



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

**Annual Report
State Fiscal Year 2009**

**Janice K. Brewer, Governor
Neal Young, Director**



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Governor

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January 7, 2010

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, 2008, through June 30, 2009, 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 current trends in the human services environment, including the Department's experience with the economic downturn Arizona faced in fiscal year 2009. The report also highlights the Department's actions to enhance the safety and self-sufficiency of vulnerable individuals in our state. During state fiscal year 2009, the Department worked to implement improvements that help strengthen individuals and families, increase self-sufficiency, and develop the capacity of communities.

At the same time, the Department has been impacted by the effects of ongoing budget reductions. These reductions have resulted in reductions in services and benefits, and implementation of waiting lists in some areas while caseloads continue to grow.

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,

Neal Young
Director

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Section 1 – Department of Economic Security Overview

The Department of Economic Security (DES) 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 three goals:

1. Strengthen individuals and families.
2. Increase self-sufficiency.
3. Develop the capacity of communities.

This report highlights the primary areas of focus for DES in its efforts to provide services to Arizona’s children, individuals and families to ensure 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 other secure environments.

As of the end of state fiscal year (SFY) 2009, DES had approximately 11,700 authorized full-time equivalent (FTE) positions and operated out of 168 direct-service offices, 16 residential facilities, and 22 administrative and training offices. DES owns 30 of the facilities. The remaining locations are leased. The central administration is located in Phoenix, and the six district offices are located in Phoenix, Tucson, Flagstaff, Yuma, Casa Grande, and Bisbee.

The Department has more than 14,500 contracts and agreements with nonprofit, for-profit, 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; child welfare services to provide families the tools 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 the elderly to assist them in remaining independent; domestic violence and homeless shelters and supports; food and nutrition services; utility assistance; early intervention services for infants and toddlers at risk of developmental delays; home- and community-based services for individuals with developmental disabilities; unemployment insurance; employment assistance, including vocational rehabilitation and job training; child support enforcement; refugee resettlement services, financial support, and eligibility determination for much of the state’s Medicaid program, the Arizona Health Care Cost Containment System (AHCCCS).

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

Caseloads and Budget

During SFY 2009, Arizona continued to be at the forefront of the economic downturn, being one of the first and hardest hit by the housing foreclosure crisis. The deterioration of the national and state economy is having a profound impact on Arizona's most vulnerable residents. These families are increasingly turning to the safety net, including programs administered by the Department and those delivered by other community organizations that rely, in part, on funding from DES. The result has been a significant increase in the demand for services over the previous year.

The recessionary economy that has driven increased caseloads and costs in the Department's budget has also lowered state tax collections. In response to the \$1.6 billion shortfall in state revenues, Senate Bill (SB) 1001 (Laws 2009, First Special Session, Chapter 1) was enacted on January 31, 2009. SB 1001 mandated reductions of almost \$103 million as the Department's share of the funding adjustments necessary to respond to the state's deficit. The Department had to make reductions of \$153.4 million by the end of June 2009 in order to operate within the Department's available funding.

During SFY 2009 the Department experienced its highest ever caseloads in critical safety net services such as child care, the Supplemental Nutrition Assistance Program (SNAP), formerly food stamps, Medicaid services for which DES determines eligibility, unemployment insurance (UI) claims, and the number of children in out-of-home care. As an example of these increased needs between June 2008 and June 2009:

- The SNAP caseload increased 36.8 percent, to 364,924 cases.
- The number of individuals enrolled in Medicaid programs for whom the Department determines eligibility, increased 16.9 percent to 1,104,249 persons.
- The Cash Assistance caseload increased 6.1 percent to 38,293 cases during this time period. This increase represents a significant change from the caseload decreases experienced over the previous years. The Department is anticipating continued increases in the Cash Assistance caseload as the economy continues to stagnate and people lose their extended Unemployment Insurance (UI) benefits over time. In March 2009, the Department was forced to reduce Cash Assistance payments to all recipient families by 20 percent due to financial constraints.
- In February 2009, the Department implemented a waiting list for child care services. This was in response to a lack of funding to support the increasing need. As of June 30, 2009, there were over 4,650 children awaiting services.

In addition, the Department is seeing more serious types of abuse and neglect requiring more complex interventions in Child Protective Services. At least anecdotally these can be related to additional stress experienced by families due to the negative economic climate.

Overall, the Department saw record numbers of individuals applying for unemployment insurance during Fiscal Year 2009. For example, at the end of June 2008 the total number of UI claimants was 38,851 compared with 127,863 claimants at the end of June 2009 – a growth of 329 percent. The Department has been working diligently to improve its timeliness in processing claims and serving clients to ensure that Arizonans receive their benefits. Areas of progress have included hiring additional staff, enhanced technology and improving customer service.

It is in these challenging times that the safety net provided by the Department is most important and requires support in order for critical services to continue to be delivered in the most effective and high-quality manner to Arizonans.

Poverty Prevention and Reduction Strategies

Numerous factors in today's changing society, individually and combined, create special challenges in the continuum of human service delivery. These factors have a direct, immediate effect, as well as long-range implications on the volume and array of DES assistance and supportive services needed.

Poverty prevention and reduction programs and services are part of the core work of DES, and in fiscal year 2009 the Department has demonstrated an understanding for not only the current economic environment DES is operating in, but also for the need to plan for greater economic security in Arizona. In addition to providing services that assist low-income families with obtaining skills and employment, the Department is also finding new approaches to enhance economic mobility for and meet the needs of low-income individuals and working families, people with significant barriers to work, and those who experience deep poverty. We are presented with an opportunity to work with families and help them face some underlying economic stability issues head-on, thereby moving people to self-sufficiency. The connection between poverty, the economy, and the increased caseloads for Cash Assistance, SNAP, Medicaid, and child care is clear. The Department believes there is a similar connection to child welfare and adult protective services, in that increased stress can contribute to increased abuse and neglect. Thus, poverty prevention work is not just a factor for reducing reliance on safety net programs but can also impact the well-being of individuals and families and reduce reliance on a variety of programs over time.

In Arizona, more than 14 percent of the population lives in poverty, and nearly 21 percent of Arizona's children are living below the federal poverty level (FPL). The FPL for a family of four is currently \$22,050. The number of individuals living at or below 200 percent of the poverty level (which is portrayed as a more accurate indicator of being at-risk of poverty) is about 34 percent of the population. According to the U.S. Census Bureau 2008 American Community Survey, over 750,000 Arizona children (age 18 and under) live in low-income families at or below the 200 percent FPL — this accounts for 45 percent of all children in Arizona.

DES utilizes proven anti-poverty strategies to meet these challenges. Strategies include helping working families claim the federal Earned Income Tax Credit (EITC) and the child care tax credit and providing training and education for employment through the Jobs program. The DES Temporary Assistance for Needy Families (TANF) State Plan focuses on service delivery that addresses poverty concerns as well as outcomes to improve families' economic stability and mobility.

In December 2008, the DES Division of Benefits and Medical Eligibility (DBME) piloted the use of an Internet application called Health-e-Arizona (HEA) that the public could use to apply for Cash Assistance, SNAP, and AHCCCS Health Insurance at several DES offices located in Phoenix, Glendale, Chandler, Prescott, and Tucson. These benefits and support services help children, individuals, and families in meeting their basic needs for health and well-being, and can serve as a critical bridge to self-sufficiency. During January 2009, the first full month of the pilot, 1,207 applications were submitted. As of September 2009, a total of 119,310 applications had been submitted using HEA. Customers can visit www.healthearizona.org twenty-four hours a day, seven days a week without needing to come into a DBME office to apply for services or to renew their benefits. A customer simply creates an account for themselves and then can submit an application, check on the status of their application, and submit documents needed for the application. The Internet HEA application is available in both English and Spanish.

Surveys of customers who have used HEA show that the majority of people completed the Internet application in their home and the next highest percentage of customers completed their application in a friend or relative's home.

While the current economic situation creates increased need for social services and reduces the available resources to meet the needs, the Department continues to use innovation and partnerships to assist the families it serves.

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

In order to function as a high performance organization providing integrated services to vulnerable children, adults, and families, DES must position itself within the community with a solid foundation grounded in qualified, motivated employees and high quality business systems, including a sound technological base. These are absolute requisites for doing business in the 21st century. To facilitate integrated services and improved outcomes for children, adults, and families in Arizona, the Department has focused on workforce planning and information technology improvements.

Previously enacted budget cutbacks have resulted in steep reductions across the Department's programs and operations which have impacted clients, employees, and contracting businesses across the state. The Department had to implement layoffs of approximately 800 agency staff, about seven percent of the Department's workforce in SFY 2009. In addition, many more private sector employees from organizations the Department contracts with were impacted by the reductions to Department spending.

The Department requires a sound technological infrastructure to support integrated service delivery, increased demand for services, and e-government expansion to improve access to services and facilitate improved outcomes for children, adults, and families throughout Arizona. In an environment of diminishing resources, DES is doing its best to extend the ability of aged systems to meet internal and external business needs.

Beyond addressing specific needs of the human services workforce and information technology, capacity is a key environmental factor in service delivery. Capacity issues focus on a lack of early intervention services, substance abuse treatment, transportation, and other infrastructure issues. Arizona’s smaller and rural communities, while sometimes facing capacity concerns themselves, also present an opportunity for DES engagement and improvement by working with partners in these communities and using their smaller size and close proximity as an advantage.

The Department recognizes the critical work of DES staff as well as the importance of workforce supports during times of economic downturn that create higher caseloads. DES is currently implementing several human resource techniques to ensure a quality workforce. Several strategies are being put into operation that utilize competency-based recruitment and selection for prospective employees’ talent and fit in the Department, as well as development and training tools that can be used to help attract and retain the workforce. For example, the Department continues to expand its use of competency-based hiring and selection criteria for the Child Protective Services (CPS) classification series with the goal of improving retention in child welfare. In another example, the Department of Economic Security’s Division of Child Support Enforcement (DES/DCSE), without incurring additional costs, outstationed all trainers to increase their presence within the program. DCSE also continues to expand its Web Conference presence and capabilities to provide statewide programmatic training. These trainings are currently available to DCSE and Office of the Attorney General staff. Plans are underway to expand them to contracting partner staff.

Building Core Competencies

The initiative to identify core competencies for particular job classifications with the Division of Children, Youth and Families (DCYF) begun in SFY 2008, moved from pilot to practice in SFY 2009. Behavioral-based interview questions that had been developed for each competency were tested in Tucson. An evaluation of the pilot was conducted in SFY 2009. As many of the staff hired under the pilot were released under original probation as a result of budget cuts, it is impossible to draw any conclusions with scientific certitude. The results of the pilot evaluation were promising, however, as a year following the pilot supervisors reported that people hired under the pilot exhibited the characteristics they were hired for and were successful in their positions. DCYF also continued the process of weaving the competencies throughout tools and processes, including the case review tool, which is used by DCYF practice improvement specialists and supervisors to identify where staff need development in order to be successful. The competencies are used so that supervisors and staff can target their interventions for skill building appropriately. DCYF is also aligning its performance expectations with the competencies.

The core competencies identified during the DCYF initiative and a previous pilot, the Division of Benefits and Medical Eligibility's (DBME) Hire for Talent initiative, were used as the basis for identifying Department-wide core competencies. Work on a full library of DES competencies continued during SFY 2009. A next step in the Department's work supporting core competencies includes modifying our rewards and recognition process to reward and recognize staff who exhibit behaviors and produce results that are tied to the core competencies.

As the Department continues to focus on attracting and retaining a quality workforce and furthering the core values of DES, one of the key elements being studied is the relationship between the employee and the individual who supervises him/her. In an effort to strengthen this relationship and to enhance supervisors' abilities to move the organization forward, DES has identified key expectations of those who supervise. These expectations can be used in a way similar to core competencies in the recruitment and hiring, performance management, rewards and recognition, and succession planning processes. Next steps are to begin the work of weaving them through DES processes.

Employee Education and Development Opportunities

As part of DES' cost savings and efficiency measures in response to budget reductions, the approach to Department-wide training (i.e., training and development universal to all DES employees versus specific to a particular division or program) was modified during SFY 2009.

One such change was the limitation of training to that which is mandatory. Ad hoc training deemed essential to the organization was provided as needed; for example, a stress management and conflict mitigation series designed to help DES staff cope with work and life stress associated with the difficult economic times; or the customized session on telephone skills and defusing hostile people for employees who work in potentially volatile front desk environments.

Another change was the increase in the number of courses delivered via distance learning (i.e., web conference or computer-based training). By the end of SFY 2009, the majority of Department-wide training was available in distance learning format, and the few courses remaining were in the process of being converted.

At the same time, the availability of non-training development resources was expanded. “Just in time/just enough” professional development resources such as Self-Development Guides and stress and conflict management tools were made available via the DES Intranet.

DES maintains training-related relationships with several state agencies. The relationship with the Arizona Learning Center (AzLC, formerly known as AzGU) continues, with DES representation on the State’s Training Leaders committee hosted by AzLC. This committee, as it has in the past, provides input to AzLC on course offerings and services. New relationships with the Arizona Department of Administration’s technology services have also been formed as the Statewide Training and Registration System (STARS) learning management system was retired in favor of the Employee Training solution in the Human Resources Information System (HRIS). DES participates with other state agencies in other training activities as well. As part of the Arizona State University Office of Forensic Social Work 2008-09 ‘Brown Bag’ Lecture Series, DES staff presented on child safety and risk assessment, and led a panel discussion on court involvement in dependency or abuse situations involving infants and toddlers. The DES Office of Organization and Management Development (OMD) leadership also sits on program advisory boards at Rio Salado College and Everest College, Phoenix.

Internally, DES training leaders meet regularly to discuss matters of mutual interest, share ideas, coordinate offerings, establish standards for use across the agency, and work on joint projects. One such project is the creation of standardized training and organizational development evaluation tools. In addition, OMD provides an Instructor Certification (and plans Evaluation and Instructional Design certifications when circumstances permit) which helps to establish standards throughout the organization, but also creates a community of practice among the training and development staff within the agency.

Additional information on Children and Family Services training is included in Section 4.

Web Conferencing

DES has continued to utilize Web conferencing (DES uses iLinc as its web conferencing tool) across the agency. Meetings and trainings are now regularly held via iLinc. The estimated savings in fuel costs alone for SFY 2009 from using iLinc in 1,222 sessions is approximately \$292,430.

Virtual Office

During SFY 2009, the Department expanded its efforts to strategically deploy Department staff to Virtual Office work arrangements. Previous pilot efforts conducted by the Department demonstrated the cost benefit and productivity enhancements associated with the use of Virtual Office. During SFY 2009, the Department deployed 98 staff to Virtual Office work arrangements, yielding a total of 120 deployments since project initiation.

Section 4 – Children and Family Services Training Program Annual Report

The Division of Children Youth and Families' (DCYF) 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. The CWTI continually reviews the training system to identify opportunities to improve the content, delivery, and extent of initial and ongoing training. These activities are part of an agency-wide effort to continuously improve practice and outcomes of safety, permanency, and well-being for children and families.

Staff development and training opportunities are provided in a variety of ways. The CWTI provides comprehensive Case Manager Core training to newly hired CPS specialists, Supervisor Core training, Parent Aide Core training, in-service and out-service workshops, specialized trainings, and advanced trainings. The CWTI also collaborates with the districts to train on new initiatives, such as the revised Child Safety Assessment-Strengths and Risk Assessment-Case Plan (CSA-SRA-CP) Process that began in early 2007, the Engaging and Assessing Families trainings held statewide in 2008, as well as Team-Decision-Making and other trainings related to the roll-out of the Family-to-Family project statewide. In order to better support new staff in the field, the CWTI continues to provide regular refresher trainings in the CHILDS computerized case management system and offers refresher trainings in the CSA-SRA-CP Process as well. The Division encourages staff to attend community workshops to further improve the quality and professionalism of services. The Department also collaborates with its University partners to create and provide alternative forms for delivery of training, including on-line, i-Linc (Web), and computer-based training.

Case Manager Core

Case Manager Core (initial in-service training for case managers) is provided by the Child Welfare Training Institute, and includes a combination of classroom instruction and field practice experience. Case Manager Core training for newly hired investigative, in-home, and ongoing services CPS specialists provide learning activities for functions essential to performing job duties. Case Manager Core includes extensive content on agency policies and procedures as well as existing law; family-centered practice; the use and benefits of CHILDS (the automated case management system), and child welfare best practices. The learning activities span approximately 22 weeks and include a comprehensive combination of classroom instruction and field experience. The curriculum is delivered using many different media, including lecture, discussion, practical activities, video/slides, PowerPoint presentations, role-modeling, mentoring, and other resource materials.

The first component of Case Manager Core requires the trainees to attend six weeks of classroom training. The initial two weeks of the training are focused on foundational child welfare topics. The remainder of the training uses a pragmatic approach to learning by sequentially walking trainees through the life of a CPS case. Topics covered throughout the six weeks of classroom training include: vicarious trauma/self care, cultural diversity, the effects of child abuse and neglect on child development, centralized Child Abuse Hotline (initial receiving and screening of child abuse communications), worker safety, indicators of child abuse and sexual abuse, family dynamics, interviewing, child safety assessment, strengths and risk assessment, behaviorally-based

case-planning, CHILDS, legal, behavioral health, child placement, case planning and staffings, permanency planning, kinship care for children, substance abuse, and domestic violence.

A focus on family-centered practice is woven throughout all topic areas. During the six-week Core training, trainees are given hands-on experience in assessing child safety, developing safety plans and behaviorally-based case plans, holding case staffings, interviewing clients, and testifying in court. Staff from the Division's Comprehensive Medical and Dental Program (CMDP), Arizona's medical/dental plan for foster children, provides training on how to more effectively obtain physical and mental health services for children in out-of-home placement. The Division's Protective Services Review Team (PSRT), the Team that provides due process rights for a parent, guardian or custodian who is alleged to have maltreated their child, provides training on documentation needed to propose substantiation of allegations of child abuse and neglect. Other diverse training staff include trainers from other areas of the Division, Field Training Supervisors, community providers, foster youth and alumni, kinship caregivers, and other child welfare stakeholders.

Case Manager Core training includes comprehensive training in CHILDS. CHILDS training includes hands-on experience in a computer lab, where trainees enter case information into an automated training region. The training also includes "lab" days for trainees to continue practicing their CHILDS skills in the lab. Trainees are provided 'stand-alone' CHILDS classes on all aspects of child welfare (investigations, case management, adoption, etc.), and all computer screens that must be completed for data collection, reporting, and tracking of eligibility. The CHILDS portions of the training, as of January 2008, incorporated all of the automation of the CSA-SRA-CP Process so that trainees have hands-on experience in using that automation.

Field Training

The Case Manager training incorporates a practical, hands-on instructional style through Field Training. Field Training exercises facilitate transfer of learning and provide an opportunity for new case managers to apply the knowledge and skills learned in the classroom. Field Training Supervisors, who assure that the training is methodical and consistent with best practice, coordinate with the CPS Unit Supervisors to provide all Field Training experiences to new CPS specialists.

New employees apply the knowledge and skills learned from the classroom during their field training experiences. Field training is organized into three phases, as follows:

- *Pre-Core* – The first phase, known as Pre-Core, occurs between the hire date and the starting date for Case Manager Core training. This two week period is structured to offer the new CPS specialist an orientation to the agency and to the work of a CPS specialist. During this first phase, trainees are introduced to CHILDS and to district and Division child welfare policies and procedures. If time allows, new CPS specialists also shadow seasoned workers to gain an initial context for their work.
- *Field Week* – The second phase of field training occurs in the fourth week of the Case Manager Core training. After three weeks in class, trainees have a "Field Week" in which they return to their assigned units. At this time, they have further opportunities to shadow other workers and apply their classroom knowledge to practical situations, through a checklist of experiences and activities.

- *Post-Core* – The third phase of field training begins the day after trainees complete Core training and extends for approximately fifteen (15) more weeks. During this Post-Core phase, training is facilitated by both the field training supervisor and unit supervisor to enhance the trainee’s skills. The supervisors continue to use the checklist to identify the accomplishment of various learning objectives and to hold trainees accountable for designated activities and competencies. For each trainee, the field training supervisor maintains an employee file that includes performance expectations, assessments, evaluations, communication logs, and any other documentation that supports and measures the trainee’s progress; that file is transferred to the CPS unit supervisor at the end of Core classroom training.

It is important to note that, per DCYF policy, CPS specialists are not allowed to be designated as the primary case manager on cases until they have completed their entire six-week classroom Core training. During the Post-core phase, they may carry cases, but typically that process is begun on a graduated basis, so that on-the-job learning may continue to occur.

Supervision/Management Training

Supervisor Core training occurs intermittently over 12 months, so that CPS supervisors can provide supervisory support while completing their Core training. A new group of supervisors begins the training every six months; although newly promoted supervisors can begin their Supervision 411 (“Nuts and Bolts”) training within two months of hire. All supervisors are encouraged to have all of the training requirements completed by the end of a twelve-month period. The Supervisor Core, revised in 2006 and again in 2008, includes numerous Department requirements provided by the Arizona Government University and the Department’s Office of Management and Development, and eleven days of coursework offered by the CWTI.

The CWTI modules include: Supervision 411; Electronic Information Systems; Legal and Policy for Supervisors; Child Safety Assessment/Strengths & Risk Assessment/ Case-planning Process (CSASRACP) for Supervisors; Administrative Supervision; Educational Supervision; and, Supportive Supervision. (The latter three classes are considered to be in the advanced track for supervisors and Assistant Program Managers). Supervision 411 is offered every two months in different areas of the state to facilitate access to the information needed by new supervisors. The Electronic Information Systems module is offered five times per year for the same reason. In 2009, work began on the creation of a two-day course in Clinical Supervision, based on the Clinical Supervision Circles Training seminars that were provided by ASU in 2008.

Parent Aide/Case Aide Core Training

Parent Aide/Case Aide Core training is provided for all contracted community providers who hire Parent Aides and Family Support specialists, as well as CPS Case Aides. Case Aides are employed by the Division to assist the CPS specialists in the provision of services to the family such as transportation to visits and appointments, and visitation with children. They also support CPS specialists by assisting the family in applying for necessary resources and addressing issues related to improving conditions in their homes. The curriculum is being reviewed, augmented, and updated during SFY 2010.

This training provides the knowledge and skills necessary for working within the child welfare system. The training consists of eight classes, one to three days in length, completed over four

months. Both community trainers and internal staff development personnel within the Training Unit and/or field units conduct this training. Trainers use various presentation methods, including lecture, group exercise, role play, PowerPoint, audio and video. Funding of this training is cost allocated to Title IV-E for state employees and also uses Title IV-B and state general funds.

Non-Core CHILDS Training Requests

These trainings provide instruction on navigating the CHILDS computer-based case management system Statewide Automated Child Welfare Information System (SACWIS). The trainings are tailored to the needs of the requesting agency or department. Audiences include contracted direct service providers, representatives from Tribal Nations, juvenile probation, and other child welfare stakeholders such as the Foster Care Review Board. These training requests also include on-site assistance and support for CPS employees using the CHILDS system, and may be offered on the Web, using the Division's i-Linc license. An average of 800 such individuals per year have been trained from 2004-2009.

Workshops and Advanced Trainings

Workshops and advanced trainings are offered annually for all Division staff. Topics available via these workshops and trainings include mental health, psychotropic medications, meth-amphetamines, managing conflict, gangs, working with chemically dependent families, Arizona Families F.I.R.S.T. (Substance Abuse Program), and Independent Living/Arizona's Young Adult Program, and regular Legal Updates.

Division policy requires that staff employed in CPS classifications receive 24 hours of advanced training per year. The Division has begun to offer specific advanced training modules to enhance the skills and knowledge of employees at varying levels of experience. Plans for additional advanced trainings are further discussed in the five-year Training Plan Objectives.

In the spring of 2009, the Division of Children, Youth and Families suffered severe cuts to the budget and to the staff, as did the University system in Arizona. Because of these cuts, the Advanced Training collaboration with ASU is temporarily on hold, and will resume contingent upon resources in both areas. In the meantime, the CWTI will continue to create advanced training courses to the extent possible with existing resources, and will provide CPS staff with free out-service training opportunities whenever possible.

Annual conferences are still provided to management and field staff. These conferences include the:

- Summer Institute, sponsored by the Division of Behavioral Health Services;
- Children Need Homes Conference, sponsored by the Arizona Foster Care and Adoption Coalition;
- Child Abuse Prevention Conference, sponsored by Prevent Child Abuse of Arizona;
- Inter-tribal Indian Child Welfare Conference, sponsored by the Inter-Tribal Council of Arizona, Inc.; and
- Family Centered Practice Conference, sponsored by Prevent Child Abuse of Arizona.

Specialized Training Programs & Audiences

Various audiences benefit from the Department's Staff Development and Training Program, in addition to all of the Division's newly hired and existing staff. Contracted providers, other child serving agencies (such as the Division of Behavioral Health Services' behavioral health providers

and case managers from the Navajo and Hopi Nations) are also invited to participate in training offered by the Division. The CWTI provides training in CHILDS for staff from designated provider agencies, Juvenile Probation, and Native American Nations that access this system.

Childhelp USA is partnering with the Division to facilitate advanced Forensic Interviewing training (please refer to the Child Abuse Prevention and Treatment Act (CAPTA) report which includes this training).

The Navajo Nation, the Hopi Nation, and the Administrative Office of the Courts (AOC) have Title IV-E agreements with the Department. Pursuant to these agreements, these custodial agencies are eligible to receive training and reimbursement for training expenses in accordance with federal regulations. It is essential that direct service staff from these agencies participate in case management training in addition to training relevant to Title IV-E administrative activities, foster care maintenance and eligibility activities, and initial in-service training. The Division provides training to those direct staff in accordance with requests from their respective agencies.

The AOC and two counties are currently participating in an Intergovernmental Agreement (IGA) with the Department. Pursuant to this agreement, they encourage staff to attend Title IV-E seminars to maintain relevant knowledge and/or expand on their skills already in place. The Juvenile Justice Services Division also encourages staff to participate in training related to case management and program monitoring activities.

Another specialized type of training, conducted throughout the state, is the “Speaker’s Bureau.” This program provides information to community organizations concerning child welfare practices/procedure, law pertaining to child abuse, and misconceptions about the agency. Some districts conduct these trainings with a member of the county attorney’s office, when attainable. These trainings may be conducted in the evening or weekend hours to better meet the needs of the requestor. The Department provides an average of 250 presentations per year.

Assistant Attorney General Trainings

The Division partners with the Arizona Office of the Attorney General to enhance training on legal aspects of child welfare and the intersection of legal issues and social work practice. Assistant Attorneys General provide training to staff and external partners (via Case Manager Core, Supervisor Core, and other specialized trainings). On behalf of the agency, Assistant Attorneys General also provide Title IV-E training to court personnel to increase awareness of Title IV-E policies. To ensure that the attorneys representing the child welfare agency are informed on agency policy, best practices, and relevant social work issues, the Assistant Attorneys General also participate in trainings on current child welfare practices, legal implications, and training issues.

Provider Training

Contracted provider agencies deliver pre-service training to resource parents. In February 2005, the Department initiated statewide implementation of the Child Welfare Institute’s *Partnering for Safety and Permanence – Model Approach to Partnerships in Parenting (PS-MAPP)* program for the preparation and selection of all new resource (foster and adoptive) parents. PS-MAPP is a 30-hour group session program of ten meetings over ten weeks. Potential resource parents who can not attend a group session can be prepared using the *PS Deciding Together* one-to-one program. PS Deciding Together (PS-DT) is seven face to face consultations with the potential resource parents and the Foster Care specialist of the contracted provider agency.

The program objectives include five core abilities that families must have to be successful resource parents, which are assessed based upon twelve critical skills. The five core abilities are:

- Meet the developmental and well-being needs of children and youth;
- Meet the safety needs of children and youth;
- Share parenting with a child's family;
- Support concurrent planning; and
- Meet their own family's needs.

Completion of PS-MAPP or PS-DT training is required prior to licensure and prior to placement of a child (aside from court-ordered placements with unlicensed kin or significant others). This pre-service training is also required for kinship parents who are applying for a foster home license. All resource parents are prepared using either the PS-MAPP group or the PS-DT one-to-one program. Licensed foster parents who were trained and prepared using a pre-service program other than PS-MAPP or PS-DT were required to attend a six-hour Mini PS-MAPP session. Mini PS-MAPP is an Arizona curriculum designed to deliver the consistent core philosophies of PS-MAPP, Family to Family, and Family Centered Practice. A brief version of this training is a part of the Case Manager Core so that all new hires are exposed to this important program and its related philosophical shift.

The Department's Office of Licensing, Certification and Regulation (OLCR) monitors to ensure all training requirements have been met prior to licensure, certification, or annual renewal. Foster parents with a regular license must complete at least 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 children they are providing care. An annual "Professional Development Plan" is developed with each foster parent to identify and plan the in-service training the foster parents will attend during the coming year.

PS-MAPP Family Group Meetings and PS-DT Consultations are lead by PS MAPP Certified Leaders. These leaders are either employees of the foster home agency or foster or adoptive parents. The best practice team of leaders is an agency employee and a foster or adoptive parent. PS-MAPP Certified Leaders must complete an eight-day (48 hour) training session lead by Arizona PS-MAPP Trainers. PS-MAPP leaders must complete a two-day workshop to be certified to complete the PS-DT (1:1 preparation program) with a potential foster or adoptive applicant. There are currently six PS-MAPP trainers approved to certify leaders.

The Division continues to partner with group care provider agencies to enhance opportunities for the short-term training of state-licensed child care institution staff who provide care to foster and adopted children. This training enhances the ability of these staff members to provide support and assistance to children in their facilities.

Details on numbers of PS-MAPP trainings provided are found in the Systemic Factors Final Report.

University/College Partnerships

The Division provides additional opportunities for staff development through education and training provided by institutes of higher education. For example:

- Tuition reimbursement has been available for job-related courses or degrees at a rate up to the cost of the public universities. One hour of educational leave may also be granted per

three hours of class time. In SFY 2008 and SFY 2009, 194 Division staff received tuition reimbursement for job-related courses. Following severe budget and staffing cuts to the Department of Economic Security in spring of 2008, this program was placed on hold temporarily, to be reinstated contingent upon resources.

- Up to ten staff members are selected annually to participate in the Two-Year or Advanced-Standing MSW Program provided by Arizona State University (ASU) West Campus. This program enables current Division employees to study full-time while being granted educational leave and relieved of regular agency duties. After completion of their studies, staff who attend this program are committed to employment with the Division for the same amount of time for which they received an educational leave benefit. Ten staff participated for SFY 2008, and it was anticipated that ten staff will participate in SFY 2009. Following severe budget and staffing cuts to the Department of Economic Security in spring of 2008, this program was placed on hold temporarily, to be reinstated contingent upon resources.
- In collaboration with the ASU Child Welfare Training Project, the Division, ASU Downtown, and ASU Tucson recruit and educate MSW and BSW students to prepare them for a career in child welfare. Participating students (referred to as “stipend students” or “DES scholars”) contract with the Division for tuition coverage, and monthly cash allowances (stipends) for MSW students, in exchange for committing to employment with the Division after graduation for a time equal to the time they received the benefits (e.g., 18 months or two years). In SFY 2008, the BSW program expanded from the rural areas of southern Arizona to include the Phoenix and Tucson metropolitan areas.

Evaluation ~ Measures of Effectiveness

All Cores and other training programs are continually evaluated and revised to ensure Division staff and others are provided with the skills necessary to assist children and families to achieve positive outcomes. The CWTI uses a variety of methods, both formal and informal, to evaluate the effectiveness of its training program. For example:

- After each Case Manager Core class and each Supervisor Core class, as well as ad-hoc trainings provided, trainees complete evaluation forms to provide their suggestions for improving the training content and/or delivery. The CWTI takes suggestions into consideration and makes appropriate revisions to the curriculum. A Likert Scale measures the overall satisfaction of new CPS specialists with the Core training program. Evaluations are also used to measure performance in many of the workshops and conferences held throughout the State. Topics and presenters rated highly are retained and continued, such as the Child Welfare Safety training. Suggestions are taken into consideration for future presentations or conferences. The CWTI is in the process of converting this evaluation system to on-line delivery and tabulation.
- In partnership with Arizona’s Universities, a self-assessment tool is used to measure the knowledge, skill, and job satisfaction of new CPS specialists. This assessment is completed by new employees four times during their first year of employment. Once analyzed, results of this tool are used to evaluate the effectiveness of the Core Training, and the new hire’s self-assessment of their level of skill during the first year of work. The CWTI is in the process of converting this evaluation system to on-line delivery and tabulation.

- The Division's Quality Improvement System and its related case record review process (discussed elsewhere in this report) uses a tool that measures both strengths and areas needing improvement within its child welfare program. The Division's review process is based upon the federal Child and Family Services Review and is correlated with the requirements of the revised CSA-SRA-CP Process. It includes a random selection and review of cases within each of the Division's geographic areas, and provides a mechanism for feedback to workers and units, identification of systemic issues and training needs, and individual Professional Development Plans. The case record review process assists the CWTI in determining the effectiveness of training and identifying areas requiring additional training. For example, recent case reviews have at times revealed some systemic barriers which were addressed by changes in the CHILDS system. Some case reviews revealed the need for better understanding of how to document a critical analysis of child safety, and the CWTI has continued advanced trainings and refreshers to address this need.
- The Child Welfare Training Institute hosts the Training Advisory Committee, which is comprised of CWTI staff, experienced CPS supervisors and other field staff, District Practice Improvement specialists, policy experts, Family-to-Family representation, foster care providers, birth parents, attorneys general, and other child welfare stakeholders. This committee continues to meet to provide oversight, review strengths and needs, and make recommendations on training objectives and initiatives. For example, discussions at the Training Advisory Committee relative to the implementation of the CSA-SRA-CP Process centered on the need to ensure that constant training, support and refreshers would be provided in follow-up to the initial roll-out, and this was implemented. This committee also discussed recommendations on comprehensive training policies and Supervisor Core content all of which have been implemented.
- The CWTI also participates in statewide program managers' meetings to discuss issues pertinent to training and solicit feedback from the program managers, based on their interactions with their field staff and supervisors. The feedback includes identification of strengths, gaps, and training needs for field staff, and assists to develop further partnerships in the provision of training to newly hired CPS specialists and supervisors.
- The CWTI participates in monthly meetings between DCYF Policy Unit, the Practice Improvement Unit, and the Training Unit. Through these regular meetings, in-depth discussions are held that clarify policy and practice, identify areas for further exploration, and address systemic issues and staff training needs. In addition, the CWTI staff work in constant communication with the DCYF Policy experts as well as the Practice Improvement manager to identify needs and provide training and support statewide.
- The CWTI heads a Supervisor Core Advisory Committee, which provides input, field-based feedback, oversight, and planning for supervisor and manager training.
- The Division is partnering with Cornerstones for Kids, a national child welfare consulting group, in its Workforce Development project in order to evaluate its recruitment, hiring, and training, processes in an effort to recruit and retain a qualified workforce. The CWTI is an active participant in this project's committees, and will make revisions and additions based on the outcome of the project's research, discoveries, and implementation plans.

- The CWTI distributes an annual Continuing Education Needs Survey to assess whether staff feel that their continuing education needs are being met, and to solicit feedback on potential courses that would assist them in performing their jobs better.

Alternative Methods of Training and Support

CPS Specialists, Supervisors, and Program Managers have at times raised the desire for some computer-based training modules, so that new employees do not have to leave their families for extended periods of time to attend trainings. Utilizing the lessons learned through the small but successful pilots of legal coursework and a Multiple Relationships/ethics class, the CWTI has continued to explore expansion of this technology to other trainings in collaboration with ASU's Dr. Ann MacEachron. This University partnering has also enabled the CWTI to utilize Captivate software to provide brief tutorials on changes in the CHILDS case management system.

The Division also has acquired a license and continues its use of the Web-conferencing tool, i-Linc. Although much of its current use is for facilitation of statewide meetings, the CWTI is beginning work on creating on-line tutorials and trainings, with following up group discussion via i-Linc. In addition, as DES increases the capabilities of its Intranet, the CWTI plans to have more tutorials, training tips, and references available for on-line support. In terms of actual coursework, one of the CWTI's goals over the next five years, is to produce an array of trainings, some Core, and some advanced, that can be provided on-line, or partially on-line, partially i-Linc, to improve delivery in rural areas, and also reduce time and travel for staff.

Section 5 – Fiscal Year 2009 Highlights and Accomplishments

The following describes selected agency accomplishments during state fiscal year 2009 in accordance with each of the agency's three goals:

Strengthen Individuals and Families

- The Department of Economic Security's Division of Children, Youth and Families (DCYF) received a federal funding grant in October 2007 for a parent partnership for the Arizona Families F.I.R.S.T (AFF) program in Maricopa County. It was established as the AFF Parent to Parent Recovery Program and implemented in partnership with an AFF provider, TERROS, Southwest Human Development, the Family Involvement Center, the Arizona Attorney General's Office, and other stakeholders in the Child Protective Services (CPS) offices in Maricopa County. From the time of implementation in April 2008 through September 2009, the number of families served was 438 with an 84 percent engagement in substance abuse services rate. The AFF Parent to Parent Recovery Program provides enhanced AFF services through the assignment of a trained recovery coach who engages the family and assists them in their recovery from substance abuse. Eligible families are those who are identified during the Team Decision Making process (TDM) as having children who are at risk of removal and for whom the TDM has identified parental methamphetamine use as a risk factor. Parent to Parent recovery coaches attend the TDMs to begin to assist clients with navigation of the child welfare system and to help clients better understand the child welfare staff's recommendations. The recovery coaches provide monthly progress reports for submission to CPS, and a partnership and core committee meet on a regular basis to discuss program implementation and outcomes.
- The DCYF adoption unit successfully placed and completed the adoptions of 75 children with special needs during the fiscal year ending June 30, 2009. Over the course of the last three years, over 250 children with special needs were placed into adoptive homes. As a result, these children have the opportunity to grow up in homes with permanent families rather than the foster care system.
- Adoptions of foster children overall continue to increase resulting in a bonus from the federal Department of Health and Human Services. In SFY 2009, 1,734 adoptions were finalized and Arizona received a \$500,000 incentive for its success in federal fiscal year 2008, being one of only six states to receive incentives every year since 2005.
- The Division of Aging and Adult Services (DAAS) provides many services to the community. As part of the Older Americans Act Nutrition Program, 1,947,403 home delivered and 1,482,780 congregate meals were served. Additional federal funding under the American Recovery and Reinvestment Act provided 4,817 home delivered meals, and 42,848 congregate meals.
- The Senior Medicare Patrol provides education and assistance to resolve health care fraud, abuse, and errors and to reduce costs for the Medicare/Medicaid systems resulting from these problems. There were 236 contacts (one-on-one counseling session to discuss fraud, errors and/or abuse) and 27,523 individuals attended educational sessions.

- DES maintains a registry of substantiated reports of abuse, neglect, and exploitation of vulnerable adults pursuant to A.R.S. § 46-459. The registry contains the name and date of birth of the person determined to have abused, neglected, or exploited the vulnerable adult. Registry entries describe the nature of the allegation and the date the allegation occurred. One hundred percent of the allegations of abuse and/or exploitation of vulnerable adults that were received were investigated. Staff also provided the needed resources and protective services in a timely manner.

Increase Self-Sufficiency

- The Department of Economic Security's Division of Child Support Enforcement (DCSE) has focused on continuous improvement for a number of years. Federal performance measures guide the collection and analysis of information and decision-making about all child support activities, which include the establishment of paternity, the establishment of child support and medical support orders, the enforcement of child support and medical support orders, and the collection and disbursement of support dollars to families. With a focus on performance measures in the areas of paternity establishments, cases with support orders, collections on current support, collections on arrears and cost efficiency, a standard of practice for overall assessment and case management is maintained at all levels. The dedicated focus increases consistency in assessing case management activities, guides DCSE managers and supervisors in their decision-making activities, and improves outcomes for families. The DCSE has seen a positive increase in each of the performance areas. In the area of paternity establishment, DCSE received the highest paternity establishment percentage among 54 national child support programs. DCSE continues to seek national best practices and research to continue this upward climb.

In SFY 2009, DCSE realized a three percent increase in child support payments processed - \$689 million in total. In August 2008, the DCSE was selected as the Most Improved Program by the Western Interstate Child Support Council (WICSEC). The Most Improved Program Award recognizes a state, regional, county, or tribal program that has shown exceptional improvement in key child support enforcement program performance areas and in services to its constituency during each year of the three preceding federal fiscal years. The award was based on supporting documentation that showed: demonstrated improvement in paternity establishment, order establishment, current collections, past-due support collections, and cost-effectiveness; strategies for achieving exceptional improvement from year-to-year; and specific innovative initiatives that supported the exceptional improvement.

At various times during the fiscal year, DCSE was contacted by the Federal Office of Child Support Enforcement (OCSE), Region IX, seeking information on DCSE projects such as Arizona's Modification Workshop Project and the Inmate Limited Income Withholdings Project in order to publish the information on their PAID (Project to Avoid Increasing Delinquencies) Website. The PAID initiative is a partnership between the States and OCSE with an objective of identifying and communicating strategies across the county that have an impact on increasing collection of current support and preventing and reducing arrears. The DCSE was also invited to present information regarding their processes on a federal initiative, Interstate Case Reconciliation, at the PAID Large Urban Jurisdiction Meeting.

- The Refugee Resettlement Program provides, under direct contracts with voluntary agencies, longer-term culturally and linguistically appropriate employability and employment services. This assists eligible beneficiaries with achieving economic self-sufficiency as quickly as possible after arrival in the United States. During SFY 2009, a total of 858 refugees entered employment through this program.
- The 4th Annual *Case for Inclusion Report* published by United Cerebral Palsy, ranked Arizona second in the nation for achieving key outcomes that positively impact the lives of individuals with developmental disabilities. The *Case for Inclusion 2009* ranks all 50 states and the District of Columbia on how well they are providing community-based supports to Americans with intellectual and developmental disabilities being served by Medicaid. Significant statistics include: Arizona is ranked second in the country for keeping families together through family support; 89 percent of its 30,000 consumers live in their own or family home; 97 percent of its resources are allocated to those who live in the community; and, Arizona is ranked as one of the country's lowest (42nd) for spending per person served.
- The Comprehensive Blindness Transition Pilot Program 2009 for students with the primary disability of blindness started at the end of May. Forty-eight participating high school students received comprehensive adjustment services from four providers: the Arizona State Schools for the Deaf and the Blind; the Colorado Center for the Blind; the Foundation for Blind Children; and the Southern Arizona Association for the Visually Impaired. The comprehensive adjustment (CA) programs include training in mobility, communication, personal and home management, use of assistive technology, and self-advocacy necessary for successful transition to the world of work. In addition to the 48 high school students attending the CA programs, eight post-high school students are attending college preparatory programs. The program's goals are to teach the necessary adaptive skills and instill the self-confidence to be successful in employment or in postsecondary education/skill training in high school students who are blind and visually impaired. Collaborating with comprehensive programs to serve the blind and visually impaired populations provides needed services to students with disabilities preparing for and seeking employment.
- The Department continues to implement strategies to increase individual and family self-sufficiency and economic security, including enhanced budgeting skills, financial literacy, and asset development opportunities. One specific strategy that DES has implemented is to promote the federal Earned Income Tax Credit (EITC) program and other tax credits such as the child care tax credit to potentially eligible families. In the last few years, the Department has opened its offices to the Volunteer Income Tax Assistance (VITA) program during the tax season.

Hosting VITA sites in DES offices is a low-cost, effective way to bring this service to people who need it the most. The program's results indicate that the DES sites serve more people in the \$0-\$10,000 income range (including those on public benefits) than other VITA sites.

Develop the Capacity of Communities

- DES is intentionally partnering with faith-based organizations to engage, connect, and support them 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. During SFY 2009, the Director's Office formed a cross-divisional workgroup to provide leadership to the Agency's partnering with faith-based organizations' efforts.
- During state fiscal year 2009, Arizona emergency domestic violence shelters contracting with the Department of Economic Security provided more than 370,000 nights of safety, resulting in 11,209 women and children finding safe refuge at domestic violence shelters.
- The Department contracted with 36 homeless service providers throughout the state for emergency crisis shelter and transitional housing. Through these contracts, 890,769 bed nights were provided to 17,367 persons. Sixty-seven percent of people served were served in Maricopa County, 20 percent in Pima County, and 13 percent in the remaining rural counties.
- The Department's Family Connections Program (FC) dedicated two of 11 FC teams to focus on the provision of services and supports to voluntary kinship families in SFY 2009. The Phoenix FC team received its referrals from the community, DES, private agencies, and self-referrals, and it provides services that include access to community services, case management, guardianships and licensure, networking, training, and other needs addressed in the family plan. The Tucson team operated slightly differently in that the majority of its referrals came directly from the child welfare system with primary focus being to work with kinship care providers to support and strengthen the family to keep children out of foster care, or to maintain the children's kinship home following placement by child protective services. The FC teams, in addition to providing other services, helped families access financial assistance for which they qualify.

Both FC teams comprised multidisciplinary staff that have an excellent working knowledge of the court systems, state policies, and laws governing kinship and guardianships. In addition, the two teams have had an excellent working relationship with the community, which facilitated access to food, clothing, housing, and other services. The FC kinship teams worked collaboratively with all other programs within the Department, community providers, and the community at large to ensure that families receive the supports they need.

Given the significant financial and resource constraints currently being faced and anticipated to continue for the Department, a determination was made to eliminate the Family Connection program. Although the work being done by the program will continue, the specialized knowledge and experience of the FC team members will be integrated in the Department. This transition was completed in early SFY 2010.

- Led by DES, the Arizona Partnership to End Childhood Hunger was created in June 2008 to ensure all children have access to nutritious food. The Partnership is a collaborative effort between families, state and local government, community-based organizations, volunteers, and anti-hunger professionals working to implement ten strategies statewide in local communities across Arizona to end childhood hunger. In 2009, the Partnership received a grant for \$25,000 which funded 22 community organizations to feed 76,000 children with 64,000 meals and 122,434 snacks.

Section 6 – Fiscal Year 2009 Service Reductions

On January 31, 2009, the Arizona Legislature passed and Governor Jan Brewer signed a revised budget for state fiscal year 2009 to address a \$1.6 billion shortfall in state revenues.

The budget for the programs and services administered by the Arizona Department of Economic Security (DES) was reduced by almost \$103 million, including a lump sum reduction and fund transfers. In addition, the Department needed to address an additional \$50 million in unfunded budget shortfalls and caseload-related shortfalls. Thus, the total budget shortfall DES faced mid-way through fiscal year 2009 was \$153 million to be resolved by June 30, 2009.

The reductions that have taken place are occurring during a time when the need for DES' services is greatest. Thousands of families and individuals who have never before needed assistance are now in a position of having to request that help. Families that have lost their jobs and their homes have turned to DES in record numbers. Community partners and contractors report similar increases. The Department is struggling to meet these growing needs, but due to diminished resources services have actually been reduced through waiting lists, benefit cuts, or contract eliminations.

Vulnerable Arizonans throughout the state – including children and frail adults at risk of abuse or neglect, individuals with physical and developmental disabilities, low-income families, and individuals who are relying on assistance for the first time – have experienced reductions or eliminations of essential services

About 800 Department employees have lost their jobs and, because much of the agency's work is privatized, its contractors are reducing services, laying off staff, and in some cases, closing offices.

Measures that were implemented in fiscal year 2009, and remain in place in order to address the continuing shortfall include:

- *Program and contract eliminations* including general assistance for disabled adults, lifespan respite care for caregivers of individuals with special needs, homeless youth intervention, and certain in-home child welfare services.
- *Benefit reductions* such as a 20 percent decrease to cash assistance benefits for 39,000 families with 64,000 children and a 20 percent reduction in reimbursement rates for the 4,700 children in family foster care.
- *Waiting lists* for low-income families applying for child care assistance (more than 9,600 children are currently on the waiting list) and vocational rehabilitation services to assist individuals with physical and other disabilities to obtain employment (about 3,500 individuals are currently on a waiting list).
- *Contractor reductions* including a rate cut of ten percent for more than 4,000 providers of home and community based services for individuals with developmental disabilities and five percent for 6,500 child care providers, as well as funding decreases for contracts for domestic violence and homeless shelters, food banks, services for older Arizonans,

prevention services in the child welfare system, substance abuse treatment, and Jobs services.

- *Layoffs* of approximately 800 agency staff, about eight percent of the Department's workforce, and hundreds or thousands more private sector employees directly resulting from reductions to Department spending.

Section 7 – Economic Conditions and Outlook¹

The 2009-10 Forecast Update projects nonfarm job losses for both 2009 (-178,500) and 2010 (-17,300). A total of more than 195,800 (7.5 percent) nonfarm jobs are expected to be lost over the two year period. Although projected job losses for 2009 have increased by 32,300 from the April Forecast, the projected losses in 2010 have decreased by 4,300 as the result of a gradually improving economy.

The updated projected rate of loss for Arizona in 2009 is 6.8 percent and 0.7 percent for 2010. The nation, however, is forecast to have a slower rate of job loss of 3.7 percent in 2009 and 0.5 percent in 2010.

Projected Arizona nonfarm job losses increased in this Forecast Update because the first eight months of 2009 have shown greater losses than earlier forecast. As of August 2009, the annual average, over-the-year nonfarm job losses numbered 183,200 (7.0 percent), or 37,000 more than expected in the original Forecast.

The bursting of the housing bubble and ensuing financial crisis caused substantial damage to Arizona's economy. Construction was a significant economic driver of Arizona employment during the housing boom in 2001-06. In June 2006, Arizona construction employment reached its historical peak of 247,500 jobs, and the share of total nonfarm employment held by construction was noticeably higher in Arizona (9.5 percent) in comparison to the nation (5.6 percent).

As Arizona's economy starts to recover, the Arizona Department of Commerce projects nonfarm job growth will begin by the end of 2010 based on the following factors:

- Federal government economic stimulus spending is projected to boost the state's economy in the areas of infrastructure for energy, transportation, health care, and education.
- Federal government expenditures are expected to be maintained for border security, rural area firefighting, military bases, and private sector contracting for civilian and military purposes.
- Federal monetary policy is encouraging lending through low interest rates and the injection of liquidity into financial institutions.
- A buildup in the inventory cycle is anticipated as businesses and consumers increase spending to replenish depleted inventories and buy essential and other goods such as cars, clothing, and household appliances.
- Stable prices for many goods are expected to motivate some increased level of purchasing.

Recent trends have shown increasing stabilization in the U.S. and global economies. These include increased orders for manufactured goods; a rise in the overall capacity utilization rate; an uptick of national housing starts and sales; a greater willingness to lend in financial institutions; and a leveling of world trade. Recently, the economies of major U.S. trading partners, including China, France, and Germany, have shown economic growth. As a result, U.S. export figures have increased.

Arizona Updated Projections by Sector

The following projections are updates for the 11 major sectors in Arizona for the two year forecast period 2009-10.

Manufacturing job losses are forecast to total more than 15,200, or -8.8 percent. Aerospace products and parts is the only manufacturing industry expected to gain jobs as a result of ongoing civilian and military contracts.

The Natural Resources and Mining sector is forecast to lose more than 2,400 jobs (-18.1 percent) over the two-year forecast period. Gradually increasing national and global demand for both metallic and non-metallic mineral ores from rising industrial production is projected to bolster this sector.

Construction employment is forecast to lose more than 61,400 jobs, or -32.7 percent, due to continued weakness in residential and commercial real estate. However, federal government economic stimulus spending in energy and transportation projects is expected to bolster civil engineering and heavy construction.

Employment reductions in Trade, Transportation and Utilities are projected to be greater than 37,700 jobs, or -7.3 percent. However, the growth in the inventory cycle is forecast to propel growth in retail trade as consumers replace worn out and broken goods. In addition, federal government economic stimulus spending in energy projects is forecast to cause expansion in utilities. As a result, retail trade and utilities are projected to lose jobs in 2009 and add jobs in 2010.

Information is forecast to lose more than 4,400 jobs, or -10.7 percent. Consolidation and transformation in the video rental sectors could exacerbate job losses as firms close retail stores and expand kiosks and online operations.

Financial Activities is projected to lose more than 9,400 jobs, or -5.3 percent. Gradual improvements are forecast to result in job gains for both 2009 and 2010 in the industries of securities and commodity contracts along with insurance, funds and trusts due to increased investment activity. However, continued weakness in housing and commercial real estate is projected to contribute towards large jobs losses in the real estate, rental, and leasing industries.

Job losses in Professional and Business Services are forecast to be more than 42,500, or -11.0 percent, over the two-year forecast period. Despite projected losses in 2009, slight gains are forecast for 2010 as demand increases from businesses that use contingent labor and outsourced services provided by the industries of employment services and business services.

Educational and Health Services is the only sector in Arizona to have job gains forecast for both 2009 (+600) and 2010 (+5,800). These projected increases are primarily in health care industries as a result of the continued growth and aging of Arizona's population.

In Leisure and Hospitality, job losses are projected to total more than 14,500, or -5.4 percent, over the two-year period. Local travel and tourism (as a lower cost alternative to out-of-state travel) is projected to mitigate leisure and hospitality job losses.

Other Services is projected to lose more than 6,900 jobs, or 6.9 percent. Repair of appliances and automobiles and refurbishment of existing items (as opposed to new purchases) is forecast to limit losses in this sector.

Overall, Government (federal, state, and local) employment losses are forecast to be more than 7,500, or -1.8 percent. Only the federal government is forecast to gain jobs as a result of the decennial census, economic stimulus, and ongoing activities in civilian and military spheres. However, state and local governments are expected to slash jobs in both 2009 and 2010 as a result of budget deficits and a more constrained ability to borrow funds. Education at the state and local level is forecast to hold steady due to support from federal government economic stimulus expenditures.

In conclusion, employment in Arizona is projected to show a gradual improvement with slowing nonfarm job losses over the period 2009-10. The primary reasons include a buildup of the inventory cycle; federal government economic stimulus spending; ongoing federal government expenditures in civilian and military sectors; federal government bailouts of financial services industries; and stable prices. Educational and Health Services is the only sector expected to see job gains for both 2009 and 2010 (+6,500 total). Construction is expected to see the greatest number of job losses (-61,400), at the most rapid rate (-32.7 percent).

¹Arizona Department of Commerce, Research Administration, Forecast Update, October 1, 2009

Section 8 – Statistics

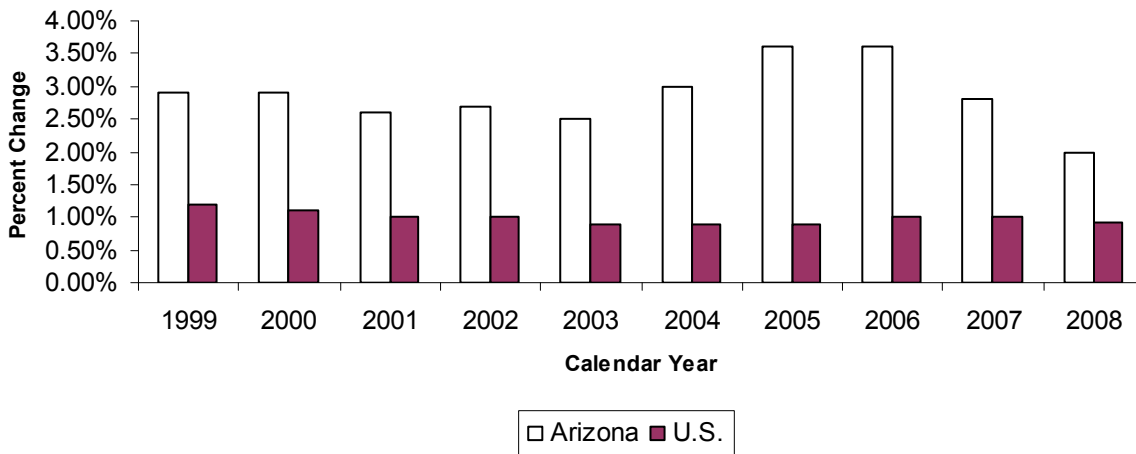
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States Population
For Calendar Years Ended December 31
(2008 is the most recent data available)**

Year	Arizona Population	United States Population	Percentage Change In Arizona Population	Percentage Change in U.S. Population
1999	5,023,823	279,040,168	2.90%	1.20%
2000	5,167,260	282,194,308	2.90%	1.10%
2001	5,301,097	285,112,030	2.60%	1.00%
2002	5,444,881	287,888,021	2.70%	1.00%
2003	5,579,307	290,447,644	2.50%	0.90%
2004	5,744,367	293,191,511	3.00%	0.90%
2005	5,952,083	295,895,897	3.60%	0.90%
2006	6,165,689	298,754,819	3.60%	1.00%
2007	6,338,755	301,621,157	2.80%	1.00%
2008	6,629,455	304,059,724	1.99%	0.92%

Source: Arizona data was provided by the Arizona Department of Commerce. U.S. data was provided by the U.S. Census Bureau.

Note: The percent growth between 2000 and 2001 represents 15 months between the April 1, 2000 census and the July 1, 2001 estimate. Other growth rates are annual between the July 1 estimates dates.

Population Growth

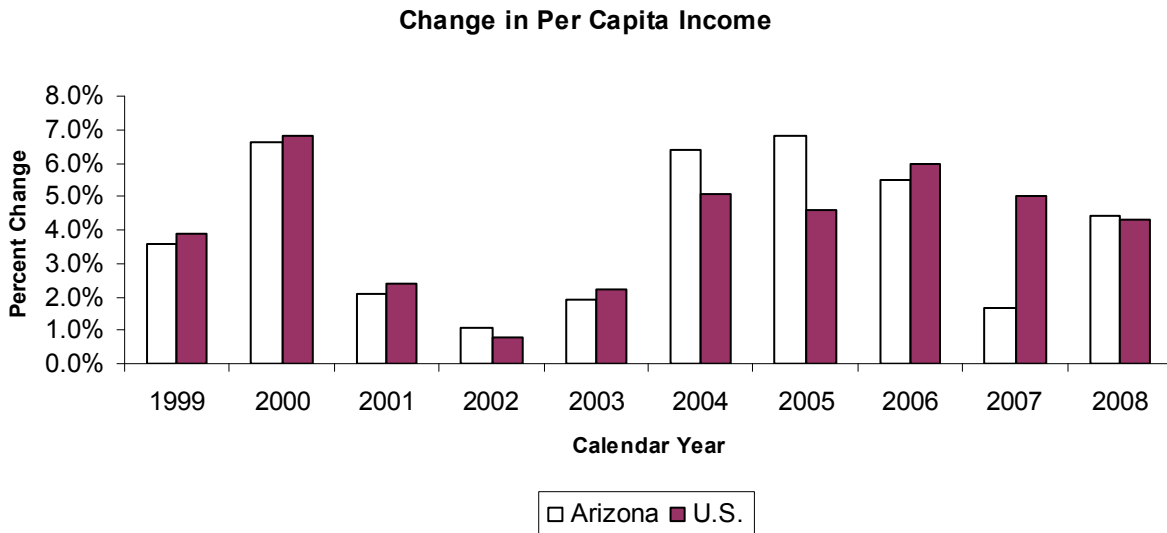


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States Per Capita Income
For the Calendar Years Ended December 31
(2008 is the most recent data available)

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
1999	24,057	27,939	3.6%	3.9%
2000	25,653	29,845	6.6%	6.8%
2001	26,193	30,574	2.1%	2.4%
2002	26,474	30,821	1.1%	0.8%
2003	26,989	31,504	1.9%	2.2%
2004	28,710	33,123	6.4%	5.1%
2005	30,672	34,650	6.8%	4.6%
2006	32,353	36,744	5.5%	6.0%
2007	32,900	38,564	1.7%	5.0%
2008	34,335	40,208	4.4%	4.3%

Source: Arizona and U.S. data provided by the Bureau of Economic Analysis.

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



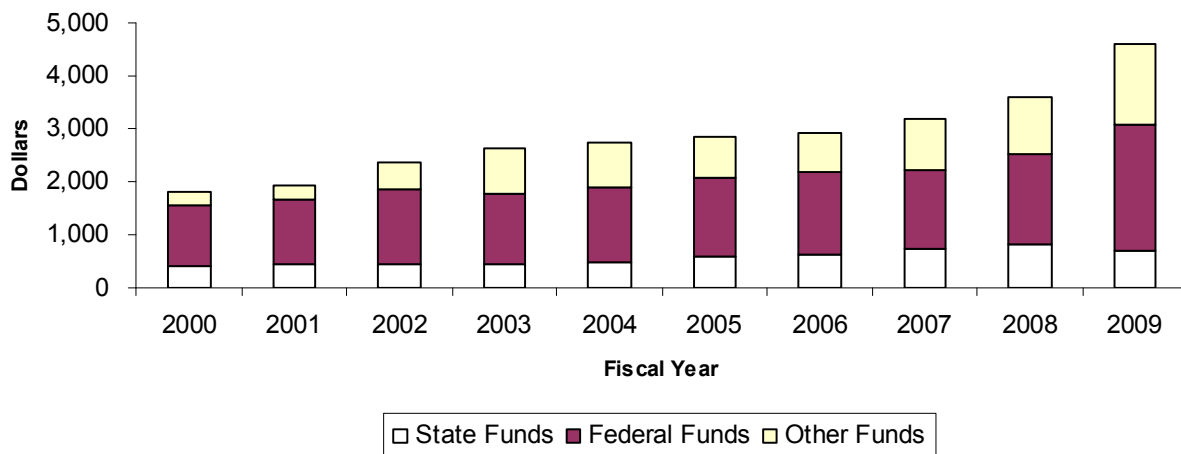
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Expenditures by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For the Fiscal Years Ended June 30

Year	State Funds	Federal Funds	Other Funds	Total Funds
1999	425,235,500	1,045,925,462	220,049,050	1,691,210,012
2000	422,155,816	1,134,907,352	241,950,698	1,799,013,866
2001	442,940,537	1,215,771,799	278,444,218	1,937,156,554
2002	449,946,977	1,406,217,101	511,087,455	2,367,251,533
2003	434,725,701	1,350,528,136	856,181,840	2,641,435,677
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

Source: The Arizona Department of Economic Security, Comprehensive Annual Financial Report, 2000 and 2001; and Financial Statements, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009.

Note: The Federal Funds amounts include amounts for food stamp benefits distributed.

Expenditures by Function and Funding Source (in millions)



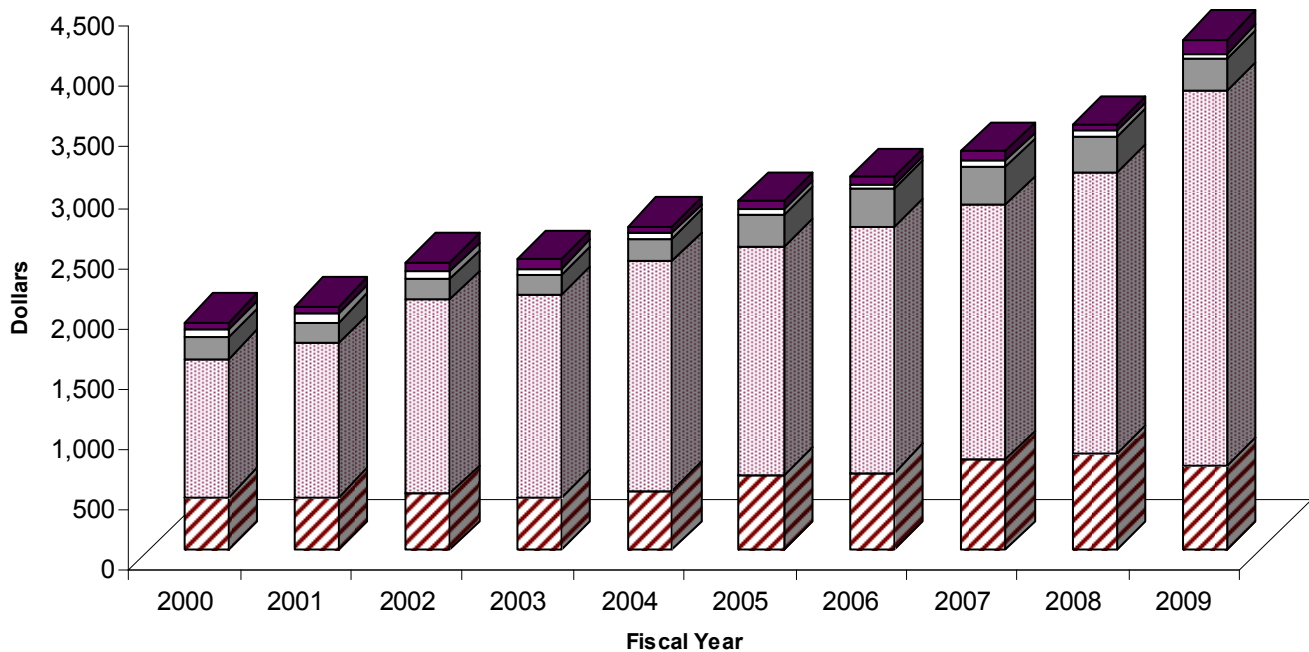
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For the Fiscal Years Ended June 30

Year	State General Fund Appropriations	Federal Financial Assistance	Employers UI Contributions	Interest on Investments	Other	Total
2000	434,171,319	1,143,846,770	177,603,712	64,010,350	57,845,055	1,877,477,206
2001	434,834,859	1,267,241,399	175,736,341	69,609,832	61,579,318	2,009,001,749
2002	463,456,900	1,604,700,337	162,157,379	66,619,568	76,573,245	2,373,507,429
2003	422,581,074	1,683,066,873	160,962,888	58,776,481	72,830,370	2,398,217,686
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

Source: The Arizona Department of Economic Security, Comprehensive Annual Financial Report, 2000 and 2001; and Financial Statements, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009.

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

Revenues by Funding Source (in millions)



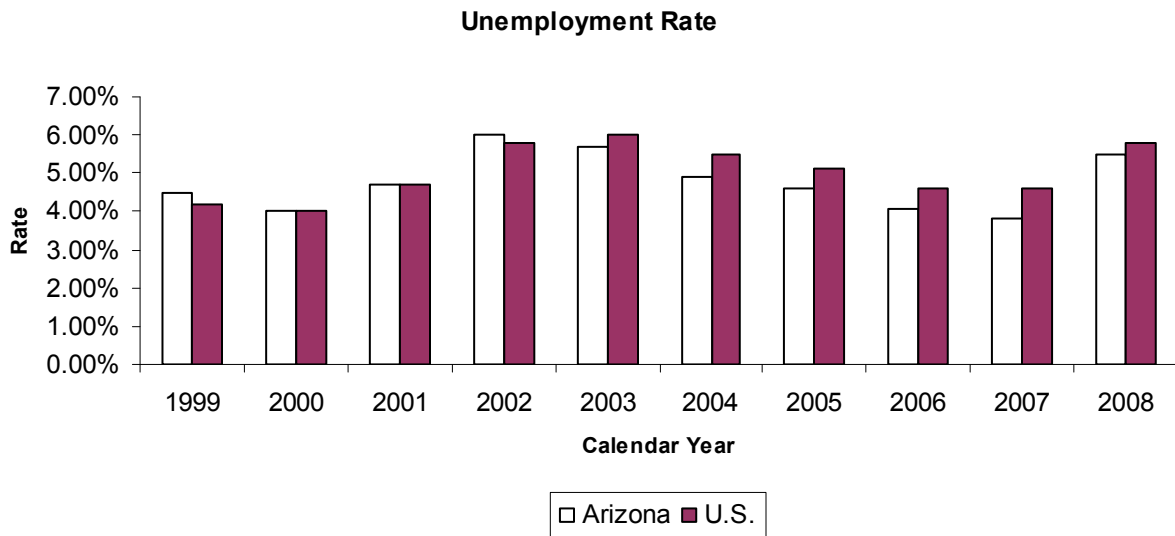
State General Fund Appropriations
 Federal Financial Assistance
 Employers' UI Contributions
 Interest on Investments
 Other

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States Unemployment
For Calendar Years Ended December 31
(2008 is the most recent data available)

Year	Number of Unemployed - Arizona	Number of Unemployed - U.S.	Unemployment Rate - Arizona	Unemployment Rate - U.S.
1999	110,924	5,880,000	4.5%	4.2%
2000	100,390	5,692,000	4.0%	4.0%
2001	121,523	6,801,000	4.7%	4.7%
2002	161,643	8,378,000	6.0%	5.8%
2003	155,815	8,774,000	5.7%	6.0%
2004	137,634	8,149,000	4.9%	5.5%
2005	133,071	7,591,000	4.6%	5.1%
2006	120,647	7,001,000	4.1%	4.6%
2007	115,395	7,078,000	3.8%	4.6%
2008	172,468	8,924,000	5.5%	5.8%

Source: Arizona and U.S. data was provided by the U.S. Department of Labor, Bureau of Labor Statistics.

Note: Unemployment rates are seasonally adjusted.

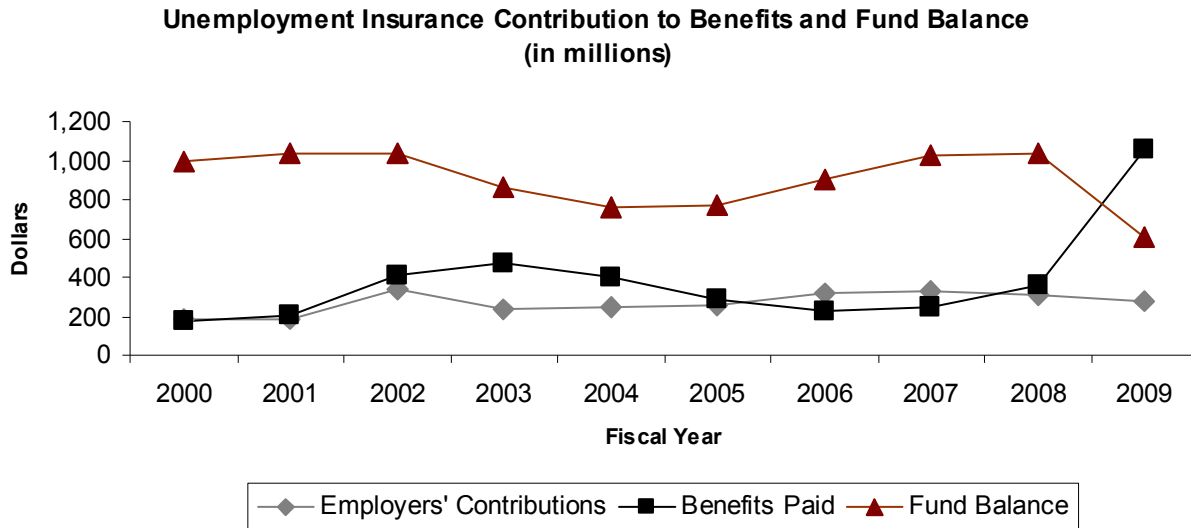


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For the Fiscal Years Ended June 30

Year	Total Employer Contributions	Total Benefits Paid	Fund Balance
2000	188,348,457	177,980,914	993,052,630
2001	182,095,014	202,900,332	1,038,116,687
2002	338,555,460	407,021,875	1,033,275,970
2003	237,542,722	467,411,646	860,871,706
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

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.

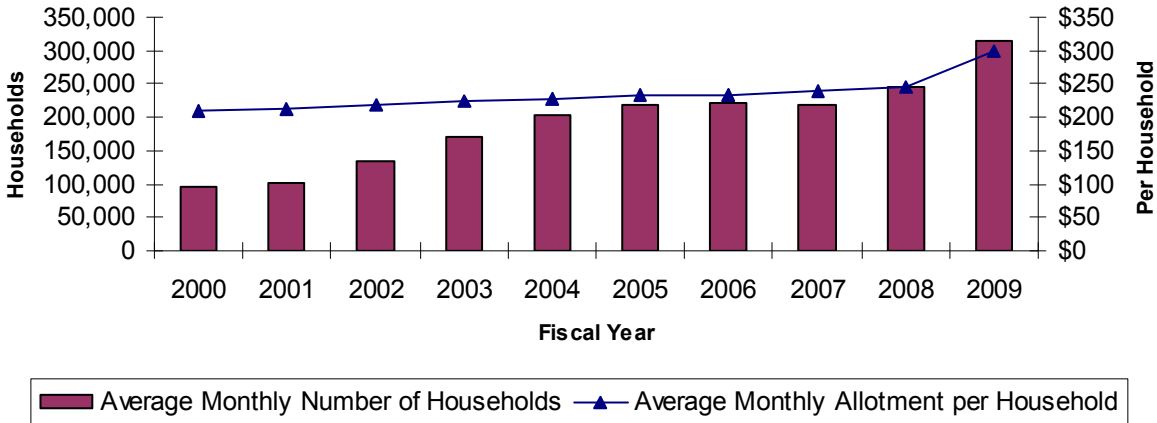


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Supplemental Nutrition Assistance Program (SNAP) Benefit Participants
For Fiscal Years Ended June 30

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
2000	95,238	257,989	208.83	77.09	19,889,001
2001	102,307	277,192	211.04	77.89	21,590,998
2002	134,135	355,722	217.64	82.07	29,193,426
2003	171,247	442,320	223.06	86.36	38,198,140
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	234.3	95.15	52,001,162
2007	218,598	537,072	238.18	97.1	52,150,403
2008	246,767	600,549	244.49	100.44	60,340,187
2009	313,126	779,089	297.65	119.62	93,201,225

Source: The Arizona Department of Economic Security, Family Assistance Administration.

**Supplemental Nutrition Assistance Program (SNAP)
Benefit Participation**

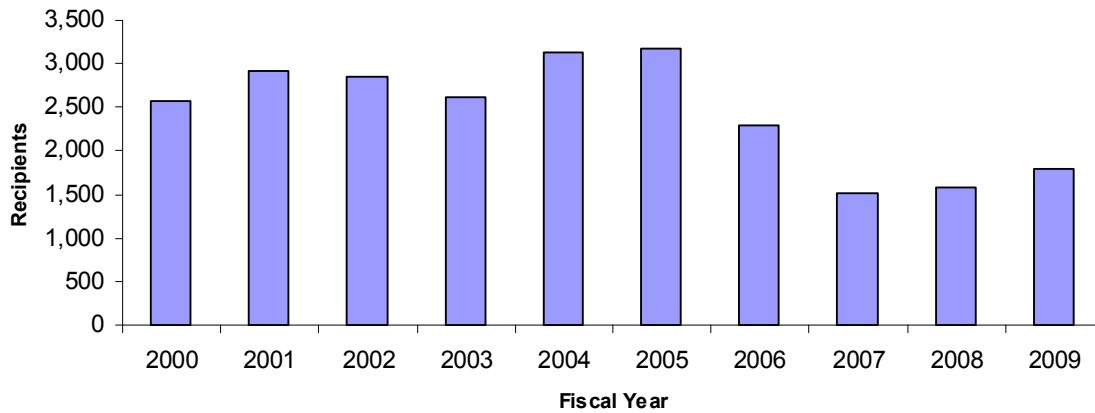


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
General Assistance
For the Fiscal Years Ended June 30

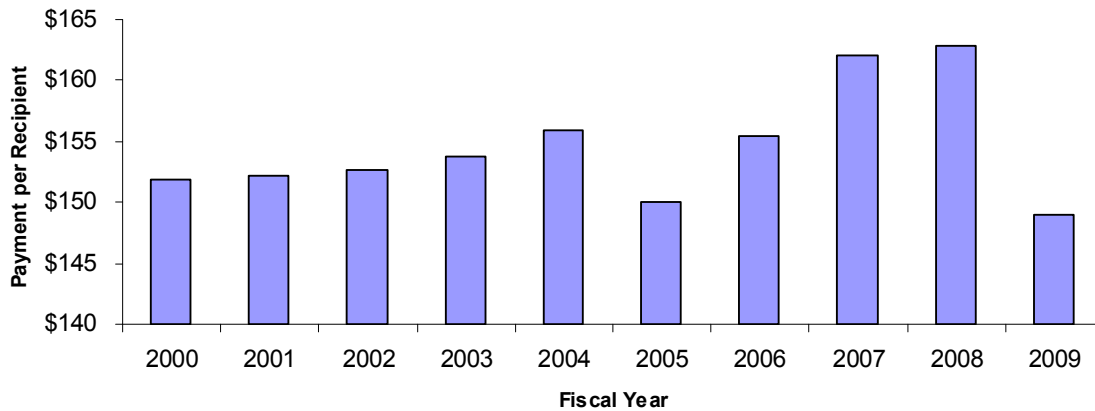
Year	Average Monthly Number of Recipients	Average Monthly Payment Per Recipient	Average Monthly Payments
2000	2,566	151.93	389,855
2001	2,912	152.13	443,007
2002	2,847	152.67	537,348
2003	2,615	153.74	453,103
2004	3,125	155.87	485,900
2005	3,186	150.07	478,188
2006	2,289	155.47	352,987
2007	1,522	162.06	246,590
2008	1,585	162.78	257,960
2009	1,784	149.00	228,707

Source: The Arizona Department of Economic Security, Family Assistance Administration.
 Note: This program was terminated due to budget constraints effective March 2009.

Average Number of Recipients



Average Monthly Payment per Recipient



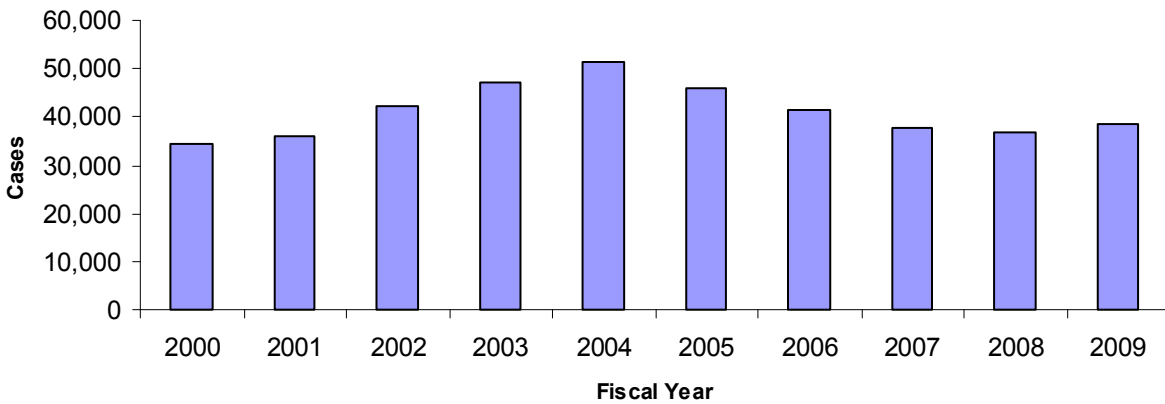
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For the Fiscal Years Ended June 30

Year	Average Monthly Number of Cases	Average Monthly Number of Recipients	Average Monthly Payment Per Case	Average Monthly Payment Per Recipient	Average Monthly Payments
2000	34,211	89,770	283.82	108.16	9,709,791
2001	36,146	93,857	282.66	108.86	10,216,987
2002	42,102	109,547	286.99	110.3	12,082,660
2003	47,298	121,193	282.76	110.35	13,373,618
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	278.6	123.82	11,584,130
2007	37,616	82,408	275.83	125.9	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

Source: The Arizona Department of Economic Security, Family Assistance Administration.

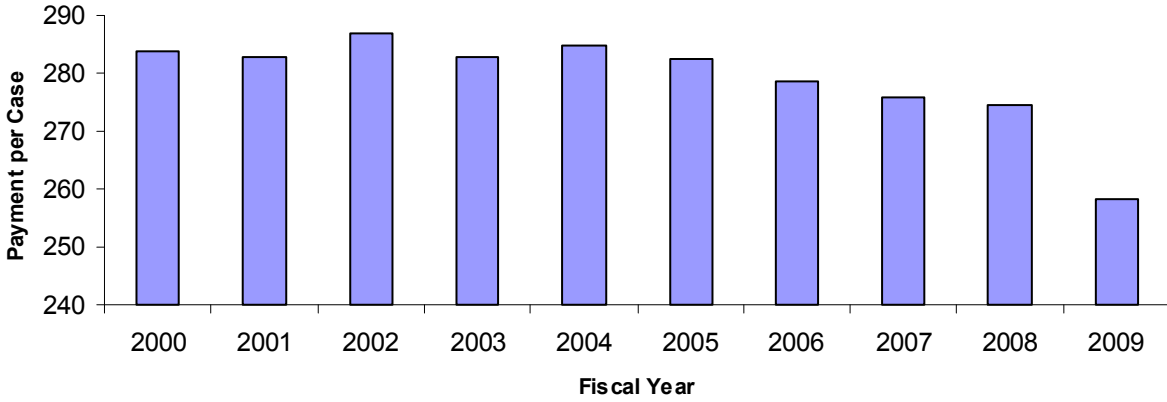
Note: Effective March 2009, monthly Cash Assistance benefits were reduced by 20 percent due to budgetary constraints.

Average Monthly Number of Cases

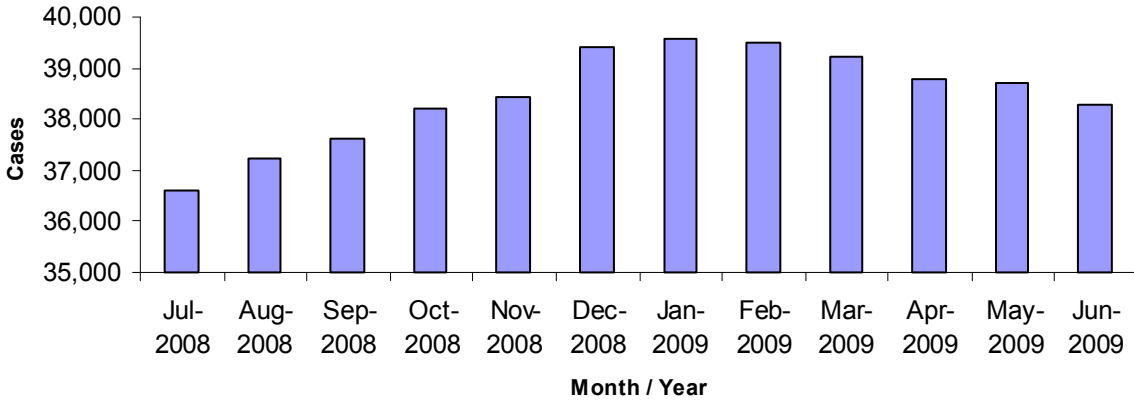


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For the Fiscal Years Ended June 30
(Continued)

Average Monthly Payment per Case



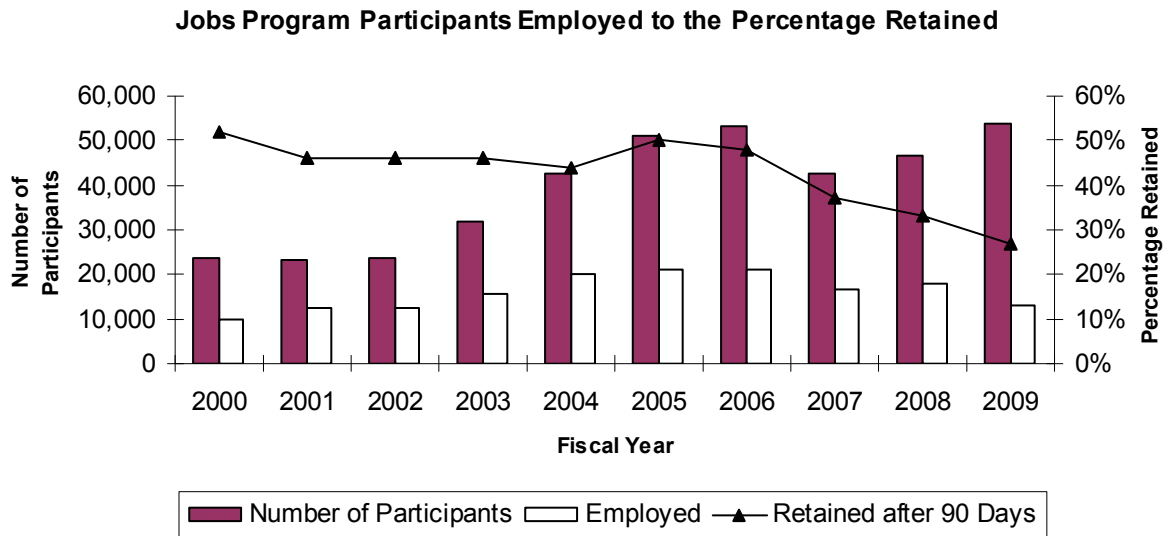
Total Cash Assistance Cases



ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Jobs Program
Comparison of Participants and Participants Employed

Year	Number of Participants	Total Employed	Percentage Retained Employment for At Least 90 Days
2000	23,802	9,950	52%
2001	23,290	12,405	46%
2002	23,818	12,513	46%
2003	32,008	15,490	46%
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%

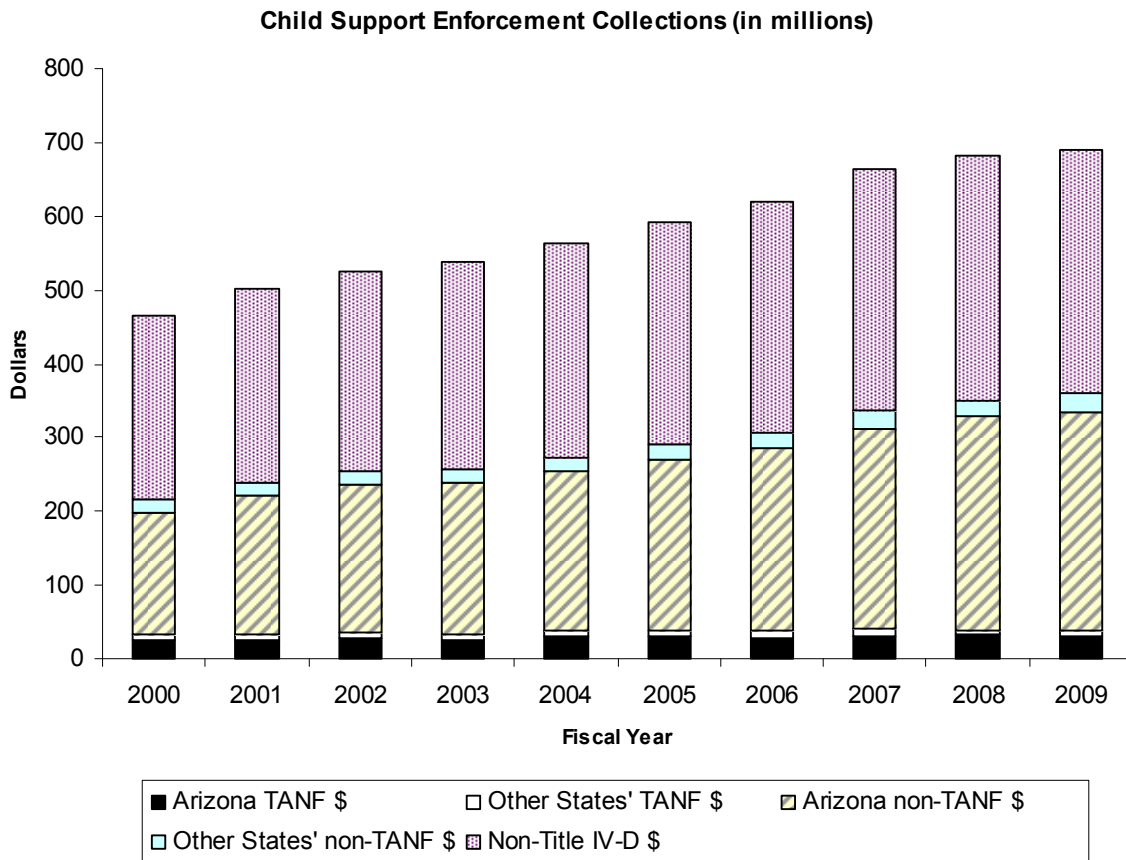
Source: The Arizona Department of Economic Security, Employment Administration.



ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Child Support Enforcement Collections
For the 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
2000	25,100,000	8,212,400	165,356,200	16,248,800	251,380,400	466,297,800
2001	26,106,500	8,538,800	186,167,200	17,225,100	262,336,000	500,373,600
2002	28,407,500	8,193,600	199,834,500	17,659,300	270,510,400	524,605,300
2003	26,262,600	8,267,100	204,043,700	17,981,500	281,660,900	538,215,800
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

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





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Your Partner For A Stronger Arizona

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