



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Annual Report
State Fiscal Year 2018

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Table of Contents

Section 1 – Department of Economic Security Overview	3
Section 2 – The DES Response to the State’s Economic Security Needs	5
Section 3 – Professional Development of the Department’s Employees.....	11
Section 4 – Fiscal Year 2018 Highlights and Accomplishments.....	15
Section 6 – Statistics	43

Section 1 – Department of Economic Security Overview

The Arizona Department of Economic Security (DES or Department) is an integrated human services agency that provides critical protective and assistance services to Arizona's children, adults, and families.

The Arizona State Legislature established DES (A.R.S. § 41-1954) in 1972 by consolidating the authority, power, and duties of five separate state agencies, followed by a sixth in 1974. The intent of the 1972 legislation and subsequent amendments was to provide an integrated approach to human services. In 2014, the Legislature created the new Department of Child Safety (DCS) which assumed the child welfare and child protective service functions from DES.

As part of the DES implementation of the Arizona Management System (AMS), the Department has established a new True North, all Arizonans who qualify receive timely DES services and achieve their potential. For this to be realized, DES incorporates the following five core values when conducting its work:

- Accountability – We commit to excellence, innovation, and transparency.
- Integrity – We are trustworthy, honest, and reliable.
- Respect – We appreciate each other and value those we serve.
- Teamwork – We collaborate with humility and partner with kindness.
- Diversity – We respect all Arizonans, and honor those in need.

As of the end of State Fiscal Year (SFY) 2018, DES had 7,619 employees and operated from 91 direct-service offices, 13 residential facilities, and 20 administrative offices. DES owns 26 of the facilities and leases two of those properties to private entities. The remainder of DES locations are leased. The Department is divided into six districts with the central administration located in Phoenix.

The Department has approximately 5,400 contracts and agreements with non-profit and for-profit organizations, governmental agencies, Tribal governments, and other community partners throughout Arizona. These contracts provide services to Arizonans across the human service delivery continuum and critical operational support to the Department and its staff.

This report highlights areas of DES's efforts to provide services to Arizona's children, adults, and families to ensure that they have an opportunity to live safely and become self-sufficient. DES and its provider networks deliver services made available through over 40 programs. The broad program areas include child care assistance to help low-income parents become and remain employable; Adult Protective Services (APS) and a range of in-home supports for older Arizonans to help them remain independent; domestic violence and homeless shelters and supports; food and nutrition services; utility assistance; early intervention services for infants and toddlers with developmental disabilities; unemployment insurance;

employment assistance; vocational rehabilitation and job training; child support services; refugee resettlement services; financial support; and eligibility determination for much of the state's Medicaid program, the Arizona Health Care Cost Containment System (AHCCCS).

Section 2 – The DES Response to the State’s Economic Security Needs

Caseloads and Budget

Arizona’s economy has been improving steadily since the Great Recession, but some economic indicators still lag behind nationwide metrics. Arizona was more severely impacted by the economic recession than most other states. According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate was 4.9 percent in 2016. During 2017, the national unemployment rate decreased by 0.5 percent to 4.4 percent. In contrast, the unemployment rate for Arizona remained above the national rate. In 2016, the Arizona unemployment rate was 5.4 percent and decreased to 4.9 percent for 2017.

Division of Benefits and Medical Eligibility (DBME)

The public need for assistance to obtain food, health care and housing has increased significantly. From SFY 2007 to SFY 2018 the number of Arizonans enrolled in the Supplemental Nutrition Assistance Program (SNAP) increased by 63 percent from 537,000 to 875,241. Recently state economic conditions have started to stabilize. After reaching peak demand levels in October 2011, SNAP caseload numbers have leveled off.

Division of Aging and Adult Services (DAAS)

The APS program receives and investigates allegations of abuse, neglect and exploitation of vulnerable adults. The number of reports to APS increased 18% from SFY 2017 to SFY 2018. This trend is expected to continue through SFY 2019 and beyond due to the aging of the overall population. APS is working toward a goal of investigating all cases within an average of 60 days which is the national best practice standard. APS succeeded in reducing caseload sizes to the national best practice standard of 25 cases per case manager per year in SFY 2018. The APS program is also focused on consistent decision making and timeliness standards for intake and field operations.

Division of Developmental Disabilities (DDD)

In SFY 2018, the Arizona Early Intervention Program (AzEIP), a comprehensive, coordinated statewide system of early intervention supports and services for children from birth to three years old who have disabilities or developmental delays, and for their families, received a monthly average of 1,369 referrals. In the last calendar year, AzEIP served a cumulative total of 10,903 children with Individualized Family Service Plans.

Division of Employment and Rehabilitation Services (DERS)

The Child Care Administration (CCA) offers child care assistance for eligible families attempting to achieve independence from Temporary Assistance for

Needy Families (TANF) Cash Assistance (CA), transitioning from CA, or diverted from CA. Referrals are received from DCS and Tribal Child Protective Services (CPS). CCA also assists low-income employed families, teen parents enrolled in high school or GED classes, homeless or domestic violence shelter residents, and individuals unable to work due to physical or emotional conditions. In SFY 2018, 51,026 children from 27,950 families received child care assistance. This is an increase of five percent compared to the previous state fiscal year.

Department Public- Private Partnerships

The Department is committed to engaging our valued partners with respect, gratitude, and transparency. Employees from all levels in the agency are engaged with partners and stakeholders to coordinate action to achieve the Department's mission.

The Department has, over the years, continued to examine its operating support systems to take advantage of opportunities where the private sector could provide cost effective operating support.

- The following program services are currently outsourced by the Department through contracts:
 - Shelter and case management services for people experiencing homelessness;
 - Shelter and supportive services for victims of domestic violence;
 - Food and utility supports;
 - Independent living and other community-based supports for older Arizonans;
 - Refugee resettlement services;
 - Employment services for the Jobs Program;
 - Employment services for the Supplemental Nutrition Assistance Employment and Training Program (SNA E&T) Program;
 - Supplemental Nutrition Assistance Employment Program Career Advancement Network (SNAP CAN), a community-based employment and training partnership providing employment readiness opportunities to eligible SNAP recipients;
 - Call centers to provide basic benefit information;
 - Child care services provided for eligible families;
 - Child care training and technical assistance provided to DES contracted child care providers servicing eligible families. Training and assistance include the following:
 - Health and safety training and technical assistance.
 - Expulsion prevention training and technical assistance.
 - Infant/toddler training.
 - Child care resource and referral;
 - Child support payment processing;

- Employer new hire reporting, which is used to validate employment and the incomes of child support obligors;
Genetic testing to establish paternity;
 - Workforce employment and training programs through the Workforce
 - Innovation and Opportunity Act; including helping employers recruit, develop and retain qualified employees, and assisting job seekers in the pursuit of employment opportunities;
 - Acute, long-term care, and behavioral health services to individuals with developmental disabilities;
 - Rehabilitation and vocational services for individuals with disabilities to obtain or maintain employment and independence in the community; and
 - Service coordination and therapies for children who are eligible for AzEIP.
- The following business functions are currently outsourced within the Department:
 - Mailroom services;
 - Office supply delivery;
 - Specialized printing;
 - Office-moving services;
 - Electronic Benefits Transfer (EBT) card issuance for CA, Nutrition Assistance (NA), Child Support, and Unemployment Insurance (UI) benefits;
 - Electronic pay card issuance for unemployment benefits and child support payments;
 - Kiosks at local child support offices to collect child support payments;
 - Translation and interpretation services;
 - Typing and preparation of transcripts for administrative hearings;
 - Teleconferencing and digital recording of administrative hearings;
 - Telephone systems; and
 - Data entry of wage data submitted by employers.
 - The following business functions are currently leveraged through external community partnerships established by the Office of Community Engagement (OCE):
 - DES ON THE SPOTS (DOTS): from March 2018 through June 2018, a total of 30 DOTS served a total of 5,347 citizens. DOTS are ongoing service centers that facilitate access to DES services in less populated areas of the state. This initiative serves citizens in rural areas and tribal lands by partnering with community organizations. In 99 percent of the DOTS locations DES does not pay office space fees.
 - OCE was instrumental in the expansion of DES services at the Human Services Campus in Phoenix. Expansion activities include:
 - Increased from one part-time Program Service Evaluator (PSE) to three full-time PSE's dedicated to serving citizens in need of cash, nutrition and medical benefits.

- Established a Division of Employment and Rehabilitation Services (DERS) presence with two part time Vocational Rehabilitation Specialists.
- Arranged APS training with Human Services Campus personnel who directly interact with clients.
- OCE led the efforts to expand DES services at Native Health Center by first expanding Family Assistance Administration services, then by adding services through the Division of Child Support Services (DCSS) and most recently Workforce Development through DERS.

Leveraging Technology to Improve Service Delivery

DES's Information Technology (IT) systems are a key component in the delivery of critical services. DES is in the process of improving legacy systems to continue to provide more efficient customer services. DES is continuing to provide enhanced customer self-service capabilities with internet and interactive voice response (IVR) systems. The use of imaging and document solutions has resulted in reduced costs and greater efficiency. Listed below are highlights of these efforts:

- Since 2010, applicants and participants in CA, SNAP, and Medicaid have been able to review ongoing case status, report family changes, and receive important help regarding their cases via the My Family Benefits (MFB) website. This website has become a proven tool for empowering customers to maintain and monitor their benefits and case status. This process has benefited clients by making the information they need more readily available. Lobby and call center contacts are reduced by allowing the customer to submit change reports through the website. During SFY 2018, there were 125,110 MFB website page views. These numbers are decreasing due to the implementation of the Health-e-Arizona Plus (HEAplus) system, which includes a Report a Change function.
- The MFB website has also been successful in helping clients to access information regarding other services by redirecting them to sites with information about such services as:
 - EBT account information;
 - Updates on potential benefit overpayments;
 - Medicaid health coverage;
 - Use of the online Health-e-Arizona Plus (HEAplus) application, which supports CA, SNAP, and Medicaid application processes; and
 - The Hunger Relief Program.
- The Department currently operates eight Interactive Voice Response (IVR) telephone systems for applicant and recipient use. The IVRs provide many of the same services that are provided by Department staff and allow users to receive information without staff assistance.

- Since SFY 2014, the Division of Benefits and Medical Eligibility has operated an IVR that utilizes intelligent routing, educational messages, new skill sets and rules for handling telephone calls. The IVR recognizes when a customer has submitted an online application and needs an eligibility interview. It directs these calls to a DBME staff member for a telephone interview. During SFY 2018, 276,597 SNAP telephone interviews were completed, and 27,820 CA telephone interviews were conducted. The Family Assistance Administration (FAA) processed 212,097 customer calls. Issues discussed included eligibility determinations, administrative hearings and policy clarifications.
- In response to the Affordable Care Act, DES collaborated with AHCCCS to contract with a private vendor to provide a separate call center for basic customer questions about Medicaid enrollment and services. The vendor also handles basic inquiries from customers regarding SNAP and CA. The vendor accepts customer e-mails and conducts customer web chats. For SFY 2018, this private vendor call center responded to 1,763,345 telephone calls, 13,032 emails, 59,733 web chats, reset 135,926 HEAplus passwords and entered 140,142 telephonic applications.
- The Division of Child Support Services (DCSS) completed a feasibility study for the replacement of the existing child support computer system known as Arizona Tracking and Location System (ATLAS). The feasibility study provided an assessment of several options and the final report was submitted to the federal Office of Child Support Enforcement (OSCE) in October 2017 and received approval in March 2018. DCSS hired a Project Manager and is now in the planning phase of the project.
- DCSS Touch Pay kiosks allow noncustodial parents to make child support payments at DES/DCSS local offices using cash, credit/debit cards, and checks without waiting in line to speak to a staff member. In SFY 2018, there were 21,636 payments processed totaling over \$5 million that was distributed to custodial parents.
- Overall usage of most of the DES self-service applications continues to increase, indicating widespread acceptance by DES customers:
 - DCSS Payment Gateway allows noncustodial parents to make a child support payment electronically over the Internet, by phone, or in person using point-of-sale terminals located in a local DES/DCSS office. In SFY 2018 the Payment Gateway processed 66,597 payments totaling over \$22 million that was distributed to custodial parents. Over half of the electronic payments were made via the Internet.
 - A total of 316,917 UI tax reports were filed electronically in SFY 2018. This total includes 60,085 reports filed on the online Tax and Wage System and 307,832 reports filed using the bulk file upload system Arizona UI Tax Reporting for Employers.

- In SFY 2018, 91.7 percent of new UI claims and 90.7 percent of continued claims were filed electronically via the Internet.
- HEAplus was used to submit nearly 83 percent of all Medical Assistance applications received by the Department in SFY 2018.
- Most of the Department's programs use document imaging for Department records that must be stored electronically. This process allows for easy access and is more cost effective than storing paper documents. In FY 2012, the Department received a SNAP Process and Technology Improvement Grant that enabled piloting automated document recognition and indexing software in FY 2013. After testing various indexing tools, DES is implementing the Lexmark Intelligent Document Capture/Brainware document indexing solution. The State implemented the Brainware solution in May 2018 and is phasing in different document work queues with a planned completion in December 2018. Initial testing shows an improvement in accuracy as well as time efficiencies in the indexing process. Once fully implemented, the software product will recognize the type of document that is scanned and then automatically index the document into its online document management system where it will be retrievable by multiple search criteria. The change will provide greater efficiency by providing rapid access to client documentation records.

Section 3 – Professional Development of the Department’s Employees

Overview

In SFY 2018, the Office of Professional Development (OPD) continued to build its capacity to support the organization, while at the same time producing a large volume of new or substantively revised educational content for staff. New or revised training content is developed with the goal of being performance-based and tied to business outcomes. By implementing AMS, OPD emphasizes critical thinking and continuous improvement in its design methodology, such as the development of standardized instructor and participant guides for each course.

Operations Training

The Operations Training Unit was expanded at the end of SFY 2018 in order to provide support for operations divisions for the first time. DES/OPD introduces new hires to AMS culture by incorporating key concepts into New Employee Orientation. The Instructor and Instructional Systems Design certifications were also substantively improved and AHCCCS and Arizona Department of Transportation (ADOT) have both adopted these certifications. To secure an expanded training option, OPD has initiated a project to utilize the LinkedIn Learning resource in 2019.

Leadership

DES implemented customized leadership training based upon the book Leadersights by David Veech. The training was offered in four sessions of four hours, in the final session, each trainee devised their own Professional Development Plan. A total of 1,400 leaders at all Department levels will be trained during the initial phase. Approximately one third of this total were trained during SFY 2018. After the initial phase is complete, the material will be incorporated in to the new supervisor onboarding training. This program is anticipated to be a key factor in changing the Department culture to one of continuous improvement in a safe environment.

Programmatic Training

Division of Aging and Adult Services (DAAS)

The DAAS team continued to stabilize and standardize new hire training including investigator training. The team developed a new training using both computer - based and instructor led training for the Division's Central Intake Unit. A series of trainings on personal and environmental safety were developed in SFY 2018 and will be provided to DAAS employees during SFY 2019.

Division of Benefits and Medical Eligibility (DBME)

In a combined effort, DBME training staff assisted OPD trainers in a complete revision of training and curriculum provided to first year Program Service Evaluators (PSE). OPD successfully decreased the cycle time from date of hire to job readiness. The FAA Onboarding New Employees (ONE) program implemented in April 2018 utilizes AMS lean management principles and critical thinking. DBME/FAA allotted additional full-time training staff and locations to support classroom training for 80 PSE new-hires per month. OPD training staff assisted DBME management with the implementation of structured on the job coaching by front line supervisors. This approach utilizes concepts that have proven successful in the private sector.

OPD and DBME training staff exchange information on an on-going basis and strive for continuous improvement. The successful partnership led to some of the following accomplishments in SFY 2018:

- Reduced training duration from an average of 58 weeks to 12 weeks. (nine weeks of instructor led classroom training and three weeks of On the Job training.
- Modernized the look and approach to training curriculum and decreased the total classroom curriculum by two weeks.
- Increased OPD/DBME training staff from 13 full time staff to 25 full time staff state wide with plans to increase to 27 in SFY 2019.
- Increased from 16 to 21 training locations state wide.
- Reduced material and labor costs associated with producing and distributing training books by approximately \$60,000.
- Centralized all DBME/FAA Training material on SharePoint for easy accessibility to all staff.
- Increased the frequency of DBME/FAA ONE training by offering multiple classes every two weeks.
- Offered multiple Supervisor Support sessions to assist DBME/FAA Supervisors with the change in curriculum.
- Conducted focus group sessions with randomly selected recent trainees. The focus sessions are intended to identify opportunities for process improvement.

Division of Child Support Services (DCSS)

The priority for DCSS this SFY was to provide training for Enforcement Professionals. Training outlining Child Support Payment processing was provided along with other enforcement classes. The team completed substantive revisions to several debt courses to keep courses updated and relevant. DCSS rolled out Domestic Violence training in support of the Procedural Justice-Informed Alternatives to Contempt (PJAC) grant. The training will be made available across the entire Department beginning in SFY 2019.

Division of Developmental Disabilities (DDD)

The DDD team was challenged with several short turn around projects arising from audit findings, primarily at the Arizona Training Program at Coolidge (ATPC) facility. In response, the team is partnering with OPD to create training for the revised Individual Service Program process by applying AMS principles. Major revisions to the Support Coordinator new hire series began in SFY 2018 and are continuing in SFY 2019. To assist in providing general training for all DDD employees, DDD purchased licenses to Relias, an online content provider that contains hundreds of specific social work trainings.

Division of Employment and Rehabilitation Services (DERS)

The Rehabilitative Services Administration (RSA) Supervisor curriculum was completed and rolled out to both current and new supervisors during SFY 2018. RSA and Office of Professional Development (OPD) staff are currently upgrading the training curriculum for Vocational Rehabilitation (VR) Counselors who serve clients in the behavioral health system. RSA continues to support staff in attending various training activities related to employment for people with disabilities including the evidence based Best Practice and Assistive Technology conference, Transition conference, Association of Public Supporting Employment First and behavioral health trainings. In partnership with OPD, Unemployment Insurance (UI) Benefits and Child Care Assistance eligibility training are currently under development.

Areas for Investment SFY 2019

Training remains a high priority for DES. Projects planned for SFY 2019 include:

- Continue designing structured development programs for staff leading to more advancement in knowledge over time.
- Implement the LinkedIn Learning tool.
- Complete all DERS new hire training curriculum.
- Complete all DDD Support Coordinator new hire training.
- Design a comprehensive DDD training program, to include training for all roles and to address audit findings.

- Expand the DES Leadership training program.
- Implement a DES Leadership mentoring program.
- Complete OPD internal Annual Improvement Plans and ensure all new and revised training courses contain performance objectives tied to strategic business outcomes.
- Fill remaining OPD vacancies, eliminate backlog and increase efficiency.

Section 4 – Fiscal Year 2018 Highlights and Accomplishments

The following describes selected agency accomplishments during FY 2018 in accordance with each of the agency's four goals:

1. Serve Arizonans with integrity, humility and kindness.
2. Support Arizonans to reach their potential through social services that train, rehabilitate, and connect them with job creators.
3. Provide temporary assistance to Arizonans in need while they work toward greater self-sufficiency.
4. Provide children with food, health care, and parental financial support; provide services to individuals with disabilities; and protect the vulnerable by investigating allegations of abuse, neglect, and exploitation.

Serve Arizonans with integrity, humility, and kindness

- DDD helps empower Arizonans with developmental disabilities to lead self-directed, healthy, and meaningful lives. DES supports and serves over 41,000 people with developmental disabilities throughout Arizona. DDD offers habilitation, attendant care, employment, residential, and support coordination services to eligible members. The majority of DDD members are also eligible for long term care services through the Arizona Long Term Care System (ALTCSS). DES continues to lead the country for providing services to members and families in their own homes and communities. Ninety nine percent of individuals receiving DDD services are served either in their home or other community settings. Most services are delivered by a statewide network of individual and agency providers.
- DDD contracts with three outside vendors: Care1st, Mercy Care, and United Healthcare to provide acute health care services. Behavioral health services are coordinated through AHCCCS under an Interagency Service Agreement (ISA). The ISA allows ALTCSS eligible DDD members under 21 to access Children's Rehabilitative Services (CRS).
- DDD is striving to integrate acute care, CRS, and behavioral healthcare and provide a streamlined package of physical and behavioral healthcare services by the fall of 2019. DDD coordinated this plan with AHCCCS and outside consultant Mercer Health and Benefits to publish a Request for Proposal (RFP) for an integrated health plan on June 25, 2018. An amendment was posted on September 26, 2018 extending the bid submission date to December 10, 2018. Another amendment was posted on October 22, 2018 related to the removal of the majority of the Long-Term Services and Supports (LTSS) from the Integrated Health Plan Request for Proposal. At least two health plans will be selected to provide comprehensive services throughout the state.

- AzEIP is Arizona's statewide interagency system of supports and services for infants and toddlers with developmental delays or disabilities and their families. The program was established by Part C of the Individuals with Disabilities Act (IDEA). The goal for children is to obtain a higher level of growth in the ability to acquire and use learning and have improved social and emotional development ultimately leading to an exit from early intervention services. The program helps counter the trend of children receiving out of home care. Extensive data indicates early intervention results in meaningful differences in social and emotional growth for children.
- DDD continues to participate in the National Core Indicators (NCI) program, a collaborative effort between the National Association of State Directors of Developmental Disabilities Services (NASDDDS) and the Human Services Research Institute. The purpose of the program is to support NASDDDS member agencies to gather a standard set of performance and outcome measures that can be used to track performance over time, to compare results across states, and to establish national benchmarks. Arizona is an original member of the program, participating since its inception in 1997.
- The NCI program consists of four client and family surveys for specific populations. Three surveys are conducted by mail and one survey is conducted face-to-face. In prior years DDD has completed two surveys per year on an alternating schedule. In 2017, DDD completed the Child Family and Guardian Family surveys. Beginning in 2015, the NCI program was expanded to include a fifth survey for providers entitled: Staff Stability Survey. Arizona was one of only ten states to participate in this survey project. The survey focuses on the stability of Arizona's Direct Support Professional (DSP) workforce. It measures the impact wages and benefits have on DSP staff turnover. Arizona has continued to participate each year since its inception and will continue in the future. All five NCI Surveys (Adult In-Person, Child/Family, Adult/Family, Guardian/Family, and Staff Stability) have been completed in the 2017-2018 cycle, and the results are in the process of being calculated by Human Services Research Institute (HSRI).
- Each year, DDD reviews the data for the NCI program surveys that were completed, paying attention to specific indicators that are below the national average and are believed to have a significant impact on the member population. This information is used to develop strategies to improve outcomes. In the past, DDD has chosen health indicators, cost of services, loneliness, and choosing a Support Coordinator as priority indicators to address. DDD will review the findings of the Staff Stability Survey and determine whether strategies are needed in this area as well. NCI program data will be utilized to evaluate the overall impact and effectiveness of the new federal standards and regulations for Home and Community Based Services (HCBS).

- DDD completed a pilot project utilizing AMS problem solving tools. As a result of the pilot project, the Individual Support Plan (ISP) was re-structured and standard work was identified. Initial metrics indicate the revised ISP has contributed to a 20 percent improvement in timeliness for developing ISP's. The target date for the full implementation of this process is April 2019.
- DDD utilized AMS tools to address a key issue which is locating service providers for eligible members within the mandated 14 days for current members and 30 days for new members. The first office to use AMS for DDD Support Coordination was the Phoenix Central Cholla Office. AMS problem solving techniques resulted in improvement from the previous baseline of 72 percent timeliness of service delivery to 90 percent timeliness for existing members. Timeliness of service increased from seven percent to 28 percent for new members.
- To expand DDD's knowledge base and continue to implement AMS problem solving the Division has conducted several Kaizen events. The events are five-day problem-solving sessions that include front line staff members, providers, stakeholders and family members. The teams worked on various problems and collaborated to find effective long-term solutions. Areas addressed during Kaizen events included nurses as case managers for CRS implementation, discharge planning, vendor call process, identification and support for complex cases, contract actions, eligibility, timeliness and vendor agreements.
- The DDD Business Operations Unit reviewed and mapped the current process for negotiated rates last year. As a result of the review, changes were made to the process to eliminate inefficiencies. Baseline data indicated the average number of days from request to approval was over eight days. After process changes were implemented the timeframe was reduced to two days.
- The DDD Contracts Unit developed amendments for three health plan contracts, a new CRS contract, two new Intermediate Care Facilities contracts, a Partners in Policymaking contract, National Core Indicators contract and assisted with drafting on the Integrated Health Plan RFP. The Contracts Unit maintained over 600 Qualified Vendor Agreements and ensured they were compliant with contractual requirements.
- DDD network and Management Information Systems (MIS) deployed an improved vendor call process that enables providers to respond quickly and allows for auto selection when families do not prefer a specific vendor.

- The DDD Customer Service Center (CSC) implemented a plan to improve the current process to resolve grievances. All Customer Service Representatives were granted the authority to resolve grievances within the CSC instead of assigning the issue to other DDD units for resolution. As a result of the streamlined process, grievances are consistently processed within the 90-day timeframe mandated by AHCCCS.
- A 24-hour grievance response time report was created and managed by the CSC Grievance Manager to ensure contact from the Division staff to complainants has been made. Data collection began in January 2018 and the initial level of compliance was 49 percent. In February 2018, performance improved to 70 percent and steadily increased to 100 percent in June.
- DDD is conducting a feasibility study to examine the possibility of integrating all its separate IT systems under one umbrella. The new system would be a major upgrade from current legacy systems. Subject matter experts will provide recommendations based on available product options. The new IT system will be an essential component of the new integrated service model.
- Through a Section 811 Project Rental Assistance Program (PRA) grant, DDD is working with the Arizona Department of Housing (ADOH) and AHCCCS to enable persons with disabilities, who are income eligible, to live in affordable housing. Seven apartment complexes have been identified this year as part of this program. Currently there are 11 apartments leased. Members may live alone or with other family members.
- In a joint project with the Housing Authority of Maricopa County, 27 renovated apartments were made available for DDD members to provide additional affordable housing options. To date, 24 apartments have been leased. All are located at the same property. The remaining three apartments are currently in process to be leased.
- Specialized DDD support coordination units assist with obtaining services for children with disabilities who are wards of the court and are in the care of DCS. The two entities collaborate to ensure the children receive all needed services. DCS and DDD also participate in joint training focusing on coordination and provision of all necessary services.
- DDD maintains a Memorandum of Understanding (MOU) with DERS. The MOU facilitates referral of DDD foster children between the ages of 14 and 18 to the Vocational Rehabilitation (VR) program. The VR program provides one dedicated counselor as well as extensive collaboration with DDD. Employment Specialists in conjunction with Rehabilitation Specialists from VR lead a series of DDD/VR Foster Care Mixers. The presentations included a review of recent changes in the WIOA law, hands on learning activities and streamlining the referral process of foster care youth to VR.

- DDD has a designated Tribal Liaison to facilitate effective working relationships with the 22 Arizona Tribes. The liaison conducts site visits to individual Tribal nations, makes collaborative presentations, and coordinates communication between the Division and the Tribes. Efforts are underway to enhance the relationship between the Division and Tribal Social Services. The Tribal Liaison also provides internal informational sessions to Division staff to increase their knowledge and cultural awareness.
- DDD has a contract with the Navajo Nation Division of Social Services to provide case management for ALTCS members residing in the Navajo Nation lands. Services provided include HCBS and residential services. The Navajo Nation Tribal Support Coordination Unit interfaces with North District Support Coordination for all trainings, meetings and AMS activities.
- DDD implemented AHCCCS's Criminal Justice Reach In Program, an initiative which targets ALTCS eligible members incarcerated for more than 30 days. The Division Justice Liaison coordinates efforts of community partners and internal staff. DDD, AHCCCS, criminal justice system partners, Regional Behavioral Health Agencies, and acute care partners provide integrated care coordination upon release of incarcerated members. The Division meets monthly to ensure the members in this initiative receive the care coordination necessary for successful transition into the community.
- As detailed in the Arizona State Systemic Improvement Plan (SSIP), AzEIP has identified specific regions where the program will utilize implementation science and AMS principles to increase the percentage of infants and toddlers with disabilities who exit early intervention with greater-than-expected social and emotional growth. The regions were selected due to the demonstrated high needs of infants, toddlers, and their families as illustrated by available Arizona demographic data. Early Intervention Programs (EIPs) utilize Team Based Early Intervention Services (TBEIS) and incorporate other evidence-based practices relative to social emotional development. The regions identified include: Region 5 – East Central Maricopa County; Region 9 – East Pinal, Southern Gila, and Southeast Maricopa counties; Region 16 – Yuma County; Region 17 – Southern Apache County; Region 18 – Southern Navajo County; and the Navajo Nation. These regions comprise a mix of urban, rural, and tribal areas.
- AzEIP is collaborating closely with the Arizona Department of Health Services (ADHS) through a three-year grant to increase data collection and reporting of hearing screenings to ADHS that are conducted within AzEIP. Grant funding enabled DDD to provide staff training and education on hearing impairments and how to support hearing impaired children and their families.
- Child Care Administration (CCA) implemented additional monitoring strategies to determine DES certified family child care providers compliance with state

law. The CCA goal is to maximize administrative cost efficiencies. CCA conducts effective monitoring visits and provides technical assistance to DES certified child care providers. This strategy enables CCA to identify and reduce the risk of harm to children in care.

- The expulsion prevention policy implemented by CCA in SFY 2017 appears to be effective. The policy was instrumental in preventing preschool expulsion for 50 out of 180 children, a 14 percent improvement from SFY 2017. Successful implementation of the policy was made possible through training to child care providers and parents. CCA Expulsion Prevention Specialists and other professionals with expertise in child development, mental/behavioral health and early childhood special education provided technical support and guidance.
- Effective April 2018, CCA increased reimbursement rates by ten percent for child care providers receiving a four-star rating from First Things First, Quality First Program. Nationally accredited child care providers or a Quality First rating of five stars were rewarded with a 20 percent increase in the reimbursement rate. The objective is to make high quality child care available to more DES child care eligible families.
- To create safer communities by reducing recidivism, DERS and the Arizona Department of Corrections (DOC) opened the Second Chance Center (SCC). SCC focuses on providing services to inmates deemed most likely to recidivate. DERS and DOC staff collaborate to remove employment barriers for SCC participants. Services provided include; vocational and soft skills training, resume assistance, interview techniques, basic computer training, nutritional and medical services. Since its inception in 2017, more than 1,000 individuals have successfully completed the reentry program. Approximately 50 percent of the individuals in the program have been placed in gainful employment. SCC facilities have been expanded, and for example, the Lewis correctional facility has increased from serving 100 inmates to 265, and the Perryville facility increased service from 40 inmates to 63 inmates.
- DERS Migrant Seasonal Farmworker (MSFW) program assists Limited English Proficiency (LEP) individuals with making career decisions that will help in achieving self-sufficiency and improve living and work conditions. Outreach specialists visit agricultural worksites, schools, community centers and community events to help the MSFW community. The specialists inspect safety and sanitation conditions to ensure compliance with state law. Potential violations are noted and reviewed with employers. Specialists conduct outreach sessions with farmworkers, employers and community agencies. Information is provided regarding the services available from local ARIZONA@WORK Career Centers, such as employment opportunities, job training, support services counseling and the availability of education and job testing in each MSFW area.

- The U.S. Department of Housing and Urban Development's Emergency Solutions Grant, with an emphasis on Rapid Re-Housing and Homeless Prevention, was introduced in October 2012 in the 13 rural counties outside Maricopa and Pima counties. During SFY 2014, the Rapid Re-Housing Program was expanded to Pima and Maricopa counties. In SFY 2018, 1,656 individuals were housed through the Rapid Re-Housing program. In SFY, 2018. DES-contracted emergency shelters served 9,589 individuals, and homeless prevention programs outside of Maricopa and Pima counties served 58. A total of 13,290 persons experiencing or at risk of becoming homeless were served through contracted service providers during SFY 2018. Of those, 58 percent served were in Maricopa County, 12 percent were in Pima County, and 30 percent were in the remainder of the state.
- The Division of Aging and Adult Services (DAAS) contracted with 12 designated agencies during SFY 2018 to provide comprehensive case management services through funding from the Community Services Block Grant (CSBG). The contracted agencies leveraged this funding with other resources at a ratio of 25:1 in SFY 2017 (the most recent data available). The national ratio for SFY 2016 was 23:1. The Community Action Network provided a total of 57,261 low-income households with case management, financial literacy education, tax preparation, utility and rental/mortgage assistance. The Community Action Network reported a total of 590,688 volunteer hours in SFY 2017. In SFY 2018, 29,859 households received assistance in paying for home energy. A total of 7,891-of these households were experiencing an emergency or crisis and 22,196 were households having one or more vulnerable members defined as seniors 60 years of age or older, persons with disabilities, or small children under the age of six.
- During SFY 2018, under the TANF/CSBG funded Short Term Crisis Services Program, 1,142 families with children received Emergency Assistance in making rent or mortgage payments to prevent foreclosure. A total of 993 childless adult households received these services using CSBG and by using other leveraged funds, a total of 6,430 households were served. The Community Action Network served 2,432 case managed households that obtained or maintained safe and affordable housing. There were 2,344 safe and affordable housing units in the community that were created, preserved or improved through construction, weatherization or rehabilitation achieved by Community Action activity or advocacy. Of those preserved or improved, DAAS partnered with the Arizona Department of Housing using Low Income Home Energy Assistance Program (LIHEAP) funds to provide weatherization services to 513 homes making the homes safe and energy efficient. The Community Action Network served 10,528 individuals with income tax preparation services obtaining \$10,401,237 in refunds or tax credits for low income households.
- The State Health Insurance Assistance Program's (SHIP) mission is to empower, educate and assist Medicare eligible individuals, their families and

caregivers through objective outreach, counseling and training to make informed health insurance decisions and optimize access to care and benefits. Arizona's SHIP program is instrumental in:

- Presenting and distributing information to groups and individuals on Medicare benefits, coverage rules, written notices and forms, appeal rights and procedures;
 - Assisting individuals to obtain coverage through options including Medicare, Medicare Advantage Part C Plans and programs designed to help people with limited incomes pay for their healthcare. Programs for low income individuals include Medicaid, the Medicare Savings Program and the Low-Income Subsidy. The program also helps individuals compare Medical Supplemental (Medigap) insurance policies and explain how the supplemental insurance options work in conjunction with Medicare.
 - Providing information on long-term care insurance, and when needed, referring individuals to the Social Security Administration and local Medicaid offices for additional assistance. Many SHIP counselors are volunteers who are trained and certified to assist older adults and individuals with disabilities.
 - During SFY 2018, the Arizona SHIP provided one on one assistance to 29,245 Medicare/Medicaid beneficiaries. Over 646 public events were held and were attended by over 11,000 individuals.
- The Long-Term Care Ombudsman Program works to resolve problems related to the health, safety, welfare, and rights of individuals who live in long-term care facilities. The Department contracts with eight Area Agencies on Aging to regularly visit all nursing and assisted living facilities statewide and to directly serve and respond to resident complaints about quality of life and care issues in those facilities. In SFY 2018, the program received 4,240 complaints. Long-Term Care Ombudsman programs are often the primary responders to complaints about eviction or inadequate discharges. These are the most frequent complaints in nursing homes and assisted living facilities. The largest group that requested ombudsman services to resolve complaints were residents themselves, indicating that residents depend on the program to help them resolve their concerns. By resolving over 86 percent of these complaints to the satisfaction of the resident or complainant, the work of the ombudsmen has improved the quality of life and quality of care for many residents of Arizona's long-term care facilities. Ombudsman complaint resolution is often conducted without outside intervention, which can save on regulatory and legal costs while achieving the resident's desired outcome.
 - The Family Caregiver Support Program strengthens families by providing services that assist family and informal caregivers to care for their loved ones at home for as long as possible. Services provided include counseling and training, respite, and supplemental services. It is important to understand the value that family caregivers bring to long-term services and supports.

According to an American Association of Retired Persons (AARP) Public Policy Institute study updated in 2013, there are approximately 804,000 family caregivers in Arizona providing care that helps keep their loved ones living independently in their homes and community settings, avoiding much more expensive placements in long-term care facilities. These unpaid caregivers provided over \$9.4 billion in services in 2013 according to the AARP study. Without caregivers, the cost of providing this care would shift to other, more costly government resources such as Medicaid. In addition, the demands of caregiving can lead to burnout or the need to leave jobs, putting the health and economic security of the caregivers at risk. DAAS provided support services to 12,300 caregivers in SFY 2018 according to the most recent State Program Report submitted to the National Aging Programs Information Systems.

- Respite services, a critical component of the Home and Community-Based system, provide short-term relief care for vulnerable adults which allows caregivers to be temporary relief from their caregiving responsibilities. Data from the 2013 National Survey of Older Americans Act indicates the critical role that family caregivers play in delaying or eliminating the placement of loved ones in institutional settings. In the study, caregivers receiving respite services were asked whether the care recipient would have been able to remain in their home if they did not have access to services. Forty-one percent of the caregivers indicated that care recipients would not be able to remain in their homes. The respondents were then asked where care recipients would live if services had not been available. More than 80 percent of caregivers indicated that the care recipients would be in costly, institutional settings. Respite care has proven to be a vital component to supporting family caregivers. DAAS provided respite services to 806 family caregivers in SFY 2018.
- Non-medical Home and Community Based Services provide the necessary support services to help individuals remain in their homes and communities. The Department contracts with eight Area Agencies on Aging to identify eligible recipients and provide services such as personal care, homemaker services and case management. In SFY 2018, DES provided services to 12,696 older adults to help maintain their independence and avoid premature and costly institutionalization.
- In SFY 2018, 2,984 homeless and at-risk veterans participated in Arizona StandDowns throughout the state, with two more scheduled before the end of 2018. The Arizona StandDown is an alliance of community-based organizations that come together to provide annual, one- to three-day events that bring together the state's homeless and at-risk military veterans to, connect them to services. StandDowns were held in Flagstaff, Phoenix, Safford, and Florence. Each location had a variety of state and federal agencies participating in the event. Service providers included: Veterans Administration Health Care System, Arizona Department of Transportation's Motor Vehicle Division, municipal and other court systems, Social Security Administration,

and DES. DES provided one-on-one case management services, including veteran's registrations, job referrals, referrals to support services, resume assistance, assistance with requesting forms, and accessing benefits. Phoenix remains the largest StandDown serving 1,658 veterans.

- In SFY 2018 with support from federal funding from the U.S. Department of Health and Human Services Administration for Community Living, the APS program implemented an advanced intake tool used to collect pertinent information and make accurate and consistent screening decisions. APS partnered with the National Council on Crime and Delinquency, a leader in research and data analysis. This partnership assisted APS in developing tools to accurately assess the client's situation in their current environment and assess the risk of the client's reentrance to the APS system. If threats to safety are identified, APS staff develop a safety evaluation plan with the client. Results of the risk assessment which estimates the risk of future harm to the client guides APS in case planning.
- Governor Ducey recognized the DES APS team with the Good Government Award for its use of AMS to improve the screening methodology for vulnerable adults. Using improved efficiencies identified through AMS problem solving methods, more than 19,000 Information and Referral reports were reviewed in 15 days.
- The Arizona Refugee and Resettlement Program (RRP) works in partnership with the Corporation for National and Community Service's AmeriCorps Vista Project. The program provided opportunities for 20 Volunteers in Service to America (VISTA) members who were placed with eight refugee serving partner agencies in Central and Southern Arizona in SFY 2018. The program addresses barriers to employment and seeks to enhance public health and education. The 20 VISTA members provided 805 individuals volunteer opportunities contributing 3,296 hours of service. Through these projects, more than 1,532 refugees benefited from improved access to services. VISTA members participated in five collaborative days of service including the September 11th National Day of Service and Remembrance in partnership with the Welcome to America Project, HandsOn Greater Phoenix, St Mary's Food Bank, a local apartment complex and the Refugee Women's Health Clinic.
- DCSS is federally charged to oversee the statewide administration of Arizona's Voluntary Paternity Program. Providing technical assistance and guidance, the Hospital Paternity Program (HPP) works collaboratively with hospitals and birthing facilities statewide, the Arizona Department of Health Services' Bureau of Vital Records and each county's vital registration office to provide paternity establishment services for unmarried couples immediately following the birth of their child. During SFY 2018 this collaborative effort established paternity for 35,478 children born in Arizona to unwed parents. HPP is available daily by telephone and electronic means to all birth recorders in the State of Arizona.

In June 2018 HPP's Court Order Maternity database was upgraded, this modification was part of a continuous effort to develop new programs and retain accurate data in the ATLAS system. The Paternity Acknowledgement process was streamlined, and the form was eliminated due to numerous completion errors and costly rework. HPP and the Bureau of Vital Records work in collaboration to conduct quarterly trainings to individuals, hospitals, birthing facilities, midwives and other DES Divisions and programs. HPP continues to present at the Compadre Teenage Pregnancy Program to teen parents and pregnant youth. The goal of the event is to educate teens on child support services, specifically the HPP process and the importance of establishing paternity. HPP is planning additional outreach with other agencies in the education of teen parents and pregnant youth. HPP is utilizing WebEx to facilitate quarterly hospital paternity workshops and assist in offsite workshops at the request of hospital management. The WebEx platform makes training more accessible and reduces costs associated with travel. HPP is a key factor in DCSS's high rate of paternity establishment compared to other states.

- DCSS was awarded a grant of more than \$780,000 to design and implement projects attempting to increase the perception of fairness in child support legal proceedings. The Procedural Justice-Informed Alternatives to Contempt (PJAC) grant was awarded by the federal Office of Child Support Enforcement. The State of Arizona was selected as one of six entities to receive the five-year demonstration project grant. DCSS staff closely track randomly selected cases and actively engage parents in the child support process by providing enhanced services through community partnerships and referral to other state agencies for support services. The goal is to avoid contempt proceedings leading to incarceration, court costs, and reliance on public benefits.

Support Arizonans to reach their potential through social services that train, rehabilitate, and connect them with job creators

- The Workforce Innovation and Opportunity Act (WIOA) implemented in Arizona as a coordinated workforce system branded ARIZONA@WORK, consists of 12 Local Workforce Development Areas (LWDA) state wide. The areas include state, local and Tribal staff as well as providers from the Arizona Department of Education who work together to strengthen and improve Arizona's public workforce system. During the period from July 1, 2017 through June 30, 2018, the ARIZONA@WORK system served 11,205 adults and dislocated workers and 4,204 youth aged 14 to 24 years old. LWDA's are focusing on improving employment outcomes for individuals with barriers to employment. Increasing attention is being provided to low income individuals, ex-offenders and individuals with a disability.
- The Workforce Arizona Council (WAC) and four subcommittees strive to increase individual skills and abilities to meet the demands of employers.

- Eleven Local Workforce Development Boards (LWDB) received professional certification for ARIZONA@WORK Job Centers throughout the state. The final LWDB is anticipated to receive provisional certification in the coming months. All LWDB developed improvement plans which identified areas needing improvement in order to better serve job seeking individuals and community employers. The Arizona Office of Economic Opportunity (OEO) collaborated with ARIZONA@WORK partners to create an interactive online work performance dashboard. The dashboard utilizes federal performance measures to assess the effectiveness of work force training programs at both a state and local level. The dashboard also provides useful data on local labor market conditions and economic indicators.
- DES collaborated with Pinal County, the City of Phoenix, and Maricopa County LWDA to implement AMS. AMS teams focus on data driven decision making and use problem solving techniques to provide better services to employers and job seekers.
- DES initiated weekly huddle meetings and monthly operation meetings with all twelve LWDA and core programs. The meetings allow staff to identify problems and design new processes to improve performance. The goals are to discuss statewide implementation issues, streamline service delivery, reduce duplication and provide high quality customer service.
- DES sponsored three Seminars in Excellence sessions for the LWDA. Technical assistance topics included Case Management, Business Services and Super Circular/ Finance Management. Technical assistance also included providing MOU templates and infrastructure funding agreements. DES provided seminars on Work Experience, the Measurable Skill Grant Performance Indicator (a performance indicator described in the WIOA) and the Statistical Model (used in performance negotiations between DES and the United States Department of Labor for WIOA programs).

Core programs under WIOA include:

- Title IB – 12 LWDB;
 - Title II – Adult Education – Arizona Department of Education (ADE);
 - Title III – DES Wagner - Peyser Employment Service; and
 - Title IV – DES RSA VR program.
- Partners will continue to discuss implementation issues including common performance issues, data sharing, and streamlining of service delivery to reduce duplication and provide high quality customer-centered services.
 - DERS Trade Adjustment Assistance (TAA) program is a federal program assisting individuals who become unemployed as a result of increased imports or shifts in production to foreign countries. TAA assists workers to obtain new skills, credentials and the resources necessary to secure employment in high

demand sectors of the labor market. TAA benefits include training funds, out of area job search and relocation allowances, weekly income support payments, Health Care Tax Credit, wage subsidies for workers 50 or older, and case management. Reemployment services including assessment and job placement are provided as “wrap-around” services supported by funding from TAA, WIOA, and other partner programs. DERS TAA employment data indicates an 81.3 percent employment rate with 90 percent job retention.

- DERS worked with the 12 Local Workforce Development Boards to provide services under WIOA Title I-B including the Adult Dislocated Worker and Youth Programs. These programs assist adults, dislocated workers, and youth with a variety of services that lead to employment, an increase in earnings, and, ultimately, self-sufficiency. WIOA Title I-B Adult and Dislocated Worker services include career planning, structured job search, resume assistance, job referrals, employment history and skill assessment, training services, and supportive services. Individuals identified as needing additional training to be able to secure employment may be eligible for training services. The WIOA Title I-B Youth Program focuses on youth with barriers to employment by providing an array of services that prepare youth for postsecondary education, training, or employment. Youth services include career planning, comprehensive guidance, counseling, tutoring, and summer employment opportunities. Work experiences include summer employment opportunities, pre-apprenticeships, internships, on-the-job training, or occupational skills training, and other supportive services.
- The Eligible Training Provider List (ETPL) comprises training providers and programs that provide training to participants eligible to receive WIOA Title I-B funding for training. The ETPL and the related eligibility procedures ensure accountability, quality, and labor market relevance for all approved training programs. The programs prepare students for a wide range of related occupations allowing maximum customer choice. Training programs must focus on in demand occupations and be consistent with the LWDA local plan. Training providers must meet state and local ETPL requirements to be approved. All training programs listed on the ETPL must disclose all of the following program information:
 - Program descriptions;
 - Accreditation information;
 - Cost and fees;
 - Labor market information;
 - Credential attainment information;
 - Performance data; and
 - Information provided on the minimum entry wage for the occupation.

This allows for informed customer choice. To date, there are 237 training providers and 1,200 approved training programs which includes programs in

rural and metropolitan areas as well as online training. WIOA Title I-B Adult, Dislocated Worker, and Out of School youth approved for training were enrolled in the programs to gain required skills for current employment opportunities in Arizona.

- Registered apprenticeship programs are automatically approved for inclusion on the ETPL. The inclusion of registered apprenticeship programs on the ETPL permits WIOA Title I-B Adult, Dislocated Worker and Youth program funds to be used to assist eligible participants with related training tuition as well as tools and supplies. This allows the individual to start an apprenticeship training program and remain employed.
- The Refugee Resettlement Program (RRP) contracts with public and private organizations to provide culturally compatible and linguistically responsive services. The services support successful resettlement and achievement of greater economic self-sufficiency. Most of the contracted services are employment related. English language training and case management is provided. Additional programs include:
 - An Unaccompanied Refugee Minors Program;
 - Services to Older Refugees;
 - Refugee Health Promotion Program;
 - Refugee School Support;
 - Coordination of Refugee Domestic Medical Exams; and
 - Administration of transitional Refugee Cash and Medical Assistance Programs.
- The federal Office of Refugee Resettlement Targeted Discretionary (TAG-D) Program is available to states to provide specialized support for specific programs. Arizona's TAG-D program is focused on providing specialized employment and case management support. On the job training and incentive programs are provided through two TAG-D coordinators, one located in Maricopa County and one in Pima County. The program supports refugees with extensive barriers to employment. Target groups include refugees with Limited English Proficiency and those with little or no previous work history. Support is also provided to people with chronic health issues, behavioral health challenges, and refugee youth from 18-24 years of age. This discretionary program ended on September 30, 2018.
- RRP contracts with, Friendly House in Phoenix and Pima Community College Adult Education in Tucson to provide English Language Training (ELT) to refugees. The training emphasizes English learning as a direct path to gainful employment and self-sufficiency. During FFY 2018, 684 refugees were enrolled in one of the 31 ELT class sections offered, including a Women's Business Vocational English as a second language course.

- In SFY 2018, 7,867 CA-eligible families were diverted from long term CA and received a one-time cash grant equal to three months of benefits in the Grant Diversion Program. The cash grant allows families with a job ready adult to eliminate immediate barriers to employment to allow the wage earner to attain full time employment within 90 days of the CA application. Over 90 percent of families receiving a Grant Diversion payment from July 2017 to January 2018 did not return to long term CA within 180 days.
- In SFY 2018, the Division of Benefits and Medical Eligibility (DBME) redesigned its IVR system. Customers can now receive Medical Assistance case information via the self-service feature (previously only SNAP and CA information were available). IVR intelligent routing transfers callers to the correct resource the first time. Improved call routing accuracy resulted in higher customer satisfaction and reduced costs. Call transfers from the contracted call center to the DBME eligibility call center were reduced by 40 percent. The IVR system provides extensive data regarding call patterns and self-service utilization by customers.
- Over 18,000 inmates are released from corrections facilities annually. Former inmates are encouraged to apply for Medical Assistance within 30 days of their release date. Second Chance Centers (SCC) were created as a pilot program in three state prisons in 2017. Services provided include Vocational Rehabilitation, treatment programs and Medicaid. During February 2018, DBME staff began visiting each SCC once a month. SCC inmates were able to apply for SNAP benefits at least three weeks prior to their release date. During post release, the Arizona Department of Corrections (ADC) provides DES/DBME a list of inmates daily. Former inmates are contacted to complete a SNAP eligibility interview as soon as possible after release. When the former inmates meet the eligibility criteria for expedited SNAP benefits, the EBT card may be issued on the date of the interview and benefits available the next day. During SFY 2018, 381 inmates applied for SNAP and Medical Assistance and 341 applications were approved. DBME is working with ADC to expand the program to additional prisons that are not currently SCC facilities.
- The Arizona Apprenticeship Office in the DERS Employer Engagement Administration creates and develops registered apprenticeship programs in all industries for the State of Arizona. Apprenticeship office staff provide support and technical assistance to 144 registered apprenticeship programs. As part of the Apprenticeship Office goals for the future, the team continues to create new programs in nontraditional occupations, such as informational technology, insurance, business services, hospitality, water treatment and healthcare. In FY 2018, 1,129 new apprentices were registered, for a total of 3,599 apprentices in Arizona. Most new apprentices were in construction, advanced manufacturing, information technology, utility, and energy occupations.

- Veterans who become apprentices in approved registered apprenticeship programs can use GI Bill benefits if they qualify for the program. The Arizona Apprenticeship Office works closely with ARIZONA@WORK Local Area One Stops. The office also conducts outreach to business service representatives and the Tribal Nations within the state to increase the availability of apprenticeship programs in Arizona for jobseekers and employers.
- RSA partners with AHCCCS through an Interagency Service Agreement (ISA) to provide enhanced VR services to individuals determined to have a serious mental illness. The purpose of the ISA is to increase the number of employed individuals with psychiatric disabilities being served by the statewide Managed Care Organizations (MCO). The current ISA is funded with AHCCCS matching 21.3 percent of federal funds. The FY 2018 ISA budget remains at \$14.8 million per year. This funding covers operating and client expenditures, which include 52 specialty Behavioral Health VR Counselors who work with and are assigned to the various statewide behavioral health clinics.
- RSA provides enhanced, structured, and goal-oriented vocational and educational activities through coordination and collaboration with high schools statewide. Students with disabilities participate in activities that are geared to help the student prepare for, obtain, and maintain employment. In FY 2018 RSA partnered with 29 high school districts. This collaboration allowed approximately 3,000 students with disabilities to receive enhanced vocational services geared toward transitioning them from high school to employment.
- In SFY 2018, 1,872 individuals with significant disabilities gained competitive integrated employment as a result of participation in the VR program and earned an average hourly wage of \$12.61, which is higher than the state minimum hourly wage of \$10.50.
- In SFY 2018, Governor Ducey signed an Executive Order establishing Arizona as an Employment First state. RSA continues to work collaboratively with DDD, University Center for Excellence in Developmental Disabilities (UCEDD), and the Arizona Developmental Disabilities Planning Council to implement the Arizona Employment First initiative. This initiative emphasizes integrated competitive employment as the primary daily activity for working age individuals with disabilities.
- In SFY 2018, RSA continued to be involved in the planning and implementation of the Arizona Transition Conference. The annual conference provides information to DES staff, educators, youth, and parents about the opportunities that exist for youth with disabilities to successfully transition from high school to post high school employment. Staff from RSA hosted several sessions to inform all attendees about the implementation and impact of the WIOA which places an increased emphasis on providing pre-employment transition services to students with disabilities.

- In SFY 2018, VR staff provided Career Counseling and Information and Referral (CCI&R) services to approximately 1,759 individuals currently participating in sub minimum wage employment. CCI&R services are designed to encourage individuals with disabilities to consider competitive integrated employment and to provide information regarding employment opportunities, independent living services and other community supports.
- DDD continues to focus on ensuring young adults with disabilities successfully transition from school to work. Division staff participate in the Arizona Community of Practice on Transition (CoPT). Meetings are monthly and support development and maintenance of local CoPT's.
- DDD staff joined four Collaboration Day Workshops established by the ADE designed to discuss best practices in transition planning. The workshops facilitated collaboration between high school administrators, high school counselors, transition specialists, VR, ADE, DDD and other agencies. District wide plans were developed with a focus on transition planning and student outcomes.
- DDD employment representatives are engaged in the AZ Technical Assistance Action Plan, led by experts from the National Technical Assistance Center on Transition (NTACT) and representatives from ADE and DERS VR. The main goal of the Action Plan includes increasing self-sufficiency, for individuals with disabilities through competitive integrated employment, post-secondary education or training, and community engagement. Interagency collaboration includes planning three trainings for service providers, educators, DDD staff and VR counselors about evidence-based practices and predictors related to secondary transitions and post school outcomes.
- DDD employment specialists attended and participated in the 18th Annual Arizona Transition Conference which focused on resources to spark engagement for youth and young adults with disabilities to make successful transitions to adulthood. The following three sessions were presented by DDD staff:
 - Foster Innovation through Collaboration Partners at Work.
 - Understanding the ABC's of DDD.
 - Transition to Employment: Skills needed to enter the competitive workforce;
- DDD's seven District Employment Specialists regularly facilitate in local CoPT's, high school transition fairs, job fairs, and other events highlighting employment. They established the Annual Transition Fair at Yavapai Community College, designed for high school students in Yavapai County. The Employment Specialists also participated in the Dream Fairs in Tucson and Phoenix which connect employers in multiple industries and individuals with disabilities.

- The Division also works closely with the Arizona Parent Training and Information agency (known as Raising Special Kids) to provide training for family members. DDD staff participated in the second Annual Transition Institute hosted by Raising Special Kids. The Transition Institute serves to provide information to parents about DDD services and provides informal sessions to allow parents to discuss questions and concerns with DDD staff.
- DDD collaborated with RSA and ADE to develop an ISA to achieve greater interagency cooperation and provide a smoother transition for high school students with disabilities to employment. The intent is to maximize employability and integration into the community. The ISA, which is in the final stages of approval, outlines the responsibilities of each partner to identify and provide outreach to students with disabilities. The three partners provide technical assistance, training, transition planning and development and implementation of student individualized services.
- In 2018, DES collected feedback from community members about their experiences with the VR and DDD process. DES established a shared Annual Improvement Plan which is transparent and accountable through all levels of the organization. The Annual Improvement Plan provides the basis for process improvements. DDD also initiated a Supported Employment Pilot to identify best practices for referral, collaboration and job placement.
- DDD established monthly data sharing with VR to coordinate services, promote discussion between the two offices and inform policy and practice for individuals enrolled in both programs.
- DDD is encouraging providers of Center Based Education (CBE) services who meet service specifications to add the new Career Preparation and Readiness (CPR) Services to their contracts. This service strives to increase the number of members moving to integrated employment by providing pre-vocational services to individuals currently enrolled in CBE. To date, four DDD providers are delivering the CPR service as a pathway to community integrated employment.
- DDD provides in person training and technical assistance for Support Coordinators to provide a comprehensive understanding of the available member employment supports. Support Coordinators play a key role in assisting members to obtain suitable employment. DDD created a Computer Based Training (CBT) course entitled *Employment Supports and Services*. Support Coordinators and their Supervisors are required to complete the CBT once every three years.
- The Employment Specialists developed and published a brochure for families of transition aged youth entitled “Do You Want to Go to Work” which provides general information concerning employment services the Division offers to

members. The brochure includes information on how VR and DDD can assist members in finding and keeping jobs.

- The goal of the DDD Employment Annual Improvement Plan is to increase the annual net gain of DDD Arizona Long Term Care System (ALTCS) members engaged in community employment with supports by three percent. Employment Specialists created employment information presentations offered on a monthly basis. The presentations include PowerPoints referencing resources and tools to assist Support Coordinators in communicating with families on employment related issues.
- Employment Services staff continue to visit Support Coordination meetings and conduct provider information meetings in each district to provide updates, training and discussion of employment related topics, changes in policy and regulations, and answer questions.
- DDD continues its active role participating in the Employment First Core Group, the broadly-based statewide partnership, implementing the Arizona Employment First Strategic Plan developed in 2015. Division staff participate in presentations to parent and community groups, providers, school organizations, and advocacy groups. The Division also amended its policy to officially adopt Employment First as a key foundation. Community based, integrated employment is the primary goal for working age youth and adults with disabilities. Once suitable employment is obtained, supports are provided to assist in maintaining employment.

Provide temporary assistance to Arizonans in need while they work toward greater self-sufficiency

- In order to expand the SNA E&T program service delivery areas DERS created the SNAP Career Advancement Network (CAN). Contracted community-based organizations provide employment readiness and/or education/training opportunities to eligible SNAP recipients. Services provided through SNAP CAN allow participants to gain skills through work-related experience. SNAP CAN helps individuals obtain suitable employment and reduces SNAP benefit dependency. Additional program information is provided on the website www.AZSNAPCAN.com.
- A productive partnership made possible by an MOU between DAAS and the community-based nonprofit Arizona Caregiver Coalition (ACC) has enabled the continued operation of the Caregiver Resource Line (CRL), a statewide toll-free service that provides a “No Wrong Door” access point to family caregivers seeking support and services. The CRL uses space, phones, and data equipment provided by DES, but the people staffing the phones are trained volunteers overseen by a volunteer coordinator provided by the ACC.

- DES holds quarterly consultation meetings with Arizona Tribes to discuss opportunities for better collaboration. Under the direction of the DES Tribal Relations Liaison, the group revised the Department *Tribal Government Consultation* policy and procedures, which ensures open, continuous, and meaningful consultation with Arizona's Tribes.
- DDD trained volunteers assist in many areas, ranging from Human Rights Committees (now referred to as Independent Oversight Committees), to the DDD Arizona Training Program Coolidge (ATPC), helping with special projects such as the assist-a-family holiday outreach project and helping with office and clerical tasks. As of August 3, 2018, the Independent Oversight Committees have been placed under the direction of the Arizona Department of Administration in collaboration with the DDD.
- DDD continues its partnership with Pilot Parents of Southern Arizona to provide the Partners in Leadership program, which is an innovative leadership training program that teaches people to be community leaders and to affect systems and policy changes at the local, state, and national levels. The program is designed for individuals who have a disability and for parents raising children with disabilities. Partners in Leadership provides the most current information and education about disability policy; the legislative process; and local, state, and national issues that affect individuals with disabilities. Participants are ready to work for long-term system changes and for changes in public policy. The overall goal of the program is to foster a partnership between people who need and use services for disabilities and those who determine public policy. Graduates of the program gain the ability to teach policymakers a more effective way of thinking about people with disabilities.
- DDD contracts with Raising Special Kids and to provide peer counseling, which provides self-help opportunities through education, training, information, encouragement, and support to individuals, families, and other caregivers. Peer counselors also communicate with professionals in fields such as education, healthcare, child protection, and law enforcement to increase awareness and understanding of developmental disabilities.
- The DDD Housing Engagement Resources and Opportunity (HERO) Unit continues to provide staff support to the Developmental Disability Advisory Council (DDAC) with approximately ten council meetings per year and public forums in each district. The council reviews and makes recommendations to the DDD Assistant Director regarding the provision of services to people with developmental disabilities. DDAC membership is composed of 17 members, including persons with developmental disabilities who receive services from DDD; parents and guardians of children with developmental disabilities; private-sector agency providers of in-home services, residential services, and adult day services; representatives from developmental disability advocacy organizations; and a foster parent representative. The mission of the DDAC is

- to provide, in partnership with DDD, advisory oversight on behalf of members, families, and providers by defining appropriate services from the members' perspective.
- The HERO Unit provides support to the Independent Oversight Committees organized within each District across the state. These committees are comprised of local volunteers who provide independent oversight in matters related to the rights of people with developmental disabilities in areas such as incidents of abuse, neglect, or exploitation. Committees usually meet monthly to:
 - Review any incidents that may have involved neglect, abuse, or denial of rights of members receiving services;
 - Review behavior programs that involve the use of behavior-modifying medications or aversive techniques;
 - Review any proposed research involving members receiving services; and
 - Make recommendations to DDD about changes needed to protect the rights of members receiving services.
 - CommunityConnect, an e-newsletter for community leaders and community members across Arizona that is produced by the Department, provides those who deliver human services with resources, information, and a platform for sharing community successes among groups and geographically dispersed communities. The e-newsletter reaches over 10,000 Arizonans.
 - DCSS uses its Community Outreach team to better serve and educate the people of Arizona. The team travels throughout Arizona to inform parents and caretakers about the multitude of opportunities available. This people-centric group collaborates and creates ongoing statewide partnerships with local community organizations including parenting and fatherhood programs, family law clinics, parental accountability programs, court programs and federal, state and private correctional facilities. The outreach team educates the public on available child support services and resources and offers live presentations to trained liaisons. The presentations include the latest child support information and may provide an overview and a short video tailored to diverse populations and their needs. The team represents DCSS at many community events, homeless organizations, resource and wellness fairs, conferences and Veteran's StandDown events. With this team, DCSS partners with correctional facilities, domestic violence shelters, rehabilitation clinics, faith-based organizations, community action agencies, high schools, tribal partners and nonprofit organizations. Community Outreach includes a partnership with the DES Office of Community Engagement to utilize inter-divisional resources allowing Outreach liaisons to reach community members with a multitude of needs. In SFY 2018, the team was able to share child support information with over 7,445 people statewide at 531 events. Through shared interdivisional

resources the DCSS Outreach team enhances their ability to serve Arizona's communities.

- CCA has continued to release eligible children from the child care priority waiting list on a monthly basis throughout FY 2018 and released a total of 13,697 children which was an increase of 107 percent compared to the total number of children released during FY 2017. In addition, CCA was able to release all children on that waiting list in April, May and June 2018.
- In SFY 2018, the VR program was able to remove 996 individuals from the program's waitlist.

Provide children with food, health care, and parental financial support; provide services to individuals with disabilities; and protect the vulnerable by investigating allegations of abuse, neglect, and exploitation

- During SFY 2018, the Office of Special Investigation Public Assistance Benefit Fraud Unit (PABF) completed and finalized 14,305 investigations. The investigations resulted in an estimated cost avoidance of \$3,965,941. The PABF Unit referred 276 cases for administrative action and 107 for prosecution. The prosecution referrals resulted in 21 convictions and a total of \$171,399 in court ordered restitution. Four other cases are pending a grand jury ruling. The SNAP Trafficking Detection Unit identified five individuals committing an Intentional Program Violation resulting in overpayments totaling \$879. All individuals were disqualified from receiving SNAP benefits for a minimum of one year. The UI Benefits Fraud Unit referred 292 cases to the Attorney General's Office for prosecution. The anticipated recovery amount is \$1,654,273. Seventy-six administrative cases were referred to UI for anticipated recoveries totaling \$230,599. 50 identity theft cases were established with projected recoveries totaling \$37,243. The Office of the Attorney General had 262 UI case direct complaints filed with the courts with 220 convictions. Court ordered restitution totaled \$650,232, court ordered fines \$49,485, and court ordered fees of \$5,092. UI recoveries paid prior to sentencing totaled \$899,442.
- DCSS collected over \$690,000,000 in child support payments for families during SFY 2018.
- Employers play an important role in DCSS and are relied on for reporting up to date data, processing withholding orders and overall participation in the child support program to ensure support funds are disbursed in a timely manner. Through withholding of Child Support payments from employee paychecks and enrolling children in their parent's health insurance plans, employers help ensure the financial security of children and families. DCSS offers a service called e-Employer where employers may complete income withholding orders, medical support notices, employment verifications and terminations

electronically. Employers are not charged for this service which expedites support to families. In SFY 2018, the Employer Relations Team (ERT) registered 2,418 employers for this service. ERT maintains over 600,000 employer records in the ATLAS database and also disburses limited income withholding orders as requested by employers and the Social Security Administration. As of June 30, 2018, ERT issued over 600 limited income withholding orders. A total of \$737,475.69 was collected and applied toward arrearages through lump sum garnishments issued by ERT.

- DCSS was recently awarded the Procedural Justice-Informed Alternatives to Contempt (PJAC) demonstration grant which allows the testing of new programs designed to increase collections and keep noncustodial parents out of the court system. Initiatives include two-way texting to remind parents of meetings, office locations and deadlines, domestic violence awareness training for employees and allowing DCSS staff to travel to locations outside of the office for appointments.
- DCSS case managers in Maricopa County use standard work developed to review cases for possible contempt of court situations. The cases are then randomly assigned to either a control group or a treatment group. Staff associated with the PJAC grant have developed dispute resolution skills in efforts to remove barriers from non-paying parents. Specific case action plans are developed to meet individual needs of clients to increase the consistency and reliability of child support payments. PJAC case managers are present during court appearances and are directed by the court to meet with non-paying parents immediately. DCSS has also developed new family violence related policy and procedures, desk aids and training designed for the child support professional.
- The DDD Customer Service Center (CSC) works closely with individuals, families, system partners, providers, and community stakeholders. The Resolution System (RS) is an automated system used to track member, provider, and community grievances; inquiries; and summarize resolution of the issue. Grievances are tracked in the RS and the complainant is updated on a regular basis. RS helps to identify patterns of concern to ensure systemic identification and resolution. During SFY 2018, DDD responded to 1,867 complaints. The CSC responded to 14,889 telephone call inquiries or grievances.
- The DDD CSC delivered 583 presentations in SFY 2018. Attendees included stakeholders, community partners, emergency management teams, school districts, hospitals, family groups, DDD colleagues, various community fair attendees, first responders, and health and wellness event attendees. The CSC also provides community resource assistance such as food banks, dental, and emergency shelters to members of the community.

- The HERO Unit coordinates and develops the DDD Member Update newsletter that is published three times each year. The Unit also provides resource assistance to members of the community including Social Security benefit, and Medicare and Medicaid information to DDD members and families.
- The RRP provides linguistically and culturally appropriate Foster Care designed to meet the needs of refugee children identified by the U.S Department of State. The program prioritizes providing specialized case management services and obtaining foster care providers for children without a parent or guardian, and children that have no family care available. The Trafficking Victims Protection Reauthorization Act extends Unaccompanied Refugee Minor (URM) eligibility to certain special immigrant juveniles (Special Juvenile Immigrant Status) and to unaccompanied minors with U.S. Victims of Crimes visas. The URM Program welcomed 14 new minors during FFY 2018. Six youth were emancipated during FFY 2018.

Section 5 – Economic Conditions and Outlook¹

The Arizona Office of Economic Opportunity (OEO) is projecting modest gains in employment in Arizona from Quarter 3 of 2017 to Quarter 2 of 2019. An over-the-period gain of 152,968 jobs are projected to be gained over this timeframe. In the current projection period, the annualized rate of growth for total employment is 2.6 percent.

The overall employment situation in Arizona continues to improve significantly. This is consistent with improvement seen in many economic indicators, including population growth. Population grew faster in 2017 at 1.9 percent compared to 0.7 percent nationally, based on OEO population estimates. Population is projected to grow at 1.7 percent in 2018 and 1.7 percent in 2019.

During February 2016, Arizona recovered 100 percent of jobs shed since the prerecession peak in October 2007. However, the recovered gains were not equally shared among all industries or all sub-state areas. Construction; Manufacturing; Government; Other Services; and Natural Resources and Mining are still recovering jobs shed. Education and Health Services; Leisure and Hospitality; Financial Activities; Professional and Business Services; Trade, Transportation, and Utilities; and Information have recovered all lost jobs. Phoenix Metropolitan Statistical Area (MSA), Flagstaff MSA, Yuma MSA, Prescott MSA, and Tucson MSA have fully recovered the number of jobs shed while Sierra Vista-Douglas MSA, and Lake Havasu-Kingman MSA are still in the process of economic recovery.

The steady growth was driven by continued expansion in three industries: Construction; Education and Health Services; and Leisure and Hospitality. The growth recorded recently in Arizona is projected to continue into the near future. Employment is projected to grow at an annualized rate of 2.6 percent during the two-year projection period. All eleven major sectors are projected to grow from the third quarter of 2017 through the second quarter of 2019. Arizona has historically (1993–1999, 2004–2006) seen stronger nonfarm employment growth rates than what has been observed in recent years. Although nonfarm employment has grown in both absolute and relative terms since the recession, this recovery has been mild when examined in the historic context.

Factors supporting Arizona’s economic growth

- Continued improvement in real Gross Domestic Product (GDP), real personal income, and employment at the state and national levels;
- Increases in Arizona’s per capita personal consumption expenditures;
- Continued increases in private sector employment and modest increases in private residential construction permits;
- Increases in the labor force in Arizona;

¹ This section has been provided by the Arizona Office of Economic Opportunity.

- Rising levels of building construction permits, construction starts, and housing prices;
- Positive growth rates in population, nonfarm employment, and real personal income in 2017; and
- In 2017, real median household income in Arizona (\$61,125) exceeded the level from 2008 (\$53,544).

Some factors that could further reduce the growth of the local economy are given below; however, the positive factors listed above outweigh the uncertainties in the sections described below in support of our projection:

- In 2017, Arizona's population below the poverty level (14.9 percent) exceeded the U.S. population below the poverty level (13.4 percent);
- The unemployment rate in Arizona consistently remains higher than the US unemployment rate; and
- Arizona's per capita personal income is consistently lower than the US per capita personal income.

Arizona Industry Employment Projections (2017–2019)

During the two-year projection time period, five sectors are projected to grow at a faster rate than the overall total annualized employment growth rate of 2.6 percent, and six sectors are expected to grow at a slower rate. The major sectors with higher expected annualized growth rates are Construction (5.2 percent); Financial Activities (3.3 percent); Education and Health Services (3.3 percent); Leisure and Hospitality (2.9 percent); and Professional and Business Services (2.7 percent). The major sectors expected to grow at a slower rate than total employment are Manufacturing (2.4 percent); Natural Resources and Mining (1.8 percent); Other Services (1.5 percent); Trade, Transportation, and Utilities (1.4 percent); Information (1.1 percent); and Government (0.9 percent).

Education and Health Services (EHS): The EHS sector is projected to gain 39,779 jobs (6.6 percent) over the projection period. Growth is projected to be driven primarily by the Health Care and Social Assistance subsector.

Professional and Business Services (PBS): The PBS sector is projected to have an increase of 22,391 jobs (5.4 percent) over the two-year projection period. The Professional, Scientific, and Technical Services subsector will provide the largest share of this increase.

Leisure and Hospitality (L&H): The L&H sector is projected to gain 19,547 jobs (5.7 percent) over the two-year period. The largest projected job gain is expected in the Food Services and Drinking Places subsector. Fewer gains are projected in the subsectors of Accommodations and Arts, Entertainment, and Recreation. An improving economy, tourism, and population increases are expected to bolster employment in the L&H sector.

Construction: This sector is projected to gain 15,554 jobs (10.7 percent) over the two-year period. The Specialty Trade Contractors subsector is expected to have the largest employment gain, and the Construction of Buildings subsector is projected to have the second largest employment gain. Home repair, home maintenance, rising building permits, and population growth are factors that support growth in this sector.

Trade, Transportation, and Utilities (TTU): The TTU sector is projected to gain 15,312 jobs (2.9 percent) over the two-year period. Transportation and Warehousing is expected to have the highest percentage gains within the TTU subsectors, and Retail Trade is expected to have the highest numeric gains. Fewer gains are projected in Wholesale Trade and Utilities.

Financial Activities (FA): Projected employment growth in FA over the two-year period is expected to increase by 13,978 jobs (6.8 percent). The Finance and Insurance subsector is projected to provide a substantial portion of this growth.

Manufacturing: This sector is projected to have an employment increase of 7,885 jobs (4.9 percent) over two years. Nondurable Goods like Food Manufacturing are projected to grow substantially. Increases in Durable Goods will primarily be seen in Computer and Electronic Product Manufacturing and Transportation Equipment Manufacturing.

Other Services (Except Government) (OS): OS is projected to gain 2,728 jobs (3.0 percent) over two years.

Government: Government is projected to gain of 2,724 jobs (1.7 percent) over the two-year period.

Natural Resources and Mining (NRM): The NRM sector is projected to gain 1,840 jobs (3.6 percent) over the two-year period.

Information: This sector is projected to have a gain in employment of 1,012 jobs (2.1 percent) over two years.

Arizona Employment Outlook

Arizona is projected to gain 152,968 jobs over the two projected years (the third quarter of 2017 through the second quarter of 2019). This represents an annualized growth rate of 2.6 percent over the projection period. This is consistent with improvements observed in other economic indicators.

In February of 2016, Arizona recovered 100 percent of the jobs shed from the prerecession peak. Many economic fundamentals in Arizona continue to improve. All of the 11 major sectors are expected to grow over the two projected

years. Construction employment continues to grow, but it is growing at a pace that is much slower than before the prerecession peak.

All of the 11 major sectors of the Arizona economy are projected to gain jobs during the 2017–2019 projected time period: Education and Health Services (39,779 jobs); Professional and Business Services (22,391 jobs); Leisure and Hospitality (19,547 jobs); Construction (15,554 jobs); Trade, Transportation, and Utilities (15,312 jobs); Financial Activities (13,978 jobs); and Manufacturing (7,885 jobs). Smaller gains are projected in these sectors: Other Services (2,728 jobs); Government (2,724 jobs); Natural Resources and Mining (1,840); and Information (1,012 jobs).

Some sectors are projected to have a higher than average employment growth rate while others will have a lower than average rate. The average annualized projected growth rate is 2.6 percent. The annualized growth rate over the 2017–2019 projected period for the five sectors projected to grow at a faster annualized rate than the overall employment rate in descending order of magnitude are Construction (5.4 percent); Financial Activities (3.4 percent); Education and Health Services (3.3 percent); Leisure and Hospitality (2.9 percent); and Professional and Business Services (2.7 percent). The remaining six sectors projected to grow at a slower annualized rate than all industries are Manufacturing (2.4 percent); Natural Resources and Mining (1.8 percent); Other Services (1.5 percent); Trade, Transportation, and Utilities (1.5 percent); Information (1.1 percent); and Government (0.9 percent).

There are many positive indicators suggesting improvement in the overall economy and this momentum will continue through 2019. Nonfarm employment is rising and more workers are returning to participate in the labor force. Economic indicators such as: Gross Domestic Product (GDP), employment, income levels, personal consumption expenditures, and residential real estate markets are showing improvements since the recession.

There are also risks and uncertainties associated with the indicators mentioned above, but the positive factors listed above outweigh the uncertainties in support of our projections and the overall health of the Arizona economy.

Section 6 – Statistics

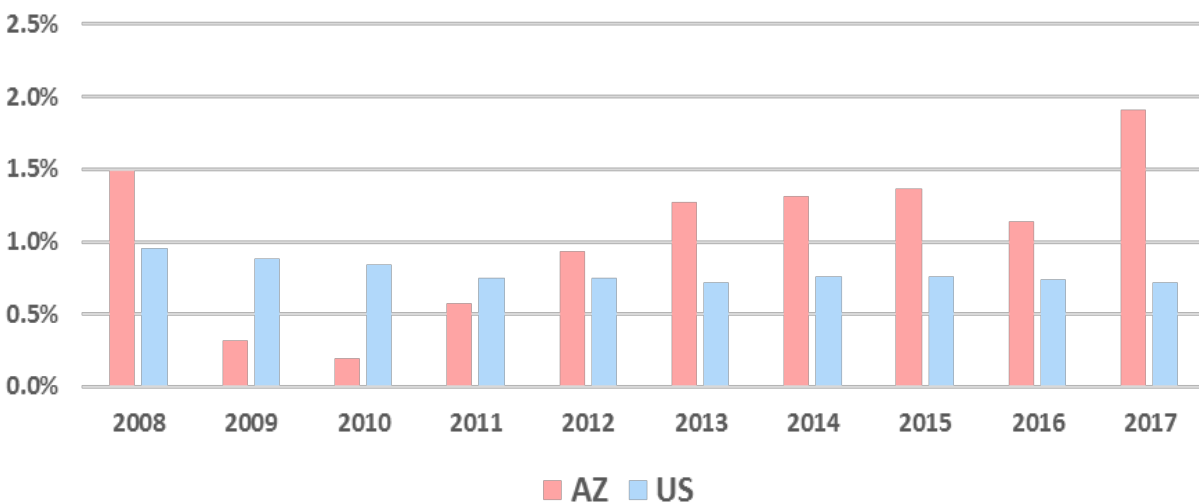
ARIZONA DEPARTMENT OF ECONOMIC SECURITY Comparison between Arizona and United States Population For Calendar Years Ended December 31 (2017 is the most recent data available)

Year	Arizona Population	United States Population	Percentage Change In Arizona Population	Percentage Change in U.S. Population
2008	6,368,649	304,093,966	1.5	1.0
2009	6,389,081	306,771,529	0.3	0.9
2010	6,401,569	309,338,421	0.2	0.8
2011	6,438,178	311,664,280	0.6	0.7
2012	6,498,569	313,993,272	0.9	0.8
2013	6,581,054	316,234,505	1.3	0.7
2014	6,667,241	318,622,525	1.3	0.8
2015	6,758,251	321,039,839	1.4	0.8
2016	6,835,518	323,405,935	1.1	0.7
2017	6,965,897	325,719,178	1.9	0.7

Sources: Arizona estimates were provided by the Arizona Office of Economic Opportunity; U.S. estimates were provided by the U.S. Census Bureau.

Note: The information contained in the sources used for this table is continuously revised, and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented may not match the amounts reported for prior years.

Population Growth

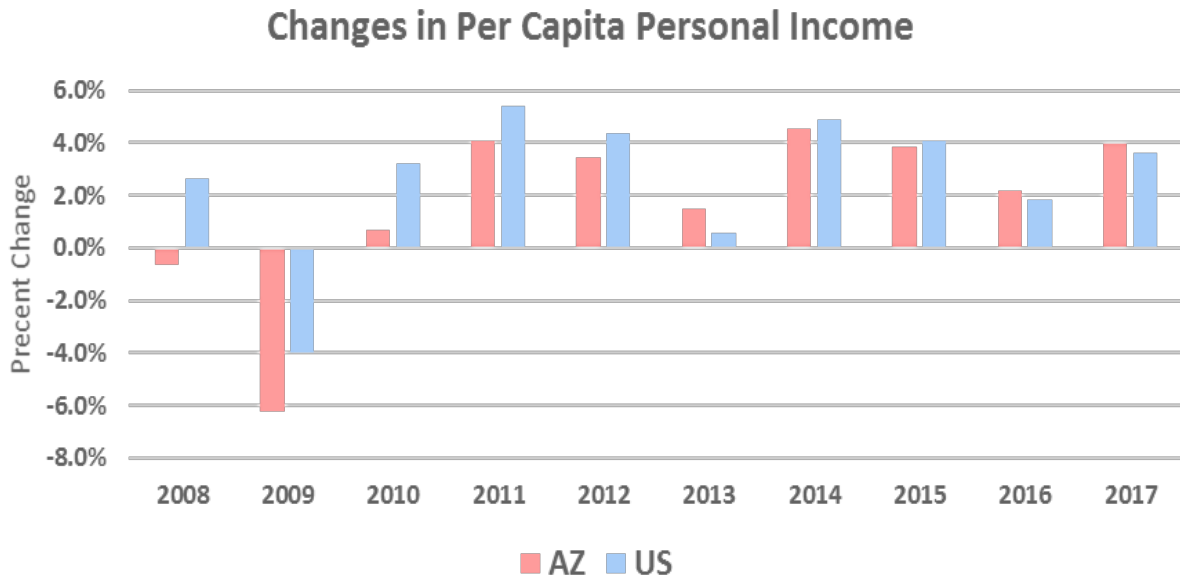


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States per Capita Income
For Calendar Years Ended December 31
(2017 is the most recent data available)

Year	Arizona Per Capita Income	U.S. Per Capita Income	Percentage Change in Arizona Per Capita Income	Percentage Change in U.S. Per Capita Income
2008	\$35,543	\$40,904	-0.7%	2.7%
2009	\$33,327	\$39,284	-6.2%	-4.0%
2010	\$33,559	\$40,545	0.7%	3.2%
2011	\$34,932	\$42,727	4.1%	5.4%
2012	\$36,132	\$44,582	3.4%	4.3%
2013	\$36,664	\$44,826	1.5%	0.5%
2014	\$38,331	\$47,025	4.5%	4.9%
2015	\$39,811	\$48,940	3.9%	4.1%
2016	\$40,672	\$49,831	2.2%	1.8%
2017	\$42,280	\$51,640	4.0%	3.6%

Source: U.S. Department of Commerce, Bureau of Economic Analysis: SA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income

Definitions: Per capita personal income is equal to personal income of a given area divided by the resident population of the area.



Personal income is the income received by a single individual. It includes compensation, interest, and dividends.

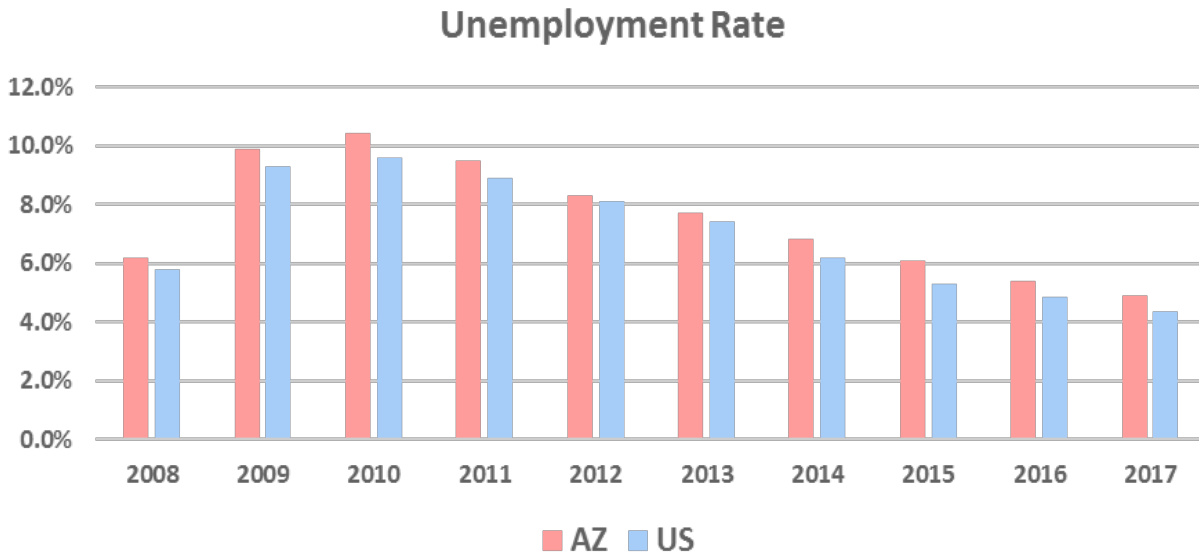
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States Unemployment
For Calendar Years Ended December 31
(2017 is the most recent data available)

Year	Number of Unemployed in Arizona	Number of Unemployed in U.S.	Unemployment Rate Arizona (%)	Unemployment Rate U.S. (%)
2008	190,960	8,924,000	6.2%	5.8%
2009	310,533	14,265,000	9.9%	9.3%
2010	320,251	14,825,000	10.4%	9.6%
2011	288,547	13,747,000	9.5%	8.9%
2012	252,529	12,506,000	8.3%	8.1%
2013	234,728	11,460,000	7.7%	7.4%
2014	209,331	9,616,000	6.8%	6.2%
2015	190,795	8,296,000	6.1%	5.3%
2016	172,915	7,751,000	5.4%	4.9%
2017	161,315	6,982,000	4.9%	4.4%

Note: Figures are subject to revision

Sources: Arizona: Office of Economic Opportunity.
 United States: Department of Labor, Bureau of Labor Statistics (BLS).

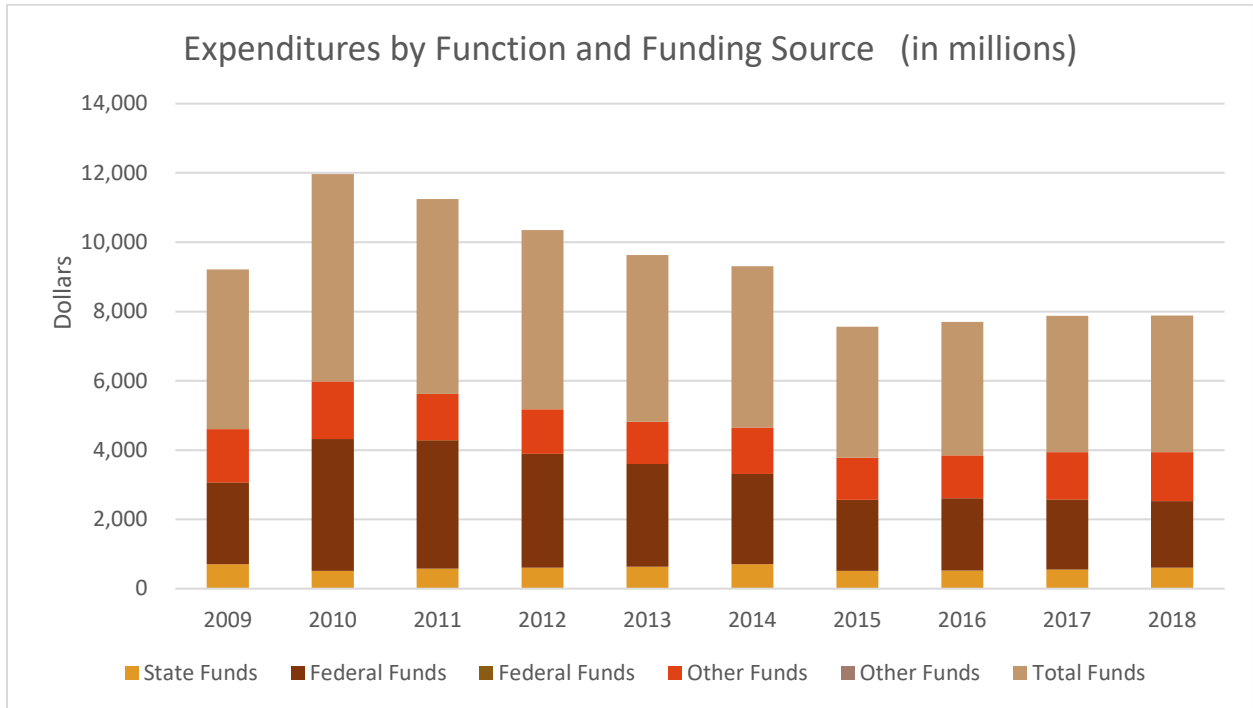
Definitions: A person is unemployed if he or she has no job but is looking for work.
 The unemployment rate is the number of unemployed as a percentage of the labor force.
 The labor force is the sum of the employed and the unemployed.
 For more information go to www.laborstats.az.gov



ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Expenditures by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For Fiscal Years Ended June 30

Year	State Funds	Federal Funds	Other Funds	Total Funds
2009	705,314,168	2,359,577,901	1,540,321,161	4,605,213,230
2010	512,735,693	3,804,712,359	1,667,553,184	5,985,001,236
2011	579,759,832	3,701,195,606	1,341,056,629	5,622,012,067
2012	604,219,713	3,293,038,152	1,277,799,638	5,175,057,503
2013	629,865,944	2,966,252,807	1,220,146,970	4,816,265,721
2014	712,154,746	2,601,376,328	1,340,970,358	4,654,501,432
2015	509,521,850	2,050,920,455	1,221,030,446	3,781,472,751
2016	522,466,498	2,084,020,593	1,245,194,037	3,851,681,128
2017	553,228,673	2,016,878,278	1,369,755,399	3,939,862,350
2018	605,276,006	1,921,455,878	1,417,022,660	3,943,754,545

Source: The Arizona Department of Economic Security Financial Statements.
 Note: The Federal Funds amounts include amounts for SNAP benefits distributed.

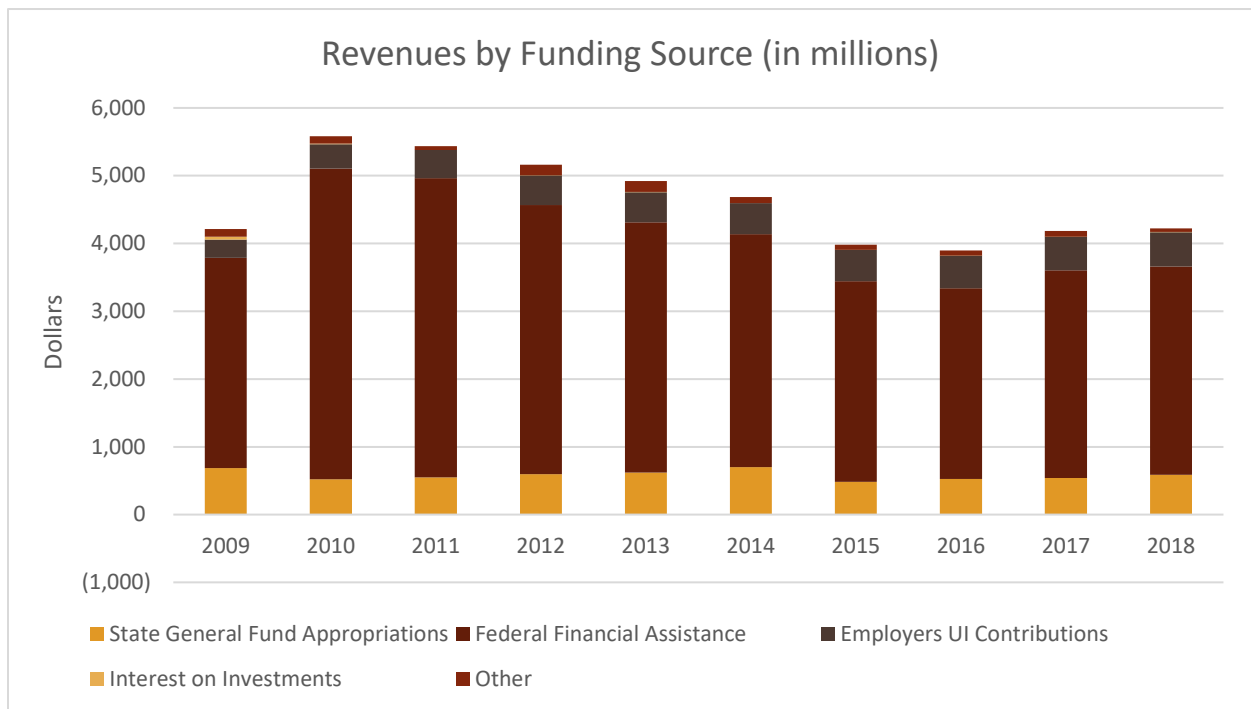


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For Fiscal Years Ended June 30

Year	State General Fund Appropriations	Federal Financial Assistance	Employers' UI Contributions	Interest on Investments	Other	Total
2009	686,602,626	3,102,226,928	268,808,745	40,829,934	114,566,869	4,213,035,102
2010	518,620,000	4,588,870,453	355,638,066	10,776,494	108,314,873	5,582,219,886
2011	550,548,801	4,414,792,386	414,044,300	977,582	55,876,445	5,436,239,514
2012	597,429,200	3,972,085,235	437,052,743	1,129,695	154,992,653	5,162,689,526
2013	618,246,400	3,694,568,412	444,818,667	4,008,883	161,017,989	4,922,660,351
2014	700,910,900	3,436,728,776	455,978,607	-1,502,163	91,741,898	4,683,858,018
2015	482,587,200	2,959,753,512	462,869,933	856,713	75,765,893	3,981,833,251
2016	523,934,200	2,814,650,216	482,955,379	1,276,079	72,135,929	3,894,951,803
2017	538,272,200	3,064,809,732	495,927,177	1,607,587	82,649,481	4,183,266,177
2018	586,110,300	3,075,559,199	504,764,234	2,144,730	54,014,670	4,222,593,133

Source: The Arizona Department of Economic Security Financial Statements.

Note: The Federal Financial Assistance amounts include amounts for SNAP benefits distributed.

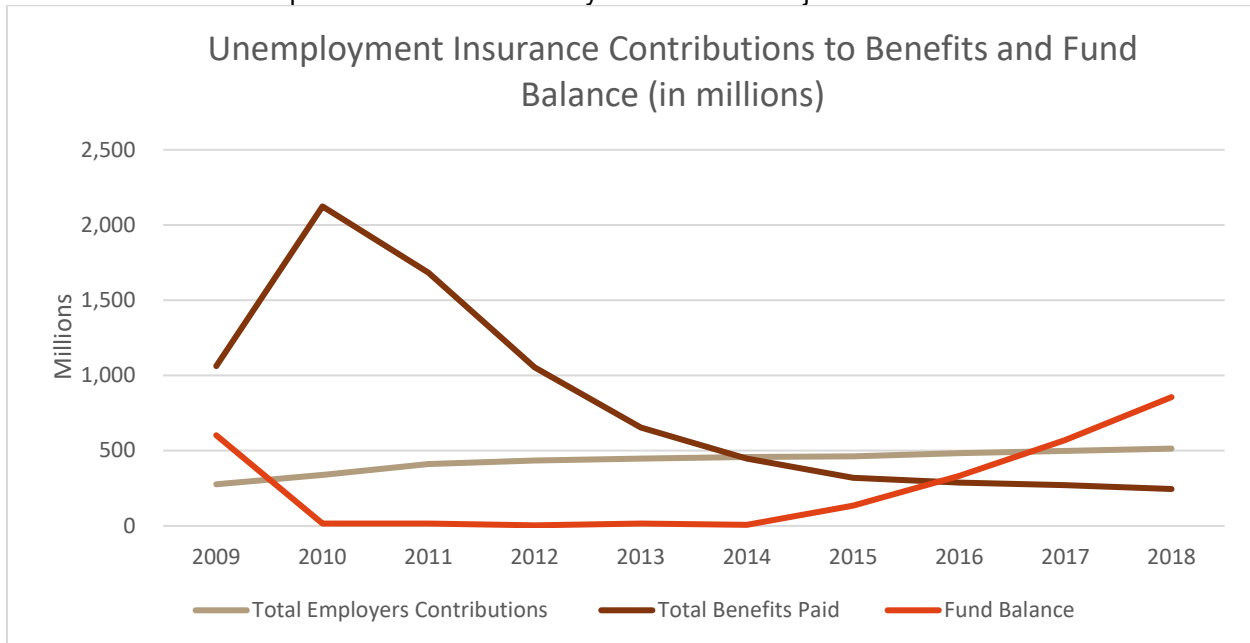


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For Fiscal Years Ended June 30**

Year	Total Employers' Contributions	Total Benefits Paid	Fund Balance
2009	276,732,990	1,061,358,568	602,590,236
2010	339,745,124	2,123,766,228	16,689,508
2011	412,472,497	1,684,068,675	16,864,876
2012	434,253,686	1,053,948,338	4,113,696
2013	446,578,260	654,321,961	14,944,329
2014	458,133,325	447,350,166	8,244,046
2015	463,467,338	320,502,958	135,097,528
2016	484,087,186	288,551,728	332,677,410
2017	498,431,287	270,807,529	571,558,822
2018	514,067,411	245,454,121	856,109,879

Source: The Arizona Department of Economic Security, Unemployment Insurance Financial Transaction Summary Report.

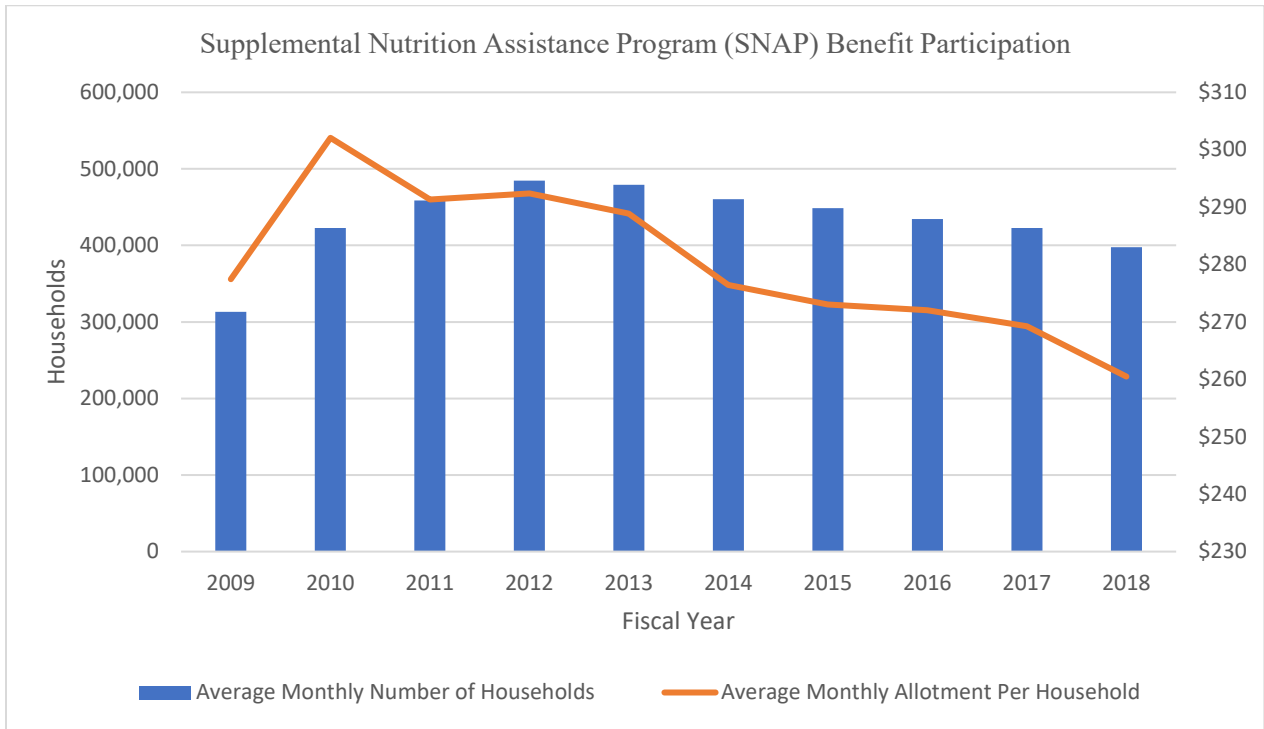
Note: The total benefits paid amount for all fiscal years has been adjusted to include interstate benefits.



ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Supplemental Nutrition Assistance Program (SNAP) Benefit Participants
For Fiscal Years Ended June 30

Year	Average Monthly Number of Households	Average Monthly Number of Persons	Average Monthly Allotment Per Household	Average Monthly Allotment Per Person	Average Monthly Benefits Distributed
2009	313,126	752,772	277.44	115.41	86,875,088
2010	422,583	986,413	302.07	129.41	127,649,820
2011	458,580	1,049,522	291.35	127.30	133,607,965
2012	484,785	1,123,068	292.40	126.22	141,752,178
2013	479,386	1,116,068	288.90	124.09	138,493,811
2014	460,320	1,070,674	276.45	118.86	127,257,464
2015	448,754	1,027,845	273.06	119.22	122,535,437
2016	434,328	980,536	272.06	120.51	18,162,179
2017	422,591	946,184	269.26	120.26	113,785,667
2018	397,628	875,241	260.49	118.34	103,577,126

Source: The Arizona Department of Economic Security, Division of Benefits and Medical Eligibility, Family Assistance Administration.



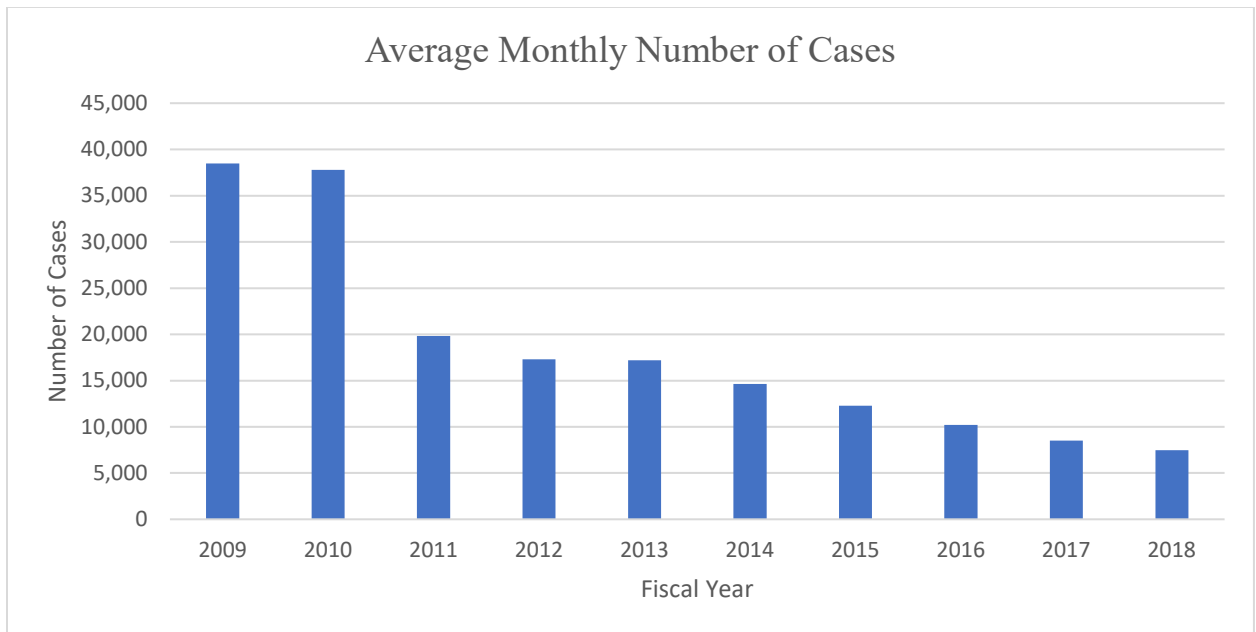
Note: The information contained in the sources used for this table has been revised to reflect most current data. Therefore, amounts presented may not match the amounts reported for prior years.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For Fiscal Years Ended June 30

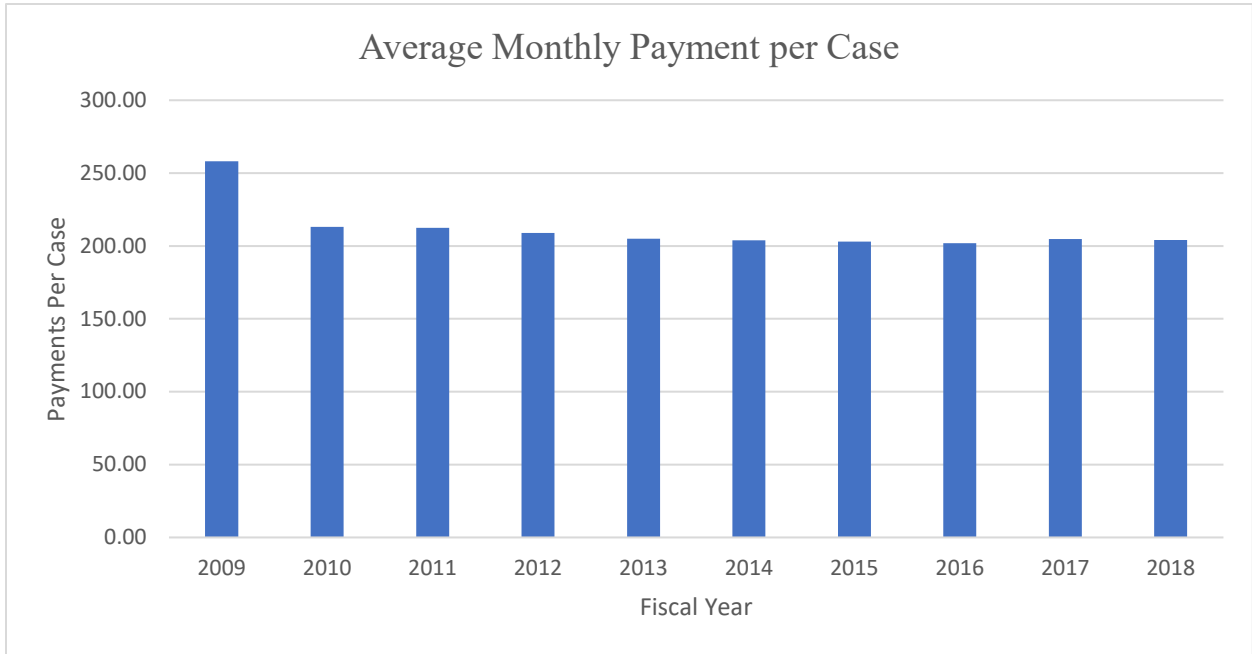
Year	Average Monthly Number of Cases	Average Monthly Number of Recipients	Average Monthly Payment per Case	Average Monthly Payment per Recipient	Average Monthly Payments
2009	38,467	83,969	258.19	118.28	9,931,702
2010	37,779	82,127	213.21	98.08	8,054,784
2011	19,827	44,842	212.42	93.92	4,211,688
2012	17,310	39,194	208.89	92.26	3,615,885
2013	17,203	39,050	204.89	90.26	3,524,770
2014	14,621	32,888	203.82	90.61	2,980,065
2015	12,269	27,272	203.00	91.32	2,490,483
2016	10,192	22,171	201.89	92.81	2,057,745
2017	8,510	18,762	204.79	92.89	1,742,759
2018	7,459	16,195	204.16	94.03	1,522,828

Source: The Arizona Department of Economic Security, Division of Benefits and Medical Eligibility, Family Assistance Administration.

Note: Effective July 2010, the maximum state time limit to receive monthly Cash Assistance benefits was reduced to 36 months. Effective August 2011, the maximum state time limit to receive monthly Cash Assistance benefits was reduced to 24 months. Effective July 2017, the maximum state time limit to receive monthly Cash Assistance benefits was reduced to 12 months. Effective October 1, 2017 the household may be eligible for a time limit extension up to an additional 12 months when it is requested, and all adult household members are in compliance with Jobs program requirements.



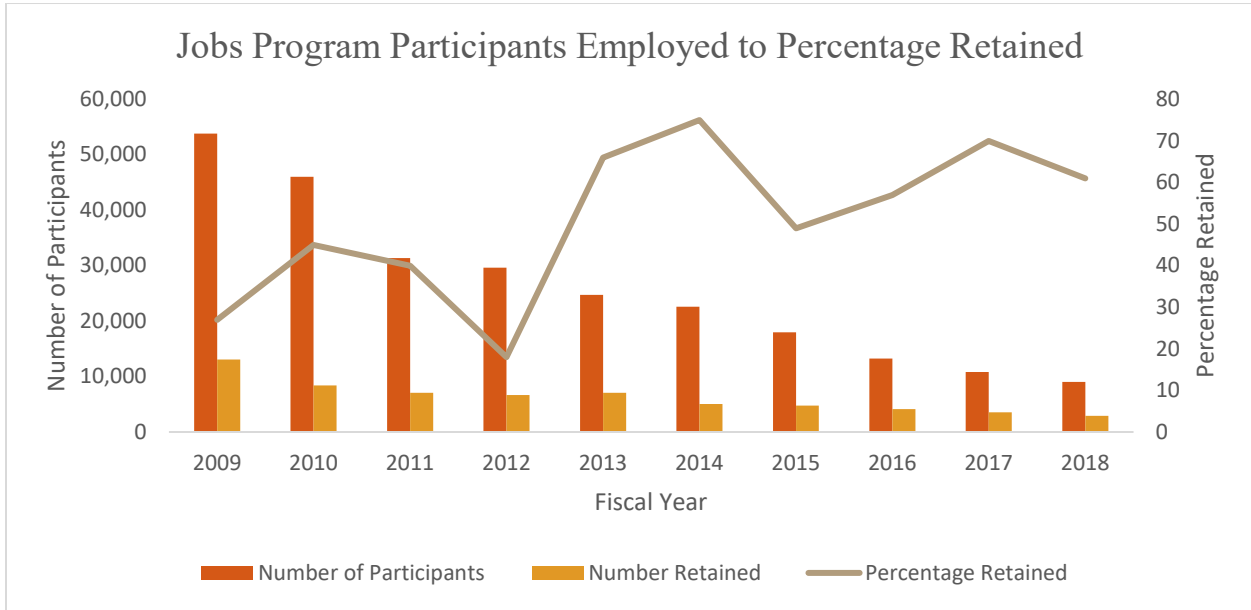
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For Fiscal Years Ended June 30



(Continued)

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Jobs Program
Comparison of Participants and Participants Employed
For Fiscal Years Ended June 30

Year	Number of Participants	Total Employed	Percentage Retained Employment for at Least 90 Days
2009	53,800	13,097	27
2010	46,010	8,416	45
2011	31,380	7,052	40
2012	29,643	6,662	18
2013	24,741	7,098	66
2014	22,601	5,024	75
2015	17,967	4,755	49
2016	13,226	4,099	57
2017	10,795	3,525	70
2018	9,005	2,897	61

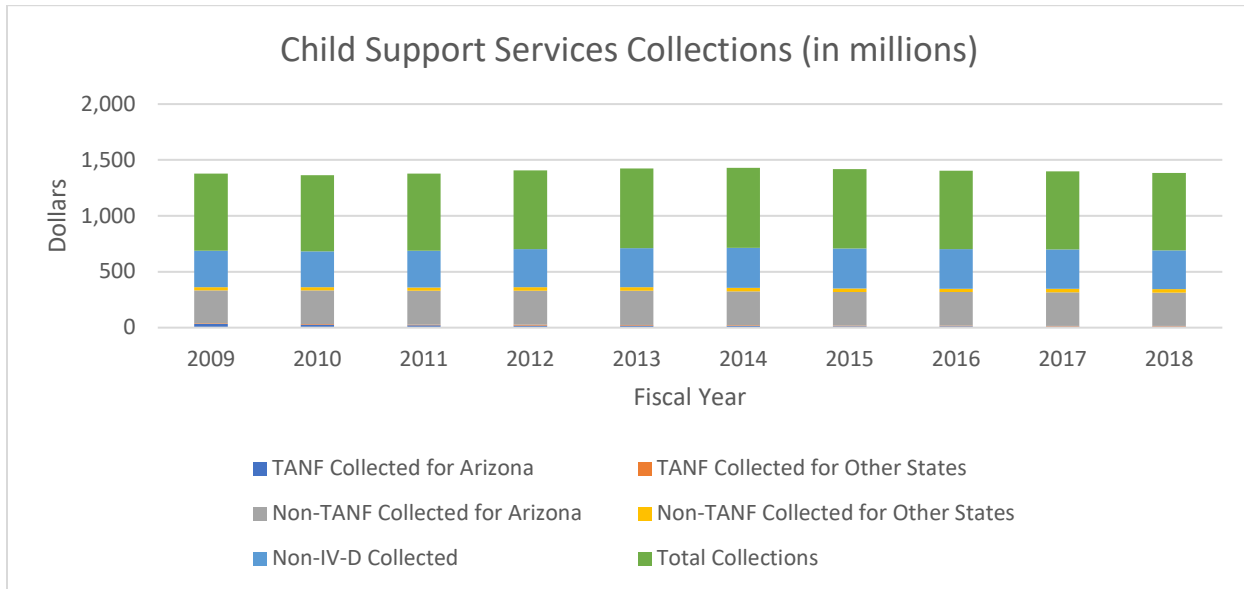


Source: The Arizona Department of Economic Security, Division of Employment and Rehabilitation Services, Workforce Development Administration.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Child Support Services Collections
For Fiscal Years Ended June 30

Year	TANF Collected for Arizona	TANF Collected for Other States	Non-TANF Collected for Arizona	Non-TANF Collected for Other States	Non-IV-D Collected	Total Collections
2009	31,337,600	7,402,700	294,618,000	27,266,400	328,738,000	689,362,700
2010	25,854,600	7,086,300	299,449,600	28,356,400	321,096,000	681,842,900
2011	21,248,700	6,757,400	301,646,700	29,625,500	329,574,400	688,852,700
2012	19,651,800	6,679,900	304,956,800	30,516,200	340,901,500	702,706,200
2013	17,557,700	6,604,800	305,361,400	32,124,800	350,691,200	712,339,900
2014	15,890,900	6,188,400	302,955,000	31,417,800	358,270,300	714,722,400
2015	13,248,300	6,001,000	299,959,600	30,582,700	359,527,200	709,318,800
2016	11,530,200	5,675,700	300,488,800	29,512,600	354,966,800	702,174,100
2017	10,650,700	5,538,900	300,439,000	29,812,700	352,742,300	699,183,600
2018	9,935,700	5,470,800	298,114,500	30,448,500	347,491,100	691,460,600

Source: The Arizona Department of Economic Security, Division of Child Support Services.



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