



DEPARTMENT OF ECONOMIC SECURITY

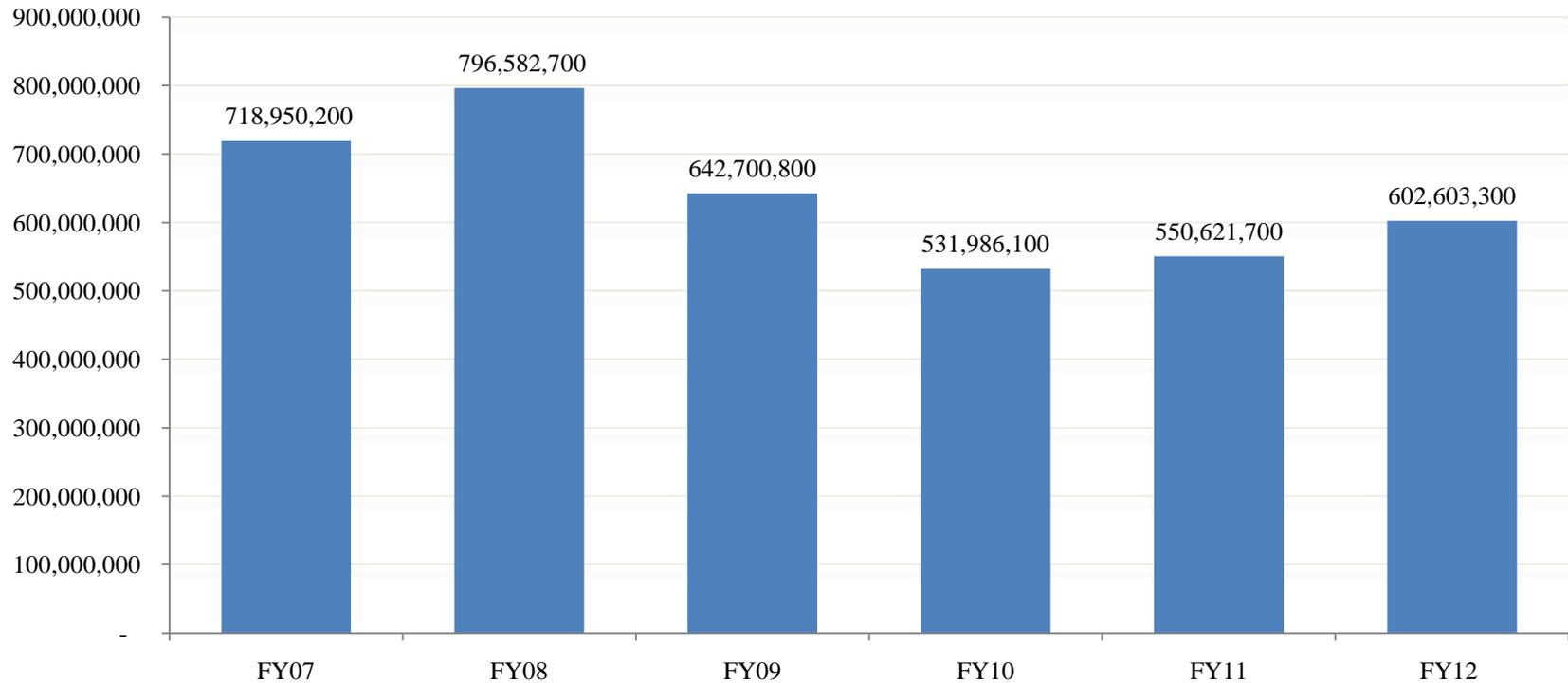
Your Partner For A Stronger Arizona

Department of Economic Security

Fiscal Year 2013 Budget

Executive Recommendation

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 expired.





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Fiscal Year 2013 Recommendations

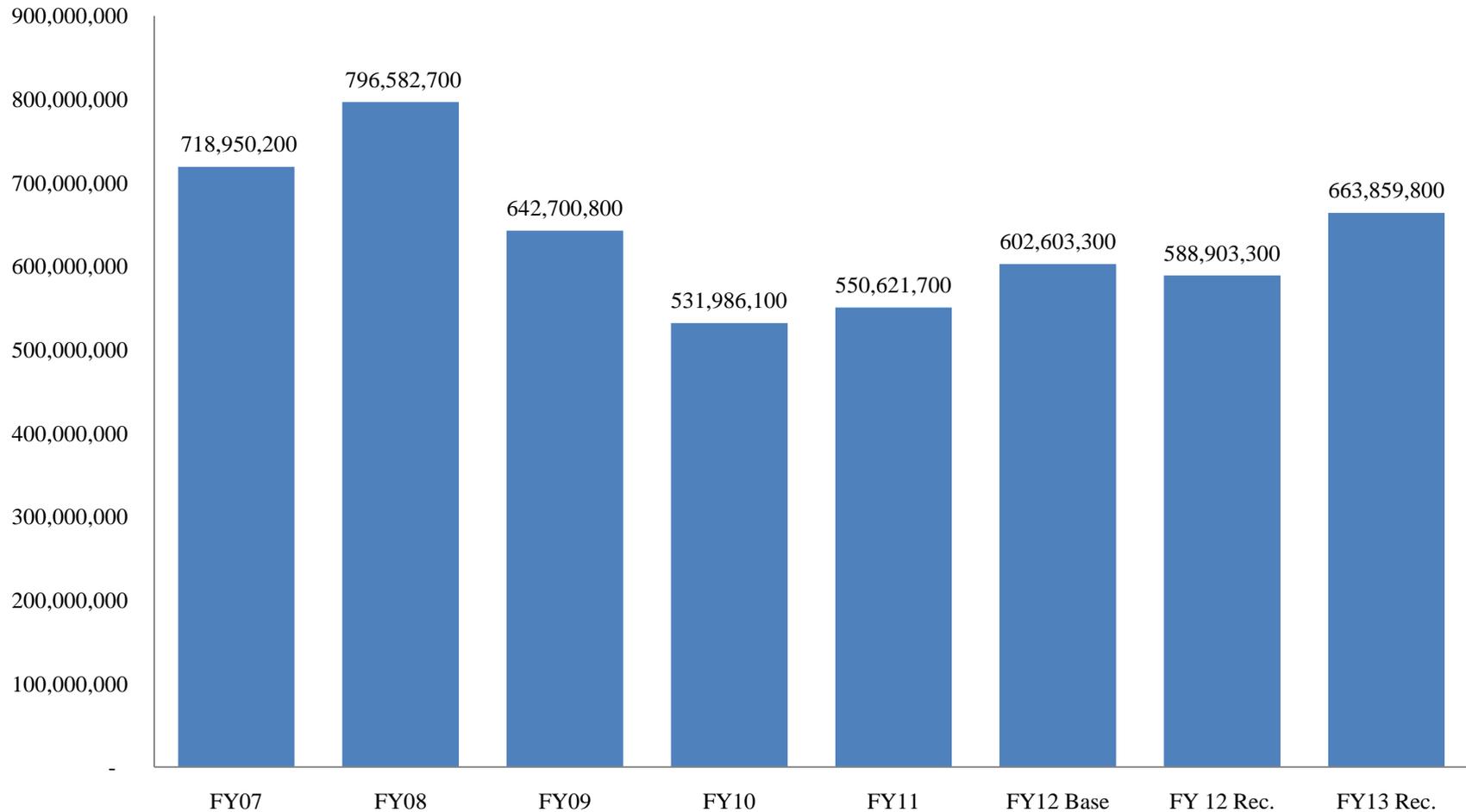


Fiscal Year 2013 General Fund Recommendation

	<u>General Fund</u>
FY 2012 Base GF Appropriation	602,603,300
FY 2012 Medicaid Reform Savings	(13,700,000)
Revised FY 2012 GF Base	588,903,300
ALTCS Caseload Growth	16,486,800
Adoption/Permanent Guardianship Growth	19,427,400
Child Welfare Enhancements	3,710,000
TANF Contingency/Supplemental Funds Backfill	25,828,600
Child Support Revenue Reduction Offset	4,527,500
Statewide Recommendations	4,976,200
Recommended FY 2013 GF Appropriation	663,859,800

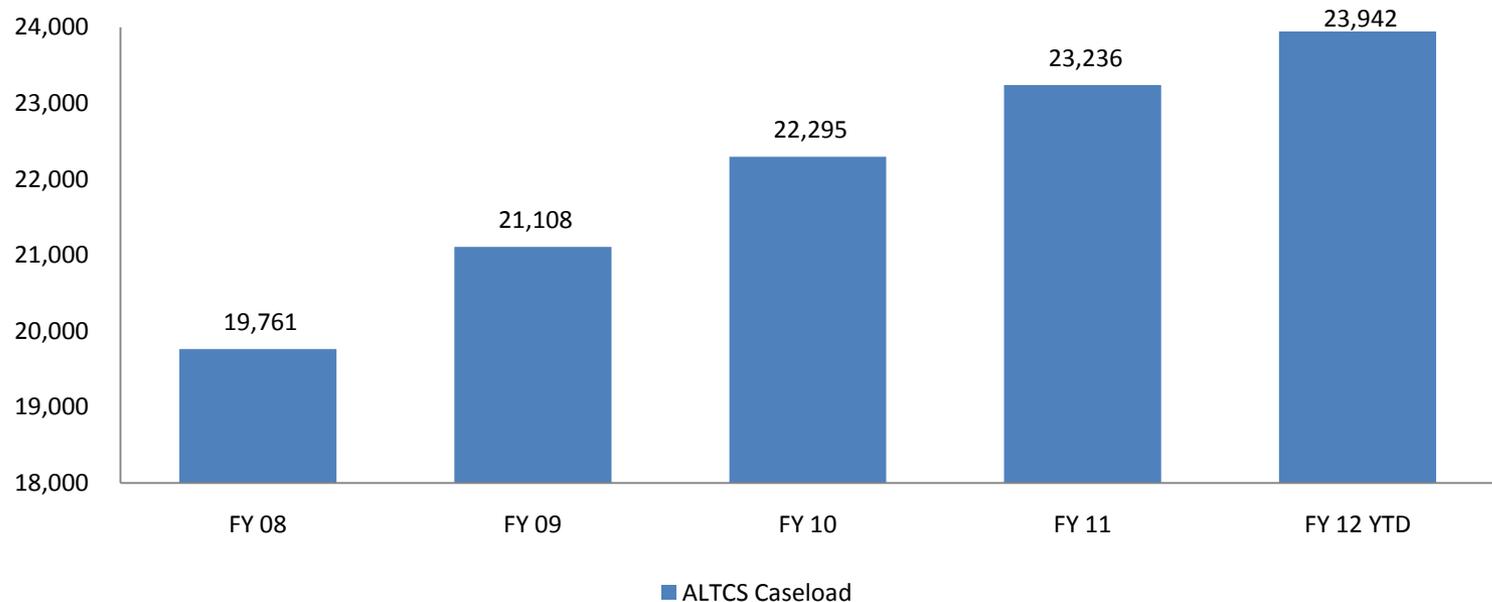


General Fund Appropriation Recommendation



ALTCS Caseload Growth

- \$16.5 million for caseload growth in the Arizona Long-Term Care System (ALTCS)
- Net increase of \$2.8 million after savings from annualizing of fiscal year 2012 Medicaid reforms
- Would fund 4% growth in ALTCS population in FY 2013



Adoption/Permanent Guardianship Growth

- \$17.0 million funds 11% growth in Adoption Subsidies
 - Monthly averages projected to exceed 16,000 children in FY 2013
 - With no funding increases since FY 09, DES has used enhanced federal funds to cover increased costs but those federal funds have expired
- \$2.4 million funds growth in Permanent Guardianship payments
 - Backfills increased obligations caused by statutory change regarding means testing for TANF Cash Assistance



Child Welfare Enhancements

- A total of \$3.7 million to enhance CPS in critical areas
- Enhance multi-disciplinary CPS model by hiring 28 former law enforcement personnel to assist with investigative process, by
 - Providing expert assistance to CPS Specialists on cases involving allegations of child abuse or neglect that have resulted in a serious injury or the death of a child
 - Accompanying CPS Specialists or CPS Supervisors on home visits that are anticipated to be difficult or highly confrontational
 - Conducting training for all CPS staff on the techniques and strategies necessary for performance of sensitive investigations into allegations of child abuse and neglect, including observation, conducting interviews, detecting signs of chronic neglect, forensics and collective evidence, and other documentation that will assist in the criminal prosecution of the abuser
 - Assisting CPS staff in the navigation of interagency databases
 - Providing quality assurance by reviewing cases to ensure proper standardization and application of investigative processes



Child Welfare Enhancements

- 4 new positions to improve strategic management
 - Investigative Process
 - Community Coordination/Advocacy Centers
 - Data/Quality Assurance
 - CPS Hotline
- Augment CPS career ladder by adding a new classification
 - Create the capacity for 175 individuals in current CPS Specialist III positions who have extensive field experience and expertise to be promoted to the new CPS Specialist IV in order to assist with:
 - the quality of family engagement
 - case activity at key decision points at the time they occur to ensure that they embody critical thinking and family centered practice
 - consistency of policy application
 - service plan development to ensure the appropriateness of the interventions provided to the child and family and the implementation of services
 - consistency of documentation and record keeping



Temporary Assistance for Needy Families Contingency/Supplemental Funds Backfill

- \$25.8 million funds will backfill declining availability of federal funds due to elimination of or reduction in:
 - Population Supplemental
 - TANF supplemental grants were for states with rapid population growth
 - Arizona received an annual \$23.9 million supplemental grant until FY 11
 - Arizona’s supplemental grant accounted for a 12% increase over the base TANF grant
 - Supplemental grants have not been continued in the federal budget
 - Contingency Funds
 - TANF Contingency Funds were made available to states meeting certain growth criteria
 - Like supplemental grants, these funds are no longer available at historic levels



Temporary Assistance for Needy Families Contingency/Supplemental Funds Backfill

TANF Sources and Uses of Funds (thousands)

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
<u>Sources</u>			
Beginning Balance	44,194.5	46,888.1	13,334.5
Base Block Grant	200,141.3	200,141.3	200,141.3
Population Supplemental	21,807.9	-	-
Regular Contingency	10,007.1	10,007.1	-
Emergency Contingency	4,456.6	-	-
Sources Total	280,607.3	257,036.5	213,475.8
<u>Uses</u>			
Expenditure Estimates	233,719.2	243,702.0	239,304.4
Year End TANF Balance	46,888.1	13,334.5	(25,828.6)



Temporary Assistance for Needy Families Contingency/Supplemental Funds Backfill

Fiscal Year 2012 TANF Appropriations:

	<u>TANF</u>	<u>% of Total</u>
Child Welfare	144,127,600	59.1%
Eligibility and Cash Assistance	60,583,900	24.9%
Employment Programs	21,815,000	9.0%
Community Assistance (Homeless, DV, Hunger)	12,752,200	5.2%
Technology, Business, and Admin. Support	4,192,100	1.7%
Attorney General	231,200	0.1%
Total TANF Appropriation	243,702,000	100.0%



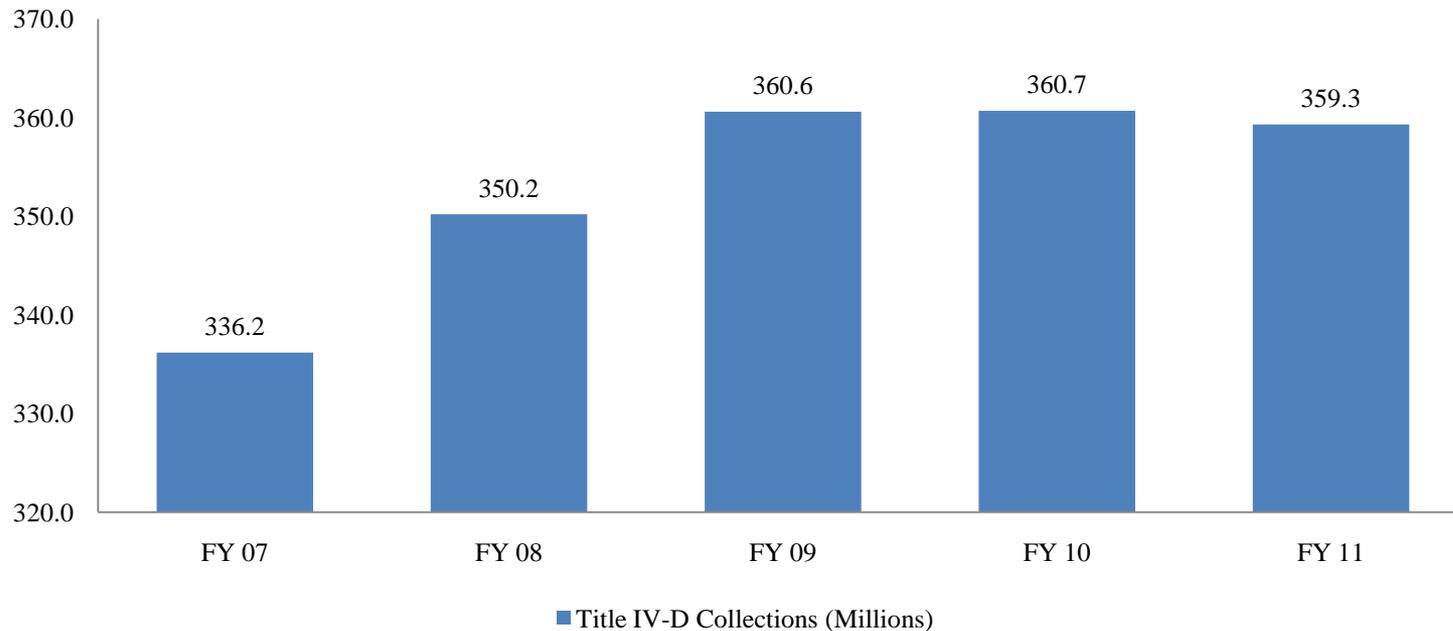
Child Support Revenue Reduction Offset

- \$4.5 million GF increase backfills State Share of Retained Earnings (SSRE) revenue lost due to law changes
 - Reductions in FY 2010 and FY 2011 to the TANF Cash Assistance lifetime benefit limit and eligibility criteria reduced the amount of benefits paid out that Child Support can recoup after the program is able to begin child support payments to the family
 - Changes in federal law have reduced state revenue for child support by amending and limiting the timeframe that assigned child support arrears can be recouped by the State



Child Support Revenue Reduction Offset (Cont'd)

- Collections in IV-D Child Support have increased 6.9% in the past five years and have remained relatively flat in the past three years despite difficult economic conditions



Statewide Recommendations

- Personnel reform to meet 5 basic objectives:
 - Consolidate 9 personnel systems into 1
 - Give managers more flexibility to reward top performers
 - Focus on measuring, fostering, and rewarding employee performance
 - Restructure grievance and appeal system
 - Modify classification and compensations systems and hiring process
- In conjunction with personnel reform, 5% pay increases for all eligible employees (\$7.2 million GF for DES employees)
- Standard Adjustments for changes in the Arizona State Retirement System rate, rent costs, and health insurance rates total a decrease of \$2.2 million GF for DES
- Statewide accounting system replacement and critical information technology modernization



Recommended Fund Transfers

Child Abuse Prevention	118,300
Child Support Enforcement Admin (SSRE)	91,100
Child/Family Services Training	1,600
Long-term Care	800
Special Administration	439,100
Public Assistance Collections	96,000
Spinal and Head Injuries	449,900
Total Fund Transfers to the General Fund	1,196,800





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Questions?