CHAPTER 5: FISCAL OUTCOMES FINDINGS

5.1 INTRODUCTION AND SUMMARY

The core purpose of the Waiver is to allow counties to make administrative, case management and service provision changes to reduce the use of foster care without losing federal Title IV-E revenue. The Fiscal Outcomes Study examines whether or not counties receiving Title IV-E foster care funds as unrestricted child welfare revenue have changed child welfare spending patterns consistent with the hypothesis of the Waiver. That is, have the ProtectOhio Waiver demonstration counties reduced foster care expenditures and increased spending on services to prevent and shorten foster care placement?

In this chapter, the fiscal evaluation team examines expenditure patterns with information from a two-part data collection and analysis effort. First, the team used state reporting mechanisms to develop general expenditure and foster care utilization information about all 14 demonstration counties and 14 comparison counties. Second, to gather additional detail about trends in foster care and non-board and maintenance expenditures, the team conducted case studies of aggregate county expenditure data for five comparison and five demonstration counties from county fiscal years 1996-2000. The data collected through the aggregate county case studies provide the most comprehensive view to date of county expenditure patterns before and during the Waiver period. By the end of the evaluation, the team expects to complete internal reviews of expenditure data from 1996-2002 for most, if not all, of the demonstration and comparison counties.

The findings presented in this chapter should be understood in the context of several important dynamics. The fiscal study team has interpreted the expenditure data very carefully, bearing in mind the following facts. *First*, as reported in Chapter 2, the impact of programmatic and administrative changes undertaken as a result of the Waiver may be just beginning to take effect. After a new policy, program, or strategy is implemented, it may take time for these changes to affect child welfare budgets. Consequently, a substantial time lag can exist between a programmatic change and a noticeable shift in fiscal data. Investments in non-board and maintenance services, and other changes undertaken by the demonstration counties may gain momentum in future years. *Second*, aggregate foster care utilization and expenditure data may not be sophisticated enough to pick up more subtle changes taking place as a result of the Waiver. For example, a county may have made investments in family support services that successfully reduced admissions of infants into foster care, but additional admissions among other age groups may cause foster care expenditures to go up during the same period, obscuring the impact of the reduction in admissions of infants. *Third*, aggregate expenditure data for more than half of the demonstration and comparison counties has not yet been collected. Once this information is available, the evaluation team will be in a better position to identify expenditure patterns among demonstration and comparison counties.

In light of these limitations of the current data set, it is not surprising that most of the data presented here do not provide evidence of substantial structural changes in expenditure patterns to date. The data do not reveal conclusive differences between demonstration and comparison counties in their overall child welfare budget growth, county staff activities, utilization of placement days, the mix of placement days across types of care, foster care expenditures or unit costs. However, analysis does reveal a few exceptions to this general pattern. First, the analysis of 28-county data indicates that demonstration counties did appear to reduce paid placement days in the first year of the Waiver. Second, the 28-count data provides some evidence that demonstration counties increased spending on county staff more than comparison counties, and that demonstration county staff are spending more time on non-foster care activities than comparison counties during the Waiver period.

Among the ten counties where aggregate expenditure data has been collected, the following patterns are observed:

- From 1996-2000, total child welfare expenditures grew at similar rates among demonstration and comparison counties, indicating that both demonstration and comparison county officials have been able to finance more spending on child welfare services during the last five years.
- Foster care board and maintenance expenditures grew for most counties in most years from 1996-2000. Different patterns of growth or reduction in foster care expenditures among the counties in the demonstration and the comparison group have yet to emerge.
- All other child welfare expenditures, excluding foster care board and maintenance expenditures, grew for all counties in most years from 1996-2000, and demonstration counties increased all other child welfare expenditures at a faster rate than comparison counties.

In addition, the five demonstration counties analyzed reveal the following trends among Waiver counties:

- First, four out of five demonstration counties received more federal IV-E revenue through the Waiver than they would have received in absence of the Waiver. The fifth county received approximately the same amount of revenue as it would have received in the absence of the Waiver. However, two of the counties that received more ProtectOhio revenue received at least part of the revenue due to administrative changes that allowed the counties to bill costs that were included in their Waiver base to other funding streams outside the Waiver.
- Second, among the four demonstration counties that received additional revenue through the Waiver, expenditure growth in services other than foster care board and maintenance was the same or larger than the amount of additional revenue. This shows that these demonstration counties were reinvesting this money in services other than foster care placement, rather than using the revenue to reduce expenditures or to finance growing placement costs.
- Third, four out of five demonstration counties allocated additional, non-ProtectOhio revenue to non-board and maintenance services over the five years observed.
- Fourth, most of the budget growth financed by the additional ProtectOhio revenue and other revenue sources has been in county staff, and primarily for foster care case management. Smaller investments (relative to the size of the county budget) have been observed in county staff providing support services to families, cash and material goods

to support reunification and placement with relatives, and contracts for family support services.

- Finally, Chapter 2 reports that all demonstration county staff say that they are making investments in non-foster care services that they would not otherwise have made in the absence of the Waiver. The fiscal data, as well as conversations with fiscal officers, bear out these claims, at least for the five counties examined to date.

5.2 METHODS

The goal of the fiscal outcomes study is twofold. First, the analysis addresses whether the stimulus of the ProtectOhio Waiver caused demonstration counties to spend fewer dollars on foster care board and maintenance payments than they would have in the absence of the Waiver. Second, if additional dollars are generated from foster care savings, the study team explores whether counties reinvest those dollars in services to children and families in the community. In counties where such an expenditure shift is observed, the team seeks to understand the factors that might account for the change, and hypothesizes about the likely role the Waiver played in the change in expenditure patterns.

5.2.1 Data Collected

To address these questions, in the third year of the evaluation, the fiscal study team adopted a two-part data collection and analysis effort. First, using state level sources of aggregate data deemed useful for the ProtectOhio research questions, the team examined changes in expenditures for county staff and associated costs, as well as changes in paid placement days, for all 28 counties. The Social Services Random Moment Survey (SS-RMS) tracks expenditures for the public child welfare agency's operations, including such costs as administrative personnel, social workers employed by the county, equipment, and property. The results of the random moment survey allow the study team to track trends in county expenditures, and to distinguish between foster care-related activities and other child welfare services. Counts of paid placement days from FACSIS serve as a proxy for foster care expenditures, and reveal trends in counties' utilization of foster care – both overall and within categories of placement types, such as foster care, group care and residential treatment.

While these two available sources of data shed some light on the impact of ProtectOhio on county expenditures and paid placement days, the study team can nonetheless explore to only a limited extent the reasons behind any observed patterns. Statewide data leaves key questions unanswered. For example, without an accurate count of total child welfare expenditures, it is difficult to interpret the changes observed in expenditures on county staff and related costs. Additionally, were county expenditures increasing as a result of an overall increase in the child welfare budget, or was the public child welfare agency shifting resources to the county bureaucracy? Were the unit costs of out-of-home care changing? Finally, without fiscal data on family support services, it is not possible to know where counties used savings from reduced paid placement days. Some or all these savings could have been used to reduce the size of child welfare budgets rather than reinvested in child welfare services.

Since statewide reporting mechanisms leave these questions unanswered, the fiscal study team worked with counties individually to gather expenditure data collected by county staff, and to hear explanations for observed trends. The data collected from this process forms the second half of the fiscal team's analysis, and incorporates a review of each county's aggregate expenditures.

To accommodate the unique situations found in each county, the evaluation team adopted a case study approach for data collection. The team reviewed county expenditure documents and had a series of conversations with county staff to understand and verify interpretations of each county's fiscal data. To the extent possible, the study team organized internal county expenditure data into service categories, thereby facilitating a comparison of trends over time and across counties. To date, the team has completed this data collection and analysis effort in five demonstration and five comparison counties for county fiscal years 1996-2000 (see Appendix V). By the end of the evaluation, the team expects to complete internal reviews of county expenditure data from 1996-2002 for most, if not all, of the demonstration and comparison counties.

Exhibit 5.1: Counties Participating in the Aggregate Expenditure Review

Demonstration Counties	Comparison Counties
Clark	Allen
Franklin	Hocking
Greene	Mahoning
Lorain	Scioto
Stark	Summit

Although county budget documents and interviews served as the primary reporting mechanism for the case studies, state reports also provided additional information. The study team gathered supplementary data 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.

5.2.2 Rationale for Data Collection Approach

The choice of data to collect and analyze was largely driven by the type and quality of expenditure data available. As noted in the First and Second Annual reports of the ProtectOhio evaluation, the availability of expenditure data, both at the state level and within demonstration and comparison counties, is limited. Financial tracking systems with the sophistication to track child welfare expenditures over time, by service type and by child, and to link expenditures for services to program outcomes, are not present at the state level. Moreover, the First and Second

Annual evaluation reports provided a detailed assessment of the available state sources of fiscal data, and concluded that much of the state aggregate data was too unreliable to answer the fiscal questions posed by the evaluation. As a result, the evaluation team concluded that studying each county's expenditure data individually was the only possible alternative.

For a variety of reasons, counties' own budget documents proved superior to any state reporting mechanisms for identifying aggregate trends over time. For example, county budget documents maintain more consistency over time than state systems have, and budget categories are created to suit each county's own unique needs. Additionally, county fiscal and program staff are able to provide interpretations of their expenditure data, while at the state level no staff person has such a thorough knowledge of all the counties' operations.

5.2.3 Interpreting Available Data

The information that the study team has gathered to address the fiscal impact of the Waiver provides a general but nonetheless informative view of the likely effects of the ProtectOhio Waiver on child welfare expenditures. However, the data must be interpreted in light of its ability to record changes that may be taking place as a result of the Waiver. In this respect, it is important to understand the limitations of the available data. Three particular issues need to be considered: the use of aggregate data, difficulties in assigning data to categories, and the absence of an accurate counterfactual -- what would have happened in the absence of the Waiver. Each of these issues is discussed in turn below.

1. The study team has collected and analyzed all of the expenditure data at the aggregate level. Aggregate data accurately illustrates trends during a specified period, but is limited in its ability to account for trends occurring over time. For example, a decrease in purchased placement days in 1998 might reflect the aging of a large admission cohort from the early nineties, rather than a direct attempt by counties to reduce placement days during 1998. Without child specific data with which such trends could be identified, the study team is unable to rule out competing explanations for the trends observed in the aggregate data.

2. The fiscal data presented for the 10 case study counties is a general representation of each county's child welfare expenditure history by broad program category rather than an exact accounting of expenditures. Counties differ substantially in their budgeting and expenditure tracking systems, as well in their ability to interpret expenditure trends. As a result, some counties were better able to resolve certain difficulties than others, and estimations were sometimes required. For example, due to cash flow issues, some counties reported expenditures in one year, but the delivery of services related to those expenditures occurred in the prior year.

   Additionally, some counties had difficulty teasing expenses apart to reflect the categories relevant for the ProtectOhio evaluation. One budget line item may have expenditures overlapping multiple aggregate categories. For example, a line item called "contract services" might contain both foster care and non-board and maintenance expenditures. In many cases, county officials estimated the amounts to be assigned to one category or another.

Unique county issues also arose because counties differed substantially on whether certain expenditures were paid for by the children's services board or by another external agency. Expenditures related to the juvenile court, mental health services, and Medicaid all differed by county as to what percent of these expenses were paid for in the child welfare budget.

3. The design of the ProtectOhio evaluation also governs the interpretation of the data presented. The evaluation design allows two types of comparisons in order to conclude whether or not the ProtectOhio Waiver has affected child welfare expenditures. First, the fourteen comparison counties serve as a source of knowledge about the impact of the Waiver. These counties were chosen to provide a sample of what might have happened during the same time period for child welfare systems in Ohio in the absence of the Waiver. Second, trends within the demonstration counties themselves over time provide an additional source of knowledge. The data presented in this chapter employs both types of comparisons.

   Both types of comparisons suffer from weaknesses that must be considered when reviewing the data presented. When comparing data for demonstration and comparison counties, the small number of counties, variability in county context and trends, and the expected magnitude of the Waiver's effect limit the ability to make conclusive claims about the Waiver's impact. Unless the effects of the Waiver on expenditures and foster care utilization is large and consistent, comparing summary statistics for demonstration counties and comparison counties may not reveal differences between the two groups, even if the Waiver is having some impact in some or all counties. For this reason, instead of using tests of statistical significance for the data available for all 28 demonstration and comparison counties, the study team presents the average statistics for each group, observes differences in trends, and applies additional, outside information to determine the significance of differing trends.

   Making comparisons among individual county's expenditure data over time should also be done with caution because it is aggregate data. Since child-specific expenditure data are unavailable, aggregate child welfare spending is compared to the county's prior year's level of spending. However, almost all the county budget officials make budget decisions based on year-to-year changes in aggregate expenditures, so this approach <u>is</u> appropriate, reflecting how county officials address foster care expenditures in yearly budgeting processes.

5.3 FINDINGS BASED ON FISCAL DATA FOR 28 COUNTIES

5.3.1 Highlights Of Findings - 28 County Data

Among demonstration counties, the amount expended on county staff appeared to grow faster than among comparison counties, and the amount of expenditures attributed to non-foster activities also showed signs of increase. Foster care utilization data revealed only small reductions in demonstration county placement days, and no differences in the mix of foster care service types were evident between demonstration and comparison counties.

5.3.2 Changes In Direct County Expenditures

Both demonstration and comparison groups increased spending on county staff and associated costs from 1997 to 2000, but demonstration counties increased spending at a faster rate. Table

5.1 displays changes in direct county expenditures for demonstration and comparison counties from 1997 to 2000.[1] Since 1997, demonstration counties increased their total county expenditures by 39% and comparison counties increased total county expenditures by 26%. At the individual county level, 12 out of 14 demonstration counties increased expenditures by more than 25% over these four years, whereas five out of 12 comparison counties increased by at least 25%[2] (see Appendix VI).

Table 5.1 Percent Growth in Total Direct County Expenditures for Demonstration and Comparison Counties from FY 1997 to FY 2000

	Demonstration	**Comparison**
Total Direct County Expenditures	39%	26%
Foster Care Case Management	40%	34%
Non-Foster Care	41%	21%
Training	49%	46%
Eligibility Determination	2%	56%

+ Hamilton County's eligibility figures have been excluded

Source: Social Services Random Moment Survey (SS-RMS)

When the study team divided total county expenditures into the four subcategories developed from the SS-RMS categories (foster care case management, non-foster care, training, and eligibility), similar trends emerged for both demonstration and comparison counties in foster care case management and training. Demonstration counties increased their foster care case management activities, on average, by 40% during these four years, while comparison counties increased by 34%. County spending on training also increased for both groups; demonstration counties increased, on average, by 49%, while comparison counties increased by 46%.

Trends in non-foster care service activities for demonstration and comparison counties appear to be beginning to diverge. Demonstration and comparison counties both increased non-foster care activities, at 41% and 21%, respectively. Nine out of 14 demonstration counties experienced growth of more than 20% in non-foster care, while only five of 12 comparison counties experienced similar growth (see Appendix VI). However, these differences between demonstration and comparison county non-foster care growth are not conclusive. Only additional years of data will confirm whether demonstration county staff are engaging in more non-foster care activities and whether the trends presented here will endure over time.

[1] Because of large variability in the size of direct county budgets, overall dollar amounts were not used to create Tables 5.1, 5.2 and 5.3. Instead, change figures were computed for each county and then averaged together by group. By using percent change figures and not a total aggregated dollar amount, small counties were given equal weight with large counties.

[2] Data from Columbiana and Miami counties were not included due to inaccurate or incomplete data.

Finally, demonstration and comparison counties both increased spending on Title IV-E eligibility determination. Demonstration counties increased spending for eligibility activities by 2% while comparison counties increased spending by 56%.[3] However, these trends are also characterized by high variability among counties in the two groups. At the individual county level, the data shows no increasing or decreasing trend between demonstration and comparison county groups in the amount of resources devoted to eligibility activities. Appendix VI shows the individual county data for changes in eligibility determination since 1997.

Demonstration and comparison counties spent similar proportions of direct county expenditures on the four SS-RMS categories: foster care case management, non-foster care services, training and eligibility. Table 5.2 lists both the total direct county expenditures as well as the proportion spent on each category for demonstration and comparison counties. Both demonstration and comparison counties spent approximately 40% of their county staff activities in foster care case management. Demonstration and comparison counties both devoted approximately half of their time to non-foster care activities. Both demonstration and comparison counties spent around 10% of their activities in training, and 1 to 3% of activities were spent in Title IV-E eligibility determinations for demonstration and comparison counties.

Table 5.2: Breakdown of Direct County Expenditures

	FY 1997	FY 1998	FY 1999	FY 2000
Foster Care Case Management				
Demonstration	41%	39%	39%	41%
Comparison	39%	38%	38%	40%
Non-Foster Care				
Demonstration	47%	48%	51%	47%
Comparison	52%	53%	53%	50%
Training				
Demonstration	10%	11%	9%	10%
Comparison	8%	8%	8%	8%
Eligibility Determination				
Demonstration	3%	3%	2%	2%
Comparison	1%	1%	1%	1%

Source: Social Services Random Moment Survey (SS-RMS)

[3] Note that Hamilton County's eligibility figures were not used for the calculations in Tables 5.1 and 5.3. Hamilton County's SS-RMS results indicated that eligibility costs had declined from $893,851 in FY 97 to $0 in FY 2000. State officials have been unable to determine if such a dramatic change is the result of practice or is an error.

Finally, the proportion of activities spent on foster care case management activities and non-foster care activities do not appear to have changed among either demonstration or comparison counties since 1997. Table 5.3 shows the change in the proportion of direct county expenditures allocated to each service category from 1997 to 2000. The proportion of activities spent on foster care and non-foster care remained fairly constant, with neither demonstration nor comparison counties showing much change. The proportion of activities related to training seemed to increase for both demonstration and comparison counties, but variation among the counties was high. The variation among counties in the change in eligibility determination expenditures was even greater, making the apparent contrast between demonstration and comparison sites not significant.

Table 5.3 Changes in the Proportion of Direct County Expenditures Allocated to Each County from FY 1997 to FY 2000

	Demonstration	Comparison
Foster Care Case Management	1%	6%
Non-Foster Care	1%	-3%
Training	11%	15%
Eligibility Determination	-20%	23%

+ Hamilton County's eligibility figures have been excluded
Source: Social Services Random Moment Survey (SS-RMS)

5.3.3 Changes in Paid Placement Days

The analysis of paid placement days is intended to address whether counties used more foster care, less foster care, and how large the change was from 1996-2000. In this analysis, placement days serve as a proxy for foster care expenditures for each county. As described in the methods section, however, the study team has limited ability to specifically attribute the observed changes in paid placement days to the Waiver.

The paid placement days analysis includes all types of placement days in FACSIS for which the county child welfare department usually incurs an expense. Excluded from this count are days for children in the custody of the juvenile court and days for children in non-licensed relative placements.[4] Non-licensed relative placement days are excluded from this analysis because many of these days are unpaid, and FACSIS does not separate paid from unpaid days in this placement type. Furthermore, the payment status of these days varies from county to county.

Data on paid placement days were available from 1996 through 2000. Because placement day utilization varies widely due to large size differences between counties, the study team chose to

[4] Inclusion of placement days from the juvenile court and from non-licensed relative days does not change either the pattern or magnitude of the findings presented.

analyze the annual percent change in placement days. To compute the average change across demonstration counties and across comparison counties, the change in placement days is calculated for each individual county, then those percent change figures are averaged. This method of computing the average gives the changes observed for the small counties equal weight to the changes observed for large counties, and is the same approach used for analyzing direct county expenditures. Thus, the analysis of placement days examines change figures at four different points in time: (1) from two years to one year prior to the Waiver, (2) from one year prior to the Waiver to the first year of the Waiver, (3) from the first to the second year of the Waiver, and (4) from the second to the third year of the Waiver.

Figure 5.1 illustrates the placement day trends for demonstration and comparison counties. Placement day figures by county are listed in Table 5.4. <u>Before the Waiver began</u>, the change in placement days observed for demonstration and comparison counties did not appear to differ significantly. This comparability among the 28 counties offers some confirmation that demonstration and comparison counties were similar at the start of the Waiver, notwithstanding the possibility that there were unmeasured differences in the caseload that might account for future differences between demonstration and comparison counties. The average change observed for demonstration counties was 2.6%, and the average change observed for comparison counties was -0.6%.

<u>One year after the Waiver began</u>, demonstration counties dropped their placement days by 8.2 % while comparison counties increased their placement days by 4.7 %. This trend was seen not only at the aggregate level, but at the individual county level as well. Ten of fourteen demonstration counties decreased their placement day utilization, and seven of those ten counties decreased by more than 10%. In contrast, only five comparison counties decreased their placement day utilization, and only two counties decreased by more than 10%.

Since most demonstration counties reduced their placement days while most comparison counties increased their utilization, the trend could be especially meaningful. This suggests that demonstration counties made a considerable reduction in their placement days, even while their matched comparisons increased their placement days. Since the comparison group represents the expected trend in placement days in the absence of ProtectOhio, the increase in placement days among those counties suggests that other extraneous factors might be influencing placement days all over the state. If this is the case, the demonstration counties' reduction in placement days, in the face of environmental factors that are pushing placement days up in other locations, is potentially even more substantial.

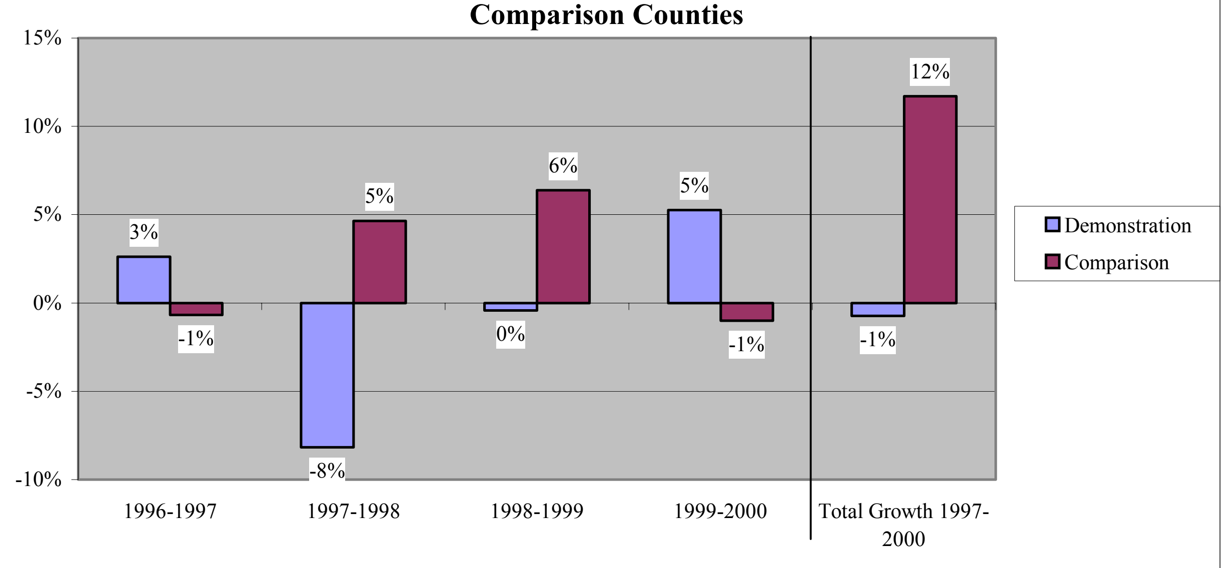
<u>During the second year of the Waiver</u>, demonstration counties did not continue their strong trend in placement day reduction and the number of paid placement days stayed at the basically same level (less than 1 % decrease). Only three of fourteen demonstration counties either increased or decreased placement days by more than 10%, suggesting that this lack of change happened both at an aggregate level as well as at an individual county level. Comparison counties, on the other hand, continued to increase their placement days, and at a greater rate than the prior year (6.4 % increase). Nine comparison counties increased their placement day utilization, and five of those increased their placement days by more than 10%. Again, if the comparison county experience

was correctly representing the expected trend in placement days across the state, demonstration counties may have reduced placement days from where they otherwise would have been, even though the observed number of placement days was unchanged from the previous year.

During the third year of the Waiver, demonstration counties increased the use of paid placement days, while comparison counties decreased placement day usage. Demonstration counties' use of placement days increased 5.3% over the prior year, while comparison counties decreased their placement day usage by 1%. Nine demonstration counties increased the use of placement days in 2000, with approximately half of those counties increasing by more than 10%. Among comparison counties, an equal number of counties both increased and decreased placement days, and an equal number of comparison counties (three) both increased and decreased placement days by more than 10%.

Figure 5.1 also shows the average rate of growth in paid placement days over the four-year period as a whole. The apparent contrast between the demonstration and comparison counties is misleading, influenced by extreme variations among the five counties in each group. Indeed, viewing the trends in paid placement days for the individual counties (Table 5.4) does not reveal clear differences between demonstration and comparison counties. Among the demonstration counties, the rate of change varies from –30% to +37%. Although many demonstration counties increased their use of paid placement days in the past two years, eight demonstration counties are still paying for fewer days in 2000 than they were in 1997, the year before the Waiver. The average reduction among these eight counties was 15%. Nevertheless, six demonstration counties have increased placement day utilization from 1997 to 2000 by an almost equal proportion. Among the comparison counties, the rate of change varies from –40% to +68%. Five counties are paying for fewer days than they were in 1997, with an average reduction of 21%. The remaining nine counties increased foster care day counts, by an average of 30 %.

Figure 5.1 Change in Placement Day Usage for Demonstration and Comparison Counties



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5.3.4 Changes in Service Mix

One final source of data on all 28 counties sheds further light on trends in foster care expenditures among demonstration and comparison counties. Service mix refers to the proportions of total placement days that occur in residential treatment settings, group care placements, and adoptive and foster families. Since residential and group care services are much more costly than traditional foster care homes, it is important to understand the service mix that underlies total numbers. If the mix in types of foster care placement is changing over time, paid placement days will serve as a poor proxy for foster care expenditures. For example, a county may have undertaken activities as a result of the Waiver that did not change the number of placement days, but allowed the county to serve more children in foster boarding home placements than in group care settings. This change in service mix would reduce the county's foster care expenditures and generate revenue for reinvestment in community-based services to support children in less restrictive placements, without changing the number of care days purchased.

FACSIS data suggest that demonstration counties and comparison counties differed little in the mix of foster care services purchased, both before the Waiver and after the Waiver. Table 5.5 shows that for both demonstration and comparison counties, approximately 75% of all foster care placement days were in traditional foster homes. Approximately 10% of placement days were in residential treatment settings, approximately 8% in group homes, 5% in adoptive homes, and the remaining 3% in from all other foster situations. These proportions remained relatively consistent over time.

Although no differing aggregate trends can be found between demonstration and comparison counties, individual counties may have experienced changes in service mix over time that significantly affect foster care expenditures. Appendix VII contains individual county level placement days data by service type. Mahoning County is one example of this scenario. Mahoning County’s use of residential and group homes increased 7% from 1998 to 2000, and explains a significant portion of their increased costs seen in the aggregate expenditure review below.

Table 5.5 Placement Type Mix Changes Over Time

	1996	1997	1998	1999	2000
Foster Homes					
Demonstration	73%	74%	72%	72%	73%
Comparison	76%	77%	75%	75%	73%
CRCs					
Demonstration	11%	10%	12%	11%	10%
Comparison	9%	10%	10%	10%	12%
Foster Group Homes					
Demonstration	8%	8%	8%	9%	8%
Comparison	6%	5%	5%	6%	5%
Adoptive Homes					
Demonstration	6%	5%	6%	6%	5%
Comparison	8%	6%	7%	7%	8%
Non Licensed Non-Relative Home					
Demonstration	1%	1%	1%	2%	3%
Comparison	1%	1%	1%	2%	1%
All Other					
Demonstration	2%	2%	2%	2%	2%
Comparison	2%	2%	1%	1%	2%

Source: FACSIS

5.4 AGGREGATE EXPENDITURE CASE STUDIES

The fiscal study team completed aggregate expenditure case studies for five demonstration counties and five comparison counties to date. These counties are listed in Exhibit 5.1, in Section 5.2.1. For these ten counties, aggregate expenditure data is presented for five calendar years, 1996 through 2000, roughly two years before the Waiver and three years after. Future annual reports will include the remaining years of aggregate information for these ten counties (2001 and 2002), and annual data from 1996 -2002 for additional counties.

The aggregate expenditure review provides a small sample of the type of data that will eventually be available for most, if not all, demonstration and comparison counties by the end of the evaluation period. Because data for less than half of the demonstration and comparison counties has been collected, the trends observed cannot support definitive conclusions about the effects of the ProtectOhio Waiver on child welfare expenditures. Rather, the discussion of trends among these ten counties illustrates the information that will be available to assess the effect of the Waiver once data for each county in the study has been collected.

5.4.1 Changes In Total County Expenditures

The first question addressed with the aggregate expenditure data is whether total child welfare expenditures in demonstration and comparison counties are growing, shrinking or staying the same, and whether that pattern of change appears similar or different for demonstration and comparison counties. Table 5.6 shows total child welfare expenditures for the ten counties to date. Total child welfare expenditures include all spending incurred by the PCSA for services including foster care, prevention, county staff, county homes, payments to Family and Children First (FCF) councils, and any other service that is related to the delivery of child welfare services. As noted in Section 5.2.3, the figures do not include expenditures incurred by the county mental health agency, FCF councils, or the juvenile court, unless the PCSA is paying directly for those services. As a result, in some cases, the expenditures will not provide a complete accounting of all expenditures on behalf of child welfare clients in the county.

All ten demonstration and comparison counties incurred more child welfare expenses in 2000 than they did in 1996. The growth rates observed are similar among counties in the two groups. Table 5.6 shows that total growth in expenditures from 1996-2000 in demonstration and comparison counties was 34% and 32%, respectively. The average annual increase in expenditures was well over the rate of inflation among four out of five demonstration counties and among four out of five comparison counties.[5] These data indicate that both demonstration and comparison county officials have been able to finance more spending on child welfare services during the last five years. While the aggregate expenditure case studies did not include an analysis of revenue sources, county officials generally referred to one or more of the following sources of revenue to explain their expansion in child welfare expenditures: Children's Services levy funds, Temporary Assistance to Needy Families (TANF) dollars, Title XX and ProtectOhio revenue.

For most of the counties where total child welfare expenditures grew substantially, expenditure growth did not grow steadily over this period. As shown in the year-to-year changes in expenditures in Table 5.6, each county increased expenditures by a comparatively larger amount in one or more years. For example, Clark County's largest period of budget growth during this period occurred in 2000, while most of Summit County's budget growth occurred in 1997.

[5] Average inflation rates during the years analyzed were 3.0 % in 1996, 2.3 % in 1997, 1.6 % in 1998, 2.2 % in 1999 and 3.4 % in 2000. Source: Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U).

Table 5.6 Annual PCSA Child Welfare Expenditures -- 1996-2000

Total Expenditures

	1996	**1997**	**1998**	**1999**	**2000**
Demonstration					
Clark	$ 6,817,000	$ 7,148,000	$ 7,695,000	$ 7,992,000	$ 9,263,200
Franklin	$ 78,630,000	$ 87,120,000	$93,854,000	$111,526,000	$120,565,400
Greene	$ 3,562,000	$ 3,749,000	$ 4,229,000	$ 4,406,000	$ 4,882,000
Lorain	$ 9,081,000	$ 8,911,000	$ 9,245,000	$ 10,450,000	$ 11,770,000
Stark	$ 16,118,000	$ 14,361,800	$14,026,400	$ 16,312,500	$ 18,058,500
Comparison					
Allen	$ 3,497,000	$ 3,384,000	$ 3,500,000	$ 3,580,000	$ 3,606,000
Hocking	$ 827,000	$ 1,046,000	$ 1,050,000	$ 1,240,000	$ 1,401,500
Mahoning	$ 7,266,000	$ 7,180,000	$ 8,136,000	$ 8,220,000	$ 9,214,000
Scioto	$ 2,023,000	$ 2,094,000	$ 2,286,000	$ 2,786,000	$ 2,642,000
Summit	$27,274,000	$32,129,000	$31,736,000	$33,707,000	$35,216,000

Percent Change in Annual PCSA Expenditures

	1996-1997	**1997-1998**	**1998-1999**	**1999-2000**	**Total Growth 1996 - 2000**	**Average Annual Growth 1996 - 2000 ***
Demonstration						
Clark	5%	8%	4%	16%	36%	8%
Franklin	11%	8%	19%	8%	53%	11%
Greene	5%	13%	4%	11%	37%	8%
Lorain	(2%)	4%	13%	13%	30%	7%
Stark	(11%)	(2%)	16%	11%	12%	3%
Average, 5 Demo Counties					**34%**	**8%**
Comparison						
Allen	(3%)	3%	2%	1%	3%	1%
Hocking	26%	0%	18%	13%	69%	14%
Mahoning	(1%)	13%	1%	12%	27%	6%
Scioto	4%	9%	22%	(5%)	31%	7%
Summit	18%	(1%)	6%	4%	29%	7%
Average, 5 Comp Counties					**32%**	**7%**

*These figures are the average of the four yearly change percentages for the county.

5.4.2 Changes In Foster Care Board And Maintenance Expenditures

The second question addressed with the aggregate expenditure data is whether counties are spending more, less or the same amount of resources for foster care board and maintenance in the two years before the Waiver, as after the Waiver began. The expenditures shown as foster care board and maintenance in Table 5.7 reflect each county's best attempt to isolate the total costs for services that would have been eligible for Title IV-E board and maintenance reimbursement. These costs usually include all private foster care contracts for group care or foster homes, the costs of any county-operated group care facility, and the costs of foster care board and maintenance payments for children supervised by the county. These costs do not include any county staff costs associated with managing the foster care program.

Across the ten counties, Table 5.7 shows that foster care board and maintenance expenditures grew for most counties in most years from 1996-2000. The data do not yet reveal any meaningful differences in patterns of growth or reduction in foster care expenditures among the counties in either the demonstration or the comparison groups. Some counties in each group experienced overall growth, while others experienced reduction. Comparing 1996 to 2000, foster care expenditures for two of the demonstration counties (Clark and Stark) remained about the same, increasing only by 2 % and 3% respectively during those five years. Data for another demonstration county, Lorain, was only available for 1998-2000, but Lorain County appeared to keep foster care expenditure increases to about the rate of inflation. The remaining two demonstration counties increased foster care expenditures by 54 % (Franklin) and 43 % (Greene). Comparison counties showed similar trends. One comparison county (Allen) reduced foster care expenditures by 21 % during this five-year period. The remaining comparison counties increased spending on foster care board and maintenance by 22 % (Mahoning), 27% (Summit), 39 % (Scioto) and 194 % (Hocking).

Table 5.7 Annual Foster Care Board and Maintenance Expenditures

Total Foster Care Expenditures

	1996	**1997**	**1998**	**1999**	**2000**
Demonstration					
Clark	$ 3,843,000	$ 3,769,000	$ 3,936,000	$ 3,658,000	$ 3,912,000
Franklin	$32,490,100	$36,733,600	$42,499,200	$48,599,800	$50,134,300
Greene	$ 1,664,000	$ 1,857,000	$ 1,977,000	$ 2,171,000	$ 2,384,000
Lorain	Not available	Not available	$ 3,330,000	$ 3,438,000	$ 3,569,000
Stark	$ 8,470,700	$ 7,995,500	$ 7,570,400	$ 8,365,700	$ 8,711,100
Comparison					
Allen	$ 2,000,000	$ 1,700,000	$ 1,574,000	$ 1,612,000	$ 1,580,000
Hocking	$ 194,000	$ 278,000	$ 318,000	$ 377,000	$ 570,500
Mahoning	$ 2,204,000	$ 1,889,000	$ 2,193,000	$ 2,244,000	$ 2,685,000
Scioto	$ 664,000	$ 700,000	$ 872,000	$ 1,241,000	$ 926,000
Summit	$ 7,819,000	$ 9,139,000	$ 8,785,000	$ 9,726,000	$ 9,935,000

Percent Change in Annual Foster Care Board and Maintenance Expenditures

	1996-1997	**1997-1998**	**1998-1999**	**1999-2000**	**Total Growth 1996 - 2000**	**Average Annual Growth 1996 - 2000***
Demonstration						
Clark	(2%)	4%	(7%)	7%	2%	1%
Franklin	13%	16%	14%	3%	54%	12%
Greene	12%	6%	10%	10%	43%	9%
Lorain	Not available	Not available	3%	4%	Not available	Not available
Stark	(6%)	(5%)	11%	4%	3%	1%
Average, 4 Demonstration Counties (Lorain is not included)					**26%**	**6%**
Comparison						
Allen	(15%)	(7%)	2%	(2%)	(21%)	(5%)
Hocking	43%	14%	19%	51%	194%	32%
Mahoning	(14%)	16%	2%	20%	22%	6%
Scioto	5%	25%	42%	(25%)	39%	12%
Summit	17%	(4%)	11%	2%	27%	6%
Average, 5 Comparison Counties					**52%**	**10%**

*These figures are the average of the four yearly change percentages for the county.

Table 5.7 also shows changes in foster care board and maintenance by year. The table reveals many differing expenditure trajectories, with no patterns evident in the aggregate data to distinguish the demonstration counties from comparison counties. Below, each county's expenditure trend is described, with information provided by the county to explain the observed trends.

- ✓ Allen, a comparison county, reduced foster care expenditures in 1997 and 1998, and kept foster care expenditures at those reduced levels to date. Allen County decreased foster care expenditures by reducing the use of high cost residential placement.
- ✓ One demonstration county (Stark) and one comparison county (Mahoning) experienced significant fluctuations in foster care expenditures. Both counties initially reduced foster care expenditures, only to later increase expenditures above the levels prior to the reduction. Mahoning cited board/per diem rate increases and increases in the need for high-end residential services as the cause for their increased foster care expenditures. Stark County staff reported that reductions in foster care expenditures during 1997 and 1998 were made possible by investments of the Family and Children's First council in community-based services for teens that would otherwise have been placed in residential treatment. In the last few years, however, Stark County staff report that the current array of community-based services are not sufficient for entering children needing placements in residential treatment facilities.
- ✓ Foster care expenditures in Clark, a demonstration county, fluctuated from year to year, but remained at about the same level over the five years. Most the fluctuation was driven by changes in the costs of Clark County's group home. In 1999, Clark County reduced the licensed capacity of its county home from 36 to 24 children and reduced staff costs accordingly. The home also redefined their targeted population, and became more cost-conscious. However, in 2000, the county home served more children than it had in 1999, increasing costs from the prior year.

  In addition, as a result of Clark County's juvenile court agreement, which took effect in July 1999, board and maintenance costs for children covered under the agreement no longer appear as part of the child welfare budget. While the impact of removing these costs is unknown, this change probably caused Clark County's foster care expenditures to appear at lower levels, beginning in 1999. Starting in July 1999, the board and maintenance costs of about 40 children, who were considered to be unruly/juvenile delinquents rather than children who were victims of abuse and neglect, were transferred to the Clark County Juvenile Court. Under the agreement, Clark County DHS will pay the Court for the local share of the cost of caring for this population, and will bill Title IV-E, outside the ProtectOhio Waiver, for the federal share of the costs for this population.
- ✓ Lorain County's (demonstration) foster care expenditures grew modestly from 1998-2000, the only years where foster care expenditure data is available for this county. However, information gathered by the Process Study team indicates that the county made significant reductions in placements beginning in 1995, when it closed its children’s home and group home, suggesting that expenditures dropped prior to the first data here presented.
- ✓ Two demonstration counties (Franklin and Greene) and one comparison county (Hocking) increased foster care expenditures each year, although the rate of growth slowed for Franklin

County in 2000. Franklin County staff reported a combination of increased paid placement days and increases in unit costs as reasons for foster care cost growth. Franklin also initiated a managed care contract in 1999 that required the county to pay future foster care costs during 1999 and 2000. Greene County staff reported that the county group home costs rose due to salary increases and that foster care board and maintenance costs have increased due to increased use of contract foster care agencies. Hocking County cited multiple causes for the near tripling of foster care expenditures over five years: board/per diem rate increases, increases in the number of children in care, and an increase in the need for high-end residential services.

- ✓ Two comparison counties (Scioto and Summit) increased foster care expenditures in most years, with each county showing one year with a foster care reduction. Summit staff cited board/per diem rate increases and an increase in the number of children in care as the causes for foster care expenditure growth. Scioto staff cited increases in the need for high-end residential services and an increase in the number of children in care.

Both demonstration and comparison counties experienced a trend towards growth in foster care expenditures. Further, many shared common reasons for growth, particularly increased placement days and a growing need for higher cost residential placements. This suggests that many Ohio counties experienced both the need and the financial resources to increase foster care expenditures.

What contribution did changes in unit costs make to the observed changes in foster care expenditures? Table 5.8 shows the average per diem cost of foster care board and maintenance spending by county from 1996-2000. These figures are calculated by dividing the total foster board and maintenance payments shown in Table 5.7 by total number of paid placement days shown on Table 5.4. Two observations can be made from the per diem placement costs in Table 5.8. First, on average, the five demonstration counties had higher per diem costs for foster care placement than the five comparison counties. Second, placement unit costs generally increased for both demonstration and comparison counties alike. However, most placement unit cost increases were somewhat modest and under 20% over five years. The two exceptions were Mahoning County, which increased 62% from 1996 to 2000, and Hocking County, which increased 158%.

These data suggest that while per diem foster care cost increases contributed to increases in foster care placement costs, these unit cost increases were not dramatic among the demonstration counties. This finding is consistent with the absence of changes in the foster care service mix data presented in Section 5.3.4.

Insert Table 5.8

5.4.3 Changes in Non- Board and Maintenance Expenditures

In light of the pattern of growth in foster care expenditures, the next question is whether all other child welfare expenditures are changing in a similar way among the ten case study counties. The remaining portion of spending consists of all non-board and maintenance expenditures, including all county staff and related costs for intake, protective services, foster care case management and administration, adoption, family preservation and reunification services and training, as well as any contracts for those non-foster care services. This section displays data on the trends in total, non-board and maintenance expenditures, as well as trends in two key categories: per diem county costs of foster care case management, and non-foster care expenditures.

Table 5.9 shows annual expenditures on these non-board and maintenance child welfare services from 1996-2000. The figures shown on Table 5.9 are the difference between each county's total child welfare costs and foster care placement costs during that year. All demonstration and comparison counties spent more on non-board and maintenance services in 2000 than they did in 1996, but demonstration counties increased expenditures more than comparison counties did. Table 5.9 shows that total growth in expenditures from 1996-2000 in demonstration and comparison counties was 50% and 30%, respectively. These data indicate that while officials in all ten counties were able to finance more spending on non-board and maintenance services during the last five years, the demonstration counties made larger investments in these other services.

More detailed data collected through the aggregate expenditure case studies, as well as the SS-RMS analysis reported in Section 5.3, reveal that most of the new spending on non-board and maintenance services paid for county staff that managed county placement programs. One additional statistic provides further insight into non-board and maintenance expenses. The per diem cost of foster care case management is calculated using a combination of aggregate expenditures, SS-RMS data and counts of paid placement days.[6] Table 5.10 shows an estimate of the per diem cost for each county's management of foster care placements.[7]

[6] The annual per diem cost is calculated by multiplying the costs of county staff and other local miscellaneous administrative expenses by the SS-RMS rate for foster care activities, then dividing by the placement day count.

[7] This statistic can be used to show trends over time within a county, but not to make comparisons across counties. Because the direct cost to a county for managing foster care placements will vary relative to the proportion of cases managed directly by the county, rather than those under contract, these figures may not be comparable across counties. All else being equal, a county that contracts for foster care services would tend to have lower unit costs than a county managing the foster care program with its own staff. Before drawing conclusions about the relative cost of county staff, data about the proportion of different types of placement would have to be added to the picture.

Insert Table 5.9

Insert Table 5.10

The per diem cost for managing foster care placements increased among both demonstration and comparison counties, with demonstration counties generally showing larger increases than comparison counties. The data confirm county reports of investments in staff managing the foster care program. All five demonstration counties have increased per diem costs of managing foster care placements. Three out of five comparison counties have increased these unit costs (Allen, Mahoning, and Summit), one has decreased them (Scioto), and one has remained the same (Hocking). Such increases in staff may effectively reduce caseload size, enabling workers to spend more time on a case. In future years of the evaluation, the study team will examine whether this change leads to improved outcomes for children in placement in these counties.

Smaller investments were also made in county staff doing prevention and reunification work, cash and material support for families, contracts for family support services, and adoption services. This trend holds true for most of the demonstration and comparison counties. Table 5.11 displays the expenditure amounts and trends for non-foster care expenditures. As noted on the table, each county's practice in identifying non-foster care expenditures differed. For the majority of the ten counties, non-foster care expenditures could only be identified for cash and material support for families and contracts for any type of family support work, both before during and after placement. Expenditures for county-operated non-foster care services could not be broken out for these counties. For three counties, however (Greene, Franklin and Summit), the expenditures shown are for the county's entire family preservation and support program, including county staff.

As shown on Table 5.11, demonstration counties increased non-foster care contract expenditures by 147% from 1996 to 2000, while comparison counties showed an average increase of 67%. Additionally, all five demonstration counties exhibited increased growth in non-foster care expenditures, while only two of five comparison counties show increased growth. One county among both demonstration and comparison counties each has experienced unusually high growth (Clark and Scioto). Below, each county's non-foster care trends are described, with information provided by the county to explain the observed trends.

✓ Clark, a demonstration county, has experienced the largest increase in non-foster care contract expenditures of any demonstration or comparison county. Clark County increased non-foster care expenditures dramatically, by a total of 418% from 1996 to 2000. The bulk of this increase was directed towards family stability and family reunification, beginning in mid-1999, financed by TANF funds.

✓ Scioto County, a comparison county, also sustained a high rate of growth for non-foster care services. Scioto’s non-foster care contracts increased 332% from 1996 to 2000. Many new programs began in 1998, such as family stability and family education programs, contributing to the high rate of non-foster care expenditure growth.

Insert Table 5.11

- ✓ Stark County, a demonstration county, increased non-foster care contract expenditures by 81%. Stark's increase was driven largely by increased emergency services, as well as increased independent living services and other miscellaneous expenses.
- ✓ Greene County's (demonstration) family preservation program increased by 64% from 1996 to 2000. Greene County staff increased the size of their family preservation program by adding more workers, bringing the total number of workers up to four.
- ✓ Franklin County, a demonstration county, increased non-foster care expenditures by 25% from 1996 to 2000. The majority of this increase occurred most recently, from 1999 to 2000. Franklin County cites an increase in wraparound services and more discretionary funds for family emergencies.
- ✓ Mahoning, a comparison county, increased their non-foster care contracts by 35%. County officials noted that they were able to resurrect some previously existing non-foster care programs because of an increase in their foster care levy.
- ✓ Allen, Hocking, and Summit counties, all comparison counties, decreased their use of non-foster care contract expenditures. Allen County's non-foster care expenditures decreased by 23% from 1996 to 2000, and probably reflects that county's strong emphasis on decreasing all costs. Hocking's non-foster care contracts decreased by 4% and they report that the change in expenses was due to the ending of one time, grant funded projects. Summit County's non-foster care contracts increased in 1997, only to decrease in subsequent years, for a total decrease of 4% from 1996 to 2000.
- ✓ Lorain County (demonstration) is difficult to compare with other counties due to incomplete information. Lorain County's non-foster care contract expenditures increased significantly from 1998 to 2000, and they attribute the increase to more wraparound services.

While the data available to interpret trends in non-board and maintenance services is limited by how counties track these expenditures, the data collected for these ten counties does point to differences between the demonstration and comparison groups. Demonstration counties appear to be increasing non-board and maintenance services at a faster pace than comparison counties, and at least a portion of this increase is due to new investments in family support services.

5.4.4 Reinvestment and New Spending

In the context of the ProtectOhio fiscal study, "reinvestment" refers to the allocation of saved foster care expenditures to services to prevent and shorten foster care placement. The previous sections of this chapter report that, in general, the ten counties increased foster care board and maintenance expenditures. As a result, the amount of local savings generated from foster care reductions, shown in Section A of Table 5.12, is small. Local savings in foster care are calculated using the Title IV-E eligibility rate and the federal participation rate (about 58% of eligible costs in any given year). To allow comparisons across counties, the total amount of local savings is divided into each county's total expenditures from 1997-2000. Among the two demonstration counties and four comparison counties that had any local savings, the amount of local savings generated from 1996-1999 ranged from less than 1 % to 2 % of total expenditures during the same period.

In addition to local savings, demonstration counties also have the ability to reinvest Waiver dollars received in excess of what a county would otherwise have billed Title IV-E maintenance. For Clark, Greene, Lorain and Stark, the estimate of what the county would have received in absence of the Waiver was calculated by multiplying total foster care expenditures by the average annual Title IV-E eligibility rate and the federal participation rate. Franklin County had more sophisticated expenditure histories than other counties, and calculated its own estimate of Title IV-E claims by applying eligibility rates within types of foster care placements (county foster care, purchased foster care, group care, and institutions).

Based on these calculations, Section B of Table 5.12 shows that from the beginning of the Waiver through the last three quarters of 2000, four out of five demonstration counties received Waiver awards in excess of what they would otherwise have received through Title IV-E reimbursement. The remaining county, Greene, received about the same amount. For the four counties that received additional revenue during this period, the new money totaled between 3-5 % of total expenditures over the same period. The last section of Table 5.12 shows the total of local and ProtectOhio award revenue, but since the local savings were small, the pattern reflects that shown in Section B.

Insert Table 5.12

Did these four demonstration counties receive additional Title IV-E Waiver revenue as a result of programmatic changes that reduced foster care expenditures from the levels they otherwise would have been? At this point, a definitive answer to that question is not possible. Programmatic change is not the only source for a difference between a county's foster care expenditures during the Waiver, and the ProtectOhio revenue the county receives. *First*, ProtectOhio revenue allocations are based on the average placement day and unit cost changes of a group of cost neutrality control counties. These average growth rates may or may not be appropriate counterfactual for each individual demonstration county. *Second*, counties have some ability to use alternative revenue sources for foster care board and maintenance costs that were included in their base for the Waiver. For example, fiscal officers in two out of the four demonstration counties (Franklin and Clark) reported that they were able to generate savings under the Waiver in this way. Starting in 1999, Clark County financed a portion their placement expenditures through an agreement with the juvenile court. Starting in 1999, Franklin County, as a result of a recent decision by the federal Department of Health and Human Services, increased the portion of the administrative costs of purchased foster care billed to Title IV-E administration. This action generated new revenue for costs that had been included in the base used to set their ProtectOhio award.

Regardless of whether or not these four demonstration counties generated the additional revenue through programmatic changes to reduce foster care utilization, all four demonstration counties invested this new revenue in additional, non-board and maintenance activities. These counties did not use this money to reduce overall child welfare expenditures or to finance the increases in foster care expenditures shown on Table 5.7. Table 5.13 shows that among the four demonstration counties (excluding Greene) that received additional revenue through the Waiver, budget growth in services other than foster care board and maintenance was the same or larger than the amount of additional revenue generated from local foster care savings and ProtectOhio awards. Stark had additional ProtectOhio revenue amounting to 4% of total expenditures during the period, and spent 4% on new non-board and maintenance services, while Clark, Franklin, and Lorain had amounts equivalent to 3-5% of total expenditures and spent 5-7% on new non-board and maintenance services.

Four out of five counties (Clark, Franklin, Greene, Lorain) also used other new revenue sources available to them during this period, such as Children's Services levy funds, Temporary Assistance to Needy Families (TANF) dollars, and Title XX. Table 5.13 shows the remaining increase in non-foster services financed through other revenue sources. These demonstration counties allocated 1-3% in additional revenue to non-board and maintenance services over the five years observed. For all four of these counties, the proportion of increases in non-board and maintenance services financed by sources *other than* the ProtectOhio Waiver and local foster care savings was smaller than the portion financed by ProtectOhio.

Insert Table 5.13

While the fiscal analysis focuses on whether the ProtectOhio Waiver generated additional revenue for reinvestment, demonstration county fiscal officers mentioned administrative benefits of the Waiver. These staff reported an increased ability to plan and budget as a result of receiving Title IV-E board and maintenance revenue as flexible funds. They noted that the ability to know, in advance, how much federal revenue will be received is extremely beneficial, and this knowledge facilitates planning both county activities as well as outside contractual agreements.

5.4.5 Impact of Reinvestment and New Spending

In combination, ProtectOhio revenue and other revenue sources financed demonstration county increases in non-board and maintenance services described in section 5.4.4: increased investment in the administration of foster care programs and, to a lesser extent, in more preventive/non-foster care services. Smaller, though still substantial, increases in non-board and maintenance expenditures were also observed among comparison counties. These investments should result in fewer paid placement days, lower placement unit costs, and more county staff activities directed toward non-foster care activities. When these changes occur, foster care board and maintenance payments should also decrease. To the extent that ProtectOhio allowed demonstration counties to make more of these investments in non-board and maintenance services, their foster care utilization should decrease by a larger amount.

Not surprisingly, the data reported in this chapter show that such changes have not yet been observed in the fiscal data, either among demonstration counties or comparison counties. Many of the larger investments in non-board and maintenance services were made in 1999 and 2000. These investments are unlikely to have an immediate effect that is large enough to be observed in the same year the investments were made. The analysis of additional years of data will reveal whether or not the increased investment has the intended effect, in both demonstration and comparison counties, and whether or not the additional flexible revenue available through the ProtectOhio Waiver results in lower utilization of foster care and lower foster care costs.