

## Department of Child Safety

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	3,045.1	3,057.1	3,057.1
Personal Services	102,946,200	117,088,500	117,088,500
Employee Related Expenditures	44,976,800	50,218,900	50,218,900
Professional and Outside Services	10,176,900	9,849,800	9,849,800
Travel - In State	2,907,900	2,997,000	2,997,000
Travel - Out of State	5,400	5,100	5,100
Other Operating Expenditures	32,108,000	27,684,000	27,684,000
Equipment	9,513,100	1,334,000	1,334,000
<b>OPERATING SUBTOTAL</b>	<b>202,634,300</b>	<b>209,177,300</b>	<b>209,177,300</b>
<b>SPECIAL LINE ITEMS</b>			
<b>Additional Operating Resources</b>			
Attorney General Legal Services	19,653,300	19,615,500	19,615,500
General Counsel	80,300	156,100	156,100
Inspections Bureau	702,300	2,486,500	2,486,500
Internet Crimes Against Children	325,000	350,000	0
Office of Child Welfare Investigations	4,324,500	10,706,700	10,706,700
Overtime Pay	13,515,000	8,400,000	8,400,000
Records Retention Staff	569,900	595,600	595,600
Retention Pay	618,000	1,707,000	1,707,000
Training Resources	1,782,300	5,150,000	5,150,000
<b>Out-of-Home Placements</b>			
Adoption Services	187,195,200	206,301,000	206,301,000
Emergency and Residential Placement	92,457,500	78,106,300	76,306,300
Foster Care Placement	56,165,900	60,981,300	52,679,000
Grandparent Stipends	841,200	1,000,000	1,000,000
Independent Living Maintenance	4,109,800	3,469,300	3,469,300
Permanent Guardianship Subsidy	11,882,600	12,215,300	12,215,300
<b>Support Services</b>			
DCS Child Care Subsidy	44,761,800	39,753,600	39,753,600
In-Home Preventive Support Services	17,912,500	35,214,400	36,432,300
Intensive Family Services	8,500,000	8,500,000	8,500,000
Out-of-Home Support Services	178,206,800	143,629,900	140,169,900
<b>AGENCY TOTAL</b>	<b>846,238,200</b>	<b>847,515,800</b>	<b>834,821,400</b>
<b>FUND SOURCES</b>			
General Fund	360,980,300	356,448,200	347,690,000
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	1,300,000	1,459,300	1,459,300
Children and Family Services Training Program Fund	61,000	207,900	207,900
Federal CCDF Block Grant	27,000,000	27,000,000	27,000,000
Federal TANF Block Grant	132,000,400	132,000,400	132,000,400
SUBTOTAL - Other Appropriated Funds	160,361,400	160,667,600	160,667,600
<b>SUBTOTAL - Appropriated Funds</b>	<b>521,341,700</b>	<b>517,115,800</b>	<b>508,357,600</b>
<u>Expenditure Authority Funds</u>			
Child Safety Expenditure Authority	324,896,500	330,400,000	326,463,800
SUBTOTAL - Expenditure Authority Funds	324,896,500	330,400,000	326,463,800
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>846,238,200</b>	<b>847,515,800</b>	<b>834,821,400</b>

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
Other Non-Appropriated Funds	1,200	1,100	1,100
<b>TOTAL - ALL SOURCES</b>	<b>846,239,400</b>	<b>847,516,900</b>	<b>834,822,500</b>

**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) in 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 2017 General Fund Baseline spending would decrease by \$(8,758,200), or (2.5)%. The Baseline includes:

- \$4,000,000 for preventive services.
- \$(12,408,200) to remove one-time FY 2015 funding related to the backlog of 60-day non-active cases.
- \$(350,000) to consolidate Internet Crimes Against Children (ICAC) funding in the Attorney General budget.

With the exception of the ICAC transfer, the Baseline changes are based on the Executive's May 2014 Special Session proposal, which was subsequently incorporated into the Legislature's 3-year FY 2016 spending plan.

**Other Funding**

The Arizona Department of Administration (ADOA) was originally appropriated \$25,000,000 from the General Fund in FY 2015 for one-time costs associated with the establishment of DCS. The FY 2016 General Appropriation Act subsequently reduced this amount to \$19,500,000, but also made the monies available through the end of FY 2016.

ADOA was also appropriated \$5,000,000 from the General Fund in FY 2015 through the Automation Projects Fund for the Children's Information Library and Data Source (CHILDS) replacement project. Based on slow progress, the project received no FY 2016 appropriation. The FY 2017 Baseline includes an additional \$5,000,000 in FY 2017. *(Please see ADOA - Automation Projects Fund section for details regarding this information technology project.)*

Consistent with the Executive's May 2014 Special Session proposal and the Legislature's 3-year spending plan, \$5,000,000 was added for CHILDS replacement in FY 2017, but the one-time transition \$19,500,000 was not

continued in FY 2016. *(Please see ADOA - DCS section for further details.)*

**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. The \$23,074,300 from the General Fund was matched with \$5,904,300 in Federal Funds for a total backlog appropriation of \$28,978,600. At the time of the May 2014 Special Session, the Executive estimated that the cost of the backlog population would decline to \$0 in FY 2017. The Baseline incorporates this estimate.

Relative to the 13,024 June 2 backlog cases, DCS had initially either activated the cases or closed them. In terms of the current activity, the department reported 14,392 backlog cases as of December 14, 2015, including 1,715 June 2 cases that had relapsed back into inactivity.

**Operating Budget**

The Baseline includes \$209,177,300 and 2,657.9 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	<b>FY 2017</b>
General Fund	\$87,808,700
Children and Family Services Training Program Fund	207,900
Federal TANF Block Grant	46,928,000
Child Safety Expenditure Authority	74,232,700

These amounts are unchanged from FY 2016.

## **Additional Operating Resources**

### **Attorney General Legal Services**

The Baseline includes \$19,615,500 and 234.2 FTE Positions in FY 2017 for Attorney General Legal Services. These amounts consist of:

General Fund	13,696,900
Federal TANF Block Grant	99,400
Child Safety Expenditure Authority	5,819,200

These amounts are unchanged from FY 2016.

Monies in this line item fund the attorneys and support staff in the Attorney General's Protective Services Section. Attorney General staff represents DCS in dependency, guardianship, severance and adoption proceedings throughout the state.

### **General Counsel**

The Baseline includes \$156,100 and 1 FTE Position from the General Fund in FY 2017 for General Counsel. These amounts are unchanged from FY 2016.

Unlike the Attorney General Legal Services line item which funds representation of DCS in administrative or judicial proceedings, monies in this line item fund the DCS General Counsel, who provides legal advice to the Director.

### **Inspections Bureau**

The Baseline includes \$2,486,500 and 31 FTE Positions in FY 2017 for the Inspections Bureau. These amounts consist of:

General Fund	1,335,900
Federal TANF Block Grant	549,700
Child Safety Expenditure Authority	600,900

These amounts are unchanged from FY 2016.

These monies fund the Office of Quality Improvement, formerly known as 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 Office of Quality Improvement also reviews vendor invoices to ensure accuracy and compliance with DCS contracts.

### **Internet Crimes Against Children**

The Baseline includes no funding from the General Fund in FY 2017 for ICAC. FY 2017 adjustments would be as follows:

<b>Funding Transfer</b>	<b>GF</b>	<b>(350,000)</b>
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The Baseline includes a decrease of \$(350,000) from the General Fund in FY 2017 to consolidate all ICAC funding in the Attorney General's budget.

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 FY 2016 appropriation for a forensic high tech regional safety support vehicle, equipment, training and lab work.

Laws 2015, Chapter 245 established the Internet Crimes Against Children Fund, consisting of a \$900,000 allocation from state lottery proceeds to the Attorney General, who will distribute the monies to AZICAC. *(Please see the Attorney General and the Arizona State Lottery Commission narratives for more information.)*

### **Office of Child Welfare Investigations**

The Baseline includes \$10,706,700 and 127 FTE Positions in FY 2017 for the Office of Child Welfare Investigations (OCWI). These amounts consist of:

General Fund	9,562,700
Child Safety Expenditure Authority	1,144,000

These amounts are unchanged from FY 2016.

Monies in this line item fund OCWI, which investigates criminal conduct allegations of child abuse in conjunction with local law enforcement. As of November 2015, the department had hired 77 of 127 appropriated FTE Positions.

### **Overtime Pay**

The Baseline includes \$8,400,000 in FY 2017 for Overtime Pay. This amount consists of:

General Fund	2,610,700
Federal TANF Block Grant	3,859,500
Child Safety Expenditure Authority	1,929,800

These amounts are unchanged from FY 2016.

Monies in this line item fund overtime pay for DCS.

General Fund	150,000
Child Safety Expenditure Authority	5,000,000

**Records Retention Staff**

The Baseline includes \$595,600 and 5 FTE Positions in FY 2017 for Records Retention Staff. These amounts consist of:

General Fund	498,400
Child Safety Expenditure Authority	97,200

These amounts are unchanged from FY 2016.

Monies in this line item fund staff that process information requests about children in the state child welfare system.

**Retention Pay**

The Baseline includes \$1,707,000 from the General Fund in FY 2017 for Retention Pay. This amount is unchanged from FY 2016.

This funding provides retention pay of \$1,000 for 18 months of employment and \$3,000 for 36 months of employment, effective July 1, 2014. Retention pay is a one-time lump sum payment upon meeting the longevity requirements.

Pursuant to Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, DCS reported on the impact of the Retention Pay program through May 2015. DCS provided a 6-month comparison of the caseworker retention rate. During the 6-month period from December 2013 to May 2014 (prior to implementation of the retention stipend), the annualized caseworker retention rate was 77.9%. From December 2014 to May 2015 (after the implementation of the retention stipend), the 6-month caseworker retention rate declined to 70.4%.

DCS paid retention stipends to 333 caseworkers, including 273 caseworkers who reached the 18-month mark and 60 caseworkers who reached the 36-month mark. As of May 2015, of the 333 caseworkers who had received retention stipends, 62 later separated from DCS.

In December 2015, DCS reported a caseworker retention rate of 64.6% for the 6-month period from January 2015 to June 2015.

**Training Resources**

The Baseline includes \$5,150,000 in FY 2017 for Training Resources. This amount consists of:

These amounts are unchanged from FY 2016.

DCS has agreements with Arizona State University (ASU) and Northern Arizona University (NAU) to educate potential caseworkers. As part of that agreement, the federal government provides Title IV-E funding for the universities' social work programs while the universities provide the state match. The federal match rate is 75%. The majority of the funding in this line is for social work programs at ASU and NAU while the remainder is for student scholarships.

Students receive scholarships that cover their tuition, books, and university fees. Scholarship degrees include a Bachelors of Social Work (BSW) or a Masters of Social Work (MSW). The post-graduation DCS work requirement for scholarship students is equal to the length of the academic scholarship. For example, a scholarship student in the 2-year MSW program would be required to work at DCS for 2 years; a senior year-only BSW scholarship student would be obligated to work for 1 year at DCS, although BSW students can receive scholarships starting in their junior year.

The 2-year MSW scholarship value is about \$36,000 (\$11,000 stipend and \$25,000 tuition/fees). Students who withdraw from the scholarship, do not fulfill their contractual obligation, or do not meet the employment requirement of DCS at the time of hiring are technically required to repay DCS the scholarship amount. Of the 19 forfeited social work scholarships since 2012, however, 16 had not been repaid, nor was DCS actively pursuing their repayment.

The Legislature appropriated \$150,000 from the General Fund in FY 2015 to streamline and shorten the classroom training of caseworkers.

DCS also operates a training academy. The training academy is funded out of the operating budget.

**Out-of-Home Placements**

**Adoption Services**

The Baseline includes \$206,301,000 in FY 2017 for Adoption Services. This amount consists of:

General Fund	69,965,800
Federal TANF Block Grant	20,645,700
Child Safety Expenditure Authority	115,689,500



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.

**Independent Living Maintenance**

The Baseline includes \$3,469,300 in FY 2017 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 2016.

*Caseload* – In FY 2015, a monthly average of 509 clients received independent living maintenance services; the average monthly subsidy for FY 2015 was \$616. The appropriation funds 469 total placements in FY 2017.

*Background* – 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 FY 2015, the program spent \$5,224,200 on non-stipend independent living services.

**Permanent Guardianship Subsidy**

The Baseline includes \$12,215,300 in FY 2017 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	10,472,300
Federal TANF Block Grant	1,743,000

These amounts are unchanged from FY 2016.

*Caseload* – In FY 2015, a monthly average of 2,573 clients received permanent guardianship subsidies; the average monthly subsidy for FY 2015 was \$380. The appropriation funds 2,679 total placements in FY 2017.

*Background* – 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.

**Support Services**

**DCS Child Care Subsidy**

The Baseline includes \$39,753,600 in FY 2017 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 2016.

*Caseload* – In FY 2015, a monthly average of 9,256 children received DCS child care; the average monthly subsidy for FY 2015 was \$402. Based on this monthly rate, the funding in this line item is sufficient for an average monthly caseload of 8,240 children in FY 2017.

*Background* – 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. DCS child care is provided for children in licensed foster care, unlicensed foster care and their own homes who are receiving preventive services. (Please see the Child Care Subsidy line item in the DES narrative for other state child care funding.)

**In-Home Preventive Support Services**

The Baseline includes \$36,432,300 and 1 FTE Position in FY 2017 for In-Home Preventive Support Services. These amounts consist of:

General Fund	17,011,900
Federal TANF Block Grant	5,911,200
Child Abuse Prevention Fund	1,459,300
Child Safety Expenditure Authority	12,049,900

FY 2017 adjustments would be as follows:

**Remove One-Time Funding      GF      (2,782,100)**

The Baseline includes a decrease of \$(2,782,100) from the General Fund in FY 2017 to remove the remaining FY 2015 backlog funding. This change is consistent with the

Executive’s May 2014 Special Session proposal and the Legislature’s 3-year spending plan.

**Additional Preventive Services GF 4,000,000**

The Baseline includes an increase of \$4,000,000 from the General Fund in FY 2017 to provide additional preventive services, as outlined in the Executive’s May 2014 Special Session proposal and the Legislature’s 3-year spending plan. This same plan previously added \$4,000,000 in FY 2016. In total, the plan will add \$8,000,000 to preventive services over 2 years.

*(Please see the Other Issues section for further discussion of the 3-year spending plan.)*

**Caseload** – For August 2015, the department reported 9,028 in-home cases.

**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.

Table 1 shows DCS’ estimated FY 2017 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.

**Intensive Family Services**

The Baseline includes \$8,500,000 from the General Fund in FY 2017 for Intensive Family Services. This amount is unchanged from FY 2016.

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 2015, this program served 2,908 families at an average cost per case of \$2,920. Based on that average case cost, funding is sufficient to provide Intensive Family Services to 5,386 families in FY 2017.

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

<b>Services</b>	<b>Amount</b>
Parent Aide	\$ 48,177,700
CMDP	34,271,900
Foster Home Recruitment	28,561,200
Transportation	24,472,200
Health Families Allowances <sup>3/</sup>	11,148,300
Substance Abuse Treatment	10,735,400
Intensive Family Services	8,890,300
In-Home <sup>2/</sup>	8,491,600
Behavioral Health Services	8,270,400
Lab Services	7,832,700
Independent Living	6,636,900
Housing Subsidy	5,223,800
Child Care	467,000
Family Support Services	427,800
Other	373,600
<b>Total<sup>4/</sup></b>	<b>5,036,100</b>
	<b>\$209,016,900</b>

<sup>1/</sup> Includes the Intensive Family Services line item.  
<sup>2/</sup> In-home services can include crisis intervention counseling, marital and family therapy, respite care, home management and nutrition, and linkages with community resources.  
<sup>3/</sup> Includes a clothing allowance, personal allowance, and special allowance. Some examples of special allowances are emergency clothing, special needs, books/education, graduation, and diapers.  
<sup>4/</sup> Data as of November 2015.

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 September 2015, the Joint Legislative Budget Committee favorably reviewed DCS’ FY 2016 Intensive Family Services expenditure plan with the provisions that a favorable review expires with federal approval or disapproval of the Title IV-E waiver and the department release a Request for Proposal prior to the final approval of the Title IV-E waiver. *(Please see the Other Issues section for further details on the IV-E waiver.)*

**Out-of-Home Support Services**

The Baseline includes \$140,169,900 in FY 2017 for Out-of-Home Support Services. This amount consists of:

General Fund	62,522,700
Federal TANF Block Grant	28,867,800
Child Safety Expenditure Authority	48,779,400

FY 2017 adjustments would be as follows:



### 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.

The amount appropriated for Grandparent Stipends shall 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 amount appropriated for 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 and the amount appropriated for the Out-of-Home Support Services line item be used for children in out-of-home placements.

Before the expenditure of monies from the Intensive Family Services line item in FY 2017, the Department of Child Safety shall submit an expenditure plan for review by the Joint Legislative Budget Committee that includes an estimate of any comparable funding in the In-Home Preventive Support Services line item.

### Departmentwide

On or before September 30, 2016, the Department of Child Safety shall report to the Joint Legislative budget Committee on its progress in implementing the Auditor General's recommendations for risk assessment practices. *(The footnote is updated for the most recent audit of risk assessment practices.)*

The Department of Child Safety shall forward 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 a

monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals on or before the 30<sup>th</sup> of the following month. The report shall include a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

On or before September 30, 2016, and on or before the last day of every calendar quarter through June 30, 2017, 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. The quarterly benchmark report shall delineate the number of backlog cases where an initial investigation has not been completed and be in the same format as in prior years unless modifications have been approved by the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting.

### *New Footnotes (FY 2016)*

In FY 2016, the Department of Economic Security shall transfer \$6,752,300 of their FY 2016 TANF Block Grant appropriation from the TANF Cash Benefits line to the Department of Child Safety. The Department of Child Safety shall transfer a corresponding \$6,752,300 of their FY 2016 General Fund appropriation to the Department of Economic Security. The Department of Economic Security shall use these funds to draw down FY 2016 capitation for the Division of Developmental Disabilities. The Department of Economic Security shall request Joint Legislative Budget Committee review before expending monies for any other purpose.

### *New Footnotes (FY 2017)*

In FY 2017, the Department of Economic Security shall transfer \$3,971,700 of their FY 2017 TANF Block Grant appropriation from the TANF Cash Benefits line to the Department of Child Safety. The Department of Child Safety shall transfer a corresponding \$3,971,700 of their FY 2017 General Fund appropriation to the Department of Economic Security.

*(There would be no net change in DCS resources under these transfer footnotes. Exchanging General Fund for TANF Block Grant would also not affect DCS' ability to draw down Federal Funds. DCS has at least 2 line items (Intensive Family Services and Permanent Guardianship) where the General Fund is not being used as federal match. This footnote would only appear in the DES and DCS sections of the General Appropriation Act.)*

All expenditures made by the Department of Child Safety for Attorney General legal services shall be funded only from the Attorney General Legal Services line item. Monies in Department of Child Safety line items intended

for this purpose shall be transferred to the Attorney General Legal Services line item prior to expenditure. (DCS has been using monies from the operating budget to supplement its Attorney General Legal Services funding. This footnote would consolidate all Attorney General expenditures into the proper line item.)

**Deletion of Prior Year Footnotes**

The Baseline would delete footnotes concerning ICAC, the backlog Request for Proposals, and phase-out of backlog resources.

**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 2017 until FY 2018. Appropriate \$11,000,000 in FY 2018 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’ substance abuse treatment program. Other possible additional Auditor General topics include training, retention, staff utilization, investigative practices, provision of services, behavioral health services, and foster home placement practices. (For more information, please see the Auditor General section in Other Issues.)

**Other Issues**

This section includes information on the following topics:

- Long-Term Budget Impacts
- Independent Consultant
- Auditor General Recommendation
- Title IV-E Waiver
- CMDP Reform
- Caseworker Hiring
- Caseworker Workload
- Payment Deferral
- TANF Block Grant
- DCS Reporting Requirements
- DCS Year-End Transfers
- Child Safety Funding

**Long-Term Budget Impacts**

As part of the budget’s 3-year spending plan, DCS General Fund costs are projected to decrease by \$(8,758,200) below FY 2016 and remain flat in FY 2018 and FY 2019

compared to FY 2017. This reduction includes \$(12,408,200) to remove one-time backlog funding, \$(350,000) to transfer ICAC to the Attorney General and \$4,000,000 for preventive services. Table 3 shows the General Fund budget changes by line item. These estimates are based on the Executive’s May 2014 Special Session proposal and the Legislature’s 3-year spending plan.

<u>Line Items</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Foster Care	\$ 21,743,600	\$ 21,743,600	\$ 21,743,600
Out-of-Home Support Services	62,522,700	62,522,700	62,522,700
In-Home Preventive Support Services	17,011,900	17,011,900	17,011,900
ICAC	0	0	0
Other Line Items	246,411,800	246,411,800	246,411,800
<b>Total General Fund</b>	<b>\$347,690,000</b>	<b>\$347,690,000</b>	<b>\$347,690,000</b>
<b>Change from Prior Year</b>			
Subtotal - Backlog	(12,408,200)	-	-
Subtotal - ICAC	(350,000)	-	-
Subtotal - Preventive	4,000,000	-	-
<b>Total Change</b>	<b>\$ (8,758,200)</b>	-	-

**Independent Consultant**

Laws 2014, 2<sup>nd</sup> Special Session, Chapter 1 required 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 chose Chapin Hall at the University of Chicago as the independent consultant.

In its July 2015 report, Chapin Hall presented its findings. The main finding of the report addressed why child maltreatment reports grew by 30% from FY 2012 through FY 2014, when annual maltreatment reports for a number of years prior to FY 2012 had declined or been static. According to the report, “Taken together, a growing number of children, an increase in the number of children living in poverty, and reductions in core services likely combined to unravel the child protection system over a relatively short period of time.”

Chapin Hall also found that although Arizona has an average reporting rate and a below average substantiation rate, the state’s placement rate is above the average reported for other states. In addition, fewer children in Arizona are reunified with their parents when compared to other states. The report did not provide reasons for the differences.

Chapin Hall's recommendations were as follows: (1) improve the hotline, referral and investigative processes; (2) provide more preventive services; (3) increase the number of child safety attorneys; (4) bring caseworker workloads to pre-2009 levels and reduce entries into the system; (5) improve the quality of data collected; (6) introduce new evidence-based practices; (7) engage stakeholder and other constituents; (8) avoid, when possible, criminalizing parents in need of assistance.

### **Auditor General Recommendation**

The FY 2016 Human Services Budget Reconciliation Bill (Laws 2015, Chapter 18) instructed the Auditor General to submit a report evaluating DCS' risk assessment practices. After receiving a report of child abuse or neglect, the primary responsibility of DCS is to assess whether (a) the child has been maltreated as defined in statute and (b) the child is unsafe and at risk of future maltreatment in their home. DCS' decision about whether to place a child in state care is based on the latter criterion.

#### Findings

Currently, DCS caseworkers use a risk assessment tool to document child safety and risk when investigating a report of child abuse or neglect. Rather than guiding caseworkers through a structured assessment that lists potential threats and risk factors, DCS' risk assessment tool is narrative-based and requires caseworkers to use a story style of reporting. The Auditor General indicates that the lack of structure in DCS risk assessment tool contributes to subjective caseworker decision-making in their assessment of child safety and risk.

If the investigation indicates that the removal of a child may be merited, DCS uses a Team Decision Making (TDM) process to determine whether to remove a child from their home. During the TDM meeting, caseworkers, family members, and other stakeholders discuss the safety and placement of the child, but the DCS caseworker and supervisor ultimately decide whether the child is to be removed. Some caseworkers, however, make their decision about child removal prior to the TDM meeting. The Auditor General believes that making removal determinations prior to the TDM meeting and the lack of available in-home services for families may be contributing to unnecessary child removals.

#### Recommendations

The report recommends that DCS (1) review other agencies' efforts to improve safety and risk assessments and determine whether these actions would improve its practices; (2) continue efforts to modify or replace its risk assessment tool to better guide caseworkers in assessing child safety and risk; (3) analyze risk assessment data to

identify trends; (4) reduce waitlists for in-home family services to improve safety planning; and (5) ensure caseworkers and supervisors have adequate training and mentoring.

The FY 2016 Human Services BRB also requires the Auditor General to evaluate the effectiveness of a differential response system by March 31, 2016 and DCS permanency practices by September 30, 2016.

The Baseline proposes the Auditor General evaluate DCS' substance abuse treatment program, Arizona Families F.I.R.S.T., and recommend improvements based on best practices in other states. The Auditor General would also review the effectiveness of the Center for Applied Behavioral Health Policy (CABHP) as the independent evaluator of the program. The FY 2014 CABHP report was a year late, and the FY 2015 report due in November 2015 has yet to be submitted. DCS has also questioned the validity of the report's data.

According to the National Center on Addiction and Substance Abuse at Columbia University, substance abuse is a factor in 70% of child maltreatment cases. A.R.S. § 8-884 requires an annual report on DCS' substance abuse treatment program.

Other possible DCS functions the Auditor General could also review include training, retention, staff utilization, investigative practices, provision of services, behavioral health services, and foster home placement practices.

### **Title IV-E Waiver**

In September 2014, the U.S. Department of Health and Human Services (HHS) granted DCS' request for a federal Title IV-E waiver focused on reducing the length of stay for children in congregate care. Congregate care includes emergency shelters, group homes and residential treatment centers. "IV-E" refers to the section of federal law authorizing federal government payment of foster care and related expenses. Title IV-E funding has been the state's primary source of federal funding for children placed outside the home in the child welfare system. Title IV-E funding is traditionally uncapped, so there is no limit on the amount of IV-E monies the state can draw down for qualifying expenses. In exchange for accepting a capped allocation of IV-E funding, HHS will allow DCS to use IV-E monies for a broader set of services, including in-home services.

DCS plans to start operating under the waiver in April 2016. HHS and DCS have agreed to the terms and conditions of the IV-E waiver, but HHS has not yet approved the department's specific plan for reducing the

number of children entering congregate care. The department’s strategies to reduce the number of children entering congregate care include expanding (1) Team Decision Making (TDM); (2) in-home reunification or placement stabilization services and (3) kinship search practices.

The IV-E waiver effectively establishes a maximum federal funding level. The ceiling is adjusted upward each year for projected caseload growth. The state’s federal match rate will also be adjusted for the federal medical assistance percentage (FMAP). *Table 4* shows the level of IV-E funding the waiver allocates to the state each federal fiscal year (FFY).

<b>FFY</b>	<b>Amount</b>
2016	\$179,348,300
2017	\$192,705,400
2018	\$209,119,800
2019	\$226,592,400

In the first year of the waiver in FFY 2016, the cap is \$179.3 million. By FFY 2019, the cap is \$226.6 million assuming a constant federal match rate. The waiver does not cap IV-E funding for (1) foster children between the ages of 18 and 21 participating in the Independent Living Maintenance program and (2) certain administrative costs including the Children’s Information Library and Data Source system, training, and pre-placement activities. Since these areas are not capped, their IV-E funding is not included in *Table 4*. DCS spent \$195.6 million of IV-E funding in FY 2015, and it estimates IV-E expenditures of \$252.9 million in FY 2016.

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

If, however, caseload grows at a rate greater than the capped allocation, the state would be responsible for covering costs that would have otherwise been paid for with IV-E matching funds. DCS reports it could renegotiate the terms of the waiver agreement if caseload were to surpass the growth rate assumptions to help mitigate the risk.

DCS has contracted with ASU to create and design an evaluation plan for the waiver demonstration project.

In the event that the waiver agreement is not realized, DCS would continue to draw down uncapped federal IV-E monies.

**CMDP Reform**

Pursuant to Laws 2013, Chapter 220, AHCCCS, DCS and DHS have reported on the methods for delivering medical, dental and behavioral health services to foster children who qualify for CMDP.

The agencies recommend that the state transition to an integrated CMDP contracted network model beginning on October 1, 2019. Under this proposal, all aspects of CMDP would be consolidated into DCS, and DCS would contract directly with behavioral and physical health professionals to build its own provider network. This new proposal contrasts with the existing CMDP delivery model where DCS contracts for the physical health portion of CMDP and DHS contracts for the behavioral health component.

Besides integration of CMDP into DCS, the proposed CMDP contracted network model differs from the existing CMDP delivery mechanism in 2 main ways. First, the proposed contracted network model would allow DCS to contract for specialty healthcare services, rather than be limited to the AHCCCS registered healthcare providers and AHCCCS fee-for-service rates. Second, the proposed contracted network model would not contract with a private managed care organization (e.g., a Regional Behavioral Health Authority) to administer or build a provider network for CMDP behavioral health.

Because DCS will essentially operate its own health plan under this proposal, the report estimates the cost for DCS to develop the required infrastructure to be in the tens of millions of dollars.

To implement the integrated CMDP contracted network model, the report recommends the following:

- Change statute to allow CMDP to contract their network to quality providers rather than utilize any AHCCCS registered provider.
- Change statute to provide flexibility on CMDP rate reimbursement structure (i.e., provider rates no longer tied to AHCCCS fee schedule).
- Sufficiently fund the development of CMDP infrastructure to function as a health plan (estimated to be tens of millions of dollars) as CMDP will be overseeing nearly 5 times the services/expenditures that they currently do.

AHCCCS estimates a physical health CMDP caseload of approximately 17,900 children in FY 2016, with a total funds cost of \$55.5 million. The total funds cost includes about \$7.2 million for DCS to administer physical health CMDP.

**Caseworker Hiring**

The Legislature appropriated an additional 212 new caseworkers (direct line staff) to DCS in 2014. *Table 5* displays DCS progress in hiring these staff.

<u>Direct Line Staff Type</u>	<u>Jan. 2014</u>	<u>Dec. 14, 2015</u>	<u>Change Thru Jan. 2014</u>
Case-Carrying Caseworkers	983	947	(36)
Caseworkers in Training	137	257	120
Hotline Staff	70	75	5
<b>Total</b>	<b>1,190</b>	<b>1,279</b>	<b>89</b>

Since 2014, the number of direct line child safety staff (caseworkers, caseworkers in training, and hotline staff) has increased by 89 to 1,279. The number of staff directly working cases, however, has decreased by (36) FTE Positions to 947. About 20% of direct line staff, or 257 positions, are in training.

DCS' highest hiring level occurred in April 2015 with 1,357 direct line staff.

**Caseworker Workload**

As of June 2015, workload per caseworker remains higher than the revised caseload goals established during the May 2014 Special Session, with investigations at 18 (goal: 13), in-home at 44 (goal: 33), and out-of-home at 30 (goal: 20). *Table 6* provides a historical view of workload by caseworker responsibility since 2008; it also displays how much workload exceeds the caseload standard in the "percent above workload standard" line. In June 2015, the latest data available, caseworker workload was 44% above the standard.

	<u>Dec. 2008</u>	<u>Dec. 2009</u>	<u>Dec. 2010</u>	<u>Dec. 2011</u>	<u>Dec. 2012</u>	<u>Dec. 2013</u>	<u>Dec. 2014</u>	<u>June 2015</u>
Investigations	15	15	15	15	15	16	16	18
In-Home Cases	28	27	30	32	33	47	42	44
Out-of-Home Children	24	23	25	27	36	25	29	30
Percent Above Workload Standard	9%	9%	15%	22%	48%	28%	37%	44%
Total Case-Carrying Caseworkers	818	761	764	781	750	983	1,019	1,025
Caseworkers Required by Standard	890	829	879	955	1,107	1,263	1,397	1,473

**Payment Deferral**

The Baseline continues the \$11.0 million payment deferral from FY 2017 to FY 2018. DCS plans to defer a total of \$11.0 million in payments from the Out-of-Home Support Services line item. *Table 7* displays the department's allocation of the deferral from FY 2016 through FY 2018.

The \$11.0 million in FY 2017 to pay the amount deferred from FY 2016 to FY 2017 was appropriated in Laws 2015, Chapter 8, 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 2017 General Fund amount of \$347.7 million consists of \$11.0 million from the deferral appropriation and \$336.7 million from the General Appropriation Act.

<u>Line Items</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Emergency and Residential Foster Care	\$ 1,800,000	-	-
Out-of-Home Support Services	1,900,000	-	-
	<u>7,300,000</u>	<u>11,000,000</u>	<u>11,000,000</u>
<b>Total General Fund</b>	<b>\$11,000,000</b>	<b>\$11,000,000</b>	<b>\$11,000,000</b>

**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 \$20,141,300 in FY 2017. The transfer to SSBG provides additional funding flexibility to DCS.

### TANF Cash Benefits Surplus

TANF Cash Benefits caseloads have been declining over the past several years which is estimated to leave a surplus in FY 2016 and FY 2017 of \$13.4 million and \$17.8 million, respectively. The higher surplus estimate in FY 2017 is primarily due to a provision in Laws 2015, Chapter 18 that reduces the cumulative lifetime limit on regular TANF Cash Benefits from 24 months to 12 months starting on July 1, 2016. The FY 2016 budget assumed that DES would be able to utilize these surplus TANF funds to address a shortfall in the SFLTC line in FY 2016, and to create \$(9.0) million of General Fund savings in FY 2017.

In order to cover the FY 2016 shortfall and to realize General Fund savings in FY 2017, DES would need to allocate the surplus TANF dollars to offset General Fund spending in non-DD areas of DES. However, DES states that all of their General Fund dollars are being used to meet MOE requirements, leverage Federal Funds, or for purposes that do not qualify for TANF spending. Therefore, the SFLTC shortfall and the assumed FY 2017 savings may not be able to be addressed with General Fund dollars from DES.

The JLBC Staff has identified at least \$8.5 million in the DCS Intensive Family Services line and at least \$10.5 million in the DCS Permanent Guardianship line of General Fund dollars that may be eligible to be replaced with TANF surplus dollars instead of using General Fund from DES.

The Baseline includes a new footnote requiring DES to transfer \$6.8 million of the Federal TANF Block Grant to DCS in FY 2016, and for DCS to transfer a corresponding \$6.8 million of General Fund to DES to allow DES to draw down FY 2016 capitation in the Division of Developmental Disabilities. In addition, DES is expected to transfer \$3.5 million of TANF from the Cash Benefits line to their operating budget, leaving an estimated \$3.1 million of surplus, unallocated TANF in FY 2016 (the \$3.5 million is not displayed in the FY 2016 column in the agency Baseline table.) To address the FY 2016 SFLTC shortfall issue, DES would require an additional transfer of \$2.9 million TANF for General Fund between DES and DCS. The Baseline does not address the SFLTC issue.

In FY 2017, the Baseline shifts \$3.5 million of TANF dollars from the Cash Benefits line to the operating budget to align appropriations with actual expenditures. The Baseline also shifts \$4.0 million of TANF dollars from the Cash Benefits line to a new TANF 1-year Cap Savings line, which represents the revised TANF savings associated with lowering the lifetime limit on benefits to 12 months. After these shifts, the TANF Cash Benefits line is expected

to have an additional TANF surplus of \$9.8 million in FY 2017 that may be eligible to use in DCS or DES.

### **DCS Reporting Requirements**

DCS provides a number of reports to the Governor and Legislature, including:

- Semi-Annual Child Welfare Report - tracks program performance measures
- Semi-Annual Financial & Program Accountability Report - tracks program performance measures
- Monthly Program Report - tracks program performance measures
- 30<sup>th</sup> of the Month Report - focuses on potential funding shortfalls during the current fiscal year
- Healthy Families Annual Report - home visitation program for at-risk families with young children
- Report on Housing Assistance
- Independent Living Report
- FTE Position Report
- Quarterly Benchmark Report - tracks progress in hiring caseworkers and eliminating backlog of non-active cases
- Summary of DCS Grants
- Community Advisory Committee Quarterly Report
- Joint Investigations Report
- OCWI Line Item Fund Transfer Report
- CHILDS Independent Third-Party Consultant Report
- Kinship Foster Care Report
- Arizona Families F.I.R.S.T. Report
- Expedited Substance Abuse Treatment Fund Report
- Report on the Implementation of Auditor General Recommendations
- Intensive Family Services Expenditure Plan
- Report on the Backlog RFI - follows up on a requirement for DCS to issue an RFI asking private vendors to eliminate the backlog.

In addition to these reports, DCS provides a number of different reports to the federal government and other groups, such as Casey Family Programs and Chapin Hall.

In an effort to streamline DCS' reports, Laws 2014, 2<sup>nd</sup> Special Session, Chapter 1 requires JLBC, OSPB, and DCS to make recommendations on DCS report consolidation by September 1, 2016. The JLBC Staff's preliminary recommendation is for DCS to expand its existing performance measures webpage to include the information in DCS' 3 main reports (the Semi-Annual Child Welfare report, the Semi-Annual Financial and Program Accountability report and the Monthly Program report). Data elements in these 3 reports include the number of out-of-home children, the number of in-home children, caseworker workload, the number of child maltreatment

Table 8

**DCS General Fund  
FY 2015 Appropriation Transfers**

	FY 2015 GF Appropriation	FY 15 GF Transferred In/(Out)	FY 2015 Total GF Post Transfer	FY 2016 Appropriation
Operating Budget	\$ 77,606,400	\$ 5,513,800	\$ 83,120,200	\$ 87,808,700
Attorney General	12,798,500	1,450,300	14,248,800	13,696,900
OCWI	9,349,900	(5,000,000)	4,349,900	9,562,700
General Council	157,300	(70,000)	87,300	156,100
Inspections Bureau	2,748,400	(994,100)	1,754,300	1,335,900
Retention Pay	1,707,000	(900,000)	807,000	1,707,000
Adoption Services	62,965,800	(3,600,000)	59,365,800	69,965,800
Emergency and Residential Placement	38,128,000	1,690,000	39,818,000	33,028,000
Permanent Guardianship Subsidy	9,472,300	600,000	10,072,300	10,472,300
Independent Living Maintenance	2,719,300	(40,000)	2,679,300	2,719,300
Grandparent Stipends	1,000,000	(150,000)	850,000	1,000,000
In-Home Preventive Support Services	14,375,200	(12,000,000)	2,375,200	15,794,000
Out-of-Home Support Services	72,852,800	12,000,000	84,852,800	63,904,900
Child Care	5,000,000	1,500,000	6,500,000	5,000,000
<b>GF Subtotal</b>	<b>310,880,900</b>	-	<b>310,880,900</b>	<b>316,151,600</b>
All Other Line Items	50,124,500	-	50,124,500	40,296,600
<b>Grand Total</b>	<b>\$ 361,005,400</b>	-	<b>\$ 361,005,400</b>	<b>\$ 356,448,200</b>

reports, measures of child wellbeing, the caseworker retention rate, financial information, programmatic data, and other important child welfare indicators.

Several of the performance measures in the 3 main reports are redundant, so consolidating them into one online report should reduce the amount of work associated with preparing and publishing the reports.

#### **DCS Year-End Transfers**

DCS' appropriation delineates specific amounts for programs by line items. Agencies are generally permitted to shift funds among line items without further legislative review. This section details appropriation transfers between programs made by DCS at the end of FY 2015. The DCS budget is based on the FY 2015 appropriation before year-end transfers. The Legislature will need to determine whether to retain FY 2015 year-end transfers in the FY 2017 budget.

Table 8 outlines transfers of \$22.8 million in General Fund monies from one line item to another. The largest transfer was a transfer of \$12.0 million from In-Home Preventive Support Services to Out-of-Home Support Services. DCS also transferred \$5.0 million out of OCWI and \$3.6 million out of Adoption Services. The primary recipients of these transfers were the operating budget, the Attorney General line item, and Emergency and Residential Placement.

Due to scale and number of these transfers between line items, JLBC Staff has concerns that DCS may not be allocating resources in a manner that is consistent with legislative intent and recommends the Legislature consider a footnote requiring JLBC review before any transfer of resources among DCS line items.

#### **Child Safety Funding**

Table 9 shows how child welfare funding in Arizona compares to surrounding states. Arizona does appear to place more children in out-of-home care on a percentage basis than surrounding states. Of the population under 18, Arizona has 1.1% in out-of-home care; other states range from 0.3% to 0.8%. This information parallels the narrative in the Chapin Hall report concerning Arizona's out-of-home placement rate being above that of other states.

Arizona spends more on child welfare than surrounding states. The FY 2016 appropriation for DCS is \$849.2 million compared to \$464.0 million in Colorado, \$251.6 million in Nevada, \$172.2 million in Utah, and \$142.4 million in New Mexico.

It is difficult to compare child welfare funding across states because each state defines child welfare differently. For example, Arizona is the only state in Table 9 to have its own stand-alone agency for child welfare. Because Arizona has a dedicated child welfare agency, central administrative costs are accounted for in our

funding total. Other states, however, likely exclude child welfare central administrative costs that are born at the departmental level. There are also other irregularities from state to state. Colorado, for instance, has a county administered system. While county match funding appears in *Table 9*, county funding contributions (if any) above their capped allocation would not. Due to these concerns about what constitutes child welfare spending, a cost per placement comparison by state may be invalid.

*Table 10* shows the growth in state funding for child safety year over year since FY 2013. *Table 11* indicates the specific job titles of the 718 new child safety FTE Positions added since FY 2013, while *Table 12* displays total child safety expenditures since FY 2008.

**Table 9**

**State FY 2016 Child Welfare Appropriations Compared to Caseload Data**

<u>State</u>	<u>Child Welfare Indicators</u>			<u>FY 2016 Child Welfare Appropriation (\$ in Millions)</u>			
	Population under 18 in 2013	Children in Out-of-Home Care <sup>1/</sup>	Percent of Children in Out-of-Home Care	State General Fund Appropriation	Other Fund Appropriation	Federal Fund Appropriation	Total Appropriation
Arizona	1,618,900	18,219	1.1%	\$356.5	\$160.6	\$332.1	\$849.2
Colorado	1,238,900	9,705	0.8%	\$258.3	\$104.2	\$101.5	\$464.0
Nevada	661,600	4,955	0.7%	\$124.4	\$44.5	\$82.7	\$251.6
New Mexico	507,100	2,175	0.4%	\$83.9	\$5.0	\$53.5	\$142.4
Utah	897,000	2,729	0.3%	\$115.6	\$(1.7)	\$58.3	\$172.2

<sup>1/</sup> Data based on July 2015 count for Arizona, FY 2014 average for Colorado, latest data available in July 2015 for Nevada, June 2014 count for New Mexico, and FY 2014 average for Utah.

Table 10

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

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2015 SS</u>	<u>FY 2016</u>	<u>FY 2016</u>	<u>Total (FY 16 Above FY 12)</u>		
<b>Staffing</b>									
Child Safety Staff (caseworkers & others)	\$4.8	\$12.9	<sup>2/</sup>	\$15.3	\$6.2	(\$1.2)	<sup>3/</sup>	\$0.0	\$38.0
Child Safety Staff Pay Raise/Retention Stipend	1.0	0.0		0.0	1.7	0.0		0.0	2.7
OCWI Staff	2.3	0.0		1.8	5.3	0.2		0.0	9.6
Records Retention Staff	0.0	0.0		0.5	0.0	0.0		0.0	0.5
Child Safety Legal Staff	0.0	1.5		1.0	0.0	0.0		0.0	2.5
Internal Legal Counsel	0.0	0.0			0.2	0.0		0.0	0.2
Inspections Bureau	0.0	0.0			2.2	(0.2)	<sup>3/</sup>	0.0	2.0
<b>Residential Placements</b>									
Congregate Care	0.0	13.0		0.0	0.0	(5.1)	<sup>4/</sup>	0.0	7.9
Congregate Care Backfill	0.0	0.0	<sup>5/</sup>	0.0	6.5	0.0		0.0	6.5
Foster Care	0.0	4.8		0.0	0.0	2.7	<sup>4/</sup>	0.0	7.5
Grandparent Stipends	0.0	1.0		0.0	0.0	0.0		0.0	1.0
Permanent Guardianship	2.4	0.0		0.0	0.0	1.0		0.0	3.4
Adoption Services	17.0	2.9		6.0	0.0	7.0		0.0	32.9
<b>Services</b>									
Intensive Family Services	0.0	5.0		3.5	0.0	0.0		0.0	8.5
Children Support Services	0.0	4.0		5.6	0.0	4.4	<sup>4/</sup>	4.0	18.0
Child Safety Child Care	0.0	9.0		0.0	0.0	0.0		0.0	9.0
<b>Backlog</b>									
Backlog - Action Determination	0.0	0.0		0.0	0.2	(0.2)		0.0	0.0
Backlog - Investigation	0.0	0.0		0.0	4.2	(4.2)		0.0	0.0
Backlog - Out-of-Home Care Placement	0.0	0.0		0.0	6.8	(2.3)		(4.5)	0.0
Backlog - Out-of-Home Care Services	0.0	0.0		0.0	7.6	(2.5)		(5.1)	0.0
Backlog - In-Home Care Services	0.0	0.0		0.0	4.2	(1.4)		(2.8)	0.0
<b>Other</b>									
Training Resources	0.0	0.0		0.0	0.2	0.0		0.0	0.2
Internet Crimes Against Children	0.0	0.0		0.0	0.4	0.0		(0.4)	0.0
Partial Deferral Payoff	0.0	0.0		0.0	3.0	(3.0)		0.0	0.0
Federal Funds Backfill	18.5	0.0		0.0	0.0	0.0		0.0	18.5
Contingency	0.0	10.5		0.0	0.0	0.0		0.0	10.5
Statewide Adjustments	0.0	0.0		0.0	0.0	(0.7)		0.0	(0.7)
<b>Other Agency Funding</b>									
New Agency One-Time Funding (ADOA) <sup>6/</sup>	0.0	0.0		20.0	5.0	(25.0)		0.0	0.0
CHILDS Replacement (ADOA)	0.0	0.0		5.0	0.0	(5.0)		5.0	5.0
Auditor General	0.0	0.0		0.0	0.3	(0.3)		0.0	0.0
<b>Total <sup>7/</sup></b>	<b>\$46.1</b>	<b>\$64.7</b>		<b>\$58.6</b>	<b>\$53.8</b>	<b><sup>8/</sup> (\$35.8)</b>		<b>(\$3.8)</b>	<b>\$183.6</b>

<sup>1/</sup> Each year shows the increase over the prior fiscal year. The FY 2015 and FY 2016 amounts are General Fund, while the FY 2014 and FY 2013 amounts include General Fund and Long Term Care System Fund.

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

<sup>3/</sup> Represents elimination of one-time equipment funding.

<sup>4/</sup> Foster care savings policy of \$(2.0) million consists of \$(5.1) million in congregate care, \$2.7 million in foster care, and \$0.4 million in support services.

<sup>5/</sup> The \$5.1 million supplemental (2nd Special Session) is not shown so as not to double count the funding.

<sup>6/</sup> Total appropriation of \$25.0 million subsequently reduced to \$19.5 million.

<sup>7/</sup> Numbers do not add due to rounding.

<sup>8/</sup> Excludes \$0.8 million for the Legislative Council Ombudsman.

Table 11

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

	<u>FY 2013</u>	<u>Part 1 FY 2014</u> <sup>1/</sup>	<u>Part 2 FY 2014</u> <sup>2/</sup>	<u>FY 2015</u>	<u>FY 2015 SS</u> <sup>3/</sup>	<u>Total Change</u> <sup>4/</sup>
Caseworkers/Hotline Staff	50	93	126	32	54	355
OCWI Staff	28 <sup>5/</sup>	-	-	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) <sup>6/</sup>	-	-	-	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 <sup>7/</sup>	99
Subtotal - New and Transferred	82	172	192	87	284	817
<b>Total Child Safety Staff</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3,057</b>

<sup>1/</sup> Represents original FY 2014 budget.

<sup>2/</sup> Represents FY 2014 supplemental in 2nd Regular Session.

<sup>3/</sup> Reflects 2nd Special Session.

<sup>4/</sup> Total change in FTE Positions since FY 2012.

<sup>5/</sup> The agency indicates that 34 OCWI staff were hired.

<sup>6/</sup> Shifted to DCS in FY 2016.

<sup>7/</sup> Represents administrative staff transferred from DES, including 10 Inspections Bureau Staff.

Table 12

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

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Reports of Child Maltreatment</u>
2008	\$509.9	34,989
2009	\$487.6	33,186
2010	\$448.9	33,839
2011	\$478.8	34,904
2012	\$561.2	40,517
2013	\$625.8	44,119
2014	\$710.9	45,368
2015 Actual <sup>1/</sup>	\$846.2	51,075
2016 Appropriation <sup>2/</sup>	\$849.2	12,796 <sup>3/</sup>
2017 Baseline	\$834.8	-

<sup>1/</sup> Excludes \$25.0 million for start-up funding appropriated to ADOA, \$5.0 million for CHILDS replacement, \$0.8 million for the Ombudsman and \$0.3 million for the Auditor General. Includes \$1.2 million for Attorney General expenses appropriated to the Attorney General.

<sup>2/</sup> Excludes \$0.8 million for the Ombudsman.

<sup>3/</sup> Represents data through September 2015, which is 1.1% higher than September 2014.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Child Abuse Prevention Fund (CHA2162/A.R.S. § 8-550.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	1,300,000	1,459,300
<b>Year-End Fund Balance*</b>	0	(479,300)
<b>Child Restraint Fund (CHA2192/A.R.S. § 28-907)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fines or penalties from parents, guardians, or legal custodians who fail to sufficiently restrain in children under the age of 8 in motor vehicles.		
<b>Purpose of Fund:</b> To purchase child passenger restraint systems and provide them to hospitals for loan to indigent persons. Monies in the fund shall not exceed \$20,000. All monies collected over \$20,000 shall be deposited in the Arizona Highway User Revenue Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	99,800	399,600
<b>Child Safety Expedited Substance Abuse Treatment Fund (CHA2421/A.R.S. § 8-812)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Appropriations from the state General Fund.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Child Safety Expenditure Authority (CHA2009/A.R.S. § 41-101.01)</b>		<b>Expenditure Authority</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To fund the Department of Child Safety.		
<b>Funds Expended</b>	324,896,500	330,400,000
<b>Year-End Fund Balance</b>	28,525,500	63,107,600
<b>Children and Family Services Training Program Fund (CHA2173/A.R.S. § 8-503.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	61,000	207,900
<b>Year-End Fund Balance</b>	188,700	61,700

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
<b>Client Trust Fund (CHA3152/A.R.S. § 41-1954)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies collected from Social Security, Veterans' Administration benefits, and other benefits payable to a child in the care, custody, or control of DCS.		
<b>Purpose of Fund:</b> To defray the costs of care and services expended for the benefit, welfare, and best interest of the child.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	4,739,300	5,479,300
<b>Economic Security Donations Fund (CHA3145/A.R.S. § 36-571, 41-1954)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Grants, gifts, or bequests.		
<b>Purpose of Fund:</b> To be disbursed for the purpose of and in conformity with the terms of the grant, gift, or bequest.		
<b>Funds Expended</b>	1,200	1,100
<b>Year-End Fund Balance</b>	218,300	14,200
<b>Federal CCDF Block Grant (CHA2008/U.S. P.L. 104-193)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Federal formula grant.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	27,000,000	27,000,000
<b>Year-End Fund Balance</b>	0	0
<b>Federal TANF Block Grant (CHA2007/U.S. P.L. 104-193)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Federal formula grant.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	132,000,400	132,000,400
<b>Year-End Fund Balance</b>	1,064,200	1,064,200
<b>Joint Substance Abuse Treatment Fund (CHA2429/A.R.S. § 8-881)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations from the General Fund and the Federal Temporary Assistance for Needy Families Block Grant.		
<b>Purpose of Fund:</b> 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.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

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