980	1,354,168	-27,629,812
Greene	939,998	801,245	1,992,798	-1,191,553	138,753	-1,052,800
Lorain	2,114,902	1,971,969	2,933,914	-961,945	142,933	-819,012
Muskingum	1,204,991	1,182,434	1,830,453	-648,019	22,557	-625,462
Clark	2,147,156	2,069,696	2,602,532	-532,836	77,460	-455,376
Portage	1,558,114	1,400,035	1,589,896	-189,861	158,079	-31,782
Fairfield	343,061	319,943	467,679	-147,736	23,118	-124,618
Stark	4,725,593	4,650,983	4,650,983	0	74,610	74,610
Ashtabula	674,925	672,695	649,627	23,068	2,230	25,298
Richland	1,183,827	1,220,493	1,192,533	27,960	-36,666	-8,706
Medina	347,694	340,325	289,828	50,497	7,369	57,866
Crawford	457,061	540,962	476,780	64,182	-83,901	-19,719
Belmont	559,214	509,924	354,208	155,716	49,290	205,006
Hamilton	13,373,523	9,656,808	6,406,661	3,250,147	3,716,715	6,966,862

#### *ODHS 2820 Disbursement File as a Source for Expenditures by Type of Service*

How accurately are counties reporting types of expenditures on their ODHS 2820 disbursement forms, such as foster care and contract family support services? One source of comparison is the ODHS 4280, on which counties report all expenditures on behalf of children in foster care on the last day of the quarter. In theory, these expenditures should be slightly less than disbursements reported on the ODHS 2820 as foster care expenditures. The ODHS 4280 expenditures would be less because counties are not reporting all quarterly expenditures, only those on behalf of children in care at the end of the quarter. Both sources exclude direct county expenditures for foster care administration and case management.

Tables 4 and 5 compare the two reported foster care expenditure figures for three federal fiscal years. Figures for only a small number of counties consistently show the expected relationship – Lorain, a demonstration site, and Butler, Clermont and Columbiana, comparison sites. In some counties, the reported 4280 figures are much higher than reported ODHS 2820 figures -- Ashtabula and Richland, demonstration sites; and Allen, Mahoning, and Trumbull, comparison sites. Other counties are reporting much higher levels of expenditures on the ODHS 2820 than on the ODHS 4280 -- Belmont, Franklin, Greene, and Stark (demonstrations) and Hancock, Hocking, Miami, Montgomery and Warren (comparisons). Again, there are most likely explanations for these discrepancies which are unique to each county and how finance officials complete ODHS 4280 and 2820 forms. Without county input, it is difficult to know which data source more accurately captures expenditures on foster care. Furthermore, the lack of clarity on this point throws some doubt onto our ability to appropriately use any of the ODHS 2820 data without county review.

TABLE 4 Comparison of Foster Care Expenditures Reported on the 4280 and 2820 Disbursement Reports – Demonstration Counties

County	Federal Fiscal Year	4280 Reported Foster Care Exp	2820 Disb. Reports Foster Care Exp	Difference	Percent Difference
Ashtabula	FY 96	\$1,357,866	\$607,105	\$750,761	55%
	FY 97	\$1,525,721	\$732,371	\$793,350	52%
	FY 98	\$1,679,043	\$894,520	\$784,523	47%
Belmont	FY 96	\$685,611	\$747,594	-\$61,983	-9%
	FY 97	\$792,453	\$976,443	-\$183,990	-23%
	FY 98	\$746,623	\$965,678	-\$219,055	-29%
Clark	FY 96	\$3,401,874	\$2,842,206	\$559,668	16%
	FY 97	\$3,162,284	\$3,032,177	\$130,107	4%
	FY 98	\$3,057,657	\$3,664,731	-\$607,074	-20%
Crawford	FY 96	\$1,060,922	\$1,069,568	-\$8,646	-1%
	FY 97	\$1,167,951	\$1,210,949	-\$42,999	-4%
	FY 98	\$673,164	\$522,971	\$150,193	22%
Fairfield	FY 96	\$813,645	\$828,925	-\$15,280	-2%
	FY 97	\$904,854	\$978,222	-\$73,368	-8%
	FY 98	\$789,438	\$1,017,009	-\$227,571	-29%
Franklin	FY 96	\$27,425,762	\$34,139,585	-\$6,713,823	-24%
	FY 97	\$33,734,969	\$40,791,873	-\$7,056,904	-21%
	FY 98	\$38,989,277	\$44,865,054	-\$5,875,777	-15%
Greene	FY 96	\$1,398,379	\$1,669,032	-\$270,653	-19%
	FY 97	\$1,444,910	\$1,943,337	-\$498,427	-34%
	FY 98	\$1,545,482	\$2,153,043	-\$607,561	-39%
Hamilton	FY 96	\$23,830,030	\$25,569,607	-\$1,739,577	-7%
	FY 97	\$16,230,989	\$28,165,315	-\$11,934,326	-74%
	FY 98	\$13,523,167	\$10,439,809	\$3,083,358	23%
Lorain	FY 96	\$4,011,289	\$3,947,744	\$63,545	2%
	FY 97	\$3,298,448	\$3,507,971	-\$209,523	-6%
	FY 98	\$2,852,055	\$2,958,487	-\$106,432	-4%
Medina	FY 96	\$770,262	\$772,268	-\$2,006	0%
	FY 97	\$652,577	\$705,513	-\$52,936	-8%
	FY 98	\$677,808	\$732,669	-\$54,861	-8%
Muskingum	FY 96	\$1,630,220	\$1,679,793	-\$49,573	-3%
	FY 97	\$1,561,472	\$1,256,117	\$305,355	20%
	FY 98	\$1,524,925	\$1,643,223	-\$118,297	-8%
Portage	FY 96	\$3,135,624	\$3,169,748	-\$34,124	-1%
	FY 97	\$3,139,487	\$3,366,031	-\$226,544	-7%
	FY 98	\$2,751,245	\$3,540,872	-\$789,627	-29%
Richland	FY 96	\$1,925,933	\$1,013,442	\$912,491	47%
	FY 97	\$2,204,151	\$1,218,082	\$986,069	45%
	FY 98	\$2,145,618	\$1,286,678	\$858,940	40%
Stark	FY 96	\$7,648,842	\$8,629,515	-\$980,673	-13%
	FY 97	\$7,628,671	\$8,252,614	-\$623,943	-8%
	FY 98	\$7,093,307	\$8,428,339	-\$1,335,032	-19%



TABLE 5 Comparison of Foster Care Expenditures Reported on the 4280 and 2820 Disbursement Reports - Comparison Counties

County	Federal Fiscal Yr	4280 Reported	2820 Disb.	Difference	Percent Difference
		Foster Care Exp	Reports Foster Care Exp		
Allen	FY 96	\$1,692,573	\$1,495,053	\$197,520	12%
	FY 97	\$1,352,012	\$1,202,522	\$149,490	11%
	FY 98	\$1,314,245	\$899,796	\$414,449	32%
Butler	FY 96	\$9,323,206	\$9,949,066	-\$625,860	-7%
	FY 97	\$9,368,313	\$9,779,967	-\$411,654	-4%
	FY 98	\$9,019,454	\$9,513,149	-\$493,695	-5%
Clermont	FY 96	\$2,939,714	\$3,031,303	-\$91,589	-3%
	FY 97	\$3,088,478	\$3,266,878	-\$178,400	-6%
	FY 98	\$3,383,490	\$3,409,309	-\$25,819	-1%
Columbiana	FY 96	\$958,432	\$974,666	-\$16,234	-2%
	FY 97	\$847,099	\$856,732	-\$9,633	-1%
	FY 98	\$966,719	\$978,469	-\$11,750	-1%
Hancock	FY 96	\$121,556	\$144,272	-\$22,716	-19%
	FY 97	\$239,881	\$278,009	-\$38,128	-16%
	FY 98	\$374,552	\$452,208	-\$77,656	-21%
Hocking	FY 96	\$194,450	\$234,235	-\$39,785	-20%
	FY 97	\$244,209	\$290,382	-\$46,173	-19%
	FY 98	\$280,768	\$392,359	-\$111,591	-40%
Mahoning	FY 96	\$2,787,432	\$1,752,645	\$1,034,787	37%
	FY 97	\$2,579,170	\$1,460,031	\$1,119,139	43%
	FY 98	\$2,815,690	\$1,697,303	\$1,118,387	40%
Miami	FY 96	\$982,258	\$1,159,355	-\$177,097	-18%
	FY 97	\$1,276,140	\$1,459,145	-\$183,005	-14%
	FY 98	\$1,324,664	\$1,702,409	-\$377,745	-29%
Montgomery	FY 96	\$8,733,798	\$13,745,348	-\$5,011,550	-57%
	FY 97	\$12,900,478	\$16,938,400	-\$4,037,922	-31%
	FY 98	\$16,371,884	\$21,114,696	-\$4,742,812	-29%
Scioto	FY 96	\$633,418	\$711,905	-\$78,487	-12%
	FY 97	\$697,169	\$709,468	-\$12,299	-2%
	FY 98	\$790,566	\$847,880	-\$57,315	-7%
Summit	FY 96	\$2,908,411	\$3,846,243	-\$937,832	-32%
	FY 97	\$6,899,196	\$7,898,647	-\$999,451	-14%
	FY 98	\$8,120,836	\$8,727,744	-\$606,908	-7%
Trumbull	FY 96	\$1,583,291	\$1,062,820	\$520,471	33%
	FY 97	\$3,099,408	\$1,002,854	\$2,096,554	68%
	FY 98	\$3,595,774	\$1,028,577	\$2,567,197	71%
Warren	FY 96	\$513,552	\$633,211	-\$119,659	-23%
	FY 97	\$522,080	\$673,993	-\$151,913	-29%
	FY 98	\$573,953	\$782,626	-\$208,673	-36%
Wood	FY 96	\$1,292,259	\$1,693,225	-\$400,966	-31%
	FY 97	\$1,966,730	\$1,799,858	\$166,872	8%
	FY 98	\$1,479,889	\$1,682,153	-\$202,264	-14%

## **B. Preliminary Results**

As we analyzed the content of state data sources, it became clear that bulk of state data sources could not be used to address the research questions without verification and modification by counties. The SS-RMS data, however, do conform with expectations and appear to be consistent. As a result, the concluding section of this chapter reports preliminary data on county staff activities before and during the first year of the ProtectOhio Waiver.

In addition to the analysis conducted by Chapin Hall, the ODHS Bureau of Resource Management examined counties' cost-shifting behavior as reflected in their use of Juvenile Court IV-E agreements. The results from this ODHS analysis is presented in Appendix IV, Exhibit 4.

### ***B.1. County Activities***

Does the ProtectOhio Waiver appear to be affecting how county staff spend their time on child welfare activities? According to the theory of the ProtectOhio Waiver, we would expect county activities to begin to shift away from foster care case management and towards prevention, reunification and adoption activities. Demonstration counties may also invest more in staff training and spend less time on eligibility determinations.

Table 6 shows how total county expenditures break out into four categories – foster care case management, family support services, training, and IV-E eligibility – during the year prior to the demonstration and the first year of the demonstration for a sample of seven demonstration and their matched comparison counties. According to these figures, no appreciable shifts in county activities have taken place to date among the demonstration counties. Foster care case management activities have decreased slightly as a proportion of all county activities, from 39% to 37%, with slight increases in eligibility determination and training. At the individual county level, the pattern is consistent, with no pair of counties showing any significant changes in the allocation of staff time. These results are not surprising, given that changes in county staff would most likely take more than a year to implement.

Table 6 also shows the level of total county expenditures. Since the demonstration began, demonstration counties are spending more money on direct county expenditures, up by 18%. This pattern is the same at the individual county level – all but one demonstration county increased direct county expenditures significantly. However, without information on total child welfare expenditures, we cannot tell whether this growth is due to a growth in the total child welfare budget or due to an increasing local public sector share of expenditures.

TABLE 6 Child Welfare Direct County Expenditures as Reported on  
SS-RMS - Seven Demonstration and Seven Comparison Counties

	FFY 96-97	% of Total	FFY 97-98	% of Total	% Change
<b>Foster Care Case Management</b>					
Demonstration	\$ 5.79	39%	\$ 6.36	37%	10%
Comparison	\$ 5.49	42%	\$ 5.85	42%	7%
<b>Family Support Services</b>					
Demonstration	\$ 6.86	47%	\$ 8.15	47%	19%
Comparison	\$ 6.51	50%	\$ 6.95	49%	7%
<b>Training</b>					
Demonstration	\$ 1.40	10%	\$ 1.97	11%	41%
Comparison	\$ 0.83	6%	\$ 1.10	8%	33%
<b>Eligibility Determination</b>					
Demonstration	\$ 0.62	4%	\$ 0.82	5%	31%
Comparison	\$ 0.22	2%	\$ 0.17	1%	-23%
<b>Total Direct County Expenditures</b>					
Demonstration	\$ 14.67		\$ 17.30		18%
Comparison	\$ 13.04		\$ 14.06		8%

### ***B.2. Title IV-E Administration and Training***

Federal and state policy makers are interested in whether the ProtectOhio fiscal change causes any change in claims to Title IV-E Administration and Training. Many possible changes hypothesized by the ProtectOhio Waiver could affect Title IV-E Administration and Training Claims.

Table 7 presents expenditures claimed to Title IV-E administration and training for a selection of seven demonstration counties and their matched comparison counties. Both demonstration and comparison counties saw large increases in Title IV-E administration and training claims from FFY96 to FFY97 (80% and 76%, respectively). Since the beginning of the demonstration, however, these claims have risen significantly in the demonstration counties and only slightly in the comparison counties (22% compared to 5%).

What might be driving these increases? Four variables affect the size of a county's Title IV-E administration and training claim – Ohio's federal matching rate, total direct county expenditures, the random moments time study of staff activities, and the percent of Title IV-E eligible children. Table 7 shows three of these variables below the total amount claimed to Title IV-E. The federal matching rate, which is the same for all counties, declined slightly from FFY96 to FFY 98. From FFY 96 to FFY 97, total direct county expenditures went down and the eligibility rate increased somewhat for both groups. Most of the increase during this time period is probably due to the implementation of the new, county-specific random moment time study.

Since the Waiver implementation, Table 7 shows that the demonstration counties have continued to increase their administration claims because these counties are spending more money on direct county expenditures. One possible explanation is that demonstration counties are re-investing ProtectOhio dollars to hire new county staff, a supposition that is reinforced by Process Evaluation findings discussed in Chapter 2. When this occurs, these staff become part of the demonstration county’s cost pool and the random moments time study. To the extent that these staff are performing Title IV-E eligible activities, they generate additional Title IV-E reimbursement. As shown in Table 7, even though the demonstration county’s direct expenditures have increased, the data do not show a shift away from Title IV-E eligible activities during the first year.

TABLE 7 Title IV-E Administration and Training Claim  
Seven Demonstration and Seven Comparison Counties  
From the SS-RMS and ODHS 2820

	FFY 95-96	FFY 96-97	% Chge	FFY 97-98	% Chge
<b>Title IV-E Administration Claim</b>					
Demonstration	\$ 3.25	\$ 5.84	80%	\$ 7.10	22%
Comparison	\$ 2.80	\$ 4.93	76%	\$ 5.19	5%
<hr/>					
<b>Federal Matching Rate</b>	60.17%	59.28%		58.14%	
<b>Direct County Expenditures</b>					
Demonstration	\$ 16.17	\$ 14.67	-13%	\$ 17.30	18%
Comparison	\$ 14.23	\$ 13.04	-8%	\$ 14.06	8%
<b>% Direct County Expenditures Eligible for Title IV-E Reim.</b>					
Demonstration	-	85%	-	81%	-5%
Comparison	-	84%	-	79%	-6%
<b>Avg. Quarterly Title IV-E Eligibility Rate</b>					
Demonstration	80%	87%	9%	87%	0%
Comparison	72%	81%	13%	81%	0%

#### **IV. NEXT STEPS**

During the second year of the ProtectOhio fiscal impact study, the study team will focus on two sets of tasks. To continue to address the first set of questions about the system-level impacts of the Waiver, we will be preparing packets of reported expenditures from October 1996 through September 1998 for a sample of seven demonstration counties and their matched comparison counties. These counties will review their ODHS 2820, 4280 and SS-RMS data, make adjustments, and report back to us. Once a reliable set of expenditure data has been compiled, research questions about changes in expenditures and revenues will be re-analyzed. In addition, foster care days from the FACSIS system will be superimposed on annual expenditure and revenue data to help interpret fiscal trends among the demonstration and comparison counties. We will also continue to monitor county activities and Title IV-E administration and training claims through the SS-RMS.

To answer the second set of questions about fiscal impacts at the child and family level, we will select a small sample of counties that collect at least some child-specific expenditure data. In each of these counties, depending on the availability of data, we will develop individual county datasets to analyze the research questions about spending per child and family. At least one of the case study pairs will also be the target of in-depth analysis for the Participant Outcomes study to be conducted in year five of the evaluation.