

Department of Economic Security
Summary

A.R.S. § 41-1954

Director: John Clayton

JLBC Analyst: Stefan Shepherd

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
COST CENTER SUMMARY			
Administration	42,810,700	42,077,100	41,024,500
Developmental Disabilities	51,780,300	58,516,800	61,985,000
Long Term Care	320,577,700	388,962,800	430,721,600
Benefits and Medical Eligibility	158,920,800	181,212,600	198,046,300
Child Support Enforcement	46,325,800	50,066,400	53,003,400
Aging and Community Services	32,025,400	38,145,800	37,555,900
Children, Youth and Families	154,035,200	167,217,000	156,884,200
Employment and Rehabilitation Services	226,515,600	252,302,100	250,210,000
Lump Sum Reduction	0	0	(3,062,000) ^{1/2/}
TOTAL APPROPRIATIONS	1,032,991,500	1,178,500,600	1,226,368,900
OPERATING BUDGET			
Full Time Equivalent Positions	4,817.8	5,191.8	5,110.5 ^{3/}
Personal Services	100,219,400	111,611,000	117,263,800
Employee Related Expenditures	23,216,100	26,897,200	29,642,200
Professional and Outside Services	16,511,000	16,677,400	16,541,000
Travel - In State	3,243,300	3,612,000	3,612,500
Travel - Out of State	39,300	53,700	53,700
Other Operating Expenditures	34,830,000	32,279,400	30,318,700
Equipment	4,731,900	8,736,200	5,470,500
<i>Operating Subtotal</i>	182,791,000	199,866,900	202,902,400
Special Line Items	850,200,500	978,633,700	1,033,150,200
Lump Sum Reduction	0	0	(9,683,700)
TOTAL APPROPRIATIONS	1,032,991,500	1,178,500,600	1,226,368,900 ^{4/5/6/7/}
FUND SOURCES			
General Fund	427,287,000	461,200,700	437,127,900
<u>Other Appropriated Funds</u>			
Federal Temporary Assistance for Needy Families Block Grant	247,547,400	258,811,300	284,465,800
Federal Child Care and Development Fund Block Grant	82,159,200	80,652,400	94,894,100
Special Administration Fund	1,421,200	4,109,400	2,126,900
Public Assistance Collections Fund	167,100	298,700	313,800
Long Term Care System Fund (Appropriated)	13,590,500	15,747,300	18,030,500
Long Term Care System Fund (Federal Title XIX)	215,430,000	253,909,700	287,624,900 ^{8/}
Child Support Enforcement Administration Fund	9,793,300	11,297,500	12,046,000
Federal Funds (Child Support)	31,503,300	34,021,400	35,317,100 ^{8/}
Domestic Violence Shelter Fund	1,700,000	1,700,000	1,700,000
Child Abuse Prevention Fund	715,800	812,500	1,064,800
Children and Family Services Training Program Fund	10,000	209,600	209,600
Spinal and Head Injuries Trust Fund	1,372,700	2,260,200	2,470,000
Workforce Investment Act Grant	0	47,891,900	47,977,500
Federal Reed Act Grant	294,000	3,578,000	0
Statewide Cost Allocation Plan Fund	0	2,000,000	1,000,000
<i>Subtotal - Other Appropriated Funds</i>	605,704,500	717,299,900	789,241,000
TOTAL APPROPRIATIONS	1,032,991,500	1,178,500,600	1,226,368,900

AGENCY DESCRIPTION — *The department provides an array of services for low-income households and others in need. These services are provided through the following divisions: Administration, Developmental Disabilities; Long Term Care, Benefits and Medical Eligibility; Child Support Enforcement; Aging and Community Services; Children, Youth and Families; and Employment and Rehabilitation Services.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• CPS and Family Builders % response rate	96/100	96/100	100/100	100
• Agencywide customer satisfaction rating (Scale 1 to 5)	NA	NA	Baseline/3.9	3
• Employee satisfaction rating (Scale 1 to 5)	NA	NA	3.6/3.6	3.7

Unfunded FTE — The approved amount includes a General Fund decrease of (131.1) FTE Positions below FY 2002 due to the statewide elimination of unfunded FTE Positions. For details on the methodology used to calculate the reduction, please see the *General Provisions* section at the front of the *Appropriations Report*.

Federal Block Grants — The approved amount includes the appropriation of the state’s Temporary Assistance for Needy Families (TANF) Block Grant allocation. *Table 1* below summarizes expected yearly revenues, expenditures, and fund balances.

As can be seen, the amounts appropriated exceed the amount of TANF Block Grant monies the state is expected to receive in both years. This is possible because the state is expected to have at least \$57,865,300 TANF “on account” with the federal government on June 30, 2002. The excess amount, \$57,753,500 in FY 2003, can be funded from this “reserve account,” leaving an expected balance of \$111,800 on June 30, 2003.

Table 2 on the following page provides detailed information on TANF expenditures and appropriations.

The approved amount also includes the appropriation of the state’s federal Child Care and Development Fund (CCDF) Block Grant. In FY 2003, the state appropriates \$94,894,100 CCDF.

Arizona Works — The approved amount includes monies to continue operation of the Arizona Works pilot welfare program. The program, which has operated since April 1, 1999, replaces the EMPOWER Redesign program in DES’s District I-E, centered around eastern Maricopa County and in Greenlee County. The program provides cash benefits and services to eligible recipients of TANF assistance.

Laws 2002, Chapter 331 ends the Arizona Works pilot on September 30, 2002. After that date, the department will resume administration of the welfare program in those 2 areas.

	FY 2002	FY 2003
Opening Balance	\$ 85,775,700	\$ 57,865,300
TANF Revenues	<u>231,137,200</u>	<u>226,712,300</u>
Total – Available TANF	\$316,912,900	\$284,577,600
Total TANF Expenditures	<u>\$259,047,600</u>	<u>\$284,465,800</u>
Ending Balance	\$ 57,865,300	\$ 111,800
Yearly Surplus/Shortfall	\$ (27,910,400)	\$(57,753,500)

- 1/ Includes lump sum reduction of \$(13,948,100) GF and lump sum supplemental of \$10,886,100 TANF.
- 2/ It is the intent of the Legislature that of the amount appropriated for the agencywide General Fund lump sum reduction a total of \$10,886,100 will be offset by the agencywide Federal Temporary Assistance for Needy Families Block Grant lump sum supplemental. (General Appropriation Act footnote)
- 3/ Includes 643.3 GF, 53.2 OF, and 1,505.3 TF FTE Positions funded from Special Line Items in FY 2003.
- 4/ The above appropriation is in addition to funds granted to the state by the federal government for the same purposes but shall be deemed to include the sums deposited in the State Treasury to the credit of the Department of Economic Security, pursuant to A.R.S. § 42-5029. (General Appropriation Act footnote)
- 5/ A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees and the Director of the Joint Legislative Budget Committee by the 25th of the following month. The report shall include an estimate of (1) potential shortfalls in entitlement programs, (2) potential federal and other funds, such as the statewide assessment for indirect costs, and any projected surplus in state supported programs that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, (3) shortfalls resulting from new leases or renegotiations of current leases and associated costs, and (4) total expenditure authority of the Child Support Enforcement program for the month and year-to-date as compared to prior year totals. (General Appropriation Act footnote)
- 6/ The Department of Economic Security shall report the receipt and intended use of all current and prior year reversions from nonappropriated sources to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 7/ General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as an Operating Lump Sum with Special Line Items by Program.
- 8/ These amounts represent Non-Appropriated Funds and are included in total expenditure authority. Other Appropriated Funds total \$466,299,000.

Table 2

FY 2001-FY 2003 TANF Block Grant Spending

Cost Center/Special Line Item	Actual FY 2001	Estimated FY 2002	Approved FY 2003
Administration			
Operating	\$ 7,150,800	\$ 5,505,500	\$ 5,301,700
Finger Imaging	62,700	287,400	289,500
Lease Purchase Equipment	294,100	645,100	645,000
Public Assistance Collections	150,400	168,200	175,800
Attorney General Legal Services	120,700	132,500	139,500
High Performance Bonus	<u>1,077,600</u>	<u>0</u>	<u>0</u>
Total – Administration	\$ 8,856,300	\$ 6,738,700	\$ 6,551,500
Benefits and Medical Eligibility			
Operating	\$ 7,832,500	\$9,942,300	\$ 10,457,900
TANF Cash Benefits	60,189,900	81,452,400	103,605,900
FLSA Supplement	845,200	1,008,900	1,008,900
Tribal Welfare Reform	447,600	1,000,000	0
Arizona Works Administrative Incentives	150,400	1,292,800	434,300
Food Stamp Outreach and Education	182,200	50,000	0
Tribal Pass-Through Funding	<u>0</u>	<u>398,000</u>	<u>0</u>
Total – Benefits and Medical Eligibility	\$69,647,800	\$95,144,400	\$115,507,000
Aging and Community Services			
Operating	\$ 165,800	\$ 237,300	\$ 245,600
Community and Emergency Services	4,998,900	5,996,000	5,996,000
Coordinated Hunger Program	0	500,000	500,000
Coordinated Homeless Programs	1,528,900	1,583,200	1,583,200
Domestic Violence Prevention	3,594,000	5,115,900	5,115,900
TANF Deposit to Community-Based Marriage and Communication Skills Program Fund	<u>4,100</u>	<u>0</u>	<u>0</u>
Total – Aging and Community Services	\$ 10,291,700	\$13,432,400	\$ 13,440,700
Children, Youth and Families			
Operating	\$ 11,189,600	\$16,435,500	\$ 14,808,800
Children Services	8,353,000	10,174,300	10,174,300
Family Builders Program	5,227,400	6,200,000	6,200,000
Attorney General Legal Services	1,097,300	47,000	47,600
TANF Deposit to SSBG	29,003,600	32,066,500	36,398,200
TANF Deposit to the Joint Substance Abuse Treatment Fund	54,400	333,300	333,300
Homeless Youth Intervention	400,000	400,000	400,000
Permanent Guardianship Subsidy	648,500	859,300	859,300
DHS Pregnancy and Perinatal Prevention Programs	471,100	0	0
Additional Appropriations: Laws 2001, Chapter 345	<u>0</u>	<u>500,000</u>	<u>0</u>
Total – Children, Youth and Families	\$56,444,900	\$67,015,900	\$69,221,500
Employment and Rehabilitation Services			
Operating	\$ 6,053,900	\$ 6,053,800	\$ 6,349,400
JOBS	22,976,900	20,316,600	20,316,600
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
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
Day Care Subsidy	33,917,200	22,599,300	12,471,300
Transitional Child Care	24,115,600	28,383,700	26,419,500
Enhanced Quality Reimbursement	<u>144,000</u>	<u>0</u>	<u>0</u>
Total – Employment and Rehabilitation Services	\$102,306,700	\$ 76,479,900	\$ 68,859,000
Agencywide Lump Sum Supplemental	\$ 0	\$ 0	\$ 10,886,100
TOTAL – DEPARTMENT OF ECONOMIC SECURITY	\$ 247,547,400	\$258,811,300	\$284,465,800
Department of Health Services-Pregnancy Prevention, Perinatal Svcs.	\$ 2,117,300	\$ 6,300	\$ 0
Northern Arizona University-Character Education Training	<u>53,400</u>	<u>230,000</u>	<u>0</u>
TOTAL TANF BLOCK GRANT SPENDING IN BUDGET	\$ 249,718,100	\$242,499,000	\$235,592,100

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