CHAPTER 9:
FISCAL ANALYSIS

9.1 KEY QUESTIONS

The purpose of the Ohio Title IV-E Waiver is to promote public investment in service alternatives to foster care. As discussed in previous chapters, the theory of the Waiver is that underinvestment in placement alternatives leads counties to use foster care above a level that is otherwise necessary. The lack of investment in placement alternatives is due in part to the fact that Title IV-E board and maintenance funds can only be spent on out-of-home care. The flexibility allowed under the Waiver is intended to open IV-E funds to a greater variety of uses. If counties take advantage of the flexibility and build alternatives to foster care, one would expect lower utilization of foster care and a concomitant increase in expenditures for non-placement services and other supports.

The purpose of the Fiscal Outcomes Study is to judge whether or not the fiscal stimulus has a general effect on expenditure patterns in demonstration counties. The purpose of the fiscal study is not to judge whether any particular county or counties responded effectively to the Waiver stimulus. In fact, even if several counties were successful at changing service delivery patterns, the fiscal study may not reveal that the stimulus was sufficiently strong to generate a general effect. As with the other studies that comprise the ProtectOhio evaluation, this judgment will be based on the evaluation of the group of demonstration counties compared to the group of comparison counties.

This chapter reports expenditure information for the two years between the first and second waivers (2003 and 2004) and the first year of the second waiver (2005). It presents a brief analysis of 2003 and 2004 expenditures relative to the last two years of the first Waiver and uses those years to establish a new baseline for evaluating the impact of the second Waiver on child welfare expenditures. It compares 2005 expenditures to the new baselines.

In addition, the chapter reports on how much flexible funding demonstration counties had during the interim period and the first year of the second Waiver, and whether or not those funds were spent on child welfare purposes other than foster care board and maintenance.

9.2 EVALUATION DESIGN

The landscape with respect to available fiscal data has not changed since the period of the last Waiver. No reliable accounting of total child welfare expenditures or Title IV-E eligible foster care expenditures is easily available from ODJFS. As a result, the fiscal outcome team continues to use county budget documents and interviews with county officials to collect annual county-level aggregate expenditure data for child welfare services from demonstration and comparison counties.

Using the data available to date, the study team has examined whether or not the group of demonstration counties showed evidence of different child welfare spending patterns than the comparison counties. If a significantly different range of expenditure patterns exists among demonstration counties compared to comparison counties, the team will conclude that it is possible that the differences between the two groups arose because demonstration counties received Title IV-E foster care funds as unrestricted child welfare revenue and comparison counties did not.

The team will examine, at a minimum, the following data elements:

- Title IV-E eligible foster care expenditures (for all children)
- All other child welfare expenditures
- Paid placement days
- Average per diem cost of foster care

For each data element, the average of the two years prior to the Waiver extension (2003 and 2004) will provide the baseline against which data from 2005 to 2009 will be compared. The team will continue to analyze the data using the Tukey's "Quick Test". Tukey's Quick Test is a nonparametric test used to compare two independent samples to determine if a significant difference in the two samples exists. This test provides a standard for evaluating the differences between the demonstration and comparison groups. The Quick Test is based on the assumption that the distribution of counties from each group, when placed in order of magnitude of change, should be random. If the distribution is random, then several counties from the same group should not be found together on one side of the distribution or the other. However, if data for at least seven of the counties from one group are clustered at the low or high end of the distribution, then sufficient evidence exists to indicate that two samples have differing trends (probability is greater than or equal to 95%). If counties from one group or another are not clustered at either end of the distribution in this way, then the data does not provide sufficient evidence for stipulating a difference between the two groups.

For the final evaluation report, the team will also compare foster care expenditure trends in the second Waiver to the original baseline used for the first Waiver (1995-1996) for counties where that baseline was available.

In the interim evaluation report, evaluators are not making judgments about statistical significance for two reasons. First, there are three counties for which information has not yet been collected for the first year of the Waiver. Second, and more importantly, only one year of data for the five-year demonstration has been collected. A discussion of statistical significance at this point seems unnecessary.

9.3 ACTIVITIES AND PROGRESS

Evaluators completed data collection for 24 out of 27 counties for calendars 2003-2005. For three counties (Hancock, Portage, Crawford), data collection is in process. Problems and challenges were of the sort associated with this type of data collection: handling missing data, adjusting expenditures that reflected trends in payment rather than services delivered, and managing accounting categories that did not match the service categories for the evaluation.

9.4 FINDINGS

9.4.1 Update on ProtectOhio's Payment Parameters

The essential feature of the payment methodology is maintained in the second Waiver period. That is, a county's payment is based on the prior year's reimbursement, adjusted by the change in placement day usage and unit costs generated by an unrelated group of control counties.

The base amount for the first year of the new Waiver was based on the county's Waiver payment from October 1, 2003-September 30, 2004 (FFY04). This amount traced back to the county's own historical foster care expenditures from July 1, 1996-June, 30 1997, adjusted each year according to the change in placement days and unit costs among an aggregated group of control counties. This amount also reflected the % of Title IV-E eligible children in each demonstration county during FFY04. This base amount will be inflated or deflated each year by the change in placement days in a "foster care reimbursable setting" and unit costs associated with the control counties.

There are two important changes to note from the initial Waiver:

- A county's actual rate of Title IV-E eligible children no longer figures into the calculation of the Waiver payment. Each county is essentially locked in at the eligibility rate they had in FFY04. A county whose rate of Title IV-E eligibility increases from this point during the Waiver period may be worse off as a result of Waiver participation. By contrast, a county whose rate of Title IV-E eligibility decreases from this point will be better off. Counties will still have to track Title IV-E eligibility for the Title IV-E administration and training claim. During the first Waiver, the county's annual Title IV-E eligibility rate was part of the Waiver payment calculation.
- Only placement days in a "foster care reimbursable setting" are included in the control county's placement day calculations. This excludes, for example, days of care provided in unlicensed relative homes or in group homes that have more than 25 beds. During the first Waiver, these days were included and did influence the rate of growth in control county's placement days.

During the first Waiver period, particularly in the first years, control counties had high rates of placement day growth, generating significant savings for many demonstration counties. During the second Waiver period, placement day utilization of the aggregated group of control counties has been shrinking, causing demonstration county's Waiver payments to go down.

9.4.2 Foster Care Expenditure Trends

Table 9.1 displays foster care expenditure data for the years 2001 through 2005. It also shows the new baseline expenditure figures. The subsequent tables and figures characterize two changes:

(1) those observed during the two years between the first and second Waiver (2003 and 2004) and how those compared to the last two years of the Waiver (2001-2002) and

(2) those observed during 2005 (the first year of the new Waiver) and how those compare to the interim period.[1] In these analyses, we are interested in whether there were any observable effects while counties waited for the renewal of the Waiver, and then whether there were any changes observed during 2005.[2]

The distribution of changes in foster care board and maintenance expenditures during the interim period reflected a somewhat different pattern than those observed during the five years of the first Waiver. This information is displayed in Table 9.2 and Figure 9.1. In the first Waiver, comparison counties occupied positions at both the low and the high end of expenditure change distribution, although they were more clustered at the high end. During the interim period, three demonstration counties reduced foster care expenditures significantly. The pattern suggests that demonstration counties were beginning to control expenditures more than comparison counties.

[1] While the Waiver operates on a federal fiscal year (Oct-Sept), county budgets operate on a calendar year. As a result, the analysis of Waiver effects always begins one quarter after the associated federal fiscal year starts and ends one quarter later.

[2] The choice of comparison years (2001 and 2002) and the average of those two years is somewhat arbitrary. We also analyzed the changes in the interim period relative to 2002 only, and compared 2002 to 2004. In each case, a similar pattern emerged.

Table 9.1: Foster Care Board and Maintenance Expenditures 2001-2005, Dollars in Thousands

	2001	2002	2003	2004	Baseline (Avg. 2003-04)	2005
Demonstration						
Ashtabula	$ 2,231	$ 2,561	$ 2,730	$ 2,668	$ 2,699	$ 1,735
Belmont	$ 1,156	$ 1,253	$ 991	$ 934	$ 963	$ 603
Clark	$ 3,793	$ 4,559	$ 5,104	$ 4,049	$ 4,577	$ 4,230
Crawford	TBD	TBD	TBD	TBD	TBD	TBD
Fairfield	N/A	$ 1,358	$ 1,367	$ 1,356	$ 1,362	$ 1,447
Franklin	$61,345	$70,199	$73,462	$75,589	$74,526	$71,577
Greene	$ 2,516	$ 2,342	$ 2,693	$ 2,534	$ 2,614	$ 2,565
Lorain	$ 3,926	$ 3,770	$ 2,944	$ 2,593	$ 2,769	$ 2,655
Medina	$ 1,104	$ 1,163	$ 1,175	$ 991	$ 1,083	$ 1,082
Muskingum	$ 2,573	$ 2,558	$ 3,224	$ 3,541	$ 3,383	$ 3,213
Portage	$ 3,481	$ 3,250	$ 3,436	$ 3,699	$ 3,568	TBD
Richland	$ 2,791	$ 2,444	$ 1,695	$ 853	$ 1,274	$ 847
Stark	$11,567	$13,095	$13,382	$12,788	$13,085	$13,228
Comparison						
Allen	$ 2,006	$ 2,087	$ 2,200	$ 1,644	$ 1,922	$ 1,760
Butler	$ 8,303	$ 9,377	$ 8,555	$ 6,995	$ 7,775	$ 7,952
Clermont	$ 3,523	$ 4,489	$ 5,580	$ 6,696	$ 6,138	$ 6,227
Columbiana	$ 2,081	$ 2,042	$ 2,919	$ 2,396	$ 2,658	$ 2,465
Hancock	TBD	TBD	TBD	TBD	TBD	TBD
Hocking	$ 512	$ 594	$ 483	$ 532	$ 508	$ 666
Mahoning	$ 2,524	$ 3,122	$ 4,214	$ 5,428	$ 4,821	$ 5,808
Miami	$ 2,237	$ 2,286	$ 2,166	$ 2,068	$ 2,117	$ 2,165
Montgomery	$21,166	$21,166	$20,063	$17,545	$18,804	$16,719
Scioto	$ 1,047	$ 1,083	$ 1,205	$ 1,784	$ 1,495	$ 1,523
Summit	$10,036	$13,690	$14,102	$15,289	$14,696	$17,063
Trumbull	$ 4,587	$ 4,270	$ 5,056	$ 5,600	$ 5,328	$ 5,216
Warren	$ 1,076	$ 1,214	$ 1,041	$ 1,072	$ 1,057	$ 1,091
Wood	$ 831	$ 1,359	$ 1,775	$ 1,902	$ 1,839	$ 1,886

Source: PCSA budget documents and interviews.

Table 9.2
Foster Care Board and Maintenance Expenditures
Percent Difference, Average 2001 and 2002 Expenditures
vs. Average 2003 and 2004 Expenditures

Group	County	Percent Change
Demo	Richland	(51%)
Demo	Lorain	(28%)
Demo	Belmont	(20%)
Comp	Butler	(12%)
Comp	Montgomery	(11%)
Comp	Hocking	(8%)
Comp	Warren	(8%)
Comp	Miami	(6%)
Comp	Allen	(6%)
Demo	Medina	(4%)
Demo	Fairfield	0%
Demo	Portage	6%
Demo	Stark	6%
Demo	Greene	8%
Demo	Clark	10%
Demo	Ashtabula	13%
Demo	Franklin	13%
Comp	Trumbull	20%
Comp	Summit	24%
Comp	Columbiana	29%
Demo	Muskingum	32%
Comp	Scioto	40%
Comp	Clermont	53%
Comp	Wood	68%
Comp	Mahoning	71%
Demo	Crawford	TBD
Comp	Hancock	TBD

Figure 9.1
Foster Care Board and Maintenance Expenditures
Percent Difference, Average 2001 and 2002 Expenditure
vs. Average 2003 and 2004 Expenditures
Demonstration Counties are Shaded Black

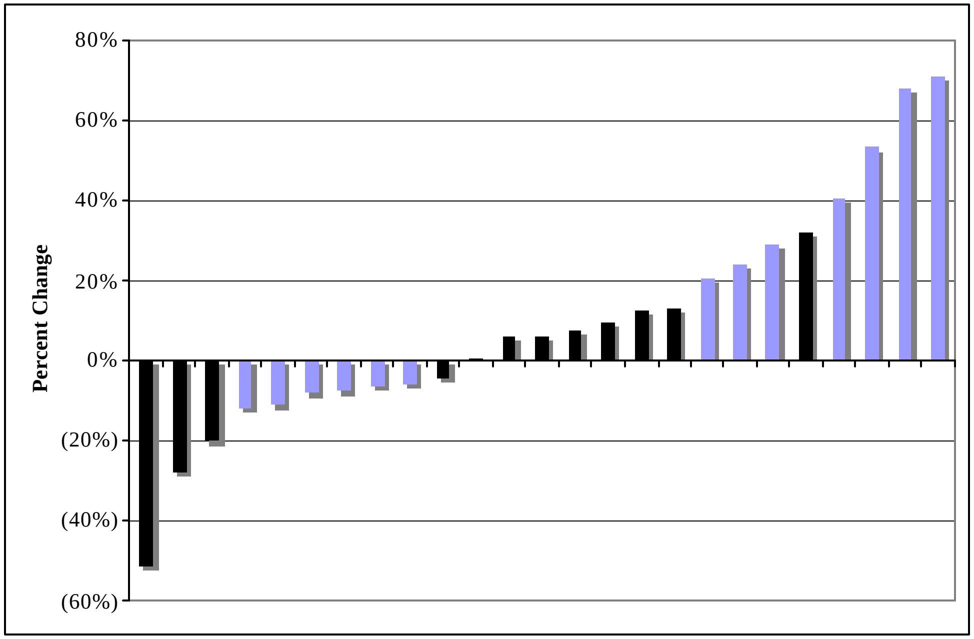
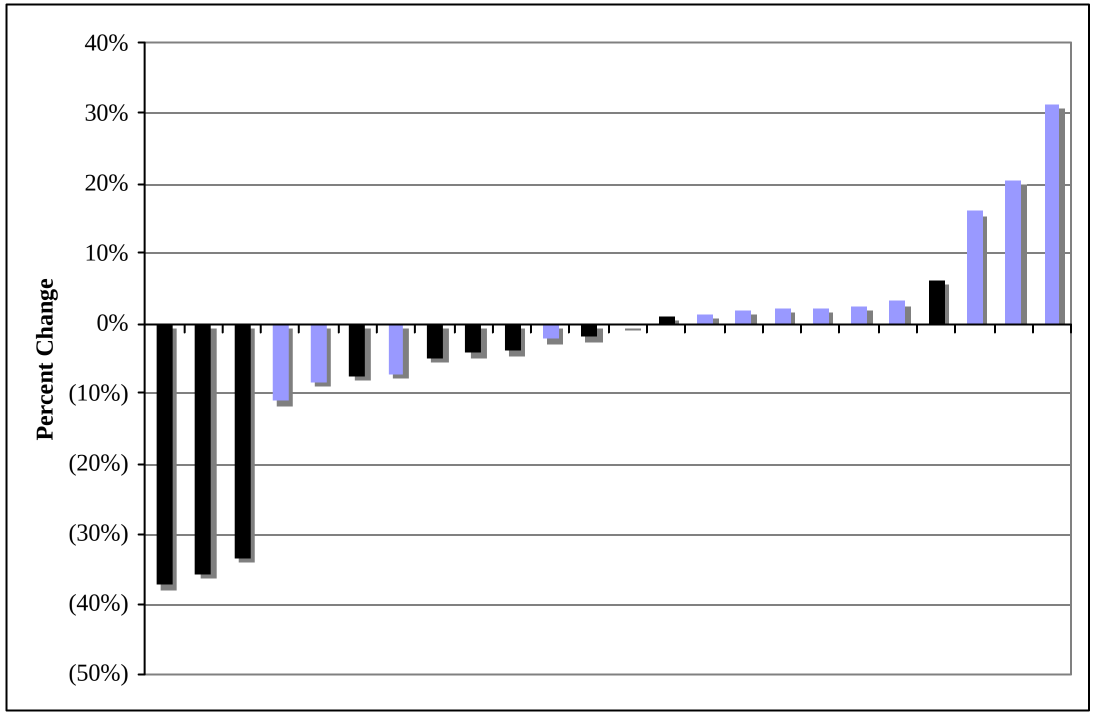


Table 9.3
Foster Care Board and Maintenance Expenditures
Percent Difference, Average 2003 and 2004 Expenditures
vs. 2005 Expenditures

Group	County	Percent Change
Demo	Belmont	(37%)
Demo	Ashtabula	(36%)
Demo	Richland	(34%)
Comp	Montgomery	(11%)
Comp	Allen	(8%)
Demo	Clark	(8%)
Comp	Columbiana	(7%)
Demo	Muskingum	(5%)
Demo	Lorain	(4%)
Demo	Franklin	(4%)
Comp	Trumbull	(2%)
Demo	Greene	(2%)
Demo	Medina	(0%)
Demo	Stark	1%
Comp	Clermont	1%
Comp	Scioto	2%
Comp	Miami	2%
Comp	Butler	2%
Comp	Wood	3%
Comp	Warren	3%
Demo	Fairfield	6%
Comp	Summit	16%
Comp	Mahoning	20%
Comp	Hocking	31%
Demo	Crawford	TBD
Demo	Portage	TBD
Comp	Hancock	TBD

Figure 9.2
Foster Care Board and Maintenance Expenditures
Percent Difference, Average 2003 and 2004 Expenditure
vs. 2005 Expenditures
Demonstration Counties are Shaded Black



When considering the first year of the Waiver relative to the average of the two interim years, the pattern again suggests that expenditure changes in the demonstration counties are beginning to diverge from those in comparison counties. Table 9.3 and Figure 9.2 show three demonstration counties reducing foster care expenditures appreciably, and more demonstration counties showing up on the reduction side of the distribution.

Both demonstration and comparison counties cited a variety of ways in which child welfare staff sought to control foster care costs. Most were placement day-oriented strategies though some also reported attempts to control unit costs through decreased use of residential-type placements. Changes in paid placement days reflected a similar pattern to foster care expenditures, with demonstration counties beginning to separate from comparison counties as a group. More demonstration counties had placement day reductions, particularly in the first year of the Waiver, and most counties with placement day increases were comparison counties. Changes in average unit costs did not reflect different growth patterns between the two groups. Demonstration and comparison counties were found along each point in the continuum of unit costs changes. However, in 2005, five demonstration counties had substantial decreases in unit costs. Information on paid placement days and unit cost trends can be found in Appendix E.

Among the counties showing the largest reduction in foster care costs, it is notable that three counties closed county homes during this period – two demonstration counties (Clark and Richland) and one comparison county (Allen). In these cases, foster care expenditures declined not necessarily as a result of increased services, but by controlling the supply of expensive residential foster care beds.

9.4.3 Waiver Dollars Available for Reinvestment

In this chapter, we also report on the following questions:

(1) How much flexible money, if any, did demonstration counties have to invest in services other than foster care board and maintenance during the interim period and the first year of the Waiver? *Flexible dollars* are defined as the difference between the Title IV-E Waiver award and what the demonstration counties would have received during the same period based on their actual foster care expenditures and non-Waiver Title IV-E .reimbursement rules. It represents the amount of dollars demonstrations counties had left over once they applied Waiver revenue to foster care expenditures.[3]

(2) For demonstration counties that had flexible dollars, did they spend the money on child welfare services other than foster care? Or did they take the additional revenue as local savings? This information gives the fiscal context for the other parts of the evaluation.

[3] While demonstration counties can apply Waiver dollars to any child welfare expenditures, the relationship of the Waiver award to total child welfare expenditures still holds. Some source of revenue must pay for what would have been the federal share of foster care expenditures. Only the revenue that remains once those liabilities have been met is truly "flexible" in the context of the Waiver experiment.

Thirteen counties are included in the analysis of the interim period and eleven counties are included in the analysis of the first year of the Waiver. During 2003 and 2004, thirteen demonstration counties received approximately $88 million in Waiver revenue. We estimated that demonstration counties would have received $80 million in Title IV-E foster care board and maintenance reimbursement if they were not participating in the Waiver.[4] As a result, demonstration counties received a total of $8 million in additional Title IV-E dollars to spend flexibly on non-foster care services. Table 9.4 displays this information by county. Table 9.4 also characterizes the amount of flexible spending available as a percent of all child welfare expenditures during those two years.

Among the twelve demonstration counties for which information is available at this time, eight received more Waiver revenue during the interim period than they would have received without the Waiver. Four demonstration counties received less revenue. While only one county tracks Waiver revenue in this way, all county fiscal officers confirmed the basic result of the calculation shown in Table 9.4.

Table 9.4: Comparison of Waiver Revenue to Estimated Title IV-E Foster Care Reimbursement, 2003-2004

Demonstration County	ProtectOhio Revenue Received	Estimated IV-E Foster Care Reimbursement	Difference: Flexible Waiver Revenue	Difference as % of Total Expenditures
Ashtabula	$ 1,821,000	$ 818,000	$ 1,003,000	8%
Belmont	$ 1,423,000	$ 1,008,000	$ 415,000	6%
Clark	$ 6,044,000	$ 4,449,000	$ 1,595,000	7%
Fairfield	$ 927,000	$ 979,000	($ 52,000)	TBD
Franklin	$46,234,000	$47,193,107	($ 959,107)	(0%)
Greene	$ 2,337,000	$ 2,113,000	$ 224,000	2%
Lorain	$ 5,603,000	$ 2,789,000	$ 2,814,000	11%
Medina	$ 874,000	$ 816,000	$ 58,000	1%
Muskingum	$ 2,781,000	$ 2,996,000	($ 215,000)	(2%)
Portage	$ 4,311,337	$ 2,204,971	$ 2,106,365	TBD
Richland	$ 3,138,000	$ 1,185,000	$ 1,953,000	13%
Stark	$12,486,000	$13,294,000	($ 808,000)	(2%)
Total	$87,979,337	$79,845,078	$ 8,134,258	2%

[4]For all demonstration counties except for Ashtabula, Franklin and Portage, the fiscal study team estimated what the county would have received in absence of the Waiver by multiplying total foster care expenditures by the county's average annual Title IV-E eligibility rate and the federal Title IV-E participation rate. A county's Title IV-E eligibility rate is the percent of total children served during a given period who are eligible for Title IV-E assistance. The federal Title IV-E participation rate for Ohio is approximately 59% of eligible expenditures. Ashtabula, Franklin and Portage provided estimates of what Title IV-E reimbursement would have been to the evaluators.

While the $8 million was technically flexible revenue, many counties had an amount of flexible revenue for more than a few years, and the “reinvestment” character of the dollars (if there ever was one) disappeared. As one county fiscal officer explained, it was “in the base” now. As a result, answering the question of what counties did with the flexible revenue available during the interim period becomes more complicated.

We reframed the question as one that pertained to *additional* flexible revenue that was received during the interim period, compared to increases in non-foster care expenditures. Table 9.5 demonstrates the calculation for Lorain County. The table shows the amount of all other child welfare expenditures in 2002-2004 and the amount of flexible Waiver revenue available in each of those years. Then, the change in all other child welfare expenditures in 2003 and 2004, relative to 2002 is calculated. This amount -- $1.5 million – is the amount of additional money spent in Lorain county on all other child welfare expenditures compared to 2002. A similar calculation is made for Waiver revenue. In 2004, for example, Lorain county administrators had an additional $731,000 as a result of participation in the Waiver, relative to what they had in 2002. The final column shows the difference between the two numbers. The positive number over the two years -- $351,000 -- indicated that the county spent the additional Waiver revenue on child welfare purposes other than foster care and further increased all other child welfare expenditures by $351,000, relative to 2002.

Table 9.5: Calculation of Additional Waiver Revenue and Changes in All Other Expenditures, 2003 and 2004, Relative to 2002

Lorain County

	All Other Child Welfare Expenditures	Change Relative to 2002	Flexible Waiver Revenue	Change Relative to 2002	Difference, Change in All Other Expenditures and Flexible Waiver Revenue
2002	$ 9,837,000		$ 815,000		
2003	$10,084,000	$ 247,000	$ 1,268,000	$ 453,000	($ 206,000)
2004	$11,125,000	$ 1,288,000	$ 1,546,000	$ 731,000	$ 557,000
Total		**$ 1,535,000**		**$ 1,184,000**	**$ 351,000**

Based on these calculations, seven out of the eight demonstration counties that had received some flexible revenue during the interim period also received additional flexible revenue, relative to the last year of the first Waiver (2002). Table 9.6 shows the results of the calculation demonstrated in Table 9.5 for these seven counties. The table is sorted by the magnitude of the change in all other expenditures. Six out of seven demonstration counties made greater increases in all other child welfare expenditures than they received in additional flexible Waiver revenue. One county – Belmont – reduced all other child welfare expenditures.

Table 9.6: Comparison of Additional Waiver Revenue and Changes in All Other Expenditures, 2003 and 2004, Relative to 2002			
Demonstration County	Additional Waiver Revenue	Changes in All Other Expenditures	Difference (Additional Investment)
Richland	$ 1,301,000	$ 1,973,000	$ 672,000
Lorain	$ 1,184,000	$ 1,535,000	$ 351,000
Clark	$ 309,000	$ 1,190,000	$ 881,000
Ashtabula	$ 273,000	$ 1,028,000	$ 755,000
Medina	$ 58,000	$ 329,000	$ 271,000
Belmont	$ 331,000	($ 334,000)	$ 0
Portage	$ 740,365	TBD	
Total	$ 4,196,365	$ 5,721,000	

Next, we turn to the first year of the reauthorized Waiver – 2005. As shown in Table 9.7, of the eleven counties for which data is available, nine had flexible Waiver revenue during 2005. Two did not.

Table 9.7: Comparison of Waiver Revenue to Estimated Title IV-E Foster Care Reimbursement, 2005				
Demonstration County	ProtectOhio Revenue Received	Estimated IV-E Foster Care Reimbursement	Difference: Flexible Waiver Revenue	Difference as % of Total Expenditures
Ashtabula	$ 864,000	$ 206,000	$ 658,000	11%
Belmont	$ 688,000	$ 310,000	$ 378,000	12%
Clark	$ 2,937,000	$ 2,133,000	$ 804,000	7%
Fairfield	$ 471,000	$ 542,000	($ 71,000)	TBD
Franklin	$22,696,000	$21,021,761	$ 1,674,239	1%
Greene	$ 1,146,000	$ 942,000	$ 204,000	3%
Lorain	$ 2,768,000	$ 1,417,000	$ 1,351,000	9%
Medina	$ 389,000	$ 359,000	$ 30,000	1%
Muskingum	$ 1,395,000	$ 1,262,000	$ 133,000	2%
Portage	$ 2,094,180	TBD	TBD	TBD
Richland	$ 1,508,000	$ 295,000	$ 1,213,000	16%
Stark	$ 6,252,000	$ 6,718,000	($ 466,000)	(2%)
Total	$41,114,000*	$35,205,761	$ 5,908,239	1%

*Total does not include Portage.

Table 9.8 shows the results of the same analysis as the one conducted for the interim Waiver period, except the base year is 2004. Five out of the nine demonstration counties that had received some flexible revenue during the first year of the Waiver also received additional flexible revenue, relative to the last year of the interim period (2004). Of those five counties, four made greater increases in all other child welfare expenditures than they received in additional flexible Waiver revenue. One county – Muskingum – increased all other child welfare expenditures slightly less than the amount of flexible Waiver revenue.

Table 9.8: Comparison of Additional Waiver Revenue and Changes in All Other Expenditures, 2005, Relative to 2004

Demonstration County	Additional Waiver Revenue	Changes in All Other Expenditures	Difference (Additional Investment)
Franklin	$ 1,674,239	$ 4,476,940	$ 2,802,701
Richland	$ 45,000	$ 548,000	$ 503,000
Ashtabula	$ 201,000	$ 293,000	$ 92,000
Belmont	$ 168,000	$ 190,000	$ 22,000
Muskingum	$ 133,000	$ 125,000	($ 8,000)
Total	$ 2,221,239	$ 5,632,940	

Both these analyses indicate that since the last evaluation, demonstration counties as a group have continued to receive more federal revenue through the Waiver than they otherwise would have, and that they continue to use that additional revenue for child welfare purposes other than foster care board and maintenance.

9.4.4 All Other Child Welfare Expenditures Trends

This section presents information about trends in both the demonstration and comparison counties in child welfare expenditures other than foster care board and maintenance. The purpose of these analyses – one for the interim period and one for the first year of the Waiver – is to answer the question whether, as a result of additional Waiver revenue, demonstration counties are increasing these expenditures more than comparison counties.

Table 9.9 shows all other child welfare expenditures from 2001 through 2005 for ten demonstration counties and thirteen comparison counties. Table 9.10 characterizes the change in these non-foster care expenditures during the interim period by comparing the average of expenditures in 2001 and 2002 to the average in 2003 and 2004.[5] Demonstration counties and comparison counties were located at the low, middle and high end of expenditure growth. For the first year of the Waiver, Table 9.11 shows the percent change in all other child welfare

[5] The choice of comparison years (2001 and 2002) and the averaging of those two years is somewhat arbitrary. We also analyzed the changes in the interim period relative to 2002 only, and compared 2002 to 2004. In each case, a similar pattern emerged.

expenditures in 2005, compared to the average of 2003 and 2004 expenditures to 2005 expenditures. Demonstration counties and comparison counties were still located at the low, middle and high end of expenditure growth.

Table 9.9: All Other Child Welfare Expenditures, 2001-2005
Dollars in Thousands

	2001	2002	2003	2004	Baseline (Avg 2003-04)	2005
Demonstration						
Ashtabula	$ 3,256	$ 3,365	$ 3,707	$ 4,051	$ 3,879	$ 4,344
Belmont	$ 2,935	$ 2,686	$ 2,692	$ 2,346	$ 2,519	$ 2,536
Clark	$ 6,873	$ 6,539	$ 6,757	$ 7,511	$ 7,134	$ 7,394
Crawford	TBD	TBD	TBD	TBD	TBD	TBD
Fairfield	TBD	TBD	TBD	TBD	TBD	TBD
Franklin	$70,065	$77,478	$88,566	$82,175	$85,371	$86,652
Greene	$ 2,772	$ 3,433	$ 3,442	$ 3,587	$ 3,515	$ 3,752
Lorain	$ 9,896	$ 9,837	$10,084	$11,125	$10,605	$12,051
Medina	$ 1,613	$ 1,706	$ 1,745	$ 1,996	$ 1,871	$ 1,976
Muskingum	$ 3,161	$ 3,298	$ 3,315	$ 3,779	$ 3,547	$ 3,904
Portage	TBD	TBD	TBD	TBD	TBD	TBD
Richland	$ 5,047	$ 5,175	$ 5,946	$ 6,377	$ 6,162	$ 6,925
Stark	$11,461	$13,079	$12,828	$11,992	$12,410	$12,524
Comparison						
Allen	$ 2,481	$ 2,767	$ 3,017	$ 3,278	$ 3,148	$ 3,527
Butler	$10,634	$12,710	$11,957	$11,837	$11,897	$14,733
Clermont	$ 2,316	$ 2,378	$ 1,630	$ 1,554	$ 1,592	$ 2,476
Columbiana	$ 815	$ 573	$ 983	$ 1,561	$ 1,272	$ 1,180
Hancock	TBD	TBD	TBD	TBD	TBD	TBD
Hocking	$ 932	$ 921	$ 950	$ 1,018	$ 984	$ 1,103
Mahoning	$ 6,904	$ 7,287	$ 7,002	$ 7,237	$ 7,120	$ 8,050
Miami	$ 1,769	$ 1,808	$ 1,765	$ 1,815	$ 1,790	$ 1,880
Montgomery	$28,733	$28,559	$28,208	$28,958	$28,583	$30,002
Scioto	$ 1,942	$ 2,077	$ 2,064	$ 2,122	$ 2,093	$ 2,097
Summit	$27,440	$29,568	$28,473	$36,184	$32,329	$34,428
Trumbull	$ 6,887	$ 7,456	$ 8,331	$ 8,762	$ 8,547	$ 8,729
Warren	$ 2,262	$ 2,408	$ 2,551	$ 2,524	$ 2,538	$ 2,671
Wood	$ 1,493	$ 1,440	$ 1,393	$ 1,484	$ 1,439	$ 1,483

Table 9.10: All Other Child Welfare Expenditures, Percent Difference, Average 2001 and2002 Expenditures vs. Average 2003 and 2004 Expenditures

Group	County	Percent Change
Comp	Clermont	(32%)
Demo	Belmont	(10%)
Comp	Wood	(2%)
Comp	Montgomery	(0%)
Comp	Miami	0%
Comp	Mahoning	0%
Demo	Stark	1%
Comp	Butler	2%
Comp	Scioto	4%
Comp	Hocking	6%
Demo	Clark	6%
Demo	Lorain	7%
Comp	Warren	9%
Demo	Muskingum	10%
Demo	Medina	13%
Demo	Greene	13%
Comp	Summit	13%
Demo	Franklin	16%
Demo	Ashtabula	17%
Comp	Trumbull	19%
Comp	Allen	20%
Demo	Richland	21%
Comp	Columbiana	83%
Demo	Crawford	TBD
Demo	Fairfield	TBD
Demo	Portage	TBD
Comp	Hancock	TBD

Table 9.11: All Other Child Welfare Expenditures, Percent Difference, Average 2003 and 2004 Expenditures vs. 2005 Expenditures

Group	County	Percent Change
Comp	Columbiana	(7%)
Comp	Scioto	0%
Demo	Belmont	1%
Demo	Stark	1%
Demo	Franklin	2%
Comp	Trumbull	2%
Comp	Wood	3%
Demo	Clark	4%
Comp	Montgomery	5%
Comp	Miami	5%
Comp	Warren	5%
Demo	Medina	6%
Comp	Summit	6%
Demo	Greene	7%
Demo	Muskingum	10%
Demo	Ashtabula	12%
Comp	Allen	12%
Comp	Hocking	12%
Demo	Richland	12%
Comp	Mahoning	13%
Demo	Lorain	14%
Comp	Butler	24%
Comp	Clermont	56%
Demo	Crawford	TBD
Demo	Fairfield	TBD
Demo	Portage	TBD
Comp	Hancock	TBD

9.5 SUMMARY, NEXT STEPS, CHANGES TO EVALUATION PLAN

The distribution of changes in foster care board and maintenance expenditures during the interim period between the first and second Waiver (2003-2004) reflected a somewhat different pattern than those observed during the five years of the first Waiver (1998-2002). In the first Waiver, comparison counties occupied positions at both the low and the high end of expenditure change distribution, although they were more clustered at the high end. During the interim period, three demonstration counties (Richland, Lorain and Belmont) all reduced foster care expenditures significantly while comparison counties continued to dominate in the higher end of the distribution. The pattern suggests that demonstration counties were beginning to control expenditures more than comparison counties. When considering the first year of the second Waiver (2005) relative to the average of the two interim years, the pattern again suggests that expenditure changes in the demonstration counties are beginning to diverge from those in comparison counties, with demonstration counties showing evidence that as a group, they appear to be controlling foster care expenditures more than comparison counties.

These findings suggest that Waiver incentive may be beginning to operate as it was intended in the demonstration counties. However, four more years of foster care board and maintenance expenditure activity among demonstration and comparison counties remains to be observed.

With respect to Waiver revenue, the majority of demonstration counties continued to have more Waiver revenue than they would have received under normal Title IV-E foster care board and maintenance reimbursement rules. Most demonstration counties with growing amounts of flexible revenue, relative to the last year of the first Waiver, reinvested it in child welfare expenditures other than board and maintenance.

There were no differences between the demonstration and comparison counties' rate of change in all other expenditures for child welfare purposes.

The fiscal study team will continue with the evaluation plan as currently described. Because 2006 fiscal data were not available for this report, we will prepare updated tables in fall 2007 which examine two years of the second Waiver; and we will share these findings with the Consortium counties. In addition, regarding all subsequent fiscal analysis, the team will continue to seek the best methodology for evaluating changes in foster care and all other child welfare expenditures. In the first evaluation report, two tests were used. First, the expenditures in the baseline years were compared to expenditures in the last year of the first Waiver. Second, a sign test was used to compare expenditures in each year to the baseline year. We think a better approach combines the two. That is, we propose to compare expenditures in each year of the Waiver to the baseline year and add the differences together to get a total growth (or reduction) figure. A simple example of this approach for all other child welfare expenditures was shown in Table 9.5. The relationship of the total change figure will be compared to the original baseline for each county. Thus, we will still be characterizing each county's expenditure pattern in percentage terms, but the percent will be of total change relative to the baseline starting point.