

DHHS - DIV OF CHILDREN & FAMILY SERVICES

Enabling Laws

Act 2106 of 2005
A.C.A. §25-10-102
A.C.A. §9-16-101 et seq.

History and Organization

In 1985, the 75th Arkansas General Assembly enacted Act 348 that reorganized the Department of Human Services (DHS). Included in this Act was the provision to create a Division of Children and Family Services (DCFS). This legislative action culminated several years of departmental review and legislative interest in the delivery of services to the children, youth, and families throughout the State of Arkansas.

Specifically, Act 348 combined into DCFS all functions and duties of the Division of Youth Services (DYS) as provided in Act 502 of 1977, child welfare functions of the Division of Social Services, and residential treatment services for emotionally disturbed youth previously provided by the Division of Mental Health Services (DMHS).

DCFS' target population included children, and when appropriate, families of children who were or may be at risk of being abused, neglected, exploited, dependent, delinquent, or who were experiencing serious emotional problems. In addition, DCFS served unmarried parents, children in need of substitute care, day care or supervision, and youth entering the juvenile justice system.

The service delivery system included two (2) Youth Services Centers for delinquent youth committed by the courts, an office in each county staffed with direct service worker(s), and a network of private providers supplying contracted services to the target population.

In 1993, the 70th General Assembly enacted Act 1296, which authorized the Governor to create a Division of Youth Services (DYS) within DHS. The juvenile justice functions of DCFS were transferred to the newly created DHS.

In 1997, the 81st General Assembly enacted Act 1132 which authorized the creation of the Division of Child Care and Early Childhood Education (DCC) within DHS. The daycare licensing, day care eligibility, and special nutrition functions of DCFS were transferred to the newly created division.

In 1997, the 81st General Assembly also enacted Act 1240, which authorized the formation of a Family Protection Unit within the Arkansas State Police (ASP) to conduct child abuse investigations. The Central Intake and Special Investigation functions of DCFS were transferred to the newly created Family Protection Unit, presently called Crimes Against Children Division of Arkansas State Police.

Act 1014 of 1997 created the Child Welfare Agency Review Board. The Board was given the authority to promulgate rules and regulations to enforce the provisions of this act. The Board was also given authority to identify and implement alternate methods of regulations and enforcement.

The Board licenses residential child welfare facilities and child placement agencies including agencies that provide foster care or adoption services.

Act 1954 of 2005 merged the Arkansas Department of Health into the Arkansas Department of Health and Human Services, and renamed the agency the Department of Health and Human Services (DHHS).

To accomplish the mandates of Act 348, DCFS is functionally organized into four (4) major sections:

1. Office of Community Services - provides administrative and oversight activities of the direct service workers located in each county office and a statewide network of community local providers with a client advocate that provides intervention in specific matters.
2. Office of Community Support - provides management support for these services which include foster care, adoptions, behavioral treatment units, CAPTA program managements, Interstate Compact for the placement of children, independent living, IFS/counseling, family support, central registry, day care, home studies, psychological evaluations and drug screenings/assessments.
3. Office of Finance and Administrative Support - provides management support in the following areas - financial support, budgeting, funds management, accounts payable, contracts management, eligibility, personnel and manages the vehicle safety program.
4. Office of Legislative Analysis, Research and Planning - provides administrative and programmatic support in areas of planning, policy development, child welfare agency licensing, professional development, quality assurance and COA accreditation.

DCFS is dedicated to the establishment of a coordinated and integrated service delivery system based on the following objectives:

- The protection of children
- Continuation and expansion of the family-centered approach to service delivery to help strengthen and maintain natural families when possible
- Development and expansion of programs including respite care for children in foster care, cash assistance to prevent children from entering foster care, homemaker services, therapeutic foster homes, independent living, sexual abuse treatment, health services and community based family preservation/family support systems.
- Continuing development and implementation of integrated administrative/management systems including: a comprehensive management information system, restructuring purchase of service and contracting systems, revising and publishing policy/procedure manuals, instituting a quality assurance monitoring system and enhanced training of supervisory and direct service staff.

In December 2001 Arkansas DCFS applied for accreditation through the Council on Accreditation for Children and Family Services (COA) because we wanted to adhere to standards that would ensure that the children and families we served received the best child welfare practice available. We wanted to be able to assure the taxpayers of the state of Arkansas that we offer the best services to their children and families and that we are dedicated to continuous quality improvement. COA accreditation is the highest standard for child welfare services. On August 10, 2004, the Division received official word of statewide accreditation.

Arkansas is now one of four state public child welfare agencies currently accredited by COA (others are Illinois, Kentucky and Louisiana). The Division will be seeking re-accreditation in SFY 2008. Sufficient staffing to deliver services is key to maintaining the accreditation that DCFS and our stakeholders have worked so hard over the past years to achieve.

In July 2001, the federal Administration for Children and Families in Health and Human Services conducted the on-site review portion of the Child and Family Service Review (CFSR) of Arkansas child welfare services, as required by Congress. Based on the report from the CFSR, which was received in 2002, DCFS and our stakeholders developed and implemented the federally mandated Program Improvement Plan (PIP), which is a plan to address issues identified in the CFSR. Most of the goals outlined in the PIP have been met. We have until October 2006 to meet the last two goals to avoid financial penalties. Ability to meet the goals is dependent upon sufficient staff to fulfill the requirements.

During 2002 and 2003 biennium, DCFS and DHHS worked with the Casey Strategic Planning Group to develop a structure for Belief Based Performance Management. General and Specific Beliefs were identified along with Outcomes, Measures, Impact Measures and Interventions for all of the Beliefs. The General and Specific Beliefs are as follows:

General Belief: Every Child Matters

- Child safety comes first
- Children deserve to thrive, not just survive
- Never give up on a child
- Children deserve a forever family

General Belief: People Need Family

- People do best in supportive families
- As family function improves, individual outcomes improve

General Belief: Strong Communities Build Strong Families

- People are best supported by their own communities
- People belong in community
- DHS can't do it alone

General Belief: Our Job Is To Empower People To Help Themselves

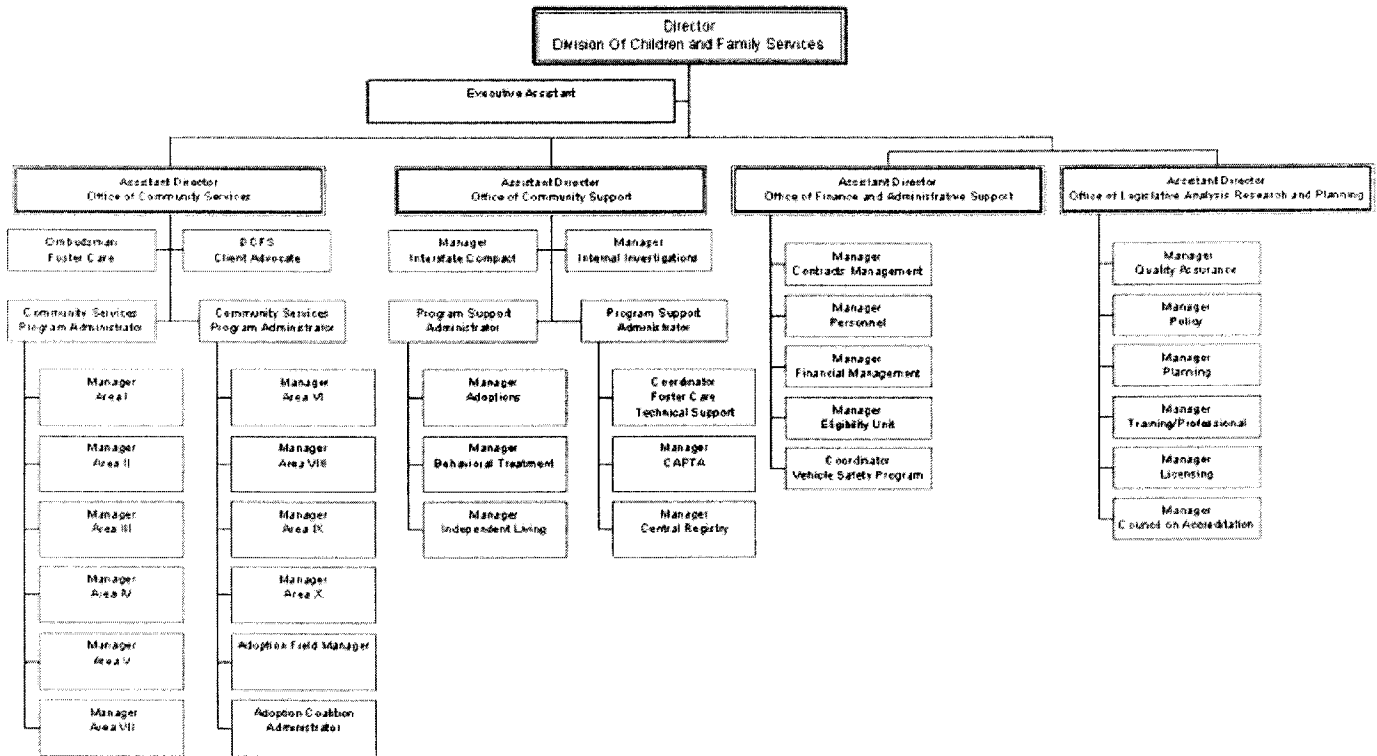
- People need skills to succeed
- Jobs empower
- We have high expectations of our contractors, our clients and ourselves
- Everyone has strengths that can be built on
- No individual or system should limit any person's potential
- Our services should promote self worth, dignity and respect

General Belief: We Have A Responsibility To Provide Services That Work

- Family centered services are most effective
- Coordinated, consistent services promote better outcomes
- Individuals and families should have access to appropriate resources

- Early and appropriate intervention promotes successful outcomes
- Actions based on continuous measurement of outcomes and promotes improved practice
- Substance abuse services are essential and will be addressed

DCFS began by looking at data we were already capturing and examining key outcomes by viewing them through those beliefs. In the spring of 2004, we developed our five-year Child and Family Service Plan, which is required for federal funding, based on these beliefs.



Agency Commentary

The Division of Children and Family Services (DCFS) is committed to child protection and family preservation. Every child is entitled to grow up in a permanent family. The preferred way of achieving this goal is to provide families experiencing turmoil with services to prevent the need to place children outside their homes. The Division recognizes that there are a limited number of situations when children cannot safely remain at home and must be separated from their family. The Division strives to preserve and strengthen the child's family ties when it is in the best interest of the child and to protect the child by considering the child's health and safety as the paramount concern in determining whether or not to remove the child from the home. When a child must be separated from the family, DCFS will provide a healthy and safe environment and will make appropriate and timely efforts to provide services to reunite the family. DCFS will provide appropriate permanent homes for children who cannot be reunited with their families.

Our mission is to:

- Protect children
- Maintain families, if appropriate, with the child's health and safety always considered paramount
- Provide quality services within available resources which enable families to maximize their potential and increase their abilities
- Preserve and enhance human dignity and worth
- Prevent or reduce the need for services

Council on Accreditation of Children and Family Services (COA) is an international, independent not-for-profit child and family service accrediting organization that accredits nearly 1,200 public and private organizations in the United States and Canada. COA promotes standards; champions quality services for children, youth and families; and advocates for the value of accreditation, as demonstrated by:

- Developing standards of best practice
- Developing a program of provider accreditation
- Advocating for national/international policies that promote high-quality services
- Building multicultural/multiracial insights and capacities with respect for diversity
- Promoting a service focus that builds on individual and family strengths
- Providing education and technical assistance programs

COA Accreditation accomplishes the following:

- Ensures that children and families receive the highest quality services
- Identifies organizations in which consumers can have confidence
- Enables organizations to receive public and private support
- Provides a solid risk-management strategy and an ongoing plan for quality improvement
- Enables organizations to meet measurement and reporting requirements of regulators
- Demonstrates accountability in management of resources
- Builds staff morale and increases program effectiveness

In December 2001 Arkansas DCFS applied for accreditation through the COA because we as a Division wanted to adhere to standards that would ensure that the children and families we served received the best child welfare services possible. We wanted to be able to assure the taxpayers of the State of Arkansas that we offer the best services to their children and families and that we are dedicated to continuous quality improvement. COA accreditation is the highest standard for child welfare services. On August 10, 2004, the Division received official notice of statewide accreditation.

Arkansas is now one of four state public child welfare agencies currently accredited by COA (others are Illinois, Kentucky and Louisiana). The Division will be seeking reaccreditation in SFY 2008. Sufficient staffing to deliver services is key to maintaining the accreditation that DCFS and our stakeholders have worked so hard to achieve over the past years.

To continue our mission of protecting children and preserving families and to maintain the accreditation of COA, the Division of Children and Family Services 2007 - 2009 Biennial Budget represents a request for:

Funding and appropriation above base level of:

	2008	2009
Federal	\$ 8,668,621	\$ 14,926,052
State	\$ 10,217,783	\$ 15,879,318
Medicaid Match	\$ (465,000)	\$ (730,000)
Unfunded	\$ <u>5,141,192</u>	\$ <u>5,938,818</u>
Total	\$ 23,562,596	\$ 36,014,188

Of the State General Revenue, \$674,623 and \$1,349,245 for 2008 and 2009 respectively is needed to increase staffing over the course of the biennium to move us toward a staff to case ratio of 1:15. Such a ratio is required by accreditation and is needed for workers to deliver quality services to children and their families. In July 2001, the Federal Administration for Children and Families in Health and Human Services conducted the on-site review portion of the Child and Family Service Review (CFSR) of Arkansas child welfare services, as required by Congress. Based on the report from the CFSR, DCFS and our stakeholders developed the federally mandated Program Improvement Plan (PIP), a plan to address issues identified in the CFSR. Development and implementation of the PIP and meeting goals outlined in the PIP are required to avoid financial penalties as a result of the CFSR and are dependent upon sufficient staff to implement needed changes.

PERSONNEL REQUESTS:

The ultimate goal of DCFS is to provide safety and permanency for children. In order to do this, we must have an adequate number of trained, seasoned staff to respond to reports of suspected child maltreatment, provide services to protect children and assure permanency for them. These staff must have sufficient resources to do their jobs, including placement and treatment resources and access to reliable transportation.

State law, agency policy, and COA standards set forth requirements for best practice. This includes mandated response times for maltreatment investigations, the development of a case plan, and court review. Workers who are carrying reasonable caseloads are better able to comply with these requirements and are able to provide better outcomes for kids.

Our system has seen many stressors in the past 5 years, including the rising immigrant population, the explosion of drug usage, especially methamphetamine, increased demands for services and the inclusion of new maltreatment types in the law.

The Division of Children and Family Services is requesting appropriation to restore 75 currently authorized positions and is requesting funding and appropriation for 50 new positions of which 43 are being classified as M005 Family Service Worker Specialists, Grade 20, and 7 classified as M009 Family Service Worker Supervisor, Grade 22, in SFY 2008 and an additional 50 new positions in SFY 2009 with the same classifications as requested in SFY 2008. The needed funding and appropriation for these additional positions is \$1,497,420 in SFY 2008 of which \$501,636 is State General Revenue, and \$2,994,840 in SFY 2009 of which \$1,003,271 is State General Revenue. Additional appropriation and funding for fringe associated with these positions is 34.5% or \$516,379 and \$1,032,758 for SFY 2008 and SFY 2009 respectively of which \$172,987 is State General Revenue for

2008 and \$345,974 is State General Revenue for 2009.

With the restoration of positions and the obtainment of the new positions requested DCFS will move closer to the 1:15 client/worker ratio required to meet the 1:15 COA standard and this will allow the Division to better meet the needs of the children and families and allow us to meet the goals and outcome measures that we have set as a Division and are required federally.

DCFS realizes that our workers are the heart of our services and maintaining a quality child welfare workforce is challenging. There is competition with the private sector for staff. Many of the employment opportunities are 8:00 - 5:00 jobs that do not require workers to be on call 24 hours per day, be exposed to the stressful situations that are a part of the work of DCFS and be placed in dangerous situations that occur at times when removing children from homes.

DCFS began an aggressive recruitment campaign the latter part of 2005 to address staffing. Division and department representatives attend career days at the Universities throughout the state to explain the work of DCFS and to attract graduates to the field of child welfare. We sponsor stipends, internships and coop students. To date we have been successful in decreasing our vacancy rate through this aggressive recruitment campaign. Our staffing has increased from 68% to 83% over the course of a year. The Division has a task force that is focused on staff recruitment and retention issues such as on-call and will be addressing these issues as part of recruitment and retention of staff. The Division is committed to ensuring that supervisors are trained and have the effective skills to be supervisors.

The Division is also requesting appropriation and funding for 30 additional extra help positions that will be used for the internships and cooperative students. These students will work part time as they complete their class work. Currently the Division has 65 extra help positions that are used throughout the state in various job capacities. Funding and appropriation being requested for these 30 extra help positions is \$336,063 and \$336,063 for 2008 and 2009 respectively of which \$112,581 and \$112,581 is State General Revenue for 2008 and 2009 respectively.

The Division has experienced growth in the number of clients and families that it serves. Children served in foster care have increased from 6,102 in 2002 to 6,686 in 2006 and are projected to increase by 3% annually.

It is anticipated that a growth of 3% in foster care, 2% growth in supportive cases and a 1.5% growth in protective service cases will be seen over the course of the biennium.

A reliable indicator of the growth of the system is the number of child maltreatment reports that are accepted every year by the Arkansas Child Abuse Hotline. More reports lead to more investigations, which result in more cases being opened, more children coming into foster care, and more children needing independent living skills or adoptive placement.

These reports have increased from 16,728 in 2000 to 23,433 in 2005, which represents a 40% increase. If this trend continues, we can anticipate more investigations, more open cases, more children needing foster care, independent living and adoption services, and an ever increasing need for staff to manage these cases and resources to provide services to keep children safe and provide them with permanent homes.

Without adequate staffing levels, the Division is at risk of being found by the courts "as no reasonable efforts being shown," which would jeopardize the current funding that we have due to federal penalties and the inability to access federal dollars. The statewide average caseload per worker is currently 35.56 for foster care workers and 20.27 for adoption staff. The statewide caseload per worker for foster care ranges from a caseload of 18.48 in Area 10 to 64.43 in Area 2. Workers must have a reasonable caseload to believe that they can succeed in their efforts to help children and families.

The COA standards for staffing are as follows: Foster Care-18 children; Family centered case work-12 or fewer families; Investigation-15 children; Intensive child protection service-15 children and Kinship care-12 to 15 children. Therefore, COA accepted our 1:15 caseload ratio as a compromise to tracking different standards for each service. In addition to meeting the needs of the children and families, the additional staffing will enable the Division to recruit and retain staff.

State General Revenue of \$133,879 is being transferred to OCC to cover the match on the salaries and fringe of 6 attorney positions, one hearing officer and to cover the match for the maintenance and operations associated with these positions.

FOSTER CARE INCIDENTALS/CASH ASSISTANCE:

The Division is requesting funding and appropriation in the amount of \$68,075 in SFY 2008 and \$94,950 in SFY 2009 of which \$57,499 and \$73,124 is State General Revenue in SFY 2008 and SFY 2009 respectively. These funds are needed to cover the increases expected in expenditures for children that can not be covered by a federal grant/program due to eligibility status or expenditure type and for those expenditures that due to time restraints could not be processed through the normal purchase order process. The latter referenced expenditures are referred to as foster care incidentals. It will also cover expenditures made on behalf of families in special situations (rental assistance, utilities, pest control, groceries, etc) that would prevent the agency from having to bring their children into care.

DAY CARE EXPENSES:

The Division is requesting funding and appropriation in the amount of \$100,000 in SFY 2008 and \$200,000 in SFY 2009 of which \$22,790 and \$46,000 is State General Revenue in SFY 2008 and SFY 2009 respectively. These funds are needed to cover the additional expense expected for day care for foster children who are not IV E eligible.

CONTRACT SERVICES:

The Division is requesting funding and appropriation in the amount of \$10,152,842 in SFY 2008 and \$14,512,412 in SFY 2009 of which \$4,904,269 and \$7,059,243 is State General Revenue in SFY 2008 and 2009 respectively.

This is an area in which there has been significant change in the need and type of services over the

past several years. With placement contracts effective 7/01/2007 new procurement will occur. Due to Arkansas procurement law, multi year contracts can be let for up to seven years. DCFS opted for five year extension contracts. Our procurement extensions will expire 6/30/07 on all current placement contracts with the exception of Emergency Shelter. Funding and appropriation is needed to cover anticipated rate increases for these services. Rate increases are expected in Comprehensive Residential Treatment, Developmental Disability Services (DDS), Residential Treatment and Sexual Offender programs.

Additional funding and appropriation is being requested to cover the increase in service levels (days and slots) and to cover child specific needs such as medical, emotional and behavioral.

Contracted services include the following categories:

Court Mandated/Critical:

Sex Offender Program
Comprehensive Medical
Counseling Services
Developmental Disability Services
Emergency Shelter
Intensive Family Services
Home Studies
Residential Treatment Services
Respite Care Services
Therapeutic Foster Care
Psychological Evaluations
Comprehensive Residential Treatment
Drug Assessments

Preventive/Supportive:

Adoption Services
Family Resource Centers
Fatherhood Initiatives
Family Treatment
Human Service Workers in School
Parenting
Training
Quality Assurance
Child Abuse Commission
Citizens Review Panel

With the growth being experienced in foster care and the types of children coming into care, these contracted services are currently not at the level to meet the needs. The top 10 reasons that children enter care are (listed in order) neglect; substance abuse; parent incarceration; physical abuse; inadequate housing; caretaker illness; child's behavior; sexual abuse; abandonment; truancy. The other reasons that children come into care are child's disability, parent death, sex offender, relinquishment, managed mental health, teen parent in care and other reasons not listed separately.

The additional funding and appropriation is needed to cover the costs of providing these services to our clients and to meet the court mandates that are received. Currently 41% of our clients are in placements other than DCFS foster homes.

OTHER CONTRACTED SERVICES/PROGRAMS:

The Division is requesting unfunded appropriation in the amount of \$1,267,749 in SFY 2008 and \$1,425,169 in SFY 2009. This request for appropriation will cover the anticipated increase in the training contracts with MidSouth and University of Arkansas at Fayetteville. These universities cover the training of new workers, foster parents, adoptive parents and continuing education for staff and families. In addition, the increase in appropriation will cover anticipated increases in the grants received from the federal government for the Independent Living Program and the Educational

Training Voucher program.

FOSTER BOARD PAYMENTS (Federal and State):

The Division is requesting funding and appropriation in the amount of \$1,801,500 in SFY 2008 and \$3,539,751 in SFY 2009 of which \$1,058,059 and \$2,115,628 is State General Revenue in SFY 2008 and 2009 respectively.

Based on a growth of 3% annually in the number of children coming into care, the Division is anticipating an additional 206 children in SFY 2008 and 213 children in SFY 2009. The additional funding and appropriation is being requested to cover the increase in board payments associated with these clients and to cover the increase in foster board payments as clients age in the system.

The monthly standard foster board rates are as follows: 0 -5 years of age \$400; 6 - 11 years of age \$425; 12-14 years of age \$450; and 15 - 18 years of age \$475. These standard board rates have not increased in the last 8 years. In addition, the Division has clients that due to their special needs have board payments that exceed the standard monthly rates.

Of our current clients 36% are 0 - 5 years of age; 26% are 6 - 11 years of age; 21% are 12 - 15 years of age; 14% are 16 - 18 years of age and 3% are 18+ years of age. 51% are females and 49% are males.

Currently 49% of the foster care board payments are funded with 100% State General Revenue, and 51% are funded with federal funding requiring a state general revenue match.

ADOPTION SUBSIDY PAYMENTS (Federal and State):

The Division is requesting funding and appropriation in the amount of \$2,389,500 in SFY 2008 and \$4,779,000 in SFY 2009 of which \$883,285 and \$1,772,966 is State General Revenue in SFY 2008 and 2009 respectively.

The state pays four types of adoption subsidies - non-recurring, legal, maintenance and special subsidy. Except for legal subsidies, the child must meet certain eligibility requirements. Non-recurring covers one-time costs associated primarily with pre-placement activities such as transportation, meals, etc. A special subsidy is to pay for services such as tutoring or orthodontic work for the adopted child (very rare and extremely limited in use). Maintenance is the monthly payment, similar to the foster board payment that is paid to the adoptive family every month for the care of the child until the child reaches age 18. To be eligible for any subsidy, the child must be determined to have special needs according to the Division's approved criteria. Special needs children are defined as: a child of any age or race who is documented to have a severe medical or psychological condition that requires on-going treatment or rehabilitation; a member of a sibling group of three or more being placed together (regardless of race or age); a single, healthy minority child over the age of 2 or a single, healthy Caucasian child over the age of 9.

Our adoption subsidy roles are steadily increasing due to an increase in our foster care population in the last five years and the impact of Adoption and Safe Families Act (ASFA) which requires that children be moved quickly toward permanency and not allowed to languish in foster care. The

standard monthly rates for adoption subsidies are the same as for foster care.

The Division experienced a large turnover in the adoption staff over 12 months ago that impacted the timeliness of adoptions and adoption cases being worked. In the last 8 months, the level of staffing has increased and more cases are being worked. The Division averaged in 2006 a total of 81 adoptions per quarter of which 83% were eligible for subsidy.

The Division anticipates adoptions will only increase during the biennial period. The budget assumption is that an additional 382 adoptions will occur annually in both years of the biennial.

OPERATING EXPENSES:

The Division is requesting funding and appropriation in the amount of \$6,527,553 in SFY 2008 and \$8,991,356 in SFY 2009 of which \$961,690 and \$1,542,544 is State General Revenue in SFY 2008 and 2009 respectively.

This funding and appropriation is needed to cover the increase in travel reimbursement (gas expense) to staff and foster parents; increase in cell phone billings; vehicle maintenance; vehicle insurance; fuel purchases for state cars; housekeeping supplies used by staff in the field; medical bills for children not covered by Medicaid; office supplies and general operating expenses.

Funding and appropriation is needed to cover the purchase of computers along with the software license for the additional staff that will be hired and to replace several older systems.

Funding and appropriation is needed to cover increases in travel expenses and conference fees. As the child welfare field changes, it is important that staff have the opportunity to attend training that will enhance their jobs and enhance the services offered by DCFS.

Appropriation is needed to cover the increase in professional fees which include the training contracts with MidSouth and University of Fayetteville for new worker training, foster parent and adoptive parent training and continuing education. In addition appropriation will cover the increases in emergency shelter contracts (non IV-E eligible clients), counseling services, family treatment, court-ordered home studies, intensive family services and human service workers in the school.

Funding and appropriation is needed to purchase 25 state vehicles each year of the biennium. Some of the vehicle purchases will replace vehicles that have high mileage. Currently, the Division has an aging fleet of vehicles. Of the 23 vehicles that the Division has, nine have mileage in excess of 125,000 miles. Two of the nine vehicles have mileage in excess of 200,000 miles. Due to the high mileage of the state vehicles, they are not safe to use on extended trips. For the safety of our workers and our clients, newer and more dependable vehicles are needed.

The transfer of \$1,211,866 State General Revenue from DYS to DCFS will give DCFS the ability to utilize federal funds available for direct program needs of the division. Without this transfer, DCFS will not have the match dollars needed to access and draw down federal funds and, therefore, could cause a negative impact on the services DCFS provides to children and their families. These funds are used specifically for contracted services such as Therapeutic Foster Care, DDS, Emergency Shelter, Comprehensive residential treatment, psychological evaluations, respite care, sex offender

services, comprehensive medical along with other operational needs such as legal representation for children and cash assistance for expenditures made on behalf of families in special situations (rental assistance, utilities, pest control, groceries, etc.) that would prevent bringing their children into care.

An increase in State General Revenue of \$465,000 in SFY 2008 and \$730,000 in SFY 2009 is being requested to cover the match for the increase in DDS waiver services and to cover the increase of match required for Early Screening Prevention Treatment Diagnosis (ESPTD) screenings that are done on all children coming into care. As the number of children coming into care increases, the need for additional waiver services and screenings will need to increase accordingly. The increase in the DDS waiver services will allow DCFS to purchase additional waiver slots for our clients.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HEALTH AND HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

Audit findings are reported under the DHHS-Director's Office/Office of Chief Counsel.

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Child Welfare Report Card	Act 1222 of 1995	N	Y	200	AR Child Welfare Public Accountability Act Mandated
Compliance Outcome Report	COR	N	N	500	Continuation monitoring objectives of Angela R Settlement
Family Preservation	Act 1025 of 1991	N	Y	50	Arkansas Family Preservation Services Program Act
Impact on Welfare Reform	Act 1058 of 1997	N	Y	100	Welfare Reform Act
Quarterly Performance Report	Act 1222 of 1995	N	Y	200	AR Child Welfare Public Accountability Act Mandated

Department Appropriation Summary

Appropriation	Historical Data										Agency Request and Executive Recommendation					
	2005-2006		2006-2007		2006-2007		2007-2008		2008-2009		2007-2008		2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos		
882 State Residential Treatment	483,210	0	530,000	0	2,255,288	0	1,642,506	0	530,000	0	1,849,093	0	530,000	0		
883 Foster Care	11,680,144	0	12,777,644	0	13,758,333	0	16,681,503	0	13,937,964	0	19,178,893	0	15,071,782	0		
896 Div of Children & Family Services	54,213,770	1,059	59,549,088	1,030	64,327,630	1,105	71,049,622	1,155	62,622,207	1,105	75,527,224	1,205	62,622,207	1,105		
898 TANF/Foster Care	31,220,651	0	33,733,672	0	36,490,462	0	40,840,141	0	37,286,911	0	46,110,154	0	39,921,914	0		
Total	97,597,775	1,059	106,590,404	1,030	116,831,713	1,105	130,213,772	1,155	114,377,082	1,105	142,665,364	1,205	118,145,903	1,105		
Funding Sources		%		%				%		%		%		%		
General Revenue	37,743,137	38.7	40,948,345	38.4			51,182,418	40.9	44,157,711	39.3	56,843,953	41.6	46,010,070	39.6		
Federal Revenue	59,898,316	61.4	64,660,229	60.7			73,370,051	58.7	67,299,900	59.9	79,627,482	58.2	69,216,362	59.6		
Reallocation of Resources	1,211,866	1.2	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0		
Transfer to Medicaid Match	(656,442)	(0.7)	(915,000)	(0.9)			(1,380,000)	(1.1)	(915,000)	(0.8)	(1,645,000)	(1.2)	(915,000)	(0.8)		
Transfer to State Police	(1,280,102)	(1.3)	(1,318,505)	(1.2)			(1,318,505)	(1.1)	(1,318,505)	(1.2)	(1,318,505)	(1.0)	(1,318,505)	(1.1)		
Various Program Support	681,000	0.7	3,215,335	3.0			3,218,616	2.6	3,218,616	2.8	3,218,616	2.4	3,218,616	2.7		
Total Funds	97,597,775	100.0	106,590,404	100.0			125,072,580	100.0	112,442,722	100.0	136,726,546	100.0	116,211,543	100.0		
Excess Appropriation/(Funding)	0		0				5,141,192		1,934,360		5,938,818		1,934,360			
Grand Total	97,597,775		106,590,404				130,213,772		114,377,082		142,665,364		118,145,903			

Actual funding includes a General Revenue funding transfer from the DHHS-Division of Youth Services by authority of Reallocation of Resources.

Agency Position Usage Report

FY2004-2005				FY2005-2006				FY2006-2007			
Authorized in Act	Budgeted		% of Authorized Unused	Authorized in Act	Budgeted		% of Authorized Unused	Authorized in Act	Budgeted		% of Authorized Unused
	Filled	Total			Unbudgeted Total	Unfilled			Total	Unbudgeted Total	
1,095	868	108	20.73%	1,102	922	80	16.33%	1,102	934	96	15.25%
		976				1,002				1,030	
		119				100				72	

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 2303 of 2005 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A 21-5-214(5)(A)).

Analysis of Budget Request

Appropriation: 882 - State Residential Treatment

Funding Sources: DCF - Children and Family Services Fund

This appropriation provides residential treatment services to children in need of placement and treatment. These services are purchased through private provider contracts and Medicaid Eligible service providers. The services are targeted for children who have been diagnosed as having serious emotional and/or behavioral problems and are in need of placement and treatment.

Funding for this appropriation consists of 100% General Revenue (DCF-Children and Family Services Fund Account).

The agency Base Level request is \$530,000 each year of the biennium.

The agency Change Level request includes an increase in appropriation and General Revenue funding in the amount of \$1,112,506 in FY2008 and \$1,319,093 in FY2009 to cover anticipated rate increases and increases in service levels for comprehensive residential treatment. With the exception of Emergency Shelter, all placement contracts will be renegotiated for services beginning in 2008.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 882 State Residential Treatment
Funding Sources: DCF - Children and Family Services Fund

Agency Request and Executive Recommendation

Historical Data

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	483,210	530,000	2,255,288	530,000	1,642,506	530,000	530,000	1,849,093	530,000	530,000	1,849,093	530,000
Total	483,210	530,000	2,255,288	530,000	1,642,506	530,000	530,000	1,849,093	530,000	530,000	1,849,093	530,000
Funding Sources												
General Revenue	483,210	530,000		530,000	1,642,506	530,000	530,000	1,849,093	530,000	530,000	1,849,093	530,000
Total Funding	483,210	530,000		530,000	1,642,506	530,000	530,000	1,849,093	530,000	530,000	1,849,093	530,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0	0	0	0
Grand Total	483,210	530,000		530,000	1,642,506	530,000	530,000	1,849,093	530,000	530,000	1,849,093	530,000

Change Level by Appropriation

Appropriation: 882-State Residential Treatment
Funding Sources: DCF - Children and Family Services Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	530,000	0	530,000	100.0	530,000	0	530,000	100.0
C01	Existing Program	1,112,506	0	1,642,506	309.9	1,319,093	0	1,849,093	348.8

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	530,000	0	530,000	100.0	530,000	0	530,000	100.0
C01	Existing Program	0	0	530,000	100.0	0	0	530,000	100.0

Justification

C01	Funding and appropriation needed to cover anticipated rate increases for Comprehensive Residential Treatment for clients with psychiatric problems that require 24 hour supervision. Funding and appropriation also is needed to cover increases in service levels (additional beds and anticipated rate increases). FY08 SGR \$1,112,506 FY09 SGR \$1,319,093.
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Analysis of Budget Request

Appropriation: 883 - Foster Care

Funding Sources: DCF – Children and Family Services Fund Account

The Division of Children and Family Services (DCFS) provides selective placement for children in the custody of the Department of Health and Human Services in approved foster homes or licensed facilities for a planned period of time when separation from a birth parent or legal guardian necessitates such separation. Foster Care is an integral part of the service delivery system of the Division of Children and Family Services.

Funding for this appropriation consists of 100% General Revenue (DCF-Children and Family Services Fund Account).

The agency Base Level request is \$12,777,644 each year of the biennium.

The agency Change Level request includes an increase in appropriation and General Revenue funding in the amount of \$3,903,859 in FY2008 and \$6,401,249 in FY2009 for the following:

- \$2,743,539 in FY2008 and \$4,107,111 in FY2009 for anticipated rate increases for contract services including Developmental Disability Services and Residential Treatment. With the exception of Emergency Shelter, all placement contracts will be renegotiated for services beginning in FY2008.
- \$782,250 in FY2008 and \$1,582,193 in FY2009 for state foster board payments to foster families who have a child placed with them. DCFS anticipates an increase in the state payments due to the increasing age of the clients in care and due to an anticipated increase of approximately 206 and 213 additional clients in FY2008 and FY2009 respectively.
- \$324,495 in FY2008 and \$646,995 in FY2009 for state adoption subsidy payments to those families who have adopted a child with a qualifying special need. This request provides for an additional 382 adoptions projected for each year of the biennium.
- \$53,575 in FY2008 and \$64,950 in FY2009 for foster care incidentals. These expenditures are for children that cannot be covered by a federal grant/program due to eligibility status or expenditure type or expenditures made on behalf of families in special situations that would enable the families to keep their children at home.

The Executive Recommendation provides for Base Level. Additionally, the Executive Recommendation provides for the agency request for Foster Board Payments, Adoption Subsidy Payments and Foster Care Incidentals, which includes an appropriation and General Revenue funding in the amount of \$1,160,320 in FY2008 and \$2,294,138 in FY2009.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$782,250 in FY2008 and \$1,582,193 in FY2009 for state foster board payments.
- \$324,495 in FY2008 and \$646,995 in FY2009 for state adoption subsidy payments.
- \$53,575 in FY2008 and \$64,950 in FY2009 for foster care incidentals.

Appropriation Summary

Appropriation: 883 Foster Care
Funding Sources: DCF – Children and Family Services Fund Account

Agency Request and Executive Recommendation

Commitment Item	Historical Data				2007-2008				2008-2009			
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized		Base Level	Agency	Executive		Base Level	Agency	Executive	
Grants and Aid	11,680,144	12,777,644	13,758,333		12,777,644	16,681,503	13,937,964		12,777,644	19,178,893	15,071,782	
Total	11,680,144	12,777,644	13,758,333		12,777,644	16,681,503	13,937,964		12,777,644	19,178,893	15,071,782	
Funding Sources												
General Revenue	11,680,144	12,777,644			12,777,644	16,681,503	13,937,964		12,777,644	19,178,893	15,071,782	
Total Funding	11,680,144	12,777,644			12,777,644	16,681,503	13,937,964		12,777,644	19,178,893	15,071,782	
Excess Appropriation/(Funding)	0	0			0	0	0		0	0	0	
Grand Total	11,680,144	12,777,644			12,777,644	16,681,503	13,937,964		12,777,644	19,178,893	15,071,782	

Change Level by Appropriation

Appropriation: 883-Foster Care

Funding Sources: DCF – Children and Family Services Fund Account

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	12,777,644	0	12,777,644	100.0	12,777,644	0	12,777,644	100.0
C01	Existing Program	3,903,859	0	16,681,503	130.5	6,401,249	0	19,178,893	150.1

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	12,777,644	0	12,777,644	100.0	12,777,644	0	12,777,644	100.0
C01	Existing Program	1,160,320	0	13,937,964	109.0	2,294,138	0	15,071,782	117.9

Justification

C01	Funding and appropriation needed to cover state foster care board payments and state adoption subsidy payments. The Division is anticipating growth in the number of children coming into care and the number of children who will be adopted. Funding and appropriation needed to cover anticipated rate increases and additional slots for DDS and Residential Treatment. These contracts will be up for renegotiation beginning with services beginning 7/01/07. We anticipate that providers will request an increase in their daily rate. FY08 SGR \$3,903,859 FY09 SGR \$6,401,249.
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Analysis of Budget Request

Appropriation: 896 - DHHS—Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Children and Family Services (DCFS). This Division is responsible for the protection of children, the continuation of the family-centered approach to service delivery to help strengthen and maintain natural families when possible, the expansion of programs such as therapeutic services, foster care prevention, management information systems and quality assurance and monitoring.

DCFS provides family supports to keep children at home, assist families when the families temporarily can not provide the necessary care for their children and help eliminate child maltreatment. DCFS attempts to keep families together and only separates children from their families as a last alternative. Specific services provided by the Division are: Support Services, Foster Care, Adoption Services and Protective Services.

The Division has been operating under a Child Welfare Reform Federal Consent Decree until December, 2001. The original lawsuit (commonly known as "Angela R") was filed in 1991, alleging gross abuse and neglect of children of this State and the State's failure to protect those children. The consent decree was approved in 1994 and extended in 1999 and again in October 2001. In December 2001, the decree ended when the plaintiffs to the original lawsuit did not challenge DCFS compliance with the federal consent decree.

Funding for this appropriation includes General Revenue (DCF-Children and Family Services Fund Account), Federal Revenues and Other Funds. The Federal Funds are derived from Title IV-E, Title IV-B, TANF, Child Abuse Prevention Treatment Act (CAPTA), Social Service Block Grant, Emergency Assessment funding, Safe and Stable Families Act funding. Other funding which is indicated as Various Program Support is derived from Targeted Case Management funds and Central Registry Fees.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY2007 salary levels have been held flat each year for all incumbents. Personal Services Matching reflects an increase in the Base Level due to an increase in the Social Security Tax minimum income limit and an increase in Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The agency Base Level request for this appropriation is \$56,609,860 in each year with 1,030 budgeted Base Level positions.

The agency Change Level request for General Revenue funding only is \$1,542,987 in FY2008 and \$1,807,987 in FY2009, and is comprised of the following:

- General Revenue funding transfer in the amount of \$1,211,866 each year from the Division of Youth Services (DYS - Youth Services Fund Account). This transfer has been authorized by

Reallocation of Resources in FY2003, FY2004, FY2005 and FY2006, and will allow DCFS to meet match requirements of federal funds received under the Safe and Stable Families Act. This funding loss for DYS is replenished by the utilization of Social Service Block Grant (SSBG) funds.

- General Revenue funding in the amount of \$465,000 in FY2008 and \$730,000 in FY2009 for increased Medicaid Match Funding to cover the match in Developmental Disability waiver services, to allow DCFS to purchase additional waiver slots for the Division's clients and to cover the increase of match required for Early Screening Prevention Treatment Diagnosis (ESPTD) screenings that are done on all children coming into care.
- General Revenue funding transfer in the amount of (\$133,879) each year to the Office of Chief Council (OCC) to cover the required match on the salaries and matching for six (6) attorney positions and one (1) hearing officer.

The agency Change Level request for appropriation is \$11,439,762 in FY2008 and \$15,917,364 in FY2009 with additional General Revenue funding of \$1,748,894 in FY2008 and \$3,004,370 in FY2009, and is comprised of the following:

- Restoration of 75 positions that are authorized but not budgeted with salary and matching appropriation that are necessary to continue providing direct services throughout the state and to meet federal and state mandates.
- Fifty (50) new positions in each year of the biennium with salary and matching appropriation and General Revenue funding. This request includes 7 grade 22 Family Service Worker Supervisors and 43 grade 20 Family Service Worker Specialist positions.
- Fifty (50) additional new positions in FY2009 with salary and matching appropriation and General Revenue funding. This request includes 7 grade 22 Family Service Worker Supervisors and 43 grade 20 Family Service Worker Specialist positions.
- Thirty (30) new Extra Help positions each year with extra help and matching appropriation and General Revenue funding to be used for internships and cooperative students.
- \$1,948,531 in FY2008 and \$3,037,068 in FY2009 with General Revenue funding in the amount of \$640,210 in FY2008 and \$1,007,816 in FY2009 for the Operating Expense line item for postage, telecommunications, network service expenses, freight, printing, advertising, film processing, vehicle maintenance, electricity, water and sewage, rent of facilities, rent of office equipment, mileage, meals and lodging, common carrier, parking fees, conference and seminar fees, board member travel expenses, non state personnel travel, surety and performance bonds, vehicle insurance, association and membership dues, tuition and course material, miscellaneous technical services, other expenses, fuel purchases, office supplies, educational supplies, photographic supplies, subscriptions and publications, kitchen janitorial and household expenses, data processing supplies and software/licenses.
- \$402,500 in FY2008 and \$455,950 in FY2009 with General Revenue funding in the amount of \$134,838 in FY2008 and \$155,023 in FY2009 for the Travel line item for mileage, meals and lodging, ground transportation, conference and seminar fees and non state personnel travel for the Professional Development Unit, the Quality Assurance Unit and the Arkansas State Police Child Abuse Hot Line.
- \$3,701,522 in FY2008 and \$4,548,338 in FY2009 with General Revenue funding in the amount of \$27,517 in FY2008 and \$56,705 in FY2009 for the Professional Fees line item for

administrative expenses and reimbursements, medical fees and legal fees for the Professional Development Unit, the Independent Living and Educational Training Voucher Programs, the Child Abuse Prevention and Treatment (CAPTA) Unit, the Director's Office, the Internal Affairs Unit, the Finance and Administration Unit, the Licensing Unit, the Office of the Assistant Director of Community Support and Intensive Family Services.

- \$475,000 in FY2008 and \$950,000 in FY2009 with General Revenue funding of \$159,125 in FY2008 and \$323,000 in FY2009 for the Capital Outlay line item to purchase 25 state vehicles each year of the biennium.

The Executive Recommendation provides for Base Level. Additionally, the Executive Recommendation provides for the General Revenue funding transfer of \$1,211,866 each year of the biennium from the Division of Youth Services, the General Revenue funding transfer of (\$133,879) each year of the biennium to the Office of Chief Council (OCC), Salary and Matching appropriation for the restoration of 75 positions, \$450,000 each year of the biennium for the Capital Outlay line item and \$1,948,531 each year of the biennium for the Operating Expenses line item with a corresponding decrease in the Professional Fees and Services line item.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$1,211,866 each year of the biennium to be transferred from the Division of Youth Services (DYS-Youth Services Fund Account) to enable DCFS to meet match requirements of federal funds received under the Safe and Stable Families Act.
- (\$133,879) each year of the biennium to be transferred to the Office of Chief Council (OCC) to cover the required match on the salaries and matching for six (6) attorney positions and one (1) hearing officer.

Note: the above General Revenue transfers that the Executive Recommendation has provided for are from existing allocations of General Revenue. \$1,211,866 is from the Division of Youth Services to the Division of Children and Family Services and (\$133,879) is from the Division of Children and Family Services to the Director's Office/Office of Chief Counsel.

Appropriation Summary

Appropriation: 896 DHHS-Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request and Executive Recommendation

Commitment Item	2005-2006			2006-2007			2006-2007			2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	27,759,721	31,195,639	34,081,849	31,195,639	34,558,683	33,061,263	31,195,639	34,558,683	33,061,263	31,195,639	36,056,103	33,061,263	31,195,639	36,056,103	33,061,263
#Positions	1,059	1,030	1,105	1,030	1,155	1,105	1,030	1,155	1,105	1,030	1,205	1,105	1,030	1,205	1,105
Extra Help	291,086	242,060	242,068	242,060	553,460	242,060	242,060	553,460	242,060	242,060	553,460	242,060	242,060	553,460	242,060
#Extra Help	50	65	65	65	95	65	65	95	65	65	95	65	65	95	65
Personal Services Matching	9,337,921	10,237,618	10,985,320	10,748,390	11,986,155	11,445,113	10,748,390	11,986,155	11,445,113	10,748,390	12,502,534	11,445,113	10,748,390	12,502,534	11,445,113
Overtime	9,421	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Operating Expenses	7,535,224	5,849,219	5,866,816	5,849,219	7,797,750	7,797,750	5,849,219	7,797,750	7,797,750	5,849,219	8,886,287	7,797,750	5,849,219	8,886,287	7,797,750
Conference & Travel Expenses	121,637	170,980	173,099	170,980	573,480	170,980	170,980	573,480	170,980	170,980	626,930	170,980	170,980	626,930	170,980
Professional Fees	9,125,578	11,303,572	11,310,478	11,303,572	15,005,094	9,355,041	11,303,572	15,005,094	9,355,041	11,303,572	15,851,910	9,355,041	11,303,572	15,851,910	9,355,041
Data Processing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Outlay	33,182	450,000	1,568,000	450,000	475,000	450,000	450,000	475,000	450,000	450,000	950,000	450,000	450,000	950,000	450,000
Total	54,213,770	59,549,088	64,327,630	59,609,860	71,049,622	62,622,207	59,609,860	71,049,622	62,622,207	59,609,860	75,527,224	62,622,207	59,609,860	75,527,224	62,622,207

Funding Sources	2005-2006	2006-2007	2006-2007	2007-2008	2008-2009
General Revenue	16,996,207	18,194,951	18,211,241	21,503,122	23,023,598
Federal Revenue	37,261,241	40,372,307	40,413,508	43,885,197	46,309,697
Reallocation of Resources	1,211,866	0	0	0	0
Transfer to Medicaid Match	(656,442)	(915,000)	(915,000)	(1,380,000)	(1,645,000)
Transfer to State Police	(1,280,102)	(1,318,505)	(1,318,505)	(1,318,505)	(1,318,505)
Various Program Support	681,000	3,215,335	3,218,616	3,218,616	3,218,616
Total Funding	54,213,770	59,549,088	59,609,860	65,908,430	69,588,406
Excess Appropriation/(Funding)	0	0	0	5,141,192	5,938,818
Grand Total	54,213,770	59,549,088	59,609,860	71,049,622	75,527,224

Actual exceeds Authorized Appropriation by authority of Reallocation of Resources. Additionally, Actual funding includes a General Revenue funding transfer from the DHHS-Division of Youth Services by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 896-DHHS-Admin Paying Account

Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	59,609,860	1,030	59,609,860	100.0	59,609,860	1,030	59,609,860	100.0
C01	Existing Program	4,926,583	50	64,536,443	108.2	8,408,459	100	68,018,319	114.1
C05	Unfunded Appropriation	6,219,179	75	70,755,622	118.7	7,016,805	75	75,035,124	125.8
C08	Technology	294,000	0	71,049,622	119.1	492,100	0	75,527,224	126.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	59,609,860	1,030	59,609,860	100.0	59,609,860	1,030	59,609,860	100.0
C01	Existing Program	2,067,081	0	61,676,941	103.4	2,067,081	0	61,676,941	103.4
C05	Unfunded Appropriation	2,599,797	75	64,276,738	107.8	2,599,797	75	64,276,738	107.8
C08	Technology	294,000	0	64,570,738	108.3	294,000	0	64,570,738	108.3
C19	Executive Changes	(1,948,531)	0	62,622,207	105.0	(1,948,531)	0	62,622,207	105.0

Justification

C01	Funding and appropriation to fund 50 new positions in FY08 and 100 new positions in FY09. This will allow the Division to move closer to the 1:15 worker client ratio required by Council on Accreditation (COA).
C05	Appropriation needed to restore 75 currently authorized positions and to cover increases in contracted services such as counseling services, family treatment, fatherhood initiatives, court ordered home studies and intensive family services; increases in training contracts with Mid South and University of Arkansas for new worker and foster/adoptive training along with required continuing education.
C08	Funding and appropriation to purchase computer systems for the new staff requested, along with licensure fees associated with a new system. Also funding and appropriation needed to cover increase in network expenses for additional storage for the Children's Reporting and Information System (CHRIS) foster care and adoptive client case management and payment data.
C19	The Executive Recommendation provides for a Base Level reduction in Professional Fees and Services appropriation in the amount of \$1,948,531 each year, which represents a reallocation of appropriation to the Operating Expense commitment item.

Analysis of Budget Request

Appropriation: 898 - DHHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Foster Care Program is used to assist with the costs of foster care maintenance for eligible children; administrative costs to manage the program; and training for staff and foster parents. The primary purpose of this program is to fund proper care for children who need placement outside their homes.

This appropriation is also used to assist States in paying maintenance costs for adopted children with special needs, such as children who are older or who have disabilities. The primary purpose of this program is to advance the permanency of hard to place children in adoptive homes and avoid inappropriate and excessive numbers of foster care placements.

This appropriation also provides for Independent Living services for foster children age 16 and older. This service is intended to provide a transition to independent living by providing encouragement and assistance in obtaining a high school diploma or vocational skill training, as well as training in daily living skills.

Funding for this appropriation includes General Revenue (DCF - Children and Family Services Fund Account) and Federal Revenues. Federal Revenues include Title IV-E Adoption Subsidies and Foster Care funding, Title IV-B Family Preservation Funding and an Adoption Opportunities Federal Grant.

The agency Base Level request is \$33,733,672 each year of the biennium.

The agency Change Level request includes an increase in appropriation in the amount of \$7,106,469 in FY2008 and \$12,376,482 in FY2009 with General Revenue funding in the amount of \$1,909,537 in FY2008 and \$3,346,619 in FY2009 for the following:

- \$3,692,172 in FY2008 and \$5,645,835 in FY2009 with General Revenue Funding of \$999,102 in FY2008 and \$1,538,490 in FY2009 for anticipated rate increases for residential treatment contract services and to increase the number of slots available for these services throughout the state.
- \$1,019,250 in FY2008 and \$1,957,558 in FY2009 with General Revenue funding of \$275,809 in FY2008 and \$533,435 in FY2009 for federal foster board payments for Title IV-E ineligible children.
- \$2,065,005 in FY2008 and \$4,132,005 in FY2009 with General Revenue funding of \$558,790 in FY2008 and \$1,125,971 in FY2009 for federal adoption subsidy payments that are paid to those families who have adopted a child with a qualifying special need.
- \$14,500 in FY2008 and \$30,000 in FY2009 with General Revenue funding of \$3,924 in FY2008 and \$8,174 in FY2009 for foster care incidentals.
- \$100,000 in FY2008 and \$200,000 in FY2009 with General Revenue funding of \$22,790 in FY2008 and \$46,000 in FY2009 for day care services for children that are not Title IV-E eligible.
- \$215,542 in FY2008 and \$411,084 in FY2009 with General Revenue funding of \$49,122 in

FY2008 and \$94,549 in FY2009 for contract services related to drug assessments, family resource centers, human service workers, school liaisons, court ordered nursing care, psychological evaluations, respite care, drug supplies and technical services.

The Executive Recommendation provides for Base Level. Additionally, the Executive Recommendation provides for appropriation in the amount of \$3,395,468 in FY2008 and \$5,882,700 in FY2009 with additional General Revenue funding of \$954,769 in FY2008 and \$1,673,310 in FY2009.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$499,551 in FY2008 and \$769,245 in FY2009 for anticipated rate increases in residential treatment contract services and to increase in the number of slots available for these services throughout the state.
- \$137,904 in FY2008 and \$266,718 in FY2009 for federal foster board payments.
- \$279,395 in FY2008 and \$562,986 in FY2009 for federal adoption subsidy payments.
- \$1,963 in FY2008 and \$4,086 in FY2009 for federal foster care incidentals.
- \$11,395 in FY2008 and \$23,000 in FY2009 for day care services for children that are not Title IV-E eligible.
- \$24,561 in FY2008 and \$47,275 in FY2009 for contract services related to drug assessments, family resource centers, human service workers, school liaisons, court ordered nursing care, psychological evaluations, respite care, drug supplies and technical services.

Appropriation Summary

Appropriation: 898 DHHS-Grants Paying Account
 Funding Sources: PWE - Grants Paying

Agency Request and Executive Recommendation

Commitment Item	Historical Data				2007-2008				2008-2009			
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized		Base Level	Agency	Executive		Base Level	Agency	Executive	
Grants and Aid	31,220,651	33,733,672	36,490,462		33,733,672	40,840,141	37,286,911		33,733,672	46,110,154	39,921,914	
Total	31,220,651	33,733,672	36,490,462		33,733,672	40,840,141	37,286,911		33,733,672	46,110,154	39,921,914	
Funding Sources												
General Revenue	8,583,576	9,445,750			9,445,750	11,355,287	10,400,519		9,445,750	12,792,369	11,119,060	
Federal Revenue	22,637,075	24,287,922			24,287,922	29,484,854	26,886,392		24,287,922	33,317,785	28,802,854	
Total Funding	31,220,651	33,733,672			33,733,672	40,840,141	37,286,911		33,733,672	46,110,154	39,921,914	
Excess Appropriation/(Funding)	0	0			0	0	0		0	0	0	
Grand Total	31,220,651	33,733,672			33,733,672	40,840,141	37,286,911		33,733,672	46,110,154	39,921,914	

This appropriation provides for Family Preservation expenses and Title IV-E Foster Care expenses.

Change Level by Appropriation

Appropriation: 898-DHHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	33,733,672	0	33,733,672	100.0	33,733,672	0	33,733,672	100.0
C01	Existing Program	7,106,469	0	40,840,141	121.0	12,376,482	0	46,110,154	136.6

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	33,733,672	0	33,733,672	100.0	33,733,672	0	33,733,672	100.0
C01	Existing Program	3,553,239	0	37,286,911	110.5	6,188,242	0	39,921,914	118.3

Justification

C01	Funding and appropriation needed to cover federal foster care board payments and federal adoption subsidy payments. The Division is anticipating a growth in the number of children coming into care. Funding and appropriation needed to cover anticipated rate increases and additional slots for Residential Treatment. Funding and appropriation needed for increasing Foster Care Incidentals for children that are not Title IV-E eligible. Funding and appropriation needed for drug assessments, family resource centers, human service workers in school; psychological evaluations, respite care, drug supplies, technical services and anticipated increases in day care expenses for those clients not eligible for payment through the Title IV-E funding.
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