



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Janice K. Brewer
Governor

Linda J. Blessing, Ph.D.
Interim Director

MAR 11 2009

The Honorable Janice K. Brewer
Governor of Arizona
1700 West Washington
Phoenix, Arizona 85007

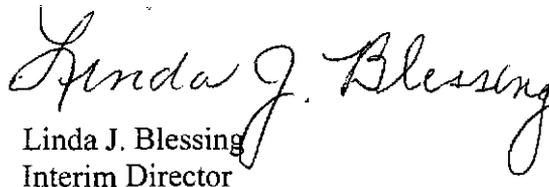
Dear Governor Brewer:

I am pleased to submit the Arizona Department of Economic Security's *2008 Annual Welfare Reform Report: Moving Families to Greater Economic Mobility and Stability* as required by Laws 1997, Chapter 300, Section 76. The report highlights the successes and accomplishments of Arizona's welfare programs during state fiscal year (SFY) 2008, as well as includes data and provides comparisons to the previous fiscal year to show changes and trends.

With the passage of SB 1001, considerable reductions needed to be made to the benefits and services that assist children and families escape the hardship of poverty and become self-sufficient. For Fiscal Year 2009, the cash assistance grant for the 38,500 cases (including child-only) in the program has been reduced by 20 percent, from an average of \$263 per month to \$210. Vendor contracts for the Jobs program have been cut by approximately eight percent. In-home services for 4,000 children involved with Child Protective Services have been eliminated and support services and allowances for children in out-of-home care have been reduced. These cuts will have a significant impact on the Department's ability to continue the progress made in strengthening families and increasing self-sufficiency.

If you have any questions, please contact me at (602) 542-5757.

Sincerely,


Linda J. Blessing
Interim Director

Enclosure

cc: President Robert L. Burns, Arizona State Senate
Speaker Kirk D. Adams, Arizona State House of Representatives
GladysAnn Wells, Director, Arizona State Library, Archives and Public Records



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

State Fiscal Year 2008
Annual Welfare Reform Report:
Moving Families to Greater Economic Mobility and Stability

Janice K. Brewer, Governor
Linda J. Blessing, Ph.D., Director

Table of Contents

<u>SECTION</u>		<u>PAGE</u>
I.	Executive Summary.....	1
II.	Development of a TANF Leadership Council.....	2
III.	Services and Supports for Individuals At Risk of Reaching the Lifetime Benefit Limit.....	3
IV.	Expansion and Enhancement of the Grant Diversion Program.....	5
V.	Trends in Arizona’s “Child-Only” Population.....	7
VI.	Jobs Program Privatization.....	9
VII.	Increases to the Nutrition Assistance Caseload.....	13
VIII.	In-home Services for Children and Families.....	14
IX.	Appendices.....	16
	Appendix 1 Cash Assistance Program.....	17
	Appendix 2 Work Activities.....	18
	Appendix 3 Self-Sufficiency Assistance.....	19
	Appendix 4 Child Care.....	20
	Appendix 5 Child Welfare Program.....	21
	Appendix 6 TANF-Related Programs and Services.....	22

Executive Summary

Overview

The work of the Arizona Department of Economic Security (DES) is driven by the Department's core vision, mission, goals, values and guiding principles. The DES vision is a bold one – ***every child, adult, and family in the State of Arizona will be safe and economically secure.*** In order for this vision to be realized, DES has set out to achieve three goals:

- (1) Strengthen individuals and families;
- (2) Increase self-sufficiency; and
- (3) Develop the capacity of communities.

The Department's objective is to move beyond simply delivering services and to place greater focus on helping individuals and families gain the tools they need to effectively and permanently escape the hardships of poverty and other barriers that currently prevent them from being self-sufficient. While some situations warrant more intensive and longer-term involvement between DES and individuals or families, the Department's primary focus is to prevent dependence and, where possible, provide short-term, less intrusive services and supports that help the individual or family take ownership of their own success.

DES is pleased to report on the status of implementation of services and supports to help individuals and families achieve economic mobility and stability. In compliance with Laws 1997, Chapter 300, Section 76:

By September 1 of each year, the department of economic security shall submit a report to the president of the senate, speaker of the house of representatives and governor regarding welfare reform implementation. The report shall include information on outcome measures such as length of employment, amount of earned income, hourly wage, hours worked per week, total family income, health coverage, use of child care, issues concerning welfare reform in rural areas, housing, number of out-of-wedlock births, length of deferral for victims of domestic violence, level of participation in job training, education for the transition to self-sufficiency and number of substantiated cases of child abuse and neglect. The information shall be for the most current year and the previous year and shall be compiled in a manner and form that allow an assessment of the effectiveness of welfare reform in this state, including areas in which temporary assistance for needy families is being operated by the Arizona works agency pursuant to title 46, chapter 2, article 9, Arizona Revised Statutes, as added by this act.

In the past, this information has been compiled into a document called the "Welfare Reform Report." Leadership within DES and amongst community partners believe that this title does not accurately represent the efforts being made to address poverty, and the specific work being done with individuals, families and communities to achieve economic mobility and security for Arizonans. Therefore, this report has been renamed to the *Annual Welfare Reform Report: Moving Families to Greater Economic Mobility and Stability.*

Primary Areas of Focus

The implementation and provision of services at DES focuses on a holistic, inclusive approach embracing the strengths individuals and families bring to the table and leveraging those strengths to improve other areas they may struggle with. Providing an array of services, integrated across Department programs and with other state agencies and community partners to best meet the needs of individuals and families (especially those with multiple needs), will result in achieving self-sufficiency, safety, and overall well-being.

The Department and its community partners have identified the following areas of focus for achieving economic mobility and stability for individuals and families, and meeting DES' goals during the upcoming fiscal year:

- Development of a TANF Leadership Council;
- Services and supports for individuals and families at risk of reaching the lifetime benefit limit for cash assistance;
- Focus on expansion and enhancement of the DES Grant Diversion Program as an alternative path to long-term cash assistance and a poverty prevention mechanism;
- Trends in Arizona's "Child-Only" cash assistance population;
- Welfare to Work – Privatization of the Jobs Program;
- Supports to address the rapid growth of the nutrition assistance caseload; and
- In-home services to support children and families involved in the child welfare system.

TANF Leadership Council

Because so many different programs benefit from TANF funding in Arizona, accountability for performance issues and TANF funding are embedded across DES programs. To effectively manage this, DES has developed a governance mechanism to coordinate TANF work across the agency. This organization of cross-program staff and managers is called the DES TANF Leadership Council (Council).

The purpose of the TANF Leadership Council is to ensure that holistic policy planning is being conducted as major issues impacting TANF-funded programs and vulnerable populations are being addressed. Further, the Council works to refine Service Integration strategies and undertake small tests of change, learn from and spread them as appropriate, to the larger service delivery models that provide TANF-funded assistance to families. Through the work of the Council and the cross-agency initiatives it focuses its attention on, DES is embedding, institutionalizing and sustaining family-centered approaches to service delivery that are not only focused on meeting individual program performance requirements but also improve outcomes for families, consistent with both the DES and TANF goals.

Council members are management-level administrators from across DES, including representation from all programs that receive TANF dollars and all programs that impact or are impacted by TANF, even if not directly funded by TANF. Other decision makers and influencers, such as policy unit staff, data and financial reporting experts, are included in the

Council's deliberations. The Council engages in group policy discussion and decision making with a focus on cross-program issues to determine where interconnections exist between programs and where connections break down or do not exist. The Council is working to identify clients in common between the various TANF-funded programs and focus on service delivery gaps, particularly for vulnerable populations such as those close to reaching their lifetime cash assistance limit, kinship families and youth exiting foster care.

Finally, for the 2008 submittal of the TANF State Plan, the Council has identified priority areas for work over the next three years that includes program design reforms, implementation strategies and timelines for implementation. A key piece of the strategic discussion the Council is engaged in is to ask the question, *How does DES, with the challenges of growth and creating economic mobility in mind, plan to move the four purposes of TANF forward in alignment with DES' goals to increase the safety, well-being and self-sufficiency of Arizonans?* Over the next three years, the DES TANF Leadership Council will work collectively to achieve DES' goals, focusing on identifying and implementing the most effective strategies. In prior years, the programs across DES have worked together to coordinate supportive services that promote the safety, well-being and self-sufficiency of children, adults and families. With the TANF State Plan, DES is submitting one work proposal which details both the individual services and programs that are supported by TANF funds, as well as two priority areas to promote cooperative work and engagement strategies. It is anticipated that these two areas of work – development and implementation of economic stability and mobility strategies, and creating effective client pathways – will inform both individual program's as well as the larger agency's work beyond the TANF-funded programs within DES.

Lifetime Benefit Limit (LIBL)

Federal Temporary Assistance for Needy Families (TANF) regulations in Title 45, Section 264.1 of the Code of Federal Regulations stipulate that a family in which the head-of-household or the spouse are included in the assistance grant (excludes "child-only" cases) may not receive more than 5 years of assistance. At the time that this federal regulation was enacted, Arizona's cash assistance program was exempt from the 5 year time limit due to the state's federally approved EMPOWER ("Employing and Moving People Off Welfare and Encouraging Responsibility") welfare reform waiver under which the cash assistance program operated from November 1995 through expiration of the waiver in September 2002. EMPOWER contained a time limit that restricted adults to no more than 24 months of cash benefits in a 60 consecutive month period.

The federal 5 year Lifetime Benefit Limit (LIBL) became effective for Arizona's TANF cash assistance households beginning in the benefit month of October 2002. Federal TANF regulations permit states the option of extending assistance beyond 5 years for these families when the family meets the state's definition of "hardship" or when they contain a member that has experienced battery or cruelty as defined in the federal regulations. Arizona state law in A.R.S. § 46-294 allows cash assistance extensions beyond 60 months (or 5 years) of payments. The number of families that may be granted an extension cannot exceed 20 percent of the state's average monthly TANF cash assistance caseload. To determine this figure, the state may use either the current year's monthly average or the prior year's monthly average. For Federal Fiscal

Year (FFY) 2008 Arizona chose to use the average monthly caseload from FFY 2007 which was 35,803, resulting in a cap of 7,160 cases that could potentially be approved for an extension and receive a cash benefit past the 60 month LIBL.

Some LIBL families are granted extensions to the 60 month time-limited benefit if they meet the requirements of one or more of the hardship extension reasons discussed below. A cash assistance participant may request an extension of cash benefits beyond 60 months when they are experiencing a hardship that prevents them or their spouse from supporting the family independent of Cash Assistance. Examples of hardship include, but are not limited to: disability, homelessness, and victims of crime or violence. To qualify for an extension based on hardship, the client must provide the Department with verification that supports the hardship claim.

Extension approval and the timeline for the extension granted are determined on a case-by-case basis. Extensions are reviewed at least every six months to determine whether or not the hardship cause of the extension of benefits beyond 60 months has been resolved. While families are receiving benefits under an extension, they receive intensive case management from their contracted Jobs Program case manager.

LIBL Hardship Extension Reasons:

- The family's head-of-household is a Non-Parent Specified Relative (NPSR) age 60 or older.
- The head-of-household or spouse is one of the following:
 - Temporarily or permanently disabled, as verified by a qualified medical source.
 - The caretaker of a disabled household member, as verified by a qualified medical source.
 - Had a deferral from participating in the Jobs Program due to disability or domestic violence any month between October 1, 2002 and June 30, 2007.
 - Experiencing homelessness.
 - Unable to complete an educational or training program in 6 months without Cash Assistance.
 - Unable to afford child care.
 - Unable to afford transportation or transportation is unavailable.
- Any member of the family is a victim of violence (victim of crime, domestic violence or other violence).
- The family has another LIBL hardship extension reason. These are claims that hardship exists for a reason other than one contained above. The department shall assess the situation and determine whether the claim of hardship is valid based on verification provided by the family and may grant an extension based on the current circumstance.

October 2007 was the first month that cash assistance households would have stopped receiving cash assistance benefits, based on the LIBL and reaching their 5 year (60 month) time limit. In FFY 2008 (October 2007- September 2008), a total of 2,500 Cash Assistance households met the 60-month LIBL. Of those households, 1,183 (47.3 percent) requested an extension of cash benefits based on hardship and 626 (52.9 percent) of the households requesting an extension were eligible. Three hundred and eighty-two (61 percent) of the approved extensions were for households in which the head-of-household was unable to work or engage in work activities due to a verified disability.

Grant Diversion

At various points in a person's lifetime, the challenge to make ends meet can present itself. Whether it is the sudden loss of employment, illness of a loved one, or the family car breaking down, individuals and families face financial hardship that can cause disruption to their lives. In 2007, the Arizona State Legislature adopted a bill introduced at the request of DES, to allow more families the option to receive grant diversion services as an alternative to the traditional TANF cash assistance program. The grant diversion program allows a family an amount equal to three months of the TANF cash assistance payment they would otherwise be eligible for in one lump-sum. This can be very helpful to a family who has short term needs to fulfill and do not require long-term TANF cash assistance benefits. The average length of stay on TANF cash assistance is approximately one year; thus diverting appropriate clients through the grant diversion program is cost efficient, and serves as a deterrent to individuals developing long-term reliance on government assistance. Under the new law, grant diversion is first and foremost a program that promotes long-term self sufficiency through employment.

The new legislation allows applicants who do not have long-term barriers to employment, who are likely to be employed within 90 days and/or have financial need in excess of the potential grant amount due to short-term expenses (such as eviction prevention costs, car repair or utility bills), to be eligible for the grant diversion program. This legislation opened up eligibility for the diversion program to a much larger pool of potential candidates. The legislation also gives DES authorization to provide employment services and short-term support service funding to resolve one-time issues – such as sudden loss of a job, preventing utility shut-off or the need for a car repair – to grant diversion recipients during that 90 day period.

A success story for a grant diversion client, relayed by an Employment Administration worker, is a common story in the program:

“An assessment was completed May 28, 2008 for a client who was unemployed and worried that she wasn't going to have the money to pay June's rent. She was also waiting to hear from the Tucson Medical Center (TMC) on a position that she had applied for. The Grant Diversion was approved and benefits were issued on time to pay her rent for June. On July 8, she reported employment with TMC. She now works 40-hours a week at \$11 an hour. The client was very grateful that she received the Grant Diversion assistance and all the community resources information that she received from us.”

There are two units within DES that work in collaboration and jointly administer the grant diversion program: the Division of Benefits and Medical Eligibility (DBME) administers eligibility for TANF cash assistance and grant diversion; and the Division of Employment and Rehabilitation Services (DERS) oversees the employment case management for TANF cash assistance and grant diversion recipients. The program focuses on screening for potential candidates and strongly marketing the option of grant diversion during the TANF cash assistance eligibility process.

The DERS Employment Administration staff conducts an employability assessment to determine if grant diversion is the best option for the family. Based on this assessment and the family's eligibility for TANF cash assistance, the DBME Family Assistance Administration approves eligibility for and oversees the grant diversion benefit payment. Once the grant diversion payment is issued, the DERS Employment Administration staff provides employment services to the client including assistance with resume writing, job searching and other career building activities. The Employment Administration staff may also provide other supports for grant diversion clients to help resolve short-term barriers to employment as they look for work and become employed including one-time allotments for housing, vehicle repair costs and professional clothing and uniform costs. The Department has been successful in partnering with community organizations to provide most of the support services and resources that grant diversion recipients need, thus saving the program money and increasing the clients' connection with their own community for support.

Since implementation of the new legislation and administrative structure in 2007, the number of grant diversion applicants and recipients has increased over four times the number of families diverted from TANF cash assistance under the previous program design, allowing for greater opportunities for economic mobility and self-sufficiency and less reliance on government programs over time, as well as cost savings to the TANF cash assistance program. From October 2007 through June 2008, 1,605 grant diversion applications were approved, compared with 364 during the same time period in the previous year. The average hourly wage upon placement in employment for those applicants who chose grant diversion and have become employed is \$11.07/hour, with over 57 percent of clients having secured jobs that also offer medical benefits. To date, recidivism of grant diversion recipients back to the traditional cash assistance program appears to be low, and the Department continues to monitor this issue closely to ensure that potential candidates for grant diversion are being screened and assessed appropriately, and clients are reaching their goals.

Leadership and staff at DES are working to refine the grant diversion program and enhance outreach and marketing to families as an alternative to the more traditional cash assistance program. Following research and analysis, DES is looking at the potential strategy of targeting grant diversion outreach efforts toward more specific populations, whom early research indicates may be good candidates for the program, including some families in the refugee resettlement program and families applying and eligible for cash assistance who have recently received unemployment insurance benefits.

Another strategy to increase self-sufficiency and economic security is to enhance budgeting skills, financial literacy and asset development opportunities for families in the grant diversion programs who are receiving employment services and support services. One specific strategy that DES can implement is to promote families' applications for the federal Earned Income Tax Credit (EITC) and other tax credits that are appropriate for them, such as the child tax credit.

Child-Only Caseload

In recent years, the face of the TANF cash assistance program has changed dramatically. When TANF first evolved out of the Aid to Families with Dependent Children (AFDC) Program with passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, the typical beneficiary was a family where the unemployed birth parent (or parents) received benefits along with the children. Over the years, however, this program is becoming as much a family stability program as an employment and self-sufficiency program. Today, almost half of the TANF cash assistance caseload is made up of child-only cases, changing the image of traditional cash assistance participants.

TANF child-only cases are those cases in which only a child or children are receiving assistance. A variety of circumstances result in child-only cases. In some cases, the child is not living with a parent, but with a relative, who chooses not to be included in the assistance group or whose income and assets preclude him or her from receiving cash assistance. Half of the children receiving cash assistance are not living with their biological parent, either due to formal involvement with the child welfare system or other unforeseen circumstances that cause a child's parent to be absent from their life. In other situations, the child is living with a biological parent, but the parent is either receiving Supplemental Security Income (SSI), is a non-qualified alien, or has otherwise been disqualified from receiving cash assistance.

In these “child-only” cash assistance cases, benefits are paid to families to help support the costs of the children in their care and, in most cases, the adults in the household are working and/or not eligible themselves for the program. Among the child-only cash assistance population, the number of cases represented by kinship arrangements – where a family member such as a grandparent, aunt/uncle or sibling has taken guardianship of the children – has recently increased. When the state of Arizona passed its authorizing legislation to enact the changes required by PRWORA, much focus was placed on the employment needs of what was then the typical cash assistance client. But as the demographics of the TANF cash assistance caseload change, DES and the state of Arizona must look forward to program design changes that will best serve the multiple needs of the child-only population.

The charts below detail the growing number of child-only cash assistance cases where children are living in kinship family settings:

Average Monthly Number of Cash Assistance Recipients, Including Child-Only Cases

State Fiscal Year	Average Monthly Number of Cash Assistance (CA) Cases	Number of Child Only Cases Among CA Cases	Percent of Child Only Cases Among CA Cases
2005	45,742	18,702	41%
2006	41,580	18,782	45%
2007	37,616	18,433	49%
2008	37,030	18,243	49%

Average Monthly Number of Child-Only Cases, Including Number of Kinship Families

State Fiscal Year	Average Monthly Number of Child Only Cases in CA Caseload	Number of Kinship Cases Among Child Only CA Cases	Percent of Kinship Cases Among Child Only CA Cases
2005	18,702	8,259	44%
2006	18,782	8,975	48%
2007	18,433	9,160	50%
2008	18,243	9,388	51%

Despite minimal funding dedicated to this population’s unique needs, the Department has established a few programmatic supports for these families in partnership with community organizations that focus on the needs of kinship caregivers and families. Kinship families that have a direct connection with the child welfare system may have access to more resources and support than those that have informally created a kinship situation due to a birth parent voluntarily giving guardianship of his/her child to a relative without the involvement of the child welfare system; for example, in the case where the birth parent is incarcerated or suffering from substance abuse or mental illness.

Arizona's kinship foster care program, administered by the Division for Children, Youth and Families (DCYF) prioritizes relatives as the first placement preference for children in the child welfare system that require out-of-home care. Many financial and non-financial services are made available to provide support to the kinship foster caregivers and provide stability for kinship placements. Financial assistance includes TANF child-only cash assistance, in addition to a monthly supplemental clothing and personal allowance. For those kinship foster caregivers who choose to become licensed as foster parents, a monthly foster care maintenance payment is issued to the kinship foster caregiver on behalf of the child. Non-financial services to support kinship foster caregivers include: case management services, child care, parent aide services, parent skills training, a bi-monthly newsletter that provides information focused on kinship care, training opportunities, and contact information for kinship support groups in the community.

In addition to services provided to kinship caregivers involved with the child welfare system, the Department’s Family Connections Program (FC), housed within the Office of Community Partnerships and Innovative Projects (CPIP), has dedicated two of 11 FC teams to focus on the provision of services and supports to voluntary kinship families. The services that are provided across both teams include accessing TANF cash assistance if the family meets the eligibility requirements. In most cases, the TANF benefit is child-only and the intent is medical and dental coverage for the child. The Phoenix FC team receives their referrals from the community, DES, private agencies and self-referrals and provides services that include access to community services, case management, guardianships and licensure, networking, training, and needs addressed in the family plan. The Tucson team operates slightly different in that the majority of referrals come directly from the child welfare system with primary focus being to work with kinship care providers to support and strengthen the family to keep children out of foster care, or, to maintain the children’s kinship home following placement by child protective services.

Both of the FC teams are comprised of multidisciplinary staff that has an excellent working knowledge of the court systems, state policies and laws governing kinship and guardianships. In addition they have an excellent working relationship with community to include access to food, clothing, housing, and other services. The FC Kinship teams works collaboratively with all other divisions within the Department of Economic Security, community providers, and the community at large to ensure that families receive the supports they need.

Lastly, the Division of Aging and Adult Services (DAAS) grandparent kinship care support program provides temporary financial support to assist grandparents caring for their grandchildren in transitioning the children into a new environment. Up to 10 percent of the Title III-E funding DAAS receives from the federal Older Americans Act for the Family Caregiver Support Program (FCSP) can also be used to provide support services to grandparents who are raising their grandchildren. The federally funded FCSP provides services such as information, training, support groups, and occasionally respite care when needed. This program works closely with DCYF and FAA, along with many community-based agencies, in the Central Arizona Kinship Coalition. The coalition helps coordinate support for kinship families across agencies and has recently been expanding to include partners and events that range statewide. Most recently the coalition hosted a statewide conference on kinship care that was attended by almost 200 kinship caregivers and support professionals from all over Arizona. A website – www.azkincare.org - has been developed by the coalition to help with outreach related to supporting kinship caregivers.

Though the programs detailed above do their best with minimal resources to identify and provide support for kinship families, a large number of the families in the kinship caseload do not receive regular interaction with or support from a DES case manager and their family stability may be at risk. It is highly likely that the adults in these families will themselves experience poverty due to the strains of caring for additional children while juggling work and other responsibilities. There is also high risk for children to end up in the child welfare system if their kinship caregivers do not have the necessary resources to provide adequate care. Both scenarios – family poverty and involvement in the child welfare system – present significant risk to the long-term outcomes for children in these families. To minimize the risk of family instability for these children and their caregivers, more program focus, support and case management resources are needed for kinship families.

Jobs Program Privatization

The Jobs Program is intended to prevent long-term reliance on cash assistance and offers Arizona's families the opportunity to become self-sufficient and economically independent through employment. The Jobs Program is Arizona's mandatory employment and training program for work-eligible individuals in households receiving TANF cash assistance. The program engages the individual in a variety of work-related activities to improve their employability skills and offers supportive and some specialized services to remove barriers to employment. These activities and supportive services are provided to encourage and promote adequate employment at the earliest opportunity.

In 2004, the legislature adopted Chapter 185, Forty-Sixth Legislature, Second Regular Session that amended Arizona Revised Statutes (A.R.S.) § 46-300.01. As a result, A.R.S. § 46-300.01 required DES to issue a Request for Proposals (RFP) for the statewide privatization of the Jobs Program. Awards for the Jobs Program's case management and employment services were made to two private vendors – MAXIMUS, which serves Maricopa County, and Arbor Education & Training (Arbor E & T), which serves residents throughout the remaining 14 counties in Arizona.

The purposes of privatizing the Jobs Program were to:

- Establish a statewide privatized system of Jobs Program case management and employment services in accordance with the requirements of A.R.S. § 46-300.01;
- Implement, through the use of private contractors, a Jobs Program that will reduce the incidence of poverty in Arizona, reducing the size of the TANF caseload by increasing the rate of permanent unsubsidized employment placements among TANF recipients;
- Effect increased self-sufficiency for clients through a comprehensive, family-focused planning and service delivery process;
- Establish a framework to assure that Arizona continues to meet the federal TANF Work Participation Rate; and
- Increase community involvement through contractor-developed community partnerships, collaborations and subcontractors.

The contractors, MAXIMUS and Arbor E & T, are expected to achieve the following five goals while providing services on behalf of the Department:

GOAL 1:

Arizona TANF clients will obtain employment.

Objectives:

1. Clients will quickly meet with a case manager for strength-based orientation, assessment and initial development of their Employment and Career Development Plan.
2. Upon completion of the initial Employment and Career Development plan, clients will immediately be engaged in permanent unsubsidized employment or other federal or state-defined work activities.
3. The TANF caseload will be reduced as clients are assisted to quickly find and obtain permanent unsubsidized employment.
4. The contractor shall meet or exceed the Work Participation Rate.

5. Clients who obtain permanent unsubsidized employment will have an initial hourly wage that is above the minimum wage.
6. Clients will increase their initial hourly wage in a reasonable time frame.
7. Clients will be placed in permanent unsubsidized employment where employer-supported medical benefits are offered.

GOAL 2:

Arizona TANF clients, who obtain employment, will stay employed and achieve self-sufficiency.

Objectives:

1. Clients who gain permanent unsubsidized employment will stay employed and will not reapply for TANF programs.
2. Clients who are eligible will receive transition services as needed.
3. Clients will receive education and training opportunities to support job retention.

GOAL 3:

Barriers to employment and self-sufficiency are removed for TANF clients and their families.

Objectives:

1. Clients' barriers are reduced to allow them to engage in permanent unsubsidized employment and other required activities.
2. All clients, including hardest to serve clients, will demonstrate a significant increase in self-sufficiency on the Self-Sufficiency Matrix within reasonable time frames.
3. Clients approaching their 60-month TANF life time limit or facing ineligibility due to the youngest child aging out of TANF eligibility shall be engaged in lifetime limit planning activities well in advance of losing eligibility.
4. Clients will be referred to Department subsidized childcare to ensure that the client can participate in employment-related or other required activities.

GOAL 4:

TANF clients are involved in all aspects of program design, service planning and service delivery.

Objectives:

1. TANF clients will have meaningful roles in assessing and improving the design of the contractor's service delivery system.
2. Clients will actively participate in developing and revising their Self-Sufficiency Matrix, Employment and Career Development Plan and case management activities.

GOAL 5:

Design of the service delivery system is community-driven and unique to each geographic area. Service delivery is integrated, client-friendly, and provided in collaboration with community-based organizations.

Objectives:

1. Community resources are maximized and leveraged.
2. Community issues and barriers are identified and clients and contractors are engaged in community development, economic development and poverty reduction activities.
3. Service delivery is culturally competent and linguistically appropriate.

Program Evaluation, Monitoring and Continuous Improvement:

The Department created the Program Evaluation and Monitoring (PEM) section within the Employment Administration to monitor, evaluate, and provide feedback regarding the performance of the contractors in providing services for the Jobs Program. The section consists of administrative staff and program monitors whose primary responsibilities are to evaluate contractor performance according to contract requirements. The PEM section compiles and issues quarterly reports to the contractors regarding their performance. The reports serve as a report card indicating what measures have been exceeded, met, or failed by the contractor in each service delivery area in which contracted services are provided.

The first federal fiscal year for which the contractors will be responsible for the work participation rate is October 1, 2007 to September 30, 2008. After the conclusion of federal reporting for this period by December 31, 2008, the Department will issue a summary report regarding the overall performance of the contractors, MAXIMUS and Arbor E & T.

The success of privatization of human services depends on many factors. The Department, its community partners and contractors are all working to achieve success for Arizona's families. In 2008, the Department issued a demand for assurances to both MAXIMUS and Arbor E & T due to their failing performance in the five key goal areas listed above. Both contractors are operating under a corrective action plan that requires monthly updates and progress reports to be provided on the contractors' progress in achieving contract requirements. Of note, for federal fiscal year 2007, the Department reported 29.6 percent of all families and 69.4 percent of two-parent households were engaged in countable work activities. The work participation rates required by

the federal government for Arizona were 26.17 percent (all families) and 66.17 percent (two-parent households). The final achieved rates will not be published until 2009.

Supplemental Nutrition Assistance Program (SNAP)

The federal Supplemental Nutrition Assistance Program (formerly Food Stamps, renamed in the recently enacted 2008 Farm Bill) is a nutrition assistance program that helps low-income people purchase nutritious foods. Through DES' Nutrition Assistance Program, thousands of Arizonans are able to provide adequate nutrition for their families. Eligibility for benefits is based on resources, income and other requirements such as residence, citizenship or eligible non-citizen status, and cooperation with the Department of Economic Security employment and training program.

According to the Center on Budget and Policy Priorities, families that receive nutrition assistance are less likely to be food insecure, resulting in decreased rates of Medicaid payments, a decreased likelihood of child abuse, and improved reading and math scores for children.¹ In addition, according to the United States Department of Agriculture (USDA), every \$5 in new nutrition assistance benefits generates almost twice as much (\$9.20) in total community spending.

According to studies conducted by Food and Nutrition Service (FNS), while only 67 percent of individuals eligible for nutrition assistance in Arizona actually participated in the program, the nutrition assistance caseload has more than doubled in the past eight years, from 113,687 in 2001 to 263,699 in 2008. For fiscal year 2008 the program sustained continued, rapid growth, increasing by 17 percent for the most recent one-year period. This caseload growth began when the USDA/FNS initiated a federal campaign to enroll more eligible individuals, particularly the elderly population.

Arizona has been experiencing a steady increase to the number of individuals and families participating in SNAP. This directly causes an increase to the workload, which in turn decreases DES' opportunities to direct resources toward other areas of need. The increase to the number of people benefiting from SNAP should also be considered as an additional challenge Arizona faces with meeting the ever increasing demands of families in poverty.

More recently, the increased nutrition assistance caseload can be largely attributed to the economic downturn we are experiencing across the country and noticeably in Arizona. As financial resources become strained for Arizona families due to unemployment, rising gas prices, and the rising cost of food, there is increasing demand for nutrition assistance. According to a recent employment report from the Arizona Department of Commerce's Research Administration, Arizona's unemployment rate increased from 3.6 percent in June 2007 to 4.8 percent in June 2008.

¹USDA Food Stamp Program. (2007, June). *Food Stamps Make America Stronger*. Retrieved July 26, 2007: http://www.fns.usda.gov/cga/FactSheets/Food_Stamps.htm

Because of the combined impacts of the FNS efforts to expand access to the Supplemental Nutrition Assistance Program at both the federal and state levels and Arizona's population growth, DES requires resources necessary to serve the growing caseload. Increasing the number of eligibility determination staff will ensure that eligible Arizonans receive nutrition assistance accurately and timely, resulting in a healthier population, lower long-term costs for the state, and economic revitalization at the local level.

The timely and accurate delivery of the temporary supports facilitated by DES' eligibility workers is critical to the Department's mission of allowing all Arizona citizens the opportunity to be self-sufficient and remain safe. In response to its fiscal year 2009 budget request, DES received partial funding toward resolving its critical shortage of eligibility determination staff. DES and the staff who administer services provided by the Division of Benefits and Medical Eligibility are committed to improving efficiency and accountability in the administration of its programs. A new budget request will fund the balance of the staff needed to meet the needs of Arizona's most vulnerable citizens. The funding is necessary to maintain a manageable workload for eligibility staff and to be able to provide timely, accurate eligibility determinations that ultimately benefit Arizona's children and families.

In-home Services

Arizona's in-home services for families involved with the child welfare system seek to prevent further child abuse and neglect through provision of services to help stabilize family life and preserve the family unit. Families who benefit from in-home services are often identified by the presence of unresolved problems including existing or imminent child abuse, neglect, or dependency, as well as a home situation that presents actual and potential risk to the physical or emotional well-being of a child. Child welfare staff are able to utilize in-home services to support the delivery of integrated services and other in-home supports.

The average monthly number of families receiving in-home services has steadily increased from 4,798 in SFY 2005; to 4,856 in SFY 2006; to 5,279 in SFY 2007; and 5,391 in SFY 2008. The increase can be attributed to a rise in the use of court ordered in-home intervention as well as the implementation of the new integrated services contracts that increases the availability of in-home services to families.

In-home services, including voluntary services without court involvement and court-ordered in-home intervention, are contracted and are available statewide. Although the actual design of services varies by district, services include parent aides, parenting skills training, counseling, self-help, and contracted case management. Families may also receive referrals for services provided by community resources, other DES programs or other state agencies, including behavioral health services.

This integrated services model includes two service levels – intensive and moderate – which are provided based upon the needs of the child and family. The model integrates collaborative partnerships between child protective services, community social service agencies, family support programs, and community and faith-based organizations. The contract provides an array of in-home services and service coordination and better ensures the appropriate intensity of

services is provided. Services are family-centered, comprehensive, coordinated, community based, accessible, and culturally responsive.

The program also assists families to access services such as substance abuse treatment, housing, child care, and many others. Services may be provided within the home of birth parent(s) or guardian(s), pre-adoptive or adoptive kinship, or foster family. The model may also be provided to transition a child from a more restrictive residential placement back to a foster or family home, or from a foster home to a family home. The model supports shared parenting by assisting foster parents to partner with parents and empowering parents to keep active in their children's lives.

Dr. Cynthia Lietz, Assistant Professor at State University's School of Social Work, conducted an evaluation of intensive in-home services during SFY 2008. Of the 53 families who participated, 39 (74 percent) felt their families were stronger and attributed positive changes to their involvement in intensive in-home services. The identified areas of improvement were in parent effectiveness, communication and relationships, progress with substance abuse/addiction, and greater insight.

In-home services participants who felt their families were stronger due to intensive in-home services offered comments about their own circumstances that impacted their ability to be successful, such as their openness to services, commitment to the family, social support and spirituality. Further, when families reported high satisfaction with services, they spoke of a respectful relationship with the in-home team, practical assistance that was relevant, and services that challenged them to develop insights and positive behaviors. Families acknowledged the role in-home services played in initiating and sustaining change. For example, one mom stated "in-home services saved my life" while another family commented "I think that it's been beneficial. It's made me think about a lot of things, and I don't know how far down hill I would have gone if they hadn't stepped in."

Appendices: Welfare Reform Report Statistics

- Appendix 1 Cash Assistance Program
- Appendix 2 Work Activities
- Appendix 3 Self-Sufficiency Assistance
- Appendix 4 Child Care
- Appendix 5 Child Welfare Program
- Appendix 6 TANF-Related Programs and Services

WELFORM REFORM REPORT STATISTICS

SFY-2008 vs SFY-2007

CASH ASSISTANCE PROGRAM

	Total Cash Assistance Cases (Average Month-All Counties)	Total Cash Assistance Recipients (Average Month-All Counties)	Total Cash Assistance Payments (Average Month-All Counties)	Total Cash Assistance Payments (Average Per Case -All Counties)	Total Cash Assistance Payments (Average Per Recipient -All Counties)	Total Cash Assistance Payments (All Counties)	Two-Parent Cases	Adult Cash Assistance Cases	Child-Only Cases	Average Length of Time on Cash Assistance (Months)	Average Length of Time on Cash Assistance for Adults (Months)
2008	37,030	80,221	\$ 9,798,822	\$ 264.62	\$ 122.15	\$ 117,585,869	748	37,030	18,296	19.52	9.76
2007	37,616	82,408	\$ 10,031,898	\$ 266.69	\$ 121.73	\$ 120,382,770	556	18,088	17,954	12.60	10.40

	Cash Assistance Cases Closed due to Sanctions	Teen Parents Ineligible for Cash Assistance Due to Minor Parent Provisions	Cash Assistance Benefits Not Issued (Due to unwed minor parent policy)	Number of Cash Assistance Cases with Benefit Cap Children	Payment Accuracy	Number of Cases which Hit Time Limit
2008	1,712	284	\$ 16,086	146,564	96.19%	2,973
2007	2,969	215	\$ 15,480	138,859	88.1%	N/A

WELFORM REFORM REPORT STATISTICS
SFY-2008 vs SFY-2007

WORK ACTIVITIES

	Cash Assistance Recipients Waiting to be Served	Waiting Time (Days) After Becoming Eligible for Cash Assistance	Total Cash Assistance Recipients served on Jobs Program	TANF Cash Assistance Participants (So they could prepare for Work Activities)	Total Cash Assistance Recipients Placed in Work Activities through Jobs	Total Cash Assistance Recipients Who Found Jobs	Average Hourly Wage	Cash Assistance Cases Closed due to Earned Income	Adult Cash Assistance Cases Closed Due to Earned Income	Job Retention Rate	Placements Who Did Not Return to Cash Assistance
2008	962	8	46,558	14,534	28,146	18,101	8.80	10,987	31.5%	31.9%	79.2%
2007	1,164	23	42,405	15,823	25,331	16,780	8.68	12,542	34.8%	37.4%	80.8%

Participants in Types of Work Activities				Placements by Employment Category			
Number of Participants in Job Search / Readiness Activity	Number of Participants in All Work Experience Activity	Number of Participants in Short-Term Work-Related Training Activity	Number of Participants in High School/GED Activity	Administrative / Office Support	Communications	Sales	Services and Agriculture Industry
9,358	17,001	1,389	398	16.5%	1.0%	9.5%	73.0%
13,074	10,365	1,589	303	14.2%	14.2%	0.6%	71.0%

**WELFORM REFORM REPORT STATISTICS
SFY-2008 vs SFY-2007**

SELF SUFFICIENCY ASSISTANCE

	Work Related Transportation Assistance	Number of Individuals Who Participated in Vocational Education Activities	Number of Individuals Who Participated in Post Employment Educational Training	Number of Individuals Who Engaged in Postsecondary Education	Number of Individuals Who Had Shelter/Utility Assistance Allowance Paid for by Jobs	Number of Individuals Who Participated in Job Readiness Activities	Total FLSA Supplemental Payments Issues	Number of Individuals Who Received FLSA	Number of Individuals Receiving Transitional Medical Services (Avg Monthly)
2008	14,342	2084	0	29	202	1,038	\$ 735,618.54	652	42,904
2007	14,171	404	7	9	1,263	1,017	\$ 795,229	805	45,180

WELFORM REFORM REPORT STATISTICS
SFY-2008 vs SFY-2007

CHILD CARE

	Total Children Authorized for Subsidized Child Care	Monthly Average of Children Receiving Subsidized Child Care (Monthly)	Total Number of Children Authorized to Receive Transitional Child Care	Monthly Average of Transitional Child Care Caseloads	Child Care Subsidies - Average Reimbursement	Total Amount Expended - Child Care Subsidies (Million)	Total Amount Child Care Co-Payments (Million)	Number of Individuals Who Participated in Employment Preparation Training	Number of New Certified Child Care Homes
2008	53,237	45,367	9,164	7,781	\$ 352.85	\$ 202.1	\$ 15.5	478	352
2007	52,178	44,609	10,220	8,791	\$ 330.74	\$ 187.6	\$ 15.2	322	349

	Number of Child Care Providers Listed on CCR&R Registry	Number of Referrals Received for Child Care Services	Number of Instances When Child Care Services Not Available	Number of Providers Accredited and Eligible for the Enhanced Payment Rates	Approximate Number of Children Per Month Receiving Child Care in Accredited Programs	Child Care Provider Referrals - Number of Calls	Child Care Provider Referrals - Families Served via Internet	Number of Individuals Who Participated in Child Care Provider Training	Number of Child Care Providers Who Received Special Technical Assistance Training	Number of Practitioners Who are Registered in the S*CCEEDS
2008	573	18,132	7	170	3,665	15,774	35,939	24,913	744	4,682
2007	634	14,590	4	173	3,528	17,886	27,661	24,879	624	4,511

WELFORM REFORM REPORT STATISTICS
SFY-2008 vs SFY-2007

CHILD WELFARE PROGRAMS

		AFF Program				Healthy Families Arizona Program			
	Child Maltreatment Reports Received	Number of Families Receiving Comprehensive In-home Services	Number of Individuals Referred for Screenings for Substance Abuse Treatment	Number of Clients Who Received AFF Services	Average Length of Treatment (Days)	Amount of Services Contracted	Number of Families Served	Annual Median Income of Program Participants	Number of Children Receiving Subsidized Guardianship
2008		5,391	4,700	4,200	165	\$ 22,278,439	5,869	*\$12,000	*2,095
2007	34,680	5,154	5,100	4,400	159	\$ 21,647,729	5,729	\$ 12,000	1,967
2006	34,537								

*Prenatal (corresponds to SFY 2007 number); Postnatal families averaged \$13,000

WELFORM REFORM REPORT STATISTICS
SFY-2008 vs SFY-2007

TANF RELATED PROGRAMS AND SERVICES

	Number of Families Who Received a Grant Diversion Payment	Crisis Assistance			Homeless Emergency Shelter	Domestic Violence Emergency and Transitional Shelter			Legal Services for Domestic Violence Victims		
		Number of Households Participating (Utility Assistance)	Number of Households Participating (Eviction Prevention)	Number of Households Participating (Special Needs)	Number of Persons Receiving Homeless Emergency Shelter Services	Number of Women and Children Receiving Shelter Services (Crisis Shelters)	Number of Women and Children Receiving Shelter Services (Transitional Shelters)	Counseling Hours in Shelter	Number of Victims Receiving Services in Self-Help Clinics	Number of Victims Receiving Services from Attorney or Paralegal	Number of Victims Receiving Services from Lay and Legal Advocates
2008	1,663	367	2540	13	10,825	8,955	531	121,301	2,243	5,538	1,624
2007	364	209	3156	15	15,217	10,866	576	166,616	1,934	4,016	1,824

	Marriage and Communication Skills				Non-Marital Births
	Number of Organizations Conducting Workshops	Total Number of Workshops Conducted	Number of Participants in Workshops	Number of Participants in Workshops (Who qualified for Vouchers)	
2008	3	70	1,812	1,666	
2007	4	79	1,839	1,664	46,195
2006					44,746