

Department of Economic Security
Employment and Rehabilitation Services

A.R.S. § 41-1954

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	448.5	471.5	465.3
Personal Services	13,425,500	14,316,000	15,001,200
Employee Related Expenditures	3,195,200	3,527,200	3,895,200
Professional and Outside Services	724,700	378,400	278,400
Travel - In State	350,000	457,200	457,700
Travel - Out of State	0	13,200	13,200
Other Operating Expenditures	1,309,400	3,379,100	1,614,500
Equipment	406,600	1,701,100	0
Lump Sum Reduction	0	0	(207,000)
<i>Operating Subtotal</i>	19,411,400	23,772,200	21,053,200
JOBS Administration			
JOBS	28,276,100	25,701,700	25,701,700 ^{1/2/3/}
Work-Related Transportation	2,984,800	3,302,200	3,302,200
Wheels to Work Program	3,265,100	0	0
Tax Credit Promotion	305,300	0	0
Job Search Stipends	13,900	30,000	30,000
Employment Retention and Job Skills	217,700	0	0
Young Father Mentoring	328,300	0	0
Parenting Skills Classes	355,800	0	0
Character Education Training	(16,700)	0	0
Post-Employment Training	922,300	0	0
Domestic Violence Victims Job Training	10,000	0	0
Rural Technical Business Assistance	257,100	0	0
TANF Employment Transition Program	6,469,400	0	0
Child Care Administration			
Day Care Subsidy	124,288,400	111,827,500	114,220,700 ^{4/}
Transitional Child Care	24,115,600	27,887,400	28,463,800
Enhanced Quality Reimbursement	144,000	0	0
Rehabilitation Services Administration			
Vocational Rehabilitation Services	3,285,100	3,913,400	4,070,700
Developmental Disabilities			
Employment Support	8,913,300	6,593,600	6,093,600
Independent Living Rehabilitation Services	1,968,700	2,203,500	2,203,500 ^{5/}
Workforce Development Administration			
Summer Youth Program	1,000,000	0	0
Summer Youth Employment and Training	0	1,000,000	1,000,000
Workforce Investment Act Programs	0	46,070,600	44,070,600 ^{6/}
TOTAL APPROPRIATIONS	226,515,600	252,302,100	250,210,000 ^{7/}

- ^{1/} It is the intent of the Legislature that the \$25,701,700 appropriated for JOBS in FY 2003 may be used to support nonpermanent and seasonal positions to fulfill federal program requirements when contracts for services cannot be established with outside parties. The use of such positions shall be reported to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{2/} It is the intent of the Legislature that the department shall use \$4,500,000 of the monies appropriated for the JOBS Special Line Item for contracts with education and training entities. These contracts shall focus on assisting JOBS clients in obtaining jobs paying, on average, \$10 per hour or more. The department shall report to the Joint Legislative Budget Committee by October 15, 2003 on these efforts. The report shall include expenditure details and placement data. (General Appropriation Act footnote)
- ^{3/} Of the monies appropriated for the JOBS Special Line Item, the department may use up to \$5,500,000 to provide job training, education, supportive services, and other services that will promote job retention and career advancement of former Temporary Assistance for Needy Families recipients. (General Appropriation Act footnote)

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
FUND SOURCES			
General Fund	40,672,100	38,905,300	35,482,500
<u>Other Appropriated Funds</u>			
Federal Temporary Assistance for Needy Families Block Grant	102,306,700	76,479,900	68,859,000
Federal Child Care and Development Fund Block Grant	80,919,900	79,601,800	93,836,000
Workforce Investment Act Grant		47,891,900	47,977,500 ^{6/}
Special Administration Fund	950,200	3,585,000	1,585,000
Spinal and Head Injuries Trust Fund	1,372,700	2,260,200	2,470,000 ^{5/}
Federal Reed Act Grant	294,000	3,578,000	0
<i>Subtotal - Other Appropriated Funds</i>	<u>185,843,500</u>	<u>213,396,800</u>	<u>214,727,500</u>
TOTAL APPROPRIATIONS	226,515,600	252,302,100	250,210,000

COST CENTER DESCRIPTION — *This program provides: 1) employability services to Temporary Assistance for Needy Families (TANF) recipients through the Job Opportunity and Basic Skills Training (JOBS) program; 2) child care subsidy programs; 3) rehabilitative services to individuals with disabilities; and 4) job training opportunities to economically disadvantaged adults and youth. Several 100% federally funded programs are located in this division, such as the Unemployment Insurance benefit program and the Workforce Investment Act programs.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• Number of TANF recipients who obtained employment	14,937/10,547	NA/12,126	12,264/12,405	12,264
• Average cost per JOBS participant in all work activities (in \$)	451/355	450/671	771/677	771
• % of customer satisfaction with child care	92.0/88.6	92.5/90.0	90.5/92.0	91.0/91.5
• Vocational Rehabilitation individuals successfully rehabilitated	2,015/2,146	2,015/2,133	2,133/2,045	2,197/2,307

Reed Act Equipment Funding — The approved amount includes a decrease of \$(3,578,000) of Federal Reed Act monies below FY 2002 for elimination of one-time equipment and short-term operating expenditures for the Employment Security Administration, which administers the Unemployment Insurance program.

discussion below for further details on additional Spinal and Head Injuries Trust Fund increases.)

Special Line Items

JOBS Administration

Governor's Council of Spinal and Head Injuries — The approved amount includes an increase of \$33,800 from the Spinal and Head Injuries Trust Fund. These monies will be used to provide additional staff support to the Governor's Council of Spinal and Head Injuries. *(Please see the Vocational Rehabilitation Services*

JOBS — This line item provides job training and job search services to clients currently receiving TANF Cash Benefits, as well as, to former TANF recipients. The total approved amount, \$25,701,700 is unchanged from FY 2002. The approved amount, however, does include a

^{4/} Of the \$114,220,700 appropriated for Day Care Subsidy in FY 2003, \$86,867,500 is for a program in which the upper income limit is 165% of the federal poverty level. This provision may not be construed to impose a duty on an officer, agent or employee of the state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the \$86,867,500 appropriation. (General Appropriation Act footnote)

^{5/} All Spinal and Head Injuries Trust Fund receipts received by the Department of Economic Security in excess of \$2,470,000 in FY 2003 are appropriated to the Independent Living Rehabilitation Services Special Line Item. Before the expenditure of any Spinal and Head Injuries Trust Fund receipts in excess of \$2,470,000 in FY 2003, the Department of Economic Security shall submit the intended use of the monies for review by the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for statewide adjustments)

^{6/} All federal Workforce Investment Act funds that are received by the state in excess of \$47,977,500 in FY 2003 are appropriated to the Workforce Investment Act Programs Special Line Item. Excess monies may not be spent until a proposed expenditure plan for the excess monies has been reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for statewide adjustments)

^{7/} General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

fund shift of \$2,000,000 from the Special Administration Fund to the federal Workforce Investment Act Grant. This shift was required because the Special Administration Fund does not have sufficient revenues to continue the appropriation at the FY 2002 level.

Table 1 highlights total estimated expenditures and fund sources for the JOBS line item.

	<u>Amount</u>
Expenditures	
Job Training	16,882,500
Case Management	2,819,200
Post Employment Services	<u>6,000,000</u>
Total	25,701,700
Sources	
General Fund	1,885,100
Special Administration Fund	1,500,000
Workforce Investment Act Grant	2,000,000
TANF Block Grant	<u>20,316,600</u>
Total	25,701,700

Work-Related Transportation — This line item funds transportation services to assist TANF recipients in finding and sustaining employment. The approved amount of \$3,302,200 TANF is unchanged from FY 2002. The total funding is allocated as follows:

- **Information/Availability:** \$3,000,000, of which a minimum of \$500,000 must be spent in rural areas
- **Direct Subsidies:** \$302,200 (estimated to provide services to 387 clients at an average cost of \$65 per month)

Job Search Stipends — This line item funds the state match for allowances paid to Food Stamp recipients searching for a job. The program provides \$25 per participant for up to 2 months. The approved amount, \$30,000 GF, is unchanged from FY 2002.

Child Care Administration

Day Care Subsidy — This line item funds child care subsidies to TANF clients engaged in job activities, those providing Foster Care services, low-income persons, and other persons meeting financial and other eligibility criteria. The monies are also used for quality enhancement projects (see Table 2).

The approved amount reflects an increase of \$2,393,200 above FY 2002. The adjustment consists of the following changes:

- An increase of \$2,393,200 TANF to annualize funding to increase maximum subsidy rates to the 75th percentile of the 1998 market rate survey. This increase took effect October 1, 2001.
- A fund shift of \$10,886,100 from the TANF Block Grant to the federal Child Care and Development Fund (CCDF) Block Grant, reflecting the additional

CCDF monies available to the state on an ongoing basis.

- A fund shift of \$3,000,000 from the General Fund to the CCDF Block Grant. The department will now use \$3,000,000 of expenditures in the Arizona Department of Education's State Block Grant for Early Childhood Education to ensure the state draws down the maximum amount of matching CCDF monies.

Transitional Child Care — This line item funds child care subsidies to clients who no longer receive TANF Cash Benefits due to finding employment. The program provides subsidies for up to 24 months after the client stops receiving TANF Cash Benefits. These subsidies require a co-pay from the recipient (see Table 2). The approved amount includes \$28,383,700 TANF and \$8,712,800 CCDF. It reflects an increase of \$576,400 TANF above FY 2002 to annualize the October 1, 2001 rate increase.

	<u>Avg. # Children</u>	<u>Avg. Monthly Subsidy</u>	<u>Total</u>
Day Care Subsidy			
TANF-Related	6,020	253.83	\$ 18,336,600
Low-Income Work Related	26,084	277.52	86,867,500
Quality Set Aside	--	--	<u>9,661,300</u>
TOTAL Day Care Subsidy	32,104	--	\$114,865,400^{1/}
Transitional Child Care			
1 st Year	5,605	279.65	\$18,809,200
2 nd Year	<u>2,877</u>	<u>279.65</u>	<u>9,654,600</u>
TOTAL Transitional Child Care	8,482	279.65	\$ 28,463,800
TOTAL - All Child Care Prog's	40,586	274.45	\$143,329,200
TOTAL - Child Care Subsidies (Excluding Quality)			\$133,667,900

^{1/} Includes \$250,000 of non-appropriated federal Social Services Block Grant monies and \$394,700 quality set-aside monies appropriated in DHS.

Enhanced Quality Reimbursement — This line item funds enhanced reimbursement to nationally accredited child care providers who provide services to DES child care clients. Although the line item, previously funded from TANF, was eliminated in FY 2002, the department will continue to provide enhanced reimbursement.

Rehabilitation Services Administration

Vocational Rehabilitation Services — This line item funds individually planned services for the disabled designed to return them to the workforce. Services provided include personal and social adjustment, rehabilitation technology, physical or mental restoration (e.g., prosthetics), and vocational training and placement.

The approved amount, \$4,070,700, includes \$3,285,100 GF and \$785,600 Spinal and Head Injuries Trust Fund. The approved amount includes an increase of \$157,300 Spinal and Head Injuries Trust Fund monies for additional services to clients with traumatic head injuries and spinal cord injuries. The federal government provides 78.7% of

funding for every 21.3% of state match. In addition to the state-appropriated monies, DES has secured other sources of state match through agreements with agencies such as the DHS, the Arizona State Schools for the Deaf and the Blind, and the City of Phoenix. The program is expected to serve 1,681 clients at an average annual TF cost of \$6,322 per client. In addition to these clients, the division is also expected to serve 200 clients who are not developmentally disabled at an average annual cost of \$3,622 per client, using federal Social Services Block Grant and Arizona Industries for the Blind monies.

Developmental Disabilities Employment Support — This line item funds long-term support services to persons with developmental disabilities who need additional assistance (e.g., job coaching) to maintain employment. The approved amount, \$6,093,600 GF, includes a decrease of \$(500,000) GF below FY 2002 for an expected increase in federal revenues for Title XIX-eligible clients in this program. There is no net increase or decrease in expected total funds from this change. The program is expected to serve 1,681 clients at an average annual total funds cost of \$3,622 per client.

Independent Living Rehabilitation Services — This line item assists severely disabled individuals in living more independently. Funds are used to purchase technology assistance, adaptive aids and devices, home modifications, and independent living skills training. Funds are also used to provide eye exams and glasses to financially needy persons.

The approved amount, \$2,203,500, is unchanged from FY 2002. It includes \$902,300 GF and \$1,301,200 Spinal and Head Injuries Trust Fund and consists of the following allocations:

- **Services to Individuals:** \$658,200 GF and \$1,301,200 Spinal and Head Injuries Trust Fund to provide independent living services (case management, counseling, or contracted services) to an estimated 7,563 clients.
- **Sight Conservation:** \$244,100 GF to provide 9,208 eye examinations and 6,139 pairs of eyeglasses and other eye appliances at an average cost of \$26.51 per person.

Workforce Development Administration

Summer Youth Program — This line item funds summer youth employment, education, and gang prevention programs for youths from economically disadvantaged areas. The line item, previously funded with GF, was eliminated in FY 2002.

Summer Youth Employment and Training — This line item funds summer youth employment and training programs for at-risk youth. The approved amount, \$1,000,000 GF, is unchanged from FY 2002. The division

will distribute the \$1,000,000 directly to counties, based on population characteristics specified by law. Unlike the Summer Youth Program (*see above*), these monies are distributed directly to county governments with no competitive grant process.

Workforce Investment Act Programs — This line item funds workforce training for dislocated workers and disadvantaged adults and youth. These monies are the state’s allotment of the federal Workforce Investment Act (WIA) Grant, established by Congress in 1998. These monies require legislative appropriation.

The approved amount, \$44,070,600, reflects a decrease of \$(2,000,000) for a transfer to the JOBS line item. The total amount of WIA Grant monies Arizona is expected to receive in FY 2003 (including funds in the operating budget) is shown in *Table 3* below.

<u>Category</u>	<u>Amount</u>
Dislocated Workers	\$13,864,500
Adults	16,481,000
Youth	<u>17,632,000</u>
Total	\$47,977,500

In the event that federal monies under this legislation exceed the approved amounts, a footnote appropriates excess amounts to the department, subject to review by the Joint Legislative Budget Committee. (*Please see footnote #6 for further details.*)

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