

Department of Economic Security

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,889.4	5,473.4	5,473.4
Personal Services	117,524,200	143,317,400	140,467,400
Employee Related Expenditures	52,923,000	65,107,700	63,866,700
Professional and Outside Services	14,432,400	15,022,600	15,022,600
Travel - In State	1,650,000	2,041,100	2,041,100
Travel - Out of State	34,900	6,100	6,100
Other Operating Expenditures	59,279,500	71,634,200	66,885,700
Equipment	6,590,800	5,719,700	5,719,700
OPERATING SUBTOTAL	252,434,800	302,848,800	294,009,300
SPECIAL LINE ITEMS			
Administration			
Attorney General Legal Services	18,914,300	21,492,500	21,492,500
Aging and Community Services			
Adult Services	13,316,600	12,924,100	12,924,100
Community and Emergency Services	3,763,400	3,724,000	3,724,000
Coordinated Homeless	2,386,600	2,522,600	2,522,600
Coordinated Hunger	1,427,800	1,754,600	1,754,600
Domestic Violence Prevention	13,004,400	12,123,700	12,123,700
Benefits and Medical Eligibility			
TANF Cash Benefits	100,348,100	81,985,000	53,599,400
Tribal Pass-Through Funding	4,680,300	4,680,300	4,680,300
Child Support Enforcement			
County Participation	7,118,600	8,600,200	8,600,200
Genetic Testing	128,800	0	0
Children, Youth and Families			
Children Support Services	33,906,700	77,568,300	77,568,300
CPS Emergency and Residential Placement	17,473,500	24,001,700	24,001,700
Foster Care Placement	18,957,300	23,112,600	23,112,600
Independent Living Maintenance	2,320,900	2,719,300	2,719,300
Permanent Guardianship Subsidy	8,329,000	8,815,300	8,815,300
Adoption Services	52,060,700	57,744,600	57,744,600
Adoption Services - Family Preservation Projects	227,700	0	0
Education and Training Vouchers	7,700	0	0
Developmental Disabilities			
Case Management - Title XIX	34,756,600	38,094,100	38,094,100
Home and Community Based Services - Title XIX	564,312,800	674,439,600	711,849,900
Institutional Services - Title XIX	17,379,400	18,414,200	19,334,900
Medical Services	121,340,800	132,336,800	138,953,600
Arizona Training Program at Coolidge - Title XIX	16,369,700	15,691,200	15,691,200
Medicare Clawback Payments	1,612,000	1,766,300	2,496,900
Case Management - State Only	2,307,400	3,887,300	3,887,300
Home and Community Based Services - State Only	7,258,900	32,623,800	32,623,800
State-Funded Long Term Care Services	21,719,800	26,530,200	26,530,200
Employment and Rehabilitation Services			
JOBS	9,264,900	13,005,600	13,005,600
Day Care Subsidy	109,930,600	145,167,900	145,167,900
Rehabilitation Services	3,513,800	5,088,500	5,088,500
Workforce Investment Act Services	58,035,100	51,654,600	51,654,600
AGENCY TOTAL	1,518,609,000	1,805,317,700	1,813,771,000

	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BASELINE
FUND SOURCES			
General Fund	461,656,600	594,103,900	658,345,000
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	0	1,459,800	1,459,800
Child Support Enforcement Administration Fund	11,935,900	16,785,200	16,785,200
Children and Family Services Training Program Fund	106,300	207,100	207,100
Domestic Violence Shelter Fund	2,219,800	2,220,000	2,220,000
Federal CCDF Block Grant	106,211,100	130,688,200	130,688,200
Federal TANF Block Grant	212,429,600	225,060,600	225,060,600
Long Term Care System Fund (Non-Federal Matched)	19,707,800	30,520,500	30,520,500
Public Assistance Collections Fund	251,500	431,700	431,700
Reed Act Grant	3,524,200	3,561,000	3,561,000
Special Administration Fund	24,400	1,135,300	1,135,300
Spinal and Head Injuries Trust Fund	699,700	1,874,500	1,874,500
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	1,000,000
Workforce Investment Act Grant	59,898,800	56,052,100	56,052,100
SUBTOTAL - Other Appropriated Funds	418,009,100	470,996,000	470,996,000
SUBTOTAL - Appropriated Funds	879,665,700	1,065,099,900	1,129,341,000
<u>Expenditure Authority Funds</u>			
Child Support Enforcement Administration Fund	39,604,800	44,720,200	40,320,200
Long Term Care System Fund (Federal Match)	599,338,500	695,497,600	644,109,800
SUBTOTAL - Expenditure Authority Funds	638,943,300	740,217,800	684,430,000
SUBTOTAL -Appropriated/Expenditure Authority Funds	1,518,609,000	1,805,317,700	1,813,771,000
Other Non-Appropriated Funds	987,785,100	609,083,800	311,945,300
Federal Funds	1,836,054,100	1,494,507,300	633,557,000
TOTAL - ALL SOURCES	4,342,448,200	3,908,908,800	2,759,273,300

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

Operating Budget

The Baseline includes \$294,009,300 and 3,590.2 FTE Positions for the operating budget in FY 2012. These amounts consist of:

	FY 2012
General Fund	\$132,767,000
Child Support Enforcement Administration Fund	13,103,900
Children and Family Services Training Program Fund	207,100
Federal Temporary Assistance for Needy Families (TANF) Block Grant	75,936,200
Federal Child Care and Development Fund (CCDF) Block Grant	11,992,000
Federal Expenditure Authority	26,438,200
Long-Term Care System Fund	25,695,600
Public Assistance Collections Fund	340,000
Special Administration Fund	24,400
Spinal and Head Injuries Trust Fund	546,400
Statewide Cost Allocation Plan Fund	1,000,000
Reed Act Grant	3,561,000
Workforce Investment Act Grant	2,397,500

FY 2012 adjustments would be as follows:

ARRA Payments EA (4,400,000)

The Baseline includes a decrease of \$(4,400,000) from Federal Expenditure Authority as a result of decreased Title IV-D funding in FY 2012. Previously, ARRA had allowed states to use federal incentive payments as state match for Title IV-D funding. In FY 2012 federal incentive payments will no longer be considered state match, and the amount of Title IV-D funding will decrease.

The Finger Imaging, Tuberculosis Control, and CPS Appeals line items have been shifted to the operating budget in FY 2012 and all years are displayed accordingly.

Formula Growth GF 2,196,400 FMA (6,635,900)

This formula adjustment consists of a federal match rate change as well as reversing a DES shift that moved funding from benefits to the operating budget in Developmental Disabilities. This would return the Developmental Disabilities operating budget to the level appropriated in FY 2011.

Administration

Attorney General Legal Services

The Baseline includes \$21,492,500 and 311.2 FTE Positions for Attorney General Legal Services in FY 2012. These amounts consist of:

General Fund	12,197,600
Child Support Enforcement Administration Fund	2,342,200
Federal TANF Block Grant	222,700
Federal CCDF Block Grant	17,400
Federal Expenditure Authority	6,620,900
Public Assistance Collections Fund	91,700

These amounts are unchanged from FY 2011.

Monies in this line item fund Attorney General Legal Services for the department. All Attorney General expenses have been consolidated into this line item.

Aging and Community Services

Adult Services

The Baseline includes \$12,924,100 from the General Fund for Adult Services in FY 2012. This amount is unchanged from FY 2011.

This line item provides an array of independent living support to elderly persons, distributed as shown in *Table 1*.

Table 1	
Independent Living Support	
Services	FY 2011
Adult Protective Contracted Services	\$ 295,100
Supplemental Payments	165,000
Home Care	8,274,800
Supportive Services	400,000
Older Americans Act	1,916,700
Assessments and Case Management	1,410,500
Respite Care	462,000
Total	\$12,924,100

Community and Emergency Services

The Baseline includes \$3,724,000 from the Federal TANF Block Grant for Community and Emergency Services in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item provide funding to 15 community action agencies to deliver a wide range of services related to the needs of low-income families and individuals. In FY 2010, this line item provided short-term crisis services to 2,167 households, energy assistance to 35,688

households, and 30,350 households participated in telephone discount programs.

Coordinated Homeless

The Baseline includes \$2,522,600 for Coordinated Homeless programs in FY 2012. This amount consists of:

General Fund	873,100
Federal TANF Block Grant	1,649,500

These amounts are unchanged from FY 2011.

In FY 2010, this line item provided emergency shelter services to 14,814 individuals and transitional shelter services to 1,871 individuals.

Coordinated Hunger

The Baseline includes \$1,754,600 for Coordinated Hunger programs in FY 2012. This amount consists of:

General Fund	1,254,600
Federal TANF Block Grant	500,000

These amounts are unchanged from FY 2011.

State and federal dollars are used to administer a USDA commodities food program, to assist in statewide food distribution, and for food banks. Monies are also used to provide information on where individuals and families can obtain food. In FY 2010, the USDA commodities food program served 302,000 households quarterly.

Domestic Violence Prevention

The Baseline includes \$12,123,700 for Domestic Violence Prevention in FY 2012. This amount consists of:

General Fund	3,283,000
Federal TANF Block Grant	6,620,700
Domestic Violence Shelter Fund	2,220,000

These amounts are unchanged from FY 2011.

In FY 2010, this line item, along with non-appropriated funds, served approximately 9,820 women and children in emergency shelters, 515 women and children in transitional housing, and 8,696 victims with legal and lay legal advocacy.

Benefits and Medical Eligibility

The Tuberculosis Control line item has been consolidated into the operating budget.

TANF Cash Benefits

The Baseline includes \$53,599,400 from the TANF Block Grant for TANF Cash Benefits in FY 2012. FY 2012 adjustments would be as follows:

Caseload Adjustment GF (28,385,600)

The Baseline includes a decrease of \$(28,385,600) from the General Fund in FY 2012 to align funding with actual caseloads. The November 2011 caseload is 45,425, or (24,575) below the budgeted caseload of 70,000. The caseload is expected to decline to 42,840 in June 2011 and is estimated to generate savings of \$(24,969,200) in FY 2011. (See FY 2011 adjustments discussion in Other Issues for Legislative Consideration.) The 2012 caseload is estimated to be 42,840 TANF Cash Benefit recipients with an average monthly benefit of approximately \$103. The FY 2012 figure is a decline of (27,160) below the originally budgeted FY 2011 caseload of 70,000.

Monies in this line item provide financial assistance on a temporary basis to dependent children in their own homes or in the homes of responsible caretaker relatives. Financial eligibility is currently set at 36% of the 1992 Federal Poverty Level (FPL), or \$5,022 for a family of 4.

Tribal Pass-Through Funding

The Baseline includes \$4,680,300 from the General Fund for Tribal Pass-Through Funding in FY 2012. This amount is unchanged from FY 2011.

Monies in this line item are passed through to Native American tribes operating their own TANF programs. The amount is roughly equivalent to what the state would be spending on the population if the state still had responsibility for the case assistance program for any particular tribe.

Child Support Enforcement

The Division of Child Support Enforcement (DCSE) budget includes direct appropriations from the following 4 fund sources: 1) General Fund; 2) State Share of Retained Earnings (SSRE) from child support owed to the state while the custodial parent received TANF Cash Benefits; 3) Federal incentives and 4) Fees from non-custodial parents.

The last 3 fund sources are deposited in the Child Support Enforcement Administration (CSEA) Fund and appropriated as an Other Appropriated Fund. In addition to the General Fund and CSEA Fund appropriations, the displayed amounts also include Federal Expenditure Authority for DCSE. The federal monies received by DCSE generally match state funds at a ratio of 66% federal to 34% state.

Table 2 details the sources and uses of the CSEA Fund.

<u>Sources</u>	
State Share of Retained Earnings	\$ 9,290,900
Federal Incentive Payments	6,900,000
Fees	<u>1,871,500</u>
Total	\$18,062,400
<u>Uses</u>	
DCSE Administration	\$16,785,200
Administration (Non-Appropriated)	<u>1,277,200</u>
Total	\$18,062,400

County Participation

The Baseline includes \$8,600,200 for County Participation in FY 2012. This amount consists of:

CSEA Fund	1,339,100
Federal Expenditure Authority	7,261,100

These amounts are unchanged from FY 2011.

The division contracts with several Arizona counties to operate child support programs in those counties. This line item reflects contracting counties' SSRE and federal incentives, as well as expenditure authority for the federal match.

Children, Youth and Families

The Baseline provides funding for Children Services in 3 separate line items (see Table 3).

	<u>Appropriated Funds</u>	<u>Non-Appropriated Funds</u>	<u>Total</u>
Children Support Services	\$77,568,300	\$39,556,700	\$117,125,000
CPS Emergency & Residential Placement	24,001,700	17,600,900	41,602,600
Foster Care Placement	<u>23,112,600</u>	<u>18,637,800</u>	<u>41,750,400</u>
TOTAL	\$124,682,600	\$75,795,400	\$200,478,000

Of the \$124,682,600 in appropriated funds, \$48,650,200 is from the TANF Block Grant. A total of \$22,613,100 from TANF is deposited into the federal Social Services Block Grant (SSBG); once deposited, the monies are spent on the Children Services program. The federal government caps the amount of TANF Block Grant monies that can be transferred to the SSBG at 10%. The transfer to SSBG provides additional funding flexibility to DES.

Children Support Services

The Baseline includes \$77,568,300 and 1 FTE Position for Children Support Services in FY 2012. These amounts consist of:

General Fund	50,854,400
Federal TANF Block Grant	25,254,100
Child Abuse Prevention Fund	1,459,800

These amounts are unchanged from FY 2011.

The Children Support Services line item provides support services for both in-home and out-of-home clients. This does not include the cost of residential placement. For July 2010, the department reported 10,412 out-of-home clients and 4,624 in-home cases. In addition, these funds will pay for services to approximately 5,500 parents, guardians, or custodians in FY 2011 whose substance abuse is a significant barrier to preserving the family. These funds were previously appropriated to the Joint Substance Abuse Treatment line item.

This line item also provides full coverage of the medical and dental expenses of foster children. The General Fund monies in this program provide medical services to children who are not eligible for coverage through the Arizona Health Care Cost Containment System (AHCCCS). These funds were previously appropriated to the Comprehensive Medical and Dental Program line item.

The Baseline also includes \$6,200,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$50,854,400 would consist of \$6,200,000 from Chapter 1 and \$44,654,400 from the FY 2012 General Appropriation Act.

CPS Emergency and Residential Placement

The Baseline includes \$24,001,700 for CPS Emergency and Residential Placement in FY 2012. This amount consists of:

General Fund	7,578,700
Federal TANF Block Grant	16,423,000

These amounts are unchanged from FY 2011.

The CPS Emergency and Residential Placement provides funding for 1) short-term placement until a more permanent placement can be arranged and 2) behavioral or other therapeutic residential treatment. These 2 programs were previously funded in separate line items.

In August 2010, 195 children were reported in emergency placements at an average monthly cost of \$3,335 per child,

while 1,090 children were reported in residential placements at an average monthly cost of \$2,330 per child. The Baseline also includes \$1,800,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$7,578,700 would consist of \$1,800,000 from Chapter 1 and \$5,778,700 from the General Appropriation Act.

Foster Care Placement

The Baseline includes \$23,112,600 for Foster Care Placement in FY 2012. This amount consists of:

General Fund	16,139,500
Federal TANF Block Grant	6,973,100

These amounts are unchanged from FY 2011.

The Foster Care Placement SLI provides funding for the placement of children in the CPS system into foster homes. This line item only includes the cost of placement, not additional support services. In August 2010, 8,480 children were reported in foster care. Of that number, 3,580 children were placed with relatives in unlicensed foster care, which receives no placement funding. The remaining 4,900 children were in licensed foster care at an average monthly cost of \$672 per child.

The Baseline also includes \$1,900,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$16,139,500 would consist of \$1,900,000 from Chapter 1 and \$14,239,500 from the FY 2012 General Appropriation Act.

Independent Living Maintenance

The Baseline includes \$2,719,300 from the General Fund for Independent Living Maintenance in FY 2012. This amount is unchanged from FY 2011.

The Independent Living Maintenance program provides stipends to about 305 former foster youth between 18 and 21, who are now living on their own and are either enrolled in a postsecondary program or employed.

Permanent Guardianship Subsidy

The Baseline includes \$8,815,300 for Permanent Guardianship Subsidy in FY 2012. This amount consists of:

General Fund	7,072,300
Federal TANF Block Grant	1,743,000

These amounts are unchanged from FY 2011.

The program provides a subsidy of foster care children in private homes under permanent guardianship status. In June 2010, 2,319 clients received permanent guardianship subsidies.

Adoption Services

The Baseline includes \$57,744,600 for Adoption Services in FY 2012. This amount consists of:

General Fund	37,942,200
Federal TANF Block Grant	19,802,400

These amounts are unchanged from FY 2011.

The program subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental, or emotional disorders or who would be otherwise difficult to place in adoption because of age, sibling relationship, or racial or ethnic background. The funding provides for ongoing maintenance and/or payment for special services depending on each eligible child’s needs. In June 2010, 14,261 clients received adoption subsidies. In addition, this line item is estimated to receive \$72,547,000 from Federal Grants in FY 2012.

Developmental Disabilities

DES provides services to individuals with cognitive disabilities, cerebral palsy, autism, or epilepsy. Clients eligible for federal Medicaid program services are funded through the Long Term Care (LTC) program. To qualify for federal funding, an individual must have an income below 300% of the Supplemental Security Income (SSI) eligibility limit, which is approximately 222% of the Federal Poverty Limit, and have certain functional needs. The division also provides 100% state-funded services for clients who are not eligible for federal Medicaid services.

As of October 2010, the Division of Developmental Disabilities serves 30,899 clients, which includes 23,025 clients in the LTC program and 7,874 clients in the state-only portion. The primary disabilities of these clients are shown in *Table 4*.

<u>Disability</u>	<u>Number</u>	<u>Percentage</u>
Cognitive Disability	13,598	44%
At Risk	8,766	28%
Autism	4,293	14%
Cerebral Palsy	2,925	10%
Epilepsy	1,212	4%
Not Indicated	105	<1%

The LTC program is funded from 2 sources: the General Fund (GF) and matching federal Medicaid funds.

Overall DES Formula Adjustments

The Baseline includes \$92,626,700 from the General Fund for DES formula changes in FY 2012 as delineated in *Table 5*. Those changes are described in further detail below the table.

	<u>Adjustment</u>
Federal Match Rate Backfill	\$85,122,900
Regular FMAP Adjustment	(10,454,100)
FY 2011 Base Adjustment & FY 2012 Caseload Growth	17,957,900
Capitation Changes	<u>0</u>
Total	\$92,626,700

FMAP Backfill/Regular FMAP Adjustments

Due to a reduction in the Federal Medicaid Assistance Percentage (FMAP), the Baseline includes \$85,122,900 to backfill the loss of Federal Funds. The FMAP is the rate at which the federal government matches state contributions to Medicaid programs. These rates are set on a state-by-state basis and are revised each year. The federal government had provided a 65.8% match for Medicaid services.

The American Recovery and Reinvestment Act of 2009 (ARRA) increased the Medicaid match rate for most services to 75.9%. The FY 2011 budget assumed the continuation of that rate through the end of FY 2011. The federal government subsequently decided to phase down that match rate as of January 2011. The final blended FY 2011 FMAP is estimated to be 74.1%, which would require the state to increase its share of FY 2011 costs by \$17,312,000. (*Please see Other Issues for Legislative Consideration for discussion of FY 2011 adjustments.*)

During FY 2012, the blended FMAP for Medicaid will decline to 66.9% (7.1% decline). The rate would have otherwise returned to 65.8%, but the state’s low personal income growth qualifies it for a higher rate. This better regular match rate generates savings of \$(10,454,100) to offset the \$85,122,900 backfill.

FY 2011 Base Adjustment and FY 2012 Caseload Growth

The Baseline includes a net increase of \$17,957,900 from the General Fund in FY 2012 for the Department of Economic Security (DES) caseload changes. The FY 2011 caseload funding will be \$(4,825,100) less than budgeted due to lower caseloads. While the original FY 2011 budget funded an June caseload of 24,893, the current projection is 24,042, an increase of 5.0% from FY 2010 to FY 2011. From FY 2011 to FY 2012, caseloads are expected to grow by 5.0% to a level of 25,244 at a cost of \$22,783,000. That amount is offset by the \$(4,825,100) FY 2011 adjustment for a net change of \$17,957,900.

FY 2012 Capitation Rate Changes

As the AHCCCS-authorized provider of DD services, DES receives federal monies through prepaid monthly capitation payments based on rates for types of clients. The Baseline reflects no net capitation rate adjustments in FY 2012. Capitation rates normally reflect adjustments in utilization of services and medical inflation. The FY 2011 budget, however, set a policy of no capitation adjustments, which is continued in the FY 2012 Baseline. If capitation rates increased by 5% in FY 2012, this would cost an additional \$16,052,300 from the General Fund in FY 2012.

Table 6 summarizes the average monthly caseload estimates for the Special Line Items (SLI). All clients are eligible for Medical Services and Case Management as necessary, but not all clients access other services in any particular month.

<u>Special Line Item</u>	<u>Clients</u>
Home and Community Based Services	21,349
Institutional Services	216
Arizona Training Program at Coolidge	<u>124</u> ^{1/}
Subtotal	21,689
Case Management/Medical Services only	<u>3,555</u>
Total	25,244

^{1/} Represents the budgeted client caseload.

Case Management – Title XIX

The Baseline includes \$38,094,100 and 755.5 FTE Positions for Case Management in FY 2012. These amounts consist of:

General Fund	12,594,900
Long Term Care System Fund	25,499,200

FY 2012 adjustments are as follows:

Formula Growth	GF 1,518,000
	FMA (1,518,000)

This formula adjustment consists of the federal match rate change.

Background – In addition to providing case management services to an estimated 21,689 clients receiving direct services, this line item also provides case management services only to another 3,555 clients.

Home and Community Based Services - Title XIX

The Baseline includes \$711,849,900 and 94.5 FTE Positions for Home and Community Based Services (HCBS) in FY 2012. These amounts consist of:

General Fund	235,392,600
Long Term Care System Fund	476,457,300

FY 2012 adjustments would be as follows:

Formula Growth	GF 79,341,800
	FMA (41,931,500)

Besides the federal match rate change, the formula adjustments include:

- A \$(4,080,700) base adjustment for lower than expected FY 2011 caseloads. The June 2011 caseload is expected to be 20,326 rather than the budgeted level of 21,050.
- 5.0% enrollment growth in FY 2012 to a level of 21,349 (see Table 6).

Background – Monies in this line item fund residential programs, day programs, and support services for clients in a broad range of settings, from those living independently at home to those living in group homes. Monies also fund staff in state-operated group homes, excluding the Arizona Training Program at Coolidge (ATP-C).

Of the \$711,849,900 in this line item, \$700,127,400 funds HCBS services to clients enrolled in the LTC program; the other \$11,722,500 funds program staff.

The Baseline also includes \$16,900,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$235,392,600 would consist of \$16,900,000 from Chapter 1 and \$218,492,600 from the FY 2012 General Appropriation Act.

Institutional Services - Title XIX

The Baseline includes \$19,334,900 and 74 FTE Positions for Institutional Services in FY 2012. These amounts consist of:

General Fund	6,392,600
Long Term Care System Fund	12,942,300

FY 2012 adjustments would be as follows:

Formula Growth	GF 1,027,600
	FMA (106,900)

Besides the federal match rate change, the formula adjustments include:

- A \$(53,200) base adjustment for lower than expected FY 2011 caseloads. The June 2011 caseload is expected to be 206 rather than the budgeted level of 213.
- 5.0% enrollment growth in FY 2012 to a level of 216 (see Table 6).

Background – Monies in this line item fund residential and day programs to clients with more severe developmental disabilities. These clients reside in Intermediate Care

Facilities for the Mentally Retarded (ICF/MRs) or other nursing facilities, both privately and state-operated, excluding the ATP-C.

Of the \$19,334,900 in this line item, \$13,959,500 funds Institutional Services to clients enrolled in the LTC program; the other \$5,375,400 funds program staff.

Medical Services

The Baseline includes \$138,953,600 and 35.4 FTE Positions for Medical Services in FY 2012. These amounts consist of:

General Fund	45,941,500
Long Term Care System Fund	93,012,100

FY 2012 adjustments would be as follows:

Formula Growth	GF	7,378,600
	FMA	(761,800)

Besides the federal match rate change, the formula adjustments include:

- A \$(691,200) base adjustment for lower than expected FY 2011 caseloads. The June 2011 caseload is expected to be 3,386 rather than the budgeted level of 3,506.
- 5.0% enrollment growth in FY 2012 to a level of 3,555 (see Table 6).

Background – Of the \$138,953,600 in this line item, \$134,647,800 funds Acute Care services to clients enrolled in the LTC program; the other \$4,305,800 funds the staff of the division’s Managed Care unit.

Arizona Training Program at Coolidge - Title XIX

The Baseline includes \$15,691,200 and 383.7 FTE Positions for ATP-C in FY 2011. These amounts consist of:

General Fund	5,187,900
Long Term Care System Fund	10,503,300

FY 2012 adjustments would be as follows:

Formula Growth	GF	433,700
	FMA	(433,700)

This formula adjustment consists of the federal match rate change.

Background – Monies in this line item fund an entire range of services for DD clients residing at the ATP-C campus, either in ICF/MRs or state-operated group homes (SOGHs).

At an estimated June 2012 caseload of 115, 95 in ICF/MRs and 20 in state-operated group homes, the blended cost per DD client at ATP-C will be \$134,100.

Medicare Clawback Payments

The Baseline includes \$2,496,900 from the General Fund for Medicare Clawback Payments in FY 2012. FY 2012 adjustments would be as follows:

Formula Growth	GF	730,600
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Besides the federal match rate change, the formula adjustments include an adjustment for caseload growth associated with Medicare Clawback Payments.

Background – DES is not required to pay for prescription drug costs for members who are also eligible for Medicare. Instead, DES is required to make “Clawback” payments to Medicare based on a certain percent (80% in 2012) of the estimated drug costs.

Case Management – State-Only

The Baseline includes \$3,887,300 and 79.3 FTE Positions from the General Fund for state-only Case Management in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item funds case management services to clients in the state-only DD program. As of June 2010, there are approximately 7,912 clients in the state-only program.

Home and Community Based Services – State-Only

The Baseline includes \$32,623,800 and 53.6 FTE Positions for state-only Home and Community Based Services in FY 2012. These amounts consist of:

General Fund	28,633,500
Long Term Care System Fund	3,990,300

These amounts are unchanged from FY 2011.

Background – This line item funds residential programs, day programs, and support services for clients in a broad range of settings, from those living independently at home to those living in group homes. It also includes funding for state-operated facilities, excluding ATP-C.

Of the \$32,623,800 in this line item, \$27,613,300 funds Home and Community Based Services to clients enrolled in the DD program, \$1,691,500 funds program staff, and \$3,319,000 funds the Arizona Early Intervention Program. The total amount is expected to provide a total of 7,910 member years of service.

The Arizona Early Intervention Program line item has been shifted to the Home and Community Based

Services – State Only line item in FY 2012 and all years have been displayed accordingly.

State-Funded Long Term Care Services

The Baseline includes \$26,530,200 and 2 FTE Positions from the Long Term Care System Fund for State-Funded Long Term Care Services in FY 2012. These amounts are unchanged from FY 2011.

Background – This line item funds a variety of services ineligible for Federal Fund reimbursement from AHCCCS. The most common service provided in this line item is room and board. The program also funds residential and day programs to clients with more severe developmental disabilities. These clients reside in Large Group Living Facilities or other nursing facilities.

Of the \$26,530,200 in this line item, \$25,652,100 funds State-Funded Long Term Care Services to clients enrolled in the DD program; the other \$878,100 funds program staff.

The Institutional Services - State Only and Arizona Training Program at Coolidge - State Only line items have been shifted to the State-Funded Long Term Care Services line item in FY 2012 and all years are displayed accordingly.

Employment and Rehabilitation Services

JOBS

The Baseline includes \$13,005,600 and 93 FTE Positions for JOBS in FY 2012. These amounts consist of:

Federal TANF Block Grant	9,894,700
Workforce Investment Act Grant	2,000,000
Special Administration Fund	1,110,900

These amounts are unchanged from FY 2011.

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 7* highlights total estimated expenditures for the JOBS line item.

<u>Expenditures</u>	<u>Amount</u>
Case Management	\$9,896,600
Job Training	2,516,800
FLSA Supplement	340,100
Work-Related Transportation	207,100
Job Search Stipends	45,000
Total	\$13,005,600

Day Care Subsidy

The Baseline includes \$145,167,900 for Day Care Subsidy in FY 2012. This amount consists of:

General Fund	23,771,300
Federal CCDF Block Grant	118,678,800
Federal TANF Block Grant	2,717,800

These amounts are unchanged from FY 2011.

This line item funds child care 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.

This line item now includes the Transitional Child Care program in which child care subsidies are provided to clients who no longer receive TANF Cash Benefits due to finding employment.

The Baseline also includes \$15,200,000 in deferred FY 2011 General Fund payments appropriated by Laws 2010, 7th Special Session, Chapter 1 and defers the same amount for FY 2012 to FY 2013. As a result, the FY 2012 General Fund amount of \$23,771,300 would consist of \$15,200,000 from Chapter 1 and \$8,571,300 from the General Appropriation Act.

Depending on the population group to which they belong, the length of time for which families are eligible to receive child care subsidies is restricted by statute. For the low-income working population, there is a 60-month cumulative time limit per child. The Transitional Child Care benefit is available for 24 months, and eligible families receiving TANF Cash Benefits are eligible as long as they are receiving TANF Cash Benefits, which has a 36-month cumulative lifetime time limit. The only population for which there is no specified time limit is families referred by CPS and children in Foster Care.

Subsidy Rates - The average subsidy paid to providers per child is projected to be approximately \$337 per month in FY 2012. The maximum reimbursement rate paid by the state for a 2-year-old child in Maricopa County is \$27.93 per day.

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% of the Federal Poverty Level (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.

Caseloads – The estimated average number of children receiving child care services in FY 2012 is projected to be 29,600 (see Table 8). DES initiated a waiting list for the Low-Income Working category of child care services on February 18, 2009. According to DES, as of November 2010, approximately 7,916 children had been found eligible for child care services and placed on the waiting list. As of December, 707 children who were previously on the waiting list are receiving services.

Children Served	
Category	Estimated FY 2012 ^{1/}
TANF	4,600
CPS	6,400
Low-Income Working	12,900
Transitional Child Care SLI	5,700
Total Served	29,600

^{1/} Represents projected average caseload.

Rehabilitation Services

The Baseline includes \$5,088,500 for Rehabilitation Services in FY 2012. This amount consists of:

General Fund	3,760,400
Spinal and Head Injuries Trust Fund	1,328,100

These amounts are unchanged from FY 2011.

The program is expected to serve up to 2,392 clients at an average annual Total Funds cost of \$6,074 per client.

In addition to these clients, the division is also expected to serve 200 clients at an average annual cost of \$3,622 per client, using federal Social Services Block Grant and Arizona Industries for the Blind monies.

Background - This line item funds services for the physically disabled to return them to the workforce. The federal government provides 78.7% of funding for every 21.3% of state match. This line item also 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.

The Assistive Technology and Independent Living Rehabilitation line items have been shifted to the Rehabilitation Services line item in FY 2012 and all years are displayed accordingly.

Workforce Investment Act Services

The Baseline includes \$51,654,600 from the Workforce Investment Act (WIA) Grant for the Workforce Investment Act - Services line item in FY 2012. This amount is unchanged from FY 2011.

Background – These monies are the state’s allotment of the federal WIA Grant for job training activities of dislocated workers and disadvantaged adults and youth. Of the total grant received by the state, 85% is allocated to local governments and 15% is retained at the state level. This line item consolidates the previously separated WIA - Discretionary and WIA - Local Government line items.

The allocation of the WIA Grant for workforce related programs in FY 2012 is shown in Table 9.

FY 2012 WIA Grant Allocations	
Category	Amount
Local Governments	\$48,040,600
Discretionary	3,614,000
Administration	2,283,700 ^{1/}
JOBS	2,000,000 ^{2/}
Total	\$55,938,300

^{1/} This funding is included in the operating budget.
^{2/} This funding is included in the JOBS line item.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

General

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 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, and (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.

In accordance with A.R.S. § 35-142.01, the Department of Economic Security shall remit to the Department of Administration any monies received as reimbursement from the federal government or any other source for the operation of the Department of Economic Security West Building and any other building lease-purchased by the

State of Arizona in which the Department of Economic Security occupies space. The Department of Administration shall deposit these monies in the state General Fund.

In accordance with A.R.S. § 38-654, the Department of Economic Security shall transfer to the Department of Administration for deposit in the Special Employee Health Insurance Trust Fund any unexpended state General Fund monies at the end of each fiscal year appropriated for employer health insurance contributions.

Aging and Community Services

All Domestic Violence Shelter Fund monies above \$2,220,000 received by the Department of Economic Security are appropriated for the Domestic Violence Prevention Line Item. Before the expenditure of these increased monies, the Department of Economic Security shall report the intended use of monies above \$2,220,000 to the Joint Legislative Budget Committee.

The Department of Economic Security shall report to the Joint Legislative Budget Committee on the amount of state and federal monies available statewide for domestic violence funding by December 15, 2011. The report shall include, at a minimum, the amount of monies available and the state fiscal agent receiving those monies.

Benefits and Medical Eligibility

The Operating Lump Sum Appropriation may be expended on Arizona Health Care Cost Containment System eligibility determinations based on the results of the Arizona random moment sampling survey.

Of the amount appropriated for Temporary Assistance for Needy Families Cash Benefits, \$500,000 reflects appropriation authority only to ensure sufficient cash flow to administer cash benefits for tribes operating their own welfare programs. The department shall notify the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting Staff before the use of any of the \$500,000 appropriation authority.

Child Support Enforcement

All state share of retained earnings, fees and federal incentives above \$16,785,200 received by the Division of Child Support Enforcement are appropriated for operating expenditures. New full-time equivalent positions may be authorized with the increased funding. Before the expenditure of these increased monies, the Division of Child Support Enforcement shall report the intended use of the monies to the Joint Legislative Budget Committee.

Children, Youth, and Families

The Department of Economic Security shall provide training to any new Child Protective Services FTE Positions before assigning to any of these employees any client caseload duties.

It is the intent of the Legislature that the Department of Economic Security use the funding in the Division of Children, Youth and Families to achieve a 100% investigation rate.

Of the amounts appropriated for Children Support Services, CPS Emergency and Residential Placement and Foster Care Placement, \$22,613,100 is appropriated from the Federal Temporary Assistance for Needy Families Block Grant to the Social Services Block Grant for deposit in the following line items in the following amounts: Children Support Services \$5,371,700, CPS Emergency and Residential Placement \$12,167,000, Foster Care Placement \$5,074,400.

Developmental Disabilities

For FY 2012, the Department of Economic Security shall not increase reimbursement rates for community service providers and independent service agreement providers contracting with the Division of Developmental Disabilities.

The Department of Economic Security shall report all new placements into a state-owned ICF-MR or the Arizona Training Program at Coolidge Campus in FY 2012 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 and the reason why this placement, rather than a placement into a privately run facility for the developmentally disabled, was deemed as the most appropriate placement. The department shall also report if no new placements were made. This report shall be made available by July 15, 2012.

The department shall report to the Joint Legislative Budget Committee by March 1 of each year on preliminary actuarial estimates of the capitation rate changes for the following fiscal year along with the reasons for the estimated changes. For any actuarial estimates that include a range, the total range from minimum to maximum shall be not more than 2%. Before implementation of any changes in capitation rates for the Long-Term Care program, the Department of Economic Security shall report for review the expenditure plan to the Joint Legislative Budget Committee. Before the department implements any changes in policy affecting the amount, sufficiency, duration and scope of health care services and who may provide services, the department shall prepare a fiscal impact analysis on the potential effects of this change on the following year's capitation rates. If the fiscal analysis demonstrates that these changes will result in additional state costs of \$500,000 or greater for a given fiscal year, the department shall submit the policy changes for review by the Joint Legislative Budget Committee.

Prior to the implementation of any developmentally disabled or long-term care statewide provider rate adjustments not already specifically authorized by the

Legislature, court mandates or changes to federal law, the department shall submit a report for review by the Joint Legislative Budget Committee. The report shall include, at a minimum, the estimated cost of the provider rate adjustment and the ongoing source of funding for the adjustment, if applicable.

All monies in the Long-Term Care System Fund unexpended and unencumbered at the end of FY 2012 revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System administration.

Employment and Rehabilitation Services

Of the \$145,167,900 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.

All Federal Workforce Investment Act discretionary monies that are received by this state in excess of \$51,654,600 are appropriated to the Workforce Investment Act-Services line item. Before the expenditure of these increased monies, the Department of Economic Security shall report the intended use of monies above \$51,654,600 to the Joint Legislative Budget Committee.

STATUTORY CHANGES

The Baseline would:

- As session law, continue a provision requiring recipients of TANF Cash Benefits to pass a drug test in order to be eligible for benefits if DES has reasonable cause to believe that the recipient uses illegal drugs.
- As session law, continue to permit DES to reduce income eligibility levels for all child-care programs if the program has insufficient resources. DES would be required to report to JLBC within 15 days of any such change in levels.
- As session law, in the General Appropriation Act, continue to defer \$42,000,000 in General Fund payments for FY 2012 until FY 2013. Appropriate \$42,000,000 in FY 2013 for these deferred payments.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline continues the \$42,000,000 payment deferral from FY 2012 to FY 2013. DES plans to defer a total of \$42,000,000 in payments from the Special Line Items specified below:

Children Support Services	6,200,000
Emergency and Residential Placement	1,800,000
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 in FY 2012 to pay the amount deferred from FY 2011 to FY 2012 was appropriated in Laws 2010,

7th Special Session, Chapter 1, so this adjustment does not appear in the General Appropriation Act; however, the amount is included in the General Fund amount for DES in this section.

The Baseline reflects a full 12 months of payments in FY 2012, which consists of \$42,000,000 deferred from FY 2011 and \$42,000,000 deferred to FY 2013. The FY 2011 General Appropriation Act appropriates \$42,000,000 in FY 2012 for the deferral of these payments. As a result, the FY 2012 General Fund amount of \$672,885,600 would consist of \$42,000,000 from Chapter 1 and \$630,885,600 from the General Appropriation Act.

FY 2011 Adjustments

While the LTC program is estimated to have a shortfall of \$12,486,900 in FY 2011, this will be offset by TANF Cash Benefit savings of \$(24,969,200), for net savings of \$(12,482,300). The Baseline would ex-appropriate this amount from the DES budget in FY 2011. These 2 items are discussed in more detail below.

LTC Formula Growth

The FY 2011 budget forecasted June caseloads of 24,893. Revised forecasts now estimate caseloads of 24,042, for General Fund savings of \$4,825,100. The enhanced FMAP extension was \$(17,312,000) lower than projected. As a result, the net shortfall in LTC is \$12,486,900.

TANF Cash Benefits Caseload Adjustment

The Baseline includes a decrease of \$(24,969,200) from the General Fund to align funding with actual caseloads in FY 2011. In June FY 2011 there is estimated to be 42,840 TANF Cash Benefit recipients, (27,160) below originally budgeted FY 2011 caseloads.

TANF Block Grant

The Baseline includes \$225,060,600 of the state’s federal TANF Block Grant allocation.

The agency has the option to roll forward 10% of the total TANF Block Grant from FY 2011 into FY 2012. Contingency Fund and Emergency Contingency Fund revenues are not included in the permanent revenue calculation.

Table 10 provides detailed information on TANF expenditures and appropriations.

Table 10

TANF Block Grant Spending

	<u>Actual FY 2010</u>	<u>Approved FY 2011</u>	<u>Baseline FY 2012</u>
<u>Special Line Item</u>			
Operating	\$56,787,300	\$75,936,200	\$75,936,200
Administration			
Attorney General Legal Services	\$175,100	\$222,700	\$222,700
Benefits and Medical Eligibility			
TANF Cash Benefits	\$88,377,300	\$53,599,400	\$53,599,400
Aging and Community Services			
Community and Emergency Services	\$3,763,400	\$3,724,000	\$3,724,000
Coordinated Hunger Program	396,700	500,000	500,000
Coordinated Homeless Programs	1,649,500	1,649,500	1,649,500
Domestic Violence Prevention	6,197,300	6,620,700	6,620,700
Total – Aging and Community Services	\$12,006,900	\$12,494,200	\$12,494,200
Children, Youth and Families			
Adoption Services	\$16,618,500	\$19,802,400	\$19,802,400
Adoption - Family Preservation Projects	227,700	0	0
Children Support Services	6,034,200	25,254,100	25,254,100
CPS Emergency and Residential Placement	13,404,000	16,423,000	16,423,000
Foster Care Placement	6,061,600	6,973,100	6,973,100
Permanent Guardianship Subsidy	1,307,300	1,743,000	1,743,000
Total – Children, Youth and Families	\$43,653,300	\$70,195,600	\$70,195,600
Employment and Rehabilitation Services			
JOBS	\$8,921,700	\$9,894,700	\$9,894,700
Day Care Subsidy	2,508,000	2,717,800	2,717,800
Total – Employment and Rehabilitation Services	\$11,429,700	\$12,612,500	\$12,612,500
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$212,429,600	\$225,060,600	\$225,060,600
Beginning Balance	\$ 50,300	\$ 5,823,200	\$ 13,653,100
Administrative Adjustments	(18,071,100)	0	0
Non-Lapsing Authority from Prior Years	0	(2,300,000)	0
TANF Base Revenues	236,273,600	223,965,100	223,965,100
TANF Stimulus Revenues	<u>0</u>	<u>11,225,400</u>	<u>0</u>
Total TANF Available	218,252,800	238,713,700	237,618,200
Ending Balance	\$5,823,200	\$13,653,100	\$ 12,557,600
Permanent Revenues vs Expenditures^{1/}	23,844,000	(1,095,500)	(1,095,500)

^{1/} Difference between Base Revenues and Total Expenditures. Contingency Fund Revenues are not included in Permanent Revenues.

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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	149,800
Year-End Fund Balance	189,700	94,900
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 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	0	1,459,800
Year-End Fund Balance*	1,731,100	(36,400)
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	155,900	155,900
Year-End Fund Balance	18,300	18,100
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	471,500	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	11,935,900	16,785,200
Expenditure Authority Funds Expended	39,604,800	44,720,200
Year-End Fund Balance	2,992,600	430,100
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	106,300	207,100
Year-End Fund Balance*	91,600	(20,000)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 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	1,104,000	1,705,000
Year-End Fund Balance	1,825,100	1,820,100
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 Investment Fund (DEA3146/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Consists of client monies, such as Social Security, earnings, etc.		
Purpose of Fund: If consumers need assistance in handling their funds and no other person is available, the division is appointed to be the representative payee and is authorized to administer the personal funds of these consumers.		
Funds Expended	19,500	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 in those funds.		
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	61,000	109,300
Year-End Fund Balance	196,600	97,300
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	2,219,800	2,220,000
Year-End Fund Balance	391,400	831,400
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	3,700	3,300
Year-End Fund Balance	367,900	436,600

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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 2010, expenditures include \$18,200,000 in additional CCDF funding authorized by the American Recovery and Reinvestment Act of 2009.		
Funds Expended	106,211,100	130,688,200
Year-End Fund Balance	15,164,400	0
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 (ARRA) 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	1,836,054,100	1,494,507,300
Year-End Fund Balance*	47,541,300	(1,585,200)
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	212,429,600	225,060,600
Year-End Fund Balance	5,823,200	13,653,100
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	21,561,000	22,123,700
Year-End Fund Balance*	45,500	(204,900)
Arizona Job Training Fund (DEA1237/A.R.S. § 41-1544)		Non-Appropriated
Source of Revenue: Legislative appropriations, gifts, grants, interest earned on investments and, primarily, proceeds from a 0.1% employers' wage tax.		
Purpose of Fund: To provide training and retraining for specific employment opportunities with new and expanding businesses or businesses undergoing economic conversion. Most of the fund is administered by the Department of Commerce. Laws 2003, Chapter 263 expanded the use of the fund to permit legislative appropriation of fund monies to DES' JOBS program to provide job training for welfare clients. While the DES portion of the fund is appropriated, the Commerce funding is non-appropriated. Starting in FY 2006 no monies are appropriated to DES from this fund.		
Funds Expended	1,433,200	1,525,500
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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 to 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	29,700	0
Year-End Fund Balance	269,200	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	599,338,500	695,497,600
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	19,707,800	30,520,500
Year-End Fund Balance	2,851,500	29,200,000
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	0
Year-End Fund Balance	0	0
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	71,800	87,300
Year-End Fund Balance	122,300	90,000
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	251,500	431,700
Year-End Fund Balance*	26,200	(147,700)

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
Reed Act Grant (DEA9501/A.R.S. § 23-701)		Partially-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.		
Appropriated Funds Expended	3,524,200	3,561,000
Non-Appropriated Funds Expended	133,835,500	0
Year-End Fund Balance*	0	(3,561,000)
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	0	0
Year-End Fund Balance	315,600	315,600
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	24,400	1,135,300
Year-End Fund Balance	704,300	187,600
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 check off.		
Funds Expended	108,400	133,500
Year-End Fund Balance	43,500	22,000
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	699,700	1,874,500
Year-End Fund Balance	680,100	28,200
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

SUMMARY OF FUNDS	FY 2010 Actual	FY 2011 Estimate
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 § 903 of the federal Social Security Act. This fund provides regular unemployment benefits up to 26 weeks. Benefits extended beyond that time are federally funded and included in the Federal Grants fund.		
Funds Expended	829,401,400	583,090,500
Year-End Fund Balance*	(7,509,500)	(224,200,000)
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	59,898,800	56,052,100
Year-End Fund Balance	25,163,600	14,746,400

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