

ARIZONA DEPARTMENT OF ECONOMIC SECURITY ANNUAL REPORT FISCAL YEAR 1996 - 1997

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Quality Service.	Organizational Pride.	Client Self-Sufficiency.
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During the past year, the employees of the Department of Economic Security successfully achieved these impressive results.

PRIORITY AREA #1: CHILDREN

Efforts

Results

Focused on assuring the safety of Arizona's children.	Marketed the Child Abuse Hotline: 1- 888-SOS-CHILD. Calls increased by 34% yet still investigated 99% of the highest priority (P1 & P2) reports statewide.
Maintained openness and accountability.	Reported comprehensive performance data to the Legislature. Invited five news reporters to "ride-along" with case managers to cover child abuse issues.
Improved accuracy and productivity.	Trained caseworkers and brought on-line the CHILDS automated system (Children's Information Library & Data Source) to streamline case file information.

PRIORITY AREA #2: EMPLOYMENT

Efforts

Results

Changed offices from welfare to employment centers.	Redesigned lobby waiting rooms to job information centers. Brought participants and employers together in "job clubs" to speed hiring and employment.
Promoted supports to help families be self-sufficient.	Provided transitional child care and medical care assistance for families moving from welfare to work.

Moved people from welfare to work quickly.	Closed a record 16,000 cases because families left welfare for work. Placed 62,078 people in jobs in 15 months.
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PRIORITY AREA #3: INDEPENDENCE OF FAMILIES

<i>Efforts</i>	<i>Results</i>
Increased child support collections.	Collected a record amount of child support totaling \$147.1 million in state fiscal year 1997.
Emphasized local solutions over state mandates.	Awarded \$2 million in contracts to 14 community groups to develop transportation solutions. Awarded \$2.5 million in contracts to 14 community groups to expand child care services. Held more than 60 community forums to discuss welfare reform and incorporate local solutions.
Helped people make the best decisions for themselves.	Received and implemented the \$200,000 Robert Wood Johnson Foundation Self Determination Grant to assist people with developmental disabilities.

PRIORITY AREA #4: DES EFFICIENCY AND ACCOUNTABILITY

<i>Efforts</i>	<i>Results</i>
Improved accuracy.	Achieved a food stamp accuracy rate of 91.56%, above the national rate of 90.22%. Achieved a cash assistance accuracy rate of 93.2%. These are the highest levels achieved in DES' history.
Managed by facts.	Achieved nearly all of the annual DES strategic plan goals, and measured and reported performance, efficiency and productivity.

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Historical Perspective

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 purpose in creating the Department was to provide an integration of direct services to people in such a way as to reduce duplication of administrative efforts, services and expenditures. This purpose has resulted in the Department developing the following mission statement:

MISSION

The Arizona Department of Economic Security is a human service agency dedicated to working with the people we serve to achieve their self-sufficiency.

ORGANIZATION AND SERVICES PROVIDED

The Department has six district offices and more than 300 locations statewide. District offices are located in Phoenix, Tucson, Flagstaff, Yuma, Casa Grande and Bisbee. The Department employs approximately 9,600 people. The Department is organized into three clusters: Protective, Social and Community Services; Employment and Economic Assistance; and Operations.

The Protective, Social and Community Services cluster consists of the Division of Aging and Community Services, the Division of Children, Youth and Families and the Division of Developmental Disabilities.

The Division of Aging and Community Services (DACS) provides and contracts for services, such as food distribution information for the hungry, shelter for the homeless, information and referral, and rural food banks. Adult services programs include adult protective services, supplemental payments program, home care, congregate and home-delivered meals, case management and institutional support payments.

The Division of Children, Youth and Families (DCYF) provides foster care services for children who are hard to place and other children's services, such as child protective services, adoption services, in-home family services and intensive family services for families whose children are at imminent risk of out-of-home placement. In addition, comprehensive medical and dental coverage is provided for foster children under the jurisdiction of the Department, juvenile probation offices and the Department of Juvenile Corrections.

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 State and the Federal Health Care Financing Administration through the Arizona Health Care Cost Containment System (AHCCCS). Both programs provide foster care, as well as residential, adult day and children services. In addition, the ALTCS program provides acute medical care to eligible individuals.

The Employment and Economic Assistance cluster consists of the Division of Child Support Enforcement, the Division of Benefits and Medical Eligibility and the Division of Employment and Rehabilitation Services.

The Division of Child Support Enforcement (DCSE) administers Arizona's child support enforcement program. The services of the Division include locating absent parents, establishing legal obligations and the amounts of child support payments, payment collections, and investigating and modifying child support payments.

The Division of Benefits and Medical Eligibility (DBME) administers the Temporary

Assistance for Needy Families (TANF), Food Stamps and State-funded General Assistance programs. In addition, the Division determines eligibility for the State's medical assistance program (AHCCCS), as well as supplemental security income through its Disability Determination Services Administration.

The Division of Employment and Rehabilitation Services (DERS) administers Arizona's unemployment insurance and job service programs. In addition, the Division provides job training opportunities through administration of the Job Training Partnership Act (JTPA), Job Opportunities and Basic Skills (JOBS) and Vocational Rehabilitation programs. The Division also administers a comprehensive set of child care programs.

The Operations cluster consists of the Division of Employee Services and Support, the Division of Business and Finance and the Division of Data Administration. In addition, the Office of Legislative Services and the Office of Equal Opportunity report directly to the Deputy Director of Operations. The Office of Communications and Legal Services report to the Director.

The Division of Employee Services and Support (DESS) provides support services to all employees and programs, including appellate services, audit and management services, special investigations, internal security, research, organization and management development, volunteer services and personnel.

The Division of Business and Finance (DBF) provides office and general business services to the Department, such as accounting; finance; budget; policy, planning and project control; collections; procurement; facilities management; printing and mail management.

The Division of Data Administration (DDA) provides automation and telecommunication support to the Department, including system design and programming, data base management and technical support.

The Department is affiliated with and receives guidance from several councils and the Venture Team Board. These entities are blended in the Department's combined financial statements.

<u>Entity Name</u>	<u>Members Appointed By</u>	<u>Members' Terms</u>	<u>Number of Members</u>	<u>Purpose</u>

Economic Security Advisory Council	Governor	3 years	18	To represent citizen and community views on social and economic welfare to the Governor and the Department to aid in the planning, funding and implementation of programs related to these needs.
Governor's Council on Developmental Disabilities	Governor	3 years	23	To advocate for persons with developmental disabilities and their families. It promotes, coordinates and monitors programs impacting its constituency.
Governor's Council on Aging	Governor/ Council Executive Director	3 years	15	To help develop policy and to advise the executive and legislative branches of State government on all matters relating to aging, including the administration of the State Plan on Aging.
Interagency Coordinating Council for Infants and Toddlers	Governor	Discretionary	23	To assist in the development and implementation of a comprehensive and coordinated service delivery system for developmentally delayed infants and toddlers and their families.
Venture Team Board	Governor/ Department Director	Discretionary	5	To assist the Department in the implementation of its total quality management initiatives.

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Economic Outlook

The following economic information has been obtained from the Department's Research Administration.

The current forecast is that more than 153,000 nonfarm jobs will be created in Arizona in the 1997-98 period. This translates into a growth rate of 4.6 percent for 1997 and 3.3 percent in 1998. It is further expected that Arizona will continue to grow over the two-year period at roughly twice the national pace.

The Phoenix-Mesa Metropolitan Area (MA) is projected to grow by about 120,000 jobs in the 1997-98 period, representing growth rates of 5.3 percent for 1997 and 3.6 percent for 1998. Meanwhile, the Tucson MA is forecast to grow at a 2.4 percent pace for 1997 and at a 2.1 percent growth rate in 1998. Overall, Tucson is expected to add nearly 14,200 jobs. The "Balance of State" region (Arizona less the Phoenix-Mesa and Tucson MAs) is projected to grow at 3.7 percent and 2.9 percent in 1997 and 1998, respectively.

Arizona's manufacturing and construction industries should continue to experience growth during the 1997-98 period. Both raw and final-product manufacturing have experienced robust growth in Arizona as a result of continued strength in the regional and national economies, as well as the return of vigor to Arizona's export markets. Arizona's manufacturing industry is projected to grow at a 3.1 percent pace for 1997 and 1.9 percent for 1998, contributing more than 10,000 jobs over the two-year period.

Arizona's construction industry is forecast to add about 3,000 jobs in 1997 before showing declines of about 1,400 jobs in 1998. Although several large projects are expected to be completed in 1997, new, smaller projects continue to sustain existing labor levels at historic, though unsustainable, highs. As labor resources shift between commercial, industrial and residential construction projects, a job growth rate of 2.2 percent is projected for 1997 before declining by 1.1 percent in 1998.

Arizona's services industries are expected to lead the State in both the number and the rate of jobs added in 1997 and 1998. The areas of fastest growth in services are in the information-age industries, such as business consulting, computer software and computer services, along with temporary services, amusement and recreation and the hotels and lodging sectors. Arizona's services industries are projected to grow by 7.5 percent in 1997 and 5.1 percent in 1998, adding more than 72,600 jobs over the two-year period.

Arizona's trade industry growth projections continue to look good. With much of the job growth occurring in the wholesale industry, trade is projected to remain relatively strong throughout the State over the forecast period. Although Tucson and the southern counties have felt the impact of the peso devaluation, improvements in economic activity along the U.S. and Mexican border, along with returning strength in California's economy and strong optimism of consumers and business, should strengthen Arizona's trade activity. Arizona trade industries are projected to grow at a rate of 4.4 percent in 1997 and 3.6 percent in 1998, adding more than 38,000 trade jobs over the forecast period.

Finance, insurance and real estate group growth continues to come from many of the innovative ways the financial services companies continue to expand. Job growth in this industry group is projected at 5.2 percent in 1997 and 3.1 percent in 1998. Nearly 10,000 additional jobs are expected in this group over the forecast period.

Arizona's transportation, communications and utilities sectors are expected to record a two-year increase of about 8,000 jobs, with projected growth rates of 3.6 percent in 1997 and 4.2 percent in 1998. The transportation and communications sectors are expected to experience the greatest share of this group's growth.

The areas of government and mining are expected to continue showing only modest rates of growth. Public sector jobs are expected to grow at rates of 2 percent and 2.3 percent in 1997 and 1998, respectively, resulting in almost 14,000 jobs over the two-year period.

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Current Initiatives

During fiscal year 1996-97, the Department continued and commenced a number of projects aimed at streamlining processes and improving customer service. The most significant projects are outlined below.

Children's Information Library and Data Source (CHILDS)

CHILDS is a comprehensive statewide automated child welfare information system that will remove many barriers affecting the delivery of services to youth and families in Arizona. CHILDS is expected to help reduce the time required to process cases, to apply eligibility policy consistently and to reduce errors in case entry, maintenance, eligibility determination and payment processing. The first phase of the project was the acquisition of office automation which was completed in November 1995, with the next phase, testing and implementation of the functional and technical requirements for the system, to be completed in December 1997.

The following improvements for child welfare have been accomplished as of December 1997: CHILDS now encompasses the Interstate Compact for Placement of Children functionality; new federal reporting requirements have been fully implemented; families eligibility factors for TANF have been added to CHILDS allowing for claiming of federal funds; and modifications to CHILDS have been completed supporting changes to the Administration for Children, Youth and Families (ACYF) policy and practices. In addition, the Adoption Registry has been automated to assist field staff in matching children with families and expediting the permanent placement of children.

Welfare Reform

EMPOWER (Employing and Moving People Off Welfare and Encouraging Responsibility) is Arizona's welfare reform program designed to help families become self-sufficient.

Arizona received approval to implement EMPOWER on May 22, 1995, with a November 1, 1995, effective date. EMPOWER contains nine provisions: Time-Limited Benefits; Family Benefit Cap; Unwed Minor Teen Parent requirement; extension of Transitional Child Care and Medical Assistance for an additional 12 months; elimination of the Two-Parent Employment Program 100-Hour Rule; allowance for recipients to establish an Individual Development Account for education and training purposes; requirement that teen

parents age 13-16 participate in basic education and training; requirement of a minimum sanction for JOBS noncompliance; and establishment of JOBStart (Arizona Full Employment Demonstration Project), a demonstration project in Pinal County, to evaluate the effect of replacing TANF and food stamps benefits with wages from subsidized employment.

On August 22, 1996, the federal government enacted national welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This legislation gives states, with some limitations, the flexibility to design their own welfare programs.

- **EMPOWER Redesign**

EMPOWER Redesign is the Department's initiative implementing welfare reform legislation which coordinates, in local EMPOWER Resource Centers, services of the Family Assistance Administration (FAA), JOBS Administration, Child Care Administration (CCA) and Employment Security Administration. Four EMPOWER Redesign Offices opened on August 1, 1997: three in Maricopa County and one in Pima County. These offices work under the premise that welfare offices are now employment offices and welfare is only temporary assistance while preparing to secure employment. To further support this concept, each office has Job Service and JOBS staff co-located and a Resource Center supplied with the materials and equipment necessary to conduct a successful job search. EMPOWER Redesign centers on a "Work First" model which highlights the following features: emphasis on work requirements in a time-limited environment; a diversion program to prevent long-term dependence on public assistance; simplified eligibility rules including incentives to work; educational requirements for teen parents; redesign of child care programs; special consideration to needs of victims of domestic violence; and increased private sector and community involvement.

- **Arizona Works**

Arizona Works is a pilot program to privatize the delivery of welfare services in a limited geographic area of the State. Under Senate Bill 1357 (Chapter 300, Laws 1997), the State will contract with a private entity, to be known as the Arizona Works Agency. The Arizona Works Agency will operate the Arizona Works program and will determine eligibility and perform case management for the TANF, Food Stamps, AHCCCS, State-funded General Assistance and Child Care programs. The State legislation establishing Arizona Works also creates the Arizona Works Agency Procurement Board. The Arizona Works Agency Procurement Board must award a contract by January 1, 1999, with a private entity to implement Arizona Works. The Department has applied for federal waivers from the U.S. Department of Agriculture and the U.S. Department of Health and Human Services (DHHS) to allow employees of private entities to determine eligibility for food stamps and AHCCCS medical assistance benefits.

- **One-Stop Career Centers**

In September 1995, the Department was awarded a \$3.3 million implementation grant from the U.S. Department of Labor to implement the One-Stop Career Center System (OSCCS) statewide. The OSCCS will provide access for customers statewide to choose basic, high quality employment and education services through the establishment of 17 regional One-Stop Centers over a four-year period. Arizona currently has eight operational OSCCS. Counties with One-Stop access now include Maricopa, Mohave, Navajo, Pima, Yavapai and Yuma. By September 1998, when Arizona's Implementation Grant funding expires, there will

be a One-Stop Career Center in each county representing an additional nine systems. One-Stop Career Centers are a Department of Labor initiative to unify the “patchwork” of categorical programs into a single workforce development system.

One-Stop Career Centers are access points (including electronic access, satellite offices, as well as full-service centers) to a wide array of employment and training-related information and services. The four guiding principles of One-Stop implementation include: 1) providing universal access to information and services, 2) allowing customer choice in what, how and where services are accessed, 3) integrating services across multiple funding streams for a seamless service delivery system and 4) developing outcome-based performance measures.

ACYF Multidisciplinary Protocol for the Investigation of Child Abuse and Center Against Family Violence

The ACYF developed and distributed the Multidisciplinary Protocol for the Investigation of Child Abuse in District I (Maricopa County). The Protocol is a prototype for the State and was developed via a cooperative effort between representatives of Child Protective Services (CPS), local law enforcement agencies, the Maricopa County Court, the Maricopa County Attorney’s Office, the Office of the Attorney General, the Maricopa County Public Defender’s Office, the Juvenile and Adult Probation Offices and local hospitals. The Protocol is used at the Center Against Family Violence (Center) in District I. The Center was established to house representatives from the Mesa Police Department, CPS, the Maricopa County Attorney’s Office, the Office of the City of Mesa Prosecutor, the Maricopa Medical Center, the Center Against Sexual Assault and the Child Abuse Assessment Center at St. Joseph’s Hospital and Medical Center. The purpose of the Center is to lessen the number of interviews and reduce the potential trauma to the abused child, improve communications among the involved agencies and enhance the quality of cases submitted for prosecution.

ACYF Performance Based Contracting

The ACYF collaborated with community providers to develop a system for performance based contracting of foster care to assist the Department and providers to become accountable for the outcome of services provided. The expected outcome is the availability of more foster homes through improved licensing and placement and a reduction in the number of children in more restrictive or less appropriate placements, such as group homes.

Arizona Early Childhood Business Initiative Partnership

The Arizona Early Childhood Business Initiative Partnership project started in late fall of 1996. This public-private partnership was primarily developed as one method to respond to the expected increased need for child care as individuals transition from welfare to work. The Partnership’s mission is to formalize recruitment, orientation, training and job placement of Department recipients who have the interest and the aptitude in the early childhood child care field. The goals of this project are to provide meaningful employment to individuals currently receiving public assistance and to assist in meeting the on-going and increasing need for qualified child care providers throughout the State. To assist communities in addressing the need for an adequate supply of child care, the Department has contracted with 14 community-based projects throughout Arizona. These projects will assess, plan and develop sustainable, quality child care options to meet the needs of the communities.

Excellent Staff through Training, Example, Education and Motivation (ESTEEM)

A progressive employee assessment system was designed and developed by the ESTEEM Team, led and sponsored by DBF. The new assessment system was developed by this cross-divisional team with the input of employee surveys, focus groups, team research and a pilot study. The system was approved by the Department's Executive Team, with statewide implementation completed in fiscal year 1997.

Competitive Government Process

The Department's Mail Operations were privatized effective July 1, 1996. All Department mail operations employees were placed with the successful contractor or in other positions within State service. The privatization brought aboard a professional mail management team with the capability to increase the efficiency and effectiveness of the operation, ensure compliance with new Postal Service regulations and obtain the best possible mailing rate(s) for the Department's outgoing mail. For fiscal year 1997, this provided a cost avoidance for the Department of approximately \$300,000. In addition, in March of 1997, DCSE released a request for proposal which sought to privatize the payment collection and posting function for cases receiving services under the State plan (IV-D). In May 1997, a contract was awarded to Lockheed Martin Information Management Systems (IMS) and in July 1997, IV-D support payments, statewide, began being processed by Lockheed's payment processing center in Phoenix. DCSE is working with the Child Support Coordinating Council, Clerks of Superior Courts and Lockheed Martin IMS to facilitate a smooth transition to the complete centralization of support payment processing in Arizona by the statutory due date.

Proactive Error Reduction Contact (PERC)

The PERC initiative was implemented in July 1995 to reduce client-caused errors due to failure to report changes. Designated staff of the FAA initiate contact with clients by telephone or mail to review eligibility status and discover unreported changes, such as differences in mailing and residential addresses, household composition, shelter expenses and income. From July 1995 through September 1997, over 132,000 contacts have been made which resulted in food stamps savings of approximately \$5,612,328.

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Automation Initiatives

The Department continues to enhance its automation capabilities. Automation can have a positive impact on the way the Department provides services to the public and can enhance the productivity of Department staff. Several major automation initiatives have been completed or are underway in the Department, including the following:

- **Year 2000 Compliance**

The most important information technology project facing the Department is ensuring year 2000 compliance of its critical automation systems. The results of a year 2000 impact analysis conducted on the Department's mainframe, minicomputer and microcomputer platforms revealed the Department supports approximately 65 major automation systems consisting of 10,705 programs and comprised of over 17,600,000 lines of code.

All systems must undergo the “find, fix and implement” processes to avoid system failures, service disruptions or legal liability by assuring year 2000 compliance. A Department-wide year 2000 work plan has been developed, and the Department anticipates being 69% complete by June 30, 1998, and expects to be fully compliant no later than June 30, 1999.

Employer Information System (EIS)

The EIS is a database which will provide access to various types of information for all employers within the State. Since EIS offers on-line access to employer demographic information, job developers can search the employer database by using a variety of criteria, including location, business type or Standard Industry Code. The system also allows for real-time access to a record of activities/contacts that have transpired with the employer. This feature will help prevent duplication of efforts and repeated contacts and will provide a more professional approach to job development and partnering with employers.

● Fingerprint Imaging Project

In 1997, legislation was enacted requiring all adult applicants, adult recipients and eligible minor parents to be fingerprint imaged for positive identification as a condition of eligibility for receiving welfare assistance benefits of the TANF, State-funded General Assistance and/or Food Stamp programs. The fingerprint imaging of welfare applicants and recipients as a means of positive identification is intended to identify and prevent multiple enrollments in Arizona’s welfare programs.

The request for proposals process was accomplished during fiscal year 1997, and effective fiscal year 1998, the selected vendor joined the project. The project team will establish and implement all internal requirements to include rules, policy, procedures, public information, training and evaluation to implement a regional pilot program beginning January 1998.

● Public Assistance and Administration Revolving Fund Information System (PARIS)

On May 1, 1997, the Office of Accounts Receivable and Collections implemented the mainframe-based Public Assistance and Administration Revolving Fund Information System (PARIS). The new system reduces processing cycle time, eliminates various manual processes and reduces errors by developing edits that reject incompatible account coding. PARIS also provides an audit trail of all transactions by creating accurate, complete and useful management reports.

● Welfare Reform Redesign Automation Plan

This automation project will significantly enhance the business operations automated processing capabilities of the FAA, the CCA and the JOBS Administration. The planning phase of the project was completed in July 1996, and the vendor selection phase will be completed in early 1998. The Business Process Re-engineering (BPR) will be completed in late 1998, followed by the systems development testing and implementation phases. The “rule based” automated system to be developed will increase accuracy in

eligibility determination processes and maximize staff productivity. The project includes a BPR study to develop a new integrated business model for the three administrations and contains a transitional management component to assist employees in completing their job duties in the new business model. The project will be accomplished through a unique risk sharing/benefit sharing contracting and funding arrangement and includes the development of a benefits identification and validation metrics plan to determine the amount of administrative savings actually realized from the project. The administrative savings will be used as the basis for the vendor payments.

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Future Initiatives

● Electronic Benefits Transfer (EBT)

DBME will reduce the cost of issuing food stamps and TANF cash assistance benefits by converting to an EBT method of issuance. Planning for the project was completed in fiscal year 1997. A contract was signed in October 1997 with Citibank EBT Services to provide EBT services for the program. A pilot program will be conducted in Pima County in May and June 1998, with statewide roll out completed in fiscal year 1999. The objective of the project is to reduce the administrative costs of benefits issuance. Estimated savings beginning in State fiscal year 2000 will be \$320,000 per year in State-appropriated funds and \$2,700,000 per year in federal funds.

Ferret out Fraud, an Arizona Initiative to Combat Fraud, Waste and Abuse

The Department was awarded a grant beginning in August of 1997 and renewable for three years by DHHS, Administration on Aging, to implement a program designed to support efforts in reducing fraud, waste and abuse in Medicare and Medicaid. Administered by the Division of Aging and Community Services, Aging and Adult Administration, the program will be implemented statewide utilizing both existing volunteer networks and new, specially-trained volunteers to identify and report instances of health care fraud, waste and abuse. The program will operate cooperatively with Arizona Operation Restore Trust (ORT), a federal initiative which is a partnership between the DHHS Office of the Inspector General, Health Care Financing Administration and Administration on Aging. Other partners include the Office of the Attorney General, AHCCCS Administration and the insurance companies, which act as payers of claims for Medicare beneficiaries. Savings of up to \$500,000 per year are anticipated from the initiative based on ORT's experience.

JOBS Case Management Privatization

The Department is required by Senate Bill 1357 to contract for case management services to assist recipients of cash assistance under the TANF program with finding employment. Contracts with providers for case management services necessary to operate the JOBS program are required to be in place no later than July 1, 1998. Contracting for case management services will assist the Department in better integrating services with the communities in which TANF participants reside. Involving local communities in the provision of services to cash assistance recipients is an important part of the Department's effort under Arizona's EMPOWER initiative to be more efficient, effective and inclusive in its approach to service delivery.

Awards

Spirit of Excellence Award

The Spirit of Excellence awards were established in 1993 by the Governor of the State of Arizona to recognize State agencies, teams and individuals who bring quality and excellence to State of Arizona government. Nominations are evaluated by a panel representing the public and private sectors.

This year the Department received five team awards in the Governor's Award category and ten team awards in the Recognition Award category:

Governor's Award

- ESTEEM (Excellent Staff Through Example, Education, Motivation) – DBF
- WRRAP (Welfare Reform Redesign Automation Project) – DBME, DERS, DDA
- JOBS Administration Policy Revision Team – DERS
- AWARDS Project Team (Arizona Working for Accuracy, Recognition and Dollar Savings) – DBME
- Records Center Re-engineering and Implementation Team – DBF

Recognition Award

- Employer Reporting – DCSE
- Office of Program Evaluation/Family Assistance Administration Quality Control Review Panel – DESS, DBME
- New Hire Reporting Team – DCSE
- Licensure for Community Residential Setting Reference Manual – DDD
- Refugee Resettlement Program – CSA
- Working for Success – DERS
- Mail Operations Team – DBF
- One-Stop Implementation Team – DERS, DDA
- “Working for Success – We’re Getting the Job Done” Conference and Awards Ceremony – RSA
- Outstanding Contribution to the Field of Human Service Licensing – DDD

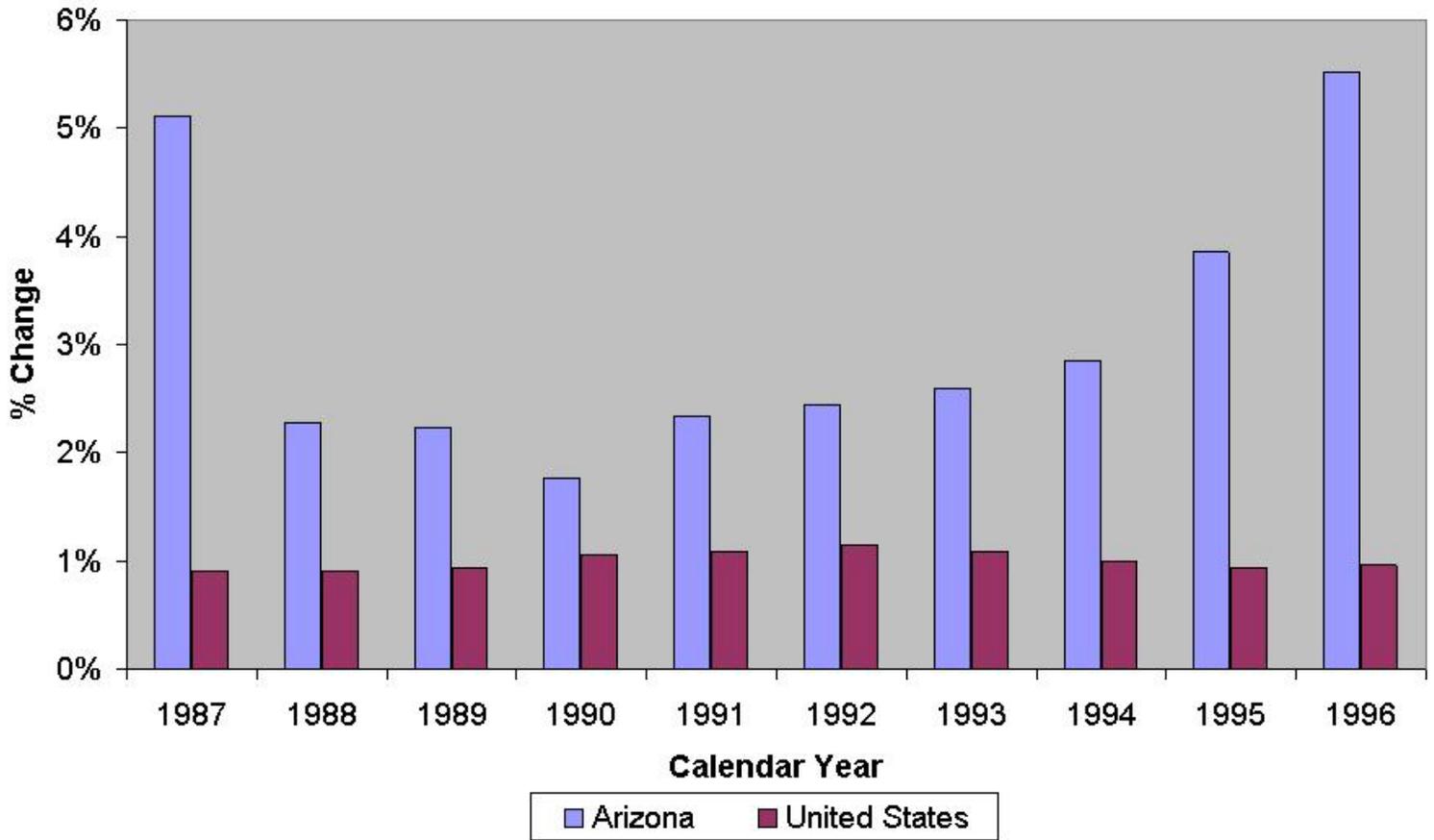
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
 COMPARISON BETWEEN ARIZONA AND UNITED STATES
 POPULATION

For the Calendar Years Ended December 31

Year	Arizona Population	United States Population	Percentage Change in Arizona Population	Percentage Change in U.S. Population
1987	3,459,900	242,321,000	5.11%	0.90%
1988	3,538,400	244,534,300	2.27%	0.91%
1989	3,617,300	246,820,200	2.23%	0.93%
1990	3,680,800	249,402,000	1.76%	1.05%
1991	3,767,000	252,131,000	2.34%	1.09%
1992	3,858,900	255,028,000	2.44%	1.15%
1993	3,958,875	257,783,000	2.59%	1.08%
1994	4,071,650	260,341,000	2.85%	0.99%
1995	4,228,900	262,755,000	3.86%	0.93%
1996	4,462,300	265,284,000	5.52%	0.96%

Source: The United States Bureau of Economic Analysis; and the Arizona Department of

Population Growth



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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
 COMPARISON BETWEEN ARIZONA AND UNITED STATES
 PER CAPITA INCOME
 For the Calendar Years Ended December 31

Year	Arizona Per Capita Income	U.S. Per Capita Income	Percentage Change in Arizona Per Capita Income	Percentage Change in U.S. Per Capita Income

1987	\$ 14,524	\$ 15,638	3.82%	4.91%
1988	15,061	16,610	3.70%	6.22%
1989	15,639	17,690	3.84%	6.50%
1990	16,265	18,666	4.00%	5.52%
1991	16,755	19,201	3.01%	2.87%
1992	17,492	20,146	4.40%	4.92%
1993	18,194	20,809	4.01%	3.29%
1994	19,153	21,699	5.27%	4.28%
1995	20,421	22,788	6.62%	5.02%
1996	20,989	24,231	2.78%	6.33%

Source: The United States Bureau of Economic Analysis.



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For the Fiscal Years Ended June 30

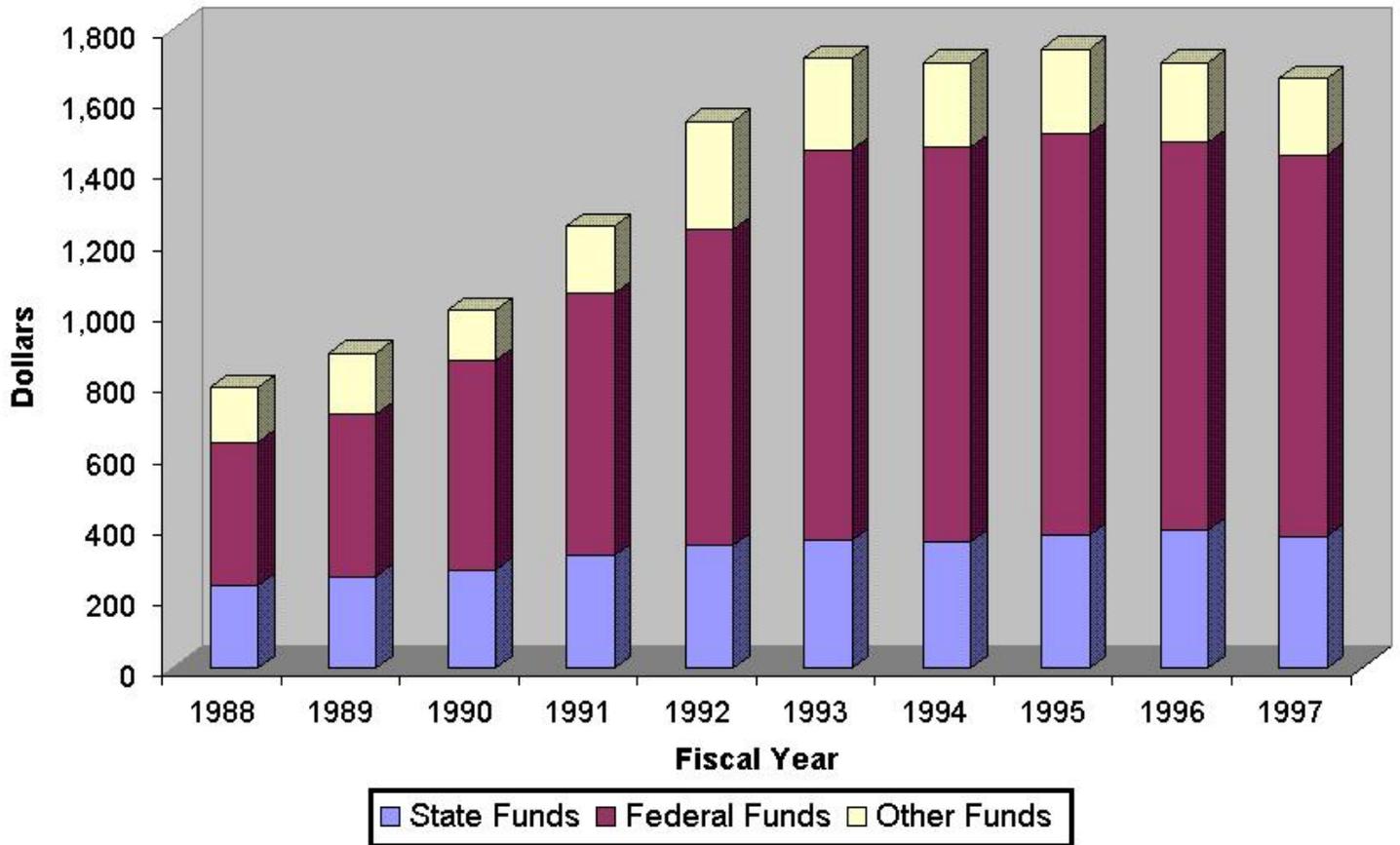
HEALTH AND WELFARE:

Year	State Funds	Federal Funds	Other Funds	Total Funds
1988	\$ 230,181,600	\$ 404,764,912	\$ 154,905,000	\$ 789,851,512
1989	256,721,500	456,550,960	172,486,608	885,759,068
1990	275,996,200	587,861,220	143,559,128	1,007,416,548
1991	316,315,000	737,106,621	189,889,787	1,243,311,408
1992	343,758,700	888,109,515	306,811,857	1,538,680,072
1993	360,053,000	1,097,998,692	258,209,249	1,716,260,941
1994	353,782,600	1,111,025,346	238,523,964	1,703,331,910
1995	372,114,400	1,129,460,885	240,231,124	1,741,806,409
1996	386,169,400	1,092,763,240	225,288,163	1,704,220,803
1997	370,757,400	1,072,660,950	216,699,361	1,660,117,711

Source: The Arizona Department of Economic Security, Office of the Budget, Unaudited, 1988 - 1992; Audited Annual Financial Report, 1993; and Audited Comprehensive Annual Financial Report, 1994, 1995, 1996 and 1997.

Note: The Federal Funds amounts include amounts for food stamps distributed.

**Expenditures by Function and Funding Source
(In millions)**



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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
REVENUES BY FUNDING SOURCE
(GOVERNMENTAL AND EXPENDABLE TRUST FUNDS)
For the Fiscal Years Ended June 30

HEALTH AND WELFARE:

Year	State Funds	Federal Funds	Other Funds	Total Funds

1988	\$ 230,181,600	\$ 404,764,912	\$ 154,905,000	\$ 789,851,512
1989	256,721,500	456,550,960	172,486,608	885,759,068
1990	275,996,200	587,861,220	143,559,128	1,007,416,548
1991	316,315,000	737,106,621	189,889,787	1,243,311,408
1992	343,758,700	888,109,515	306,811,857	1,538,680,072
1993	360,053,000	1,097,998,692	258,209,249	1,716,260,941
1994	353,782,600	1,111,025,346	238,523,964	1,703,331,910
1995	372,114,400	1,129,460,885	240,231,124	1,741,806,409
1996	386,169,400	1,092,763,240	225,288,163	1,704,220,803
1997	370,757,400	1,072,660,950	216,699,361	1,660,117,711

Source: The Arizona Department of Economic Security, Office of the Budget, Unaudited, 1988 - 1992; Audited Annual Financial Report, 1993; and Audited Comprehensive Annual Financial Report, 1994, 1995, 1996 and 1997.

Note: The Federal Funds amounts include amounts for food stamps distributed.

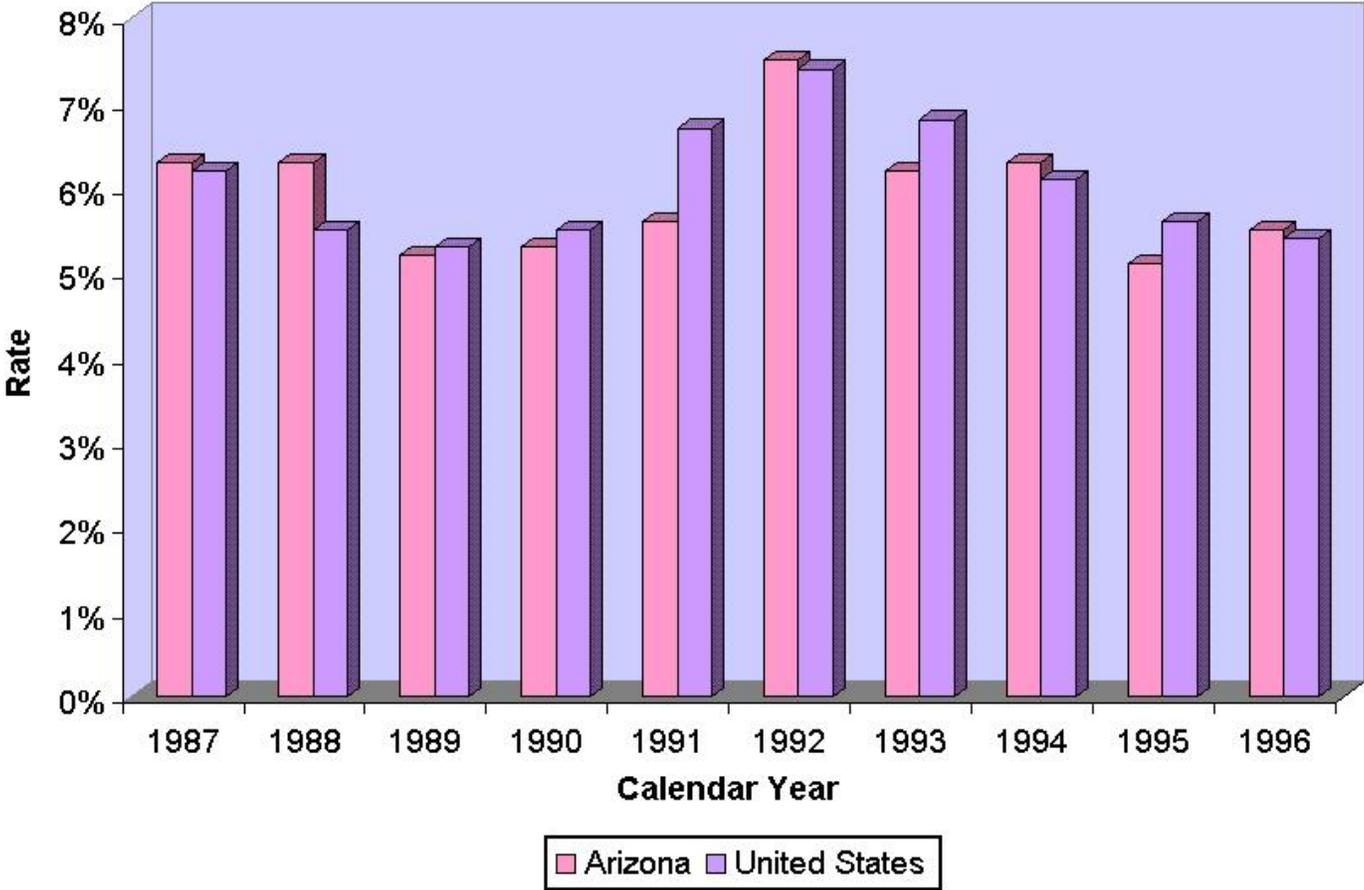
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
COMPARISON BETWEEN ARIZONA AND UNITED STATES UNEMPLOYMENT
For the Calendar Years Ended December 31

Year	Number of Unemployed - Arizona	Number of Unemployed - U.S.	Unemployment Rate - Arizona	Unemployment Rate - U. S.
1987	101,000	7,425,000	6.30%	6.20%
1988	104,000	6,701,000	6.30%	5.50%
1989	89,000	6,528,000	5.20%	5.30%
1990	96,000	6,874,000	5.30%	5.50%
1991	100,000	8,426,000	5.60%	6.70%
1992	135,000	9,384,000	7.50%	7.40%
1993	113,000	8,734,000	6.20%	6.80%
1994	126,000	7,996,000	6.30%	6.10%
1995	107,700	7,404,000	5.10%	5.60%
1996	123,900	7,236,000	5.50%	5.40%

Source: The Arizona Department of Economic Security, Research Administration, Economic Analysis; the

WEFA Group; and the United States Department of Labor, Monthly Labor Review.

Unemployment Rate



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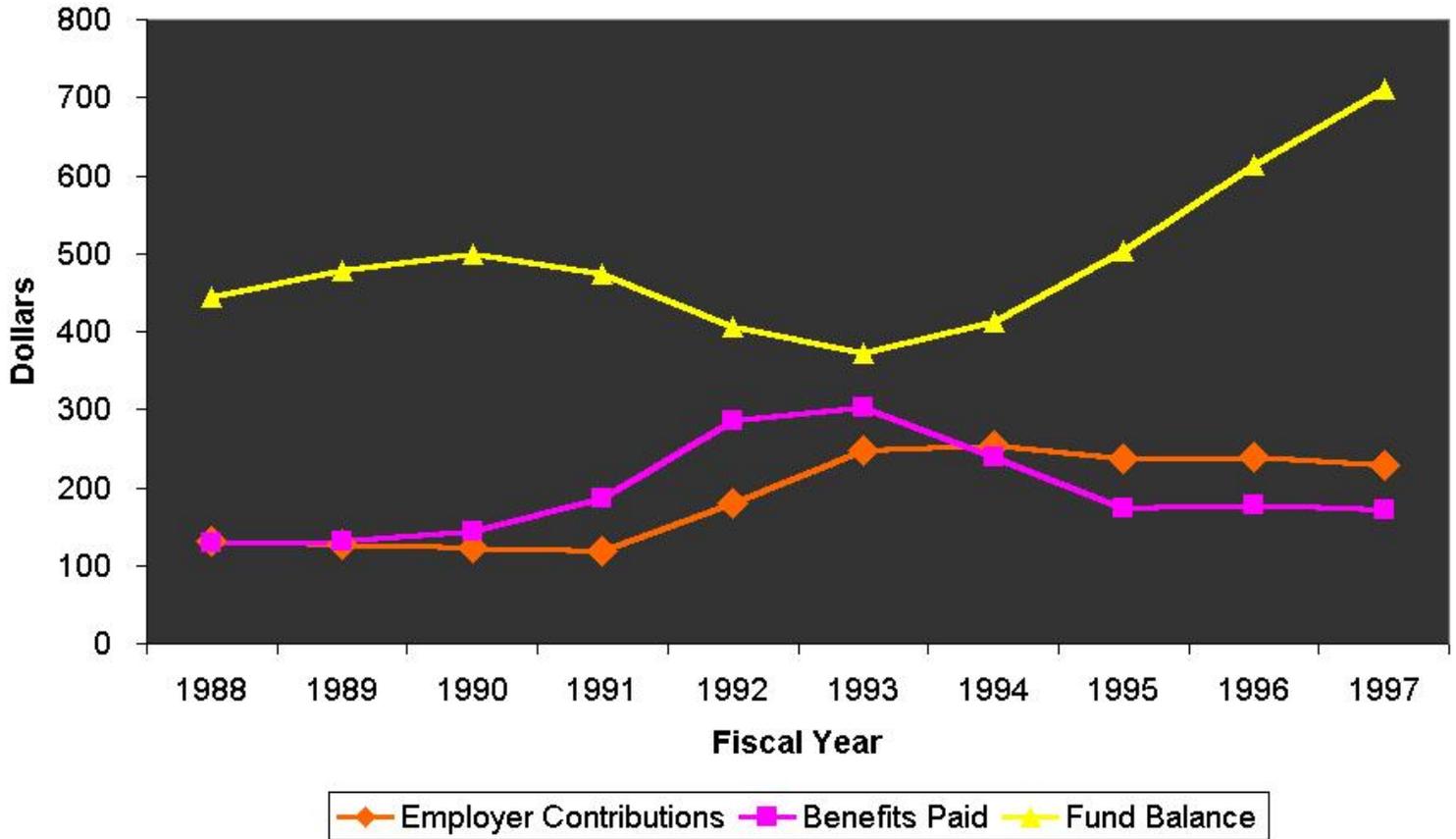
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
UNEMPLOYMENT INSURANCE FINANCIAL TRANSACTION SUMMARY
 For the Fiscal Years Ended June 30

Year	Total Employer Contributions	Total Benefits Paid	Trust Fund Balance
1987	\$ 130,816,065	\$ 129,789,560	\$ 444,654,221
1988	126,174,650	131,339,314	478,542,876
1989	121,797,545	144,604,029	498,579,399

1990	118,315,651	186,334,666	473,972,183
1991	178,838,516	284,071,670	406,935,508
1992	247,003,400	302,845,834	372,205,292
1993	253,105,103	239,102,230	412,794,159
1994	236,679,799	173,313,680	504,536,522
1995	240,046,970	177,748,807	613,437,439
1996	227,644,491	172,323,921	711,845,399

Source: The Arizona Department of Economic Security, Unemployment Insurance Transaction Summary Report.

Unemployment Insurance Contribution to Benefits and Fund Balance (In millions)

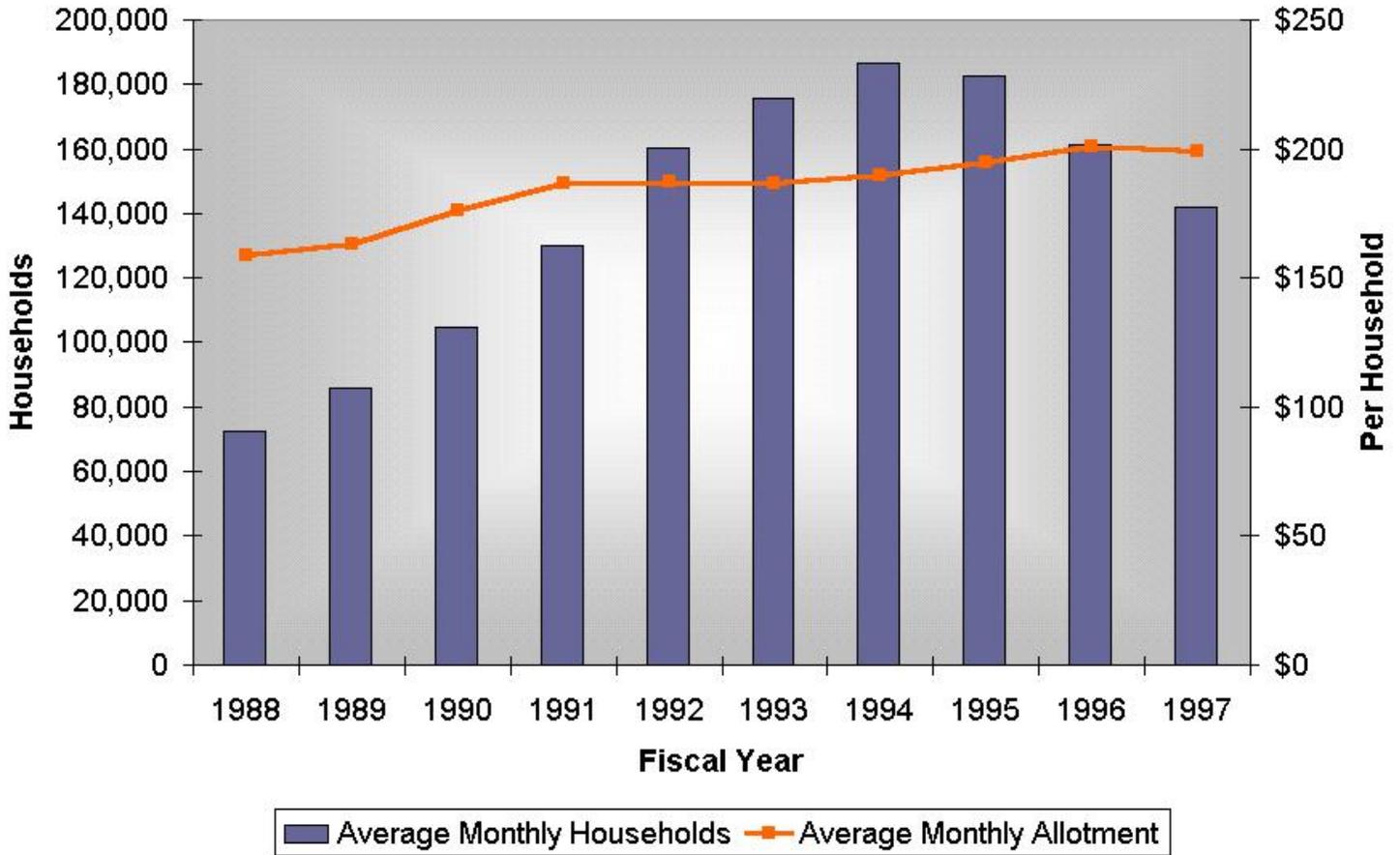


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Year	Average Monthly Number of Households	Average Monthly Number of Persons	Average Monthly Allotment Household	Average Monthly Allotment Person	Average Monthly Coupon Issuance
1988	72,501	217,392	\$ 158.94	\$ 53.01	\$ 11,523,126
1989	86,056	254,389	163.44	55.29	14,065,039
1990	104,550	301,744	176.34	61.10	18,436,629
1991	129,922	369,392	186.53	65.61	24,234,784
1992	160,498	443,310	187.12	67.75	30,032,306
1993	175,686	480,865	186.92	68.29	32,838,478
1994	186,714	510,477	190.10	69.53	35,494,355
1995	182,782	494,637	195.05	72.08	35,651,359
1996	161,415	434,542	200.91	74.63	32,429,993
1997	141,981	385,061	199.34	73.50	28,302,483

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

Food Stamps Participation



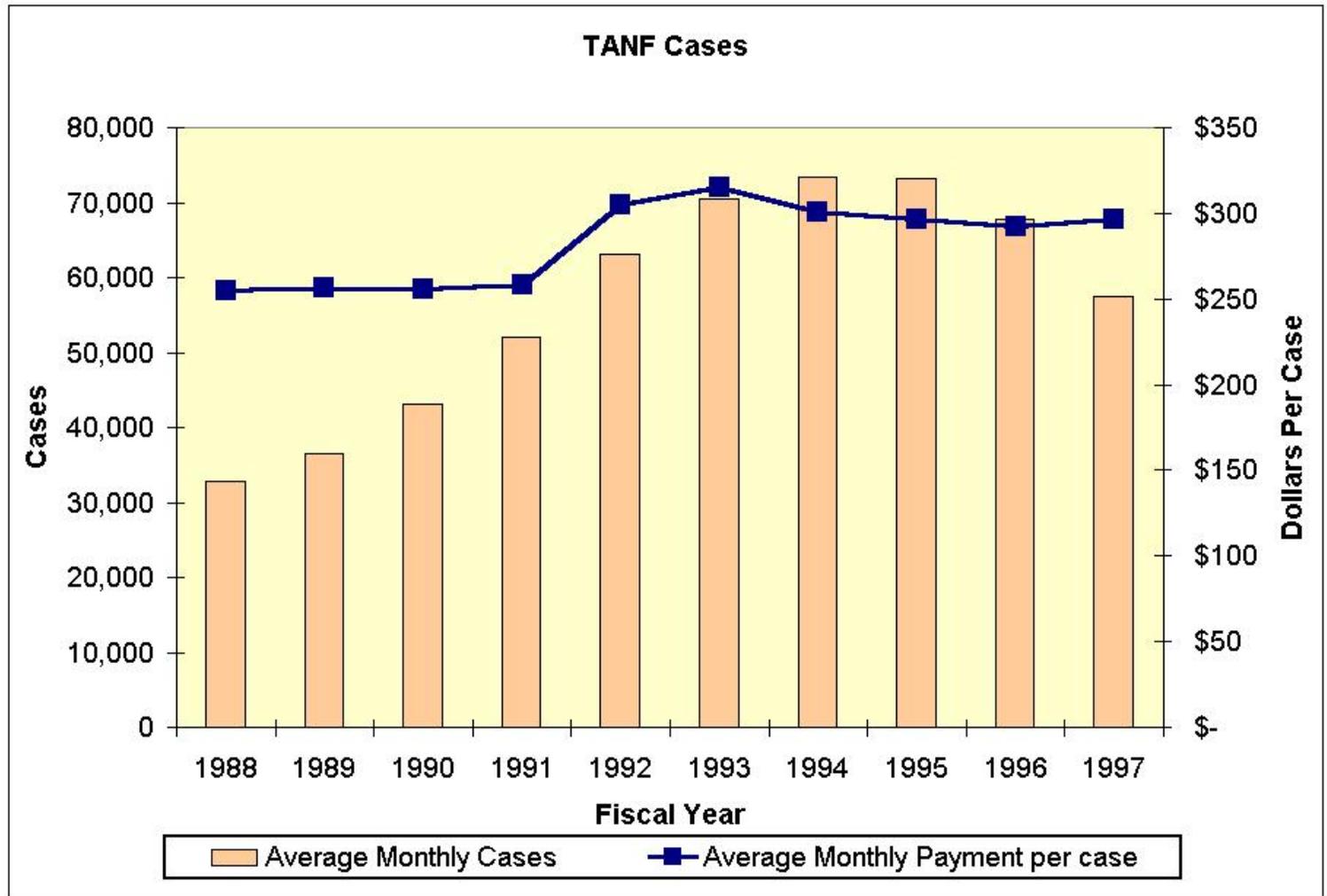
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)*
 As of and for the Fiscal Years Ended June 30

Average Monthly Number of Cases	Average Monthly Number of Recipients	Average Monthly Payment Per Case	Average Monthly Payment Per Recipient	Average Monthly Payments
32,739	95,115	\$ 255.08	87.80	\$ 8,351,132
36,467	106,382	256.33	87.87	\$ 9,347,533
43,075	123,965	255.92	88.93	\$ 11,023,778
51,997	148,258	257.96	90.47	\$ 13,413,246
63,015	178,900	304.63	107.30	\$ 19,196,299

70,452	197,543	315.48	112.51	\$ 22,226,198
73,470	205,203	300.32	107.52	\$ 22,064,301
73,277	201,019	296.57	108.11	\$ 21,731,910
67,784	183,274	292.15	108.05	\$ 19,803,335
57,526	155,037	296.30	109.94	\$ 17,045,065

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

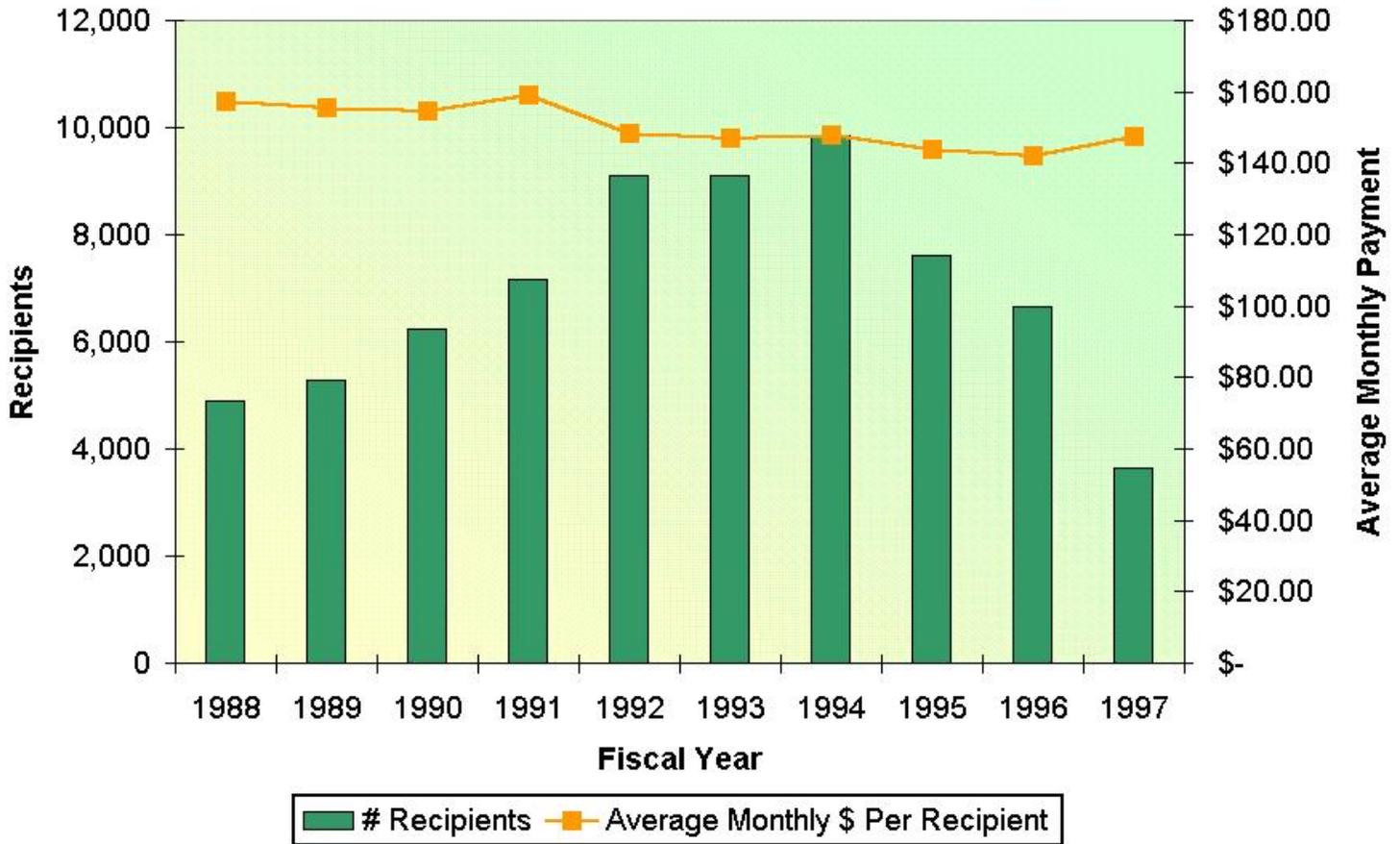


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Year	Average Monthly Number of Recipients	Average Monthly Payment Per Recipient	Average Monthly Payments
1988	4,891	156.95	767,590
1989	5,289	155.53	822,606
1990	6,232	154.51	962,918
1991	7,171	159.00	1,140,123
1992	9,116	148.36	1,352,449
1993	9,109	146.78	1,337,067
1994	9,855	147.63	1,455,003
1995	7,618	143.73	1,094,888
1996	6,655	141.97	944,841
1997	3,631	147.25	534,679

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

Recipient to Payment Comparison



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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
 JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM
 COMPARISON OF PARTICIPANTS AND PARTICIPANTS EMPLOYED
 TO THE PERCENTAGE RETAINED
 For the Fiscal Years Ended June 30

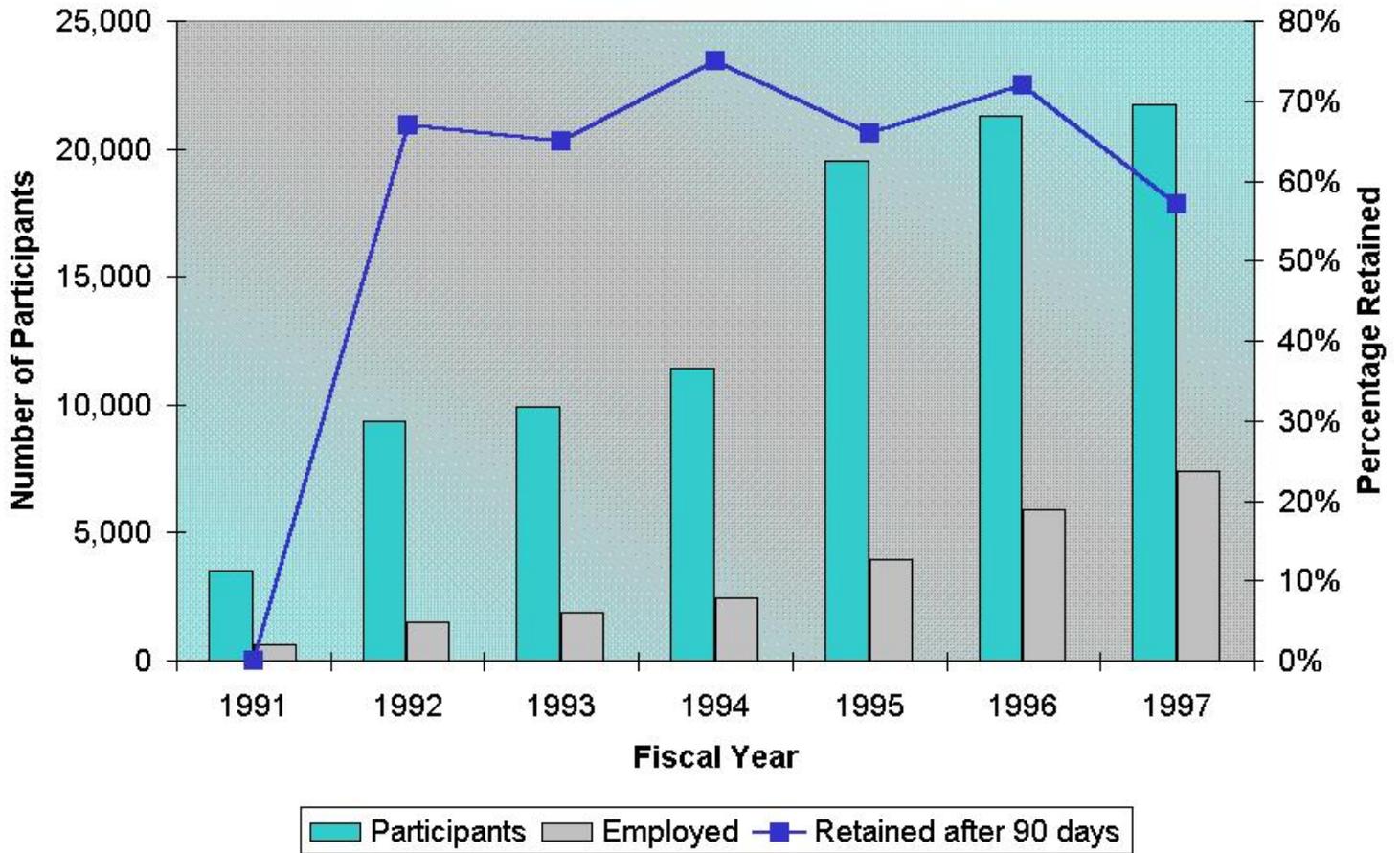
Year	Number of Participants	Total Employed	Percentage Retained After 90 Days
1991	3,507	606	N/A
1992	9,390	1,489	67%
1993	9,905	1,880	65%
1994	11,446	2,445	75%

1995	19,544	3,984	66%
1996	21,263	5,905	72%
1997	21,734	7,433	57%

Source: The Arizona Department of Economic Security, Job Opportunities and Basic Skills Administration.

Note: The Job Opportunities and Basic Skills Training program started in fiscal year 1991.

JOBS Participants Employed to the Percentage Retained



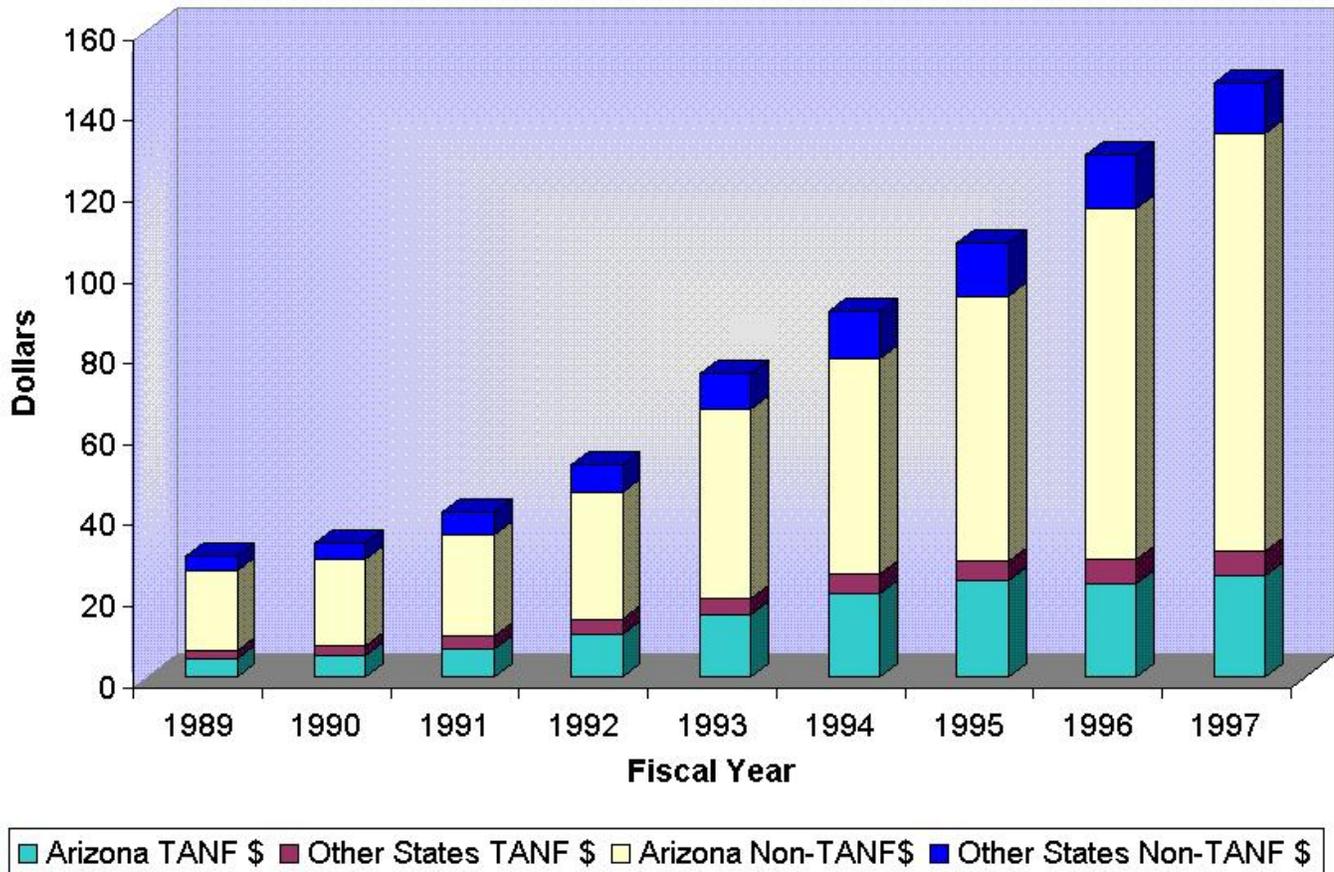
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Year	TANF Collected for Arizona	TANF Collected for Other States	Non-TANF Collected for Arizona	Non-TANF Collected for Other States	Total Collections
1989	\$ 4,615,140	\$ 1,955,101	\$ 19,940,662	\$ 3,321,411	\$ 29,832,314
1990	5,415,297	2,443,148	21,239,870	4,218,085	33,316,400
1991	7,095,200	2,970,089	25,289,765	5,397,716	40,752,770
1992	10,603,300	3,867,800	31,259,700	6,701,100	52,431,900
1993	15,404,200	4,151,500	46,880,600	8,561,800	74,998,100
1994	20,679,000	4,756,100	53,339,400	11,696,800	90,471,300
1995	23,813,000	5,025,800	65,478,200	12,983,200	107,300,200
1996	23,226,800	5,893,600	86,903,200	13,220,700	129,244,300
1997	25,042,400	6,142,200	103,245,200	12,632,300	147,062,100

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

Note: Data prior to 1989 is not available. The fiscal year 1996 amounts have been revised for updates to the source.

Child Support Collections (In millions)



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Appendix A: Children & Family Services Training Program Fund Status Report

ARIZONA DEPARTMENT OF ECONOMIC SECURITY ADMINISTRATION FOR CHILDREN, YOUTH & FAMILIES (ACYF) CHILDREN & FAMILY SERVICES TRAINING PROGRAM FUND STATUS REPORT

To improve the quality of services provided to children and families, the Department offers ACYF staff a comprehensive child welfare training program. Training goals include:

1. developing training based on clearly identified training needs;

2. using child welfare best practices and state-of-the-art methodologies;
3. emphasizing cultural diversity;
4. integrating family-centered child welfare best practices consistent with existing national standards;
5. accepting and supporting comprehensive competency-based training.
6. promoting and facilitating the transfer of knowledge, skills and awareness from the training site to the job site;
7. supporting the professional growth and development of ACYF staff;
8. involving field staff in decision making on training issues; and,
9. revising training based on assessment of effectiveness through a continual evaluation process.

ACYF conducts core training for case managers and supervisors using curricula endorsed by the Child Welfare League of America. One and two-day advanced in-service workshops are conducted during the year in several locations throughout the state. The Department encourages staff to attend community workshops as well as pursue a bachelor's or master's degree to further improve the quality and professionalism of services.

SUMMARY OF ACYF TRAINING SFY 1997

Type of Training	Number of Modules	Number of Days	Number of Classes Started
Case Manager Core	8	22	9
Case Manager for Supervisors	2	4	4
Supervisor Core	2	4	2
Parent Aides Core	1	5	1
Workshops	10	1-2	25
Conferences	2	2-3	2

NOTE: Training costs are paid by the Child Protective Services Training Fund, Title IV-E training reimbursements of federal grant funds.

New case managers received the Introductory Guide which includes readings and assignments to observe specific activities of experienced staff. The Introductory Guide is intended to be completed within the first month of employment.

New supervisors at the time of hire receive a New Supervisor Handbook which provides basic guidelines to begin the job.

**SUMMARY OF ACYF STAFF TRAINING, CONFERENCES AND WORKSHOPS
FOR SFY 1993-1997**

TRAINING	SFY93	SFY94	SFY95	SFY96	SFY97
Case Manager Core (2 weeks)	121	N/A	N/A	N/A	N/A
Case Manager Specialized (2 weeks)	139	N/A	N/A	N/A	N/A
Case Manager Core (8 modules)	26	87	179	136	204
Case Manager Core for Supervisors	N/A	N/A	N/A	N/A	80
Supervisor Core	30	37	31	80	27
Parent Aide Core	46	47	48	42	22
Advanced Workshops and Conferences	837	1011	1686	1374	1033
Supervisor Conference	60	61	49	59	52
Out-Service Workshops	558	612	408	649	531
Tuition Reimbursement	164	94	122	144	285
Management Development	30	18	N/A	N/A	N/A

NOTE: The number of persons starting Case Manager Core, Case Manager Specialized, Supervisor Core, and Parent Aide are unduplicated. The number of persons attending workshops, out-service training and tuition reimbursement, however, is a duplicate count since the same person may have attended more than one workshop or attended more than one college class.

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A p p e n d i x B: Housing Assistance Program

**THE HOUSING ASSISTANCE PROGRAM REPORT
STATE FISCAL YEAR (SFY) 1997**

The 1989 Legislature, through House Bill 2620 (Chapter 121), enabled the Department of Economic Security, Administration for Children, Youth and Families (DES/ACYF) to provide special housing

assistance to eligible families with open Child Protective Services cases. This report reflects the program's usage from July 1996, through June 1997 (SFY 97).

The law provides that a family may qualify for the special housing assistance if:

1. A child is in the custody of the department pursuant to a court order;
2. A child is in out-of-home care;
3. A housing problem is the primary barrier which prevents reunification;
4. The Case Plan documents the housing problem and plan for self-sufficiency;
5. Assistance cannot exceed \$300 a month for a continuous period of 6 months.

During SFY 97, \$90,693 was expended from state funds for utilization in ACYF's housing assistance program. The availability of this program enabled 193 children from 92 families to be reunited. If these children had remained in out-of-home care throughout the duration for which housing assistance was provided, an estimated additional \$202,301 would have been expended by the ACYF in maintenance costs for the out-of-home placements.

Arizona's Housing Assistance Program has received national recognition. It has been cited in testimony before the House Ways and Means Committee by the Atlanta branch of the General Accounting Office. Arizona's Housing Assistance Program was also selected by the American Public Welfare Association for presentation at one of their national conferences. Since its inception in 1989, the program has been a major contributing factor in the reunification of 1,435 children with 669 families. Program expenditures for the period 1989 through 1997 have totaled \$737,684. If not for this program, the department would have incurred estimated expenditures of an additional \$1,513,362 for the same time frame to provide out-of-home care for these children.

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