STATE OF ARIZONA
Joint Legislative Budget Committee
1716 WEST ADAMS
PHOENIX, ARIZONA 85007
(602) 926-5491
azleg.gov

JOINT LEGISLATIVE BUDGET COMMITTEE
Wednesday, September 6, 2017
2:30 P.M.
House Hearing Room 1

MEETING NOTICE

- Call to Order

- Approval of Minutes of June 20, 2017.

- DIRECTOR'S REPORT (if necessary).

- EXECUTIVE SESSION AS REQUIRED UNDER A.R.S. § 38-658A

1. ARIZONA DEPARTMENT OF ADMINISTRATION
   A. Review for Committee the Planned Contribution Strategy for State Employee and Retiree Medical Plans.
   B. Review for Committee the Planned Contribution Strategy for State Employee Dental Plans.

The Chairman reserves the right to set the order of the agenda.
8/30/17
kp

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.
MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

June 20, 2017

The Chairman called the meeting to order at 12:31 p.m., Tuesday, June 20, 2017, in House Hearing Room 1. The following were present:

Members: Senator Lesko, Vice-Chairman
          Senator Cajero Bedford
          Senator Farley
          Senator Farnsworth
          Senator Hobbs
          Senator Kavanagh
          Senator Petersen
          Senator Yee

Representative Shooter, Chairman
Representative Allen
Representative Alston
Representative Bowers
Representative Fernandez
Representative Leach
Representative Livingston

Absent: Representative Ugenti-Rita

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of March 29, 2017, Chairman Don Shooter stated that the minutes would stand approved.

CONSENT AGENDA

The following items were considered without discussion.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/ARIZONA STRATEGIC ENTERPRISE TECHNOLOGY (ASET) - Review of FY 2018 Projects.

Pursuant to A.R.S. § 41-714, the Committee is required to review the expenditure plan presented by ADOA from the Automation Projects Fund (APF) prior to expenditure. The FY 2018 APF appropriation included $13,208,600 for ADOA-ASET APF projects. ADOA requested Committee review of $3,019,400 in

(Continued)
proposed expenditures from the APF for Security, Privacy and Risk, Digital Government and Project Management. In its analysis, the JLBC Staff offered the following provision:

A. In its first FY 2018 APF quarterly report, ADOA shall include the project milestones for the FY 2018 projects. ADOA shall report on the progress of reaching these milestones on or before April 27, 2018.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/ASET - Review of 90/10 E-Licensing Project.

Pursuant to A.R.S. § 41-714, the Committee is required to review the expenditure plan presented by ADOA from the APF prior to expenditure. ADOA requested Committee review of $595,500 in proposed expenditures from the APF for the development of a “90/10” E-Licensing project.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/INDUSTRIAL COMMISSION (ICA) - Review of Claims Processing Project.

Pursuant to A.R.S. § 41-714, the Committee is required to review APF expenditures prior to expenditure. ADOA and ICA requested Committee review of $1,017,400 in proposed expenditures from the APF for the Industrial Commission Claims Processing System Upgrade.

ARIZONA DEPARTMENT OF EDUCATION (ADE) - Review of Joint Technical Education District Quarterly and Annual Reports.

Laws 2016, Chapter 4 requires ADE to submit quarterly reports to the Committee through December 31, 2018 for review on its progress and the subsequent approval or rejection of currently eligible joint technical education district (JTED) programs and courses for eligibility for state funding under the new requirements established in Chapter 4. In addition, A.R.S. § 15-393.01 requires ADE to annually submit a report on JTED enrollment, spending and related data to the Committee for review. ADE requested Committee review of the December 2016 and March 2017 quarterly reports as well as the annual report.

ARIZONA DEPARTMENT OF CORRECTIONS (ADC) - Review of Inmate Health Care Per Diem Change.

Pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Committee is required to review the ADC’s inmate health care capitation rates prior to implementing any changes. ADC is requesting Committee review of an increase in the inmate health care per diem from $12.06 to $12.54. In its analysis, the JLBC Staff offered the following provision:

A. ADC shall notify the Committee upon the award of a new contract for inmate health care contracted services. The information shall include information on any major contractual changes, as well as the anticipated cost.

ATTORNEY GENERAL (AG) - Review of FY 2018 Internet Crimes Against Children Expenditure Plan.

Pursuant to an FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Committee is required to review the AG’s expenditure plan for the $1,250,000 FY 2018 appropriation from the Internet Crimes Against Children (ICAC) Enforcement line item prior to expenditure. The AG requested Committee review of the entire $1,250,000.

(Continued)
ATTORNEY GENERAL (AG) - Review of Uncollectible Debts.

Pursuant to A.R.S. § 35-150E, the Committee is required to review the listing of uncollectible debts referred to the AG by state agencies for collection. The AG’s initial request was subsequently modified as reflected in the JLBC Staff memorandum of June 16, 2017 to exclude the $5,586,400 owed by National Century Financial Enterprises. With this change, the amount of uncollectible debt is $50,851,400.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) - Review of Safe Drinking Water Expenditure Plan.

Pursuant to an FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Committee is required to review DEQ’s expenditure plan for $1,800,000 for the Safe Drinking Water Program (SDWP) in FY 2018. DEQ requested Committee review of the entire $1,800,000.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Arizona Financial Information System Transaction Fee.

Pursuant to A.R.S. § 41-740.01, the Committee is required to review any proposed changes to the transaction fee charged to each state agency that uses the Arizona Financial Information System (AFIS). ADOA is requesting Committee review of a $0.325 transaction fee.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) - Review of Risk Management Deductible.

Pursuant to A.R.S. § 41-621E, the Committee is required to review any changes in risk management deductible amounts established by the department. ADOA is requesting Committee review to increase its property deductible from $100 to $2,500 for agencies with a budget of at least $1,000,000.

Representative Livingston moved that the Committee give favorable reviews, including any provisions, to the 10 consent agenda items listed above. The motion carried.

REGULAR AGENDA

DEPARTMENT OF CHILD SAFETY (DCS) - Review of FY 2017 Third Quarter Benchmarks.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires DCS to submit a report to the Committee for its review of quarterly benchmarks for assessing progress made in increasing the department’s number of FTE Positions, meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care. The JLBC Staff presented options to the Committee.

Mr. Michael Faust, Deputy Director, DCS, responded to member questions and circulated a document. (Attachment 1).

Senator Lesko moved that the Committee give a favorable review of the department’s third quarter benchmark report as outlined in the department’s submission. The motion carried.

(Continued)
DEPARTMENT OF CHILD SAFETY (DCS) - Review of Line Item Transfers.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act requires DCS to submit proposed line item transfers to the Committee for review. The JLBC Staff presented options to the Committee.

Mr. Michael Faust, Deputy Director, DCS, responded to member questions.

Senor Lesko moved that the Committee give a favorable review of the transfer of $4,096,000 from the General Fund and $8,577,000 in expenditure authority funds across line items, as shown in Table 1. The motion carried.

<table>
<thead>
<tr>
<th>DCS Line Item Transfers</th>
<th>General Fund</th>
<th>Expenditure Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption Services</td>
<td>1,996,000</td>
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<tr>
<td>Emergency and Residential Placement</td>
<td>2,100,000</td>
<td></td>
</tr>
<tr>
<td>Foster Care Placement</td>
<td>(2,100,000)</td>
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</tr>
<tr>
<td>Permanent Guardianship Subsidy</td>
<td>(832,000)</td>
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<tr>
<td>Independent Living Maintenance</td>
<td>(705,000)</td>
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<tr>
<td>Grandparent Stipends</td>
<td>(459,000)</td>
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<tr>
<td>Training Resources</td>
<td>3,926,000</td>
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<tr>
<td>DCS Child Care Subsidy</td>
<td>3,761,000</td>
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<tr>
<td>In-Home Mitigation</td>
<td>890,000</td>
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<tr>
<td>Out-of-Home Support Services</td>
<td>(4,651,000)</td>
<td></td>
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<tr>
<td>Operating Lump Sum</td>
<td>(2,824,000)</td>
<td></td>
</tr>
<tr>
<td>Office of Child Welfare Investigations</td>
<td>(1,102,000)</td>
<td></td>
</tr>
</tbody>
</table>

DEPARTMENT OF CHILD SAFETY (DCS) - Review of Retention Pay Expenditure Plan.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2018 General Appropriation Act ( Laws 2017, Chapter 305) requires DCS to submit an FY 2018 expenditure plan for the Retention Pay line item to the Committee for review. The JLBC Staff presented options and potential provisions to the Committee.

Mr. Michael Faust, Deputy Director, DCS, responded to member questions.

Senor Lesko moved that the Committee give a favorable review of the department’s expenditure plan, with the following provisions:

A. DCS shall report to the Committee 30 days prior to reallocating any of the $1,028,300 in retention stipends for other purposes. The report shall address the use of reallocated funds. The JLBC Chairman may then determine whether this reallocation requires further Committee review.

B. DCS shall provide the Committee a copy of its “Spot Incentives” plan once the plan is submitted to the Arizona Department of Administration (ADOA) for approval.

The motion carried.

(Continued)
DEPARTMENT OF ECONOMIC SECURITY (DES) - Review of Developmental Disabilities Equity Expenditures.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2018 Health Budget Reconciliation Bill (Laws 2017, Chapter 309) requires DES to submit an expenditure plan for review before expending unexpended and unencumbered capitation payments on state-only programs within the Division of Developmental Disabilities (DDD). The JLBC Staff presented options to the Committee.

Senator Lesko moved that the Committee give a favorable review of DES’ proposed expenditure of $14,493,400 of equity monies for the following DDD state-only programs:

- $6,263,400 for residential room and board costs, primarily for ALTCS clients
- $4,484,400 for the Arizona Early Intervention Program (AzEIP)
- $3,518,100 for case management services for state-only clients
- $227,500 for Medicare Clawback Payments

The motion carried.


Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 General Appropriation Act (Laws 2016, Chapter 117) requires the Committee to review AHCCCS capitation rate changes prior to implementation. The JLBC Staff presented options and potential provisions to the Committee.

Ms. Beth Kohler, Deputy Director, AHCCCS, responded to member questions.

Senator Lesko moved that the Committee give a favorable review of CYE 2017 capitation rate adjustments for the Arizona Long Term Care System (ALTCS) and the Children’s Rehabilitative Services program and CYE 2018 adjustments for the ALTCS-Developmental Disabilities program and the Comprehensive Medical and Dental program, with the following provision:

A. AHCCCS shall submit a report notifying the Committee of provider rate adjustments associated with a Proposition 206 requirement that most employers provide paid sick leave beginning July 1, 2017. The report is to be submitted within 10 days of publication of provider rate adjustments and shall indicate if added costs are within budgeted amounts.

The motion carried.

DEPARTMENT OF PUBLIC SAFETY (DPS) - Review of Border Strike Task Force Expenditure Plan.

Mr. Geoff Paulsen, JLBC Staff, stated that pursuant to a FY 2018 General Appropriation Act (Laws 2017, Chapter 305) footnote, the Committee is required to review DPS’s expenditure plan for local support funded by the Border Strike Task Force (BSTF). The JLBC Staff presented options to the Committee.

Ms. Courtney Coolidge, Deputy Chief of Staff for Government Relations, DPS, responded to member questions.

(Continued)
Senator Lesko moved that the Committee give a favorable review for the expenditure of $1,261,700 as proposed by the department. The motion carried.


Mr. Geoff Paulsen, JLBC Staff, stated that pursuant to the FY 2018 Criminal Justice Budget Reconciliation Bill (Laws 2017, Chapter 303) and A.R.S. § 41-1724G, the Committee is required to review DPS's expenditure plan for the GITTEM Border Security and Law Enforcement Subaccount. The JLBC Staff presented options to the Committee.

Ms. Courtney Coolidge, Deputy Chief of Staff for Government Relations, DPS, responded to member questions.

Senator Lesko moved that the Committee give a favorable review for the expenditure of $2,390,000 as proposed by the department. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/Department of Education (ADE) - Review of AELAS Project.

Mr. Matt Beienburg, JLBC Staff, stated that A.R.S § 41-714 requires Committee review prior to any monies being expended from ADOA’s APF for the Department of Education’s (ADE) Arizona Education Learning and Accountability System (AELAS). The JLBC Staff presented options and potential provisions to the Committee.

Mr. Charles Tack, Associate Superintendent, Policy Development & Government Relations, ADE, responded to member questions.

Mr. Satish Pattisapu, Chief Information Officer, ADE, responded to member questions.

Senator Lesko moved that the Committee give a favorable review of ADOA’s and ADE’s $7,300,000 FY 2018 expenditure plan from the APF for AELAS, with the following provisions:

A. ADE shall report to the Committee at least 30 days prior to transferring monies between the project lines listed in the FY 2018 AELAS expenditure plan. (Please see Table 2.)

B. Prior to the expenditure of any monies approved in the FY 2018 AELAS expenditure plan for purposes not delineated in Table 2 below, ADE shall submit for Committee review a report of the intended use of those monies.

C. ADE must identify a funding source, amend the project investment justification (PIJ) to reflect costs required to complete the full scope of the project, and submit this Information to the ADOA-Arizona Strategic Enterprise Technology (ASET) Office and the Information Technology Authorization Committee (ITAC) for review and approval, prior to expenditure of additional funding beyond the FY 2018 APF allocation. (This provision was adopted by ITAC at its May 24, 2017 meeting.) ADE shall provide this same information to the Committee.

(Continued)
D. By October 31, 2017, ADE shall provide the Committee a detailed account of the department’s total expenditures for information technology (IT) operations, by fund source, for both AELAS and non-AELAS related components for FY 2017 (actual) and FY 2018 (budgeted).

The motion carried.

Table 2

<table>
<thead>
<tr>
<th>Project</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Maintenance and Operation</td>
<td>$5,300,000</td>
</tr>
<tr>
<td>Development</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$7,300,000</td>
</tr>
</tbody>
</table>

1/ Includes $500,000 for the Program Support Office, $600,000 for refreshing the underlying AZDash dashboard data, and $4,200,000 for general database, network, hardware and software operations.
2/ Includes $1,500,000 for additional AzEDS development and $500,000 for preliminary modeling for the new School Finance calculation system.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) - Review of myDEQ Project.

Mr. Josh Hope, JLBC Staff, stated that pursuant to A.R.S. § 41-714, the Committee is required to review Automation Projects Fund (APF) expenditures prior to expenditure. ADOA and DEQ requested Committee review of $3,200,000 in FY 2018 expenditures from the APF for Phase 4 of the development of DEQ’s web portal. The JLBC Staff presented options and potential provisions to the Committee.

Mr. Misaël Cabrera, Director, DEQ, responded to member questions.

Senator Lesko moved that the Committee give a favorable review of the DEQ request with the following provisions:

A. The results of the quarterly third-party reviews are to be provided to the JLBC Staff.

B. By November 30, DEQ shall provide the Committee a timetable for project completion and an estimated cost to provide 137 services online.

Representative Livingston made a substitute motion removing provision B. Representative Livingston withdrew his substitute motion.

Senator Kavanagh made a substitute motion that provision B be modified to require DEQ to do a cost benefit analysis, to give a prioritized list of IT upgrades and to provide a cost estimate, if available, by November 30. The substitute motion carried.

Senator Lesko moved the original motion, as amended, to give a favorable review of the department’s plan with the following provisions:

A. The results of the quarterly third-party reviews are to be provided to the Chairman of the JLBC, the Committee, and the JLBC Staff.

(Continued)
B. By November 30, DEQ shall provide a prioritized list of services to be automated along with cost benefit analyses to the Chairman of the JLBC, the Committee, and the JLBC Staff. The department shall also provide an estimated timetable for automating these services, and a cost estimate, if available.

The motion carried.

AHCCCS - Review of Expenditure Plan for Targeted Investment Program.

Mr. Patrick Moran, JLBC Staff, stated that the FY 2017 Health Budget Reconciliation Bill (Laws 2016, Chapter 122) requires AHCCCS to submit an expenditure plan for review to the Committee prior to depositing any monies in the Delivery System Reform Incentive Payment Fund. The JLBC Staff presented options and potential provisions to the Committee.

Ms. Beth Kohler, Deputy Director, AHCCCS, responded to member questions.

Senator Lesko moved that the Committee favorably review the department’s $300 million expenditure plan, with the following provisions:

A. AHCCCS shall report to the Committee which political subdivisions have agreed to make intergovernmental transfers (IGTs) to finance the Targeted Investments Program, and the amount of the agreed upon contribution, once those agreements are finalized.

B. AHCCCS shall report to the Committee its methodology for making incentive payments to providers participating in the Targeted Investments Program once the methodology is finalized. The JLBC Chairman shall decide whether the methodology requires further review by the full Committee.

C. On or before November 1, 2018 and each year thereafter, AHCCCS shall report to the Committee on actual Targeted Investments Program expenditures by program category in the preceding state fiscal year.

The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA)/Department of Revenue (DOR) - Review of Data Center Equipment Upgrade (Automation Projects Fund).

Mr. Jeremy Gunderson, JLBC Staff, stated that pursuant to A.R.S. § 41-714, the Committee is required to review APF expenditures prior to expenditure. ADOA and DOR requested Committee review of $11,000,000 in proposed FY 2018 expenditures from the APF to replace the agency’s data center hardware. The JLBC Staff presented options and potential provisions to the Committee.

The JLBC Staff presented a supplemental provision to limit the Committees’ review to the first $5,500,000 of the $11,000,000 in proposed expenditures.

Mr. Grant Nulle, Deputy Director, DOR, responded to member questions.

Mr. Sandip Dholakia, Information Technology, DOR, responded to member questions.
Senator Lesko moved that the Committee give a favorable review to $5,500,000 in proposed APF expenditures with the following provisions:

A. Prior to the expenditure of any monies, DOR shall submit a Project Investment Justification (PIJ) to the Information Technology Advisory Committee (ITAC) for review and approval.

B. DOR shall contract with a third-party consultant pursuant to A.R.S. § 18-104A1(g) to provide quarterly reports of the projects, and provide those third-party reviews to the Chairman of JLBC, the Committee and JLBC Staff.

C. The Committee review is limited to the first $5,500,000 of the $11,000,000 in proposed expenditures. Subsequent to ITAC review and approval, DOR may submit a request for the Committee to review the remaining $5,500,000. DOR's submission is to include a status update on the project and its expenditure plan for the remaining monies.

The motion carried.

EXECUTIVE SESSION

Senator Lesko moved that the Committee go into Executive Session. The motion carried.

At 3:24 p.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Lesko moved that the Committee reconvene into open session. The motion carried.

At 3:36 p.m. the Committee reconvened into open session.

Arizona Department of Administration (ADOA) - Review for Committee the Planned Contribution Strategy for State Employee and Retiree Medical Plans as Required under A.R.S. § 38-658A.

Senator Lesko moved that the Committee give a favorable review of the planned contribution strategy for state employee and retiree medical coverage for Plan Year 2018 with the provision that, pursuant to A.R.S. § 38-658A, ADOA submit the PY 2018 contribution strategy for dental insurance coverage at least 10 days before entering into, renewing, or contracting dental services. The motion carried.

Without objection, the meeting adjourned at 3:38 p.m.

Respectfully submitted:

Kristy Paddock, Secretary

Richard Stavnezer, Director

Representative Don Shooter, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at http://www.azleg.gov/jlbc/meeting.htm
Department of Child Safety

Data charts as of week beginning 6.19.17
Field Staff

Number of Field Staff: Managers, Supervisors, Specialists, Trainees and Vacancies

Data Source: DCS Monthly Staffing Report, 6.7.17
Agency Staff

Total Agency Staff

- TOTAL FILLED - CENTRAL ADMIN STAFF
- TOTAL FILLED - FIELD OPERATIONS STAFF
- TOTAL FILLED - SPECIALISTS

NOTF: Field Staff includes Program Managers, Field Supervisors, and Specialists

Data Source: DCS Monthly Staffing Report, 6.7.17
Communications & Reports to the Hotline

<table>
<thead>
<tr>
<th>Month</th>
<th>Communications</th>
<th>Hotline Communications</th>
<th>Reports</th>
<th>Screen In %</th>
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<tbody>
<tr>
<td>May-16</td>
<td>11,472</td>
<td>5,974</td>
<td>4,139</td>
<td>69.3%</td>
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<td>Jun-16</td>
<td>10,493</td>
<td>5,267</td>
<td>3,687</td>
<td>70.0%</td>
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<tr>
<td>Jul-16</td>
<td>10,299</td>
<td>5,119</td>
<td>3,638</td>
<td>71.1%</td>
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<tr>
<td>Aug-16</td>
<td>12,620</td>
<td>6,656</td>
<td>4,442</td>
<td>66.7%</td>
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<tr>
<td>Sep-16</td>
<td>12,310</td>
<td>6,596</td>
<td>4,339</td>
<td>65.8%</td>
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<tr>
<td>Oct-16</td>
<td>11,249</td>
<td>5,923</td>
<td>3,851</td>
<td>65.2%</td>
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<tr>
<td>Nov-16</td>
<td>11,673</td>
<td>6,157</td>
<td>4,037</td>
<td>65.6%</td>
</tr>
<tr>
<td>Dec-16</td>
<td>10,979</td>
<td>5,799</td>
<td>3,748</td>
<td>64.6%</td>
</tr>
<tr>
<td>Jan-17</td>
<td>11,746</td>
<td>6,141</td>
<td>3,880</td>
<td>63.2%</td>
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<tr>
<td>Feb-17</td>
<td>11,413</td>
<td>6,091</td>
<td>3,847</td>
<td>63.2%</td>
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<td>Mar-17</td>
<td>12,857</td>
<td>6,779</td>
<td>4,196</td>
<td>61.9%</td>
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<td>Apr-17</td>
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<td>6,953</td>
<td>4,266</td>
<td>61.4%</td>
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<tr>
<td>May-17</td>
<td>12,713</td>
<td>6,719</td>
<td>4,273</td>
<td>63.6%</td>
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NOTE: Communications, Hotline Communications, and Reports include calls/reports that are no jurisdiction reports. Screen In % shows reports as a percentage of total Hotline Communications.

Data Source: DCS Tableau Dashboard, Communications Received by Weekday and Hour Reports, 6.19.17
Criminal Conduct Reports

NOTE: Reports include calls/reports that are no jurisdiction reports.

Data Source: DCS Tableau Dashboard, Criminal Conduct Reports, 6.19.17
Response Timeliness

NOTE: May 2017 data is preliminary.

Data Source: DCS Tableau Dashboard, Report Response Timeliness, 6.19.17
Completed Reports vs. Assigned New Reports

Closed Reports for the Month
versus
Assigned New Reports for the Month
State of Arizona

| Net Data | -26,884 |

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<td>Closed Reports - Month</td>
<td>3,851</td>
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<td>4,493</td>
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<td>5,551</td>
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<td>5,155</td>
<td>4,269</td>
<td>4,363</td>
<td>2,477</td>
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</tbody>
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NOTE: Investigations may contain one or more reports. Current open reports is through 6.19.17.

Data Source: Weekly Completed/Assigned Report
NOTE: Investigations may contain one or more reports. Current open reports is through 6.19.17, current inactives through 6.19.17.

Data Source: Weekly Completed/Assigned Report, and Weekly DCS Inactives Report
Children in Out-of-Home Care

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<tr>
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<td>Unlicensed (Primarily Kinship)</td>
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<td>7,796</td>
<td>7,789</td>
<td>7,848</td>
<td>7,468</td>
<td>7,502</td>
<td>6,945</td>
<td>6,703</td>
<td>6,639</td>
</tr>
<tr>
<td>Foster Care</td>
<td>6,762</td>
<td>7,017</td>
<td>6,956</td>
<td>7,111</td>
<td>6,986</td>
<td>6,837</td>
<td>6,607</td>
<td>6,891</td>
<td>6,742</td>
</tr>
<tr>
<td>Congregate Care</td>
<td>2,535</td>
<td>2,724</td>
<td>2,694</td>
<td>2,742</td>
<td>2,727</td>
<td>2,546</td>
<td>2,394</td>
<td>2,327</td>
<td>2,367</td>
</tr>
<tr>
<td>Independent Living</td>
<td>485</td>
<td>527</td>
<td>529</td>
<td>505</td>
<td>495</td>
<td>512</td>
<td>519</td>
<td>518</td>
<td>479</td>
</tr>
<tr>
<td>Other</td>
<td>719</td>
<td>593</td>
<td>768</td>
<td>711</td>
<td>611</td>
<td>649</td>
<td>684</td>
<td>492</td>
<td>690</td>
</tr>
<tr>
<td>Total in Out-of-Home Care</td>
<td>18,059</td>
<td>18,657</td>
<td>18,736</td>
<td>18,917</td>
<td>18,287</td>
<td>18,046</td>
<td>17,149</td>
<td>16,931</td>
<td>16,917</td>
</tr>
</tbody>
</table>

NOTE: May 2017 data is preliminary
Data Source: DCS Monthly Out-of-Home Care Report, 6.20.17
Service Referral Waitlist
Parent Aide, Supervised Visits, and In-home

NOTE: June 2017 data through 6.16.17
Data Source: Weekly DCS Waitlist Report
Out-of-Home Care Projection

Foster Care Population

NOTE: Current OOH population reflects April 2017 data
Data Source: DCS Monthly Out-of-Home Care Report, 6.20.17
Entries and Exits

Data Source: Removals & Returns Dashboard, 6.19.17.
Exits by Type

Data Source: DCS Tableau Dashboard, Removals and Exits, 6.19.17.
Re-report within 12 months of Exiting Care

Children who exited care 1 year ago this month, what % had a re-report of abuse or neglect in the last 12 months

Data Source: DCS Einstein, 6.14.17
Re-entry within 6 months of Exiting Care

Children who exited care 6 months ago this month, what % reentered care in the last 6 months

Data Source: DCS Einstein, 6.14.17
Perm Guard
- FY 17 Growth = 0.1%
- Original Growth Assumption: 2.0%

Independent Living
- FY 17 Growth = -3.0%
- Original Growth Assumption: 9.4%
- According to programmatic information, interest in YAP has decreased

Grandparent Stipend
- FY 17 Growth = -33.5%
- Original Growth Assumption: 0%
- Barriers:
  - Public Awareness

Adoption Services
Request Purpose: Fund FY 17 caseload growth
- FY 17 Growth 11.2%
- Original Growth Assumption: 9.4%
- Adoption Promo Month (Nov)
  - Monthly net increase of 600 claims
  - Avg monthly increase = 272
  - FY 16 increase = 425 claims
  - Reduced Federal Funding

Adoption Services (1.99M)
Licensed Foster Care
- FY 17 Growth = -4.5%
- Original Growth Assumption: 4.8%
- Cost Reductions of -8.7%
- Caseload migration
  - Increase usage of unlicensed foster care/kinship

Cost reduction to offset Congregate Care

Congregate Care
Request Purpose: to cover structural shortfall
- Residential Placement
  - FY 17 Growth: -3.1%
  - Original Growth Assumption: 4.8%
- Emergency Placement
  - FY 17 Growth: -9.6%
  - Original Growth Assumption: 4.8%
  - Cost reductions (-7%) from reduced caseload have been offset by FY 17 Appropriation structural shortfall
- FY 16 funding: $107.8M (includes supplemental + transfers)
- FY 17 baseline: $98.9M
- FY 17 forecast: $100.7
Training Resources
Request Purpose: ASU Contract
• Request to align Appropriation to contract needs
• Fully funded by Fed

Child Care
Request Purpose: to leverage IV-E Waiver funding
• Offset to General Fund Shortfall

In-Home Mitigation
Request Purpose: to leverage IV-E Waiver funding
• Offset General Fund Shortfall