

Department of Economic Security

	FY 2011 ACTUAL	FY 2012 ESTIMATE	FY 2013 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5,473.4	5,473.4	5,473.4
Personal Services	108,523,900	126,398,700	126,398,700
Employee Related Expenditures	51,265,500	59,791,800	59,791,800
Professional and Outside Services	20,177,700	22,971,000	22,971,000
Travel - In State	1,413,800	1,741,300	1,741,300
Travel - Out of State	16,900	17,500	17,500
Other Operating Expenditures	61,400,600	63,679,400	63,679,400
Equipment	8,731,200	8,548,700	8,548,700
OPERATING SUBTOTAL	251,529,600	283,148,400	283,148,400
SPECIAL LINE ITEMS			
Administration			
Attorney General Legal Services	18,577,500	21,338,400	21,338,400
Aging and Community Services			
Adult Services	6,772,000	6,924,100	6,924,100
Community and Emergency Services	2,583,400	3,724,000	3,724,000
Coordinated Homeless	2,264,900	2,522,600	2,522,600
Coordinated Hunger	1,934,800	1,754,600	1,754,600
Domestic Violence Prevention	11,062,800	12,123,700	12,123,700
Benefits and Medical Eligibility			
TANF Cash Benefits	66,347,500	44,999,400	44,999,400
Tribal Pass-Through Funding	4,680,300	4,680,300	4,680,300
Child Support Enforcement			
County Participation	6,758,500	8,600,200	8,600,200
Children, Youth and Families			
Children Support Services	64,324,900	79,167,600	79,167,600
CPS Emergency and Residential Placement	23,718,100	24,001,700	24,001,700
Foster Care Placement	21,132,200	23,112,600	23,112,600
Independent Living Maintenance	2,369,500	2,719,300	2,719,300
Permanent Guardianship Subsidy	11,202,500	8,815,300	8,815,300
Adoption Services	59,680,800	57,744,600	57,744,600
Developmental Disabilities			
Case Management - Medicaid	38,246,300	37,857,200	37,857,200
Home and Community Based Services - Medicaid	587,484,900	710,061,800	706,191,700
Institutional Services - Medicaid	17,362,600	19,307,300	19,225,100
Medical Services	120,582,800	138,932,800	138,153,000
Arizona Training Program at Coolidge - Medicaid	15,823,600	15,601,500	15,601,500
Medicare Clawback Payments	1,766,300	2,496,900	2,848,400
Case Management - State Only	3,484,000	3,846,000	3,846,000
Home and Community Based Services - State Only	16,091,500	32,615,300	32,615,300
State-Funded Long Term Care Services	21,860,800	26,528,100	26,528,100
Employment and Rehabilitation Services			
JOBS	9,695,900	13,005,600	13,005,600
Day Care Subsidy	130,520,200	121,396,600	121,396,600
Rehabilitation Services	3,384,200	6,088,500	6,088,500
Workforce Investment Act Services	43,992,100	51,654,600	51,654,600
AGENCY TOTAL	1,565,234,500	1,764,769,000^{1/}	1,760,388,400

^{1/} In addition to these amounts, a total of \$5,009,100 GF, \$2,860,100 OF, and \$1,820,000 FMA is appropriated in FY 2012 for costs associated with an additional pay period.

	FY 2011 ACTUAL	FY 2012 ESTIMATE	FY 2013 BASELINE
FUND SOURCES			
General Fund	506,166,600	602,603,300	607,347,500
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	0	1,459,100	1,459,100
Child Support Enforcement Administration Fund	10,327,000	16,534,900	16,534,900
Children and Family Services Training Program Fund	34,900	205,300	205,300
Domestic Violence Shelter Fund	2,220,000	2,220,000	2,220,000
Federal CCDF Block Grant	117,577,000	130,567,500	130,567,500
Federal TANF Block Grant	229,252,600	239,304,400	239,304,400
Long Term Care System Fund (Non-Federal Matched)	21,860,800	30,518,400	30,518,400
Public Assistance Collections Fund	126,200	423,900	423,900
Special Administration Fund	9,200	1,129,900	1,129,900
Spinal and Head Injuries Trust Fund	1,642,000	1,864,700	1,864,700
Statewide Cost Allocation Plan Fund	0	1,000,000	1,000,000
Workforce Investment Act Grant	47,168,800	56,029,800	56,029,800
SUBTOTAL - Other Appropriated Funds	430,218,500	481,257,900	481,257,900
SUBTOTAL - Appropriated Funds	936,385,100	1,083,861,200	1,088,605,400
<u>Expenditure Authority Funds</u>			
Child Support Enforcement Administration Fund (EA)	37,123,800	40,320,200	40,320,200
Long Term Care System Fund (Federal Match)	591,725,600	640,587,600	631,462,800
SUBTOTAL - Expenditure Authority Funds	628,849,400	680,907,800	671,783,000
SUBTOTAL - Appropriated/Expenditure Authority Funds	1,565,234,500	1,764,769,000	1,760,388,400
Other Non-Appropriated Funds	667,371,600	406,015,400	263,314,300
Federal Funds	1,699,132,900	1,015,127,700	673,717,000
TOTAL - ALL SOURCES	3,931,739,000	3,185,912,100	2,697,419,700

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.

Summary

The Department of Economic Security's (DES) FY 2013 General Fund Baseline spending would increase by \$4,744,200, or 0.8%, for changes in the Developmentally Disabled (DD) program. These changes include:

- An increase of \$7,744,000 for a lower federal match rate.
- An increase of \$11,757,500 for new FY 2013 DD caseload growth.
- A decrease of \$(14,757,300) for the annualization of FY 2012 DD capitation and waiver changes.

(See *Developmental Disabilities* section for more information.)

Operating Budget

The Baseline includes \$283,148,400 and 3,590.2 FTE Positions in FY 2013 for the operating budget. These amounts consist of:

	FY 2013
General Fund	\$123,274,100
Child Support Enforcement Administration Fund	12,872,900
Children and Family Services Training Program Fund	205,300
Federal Temporary Assistance for Needy Families (TANF) Block Grant	78,780,000
Federal Child Care and Development Fund (CCDF) Block Grant	11,871,300
Federal Expenditure Authority	26,438,200
Long-Term Care System Fund	25,442,600
Public Assistance Collections Fund	333,200
Special Administration Fund	19,000
Spinal and Head Injuries Trust Fund	536,600
Statewide Cost Allocation Plan Fund	1,000,000
Workforce Investment Act Grant	2,375,200

These amounts are unchanged from FY 2012.

Administration

Attorney General Legal Services

The Baseline includes \$21,338,400 and 311.2 FTE Positions in FY 2013 for Attorney General Legal Services. These amounts consist of:

General Fund	12,063,800
Child Support Enforcement Administration Fund	2,322,900
Federal TANF Block Grant	222,700
Federal CCDF Block Grant	17,400
Federal Expenditure Authority	6,620,900
Public Assistance Collections Fund	90,700

These amounts are unchanged from FY 2012.

Monies in this line item fund all Attorney General Legal Services for the department.

Aging and Community Services

Adult Services

The Baseline includes \$6,924,100 from the General Fund in FY 2013 for Adult Services. This amount is unchanged from FY 2012.

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

Services	FY 2013
Adult Protective Contracted Services	\$ 295,100
Supplemental Payments	140,300
Home Care	2,162,200
Older Americans Act	1,824,100
Assessments and Case Management	2,040,400
Respite Care	462,000
Total	\$6,924,100

Community and Emergency Services

The Baseline includes \$3,724,000 from the Federal TANF Block Grant in FY 2013 for Community and Emergency Services. This amount is unchanged from FY 2012.

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 2011, this line item provided short-term crisis services to 1,868 households, energy assistance to 49,627 households; 29,139 households participated in telephone discount programs.

Coordinated Homeless

The Baseline includes \$2,522,600 in FY 2013 for Coordinated Homeless programs. This amount consists of:

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

These amounts are unchanged from FY 2012.

In FY 2011, this line item provided emergency shelter services to 15,841 individuals and transitional shelter services to 2,149 individuals.

Coordinated Hunger

The Baseline includes \$1,754,600 in FY 2013 for Coordinated Hunger programs. This amount consists of:

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

These amounts are unchanged from FY 2012.

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 2011, the USDA Commodities Food Program served 338,806 households quarterly.

Domestic Violence Prevention

The Baseline includes \$12,123,700 in FY 2013 for Domestic Violence Prevention. 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 2012.

In FY 2011, this line item, along with non-appropriated funds, served approximately 9,809 women and children in emergency shelters, 513 women and children in transitional housing, and 9,359 victims with legal and lay legal advocacy.

Benefits and Medical Eligibility

TANF Cash Benefits

The Baseline includes \$44,999,400 in FY 2013 from the Federal TANF Block Grant for TANF Cash Benefits. This amount is unchanged from FY 2012.

In the FY 2012 budget, the regular TANF Cash Benefits time limit was reduced from 36 months to 24 months. This change was expected to generate \$8,600,000 in savings, which assumed a decline of 7,000 recipients at an average monthly benefit of \$103. The actual savings now appears to be significantly less, with only about 3,800 recipients leaving the program, with an average benefit of about \$90 per month.

In addition, since the budget passed, the average number of diversion cases increased from about 1,700 per month for the first 9 months of FY 2011, to 2,350 for April through September. The Baseline estimates that the average number of diversion cases will return to the 1,700 level. The TANF Grant Diversion Program’s purpose is to divert applicants from receiving long-term regular TANF Cash Benefits by offering immediate, one-time assistance to resolve a financial crisis.

The Baseline estimates that in addition to the 1,700 Diversion cases there will be a regular TANF Cash Benefits caseload of approximately 36,900 individual recipients in June 2012 and a regular TANF Cash Benefits caseload of approximately 36,200 recipients in June 2013, a decrease of (700) recipients or about (2)%.

At this caseload level, total TANF Cash Benefits are projected to cost \$55,447,500, or \$10,448,100 above the Baseline. To stay within the Baseline amount, the department may have to reduce monthly benefit payments or transfer resources from other programs.

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 in FY 2013 for Tribal Pass-Through Funding. This amount is unchanged from FY 2012.

Monies in this line item are passed through to Native American tribes operating their own TANF programs. When originally implemented, program funding was designed to be roughly equivalent to what the state was spending on the population when 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.

<i>Sources</i>	
Balance Forward	\$ 4,984,800
State Share of Retained Earnings	6,100,000
Federal Incentive Payments	6,140,200
Fees	<u>1,632,800</u>
Total	\$18,857,800
<i>Uses</i>	
DCSE Administration	\$16,534,900
Administration (Non-Appropriated)	<u>2,322,900</u>
Total	\$18,857,800

County Participation

The Baseline includes \$8,600,200 in FY 2013 for County Participation. This amount consists of:

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

These amounts are unchanged from FY 2012.

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).

Of the \$126,281,900 in appropriated funds, \$68,650,200 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 the DES.

Table 3**FY 2013 Children Services Funding**

	Appropriated Funds	Non- Appropriated Funds	Total
Children Support Services	\$ 79,167,600	\$38,220,000	\$117,387,600
CPS Emergency & Residential Placement	24,001,700	27,534,200	51,535,900
Foster Care Placement	23,112,600	14,248,200	37,360,800
TOTAL	\$126,281,900	\$80,002,400	\$206,284,300

Children Support Services

The Baseline includes \$79,167,600 and 1 FTE Position in FY 2013 for Children Support Services. These amounts consist of:

General Fund	32,454,400
Federal TANF Block Grant	45,254,100
Child Abuse Prevention Fund	1,459,100

These amounts are unchanged from FY 2012.

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 2011, the department reported 11,133 out-of-home clients and 5,237 in-home cases. In addition, these funds will pay for services to approximately 5,000 parents, guardians, or custodians in FY 2012 whose substance abuse is a significant barrier to preserving the family.

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).

The Baseline also includes \$10,300,000 in deferred FY 2012 General Fund payments appropriated in FY 2013 by Laws 2011, Chapter 24, and it defers the same amount for FY 2013 to FY 2014. As a result, the FY 2013 General Fund amount of \$32,454,400 would consist of \$10,300,000 from Chapter 24, and \$22,154,400 from the FY 2013 General Appropriation Act.

CPS Emergency and Residential Placement

The Baseline includes \$24,001,700 in FY 2013 for CPS Emergency and Residential Placement. This amount consists of:

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

These amounts are unchanged from FY 2012.

The CPS Emergency and Residential Placement line provides funding for 1) short-term placement until a more permanent placement can be arranged and 2) behavioral or other therapeutic residential treatment.

In August 2011, 284 children were reported in emergency placements at an average monthly cost of \$3,602 per child, while 1,198 children were reported in residential placements at an average monthly cost of \$3,606 per child.

The Baseline also includes \$1,800,000 in deferred FY 2012 General Fund payments appropriated in FY 2013 by Laws 2011, Chapter 24, and it defers the same amount for FY 2013 to FY 2014. As a result, the FY 2013 General Fund amount of \$7,578,700 would consist of \$1,800,000 from Chapter 24, and \$5,778,700 from the FY 2013 General Appropriation Act.

Foster Care Placement

The Baseline includes \$23,112,600 in FY 2013 for Foster Care Placement. This amount consists of:

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

These amounts are unchanged from FY 2012.

The Foster Care Placement line 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 2011, 9,020 children were reported in foster care. Of that number, 3,748 children were placed with relatives in unlicensed foster care, which receives no placement funding. The remaining 5,272 children were in licensed foster care at an average monthly cost of \$667 per child.

The Baseline also includes \$1,900,000 in deferred FY 2012 General Fund payments appropriated in FY 2013 by Laws 2011, Chapter 24, and it defers the same amount for FY 2013 to FY 2014. As a result, the FY 2013 General Fund amount of \$16,139,500 would consist of \$1,900,000 from Chapter 24, and \$14,239,500 from the FY 2013 General Appropriation Act.

Independent Living Maintenance

The Baseline includes \$2,719,300 from the General Fund in FY 2013 for Independent Living Maintenance. This amount is unchanged from FY 2012.

The Independent Living Maintenance program provided stipends to 316 former foster youth between 18 and 21 in August 2011. These youth are living on their own and are either enrolled in a postsecondary program or employed.

Permanent Guardianship Subsidy

The Baseline includes \$8,815,300 in FY 2013 for Permanent Guardianship Subsidy. This amount consists of:

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

These amounts are unchanged from FY 2012.

The program provides a subsidy of foster care children in private homes under permanent guardianship status. In August 2011, 2,389 clients received permanent guardianship subsidies.

Adoption Services

The Baseline includes \$57,744,600 in FY 2013 for Adoption Services. This amount consists of:

General Fund	32,942,200
Federal TANF Block Grant	24,802,400

These amounts are unchanged from FY 2012.

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 August 2011, 15,161 clients received adoption subsidies. In addition, this line item is estimated to receive \$72,222,500 from Federal Grants in FY 2013.

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 Level 1, 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 September 2011, the Division of Developmental Disabilities serves 31,694 clients, which includes 23,957 clients in the LTC program and 7,737 clients in the state-only portion. The primary disabilities of these clients are shown in *Table 4*.

Table 4

Primary Disability of Clients Served

<u>Disability</u>	<u>Number</u>	<u>Percentage</u>
Cognitive Disability	13,838	44%
At Risk	8,771	28%
Autism	4,699	15%
Cerebral Palsy	2,989	9%
Epilepsy	1,295	4%
Not Indicated	102	<1%

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

Overall DES Formula Adjustments

The Baseline includes \$4,744,200 from the General Fund in FY 2013 for DES formula changes. Changes are described in further detail below the table.

FMAP Adjustments

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. During FY 2013, the blended FMAP for Medicaid will decline to 66.09% (0.85% decline). The reduced FMAP results in additional General Fund costs of \$7,744,000 in FY 2013.

FY 2013 Caseload Growth

The Baseline includes a net increase of \$11,757,500 from the General Fund in FY 2013 for the DES caseload changes. From FY 2012 to FY 2013, caseloads are expected to grow by 5.0% to a level of 26,307 in June 2013.

Table 5 summarizes the average monthly caseload estimates for the Special Line Items (SLIs). All clients are eligible for Medical Services and Case Management as necessary, but not all clients access other services in any particular month.

Table 5

June 2013 Long Term Care Caseloads

<u>Special Line Item</u>	<u>Clients</u>
Home and Community Based Services	22,939
Institutional Services	104
Arizona Training Program at Coolidge	<u>124</u> ^{1/}
Subtotal	23,167
Case Management/Medical Services only	<u>3,140</u>
Total	26,307

^{1/} Represents the budgeted client caseload.

Changes to the Medicaid Waiver

The caseload growth is offset by a decrease of \$(10,676,400) for the annualization of the FY 2012 Medicaid Waiver Plan changes. The FY 2012 budget included a reduction of \$(1,566,300) in DES savings as a

component of a \$(524,000,000) reduction across the 3 Medicaid agencies.

Shortly after the FY 2012 budget was enacted, the Executive revised its projected savings by \$(10,676,400) resulting in a new savings estimate of \$(12,242,800). This adjustment reflects a revised estimate of the (5)% provider rate reduction implemented on October 1, 2011 [\$10,781,800] and new benefit limits for respite care and inpatient hospital days [\$1,461,900]. *(Please see Changes to the Federal Waiver in the AHCCCS narrative.)*

The FY 2012 waiver savings of \$(12,242,800) is projected to grow to \$(16,323,700) in FY 2013 due to full year annualization of the waiver plan adjustments, primarily the (5)% rate reduction. Compared to the original FY 2012 waiver savings of \$(1,566,300), the net incremental FY 2013 savings would be \$(14,757,300).

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 budget reflects no net capitation rate adjustments in FY 2013. Capitation rates may reflect adjustments in utilization of services and medical inflation. If capitation rates increased by 2% in FY 2013, this would cost an additional \$6,478,600 from the General Fund in FY 2013.

FY 2012 Savings Transfer

In FY 2012, DES' waiver savings is estimated to be \$(10,676,400) higher than originally budgeted. In addition, DES has identified an additional \$(1,623,600) in non-Medicaid reform plan savings due to lower than budgeted capitation rates (not associated with provider rate reductions).

The combination of these 2 issues would result in DES savings of \$(12,300,000). These monies would be ex-appropriated from the DES budget and shifted to the Department of Health Services to offset their expected supplemental need.

Case Management - Medicaid

The Baseline includes \$37,857,200 and 755.5 FTE Positions in FY 2013 for Medicaid Case Management. These amounts consist of:

General Fund	12,839,300
Long Term Care System Fund	25,017,900

FY 2013 adjustments would be as follows:

Formula Growth	GF 1,895,700
	FMA (1,895,700)

This formula adjustment consists of the federal match rate change.

Background – In addition to providing case management services to an estimated 23,167 clients receiving direct services, this line item also provides case management services only to another 3,140 clients.

Home and Community Based Services - Medicaid

The Baseline includes \$706,191,700 and 94.5 FTE Positions in FY 2013 for Medicaid Home and Community Based Services (HCBS). These amounts consist of:

General Fund	239,504,900
Long Term Care System Fund	466,686,800

FY 2013 adjustments would be as follows:

Formula Growth	GF (7,558,700)
	FMA 3,688,600

Besides the federal match rate change, the formula adjustments include 5.0% enrollment growth in FY 2013 to a level of 22,939, the annualization of FY 2012 provider rate reductions and benefit limits, and no increase for medical inflation.

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 \$706,191,700 in this line item, \$694,469,400 funds HCBS services to clients enrolled in the LTC program; the other \$11,722,300 funds program staff.

The Baseline also includes \$20,000,000 in deferred FY 2012 General Fund payments appropriated in FY 2013 by Laws 2011, Chapter 24, and it defers the same amount for FY 2013 to FY 2014. As a result, the FY 2013 General Fund amount of \$239,504,900 would consist of \$20,000,000 from Chapter 24, and \$219,504,900 from the FY 2013 General Appropriation Act.

Institutional Services - Medicaid

The Baseline includes \$19,225,100 and 74 FTE Positions in FY 2013 for Medicaid Institutional Services. These amounts consist of:

General Fund	6,520,200
Long Term Care System Fund	12,704,900

FY 2013 adjustments would be as follows:

Formula Growth	GF 1,168,600
	FMA (1,250,800)

Besides the federal match rate change, the formula adjustments include 5.0% enrollment growth in FY 2013

to a level of 104, the annualization of FY 2012 provider rate reductions and benefit limits, and no increase for medical inflation.

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 \$19,225,100 in this line item, \$13,849,700 funds Institutional Services to clients enrolled in the LTC program; the other \$5,375,400 funds program staff.

Medical Services

The Baseline includes \$138,153,000 and 35.4 FTE Positions in FY 2013 for Medical Services. These amounts consist of:

General Fund	46,854,600
Long Term Care System Fund	91,298,400

FY 2013 adjustments would be as follows:

Formula Growth	GF	8,301,800
	FMA	(9,081,600)

Besides the federal match rate change, the formula adjustments include 5.0% enrollment growth in FY 2013, the annualization of FY 2012 provider rate reductions and benefit limits, and no increase for medical inflation.

Background – Of the \$138,153,000 in this line item, \$133,847,200 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 - Medicaid

The Baseline includes \$15,601,500 and 383.7 FTE Positions in FY 2013 for the Arizona Training Program at Coolidge (ATP-C). These amounts consist of:

General Fund	5,289,300
Long Term Care System Fund	10,312,200

FY 2013 adjustments would be as follows:

Formula Growth	GF	585,300
	FMA	(585,300)

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). The budget funds a caseload of 124 clients, but

the June 2013 caseload is estimated at 108 (87 in ICF/MRs and 21 in state-operated group homes). At that caseload, the blended cost per DD client at ATP-C will be \$144,500.

Medicare Clawback Payments

The Baseline includes \$2,848,400 from the General Fund in FY 2013 for Medicare Clawback Payments. FY 2013 adjustments would be as follows:

Formula Growth	GF	351,500
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The Baseline includes an increase of \$351,500 from the General Fund in FY 2013 for formula 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 (78.7% in 2013) of the estimated drug costs.

Case Management - State-Only

The Baseline includes \$3,846,000 and 79.3 FTE Positions from the General Fund in FY 2013 for state-only case management. These amounts are unchanged from FY 2012.

Background – This line item funds case management services to clients in the state-only DD program. As of September 2011, there are approximately 7,737 clients in the state-only program.

Home and Community Based Services - State-Only

The Baseline includes \$32,615,300 and 53.6 FTE Positions in FY 2013 for state-only Home and Community Based Services. These amounts consist of:

General Fund	28,625,000
Long Term Care System Fund	3,990,300

These amounts are unchanged from FY 2012.

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 \$32,615,300 in this line item, \$27,604,800 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.

State-Funded Long Term Care Services

The Baseline includes \$26,528,100 and 2 FTE Positions from the Long Term Care System Fund in FY 2013 for State-Funded Long Term Care Services. These amounts are unchanged from FY 2012.

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 \$26,528,100 in this line item, \$26,466,800 funds State-Funded Long Term Care Services to clients enrolled in the DD program; the other \$61,300 funds program staff.

Employment and Rehabilitation Services

JOBS

The Baseline includes \$13,005,600 and 93 FTE Positions for JOBS in FY 2013. 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 2012.

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

<u>Expenditures</u>	<u>Amount</u>
Case Management	\$ 9,789,600
Job Training	1,317,900
FLSA Supplement	80,400
Work-Related Transportation	1,427,700
Job Search Stipends	<u>390,000</u>
Total	\$13,005,600

Day Care Subsidy

The Baseline includes \$121,396,600 in FY 2013 for Day Care Subsidy. This amount consists of:

Federal CCDF Block Grant	118,678,800
Federal TANF Block Grant	2,717,800

These amounts are unchanged from FY 2012.

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.

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 24-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 \$356 per month in FY 2013. The maximum reimbursement rate paid by the state for a 2-year-old child in Maricopa County is \$26.60 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 \$26.60 Maricopa rate, this \$2.00 co-payment would account for 7.5% of the total cost of care (with the state paying the other 92.5%). 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 37.6% of the child’s day care costs.

Caseloads – The estimated average number of children receiving child care services in FY 2013 is projected to be 24,300 (*see Table 7*). DES initiated a waiting list for the Low-Income Working category of child care services on February 18, 2009. According to DES, as of September 2011, approximately 6,566 children had been found eligible for child care services and placed on the waiting list. As of October, 1,589 children who were previously on the waiting list are receiving services.

<u>Category</u>	<u>Estimated FY 2013 ^{1/}</u>
TANF	4,100
CPS	8,500
Low-Income Working	5,300
Transitional Child Care SLI	<u>6,400</u>
Total Served	24,300

^{1/} Represents projected average caseload.

Rehabilitation Services

The Baseline includes \$6,088,500 in FY 2013 for Rehabilitation Services. This amount consists of:

General Fund	4,760,400
Spinal and Head Injuries Trust Fund	1,328,100

These amounts are unchanged from FY 2012.

The program is expected to serve up to 7,500 clients at an average annual Total Funds cost of \$6,700 per client.

In addition to these clients, the division is also expected to serve 1,200 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 Baseline also includes \$1,000,000 in deferred FY 2012 General Fund payments appropriated in FY 2013 by Laws 2011, Chapter 24, and it defers the same amount for FY 2013 to FY 2014. As a result, the FY 2013 General Fund amount of \$4,760,400 would consist of \$1,000,000 from Chapter 24, and \$3,760,400 from the FY 2013 General Appropriations Act.

Workforce Investment Act Services

The Baseline includes \$51,654,600 from the Workforce Investment Act (WIA) Grant in FY 2013 for the Workforce Investment Act Services line item. This amount is unchanged from FY 2012.

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.

The allocation of the WIA Grant for workforce related programs in FY 2013 is shown in *Table 8*.

Table 8
FY 2013 WIA Grant Allocations

<u>Category</u>	<u>Amount</u>
WIA SLI	\$51,654,600
Administration	2,375,200 ^{1/}
JOBS	2,000,000 ^{2/}
Total	\$56,029,800

^{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

Administration

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.

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, 2012. 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 shares of retained earnings, fees and federal incentives above \$16,534,900 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 Department of Economic Security shall report the intended use of the monies to the Joint Legislative Budget Committee.

Children Youth and Families

Of the amounts appropriated for Children Support Services, CPS Emergency and Residential Placement, and Foster Care Placement, \$68,650,200 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 \$45,254,100, CPS Emergency and Residential Placement \$16,423,000, Foster Care Placement \$6,973,100.

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.

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 2013 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, 2013.

All monies in the Long-Term Care System Fund unexpended and unencumbered at the end of FY 2013 revert to the state General Fund, subject to approval by the Arizona Health Care Cost Containment System administration.

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.

For FY 2013, 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.

Employment and Rehabilitation Services

Of the \$121,396,600 appropriated for Day Care Subsidy, plus any funding authorized to be deferred to FY 2013, \$115,119,900 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 monies that are received by this state in excess of \$56,029,800 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 \$56,029,800 to the Joint Legislative Budget Committee.

Departmentwide

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 potential shortfalls in entitlement programs and 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.

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 \$35,000,000 in General Fund payments for FY 2013 until FY 2014. Appropriate \$35,000,000 in FY 2014 for these deferred payments.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline continues the \$35,000,000 payment deferral from FY 2013 to FY 2014. DES plans to defer a total of \$35,000,000 in payments from the Special Line Items specified below:

Children Support Services	10,300,000
Emergency and Residential Placement	1,800,000
Foster Care Placement	1,900,000
Home and Community Based Services - Medicaid	20,000,000
Rehabilitation Services	1,000,000

The \$35,000,000 in FY 2013 to pay the amount deferred from FY 2012 to FY 2013 was appropriated in Laws 2011, Chapter 24, 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. As a result, the FY 2013 General Fund amount of \$607,347,500 would consist of \$35,000,000 from the deferral appropriation and \$572,347,500 from the General Appropriation Act.

TANF Block Grant

The budget appropriates \$239,304,400 of the state's federal TANF Block Grant allocation in FY 2013. *Table 9* shows expected yearly revenues, expenditures, and fund balances.

The table compares ongoing revenues and expenditures from the TANF Block Grant. In FY 2011, 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. This fund was completely depleted in FY 2010. Because Congress acted to replenish a portion of the Contingency Fund, DES received \$13,285,300 in FY 2011; DES is estimated to receive \$6,671,300 in FY 2012. The Contingency Fund is again depleted. Unless Congress acts again to restore funding, it is expected that this source of funding will not be available in FY 2013.

The table also shows the loss of Federal stimulus revenues and Population Supplemental revenues associated with the TANF Block Grant. Federal authorization for the Population Supplemental expired at the end of FY 2011 and Congress has not restored that funding.

Although the table shows a negative ending balance for FY 2013, the actual ending balance cannot be negative. To stay within the amount of available funds, DES will need to determine how to generate savings. DES underspent its FY 2011 TANF Block Grant estimate, published in the *FY 2012 Appropriations Report*, by about \$11,000,000.

For FY 2013, the TANF Block Grant permanent revenues are projected to be \$(39,163,100) less than permanent spending. The Contingency Fund revenues and Stimulus revenues are not included in the permanent revenue calculation.

FY 2012 Ex-Appropriation

The FY 2012 supplemental includes an ex-appropriation of \$(12,300,000) from the General Fund in DES. This money will then be appropriated in the Department of Health Services resulting in no net statewide General Fund increase. (*Please see Changes to the Federal Waiver in the AHCCCS narrative.*)

Table 9

TANF Block Grant Spending

<u>Special Line Item</u>	<u>Actual FY 2011</u>	<u>Estimated FY 2012</u>	<u>Baseline FY 2013</u>
Operating	\$ 62,971,000	\$ 78,780,000	\$ 78,780,000
Administration			
Attorney General Legal Services	\$ 177,900	\$ 222,700	\$ 222,700
Aging and Community Services			
Community and Emergency Services	\$ 2,583,400	\$ 3,724,000	\$ 3,724,000
Coordinated Homeless Programs	1,458,100	1,649,500	1,649,500
Coordinated Hunger Program	730,100	500,000	500,000
Domestic Violence Prevention	5,705,300	6,620,700	6,620,700
Total – Aging and Community Services	\$ 10,476,900	\$ 12,494,200	\$ 12,494,200
Benefits and Medical Eligibility			
TANF Cash Benefits	\$ 62,931,100	\$ 44,999,400	\$ 44,999,400
Children, Youth and Families			
Children Support Services	\$ 32,262,600	\$ 45,254,100	\$ 45,254,100
CPS Emergency and Residential Placement	16,139,400	16,423,000	16,423,000
Foster Care Placement	6,597,400	6,973,100	6,973,100
Permanent Guardianship Subsidy	4,231,600	1,743,000	1,743,000
Adoption Services	22,386,700	19,802,400	19,802,400
Total – Children, Youth and Families	\$ 81,617,700	\$ 90,195,600	\$ 90,195,600
Employment and Rehabilitation Services			
JOBS	\$ 8,360,200	\$ 9,894,700	\$ 9,894,700
Day Care Subsidy	2,717,800	2,717,800	2,717,800
Total – Employment and Rehabilitation Services	\$ 11,078,000	\$ 12,612,500	\$ 12,612,500
SUBTOTAL	\$229,252,600	\$239,304,400	\$239,304,400
Administrative Adjustments	5,108,000	241,100	0
Appropriated 27th Pay Period	0	2,058,900	0
TOTAL - DEPARTMENT OF ECONOMIC SECURITY	\$234,360,600	\$241,604,400	\$239,304,400
Beginning Balance	\$ 43,100,300	\$ 42,730,800	\$ 5,756,400
TANF Base Revenues	200,141,300	200,141,300	200,141,300
TANF Population Supplemental Revenues	21,807,900	0	0
TANF Contingency Fund Revenues	13,285,300	6,671,300	0
TANF Stimulus Revenues	4,456,600	0	0
Total TANF Available	282,791,400	249,543,400	205,897,700
Ending Balance	\$ 48,430,800	\$ 7,939,000	\$(33,406,700)
Permanent Revenues vs Expenditures^{1/}	(29,111,300)	(39,163,100)	(39,163,100)

^{1/} Difference between Base Revenues and Expenditure Subtotal. Contingency Fund Revenues and Stimulus Revenues are not included in Permanent Revenues.

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 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	162,000
Year-End Fund Balance	234,000	117,000
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	1,459,100
Year-End Fund Balance	2,374,500	97,300
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	116,000	116,000
Year-End Fund Balance	8,800	8,800
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	247,000	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	10,327,000	16,534,900
Expenditure Authority Funds Expended	37,123,800	40,320,200
Year-End Fund Balance*	231,400	(5,348,300)
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	34,900	205,300
Year-End Fund Balance	172,500	78,900

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 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	458,700	1,350,000
Year-End Fund Balance	2,769,700	1,879,700
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	11,800	9,100
Year-End Fund Balance	1,503,900	1,508,800
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	24,200	21,700
Year-End Fund Balance	174,000	154,300
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. Another portion of monies is from a \$50 fee for aggravated harassment, stalking, and other violent family offences. 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	2,220,000	2,220,000
Year-End Fund Balance	933,000	1,485,000
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	3,300	3,300
Year-End Fund Balance	366,800	368,500
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.		
Funds Expended	117,577,000	130,567,500
Year-End Fund Balance	8,289,000	0

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 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 2010 and FY 2011, 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	1,699,132,900	1,015,127,700
Year-End Fund Balance	48,028,800	19,392,300
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	229,252,600	239,304,400
Year-End Fund Balance*	40,548,100	(915,000)
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	19,137,900	19,706,900
Year-End Fund Balance*	0	(46,100)
Arizona Job Training Fund (DEA1237/A.R.S. § 41-1544)		Non-Appropriated
Source of Revenue: DES collects one-tenth of one percent of taxable wages per A.R.S. § 23-622 from employers for the job training tax and transfers all funds to the Arizona Commerce Authority. The revenue received by DES in this fund is the reimbursement for expenditures incurred for the purpose of collecting the job training tax.		
Purpose of Fund: To collect the job training tax.		
Funds Expended	1,390,300	1,322,700
Year-End Fund Balance	0	0
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	0	0
Year-End Fund Balance	320,100	0
Long Term Care System Fund (Federal Match) (DEA2225/A.R.S. § 36-2953)		Non-Appropriated
Source of Revenue: Federal Medicaid Authority monies.		
Purpose of Fund: To fund administrative and program costs associated with the Long Term Care system.		
Funds Expended	591,725,600	640,587,600
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
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	21,860,800	30,518,400
Year-End Fund Balance	68,595,300	36,031,600
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	62,400	62,000
Year-End Fund Balance	92,000	63,800
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	126,200	423,900
Year-End Fund Balance*	8,800	(389,500)
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	271,500	271,500
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	9,200	1,129,900
Year-End Fund Balance*	456,100	(389,000)
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	107,500	91,500
Year-End Fund Balance	8,400	3,200

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
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	1,642,000	1,864,700
Year-End Fund Balance	189,100	406,500
Statewide Cost Allocation Plan Fund (DEA9000/A.R.S. § 41-1954)		Appropriated
Source of Revenue: Federal reimbursement.		
Purpose of Fund: General operations.		
Funds Expended	0	1,000,000
Year-End Fund Balance	0	0
Temporary Transaction Privilege and Use Tax - 1% Fund (DEA1032/Article IX, Section 12.1 of State Constitution)		Non-Appropriated
Source of Revenue: Temporary 3-year 1-cent sales and use tax authorized by voters during the May 2010 special election. The tax expires after May 31, 2013.		
Purpose of Fund: To provide funding for primary and secondary education, health and human services and public safety. Expenditures are not displayed to avoid double counting General Fund. (For FY 2011, the General Accounting Office reported as of August 2011 that the Department of Education received \$576,697,200 and that the Department of Corrections, Arizona Health Care Cost Containment System (AHCCCS), Department of Economic Security, and Department of Health Services each received \$72,087,200.)		
Funds Expended	0	0
Year-End Fund Balance	0	0
Unemployment Insurance Benefits Fund (DEA7510/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	646,059,500	218,470,200
Year-End Fund Balance*	(238,684,700)	(16,854,900)
Unemployment Special Assessment Fund (DEA2558/A.R.S. § 23-730.01)		Non-Appropriated
Source of Revenue: A Special Assessment (SA) on taxable wages paid in calendar years 2011 and 2012. In 2011 and 2012, the assessment is 0.4% and 0.6% respectively.		
Purpose of Fund: The Director of DES has the discretion to set a SA in order to pay interest owed to the U.S. Department of the Treasury due to borrowing to continue to pay Unemployment Insurance (UI) benefits as well as to return the UI Trust Fund to solvency and avoid the loss of employer federal UI tax credits. The additional revenue collected above what is needed to pay for the interest owed to the U.S. Department of the Treasury will be used to pay for UI benefits.		
Funds Expended	0	164,700,000
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 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	47,168,800	56,029,800
Year-End Fund Balance	25,389,900	13,463,100

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