

Department of Child Safety

	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3,193.1	3,203.1	3,203.1 ^{1/}
Personal Services	58,724,800	57,524,800	57,524,800
Employee Related Expenditures	25,269,100	25,177,600	25,177,600
Professional and Outside Services	7,047,800	6,326,000	6,326,000
Travel - In State	178,200	208,600	208,600
Travel - Out of State	34,900	36,400	36,400
Other Operating Expenditures	24,344,700	21,663,200	21,663,200
Equipment	336,000	336,000	336,000
OPERATING SUBTOTAL	115,935,500	111,272,600	111,272,600 ^{2/-10/}
SPECIAL LINE ITEMS			
Additional Operating Resources			
Attorney General Legal Services	25,522,800	25,522,800	25,522,800
Caseworkers	102,144,100	111,900,500	111,900,500
General Counsel	134,000	157,000	157,000
Inspections Bureau	2,548,300	2,514,800	2,514,800
New Case Aides	3,305,900	3,232,200	3,232,200
Office of Child Welfare Investigations	9,085,500	9,699,400	9,699,400
Records Retention Staff	565,600	589,900	589,900
Training Resources	9,150,000	9,150,000	9,150,000
Litigation Expenses	1,168,000 ^{11/}	0	0
Overtime Pay	4,425,400		0
Out-of-Home Placements		0	
Congregate Group Care	100,055,900	114,927,100	114,927,100
Extended Foster Care	13,970,000	14,437,200	14,437,200
Foster Home Placement	46,798,000	51,929,500	51,929,500
Foster Home Recruitment, Study and Supervision	32,753,600	32,753,600	32,753,600
Kinship Care	5,000,000	5,000,000	5,000,000 ^{12/}
Permanent Placements			
Permanent Guardianship Subsidy	12,516,900	12,516,900	12,516,900
Adoption Services	274,922,900	278,258,500	278,258,500
Support Services			
DCS Child Care Subsidy	56,559,400	152,075,400	61,675,400
In-Home Mitigation	25,362,600	28,988,100	28,988,100
Out-of-Home Support Services	90,545,600	116,126,800	116,126,800
Preventive Services	15,148,400	15,148,300	15,148,300
Comprehensive Health Plan			
Comprehensive Health Plan Administration	13,404,000	29,862,500	29,862,500
Comprehensive Health Plan Premium Tax	2,062,100	4,405,100	4,550,900
Comprehensive Health Plan Services Services	87,641,000	197,055,400	201,703,700
AGENCY TOTAL	1,050,725,500	1,327,523,600	1,241,917,700 ^{13/}
FUND SOURCES			
General Fund	372,440,600	405,728,800	415,728,800
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	0	1,459,300	1,459,300
Child Welfare Licensing Fee Fund	900	941,900	941,900
Children and Family Services Training Program Fund	0	207,900	207,900
Federal Child Care and Development Fund Block Grant	35,400,000	130,916,000	40,516,000
Federal Temporary Assistance for Needy Families Block Grant	159,091,100	157,468,100	157,468,100

	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 BASELINE
Risk Management Revolving Fund	1,168,000	0	0
SUBTOTAL - Other Appropriated Funds	195,660,000	290,993,200	200,593,200
SUBTOTAL - Appropriated Funds	568,100,600	696,722,000	616,322,000
<u>Expenditure Authority Funds</u>			
Child Safety Expenditure Authority	379,517,800	399,478,600	389,478,600
Comprehensive Health Plan Fund	103,107,100	231,323,000	236,117,100
SUBTOTAL - Expenditure Authority Funds	482,624,900	630,801,600	625,595,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,050,725,500	1,327,523,600	1,241,917,700
Other Non-Appropriated Funds	548,700	4,889,300	4,889,300
TOTAL - ALL SOURCES	1,051,274,200	1,332,412,900	1,246,807,000

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.

FOOTNOTES

- 1/ Includes 901.4 GF, 436.5 OF, and 543.3 EA FTE Positions funded from Special Line Items in FY 2023.
- 2/ For the purposes of this section, "backlog case":
 1. Means any nonactive case for which documentation has not been entered in the child welfare automated system for at least sixty days and for which services have not been authorized for at least sixty days and any case that has had an investigation, has been referred to another unit and has had no contact for at least sixty days.
 2. Includes any case for which the investigation has been open without any documentation or contact for at least sixty days, any case involving in-home services for which there has been no contact or services authorized for at least sixty days and any case involving foster care in which there has been no contact or any documentation entered in the child welfare automated system for at least sixty days. (General Appropriation Act footnote)
- 3/ For the purposes of this section, "open report" means a report that is under investigation or awaiting closure by a supervisor. (General Appropriation Act footnote)
- 4/ On or before February 28, 2023 and August 31, 2023, the department of child safety shall present a report to the joint legislative budget committee on the progress made during July 2022 through December 2022 and January 2023 through June 2023, respectively, in meeting the caseload standard and reducing the number of backlog cases and out-of-home children. Each report shall include the number of backlog cases, the number of open reports, the number of out-of-home children and the caseworker workload in comparison to the previous six months. Each report shall provide the number of backlog cases by disposition, including the number of backlog cases in the investigation phase, the number of backlog cases associated with out-of-home placements and the number of backlog cases associated with in-home cases. To determine the caseworker workload, the department shall report the number of case-carrying caseworkers at each field office and the number of investigations, in-home cases and out-of-home children assigned to each field office. For backlog cases, the department's quarterly benchmark is 1,000 cases. For open reports, the department's benchmark is fewer than 8,000 open reports. For out-of-home children, the department's benchmark is 13,964 children. If the department of child safety has not submitted a required report within thirty days after the report is due, the director of the joint legislative budget committee shall inform the general accounting office of the department of administration, which shall withhold two percent of the department of child safety's operating lump sum semiannual budget allocation until the department of child safety submits the required report. (General Appropriation Act footnote)
- 5/ The amount appropriated for any line item may not be transferred to another line item or to the operating budget unless the transfer is reviewed by the joint legislative budget committee, except that transfers between any two line items relating to the comprehensive health plan are not subject to review. (General Appropriation Act footnote)
- 6/ Child safety expenditure authority includes all department funding sources excluding the state general fund, the federal child care and development fund block grant, the federal temporary assistance for needy families block grant, the child abuse prevention fund and the children and family services training program fund. (General Appropriation Act footnote)

- 7/ The department of child safety may transfer up to ten percent 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. 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. (General Appropriation Act footnote)
- 8/ The department of child safety shall provide training to any new child safety FTE positions before assigning any client caseload duties to any of these employees. (General Appropriation Act footnote)
- 9/ The legislature intends that the department of child safety use its funding to achieve a one hundred percent investigation rate. (General Appropriation Act footnote)
- 10/ On or before December 1, 2021, the department of child safety shall submit a report to the joint legislative budget committee on the department's efforts to implement the family first prevention services act of 2018. The report shall quantify the department's efforts in at least the following areas, including any associated fiscal impacts: (1) Reducing the number of children placed for more than two weeks in congregate care settings, excluding qualified residential treatment programs, facilities for pregnant and parenting youth, supervised independent living and specialized programs for victims of sex trafficking. (2) Assisting congregate care providers in attaining status as qualified residential treatment programs. (3) Identifying alternative placements, including therapeutic foster homes, for children who would otherwise be placed in congregate care. (4) Expanding evidence-based, in-home parent skill-based programs and mental health and substance abuse prevention and treatment services. (General Appropriation Act footnote)
- 11/ 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 before expenditure. (General Appropriation Act footnote)
- 12/ The amount appropriated for kinship care shall be used for a stipend of \$75 per month for a relative caretaker, including a grandparent, any level of great grandparent or any nongrandparent relative, or a caretaker of fictive kinship, if a dependent child is placed in the care of a relative caretaker or caretaker of fictive kinship pursuant to department guidelines. The department shall provide the stipend on behalf of all children placed with an unlicensed kinship foster care parent. The unlicensed kinship foster care parent is not required to file an application to receive the stipend. Before changing the eligibility for the program or the amount of the stipend, the department shall submit a report for review by the joint legislative budget committee detailing the proposed changes. (General Appropriation Act footnote)
- 13/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The Baseline includes \$111,272,600 and 1,321.9 FTE Positions in FY 2023 for the operating budget. These amounts consist of:

	FY 2023
General Fund	\$72,679,500
Federal TANF Block Grant	21,926,700
Child Safety Expenditure Authority	15,724,500
Child Welfare Licensing Fee Fund	941,900

FY 2023 adjustments are as follows:

Remove One-Time Funding Shift

The budget includes an increase of \$10,000,000 from the General Fund and a corresponding decrease of \$(10,000,000) from Child Safety Expenditure Authority in FY 2023 to remove a one-time fund shift in the FY 2022 budget. The FY 2022 fund shift was based on increased availability of federal IV-E funding for children receiving adoption subsidies or out-of-home placement expenses due to the temporary 6.2% IV-E federal match rate

increase originally authorized by the Families First Coronavirus Response Act. The FY 2022 budget assumes the enhanced federal match rate will expire on December 31, 2021. The Baseline assumes the enhanced federal match rate will now expire on March 31, 2022, but will not extend into FY 2023.

Additional Operating Resources

Attorney General Legal Services

The Baseline includes \$25,522,800 and 276.2 FTE Positions in FY 2023 for Attorney General Legal Services. These amounts consist of:

General Fund	19,741,900
Child Safety Expenditure Authority	5,780,900

These amounts are unchanged from FY 2022.

This line item funds the attorneys and support staff in the Attorney General's Protective Services Section (PSS).

Attorney General staff represents DCS in dependency, guardianship, severance, and adoption proceedings throughout the state. This line item does not include funding for the Attorney General's defense of DCS in ongoing class action litigation.

Caseworkers

The Baseline includes \$111,900,500 and 1,406 FTE Positions in FY 2023 for caseworkers. These amounts consist of:

General Fund	47,539,500
Children and Family Services Training Program Fund	207,900
Federal TANF Block Grant	31,992,200
Child Safety Expenditure Authority	32,160,900

These amounts are unchanged from FY 2022.

This line item funds caseworker positions I, II, III and IV, including salary, benefits, other operating expenses and in-state travel. Funding for field office staff, including case aides, caseworker supervisors, program managers, and other support staff, are included in the DCS operating budget.

The Legislature has funded 1,406 caseworkers (direct line staff). As of the latest available data from October 2021, DCS had filled 1,232 of these positions, or 174 fewer filled positions than the funded amount.

General Counsel

The Baseline includes \$157,000 and 1 FTE Position from the General Fund in FY 2023 for General Counsel. These amounts are unchanged from FY 2022.

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

Inspections Bureau

The Baseline includes \$2,514,800 and 31 FTE Positions in FY 2023 for the Inspections Bureau. These amounts consist of:

General Fund	1,490,900
Federal TANF Block Grant	178,900
Child Safety Expenditure Authority	845,000

These amounts are unchanged from FY 2022.

Background – Monies in this line item fund the Inspections Bureau established in A.R.S. § 8-458, which is tasked with ensuring the department policies and procedures are being followed by all staff in accordance with federal and state law.

New Case Aides

The Baseline includes \$3,232,200 and 34 FTE Positions in FY 2023 for New Case Aides. These amounts consist of:

General Fund	1,147,500
Federal TANF Block Grant	1,334,700
Child Safety Expenditure Authority	750,000

These amounts are unchanged from FY 2022.

Monies in this line item fund 34 new case aides. These positions are in addition to the 256 case aides funded from the Operating Budget in May 2016.

Office of Child Welfare Investigations

The Baseline includes \$9,699,400 and 127 FTE Positions in FY 2023 for the Office of Child Welfare Investigations (OCWI). These amounts consist of:

General Fund	9,496,800
Child Safety Expenditure Authority	202,600

These amounts are unchanged from FY 2022.

Background – A.R.S. § 8-471 establishes the Office of Child Welfare Investigations (OCWI) within the Department of Child Safety to investigate criminal conduct allegations, coordinate with law enforcement, and establish task forces for the investigation of criminal conduct in cases of child abuse and neglect.

Records Retention Staff

The Baseline includes \$589,900 and 5 FTE Positions in FY 2023 for Records Retention Staff. These amounts consist of:

General Fund	459,300
Child Safety Expenditure Authority	130,600

These amounts are unchanged from FY 2022.

This line item funds staff that process information requests about children in the state child welfare system.

Training Resources

The Baseline includes \$9,150,000 in FY 2023 for Training Resources. This amount consists of:

General Fund	150,000
Child Safety Expenditure Authority	9,000,000

These amounts are unchanged from FY 2022.

Background – 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%.

In FY 2021, DCS reports that 57 ASU/NAU social work students received scholarships, including 22 Bachelors of Social Work (BSW) students and 35 Masters of Social Work (MSW) students.

Out-of-Home Placements

DCS places children in out-of-home care when the department determines in conjunction with the Juvenile Court that, after investigating a report of child abuse or neglect, no services or interventions can adequately ensure the child’s health and safety in the home. *Table 1* shows out-of-home placements by setting each year.

Table 1	Out-of-Home Placements ^{1/}		
	June <u>2019</u>	Sept <u>2020</u>	Jan <u>2021</u>
Kinship Care ^{2/}	5,417	5,804	6,319
Foster Home	5,660	5,156	4,795
Congregate Care	2,334	2,244	2,158
<i>Group Home</i>	1,723	1,794	1,754
<i>Emergency Shelter</i>	90	52	55
<i>Behavioral Health Placement</i>	521	398	349
Independent Living	475	629	627
Other ^{3/}	319	315	630
Total	14,205	14,148	14,529 ^{4/}

^{1/} Includes out-of-home children up through age 17 as well as children 18-21 in Extended Foster Care.
^{2/} Includes unlicensed relative and non-relative placements.
^{3/} Includes runaways, missing children, children with no identified placement, and trial home visits.
^{4/} Latest available data for placement types is from January 2021.

Congregate Group Care

The Baseline includes \$114,927,100 in FY 2023 for Congregate Group Care. This amount consists of:

General Fund	56,214,200
Federal TANF Block Grant	21,423,000
Child Safety Expenditure Authority	37,289,900

These amounts are unchanged from FY 2022.

Congregate Care Federal Funding Backfill

The Baseline continues an FY 2022 increase of \$25,138,200 from the General Fund to address an expected loss of federal funding, increased provider rates, and new placement requirements for those placed in foster-care. The FY 2022 3-year budget plan designates this funding as one-time in FY 2022 and FY 2023.

(Please see the Family First Prevention Services Act section below for more details on both increases.)

Caseload – According to the latest available data from DCS, in FY 2021, DCS served a monthly average caseload of 2,001 in congregate care placements. At an average monthly cost of \$3,963 per placement, funding in this line is sufficient for an average monthly caseload of 2,417 placements in FY 2023. The estimated average cost is based on DCS' reported congregate care expenses following the implementation of a contracted rate increase effective April 1, 2019.

Background – This line item funds congregate care placements for foster children up through age 17, including shelter facilities for up to 21 days or less; group home placements; and placements at behavioral health facilities licensed by the Department of Health Services, such as behavioral health group homes and residential treatment centers. DCS pays the cost of behavioral health facility placements for non-Medicaid CMDP children and pays for the room and board expenditures for Medicaid-eligible children. All other behavioral health facility costs are funded by the RBHAs within the AHCCCS budget.

Extended Foster Care

The Baseline includes \$14,437,200 in FY 2023 for Extended Foster Care. This amount consists of:

General Fund	7,283,300
Child Safety Expenditure Authority	7,153,900

These amounts are unchanged from FY 2022.

Caseload – According to the latest available data from DCS, in FY 2021, a monthly average of 1,170 individuals age 18-21 remained voluntarily in DCS foster care. Based on the rate of placement in independent living settings, group homes, and foster homes, the average monthly cost per placement was approximately \$1,390. At \$1,390 per month, the funding in this line item is sufficient to fund 866 placements in FY 2023.

Background – A.R.S. § 8-521.02 authorizes DCS to establish an Extended Foster Care program for young adults aged 18-21 who turned age 18 while in DCS custody. Participating youth may continue to receive services and supports from the department on condition of enrolling in an education program, employment, participation in a program that promotes employment, or be unable to be a full-time student or work due to a documented medical condition.

Foster Home Placement

The Baseline includes \$51,929,500 in FY 2023 for Foster Home Placement. This amount consists of:

General Fund	17,825,500
Federal TANF Block Grant	6,973,100
Child Safety Expenditure Authority	27,130,900

These amounts are unchanged from FY 2022.

Caseload – According to the latest available data from DCS, in FY 2020, a monthly average of 5,657 clients received licensed foster home services. At an average monthly cost of \$716, the funding in this line item is sufficient for 6,043 foster home placements in FY 2023.

Background – The Foster Home Placement line item provides funding for the placement of out-of-home children up through age 17 into foster homes. This line item includes the cost of the maintenance payments for licensed foster homes. Unlicensed foster homes are funded in the Kinship Care line item.

Foster Home Recruitment, Study and Supervision

The Baseline includes \$32,753,600 in FY 2023 for Foster Home Recruitment, Study and Supervision. This amount consists of:

General Fund	19,652,200
Child Safety Expenditure Authority	13,101,400

These amounts are unchanged from FY 2022.

Background – This line item funds contracts with child welfare licensing agencies that recruit foster families, complete home studies to ensure that foster homes comply with requirements for licensure and provide ongoing monitoring and oversight of foster homes.

Kinship Care

The Baseline includes \$5,000,000 in FY 2023 for Kinship Care. This amount consists of:

General Fund	4,500,000
Federal TANF Block Grant	500,000

These amounts are unchanged from FY 2022.

Caseload – In FY 2021, a monthly average of 5,725 children were placed in unlicensed kinship care. At an average monthly cost of \$74.45, this line item is sufficient to fund a monthly average of 5,596 kinship placements in FY 2023.

Background – This line item funds the Kinship Stipend, which provides a \$75 monthly stipend per child to unlicensed kinship caregivers. Unlicensed kinship caregivers may include relatives as well as non-relative caregivers of fictive kinship. "Fictive kin" are caregivers that have a meaningful relationship with the child but are not related by blood or by marriage.

The budget continues a General Appropriation Act footnote that requires DCS to provide the stipend on behalf of all children placed with an unlicensed kinship foster care parent and permits such caregivers to receive the stipend without filing an application.

Permanent Placements

DCS subsidizes the care of children who exit out-of-home care for placements in adoptive homes or for custody with permanent guardians. *Table 2* shows the total caseload for permanent placements.

	Permanent Placements		
	June 2019	June 2020	October 2021
Adoption	31,382	32,688	35,147
Permanent Guardianship	<u>2,775</u>	<u>2,723</u>	<u>3,541</u>
Total	34,157	35,411	38,688

Permanent Guardianship Subsidy

The Baseline includes \$12,516,900 in FY 2023 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	10,573,900
Federal TANF Block Grant	1,943,000

These amounts are unchanged from FY 2022.

Caseload – According to the latest available data from DCS, in FY 2020, a monthly average of 2,532 clients received permanent guardianship subsidies. At an average monthly cost of \$407, the funding in this line item is sufficient to fund 2,562 total placements in FY 2023.

Background – A.R.S. § 8-871 establishes the criteria for the Juvenile Court to establish a permanent guardianship for children in out-of-home care. The current base subsidy rate is \$12.95 per day (\$388.50 per month).

Adoption Services

The Baseline includes \$278,258,500 in FY 2023 for Adoption Services. This amount consists of:

General Fund	80,965,800
Federal TANF Block Grant	22,445,700
Child Safety Expenditure Authority	174,847,000

These amounts are unchanged from FY 2022.

Caseload – According to the latest available data from DCS, in FY 2020, a monthly average of 31,925 clients received adoption subsidies. At an average monthly cost of \$691, the funding in this line item is sufficient for 33,557 total placements in FY 2021.

Background – DCS is required to administer an ongoing program of subsidized adoption pursuant to A.R.S. § 8-142 for children with physical, mental, or emotional disorders or who would be otherwise difficult to place in adoption because of age, sibling relationship, or racial or ethnic background. The funding provides for maintenance subsidies, special services subsidies, expenditures related to the legal process of adopting a child, and adoption home recruitment costs. Medical expenses are covered through AHCCCS.

Support Services

DCS provides services to families involved in the child welfare system that are intended to facilitate the

reunification of out-of-home children with their biological families and reduce the probability that high-risk families have children enter out-of-home care. *Table 3* displays combined spending from FY 2020 for in-home mitigation and out-of-home support services by category.

Table 3

**Support Services
FY 2020 Actual Expenditures by Service Category ^{1/}**

Services	Amount
Child Care Subsidies	\$ 48,923,000
CMDP ^{2/}	46,692,900
Parent Aide	21,298,600
Supervised Visitation	20,040,200
Transportation	16,485,000
In-Home Services	18,105,000
Preventive Services	15,148,300
Allowances	9,246,800
Counseling and Psychological Services	5,945,300
Substance Use Disorder Treatment ^{3/}	6,747,000
Independent Living Support	5,837,100
Lab Services	5,733,200
Other	4,261,800
Total	\$224,464,200 ^{2/}

^{1/} Does not include substance use disorder services spending for AFF recipients who are eligible for AHCCCS.
^{2/} Latest available data for placement types is from January 2021.

DCS Child Care Subsidy

The Baseline includes \$61,675,400 in FY 2023 for the DCS Child Care Subsidy. This amount consists of:

General Fund	7,000,000
Federal CCDF Block Grant	40,516,000
Child Safety Expenditure Authority	14,159,400

FY 2023 adjustments are as follows:

Remove One-Time Additional Child Care Development Funding

The budget includes a decrease of \$(90,400,000) from the Federal CCDF Block Grant in FY 2022 for the removal of one-time additional child care funding. This funding was allocated to Arizona in the federal American Recovery Plan Act. A General Appropriation Act footnote makes this \$90,400,000 appropriation non-lapsing. *(Please see the Department of Economic Security narrative for more details.)*

Caseload – According to the latest available data from DCS, in FY 2020, a monthly average of 8,645 children received DCS child care. At \$589 monthly, the base funding in this line item (excluding the \$90,400,000

appropriation) is sufficient for an average monthly caseload of 8,726 children in FY 2022.

Background – This line item funds 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 both licensed and unlicensed foster care. *(Please see the DES Child Care Subsidy line item for other child care funding.)*

In-Home Mitigation

The Baseline includes \$28,988,100 and 1 FTE Position in FY 2023 for In-Home Mitigation. These amounts consist of:

General Fund	6,971,700
Child Abuse Prevention Fund	1,459,300
Federal TANF Block Grant	14,611,200
Child Safety Expenditure Authority	5,945,900

These amounts are unchanged from FY 2022.

Background – This line item funds DCS’ in-home services program for families with a child at risk of out-of-home placement. Contracted in-home services provide a wide range of voluntary services for up to 120 days intended to ensure that children remain safely at home, including parent education, counseling, domestic violence intervention, behavioral management, home management, and linkages to community resources. According to the latest available data from DCS, there were 3,817 new referrals to the in-home services program in FY 2020.

Out-of-Home Support Services

The Baseline includes \$116,126,800 in FY 2023 for Out-of-Home Support Services. This amount consists of:

General Fund	47,879,200
Federal TANF Block Grant	34,139,600
Child Safety Expenditure Authority	34,108,000

These amounts are unchanged from FY 2022.

Background – This line item funds services for children in out-of-home care and their families, including supervised visitation, parent aide, health care services, allowances, transportation, substance abuse treatment, and independent living services.

Preventive Services

The Baseline includes \$15,148,300 in FY 2023 for Preventive Services. This amount consists of:

General Fund	4,000,000
Child Safety Expenditure Authority	11,148,300

These amounts are unchanged from FY 2022.

Background – This line item funds broad-based prevention programs to reduce the risk of involvement with DCS for at-risk families. The programs include the Healthy Families, which is an in-home visiting program, and the Building Resilient Families program, which provides follow-up services to families that were previously the subject of a DCS report.

Comprehensive Health Plan

The Comprehensive Health Plan includes both physical health and behavioral health services for foster care children. The program is funded by capitation payments from the Arizona Health Care Cost Containment System (AHCCCS) for Medicaid-eligible children in foster care. AHCCCS covers the cost of such payments with its General Fund appropriation and federal Medicaid matching funds. *(Please see the FY 2022 Appropriations Report for more detail.)*

Comprehensive Health Plan Administration

The Baseline includes \$29,862,500 from the Comprehensive Health Plan Fund in FY 2023 for Comprehensive Health Plan Administration. This amount is unchanged from FY 2022.

Background – This line item includes funding DCS receives from AHCCCS’ capitation payments for the agency’s administrative expenses associated with the Comprehensive Health Plan.

Comprehensive Health Plan Premium Tax

The Baseline includes \$4,550,900 from the Comprehensive Health Plan Fund in FY 2023 for Comprehensive Health Plan Premium Taxes. FY 2023 adjustments are as follows:

Formula Adjustments

The Baseline includes an increase of \$145,800 from the Comprehensive Health Plan Fund in FY 2023 for CHP formula adjustments.

Background – This line item includes funding DCS receives from AHCCCS' capitation payments for premium tax payments. DCS pays a 2% tax on capitation and reinsurance monies associated with the Comprehensive Health Plan.

Comprehensive Health Plan Services

The Baseline includes \$201,703,700 from the Comprehensive Health Plan Fund in FY 2023 for Comprehensive Health Plan Services. FY 2023 adjustments are as follows:

Formula Adjustments

The Baseline includes an increase of \$4,648,300 from the Comprehensive Health Plan Fund in FY 2023 for CHP formula adjustments. The formula adjustments consist of 0.5% enrollment growth in FY 2023, 3.1% capitation growth, and prior year base adjustments.

Background – This line item includes funding DCS receives from AHCCCS' capitation payments for the agency's physical and behavioral health services expenses associated with the Comprehensive Health Plan.

Other Issues

Family First Prevention Services Act

The federal Bipartisan Budget Act of 2018 (P.L. 115-123) enacted in February 2018 incorporated provisions from previously introduced legislation called the Family First Prevention Services Act, which makes changes to federal IV-E financing of state and local child welfare services. The major changes include:

- Availability of uncapped IV-E federal reimbursement for in-home preventive services for families of children at risk of being placed in foster care, including mental health and substance abuse prevention and treatment services as well as in-home parent skill-based programs. The federal match rate will be 50% and will only be applied to state expenditures above a state maintenance-of-effort requirement.
- Limitation of federal IV-E reimbursement for congregate care placements to 2 weeks, except for children with serious behavioral or emotional disorders that are placed in "Qualified Residential Treatment Programs" meeting certain criteria.
- Delays the full phase-out of income eligibility standards for children age 2 or under (previously, adoptive subsidies were only available to children

demonstrating "special needs" as defined in federal law and that came from families with incomes at or below the TANF income eligibility level) in the IV-E adoption program until July 1, 2024.

An FY 2021 General Appropriation Act footnote requires DCS to report on its implementation of the legislation by December 1, 2021, including quantification of any fiscal impacts. DCS reported it has taken the following actions related to implementing the legislation:

- The department implemented a variety of measures to retain and recruit foster families and accredit Qualified Residential Treatment Programs (QRTP), which are congregate care settings that will continue to be eligible for federal reimbursement.
- DCS hired 2 Foster Recruitment and Retention Specialists, launched a website to support foster families, and began working with a marketing firm to create a campaign to raise awareness to further support and recruit foster families.
- The department now has 9 contracted QRTP providers and 18 other facilities working to become accredited as of November 2021.
- DCS announced they would cover accreditation fees for congregate care homes to provide trauma informed care, qualifying them as QRTP facilities. The department now has 14 providers that received accreditation and 13 additional providers that are seeking accreditation.
- DCS standardized therapeutic foster care placements in collaboration with the Arizona Health Care Cost Containment System (AHCCCS), including increased utilization of therapeutic foster homes for youth with higher needs, but do not meet medical necessity.

SUMMARY OF FUNDS	FY 2021 Actual	FY 2022 Estimate
Child Abuse Prevention Fund (CHA2162/A.R.S. § 8-550.01)		Appropriated
Source of Revenue: A portion of monies (1.93%) from statutory filing and copy fees collected by the Superior Court and all funds received through check-off contributions on the Arizona tax form. Monies also may come from a surcharge on certified copies of death certificates when revenues from the surcharge exceed \$100,000 for the year.		
Purpose of Fund: To provide financial assistance to community treatment programs, benefiting abused children and their parents or guardians. An amount of not more than 5% may be expended for administrative expenses related to the fund.		
Funds Expended	0	1,459,300
Year-End Fund Balance	1,317,000	732,800
Child Restraint Fund (CHA2192/A.R.S. § 28-907)		Non-Appropriated
Source of Revenue: Fines or penalties from parents, guardians, or legal custodians who fail to sufficiently restrain in children under the age of 8 in motor vehicles.		
Purpose of Fund: 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.		
Funds Expended	84,000	84,000
Year-End Fund Balance	20,000	20,000
Child Safety Expenditure Authority (CHA2009/A.R.S. § 41-101.01)		Expenditure Authority
Source of Revenue: All non-appropriated funds and Federal Funds for the Department of Child Safety, excluding the Federal Temporary Assistance for Needy Families Block Grant, the Federal Child Care and Development Fund, the Client Trust Fund, and the Economic Security Donations Fund.		
Purpose of Fund: To fund the Department of Child Safety.		
Funds Expended	379,517,800	399,478,600
Year-End Fund Balance	16,600	16,600
Child Welfare Licensing Fee Fund (CHA2994/A.R.S. § 8-467)		Appropriated
Source of Revenue: License fees and legislative appropriations		
Purpose of Fund: To issue licenses to licensees who do not contract with DCS for care and supervision of DCS children and for the inspection, examination, suspension, denial, revocation and change of licenses.		
Funds Expended	900	941,900
Year-End Fund Balance	(900)	(900)
Children and Family Services Training Program Fund (DCS2173/A.R.S. § 8-503.01)		Appropriated
Source of Revenue: A portion of monies collected from fees charged for copies of child welfare files and assessments against legally responsible parties for the support of a child in the state's custody. The fund receives 90% of the revenues collected. The remaining 10% of revenues are credited to the General Fund.		
Purpose of Fund: To administer training for child safety workers and employees in related programs. The monies cannot be used to pay salaries or expenses of the training staff. Up to 10% of the monies may be used to enhance the collection of monies owed to the agency. Any monies collected from fees for copies of child welfare files may be used only for reimbursing the department for its cost.		
Funds Expended	0	207,900
Year-End Fund Balance	76,800	(113,000)
Client Trust Fund (CHA3152/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Monies collected from Social Security, Veterans' Administration benefits, and other benefits payable to a child in the care, custody, or control of DCS.		
Purpose of Fund: To defray the costs of care and services expended for the benefit, welfare, and best interest of the child.		
Funds Expended	448,100	4,805,300
Year-End Fund Balance	11,050,900	8,572,400

SUMMARY OF FUNDS	FY 2021 Actual	FY 2022 Estimate
Comprehensive Health Plan Fund (CHA2121/ A.R.S. § 8-512, 41-2501)		Expenditure Authority
Source of Revenue: Monies paid by the Arizona Health Care Cost Containment System Administration pursuant to the contract, amounts paid by third-party payors, gifts, donations and grants from any source, interest on monies deposited in the Comprehensive Health Plan Expenditure Authority fund.		
Purpose of Fund: To fund the administration of foster children's physical, dental, and behavioral health care.		
Funds Expended	103,107,100	231,323,000
Year-End Fund Balance	0	(17,340,400)
Economic Security Donations Fund (CHA3145/A.R.S. § 36-571, 41-1954)		Non-Appropriated
Source of Revenue: Grants, gifts, or bequests.		
Purpose of Fund: To be disbursed for the purpose of and in conformity with the terms of the grant, gift, or bequest.		
Funds Expended	16,600	0
Year-End Fund Balance	20,400	45,100
Federal Child Care and Development Fund Block Grant (CHA2008/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To be used for developing child care programs, providing child care to welfare recipient parents, and implementing licensing standards under state law for child care. Up to 5% of the aggregate amount of funds expended can be used for administrative costs. At least 4% of funds must be used for consumer education and activities for improving the quality and availability of child care. No monies can be used for purchasing land or building facilities to provide child care. DES has a separate allocation of CCDF.		
Funds Expended	35,400,000	130,916,000
Year-End Fund Balance	0	0
Federal Temporary Assistance for Needy Families Block Grant (CHA2007/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of 2-parent families. DES has a separate allocation of TANF.		
Funds Expended	159,091,100	157,468,100
Year-End Fund Balance	0	0
Risk Management Revolving Fund (CHA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Actuarial charges assessed to agencies insured under the state's risk management system, as well as recoveries by the state through litigation.		
Purpose of Fund: To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits.		
Funds Expended	1,168,000	0
Year-End Fund Balance	1,608,700	0