

ARIZONA DEPARTMENT OF ECONOMIC SECURITY ANNUAL REPORT FISCAL YEAR 1997 - 1998

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Successfully Moving People to Self-Sufficiency

DES is an integrated, human services agency working with private providers to offer services to one million Arizonans every month. During 1998 DES achieved these results following the DES mission of *“working with the people we serve to achieve their self-sufficiency.”*

- Earned the prestigious 1998 Pioneer Award for Quality.
- Responded to 100% of valid reports of child abuse and neglect.
- The Job Opportunities and Basic Skills (JOBS) Program served a record 30,056 people and placed a record 10,252 into employment during SFY 1998.
- Collected a record \$159.8 million in child support.
- Helped 100 people with developmental disabilities purchase homes through the “A Home of Their Own” program.
- Through the EMPOWER welfare reform program, reduced the number of households receiving cash assistance.
- Achieved record accuracy rates for issuing food stamps.
- Served record numbers of children through the child care subsidy program.
- Contracted with community agencies to develop transportation and child care solutions to assist people moving from welfare to work.
- Increased the investigation rate for Adult Protective Services.
- Changed an additional 41 DES sites to employment centers from welfare offices.
- Achieved \$24 million in cost avoidance through prevention, detection and investigation of welfare fraud.
- Continued to streamline services resulting in six Governor’s Awards for Excellence and four Governor’s Recognition Awards for Quality.

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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, the 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 Youth Treatment and Rehabilitation.

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's 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 Technology Services. In addition, the Office of Legislative Services and the Office of Equal Opportunity report directly to the Deputy Director of Operations and Employment and Economic Assistance. 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 Technology Services (DBTS) provides office and general business services to the Department, such as accounting, finance, budget, policy, planning and project control, collection, procurement, facilities management, printing and mail management, and automation and telecommunication support, including system design and programming, data base management and technical support.

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Economic Outlook

The following economic information has been obtained from the Department's [Research Administration](#).

Despite some recent doubts about the economic future, the economy is being driven, in part, by such fundamentals as continued low interest rates, sustained high employment levels with unemployment rates at near 30-year lows, fairly strong productivity gains and relatively little inflation, and evidence suggests that the fundamentals at the national level are inherent in the Grand Canyon State's economy. In terms of job growth, Arizona's economy has a reasonable level of momentum ahead, and it is expected to continue expanding with a projected 180,000 additional jobs over the next two years. Arizona's economy is anticipated to continue growing through the rest of 1998 at a rate of 4.8 percent, while modestly slowing to a 4.1 percent pace in 1999.

The Phoenix-Mesa Metropolitan Area (MA) is projected to show a slightly lower rate of growth (5.2 percent) than the 5.5 percent experienced in 1997, softening to 4.7 percent in 1999. Meanwhile, the Tucson MA is forecast to show an increase of 3 percent for each of the next two years. The combined rural counties portion of the state is projected to grow at 4.5 percent in 1998 and 2.9 percent in 1999.

Arizona's construction industry continues to sustain vitality. While construction projects can be found

throughout the state, the Phoenix-metro region continues to capture national attention. Mid-year 1998 permit activity in both single and multi-family dwellings is in the 20 percent range over 1997 figures. Nearly 12,000 jobs will be added over the 1998-99 period. Growth rates are expected to average in the mid-4 percent range for both the state and the Phoenix-metro region.

Mining is the only industry to have projected losses over the forecast horizon. Annual job losses are projected at 4.9 percent for 1998 and 3 percent for 1999. Although layoffs announced by the industry earlier this year have not been as severe as initially anticipated, projected losses may continue to hinge on issues surrounding foreign supplies and levels of demand.

Although Arizona's manufacturing industry is already experiencing pressures related to the Asian financial crisis, the broad industry is exuding enough strength to mitigate some of the job losses among companies of other industries. Arizona's manufacturing industries are projected to grow at a pace of slightly more than 4 percent in 1998, slowing to 2.5 percent in 1999. Overall, this translates into an increase of nearly 14,000 more jobs for the two-year period.

Arizona's services industry continues to grow, fueled by the increasing demand for business consultants, programmers (especially for year 2000 conversion) and software development. Along with these new kinds of jobs, the traditional jobs related to Arizona's recreation and amusement, hotels and resorts, health, and other services industries continue to experience growth. The services industry is projected to expand by 6.2 percent in 1998 and 5.5 percent in 1999, with more than 72,000 new jobs expected over the forecast period.

Reflecting the high confidence and strong influence consumers have within a growing economy, Arizona's trade industry has shown considerable growth. Although the number of shopping centers and storefronts are especially noticeable in the Phoenix-metro area, wholesale trade has shown even more vitality than the retail sectors in recent years. Trade is forecast to show job growth of 4.6 percent in 1998 and 1999, adding more than 45,000 new jobs over the two-year period.

Arizona's transportation, communications and public utilities industry is undergoing a process of deregulation. While transportation sectors reflect the heavy pressure of growth that would be expected of a fast-growing and dynamic region, communications are struggling to replace collapsing old technologies and adopt methods to generate new ones, in addition to facing intense competition. Growth rates over the 1998-99 period are projected to average about 4 percent, with the addition of nearly 8,000 jobs.

Despite all the growth expected in other industries, the projections for government show little, if any, change through the forecast horizon. In 1998 and 1999, growth rates will be constrained to the 2-3 percent range, adding about 16,000 jobs over the two-year period.

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Major Initiatives

During State Fiscal Year (SFY) 1997-98, the Department continued, commenced and planned a number of projects aimed at streamlining processes and improving customer service. The most significant projects are outlined below.

- [Family Builders](#)

In January 1997, legislation was passed establishing a two-and-a-half-year pilot program called Family Builders to begin January 1, 1998. As an alternative response system to Child Protective Services reports, the legislation allows the Department to change the way families that are reported for abuse and neglect are served by referring selected potential low-risk child abuse reports to a network of community-based contract providers. These providers will conduct family assessments, perform case management and provide services to families who choose to participate in the program. The goal of the program is to enhance parents' ability to create safe, stable and nurturing home environments that promote the safety of all family members and healthy child development.

- **Healthy Families Arizona Program**

The Healthy Families Arizona Program is a community-based, multi-disciplinary program serving families of newborns and is designed to reduce stress, enhance parent-child interaction, promote child health and development, and minimize the incidence of abuse and neglect within a multi-cultural environment. This voluntary home visitation program provides a Family Support Specialist (FSS) who assists the family in obtaining services and provides emotional support, informal counseling, role modeling, effective life coping skills, bonding and education on developmental assessments so that any learning disabilities, physical handicaps or behavioral health needs are identified early. The FSS provides education on the importance of preventive health care, assistance and encouragement to assess comprehensive private and public preschool and other school readiness programs, assistance in applying for private and public financial assistance, including employment services, and parent-child interaction. The FSS works closely with the child's pediatrician in monitoring the child's health. Families may be visited anywhere from weekly to quarterly according to the family's level of need. Program services are available until the child reaches five years of age.

- **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 integrates Child Protective Services report data, investigations, case management, and payment processing into one system. The first phase of the project, the acquisition of equipment and basic office automation training, was completed in December 1995. The Intake and Case Management components were implemented statewide from July through December 1997. CHILDS became fully operational in February 1998 upon implementation of the payment processing module. CHILDS is expected to improve access to timely and accurate case data, ensure that policy is applied consistently on a statewide basis and reduce errors in case data entry, eligibility determinations and payment processing.

- **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. 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.

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/JTPA Administration, Child Care Administration (CCA) and Employment Security Administration (ESA). EMPOWER Redesign 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. The recent passage of legislation strengthened the State's child care program by providing a guarantee of child care assistance to families working to get off welfare and to employed families that have recently left welfare. This guarantee is a significant component of EMPOWER Redesign, as it ensures that eligible TANF and former TANF families who need child care for work participation activities will receive assistance promptly and will not have to be placed on a waiting list. Rollout of the EMPOWER Redesign Offices is projected to be completed by June 10, 1999.

- **Welfare to Work**

The balanced budget act of 1997 authorizes the United States Department of Labor to provide Welfare to Work grants to public and private entities in states and local communities. Arizona received a total of \$4.5 million in federal and State matching funds to implement this program during State fiscal year 1999. The program provides transitional employment assistance to TANF recipients and noncustodial parents with significant employment barriers. The goal of this program is to place these hard-to-employ individuals into unsubsidized jobs offering long-term employment opportunities.

- **Wheels to Work**

House Bill 2620 appropriates \$2 million to establish the Wheels to Work program. Wheels to Work will provide low-cost vehicles to welfare and transitional recipients for essential transportation needs. The program matches donated vehicles with TANF cash assistance participants who have a verifiable job but lack transportation. The goal of the program is to assist TANF cash assistance participants to move from welfare dependency into the workforce. The Department will contract with a private entity to establish the program. Wheels to Work will be established in two locations in Maricopa County, one location in Pima County and one location each in three other counties for a total of six sites. The contracted entity will accept drivable donated vehicles and will be responsible for all necessary repairs to the vehicles and for ensuring emissions compliance.

- **Electronic Benefits Transfer (EBT)**

The EBT project is a key initiative of the Department. EBT changes the method used to issue food stamps and TANF cash assistance benefits from a paper-based, mail-delivered system of issuance to one in which both food stamps and TANF cash assistance are provided via a plastic debit card. The EBT project is being accomplished with the assistance of a contractor, Citibank Services, Inc. The pilot test of the system was initiated in Pima County in July 1998. The target date for complete statewide coverage is August 1999.

- **Business Initiative Partnerships**

The Business Initiative Partnerships is a public-private partnership primarily developed as one method to respond to the expected increased need for child care for the Welfare to Work initiative. The partnership's mission is to formalize recruitment, orientation, training and job placement of Department recipients who have an interest in the 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 quality child care, the Department has initiated five projects as part of the Business Initiative Partnerships.

- Arizona Early Childhood Business Initiative Partnership—to provide two weeks of training in Early Childhood Education for Department clients and the public;
- Child Care Supply Expansion Project—to plan and develop new child care spaces throughout Arizona;
- Home Recruitment Study and Supervision Contracts—to assist in meeting the increasing demand for child care in rural and low-income urban areas;
- Statewide Early Child Care and Education Career Development System—to form a statewide plan for a child care and education career development system for early childhood caregivers and educators;
- Improving the Quality and Supply of Infant/Toddler Care—for initiatives to improve the quality of infant/toddler care.

- **One-Stop Career Centers**

One-Stop Career Centers are a United States Department of Labor initiative to unify the “patchwork” of categorical programs into a single workforce development system. Over the past three years, \$7,800,000 has been awarded to the Department to implement the One-Stop Career Center System (OSCCS) statewide. The OSCCS provides access for customers statewide to basic, high quality employment and education services. As of September 1998, Arizona has seventeen operational centers and all counties within the state now have One-Stop access.

One-Stop Career Centers are access points (including electronic access, satellite offices and 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.

- **Adult Protective Services Centralized Intake**

In fiscal year 1998, legislation was passed to provide Adult Protective Services with funding to develop and implement a centralized intake system. The centralized intake will provide the community and identified professionals the opportunity to report incidents of abuse, neglect or exploitation of vulnerable or incapacitated adults on a 24-hour basis. Adult Protective Services will network with existing emergency systems, such as law enforcement, emergency rooms and paramedics in providing 24-hour intake.

- **Arizona Partners Mentoring Program**

The Arizona Partners Mentoring Program is a working partnership between the Department and the community. Community mentors will volunteer to assist JOBS participants as friends, role models and tutors to overcome barriers to their economic independence. The pilot program is scheduled to be conducted in Maricopa County between October 1, 1998 and March 31, 1999. The mentor/protege match tracking and evaluation of the pilot will be handled by contract staff in the Maricopa County

Volunteer Center.

- **State Case Registry**

The Division of Child Support Enforcement is working with the Clerks of Superior Courts, the judiciary and the Child Support Coordinating Council to implement automation and procedures for a State Case Registry. Effective October 1, 1998, each state must have an automated registry which contains records with respect to each participant:

- for whom services are being provided by the state agency under the state plan (IV-D cases); and
- who has a support order established or modified in the state on or after October 1, 1998 (including non IV-D cases)

Beginning October 1, 1998, each state will furnish a daily abstract of its State Case Registry information to the Federal Office of Child Support Enforcement for inclusion in the Federal Case Registry.

- **Proactive Error Reduction Contact (PERC)**

The PERC initiative was implemented to reduce client-caused errors due to failure to report changes in their circumstances. 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/or income. Since its inception, over 261,500 client contacts have been made.

- **Quality Champions**

The Quality Champions are a group of highly motivated employees who have been trained to promote and deploy quality principles in and across the Department. They conduct training sessions, facilitate and lead teams or projects, assist their supervisors and co-workers to make process improvements and solve problems. They share and promote best practices and assist their co-workers in understanding the Department's strategic plan. They are role models leading by example.

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**

Ensuring Year 2000 compliance of the agency's mission-critical automation systems continues to be the Department's most important information technology project. As of June 30, 1998, the Department met its projected goal of having completed 69 percent of its Year 2000 Workplan activities. The Year 2000 Workplan tracks all of the Department's information technology Year 2000 components. Year 2000 modifications have been completed on thirty-one of the Department's applications systems. All noncompliant computer hardware has been identified and replaced or is scheduled for replacement. A dedicated test environment has been established for all system applications and electronic data exchanges.

- **Welfare Reform ReDESIGN Project**

Reengineering DES through an Integrated Government Network (ReDESIGN) is an automation project which will significantly enhance the business operations of the FAA, the CCA and the JOBS/JTPA Administration. The “rule based” automated system to be developed will increase accuracy in eligibility determination processes and maximize staff productivity. The implementation phase of 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. These administrative savings will be used as the basis for vendor payments. First-year funding for the project was approved by the participating federal agencies, with Phase I of the project commencing in October 1998.

- **Fingerprint Imaging Project**

Legislation was enacted in 1997 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, General Assistance and/or Food Stamps 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.

A vendor was selected by means of the request for proposals process, and a project team was formed to establish and implement all internal requirements to include rules, policy, procedures, public information, training and evaluation. A pilot phase was implemented in District IV in January 1998, and statewide implementation occurred in June 1998.

Awards

- **Pioneer Award for Quality**

The 1998 Pioneer Award for Quality was awarded to the Department of Economic Security. The award publicly acknowledges the Department’s quality initiatives and results achieved. The Department is only the second State agency to receive this award since the program’s inception. Fashioned after the Malcolm Baldrige National Quality Award, this program was established in 1993 with the introduction of the Pioneer Award for Quality, which recognizes Arizona organizations that excel in continuous improvement and performance excellence.

A team of examiners extensively trained in the criteria scores award applications. Organizations with sufficiently high scores receive a site visit to validate the award application information. The site visit report, along with the initial application, is forwarded to a panel of judges comprised of highly regarded professionals who make the final award recommendations.

- **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.

The Department received six team awards in the Governor’s Award category and four team awards in the Recognition Award category:

Governor's Award

- ENABLE Project Development and Implementation Team – DBF
- Payment Disbursement Quickly Team – DBF
- Tribal Work Group Team – All Divisions
- DES Advisory Council on Hunger Team – DACS
- Older Workers' Program – DACS
- Child Support Administrative Income Withholding Order Implementation Team – DCSE

Recognition Award

- Rapid Re-Order Team – DBF
- DES ADA Coordinating Committee – All Divisions
- ARISE Team – Director's Office–Correspondence
- IL Facts (Independent Living Financial and Client Tracking System) – DERS

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Key Performance Results 1998

The Department of Economic Security reports monthly to the Arizona Department of Administration on Key Performance Results (KPR). The KPRs focus on critical issues that are important to the agency. The KPRs are shared with the Governor's Office to demonstrate agency progress and success in providing quality services to state residents.

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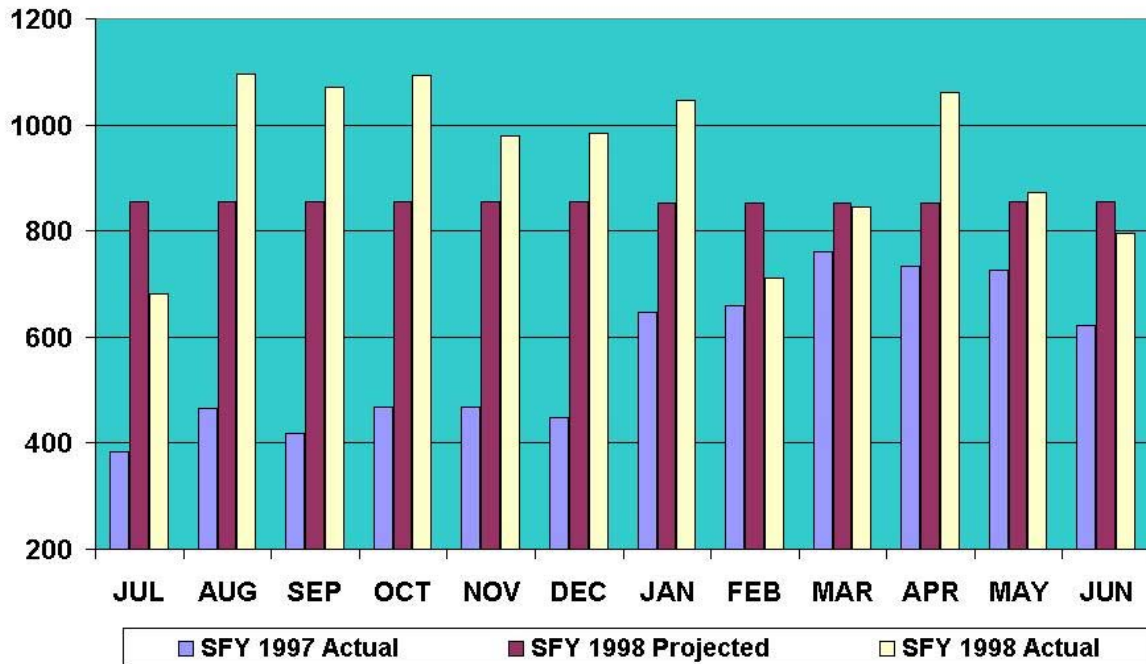
DEPARTMENT OF ECONOMIC SECURITY Monthly Key Performance Results

By June 30, 1998, the DES will increase placements of TANF clients in employment to 10,252.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1997 Actual	384	465	418	469	467	447	646	658	762	733	727	621
SFY 1998 Projected	855	855	855	855	855	855	853	853	853	853	855	855
SFY 1998 Actual	682	1,097	1,072	1,094	980	985	1,047	711	845	1,060	872	796

Placement numbers are not available until the 45th day following the close of the month.

JOBS Individuals Placed in Employment



DEPARTMENT OF ECONOMIC SECURITY Monthly Key Performance Results

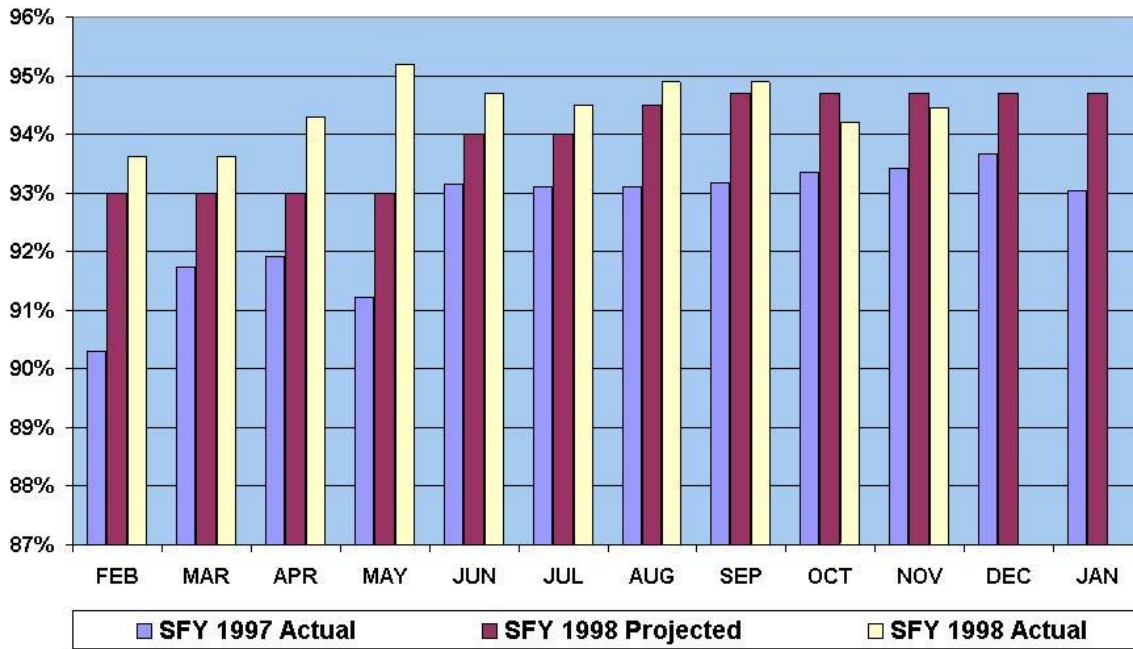
By September 30, 1998, the DES will improve the Food Stamp Program accuracy rate to 94.70%

	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN
FFY 1997 Actual	90.29%	91.73%	91.91%	91.22%	93.14%	93.11%	93.10%	93.17%	93.35%	93.43%	93.67%	93.03%
FFY 1998 Projected	93.00%	93.00%	93.00%	93.00%	94.00%	94.00%	94.50%	94.70%	94.70%	94.70%	94.70%	94.70%
FFY 1998 Actual	93.63%	93.63%	94.30%	95.20%	94.70%	94.50%	94.90%	94.90%	94.20%	94.46%		

Federal reporting requirements necessitate structuring this measure according to the **FEDERAL** fiscal year.

December and January information is not available at this time.

FOOD STAMPS Accuracy Rate



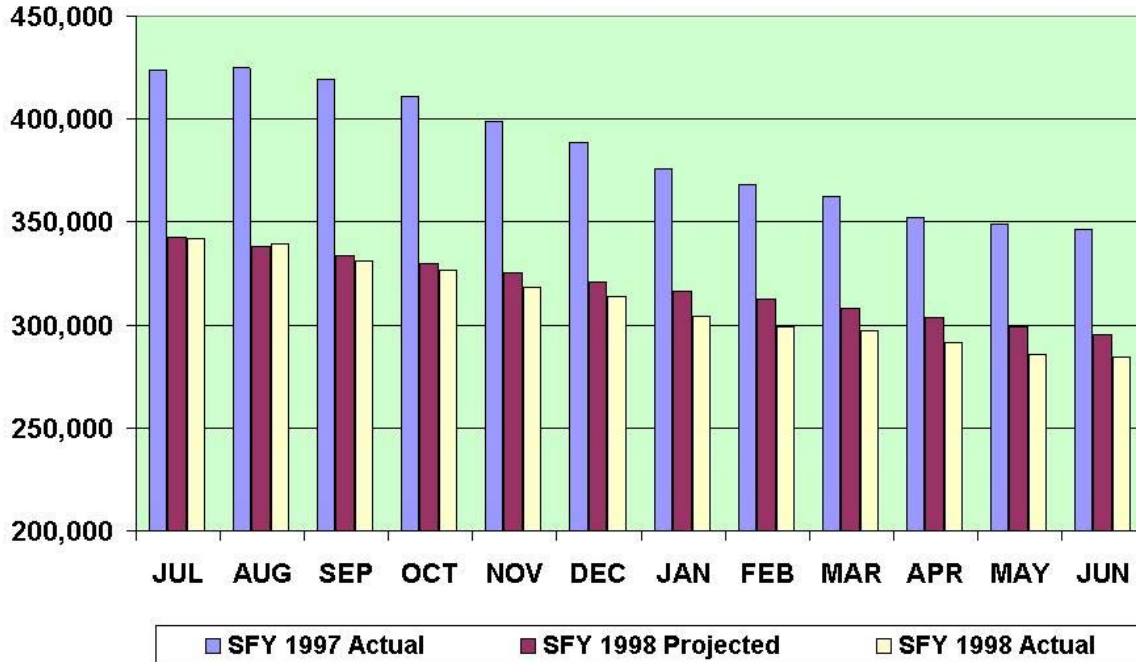
DEPARTMENT OF ECONOMIC SECURITY Monthly Key Performance Results

By June 30, 1998, the DES will serve an average of 295,000 food stamp recipients per month.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1997 Actual	423,952	424,934	419,365	410,696	398,559	388,337	376,133	368,300	362,376	352,469	348,879	346,727
SFY 1998 Projected	342,417	338,107	333,797	329,487	325,177	320,866	316,555	312,244	307,933	303,622	299,311	295,000
SFY 1998 Actual	341,960	339,498	331,156	326,447	318,601	313,777	304,303	299,252	297,103	291,620	285,483	284,506

Number of Food Stamp recipients is unavailable until 45 days following the close of the month.

FOOD STAMPS Number of Recipients

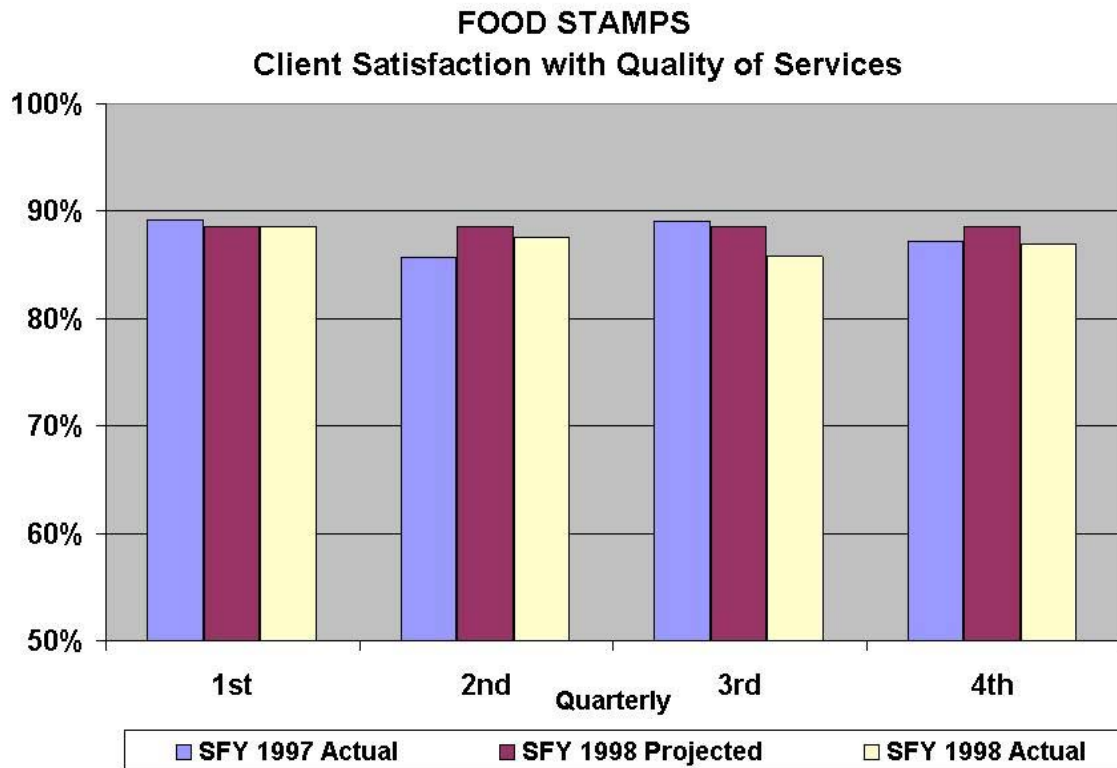


DEPARTMENT OF ECONOMIC SECURITY Monthly Key Performance Results

By June 30, 1998, the DES will increase customer satisfaction with the quality of services received in the Food Stamp Program to 88.50%.

	1st	2nd	3rd	4th
SFY 1997 Actual	89.20%	85.70%	89.00%	87.20%
SFY 1998 Projected	88.50%	99.50%	88.50%	88.50%
SFY 1998 Actual	88.60%	87.60%	85.80%	87.00%

Client satisfaction data are collected on a quarterly basis only.



DEPARTMENT OF ECONOMIC SECURITY

Monthly Key Performance Results

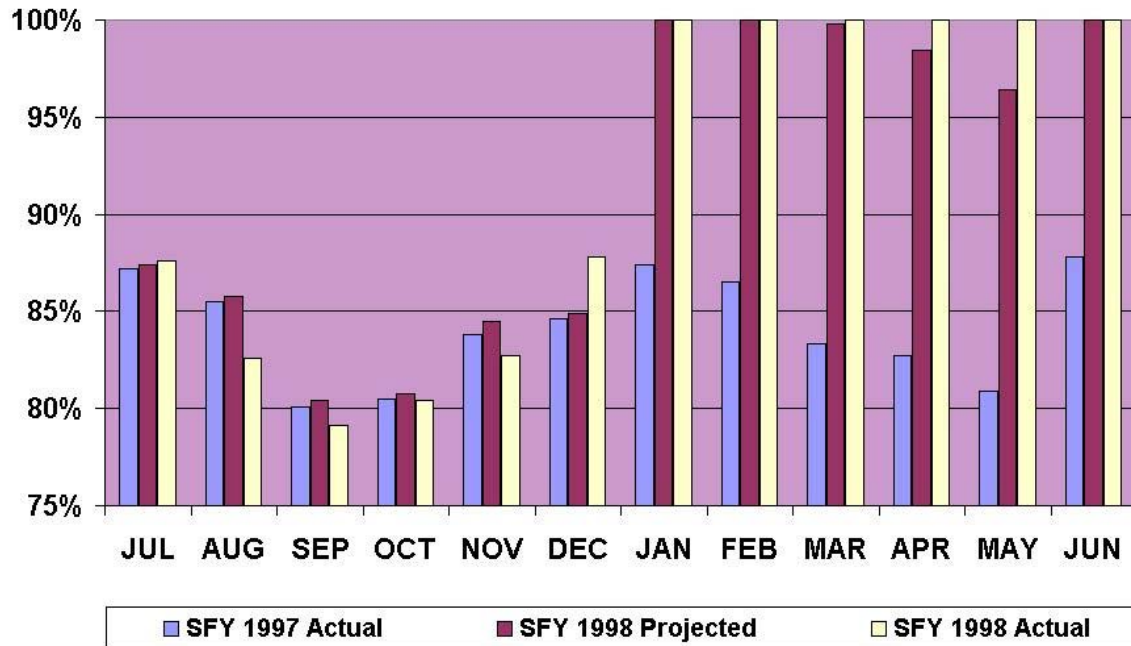
By June 30, 1998, the DES will increase the Child Protective Services & Family Builders combined response rate to 92%.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1997 Actual	87.20%	85.50%	80.10%	80.50%	83.80%	84.60%	87.40%	86.50%	83.30%	82.70%	80.90%	87.80%
SFY 1998 Projected	87.37%	85.79%	80.40%	80.79%	84.46%	84.90%	100.00%	100.00%	99.80%	98.47%	96.43%	100.00%
SFY 1998 Actual	87.62%	82.60%	79.12%	80.44%	82.75%	87.81%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

January 1, 1998 data reflect the onset of the Family Builders program.

Monthly data is available 60 days after the last day of the month. Prior reported months may fluctuate from one reporting period to the next due to the closure of reports that were pending in previous months.

CHILD PROTECTIVE SERVICES Response Rate



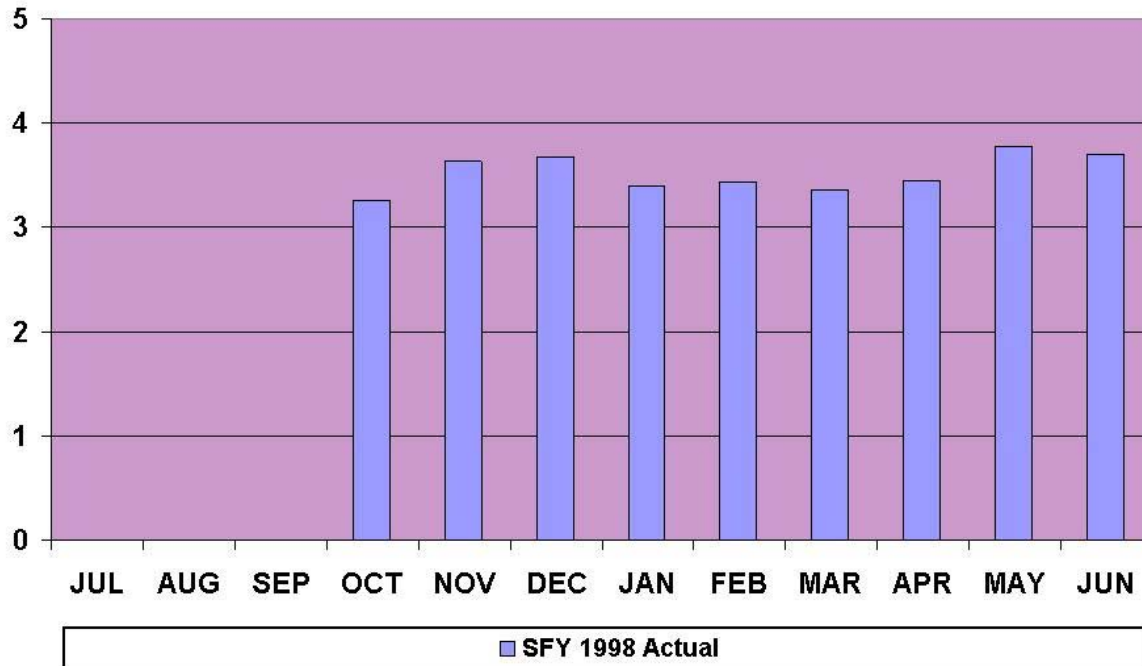
DEPARTMENT OF ECONOMIC SECURITY Monthly Key Performance Results

By June 30, 1998, the DES will establish a baseline of client satisfaction for the Child Protective Services Program.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1997 Actual												
SFY 1998 Projected												
SFY 1998 Actual				3.26	3.64	3.68	3.40	3.43	3.36	3.45	3.78	3.70

Baseline is being established in FY 1998.

CHILD PROTECTIVE SERVICES Client Satisfaction

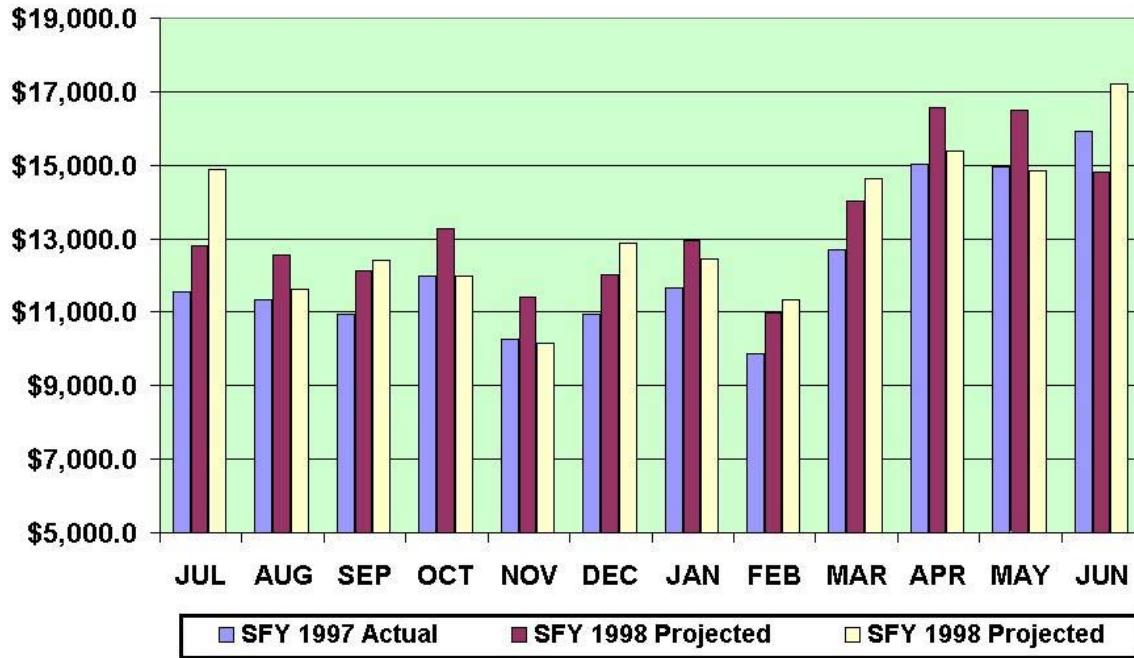


DEPARTMENT OF ECONOMIC SECURITY Monthly Key Performance Results

By June 30, 1998, the DES will increase IV-D collections to \$160,000,000.

<i>(THOUSANDS)</i>	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
SFY 1997 Actual	11,565.9	11,329.4	10,954.8	11,968.0	10,279.8	10,949.0	11,661.5	9,879.9	12,680.5	15,022.8	14,938.4	15,909.7
SFY 1998 Projected	12,797.2	12,537.9	12,130.4	13,279.2	11,413.8	12,024.0	12,939.2	10,984.4	14,016.0	16,555.1	16,509.0	14,813.8
SFY 1998 Actual	14,878.4	11,628.2	12,399.8	11,966.7	10,155.1	12,877.5	12,436.1	11,323.3	14,649.1	15,385.6	14,854.0	17,226.6

CHILD SUPPORT Amount Collected



Statistics

The Department of Economic Security presents statistical tables that are relative to its operations as a human services agency of the State of Arizona.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY Comparison Between Arizona and United States Population For the Calendar Years Ended December 31

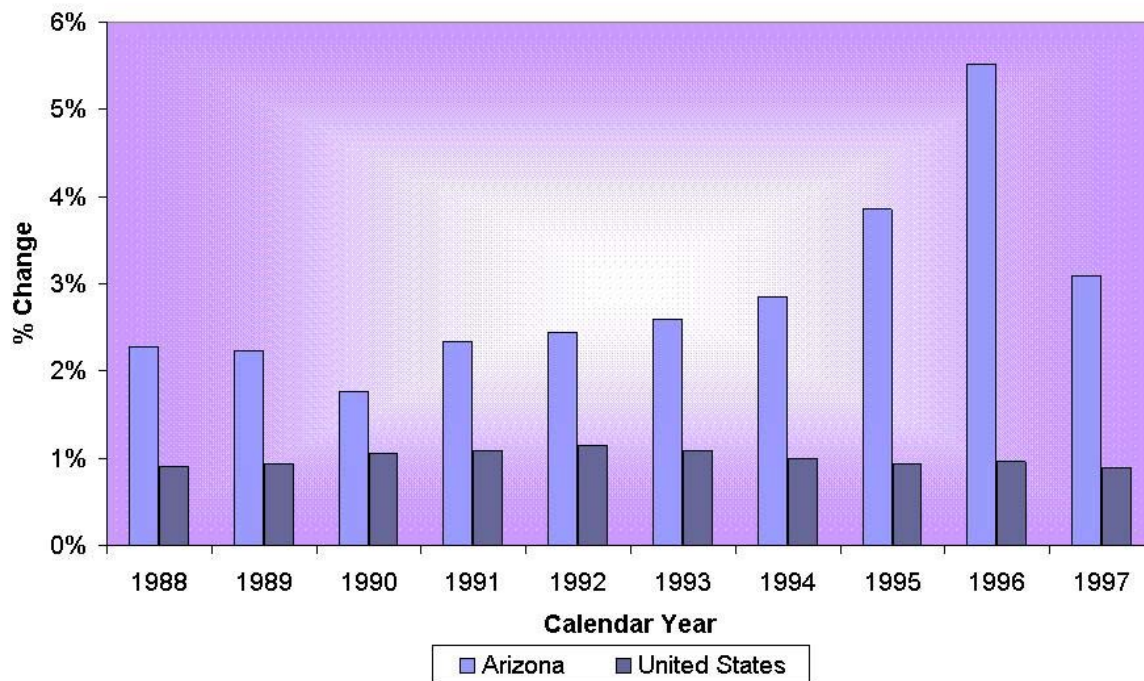
Year	Arizona Population	United States Population	Percentage Change in Arizona Population	Percentage Change in U.S. Population
1988	3,538,400	244,534,300	2.27%	0.91%
1989	3,617,300	246,820,200	2.23%	0.93%
1990	3,680,800	249,402,000	1.76%	1.05%
1991	3,767,000	252,131,000	2.34%	1.09%
1992	3,858,900	255,028,000	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%
1997	4,600,275	267,636,100	3.09%	0.89%

Source: The United States Bureau of Economic Analysis; and the Arizona Department of Economic Security, Research Administration.

Note: The information contained in the sources used for this table is revised on a continuing basis and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented for some years may not match the amounts presented in the Department's Comprehensive Annual Financial Report (CAFR) for the prior years.

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

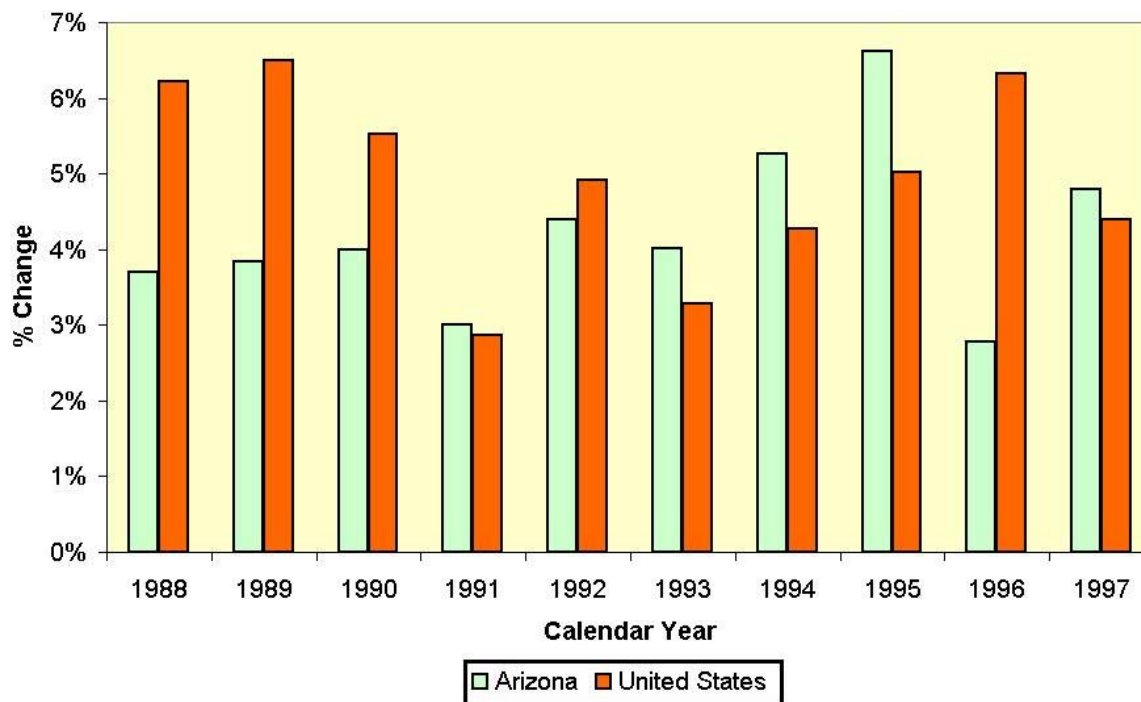
Arizona Per Capita	U.S. Per Capita	Percentage Change in Arizona Per Capita Income	Percentage Change in U.S. Per Capita
--------------------	-----------------	--	--------------------------------------

Year	Income	Income		Income
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%
1997	21,994	25,298	4.79%	4.40%

Source: The United States Bureau of Economic Analysis.

Note: The information contained in the sources used for this table is revised on a continuing basis and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented for some years may not match the amounts presented in the Department's CAFR for the prior years.

Change in Per Capita Income



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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Expenditures by Function and Funding Source
(Governmental and Expendable Trust Funds)

For the Fiscal Years Ended June 30

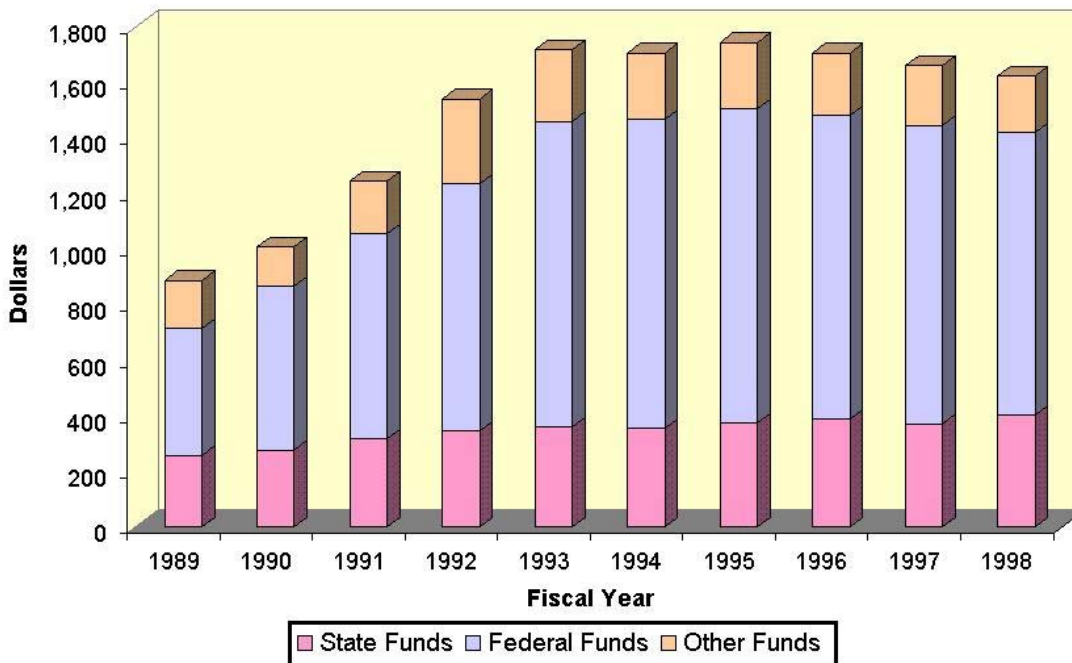
HEALTH AND WELFARE:

Year	State Funds	Federal Funds	Other Funds	Total Funds
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
1998	400,340,700	1,018,548,228	202,518,001	1,621,406,929

Source: The Arizona Department of Economic Security, Office of the Budget, Unaudited, 1989 - 1992; Audited Annual Financial Report, 1993; and Audited Comprehensive Annual Financial Report, 1994, 1995, 1996, 1997 and 1998.

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

Expenditures by Function and Funding Source
(In millions)



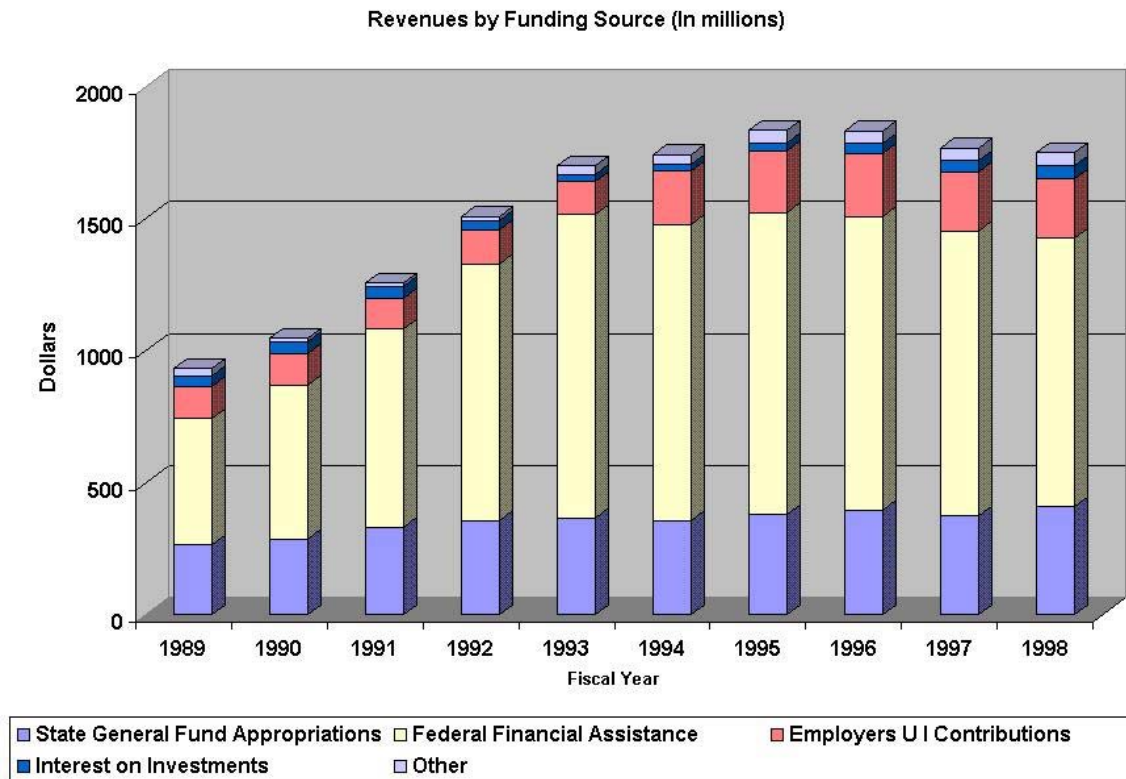
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Revenues by Funding Source
(Governmental and Expendable Trust Funds)
For the Fiscal Years Ended June 30

Year	State General Fund Appropriations	Federal Financial Assistance	Employers UI Contributions	Interest on Investments	Other	Total
1989	\$263,727,128	\$479,365,270	\$123,385,372	\$40,094,947	\$25,812,071	\$932,384,788
1990	288,332,281	582,724,562	120,052,136	43,466,615	13,200,766	1,047,776,360
1991	332,164,261	749,433,305	118,497,757	43,182,744	14,345,396	1,257,623,463
1992	357,457,800	972,447,084	128,042,602	36,066,284	14,136,310	1,508,150,080
1993	367,363,500	1,148,257,103	124,081,164	19,012,139	32,186,623	1,700,900,529
1994	356,801,100	1,121,879,899	201,229,020	26,681,446	37,330,662	1,743,922,127
1995	379,581,100	1,142,831,235	235,800,076	30,346,709	45,731,486	1,834,290,606
1996	397,217,300	1,110,112,146	239,480,340	38,861,761	48,154,973	1,833,826,520
1997	373,669,400	1,078,901,892	225,101,956	43,414,155	47,406,581	1,768,493,984
1998	409,640,900	1,016,499,471	223,517,434	51,591,704	49,900,294	1,751,149,803

Source: The Arizona Department of Economic Security, Office of the Budget, Unaudited, 1989 - 1992; Audited Annual Financial Report, 1993; and Audited Comprehensive Annual Financial Report, 1994, 1995, 1996, 1997 and 1998.

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

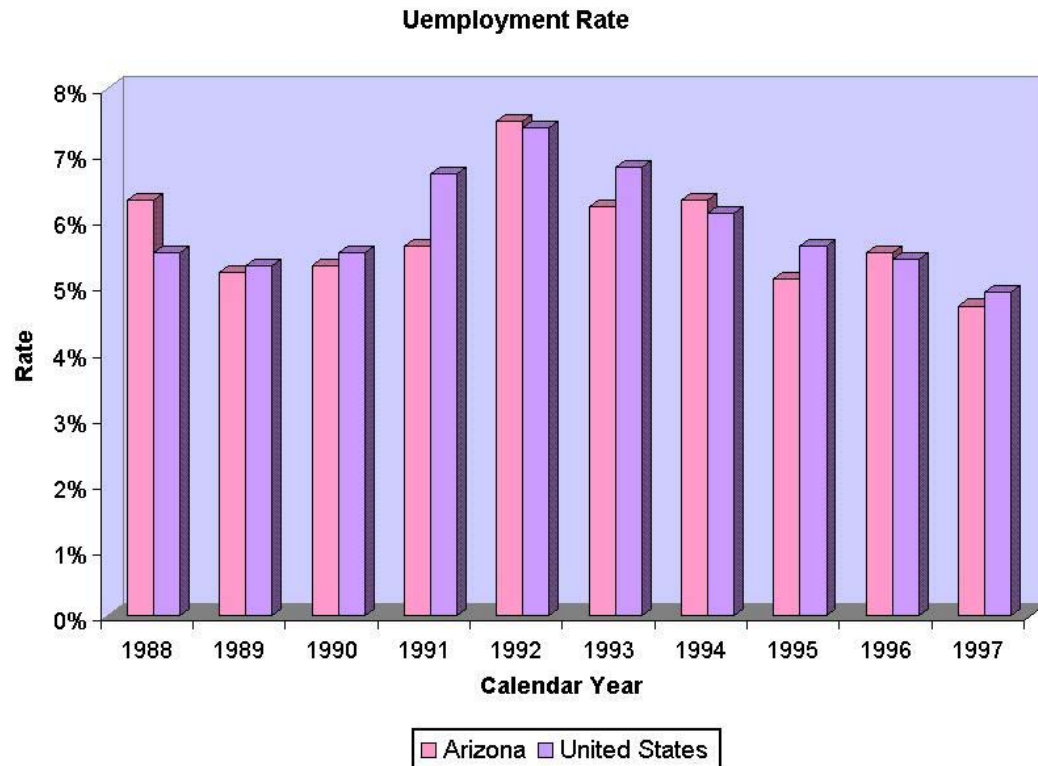


ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Comparison Between Arizona and United States Unemployment
For the Calendar Years Ended December 31

Year	Number of Unemployed - Arizona	Number of Unemployed - U.S.	Unemployment Rate - Arizona	Unemployment Rate - U.S.
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%
1997	110,600	6,739,000	4.70%	4.90%

Source: The Arizona Department of Economic Security, Research Administration, Economic Analysis; the WEFA Group; and the United States Department of Labor, Monthly Labor Review.

Note: The information contained in the sources used for this table is revised on a continuing basis and, accordingly, the amounts in the above table have been revised. Therefore, amounts presented for some years may not match the amounts presented in the Department's CAFR for the prior years.



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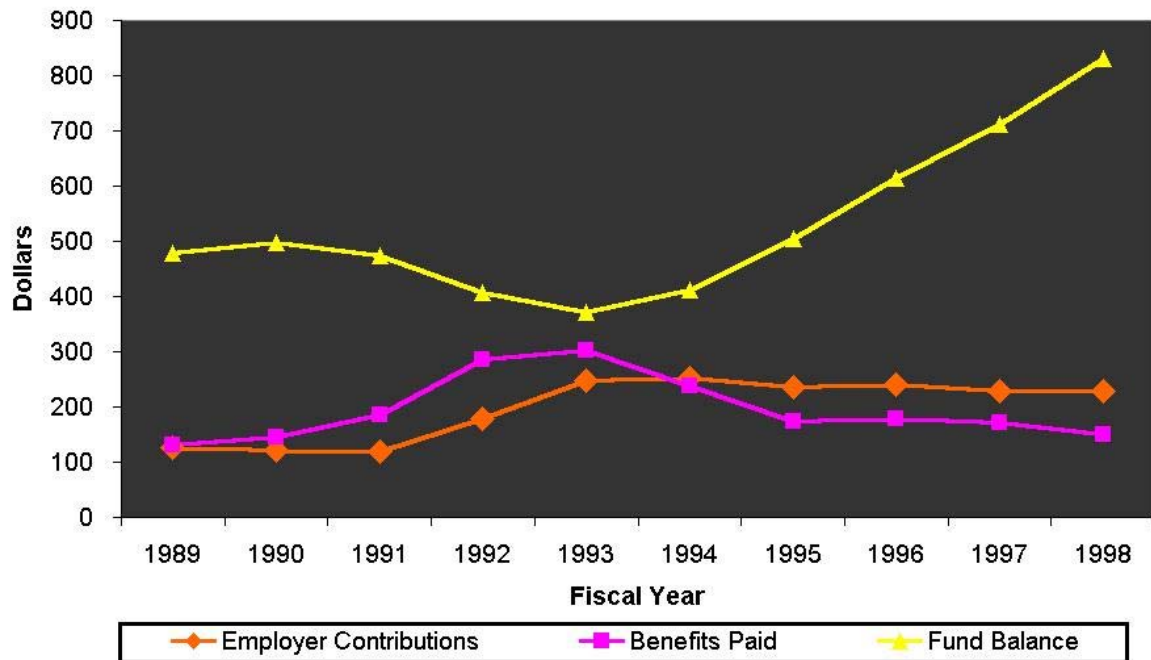
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Unemployment Insurance Financial Transaction Summary
For the Fiscal Years Ended June 30**

Year	Total Employer Contributions	Total Benefits Paid	Trust Fund Balance
1989	126,174,650	131,339,314	478,542,876
1990	121,797,545	144,604,029	498,579,399
1991	118,315,651	186,334,666	473,972,183
1992	178,838,516	284,071,670	406,935,508
1993	247,003,400	302,845,834	372,205,292
1994	253,105,103	239,102,230	412,794,159
1995	236,679,799	173,313,680	504,536,522

1996	240,046,970	177,748,807	613,437,439
1997	227,644,491	172,323,921	711,845,399
1998	228,236,334	151,035,600	831,262,488

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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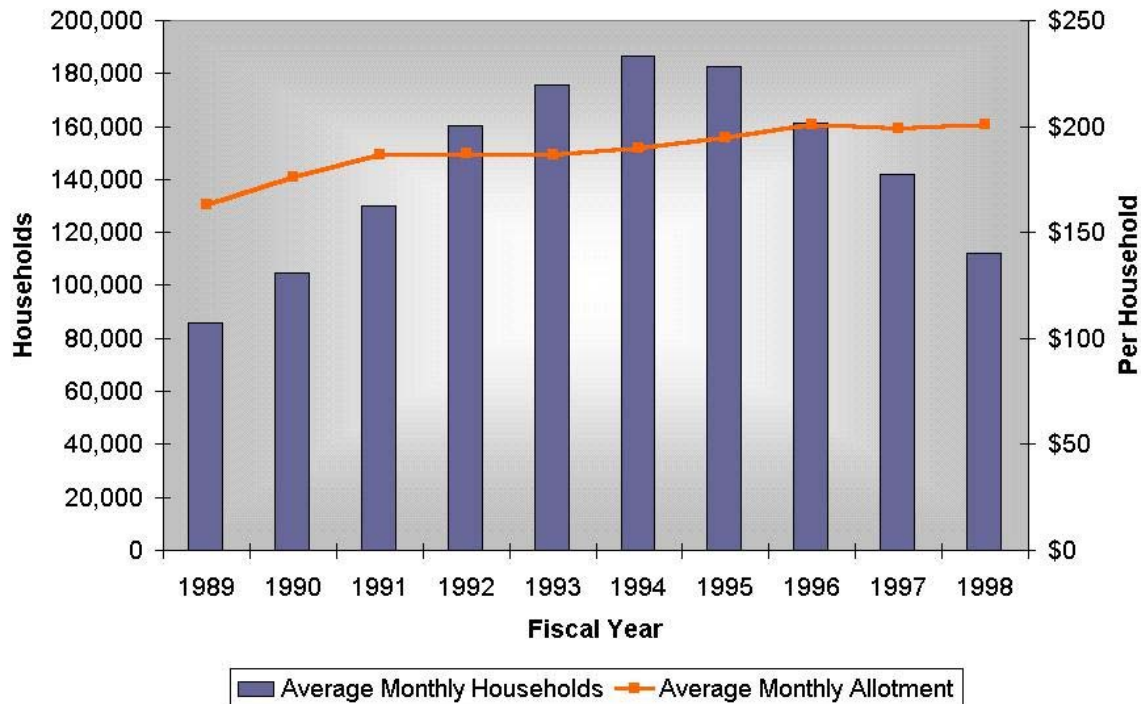
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY
Food Stamps Participants
As of and for the Fiscal Years Ended June 30**

Year	Average Monthly Number of Households	Average Monthly Number of Persons	Average Monthly Allotment Household	Average Monthly Allotment Person	Average Monthly Coupon Issuance
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
1998	112,345	311,142	201.11	72.61	22,593,553

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

Food Stamps Participation



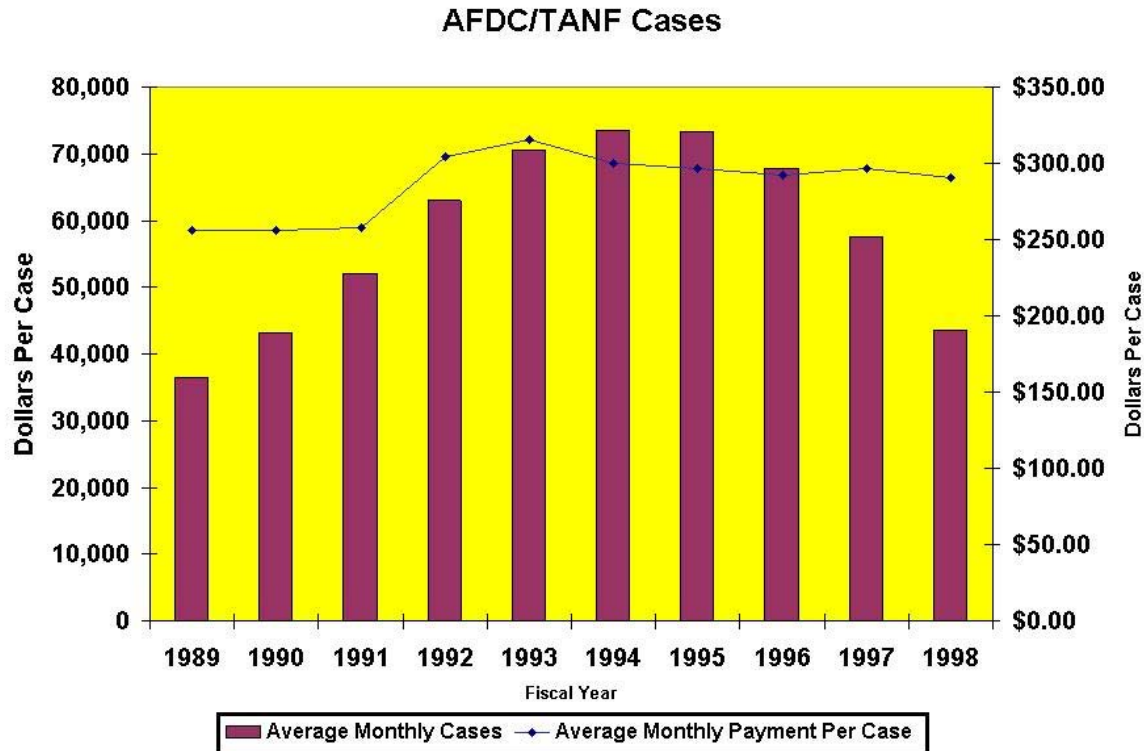
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ARIZONA DEPARTMENT OF ECONOMIC SECURITY Aid to Families with Dependent Children (AFDC)/ Temporary Assistance for Needy Families (TANF) As of and for the Fiscal Years Ended June 30

Year	Average Monthly Number of Cases	Average Monthly Number of Recipients	Average Monthly Payment Per Case	Average Monthly Payment Per Recipient	Average Monthly Payments
1989	36,467	106,382	\$ 256.33	\$ 87.87	\$ 9,347,533
1990	43,075	123,965	255.92	88.93	11,023,778
1991	51,997	148,258	257.96	90.47	13,413,246
1992	63,015	178,900	304.63	107.30	19,196,299
1993	70,452	197,543	315.48	112.51	22,226,198
1994	73,470	205,203	300.32	107.52	22,064,301

1995	73,277	201,019	296.57	108.11	21,731,910
1996	67,784	183,274	292.15	108.05	19,803,335
1997	57,526	155,037	296.30	109.94	17,045,065
1998	43,601	119,011	290.35	106.37	12,659,966

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



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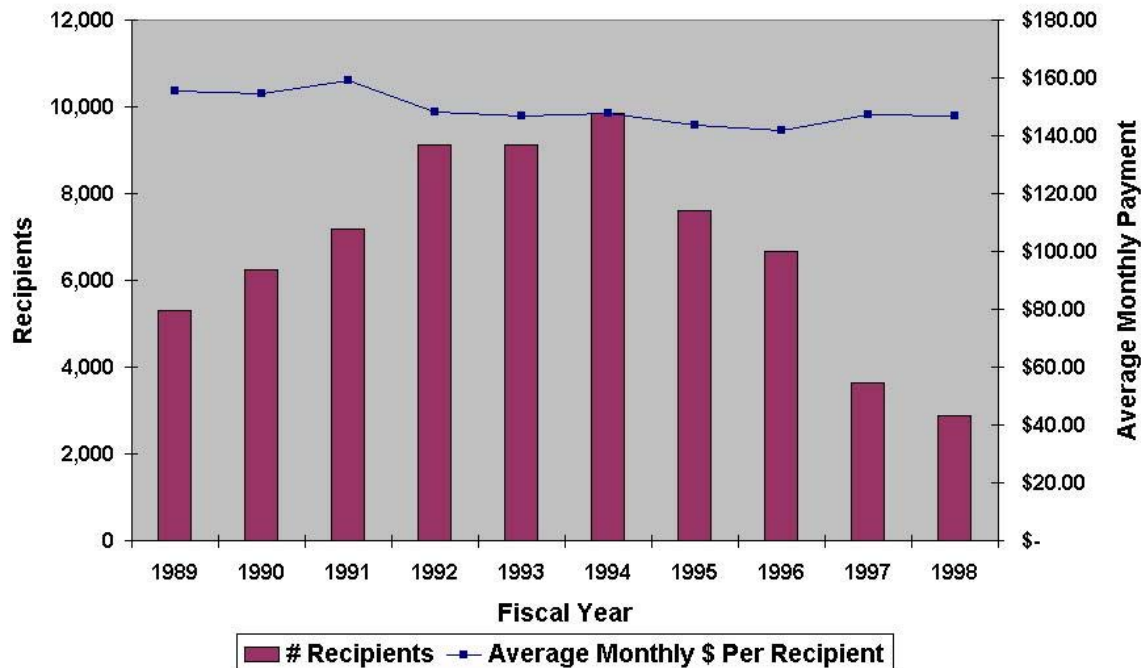
ARIZONA DEPARTMENT OF ECONOMIC SECURITY
General Assistance
As of and for the Fiscal Years Ended June 30

Year	Average Monthly Number of Recipients	Average Monthly Payment Per Recipient	Average Monthly Payments
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
1998	2,883	146.87	423,430

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

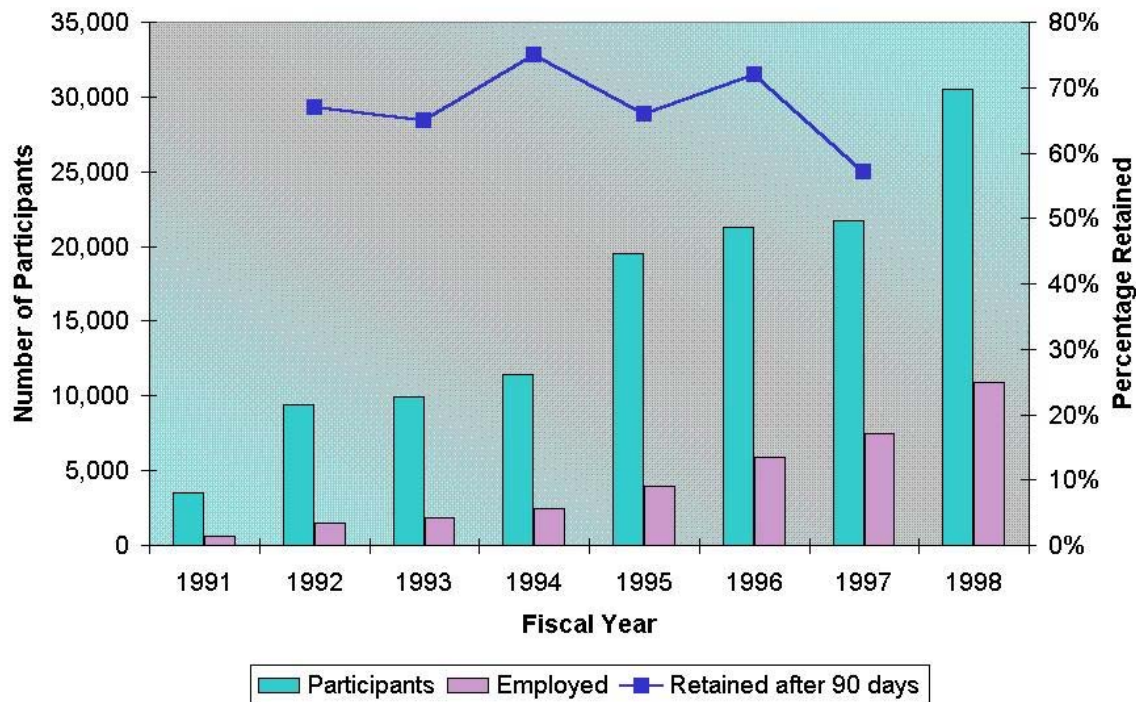
Year	Number of Participants	Total Employed	Percentage Retained After 90 Days
1991	3,507	606	N/A
1992	9,390	1,489	67%
1993	9,905	1,880	65%
1994	11,446	2,445	75%
1995	19,544	3,984	66%

1996	21,263	5,905	72%
1997	21,734	7,433	57%
1998	30,520	10,930	N/A

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. In fiscal years 1991 and 1998, percentage retained after 90 days was not tracked as a performance measure.

JOBS Participants Employed to the Percentage Retained



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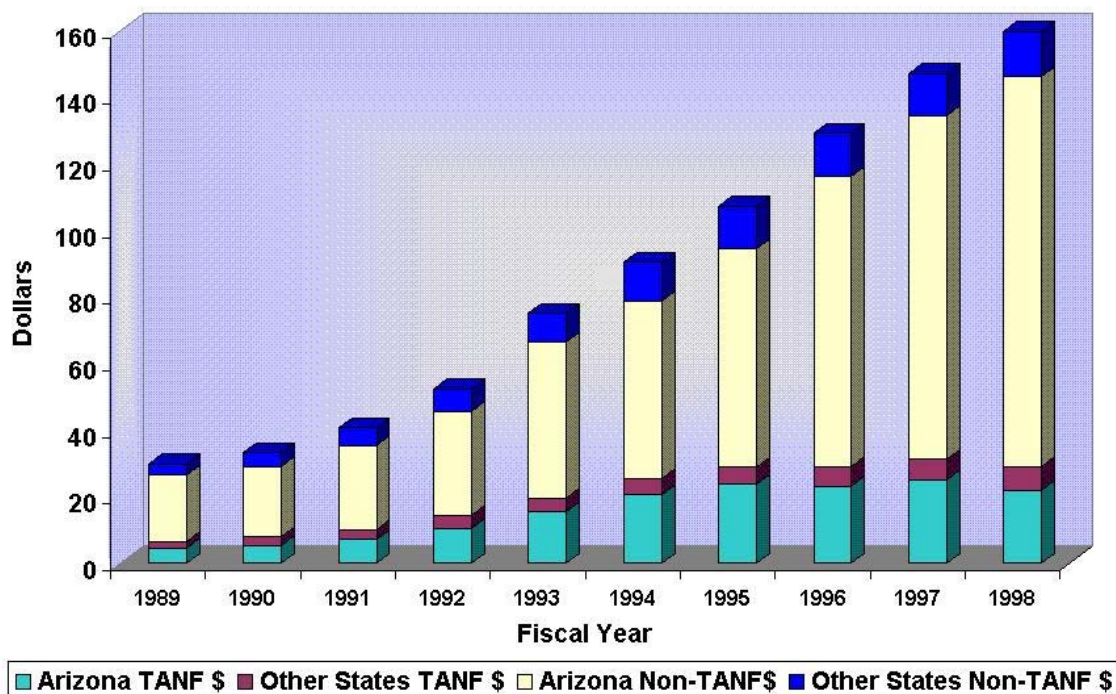
ARIZONA DEPARTMENT OF ECONOMIC SECURITY Child Support Enforcement Collections For the Fiscal Years Ended June 30

Year	TANF Collected for Arizona	TANF Collected for Other States	Non-TANF Collected for Arizona	Non-TANF Collected for Other States	Total Collections
1998	\$ 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
1998	21,895,100	7,164,900	117,104,400	13,532,600	159,697,000

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

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	10
Supervisor Core	7	21	2
Parent Aides Core	2	6	1
Workshops	12	1-2	27
Conferences	1	2	1

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 1993-1998**

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.

Appendix B: Housing Assistance Program
THE HOUSING ASSISTANCE PROGRAM REPORT
STATE FISCAL YEAR (SFY) 1998

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 an open Child Protective Services case. This report reflects the program's usage from July 1997, through June 1998 (SFY 98).

The law intends for this program to be used to achieve permanency for children who are in out-of-home care when lack of adequate housing is a significant barrier to family reunification. This presupposes that family risk issues have been resolved and that it is only lack of adequate housing that prevents a child from being reunited with his family. The law provides that a family may qualify for this 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 a significant barrier to family reunification;

4. Lack of adequate housing is documented in the child's case plan;
5. The caretaker cannot afford adequate housing without this assistance;
6. The caretaker has a plan for maintaining the housing after the assistance period has ended;
7. The case remains open throughout the duration of the assistance period.

Benefits from this program are allocated on a case-by-case basis, but cannot exceed \$300 per month for a maximum period of 6 months. These benefits are restricted in use to only rent, utilities, deposits, and arrears and are made in the form of vendor payments.

During SFY 98, \$106,383 was expended from state funds for utilization in ACYF's housing assistance program. During this year, the housing assistance program enabled 211 children from 101 families to be reunited. If these children had remained in out-of-home care throughout the duration in which housing assistance was provided, an estimated additional \$221,128 would have been expended by the ACYF in maintenance costs for the out-of-home placements.

Inadequate housing continues to be an issue in Child Protective Services cases. When the department takes custody of the children homelessness is often a result for the parents. The housing Assistance Program has therefore been very important to the department because:

- It is less costly than foster care;
- It is reducing the need for a foster home placement;
- It expedites a family's reunification, and;
- It has assisted the department in complying with requirements for federal dollars coming into Arizona.

Arizona's Housing Assistance Program continues to receive national recognition. States often consult with program staff for information and assistance on starting Housing Assistance Programs.

Since its inception in 1989, the program has been a major contributing factor in the reunification of 1,646 children with 770 families. Program expenditures for the period 1989 through 1998 have totaled \$844,067. If not for this program, the department would have incurred estimated expenditures of at least an additional \$1,734,490 to provide out-of-home care for these children.

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