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DEPARTMENT OF ECONOMIC SECURITY

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*Your Partner For A Stronger Arizona*

# Fiscal Year 2010 - 2011 Budget

## Executive Recommendation

### DES Impacts

January 26, 2010

# DES General Fund Fiscal Year 2009

	<u>General Fund</u>
<b>Fiscal Year 2009 Original Appropriation</b>	<b>808,328,100</b>
Fiscal Year 2009 Reductions	(90,403,400)
Federal Stimulus Backfill - Title XIX	(59,623,900)
Fiscal Year 2009 Supplemental for DDD	9,400,000
Fiscal Year 2009 Payment Deferral	<u>(25,000,000)</u>
<b>Final Fiscal Year 2009 Appropriation</b>	<b>642,700,800</b>



# DES General Fund Fiscal Year 2010

	<u>General Fund</u>
<b>Beginning Fiscal Year 2010 Base</b>	<b>727,224,700</b>
Repay Fiscal Year 2009 Payment Deferral	25,000,000
Fiscal Year 2010 Payment Deferral	(42,000,000)
Net Funding Changes (Increases and Decreases)	(37,195,400)
Federal Stimulus Backfill - Title XIX	(100,644,600)
Federal Stimulus Backfill - Title XIX Fix	16,940,000
Federal Stimulus Backfill - Fiscal Stabilization Fund	(17,300,000)
5 <sup>th</sup> Special Session Reductions	<u>(25,944,500)</u>
<b>Fiscal Year 2010 Appropriation</b>	<b>546,080,200</b>



# DES GF Fiscal Year 2011 Recommendation

	<b><u>General Fund</u></b>
<b>Current Fiscal Year 2010 Base</b>	<b>546,080,200</b>
Backfill Federal Funds	101,251,700
Title XIX DD Caseload Growth	28,459,100
TANF Shortfall	18,385,600
Technical Adjustments	21,021,200
Additional Reductions	(35,950,000)
Annualize Reductions in Place	(293,000)
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<b>Fiscal Year 2011 Appropriation</b>	<b>678,954,800</b>



# Federal Funds Backfill

Backfill would offset expiration of Federal Stimulus Funds (\$101.3 million)

- Title XIX Developmental Disabilities
- Supplemental Nutrition Administration
- Fiscal Stabilization Funds in Child Welfare and DD



# Title XIX DD Caseload Growth

Would fund anticipated caseload and  
capitation rate growth in fiscal year 2011  
(\$28.5 million)

Caseload Growth – 6.9 percent

Capitation Increase – 3.0 percent



# TANF Shortfall

- There is a shortfall in the federal TANF block grant of as much as \$30 million in fiscal year 2010 and \$58 million in fiscal year 2011
  - The Department has been notified that the December disbursement will be the final regular TANF contingency fund payment. The fund is now fully depleted.
  - The Department received approximately \$8 million more than was anticipated in federal fiscal year 2010
- The Department is employing strategies to maximize the availability of ARRA TANF emergency contingency funds
- The Department has engaged other States and Arizona's Congressional delegation in an effort to allow access to additional contingency funds. *Since Congress has not acted, the Department has implemented expenditure reduction strategies beginning January 1, 2010.*



# TANF Shortfall

- Executive Recommended Solution
  - Maintain reductions enacted in fiscal year 2009
    - 20 percent reduction in cash assistance benefits
    - 20 percent reduction in foster care rates
    - 10 percent provider rate reduction in DD
    - Child Care waiting list
  - Restrict cash assistance eligibility to 36 months
  - \$18.4 million General Fund appropriation





# Annualize Reductions in Place

Would maintain all reduction strategies currently in place through at least fiscal year 2011

Recommends \$4.5 million General Fund to backfill one-time reduction strategy employed in fiscal year 2010, avoiding further service reductions



## Examples of Annualized Reductions

1. Administrative and Operating Efficiencies
2. Privatization
3. Eliminate Enhanced Rate for DD Contracts
4. Eliminate Grandparent Kinship Care
  - Including contracts with Navajo Nation and ITCA
5. Eliminate Sight Conservation
6. Reduce Adult Services Program
  - Would reduce available resources to Department contractors, including many Tribes



Reduction Strategies Recommended to  
be Implemented in Fiscal Year 2010 and  
Maintained in Fiscal Year 2011

# New Reduction

6. Means Testing and Fee Increases (\$7.6 million General Fund in fiscal year 2011)
  - Means testing for child-only cash assistance
    - Would continue to exempt child welfare child-only cases
    - Would apply to all Tribes not operating their own Tribal TANF program directly with The U.S. Department of Health and Human Services
    - Tribes currently operating their own TANF programs
      - The Navajo Nation
      - The Salt-River Pima-Maricopa Indian Community
      - The Pascua Yaqui Tribe
      - The San Carlos Apache Tribe
      - The White Mountain Apache Tribe
      - The Hopi Tribe



## Means Testing and Fee Increases (cont.)

- Increase the child support clearinghouse fee paid by non-custodial parents for payment processing from \$2.25 to \$5.00 per month
  - Clearinghouse contract would be fully supported by fees
- Division of Developmental Disabilities
  - Increase SSI billing for state-only services to 88 percent from 70 percent, consistent with the Arizona Long Term Care System's Elderly and Physically Disabled program
- These provisions require statutory change prior to implementation



# New Reductions

## 11. Reduce DCYF Programs (\$5.3 million General Fund in fiscal year 2011)

- Further reduces in-home as well as adoption placement services for vulnerable children

## 12. State-Only DDD Services (\$3.7 million General Fund in fiscal year 2011)

- Eliminates state-only services other than foster care, residential supports, and early intervention
- Affects about 300 children and 400 adults



# New Reduction

14. Restrict Cash Assistance Eligibility (\$17.0 million General Fund; \$10.0 million TANF in fiscal year 2011)
- Reduce the lifetime benefit limit from 60 months to 36 months
    - Would also apply to cases currently exempt from any time limit because the parent is not included on the grant
    - Would disqualify about 10,000 cases with 17,000 children
  - Eliminate assistance for women in the third trimester of pregnancy if they do not have dependent children
  - Requires statutory change prior to implementation
  - Would only apply to Tribes not operating their own TANF program



# New Reduction

## 15. Community Services Reductions (\$2.4 million General Fund, \$2.5 million total funds in fiscal year 2011)

- \$0.8 million reduction to short-term crisis services
  - Equivalent to assistance for 1,100 families
- \$1.7 million reduction to domestic violence services
  - Equivalent to emergency shelter for 1,600 victims







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Questions?