

Department of Economic Security

Summary

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	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
PROGRAM BUDGET			
Administration	30,052,100	31,557,200	31,671,700
Aging and Community Services	40,785,800	44,640,800	44,640,800
Benefits and Medical Eligibility	162,325,100	157,550,300	157,550,300
Child Support Enforcement	62,537,400	66,136,300	66,136,300
Children, Youth and Families	287,009,500	300,500,500	300,500,500
Developmental Disabilities	862,739,100	927,294,000	984,066,700
Employment and Rehabilitation Services	269,536,300	285,988,800	285,602,800
Higher Federal Match Rate Savings - State	0	(83,804,600)	(51,366,100)
Higher Federal Match Rate Cost - Federal	0	83,804,600	51,366,100
Payment Deferral	0	(17,000,000)	0
5th Special Session Reduction	0	(26,472,300)	(26,472,300)
AGENCY TOTAL	1,714,985,300	1,770,195,600	1,843,696,800
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,948.4	5,889.4	5,473.4
Personal Services	133,367,700	149,645,900	149,645,900
Employee Related Expenditures	57,975,900	54,649,500	54,649,500
Professional and Outside Services	12,925,000	9,366,800	9,676,800
Travel - In State	2,373,500	3,396,600	3,396,600
Travel - Out of State	21,700	29,100	29,100
Other Operating Expenditures	62,490,000	72,538,000	72,699,000
Equipment	3,782,900	1,835,400	1,835,400
OPERATING SUBTOTAL	272,936,700	291,461,300	291,932,300
Special Line Items (SLI)	1,442,048,600	1,478,734,300	1,551,764,500
AGENCY TOTAL	1,714,985,300	1,770,195,600	1,843,696,800
FUND SOURCES			
General Fund	613,543,000	546,080,200	615,033,200
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	793,100	1,459,100	1,459,100
Child Support Enforcement Administration Fund	14,384,700	15,352,700	15,352,700
Children and Family Services Training Program Fund	209,600	209,600	209,600
Domestic Violence Shelter Fund	2,153,800	2,220,000	2,220,000
Federal CCDF Block Grant	126,325,600	130,448,600	130,448,600
Federal TANF Block Grant	275,814,600	283,150,700	283,150,700
Long Term Care System Fund (Non-Federal Matched)	24,141,500	26,469,400	26,469,400
Public Assistance Collections Fund	216,800	427,600	427,600
Reed Act Grant	3,443,700	3,524,200	3,524,200
Risk Management Fund	181,000	271,500	0
Special Administration Fund	1,046,300	1,135,300	1,135,300
Spinal and Head Injuries Trust Fund	2,196,300	1,875,400	1,875,400
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	1,000,000
TTHCF Health Research Account	0	200,000	0
Workforce Investment Act Grant	38,941,300	55,954,800	55,954,800
SUBTOTAL - Other Appropriated Funds	490,848,300	523,698,900	523,227,400
SUBTOTAL - Appropriated Funds	1,104,391,300	1,069,779,100	1,138,260,600
<u>Expenditure Authority Funds</u>			
Federal Funds	40,596,000	43,546,200	43,546,200
Long Term Care System Fund (Federal Match)	569,998,000	656,870,300	661,890,000
SUBTOTAL - Expenditure Authority Funds	610,594,000	700,416,500	705,436,200
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,714,985,300	1,770,195,600	1,843,696,800

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
Other Non-Appropriated Funds	770,043,100	1,001,004,100	720,278,800
Federal Funds	881,120,900	1,196,732,700	672,607,100
TOTAL - ALL SOURCES	3,366,149,300	3,967,932,400	3,236,582,700

CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	68,953,000	12.6%
Other Appropriated Funds	(471,500)	(0.1%)
Expenditure Authority Fund	5,019,700	0.7%
Total Appropriated/Expenditure Authority Funds	73,501,200	4.2%
Non-Appropriated Funds	(804,850,900)	(36.6%)
Total - All Sources	(731,349,700)	(18.4%)

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; Aging and Community Services; Benefits and Medical Eligibility; Child Support Enforcement; Children, Youth and Families; Developmental Disabilities; and Employment and Rehabilitation Services.

Developmental Disabilities Caseload Growth	GF	\$19,514,500
	EA	37,458,200
Remove Unused Triagency Disaster Recovery Funding	OF	(271,500)
Remove Autism Training and Oversight Funding	OF	(200,000)
Payment Deferral	GF	17,000,000
Temporary Federal Assistance		
ARRA Backfill – Enhanced FMAP	GF	32,438,500
	EA	(32,438,500)

The 2009 American Recovery and Reinvestment Act (ARRA) increased FMAP for Title XIX populations from October 1, 2008 until December 31, 2010. Typically, Arizona receives approximately a 2:1 match for most Title XIX services, but ARRA increases this amount to approximately a 3:1 match from October 1, 2008 to December 31, 2010. In FY 2010, the blended rate would have been 65.76%, but due to the enhanced FMAP, the federal government will pay 75.93% of Title XIX costs. In FY 2009, the federal government paid 66.2% of most Title XIX services from July 2008 through September 2008, 75.01% from October 2008 through March 2009, and 75.93% from April 2009 through June 2009. The increase from 75.01% to 75.93% was due to a formula specified in ARRA based on the state’s unemployment rate.

Due to the temporary nature of the enhanced Federal Medical Assistance Percentage (FMAP), the General Appropriation Act includes the enhanced FMAP in a separate section of the General Appropriation Act. While the costs shown in the individual cost center narratives reflect the regular FMAP, the DES Summary table includes the enhanced FMAP savings.

In order to qualify for the enhanced FMAP, states:

The following 4 line items appear only in the Summary.

- cannot lower existing eligibility limits for Title XIX populations;
- cannot increase county percent of state match;
- cannot increase monthly premiums for Title XIX enrollees; or
- cannot change redetermination periods.

Higher Federal Match Rate Savings - State

The Baseline includes \$(51,366,100) from the General Fund to continue the reduction as a result of temporary federal assistance in FY 2011. FY 2011 adjustments would be as follows:

States are allowed to reduce benefit levels, however, as long as they comply with other federal regulations. These limitations are applicable only during the time in which a state receives the enhanced FMAP and do not apply to administrative services (typically funded at 50%) or any program which already receives an enhanced FMAP.

ARRA Backfill **GF** **32,438,500**
 The Baseline includes an increase of \$32,438,500 from the General Fund in FY 2011 to account for the end of the enhanced federal match rate in December 2010.

Laws 2009, Chapter 1, 4th Special Session reduced the amount of federal match rate savings by \$16,840,000, from \$100,644,600 to \$83,894,600. Since DES reduced provider rates in the Developmental Disabilities program by 10%, total spending for the program was lower than

initially anticipated, and the amount of savings available was likewise lower.

Higher Federal Match Rate Cost - Federal

The Baseline includes \$51,366,100 from the Long Term Care System Fund to continue the increase as a result of temporary federal assistance in FY 2011. FY 2011 adjustments would be as follows:

ARRA Backfill EA (32,438,500)

The Baseline includes a decrease of \$(32,438,500) from the Long Term Care System Fund in FY 2011 to account for the end of the enhanced federal match rate in December 2010.

Payment Deferral

The Baseline includes no funding for the Payment Deferral in FY 2011. FY 2011 adjustments would be as follows:

Eliminate One-Time Savings GF 17,000,000

The Baseline includes \$17,000,000 from the General Fund for the Payment Deferral in FY 2011 as a technical adjustment.

Law 2009, 4th Special Session Session, Chapter 1 deferred \$(42,000,000) in payments to DES providers from FY 2010 to FY 2011. This \$(42,000,000) payment deferral in FY 2010 was larger than the \$(25,000,000) deferral in FY 2009, so the state realized \$17,000,000 in one-time General Fund savings in FY 2010. DES plans to defer payments from the Special Line Items specified below:

Children Support Services	6,200,000
Emergency Placement	400,000
Residential Placement	1,400,000
Foster Care Placement	1,900,000
Home and Community Based Services – Title XIX	16,900,000
Child Care	15,200,000

The \$42,000,000 increase in FY 2011 to pay the amount deferred from FY 2010 to FY 2011 was appropriated in Laws 2009, 1st Regular Session, Chapter 12, so this adjustment will not appear in the General Appropriation Act; however, the amount is included in the Baseline General Fund amount for DES in this section.

The Baseline reflects a full 12 months of payments in FY 2011, which consists of 1 month of FY 2010 payments and 11 months of FY 2011 payments. As a result, \$42,000,000 in FY 2011 payments will be deferred to FY 2012.

5th Special Session Reduction

The Baseline includes \$(26,472,300) in FY 2011 to continue the 5th Special Session FY 2010 Lump Sum Reduction. This amount consists of:

General Fund	(25,944,500)
Child Abuse Prevention Fund	(118,300)
Domestic Violence Shelter Fund	(180,000)
Special Administration Fund	(92,100)
Spinal and Head Injuries Trust Fund	(137,400)

This lump sum reduction would be allocated to specific line items in the FY 2011 General Appropriation Act.

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FORMAT — Agencywide Operating Lump Sum with Special Line Items by Program

FOOTNOTES

Standard Footnotes

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.

A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded electronically 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.~~ (This footnote has been modified to only require the agency to submit the required report electronically and to eliminate the requirement to report shortfalls resulting from leases and to report total expenditure authority for the Child Support Enforcement program as those requirements are redundant.)

Deletion of Prior Year Footnotes

The Baseline would delete the footnote requiring that DES not operate more welfare offices than it operated in FY 2006, as that number is already below the 2006 level.

The Baseline would delete the footnote indicating the Legislature’s intent that DES make reductions associated with the agencywide lump sum reduction against administrative functions rather than programmatic functions. This change would increase agency flexibility in implementing its reductions.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

5% FTE Position Reduction

DES was originally budgeted 2,827.6 General Fund FTE Positions in FY 2010. Laws 2009, 3rd Special Session, Chapter 11, Section 17 mandates a 5% General Fund FTE Position reduction by February 1, 2010. Given the mid-year implementation, this provision requires DES to reduce an additional 59 General Fund FTE Positions in FY 2010 and 141 General Fund FTE Positions in FY 2011.

In addition to this reduction, Laws 2009, 1st Regular Session, Chapter 12 included a lump sum reduction which line-item vetoed by the Governor. Laws 2009, 4th Special Session, Chapter 1 reinstated the line-item vetoed funding reductions, but did not include the FTE Position reduction. In addition to the 5% mandated reduction, this FTE Position reduction also includes a reduction of (334) FTE Positions to incorporate that line-item vetoed FTE reduction in FY 2011.

Federal Assistance – State Fiscal Stabilization Fund

In addition to the enhanced FMAP, DES received other additional funding associated with ARRA. Of the state’s approximate \$1,000,000,000 allocation, \$185,000,000 could be expended for any broad purpose not subject to legislative appropriation. The Governor allocated a total of \$43,300,000 to DES programs, as follows:

State-Only Home and Community-Based Services	15,000,000
Children’s Autism Services	2,300,000
Child Protective Services	5,500,000
Children Services	18,000,000
Adoption Services	2,500,000

For the State-Only Home and Community-Based Services and Children’s Autism Services items, the Legislature reduced the General Fund appropriations so they could be backfilled by this federal funding. (See the individual sections for the above line items for more details.)

Federal Block Grants

The Baseline includes \$283,150,700 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. Beginning in FY 2008, DES received additional funding from the federal TANF Contingency Fund, which is a reserve fund set aside for states with rising costs in TANF-related programs. Because of rising Food Stamps cases, DES received \$30,000,000 in FY 2008 and \$40,000,000 in FY 2009. In FY 2010, DES continues to be eligible to receive the TANF Contingency Fund money, but as the economy has worsened, additional states have become eligible and the fund has been depleted. It is estimated that in FY 2010, DES will receive its allotment for 1 quarter, or

approximately \$10,000,000. The Baseline does not backfill the shortfall created by the loss of these federal funds.

	<u>Revised</u> <u>FY 2010</u>	<u>Baseline</u> <u>FY 2011</u>
Beginning Balance	\$ 50,600	\$ 0
TANF Base Revenues	224,434,400	224,434,400
TANF Contingency Fund Revenues	10,000,000	0
TANF ARRA Revenues	<u>3,000,000</u>	<u>3,000,000</u>
Total – Available TANF	237,485,000	227,434,400
Total TANF Expenditures	<u>283,150,700</u>	<u>283,150,700</u>
Ending Balance	\$(45,665,700)	\$(55,716,300)
Permanent Revenues vs. Expenditures ^{2/}	\$(58,716,300)	\$(58,716,300)

^{1/} Actual ending balance cannot be negative; the agency will employ funding options to balance the appropriation for FY 2010 and FY 2011.
^{2/} Difference between Base Revenues and Total Expenditures. Contingency Fund Revenues are not included in Permanent Revenues.

Additionally, the ARRA made additional TANF funding available for increased assistance caseloads. DES estimates that it will qualify for between \$3,000,000 and \$4,500,000 in FY 2010, which will help mitigate the loss of the Contingency Fund money.

Although the table shows a negative ending balance for FY 2010, the actual ending balance cannot be negative. While the agency has the option to roll forward 10% of the total TANF Block Grant from FY 2011 into FY 2010, this will not be sufficient to resolve the shortfall caused by the unavailability of the TANF Contingency Fund. For FY 2010, the TANF Block Grant permanent revenues are projected to be \$(58,716,300) less than permanent spending. Contingency Fund revenues are not included in the permanent revenue calculation.

Table 2 provides detailed information on TANF expenditures and appropriations.

Table 2

TANF Block Grant Spending

<u>Cost Center/Special Line Item</u>	<u>Actual FY 2009</u>	<u>Approved FY 2010</u>	<u>Change from FY 2010</u>	<u>Baseline FY 2011</u>
Administration				
Operating	\$3,137,100	\$4,272,800	\$0	\$4,272,800
Finger Imaging	18,900	127,800	0	127,800
Attorney General Legal Services	151,100	168,900	0	168,900
Total – Administration	\$3,307,100	\$4,569,500	\$0	\$4,569,500
Benefits and Medical Eligibility				
Operating	\$13,824,500	\$ 15,021,000	\$0	\$15,021,000
TANF Cash Benefits	65,297,200	88,236,800	0	88,236,800
Total – Benefits and Medical Eligibility	\$79,121,700	\$103,257,800	\$0	\$103,257,800
Aging and Community Services				
Operating	\$ 39,000	\$ 248,800	\$0	\$ 248,800
Community and Emergency Services	3,806,400	4,549,000	0	4,549,000
Coordinated Hunger Program	483,500	500,000	0	500,000
Coordinated Homeless Programs	1,511,200	1,649,500	0	1,649,500
Domestic Violence Prevention	6,157,600	6,620,700	0	6,620,700
Total – Aging and Community Services	\$11,997,700	\$13,568,000	\$0	\$13,568,000
Children, Youth and Families				
Operating	\$ 40,112,300	\$ 38,301,300	\$0	\$ 38,301,300
Adoption Services	19,302,300	19,302,400	0	19,302,400
Adoption - Family Preservation Projects	480,800	500,000	0	500,000
Children Support Services	27,224,700	29,929,100	0	29,929,100
CPS Emergency Placement	2,904,300	3,006,400	0	3,006,400
CPS Residential Placement	10,794,100	11,166,600	0	11,166,600
Foster Care Placement	6,046,300	6,223,100	0	6,223,100
Family Builders Program	3,192,400	0	0	0
Attorney General Legal Services	52,200	52,300	0	52,300
Joint Substance Abuse Treatment (Families FIRST)	1,846,200	2,000,000	0	2,000,000
Homeless Youth Intervention	266,700	0	0	0
Permanent Guardianship Subsidy	1,743,000	1,743,000	0	1,743,000
Total – Children, Youth and Families	\$113,965,300	\$112,224,200	\$0	\$112,224,200
Employment and Rehabilitation Services				
Operating	\$ 5,469,200	\$ 6,656,600	\$0	\$ 6,656,600
JOBS	13,973,700	9,894,700	0	9,894,700
Day Care Subsidy	47,979,900	32,979,900	0	32,979,900
Total – Employment and Rehabilitation Services	\$67,422,800	\$ 49,531,200	\$0	\$49,531,200
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$275,814,600	\$283,150,700	\$0	\$283,150,700
Beginning Balance	\$ 11,082,700	\$ 50,600		\$ 0
TANF Base Revenues	224,434,400	224,434,400		224,434,400
TANF Contingency Fund Revenues	40,348,100	10,000,000		0
TANF ARRA Revenues		3,000,000		3,000,000
Total TANF Revenues	275,865,200	237,485,000		227,434,400
Ending Balance	\$ 50,600	\$(45,665,700)		\$(55,716,300) ^{1/}

^{1/} Actual ending balance cannot be negative.

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Capital Investment Fund (DEA2093/A.R.S. § 4-116)		Non-Appropriated
Source of Revenue: Receipts received from club license and application fees by organizations selling spirituous liquor as defined in A.R.S. § 4-101.		
Purpose of Fund: To be used by the Department of Mental Retardation (now DES, pursuant to A.R.S. § 36-551) for buildings, equipment, and other capital investments.		
Funds Expended	0	127,100
Year-End Fund Balance	136,300	68,200
Child Abuse Prevention Fund (DEA2162/A.R.S. § 8-550.01)		Appropriated
Source of Revenue: A portion of monies (1.93%) from statutory filing and copy fees collected by the Superior Court and all funds received through a check-off contributions on the Arizona tax form. Monies also may come from a surcharge on certified copies of death certificates when revenues from the surcharge exceed \$100,000 for the year.		
Purpose of Fund: To provide financial assistance to community treatment programs, benefiting abused children and their parents or guardians. An amount of not more than 5% may be expended for administrative expenses related to the fund.		
Funds Expended	793,100	1,459,100
Year-End Fund Balance	1,437,800	743,400
Child Passenger Restraint Fund (DEA2192/A.R.S. § 28-907)		Non-Appropriated
Source of Revenue: Fines or penalties from parents, guardians, or legal custodians who fail to sufficiently restrain in motor vehicles children under the age of 4 or weighing less than 40 pounds.		
Purpose of Fund: To purchase child passenger restraint systems and provide them to hospitals for loan to indigent persons. Monies in the fund shall not exceed \$20,000. All monies collected over \$20,000 shall be deposited in the Arizona Highway User Revenue Fund.		
Funds Expended	175,400	180,000
Year-End Fund Balance	5,800	5,800
Child Protective Services Expedited Substance Abuse Treatment Fund (DEA2421/A.R.S. § 8-812)		Non-Appropriated
Source of Revenue: An annual appropriation from the state General Fund.		
Purpose of Fund: To provide expedited drug treatment to guardians and parents when a dependency case plan calls for treatment. Expenditures from this fund are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	24,700	0
Child Support Enforcement Administration Fund (DEA2091/A.R.S. § 46-406)		Partially-Appropriated
Source of Revenue: State Share of Retained Earnings from child support collections, federal incentives, and fees.		
Purpose of Fund: To fund the statewide Child Support Enforcement program.		
Appropriated Funds Expended	14,384,700	15,352,700
Non-Appropriated Funds Expended	9,402,700	9,570,500
Year-End Fund Balance	5,345,500	3,131,100
Children and Family Services Training Program Fund (DEA2173/A.R.S. § 8-503.01)		Appropriated
Source of Revenue: A portion of monies collected from fees charged for copies of Child Protective Services (CPS) files and assessments against legally responsible parties for the support of a child in the state's custody. The fund receives 90% of the revenues collected. The remaining 10% of revenues are credited to the General Fund.		
Purpose of Fund: To administer training for child protective service workers and employees in related programs. The monies cannot be used to pay salaries or expenses of the training staff. Up to 10% of the monies may be used to enhance the collection of monies owed to the agency. Any monies collected from fees for copies of CPS files may be used only for reimbursing the department for its cost.		
Funds Expended	209,600	209,600
Year-End Fund Balance	103,200	125,200

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Client Trust Fund (DEA3152/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Monies collected from Social Security, Veterans' Administration benefits, and other benefits payable to a child in the care, custody, or control of DES.		
Purpose of Fund: To defray the costs of care and services expended for the benefit, welfare, and best interest of the child.		
Funds Expended	1,385,900	1,730,000
Year-End Fund Balance	2,732,300	2,735,300
Community-Based Marriage and Communication Skills Program Fund (DEA2434/A.R.S. § 41-203)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund.		
Purpose of Fund: To distribute to community-based organizations whose plans for marriage and communication skills programs are recommended by the Marriage and Parenting Skills Commission. An amount of not more than 5% can be used for administrative costs. Expenditures from this fund are not displayed to avoid double counting of appropriated monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Developmentally Disabled Client Services Trust Fund (DEA2019/A.R.S. § 36-572)		Non-Appropriated
Source of Revenue: Proceeds from the sale or lease of the real property and buildings used by the department for the Arizona Training Program at Phoenix (ATP-P) and the interest earned on those funds. ATP-P land was sold in September 1998 for \$4,250,000. The FY 2008 midyear budget revisions swept \$1,600,000 from this fund to the General Fund, and the midyear FY 2009 revisions swept an additional \$1,450,400 to the General Fund, reducing the amount of principal in the fund.		
Purpose of Fund: To enhance services presently available to the developmentally disabled and to extend services to developmentally disabled persons not presently served.		
Funds Expended	70,400	124,000
Year-End Fund Balance	248,300	124,300
Domestic Violence Shelter Fund (DEA2160/A.R.S. § 36-3002)		Appropriated
Source of Revenue: A portion of monies (8.87%) from statutory filing and copy fees collected by the Superior Court. Monies also come from voluntary contributions using tax returns or federal grants, private grants, or other private gifts or contributions.		
Purpose of Fund: To fund grants to qualified shelters for victims of domestic violence.		
Funds Expended	2,153,800	2,220,000
Year-End Fund Balance	1,114,200	24,200
Donations Fund (DEA3145/A.R.S. § 36-571, 41-1954)		Non-Appropriated
Source of Revenue: Grants, gifts, or bequests.		
Purpose of Fund: To be disbursed for the purpose of and in conformity with the terms of the grant, gift, or bequest. Monies received for developmental disabilities purposes are maintained in a separate account.		
Funds Expended	99,200	100,700
Year-End Fund Balance	244,400	146,800
Federal CCDF Block Grant (DEA2008/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To be used for developing child care programs and policies that promote parental choice; providing consumer education to help parents make informed choices on child care; providing child care to welfare recipient parents; and implementing health, safety, licensing, and registration standards under state law for child care. Up to 5% of the aggregate amount of funds expended can be used for administrative costs. At least 4% of funds must be used for consumer education and activities for improving the quality and availability of child care. No monies can be used for purchasing land or building facilities to provide child care. In FY 2009 and FY 2010, expenditures include \$18,200,000 in additional CCDF funding authorized by the American Recovery and Reinvestment Act of 2009.		
Funds Expended	126,325,600	130,448,600
Year-End Fund Balance	25,848,800	8,400,200

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Federal Grants (DEA2000/A.R.S. § 41-101.01)		Non-Appropriated
Source of Revenue: Federal grants, excluding Temporary Assistance for Needy Families, Child Care and Development Fund, and Workforce Investment Act Block Grants. In FY 2009 and FY 2010, also may include fiscal stabilization funds authorized by the American Recovery and Reinvestment Act of 2009.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the availability of the federal monies. Some major expenditure items include Food Stamp administration and the Social Services Block Grant.		
Funds Expended	921,716,900	1,240,278,900
Year-End Fund Balance*	(5,364,600)	(12,274,200)
Federal TANF Block Grant (DEA2007/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of 2-parent families.		
Funds Expended	275,814,600	283,150,700
Year-End Fund Balance*	50,600	(42,097,800)
Arizona Industries for the Blind Fund (DEA4003/A.R.S. § 41-1975)		Non-Appropriated
Source of Revenue: Proceeds from sales of products of Arizona Industries for the Blind, as well as interest earned on the fund balance.		
Purpose of Fund: To provide funds for the wages and salaries of production workers, inspectors, and other employees necessary for the operation of the training centers, workshops, or home industries; supplies, equipment or other incidental costs.		
Funds Expended	20,580,300	20,699,000
Year-End Fund Balance	179,400	89,600
Joint Substance Abuse Treatment Fund (DEA2429/A.R.S. § 8-881)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund and the Federal Temporary Assistance for Needy Families Block Grant.		
Purpose of Fund: To be jointly administered by DES and the Department of Health Services for services to families and Federal Temporary Assistance for Needy Families recipients involved with Child Protective Services and whose substance abuse is a significant barrier to maintaining, preserving, or reunifying the family. An amount of not more than 5% can be used for program development costs. Up to 10% can be used for evaluating community programs delivering the services. Expenditures from this fund are not displayed to avoid double counting appropriated monies.		
Funds Expended	0	0
Year-End Fund Balance	296,700	0
Long Term Care System Fund (Federal Match) (DEA2225/A.R.S. § 36-2953)		Non-Appropriated
Source of Revenue: Federal Title XIX monies.		
Purpose of Fund: To fund administrative and program costs associated with the Long Term Care system.		
Funds Expended	569,998,000	656,870,300
Year-End Fund Balance	0	0
Long Term Care System Fund (Non-Federal Matched) (DEA2224/A.R.S. § 36-2953)		Appropriated
Source of Revenue: Client revenue for room and board, third-party recovery, interest, and miscellaneous federal monies.		
Purpose of Fund: To fund administrative and program costs associated with the Long Term Care system. These monies are used to offset costs of services provided to Long Term Care clients which are not reimbursed by the federal government, such as room and board.		
Funds Expended	24,141,500	26,469,400
Year-End Fund Balance	16,678,800	7,603,600

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Mesa Land Fund (DEA3151/Laws 1976, Chapter 140)		Non-Appropriated
Source of Revenue: Proceeds from the sale of donated land located in Mesa. Interest proceeds are transferred to the appropriated Long Term Care System Fund.		
Purpose of Fund: To be used for the establishment and operation of community-based, state-operated, residential group homes and/or habilitation and training facilities. The funds may not be used for the Arizona Training Centers in Coolidge.		
Funds Expended	0	100
Year-End Fund Balance	300	200
Neighbors Helping Neighbors Fund (DEA2348/A.R.S. § 46-741)		Non-Appropriated
Source of Revenue: Includes contributions from income tax refunds and other donations and interest earnings.		
Purpose of Fund: To provide assistance in paying utility bills, conserving energy and weatherization to eligible individuals. Fund monies are available to designated community action or other agencies currently providing energy assistance services to eligible individuals. An amount of not more than 2% of the fund monies may be used by DES, and an amount of not more than 8% of the fund monies may be used by the designated agencies for administrative costs.		
Funds Expended	26,000	80,000
Year-End Fund Balance	141,800	126,800
Public Assistance Collections Fund (DEA2217/A.R.S. § 46-295)		Appropriated
Source of Revenue: A portion of monies collected in recovery payments from ineligible or overpaid public assistance recipients and reimbursements received from persons legally responsible for support of public assistance recipients. The fund receives 25% of the monies collected. The remaining 75% of revenues are credited to the General Fund.		
Purpose of Fund: To improve public assistance collection activities.		
Funds Expended	216,800	427,600
Year-End Fund Balance	616,300	6,700
Reed Act Grant (DEA9501/A.R.S. § 23-701)		Appropriated
Source of Revenue: Administrative unemployment security insurance monies redistributed back to the states by the federal Department of Labor.		
Purpose of Fund: To enhance states' employment security programs by providing one-time monies for equipment and short-term operating expenditures to improve customer service delivery for Arizona's unemployment insurance program.		
Funds Expended	3,443,700	3,524,200
Year-End Fund Balance	137,320,800	133,796,600
Risk Management Fund (DEA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Charges assessed on agencies insured under the state's risk management system, as well as all monies recovered by the state pursuant to litigation and other means. Funds are used to pay for damages relating to liability, property, and workers' compensation losses.		
Purpose of Fund: To contract for and implement a disaster recovery plan for DES, in partnership with the Department of Administration and the Department of Public Safety.		
Funds Expended	181,000	271,500
Year-End Fund Balance	90,500	0
Special Administration Fund (DEA2066/A.R.S. § 23-705)		Appropriated
Source of Revenue: Monies are from interest charges and employers' penalty fees assessed on late unemployment payments.		
Purpose of Fund: To defray administration costs found not to have been properly and validly chargeable against Federal grants or other funds.		
Funds Expended	1,046,300	1,135,300
Year-End Fund Balance	170,800	48,200

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Special Olympics Tax Refund Fund (DEA3207/A.R.S. § 41-173)		Non-Appropriated
Source of Revenue: Includes contributions from income tax refunds and other donations and interest earnings.		
Purpose of Fund: To contract with a nonprofit entity for delivery of those services essential to the Arizona Special Olympics' programs and to cover the Department of Revenue's costs for administering the refund checkoff.		
Funds Expended	50,000	100,000
Year-End Fund Balance	53,200	53,200
Spinal and Head Injuries Trust Fund (DEA2335/A.R.S. § 41-3203)		Appropriated
Source of Revenue: The fund receives 22% of monies deposited in the Medical Services Enhancement Fund (MSEF). MSEF revenues consist of a 13% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses, civil motor statute violations, and game and fish violations.		
Purpose of Fund: For 1) prevention and education of spinal and head injuries; 2) rehabilitation, transitional living and equipment necessary for daily living activities; 3) a portion of the cost of the disease surveillance system and statewide referral services for those with head injuries and spinal cord injuries; 4) costs incurred by the Advisory Council on Spinal and Head Injuries; and 5) DES' costs for administering the provisions.		
Funds Expended	2,196,300	1,875,400
Year-End Fund Balance*	27,400	(181,400)
Statewide Cost Allocation Plan Fund (DEA9538/A.R.S. § 41-1954)		Appropriated
Source of Revenue: Federal reimbursement.		
Purpose of Fund: General operations.		
Funds Expended	1,000,000	1,000,000
Year-End Fund Balance	0	0
Tobacco Tax and Health Care Fund - Health Research Account (HCA1306/A.R.S. § 36-773)		Appropriated
Source of Revenue: The account receives 5¢ of each dollar deposited in the Tobacco Tax and Health Care Fund. The Legislature has appropriated a portion of these monies to DES.		
Purpose of Fund: Monies are used for research into the prevention and treatment of tobacco-related disease and addiction. In DES, the appropriation from this fund is used for the Autism Training and Oversight Special Line Item.		
Funds Expended	0	200,000
Year-End Fund Balance	0	0
Unemployment Insurance Benefits Fund (TRA9005/A.R.S. § 23-701)		Non-Appropriated
Source of Revenue: Employer contributions and interest earnings. The monies are maintained and tracked in 2 separate accounts: one by the U.S. Treasury and one by the state, which is used for clearing and paying benefits. The majority of the funds available are in the U.S. Treasury account. DES, as federally required, deposits all employer contributions, other than those retained for immediate benefit payments, in the U.S. Treasury, which tracks each state's account separately.		
Purpose of Fund: To retain and invest formula-determined employer unemployment contributions to be used for payment of future unemployment benefits and refunds pursuant to Section 903 of the federal Social Security Act.		
Funds Expended	737,651,900	968,292,700
Year-End Fund Balance*	442,037,800	(159,254,900)
Utility Assistance Fund (DEA3092/A.R.S. § 46-731)		Partially-Appropriated
Source of Revenue: Unclaimed or abandoned utility deposits.		
Purpose of Fund: To provide utility repair and deposit assistance to eligible recipients. Financial assistance to an individual shall not exceed \$900 per fiscal year. An amount of not more than 2% of the fund monies may be used by DES, and an amount of not more than 8% of the fund monies may be used by the designated community action or other agency providing energy assistance for administrative costs. Laws 2007, Chapter 218 eliminated this fund and transferred the remaining unexpended balance and unencumbered funds to DES for the purpose of entering into a contract with a private community-based nonprofit entity that provides utility assistance by December 1, 2008.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	601,300	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2009 Actual	FY 2010 Estimate
Workforce Investment Act Grant (DEA2001/U.S. P.L. 105-220)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs.		
Funds Expended	38,941,300	55,954,800
Year-End Fund Balance	48,986,500	31,873,500

* As reported by the agency. Actual ending balance will not be negative.