

Department of Child Safety

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 BASELINE
OPERATING BUDGET			
Full Time Equivalent Positions	2,784.9 ^{1/}	3,045.1	3,057.1
Personal Services	99,829,900	120,650,700	120,650,700
Employee Related Expenditures	45,305,000	52,335,200	52,335,200
Professional and Outside Services	6,919,800	7,868,200	7,868,200
Travel - In State	3,017,600	3,401,600	3,401,600
Travel - Out of State	1,600	30,000	30,000
Other Operating Expenditures	19,612,600	24,410,700	24,410,700
Equipment	7,220,800	8,047,300	6,580,100
OPERATING SUBTOTAL	181,907,300	216,743,700	215,276,500
SPECIAL LINE ITEMS			
Additional Operating Resources			
Attorney General Legal Services	18,684,800	18,563,300	19,758,000
General Counsel	0	157,300	157,300
Inspections Bureau	554,600	2,748,400	2,500,400
Internet Crimes Against Children	0	350,000	350,000
Office of Child Welfare Investigations	3,041,100	10,500,400	10,771,200
Overtime	10,941,900	12,865,000	8,400,000
Records Retention Staff	0	597,400	597,400
Retention Pay	0	1,707,000	1,707,000
Training Resources	3,961,200	5,150,000	5,150,000
Out-of-Home Placements			
Adoption Services	160,851,900	188,483,300	188,483,300
Emergency and Residential Placement	74,618,700	86,166,300	86,166,300
Foster Care Placement	47,898,800	57,832,000	54,630,700
Grandparent Stipends	340,000	1,000,000	1,000,000
Independent Living Maintenance	2,945,500	3,469,300	3,469,300
Permanent Guardianship Subsidy	10,832,300	11,215,300	11,215,300
Support Services			
DCS Child Care Subsidy	33,228,100	39,753,600	39,753,600
In-Home Preventive Support Services	28,518,800	32,605,200	35,214,200
Intensive Family Services	5,000,000	8,500,000	8,500,000
Out-of-Home Support Services	127,618,400	149,566,800	142,989,900
AGENCY TOTAL	710,943,400	847,974,300	836,090,400
FUND SOURCES			
General Fund	261,048,400	361,005,400	351,132,600
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	1,459,100	1,459,100	1,459,100
Children and Family Services Training Program Fund	71,600	207,700	207,700
Federal CCDF Block Grant	28,272,200	27,000,000	27,000,000
Federal TANF Block Grant	133,419,100	132,000,400	132,000,400
Long Term Care System Fund (Non-Federal Matched)	40,988,300	0	0
SUBTOTAL - Other Appropriated Funds	204,210,300	160,667,200	160,667,200
SUBTOTAL - Appropriated Funds	465,258,700	521,672,600	511,799,800
<u>Expenditure Authority Funds</u>			
Child Safety Expenditure Authority	245,684,700	326,301,700	324,290,600
SUBTOTAL - Expenditure Authority Funds	245,684,700	326,301,700	324,290,600
SUBTOTAL - Appropriated/Expenditure Authority Funds	710,943,400	847,974,300	836,090,400

^{1/} Monies in FY 2014 were originally appropriated to DES. The Legislature appropriated 260.2 new FTE Positions to DCS in FY 2015.

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 BASELINE
Other Non-Appropriated Funds	400	1,703,500	1,703,500
TOTAL - ALL SOURCES	710,943,800	849,677,800	837,793,900

AGENCY DESCRIPTION — The department investigates reports of child abuse and neglect, promotes the safety of a child in a stable family or other out-of-home placement in response to allegations of abuse or neglect, works with law enforcement regarding reports that include criminal conduct allegations, and coordinates services to achieve and maintain permanency on behalf of children in the child welfare system. The state’s child welfare function was previously located in the Department of Economic Security (DES) under the Division of Children, Youth and Families. In 2014, the Legislature established the Department of Child Safety (DCS) as a new stand-alone child welfare agency.

Summary

DCS’ FY 2016 General Fund Baseline spending would decrease by \$(9,872,800), or (2.7)%. The Baseline includes:

- \$4,000,000 for preventive services funding.
- \$270,800 to provide full-year funding for the Office of Child Welfare Investigations (OCWI) staff added in FY 2015.
- \$1,000,000 to shift funding from the Attorney General’s budget to the DCS Attorney General Legal Services line item.
- \$(10,666,100) to remove one-time FY 2015 funding related to the backlog of 60-plus-day non-active cases.
- \$(1,477,500) to remove one-time equipment funding for staff added in FY 2015.
- \$(3,000,000) to remove one-time funding used to pay off a portion of the deferral.

Other Agency Funding

The Arizona Department of Administration (ADOA) was appropriated \$25.0 million from the General Fund in FY 2015 for one-time costs associated with the establishment of DCS. Consistent with the Executive’s May 2014 Special Session proposal and the Legislature’s 3-year spending plan, the Baseline does not continue this one-time funding in FY 2016. (*Please see ADOA - DCS section for further details.*)

The Baseline does not include additional funding from the General Fund for the CHILDS replacement project in FY 2016 because the \$5.0 million appropriated for the project in FY 2015 is sufficient until FY 2017. (*Please see ADOA - Automation Projects Fund section for details regarding this information technology project.*)

All Baseline changes were based on the Executive’s May 2014 Special Session proposal and the Legislature’s 3-year spending plan, except for CHILDS replacement and the funding shift from the Attorney General, which is technical in nature.

Beginning in FY 2014, the Legislature appropriated child welfare resources on a Total Expenditure Authority basis. The Total Expenditure approach acknowledges all of the resources available for child welfare but does not appropriate any specific non-appropriated fund. *Table 6* in the *Other Issues for Legislative Consideration* section shows total fund spending since FY 2008.

Backlog

On June 2, 2014, DCS reported 13,024 backlog cases. Backlog means non-active cases for which documentation has not been entered in the child welfare automated system (CHILDS) for at least 60 days and for which services have not been authorized for at least 60 days. A total of \$23,074,300 was appropriated from the General Fund in FY 2015 to address the backlog. At the time of the May 2014 Special Session, the Executive estimated that the cost of the backlog population would decline to \$12,408,200 in FY 2016 and \$0 in FY 2017. The Baseline incorporates these estimates.

Relative to the 13,024 June 2 backlog cases, DCS has either activated the cases or closed them.

In terms of the current activity, the department reported 8,386 post-June 2 backlog cases as of December 2014. The 8,386 figure does not include about 6,400 of 13,024 June 2 backlog cases that had fallen back into inactivity by December 2014. DCS is continuing to move the June 2 backlog cases toward closure and activate post-June 2 backlog cases.

Benchmarks

Pursuant to a series of footnotes in Laws 2014, 2nd Special Session, Chapter 2, DCS is required to quarterly report to the Joint Legislative Budget Committee on the backlog, hiring, and expenditures through the end of FY 2016. As of November 2014, DCS had met its major first quarter goals, hiring all 1,406 budgeted caseworkers, activating all June 2 backlog cases, and meeting expenditure reporting requirements. Although the department hired all of its budgeted caseworkers, a significant number of these new caseworkers were in training. (*Please see the benchmark footnotes italicized in the Footnote section.*)

Operating Budget

The Baseline includes \$215,276,500 and 2,657.9 FTE Positions in FY 2016 for the operating budget. These amounts consist of:

	FY 2016
General Fund	\$88,320,500
Children and Family Services Training Program Fund	207,700
Federal TANF Block Grant	46,928,000
Child Safety Expenditure Authority	79,820,300

FY 2016 adjustments would be as follows:

Remove One-Time Funding	GF	(1,229,500)
	EA	(237,700)

The Baseline includes a decrease of \$(1,467,200) in FY 2016 to eliminate one-time equipment funding for caseworkers and support staff added in FY 2015, as outlined in the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan.

Additional Operating Resources

Attorney General Legal Services

The Baseline includes \$19,758,000 and 234.2 FTE Positions in FY 2016 for Attorney General Legal Services. These amounts consist of:

General Fund	13,798,500
Federal TANF Block Grant	99,400
Child Safety Expenditure Authority	5,860,100

FY 2016 adjustments would be as follows:

Attorney General Realignment	GF	1,000,000
	EA	194,700

The Baseline includes an increase of \$1,194,700 and 12 FTE Positions in FY 2016 to shift funding from the Attorney General's Child Safety and Family Services line item to the DCS Attorney General Legal Services line item, consolidating all DCS Attorney General resources into a single line item. There is no net change in child welfare resources.

Monies in this line item fund Attorney General Legal Services for DCS.

General Counsel

The Baseline includes \$157,300 and 1 FTE Position from the General Fund in FY 2016 for General Counsel. These amounts are unchanged from FY 2015.

Monies in this line item fund DCS General Counsel. The DCS General Counsel will provide legal advice to the

Director, and the Attorney General will continue to represent DCS in administrative or judicial proceedings. The department filled the General Counsel position in November 2014.

Inspections Bureau

The Baseline includes \$2,500,400 and 31 FTE Positions in FY 2016 for the Inspections Bureau. These amounts consist of:

General Fund	1,346,100
Federal TANF Block Grant	549,700
Child Safety Expenditure Authority	604,600

FY 2016 adjustments would be as follows:

Remove One-Time Funding	GF	(248,000)
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The Baseline includes a decrease of \$(248,000) from the General Fund in FY 2016 to eliminate one-time equipment funding for staff added in FY 2015, as outlined in the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan.

These monies fund the Inspections Bureau, which monitors DCS policies and procedures to ensure they are being followed by all staff in accordance with federal and state law. The Inspections Bureau also reviews vendor invoices to ensure accuracy and compliance with DCS contracts. As of December 2014, the department had filled 14 of the 31 Inspections Bureau staff.

Internet Crimes Against Children

The Baseline includes \$350,000 from the General Fund in FY 2016 for Internet Crimes Against Children. This amount is unchanged from FY 2015.

This line item was initially funded in FY 2015. The Arizona Internet Crimes against Children Task Force (AZICAC), led by the Phoenix Police Department's Internet Crimes Against Children Unit, received the funds. AZICAC is a joint federal/local law enforcement task force that investigates child pornography. AZICAC plans to use the funds for a statewide mobile command vehicle, equipment and training, and compensation for 1 investigator.

Given the one-time use of funds in FY 2015, the Baseline would require the Joint Legislative Budget Committee to review the FY 2016 expenditure plan.

Office of Child Welfare Investigations

The Baseline includes \$10,771,200 and 127 FTE Positions in FY 2016 for OCWI. These amounts consist of:

General Fund	9,620,700
Child Safety Expenditure Authority	1,150,500

Out-of-Home Placements

Adoption Services

The Baseline includes \$188,483,300 in FY 2016 for Adoption Services. This amount consists of:

General Fund	62,965,800
Federal TANF Block Grant	20,645,700
Child Safety Expenditure Authority	104,871,800

These amounts are unchanged from FY 2015.

The program subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental, or emotional disorders or who would be otherwise difficult to place in adoption because of age, sibling relationship, or racial or ethnic background. The funding provides for maintenance subsidies, special services subsidies, expenditures related to the legal process of adopting a child, and adoption home recruitment costs. In September 2014, 20,242 clients received adoption subsidies at an average cost of \$749. Based on an average monthly cost of \$749 per adoption placement, the funding in this line is sufficient for an average monthly caseload of 20,959 children.

Emergency and Residential Placement

The Baseline includes \$86,166,300 in FY 2016 for Emergency and Residential Placement. This amount consists of:

General Fund	38,128,000
Federal TANF Block Grant	16,423,000
Child Safety Expenditure Authority	31,615,300

These amounts are unchanged from FY 2015.

The Emergency and Residential Placement line provides funding for 1) short-term placement until a more permanent placement can be arranged and 2) behavioral or other therapeutic residential treatment.

Background – At the end of September 2014, 347 children were in emergency placements while 1,994 children were in residential (non-foster care) placements. At an average monthly cost of \$3,932 per emergency placement and \$3,791 per residential placement, funding in this line is sufficient for an average monthly caseload of 342 emergency placements and 1,539 residential placements.

The Baseline also includes \$1,800,000 in deferred FY 2015 General Fund payments appropriated in FY 2016 by Laws 2014, 2nd Special Session, Chapter 2 and it defers the same amount for FY 2016 to FY 2017. As a result, the FY 2016 General Fund amount of \$38,128,000 would

consist of \$1,800,000 from Chapter 2 and \$36,328,000 from the FY 2016 General Appropriation Act.

Foster Care Placement

The Baseline includes \$54,630,700 in FY 2016 for Foster Care Placement. This amount consists of:

General Fund	25,487,500
Federal TANF Block Grant	6,973,100
Child Safety Expenditure Authority	22,170,100

FY 2016 adjustments would be as follows:

Remove One-Time Funding	GF	(2,272,000)
	EA	(929,300)

The Baseline includes a decrease of \$(3,201,300) in FY 2016 to remove the FY 2015 backlog funding, leaving \$4,543,900 from the General Fund to service the backlog in FY 2016. This change is consistent with the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan.

Based upon a projected removal rate of 9% in the 2nd Special Session, the Executive estimated foster care placements for backlog cases would cost \$4,543,900 from the General Fund in FY 2016 and \$0 in FY 2017 because the children will have exited the system. The estimated monthly cost per backlog placement is \$805.

Background – The Foster Care Placement line item provides funding for the placement of children in the child welfare system into foster homes. This line item only includes the cost of the maintenance payments, not additional support services. At the end of September 2014, 6,657 children were in foster care. Based on an average monthly cost of \$718 per foster care placement, the funding in this line is sufficient for an average monthly caseload of 6,343 children.

The Baseline also includes \$1,900,000 in deferred FY 2015 General Fund payments appropriated in FY 2016 by Laws 2014, 2nd Special Session, Chapter 2 and it defers the same amount for FY 2016 to FY 2017. As a result, the FY 2016 General Fund amount of \$25,487,500 would consist of \$1,900,000 from Chapter 2 and \$23,587,500 from the FY 2016 General Appropriation Act.

Grandparent Stipends

The Baseline includes \$1,000,000 from the General Fund in FY 2016 for Grandparent Stipends. This amount is unchanged from FY 2015.

The program provides a monthly stipend per child to an unlicensed foster grandparent or great-grandparent who has an income that does not exceed 200% of the Federal Poverty Level, does not receive TANF Cash Benefits, and does not receive a permanent guardianship subsidy. In FY

2014, an average of 935 clients received a \$75 monthly stipend.

Independent Living Maintenance

The Baseline includes \$3,469,300 in FY 2016 for Independent Living Maintenance. This amount consists of:

General Fund	2,719,300
Child Safety Expenditure Authority	750,000

These amounts are unchanged from FY 2015.

At the end of September 2014, there were 443 former foster youth between the ages of 18 and 21 in the Independent Living Maintenance program. Based on an average monthly cost of \$623 per independent living stipend, the funding in this line is sufficient for an average monthly caseload of 464 clients. These youth are living on their own and are either enrolled in a postsecondary program or employed.

Besides the stipends funded in this line item, the independent living program also provides training and support services to children who will likely reach the age of 18 while in out-of-home care. The Out-of-Home Support Services line item funds these support services. The services provided include life skills training, educational support and assistance, an education training voucher, employment assistance, counseling, allowances and financial incentives for reaching certain milestones, voluntary foster care, after care services, health care, post-secondary education and training, and other services. In 2014, the program spent \$5,200,000 on non-stipend independent living services.

Permanent Guardianship Subsidy

The Baseline includes \$11,215,300 in FY 2016 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	9,472,300
Federal TANF Block Grant	1,743,000

These amounts are unchanged from FY 2015.

The Guardianship Subsidy program supports permanent placements for children who cannot return home and for whom adoption is not an option. The guardianship subsidy is intended to be only a partial reimbursement for expenses involved in the care of the child. The funding only provides for maintenance subsidies, which are provided to assist with the expenses involved in addressing the special needs of the child. In September 2014, 2,503 clients received permanent guardianship subsidies at an average cost of \$383 per subsidy. Based on an average monthly

cost of \$383 per permanent guardianship subsidy, the funding in this line is sufficient for an average monthly caseload of 2,439 children.

Support Services

DCS Child Care Subsidy

The Baseline includes \$39,753,600 in FY 2016 for the DCS Child Care Subsidy. This amount consists of:

General Fund	5,000,000
Federal CCDF Block Grant	27,000,000
Child Safety Expenditure Authority	7,753,600

These amounts are unchanged from FY 2015.

Monies in this line item fund child care for children in the DCS system. DES continues to administer the state's child care program, so this funding is passed through to DES. Children who qualify for the DCS child care subsidy are not subject to a time limit, copay, or waiting list. In September 2014, 8,873 children received DCS child care at an average cost of \$399 per child. Based on this monthly rate, the funding in this line item is sufficient for an average monthly caseload of 8,302 children. *(Please see the Child Care Subsidy line item in the DES narrative for more information.)*

In-Home Preventive Support Services

The Baseline includes \$35,214,200 and 1 FTE Position in FY 2016 for In-Home Preventive Support Services. These amounts consist of:

General Fund	15,794,000
Federal TANF Block Grant	5,911,200
Child Abuse Prevention Fund	1,459,100
Child Safety Expenditure Authority	12,049,900

FY 2016 adjustments would be as follows:

Additional Preventive Services GF 4,000,000

The Baseline includes an increase of \$4,000,000 from the General Fund in FY 2016 to provide additional preventive services, as outlined in the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan.

Remove One-Time Funding GF (1,391,000)

The Baseline includes a decrease of \$(1,391,000) from the General Fund in FY 2016 to remove the FY 2015 backlog funding, leaving \$2,782,100 from the General Fund to service the backlog in FY 2016. This change was outlined in the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan.

Based upon a projected 9% of the cases in the backlog requiring in-home services, the Executive believed the cost

would be \$2,782,100 from the General Fund in FY 2016 and \$0 in FY 2017 because the children will have exited the system. The estimated total funds cost per case is \$4,600.

Background – Monies in this line item fund support services for families whose children are at risk of out-of-home placement due to abuse, neglect, or dependency. These support services include parent aide, in-home services, counseling and psychology, lab services, substance abuse treatment, and other miscellaneous services. For October 2014, the department reported 10,215 in-home cases.

Table 1 shows DCS’ estimated FY 2016 expenditures for the In-Home Preventive Support Services line item, the Intensive Family Services line item, and the Out-of-Home Support Services line item by subcategory. The current CHILDS system has limitations that prevent a clear distinction between expenditures for children receiving In-Home Preventive Support Services and children receiving Out-of-Home Support Services.

Table 1	
In-Home and Out-of-Home Support Services ^{1/}	
Estimated FY 2016 Expenditures by Subcategory	
<u>Services</u>	<u>Amount</u>
Parent Aide	\$ 39,762,700
CMDP	38,092,000
Foster Home Recruitment	28,492,100
Transportation	22,557,000
In-Home ^{2/}	13,165,200
Allowances ^{3/}	10,452,700
Substance Abuse Treatment	7,784,400
Behavioral Health Services	6,793,300
Lab Services	6,014,700
Independent Living	5,545,400
Other	9,083,400
Total	\$187,742,900

^{1/} Includes the Intensive Family Services line item.
^{2/} In-home services can include crisis intervention counseling, marital and family therapy, respite care, home management and nutrition, and linkages with community resources.
^{3/} Includes a clothing allowance, personal allowance, and special allowance. Some examples of special allowances are emergency clothing, special needs, books/education, graduation, and diapers.

Intensive Family Services

The Baseline includes \$8,500,000 from the General Fund in FY 2016 for Intensive Family Services. This amount is unchanged from FY 2015.

In FY 2014, the Legislature restored funding for Intensive Family Services. The program provides contracted intensive, time-limited services to families whose children are at risk of out-of-home placement due to abuse, neglect, or dependency. In FY 2014, this program served 1,501

families at an average cost per case of \$3,330. Based on that average case cost, funding is sufficient to provide Intensive Family Services to 2,552 families in both FY 2015 and FY 2016.

During the 2013 Legislative Session, some proponents of the new funding thought that DES would contract with a specific vendor that would coordinate a package of services to high risk families to keep the children in the home. To distinguish these funds from existing DES services, the monies were placed in a new budget line item. Other proponents may have viewed the funding as a supplement to existing funding.

In June 2014, the Joint Legislative Budget Committee favorably reviewed DCS’ FY 2015 Intensive Family Services expenditure plan with the condition that DCS update the Committee on the Request for Information (RFI) and Request for Proposals (RFP) process regarding the redesign of its service delivery mechanism. As of December 2014, the department was still in the process of redesigning the service array for Intensive Family Services to comply with Title IV-E waiver requirements, pushing back the RFP to July 2015. DCS plans to spend the FY 2015 funding in the same manner as in FY 2014 by supplementing in-home services. *(Please see the Other Issues for Legislative Consideration section for further details on the IV-E waiver.)*

Out-of-Home Support Services

The Baseline includes \$142,989,900 in FY 2016 for Out-of-Home Support Services. These amounts consist of:

General Fund	63,504,900
Federal TANF Block Grant	28,867,800
Child Safety Expenditure Authority	50,617,200

FY 2016 adjustments would be as follows:

Remove One-Time Deferral Funding **GF (3,000,000)**

The Baseline includes a decrease of \$(3,000,000) from the General Fund in FY 2016 to remove one-time funding that reduced the DCS deferral from \$14,000,000 to \$11,000,000.

Remove One-Time Backlog Funding **GF (2,538,100)**
EA (1,038,800)

The Baseline includes a decrease of \$(3,576,900) in FY 2016 to remove the FY 2015 backlog funding, leaving \$5,082,200 from the General Fund to service the backlog in FY 2016, as outlined in the Executive’s May 2014 Special Session proposal and the Legislature’s 3-year spending plan.

Based upon a projected 9% of the cases in the backlog requiring out-of-home support services, the Executive believed the cost would be \$5,082,200 from the General

Fund in FY 2016 and \$0 in FY 2017 because the children will have exited the system. The estimated monthly cost is \$900.

Background – The Out-of-Home Support Services line item provides support services for out-of-home clients, in the categories displayed in *Table 1*. This line item does not include the cost of residential placement. For September 2014, the department reported 16,990 out-of-home children were receiving support services.

This line item and the In-Home Preventive Support Services line item fund Arizona Families F.I.R.S.T. Individuals must meet 1 of the following 2 requirements to qualify for the program:

- Any parent, guardian or custodian of a child who is named in a child maltreatment report as a victim of abuse or neglect and whose substance abuse is a significant barrier to maintaining, preserving or reunifying the family.
- A person whose substance abuse is a significant barrier to obtaining or maintaining employment if the person is receiving TANF Cash Benefits.

The budget for Arizona Families F.I.R.S.T. is outlined in *Table 2*. This funding is part of the Substance Abuse Treatment and Lab Services categories in *Table 1*. In FY 2014, 6,509 child safety clients were referred to the Arizona Families F.I.R.S.T. program for substance abuse treatment services, and it is anticipated that 6,600 and 6,900 child safety clients will be referred to the program in FY 2015 and FY 2016, respectively.

The Baseline also includes \$7,300,000 in deferred FY 2015 General Fund payments appropriated in FY 2016 by Laws 2014, 2nd Special Session, Chapter 2 and it defers the same amount for FY 2016 to FY 2017. As a result, the FY 2016 General Fund amount of \$63,504,900 would consist of \$7,300,000 from Chapter 2 and \$56,204,900 from the FY 2016 General Appropriation Act.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Operating Resources

The Department of Child Safety shall provide training to any new child safety FTE Positions before assigning to any of these employees any client caseload duties.

It is the intent of the Legislature that the Department of Child Safety use its funding to achieve a 100% investigation rate.

On or before September 30, 2015, the department shall submit an expenditure plan for the Internet Crimes Against Children appropriation to the Joint Legislative Budget Committee for review.

The appropriation for the Office of Child Welfare Investigations is solely for the costs of employees directly hired by the Office of Child Welfare Investigations. At least 30 days before any transfer into or out of the Office of Child Welfare Investigations line item, the department shall report the proposed transfer to the Director of the Joint Legislative Budget Committee.

Out-of-Home Placements

Of the amounts appropriated for Out-of-Home Support Services, Emergency and Residential Placement and Foster Care Placement, the Department of Child Safety may transfer up to 10% of the total amount of Federal Temporary Assistance for Needy Families Block Grant monies appropriated to the Department of Economic Security and the Department of Child Safety to the Social Services Block Grant for use in the following line items in the Department of Child Safety: Out-of-Home Support Services, Emergency and Residential Placement and Foster Care Placement. Before transferring Federal Temporary Assistance for Needy Families Block Grant monies to the Social Services Block Grant, the Department of Child Safety shall report the proposed amount of the transfer to the Director of the Joint Legislative Budget Committee. This report may be in the form of an expenditure plan that is submitted at the beginning of the fiscal year and updated, if necessary, throughout the fiscal year.

Arizona Families F.I.R.S.T.				
	FY 2013	FY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<i>Appropriated</i>				
General Fund	\$ 46,600	\$ 6,200	\$ 30,000	\$ 30,000
TANF	9,449,800	9,050,300	9,786,000	10,218,200
<i>Non-Appropriated</i>				
DCS Expedited	247,000	-	-	-
Substance Abuse Treatment Fund				
Joint Substance Abuse Trtmt Fund	-	610,800	-	-
Total	\$9,743,400	\$9,667,300	\$9,816,000	\$10,248,200

The Out-of-Home Support Services line item also provides full coverage of the medical and dental expenses of foster children. The General Fund monies in this Comprehensive Medical and Dental program (CMDP) provide medical services to children who are not eligible for coverage through the Arizona Health Care Cost Containment System (AHCCCS). The Department of Health Services (DHS) provides behavioral health services for foster children.

The amount appropriated for Grandparent Stipends must be used for a monthly stipend for a grandparent or any level of great-grandparent if a dependent child is placed in that person's care pursuant to department guidelines.

Support Services

It is the intent of the Legislature that the funding in the In-Home Preventive Support Services line item be used for families whose children are at risk of out-of-home placement due to abuse, neglect or dependency, while the funding in the Out-of-Home Support Services line item is for children in out-of-home placements.

Before the expenditure of monies from the Intensive Family Services line item in FY 2016, the Department of Child Safety shall submit an expenditure plan for review by the Joint Legislative Budget Committee. The expenditure plan must include an estimate of any comparable funding in the In-Home Preventive Support Services line item.

Departmentwide

The Department of Child Safety shall report to the Joint Legislative Budget Committee on its progress in implementing the Auditor General's recommendations for transportation services and emergency and residential placement on or before December 31, 2015. *(The footnote is updated for the most recent audit of Emergency and Residential Placement.)*

The Department of Child Safety shall forward a monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee on or before the 30th of the following month. The report must include a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

In this section, "backlog" or "backlog cases" means nonactive cases for which documentation has not been entered in the child welfare automated system for at least 60 days and for which services have not been authorized for at least 60 days.

The FY 2016 amounts appropriated to the Department of Child Safety include increases of the following amounts in the following line items to address backlog cases:

1. Overtime: \$0 from the state General Fund.
2. In-home Preventive Support Services: \$2,782,100 in FY 2016 and \$0 in FY 2017 from the state General Fund.
3. Out-of-Home Support Services: \$5,082,200 in FY 2016 and \$0 in FY 2017 from the General Fund.
4. Foster Care Placement: \$4,543,900 in FY 2016 and \$0 in FY 2017 from the state General Fund.

THESE APPROPRIATIONS FOR THE BACKLOG ARE BASED ON THE EXECUTIVE'S MAY 2014 ESTIMATES.

Prior Year Footnotes Effective Through FY 2016

The italicized footnotes below were enacted in Laws 2014, 2nd Special Session, Chapter 2 to address the backlog, hiring, and expenditures. Given that the requirements in the original footnotes remain in effect through FY 2016, they would not be repeated in the FY 2016 General Appropriation Act.

On or before September 30, 2014, and on or before the last day of every calendar quarter through June 30, 2016, the department shall present a report for review by the Joint Legislative Budget Committee on the progress made in increasing the department's number of filled FTE Positions and in reducing the number of backlog cases, as outlined in the report submitted on or before June 16, 2014 and reviewed by the Joint Legislative Budget Committee as required by this act.

The quarterly report must provide the same information on the total number of filled FTE Positions as is required by the monthly hiring report required by section 12 of this act.

The quarterly report must also delineate the disposition of backlog cases as of the close of business on June 2, 2014. The report must provide the number of cases currently closed, the number of cases currently being investigated, the number of cases currently in an out-of-home placement and the number of cases currently receiving in-home preventive support services. The report must provide the total number of backlog cases, including any cases reaching backlog status from and after June 2, 2014.

The quarterly report must also provide an update of the projected quarterly expenditure plan of the monies appropriated for Personal Services and for addressing the backlog, including a report of the actual expenditures. If the department is not able to report the actual expenditures for the backlog cases, the report must provide an estimate of the actual expenditures, including the methodology used to estimate the actual expenditures.

If the department is not able to report the actual expenditures for the backlog cases, the quarterly report must include an update of the short-term methods to improve the cost accounting for individual child welfare cases prior to full implementation of upgrades to the Children's Information and Library and Data Source authorized by Laws 2014, Chapter 18, Section 123.

Deletion of Prior Year Footnotes

The Baseline would delete the footnotes concerning the backlog Request for Information, hotline wait times, retention pay, the hiring report, and submission of proposed quarterly benchmarks to JLBC. *(For more*

information, please see the Auditor General section in *Other Issues for Legislative Consideration.*)

STATUTORY CHANGES

The Baseline would:

- As session law, in the General Appropriation Act, continue to defer \$11,000,000 in General Fund payments for FY 2016 until FY 2017. Appropriate \$11,000,000 in FY 2017 for these deferred payments.
- As session law, continue to require the Early Childhood Development and Health Board and DCS to report with DCS on their collaborative efforts to address child welfare issues of common concern.
- As session law, require the Auditor General to evaluate DCS permanency practices, the effectiveness of a differential response system, and DCS foster home placement practices. (*For more information, please see the Auditor General section in Other Issues for Legislative Consideration.*)

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

This section includes information on the following topics:

- Long Term Budget Impacts
- Auditor General Recommendation
- Title IV-E Waiver
- CMDP Reform
- Independent Consultant
- Child Safety Funding
- Payment Deferral
- TANF Block Grant

Long-Term Budget Impacts

Beyond FY 2016 Baseline changes, JLBC Staff estimates that DCS statutory caseload changes will require a reduction of \$(8,408,200) in FY 2017 below FY 2016 to remove one-time backlog funding. An additional \$5,000,000 will also be required in FY 2017 above FY 2016 for CHILDS replacement funding. These estimates are based on the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan.

Auditor General Recommendation

The FY 2014 Health and Welfare Budget Reconciliation Bill (Laws 2013, Chapter 10) instructed the Auditor General to submit a report addressing expenditures for the Emergency and Residential Placement line item. Specifically, the legislation asked the Auditor General to (a) describe the reasons for the high usage of emergency and residential placements as opposed to foster homes and (b) propose possible methods to reduce the use of emergency and residential placements in the future. In FY 2013, DES spent \$79.2 million on emergency and residential placements, or 100% more than in FY 2009.

Emergency and residential placements (also known as congregate care) are the least desirable setting for the well-

being of out-of-home children as well as the most expensive placement setting for the state. In the past few years, emergency and residential placements have experienced a greater rate of growth than foster care placements. The number of children in out-of-home care grew by about 56% from September 2009 to March 2014, while the number of children in emergency and residential placements grew by approximately 73% during this same time period. Increased utilization of emergency and residential placements in Arizona runs counter to the national trend.

The Auditor General found that the dramatic growth in emergency and residential placements is based on a number of factors:

- Inadequate supply of licensed foster homes - The department has not been able to recruit sufficient foster homes relative to demand for older children, special needs children, and sibling groups, so these children are more frequently placed in emergency and residential placements. DCS' contracts for foster home recruitment-related services lack adequate performance measures, appropriate ties between contractor performance and department monitoring, and workable financial incentives. Based on this information about the difficulty of placing certain children in foster homes, the Baseline recommends an audit focused on foster home placement practices, addressing the 1,169 foster home spaces available to the department that it is unable to use.
- Various department practices, including allowing some children who wish to stay in emergency and residential placements to do so and the use of independent living and long-term foster care as permanency goals. In order to ensure the use of best practices, the Baseline includes an audit addressing the appropriateness of DCS' permanency practices.
- Inadequate access to behavioral health services for children in family foster homes.

To reduce emergency and residential placements, the Auditor General recommends a comprehensive approach, possibly through the use of an outside consultant, that focuses on service array, frontline practice, finance, performance management, and policy regulation. The Auditor General provided Tennessee as an example of successful reform, where vendors are required to provide both foster care homes and emergency and residential placements. Tennessee vendors are paid the same rate regardless of where they place the child, so vendors have an incentive to place children in foster homes, which are better for the well-being of the child and less expensive.

The Auditor General also recommends that DCS establish a timeframe for reestablishing the use of foster care receiving homes. Foster care receiving homes are available 24/7 to receive children on a temporary basis until other placement options become available. Starting

in FY 2014, the Legislature appropriated funding for 200 placements in foster care receiving homes, but DCS has not yet reinstated the use of this type of foster care placement.

Besides the audits of permanency and placement practices, the Baseline proposes that the Auditor General evaluate the effectiveness of a differential response system and case screening when responding to reports of child maltreatment. Under a differential response system, family support services would be referred for low-risk cases, and the service provider would perform the initial family needs assessment. The service provider would be required to immediately report cases to DCS for a full investigation if child abuse or endangerment is discovered. The department employed a differential response program called Family Builders from 1998 to 2009. (*For more information on the Family Builders program, see A.R.S. § 8-816.*)

The FY 2015 Health and Welfare Budget Reconciliation Bill (Laws 2014, Chapter 11) instructs the Auditor General to evaluate certain aspects of Arizona’s child welfare system and the Office of Child Welfare investigations relative to national child welfare data. The report is due on March 15, 2015.

Title IV-E Waiver

The U.S. Department of Health and Human Services (HHS) has granted DCS’ request for a Title IV-E waiver focused on reducing the number of children in congregate care. “IV-E” refers to the section of federal law authorizing federal government payment of foster care and related expenses. DCS plans to start operating under the waiver in 2015. Title IV-E funding has been the state’s primary source of Federal Funding for out-of-home children in the child welfare system. HHS has not approved the department’s plan for reducing the number of children entering congregate care, but the department tentatively plans to (1) establish a risk and needs assessment tool focused on uniform caseworker decision making, (2) provide evidenced-informed in-home services, and (3) emphasize caseworker training.

The IV-E waiver effectively establishes a maximum federal funding level. The ceiling is adjusted upward each year for projected caseload growth. *Table 3* shows the level of IV-E funding the waiver allocates to the state each federal fiscal year (FFY). In the first year of the waiver in FFY 2015, the cap grows to \$164.6 million. By FFY 2019, the cap is \$226.6 million. The waiver does not cap IV-E funding for CHILDS, training, and pre-placement activities.

Table 3
Arizona Title IV-E Capped Allocation

<u>FFY</u>	<u>Amount</u>
2015	\$164,642,200
2016	\$179,348,300
2017	\$192,705,400
2018	\$209,119,800
2019	\$226,592,400

Under the waiver, any IV-E funding DCS does not spend on traditional IV-E purposes, such as congregate care maintenance payments, can now be spent on in-home services, which are not normally eligible for IV-E funding.

To ensure that its in-home service mechanism meets the federal IV-E waiver standards, the department has pushed back the Intensive Family Services RFP from December 2014 to July 2015.

CMDP Reform

Laws 2013, Chapter 220 requires AHCCCS, DCS and DHS to determine and report on the most effective method for delivering medical, dental and behavioral health services to children who qualify for CMDP, considering the possibility of an administratively integrated system. The report is due by October 1, 2015.

As discussed in the Out-of-Home Support Services line item, CMDP provides full coverage of the medical and dental expenses of foster children under the jurisdiction of DCS. The department estimates a CMDP caseload of about 19,000 children in FY 2016, with a total funds cost of approximately \$46.6 million. Of the children in CMDP, 96% are eligible for Medicaid coverage, while the Medicaid-ineligible children are covered solely with General Fund monies.

Unlike CMDP behavioral health coverage where DHS administers the program, DCS administers acute care CMDP by directly contracting with providers. The cost for DCS to administer acute care CMDP is about \$5.0 million annually. The state’s General Fund match for acute care CMDP Medicaid is appropriated to AHCCCS, and AHCCCS reimburses DCS for costs associated with Medicaid-eligible CMDP children. In its FY 2016 budget submittal, AHCCCS proposes that the CMDP appropriation be shifted to DCS so that the program cost is aligned with the agency responsible for the program.

JLBC Staff recommends retaining CMDP funding in AHCCCS pending the October 2015 report.

Independent Consultant

Laws 2014, 2nd Special Session, Chapter 1 requires the Auditor General to retain an independent consultant with expertise in child welfare system planning and operations to examine the current child safety system and consider best practices to improve the delivery of services in

Arizona and provide consultation on the effective establishment of DCS with a focus on certain challenges.

The Auditor General has chosen Chapin Hall at the University of Chicago as the independent consultant. Chapin Hall is a research and policy center that focuses on improving the well-being of children and youth, families, and their communities. Chapin Hall will report its findings on July 1, 2015.

Child Safety Funding

Table 4 shows the growth in state funding for child safety year over year since FY 2013. Table 5 indicates the specific job titles of the 718 new child safety FTE Positions added since FY 2013, while Table 6 displays total child safety expenditures since FY 2008.

Payment Deferral

The Baseline continues the \$11.0 million payment deferral from FY 2016 to FY 2017. DCS plans to defer a total of \$11.0 million in payments from the Special Line Items specified below:

Out-of-Home Support Services	7,300,000
Foster Care Placement	1,900,000
Emergency and Residential Placement	1,800,000

The \$11.0 million in FY 2016 to pay the amount deferred from FY 2015 to FY 2016 was appropriated in Laws 2014, 2nd Special Session, Chapter 2, so this adjustment does not appear in the General Appropriation Act; however, the amount is included in the General Fund amount for DCS in this section. As a result, the FY 2016 General Fund amount of \$351.1 million would consist of \$11.0 million from the deferral appropriation and \$340.1 million from the General Appropriation Act.

TANF Block Grant

The federal TANF Block Grant can be deposited into the federal Social Services Block Grant (SSBG); once deposited, the monies are spent on DCS programs. The federal government caps the amount of TANF Block Grant monies that can be transferred to the SSBG at 10%. A footnote in the General Appropriation Act allows DCS to make this transfer of TANF monies in the Out-of-Home Support Services, Emergency and Residential Placement, and Foster Care Placement line items to the SSBG. This amount is estimated at \$20,014,100 in FY 2016. The transfer to SSBG provides additional funding flexibility to DCS.

TANF is a major funding source for DCS. A comprehensive view of the federal TANF Block Grant is found in the narrative for DES in the *Other Issues for Legislative Consideration* section.

Table 4

**Increase in State Child Safety Funding 1/
(\$ in Millions)**

Staffing	FY 2013	FY 2014	FY 2015	FY 2015 SS	FY 2016 Baseline	Total (FY 15 Above FY 12)
Child Safety Staff (caseworkers & others)	\$ 4.8	\$ 12.9	2/ \$ 15.3	\$ 6.2	\$ (1.2)	\$ 38.0
Child Safety Staff Pay Raise/Retention Stipend	1.0	-	-	1.7	-	2.7
OCWI Staff	2.3	-	1.8	5.3	0.2	9.6
Records Retention Staff	-	-	0.5	-	-	0.5
Child Safety Legal Staff	-	1.5	1.0	-	-	2.5
Internal Legal Counsel	-	-	-	0.2	-	0.2
Inspections Bureau	-	-	-	2.2	(0.2)	2.0
Residential Placements						
Congregate Care	-	13.0	-	-	-	13.0
Congregate Care Backfill	-	-	3/	6.5	-	6.5
Foster Care	-	4.8	-	-	-	4.8
Grandparent Stipends	-	1.0	-	-	-	1.0
Permanent Guardianship	2.4	-	-	-	-	2.4
Adoption	17.0	2.9	6.0	-	-	25.9
Services						
Intensive Family Services	-	5.0	3.5	-	-	8.5
Children Support Services	-	4.0	5.6	-	4.0	13.6
Child Safety Child Care	-	9.0	-	-	-	9.0
Backlog						
Backlog - Action Determination	-	-	-	0.2	(0.2)	-
Backlog - Investigation	-	-	-	4.2	(4.2)	-
Backlog - Out-of-Home Care Placement	-	-	-	6.8	(2.3)	4.5
Backlog - Out-of-Home Care Services	-	-	-	7.6	(2.5)	5.1
Backlog - In-Home Care Services	-	-	-	4.2	(1.4)	2.8
Other						
Training Resources	-	-	-	0.2	-	0.2
Internet Crimes Against Children	-	-	-	0.4	-	0.4
Partial Deferral Payoff	-	-	-	3.0	(3.0)	-
Federal Funds Backfill	18.5	-	-	-	-	18.5
Contingency	-	10.5	-	-	-	10.5
Other Agency Funding						
New Agency One-Time Funding (ADOA)	-	-	20.0	5.0	(25.0)	-
CHILDS Replacement (ADOA)	-	-	5.0	-	(5.0)	-
Auditor General	-	-	-	0.3	(0.3)	-
Total 4/	\$ 46.1	\$ 64.7	\$ 58.6	\$ 53.8	5/ \$ (41.1)	\$ 182.1

1/ Each year shows the increase over the prior fiscal year. The FY 2015 amounts are General Fund, while the FY 2014 and FY 2013 amounts include General Fund and Long Term Care System Fund.

2/ The \$5.7 million supplemental (2nd Regular Session) is not shown so as not to double count the funding.

3/ The \$5.1 million supplemental (2nd Special Session) is not shown so as not to double count the funding.

4/ Numbers do not add due to rounding.

5/ Excludes \$0.8 million for the Legislative Council Ombudsman.

Table 5

**New Child Safety FTE Positions
(All Funds)**

	<u>FY 2013</u>	<u>Part 1 FY 2014</u> ^{1/}	<u>Part 2 FY 2014</u> ^{2/}	<u>FY 2015</u>	<u>FY 2015 SS</u> ^{3/}	<u>Total Change</u> ^{4/}
Caseworkers/Hotline Staff	50	93	126	32	54	355
OCWI Staff	28	^{5/}	-	20	73	121
Assistant Program Managers	4	2	4	-	2	12
Unit Supervisors	-	16	20	6	10	52
Case Aides	-	23	30	9	15	77
Records Retention Staff	-	-	-	5	-	5
AG Legal Staff via DCS	-	22	-	-	-	22
AG Legal Staff (Direct)	-	-	-	12	-	12
In-House Counsel	-	-	-	-	1	1
Inspections Bureau	-	-	-	-	21	21
Support Staff/Other	-	16	12	3	9	40
Subtotal - New	82	172	192	87	185	718
Transferred Staff	-	-	-	-	99	^{6/} 99
Subtotal - New and Transferred	82	172	192	87	284	817
Total Child Safety Staff	N/A	N/A	N/A	N/A	N/A	3,057 ^{7/}

^{1/} Represents original FY 2014 budget.

^{2/} Represents FY 2014 supplemental in 2nd Regular Session.

^{3/} Reflects Executive Special Session Request.

^{4/} Total change in FTE Positions since FY 2012.

^{5/} The agency indicates that 34 OCWI staff were hired.

^{6/} Represents administrative staff transferred from DES, including 10 Inspections Bureau Staff.

^{7/} Comprised of 3,045.1 FTE Positions for the Department of Child Safety and 12 FTE Positions directly funded to the Attorney General's Office.

Table 6

**Child Safety Total Fund Expenditures
(\$ in Millions)**

<u>Year</u>	<u>Expenditures</u>	<u>Reports of Child Maltreatment</u>
FY 2008	\$509.9	34,989
FY 2009	\$487.6	33,186
FY 2010	\$448.9	33,839
FY 2011	\$478.8	34,904
FY 2012	\$561.2	40,517
FY 2013	\$625.8	44,119
FY 2014	\$710.9	45,368
FY 2015 Estimate ^{1/}	\$849.7	12,659 ^{2/}
FY 2016 Baseline ^{3/}	\$837.8	-

^{1/} Excludes \$25.0 million for start-up funding appropriated to ADOA, \$5.0 for CHILDS replacement, \$1.0 million for child safety legal support (Attorney General), \$0.8 million for the Ombudsman, and \$0.3 million for the Auditor General.

^{2/} Represents data through September 2014, which is 19% higher than at this same time last year.

^{3/} Excludes \$0.8 million for the Ombudsman.

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 Estimate
Child Abuse Prevention Fund (CHA2162/A.R.S. § 8-550.01)		Appropriated
Source of Revenue: A portion of monies (1.93%) from statutory filing and copy fees collected by the Superior Court and all funds received through check-off contributions on the Arizona tax form. Monies also may come from a surcharge on certified copies of death certificates when revenues from the surcharge exceed \$100,000 for the year.		
Purpose of Fund: To provide financial assistance to community treatment programs, benefiting abused children and their parents or guardians. An amount of not more than 5% may be expended for administrative expenses related to the fund.		
Funds Expended	1,459,100	1,459,100
Year-End Fund Balance*	0	(451,800)
Child Safety Expedited Substance Abuse Treatment Fund (CHA2421/A.R.S. § 8-812)		Non-Appropriated
Source of Revenue: Appropriations from the state General Fund.		
Purpose of Fund: To provide expedited drug treatment to guardians and parents when a dependency case plan calls for treatment. Expenditures from this fund are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Child Safety Expenditure Authority (CHA2009/A.R.S. § 41-101.01)		Expenditure Authority
Source of Revenue: All non-appropriated funds and Federal Funds for the Department of Child Safety, excluding the Federal Temporary Assistance for Needy Families Block Grant, the Federal Child Care and Development Fund, the Client Trust Fund, and the Economic Security Donations Fund.		
Purpose of Fund: To fund the Department of Child Safety.		
Federal Expenditure Authority Funds Expended	235,296,000	248,765,400
Other Expenditure Authority Funds Expended	10,388,700	77,536,300
Year-End Fund Balance	0	3,386,300
Children and Family Services Training Program Fund (CHA2173/A.R.S. § 8-503.01)		Appropriated
Source of Revenue: A portion of monies collected from fees charged for copies of child welfare files and assessments against legally responsible parties for the support of a child in the state's custody. The fund receives 90% of the revenues collected. The remaining 10% of revenues are credited to the General Fund.		
Purpose of Fund: To administer training for child safety workers and employees in related programs. The monies cannot be used to pay salaries or expenses of the training staff. Up to 10% of the monies may be used to enhance the collection of monies owed to the agency. Any monies collected from fees for copies of child welfare files may be used only for reimbursing the department for its cost.		
Funds Expended	71,600	207,700
Year-End Fund Balance	0	209,900
Client Trust Fund (CHA3152/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Monies collected from Social Security, Veterans' Administration benefits, and other benefits payable to a child in the care, custody, or control of DCS.		
Purpose of Fund: To defray the costs of care and services expended for the benefit, welfare, and best interest of the child.		
Funds Expended	400	1,703,500
Year-End Fund Balance	0	4,386,500
Economic Security Donations Fund (CHA3145/A.R.S. § 36-571, 41-1954)		Non-Appropriated
Source of Revenue: Grants, gifts, or bequests.		
Purpose of Fund: To be disbursed for the purpose of and in conformity with the terms of the grant, gift, or bequest.		
Funds Expended	0	0
Year-End Fund Balance	0	218,300

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 Estimate
Federal CCDF Block Grant (CHA2008/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To be used for developing child care programs and policies that promote parental choice; providing consumer education to help parents make informed choices on child care; providing child care to welfare recipient parents; and implementing health, safety, licensing, and registration standards under state law for child care. Up to 5% of the aggregate amount of funds expended can be used for administrative costs. At least 4% of funds must be used for consumer education and activities for improving the quality and availability of child care. No monies can be used for purchasing land or building facilities to provide child care. DES has a separate allocation of CCDF.		
Funds Expended	28,272,200	27,000,000
Year-End Fund Balance	0	0
Federal TANF Block Grant (CHA2007/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of 2-parent families. DES has a separate allocation of TANF.		
Funds Expended	133,419,100	132,000,400
Year-End Fund Balance	0	0
Joint Substance Abuse Treatment Fund (CHA2429/A.R.S. § 8-881)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund and the Federal Temporary Assistance to Needy Families Block Grant.		
Purpose of Fund: To be jointly administered by DCS and the Department of Health Services for services to families and Federal Temporary Assistance for Needy Families recipients involved with DCS and whose substance abuse is a significant barrier to maintaining, preserving, or reunifying the family. An amount of not more than 5% can be used for program development costs. Up to 10% can be used for evaluating community programs delivering the services. Expenditures from this fund are not displayed to avoid double counting appropriated monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Long Term Care System Fund (Non-Federal Matched) (CHA2224/A.R.S. § 36-2953)		Appropriated
Source of Revenue: One-time profit from the state-run Long Term Care System.		
Purpose of Fund: To fund administrative and program costs associated with the Long Term Care system. In FY 2014, the department was permitted to use these monies for other purposes. These monies partially funded Adoption, Emergency and Residential Placement, and Out-of-Home Support Services in FY 2014. Starting in FY 2015, these one-time monies were backfilled with General Fund, and the profit was deposited into the General Fund.		
Funds Expended	40,988,300	0
Year-End Fund Balance	0	0

*As reported by the agency. Actual ending balance will not be negative.