

Department of Economic Security
Summary

A.R.S. § 41-195

Director: David A. Berns

JLBC Analyst: Eric Jorgensen/Russell Frandsen

	FY 2005	FY 2006	FY 2007
	Actual	Estimate	Approved
PROGRAM BUDGET			
Administration	35,595,500	39,773,800	42,469,800
Developmental Disabilities	52,253,700	69,778,200	67,875,200
Long Term Care	542,395,700	639,175,500	705,840,400
Benefits and Medical Eligibility	189,761,600	194,737,100	179,629,600
Child Support Enforcement	47,212,600	56,852,600	60,102,000
Aging and Community Services	31,879,800	39,526,600	50,985,500
Children, Youth and Families	200,701,100	239,630,900	273,705,500
Employment and Rehabilitation Services	244,434,800	287,623,800	301,168,800
AGENCY TOTAL	1,344,234,800	1,567,098,500	1,681,776,800
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,425.3	5,608.9	5,680.8 ^{1/2}
Personal Services	116,962,100	135,028,400	143,229,300
Employee Related Expenditures	37,715,600	44,318,600	50,508,900
Professional and Outside Services	11,897,800	11,049,500	11,079,900
Travel - In State	2,396,100	3,425,500	3,430,700
Travel - Out of State	44,200	40,300	40,300
Other Operating Expenditures	39,689,100	48,247,900	51,366,600
Equipment	4,256,100	4,139,700	4,321,700
OPERATING SUBTOTAL	212,961,000	246,249,900	263,977,400
Special Line Items (SLI)	1,131,273,800	1,320,848,600	1,417,799,400
AGENCY TOTAL	1,344,234,800	1,567,098,500	1,681,776,800 ^{2/3/4/5}
FUND SOURCES			
General Fund	557,662,200	632,655,200	718,950,200
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	74,200	1,570,600	1,574,900
Child Support Enforcement Administration Fund	10,120,300	13,393,000	14,287,200
Children and Family Services Training Program Fund	81,800	209,600	209,600
Domestic Violence Shelter Fund	1,571,000	1,700,000	1,700,000
Federal CCDF Block Grant	99,588,700	116,355,700	117,114,900
Federal TANF Block Grant	219,233,500	247,160,400	232,894,600
Homeless Trust Fund	0	0	850,000
Job Training Fund	3,311,700	0	0
Long Term Care System Fund (Non-Federal Matched)	18,786,200	24,433,700	21,897,200
Public Assistance Collections Fund	228,000	478,300	502,600
Risk Management Fund	699,200	271,500	271,500
Special Administration Fund	626,400	2,164,800	2,193,600
Spinal and Head Injuries Trust Fund	2,347,200	2,516,100	2,551,400
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
TTHCF Medically Needy Account	0	0	200,000
Utility Assistance Fund	287,500	500,000	500,000
Workforce Investment Act Grant	45,450,100	55,736,100	55,871,400
SUBTOTAL - Other Appropriated Funds	402,405,800	467,489,800	453,618,900
SUBTOTAL - Appropriated Funds	960,068,000	1,100,145,000	1,172,569,100
<u>Expenditure Authority Funds</u>			
Federal Funds	32,534,800	37,954,200	40,096,300
Long Term Care System Fund (Federal Match)	351,632,000	428,999,300	469,111,400
SUBTOTAL - Expenditure Authority Funds	384,166,800	466,953,500	509,207,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,344,234,800	1,567,098,500	1,681,776,800
<u>Other Non-Appropriated Funds</u>			
Other Non-Appropriated Funds	266,933,800	301,724,600	301,724,600
Federal Funds	482,082,000	507,995,700	528,844,200
TOTAL - ALL SOURCES	2,093,250,600	2,376,818,800	2,512,345,600

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	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	Approved
• Agencywide customer satisfaction rating (Scale 1 to 5)	4.0	3.6	NA	3.7
Comments: The agency did not submit any information on this performance measure for FY 2005.				

Federal Block Grants

The budget appropriates \$232,894,600 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 compares ongoing revenues and expenditures from the TANF Block Grant. For FY 2007, the TANF Block Grant currently has an estimated shortfall of \$(4,861,500). This shortfall may be addressed by the FY 2006 ending balance being higher than currently projected.

Table 2 provides detailed information on TANF expenditures and appropriations

	<u>FY 2006</u>	<u>FY 2007</u>
Beginning Balance	\$ 20,932,500	\$ 1,402,600
TANF Base Revenues	<u>226,630,500</u>	<u>226,630,500</u>
Total – Available TANF	247,563,000	228,033,100
Total TANF Expenditures	<u>247,160,400</u>	<u>232,894,600</u>
Ending Balance	\$1,402,600 ^{1/}	\$(4,861,500)
Structural Surplus/Shortfall ^{2/}	\$(20,529,900)	\$(6,264,100)

^{1/} Assumes that the Adoption Services – Family Preservation Projects line item appropriation is unexpended in FY 2006 and reverted.
^{2/} Difference between Base Revenues and Total Expenditures.

^{1/} Includes 714.7 GF, 56.2 OF, and 1048.1 EA FTE Positions funded from Special Line Items in FY 2007.
^{2/} The above appropriations are 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 Chairpersons 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

<u>Cost Center/Special Line Item</u>	<u>Approved FY 2006</u>	<u>FY 2007 Change</u>	<u>Approved FY 2007</u>
Administration			
Operating	4,644,800	94,300	4,739,100
Finger Imaging	273,900	2,800	276,700
Lease-Purchase Equipment	661,000	0	661,000
Public Assistance Collections	240,300	11,200	251,500
Attorney General Legal Services	152,100	10,400	162,500
Total – Administration	5,972,100	118,700	6,090,800
Benefits and Medical Eligibility			
Operating	9,317,900	^{1/} 736,900	10,054,800
TANF Cash Benefits	96,550,900	^{1/} (17,253,700)	79,297,200
FLSA Supplement	508,900	0	508,900
Total – Benefits and Medical Eligibility	106,377,700	(16,516,800)	89,860,900
Aging and Community Services			
Operating	226,400	13,900	240,300
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	6,620,700	0	6,620,700
Total – Aging and Community Services	14,421,500	13,900	14,435,400
Children, Youth and Families			
Operating	27,686,700	1,691,700	29,378,400
Adoption Services	10,686,100	0	10,686,100
Adoption - Family Preservation Projects	1,000,000	0	1,000,000
Children Support Services	12,129,100	^{1/} 0	12,129,100
CPS Emergency Placement	4,206,400	0	4,206,400
CPS Residential Placement	13,966,600	0	13,966,600
Foster Care Placement	6,223,100	0	6,223,100
Healthy Families	5,034,200	0	5,034,200
Family Builders Program	5,200,000	0	5,200,000
Attorney General Legal Services	48,400	2,100	50,500
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	89,439,900	1,693,800	91,133,700
Employment and Rehabilitation Services			
Operating	5,310,100	424,600	5,734,700
JOBS	17,618,800	0	17,618,800
Work-Related Transportation	0	0	0
Day Care Subsidy	8,020,300	0	8,020,300
Total – Employment and Rehabilitation Services	30,949,200	424,600	31,373,800
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$247,160,400	(\$14,265,800)	\$232,894,600
Beginning Balance	20,932,500		1,402,600
TANF Base Revenues	226,630,500		226,630,500
Total TANF Revenues	247,563,000		228,033,100
TANF Expenditures	247,160,400		232,894,600
Ending Balance	\$1,402,600	^{2/}	(\$4,861,500)

^{1/} The department transferred \$4.5 million from the TANF Cash Benefits line item to the Division of Benefits and Medical Eligibility operating budget (\$3.0 million) and the Children Support Services line item (\$1.5 million) in FY 2006. These numbers do not reflect that transfer.

^{2/} Assumes that the Adoption Services - Family Preservation Projects line item is unexpended and reverted in FY 2006.