Department of Economic Security

A.R.S. § 41-195

Summary

Director: David A. Berns

JLBC Analyst: Stefan Shepherd/Eric Jorgensen/John Malloy

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
PROGRAM BUDGET			
Administration	32,574,100	38,864,100	39,479,300
Developmental Disabilities	54,136,900	66,842,800	69,599,500
Long Term Care	474,809,400	586,297,600	637,759,200
Benefits and Medical Eligibility	211,065,500	209,347,300	194,224,600
Child Support Enforcement	46,869,800	53,751,200	56,097,400
Aging and Community Services	32,981,000	36,321,400	39,446,800
Children, Youth and Families	181,673,700	207,713,900	238,231,700
Employment and Rehabilitation Services	227,190,300	273,272,500	287,194,700
AGENCY TOTAL	**1,261,300,700**	**1,472,410,800**	**1,562,033,200**
OPERATING BUDGET			
Full Time Equivalent Positions	5,173.4	5,425.3	5,608.9[1/]
Personal Services	108,109,100	128,649,700	134,584,500
Employee Related Expenditures	35,391,800	38,244,600	44,364,300
Professional and Outside Services	11,408,600	21,538,000	21,364,500
Travel - In State	2,408,300	3,196,000	3,590,600
Travel - Out of State	21,400	42,400	42,400
Other Operating Expenditures	28,153,200	31,397,200	31,694,200
Equipment	6,080,400	4,640,400	7,149,900
OPERATING SUBTOTAL	191,572,800	227,708,300	242,790,400
Special Line Items (SLI)	1,069,727,900	1,244,702,500	1,319,242,800[2/3/4/5/]
AGENCY TOTAL	**1,261,300,700**	**1,472,410,800**	**1,562,033,200**
FUND SOURCES			
General Fund	462,455,300	606,123,800	630,214,300
Other Appropriated Funds			
Child Abuse Prevention Fund	800,900	1,567,500	1,569,700
Child Support Enforcement Administration Fund	9,942,200	12,666,000	13,197,800
Children and Family Services Training Program Fund	74,600	209,600	209,600
Domestic Violence Shelter Fund	1,571,000	1,700,000	1,700,000
Federal CCDF Block Grant	120,431,800	104,475,100	116,188,100
Federal TANF Block Grant	240,746,600	226,539,400	246,471,100
Job Training Fund	3,169,600	3,914,400	0
Long Term Care System Fund (Appropriated)	15,764,900	24,339,400	24,431,900
Public Assistance Collections Fund	272,700	457,700	473,000
Risk Management Fund	0	742,300	271,500
Special Administration Fund	789,600	2,142,200	2,158,500
Spinal and Head Injuries Trust Fund	1,781,800	2,491,700	2,508,300
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
Utility Assistance Fund	323,300	500,000	500,000
Workforce Investment Act Grant	47,396,600	52,344,900	55,706,300
SUBTOTAL - Other Appropriated Funds	443,065,600	435,090,200	466,385,800
SUBTOTAL - Appropriated Funds	**905,520,900**	**1,041,214,000**	**1,096,600,100**
Expenditure Authority Funds			
Federal Funds	32,247,200	35,870,900	37,445,800
Long Term Care System Fund (Federal Match)	323,532,600	395,325,900	427,987,300
SUBTOTAL - Expenditure Authority Funds	355,779,800	431,196,800	465,433,100
SUBTOTAL - Appropriated/Expenditure Authority Funds	**1,261,300,700**	**1,472,410,800**	**1,562,033,200**
Other Non-Appropriated Funds	426,825,500	452,239,400	452,277,900
Federal Funds	429,180,000	471,346,500	472,663,000
TOTAL - ALL SOURCES	2,117,306,200	2,395,996,700	2,486,974,100

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 2003 Actual	FY 2004 Actual	FY 2006 Approved
• Agencywide customer satisfaction rating (Scale 1 to 5)	4.0	3.6	4.2

Comments: The agencywide customer satisfaction rating has declined from a high of 4.1 in FY 2002, returning to its FY 2001 level of 3.6.

Federal Block Grants

The budget provides for the appropriation of the state's federal Temporary Assistance for Needy Families (TANF) Block Grant allocation. *Table 1* summarizes expected yearly revenues, expenditures, and fund balances.

The table shows how ongoing revenues and expenditures from the TANF Block Grant are in balance in FY 2005 and FY 2006. In order to address an expected FY 2004 shortfall, DES "rolled forward" $11,000,000 of State Fiscal Year (SFY) 2005 TANF Block Grant revenues into SFY 2004. In "rolling forward" revenue, DES received about 80% of its Federal Fiscal Year (FFY) 2004 grant in SFY 2004 as permitted by federal law; typically, DES would have received 75% of its FFY 2004 grant in SFY 2004. That created an $11,000,000 shortfall in FY 2005. The budget assumes a new "roll-forward" of FFY 2005 TANF monies from SFY 2006 into SFY 2005, as well as a "roll-forward" of FFY 2006 TANF monies from SFY 2007 into SFY 2006.

Table 2 provides detailed information on TANF expenditures and appropriations.

Table 1

TANF Block Grant Summary

	FY 2005	FY 2006
Opening Balance	$ 22,878,100	$ 22,969,200
TANF Base Revenues	226,630,500	226,630,500
TANF FY 05 Roll-Forward	(11,000,000)	0
TANF FY 06 Roll-Forward	11,000,000	(11,000,000)
TANF FY 06 Roll-Forward	0	11,000,000
Total – Available TANF	249,508,600	249,599,700
Total TANF Expenditures 1/	226,539,400	246,471,100
Ending Balance	$22,969,200	$3,128,600
Structural Surplus/Shortfall 2/	$91,100	$(19,840,600)

1/ Includes $2,999,200 appropriated for additional Child Protective Services staff upon presentation and review of Arizona-specific workload standards.
2/ Difference between Base Revenues and Total Expenditures.

1/ Includes 728.7 GF, 109.2 OF, and 951.1 EA FTE Positions funded from Special Line Items in FY 2006.
2/ 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)
3/ 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 of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee by the 30th 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)
4/ 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)
5/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

Table 2

TANF Block Grant Spending

Cost Center/Special Line Item	Approved FY 2005	FY 2006 Change	Approved FY 2006
Administration			
Operating	4,288,800	334,300	4,623,100
Finger Imaging	265,200	8,100	273,300
Lease Purchase Equipment	661,000	0	661,000
Public Assistance Collections	230,200	7,500	237,700
Attorney General Legal Services	142,600	7,100	149,700
Total – Administration	5,587,800	357,000	5,944,800
Benefits and Medical Eligibility			
Operating	9,024,500	124,000	9,148,500
TANF Cash Benefits	103,856,800	(7,305,900)	96,550,900
FLSA Supplement	1,008,900	(500,000)	508,900
Total – Benefits and Medical Eligibility	113,890,200	(7,681,900)	106,208,300
Aging and Community Services			
Operating	213,400	9,700	223,100
Community and Emergency Services	5,424,900	0	5,424,900
Coordinated Hunger Program	500,000	0	500,000
Coordinated Homeless Programs	1,649,500	0	1,649,500
Domestic Violence Prevention	5,120,700	1,500,000	6,620,700
Total – Aging and Community Services	12,908,500	1,509,700	14,418,200
Children, Youth and Families			
Operating	20,267,100	7,028,700	27,295,800
Adoption Services	5,186,100	5,500,000	10,686,100
Adoption - Family Preservation Projects	0	1,000,000	1,000,000
Children Services	9,412,100	(9,412,100)	0
Children Services/TANF Deposit to SSBG	22,613,100	(22,613,100)	0
Children Support Services	0	12,129,100	12,129,100
Emergency Placement	0	4,206,400	4,206,400
Foster Care Placement	0	6,223,100	6,223,100
Residential Placement	0	13,966,600	13,966,600
Healthy Families	5,034,200	0	5,034,200
Family Builders Program	5,200,000	0	5,200,000
Attorney General Legal Services	48,700	(900)	47,800
TANF Dep. to Jt S.A. Treatment Fund (Families FIRST)	2,000,000	0	2,000,000
Homeless Youth Intervention	400,000	0	400,000
Permanent Guardianship Subsidy	859,300	0	859,300
Total – Children, Youth and Families	71,020,600	18,027,800	89,048,400
Employment and Rehabilitation Services			
Operating	4,893,200	319,100	5,212,300
JOBS	17,316,600	302,200	17,618,800
Work-Related Transportation	302,200	(302,200)	0
Day Care Subsidy	620,300	7,400,000	8,020,300
Total – Employment and Rehabilitation Services	23,132,300	7,719,100	30,851,400
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	**$226,539,400**	**$19,931,700**	**$246,471,100**
Beginning Balance	22,878,100		22,969,200
TANF Base Revenues	226,630,500		226,630,500
TANF FY 2005 "Roll-Forward"	(11,000,000)		0
TANF FY 2006 "Roll-Forward"	11,000,000		(11,000,000)
TANF FY 2007 "Roll-Forward"	0		11,000,000
Total TANF Revenues	249,508,600		249,599,700
TANF Expenditures	226,539,400		246,471,100
Ending Balance	$22,969,200		$3,128,600