Exhibit 3: Arizona

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Useful Links:
State Legislature:
http://www.azleg.state.az.us/
Arizona Children & Families
http://www.azag.gov/children_family/

Attached Documents:
Arizona Statute 8-814, Permanent Guardian Subsidy
8-814. Permanent guardianship subsidy; offsets; discontinuation; annual review; appeals; definition
A. The department of economic security shall establish and administer an ongoing program of subsidized permanent guardianship. Subsidies shall be provided from monies appropriated to the department or made available to it from other sources for permanent guardianship purposes.
B. The department may provide a subsidy to an applicant on behalf of a child subject to the requirements of this section.
C. An applicant is not eligible for a subsidy until the applicant demonstrates that the child or a responsible person on behalf of the child has applied for all benefits to which the child is entitled from other state or federal programs.
D. The department shall determine the appropriate amount of the subsidy, which shall not exceed the maintenance payment allowable for an adoption subsidy pursuant to chapter 1, article 2 of this title. The amount of the subsidy shall be offset by benefits received pursuant to the programs described in subsection C of this section.
E. The department shall conduct an annual review of a subsidy to determine that the permanent guardian continues to be eligible for the subsidy and that the subsidy is for the appropriate amount.
F. A permanent guardian who is receiving a subsidy shall:
   1. Cooperate with the department in the annual review process.
   2. Notify the department in writing of any change:
      (a) That would lead to discontinuance of the subsidy pursuant to subsection G of this section.
      (b) In benefits being received from programs described in subsection C of this section within two weeks of the change.
      (c) In address within two weeks of the change.
G. The department shall discontinue a subsidy if any of the following occurs:
   1. The permanent guardianship terminates.
   2. The child dies or does not reside with the permanent guardian.
   3. The child reaches eighteen years of age, except that the department may continue the subsidy until the child's twenty-second birthday if the child is enrolled in and regularly attending school and has not received a high school diploma or certificate of equivalency.
   4. The applicant fails to comply with any requirement in this section.
H. Any decision denying, reducing or terminating a permanent guardianship subsidy is appealable pursuant to title 41, chapter 6 and chapter 14, article 3.
I. Notwithstanding section 41-3102, this program does not include a specific expiration date.
J. For the purposes of this section, "applicant" means a person who is appointed as a permanent guardian pursuant to section 8-872 or as a provisional or successor permanent guardian pursuant to section 8-874 and who applies for a subsidy pursuant to this section.
How States are Implementing the Fostering Connections Act

Arizona’s At-risk Children
On June 30, 2008, there were 9,965 Arizonian children in foster care. Thirty-two percent of the children in out-of-home care were placed in kinship foster care. Compared with the data from June 2007, the number of children placed in kinship care increased by seven percent. Additionally, during FY 2008, 2,218 children left kinship care and of these kids, 95 percent achieved permanency. Thirty-one percent of children who achieved permanency were reunited with their families, 21 percent entered into permanent guardianship with the kinship care givers, 31 percent were adopted by their kinship care givers, and the remaining 17 percent achieved permanency with individuals other than their relatives. In terms of the licensing of kinship care providers, in June 2008, just over nine percent were licensed as foster parents.1

Arizona’s Budget Landscape
Arizona is facing severe budget reductions. Overall, the state’s budget shortfall for FY 2009 is estimated at $1.6 billion, which is 15.7 percent of the general fund. In the umbrella agency that houses Arizona’s child welfare department, the budget was reduced by $153 million with child welfare being cut by more than $40 million. As a result of state’s budget reductions, the public child welfare agency and many of their contracted providers of child welfare services throughout the state have had to reduce staff and services. Arizona’s child welfare administrators and case workers remain committed to ensuring children are safe and providing high-quality services; however, the current lump-sum budget reductions place great burdens on these professionals.2

The estimated budget shortfall for FY 2010 is much bleaker. Current estimates put this gap at over $3 billion, which is at least 28.2 percent of the general fund.3

P.L. 110-351 State Options
Arizona plans to implement the Kinship Guardianship Assistance Program option. Legislation is not necessary to do so as Arizona currently has a Guardianship Subsidy Program in effect through state statute for children exiting the public foster care system through legal permanent guardianship with a relative or non-relative. Currently, administrators are working on a IV-E state plan amendment, with a planned retroactive effective date of April 1, 2009 for implementing this option. Arizona is currently developing a kinship guardianship assistance program agreement to conform to federal requirements, including the provision for nonrecurring costs. Arizona has a notice of proposed rulemaking for their foster home licensing regulations which includes provisions for waiving, on a case-by-case basis, non-safety licensing criteria for relatives. In the interim, Arizona’s child welfare administration and the foster home licensing authority are determining alternative methods of compliance, on a case-by-case basis, for relatives who wish to become licensed as foster parents but have difficulty meeting a non-safety licensing criteria.4

Regarding the option to support eligible youth to age of 19, 20 or 21, Arizona has asked for clarification from the Administration for Children and Families (ACF) regarding whether or not youth need to remain in state custody in order to receive the IV-E reimbursement. Current practice is that youth are no longer wards of the state upon turning eighteen; however, youth can voluntarily stay in foster care after age 18 if they desire. Most youth do not choose to stay in foster care. Arizona does have a transitional independent living program and youth can request certain services, such as room and board, up to the age of 21. The transitional independent living program and selected services are funded with state general funds and Chafee monies.5

Youth who enter into Arizona’s adoption assistance program or Arizona’s permanent guardianship subsidy program may be eligible to continue receiving services up to age 22 if certain criteria are met.

Arizona Tribes
Arizona has 22 federally recognized tribes. Currently, the state has agreements with the Navajo Nation and Hopi Tribe for Title IV-E. These two tribes as well as other tribes are reviewing the option made available to them under the
Fostering Connections Act and one tribe in particular is inquiring about the $300 thousand start-up grant. Currently, the state is not aware of any tribe specifically stating that they will operate their own program. One challenge facing tribes in operating their own program is compliance with the AFCARS requirement.

**P.L. 110-351 Mandatory Provisions**

Arizona is revising their current policy for due diligence searches for the relative notification provision. In addition, Arizona has proposed state legislation which would also require notification to a child’s relatives for potential placement purposes. Family Group Decision Making is one of the current practices used to help locate relatives, and the state does not anticipate problems regarding the 30 day notification requirement.

Arizona does not anticipate major problems meeting the requirements for the educational stability provision. Currently, the state utilizes GIS mapping to assist in identifying specific geographic areas having high child removal rates, so that foster families can be recruited in these geographic areas. With regard to the transfer of school records, there has been a lot done surrounding the language in the first motion to the court regarding access to school records. Arizona has also been focused on placing children in their own neighborhoods as part of the Annie E. Casey Family to Family model, which has also benefited the state overall in keeping the child in the same school district.

The health oversight and coordination provision is one where it will not be difficult for the state to meet the provisions, if they have not already. Child welfare has a close relationship with Medicaid and there is a Medicaid approved health plan for children in out-of-home placement within the child welfare department. Arizona has also been focusing efforts on coordinating behavioral health services for foster children with the appropriate entities.

Foster home recruitment, study and supervision and adoptive home certification is primarily a contracted service. One of the priorities in the contract’s scope of work is the placement of siblings in the same home. Current state regulations permit up to five foster children in a family foster home; however, if there are larger sibling groups, the state works with the licensing authority to amend the family foster home license to a group family foster home license. Arizona does not anticipate any delay in implementing the mandatory provision on sibling connections.

In Arizona, all youth in out of home care who are age 16 and older should have an independent living plan which supports their individual transition to adulthood, including the development of daily living skills. In Arizona’s urban areas, which comprise approximately 75 percent of the child welfare cases, there are specialized case management units for these youth. Arizona does not anticipate significant barriers in complying with the transition plan provision of Fostering Connections.

**Family Connections Grants**

Arizona’s child welfare department and child support enforcement division have a working relationship regarding parent locate services. In addition to the local and federal parent locate services provided through the child support enforcement division, the child welfare department also contracts for specialized locate services. The state anticipates that private non-profit organizations will be interested in the kinship navigator competitive grants provided through Fostering Connections. The state will evaluate the application opportunities further upon release of the formal announcement from DHHS.

**Opportunities & Challenges**

Currently, there is a “hard hiring freeze” in the state’s child welfare department. This makes it difficult, especially when direct service workers leave the department, to continue providing the level of service those remaining wish to provide to Arizona’s families. The current budgetary environment impacts available contracted and community services.

**Conclusion**

Arizona appreciates the opportunity to provide input to APHSA regarding the implementation of Fostering Connections. This comprehensive federal legislation provides many opportunities.

Arizona is very pleased with the Fostering Connections for Success Act. The tribes in the state appreciate the opportunity to explore the implementation of their own Title IV-E programs. The state anticipates utilizing some of the additional Title IV-E funding provided through Fostering Connections. In the future, Arizona hopes that Title IV-E funding will be extended more toward the provision of in-home child welfare/protection services.
Arizona Kinship Foster Care Program 2008 Report, Arizona Department of Economic Security, Division of Children, Youth and Families

Conference call with Jakki Hillis, Esther Kappas, and Mark Schwartz

1 Ibid.
2 Ibid.
3 Ibid.
4 Ibid.
5 Ibid.
6 Ibid.
7 Ibid.
8 Ibid.
9 Ibid.
10 Ibid.

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A special thank you to Casey Family Program for their financial support and guidance during this project. For more information on the How States are Implementing the Fostering Connections documents, please contact Courteney Holden, Senior Legislative Associate, American Public Human Services Association (APHSA) at 202-682-0100 ex 249 or by email at Courteney.Holden@aphsa.org.