



---

# DEPARTMENT OF ECONOMIC SECURITY

---

*Your Partner For A Stronger Arizona*

## **State Fiscal Year 2022**

### **Arizona Department of Economic Security Annual Report**



**Douglas A. Ducey, Governor**  
**Michael Wisehart, Director**

## TABLE OF CONTENTS

<b>STATUTORY AUTHORITY</b>	<b>1</b>
<b>ARIZONA DEPARTMENT OF ECONOMIC SECURITY OVERVIEW</b>	<b>2</b>
<b>COMMITMENT TO SERVING ARIZONANS</b>	<b>9</b>
<b>COMMITMENT TO QUALITY</b>	<b>60</b>
<b>PROPOSED ACTIONS FOR NEXT FISCAL YEAR</b>	<b>69</b>
<b>ECONOMIC CONDITIONS AND OUTLOOK</b>	<b>74</b>
<b>STATISTICS</b>	<b>80</b>

## STATUTORY AUTHORITY

The Arizona State Legislature established the Arizona Department of Economic Security (ADES/Department) in 1972 by consolidating multiple state entities to provide an integrated approach to human services. The Department invests approximately \$7.1 billion annually to provide critical and beneficial services to more than \$3 million Arizonans in need.

In accordance with Arizona Revised Statutes (A.R.S.) § 41-1960, ADES is required to submit an annual report to the Governor and Legislature that provides information regarding Arizona's economic security needs and resources; the use, training, and placement of manpower; and recommendations for the next Fiscal Year (FY). This report provides statistical information, highlights the current economic conditions within the state, and focuses on the efforts of programs within ADES and its provider networks to deliver services to Arizona's children, adults, and families to ensure that they have an opportunity to live safely and become self-sufficient.

## ARIZONA DEPARTMENT OF ECONOMIC SECURITY OVERVIEW

The Department established a True North as part of continuous improvement efforts to serve as a constant reminder of ADES's commitment to serve Arizonans.

### **ADES TRUE NORTH**

*All Arizonans who qualify receive timely ADES services and achieve their potential.*

The ADES True North is supported by the Department's mission to make Arizona stronger through ADES programs and services.

### **ADES MISSION**

*The Department of Economic Security makes Arizona stronger by helping Arizonans reach their potential through temporary assistance for those in need, and care for the vulnerable.*

The Department has established four goals to accomplish this mission:

- Serve Arizonans with integrity, humility, and kindness;
- Support Arizonans to reach their potential through social services that train, rehabilitate, and connect them with job creators;
- Provide temporary assistance to Arizonans in need while they work toward greater self-sufficiency; and
- Provide children with food, health care, and parental financial support; provide services to individuals with disabilities; and protect the vulnerable by investigating allegations of abuse, neglect, and exploitation.

The Department endeavors to fulfill its mission by employing five core values that serve as the foundation for the work performed by the Department:

- **Accountability:** We commit to excellence, innovation, and transparency;
- **Integrity:** We are trustworthy, honest, and reliable;
- **Respect:** We appreciate each other, and value those we serve;
- **Teamwork:** We collaborate with humility, and partner with kindness; and
- **Diversity:** We respect all Arizonans and honor those in need.

ADES had 8,021 employees and operated from 74 direct-service offices, 13 residential facilities, and 20 administrative offices at the end of State Fiscal Year (SFY) 2022. ADES owns 23 facilities and leases one of those properties to another government entity. The remainder of ADES locations are leased. The Department is divided into six districts, with the central administration located in Phoenix.

The need for ADES services is critical for the individuals, children, and families who make Arizona their home. The Department helps more than three million Arizonans reach their full potential every year by providing temporary assistance to those in need. The Department's commitment to building the capacity of Arizonans who receive ADES services requires staff to demonstrate the Department's five core values every day through interactions with the public and fellow colleagues.

The Department has approximately 50 programs, housed among seven divisions, that provide a wide array of services delivered through offices and staff throughout Arizona, and through a network of community-based providers. The Department works collaboratively with businesses, communities, local and national advocacy organizations, other state agencies, federal agencies that oversee programs, and Tribal Nations to deliver services to Arizonans.

The multi-faceted programs within the divisions collaborate to offer other supportive services that provide opportunity, care, and assistance for Arizonans in need and provide temporary

assistance and services to help them reach greater self-sufficiency. Client-facing divisions within the Department include:

- Division of Aging and Adult Services (DAAS);
- Division of Benefits and Medical Eligibility (DBME);
- Division of Child Care (DCC);
- Division of Community Assistance and Development (DCAD);
- Division of Child Support Services (DCSS);
- Division of Developmental Disabilities (DDD); and
- Division of Employment and Rehabilitation Services (DERS).

In order to better concentrate resources and attention on critical programs, the Department created DCAD and DCC out of programs which were formerly administered by other divisions.

DCC was established in an effort to ensure sustained focus on one of the primary ways ADES helps individuals overcome barriers to employment – ensuring access to quality child care. This allows parents to engage with the workforce, and gives children the care and early education to serve as the foundation for a bright future. In establishing DCC, ADES strengthened its focus on the critical Child Care Program, providing a dedicated foundation for quality child care, safety, development, and early literacy for Arizona’s families.

DCAD was established to increase ADES’ focus on crisis programs and serving the increasing number of Arizonans needing these services. This division includes housing stability programs like the Emergency Rental Assistance Program (ERAP), Low-Income Home Energy Assistance Program (LIHEAP), Low Income Household Water Assistance Program (LIHWAP), and the state’s Homeless Coordination Office. It also includes the Office of Interpersonal Violence, the Hunger Relief Program, and Community Action Programs. This reorganization has been critical

in the Department's ability to design and implement new programs and continuously improve service delivery through community-based partnerships.

ADES also provides support to staff through the Division of Technology Services (DTS), the Division of Business Services (DBS), and the Division of Financial Operations.

The Department has approximately 6,100 contracts and agreements with non-profit and for-profit organizations, governmental agencies, Tribal governments, and other community partners throughout Arizona. These contracts provide services to Arizonans across the human service delivery continuum and critical operational support to the Department and its staff.

## **OFFICE OF INSPECTOR GENERAL**

The ADES Office of Inspector General's (OIG) mission is to protect the integrity of ADES programs and services from fraud, waste, and abuse and to provide security for all individuals at ADES facilities. Despite the continued significant increase in workload due to the COVID-19 Pandemic, the OIG's seven administrations have worked exceptionally hard to deliver meaningful results and protect the integrity of ADES programs. OIG administrations accomplished the following in SFY 2022:

- The Investigations Administration, which includes the Investigative Support Team, Child Care Investigations, Internal Affairs, Rental Fraud Unit, and Traffic Detection Unit, addressed more than 4,069 investigative referrals and closed 6,199 cases, 207 of which resulted in administrative action and 77 of which resulted in a prosecution.
- The Unemployment Insurance Benefit Fraud (UIBF) Administration continued its partnership with more than 100 federal, state, and local law enforcement agencies and more than 220 financial institutions worldwide to investigate fraud allegations. UIBF received 18,348 fraud referrals, closed 77,148 cases, prevented more than \$82 million in

unemployment benefits from being issued to criminals, recovered \$10.5 million in fraudulently issued benefits, submitted 379 criminal cases to state and federal prosecutors, and obtained criminal convictions in 140 cases. The convictions resulted in \$1,049,987 in court-ordered restitution.

- The Office of Special Investigations, Public Assistance Benefit Fraud (PABF) Unit received 5,807 referrals and closed 4,188 cases. PABF assisted the agency in identifying \$1,289,418 in overpayments made to participants (clients) and stopped \$3,239,511 in Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) Cash Assistance (CA) benefits from being paid to non-eligible participants. There were 172 cases submitted for civil recoveries, and 81 cases were sent to the Arizona Attorney General's Office for prosecution resulting in 31 convictions and \$282,646 in court-ordered restitution to the agency.
- The Appellate Services Administration received more than 136,000 appeals related to Unemployment Insurance (UI) and Public Assistance benefits and rendered a decision on more than 137,000 of these types of appeals, including appeals that had been backlogged prior to SFY 2022.
- The Internal Audit Administration completed 288 audits and projects, including a series of 242 audits of contracted providers that resulted in corrections of \$1.1 million in expenditures.
- The Protective Services Administration conducted 24 facility security assessments, assisted with the development and installation of closed-circuit television monitoring systems at 12 ADES office sites, opened and staffed a Security Operations Center where

185 cameras are monitored, conducted 50 training sessions impacting over 2,400 ADES staff members, and developed a new Situational Awareness Training class.

- The Emergency Planning and Preparedness Administration (EPPA) successfully executed a full-scale repatriation exercise to ensure the State's ability to repatriate United States citizens and provide support services to those in need. EPPA also began work to improve continuity of operations planning for mission essential functions on an agency-wide basis.

## **OFFICE OF TRIBAL RELATIONS**

The Office of Tribal Relations (OTR) serves as the single point of contact to address expressed needs for the 22 Indian Nations and Tribes throughout Arizona assisting with a variety of human services issues. The OTR offers ADES guidance, support, and suggestions on various policy issues, focusing on Tribal Government consultation and cultural awareness, and works to educate program staff about Tribes' strengths, needs and opportunities for partnership and collaborations. Information about the activities and accomplishments of OTR can be found in the [ADES Tribal Consultation Annual Report](#).

## **OFFICE OF THE OMBUDSMAN**

The mission of the Office of the Ombudsman (OMB) is to improve the effectiveness, efficiency, and responsiveness of the ADES divisions that work with clients by providing assistance and education, dispute resolution, and investigation of complaints received in matters relating to administrative processes and procedures to identify potential individual or systemic issues.

OMB received 13,339 complaints in SFY 2022, which is a decrease from the most recent fiscal years, largely attributed to the implementation of the Arizona Management System (AMS), the culture of continuous improvement that has been cultivated within ADES, and the decrease in

new complaints as the COVID-19 Pandemic declined. Complaints averaged 560 per month with little to no backlog. During SFY 2022, 9,076 68 percent of the complaints received were handled directly by OMB staff, and the remaining 4,263, 32 percent were referred to the appropriate division Client Advocates for response and resolution.

## COMMITMENT TO SERVING ARIZONANS

### PARTNERSHIPS

ADES is committed to engaging our valued partners with respect, gratitude, and transparency. Employees from all levels are engaged with partners and stakeholders to coordinate action to achieve the Department's mission.

### PROGRAM SERVICES OUTSOURCED THROUGH CONTRACTS

- Emergency Shelter, Street Outreach, Rapid Rehousing, and Homeless Prevention services for people experiencing homelessness;
- Shelter and supportive services for victims of Domestic Violence (DV);
- Food and utility supports;
- Independent living and other community-based supports for older Arizonans;
- Health Insurance and Medicare Counseling;
- Legal assistance for older Arizonans;
- Caregiver Resource Line to provide access and information to family caregivers for respite care services, caregiver training, and referrals;
- Refugee resettlement services;
- Employment services for the Jobs Program;
- Senior Community Employment Program Services (SCSEP);
- SNAP Career Advancement Network (SNAP CAN), a community-based employment and training partnership providing employment readiness opportunities to eligible SNAP recipients;
- Call centers to provide basic benefit information;
- Pharmacy benefit management for DDD Tribal Health Program (THP);

- Child care provided by ADES-contracted centers, group homes, and family child care homes for families that qualify for Child Care Assistance;
- Child care training and technical assistance provided to ADES-contracted child care providers to promote high-quality care;
- Child care resource and referral;
- Educational support for child care professionals through the Professional Career Pathway Project;
- Child support payment processing;
- Employer new hire reporting, which is used to validate employment and the incomes of child support obligors;
- Genetic testing to establish paternity;
- Financial Institution Data Match reporting, used for compliance of support obligors;
- Workforce employment and training programs through the Workforce Innovation and Opportunity Act (WIOA) Title I; including helping employers recruit, develop, and retain qualified employees, and assisting job seekers in the pursuit of employment opportunities;
- Rehabilitation and vocational services for individuals with disabilities to obtain or maintain employment and independence in the community;
- Central referral system for children referred to the Arizona Early Intervention Program (AzEIP);
- Service coordination and team-based early intervention therapies, supports, and services for children referred to and eligible for AzEIP; and
- Contracted DDD Health Plans (Mercy Care and UnitedHealthcare) provide the physical and behavioral health services, as well as the limited set of long-term services and supports, including nursing facilities, emergency alert system services, habilitative physical therapy for

members 21 years of age and older, and Augmentative and Alternative Communication services, supplies, and accessories.

## **BUSINESS FUNCTIONS OUTSOURCED THROUGH CONTRACTS**

- Mailroom services;
- Specialized printing;
- Office-moving services;
- Electronic Benefits Transfer (EBT) card issuance for TANF CA, SNAP, Child Support, and UI benefits;
- Kiosks at local child support offices to collect child support payments;
- Process service of child support legal documents;
- Translation and interpretation services;
- Typing and preparation of transcripts for administrative hearings;
- Teleconferencing and digital recording of administrative hearings;
- Telephone systems;
- Data entry of wage data submitted by employers;
- Call center and weekly claims data-entry support for the UI Program, SNAP, LIHWAP, and ERAP; and
- Digital document imaging and invoice processing.

## BASIC NEEDS

### Food Assistance

Food assistance programs available through ADES and its community partners increase food security and reduce hunger by providing children, low-income individuals, and seniors with access to nutritious food.

#### SNAP

SNAP provides nutrition benefits to supplement the food budget of needy families so they can purchase healthy food and move towards self-sufficiency. In Arizona, SNAP is also known as Nutrition Assistance. In SFY 2022, ADES issued \$2,167,897,161 in SNAP benefits to a total of 571,205 households consisting of 1,210,171 individuals. Over the past year, several pandemic-related changes to benefit calculations and eligibility tapered down or ended, and the average monthly number of households that received SNAP benefits decreased by 8.9 percent compared to the SFY 2021 average. Concurrently, the Food and Nutrition Service (FNS) within the United States Department of Agriculture (USDA) announced changes to the Thrifty Food Plan, which drives SNAP benefit calculations at a federal level, for the first time since the 1970s. These changes took effect in October of 2021. As a result of these federal changes, the average monthly SNAP benefits distributed to all Arizona households in SFY 2022 increased 3.2 percent compared to the SFY 2021 average.

ADES continues work to ensure general public awareness as well as target communication about the availability of food assistance. Informational sessions regarding the SNAP application process and benefits for inmates preparing for imminent release at various prison complexes, are run by the Arizona Department of Corrections, Rehabilitation and Reentry (ADCRR). A total of 265 inmate interviews for SNAP were conducted in SFY 2022. The Office of Community

Engagement (OCE) collaborated with the Arizona Food Bank Network to complete outreach activities with college and university students and faculty to announce the new, temporary change to the SNAP student eligibility in effect only through the end of the federal public health emergency, and inform them of the required verification. Lastly, DAAS, DERS, and the Arizona Department of Health Services (ADHS) collaborated to hold information sessions to educate community partners on all aspects of SNAP.

### Arizona Pandemic EBT

The Arizona Pandemic EBT (P-EBT) Program was established by the Families First Coronavirus Response Act as amended by the Continuing Appropriations Act, 2021 and Other Extensions Act. The Arizona P-EBT Program, a partnership between ADES, the Arizona Department of Education (ADE), and USDA FNS, was renewed for SFY 2022. ADES provided P-EBT benefits to SNAP-enrolled children under the age of six whose child care facility was either closed or operated with reduced attendance or hours. From August 2021 to May 2022, ADES paid a total of \$41,901,004 in 2021-2022 School Year P-EBT benefits to a monthly average of 130,755 children from 89,046 households. ADES also issued benefits totaling \$59,554,774 for June and July 2022 to SNAP-enrolled children under the age of six as part of Summer 2022 P-EBT.

### The Emergency Food Assistance Program

The Emergency Food Assistance Program (TEFAP) is a federally funded program that helps supplement the nutritional needs of low income Americans, including seniors, by providing them with emergency food and nutrition assistance. TEFAP foods are distributed as Emergency Food Packages and in meals served at congregate feeding sites. In SFY 2022, ADES served a total

of 2,349,181 individuals via TEFAP, distributing 1,238,913 boxes and providing 4,515,607 meals containing TEFAP food.

### *Commodity Senior Food Program*

The Commodity Senior Food Program (CSFP) works to improve the health of low-income seniors by supplementing their nutritional needs with a monthly package of food. For SFY 2022, CFSP had a set monthly caseload of 22,731 households (one box per participant, per month). Packages include a variety of foods including nonfat dry and ultra-high temperature fluid milk, juice, cereal, rice, pasta, and canned meats, poultry, fish, fruits and vegetables. In SFY 2022, ADES distributed 230,491 boxes through CFSP; serving an average of 19,208 households monthly.

### *Senior Farmers Market Nutrition Program*

The Senior Farmers Market Nutrition Program (SFMNP) is a federal program that works to improve the health of low-income seniors who are at least 60 years of age, whose income is at or below 185 percent of the annual poverty income guidelines, or who are participating in CSFP. Through this program, qualifying seniors may receive one \$50.00 SFMNP voucher booklet that can only be used at Authorized Farmers' Markets and Farm Stands to purchase fresh, Arizona-grown fruits, vegetables, and herbs. The market season runs from February through September.

### *Women, Infants, and Children Farmers Markets Nutrition Program*

The Women, Infants, and Children Farmers Markets Nutrition Program (WIC FMNP) is a federal program that provides fresh, locally grown fruits and vegetables to WIC participants to expand awareness and use of local produce at farmers' markets for families participating in WIC. WIC is administered through ADHS, and the WIC FMNP Program is associated with WIC, but the

FMNP component is administered through ADES. Through this program, WIC households receive \$30 voucher booklets that can only be used at Authorized Farmers' Markets and farm stands to purchase Arizona-grown fruits and vegetables. The market season runs from February to September.

### *Congregate and Home-Delivered Meals*

ADES' Area Agency on Aging (AAA) partners provide or contract out the provision of home delivered and congregate meals for older adults and individuals with disabilities at nearly 200 sites across Arizona. Congregate meals provide social interaction, nutrition education, and nutritious hot meals in a community setting such as senior centers.

The Home Delivered Meals Program includes a wellness check and nutrition education with a nutritious meal delivered to a participating senior's home. To accommodate varying regional needs and capacity to offer nutritious meals, several AAAs have adopted innovative meal delivery models, such as grab-n-go meals, partnering with local restaurants to offer vouchers for meals, and expanding Meals on Wheels services to communities lacking resources such as community centers. In SFY 2022, the program served 3,515,978 meals to a total of 32,965 individuals.

### *ADES On-The-Spot Project*

The ADES On-The-Spot (DOTS) project provides DBME Family Assistance Administration (FAA) services including TANF CA, SNAP and Medicaid at 25 sites in partnership with community service agencies across the state. DBME collaborated with OCE to identify locations where highly vulnerable Arizonans are unable to connect with DBME services through normal channels. The outreach efforts involved homeless shelters, DV shelters, teen support, food

banks and Tribal community organizations. For locations that cannot have DBME staff on-site, the team offers virtual services. A total of 28,591 families were assisted through the DOTS project in SFY 2022.

## **Medical Assistance**

As part of an interagency agreement with the Arizona Health Care Cost Containment System (AHCCCS), DBME is responsible for completing the initial and ongoing eligibility and case maintenance activities for applicants and recipients in several AHCCCS Health Insurance groups authorized in the Medicaid Program under Title XIX of the Social Security Act or the State Children's Health Insurance Program under Title XXI of the Social Security Act. These groups include children under age 19 and caretakers of children, pregnant women, young adults leaving foster care, and non-caretaker adults in a variety of circumstances. DBME served 2,255,407 individuals from 1,374,137 households in Medical Assistance in SFY 2022.

## **Shelter and Housing**

### ERAP

Funding received through the Consolidated Appropriations Act of 2021 allowed ADES to launch ERAP in February 2021, with additional funding provided through the American Rescue Plan Act of 2021. ERAP provides rental and utility assistance to households outside of Maricopa, Pima, and Yuma Counties. Applicants in the aforementioned counties are referred to their respective county or city for assistance. In June 2021, ADES launched the statewide utility assistance program for renters, a sub-program of ERAP in which ADES provides assistance to renters statewide who only need utility assistance. Renters whose incomes are below 80 percent of the Area Median Income for their county, have been impacted by the COVID-19 Pandemic in any way, and are struggling to pay rent or utilities may qualify for up to 18-months

of assistance. In SFY 2022, ADES provided \$106,700,000 in assistance to approximately 21,000 households through the rental and utility assistance program and, on average, 6,144 households monthly through the bulk utility pilot program.

### Domestic Violence Services

The Domestic Violence (DV) Program collaborates with the Arizona Coalition to End Sexual and Domestic Violence (ACESDV), community-based organizations, and state agencies to coordinate services to DV survivors. The program provides:

- Emergency Shelter - Short-term housing up to 120 days, and supportive services such as case management. In SFY 2022, the DV Program provided services to 4,109 adults and children.
- Transitional Housing - Longer term housing for up to two years with supportive services such as case management and legal advocacy. In SFY 2022, the DV Program provided transitional housing to 549 adults and children.
- Mobile and Community Based Advocacy - Case management and advocacy services in a safe location. Individuals receiving this service might receive multiple services such as case management, legal advocacy and support groups. In SFY 2022, the DV Program provided mobile and community based advocacy to 12,027 adults and children.
- Housing Intervention - Permanent stable housing and supportive services modeled after the United States Department of Housing and Urban Development's Rapid Re-Housing (RRH) intervention. In SFY 2022, the DV Program provided housing intervention to 115 adults and children.

### Sexual Violence Services

The Sexual Violence Program collaborates with ACESDV and community-based organizations to coordinate services for sexual violence survivors. On January 1, 2022, the Department competitively awarded eight community-based organizations funding to provide services including, but not limited to, 24/7 crisis hotlines, counseling, support groups, medical accompaniment, legal advocacy, and outreach, serving 259 survivors.

### Homeless Services

The ADES Homeless Coordination Office, using a combination of federal and state funds, contracted with not for profit and local government entities to provide Street Outreach, Emergency Shelter, RRH and Homeless Prevention to over 24,000 households in SFY 2022, to help make homelessness a rare, brief, and non-recurring experience in Arizona. The four homeless interventions available through ADES contracts to assist individuals are:

- Street Outreach, an intervention that involves homeless service providers meeting with homeless individuals in the communities where they reside to provide resources. In SFY 2022, Homeless Services funded Street Outreach services for 1,276 individuals experiencing homelessness in the Balance of State Continuum of Care (CoC) and Pima County communities--regional collaborations that coordinate housing and services funding for homeless families and individuals.
- Emergency Shelter, which provides sleeping accommodations, case management, meals, and supportive wrap-around services, assisted 10,399 individuals and families in their immediate need and helped move them on to permanent housing in SFY 2022.
- RRH, a program that provides financial support for rental assistance and rental arrears, rental application fees, security and utility deposits, utility payments, as well as housing

stability case management. The program assisted 1,249 individuals and families experiencing homelessness in SFY 2022 to move as quickly as possible into permanent, stable housing.

- Homeless Prevention, an intervention that provides rental assistance and case management to individuals who have no other resources to prevent homelessness. The program served 676 individuals and families in SFY 2022.

ADES also collaborates on a statewide level with each of the CoCs to ensure that needs are being assessed and adequately addressed.

### **Community Action Programs**

Community Action Agencies (CAAs) partner with ADES to provide services to alleviate the causes and conditions of poverty, utilizing Community Services Block Grant (CSBG) infrastructure funding as well as other federal and state funding with local jurisdiction resources. During SFY 2022, the Community Action Program served a total of 135,933 individuals in 52,435 households throughout Arizona with various individual, family, and local community needs. ADES contracts with CAAs to fund several key basic needs programs. To maximize local impact, CAAs also partner with 664 non-profit agencies, 834 for-profit agencies, 218 faith-based organizations, and 87 school districts, undertaking a broad range of community and economic development initiatives, including financial empowerment training, and the creation of transportation infrastructure in underserved rural areas. In all, the Community Action Program leveraged \$39 in federal, state, local and private funds through their partnerships for every \$1 of CSBG funds allocated to the network.

### Short-Term Crisis Services

Short-Term Crisis Services (STCS) are provided by 12 ADES-contracted CAAs. The STCS Program provides help to households experiencing emergent needs that cannot be met with their own income and resources. Services provided by CAA partners may include emergency shelter, case management, eviction prevention, move-in assistance, utility deposits or payments, rent payments, and other special services appropriate for securing and maintaining employment. CAAs primarily utilize TANF funding to provide these services. CAAs may, at their discretion, utilize CSBG funds as direct service dollars for this program. In SFY 2022, STCS served 12,347 households with rental and utility assistance and 5,951 households with utility only assistance.

### LIHEAP Utility Assistance

In SFY 2022, CAAs also served 19,862 households through the LIHEAP, providing assistance for utility bills or fuel assistance. A monthly average of 68 percent of these households contained one or more vulnerable members, which is defined as a member who is elderly, disabled, or a young child. LIHEAP funds were also provided to the Arizona Department of Housing's Weatherization Assistance Program and were used to improve the safety and energy efficiency of homes.

### **Refugee Resettlement**

The Arizona Refugee Resettlement Program (RRP) supports and advances the successful resettlement of refugees and other eligible beneficiaries who are forced to flee their countries of origin or in which they last habitually resided, due to persecution or a well-founded fear of persecution, war, or human rights violations. In addition to refugees, eligible beneficiaries

include asylees, Cuban and Haitian entrants, Special Immigrants from Afghanistan and Iraq, foreign born victims of severe forms of human trafficking, certain Amerasians, and Afghan and Ukrainians Humanitarian Parolees.

The Refugee Act requires that all federally-funded, state-administered refugee resettlement assistance focus primarily on employment-related services, English language training (in non-work hours where possible), and case management services. RRP funds specialized linguistically compatible and culturally-responsive services and coordinates public and private resources to support refugees' and eligible beneficiaries' journey to becoming contributing Americans. With the exception of Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA), RRP contracts with public and private agencies to provide direct refugee-specific services.

During SFY 2022, RRP served a total of 5,797 refugees and other eligible beneficiaries, a substantial increase over previous fiscal years, largely due to the emergency evacuation of Operation Allies Welcome Afghans fleeing the Taliban; Ukrainians fleeing the ongoing war in Ukraine; and Cubans fleeing internal conflict, social upheaval, and persecution in Cuba. To accommodate the resulting increase in work and complexity, RRP launched an operational restructure in SFY 2022 to build capacity for community consultations, planning, and partnerships; leveraging new support and service paradigms, and needed data analytics to build a robust and effective service network.

During SFY 2022, RRP continued its Public Private Partnership RCA Program, which increased direct transitional CA for refugees and other eligible beneficiaries. RRP also continued to directly administer the RMA benefit for refugees who are ineligible for health insurance through AHCCCS and guarantees a paid comprehensive Domestic Medical Screening with contracted

providers. RRP also contracts Refugee Health Promotion funds to support health literacy, mental health services, and care coordination needs..

### **Former Foster Youth (FFY)**

The FFY workgroup, formerly known as Young Adult Transitional Insurance, is an interagency workgroup, consisting of ADES, the Department of Child Safety (DCS), and AHCCCS, which serves to address the needs of transition-age young adults leaving foster care. Participation in this workgroup in SFY 2022 allowed the Department to interface with community partners and explore opportunities for DBME to assist in providing services to young adults transitioning out of foster care. A new resource hub in the AHCCCS website has been created for providers, parents, and youth who need information on available services.

## **CHILD & FAMILY**

### **Cash Assistance**

The CA Program is the component of the TANF Program that provides temporary assistance for vulnerable children and families. This includes children residing with parents who are unable to provide for their basic needs, children living in certain foster or kinship care arrangements, and adult recipients preparing to enter the workforce. Eligibility is determined based on federal laws and regulations, state laws and rules, ADES policies and the Arizona TANF State Plan.

FAA identifies and refers individuals required to participate in the TANF Jobs Program to DERS, where the program is administered. TANF CA recipients may also be referred to DCC to obtain child care services and to DCSS for child support services. These programs work together to coordinate supportive services that promote the safety, well-being, and self-sufficiency of children, adults, and families.

In SFY 2022, ADES issued \$15,703,461 in CA benefits to a total of 12,119 families consisting of 28,487 individuals. The average monthly number of families that received CA benefits in SFY 2022 decreased by 15.9 percent compared to the SFY 2021 average. The average monthly CA benefits distributed to all families in SFY 2022 decreased by 16.3 percent compared to SFY 2021.

### **Grant Diversion Program**

The Grant Diversion Program is an alternative to the traditional TANF CA in Arizona, also promoting long-term self-sufficiency through employment. The Grant Diversion Program allows persons with no long-term barriers to employment, who are likely to be employed within a 90-day window and have a financial need, to qualify for short-term financial assistance. In addition to financial support, Grant Diversion Program recipients may receive employment services and short-term support service funding to resolve one-time issues during the 90-day window, pending employment.

A Grant Diversion Program recipient is awarded a lump-sum cash payment equal to three times the full amount of the monthly TANF CA payment for which they would be eligible, limited to one payment within a 12-month period. Grant Diversion payments were made to 2,621 families in SFY 2022. Of families that received a Grant Diversion payment from July 2021 to February 2022, 92.2 percent did not return to long-term TANF CA within 180 days.

### **TANF Pandemic Emergency Assistance Fund**

The American Rescue Plan Act of 2021 authorized TANF Pandemic Emergency Assistance Funding (TANF PEAFF) to states to assist families with children during the COVID-19 Pandemic. TANF PEAFF funds were used to provide unlicensed kinship caregivers with a one-time \$1,800 stipend per child. To receive the stipend, a child could not be receiving TANF

CA and must have been placed with the kinship caregiver by DCS for at least 80 days between April 1, 2021, to July 31, 2021. Kinship caregivers for over 5,705 children received the stipend, totaling \$10,269,000 issued through DCS in partnership with ADES.

ADES used TANF PEAFF to provide limited additional benefits equivalent to a maximum of \$110 per eligible child per month to families that received CA, Two-Parent Employment Program (TPEP) CA or Grant Diversion in the months of October 2021, November 2021 and December 2021. Grant Diversion cases received the PEAFF as a one-time payment of \$330 per eligible child. ADES provided a total of \$4,725,170 in PEAFF benefits in SFY 2022.

## **Child Support**

DCSS provides services to parents and caretakers who receive child support as well as parents who pay child support. Some of the services include obtaining a child support order, collecting child, medical and spousal support from parents who have a court order, and helping unwed parents establish paternity for their child.

In SFY 2017, DCSS was awarded a five year Procedural Justice-Informed Alternatives to Contempt (PJAC) grant of more than \$780,000 from the United States Department of Health & Human Services, Office of Child Support Enforcement (OCSE) to design and implement projects attempting to increase the perception of fairness in child support legal proceedings. During SFY 2022, DCSS' PJAC team continued to provide enhanced child support services through case management, community partnerships, and referrals to other state agencies for support services. The goal of PJAC is to avoid contempt proceedings leading to incarceration, court costs, and reliance on public benefits. In SFY 2022, PJAC case managers providing enhanced child support services removed approximately \$910,000 in child support arrears. Court officials commented that the involvement of the PJAC case manager is vital to the

success of the non-custodial parent who is experiencing difficulties meeting obligations. As a condition of the grant, DCSS was also tasked with looking at how to work cases when family violence is a concern. DCSS developed training, implemented systems changes, and fostered a partnership with ACESDV with the goal of providing financial hope to DV survivors. The Western Intergovernmental Child Support Engagement Counsel (WICSEC) recognizes front line child support staff each year. In SFY 2022, WICSEC awarded a DCSS case manager with the “ROCKSTAR Award” for exceptional work in the field.

DCSS is federally charged to oversee the statewide administration of Arizona’s Voluntary Paternity Program. The Hospital Paternity Program (HPP) collaborates with hospitals and birthing facilities throughout Arizona, the ADHS Bureau of Vital Records, and each county’s vital registration office to provide paternity establishment services for unwed parents immediately following the birth of their child. This collaborative effort established paternity for 34,746 children born in Arizona to unwed parents in SFY 2022. HPP has continued their efforts to facilitate virtual workshops and compliance reviews and extended the outreach efforts to County and State Vital Registry via Google Meets or telephone. Annually, states are required to submit an Annual Data Report to the Federal OCSE. In SFY 2022, Arizona again ranked number one in the nation in the paternity establishment performance measure, as it has done since 2015.

## **Child Care**

DCC provides Child Care Assistance to eligible families who participate in employment activities and specific education and training activities related to employment by providing financial support intended to offset a portion of child care costs. This financial support allows families better access to high-quality early care and education settings for their children. Child Care Assistance is also available for children who are involved with DCS due to child abuse or

neglect and families with children experiencing homelessness. In SFY 2022, the Department reimbursed child care providers a total of \$206.4 million in Child Care Assistance, equating to a monthly average of 31,247 children and 18,972 families, including children in the care of DCS who receive Child Care Assistance, and the time-limited Essential Workers Child Care Relief Program and the Child Care for Returning Workers Program.

In recent years Arizona received approximately \$1.3 billion in supplemental Child Care and Development Fund (CCDF) relief funds for child care providers to prevent, prepare for, and respond to COVID-19, and expanded flexibility to provide Child Care Assistance to families and children through the following federal relief laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020; the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020; and the American Rescue Plan Act in March 2021.

With these funds in SFY 2022, DCC has developed Arizona's Child Care Recovery Plan focused on four key priorities:

- Expanding access to care;
- Investing in quality;
- Stabilizing the child care network; and
- Accelerating educational support and early childhood literacy.

The primary spending driver to date has resulted from the historic increases in ADES child care provider reimbursement rates and enhanced quality rates for providers with a Quality First Star Rating of three, four, or five stars, or who are nationally accredited and recognized by ADES. This commitment to supporting Arizona's quality child care network has made a considerable impact in creating access to high quality child care by closing the cost gap for families and child care providers. As a result of the rate increases, ADES is consistently providing financial

support to Arizona families and the child care provider network, exceeding pre-pandemic level spending, and further closing the gap between child care subsidy and the cost of providing high quality early childhood education and care.

In an effort to build the capacity and availability of high quality, affordable child care statewide, ADES has initiated targeted stabilization and supply building efforts, in partnership with state, local, and community organizations. Combined, these efforts are focused on addressing critical gaps in access to quality child care, including for providers who serve ADES and DCS eligible children and families in need of child care. Incorporated in Arizona's Child Care Recovery Plan is direct support for providers and families through scholarship and grant programs. Licensed and certified child care providers, and ADES Non-Certified Relative Providers statewide are eligible for the Child Care Stabilization Grant Program that provides a flat payment each month, based on licensed capacity. These funds may be utilized for a variety of expenses aimed at staff recruitment and retention, and other expenses associated with the challenges caused by the COVID-19 Pandemic.

## **DISABILITIES**

### **Developmental Disabilities**

DDD helps empower Arizonans with developmental disabilities to lead self-directed, healthy, and meaningful lives. ADES supports and serves over 48,000 people with developmental disabilities throughout Arizona. DDD offers habilitation, attendant care, employment, residential, and support coordination services (among others) to eligible members. The majority of DDD members are also eligible for long-term care services through the Arizona Long Term Care System (ALTCS). ADES continues to focus on providing services to members and families in their own homes and communities. Most DDD services are delivered by a statewide network of

individual and Department contracted providers with 99 percent of individuals served either in their home or other community settings.

In SFY 2022, DDD partnered with DCS to develop a tool to identify children in DCS custody who are “likely eligible” for DDD services. As of September 1, 2022, more than 150 children were screened, with 80 percent ultimately being eligible for DDD. DDD has now expanded the program statewide with a focus on keeping sibling groups together and have identified both DCS and DDD resources to assist with streamlining the eligibility process.

DDD entered into an agreement with the AHCCCS Division of Fee-For-Service Management to administer the DDD-THP’s prior authorizations and claims for all physical and behavioral health services, improving care coordination and increasing system transparency. The integration implementation date was April 1, 2022, and the division continues to maintain oversight of the program in SFY 2023.

DDD, with the support of AHCCCS, educated Support Coordinators, members, families, and providers during SFY 2022 about the requirement to implement Electronic Visit Verification (EVV), which tracks and monitors service delivery, ensuring timely access to care for members. Providers delivering specific services are required to participate in EVV, including paid family direct care workers.

Additionally, DDD continues to implement multiple recommendations made by Governor Ducey’s Abuse and Neglect Prevention Task Force to help Arizona prevent abuse, neglect and exploitation of vulnerable populations including individuals with developmental disabilities. DDD led several of the recommendations and has published resources, educational materials, and training for members, families, and providers related to preventing, recognizing and reporting suspected abuse, neglect and exploitation. DDD also implemented a value based payment

structure, rewarding providers based on the accomplishment of quality goals, to help provide reimbursement for providers to deliver staff member training.

As a method to better connect with the member, family, and stakeholder community, DDD formed an advisory group composed of self-advocates, advocates, family members, qualified vendors, and other community members. The goal of this group is to gather feedback from a diverse stakeholder community to help guide DDD resource planning as well as identify improvement opportunities related to DDD operations and services.

Finally, DDD, in the course of its every day work, provided housing assistance, behavioral health advocacy, general member support, and other benefits that are outlined in the division's [Family Support Program Annual Report](#).

## **AzEIP**

ADES is Arizona's lead agency under Part C of the federal Individuals with Disabilities Education Act (IDEA) to administer early intervention services. AzEIP oversees a comprehensive, coordinated statewide system of early intervention services to infants and toddlers from birth through age two years who have disabilities, as well as their families. AzEIP services are provided by contractors and state agencies, including DDD and the ASDB. AzEIP served 10,633 infants and toddlers through the development and implementation of Individualized Family Service Plans and transdisciplinary collaboration during SFY 2022. AzEIP also increased its public awareness activities and outreach during SFY 2022 to improve early identification of infants and toddlers with delays and disabilities.

As reported in the [AzEIP Annual Performance Report](#), submitted to the United States Department of Education, Office of Special Education Programs, in SFY 2022, over 64 percent of families who received AzEIP services achieved greater than expected growth toward the global outcomes of positive social relationships. The services provided to families with infants and toddlers with disabilities significantly reduces the potential need for intensive services later in life. During SFY 2022, AzEIP exceeded the last reported national average with over 92 percent of families reporting they knew their rights, 91 percent reporting services had helped them effectively communicate their child's needs, and 91 percent reporting AzEIP services helped their child learn and grow.

In addition to compliance and outcome improvements, AzEIP demonstrated significant and meaningful stakeholder engagement to ensure a multi-system lens is applied in the implementation of services. AzEIP has an Interagency Coordinating Council (ICC) composed of family members, AzEIP service providers, and state agency representatives to advise and assist implementation of early intervention systems and services. ICC and AzEIP staff developed materials to help engage families and support their transition from AzEIP into special education preschools, engage with service providers to implement best practices, and understand the impact of AzEIP on families served. In SFY 2022, AzEIP's continued outreach and engagement resulted in increased ICC membership among participating families and various state agencies.

AzEIP focuses on improved efficiency, particularly around data available within other state agency systems. AzEIP engaged with ADHS in a data-linking project to ensure that children with

identified hearing loss at birth are referred to AzEIP and begin services more quickly after diagnosis. Additionally, AzEIP continues to collaborate in data-linking with the ADE to ensure a smooth transition from IDEA Part C to Part B Special Education services.

AzEIP has been engaged with the Early Childhood Personnel Center since 2018 as an Intensive Technical Assistance state. This partnership will help Arizona achieve the goal of having a Comprehensive System of Personnel Development (CSPD) with highly qualified personnel to improve outcomes for children ages zero to three and their families. AzEIP engages with partners from all of Arizona's state universities, early childhood programs at community colleges, various state agencies, and families of children with disabilities. As a result of this work, AzEIP continues to remove barriers of communication across Department and other agency lines so families can access needed support. AzEIP staff and leaders within CSPD presented at national conferences and mentored other state leaders regarding the implementation of the CSPD. AzEIP entered into an agreement with the University of Arizona to modify an existing system to further educate service providers. This will ensure the long-term stability and sustainability of the Arizona CSPD.

ADES continued to maintain a five-state agency Intergovernmental Agreement (IGA) during SFY 2022 with ADE, ADHS, AHCCCS, and Arizona State Schools for the Deaf and the Blind (ASDB). The IGA will ultimately become a six-state IGA to include DCS, ensuring interagency cooperation with the implementation and maintenance of a statewide comprehensive,

coordinated, multidisciplinary and interagency system of early intervention services for eligible infants and toddlers, from birth to age two.

### **Achieving a Better Life Experience**

Achieving a Better Life Experience (ABLE) account programs offer people with disabilities and their families and friends the option to contribute to a tax-exempt savings account for disability-related expenses. Arizona ABLE accounts are open for enrollment to all eligible Arizona residents with a disability.

ABLE account funds can be used for disability-related expenses that enhance the beneficiary's quality of life. ABLE account funds can be used to supplement (not supplant) state (AHCCCS) and federal (Social Security) benefit program support and services. As of June 30, 2022, there were 1,325 active AZ ABLE accounts with a total of \$12,071,748.57 in Assets Under Management and an average account balance of \$9,110.01.

## EMPLOYMENT

### Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA), is the primary federal workforce development legislation, enacted in July 2014 to bring about increased coordination among federal workforce development and related programs. WIOA's purposes are to strengthen and improve the nation's public workforce system, help place job seekers and workers into high-quality jobs and careers, and help employers hire and retain skilled workers.

Arizona's coordinated workforce system, branded ARIZONA@WORK, aligns workforce investment, education, and economic development to support a comprehensive, accessible, high-quality system that serves businesses and job seekers. ADES administers the core programs under WIOA Titles I (Adult, Dislocated Worker, and Youth Programs), III (Employment Service), and IV (Vocational Rehabilitation [VR]) through DERS, serving businesses and job seekers, while prioritizing veterans and individuals with barriers to employment, such as low-income individuals, individuals involved in the court system, and individuals with disabilities. ADES collaborates with the ADE, which administers adult education and literacy activities, and supports coordination of services among the programs overseen by the agencies. ADES and ADE are represented on the Governor's Workforce Arizona Council, which sets the strategic direction for ARIZONA@WORK.

As part of the statewide workforce system, DERS plays an integral role in improving Arizona's workforce by assisting individuals who are unemployed and underemployed, and those with barriers to employment, to prepare for and obtain gainful employment. DERS supports Arizona employers with recruitment assistance by connecting them to a skilled workforce. In SFY 2022,

there were 25,926 job placements among the Workforce Development programs and ARIZONA@WORK partners.

## **Employment Supports**

### **Adult, Dislocated Worker, and Youth Programs**

ADES is designated as the administrative and fiscal oversight agency for WIOA Title I funds and oversees the sub-awards to local governments in the 12 Governor-designated Local Workforce Development Areas (LWDA). Each LWDA is jointly overseen by a chief elected official and Local Workforce Development Board (LWDB) that determine the strategy for the area across all ARIZONA@WORK programs. The LWDBs administer contracts for services through the WIOA Title I Adult, Dislocated Worker, and Youth Programs.

The Adult and Dislocated Worker Programs provide services that include career planning, structured job search, resume assistance, job referrals, skill assessment, and supportive services. Individuals identified as needing additional training to be able to secure employment may be eligible for training services.

The Youth Program focuses on youth ages 14 to 24 with barriers to employment by providing an array of services that prepare youth for postsecondary education, training, or employment. Youth services include career planning, comprehensive guidance, counseling, tutoring, and occupational skills training. Work Experiences (WEX) include summer employment opportunities, pre-apprenticeships, internships, and On-the-Job Training (OJT).

The Adult, Dislocated Worker, and Youth Programs served 9,064 adults, 1,435 dislocated workers, and 4,183 youth in SFY 2022. Additionally, 6,832 participants (73 percent) who exited the three programs reported being employed in the second quarter after exit, with the following quarterly median earnings: \$7,990 (Adult), \$9,205 (Dislocated Worker), and \$5,822 (Youth).

### Eligible Training Provider List

The Eligible Training Provider List (ETPL) consists of approved educational providers who offer training services to meet the skill and educational development needs of Adult, Dislocated Worker, and Out-of-School Youth Program participants. Each Eligible Training Provider (ETP) Program is evaluated by the LWDB ETPL approver using criteria that ensures the program meets the demand for occupations in the LWDA, aligns with the sector strategies and respective local plans, allows for informed customer choice prior to being approved for the ETPL, and results in certification or accreditation. There were 212 ETPs and 997 training programs active on the ETPL in SFY 2022, which included programs in both rural and metropolitan areas, as well as online training.

### Employment Service

The Title III Wagner-Peyser Program, also known as Employment Service, provides basic and individualized career services to job seekers and job development services to Arizona employers. The ADES Employment Service improves the functioning of Arizona's labor markets by bringing together individuals seeking employment with employers seeking workers. A core partner in the ARIZONA@WORK system, the Employment Service co-locates in job centers and in a virtual capacity with other network partners across the state and aligns performance accountability indicators with other federal workforce programs. Basic services include skill assessment, labor market information, Arizona Job Connection (AJC) registration, job posting assistance, referrals to support service programs and job search and placement assistance. Individualized services include career and vocational counseling. Veterans and their eligible spouses receive priority of service. During SFY 2022, the Employment Service served 33,474 individuals. The percentage of participants who entered into unsubsidized employment (entered employment rate) was 56.5 percent in the second quarter after exit, and 53.9 percent in the

fourth quarter after exit. The median quarterly amount earned by individuals who exited Employment Service was \$6,216.

### Reentry Program

In partnership with the ADCRR, ADES helps currently and previously incarcerated job seekers overcome barriers to employment. Readiness services include resume assistance, interview preparation, AJC registration, job search assistance, and onsite hiring events with local employers. Currently, these services are provided through two models, Prison Based Reentry Services (PBRs) and Community Based Reentry Services (CBRS). Through these models, ADES serves approximately 40 percent of the monthly releases in Arizona.

PBRs includes:

- Second Chance Centers: Comprised of eight weeks of employment services to pre-release inmates in state run prisons; and
- Resource Employment and Development Program: Comprised of virtual, 30-day pre-release employment services.

CBRS includes:

- Parole offices: Post-release employment services are provided by ADES staff through virtual and collocated arrangements at parole offices throughout the state.
- Native Health, Center for Opportunity, and New Freedom: ADES staff are collocated at these community locations that serve justice involved individuals.

In SFY 2022, 4,962 incarcerated and returning citizens were serviced resulting in 3,696 employed.

### TANF Jobs Program

The TANF Jobs Program is the mandatory employment and training program for work-eligible individuals in households receiving TANF CA. The program engages participants in a variety of work-related activities to increase their employable skill set and also offers supportive and specialized services to remove barriers to employment and promote self-sufficiency. The TANF Jobs Program's case management and employment services are operated by two private-sector vendors serving all of Arizona.

In response to a federal and state declaration of emergency and guidance issued by the Administration for Children and Families, Office of Family Assistance, and the provisions contained in the enacted state human services budget reconciliation bill for 2020-2021 (Laws 2020, Chapter 53), a general waiver of work requirements was instituted, effective March 1, 2020, for all TANF Jobs Program participants, making TANF Jobs Program participation voluntary. The public health emergency was rescinded by the Governor on March 30, 2022, and mandatory TANF Jobs participation was reinstated effective June 1, 2022, with sanctions reimposed, as applicable, effective July 1, 2022. The Jobs Program served 4,526 participants in SFY 2022, of which 1,976 became employed.

### SNAP CAN

Through SNAP CAN, eligible SNAP benefit recipients receive employment readiness services via SNAP CAN providers, third-party partners of ADES who are dedicated to connecting program participants to the tools and resources they need to overcome barriers and to obtain employment. SNAP CAN providers design services that help SNAP participants to acquire skills, training, and work experience to increase their employment opportunities and ultimately to achieve economic self-sufficiency and reach SNAP CAN objectives. Additionally, the program offers a way to allow SNAP recipients to meet SNAP work requirements. The number of SNAP

recipients who received employment and training services in SFY 2022 was 5,079, with 1,775 job placements over the entire year.

In March of 2022, the National Skills Coalition (NSC), a public policy research and advocacy organization that aims to raise the skills of America's workforce, approved an application from the Arizona Community College Coordinating Council (AC4), selecting Arizona as one of five states to participate in NSC's Career Pathways SNAP Employment and Training (E&T) Technical Assistance Project. Through this project, NSC will provide technical assistance to onboard Arizona community colleges as SNAP CAN Providers, aiming to onboard the majority of the colleges by the end of CY 2023. By partnering with SNAP CAN, AC4 endeavors to build the capacity of Arizona's community colleges to serve adult learners and opportunity youth (16-24 year olds in Arizona that are not going to school or working) who have multiple barriers to success. The SNAP E&T system provides much-needed support to ensure learners are successful in postsecondary training or education.

### **Vocational Rehabilitation**

The Rehabilitation Services Administration (RSA) assists individuals with disabilities in achieving employment and independence. Throughout SFY 2022, RSA continued to offer in-house and contracted services through remote and virtual methods. In SFY 2022, there were 12,903 participants in the VR Program who received disability-related employment services under an Individualized Plan for Employment, and 1,632 individuals who exited the VR Program with employment. These individuals worked an average of 31 hours per week and earned an average hourly wage of \$15.51. The VR Program continues to serve all clients without the use of a waitlist.

RSA maintains several key partnerships to support the provision of enhanced employment services to individuals with disabilities. An Interagency Service Agreement (ISA) with AHCCCS details the coordination and provision of services to support individuals determined to have a Serious Mental Illness in taking their rightful place in the workforce and community. The SFY 2022 ISA budget was \$10.2 million, with AHCCCS matching 21.3 percent of federal funds. This funding covered operating and client expenditures, which included 43 specialty Behavioral Health VR counselors who were assigned to behavioral health clinics throughout the state. 2,029 individuals were served under this agreement in SFY 2022, and 299 individuals exited the VR Program with employment.

RSA partners with school districts throughout Arizona to provide structured and goal-oriented vocational and educational activities that prepare students with disabilities for employment. The VR Program works to engage students with disabilities as early as possible within their high school experience for the purpose of providing Pre-Employment Transition Service (Pre-ETS). Pre-ETS are specific career exploration and job readiness services that are available to all students with disabilities between the ages of 14-22 who are eligible or potentially eligible for the VR Program. Pre-ETS topic areas include Job Exploration Counseling, Work-Based Learning, Counseling on Post-secondary and Training Opportunities, Work Readiness Training, and Instruction in Self-Advocacy. In addition, in SFY 2022, RSA utilized Transition School to Work (TSW) agreements to partner with 32 high school districts and provide enhanced services to 4,210 students who were eligible for the full array of VR services. RSA's collaboration with high school districts that did not have TSW agreements allowed for an additional 1,000 students to be served. There were also 615 potentially eligible students with disabilities who received Pre-ETS during the fiscal year. Therefore, there were a total of 5,825 students with disabilities receiving VR services in SFY 2022.

In SFY 2022, DDD staff referred 505 members to the VR Program. Forty-nine members exited the VR Program with employment. These members earned an average hourly wage of \$13.15 and worked an average of 23 hours per week.

RSA contracts Knowledge Services as a Managed Service Provider to increase opportunities available to vendors to provide various disability related services to VR clients. Since the inception in October of 2018, 74 incumbent RSA vendors and 23 new vendors have joined the vendor pool; 25 vendors have expanded their service offerings since contracting with Knowledge Services.

### **Trade Adjustment Assistance Program**

The Trade Adjustment Assistance (TAA) Program provides all eligible workers determined to have lost their jobs, as a result of competition with foreign imports or the outsourcing of jobs to other countries, with opportunities to obtain the skills, credentials, resources and support necessary to become reemployed.

The TAA Program's benefits and services may include reemployment and case management services, occupational or OJT, education, income support for those participating in TAA-funded training, a wage subsidy for reemployed workers aged 50 years or older and earning less than their layoff wage, an out-of-area job search allowance, relocation allowance, and a Health Coverage Tax Credit.

During SFY 2022, the TAA Program served 93 individuals. For those who participated in TAA funded training, 81.8 percent completed training with a degree or industry recognized credential. The entered employment rate for TAA participants in the second quarter after exit was 88.9

percent, while the entered employment rate in the fourth quarter after exit was 65 percent. The median quarterly earnings for individuals who exited the TAA Program were \$13,191.

## **Migrant Seasonal Farm Workers Outreach Program**

The Migrant and Seasonal Farmworker (MSFW) Program assists MSFWs and MSFW English Language Learners to make career and labor market decisions that will help them achieve economic self-sufficiency and improve their living and working conditions, offering supportive services to these individuals while they work in agriculture and, in some cases, helping them to acquire new skills for jobs offering better pay. MSFW outreach specialists have an extensive background in farm work to ensure they are aware of and sensitive to socioeconomic and cultural issues affecting agricultural communities.

The MSFW Program has worked diligently to strengthen existing co-partnerships. During SFY 2022, the MSFW Program initiated a new effort to enhance the existing outreach achieved in partnership with the Mexican Consulate, which assists farmworkers with services such as expedited appointments for lost or stolen Mexican passports and/or birth certificates, notary services, and free of charge legal services. The MSFW Program continued to conduct field activities in SFY 2022, reaching out to farmworkers, and began collaborating with the Consulate in these efforts.

As the MSFW Program sees the number of H-2A temporary workers increase, the need to provide services to these workers has increased as well. In SFY 2022, the outreach teams visited 117 domestic farms. Arizona's MSFW Outreach workers, along with National Farmworker Jobs Program partner, Portable Practical Educational Preparation (PPEP), and with the Arizona Migrant Education Program (MEP), Chicanos Por La Causa, and the Arizona Alliance for Community Health Centers (AACHC), contacted 36,351 farm workers during SFY 2022. The

MSFW Outreach Team conducted 45 co-outreaches with PPEP, MEP, the Mexican Consulate of Yuma, and AACHC in SFY 2022.

## **Veterans Services**

The primary objective of veterans services is to develop and support programs that increase opportunities for veteran's employment and job training in Arizona. Eligible veterans are entitled to receive priority of service when accessing WIOA Adult, Dislocated Worker, Youth, VR, Adult Education, and Employment Services.

The Jobs for Veterans State Grant (JVSG) provides federal funding for designated staff to serve veteran populations: The Disabled Veterans' Outreach Program (DVOP) Specialist provides individualized career and training-related employment services to veterans and eligible persons with significant barriers to employment; veterans with barriers include homeless veterans, recently separated veterans, Vietnam Era veterans, veterans ages 18-24, veterans lacking a high school diploma, low-income veterans, veterans who are wounded, ill, or injured receiving treatment, and VR clients. Local Veterans' Employment Representatives (LVERs) conduct outreach to employers and business associations and engage in advocacy efforts to increase employment opportunities for veterans and encourage the hiring of disabled veterans. During SFY 2022, LVERs provided services to more than 3,618 new and existing employers. With each employer, LVERs completed a resume search to match the best-qualified candidate to the open position.

Through a partnership with the Arizona Department of Veteran Services, employment supports (tools, clothing, or other essential items to start employment) are available with the use of a veteran "tool kit". During SFY 2022, 347 tool kits were issued, totaling \$134,535 spent. During SFY 2022, 57 percent of JVSG participants entered employment in the second quarter after exit,

and 50.4 percent entered employment in the fourth quarter after exit. The median quarterly earnings for individuals who exited the JVSG Program was \$8,102.

## **Senior Community Service Employment Program**

The Senior Community Service Employment Program (SCSEP), also known as the Mature Worker Program, is provided through the AARP Foundation and assists low-income, unemployed individuals aged 55 years or older in finding employment by matching them with community service and work-based job training opportunities. This includes a needs assessment, supervised training in a community service assignment, developing and upgrading existing employment skills, educational opportunities, job search skills, and counseling. In SFY 2022, SCSEP served 114 participants with an average duration of participation of 16.8 months.

ADES ensures that AARP Foundation's recruitment efforts target individuals with the greatest economic and social need, including minorities. In SFY 2022, participants included 39 individuals who resided in rural areas, 68 individuals who were homeless or at risk of homelessness, 31 veterans, 19 individuals age 75 or older, 99 individuals with income at or below the poverty level, and seven formerly incarcerated individuals.

## **UI Benefits**

During the COVID-19 Pandemic, the federal government established new unemployment compensation programs, including Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Compensation, Federal Pandemic Unemployment Compensation, and Mixed Earner Unemployment Compensation. All of these programs expired in accordance with federal law during SFY 2022. Exclusive of the pandemic programs, there were 124,100 regular UI claimants in SFY 2022, receiving a total of \$572,885,046 in benefits.

In Arizona, workers who are unemployed through no fault of their own and earned a sufficient amount in covered employment, meaning their employer was required to pay UI tax, were eligible to receive up to \$240 per week in UI benefits during SFY 22, up to a maximum of 26 times the individual's Weekly Benefit Amount (WBA) per year. To be continuously eligible for UI, an individual must be able and available to work and must actively search for work each week, and must be willing to accept an offer of suitable work if one is received.

As of July 1, 2022, A.R.S. § 23-780 was amended to make the maximum duration and amount of benefits a claimant may qualify for in a benefit year dependent on the prior calendar quarter's unemployment rate in Arizona. The published rate affects the initial maximum benefit award of some active claims that are in continuous filing status and have not exhausted benefits prior to the effective week of benefit duration change. If the unemployment rate in the prior calendar quarter is 5 percent or more, the Maximum Benefit Amount (MBA) for which a claimant may qualify is 26-weeks. If the unemployment rate in the prior calendar quarter is less than 5 percent, the MBA for which a claimant may qualify is 24- weeks.

A.R.S. § 23-779 was amended to increase the maximum UI WBA from \$240 to \$320 and to increase the reported wages allowable each week without a reduction in the claimant's benefit for the week. Effective the week ending July 2, 2022, claims in continuous filing status are given an increase in allowable gross earnings when filing a weekly certification. The new wage allowance grants claimants to report gross earnings up to \$160.00 and receive the full WBA. A claimant who reports gross weekly earnings in excess of \$160.49 receives a reduced benefit payment for the week.

## OLDER AND VULNERABLE ADULTS

### Adult Protective Services

Adult Protective Services (APS) receives and investigates allegations of abuse, neglect, and exploitation of vulnerable adults, defined in statute as an individual age 18 and older who is unable to protect themselves due to a physical or mental impairment or who a court has deemed incapacitated. Additionally, APS responds to reports of self-neglect in which a vulnerable adult is alleged to be unable to obtain essential food, shelter, clothing, and other goods and services to maintain minimum physical and mental health due to a physical or mental impairment.

APS received 29,507 new reports alleging maltreatment during SFY 2022, which was a 25 percent increase from SFY 2021 and in alignment with the trending increase of prior years. As reports may have multiple allegations, the overall number of allegations, including allegations made on existing reports, received by APS totaled 34,861 during SFY 2022, with abuse allegations comprising 16 percent; neglect allegations comprising 26 percent; self-neglect comprising 30 percent; and exploitation allegations comprising 28 percent.

Significant legislation to protect vulnerable adults was passed during SFY 2022. Emotional Abuse was added to the types of abuse that APS investigates and defined Emotional Abuse as a pattern of ridiculing or demeaning a vulnerable adult, making derogatory remarks to a vulnerable adult, verbally harassing a vulnerable adult or threatening to inflict physical or emotional harm on a vulnerable adult. APS implemented this change in September 2022 and is monitoring caseloads to assess the impact.

In SFY 2022, APS created a dedicated Case Review Unit. This quality assurance unit is responsible for reviewing all cases ready for closure and ensuring all necessary steps were

completed during the investigation. This unit allowed APS to ensure that cases were closed in an appropriate and timely manner, created consistency and quality, and alleviated supervisor time so they could coach, mentor and develop staff.

In March 2020, an [APS Action Plan](#) was released in response to recommendations from the Abuse and Neglect Prevention Task Force and feedback from a community stakeholder meeting hosted by APS and the ADHS that included vulnerable individuals, their families, and the organizations that support them. The APS Action Plan outlined strategies and actions to strengthen the Arizona APS Program. During SFY 2022, the APS Program continued its efforts to implement the strategies and activities outlined in the APS Action Plan:

- APS incorporated specific training modules on self-neglect into the New Investigator Training curriculum to ensure that all investigators can quickly identify and respond to reports of self-neglect.
- APS continued to recruit quality staff dedicated to positive outcomes for clients, increasing field investigators from 161 to 183 in total. Additional state funding was secured for SFY 2023 to support ongoing growth and competitive salaries.
- APS continued its efforts to increase awareness and understanding of vulnerable adult maltreatment through education and community engagement. The development and launch of “Recognizing and Reporting Maltreatment” was completed in SFY 2022. This training is available to the public [online as a CBT](#) or through the DAAS Outreach Team that provides in person presentations. At the end of SFY 2022, more than 200 people had taken the training. The online training and the included presentation material became a valuable tool for organizations, agencies, and anyone with a concern or simply minimal contact with a vulnerable adult but especially for those who are mandatory reporters.

- The Community Outreach Coordinator and various APS subject matter experts provided more than 20 APS Awareness and Understanding presentations to a wide variety of stakeholders, community partners, and organizations, including fire departments, non-profits, hospices and long-term care providers and fiduciaries. The link to the online training is always shared with attendees as another training tool in addition to the presentation.

### **Non-Medical Home and Community Based Services**

Non-Medical Home and Community-Based Services (NMHCBS) assist older adults and individuals living with disabilities with daily activities so that they may stay in their own homes longer and avoid premature and costly institutional care. The Department contracts with eight AAAs to identify eligible recipients and provide services. NMHCBS case managers use a strength-based approach and integrate client preferences and goals to determine eligibility and need, authorize services, arrange for the provision of services, and monitor services. The services are tailored to the needs of the client and may include:

- Adult day care;
- Adult day health care;
- Attendant care;
- Case management;
- Community nursing;
- Home delivered meals and meals at senior centers;
- Home health aide;
- Home nursing;
- Home repair and adaptation;
- Housekeeping;
- Personal care;

- Respite care; and
- Transportation.

In SFY 2022, the Department provided NMHCBS to 49,780 older adults. With the increase in the aging population, an ongoing challenge is capacity limitations to serve the many individuals requesting NMHCBS services, causing a rise in regional waitlists. For the coming year, the Department will coordinate with AAAs to assess the regional and statewide demand for services and, where possible, identify best practices and solutions for moving older individuals with the greatest social and economic needs, and those at-risk for institutional placement off waitlists for services.

### **Health Promotion Programs**

Health education and disease prevention programs provide services and education to reduce the impact of chronic conditions and diseases such as diabetes and arthritis and minimize health-related risk factors associated with aging. The Department contracts with eight AAAs to provide workshops and educational events both in-person and virtually. Some of the evidence-based programs, like Chronic Disease Self Management, Eat Smart Live Strong, and Mind Over Matter, provide support and information on disease prevention and how to manage ongoing health problems. Others include and promote physical activity such as EnhanceFitness, Tai Chi for Arthritis, Walk with Ease, Bingocize, and A Matter of Balance. The Department looks to increase collaboration with AAAs and local organizations to broaden awareness of and access to health prevention programs, particularly to underserved and underrepresented populations with barriers to accessing services.

## Medicare Assistance

The State Health Insurance Assistance Program (SHIP) provides outreach, counseling, and training to Medicare-eligible individuals, their families, and caregivers to help them make informed decisions about their health insurance and benefits and enroll in Medicare. The Department contracts with seven AAAs to provide SHIP counseling to clients navigating the complexities of Medicare. Medicare-eligible individuals on the Navajo Nation are assisted by the Inter-Tribal Council of Arizona as a general rule at this time. SHIP counselors are trained and certified to assist older adults and individuals with disabilities in:

- Understanding Medicare benefits, coverage rules, written notices and forms, appeals rights, and procedures;
- Accessing Medicare, Medicare Advantage Part C Plans;
- Accessing programs that help people with limited incomes pay for their healthcare. Programs for low-income individuals include Medicaid, the Medicare Savings Program, and the Low-Income Subsidy;
- Comparing Medical Supplemental (Medigap) insurance policies and understanding how the supplemental insurance options work in conjunction with Medicare; and
- Understanding and accessing long-term care insurance.

Medicare beneficiaries also have access to Senior Medicare Patrol , a service that helps them to prevent, detect, and report healthcare fraud, errors, and abuse. In SFY 2022, SHIP provided one-on-one assistance to 21,774 Medicare / Medicaid beneficiaries. Additionally, 156 virtual and in-person public events were attended by over 3,211 individuals. Looking forward, the Department intends to:

- Improve public benefit outreach to older adults and individuals with disabilities through the aging network to continue expanding enrollment assistance with Medicare Savings programs, Lower Income Subsidy, and Medicare Part D, as well as other public benefits.
- Empower and assist Medicare beneficiaries, their families, and caregivers to prevent, detect and report healthcare fraud, errors and abuse through outreach, counseling, and education.
- Build upon the trained staff and volunteers in each AAA to respond directly to SHIP and SMP state call lines assisting beneficiaries with complicated health care questions and educating individuals in detecting, preventing, and reporting health care fraud, errors, and abuse to the Caregiver Resource Line .

### **Legal Services Assistance**

Arizona's Legal Assistance Program provides information, advice, assistance, and advocacy to persons 60 years of age and older. Services are provided through Department contracts with six AAAs. The goals of the program are to promote and preserve the autonomy, dignity, independence, and financial security of older persons; provide access to the justice system; and advocate for the preservation of the rights and benefits of older persons.

#### **Legal Services include:**

- Advanced Directive (Power of Attorney);
- Wills / Trusts;
- Landlord - Tenant Issues;
- Fraud and Abuse;
- Guardianship;
- ALTCS Application Assistance; and

- Various non-criminal legal matters.

The Legal Assistance Program worked on 209 cases during SFY 2022. In the coming year, the Department will increase collaboration with the Long Term Care Ombudsman Program on training opportunities, technical assistance, and to help secure the availability of legal assistance.

## **Family Caregiver Support**

The Family Caregiver Support Program assists unpaid and informal family caregivers, older relative caregivers, and grandparents raising grandchildren with support services that enable them to continue safely providing care for their loved ones at home. Services are provided through Department contracts with eight AAAs and include individual counseling, support groups, caregiver training, educational forums, respite care, and other supplemental services. In SFY 2022, 3,653 caregivers received services through the program, 566 caregivers received 105,899 units of in-home respite care services and 181 caregivers received 50,668 units of respite care services in an Adult Day Health Care setting.

During SFY 22, AAAs continued to operate innovative programs introduced during the pandemic to ensure family caregivers and older adults had resources to stay socially connected, including A robotic pet project and an online database, Trualta, for family caregivers. As part of their efforts to identify isolated caregivers and care recipients, the AAAs launched a program to provide robotic pets that are specially designed for older adults to help families decrease isolation, loneliness, and to help individuals living with dementia as an option for redirection. Trualta is an online resource for family caregivers for educational forums, caregiver training, and support group information sessions. The Friends and Neighbors Respite Program is now offered in two counties and is a response to Adult Day Health Center closures during the pandemic, providing a

consumer-directed alternative to address the direct care worker shortage crisis. In Pima County, the Friends and Neighbors Program expanded to include the non-medical Home and Community Based Services.

Additionally, Family Caregiver Support Program representatives attend the Recognize, Assist, Include, Support, and Engage Family Caregiving Advisory Council and Advisory Council to Support Grandparents Raising Grandchildren to ensure the State Plan on Aging and policies are complementary to the recently revised national recommendations.

DAAS and the Arizona Caregiver Coalition worked collaboratively to continue to support family caregivers with the Respite Voucher Program and the Adult Day Health Center Respite Program with funding from the Lifespan Respite Grant, expanding respite options to caregivers. In SFY 2022, 73 unique caregivers received respite from a provider of their choice and 35 unique caregivers received respite in an Adult Day Health Care setting.

The Arizona Family Caregiver Reimbursement Program (FCRP) launched statewide on January 1, 2020, and provides family caregivers up to 50 percent reimbursement for home modifications and assistive care technology, to a maximum of \$1,000. A.R.S. § 46-343(B) requires FCRP to provide the following specific information on grant program fund expenditures in ADES's annual report:

- In SFY 2022, the FCRP reimbursed \$57,798 to a total of 68 family caregivers. Of these expenditures, 50 percent were for home modifications, 36.8 percent were for assistive care technology, and 13.07 percent were for both.
- The following tables reflect demographics of the individuals who received grants in SFY 2022:

Relationship to Recipient	# Recipients
Child	14
Grandchild	1
Parent	1
Stepchild	1
Spouse	50

Length of Care	# Recipients
<1 year	10
1-2 years	16
3-5 years	15
6-10 years	12
11+ years	15

- After completing a project or purchase, caregivers were asked how much the home modification or assistive care technology helped to keep their family member living at home. Almost 71 percent of caregivers responded that it helped a “great deal” and 18 percent responded that it helped “some” in keeping their loved ones at home.

### Long-Term Care Ombudsman

The Long-Term Care Ombudsman (LTCO) Program operates as a non-regulatory resident advocacy program to resolve problems related to the health, safety, welfare, and rights of individuals who live in long-term care facilities. The Department contracts with eight AAAs to regularly visit all nursing and assisted living facilities statewide and to directly serve and respond to resident complaints regarding quality of life issues in those facilities. Per A.R.S. § 46-452.02, the LTCO Program visits all long-term care facilities at least twice a year as funds are available. The LTCO Program received 4,064 complaints in SFY 2022.

The most common complaints received by the LTCO Program concern discharge and eviction situations. Involuntary discharges have been the most common complaint type in long-term care

settings year after year. The LTCO Program complaint resolution process is often conducted without outside intervention, which can save on regulatory and legal costs while achieving the resident's desired outcome. In SFY 2022, 81 percent of verified complaints were resolved to the resident's satisfaction.

## **EMPLOYERS**

### **Business Service Team**

DERS' Business Services Team partners with Arizona businesses to develop solutions for their workforce needs, connecting jobs to people and facilitating access to a diverse candidate pool including individuals with disabilities, veterans, and individuals who were formerly incarcerated. During SFY 2022, DERS' Business Services Team partnered with over 5,984 Arizona businesses, and added 3,177 new Arizona employer partners, along with the opportunities that they represent, to the ARIZONA@WORK system. This equated to the DERS' Business Service team providing a total of 13,652 individual services to employers during SFY 2022, including consultations/visits, job order assistance, worksite tours/visits, talent matching, recruitment events, and pre-employment screening/testing, to Arizona employers.

In SFY 2022, the ADES Business Service Team collaborated with the Arizona Office of Economic Opportunity (OEO) and the ARIZONA@WORK local area business service teams on the following three new state measures:

- Connections with Employers, including consultations and visits, job order assistance, worksite tours and visits, talent matching, recruitment events, and pre-employment screening and testing;
- Individual Participant Training Completions (Registered Apprenticeships, Incumbent Worker Training, OJT, WEX, Internships, and Customized Training); and

- Number of unique employers utilizing ARIZONA@WORK Work-Based-Learning programs.

Other collaborations include:

- Third Thursday at Three workshops, which provide monthly access to a company currently hiring, and inform RSA staff and vendors of registered apprenticeship program opportunities available to their clients.
- In-person employer events have been reinstated in prisons to allow participants an opportunity to interact with Arizona employers prior to their release.

## **Rapid Response**

Rapid Response and Layoff Aversion services are provided to businesses experiencing layoffs and plant closures, through customized plans developed with the employers, to provide tailored services and resources to both the business and the affected employees. Layoff aversion strategies include proactively reaching out to businesses to quickly connect them to resources, including the Shared Work Program and Worker Training programs. During SFY 2022, 12 Worker Adjustment and Retraining Notifications (WARNs) were received, affecting 1,690 Arizona employees. Additionally, nine Non-WARNs were received, affecting 270 Arizona employees. With respect to Layoff Aversion, 16 Arizona employers and 360 employees participated in the UI Administration's Shared Work Program.

## **Apprenticeship Program**

The Arizona Apprenticeship Office continues to assist Arizona businesses in attracting and retaining quality talent while also assisting job seekers with their pursuit of worthwhile employment and viable career pathways. The Arizona Apprenticeship Office experienced 50 percent growth in new apprentices with 2,511 new registrations, and over 4,500 active

registered apprentices at the close of SFY 2022. There were 42 new programs added in the Healthcare, Construction, Manufacturing, Information Technology (IT), Hospitality, and Automotive industries, as well as other services, widening the spectrum of opportunities to 112 career occupations in 16 different industries.

The Arizona Apprenticeship Office further strengthens its relationships with community colleges that serve as intermediary sponsors of apprenticeships. Through this model, apprentices earn college credits while being paid to work and to obtain valuable experience through the colleges' employer partners.

Additionally, the Arizona Apprenticeship Office continues to help its programs by creating workforce pipeline sustaining strategies through collaboration and alignment with Career and Technical Education programs and community-based organizations to serve as pre-apprenticeship programs. This design strategically positions individuals towards viable career pathways at early stages and likewise broadens and diversifies the available talent pool for Arizona employers. The Arizona Apprenticeship Office works closely with ARIZONA@WORK Centers and conducts outreach to business service representatives and the Tribal Nations within the state to increase the availability of apprenticeship programs in Arizona for job seekers and employers. This year, there were over 800 individuals completing their programs from a large array of occupations in various industries, with portable credentials and average earnings of \$70,000 per year.

### **Foreign Labor Certification Program**

The Foreign Labor Certification (FLC) unit supervises the H-2A and H-2B Visa Programs in Arizona. The H-2A Program brings foreign nationals to fill temporary agricultural jobs when employers cannot find qualified domestic workers. The H-2B Program brings non-agricultural

foreign workers to perform jobs related to a variety of industries including hospitality, amusement and carnival, tourism, construction, and landscaping.

During SFY 2022, FLC received a total of 192 H-2A applications and conducted 207 housing inspections, an increase of 7.3 percent and 12 percent, respectively, of housing inspections conducted when compared to SFY 2021. For the H-2B Program, the FLC received a total of 257 H-2B applications, a 9 percent increase when compared to SFY 2021. The total number of foreign workers requested in Arizona was 12,539 for the H-2B Program and 5,008 for the H-2A Program.

### **Work Opportunity Tax Credit Program**

Through the Work Opportunity Tax Credit (WOTC) Program, employers may earn a federal tax credit (between \$1,200 and \$9,600 per qualifying new employee) when hiring job seekers from specific target groups that experience barriers to employment and who work a minimum of 120 hours in their first year. For SFY 2022, the WOTC team processed 228,400 applications, of which approximately one-third were certified, equating to 68,408 tax credits, or \$177,153,800 back to Arizona businesses. The drastic increase in applications processed (336 percent) and the decrease in the backlog was due to a short term supplemental grant award that funded several temporary workers.

### **Federal Bonding Program**

The Federal Bonding Program is a hiring incentive that provides employers \$5,000 to \$25,000 of Fidelity Bond insurance for a six-month period. The program ensures employers against loss due to employee theft of money or property, in order to incentivize employers to hire hard-to-place job applicants, including those with a record of arrest, conviction, imprisonment, or those on parole or probation; individuals in recovery from or who have been treated for alcohol

or drug abuse; welfare recipients; individuals with poor credit history or who have declared bankruptcy; economically disadvantaged youth and adults who lack a work history; and individuals dishonorably discharged from the military. In Arizona, 41 bonds were issued to 9 participating employers during SFY 2022.

## **Unemployment Insurance Taxes**

The Federal Unemployment Tax Act and Titles III, IX, and XII of The Social Security Act form the framework of the UI Tax system. UI Taxes paid to the state are used for the payment of UI benefits to eligible unemployed workers. In Arizona, most employers are currently required by law to pay unemployment tax on the first \$7,000 in gross wages paid to each employee in a Calendar Year (CY). Per changes to state statute, this amount will increase to \$8,000 effective January 1, 2023. Nonprofit, governmental, Indian tribes and churches/religious organizations can choose to reimburse the Department for benefit payments charged to their accounts in lieu of paying quarterly taxes. In the third quarter of 2022, there were 162,700 active employers registered in the Tax Employer Accounting Multi System.

Unless specifically excluded by law, employers must report to the Department all wages paid to each employee in the quarter by the end of the month following the end of the quarter. The online Tax and Wage System (TWS) allows employers to file their Quarterly Tax and Wage Report, make a payment, report address and business changes, view tax rates, and view and print copies of previously filed quarterly filings. Employers can also elect to sign up with the UI State Information Data Exchange System (SIDES). SIDES is a free service that employers can use to respond electronically to Notice to Employer requests for separation information regarding former employees. SIDES reduces mailing costs, increases response timeliness, and decreases overpayments.

## Child Support Rules & Regulations

Federal and state law requires employers to report newly hired and re-hired employees in Arizona. Employers may use the DCSS Arizona New Hire Reporting Center online site to report new employees and view information about reporting new hires and other reporting options. Employers are also required to abide by the Income Withholding Order (IWO) to withhold an employee's income for child support. The payment must be withheld no later than the first pay period, within 14 days of the date of the IWO, and sent within two business days to the DCSS. Employers can use the online eEmployer Service to receive and respond to future IWOs electronically. The Employers can also make free, secure, and convenient child support payments by logging into the iPay online link on the DCSS webpage.

## COMMITMENT TO QUALITY

### TRAINING

To provide Arizonans the best services and commit to excellence, innovation, and transparency, it is imperative for the Department to invest in providing quality training and resources to staff. The Office of Professional Development (OPD) is responsible for providing training on various general topics to Department staff and also has specialized teams within each division that focus on program-specific training to assist staff in providing the services Arizonans need to achieve their potential.

### DAAS

In SFY 2020, APS received a three-year grant from the United States Department of Health and Human Services to enhance APS investigator training and improve APS's capacity to meet the needs of vulnerable adults. Through this grant, APS has invested in ongoing professional development for APS Investigators. During SFY 2022, APS developed an eight-week New Investigator Training and Onboarding (NITO) Program to be implemented in October 2022. NITO leverages technology to provide investigators with a comprehensive experience, including instructor-led training, computer-based training, as well as field training/shadowing and e-learning modules provided by the National Adult Protective Service Training Center. In addition, APS has hired four new Training Supervisors to mentor, guide and advise new investigators during the eight weeks to assist in their transition to the field. The Training Supervisors will monitor activity completions by the new investigators by collecting feedback, conducting checkpoints and debriefs, and collaborating with APS leadership. While the NITO Program has been designed for new investigators, APS has also created a dedicated Google

Classroom for current supervisors, existing investigators, Case Aides, and leadership to benefit from a self-paced version of NITO.

The National Adult Protective Services Association (NAPSA) has developed Arizona-specific APS courses which have been continually provided for APS Supervisors. The Supervisor Core Competency courses have also been running as stand-alone courses for Supervisors in addition to the NITO Program. Supervisors had an opportunity to participate in Train-the-Trainer and Pilot NAPSA training which OPD Instructors are now delivering on a monthly basis. Training for supervisors is offered via instructor led and computer based training. NAPSA is also assisting APS with developing additional supervisor modules to address Emotional Abuse and Intellectual Developmental Disabilities targeted for SFY 2023. All APS courses have been consistently monitored, tracked for completion and feedback collected for continuous improvement. APS has also dedicated grant funding to enrolling APS investigators in the NAPSA certification program – the only nationally recognized certification program for APS.

### [DCC](#)

During SFY 2022, DCC continued to oversee the training of its staff by providing 29 Eligibility CBTs, 12 Certification CBTs, and peer-led OJT. DCC and OPD partnered to plan for future virtual instructor-led training and for CBT improvements.

### [DCAD](#)

The Office of Interpersonal Violence received trainings on creating, enhancing, evaluating, and sustaining domestic and sexual violence programs and coordinated community response teams. Trainings attended were facilitated by national, statewide, and local experts including the National Network to End Domestic Violence, Resource Sharing Project, ACESDV, National Center on Domestic Violence, Trauma, and Mental Health, Elevate Uplift, Vera Institute, Office

of Justice programs, and National Clearinghouse on Abuse in Later Life. Specifically, training content included best practices for:

- Trauma-informed and victim-centered care when working with marginalized communities such as Native survivors, survivors with disabilities, and survivors with mental health and/or substance abuse issues;
- Evaluation of domestic and sexual violence programs; and
- Investigation and prosecution of abuse in later life.

### **DDD**

In SFY 2022 OPD trained Support Coordinators and support staff in the AHCCCS-required Person-Centered Service Plan (PCSP). From July 2021 through September of 2021, OPD conducted a three-day PCSP training that all Support Coordinators, support staff, and leaders attended.

This virtual training was an intensive training that covered the newly developed PCSP, person centered philosophy, and resources for successful planning.

### **DERS**

In SFY 2022, DERS continued to work on best practices for the delivery of General Inquiry training for UI call center agents. Weekly meetings were held with all UI training teams, along with IT and Quality Control teams to provide data-driven support and to collaborate to deliver the most optimal learning experience for ADES and contracted frontline staff.

## **LEVERAGING TECHNOLOGY**

DTS has a primary mission to oversee, implement, and improve upon complex technology solutions that enable agency staff to deliver critical and comprehensive services to Arizonans in need. Through proactive partnering, business integration, and strategy development, the

division works to ensure that operational stability and efficiency are always at peak performance levels.

DTS continues to focus on application modernization; improving information security; enabling a distributed, remote workforce; and creating a common citizen portal allowing individuals to access a variety of ADES resources and services using a single point of entry. Establishing a baseline of business-serving capabilities, including identity and access management; a configuration management database; asset management; program and project management; and information security capabilities.

## **DAAS**

During SFY 2022, APS focused on launching the new system, myAPS, for the Central Intake Unit, Investigations, Appeals, and the Quality Assurance Team. Additionally, DAAS prioritized Tableau dashboards to enhance metrics reporting, transparency, and accountability. There have been 20 internal dashboards created for APS to visually display data for caseload, decision making, closures, response time, incoming and closed cases, assessments, supervisor overview, and investigator overview. The APS Program continued to add additional information to the existing public dashboards. Business Intelligence is also in development for contracted partners in the Aging and RRP's to eventually gain access to data that can support real time decision making for client services, performance measures, and budgets.

## **DCAD**

During SFY 2022, DCAD designed and implemented LIHWAP, which provides financial relief toward eligible households' water and wastewater service bills. To do this, the Department leveraged the same technology used for its ERAP. This allows prospective applicants to apply safely and conveniently online, rather than wait in line at a local office or schedule an

appointment. The portal is available 24-hours a day, seven days a week and can be accessed on a mobile device.

Recognizing that not all Arizonans can access services online, the Department enhanced its portal for housing stability and utility assistance programs and partnered with community-based organizations to meet vulnerable Arizonans where they are. These partners serve as community resource navigators within their communities and connect individuals and families to the right resources at the right time. Rather than just refer clients to services, these navigators have access to the portal which allows them to intake applications, check the status of applications, and answer any questions an applicant may have. Throughout SFY 2022, the Department piloted this technology across urban and rural communities with large success and will expand this service delivery model in SFY 2023.

## **DBME**

DBME continued with client education aimed at encouraging customers to utilize all available service channels including website, client portal, mobile apps, telephone and in-person. Adjustments made to the Comprehensive Service Model resulted in reduced wait time for customers who receive in-person service at FAA offices.

In SFY 2022, the My Family Benefits (MFB) website was redesigned and enhanced for mobile optimization. Access to the EBT Edge website from the MFB dashboard through the “Check EBT Account” feature now make it more convenient for customers to check their EBT balance.

The project to simplify and revise over 100 SNAP notices and 60 TANF notices continued throughout SFY 2022. Also expected to be completed by November 2022 is the development of the new notice generation system for the Arizona Technical Eligibility Computer System

(AZTECS), DBME's eligibility system, that integrates e-communications and MFB to deliver notices by email, text, or mail, depending on customer preference.

## DCC

In an effort to build the capacity and availability of high quality, affordable child care statewide, DCC technology improvements, in partnership with state, local, and community organizations, include:

- Funding child care licensing modernization through ADHS to develop licensing functionality for child care services, and better access to data and services for ADHS, ADES, and public users; modernize manual processes; improve collaboration; and provide better constituent support;
- Development of the Child Care Electronic System (CCES), built through an integrated suite of software tools to help manage Arizona's child care subsidy program for providers and the state;
- In conjunction with the CCES, improving automation designed to modernize Arizona's early childhood care and education technology systems and streamline important processes like billing and a parent's child care search, with the goal being that all child care providers will use state of the art systems and improve business practices;
- Supporting providers' use of automation with business coaching through the Early Childhood Business Management Program, in partnership with Southwest Human Development; and
- Data analysis and mapping to study and address critical gaps in access to high quality child care, statewide.

Combined, these efforts are focused on addressing critical gaps in access to quality child care, including for providers who serve ADES and DCS eligible children and families in need of child care.

## DCSS

Overall use of the self-service applications continues to increase, indicating the widespread acceptance by DCSS customers. The DCSS Payment Gateway allows noncustodial parents to make a child support payment electronically over the Internet or by phone. The Payment Gateway processed 86,724 payments, more than half of which were made via the Internet, that were distributed to custodial parent cases in SFY 2022 and totaled over \$31 million.

The DCSS TouchPay services allow noncustodial parents to make child support payments at local ADES / DCSS offices and other locations using cash, credit or debit cards, and checks without waiting in line to speak to a staff member. There were 16,013 payments processed by TouchPay totaling over \$5 million distributed to custodial parent cases in SFY 2022.

In addition to providing increased options for self-service payments, DCSS' comprehensive system modernization project kicked off in January 2021 to replace the legacy case management system, Arizona Tracking and Location Automated System (ATLAS). In SFY 2022, design of the modernized, hybrid Arizona Case Record System (AZCARES) was completed and development and testing efforts are advancing. AZCARES uses cloud-based technology that will provide long-term maintainability, scalability, reliability, and flexibility to support child support clients now and well into the future.

## DDD

DDD made great progress in automation during the SFY 2022 with the goal continuing to be increased efficiency and enhanced contract compliance. Examples of DDD's use of technology include automation for adding information to the member records, such as progress notes sent to support coordinators from service providers and Pre-Admission Screening files from AHCCCS. These automations have removed the need to manually add these records to member files, thereby allowing the support coordinator to save many hours in manual movement of information.

DDD procured WellSky Human Services to develop a new claims system that is compliant with all Centers for Medicare & Medicaid Services billing rules and utilizing all standardized medicaid billing codes. DDD and WellSky Human Services have been working together to implement this new system with the goals of compliance and causing the least amount of disruption to the DDD service providers. The system was implemented on September 1, 2022.

Additionally, DDD expanded the use of the SimpliGov software to increase efficiency for the DDD member planning meeting process, which is the contractually required quarterly or bi-annual meeting a support coordinator has with a member and the member's planning team to plan the member's care. In addition to the original conversion from paper to electronic format, there have been several additional forms added allowing online completion of the new PCSP and additional documents and electronic signature capture.

## DERS

ARIZONA@WORK's web-based labor exchange, case management, and reporting system – AJC – connects Arizona businesses with job seekers. AJC provides case management, data collection, and reporting capabilities for the U.S. DOL programs, including Veterans, MSFWs,

Reemployment, TAA, and WOTC programs. There is also the flexibility to include other workforce-related programs, such as the Jobs Program and SNAP E&T.

The UI Tax Program offers a variety of methods to employers for conducting business electronically. These options require no purchase of software by employers, and many require very little IT intervention. A total of 57,056 UI tax reports were filed electronically in SFY 2022, including 109,012 reports filed on the online TWS and 458,044 reports filed using the bulk file upload system Arizona UI Reporting for Employers.

The UI Benefits Program offers the ease of electronic filing of initial and continuing claims to UI claimants, as well. In SFY 2022, 89 percent of new UI claims and 91 percent of continued claims were filed electronically via the Internet. ADES is currently undergoing a Request for Proposal solicitation process for the replacement of its existing legacy mainframe UI benefits application in an effort to modernize the IT infrastructure to support and administer the UI Program.

## PROPOSED ACTIONS FOR NEXT FISCAL YEAR

The Department is committed to helping Arizonans reach their full potential. ADES continues to work within the AMS to ensure the government is working at the speed of business by using Lean management principles to drive continuous improvement within each of the divisions. As part of AMS, ADES completes annual updates to its [five-year strategic plan](#), in accordance with [A.R.S. § 35-122](#). ADES has committed to five multi-year strategic priorities: modernize agency technology solutions; provide world class customer experience; align and focus ADES services to reduce and minimize homelessness and hunger; promote family stability and community support to reduce abuse and neglect; and optimize agency operations, infrastructure, and employee development and engagement. For FY 2023, ADES has implementation plans for the following initiatives to support these priorities.

### Modernize Agency Technology Solutions

*Child Care Attendance Tracking System and AZCARES Launch:* ADES aims to upgrade existing systems and introduce new systems to improve service delivery for clients and partners. In FY 2023, DCC plans to launch the CCES, an integrated suite of software tools to help manage Arizona's child care subsidy program for child care providers and DCC, and DCSS' plans to launch the AZCARES system, which will replace the legacy child support case management system, allowing for the automated and efficient collection and distribution of child support payments.

*IT Security Enhancement and Master Data Management Project:* DTS aims to enhance IT security and reduce the risk of data breaches during FY 2023 by addressing functional gaps in system architecture, governance, management, operations, and risk monitoring and assessing ongoing vulnerability with the RiskSense platform. Additionally, DTS will launch a master data

management project to improve the uniformity and consistency of the agency's more than 25 automated systems for storing client data, which will improve customer service and allow ADES to identify client service gaps.

*UI Benefits and Rehabilitation Services System Replacements:* DERS will commence two system modernization projects during FY 2023: Replacing the rehabilitation services system, which had reached end-of-life, with one that is scalable and flexible, increasing RSA's ability to provide timely quality services to clients with reduced administrative burden and improved data reporting and analytics. The UI Administration will commence the UI benefits system replacement, improving application processing timeliness, first-payment timeliness, and adjudication quality, while reducing call center wait time, claimant inquiries, and system maintenance costs.

### **Provide World Class Customer Experience**

*Client Experience Initiative:* During FY 2023, ADES will begin building a benefit applicant and client experience measurement, analysis, and action infrastructure and attendant business processes. The Department will create appropriate division-level client outreach, feedback collection, and metrics, and build relevant processes to ensure that the client feedback gathered is analyzed, reported, and acted upon by division leaders and staff.

*Client Service Continuity:* As ADES continues to provide more online services, striving for 24/7 accessibility, and consolidates physical locations, it is essential to ensure Arizonans still have in-person access to the benefits they need. To ensure service continuity, ADES will engage during SFY 2023 with local community partners to help Arizonans gain in-person access to ADES programs and services through the SNAP Community Partners, Assistors (HEAplus), and Resource Partners.

## **Reduce and Minimize Homelessness and Hunger**

*Homelessness Reduction and Prevention:* To help prevent homelessness, which has increased in Arizona by more than 30 percent since January 2020, DCAD will provide Emergency Rental Assistance to eligible Arizona households within its service area during FY 2023 and coordinate with other jurisdictions administering similar programs to ensure access statewide. In addition, ADES will bolster the state's crisis response systems during the upcoming fiscal year through the expansion of emergency shelter and the coordination of mainstream services to get individuals and families back on their feet.

*Community Resource Navigation Implementation:* To create more equitable access to ADES programs, DCAD and OCE will work during FY 2023 to implement community resource navigation, a multi-year plan to leverage new and existing access points to ADES services, increasing public awareness of ADES programs, removing barriers to application, connecting individuals to ADES services at the right time, and building resilience into the service system to facilitate continuity during crisis.

## **Promote Family Stability and Community Support**

*High Quality Child Care Accessibility:* As a result of major federal funding during the COVID-19 Pandemic, ADES received an increase in the CCDF award of approximately \$1.3 billion, bolstered by additional significant funding allocated to the CCDF by the Arizona Legislature. ADES has coordinated with providers and partners to develop, implement, and track the programmatic and financial progress of over 40 initiatives outlined in a plan which has four main categories - Expanding Access to Child Care, Investments in Quality Systems, Child Care Network Stabilization, and Educational Supports.

Early Identification of Infants and Toddlers with Disabilities and Delays: High quality early intervention services can change a child's developmental trajectory and improve outcomes for children, families, and communities. During SFY 2023, through outreach and training, AzEIP plans to enhance the early identification, referral, and service coordination for infants and toddlers with disabilities to address the urgent and substantial need to identify as early as possible those infants and toddlers in need of services when the developing brain is most capable of change. Intervention is likely to be more effective and less costly when it is provided earlier in life rather than later.

Timeliness and Consistency of Payments to Families: DCSS has identified that approximately 55 percent of noncustodial parents with a child support order are experiencing multiple barriers to payment. During SFY 2023, DCSS will focus on developing leaders' ability to analyze and understand barriers to paying child support so that the division can develop and refine business processes and be more responsive and effective in improving timeliness and consistency of payments, with the primary goal to ensure timely child support services with the participation of both parents.

APS Capacity Increase: NAPSA recommends an average caseload ratio of 25 cases per APS investigator. Currently, Arizona's APS Program has experienced caseload growth of 25 percent Year-over-Year (YoY) and has an average caseload ratio of 60:1. During SFY 2023, DAAS will identify efficiencies, create standardized processes, and create a structure to support the current and ongoing needs of an APS Program that can provide the timely services needed for this vulnerable population.

DCS FastPass Process Optimization: DCS caseworkers who encounter a family in need of SNAP, TANF, or Medicaid directly contact skilled senior DBME eligibility staff who can provide

immediate assistance, referred to as the FastPass Program. During SFY 2023, program optimization will involve a full 'check & adjust' of the current process, along with full benchmarking of all relevant metrics. Objectives include ensuring every DCS caseworker is aware of and appropriately using FastPass, and tracking and measuring time-to-benefits.

### **Optimize Operations, Infrastructure, and Employee Development and Engagement**

*Employee Retention Improvement:* ADES recognizes the heavy burden that employee turnover places on agency resources. During SFY 2023, CHR will implement a multi-year initiative focusing on improving onboarding processes, employee development and engagement, and leadership training and development, with the overall objective of improving ADES employee retention rates to exceed federal, regional, and state norms.

*UI Fraud Investigations:* OIG will continue to partner with financial institutions and law enforcement agencies across the country in SFY 2023 to recover losses and aggressively pursue legal action against perpetrators of pandemic-era unemployment benefits fraud. Partnerships with more than 100 law enforcement agencies, including the Federal Bureau of Investigation, U.S. DOL, United States Secret Service, the United States Department of Homeland Security, and 220 financial institutions around the globe will continue to allow OIG to investigate complex multi-client fraud schemes, cross match data with credible sources, and analyze inconsistencies with both physical and IP address information.

*Lean Management System Deployment:* AMS is an intentional, results-driven approach for doing the work of state government so that every employee, at every level, with discipline, reflects daily on how they did, finds the waste, and decides how to improve with sustainable progress. As part of ongoing development, this initiative will introduce and familiarize leaders,

both new and existing, with standard tools to utilize for performance management, problem solving, and leader behaviors during SFY 2023.

*Benefit Churn Reduction:* “Benefit churn” takes place when clients are removed from benefit rolls at the end of their certification period, despite continuing eligibility. Early analysis of SNAP benefit churn among ADES clients indicates it affects as much as 47 percent of cases. DBME will work to reduce churn in SFY 2023 by maintaining uninterrupted benefits by processing timely renewals for eligible clients, greatly improving the client experience and reducing processing work for staff, freeing resources to assist in other areas.

## ECONOMIC CONDITIONS AND OUTLOOK<sup>1</sup>

Prior to the recession (Feb. 2020 to April 2020) brought on by the COVID-19 Pandemic, Arizona’s economy was recording robust growth according to several key economic variables. Total nonfarm employment had increased YoY for 113 consecutive months, while the unemployment rate reached record lows. The recession had a notably negative impact on Arizona’s economy in SFY 2020, but SFY 2021 and SFY 2022 fostered a strong economic recovery. Total nonfarm employment increased over the program years, while the Arizona unemployment rate fell below pre-pandemic lows. Employment growth is likely to continue, as OEO has projected employment growth to continue in nearly all supersectors through Q2 2023.

Some economic highlights for SFY 2022 include:

- Arizona’s population continued to grow across the state, and is projected to continue to increase over the next several years.

---

<sup>1</sup> The Arizona OEO produces demographic, labor force, regulatory, workforce, and economic information for Arizona. OEO submitted the summary of economic highlights for SYF 2020 in this section.

- In June 2022, the Arizona unemployment rate was 3.3 percent, which was lower than the United States unemployment rate of 3.6 percent in the same month.
- Arizona gained 104,000 jobs YoY in June 2022. These gains were recorded in all 11 supersectors.
- All 11 supersectors, including Self-Employed, are projected to gain jobs through Q2 2023. Self-Employed is projected to have the highest percent change (18.3 percent growth), while Education and Health Services is projected to record the largest job gain (52,422 jobs).
- The State Coincident Index for Arizona, an indicator for measuring economic activity, improved to 164.5 in June 2022 from a 53-month low of 124.9 in April 2020.
- Arizona per capita personal income grew 5.8 percent from CY 2020 to CY 2021. United States per capita personal income grew 7.3 percent over the same period.

## **ARIZONA POPULATION AND GROWTH**

Population growth in Arizona increased by 1.4 percent (101,688 individuals) in CY 2021. Roughly 1/5 of this growth is attributed to natural change (more births than deaths), while over 3/4 of this growth is attributed to net migration (more individuals moving into Arizona than leaving). Barring the impact of COVID-19, Arizona's population is projected to continue to grow through 2022 and 2023.

Arizona's population growth rate has exceeded 1.0 percent every year since CY 2013 (see figure 2). CY 2009 and CY 2010 had particularly low population growth rates due to the impacts of the Great Recession (December 2007 – June 2009). As the Arizona economy recovered from 2011-2019, net migration began to increase.

## **ARIZONA UNEMPLOYMENT RATE**

Since the Great Recession (December 2007 – June 2009), Arizona’s unemployment rate and labor force participation rate have generally recorded positive changes. This trend ended abruptly in March 2020, when the Arizona unemployment rate increased and labor force participation decreased. These trends mirrored national trends, and can be attributed to the effects of COVID-19.

After the initial negative impacts to the economy caused by the COVID-19 Pandemic subsided, Arizona employment began to grow, and the unemployment rate began to decline. Arizona began SFY 2022 with a seasonally-adjusted unemployment rate of 4.9 percent in July 2021 and ended SFY 2022 with an unemployment rate of 3.3 percent in June 2022. The United States began SFY 2022 with a seasonally-adjusted unemployment rate of 5.4 percent, and ended SFY 2022 with an unemployment rate of 3.6 percent in June 2022.

## **ARIZONA LABOR FORCE**

The Arizona labor force participation rate has trended below the U.S. labor force participation rate historically. Arizona’s labor force participation rate was 61.2 percent at the beginning of SFY 2022 (July 2021), and 60.9 percent by the end of SFY 2022 (June 2022). The United States labor force participation rate was 61.7 percent at the beginning of SFY 2022, and 62.2 percent by the end of SFY 2022.

## **ARIZONA EMPLOYMENT GROWTH**

Arizona nonfarm employment increased by 3.6 percent YoY in June 2022, while United States nonfarm employment growth increased by 4.2 percent YoY in June 2022.

Strong YoY increases in nonfarm employment continued through SFY 2022. Among the eleven supersectors in SFY 2022, Information had the highest YoY employment growth rate 9.1 percent. This was followed by Leisure and Hospitality 7.9 percent and Manufacturing 6.6 percent. Other Services grew by 4.7 percent YoY; Education and Health Services grew by 4.3 percent YoY; Trade, Transportation, and Utilities grew by 4.1 percent YoY; and Natural Resources and Mining grew by 4.1 percent YoY. Supersectors that did not exceed Arizona's total nonfarm employment growth rate 3.6 percent include Construction 3.0 percent, Professional and Business Services 2.0 percent, Financial Activities 0.4 percent, and Government 0.1 percent.

Numerically, Leisure and Hospitality gained 24,300 jobs; Trade, Transportation and Utilities gained 23,600 jobs; and Education and Health Services gained 19,800 jobs YoY in SFY 2022. Manufacturing gained 11,800 jobs YoY; Professional and Business Services gained 8,900 jobs; Construction gained 5,400 jobs; Information gained 4,300 jobs; Other Services gained 4,300 jobs; Financial Activities gained 900 jobs; Natural Resources and Mining gained 500 jobs; and Government gained 200 jobs YoY. Total nonfarm employment increased by 104,000 YoY in SFY 2022.

The geographic distribution of job growth in Arizona is predominantly concentrated in the Phoenix Metropolitan Statistical Area (MSA), though in SFY 2022, five of the seven Arizona MSAs grew at rates exceeding the job growth rate of Arizona 3.6 percent: Flagstaff MSA 6.3 percent, Yuma MSA 5.8 percent, Lake Havasu City-Kingman MSA 3.9 percent, Phoenix-Mesa-Scottsdale MSA 3.8 percent, and Prescott MSA 3.8 percent. Flagstaff MSA and Yuma MSA also surpassed the United States' job growth rate of 4.2 percent. The job growth rates for Tucson MSA 3.0 percent and Sierra Vista-Douglas MSA 2.8 percent trailed Arizona's job growth rate.

From June 2012 to June 2022, Construction increased its share of nonfarm employment by 1.3 percentage points, the largest share increase over this period. Other supersectors that recorded positive employment share gains included Financial Activities 0.9 percentage points, Education and Health Services 0.8 percentage points Trade, Transportation and Utilities 0.4 percentage points, Professional and Business Services 0.2 percent, Information 0.0 percent, and Leisure and Hospitality 0.0 percent. The largest decrease in nonfarm employment share occurred in Government, losing 3.0 percentage points. This was followed by Other Services -0.4 percentage points, Manufacturing -0.1 percentage points, and Natural Resources and Mining -0.1 percent.

### **ARIZONA INDUSTRY EMPLOYMENT PROJECTIONS (2020-2022)**

All 11 supersectors, along with Self-Employed, are projected to gain jobs in Arizona from Q2 2021 – Q2 2023. The largest percent increase is projected to occur in Self-Employed 18.3 percent, followed by Leisure and Hospitality 13.7 percent; Construction 11.6 percent; Manufacturing (8.6 percent); Education and Health Services (8.3 percent); Financial Activities 7.7 percent; Professional and Business Services 7.4 percent; Information 6.8 percent; Trade, Transportation and Utilities 6.8 percent; Other Services 4.7 percent; Government 1.1 percent; and Natural Resources and Mining 0.9 percent.

The coincident economic activity index is an economic indicator compiled by the Federal Reserve that tends to correlate with economic growth. The table below, *Comparison Between Arizona And United States Per Capita Income*, shows the changes in the coincident economic activity index over the past ten years. As the coincident index increases, economic growth tends to increase. After experiencing 125 continuous months of growth, Arizona's coincident index declined by 0.1 in March 2020, dropping to 147.5. The coincident index declined again in April

2020 to 124.9. By June 2021, Arizona's index was at 152.8. In June 2022, the end of, Arizona's coincident economic activity index had improved to 164.5.

## STATISTICS

### ARIZONA DEPARTMENT OF ECONOMIC SECURITY COMPARISON BETWEEN ARIZONA AND UNITED STATES POPULATION FOR CALENDAR YEARS ENDED DECEMBER 31 (2021 IS THE MOST RECENT DATA AVAILABLE)

YEAR	ARIZONA POPULATION	UNITED STATES POPULATION	PERCENTAGE CHANGE IN ARIZONA POPULATION	PERCENTAGE CHANGE IN UNITED STATES POPULATION
<b>2011</b>	6,425,167	311,556,874	0.4%	0.7%
<b>2012</b>	6,474,915	313,830,990	0.8%	0.7%
<b>2013</b>	6,546,491	315,993,715	1.1%	0.7%
<b>2014</b>	6,616,014	318,301,008	1.1%	0.7%
<b>2015</b>	6,701,021	320,635,163	1.3%	0.7%
<b>2016*</b>	6,797,006	322,941,311	1.4%	0.7%
<b>2017</b>	6,884,574	324,985,539	1.3%	0.6%
<b>2018</b>	6,982,246	326,687,501	1.4%	0.5%
<b>2019**</b>	7,082,093	328,239,523	1.4%	0.5%
<b>2020</b>	7,176,401	331,501,080	1.3%	1.0%
<b>2021</b>	7,285,370	331,893,745	1.5%	0.1%

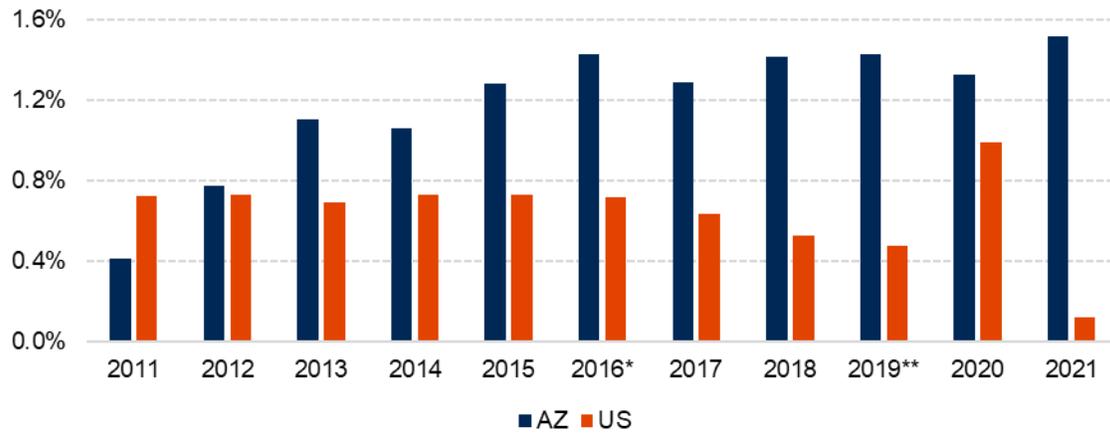
Sources: Arizona estimates were provided by the Arizona OEO; United States estimates were provided by the United States Census Bureau.

\* 2016 Population has been revised from the original published numbers.

\*\* 2019 Population of the City of Sierra Vista, Cochise County, and the State of Arizona were revised due to a challenge by the City of Sierra Vista (resolved 3/10/2020).

Note: The information contained in the sources used for this table is continuously revised and the amounts in the above table have been revised accordingly. Data presented may not match data reported for prior years.

## Population Growth



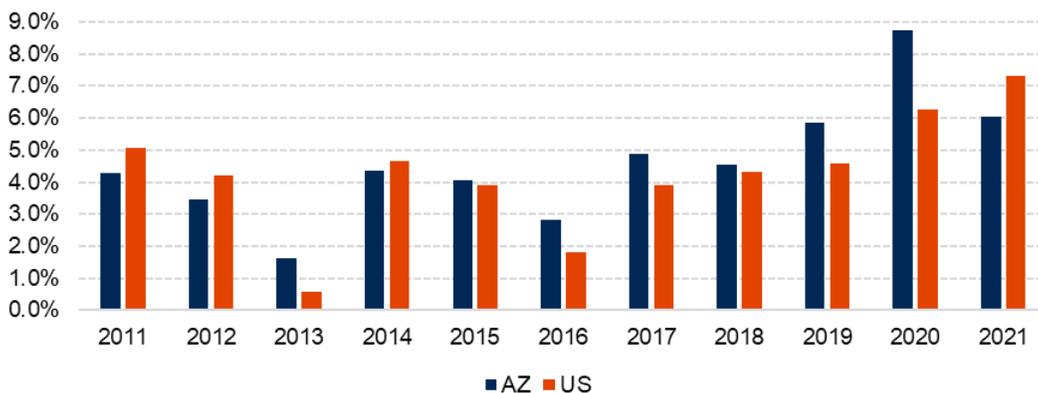
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
COMPARISON BETWEEN ARIZONA AND UNITED STATES PER CAPITA INCOME  
FOR CALENDAR YEARS ENDED DECEMBER 31  
(2021 IS THE MOST RECENT DATA AVAILABLE)**

YEAR	ARIZONA PER CAPITA INCOME	UNITED STATES PER CAPITA INCOME	PERCENTAGE CHANGE IN ARIZONA PER CAPITA INCOME	PERCENTAGE CHANGE IN UNITED STATES PER CAPITA INCOME
2011	\$35,321	\$42,747	4.3%	5.1%
2012	\$36,545	\$44,548	3.5%	4.2%
2013	\$37,139	\$44,798	1.6%	0.6%
2014	\$38,756	\$46,887	4.4%	4.7%
2015	\$40,334	\$48,725	4.1%	3.9%
2016	\$41,473	\$49,613	2.8%	1.8%
2017	\$43,497	\$51,550	4.9%	3.9%
2018	\$45,466	\$53,786	4.5%	4.3%
2019	\$48,124	\$56,250	5.8%	4.6%
2020	\$52,327	\$59,765	8.7%	6.2%
2021	\$55,487	\$64,143	6.0%	7.3%

Source: United States Department of Commerce, Bureau of Economic Analysis: SA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income.

Definitions: Per capita personal income is total personal income divided by total midyear population. United States Bureau of Economic Analysis state per capita personal income statistics are calculated using Census Bureau mid year population estimates. These annual midyear estimates are based on the 2010 census. Personal income is the income received by a single individual and includes compensation, interest, and dividends. Estimates are not adjusted for inflation.

**Changes in Per Capita Personal Income**



**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
COMPARISON BETWEEN ARIZONA AND UNITED STATES UNEMPLOYMENT  
FOR CALENDAR YEARS ENDED DECEMBER 31  
(2021 IS THE MOST RECENT DATA AVAILABLE)**

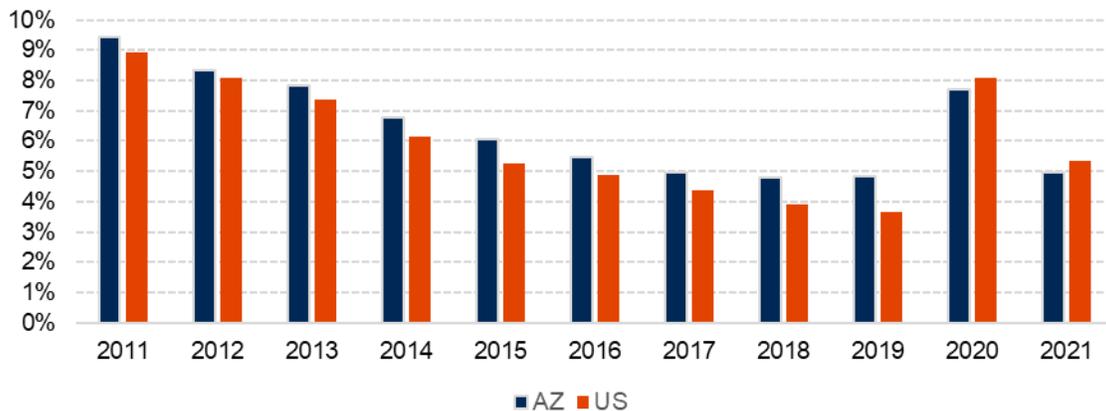
YEAR	NUMBER OF UNEMPLOYED IN ARIZONA	NUMBER OF UNEMPLOYED IN UNITED STATES	UNEMPLOYMENT RATE ARIZONA( %)	UNEMPLOYMENT RATE UNITED STATES (%)
2011	288,082	13,738,500	9.4%	8.9%
2012	254,884	12,499,167	8.4%	8.1%
2013	239,050	11,457,167	7.8%	7.4%
2014	212,280	9,601,500	6.8%	6.2%
2015	193,746	8,293,750	6.1%	5.3%
2016	178,346	7,751,333	5.5%	4.9%
2017	160,586	6,984,667	5.0%	4.4%
2018	160,044	6,314,667	4.8%	3.9%
2019	166,916	5,999,917	4.9%	3.7%
2020	265,852	12,948,917	7.7%	8.1%
2021	174,260	8,625,583	5.0%	5.4%

Note: Figures are subject to revision.

Definitions: A person is unemployed if he or she has no job but is looking for work. The unemployment rate is the number of unemployed as a percentage of the labor force. The labor force is the sum of the employed and the unemployed.

For more information go to [www.laborstats.az.gov](http://www.laborstats.az.gov).

Unemployment Rate



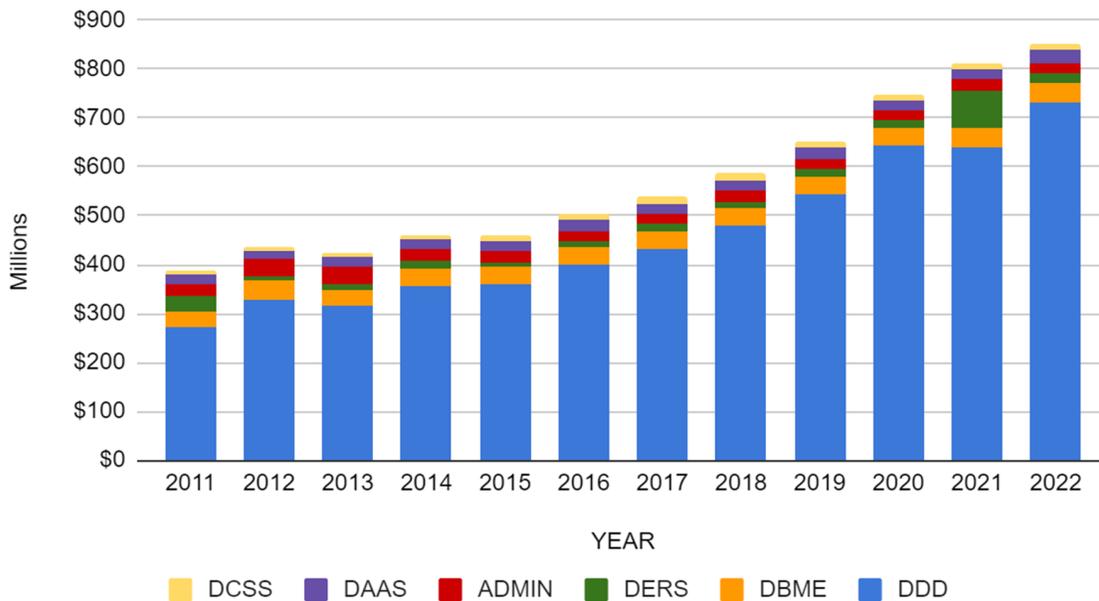
**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
STATE FUNDS RECEIVED BY DIVISION  
FOR FISCAL YEARS ENDED JUNE 30**

YEAR	DDD	DBME	DERS	ADMIN <sup>1</sup>	DAAS	DCSS	TOTAL STATE FUNDS RECEIVED
2011	\$271,017,100	\$33,820,100	\$30,287,600	\$25,535,600	\$17,605,600	\$8,122,600	\$386,388,600
2012	\$329,589,300	\$38,473,600	\$9,461,300	\$33,749,900	\$17,713,000	\$8,386,000	\$437,373,100
2013	\$315,304,600	\$34,026,200	\$9,863,700	\$37,377,300	\$18,947,200	\$9,638,800	\$425,157,800
2014	\$356,172,800	\$35,709,000	\$15,178,400	\$25,755,100	\$17,738,800	\$10,768,400	\$461,322,500
2015	\$358,792,400	\$35,722,600	\$10,257,100	\$22,838,300	\$21,261,900	\$12,714,900	\$461,587,200
2016	\$400,101,000	\$35,616,500	\$11,214,400	\$21,713,500	\$21,815,300	\$12,473,500	\$502,934,200
2017	\$433,358,500	\$35,479,000	\$13,147,200	\$21,997,600	\$21,877,600	\$12,412,300	\$538,272,200
2018	\$480,556,500	\$35,616,500	\$13,174,400	\$21,703,800	\$22,623,100	\$12,436,000	\$586,110,300
2019	\$543,651,600	\$37,599,900	\$13,034,600	\$20,054,200	\$23,925,400	\$12,671,200	\$650,936,900
2020	\$642,431,200	\$38,896,900	\$13,042,300	\$21,100,700	\$22,231,000	\$12,006,100	\$749,708,200
2021	\$641,598,300	\$39,784,200	\$75,203,300	\$21,631,500	\$21,507,500	\$12,329,500	\$812,054,300
2022	\$732,127,400	\$39,505,900	\$20,398,300	\$20,531,000	\$25,772,400	\$11,717,500	\$850,052,500

Source: The JLBC Appropriations Report

<sup>1</sup> The Admin column references ADES' administrative divisions, including DBS.

**State Funds Received By Division (In Millions)**



**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
UI FINANCIAL TRANSACTION SUMMARY  
FOR FISCAL YEARS ENDED JUNE 30**

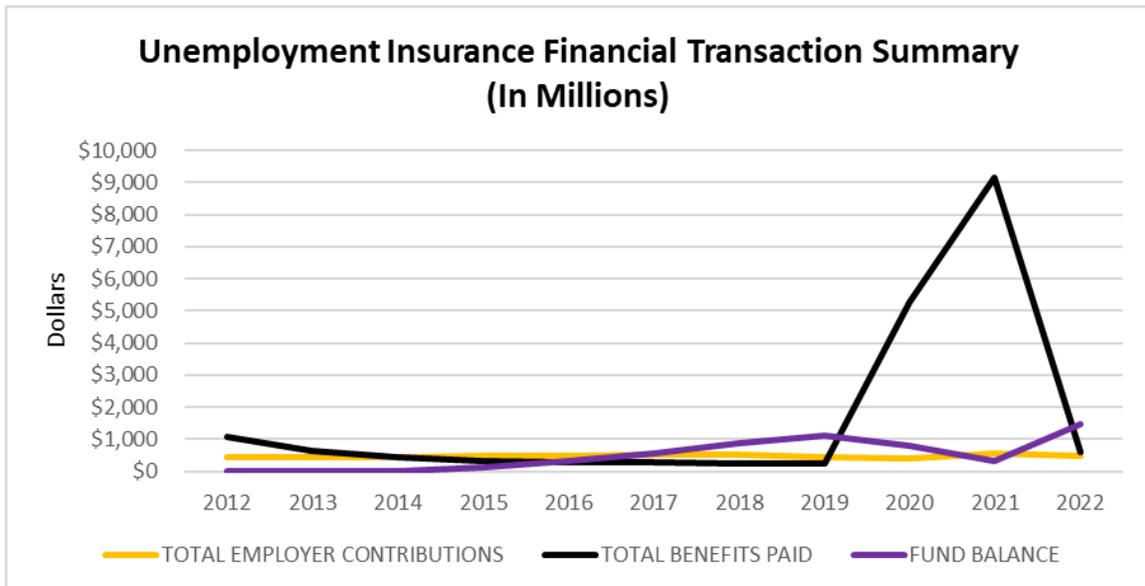
YEAR	TOTAL EMPLOYER CONTRIBUTIONS	TOTAL BENEFITS PAID	FUND BALANCE
2012	\$434,253,686	\$1,053,948,338	\$4,113,696
2013	\$446,578,260	\$654,321,961	\$14,944,329
2014	\$458,133,325	\$447,350,166	\$8,244,046
2015	\$463,467,338	\$320,502,958	\$135,097,528
2016	\$484,087,186	\$288,551,728	\$332,677,410
2017	\$498,520,801	\$270,807,529	\$571,469,308
2018	\$514,067,411	\$245,454,121	\$856,109,879
2019	\$450,218,852	\$228,282,756	\$1,101,115,339
2020	\$392,649,833	\$5,267,864,514	\$804,663,845
2021 <sup>†</sup>	\$551,835,235	\$8,314,331,160	\$421,137,412
2022 <sup>*</sup>	\$466,730,837	\$572,885,046	\$1,495,120,229

Source: ADES UI Financial Transaction Summary Report.

<sup>†</sup> Lost Wages Assistance Program data is not included in 2021 or 2022 figures.

\* The UI Financial Transaction Summary data for 2022 is an estimate until the Annual Comprehensive Financial Report is issued. This data will be updated in the SFY 2023 Report.

Note: Figures are subject to revision. The total benefits paid amount for all FYs have been adjusted to include interstate benefits.

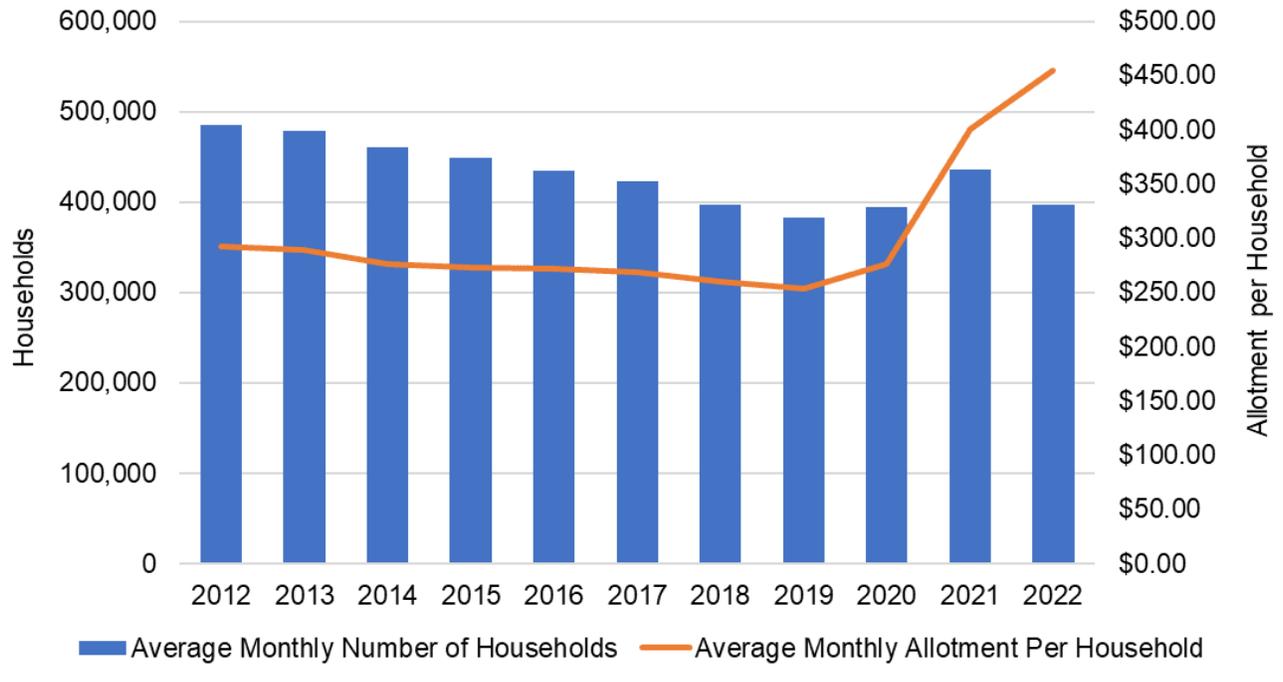


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
SNAP BENEFIT PARTICIPANTS  
FOR FISCAL YEARS ENDED JUNE 30**

<b>YEAR</b>	<b>AVERAGE MONTHLY NUMBER OF HOUSEHOLDS</b>	<b>AVERAGE MONTHLY NUMBER OF PERSONS</b>	<b>AVERAGE MONTHLY ALLOTMENT PER HOUSEHOLD</b>	<b>AVERAGE MONTHLY ALLOTMENT PER PERSON</b>	<b>AVERAGE MONTHLY BENEFITS DISTRIBUTED</b>
<b>2012</b>	484,785	1,123,068	\$292.40	\$126.22	\$141,752,178
<b>2013</b>	479,386	1,116,068	\$288.90	\$124.09	\$138,493,811
<b>2014</b>	460,320	1,070,674	\$276.45	\$118.86	\$127,257,464
<b>2015</b>	448,754	1,027,845	\$273.06	\$119.22	\$122,535,437
<b>2016</b>	434,328	980,536	\$272.06	\$120.51	\$118,162,179
<b>2017</b>	422,591	946,184	\$269.26	\$120.26	\$113,785,667
<b>2018</b>	397,628	875,241	\$260.49	\$118.34	\$103,577,126
<b>2019</b>	383,491	824,197	\$253.15	\$117.79	\$97,082,260
<b>2020</b>	394,091	831,903	\$276.84	\$131.15	\$109,100,962
<b>2021</b>	436,466	930,130	\$400.92	\$188.12	\$174,989,341
<b>2022</b>	397,503	842,247	\$454.48	\$214.50	\$180,658,097

Source: ADES DBME FAA

# SNAP Benefits Participation

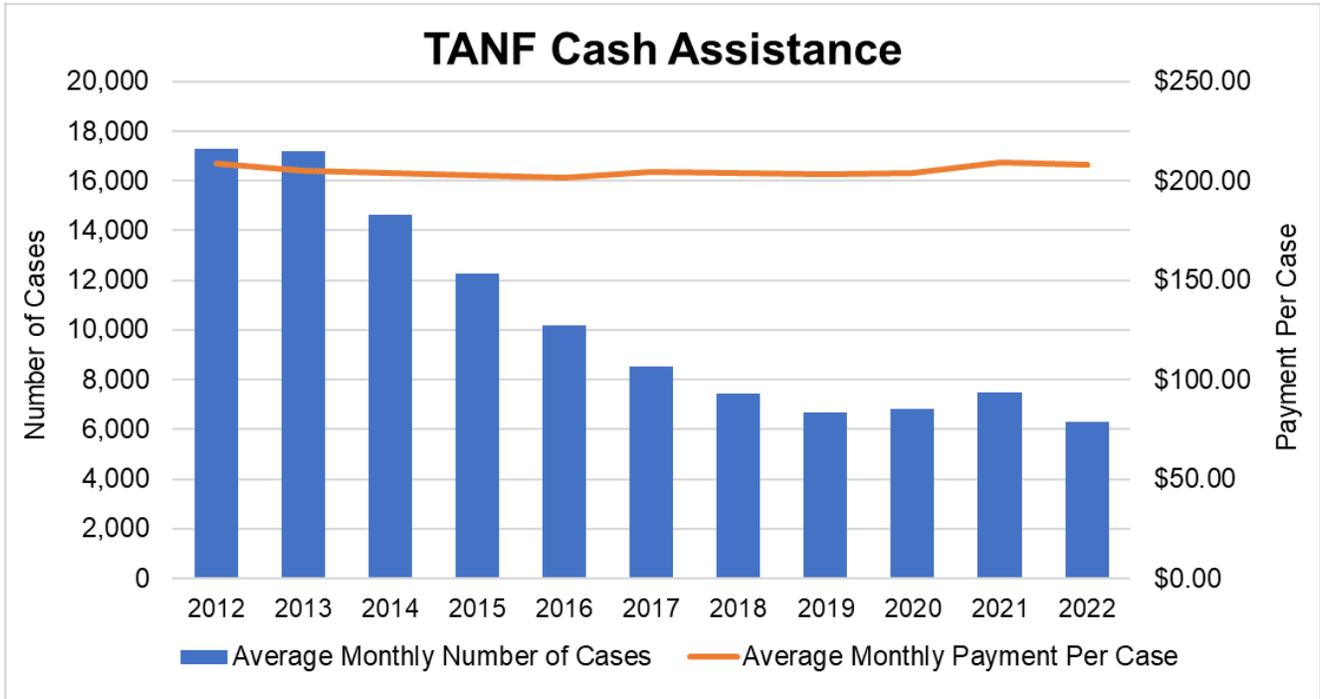


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
TANF CASH ASSISTANCE  
FOR FISCAL YEARS ENDED JUNE 30**

<b>YEAR</b>	<b>AVERAGE MONTHLY NUMBER OF CASES</b>	<b>AVERAGE MONTHLY NUMBER OF RECIPIENTS</b>	<b>AVERAGE MONTHLY PAYMENT PER CASE</b>	<b>AVERAGE MONTHLY PAYMENT PER RECIPIENT</b>	<b>AVERAGE MONTHLY PAYMENTS</b>
<b>2012</b>	17,310	39,194	\$208.89	\$92.26	\$3,615,885
<b>2013</b>	17,203	39,050	\$204.89	\$90.26	\$3,524,770
<b>2014</b>	14,621	32,888	\$203.82	\$90.61	\$2,980,065
<b>2015</b>	12,269	27,272	\$203.00	\$91.32	\$2,490,483
<b>2016</b>	10,192	22,171	\$201.89	\$92.81	\$2,057,745
<b>2017</b>	8,510	18,762	\$204.79	\$92.89	\$1,742,759
<b>2018</b>	7,459	16,195	\$204.16	\$94.03	\$1,522,828
<b>2019</b>	6,687	14,154	\$203.41	\$96.11	\$1,360,320
<b>2020</b>	6,801	14,430	\$203.82	\$96.06	\$1,386,174
<b>2021</b>	7,477	15,640	\$209.17	\$100.00	\$1,563,960
<b>2022</b>	6,289	12,947	\$208.08	\$101.07	\$1,308,622

Source: ADES DBME FAA.

Note: The maximum state time limit to receive monthly TANF CA benefits was reduced to 36 months effective July 2010, 24 months effective August 2011, and 12 months effective July 2017. Effective October 1, 2017 the household may be eligible for a time limit extension up to an additional 12 months, if requested, and all adult household members are in compliance with Jobs Program requirements.

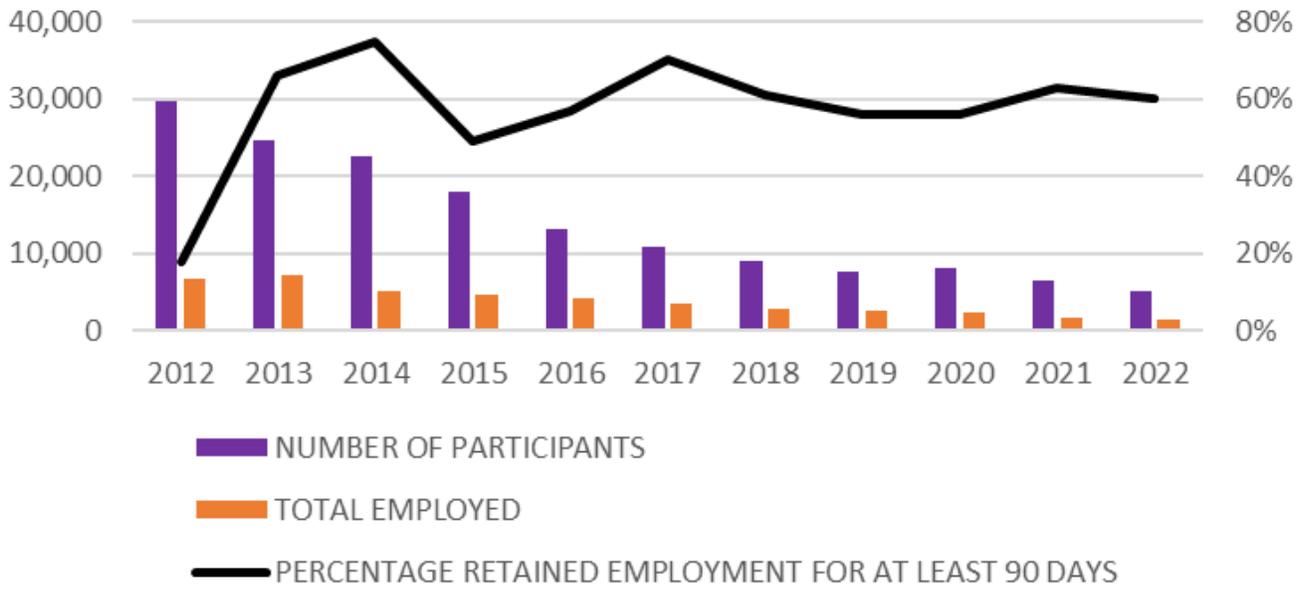


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
THE JOBS PROGRAM  
COMPARISON OF PARTICIPANTS AND PARTICIPANTS EMPLOYED  
FOR FISCAL YEARS ENDED JUNE 30**

<b>YEAR</b>	<b>NUMBER OF PARTICIPANTS</b>	<b>TOTAL EMPLOYED</b>	<b>PERCENTAGE RETAINED EMPLOYMENT FOR AT LEAST 90 DAYS</b>
<b>2012</b>	29,643	6,662	18%
<b>2013</b>	24,741	7,098	66%
<b>2014</b>	22,601	5,024	75%
<b>2015</b>	17,967	4,755	49%
<b>2016</b>	13,226	4,099	57%
<b>2017</b>	10,795	3,525	70%
<b>2018</b>	9,005	2,897	61%
<b>2019</b>	7,716	2,662	56%
<b>2020</b>	8,010	2,456	56%
<b>2021</b>	6,439	1,593	63%
<b>2022</b>	5,000	1,455	60%

Source: ADES, DERS, Workforce Development Administration.

## Jobs Program Participants Employed to Percentage Retained

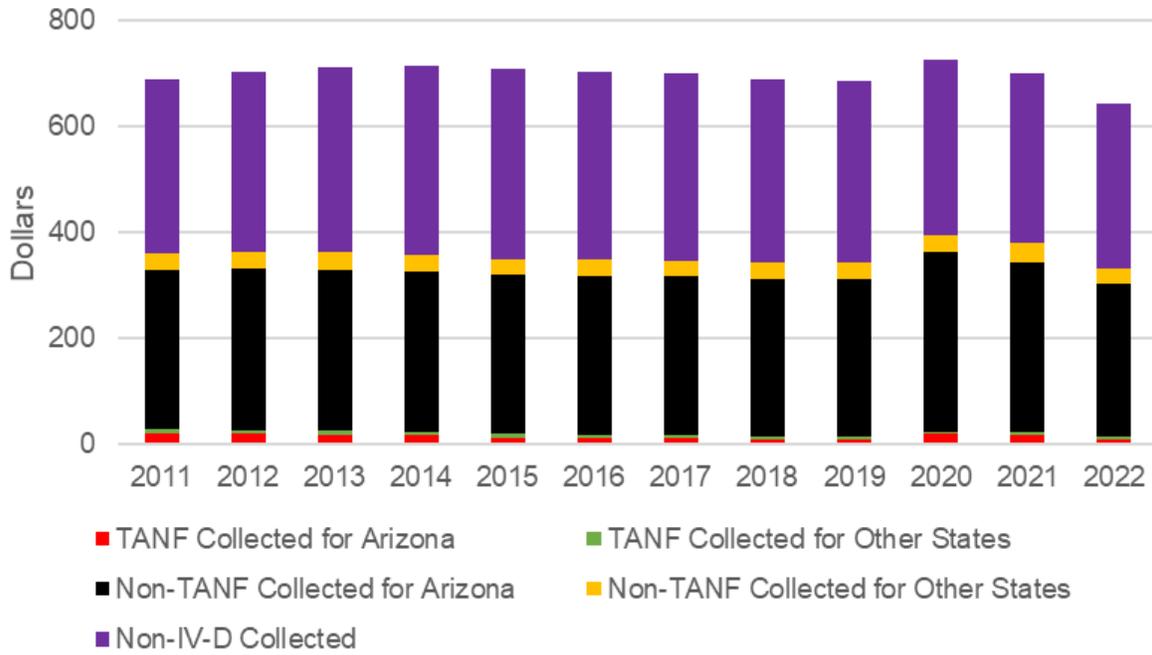


**ARIZONA DEPARTMENT OF ECONOMIC SECURITY  
CHILD SUPPORT SERVICES COLLECTION  
FOR FISCAL YEARS ENDED JUNE 30**

<b>YEAR</b>	<b>TANF COLLECTED FOR ARIZONA</b>	<b>TANF COLLECTED FOR OTHER STATES</b>	<b>NON-TANF COLLECTED FOR ARIZONA</b>	<b>NON-TANF COLLECTED FOR OTHER STATES</b>	<b>NON- IV-D COLLECTED</b>	<b>TOTAL COLLECTED</b>
<b>2012</b>	\$19,651,800	\$6,679,900	\$304,956,800	\$30,516,200	\$340,901,500	\$702,706,200
<b>2013</b>	\$17,557,700	\$6,604,800	\$305,361,400	\$32,124,800	\$350,691,200	\$712,339,900
<b>2014</b>	\$15,890,900	\$6,188,400	\$302,955,000	\$31,417,800	\$358,270,300	\$714,722,400
<b>2015</b>	\$13,248,300	\$6,001,000	\$299,959,600	\$30,582,700	\$359,527,200	\$709,318,800
<b>2016</b>	\$11,530,200	\$5,675,700	\$300,488,800	\$29,512,600	\$354,966,800	\$702,174,100
<b>2017</b>	\$10,650,700	\$5,538,900	\$300,439,000	\$29,812,700	\$352,742,300	\$699,183,600
<b>2018</b>	\$9,935,700	\$5,470,800	\$298,114,500	\$30,448,500	\$347,491,100	\$691,460,600
<b>2019</b>	\$9,207,300	\$5,363,500	\$298,726,000	\$30,618,500	\$341,993,800	\$685,909,100
<b>2020</b>	\$19,169,600	\$5,392,000	\$337,763,300	\$31,504,000	\$333,462,600	\$727,291,500
<b>2021</b>	\$16,378,400	\$5,953,000	\$321,823,100	\$35,553,700	\$319,941,100	\$699,649,300
<b>2022</b>	\$10,420,600	\$4,747,300	\$289,156,100	\$28,996,500	\$310,621,000	\$643,941,500

Source: ADES DCSS.

## Child Support Services Collections (in Millions)



Equal Opportunity Employer/Program • Under Titles VI and VII of the Civil Rights Act of 1964 (Title VI & VII), and the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Title II of the Genetic Information Nondiscrimination Act (GINA) of 2008; the Department prohibits discrimination in admissions, programs, services, activities, or employment based on race, color, religion, sex, national origin, age, disability, genetics and retaliation. The Department must make reasonable accommodation to allow a person with a disability to take part in a program, service or activity. For example, this means if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. To request this document in alternative format or for further information about this policy, contact 602-542-3882; TTY/TDD Services: 7-1-1. • Free language assistance for ADES services is available upon request. • Ayuda gratuita con traducciones relacionadas a los servicios del ADES está disponible a solicitud del cliente.