



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Annual Report
State Fiscal Year 2010

Janice K. Brewer, Governor



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Janice K. Brewer
Governor

Neal Young
Director

MAR 03 2011

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, 2009, through June 30, 2010, 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 2010. 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 2010, 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. This report provides information about Department initiatives to streamline its service delivery to provide needed services in the most efficient manner.

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,



Mary E. Gill
Interim Director

Enclosure

TABLE OF CONTENTS

Section	Page
1 – Department of Economic Security Overview	1
2 – Trends in Human Services and DES’s Response to the State’s Economic Security Needs	2
3 – Use, Training, and Placement of the Department’s Workforce	5
4 – Children and Family Services Training Program Annual Report	7
5 – State Fiscal Year 2010 Highlights and Accomplishments	16
6 – Economic Conditions and Outlook	22
7 – Statistics	27

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) 2010, DES had approximately 9,100 utilized FTE Positions and operated out of 152 direct-service offices, 16 residential facilities, and 18 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 non-profit, 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 and a range of in-home supports for older Arizonans 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’s Response to the State’s Economic Security Needs

Caseloads and Budget

During SFY 2010, 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. Although there are some beginning indicators of recovery, Arizona and our nation continue to experience the effects of the worst economic downturn since the Great Depression. And, unlike other downturns in recent history, the recovery is expected to be slower and have lingering impacts on families in Arizona for years to come. DES and some of its community partners feel the impacts of this economic decline with dramatic increases in caseloads for core safety net services, such as Unemployment Insurance Benefits, (UI) and Supplemental Nutrition Assistance Program (SNAP), as well as many other emergency and supportive services. At the same time, the state revenues to provide services are limited. People who have never before experienced severe financial difficulties are turning to DES and its community partners for basic assistance for the first time. They need temporary supportive services from the state and their communities to weather the economic downturn.

The recessionary economy that has driven this increased demand has also lowered revenue. For SFY 2010, in response to the \$2.4 billion shortfall in state revenues, Senate Bill 1001 (Laws 2010, Fifth Special Session, Chapter 1) was signed December 23, 2009, and reduced the budget by \$25 million. House Bill 2003 (Laws 2010, Seventh Special Session, Chapter 3) was enacted March 18, 2010, and mandated state furlough days and pay reductions along with targeted reductions totaling more than \$14 million for DES.

During SFY 2010, the Department experienced its highest ever caseloads in critical safety net services such as child care, the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), Medicaid services for which DES determines eligibility, and unemployment insurance (UI) claims. As an example of these increased needs, between July 2009 and June 2010:

- The SNAP caseload increased 23.4 percent, to 450,310 cases;
- The number of individuals enrolled in Medicaid programs for whom the Department determines eligibility, increased 2.8 percent to 1,189,939; and
- At the end of June 2009, the total number of Unemployment Insurance claimants was 127,863, compared with 198,972 claimants at the end of June 2010—a growth of 55 percent.

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

Department Efficiency Strategies

The Department has been finding ways to mitigate the impact of budget reductions by promoting administrative efficiency. Across all aspects of the Department, changes have been made to streamline our organization and run our business more efficiently. Our purpose is to ensure that DES preserves its core services and directs resources to functions that directly support our clients, thereby enhancing the Department's focus on fulfilling its core mission.

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

- 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 Child Protective Services
 - Home recruitment, study, and supervision services for targeted recruitment of potential foster families and of DES-certified family child care homes
 - Child care services through payments to contracted child care providers on behalf of eligible families for services rendered
 - Many financial functions for child support enforcement
 - Debt collection and locate services for collecting past due child support obligations
 - 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
 - Service coordination and therapies for children who are referred to the Arizona Early Intervention Program
- The following business functions are currently being 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, unemployment insurance benefits, and child support
 - Translation and interpretation services
 - Teleconferencing and digital recording of Appellate Services Administration hearings
 - Document management
 - Bank of America lockbox
 - Telephone systems

The Department is also focusing on efficiency efforts not necessarily related to privatization.

- The Division of Developmental Disabilities identified issues with excess residential capacity (vacancies) in its contracted group homes and assigned a Vacancy Task Force to review and identify possible solutions. In February 2010, the task force reviewed excess capacity at each group home, provider by provider in each District, and met with provider representatives to discuss the issues. Since the Vacancy Task Force began, excess group home capacity has been reduced. Efforts continue to increase the impact of this measure.
- The Division of Child Support Enforcement (DCSE) has focuses on performance measures in the areas of paternity establishments, cases with support orders, collections on current support, collections on arrears, and cost efficiency. The dedicated focus increases consistency in assessing case management activities, guide DCSE managers and supervisors in their decision-making activities, and improve 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.

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 and have affected 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. Most of these positions remained unfilled during SFY 2010. In addition, as persons separated from the Department during 2010, many of these vacancies were left unfilled.

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 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 Voice Response systems and expanding its use of imaging and document solutions in order to reduce costs and increase staff efficiency.

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’ talents and fit in the Department, as well as development and training tools that can 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 classification series with the goal of improving retention in child welfare. In another example, the Division of Child Support Enforcement (DCSE), without incurring additional costs, outstationed its trainers to increase their presence within the program. DCSE also continues to expand its Web conference presence and capabilities to provide statewide programmatic training. This training is available to DCSE and Office of the Attorney General staff. Plans are underway to expand the training to contracting partner staff.

Employee Education and Development Opportunities

The number of courses delivered by distance learning increased during SFY 2010 as more Department-wide courses were converted to either computer-based or Web conference platforms, and Division training units began to convert existing training to, and develop new

training in, distance formats. The Department's training component, the Office of Organization and Management Development (OMD), delivers 87 percent of its courses using distance learning.

The Instructional Systems Design (ISD) Certification program mentioned in last year's Annual Report was launched. The ISD Certification is intended to ensure that training developed within DES is tied to business outcomes, and can be demonstrated to be effective. It standardizes instructional design at DES through the use of the most commonly used and widely recognized systematic approach to curriculum development (known by the acronym "ADDIE"). Twelve instructional designers completed the workshop portion of the certification during SFY 2010, and more than 40 additional staff members are currently scheduled to complete the course during SFY 2011.

The availability of non-training development resources has been expanded. The Self-Development Guides mentioned in last year's Annual Report were refined by the inclusion of DES-specific competencies and were made more readily available to staff by launching the Guides through the Your Employee Services (YES) Web site. This also enables the Department to evaluate the use and effectiveness of the Self-Development Guides to determine if the program should be maintained, expanded, or disbanded.

As in SFY 2009, DES maintained training-related relationships with several state agencies. The relationship with the Arizona Learning Center (AzLC) continues, with DES representation through the OMD Program Administrator's membership on the state's training leaders committee hosted by AzLC. OMD also works with ADOA's Information Services Division with regard to the Event Registration and Management Application (ERMA) that is used to launch and track training for contractors, volunteers, and others who work with DES but who are not state employees. OMD has also worked with the Department of Transportation, the Department of Emergency Affairs, and the Fire Marshal's training units regarding the ERMA system.

Web Conferencing

DES has continued to use Web conferencing (DES uses iLinc as its Web conferencing tool) across the agency. Meetings and trainings are now regularly held using iLinc. OMD and Division training units use iLinc in lieu of face-to-face training for synchronous training that cannot feasibly be delivered using asynchronous computer-based-training.

During SFY 2010, iLinc was used in over 1,500 sessions with over 5,300 persons participating. The estimated savings in fuel costs for staff travel related to meetings and training in SFY 2010 is approximately \$250,000.

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 Child Protective Services (CPS) Specialists, Supervisor Core training, Parent Aide Core training, in-service and out-service workshops, specialized training sessions, and advanced training sessions. The CWTI also collaborates with the Division's regions 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 training held statewide in 2008, and Team-Decision-Making and other training related to the statewide implementation of the Family to Family project. In order to better support new staff in the field, the CWTI continues to provide regular refresher training in the CHILDS computerized case management system and offers refresher training in the CSA-SRA-CP process as well. The Department also collaborates with its university partners to create and provide alternative forms for delivery of training, including online, iLinc (Web), and computer-based training.

Case Manager Core

Case Manager Core (initial in-service training for CPS Specialists) is provided by the CWTI and includes a combination of classroom instruction and field practice experience. Case Manager Core training comprises training and learning activities for functions that are essential to performance of CPS job duties. Case Manager Core includes extensive content on agency policies and procedures, 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 first component of Case Manager Core requires the trainees to attend six weeks of classroom training. The initial two weeks 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 and staffing, CHILDS, legal issues, DCYF policy and procedures, behavioral health, child placement, permanency planning, kinship care for children, substance abuse, and domestic violence.

Case Manager Core training includes comprehensive training in the Division's automated case management system, 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. As new migration occurs within the CHILDS system, the CWTI provides field staff and Core trainees with user guides and training as necessary.

Field Training

The Case Manager Core training incorporates a practical, hands-on instructional style through field training. Field training exercises provide an opportunity for new case managers to apply the knowledge and skills learned in the classroom. Field training officers, who ensure 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.

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. If time allows, new CPS Specialists also shadow seasoned staff 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 CPS Specialists 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 15 more weeks. During this Post-Core phase, training is facilitated by both the field training officer and unit supervisor to enhance the trainee's skills.

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 ("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 12-month period. The Supervisor Core, updated in 2010, includes Departmental requirements provided by the Arizona Learning Center and the Department's Office of Management and Development as well as 11 days of coursework offered by the CWTI.

The CWTI modules include: Supervision, Electronic Information Systems, Legal and Policy for Supervisors, Child Safety Assessment/Strengths and Risk Assessment/Case-Planning Process (CSA/SRA/CP) for Supervisors, Administrative Supervision, Educational Supervision, Supportive Supervision and Clinical Supervision.

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. The training is also provided to CPS Case Aides. Case Aides are employed by the Division to assist CPS Specialists in the provision of services to the family, such as transportation to visits and appointments as well as supervising visitation with children and their parents. 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 was thoroughly reviewed, augmented, and updated during SFY 2010, and modules for new Case Aides began in the fall of 2010.

Non-Core CHILDS Training Requests

CHILDS training provides instruction on navigating the CHILDS computer-based case management system. The training sessions 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 iLinc license. An average of 800 such individuals per year have been trained from 2004 – 2010.

Workshops and Advanced Trainings

Workshops and advanced trainings are offered annually for all Division staff. Topics available include mental health, psychotropic medications, methamphetamines, 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 each 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 training are further discussed in the five-year Training Plan Objectives.

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

- The Summer Institute, sponsored by the Division of Behavioral Health Services; and
- The Inter-Tribal Indian Child Welfare Conference, sponsored by the Inter-Tribal Council of Arizona, Inc.

Specialized Training Programs and Audiences

In addition to all of the Division's newly hired and existing staff, various and diverse audiences benefit from the Department's Staff Development and Training Program. 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 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.

Other examples of specialized trainings include:

- Childhelp USA partners 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 expenses associated with the training 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 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 child welfare practice. Assistant Attorneys General provide training to staff and external partners through Case Manager Core, Supervisor Core, and other specialized training. 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.

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 child welfare practice. Assistant Attorneys General provide training to staff and external partners through Case Manager Core, Supervisor Core, and other specialized training. 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

The Department continues to provide training to foster and adoptive home recruitment contract providers in the “Partnering for Safety and Permanence: Model Approach to Partnerships in Parenting” (PS-MAPP) curriculum. The contract providers provide the PS-MAPP training as pre-service training to prospective resource parents. This process ensures that the training curriculum provided to prospective resource parents is consistent throughout the state. PS-MAPP is a 30-hour group session program of 10 meetings over 10 weeks. Potential resource parents who cannot attend a group session can be prepared using the “PS Deciding Together” (PS-DT) one-to-one program. 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 on 12 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 that 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 enjoys a reciprocally productive relationship with Arizona State University (ASU). Activities of the partnership are focused on garnering the expertise of ASU staff in providing education and training to Division staff and of recruitment of new staff through and from ASU's social work education programs.

- In SFY 2010, Division staff began to work with ASU to develop a Master of Social Work (MSW) part-time program of study to be made available to full-time Division staff in Maricopa and Pinal counties at no cost to the staff members, using Title IV-E education and training funds. Collaboration on this program continues, and it is intended that the program will be accepting its first candidates in the fall of 2011. Successful implementation of this program would lead to several MSW-level employees being added to the Division workforce each cycle of program operation.
- In SFY 2010, Division and ASU staff began a process of investigating the possibility of developing and making available a part-time hybrid Bachelor of Social Work program of study for Division staff who are full time employees at no cost to the employees through the use of Title IV-E education and training funds. The hybrid aspect of this program would make it possible for staff even in rural parts of Arizona to be able to participate in this educational opportunity since the requirements could be completed in some combination of local, computer, and infrequent in-person methods of class completion. Investigation of this possibility is at its early stages and much remains to be done in terms of determining its feasibility.
- Both the ASU Child Welfare Training Project and the Division 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., 12 months or two years). In SFY 2010, a BSW student unit was created in the Division's southwestern region. The total number of BSW students participating in the stipend student program as of June 30, 2010, was 16, with 6 having graduated in May 2010. The total number of MSW students participating

in the stipend student program as of June 30, 2010, was 30, with 26 having graduated in May 2010. All graduates were hired by the Division.

Evaluation: Measures of Effectiveness

All Cores and other training programs are continually evaluated and revised to ensure that Division staff and others are provided with the skills necessary to help children and families 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, after each Supervisor Core class, and after every ad-hoc training has been provided, trainees complete evaluation forms to give their suggestions for improving the training content and 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. During SFY 2010, the CWTI converted this evaluation system to online 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, the results 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 online delivery and tabulation.
- The Division's Quality Improvement System (and its related case record review process, which is 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 on the federal Child and Family Services Review, which is the national child welfare review and monitoring process. This process includes a random selection and review of cases within each of the Division's geographic areas and provides a mechanism for feedback to direct service staff, identification of systemic issues and training needs, and individual Professional Skill Building Plans. The case record review process assists the Division's CWTI in determining the effectiveness of training and identifying areas requiring additional training.
- The CWTI hosts the Training Advisory Committee, which comprises CWTI staff, experienced CPS supervisors and other field staff, Regional Practice Improvement Specialists, policy experts, foster care providers, birth parents, representatives from the Attorney General's Office, 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. As DCYF creates more online training resources, this committee reviews and makes recommendations about the best format for delivery of trainings in order to ensure their effectiveness. The 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 to 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 it helps develop further partnerships in the provision of training to newly hired CPS Specialists and CPS Unit 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. During SFY 2010, this group has worked together to create quarterly child welfare practice tips to assist staff in their work.
- 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 feels 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

In keeping with the Department's efforts to streamline training and delivery of information to all staff, DCYF in SFY 2010 greatly expanded its creation and delivery of computer-based training modules. Using 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. The CWTI-ASU Web site now offers over 30 online modules—some mandatory, some elective—that are available to all staff and, when requested, to interested community stakeholders. This university partnering has also enabled the CWTI to use Captivate software to provide brief tutorials on changes in the CHILDS case management system. The Web site also makes handouts and other resources readily available to staff in their field offices, and they can be viewed or printed as needed.

The Division also has acquired a license and continues to use the Web-conferencing tool iLinc. The CWTI is beginning work on creating online tutorials and trainings, with follow-up group discussion using iLinc. In addition, as DES increases the capabilities of its intranet, the CWTI plans to have more tutorials, training tips, and references available for providing online 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 online, or partially online, partially iLinc, to improve delivery in rural areas and also to reduce time and travel for staff. During SFY 2009 and SFY 2010, a great deal of legislation was enacted that has direct effect on the practice of child welfare. To ensure that all staff received that important information, the CWTI delivered training to all existing staff by means of iLinc or online computer-based training on the ASU-CWTI Web site. All new hires receive training on legislative and policy changes to child welfare practice through their Case Manager Core and/or Supervisor Core

Section 5 – State Fiscal Year 2010 Highlights and Accomplishments

The following describes selected agency accomplishments during SFY 2010 in accordance with each of the agency's three goals:

Strengthen Individuals and Families

- The Division of Children, Youth and Families (DCYF) received a federal funding grant from October 2007 through September 2010 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, in conjunction with 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. The AFF Parent to Parent Recovery Program provides enhanced AFF services through the assignment of a trained recovery coach to individuals who are successfully recovering from a substance abuse disorder and who have effectively been reunited with their children through the child welfare system. Parent to Parent recovery coaches assist clients with navigation of the child welfare system. A total of 688 individuals have been served. This program reduced the amount of days it took for parents to engage in services and be assessed (median 4 days), as compared with those who were not assigned to a recovery coach (median 13 days). TERROS has successfully transitioned the program into the AFF model, thus sustaining the program and better serving Arizona children and families in Maricopa County.
- Adoptions of foster children continue to increase, resulting in a bonus from the federal Department of Health and Human Services. In SFY 2010, over 2,000 adoptions, including 91 for children with special developmental needs, were finalized. Arizona received a \$584,582 incentive for its success in adoption placements.
- The Division of Aging and Adult Services (DAAS) provides many services to the community. As part of the Older Americans Act Nutrition Program, 1,805,000 home-delivered meals and 1,543,555 congregate meals were served in SFY 2010.
- During SFY 2010, Arizona emergency domestic violence shelters contracting with the Department of Economic Security provided more than 340,000 nights of safety, resulting in 9,280 women and children finding safe refuge.
- In SFY 2010, the Department contracted with 34 providers of services to the homeless throughout the state for emergency crisis shelter and transitional housing services. During SFY 2010, the number of individuals housed by emergency shelters was 14,814, and the total number of individuals housed by transitional programs was 1,871, for a total of 16,685. Of those, 72 percent served were in Maricopa County, 17 percent were in Pima County, and 11 percent were in the balance of state.
- 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. During this past year, 139 contacts (one-on-one counseling sessions) were made.

- The State Health Insurance Assistance Program (SHIP) is a health benefits counseling session to discuss fraud, errors and/or abuse, and 11,165 individuals attended educational sessions.
- 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 610,000 caregivers in Arizona, families are the major provider of long-term care, but research has shown that care giving exacts a heavy emotional, physical, and financial toll. In SFY 2010, the FCSP served 22,267 caregivers with support services, including respite care, support groups, stress management training, and other supplemental services that complement the care of the caregiver.
- Non-medical Home- and Community-Based Services provide the necessary support services to help individuals remain in their homes and communities. In SFY 2010, DES provided services such as personal care to 16,547 older adults in order help maintain their independence and avoid premature and costly institutionalization.
- In SFY 2010, DES received 6,488 allegations of abuse, neglect, and exploitation of vulnerable adults. Allegations investigated showed reports of abuse at 26 percent, neglect at 75 percent, and exploitation at 28 percent (a case may have multiple allegations). All allegations of abuse, neglect, and exploitation were investigated. Staff also provided the needed resources and protective services in a timely manner.
- This year, 804 veterans were served during the Arizona StandDown, a weekend-long event held at the Arizona State fairgrounds, with over 700 volunteers offering former servicemen and women an array of services, including medical and dental care, legal counseling, and job and housing opportunities. This is the largest number of veterans served in a single weekend. Nearly half of the veterans served were chronically homeless and 57 percent of the veterans reported having no income. Nearly 30 percent of the veterans currently live on the streets or in shelters, while 33 percent reported living in transitional housing. Only 11 percent of the veterans who attended were currently employed. DES 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 providing information on how to upgrade discharge statuses.

Increase Self-Sufficiency

- In December 2008, the DES Division of Benefits and Medical Eligibility (DBME) piloted the use of an Internet application called Health-e-Arizona 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 meet 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 using Health-e-Arizona, and, by the end of SFY 2009, 49,174 applications had been submitted. During SFY 2010, 333,892 applications were submitted using Health-e-Arizona. Surveys of customers who have used Health-e-Arizona show that the majority of people completed the Internet application in their home and that the next highest percentage of customers completed

their application in a friend's or relative's home.

The www.AZDES.gov/MyFamilyBenefits participant Web site was created in 2009 and completed in 2010. Department staff promote this Web site by informing persons who have recently applied for, or are currently receiving, financial assistance benefits to visit the site. Participants are able to create a personal and secure account that will allow them to perform or complete the following online:

- View scheduled appointment information.
 - View the status of an application.
 - View program benefit and eligibility status information.
 - Report the following changes online:
 - New persons in the home who may need to be added to a case.
 - Information about participants in a case, such as marital status, pregnancy status, hospitalization, death, U.S. citizenship, whether someone has moved out, etc.
 - Home and mailing address, telephone number(s), or e-mail address.
 - Housing and shelter expenses.
 - Utility expenses.
 - Employer or wage information.
 - Other money received.
 - Child care expenses.
 - Other changes the participant wants to report.
 - Respond to the opportunity to register to vote, for specific reported changes.
 - Print the MyFamilyBenefits Change Report to be used as a fax cover sheet in order to fax verification documents to the Department record management system, OnBase.
 - View a history of Change Reports submitted through MyFamilyBenefits.
 - View a help screen for answers to participant's questions.
 - Complete a survey about the participant's experience using MyFamilyBenefits.
 - View and use MyFamilyBenefits in English or Spanish.
-
- The Refugee Resettlement Program provides, under direct contracts with voluntary agencies, long-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 2010, a total of 1,077 refugees entered employment through this program compared to 858 in SFY 2009.
 - Each year, the National United Cerebral Palsy Association conducts and publishes a study called "The Case for Inclusion," which analyses the provision of Medicaid services for Americans with intellectual and developmental disabilities across the country. The Division of Developmental Disabilities (DDD) ranked number one in this year's report, up from number two last year. While different reports measure quality in various ways, this particular study looked at several factors in Medicaid for each state, such as the: degree to which services are community-based, the percent of people in small homes versus larger homes, the level of family support (such as people receiving Home- and Community-Based Services (HCBS) in the family home), the percent of people living in the family home, quality assurance programs, and the percentage of individuals in

competitive employment. The Division did particularly well in the area of family support; people living in the family home; the percentage of funding spent in the community; the number of small homes; participation in National Core Indicators surveys, and the small percentage of people waiting for services.

- 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 adjustment services and has improved the communication and partnering among individuals with a visual impairment, providers and staff. Currently, the five contracts have two major program categories, Adult and Transition. The programs provide the normal blind rehabilitation adjustment services, which 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 Comprehensive Blindness Transition Pilot Program for students with the primary disability of blindness began June 2010. Twenty-eight participating high school students received comprehensive adjustment services from two providers: the Colorado Center for the Blind and the Southern Arizona Association for the Visually Impaired. The comprehensive adjustment programs include training in mobility, communication, personal and home management, the use of assistive technology, and self-advocacy necessary for successful transition to the world of work. In addition to the 28 high school students attending the comprehensive adjustment programs, six 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.
- The Rehabilitation Services Administration Business Enterprise Program has been very successful in expanding merchandising business operations by licensing blind vendors. DES has surveyed state prison centers and has identified locations where licensed blind vendors properly and satisfactorily may operate merchandising business, including vending machine businesses. July 29, 2010 marked the installation completion for 11 state prison facilities for the Business Enterprise Program.
- The Appellate Services Administration (ASA) conducts administrative hearings and reviews for numerous Department programs, including unemployment insurance. Appeals for the unemployment insurance program were of particular importance this year due to the recession. Unemployment benefits assist workers to conduct a work search, find employment and achieve self-sufficiency. Despite an 86 percent annual increase in the unemployment insurance appeals workload, the ASA met all Department of Labor standards for timeliness and appeals quality. As of June 2010, ASA was ranked 11th nationally for decision timeliness and 11th for average case age of the pending workload.

- Beginning July 1, 2010, encouraged by the Governor’s initiative, the Office of Special Investigations established and staffed a new Trafficking Detection Unit. The unit consists of three certified police officers and one administrative assistant responsible for client Supplemental Nutrition Assistance Program (formerly known as food stamps) trafficking. In addition, the unit works cooperatively with the U.S. Department of Agriculture and other law enforcement agencies to curtail client and merchant violations. The goal of this unit is to detect, investigate, and prosecute cases involving the Supplemental Nutrition Assistance Program. Trafficking is defined as selling or trading SNAP benefits. This unit/program is one of the first of its kind in the United States. Because of the Governor’s support and foresight, Arizona is on the leading edge of this ever growing epidemic.
- At various times during SFY 2010, the Department’s Division of Child Support Enforcement (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 its Project to Avoid Increasing Delinquencies (PAID) Web site. The PAID initiative is a partnership between the states and OCSE with the objective of identifying and communicating strategies across the county that have an impact on increasing collection of current support and preventing and reducing arrears. DCSE was also invited to present information regarding their processes on a federal initiative, Interstate Case Reconciliation, at the PAID Large Urban Jurisdiction Meeting.

Collaborate with Communities to Increase Capacity

- DES provides staffing and technical assistance to Governor Brewer’s ArizonaSERVES Task Force and Web site. The purpose of ArizonaSERVES—Arizona Serving, Engaging, Responding, Volunteering, Encouraging and Supporting—is to connect the resources of faith-based and non-profit organizations to the needs of Arizona’s most vulnerable citizens. Arizona is currently facing unprecedented economic conditions that are having a significant impact on the lives of many citizens, businesses, and service providers across the state. Faith-based and non-profit organizations have continually demonstrated a commitment to serving Arizona’s children, adults, and families. During these challenging times, it is critical that partnerships with faith-based and non-profit organizations are strengthened to ensure that our shared resources are creatively and effectively utilized.
- DES partners with faith-based organizations 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. DES provides staffing resources for the Arizona Council on Faith-Based and Community Initiatives. The council is dedicated to engaging and mobilizing all faith communities to improve the quality of life for our most vulnerable and impoverished people through a statewide, action-oriented collaboration of faith-based, community, and governmental organizations.

- All around the state, people meet regularly to discuss the quality of life for residents within their communities—especially for their neighbors who need a helping hand today or every day. These community network teams identify gaps in local human services and work to focus all available resources on eliminating those gaps. Ending hunger, poverty, and violence or improving transportation, health care, child safety, or career training are just a few of the issues the groups work collaboratively to resolve. CommunityConnect, an e-newsletter for community leaders and community members across Arizona that is produced by DES, 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 7,000 Arizonans.
- DES convenes statewide 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; 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 2010.

Section 6 – Economic Conditions and Outlook¹

In the Arizona Department of Commerce Forecast for October 2010, Arizona's Non-farm job losses have been reported at 25,700 or 1.1 percent. Earlier forecasts put the losses at 50,400 or 2.1 percent. Some of the factors that contributed to the reduced losses include:

- Federal government economic stimulus program spending that began in 2009.
- Continued employment gains in the Education and Health Services sector.
- Improved job growth in Professional and Business Services; Trade, Transportation and Utilities; Leisure and Hospitality; and Natural Resources and Mining sectors.
- Stronger than originally anticipated economic growth in the rest of the world.

However, for 2011, Arizona's Non-farm job growth has been revised downward to 16,500 or 0.7 percent from 23,100 or 1.0 percent, which was forecasted earlier. Although the decline in spending from federal government economic stimulus programs was expected, reasons for this revision include but are not limited to:

- The lackluster growth in the Private sector as observed by the two indicators of business and consumer spending.
- Large state and local budget deficits.
- Slowdown in population growth.
- Limited consumer and small business lending by banks.

These factors would limit Non-farm job growth in the overall economy. The current set of problems inhibiting growth in the economy is expected to continue through 2011. These problems include high levels of unemployment, large debt loads, reduced income and wealth, weak housing and commercial real estate markets, rising health care costs, and budget deficits in state and local governments. Also, the U.S. Gross Domestic Product (GDP) figures in 2010 have shown a slowing trend of economic growth, and Arizona's personal income figures have demonstrated near historic lows in over-the-year growth.

In the national economy, the ending of specific federal stimulus programs caused further slowing of economic growth. For example, recent expiration of federal tax credits for home purchases contributed to a large reduction in home sales across the country. In 2009, the end of the "cash for clunkers" new automobile incentive purchase program resulted in a reduction in motor vehicle sales and production.

Arizona Industry Employment Projections

The sectors that are forecast to gain the most jobs from 2009 to 2011 include:

- Education and Health Services (14,500 jobs, or 4.4 percent).
- Professional and Business Services (8,500 jobs, or 2.5 percent).
- Trade, Transportation, and Utilities.

¹ Arizona Department of Commerce, Research Administration, Forecast Update, October 21, 2010

The sectors with the greatest forecast employment reductions from 2009 to 2011 include:

- Government (15,400 jobs, or 3.6 percent).
- Construction (13,100 jobs, or 10.2 percent).
- Financial Activities (8,000 jobs, or 4.8 percent).

In 2010, job losses in Professional and Business Services are forecast to total 1,100 or .03 percent as a result of the overall weakness in the Arizona economy. However, the employment growth is projected to return in 2011 with an increase of 9,600 jobs or 2.8 percent. In 2010, the forecast number of job gains in Educational and Health Services is 8,400 or 2.6 percent. These projected gains are less in 2011 (6,100, or 1.8 percent).

In 2010, projected job gains in Trade, Transportation, and Utilities are 2,700, or 0.6 percent. These gains increase to 3,100 jobs or 0.6 percent in 2011. In 2010, the Construction sector is expected to lose 15,200 jobs or -11.8 percent. However, in 2011, Construction is expected to gain 2,100 jobs or 1.8 percent. In 2010, forecast growth in employment for Leisure and Hospitality is 1,100 jobs, or 0.4 percent. These job gains are projected to increase to 2,100 or 0.8 percent for 2011. Manufacturing sector employment levels are forecast to have a decrease of 4,600 jobs or 3.0 percent in 2010. However, employment gains are projected for Manufacturing in 2011 with an increase of 1,900 jobs or 1.3 percent because of expansion of economic activity in the state, nation, and the rest of the world.

In 2010, projected job losses in Other Services sector total 2,000 or 2.1 percent and in 2011 a gain of 1,800 or 2.0 percent is expected. In 2010, the forecast growth in Natural Resources and Mining employment is an increase of 200 jobs or 1.8 percent. These projected gains increase to 1,400 jobs or 13.2 percent for 2011. In 2010, job losses in Financial Activities sector are forecast to total 5,300 or 3.2 percent. These projected reductions in employment decline for 2011 to 2,600 or 1.6 percent. In 2010, forecast reductions in Government employment are 7,500 jobs or 1.8 percent. These projected losses will increase in 2011 to 7,900 jobs or 1.9 percent. In 2010, employment reductions in Information sector are projected to number 2,500 or 6.4 percent. These forecast job losses decrease to 1,100 or 2.9 percent in 2011.

Industry Forecast by Sector 2009–2011

Educational and Health Services – Educational and Health Services is the sector with the largest projected job gains for the 2009 to 2011 forecast time period (14,500 jobs, or 4.4 percent). During the most recent economic downturn, Educational and Health Services is one of the few sectors in the Arizona economy with employment growth. Fewer employment opportunities during a recession persuade many people to return to school to upgrade skills and enhance their knowledge to be better prepared for greater employment opportunities that become available when the economy begins to recover. As part of the economic stimulus program, the federal government has provided more resources to support Educational and Health Services. An increasing elderly population continues to bolster demand for health care services in the state of Arizona. In addition, high levels of unemployment have created greater demand for social assistance services. The subsectors with most rapid pace of projected job growth are health care and social assistance followed by private educational services.

Professional and Business Services – Projected increases in employment for Professional and Business Services from 2009 to 2011 are 8,500, or 2.5 percent. These gains are a consequence of an observed and anticipated overall improvement in the economy. Businesses are motivated to hire contingent labor during the beginning, uncertain stages of an economic recovery as a cost savings measure. The subsectors with the largest forecast gains include: professional and technical services, employment services, and services to buildings and dwellings. Subsectors with projected job losses are management of companies and enterprises and business support services.

Trade, Transportation and Utilities – Job gains of 5,800 or 1.2 percent are forecast in Trade, Transportation and Utilities from 2009 to 2011.

Trade: Wholesale and retail trade are the subsectors with the largest projected increase in employment. The largest forecast employment increases in retail trade are in the discount outlet and superstore subsectors. Though we are observing a start of an employment increase in retail, slow growth in consumer spending continues to persist. High levels of unemployment, large debt loads, reduced wealth and income, have caused the forecast job growth in retail trade to be limited. Because of a weaker economy and future uncertainty, consumers are reducing debt and increasing personal savings. However, debt reduction and increased savings are limiting economic growth because less money is available for the purchase of goods and services.

Transportation, warehousing and utilities: Job losses are projected in the subsectors of transportation, warehousing and utilities. Energy conservation and generation projects through the federal government stimulus programs are bolstering employment in the utilities subsectors.

Leisure and Hospitality – In Leisure and Hospitality, growth of 3,100 jobs or 1.2 percent is forecast during the 2009 to 2011 time frame. Besides improvements in the overall national and state economies, economic growth in the rest of the world is projected to increase foreign travel and tourism spending in the state of Arizona. Food services and drinking places is the subsector with largest amount of projected job gains. However, job losses are forecast in the subsectors of art, entertainment and recreation and accommodation.

Natural Resources and Mining – Forecast is for a growth of 1,600 jobs or 14.3 percent in Natural Resources and Mining during the 2009 to 2011 projections time period. A majority of these projected job gains are in the subsectors of metal ore mining because of the expansion of economic activity and industrial output in the U.S. and the rest of the world, increasing the demand for metallic mineral ores such as copper and molybdenum that are mined in Arizona. The forecast rate of growth is high despite the relatively small number of projected job gains because of the comparatively small base of employment in this sector, 11,100 jobs in 2009.

Government – Government is the sector with the largest forecast job losses at 15,400 or 3.6 percent during the 2009 to 2011 projections time frame.

Federal Government: Employment reductions in the federal government are forecast to be the result of the layoffs of temporary Census 2010 workers.

State and local government: State and local government projected reductions in employment are the result of the ongoing budget deficit crisis. These reductions at the state and local level are forecast to increase in 2011 as a result of reduced spending expected from the federal government economic stimulus programs. In contrast, we might observe lower losses if the federal government appropriates additional funds to assist state and local governments with their programs. However, the level of potential additional federal support after the end of the stimulus programs remains uncertain. The negative impacts of layoffs and spending reductions of state and local governments on their economies are less ambiguous.

Construction – In Construction, job losses of 13,100 or 10.2 percent are forecast for 2009 to 2011. These losses are forecast across all subsectors and are the result of continued problems in the housing and commercial real estate markets. Indicators of problems in these real estate markets include high rates of mortgage foreclosures and delinquency, low home prices, large amounts of unsold home inventories, abandoned commercial projects, bank failures, high vacancy rates for commercial properties, declining commercial property rents, low volume of home sales, and low levels of new construction permits. Employment reductions in Construction for 2010 are projected to number 15,200 jobs or 11.8 percent. Despite indicators of weakness in the overall Construction industry, signs of improvement are beginning to appear in real estate markets with reductions in mortgage foreclosure rates, declines in the amount of unsold home inventories, and stabilization in home prices. In addition, infrastructure expansion and improvement projects with a high proportion of support from the federal government are forecast to slightly boost Construction employment in 2011 across all subsectors. Examples of these infrastructure projects include roads, highways, bridges, and public mass transit. In 2011, projected gains in Construction employment are 2,100 jobs or 1.8 percent.

Financial Activities – Financial Activities is forecast to have job losses totaling 8,000 or 4.8 percent from 2009 to 2011. Constrained spending, increased savings, and debt reduction by consumers and businesses in a weak economy is projected to result in employment reductions for most subsectors in Financial Activities. Continued problems in housing and commercial real estate markets also are anticipated to provide no assistance to job growth in the Financial Activities sector. Securities, commodity contracts and investments is the only subsector to have projected employment increases.

Information – Employment levels in Information are forecast to have a decrease of 3,600 jobs or 9.1 percent during the 2009 to 2011 time period. Job losses persist as a result of continued consolidation, technological changes, shifts in consumer preferences, and constrained growth in consumer and business spending. An example of all of these factors working together and resulting in employment losses is the shift of consumer video rentals from local area brick and mortar retail outlets to vending machines, mail order and return, and internet Web sites.

Manufacturing – Job reductions in Manufacturing are forecast to total 2,600 jobs or 1.7 percent over the 2009 to 2011 time window. The Manufacturing subsectors forecast to have the largest job losses are directly involved with construction such as fabricated metals. Because of proposed reductions in federal military spending, the subsector of aerospace products and parts is also projected to have reductions in employment. Rapid pace of economic growth is not expected to result in fast rates of employment expansion in manufacturing. We continue to

observe relatively large proportion of unused production capacity in terms of production lines and machines within factories. Also, increasingly, high level of labor productivity is expected. In other words, most manufacturing firms are expected to increase output without hiring many additional workers. Existing employees can start up idle production lines and other equipment while working at a faster pace.

Other Services – Job losses in Other Services are projected to be the smallest of all sectors in the Arizona economy from 2009 to 2011 with a decrease of 100 jobs or 0.1 percent. Projected employment reductions are small as a result of a gradually improving economy and increased demand for repair and refurbishment services in contrast to the purchase of new items as a cost savings measure.

Conclusion

Impetus provided by the federal government economic stimulus programs and improved private sector employment observed domestically helped reduce projected losses in Arizona's Non-farm employment in 2010 to 25,700 or 1.1 percent compared to previous forecast of 50,400 or 2.1 percent. In contrast, in 2011, the anticipated winding down of the federal government economic stimulus programs, lackluster growth in consumer and business spending currently observed within the private sector, low population growth, limited consumer and small business lending by banks, and deficits in the state and local budget have decreased the amount of projected gains in Arizona's Non-farm employment. As a result, projected gains are 16,500 or 0.7 percent compared to 23,100 or 1.0 percent forecasted previously.

Gains in five sectors and losses in six sectors are expected over the two-year period (2009 to 2011). The major sectors in the Arizona economy where job gains are forecast include Educational and Health Services; Professional and Business Services; Trade, Transportation and Utilities; Leisure and Hospitality; and Natural Resources and Mining. Sectors with projected job losses during the same time period include Government; Construction; Financial Activities; Information; Manufacturing; and Other Services.

When gains and losses are examined across sectors, the 2010 forecast calls for a net loss of 25,800 jobs or -1.1 percent for Arizona with only four out of eleven sectors gaining jobs. The four sectors forecasted to gain are: Educational and Health Services; Trade Transportation, and Utilities; Leisure and Hospitality; and Natural Resources and Mining.

When gains and losses are examined across geographies, the 2010 forecast shows Phoenix Metropolitan Statistical Area (MSA), Tucson MSA, and Balance of State all losing jobs. Even though the projected rate of job growth was reduced for 2011, all regions are forecast to gain jobs, with Phoenix MSA gaining at a slightly higher rate than the other two areas.

Section 7 – Statistics

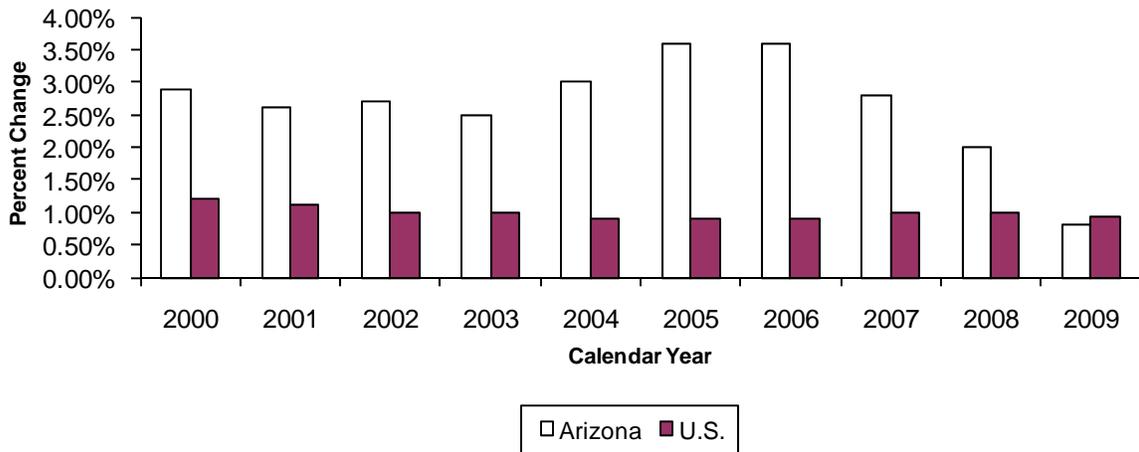
ARIZONA DEPARTMENT OF ECONOMIC SECURITY Comparison between Arizona and United States Population For Calendar Years Ended December 31 (2009 is the most recent data available)

Year	Arizona Population	United States Population	Percentage Change In Arizona Population	Percentage Change in U.S. Population
2000	5,167,260	282,194,308	2.90 percent	1.10 percent
2001	5,301,097	285,112,030	2.60 percent	1.00 percent
2002	5,444,881	287,888,021	2.70 percent	1.00 percent
2003	5,579,307	290,447,644	2.50 percent	0.90 percent
2004	5,744,367	293,191,511	3.00 percent	0.90 percent
2005	5,952,083	295,895,897	3.60 percent	0.90 percent
2006	6,165,689	298,754,819	3.60 percent	1.00 percent
2007	6,338,755	301,621,157	2.80 percent	1.00 percent
2008	6,629,455	304,059,724	1.99 percent	0.92 percent
2009	6,683,129	307,006,550	0.80 percent	0.90 percent

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

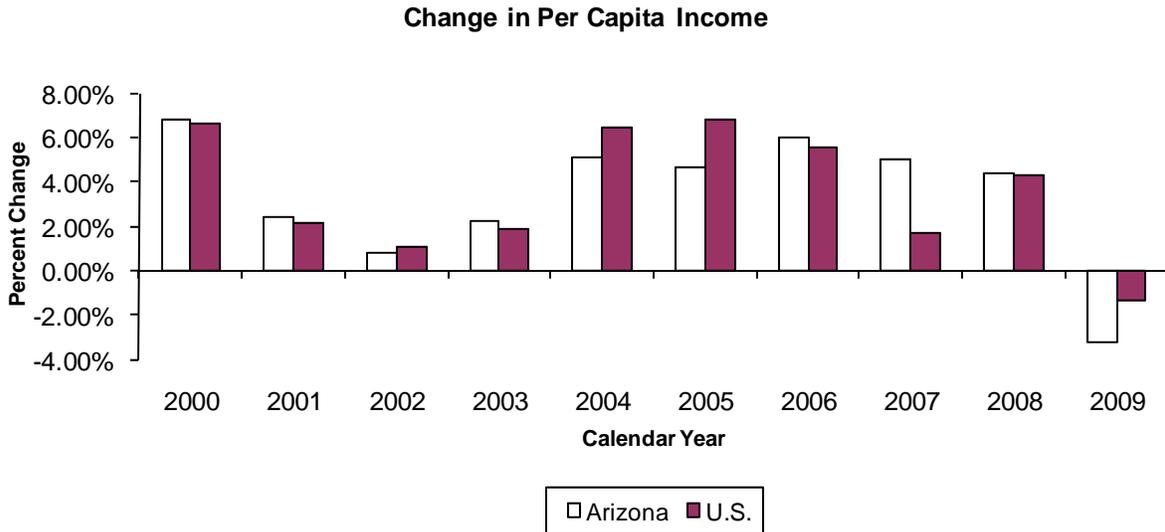


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States per Capita Income
For the Calendar Years Ended December 31
(2009 is the most recent data available)

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
2000	25,653	29,845	6.6 percent	6.8 percent
2001	26,193	30,574	2.1 percent	2.4 percent
2002	26,474	30,821	1.1 percent	0.8 percent
2003	26,989	31,504	1.9 percent	2.2 percent
2004	28,710	33,123	6.4 percent	5.1 percent
2005	30,672	34,650	6.8 percent	4.6 percent
2006	32,353	36,744	5.5 percent	6.0 percent
2007	32,900	38,564	1.7 percent	5.0 percent
2008	34,335	40,208	4.4 percent	4.3 percent
2009	33,244	39,626	-3.2 percent	-1.4 percent

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.



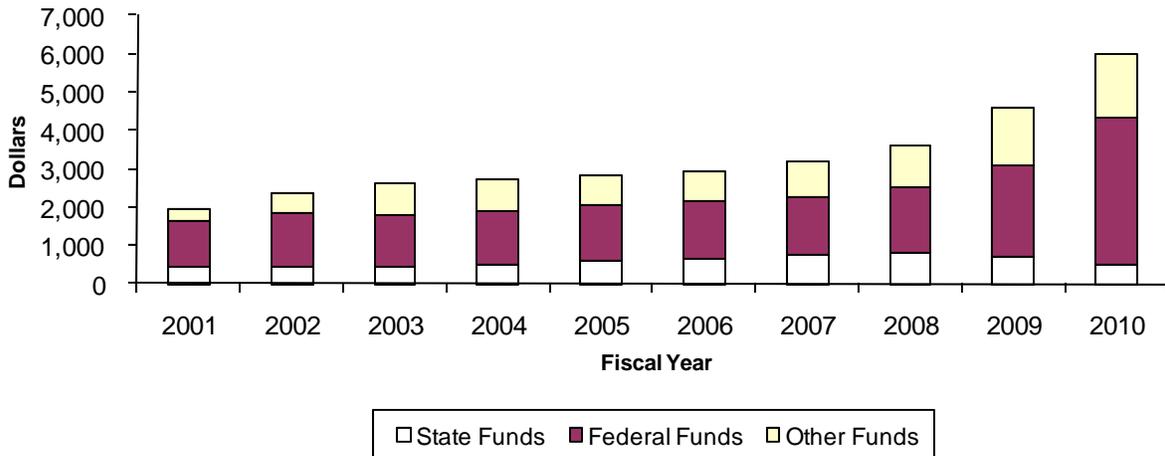
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Expenditures by Function and Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For the Fiscal Years Ended June 30

Year	State Funds	Federal Funds	Other Funds	Total Funds
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
2010	512,735,693	3,804,712,359	1,667,553,184	5,985,001,236

Source: The Arizona Department of Economic Security, Comprehensive Annual Financial Report, 2001; and Financial Statements, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, and 2010.

Note: The federal funds amounts include amounts for food stamp benefits distributed.

Expenditures by Function and Funding Source (in millions)

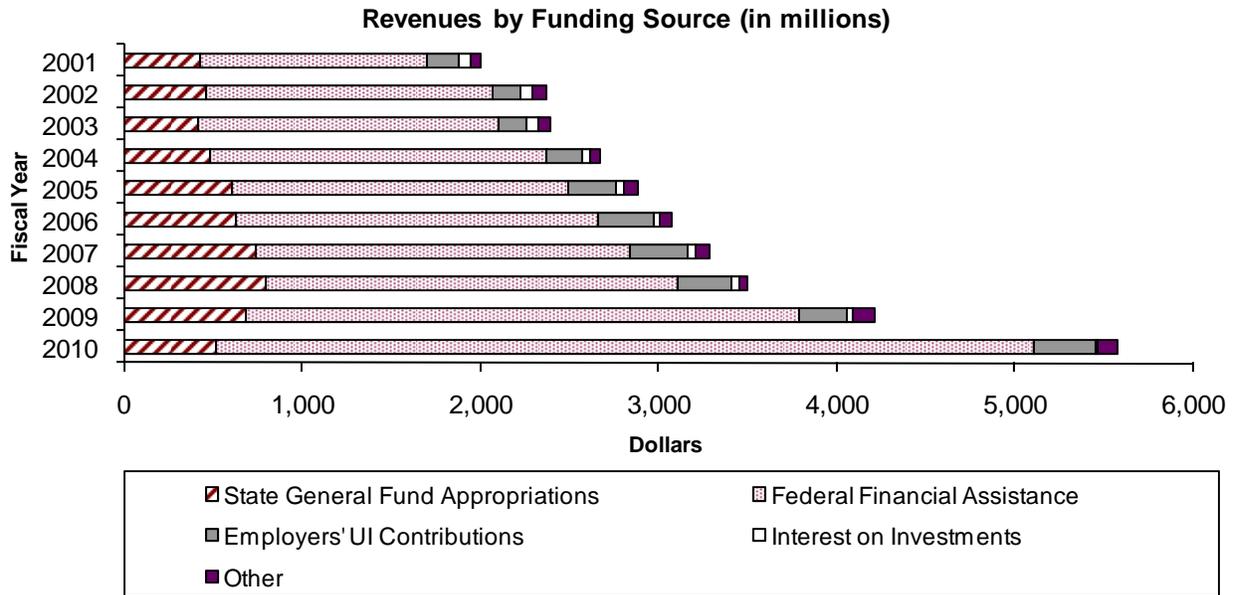


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For the Fiscal Years Ended June 30

Year	State General Fund Appropriations	Federal Financial Assistance	Employers UI Contributions	Interest on Investments	Other	Total
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
2010	518,620,000	4,588,870,453	355,638,066	10,776,494	108,314,873	5,582,219,886

Source: The Arizona Department of Economic Security, Comprehensive Annual Financial Report, 2001; and Financial Statements, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, and 2010.

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

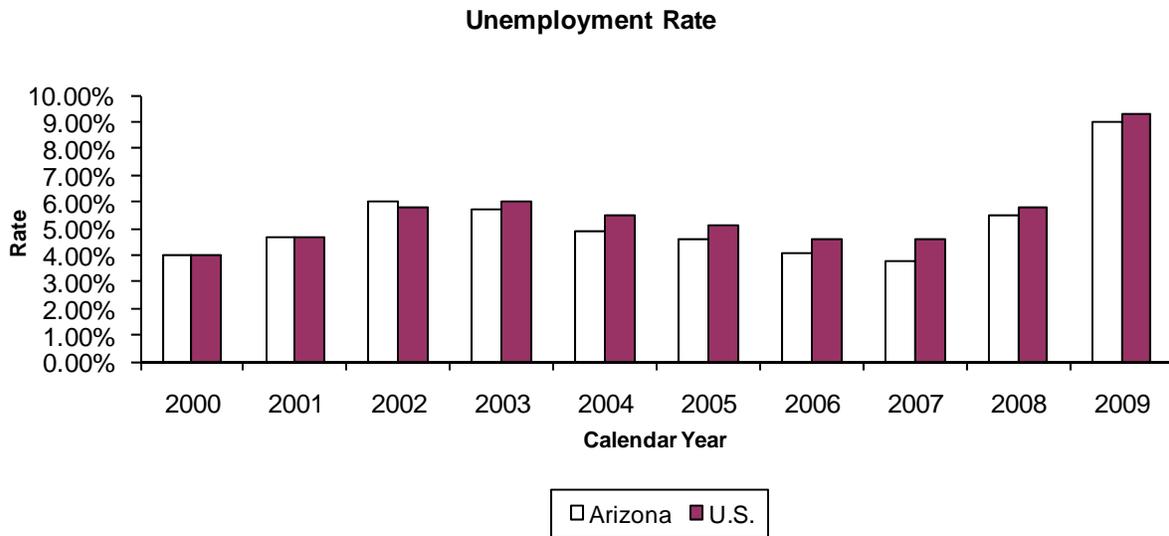


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison between Arizona and United States Unemployment
For Calendar Years Ended December 31
(2009 is the most recent data available)

Year	Number of Unemployed - Arizona	Number of Unemployed - U.S.	Unemployment Rate - Arizona	Unemployment Rate - U.S.
2000	100,390	5,692,000	4.0 percent	4.0 percent
2001	121,523	6,801,000	4.7 percent	4.7 percent
2002	161,643	8,378,000	6.0 percent	5.8 percent
2003	155,815	8,774,000	5.7 percent	6.0 percent
2004	137,634	8,149,000	4.9 percent	5.5 percent
2005	133,071	7,591,000	4.6 percent	5.1 percent
2006	120,647	7,001,000	4.1 percent	4.6 percent
2007	115,395	7,078,000	3.8 percent	4.6 percent
2008	172,468	8,924,000	5.5 percent	5.8 percent
2009	284,400	14,265,000	9.0 percent	9.3 percent

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.



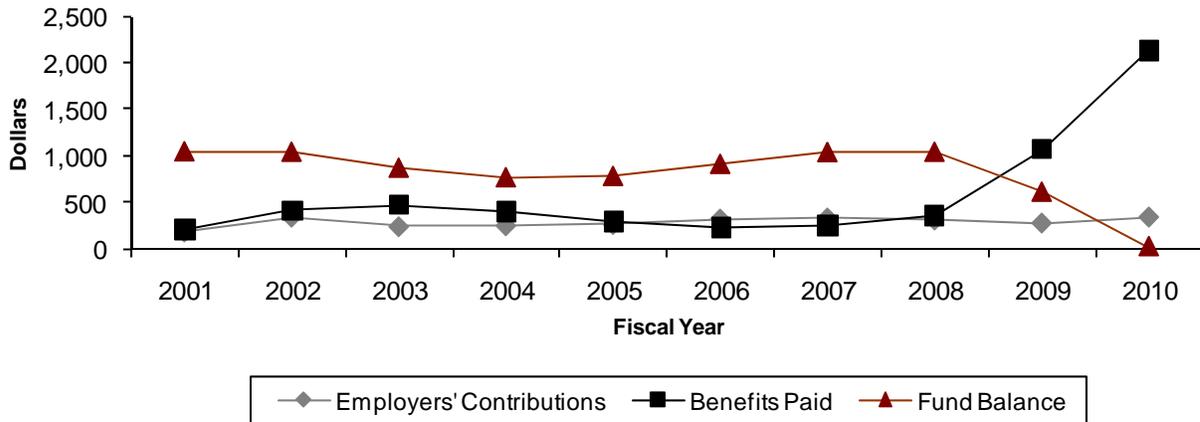
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For the Fiscal Years Ended June 30**

Year	Total Employer Contributions	Total Benefits Paid	Fund Balance
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
2010	339,745,124	2,123,766,228	16,689,508

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.

**Unemployment Insurance Contribution to Benefits and Fund Balance
(in millions)**

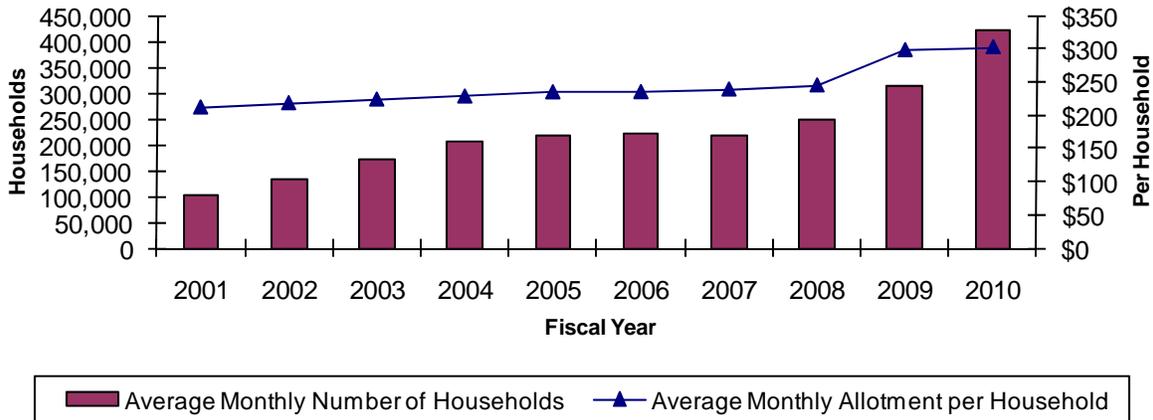


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Supplemental Nutrition Assistance Program (SNAP) Benefit Participants
For Fiscal Years Ended June 30

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
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	234.30	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

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

Supplemental Nutrition Assistance Program (SNAP)
Benefit Participation

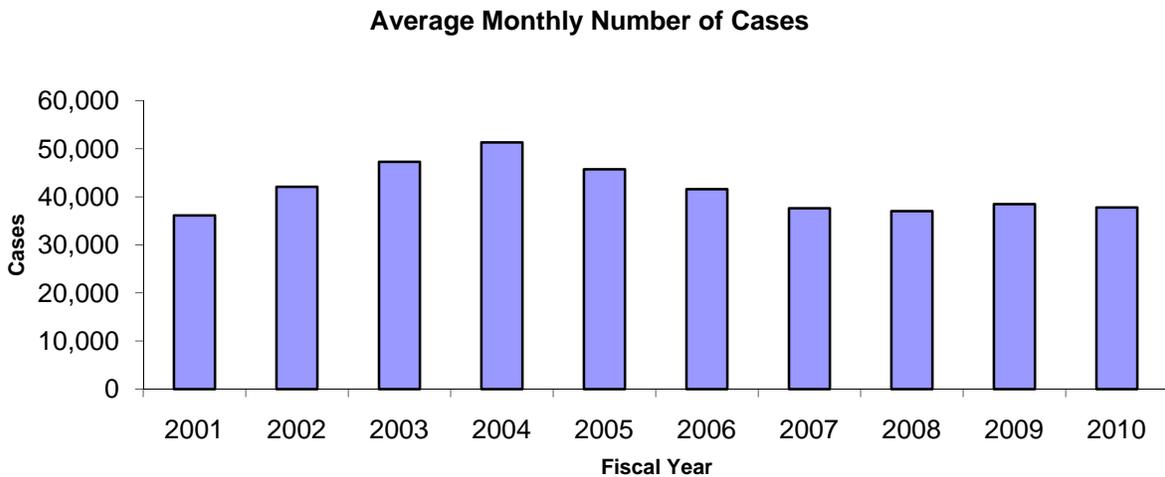


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For the Fiscal Years Ended June 30**

Year	Average Monthly Number of Cases	Average Monthly Number of Recipients	Average Monthly Payment Per Case	Average Monthly Payment Per Recipient	Average Monthly Payments
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
2010	37,779	82,127	213.21	98.08	8,054,784

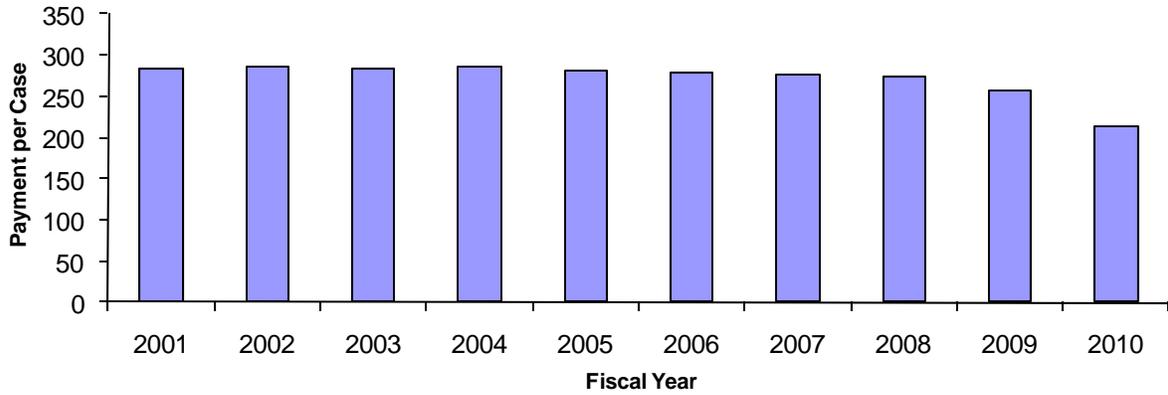
Source: The Arizona Department of Economic Security, Family Assistance Administration.

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

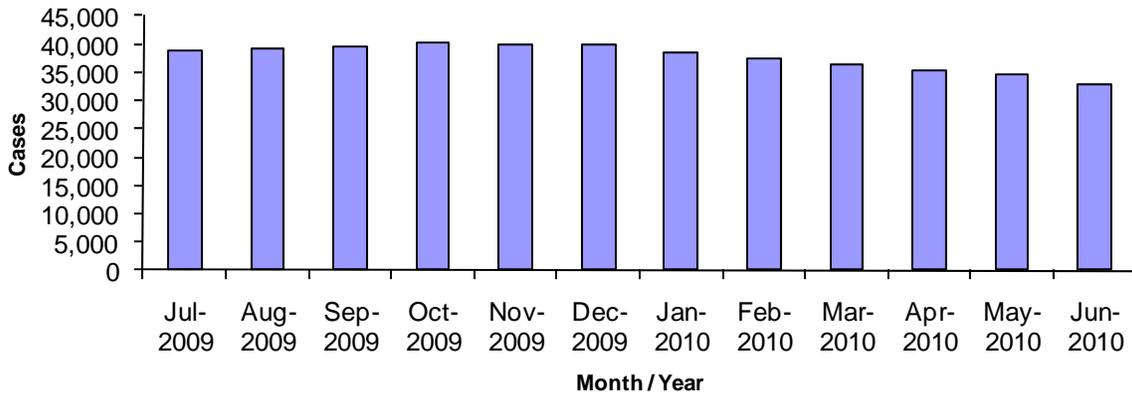


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families Cash Assistance
For the Fiscal Years Ended June 30
(Continued)

Average Monthly Payment per Case



Total Cash Assistance Cases

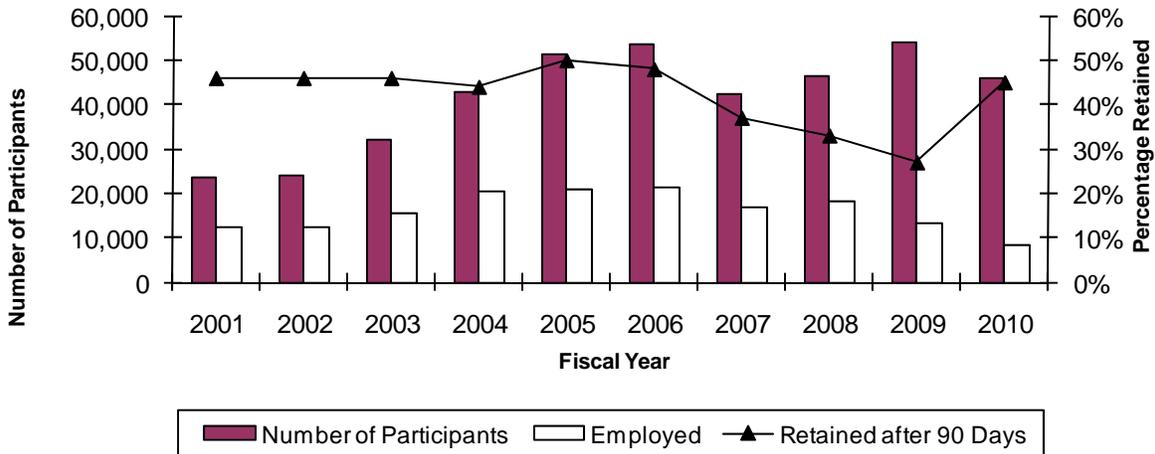


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Jobs Program
Comparison of Participants and Participants Employed**

<u>Year</u>	<u>Number of Participants</u>	<u>Total Employed</u>	<u>Percentage Retained Employment for At Least 90 Days</u>
2001	23,290	12,405	46 percent
2002	23,818	12,513	46 percent
2003	32,008	15,490	46 percent
2004	42,565	20,185	44 percent
2005	51,130	20,940	50 percent
2006	53,377	21,067	48 percent
2007	42,405	16,780	37 percent
2008	46,558	18,101	33 percent
2009	53,800	13,097	27 percent
2010	46,010	8,416	45 percent

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

Jobs Program Participants Employed to the Percentage Retained

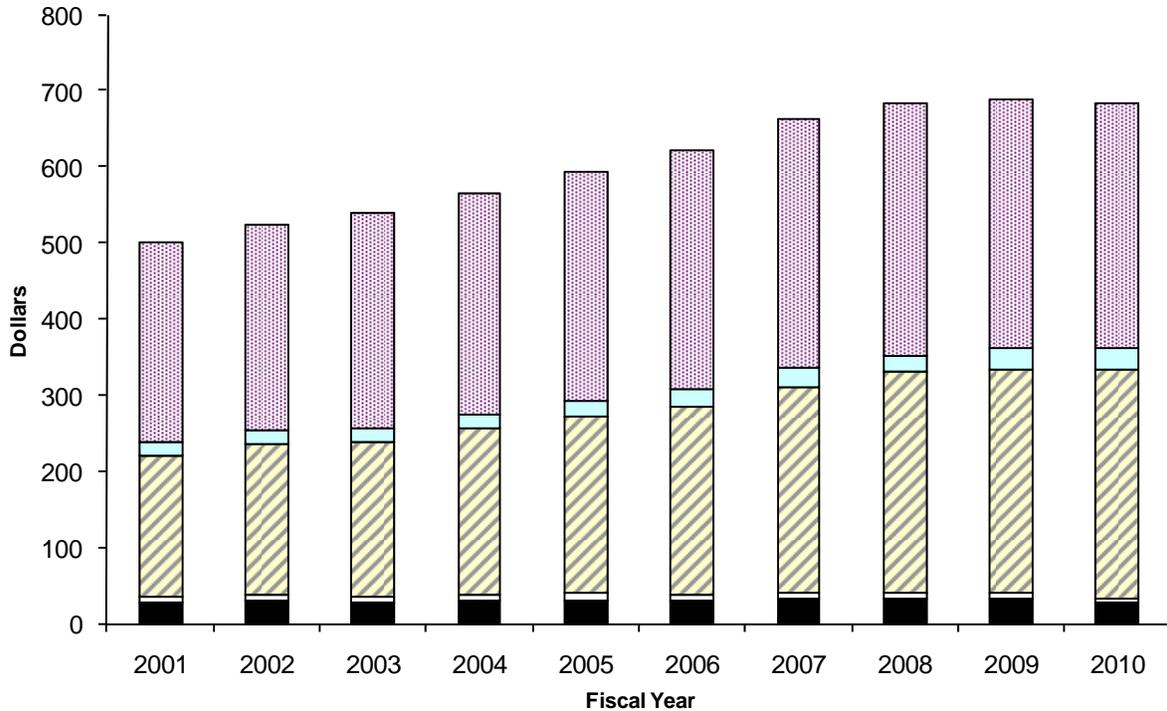


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Child Support Enforcement Collections
For the Fiscal Years Ended June 30**

Year	IV-D TANF Collected for Arizona	IV-D TANF Collected for Other States	IV-D Non-TANF Collected for Arizona	IV-D Non-TANF Collected for Other States	Non-IV-D Collected	Total Collections
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
2010	25,854,600	7,086,300	299,449,600	28,356,400	321,096,000	681,842,900

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

Child Support Enforcement Collections (in millions)



■ IV-D TANF Collected for Arizona \$	□ IV-D TANF Collected for Other States \$
▨ IV-D Non-TANF Collected for Arizona \$	▨ IV-D Non-TANF Collected for Other States \$
▤ Non-IV-D Collected \$	

Equal Opportunity Employer/Program □ Under Titles VI and VII of the Civil Rights Act of 1964 (Title VI & VII), and the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, the Department prohibits discrimination in admissions, programs, services, activities, or employment based on race, color, religion, sex, national origin, age, and disability. The Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service or activity. For example, this means if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. To request this document in alternative format or for further information about this policy, contact (602) 542-3882; TTY/TDD Services: 7-1-1.