CHAPTER 4: FINDINGS FROM THE FISCAL OUTCOMES STUDY

4.1 INTRODUCTION

This chapter presents the findings of the Fiscal Outcomes Study. The introduction describes the fiscal stimulus embodied in the ProtectOhio Waiver and its expected impact. The first section of the chapter describes the data collected by the fiscal study team and issues that arose in interpreting the data. The second section describes changes in foster care board and maintenance expenditures and related data. The third section presents data on spending for child welfare services other than foster care board and maintenance. In presenting these findings, the fiscal study team addressed one of the primary outcome measures for the ProtectOhio evaluation (see Chapter 1, Section 1.3): "Shift in expenditures from out-of-home care to non-foster care services." The fiscal study also addressed in a limited way the outcome "Increased variation in the use of Title IV-E funds." Put differently, the fiscal outcomes study is addressing whether the activities described in Chapters 2 and 3 undertaken by demonstration counties appeared to have an impact on foster care utilization and expenditures contrasted with the impact of the activities undertaken by comparison counties.

Counties participating in the Waiver traded guaranteed, unlimited, fee-for-service federal contributions to foster care board and maintenance costs for certain children for a fixed amount of money that could be used for all child welfare services for any child.[1] The fixed amount of money was intended to be the same amount as the county would have received under normal Title IV-E reimbursement rules in the absence of the Waiver. The amount was based on each county's historical foster care expenditures, adjusted each year based on changes in foster care utilization and unit costs of a group of cost-neutrality control counties not participating in the Waiver.

This trade had three facets for demonstration counties. First, the Waiver gave county administrators the opportunity to treat federal Title IV-E revenue as a source of flexible funding that could be allocated to a range of child welfare services that normally could not be supported with Title IV-E funding. The Waiver addressed the prevailing belief that restricting the use of Title IV-E funding to foster care created a disincentive for reducing foster care expenditures. Without the Waiver, counties would "lose" federal Title IV-E funding if the county agency was able to reduce foster care expenditures. Under the Waiver, counties would be able to retain this federal Title IV-E funding for other child welfare purposes.

Second, county administrators were expected take more action to reduce foster care expenditures in ways that were favorable to children, families and communities than comparison counties. This would be done by making management and program changes

[1] Under Title IV-E, States are entitled to receive federal reimbursement for the federal share of expenditures for foster care board and maintenance for eligible children. Since states may claim unlimited amounts of money under this Title IV-E, the Title is said to provide a federal entitlement to foster care.

within current resources or investing flexible funds in service alternatives designed to reduce admissions to foster care, reduce length of stay in foster care, and reduce the use of high-cost placements. The federal share and local share of reductions in foster care expenditures, available as a result of the Waiver, would allow county administrators to either pay back investments they had made to reduce foster care utilization or to further diversify investments in services other than foster care, strengthen families and communities, and further reduce the need for foster care. Actions taken by both demonstration and comparison counties are described in more detail in Chapters 2 and 3.

Third, this trade exposed county administrators to new risks. At a minimum, county administrators risked that the fixed amount of money received through the Waiver would be less than the county would have received under normal Title IV-E reimbursement rules. If foster care expenditures did not change at the same rate as the control counties during the Waiver period, the county would lose revenue as a result of Waiver participation. In addition, county administrators risked the amount they had invested in services intended to reduce foster care expenditures. If foster care expenditures did not go down, these investments would not be paid for by reductions in foster care and would have to be funded by another source of revenue.

4.2 METHODOLOGY

The purpose of the Fiscal Outcomes Study is to judge whether or not demonstration counties changed child welfare expenditure patterns as a result of the fiscal stimulus described above, and if so, how expenditure patterns changed. As with the other studies that comprise the ProtectOhio evaluation, this judgment is based on the evaluation of the group of demonstration counties compared to the group of comparison counties. Using the data available to date, the team examined whether or not the group of demonstration counties showed evidence of different child welfare spending patterns than the comparison counties using historical baselines[2]. If a significantly different range of expenditure patterns existed among demonstration counties compared to comparison counties, the team concluded that it was possible that the differences between the two groups arose because demonstration counties received Title IV-E foster care funds as unrestricted child welfare revenue and comparison counties did not.

This section describes the expenditure data collected by the fiscal study team, the rationale for the data collection approach and the methods the team used to interpret the expenditure data.

4.2.1 Data Collected

The fiscal outcome team collected county -level aggregate expenditure data for child welfare services from thirteen demonstration and thirteen comparison counties. Where data were available, the team compiled and analyzed expenditure information from 1996,

[2] Crawford and Hancock were excluded from the evaluation because accurate expenditure information was not available. In addition, data were incomplete in Fairfield, Lorain, Medina, Clermont and Columbiana counties.

two years prior to the Waiver, through 2002, the year during which the Waiver ended. However, because of missing data, many comparisons between the demonstration group and the comparison group include as few as ten demonstration counties and eleven comparison counties.

The fiscal study team chose county budget and expenditure documents as the primary source of fiscal data for several reasons. First, county budget documents maintained more consistency over time than state reporting systems. Second, county budget categories were created to suit each county's own unique needs, and the fiscal team was able to understand and accommodate the often unique situations found in each county. Additionally, county fiscal and program staff were able to provide interpretations of their expenditure data, while at the state level no staff person had such a thorough knowledge of all the counties' operations.

Perhaps the biggest limitation facing the fiscal study team was that the state and, for the most part, the counties lack 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. As a result, the evaluation team concluded that studying each county's aggregate expenditure data would provide the most accurate picture of child welfare expenditures.[3]

The team obtained expenditure information from county staff, reviewed county expenditure documents, and had a series of conversations with county staff to understand and verify interpretations of each county's fiscal data. This process resulted in the completed data collection for the 26 counties found in Appendix II. To the extent possible, the team organized internal county expenditure data into service categories, thereby facilitating a comparison of trends over time and across counties. The team created four expenditure categories for most counties: foster care board and maintenance, county staff and administration, family and community-based services purchased by the county, and adoption subsidies and services purchased by the county. The family and community-based services category included money spent to purchase family preservation, family support and mental health services from other public or private agencies, and cash and material support to families and relatives caring for related children. Counties then reviewed the spending amounts grouped into these categories and confirmed their accuracy. In a few cases, county staff was able to further divide county staff and administration expenditures by program area, such as family preservation, foster care, and adoption. The remaining counties did not separately track the costs of programs delivered or managed by county staff.

The fiscal study team supplemented expenditure information collected from county staff with several state reports. First, the team used counts of paid placement days from FACSIS to better understand foster care expenditures, to illuminate out-of-home care

[3] Other sources of data were explored. As noted in the First, Second, and Third Annual ProtectOhio reports, the availability of detailed and reliable expenditure data at the state level is very limited.

utilization, and to compute unit cost figures for foster care. Paid placement days were studied both overall and within categories of placement types, such as foster care, group care and residential treatment. Excluded from the paid placement day analysis were days in relative care and days in unlicensed non-relative care. Second, the Social Services Random Moment Survey (SS-RMS) provided information necessary to compute foster care case management unit cost figures.[4] Finally, the team used state reports of Title IV-E foster care eligibility rates and ProtectOhio awards to tabulate any demonstration counties' flexible Waiver revenue available as a result of the Waiver formula.

4.2.2 Interpreting Expenditure Data

The fiscal study team compared trends in aggregate expenditure data for demonstration and comparison counties from 1996 to 2002 to check for differences in the trends among counties in one group compared to counties in the other group. Because of the small number of counties in each group, variability in county size, and variability of expenditure data from year to year, the team judged differences in trends for individual counties and between the two groups by methods developed specifically for these data. Each section provides an explanation for the method used to evaluate potential differences between the two groups.

In most cases, for each type of data, the average of the two years prior to the Waiver implementation (1996 and 1997) provided the baseline against which data from 1998 to 2002 were compared. For all data related to foster care expenditures, the fiscal study team used two methods to generate statistics for each county. One method was a variation on the sign test.[5] The sign test examines the sign, but not the magnitude of a difference or change score. The sign test variant was used to generate a score of 0-5 for each county, where a county scored 1 for each year from 1998-2002 that was below the baseline. Then, the number of demonstration counties that were below the baseline in four or five out of five years was compared to the number of comparison counties that were below the baseline in four or five out of the five years. If there was more than a 50% difference between the percentage of demonstration counties with four or five years below the baseline and the percentage of comparison counties with four or five years below the baseline, the data signaled the possibility that the Waiver had caused demonstration counties to reduce foster care expenditures.

The advantage of this score was that it characterized the trend for each county in all five years. The disadvantage was that it did not account for differential rates of growth above the baseline. To account for the magnitude of changes in the data analyzed, the fiscal study team calculated the percent difference in the measure between the baseline and

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[4] The Social Services Random Moment Survey (SS-RMS) is a quarterly survey of county staff activities that ODJFS conducts to determine what services provided by county staff may be claimed for federal Title IV-E administration reimbursement. The survey distinguishes foster care case management activities from treatment activities for children in foster care and case management and treatment activities for children being served at home.

[5] Howell, DC. (1992) Statistical Methods for Psychology, Third Edition. Duxbury Press: Belmont, Canada.

2002, the fifth year of the Waiver. The percent differences for each county were compiled and sorted, and the Tukey's "Quick Test" was applied. Tukey's Quick Test is a nonparametric test used to compare two independent samples to determine if a significant difference in the two samples exists.[6] This test provides a standard for evaluating the differences between the demonstration and comparison groups.

The Quick Test is based on the assumption that the distribution of counties from each group, when placed in order of magnitude of change, should be random. If the distribution is random, then several counties from the same group should not be found together on one side of the distribution or the other. However, if data for at least seven of the counties from one group are clustered at the low or high end of the distribution, then sufficient evidence exists to indicate that two samples have differing trends (probability is greater than or equal to 95%). If counties from one group or another are not clustered at either end of the distribution in this way, then the data does not provide sufficient evidence for difference between the two groups.

The fiscal study team has been conservative in the interpretation of the trends in expenditure data presented in this chapter. The data presented are a general representation of program costs for each county rather than an exact accounting of expenditures. First, counties differ widely in their ability to track expenditures by program type and many counties' accounting systems provided insufficient information for the purposes of the Fiscal Outcomes Study. For example, some line items as reported by the county contained expenditures that spanned multiple expenditure categories. Resolving such difficulties sometimes required estimations, and some counties were better able to resolve certain difficulties than others.

Additionally, counties' ability to interpret expenditure trends also varied significantly. The fiscal study team compiled each county's expenditure data, and presented it to county fiscal staff in the format found in Appendix II. Some counties had difficulties interpreting their own historical data, and many had not previously viewed expenditure information in any summarized format. When counties were unable to provide an explanation for expenditure trends, it limited the strength of any findings.

Third, not all counties participating in the Waiver were included in the analysis, and sometimes counties were not able to provide information for all years studied. Therefore, the missing data also limited the fiscal study team's ability to interpret trends between groups.

Finally, observed changes in aggregate expenditures among demonstration counties could have been caused by a variety of factors other than the ProtectOhio Waiver. For this reason in particular, in order to conclude that there was a different experience in demonstration counties as a result of the Waiver and not as a result of other factors, it was necessary that a strong trend differentiate the two groups.

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[6] Nonparametric Methods for Quantitative Analysis, 3rd Ed. by Jean E. Gibbons, American Science Press, 1997.

In sum, due to the imprecision of the data provided by the counties, counties' inability to interpret trends in fiscal data, other factors influencing child welfare, and the missing data, the fiscal team's ability to interpret expenditure trends was limited, and all trends are interpreted conservatively.

When comparing the results of the analysis of aggregate foster care expenditures and paid placement days and the results of the length of stay analysis in the participant outcome study, two differences should be kept in mind. First, the populations analyzed are different in the two studies. The participant outcome study analyzed length of stay of first placements and includes placements with relatives, whereas the fiscal outcome study analyzed annual foster care expenditure data and annual counts of paid placement days. These aggregate numbers would have been affected by the length of stay of children in care at the beginning of the Waiver, the number of admissions (first and reentries) during the Waiver and length of stay of those children admitted during the Waiver. Placements with relatives, generally unpaid, were not included in the counts of paid placement days used for the fiscal analysis.

Second, the length of stay and reentry analysis used a statistical model that controlled for many child characteristics that may have differentiated comparison and demonstration county caseloads. Due to limitations in the data and the small number of counties, such controls were not available for the analysis of expenditure data. As a result, caseload dynamics from prior to the Waiver may have affected patterns of expenditures during the Waiver period.

4.3 IMPACT OF THE WAIVER ON FOSTER CARE EXPENDITURES

Demonstration counties, as a result of receiving federal foster care reimbursement as a revenue source available for all types of child welfare services, were expected to reduce foster care expenditures from where they would have been in the absence of the Waiver. These reductions could have been achieved in a variety of ways, either through management and program changes that did not involve new spending or by investing in new services designed to decrease foster care utilization or the use of high-cost placements. The first question addressed by the Fiscal Outcomes Study is whether or not demonstration county actions reduced the costs of foster care from where they would have been in the absence of the Waiver. As with the other studies in the ProtectOhio Waiver, comparison county data served as a measure of where the demonstration counties could have been in the absence of the Waiver.

This section presents data comparing gross foster care expenditures for the demonstration and comparison groups from 1996 through 2002 to determine if any differences in foster care spending emerged. This section also presents data comparing the two components of foster care expenditures: the total number of placement days purchased and the average cost of those days.

The foster care expenditures discussed in this section reflected 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 included all private foster care contracts for group care (including residential treatment) and 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 did not include any county staff costs associated with managing the foster care program or costs for day care for foster children.

4.3.1 Differences in Foster Care Expenditures for Demonstration and Comparison Counties

Table 4.1 displays the foster care expenditures for demonstration and comparison counties for the years 1996 through 2002 for each county, where data were available. Table 4.1 also displays the percent change from the baseline (the average of 1996 and 1997 expenditures where available) to 2002. Figures 4.1 and 4.2 display these data graphically for each county, showing actual expenditures compared to an inflation-adjusted baseline during the five years of the Waiver.[7]

The data in Table 4.1 illustrate the variety of expenditure levels on foster care board and maintenance across the study group. Many of the remaining data presented in this chapter will show a similar, wide range in the size of county child welfare programs. For example, Franklin County spent $70.2 million of foster care board and maintenance in 2002. The next highest level of expenditure on board and maintenance during that year was $23.1 million (Hamilton), a third of Franklin's expenditures. The demonstration county with the lowest expenditures in 2002 spent $1.2 million (Medina), and the comparison county with the lowest expenditures in 2002 spent $.6 million (Hocking). This range in expenditures on board and maintenance corresponds to a similar range in county operating contexts.

Among both demonstration and comparison counties, most counties' foster care expenditures increased from the baseline to 2002. Only two counties decreased foster care expenditures during this time period. Wood and Butler, both comparison counties, lowered foster care costs by 24% and 1%, respectively, from the baseline to 2002. Portage County, a demonstration county, held foster care expenditures to approximately a 2% growth rate over the same time period.

Figures 4.1 and 4.2 illustrate the variety of patterns of change among demonstration and comparison counties during the five years of the Waiver. For each county, actual foster care expenditures are shown compared to the baseline adjusted for inflation for five

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[7] Average inflation rates during the years 1996-2002 were 3.0 %, 2.3 %, 1.6 %, 2.2 %, 3.4 %, 2.8%, and 1.6%. (Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U))

years.[8] For example, foster care expenditures in Franklin (demonstration), Miami (comparison) and Warren (comparison) grew consistently in each of the five years. Foster care expenditures in Portage (demonstration) and Allen, Butler and Wood (comparison) remained below the rate of inflation during all five years. Belmont (demonstration) and Clark (demonstration) had foster care expenditures below the inflation-adjusted baseline for the first few years of the period but ended the last year above the inflation-adjusted baseline.

[8] Fairfield, Lorain and Medina are not displayed in Figure 4.1 due to incomplete data. Clermont is not displayed in Figure 4.2 due to incomplete data.

Table 4.1 Annual Foster Care Board and Maintenance Expenditures
(dollars in thousands)

Total Foster Care Expenditures	1996	1997	Baseline	1998	1999	2000	2001	2002	Growth Baseline - 2002
Demonstration									
Ashtabula	N/A	$ 1,788	$ 1,788	$ 1,836	$ 1,842	$ 2,550	$ 2,257	$ 2,561	43%
Belmont	$ 820	$ 973	$ 897	$ 845	$ 894	$ 720	$ 1,156	$ 1,253	40%
Clark	$ 3,843	$ 3,769	$ 3,806	$ 3,936	$ 3,658	$ 3,912	$ 3,793	$ 4,559	20%
Fairfield	N/A	$ 921	$ 921	$ 934	$ 993	N/A	N/A	$ 1,358	47%
Franklin	$32,490	$36,734	$34,612	$42,499	$48,600	$50,134	$61,345	$70,199	103%
Greene	$ 1,664	$ 1,857	$ 1,761	$ 1,977	$ 2,171	$ 2,384	$ 2,516	$ 2,342	33%
Hamilton	N/A	$18,302	$18,302	$19,915	$19,546	$20,429	$23,698	$23,095	26%
Lorain*	N/A	N/A	$ 3,193	$ 3,193	$ 3,307	$ 3,335	$ 3,926	$ 3,770	18%
Medina	N/A	N/A	N/A	N/A	$ 758	$ 637	$ 1,104	$ 1,163	-
Muskingum	$ 1,872	$ 1,927	$ 1,900	$ 2,028	$ 2,299	$ 2,210	$ 2,573	$ 2,558	35%
Portage	$ 2,877	$ 3,487	$ 3,182	$ 3,192	$ 3,235	$ 3,275	$ 3,481	$ 3,250	2%
Richland	$ 2,002	$ 2,141	$ 2,072	$ 2,183	$ 2,751	$ 2,698	$ 2,795	$ 2,444	18%
Stark	$ 8,471	$ 7,996	$ 8,234	$ 7,570	$ 8,366	$ 8,711	$11,567	$13,095	59%
Comparison									
Allen	$ 2,000	$ 1,700	$ 1,850	$ 1,574	$ 1,612	$ 1,580	$ 2,006	$ 2,087	13%
Butler	$ 9,569	$ 9,328	$ 9,449	$ 8,965	$ 8,395	$ 8,528	$ 8,303	$ 9,377	(1%)
Clermont*	N/A	N/A	$ 3,765	$ 3,765	$ 3,816	$ 4,036	$ 3,523	$ 4,489	19%
Columbiana	$ 959	$ 808	$ 884	$ 992	$ 1,362	$ 1,421	$ 2,081	$ 2,042	131%
Hocking	$ 194	$ 278	$ 236	$ 318	$ 377	$ 571	$ 512	$ 594	152%
Mahoning	$ 2,204	$ 1,889	$ 2,047	$ 2,193	$ 2,244	$ 2,685	$ 2,524	$ 3,122	53%
Miami	$ 1,068	$ 1,313	$ 1,191	$ 1,462	$ 1,991	$ 2,028	$ 2,237	$ 2,286	92%
Montgomery	$11,278	$14,118	$12,698	$17,665	$20,833	$20,667	$21,166	$21,166	67%
Scioto	$ 664	$ 700	$ 682	$ 872	$ 1,241	$ 926	$ 1,047	$ 1,083	59%
Summit	$ 7,819	$ 9,139	$ 8,479	$ 8,785	$ 9,726	$ 9,935	$10,036	$13,690	61%
Trumbull	$ 3,649	$ 3,620	$ 3,635	$ 3,790	$ 3,854	$ 4,236	$ 4,587	$ 4,270	17%
Warren	$ 646	$ 701	$ 674	$ 748	$ 894	$ 991	$ 1,076	$ 1,214	80%
Wood	$ 1,840	$ 1,759	$ 1,800	$ 1,450	$ 1,383	$ 1,060	$ 831	$ 1,359	(24%)

N/A indicates that data were not available from the county.
Source: PCSA Budget Documents
* 1998 expenditures were used as the baseline for Lorain and Clermont counties.
However, because no pre-Waiver baseline was available, Lorain and Clermont are not included in the significance test in Table 4.3.

Figure 4.1 Foster Care Board and Maintenance Expenditures, 1998-2002 Compared to Inflation-Adjusted Baseline Demonstration Counties

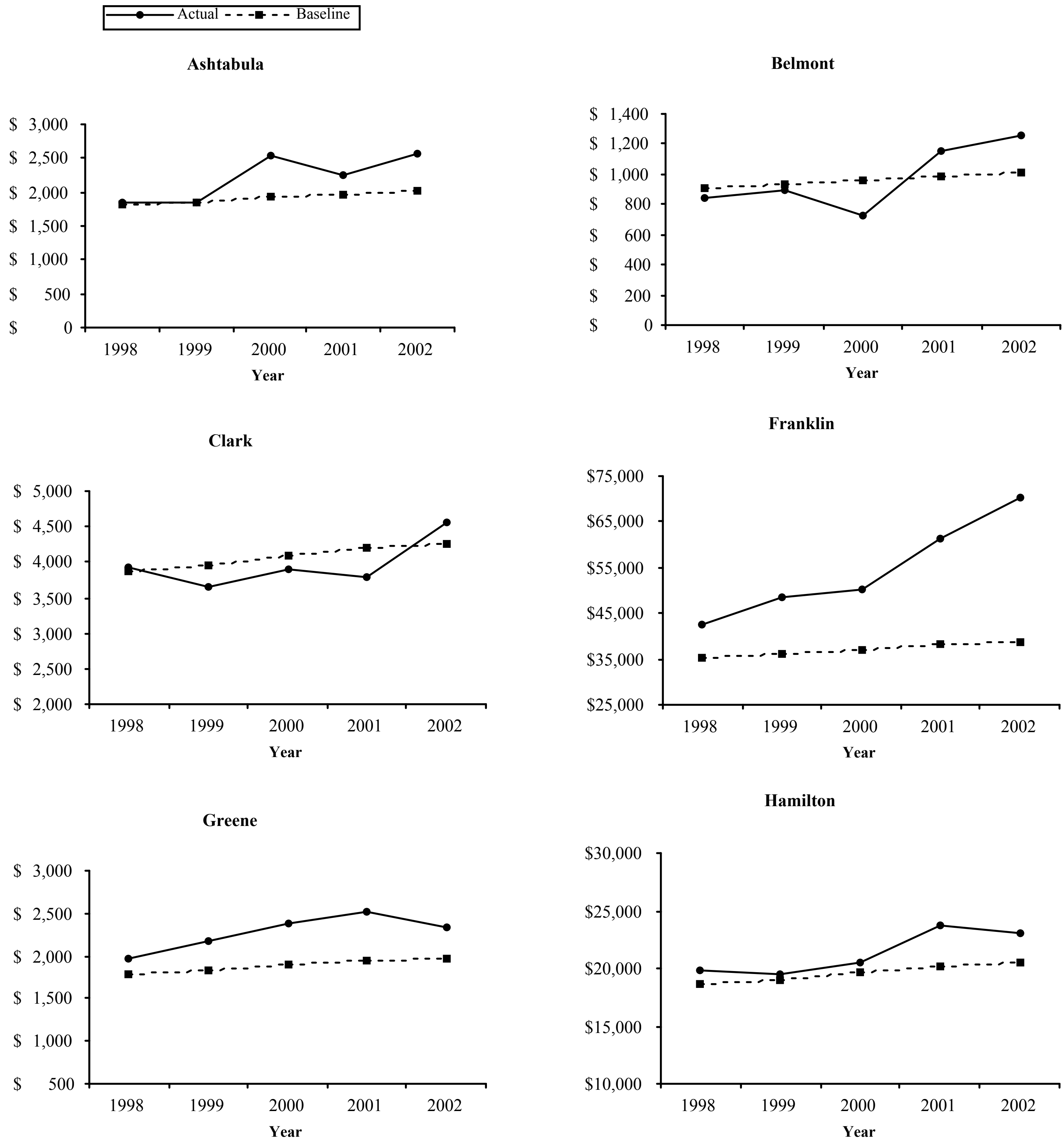


Figure 4.1 Foster Care Board and Maintenance Expenditures, 1998-2002 Compared to Inflation-Adjusted Baseline Demonstration Counties, cont.

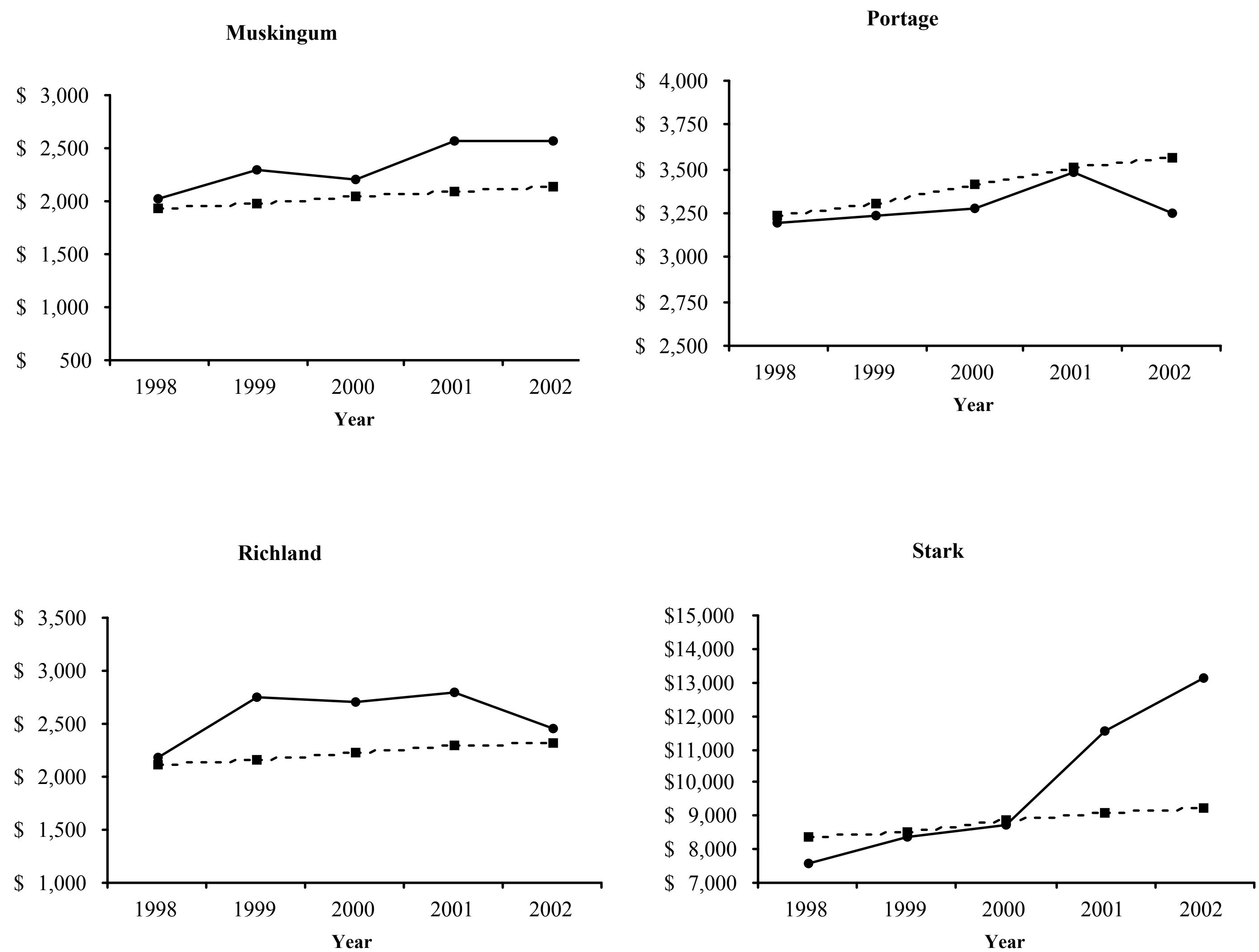


Figure 4.2 Foster Care Board and Maintenance Expenditures, 1998-2002 Compared to Inflation-Adjusted Baseline
Comparison Counties

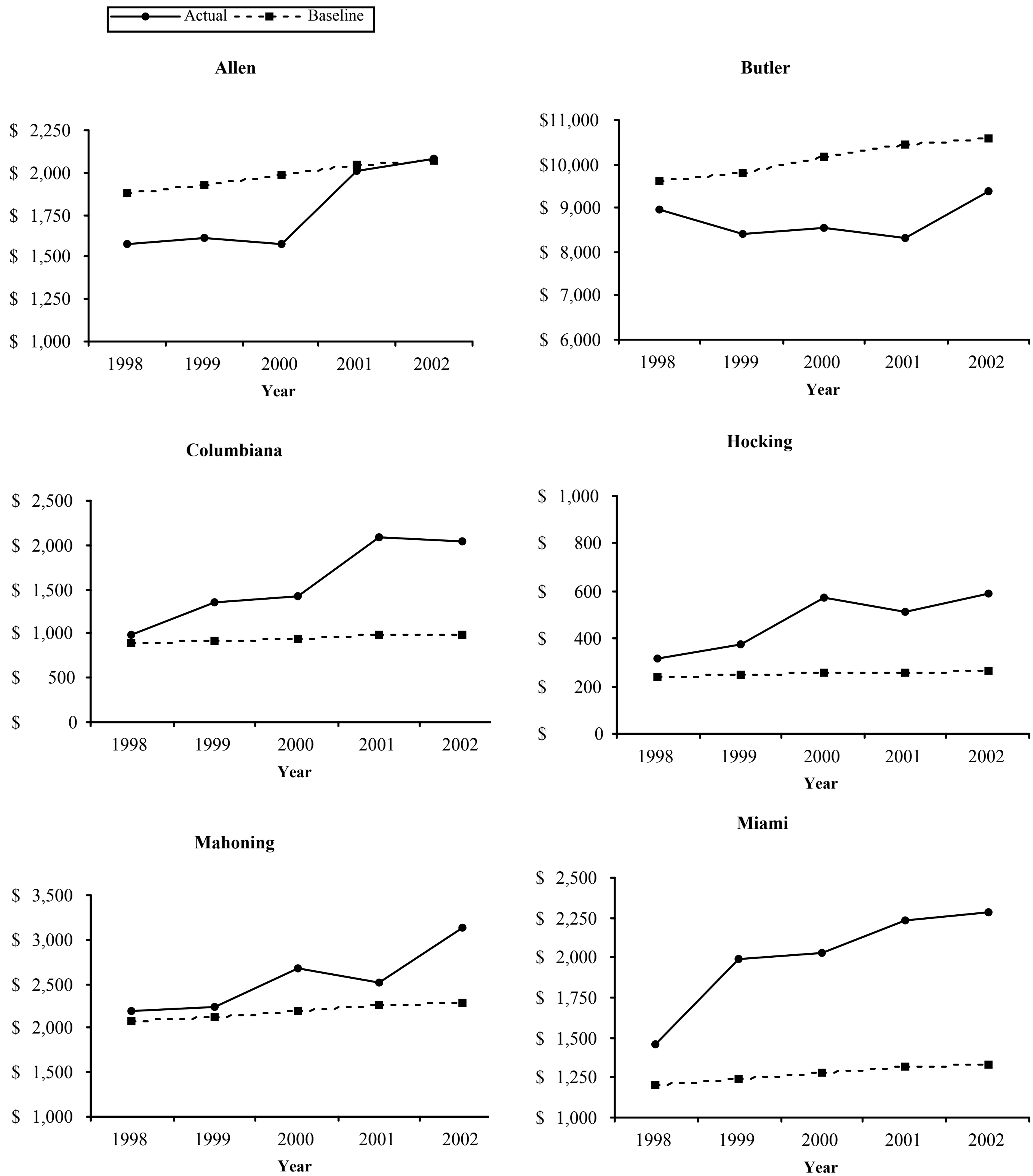
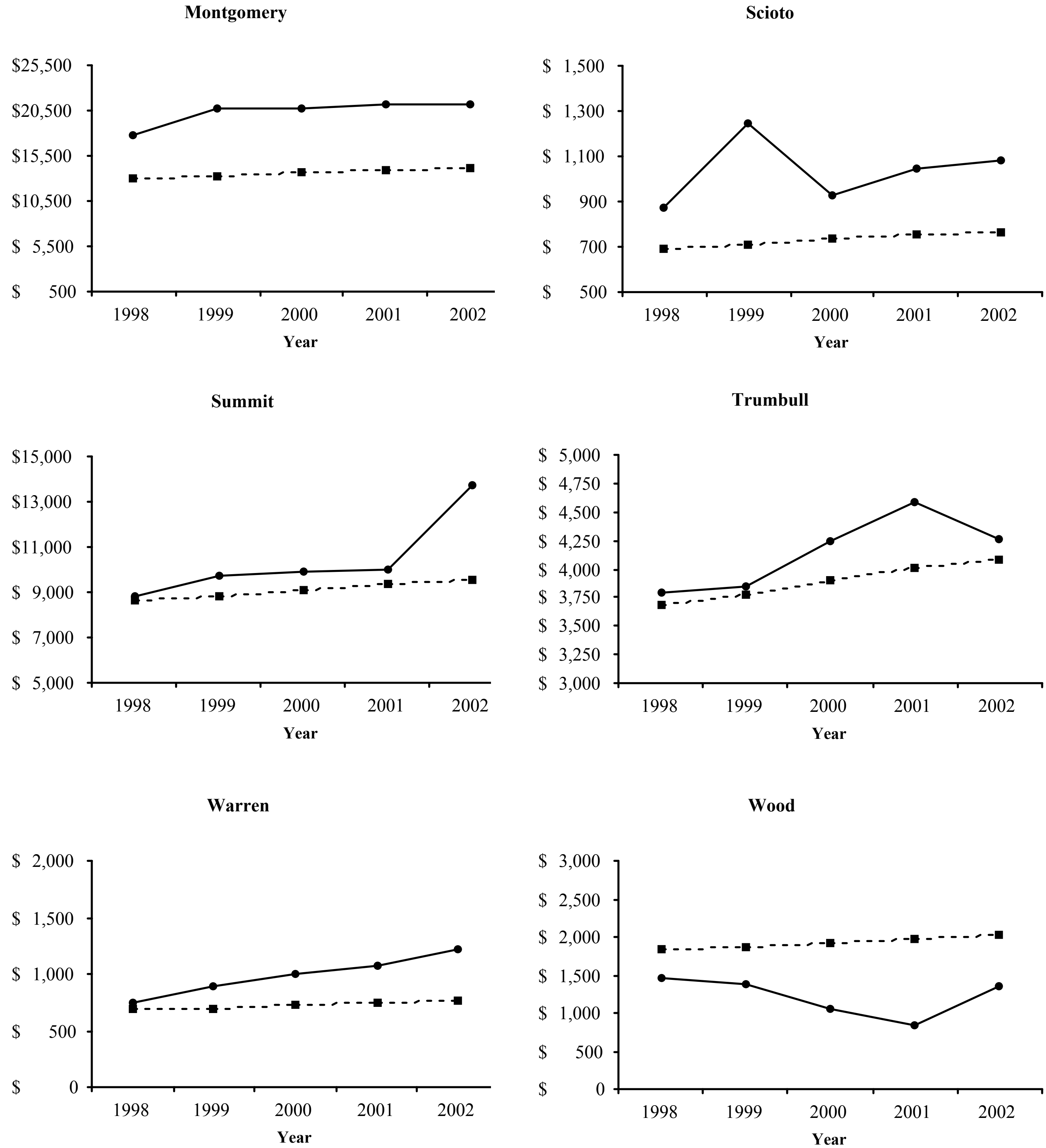


Figure 4.2 Foster Care Board and Maintenance Expenditures, 1998-2002 Compared to Inflation-Adjusted Baseline
Comparison Counties, cont.



Was there a meaningful difference in the way foster care expenditures changed when the demonstration counties and comparison counties are examined side by side? As described in the previous section, the study team used two summary measures to answer this question: a sign test summarizing whether foster care expenditure growth was or was not below the rate of inflation in each year of the Waiver, and a change figure showing the percent change in foster care expenditures from the baseline to 2002.[9]

The sign test did not reveal a difference in the number of counties with foster care expenditure growth rates below the rate of inflation. As Table 4.2 indicates, only one demonstration county (Portage) and three comparison counties (Allen, Butler, and Wood) held foster care expenditure growth below the rate of inflation in at least four out of five years from 1998 to 2002.

Table 4.3 shows the last column of Table 4.1 sorted by the percent change in foster care expenditures from the baseline to 2002. Both ends of the distribution are held by comparison counties: two comparison counties created the largest decreases in foster care expenditures, and two comparison counties showed the largest increases in expenditures. Applying the Tukey's Quick Test, no grouping of seven demonstration and comparison counties ranks at either end of the spectrum. If Franklin County were removed from the analysis, six comparison counties would have had the largest increases in foster care expenditures, still short of the seven data points required for a significant finding of difference between the two groups.

[9] Since foster care expenditures and related data grew in most counties in most years, this chapter usually refers to changes in expenditures as "growth". However, the reader should bear in mind that there were exceptions to the growth trend.

Table 4.2 Annual Foster Care Expenditures Compared to Baseline, Adjusted for Inflation

	1998	1999	2000	2001	2002	Total
Demonstration						
Ashtabula	0	1	0	0	0	1
Belmont	1	1	1	0	0	3
Clark	0	1	1	1	0	3
Fairfield	1	0	N/A	N/A	0	1
Franklin	0	0	0	0	0	0
Greene	0	0	0	0	0	0
Hamilton	0	0	0	0	0	0
Lorain	N/A	0	1	0	0	1
Medina	N/A	N/A	N/A	N/A	N/A	N/A
Muskingum	0	0	0	0	0	0
Portage	1	1	1	1	1	5
Richland	0	0	0	0	0	0
Stark	1	1	1	0	0	3
Comparison						
Allen	1	1	1	1	0	4
Butler	1	1	1	1	1	5
Clermont	N/A	1	0	1	0	2
Columbiana	0	0	0	0	0	0
Hocking	0	0	0	0	0	0
Mahoning	0	0	0	0	0	0
Miami	0	0	0	0	0	0
Montgomery	0	0	0	0	0	0
Scioto	0	0	0	0	0	0
Summit	0	0	0	0	0	0
Trumbull	0	0	0	0	0	0
Warren	0	0	0	0	0	0
Wood	1	1	1	1	1	5

Key: 1 signifies that expenditures were lower than baseline, adjusted for inflation.
0 signifies that expenditures were NOT lower than baseline, adjusted for inflation.
N/A indicates that data were not available from the county.

Table 4.3 Tukey's Quick Test for Change in Annual Foster Care Board and Maintenance Expenditures

Evaluation Group	County	Growth Baseline - 2002
Comparison	Wood	(24%)
Comparison	Butler	(1%)
Demonstration	Portage	2%
Comparison	Allen	13%
Comparison	Trumbull	17%
Demonstration	Richland	18%
Demonstration	Clark	20%
Demonstration	Hamilton	26%
Demonstration	Greene	33%
Demonstration	Muskingum	35%
Demonstration	Belmont	40%
Demonstration	Ashtabula	43%
Demonstration	Fairfield	47%
Comparison	Mahoning	53%
Comparison	Scioto	59%
Demonstration	Stark	59%
Comparison	Summit	61%
Comparison	Montgomery	67%
Comparison	Warren	80%
Comparison	Miami	92%
Demonstration	Franklin	103%
Comparison	Columbiana	131%
Comparison	Hocking	152%

Source: PCSA Budget Documents

4.3.2 Changes in Paid Placement Day Usage and Average Daily Cost of Foster Care for Demonstration and Comparison Counties

Even though there were not significant differences in the growth of foster care board and maintenance expenditures among demonstration and comparison counties, it is possible that demonstration counties had a significant influence on one of the two components of foster care expenditures - paid placement days or the average daily cost of foster care. This section addresses the possibility that counties reduced paid placement days in response to the stimulus of the Waiver. Counties could have reduced admissions as well as length of stay through many initiatives, such as changes in the administration of the foster care program, decreases in foster care caseloads or investments in family and community-based services.

Paid Placement Days

The study team analyzed the number of paid placement days purchased by counties each year to determine whether counties used more paid foster care or less paid foster care, and how large the change was from 1996-2002. The paid placement days analysis included all types of placement days in FACSIS for which the county child welfare department usually incurs an expense. Excluded from this count were days for children in the custody of the juvenile court and days for children in relative placements and non-licensed, non-relative placements. Juvenile court days were not included because these days do not generally fall under the jurisdiction of the child welfare agencies. Relative and non-licensed placement days were excluded from this analysis because many of these days are unpaid, and FACSIS did not separate paid from unpaid days in this placement type.

Data on paid placement days from 1996 through 2002 are displayed in Tables 4.4 through 4.6. To compare placement day utilization over the years, the study team compared the five years from 1998-2002 to the baseline (an average of 1996 and 1997 placement day utilization), to determine whether or not placement day utilization increased or decreased since their baseline. Table 4.5 shows nearly the same number of counties in each group – six demonstration and five comparison - used fewer placement days in four or five years compared to their baseline. Among demonstration counties, placement day counts were lower in Belmont, Clark, Hamilton, Lorain, Muskingum, and Portage in at least four of the five years. Among comparison counties, placement day utilization was also lower in Allen, Butler, Mahoning, Trumbull, and Wood in at least four of the five years.

Table 4.6 further illuminates this finding by placing counties in order of their change in paid placement day utilization from the baseline to 2002. As seen from the table, demonstration and comparison counties are interspersed in the order of placement day utilization changes. Both demonstration and comparison counties were located at the lower end of the distribution of change in paid placement days from just prior to the Waiver to the end of the Waiver.

Table 4.4 Paid Placement Days as Recorded in FACSIS

Does not include days in relative care, unlicensed care or court custody

	1996	1997	Baseline	1998	1999	2000	2001	2002	Change Baseline to 2002
Demonstration									
Ashtabula	42,231	43,008	42,620	41,984	43,732	44,413	42,169	36,268	(15%)
Belmont	26,440	26,832	26,636	20,295	16,869	15,749	18,541	17,628	(34%)
Clark	93,455	92,462	92,959	87,607	80,863	79,683	73,239	74,398	(20%)
Crawford	20,344	17,465	18,905	15,153	16,453	18,554	22,255	24,939	32%
Fairfield	29,519	34,023	31,771	27,730	25,844	31,813	37,032	47,101	48%
Franklin	664,974	734,497	699,736	790,301	846,162	895,563	968,580	1,023,801	46%
Greene	32,914	32,052	32,483	32,003	35,520	40,887	38,522	37,941	17%
Hamilton	476,411	477,575	476,993	465,321	450,952	457,790	474,403	487,302	2%
Lorain	104,660	87,542	96,101	79,965	77,943	74,618	82,742	70,962	(26%)
Medina	15,780	15,246	15,513	14,378	13,848	12,789	17,939	16,411	6%
Muskingum	37,137	35,994	36,566	27,847	25,969	24,321	22,700	28,848	(21%)
Portage	51,282	55,477	53,380	53,338	52,422	48,461	49,434	50,815	(5%)
Richland	55,647	58,242	56,945	51,174	61,415	69,630	63,608	58,272	2%
Stark	269,524	245,260	257,392	237,750	248,235	256,682	259,939	270,944	5%
Comparison									
Allen	46,874	38,062	42,468	38,801	38,388	36,398	38,881	38,482	(9%)
Butler	202,717	203,866	203,292	200,783	174,259	155,786	141,408	152,429	(25%)
Clermont	57,654	62,378	60,016	66,127	65,943	67,201	65,806	70,152	17%
Columbiana	23,694	21,468	22,581	23,682	24,894	28,341	29,665	32,520	44%
Hancock	5,381	6,507	5,944	8,725	9,814	11,546	13,199	11,686	97%
Hocking	10,946	10,199	10,573	9,752	12,157	12,553	11,255	13,491	28%
Mahoning	87,750	78,016	82,883	77,571	74,147	65,991	59,725	58,613	(29%)
Miami	35,764	36,102	35,933	38,378	42,231	46,125	49,129	43,989	22%
Montgomery	358,849	405,488	382,169	464,307	481,743	470,937	467,162	448,080	17%
Scioto	21,241	22,620	21,931	26,972	29,726	25,675	26,237	23,290	6%
Summit	286,792	324,129	305,461	366,257	384,426	378,691	388,114	403,854	32%
Trumbull	89,327	72,832	81,080	61,243	60,148	62,158	63,929	63,245	(22%)
Warren	18,877	19,699	19,288	22,715	24,606	25,317	27,945	29,423	53%
Wood	31,337	26,980	29,159	23,172	20,721	15,928	12,759	17,957	(38%)

Source: FACSIS

Table 4.5 Paid Placement Days Compared to Baseline

	1998	1999	2000	2001	2002	Total
Demonstration						
Ashtabula	1	0	0	1	1	3
Belmont	1	1	1	1	1	5
Clark	1	1	1	1	1	5
Crawford	1	1	1	0	0	3
Fairfield	1	1	0	0	0	2
Franklin	0	0	0	0	0	0
Greene	1	0	0	0	0	1
Hamilton	1	1	1	1	0	4
Lorain	1	1	1	1	1	5
Medina	1	1	1	0	0	3
Muskingum	1	1	1	1	1	5
Portage	1	1	1	1	1	5
Richland	1	0	0	0	0	1
Stark	1	1	1	0	0	3
Comparison						
Allen	1	1	1	1	1	5
Butler	1	1	1	1	1	5
Clermont	0	0	0	0	0	0
Columbiana	0	0	0	0	0	0
Hancock	0	0	0	0	0	0
Hocking	1	0	0	0	0	1
Mahoning	1	1	1	1	1	5
Miami	0	0	0	0	0	0
Montgomery	0	0	0	0	0	0
Scioto	0	0	0	0	0	0
Summit	0	0	0	0	0	0
Trumbull	1	1	1	1	1	5
Warren	0	0	0	0	0	0
Wood	1	1	1	1	1	5

Key: 1 signifies that expenditures were lower than baseline, adjusted for inflation.
0 signifies that expenditures were NOT lower than baseline, adjusted for inflation.
Source: FACSIS

Table 4.6 Tukey's Quick Test for Change in Annual Number of Paid Placement Days

Evaluation Group	County	Growth Baseline - 2002
Comparison	Wood	(38%)
Demonstration	Belmont	(34%)
Comparison	Mahoning	(29%)
Demonstration	Lorain	(26%)
Comparison	Butler	(25%)
Comparison	Trumbull	(22%)
Demonstration	Muskingum	(21%)
Demonstration	Clark	(20%)
Demonstration	Ashtabula	(15%)
Comparison	Allen	(9%)
Demonstration	Portage	(5%)
Demonstration	Hamilton	2%
Demonstration	Richland	2%
Demonstration	Stark	5%
Demonstration	Medina	6%
Comparison	Scioto	6%
Demonstration	Greene	17%
Comparison	Clermont	17%
Comparison	Montgomery	17%
Comparison	Miami	22%
Comparison	Hocking	28%
Demonstration	Crawford	32%
Comparison	Summit	32%
Comparison	Columbiana	44%
Demonstration	Franklin	46%
Demonstration	Fairfield	48%
Comparison	Warren	53%
Comparison	Hancock	97%

Source: FACSIS

Average Daily Cost of Foster Care

The fiscal stimulus of the Waiver was expected to reduce the use of higher cost, residential placements in favor of less expensive, less restrictive settings. All else being equal, reductions in the proportion of foster care days spent in these types of expensive settings would have reduced the average daily cost of foster care across all placement types and foster care expenditures. The fiscal study team used two sources of data to explore the question of whether the demonstration counties were more likely to reduce the average daily cost of foster care (unit costs) during the five years of the demonstration. First, the study team analyzed the proportion of each year's total foster care days that were residential, from 1996-2002, to see if demonstration counties were more likely to use fewer days of residential care during the demonstration period. Second, the team calculated an average daily cost paid for all types of foster care purchased by the county - foster boarding homes, group homes, residential placement, and county homes.[10]

Table 4.7 displays the percent of paid placement days that occurred in residential settings each year. It also shows the difference between the percent of residential care days purchased at the baseline and 2002. As the table indicates, both demonstration and comparison counties, as a group, did not significantly change their residential care usage. Between the baseline and 2002, demonstration counties did not change their usage, while comparison counties changed their usage only 1%. Residential usage has not changed meaningfully for the group of demonstration or the group of comparison counties[11].

Table 4.8 displays average daily cost of foster care figures for each county from 1996 through 2002, and presents the average daily cost for the two county groups. It also lists the total growth from the baseline to 2002 for individual counties and for the two groups.

As Table 4.8 shows, the average total growth in unit costs differed little between demonstration and comparison counties. Demonstration counties, as a group, increased unit costs by 43% from the baseline to 2002, and comparison counties increased unit costs by 48%. Additionally, Table 4.9 shows that the unit cost of paid foster care grew at or greater than the rate of inflation in most counties in most years from 1998-2002.

Table 4.10 places counties in order of the change in the average daily cost from the baseline to 2002, to determine if any difference between demonstration and comparison groups was evident. As the table indicates, four demonstration counties were located at the low end of distribution of change and one comparison county was located at the high end of the distribution of change. Additionally, demonstration and comparison counties were disbursed throughout the listing, suggesting no evidence of Waiver effects on unit costs.

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[10] Average daily cost was calculated by dividing the total foster care expenditures seen in Table 4.1 by the placement day usage recorded in Table 4.4.

[11] The study team computed both the sign test and the Tukey's Quick Test, but neither one revealed significant differences between the two groups.

Summary: The evidence to date that the Waiver caused a majority of demonstration counties to reduce foster care expenditures or either of its component parts -- the number of purchased placement days and unit costs -- is limited. The fiscal study team did not find significant differences in foster care expenditures, the number of placement days purchased, or in the average daily cost of foster care between the demonstration and comparison groups. Some members of the comparison county group accounted for most of the largest increases in foster care expenditures but the number of counties was too small to support a conclusion of significant difference between the demonstration and comparison county groups.

Table 4.7 Percent of Paid Placement Days Categorized as Residential Type Care

	1996	1997	Baseline	1998	1999	2000	2001	2002	Growth Baseline - 2002
Demonstration Counties									
Ashtabula	20%	17%	19%	12%	10%	12%	11%	14%	(5%)
Belmont	4%	2%	3%	2%	6%	8%	5%	1%	(3%)
Clark	10%	10%	10%	10%	7%	6%	7%	9%	(1%)
Crawford	24%	22%	23%	26%	26%	24%	23%	15%	(8%)
Fairfield	5%	4%	4%	6%	5%	4%	6%	5%	1%
Franklin	10%	10%	10%	10%	11%	13%	14%	15%	5%
Greene	3%	7%	5%	5%	3%	6%	8%	11%	6%
Hamilton	10%	11%	10%	11%	12%	13%	12%	12%	2%
Lorain	9%	7%	8%	8%	5%	5%	5%	7%	(1%)
Medina	5%	4%	5%	6%	4%	5%	7%	9%	4%
Muskingum	21%	20%	20%	27%	27%	26%	31%	24%	3%
Portage	17%	20%	18%	20%	17%	15%	13%	14%	(4%)
Richland	14%	15%	14%	16%	14%	12%	12%	12%	(2%)
Stark	1%	0%	1%	1%	1%	2%	4%	4%	3%
Average, Demos	**11%**	**11%**	**11%**	**11%**	**11%**	**11%**	**11%**	**11%**	**0%**
Comparison Counties									
Allen	19%	19%	19%	17%	16%	19%	22%	10%	(9%)
Butler	4%	3%	3%	4%	4%	5%	7%	7%	3%
Clermont	13%	13%	13%	14%	13%	13%	12%	18%	6%
Columbiana	21%	23%	22%	22%	21%	21%	21%	13%	(9%)
Hancock	3%	8%	5%	6%	4%	5%	4%	3%	(2%)
Hocking	0%	4%	2%	5%	5%	12%	3%	8%	6%
Mahoning	4%	2%	3%	3%	5%	6%	7%	10%	6%
Miami	4%	9%	6%	11%	12%	9%	9%	11%	4%
Montgomery	2%	3%	3%	3%	4%	5%	5%	5%	3%
Scioto	3%	3%	3%	3%	4%	1%	5%	7%	4%
Summit	20%	19%	19%	17%	16%	17%	17%	19%	(0%)
Trumbull	10%	11%	11%	12%	13%	15%	13%	12%	1%
Warren	16%	17%	16%	14%	17%	23%	20%	15%	(1%)
Wood	9%	10%	10%	7%	10%	18%	9%	12%	3%
Average, Comp	**9%**	**10%**	**10%**	**10%**	**10%**	**12%**	**11%**	**11%**	**1%**

Source: FACSIS

Table 4.8 Average Daily Cost of Foster Care Placements

	1996	1997	Baseline	1998	1999	2000	2001	2002	Growth Baseline - 2002
Demonstration									
Ashtabula	N/A	$41.55	$41.55	$43.06	$41.34	$56.63	$52.91	$70.61	70%
Belmont	$31.01	$36.26	$33.64	$41.64	$53.00	$45.72	$62.35	$71.08	111%
Clark	$41.12	$40.76	$40.94	$44.93	$45.24	$49.09	$51.79	$61.28	50%
Fairfield	N/A	$27.07	$27.07	$33.68	$38.42	N/A	N/A	$28.83	7%
Franklin	$48.86	$50.01	$49.44	$53.78	$57.44	$55.98	$63.33	$68.57	39%
Greene	$50.56	$57.94	$54.25	$61.78	$61.12	$58.31	$65.31	$61.73	14%
Hamilton	N/A	$38.32	$38.32	$42.80	$43.34	$44.63	$49.95	$47.39	24%
Lorain*	N/A	N/A	$39.93	$39.93	$42.43	$44.69	$47.45	$53.13	33%
Medina	N/A	N/A	N/A	N/A	$54.74	$49.81	$61.54	$70.87	N/A
Muskingum	$50.41	$53.54	$51.97	$72.83	$88.53	$90.87	$113.35	$88.67	71%
Portage	$56.10	$62.85	$59.48	$59.84	$61.71	$67.58	$70.42	$63.96	8%
Richland	$35.98	$36.76	$36.37	$42.66	$44.79	$38.75	$43.94	$41.94	15%
Stark	$31.43	$32.60	$32.02	$31.84	$33.70	$33.94	$44.50	$48.33	51%
Average, Demos	**$43.18**	**$43.42**	**$43.30**	**$47.40**	**$51.22**	**$53.00**	**$60.57**	**$59.72**	**41%**
Comparison									
Allen	$42.67	$44.66	$43.67	$40.57	$41.99	$43.41	$51.59	$54.23	24%
Butler	$47.20	$45.76	$46.48	$44.65	$48.18	$54.74	$58.72	$61.52	32%
Clermont*	N/A	N/A	$56.94	$56.94	$57.87	$60.06	$53.54	$63.99	12%
Columbiana	$40.47	$37.64	$39.06	$41.89	$54.71	$50.14	$70.15	$62.79	61%
Hocking	$17.72	$27.26	$22.49	$32.61	$31.01	$45.49	$45.49	$44.03	96%
Mahoning	$25.12	$24.21	$24.66	$28.27	$30.26	$40.69	$42.26	$53.26	116%
Miami	$29.86	$36.37	$33.12	$38.09	$47.15	$43.97	$45.53	$51.97	57%
Montgomery	$31.43	$34.82	$33.12	$38.05	$43.25	$43.88	$45.31	$47.24	43%
Scioto	$31.26	$30.95	$31.10	$32.33	$41.75	$36.07	$39.91	$46.50	50%
Summit	$27.26	$28.20	$27.73	$23.99	$25.30	$26.24	$25.86	$33.90	22%
Trumbull	$34.70	$43.50	$39.10	$55.83	$57.49	$58.03	$60.82	$61.92	58%
Warren	$34.22	$35.59	$34.90	$32.93	$36.33	$39.14	$38.50	$41.26	18%
Wood	$58.72	$65.20	$61.96	$62.58	$66.74	$66.55	$65.13	$75.68	22%
Average, Comp	**$35.05**	**$37.84**	**$38.02**	**$40.67**	**$44.77**	**$46.80**	**$49.45**	**$53.71**	**47%**

N/A indicates that data was not available from the county.
Source: PCSA Budget Documents and FACSIS
* 1998 expenditures were used as the baseline for Lorain and Clermont counties.
However, because no pre-Waiver baseline was available, Lorain and Clermont are not included in the significance test in Table 4.9.

Table 4.9 Average Daily Costs of Foster Care Placements Compared to Baseline

	1998	1999	2000	2001	2002	Total
Demonstration						
Ashtabula	0	1	0	0	0	1
Belmont	0	0	0	0	0	0
Clark	0	0	0	0	0	0
Fairfield	0	0	N/A	N/A	1	N/A
Franklin	0	0	0	0	0	0
Greene	0	0	1	0	1	2
Hamilton	0	0	0	0	0	0
Lorain	N/A	0	0	0	0	0
Medina	N/A	N/A	N/A	N/A	N/A	N/A
Muskingum	0	0	0	0	0	0
Portage	1	1	0	0	1	3
Richland	0	0	0	0	1	1
Stark	1	1	1	0	0	3
Comparison						
Allen	1	1	1	0	0	3
Butler	1	1	0	0	0	2
Clermont	N/A	1	1	1	1	4
Columbiana	0	0	0	0	0	0
Hocking	0	0	0	0	0	0
Mahoning	0	0	0	0	0	0
Miami	0	0	0	0	0	0
Montgomery	0	0	0	0	0	0
Scioto	1	0	0	0	0	1
Summit	1	1	1	N/A	0	3
Trumbull	0	0	0	0	1	1
Warren	1	1	0	1	0	3
Wood	1	0	0	1	0	2

Key: 1 signifies that expenditures were lower than baseline, adjusted for inflation.
0 signifies that expenditures were NOT lower than baseline, adjusted for inflation.

N/A indicates that data were not available from the county.
Source: PCSA Budget Documents
Average inflation rates during the years 1996-2002 were 3.0 %, 2.3 %, 1.6 %, 2.2 %, 3.4 %, 2.8%, and 1.6%.(Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U))

Table 4.10 Tukey's Quick Test for Change in Annual Average Daily Cost of Foster Care Placement

Evaluation Group	County	Growth Baseline - 2002
Demonstration	Portage	8%
Demonstration	Fairfield	8%
Demonstration	Greene	17%
Demonstration	Richland	19%
Comparison	Warren	22%
Comparison	Wood	22%
Comparison	Allen	25%
Comparison	Summit	25%
Demonstration	Hamilton	28%
Comparison	Butler	33%
Demonstration	Franklin	43%
Comparison	Montgomery	44%
Comparison	Scioto	49%
Demonstration	Clark	50%
Demonstration	Stark	55%
Comparison	Trumbull	59%
Comparison	Miami	60%
Comparison	Columbiana	61%
Demonstration	Muskingum	71%
Demonstration	Ashtabula	75%
Comparison	Hocking	97%
Demonstration	Belmont	112%
Comparison	Mahoning	118%

4.4 EFFECT OF WAIVER ON ALL OTHER CHILD WELFARE EXPENDITURES

The first section of this chapter showed that foster care utilization and/or expenditures in demonstration counties did not change at a rate that was significantly different from comparison counties. In the absence of a change in foster care utilization and/or expenditures relative to the comparison counties, the demonstration counties would not have had additional foster care Waiver revenue to shift to other alternative child welfare services. As a result, no further analysis is necessary of the Waiver outcome "Shift in expenditures from out-of-home care to non-foster care services." It appears that the actions undertaken by demonstration counties to reduce foster care utilization and expenditures were not more effective than actions taken by comparison counties.

However, the fiscal study team had collected data about all child welfare expenditures paid by the county and observed that most demonstration counties and comparison counties increased spending on child welfare administration and services other than foster care during the five years of the Waiver. In addition, the fiscal study team knew that for a variety of reasons, most demonstration counties *did* receive *more* Title IV-E revenue through the Waiver than they would have received through normal Title IV-E reimbursement.

In this section, the study team presents analyzes of changes in child welfare expenditures other than foster care board and maintenance for two reasons. First, this analysis allowed the team to address the question of whether demonstration counties spent additional Waiver revenues on foster care board and maintenance or on non-foster care services. If demonstration counties spent additional revenue on non-foster care services, then the counties had increased the variation in the use of Title IV-E funding beyond foster care board and maintenance. This analysis did not include the comparison counties since comparison counties did not have this option without the Waiver.

Second, the fiscal study team was interested in whether the Waiver had caused demonstration counties to make more investments in non-foster care services than comparison counties. That is, did demonstration counties respond to the fiscal stimulus as expected and make larger investments in other child welfare services than comparison counties did? Even if the analysis in the previous section shows that these investments did not have a significant impact, it would be useful to know whether the demonstration counties made new investments at all.

Services other than foster care board and maintenance included all county program and administrative staff performing child protective, foster care case management, adoption and family preservation functions. These expenditures also included the costs of family preservation, family support and mental health services provided by other public or private agencies, adoption services and subsidies, and cash and material support to families and relatives caring for related children.

4.4.1 Revenue for Flexible Spending from ProtectOhio Waiver

To estimate the amount of additional revenue each demonstration county received to spend on services other than foster care board and maintenance, the fiscal study team estimated the amount of Title IV-E reimbursement a county would have received for foster care expenditures during 1998-2002. This amount was compared to the actual Waiver award to determine how much was left over for flexible spending after paying what would have been the federal share of foster care board and maintenance.

For all demonstration counties except for Ashtabula, Franklin and Portage, the fiscal study team estimated what the county would have received in absence of the Waiver by multiplying total foster care expenditures by the county's average annual Title IV-E eligibility rate and the federal Title IV-E participation rate.[12] With the exception of staff in Portage County, fiscal staff had not made this calculation for their own internal management of the Waiver revenue. Fiscal staff in Franklin and Ashtabula counties had more sophisticated expenditure histories than other counties and chose to calculate their own estimates of what Title IV-E claims would have been when the study team made its request. Fiscal staff in Portage County provided the team with the estimates they had calculated for their own purposes.

According to these calculations, almost all the demonstration counties received more Title IV-E revenue through the Waiver than they would have received through normal Title IV-E reimbursement given actual changes in the utilization of foster care. Table 4.11 displays the total amount of additional ProtectOhio revenue received from 1998-2002 for each demonstration county where data were available. The fourth column shows what percent this revenue was of total child welfare expenditures in the county during the same period. As the estimates in Table 4.11 show, all counties except Medina County received Waiver awards in excess of what they would otherwise have received through Title IV-E reimbursement. The amount of additional revenue received ranged between 1% and 10% of the county’s total child welfare expenditures over five years.

[12]A county's Title IV-E eligibility rate is the percent of total children served during a given period who are eligible for Title IV-E assistance. The federal Title IV-E participation rate for Ohio is approximately 59% of eligible expenditures.

Table 4.11 ProtectOhio Revenue for Flexible Spending, 1998-2002
(dollars in thousands)

	Estimated Expenditures Eligible for Title IV-E Foster Care Board and Maint. Reimbursement 1998-2002	ProtectOhio Waiver Award 1998-2002	Total ProtectOhio Revenue Available for Reinvestment 1998-2002	ProtectOhio Revenue as a Percent of Total Expenditures
Demonstration				
Ashtabula	$ 2,504	$ 4,290	$ 1,786	7%
Belmont	$ 2,627	$ 3,161	$ 534	3%
Clark	$ 9,753	$12,743	$ 2,990	6%
Franklin	$82,084	$95,740	$13,656	2%
Greene	$ 4,900	$ 5,038	$ 138	1%
Hamilton	$53,246	$76,399	$23,153	7%
Lorain	$ 8,600	$12,061	$ 3,461	6%
Medina	$ 1,726	$ 1,712	($ 14)	(0%)
Muskingum	$ 5,594	$ 6,219	$ 625	3%
Portage	$ 5,158	$ 7,883	$ 2,725	10%
Richland	$ 6,345	$ 6,751	$ 406	1%
Stark	$24,937	$26,212	$ 1,275	1%

Notes:
1. Fairfield is excluded from this analysis since two out of five years of foster care data were missing.
2. Expenditures for reimbursement, Waiver award, and revenue available for reinvestment for Medina not available for 1998

Demonstration counties received additional revenue through the Waiver for a variety of reasons. First, ProtectOhio revenue allocations were based on average changes in the placement day use during the Waiver period of a group of cost neutrality control counties.[13] For practical reasons, average growth rates of the group of cost-neutrality control counties were used to set one growth rate that was applied to all demonstration counties. During the Waiver period, the average growth in placement days among the group of control counties was higher than most individual demonstration counties. As a result, most demonstration counties received more than enough Waiver revenue to cover their actual foster care utilization. For example, if the growth rate in placement day utilization was 5% for the cost neutrality counties and a demonstration county increased placement day utilization by 1%, this county would receive revenue for an additional 4% of placement days.

Second, counties where non-Title IV-E eligible children tended to be placed in higher cost placement settings benefited from the Waiver's use of one Title IV-E eligibility rate for all expenditures. Under normal Title IV-E reimbursement rules, eligibility is determined for each individual child, and the expenditures for each Title IV-E eligible child are totaled and submitted for Title IV-E reimbursement according to the applicable

[13] The group of cost neutrality control counties is not the same as the comparison counties analyzed for this evaluation, and their identity is only known to the certain state and federal officials.

federal share of expenditures. However, under the Waiver calculation, the county-wide Title IV-E eligibility rate is multiplied by total foster care expenditures to arrive at the total costs eligible for Title IV-E reimbursement. This averaging of eligibility rates resulted in additional Title IV-E revenue for some counties, because the average eligibility rate being applied to higher cost services was sometimes higher than the actual eligibility rate for those services.

Third, counties had some ability to use alternative revenue sources for foster care board and maintenance costs that were included in the base expenditures for the Waiver. For example, starting in 1999, Clark County financed a portion of their placement expenditures through an agreement with the county juvenile court. The agreement allowed the Clark County juvenile court to claim federal Title IV-E reimbursement outside the Waiver, for children covered under the agreement (see Chapter 2, Section 2.10.1). Another example was Franklin County: Starting in 1999, as a result of a decision by the federal Department of Health and Human Services, Franklin County increased the portion of the administrative costs of purchased foster care billed to Title IV-E administration and paid for outside the Waiver.

4.4.2 Spending of Flexible Waiver Revenue

How did demonstration county officials spend additional their additional Waiver revenue? The fiscal study team analyzed child welfare expenditures other than placement services by establishing an inflation-adjusted baseline for each county based on the combination of 1996 and 1997 expenditures, where available. Then, the trajectory of actual spending was compared to this baseline to identify new spending in each year[14]. Added together, these amounts comprised cumulative spending above an inflation-adjusted baseline over five years. These amounts are shown in the first column of Table 4.12.

In the ten of eleven counties that received at least some additional revenue as a result of Waiver participation, expenditure growth in all other child welfare services increased more than the amount of additional Waiver revenue (Table 4.12). This means that demonstration counties had child welfare expenditures other than foster care to which they could apply all of their additional Waiver revenue. In other words, demonstration counties used additional Waiver revenue to support expansion in county staff and programs and family and community-based services. With the exception of Portage County, the fiscal study team concludes that demonstration counties did increase the variation in services supported by Title IV-E funds beyond foster care board and maintenance.[15]

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[14] Actual spending on all other child welfare services is shown for demonstration and comparison counties in Table I-1 of Appendix I.

[15] Increasing the variation in services supported by Title IV-E funds was one of the outcomes of interest for demonstration counties and is discussed in more detail in Chapter 2, section 2.4.2.

If all other child welfare expenditures did not grow more than the amount of additional Waiver revenue, then the study team can infer that demonstration counties used additional Waiver revenue to pay for the local share of foster care or retained Waiver revenue for future spending. Only one county showed this pattern. Portage County used Waiver revenue to reduce the county's share of foster care costs.[16]

Table 4.12 also shows that Waiver-funded expansion in child welfare spending other than foster care board and maintenance was only one component of expansion during the Waiver period. Cumulative spending above an inflation-adjusted baseline increased between 10 and 36% over five years and the Waiver financed from 1% to 7% of the increase. ProtectOhio was the largest source of revenue in only two of demonstration counties (Ashtabula and Hamilton). Other than the Waiver, the most common sources of revenue counties used to finance additional growth in child welfare expenditures included federal Temporary Assistance to Needy Families (TANF) and Title XX dollars, state Emergency Services Assistance (ESA) dollars, and local PCSA property tax levy funds.

[16] In fact, Portage county administrators used most of the Waiver revenue to pay back a loan from the county general fund that had been taken out to cover excesses in the local share of foster care expenditures prior to the Waiver.

Table 4.12 ProtectOhio Flexible Revenue and Spending, 1998-2002
(dollars in thousands, adjusted for inflation)

	All Other Child Welfare Services Cumulative Spending over Inflation-Adjusted Baseline	Total ProtectOhio Flexible Revenue Available for Spending	Remaining Waiver Revenue	New Spending Financed By Other Revenue	All Other Child Welfare Services Cumulative Spending as a Perent of Total Expenditures	Spending Financed by ProtectOhio Revenue as a Percent of Total Expenditures	Spending Financed by Other Revenue as a Percent of Total Expenditures
Demonstration							
Ashtabula	$ 3,146	$ 1,786	$ 0	$ 1,360	12%	7%	5%
Belmont	$ 6,217	$ 534	$ 0	$ 5,683	36%	3%	33%
Clark	$ 9,852	$ 2,990	$ 0	$ 6,862	21%	6%	15%
Franklin	$73,096	$13,655	$ 0	$59,441	12%	2%	10%
Greene	$ 3,046	$ 138	$ 0	$ 2,908	12%	1%	12%
Hamilton	$32,694	$23,153	$ 0	$ 9,541	10%	7%	3%
Lorain	$ 9,480	$ 3,461	$ 0	$ 6,019	19%	7%	12%
Medina	$ 1,322	-$ 14	$ 0	$ 1,322	18%	0%	18%
Muskingum	$ 4,670	$ 625	$ 0	$ 4,045	19%	3%	16%
Portage	($ 1,061)	$ 2,725	$ 2,725	$ 0	0%	0%	0%
Richland	$ 5,596	$ 406	$ 0	$ 5,190	16%	1%	15%
Stark	$12,979	$ 1,275	$ 0	$11,704	13%	1%	12%

Fairfield was excluded due to incomplete data.
Flexible Waiver revenue and new spending for Lorain not available for 1998.
Flexible Waiver revenue and new spending for Medina not available for 1998 and 1999.

Source: PCSA Budget Documents
Average inflation rates during the years 1996-2002 were 3.0 %, 2.3 %, 1.6 %, 2.2 %, 3.4 %, 2.8%, and 1.6%, respectively.
(Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U))

4.4.3 Comparison of Growth in All Other Child Welfare Expenditures Between Demonstration and Comparison County Groups

Was there as much expansion in the expenditures of comparison counties on child welfare administration and services other than foster care board and maintenance during the five years of the Waiver? Table 4.13 shows cumulative new spending over an inflation-adjusted baseline on all other child welfare expenditures for both demonstration and comparison counties and new spending as a percent of total child welfare expenditures during the same period. Table 4.14 arrays these percentages from smallest to largest. After Portage County (demonstration), the seven counties with the least expenditure growth are comparison counties. The four counties with the most expenditure growth are demonstration counties. While the distribution of the growth figures does not meet the test for statistical significance, the data indicate that it is possible that demonstration county expenditures on child welfare services other than board and maintenance grew more than comparison county expenditures on similar services as a result of the additional Waiver revenue.[17]

However, the comparison between ProtectOhio revenue and budget growth for several individual counties suggests that additional ProtectOhio revenue and budget growth may not be causally linked. Of the four demonstration counties with the largest growth in these expenditures (Belmont, Clark, Muskingum, and Richland), three counties (Belmont, Muskingum, and Richland) used other sources of revenue to fund the bulk of expenditure increases. The county with the largest amount of ProtectOhio revenue available relative to its total budget (Portage) decreased expenditures on all other child welfare expenditures. The two counties with the next largest amount of ProtectOhio revenue available (Ashtabula and Hamilton) fell in the middle of the distribution of expenditure increases for these services.

[17] In the Fourth Annual Report, the analysis of whether growth in all other child welfare services was significantly different among demonstration counties and comparison counties was based on year-to-year budget growth. In this report, the fiscal analysis is based on a comparison of expenditures during the Waiver to an inflation-adjusted baseline. When this method was used to reanalyze the findings from the Year 4 report, the difference between demonstration and comparison counties was not significant.

Table 4.13 Cumulative New Spending on All Other Child Welfare Services (1998-2002)
(dollars in thousands, adjusted for inflation)

	All Other Child Welfare Services Cumulative Spending over Inflation-Adjusted Baseline	Cumulative New Spending as a Perent of Total Expenditures
Demonstration		
Ashtabula	$ 3,146	12%
Belmont	$ 6,217	36%
Clark	$ 9,852	21%
Franklin	$73,096	12%
Greene	$ 3,046	12%
Hamilton	$32,694	10%
Lorain*	$ 9,480	19%
Medina*	$ 1,322	18%
Muskingum	$ 4,670	19%
Portage	($ 1,061)	0%
Richland	$ 5,596	16%
Stark	$12,979	13%
Comparison		
Allen	$ 2,654	13%
Butler	$10,768	12%
Clermont*	$ 1,950	7%
Columbiana*	$ 419	4%
Hocking	$ 529	8%
Mahoning	$ 4,929	11%
Miami	$ 592	3%
Montgomery	$17,641	8%
Scioto	$ 1,325	10%
Summit	$15,702	9%
Trumbull	$ 150	0%
Warren	$ 2,262	15%
Wood	$ 858	7%

Fairfield was excluded due to incomplete data.
New spending for Lorain, Clermont and Columbiana not available for 1998.
New spending for Medina not available for 1998 and 1999.

Table 4.14 Tukey's Quick Test for Cumulative New Spending on All Other Child Welfare Services (1998-2002)

Evaluation Group	County	All Other Child Welfare Services Cumulative Spending as a Perent of Total Expenditures
Demonstration	Portage	0%
Comparison	Trumbull	0%
Comparison	Miami	3%
Comparison	Wood	7%
Comparison	Montgomery	8%
Comparison	Hocking	8%
Comparison	Summit	9%
Comparison	Scioto	10%
Demonstration	Hamilton	10%
Comparison	Mahoning	11%
Demonstration	Franklin	12%
Demonstration	Ashtabula	12%
Comparison	Butler	12%
Demonstration	Greene	12%
Comparison	Allen	13%
Demonstration	Stark	13%
Comparison	Warren	15%
Demonstration	Richland	16%
Demonstration	Muskingum	19%
Demonstration	Clark	21%
Demonstration	Belmont	36%

Source: PCSA Budget Documents

The fiscal study team collected more detailed data on "all other child welfare expenditures" from demonstration and comparison counties. Expenditures in more detailed categories were the most difficult to identify and compare across counties because of the variability in expenditure tracking categories and the variability of the types services funded. The fiscal study team was able to identify with reasonable accuracy total expenditures for county staff and operations and total spending for family and community-based services, predominantly cash and material support for families and relatives and contracts for family preservation and support services and mental health services. The team also estimated the per diem cost of foster care case management by combining the expenditures for county staff and operations, the results from the SS-RMS (Social Services Random Moment Survey) and paid placement day counts.[18] These data are presented for each county by year (1996-2002, where available) in Appendix I.

The study team did not find significant differences in the magnitude of growth in these three components of all other child welfare expenditures from the baseline to the end of the Waiver among demonstration and comparison counties. It is possible that significant differences in expenditures for other types of services occurred, but the fiscal study team was not able to analyze all service types of interest due to limitations in county fiscal data.

4.5 CONCLUSIONS

As described in the beginning of the report, the likelihood of finding a significant difference between demonstration and comparison counties was reduced by the small number of counties studied, the variability in county operating contexts, the variability of expenditures from year to year within counties, and issues with organizing expenditure data into service categories. As a consequence, the fiscal study team is mindful that Waiver effects could have occurred in demonstration counties that were distinguishable from comparison counties but were not detectable using the data available.

That being said, using the data available, the fiscal study team did not find the magnitude of changes in demonstration counties relative to comparison counties expected from the stimulus of the Waiver. The fiscal outcomes study findings provided evidence that foster care utilization, unit costs and therefore expenditures in the demonstration county group during the five years of the Waiver did not appear to be different from foster care utilization and unit costs in the comparison county group during the same period.[19] The stimulus of the Waiver - the opportunity to use Title IV-E funds flexibly combined with

[18] The team derived total expenditures on foster care case management by multiplying the percent time caseworkers spend on foster care case management from the SS-RMS and total expenditures for county staff and operations. Dividing total expenditures on foster care case management by the count of paid placement days provided an estimate of the per diem cost of foster care case management.

[19] The Waiver may have stimulated a few demonstration counties to successfully moderate foster care placement days and/or unit costs. This possibility is explored in Chapter 7 through several case studies.

an increased risk for foster care costs - did not have a significant effect on the use of foster care utilization among demonstration counties.

Why did the Waiver fail to stimulate the systematic reduction in foster care expenditures and utilization among demonstration counties that federal, state and local officials believed would occur? The fiscal study team hypothesizes that there are two possible reasons for this result, each connected to aspects of the Waiver stimulus. First, demonstration county administrators lacked the management tools that would have linked investments in family and community-based services to outcomes and allowed the staff to track progress towards outcomes and change course as necessary.

When the Waiver began, the fiscal study team judged that no demonstration county or comparison county had a comprehensive, sophisticated, integrated approach connecting budgeting, program implementation and outcomes in child welfare. For the most part, county fiscal administrators seemed to operate separately from program administrators. Most counties' fiscal offices did not track aggregate expenditures by service type or program area and almost none possessed the ability to track service costs and outcomes at a child-specific level.

During the five years of the Waiver, the team observed that the majority of demonstration administrators did not develop stronger connections between finance, program operations and outcomes. Based on annual interviews with fiscal staff, the team perceived that neither demonstration nor comparison county staff developed comprehensive new information resources linking these three components of their operations. Budgeting and expenditure tracking for child welfare services appeared to continue in the same manner as it had prior to the Waiver in all of the counties analyzed. County budgets were not developed by program area with specific expectations for outcomes to be achieved. County expenditures were not tracked by program and analyzed for impact and effectiveness at the aggregate or the child-specific level.

The process implementation study provides ample evidence that demonstration county officials undertook a range of activities and new programs as part of their Waiver project. Based on interviews with county staff and observation of Consortium meetings, the study team observed that county program administrators, along with state and federal officials, seemed to believe that flexible funding by itself would inspire large-scale innovation in child welfare services and result in reductions in foster care use and cost. Without the tools to manage the stimulus of the Waiver, county administrators were left to hope that programmatic changes would drive changes in spending without their explicitly tracking expectations and monitoring progress, changing course as necessary.

Second, the risk associated with not responding to the Waiver stimulus was limited. The fiscal study team's impression was that fiscal staff perceived the Waiver as a relatively low-risk proposition. While county fiscal staff may not have known how much additional revenue the county was receiving through the Waiver, most fiscal staff believed that the county was receiving more revenue than it would have without the Waiver. Counties were encouraged to participate in the Waiver only if they were expected to receive at least as much Title IV-E revenue through the Waiver as they would under normal Title IV-E reimbursement rules. The state provided a formula to help counties make this assessment. During the implementation of the Waiver, reports from ODJFS showed most counties receiving additional revenue as a result of Waiver participation.

While the fiscal incentive to reduce foster care expenditures existed, the financial risk of *not* reducing foster care expenditures was muted. As a result, during the five years of the Waiver, perception of the Waiver among fiscal staff continued to reflect a focus on securing enough revenue for expenses recommended by program staff. Most demonstration county fiscal staff treated the Waiver award the same way they had treated other sources of flexible revenue in the past. They appreciated its predictability and used it as another slice of the revenue pie that was not explicitly connected to any type of spending or a particular outcome.[20]

In the end, the Waiver stimulus did not appear to be strong enough to cause county administrators to appreciably change the mix of child welfare services. While demonstration counties reported many activities and programs undertaken as a result of the Waiver, these actions were neither sufficiently large-scale nor sufficiently targeted to bring about a substantial change in foster care expenditures. Future research will have to determine whether the stimulus would succeed if the financial risk was greater, or whether any stimulus would fail unless county administrators are able to acquire and implement the tools for managing child welfare programs based on outcomes throughout their organization.

[20] The most sophisticated demonstration county fiscal staff viewed the change from fee-for-service reimbursement to a fixed amount of revenue primarily as a potential source for additional revenue that the county would not have gotten under the fee-for-service arrangement. The Waiver provided an opportunity for maximizing revenue from other sources while maintaining historical levels of Title IV-E board and maintenance reimbursement.