

Department of Economic Security
Benefits and Medical Eligibility

A.R.S. § 41-1954

JLBC Analyst: Stefan Shepherd

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	747.3	620.9	584.9
Personal Services	19,314,700	21,055,700	20,009,500
Employee Related Expenditures	5,539,500	5,567,300	5,062,800
Professional and Outside Services	3,545,200	3,018,300	2,963,500
Travel - In State	514,300	530,100	509,700
Other Operating Expenditures	2,202,800	2,124,900	2,401,600
Equipment	420,700	0	0
OPERATING SUBTOTAL	31,537,200	32,296,300	30,947,100 ^{1/}
SPECIAL LINE ITEMS			
TANF Cash Benefits	126,861,100	155,016,600	164,540,100 ^{2/3/}
FLSA Supplement	752,400	1,008,900	1,008,900
Tribal Pass-Through Funding	4,212,800	4,212,800	4,288,700
Tribal Welfare Reform	187,000	0	0
Arizona Works Administrative Incentives	761,100	434,300	0
Outreach and Naturalization	85,000	0	0
General Assistance	5,423,900	2,130,400	4,260,800
Tuberculosis Control	19,300	32,200	32,200
Institutional Support Payments	182,900	266,400	0
Food Stamp Outreach Education	43,500	0	0
PROGRAM TOTAL	170,066,200	195,397,900	205,077,800 ^{4/}
FUND SOURCES			
General Fund	82,865,500	79,890,900	83,307,700
<u>Other Appropriated Funds</u>			
Federal TANF Block Grant	87,200,700	115,507,000	121,770,100
SUBTOTAL - Other Appropriated Funds	87,200,700	115,507,000	121,770,100
PROGRAM TOTAL	170,066,200	195,397,900	205,077,800

COST CENTER DESCRIPTION — *The program develops policy and operating procedures, determines eligibility, pays benefits and carries out an evaluation and monitoring program for the following programs: Temporary Assistance for Needy Families (TANF), Food Stamps, General Assistance (GA), Tuberculosis Control, and Institutional Support Payments.*

	FY 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Appropriation
PERFORMANCE MEASURES				
• % of Cash Benefits issued timely	98.6	99.0	98.6	98.6
• % of total Cash Benefits payments issued accurately	95.0	95.3	95.0	95.0
• % of total Food Stamps payments issued accurately	95.0	95.5	95.0	95.0
• % of clients satisfied with Family Assistance Admin.	87.7	92.0	88.2	93.0

^{1/} The Operating Lump Sum Appropriation may be expended on Arizona Health Care Cost Containment System eligibility determinations based on the results of the Arizona random moment sampling survey. (General Appropriation Act footnote)

^{2/} Notwithstanding A.R.S. § 35-173C, any transfer to or from the \$164,540,100 appropriated for Temporary Assistance for Needy Families Cash Benefits requires approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote)

^{3/} Of the amount appropriated for Temporary Assistance for Needy Families Cash Benefits, \$1,500,000 reflects appropriation authority only to ensure sufficient cashflow to administer cash benefits for tribes operating their own welfare programs. The department shall notify the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting staff before the use of any of the \$1,500,000 appropriation authority. (General Appropriation Act footnote)

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

Administrative Adjustments — The approved amount includes 3 policy changes from FY 2003 in the division’s operating budget:

- **15% Administrative Reduction:** A Federal TANF Block Grant decrease of \$(1,556,800) and (36) FTE Positions for a 15% reduction in TANF-funded administrative staff.
- **Unspecified Increase:** A General Fund increase of \$436,000 for general administrative purposes.
- **Hopi Tribal Adjustment:** A General Fund decrease of \$(75,900) for a transfer to the Tribal Pass-Through line item. *(Please see Tribal Pass-Through discussion below for further details.)*

Technical Adjustments — The FY 2004 approved amount includes technical adjustments for Employee Related Expenditures, Other Fund health and dental insurance changes, and Other Fund retirement changes. *(Please see the General Provisions section at the end of this Appropriations Report for further details on these changes.)*

The approved amount includes a General Fund increase of \$75,500 above FY 2003 for technical realignments in the department. *(Please see the Summary section for further details.)*

Special Line Items

TANF Cash Benefits — Monies in this line item provide financial assistance on a temporary basis to needy dependent children in their own homes or in the homes of responsible caretaker relatives. The approved amount includes \$52,803,400 from the General Fund and \$111,736,700 from the TANF Block Grant.

The approved amount includes changes from FY 2003 for the following policy issues:

- **Caseload Increases:** An increase of \$1,392,700 GF and \$11,108,400 TANF associated with estimated caseload growth of 3.4% from June 2003 to June 2004.
- **Hopi Tribal Program:** A decrease of \$(277,600) TANF associated with the Hopi Tribe operating their own welfare program. The Hopi Tribe will receive TANF monies from the federal government for program costs, including benefits.
- **Reduced Expenditure Authority:** A decrease of \$(2,700,000) TANF associated with the Navajo Nation no longer processing their benefits through the state’s welfare system. The 4 other tribes operating their own welfare program pay the state for benefits on a reimbursement basis. *(Please see footnote #3 for further details.)*

The approved amount is expected to provide \$107.38 monthly to an average of 126,532 recipients (or \$273.73 to 49,636 cases), including regular, 2-parent, and child-only cases.

Fair Labor Standards Act Supplement — In addition to regular TANF Cash Benefits, this program pays cash supplements to certain TANF clients participating in unpaid work activities and community work experience programs. These supplements ensure that clients’ participation in these programs meets Fair Labor Standards Act (FLSA) requirements. The approved amount is funded from the TANF Block Grant and is unchanged from FY 2003.

Tribal Pass-Through Funding — The approved amount, reflects General Fund monies passed through to Native American tribes operating their own welfare programs. This amount is allocated as shown in *Table 1*.

Tribes	Total
Navajo	\$2,361,700
Salt River	
Pima-Maricopa	322,400
Pascua Yaqui	721,600
White Mountain	
Apache	807,000
Hopi	75,900
Total	\$4,288,700^{1/}

^{1/} Note: Numbers do not add due to rounding

The approved amount includes a TANF increase of \$75,900 above FY 2003 for the Hopi Tribe administering its own welfare program.

In addition to monies in this line item, the 5 tribes independently receive \$20,156,900 TANF from the Federal Government.

Tribal Welfare Reform — Monies in this line item help fund tribal welfare reform efforts. Funding for this line item was eliminated in FY 2003.

Arizona Works Administrative Incentives — Monies in this line item fund additional performance incentives for the Arizona Works program. Funding for this line item was eliminated in FY 2004 to reflect the elimination of the Arizona Works pilot program on October 1, 2002.

Outreach and Naturalization — This program funds outreach and naturalization efforts targeted to legal immigrants losing Food Stamps and health coverage as a result of welfare reform. Funding for this line item was eliminated in FY 2003.

General Assistance — This program provides financial assistance to persons who are unemployable because of a physical or mental disability. Eligibility is limited to 12 months out of every 36-month period. Extensions of 6 months are allowed if a recipient is currently appealing an

adverse decision by the Social Security Administration regarding federal benefits.

The approved amount includes a General Fund increase of \$2,130,400 above FY 2003 to reflect current caseloads in the program. The agency did internal transfers in FY 2003 to fund the higher than appropriated caseloads. The estimated components of the appropriation are:

- **Benefits:** \$4,804,800 for an average monthly benefit of \$154 paid to 2,600 clients.
- **Retroactive Payments:** \$(930,000) for federal reimbursement for recipients later accepted into the federal Supplemental Security Income (SSI) program.
- **Application Assistance:** \$278,000 to provide recipients with SSI application assistance.
- **Medical Examinations:** \$108,000 for 2,978 medical exams at \$35.83 per exam and 28 medical consultation hours at \$46.32 per hour.

In addition, the Health and Welfare Omnibus Reconciliation Bill (ORB) (Laws 2003, Chapter 265), permits the department to implement a waiting list or other cost-saving measures in the program. The department is required to report to the Joint Legislative Budget Committee within 15 days of imposing such measures.

Tuberculosis Control — This program provides financial assistance to persons certified unemployable by the state Tuberculosis Control Office because of communicable tuberculosis, as outlined in A.R.S. § 36-716. The approved amount, funded with General Fund monies, is unchanged from FY 2003 and will permit average monthly payments of \$134 to 20 clients.

Institutional Support Payments — This program provides an optional state supplemental payments program, as outlined in A.R.S. § 46-252. The program provides \$50 monthly payments to persons residing in a licensed supervisory care home, an adult foster care home, or a person who is seriously mentally ill and residing in a 24-hour residential treatment facility licensed by the Department of Health Services. The approved amount includes a General Fund decrease of \$(266,400) below FY 2003 to reflect a suspension of the program in FY 2004 as mandated by the Health and Welfare ORB.

Food Stamp Outreach and Education — This line item hires current or former TANF recipients to conduct Food Stamp outreach and education. Funding for this line item was eliminated in FY 2003.

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