



DEPARTMENT OF ECONOMIC SECURITY

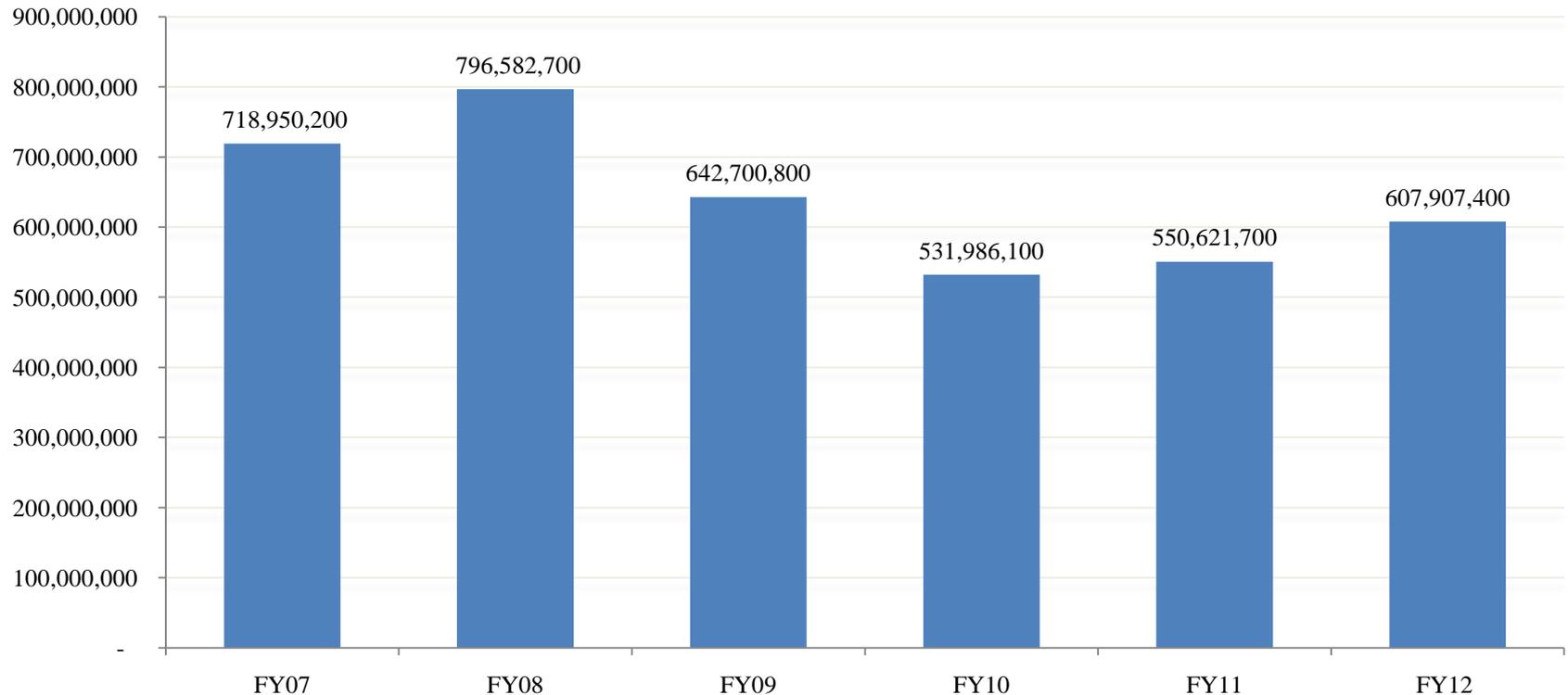
Your Partner For A Stronger Arizona

Department of Economic Security

Fiscal Year 2011/12 Budget

April 12, 2011

General Fund Appropriation History



Of the GF reductions beginning in FY09, a portion was offset by increases in federal funds, most notably through the federal stimulus, or ARRA; however, these federal funds began expiring in FY11





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Fiscal Year 2011



Fiscal Year 2011 General Fund

Fiscal Year 2011 Base	594,103,900
ALTCS FMAP Correction	12,487,000
TANF Cash Assistance Caseload	(24,969,200)
Child Care	(10,000,000)
Social Services Block Grant Backfill	(6,000,000)
TANF Backfill	(15,000,000)
Fiscal Year 2011 General Fund	550,621,700



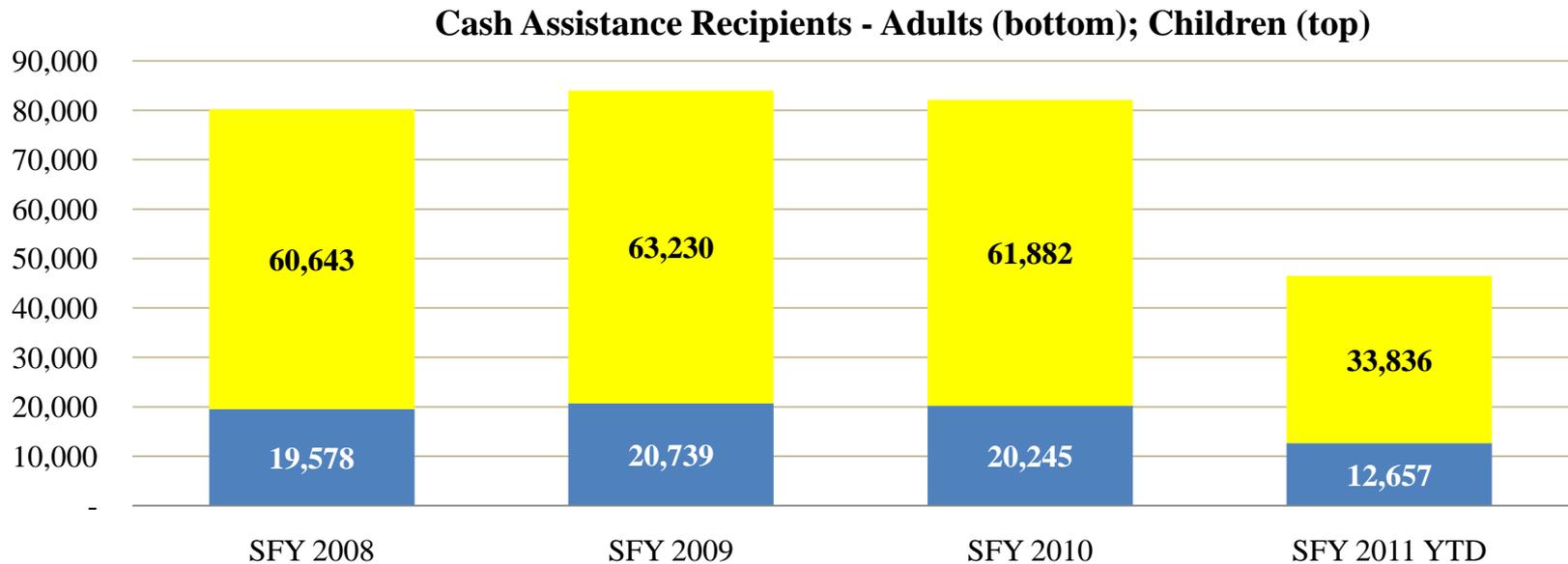
ALTCS FMAP Correction

- The Department's FY 2011 budget included a \$43 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 \$30.5 million in additional Title XIX
- The budget bridges the remainder of the gap with \$12.5 million in additional General Fund for fiscal year 2011



Cash Assistance Caseload

- \$25 million General Fund reduction
- The number of Cash Assistance recipients has declined almost 50% from January 2010 to January 2011
 - This decline is primarily attributable to reductions in the maximum number of benefit months and changes in eligibility criteria
 - There has also been savings generated by providing families with TANF Diversion to eliminate barriers to employment and reduce the need to go on long-term cash assistance; the budget eliminates this savings



Child Care Backfill

- \$10 million General Fund reduction
- The Department has a collaborative agreement with First Things First (FTF) that will enable the State to report \$10 million in FTF expenditures as match in order to maintain all available federal Child Care and Development Funds (CCDF) during fiscal year 2011
- There are no further service reductions in fiscal year 2011 related to this action; however the waiting list and other child care reductions currently in place will need to be maintained



TANF/SSBG Federal Funds Backfill

- \$15 million General Fund reduction offset by an increase of \$15 million in the TANF federal fund appropriation
- \$6 million General Fund reduction offset by an increase of \$6 million in available Social Services Block Grant funding
- No further service reductions are anticipated from either of these fund swaps in fiscal years 2011 and 2012





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Fiscal Year 2012



Fiscal Year 2012 General Fund

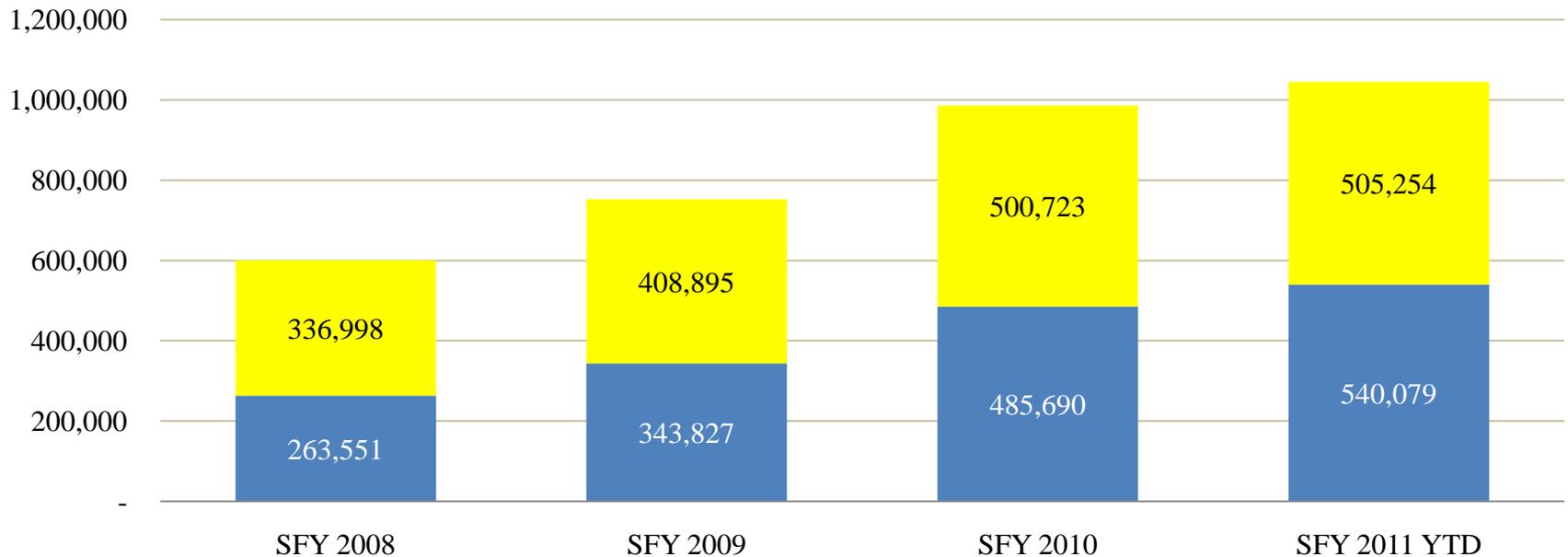
Base GF Appropriation	594,103,900
SNAP/Child Support Federal Funds Backfill	4,500,000
ALTCS Caseload Growth/Enhanced FMAP Backfill	92,626,700
ALTCS Reduction	(1,566,300)
Child Care Reduction	(23,771,300)
Cash Assistance State Benefit Limit Reduction	(8,600,000)
TANF Cash Assistance Caseload Decline	(28,385,600)
Continuation of TANF/SSBG Backfill	(21,000,000)
Recommended FY 2012 GF Appropriation	607,907,400



Supplemental Nutrition & Child Support Backfill

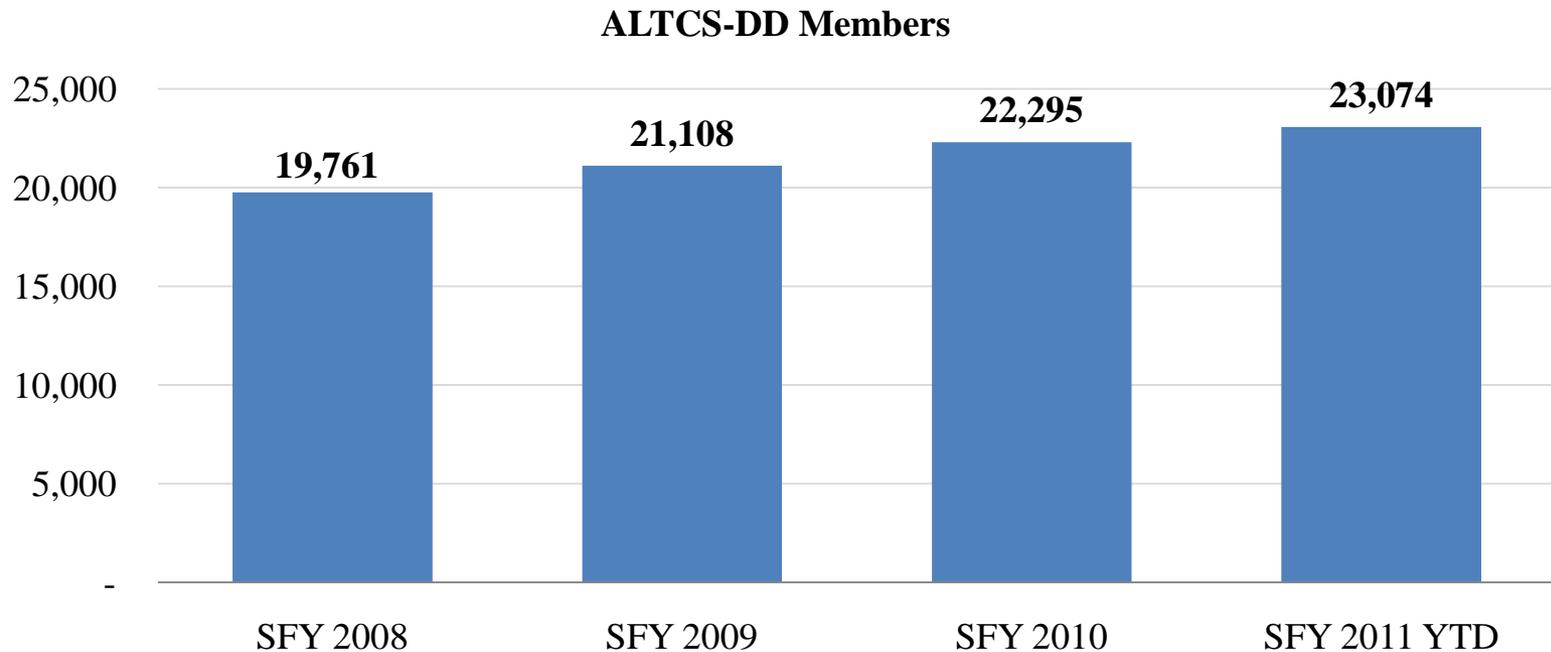
- Provides funding to offset expiring federal funds for:
 - Determining eligibility in Supplemental Nutrition Assistance
 - Establishing paternity and child support orders, as well as enforcing orders for custodial parents and their children

Supplemental Nutrition Assistance Recipients – Adults (bottom); Children (top)



ALTCS Federal Fund Backfill & Caseload Growth

- \$92.6 million General Fund increase
 - Funds the anticipated 5.0% caseload growth in the Arizona Long-term Care System (ALTCS)
 - Backfills expiring federal funds to maintain total funding for program



ALTCS Reduction

- \$1.6 million General Fund reduction
- This reduction is part of the overall strategy developed by AHCCCS and the Governor to manage the state's Title XIX program within available funding
- Additional information will be posted on the AHCCCS website as it becomes available



Child Care

- \$23.8 million General Fund reduction
- The Department will work with partner agencies to identify match to continue to fully leverage federal CCDF funds
- The current waiting list and provider rate reductions in place since fiscal year 2009 will continue



Cash Assistance State Benefit Lifetime Limit

- \$8.6 million General Fund Reduction
- Beginning with the first month following the effective date of SB1620 (90 days after the end of the regular legislative session [sine die]); reduces the maximum number of months a family can receive cash assistance benefits in Arizona from 36 months to 24 months
- Would eliminate services for an estimated 3,500 families, which includes approximately 6,500 children



Continuation of Reductions/Backfill

- \$28.4 million reduction for estimated reductions in the cash assistance caseload
- \$21 million reduction in General Funds backfilled by federal TANF and SSBG
- No anticipated service reductions due to these budget adjustments



Fund Transfers

- 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
– Children and Family Services Training	2,500
- * The ALTCS transfer is included 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



Other Budget Changes

- 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
- Allows the Department to defer May and June billings for payment in July from the Department's payment deferral line item
 - Excludes bills submitted for Child Care and payments the month of May for Developmental Disabilities



Other Budget Changes

- Amends the ASRS match retirement contribution percentage from the current 50/50 employer/employee cost share to 47/53; the DES budget will be reduced by its proportionate share of the \$40 million statewide savings
- New employees hired into state service following the effective date of the legislation will not be eligible to receive medical or dental benefits for the first 90 days of employment and will not be eligible for the state retirement system for the first 6 months of employment





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Questions?