Senate Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Fifty-first Legislature
Second Special Session
2014

CHAPTER 2

SENATE BILL 1002

AN ACT

AMENDING LAWS 2014, CHAPTER 4, SECTION 1; REPEALING LAWS 2014, CHAPTER 18, SECTION 26; AMENDING LAWS 2014, CHAPTER 18, SECTIONS 118 AND 140; MAKING APPROPRIATIONS AND BUDGET REDUCTIONS, LIMITATIONS AND TRANSFERS FOR THE DIFFERENT DEPARTMENTS OF THE STATE AND FOR STATE INSTITUTIONS; PROVIDING FOR CERTAIN REPORTING REQUIREMENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Laws 2014, chapter 4, section 1 is amended to read:

Section 1. Supplemental appropriations; department of economic security; child safety and family services positions

~~A.~~ In addition to any other monies appropriated to the department of economic security in fiscal year 2013-2014, the sum of $5,748,000 from the state general fund, the sum of $1,111,300 from total expenditure authority and 192 FTE positions are appropriated in fiscal year 2013-2014 to the department of economic security for child safety and family services positions.

~~B. Beginning on the seventh day of the month following the effective date of this act and on the seventh day of each month thereafter through June 30, 2015, the department of economic security or its successor agency shall issue to the governor, the chairpersons of the house of representatives appropriations and reform and human services committees and the senate appropriations and health and human services committees and the staff directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting a report on the department's progress in hiring child safety and family services staff. The report shall include the total number of child safety and family services FTE positions funded and the total number of child safety and family services FTE positions filled on January 31, 2014 and on the last day of each month thereafter. The department shall delineate the increase in staff by caseworkers, hotline staff, staff in training and non-caseworkers.~~

Sec. 2. Repeal

Laws 2014, chapter 18, section 26 is repealed.

Sec. 3. Laws 2014, chapter 18, section 118 is amended to read:

Sec. 118. Department of administration; department of child safety; data center relocation; appropriation; fiscal year 2014-2015

The sum of ~~$20,000,000~~ 25,000,000 is appropriated in fiscal year 2014-2015 from the state general fund to the department of administration for costs associated with the establishment of the ~~division~~ DEPARTMENT of child safety ~~and family services pursuant to executive order 2014-01~~ and the relocation of the data center operated by the department of economic security. Before any expenditure of this amount, the department of ~~economic security~~ CHILD SAFETY shall submit an expenditure plan ~~to~~ FOR REVIEW BY the joint legislative budget committee ~~for approval~~.

Sec. 4. Laws 2014, chapter 18, section 140 is amended to read:

Sec. 140. Department of economic security; payment deferral; appropriation; fiscal year 2015-2016

A. In addition to any other appropriation reductions made in fiscal year 2014-2015, notwithstanding any other law, the department of economic

security shall defer ~~$35,000,000~~ 21,000,000 in payments for services provided in May and June 2015 until after July 1, 2015.

B. In addition to any other appropriations made in fiscal year 2015-2016, the sum of ~~$35,000,000~~ 21,000,000 is appropriated from the state general fund in fiscal year 2015-2016 to the department of economic security for the purpose of paying bills for services provided in May and June 2015.

C. Of the amounts deferred in subsection A of this section, payments to child care providers may not be deferred.

D. Of the amounts deferred in subsection A of this section, May payments to providers of developmentally disabled services may not be deferred.

Sec. 5. Appropriations; funding sources; purposes

Subject to applicable laws, the sums or sources of revenue set forth in this act are appropriated for the fiscal years indicated and only from the funding sources listed for the purposes and objects specified. If monies from funding sources in this act are unavailable, no other funding source may be used.

Sec. 6. DEPARTMENT OF CHILD SAFETY

	2014-15
FTE positions	3,045.1
Operating lump sum appropriation	$216,743,700
Overtime	12,865,000
Attorney general legal services	18,563,300
Records retention staff	597,400
Inspections bureau	2,748,400
General counsel	157,300
Office of child welfare investigations	10,500,400
Retention pay	1,707,000
Adoption services	188,483,300
In-home preventive support services	32,605,200
Out-of-home support services	139,266,800
Emergency and residential placement	84,366,300
Foster care placement	55,932,000
Independent living maintenance	3,469,300
Intensive family services	8,500,000
Permanent guardianship subsidy	11,215,300
Grandparent stipends	1,000,000
Internet crimes against children	350,000
Training resources	5,150,000
DCS child care subsidy	39,753,600
Total appropriation - department of child safety	$833,974,300

Fund sources:	
State general fund	347,005,400
Federal child care and development fund block grant	27,000,000
Federal temporary assistance for needy families block grant	132,000,400
Child abuse prevention fund	1,459,100
Children and family services training program fund	207,700
Child safety expenditure authority	326,301,700

Of the amounts appropriated for out-of-home support services, emergency and residential placement and foster care placement, the department of child safety may transfer up to ten per cent of the total amount of federal temporary assistance for needy families block grant monies appropriated to the department of economic security and the department of child safety to the social services block grant for use in the following line items in the department of child safety: out-of-home support services, emergency and residential placement and foster care placement. Before transferring federal temporary assistance for needy families block grant monies to the social services block grant, the department of child safety shall report the proposed amount of the transfer to the director of the joint legislative budget committee. This report may be in the form of an expenditure plan that is submitted at the beginning of the fiscal year and updated, if necessary, throughout the fiscal year.

The department of child safety shall provide training to any new child safety FTE positions before assigning to any of these employees any client caseload duties.

It is the intent of the legislature that the department of child safety use its funding to achieve a one hundred per cent investigation rate.

Before the expenditure of monies from the intensive family services line item in fiscal year 2014-2015, the department of child safety shall submit an expenditure plan for review by the joint legislative budget committee. The expenditure plan must include an estimate of any comparable funding in the in-home preventive support services line item.

The amount appropriated for grandparent stipends must be used for a monthly stipend for a grandparent or any level of great-grandparent if a dependent child is placed in that person's care pursuant to department guidelines.

The department of child safety shall report to the joint legislative budget committee on its progress in implementing the auditor general's recommendations to improve performance-based contracting for foster home recruitment-related services on or before December 31, 2014.

The department of child safety shall submit a report to the joint legislative budget committee on its progress in improving child safety hotline wait times and decreasing the abandoned call rate. The report must

include the mean abandoned call rate along with the mean and median call wait times. The report must be submitted on or before February 1, 2015 for the prior year.

It is the intent of the legislature that the funding in the in-home preventive support services line item be used for families whose children are at risk of out-of-home placement due to abuse, neglect or dependency, while the funding in the out-of-home support services line item is for children in out-of-home placements.

The amount appropriated for retention pay is for one-time retention payments to caseworkers. As part of the June 7, 2015 hiring report required by section 12 of this act, the department shall submit a report on the department's caseworker staff retention rate in May 2015 as compared to May 2014.

On or before September 30, 2014, the department shall submit an expenditure plan for the internet crimes against children appropriation to the joint legislative budget committee.

The appropriation for the office of child welfare investigations is solely for the costs of employees directly hired by the office of child welfare investigations. At least thirty days before any transfer into or out of the office of child welfare investigations line item, the department shall report the proposed transfer to the director of the joint legislative budget committee.

In this section, "backlog" or "backlog cases" means nonactive cases 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.

The fiscal year 2014-2015 amounts appropriated to the department of child safety include increases of the following amounts in the following line items to address backlog cases:

1. Overtime: $4,465,000 from the state general fund. The executive estimates that there is no continuing need for this overtime in fiscal year 2015-2016.

2. In-home preventive support services: $4,173,100 from the state general fund. The executive estimates that these services will cost $2,782,100 in fiscal year 2015-2016 and $0 in fiscal year 2016-2017.

3. Out-of-home support services: $7,620,300 from the state general fund and $3,116,600 from department of child safety expenditure authority. The executive estimates that these services will cost $5,082,200 in fiscal year 2015-2016 and $0 in fiscal year 2016-2017.

4. Foster care placement: $6,815,900 from the state general fund and $2,787,700 from department of child safety expenditure authority. The executive estimates that these services will cost $4,543,900 in fiscal year 2015-2016 and $0 in fiscal year 2016-2017.

On or before June 16, 2014, the department shall submit a report for review by the joint legislative budget committee of proposed quarterly benchmarks in fiscal year 2014-2015 for assessing progress in increasing the department's number of filled FTE positions, consistent with the FTE positions authorized by this act, and in reducing the number of backlog cases. The report must include a quarterly expenditure plan for any fiscal year 2014-2015 monies appropriated for personal services and for reducing the backlog.

On or before September 30, 2014, and on or before the last day of every calendar quarter through June 30, 2016, the department shall present a report for review by the joint legislative budget committee on the progress made in increasing the department's number of filled FTE positions and in reducing the number of backlog cases, as outlined in the report submitted on or before June 16, 2014 and reviewed by the joint legislative budget committee as required by this act.

The quarterly report must provide the same information on the total number of filled FTE positions as is required by the monthly hiring report required by section 12 of this act.

The quarterly report must also delineate the disposition of backlog cases as of the close of business on June 2, 2014. The report must provide the number of cases currently closed, the number of cases currently being investigated, the number of cases currently in an out-of-home placement and the number of cases currently receiving in-home preventive support services. The report must provide the total number of backlog cases, including any cases reaching backlog status from and after June 2, 2014.

The quarterly report must also provide an update of the projected quarterly expenditure plan of the monies appropriated for personal services and for addressing the backlog, including a report of the actual expenditures. If the department is not able to report the actual expenditures for the backlog cases, the report must provide an estimate of the actual expenditures, including the methodology used to estimate the actual expenditures.

If the department is not able to report the actual expenditures for the backlog cases, the quarterly report must include an update of the short-term methods to improve the cost accounting for individual child welfare cases prior to full implementation of upgrades to the children's information and library and data source authorized by Laws 2014, chapter 18, section 123.

On or before August 1, 2014, the department shall issue a request for information to interested vendors on using private entities to address the backlog. The department shall report the results of its request for information to the joint legislative budget committee as part of the September 30, 2014 quarterly report required by this section.

The department of child safety shall forward a monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals to the president of the senate, the speaker of the house of

representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee on or before the thirtieth of the following month. The report must include a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

Sec. 7. DEPARTMENT OF ECONOMIC SECURITY

	2014-15
FTE positions	3,882.6
Operating lump sum appropriation	$202,591,600
Administration	
Attorney general legal services	11,137,300
Aging and adult services	
Adult services	7,924,100
Community and emergency services	3,724,000
Coordinated homeless	2,522,600
Domestic violence prevention	12,123,700
Benefits and medical eligibility	
Temporary assistance for needy families cash benefits	44,999,400
Coordinated hunger	1,754,600
Tribal pass-through funding	4,680,300
Child support enforcement	
County participation	6,740,200
Developmental disabilities	
Case management - medicaid	47,727,500
Home and community based services - medicaid	804,205,900
Institutional services - medicaid	18,964,400
Medical services - medicaid	138,600,200
Arizona training program at Coolidge - medicaid	15,903,500
Medicare clawback payments	2,902,400
Case management - state-only	3,926,600
Home and community based services - state-only	21,296,700
State-funded long-term care services	26,527,900
Autism parenting skills - rural areas	300,000
Employment and rehabilitation services	
JOBS	11,005,600
Child care subsidy	98,396,600
Independent living rehabilitation services	1,289,400

Rehabilitation services	3,799,100
Workforce investment act services	53,654,600
Total appropriation - department of economic security	$1,546,698,200
Fund sources:	
State general fund	457,428,600
Federal child care and development fund block grant	103,769,700
Federal temporary assistance for needy families block grant	86,705,000
Public assistance collections fund	427,000
Special administration fund	2,829,900
Spinal and head injuries trust fund	1,874,700
Statewide cost allocation plan fund	1,000,000
Child support enforcement administration fund	16,787,400
Domestic violence shelter fund	2,220,000
Long-term care system fund	31,198,500
Workforce investment act grant	56,060,000
Child support enforcement administration fund expenditure authority	40,397,800
Developmental disabilities medicaid expenditure authority	745,999,600

Administration

In accordance with section 35-142.01, Arizona Revised Statutes, the department of economic security shall remit to the department of administration any monies received as reimbursement from the federal government or any other source for the operation of the department of economic security west building and any other building lease-purchased by the state of Arizona in which the department of economic security occupies space. The department of administration shall deposit these monies in the state general fund.

Aging and adult services

All domestic violence shelter fund monies above $2,220,000 received by the department of economic security are appropriated for the domestic violence prevention line item. Before the expenditure of these increased monies, the department of economic security shall report the intended use of monies above $2,220,000 to the joint legislative budget committee.

The department of economic security shall report to the joint legislative budget committee on the amount of state and federal monies available statewide for domestic violence funding on or before December 15, 2014. The report must include, at a minimum, the amount of monies available and the state fiscal agent receiving those monies.

Benefits and medical eligibility

The operating lump sum appropriation may be expended on Arizona health care cost containment system eligibility determinations based on the results of the Arizona random moment sampling survey.

Child support enforcement

All state shares of retained earnings, fees and federal incentives above $16,787,400 received by the division of child support enforcement are appropriated for operating expenditures. New full-time equivalent positions may be authorized with the increased funding. Before the expenditure of these increased monies, the department of economic security shall report the intended use of the monies to the joint legislative budget committee.

Developmental disabilities

The department of economic security shall report all new placements into a state-owned ICF-MR or the Arizona training program at Coolidge campus in fiscal year 2014-2015 to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget committee and the reason why this placement, rather than a placement into a privately run facility for persons with developmental disabilities, was deemed as the most appropriate placement. The department shall also report if no new placements were made. The department shall make this report available on or before July 15, 2015.

All monies in the long-term care system fund unexpended and unencumbered at the end of fiscal year 2014-2015 revert to the state general fund, subject to approval by the Arizona health care cost containment system administration.

The appropriation for autism parenting skills - rural areas is for training parents in counties with a population of less than five hundred thousand persons according to the 2010 United States decennial census to provide intensive behavioral treatment to children with autism who are younger than five years of age.

The department shall report to the joint legislative budget committee on or before March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum may not be more than two per cent. Before implementation of any changes in capitation rates for the long-term care program, the department shall submit a report for review by the joint legislative budget committee. Before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health

care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result in additional state costs of $500,000 or more for a given fiscal year, the department shall submit the policy changes for review by the joint legislative budget committee.

Before implementation of any developmentally disabled or long-term care statewide provider rate adjustments not already specifically authorized by the legislature, court mandates or changes to federal law, the department shall submit a report for review by the joint legislative budget committee. The report must include, at a minimum, the estimated cost of the provider rate adjustment and the ongoing source of funding for the adjustment, if applicable.

It is the intent of the legislature that the department of economic security increase home and community based service provider rates by two per cent above the June 30, 2014 rate beginning on July 1, 2014. The two per cent provider rate increase for home and community based service provider rates may not be used for any administrative costs of the department of economic security. It is the intent of the legislature that the department of economic security not reduce any developmentally disabled provider rates in order to fund increases for other developmentally disabled provider service rates.

Employment and rehabilitation services

It is the intent of the legislature that the combined number of children authorized pursuant to section 46-803, subsections D and F, Arizona Revised Statutes, be maintained throughout the year at a minimum of 8,500 children. The department shall prioritize child care assistance for families who qualify for assistance pursuant to section 46-803, subsection F, Arizona Revised Statutes, on the waiting lists established pursuant to section 46-803, subsection I, Arizona Revised Statutes.

All federal workforce investment act monies that are received by this state in excess of $56,060,000 are appropriated to the workforce investment act services line item. Before the expenditure of these increased monies, the department of economic security shall report the intended use of monies above $56,060,000 to the joint legislative budget committee.

Departmentwide

The above appropriations are in addition to funds granted to the state by the federal government for the same purposes but are deemed to include the sums deposited in the state treasury to the credit of the department of economic security pursuant to section 42-5029, Arizona Revised Statutes.

The department of economic security shall forward a monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate and house of representatives appropriations committees and the director of the joint legislative budget

committee on or before the thirtieth of the following month. The report must include an estimate of potential shortfalls in entitlement programs and potential federal and other funds, such as the statewide assessment for indirect costs, and any projected surplus in state-supported programs that may be available to offset these shortfalls and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

Any federal temporary assistance for needy families block grant monies received in fiscal year 2014-2015, including the beginning balance, by the department of economic security in excess of $218,705,400 is appropriated to the department in fiscal year 2014-2015. For every dollar the department of economic security receives in federal temporary assistance for needy families block grant monies in fiscal year 2014-2015 in excess of the $218,705,400 appropriated to the department of economic security and the department of child safety, minus any fiscal year 2013-2014 revertments expected to be spent as administrative adjustments in fiscal year 2014-2015, the state general fund appropriations for the department of economic security and the department of child safety are proportionally reduced by a corresponding dollar amount. The department of economic security shall report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on or before September 1, 2014 its estimate of how much of the fiscal year 2013-2014 revertments of the department of economic security and the department of child safety will be spent as administrative adjustments in fiscal year 2014-2015 and excluded from the total amount of federal temporary assistance for needy families block grant monies. On or before June 30, 2015, the department of economic security shall notify the joint legislative budget committee and the governor's office of strategic planning and budgeting of the amount of state general fund monies, if any, that will not be expended under this provision.

Sec. 8. Appropriation; office of ombudsman-citizens aide; intent; exemption

A. The sum of $828,500 is appropriated from the state general fund in fiscal year 2014-2015 to the office of ombudsman-citizens aide for the operating expenses of the office. It is the intent of the legislature that the ombudsman-citizens aide prioritize the investigation and processing of complaints relating to the department of child safety.

B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 9. Appropriation; auditor general; independent consultant; performance evaluation; exemption

A. The sum of $250,000 is appropriated from the state general fund in fiscal year 2014-2015 to the auditor general to engage an independent consultant with expertise in child welfare system planning and operations to examine the current child protective services system and consider best practices to improve the delivery of services in this state and to provide

consultation on the effective establishment of the new department of child safety with a focus on implementation challenges.

B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 10. Supplemental appropriation; department of economic security; emergency and residential placement

In addition to any other monies appropriated in fiscal year 2013-2014, the sum of $5,050,000 from the state general fund is appropriated in fiscal year 2013-2014 to the department of economic security division of child safety and family services for emergency and residential placement.

Sec. 11. Department of child safety; payment deferral; appropriation; fiscal year 2015-2016

A. In addition to any other appropriation reductions made in fiscal year 2014-2015, notwithstanding any other law, the department of child safety shall defer $11,000,000 in payments for services provided in May and June 2015 until after July 1, 2015.

B. In addition to any other appropriations made in fiscal year 2015-2016, the sum of $11,000,000 is appropriated from the state general fund in fiscal year 2015-2016 to the department of child safety for the purpose of paying bills for services provided in May and June 2015.

C. Of the amounts deferred in subsection A of this section, payments to child care providers may not be deferred.

Sec. 12. Child safety positions; hiring reports

Beginning on the seventh day of the month following the effective date of this act and on the seventh day of each month thereafter through June 30, 2015, the department of child safety shall issue to the governor, the chairpersons of the house of representatives appropriations and reform and human services committees and the senate appropriations and health and human services committees and the staff directors of the joint legislative budget committee and the governor's office of strategic planning and budgeting a report on the department's total number of filled FTE positions. The report must include the total number of department of child safety FTE positions funded and the total number of child safety FTE positions filled on January 31, 2014 and on the last day of each month thereafter. The department shall delineate the increase in staff by caseworkers, hotline staff, staff in training and all other workers. The budgeted increase since January 2014 includes the 192 FTE positions authorized by Laws 2014, chapter 4, the 75 FTE positions authorized by Laws 2014, chapter 18 and incorporated into this act and the 185.2 new FTE positions and the 99 transferred FTE positions authorized by this act.

Sec. 13. Definitions

For the purposes of this act:

1. "Expenditure authority" means that the fund sources are continuously appropriated monies that are included in the individual line items of appropriations.

2. "Review by the joint legislative budget committee" means a review by a vote of a majority of a quorum of the members.

APPROVED BY THE GOVERNOR MAY 29, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 29, 2014.

Passed the House May 29, 2014,

by the following vote: 60 Ayes,

0 Nays, 0 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate May 29, 2014,

by the following vote: 29 Ayes,

Nays, 0 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR
This Bill was received by the Governor this

29 day of May, 2014,

at 12:50 o'clock P M.

Secretary to the Governor

Approved this 29th day of

May, 2014,

at 2:12 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 29th day of May, 2014,

at 3:51 o'clock P M.

Secretary of State

Second Special Session
S.B. 1002