



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Annual Report
State Fiscal Year 2013

Janice K. Brewer, Governor



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Janice K. Brewer
Governor

Clarence H. Carter
Director

FEB 06 2014

The Honorable Janice K. Brewer
Governor of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Brewer:

The Arizona Department of Economic Security's Annual Report for the period July 1, 2012, through June 30, 2013, is enclosed. This report is submitted pursuant to A.R.S. § 41-1960, which requires the Department to make an annual report of Arizona's economic security needs and resources; the use, training, and placement of manpower; and recommendations for the forthcoming fiscal year for the state's development of relevant programs. Also included in the report is a status report and an evaluation of the children and family services training program, as required by A.R.S. § 8-503.01.

This report provides an overview of the Department's achievements in meeting the needs of Arizonans over the previous fiscal year. The report highlights the Department's actions to enhance the safety and self-sufficiency of vulnerable individuals in our state by working toward a more person-centric service delivery model.

The Department is committed to continue to build on the successes highlighted in this report to achieve our mission to promote the safety, well-being, and self-sufficiency of Arizona's children, adults, and families.

If you have any questions, please contact me at (602) 542-5757.

Sincerely,

Clarence H. Carter
Director

Enclosure

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Section 1 – Department of Economic Security Overview

The 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.

The DES vision is a bold one: every child, adult, and family in the State of Arizona will be safe and economically secure. In order for this vision to be realized, DES has established five goals:

1. Strengthen individuals and families;
2. Increase self-sufficiency;
3. Collaborate with communities to increase capacity;
4. Increase efficiency and effectiveness through innovation and accountability; and
5. Improve outcomes for Arizonans by creating a person-centered human services system.

This report highlights areas of focus for DES in its 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. These areas vary in scope, from those designed to provide families with a safety net to meet basic needs such as housing and food, to programs intended to ensure that children who are unable to reside with their birth parents are provided the opportunity to grow up in the homes of relative caregivers or in other secure environments.

As of the end of State Fiscal Year (SFY) 2013, DES had approximately 9,300 utilized FTE Positions and operated from 124 direct-service offices, 16 residential facilities, and 26 administrative and training offices. DES owns 30 of the facilities, and the remaining locations are leased. The Department is divided into six districts with the central administration located in Phoenix.

The Department has more than 18,000 contracts and agreements with nonprofit 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.

DES and its provider networks promote the safety, well-being, and self-sufficiency of Arizonans. The broad program areas include: Child Protective Services (CPS); child welfare services to provide families the tools that they need to care for their children; foster care and adoption support; 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 delays; home and community-based services for individuals with developmental disabilities; unemployment insurance; employment assistance, including 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).

The Department began its transformation to a "person-centric" model in SFY 2012. The "person-centric" model is an innovation in the construct of social services for Arizona, as well as the Nation. The model moves beyond simply administering single-purpose programs toward an integrated approach focused on intentionally growing the capacity of persons served to move them beyond the safety net system.

Under the "person-centric" approach the Department continues operating vital programs for socially and economically challenged Arizonans effectively and efficiently, but with the ultimate goal of moving Arizonans beyond safety net programs to a self-sufficient life.

In SFY 2013, the Department began refining its business flow, which guided the development of a comprehensive participant assessment and an Individual Development Plan. The assessment identifies not only the participant's immediate needs, but also the long-term, inter-related and other barriers to self-sufficiency, the individual's aspirations, and the past and current strategies implemented and their results. The assessment information, combined with data from DES information systems will be incorporated to provide case coordinators with a holistic picture of the individual applying for DES benefits and his/her household composition.

The Department began to put in place the infrastructure to support staff development and a specific service delivery model. A pilot to test the model is scheduled for implementation during SFY 2014.

Section 2 – Trends in Human Services and the DES Response to the State’s Economic Security Needs

Caseloads and Budget

Over the past year, Arizona continued to steadily recover from the economic downturn. Arizona’s coincident index increased by 2.2 percent during SFY 2013 representing thirty-third for the highest growth rate in the country.¹ The coincident index combines four indicators: employment, average hours worked in manufacturing, unemployment rate and inflation adjusted wages. Although this represents improvement, Department services are still in high demand. Cuts to the Department’s budget from the beginning of SFY 2009 through the end of SFY 2013 resulted in steep reductions across the Department’s programs and operations. Benefits were cut, waiting lists were implemented, programs and contracts were eliminated, provider rates were reduced, and the Department and private sector contractor agencies experienced staff reductions.

The Department continues to maintain high caseload levels in some critical safety net services such as the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), child protective service investigations, and children’s out-of-home care. Although the state’s economy is demonstrating positive steps toward a comeback, the safety net services provided by the Department continue to be essential for persons experiencing financial and social challenges.

During SFY 2013:

- The SNAP average monthly caseload decreased slightly over the previous year, to a total of 474,363 cases ending June 2013. The SFY 2013 SNAP monthly caseload was 51 percent higher (161,237) than the SFY 2009 average monthly caseload.
- The number of CPS reports received for investigation increased by 8.8 percent, from 40,548 to 44,121 comparing SFY 2012 to SFY 2013.
- The number of children enrolled in out-of-home care increased by 8.3 percent, from 13,385 to 14,494 comparing June 2012 to June 2013.
- In SFY 2013, Adult Protective Services (APS) received 16,635 calls and investigated 11,161 reports of abuse, neglect or exploitation of vulnerable adults. This is a 27 percent increase in the total number of cases over the same time period the previous year and is historically high for the program.

¹ Arizona Joint Legislature Budget Committee Monthly Fiscal Highlights, August 2013.

Department Public-Private Partnerships

The Department has been diligently finding ways to mitigate the impact of budget reductions by promoting administrative and programmatic efficiency. Across all aspects of the Department, changes have been made to focus activity on the customer in an effort to provide needed services in a more person-centric process. This assists DES in managing its resources so that persons in need receive required services with as few obstacles as possible.

The Department has, over the years, continued to examine its operating support systems to help ensure that where it appeared that the private sector could more efficiently and cost-effectively provide operating support, DES has taken advantage of that opportunity.

- 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 elders;
 - Refugee resettlement services;
 - The Jobs Program;
 - An array of child welfare services for children and families involved with CPS;
 - Home recruitment, study, and supervision services for targeted recruitment of potential foster families and of DES-certified family child care homes;
 - Child care services provided for eligible families;
 - Child support payment processing;
 - Employer new hire reporting, which is used to validate employment and the incomes of child support obligors;
 - Acute and long-term care 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 referred to the Arizona Early Intervention Program (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 cash assistance, nutrition assistance, child support; and unemployment insurance benefits;
 - Electronic pay card issuance for unemployment benefits and child support payments;
 - Translation and interpretation services;
 - Typing and preparation of transcripts of Appellate Services Administration (ASA) hearings;
 - Teleconferencing and digital recording of ASA hearings; and
 - Telephone systems.

Meeting Needs through Technology

The Department requires a sound technological infrastructure to support person-centered service delivery, an increased demand for services, and an e-government expansion to improve access to services and to facilitate improved outcomes for children, adults, and families throughout Arizona. In an environment of diminishing resources, DES is doing its best to expand the capability and functionality of aging Department systems to continue to meet internal and external business needs. DES is also continuing to provide enhanced customer self-service capabilities through the use of Internet and interactive voice response (IVR) systems and expanding its use of imaging and document solutions in order to reduce costs and increase staff efficiency. Listed below are highlights of these efforts.

- Since 2010, applicants and participants in Cash Assistance (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) Web site. This Web site has become a proven tool for empowering customers to maintain and monitor their benefits and activity from the point of application forward. This process has benefited clients by making the information they need more readily available in order to understand their cases. It has been effective in reducing lobby and call center inquiries by allowing the customer to submit change reports through the Web site. During SFY 2013, there were 600,740 hits on the MFB Web site. These hits resulted in over eight million page views and nearly 108,000 reports of changes submitted by program participants.

The MFB site has also been successful in helping customers access information regarding other services by redirecting them to sites with information regarding services such as:

- Electronic Benefit Transfer (EBT) account information;
 - Updates on potential benefit overpayments;
 - AHCCCS health coverage;
 - Use of the online Health-e-Arizona (HEA) application; and
 - Hunger Relief Program.
- In February 2012, the Division of Employment and Rehabilitation Services (DERS) successfully implemented a new AZ Job Connection Web site, a comprehensive source of employment opportunities and resources for job seekers, employers, and training providers. The site also provides tools for workforce development professionals to increase efficiency and improve employment outcomes for persons seeking job-locating assistance. There has been three enhancement upgrades since the initial release date of February 17, 2012. A future release will include mobile technology to better assist customers on the go. The mobile component will have full functionality and capability for job seekers using this method.
 - In SFY 2013, the Division of Aging and Adult Services (DAAS) continued working on the replacement of three legacy applications with a new Web-based application that will streamline and standardize statewide processes related to intake, referral, and case management for aging services as well as contract and financial management services for all

programs and services provided through the Division. The system is scheduled to be fully implemented in SFY 2014.

- The Division of Children, Youth and Families (DCYF) implemented a new Web site for foster parents to submit and verify their billings. This site is now fully functioning and has reduced the time and costs associated with paper billings and postage. Outreach efforts continue by the program to increase the number of foster parents participating in online billings.
- The Department currently utilizes eight Interactive Voice Response (IVR) telephone systems for applicant and recipient use. The IVRs provide many of the same services that have been provided by Department staff and allows users to receive information without staff intervention.

One of the Department's IVR systems allows users to move from Department services to connect directly with other state agencies such as AHCCCS. Usage of the IVR systems remains relatively high, with 1.1 million calls going through the Division of Benefits and Medical Eligibility (DBME) IVR system during SFY 2013.

During SFY 2013, the DBME Customer Services Support Team, Health-e-Arizona (HEA) Team, and Processing Center Management Team members have been actively participating in meeting with vendors and contractors, working on a new IVR design and call flow, intelligent routing, IVR prompts and educational messages, and new skill sets and rules for handling the calls in the DBME/Family Assistance Administration (FAA) IVR. The goal is to design and implement an IVR that fully meets customers' needs by offering effective menu options and creating an intelligent automated system and skill-based call routing. This new IVR system represents an integration of business operations and the ability to effectively manage the tasks within regions and teams based on immediate customer needs and resource availability.

- Overall usage of most of DES's self-service applications continues to increase, indicating widespread acceptance by DES customers:
 - The number of child support payments made through the Division of Child Support Services (DCSS) Payment Gateway increased by more than 25 percent since the system's inception in 2011. In addition, since its inception, the Payment Gateway has processed 118,967 total receipts with collections exceeding \$42 million. Electronic payments may be made over the Internet, by phone, or in person using point of sale terminals located in a local DES office.
 - The number of Unemployment Insurance (UI) tax reports filed online increased from 50,958 in SFY 2012 to 53,184 in SFY 2013.
 - In SFY 2013, eighty-eight percent of UI claims were consistently filed electronically via the Internet.
 - Use of the HEA application, which supports CA, SNAP, and Medicaid application processes, had a total of 554,774 applications submitted in SFY 2013, as compared to 556,910 applications submitted in SFY 2012.

- DCYF staff has improved the timeliness and quality of child welfare case work documentation through their use of Dragon Naturally Speaking software to record their case notes directly into an automated case management system. The Division currently has 1,200 units of this software and is offering staff additional training to increase utilization. The Division will consider purchasing additional licenses based upon the use rates calculated following the training.
- During the most recent Arizona legislative session, a change was made to the child abuse and neglect mandatory reporting law. A.R.S. § 13-3620 now allows mandatory reporters to file certain reports of alleged child abuse and neglect electronically. Prior to this recent change in state law, mandatory reporters were required to file reports by telephone.
- Most of the Department's programs use document imaging to process case files for Department records that must be stored electronically for easy access and for cost effectiveness. In SFY 2012, the Department received a SNAP Process and Technology Improvement Grant that enabled the piloting of automated document recognition and indexing software in SFY 2013. Once fully implemented, the software product will be able to recognize the type of document that is scanned and then index the document into its online document management system. The result of this change and updated system will save time by enabling staff to more rapidly access client documentation. Over the last year, results of system tests documented issues with the data classification (indexing) tool and the Department intends to replace the existing document indexing solution next year.

Section 3 – Use, Training, and Placement of the Department’s Workforce

In SFY 2012, DES implemented a new training function based upon a federated model that is comprised of a centralized enterprise training administration. The Training and Development Administration (TDA), was created and works closely with the other division-owned training units. During SFY 2013, the TDA characterized by using a single set of quality standards, and centralized training support and tracking was fully implemented.

The new standards, processes, and the enterprise function itself are being evaluated to determine success and to identify improvements. While it is expected that it will take one to two more years for the enterprise training approach and standards to be considered the normal way of doing business, all indications are that the approach and implementation have been a success to date.

Measures of Training Effectiveness

These measures have been selected and, taken together, indicate whether training has been effective in preparing learners to perform on the job what has been learned. Additional measures are used to reflect whether or not learners are, in fact, using what was learned; implementing data collection for these measures is a priority for SFY 2014.

- **Perceived improvement in knowledge or skill – 1.2**
 - Goal is ≥ 1.0 on a 5-pt Likert scale where 5 is high
- **Knowledge Skill level following training - 4.2**
 - Goal is ≥ 3.0 on a 5-pt Likert scale where 5 is high
- **Confidence in using what was learned – 4.2**
 - Goal is ≥ 3.0 on a 5-pt Likert scale where 5 is high
- **Pass Rate - 93.6 percent**
 - Goal is ≥ 80 percent
 - The percentage of passing scores is based on business-related, performance-based training objectives, as compared to attempts. It indicates how well the training is preparing the population to perform the objectives supported by the training.

Select Indicators of Enterprise Effectiveness

- **Utilization of central learning management system – 100 percent**
 - All official classes for DES employees are tracked in the Human Resources Information Solution.
- **Utilization of courseware standards – 44.3 percent**
 - Percentage of courses that adhere to current standards. Many of the courses currently in use were launched prior to implementation of standards, and do not necessarily meet all

standards at this time. All new courses developed or revised after January 2013 meet the standards. This measure is expected to improve as more classes are revised.

- **Satisfaction with centralized training support function (rated by end users) – 4.5**
 - As rated by learners and individual contributors in the training and development community.
- **Satisfaction with centralized training support function (rated by agency training unit managers) – 5.0**
 - As rated by the leaders of the training and development community.

DES launched or prepared to launch several high-priority training and development projects during SFY 2013, most notably:

- Training in support of the Health-e-Arizona Plus (HEAplus) computer application and implementation of the Affordable Care Act (ACA).
- Revision to core programs in the Division of Children Youth and Families, the Division of Benefits and Medical Eligibility, Child Care and Rehabilitation Services Administrations.
- Training in support of the transition to the new state performance management methodology and online system, Managing Accountability and Performance (MAP).
- Training in support of conversion to the Employee Time Entry (ETE) application piloted in SFY 2013 and to be fully launched in SFY 2014.

As in previous years, DES has maintained training-related relationships with several state agencies and academic institutions. The relationship with the Arizona Learning Center (AzLC) continues with DES representation on the state's training leaders committee hosted by AzLC. The Department is assisting with the revision of the State Supervisor Training, and was instrumental in the design and delivery of the MAP training. DES reviewed the MAP training and provided feedback which was successfully incorporated into the MAP 2 and MAP 3 courses. DES also wrote learning assessments so that participants could demonstrate the ability to perform what was learned. These assessments were also included as optional elements of the approved Arizona Department of Administration (ADOA) MAP training. DES partnered with Arizona Health Care Cost Containment System (AHCCCS) and external contractors in producing training on HEAplus and the ACA changes. Division training units maintain relationships with Arizona State University (ASU) and the University of Arizona (U of A) to provide training unique to those divisions. TDA also works with the ADOA's Information Services Division, Department of Emergency and Military Affairs (DEMA), and the Fire Marshal's training units regarding the ERMA system.

DES conducted a Training Needs Assessment during SFY 2013. The Needs Assessment illuminated areas of training needs and wants at both the agency and division level. The data and analysis provided by the assessment enabled training units and agency management to make strategic decisions regarding training and development projects to be pursued over the next three years. At the agency level, the two largest needs identified are a Supervisor Development program and a Professional Development series. The Supervisor Development program must be coordinated with ADOA. Many of the classes in the Professional Development series can be obtained through other sources, although some classes will be developed. The Needs

Assessment also highlighted two other significant items: first, that the overwhelming majority of employees prefer to learn in an instructor-led classroom format, and second, that the primary reason employees do not avail themselves of training is that they are unaware of what is available to them.

Top priorities for next year are:

- Implementation of an agency-level New Employee Orientation program.
- Design and, time permitting, implementation of as many Supervisor Development program and Professional Development series trainings as possible.
- Enhanced communication mechanisms to ensure DES employees have information on all training opportunities available to them.
- Continued maturation of the enterprise function and its associated tenets, including revision of existing courseware to bring to standard.
- Enhanced evaluation of training and the effectiveness of the enterprise training function and its associated tenets, to include evaluation of transfer of learning to the workplace and accomplishment of business outcomes tied to training.

TDA and the Division of Developmental Disabilities (DDD) worked closely together to implement the new DES Training Standards. The standards require that all classroom instruction be delivered by a DES Certified Instructor. All trainers with the DDD have completed the certification process, as well as over 30 additional DDD employees. Implementing standards enhances the effort to deliver training consistently, effectively, and efficiently. Using the new DES instructional design process, eligibility training has been updated for Support Coordinators, and a successful outcome is that the training is now delivered within the first month of employment.

Section 4 – Children and Family Services Training Program Annual Report

Staff Training

DCYF's Child Welfare Training Institute (CWTI) offers a comprehensive child welfare training program in support of the state's commitment to providing quality services to Arizona's children and families. All CWTI Training Officers are Trainer Certified through the Training and Development Administration (TDA) within the Department of Economic Security. Most of CWTI Training Officers participated in an Instructional Systems Design (ISD) course through TDA and are working toward their certification for ISD. This will enable them to write, design and update training under the ISD standards using the Analyze, Develop, Design, Implement and Evaluate (ADDIE) model for curriculum development.

Initial and ongoing training for child welfare staff are provided through a variety of methods and opportunities, including:

- New Employee Orientation for all newly hired child welfare staff;
- Pre-Core training for CPS Specialists;
- CPS Specialist Core training, including 140 hours of classroom instruction;
- On-the-job training for all newly hired CPS specialists, following the Field Training Activities Guide and Checklist that provides structured tasks and activities with oversight and guidance by a mentor and/or supervisor;
- CPS Supervisor Core training, including 91 hours of classroom instruction and advanced courses for supervisors and managers;
- CPS Case Aide and community Parent Aide Core training, including 42 hours of classroom training;
- Specialized training and training refreshers on the topics such as, the Children's Information Library and Data Source (CHILDS), the Child Safety and Risk Assessment and the Continuous Child Safety and Risk Assessment Case Plan;
- Basic Forensic Interviewing training for all child welfare staff;
- Advanced Forensic Interviewing training for select experienced child welfare staff;
- One-on-one coaching and training for current and new child welfare staff on an array of topics (such as CHILDS assistance) upon request;
- Specialized and advanced training, including workshops and conferences on topics such as gangs, recognition of the most common forms of child abuse and neglect, child abuse injury patterns and related medical issues, substance exposed newborns, responding to drug

endangered children, mental health issues, working with difficult families, drug abuse, legal review and updates;

- Supervisory Summits, which have included content on chronic neglect, clinical supervision, multi-disciplinary practice, workload management, behavioral health coordination and advanced information on medical examinations and abuse;
- Policy refresher trainings;
- Region-offered training;
- Conferences and seminars in the community (Out-service training);
- The Arizona State University (ASU) School of Social Work MSW stipend and BSW scholarship programs;
- The part-time MSW program for permanent status agency employees residing in Maricopa County or Pinal County; and
- Training to other child welfare community partners, including the Foster Care Review Board, Juvenile Court, contracted service providers, and American Indian tribes.

The CWTI continually reviews the training system to identify opportunities to improve the content, delivery, and extent of initial and ongoing training. The training plan is fully aligned with the division's practice improvement priorities to directly support the division's safety, permanency, well-being, and systemic improvement strategies. Continuous improvement also occurs within the training system to improve its accessibility and quality.

Throughout SFY 2013, the CWTI and the CHILDS project has provided staff, including supervisors, with updated CHILDS user guides and hands-on CHILDS training in the field, as needed. Each significant migration in the CHILDS system has been accompanied by a clearly written user guide, so that staff can understand and use the new functions in CHILDS.

The DCYF streamlined the child safety and risk assessment documentation process. As a result, changes to CHILDS rolled out statewide during SFY 2013. A similar process of streamlining the ongoing safety and risk assessment and case planning processes began to occur statewide in June 2013, including additional changes in CHILDS. User guides have been provided to the field staff and CWTI training incorporated the changes into its CPS Specialist core training.

CPS Specialists are given the Field Training Activities Guide and Checklist, which provides structured tasks and activities to be completed by new CPS Specialists as on-the-job training. These tasks and activities supplement and support classroom learning, and allow practice using CHILDS through a lab exercise.

In May 2013, CWTI started offering structured CHILDS classroom-based refresher trainings with opportunities to ask questions and practice using the CHILDS system in the training mode.

This experience will be evaluated during SFY 2014 to identify common areas of need and ways to improve the CHILDS support and training provided to the field staff.

The DCYF continues to work with the Training and Development Administration (TDA) to convert many of the current computer-based trainings (CBT) to the TDAs Knowledge Presenter model. In order to do this, CWTI has spent a large portion of SFY 2013 attaining Instructional Systems Design training through TDA and is working towards certification to enable staff to write the CBTs in accordance with the ADDIE curriculum model adopted by the Department to develop and design training. Knowledge Presenter is attached to a formal learning management system for state employee training and will improve the division's ability to track and evaluate all training. In SFY 2014, this learning management system will house all information about division training schedules, available classes, and attendance.

During SFY 2013, the CPS Specialist core training program was redesigned to shift much of the learning from classroom to on-the-job training. CWTI and the DCYF Regional Program Managers continue to matrix-manage the Field Training Program for new CPS Specialists. One or two Field Training Officers (FTO) are assigned to each region. The FTOs primary function is to support newly hired CPS Specialists during their approximately 22 weeks in training status, including the pre-core, shadow weeks, Field Training Activities Guide and Checklist, and post-core periods. CPS Specialists are given the Field Training Activities Guide and the Checklist, which provides structured tasks and activities to be completed by new CPS Specialists as on-the-job training. Tasks and activities are completed under the supervision of an assigned mentor, whose role is to provide the new CPS Specialist shadow opportunities, answer questions, and model professionalism in the context of child welfare. The Field Training Activities Guide and Checklist includes duties and tasks such as observing a Team Decision Making meeting; observing a home visit and/or placement visit; practice using CHILDS in a lab exercise; accompanying on a CPS investigation of alleged child abuse or neglect; reviewing and assisting in the completion of a child safety assessment; observing court and related activities; observing a case plan staffing; shadowing cases involving substance abuse, domestic violence, mental health/mental illness, and sexual abuse; researching community resources; and discussing time and stress management with a supervisor or experienced worker. Federal Title IV-E funding is allowable as one of the funding sources for this activity.

During SFY 2013, the DCYF hired 25 MSW and Advanced Standing Students and 16 BSW students. In addition, the Division and ASU School of Social Work staffs have continued to collaborate on the implementation of a part-time MSW program for Division employees, using eligible federal funds through Title IV-E. Through this partnership with ASU, the Division is continuing to strengthen the agency's child welfare workforce and practice. The intent is to add staff members to this program annually.

All CWTI training is currently accompanied by a level 1 evaluation. Evaluations are completed using free on-line software following CPS Specialist Core training. CWTI also implemented on-line level 1 testing for Case Aide Core and CPS Supervisor Core training in May 2013. Level 1 testing results are gathered and kept by TDA.

The Division and CWTI are currently developing level 2 evaluations for CPS Specialist Core training. The goal for SFY 2014 is to implement a level 2 evaluation in CPS Specialist Core training and develop a level 2 evaluation for Case Aide and Supervisor Core training.

The Division has continued to work closely with partners at Arizona State University on the development of new employee, new supervisor, and in-service training for CPS staff.

ASU conducted a thorough assessment to identify the best possible organizational and content components for Arizona's CPS workforce training. Action steps for improving the content and timing of case manager and supervisor core training were identified. While this assessment was being completed, the Division's CPS Program Administrator and Deputy CPS Program Administrator worked with CWTI to assess ways to streamline the case manager core curriculum that is delivered in the classroom, while enhancing training and development of staff in the field. A streamlined pilot that included a combination of CBTs, classroom training, follow-up evaluation, and post-core workshops was tested with a cohort of recent MSW and BSW graduates. Based on the results of the assessment and the pilot, new worker core training was modified and a new schedule for classroom delivery was implemented in September 2012. Additional emphasis was placed on supporting this learning through field training activities and on-the-job learning. Regional Program Managers were asked to identify training navigators and assign training mentors for all new CPS Specialists. A Field Training Activities Guide and Checklist was piloted and finalized in December 2012.

ASU is working with the DCYF to implement Supervisor Core training. Activities have included delivery of training, revision of curricula content, and changes to training structure. During SFY 2013, ASU also conducted a needs assessment regarding CPS Supervisor Core training. Findings suggest the Supervisor Core training is strong in several ways. Course evaluations are quite high and comments from the interviews and focus groups suggest attendees find the covered topics valuable. When considering areas of improvement, most suggestions focused on the administration and timing of the program, and less about the training content. Some comments also moved beyond training and discussed additional ways to support supervisors, such as through a statewide mentoring program. The findings offer several recommendations that CWTI will work to incorporate in SFY 2014.

CPS Supervisors attended Supervisor Summits in May and September 2012. ASU partnered with the DCYF to deliver training at these Supervisor's Learning Summits. The May Summit included workshops on chronic neglect, clinical supervision, multi-disciplinary protocols, and workload management. The September Summit included workshops on behavioral health coordination, advanced information on medical examinations and abuse, clinical supervision, and workload management. ASU developed content for Trauma Informed Child Welfare Practice and delivered it to those in attendance at the learning summit. This content was also delivered by ASU three times in the fall of 2012 and will continue to be offered in all new-employee core training classes.

Forensic interview training continues to be provided to all staff. ASU has sub-contracted with Prevent Child Abuse Arizona and the CWTI to provide the required eight hour basic forensic interview training to all CPS staff, including staff managing the Hotline. Delivery of these

trainings began in February 2012 and continued throughout SFY 2013. The forty hour advanced forensic interview training is being provided to staff and supervisors who work in multi-disciplinary settings, and others who request the advanced training. The first sessions were held in April and May and delivery continued in SFY 2013. Sixteen classes were held in SFY 2013.

For the second year, selected Assistant Program Managers and Central Office Managers attended a Leadership Academy and Certified Public Manager® (CPM) program. The Leadership Academy component identified and addressed the leadership challenges and opportunities that participants face in their professional environment. The CPM Program is designed to help public organizations develop middle and top-level management teams capable of successfully managing changing roles and resource challenges. Seventeen Assistant Program Managers and Central Office Managers completed the program in May 2013.

The DCYF fully supports the purpose of the 2008 Fostering Connections Act, “to promote a system of care approach where all participants are trained to 1) perform effectively, while 2) understanding the role and limitation placed on their system partners;” as well as the premise that “child welfare will not recognize optimum success without the support of well-trained partners.” To that end, the Division has implemented the provision of the Act that allows access to Title IV-E funding for eligible short-term training by entering into Interagency Service Agreements with the CASA program at the Administrative Office of the Courts and Arizona State University: College of Public Programs, School of Social Work and Center for Applied Behavioral Health Policy.

In addition, the DCYF recognizes the potential of the following organizations and agencies to be considered as “approved agencies for the purposes of IV-E training,” and where appropriate will enter into similar Interagency Service Agreements in the future to provide IV-E reimbursement for short-term training as described in the Act. Reimbursement is limited to eligible activities and topics as outlined in appropriate sections of the code of federal regulations.

In SFY 2013, the DCYF requested a review of the current literature related to the provision of training to expanded audiences in accordance with the 2008 Fostering Connections Act. ASU hired a staff person with experience in University partnerships for social work education; child welfare training; and systems assessment, evaluation, and research activities. This staff also has experience in utilizing University partnerships to engage other state systems and community partners in the provision of child welfare training. In SFY 2012, both institutions began laying the groundwork to enter into a formal Child Welfare and Social Work Collaborative that establishes an integrated system of comprehensive child welfare training, social work education, and research for the continuous improvement of services to children and families involved in Arizona’s public child welfare system. In previous years, each of these areas was administered through individual contracts. This new agreement pulls all of the work together under one structure and process. In SFY 2014, ASU will provide suggested revisions to the structure and administration of the University Partnership, including creation of a formalized process whereby the Division and ASU collaboratively agree to future areas of focus and activities. This process would also involve identifying activities that are eligible for Title IV-E funding.

During SFY 2014, ASU will continue to assess and make recommendations to the Division on how to expand the training performed under the 2008 Fostering Connections Act and do so in a way that would promote cross-system collaboration among state agencies and providers of child welfare training.

Current and former foster youth, including members of the state's Youth Advisory Board, have been instrumental in assisting with the development and coordination of training provided to CPS Specialists, caregivers (including contracted group home staff), and foster and adoptive parents. Training participants benefit by increasing their understanding of issues faced by youth who are transitioning from foster care to adulthood.

During SFY 2013, current and former foster youth participated in training related activities, including:

- Provider agency training of foster and adoptive parents;
- Youth panels and other training activities through the CWTI;
- New CPS Specialist training and local foster parent training;
- New Judges Orientation training (through a partnership with the Administrative Office of the Courts); and
- "Unpacking the No" training for case management staff in Maricopa County, which explores attitudes and beliefs toward permanency options for youth.

Foster and Adoptive Parent Training

Foster and adoptive parent pre-service training is provided statewide through contract provider agencies using a nationally recognized and standardized curriculum. The curriculum is entitled Partnering for Safety and Permanence – Model Approach to Partnerships in Parenting (PS-MAPP) and the contract agency trainers are PS-MAPP Certified Leaders. The PS-MAPP curriculum is revised and updated as needed to meet Arizona's foster and adoptive parent training needs. In late 2012, a process for an alternative delivery of Arizona PS-MAPP to potential applicants was created. PS-MAPP classes were previously offered one time per week for ten weeks; an expedited process has been implemented, allowing licensing agencies to offer classes two times per week. This has accelerated the completion of training to six weeks.

The PS-MAPP curriculum stresses shared-parenting and family-centered practice, which has resulted in significant role and practice changes within the Department's foster care and adoption programs. The curriculum is structured around five core abilities and twelve critical skills for success.

One key objective of this curriculum is to provide each potential foster or adoptive parent with the information needed to make a mutual determination by the licensing agency and the family that the family understands and can commit to the expectations and requirements of caring for children who are in the Department's legal custody and care.

All licensed foster parents complete a minimum of six hours of in-service training annually. Foster parents with a professional foster home license must complete an additional six hours of in-service training annually related to the special needs of the children for whom they are

providing care. Foster parents who will care for children with diagnosed behavioral health needs or developmental disabilities or a medically fragile child complete an additional twelve to eighteen hours of advanced pre-service training. An annual individualized training plan is created with each foster parent to identify needs and in-service training for the next year. The provision of in-service training is primarily provided or arranged by the contracted provider agencies.

During SFY 2013, prospective foster parents who are participating in PS-MAPP training, as well as currently licensed foster parents, are provided with a comprehensive Go-To-Guide. This Guide is well-received and provides foster parents with detailed information regarding resources available for foster parents and children in foster care. The guide also helps foster parents navigate many of the systems they encounter.

During SFY 2013, a workshop on anger and behavior management was presented by two PS-MAPP trainers to over 150 foster parents at the Maricopa County KIDS training blitz. The DCYF also held three one-day conferences for resource parents in three geographic areas of the state. At each conference, PS-MAPP trainers offered workshops to resource parents, including workshops on the grief and loss experience of resource parents, preventing and handling allegations of maltreatment in foster homes, and the process for addressing foster home licensing violations. PS-MAPP Trainers also provided ample “Question and Answer” time to current PS-MAPP Certified Leaders and obtained feedback on training needs.

During SFY 2013, the DCYF, through its partnership with ASU, requested a review of the current literature regarding effective foster and adoptive home recruitment and retention activities and effective models of contracting for Home Recruitment, Study, and Supervision (HRSS) services. ASU completed the literature and best practice review and worked with the Division to develop a survey for foster and adoptive parents to identify additional training needs. ASU has identified and hired a Program Coordinator to focus on this area, and will continue to support the Division’s system assessment in SFY 2014. Research and evaluation activities will include collecting and analyzing administrative data regarding social work practice and the needs of families involved with the child welfare system. Results of this system assessment will inform the development of curriculum to enhance the practice skills of CPS Specialists, CPS Supervisors, and contracted HRSS providers; and ultimately improve the quality of training provided to support foster and adoptive parents. Federal Title IV-E funding is allowable as one of the funding sources for this activity.

During SFY 2013, a workshop on building effective partnerships with foster and adoptive families was piloted with new CPS Specialists. The DCYF is considering whether to include a modified version of this workshop in advanced training for CPS Specialists.

The Office of Licensing, Certification and Regulation (OLCR) conducted three Initial DCYF Foster Home Licensing trainings and trained 102 licensing agency staff and DCYF staff (combined). The training included an overview of Arizona Administrative Code R6-5-5801 which outlines the home study requirements for regular and professional foster care and an overview of Arizona Revised Statute 8-509. Each course is three hours long.

In June, the OLCR also conducted Initial Developmental Home Licensing training in which 30 licensing agency and Division of Developmental Disabilities (DDD) staff members were trained. This training was focused on the licensing requirements found in the Arizona Administrative Code R6-6-1001 and R6-6-1101 for Adult and Child Developmental Homes, as well as an overview of significant portions of Arizona Revised Statute § 36-594 on license denial, suspension or revocation. This training, which is 6 hours long, is required by DDD for all new licensing agencies. The trainings also covered significant portions of Arizona Revised Statutes § 41-1001 regarding general regulatory requirements and § 41-1758 which discusses the fingerprinting process.

OLCR also partnered with DCYF in conducting two Partnering for Safety and Permanence Model Approach to Partnerships in Parenting (PS-MAPP) Leader Certification Trainings, which are forty-eight hour training classes and are required for licensing agency staff who will be conducting the 30-hour pre-licensure training of potential resource parents. Thirty-eight participants were trained with thirty-four being certified as PS-MAPP Leaders. The PS-MAPP course is a nationally recognized and federally approved pre-licensure training for potential foster, adoptive and child developmental licensees. It is currently the mandated pre-licensure training for the state. There are four active master trainers in the state (two in DCYF, one in OLCR and one private contractor).

Section 5 – State Fiscal Year 2013 Highlights and Accomplishments

The following describes selected agency accomplishments during SFY 2013, in accordance with each of the agency's five goals:

1. Strengthen individuals and families.
2. Increase self-sufficiency.
3. Collaborate with communities to increase capacity.
4. Increase efficiency and effectiveness through innovation and accountability.
5. Improve outcomes for Arizonans by creating a person-centered human services system.

Strengthen Individuals and Families

- Adoptions of foster children continue to increase. Arizona was recognized by the U.S. Department of Health and Services' Adoption Incentive Program as exceeding all three baselines established for adoptions of children with special needs from foster care. Comparing SFY 2013 to SFY 2012, the number of adoptions finalized increased by 7.7 percent, from 2,240 to 2,422.
- The Arizona Early Intervention Program, (AzEIP) implemented team based early intervention services statewide that support every family with a team of providers. The team identifies a team leader that works with each family as they ensure that their child can participate in everyday routines and activities in their home and community. AzEIP services are designed to strengthen the competence and confidence of families to meet the needs of their young child with a disability.
- During SFY 2013, Arizona emergency domestic violence shelters contracting with the Department provided 333,999 nights of safety, resulting in 8,916 women and children finding safe refuge.
- In SFY 2013, the Department contracted with 36 providers of services to the homeless throughout the state for emergency crisis shelter and transitional housing services. The U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant, with an emphasis on Rapid Re-Housing and Homeless Prevention, was introduced in October 2012 in the Balance of the State. During SFY 2013 the number of individuals housed by DES-contracted emergency shelters was 13,408 and the total number of individuals housed by DES contracted transitional programs was 1,886. The total number of individuals served by the newly introduced services of Rapid Re-Housing was 246 and the number of individuals served through Homeless Prevention was 124. A total of 15,664 persons experiencing or at risk for becoming homeless were served through contracted service providers during SFY 2013. Of those, 71 percent served were in Maricopa County, 15 percent were in Pima County, and 14 percent were in the balance of the state.
- The Department contracted with 12 agencies during SFY 2013 to provide comprehensive case management services through funding from the Community Services Block Grant (CSBG). The contracted agencies were then able to leverage this funding with other

resources at a ratio of 26:1. In 2013, the Community Action Network provided 41,312 low-income households with utility and rental assistance. This included 39,430 individuals who received assistance in paying for home energy and 1,882 individuals who received assistance in paying rent or a mortgage to prevent eviction. One thousand homes were weatherized to make the house safe and energy efficient while reducing the household energy costs.

- The Senior Medicare Patrol provides education and assistance to resolve health care fraud, abuse, and errors and to reduce costs to the Medicare/Medicaid systems resulting from these problems. During SFY 2013, 685 one-on-one counseling sessions were conducted.
- The State Health Insurance Assistance Program (SHIP) is a federally funded state program that provides assistance at no charge to Medicare beneficiaries who have problems with or questions about their health insurance, including: Medicare benefits and rights, complaints about medical care or treatment, billing problems, health plan and prescription drug coverage options, and health plan application and enrollment assistance to people with Medicare. The SHIP helps to educate the community about Medicare and related programs by hosting enrollment events and providing an array of information and materials. SHIP volunteer counselors are trained to assist Medicare beneficiaries with enrolling in programs and plans as well as apply for the Extra Help and Medicare Savings Programs. During SFY 2013, over 30,119 Medicare/Medicaid clients were assisted.
- The Long Term Care Ombudsman Program has the goal of protecting, promoting, and advocating for the rights of long term care residents throughout the state. The Department contracts with eight Area Agencies on Aging to regularly visit all nursing and assisted living facilities statewide, and respond to complaints about quality of life and care issues in those facilities. In SFY 2013, the program investigated 3,872 complaints on behalf of residents. Of those complaints, approximately 76 percent were fully or partially resolved to the satisfaction of residents.
- The Family Caregiver Support Program (FCSP) strengthens families by providing services that assist family and informal caregivers to care for their loved ones at home for as long as possible. With more than 855,000 caregivers in Arizona, families are the major provider of long-term care, but research has shown that providing this care exacts a heavy emotional, physical, and financial toll. In SFY 2013, the FCSP served 22,000 caregivers with support services, including respite care, support groups, stress management training, and other supplemental services that complement the care of the caregiver. According to the AARP-sponsored 2011 study, *Raising Expectations: A State Scorecard on Long-Term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers*, Arizona ranked third nationally in the category of support for family caregivers. Support for Family Caregivers includes level of support reported by caregivers, legal and system supports provided by the states, and the extent to which registered nurses are able to delegate health maintenance tasks to nonfamily members, which can significantly ease burdens on family caregivers.
- 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 2013, DES provided services to 14,682 older adults to help maintain their independence and avoid premature and costly institutionalization.

- In SFY 2013, over 2,213 homeless and at-risk veterans participated in the 2013 Arizona Stand Downs throughout the State. 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, connecting them with services. Stand Downs were held in Casa Grande, Phoenix, Prescott, Tucson, and Yuma. Each location had a variety of state and federal agencies participating in each event. Service providers included the Veterans Administration Health Care System, the Arizona Department of Transportation Motor Vehicle Division, municipal and other court systems, the Social Security Administration, and DES. Department staff 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.

Increase Self-Sufficiency

- Each year, the National United Cerebral Palsy Association (UCP) conducts and publishes a study called "The Case for Inclusion," which analyzes the provision of Medicaid services for Americans with intellectual and developmental disabilities across the country. Released in May 2013, "The Case for Inclusion 2013", ranked Arizona's Division of Developmental Disabilities (DDD) as the nation's "Best Performing" state when it comes to key outcomes for citizen with developmental disabilities. The report tracks states' progress in the percent of people with disabilities living in the family home, the degree to which services are community based, and how people with disabilities live and participate in their communities. Arizona has achieved first place five times since the annual survey began.

According to the UCP report, Arizona took the top spot for its continued success through ensuring a majority of the state's population of individuals living with developmental disabilities receive home-based care, in addition to the state using a managed-care model. The UCP report also recognizes Arizona for being a family-focused state, where support services are provided to families that are caring for children with disabilities in the home, which keeps families together and people with a disability living in a community setting. Arizona was also recognized for its efficiency with funds. According to UCP, Arizona ranked forty-eighth for total spending per consumer. DDD officials credit this to the collaboration between their division, the state Medicaid program (AHCCCS) and the Arizona Long Term Care System (ALTCS). This collaboration allows for direct support services to be provided at a citizen's home. Prior to ALTCS, the majority of funding was directed to support individuals in expensive out-of-home settings like care facilities.

- The ALTCS serves more individuals per 100,000 population than all but six other states, continues to expand the number of individuals served each year, and has no waiting list attributable to budget concerns for ALTCS services. The percentage of people living in settings of six or fewer and the significant percent of people living in their own or their

family's home further demonstrate the State's commitment to individual choice, community inclusion, and support for families. Arizona is one of the most cost-effective programs in the country, due to people living at home with their families or on their own.

The Department continues to participate in the National Core Indicators Project, a project that outlines approximately 100 consumer, family, systemic, cost, and health and safety outcomes. A variety of tools, including member surveys, measure areas such as the satisfaction with supports and services provided to people with developmental disabilities and their families. Preliminary data for SFY 2013 show a consistent level of satisfaction since 2000. Based on the information generated by this survey, the DDD will determine areas to focus on when developing the ALTCS implementation plans, such as the Network Plan and the Support Coordination Plan.

- The Arizona Refugee Resettlement Program (RRP) provides, under direct contracts with voluntary agencies, culturally and linguistically appropriate employability and employment services. These services assist refugees and other eligible beneficiaries with achieving economic self-sufficiency as quickly as possible after arrival in the United States. During SFY 2013, 794 refugees entered employment through this program, compared to 946 in SFY 2012.
- During SFY 2013, RRP entered into two Interagency Service Agreements with the Arizona Board of Regents on behalf of Arizona State University to administer a technical assistance pilot project with five Ethnic Community Based Organizations (ECBOs) and to provide case management trainings to RRP contractors in Maricopa and Pima counties. The goals of the partnership are to provide orientation services to refugees in order to enhance their sense of wellbeing, community integration, family stability and ability to self-advocate for participation in mainstream services as well as equip RRP contractors with case management knowledge that serve the population in a culturally responsive and linguistically appropriate manner.
- In September 2013, RRP was awarded a grant from the Office of Refugee Resettlement to initiate a program to annually assist 120 single-parent, work-eligible refugees who have been on Temporary Assistance for Needy Families (TANF) cash assistance for 12 months. The program's goal is to increase the clients' likelihood of securing gainful employment and reducing or eliminating their reliance on public cash assistance through a socio-ecological methodology approach. RRP will work closely with such program partners as refugee resettlement agencies, the Department's Division of Employment and Rehabilitation Services and its contractors, other Department Divisions, and volunteer employment mentors. Services will be administered by the Resettlement Agencies in Maricopa and Pima counties.
- The Comprehensive Blind Adjustment Contracts have significantly improved the quality of services to individuals who are blind or visually impaired. The Rehabilitation Services Administration (RSA) has partnered with community providers to coordinate blind adjustment services, which has resulted in reducing the time required for clients to complete these services. Communication and partnering among individuals with a visual impairment, providers, and staff has improved. The programs provide rehabilitation adjustment services

for individuals who are blind or visually impaired. These services include Rehabilitation Teaching, Orientation and Adjustment to Disability, Orientation and Mobility, Assistive Technology Training, Assistive Technology Devices, Technology Installation and Configuration, Low Vision Assessment, Aids and Devices, and Training Services. The programs also provide many varieties of employment-related services, including Career Exploration, Job Readiness, Resume Writing and Interviewing, Job Development and Placement, Work Station Assessment, Post-Employment Retention Services, and many varieties of specific skill training such as Braille Instruction, English as a Second Language, and On-Site Life Coaches for managing life on one's own.

- The Division of Children, Youth and Families (DCYF), through a contract with Foster Care to Success, continues to administer the Education and Training Voucher Program (ETV), a federally funded program that provides financial assistance to help pay the cost of attendance in post-secondary education and training programs. Applicants must be under age 21, currently or formerly in foster care at the age of 16 or older. Students may receive up to \$5,000 per year through the ETV, not to exceed what is necessary toward the total cost of attendance. The number of students receiving a voucher increased from 309 in SFY 2012 to 361 in SFY 2013. Students receiving a voucher in SFY 2013 included 85 students enrolled in four year universities, 256 students enrolled in two year colleges, and 20 students enrolled in technical or vocational schools.
- DCYF is an essential and active partner in a new initiative to Arizona, the Jim Casey Youth Opportunities Initiative (JCYOI). The JCYOI strives to ensure that youth make successful transitions from foster care to adulthood, JCYOI works with states to improve policies and practices, promote youth engagement, apply evaluation and research, and create community partnerships. This five year initiative will identify and implement promising practices to address systemic issues impacting young people aging out of foster care, and improve youth outcomes in a number of areas including education, employment, and housing. In SFY 2013, the DCYF assisted the Arizona initiative through participation in a national convening, state level leadership and planning meetings, and the completion of a statewide environmental scan which included a number of youth focus groups. The JCYOI in Arizona was made possible through the support and leadership of the Nina Mason Pulliam Charitable Trust and the Children's Action Alliance.
- DCYF continues to promote the importance of consulting and listening to youth through the Youth Advisory Boards (YAB). The State Youth Advisory Board (SYAB) is comprised of current and former foster youth, CPS Specialists, and other agency and community professionals. The Board continued to meet quarterly in SFY 2013 to discuss challenges facing youth as they prepare for adulthood, and provide input on the program goals and objectives in the State Plan on Independent Living. The state and local boards also provide a forum for youth to review and have input into legislation implementation, child welfare policy development or revision, foster and adoptive family recruitment, training for caregivers and CPS Specialists, and other areas. In SFY 2013, a major activity of the YAB was to plan the June 2013 statewide youth conference for approximately 70 foster youth age 16 and older. The conference agenda included workshops on effective communication, health issues, careers, rights and responsibilities, and education.

During SFY 2013, State and Local Youth Advisory Boards met quarterly to discuss challenges facing youth as they prepare for adulthood. These Boards provide a forum for youth to review and have input into legislation implementation, child welfare policy development, foster and adoptive family recruitment, training for foster caregivers and Child Protective Services staff, and other areas.

A major activity of the SYAB in SFY 2013 was to plan the statewide youth conference for approximately 70 foster youth age 16 and older. The conference that took place in June 2013 had an agenda that included workshops on effective communication, youth's rights and responsibilities, and the importance of post-secondary education. Regular discussions at Youth Advisory Board meetings include training opportunities for youth to learn problem-solving techniques so that current and former foster youth can effectively identify and propose solutions to their issues and concerns with the child welfare system.

- In SFY 2013, 8,991 Cash Assistance eligible families were diverted from long term Cash Assistance and received a one-time cash grant equal to three months of benefits in the Department's Grant Diversion program. The Grant Diversion cash grant allows families with a job-ready adult to eliminate immediate barriers to employment in order for the adult to attain full-time employment within 90 days of the Cash Assistance application. Recidivism in the Grant Diversion Program remained very low during SFY 2013 as over 88 percent of families that received the Grant Diversion option from July 2012 through January 2013 did not return to long-term TANF Cash Assistance within 180 days.

Collaborate with Communities to Increase Capacity

- Partnerships with faith-based organizations and the Department are active to engage, connect, and support them as partners in Arizona's economic recovery and safety net efforts. The needs of our communities are rising, and traditional places for help are overwhelmed. Government resources are scarce, and faith partners continue to offer to help meet the needs of our communities. Each partner has a unique talent, capability, or gift that compliments one another to help those in need.
- The Department provides staffing resources for the Governor's ArizonaServes Task Force; this Task Force connects caring individuals and organizations in the community to the existing safety net systems. Task Force members are working in support of the DES mission especially as it relates to the recruiting, retaining, and resourcing of Arizona's foster families. Additional activities support elder independence issues, affordable child care, improved CPS visitations, and transportation for the underserved.
- Staffing resources and/or leadership development technical assistance are provided by the Department to community networks and teams throughout the state in order to develop and strengthen capacities for serving individuals and families in need of safety net services. One example is the West Valley Human Services Alliance which is comprised of western Maricopa county community and organizational leaders who work to support foster families, seniors striving for independent living, families in poverty and those seeking medical/dental

assistance. Additionally, the Arizona Council on Faith-Based and Community Initiatives meets regularly with the mission of engaging and mobilizing all faith communities to improve the quality of life for the most vulnerable and impoverished people through a statewide, action-oriented collaboration of faith-based, community, and governmental organizations.

- During SFY 2013, DCYF unveiled the Children's Heart Gallery (CHG). The CHG is a traveling multi-media exhibit dedicated to finding adoptive homes, or "forever families" for children currently in foster care in Arizona. The CHG brings together community volunteers who are partnering with DES, with the ultimate goal of finding adoptive parents for children in foster care who have a case plan goal of adoption but do not have a prospective adoptive family identified. The CHG uses the power of photography to capture each child's unique spirit and story. The professional-level photographs of the child are included in a narrative profile of the child, which includes the child's interests, hobbies, academic level, and desire for a "forever family". With the aid and support of ArizonaServes, the faith-based community, and volunteers from the public, 28 children found forever families and left foster care through adoption during the first year of the CHG.
- On April 1, 2013, the Division of Developmental Disabilities (DDD), along with other community agencies, was a part of the 9th Annual American Indian Disabilities Summit, sponsored by the Arizona Bridge to Independent Living (ABIL). The theme was, "Gathering Native Voices to Ensure Well-Being and Preparedness in the 21st Century". The purpose of the conference was to facilitate training, outreach and technical assistance for American Indians with disabilities residing in urban and rural areas. Other participants/sponsors included: City of Phoenix; Arizona Department of Health Services Office for Children with Special Healthcare Needs, Phoenix Indian Center; Arizona Spinal Cord Injury Association; the Department's Rehabilitative Services Administration, Interwork Institute of San Diego State University; as well as many others.
- Since 1988, the DDD Adaptation Station in the Southern Region has designed and constructed adaptive equipment for children and adults with developmental disabilities. In SFY 2013, the Adaptation Station had nine regular volunteers along with four or more other volunteers each week and fifteen winter visitor volunteers. Volunteer hours totaled 2,676 hours which saved the state approximately \$59,257 in comparable wages. The volunteers produced and adapted 807 items to assist 161 members by working on items such as: battery operated toys with home-made switches; building therapy positioning devices and furniture; sewing weighted vests, blankets and upholstery; designing other adaptations for home and work; and teaching others to make and modify equipment. Materials used to construct these items cost \$16,093. Comparable catalog items would cost between \$48,279 and \$96,558. The Adaptation Station served more than 100 therapists, teachers and other professionals. Most of the items made are custom tailored to the individual and are not available on the market.
- The DDD received assistance from approximately 85 volunteers in SFY 2013 that worked a total of 8,387 hours. Although the volunteer contribution to DDD is immeasurable, the value of their commitment, effort and participation as calculated by market wage data amounted to

\$185,692 in comparable wages. Trained volunteers assist in many areas, ranging from the Adaptation Station, the DDD Arizona Training Program at Coolidge, helping with special projects such as the assist-a-family holiday outreach project, to helping with office and clerical tasks.

- Governor Brewer signed a proclamation declaring September 24-28, 2012, as *Direct Support Professionals Appreciation Week*. DDD, along with its community partners, sponsored the Ninth Annual Direct Support Professionals Recognition event on September 28, 2012, at the Disability Empowerment Center. Four outstanding direct care professionals were honored for their superior service in working with individuals with developmental disabilities. Approximately 100 friends, co-workers, family members, state and provider staff attended the event to honor the winners.
- The DDD and an organization in Tucson that provides encouragement for families with children with special needs partner together to present the Partners in Policymaking program. This program is an innovative leadership training opportunity that teaches people to be community leaders, and to affect systems and policy change at the local, state and national levels. The program is designed for individuals who have a disability and for parents raising children with a disability. Partners provides the most current information and education about disability policy, the legislative process, and local, state and national issues that affect individuals with disabilities. The 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 Partners gain the ability to approach and teach policymakers a new way of thinking about people with disabilities.

The DDD contracts with Raising Special Kids and Pilot Parents of Southern Arizona to provide peer counseling services throughout Arizona. Their services include offering self-help opportunities through education, training, information-sharing, encouragement, and support to individuals, families, and other caregivers. The two contractors match trained peer support staff or volunteers with individuals, family members or caregivers of individuals with developmental disabilities.

- The DDD is also a partner in Arizona's Aging and Disability Resource Center whose goal is to create a coordinated system of information, assistance and access for all people seeking long term care services. This system, known as AzLinks, includes a web site www.azlinks.gov that provides links to federal, state, and other agencies, integrating resources on a variety of relevant topics. AzLinks also has a reference manual for people who do not have access to the internet. A staff member from the Family and Community Resource Unit (FCR) participates as a member of this group.
- The DDD's *This Is MY Life* has contracts in place with organizations to provide curriculum development and training to assist individuals in learning self-determination and self-advocacy principles. Project objectives focus on abilities, developing a self-determination community, member controlled provider contracts; consumer budget control, promoting programs that support inclusion, and improving operating efficiencies within DDD.

- The Family and Community Resources (FCR) unit of DDD continues to provide staff support to the Developmental Disability Advisory Council (DDAC) with approximately ten council meetings per year and ten Public Forums consisting of two sessions in each of the five Districts. The council reviews and makes recommendations to the Assistant Director of the Division of Developmental Disabilities regarding the provision of services to people with developmental disabilities. DDAC membership is composed of 17 members, some of which include persons with developmental disabilities who receive services from the Division; parents/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 consumers, families, and providers by defining appropriate services from the consumer's perspective.
- The Assistant Director of DDD continues to represent the Department on the Governor's Arizona Developmental Disabilities Planning Council (DDPC). The DDPC is composed of 23 members including persons with developmental disabilities, parents/guardians of children with developmental disabilities, immediate relatives or guardians of adults with mentally impairing or cognitive developmental disabilities who cannot advocate for themselves, as well as other government and community members as defined by its governing legislation. The mission of the DDPC is to represent the interests and needs of persons with developmental disabilities with particular attention dedicated to persons who are un-served or underserved throughout the State of Arizona. Over the past year, DDD has continued its efforts to prioritize integrated employment as the primary consideration for adults of working age. The Division continues to participate in a broadly-based statewide partnership working toward a consistent "Employment First" approach for individuals with any type of disability. In support of that effort, the Division has also partnered with other state agencies and stakeholders who are developing the state's first business leadership network. "Untapped Arizona" supports businesses by connecting them with qualified job candidates who meet their workforce needs and providing technical assistance to support them in hiring and retaining workers with disabilities. An Executive Director has been hired who, among his other responsibilities, will be creating a non-profit organization with a Board of Directors representative of Arizona business leaders committed to workplace diversity.
- The DDD continues to prioritize efforts directed toward enhancing the successful transition of young adults with intellectual disabilities from school to work. There is an active state level Community of Practice on Transition (CoPT) that meets monthly and is supporting three local CoPTs in the start-up phase. The Division co-sponsored the 12th Arizona Transition Conference, drawing over 800 participants. The Division's nine District Employment Specialists regularly participate in local high school transitions fairs, job fairs, and other events highlighting employment. All Division Employment staff are members of the Arizona Department of Education's Secondary Transition Mentoring Project and are working with local school districts on collaborative transition planning. A new *Transition to Employment* service description was released for public comment with the intent of making it available as a new contracted service in the next year. The service will provide critical on-the-job skill training.

- A joint project with the state's Rehabilitation Services Administration/Vocational Rehabilitation (VR) program was launched by DDD. Through a Memorandum of Understanding, the Division provides matching funds to allow the VR program to obtain additional federal monies and hire dedicated staff to work with Division eligible youth in the foster care system. The project established a system of coordinated planning and service provision for youth beginning at age fourteen to better ensure their successful transition to meaningful and sustained employment, education and community living.
- The DDD is broadening both its internal and external awareness of the value of employment for individuals with intellectual disabilities. A new computer-based training (CBT) module has been created that will be mandatory training for all Division support coordinators and their supervisors and a one day course on employment is in the process of development. The training will also be mandatory for all Division field staff. Several success stories highlighting Division members on the job have been featured by local newspapers and TV news. In addition, the Division has initiated the revision of its employment service rate-setting with a goal toward building rates that will encourage the provision of integrated and competitive employment services and supports.
- In 2006, a Tucson-based home health and incontinent product distributor approached DDD with a proposal of creating a diaper bank for low-income adults with developmental disabilities. The diaper bank that is managed by the Division's staff and volunteers is in its seventh year of operation. In SFY 2013, 4,636 incontinent garments, 187 bed pads and 4 boxes of gloves were distributed. To date, 21,726 adult disposable undergarments, 2,842 pads, 89 boxes of wipes and 73 boxes of gloves have been distributed.
- The DDD began partnering with the Arizona Department of Administration's (ADOA) Interns-In-Action program in March 2012. To date, 15 interns have participated in the program with Division. The interns assist with research of legislation, refinement of policies and procedures, developing self-study courses for individual/families, and expediting the DDD intake process.
- Three major fires occurred in June of 2013 in Northern Arizona and required rapid implementation of the DDD District North emergency response plans. They were the Doce Fire (Prescott National Forest), the Yarnell Fire (Yarnell), and the Dean Peak Fire (Kingman):

District North Support Coordination staff placed calls to all families, guardians and members affected by the fires. DDD district nurses produced a list of medically critical members and made personal calls to these families to offer assistance and keep them informed. District Network and Quality Assurance staff communicated with all provider residential agencies in the direct fire path to implement division emergency response plans, including evacuation. DDD district staff also visited the evacuation shelters to communicate with personnel at the facilities and to help member evacuees. In addition, DDD district staff participated in all community meetings to gather information and coordinated with the District to see that these plans were implemented.

- On May 11, 2013, through the generous contributions of community businesses and individual donors, 1,500 foster parents, children, child advocates, and involved community members received free tickets to attend an Arizona Diamondback Baseball game. Each ticket included five dollars in D'backs bucks, giving the children, their siblings, and their foster parents the opportunity to purchase food or memorabilia. In addition to the game, volunteers assisted children in making posters and face painting. This event greatly raised awareness of the need for additional foster parents and the appreciation the Department has for its current foster parents.
- 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 and information and provides a platform for sharing community successes among groups and geographically dispersed communities. The e-newsletter reaches over 10,000 Arizonans.
- The Department convenes statewide roundtables for municipal human service professionals for education and networking. The purpose of these roundtables is to allow municipal human services managers and staff the opportunity to meet their peers and to share ideas, concerns, solutions, and stories with one another. Attendees unanimously agree that the roundtables are of high value to them, and attendees especially appreciate being in direct contact with others who face the same issues that they grapple with every day. Twenty municipalities, mostly from the greater Phoenix area, participated in SFY 2013.
- The Volunteer Engagement Center works to identify volunteer opportunities within the Department and ensures the successful on-boarding and effectiveness of volunteers. Annually, hundreds of volunteers assist the Department and contribute thousands of hours of work. During SFY 2013, volunteers contributed more than 75,000 hours to help ensure that DES families received needed services. They assisted with everything from administrative support and transporting children and vulnerable adults to medical and court-ordered appointments and providing quality federal and state-mandated services for Arizona's families in need.
- The Phoenix South Mountain Step Down Group Home has been in operation since September 2004. This home was a collaborative effort between DDD and the behavioral health entity, Magellan. Both groups continue to work collaboratively to support individuals who are transitioned through this setting from psychiatric hospitalization or crisis centers back into long-term placement in the community. This past year, the home has supported eight individuals with developmental disabilities or mental health challenges with an average length of stay of 90 to 120 days. The individuals who have transitioned out of the program have been successful in their long-term community placements.
- The RSA began conducting outreach and solidifying partnership agreements with community Employment Networks within the Partnership Plus model for Ticket to Work holders. These partnership agreements are designed to enhance the stability of employment for individuals with disabilities by creating a seamless transition through the state's VR Program. Upon successful employment of the client, less intensive supports are provided by community

agencies following the completion of state-sponsored services. These collaborative partnerships are being pursued with the 12 active Employment Networks in Arizona. The RSA is committed to strengthening the partnerships with current and future Employment Networks.

- Three of the Local Workforce Investment Areas (LWIA) are engaged to provide Workforce Investment Act (WIA) Adult, Dislocated Worker and Youth program services as part of the Department's Transformation Project. Yavapai and Pima Counties, along with the City of Phoenix, will partake in efforts to reformulate the safety net system from one with an emphasis on the delivery of benefits, goods and services to one with an emphasis on increasing the capacity of the consumer and, where possible, reducing dependency.

Increase Efficiency and Effectiveness through Innovation and Accountability

- The Department's Office of Accountability (OA), created in 2012, is responsible for overseeing, supervising, and coordinating the assessment and monitoring of the Agency's compliance with Federal and State statutes, rules and regulations, and Agency policies and procedures. OA provides an objective, independent assessment of the performance of DES programs, services, activities, and functions; the results of which can be used to reinforce accountability, recommend improvements, and facilitate decision-making by management. OA seeks to develop and implement enterprise approaches to performance management and accountability by identifying best practices and eliminating inefficiencies within the Agency, promoting continuous improvement, and enhancing the quality of services to Arizonans.

OA is developing a performance management system that is integrated vertically and horizontally. Vertical integration will align employee efforts with the agency's goals and promote improvement through cascading goals and objectives to each level of the agency. Horizontal integration optimizes work flows across programs. This helps the Department deliver customer-focused services and assesses individual processes from the customer's perspective.

OA is developing tools for forecasting, monitoring, and measuring performance at each level of the agency, including:

- Quality control processes that can be used by individuals and their supervisors.
- Self-assessment. This is an ongoing process, used by each program and function, to monitor its own performance, evaluate its capacity, and find improvements.
- Third-party reviews conducted by OA. These reviews will compare performance against projections, identify opportunities for improvement, and develop action plans.
- Outcome evaluations are also conducted by OA. These evaluations will assess the extent to which programs contribute to outcome-oriented objectives for the entire agency.
- Audits of programs and contractors performed by OA. Audits will be selected on the basis of an annual risk assessment. The assessment will concentrate audit efforts on areas with the biggest opportunities for improvement and will address several risk factors, including inability to meet objectives, fraud, waste, and abuse.

- The Office of Licensing, Certification and Regulation (OLCR), an Administration within the Office of Accountability, issues licenses for foster homes and developmental homes throughout Arizona. The DES Director issued a call for more than 1,000 new foster homes to be licensed to meet the growing need for out-of-home care. In response, OLCR issued 1,271 new foster home licenses in SFY 2013, which brought the total number of licensed foster homes in Arizona to 3,932 by the close of the fiscal year. This represents an increase of 5.89 percent over the prior fiscal year. Kinship placements, in which a child is placed in the home of an immediate family member, occurred in 749 cases. OLCR also issued 989 licenses for Developmental Homes to provide care for developmentally disabled Arizonans. In addition, during this period, 254 Child Developmental Homes were licensed, and 735 Adult Developmental Homes were licensed. OLCR also investigated 964 licensing concerns during this fiscal year, and took 134 regulatory actions against providers.
- During SFY 2013, the Office of Special Investigation's Public Assistance Benefit Fraud Units completed 10,681 investigations. The Unemployment Insurance Benefits Fraud Unit investigated 223 criminal cases, 225 non-criminal cases, and 129 cases involving identify theft. The Clearance Card Tracking Unit processed 9,582 Fingerprint Clearance Card applications. The Internal Affairs Unit refined their processes and eliminated unnecessary steps. As a result, the number of successful prosecutions significantly increased, while the days to case closure significantly decreased. In 2012, 31 investigations were conducted, with an average closure time of 133 days. From January 1 to June 30, 2013, 45 investigations were conducted, with an average closure time of 27 days. In 2012, the average time an investigated employee was on Administrative Leave was 143 days. In 2013, that number decreased to 21 days.
- The transfer of the Consumer Resolution Unit (CRU) (formerly the Office of Consumer and Family Support Services) from DDD to the Office of Accountability will enhance the Unit's ability to mitigate concerns raised against the DDD. The CRU developed a process for the manner in which varying levels of complaints are handled. This ensures consistent and timely resolution of concerns. The CRU also tracks concerns, monitors the types of concerns being raised, and requests remediation plans from the DDD when trends are identified. During SFY 2013, 543 concerns were received.
- The Division of Child Support Services (DCSS) focuses on making child support services more personal for customers. DCSS is continually striving to help customers by looking for opportunities to improve processes and procedures. DCSS wants to ensure that its customers are provided opportunities to become more financially secure and able to provide for their families. As a result, DCSS has undertaken a Customer Engagement Initiative to better provide assistance and support to parents, caretakers and stakeholders through available and unbiased services in order to positively impact the well-being of children. This initiative is far reaching and changes the way business is done. The intent is to better align the program with the person-centric model, provide excellent customer service to all parents and families and become a "helping" program. DCSS has formed committees to address the top strategies including: aligning expectations with DCSS goals; written communication (understandable and unbiased); phone communications, including enhancing the Interactive Voice Response (IVR) system and web applications; lobbies/walk-ins/first impressions, which includes father

resources and educational workshops; Non-custodial Parent (NCP) resources/targeted services; and assistance with parenting time and visitation.

- DCSS has partnered with a team of individuals that are experts on process improvement in the Public Sector. This agency has met with four DCSS teams to date. Each of these teams were able to work together to come up with eight to ten recommendations to help improve processes. DCSS and the agency brought in data and subject matter experts to help support the recommendations and as a result, a temporary team is being formed that includes a debt specialist to review and/or close 5,000 cases where the NCP has limited ability or no ability to pay. This review of data is projected to improve performance measures in collections by three to four percent over the next Federal Fiscal Year (FFY).
- Since March 2009, the Department has been engaged in consolidating office space throughout Arizona to assist in reducing costs to mitigate the effects of the budget reductions on staff and clients. These efforts have resulted in 55 office closures since inception. The office consolidations have resulted in savings of approximately \$15 million over the last four fiscal years and an expected \$2.5 million for SFY 2014.
- Approximately one in six Arizonans received Supplemental Nutrition Assistance Program (SNAP) benefits administered by the Division of Benefits and Medical Eligibility (DBME) during SFY 2012 and SFY 2013.² With such rapid and sustained caseload growth, the Department needed to address the underlying issues of this trend and utilization of its limited staff before it completely overwhelmed the benefit programs. DBME began implementation of a new process management model during SFY 2011 and completed the statewide implementation in DBME offices during January 2012. The new model focuses on streamlining eligibility practices and processes for applications and interviews, verification and eligibility decisions, and maintenance and recertification of cases. DBME has improved its lobby management with a tracker system to capture, assign, and track client lobby and phone traffic. This allows management to track “time in” and “time out” of applicants and allows management to direct staff resources to areas of the greatest volume. Furthermore, in conjunction with the electronic application process through Health-e-Arizona (HEA), emphasis is placed on completing the entire application and authorization process in one visit. This emphasis has allowed DBME to dramatically reduce the number of repeat office visits and phone calls, thereby minimizing lobby traffic while providing timely and more accurate eligibility determinations. The dramatic increase in the SNAP timeliness rate is one example of the success of the new process management model. The timeliness rate for SNAP applications in October 2010 was 79.6 percent. In March 2012, the timeliness rate for SNAP applications increased to 94.1 percent and by the end of SFY 2013, the timeliness rate had increased to 96.7 percent.

DBME also implemented comprehensive supervisor academies as part of the new process management model. These academy sessions focus on strengthening all supervisors’ and managers’ analytical skills by reinforcing the most effective use of tools and reports offered through the new FAST Tracker reporting system. All supervisors and managers attended the academies by December 2012.

² 2012 American Community Survey, administered by the U.S. Census.

- Using the new process management model and the HEA application process, DBME has begun migrating from a labor-intensive and inefficient caseload assignment process to a team approach allowing greater collaboration between offices to manage the workload statewide. DBME has utilized current technology and is working to improve its telephone and computer network infrastructure to manage its workload. Staff may shift work from one office to another in order to reduce backlogs and maintain timeliness. The new process and technology improvements are allowing DBME to manage and maintain an increasing workload while minimizing the need to maintain a proportionally increasing workforce.
- The Division of Employment and Rehabilitation Services (DERS) Unemployment Insurance Administration reduced the Unemployment Insurance Improper Payment Rate from 17.65 percent in Calendar Year 2011 to 8.81 percent in Calendar Year 2012.

Improve outcomes for Arizonans by creating a person-centered human services system

As mentioned in the Department of Economic Security Overview, the Department is leading a comprehensive initiative to reinvent the safety net system. The objective of this initiative is to transform Arizona's safety net from a system that focuses on the delivery of benefits, goods and services to one that will improve the consumer's quality of life by reducing their dependency.

The Department believes that by establishing a holistic understanding of the needs of an individual or family, the safety net can help them become more self-sufficient, thereby reducing their dependency on public supports.

The vision constructed for this initiative is to achieve a safety net that is designed and operated to intentionally improve the ability of safety net users to:

- attain self-sufficiency;
- enhance individual freedom; and
- reduce dependency on public supports.

The transformation team has developed three launch sites for a demonstration of the reinvention of the safety net: South Phoenix, Tucson and Prescott Valley. Approximately 200 Supplemental Nutrition Assistance Program (SNAP) participants will be approached for engagement in the demonstration and ultimately, the initiative will identify 2,000 consumers who currently receive SNAP benefits. Half of these consumers will be assessed to determine what it takes to understand their full range of needs from a human service standpoint, identify their work level capability, and will be assigned a case coordinator who will develop an individualized development plan, provide services and measure that consumer's movement toward determined plan outcomes. The other half of the sample will serve as the Demonstration's control group and will be assessed and provided services through the Department's current program construct.

The bold vision requires an unprecedented level of collaboration, not only from every program component of the Department, but also from many other federal, state and community programs and agencies. The project organizes everyone around the objective of growing the capacity of

socially and economically challenged Arizonans, rather than focusing only on the successful delivery of a single agency, benefit, good or service.

An Academic Advisory Board (AAB) has been assembled to provide expert academic perspectives to the Department's work in transforming Arizona's safety net system. The Board is comprised of a diverse panel of professors from top colleges and universities. The academicians possess expertise in the areas of service management, public administration, human resources, operation management, social work, sociology, economics and public policy. The AAB provides an objective, multi-disciplinary, think tank that views the development of this new construct from a birds-eye view and through the lens of their respective disciplines, ultimately advising the Department on how to meet the overarching objectives of its transformation efforts.

The Department has constructed a Federal Policy Team with a membership that includes individuals from Federal Agencies representing the Veterans Administration, Center for Medicaid Services, Administration for Community Living, Administration for Children and Families, and the Substance Abuse and Mental Health Services Administration. The work of this group will build support from national policy leaders in addressing where federal program policy hinders the implementation of the person-centric construct. This is especially critical when consumers have needs that require assistance from several programs which may have conflicting rules that keep individuals from growing beyond their need for public assistance.

The Department is working with the Open Table Model, to enhance collaboration with the caring community. Through this model, faith-based congregations and their members are trained in a partnership that applies their member's vocational and life experiences, networks, and ability to navigate their communities to assist people living in poverty to develop and implement plans that create sustainability and wholeness.

New metrics that measure the growth and development of safety net consumers will be needed while simultaneously identifying incentives for both the individual and the organization. The Department is partnering with the state's job generation mechanism and other sister state agencies, federal policy makers, academicians, philanthropic organizations and community stakeholders to refine metrics.

In May, the Department launched the Transformation Project in Phoenix. Valley area leaders came together to hear about the vision and participate in a valuable dialogue, that will ultimately add depth and texture to the person-centric initiative.

The genesis of the safety net is largely based on principles and policies that originate from the national government. In May, a delegation from the Department went to Washington D.C. to seek support for the person-centric model and initiative. The group highlighted ways in which goods and services are currently delivered to persons in need, offered suggestions to improve efficiency and reduce dependency, and discussed the federal implications of the project. While in Washington D.C., the Director and project leaders met with federal policy makers, stakeholder groups and academic leaders to discuss their role in the Demonstration and the broader implications this project will have on the national safety net system.

Additional information about the Department's Transformation Project and project updates are available at: <https://www.azdes.gov/Transformation/>.

Section 6 – Economic Conditions and Outlook³

Introduction

The Office of Employment and Population Statistics (EPS) within the Arizona Department of Administration (ADOA) produces an updated industry forecast every year as additional information becomes available from various data sources. As per the updated forecast for 2013, Arizona's Nonfarm employment will continue to grow gradually. A moderate improvement in Arizona's Nonfarm employment is expected in 2014.

In comparison to the employment forecast released earlier in May 2013, Nonfarm employment growth has been forecast to be slightly better in 2013 with a modest improvement in 2014. An over-the-year gain of 48,500 Nonfarm jobs is expected in 2013 and 59,000 in 2014. In the current forecast, the rate of growth projected for total Nonfarm employment is 1.97 percent in 2013 and 2.35 percent in 2014. A total of 107,500 Nonfarm jobs are forecast to be gained over the two projected years (2013 and 2014). The previous forecast, published in May 2013, projected a 46,500 job (1.89 percent) gain in 2013 and 51,800 job gain (2.07 percent) in 2014; slightly fewer job gains in both 2013 and 2014 than the current forecast is projecting

The overall employment situation in Arizona continues to improve. This is consistent with improvement seen in many economic indicators including population growth. Compared to 2012, population grew faster in 2013 based on internal EPS ADOA preliminary numbers. Previously released population projections also call for faster population growth in 2014.

Arizona's year-over-year average employment growth rate exceeded the national average in both 2012 and year to date in 2013. Despite the forecasted employment growth in ten of the eleven major sectors in 2013 and 2014, overall Nonfarm employment levels remain well below their prerecession peak. The housing market remains encouraging with continued increase in home prices in Arizona and other states. Private residential construction sectors have seen an improvement in hiring. An uptick in hiring has been observed in the financial sectors as well. Although, the economic fundamentals continue to improve, ongoing federal budget battles create uncertainty and hamper growth. Overall, the Nonfarm employment growth rate has been dampened by the effects of sequestration, the payroll tax increase, the October 2013 partial shutdown of federal government and continued conflict over the federal debt ceiling. Arizona's reliance on federal government outlays due to its dependence on defense related industries puts the state at further risk if another round of spending cuts were to happen.

The most recent partial federal government shutdown in October 2013 is estimated to reduce fourth quarter U.S. economic growth from 0.6 to 0.3 percentage point, or from \$24 to \$12 billion dollars. The year 2013 is expected to have a real annual average Gross Domestic Product (GDP) growth rate of slightly less than 2.0 percent. The most recent threat of not raising the federal government debt ceiling resulted in a short-lived spike in short-term interest rates and a decline in consumer confidence. The shutdown and debt ceiling conflict have increased economic

³ This section has been excerpted from the Arizona Department of Administration, Office of Employment and Population Statistics "Employment Forecast" November 7, 2013.

uncertainty and made investment planning more problematic. In response to the increased economic uncertainty, many corporations are holding their profits as cash instead of investing.

In this forecast update, there are some sectors where the forecast has changed more than others. The major sectors with larger projected job gains or smaller projected job losses include: Natural Resources and Mining, Construction, Information, Professional and Business Services, and Educational and Health Services. On the other hand, the major sectors with smaller forecast job gains or larger projected job losses include: Manufacturing, Trade, Transportation and Utilities, Leisure and Hospitality, Other Services, and Government.

The following factors supporting Arizona's economic growth mentioned in the last forecast continue to persist:

- Continued improvement in real GDP, real personal income at the state and national levels, employment, and retail sales
- Continued employment gains in the private sector, increasing private domestic investment, gradual increase in the index of industrial production and rate of capacity utilization, high levels of corporate profit, and a gradual resurgence in private residential construction permits
- Continued gradual climb in household net worth and U.S. exports
- Residential real estate markets in the state of Arizona and the metropolitan areas of Phoenix and Tucson are showing an improvement as measured by various indicators. These include rising levels of building permits. Also, home prices in Arizona have been rising.
- While revolving consumer credit levels have remained flat, an expansion of non-revolving consumer credit since 2011 has served as an impetus to expanding economic activity. Consumer sentiment and consumer spending have shown signs of improvement, but the rate of growth has been slowing down.

Some of the factors that could further dampen the growth of the local economy mentioned in the last forecast continue to persist. However, the positive factors listed above outweigh the uncertainties in the sections described below in support of the forecast:

- Constrained budgets persist for a large majority of households. Despite some job growth and decline in the unemployment rate, many consumers in the U.S. continue to face employment insecurity, lower wages and benefits, high levels of debt, and rising prices for essentials such as food, energy, and health care that limits the amount of funds available for discretionary spending.
- The residential real estate market has improved. However, with interest rates rising, the demand may slow down.
- Although real business investment continues to grow, the rate of growth has slowed as a consequence of demand uncertainty.
- Public sector fiscal consolidation through spending reductions (March 2013), tax increases (January 2013), partial federal government shutdown (October 2013) have increased economic uncertainty and reduced spending. With another round of spending cuts looming, the future remains uncertain.

- Reduced spending in both civilian and military programs, coupled with increased taxes, could lower the aggregate demand in the U.S. economy, thereby slowing the rate of economic and employment growth.
- Arizona is one of the states in the nation most vulnerable to federal government expenditure reductions because of the large proportion of military spending in the state's economy. Reductions in federal government expenditures are projected to have the greatest impact in the following major industry sectors: Manufacturing, Retail Trade, Professional and Business Services, and Government. Besides the federal government, state and local governments continue to have budget problems.

In addition to the factors listed above, there are some grounds for limited optimism on the international front:

- A gradual recovery is emerging in the Euro Monetary Zone economies, despite the tightening of the fiscal policy in some of these economies, which could have a slight stimulating effect. Countries in the Euro Monetary Zone serve as important markets for U.S. exports. They also serve as a source of foreign investment funds for U.S. financial markets. However, Arizona's trade with the European economies is limited.
- Asia and Latin America are projected to have a slight increase in economic growth which might bolster demand for exports fabricated in the U.S. and Arizona.

Arizona Industry Employment Projections (2012 to 2014)

Job gains are projected in all major sectors of the Arizona economy with the exception of one sector during the forecast time period. This would suggest a continuous improvement in the rate of Nonfarm employment gains in 2013 and 2014 compared to 2012.

For the 2012 to 2014 forecast time period, the major sectors with the largest projected employment gains are: Professional and Business Services (32,400 jobs); Construction (17,000 jobs); Educational and Health Services (14,500 jobs); Leisure and Hospitality (13,300 jobs); Financial Activities (11,100 jobs); Trade, Transportation and Utilities (8,500 jobs); Government (5,900 jobs); and Manufacturing (2,400 jobs). Smaller gains are forecast for Information (1,600 jobs) and Natural Resources and Mining (1,200 jobs) sectors. The only major sector with a projected loss in employment for 2012 to 2014 is Other Services sector (500 jobs).

During the two-year forecast time period, the major industry sectors arranged in the descending order of growth rates are: Construction (14.7 percent), Natural Resources and Mining (9.8 percent), Professional and Business Services (9.1 percent), Financial Activities (6.3 percent), Leisure and Hospitality (5.0 percent), and Information (4.2 percent). Relatively slower rates of growth are projected for Educational and Health Services (4.0 percent), Trade, Transportation and Utilities (1.8 percent), Manufacturing (1.5 percent), and Government (1.4 percent). The only major sector with forecast job losses is Other Services (-0.6 percent).

Professional and Business Services (PBS): The PBS sector is projected to have an increase of 14,300 jobs (4.0 percent) in 2013 and 18,100 jobs (4.9 percent) in 2014. The sub-sectors with the largest projected job gains over the projection period include Employment Services along

with Professional, Scientific and Technical Services. Business firms are expected to hire contingent labor as a lower-cost means to expand output during these uncertain times. All sub-sectors in PBS are projected to gain employment during the two-year forecast period.

Construction: This sector is forecast to gain 8,200 jobs (7.1 percent) in 2013 and 8,800 jobs (7.1 percent) in 2014. Job gains are forecast across all Construction sub-sectors with the largest employment gains expected in the Specialty Trades sub-sector. One indicator showing increased activity in private residential construction is single-family housing permits, which has increased by 14.2 percent year-to-date in 2013. The Western Blue Chip Consensus forecast for single-family housing permits of 23.3 percent for 2013 and 29.3 percent in 2014 also supports an employment increase in the Construction sector. Other factors supporting growth in this sector are: home repair and maintenance activities, new infrastructure projects such as the expansion of light rail in Phoenix, and the development of new metal-ore mines.

Educational and Health Services (EHS): The EHS sector is forecast to gain 5,700 jobs (1.6 percent) in 2013 and 8,800 jobs (2.4 percent) in 2014. The largest projected increase in employment is forecast in the sub-sector of Ambulatory Health Care Services. Increases are also expected in Nursing and Residential Care Services and Social Assistance sectors. Hospitals are projected to have no change in employment levels in 2013 and have slight job gains in 2014. Expansions in state spending through the provisions of the federal 2010 Affordable Care Act are projected to bolster employment growth in the health care services related sectors. Federal government budget reductions, especially the sequester, the partial shutdown and conflict over increasing the debt ceiling, have the potential of curtailing employment growth in the health care sectors. Sub-sectors within Private Educational Services are forecast to have reductions in employment. More individuals leave school, to re-enter the workforce as the economy gradually improves, or shun the pursuit of higher education to avoid acquiring non-payable levels of student debt.

Leisure and Hospitality (L&H): The L&H sector is projected to have an increase of 5,700 jobs (2.1 percent) in 2013 and 7,600 jobs (2.8 percent) in 2014. The sub-sectors with the largest projected job gains are Food Services and Drinking Places. Fewer job gains are forecast in the sub-sectors of Accommodations and Arts, Entertainment and Recreation. Sequestration cuts, a tighter fiscal environment, and the partial federal government shutdown are expected to limit business and recreational related travel. However, domestic and international tourism demand is projected to bolster employment in the Leisure and Hospitality sector.

Financial Activities (FA): This sector is projected to have an employment increase of 6,500 jobs (3.7 percent) in 2013 and 4,600 jobs (2.5 percent) in 2014. The job growth in Financial Activities over the two-year period is projected to slow in 2014 when compared to 2013. The employment forecast is reinforced by rising interest rates in 2014, which could hinder employment growth in this sector. During the 2013 and 2014 forecast time frame, the sub-sectors with the largest projected gains in employment are: Credit Intermediation and Monetary Authorities; Insurance, Funds and Trusts; Real Estate, Rental and Leasing; and Securities, Commodities Contracts, and Investments.

Trade, Transportation and Utilities (TTU): The TTU sector is forecast to gain 2,900 jobs (0.6 percent) in 2013 and 5,500 jobs (1.2 percent) in 2014. Retail Trade is the TTU sub-sector with the largest projected employment gain, with the majority of these gains coming from Motor Vehicles and Parts Dealers. Fewer gains are forecast in Wholesale Trade, Transportation and Warehousing, and Utilities sectors. Within Retail Trade sub-sectors, all components are projected to post employment gains. However, Air Transportation, which is a sub-sector of Transportation, and Warehousing and Utilities, are forecast to have job losses as a consequence of industry consolidation and looming budget cuts.

Government: This sector is forecast to gain 2,900 jobs (0.7 percent) in 2013 and 3,000 jobs (0.7 percent) in 2014. The majority of projected increases in employment from 2012 to 2014 are expected in the sub-sectors of public education at the state level, and the education and non-education sectors at the local government level. However, job losses are projected for the federal government and the non-education sectors of the state government.

Manufacturing: This sector is projected to have an employment increase of 900 jobs (0.6 percent) in 2013 and 1,500 jobs (1.0 percent) in 2014. During the two-year forecast, job gains are anticipated in Durable Goods sub-sectors Fabricated Metal Products and Aerospace Products and Parts, with the exception of Computer and Electronic Products. Non-Durable Goods sector is also forecast to gain jobs. In the face of continued reductions in federal spending, defense-related industries are expected to have leaner staffing levels.

Information: This sector is projected to have a gain in employment of 1,000 jobs (2.6 percent) in 2013 and an increase in employment of 600 jobs (1.5 percent) in 2014. During the 2012 to 2014 projections time frame, slowing job gains are forecast in both the Telecommunications and Non-Telecommunications subsectors.

Natural Resources and Mining (NRM): The NRM sector is forecast to gain 800 jobs (6.5 percent) in 2013 and 400 jobs (3.1 percent) in 2014. From 2012 to 2014, slowing job gains are projected in the Natural Resource and Mining sub-sectors. Gradual recoveries in the Euro Monetary Zone, Asia, and Latin American economies are expected to bolster export demand. Employment growth might be dampened with the price of copper falling 7.2 percent year-to-date in 2013.

Conclusion

As per the updated forecast, Arizona is projected to gain 107,500 Nonfarm jobs, representing a growth rate of 4.4 percent, over the two projected years of 2013 and 2014. An over-the-year gain of 48,500 jobs is projected in 2013 and 59,000 jobs in 2014. The rate of growth projected for Nonfarm employment is 1.97 percent in 2013 and 2.35 percent in 2014. Arizona's Nonfarm employment will continue to grow gradually in 2013 with moderate improvement in 2014. This is consistent with improvements seen in many economic indicators.

While the U.S. has regained 78 percent of the jobs lost since its prerecession peak, Arizona has recovered only 47 percent of lost jobs. Despite this, the fundamentals of Arizona's economy continue to show signs of growth.

Ten of the 11 major sectors continue to see growth in the forecast time period. The housing market remains encouraging with continued increase in home prices in Arizona and other states. Arizona's population, compared to 2012, grew faster in 2013 based on internal ADOA EPS preliminary numbers.

In comparison to the forecast for 2012 to 2014 released in May 2013, the following major sectors have larger employment gains in the updated forecast: Natural Resources and Mining; Construction; Information; Professional and Business Services; and Educational and Health Services. The sectors with smaller job gains in the updated forecast are: Manufacturing; Trade, Transportation and Utilities; Leisure and Hospitality; Other Services; and Government.

All sectors of the Arizona economy are projected to gain jobs during the 2012-2014 forecast time period with the exception of Other Services sector. For the 2012 to 2014 forecast time period, the major sectors with projected employment gains in descending order include: Professional and Business Services (32,400 jobs); Construction (17,000 jobs); Educational and Health Services (14,500 jobs); Leisure and Hospitality (13,300 jobs); Financial Activities (11,100 jobs); Trade, Transportation and Utilities (8,500 jobs); Government (5,900 jobs) and Manufacturing (2,400 jobs). Smaller gains are forecast for the Information (1,600 jobs) and Natural Resources and Mining (1,200 jobs) sectors. The only major sector with a projected loss in employment for 2012 to 2014 is Other Services sector (-500 jobs).

The growth rate over the 2012 to 2014 forecast time period for various sectors in descending order of magnitude are: Construction (14.7 percent); Natural Resources and Mining (9.8 percent); Professional and Business Services (9.1 percent); Financial Activities (6.3 percent); Leisure and Hospitality (5.0 percent); and Information (4.2 percent). Relatively, slower rates of growth is projected for Educational and Health Services (4.0 percent); Trade, Transportation and Utilities (1.8 percent); Manufacturing (1.5 percent); and Government (1.4 percent). Other Services is the only major sector with forecast job losses (-0.6 percent).

However, the state faces many headwinds with respect to federal government uncertainty. Public sector fiscal consolidation through spending reductions (sequestration) and payroll tax increases went into effect early this year. Partial shutdown of the federal government followed in October 2013. The ongoing federal budget battles over the federal debt ceiling have created uncertainty and an environment not very conducive to growth. Arizona's reliance on federal government outlays due to its dependence on defense related industries puts the state at further risk if another round of spending cuts were to happen.

There are risks from consumers that could add uncertainty to the forecast. Despite some job growth and lowering in the unemployment rate, many consumers in the U.S. continue to face employment insecurity, lower wages and high debt. Constrained budgets persist for a large majority of households inhibiting their spending ability.

In the domestic economy, federal, state, and local budgets continue to be constrained, which could inhibit growth. Although the residential real estate market has improved, the commercial real estate sector continues to be weak, which could pose additional risk.

There are many positive indicators suggesting improvement in the overall economy. A gradual recovery has begun in the Euro Monetary Zone, Asia, and Latin American economies. On the domestic front, economic indicators such as: GDP, employment, industrial production, wholesale and retail sales, capacity utilization rate, household net worth, rising income levels, increasing consumer spending, gradual improvements in residential real estate markets, and increasing levels of private domestic investment among others suggest economic improvement. However there are also risks associated with uncertainties as mentioned above. Overall, with onfarm employment gains projected across ten of the eleven major sectors in 2012 to 2014, this forecast suggests positive economic trends overshadow potential risks.

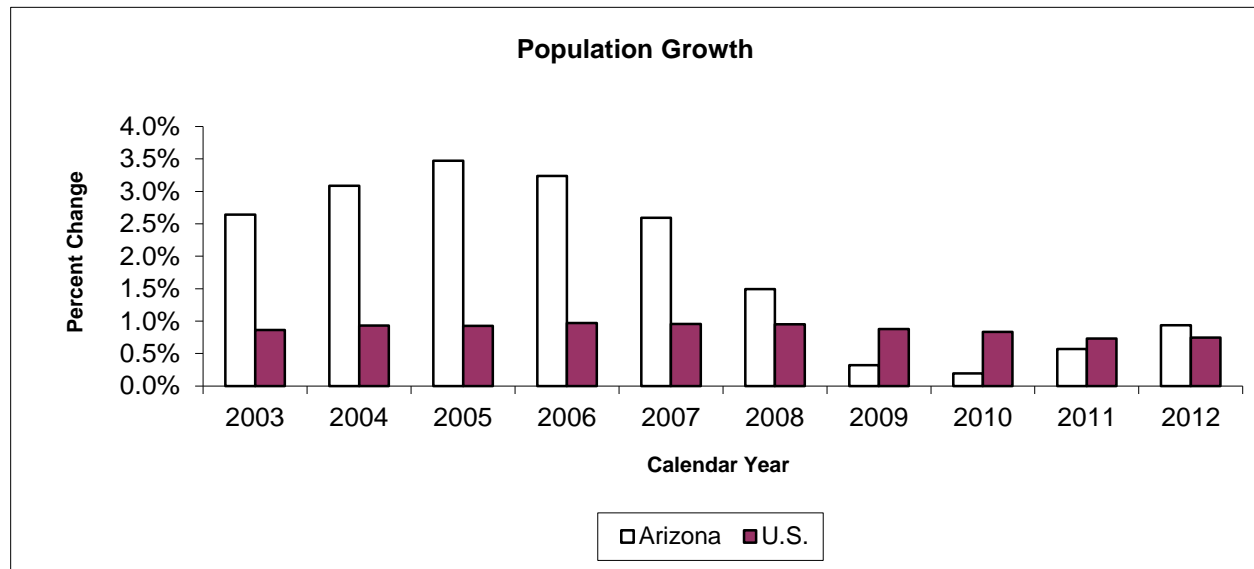
Section 7 – Statistics

ARIZONA DEPARTMENT OF ECONOMIC SECURITY Comparison between Arizona and United States Population For Calendar Years Ended December 31 (2012 is the most recent data available)

Year	Arizona Population	United States Population	Percent Change In Arizona Population	Percent Change in U.S. Population
2003	5,554,235	290,107,933	2.6%	0.9%
2004	5,725,610	292,805,298	3.1%	0.9%
2005	5,924,476	295,516,599	3.5%	0.9%
2006	6,116,409	298,379,912	3.2%	1.0%
2007	6,274,981	301,231,207	2.6%	1.0%
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	309,326,225	0.2%	0.8%
2011	6,438,178	311,587,816	0.6%	0.7%
2012	6,498,569	313,914,040	0.9%	0.7%

Sources: Arizona estimates were provided by the Arizona Department of Administration, Office of Employment and Population Statistics; 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.

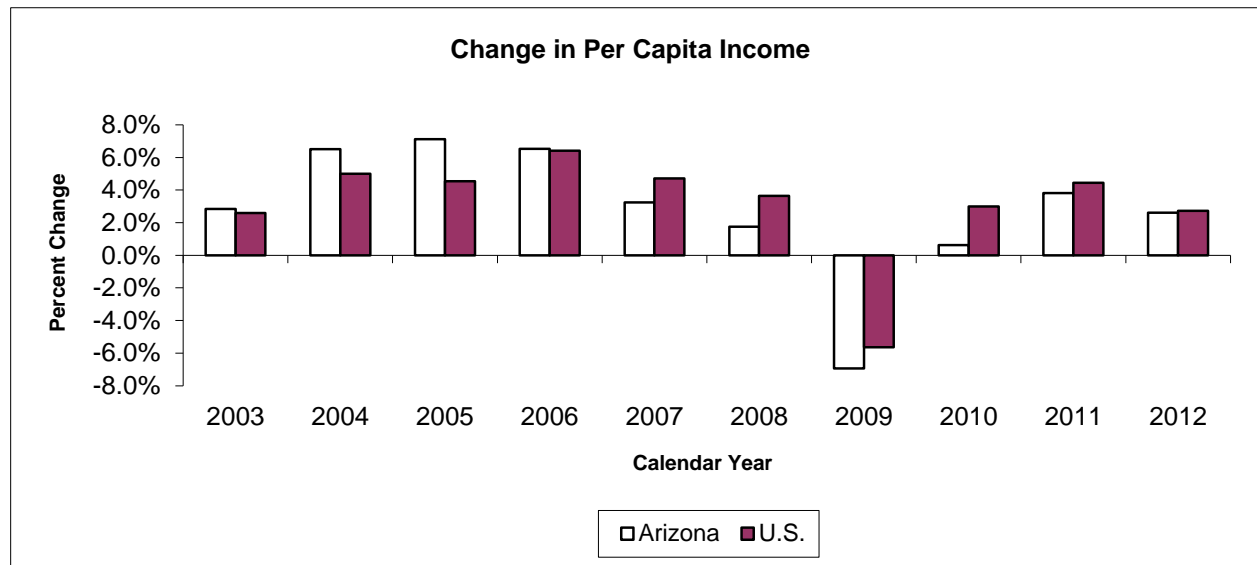


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States per Capita Income
For Calendar Years Ended December 31
(2012 is the most recent data available)

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
2003	28,239	32,295	2.8%	2.6%
2004	30,080	33,909	6.5%	5.0%
2005	32,223	35,452	7.1%	4.6%
2006	34,326	37,725	6.5%	6.4%
2007	35,441	39,506	3.2%	4.7%
2008	36,059	40,947	1.7%	3.6%
2009	33,560	38,637	-6.9%	-5.6%
2010	33,773	39,791	0.6%	3.0%
2011	35,062	41,560	3.8%	4.4%
2012	35,979	42,693	2.6%	2.7%

Source: Arizona estimates were provided by the Arizona Department of Administration, Office of Employment and Population Statistics; 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.

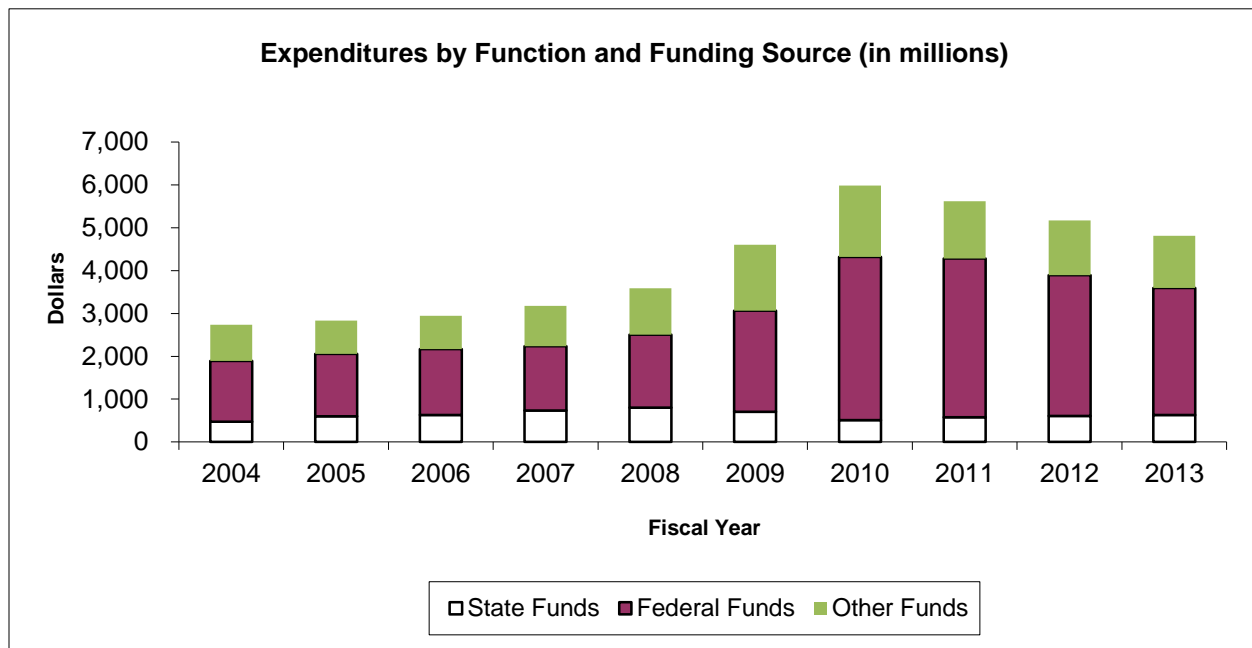


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Expenditures by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For Fiscal Years Ended June 30

Year	State Funds	Federal Funds	Other Funds	Total Funds
2004	472,442,402	1,420,389,817	846,938,314	2,739,770,533
2005	595,906,541	1,461,830,185	778,674,563	2,836,411,289
2006	626,707,813	1,543,938,187	771,890,762	2,942,536,762
2007	734,043,579	1,498,649,185	943,064,161	3,175,756,925
2008	801,862,086	1,703,396,765	1,080,817,875	3,586,076,726
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

Source: The Arizona Department of Economic Security, Financial Statements.

Note: The Federal Funds amounts include amounts for SNAP benefits distributed.

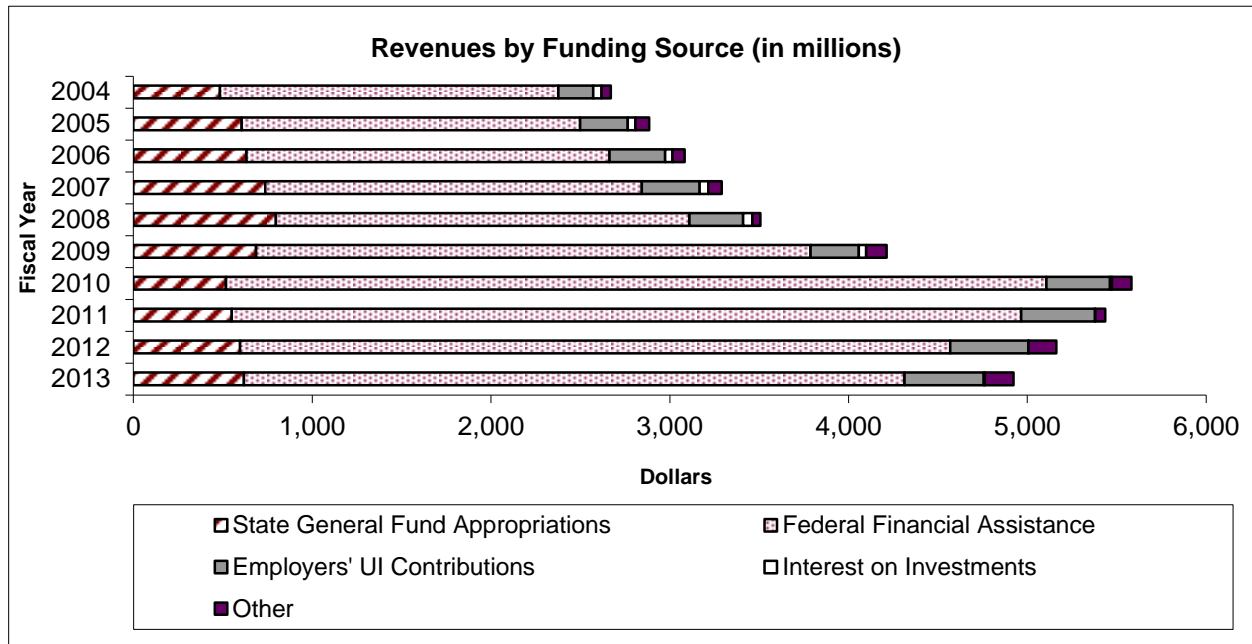


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For Fiscal Years Ended June 30

Year	State General Fund Appropriations	Federal Financial Assistance	Employers' UI Contributions	Interest on Investments	Other	Total
2004	484,037,500	1,893,683,834	194,894,098	46,839,769	51,605,255	2,671,060,456
2005	606,123,799	1,892,812,895	267,264,774	41,401,296	77,732,065	2,885,334,829
2006	632,655,200	2,030,183,141	311,448,934	40,801,691	67,787,346	3,082,876,312
2007	738,670,201	2,105,465,538	322,919,404	48,568,677	75,508,022	3,291,131,842
2008	796,735,199	2,313,806,342	300,370,732	52,175,707	45,081,303	3,508,169,283
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

Source: The Arizona Department of Economic Security, Financial Statements.

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

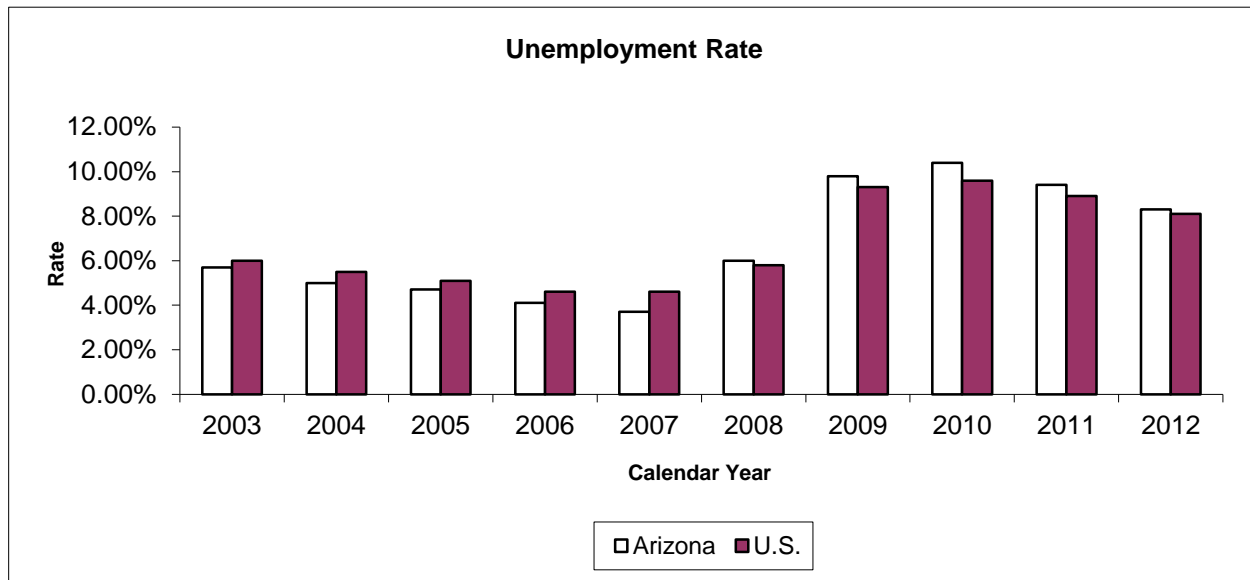


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States Unemployment
For Calendar Years Ended December 31
(2012 is the most recent data available)

Year	Number of Unemployed in Arizona	Number of Unemployed in U.S.	Unemployment Rate – Arizona	Unemployment Rate – U.S.
2003	155,800	8,774,000	5.70%	6.00%
2004	138,700	8,149,000	5.00%	5.50%
2005	133,800	7,591,000	4.70%	5.10%
2006	121,200	7,001,000	4.10%	4.60%
2007	111,600	7,078,000	3.70%	4.60%
2008	184,700	8,924,000	6.00%	5.80%
2009	307,000	14,265,000	9.80%	9.30%
2010	323,700	14,825,000	10.40%	9.60%
2011	287,100	13,747,000	9.40%	8.90%
2012	251,700	12,506,000	8.30%	8.10%

Source: Arizona data was provided by the Arizona Department of Administration, Office of Employment and Population Statistics; U.S. data was provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Note: Unemployment rates are seasonally adjusted.

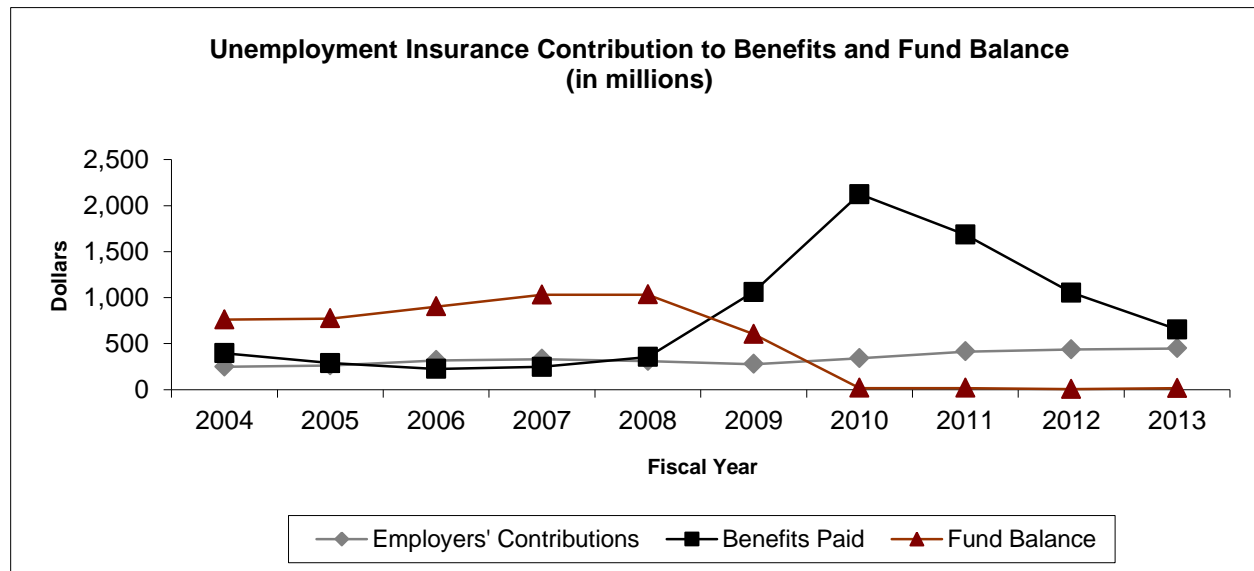


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For Fiscal Years Ended June 30

Year	Total Employers' Contributions	Total Benefits Paid	Fund Balance
2004	247,481,831	394,987,858	759,016,265
2005	261,480,966	287,693,670	772,158,698
2006	317,941,840	224,142,148	902,130,314
2007	330,183,208	246,783,048	1,029,325,981
2008	309,214,081	354,892,511	1,032,075,498
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

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

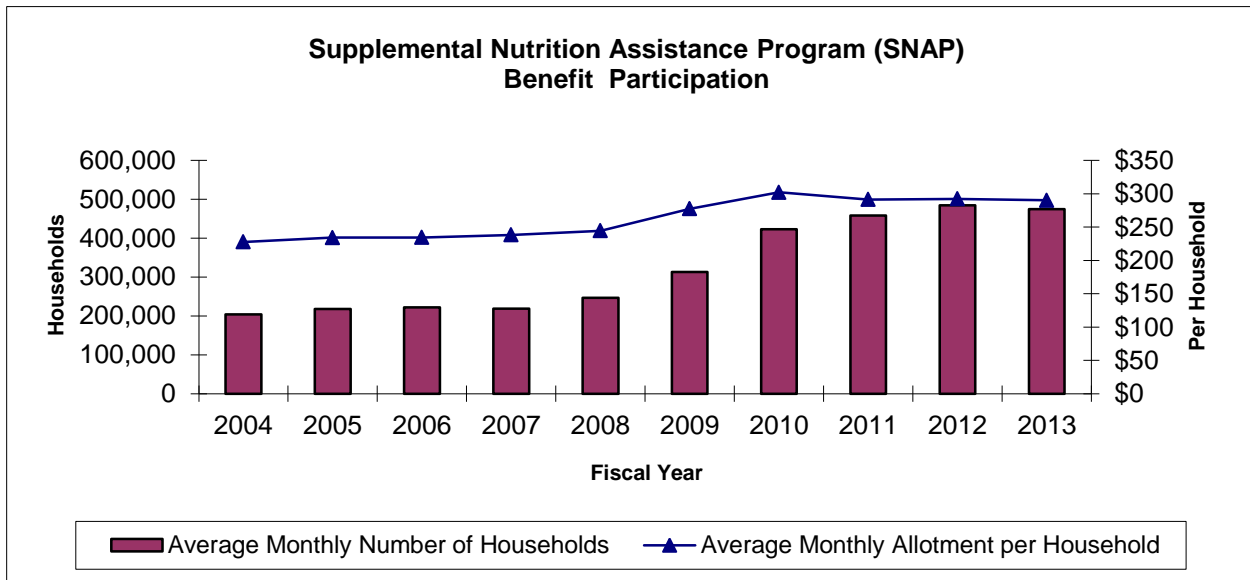
Note: The total benefits paid amount for all fiscal years has been adjusted to include interstate benefits.



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
2004	204,010	521,992	227.63	88.96	46,438,594
2005	217,983	546,369	234.06	93.38	51,021,394
2006	221,944	546,424	234.30	95.15	52,001,162
2007	218,598	537,072	238.18	97.10	52,150,403
2008	246,767	600,549	244.49	100.44	60,340,187
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	474,363	1,100,920	290.26	125.06	137,689,406

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

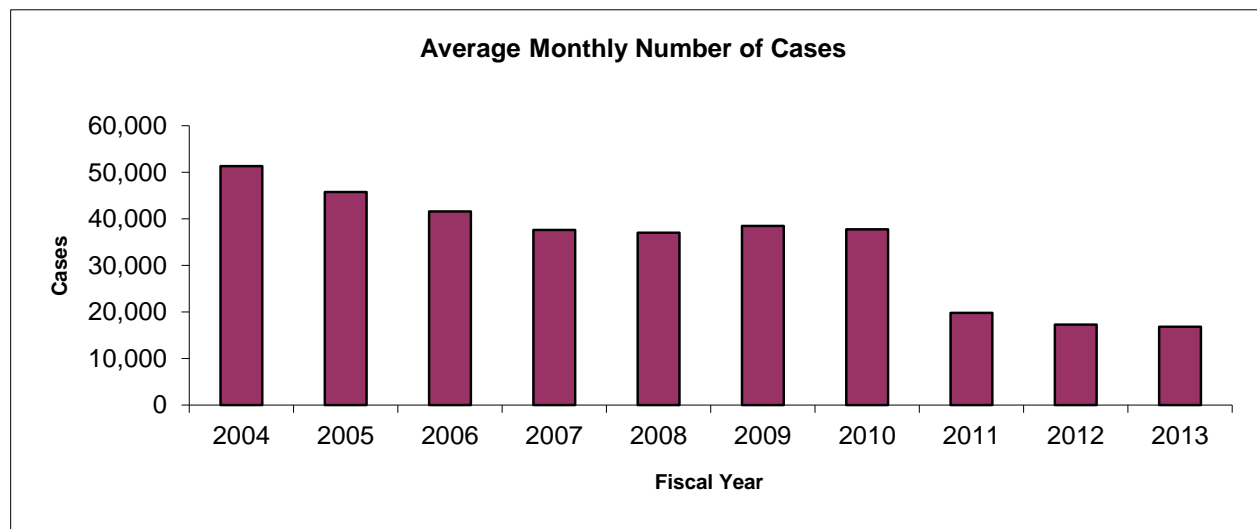


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For Fiscal Years Ended June 30

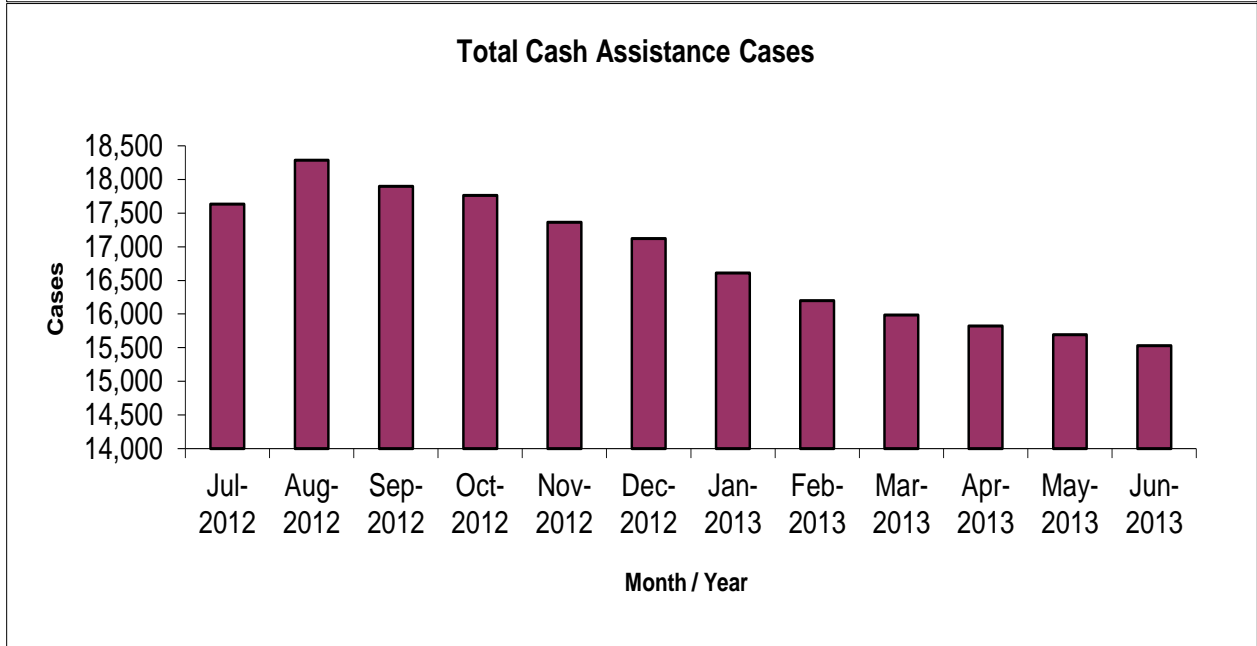
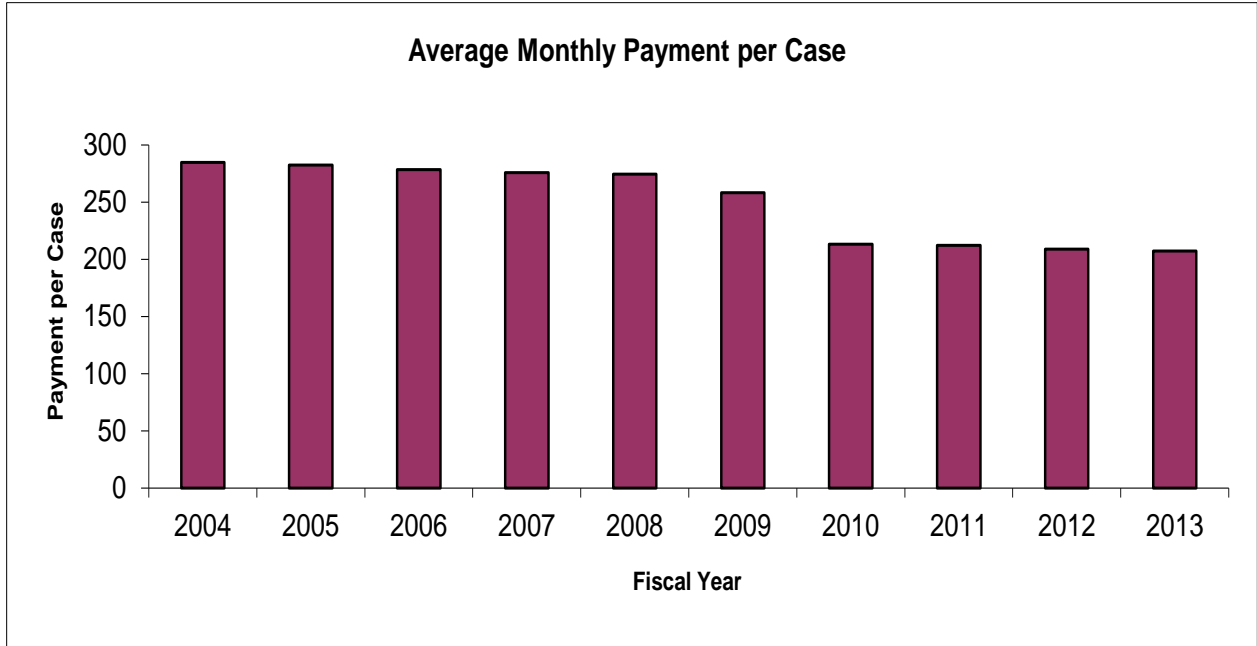
Year	Average Monthly Number of Cases	Average Monthly Number of Recipients	Average Monthly Payment Per Case	Average Monthly Payment Per Recipient	Average Monthly Payments
2004	51,318	122,577	284.92	119.28	14,621,497
2005	45,742	105,517	282.38	122.41	12,916,521
2006	41,580	93,553	278.60	123.82	11,584,130
2007	37,616	82,408	275.83	125.90	10,375,533
2008	37,030	80,221	274.59	126.75	10,167,799
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	16,827	38,353	207.27	90.94	3,487,653

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 further reduced to 24 months.



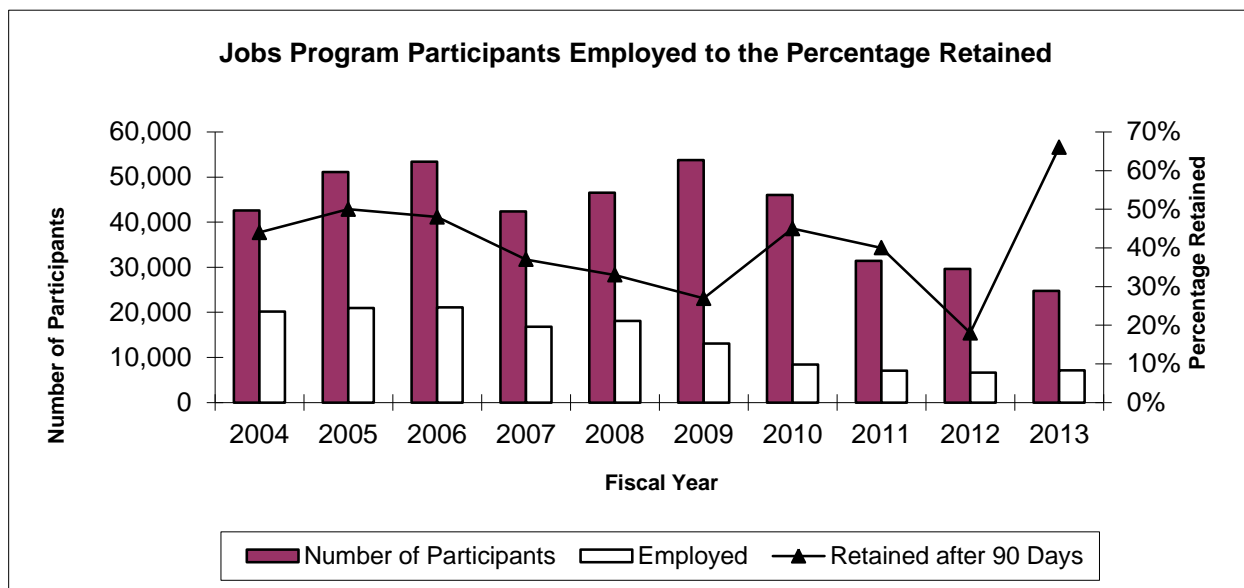
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For Fiscal Years Ended June 30
(Continued)



**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
2004	42,565	20,185	44%
2005	51,130	20,940	50%
2006	53,377	21,067	48%
2007	42,405	16,780	37%
2008	46,558	18,101	33%
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%

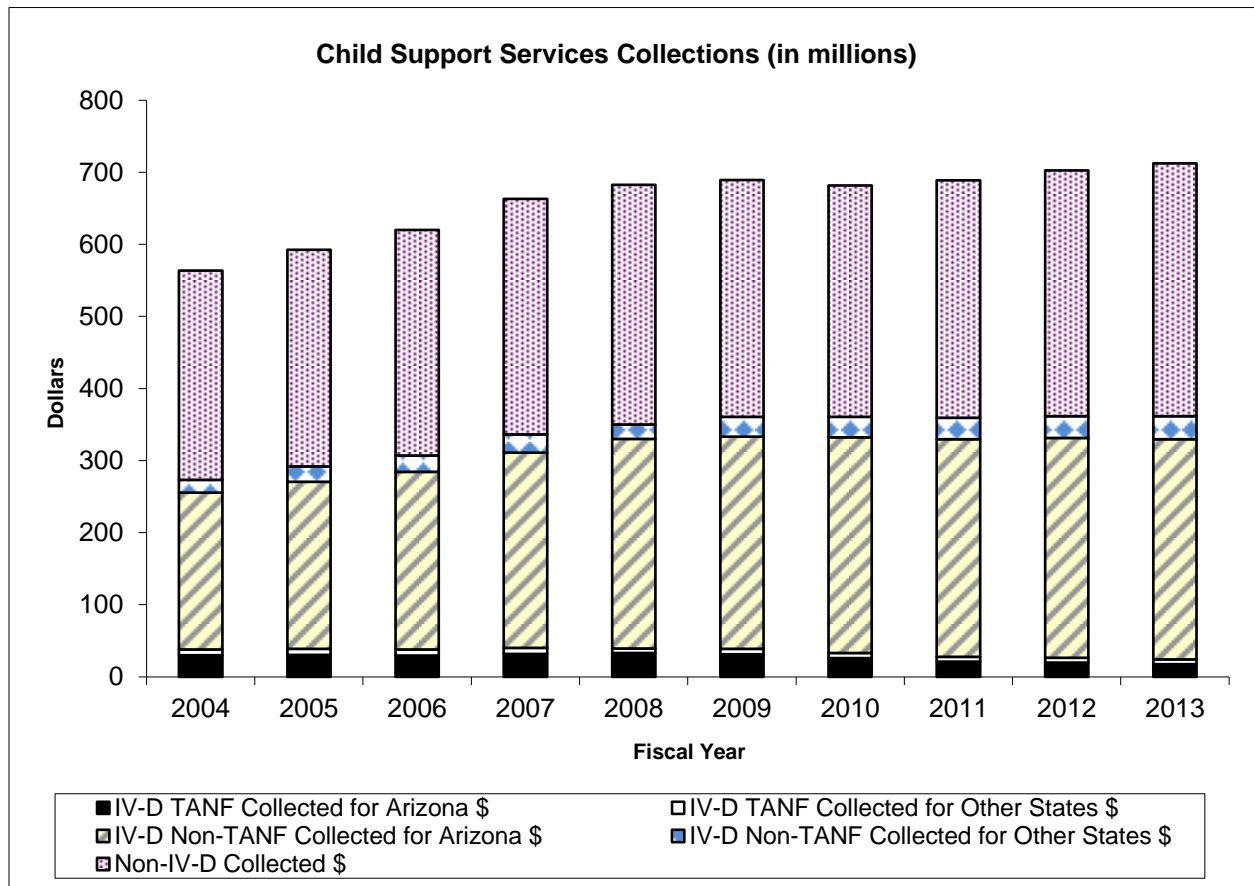
Source: The Arizona Department of Economic Security, Division of Employment and Rehabilitation Services, Employment Administration.



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
2004	29,889,000	8,061,600	217,531,600	17,989,100	290,084,200	563,555,500
2005	30,662,600	8,211,600	231,762,600	21,264,400	300,827,700	592,728,900
2006	29,474,800	8,487,900	246,437,800	22,883,800	312,881,500	620,165,800
2007	31,837,800	8,505,300	270,570,900	25,309,500	327,108,300	663,331,800
2008	33,362,400	5,926,800	291,069,400	19,853,500	332,425,300	682,637,400
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

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



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