

Department of Economic Security
Employment and Rehabilitation Services

JLBC: Jay Chilton
 OSPB: Chris Hall

DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	559.9	559.9	559.9
Personal Services	14,302,400	20,737,700	20,737,700
Employee Related Expenditures	5,987,100	8,665,800	8,665,800
Professional and Outside Services	303,100	335,300	335,300
Travel - In State	243,000	243,000	243,000
Other Operating Expenditures	1,856,300	3,685,100	3,685,100
Equipment	707,100	290,700	290,700
OPERATING SUBTOTAL	23,399,000	33,957,600	33,957,600
SPECIAL LINE ITEMS			
JOBS Administration			
JOBS	21,261,600	23,247,900	23,247,900
Child Care Administration			
Day Care Subsidy	159,035,300	162,289,000	162,289,000
Transitional Child Care	30,696,900	36,193,000	36,193,000
Rehabilitation Services Administration			
Vocational Rehabilitation Services	4,306,800	4,919,100	4,919,100
Independent Living Rehabilitation Services	2,302,100	2,491,900	2,491,900
Workforce Development Administration			
Summer Youth Employment and Training	1,250,000	750,000	750,000
Workforce Investment Act – Discretionary	2,643,400	3,614,000	3,614,000
Workforce Investment Act - Local Governments	33,053,100	48,040,600	48,040,600
PROGRAM TOTAL	277,948,200	315,503,100	315,503,100
FUND SOURCES			
General Fund	48,818,900	46,143,600	46,143,600
<u>Other Appropriated Funds</u>			
Federal CCDF Block Grant	114,991,500	111,318,100	111,318,100
Federal TANF Block Grant	71,298,800	94,766,000	94,766,000
Federal Reed Act Grant	480,300	3,236,500	3,236,500
Special Administration Fund	1,466,300	1,574,400	1,574,400
Spinal and Head Injuries Trust Fund	2,335,300	2,526,200	2,526,200
Workforce Investment Act Grant	38,557,100	55,938,300	55,938,300
SUBTOTAL - Other Appropriated Funds	229,129,300	269,359,500	269,359,500
SUBTOTAL - Appropriated Funds	277,948,200	315,503,100	315,503,100
Other Non-Appropriated Funds	374,437,300	445,827,600	445,827,600
Federal Funds	104,987,100	104,252,300	107,533,700
TOTAL - ALL SOURCES	757,372,600	865,583,000	868,864,400

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	0	0.0%
Non-Appropriated Funds	3,281,400	0.6%
Total - All Sources	3,281,400	0.4%

COST CENTER DESCRIPTION — The program provides: 1) employability services to Temporary Assistance for Needy Families (TANF) recipients through the Job Opportunity and Basic Skills (JOBS) training program; 2) child care subsidy programs; 3) rehabilitative services to individuals with disabilities; and 4) job training opportunities to economically disadvantaged adults and youth. Several 100% federally funded programs are located in this division, such as the Unemployment Insurance benefit program and the Workforce Investment Act programs.

PERFORMANCE MEASURES	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2010 JLBC
• Number of TANF recipients who obtained employment	16,074	14,240	17,902	18,000
• % of customer satisfaction with child care	86.7	87.4	89.0	95.0
• Vocational Rehabilitation individuals successfully rehabilitated	2,129	1,934	2,004	2,000

Operating Budget

The JLBC includes \$33,957,600 and 466.9 FTE Positions for the operating budget in FY 2010. These amounts consist of:

General Fund	\$10,259,700
Federal Child Care and Development Fund (CCDF) Block Grant	10,839,300
Federal Temporary Assistance for Needy Families (TANF) Block Grant	6,650,200
Federal Reed Act Grant	3,236,500
Workforce Investment Act (WIA) Grant	2,283,700
Special Administration Fund	74,400
Spinal and Head Injuries Trust Fund	613,800

These amounts are unchanged from FY 2009.

JOBS Administration

JOBS

The JLBC includes \$23,247,900 and 93 FTE Positions for JOBS in FY 2010. These amounts consist of:

General Fund	1,715,200
Federal TANF Block Grant	18,032,700
WIA Grant	2,000,000
Special Administration Fund	1,500,000

These amounts are unchanged from FY 2009.

This line item provides job training and job search services to clients currently receiving TANF Cash Benefits, as well to former TANF recipients. These services are contracted out to third-party vendors. *Table 1* highlights total estimated expenditures for the JOBS line item.

Table 1

Estimated JOBS Expenditures

<u>Expenditures</u>	<u>Amount</u>
Job Training	\$13,491,200
Post Employment Services	6,005,500
Case Management	2,910,100
FLSA Supplement	508,900
Work-Related Transportation	302,200
Job Search Stipends	30,000
Total	\$23,247,900

Child Care Administration

The DES Child Care Administration (CCA) helps eligible families pay a portion of child care costs when parents or caretakers participate in DES eligible activities. Requirements vary for each program.

CCA administers subsidies to TANF clients engaged in job activities, low-income working individuals under 165% of the Federal Poverty Level (FPL), and children in the Child Protective Services (CPS) program. Clients in the state's TANF, Transitional, and CPS programs are entitled to services. The state, therefore, is required to provide subsidies to families in these categories. Families in the low-income working category are not entitled to services and receive subsidies only to the extent that funding is available. Statute requires that DES review each case at least once a year to evaluate a recipient's eligibility for assistance. If there is not enough funding to provide subsidies to low-income working families, then those individuals are placed on a waiting list.

Subsidy Rates

The average subsidy paid to providers per child is projected to be approximately \$353 per month in FY 2010. The maximum reimbursement rate paid by the state for a 2-year-old child in Maricopa County is \$27.93 per day, using the 2000 Market Rate Survey plus 5%.

Families in non-mandatory categories are required to make co-payments to defray the state's share of the cost of care. For families with an income level at or below 100% FPL, the required daily co-payment for their first child in care is \$2.00. Using the \$27.93 Maricopa rate, this \$2.00 co-payment would account for 7.2% of the total cost of care (with the state paying the other 92.8%).

By comparison, a family at 165% FPL is required to make a co-payment of \$10.00 per child. Using the same scenario as above, a family at 165% FPL would contribute 35.8% of the child's day care costs. In practice, families may pay a higher percentage of care, as some providers charge more than the maximum reimbursement rate paid for by the state. For example, a provider may charge \$30.00 per day (while the maximum daily reimbursement paid by the state is \$27.93). In that case, a family at 165% FPL would pay the \$10.00 co-payment as well as an additional \$2.07, which represents the difference between what the provider charges (\$30.00) and what the state reimburses (\$27.93). Under this scenario, the family is paying for 40.2% of the child's day care.

Caseloads

Table 2 highlights the average number of children receiving child care services per month from FY 2007 through estimated caseload levels in FY 2010. In FY 2008, an average of 45,367 children received subsidies each month, an increase of 1.7% above FY 2007 levels.

The largest increase was for Low Income Working families. In FY 2008, this category grew by 5.8% above FY 2007 levels. Caseloads for the TANF population grew by 0.9% in FY 2008 compared to FY 2007, while CPS-referred cases grew by 3.6% and Transitional Child Care cases continued their decline at a rate of (11.5)%. This decrease is similar to the decrease in TANF caseloads 24 months prior, as Transitional Child Care is available to clients who have moved off of TANF Cash Benefits due to finding employment. The subsidy is available for 24 months.

For FY 2010, the total population is expected to be about 44,700 children. Due to current economic conditions, unemployment rates are rising. As a result, fewer families are expected to seek child care services and overall caseloads are estimated to decline by approximately (1.6)% from FY 2008 levels. This includes an increase of about 2.7% above FY 2008 levels in the Day Care Subsidy

SLI populations and the continued decline of the TCC population. While the overall number of children served is expected to decline, the average monthly subsidy is expected to increase from \$353 in FY 2008 to \$356 in FY 2010 due to shifts from less expensive to more expensive populations. A waitlist is not expected in FY 2010.

Day Care Subsidy

The JLBC includes \$162,289,000 for Day Care Subsidy in FY 2010. This amount consists of:

General Fund	27,920,100
Federal CCDF Block Grant	64,285,800
Federal TANF Block Grant	70,083,100

These amounts are unchanged from FY 2009.

Transitional Child Care

The JLBC includes \$36,193,000 from the Federal CCDF Block Grant for Transitional Child Care in FY 2010. This amount is unchanged from FY 2009.

This line item funds child care subsidies to clients who no longer receive TANF Cash Benefits due to finding employment. The program provides subsidies for up to 24 months after the client stops receiving TANF Cash Benefits. These subsidies require a co-pay from the recipient. *(Please see the Child Care Administration Summary for more information.)*

Rehabilitation Services Administration

Vocational Rehabilitation Services

The JLBC includes \$4,919,100 for Vocational Rehabilitation Services in FY 2010. This amount consists of:

General Fund	4,714,400
Spinal and Head Injuries Trust Fund	204,700

These amounts are unchanged from FY 2009.

The program is expected to serve up to 4,950 clients at an average annual Total Funds cost of \$4,665 per client,

<u>Category</u>	<u>Children Served</u>				
	<u>FY 2007</u>	<u>FY 2008</u>	<u>Funded FY 2009</u>	<u>Funded FY 2010</u>	<u>Estimated FY 2010^{1/}</u>
TANF	3,859	3,893	3,800	3,900	3,900
CPS	6,082	6,299	6,400	6,400	6,400
Low-Income Working	<u>25,877</u>	<u>27,394</u>	<u>27,900</u>	<u>28,300</u>	<u>28,300</u>
Day Care Subsidy SLI Subtotal	35,818	37,586	38,100	38,600	38,600
Transitional Child Care SLI	<u>8,791</u>	<u>7,781</u>	<u>6,600</u>	<u>6,000</u>	<u>6,000</u>
Total Served	44,609	45,367	44,700	44,600	44,600

^{1/} Estimated based on data through October 2008.

which is a decrease of about 9% in the number of clients served. In addition to these clients, the division is also expected to serve 200 clients who are not developmentally disabled at an average annual cost of \$3,622 per client, using federal Social Services Block Grant and Arizona Industries for the Blind monies.

This line item funds individually planned services for the disabled designed to return them to the workforce. Services provided include personal and social adjustment, rehabilitation technology, physical or mental restoration (e.g., prosthetics), and vocational training and placement. The federal government provides 78.7% of funding for every 21.3% of state match. In addition to the state-appropriated monies, DES has secured other sources of state match through agreements with agencies such as the Department of Health Services (DHS), the Arizona State Schools for the Deaf and the Blind, and also the City of Phoenix.

Independent Living Rehabilitation Services

The JLBC includes \$2,491,900 for Independent Living Rehabilitation Services in FY 2010. This amount consists of:

General Fund	784,200
Spinal and Head Injuries Trust Fund	1,707,700

These are unchanged from FY 2009.

This line item assists severely disabled individuals in living more independently. Funds are used to purchase technology assistance, adaptive aids and devices, home modifications, and independent living skills training. Funds are also used to provide eye exams and glasses to financially needy persons. Funding is broken down as follows:

Services to Individuals: \$540,100 from the General Fund and \$1,707,700 from the Spinal and Head Injuries Trust Fund to provide independent living services (case management, counseling, or contracted services) to an estimated 7,563 clients.

Sight Conservation: \$244,100 from the General Fund to provide 9,200 eye examinations and 6,000 pairs of eyeglasses and other eye appliances at an average cost of \$30.00 per person.

Workforce Development Administration

Summer Youth Employment and Training

The JLBC includes \$750,000 from the General Fund for Summer Youth Employment and Training in FY 2010. This amount is unchanged from FY 2009.

This line item provides funds for summer youth employment and training programs for at-risk youth. The division will distribute the \$750,000 directly to local governments, pursuant to the formula described in A.R.S. § 11-1042. These amounts are shown in *Table 3*.

<u>Locality</u>	<u>Amount</u>
Maricopa County	\$131,250
Phoenix	176,250
Mesa	86,250
Pima County	206,250
All Other Counties (by population)	<u>150,000</u>
Total	\$750,000

Workforce Investment Act - Discretionary

The JLBC includes \$3,614,000 from the Workforce Investment Act (WIA) Grant for the Workforce Investment Act - Discretionary line item in FY 2010. This amount is unchanged from FY 2009.

This line item funds various programs as recommended by the Governor’s Council on Workforce Policy. These monies make up 15% of the total federal WIA Grant. Some examples of funded activities include:

High Concentration of Youth Activities: Funds are distributed to help defray high program costs associated with serving youth in poverty. Monies are allocated to local workforce boards receiving less than \$500,000 in youth formula funds.

Technical Assistance: Funds are provided to local areas that fail to meet local performance measures. Monies are used to incorporate new strategies that lead to improved customer service and performance outcomes.

Evaluations: Monies are provided to conduct ongoing evaluation studies of workforce investment activities carried out across Arizona to ensure customer satisfaction, as well as to identify areas in need of improvement.

Workforce Investment Act - Local Governments

The JLBC includes \$48,040,600 from the WIA Grant for the Workforce Investment Act – Local Governments line item in FY 2010. This amount is unchanged from FY 2009.

This line item funds workforce training for dislocated workers and disadvantaged adults and youth at the local level. These monies are the state’s allotment of the federal WIA Grant, established by Congress in 1998. Of the total grant received by the state, 85% is allocated to local governments.

The allocation of the WIA Grant for workforce related programs in FY 2010 are shown in *Table 4* below.

Table 4**FY 2010 WIA Grant Allocations**

<u>Category</u>	<u>Amount</u>
Local Governments	\$48,040,600
Discretionary	3,614,000
Administration	2,283,700 ^{1/}
JOBS	<u>2,000,000</u> ^{2/}
Total	\$55,938,300

^{1/} This funding is included in the operating budget.

^{2/} This funding is included in the JOBS line item.

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FORMAT — Operating Lump Sum with Special Line Items by Program

FOOTNOTES*Standard Footnotes*

Of the \$162,289,000 appropriated for Day Care Subsidy, \$115,199,900 is for a program in which the upper income limit is no more than 165% of the federal poverty level.

The amounts appropriated for Day Care Subsidy and Transitional Child Care shall be used exclusively for child care costs unless a transfer of monies is reviewed by the Joint Legislative Budget Committee. Monies shall not be used from these appropriated amounts for any other expenses of the Department of Economic Security unless a transfer of monies is reviewed by the Joint Legislative Budget Committee.

Monies in the Child Care Subsidy and Transitional Child Care line items shall be used to provide services only to residents of the State of Arizona who are citizens or legal residents of the United States or who are otherwise lawfully present in the United States.

Deleted Footnotes

The JLBC would delete the footnote regarding funding of Child Care caseloads and not creating a waitlist.

The JLBC would delete the footnotes that require receipts in excess of \$2,526,200 from the Spinal and Head Injuries Trust Fund and \$48,040,600 from the Workforce Investment Act Grant to be appropriated to DES. Given the current budget shortfall, the Legislature will need to evaluate these funds prior to authorizing any additional spending.