



Arizona Department of Economic Security

## Five Year Strategic Plan SFY 2011-2015

Promoting the safety, well-being, and self-sufficiency of children, adults and families

Neal Young, Director



STRENGTHEN  
INDIVIDUALS AND FAMILIES

INCREASE  
SELF-SUFFICIENCY

DEVELOP THE CAPACITY  
OF COMMUNITIES



DEPARTMENT OF ECONOMIC SECURITY

*Your Partner For A Stronger Arizona*

Janice K. Brewer  
Governor

Neal Young  
Director

January 1, 2010

Dear Arizonans:

As the Director of the Arizona Department of Economic Security (DES), it is my pleasure to share with you the Department's fiscal year 2011-2015 five year strategic plan. I hope that you will find the plan useful to understanding the critical role of the Department and our strategic direction.

This five year plan has been developed within the context of the opportunities and challenges in our state. Arizona and our nation are experiencing an unprecedented economic downturn. DES feels the impact of this economic decline with dramatic rises in caseloads at the same time that revenues to provide services are increasingly limited. People who have never experienced severe financial difficulties before are coming to DES for services for the first time. They need temporary supportive services from the state and their community to weather the economic downturn.

This plan encompasses a collaborative and innovative approach to promoting the safety, well-being and self-sufficiency of vulnerable Arizonans. The plan builds on widespread successes DES has experienced in providing essential services in concert with Arizona's communities. The plan provides a framework for continued innovation, efficiency and partnership as we move forward.

I would like to personally thank all DES staff and our many community partners for their tireless dedication, hard work and commitment to helping Arizona's individuals and families achieve the best possible outcome, especially in these challenging times. I look forward to working together as we move forward in partnership to accomplish the goals set forth in this strategic plan.

Sincerely,

Neal Young  
Director

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# VISION AND MISSION

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## **Vision**

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

## **Mission**

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

# VALUES

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As Arizona's human service agency, the Department of Economic Security adheres to values that are foundational to carrying out its mission to promote the safety, well-being, and self-sufficiency of children, adults, and families. These values guide and permeate our work, help stretch our thinking, and are intrinsic to how we conduct ourselves as individuals and as a state agency.

- **Respect:** We respect each other, stakeholders, customers, and staff, and the differences and uniqueness of each. Honesty, trust, and integrity are hallmarks. We treat all with equality and professionalism, recognizing that each individual, family, and community has its priorities, opportunities, and challenges that must be considered.
- **Diversity:** We strive to make decisions based on equity and fairness. We value the diversity of people – of our staff, our communities and the people we serve.
- **Collaboration:** Partnerships and teamwork are paramount and integral to how we do business. We engage in collaboration with policymakers, service providers, community providers, tribes, and families to develop programs and provide services that improve the quality of life in Arizona's communities.
- **Accountability:** We are accountable to ourselves, our clients, partners, and coworkers, taking responsibility in all relationships. We continually examine actions and outcomes and strive to learn from each. We meet commitments and provide quality services.
- **Innovation:** We engage in visionary and strategic thinking and creative problem-solving focused on our vision and mission, bringing new ideas to fruition. We are solution-oriented. We challenge the status quo, are open to new ways of doing things, and continuously draw upon multiple and diverse sources for ideas and inspiration.

## GUIDING PRINCIPLES

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### *Systems of care must:*

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

### *Services must be:*

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

### *Leaders must:*

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

# EXECUTIVE SUMMARY

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The Department of Economic Security (DES) is an integrated human services agency that provides critical protective and assistance services to more than one million of Arizona's children, adults and families each year.

Together, DES' programs impact the safety, well-being and self-sufficiency of Arizonans. Some of these programs include: Child Protective Services; services to provide families the tools they need to care for their children; child care for working parents; Adult Protective Services; domestic violence shelter and supports; early intervention services for infants and toddlers at risk of developmental delays; home- and community-based services for individuals with developmental disabilities and the aged; independent living programs for both seniors and young adults; unemployment insurance; employment assistance (including vocational rehabilitation and job training); child support enforcement; temporary financial support; food and energy assistance; and eligibility for medical assistance.

These programs and services are delivered through DES offices and staff statewide, and also through a network of contracted community-based providers. DES works collaboratively with the communities it serves, local and national advocacy organizations, other state agencies, counties, local governments on emergency preparedness, the federal agencies that oversee DES' programs, the courts, and Native American tribes in the delivery of services to the citizens of Arizona.

The Department has felt the impact of the current economic downturn through dramatic rises in some caseloads for essential services such as Supplemental Nutrition Assistance Program (SNAP; commonly known as food stamps) and Unemployment Insurance benefits at the same time that revenues to provide services are increasing limited. This five year strategic plan reflects a focus on maintaining the essential safety net to help individuals and families meet basic human needs so that they can weather the economic decline. DES will expand on our successful internal and external collaborations to help meet the challenges brought on by the unprecedented economic downturn.

The work of the Department is based on the foundation of the vision, mission, values and guiding principles, with goals and strategies aligned with these elements to ensure that the desired performance outcomes are attained. The Department's objective is to move beyond simply delivering services and to place greater focus on helping 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 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. Helping families overcome the hardships of poverty is a core part of the work at DES.

The Department seeks to develop and implement the highest quality human service programs with the most effective and efficient service delivery systems. Collaboration, innovation, and accountability are essential to the achievement of desired outcomes. DES' integrated approach to doing business and the Department's collaboration with families, community partners, and other government entities provide greater accountability across the agency and generate a more efficient and comprehensive way of delivering services. On many occasions, DES staff and programs are the first contact families have with

service providers when seeking help for their issues. The Department often serves as a triage point, working with families to identify their needs and strengths, which will determine the course of their service plan.

These are challenging times at DES. Given the restricted resources, it is even more important than ever that we ensure we are investing in our core work and in our integrated delivery system to ensure that resources are used most effectively. While it is critical that the individual units within the organization continue to meet state and federal mandates and performance measures, the work across the Department is to be considered as an integrated whole, directed at improving outcomes for children, families, and individuals in this state.

The DES Vision is that *every child, adult and family in the State of Arizona will be safe and economically secure.*

The Department strives to achieve this through its Mission to *promote the safety, well-being, and self-sufficiency of children, adults, and families.*

There are five core values that form the basis for the work that DES does in the fulfillment of its mission: respect, diversity, collaboration, accountability, and innovation. These values are applied in the daily work across DES.

The Department's vision, mission, values and guiding principles provide a foundation for the following three interconnected goals of the agency, which are designed to improve outcomes for children, families, and individuals in Arizona:

- Strengthen individuals and families
- Increase self-sufficiency
- Develop the capacity of communities

We are significantly challenged in meeting these developmental goals, however, as more of our work today is on basic foundational needs – safety, hunger, protection, employment and temporary cash support. The Department is also now engaged in core work, organizational streamlining and function analysis.

The DES Strategic Plan focuses on the breadth of DES' programs to identify overarching Department priorities and major initiatives. The Plan serves as the framework for ongoing budgeting and planning prioritization, as well as consolidates and reflects the critical and often interrelated issues facing the Department. To chart forward movement based on a foundation of integrated services, the plan sets forth goals and strategies for addressing those issues and attaining the desired outcomes. This plan provides a framework for moving forward that is fluid and will be modified and adapted to respond to shifting environmental factors and the needs of the individuals and families DES serves.

## **The following are highlights from the SFY 2011-2015 Five Year Strategic Plan:**

Although the Department remains committed to its three goals, much of the work effort this year and next are focused on maintaining the safety net of a newly emerging poor as the recession impacts first the financially marginal families and then the middle class. This is evident in the unprecedented growth Unemployment Insurance Benefits and SNAP, etc.

### ***Goal 1: Strengthen Individuals and Families***

The safety and well-being of vulnerable children, adults, and families are inherent to the Department's vision and mission. DES, in collaboration with its family and community partners, provides services and supports to vulnerable populations (e.g., children at risk of abuse and neglect, older and at-risk adults, individuals with disabilities, homeless individuals, refugees, and victims of domestic violence). Building on the strengths and support systems available in families and communities, DES provides immediate services and support through an integrated service network to enhance the safety and well-being of these vulnerable populations throughout Arizona. By focusing on an integrated array of services, DES actively involves families and communities in the daily work across DES.

### ***Goal 2: Increase Self-Sufficiency***

For individuals and families to escape the hardships of poverty, meet their basic needs and have the opportunity of economic mobility, they require certain skills and supports to help them find and keep a job and necessary work supports such as child care and health care to maintain quality of life. By focusing on the "bigger picture", DES' close relationship with community organizations and resources, and the integration of a spectrum of services both within and outside the agency, DES works to provide or assist in finding those services required to meet individuals' and families' needs. Individuals are provided the tools to not only increase their employability and economic mobility, but are empowered to take ownership of their success as well. DES also works to increase the opportunities for individuals to access information and benefits through web-based and interactive voice response systems. This promotes customer self-sufficiency and increases cost efficiency in the delivery of service. Department services aim to move clients from just "getting by" to "getting ahead." The Department also provides employment-related support services that increase opportunities for older adults, veterans, individuals with disabilities, refugees, and youth who have aged out of foster care. In addition, programs such as unemployment insurance, child support, supplemental nutrition assistance (formerly known as food stamps), child care, and medical assistance eligibility provide important services and supports to help individuals and families increase self-sufficiency.

### ***Goal 3: Develop the Capacity of Communities***

DES' integrated, family- and community-centered services are assisting Arizonans in achieving permanency, stability, and overall well-being. Strategies for this goal reflect the Department's service integration business practices, blending the strengths of DES staff, community partners, families, and individuals to improve outcomes for clients and to reduce the number of vulnerable children, adults, and families in need of DES services. These strategies include: Partnering with Faith-Based Organizations initiative to intentionally engage Faith-Based Organizations as partners for strengthening individuals and families, and increasing their self-sufficiency; child welfare community partnership teams across the state that encourage child welfare staff to find meaningful ways to partner with communities so that the responsibility for supporting families is broadly shared; the Arizona Partnership to End Childhood Hunger that works to ensure all children have access to nutritious food, with first steps including a community-

wide mobilization to provide better information for parents and children, increase access to healthy food, and improve economic supports so families can afford nutritious food.

In addition, DES is a primary partner with Project Homeless Connect (PHC), a one day event designed to provide housing resources, services, and hospitality in a convenient one-stop location for people experiencing homelessness. The Department also partners with Open Table, a faith-based organization whose goal is to end homelessness one person at a time by matching individuals and families living in homelessness to the support and assistance of individual congregation members and groups. The Department's Veteran's Employment Administration staff regularly participate in "Stand Down" events for veterans that help bring awareness to agencies and veterans on what services are available throughout the state for veterans, and also provide immediate services and resources to homeless or in-need veterans and their families. These events have been very successful, reaching hundreds of veterans and their families throughout Arizona.

By identifying people at risk for poverty, abuse, homelessness, and dependence, prevention and early intervention services and supports can be provided to mitigate the need for more intensive intervention or remedial services. Substantial reductions are being achieved in the number of children, especially young children, placed in group homes and shelters. The Department is second in the nation in assisting people with developmental disabilities to live independently or with their families.

### ***Conclusion***

DES services have a direct, positive impact on the lives of children, adults, and families in Arizona by providing protective services for vulnerable children and adults, helping families meet their basic needs for food and shelter, providing parents the skills and supports they need to find and keep a job, assisting individuals with disabilities by providing training and services that foster independence, and partnering with communities throughout Arizona to support families in their neighborhoods. Ultimately, the Department's desired outcomes include that children, adults, and families will be safer in their homes and communities and living in the least restrictive setting, individuals and their families will see improvements in economic mobility and self-sufficiency, and there will be a reduction in families' reliance on government programs.

Over the next five years, the DES Strategic Plan projects the direction of the Department and how it will get there by integrating and delivering quality, effective, and efficient human services. Above all, the plan highlights how the Department will continue to administer human services for Arizonans, while carrying out its mission to promote the safety, well-being, and self-sufficiency for the children, adults, and families of Arizona served by DES.

## **DEPARTMENT GOALS**

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**Goal 1: Strengthen Individuals and Families**

**Goal 2: Increase Self-Sufficiency**

**Goal 3: Develop the Capacity of Communities**

# GOAL 1

## Strengthen Individuals and Families

### Goal Focus

All children, adults and families deserve to reside in the least restrictive and safest environment with appropriate support services. The safety and well-being of vulnerable Arizonans in need of the agency's protective and support services are crucial.

These vulnerable populations include children and families involved with the Child and Adult Protective Services systems, individuals seeking one-time supports, individuals with disabilities, older and at-risk adults, refugees, homeless individuals, and victims of domestic violence.

DES' priorities focus on a holistic, inclusive approach embracing the strengths of individuals and families and leveraging these to improve other areas with which they may struggle. Providing an array of services, integrated across Department programs and with other state agencies and community partners to best meet the needs of the client (especially those with multiple needs), will result in strengthening Arizona's individuals and families by assisting them in achieving self-sufficiency, safety, and overall well-being.

### Desired Outcomes:

- Children growing up in nurturing family environments
- Vulnerable individuals, children and families living in safe environments
- Communities actively involved in promoting the safety and well-being of vulnerable children and families
- Increased quality of life through receipt of needed consumer-directed, individual and family-centered support services

### Strategies:

1. *Create and implement comprehensive approaches to meet the needs of persons with disabilities, the state's aging population, persons reported to Child and Adult Protective Services, victims of domestic violence, refugees, and individuals and families who are homeless.*
2. *Build on the strengths and support systems available in families and communities.*
3. *Identify those at risk for poverty, abuse, and homelessness, and children and adults with disabilities, for early intervention.*
4. *Provide preventive and remedial services and support through an integrated service network.*
5. *Assist older and at-risk adults and individuals with a disability to live independently.*
6. *Develop and implement tribal partnerships to jointly provide integrated services to strengthen individuals and families.*

7. *Safely reduce the number of children entering the foster care system and the number of children who are in the foster care system by developing safe alternatives.*
8. *Safely reduce the number of children in congregate care and place children in family-like settings (kinship care and family foster homes).*
9. *Increase the number of youth participating in the Independent Living Subsidy Program.*
10. *Increase the number of children in foster care achieving permanency through family reunification, adoption, or legal guardianship.*

## GOAL 2

# Increase Self-Sufficiency

### Goal Focus

The lack of economic security among Arizona's vulnerable populations puts them at risk of needing more intensive services and intervention.

DES works to increase self-sufficiency through enhancing employability and providing employment supports to mitigate risk factors associated with the need for DES services. The Department focuses on giving families the tools they need to effectively and permanently escape the hardships of poverty. Wrap-around services and coordinated case planning promote economic mobility for individuals the Department serves.

DES strives to assist vulnerable individuals to attain employment to the extent of their capabilities, such as older adults, veterans, individuals with disabilities, refugees, and youth aging out of foster care. In addition, programs such as unemployment insurance, child support, supplemental nutrition assistance (formerly food stamps), child care, and medical assistance eligibility provide important services and supports to vulnerable individuals and families.

DES also works to increase the opportunities for individuals to access information and benefits through web-based and interactive voice response systems. This promotes customer self-sufficiency and increases cost efficiency in the delivery of service.

### Desired Outcomes:

- Individuals and families who meet their basic needs for food and housing
- Parents with the skills and support needed to find and keep good paying jobs
- Increased self-sufficiency, economic mobility, and quality of life through employment
- Increased utilization of natural supports and community resources, resulting in less dependence on government programs

### Strategies:

1. *Provide core safety net services to meet basic human needs and stabilize families to enable them to achieve maximum employability and self-sufficiency.*
2. *Work closely with the business community to identify opportunities for employing at-risk individuals.*
3. *Provide employment-related services and assistance supports to vulnerable populations, such as older adults, individuals with disabilities, refugees, veterans, economically disadvantaged youth and adults, and youth who have aged out of foster care.*
4. *Collaborate with the tribal communities and identify strengths and barriers while establishing and providing opportunities to achieve self-sufficiency for individuals.*
5. *Increase the number of individuals with disabilities successfully employed.*
6. *Reduce the number of families on Cash Assistance by increasing self-sufficiency through increased employment placements and receipt of child support income.*
7. *Increase the number of clients who are diverted from Cash Assistance by providing appropriate employment-related supportive services.*

8. *Refer Cash Assistance clients to subsidized child care to ensure full participation in employment-related activities.*
9. *Increase the number of certified family child care providers so parents have more child care options.*
10. *Make child support a reliable source of income for the families we serve.*

# GOAL 3

## Develop the Capacity of Communities

### Goal Focus

Stable social and family relationships and living environments are essential for children, adults, and families. DES' integrated, family- and community-centered services are assisting Arizonans in achieving permanency, stability, and overall well-being through stable living arrangements in the least restrictive settings within their families and communities. DES' integrated services incorporate both systemic and community-based strategies that expand agency and community capacity to serve families and individuals more expansively.

The Department recognizes the interconnectedness and interdependence between DES services and community resources and that each community is unique and best able to identify its assets and needs. DES is committed to enhancing the role of family voice and proactive expansion of community partnerships and collaboration with other state agencies to enhance the delivery of human services and achieve better outcomes for Arizonans. The Department collaborates with local governments and counties on emergency preparedness for special needs populations.

### Desired Outcomes:

- Vulnerable children, adults, and families are able to live safely and in the least restrictive environments
- Enhanced quality of life for children, adults, and families through:
  - Increased stability in family and community relationships and living environments
  - Receipt of needed consumer-directed, individual and family-centered support services
- Communities are actively involved in promoting the safety and well-being of vulnerable individuals and families
- Older adults and persons with disabilities are able to remain in their communities and avoid the need for institutionalization
- Individuals are engaged in a positive way with their families and communities

### Strategies:

1. *Collaborate with community partners provide core safety net services to meet basic human needs*
2. *Build on the strengths and support systems available in families and communities.*
3. *Provide preventive services and supports through an integrated service network.*
4. *Build relationships with tribal communities through cooperation, collaboration, and communication to enhance the quality of life for Native American children, adults, and families.*
5. *Engage Faith-based Organizations as partners to promote the safety, well-being and self-sufficiency of individuals and families*

6. *Work with Arizona's policymakers and communities in providing emergency shelters and transitional housing for victims of domestic violence and homeless individuals and families.*
7. *Increase the number of children placed in family-like settings when placement in out-of-home care is necessary.*
8. *Increase the use of community outreach and collaborative efforts to provide needed services.*

# DEPARTMENT STRATEGIC ISSUES

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The following areas are some of the current challenges in the human services environment that most significantly impact the work of the Department.

## **Issue 1: Population Growth**

Arizona remains one of the fastest-growing states in the nation. State statistics identify several populations that will grow significantly, including the birth-to-five year old population, and the number of individuals ages 60 and older.

According to U.S. Census data, the number of children in Arizona under five years of age will double from 2000 to 2030 to over 750,000 children (seven percent of the state's population). Research shows that comprehensive, high-quality care and early learning experiences are linked to children's success in school and in life. As Arizona's number of young children increases, DES will be required to continue work with its partners in community and state government and federal government to maximize the supports that can be provided to ensure successful outcomes.

By 2020, more than 1 in 4 people in Arizona (26 percent) will be over 60 years of age and for those over 60, the fastest-growing age group is of persons over 85 years of age. As the population ages, Arizona is likely to see an increase in healthy older adults with the time, ability and interest to find new ways to contribute to their community. As the population ages, Arizona is also likely to see an increase in people with medical complications that will limit their ability to live independently. These changes will increase demand for long-term care services and supports in order to meet the health care and other basic needs of seniors.

The Department must strengthen partnerships with other state agencies such as the Department of Health Services (DHS) and the Arizona Health Care Cost Containment System (AHCCCS), as well as local governmental entities, public and private service providers, communities and faith-based organizations to help meet the needs of these growing populations.

## **Issue 2: Social and Economic Stressors**

Families today face increasingly complex issues. Violence against children continues to be a substantial concern, oftentimes brought on by the compounding effect of multiple risk factors including poverty and substance abuse, thus establishing critical needs for protective, remedial, prevention and intervention services for children and families. As more and more people have children later in life, there is a growing segment of the population that are raising children at the same time they are taking care of parents. Supports may be necessary for these caregivers to succeed in meeting this challenge.

In Arizona, more than 14 percent of people live in poverty, and 20 percent of Arizona's children are living below the federal poverty level. The federal poverty level for a family of four is currently \$22,050. The number of individuals living at or below 200% of the poverty level (which is portrayed as a more accurate indicator of being in or near-poverty) is about 34 percent of Arizona's population. Poverty is not a small problem in our state. One of three Arizonans is struggling to make ends meet. According to U.S. Census data, 737,000 Arizona children under age 18 live in families at or below 200% of the poverty level this account for 45 percent of all children in Arizona.

Arizona and our nation is experiencing an unprecedented economic downturn. Arizona is burdened by a large portion of the nation's mortgage foreclosures and losses in the housing and construction industries. Economists are predicting that the unemployment rate in Arizona could reach at least ten percent before conditions improve. Like its counterpart agencies in nearly all 50 states, DES feels the impact of this economic decline with dramatic rises in unemployment insurance caseloads, as well as increases in the number of families seeking assistance to meet basic needs such as housing, food and health care. People who have never experienced financial difficulties before are coming in to DES offices for services for the first time. They need the temporary supportive services from the state and community to help them weather the economic downturn.

Moving DES forward through the coming five years requires thoughtful consideration of how we reconcile our plans and aspirations for the future with the current financial environment. Decisions must be made that respond to the specific, immediate needs that we face due to rising caseloads and more Arizonans experiencing poverty. It is in these challenging times that the social safety net provided by the Department and the community is most important. Through deliberate planning, the Department must identify and target resources on the core services that are essential to ensure that the basic needs of individuals and families in Arizona are met.

To the extent that resources allow, we are also presented with an opportunity to work with families to help them face underlying economic stability issues, thereby helping people move to self-sufficiency. Partnerships with the community, as discussed below, are one avenue of opportunity that exists to enhance supports to reduce long-term poverty. Another strategy that the Department has initiated and can maintain is expanding knowledge for working families of the federal Earned Income Tax Credit (EITC) and the child care tax credit. The EITC, on average, provides low income working families with a tax credit of over \$1,700 per year. Through the Jobs program, DES can continue to provide training and education for employment. It is important to consider the view held by some economists that the extent of job loss in the U.S. may reflect a restructuring of the American economy, with key industries – such as manufacturing, financial services and retail – abandoning whole areas of business. The need to retool workers to fit the new economy will likely exceed the capacity of programs such as Jobs to meet the need.

In addition to our efforts to retool workers, we are also supplying critical supports for Arizonans who are currently unemployed. The Unemployment Insurance (UI) program is a partnership with employers and the federal government that can provide up to \$6,240 in regular unemployment insurance benefits. Currently, federal extensions are also available for up to 53 weeks and the federal/state Extended Benefit (EB) program can pay up to 20 additional weeks of unemployment benefits. These extensions are limited and will expire over time but they will allow unemployed citizens a safety net for the time offered.

### **Issue 3: Responsive to the Community**

DES and its services are an integral part of the Arizona community. In order to carry out its mission to promote the safety, well-being, and self-sufficiency of Arizona's children, adults, and families, the Department recognizes the interconnectedness and interdependence between DES services and community resources. Although our community partnerships are critical to us in providing an effective service delivery network, we have had to reduce payment rates for services in response to resource constraints. Strong, mutually beneficial relationships are continuously being forged with a broad range of local community organizations and providers, including private, non-profit, faith-based and advocacy organizations, as well as other state agencies and Native American tribes.

Working closely with communities and customers throughout Arizona is a top priority for the Department. The Department is committed to continuing to expand and strengthen these relationships by involving community constituencies in strategic planning and resource allocation efforts. DES recognizes that each community is unique and knows best what they need. Not only do communities have the answers, but they also know what questions need to be asked and DES is committed to listening. The Department is enhancing the role of family voice, community partnerships, tribal relationships, and sister agency collaboration to improve outcomes for Arizona's children and families.

DES continues to move forward in collaboration with its many community partners to accomplish the goals set forth by the Department. The integrated and innovative approach to human services that is inherent to DES is crucial to developing and incorporating how to best assist the populations DES serves in order to achieve the best possible outcomes for the vulnerable individuals, children and families of Arizona.

#### **Issue 4: Federal Funding**

In order to maintain service levels in fiscal year 2011, significant state investments will need to be made to offset federal fund sources that are either expiring or fully depleted. In absence of the required investment, deeper reductions to already significantly reduced Department services will be required. The federal funding reduction is primarily due to the loss of regular Temporary Assistance for Needy Families (TANF) contingency funds as well as the expiration of grant augmentations and matching enhancements received through the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5).

The TANF Contingency Fund was established in 1996 as part of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which reformed welfare and created the TANF block grant. The Contingency Fund received a one-time \$2 billion appropriation and was designed to assist states in times of recession by providing additional federal TANF dollars. Arizona first received contingency funds in 2008. Although Arizona was only the second State to begin receiving contingency funds, due to the nationwide recession there have been at least seventeen States that have relied on these dollars. As a result, it is estimated that the original \$2 billion appropriation will be fully depleted by the end of calendar year 2009. As part of the Department's "15% Reduction Exercise", plans have been developed to account for the resulting \$42 million short fall this fiscal year.

ARRA, commonly referred to as the federal stimulus, augmented a number of the Department's federal grants, including funds that support services for individuals with developmental disabilities, child welfare, early intervention services, and work related to administering the supplemental nutrition assistance program. Many of these fund sources expire early in fiscal year 2011, making it critical that the Department receive funding to maintain service levels.

In fiscal years 2008 through 2010, the availability of TANF contingency and ARRA funds reduced the level of General Fund support the Department otherwise would have required. These funds provided short-term assistance to provide an alternative to even more severe program reductions. These funding alternatives will no longer be available in fiscal year 2011, requiring an increased General Fund commitment to avoid deeper service reductions across the Department's services.

## **Issue 5: Department Capacity**

The Department has a proud history of innovation and efficiency in the delivery of human services. The strategic issues discussed above point to the necessity for even more innovation and efficiency throughout the Department. The Department will need to ensure that core services continue while incorporating inventive and efficient business strategies to manage through the difficult years ahead.

One of the challenges to Departmental capacity is staffing reductions. Previously enacted budget cutbacks have resulted in steep reductions across the Department's programs and operations which have impacted clients, employees, and contracting businesses across the state. The Department had to implement layoffs of approximately 800 agency staff, about eight percent of the Department's workforce. These reductions leave less personnel to deliver core services and build a more efficient and effective organization.

State government, like most American businesses, relies on information technology for the provision of services, financial management, personnel management and responding to federal and state reporting requirements. The Department requires a sound technological infrastructure to support integrated service delivery, increased demand for services, and E-government expansion to improve access to services and facilitate improved outcomes for children, adults, and families throughout Arizona.

Several information technology systems within the Department are no longer functionally adequate to meet internal and external business needs. Financial circumstances have halted efforts to invest in major improvements and modern, integrated information technology systems. The Department is faced with the need to continue to manage operations as well as it can use the existing, antiquated infrastructure.

DES, like many other state agencies, experiences challenges in attracting and retaining a qualified workforce. Recruitment, development and retention of qualified staff are crucial to achieving the Department's vision, mission, and goals. Repositioning the workforce is a major focus of health and human services across the country. As the Department manages through the rapidly changing environment and brings focus to its core work, there are opportunities to encourage and empower staff and build a stronger workforce.

## DEPARTMENT RESOURCE ASSUMPTIONS

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### Agency Incremental Costs for All Funds

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
FTE	50.0	332.9	342.8	353.1	363.8
General Funds	231,813.1	16,655.5	17,155.2	17,669.9	18,200.0
Other Appropriated Funds	(58,724.6)	15,726.8	16,198.6	16,684.6	17,185.1
Other Non-Appropriated Funds	(264,041.9)	48,605.1	50,063.4	51,565.1	53,112.2
Federal Non-Appropriated Funds	(387,864.3)	73,690.0	75,900.7	78,177.8	80,523.0
<b>Total</b>	<b>(478,817.7)</b>	<b>154,677.4</b>	<b>159,317.9</b>	<b>164,097.4</b>	<b>169,020.3</b>

Funding Amounts in Thousands

## RESOURCE ASSUMPTIONS SUMMARIES

### Agency Funding Total for All Funds

(Sum of Incremental Costs for Addressing Goals and the Base for Each Year)

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
FTE	11,095.2	11,145.2	11,760.9	12,113.7	12,477.1	12,851.6
General Funds	555,184.7	786,997.8	588,495.8	606,150.8	624,335.2	643,065.2
Other Appropriated Funds	524,226.7	465,502.1	555,680.3	572,350.7	589,521.1	607,206.9
Other Non-Appropriated Funds	1,620,171.4	1,356,129.5	1,717,381.6	1,768,903.2	1,821,970.1	1,876,629.3
Federal Non-Appropriated Funds	2,456,332.7	2,068,468.4	2,603,712.7	2,681,824.0	2,762,278.9	2,845,147.1
Aggregate Agency Level Total	5,155,915.5	4,677,097.8	5,465,270.4	5,629,228.7	5,798,105.3	5,972,048.5

Funding Amounts in Thousands

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DEPARTMENT OF ECONOMIC SECURITY

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