



*Arizona Department of Child Safety*

Janice K. Brewer  
Governor

Charles Flanagan  
Director

June 16, 2014

The Honorable Don Shooter  
Chairman, Arizona Senate Appropriations Committee  
1700 West Washington  
Phoenix, Arizona 85007

Re: Department of Child Safety Expenditures

Dear Senator Shooter:

The Department of Child Safety (DCS) requests to be placed on the Joint Legislative Budget Committee agenda for the three items below.

*Proposed quarterly benchmarks and expenditure plan*

Pursuant to Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, Section 6, the Department submits its report including proposed quarterly benchmarks in FY 2015 for assessing progress in increasing the Department's number of filled FTE positions and in reducing the number of backlog cases, as well as quarterly expenditure plans for any FY 2015 monies appropriated for personal services and for reducing the backlog.

*Expenditure plan for monies appropriated for costs associated with the establishment of DCS*

Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, Section 3 appropriated \$25 million to the Department of Administration for costs associated with the establishment of the Department of Child Safety. The Department submits an expenditure plan for monies to be expended from this \$25 million during the first quarter of fiscal year 2015 totaling \$3.6 million.

*Expenditure plan for Intensive Family Services monies*

At its April 10, 2014 meeting, JLBC reviewed the Department's expenditure plan for the FY 2014 appropriation for the Intensive Family Services Special Line Item with the provision that the Department report by June 1, 2014 on how it plans to expend the funds in FY 2015. Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, Section 6 also requires that the Department submit an expenditure plan for review prior to the expenditure of the funds in FY 2015. The Department requests that the committee review the expenditure plan as contained in the letter dated May 30, 2014.

If you have any questions, please contact our office at (602) 542-5844.

Sincerely,

Charles Flanagan  
Director

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Enclosure

cc: Richard Stavneak, Director, Joint Legislative Budget Committee  
John Arnold, Director, Governor's Office and Strategic Planning and Budget  
Ben Beutler, Joint Legislative Budget Committee  
Illya Riske, Governor's Office and Strategic Planning and Budget

**Department of Child Safety**  
**Proposed Quarterly Benchmarks for Filled FTE Positions and Reducing the Backlog and Expenditure Plans for Fiscal Year 2015 Personal Services and Backlog Funding**

Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2 requires the Department of Child Safety to submit a report for review by the Joint Legislative Budget Committee containing:

- Proposed quarterly benchmarks in fiscal year 2015 for assessing progress in increasing the Department's number of filled FTE positions, consistent with the FTE positions authorized by this act
- Proposed quarterly benchmarks in fiscal year 2015 for assessing progress in reducing the number of backlog cases
- A quarterly expenditure plan for any fiscal year 2015 monies appropriated for personal services
- A quarterly expenditure plan for any fiscal year 2015 monies appropriated for reducing the backlog

Quarterly Benchmarks – Filled FTE Positions

The Department proposes the following quarterly benchmarks for assessing progress in increasing the Department's number of filled FTE positions:

- Number of authorized FTE positions
- Filled positions, split by case-carrying staff, field support staff, and all other staff
- Net change from the prior quarter
- Number of caseworkers in training

As of this May 31, 2014, the Department had a total of 2,354 filled FTE positions, including 995 case-carrying staff, 177 staff in training, 76 FTE in intake, and 1,106 other FTE. For fiscal year 2015, the Department anticipates filled FTE by quarter as outlined below.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Total Authorized FTE</b>	<b>3,045.1</b>	<b>3,045.1</b>	<b>3,045.1</b>	<b>3,045.1</b>
<b>Authorized Caseworkers</b>	<b>1,406.0</b>	<b>1,406.0</b>	<b>1,406.0</b>	<b>1,406.0</b>
Filled Caseworkers (Active)	1,079.0	1,137.0	1,190.0	1,190.0
Filled Caseworkers (Training)	251.0	193.0	140.0	140.0
Filled Intake (Hotline)	76.0	76.0	76.0	76.0
Subtotal Filled	1,406.0	1,406.0	1,406.0	1,406.0
<b>Authorized Non-Caseworker Personnel</b>	<b>1,639.1</b>	<b>1,639.1</b>	<b>1,639.1</b>	<b>1,639.1</b>
Filled Supervisors (Unit, APM)	250.0	250.0	250.0	250.0
Filled Case Aides	285.0	285.0	285.0	285.0
Filled Other Non-Caseworkers	710.0	859.0	864.0	868.0
Subtotal Filled	1,245.0	1,394.0	1,399.0	1,403.0
<b>Total Filled FTE</b>	<b>2,651.0</b>	<b>2,800.0</b>	<b>2,805.0</b>	<b>2,809.0</b>

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Quarterly Benchmarks – Reducing the Backlog

The Department proposes the following quarterly benchmarks for assessing progress in reducing the number of backlog cases:

- Number of cases that were non-active as of June 2, 2014 that have been activated
- Number of activated cases in the investigation phase
- Number of activated cases receiving in-home services
- Number of activated cases in out-of-home placements and receiving out-of-home support services
- Number of activated cases closed
- Number of non-active cases as of the 2<sup>nd</sup> to last Saturday of each quarter

A non-active case is a case that has had no documentation entered into the Children's Information Library and Data Source (CHILDS) for 60 days or more. As of June 2, 2014, there were 13,024 non-active cases. Of those cases, 3,334 had no case notes for 120 days or less, while 3,101 cases had no case notes entered in over a year. The median length of inactivity was 208 days. The table below displays quarterly estimates for the proposed benchmarks.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cases Activated (Cumulative)	5,210	13,024	-	-
Activated Cases in Investigation Phase	1,289	3,867	3,867	2,578
In-Home Support Services	-	483	741	1,128
Out-of-Home Support Services and Placements	-	493	751	1,137
Cases Closed (Cumulative)	-	2,732	5,787	8,842

In addition to the above benchmarks, the legislation requires DCS to report the total number of non-active cases, including both cases in the June 2, 2014 number of 13,024 as well as cases becoming inactive after June 2. By the end of the first quarter, DCS estimates that 5,210 of the June 2 cases will have been addressed, however, we expect that about 5,200 cases will have also become inactive (based on historical data), resulting in a new inactive count for the end of the quarter of 13,000. Given the rate at which the number of non-active cases have been increasing (a net of 5,000 over the past 5 months), and that the end of the first quarter occurs at the beginning of the school year, which is typically a high report time, maintaining the non-active count at 13,000 will be a significant accomplishment.

With new staff coming out of training, the Department will begin to decrease the number of cases becoming non-active in the 2<sup>nd</sup> quarter of the year while simultaneously activating the remainder of the 13,024 June 2 cases. By the end of the second quarter, we expect a total of 4,000 non-active cases; however, none of those cases will have been inactive for greater than 180 days. In the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the fiscal year, the numbers of new non-active cases will continue to decline. We anticipate a total of 2,000 non-active cases by the end of the 3<sup>rd</sup> quarter and 1,000 by the end of the 4<sup>th</sup> quarter with no case inactive for greater than 90 days.

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Expenditure Plan for Monies Appropriated for Personal Services in Fiscal Year 2015

The fiscal year 2015 budget includes staff that were historically part of the DES program division, staff that were part of DES's central administrative functions that are transferring to DCS, as well as new central administrative positions to fulfill roles previously fulfilled by DES's central administrative functions that could not be transferred to DCS, and other new program-related FTE positions.

Table 3 shows the anticipated expenditure plan for monies appropriated for personal services in fiscal year 2015. The Department expects to have all of the new case-carrying and supervisory staff positions filled by the end of the first quarter of fiscal year 2015. Non-case-carrying support positions and positions for the Office of Child Welfare Investigations will be phased in over the first two quarters.

For the new administrative positions that could not be transferred from DES, the Department is still developing a finalized organizational structure. Hiring has begun to fill many strategic decision-making roles within DCS. The Department anticipates having a more complete plan developed by late summer.

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY 2015 Projected Total
<u>Existing Staff</u>						
DES to DCS	P/S	24,293,700	24,362,500	24,345,300	24,362,500	97,364,000
	FTE	2,249.0	2,249.0	2,249.0	2,249.0	
<u>New Staff</u>						
Administrative FTE	P/S	486,922	1,668,000	1,796,900	1,884,200	5,836,022
	FTE	39.0	125.0	131.0	135.0	
Case-carrying staff	P/S	1,445,600	2,218,800	2,218,800	2,218,800	8,102,000
	FTE	212.0	212.0	212.0	212.0	
Non case-carrying	P/S	540,400	1,008,700	1,008,700	1,008,700	3,566,500
	FTE	90.0	120.0	120.0	120.0	
OCWI Staff	P/S	486,500	927,700	1,097,100	1,097,100	3,608,400
	FTE	50.0	93.0	93.0	93.0	
<b>Total</b>	<b>P/S</b>	<b>27,253,122</b>	<b>30,185,700</b>	<b>30,466,800</b>	<b>30,571,300</b>	<b>118,476,922</b>
	<b>FTE</b>	<b>2,640.0</b>	<b>2,799.0</b>	<b>2,805.0</b>	<b>2,809.0</b>	

Expenditure Plan for Monies Appropriated for Reducing the Backlog

The fiscal year 2015 budget includes \$23.1 million from the General Fund (\$29.0 million total funds) to reduce the backlog of non-active cases. This appropriation includes funding for determining the action to be taken on each of the 13,024 cases that were not active on June 2, 2014, to investigate the cases in need of investigation, and for services and placement costs for non-active cases already in placements and receiving services, or for children who receive services after their case is reactivated and investigated.

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The Department will begin addressing the backlog as soon as possible and intends to have determined the action to be taken for each of the 13,024 cases by the end of calendar year 2014. Assuming action determination begins in August, investigations will begin by September, with support services and placement costs following in October. Given the volume of the non-active cases, the Department expects that the investigative work will continue through the end of the fiscal year.

As required by a footnote in Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, DCS is currently preparing a request for information to assess the viability of contracting with a private vendor to address the non-active cases. This expenditure plan is subject to change pending the response to the request for information. The results of the request for information will be reported to the committee in the September 30, 2014 quarterly report. The table below outlines anticipated expenditures by quarter associated with addressing the backlog.

	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Total</b>
Action Determination	98,600	147,900	-	-	246,500
Investigations	468,722	1,406,167	1,406,167	937,444	4,218,500
In-Home Support Services	-	857,486	1,314,812	2,000,801	4,173,100
Out-of-Home Support Services	-	2,222,931	3,385,247	5,128,722	10,736,900
Out-of-Home Placements	-	1,988,296	3,027,928	4,587,376	9,603,600
<b>Total</b>	<b>567,322</b>	<b>6,622,780</b>	<b>9,134,154</b>	<b>12,654,344</b>	<b>28,978,600</b>

*Request to Spend from the Transition Fund*

Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2 appropriates \$25 million to the Arizona Department of Administration for costs associated with the establishment of the Department of Child Safety and the relocation of the data center operated by DES, and requires that DCS submit an expenditure plan for review to JLBC prior to any expenditures.

Upon the establishment of DCS, many positions transferred from DES, though many others did not. As discussed above, DCS is still developing its organizational structure, though we have begun to fill key strategic decision-making positions. The plans will continue to develop over the course of the summer. For the positions that transferred from DES, including many central administrative functions as well as technology services positions, DCS received funding transferred from DES. Any additional positions will be funded out of these transition funds appropriated through ADOA. The Department has several key staff in place at the beginning for fiscal year 2015, and will need funding from the transition fund for these 40 FTE positions. In addition, the Department has identified first quarter licensing and startup costs associated with establishing its technology infrastructure. The Department is preparing the proper Project Investment Justifications and determining what approvals will need to be obtained. While this expenditure plan is a preliminary step toward spending these monies on IT infrastructure, the Department will seek the appropriate approvals prior to any expenditure.

The Department requests \$3.6 million, as outlined in the table below, for first quarter expenditures. In September, the Department will request further monies from the transition fund to continue those first

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quarter expenditures for the remainder of the fiscal year where appropriate, as well as additional funds based on more complete plans for the remainder of the fiscal year. Table 5 on the following page outlines the request for the first quarter.

	<b>FTE</b>	<b>Funding Request</b>
Administration and Technology FTE	40.0	714,100
Technology Services P&O		563,000
Technology Services Licensing		1,927,800
Field Equipment (One-Time Mobile Technology)		402,500
<b>Total</b>	<b>40.0</b>	<b>3,607,400</b>