

Department of Economic Security
Children, Youth and Families

A.R.S. § 41-1954

JLBC Analyst: Kim Hohman

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,113.9	1,249.9	1,361.6 ^{1/}
Personal Services	32,916,100	36,746,100	43,929,200
Employee Related Expenditures	8,722,400	10,953,000	12,222,600
Professional and Outside Services	958,000	496,700	496,700
Travel - In State	1,691,300	1,678,700	1,808,300
Other Operating Expenditures	2,643,500	4,861,500	5,978,600
Equipment	127,000	1,698,000	206,900
OPERATING SUBTOTAL	47,058,300	56,434,000	64,642,300^{2/3/4/}
SPECIAL LINE ITEMS			
Adoption Services	22,854,600	25,946,800	25,946,800
Children Services	28,134,200	45,667,000	52,302,700
Children Services/TANF Deposit to SSBG	36,398,200	25,259,700	22,613,100 ^{5/}
Intensive Family Services	1,985,500	1,985,600	1,985,600
Healthy Families	250,000	5,034,200	13,750,000
Family Builders Program	4,765,200	5,200,000	5,200,000
CPS Appeals	508,800	624,700	633,700
Child Abuse Prevention	756,500	815,700	817,500
Comprehensive Medical & Dental Program	2,039,300	2,057,000	2,057,000
Attorney General Legal Services	4,096,800	4,188,500	8,318,500
TANF Deposit to the Joint Substance Abuse Treatment Fund	285,700	2,000,000	2,000,000
Joint Substance Abuse Treatment Fund - General Fund	0	0	3,000,000
Homeless Youth Intervention	328,300	400,000	400,000
Permanent Guardianship Subsidy	940,000	3,003,800	3,003,800
CPS Expedited Substance Abuse Treatment Fund Deposit	224,500	224,500	224,500
Residential Drug Treatment	0	350,000 ^{6/}	250,000 ^{6/}
PROGRAM TOTAL	150,625,900	179,191,500^{7/8/}	207,145,500^{9/}
FUND SOURCES			
General Fund	67,459,400	97,694,000	134,347,800
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	1,006,500	1,565,700	1,567,500
Children and Family Services Training Program Fund	142,700	209,600	209,600
Federal TANF Block Grant	82,017,300	79,722,200	71,020,600
SUBTOTAL - Other Appropriated Funds	83,166,500	81,497,500	72,797,700
SUBTOTAL - Appropriated Funds	150,625,900	179,191,500	207,145,500
Other Non-Appropriated Funds	1,400,000	890,000	890,000
Federal Funds	105,552,000	111,161,700	114,529,100
TOTAL - ALL SOURCES	257,577,900	291,243,200	322,564,600

^{1/} Includes 161.3 GF and 1.3 OF FTE Positions funded from Special Line Items in FY 2005.

^{2/} The Department of Economic Security shall provide training to any new Child Protective Services full-time equivalent positions before assigning to any of these employees any client caseload duties. (General Appropriation Act footnote)

^{3/} It is the intent of the Legislature that the Department of Economic Security shall use the funding in the Division of Children, Youth and Families to achieve a 100% investigation rate. (General Appropriation Act footnote)

^{4/} Laws 2003, 2nd Special Session, Chapter 6, Section 46 required the Department of Economic Security to pay each Child Protective Services investigator a monthly stipend equivalent to 10% of the caseworker's monthly salary. The legislation specified that the stipend shall be paid from monies currently available to the department. It is the intent of the Legislature that the department shall make the stipend payments in FY 2005, whether or not the department projects a fund shortfall for the fiscal year. (General Appropriation Act footnote)

COST CENTER DESCRIPTION — The program provides staff resources, such as Child Protective Services (CPS) workers, an array of contracted services for abused, neglected or abandoned children, and medical and dental care for foster children.

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• % of newly hired CPS specialists completing training within 7 months of hire	100	100	100	100
• % of children in out-of-home care who exit the child welfare system who achieve permanent placement through reunification, adoption or legal guardianship	37	30	37	37
• % of children in out-of-home care who have not returned to their families or been placed in another type of permanent placement for more than 24 consecutive months since they were removed from their homes	29	28	33	26
• Number of children with finalized adoption	1,288	772	909	909
• % of CPS reports responded to by CPS staff	74	84	80	100
• % of CPS reports responded to by Family Builders	26	16	20	--
• Substantiated reports of child maltreatment	4,589	2,726	4,882	2,800
• Average % rate at which CPS reports are substantiated	20.1	11	16.5	13
• % of CPS original dependencies cases where court denied or dismissed	3	3	3	3
• % of Office of Administrative Hearings where CPS case findings are affirmed	89	86	90	90
• % of CPS complaints reviewed by the Office of the Ombudsman-Citizens Aide where allegations are reported as valid by the Ombudsman	14	16	14	17
• % of calls to the Family Advocate that relate to CPS complaints	4	88	88	89
• % of CPS cases where the Family Advocate is involved and is successful in facilitating a solution	90	90	90	91
• % of CPS cases where most or all of the Foster Care Review Board recommendations are agreed on before court action as reported by the Board	85	NA	85	85
• Average % of time spent on administrative paperwork as reported by CPS workers in an annual survey				
District 1	Baseline minus 5%	<5	5	5
District 2	Baseline minus 5%	<4	4	4
District 3	Baseline minus 5%	<4	4	4
District 4	Baseline minus 5%	<1	1	1
District 5	Baseline minus 5%	<1	1	1
District 6	Baseline minus 5%	<1	1	1

Comments: The agency did not submit information for any measure labeled as “NA.” DES reports that changing how it screens Family Advocate calls led to the higher percentage of CPS complaints.

- ^{5/} It is the intent of the Legislature that the \$22,613,100 appropriated from the Federal Temporary Assistance for Needy Families Block Grant to the Social Services Block Grant for deposit in the Children Services/Temporary Assistance for Needy Families Deposit to Social Services Block Grant Special Line Item be allocated to the Children Services program. (General Appropriation Act footnote)
- ^{6/} Laws 2003, 2nd Special Session, Chapter 6 appropriated \$350,000 in FY 2004, \$250,000 in FY 2005, and \$75,000 in FY 2006 for Residential Drug Treatment.
- ^{7/} Laws 2003, 2nd Special Session, Chapter 6 appropriated \$16,604,300 in FY 2004 from the General Fund for 136 new CPS staff positions, pay increases for CPS staff, a family foster home rate increase, new information technology equipment, and for a projected FY 2004 budget shortfall.
- ^{8/} Laws 2004, Chapter 277 appropriated \$11,871,200 from the General Fund for projected shortfalls in the Operating Budget, Children Services, Adoption Services, and Permanent Guardianship Subsidy. These amounts are continued in the Division’s FY 2005 budget.
- ^{9/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

Second Special Session

In the fall of 2003, the 2nd Special Session of the 46th Legislature considered supplemental funding for Child Protective Services (CPS) within the Division of Children, Youth and Families (DCYF). The Governor requested a total of \$35.6 million from the General Fund in FY 2004 for a variety of CPS issues.

The \$35.6 million requested by the Governor for FY 2004 provided funding for projected shortfalls in the DCYF operating budget as well as other services provided by the department such as Adoption Services, Permanent Guardianship subsidies, and out-of-home placements for foster children. In addition, the Governor requested funding for new CPS staff, salary increases for CPS staff, an increase in the family foster home rate, and new information technology (IT) equipment. The Governor's request for FY 2004 funded 235 new CPS staff positions.

Laws 2003, 2nd Special Session, Chapter 6 appropriated \$16,954,300 and 136 FTE Positions from the General Fund for the Division of Children, Youth and Families in FY 2004. In addition, these monies are estimated to generate approximately \$5,255,800 in Federal Funds in FY 2004. These monies will fund an additional 24 FTE Positions.

Laws 2004, Chapter 277 appropriated an additional \$11,871,200 to DCYF for shortfalls in the Children Services line item, Adoption Services line item, Permanent Guardianship Subsidy line item, and the division's operating budget. These monies are estimated to generate approximately \$5,020,900 in additional Federal Funds.

In total, \$28.8 million of the \$35.6 million originally requested by the Governor was funded through FY 2004 supplemental appropriations. In addition, the \$28.8 million funds all 235 FTE Positions requested by the Governor for FY 2004.

The approved FY 2005 budget includes a General Fund increase of \$10,658,800 to annualize the FY 2004 funding in FY 2005. The General Fund increase is estimated to draw down an additional \$2,784,300 in Federal Funds. *Table 1* below summarizes the 2nd Special Session supplemental appropriation, as well as the FY 2005 approved annualization amounts. There is more detail on each issue in this narrative.

Operating Budget

The budget provides \$64,642,300 for the operating budget in FY 2005. This amount consists of \$44,165,600 from the General Fund, \$20,267,100 from the Federal Temporary Assistance for Needy Families (TANF) Block Grant, and \$209,600 from the Children and Family Services Training Program Fund. These amounts include increases for statewide salary and other adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

National Staffing Standards

The budget provides a General Fund increase of \$2,013,100 to annualize funding for caseworker and support staff positions added in FY 2004. Laws 2003, 2nd Special Session, Chapter 6 appropriated part-year funding of \$1,953,500 and 79 FTE Positions from the General Fund to meet national staffing standards for CPS. Of the 79 FTE Positions appropriated, 51 are caseworker positions and 28 are support staff. The General Fund increase is expected to draw down additional federal monies, which will fund approximately 14 caseworker and support staff positions. With the additional funding, the department estimates that it will achieve the following caseload ratios: 1 caseworker for every 12 investigations; 1 caseworker for every 15 children in foster care; and 1 caseworker for every 17 families receiving in-home services.

Table 1

FY 2004 Supplemental Appropriations

	FY 2004 Supplemental Appropriations			FY 2005 Annualization ^{1/}		
	GF	FY 2004 Federal	Total	GF	Federal	Total
<u>Second Special Session</u>						
National Staffing Standards	\$1,953,500	\$ 344,700	\$ 2,298,200	\$ 2,013,100	\$ 355,300	\$ 2,368,400
100% Investigations	1,674,200	295,400	1,969,600	4,450,900	785,500	5,236,400
Caseworker Salary Adjustments	1,562,400	278,700	1,841,100	1,737,100	303,500	2,040,600
Replace IT Equipment	103,500	18,200	121,700	103,400	18,300	121,700
Family Foster Home Rate Increase	1,010,700	544,200	1,554,900	2,454,300	1,321,700	3,776,000
Residential Drug Treatment	350,000	0	350,000	(100,000)	0	(100,000)
Unallocated Supplemental ^{2/}	10,300,000	3,774,600	14,074,600	0	0	0
<u>Second Regular Session</u>						
Operating Budget Shortfall	3,100,000	547,100	3,647,100	0	0	0
Adoption Services Shortfall	5,689,600	4,120,100	9,809,700	0	0	0
Children Services Shortfall	1,061,100	353,700	1,414,800	0	0	0
Permanent Guardianship Shortfall	<u>2,020,500</u>	<u>0</u>	<u>2,020,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$28,825,500	\$10,276,700	\$39,102,200	\$10,658,800	\$2,784,300	\$13,443,100

^{1/} The department has allocated the \$10.3 million to the Children Services line item in FY 2004. This amount is continued in FY 2005.

^{2/} A \$0 annualization amount means that this issue is funded in FY 2005 at the FY 2004 level.

100% Investigation of CPS Reports

The budget includes a General Fund increase of \$1,079,100 to annualize funding for caseworker and support staff positions added in FY 2004 and \$3,371,800 to fund additional CPS staff positions in FY 2005. Laws 2003, 2nd Special Session, Chapter 6 appropriated part-year funding of \$1,674,200 and 57 FTE Positions to fund a 100% investigation rate for all CPS reports. Of the 57 FTE Positions appropriated, approximately 37 are caseworker positions and 20 are support staff. The General Fund increase is expected to draw down additional federal monies, which will fund approximately 10 caseworker and support staff positions in FY 2004.

In FY 2005, the General Fund increase of \$3,371,800 will provide funding for 64 additional CPS caseworker and support staff positions. Of the 64 FTE Positions appropriated, 42 are caseworker positions and 22 are support staff. The General fund increase is expected to draw down additional federal monies, which will fund approximately 11 caseworker and support staff positions.

Previously, a portion of the lower risk CPS cases (Priority 3 and 4 cases) were referred to the Family Builders Program, and were not investigated by CPS caseworkers. All CPS reports will now be investigated by the department. The Family Builders Program will continue to provide services to families in the CPS system.

Caseworker Salary Adjustments

The budget provides a General Fund increase of \$1,737,100 to annualize funding for caseworker salary increases implemented in FY 2004. Laws 2003, 2nd Special Session, Chapter 6 appropriated part-year funding of \$1,562,400 for this purpose. The amount appropriated provides funding for a 10% salary adjustment on January 1, 2004 for all current and new CPS staff, as well as a \$1,000 Masters of Social Work adjustment and \$1,000 bilingual adjustment.

Replace Information Technology Equipment

The budget provides a General Fund increase of \$103,400 to replace IT equipment in FY 2005. The approved amount will provide funding to replace 650 computers and 68 obsolete servers through a 5-year lease-purchase plan. Laws 2003, 2nd Special Session, Chapter 6 appropriated \$103,500 for the first year of lease-purchase costs. The increase of \$103,400 in FY 2005 will provide funding for the second year of the lease-purchase plan.

Operating Budget Shortfall

Laws 2004, Chapter 277 appropriated \$3,100,000 from the General Fund for a projected shortfall in the Division's Operating Budget in FY 2004. This amount is continued in the agency's FY 2005 approved budget.

Office of Licensing, Certification and Regulation

The approved amount includes a decrease of \$(890,800) for the transfer of selected licensing, certification and regulation functions from the Division of Children, Youth and Families to the Administrative Division's budget. Of

this amount, \$(598,000) and (11.6) FTE Positions are transferred from the General Fund and \$(292,800) and (5.7) FTE Positions are transferred from TANF.

Special Line Items

Adoption Services

The budget provides \$25,946,800 for Adoption Services in FY 2005. This amount consists of \$20,760,700 from the General Fund and \$5,186,100 from TANF. Laws 2004, Chapter 277 appropriated \$5,689,600 from the General Fund for a projected shortfall in the Adoption Services line item in FY 2004. This amount is continued in the agency's FY 2005 approved budget.

The monies in this line item are used to subsidize the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental, or emotional disorders or who, because of age, sibling relationship or racial or ethnic background, would be otherwise difficult to place in adoption. The funding provides for ongoing maintenance and/or payment for special services depending on each eligible child's needs. In March 2004, approximately 7,195 clients received adoption subsidies.

Children Services

The budget provides \$52,302,700 for Children Services in FY 2005. This amount consists of \$42,140,600 from the General Fund, \$9,412,100 from TANF, and \$750,000 from the Child Abuse Prevention Fund.

Family Foster Home Rate Increase

The budget provides a General Fund increase of \$2,454,300 to annualize funding for 2 foster care rate increases implemented in FY 2004. Laws 2003, 2nd Special Session, Chapter 6 appropriated \$1,010,700 to fund a family foster home rate increase of \$3.75 per day on January 1, 2004 as well as an additional \$3.75 per day increase on June 1, 2004. The current base rate for a family foster home is approximately \$393 per month, or \$13 per day. The approved amount will increase the family foster home base rate to approximately \$623 per month (or \$20.50 per day). In addition to the base rate, licensed family foster homes commonly receive personal and clothing allowances, as well as out-of-home services such as counseling and parenting skills training.

Provider Rate Increase

The budget includes a General Fund increase of \$1,534,800 for a 4% rate increase for providers of in-home and out-of-home services. The department is in the process of rate negotiations for FY 2005. The approved amount will provide funding for an average increase of 4% to provider contracts.

FY 2004 Shortfall

Laws 2004, Chapter 277 appropriated \$1,061,100 from the General Fund for a projected shortfall in the Children Services line item in FY 2004. This amount is continued in the agency's FY 2005 approved budget.

TANF Block Grant Backfill

The budget includes a TANF Block Grant decrease of \$(5,762,200) and a corresponding General Fund increase of \$5,762,200 for a backfill of one-time TANF Block Grant monies.

The Children Services program provides in-home and out-of-home services to ensure the well being of children who are abused and neglected. This Special Line Item displays only a portion of the monies for the Children Services program. The remaining funds are displayed in the Children Services/TANF Deposit to the Social Services Block Grant (SSBG) Special Line Item described below. In February 2004, there were approximately 660 children receiving in-home services and approximately 7,600 receiving out-of-home services.

Table 2 summarizes funding from all sources, including monies reflected in the TANF Deposit to SSBG line item.

<u>Funding Source</u>	<u>FY 2005</u>
<i>Children Services</i>	
General Fund	\$42,140,600
Child Abuse Prevention Fund	750,000
Federal TANF	<u>9,412,100</u>
Subtotal	\$52,302,700
<i>Children Services/TANF Deposit to SSBG</i>	
	\$22,613,100
<i>Non-Appropriated Funds</i>	
Federal Funds	\$44,733,200
Other Non-Appropriated Funds	<u>890,000</u>
Subtotal	\$45,623,200
TOTAL	\$120,539,000

Children Services/TANF Deposit to SSBG

The budget provides \$22,613,100 from TANF for the TANF Deposit to SSBG line item in FY 2005. The budget includes a TANF Block Grant decrease of \$(2,646,600) and a corresponding General Fund increase of \$2,646,600 for a backfill of one-time TANF Block Grant monies.

The federal government caps the amount of TANF Block Grant monies that can be transferred to the SSBG at 10%. Monies in the line item are deposited into the Federal SSBG; once deposited, the monies are spent on the Children Services program. (See Table 1 for additional details on Children Services funding.)

Intensive Family Services

The budget provides \$1,985,600 from the General Fund for Intensive Family Services in FY 2005. This amount is unchanged from FY 2004.

The program provides contracted intensive, time-limited services to families whose children are at imminent risk of out-of-home placement due to abuse, neglect, or dependency. Cost per family is projected to be \$3,247 for 612 families.

Healthy Families

The budget provides \$13,750,000 for Healthy Families in FY 2005. This amount consists of \$8,715,800 from the General Fund and \$5,034,200 from TANF. The budget provides a General Fund increase of \$8,715,800 to double the Healthy Families program in FY 2005. The program will serve approximately 4,200 clients in FY 2005.

The Healthy Families program provides contracted services to children under 5 years of age and members of their families and is designed to prevent child abuse or neglect and promote child development and wellness.

Family Builders Program

The budget provides \$5,200,000 from TANF for Family Builders in FY 2005. This amount is unchanged from FY 2004.

Through the Family Builders Program, community based providers offer assessment, preservation, and support services to families of children who are in the CPS system. In February 2004, there were 412 referrals to the Family Builders Program.

CPS Appeals

The budget provides \$633,700 from the General Fund for CPS Appeals in FY 2005. The approved amount includes an increase for statewide salary and other adjustments.

The line item funds a process for individuals accused of alleged child abuse or neglect to challenge the department's substantiated findings. The line item includes 10.5 FTE Positions.

Child Abuse Prevention

The budget provides \$817,500 from the Child Abuse Prevention Fund for the Child Abuse Prevention line item in FY 2005. The approved amount includes an increase for statewide salary and other adjustments.

The program provides financial assistance to community treatment programs benefiting abused children and their parents or guardians. The line item includes 1 FTE Position.

Comprehensive Medical & Dental Program (CMDP)

The budget provides \$2,057,000 from the General Fund for CMDP in FY 2005. This amount is unchanged from FY 2004.

The program provides full coverage of the medical and dental expenses of foster children under the jurisdiction of DES, Juvenile Probation Offices, and the State Department of Corrections.

<u>Source</u>	<u>CMDP Funding</u>	<u>Amount</u>
General Fund		\$ 2,057,000
Reimbursement from AHCCCS		<u>13,954,500</u>
Total		\$16,011,500

Attorney General Legal Services

The budget provides \$8,318,500 for Attorney General Legal Services in FY 2005. This amount consists of \$8,269,800 from the General Fund and \$48,700 from TANF. These amounts include an increase for statewide salary and other adjustments.

The budget also provides a General Fund increase of \$4,000,000 and 65 FTE Positions to fund additional AG legal services in the division. The increase will provide funding for approximately 30 additional trial attorneys, 15 legal assistants, 15 legal secretaries, and 5 clerk typists. The General Fund increase is expected to draw down additional federal monies, which will fund approximately 28 attorney and support staff positions.

Laws 2003, 2nd Special Session, Chapter 6 allowed individuals involved in parental rights termination cases to request jury trials. This type of legal proceeding requires more attorney hours, and therefore additional Attorney General resources. In addition, the department has experienced an increase in the number of dependency cases.

Monies in this line item are used to contract for Attorney General representation. This line item includes 151.1 FTE Positions, of which 150.8 are funded from the General Fund and 0.3 are funded from TANF.

TANF Deposit to the Joint Substance Abuse Treatment Fund

The budget provides \$2,000,000 from TANF for TANF Deposit to the Joint Substance Abuse Treatment Fund in FY 2005. This amount is unchanged from FY 2004.

The monies in this line item must be jointly administered by DES and the Department of Health Services for substance abuse services. The funds pay for services for parents, guardians, or custodians whose substance abuse is a significant barrier to preserving the family. The monies also pay for services to recipients of TANF whose substance abuse is a significant barrier to maintaining or obtaining employment. In FY 2004, these monies will provide substance abuse services to approximately 2,000 individuals.

Joint Substance Abuse Treatment Fund – General Fund

The budget provides \$3,000,000 from the General Fund for deposit in the Joint Substance Abuse Treatment Fund in FY 2005. The approved amount replaces monies utilized from the Governor's line item veto of budget reductions within the department. These monies were used in FY 2004 and are not available in FY 2005.

Homeless Youth Intervention

The budget provides \$400,000 from TANF for Homeless Youth Intervention in FY 2005. This amount is unchanged from FY 2004.

The program has 2 locations in the state for the purpose of helping homeless youth achieve self-sufficiency from services provided through collaborative partnerships with community and faith-based organizations.

Permanent Guardianship Subsidy

The budget provides \$3,003,800 for Permanent Guardianship Subsidy in FY 2005. This amount consists of \$2,144,500 from the General Fund and \$859,300 from TANF. Laws 2004, Chapter 277 appropriated \$2,020,500 for a projected shortfall in the Permanent Guardianship Subsidy line item in FY 2004. This amount is continued in the agency's FY 2005 approved budget.

The program provides a subsidy to encourage placement of foster care children in private homes under permanent guardianship status. The amount of the subsidy is not to exceed the amount of a maintenance payment that is used in the Adoption Subsidy program. In February 2004, approximately 930 clients received permanent guardianship subsidies.

CPS Expedited Substance Abuse Treatment Fund Deposit

The budget provides \$224,500 from the General Fund for the CPS Expedited Substance Abuse Treatment Fund Deposit in FY 2005. This amount is unchanged from FY 2004.

Monies are deposited into a non-appropriated Child Protective Services Expedited Substance Abuse Treatment Fund and used to provide expedited drug treatment to guardians and parents when a dependency case plan calls for such treatment.

Residential Drug Treatment

The budget provides \$250,000 from the General Fund for Residential Drug Treatment in FY 2005. The approved amount includes a decrease of \$(100,000) pursuant to appropriations in Laws 2003, 2nd Special Session, Chapter 6. The bill requires the department to contract for a continuum of services provided to families whose children have been taken into temporary custody and have been referred by the department. These services include, but are not limited to the following: case management; family assessments; child day care; parenting skills training; transportation assistance; and residential drug treatment. The legislation appropriated \$350,000 in FY 2004, \$250,000 in FY 2005, and \$75,000 in FY 2006 for this purpose.

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