

## INTRODUCTION

This report has three objectives. Its first objective is to describe the progress counties in North Carolina have made in implementing new practices and approaches to service authorized under the Title IV-E Waiver Demonstration. The second objective is to describe a baseline against which the eventual results of the Demonstration can be evaluated. The third objective is to demonstrate the appropriateness and feasibility of the analytic methods being used to determine the Demonstration's cost-effectiveness.

This chapter begins with descriptions of the Demonstration project and the overall plan for the evaluation. It describes what the state Division of Social Services (NC-DSS) seeks to accomplish with the Waiver and provides a brief summary of each county's initial plan for implementation. The discussion then proceeds to the evaluation design, the selection of comparison counties, and the broad framework for the evaluation.

### Overview of the Demonstration

The primary purpose of North Carolina's Waiver Demonstration project is to advance outcome-based management of its foster care system. The project involves the development, implementation, and evaluation of child welfare financing strategies that tie funding to specific outcomes related to diverting children from foster care whenever possible and moving quickly to achieve permanence for foster children. The need to make this fundamental change in child welfare management was evident from the fact that the state had experienced a significant increase in the demand for foster care services in the early 1990s and a steady increase in the length of time these children remained in foster care. The Demonstration provides an opportunity for county Departments of Social Services to shift expenditures away from foster care maintenance to prevention, reunification and adoption, and aftercare.

Participation in the Waiver Demonstration means that the state has broad flexibility in the use of otherwise restricted federal foster care funding. With implementation of the project in 19 counties, the state is testing the hypothesis that flexible use of federal funds will result in measurable reductions in the number of children who enter the foster care system and the length of time that they remain in the system. The target population in the Demonstration counties is all children, whether they are Title IV-E eligible or not, who are at imminent risk of entering or re-entering foster care or are in the foster care system.

This initiative represents a conscious effort to move resources from treatment to prevention, to promote the local community's responsibility to support families and protect children, and to achieve systemic reform. North Carolina's Demonstration planners envisioned a broad array of potential uses of the flexible funding that included intensive family preservation services, respite care, and family mediation services to address rate of initial entry; and intensive family reunification services, court-appointed assisted guardianship, and post-placement supportive services to address length of stay and rates of re-entry.

Participation in the project also will allow Demonstration counties to test the concept of "assisted guardianship." Children placed with their relatives experience fewer disruptions but tend to have longer lengths of stay (Usher, Randolph & Gogan, 1999). This is primarily due to the need for financial support that is available only if the child is in the legal custody or placement responsibility of a county Department of Social Services. Financial support, through flexible use of federal funds, is now available to relatives or kinship-like providers who accept legal guardianship of select children.

Demonstration counties have also been testing several managed care principles as part of a new relationship with private child-caring agencies on behalf of selected children. This new relationship has involved a transition from a "fee-for-service" to a "fee-for-outcome" payment methodology and shared financial risk-taking. It has also involved broader case management responsibilities for the participating private child-caring agencies. Through this process, the State has been working to identify and refine managed care principles and applications that prove effective in promoting enhancements in system performance.

### **Planning the Demonstration**

Planning efforts to develop the necessary infrastructure to support the use of flexible funding in child welfare services began in November, 1996. Several planning meetings were held with county administrators, child caring agency representatives, state officials and evaluation team members. A bidder's conference held on April 1, 1997 resulted in requests to participate from 19 county agencies, and based on their letters of interest, all 19 counties were allowed to participate as Demonstration sites.

Guidelines for implementing the Demonstration developed during these joint planning efforts included the following:

- counties applying for admission into the Demonstration will demonstrate a willingness to engage community partners, including child-caring agencies, in the

project --and will have the assurance from county commissioners that reinvestment earnings will be devoted to child welfare services only;

- all counties participating in the Demonstration will share the same degree of programmatic flexibility;
- the state will share in any financial risks incurred by participating counties, but will distribute the full amount of the savings generated to the participating counties; and
- counties were encouraged to start cautiously with regard to program changes.

During the first year of the Demonstration, NC-DSS and county Waiver staff devoted most of their effort in planning activities. From July through September 1977, the first quarter of the Demonstration, NC-DSS staff developed guidelines for the counties to use in developing their plans. Each county was asked to describe how it planned to:

- achieve the five system reform goals promoted under the Families for Kids (FFK) initiative and three specific goals to be emphasized under the Waiver Demonstration;
- conduct an internal review of agency performance in foster care services;
- use entry cohort and demographic data for children in placement authority;
- engage county communities in planning processes to promote the safety and wellbeing of the county's children and their families;
- manage the project within the agency and conduct the program self-evaluation; and
- develop a program budget that included the agency's plan for flexible spending.

### **Waiver Counties' Initial Plans**

All 19 Demonstration counties submitted their preliminary plans by the end of the quarter. Due to all the uncertainties that characterized the start-up phase, their plans were necessarily tentative. Counties were informed that they could amend their plans for flexible spending and other system changes at any time by submitting a plan amendment request to the NC-DSS state project coordinators. Consequently, most county plans were composed of strong vision statements, but few strategic details (see Exhibit 2.5 for a county-by-county summary of initial plans and amendments). They offered statements of support for the five FFK goals, descriptions of possible administrative and practice changes, and summarized the outcome data provided by the Jordan Institute. Counties involved in FFK also provided information from case reviews of children who

had been in placement authority for more than 12 months. Some counties conducted reviews of case records as part of this planning process and reported their findings. A few county plans provided specific information regarding the use of flexible funds or assisted guardianships.

The Demonstration counties did not follow any standardized program model for their system reform efforts. This is consistent with North Carolina's state-supervised, county-administered social services system, and with the intent and goals of the Demonstration in this state. As of October 1997, these counties were considering the use of flexible funds in a wide variety of ways, such as: mediation services to reduce court time, discretionary funds used on a case by case basis, social work technician positions to work in post adoptions services and family respite, performance based contracts with child caring agency that combines traditional residential services and family case management and reunification services, in-house counseling and risk assessment services, intensive family reunification services, and respite care, contracted services to conduct child profiles and to recruit families for special needs adoptions, family therapy, substance abuse treatment services, domestic violence treatment. Only three counties had concrete plans to use assisted guardianship, while eight others indicated that they planned to explore ways to use this permanency option in the coming year.

In descriptions of their plans for administrative changes, the four FFK counties reported that they intended to continue implementing the plans they had initiated to achieve the FFK goals before they joined the Demonstration since those goals were convergent with the Demonstration goals. Prior to the start-up of the Demonstration, eight counties that entered FFK after the first phase had been "shadowing" the original group of FFK counties, attending the monthly meetings in Burlington and starting to implement some of the system changes promoted by the initiative, including reorganizing staff into single casework teams and developing establishing community advisory groups. Other Waiver counties planned to work on making system changes so that they would be compatible with FFK and Waiver goals.

County agency staff participated in trainings to learn the new skills and procedures they would need to implement system reforms. NC-DSS staff conducted regional trainings and site visits to inform county staff about new treatment approaches that fit the FFK goals, concurrent permanency planning, negotiating community collaboratives, and ways to improve the functioning of community performance teams. The Waiver/FFK county coordinators also provided mentoring to their peers in the non-FFK Waiver counties about how to implement FFK strategies. NC-DSS staff met and held conference calls with county directors and fiscal administrators explain how cost neutrality was calculated in relation to changes in IV-E expenditure rates in the 19 comparison

counties over the five years of the Waiver. They conducted site visits to instruct staff on the new coding procedures needed to access Waiver funds.

Within each county, agencies conducted backlog reviews and spent time discussing how they could find permanent homes for children more quickly. They also explored whether and how they would reconfigure their social work staff into casework teams. All of these preparatory activities were needed before the Demonstration could be implemented. Chapter 2 describes in more detail the ways that the actual implementation of these early plans varied across the Demonstration counties.

### NC-DSS Developmental Activities

Within NC-DSS, program coordinators developed policies and plans for implementing new systems in many different areas. They collaborated with the Division's data management staff to develop and implement automated data management, agency reporting, and financial payment procedures. By the third quarter, they were able to publish the first of the periodic "Experiences Reports" that provide counties with statistics on lengths of stay and other outcomes for children in their care. The coordinators also worked to modify and refine the policies for the use of reinvestment funds, which they completed in the third quarter of 1997. They also revised the NC-DSS child placement handbook to reflect FFK goals and strategies and made the handbook available to the counties on the Division's website.

Division program coordinators began to explore the possibility of statewide contracts with private vendors to provide timely services that could be provided more efficiently outside the state social services system. They explored the possibility of having private mental health providers conduct mental health assessments for children and families, and other therapeutic services that the local community mental health centers were unable to provide. They also met with private child caring agencies to discuss whether this arrangement would help to provide child and family assessments, primary counseling and family interventions.

Following the guidelines set forth for the Demonstration, new policies and procedures had to be developed to implement the assisted guardianship component of the Waiver. Statewide task forces and *ad hoc* committees were used to develop assessment tools for kinship care and the policies and practice guidelines for implementing this new form of guardianship. During the fourth quarter, drafts of the guidelines were distributed to the counties for comment and suggestions.

## Overview of the Evaluation

The broad issue of concern to policy-makers, researchers and practitioners involved in the Waiver Demonstration is the extent to which the costs of out-of-home-placement can be reduced without jeopardizing the safety and well-being of children and families. In the Demonstration, it was assumed that the linkage of funding to outcomes for families and children would have positive effects on service delivery and system performance. With the implementation of new financing strategies, the 19 Demonstration counties are seeking to demonstrate the effectiveness of a comprehensive outcome-based approach to child welfare services. The specific outcomes expected from these efforts are significant decreases in: (1) the rate of initial entry into foster care (number of children in the system); (2) the length of stay (amount of time that children spend in the foster care system and number of children who remain longer than twelve months); and (3) the rate of re-entry into foster care. The achievement of these goals must be balanced against possible changes in the rates of re-entry to care and subsequent reports of child abuse, neglect and dependency.

As will be seen throughout this report, the basic challenge in evaluating North Carolina's Title IV-E Waiver Demonstration is that it is part of a statewide system reform effort, not a narrowly conceived service intervention in the traditional sense. At this stage, the "theory of change" that guides the Demonstration is specifically articulated at the state level, but it is only beginning to be made fully operational in the counties chosen to participate. While earlier efforts under the Kellogg Families for Kids (FFK) initiative provide a basic foundation for the reform and encourage certain approaches (e. g. , single social worker or social work teams), counties have considerable flexibility in developing their individual plans. Also, the availability of state funds to expand the implementation of FFK provides an alternative route to reform for counties not participating in the IV-E Waiver.

The implications for the evaluation of this variation in the development of plans for the Waiver are that Demonstration activities will vary among the Demonstration counties *and* that it may be difficult to distinguish between Demonstration counties and comparison counties that choose to pursue changes than can be made without Waiver authority. Although certain Waiver options (e. g. , flexible funds and assisted guardianship) are available only to Demonstration counties, some of the changes they adopt, such as FFK strategies that do not require the agency expenditures, also may be pursued by comparison counties. As a result, the original nonequivalent comparison group design, using randomly selected comparison counties, will have to be supplemented by multivariate modeling that takes advantage of variations in policy and

practice across all 100 counties rather than focusing on the 19 Demonstration counties and the 19 comparison counties.

In spite of the variation in approaches that are emerging among the Waiver Demonstration counties, it will be possible to assess whether the Waiver contributes to progress toward the desired goals and outcomes. North Carolina's longitudinal child welfare database contains information that enables the evaluation team as well as state and county officials to track the experience of children entering out-of-home care. Enhancements to the database are yielding new capabilities to monitor the costs of care and to link data on children in out-of-home care to reports of abuse and neglect, and to services delivered by public child welfare caseworkers and private providers. Late in 1999, the evaluation team was able to obtain county level sociodemographic data from the U. S. Census that will strengthen our assessment of changes in well being for families and children. (United States Census Bureau, 1999) The ongoing development of the database thus enables us to address the key outcomes of interest to local, state, and federal stakeholders.

On the basis of the process evaluation being conducted for the Waiver evaluation, we will be able to describe the process of implementation in the Demonstration counties, and in less detail, in the comparison and other counties. By promoting the use of self-evaluation practices by state and local child welfare managers and staff, the evaluation will help counties assess their needs, clarify goals, develop more robust interventions, and track progress toward targeted outcomes.

### **The Theory of Change Underlying the Demonstration**

Human services programs can be difficult to evaluate because program designs are underspecified (Connell & Kubisch, 1997, January). While client problems, precipitating conditions and desired outcomes are known, the specific ways that program activities help consumers move from their initial problems to improved states are often not been clearly thought through (Meier and Usher, 1998). Theories of change are conceptual models that describe an agency's assumptions about how their systematic introduction of program resources and interventions can move clients out of the circumstances that bring them to the agency's attention and enable them to live in safer and stable conditions that promote healthy development and wellbeing. Theories of change help practitioners and researchers clarify for themselves and for other program stakeholders how interventions at each stage are supposed to lead to desired interim outcomes, and how interim outcomes are related to overall program outcomes. Theories of change can also help researchers and practitioners to identify ways to monitor their clients' progress through those stages toward the achievement of overall program goals.

Within the self-evaluation framework integrated into the Demonstration's evaluation plan, researchers, administrators and practitioners work together to develop theories of change for the program and agree on a viable data collection strategy. One important result of this collaborative approach is that practitioners are more likely to assume ownership of the evaluation component because they can understand its value, rather than viewing it as a threat to their professional competence (Usher, 1995). The implementation of such self-evaluative monitoring procedures has three important benefits. First, it enables researchers, program administrators and staff to assess whether the program is being implemented as planned. Second, it can flag emerging implementation problems (and opportunities) and enable timely, "mid-flight" course corrections. Finally, these interim findings can be used to respond to inquiries from policy makers and other local stakeholders.

In the case of this Demonstration, NC-DSS first articulated a general theory of change that is now being implemented in the 19 participating counties. The primary assumption of this theory is that the costs of out-home-placement can be reduced without jeopardizing the safety and well being of children and families. The linkage of funding and outcomes for families and children is expected to have positive effects on service delivery and system performance. With the implementation of new financing strategies, the 19 Demonstration counties will seek to demonstrate the effectiveness of a comprehensive outcome-based approach to child welfare services. The specific outcomes expected from these efforts are significant decreases in: (1) the rate of initial entry into foster care (number of children in the system); (2) the length of stay (amount of time that children spend in the foster care system and number of children who remain longer than twelve months); and (3) the rate of re-entry into foster care. The achievement of these goals must be balanced against possible changes in the rates of re-entry to care and subsequent reports of child abuse, neglect and dependency.

The expansion and improvement of preventive efforts may have positive effects not only on system performance but also on system culture. With the dedication of financial resources at the front end of the continuum of services, the state hopes to achieve outcomes consistent with the expressed purpose of the Waiver--diverting children from foster care without jeopardizing their safety and well being.

### **Evaluation Design**

The evaluation is being conducted in several stages and will utilize a variety of research methods. During the first year of the Demonstration, the evaluation team concentrated on:

1) constructing and updating an analytical database that contains information about children's experiences in out-of-home placements; 2) providing county and state administrators with information necessary to implement successful programs; and 3) providing assistance with county planning efforts. These initial efforts to develop an analytical database and build the capacity of state and county administrators to use this information have strengthened our ability to complete a long-term evaluation that is both technically rigorous and useful to program staff and policy-makers.

During the second year of the Demonstration, the evaluation team's efforts focused on:

- Expanding the analytical database to include information about services provided to children;
- Conducting analysis of the results of the first year of program implementation;
- Gathering information about the uses of flexible funding under the Demonstration; and
- Assessing the initial stages of implementation of the assisted guardianship component.

The core analysis utilizes a quasi-experimental design to assess outcomes, combined with qualitative case study methods to assess changes in agency management and practices, and a cost benefit model using both the outcome and process information. The basic framework relies on comparisons of successive annual cohorts of children entering out-of-home care in each of the state's 100 counties, aggregated by Demonstration and comparison-group status. Multivariate modeling is being used to assess the impact of specific changes in policy and practice on the outcomes experienced by children.

**Randomization and sample selection.** Comparison counties were selected in several stages designed to ensure that the comparison groups matched key characteristics of the Demonstration group. Initially, all nineteen volunteer counties were stratified on the basis of their participation in the Kellogg FFK Initiative and by DSS level. Next, a group of volunteer-like counties was identified<sup>1</sup>. A total of 32 counties that had participated in three or more of these initiatives were characterized as volunteer-like.

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<sup>1</sup> The term "volunteer-like" is used here to refer to counties that had volunteered for child and family initiatives in the past and were currently pursuing a reform agenda in these areas.

In order to select the nineteen volunteer-like counties for the comparison group, the 32 volunteer-like counties were first stratified by DSS level (basically caseload size) and participation in FFK, and then matched with the Demonstration counties according to their growth in Title IV-E maintenance costs. Specifically, the quartile ranking for percent change in the total federal share of Title IV-E administrative and maintenance costs from state fiscal year 1992 (SFY92, July 1, 1991 to June 30, 1992) to SFY96 was the variable used to match each eligible comparison county with each Demonstration county. When there was more than one eligible choice for a matching county, a random selection was made using the Microsoft Excel® random number generator. A random number between 0 and 100 was produced and the county whose county identification number was closest to the random number was selected.

Exhibit 1.1 summarizes the comparability of the Demonstration and comparison groups. The average median days in care for the Demonstration and comparison groups are very similar. The Demonstration group experienced a slower growth rate in Title IV-E expenditures during the past five years, but had greater actual expenditures in the SFY 95-96.

**Exhibit 1.1: Demonstration and Comparison Group Comparisons**

Child Welfare Service Characteristics	Demonstration Group	Comparison Group
Median Days in Care (SFY 92-96)	225 days	222 days
% Change in Total Federal Title IV-E Expenditures (SFY 92-96)	249%	381%
Total Federal Title IV-E Expenditures for SFY 95-96	\$ 10, 680,546	\$ 9,849,372
Administrative	\$2,717,019	\$1,565,927
FC Maintenance to DSS	\$5,179,239	\$4,939,377
FC Maintenance to CCI	\$2,784,288	\$3,344,067

### Availability and Reliability of Evaluation Information

**Process evaluation.** The process evaluation has three objectives. First, it describes the context in which the Waiver is being implemented, focusing on ways that county departments of social services have changed their organization and operations. Second, it characterizes the ways that state and local agencies' define the Waiver in the context of various initiatives now being pursued in North Carolina's child welfare system. Finally, it describes how much and in what ways local agencies have taken advantage of the newly granted flexibility in the use of Waiver funds. We will focus on the degree to which the program has been adequately planned and whether or not those plans are followed in order to detect changes in policies and practices which have a discernible impact.

As part of the Demonstration, Waiver counties may choose to offer an array of services, such as intensive reunification services and post placement services, that they do not offer at present. These services would be offered in order to reduce time in out-of-home care and to identify and resolve problems that could result in a subsequent placement after the child is returned home. Counties also may be able to offer services that reduce out-of-home placements. These include such activities as respite care, intensive family preservation services, and mediation services. Since the counties have elected to operationalize their goals in different ways,, the process evaluation plan will include both a core component that will be similar across all counties, as well as individualized case studies that address specific intentions and timetables. A combination of qualitative information gathered via site visits to Demonstration counties, interviews with key informants at the state and county level, and quantitative information from state administrative data and the longitudinal placement database developed by the evaluation team are being utilized, some of which are continuing to be developed.

During the first year, project staff devoted their efforts to securing information regarding recent legislative changes and other child welfare initiatives within the state that are likely to affect the Waiver evaluation. They also established a county-level database with information that will be used to monitor contextual factors that may affect the replicability or effectiveness of the Demonstration. In addition, the evaluation team held discussions with the NC-DSS staff about the implementation of the Assisted Guardianship component of the Demonstration in order to develop an appropriate evaluation strategy. Exhibit 1.2 provides an overview the specific research questions and data sources for the process evaluation.

**Exhibit 1.2: Research Questions and Data Sources for Process Evaluation**

Research Questions	Data Sources
<b>Agency context</b>	<b>Demonstration and Comparison Counties</b>
<ul style="list-style-type: none"> <li>• Size</li> <li>• Staffing</li> <li>• Organizational Culture</li> <li>• Caseloads</li> <li>• Services Provided</li> <li>• CAN reports</li> </ul>	<ul style="list-style-type: none"> <li>• DSS data- biennial reviews</li> <li>• DSS data – Worker Daily Report data</li> <li>• DSS data – CAN reports</li> <li>• Intensive case studies of org. culture and management value-based management in 4-8 counties</li> </ul>
<b>What do they plan to do for the Waiver?</b>	<b>Demonstration Counties Only</b>
<ul style="list-style-type: none"> <li>• Planning Process</li> <li>• Plan Description</li> <li>• Theory of Change</li> </ul>	<ul style="list-style-type: none"> <li>• Review of initial letters, plans and plan amendments</li> <li>• TOC session's at monthly meetings</li> </ul>
<b>How is this plan implemented?</b>	<b>Demonstration Counties Only</b>
<ul style="list-style-type: none"> <li>• Changes in practice</li> <li>• Use of flexible funds</li> <li>• Changes in services purchased/provided</li> <li>• Challenges/successes</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Site visits/with follow-up mail-telephone interviews of selected stakeholders</li> <li>• DSS Data: SIS Service/Program Codes from Day Sheets</li> <li>• Review County Progress Reports</li> </ul>
<b>What other contextual factors may affect this process?</b>	<b>Demonstration and Comparison Counties</b>
<ul style="list-style-type: none"> <li>• Policy changes – state level</li> <li>• Demographics and economic status of county</li> <li>• Other child welfare initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Key informant interviews with State agency staff</li> <li>• Secondary data re demographic and economic indicators</li> <li>• Review of pertinent state legislation</li> <li>• Review of county child welfare budgets</li> </ul>

**Exhibit 1. 2: Research Questions and Data Sources for Process Evaluation (continued.)**

Research Questions	Data Sources
<b>Assisted guardianship</b>	<b>Demonstration counties only</b>
<ul style="list-style-type: none"> <li>• What is the rate at which children placed with relatives leave placement authority in Demonstration and comparison counties, prior to and following implementation of the Waiver provisions?</li> <li>• Measure whether guardianships support permanency for youth for whom adoption is not feasible and whether this program has assisted families in making long-term commitment to the youth.</li> </ul>	NC Longitudinal Database
<b>How is this plan implemented?</b>	<b>Demonstration Counties Only</b>
<ul style="list-style-type: none"> <li>• Did the well being of youths and families increase or diminish after the youth’s status changed from traditional placements?</li> <li>• Measure youth and caretaker guardian satisfaction with the program changes</li> <li>• Measure the extent to which the reduction of State reviews reduced the degree of intrusiveness that is usually placed upon the children and guardians.</li> </ul>	Interviews with caretakers and older youth

**Outcome Evaluation.** Outcome data for all children entering out-of-home care in North Carolina for the duration of the Demonstration will be tracked using longitudinal data files. These data files are being used to analyze key outcomes related to the numbers of children entering out-of-home care, restrictiveness of care, length of stay, patterns of movement between different types of placements, and rates of reunification and reentry to care. Successive annual cohorts of children entering out-of-home care in Demonstration and comparison counties are being compared across a pre-Waiver baseline and throughout implementation of the Waiver to identify differences on outcome measures. This database makes it possible to track the experiences of individual children from the initial date of custody to their initial placement in out-of-home care through all subsequent

placements and finally to their exit from the child welfare system. These data also describe re-entries into custody authority following permanent placement at the end of the initial period of out-of-home care, in essence creating a statistical case history for individual children.

To assess the impact of the IV-E Waiver, it is critical to depict the experiences of all children who ever experienced out-of-home care in the Waiver counties and the comparison counties. To accomplish this we are using a series of entry cohorts of children who entered out-of-home care for the first time in their lives during specific time periods that encompass pre- and post-Waiver time frames. By following these cohorts of children we can compare the changes in the experience of children in out-of-home care in the Waiver counties and the comparison counties from one cohort to another. Throughout the Waiver period we are periodically updating the database thereby extending the follow-up time for earlier cohort years and adding successive entry cohorts each year. Baseline data include information on children who entered placement authority prior to the implementation of the IV-E Waiver from July 1, 1993 through June 30, 1997. Post- Waiver data are being collected for the children who come into out-of-home placement during the Waiver period. We expect this Waiver period to be July 1, 1997, through June 30, 2002.

During the first year of the Waiver evaluation the project team focused on providing information regarding the evaluation design to the North Carolina Division of Social Services and the federal Children's Bureau, as well as providing technical assistance to the 19 Demonstration counties. The NC child welfare database was expanded to encompass children who entered out-of-home care in fiscal year 1996 and 1997. The database now includes more than 27,000 children who entered care from July 1, 1991, through September 30, 1997.

To carry out longitudinal analysis of foster care caseload dynamics, we are using life table analysis, or what is sometime referred to as survival analysis or event-history analysis. In addition, we have been summarizing the experiences of children in each cohort using descriptive statistical techniques that include statistical tests for whether differences in group experiences are significant. The analysis of case record data will determine whether the Demonstration promoted permanency for children in custody and if there is a differential pattern of achieving permanency for children in the Waiver counties compared to those in the comparison counties. In these analyses, we are tracking three aspects of caseload dynamics: number of children coming into out-of-home placement, length of time a child remains in out-of-home placement, and whether a child returns to out-of-home care following the achievement of permanency in an earlier episode of custody. In addition, we analyze the number of children who are reunified with their families or have other permanency arrangements such as assisted guardianship. Finally, we have examined the

indicators that summarize the placements of children in the custody of the state. These include the number of disruptions experienced by children during their time in custody, the type of initial placement the counties use to respond to the needs of children who must leave their own homes, and whether sibling groups remain together during their out-of-home experiences.

**Exhibit 1. 3: Research Questions and Data to Support the Outcomes Analysis**

Research Questions	Availability of Information
<ul style="list-style-type: none"> <li>• Does the flexible use of Title IV-E funding to provide preventive services to children at-risk of out-of-home care result in fewer out-of-home placements?</li> <li>• Does the flexible use of Title IV-E funding to provide individualized services for children in out-of-home placements facilitate permanent placements for children?</li> <li>• Does the flexible use of Title IV-E funding to provide generalized services/improve agency functioning/do FFK type activities result in lower entry, LOS and re-entry rates ?</li> <li>• Do changes in system outcomes – (maintain and/or increase levels of child safety and child/family well being?</li> </ul>	<p>Compare rates of entry in baseline and implementation periods for Waiver, comparison, and other county cohorts using the NC Longitudinal Database</p>

**Cost-Benefit and Cost Effectiveness Analysis.** The cost-benefit analysis examines whether the costs of the Demonstration are justified by the benefits produced. In undertaking this part of the study, we will monitor the relevant federal, state, and county funding sources. These include IV-A, IV-B, and Medicaid. Costs are measured in terms of dollars spent for out of home care and in administration of the program and will be tracked for the duration of the Demonstration.

The benefits of the Demonstration are being measured in terms of the cost containment and cost effectiveness. To the extent that IV-E costs are contained in the Demonstration counties, as opposed to the comparison counties, the Waiver Demonstration will be considered a success in terms of the cost-benefit analysis.

During the first year, evaluation team members maintained on-going contact with the Division staff regarding the process that will be established by the Division to track Title IV-E Waiver funds in order to develop the cost benefit analysis plan; and attended meetings with the participating counties to discuss relevant financing issues. During the second year, activities have emphasized development of an analysis plan and conducting preliminary data analyses.

**Exhibit 1. 4: Research Questions and Data to Support the Cost-Benefit Analysis**

Research Questions	Availability of Information
<ul style="list-style-type: none"> <li>Are expenditures for maintenance of children in out-of-home reduced?</li> </ul>	NC Longitudinal Database Time sheet data submitted by caseworkers
<ul style="list-style-type: none"> <li>Are there changes in management and practice costs?</li> </ul>	Focus groups with local managers and staff Time sheet data submitted by caseworkers
<ul style="list-style-type: none"> <li>What are the effects of this change on other funding streams?</li> </ul>	NC Longitudinal Database
<ul style="list-style-type: none"> <li>What are the effects of the Waiver on other child and family serving agencies?</li> </ul>	Key informant interviews