

Department of Economic Security
Benefits and Medical Eligibility

A.R.S. § 41-1954

JLBC Analyst: Stefan Shepherd

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	584.9	584.9	569.9
Personal Services	18,730,200	20,181,500	20,528,600
Employee Related Expenditures	7,431,500	6,344,200	6,768,000
Professional and Outside Services	1,518,800	2,859,300	2,859,300
Travel - In State	181,300	210,000	210,000
Other Operating Expenditures	2,083,700	1,926,300	1,909,000
Equipment	1,001,500	0	0
OPERATING SUBTOTAL	30,947,000	31,521,300	32,274,900^{1/}
SPECIAL LINE ITEMS			
TANF Cash Benefits	171,508,100	168,235,400	152,859,100 ^{2/3/}
FLSA Supplement	459,400	1,008,900	508,900
Tribal Pass-Through Funding	4,123,300	4,288,700	4,288,700
General Assistance	3,993,500	4,260,800	4,260,800
Tuberculosis Control Payments	34,200	32,200	32,200
PROGRAM TOTAL	211,065,500	209,347,300	194,224,600^{4/}
FUND SOURCES			
General Fund	82,175,600	95,457,100	88,016,300
<u>Other Appropriated Funds</u>			
Federal TANF Block Grant	128,889,900	113,890,200	106,208,300
SUBTOTAL - Other Appropriated Funds	128,889,900	113,890,200	106,208,300
SUBTOTAL - Appropriated Funds	211,065,500	209,347,300	194,224,600
Other Non-Appropriated Funds	189,000	300,000	300,000
Federal Funds	97,592,500	99,955,400	99,955,400
TOTAL - ALL SOURCES	308,847,000	309,602,700	294,480,000

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	FY 2004	FY 2006
	Actual	Actual	Approved
• % of Cash Benefits issued timely	96.5	92.0	98.6
• % of total Cash Benefits payments issued accurately	95.6	90.9	95.0
• % of total Food Stamps payments issued accurately	92.7	93.6	95.0
• % of clients satisfied with Family Assistance Admin.	90.2	88.7	93.0

Comments: The % of Cash Benefits and Food Stamps payments issued accurately measure is based on a federal fiscal year.

- ^{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 \$152,859,100 appropriated for Temporary Assistance for Needy Families Cash Benefits requires review of the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{3/} Of the amount appropriated for Temporary Assistance for Needy Families Cash Benefits, \$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 \$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.

Operating Budget

The budget provides \$32,274,900 for the operating budget in FY 2006. This amount consists of \$23,126,400 from the General Fund and \$9,148,500 from the Federal TANF Block Grant.

The approved amount includes an increase of \$828,400 in FY 2006 for statewide adjustments. This amount consists of \$486,500 from the General Fund and \$341,900 from the Federal TANF Block Grant.

The approved amount also includes a decrease of \$(74,800) and (15) FTE Positions from the General Fund in FY 2006 for the elimination of vacant FTE Positions. By reducing the number of vacant FTE Positions, the budget reduced the amount of money appropriated for health, dental, and life insurance. These monies are passed through directly to the Arizona Department of Administration for statewide insurance costs and will not affect the amount of monies the agency has for other purposes. All other funding for these vacant positions had been previously eliminated.

Special Line Items

TANF Cash Benefits

The budget provides \$152,859,100 for TANF Cash Benefits in FY 2006. This amount consists of \$56,308,200 from the General Fund and \$96,550,900 from the Federal TANF Block Grant. Monies in this line item provide financial assistance on a temporary basis to dependent children in their own homes or in the homes of responsible caretaker relatives. Financial eligibility is currently set at 36% of the 1992 Federal Poverty Level.

The approved amount includes a decrease of \$(15,376,300) in FY 2006 due to a decline in the number of qualifying households. This amount consists of \$(8,070,400) from the General Fund and \$(7,305,900) from the Federal TANF Block Grant. The approved amount assumes an average of 106,470 recipients receiving \$119.25 monthly. With the improvement in the economy, the number of recipients is expected to decline 1.4%, from 105,726 in June 2005 to 104,263 in June 2006.

Fair Labor Standards Act Supplement

The budget provides \$508,900 from the Federal TANF Block Grant for Fair Labor Standards Act (FLSA) Supplement in FY 2006. The approved amount includes a decrease of \$(500,000) from the Federal TANF Block Grant in FY 2006 to reflect current expenditures. 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 budget provides \$4,288,700 from the General Fund for Tribal Pass-Through Funding in FY 2006. This amount is unchanged from FY 2005. Monies in this line item are passed through to Native American tribes operating their own welfare programs, allocated as shown in *Table 1*. A.R.S. § 46-134 authorizes DES to provide monies to a tribal government electing to operate their own cash assistance program. The amount is roughly equivalent to what the state would be spending on the population if the state still had responsibility for the case assistance program for any particular tribe.

Table 1
Tribal Pass-Through Funding Components

<u>Tribes</u>	<u>Total</u>
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.

General Assistance

The budget provides \$4,260,800 from the General Fund for General Assistance in FY 2006. This amount is unchanged from FY 2005. 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 consists of the following estimated components:

- **Benefits:** \$5,836,800 for an average monthly benefit of \$152 paid to 3,200 clients.
- **Retroactive Payments:** \$(1,962,000) 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.

Tuberculosis Control Payments

The budget provides \$32,200 from the General Fund for Tuberculosis Control Payments in FY 2006. This amount is unchanged from FY 2005. 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, and will permit average monthly payments of \$134 to 20 clients.

Additional Legislation

Institutional Support Payments

The budget provides no funding from the General Fund for Institutional Support Payments in FY 2006. This amount is unchanged from FY 2005. This program was permanently eliminated by a provision in the Health Budget Reconciliation Bill (Laws 2005, Chapter 328). The program had been temporarily suspended annually since FY 2004. This program provided an optional state supplemental payments program, as outlined in A.R.S. § 46-252. The program provided \$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.