



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Department of Economic Security

Fiscal Year 2011/12 Budget

Executive Recommendation

January 21, 2011

General Fund Appropriation History



A portion of the GF reductions beginning in FY09 was offset by increases in federal funds, most notably through the federal stimulus, or ARRA; however, these federal funds have started to expire.





DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Fiscal Year 2011 Recommendations



Fiscal Year 2011 General Fund Recommendation

General Fund

Beginning Fiscal Year 2011 Base	637,103,900
Proposed Triggered Prop 302 Repeal Increase	40,000,000
Reduction Due to Failure of Prop 302 Repeal	(40,000,000)
Triggered Enhanced FMAP Reduction	<u>(43,000,000)</u>
Current Fiscal Year 2011 GF Appropriation	594,103,900
Fiscal Year 2011 Executive Recommendation	
Enhanced FMAP Supplemental	11,350,700
TANF Backfill	(35,000,000)
Child Care	(10,000,000)
Adult Services SSBG Backfill	(6,000,000)
Recommended Fiscal Year 2011 GF Appropriation	554,454,600



Enhanced FMAP Supplemental

- The Department's FY 2011 budget included a \$43.0 million triggered GF reduction based on continuation of enhanced federal funding calculated using the Federal Medical Assistance Percentage (FMAP)
 - Scaled back enhanced FMAP extended by Congress on August 10, 2010 (Pub. Law 111-226)
- Due to the scaled back nature of the FMAP continuation, the Department will receive only \$31.6 million in additional Title XIX
- Executive recommends bridging the remainder of the gap with an \$11.4 million fiscal year 2011 supplemental



Temporary Assistance for Needy Families Backfill

- \$35 million General Fund reduction offset by \$15 million in TANF increases
- The State continues to face budget difficulty so recommended reductions in DES funding were inevitable
- Many community partners assisted in identifying additional TANF maintenance of effort allowing the Department to retain all available TANF funding and offset much of the DES reduction with available TANF funds
- No further service reductions related to swapping the General Fund for available TANF funding



Child Care Backfill

- \$10 million General Fund reduction
- The Department has been working with First Things First to ensure that any countable match expenditures are identified to limit the possibility of not being able to access all Child Care and Development federal funds
- No further service reductions related to this action, however the waiting list and other child care reductions currently in place will need to be maintained



Adult Services Backfill

- \$6 million General Fund reduction, which will be backfilled in at least FY 2011 and FY 2012 by available Social Services Block Grant funding
- There are expected to be no further service reductions due to this recommended offset





DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Fiscal Year 2012 Recommendations



Fiscal Year 2012 General Fund Recommendation

General Fund

Current FY 2011 Appropriation & Trigger	634,103,900
Title XIX Enhanced FMAP Backfill	73,100,000
Supplemental Nutrition Backfill	5,000,000
Child Support Backfill	4,400,000
ALTCS Caseload Growth	22,721,500
Technical Adjustments	(3,084,000)
Continuation of Child Care/TANF/Adult Services	(51,000,000)
Reduction Due to Failure of Prop 302 Repeal	(40,000,000)
Recommended FY 2012 GF Appropriation	645,241,400



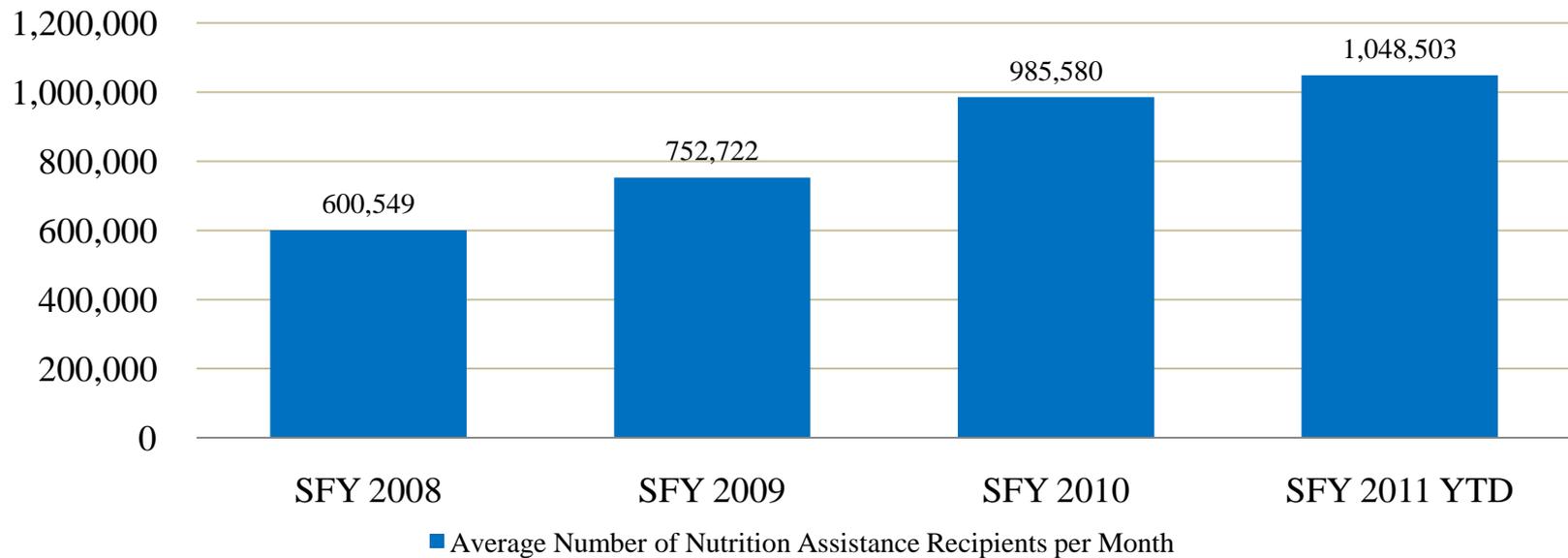
Title XIX Enhanced FMAP Backfill

- \$73.1 million GF increase
- Replaces the funding removed from the Department's budget related to the enhanced Federal Medical Assistance Percentage, which expires June 30, 2011
- Maintains total funding for the program at the current level



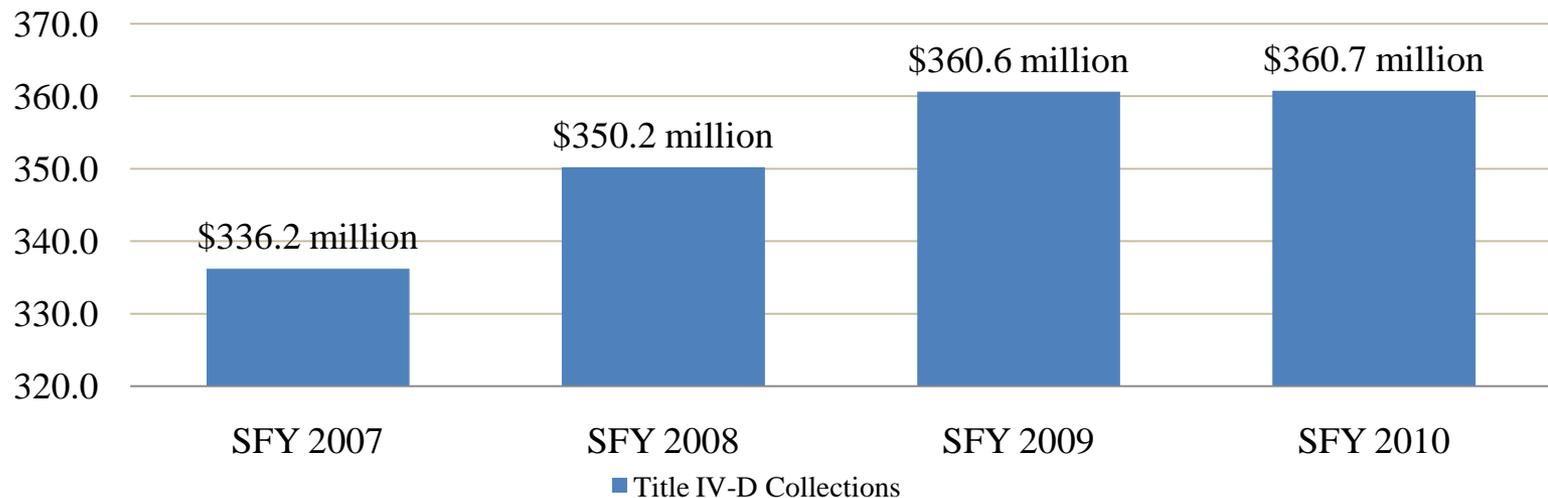
Supplemental Nutrition Assistance Backfill

- Supplemental Nutrition Assistance - \$5.0 million GF increase
 - Maintains the Department’s funding for eligibility interviewers in the Supplemental Nutrition program
 - SNAP caseload has increased 74.6% in the last four years



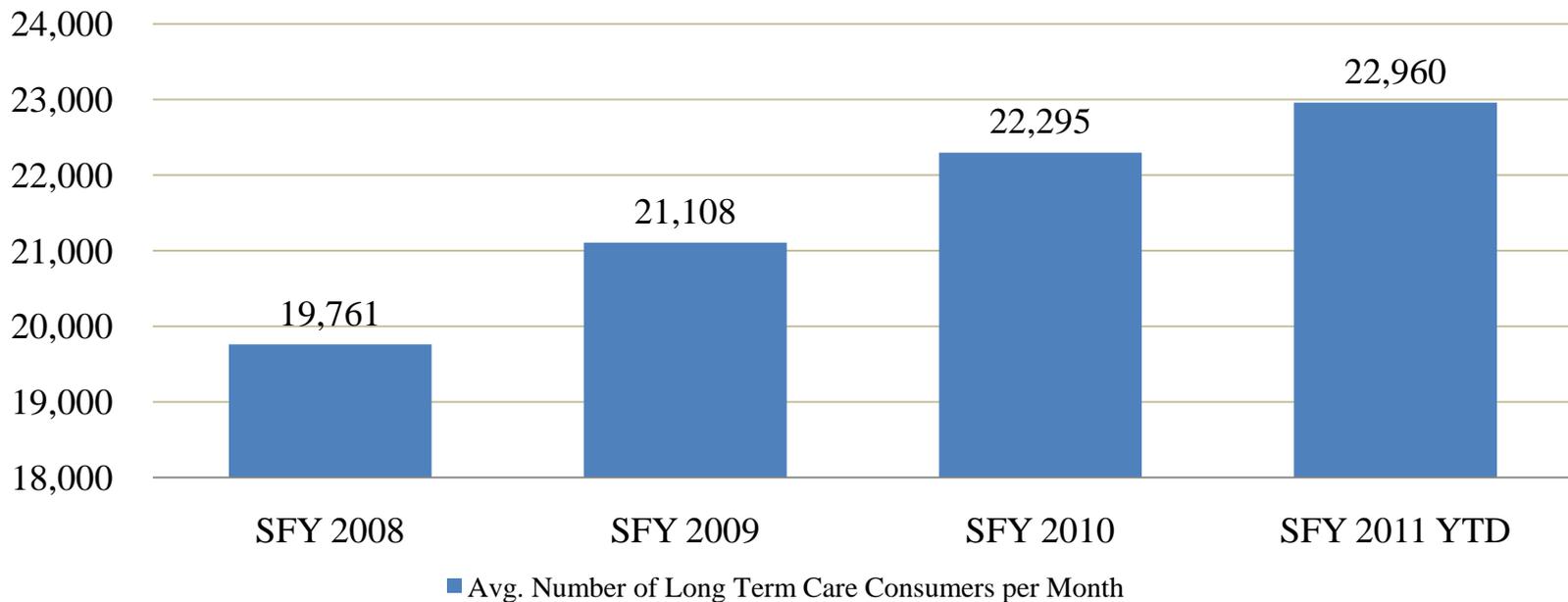
Child Support Enforcement Backfill

- Child Support Enforcement - \$4.4 million GF increase
 - Maintains total funds available to operate the Child Support program at FY11 levels in order to continue providing enforcement services to Arizona's children and custodial parents
 - Collections in IV-D Child Support have increased 7.3% in the past four years and have remained flat in the past year despite difficult economic conditions



ALTCS Caseload Growth

- \$22.7 million for caseload growth in the Arizona Long-term Care System (ALTCS)
- Would fund 4.6% growth in FY 2012



Other Recommendations

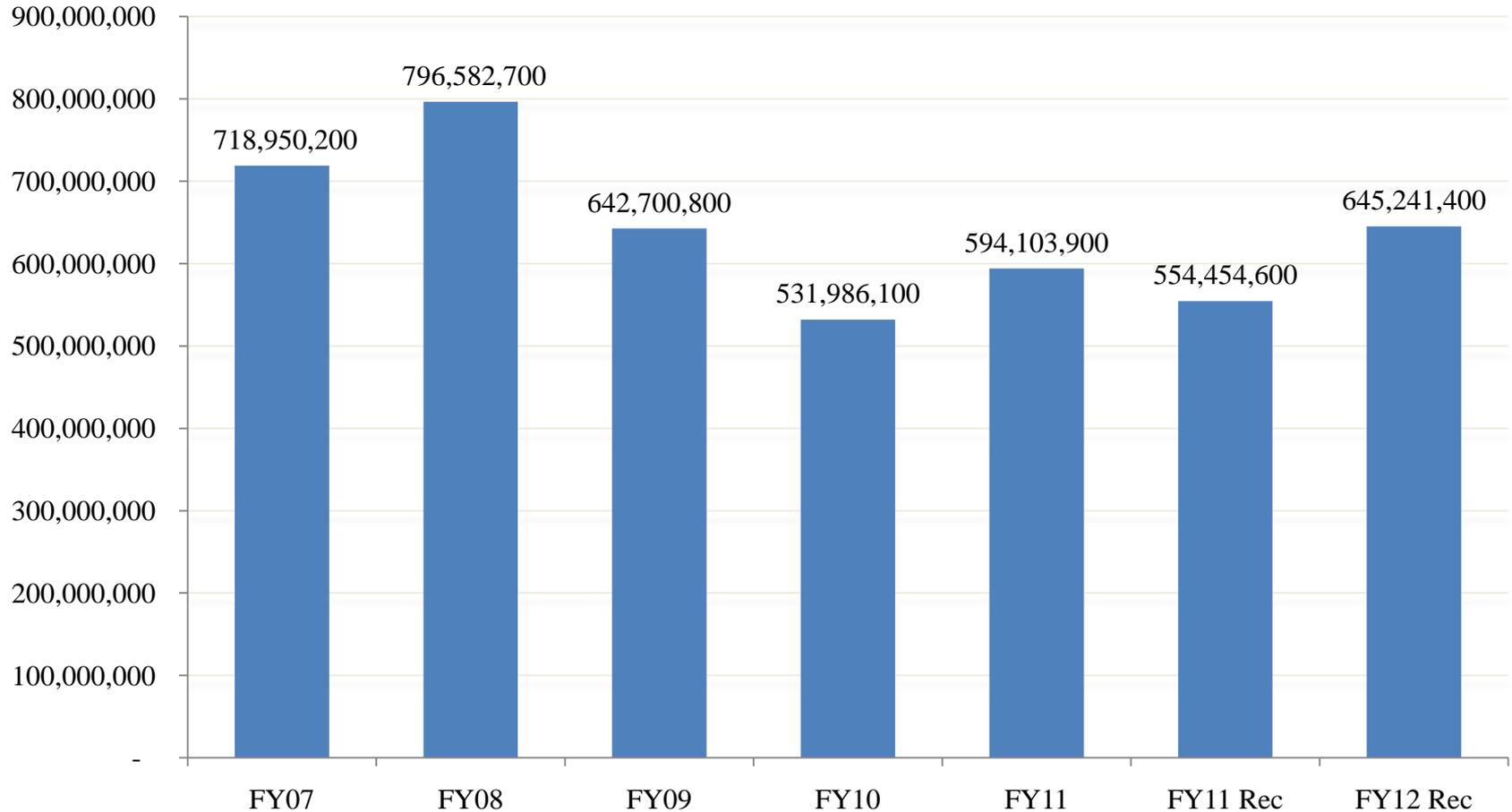
- Eliminates remaining seven furlough days scheduled for June 2011 and fiscal year 2012
 - Allows the Department to process work on what otherwise would be furlough days which will improve both customer service and process timeliness
- Fund transfers from several Department funds to the General Fund including:

– ALTCS	30,000,000*
– Arizona Industries for the Blind	244,100
– Child Abuse Prevention & Treatment	118,300
– Public Assistance Collections	92,200
– Special Administration	439,100
– Spinal and Head Injuries Trust	452,400

 - * The ALTCS transfer is recommended for both FY11 and FY12; all others are for FY12
- Most of these fund transfers are continuations of previously enacted appropriation reductions and fund transfers



General Fund Appropriation Recommendation





DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Questions?