



# HOUSE OF REPRESENTATIVES

SB 1002 / HB 2002

appropriations; department of child safety.

Sponsor: Senator Shooter

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**DP** Committee on Appropriations  
**DPA** Caucus and COW  
**X** As Transmitted to the Governor

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## OVERVIEW

HB 2002 appropriates and transfers FY 2015 state General Fund (GF), other fund (OF), and federal expenditure authority (FEA) resources from the Department of Economic Security (DES) to the newly created Department of Child Services (DCS) and makes additional FYs 2014 and 2015 appropriations to DCS, the Ombudsman-Citizens Aide Office (Ombudsman) and the Auditor General.

## HISTORY

Laws 1972, Chapter 202 created DES to promote the safety, well-being and self-sufficiency of children, adults and families within Arizona. Consisting of nine divisions, DES supports enhanced safety and security for Arizonans by focusing on four key goals: strengthening individuals and families, enhancing self-sufficiency, collaborating with communities to enlarge their capacity and increasing efficiency and being effective through innovation and accountability. The Division of Children, Youth and Families (DCYF) provides child protective services, foster care, kinship care, adoption services and independent living services for young adults.

Under DCYF, Child Protective Services (CPS) is a program created by Arizona Revised Statutes (A.R.S.) § 8-802 that endeavors to protect children alleged to be abused and neglected. CPS receives, screens and investigates allegations of child abuse and neglect, performs assessments of child safety and assesses the imminent risk of harm to children. Within CPS are a number of services designed to stabilize a family in crisis and preserve the family unit by reducing certain risk factors. Some of these services include: Family Group Decision Making, Family Preservation Services, High-Risk Infant Services, case management, parent aide and other in-home family support services.

On January 13, 2014, Governor Brewer issued Executive Order 2014-01, eliminating DCYF and establishing the Division of Child Safety and Family Services (DCSFS) to oversee and direct all administrative, programmable and management functions of the state child welfare program, including CPS, foster care, adoption and the Comprehensive Medical and Dental Program.

Laws 2014, Chapter 18 (2014-2015; general appropriations) provided approximately \$711.6M in total resources to DCSFS. That amount included the following changes from FY 2014:

Child Safety Caseworkers - 242 FTEs	\$15,280,400
OWCI Staff - 20 FTEs	1,800,000
Records Retention Staff - 5 FTEs	500,000

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Children Support Services	5,557,000
Intensive Family Services	3,500,000
Adoption Services Caseload Growth	5,964,100
Child Safety Legal Staff – to Attorney General	1,000,000
Startup/Transition/Data Center Costs – to ADOA	20,000,000
Automation – CHILDS System – to ADOA	5,000,000

In addition, the FY 2015 budget legislation for DCSFS included an intent footnote stating that the Legislature reexamine the budget needs for the new DCS in conjunction with legislation creating the successor agency.

**PROVISIONS**

- Repeals the existing FY 2015 DES budget needed to enact separate line-item budgets for DCS and DES.

***FY 2015 DCS Budget and Appropriations***

- Establishes a separate FY 2015 line-item budget for DCS and transfers \$726M in existing DCSFS resources and transfers \$66M in existing DES Non-DCSFS funding to DCS.
- Appropriates total FY 2015 funding of \$833,974,300 and 3,045.1 Full-Time Equivalent (FTE) positions to DCS. That amount consists of \$347M from the GF and \$487M from other appropriated and non-appropriated funds.
- Adds additional FY 2015 resources to DCS as follows:

<b>Summary of Changes</b>	<b>Fund Source</b>	<b>Comments</b>	<b>Additional FY 2015 Changes</b>
Backlog – Action Determination	GF		\$246,500
Backlog – Investigations/Overtime	GF		4,218,500
Backlog – Out-of-Home Care Placements	GF		6,815,900
Backlog – Out-of-Home Care Services	GF		7,620,300
Backlog – In-Home Care Services	GF		4,173,100
Caseworkers and Support Staff	GF	94 FTEs	6,222,500
Caseworker Retention	GF	\$1,000 after 18 months \$3,000 after 36 months	1,707,000
ASU Joint Training	GF		150,000
Emergency and Residential Placement	GF	Makes \$4M available for childcare funding	4,000,000
Internet Crimes Against Children	GF		350,000
OCWI Staff	GF	73 FTEs	5,282,500
Inspections Bureau	GF	31 FTEs	2,748,400
Backlog – Out-of-Home Care Placements	OF	FEA	2,787,700
Backlog – Out-of-Home Care Services	OF	FEA	3,116,600

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Caseworkers and Support Staff	OF	FEA	1,197,900
OCWI Staff	OF	FEA	800,000

- Transfers various footnotes and reporting requirements from DES/DCSFS to DCS.
- Eliminates the footnote relating to contingency funding since those funds have been moved to the Emergency and Residential Treatment Line Item.
- Includes a footnote stating that the caseworker retention payment monies shall be used for one-time payments to caseworkers and requires DCS to report to JLBC on the retention payments by June 7, 2015.
- Adds a footnote requiring DCS to submit an expenditure report to JLBC on the internet crimes against children appropriation by September 30, 2014.
- Adds a footnote stating that the appropriation for the Office of Child Welfare Investigations (OCWI) is solely for the costs of employees directly hired by OCWI and requires OCWI to submit a report to the director of JLBC at least 30-days prior to transferring any monies into or out of the OCWI Line Item.
- Adds a footnote defining *backlog* and *backlog cases*.
- Outlines any FYs 2016 and 2017 estimated costs for various items of appropriation related to the backlog.
- Adds a footnote requiring DCS, by June 16, 2014, to submit a quarterly report to JLBC for review on proposed quarterly benchmarks for FY 2015 for assessing progress on increasing filled FTE positions and reducing the number of backlog payments, including an expenditure plan.
- Includes a footnote requiring DCS, by September 30, 2014 through June 30, 2016, to submit a quarterly report to JLBC for review on the progress made on filling FTE positions and reducing the number of backlog cases as outlined in the June 16 report.
- Outlines additional items that the quarterly report must include.
- Inserts a footnote stating that if DCS is unable report the actual expenditures for the backlog cases, then DCS must report on short-term methods to improve cost accounting for individual child welfare cases prior to full implementation of upgrades to the Children’s Information Library and Data Source (CHILDS) as part of the September 30, 2014 quarterly report.
- Requires DCS to issue a request for information (RFI) to interested vendors on using private entities to investigate backlogged cases once the initial determination is made of whether investigation is required. Mandates that the RFI results be reported to JLBC as part of the September 30, 2014 quarterly report.
- Requires DCS to report to various entities the total number of filled FTE positions beginning on the seventh day of the month following the effective date of this act and each seventh day of the month thereafter, through June 30, 2015.

***FYs 2014 and 2015 DES Budget and Appropriations***

- Enacts a FY 2015 Budget for DES minus the amounts transferred to DCS.

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- Includes total FY 2015 funding of \$1,546,698,200 and 3,882.6 FTE positions for DES. This amount consists of \$457.4M from the GF and \$1.1B from other appropriated and non-appropriated funds.
- Eliminates and modifies various DES footnotes to reflect funding changes and transfers to DCS.
- Adds a footnote containing legislative intent that the number of low-income child care authorizations be maintained throughout the year at a minimum of 8,500 and priority shall be given to special circumstance cases.
- Includes a FY 2014 supplemental appropriation to DES/DCSFS in the amount of \$5,050,000 from the GF for Emergency and Residential Treatment.

### ***Payment Deferrals***

- Adds \$3M from the GF in FY 2015 to reduce the DES payment deferral from \$35M to \$32M and allocates the remaining rollover amount between the two agencies as follows:
  - \$21M in DES
  - \$11M in DCS

### ***Arizona Department of Administration (ADOA)***

- Increases the enacted FY 2015 GF appropriation to ADOA for costs associated with establishing DCS and the relocation of the data center operating by DES from \$20M to \$25M and changes the JLBC approval of these funds to JLBC review.

### ***Ombudsman***

- Appropriates \$828,500 from the GF in FY 2015 to the Ombudsman for operating expenses (this is the same amount line-item vetoed from HB 2703).
- Exempts the appropriation from lapsing.
- Includes legislative intent that the Ombudsman prioritize the investigation and processing of complaints relating to DCS.

### ***Auditor General***

- Appropriates \$250,000 from the GF in FY 2015 to the Auditor General to engage an independent consultant with expertise in child welfare systems planning and operations to examine the current CPS system and consider best practices to improve the delivery of services and to provide consultation on the effective establishment of the new DCS focusing on implementation challenges.
- Exempts the appropriation from lapsing.

### ***Miscellaneous***

- Specifies that the sums set forth in this act are appropriated only for the specified FYs and from specified funding sources. If monies from the funding sources are unavailable, no other funding source may be used.
- Contains a definitions section.