

Arizona

Department of Economic Security



Annual Report



SFY
2003 - 2004



Governor
Janet Napolitano

DES Director
David A. Berns



Mission

The Arizona Department of Economic Security promotes the safety, well-being, and self-sufficiency of children, adults, and families.

Vision

Every child, adult and family in the State of Arizona will be safe and economically secure.

Guiding Principles

System of care must:

- ✓ **be customer and family-driven**
- ✓ **be effectively integrated**
- ✓ **protect the rights of families and individuals**
- ✓ **allow smooth transitions between programs**
- ✓ **build community capacity to serve families and individuals**
- ✓ **emphasize prevention and early intervention**
- ✓ **respect customers, partners, and fellow employees**

Services must:

- ✓ **be evaluated for outcomes**
- ✓ **be coordinated across systems**
- ✓ **be personalized to meet the needs of families and individuals**
- ✓ **be accessible, accountable, and comprehensive**
- ✓ **be culturally and linguistically appropriate and respectful**
- ✓ **be strength-based and delivered in the least intrusive manner**

Leaders must:

- ✓ **value our employees**
- ✓ **lead by example**
- ✓ **partner with communities**
- ✓ **be inclusive in decision making**
- ✓ **ensure staff are trained and supported to do their jobs**



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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Janet Napolitano
Governor

David A. Berns
Director

JAN 27 2005

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, 2003, through June 30, 2004, 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.

During State Fiscal Year 2004, the Department began moving in a new direction to improve the delivery of human services in Arizona. The Department implemented reforms in child protective services and started to integrate services and improve coordination among programs to help vulnerable children, families, and adults achieve better outcomes.

Sincerely,

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

David A. Berns

Enclosure

TABLE OF CONTENTS

HISTORICAL PERSPECTIVE AND OVERVIEW	1
ORGANIZATION AND SERVICES PROVIDED IN STATE FISCAL YEAR 2004	1
Organizational Chart.....	4
ECONOMIC CONDITIONS AND OUTLOOK	5
MAJOR INITIATIVES	6
AWARDS	17
KEY PERFORMANCE RESULTS	18
Family Assistance Administration Client Satisfaction with Quality of Services	19
Percentage of Employment Placements for TANF Participants.....	20
Average Length of Cash Assistance Spell (TANF)	21
Child Protective Services Response Rate.....	22
Child Support Amount Collected	23
STATISTICS	24
Comparison between Arizona and United States Population	25
Comparison between Arizona and United States Per Capita Income.....	26
Expenditures by Function and Funding Source	27
Revenues by Funding Source	28
Comparison between Arizona and United States Unemployment	29
Unemployment Insurance Financial Transaction Summary.....	30
Food Stamp Benefits	31
General Assistance	32
Temporary Assistance for Needy Families.....	33
Comparison of Participants to Participants Employed and the Percentage with Retained Employment	35
Child Support Enforcement Collections.....	36
APPENDIX A	37
Children and Family Services Training Program Fund Status Report	38

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.

The Department has approximately 10,686 full-time equivalent (FTE) positions and provides services in 207 offices throughout the state. Six main district offices are located in Phoenix, Tucson, Flagstaff, Yuma, Casa Grande, and Bisbee.

Department staff training is conducted in two ways. First, program-specific training is conducted by each program using classroom, computer-based training and on-the-job training mediums. Corporate training is conducted by the Department's Office of Organization and Management Development, in coordination with the Arizona Government University.

Organization and Services Provided in State Fiscal Year 2004

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 that 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, which 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

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

(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; provides job-training opportunities through administration of the Workforce Investment Act (WIA) and the Jobs program; and administers 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 (DACCS) 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, the State Health Insurance Assistance program, legal assistance, the 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).

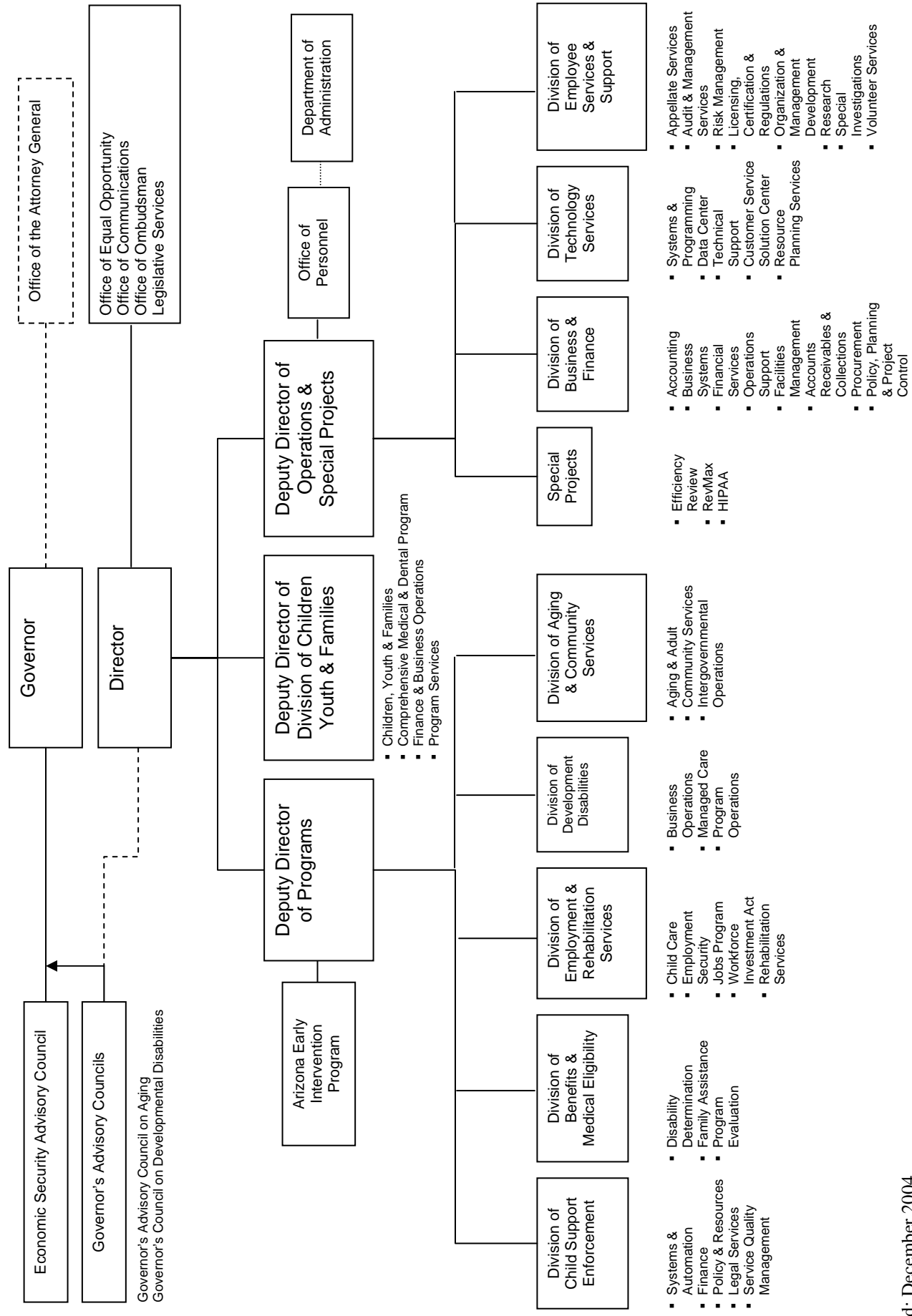
Operations

- The Division of Employee Services and Support (DESS) provides support services to all employees and programs. The division comprises appellate services, internal audit, special investigations, licensing, risk management, economic research, training, and volunteer services.
- The Division of Business and Finance (DBF) provides office and general business services to the Department, including accounting, finance, budget,

collections, procurement, facilities management, purchasing, payroll, printing, records retention, supplies distribution, 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 development and coordination of Department policy development, strategic planning, project management, and administrative rules.

- The Division of Technology Services (DTS) provides technical and systems services for the development, maintenance, and enhancement of the Department's automated systems in compliance with the Government Information Technology Agency (GITA) and agency standards.

Arizona Department of Economic Security



- Systems & Automation
- Finance
- Policy & Resources
- Legal Services
- Service Quality Management
- Disability Determination
- Family Assistance Program
- Program Evaluation
- Child Care Employment Security
- Jobs Program
- Workforce Investment Act
- Rehabilitation Services
- Business Operations
- Managed Care Program
- Operations
- Aging & Adult Community Services
- Intergovernmental Operations
- Efficiency Review
- RevMax
- HIPAA
- Accounting Business Systems
- Financial Services
- Operations Support
- Facilities Management
- Accounts Receivables & Collections
- Procurement
- Policy, Planning & Project Control
- Systems & Programming
- Data Center Technical Support
- Customer Service Solution Center
- Resource Planning Services
- Appellate Services
- Audit & Management Services
- Risk Management
- Licensing, Certification & Regulations
- Organization & Management Development
- Research
- Special Investigations
- Volunteer Services

Economic Conditions and Outlook²

Arizona's economy should continue to expand through the forecast period covering Calendar Year 2004–05. Arizona's nonfarm jobs are forecast to grow by 2.4 percent in 2004 and 3.0 percent in 2005. Over the two-year period, nonfarm job growth is forecast to total more than 125,000.

Construction is projected to increase by 28,000 jobs over the forecast period. A rising population, coupled with affordable housing and low interest rates, has provided a strong stimulus to construction job growth.

Educational and health services are also expected to see good growth with an increase of more than 29,000 jobs over the forecast period. Growth in Arizona's communities is driving the employment increases in this industry.

Natural resources and mining are projected to be essentially flat with a slight loss of 100 jobs. Gradual improvements in global demand for industrial materials and rising energy costs have increased the need to use local sources of raw materials.

The forecast calls for continued job losses in manufacturing in 2004 before showing minor improvement of 1,100 jobs in 2005. Manufacturing gains will help to improve overall job gains in 2005. Trade, transportation, and utilities are projected to gain more than 19,000 jobs. Higher energy prices and stagnant wages have limited the ability of consumers to increase their spending. Rising consumer spending would have generated greater levels of demand required to have higher rates of growth in this industry group.

Information jobs should continue to decline with a projected loss of more than 3,300 jobs. Outsourcing, overcapacity, and enhanced productivity are expected to continue limiting job growth in this industry. Financial activities are forecast to have fewer jobs created as a result of a slower pace of expansion in the overall economy. Some of the fast-growing sectors related to mortgage financing and real estate are expected to have more consolidation over this period.

Professional and business services are projected to add more than 23,000 jobs. The attempt of firms to control rising costs with the outsourcing of many functions, especially labor, is expected to create new jobs in this industry group.

Job gains in leisure and hospitality are expected to number more than 10,000. Despite stretched budgets, consumers and businesses are still expected to spend on travel, dining-out, and recreation. Improvement in this tourism-related industry is anticipated in Arizona as the economies of other states continue to expand.

Employment growth in other services is projected to increase by more than 3,600 jobs. Government is forecast to gain more than 13,000 jobs as a result of

² Source: Department of Economic Security Research Administration "Forecast Update 2004–05" press release, dated September 2004.

an increasing population creating greater demand for public services such as education, police, and fire.

Major Initiatives

During State Fiscal Year (SFY) 2004, the Department continued, initiated, and planned a number of projects aimed at fulfilling the Governor's initiative to reform Arizona's Child Protective Services, streamlining processes, improving customer service, and securing and guaranteeing the privacy of health-related data. The most significant projects are outlined below.

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

During SFY 2004, the Division of Children, Youth and Families implemented a structure to fulfill Governor Napolitano's initiative to reform Arizona's Child Protective Services. Representatives of state, county, and municipal agencies; communities; providers; foster and biological parents; and foster youth participated in 27 work groups engaged in the reform process. All of the work groups continue to move forward with policy implementation and training in areas related to CPS field practice.

Accomplishments include:

- Submitted joint investigation protocols to the Governor's Office.
- Expanded the Child Advocacy Center in Gila County.
- Developed a Risk Assessment Tool.
- Completed a report entitled "Arizona Child Abuse and Neglect Prevention System: A Report of the Prevention Subcommittee." This report is an inventory of effective prevention systems in Arizona and a look at effective strategies and program models both locally and nationally.
- Completed medical guidelines for use by pediatricians statewide to provide a consistent approach for serving mothers and their substance-exposed newborns.
- Completed Community Network Team plans by five counties.
- Restored the Employee Assistance program.
- Organized a State Foster Youth Advisory Board.
- Established open court hearings in all counties.
- Replaced Family Builders Assessments with 100 percent investigations by CPS.
- Hired 104 new CPS case managers.
- Completed redesign of the Family Builders program.

Service Integration

Service integration is the delivery model that helps programs effectively and efficiently meet needs of families through a more holistic, inclusive, and strengths-based approach. Strategies being used are process-oriented and

utilize relationships with community partners. The goals of service integration are to:

- Reduce the number of children entering the foster care system
- Reduce the number of children in congregate care
- Reduce the TANF caseload

Systemic strategies include:

- Reduction in backlog of TANF recipients waiting for employment assistance
- Implementing a local office model that coordinates delivery of multiple Department and community programs at the point of client intake
- Implementing a local office model that highlights coordination between the TANF program and the child welfare programs

Many Department offices are already co-located and many employees work with other staff jointly on cases. The service integration effort is taking the now-informal processes and formalizing them as a standard service delivery model.

The anticipated outcomes from service integration efforts are:

- Reduction of TANF cases
- Increase in the number of people served in employment assistance programs
- Reduction of the number of children entering foster care
- Increase in the number of persons entering employment
- Reduction of the barriers that create family dependence on welfare programs such as drug and alcohol abuse, domestic violence, and other potentially catastrophic family issues
- Reduction of the recidivism of persons needing financial and family assistance

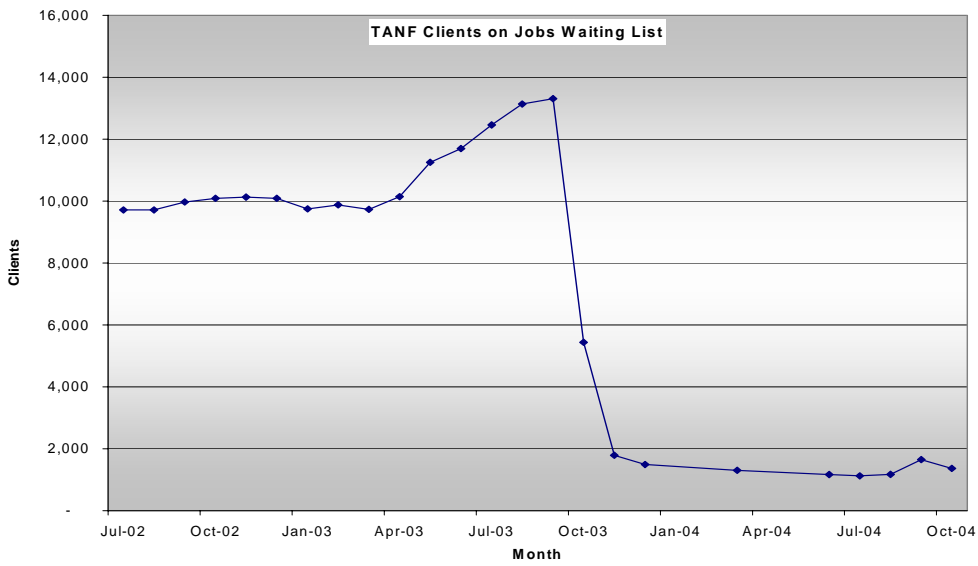
In October 2003, as a part of this effort, the Department implemented a new and innovative strategy to assist TANF participants in finding employment more quickly, thus stopping a dramatic growth in the TANF caseload. The new measures enabled the Department to cut the waiting list for TANF clients to receive Jobs employment services by 87 percent. These improvements included:

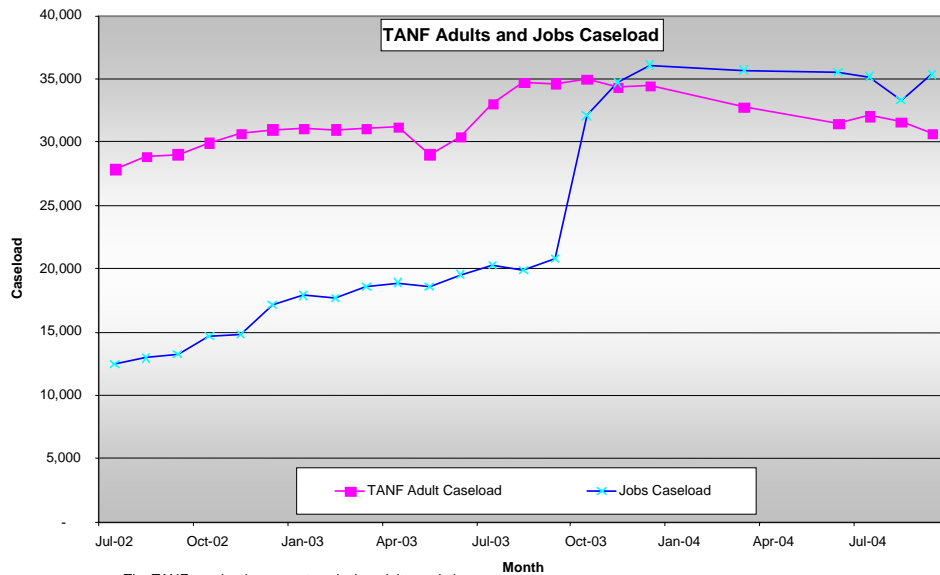
- Requiring 100 percent engagement for adult clients who apply for TANF Cash Assistance. Previously, the Department had used a waiting list and only pulled new clients into Jobs services as slots became available. Making this change has greatly reduced the number of clients and the length of stay on the waiting list.
- Ensuring that clients who receive job and life skill training also receive targeted, client-based training sessions. This was changed from the prior process that enrolled a client in a longer-term course that may have covered topics that were beyond those specifically needed for job placement.

- Performing a more intensive review of the clients to identify those clients who were job-referral ready and coordinating with other employment services offered by the Department to reduce the length of time clients remained on TANF Cash Assistance.

Prior to the SFY 2004 improvements to the Jobs program, many clients were held on a waiting list before receiving services. The length of time clients spent waiting on this list prior to October 2003 was approximately four months. This has been drastically improved to now reflect only a wait of under one month.

As a result of these activities, the Jobs caseload has increased, and the TANF adult caseload has declined.





The TANF caseload represents only the adult population.

The Jobs caseload is larger than the TANF caseload in some months due to the cases in Jobs staying open following a client transitioning off TANF. This is so Jobs can track the progress of each client and provide transitional services as necessary.

Work teams have been formed to modify local office processes to enable and encourage the needed collaboration among Department staff and community partners to ensure that clients receive the needed services in the required time frames.

The focus of one initiative is to coordinate the delivery of TANF and child welfare services. Anticipated outcomes include the ability to identify client needs earlier and to ensure that available services are provided at the point the need is identified.

Another initiative is to develop a set of strategies to ensure an integration of services between the TANF worker, the Jobs employment worker, and the child care worker. This model focuses on employment as the primary client goal to continue to reduce TANF caseload growth. The design ensures that clients who can work are given the services so they can find work and that those who are not job-ready receive services to provide them an opportunity to become job-ready.

Finally, a third initiative has been established to address issues related to identifying families that are at risk of being closed from TANF Cash Assistance for failure to comply with programmatic requirements such as work participation or cooperation with establishing a child support case.

Service integration activities in the local offices have begun in Phoenix and Tucson. Field staff were empowered to develop a local office service integration model that addresses delivery of several Department programs along with those of community partners. Several other office transitions are now in planning and implementation phases.

Efficiency Initiatives

Governor Napolitano announced in January 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. This effort was enhanced in SFY 2004 with the initiation of the Revenue Maximization (RevMax) project. The purpose of the RevMax project is to seek out all opportunities for revenues, including enhanced federal funding, so that agencies can better serve the needs of the people of Arizona. Consistent with the purposes of the Governor's ER project, the Department initiated activity during SFY 2003 to pursue internal efficiencies, investments to draw down additional federal funding, and improved outcomes for customers that keep them out of more expensive systems of care. The Department's Efficiency Review initiatives resulted in cost avoidances of \$4.2 million during SFY 2003 and \$17.8 million during SFY 2004.

During SFY 2004, one major long-term initiative to offset state funding was completed. This initiative increased the number of children in foster care who were eligible for federal Title XIX Medicaid funding by restructuring the eligibility determination process. The initiative made use of improvements in the information systems processing to streamline the eligibility determination process, expedite initial Title XIX eligibility determinations, and improve transmission of eligibility determinations to AHCCCS. As a result, Title XIX eligibility increased from 85.43 percent of children in SFY 2003 to 91.14 percent of children in SFY 2004. This generated a total SFY 2004 cost offset of \$294,700 and a projected SFY 2005 offset of \$1.7 million.

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 thirteenth year of operation. The program is a home-based, voluntary program serving at-risk families during pregnancy and after the birth of the baby. The goals of the program are to enhance parent-child interaction, promote child health and development, and prevent child abuse and neglect.

The program undergoes an intensive independent annual evaluation that is exemplary in its many positive outcomes over the years. The most recent evaluation in 2004 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 94 percent (compared to the state average of 77 percent). Parents with the highest stress scores improved the most, and 98.4 percent of program participants did not have a substantiated CPS report during SFY 2004.

The program received increased funding in the SFY 2004 legislative session and has been expanding across the state. The two largest metropolitan areas, which have the highest populations, have increased their number of sites. Maricopa County is increasing from 8 to 22 sites, and Pima County is increasing from 5 to 8 sites. Many rural communities were able to add staff, which is enabling them to serve more families in their communities. There are also several rural

communities across the state that were able to start Healthy Families sites for the first time. These communities are Kingman, Bullhead City, Winslow, Globe, Safford, Stanfield, Apache Junction, and the Gila River Indian Reservation.

HFAz recently received its second four-year multisite credential from Prevent Child Abuse America. This credential attests that HFAz meets nationally established research-based, best practice standards for quality service delivery, management, and operations.

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 to 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 reunification, and self-sufficiency.

The framework of the Arizona Families F.I.R.S.T. (AFF) 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 and recovery services and emphasizes outreach, engagement, aftercare, and supportive services in addition to a continuum of traditional substance-abuse treatment. Programmatic accomplishments include:

- Over 8,000 individuals have received an opportunity to be screened and assessed for substance-abuse treatment since program implementation in March 2001.
- Engagement rates continue to be moderately high for the program. Since the program's inception, about two-thirds of referred individuals received substance-abuse assessments.
- AFF continues to improve retention rates, as nearly 66 percent of participating clients in SFY 2004 remained in treatment six months or longer. These patterns are promising, given research emphasizes the longer a client stays in treatment, the more likely that treatment will result in long-term behavioral change.
- Recent data suggests that recurrence of child abuse and neglect among program participants is low. Only 10 percent of AFF clients had a CPS report filed since their referral to the program, and only 2 percent of clients had substantiated reports.
- The partnership between DES and the Department of Health Services continues to be an effective means for systemic examination by the partner agencies to review sufficiency of services and utilization of best-practice approaches, including outreach and engagement strategies consistent with the AFF model.
- The University of Arizona, Applied Behavioral Health Policy Division, contracted with DES through an Interagency Service Agreement (ISA) in January 2004 to provide a mandated program evaluation. This agreement

will strengthen the quality of program data collected at the provider level in support of program improvement activities.

According to the program evaluators, AFF continues to meet and improve upon the programmatic goals of increasing the availability, timeliness, and accessibility of substance-abuse treatment.

National Family Caregiver Support Program

The Older Americans Act Amendments of 2000 established a National Family Caregiver Support program. Arizona received an allocation of \$2.56 million to implement the Arizona Family Caregiver Support program for SFY 2004. The program calls for all states, working in partnership with Area Agencies on Aging and local community-service providers, to provide 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 family caregivers of older adults and grandparents and other relative caregivers of children not more than 18 years of age. The statute requires states to give priority consideration to persons in greatest social and economic need (with particular attention to low-income, minority individuals) and older individuals providing care and support to persons with mental retardation and related developmental disabilities.

In SFY 2004, the Family Caregiver Support program provided information and direct assistance to 215,603 caregivers, including 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 awarded \$416,000 to six of Arizona's Area Agencies on Aging for nine special caregiver projects. These projects provided additional focus on support for grandparents raising grandchildren, extended respite care, establishment of caregiver support groups, and the provision of "survival kits" for caregivers. All total, over 770 caregivers and 200 grandchildren being raised by a grandparent were assisted by the support offered through the special grant awards.

Fatherhood Program

The goal of the Division of Child Support Enforcement's (DCSE) Fatherhood program is to help low-income, noncustodial parents attain self-sufficiency and become financially and emotionally responsible parents.

DCSE began its partnership with the collaboration of agencies known as the Arizona Fatherhood Network (AFN) in July 1998. AFN is committed to providing a service-delivery system that empowers men and strengthens families to ensure a transformational and sustainable quality of life. The vision of AFN is accomplished through collaborations, mentorships, education, and employment.

In October 2002, DCSE was awarded funding by the federal Office of Child Support Enforcement to implement the proposed Arizona Fatherhood Parenting Academy.

The academy's curriculum is designed to help fathers increase their employment opportunities and earning potential and to improve their relationships with their children and the mother of their children. The six-month classroom instruction is facilitated by the Division of Child Support Enforcement, First Institutional Baptist Church of Phoenix, Child and Family Resources, Inc., Maximus Arizona Works, Valley Christian Center, and the Women and Youth for Self-Reliance (WYSR) Academy.

The customized curriculum includes 42 individual classes offered each week, two hours per week, in six distinct sections: child support overview, life skills development, relationship building and the benefits of marriage, workforce development, financial literacy, and computer literacy.

The academy opened its doors on July 10, 2003. Since its inception, 60 fathers have enrolled in academy classes, and 28 fathers have graduated. The academy is now in its third semester and expects to graduate 15–20 fathers in March 2005.

Ticket to Work Program

Ticket to Work increases 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 a ticket to Social Security beneficiaries with disabilities that they can use with either an Employment Network or the state's Vocational Rehabilitation program to obtain the services needed to become successfully employed. During SFY 2004, the Division of Employment and Rehabilitation Services and Employment Networks completed focus groups for a congressional panel on Ticket to Work and reported to the panel on the successes within the program. Arizona, along with two other states, was chosen to have a Social Security Administration-funded marketing program.

Establishment Grants

In the Spring of 2004, the Division of Employment and Rehabilitation Services awarded 39 grants to providers statewide to establish, expand, or improve services or service capacity in eight different project areas. The project areas included workforce investments, transportation, assistive technology for persons with disabilities, blindness, nonprofit community rehabilitation programs, and services to individuals with severe mental illness.

Navigator Grant

The Rehabilitation Services Administration (RSA) successfully competed for a U.S. Department of Labor (DOL) Disability Program Navigator grant for a second year that allowed the program to expand the number of Navigator positions from 8 to 13. Navigators are change agents within Arizona's One-Stop Centers. Their task is to make those centers a destination of choice for persons with disabilities who are looking for work. Navigators also assist individuals with disabilities with accessing the wide variety of programs available to them.

Through the assistance of RSA's grants, One-Stop Centers were able to hire three additional Navigators to work in centers that did not already have such a position. Built into another assistive technology grant was assistance to One-Stop Centers to help make the centers' resource rooms accessible to persons with disabilities. This combination of DOL and Vocational Rehabilitation grants has had a significant impact on One-Stop Center accessibility and access to persons with disabilities.

Grant Awards from the Centers for Medicare and Medicaid Services

The Division of Developmental Disabilities was awarded one Systems Change grant from the Centers for Medicare and Medicaid Services in SFY 2004. One three-year grant is to fund a study of the efficacy of Human Service Cooperatives as a means of self-determination and empowerment of persons with developmental disabilities. The other grant is to fund a study of peer-review monitoring of home- and community-based services.

Fiscal Intermediary

The Division of Developmental Disabilities awarded the first contract for fiscal intermediary services. In doing so, the division is supporting persons with developmental disabilities and families in the continued use of the individual independent provider network. The role of the fiscal intermediary is to assist persons with developmental disabilities and families in managing the authorizations of service and the payments to those providers who work in the home of the individuals the Department supports.

Health Insurance Portability and Accountability Act of 1996

In 1996, Congress passed the Health Insurance Portability and Accountability Act (HIPAA) of 1996. 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 completed training during SFY 2004 and is now compliant with HIPAA training requirements. Improvements to the information technology systems to make the Department fully HIPAA compliant continue in SFY 2005.

Online Certification Process for Home- and Community-Based Services

The Office of Licensing, Certification and Regulation (OLCR) is responsible for certifying that qualified vendors comply with certification requirements of state and federal agencies. DES will automate the Home- and Community-Based Services (HCBS) certification process by July 1, 2005.

The OLCR system is a Web-based application currently available through the Qualified Vendor Application and Directory System (QVADS). QVADS is a Web-based system that allows a potential vendor to fill out and submit an application, receive an agreement, and be placed on a qualified vendor list to provide services to individuals with developmental disabilities.

Arizona Virtual One-Stop Project (VOS)

The Division of Employment and Rehabilitation Services (DERS) replaced the Workforce Investment Act's Participant Tracking System with the Virtual One-Stop (VOS) application. DERS implemented the VOS system in Arizona to facilitate public access to a variety of employment and training programs, as well as related supportive services, all under one roof. VOS has revolutionized the delivery of one-stop services at a state and local level. It provides access to a comprehensive array of services for job seekers, employers, training providers, benefit applicants, students, and other one-stop customers in one location, by means of the Internet.

An additional benefit of the project is that VOS allows the Local Workforce Investment Areas (LWIAs) to work on the same database. Prior to the implementation of the Virtual One-Stop, all the LWIAs had individual databases, and client data was not shared between local areas.

Internet Employer Registration System

The Division of Employment and Rehabilitation Services (DERS) Unemployment Insurance (UI) Tax Section, in conjunction with the Arizona Department of Revenue (ADOR), implemented an Internet-based application that enables new

employers to meet the statutory provisions of registering with both the Department and ADOR online rather than submitting a paper form.

Phase one of this project, implemented in January 2004, allows the UI Tax Section to receive an electronic file from ADOR. This eliminates the sharing of the paper application between the two agencies.

Phase two, slated to be implemented in January 2005, provides for the automated workflow of the electronic documents, status determinations, and information processing for the UI tax registrations. This will complete the transformation of a manual paper-driven process to a fully automated, paperless operation.

Interactive Voice Response System

The Department implemented an Interactive Voice Response System that supports child support enforcement program queries from various entities, including custodial and noncustodial parents, other child support agencies, employers, attorneys, and mortgage companies. The system is available 24 hours, 365 days a year, and information is available in both English and Spanish.

Prepaid Medical Management Information System

The Department automated the interface with the Arizona Health Care Cost Containment System (AHCCCS) Prepaid Medical Management Information System. The state averages 900 individuals per month who apply for medical assistance and are currently eligible. At an average of \$80 per person to process applications manually, the new interface provides savings of approximately \$72,000 per month.

Internet Application for the Arizona Early Intervention Program (AzEIP)

The Department implemented a new Internet application for the Arizona Early Intervention program. The Internet application allows interested parties to refer children under the age of three with developmental disabilities or delays to the AzEIP.

Unemployment Insurance Fraud Database

The Office of Special Investigations (OSI) has developed a tracking system of known suspicious addresses and Social Security numbers potentially used in Unemployment Insurance (UI) fraud schemes. In cooperation with the three Arizona UI Call Centers and the UI Tax Office, information on newly submitted UI claims are checked against the OSI tracking system. If it is determined that the information is falsified, the claim is denied, and an investigation is opened. If

the information is verified and found valid, the claim is processed through normal channels.

Health-E-Arizona

A partnership between AHCCCS, the Department, and federally qualified health centers is operating a new Web-based enrollment application called "Health-E-Arizona" at 65 health center locations and two hospitals in Pima County. Health-E-Arizona 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 determinations and identification of health plan/provider preference are completed during the application process, and supporting documents are faxed and associated electronically with the application data. The application is available in both English and Spanish.

Using the Health-E-Arizona application, the Department has been able to increase its rate of approval for medical assistance applications from below 50 percent to 57 percent. Additionally, using the Health-E-Arizona process, applicants who are found ineligible for federal services are automatically considered for eligibility for local medical services.

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, in cooperation with the Arizona Department of Administration and the Department of Public Safety, received Information Technology Authorization Committee (ITAC) approval of Phase I of a three-phased Tri-agency Disaster Recovery Plan. This approval resulted in the release of an Request for Proposals (RFP) for disaster recovery "hot site" services.

Awards

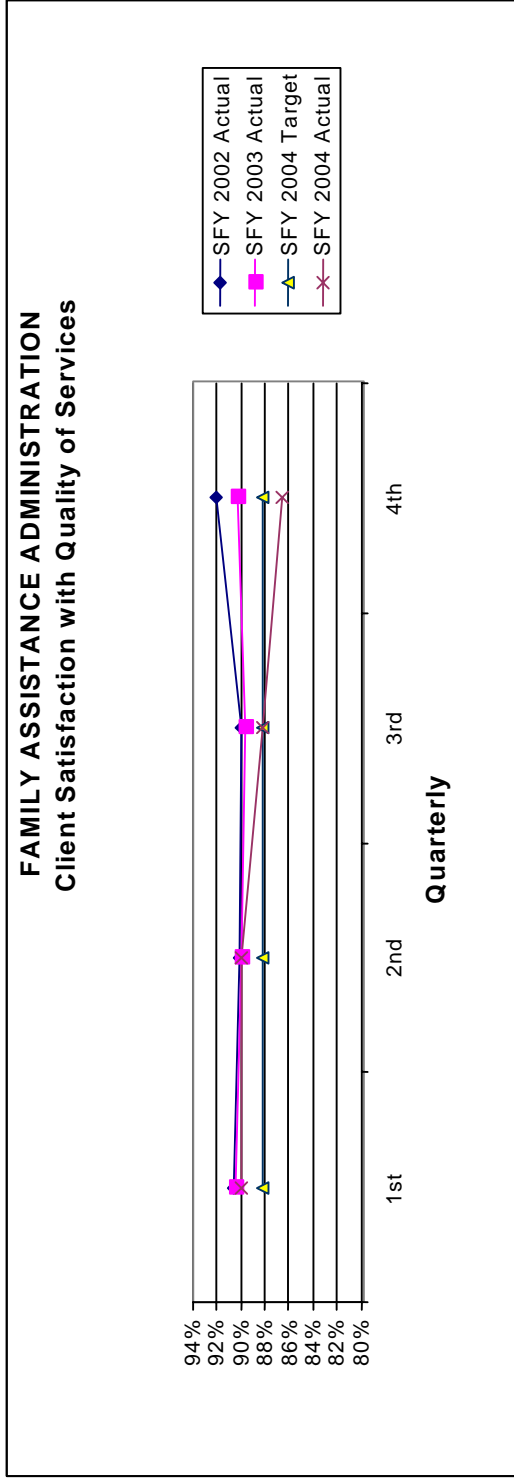
The Department received a \$4 million Temporary Assistance for Needy Families (TANF) High Performance Bonus from the U.S. Department of Health and Human Services. The Department received this award for achieving improvement in the job entry rate for Federal Fiscal Year (FFY) 2003 over FFY 2002.

Key Performance Results

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.

Department of Economic Security SFY 2004 Monthly Key Performance Results

By June 30, 2004, 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.

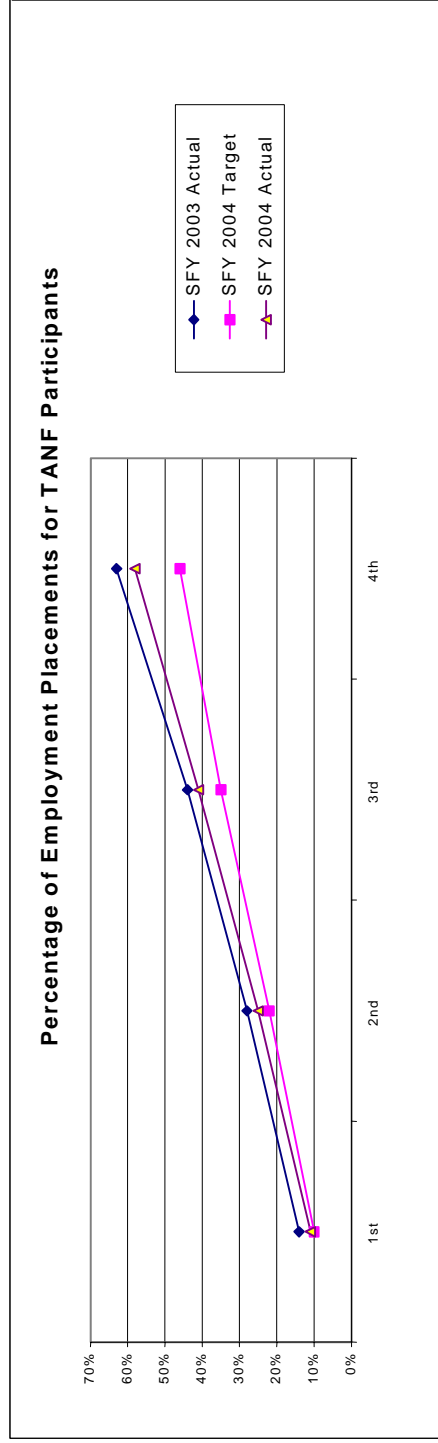
	1st	2nd	3rd	4th
SFY 2002 Actual	90.60%	90.10%	89.90%	92.00%
SFY 2003 Actual	90.40%	89.90%	89.60%	90.20%
SFY 2004 Target	88.20%	88.20%	88.20%	88.20%
SFY 2004 Actual	90.00%	90.00%	88.20%	86.60%

Client satisfaction data are collected on a quarterly basis only.

Note: The Department has experienced a greater than 50% caseload increase in the Food Stamp program since SFY 2002. This increase has had a negative impact on the Department's ability to meet client needs. The Department has begun to deliver services in a more integrated manner in an effort to increase its customer satisfaction rating.

Department of Economic Security SFY 2004 Monthly Key Performance Results

By June 30, 2004, DES will achieve 46% employment placement for the TANF population.

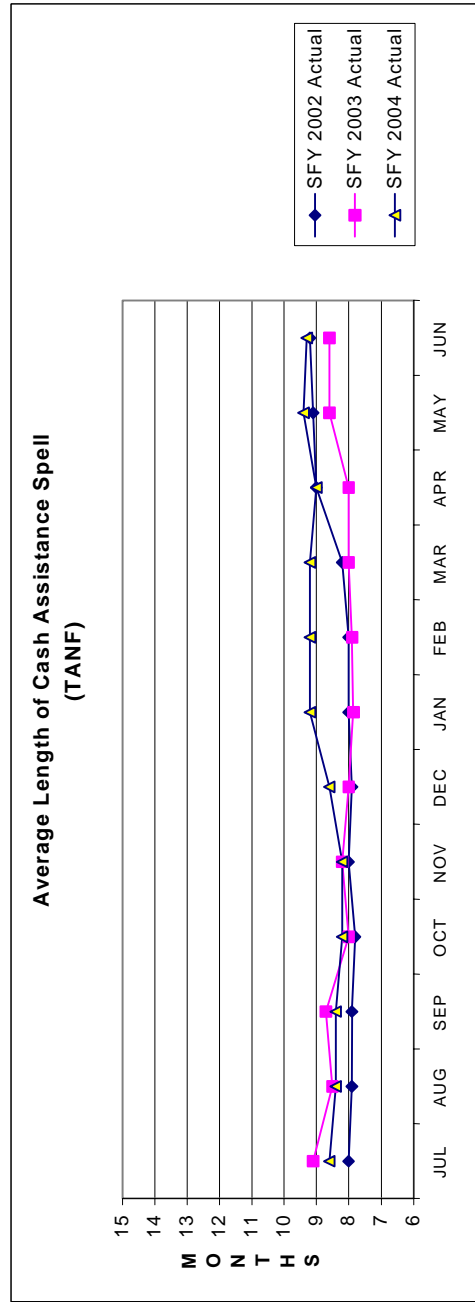


This measure represents the cumulative number of employment placements for TANF participants as compared to the constant TANF population as of July 31, 2002, of 25,348 (TANF population defined as adults 18 years and older, excluding tribal cases).

	1st	2nd	3rd	4th
SFY 2003 Actual	14%	28%	44%	63%
SFY 2004 Target	10%	22%	35%	46%
SFY 2004 Actual	11%	25%	41%	58%

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

Department of Economic Security SFY 2004 Monthly Key Performance Results



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
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
SFY 2004 Actual	8.6	8.4	8.4	8.2	8.2	8.6	9.2	9.2	9.2	9.0	9.4	9.3

This measure represents the cumulative monthly average of the length of a Cash Assistance Spell for cases closed each month.

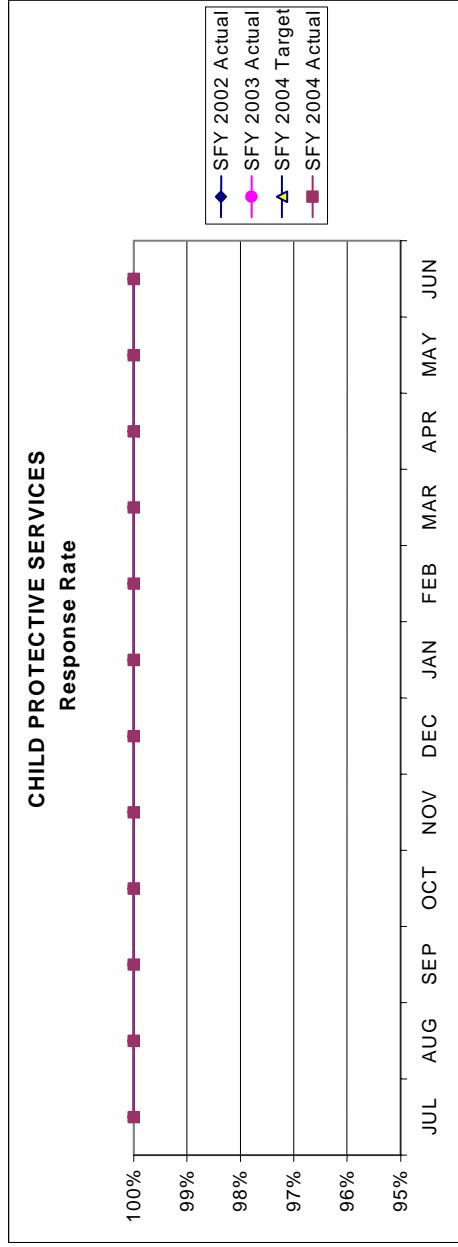
A Cash Assistance Spell means the period from the first month benefits are paid until the case is closed.

Data have been collected since November 1995 and are typically not available until 45 days following the close of the month.

Effective September 2003, the change from monthly to bi-annual reporting impacts the reported Average Length of Cash Assistance Spell. Actual data may change as system-generated information is reported.

Department of Economic Security SFY 2004 Monthly Key Performance Results

By June 30, 2004, DES will maintain the Child Protective Services and Family Builders combined response rate of 100%.



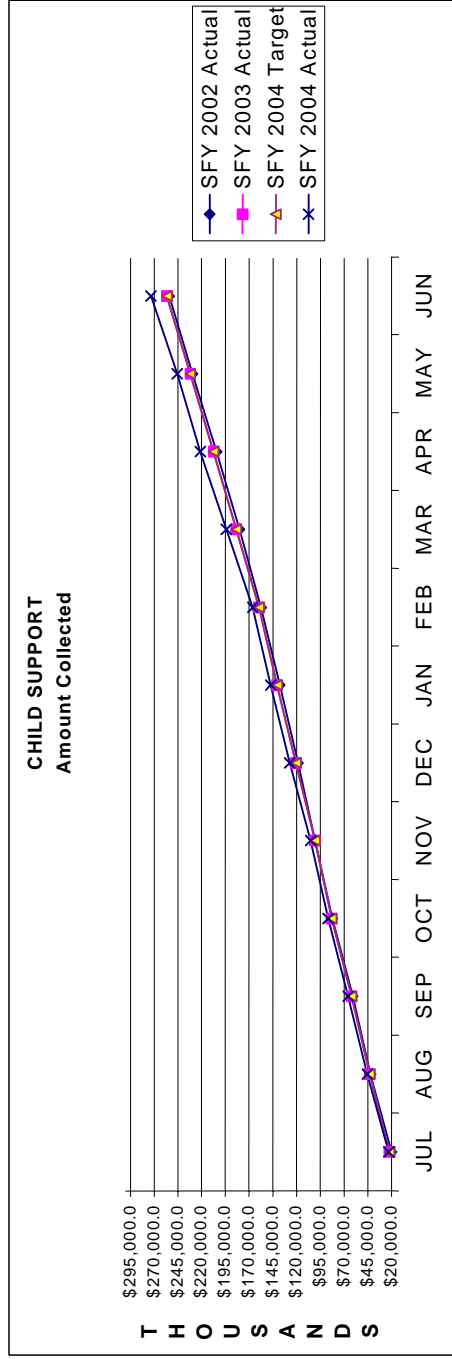
This measure represents the number of CPS reports assigned for investigation plus the number of reports referred to Family Builders compared to the total number of CPS reports received.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 2002 Actual	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
SFY 2003 Actual	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
SFY 2004 Target	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
SFY 2004 Actual	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

Department of Economic Security SFY 2004 Monthly Key Performance Results

By June 30, 2004, DES will maintain total IV-D collections of \$256,600,000.



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 2002 Actual	\$20,035.0	\$41,951.5	\$60,862.2	\$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 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
SFY 2004 Target	\$22,292.4	\$43,021.7	\$62,114.4	\$83,033.6	\$100,622.5	\$120,806.5	\$140,559.6	\$159,443.2	\$183,297.2	\$207,304.4	\$232,026.2	\$256,600.0
SFY 2004 Actual	\$22,850.5	\$45,469.0	\$65,771.6	\$86,737.6	\$105,254.7	\$127,463.2	\$147,036.4	\$166,182.1	\$193,762.9	\$221,162.9	\$245,866.0	\$273,471.3

Monthly data are typically available 45 days after the last day of the month. Actual data may change as system-generated information is updated.

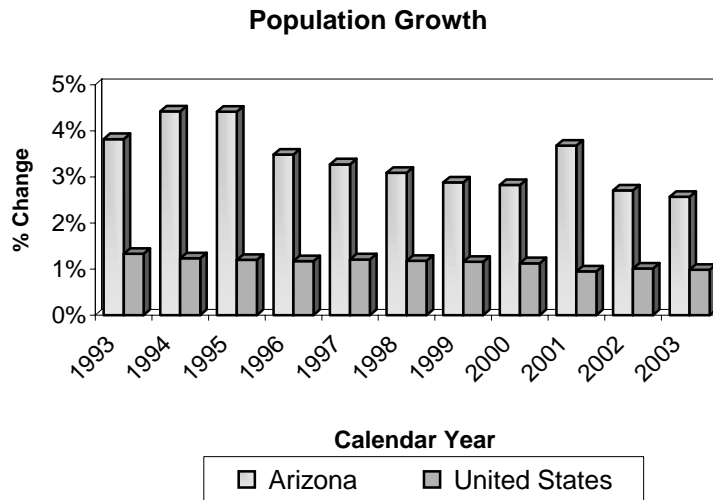
Statistics

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States
Population
For the Calendar Years Ended December 31
(2003 is the most recent data available)

<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>
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	5,165,765	282,177,754	2.83%	1.12%
2001	5,297,684	285,093,813	3.68%	0.95%
2002	5,441,125	287,973,924	2.71%	1.01%
2003	5,580,811	290,809,777	2.57%	0.98%

Source: The United States Census Bureau Population Estimates

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.



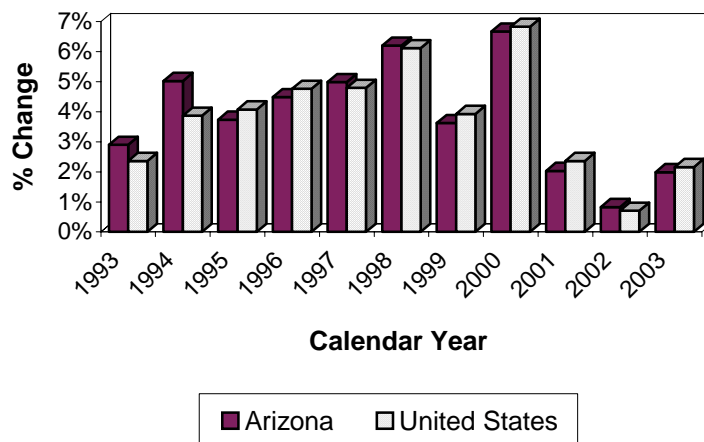
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States
Per Capita Income
For the Calendar Years Ended December 31
(2003 is the most recent data available)

<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>
1993	18,293	21,346	2.90%	2.36%
1994	19,212	22,172	5.02%	3.87%
1995	19,929	23,076	3.73%	4.08%
1996	20,823	24,175	4.49%	4.76%
1997	21,861	25,334	4.98%	4.79%
1998	23,216	26,883	6.20%	6.11%
1999	24,057	27,939	3.62%	3.93%
2000	25,661	29,847	6.67%	6.83%
2001	26,189	30,580	2.03%	2.36%
2002	26,406	30,795	0.83%	0.70%
2003	26,931	31,459	1.99%	2.16%

Source: The United States Bureau of Economic Analysis, September 2004

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



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

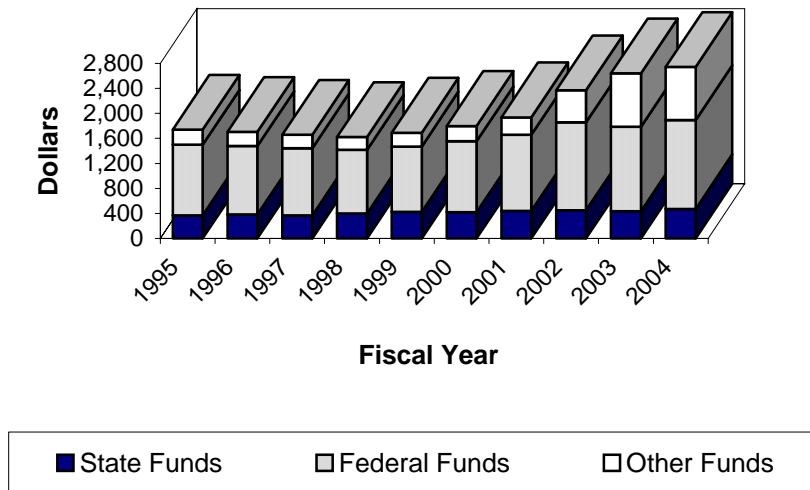
HEALTH AND WELFARE:

Year	State Funds	Federal Funds	Other Funds	Total Funds
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
2004	472,442,402	1,420,389,817	846,938,314	2,739,770,533

Source: The Arizona Department of Economic Security, Audited Comprehensive Annual Financial Report, 1995, 1996, 1997, 1998, 1999, 2000, and 2001; and Audited Financial Statements, 2002, 2003, and 2004.

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

Expenditures by Function and Funding Source
(In millions)



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

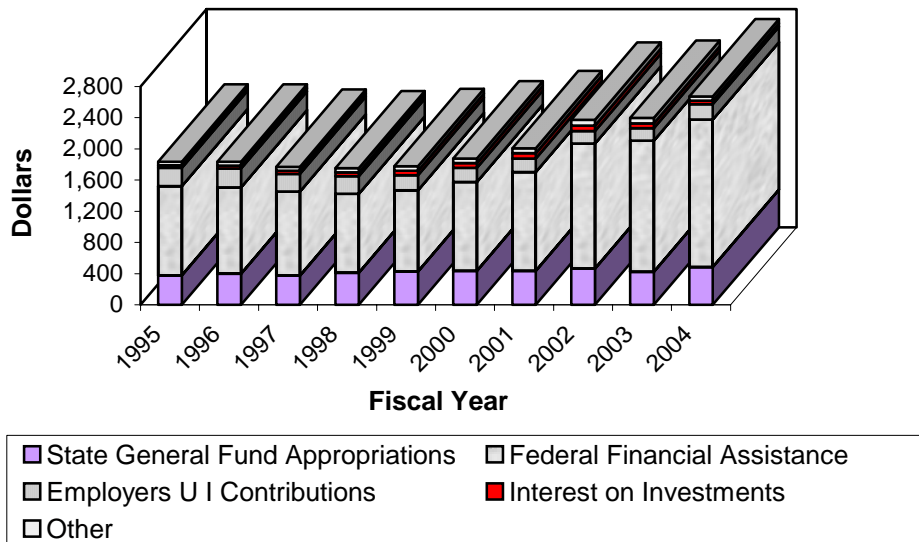
Year	State General Fund Appropriations	Federal Financial Assistance	Employers UI Contributions	Interest on Investments	Other	Total
1995	\$ 379,581,100	\$ 1,142,831,235	\$ 235,800,076	\$ 30,346,709	\$ 45,731,486	\$ 1,834,290,606
1996	397,217,300	1,110,112,146	239,480,340	38,861,761	48,154,973	1,833,826,520
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
2004	484,037,500	1,893,683,834	194,894,098	46,839,769	51,605,255	2,671,060,456

Source: The Arizona Department of Economic Security, Audited Comprehensive Annual Financial Report, 1995, 1996, 1997, 1998, 1999, 2000 and 2001; and Audited Financial Statements, 2002, 2003 and 2004.

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

Unemployment Insurance Trust Fund revenues and expenditures do not directly correspond within a single fiscal year. The fund balance "self-balances" through a funding formula set in accordance with federal law.

Revenues by Funding Source (In millions)



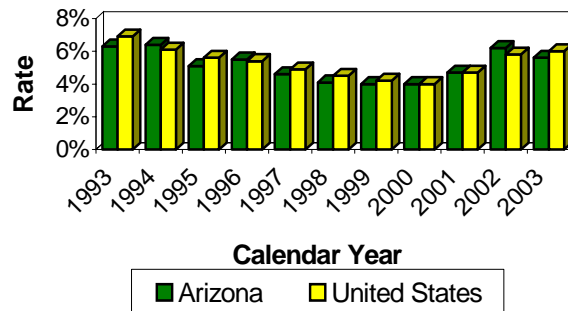
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States Unemployment
For the Calendar Years Ended December 31
(2003 is the most recent data available)

Year	Number of Unemployed - Arizona	Number of Unemployed - U.S.	Unemployment Rate - Arizona	Unemployment Rate - U.S.
1993	120,365	9,613,000	6.30%	6.90%
1994	133,936	7,996,000	6.40%	6.10%
1995	115,316	7,404,000	5.10%	5.60%
1996	126,839	7,236,000	5.50%	5.40%
1997	106,230	6,739,000	4.60%	4.90%
1998	98,233	6,210,000	4.10%	4.50%
1999	109,930	5,880,000	4.40%	4.20%
2000	98,449	5,692,000	4.00%	4.00%
2001	121,418	6,801,000	4.70%	4.70%
2002	164,757	8,378,000	6.20%	5.80%
2003	150,935	8,774,000	5.60%	6.00%

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



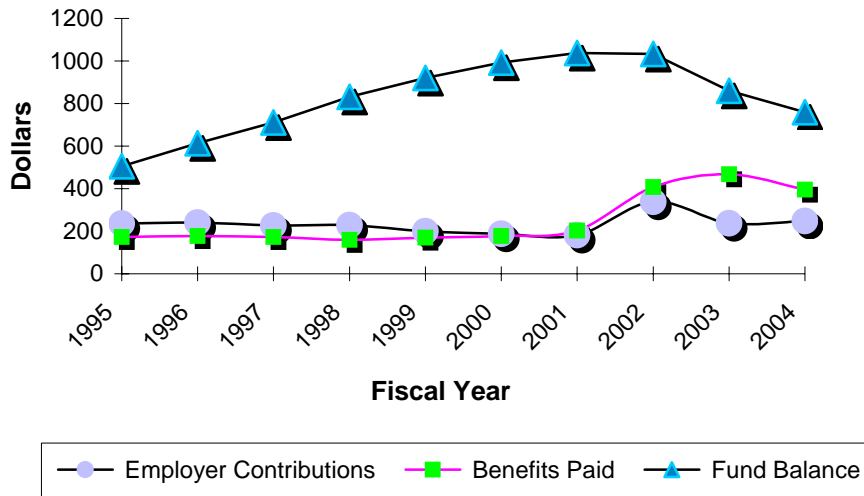
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For the Fiscal Years Ended June 30**

<u>Year</u>	<u>Total Employer Contributions</u>	<u>Total Benefits Paid</u>	<u>Fund Balance</u>
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
2004	247,481,831	394,987,858	759,016,265

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)**

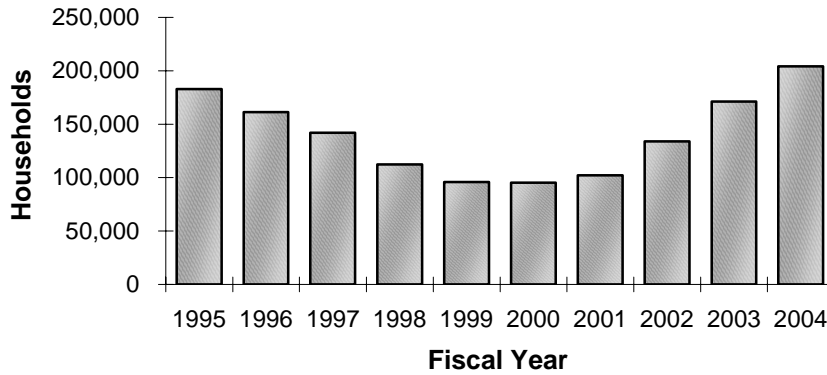


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Food Stamp Benefits
For the Fiscal Years Ended June 30**

<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>
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
2004	204,010	521,992	227.63	88.96	46,438,594

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

Food Stamps Benefit Participation



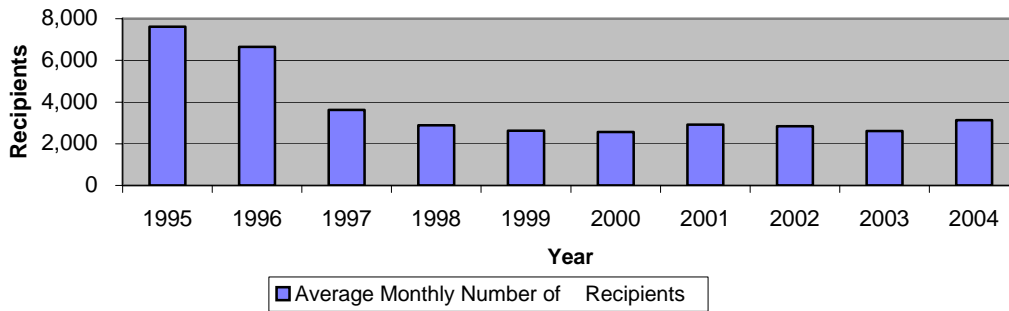
□ Average Monthly Number of Households

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

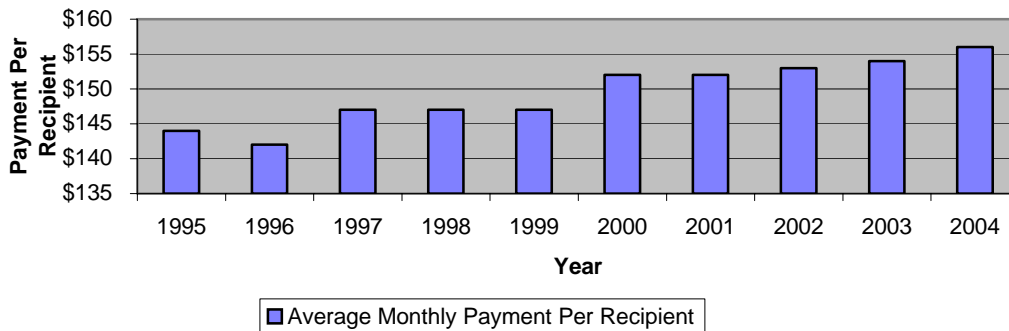
<u>Year</u>	<u>Average Monthly Number of Recipients</u>	<u>Average Monthly Payment Per Recipient</u>	<u>Average Monthly Payments</u>
1995	7,618	143.73	1,094,888
1996	6,655	141.97	944,841
1997	3,631	147.25	534,679
1998	2,883	146.87	423,430
1999	2,627	146.67	385,315
2000	2,566	151.93	389,855
2001	2,912	152.13	443,007
2002	2,847	152.67	537,348
2003	2,615	153.74	453,103
2004	3,125	155.87	485,900

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

Average Monthly Number of Recipients



Average Monthly Payment Per Recipient

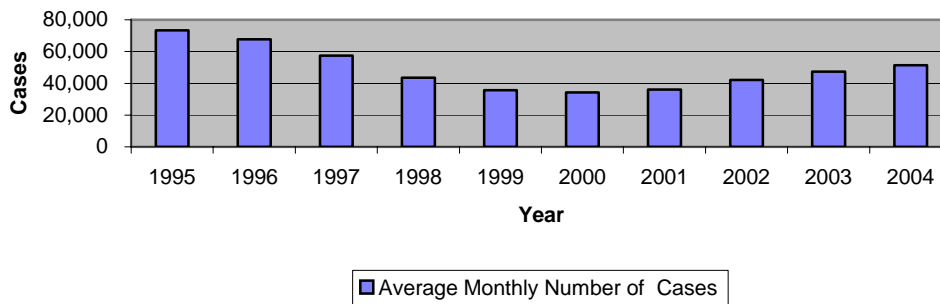


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families
For the Fiscal Years Ended June 30

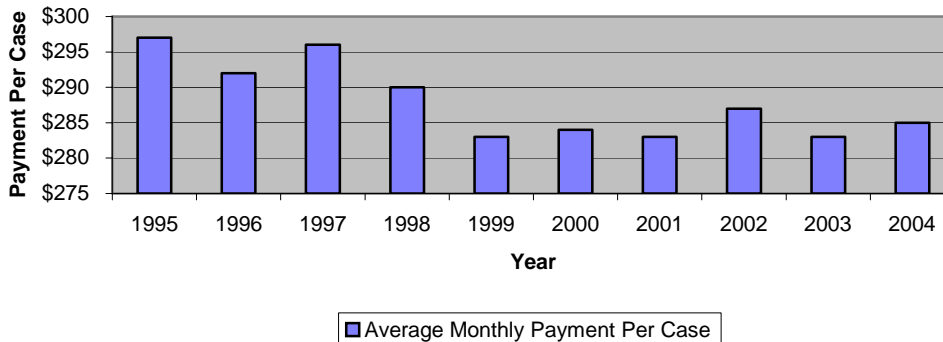
<u>Year</u>	<u>Average Monthly Number of Cases</u>	<u>Average Monthly Number of Recipients</u>	<u>Average Monthly Payment Per Case</u>	<u>Average Monthly Payment Per Recipient</u>	<u>Average Monthly Payments</u>
1995	73,277	201,019	296.57	108.11	21,731,910
1996	67,784	183,274	292.15	108.05	19,803,335
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
2004	51,318	122,577	284.92	119.28	14,621,497

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

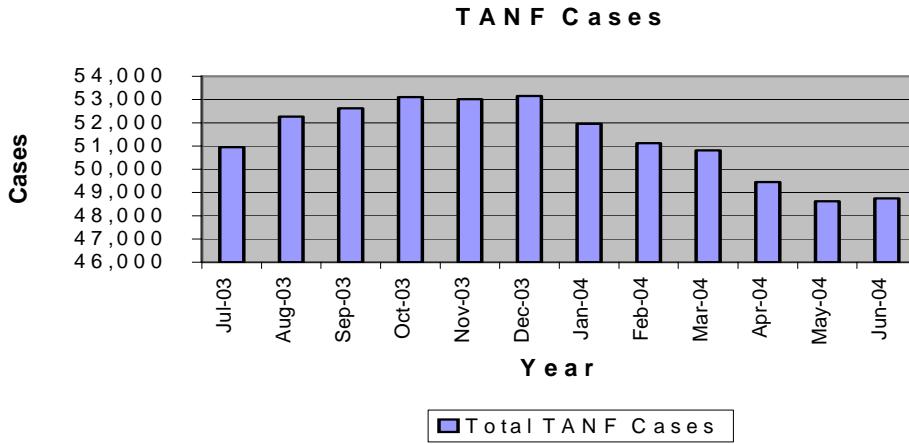
TANF Cases



Average Monthly Payment Per Case



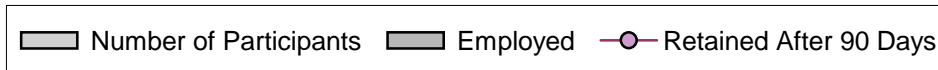
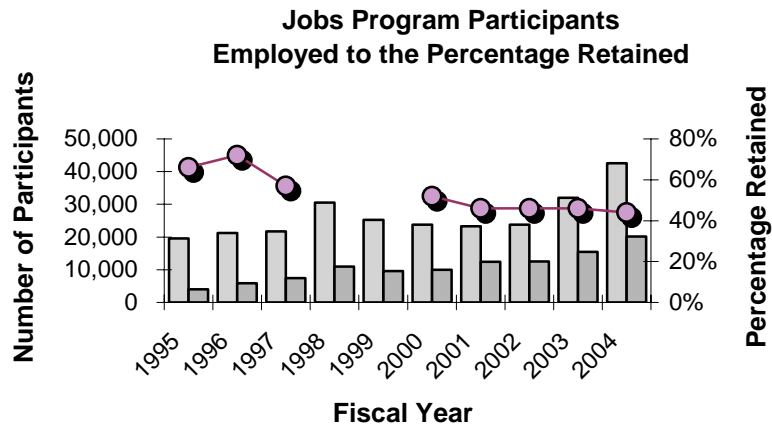
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Temporary Assistance for Needy Families
State Fiscal Year 2004 by Month



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

<u>Year</u>	<u>Number of Participants</u>	<u>Total Employed</u>	<u>Percentage Retained Employment For at Least 90 Days</u>
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%
2004	42,565	20,185	44%

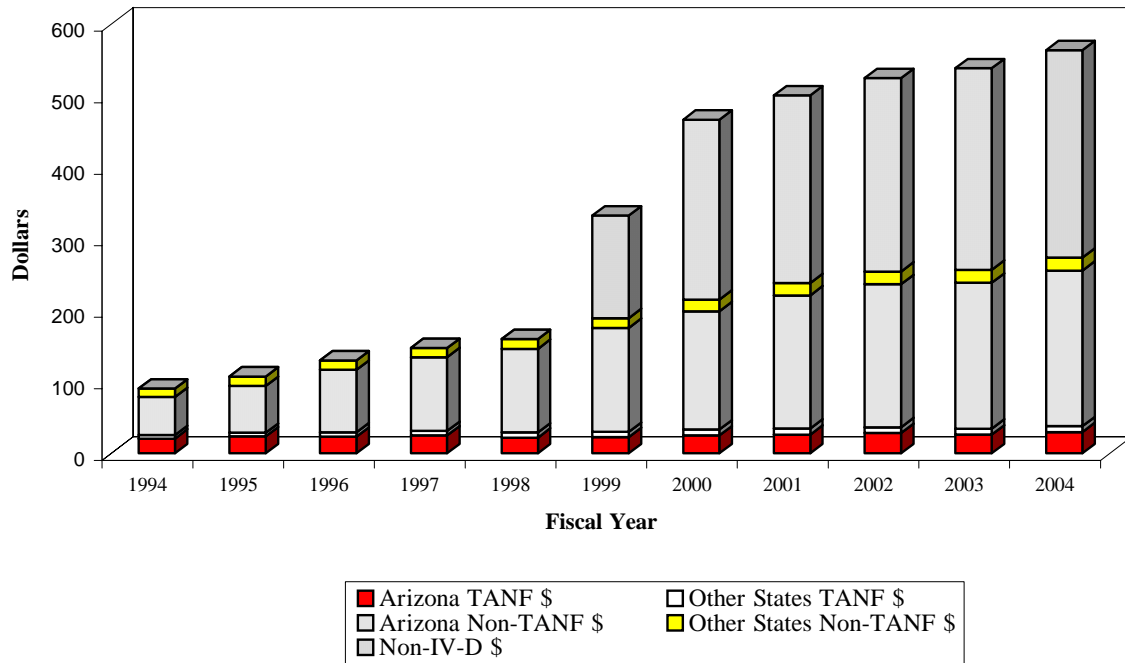
Source: The Arizona Department of Economic Security, Jobs Administration.



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

Year	TANF Collected for Arizona	TANF Collected for Other States	Non-TANF Collected for Arizona	Non-TANF Collected for Other States	Non-IV-D Collected	Total Collections
1994	20,691,200	4,773,300	53,339,300	11,696,800	-	90,500,600
1995	23,826,900	5,047,300	65,478,200	12,983,200	-	107,335,600
1996	23,479,800	5,920,500	87,364,900	13,220,700	-	129,985,900
1997	25,075,000	6,187,200	103,245,200	12,632,300	-	147,139,700
1998	21,938,000	7,205,600	117,104,400	13,532,600	-	159,780,600
1999	22,739,900	7,326,300	145,367,800	13,791,700	143,074,200	332,299,900
2000	25,100,000	8,212,400	165,356,200	16,248,800	251,380,400	466,297,800
2001	26,106,500	8,538,800	186,167,200	17,225,100	262,336,000	500,373,600
2002	28,407,500	8,193,600	199,834,500	17,659,300	270,510,400	524,605,300
2003	26,262,600	8,267,100	204,043,700	17,981,500	281,660,900	538,215,800
2004	29,889,000	8,061,600	217,531,600	17,989,100	290,084,200	563,555,500

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



TANF Collected consists of TANF and Foster Care Collections.

Appendix 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 Arizona State Legislature in January 2001. In February 2003, the Office of the Governor instituted a Child Protective Services Reform Committee. In June and October 2003, the steering committees presented their comprehensive reports and recommendations to the reform committee, which led the CWTI to develop a six-week initial and intensive training curriculum, "Life of a Case." This was accomplished through a collaborative effort between field case managers, CWTI trainers, and community partners. The purpose is to make training more applicable and practical with hands-on case management experience as well as advanced and ongoing training.

The CWTI has also extended its current contractual agreement with Arizona State University to evaluate the training's effectiveness.

Institute training goals include the following:

1. **Emphasize family-centered child welfare best practices that are consistent with existing national standards.** The case manager core training curriculum has been revised to include two weeks of "foundational" training. The foundation includes a section on the "cognitive perceptual shift" in the agency's philosophy involving the shift to best practices. Throughout the six-week training curriculum, best practices are emphasized by:
 - A section entitled "Family to Family."
 - A section on disproportionality.
 - A section emphasizing the continuation of outcomes, which involves a critical decision-making exercise using a strengths-based perspective.
 - A section that focuses on the Governor's reform plan and the refocus on family-centered practice.

The sections listed above are some tangible ways that the emphasis on best practices will be reinforced; however, the continual thread of the case manager core training will be family-centered practice in all sections taught.

2. **Emphasize cultural competency, substance abuse, domestic violence, mental health, and secondary trauma.** CWTI has partnered with the Arizona Coalition against Domestic Violence (ACADV) to provide training on "Bridging the System between Domestic Violence and Child Welfare" for the case manager core training. ACADV has aligned the curriculum with best practices recommended by the National Council of Juvenile and Family Court Judges, the U.S. Department of Health and

Human Services, the U.S. Department of Justice and the U.S. Violence Against Women Office. Training has also been developed with Chicanos Por La Causa, Inc. on substance-abusing families, which incorporates the DCYF policy on substance-exposed newborns and the use of agency tools to assess family situations for strengths, risks, and safety. Beginning in January 2005, case manager core training will include sessions with a M.S.W.-level psychotherapist who will cover definitions of mental health diagnosis, separation and loss issues, elements of a psychological evaluation, and psychological consultation. In addition, beginning with the January 2005 case manager core training class, training participants will also receive training on secondary trauma and self-care.

3. **Support the professional growth and development of ACYF staff.** In August 2004, CWTI staff attended a regional training of the trainers for State Child Welfare agencies in Mesquite, Nevada. The CWTI staff took an active role with the planning and development of the annual regional training of the trainers planned for August 2005. In addition, all field training supervisors will be attending the 40-hour forensic interviewing training in 2005.
4. **Involve field staff in decision making on training issues.** In January 2005, Tucson offices will have a new field coaching and mentoring phase combining field workers and training staff to provide the learning experience. In addition, CWTI has made a conscious effort to develop the partnership model to involve field staff in the decision-making process on training issues. As a result of these efforts:
 - Youth Advisory Board members will speak to trainees during the sixth week of the case manager core training curriculum.
 - Supervisors will participate in a panel on the last day of case manager core training to answer questions, hear the supervisory needs of new staff, and facilitate the transition from the classroom to the field.
 - Provider agencies, including other DES divisions, will participate in an “expo” day where they can describe the services that they provide, answer questions, and present information about making referrals.
5. **Provide a more comprehensive evaluation tool to measure training effectiveness.** CWTI has extended the existing contractual relationship with Arizona State University (ASU) to develop a means of measuring the effectiveness of training. A Ph.D.-level professor has been designated to work with this project and to create and implement measurement tools.

One- and two-day advanced in-service workshops are conducted throughout the year in statewide locations to ensure ongoing training for experienced case managers and supervisors. CWTI also conducts parent aide and supervisor core training. CWTI's Supervisor Core is provided to new supervisors to instruct them in the most up-to-date supervisory practices.

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 CWTI TRAINING

Type of Training	Number of Weeks	Number of Days per Group	Total Number of Days	Number of Classes Started
Case Manager Core	6	Average of 29.5	177	21
Supervisor Core	8	16	32	7
Parent Aide Core	7	2	14	12
Specialized – Advanced Training	23	1-2	35	23

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 revised Supervisor Core Training. A Revised Supervisor Core Curriculum was developed as a collaborative effort of CWTI staff and field supervisors. Other supervisory training such as “Excellent Staff Through Example Education Motivation” (ESTEEM) Evaluation training and Cultural Competency is offered through the Office of Management and Development within the Department.

DES Service Delivery Presence by District

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 (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

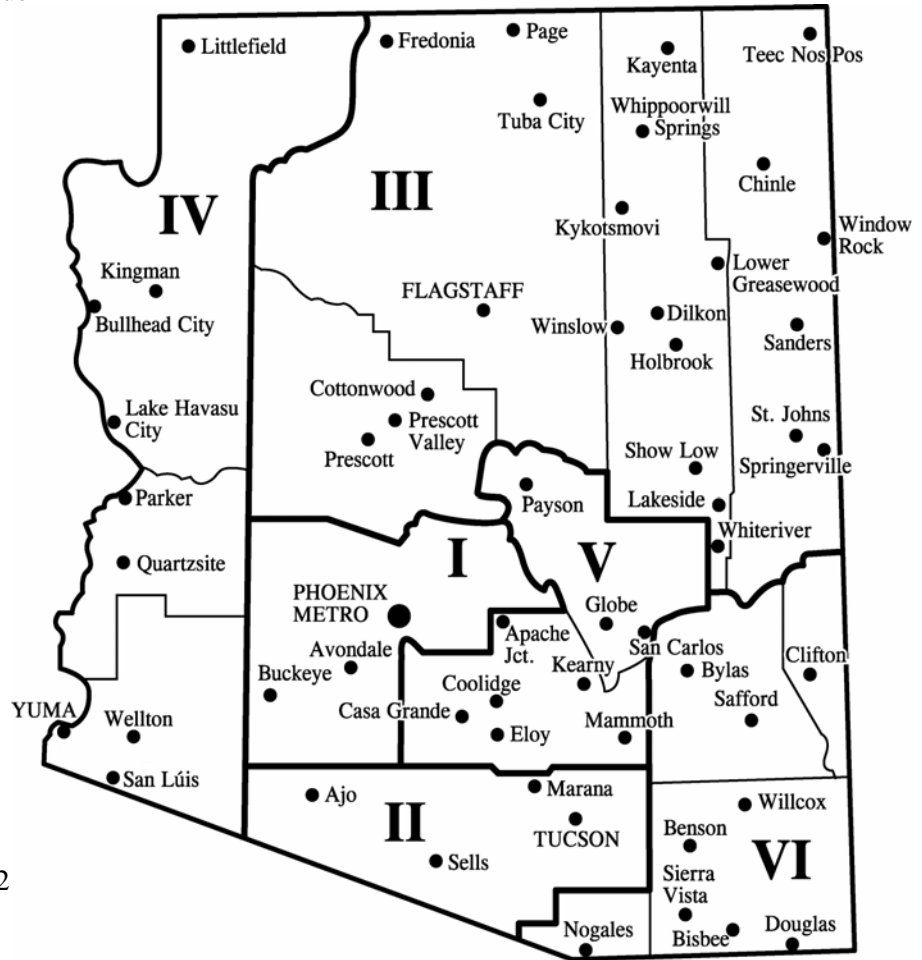
350 West 16th Street, #232
 Yuma, AZ 85364
 (928) 782-4343

District V

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

District VI

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





Read this report on
DES Web Site – www.azdes.gov

Or call 602-542-2106 for more information



Arizona Department of Economic Security
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