

Department of Economic Security (DES) Fiscal Year 2011 Budget

The DES fiscal year 2011 general fund appropriation is \$633.5 million. This is an increase of \$101.5 million from the current fiscal year 2010 appropriation. The increased general fund primarily addresses the expiration of temporary federal funds, provides for entitlement Title XIX caseload increases, or provides for a necessary technical adjustment. The additional general fund will prevent DES from needing to make further cuts, beyond what has already occurred, to the safety net that protects Arizona's most vulnerable citizens.

- **Backfill expiring federal funds - \$102.4 million** – These funds will be used to maintain services in developmental disabilities, child welfare, and early intervention for children aged 0 through 3 with developmental delays.
- **Title XIX caseload growth - \$19.5 million** – This will fund a 6.5 percent increase in the long-term care entitlement caseload, with no funding for growth in capitation.
- **Technical adjustment - \$17.0 million** – These funds are necessary to account for the one-time nature of the payment deferral strategy and are not available to expand services.
- **Targeted Fiscal Year 2011 Reductions**
 - *Limit cash assistance eligibility to 36 months in a lifetime & eliminate services for women in their third trimester of pregnancy if they do not already have a dependent child – (\$27.0 million)* – For all families and child-only cases, with the exception of children in the care, custody, and control of DES, the maximum number of months of cash assistance benefit eligibility will be reduced to 36 months from the current 60 months, except in cases of hardship. This provision, which begins July 1, 2010, is estimated to eliminate services for 10,000 families, including 17,000 children.
 - *Means testing and fee increases – (\$7.6 million)* – This will pass a portion of the cost of providing child support and long-term care services to the individuals receiving the services. In addition, it will change cash assistance eligibility for child-only cases not in the care, custody, and control of DES to include the resources that are available within the household.
 - *Child welfare – (\$5.3 million)* – Resources to provide in-home child welfare services will be reduced, increasing the likelihood that children will need to be removed from home. This increases long-term costs and generally leads to more negative outcomes for the child.
 - *Reduce Developmental Disabilities state-only services – (\$3.7 million)* – This will eliminate all state-only services other than residential, foster care, and early intervention; it will affect services for approximately 400 adults and 300 children.
 - *Community Services – (\$2.4 million)* – This will eliminate short-term crisis services for 1,100 families and emergency services for 1,600 domestic violence victims.
 - *Eliminate enhanced rate for Developmental Disabilities contracts – (\$1.0 million)* – DES will implement a rate structure to be used for foster children receiving services in the Developmental Disabilities program. In addition DES will no longer provide an enhanced rate for the habilitation with a music component service. The service will continue to be available, but it will no longer be reimbursed at an enhanced rate.
 - *Developmental Disabilities Group Home Consolidation – (\$1.0 million)* – DES will reduce vacancies in group homes in order to increase efficiencies.
 - *Adult Services – (\$1.6 million)* – DES contracts adult services through local Area Agencies on Aging. This will reduce the available funding to those partners and reduce services to vulnerable adults.
 - *Eliminate local planning Social Services Block Grant (SSBG) funding – (\$0.4 million)* – This reduction will eliminate the remaining local SSBG planning funding; none of the locally planned SSBG client service funding is included in this reduction.
 - *Administrative Efficiencies/Privatization – (\$0.3 million)* – DES will continue to evaluate and implement administrative streamlining measures.
- **Conditional 2011 Lump-sum Reduction – (\$50.5 million)** – If the one cent sales tax voter referral fails on the ballot on May 18, 2010, the DES general fund appropriation for fiscal year 2011 will be reduced by \$50.5 million.

**SUMMARY OF MAJOR CLIENT AND STAFF REDUCTIONS PREVIOUSLY IMPLEMENTED TO ADDRESS
BUDGET REDUCTIONS**

Est. FY10 GF Savings

Department-Wide

• Lost federal funds due to insufficient match	\$50 million*
• Staff layoffs; furloughs; hiring freeze; other operating reductions; office closures	\$30 million
• Eliminated tri-agency disaster recovery contract as well as other information technology software maintenance agreements and equipment	\$1 million

Aging and Adult Services

• Eliminated independent living supports for over 1,800 older Arizonans	\$5 million
• Eliminated lifespan respite care funding, eliminated services for 130 caregivers	\$0.5 million
• Reduced Social Services Block Grant planning funding	\$0.2 million
• Eliminated \$75 monthly grandparent kinship care stipend	\$0.5 million

Benefits and Medical Eligibility

• Reduced cash assistance payment by 20 percent from an average of \$263 to \$210	\$22 million
• Reduced by seven percent pass-through funds for Tribes that operate their own TANF programs (Navajo, San Carlos Apache, White Mountain Apache, Pascua Yaqui, Hopi)	\$0.5 million
• Terminated the General Assistance program; 1,500 disabled adults received final payment in February 2009	\$2 million
• Eliminated upgrade of eligibility and case management systems	\$6 million

Child Support Enforcement

• Reduced by 10 percent federal incentive payment sharing with counties operating their own child support program (Gila, La Paz, Navajo, and Pinal Counties)	\$0.1 million
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Children, Youth and Families

• Reduced foster care maintenance payment by 20 percent, from an average of \$910 to \$728 per month, and eliminated other allowances for 4,500 children in family foster homes	\$5 million
• Reduced independent living stipends paid to 400 children aging out of the foster care system by 10 percent, from \$795 to \$715	\$0.4 million
• Eliminated substance abuse services for over 1,500 individuals	\$1 million
• Eliminated Healthy Families prevention services for 2,700 families	\$11 million

Community Services

• Eliminated services for over 1,000 victims of domestic violence	\$2 million
• Eliminated shelter beds for 1,100 victims of homelessness	\$0.3 million
• Reduced funding to provide hunger prevention services through statewide food banks	\$0.3 million
• Eliminated short term crisis services for over 1,000 families	\$0.9 million

Developmental Disabilities

• Reduced provider rates by 10 percent	\$18 million
• Eliminated state payment for services over cost-effectiveness (currently \$138,500 per year)	\$0.3 million

Employment and Rehabilitation Services

• Implemented a child care waiting list for low-income, working families; as of February 12, 2010, there were 11,165 children on the waiting list	\$35 million
• Increased child care co-payments for low income working families	\$3 million
• Reduced child care provider rates by five percent for 6,500 providers	\$9 million
• Reduced Jobs services to families on cash assistance and moving to self-sufficiency	\$13 million
• Eliminated the sight conservation program which provided eye examinations to approximately 9,000 individuals	\$0.1 million
• Imposed a waiting list for vocational rehabilitation services; as of February 20, 2010, there were 3,870 individuals on the waiting list	\$1.5 million

* This is not a general fund savings, but is, instead, a reduction to available funding to provide services directly tied to the general fund reductions.