

CHAPTER 1: INTRODUCTION

In October 1997, Ohio implemented ProtectOhio, the Title IV-E Child Welfare Demonstration project. As one of a score of Title IV-E Waiver programs in the country, ProtectOhio experiments with flexible use of federal IV-E dollars. The underlying premise of the Title IV-E Waiver is that changes to federal child welfare eligibility and cost reimbursement rules will change purchasing decisions and service utilization patterns in ways that are favorable to children, families and communities. ProtectOhio adopts a managed care approach to increase the efficiency and effectiveness of the child welfare system, focusing on reducing use of out-of-home placement, increasing reunification and permanency, and improving family functioning, while also maintaining a cost-neutral budget.

Since the Waiver began, fourteen Ohio counties have been able to take advantage of considerable flexibility in how they use Title IV-E funds. The flip side of this flexibility, however, is risk: counties who are participating in ProtectOhio have taken on most of the financial risk for the cost of child welfare services. These counties have traded unlimited federal participation in the costs of out-of-home care for the flexibility to spend limited funds on a range of child welfare services. Their commitment signals a desire for systemic change in the management of child welfare, as the vehicle for improving child and family outcomes. This third annual report of the evaluation illuminates some patterns of changes that are occurring, and brings attention to some of the issues impinging on the change process.

1.1 OVERVIEW OF THE EVALUATION

In July 1998, the Ohio Department of Human Services contracted with a team of researchers led by Human Services Research Institute (HSRI), to evaluate the impact of ProtectOhio on outcomes for children and families in the child welfare system. The five-year evaluation project consists of four related studies, each of which assesses the central program hypothesis from different perspectives. The various members of the evaluation team carry primary responsibility for one or more of these studies:

HSRI has leadership of the Process Implementation Study. With support from the *Institute for Human Services Management (IHSM)*, the study team is examining the activities which occur in each of the 14 demonstration counties as they move toward implementation of their own Waiver plan, and is tracking contemporaneous developments in a comparison set of 14 non-Waiver counties. Through site visits and other primary data collection methods, the Process study team seeks to document the evolution of Waiver-generated changes in state and local plans, and to explore how the varying modes and implementation trajectories impact the achievement of desired outcomes for children and families. This study also identifies actions at the state level that influence local child welfare practice.

Westat bears primary responsibility for conducting the Participant Outcomes Study. This research effort examines the impact of ProtectOhio on the children and families served by

the child welfare system. The design requires that measurable outcomes be defined for consumers served by the local public child-serving agency (PCSA). Service utilization and outcomes are compared for participants over the five-year period of the Waiver, primarily through analysis of administrative data on all families served.

HSRI leads the Community Impact Study, with support from IHSM. This study examines the broader effects of the demonstration in participating counties, not just the effects on the children and families served by the PCSAs. The study team seeks to address how changes in each demonstration PCSA affect the larger community’s service infrastructure and dynamics, noting changes over time and between demonstration and comparison counties.

Chapin Hall Center for Children, at the University of Chicago, has primary responsibility for the Fiscal Outcomes Study. The purpose of the fiscal analysis is to examine whether or not counties changed child welfare spending patterns as a result of receiving Title IV-E foster care funds as unrestricted child welfare revenue, and if so, how expenditure patterns changed. The fiscal outcome study consists of the compilation and analysis of state and county-level aggregate expenditure information for child welfare services in each demonstration and comparison county, from 1996, two years prior to the Waiver, through 2002, the last year of the Waiver.

1.1.1 Major Findings from Year 1 and Year 2

In July 1999, the evaluation team submitted its First Annual Report of the ProtectOhio evaluation. This was followed in June 2000 with the Second Annual Report, and, in August 2000, the Interim Implementation Report. This section summarizes the major findings from those reports.

During the first two years of the evaluation, members of the evaluation team spent significant time on-site in the demonstration and comparison counties¹ and on the telephone with individual contact people, gathering information about the operations of each of the 28 PCSAs in the study.

Overall, analysis of the first two years of process, outcome, and fiscal data points to five conclusions:

First, the demonstration counties and their comparison counterparts appeared to be

ProtectOhio Evaluation Counties	
<u><i>Demonstration</i></u>	<u><i>Comparison</i></u>
Ashtabula	Allen
Belmont	Butler
Clark	Clermont
Crawford	Columbiana
Fairfield	Hancock
Franklin	Hocking
Greene	Mahoning
Hamilton	Miami
Lorain	Montgomery
Medina	Scioto
Muskingum	Summit
Portage	Trumbull
Richland	Warren
Stark	Wood

¹ The evaluation team selected 14 comparison counties that were similar to the 14 demonstration counties in characteristics of county and child welfare populations.

reasonably similar prior to the start of the Title IV-E Waiver, suggesting that the comparison counties do provide a valuable representation of how the demonstration counties would have operated in the absence of the Waiver.

Second, the demonstration counties are experimenting substantially more than the comparison counties, in restructuring PCSA operations and, specifically, in adopting managed care strategies.

Third, demonstration counties have begun to contain placement days since the Waiver began, relative to the performance of the cost-neutrality control group, while the evaluation comparison counties have continued to experience modest growth.

Fourth, the Waiver has thus far shown little impact on child and family outcomes, although there are indications that the demonstration PCSAs are moving children more quickly out of foster care, and are reunifying a larger proportion of children with custody terminations, than are their comparison counterparts.

Fifth, the data limitations which the Participant Outcomes and the Fiscal Impact study teams encountered have been considerable. Insufficient reliable data at the state level has forced the evaluation team to turn to the PCSAs themselves for considerable fiscal information, as well as service delivery data which will be used to supplement FACSIS files. Consequently, the evaluation team somewhat altered its analytic approach for the remainder of the evaluation.

1.1.2 Specific Findings: Process Implementation and Community Impact Analysis

In Year 1 and Year 2, the Process Implementation study team explored changes in the structure and operations of the demonstration and comparison PCSAs. The two groups of counties showed many similarities and many differences, in the range of services available; in the internal structure of the PCSA; in the financing, contracting, and monitoring methods used; and in the larger community environment of child-serving agencies. The study findings also uncovered a significant amount of change already occurring in the counties, from use of managed care strategies, to embarking on other system reform activities, to keeping steadfast on a change agenda conceived prior to the Waiver.

Year 1-2 Process Findings
✓ Front-end diversion
✓ Relationship with the court
✓ Service availability
✓ Use of managed care strategies
✓ Interagency collaboration

The major themes emerging from this portion of the evaluation include the following:

1. *Front-end diversion*: A critical issue for both demonstration and comparison counties is controlling the type of cases that are opened to PCSA services. Most counties increasingly focus on service provision at the “front end” of the system, sponsoring more prevention-oriented activities in the community and providing more home-based services to intact families with children at risk of placement. Accompanying these preventive efforts, counties were also using creative approaches to screening

and assessment of children and families referred because of alleged abuse or neglect. Demonstration PCSAs are somewhat more likely than comparison sites to be doing something “out-of-the-ordinary” during the screening process to divert cases from coming into the PCSA system -- modifying the screening process, using different types of risk assessment tools, and creating processes to limit the cases coming from the court.

2. *Relationship with the court:* Many PCSAs, especially comparison counties, struggle in their relationship to the juvenile court. When the court remands unruly and delinquent youth into PCSA custody, it not only imposes a financial burden on the child welfare agency, but often also creates tension between the Juvenile Court and the PCSA regarding casework decision-making. The magnitude of the inappropriate referrals from the court – those where juvenile court services would have been better for the youth than placement under PCSA custody-- appears to bear little relationship to a court’s financial resources to serve these children, but rather has become a political tool of the courts. Demonstration counties are particularly vulnerable because they operate with a fixed Title IV-E allocation.
3. *Service availability:* Demonstration and comparison counties are remarkably similar in the types of services currently available in their communities, although variations in the volume and the specific design of service interventions are substantial. However, the demonstration PCSAs stand apart from their comparison counterparts in several key ways: they more often create new services; their workers have greater access to more generous pots of flexible funds; and, due to their involvement in the Waiver, they make use of IV-E dollars to supplement other flexible funding resources. In these ways, the service array available to families and children in demonstration counties has the potential to surpass that of comparison counties
4. *Use of managed care strategies:* Taking advantage of the flexibility they have in use of Title IV-E funds, demonstration counties are experimenting with managed care strategies significantly more than are comparison counties. In all eight areas of managed care – service array, financing, targeting, case management, competition, utilization review, quality assurance, and MIS – on average demonstration counties are experimenting more than are comparison counties. A composite measure of overall managed care activity, the managed care index, reveals that the group of highest users is composed of eight demonstration counties, while the lowest users include seven comparison counties and one demonstration county.

Specifically:

- More demonstration counties than comparison counties have created new services and made flexible service monies available to social workers;
- Six demonstration counties have implemented capitated contracts, and all the demonstration counties have capitalized on their flexibility under the Waiver to invest IV-E savings in key practice reforms.

- Demonstration counties are more actively targeting resources to particular subgroups of the PCSA population;
 - Demonstration counties are acting more competitively than comparison counties;
 - Demonstration counties conduct somewhat more utilization review activities than do comparison counties, showing more use of placement review processes and more involvement in automated data systems.
 - Demonstration counties engage in substantially more quality assurance activity, especially making greater efforts to measure outcomes and use them to improve the service delivery systems.
5. *Interagency collaboration:* The evaluation counties vary tremendously in the nature of interagency collaboration, although most counties see it as a notable strength in their community. In the first two years of the evaluation, little change occurred in cross-system collaboration among county child-serving agencies, although demonstration counties appear to be experimenting more with shared funding and pooled funding arrangements to meet the needs of children and families

1.1.3 Specific Findings: Participant Outcomes Analysis

Westat leads the study of the impact of ProtectOhio on the outcomes of children and families served by the 28 evaluation counties. In Year 1, the Westat study team assessed the quality of available secondary data, especially in the state's FACSIS system. Based on interviews with state and county representatives, as well as their own examination of FACSIS data, Westat was able to identify key strengths and weaknesses of the available data. The study team then began to construct a database using FACSIS, to serve as the baseline for future analysis of ProtectOhio data.

In Year 2, the study team extensively analyzed caseload trends in the demonstration and comparison counties, comparing the baseline period of two years prior to Waiver implementation (October 1, 1995 through September 30, 1997) with the first two years of the Waiver (October 1, 1997 through September 30, 1999). Many variables that were examined did not reveal any significant differences between groups or between time periods. Among those that did show interesting patterns of differences, four findings are notable:

- The number of reports of child abuse and neglect declined in the demonstration counties during the course of the Waiver, while comparison figures remained steady. This is perhaps a result of changes in screening processes.
- Demonstration and comparison counties showed substantial variation in the percent of reported children who were targeted as being at risk, during both the baseline and the Waiver periods. This is likely a reflection of differing local definitions of the threshold for risk.
- Comparison counties tend to have a higher proportion of their custody awards made to relatives. Consistent with this finding, demonstration counties make greater use of non-licensed relative homes than do comparison counties, because

their higher use of relative custody has removed those children from placement counts. These data appear to reflect different county practices in use of relatives, and are perhaps also influenced by the Caseload Analysis counties (seven of the demonstration sites) where non-relative placements are encouraged.

- Demonstration counties had more children entering placement than did comparison counties, in each of the four fiscal years, a reflection of a dynamic that motivated many counties to enter the Waiver. But altering entry patterns takes time, as they are a result of external factors as well as PCSA internal policy and practice decisions.

Findings on Participant Outcomes

In the initial examination of participant outcomes, again using FACSIS data, the study team examined selected child and family outcomes in the demonstration and comparison counties. It was not surprising to find that many of the key outcome variables did not yet show significant change over time nor contrasts between groups; since many PCSAs were only beginning to implement managed care strategies and to make structural changes, it is too early to expect established outcome trends to have responded. Among the more interesting contrasts are the following six findings:

- Since the Waiver began, children in demonstration counties are leaving foster care faster than children in the comparison counties, at the same time as new entries into foster care are increasing for both groups.
- Among children with custody terminations, a larger proportion of demonstration children have been reunified, compared to comparison children with custody terminations. This increase in reunification in the demonstration group is reflective of practice differences, but may also be due to inconsistent definitions of “return home”.
- For both demonstration and comparison PCSAs, the number of children eligible for adoption subsidies increased from the baseline period to the Waiver period.
- Over time, both demonstration and comparison PCSAs increased the proportion of children they serve in-home, compared to those served in placement. This pattern occurs in the face of overall growth in caseloads.
- Over time, neither the demonstration counties nor the comparison counties experienced improvement in moving children to less restrictive placement settings, although both groups did show a decrease in the proportion of total placement days that were used in group homes and CRCs.
- Child abuse and neglect recidivism rates are steady over time, and are comparable among demonstration and comparison counties. Since we employ a new measure for recidivism, which relies on the PCSA’s application of the state-mandated Risk Assessment methodology, it will be important to refine the statistic and carefully examine future changes in child safety.

1.1.4 Specific Findings: Fiscal Impact Analysis

The purpose of the fiscal impact analysis is to determine whether the activities of demonstration county staff are causing a shift in expenditures from out-of-home care to community-based services. In the Year 1 of the evaluation, Chapin Hall conducted a fiscal audit of the data available at the state and county level. The team determined that state data sources were not well suited to answering the fiscal impact questions; the sole exception was the SS-RMS, which contained data on direct county expenditures and staff activity. Analysis of the SS-RMS data in Year 2 revealed that both the demonstration and comparison groups were increasing direct county costs, and neither group appeared to be changing the proportion of county budgets spent on foster care case management, non-foster care services, or any other category of expenditures. However, the data did suggest that demonstration counties were beginning to spend more of their total direct county budget on non-foster care services.

Since accurate cost data had not yet been obtained by the end of the second year of the evaluation, the study team examined data on paid placement days as a proxy for actual foster care expenditures. The placement day figures indicated that most demonstration counties experienced growth in placement days immediately prior to the Waiver, while comparison counties as a group experienced no growth in placement days. During the first year of the Waiver, most demonstration counties reversed the pattern, while comparison county placement days grew. During the second year of the Waiver, about half of the demonstration counties continued to experience a decline in placement days, while comparison county growth continued.

1.2 ACTIVITIES DURING YEAR 3

During the third year of the evaluation, the evaluation team has continued to explore key policy and practice issues relevant to one or more of the principal studies comprising the overall evaluation. The following section describes the major activities that occurred during the period July 1, 2000 through June 30, 2001.

1.2.1 Overall Team Activities

Ongoing contact with Ohio stakeholders: Throughout the third year of the evaluation, the evaluation team maintained ongoing contact with staff at ODJFS and the ProtectOhio Consortium members. One or more representatives of the evaluation team attended all of the bi-monthly Consortium meetings, learning about recent activities in the state and in particular ProtectOhio counties, gathering feedback on initial evaluation products and findings, and keeping Consortium members informed about ongoing evaluation activities. The project director and other evaluation staff also met with ODJFS staff several times during the course of the year to discuss issues related to progress of the evaluation and modifications to the evaluation design, and made presentations to state and national audiences on evaluation findings.

In addition, in October 2000, the evaluation team hosted a series of half-day meetings for staff from all the demonstration and comparison counties, to share findings from the

second year of the evaluation and to get feedback from the counties. The evaluation team conducted four regional debriefings for the demonstration counties, scattered around the state to make these meetings convenient for PCSA staff to attend. A single debriefing was held in Columbus for the comparison counties.

Reports: The evaluation team collaborated to produce several reports this year: the *Executive Summary of the Second Annual Report*, submitted shortly after the release of the full report, and an even shorter *Brief Summary of the Second Evaluation Report*, prepared in November 2000. The *Interim Implementation Report*, encompassing the process implementation findings from the first two years of the evaluation, was completed in August 2000. The *Second Semi-Annual Report* was submitted to ODJFS in January 2001, and this *Third Annual Report* is being submitted in June 2001.

1.2.2 Activities Related to the Process Implementation Study

In the third year of the evaluation, the process implementation study team has continued to collect information from the 28 evaluation counties, building on data collected in the first two rounds of site visits. The team also used several methods to share evaluation findings with those interested at the local, state, and national level. Specifically, efforts have included:

Implementation Report: In August 2000, the evaluation team submitted the Interim Implementation report to ODJFS. This report describes efforts being made by demonstration and comparison counties to change their systems, based on findings from the first two process implementation site visits. It addresses both short-term and long-term implementation issues, providing both quantitative and qualitative findings about demonstration and comparison counties.

Development of Year 3 data collection tools: Following two years of intensive site visit interviews, the study team chose to target its data collection in Year 3 to key administrators in each of the demonstration and comparison counties. The team decided to examine a smaller number of topics directly related to the Waiver and the PCSA, collecting more detailed information in these areas, enabling us to do more thorough comparative analysis of selected PCSA operations. Exhibit 1.1 provides a list of the major topics that were explored during the Year 2 site visits. In subsequent years of the Process Implementation study, the site visit team will also explore issues that are more external to the agency, to assess how the Waiver is affecting the broader community system.

Process Implementation Study Activities	
✓	Implementation Report
✓	Development of Year 3 Data Collection Tools
✓	Presenting Evaluation Findings
✓	Telephone Interviews
✓	Gathering Community Impact Data
✓	Data Management and Analysis

To assure consistency in the information collected, the study team created a single tool to be completed during each county telephone interview. Having one tool containing both quantitative and qualitative items made it easy for the study team to conduct interviews and write up notes in a timely and efficient manner. The data collection tool can be found in Appendix II.

Presenting evaluation findings: In addition to sharing the evaluation findings with county and state staff at the regional debriefings, the evaluation team also presented the second year findings to a wider audience: (1) a plenary presentation to the Fifth Annual Child Welfare Demonstration Projects Meeting in Washington, D.C. in February 2001; (2) a workshop presentation at the Child Welfare League of America Managed Care Institute Leadership Circle Symposium in New Orleans in September 2000; (3) a poster presentation at the American Public Human Services Association Fall Forum in Portland, Oregon, in October 2000; and (4) a workshop presentation at the Ohio Child Welfare Summit in Columbus, Ohio, in April 2001.

Telephone interviews: In the early months of 2001, the Process Study team conducted telephone interviews to collect information about changes in the evaluation counties since the last site visit in Year 2. The interviews were conducted with the administrator of the PCSA and sometimes with one or two additional management-level staff. Each interview took approximately two hours to complete. Because of unusually demanding schedules, two of the comparison counties declined to be interviewed during the study period; however, both of these counties have agreed to be interviewed in the coming months, so the interview information can be included in the revised version of this report.

Gathering Community Impact data: In Year 2, the team developed an SPSS database of county-level statistics that may affect, or be affected by, the IV-E Waiver in Ohio. During the third year of the evaluation, HSRI staff compiled additional data on specific social indicators, gradually developing a profile of relevant underlying economic and social factors in the evaluation counties. These data are presented in this Third Annual Report, with brief discussion of their relationship to PCSA activities. HSRI will continue to track these indicators, to improve understanding of how the Waiver is affecting other entities in the community.

Data Management and Analysis: Data from the Year 3 telephone interviews was input into two types of databases. The quantitative information that was collected during the telephone interviews was entered into an SPSS database. This information built on the database developed in the first year of the evaluation, allowing some changes to be tracked from one year to the next. Initially analysis used simple descriptive statistics – frequencies, cross-tabulations, means, and medians. As the study team has become more

Exhibit 1.1: Topics Explored in Year 3

- ◇ Strategic use of flexible funds
- ◇ Impact of OWF
- ◇ Court services
- ◇ Permanency Types
- ◇ Service array
- ◇ Funding for services
- ◇ Managed Care Strategies
- ◇ Caseload analysis
- ◇ Leadership changes
- ◇ Impact of the Waiver

familiar with patterns in the data, analysis has expanded to include creation of indices, scales, and other data reduction methods.

Qualitative data was analyzed using a different technique. To facilitate a systematic use of text collected in the interviews, the study team employed a software package called QSR-NUDIST (Non-Numeric Unstructured Data Indexing, Searching, and Theorizing), which is designed to analyze qualitative data. NUDIST allows the Process Implementation team to quickly examine all the pieces of text that relate to a particular topic, enabling the team to quickly explore differences between demonstration and comparison counties by accessing sections of the vast quantity of notes that were collected in each county.

Using the Outcomes Matrix (see Section 1.3 below) as the framework for analysis, the team identified patterns across demonstration and comparison counties, contrasts between the two groups, and trends within counties over time. In future years, in conjunction with Westat’s examination of participant outcomes, the team will explore some outcomes unique to one or a few counties, depending on each county’s expressed “logic model”, which encompasses a PCSA’s philosophy of change and vision of an improved child welfare system.

1.2.3 Participant Outcome Activities

Data preparation: In preparation for data analysis activities for the third year, Westat prepared files for analysis by determining time frames, combining data elements for multiple files, structuring variables, and determining computed variables. The study team also configured the secondary data and prepared selected analyses of child welfare case activity, for inclusion in the Second Semi-Annual Report.

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| <p style="text-align: center;">Participant Outcome Activities</p> <ul style="list-style-type: none">✓ Data Preparation✓ Receipt of Third Year FACSIS Data from ODJFS✓ Development of New Outcome Measures✓ Development of Casework Survey |
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Receipt of Third Year FACSIS Data from ODJFS: In February 2001, Westat obtained updated FACSIS data from ODJFS including the Child Protection Oversight and Evaluation (CPOE) Quality Assurance Program and Federal Title IV-E eligibility information. The FACSIS data covered child welfare activity in the 28 counties through February 2001, including updates on all historical data. ODJFS provided Westat with approximately 84 data files and 20 CPOE programs regarding all aspects of child and family services as contained in FACSIS.

Development of New Outcome Measures Westat is working with ODJFS staff and 28 counties to obtain local data on the original reason for case registration (case category in FACSIS). Westat will review the data for variation in definitions among counties and completeness of the data. In addition, staff have been working with specific counties to collect missing FACSIS data on race/ethnicity of children, including historical data of children served during the baseline period.

The case category data was requested for a sample of cases in the Fall 2000. The burden on PCSA staff turned out to be too extensive, as many had not been trained using the newly implemented report producer for FACSIS. Instead it was decided that ODJFS programming staff would extract the local data from the State FACSIS data tapes. A single county's case category data was successfully extracted and provided with the February FACSIS updates. Testing on the data was conducted by the outcomes study team. It matched well with the county's local data and looks very useful for the intended additional analysis. Similar data on all 28 counties will be requested from ODJFS this fall. With both case category and better race/ethnicity data, new analysis will be considered, including better understanding of court referral and further understanding of overrepresentation of minority populations in the child welfare system.

Development of Caseworker Survey The evaluation team has had discussions with ODJFS leadership about changing the primary data collection plan for activities scheduled in 2001-2002. The implementation of the demonstration, that includes managed care and other flexible funding methods being used by counties, raises new questions about the "black box" of services provided and decisions made by child welfare professionals for children and families. The study team is proposing to explore this area with a paper and pencil survey with caseworkers in selected counties. The next steps are to discuss research questions with ODJFS staff and the ProtectOhio Consortium, and to design a method for sampling caseworkers. The changes were discussed with consortium in spring 2001. Most PCSA staff felt confident that they could assist in supporting a high response to the outlined survey by their casework staff.

1.2.4 Fiscal Outcome Activities

In accordance with the revised methodology presented in the Second Annual Report, the Fiscal Outcomes team pursued two data collection activities to address the fiscal questions posed by the ProtectOhio evaluation: analysis of limited state-level data from the Social Services Random Moments Survey (SS-RMS) and FACSIS; and analysis of aggregate child welfare expenditures in individual demonstration and comparison counties. Each of these data collection efforts is described in more detail below.

Fiscal Outcome Activities	
✓	Analysis of State-Level Financial Data
✓	Analysis of Aggregate Child Welfare Expenditures

Analysis of State-Level Financial Data. After extensive review of various existing data sources at the state level, the Fiscal study team concluded that the only two state data were reliable enough to support a report of preliminary results. Data from the SS-RMS provided information on direct county expenditures and staff activity, and counts of paid placement days from FACSIS provided a measure of the use of out-of-home care, in total, and by placement type. During the third year of the evaluation, the study team updated the SS-RMS and paid placement day analyses with an additional year of data.

Analysis of Aggregate Child Welfare Expenditures. During the second year of the evaluation, the Fiscal study team settled on a new approach for gathering aggregate expenditure information from selected demonstration and comparison counties. The team began working individually with county finance departments, beginning the fiscal analysis with each county's internal fiscal reports, without being constrained by state definitions of expenditures. The goal is to compile a database for each county containing aggregate child welfare expenditure information for county fiscal years 1996, two years prior to the Waiver implementation, through 2002, the last year of the current Waiver demonstration.

Using the experience gained from the first group of counties studied, the team developed a data collection plan and a template for reporting each county's expenditure information. Data for the aggregate expenditure case studies was gathered through a review of county expenditure documents and a series of conversations with county staff to understand and verify the study team's interpretations of the data. Supplementary data was also gathered from various sources, including FACSIS (placement day counts), the Social Services Random Moment Survey (SS-RMS), and state reports of Title IV-E foster care eligibility rates. The steps followed to complete an aggregate expenditure case study were:

- *Conduct First Interview.* The purpose of the first interview was to make contact with the appropriate county fiscal staff, discuss the budget process in that county and sources of data on expenditures, and select documents to be sent to Chapin Hall for review for county fiscal years 1996 through 2000.
- *Review documents sent by county.* The purpose of this initial review was to determine the completeness of the data, as well as the categories by which the county tracked fiscal data.
- *Conduct second interview.* In the second interview, the team asked for interpretations of the expenditure documents and for help categorizing expenditures into the broad evaluation categories. The content of this interview varied depending on the information provided by the county.
- *Complete template* of expenditure information for the county based on information gathered in documents and interviews.
- *Conduct third and subsequent interviews.* The third and subsequent interviews took place after the study team gathered enough information to summarize county expenditures in the template. The purpose of the third interview was to review the template with the county fiscal officer, verify the information, and discuss the trends in the expenditure data from the perspective of the fiscal staff.
- *Complete template* of expenditure information and accompanying narrative explanation and send to county for review.
- *Incorporate county comments* as necessary, and finalize aggregate expenditure case study through 2000.

The team completed this data collection process and analyzed the expenditure data for five demonstration and five comparison counties during the third year of the evaluation.

1.3 ANALYTIC FRAMEWORK

In the first two years of the evaluation, the evaluation team developed a conceptual framework to guide the work of the various study teams². This overarching framework consists of a concise list of outcomes for children and families and for child welfare service delivery systems. Table 1.1 contains the comprehensive list of outcomes, categorized into 22 separate groupings of outcomes. These groupings, and the specific outcomes listed under them, are the focal point for data collection and analysis. The right-hand column of Table 1.1 indicates the number of demonstration counties who identified the particular outcome as a high priority; thus, those items with the highest number are the priority outcomes for the evaluation.

Each chapter of this report addresses particular groups of outcomes. Chapter 2 focuses on categories 7-20, although not all of the specific outcomes are mentioned, as new data may not have been gathered in Year 3. Chapter 4 addresses the principal child and family outcomes, in categories 1-6. Chapter 5 offers insight into child welfare expenditures, category 21. The final outcome grouping, cost effectiveness, will be examined explicitly in the coming years of the evaluation, as more complete fiscal and participant outcome data become available.

² See the Second Annual Report for a full description of how the Outcome Matrix was developed.

Table 1.1: Complete List of Outcome Domains *Outcome Measures Considered a High Priority	Number of Waiver Counties
1. Permanency	
▪ Increase permanency of children in foster care (ACF)	12
▪ Reduction in duration of open cases in child welfare system (placement or in-home services) (reduce time in foster care to reunification without increasing re-entry (ACF), reduce time in foster care to adoption (ACF))	11
▪ Increase in foster or adoptive parents recruited (ratio of homes to children)	8
▪ Increase in subsidized adoptions	1
▪ Reduction in disrupted adoptions	1
▪ Decreased time from removal to permanency (reduce time in foster care to reunification without increasing re-entry (ACF) reduce time in foster care to adoption (ACF))	11
2. Child and Family Well-Being	
▪ Improved family functioning	2
▪ Increased family satisfaction	2
3. Placement Stability	
▪ Reduction in number of times a child changes placements	11
▪ Increased use of less restrictive placements (moving children to lower level of care)	10
▪ Decreased number in group homes (e.g. reduce placement of young children in group homes or institutions (ACF))	5
▪ Decreased number placed out of state	3
4. Relative/Kinship Care, Assisted Guardianship	
▪ Change in percentage of placements with relatives	7
▪ Change in way relative placements are used (e.g. non-custody, custody, paid/unpaid)	1
▪ Change in use of guardianships (including disruption rates)	3
5. LTFC-PPLA (Planned Permanent Living Arrangement)	
▪ Decrease in long-term foster care/planned permanent living arrangements	6
6. Child Safety	
▪ Reduce recurrence of child abuse and/or neglect	9
▪ Reduce incidence of CAN in foster care	3
▪ Increase in families who remain safely together within 6 and 12 months of case closure (CLA)	6
▪ Increase in families where risk is adequately reduced to safely return children home and custody to family within 14 days to 30 days of initial removal (CLA)	4
7. Front Door Diversion Efforts	
▪ Change in number of phone calls/referrals that become investigations and/or open cases	5
8. Court Involvement with PCSA Cases	
▪ Increase/decrease in cases entering PCSA through court	4
▪ Dumping: Increase/decrease in cases passed to PCSA from court	3
▪ Increase/decrease in use of voluntary services, voluntary placements, and/or protective supervision	2
▪ Recidivism of cases receiving voluntary services	0
9. Internal Case Management	
▪ Increased innovation in how case management units are structured/type of workers assigned	6
▪ Increase in family decision-making involvement in case management, as well as in system policy and planning structures (CLA)	9
▪ Decrease in number of case workers assigned to a case	3
▪ Use of team conferencing (increase in cases with cross-system decision-making regarding non-emergency out-of-home placement and TPRs) (CLA)	8
10. Managed Care: CLA (selected counties)	
▪ Greater implementation of CLA model	7
▪ Increase in families who remain together with monitoring of extended family (no custody) within 14 days and 30 days of contact	6
▪ Increase in families where extended family assure placement (no custody) while parents' needs are being met within 45, 60, 75 and 90 days	5
▪ Increase number of families using cross-system decision-making regarding placement or TPR	4
11. Interagency Collaboration	
▪ Increase in FCF pooled/shared funding	6
▪ Increase in quality of PCSA interactions with other county services	7
▪ Improved relationship between PCSA and court	6
▪ Improved relationship between PCSA and mental health organizations	7
12. Community Well-Being	
▪ Increase PCSA's impact on community	5
▪ Improve community wide child well-being	4
13. Managed Care: External Case Management	
▪ Increased delegation of case management responsibility to external parties	3
▪ Increased innovation in how cases are managed (transfers, shared roles)	2

Table 1.1: Complete List of Outcome Domains *Outcome Measures Considered a High Priority		Number of Waiver Counties
▪ Changes in how case management is funded		2
14. Managed Care: Service Array		
▪ Improved availability and quality of services		9
▪ Changes in mix of services provided by PCSA versus by contract		4
▪ Development of new services, especially prevention and early intervention services		10
▪ Increased service capacity relative to need		9
▪ Timely access to services		9
▪ Improve geographic and cultural service availability		2
▪ Change in number and variety of providers		5
▪ Increase family choice		3
▪ Shifting service focus to prevention		2
15. Managed Care: Targeting a Particular Population/Eligibility		
▪ Increased use of targeted contracts, program initiatives		6
▪ Reduce over-representation of age/cultural subgroups in cases, placements		2
16. Managed Care: Provider Competition/Network Configuration		
▪ Changes in provider array/network configuration		4
▪ Changes in competitiveness		2
17. Managed Care: Financing Methods: Capitation and Risk		
▪ Increased use of alternative financing arrangements		4
18. Managed Care: Utilization Review and Quality Assurance		
▪ Increased activity related to controlling/rationalizing the use of out-of-home care		9
▪ Increase use of data to make program/administrative decisions about service use		6
▪ Increased development of county-specific data systems/reports		7
▪ Increased QA attention to quality enhancement (not just quality control)		6
▪ Increased visibility of QA		5
▪ Increase attention to outcomes		11
19. Managed Care: Overall		
▪ Overall degree to which moving toward Managed Care		2
20. Revenues		
▪ Increased diversity of funding sources		7
▪ Changes in federal, state and local share of expenditures		5
▪ Change in Medicaid, mental health, and court IV-E claims		2
▪ Increased variation in use of IV-E funds (What is being bought with Waiver dollars?)		8
21. Expenditures		
▪ Shift in expenditures from out-of-home care to family support services (in-home services)		14
▪ Change in claims to Title IV-E administration, training, and eligibility		4
▪ Change in percentage spending on contracts with providers, versus internal services		4
▪ Change in overall level of child welfare expenditures		3
▪ Change in per child expenditures on out-of-home placements		5
22. Cost Effectiveness		
▪ For a given level of expenditure, better outcomes achieved?		10
▪ For a given level of expenditure, more client satisfaction?		2

1.4 ORGANIZATION OF THIS REPORT

The Third Annual Report is organized in a way that integrates finding from the various evaluation studies into topic areas.

In each chapter, major findings are highlighted in a ***Summary***: description. More detailed discussions are also offered for the interested reader.

Chapter 2 describes the process findings, exploring topics related to the implementation of the IV-E Waiver. First, the team describes the use of managed care strategies by demonstration and comparison counties, and offers a composite view of counties' efforts through a managed care index. Next, this chapter includes a discussion of factors external to the PCSAs that impact caseload size and composition, including recent state and federal legislation. The final section reflects on the broader impact of the IV-E Waiver on the demonstration counties, by looking at changes in social indicators as well as impressions of PCSA administrators. The information in this chapter is drawn from the Process Implementation Study and the Community Impact Study.

Chapter 3 includes discussions from the Participant Outcomes Study related to FACSIS caseloads. In particular, this chapter explores the framework for outcome data, child abuse and neglect reports, caseloads for ongoing services, court results and custody caseloads, and placement caseloads.

Chapter 4 continues to look at data from the Participant Outcomes Study, examining preliminary outcomes for children and families. In particular, this chapter focuses on permanency issues, length of stay, time between foster care and final outcome, and changes in relative placements. The Process Implementation Study contributes some information on types of permanency options and how counties are using these settings. Survival analysis, which will be included in the August revision of this report, examines county attributes such as managed care index, to see what statistically is correlated with shorter lengths of stay and case duration.

Chapter 5 examines fiscal outcomes, specifically focusing on changes in county expenditures, paid placement days, and service mix. This chapter also provides initial findings from the aggregate case studies, drawing on expenditure information from five demonstration and five comparison counties. The Fiscal Outcomes Study, conducted by Chapin Hall, supplies most of the data for this chapter, supplemented with some data from the Participant Outcomes Study regarding the placement day usage.

Chapter 6 discusses the implications of the findings, draws conclusions, and lays out the next steps in the evaluation process.