Department of Economic Security
Benefits and Medical Eligibility

JLBC: Stefan Shepherd
OSPB: Matt Gottheiner

DESCRIPTION	FY 2003 ACTUAL	FY 2004 ESTIMATE	FY 2005 OSPB	FY 2005 JLBC
OPERATING BUDGET				
Full Time Equivalent Positions	620.9	584.9		584.9
Personal Services	20,269,500	19,855,900		19,855,900
Employee Related Expenditures	5,942,500	6,095,600		6,095,600
Professional and Outside Services	2,598,600	2,859,300		2,859,300
Travel - In State	289,400	210,000		210,000
Other Operating Expenditures	2,307,100	1,926,300		1,926,300
Equipment	140,400	0		0
OPERATING SUBTOTAL	**31,547,500**	**30,947,100**		**30,947,100**
SPECIAL LINE ITEMS				
TANF Cash Benefits	154,340,900	164,540,100		173,970,500
FLSA Supplement	425,600	1,008,900		1,008,900
Tribal Pass-Through Funding	4,212,800	4,288,700		4,288,700
Arizona Works Administrative Incentives	434,300	0		0
General Assistance	3,935,800	4,260,800		4,260,800
Tuberculosis Control Payments	20,000	32,200		32,200
Institutional Support Payments	175,700	0		0
PROGRAM TOTAL	**195,092,600**	**205,077,800**		**214,508,200**
FUND SOURCES				
General Fund	80,510,200	83,307,700		83,307,700
Other Appropriated Funds				
Federal TANF Block Grant	114,582,400	121,770,100		131,200,500
SUBTOTAL - Other Appropriated Funds	114,582,400	121,770,100		131,200,500
SUBTOTAL - Appropriated Funds	**195,092,600**	**205,077,800**		**214,508,200**
Other Non-Appropriated Funds	100,300	270,000		270,000
Federal Funds	103,457,700	109,692,500		109,692,500
TOTAL - ALL SOURCES	298,650,600	315,040,300		324,470,700

CHANGE IN FUNDING SUMMARY

	FY 2004 to FY 2005 JLBC $ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	9,430,400	7.7%
Total Appropriated Funds	9,430,400	4.6%
Non Appropriated Funds	0	0.0%
Total - All Sources	9,430,400	3.0%

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.

PERFORMANCE MEASURES	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Recommend.
• % of Cash Benefits issued timely	98.6	96.5	98.6	98.6
• % of total Cash Benefits payments issued accurately	95.0	95.6	95.0	95.0
• % of total Food Stamps payments issued accurately	95.0	92.7	95.0	95.0
• % of clients satisfied with Family Assistance Admin.	88.2	NA	93.0	93.0

Comments: The agency did not report information for any measure labeled as "NA."

RECOMMENDED CHANGES FROM FY 2004

Operating Budget

The JLBC recommends $30,947,100 for the operating budget in FY 2005. This amount includes $21,922,600 from the General Fund and $9,024,500 from the Federal TANF Block Grant. These amounts are unchanged from FY 2004.

Special Line Items

TANF Cash Benefits
The JLBC recommends $173,970,500 for TANF Cash Benefits in FY 2005. 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 recommended amounts include $52,803,400 from the General Fund and $121,167,100 from the TANF Block Grant. These amounts would fund the following adjustments:

Caseload Growth OF 10,430,400
The JLBC recommends an increase of $10,430,400 from the TANF Block Grant for new caseload growth in the TANF Cash Benefits line item. The recommended amount assumes caseload growth of 3.4% from June 2004 to June 2005. The recommended amount is expected to provide $107.69 monthly to an average of 134,624 recipients, including regular, 2-parent, and child-only cases.

Reduced Tribal Float OF (1,000,000)
The JLBC recommends a decrease of $(1,000,000) from the TANF Block Grant for a decrease in the amount of "float" in the TANF Cash Benefits line item. DES currently pays TANF Cash Benefits on behalf of 4 tribes who administer their own welfare programs. These tribes then reimburse the department for the TANF Cash Benefit costs. The recommended amount would decrease the amount of float from $1,500,000 (3-4 months of benefits) to $500,000 (about 1 month). Because this is float, this does not produce actual TANF Block Grant savings as TANF Block Grant revenues are artificially adjusted upward to account for the float.

Fair Labor Standards Act Supplement
The JLBC recommends $1,008,900 from the TANF Block Grant for Fair Labor Standards Act (FLSA) Supplement in FY 2005. This amount is unchanged from FY 2004. 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 FLSA requirements.

Tribal Pass-Through Funding
The JLBC recommends $4,288,700 from the General Fund for Tribal Pass-Through Funding in FY 2005. This amount is unchanged from FY 2004. Monies in this line item are passed through to Native American tribes operating their own welfare programs, allocated as shown in *Table 1.*

Table 1

Tribal Pass-Through Funding Components

Tribe	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

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

Arizona Works Administrative Incentives
The JLBC recommends no funding from the TANF Block Grant for Arizona Works Administrative Incentives in FY 2005. Funding for this line item was eliminated in FY 2004 to reflect the elimination of the Arizona Works pilot program on October 1, 2002.

General Assistance
The JLBC recommends $4,260,800 from the General Fund for General Assistance in FY 2005. This amount is unchanged from FY 2004. 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.

Tuberculosis Control Payments
The JLBC recommends $32,200 from the General Fund for Tuberculosis Control Payments in FY 2005. This amount is unchanged from FY 2004. The 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.

Institutional Support Payments
The JLBC recommends no funding from the General Fund for Institutional Support Payments in FY 2005. This amount is unchanged from FY 2004. 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 program was suspended in FY 2004 by a provision in the Health and Welfare Omnibus Reconciliation Bill (Laws 2003, Chapter 265). The JLBC recommends a statutory provision again temporarily suspending in FY 2005 the Institutional Support Payments program.

* * *

JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Program

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes
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.

Notwithstanding A.R.S. § 35-173C, any transfer to or from the $173,970,500 appropriated for Temporary Assistance for Needy Families Cash Benefits requires approval of the Joint Legislative Budget Committee.

Of the amount appropriated for Temporary Assistance for Needy Families Cash Benefits, ~~$1,500,000~~ $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~~ $500,000 appropriation authority. *(The JLBC recommends reducing the amount of "float" available to the department. See TANF Cash Benefits for more information.)*

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends a statutory provision again temporarily suspending in FY 2005 the Institutional Support Payments program. *See Institutional Support Payments for further description of this issue.*

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

FY 2004 Supplemental
If current trends in TANF Cash Benefit expenditures continue in FY 2004, it is possible that the line item will need additional funding to meet current caseload levels. The Legislature may need to resolve this shortfall by finding an alternative funding source for the TANF programs or by reducing TANF spending.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

Click here to return to the Table of Contents