



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Fiscal Year 2010/2011 Budget

7th Special Session Impacts

March 17, 2010

DES General Fund Fiscal Year 2010

	<u>General Fund</u>
Beginning Fiscal Year 2010 Base	727,224,700
Payment Deferral	(17,000,000)
Net Funding Changes (Increases and Decreases)	(37,195,400)
Federal Stimulus Backfill	(101,004,600)
5 th Special Session Reductions	(25,944,500)
7 th Special Session Lump Sum Reduction	(2,350,000)
7 th Special Session Targeted Reductions	<u>(11,744,100)</u>
Fiscal Year 2010 Appropriation	531,986,100

Note: 7th Special Session reductions are not part of the fiscal year 2011 base



DES Fiscal Year 2011 Appropriation

	<u>General Fund</u>
Beginning Fiscal Year 2011 Base	546,080,200
Backfill Federal Funds (includes TANF)	102,438,500
Title XIX DD Caseload Growth	19,514,500
Technical Adjustments	17,000,000
Additional Reductions	<u>(51,499,800)</u>
Fiscal Year 2011 Appropriation	633,533,400



Conditional 2011 General Fund Appropriations

- Lump Sum Reduction – (\$50,500,000)
 - Contingent reduction if the one cent sales tax voter referral fails at the ballot on May 18



State Employee Pay

- State employee pay would be reduced
 - Elimination of performance pay – 2.75 percent
 - Required furloughs
 - Fiscal year 2010 – 1 day
 - Fiscal year 2011 – 6 days
 - Fiscal year 2012 – 6 days



Federal Funds Backfill

- Backfill would offset expiration of Federal Stimulus Funds as well as a portion of the TANF cash shortfall (\$102.4 million)
 - Does not fully fund all federal fund backfill needs
 - Executive Recommendation - \$134.1 million
- Programs where one-time federal funds were requested for fiscal year 2011
 - TANF
 - Title XIX
 - Supplemental Nutrition Administration
 - Early Intervention
 - Child Welfare
 - State-only Developmental Disabilities



Title XIX DD Caseload Growth

- Funds caseload growth in fiscal year 2011 (\$19.5 million)
 - Funds caseload growth at 6.5 percent
 - No base increase for capitation rate growth



Funding Reductions to Begin in Fiscal Year 2010

Lump Sum Reduction

- Lump Sum reduction in fiscal year 2010 only (\$2.4 million)
 - Department is analyzing available option(s) to achieve expenditure reduction while minimizing client and staff impacts



Cash Assistance Time Limit & Eligibility

- Restrict Cash Assistance Eligibility (\$2.8 million in fiscal year 2010; \$27.0 million in fiscal year 2011)
- Reduce the lifetime benefit limit from 60 months to 36 months
 - Would also apply to cases currently exempt from any time limit because the parent is not included on the grant
 - Would disqualify about 10,000 cases with 17,000 children
- Eliminate assistance for women in the third trimester of pregnancy if they do not have dependent children
- Provisions are effective July 1, 2010; appropriation reductions begin in fiscal year 2010



Means Testing & Fee Increases

- Means Testing and Fee Increases (\$1.0 million in fiscal year 2010; \$7.6 million in fiscal year 2011)
- Means testing for child-only cash assistance
 - Would continue to exempt child welfare child-only cases
- Increase the child support clearinghouse fee paid by non-custodial parents for payment processing; currently \$2.25 per month
 - New fee would be set at the discretion of the Director
 - Legislative intent caps the maximum additional revenue at \$1.1 million
 - Setting the fee at \$5 per month would achieve that level of revenue
 - Clearinghouse contract would be fully supported by fees



Means Testing and Fee Increases (cont.)

- **Division of Developmental Disabilities**
 - Increase SSI billing for state-only services to 88 percent from 70 percent, consistent with the Arizona Long Term Care System's Elderly and Physically Disabled program
 - Legislative intent caps the revenue received from this provision at \$4.1 million
- The preceding three provisions are effective July 1, 2010; appropriation reductions begin in fiscal year 2010



Child Welfare Reductions

- Reduce DCYF Programs (\$5.3 million General Fund in fiscal years 2010 & 2011)
 - Children Support Services - \$4.8 million
 - Adoption Services - \$0.5 million
 - Maintains in-home service reductions for vulnerable children



Developmental Disabilities Reductions

- Home and Community Based Services State-only (\$1.9 million in fiscal year 2010; \$3.7 million in fiscal year 2011)
 - Eliminates state-only services other than foster care, residential supports, and early intervention
 - Affects about 300 children and 400 adults
- Medicare Clawback (\$0.8 million in fiscal years 2010 & 2011)
 - Change in federal share calculation
 - No service level impact



Fiscal Year 2011 Targeted Reductions

Community Services Reduction

- Community services reductions (\$2.4 million)
- \$0.8 million reduction to short-term crisis services
 - Equivalent to assistance for 1,100 families
- \$1.6 million reduction to domestic violence services
 - Equivalent to emergency shelter for 1,500 victims



Developmental Disabilities Reductions

- Eliminate enhanced rates for DD contracts (\$1.0 million)
 - The Department will implement a rate structure to be used for foster children in the state-only DDD program
 - Habilitation with a music component
 - Although not a mandated service, it will continue to be offered, but reimbursed at the regular habilitation rate
- Group home consolidation (\$1.0 million)
 - The Department will consolidate vacancies in group homes in order to increase efficiencies and reduce costs



Adult Services Reductions

- Further reductions to aging and adult services (\$1.6 million)
 - Services are contracted through local Area Agencies on Aging
 - Decisions would be made at that level as to specific service reductions
 - Represents an additional reduction on top of \$1.6 million reduction taken in 5th Special Session



Other DES Reductions

- Eliminate SSBG planning funding (\$0.4 million General Fund)
 - Councils Of Governments receive funds to plan for approximately \$9.0 million in SSBG spending
 - Option would maintain the allocation of service dollars, but eliminate the administrative planning funds
- Administrative Efficiencies/Privatization (\$0.3 million)
 - The Department will continue to evaluate opportunities to streamline administrative functions



Other Agency Changes with DES Impacts

- AHCCCS
 - Rolls back Prop 204 Medicaid caseload
 - Protected by maintenance of effort in ARRA through at least December 31, 2010
 - Congress continues work on H.R. 4213, which would extend ARRA enhanced federal match through June 30, 2011
 - Eliminates KidsCare





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Questions?