

Department of Economic Security
Summary

A.R.S. § 41-195

Director: Tracy Wareing

JLBC Analyst: Eric Jorgensen/Russell Frandsen

	FY 2006	FY 2007	FY 2008
	Actual	Estimate	Approved
PROGRAM BUDGET			
Administration	38,527,100	45,534,200	46,657,700
Developmental Disabilities	53,457,700	67,875,200	73,782,300
Long Term Care	629,355,400	717,640,400	784,564,400
Benefits and Medical Eligibility	181,100,400	179,629,600	170,426,700
Child Support Enforcement	54,572,100	60,102,000	65,857,000
Aging and Community Services	35,043,700	50,985,500	55,447,500
Children, Youth and Families	223,898,400	290,341,100	304,909,000
Employment and Rehabilitation Services	256,139,100	301,168,800	315,287,200
AGENCY TOTAL	1,472,093,900	1,713,276,800	1,816,931,800

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	5,608.9	5,680.8	5,808.5 ^{1/}
Personal Services	129,442,400	153,308,300	159,489,400
Employee Related Expenditures	45,329,500	51,510,400	55,602,700
Professional and Outside Services	12,869,100	12,157,600	12,161,600
Travel - In State	2,636,700	3,799,700	3,828,600
Travel - Out of State	56,700	63,300	63,200
Other Operating Expenditures	43,679,300	55,016,800	56,197,800
Equipment	8,170,000	3,297,600	4,610,700
OPERATING SUBTOTAL	242,183,700	279,153,700	291,954,000
Special Line Items (SLI)	1,229,910,200	1,434,123,100	1,524,977,800
AGENCY TOTAL	1,472,093,900	1,713,276,800	1,816,931,800 ^{2/3/4/5/}

FUND SOURCES

General Fund	596,704,700	738,650,200	794,336,400
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	72,200	1,574,900	1,576,900
Child Support Enforcement Administration Fund	11,939,300	14,287,200	15,119,600
Children and Family Services Training Program Fund	68,100	209,600	209,600
Domestic Violence Shelter Fund	1,700,000	1,700,000	1,700,000
Federal CCDF Block Grant	105,782,700	117,114,900	117,652,500
Federal Reed Act Grant	0	0	3,495,700
Federal TANF Block Grant	235,640,800	232,894,600	234,652,800
Homeless Trust Fund	0	850,000	0
Long Term Care System Fund (Non-Federal Matched)	19,021,200	30,697,200	25,000,900
Public Assistance Collections Fund	275,700	502,600	517,000
Risk Management Fund	0	271,500	271,500
Special Administration Fund	844,100	2,193,600	2,206,000
Spinal and Head Injuries Trust Fund	2,102,600	2,551,400	2,570,900
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
TTHCF Health Research Account	0	0	200,000
TTHCF Medically Needy Account	0	200,000	0
Utility Assistance Fund	266,400	500,000	500,000
Workforce Investment Act Grant	42,183,200	55,871,400	55,937,200
SUBTOTAL - Other Appropriated Funds	419,896,300	462,418,900	462,610,600
SUBTOTAL - Appropriated Funds	1,016,601,000	1,201,069,100	1,256,947,000

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
<u>Expenditure Authority Funds</u>			
Federal Funds	37,261,400	40,096,300	41,617,400
Long Term Care System Fund (Federal Match)	418,231,500	472,111,400	518,367,400
SUBTOTAL - Expenditure Authority Funds	455,492,900	512,207,700	559,984,800
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,472,093,900	1,713,276,800	1,816,931,800
Other Non-Appropriated Funds	227,061,300	230,312,900	230,312,900
Federal Funds	522,926,500	573,585,900	578,151,300
TOTAL - ALL SOURCES	2,222,081,700	2,517,175,600	2,625,396,000

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 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	Approved
• Agencywide customer satisfaction rating (Scale 1 to 5)	3.6	3.7	3.6	3.8

Federal Block Grants

The budget includes \$234,652,800 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. Although the table shows a negative ending balance for FY 2008, the actual ending balance cannot be negative. The agency has funding options available to balance the appropriation for FY 2008. The ending balance is negative due to \$1,758,200 in statewide adjustments and a downward revision to the estimated beginning balance, resulting from FY 2006 administrative adjustments. Additionally, for FY 2008, the TANF Block Grant permanent revenues are projected to be \$(8,022,300) less than permanent spending.

	<u>FY 2007</u>	<u>FY 2008</u>
Beginning Balance	\$ 10,288,600	\$ 4,024,500
TANF Base Revenues	<u>226,630,500</u>	<u>226,630,500</u>
Total – Available TANF	236,919,100	230,655,000
Total TANF Expenditures	<u>232,894,600</u>	<u>234,652,800</u>
Ending Balance	\$4,024,500	\$(3,997,800) ^{1/}
Permanent Revenues vs. Expenditures ^{2/}	\$(6,264,100)	\$(8,022,300)

^{1/} Actual ending balance cannot be negative; the agency will employ funding options to balance the appropriation for FY 2008.
^{2/} Difference between Base Revenues and Total Expenditures.

Table 2 provides detailed information on TANF expenditures and appropriations.

^{1/} Includes 741 GF, 146.2 OF, and 1,080.5 EA FTE Positions funded from Special Line Items in FY 2008.

^{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 2007</u>	<u>FY 2008 Change</u>	<u>Approved FY 2008</u>
Administration			
Operating	\$ 4,739,100	\$ 365,100	\$ 5,104,200
Finger Imaging	276,700	800	277,500
Lease-Purchase Equipment	661,000	0	661,000
Public Assistance Collections	251,500	7,200	258,700
Attorney General Legal Services	162,500	5,400	167,900
<i>Total – Administration</i>	<u>6,090,800</u>	<u>378,500</u>	<u>6,469,300</u>
Benefits and Medical Eligibility			
Operating	10,054,800	323,500	10,378,300
TANF Cash Benefits	79,297,200	0	79,297,200
FLSA Supplement	508,900	0	508,900
<i>Total – Benefits and Medical Eligibility</i>	<u>89,860,900</u>	<u>323,500</u>	<u>90,184,400</u>
Aging and Community Services			
Operating	240,300	7,200	247,500
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
<i>Total – Aging and Community Services</i>	<u>14,435,400</u>	<u>7,200</u>	<u>14,442,600</u>
Children, Youth and Families			
Operating	29,378,400	765,800	30,144,200
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	4,000,000	16,129,100
CPS Emergency Placement	4,206,400	(1,200,000)	3,006,400
CPS Residential Placement	13,966,600	(2,800,000)	11,166,600
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	50,500	1,700	52,200
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
<i>Total – Children, Youth and Families</i>	<u>91,133,700</u>	<u>767,500</u>	<u>91,901,200</u>
Employment and Rehabilitation Services			
Operating	5,734,700	162,700	5,897,400
JOBS	17,618,800	118,800	17,737,600
Work-Related Transportation	0	0	0
Day Care Subsidy	8,020,300	0	8,020,300
<i>Total – Employment and Rehabilitation Services</i>	<u>31,373,800</u>	<u>281,500</u>	<u>31,655,300</u>
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$232,894,600	\$1,758,200	\$234,652,800
Beginning Balance	10,288,600		4,024,500
TANF Base Revenues	<u>226,630,500</u>		<u>226,630,500</u>
Total TANF Revenues	236,919,100		230,655,000
TANF Expenditures	<u>232,894,600</u>		<u>234,652,800</u>
Ending Balance	\$4,024,500		(\$3,997,800) ^{1/}

^{1/} Actual ending balance cannot be negative; the agency will employ funding options to balance the appropriation for FY 2008.