

# Executive Summary

---

## E.1 Overview

The Michigan Legislature, through Public Act 59 of 2013, Section 503, convened a task force to determine the feasibility of establishing performance-based funding for public and private child welfare service providers. A recommendation from the task force called for a pilot project to plan and implement the new funding model, as well as an independent evaluation of the pilot to assess the planning and implementation required of such a project, the cost effectiveness, and the child and family outcomes associated with it. The latter was awarded to Westat and its partners in 2016 and includes process (Westat) and outcome (University of Michigan School of Social Work) components and a cost study (Chapin Hall).

The West Michigan Partnership for Children (WMPC), an organization comprising five private Kent County-based service agencies, is implementing a performance-based case rate funding model (Kent Model). This year, the evaluation team completed the third year of a rigorous five-year evaluation comparing foster care costs, processes, and outcomes related to the Kent Model with those of counties implementing the per diem model; this is the third annual evaluation report, covering the period from November 2018 – October 2019. The outcome and cost components of the evaluation compare the Kent Model to per diem model implementation across the state, while the process evaluation provides contextual information about foster care service planning and implementation in Kent County and two comparison counties (Ingham and Oakland). For the current report, the process evaluation focused solely on Kent County.

## E.2 Methodology

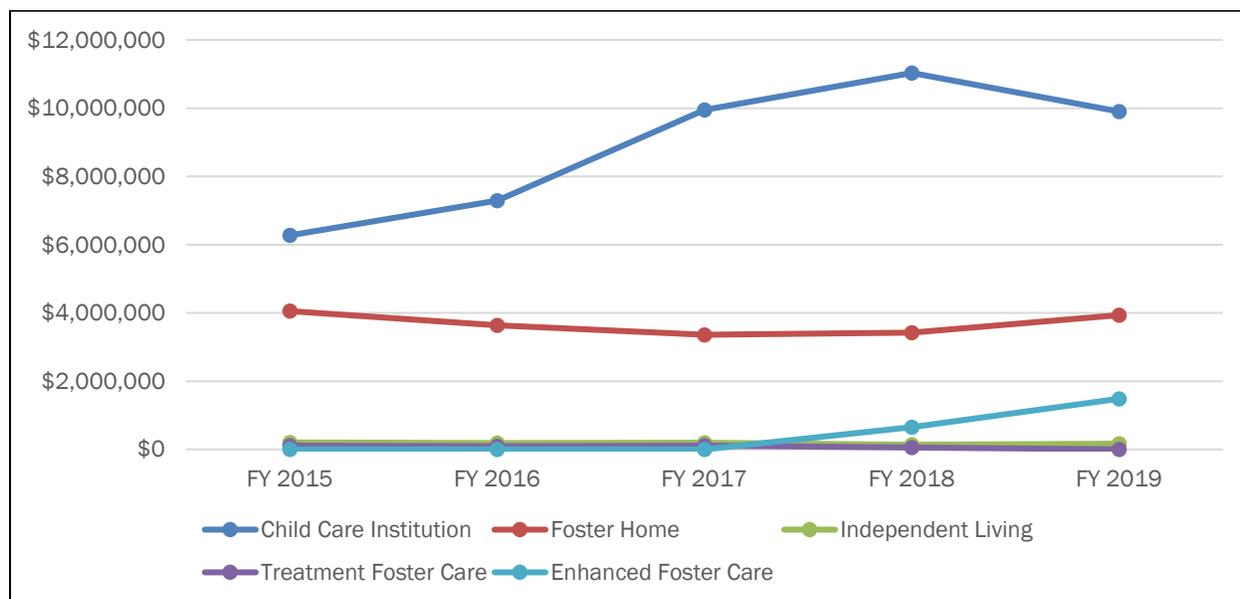
The outcome and cost studies are based on a matched comparison design. This design allows administrative outcome (safety, permanency, and well-being) and cost data associated with the Kent Model to be compared with those for the per diem model using matched comparison groups drawn from across the state and developed using propensity score matching. The process evaluation is based on a case study approach. The evaluation team collected qualitative data on topics that would increase understanding on *how* service provision and array, as well as agency policies, have changed as a result of Kent Model implementation.

### E.3 Cost Study

The cost study is designed to understand the fiscal effects of Kent Model implementation using primarily system-level and child-level fiscal and placement data from Kent County. The cost study team examined system-level expenditure and revenue trends in Kent County for the three-year baseline period (FY 2015 through FY 2017) and the first two years post-implementation (FY 2018 and FY 2019). The analysis also assessed the extent to which case rates that were applied to individual child and family services equal the total program and service expenditures for the services provided to those children and families. Sources of administrative data are: (1) MiSACWIS payment data, (2) MiSACWIS placement data, (3) WMPC Actual Cost Reporting Workbook and Accruals Detail, (4) BP 515 Payment Workbook, and (5) Trial Reunification Payments.

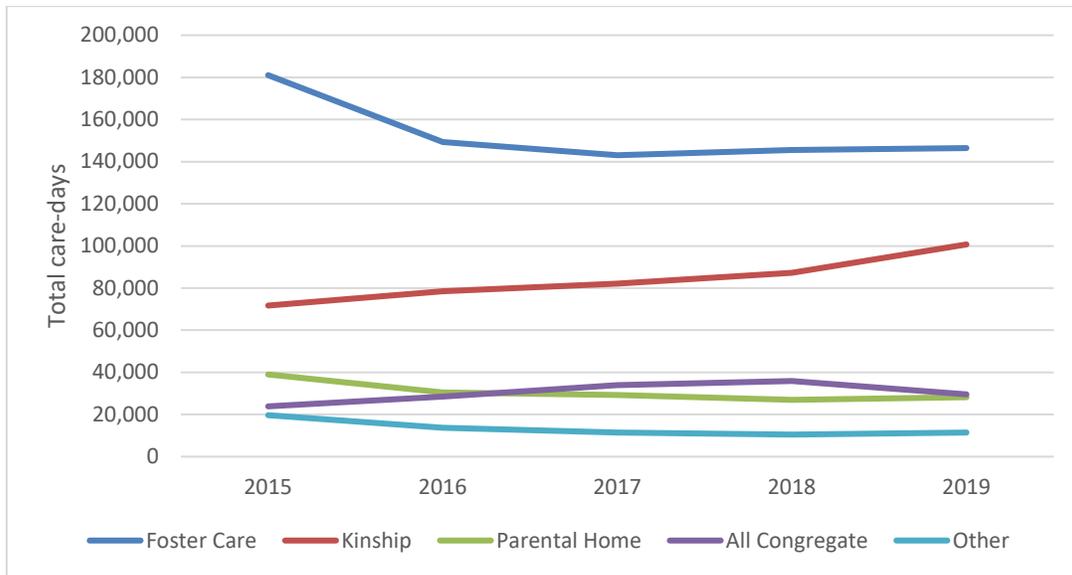
**Expenditures Trends.** Overall, total out-of-home private agency expenditures have been increasing in Kent County since FY 2016. Placement maintenance expenditures increased each year from FY 2015 through FY 2018 (Figure E-1). Child Care Institution (CCI) placement maintenance expenditures increased by 59 percent from FY 2015 to FY 2017, and by 11 percent from FY 2017 to FY 2018. In FY 2015, congregate care maintenance costs made up 59 percent of all placement maintenance costs, but in FY 2018 that proportion grew to 72 percent.

**Figure E-1. WMPC-related placement maintenance expenditure trends by placement setting**



**Placement Days.** Care-day utilization increased slightly in FY 2018 and again in FY 2019, compared to the three years prior to WMPC implementation. Congregate care and detention showed the largest total decrease in care days when comparing FY 2018 to FY 2019, decreasing by 18 percent and 48 percent, respectively. Foster care days stayed about the same (1% increase) in FY 2019 compared to 2018, while kinship care days increased by 15 percent (Figure E-2).

**Figure E-2. Care-day utilization by state fiscal year<sup>1</sup>**



**Average Daily Maintenance Unit Cost.** In Kent County, for out-of-home placements, the average daily cost per care day increased each observable year from FY 2015 through FY 2019 (Table E-1). The largest increase in average daily unit cost occurred during the baseline period, when it increased by 47 percent. The average daily unit cost continued rising after the implementation period began, but at a slower pace, with a 7 percent increase in FY 2018, followed by a 2 percent reduction in FY 2019.<sup>2,3</sup>

<sup>1</sup> Congregate care in this figure includes both shelter and detention.

<sup>2</sup> Based on information provided by DHHS, family foster care per diem rates are \$17.24 for children aged 0-12 and \$20.59 for children aged 13-18. There is also a difficulty of care supplement ranging from \$5-\$18 a day depending on the child's age and whether or not they are medically fragile. In future reporting periods, further analysis will be made into the difference between these figures and the foster home average daily cost presented below. MDHHS FOM 905-3. Foster Care Rates: Foster Family Care and Independent Living – Effective 10/1/2012. <https://dhhs.michigan.gov/OLMWEB/EX/FO/Public/FOM/905-3.pdf#pagemode=bookmarks>.

<sup>3</sup> CCI per diem rates range from \$190-\$600, with an average of \$265. [https://www.michigan.gov/mdhhs/0,5885,7-339-71551\\_7199---,00.html](https://www.michigan.gov/mdhhs/0,5885,7-339-71551_7199---,00.html).

**Table E-1. WMPC-related average daily unit cost for out-of-home placements for all foster home and congregate care placements**

<b>All placement types</b>					
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Placement Maintenance Costs</b>	\$10,639,361	\$11,488,928	\$14,029,588	\$15,299,844	\$15,490,002
Care Days	335,292	300,502	299,798	306,129	316,494
Average Daily Unit Cost	\$31.73	\$38.23	\$46.80	\$49.98	\$48.94
<b>Foster home (includes TFC &amp; EFC)</b>					
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Placement Maintenance Costs</b>	\$4,161,059	\$3,733,650	\$3,470,245	\$4,131,880	\$5,418,069
Care Days	181,051	149,345	143,055	145,503	146,460
Average Daily Unit Cost	\$22.98	\$25.00	\$24.26	\$28.40	\$36.99
<b>Congregate care (includes emergency shelter and detention)</b>					
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Placement Costs</b>	\$6,273,571	\$7,289,628	\$9,950,832	\$11,031,751	\$9,903,666
Care Days	25,669	29,751	34,650	37,046	30,199
Average Daily Unit Cost	\$244.40	\$245.02	\$287.18	\$297.79	\$327.95

## **E.4 Outcome Study: Safety, Permanency, and Stability**

The outcome study team examined whether children served by WMPC (through the Kent Model) achieved significantly better outcomes than children in the matched comparison group (identified using propensity score matching).

**Safety.** The study team examined data on two safety measures: (1) maltreatment in care and (2) maltreatment recurrence. Overall, 21.1 percent of children experienced maltreatment in care. There were no statistically significant differences between children served in Kent County and children with similar characteristics served by private agencies in other Michigan counties. Analysis of data on maltreatment recurrence indicated that there were no statistically significant differences between children served in Kent County and children in the matched comparison group.

**Permanency.** For children who entered foster care after 10/1/2017, a similar percentage of children in the comparison and Kent Model groups exited care (39.7% vs. 40.30%). Children in Kent County who entered care after 10/1/2017, and exited, tended to stay fewer days in care on average (Table E-2). This difference in length of stay (LOS) is statistically significant.

**Table E-2. Exited or still in care**

Group	Exit status	N	%	LOS Median	LOS Mean	LOS SD
Comparison, entered care after 10/01/2017	In care	522	59.70%	355	353	196
	Exited	353	40.30%	848	612	411
Comparison, in care prior to 10/01/2017 (legacy)	In care	174	22.10%	260	371	204
	Exited	612	77.90%	838	690	424
Kent, entered care after 10/01/2017	In care	564	60.30%	651	2,026	440
	Exited	371	39.70%	355	353	196
Kent, in care prior to 10/01/2017 (legacy)	In care	123	15.10%	848	612	411
	Exited	690	84.90%	260	371	204

In terms of the timing of exits to permanency, a higher percentage of children in Kent County who entered foster care after 10/1/2017 achieved permanency within six and 12 months of entering care relative to the comparison group (15.1% vs. 7.1%, 22.7% vs. 18.5%). For the majority of children who entered care after 10/1/2017, discharges were exits to reunification (Table E-3). Children in Kent County are significantly more likely to exit to reunification and significantly less likely to exit to adoption as compared with children in the comparison group.

**Table E-3. Permanency categories by study group**

Group	Adoption	Guardianship	Living with other relatives	Reunification with parents or primary caretakers
Comparison, entered care after 10/01/2017	19.0% (56)	4.1% (12)	1.0% (3)	75.9% (223)
Comparison, in care prior to 10/01/2017	60.1% (310)	5.6% (29)	0% (0)	34.3% (177)
Kent, entered care after 10/01/2017	12.2% (38)	4.5% (14)	2.6% (8)	80.8% (252)
Kent, in care prior to 10/01/2017	50.7% (307)	9.9% (60)	1.0% (6)	51.2% (232)

Reunification and adoption comprise the two most common types of permanency overall. Children in Kent County who entered after 10/1/2017 exited to reunification significantly faster than those in the comparison group (229 vs. 317 days).

**Placement Stability.** Minimization of placement changes while in foster care increases the likelihood that children maintain continuity in their living arrangement and stability of caregivers. Of

all children in Michigan who entered care after 10/1/2017, children in Kent County were significantly less likely to experience two or more placements (51% vs. 57.1%) (Table E-4).<sup>4</sup>

**Table E-4. Placement stability**

<b>Group</b>	<b>&lt;2 changes</b>	<b>2+ changes</b>	<b>Total</b>
Comparison, entered care after 10/01/2017	42.7% (374)	57.1% (500)	875
Comparison, in care prior to 10/01/2017	20.6% (162)	79.1% (622)	786
Kent, entered care after 10/01/2017	47.4% (443)	51.0% (477)	935
Kent, in care prior to 10/01/2017	3.32% (27)	96.4% (784)	813
Missing = 20			
<b>Total</b>	<b>1,484</b>	<b>538</b>	<b>3,409</b>

## **E.5 A Case Study: The Nature and Practice of Child Welfare in Kent County, Michigan**

Through the process evaluation, the study team is using a case study approach to *describe* the context of child welfare services in Kent County, under the Kent Model, and to understand trends in outcomes and costs within this context. During the current evaluation year, the case study focused only on Kent County. During an on-site visit, the process evaluation team conducted 30 interviews and focus groups with public child welfare and private agency leadership, as well as samples of supervisors and caseworkers from all aspects of the child welfare system (i.e., Child Protective Services investigation and ongoing services, foster care case management, and adoption services). Interviews were also conducted with stakeholders from the court and mental health systems, representatives from the Kent County Administrator’s office, and WMPC staff. Interviews and focus groups covered a range of topics, such as the MiTEAM practice model, case management, and interagency collaboration.

**Model Shifts and Changes.** Financial considerations dominated the second year of Kent Model implementation. The average cost-per-case for the first year of implementation was 29 percent higher than the projected case rate. Several factors were identified as possible contributors to expenses in the first year of implementation. WMPC made several changes to reduce expenses, including reducing the private agency staffing rate, removing the incentive payments for subcontractor performance measures, changing the enhanced foster care (EFC) rate structure from

<sup>4</sup> Performance could not be assessed for 20 children due to missing placement setting data.

tiered to fixed, and developing stricter guidelines for EFC utilization. Cost patterns were still being examined as this report was completed.

**Child Welfare Service Delivery Under the Kent Model.** At the end of the first year and continuing into the second year of Kent Model implementation, interview and focus group respondents reported observing more efficient service delivery, more timely receipt of services by families, and more opportunities for flexible and innovative case planning. Private agency staff continued to report a perception of increased speed and efficiency for most service approvals in the second year of implementation, which they attributed to the WMPC Care Coordination structure. However, agency staff also described implementation challenges, such as complications with approvals for certain services and WPMC Care Coordination staffing changes.

**Interagency Collaboration.** As the newest partner in the community, WMPC has become an active participant in all areas of child welfare collaboration. Respondents from public and private partner agencies expressed appreciation for the WMPC's transparency, advocacy, and energy dedicated to collaboration. Additionally, respondents at all levels described substantial improvements in the collaborative relationship among staff in Kent County DHHS and the private agencies from previous years, particularly in relation to the transfer of cases between agencies (e.g., more face-to-face interaction) and responsiveness to questions and requests.

Respondents reported mixed reactions when asked about collaboration with child welfare agency partners. Agency staff reported that Kent County judges continue to be supportive and engaged with regard to the Kent Model and the WMPC. However, respondents continue to report that bureaucracy remains a barrier to effective collaboration with Network180. To counter this issue, WMPC and Network180 jointly established a second Network180 liaison position to help private agency caseworkers navigate the Clinical Pathways assessment and service referral processes. Respondents uniformly agreed that having two liaisons has been helpful in assisting caseworkers access mental health services for parents and children.

**Enhanced Foster Care (EFC).** Interview and focus group respondents’ feedback suggested EFC is one of the most influential programs WMPC introduced to Kent County. It encourages relatives and other foster parents to care for children who might otherwise have been placed in a residential facility.

*“I’ve been in child welfare for so long...they tried to do that program a lot of different times with different names and just a different model. I feel with the implementation of WMPC and that oversight, it happened... [It] has been more significant, I think, of a support than any other service that I’ve seen in a long time.”*

*–Private agency supervisor*

In its second year of implementation, interview and focus group respondents described how valuable EFC has been to private agency staff and most importantly to foster and biological parents. Many of the benefits mentioned last year were also noted by respondents this year. For example, the added support EFC provides helps preserve foster placements, allowing foster parents (including kin) to maintain their relationship with youth<sup>5</sup> in their care . Some respondents also reported having more success moving youth out of residential care and placing them with foster parents because they are able to offer supports and services designed to help foster parents manage children’s exceptionalities.

One substantial change to the EFC program in the past year was that limitations were imposed on the number of children and youth in foster care permitted to use the service due to financial constraints. The restrictions have presented challenges and led to frustration among agency staff. For example, children and youth with very high needs cannot utilize EFC if the agency has reached its limit, and staff who were hired to work as EFC caseworkers had to shift their caseload to include traditional foster cases.

## **E.6 Summary and Conclusions**

**Summary of Findings.** Westat and its partners, University of Michigan School of Social Work and Chapin Hall at the University of Chicago, completed the third year of a rigorous five-year evaluation of the Kent Model. The evaluation’s three components (cost, outcome, and process) enable the study team to closely examine fiscal trends, child outcomes, and contextual factors associated with Kent Model implementation.

---

<sup>5</sup> The term “youth” is used to refer to children across the age continuum, from young children to older youth.

Cost study data indicate that Kent County’s child welfare expenditures increased steadily over time beginning during the baseline period (three years prior Kent Model implementation) and plateauing in FY 2019. During interviews for the process evaluation, WMPC staff reported that the average cost-per-case for the first year of implementation was substantially higher than the case rate originally projected. They also described efforts over the past year to reduce costs (e.g., reduce the rate for private agency staff), which may explain cost study findings indicating that costs increased over time and then plateaued in FY 2019.

Cost study findings also revealed that there was a substantial decrease in CCI placement care days and, relatedly, a decrease in the average daily cost per day, between fiscal years 2018 and 2019. During interviews and focus groups with agency staff and partners, respondents described numerous benefits of the EFC model, which became a service option in Kent County during the first full year of Kent Model implementation. Increased reliance on EFC services was also associated with increased costs for these types of services. For example, 65 percent of the \$1.3 million increase in foster home maintenance expenditures in FY 2019 was attributed to EFC maintenance payments.

After two full years of Kent Model implementation, child outcome findings remained consistent over time. Specifically, after one and two years of implementation, there were no statistically significant differences between children in Kent County and children in the matched comparison group relative to safety (maltreatment in care or recurrence of maltreatment). However, children in Kent County were significantly more likely than similarly matched children in other Michigan counties to have stability in their foster care placements and to achieve permanency (among children who entered foster care after 10/1/17). During the last two years, interview and focus group respondents have described foster family recruitment and retention as challenging. However, they described strategies to overcome the challenges and aspects of the Kent Model that have helped them with recruitment and retention efforts (e.g., MDHHS subsidies for relative caregivers even if they have not received foster home licensure).

Taken together, the findings indicate that successful family engagement requires appropriate and timely training, financial or other resources, and ongoing and targeted support. Although implementation of the Kent Model has introduced challenges, agency staff and partners in Kent County described aspects of the model that have improved agency processes and practices that may be associated with observed changes in costs and outcomes.

**Next Steps.** During the next year of the evaluation, the evaluation team will examine costs, outcomes, and processes associated with the third full year of Kent Model implementation and changes over time. The next evaluation report will include process findings for Kent County and the two comparison counties for the process evaluation—Ingham and Oakland counties. Inclusion of the comparison counties will enable the evaluation team to observe and document key differences in policies, procedures, and practices that have emerged as central to the Kent Model.

The evaluation team will continue to collect and analyze expenditure trends and data on child outcomes. As noted in the cost study chapter of the current report, the number of children entering care remained fairly stable through FY 2018 before declining slightly in FY 2019, while the median duration in care increased over time. The next report will include child-level changes in expenditures and revenue in more detail to further analyze this trend.