

Arizona

Department of
Economic Security



Annual Report **SFY 2002 - 2003**

Janet Napolitano, Governor

David A. Berns, Director

MISSION

The Arizona Department of Economic Security is dedicated to promoting the well-being and self-sufficiency of individuals and families through the delivery of quality integrated services.

VISION

Our vision is a Department that is valued for its leadership and excellence in the delivery of quality human services in Arizona. We value employees and strive to create organizational pride. We recognize that children are our greatest natural resource, individuals and their families are the foundation of a strong society, and that each must be afforded safe, secure and nurturing environments. The Department's service delivery is responsive and sensitive to individuals, cultural and community differences, and balances prevention and crisis assistance.

GUIDING PRINCIPLES

- We Lead by Example
- We Value Teamwork and Stakeholder Partnerships
- Customer Service is Vital to Our Success
- Employees are Valued
- Continuous Improvement is the Cornerstone of Our Agency
- We Manage by Facts
- Diversity is a Strength



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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Janet Napolitano
Governor

David A. Berns
Director

FEB 2 2004

The Honorable Janet Napolitano
Governor of Arizona
State Capitol, West Wing
Phoenix, Arizona 85007

Dear Governor Napolitano:

The Arizona Department of Economic Security's Annual Report for the period July 1, 2002, through June 30, 2003 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, including the use, training and placement of manpower, and recommendations for the forthcoming fiscal year for the state's development of relevant programs. The report is due to the Governor and Legislature by the end of each calendar year.

The Department's efforts in State Fiscal Year (SFY) 2003 centered on efficiency, balancing the budget, and improving child support data to avoid sanctions. In the SFY 2004, the Department has initiated a fundamental change in the approach and style of delivering human services. In addition to continuing to emphasize accountability, the Department has begun the integration of human services programs, workforce development efforts, child welfare interventions, and other human services to create a holistic structure of public services to vulnerable children, families, and adults.

Sincerely,

A handwritten signature in cursive script that reads "David A. Berns".

David A. Berns

Enclosure

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Historical Perspective and Overview

The Department was established by the State Legislature in July 1972 by combining the Employment Security Commission, the State Department of Public Welfare, the Division of Vocational Rehabilitation, the State Office of Economic Opportunity, the Apprenticeship Council, and the State Office of Manpower Planning. The State Department of Mental Retardation joined the Department in 1974.

Children, families, the elderly, and disabled may access an array of programs and services through a single state agency. Approximately 82 percent of the Department's funds are for services and benefits, and approximately 34 percent are for service contracts with a comprehensive provider network.

Organization and Services Provided in State Fiscal Year 2003

The Department is organized into divisions that provide protective, social, and community services; employment and economic assistance; and operations support, as follows:

Programs:

- The Division of Children, Youth and Families (DCYF) provides child protective services, foster care services, kinship care, independent living services for young adults, adoption services, in-home family services, intensive family services, and substance abuse treatment services for families whose children are at imminent risk of out-of-home placement.¹
- The Division of Child Support Enforcement (DCSE) administers Arizona's child support enforcement program. The Division provides services which include locating absent parents, establishing legal paternity for children born out-of-wedlock, and establishing legal obligations to pay child support. The Division enforces and collects child support through a variety of administrative and judicial remedies, and is responsible for the State Disbursement Unit that processes and distributes child support payments.
- The Division of Benefits and Medical Eligibility (DBME) administers the Temporary Assistance for Needy Families (TANF) Cash Assistance, Food Stamps, and state-funded General Assistance programs. In addition, the Division determines eligibility for the State's medical assistance program (AHCCCS), as well as supplemental security income through its Disability Determination Services Administration.
- The Division of Employment and Rehabilitation Services (DERS) administers Arizona's Unemployment Insurance, Job Service, and Vocational Rehabilitation programs. In addition, the Division provides job training opportunities through administration of the Workforce Investment Act (WIA) and the Jobs Program. The

¹ As of December 2003, this Division has been elevated to report directly to the DES Director.

Division also administers a comprehensive set of child care programs and Independent Living Rehabilitation services.

- The Division of Developmental Disabilities (DDD) provides services to individuals with developmental disabilities through a 100 percent state-funded program and the Arizona Long Term Care System (ALTCS), which is funded by the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration) through the Arizona Health Care Cost Containment System (AHCCCS). Both programs provide home and community-based services, residential and day programs, children's services, and services to children in foster care. In addition, the ALTCS program provides acute medical care to eligible individuals.
- The Division of Aging and Community Services (DACS) provides and contracts for services, such as emergency and energy-related assistance, food distribution information for the hungry, rural food banks, shelter and supportive services to victims of domestic violence, refugee resettlement services, and shelter for the homeless. Adult services programs include adult protective services, the supplemental payments program, home care, congregate and home-delivered meals, case management, long-term care ombudsman program, State Health Insurance Assistance Program, legal assistance, Senior Community Service Employment Program (Title V), the Foster Grandparent Program, and the Family Caregiver Support Program.
- In addition to the divisions and programs listed above, the Arizona Early Intervention Program (AZEIP) is also located in the Department. AZEIP was established by Executive Order 89-11, and A.R.S. 8-652, which designated the Department as the Lead Agency responsible for the administration and supervision of the comprehensive interagency system of early intervention services. AZEIP is governed by the Individuals with Disabilities Education Act (IDEA), Part C (P. L. 105-97).

Operations:

- The Division of Employee Services and Support (DESS) provides support services to all employees and programs, including appellate services, audit and management services, special investigations, licensing, safety and security, economic research, organization and management development, and volunteer services.
- The Division of Business and Finance (DBF) provides office and general business services to the Department, such as accounting, finance, budget, collections, procurement, facilities management, purchasing, payroll, printing, records retention, supplies distribution, surplus management, forms management, and mail management. The Division is also responsible for the implementation of the federally mandated Health Insurance Portability and Accountability Act (HIPAA). DBF also provides the following services to the Department: development and coordination of Department policy, planning and project management; best practices and innovative approaches in human services; strategic planning and

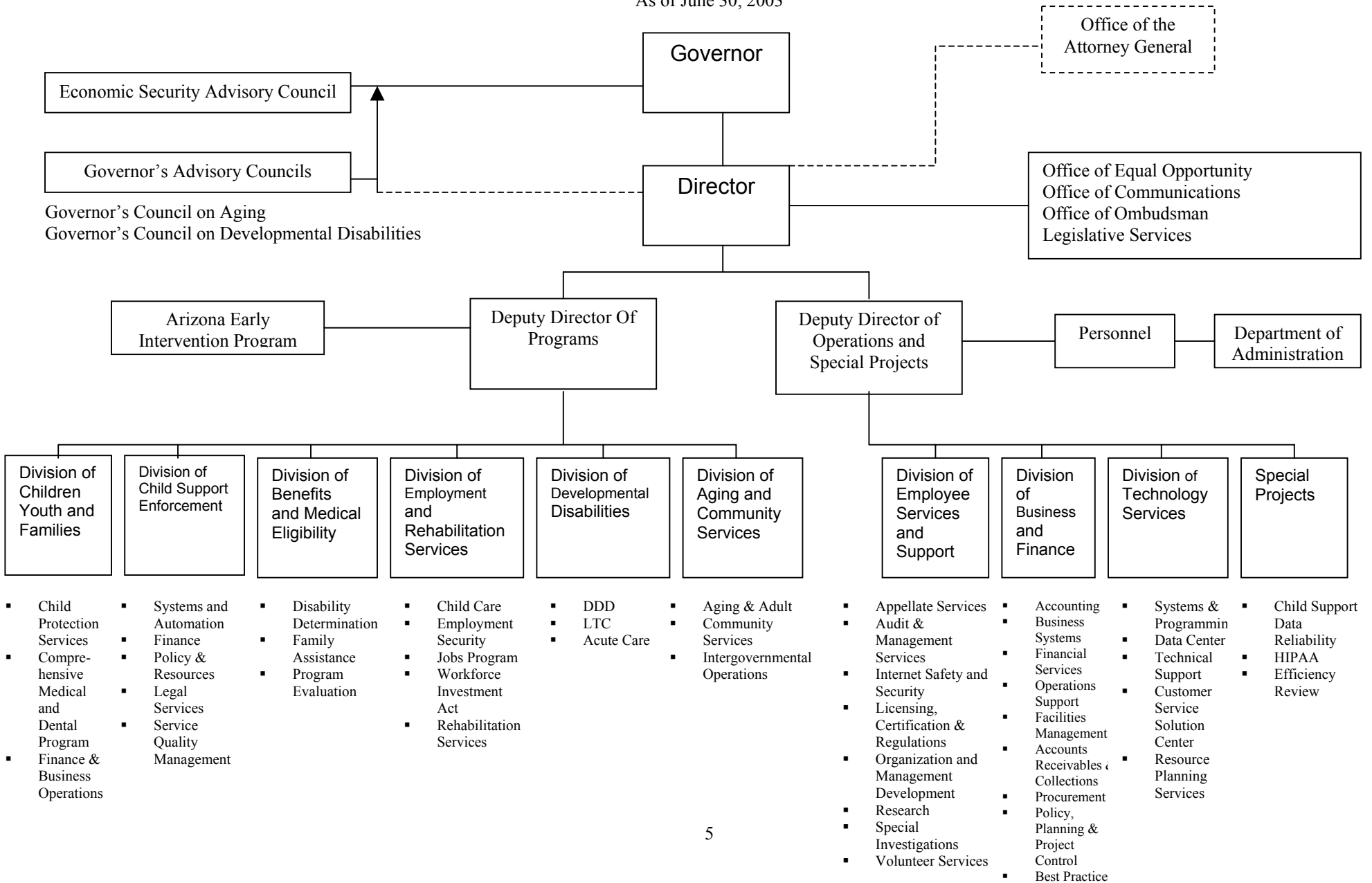
evaluation; analyzing and developing new policies and rules; and coordinating cross-divisional projects.

- The Division of Technology Services (DTS) provides the information technology solutions to meet the needs of the Department. DTS provides technical and systems services for the development, maintenance, and enhancement of automated business systems. DTS works to design integrated systems that are in compliance with the Government Information Technology Agency (GITA) and agency standards.

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Arizona Department of Economic Security

As of June 30, 2003



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Economic Conditions and Outlook

The following economic information has been obtained from the Department's Research Administration's "Annual Update Forecast 2003" press release dated August 2003.

Arizona's economy has continued to add jobs in calendar year 2003. In fact, throughout most of the year Arizona was ranked in the top ten fastest job-growing states in the nation. More than 82,000 jobs will be added to the Arizona economy during calendar years 2003 and 2004. Although jobs grew at a slower than expected rate during the second quarter, momentum picked up during the remainder of 2003 and is expected to continue into 2004. Most of this stems from improving consumer optimism and business confidence and the expected gradual recovery extending through other geographic regions.

Arizona's goods-producing industries are expected to grow by 800 jobs over calendar years 2003 and 2004. This group of industries shows a surprising endurance in job creation in the case of construction, while manufacturing shows a loss of industry share in its return to 1993-94 levels.

These two most cyclical industries have shown sharply different experiences since 2001. Construction is an industry serving mostly "home-grown" demand. Population growth in Arizona, among the fastest in the Mountain states region, helps to supply the demand for job growth, while the continued low interest rates add to the affordability and attraction of housing and other related products. Manufacturing, on the other hand, is an industry largely serving demand external to our state. With demand levels sharply curtailed in recent years from other regions, manufacturing firms have struggled to adjust by shedding plant, equipment, and jobs, a process generally referred to as consolidation. Increasingly, however, manufacturing and mining firms have also opted to close, relocate, or prioritize their expansion efforts abroad.

During the calendar years 2003 and 2004, construction is forecast to add more than 11,000 jobs. Continued strong demand for housing has developers building new homes, homeowners expanding and remodeling, and cities and counties grappling with a great deal of infrastructure development such as improvements of roads and highways. Additionally, continued attraction to rural regions from retirees and locals is forecast to incite economic planning and development groups to work hard in an effort to stay ahead of demand pressures.

Meanwhile, projected gains for construction are largely offset by the anticipated losses of nearly 10,000 jobs in manufacturing and a decrease of roughly 700 jobs in mining. Computer and electronic manufacturing firms experienced the largest blow in the most recent downturn, and these related sectors are projected to show a prolonged struggle toward recovery.

Service-providing industries are forecast to add more than 81,000 jobs during 2003-04. This group of varied and diverse providers has been growing faster than the goods-producing industries, due to large sectors of the economy catering to Arizona's fast growing population and industries serving tourists.

Health and education sectors are projected to show growth of more than 26,000 jobs. Annual growth rates are expected to average roughly 5.5 percent during 2003-04.

Notably, increases in health services jobs are forecast to outpace most all others during the next few years.

Professional and business services sectors are forecast to show increasing demand for labor over the next two years, growing by 1.7 percent in 2003 to more than 4 percent in 2004. This industry is forecast to add 18,600 jobs, accounting for more than 22 percent of the increase on jobs during the 2003-04 period. Projected to be one of the fastest growing sectors of this super sector, the employment services sector is already leading this group as it serves the growth in many other industries.

The combined trade, transportation, warehousing, and public utilities group is forecast to add almost 15,000 jobs during 2003-04. This represents nearly 18 percent of all jobs added during this two-year period. Trade is projected to be the fastest growing of this group, but losses in wholesale trade are expected to drag down improving retail sectors benefiting from rising and sustained levels of consumer optimism. Wholesale trade showed losses in 2003 but is expected to contribute to growth in 2004.

The information services sector is forecast to experience a difficult period toward recovery. Publishing and other information services are forecast to pare more than 3,000 jobs during 2003-04. This industry has been one of the hardest hit in the service-producing industries following the post 2000 economic downturn.

Arizona's leisure and hospitality industry is forecast to add 7,600 jobs during 2003 and 2004, averaging roughly 1.5 percent over the two-year period. More than 9 percent of the total increase of jobs will come from this mostly tourism and entertainment group of sectors.

Financial services forecasts showed a slight loss of jobs in 2003 with modest gains forecast for 2004. Real estate is projected to be the source of continued growth, whereas the securities and commodities related sectors, along with the insurance sectors are forecast to experience some slight consolidations to cut costs and match lower demand.

Other services, a mix of service providing industries not elsewhere categorized, is forecast to add nearly 5,000 jobs. Growth rates of 2.3 percent and 3.3 percent are forecast for 2003 and 2004, respectively.

Providing services to Arizona's growing population, government is forecast to add almost 11,000 jobs during the two-year period. Annual growth rates are expected to be modest and average less than 1.5 percent during the two-year period. Local education is projected to generate most of the jobs in government. Growth in federal government jobs stems from the demand for greater security and other services across the state. Fiscal pressures are expected to restrain job growth in state and local government to levels sharply lower than historical trend.

Major Initiatives

During State Fiscal Year (SFY) 2003, the Department continued, initiated, and planned a number of projects aimed at streamlining processes and improving customer service. The most significant projects are outlined below.

- Governor's Initiative to Reform Child Protective Services (CPS)

The Division of Children, Youth, and Families fully participated along with community and other State partners in Governor Napolitano's initiative to reform Child Protective Services. This participation resulted in 42 recommendations for the reform of Arizona's Child Protection System. In SFY 2004, the Division of Children, Youth, and Families is actively engaged in the planning and implementation of the Governor's action items.

- Efficiency Review Project

Governor Napolitano announced in January of 2003 the establishment of a Statewide Efficiency Review (ER) project with a mission of finding practical and sensible solutions to improve customer service, reduce costs, and eliminate duplication. Consistent with the purposes of the Governor's ER project, the Department, during SFY 2003, pursued internal efficiencies, investments that draw down additional federal funding, and improved outcomes for customers that keep them out of more expensive systems of care.

In February of 2003, DES solicited cost-saving ideas from all employees. Employees submitted over 1,000 suggestions. These ideas were grouped into the categories of: Procurement, Telecommunications, Technology, Staffing, Printing, Revenue, Increased Inter-Divisional Cooperation, and Training.

Through the active participation of a DES Efficiency Review Team, the Department identified more than 30 different efficiency ideas for immediate implementation to realize cost avoidance in SFY 2003 and on into SFY 2004. These ideas ranged from energy conservation measures to procurement issues such as substituting generic for brand name office supplies and renegotiating contracts for office equipment and supplies. Through the implementation of ER measures, the Department was able to redirect \$4.2 million dollars during SFY 2003 while maintaining critical services and operations.

- Healthy Families Arizona Program

Healthy Families Arizona (HFAz), the nationally credentialed home visiting program administered by the Division of Children, Youth, and Families, is in its twelfth year of operation. The goals of the program are to enhance parent and child interaction, promote child health and development, and prevent child abuse and neglect. The program has an intensive independent annual evaluation that is exemplary in its many positive outcomes over the years. The most recent evaluation in 2003 finds that 97 percent of children in the program are linked to a medical doctor, and the immunization rate for infants in the program is 89 percent (compared to 71 percent in the state). Parents with the highest stress score improved the most, and 99 percent of program participants did not have a substantiated CPS report during FFY 2002.

HFAz has been recognized in four national initiatives. The Children's Bureau's Office on Child Abuse and Neglect selected HFAz as a Program with Noteworthy Aspects in the Effective Programs Category. Harvard University's website included HFAz as an example of a program that helps achieve school readiness; the National Center for Children in Poverty, Mailman School of Public Health, Columbia University selected HFAz as one of 25 programs with noteworthy aspects; and the Child Welfare League of America highlighted the program in a past publication as an emerging practice that is an evidence-based family-strengthening program.

- Health Insurance Portability and Accountability Act of 1996

In 1996, Congress passed the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA mandates significant changes in the legal and regulatory environment to guarantee the security and privacy of health-related information and to standardize the format of electronic transmissions of health-related data. The Department is working collaboratively with other State agencies to accomplish the mandated changes.

The Department has placed HIPAA and its three current sub-parts, Standardization of Transactions and Code Sets (TCS), Privacy, and Security, under Project Control. A HIPAA Chief Privacy Officer position was established. A Security work group has been implemented. There are four programs within three Divisions that must be compliant with HIPAA Transactions and Code Sets. Three of these programs are included in the QMACS automated system, HIPAA's TCS solution. It is anticipated that QMACS will be HIPAA TCS compliant by April 2004. The fourth program, DDD Long Term Care, is not included in the QMACS solution; plans for Long Term Care HIPAA TCS compliance are now being finalized. The Department is working closely with the Arizona Health Care Cost Containment System (AHCCCS) on TCS implementation.

HIPAA had an enormous impact on the Department's resources in SFY 2003. The Department and other covered state agencies have been tasked with keeping sensitive medical data private and secure. It is a major challenge to implement the complex requirements of HIPAA and to comply with the mandates within the relatively short timeframes.

- Arizona Families F.I.R.S.T.

Arizona Families F.I.R.S.T. (Families in Recovery Succeeding Together) is an innovative, community-based approach in the provision of substance abuse treatment that is built on research, best practices, and community involvement. The program provides the opportunity for families referred to CPS or participants in the Jobs Program to overcome the barrier of substance abuse in order to reach the outcomes of permanency for children, family re-unification, and self sufficiency.

The framework of the Arizona Families F.I.R.S.T. program was designed to do business through collaboration and innovation while weaving the goals of child welfare, TANF, and family-centered practice into the delivery of substance abuse treatment. The program provides a continuum of substance abuse and recovery services and emphasizes outreach, engagement, aftercare, and support services in addition to traditional substance abuse treatment. Programmatic accomplishments include:

- Over 5,000 individuals have received an opportunity to be screened and assessed for substance abuse treatment.
 - Engagement and retention rates are above the benchmarks of similar programs.
 - More than 50 percent of clients referred are engaged in treatment services.
 - Arizona Families F.I.R.S.T. program has demonstrated a retention rate of 49 percent for clients receiving treatment services for at least six months.
 - Arizona Families F.I.R.S.T. is maximizing the use of federal dollars for substance abuse treatment as 66 percent of program participants are eligible and served with Title XIX funds.
 - According to the evaluation team of James Bell Associates, there has been a perceivable increase in the availability and timeliness of substance abuse treatment services.
 - A quality improvement process across state agencies is contributing to systemic changes in the way substance abuse treatment is delivered.
 - Arizona Families F.I.R.S.T. has contributed to increased collaboration among community agencies.
- National Family Caregiver Support Program

The Older Americans Act Amendments of 2000 established a National Family Caregiver Support Program. Arizona received an allocation of \$2.3 million to implement the Arizona Family Caregiver Support Program. The program calls for all states, working in partnership with area agencies on aging and local community-service providers, to have five basic services for family caregivers, including the following:

- Information to caregivers about available services.
- Assistance to caregivers in gaining access to supportive services.
- Individual counseling, organization of support groups, and caregiver training to assist caregivers in making decisions and solving problems relating to their caregiving roles.
- Respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities.
- Supplemental services, on a limited basis, to complement the care provided by caregivers.

Services are to be provided to (1) family caregivers of older adults and (2) grandparents and other relative caregivers of children not more than 18 years of age. The statute requires states to give priority consideration to (1) persons in greatest social and economic need (with particular attention to low-income, minority individuals) and (2) older individuals providing care and support to persons with mental retardation and related developmental disabilities.

In SFY 2003, the Family Caregiver Support program provided assistance to 42,007 caregivers, of which 3,777 were grandparents or relative caregivers over age 60 for children not more than 18 years of age. As part of the activities of the Family Caregiver Support Program, the Division of Aging and Community Services in collaboration with the Arc of Arizona, hosted a workshop in Phoenix in May 2003, designed to explore how local groups from aging and disabilities services can work together to better service aging adults with mental retardation and related disabilities, and their caregivers. In attendance were 95 family caregivers and social service professionals from all over Arizona representing both the aging and developmental disability communities. The

National Family Caregiver Support Program, through a special grant from the United States Administration on Aging, provided keynote speakers from the University of Albany (NY).

- Alzheimer's Demonstration Project

The Alzheimer's Demonstration Project, called the Alzheimer's CARE Program, helps families to care for family members with Alzheimer's disease. The *Camino de Amistad*, or "Walk of Friendship" component ensures culturally appropriate services are provided to Spanish speaking families. Families receiving services through the project are offered the flexibility of receiving in-home personal care or respite care by either traditional provider agencies or by selecting family members or friends to perform those services. Adult Day Care, group respite, and transportation services are also provided through grant funds. Training for family and professional caregivers, and case management services, are provided by the Alzheimer's Association.

Supervision of direct services is provided by grant funds through the Area Agency on Aging, Region One, Inc. Arizona's Alzheimer's Demonstration Project is the result of a grant awarded by the Federal Administration on Aging to the Aging and Adult Administration in June of 2000. The program has been funded for a third year allowing the Aging and Adult Administration to provide additional services to caregivers caring for people with Alzheimer's disease through State Fiscal Year 2004.

In 2003, the Alzheimer's Demonstration Project provided direct services to 96 families in Maricopa County and rural northern Arizona. The project also developed an Alzheimer's Disease Training Curriculum that includes a special section on cultural diversity. Over 100 copies of a dementia-specific staging and resource guide were distributed to organizations and agencies statewide. The project has conducted 44 training sessions on caring for persons with dementia for 474 community and family members and 679 professional health care workers. The project also provided in-home personal care or respite care training to 36 family members or friends. Recreational technician training was provided to five family members at Adult Day Care centers.

- Community Action Network Funding

The Division of Aging and Community Services implemented Funding Formulas based upon the recommendations of a 14-member stakeholder committee, to distribute over \$21 million in funds more equitably to the Community Action Network. The Community Action Network will use the funds to provide emergency and energy-related services across America.

- Need for Services Assessment (NFSA) Pilot

The Division of Aging and Community Services successfully completed the NFSA pilot project with four domestic violence shelters in partnership with Sojourner Center. NFSA is an empowerment-based, client assessment, and goal setting process that was developed by Sojourner Center and Arizona State University to improve the effectiveness of their case management with victims of domestic violence. The Division is planning to train eight more shelters in the first half of SFY 2004 through a contract with Sojourner Center.

- Fatherhood Program

On October 4, 2002, the U.S. Department of Health and Human Services awarded the Division of Child Support Enforcement a federal grant to increase child support collections from low-income parents. The goal of the Fatherhood Program is to assist low-income non-custodial parents in becoming financially and emotionally responsible parents through collaboration of the child support agency with local fatherhood programs, the workforce development system, and faith-based organizations. Principle objectives of the program include helping fathers through the development of a customized curriculum, "Fatherhood Academy". The curriculum focuses on job readiness, money management, life skills training, relationship building, and the role of marriage. The Fatherhood Academy is designed to help fathers through a collaboration of the child support agency, local fatherhood programs, the workforce development system and faith-based organizations. The program also works on producing realistic child support orders for non-custodial parents with limited incomes and encourages the prompt payment of support.

- Ticket to Work Program

The goal of the Ticket to Work Program is to increase the choices of Social Security beneficiaries with disabilities for obtaining employment, vocational rehabilitation, or other support services from public and private providers. The program issues Social Security beneficiaries with disabilities a ticket they can use with either an Employment Network or the State's Vocational Rehabilitation Program to obtain the services needed to become successfully employed. In Arizona, 152,088 tickets and packets were mailed to eligible beneficiaries during 2002-2003. This year, the Social Security Administration's growth is projected to have 3,000 to 5,000 new beneficiaries. The Division of Employment and Rehabilitation Services has continued to build strong relationships with the existing 25 Employment Networks within Arizona and continues to have memoranda of understandings with 15 Employment Networks. In SFY 2003, the Division established an Employment Network association involving all in-state Employment Networks that allows members to share information, discuss current activity, and to provide collaboration on technical and future training for the Ticket to Work Program. In addition, the Division invited all Employment Networks to receive annual training regarding Social Security benefits.

- Faith-Based Initiative

The Division of Employment and Rehabilitation Services joined in a statewide initiative to expand the role of grass roots, faith-based and community-based organizations. The Department targets residents who might not seek such assistance in the Department's field offices or One-Stop Career Centers. The faith and community-based organizations are a resource the Department uses to meet the needs of a community. The project intends to address barriers such as the lack of knowledge, undeveloped associations, and proximity. Through federal funding, the Division purchased and installed 74 personal computers and 26 printers. The Division installed, configured, and deployed the equipment throughout the state to organizations selected by the Arizona Department of Commerce. This initiative bridged the gap between our community's workforce development needs and the available resources.

- DES Diversity Implementation Team

The Department established a Diversity Implementation Team consisting of at least one representative from each division. The team developed an Intranet web-site for the Division of Employment Services and Support that later was transferred to the Department's web-site. The team began planning for diversity recruitment, training, and procurement. In addition, the team designed a training curriculum and developed a diversity program targeting various competency levels. The web-site educates and informs employees and our customers about the Department's commitment to diversity. The training curriculum that was piloted allows the Department to receive feedback from employees regarding the need for agency-wide diversity training that will help the Department reach beyond our differences, both internally and externally. The Department enhanced and increased its recruitment of bi-lingual staff to address the special needs of our customers.

- Case Management Screening Guide

In April 2003, the Division of Employment and Rehabilitation Services implemented the Case Management Screening Guide as a more comprehensive way to review the needs of Temporary Assistance for Needy Families (TANF) recipients who participate in the TANF work program. This tool is used to obtain participant information regarding work experience, family issues and needs, educational achievement, and barriers to employment. The screening guide helps the participant and the case manager to understand the family's needs and identify activities and services that will help achieve the ultimate goal of financial independence for these TANF families.

- Qualified Vendor System and Published Rates

In the fall of 2002, the Division of Developmental Disabilities began the planning and development of a new process to streamline the purchasing of support services for persons with developmental disabilities and their families. This new process, the Qualified Vendor System, enhances the control that persons with developmental disabilities and their families have over the selection of service providers. The Qualified Vendor System provides an open and continuous process of provider recruitment that greatly simplifies the way the Division contracts with providers to deliver support services.

In conjunction with the redesign of the procurement system and the method of vendor selection, the Division also established published rates for most of its services. An independent consultant analyzed the local and national labor markets and comparable service sectors to set benchmark rates for each service. The initial call for Qualified Vendors was made in the Spring of 2002, and on June 30, 2003, the Division had over 350 new Qualified Vendors ready to begin delivering services on July 1, 2003.

A Design Team comprised of persons with developmental disabilities, family members, advocates, provider vendor staff, and state staff set the conceptual framework for these changes. Legislation that passed in 2002 requires the establishment of a published rate system for services.

- Qualified Vendor Application and Directory System

In conjunction with the Qualified Vendor System, the Division of Developmental Disabilities is developing the Qualified Vendor Application and Directory System. This highly automated and easily accessible web application is being developed to meet the provisions of the same legislation that mandated the Qualified Vendor System. Currently, this system supports the Vendor application process. Future phases of the system will create an information portal for potential vendors and a notification system for unmet client needs. Additionally, the system will allow for compilation of vendor information into a Qualified Vendor Directory. This Directory will facilitate consumer and family choice of providers.

- Establishment Grants

The Division of Employment and Rehabilitation Services plans to award up to \$4 million in grants to public or non-profit Community Rehabilitation Program providers to establish, develop, or improve capacity to provide vocational rehabilitation services that promote competitive integrated employment opportunities for individuals with disabilities. The Division will solicit applications in nine program areas including: coordination of transportation services, behavioral health, training programs for public agencies such as fire or police departments, comprehensive adjustment services for the blind, employer linkages, One-Stop Workforce Development initiatives, development of a system of supports for juveniles to maintain employment, and delivery of service enhancements for TANF recipients.

- Navigator Grant

Arizona is one of 14 states that received a U.S. Department of Labor (DOL) Disability Program Navigator (DPN) grant. The DOL grant funds seven positions for Arizona. These positions will be located at various One Stop Career centers throughout the State. The grants target the thirteen original Ticket to Work states and California. The Navigators will assist individuals with disabilities to access the wide variety of programs available to support their successful entry or re-entry to the workforce.

Automation Initiatives

The Division of Technology Services continues to enhance the Department's automation capabilities. Automation can have a positive impact on the way the Department provides services to the public and can enhance the productivity of Department staff. The Department has completed or has underway several major automation initiatives, including the following:

- Child Support Enforcement System Certification

The U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement, granted full system certification to Arizona's automated child support system. All states were required to satisfy provisions of the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA) related to child support enforcement program automation. On May 1, 2003, Arizona became the

twenty-first state to achieve full certification. In order to receive this, the Department had to implement the complete functionality specified in the PRWORA Certification Guide, and the Administration for Children and Families had to review and approve the results.

- DES Intranet

The DES Intranet provides employees with a new tool for communication and information sharing. The Intranet will provide general information to employees about each division, program, and unit. A number of DES Intranet sites are currently being developed. Each site will represent various organizations in the Department and provide information to employees on what they do, how they do it, and the benefit their organization brings to the agency and the employee.

These sites will have information on policy, breaking news, events, and milestones. Depending on the site, many of the internal agency procedures that are now accomplished through paperwork will become automated and be made available to employees in a real time environment. The sites will allow the Department to move more rapidly toward a paperless office environment that will save both money and the environment.

Though in its infancy, the DES Intranet provides the agency with many ways to gather information from employees through surveys and polls. It is easily used as a means to make announcements to all staff and reduce the burden on our email system. Department-wide information that has been difficult to obtain will now become more easily and universally available through the use of the DES Intranet. As the DES Intranet matures, employees will find that they may be able to submit time sheets, fill out travel vouchers, enter fleet service information, and perform a number of other functions that now require paper and excessive turnaround time for approvals.

- Arizona Workforce Informer

In collaboration with 22 other states through the U.S. Department of Labor, the Department has developed a new web-site that puts customized labor market information at the fingertips of policymakers, business leaders, economic developers, students, job seekers, and others. The system allows any individual, from corporate CEO to college student, to obtain information needed for career and work-related decisions.

The Department is the main source of labor market information and has maintained a web-site of national and statewide data on an ongoing basis. The new web-site contains web-enabled and customer friendly tools, which help the customer make better use of the information available. The new web-site also provides information in a standardized format known as America's Labor Market Information System (ALMIS) that allows customers to compare the same information from one state to another. The web-site is designed to allow integration with other programs within the Department and elsewhere.

- Health-E-Arizona

A partnership between AHCCCS, the Department, and the Community Health Center Collaborative Ventures, Inc., is piloting a new web-based enrollment application called "Health-E-Arizona" at Health Center locations, AHCCCS, and Department offices in

Pima County. Health-e-app is a paperless application process for public health insurance. It was designed for use by application workers in community-based organizations, clinics, and private businesses to help individuals and families apply for public health insurance.

The application process is more efficient for both administrators and clients. Preliminary eligibility and health plan/provider preference are integrated real-time during the application process. Supporting documents are faxed and associated electronically with the application data. It offers English and Spanish versions. Outreach workers or applicants can toggle between any point in the application process.

In a similar pilot project performed in San Diego County, application errors were reduced by nearly 40 percent. In addition, the time between application submission and eligibility determination decreased by 21 percent. A survey of applicants showed that 90 percent would rather apply using Health-e-app, and 95 percent liked the confirmation that the application was received and the immediate preliminary decision.

- Disaster Recovery Plan

The Division of Technology Services continued its efforts, within existing resource limitations, to alleviate concerns regarding potential data loss by developing and implementing various procedures in the Department's Data Center to improve data security. During the year, the Division also developed plans and funding estimates necessary to implement a full Data Center Disaster Recovery plan. The Department has requested SFY 2005 funding to provide the ability to recover mission-critical application systems and their data in a minimum amount of time, with time and the currency of the recovered data being the most important factors. The request for funding proposes a multi-year, multi-phased approach to disaster recovery implementation in order to reduce yearly expenditures and work our way into the complexities of an instant recovery environment.

- E-Government (e-Gov)

E-Government (e-Gov) is a continuation of the Inter/Intra/Extranet initiative. It is meant to eventually provide the ability to obtain government services through non-traditional means, allowing access to government information, and the completion of government transactions on an anywhere, anytime basis in conformance to equal access requirements. E-Government is segmented into three transaction and information types: E-Employee (Intranet), business-to-government (Extranet), and constituent-facing services (Internet). Three committees, comprised of representatives from each division, are providing recommendations for web infrastructure, standards, projects, and resources. Currently there are standards for defining the "look and feel" of the three environments, and guidelines and procedures in place to ensure consistency and accuracy of content. The Department's Internet web templates have been designed to meet state standards and have been approved by the Government Information Technology Agency (GITA). The security infrastructure that is required to provide safe movement of data without compromising Department or client data has been implemented and meets the GITA technical infrastructure standards.

- Internet-Based Service

In 2003, the Division of Employment and Rehabilitation Services implemented an Internet-based application that provides Unemployment Insurance (UI) claimants and employers additional access points to UI services. Arizona employers are now able to file their Quarterly UI Wage and Tax Reports via the Internet. In addition to the current telephone call center system, UI applicants may now utilize the Internet to file their initial claim for benefits or to file subsequent weekly claims. Most Internet claims are processed with no worker intervention.

The Division is currently developing two additional Internet applications to provide enhanced services to Arizona employers. An Electronic Fund Transfer (EFT) application will allow employers to submit payment for their quarterly UI wage taxes on-line. Also, in conjunction with the Arizona Department of Revenue (ADOR), the Division is developing an Internet Joint Registration application which will allow new employers to meet the statutory provision of registering with both the Department and ADOR on-line rather than submitting a paper form.

- Worker Profiling Reemployment Services (WPRS)

The purpose of the federally-mandated WPRS is to identify Unemployment Insurance claimants likely to exhaust benefits and refer them to reemployment services early in their claims experience. In 2003, the Division of Employment and Rehabilitation Services implemented the Arizona Reemployment Services Network System (AIRSNet). AIRSNET is an Intranet-based system that replaced the WPRS automation mainframe application - Arizona Integrated Reemployment Services (AIRS). The AIRS system used an outdated statistical model that did not provide any tracking mechanisms to assist the field in retrieving outcomes for service referrals either inside or outside the Department. AIRSNet has streamlined data entry and provides reports to assist both Department staff and external service providers user-friendly tools for referrals and retrieving outcomes. A new flexible statistical model can be adjusted as needed to changing economic trends without system redesign. Service providers outside the Department access AIRSNet via the use of secure identification logons.

- Fingerprint Re-Certification – Paperless Process

The Division of Employee Services and Support successfully eliminated the paper process of requesting fingerprint re-certification of over two thousand licensed foster parents, and adult household members, by establishing an electronic request procedure. The new automated procedure is more efficient, reliable, and cost effective. Both the Department and contracted agencies have realized savings resulting from reduced handling of paper request forms each month and postal cost associated with forwarding the requests to the Office of Special Investigations (OSI). This also eases the process for OSI by receiving one consolidated request each month with all licensees and adult household members included on a single report.

- The Human Resource Information System (HRIS) Project

The Department of Administration is replacing the existing payroll and personnel system (HRMS) with a new system (HRIS). The implementation date is December 2003. The

Department will need to integrate to the new system by this date. This project will require new system interfaces, changes in procedures, communication, and training. New complex system interfaces will have to be designed, developed, and tested to integrate data from the Department's automated financial management system (FMCS) to HRIS. The Department has already implemented several steps including establishment of several internal project teams to ensure the timely and efficient implementation and integration of HRIS.

Awards

- In June 2003, Arizona received enhanced funding as a result of reducing the Food Stamp Program payment error rate for Fiscal Year 2002 below the national goal of 5.9 percent. This bonus funding for FY 2002 in the amount of \$3,841,799 is for additional administrative reimbursement for Arizona's Food Stamp Program.
- The Computer Honors program recognized the Division of Children, Youth and Families' Statewide Automated Child Welfare System (SACWIS) application – CHILDS – as a 2003 Honor's Laureate. CHILDS was nominated and accepted as an entry in the "Government & Non-Profit" category. The CHILDS application is used by Child Protective Services staff for documenting Intake Reports, Investigations, Case Management activity, Eligibility Determinations, Provider and Financial data, and to make payments to providers for services to children and families.

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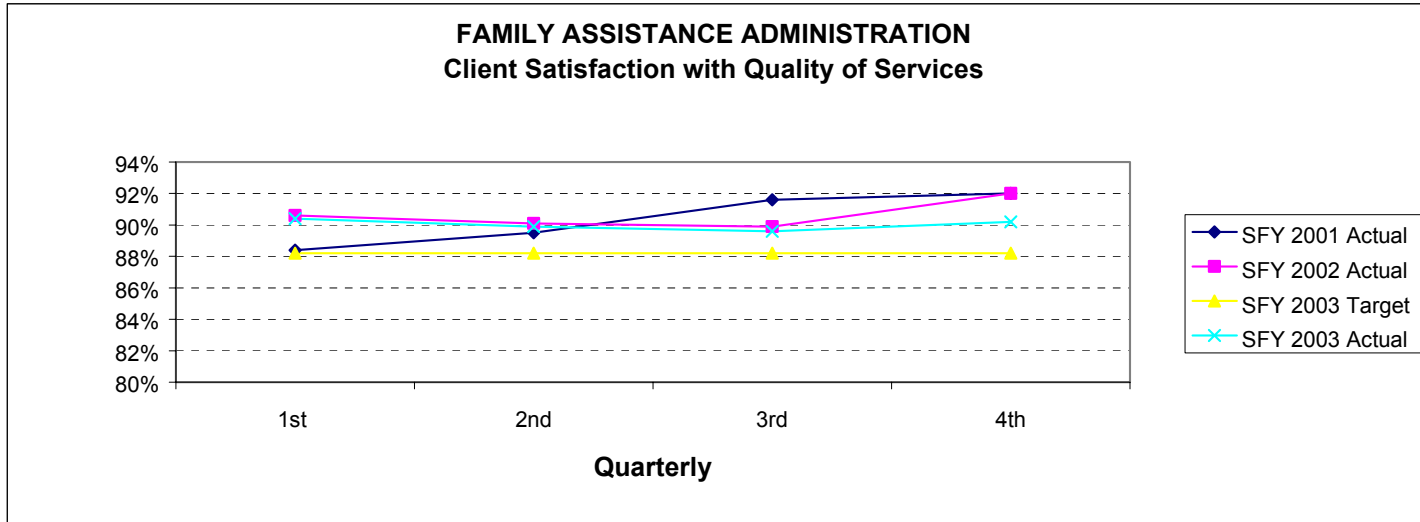
Key Performance Results 2003

The Department of Economic Security reports monthly to the Arizona Department of Administration on Key Performance Results (KPRs). The KPRs focus on critical issues that are important to the agency. The KPRs are shared with the Governor's Office to demonstrate agency progress and success in providing quality services to Arizona residents.

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Department of Economic Security SFY 2003 Monthly Key Performance Results

By June 30, 2003, DES will have client satisfaction with the quality of services received from the Family Assistance Administration at 88.20%.



This is a point-in-time measure and represents the percentage of clients who rated services from 1 to 3 on a scale of 1 to 5, with 1 being the highest rating and 5 being the lowest rating. Ratings are based on a sampling of all active TANF, Food Stamps and Medical customers. Approximately 2500 individuals are sent a customer satisfaction survey each quarter.

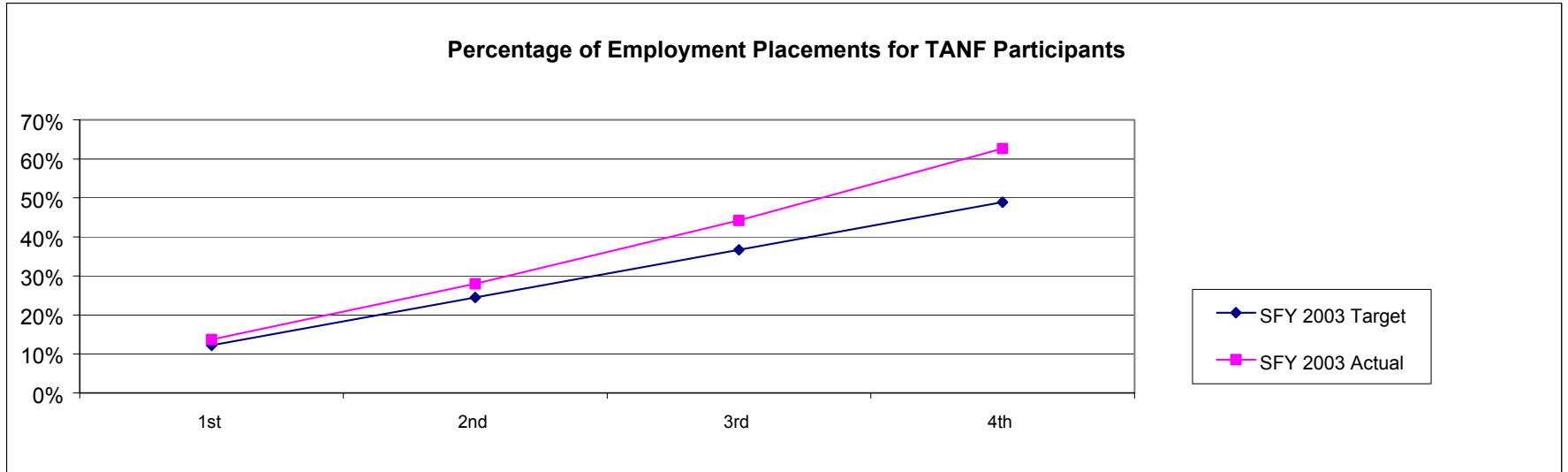
	1st	2nd	3rd	4th
SFY 2001 Actual	88.40%	89.50%	91.60%	92.00%
SFY 2002 Actual	90.60%	90.10%	89.90%	92.00%
SFY 2003 Target	88.20%	88.20%	88.20%	88.20%
SFY 2003 Actual	90.40%	89.90%	89.60%	90.20%

Client satisfaction data are collected on a quarterly basis only.

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Department of Economic Security SFY 2003 Monthly Key Performance Results

By June 30, 2003, DES will achieve 49% employment placement for the TANF population.



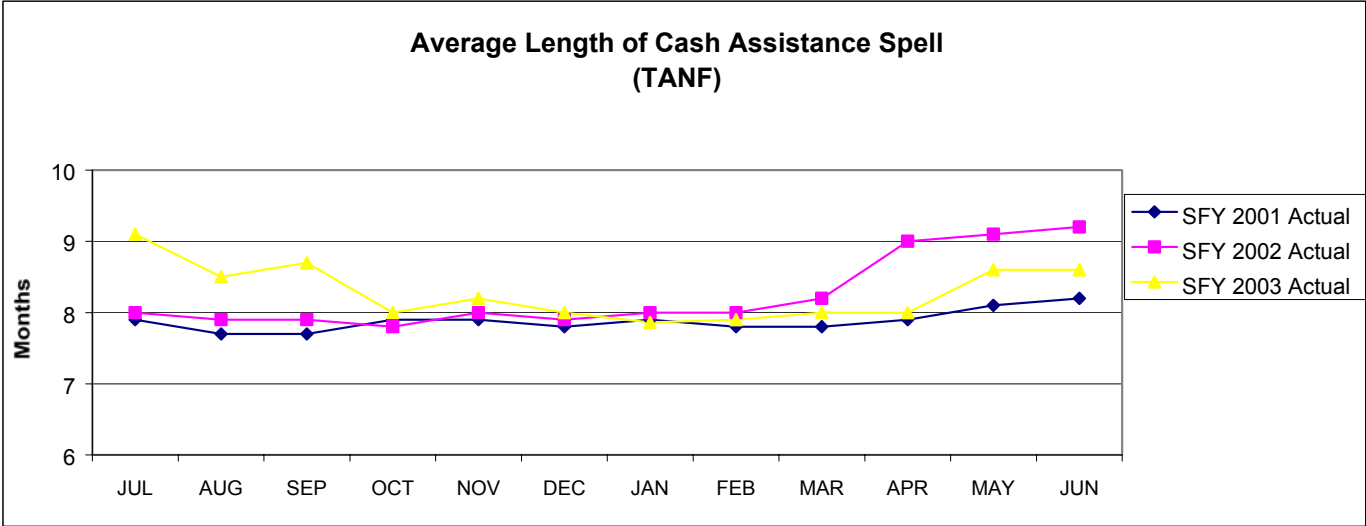
This measure represents the cumulative number of employment placements for TANF participants as compared to the constant TANF population as of July 31, 2002, of 25,348 (TANF population defined as adults 18 years and older, excluding tribal cases).

	1st	2nd	3rd	4th
SFY 2003 Target	12%	24%	37%	49%
SFY 2003 Actual	14%	28%	44%	63%

Placement numbers are typically available 45 days following the close of the quarter. Actual data may change as system-generated information is updated.

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**Department of Economic Security
SFY 2003 Monthly Key Performance Results**



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 2001 Actual	7.9	7.7	7.7	7.9	7.9	7.8	7.9	7.8	7.8	7.9	8.1	8.2
SFY 2002 Actual	8.0	7.9	7.9	7.8	8.0	7.9	8.0	8.0	8.2	9.0	9.1	9.2
SFY 2003 Actual	9.1	8.5	8.7	8.0	8.2	8.0	7.9	7.9	8.0	8.0	8.6	8.6

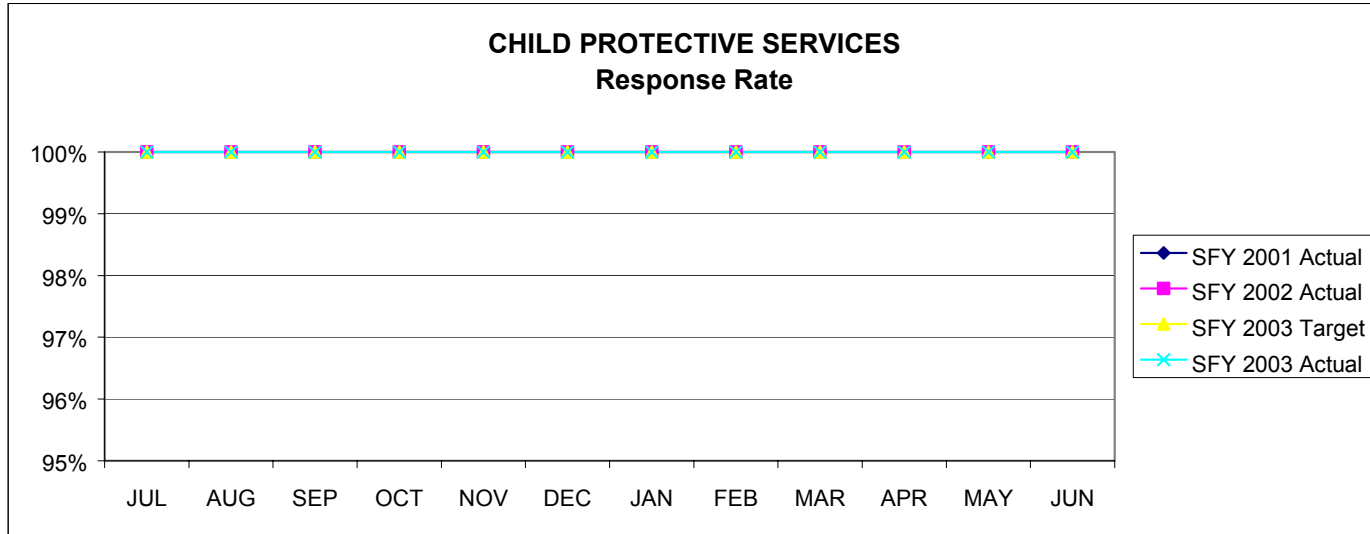
This measure represents the cumulative monthly average of the length of a Cash Assistance Spell for cases closed each month. A Cash Assistance Spell means the period from the first month benefits are paid until the case is closed. Data have been collected since November 1995 and are available 45 days following the close of the month.

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Department of Economic Security

SFY 2003 Monthly Key Performance Results

By June 30, 2003, DES will maintain the Child Protective Services and Family Builders combined response rate of 100%.



This measure represents the number of CPS reports assigned for investigation plus the number of reports referred to Family Builders compared to the total number of CPS reports received.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 2001 Actual	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SFY 2002 Actual	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SFY 2003 Target	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SFY 2003 Actual	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

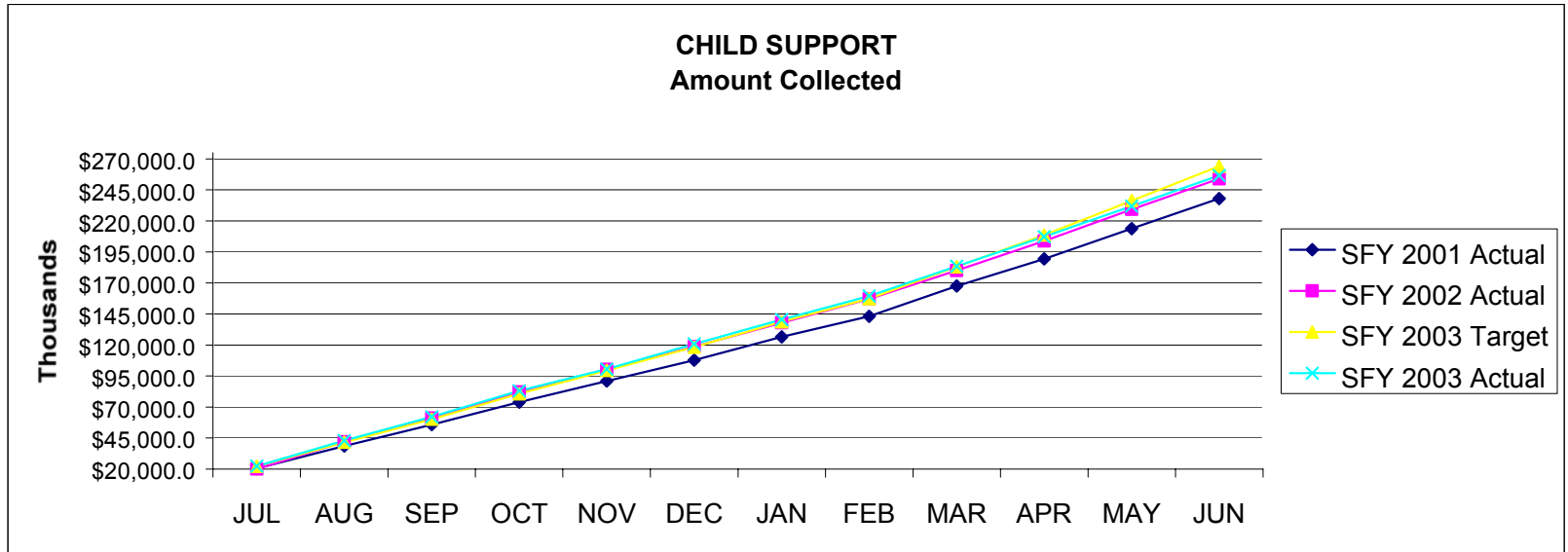
Monthly data are available 60 days after the last day of the month.
Data are reported after resolution of fluctuations between reporting periods.

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Department of Economic Security

SFY 2003 Monthly Key Performance Results

By June 30, 2003, DES will increase total IV-D collections to \$264,000,000.



This measure represents the total year-to-date amount of IV-D dollars collected under Title IV-D of the Social Security Act.

(THOUSANDS)	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 2001 Actual	\$20,495.0	\$38,625.5	\$55,834.3	\$73,821.0	\$90,962.7	\$107,773.7	\$126,635.1	\$143,207.4	\$167,512.2	\$189,380.0	\$213,934.0	\$238,037.6
SFY 2002 Actual	\$20,035.0	\$41,951.5	\$60,962.2	\$82,280.2	\$100,384.8	\$118,579.9	\$137,905.0	\$157,059.1	\$179,972.3	\$203,860.3	\$229,343.9	\$254,095.0
SFY 2003 Target	\$22,287.5	\$41,699.3	\$60,159.4	\$80,618.5	\$99,514.2	\$118,229.4	\$138,870.0	\$157,334.3	\$183,168.5	\$208,687.0	\$236,321.6	\$264,000.0
SFY 2003 Actual	\$22,293.0	\$43,031.2	\$62,119.7	\$83,041.8	\$100,630.3	\$120,812.3	\$140,564.1	\$159,444.7	\$183,440.7	\$207,281.9	\$231,994.2	\$256,555.0

Monthly data are available 45 days after the last day of the month.

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S t a t i s t i c s

The Department of Economic Security presents statistical tables that are relative to its operations as a human services agency in the State of Arizona.

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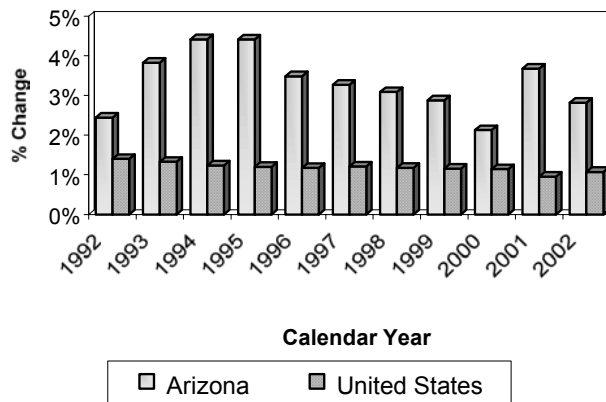
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States
Population
For the Calendar Years Ended December 31

<u>Year</u>	<u>Arizona Population</u>	<u>United States Population</u>	<u>Percentage Change in Arizona Population</u>	<u>Percentage Change in U.S. Population</u>
1992	3,915,740	256,514,224	2.44%	1.40%
1993	4,065,440	259,918,588	3.82%	1.33%
1994	4,245,089	263,125,821	4.42%	1.23%
1995	4,432,499	266,278,393	4.41%	1.20%
1996	4,586,940	269,394,284	3.48%	1.17%
1997	4,736,990	272,646,925	3.27%	1.21%
1998	4,883,342	275,854,104	3.09%	1.18%
1999	5,023,823	279,040,168	2.88%	1.15%
2000	5,130,632	282,224,348	2.13%	1.14%
2001	5,306,966	285,317,559	3.68%	0.95%
2002	5,456,453	288,368,698	2.82%	1.07%

Source: The United States Bureau of Economic Analysis; and the Arizona Department of Economic Security, Research Administration.

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 for some years may not match the amounts reported for prior years.

Population Growth



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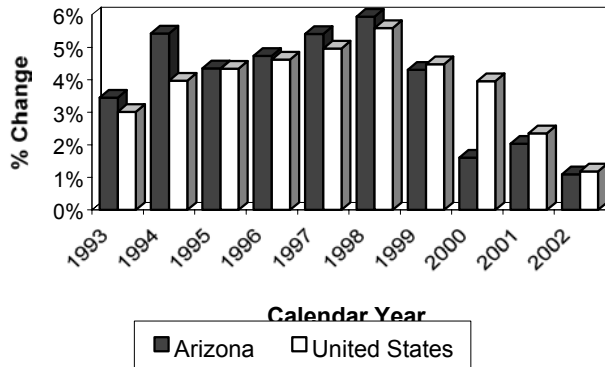
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States
Per Capita Income
For the Calendar Years Ended December 31

<u>Year</u>	<u>Arizona Per Capita Income</u>	<u>U.S. Per Capita Income</u>	<u>Percentage Change in Arizona Per Capita Income</u>	<u>Percentage Change in U.S. Per Capita Income</u>
1992	\$ 18,131	\$ 21,082	2.67%	4.68%
1993	18,756	21,718	3.45%	3.02%
1994	19,774	22,581	5.43%	3.97%
1995	20,634	23,562	4.35%	4.34%
1996	21,611	24,651	4.73%	4.62%
1997	22,780	25,874	5.41%	4.96%
1998	24,133	27,321	5.94%	5.59%
1999	25,173	28,546	4.31%	4.48%
2000	25,578	29,676	1.61%	3.96%
2001	25,872	30,472	2.03%	2.36%
2002	26,157	30,832	1.10%	1.18%

Source: The United States 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.

Change in Per Capita Income



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

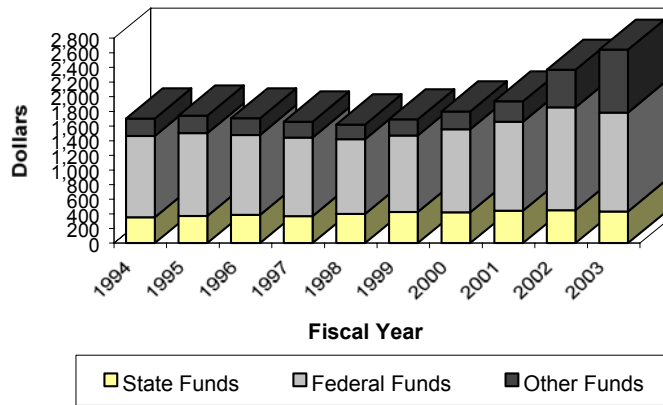
HEALTH AND WELFARE:

Year	State Funds	Federal Funds	Other Funds	Total Funds
1994	\$ 353,782,600	\$ 1,111,025,346	\$ 238,523,964	\$ 1,703,331,910
1995	372,114,400	1,129,460,885	240,231,124	1,741,806,409
1996	386,169,400	1,092,763,240	225,288,163	1,704,220,803
1997	370,757,400	1,072,660,950	216,699,361	1,660,117,711
1998	400,340,700	1,018,548,228	202,518,001	1,621,406,929
1999	425,235,500	1,045,925,462	220,049,050	1,691,210,012
2000	422,155,816	1,134,907,352	241,950,698	1,799,013,866
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

Source: The Arizona Department of Economic Security, Audited Annual Financial Report, 1993; Audited Comprehensive Annual Financial Report, 1994, 1995, 1996, 1997, 1998, 1999, 2000 and 2001; and Audited Financial Statements, 2002 and 2003.

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

Expenditures by Function and Funding Source
(In millions)



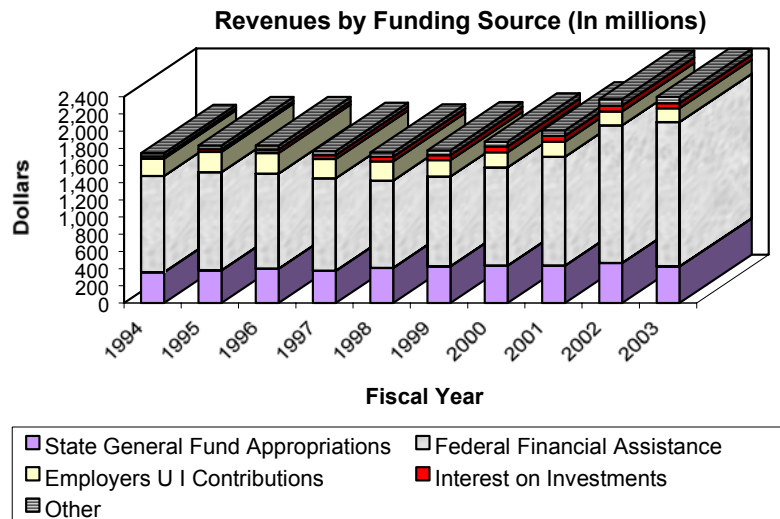
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental Funds and Unemployment Insurance Benefits)
For the Fiscal Years Ended June 30

Year	State General Fund Appropriations	Federal Financial Assistance	Employers UI Contributions	Interest on Investments	Other	Total
1994	\$ 356,801,100	\$ 1,121,879,899	\$ 201,229,020	\$ 26,681,446	\$ 37,330,662	\$ 1,743,922,127
1995	379,581,100	1,142,831,235	235,800,076	30,346,709	45,731,486	1,834,290,606
1996	397,217,300	1,110,112,146	239,480,340	38,861,761	48,154,973	1,833,826,520
1997	373,669,400	1,078,901,892	225,101,956	43,414,155	47,406,581	1,768,493,984
1998	409,640,900	1,016,492,399	223,517,434	51,591,704	49,907,366	1,751,149,803
1999	425,530,200	1,045,521,174	191,326,704	58,281,429	56,212,888	1,776,872,395
2000	434,171,319	1,143,846,770	177,603,712	64,010,350	57,845,055	1,877,477,206
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

Source: The Arizona Department of Economic Security, Audited Annual Financial Report, 1993; Audited Comprehensive Annual Financial Report, 1994, 1995, 1996, 1997, 1998, 1999, 2000 and 2001; and Audited Financial Statements, 2002 and 2003.

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



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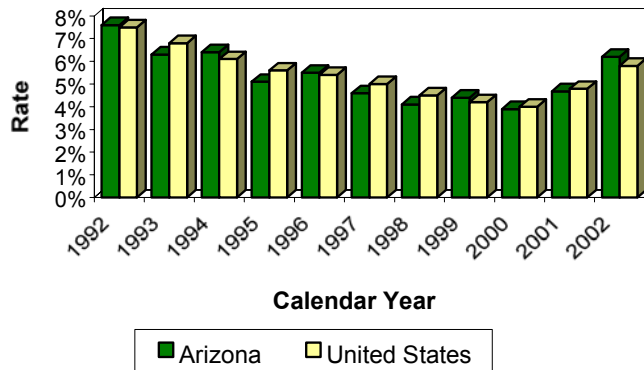
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States Unemployment
For the Calendar Years Ended December 31

<u>Year</u>	<u>Number of Unemployed - Arizona</u>	<u>Number of Unemployed - U.S.</u>	<u>Unemployment Rate - Arizona</u>	<u>Unemployment Rate - U.S.</u>
1992	138,492	9,611,167	7.60%	7.50%
1993	115,250	8,926,667	6.30%	6.80%
1994	127,992	7,975,500	6.40%	6.10%
1995	111,258	7,406,917	5.10%	5.60%
1996	121,714	7,231,083	5.50%	5.40%
1997	101,415	6,728,667	4.60%	5.00%
1998	93,400	6,203,833	4.10%	4.50%
1999	104,000	5,881,583	4.40%	4.20%
2000	98,100	5,688,833	3.90%	4.00%
2001	121,400	6,842,167	4.68%	4.79%
2002	165,000	8,388,500	6.20%	5.80%

Source: The Arizona Department of Economic Security, Research Administration, Economic Analysis; and the United States Department of Labor, Monthly Labor Review.

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 for some years may not match the amounts reported for prior years.

Unemployment Rate



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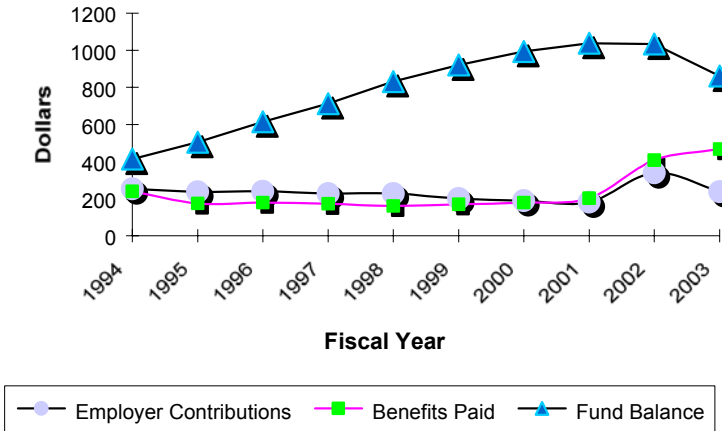
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For the Fiscal Years Ended June 30

<u>Year</u>	<u>Total Employer Contributions</u>	<u>Total Benefits Paid</u>	<u>Fund Balance</u>
1994	\$ 253,105,103	\$ 238,666,989	\$ 412,794,159
1995	236,679,799	173,317,247	504,536,522
1996	240,046,970	177,755,864	613,437,439
1997	227,644,491	172,336,147	711,845,399
1998	228,236,334	159,930,580	831,262,488
1999	200,221,238	169,265,609	919,819,409
2000	188,348,457	177,980,914	993,052,630
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

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)



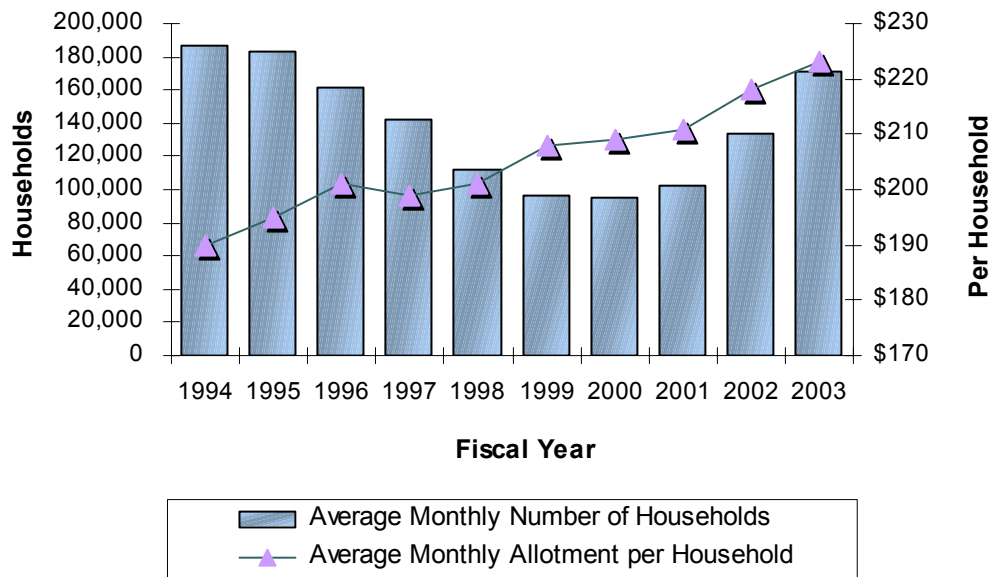
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**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Food Stamp Benefits Participants
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Average Monthly Number of Households</u>	<u>Average Monthly Number of Persons</u>	<u>Average Monthly Allotment Per Household</u>	<u>Average Monthly Allotment Per Person</u>	<u>Average Monthly Benefits Distributed</u>
1994	186,714	510,477	\$ 190.10	\$ 69.53	\$ 35,494,355
1995	182,782	494,637	195.05	72.08	35,651,359
1996	161,415	434,542	200.91	74.63	32,429,993
1997	141,981	385,061	199.34	73.50	28,302,483
1998	112,345	311,142	201.11	72.61	22,593,553
1999	95,938	260,736	207.73	76.43	19,929,511
2000	95,238	257,989	208.83	77.09	19,889,001
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

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

Food Stamps Benefit Participation



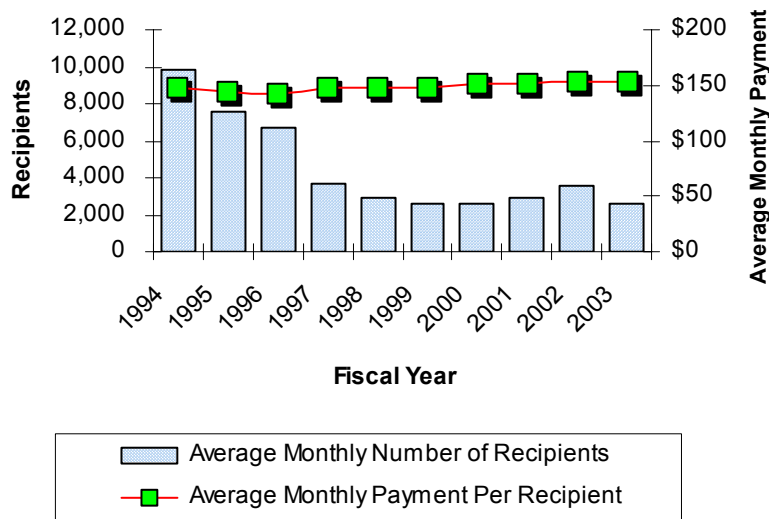
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
General Assistance
For the Fiscal Years Ended June 30

<u>Year</u>	<u>Average Monthly Number of Recipients</u>	<u>Average Monthly Payment Per Recipient</u>	<u>Average Monthly Payments</u>
1994	9,855	\$ 147.63	\$ 1,455,003
1995	7,618	143.73	1,094,888
1996	6,655	141.97	944,841
1997	3,631	147.25	534,679
1998	2,883	146.87	423,430
1999	2,627	146.67	385,315
2000	2,566	151.93	389,855
2001	2,912	152.13	443,007
2002	3,520	152.67	537,348
2003	2,615	153.74	453,103

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

Recipient to Payment Comparison

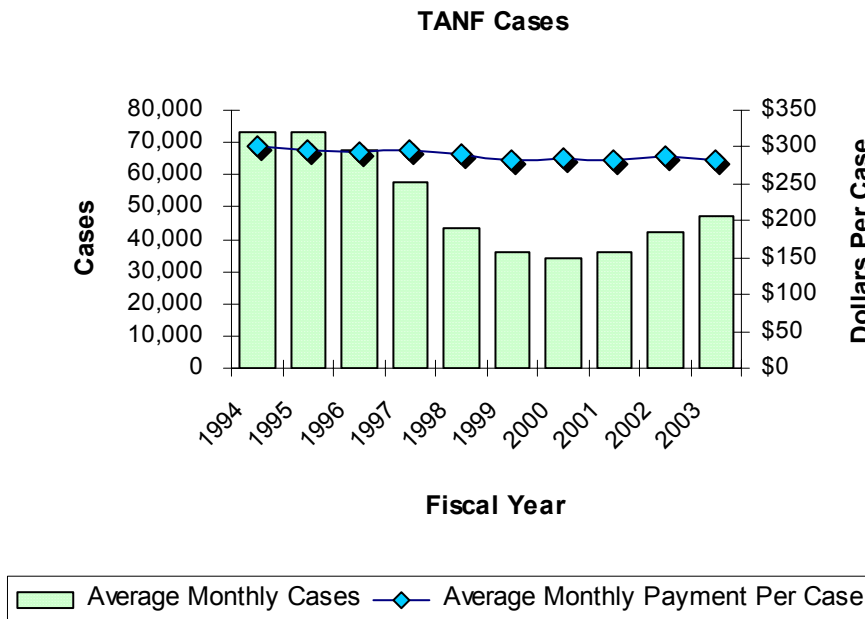


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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families
For the Fiscal Years Ended June 30

<u>Year</u>	<u>Average Monthly Number of Cases</u>	<u>Average Monthly Number of Recipients</u>	<u>Average Monthly Payment Per Case</u>	<u>Average Monthly Payment Per Recipient</u>	<u>Average Monthly Payments</u>
1994	73,470	205,203	\$ 300.32	\$ 107.52	\$ 22,064,301
1995	73,277	201,019	296.57	108.11	21,731,910
1996	67,784	183,274	292.15	108.05	19,803,335
1997	57,526	155,037	296.30	109.94	17,045,065
1998	43,601	119,011	290.35	106.37	12,659,966
1999	35,730	95,556	282.66	105.69	10,099,685
2000	34,211	89,770	283.82	108.16	9,709,791
2001	36,146	93,857	282.66	108.86	10,216,987
2002	42,102	109,547	286.99	110.30	12,082,660
2003	47,298	121,193	282.76	110.35	13,373,618

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



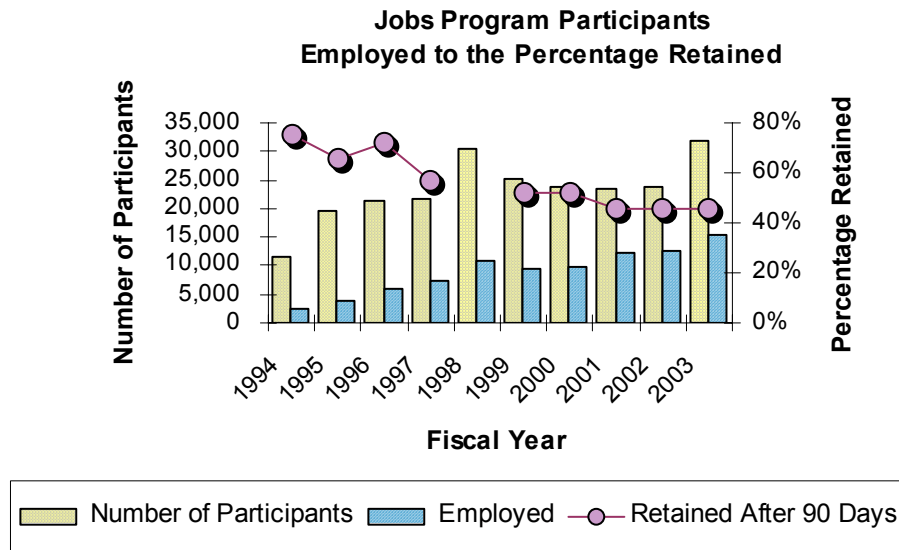
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Jobs Program
Comparison of Participants and Participants Employed
To the Percentage Retained
For the Fiscal Years Ended June 30

<u>Year</u>	<u>Number of Participants</u>	<u>Total Employed</u>	<u>Percentage Retained After 90 Days</u>
1994	11,446	2,445	75%
1995	19,544	3,984	66%
1996	21,263	5,905	72%
1997	21,734	7,433	57%
1998	30,520	10,930	N/A
1999	25,209	9,604	N/A
2000	23,802	9,950	52%
2001	23,290	12,405	46%
2002	23,818	12,513	46%
2003	32,008	15,490	46%

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

Note: The Jobs Program started in fiscal year 1991. In fiscal year 1998 and the first half of 1999, percentage retained after 90 days was not traced as a performance measure.

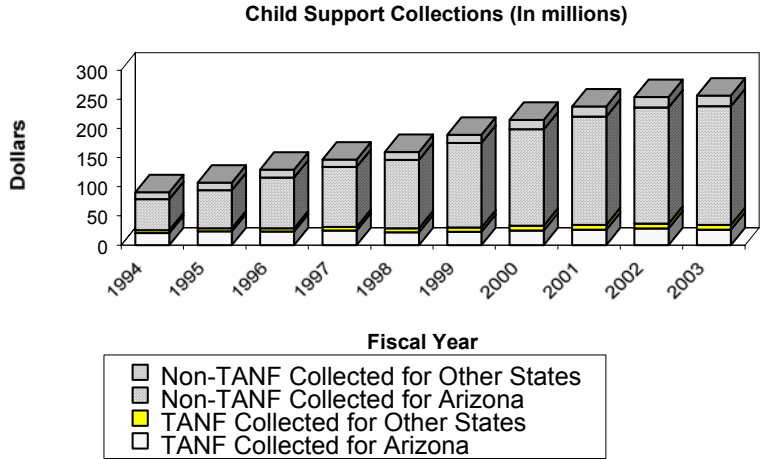


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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Child Support Enforcement Collections
For the Fiscal Years Ended June 30

<u>Year</u>	<u>TANF Collected for Arizona</u>	<u>TANF Collected for Other States</u>	<u>Non-TANF Collected for Arizona</u>	<u>Non-TANF Collected for Other States</u>	<u>Non-IV-D Collected</u>	<u>Total Collections</u>
1994	\$ 20,679,000	\$ 4,756,100	\$ 53,339,400	\$ 11,696,800		\$ 90,471,300
1995	23,813,000	5,025,800	65,478,200	12,983,200		107,300,200
1996	23,226,800	5,893,600	86,903,200	13,220,700		129,244,300
1997	25,042,400	6,142,200	103,245,200	12,632,300		147,062,100
1998	21,895,100	7,164,900	117,104,400	13,532,600		159,697,000
1999	22,700,300	7,284,700	145,367,800	13,791,700	\$ 143,074,200	189,144,500
2000	25,100,000	8,212,400	165,356,200	16,248,800	251,380,400	214,917,400
2001	26,106,500	8,538,800	186,167,200	17,225,100	262,336,000	238,037,600
2002	28,407,500	8,193,600	199,834,500	17,659,300	270,510,400	254,094,900
2003	26,262,600	8,267,100	204,043,700	17,981,500	281,660,900	256,554,900

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



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A p p e n d i x A

Children and Family Services Training Program Fund Status Report

**Arizona Department of Economic Security
Administration for Children, Youth and Families (ACYF)
Children and Family Services Training Program Fund**

STATUS REPORT

The Child Welfare Training Institute (CWTI) was commissioned by the Legislature in January 2001. The Department established workgroups composed of staff and community partners to provide the structured base for CWTI. In January 2002, the CWTI initiated a new comprehensive Case Manager Core curriculum. This curriculum combines child welfare theory and practice principles, child welfare policy and legal requirements, and automated case management and case record documentation into one comprehensive curriculum.

Institute training goals include the following:

1. Developing training based on clearly identified training needs.
2. Using child welfare best practices and state-of-the-art methodologies.
3. Emphasizing cultural competency.
4. Integrating family-centered child welfare best practices consistent with existing national standards.
5. Promoting and facilitating the transfer of knowledge, skills, and awareness from the training site to the job site.
6. Supporting the professional growth and development of ACYF staff.
7. Involving field staff in decision making on training issues.
8. Revising training based on assessment of effectiveness through a continual evaluation process.
9. Providing a comprehensive, hands-on automated case management system to ensure improved documentation and case planning.

Initially, CWTI Training Officers provide the classroom curriculum. In April 2002, the Department initiated cross training of classroom, field, and Childrens Information and Data Source (CHILDS) automated system trainers. Field training supervisors are located in ACYF offices throughout the state to reinforce the classroom work.

In addition to the above training, one and two-day advanced in-service workshops are conducted during the year in locations throughout the State. To ensure availability of training for experienced case managers, ACYF also conducts parent aide and supervisor core training. The Department encourages staff to pursue a bachelor's or master's degree in social work to further improve the quality and professionalism of services.

SUMMARY OF ACYF TRAINING

SFY 2002

Type of Training	Number of Modules/Weeks	Number of Days Per Group	Total Number of Days	Number of Classes Started
Case Manager Core	7*	30.5	336	12
Supervisor Core**	8	16	32	2
Parent Aides Core	7	3	24	16
Specialized Training	23	1-2	35	23

* Denotes the number of weeks Case Managers attend classroom Core Training. This is a 12 week training course which incorporates seven weeks classroom training with five weeks field training.

** In April 2002, a Supervisor Task Force was formed to re-work Supervisor Core Training. New classes began in December 2002. During this time, Supervisor Core was under revision. Supervisor Core was discontinued in April 2003 due to budgetary constraints until July 2003. Supervisors still attended mandated supervisory classes through OMD.

Note: Training Costs are paid for by the Child Protective Services Training Fund with Title IV-E training reimbursement of federal grant funds.

New Case Managers receive the *Introductory Guide* which includes reading materials and assignments. The *Introductory Guide* is intended to be completed within the first month of employment by the new case manager.

New supervisors receive a *Supervisor Handbook* as part of the recently revised Supervisor Core training. The Revised Supervisor Core Curriculum was developed as a collaborative effort with the Office of Management Development for mandated supervisory courses such as Excellent Staff Through Example Education Motivation (ESTEEM) Evaluation training and Cultural Diversity trainings.

The CWTI also provides a revised Parent Aide Curriculum. Specialized and Advanced Workshops for ongoing and experienced staff are provided at locations throughout the State.

DES Service Delivery Presence by District

Director's Office

1717 West Jefferson Avenue
Phoenix, AZ 85007
(602) 542-5678

District Offices

District I

815 North 18th Street
Phoenix, AZ 85006
(602) 307-9016

District II

400 West Congress, #420
Tucson, AZ 85701
(520) 628-6810

District III

220 North Leroux
Flagstaff, AZ 86001
(928) 779-2731

District IV

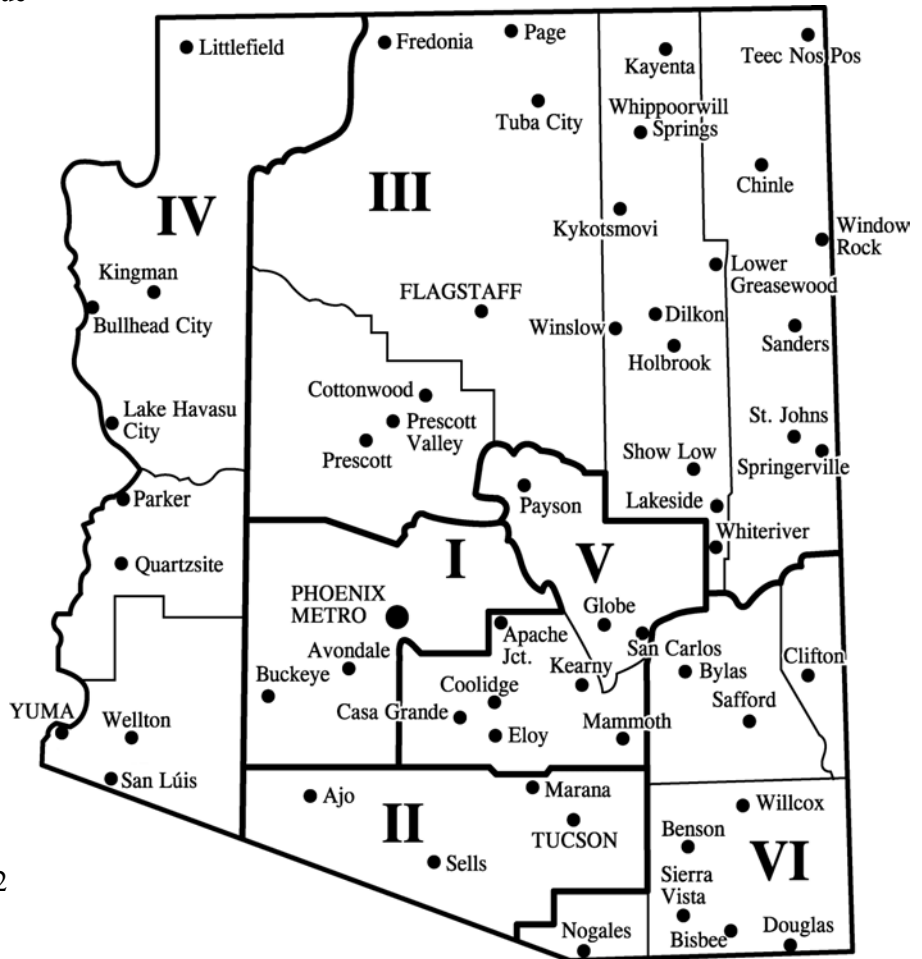
350 West 16th Street, #232
Yuma, AZ 85364
(928) 782-4343

District V

2510 North Trezell Road
Casa Grande, AZ 85222
(520) 836-2351

District VI

209 Bisbee Road
Bisbee, AZ 85603
(520) 432-5703





DES Web Site - www.de.state.az.us

Call 602-542-2106 for copies of this report



Equal Opportunity Employer/Program

Under the Americans with Disabilities Act (ADA), 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 that 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. This document is available in alternative formats by contacting:: Office of Policy, Planning and Project Control at (602) 542-2106.

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