

Department of Economic Security
Administration

A.R.S. § 41-1954

JLBC Analyst: Pat Mah

| | FY 2000 Actual | FY 2001 Estimate | FY 2002 Approved | FY 2003 Approved |
|---|---------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| OPERATING BUDGET | | | | |
| Full Time Equivalent Positions | 313.0 | 313.2 | 316.9 ^{1/} | 316.9 ^{1/} |
| Personal Services | 11,844,300 | 11,776,400 | 12,335,800 | 12,949,500 |
| Employee Related Expenditures | 2,394,800 | 2,395,400 | 2,638,300 | 2,599,000 |
| Professional and Outside Services | 450,500 | 994,300 | 1,018,500 | 1,018,500 |
| Travel - In State | 207,600 | 230,600 | 230,600 | 230,600 |
| Travel - Out of State | 44,300 | 40,100 | 40,100 | 40,100 |
| Other Operating Expenditures | 16,608,500 | 19,400,400 | 20,850,200 | 20,878,600 |
| Equipment | 3,171,800 | 2,153,100 | 2,153,100 | 2,153,100 |
| <i>Operating Subtotal</i> | 34,721,800 | 36,990,300 | 39,266,600 | 39,869,400 |
| Finger Imaging | 743,500 | 859,500 | 861,200 | 864,400 |
| EBT Welfare Reform | 284,500 | 0 | 0 | 0 |
| Lease Purchase Equipment | 4,455,700 | 2,732,900 | 2,500,200 | 2,392,100 |
| Public Assistance Collections | 272,800 | 375,600 | 389,100 | 402,000 |
| Attorney General Legal Services | 581,300 | 560,500 | 579,300 | 602,000 |
| High Performance Bonus | 0 | 2,707,700 | 0 | 0 |
| TOTAL APPROPRIATIONS | 41,059,600 | 44,226,500 | 43,596,400 ^{2/3/4/} | 44,129,900 ^{2/3/4/} |
| FUND SOURCES | | | | |
| General Fund | 33,134,000 | 34,291,200 | 34,652,600 | 35,099,700 |
| <u>Other Appropriated Funds</u> | | | | |
| Federal Temporary Assistance for Needy Families Block Grant | 6,759,300 | 8,094,600 | 7,064,100 | 7,125,200 |
| Federal Child Care and Development Fund Block Grant | 969,400 | 1,035,400 | 1,052,400 | 1,059,500 |
| Special Administration Fund | 0 | 516,100 | 526,200 | 534,000 |
| Public Assistance Collections Fund | 196,900 | 289,200 | 301,100 | 311,500 |
| <i>Subtotal - Other Appropriated Funds</i> | 7,925,600 | 9,935,300 | 8,943,800 | 9,030,200 |
| TOTAL APPROPRIATIONS | 41,059,600 | 44,226,500 | 43,596,400 | 44,129,900 |

COST CENTER DESCRIPTION — *The program consists of the Office of the Director, the Division of Employee Services and Support, the Division of Business and Finance, the Division of Technology Services, and the Division of Policy and Program Development. This program provides departmentwide administrative, research and evaluation, financial and computer automation support.*

^{1/} Includes 18.5 FTE Positions funded from Special Line Items in FY 2002 and FY 2003.

^{2/} In accordance with A.R.S. § 35-142.01, 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. (General Appropriation Act footnote)

^{3/} In accordance with A.R.S. § 38-654, the Department of Economic Security shall transfer to the Department of Administration for deposit in the Special Employee Health Insurance Trust Fund any unexpended state General Fund monies at the end of each fiscal year appropriated for employer health insurance contributions. (General Appropriation Act footnote)

^{4/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

| PERFORMANCE MEASURES | FY 1999 Est./Actual | FY 2000 Est./Actual | FY 2001 Estimate | FY 2002-03 Estimate |
|---|------------------------|------------------------|---------------------|------------------------|
| • Customer satisfaction ratings based on annual survey (Scale 1-5) | | | | |
| Office of Personnel Management | NA | NA | Baseline | 3 |
| Office of Management Development | NA | NA | Baseline | 3 |
| Office of Appellate Services Administration | NA | NA/4 | 4 | 4 |
| Office of Technology Services | NA | NA | Baseline | 3 |
| • Number of districts where Strategic Planning Model was implemented for Early Intervention Program | NA | NA | 1 | 3/6 |
| • % Information Technology service help calls requests resolved in 1 day | NA | NA | 85 | 90/95 |
| • Cost per dollar to recover overpayments | .10/.10 | .10/.09 | .10 | .10 |
| • % of agency staff turnover | 12.2/18.0 | 12.2/16.6 | 15.6 | 15.6 |
| • Administration as a % of total cost | NA | 6.3/NA | 6.0 | 5.1 |

TANF Base Realignment — The operating budget in this cost center reflects a shift in funding in both FY 2002 and FY 2003 to realign Temporary Assistance for Needy Families (TANF) dollars to meet federal guidelines for the state's maintenance of effort for administrative expenses. The appropriation deletes \$(1,400,000) from the General Fund (GF) and replaces it with TANF Block Grant dollars for no net change in expenditures. *(For further details, see the Division of Benefits and Medical Eligibility cost center and the Agency Summary narrative.)*

ATLAS FTE Transfer — The approved operating budget includes an increase of \$213,200 GF and 3.7 FTE Positions in both FY 2002 and FY 2003 above FY 2001 associated with transferring information technology (IT) personnel working on the Arizona Tracking and Location Automated System (ATLAS) from the Child Support Enforcement cost center to this cost center. This transfer was made because these types of IT personnel are generally concentrated in the Administration Division.

There is another \$627,000 and 7.3 FTE included in the transfer; however, those FTE Positions are funded from Non-Appropriated Funds. The total biennial transfer from all funding sources includes \$840,200 and 11 FTE Positions in both FY 2002 and FY 2003 above FY 2001. A corresponding reduction to this increase is reflected in the Child Support Enforcement cost center for no net change across the agency. *(See the ATLAS FTE Transfer in the Child Support Enforcement cost center for additional information.)*

Rent - Private Lease — The operating budget includes a FY 2002 increase \$427,100 above FY 2001, consisting of a GF increase of \$325,600 and a TANF increase of \$101,500. It also includes a FY 2003 increase of \$535,600 above FY 2001, consisting of a GF increase of \$434,100 and a TANF increase of \$101,500. These additional funds are for the costs of private leased office space that have increased in recent years throughout the state.

Special Line Items

Finger Imaging — The approved amount of \$861,200 in FY 2002 includes \$573,600 GF and \$287,600 TANF Block Grant for finger imaging automation. For FY 2003, funding consists of \$575,700 GF and \$288,700 TANF, for a total of \$864,400. Laws 1996, Chapter 346 required the Department of Economic Security (DES) to establish a finger imaging program for every adult applicant, adult recipient, or eligible minor parent of General Assistance, Food Stamps, and TANF Assistance, as a condition of eligibility. The Food Stamp share, \$321,100, will come from federal non-appropriated food stamp matching dollars. The TANF and Food Stamp match share is based on each program's proportion of clients out of the total number being fingerprinted. The approved budget reflects continued staffing at 1.5 GF and 0.7 TANF FTE Positions in both FY 2002 and FY 2003. Per year staffing totals 2.2 FTE Positions for training users and modifying the established system based on changes in rules, policies, procedures, and evaluation of the project.

EBT Welfare Reform — Funding in this Special Line Item was used for the Electronics Benefit Technology (EBT) project. The funding was transferred to the Division of Benefits and Medical Eligibility in FY 2001, where it continues to be used for operating the electronic transfer for the issuance of TANF cash benefits and Food Stamp benefits.

Lease Purchase Equipment — The monies in the Special Line Item are for annual lease-purchase payments or rental agreements of computer equipment for automation projects. The approved FY 2002 amount includes a reduction of \$(232,700) below FY 2001, consisting of a GF reduction of \$(131,200) and a TANF reduction of \$(101,500). The approved FY 2003 amount includes a reduction of \$(340,800) below FY 2001, consisting of a GF reduction of \$(239,200) and a TANF reduction of \$(101,600). The department will make final payments in

FY 2001 and FY 2002 on 3 lease-purchase agreements for computer equipment.

Funding totals \$2,500,200 in FY 2002, including \$1,855,100 GF and \$645,100 TANF Block Grant. For FY 2003, funding consists of \$1,747,100 GF and \$645,000 TANF, for a total of \$2,392,100. The monies are for 4 projects in FY 2002 and 2 projects in FY 2003, which include:

- FY 1996 legislatively approved CPU upgrade that will be paid off in FY 2002;
- FY 1997 hardware and software purchases for the Children Information and Library Data System (CHILDS) that will be paid off in FY 2002;
- FY 1998 file servers for the CHILDS program; and
- Ongoing rental agreements for a mainframe complex computer.

For FY 2002, an additional \$3,162,700 of non-appropriated federal and other non-appropriated dollars will be used to cover the total lease-purchase expenditure of \$5,662,900 for these 4 projects. For FY 2003, total expenditures are estimated at \$5,449,300, including \$3,057,200 of non-appropriated federal and other non-appropriated dollars.

Public Assistance Collections — The approved amount of \$389,100 in FY 2002 and \$402,000 in FY 2003 funds 7 FTE Positions who are responsible for improving public assistance collection activities. Of the 7 FTE Positions, 2.6 are funded from TANF Block Grant and 4.4 are funded from Public Assistance Collections Fund (PACF). A.R.S. § 46-295 requires 25% of repaid erroneous public assistance benefits to be deposited into the PACF.

Attorney General Legal Services — Laws 1996, Chapter 335 required the appropriation of all Attorney General interagency service agreements (ISAs). However, the majority of dollars appropriated for Attorney General Legal Services in DES has not been established through ISAs. Rather than employing ISAs, DES's appropriation has directly funded FTE Positions and their related operating costs. The approved budget continues the practice and appropriates the Attorney General Legal Services directly to DES because the Attorney General's accounting system is unable to provide the detailed reporting level needed to draw down Federal Funds. DES's accounting system is designed to provide the necessary reporting requirements to the federal government. The approved amount of \$579,300 in FY 2002 and \$602,000 in FY 2003 funds 9.3 FTE Positions, which consist of 4.8 GF, 2.4 TANF, 0.1 CCDF, and 2.0 PACF. The amount of GF totals \$349,500 in FY 2002 and \$363,400 in FY 2003. The amount of other appropriated funds totals \$229,800 in FY 2002 and \$238,600 in FY 2003.

High Performance Bonus — The approved budget eliminates monies displayed in this Special Line Item of \$(2,707,700) from the TANF Block Grant beginning in FY 2002. These monies are one-time "High Performance" bonus funds for the state's successes in moving people from welfare to work during FY 1998. The monies were appropriated in Laws 2000, Chapter 393 for FY 2001 to provide one-time costs related to employee performance incentive bonuses and computer network infrastructure equipment replacement and upgrades.

Vetoed Appropriations: Appropriation: Hopi Radio Broadcasting (H.B. 2567) — The bill appropriated non-lapsing General Fund monies of \$105,000 in FY 2002 for the Hopi Foundation. The monies were for operating and equipment costs for the KUYI radio station. The Governor vetoed this bill.

Appropriations: TANF: Health Services (S.B. 1390) — Appropriated \$137,500 from TANF in both FY 2002 and FY 2003 for an office of faith-based action that will imitate a federal initiative. The Governor vetoed this bill. (*See discussions in other DES cost centers and the Department of Health Services and Arizona Department of Education narratives for further details on other vetoed provisions in this bill.*)

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