

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

RANDALL GNANT
CHAIRMAN 2000
GUS ARZBERGER
RUSSELL W. "RUSTY" BOWERS
SCOTT BUNDGAARD
EDWARD J. CIRILLO
JACK C. JACKSON
JOE EDDIE LOPEZ
JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

BOB BURNS
CHAIRMAN 1999
BARBARA BLEWSTER
LORI S. DANIELS
SALLY ANN GONZALES
BILL MCGIBBON
JEAN HOUGH MCGRATH
BOB MCLENDON
CHRISTINE WEASON

- R E V I S E D - MEETING NOTICE

DATE: Monday, February 7, 2000 (**Rescheduled from January 31, 2000**)

TIME: 8:00 a.m.

PLACE: SENATE APPROPRIATIONS ROOM 109

TENTATIVE AGENDA

- Call to Order
- [Approval of Minutes of December 14, 1999.](#)
- EXECUTIVE SESSION - Department of Administration, Risk Management Services - Consideration of Proposed Settlements under Rule 14.
- DIRECTOR'S REPORT (if necessary).
- 1. [ARIZONA LOTTERY COMMISSION - Approval of Retailer Incentive Plan.](#)
- 2. [SCHOOL FACILITIES BOARD - Approve Index for Constructing New School Facilities.](#)
- 3. [DEPARTMENT OF CORRECTIONS - Review Private Prison Contract.](#)
- 4. [DEPARTMENT OF ECONOMIC SECURITY/ARIZONA DEPARTMENT OF ADMINISTRATION - Approval of Workers' Compensation Coverage for Arizona Works.](#)
- 5. DEPARTMENT OF ECONOMIC SECURITY
 - A. [Review of Federal Social Services Block Grant FY 2000 Expenditure Plan.](#)
 - B. [Review of Plan to Provide Matching Monies to Salt River Pima-Maricopa Tribe to Operate a Tribal Cash Assistance Program.](#)
 - C. [Arizona Works Bimonthly Review](#)

The Chairman reserves the right to set the order of the agenda.

02/02/00

People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 542-5491.

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

RANDALL GNANT
CHAIRMAN 2000
GUS ARZBERGER
RUSSELL W. "RUSTY" BOWERS
SCOTT BUNDGAARD
EDWARD J. CIRILLO
JACK C. JACKSON
JOE EDDIE LOPEZ
JOHN WETTAW

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

HOUSE OF
REPRESENTATIVES

BOB BURNS
CHAIRMAN 1999
BARBARA BLEWSTER
LORI S. DANIELS
SALLY ANN GONZALES
BILL MCGIBBON
JEAN HOUGH MCGRATH
BOB MCLENDON
CHRISTINE WEASON

MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

December 14, 1999

The Chairman called the meeting to order at 9:30 a.m., Tuesday, December 14, 1999, in Senate Appropriations Room 109. Representative McLendon requested the Committee recess until the Democratic Caucus had adjourned. The meeting reconvened at 9:43 a.m. The following were present:

Members:	Representative Bob Burns, Chairman	Senator Randall Gnant, Vice-Chairman
	Representative Blewster	Senator Arzberger
	Representative Daniels	Senator Bundgaard
	Representative Gonzales	Senator Cirillo
	Representative McGibbon	Senator Jackson
	Representative McGrath	Senator Lopez
	Representative McLendon	Senator Wettaw
	Representative Weason	

Absent:	Senator Bowers
---------	----------------

Staff:	Richard Stavneak, Director	Jennifer Vermeer, Assistant Director
	Sharon Savage, Secretary	Lynne Smith
	Steve Schimpp	Gretchen Logan
	Patrick Fearon	Paul Shannon
	Tom Mikesell	Stefan Shepherd
	Brad Regens	Rebecca Hecksel

Others:	Greg Gemson	House of Representatives
	Eileen Klein	House of Representatives
	Wendy Kim	House of Representatives
	Debbie Johnston	Senate
	Reed Spangler	Senate
	Kristine Ward	OSPB
	Philip E. Geiger	School Facilities Board
	Greg Fahey	University of Arizona
	Dick Roberts	University of Arizona
	Tim Brand	ADOA
	Art Ranney	GITA
	John Kelly	GITA

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of November 17, 1999, Representative Burns stated that the minutes would stand approved.

DIRECTOR'S REPORT

Richard Stavneak, Director, JLBC Staff, mentioned that some of the members had been involved in an issue over a number of years which has finally been resolved, regarding the constitutionality of using the Miners' Fund for the Pioneers' Home. The Arizona Enabling Act, which is a federal piece of legislation, did not allow us to use that money. That legislation has now been amended so that the Miners' Fund can now be used for issues at the Pioneers' Home.

Senator Gnant asked if any members of the Arizona delegation were partially responsible for the amendment.

Mr. Stavneak said that the Congressman Stump and Senator Kyl sponsored the legislation. He added that his office was proceeding with the thank-you letter requested by Senator Gnant.

SCHOOL FACILITIES BOARD – Review of Statewide Assessment Contract

Ms. Lynne Smith, JLBC Staff, said that this was a review of the School Facilities Board's statewide assessment contract. Updated information had been given to members of the Committee. The reason for the update was that the contract did not exist when the JLBC book was sent to the members.

Ms. Smith said that the JLBC Staff is recommending a favorable review; however, they did have several issues that they wished to bring to the Committee's attention. The Students' FIRST legislation appropriated \$2 million for the contract and the State Procurement Office received proposals from six different vendors. The State Procurement Office had an RFP review committee that went through the proposals from the six vendors and awarded a \$1.8 million contract to Flex-Tech Professional Service. That information was sent to the members of the Committee on Friday, December 10. Shortly thereafter, Flex-Tech called the Procurement Office and reported an error in the contract. There were two different square footage figures in the RFP. One was an old 62,628,900 square foot number for total state school space and Flex-Tech had based their price on that number. An RFP amendment clarified that another number in the RFP of 96,978,874 square feet is actually correct. The Committee is being asked to review the \$1.8 million contract. If they give a favorable review to the contract, they will also be asked to review a second contract to make up the remainder of the square feet. It will be contingent upon additional funding because the total price would be \$2.7 million.

Ms. Smith clarified that at today's meeting they are only being asked to review the initial contract, which is for about 2/3 of the school space. The full Legislature will be asked to look at funding for the additional square feet. The Executive is recommending that the money come from the Deficiencies Correction Fund. The JLBC Staff wanted to point out that this is basically General Fund money because any money going into the Deficiencies Correction Fund is diverted from the General Fund and will have to be made up with General Fund money.

Representative McLendon said that the summary said it would "ultimately" be made up with General Fund money. He asked what "ultimately" meant. Ms. Smith explained that any money in the Deficiencies Correction Fund comes from the General Fund. Each year the School Facilities Board is charged with reporting to the Joint Committee on Capital Review (JCCR) and then instructing the State Treasurer to transfer money into that fund. At this point, the School Facilities Board has asked for \$150 million and they do not anticipate that it would change this year. If any money were instead used for the assessment contract, we assume that amount would be added to the General Fund money transferred into the Deficiencies Correction Fund next year.

Representative McLendon asked if statutory language is needed that states that this fund will be replenished in a certain way and at a certain time. Ms. Smith said that at this time there is no authority to spend the money. The Legislature would have to take action and at that time determine if any additional appropriation would come from the Deficiencies Correction Fund or the General Fund or if the assessment would not be finished. That is a policy issue that the Legislature will need to address. If the Legislature takes the Executive's proposal to use Deficiencies Correction Fund monies, they would need to decide whether it gets paid back and when. That is separate from the contract that they are reviewing at this meeting.

Representative McLendon said that he needed some assurance that this will be done. He asked if someone from JLBC Staff could see him about this issue.

Mr. Stavneak explained that he thought the board would ask for that additional amount of money from the State Treasurer at some point. They have the ability to automatically withdraw funds from sales tax revenues without an appropriation. He assumed that if they were going to take the \$800,000 from the Deficiencies Correction Fund, they would adjust the request from State Treasurer by that amount. It is also something that could be specified in statute, but could also be done by the action of the board and their instructions to the State Treasurer.

Senator Cirillo said that he noticed the reluctance of the vendor to supply a performance bond. The vendor eventually said they would supply a bond at 3.5% of the total bid price. He wondered if that raised any red flags to anyone.

Ms. Smith said that she understood that when the Evaluation Committee looked at the vendor, they saw that they had done large projects but none that were educational in nature. The Evaluation Committee looked into getting a performance bond. The Procurement Office said that a bond could be procured for 3.5% of the price, which is \$93,333. The vendor said they would be happy to purchase the bond if the money would not come from their profits. The reason for the performance bond was that there were questions about the timely completion of the project.

Senator Cirillo noted that the vendor is a small business with less than 100 people and less than \$4 million of gross revenue. He wondered if they had the necessary competent people to do the job.

Representative McGrath expressed her concerns with the contract, the change in price, and the company's unwillingness to purchase a bond.

Mr. Stavneak said that the JLBC Staff shares some of these concerns. However, the other bids would cost anywhere from a minimum additional amount of \$1 million above the \$2.8 million to \$2 million. The policy issue in front of the Committee is whether they want to delay the process, which may require bidding again and could cost the state from \$2 million to \$3 million more than was currently appropriated.

Dr. Philip Geiger, Executive Director, School Facilities Board, said that their concern when requesting a bond was that the company's bid was \$3 million less than the next lowest bid and \$47.5 million less than the highest bid. They also were concerned with the ability of the contractor to perform and decided that it was best to have a performance bond issued even if they had to pay for it out of the \$2 million available. They plan to work with the vendor, knowing that the next vendor is \$3 million higher, which is more than double the cost of the study.

Dr. Geiger explained that none of the vendors have permanent staff available to do the evaluation of all Arizona's schools. More than 100 people are needed to visit the 1,210 schools in Arizona. Any vendor would need to hire temporary employees to complete the project by April 30. Flex-Tech is basically a construction or contractor staffing company, and this is the first evaluation of this type that they will be doing. The most experienced vendor was the one that estimated the price between \$40 and \$50 million.

Representative McGrath expressed her concern that the contract stated that the vendor was only going to spot check the school square footage. She asked if that was the contract that was put out to all the vendors or did this vendor bid the contract on only spot-checking.

Dr. Geiger said that all vendors were asked to submit a base bid of 10% of the schools and also give them an alternative price for evaluating all the schools. The lowest price to do the actual square footage of all the schools was an additional \$1 million.

Senator Gnant asked if it was worth spending \$2 million if it does not get them all the way to their goal.

Dr. Geiger replied that it was worth it. He had visited and looked at the schools in all of Arizona's counties. There are deficiencies and in some instances districts simply live with the deficiencies because they have no other options available. The \$2 million will help them provide a standard of measurement and enable them to evaluate the actual cost. They will be using a standard that in the construction business is used to determine what it will cost for roof repairs, plumbing, or heating changes. It will enable the state to have some sense of the magnitude of the problem.

Representative Daniels asked if they were going to primarily visit the older, rural schools and the older schools in the metropolitan areas, since they can only visit 10% of the schools.

Dr. Geiger said that the requirement is to measure 10% and if there is an error of 2% or more, they will need to measure an additional two schools until they find two consecutive schools that are accurate to 98%. If there is an inaccuracy in the first school, potentially the vendor will have to actually measure all the schools in the district. Each school will be visited and the information derived from that visit will be about the entire school and all the conditions at that school.

Representative Daniels asked if they were going to gather data from the different school boards prior to going to the schools. She knew of four or five new grade schools in her district built all within the last three years. These schools should have the architectural plans with the square footage.

Dr. Geiger explained that all school districts have received three different forms. One form contained the data that the Schools Facilities Board already had on file and asked the districts to verify the information. The second asked them to identify and define all the problems that they know of. The third document is to be completed by the inspector to create a standard report.

Senator Lopez said that he hoped they would give a favorable review to this recommendation. He noted that one reason they need the square footage for all the schools is for the Building Renewal Fund. The Capital Facilities Board has already made some estimate of this square footage and he wondered if Dr. Geiger expected that figure to change drastically as a result of the reassessment.

Dr. Geiger said that they didn't expect any substantial change in the figures. However, they are still uncertain if they are exact. They believe that with the 10% inspection they will be able to feel that the numbers are reasonably credible. It did not appear to be justified to spend an additional \$1 million, however, to measure each school precisely.

Senator Lopez requested that the Capital Facilities Board keep this committee updated as they do their assessment, so that the committee will not be surprised at the findings and recommendations. If they were to get a monthly analysis, they would be in a better position to plan both financially and budget wise. The Capital Facilities Board is going to request \$150 million this year, but experts suggest it is only a very small portion of what is going to be required over the next two fiscal years to accomplish this job.

Representative McGrath asked Mr. Stavneak if they were meeting all the requirements as handed down in the judges' decision. She wondered if Mr. Hogan would take the state back to court since they are only doing a small percentage of the schools.

Mr. Stavneak replied that Mr. Hogan was never shy in letting them know if something concerned him with the school facilities process. He had not heard of any concerns from Mr. Hogan.

Mr. Stavneak asked how they plan to choose the schools to be assessed and wondered if this would be done randomly across the state or were they just going to choose older schools?

Dr. Geiger said that 56 million square feet of the total 96 million square feet is located in Maricopa County, which is also the location of the most modern schools. If the schools were built after 1985 and it was verified that they were built in accordance with state requirements, they would not need to be fully examined.

Mr. Stavneak said that there is currently a plan to provide the Legislature with a sample of the results sometime in February. He asked if that sample would lean toward the most significant costs since the 32 million square feet of newer schools in Maricopa County will not be included. Dr. Geiger confirmed this.

REPRESENTATIVE DANIELS MOVED THAT THE COMMITTEE GIVE A FAVORABLE REVIEW TO THE STATEWIDE ASSESSMENT CONTRACT FOR THE SCHOOL FACILITIES BOARD. The motion carried.

DEPARTMENT OF ECONOMIC SECURITY

A. Consideration of Requested Transfer of Appropriations

Mr. Stefan Shepherd, JLBC Staff, said that this item was a technical request by the Department of Economic Security (DES) to transfer funds in the Temporary Assistance for Needy Families (TANF) Cash Benefits Special Line Item in the Division of Benefits and Medical Eligibility. The transfers will ensure the state meets its federal TANF Block Grant maintenance of effort requirements. The transfers are as follows:

<u>Budget Affected</u>	<u>General Fund</u>	<u>TANF Block Grant</u>	<u>Total</u>
DBME Operating	\$(10,000,000)	\$10,000,000	\$ 0
DCYF Operating	(6,220,700)	6,220,700	0
Administration Operating	(1,400,000)	1,400,000	0
DBME TANF Cash Benefits SLI	21,228,500	(21,228,500)	0
DCYF Children Services SLI	(2,607,800)	2,607,800	0
DCYF Attorney General Legal Services SLI	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>0</u>
TOTAL	\$ 0	\$ 0	\$ 0

REPRESENTATIVE MCGIBBON MOVED THAT THE COMMITTEE APPROVE THE REQUESTED TRANSFER OF FUNDS IN TANF CASH BENEFITS. The motion carried.

DEPARTMENT OF ECONOMIC SECURITY

B. Arizona Work Bimonthly Review

Mr. Stefan Shepherd, JLBC Staff, explained that this item was not in the original booklet sent to the members and was for information only. The vendor for the Arizona Works Program, MAXIMUS, is required to provide the Committee a report every two months on its activities. This report covers the period of September 15 through November 15. At the last review by this Committee, Senator Lopez had requested some comparative data with DES. DES is still working out some computer issues regarding putting the requested data in the report. For example, the way DES measures job placement is not the same as how Arizona Works reports job placement. MAXIMUS and DES expect that the report to be submitted on January 15 will contain all the requested data. The MAXIMUS report also lacks some information concerning sanctions and funding issues.

The JLBC Staff recommends that the Committee reiterate the importance and the desire to see the comparative DES sanction data from MAXIMUS, as well as the funding expenditure data from MAXIMUS.

Mr. Stavneak said that they would reiterate in the letter sent to DES and the Arizona Works program the desire to have the comparative data, as well as the other information that was stated in the memo.

GOVERNMENT INFORMATION TECHNOLOGY AGENCY (GITA) – Y2K Status Report

Gretchen Logan, JLBC Staff, said that this item is the GITA Y2K Status Report. At the October meeting, questions were asked regarding the Y2K readiness of cities, counties, and utilities. The Southwest Risk Pool has compiled information on the Y2K readiness of 61 of Arizona's smaller jurisdictions. To date, these smaller jurisdictions are about 95% compliant, with a few tasks remaining such as compliance testing, documenting their efforts, completion of their contingency plans, and communicating to citizens that they have indeed addressed Y2K and that there are emergency plans in place. The Arizona League of Cities and Towns surveyed the larger jurisdictions. Attachment A is the summary of responses of a survey taken of those jurisdictions on their Y2K readiness.

Ms. Logan said that GITA has also provided information on the state's Y2K emergency operations center. GITA, the Department of Emergency Military Affairs, the Department of Public Safety, the Department of Transportation, the Land Department, and the National Guard will staff the center. In addition, the center will have representatives from utility companies, telephone companies, and the Red Cross. Other agencies will be in close contact with the command center. The attachment also includes a report card that shows where the different agencies are. As of the prior day, they are 100% compliant except for the Department of Revenue (DOR).

Ms. Logan said that they also provided information on the Y2K expenditures. The total amount spent in GITA Y2K funding from FY 1998 to FY 2000 is \$44,857,900, of which \$250,000 is allocated for contingency plans.

Representative McGibbon asked how far DOR was from being 100% compliant.

Ms. Logan explained that DOR would be receiving the last set of modules for the data entry system on Friday. However, they would still require testing and making any corrections that may be needed. If the system is not ready by January 1, DOR plans on resetting the computer's date to the previous year and using a date modification system that will run in the background that will correct the date.

DEPARTMENT OF EDUCATION – Report on K-12 Transportation Formula

Mr. Steve Schimpp, JLBC Staff, said that this item deals with a report on the K-12 transportation funding formula. It is for information only and no action is required by the Committee. The report was requested by House Leadership, based on complaints with the current formula. One of the complaints was that the current formula is based directly on route miles and does not provide direct funding per pupil. This is said to be a disadvantage to some districts that transport a large number of students but do not travel many miles. Another complaint is that there are two funding rates per mile – \$1.59 per mile and \$1.85 per mile. There is an incentive to drive more miles to get to the higher rate.

A packet was distributed to the members of the Committee that provided numerous tables, based on the JLBC Staff analysis (A copy is on file at the JLBC). After Mr. Schimpp gave an explanation of how the existing formula works, which drives off route miles, he discussed an alternative formula suggested by the data.

Representative Blewster asked who was responsible for the sizes of the buses purchased. She thought there was a great deal of money wasted in the size of school buses purchased.

Mr. Schimpp said that district's boards make the decisions on the buses. However, at some point the new School Facilities Board should have a formula for funding replacement buses and would be involved in the decision making process.

Senator Jackson said that there was no mention of the weather and road conditions that the buses have to go through each day, which has a great deal to do with buses breaking down. He asked if these factors were taken into consideration.

Mr. Schimpp explained that with this analysis, they had the computer use only two factors, route miles and students transported. One caveat would be road conditions, which is not included in this analysis because the data are not commonly available. They obtained some information from the Department of Education, as reported by districts on route conditions. However, they are not sure how often it is updated and how accurate it is. This is something they could work on over the next few weeks.

Representative McLendon agreed that any formula should take road conditions into consideration. It should also take into consideration the number of student on the buses. He wondered how a formula would drive that area, if you were in a rural area and only need to transport 15 students compared to an urban area where you are transporting a busload.

Mr. Schimpp said that the concept of the really densely populated urban elementary areas being underfunded under the current formula has to do with certain fixed costs, such as bus dispatchers. You need a dispatcher whether you have 10 students or 500 students. If you have a district that is picking up a large number of students who are located barely over a mile from the school, the school does not generate many route miles. The cost of the bus dispatcher's salary is spread over a few route miles even though he is responsible for a great number of students getting transported to school.

Representative McLendon asked if any thought had been given to any form of consortium as far as buses were concerned.

Mr. Schimpp said this analysis deals only with the Maintenance and Operation not the capital side. They had tried to take the data that is available and used commonly accepted statistical procedures to have the computer generate the formula. These are all valid points and if there are other variables, such as road conditions, the formula may be slightly different. However, data reported by the Department of Education focus mainly on students transported and route miles driven.

Representative McLendon asked if the JLBC Staff had spoken to any school administrators to find out what their main problems were. Were they going to show these computer generated programs to them to see if they actually work.

Mr. Schimpp said they view this analysis as exploratory in nature and will see wider input if the matter is pursued further.

Representative McGibbon asked if there were any actual figures on what it would cost if they were to privatize the system and what it would cost per mile if a district subcontracts their transportation to a private enterprise. He wondered if the district was making money on what they are reimbursed by the state or did they have to supplement it.

Mr. Schimpp said that the Department of Education does not report data broken down in that manner. However, there are some districts that do hire private companies. They can look into that and see if they are willing to share their cost information and make a comparison.

Senator Lopez asked how much the state would save under the new model.

Mr. Schimpp said the state would have saved about \$1.5 million in FY 1998. However, for FY 1999 the new formula might have cost the state more money.

Senator Lopez asked if the districts getting less money under the new model were mostly rural or urban districts.

Mr. Schimpp explained that because it is a route mile based formula, typically the rural districts would lose money under the new formula. Surprisingly though, there are some urban districts that drive a lot miles, like Tucson Unified and Phoenix Union, that would also lose money.

Representative McGibbon asked if there was a generally accepted accounting principle on how the districts arrive at headcount.

Mr. Schimpp said they have average daily route miles but not average daily eligible students. He will have to look into it and get back with Representative McGibbon.

Senator Cirillo suggested that there must be other projects that JLBC could work on that would have more hope for success than this project. Whenever you try to change a formula, there are always going to be winners and losers and you will be involved in creating a hornet's nest that he did not think worthwhile.

Senator Gnant said that the JLBC Staff did this study at the request of House Leadership.

BOARD OF MEDICAL EXAMINERS – Report on Proposed Relocation Plan

Ms. Rebecca Hecksel, JLBC Staff, said that this item was for information only. The Board of Medical Examiners was reporting on the proposed relocation to new office space and the related expenditure of \$400,000 appropriated from the State Medical Examiners Board Fund in FY 2000. This is pursuant to a footnote in the General Appropriation Act.

Senator Gnant asked if there were any questions. There were none.

Without objection, the meeting adjourned at 11:00 a.m.

Respectfully submitted:

Sharon Savage, Secretary

Richard Stavneak, Director

Representative Bob Burns, Chairman

**Joint Legislative Budget Committee
Staff Memorandum**

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 24, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Jim Rounds, Senior Economist

SUBJECT: ARIZONA LOTTERY COMMISSION – APPROVAL OF RETAILER
INCENTIVE PLAN

Request

The Arizona Lottery Commission requests Committee approval of an incentive plan that would allow for an additional 0.5% of total Lottery ticket sales to be distributed to retailers if specified sales related conditions are met. The approval of this plan would allow for a maximum of 7% of total ticket sales to be distributed to retailers. The Commission also requests that the increase in retailer compensation related to the proposed plan be retroactive beginning January 1, 2000.

Recommendation

The JLBC Staff recommends the Committee approve the submitted retailer incentive plan, and approve that the performance based increase in retailer compensation be retroactive beginning January 1, 2000.

Analysis

Laws 1997, Chapter 214 increased from 6% to 7% the percentage of total ticket sales that the Lottery could return to retailers. However, the legislation requires that half of this increase be based on performance measures that are approved by the Joint Legislative Budget Committee. The Lottery is currently distributing 6.5% of total ticket sales to retailers. The original legislative intent of this compensation rate change was to provide monetary incentives for Lottery ticket sales increases.

The attached incentive plan requires retailers to achieve a 5% annual increase in ticket sales to be eligible for the additional 0.5% compensation. In addition, the plan requires retailer participation in various promotions, and requires the display of certain advertising materials. Since the above legislation provides monetary incentives to boost Lottery ticket sales, tying the performance measures to sales increases appears to be consistent with the original intent.

(Continued)

January 24, 2000

The JLBC Staff currently forecasts total Lottery ticket sales of \$237,900,000 in FY 2000. Applying 0.5% to this sales forecast yields an estimated \$1,189,500 that would be available for distribution. The Lottery reported that historically only one-third of its retailers achieved a 5% annual increase in sales. If this trend continues, only \$198,300 of the available \$1,189,500 will actually be distributed in FY 2000 (this also accounts for the program being implemented in the middle of the fiscal year). Furthermore, the JLBC Staff forecasts total Lottery ticket sales of \$230,700,000 in FY 2001. Using the same analysis as above, an estimated \$384,500 will be distributed to Lottery retailers in FY 2001 under the proposed compensation plan.

Currently all Lottery monies are used for state profit, administration, or prizes. If additional monies are distributed to retailers, fewer monies will be available for the current uses unless the incentive plan leads to an overall increase in sales.

JR:ag

Attachment

xc: Richard Stavneak, Director

Jane Dee Hull
Governor



Geoffrey E. Gonsher
Executive Director

December 20, 1999



The Honorable Randall Gnant
Arizona State Senate
1700 W. Washington
Phoenix, Arizona 85007

Dear Senator Gnant:

The Arizona Lottery is requesting to be on the January meeting agenda of the Joint Legislative Budget Committee to approve a .5% sales commission incentive plan for Lottery retailers. The proposed plan has the approval of the Lottery Commission and is enclosed for your review.

Laws 1997, Chapter 214 appropriated an additional 1% of gross Lottery sales for payment of commissions to retailers who sell Lottery products. This increased the commission percentage to a total of 7% of gross Lottery sales instead of the prior 6%. One-half of the additional 1% increase must be distributed based upon performance criteria developed by the Lottery and approved by the Joint Legislative Budget Committee.

This proposal was originally submitted in December 1998 and has since been under discussion with legislative leadership. In response to legislative suggestions, the document has been revised to reflect the deletion of specific promotions. The Lottery is requesting to be placed on the Committee agenda to submit this proposal to the Joint Legislative Budget Committee. If approved, the Lottery respectfully requests that payments be retroactive to January 1, 2000.

Thank you for your consideration in this matter.

Sincerely,

Geoffrey E. Gonsher
Executive Director

Enclosure

c: Representative Bob Burns, House of Representatives
George Weisz, Governor's Office
Michael Bradley, House of Representatives
Richard Stavneak, JLBC
Thomas Betlach, OSPB
Jim Rounds, JLBC
Tracie Andreasson, OSPB

Retailer Incentive Program Profile

A. Retailer Incentive Program Name:

Five Percent Sales Increase Plan

B. Incentive Pay Structure:

Retailers who achieve a 5% increase in total sales over the same period in the prior fiscal year and fulfill the participation requirements set forth in section F shall receive an additional ½% commission on those sales.

C. Play Style:

Retailer Incentive - Sales, Point-of-Sale and Promotions

D. Targeted Game or Games:

Scratchers™

Powerball™

Pick™

Fantasy 5™

Pick 3™

E. Special Feature, if any:

None

F. Retailer Incentive Program Requirements:

1. Increase total sales by 5% over same period in prior fiscal year.

- a. An on-line retailer must sell all targeted games during the program time period.
- b. An Instant-Only retailer must sell at least 4 Scratchers™ games at a time during the program time period.
- c. New Instant-Only or On-Line Retailer: Sales increase for a retailer who was not in business for any of the prior period or who was only in business for a portion of that period shall be based on the average sales of all other retailers in the retailer's same business code.

- d. Instant-Only Retailer changed to On-Line Retailer: Sales increase for an Instant-Only retailer who started selling on-line tickets during the program time period shall be based on the average on-line sales of all other retailers in the retailer's same business code plus the retailer's total Scratcher™ sales for the prior period.
 - e. Retailer's business code is classification identifier used by the Lottery for grouping retailers of similar business type, i.e. convenience market, liquor store, grocery store, etc.
- 2. Display a minimum of 4 Scratchers™ games in an in-counter, on-counter, or ITVM dispenser.
 - a. Dispensers shall be placed to provide the Lottery customer with an unobstructed view of Scratchers™ tickets.
 - b. Dispensers shall be maintained in good and proper working order and in a manner that does not impede the Lottery customer's view.
- 3. Display 2 point-of-sale materials, provided by the Lottery, in addition to the 3 pieces required by Article 2, Retailer Rules. Point-of-sale materials include, but are not limited to, door decals, posters, change mats, stickers, danglers, game brochures, buttons, banners, tents cards, rack backers, lane dividers, pump toppers, LEDs, and ITVM signs.
 - a. Banners and signs shall be placed in a highly-visible location without obstructions to the view of the Lottery customer.
 - b. Signs must conform to local sign code requirements.
- 4. Participate in 1 Lottery promotion every six month incentive period from the following Promotion Play Style - Promotion Type list:
 - a. Mystery Shopper - Retailer. The Lottery shall send out mystery shoppers or spotters to visit randomly selected retailers in the promotional area. Retailers who display point-of-sale materials and promote the targeted game or games according to the Promotion Profile.
 - b. Retailer's Second Chance Drawing - Retailer/Player. Retailers participating in the promotion shall ask all players to place their non-winning tickets in a Drawing Container at the retailer's location. The retailer shall perform random drawings according to the Promotions Profile. The players selected in the drawing procedure shall win the

merchandise prize designated on the point-of-purchase item at the store. The Lottery shall provide the participating retailer with a predetermined number of tickets from the targeted game or games or promotional merchandise items, such as t-shirts, ball caps and sipper cups, according to the Promotion Profile.

- c. Ask Me What the Jackpot Is - Retailer. Customers who ask a participating retailer what the targeted game's jackpot is and the retailer does not know the jackpot amount, the customer shall receive a free ticket from the targeted game. The Lottery shall provide the participating retailer with a predetermined number of tickets from the targeted game according to the Promotion Profile.
- d. Ask Me What the Grand Prize Is - Retailer. Customers who ask a participating retailer what the targeted game's Grand Prize is and the retailer does not know the grand prize amount, the customer shall receive a free ticket from the targeted game. The Lottery shall provide the participating retailer with a predetermined number of tickets from the targeted game according to the Promotion Profile.
- e. Any promotion not defined above shall be approved in writing by the Lottery prior to implementation.

5. Be in compliance with all provisions of Article 2, Retailer Rules.

G. Compliance Evaluation:

- 1. Sales personnel shall randomly monitor retailer performance of requirements established in section F. The Lottery Sales Director will notify the retailer in writing of any deficiency found. Any deficiency corrected within 3 weeks of the date of notification will not be considered a deficiency for purposes of receiving the ½% sales incentive.
- 2. The Sales Director will notify the retailer in writing when the deficiency is corrected within the required period.
- 3. If the deficiency is not corrected within the 3 week period, the Sales Director will send a Failure to Correct Deficiency Notice by United States mail.
- 4. A retailer may request a hearing regarding a Failure to Correct Deficiency Notice. The hearing shall be conducted in accordance with A.R.S. Title 41, Chapter 6, Article 10.
 - a. A retailer who wished to appeal a final decision of the Sales Director

shall file an appeal with the Lottery Executive Director within 15 days of receipt of the Sales Director's decision. The filed appeal shall contain the following:

- i. A copy of the initial deficiency notice;
 - ii. A copy of the Failure to Correct Deficiency Notice; and
 - iii. The alleged factual or legal error in the decision of the Sales Director from which the appeal is taken.
- b. A retailer appealing the decision of the Sales Director may file a written brief stating the retailer's position on the appeal within 15 days after receipt of the Sales Director's decision.
 - c. The Executive Director may provide for oral argument.
 - d. The decision by the Executive Director shall be made within 10 days from the time the appeal is received from the retailer. The Executive Director shall for good cause proceed in one of the following ways:
 - i. Waive the deficiency;
 - ii. Provide additional time to correct the deficiency;
 - iii. Determine no deficiency;
 - iv. Determine a deficiency;
 - v. Make any other appropriate decision.
 - e. The Executive Director shall make his ruling on the appeal on the record.
- 5. The Executive Director's decision shall be presented or mailed to all parties.
 - 6. A final decision of the Executive Director is subject to judicial review under A.R.S., Title 41, Chapter 6, Article 10 by any party to the action.
- H. Program Start Date:
- January 1, 2000.
- I. Funding and Payment of Incentive:

1. The Lottery shall send each retailer who meets all the requirements in section F of the Retailer Incentive Program Profile a ½% commission on total sales for each preceding six-month incentive period. Payment shall be sent by United States mail.
2. The Retailer Incentive Plan is dependent upon the legislature appropriating funds for this purpose and subsequent approval by the Joint Legislative Budget Committee in accordance with General Appropriate Act footnotes. If the legislature does not budget for the incentive and a retailer meets all of the requirements there will be no right to an incentive payment.
3. Thirty days prior to each new six month incentive period, the Lottery Commission may adopt new provisions and modifications to the incentive plan. Such new provisions and modifications will be sent to retailers prior to the start of the six month incentive period.

Joint Legislative Budget Committee

Staff Memorandum

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 25, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Lynne Smith, Senior Fiscal Analyst

SUBJECT: SCHOOL FACILITIES BOARD - APPROVE INDEX FOR CONSTRUCTING NEW
SCHOOL FACILITIES

Request

The School Facilities Board requests that the Committee identify an index for adjusting the cost per square foot for new school construction. The School Facilities Board recommends that the Committee select either the Consumer Price Index or Marshall Evaluation Service index.

Recommendation

The JLBC Staff recommends that the Committee approve the use of the inflation index published by the Marshall Valuation Service (by Marshall and Swift, L.P.). As of January 1, 2000, the new school construction per square foot costs would be adjusted by the change in the comparative cost multiplier for Phoenix from July 1998 to July 1999 for construction indicator class C (masonry bearing walls). This index will result in a 3.5% increase in the per square foot cost guidelines for new construction.

Analysis

A.R.S. § 15-2041 D3c provides that the cost per square foot for new school construction "...shall be adjusted annually for construction market considerations based on an index identified or developed by the Joint Legislative Budget Committee as necessary but not less than once each year." In the attached letter, the School Facilities Board has recommended that the Committee consider either the Consumer Price Index (CPI) or Marshall Evaluation Service index.

Students FIRST (Laws 1998, 5th Special Session, Chapter 1) establishes cost guidelines for new school construction. The initial rates and the JLBC Staff recommendation for adjusted rates are as follows:

<u>Grade Level</u>	<u>Urban Cost per Square Foot</u>		<u>Rural Cost per Square Foot (Urban x 1.05)</u>	
	<u>Initial</u>	<u>Adjusted</u>	<u>Initial</u>	<u>Adjusted</u>
Preschool with Disabilities, Kindergarten to Grade 6	\$ 90.00	\$ 93.15	\$ 94.50	\$ 97.81
Grades 7 to 8	95.00	98.33	99.75	103.25
Grades 9 to 12	110.00	113.85	115.50	119.54

(Continued)

JLBC

The JLBC Staff recommends using the Marshall Evaluation Service index because it is a nationally recognized construction index that the Arizona Department of Administration (ADOA) has used for ADOA building renewal for approximately the last 30 years. ADOA subscribes to the service, has found it to be reliable, and has agreed to make the quarterly reports available for use in determining the School Facilities Board index.

The JLBC Staff does not recommend basing the school construction index on the CPI. The CPI is a measure of prices paid for a general mix of goods and services, while the Marshall Evaluation Service provides an index specific to building construction. The percent change resulting from use of these 2 indices varies from year to year. The following table shows the differences over the last 10 years. In total over the 10 years, the CPI would result in an 11.8% higher adjustment than the Marshall index. However, this is primarily due to 1990 and 1991 when Arizona experienced high general inflation but a slow economy with relatively low demand for construction.

	Marshall Evaluation Index		Consumer Price Index		Difference:
	Index	Change	Index	Change	Marshall - CPI
July-99	1.032	3.5%	168.9	2.8%	0.7%
July-98	1.068	1.7	164.3	2.0	(0.3)
July-97	1.086	3.2	161.1	2.0	1.2
July-96	1.121	1.5	157.9	2.9	(1.3)
July-95	1.138	6.5	153.5	3.6	2.9
Jan-94 ^{1/}	1.212	3.1	148.1	2.3	0.8
Jan-93	1.250	2.2	144.7	3.5	(1.3)
Jan-92	1.277	(0.8)	139.8	2.8	(3.6)
Jan-91	1.267	1.2	136.0	6.4	(5.2)
Jan-90	1.282	(0.5)	127.8	5.0	(5.6)
Jan-89	1.275	n/a	121.7	n/a	n/a
Cumulative Difference					(11.8)%
^{1/} July data for the Marshall Evaluation Service was available starting in 1995. For comparability January data is shown for both indices prior to 1995.					

The JLBC Staff recommends that July 1998 be the starting point for the index because 1) the Students FIRST legislation which set the initial cost per square foot was adopted in July 1998, 2) the state fiscal year begins July 1, and 3) the ADOA building system uses the July 1 date for this same index for ADOA system building renewal. For this first adjustment, we recommend an effective date of January 1, 2000. This will include all new school funding that is distributed by the School Facilities Board this year. In future years, we would expect the adjustment to be effective each July.

The JLBC Staff recommends using the index for Phoenix. The Marshall index includes rates for selected cities in Arizona, including Phoenix, but does not include an overall "Arizona" rate. We believe the Phoenix rate is appropriate because statute already provides a 5% increase for rural schools. In addition, statute provides that the School Facilities Board may modify the cost per square foot for particular schools based on geographic or site conditions.

Finally, the JLBC Staff recommends using the index for "Class C," which is defined as follows "Class C buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slab on grade." The board has advised us that a majority of Arizona schools fit this description. Further, the Class C index tends to fall in the middle of 5 ranges published in the Marshall Valuation Service. These other classes include A) fireproofed steel frame, B) reinforced concrete frame, D) wood frame, and S) metal frame and walls.

The School Facilities Board anticipated adoption of an index and has indicated that it does not plan to change its FY 2000 or FY 2001 budget estimates based on the index.

STATE OF ARIZONA SCHOOL FACILITIES BOARD
INTEROFFICE MEMORANDUM

TO: JOINT LEGISLATIVE BUDGET COMMITTEE
REPRESENTATIVE ROBERT BURNS, CHAIRMAN
SENATOR RANDALL GNANT, VICE CHAIRMAN
FROM: DR. PHILIP E. GEIGER, EXECUTIVE DIRECTOR
SUBJECT: INDEXING OF SCHOOL CONSTRUCTION COSTS
DATE: 12/3/99
CC: LYNN SMITH, JAIME MOLERA, TOM BETLACH



A.R.S. 15-2041, Section 3(C), states in part..." The cost per square foot shall be adjusted annually for construction considerations based on an index identified or developed by the joint legislative budget committee as necessary but no less than once each year. (Emphasis added)

In an effort to assist the Joint Legislative Budget Committee, we have researched this issue and considered both the Bureau of Labor Statistics CPI for the western region and the Marshall Evaluation System Service.

The Consumer Price Index (CPI-U) represents all goods and services purchased for consumption by 87% of American households including professionals, the self employed, the poor, the unemployed, retired persons, and wage earners including clerical workers. Goods and services included within the CPI-U are incorporated into eight categories: food and beverage, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services. About 80,000 prices are examined each month to make the determination.

Using the CPI-Western Urban statistics, comparing October 1999 to October 1998, there was a 2.96% change. If this number were applied, for example, to the \$90 per square foot allocation for the construction of an elementary school, the new square footage cost would be \$92.66. The change in the square footage cost does not change the total dollars the School Facilities Board expects to spend in FY00 of \$200,000,000.

The Marshall Evaluation Service, published by Marshall and Swift, a company specializing in construction costs lists the October 1999 to October 1998 increase in building costs, specifically for the Phoenix area, at 3.04%. This is for general construction and not specifically for schools, but provides a good figure to determine more precise changes in construction costs. The problem with this index is that to secure the number requires all those interested (school districts, legislators, etc.) to subscribe to the service for approximately \$350 per year whereas the BLS statistics are available without charge on the Internet.

We recommend using either one of the two indexes.

**Joint Legislative Budget Committee
Staff Memorandum**

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 25, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Brad Regens, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF CORRECTIONS - REVIEW PRIVATE PRISON CONTRACT

Request

The Office of the Attorney General requests Committee review of the inclusion of a purchase option within a contract between the Department of Corrections (DOC) and Management Training Corporation (MTC) for 450 privately-operated treatment beds.

Recommendation

The JLBC Staff recommends a favorable review of the DOC private prison contract, including the purchase option. In addition, the JLBC Staff recommends that DOC seek approval from the full Legislature prior to exercising the purchase option.

Analysis

DOC's FY 2000 and FY 2001 appropriations include General Fund monies to enable the department to contract for 450 privately-operated treatment beds. The contract for those beds expired on October 6, 1999 and a Request for Proposal (RFP) was published July 29, 1997 to solicit bids for providing 450 treatment beds. A.R.S. § 41-1609.01 requires that any RFP, regarding an adult incarceration contract, issued by DOC shall be provided to the Joint Legislative Budget Committee for its review. As required, DOC submitted the RFP for review July 1997.

MTC, which operated the 450 beds under the old contract, was selected as the successful respondent to the RFP and continues to operate the beds until a new contract is signed. The proposed contract includes a purchase option that identifies \$4.64 of each per diem as a capital expense and allows that these monies be used to pay down the purchase price should DOC ever exercise the purchase option.

(Continued)

JLBC

A.R.S. § 41-1609C requires the Office of the Attorney General to determine if private prison contracts are within the authority granted under the laws of the state and in proper form prior to DOC finalizing the agreement. To date, the Attorney General's Office has not approved the new private prison contract because the office believes the purchase option constitutes acquisition of equity by DOC and is similar to a lease-purchase. As DOC's appropriation does not specify whether per diem costs may include capital expenditures, the Attorney General's Office requests that the Committee review the inclusion of the purchase option in the new private prison contract.

Legislative Council, however, believes that because the purchase of the facility is an option and not a requirement, DOC does not acquire equity until the purchase option is exercised. Furthermore, Legislative Council holds that DOC must receive authorization from the full Legislature prior to purchasing the facility.

To satisfy the opinions offered by the Attorney General and Legislative Council, the JLBC Staff recommends the Committee give a favorable review to the private prison contract. The JLBC Staff recommends a favorable review for three reasons. First, DOC has previously entered into private prison contracts that contain purchase options, which were approved by the Attorney General's Office. Second, the previous contract's per diem rate included amortized capital costs. Third, favorable review of the contract will enable DOC to finalize the contract and ensure continued private-operation of 450 treatment beds.

While the contract includes a purchase option, we do not believe that the Committee's action constitutes an approval for any purchase. The Committee is simply providing its guidance that the inclusion of the option in the contract is acceptable. Pursuant to A.R.S. § 41-791.02, the JLBC Staff recommends that DOC, in conjunction with the Arizona Department of Administration, seek approval from the full Legislature prior to exercising the purchase option.

RS:BR:ss

**Joint Legislative Budget Committee
Staff Memorandum**

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 25, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Stefan Shepherd, Senior Fiscal Analyst
Lynne Smith, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF ECONOMIC SECURITY/ARIZONA DEPARTMENT OF
ADMINISTRATION - APPROVAL OF WORKERS' COMPENSATION
COVERAGE FOR ARIZONA WORKS

Request

Pursuant to a request made by the Committee at its March 30, 1999 meeting, the Department of Economic Security (DES) and Arizona Department of Administration (ADOA) wish to report to the Committee on the workers' compensation coverage provided through DES for level 3 and 4 participants in the Arizona Works pilot welfare program operated by MAXIMUS. DES and ADOA are also requesting an extension of the existing agreement until September 30, 2000 or such time as legislation is enacted to resolve the issue.

Recommendation

The JLBC Staff recommends that the Committee approve the request extending ADOA's authorization to provide workers' compensation coverage through DES for level 3 and 4 participants in the Arizona Works program operated by MAXIMUS through September 30, 2000. If legislation is not enacted to resolve the issue by that date, the JLBC Staff recommends that DES and ADOA report to the Committee with their recommendation on a permanent solution.

Analysis

The Arizona Works pilot program was established by Laws 1997, Chapter 300. The pilot program requires the state to contract with a private vendor to provide eligibility determination and job placement services to Temporary Assistance for Needy Families (TANF) benefit recipients residing in DES' District I-E, centered around eastern Maricopa County. The Arizona

(Continued)

JLBC

Works vendor is required to provide workers' compensation coverage to level 3 and 4 participants in the program. Level 3 placements are unsubsidized, unpaid trial jobs. Level 4 placements are community work experience jobs.

Before the program began on April 1, 1999, MAXIMUS had been unable to obtain workers' compensation coverage. Insurance carriers, including the State Compensation Fund, declined to cover the program, citing the lack of an employee-employer relationship between MAXIMUS and Arizona Works participants. Without the workers' compensation coverage required by statute, MAXIMUS might have had trouble placing clients into work experience placements.

A.R.S. § 41-621D provides that ADOA, with the approval of the Joint Legislative Budget Committee, may obtain insurance or self-insure for workers' compensation claims against contractors doing business with the state. Under this provision, at its March 30, 1999 meeting, the Committee approved 8 months of coverage through the state's self-insurance program operated by ADOA. To allow the state and MAXIMUS to study various options and determine a long-term solution, the Committee also directed ADOA and DES to report back to the Committee prior to the expiration of the 8-month coverage period.

For the 9-month period covering April through December 1999, MAXIMUS (through DES) paid ADOA approximately \$3,800 for workers' compensation coverage. For the 7-month period during which MAXIMUS has been actively placing people in levels 3 and 4 positions, an average of 38 people per month have been covered through this agreement at an average cost to MAXIMUS of \$14.35 per person per month. So far, no workers' compensation claims from Arizona Works participants have been reported.

The attached report from DES and ADOA requests an extension of the current agreement until September 30, 2000 or such time as legislation is enacted to resolve the issue. Both HB 2199 and SB 1063 contain provisions that would permit the State Compensation Fund to offer workers' compensation coverage to Arizona Works level 3 and 4 participants.

The JLBC Staff recommends that the Committee approve the request extending ADOA's authorization to provide workers' compensation coverage through DES for level 3 and 4 participants in the Arizona Works program operated by MAXIMUS through September 30, 2000. If legislation is not enacted to resolve the issue by that date, JLBC Staff recommends that DES and ADOA make another report to the Committee with their recommendation on a permanent solution.

RS:SS:LS:ss
Attachment



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Jane Dee Hull
Governor

1717 West Jefferson - P.O. Box 6123
Phoenix, Arizona 85005

John Clayton
Director

JAN 21 2000



Mr. Richard S. Stayneak, Director
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Mr. Stavneak:

The Department of Economic Security (DES) respectfully requests to be placed on the agenda for the January JLBC meeting to discuss three issues: 1) Pursuant to a provision in Laws 1997, Chapter 300, review of a plan to provide matching monies to the Salt River Pima-Maricopa Tribe to operate a tribal cash assistance program, 2) Social Services Block Grant SFY 2000 revised plan and 3) Status of Arizona Works Worker's Compensation agreement.

Karen McLaughlin, Administrator, Financial Services Administration, is prepared to discuss these issues in greater detail with Pat Mah and Stefan Shepherd prior to the committee meeting.

Please contact me at 542-5678 if you have any questions.

Sincerely,

Michael Koppelman
for John L. Clayton

C:

T. Betlach	OSPB
B. Chapko	OSPB
M. Gottheiner	OSPB
P. Mah	JLBC
S. Shepherd	JLBC
K. Matzinger	800A
K. McLaughlin	838Z
Day File	838Z

**ARIZONA WORKS UPDATE
WORKERS' COMPENSATION
JANUARY 21, 2000**

Issue:

A.R.S. 46-349 H requires the Arizona Works Agency to provide workers' compensation coverage for participants placed in Level 3 and Level 4 unpaid work experience. In a letter to Fox Systems Inc. on March 1, 1999, State Fund Marketing/Underwriting Supervisor, Donna Pattee, explained that MAXIMUS Inc. acting as the Arizona Works Agency cannot legally secure such coverage as they are not considered the employer to these participants.

Background:

In an April 1, 1999 letter to Mr. Elliott Hibbs, Director, Arizona Department of Administration, JLBC identified that action has been taken to authorize ADOA to provide workers' compensation coverage to level 3 and level 4 participants for eight months. The Arizona Works Agency remains financially responsible for the coverage. Reimbursement is provided to Office of Risk Management, Arizona Department of Administration.

Current Status:

ADOA has provided workers' compensation coverage for Arizona Works level 3 and level 4 participants since the implementation of the program April 1, 1999. The attached table identifies the number of participants and the cost to MAXIMUS for coverage provided to date.

Recommendation:

The Arizona Department of Economic Security is requesting an extension of the existing agreement to continue this process until September 30, 2000 or such time as legislation is enacted to resolve the issue. House Bill 2199 and Senate Bill 1063 have been introduced in the existing session to resolve this issue.

**ARIZONA WORKS
WORKERS' COMPENSATION ACTIVITY SUMMARY
JANUARY 21,2000**

MONTH	CLIENTS COVERED	COST TO MAXIMUS
APRIL 1999	0	\$ 0
MAY	1	\$ 4.53
JUNE	31	\$ 666.69
JULY	29	\$ 591.99
AUGUST	32	\$ 620.77
SEPTEMBER	42	\$ 721.51
OCTOBER	48	\$ 480.57
NOVEMBER	38	\$ 389.81
DECEMBER	45	\$ 330.60

Joint Legislative Budget Committee Staff Memorandum

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 25, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Pat Mah, Senior Fiscal Analyst
Stefan Shepherd, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF ECONOMIC SECURITY — REVIEW OF FEDERAL SOCIAL
SERVICES BLOCK GRANT FY 2000 EXPENDITURE PLAN

Request

Pursuant to a footnote in the FY 2000 and FY 2001 General Appropriation Act, the Department of Economic Security (DES) wishes to again report to the Committee the intended distribution of federal Social Services Block Grant (SSBG) monies for FY 2000. The initial report was submitted in July, but the Committee deferred reviewing it since the federal government had not yet determined the federal fiscal year (FFY) 2000 allocations for SSBG monies.

Recommendation

The JLBC recommends a favorable review of the department's expenditure plan for SSBG monies in FY 2000 because it follows legislative intent in that it "minimizes the overall reductions in funding to state-planned and locally-planned providers," as required by a footnote in the General Appropriation Act. We would note that DES' proposal eliminates the reduction in SSBG funding for FY 2000 through the use of surplus Temporary Assistance for Needy Families (TANF) Block Grant monies.

Analysis

Last session, the Legislature approved a transfer of monies from the federal TANF Block Grant to offset expected federal cuts in SSBG funding. The SSBG is a federal grant given to states to provide a variety of social services intended, in part, to maintain self-sufficiency, reduce and prevent dependency, and prevent and remedy neglect and abuse. In 1998, Congress and the President reduced SSBG funding for both FFY 1999 and FFY 2001 and beyond. The Legislature responded by approving the transfer of money from the TANF Block Grant to the SSBG in FY 1999, FY 2000, and FY 2001. The additional funding was intended to cushion the impact of the federal reductions, making up 100% of the cut in FY 1999, 67% of the expected cut in FY 2000, and 33% of the expected cut in FY 2001. The Legislature also directed the department to use the funding in a manner that minimizes the overall reduction in funding to local and state service providers.

The Legislature included a footnote in the General Appropriation Act so that it could review DES' plans if the actual SSBG allocation differed from that assumed in the budget. In July, the department asked us

(Continued)

JLBC

to review its SSBG FY 2000 expenditure plan. We deferred until we had the final FFY 2000 SSBG funding allocation, which is \$(2,487,500) below the FFY 1999 allocation.

The following table shows the approved funding, along with the expected federal allocations. It also shows the now known federal SSBG allocation for FY 2000, which is reflected in the department's SSBG planned expenditures. The actual FFY 2000 allocation is \$30,452,000, or \$(520,800) less than the \$30,972,800 that was anticipated in the approved budget.

	Approved FY 1999	Approved FY 2000	SSBG Plan FY 2000	Approved FY 2001	SSBG Plan FY 2001
Federal SSBG allocation	\$32,939,500	\$30,972,800	\$30,452,000	\$29,508,800	\$29,361,500
TANF/SSBG appropriation	3,990,100	4,186,600	4,186,600	2,581,300	2,581,300
Expected Surplus TANF	0	0	2,291,000	0	1,612,700
Total Funding Level	\$36,929,600	\$35,159,400	\$36,929,600	\$32,090,100	\$33,555,500

As mentioned earlier, the approved FY 2000 funding included \$4.2 million from TANF/SSBG to offset 67% of the federal cut in SSBG funding. After adjusting for this transfer, the department's total FY 2000 SSBG available funding is \$2,291,000 less than in FY 1999.

Under the department's newest FY 2000 SSBG plan, this entire reduction would be offset by using \$2.3 million in TANF funds. The \$2.3 million is part of a TANF appropriation to the Division of Employment and Rehabilitation Services (DERS) for job training and job search services. According to the department, year-to-date expenditures through about half of FY 2000 (November 30, 1999) were just \$3.4 million, or 27.5% of the total \$12.4 million TANF appropriation to the JOBS Special Line Item within DERS. The reason for the surplus is because the number of clients is lower and their stay in the JOBS program shorter than anticipated. The department's expected TANF surplus at the close of FY 2000 is projected to be \$2.5 million. Based on the information provided, the projection of surplus funds appears reasonable. However, we do not have a recent 25th of the Month Financial Report from the department to fully substantiate the figures. The latest expenditure information we have is for February 1999 in a report dated May 1999.

Of the \$2.3 million in expected surplus TANF, \$256,800 would be for providers under state contract for delivering services to the elderly population. The remaining amounts of \$995,300 would be for the cost of employees in the Division of Child Support Enforcement and \$1,038,900 would be for grants to the Councils of Government for services to local communities. (Please see Attachment 1 for the department's breakdown of the grant funding.)

The department also plans to use surplus TANF for FY 2001. The amount of surplus TANF would drop from \$2.3 million to \$1.6 million. Total funding would be \$33.6 million, for a reduction of \$3.3 million or 9.1% from the FY 2000 proposed level. However, this information is preliminary and an actual report for FY 2001 is not due to the Committee until June 1, 2000.

We found the FY 2000 DES SSBG plan to be consistent with legislative intent in that state-planned and locally-planned providers will not lose funding because of federal reductions to the SSBG grant. The department's plan, however, requires the use of surplus TANF monies. There are at least four appropriations bills so far this session to spend TANF balances. (The estimate for TANF balances is \$61 million at the end of FY 2001 under the JLBC budget recommendation.) The use of these surplus TANF monies in FY 2000 means that they will not be part of a reversion at the end of the fiscal year to add to available TANF balances for any future legislative initiatives.

SSBG SFY-2000 and SFY-2001 Reduction Plan (1-21-2000)

	SFY 1999	2000 Reduction from SFY 1999	Revised SFY 2000 Plan	2001 Reduction from SFY 1999	Revised SFY 2001 Plan
Administration					
Admin. Support Div.	4,843,421	-	4,843,421	466,481	4,376,940
OPPPC-State Planned	199,225	-	199,225	19,195	180,030
OPPPC-JLBC Approp. Report	208,212	-	208,212	20,061	188,151
Total Administration	5,250,858	-	5,250,858	505,737	4,745,121
CSA					
State Planned*	662,961	256,766	406,195	256,766	406,195
Program	961,565	-	961,565	92,647	868,918
JLBC Approp. Report	45,000	-	45,000	4,336	40,664
Total CSA	1,669,526	256,766	1,412,760	353,749	1,315,777
AAA					
State Planned	2,248,121	-	2,248,121	216,607	2,031,514
Program	1,442,360	-	1,442,360	138,971	1,303,389
JLBC Approp. Report	212,500	-	212,500	20,474	192,026
Total AAA	3,902,981	-	3,902,981	376,052	3,526,929
ACYF					
State Planned	406,960	-	406,960	39,210	367,750
Program	5,069,929	-	5,069,929	488,488	4,581,441
JLBC Approp. Report	6,232,720	-	6,232,720	600,523	5,632,197
Total ACYF	11,709,609	-	11,709,609	1,128,221	10,581,388
DDD					
State Planned	16,420	-	16,420	1,582	14,838
Program	-	-	-	-	-
JLBC Approp. Report	-	-	-	-	-
Total DDD	16,420	-	16,420	1,582	14,838
RSA					
State Planned	603,982	-	603,982	58,193	545,789
Program	637,125	-	637,125	61,387	575,738
JLBC Approp. Report	372,005	-	372,005	35,843	336,162
Total RSA	1,613,112	-	1,613,112	155,423	1,457,689
CCA					
State Planned	-	-	-	-	-
Program*	995,325	995,325	-	995,325	-
JLBC Approp. Report	250,000	-	250,000	-	250,000
Total CCA	1,245,325	995,325	250,000	995,325	250,000
JOBS					
State Planned	-	-	-	-	-
Program	96,880	-	96,880	9,334	87,546
JLBC Approp. Report	-	-	-	-	-
Total JOBS	96,880	-	96,880	9,334	87,546
Locally Planned					
COGs*	8,956,081	1,038,909	7,917,172	1,223,508	7,732,573
AZ Indian Tribes	2,468,766	-	2,468,766	237,866	2,230,900
Total Locally Planned	11,424,847	1,038,909	10,385,938	1,461,374	9,963,473
DES Subtotal	36,929,558	2,291,000	34,638,558	4,986,797	31,942,761
ACYF-TANF/SSBG	22,950,000	-	22,950,000		22,950,000
DES Total	59,879,558	2,291,000	57,588,558		54,892,761

*SFY-2000, all reductions to SSBG funded services is to be replaced by \$2,291,000 of TANF funds. SFY-2001, only the reduction of \$256,766 to CSA, \$360,590 to Locally Planned Services and \$995,325 to CCA is to be replaced by \$1,612,681 of TANF funds.



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Jane Dee Hull
Governor

1717 West Jefferson - P.O. Box 6123
Phoenix, Arizona 85005

John Clayton
Director

JAN 21 2000



Mr. Richard S. Stavneak, Director
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Mr. Stavneak:

The Department of Economic Security (DES) respectfully requests to be placed on the agenda for the January JLBC meeting to discuss three issues: 1) Pursuant to a provision in Laws 1997, Chapter 300, review of a plan to provide matching monies to the Salt River Pima-Maricopa Tribe to operate a tribal cash assistance program, 2) Social Services Block Grant SFY 2000 revised plan and 3) Status of Arizona Works Worker's Compensation agreement.

Karen McLaughlin, Administrator, Financial Services Administration, is prepared to discuss these issues in greater detail with Pat Mah and Stefan Shepherd prior to the committee meeting.

Please contact me at 542-5678 if you have any questions.

Sincerely,

Michael Koppelman
for John L. Clayton

C:	
T. Betlach	OSPB
B. Chapko	OSPB
M. Gottheiner	OSPB
P. Mah	JLBC
S. Shepherd	JLBC
K. Matzinger	800A
K. McLaughlin	838Z
Day File	838Z

Joint Legislative Budget Committee

Staff Memorandum

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 25, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Stefan Shepherd, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF ECONOMIC SECURITY -- REVIEW OF PLAN TO PROVIDE
MATCHING MONIES TO SALT RIVER PIMA-MARICOPA TRIBE TO OPERATE A
TRIBAL CASH ASSISTANCE PROGRAM

Request

Pursuant to a provision in Laws 1997, Chapter 300, the DES requests Committee review of a plan to provide matching monies to the Salt River Pima-Maricopa tribe to operate a tribal cash assistance program.

Recommendation

The JLBC Staff recommends the Committee give the proposal a favorable review.

Analysis

The 1996 Federal welfare reform legislation (P.L. 104-193) allows Native American tribes to petition the Federal government to operate their own tribal family assistance program. Those tribes with an approved plan may directly receive and administer Temporary Assistance for Needy Families (TANF) Block Grant monies; a state's TANF Block Grant distribution is reduced by the amount of money passed on directly to the tribe. Laws 1997, Chapter 300, Section 35 states that if a tribal government elects to operate a cash assistance program, the state shall provide matching monies "at a rate that is consistent with the applicable fiscal year budget and that is not more than the state matching rate for the Aid to Families with Dependent Children program as it existed on July 1, 1994." Laws 1997, Chapter 300 requires the Joint Legislative Budget Committee to review any plan to provide matching monies.

In June 1999, the Salt River Pima-Maricopa Tribe began operating their own cash assistance program as permitted by P.L. 104-193. The tribe currently receives its TANF Block Grant monies directly from the federal government, but has not yet signed an agreement with DES for the matching monies. The Tribe currently employs its own TANF eligibility workers and job counselors, but contracts with DES to provide Food Stamp and medical assistance eligibility.

DES is proposing to give the tribe 80% of the state GF expenditures for administrative functions and cash benefits in FFY 1994, or approximately \$314,000 GF. This amount is consistent with DES' budget and is

(Continued)

JLBC

close to what DES is currently expending on services to the tribe. In addition to this GF amount, the Salt River Pima-Maricopa Tribe receives approximately \$710,000 of TANF Block Grant monies yearly. The combination of the TANF Block Grant and GF monies proposed to be passed through to the tribe in State Fiscal Year 2000, approximately \$1,024,000, reflects a decrease of approximately 8% from the amount spent on the tribe in FFY 1994, the year upon which the tribe's TANF Block Grant amount is based, pursuant to federal law. DES estimates that it provided Aid to Families with Dependent Children cash assistance to an average of 277 Salt River Pima-Maricopa cases in FFY 1994. The caseload of Salt River Pima-Maricopa tribal members in June 1999 was 162, or a decrease of 42%. Given this caseload decrease, we believe 8% total funding decrease will not adversely affect the tribe.

RS:SSH:jb



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Jane Dee Hull
Governor

1717 West Jefferson - P.O. Box 6123
Phoenix, Arizona 85005

John Clayton
Director

JAN 21 2000



Mr. Richard S. Stavneak, Director
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Mr. Stavneak:

The Department of Economic Security (DES) respectfully requests to be placed on the agenda for the January JLBC meeting to discuss three issues: 1) Pursuant to a provision in Laws 1997, Chapter 300, review of a plan to provide matching monies to the Salt River Pima-Maricopa Tribe to operate a tribal cash assistance program, 2) Social Services Block Grant SFY 2000 revised plan and 3) Status of Arizona Works Worker's Compensation agreement.

Karen McLaughlin, Administrator, Financial Services Administration, is prepared to discuss these issues in greater detail with Pat Mah and Stefan Shepherd prior to the committee meeting.

Please contact me at 542-5678 if you have any questions.

Sincerely,

Michael Koppelman
for John L. Clayton

C:	
T. Betlach	OSPB
B. Chapko	OSPB
M. Gottheiner	OSPB
P. Mah	JLBC
S. Shepherd	JLBC
K. Matzinger	800A
K. McLaughlin	838Z
Day File	838Z

Joint Legislative Budget Committee

Staff Memorandum

1716 West Adams
Phoenix, Arizona 85007

Telephone: (602) 542-5491
Facsimile: (602) 542-1616

DATE: January 25, 2000

TO: Senator Randall Gnant, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Stefan Shepherd, Senior Fiscal Analyst

SUBJECT: DEPARTMENT OF ECONOMIC SECURITY - ARIZONA WORKS BIMONTHLY
REVIEW

Request

Pursuant to a provision in A.R.S. § 46-344, the vendor for the Arizona Works pilot welfare program is providing its bimonthly report on the Arizona Works program.

Recommendation

This item is for information only and no Committee action is required. Caseloads in the Arizona Works pilot welfare program have shown some decreases not exhibited in caseloads in the remainder of Maricopa County; without additional information, however, JLBC Staff cannot make judgements about the relative success of the Arizona Works program.

Analysis

The Arizona Works pilot program, which replaces the Department of Economic Security's (DES) EMPOWER Redesign welfare program in DES District I-E (eastern Maricopa County), is operated by the private vendor MAXIMUS. The attached report covers the period from November 15 through January 15.

Due to computer problems, the previous report did not have DES comparative data as previously requested by the Committee. At its last meeting, the Committee reiterated its desire to have DES comparative data in the report, and expressed the desire that the MAXIMUS report include sanctions data and financial expenditure data. Although there are still some problems with the information presented in the report, much of the information sought by the Committee is now included in the attached reports from MAXIMUS and DES. DES is still working to obtain the comparative data for months prior to October. This historical comparative data should be available by the time next report is submitted on March 15.

We believe it is important to have several months of data before presenting comparisons between Arizona Works and EMPOWER Redesign. We also need to explore further issues related to differences in how child-only cases are counted by Arizona Works and EMPOWER Redesign. In our review of the March 15 report, we hope to provide the Committee with some comparison data reflecting trends in both programs.

(Continued)

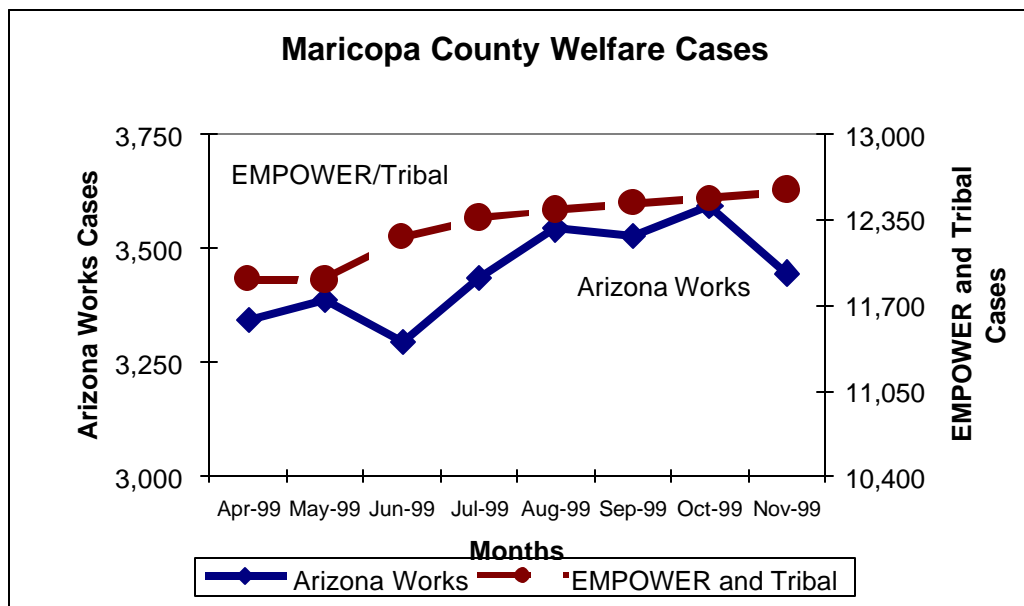
JLBC

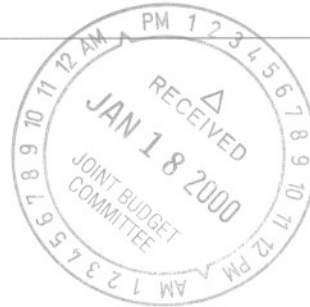
The table below provides information on the total number of cases by type for the last four months. The table shows that there has been a slight decrease in the number of total cases. At the same time, the number of cases for whom no work participation is required, i.e., child-only cases, has risen slightly.

ARIZONA WORKS PROGRAM: TOTAL CASES BY TYPE				
<u>Month</u>	<u>TANF</u>	<u>No Work Participation</u>	<u>New Transfer In</u>	<u>Total</u>
August	2,011	1,473	59	3,543
September	1,994	1,483	51	3,528
October	2,027	1,516	50	3,593
November	1,848	1,542	56	3,446

The MAXIMUS report provides results of customer satisfaction surveys, which show no significant change in customer satisfaction with the program, which has ranged between "Good" and "Excellent." It also mentions that although the Grant Diversion program (which provides persons eligible for cash benefits a one-time upfront payment in lieu of cash benefits) was implemented on October 1, 1999, no participants have been determined eligible for the program.

The following chart updates information provided in our memo on the November report. It compares the total number of cases in the Arizona Works program with the caseload in the rest of Maricopa County. For the most part, caseloads trends in both programs are similar, although the Arizona Works caseload has decreased a couple times without a similar decrease in the caseload in the rest of Maricopa County. As we noted in our last review, however, we cannot make judgements about the information reflected in the chart without additional information (e.g., whether the increase occurred more in child-only cases or in adult cases.) We also noted that the table "cannot, by itself, give an indication of the relative success of each program." The evaluation to be conducted by JLBC Staff this year, and the evaluation to be conducted by an independent evaluator hired by the Arizona Works Agency Procurement Board will look into the issues of program success in greater detail.





January 18, 2000

Chairman Bob Burns
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

Dear Chairman:

Attached is the January 15, 2000 report submitted to the Arizona Works Procurement Board by MAXIMUS, Inc.

This report contains Sanction information as well as program financial data requested by the committee. FOX Systems will continue to work with MAXIMUS to update and revise this report as necessary to provide requested information to JLBC.

If you need further assistance or information, please feel free to call me at (480) 423-8184 extension 204.

Thank you,

A handwritten signature in cursive script that reads "Sherry Scott".

Sherry Scott
Project Analyst

cc:

Senator Randall Gnant
Mr. Stefan Shepard



Administered by MAXIMUS

January 14th, 2000

Mr. Alfredo Gutierrez, Chairman
Arizona Works Procurement Board
C/O Desh Ahuja
Fox Systems, Inc.
4110 N. Scottsdale Road, Suite 345
Scottsdale, Arizona 85251

Dear Chairman Gutierrez:

Attached is the report that JLBC has requested as an Arizona Works project deliverable due on January 15th. The report reflects progress made since the last report dated November 15th, 1999. As requested the following program data has been added to the report:

- o Sanction Data
- o Financial Data

Should you have any questions, or if I can be of further assistance, please do not hesitate to contact me at 480.668.4998.

Sincerely,

Beth Hicks
Program Manager
Welfare Reform Division

BH/ct

MAXIMUS ARIZONA WORKS PROGRESS REPORT

JANUARY 15, 2000

CUSTOMER SATISFACTION

- o The Customer Satisfaction system that measures participant feedback on all facets of our operation, continues to be significant in providing important information for continued process improvement.
- o Surveys are completed by participants to evaluate five different areas of service: Orientation; Customer Service; Case Manager Satisfaction; Resources Specialist Satisfaction; and MAXAcademy Satisfaction.
- o Each survey measures a variety of items such as: knowledge of resources; clarity; questions answered completely; and responsiveness.
- o Scores for all areas are consistently averaging around 3.7 out of a range of 1-4 (1=poor and 4=Excellent).
- o Handwritten comments are also submitted for any area not specifically covered in the questionnaire. **See Attachment I**
- o Customer satisfaction is also measured by the success of participants in the Arizona WORKS program.
- o The satisfaction of each participant is a contributing factor leading to successful experiences and outcomes.
- o MAXIMUS applauds each participant's success story and each success provides a tool for continued process improvement. **See Attachment II**

CHILD CARE

- o Child Care related matters are proceeding with few obstacles.
- o The plan that was developed between MAXIMUS and the Child Care Administration for problem resolution continues to resolve problems expediently and effectively.
- o Data shows the number of children receiving 'Transitional Child Care' during October was 2108 and for November 2107.
- o Collection of co-payments is the responsibility of the person providing care to authorized child(ren). MAXIMUS facilitates any collection problems with the participant. **See Quantitative Report**

FOOD STAMPS AND GENERAL ASSISTANCE

- o General Assistance recipients must be disabled in order to receive benefits. Participants are assessed, eligibility is determined and if necessary doctor's appointments are scheduled and disability statements are verified.

- o Participants are then referred to the Advocates for the Disabled for Social Security application assistance and advocacy.
- o The caseload of GA recipients for October is 311 and for November it is 312.
- o Food Stamp Employment and Training recipients are those who receive food stamps only. FAA staff determines food stamp eligibility.
- o MAXIMUS staff assess participants and assign work-related activities.
- o FSET Cases for October = 616 and November = 768. **See Quantitative Report**

WORKERS COMPENSATION

- o Workers compensation coverage is provided for participants that are engaged in unpaid work experience.
- o MAXIMUS submits invoices to DES and pays the premium for each participant.
- o In October there were 48 participants covered and for November 38. **See Quantitative Report**

COORDINATING COMMITTEE

- o Recruitment of members for the Arizona Works coordinating Committee continues.
- o A handbook was developed for the orientation that is pending a confirmed date.

DIVERSION

- o Grant Diversion was implemented on October 1st, 1999.
- o To date, there has been no participants determined eligible for Diversion.
- o No decision has been made on the part of the Division of Child Support Enforcement (DCSE) whether they want Diversion cases referred to them.
- o Meetings are still being held to clarify this issue.
- o A method has been developed to track a participant when they become eligible for Diversion to ensure the process is proceeding without problems.

PROGRAM DATA

- o MAXIMUS continues in the coordination process with DES to obtain data through a download process from the State's automated systems.
- o As issues are identified all resources are used to remedy each area of concern.
- o Reports are being generated and validation efforts continue to ensure the accuracy of the numbers.
- o Discussions on performance measurement data have been on going and soon should be completed.

ORIENTATION PARTICIPANT SURVEY COMMENTS

10/99

Comments made to the question "What did you like most about the presentation?"

- | | | | |
|---|----|--------|--|
| o | 32 | 36.8% | Positive comments about the Presenter, such as, Frankness, enthusiastic, helpful, nice, friendly, good speaker, eagerness to listen, pleasant, straight forward, non-judgmental, patient, non-degrading, positive attitude, thoroughness, encouraging, understanding, truthful, polite, motivating, boosts self esteem, kind, confident, and enlightening. |
| o | 27 | 36.8% | Presentation/Presenter explained the Program requirements well, direct, to the point, informative, thorough, easy to understand, and clarity. |
| o | 18 | 20.7% | MAXIMUS helping people better themselves, become more self-sufficient, educational, independent, help with finding jobs, help with shelter, brand new program, help with problems in life, liked MAXAcademy, help with transportation, useful program, willing to help. |
| o | 7 | 8.0% | All questions were answered. |
| o | 3 | 3.5% | Time length of presentation was good. |
| o | 87 | 100.0% | |

Comments to question "What did you like least about the presentation?"

- | | | | |
|---|----|-------|---|
| o | 14 | 36.8% | Participants didn't like the time length. |
| o | 11 | 28.9% | Disruptive participants/children. |
| o | 6 | 15.8% | Room was too crowded. |

- o 3 7.9% Negative program comments such as, having to go to activities instead of job hunting, wanted more information, process takes to long.
- o 2 5.3% No childcare provided.
- o 2 5.3% Didn't like separate appointments, wants one on one interview.
- o 38 100.0%

Additional Comments

- o 8 40.4% Positive comments about the presenter such as, Great speaker, helpful, professional, caring, nice, excellent, kind, understanding.
- o 8 40.8% Positive comments about the Program such as, Sounds interesting, helps people, successful, positive information, will work well, excellent program, excited about the program.
- o 2 9.6% Participant wants a long term job.
- o 1 4.8% Wants childcare.
- o 1 4.8% Wants same day appointments, and emergency services.
- o 1 4.8% Wants handouts on what programs are about and the time frames.
- o 47 100.0%

CASE MANAGER SATISFACTION SURVEY COMMENTS

10/99

Additional comments made on the survey.

- | | | | |
|---|----|--------|--|
| o | 27 | 57.4% | Positive comments made about the Case Managers such as, pleasant, kind, nice, helpful, courteous, works with you, relieves stress, understanding, professional, friendly, caring, wonderful, efficient, supportive, sincere, polite, talks time to follow up on things, patient, cooperative, and encouraging. |
| o | 10 | 21.2% | Expressed their likes for the programs such as best social services program, will help achieve goals, likes employment opportunities, helps people, feel good about starting program, strives for the best, terrific program, wants to find work. |
| o | 3 | 6.4% | Case Manager answered my questions. |
| o | 1 | 2.1% | Got a job!!! |
| o | 2 | 4.3% | Didn't like the scheduled appointments |
| o | 4 | 8.5% | Negative comments about the Case Manager such as, rude, negative attitude on the phone, called late to appointment, |
| o | 47 | 100.0% | |

CUSTOMER SERVICE SURVEY

10/99

Additional comments made on the survey.

- | | | | |
|---|----|--------|--|
| o | 57 | 67.8% | Positive comments made about staff, such as helpful, hospitable, courteous, kind, caring, genuine concern, incredible, smiling, pleasant, respectful, friendly, professional, excellent, nice, polite, efficient, understanding, and good attitude |
| o | 17 | 20.2% | Negative comments about staff, such as slow service, phone calls not returned, rude, inattentive, disrespectful, less than pleasant, not polite, confusion. |
| o | 5 | 6.0% | Thank you. |
| o | 3 | 3.6% | Participant didn't like 2 separate interviews. |
| o | 1 | 1.2% | Need separate windows from DES. |
| o | 1 | 1.2% | Need toys in the lobby. |
| o | 84 | 100.0% | |

RESOURCESPECIALIST SATISFACTION SURVEY

10/99

- | | | | |
|---|----|-------|--|
| o | 16 | 88.8% | Positive comments about the Resource Specialist such as, understanding, helpful, caring, nice, kind person, boosts self esteem, knowledgeable, friendly, professional, empathetic, and terrific. |
| o | 1 | 5.6% | Best opportunity around. |

o	1	5.6%	Participant didn't like the advise the Resource Specialist gave her concerning her resume.
---	---	------	--

o	18	100.0%
---	----	--------

MAXACADEMY SURVEYS

10/99

o	15	25.0%	Good instruction, things were well done, keep up the good work.
---	----	-------	---

o	18	30.0%	Class was very informative and sincere, questions were answered thoroughly.
---	----	-------	---

o	25	41.6%	Class was fun and motivating.
---	----	-------	-------------------------------

o	1	1.7%	I learned that I owe more than I make, and worth more dead than alive.
---	---	------	--

o	1	1.7%	Please add more on child care.
---	---	------	--------------------------------

o	60	100.0%
---	----	--------

ORIENTATION PARTICIPANT SURVEY COMMENTS

11/99

Comments made to the question "What did you like most about the presentation?"

- | | | | |
|---|----|--------|---|
| o | 11 | 22.0% | Positive comments about the Presenter, such as, supportive, knowledgeable, friendly, speedy speaker, individual attention, genuine concern, pleasant, down to earth, patient, positively encouraged me, honest. |
| o | 20 | 40.0% | Presentation/Presenter explained the Program requirements well, direct, to the point, informative, thorough, easy to understand, and clarity. |
| o | 16 | 32.0% | MAXIMUS Simple to understand, helping people become more self-sufficient, help with finding jobs, help with shelter, help with problems in life, help be functional, motivates me not to rely on state for assistance, I want to work, job search, good goals, help with transportation, useful program, willing to help. |
| o | 3 | 6.0% | All questions were answered. |
| o | 50 | 100.0% | |

Comments to question "What did you like least about the presentation?"

- | | | | |
|---|---|-------|--|
| o | 6 | 30.0% | Participants didn't like the time length or paper work. |
| o | 1 | 5.0% | Disruptive participants/children. |
| o | 3 | 15.0% | Participant didn't want to be on Welfare, and didn't like being uncertain of future. |
| o | 3 | 15.0% | Room was too Cold/hot. |

o	3	15.0%	Negative program comments such as, having to go to activities instead of job hunting, wanted more information, process takes to long.
o	2	10.0%	Didn't like separate appointments, wants one on one interview.
o	2	10.0%	Didn't like Welfare Reform policies.
o	20	100.0%	

Additional Comments

o	6	50.0%	Positive comments about the presenter such as, smiling face, great job, professional, caring, accommodating, understanding.
o	4	33.4%	Positive comments about the Program such as, liked resources, helps people find work, will work well, excited about the program.
o	1	8.3%	Wants same day appointments, and emergency services.
o	1	8.3%	Wants more benefits for larger families.
o	12	100.0%	

CASE MANAGER SATISFACTION SURVEY COMMENTS 11/99

Additional comments made on the survey.

o	10	76.9%	Positive comments made about the Case Managers such as, pleasant, helpful, courteous, professional, caring, made to feel important, treated me like a human being, nice, excellent, and encouraging.
o	1	7.7%	Worthwhile program to be on.

o 2 15.4% To much information and paperwork.

o 12 100.0%

CUSTOMER SERVICE SURVEY

11/99

Additional comments made on the survey.

o 36 69.3% Positive comments made about staff, such as good resource, helpful, courteous, kind, caring, informative, speedy service, pleasant, respectful, friendly, professional, satisfied, considerate, quick, made to feel important, nice, polite, supportive, answered questions, nonjudgmental, understanding, genuine concern, wonderful, good service, patient, efficient and the best.

o 12 23.0% Negative comments about staff, inattentive, treat people more kindly, took to long to be recognized, took to long, rude, needed more information.

o 4 7.7% Thank you.

o 52 100.0%

RESOURCESPECIALIST SATISFACTION SURVEY

11/99

- | | | | |
|---|----|--------|--|
| o | 14 | 66.7% | Good assistance and help, made completing task easier. |
| o | 7 | 33.3% | Helped boost self-esteem, made me feel good. |
| o | 18 | 100.0% | |

MAXACADEMY SURVEYS

11/99

- | | | | |
|---|----|--------|---|
| o | 23 | 35.4% | Good instruction, things were well done |
| o | 30 | 46.2% | Well organized usually. |
| o | 8 | 12.3% | Class had good information and resources. |
| o | 1 | 1.5% | Nothing pertained to me. |
| o | 3 | 4.6% | Please add more on child care. |
| o | 65 | 100.0% | |

SUMMARY OF SURVEYS

Scale Point: (1) Poor (2) Average (3) Good (4) Excellent					
Survey Forms	1st QRT	2nd QRT	Oct-99	Nov-99	YTD *
Orientation Participant Survey	3.60	3.60	3.63	3.59	3.61
Customer Service Survey	3.40	3.50	3.47	3.43	3.45
Case Manager Satisfaction Survey	3.90	3.80	3.82	3.75	3.76
Resource Specialist Satisfaction Survey	** N/A	** N/A	3.89	3.88	3.88
MAXAcademy Satisfaction Survey	3.60	3.80	3.86	3.83	3.88

* Year To Date (YTD) figures are weighted averages, based on number of surveys submitted per month.

** No data for Survey in this time period. New Survey.

Success is a Journey

October/November participant success story highlights are as follows:

Kathleen

Kathleen C., a single mother of six children, had been receiving TANF for so long that her case number only had three digits! Kathleen displayed persistence and resilience as she continued her search for employment after graduating from MAXAcademy. Kathleen proved that she could achieve success in spite of the perceived barriers even we placed upon her due to her length of time on Cash Assistance. Kathleen has been working successfully for Circle K for several months now. In the words of Alan, the MAXIMUS representative, *"Once the participant has an investment in determining the future well-being of their family they will take a course that allows them to become successful, and a contributing member of society."*

Donna

Donna R. arrived in MAXAcademy with an attitude that even she would describe as very negative. Recently separated from her husband, Donna was homeless, out of money, and low on hope. We provided her with shelter, clothing, and car insurance. Then the attention shifted from survival to success. Donna's attitude completely shifted. She became more positive and optimistic. She secured employment at \$9.00/hour. She began to save money and plan her move out of the shelter. She began to reconcile with her husband. Then Donna suffered a mild stroke. She kept her employer informed, and was back to work in two weeks. Donna's savings had nearly been used up when her stay at the shelter expired. At the same time, Donna's husband and daughter experienced car trouble in New Mexico on their way to Arizona. The wonderful MAXIMUS employee contacted the New Mexico Department of Human Services in an attempt to get services provided to Donna's husband. Fortunately, the husband and daughter made it to Arizona. MAXIMUS provided Donna and her family with move-in assistance so they could move in to an apartment and get utilities started. Donna's husband was able to secure a job at \$10.00/hour within one week. The kids are now in school, the apartment has furniture, and they are starting a new life. In the words of Kyle, the MAXIMUS representative, *"this is a family that was once homeowners in Indiana, were active members of their community, and lost their footing in life. It was nice to get them back into the mainstream. They still contact me from time to time."*

Debbi

Debbi is a single mother with one child, who was experiencing unemployment, homelessness due to domestic violence, and the need for clothing and advocacy. Debbi really needed someone to believe in her. Her MAXIMUS representative placed her into temporary shelter, provided her with clothing and advocacy, and Debbi was then able to focus on employment. She became a motivated participant in MAXAcademy. Debbi took responsibility for overcoming homelessness, and pursued many different housing options. She secured employment at \$9.75 per hour. She located an affordable apartment in Chandler near her workplace. Her retention plan includes auto repairs and auto registration, changing childcare providers to one that is closer to her worksite, and continued case management. In the words of Kevin, her MAXIMUS representative, *"Debbie has been an excellent example of becoming self-sufficient!"*

Benjamin

Benjamin is a single father with two children. Benjamin had lost confidence in himself, he didn't know what to do about childcare, he needed housing and work clothes. His MAXIMUS representative helped him to arrange childcare through a family member, provided him with professional clothes for job search, and helped him get into a new apartment. Ben accepted employment in order to support his family, while he continued to seek the job he most wanted. He is currently employed in an ideal position that allows him to spend more time with his children. In the words of James, his MAXIMUS representative, *"Ben understood after I spoke with him that he was undermining himself because he lacked the confidence he needed to succeed on his own, but after I explained his obligations to him and offered assistance and encouragement he took the bull by the horns. He has never looked back, and I don't feel he will fall back into the rut he was in when he started this program. His mindset and his self-confidence has improved".*

Becky

Becky left her husband and a domestic issue situation, and moved into an apartment with her three children. She just had a baby in July. Becky had not worked for awhile and had few skills. Julie, her MAXIMUS representative referred her to Domestic Legal Advocacy. Becky was very eager to work, and a little scared too. Two weeks after meeting with MAXIMUS, an excited Becky called Julie to announce her new job with UPS earning \$8.50/hour initially, then \$9.50/hour after orientation (plus full benefits with \$0 deductible). Becky has overcome fear and other barriers to employment and has realized success. "I couldn't have done it without the support of this program," said a smiling Becky.

Jan

Jan revealed that she is a victim of domestic violence in her assessment interview with Angela, her MAXIMUS representative. Although given a referral to a domestic violence shelter, Jan wasn't ready to change her life. Three days after starting MAXAcademy Jan secured employment at \$10.50/hour. Her new employer was willing to allow Jan the time she needed to relocate her family, find a new childcare provider, and begin some counseling. The Center Against Family Violence helped Jan to get an order of protection, an overnight stay, free counseling, and gifts for Jan and her children. "I will continue to encourage and educate Jan in taking these steps," assured Angela, Jan's MAXIMUS representative.

Note: This participant's name was changed to protect her confidentiality.

Linda

Linda had been diagnosed as having multiple personalities and disassociation disorder due to previous physical and sexual abuse. Initially, Linda was assigned to try an unpaid work experience activity, but the employer requested she not return after the first day. Then Linda was transferred to Angela, the MAXIMUS representative. Angela met with Linda to focus on employment barriers and appropriate referrals. "Linda has always maintained that she simply needed help finding work," stated Angela. Angela decided to refer Linda to the MARC center for employment assessment, coaching, and training. Linda will begin her new placement on December 20th, and was very excited about the new opportunities ahead. MAXIMUS helped Linda provide for her 8-year old child for Christmas. Following employment assessment and coaching, Linda will be placed into community employment and will begin earning an income to support her family. Success is ahead!

Note: This participant's name was changed to protect her confidentiality.

Carol

Carol, a mother of four, was facing significant changes in her life and decided to seek help. Her husband had been hurt on the job and his Worker's Compensation had not yet begun. She decided to apply for assistance, and was eventually placed in two additional programs to increase the available resources and support. Through assistance provided by JTPA and the Department of Labor Welfare to Work program, Carol was able to attend vocational training to improve her computer skills and to work on her GED. In order for Carol to open doors and confirm her own capabilities, Carol decided to begin volunteering. This would allow her to continue networking and upgrade her basic skills. Carol stated, "there was no job opening for which I was able to qualify. I recently learned new skills and was able to apply them and it paid off. The resume writing along with job retention workshops, application preparation, proper dressing for interviews and other skills improvement courses helped me to get off cash assistance and obtain a job..... with MAXIMUS!" Carol's family also began to benefit from her success. Her children began to improve their attendance and performance in school after they observed Carol's dedication to her studies. Her children are proud of their mom for her accomplishments. "I feel great and with a renewed attitude, I just want to help other people. Because welfare-to-work helped me through my situation, I am proud to give back to the community. It encouraged and inspired me to do a great job and be all that I can." Carol, our hats are off to you!

Rochelle

Rochell, a mother of two, had been deferred throughout her entire time on cash assistance. She applied for social security without much success. Her health condition had grown worse with time. When she was assessed there seemed to be a sense of despair. She had "been there, done that" with the JOBS program. Alan, her MAXIMUS representative, assured her that this time would be different and MAXAcademy would help in securing her a good job. Alan also suggested Rochelle go to the doctor's to review her medical condition to see if the deferral should be lifted. She accepted her invitation to MAXAcademy and began an independent job search before her MAXAcademy start date. Before she could start attending MAXAcademy, she found a job on her own! Not only did she find a good job, she also found a husband! All at the same business! She is now employed at her husband's business, a grinding supply co @ \$8.25 per hour, and has been there almost five months. Needless to say the biggest benefit she received from her new employer was her husband. Her health has improved tremendously, and her children are thrilled. Good luck Rochelle, from MAXIMUS.

**ARIZONA WORKS QUANTITATIVE REPORT
OCTOBER - NOVEMBER, 1999**

Participant Activities*	As of November 30, 1999		As of October 31, 1999	
	Assigned	% of Total Assigned	Assigned	% of Total Assigned
Full Time Paid Employment**				
Unsubsidized (L1)	20	0.6%	113	3.6%
Subsidized (L2)	0	0.0%	0	0.0%
Employed Full Time - Follow Up Status				
30 Day	226	7.0%	213	7.0%
60 Day	209	7.0%	212	7.0%
90 Day	236	8.0%	239	8.0%
Part Time Paid Employment				
Unsubsidized (L3)	343	11.1%	376	11.8%
Unpaid Employment				
Unpaid Work Exp (L3)	47	1.5%	51	1.6%
Community Service (L4)	0	0.0%	1	0.0%
Other Activities				
Job Readiness	1456	47.0%	1398	43.9%
Training	132	4.3%	154	4.8%
Basic Skills	99	3.2%	108	3.4%
Other	326	10.5%	317	10.0%
TOTAL	3094		3182	
PT & Subsidized (L2) Follow up Status***				
30 Day	196		197	
60 Day	146		148	
90 Day	181		184	

*Data reflects actual placement in an activity of all active (cash case open) participants as of the end of the reporting month (with the exception of FT follow-up data these may be closed). **Throughout report, FT emp. means 40hrs/wk, except where a particular industry standard is different. ***Data is a subset of L2 (Paid FT Subsidized) and L3 (Paid PT Unsubsidized), not included in TOTAL.

PARTICIPANTS TEMPORARILY EXCUSED

Reason	<i>As of November 30, 1999</i>		<i>As of October 31, 1999</i>	
	Number	% of Clients	Number	% of Clients
Deferred				
Domestic Violence	6	1.8%	6	1.7%
Health Problems	174	52.3%	166	48.3%
Family Emergency	10	3.0%	10	2.9%
Childbirth	44	13.2%	48	14.0%
Other - Caretaker of Disabled family member, Teen Parent w/ child >12 weeks, Parent w/ child >1yr	98	29.4%	113	32.8%
Temporarily Excused				
Child Care Not Available	1	0.3%	1	0.3%
TOTAL	333	100.0%	344	100.0%

NEW EMPLOYMENT PLACEMENTS - NOVEMBER*

Type of Placement	New Placements			Wage Range						Emp. Health Ins			
	Number	% of Total	YTD***	< \$5.15	YTD	\$5.15 - \$8.14	YTD	> \$8.14	YTD	Yes	YTD	No	YTD
Paid Employed FT													
Unsubsidized (L1)	33	50.8%	821	1	21	22	506	10	295	25	583	8	293
Subsidized (L2)	0	0.0%	0	0	0	0	0	0	0	0	0	0	0
Paid Employed PT													
Unsubsidized (L3)	32	49.2%	668	1	51	19	493	12	133	14	354	20	381
Subtotal	65	100.0%		2	72	41	999	22	428	39	937	28	674
Unpaid Work Experience**													
Unpaid Work Exp (L3)	0	0.0%											
Community Service (L4)	0	0.0%											
Subtotal	0	100.0%											
TOTAL	65	100.0%	1489										

NEW EMPLOYMENT PLACEMENTS - OCTOBER*

Type of Placement	New Placements			Wage Range						Emp. Health Ins			
	Number	% of Total	YTD***	< \$5.15	YTD	\$5.15 - \$8.14	YTD	> \$8.14	YTD	Yes	YTD	No	YTD
Paid Employed FT													
Unsubsidized (L1)	158	56.4%	788	2	20	94	484	62	285	138	558	31	285
Subsidized (L2)	0	0.0%	0	0	0	0	0	0	0	0	0	0	0
Paid Employed PT													
Unsubsidized (L3)	119	42.5%	636	9	50	89	474	23	121	83	340	49	361
Subtotal	277	98.9%		11	70	183	958	85	406	221	898	80	646
Unpaid Work Experience**													
Unpaid Work Exp (L3)	3	0.0%											
Community Service (L4)	0	0.0%											
Subtotal	3	100.0%											
TOTAL	280	100.0%	1424										

*Start date of employment/unpaid work experience fell within month

**Unpaid does not include individuals in training or other non-employment activities

***YTD totals 4/99 -thru- Current month's data

SANCTIONS*

Sanction Type	As of November 30, 1999				As of October 31, 1999			
	Employment	Child Support	Total	% of Total	Employment	Child Support	Total	% of Total
Failure/Refusal to Participate***								
25%	43	1	44	48.89%	18	2	20	33.33%
50%	16	1	17	18.89%	20	3	23	38.33%
100%	23	6	29	32.22%	14	3	17	28.33%
TOTAL	82	8	90	100.00%	52	8	60	100.00%
Failure/Refusal to Participate								
Hourly**	0	0	0	0.00%	0	0	0	0.00%

*Reported sanctions are only those which have actually caused a reduction in the assistance benefit.

**If case has both a percentage sanction and hourly sanction, the hourly sanction is not reported to avoid duplication.

***Preliminary Data - Contingent on internal/external validation

COOPERATING EMPLOYERS

Type of Employer	As of November 30, 1999		As of October 31, 1999	
	New	Total - YTD	New	Total - YTD
Subsidized	0	0	0	0
Unpaid	7	82	7	75

WORKMAN'S COMPENSATION

	As of November 30, 1999		As of October 31, 1999	
	New	Total -YTD	New	Total - YTD
Number of Participants Covered	38	204	48	166

FAIR HEARINGS

Action	As of November 30, 1999		As of October 31, 1999	
	Number	Total - YTD	Number	Total - YTD

Fair Hearing Requests

TANF	13	63	8	50
General Assistance	6	23	3	17
Child Care	1	4	0	3
Total Requests	20	90	11	70

Fair Hearing Dispositions

Pending	14		12	
Withdrawn	5		4	
Agency Upheld	8		8	
Agency Reversed	2		0	
Total Decisions	10		8	

Appeals Requested

Pending	0		0	
Withdrawn	0		0	
Agency Upheld	0		0	
Agency Reversed	0		0	
Total	0		0	

TOTAL CASES BY TYPE

Case Type	As of November 30, 1999		As of October 31, 1999	
	Number	% of Total	Number	% of Total
TANF				
Pending Assignment	0	0.0%	2	0.1%
Unsubsidized (L1)	4	0.1%	3	0.1%
Subsidized (L2)	0	0.0%	0	0.0%
Work Exp (L3)	1404	41.4%	1489	42.0%
Community Service (L4)	440	13.0%	533	15.0%
Subtotal	1848	54.5%	2027	57.2%
No Work Participation Required				
Unwed Minor Parent Case	0	0.0%	1	0.0%
Child Only Case	1542	45.5%	1515	42.8%
Subtotal	1542	45.5%	1516	42.8%
New Transfer In	56		50	
TOTAL	3446	100.0%	3593	100.0%
*Data reflects actual level indicator of the case (not placement in an activity)				
General Assistance	312		311	
Grant Diversion	0		0	
FSET**	768		616	

**Data is for a number of PARTICIPANTS not CASES

CHILD CARE

	<i>As of November 30, 1999</i>		<i>As of October 31, 1999</i>	
	FAMILIES	CHILDREN	FAMILIES	CHILDREN
Number Served*				
JOBS Child Care - JB	573		618	
AFDC Employed Child Care - EA				
Transitional Child Care 1-12 months (TC)	1131		1155	
Transitional Child Care 13-24 months (WT)				
TOTAL	1704	3246	1773	3356

*Data collected for Oct/Nov was not broken out by "type of Child Care Program" Beginning w/ December data will be reported by Child Care Program

Number Eligible

JOBS Child Care (JB)	382	675	441	784
AFDC Employed Child Care (EA)	108	196	111	208
Transitional Child Care 1-12 months (TC)	662	1276	640	1243
Transitional Child Care 13-24 months (WT)	420	831	437	865
TOTAL	1572	2978	1629	3100

Transitional Child Care

Months 1-12 (TC)	662	1276	640	1243
Months 13-24 (WT)	420	831	437	865
TOTAL	1082	2107	1077	2108

Co-Payments Collected

	<i>As of November 30, 1999</i>		<i>As of October 31, 1999</i>	
	Full Day	Part Day	Full Day	Part Day
Transitional Child Care 1-12 months (TC)	\$2,609.00	\$1,307.75	\$2,378.50	\$1,187.75
Transitional Child Care 13-24 months (WT)	\$1,924.00	\$962.50	\$1,897.50	\$970.00
Relative Providers	\$267.00	\$143.75	\$211.50	\$109.75
TOTAL	\$4,800.00	\$2,414.00	\$4,487.50	\$2,267.50

CHILD CARE CO-PAYMENT LEVELS*

	Fee Level - L1		Fee Level - L2		Fee Level - L3		Fee Level - L4		Fee Level - L5		Fee Level - L6	
	Full Day	Part Day	Full Day	Part Day	Full Day	Part Day	Full Day	Part Day	Full Day	Part Day	Full Day	Part Day
1st Child	\$1.00	\$0.50	\$2.00	\$1.00	\$3.00	\$1.50	\$5.00	\$2.50	\$7.00	\$3.50	\$10.00	\$5.00
2nd Child	\$0.50	\$0.25	\$1.00	\$0.50	\$1.50	\$0.75	\$2.50	\$1.25	\$3.50	\$1.75	\$5.00	\$2.50
3rd Child	\$0.50	\$0.25	\$1.00	\$0.50	\$1.50	\$0.75	\$2.50	\$1.25	\$3.50	\$1.75	\$5.00	\$2.50
4th Child	No minimum required co-pay for 4th (or more) children in care											

*The only Child Care program administered by Arizona Works that requires a co-payment is the Transitional Child Care program.

FINANCIAL DATA

	NOVEMBER 1999	OCTOBER 1999
ADMINISTRATIVE	\$395,471.00	\$395,471.00
CHILD CARE	\$2,416.78	\$855.09
SUPPORT SERVICES	\$156,388.79	\$141,987.75



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1717 W. Jefferson - P.O. Box 6123 - Phoenix, AZ 85005

Jane Dee Hull
Governor

John L. Clayton
Director

JAN 14 2000

Stefan Shepherd
Senior Fiscal Analyst
Joint Legislative Budget Committee
1716 W. Adams
Phoenix, AZ. 85007

Dear Mr. Shepherd:

The DES/Arizona Works comparison data for October 1999 and November 1999 as requested is attached.

If you have any questions, please contact Greg Wetz, Project Manager, Arizona Works at (602) 542-6017.

Sincerely,

A handwritten signature in cursive script, reading "Karen McLaughlin".

Karen McLaughlin
Administrator
Financial Services Administration

Attachment

As of November 30, 1999

Assigned Activity by Participant*

Employment Assigned	As of November 30, 1999		As of October 31, 1999	
	Assigned	% of Total Assigned	Assigned	% of Total Assigned

Paid Employed Full time

Unsubsidized	191	10.3%	145	9.0%
Subsidized	0	%	0	0.0%

FT Employed Follow Up Status

30 Day	58	3.1%	74	4.1%
60 Day	115	6.2%	110	7.1%
90 Day	261	14.0%	246	12.1%

Paid Employed Part time

Unsubsidized	391	21.0%	402	22.7%
--------------	-----	-------	-----	-------

Unpaid Employment

Unpaid Work Exp	107	5.8%	98	6.0%
Community Service	5	0.3%	4	0.1%

Other Activities

Job Readiness	184	10.0%	141	10.6%
Training	104	5.6%	97	5.8%
Basic Skills	55	3.0%	53	2.5%
Other	384	20.7%	448	20.1%

TOTAL

1855		1818	
------	--	------	--

Participants Temporarily Excused

	Current Month As of November 30,99		Previous Month As of October 31, 99	
	Number	% of Clients	Number	% of Clients

Deferred

Domestic Violence	8	0.4%	5	0.3%
Disability	565	30.0%	571	31.0%
Caretaker of Disabled Family	188	10.0%	186	10.0%
Parent/Caretaker of child under 1	1121	59.3%	1099	59.0%
Teen parent w/child under 12 wks.	7	0.3%	6	0.3%

Total	1889	100.0%	1867	100.0%
--------------	-------------	---------------	-------------	---------------

New Employment Placements – Current* Period

Placements	New Placements			Wage Range			Emp. Health Ins	
	Number	% of Total	YTD***	< \$5.15	\$5.15 - \$8.14	> \$8.14	Yes	No

Paid Employed FT

Not Comparable to AZW

Unsubsidized	222	53.0%		0	163	59		
Subsidized	0			0	0	0		

Paid Employed PT

Unsubsidized	130	31.0%		13	106	11		
	0							
Subtotal Paid Employment	352	84.0%		13	269	70		

Unpaid Work Experience

Unpaid Work Exp	66	15.8%						
Community Service	1	0.2%						

Subtotal Unpaid Employment	67	16.0%						
-----------------------------------	-----------	--------------	--	--	--	--	--	--

TOTAL	419	100.0%						
--------------	------------	---------------	--	--	--	--	--	--

Sanctions – Current Period

+++++	Current Month - As of November 30, 1999	Previous Month - As of October 31, 1999
-------	---	---

Sanctions

Failure/Refusal to Participate

25%			253				213	
50%			186				202	
100%			262				270	

Cooperating Employers – Current Period

Not Tracked

Type of Employer	Current Month - As of November 30, 1999		Previous Month - As of October 31, 1999	
	New	Total - YTD	New	Total - YTD
Subsidized	0	0	0	0
Unpaid	10	68	17	58

Fair Hearings

There is no comparison to AZW for fair hearings as the AZW process is completely different from the ADES.

	Current Month - As of September 30, 1999		Previous Month - As of August 31, 1999	
	Number	Total - YTD	Number	Total - YTD

Fair Hearing Requests

TANF				
General Assistance				
Child Care				
Total Requests				

Fair Hearing Dispositions

Pending				
Withdrawn				
Agency Upheld				
Agency Reversed				
Total Decisions				

Appeals Requested

Pending				
Withdrawn				
Agency Upheld				
Agency Reversed				
Total				

Total Cases by Type

Case Type	Current Month - As of November 30, 1999		Previous Month - As of October 31, 1999	
	Number	% of Total	Number	% of Total

TANF Cases

Total	11,736		11,721	
-------	--------	--	--------	--

No Work Participation Required

Not Comparable to AZW because of the inconsistencies between the two policies.

Unwed Minor Parent Case				
Child Only Case				
Subtotal				

General Assistance	Not Available		Not Available	
Grant Diversion	0		0	
Transitional Child Care	960		903	
Other TANF Child Care	590		499	
FSET				