EVALUATION OF THE COLORADO WORKS PROGRAM

FIRST ANNUAL REPORT

November 1999

Submitted to:
OFFICE OF THE COLORADO STATE AUDITOR

BERKELEY PLANNING ASSOCIATES
440 Grand Avenue, Suite 500
Oakland, California 94610-5085

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This is the First Annual Report in Berkeley Planning Associates' ongoing evaluation of the Colorado Works program. The report presents a baseline description of program operations and initial findings on recipient outcomes during the first two years of Colorado Works. Findings and recommendations are presented on Colorado Works recipients' employment and earnings, child care arrangements, and family well-being. In addition, descriptive information is presented regarding overall Colorado Works caseload trends and program funding.

We are pleased to work on this very important project and look forward to continuing the evaluation in future years.

Mary P. Vencill
President and CEO

440 Grand Avenue, Suite 500 • Oakland, California 94610-5085 • (510) 465-7884 • TDD: 465-4493 • Fax: 465-7885

Authors of this report:

Berkeley Planning Associates

Rebecca A. London
Vincent M. Valvano

Andrea Cann, Will Fischer, Todd Glasser, Jennifer Kuiper,
Kendra Lodewick, Kristin Porter, Lee Ann Williams

University of Denver Graduate School of Social Work

Jean Demmler
Judy Krysik

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Report Summary

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193) was signed into federal law, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program. The Colorado General Assembly responded by enacting Senate Bill 97-120, which established Colorado Works to serve as Colorado's TANF program. The legislation identified three major goals of Colorado Works: (1) to assist participants in ending their dependence on government benefits by promoting job preparation, work and marriage; (2) to develop strategies that ensure participants are engaged in work activities; and (3) to provide counties with increased responsibility for the design and administration of Colorado Works. The combination of these programmatic changes has led to the creation of a dramatically different cash assistance program in Colorado. In particular, devolution of Colorado Works to the county level has essentially created 63 different Colorado Works programs that are intended to address the specific needs of recipients in each county.

This First Annual Report of the Colorado Works Program Evaluation provides a baseline description of program operations and initial findings on recipient outcomes during the first two years of Colorado Works. Because Colorado Works operations are continually changing, we would expect to see improved recipient outcomes over time and will continue to track the trends and findings presented here in subsequent reports. For analyses contained in this report, we rely on three primary data sources. First, we analyze administrative data maintained by various state agencies. Second, we utilize data from in-person interviews, focus groups, and observations in 15 Colorado counties. Most of the recommendations in the report are derived from analyses of these two data sources. Third, we use data collected in a survey of early Colorado Works leavers who did not make the transition from AFDC to TANF and had not returned to the program as of December 1998. This group of early leavers was selected for the survey because Colorado policy makers were concerned about the well-being of poor families who opted not to transition from AFDC to Colorado Works. There was a concern that these families could be at a serious risk for financial and material hardship, not having received the services available to new and transitioning Colorado Works recipients. Because these "early leavers" left the program early in its implementation, it is not possible to use the survey data to analyze the effectiveness of Colorado Works. However, the survey findings are informative for detailing the level of hardship faced by low-income families in the state, and the population of early Colorado Works leavers in particular. Below we highlight the key findings and recommendations which are elaborated in this report.

The Colorado Works Caseload Has Dropped 50 Percent Since Program Implementation

Between July 1997 and June 1999, the Colorado Works caseload dropped 50 percent from 27,898 to 13,560, a rate that has outpaced TANF programs nationally. Single-parent cases have declined at the fastest rate, falling 61 percent over the same time period. As a result of this decline, the proportion of child-only cases has increased and as of June 1999 represented 36 percent of all cases.

NEARLY ALL COLORADO WORKS RECIPIENTS ARE PARTICIPATING IN WORK ACTIVITIES

Participation in work activities is a key tenet of the Colorado Works program, and federal law requires the State to meet a specified work participation rate. In Federal Fiscal Year 1998, Colorado exceeded its required work participation rate with 99 percent of recipients engaged in a state- or county-approved work activity. In June 1999, 81 percent of recipients engaged in a work activity were in state-approved activities (which count toward the federal work participation rate), and 18 percent were in county-defined activities (which do not count toward the federal work participation rate).

Both state- and county-approved work activities satisfy the 24-month time limit during which a recipient must engage in a work activity. With Colorado Works recipients' high level of work activity participation, only 178 cases were closed in July 1999, the first month in which the 24-month limit engaged. Of these, 89 returned to aid shortly after case closure by beginning to participate in an activity.

EMPLOYMENT RATES FOR FORMER COLORADO WORKS RECIPIENTS HAVE REMAINED STABLE BUT EARNINGS REMAIN LOW

Employment is a key measure of post-program self-sufficiency among those who exit Colorado Works. Examining employment rates and patterns allows us to assess the self-sufficiency prospects of former Colorado Works recipients. Data from Unemployment Insurance wage records on all former Colorado Works recipients indicate the following.

- **Employment rates for former recipients have remained stable.** Between 52 and 55 percent of former Colorado Works recipients were employed in their first calendar quarter after exit. The overall proportion of employed former recipients remains relatively unchanged four or five quarters later. These employment rates are similar to rates in other states' TANF programs. As many as 30 percent of adults who left Colorado Works were not employed in any quarter we observed after program exit, and between 25 and 35 percent were employed continuously.

- **Earnings of former recipients are low but increase over time.** Earnings in the quarter after Colorado Works exit ranged from about $2,100 to $2,400 per quarter (or $8,400 to $9,600 per year). This compares to statewide median earnings of between $5,600 to $6,000 per quarter (or $22,400 to $24,000 per year) over the same time period. However, median earnings for former Colorado Works recipients with continuous employment grew by 25 percent (or $560) over the course of a year. For those with continuous employment, about half had earnings below the federal poverty threshold. One reason for these lower earnings levels is that former Colorado Works recipients are more likely than employees statewide to work in the services and retail trade industries, which are lower wage industries.

Data from the survey of Colorado Works early leavers shows similarly low wages among recipients who exited the program in its early implementation stages. The experiences of these early leavers are not necessarily representative of those who exited the program after it was fully implemented.

- **Early Colorado Works leavers are likely to be working, but also likely to be poor.** Sixty-five percent of early leavers (those who exited the program in its first three months of operation) reported working at the time of the survey, an employment rate higher than that calculated using administrative data. However, even with this higher employment rate, 54 percent of survey respondents reported family income levels that placed them below the federal poverty level.

- **Widespread use of the Earned Income Tax Credit (EITC) results in substantial earnings supplements.** Eighty-two percent of employed early leavers reported using the EITC, which offers up to $3,756 in earnings supplements to working families. This rate is substantially higher than reports of EITC usage in other states.

AN INCREASED EMPHASIS ON TRANSITIONAL SERVICES TO HELP FORMER COLORADO WORKS RECIPIENTS MAINTAIN SELF-SUFFICIENCY IS WARRANTED

Evidence presented throughout the report indicates that many individuals who leave Colorado Works experience difficulty moving towards self-sufficiency. Given the relatively low earnings levels and employment instability that characterizes the experiences of a large portion of the Colorado Works population, a focus on providing services to recipients after they have exited aid is warranted. This was anticipated in the design of the federal and state legislation. As families transition from welfare to work, there are numerous supportive services that can be provided, such as Medicaid, child care, food stamps, transportation payments, counseling, and job retention. Many of the recommendations in this report are aimed at helping the Department of Human Services and counties pinpoint strategies for assisting recipients to become self-sufficient and maintain their independence through the use of transitional services.

Counties have used their authority under Colorado Works to develop many innovative ways to serve recipients while they are on assistance. However, as of June 1999 the program was not delivering many transitional services to former recipients. We recommend two main ways that Colorado Works could expand the provision of supportive services to recipients.

- **Counties could expand their use of county diversion to deliver assistance to recipients after they have left basic cash assistance.** Although several counties are currently using county diversion payments to provide cash incentive payments to former recipients that maintain continuous employment, administrative data and site visits to 15 counties indicate that little attention has been paid to the delivery of other transitional services. We recommend that the Department of Human Services continue to provide technical assistance and training to counties on the use of county diversion for offering transitional services to recipients. Developing distinct codes in CBMS to allow tracking of the types of payments and services provided under county diversion would be of assistance in this effort.

- **Case closure is an appropriate time to provide information to recipients on transitional services for which they are eligible.** According to state and county staff, conducting exit interviews at the time of case closure is currently not a widespread practice because many cases close without any contact between case workers and recipients. One county we visited is currently developing a comprehensive approach to follow-up of closed cases to address this issue. In addition to exit interviews, streamlining the case closure codes in administrative data systems would better capture the reasons for case closure, providing useful information to program administrators. We recommend that the Department of Human Services work with counties to provide information on transitional services to former Colorado Works recipients through improved case closure strategies and increased follow up with recipients during and after case closure.

RELATIVELY FEW FORMER RECIPIENTS HAVE RETURNED TO COLORADO WORKS

Accompanying the employment instability described previously, we find that 17 to 20 percent of those who exited Colorado Works during its first year of operation returned to aid within 12 months of exit. This return rate is much lower than those observed in several other states for similar periods of time. However, among the 10 largest Colorado counties, nine experienced an increase in return rates over time. Denver County's return rate dropped slightly over the time period. Counties currently do not have data on rates of return or the characteristics of those who return to the program. There may be reasons for increases in return rates that are not necessarily indicative of programmatic problems; former recipients could return to aid for short periods in order to make progress toward self-sufficiency. To assist counties in planning for recipient needs, we recommend that the Department of Human Services develop a protocol for transferring Colorado Works rate of return data to the counties at regular intervals and provide summary information on the characteristics and program history of recipients who return to the caseload.

COUNTIES ARE USING THEIR NEW AUTHORITY TO PROVIDE SUPPORTIVE SERVICES TO COLORADO WORKS RECIPIENTS

Counties have the flexibility to offer Colorado Works recipients payments other than basic cash assistance to assist them in making the transition to work. These payments are referred to as "other assistance" and can be used for various services and expenses such as transportation, clothing, certain education expenses, and other work expenses. Expenditures for these payments increased substantially over the first two years of Colorado Works from $3.6 million in State Fiscal Year 1998 to $7.2 million in State Fiscal Year 1999, with 27 percent of the adult-headed caseload receiving a payment for other assistance in June 1999. Transportation payments were the most frequently used type of other assistance provided, accounting for 54 percent of payments in that month. With the large increase in use of other assistance payments, there is a need for additional categories to better specify their use. Thirteen percent of payments (the third largest category) were for miscellaneous other assistance payments that did not fit into preexisting categories. We recommend that the Department of Human Services work with counties to develop additional categories for other assistance payments, which should be added to the new Colorado Benefits Management System (CBMS).

Using these other assistance payments and other TANF funds, counties have adopted innovative practices to service provision that were not widely utilized under AFDC.

- **Many counties have created new service programs funded by TANF that aim to assist recipients address their employment barriers.** For instance, 12 of the 15 counties we visited created job readiness classes designed to develop the skills necessary to obtain and retain a job. Classes have also been developed to cover soft skills, such as increasing assertiveness, reducing stress, improving self-esteem, and improving communication skills and work habits.

- **Transportation barriers have been addressed in numerous ways.** Counties used other assistance payments to provide public transit vouchers, compensate gasoline expenditures, and contract with van service providers. In addition, two of the 15 counties we visited developed automobile ownership programs to assist some recipients with meeting their long-term transportation needs.

- **Several counties established programs focused on the entire family unit.** These included programs for home visiting, parenting education, modeling parenting skills, and counseling. In addition, six of the 15 counties we visited established mentoring programs to help young mothers who might benefit from having a role model.

Counties Have Collaborated with Community Organizations to Provide Supportive Services, Particularly for Domestic Violence

To provide supportive services, many counties are collaborating with community-based organizations and other county agencies, particularly in the area of identifying and providing counseling for domestic violence. Two of the 15 counties we visited stationed a staff person from a community organization at the local social services office to provide on-site assessment and counseling in this area. Staff report that this has led to increased identification of domestic violence as a barrier to employment. Counties have also collaborated with community agencies to provide services off-site, including domestic violence, vocational counseling, self-sufficiency workshops, job placement, and mentoring.

Despite the increased role of service providers in working with Colorado Works recipients, local service providers report they have not been overwhelmed by excess demand for their services. This was a concern during the planning phase of Colorado Works that has not been realized due to the availability of funding for services under TANF, the decreased Colorado Works caseload, and the strong economy.

Case Workers Need Continued Training

The implementation of Colorado Works required staff who served as eligibility technicians under AFDC to adopt the new role of case manager. This new role requires case workers to have different knowledge and skills than were demanded under AFDC, in order to assess recipients' needs and provide them with appropriate services. Without hiring new and more highly trained staff, counties have taken various approaches to meet the needs of their Colorado Works recipients. For instance, 13 of the 15 counties we visited handled the change in skill requirements by specializing case worker functions into eligibility determination and ongoing case management. In addition, eight of the 15 counties we visited contracted with outside agencies to provide case management services.

The transition from AFDC to Colorado Works has also resulted in a need for increased case worker training at all levels of specialization. The Department of Human Services has provided multiple rounds of training, including general training on rules and regulations and specific training about various programmatic features. Counties also have the flexibility to provide training with their TANF allocations, and nine counties have done so. Even with these training efforts, program administrators and case workers in 14 of the 15 counties we visited indicated a need for continued training. We recommend three main areas in which continued case worker training is needed from the Department of Human Services. The Department of Human Services should continue to work with counties to review their practices and provide training to case workers in these areas.

- **Helping Colorado Works recipients understand the program requirements.** Most counties have procedures in place to orient applicants to the abundant and often confusing rules of Colorado Works program. Despite these efforts, many recipients still have confusion regarding program rules. The best explanations of program requirements we observed were clear and comprehensive, and presented material in a simple, straightforward way. One county corrected recipient misinformation by checking applicants' understanding of Colorado Works with a post-test following their orientation.

- **Using assessment to identify barriers.** Many case workers reported they lacked the necessary training and expertise to assess difficult barriers such as domestic violence, substance abuse, and mental health barriers. Strategies that could improve assessment include: (1) ensuring adequate time to complete assessments, (2) ongoing follow-up, and (3) obtaining professional assistance in identifying difficult barriers.

- **Developing Individual Responsibility Contracts (IRC).** In our visits to 15 counties, we noticed the extent to which IRCs were personalized to reflect the individual's needs and responsibilities varied substantially. Some counties started with generic IRC forms that listed the overall goal as full-time employment and did not include interim, measurable, and achievable goals. Further, IRC modification was inconsistent, as most counties do not repeat assessments to check recipients' progress toward their goals.

Lack of Child Care Continues to be a Major Barrier to Employment for Current and Former Colorado Works Recipients

Child care has been identified by program administrators, case workers, service providers, and current and former recipients as a chief barrier to self-sufficiency. However, these individuals also reported that the availability of Colorado Child Care Assistance Program (CCCAP) subsidies has greatly increased child care affordability in the state, making child care a key transitional service.

- **Colorado Works recipients have not been universally successful in transitioning from Colorado Works Child Care to Low-Income Child Care.** Many Colorado Works recipients whose cases close due to employment retain eligibility for child care assistance because of low income levels. Some counties emphasize a seamless transition between Colorado Works and Low-Income Child Care, and others are more focused on client responsibility in this area. We recommend that the Department of Human Services work with counties to develop strategies to improve the transition of Colorado Works recipients into the Low-Income Child Care program.

- **Colorado Works early leavers reported high child care costs and low subsidy utilization.** Only 14 percent of eligible early leavers (those who left the program in its first three months of operation) indicated they used a child care subsidy two years after exit. On average, early leavers reported spending about 20 percent of their incomes on child care, which is comparable with national cost estimates in their income group.

However, use of CCCAP subsidies would greatly decrease the cost of child care for these families and potentially increase employment retention.

- **Utilization of CCCAP subsidies among Colorado Works recipients while they are on aid is somewhat low, but has increased.** Between July 1998 and June 1999, Colorado Works Child Care subsidy utilization increased from 20 percent to 30 percent.

- **The Low-Income Child Care caseload is increasing substantially.** The Low-Income caseload (for low-income residents who are not Colorado Works recipients) grew 23 percent in just one year, between July 1998 and June 1999. This dramatic increase has led 24 counties to have cost overruns in State Fiscal Year 1999. County staff have reported that they will need to tap their county TANF reserve funds to continue to fund the program if caseloads continue to increase at this rate. If this occurs, there may be reduced access to child care for low-income residents and reduced TANF funds for other innovative Colorado Works services. We recommend that the Division of Child Care work with counties to monitor the caseload increase in the Low-Income Child Care program and forecast budgetary implications of this increase.

- **The Colorado Works population is more likely than the broader low-income population to use unlicensed child care**, such as care provided by family members or friends. For all child care providers, health, safety and basic child development education is essential in providing quality child care. Outreach to unlicensed providers could improve the quality of the services provided. We recommend that the Division of Child Care identify strategies to provide education and outreach on health, safety, and child development issues to legally exempt providers who receive CCCAP subsidies.

POST-PROGRAM MEDICAID ENROLLMENT INCREASED STEADILY BETWEEN JULY 1997 AND MARCH 1999

Using administrative data that examines all families that left Colorado Works, we find dramatic improvements in the rate of post-program Medicaid enrollment over time. In the first calendar quarter of Colorado Works operation, only 29 percent of all adults and 36 percent of all children who exited Colorado Works enrolled in Medicaid just after exit. By the first quarter of 1999, 54 percent of exiting adults and 60 percent of exiting children were enrolled in Medicaid. Data from the field study of visits to 15 counties indicated that this dramatic increase in Medicaid enrollment was at least partially the result of improved awareness about Transitional Medicaid among case worker staff due to training received.

SOME COLORADO WORKS EARLY LEAVERS ARE NOT RECEIVING TRANSITIONAL BENEFITS FOR WHICH THEY ARE ELIGIBLE

Using survey data that focuses on early leavers exclusively, we highlight below various trends that indicate supportive services that could be better utilized to improve the employment, self-sufficiency, and well-being prospects of early Colorado Works leavers. Note that data from the survey cannot be used to assess Colorado Works effectiveness as recipients who left the program early in its implementation were not offered the full range of program services.

- **Two years after program exit, early Colorado Works leavers were more likely than low-income groups nationwide to be without health insurance.** Forty-six percent of adult early leavers reported having no health insurance at the time of the survey, compared to 37 percent of low-income adults nationwide. Thirty-one percent of early leavers had children who were not covered by health insurance, compared to 21 percent of low-income children nationally. Of these uninsured children, 90 percent would have been eligible for Medicaid or CHP+. We recommend that the Department of Health Care Policy and Financing work with the Department of Human Services to provide outreach to early Colorado Works leavers, as appropriate, regarding the availability of the Medicaid and CHP+ programs.

- **Food stamp utilization among Colorado Works early leavers could be improved.** Forty-seven percent of eligible early leavers reported using food stamps, which is higher than the national participation rate of 40 percent. However, nearly 60 percent of early leavers found it difficult to afford food after leaving aid. We recommend that the Department of Human Services provide outreach, as appropriate, to early Colorado Works leavers to inform them of the availability of food stamps.

- **Colorado Works early leavers reiterated the importance of providing transitional services to those who exit cash assistance for employment.** Survey respondents reported that the top three ways the government can support working families is through: child care subsidies, low-cost health and dental insurance, and food and nutrition programs. Providing outreach to early leavers about the eligibility and enrollment processes for these programs will, by their own assertion, assist them in maintaining self-sufficiency.

The Departments of Human Services and Health Care Policy and Financing generally agree with the recommendations in this report. Their responses to specific recommendations are provided in detail in the remainder of the report.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	10	Develop a protocol for transferring Colorado Works rate of return data to the counties at regular intervals and provide summary information on the characteristics and program history of recipients who return to the caseload.	Department of Human Services	Agree	April 2000
2	45	Continue to provide technical assistance and training to counties on the use of county diversion for offering transitional services to recipients. Develop distinct codes in the Colorado Benefits Management System (CBMS) to allow tracking of the types of payments and services provided under county diversion.	Department of Human Services	Agree	Ongoing
3	48	Work with counties to inform Colorado Works recipients about appropriate transitional services through: (1) Improving the accuracy of case closure codes to be used in CBMS and (2) Continuing to develop and make available to counties strategies for case workers to use when following up with recipients at case closure.	Department of Human Services	Agree	Ongoing
4	65	Work with counties to develop strategies to assist recipients in understanding Colorado Works rules, which could include: (1) Training case workers to use written check lists or verbal confirmations, and (2) Working with counties that contract with outside agencies for case management to provide training to these agencies.	Department of Human Services	Agree	Ongoing
5	68	Continue to review county assessment practices and provide training to case workers on assessment techniques, which could emphasize the need for: (1) Adequate time to complete assessments, (2) Ongoing follow-up, and (3) Options for obtaining professional assistance in identifying difficult barriers.	Department of Human Services	Agree	Ongoing
6	72	Continue to review county IRC practices and provide training to case workers as necessary. This could focus on: (1) Incorporating assessed barriers in the IRC, (2) Including interim goals in the IRC, (3) Updating and modifying IRC's, and (4) Emphasizing IRC development as a collaborative process between the case worker and the recipient.	Department of Human Services	Agree	Ongoing

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
7	87	Work together to provide targeted outreach, as appropriate, to the children of early Colorado Works leavers through their parents who may have left cash assistance without receiving adequate information about eligibility for Medicaid and CHP+.	Department of Health Care Policy and Financing	Agree	Ongoing
			Department of Human Services	Agree	April 2000
8	91	Provide targeted outreach, as appropriate, to early Colorado Works leavers who may have left cash assistance without receiving adequate information about eligibility for food stamps.	Department of Human Services	Agree	April 2000
9	110	Work with counties to monitor the caseload increase in the Low-Income Child Care program and forecast budgetary implications of this increase.	Department of Human Services	Agree	Ongoing
10	112	Work with counties to develop strategies to improve the transition of Colorado Works recipients into CCCAP's Low-Income Child Care program. Strategies could include: (1) providing additional information on Low-Income Child Care at the time of enrollment, (2) developing incentives for former recipients to participate in an exit interview, and (3) following up with former recipients within the first 30 days after case closure.	Department of Human Services	Agree	Ongoing
11	118	Identify strategies to provide education and outreach on health, safety, and child development issues to legally exempt providers who receive CCCAP subsidies.	Department of Human Services	Agree	Ongoing
12	145	Work with counties to develop additional categories for other assistance payments, which should be added to CBMS.	Department of Human Services	Agree	Ongoing

OVERVIEW OF THE COLORADO WORKS PROGRAM

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193) was signed into federal law, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance to Needy Families (TANF) program. AFDC was an entitlement program that provided cash benefits to recipients as long as they met program eligibility requirements. In contrast, TANF is focused on assisting recipients to gain independence from welfare and move toward self-sufficiency. Toward that end, TANF requires that many adult recipients be engaged in employment or employment-related activities and limits recipients' time on aid. TANF also provides state governments with substantial discretion over a broad range of program rules and requirements, allowing states to design programs that are responsive to the needs of their recipient populations.

In response to the federal welfare reform initiative, the Colorado General Assembly enacted Senate Bill 97-120, which established Colorado Works to serve as Colorado's TANF program as of July 1997. The legislation identified three major goals of Colorado Works: (1) to assist participants in ending their dependence on government benefits by promoting job preparation, work and marriage; (2) to develop strategies and policies which ensure that participants are in work activities as soon as possible, allowing the State to meet or exceed work participation rates specified in the federal law; and (3) to provide counties with increased responsibility for the design and administration of Colorado Works.

This overview provides a brief description of Colorado Works, focusing on eight key program features:

- County and State Roles,
- Eligibility Requirements,
- Time Limits,
- Work Participation Rate Requirements,
- Assessments and Individual Responsibility Contracts,
- Assistance Beyond Basic Cash Assistance,
- Diversion Assistance, and
- Sanctions.

We then provide a description of the scope of this first annual report of the Colorado Works Program Evaluation.

COUNTY AND STATE ROLES

Senate Bill 97-120 stipulated that much of the authority to design and implement Colorado Works would reside at the county level. Consequently, Colorado Works is not one statewide program, but rather 63 county programs with common eligibility rules and benefit levels.[1] Counties have wide discretion over whether and how to implement various program components. The Colorado Department of Human Services (the Department) oversees Colorado Works statewide and monitors county programs to ensure compliance with state and federal regulations. The Department can sanction counties for several types of violations, such as misusing funds, reducing the basic cash assistance grant below the permitted level, or failing to achieve required work participation rates. In addition, the Department develops standardized forms for streamlining the application process, develops and provides training for Colorado Works staff, allocates TANF funds to counties based on a statutory formula, and develops automated systems to meet state reporting requirements.

ELIGIBILITY REQUIREMENTS

Eligibility for Colorado Works is determined using a statewide standard laid out in program rules (CCR 9-2503-1, Section 3.600). Counties have no discretion in this area of program operations. In order to participate in Colorado Works, families must have a child under age 18 present in the household (or a child who is expected to complete high school by age 19), and must meet income and asset level requirements. In addition, participants must cooperate in full with child support enforcement efforts and provide proof that their children are properly immunized.

[1] Broomfield County was recently incorporated and has not yet begun serving Colorado Works recipients with its own Colorado Works program.

TIME LIMITS

Families face two time limits in Colorado Works: a 60-month lifetime limit on cumulative receipt of benefits and a 24-month work participation time limit by which adult recipients must engage in approved work activities. PRWORA requires states to establish both types of time limits in order to spend federal TANF funds on cash assistance, but provides states with some flexibility in deciding the length.[2] Colorado has chosen the longest time limits permitted by federal law.

Under the 60-month lifetime limit, families are not eligible for aid if an adult member has received assistance as an adult in Colorado or another state for a total of 60 or more cumulative months. This stipulation did not exist under AFDC and represents an end to recipient entitlement to welfare assistance. Because this time limit has only been in effect in Colorado since the 1997 implementation of Colorado Works, recipients will not begin to face expiration of their benefits until 2002, unless the recipient received TANF in another state prior to July 1997.

PRWORA allows states to exempt up to 20 percent of their caseload from the 60-month time limit for hardship. Currently, program rules (CCR 9-2503-1, Section 3.691.2) indicate that these hardships may include, but are not limited to: (1) families with disabled children or adults; (2) families experiencing domestic violence; and (3) children living with a non-parent(s) for whom out-of-home placement would be necessary if the assistance was stopped.

The 24-month work participation limit requires Colorado Works recipients to take part in an approved work activity within 24 months of program enrollment, or when determined by the county to be job ready, whichever comes first. Federal law defines some approved activities, and Colorado has given counties the flexibility to designate more, as long as they are designed to encourage self-sufficiency. Examples of allowable work activities include unsubsidized or subsidized employment, on-the-job training, job search and job readiness assistance, community service, provision of child care to recipients in community service activities, or vocational or employment related education or training.

[2]States may opt to provide cash assistance to TANF recipients past their time limits using state funds. Colorado did not incorporate this option into Colorado Works.

Colorado permits, at county discretion, exemption from work participation for single parents caring for a child under age one. Counties can also reduce the maximum age limit to less than 12 months. Domestic violence victims are eligible for exemption from the work participation time limit. Additionally, counties have authority to identify good cause reasons for not sanctioning recipients who fail to participate in work activities.

WORK PARTICIPATION RATE

PRWORA imposes penalties on states in which the percentage of the state TANF caseload engaged in allowable work activities falls below federal targets. Only recipients who take part in federally defined work activities can be counted towards the state's work participation rate. In Colorado, work participation rates are the only county performance indicator identified by the Department. The Department has the authority to sanction any county that fails to achieve its target work participation rate. In Federal Fiscal Year 1999, 35 percent of all families in the caseload were required to be participating in a work activity for a minimum of 25 hours per week. The requirement for two-parent families was higher, with 90 percent of these families required to have at least one adult participating in a work activity for 35 hours per week. In Federal Fiscal Year 2000, hours required in work activities increased to 30 hours per week for all families, and the work participation rate increased to 40 percent.

ASSESSMENTS AND INDIVIDUAL RESPONSIBILITY CONTRACTS

PRWORA requires that states assess the skills, work experience, and employability of each adult TANF recipient, and Colorado has delegated to counties the authority to design this process. Counties' options include using in-person assessments by county case workers, in-person assessments by vendors contracted for that purpose, or assessment forms filled out by individuals. Applicants must be assessed within 30 days of application approval.

PRWORA also allows states the option of developing individualized plans for each TANF recipient that set forth obligations of the recipient and describe services to be provided by the county. In Colorado, statutes (Section 26-2-708, C.R.S) require counties to enter into an individual responsibility contract (IRC) with each Colorado Works participant or diversion recipient within 30 days of assessment. The IRC includes information relating to securing and maintaining training, education or work.

ASSISTANCE BEYOND BASIC CASH ASSISTANCE

Counties are required by statutes (Section 26-2-708, C.R.S.) and rules (CCR 9-2503-1, section 3.617.2) to provide referrals for any available supportive services to applicants and participants who are victims of domestic violence, homeless, in need of mental health services, or in need of substance abuse treatment. In addition, counties must provide assistance to help participants apply for and receive the Earned Income Tax Credit (EITC), and to make opportunities available for participants to have Individual Development Accounts (IDA) for home purchase, business capitalization, or higher education. Counties may also refer recipients to other community services available without charge, and have the option of providing additional cash assistance or supportive services as long as the assistance promotes sustainable employment.

DIVERSION ASSISTANCE

PRWORA departed from the AFDC program by allowing states to offer up-front diversion assistance to program applicants to help them avoid an ongoing basic cash assistance case. Statutes (Section 26-2-707, C.R.S) allow counties to use Colorado Works funds to provide two diversion programs. First, under the state diversion program, counties may offer benefits in the form of cash or in-kind services to Colorado Works applicants who are eligible for basic cash assistance, but require only short-term aid to meet an immediate need. Second, counties can use county diversion programs to offer the same benefits to families that do not meet these requirements, as long they have a demonstrable and immediate need for a specific item or type of assistance. Counties can also establish other eligibility criteria for county diversion.

SANCTIONS

Statutes (Section 26-2-711, C.R.S.) require the imposition of sanctions for non-compliance with mandatory components of Colorado Works, including child support enforcement, child immunization, and work activities. A recipient's first sanction reduces cash assistance by 25 percent for one to three months. Sanctions for additional offenses are longer and impose larger assistance cuts. Subject to fair and objective criteria that are consistent with State and Federal law, counties have the flexibility to: (1) decide when to impose and remove a sanction (although the state-defined minimum sanction must be served if a sanction is imposed); (2) set sanction duration within the state-established ranges; (3) determine criteria for sanctioning assistance beyond basic cash assistance; and (4) establish additional work activity related circumstances for which recipients can be sanctioned. Counties cannot impose sanctions that interfere with recipients' receipt of food stamps or Medicaid. In addition, counties must determine good cause reasons for not imposing sanctions.

SCOPE OF THE FIRST ANNUAL REPORT

This first annual report of the Colorado Works Program Evaluation provides a baseline description of program operations and participant outcomes during the first two years of Colorado Works. We provide descriptive information on the extent to which a range of assistance and supportive services are being delivered to recipients as allowable under TANF and Colorado Works regulations. We also examine the extent to which characteristics of recipients on the caseload have changed since the implementation of Colorado Works. We provide detailed descriptions of the outcomes related to employment and family well-being for Colorado Works recipients who have left the program, including employment rates, earnings, and Medicaid coverage. For a more limited set of former recipients who exited Colorado Works early in its implementation, we also examine broader health insurance coverage, use of food stamps and energy assistance, stability of housing and living arrangements, and receipt of child care subsidies. We also review the contributions to Colorado Works funding from federal TANF block grants, and state and county appropriations.

Three principal sources of data underlie the analysis contained in this report: (1) administrative data from Colorado state agencies; (2) field reports from visits to a sample of 15 Colorado counties; and (3) a survey of early Colorado Works leavers conducted in mid-1999. Administrative data includes information from data maintained by the Department of Human Services (COIN-MMIS and CACTIS) and the Colorado Department of Labor and Employment (Unemployment Insurance wage records). These data are available for all Colorado Works recipients in the state for the first 24 months of program operation, from July 1997 through June 1999. Details regarding administrative data sources and processing can be found in Appendix B.

A second data source is from in-person site visits conducted in 15 counties across Colorado. During these visits we interviewed various county staff, outside service providers, employers, and program participants and observed county practices for intake and assessment. The county site visit data provide information on the actual operation of the program, potential operational problems encountered by line staff, recipients' experiences in the program, and on innovative policies and practices occurring at the county level. These data are described in more detail in Appendix D.

Finally, we utilize data from a survey of early Colorado Works leavers. The survey was administered to a sample of participants who left Colorado Works during the program's early months (July to September 1997) and had not returned to the program as of December 1998. The sample is representative of the 4,745 adult-headed cases that closed during that period, but is not necessarily representative of participants who have left Colorado Works in subsequent months. These early leavers left Colorado Works before it was fully implemented and were therefore unlikely to have accessed the range of services currently available to Colorado Works recipients. Hence, we cannot directly assess the effectiveness of Colorado Works with these data. This sample was selected because there was much interest among state policy makers in ensuring that these early leavers did not endure increased financial and material hardship as a result of their leaving the program during the transition from AFDC to Colorado Works. The survey sample excludes those who returned to aid by the end of 1998. See Appendix C for a more detailed description of the survey data.

This report provides an overview of the operation of the Colorado Works program and presents initial findings on outcomes related to the self-sufficiency and well-being of former recipients. A key overall focus of the evaluation in the coming year will be to assess the impact of particular programs and services offered at the county level. Such information will be useful in assessing the overall cost-effectiveness of service delivery and will aid policy makers as they chart the course of Colorado Works in the coming years.

1. Colorado Works Caseload Characteristics July 1997 - June 1999

Introduction

Since Berkeley Planning Associates issued its *Colorado Works Evaluation Interim Report* in March 1999, the decline in the Colorado Works caseload has shown no sign of abating. In the first six months of 1999, the caseload dropped by 15 percent, or nearly 2,400 cases. Single-parent cases, which declined by approximately 2,200 cases, accounted for most of this decline. During the first two years of the program, the overall caseload dropped by 50 percent, from approximately 28,000 cases to 14,000 cases. The decline in the Colorado Works caseload has outpaced the decline nationally in the TANF caseload. Between January 1998 and March 1999, the TANF caseload in Colorado dropped by 33 percent, compared to 19 percent nationally. If caseload decline is an indicator of program performance, then the Colorado Works program has been quite successful to date. In addition to caseload decline, policy makers and others in Colorado and across the nation are also concerned about the extent to which former aid recipients are progressing towards the goal of long-term self-sufficiency. This is a primary focus of the chapters in this report.

In this chapter we describe characteristics of the Colorado Works caseload, focusing on work activity participation, rate of return to the program, and time advanced on recipients' 60-month lifetime limit on receipt of assistance. In this initial year of the evaluation, our focus has been on establishing benchmark measures of individual and program outcomes rather than assessing the impact of Colorado Works program services on individual outcomes. Our focus in subsequent reports will shift to analyzing program impacts as we accumulate additional data on individual outcomes. Important findings from this chapter are highlighted below.

- **Almost all adult recipients are participating in work activities.** As of June 1999, 99 percent of the adult caseload was participating in a work activity and many of these work activities involved unsubsidized employment in the private sector. Work activities involving education accounted for 22 percent of all activities.

- **The rate of return to the program in Colorado is low in comparison to TANF return rates in several other states.** Although statewide return rates for adults in Colorado Works have remained relatively stable, 12-month return rates in most large counties have increased slightly since the start of Colorado Works. Counties currently do not have systematic access to return data and have indicated that such data would be useful for program monitoring. We recommend that the Department of Human Services provide such data to the counties on a regular and timely basis.

- **The Colorado Works caseload is increasingly comprised of child recipients and child-only cases.** Because child-only cases are not subject to the work participation requirement or lifetime cap on assistance, program initiatives have focused on adult-headed cases. If the proportion of child-only cases in the caseload continues to increase, policy makers may want to develop additional initiatives addressed toward supporting and serving this population.

- **In June 1999, a greater proportion of Colorado Works recipients was receiving cash assistance for relatively short periods of time than was the case at program start-up.** In contrast, the proportion of very long-term recipients on the caseload has only marginally increased since the start of Colorado Works. As of June 1999, 30 percent of all adult recipients had received Colorado Works assistance for 24 months. These recipients have 36 months of lifetime eligibility remaining.

ALMOST ALL ADULT RECIPIENTS ARE PARTICIPATING IN WORK ACTIVITIES

A key requirement for participants in the Colorado Works program is that they be engaged in a work activity within 24 months of entering the program or once they are deemed "work ready" by their case worker, whichever occurs first. Work activities are intended to prepare participants to enter the labor force and move toward self-sufficiency. In addition, federal TANF requirements stipulate that a certain percentage of each state's caseload must be participating in a federally recognized work activity. In Federal Fiscal Year 1999, 35 percent of all families in the caseload were required to be participating in a work activity for a minimum of 25 hours per week.[1] As of October 1, 1999, the all-families participation rate increased to 40 percent, and minimum weekly hours increased to 30. Under state statute (Section 26-2-715, C.R.S.), counties are required to meet work participation rates negotiated with the state as part of their performance contract with the Department of Human Services. In the Memorandum of Understanding agreed to by the Department and each county, counties are subject to a

[1]The requirement for two-parent families is higher. In 1999, 90 percent of two-parent families were required to have one adult participating in a work activity for 35 hours per week. If the family receives federally-funded child care, 55 hours per week are required.

reduction in their block grant allocation from the state for not meeting the federal work participation rate requirement.

During the first two years of Colorado Works, the Department of Human Services and individual counties have succeeded in enrolling almost all adult recipients in work activities and in meeting the federal work participation rates. In August 1999, the Department of Human Services announced that Colorado had met the federally required work participation rates for 1998 (30 percent for all families and 75 percent for two-parent families) and that 99 percent of households in Colorado Works were participating in a state- or county-approved work activity as of June 1999. In July 1999, the first month in which recipients could reach their 24-month time limit for participating in a work activity, 178 cases were dropped from the caseload for not meeting that requirement. Subsequently, 89 of these cases were reinstated to the program prior to actual closure after recipients enrolled in a work activity. It is not clear to what extent any cases were dropped from the program prior to July 1999 because recipients had been declared "work ready" by their case worker but were not participating in a work activity and were therefore sanctioned. We know that between 5 and 8 percent of Colorado Works cases that close in a given month are due to receipt of a third sanction, but due to data limitations specific reasons for sanctions cannot be determined.

We examined work activity participation for adults in Colorado Works in June 1998 and June 1999, using administrative records from the Colorado Automated Client Tracking System (CACTIS) database of the Colorado Department of Human Services. In Figure 1-1, work activities are categorized according to whether they are federally recognized work activities that are countable in the state's work participation rate, educational activities that are partially countable, or other work activities that are not countable but that counties can approve as meeting a recipient's work participation requirement for purposes of the 24-month work participation time limit. Participation in educational activities may be counted in the state's work participation rate calculation if the participant is under 20 years old and does not have a high school degree or GED certificate. Adults may participate in educational activities but these

activities will only count toward hours above the first 20 hours of their weekly requirement.[2] The total number of work activities reported in
Figure 1-1 exceeds the total number of recipients, indicating that about 25 percent of recipients were participating in more than one work activity in a given month.

As can be observed from Figure 1-1, work activities in Colorado Works are strongly oriented towards obtaining employment, which is consistent with the work readiness orientation of the TANF program in general. The single most prevalent work activity, unsubsidized employment (either full-time or part-time), accounted for 45 percent of all work activities in June 1998 and 36 percent in June 1999. Also prominent were job search and job readiness activities, which comprised 15 percent of all work activities in June 1998 and 13 percent in June 1999. Job skills training directly related to employment was the most prominent educational work activity, accounting for 10 percent of all work activities in June 1999. Including vocational education, which is a federally recognized work activity, educational activities amounted to 22 percent of all work activities in June 1999. The most significant change in work activity participation between June 1998 and June 1999 was an increase in participation in county-defined work activities. These are activities determined by the county to lead to self-sufficiency and often address personal job readiness barriers. Examples include participation in mental health services, substance abuse treatment, and vocational rehabilitation. This category increased from about 2 percent of all activities to 18 percent.

Colorado counties have moved rapidly and successfully to enroll adult Colorado Works recipients in work activities as stipulated by federal TANF regulations. However, we have heard program staff, service providers, and advocates express concern that the work activity requirement has prevented some recipients from receiving needed support services
which are crucial to moving recipients toward long-term self-sufficiency because case workers are directed by program managers to enroll recipients in countable work activities

[2]For the calculation of the state's work participation rate, vocational educational training may count for a maximum of 12 months for any individual, and participation in job search and job readiness counts toward the participation rate for a maximum of six weeks per year unless the state's unemployment rate is at least 50 percent above the national average. Counties have the option to recognize these activities as meeting a recipient's work requirement for an indefinite period. Vocational education may include attendance at a community college or four-year college.

Figure 1-1

Work Activities of Colorado Works Recipients
June 1998 and June 1999

	June 1998		June 1999	
	Number	**%**	**Number**	**(%)**
Federal Work Activities				
Unsubsidized Employment	5,142	45.0%	3,826	35.7%
Job Search and Job Readiness Activities	1,725	15.1%	1,397	13.0%
Work Experience	791	6.9%	545	5.1%
Community Service Programs	364	3.2%	561	5.2%
Vocational Education/Post-Secondary Education	670	5.8%	473	4.5%
Subsidized Private Sector Employment	42	0.4%	22	0.2%
On the Job Training	18	0.2%	15	0.1%
Provision of Child Care to Recipients in Community Service	18	0.2%	18	0.2%
Subsidized Public Sector Employment	17	0.2%	24	0.2%
Educational Work Activities[a]				
Job Skills Training Directly Related to Employment	1,417	12.4%	1,070	10.0%
GED Preparation Classes	698	6.1%	551	5.1%
High School	128	1.1%	101	0.9%
English as a Second Language Classes	118	1.0%	115	1.1%
Basic Education	60	0.5%	34	0.3%
Other Work Activities				
County-Defined Work Activities	209	1.8%	1,968	18.4%
Number of Work Activities Engaged in by Colorado Works Recipients[b]	**11,417**		**10,720**	
Number of Colorado Works Recipients Participating in Work Activities	**8,928**		**8,497**	

[a] Hours spent in educational work activities are countable towards the federal work participation rate if the recipient is under 20 years of age and has not received his or her high school diploma/GED. For adult recipients, educational work activities are only countable only for the hours above the first 20 of their weekly hours requirement.

[b] The work activities of recipients who are participating in more than one work activity in a month are counted separately.

Source: BPA tabulations from Colorado Automated Client Tracking System (CACTIS) administrative records, Colorado Department of Human Services.

as quickly as possible. To evaluate this claim we will need to evaluate the variations among county work participation policies, focusing specifically on the use of county-defined work activities. Counties have significant flexibility to count participation in supportive services as a county-defined work activity which meets the work requirement. If some counties make more use of this option than others, we will be able to estimate the effect of receipt of such services on subsequent recipient outcomes.

THE RATE OF RETURN TO COLORADO WORKS IS RELATIVELY LOW

Statewide rates of return to Colorado Works by adult recipients increased slightly during the program's first 24 months, but remain low in comparison to several states for which comparable data are available.[3] Statewide rates of return to the program by exiting adults were marginally higher in more recent months than in the program's initial months (Figure 1-2).[4] For example, the six-month return rate for Colorado Works recipients leaving the program during August-October of 1998 averaged 14.1 percent, compared to an 11.4 percent average return rate for those who left during the same three months in 1997. The 12-month return rate also increased during this period, from an average of 17.2 percent for recipients who left during August-October of 1997 to 18.6 percent during April-June of 1998.

To date, only a few states have reported rates of return to TANF since implementing their TANF programs. We are aware of only two states that have calculated return rates using administrative data and a methodology comparable to that used here. Both states have higher return rates than Colorado. Washington state examined returns for adults who exited the caseload in the fourth quarter of 1997, finding that 23 percent had returned to the caseload within 12 months. Maryland calculated a 12-month return rate of 24 percent for the group of adults who exited the state's TANF program in the fourth quarter of 1996 and first quarter of 1997.[5] Although caution is warranted when making direct comparisons of state TANF return rates, Colorado's rate appears to be relatively low.

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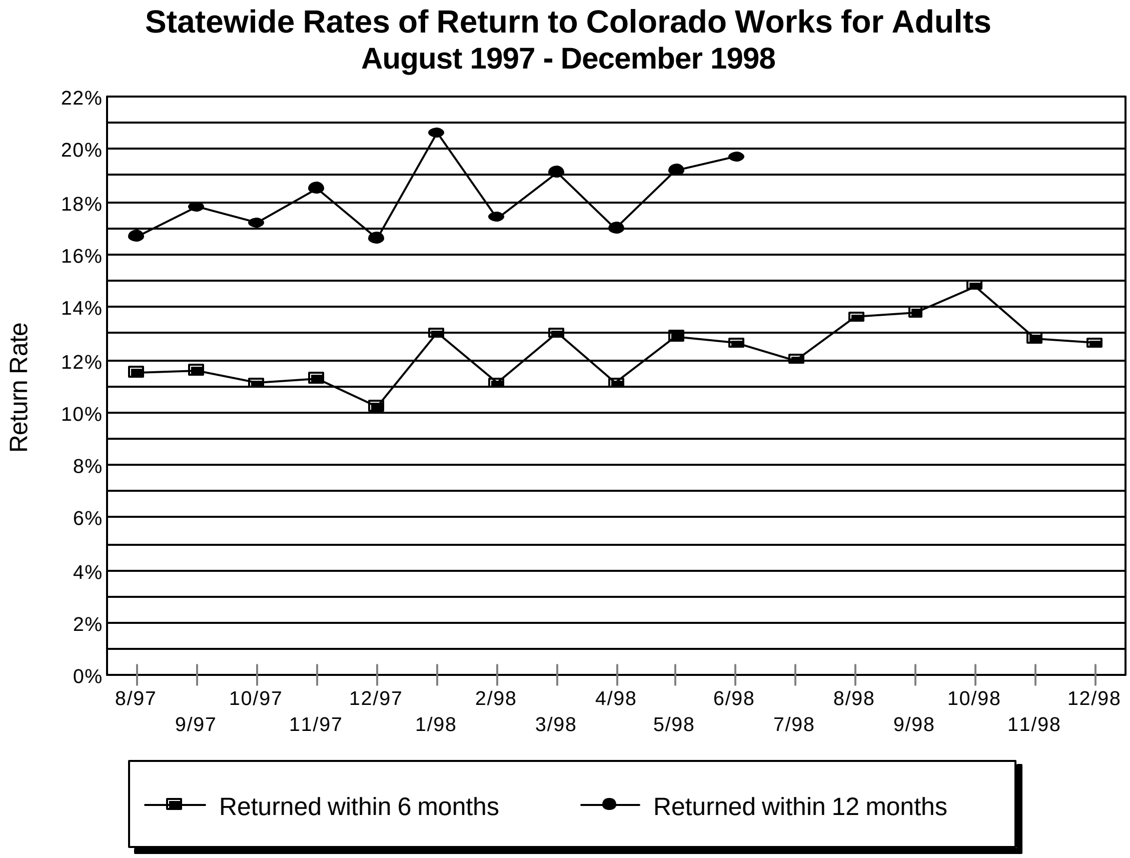
[3]In calculating return rates, we did not include recipients of one-time diversion payments.

[4]We do not count individuals who left the caseload for only one month as exiting the program. Such one-month exits are typically the result of late filing of monthly status reports or for other administrative reasons.

[5]The Maryland and Washington state studies are summarized in J. Tweedie, D. Reichert, and M. O'Connor, *Tracking Recipients After They Leave Welfare*, National Conference of State Legislatures, July 1999.

Figure 1-2



Source: BPA tabulations using COIN administrative data, Colorado Department of Human Services.

Interpretation of state and county return rates is difficult for several reasons. First, the health of local and regional labor markets will have a significant effect on return and labor market conditions will vary across states and counties. In addition, the characteristics of individuals in each state or county's caseload, such as time on aid or education levels, may vary and this variation will influence return rates. Differences in program features, such as in the availability and type of services offered to TANF recipients, will influence return rates. Finally, some level of return by recipients to Colorado Works is to be expected. Many recipients lack extensive work experience or education, and their initial jobs may be unstable part-time or temporary positions. Under these conditions, recipients may return to the program one or more times until they acquire additional skills and experience to develop a more stable attachment to the labor market.

Currently, nationally representative data on low-income households, including those participating in TANF, are being collected by the federal government but have not yet been released. These data will allow comparisons of state-level outcomes such as TANF rates of return, after controlling for differences in caseload composition and economic conditions. When such data becomes available, we will conduct a more detailed comparison between Colorado's rate of return and that of other states.

The rates of return to Colorado Works in many large Colorado counties have increased slightly since the start of Colorado Works. Caution must be exercised when interpreting county return rates because of the small number of monthly exits upon which most of these rates are based. While we cannot yet identify what, if any, factors may be contributing to the increase in the rate of return at the county level, this trend should warrant continued attention by state and county policy makers. County 12-month return rates for August 1997 and June 1998 are reported for the ten largest Colorado counties in Figure 1-3.[6] August 1997 is the first month in which recipients exited from the Colorado Works program and June 1998 is the most recent month for which we can calculate a 12-month return rate. Because return rates often fluctuate from month to month, we also calculated a three-month average rate around those months (August, September, and October 1997; April, May, and June 1998). (Six- and 12-month return rates for all counties are reported in Appendix A.) Between August 1997 and June 1998**,** 12-month return rates based on the three-month averages increased for all large counties except Denver. Denver's rate remained stable at about 20 percent. Among the other nine large counties, the three-month average return rate increased by 2.7 percentage points between August 1997 and June 1998. The comparison of one-month return rates (August 1997 and June 1998) reported in the first two columns of Figure 1-3 shows larger increases over time.

[6]To calculate county return rates for those who exited from one county and returned to another, we assigned recipients who returned to Colorado Works to their county of exit rather than their county of return. For example, if a recipient exited from Colorado Works in Denver County and returned in Adams county, that recipient was counted in the calculation of Denver's return rate.

Figure 1-3

County Return Rates for Adults in Ten Large Counties
August 1997, June 1998

County	Month of Exit from Colorado Works				Number of Exits	
	Rate of Return Within 12 Months		Three-Month Average Rate of Return Within 12 Months			
	August 1997	June 1998	August-October 1997	April-June 1998	August 1997	June 1998
Adams	7.3%	16.1%	9.2%	11.9%	193	118
Arapahoe	14.0%	19.7%	15.8%	16.3%	114	127
Boulder	20.7%	28.3%	18.1%	23.2%	82	60
Denver	20.8%	18.1%	19.9%	19.5%	361	426
El Paso	18.1%	21.2%	17.5%	19.2%	171	241
Jefferson	11.1%	17.1%	11.3%	17.1%	99	82
Larimer	13.6%	18.2%	18.5%	19.4%	125	66
Mesa	11.9%	17.9%	15.1%	17.0%	84	78
Pueblo	14.2%	18.7%	13.5%	14.9%	134	150
Weld	16.9%	21.1%	17.6%	22.4%	77	71
9 County Average (excluding Denver)	14.2%	19.8%	15.2%	17.9%		
Statewide Average	**16.7%**	**19.7%**	**17.2%**	**18.6%**		

Note: Three month average return rates are based on the average of the 12-month return rates for August, September, and October 1997 (Column 4) and April, May, and June 1998 (Column 5).
Source: BPA tabulations using COIN administrative data, Colorado Department of Human Services.

The state and county return rates we have reported here should be viewed as baseline program data. They will become more meaningful when they are compared to return data for subsequent years of the Colorado Works program. We will continue to examine such data in subsequent evaluation reports. In addition, as we develop more longitudinal information on Colorado Works recipients, we will examine their reasons for return to assistance in future reports.

COUNTIES NEED INFORMATION ON RETURN RATES

Because return rates are driven by a number of factors, many of which are not under the control of Colorado Works policy makers, they are not a very precise measure of program performance and when viewed in isolation from other outcome measures can be a misleading indicator of program performance. Nevertheless, we believe they are essential data for county program administrators to have at hand. Drawing on specific information about their program, county administrators will be most likely to be able to explain the factors underlying return rates in their county. Trends in return rates over time and comparisons across counties can also provide important insight into the determinants of the success or failure of recipients to achieve self-sufficiency. Currently, county administrators in Colorado have no systematic access to return data for their own or other counties.

It is currently difficult for individual counties to calculate return rates. In general, counties do not have easy access to the historical data from the COIN data system that is required to calculate return rates. Moreover, for individual counties to track recipients who have exited from their programs requires that they access statewide historical data from COIN. Staff at the Department of Human Services have extensive experience working with statewide COIN data and have the programming expertise needed to generate return to aid data on a county by county basis.

RECOMMENDATION 1:

The Department of Human Services should develop a protocol for transferring data to the counties at regular and timely intervals on the rate of return to aid for Colorado Works recipients. In addition to calculating the rate of return for specific intervals (e.g. six-month, 12-month), summary information on the characteristics and program history of recipients who return to the caseload should be provided to the counties.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department will generate and download reports on the rate of return to counties. Additionally, the Department plans to distribute the county-by-county rates of return contained in this report, Appendix A, to all counties. To the extent possible, the Department will also provide summary information on the characteristics and program history of recipients who return to the county caseload on a periodic basis. As the Department does not have this functionality in its automated system currently, we will determine the changes required and the resources necessary to accomplish this task. If the changes required are substantive, the Department may recommend this functionality be a component of the Colorado Benefits Management System (CBMS).

Changes in Caseload Composition, July 1997 - June 1999

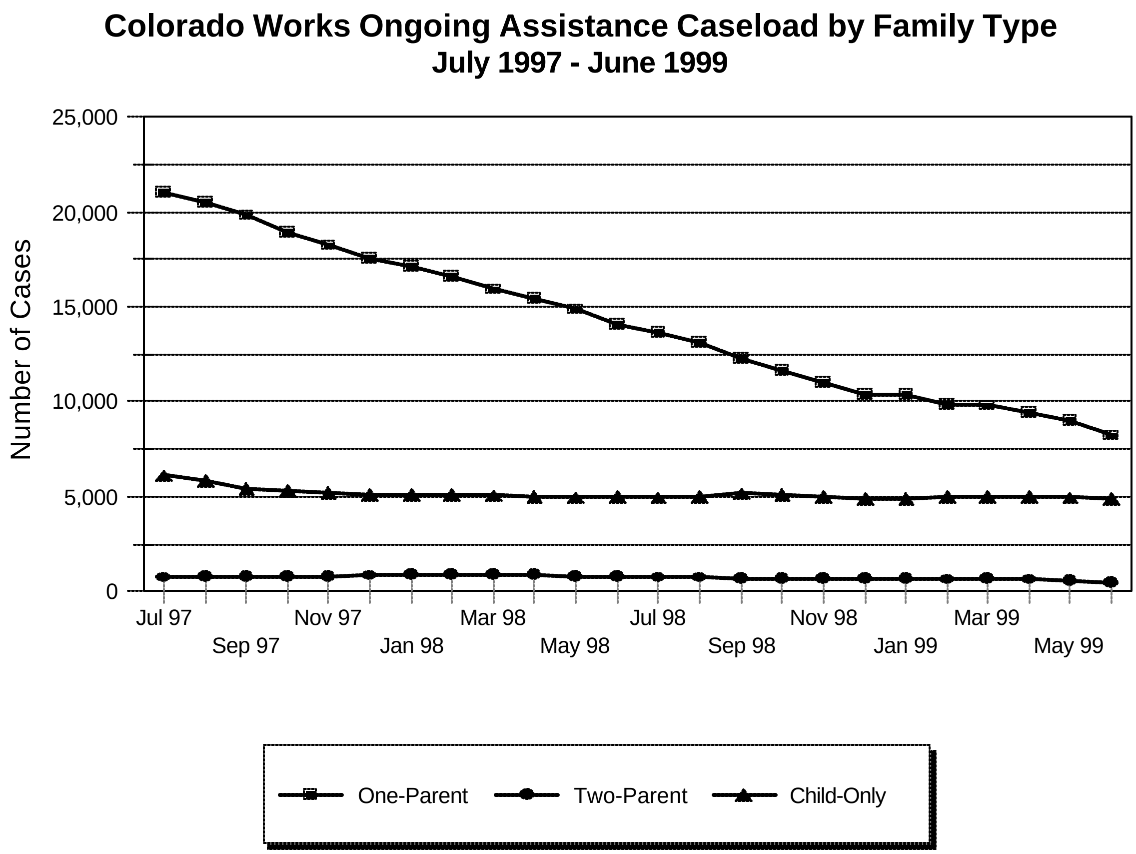
As the Colorado Works caseload has continued to decline since July 1997, several changes have become evident in the composition of the individuals in the caseload. The proportion of child-only cases has increased and represented 36 percent of all cases in June 1999. The proportion of children in the Colorado Works program has also increased, to about 74 percent in June 1999. A sizeable share of adults in the caseload (30 percent) has been enrolled in Colorado Works for the full 24 months that the program has been in operation. The demographic characteristics of individuals on the caseload–sex, race, age, and family size–have not changed appreciably during the first two years of the program. More detail on caseload composition and individual characteristics is provided below.

The Colorado Works Caseload is Increasingly Comprised of Children

The Colorado Works caseload is becoming increasingly comprised of child-only cases. These are cases in which no eligible adult caretaker is residing in the home and the children are usually under the care of a relative, such as a grandparent. Some children in child-only cases may be living with a parent, typically one who is receiving Supplemental Security Income. If child-only cases continue to increase in importance, we expect that policy makers will want to develop additional policy initiatives addressed to supporting and serving this segment of the TANF caseload. This is beginning to occur in some counties which are providing supplemental cash assistance to child-only cases.

Child-only cases are becoming more prominent in the caseload, not because these cases have increased in number, but because one-parent households have dramatically declined during the first 24 months of the program. This is evident in Figure 1-4. During the first two years of the Colorado Works program, one-parent cases dropped by 61 percent, from approximately 21,000 cases in July 1997 to 8,200 cases in June 1999. Child-only cases declined by a smaller amount (21 percent) during the same period. As a consequence, child-only cases comprised 36 percent of ongoing assistance cases in June 1999, compared to 22 percent in July 1997.[7] During the same period, the proportion of single-parent caseloads dropped from 75 percent to 61 percent of total cases.

Figure 1-4



Note: Monthly caseload counts do not include state and county diversion cases.

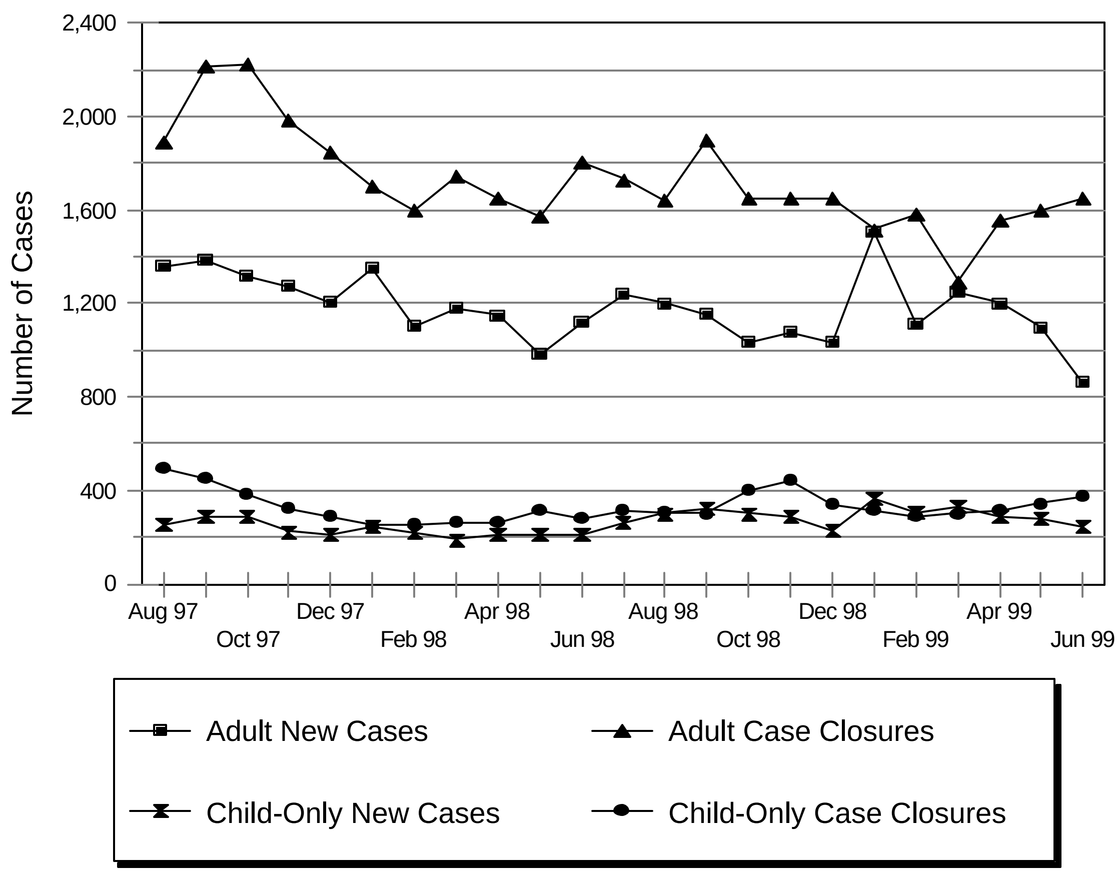
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.

[7]For our comparisons here, we do not include state and county diversion assistance in our caseload counts, instead focusing on cases receiving ongoing basic cash assistance or other assistance payments.

A major factor contributing to the greater rates of decline for one- and two-parent cases relative to child-only cases has been the ongoing decline in the number of monthly new case enrollments for adult cases. Adult new cases have declined from over 1,300 per month at the start of Colorado Works to about 800 per month by mid-1999 (Figure 1-5). In contrast, the number of new child-only cases remained relatively stable, fluctuating in the range of 200-250 cases per month during the two initial years of Colorado Works.

Figure 1-5

Colorado Works New Cases and Case Closures
Child-Only and Adult-Headed Cases
August 1997 - June 1999



Note: Monthly counts exclude state and county diversion cases.

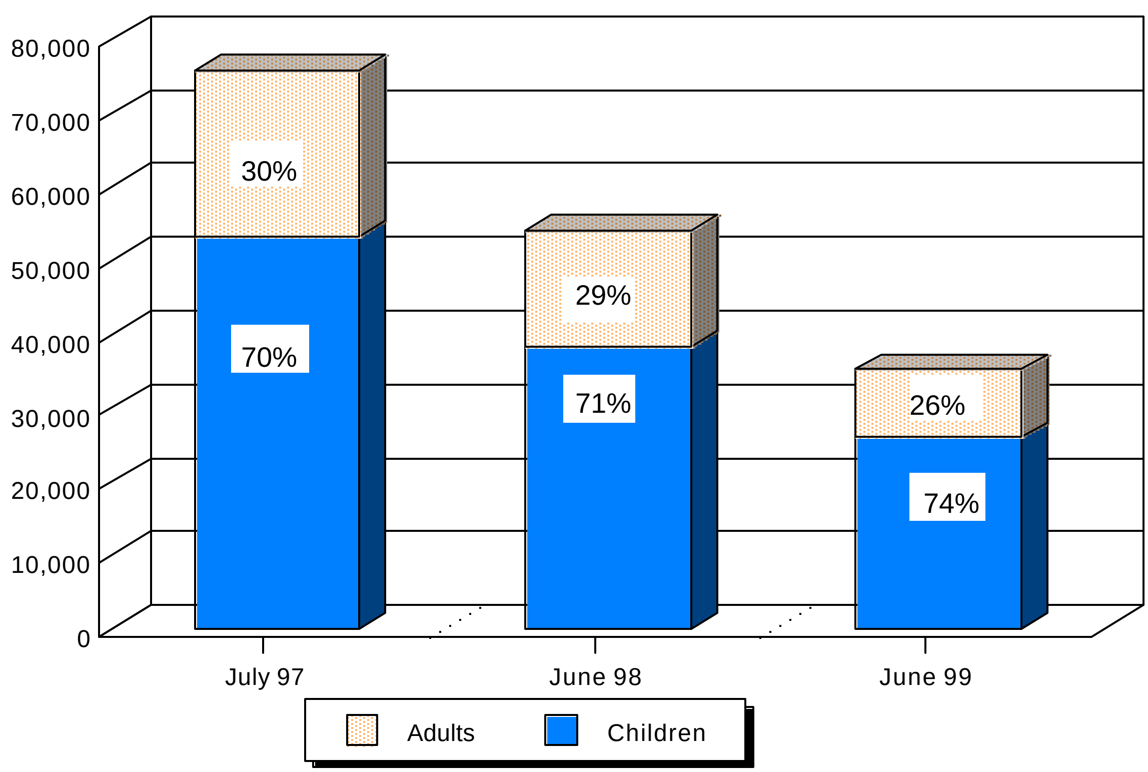
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services

CHARACTERISTICS OF COLORADO WORKS ADULT AND CHILD RECIPIENTS HAVE NOT CHANGED

Significant changes in the characteristics of Colorado Works recipients over time may require changes in the range of assistance and support services offered through the program. For example, if the caseload becomes increasingly comprised of participants who have more children, are less educated, have spent more time on aid, or face other personal challenges, the type and quantity of services required to serve this population may need to change significantly. Our examination of a range of participant characteristics indicates little change in the profile of adults and children on the caseload during the first two years of Colorado Works.

Figure 1-6

Adults and Children Receiving Ongoing Assistance in Colorado Works
July 1997, June 1998, June 1999



Source: BPA tabulations using COIN and MMIS administrative records ,
Colorado Department of Human Services.

One aspect of Colorado Works caseload characteristics that has changed since the start of the program is family size. As evident in Figure 1-7, the percentage of families with one or two children declined between July 1997 and June 1999, while the share of larger families increased. This trend has largely contributed to the increase in the share of children in the Colorado Works caseload, from 70 to 74 percent from the first to the second year of the program (Figure 1-6). Smaller families lose eligibility for basic cash assistance more quickly when a parent starts working, even in a minimum wage job, than do parents with larger families, contributing to an increase in the proportion of children in the caseload.

As is shown in Figure 1-7, other demographic characteristics of adults in the Colorado Works caseload changed very little over the two years examined.[8] However, two trends are of note. First, the percentage of pregnant teenagers in the caseload has increased. In July 1997, of those under the age of 19 years, 8 percent (113 teenagers) were pregnant, while in June 1999, 16 percent (96 teenagers) were pregnant. Second, minority recipients have been leaving the caseload just as fast as white recipients. Unlike other states, Colorado has not experienced a substantial increase in the relative proportion of minority recipients on the caseload since the start of its TANF program.[9]

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[8]In our tabulations, we included both parents in two-parent cases.

[9]See, for example, DeParle, Jason. "Shrinking Welfare Rolls Leave Record High Share of Minorities," *New York Times*, July 27, 1998.

Figure 1-7

Characteristics of Colorado Works Adult Recipients
July 1997, June 1999

Characteristic	July 1997[a] (%)	June 1999 (%)
Age		
19 and younger	6.6%	6.6%
20 to 24	23.5%	23.4%
25 to 29	22.1%	21.2%
30 to 34	18.6%	17.3%
35 to 39	15.3%	15.7%
40 to 44	8.0%	8.9%
45 to 59	3.7%	4.1%
50 and older	2.2%	2.6%
Average Age	30.2	30.5
Female	93.4%	90.9%
Male	6.6%	9.2%
Race / Ethnicity		
White	44.9%	48.8%
Hispanic	35.8%	32.1%
African American	14.9%	14.8%
American-Indian	0.8%	0.9%
Asian	1.2%	211.0%
Other	2.4%	2.3%
Marital Status[b]		
Single[c]	74.1%	72.7%
Married	11.1%	16.2%
Separated	14.5%	11.1%
Number of Children[d]		
0	2.5%	2.9%
1 to 2	71.3%	68.2%
3 to 4	23.1%	24.5%
5 or more	3.2%	4.4%
Pregnant		
No	96.6%	94.0%
Yes	3.4%	6.0%
Citizenship		
U.S. Citizen	95.2%	94.6%
Lawfully Admitted Resident	4.6%	5.1%
Alien	0.2%	0.2%
Alien with Sponsor	0.1%	0.1%
Number of Adults	21,331	9,127

[a]For 127 observations, there are missing values.
[b]For marital status in July 1997, 62 observations have missing values.
[c]Single includes never-married, divorced and widowed individuals.
[d]For number of children, another 770 observations have missing values in July 1997, and 288 observations have missing values in June 1999.
Source: BPA tabulations using COIN administrative data, Colorado Department of Human Services.

Children in the Colorado Works caseload may be on a case headed by one or both parents or in child-only cases in which parents are not present. According to Colorado Works regulations, a child is eligible for assistance as a child if he or she is under age 18 or a dependent child between 18 and 19 attending school full-time (CCR 9-2503-1, Section 3.600.12). We examined the characteristics of children in adult-headed and child-only cases separately (Figure 1-8).

Figure 1-8

Characteristics of Colorado Works Child Recipients
July 1997, June 1999

Characteristic	Adult-Headed Cases (%)		Child-Only Cases (%)	
	July 1997[a]	June 1999[b]	July 1997[c]	June 1999[d]
Age				
Less than 1	15.6%	17.6%	8.6%	7.9%
1 to 3	14.4%	14.3%	10.7%	10.0%
4 to 6	22.3%	19.4%	20.6%	17.4%
7 to 9	18.2%	18.4%	19.3%	20.3%
10 to 12	14.1%	14.2%	17.5%	18.9%
13 to 15	10.5%	10.7%	12.2%	16.0%
16 and older	5.0%	5.5%	8.1%	9.5%
Average Age	6.8	6.8	8.3	8.7
Female	49.9%	49.7%	50.3%	50.2%
Male	50.1%	50.3%	49.7%	49.8
Race / Ethnicity				
White	40.0%	42.3%	33.2%	33.0%
Hispanic	39.2%	35.9%	43.7%	44.5%
African American	16.5%	17.8%	17.5%	16.8%
American-Indian	0.8%	1.0%	1.3%	1.5%
Asian	1.4%	1.1%	2.1%	2.0%
Other/ Unknown	1.9%	2.0%	2.3%	2.2%
Citizenship				
U.S. Citizen	97.7%	96.9%	97.8%	97.5%
Lawfully Admitted Resident	2.2%	2.8%	2.0%	2.1%
Alien	0.1%	0.2%	0.1%	0.3%
Alien with Sponsor	0.1%	0.1%	0.1%	0.1%
Number of Children	41,983	17,545	10,308	8,312

[a]For 409 observations, there are missing values
[b]For 7 observations, there are missing values.
[c]For 110 observations, there are missing values.
[d]For 1 observation, there is a missing value.
Source: BPA tabulations using COIN administrative data, Colorado Department of Human Services.

The demographic characteristics of both groups exhibited little change between July 1997 and June 1999, except that the proportion of white children in the adult-headed caseload increased slightly and that of Hispanic children declined. The differences between children in adult-headed cases and those in child-only cases are more significant than changes over time within in each group. For example, roughly three-quarters of children in child-only cases were under age 12, with an average age of 9 years old. Children in adult-headed cases were younger on average, about 7, and the proportion of infants in adult-headed cases was twice as large as that in child-only cases. In June 1999, children in child-only cases were more likely to be Hispanic (45 percent) than white (33 percent). However, children in adult-headed cases were more likely to be white (42 percent) than Hispanic (36 percent).

MORE RECIPIENTS ARE STAYING ON AID FOR SHORTER DURATIONS

Individuals who receive aid for longer periods of time are commonly presumed to have more barriers to employment than those who receive assistance for shorter periods of time. Such individuals may meet with less success in the labor market when they leave Colorado Works and may require more intensive services to achieve long-term employment and self-sufficiency. In addition, because of the 24-month work participation time limit and the 60-month lifetime limit on aid, length of time in the Colorado Works program has important consequences for recipients. Given these incentives for recipients to minimize their time on aid, some policy analysts have expressed concern that over time TANF caseloads will become increasingly comprised of long-term recipients with multiple barriers who will find it difficult to transition off of assistance.

Although we did not measure recipients' individual barriers to employment directly for this report, we did examine: (1) the length of time on aid since the implementation of Colorado Works for adults on the caseload as of June 1999, and (2) the total length of time on aid (AFDC and Colorado Works) for adult Colorado Works recipients on the caseload in July 1997 and June 1999. We find that the proportion of very long-term recipients on the caseload has only marginally increased since the start of Colorado Works. More noticeable has been an increase in the proportion of recipients who remain in the program for a relatively short period of time, for up to one year.

We first examine the length of time on Colorado Works for adults on the caseload as of June 1999, which provides an observation period covering the first 24 months of the program. In that month, about one-third of adults (32 percent) had been receiving aid between one and eight of the previous 24 months; 22 percent had been receiving aid between 9 and 16 months; and 45 percent had been receiving aid between 17 and 24 of the previous 24 months. In total, 30 percent of all Colorado Works adult recipients had received aid for the entire 24 months since the program began.

The 30 percent of adult recipients who were on Colorado Works for 24 months as of June 1999, had, as of that date, 36 months of lifetime eligibility for assistance remaining. In coming years, as recipients reach their five-year lifetime limit, only 20 percent of the state's total caseload will be eligible for a hardship exemption from this time limit. However, if the Department of Human Services chose to grant hardship exemptions to all recipients who reach their lifetime limit, the 20 percent limit would probably not have an impact, barring a sudden dramatic increase in the caseload. This is because the Colorado Works adult-headed caseload has been falling as a proportion of the total caseload and the lifetime limit on assistance applies only to adult-headed cases. Given the current proportion of adult-headed cases (64 percent of all Colorado Works cases as of June 1999), about 30 percent of all adult cases could be granted a hardship exemption.

In addition to examining time on Colorado Works, we used historical data from the Colorado Department of Human Services' MMIS administrative data file to construct a measure of total months of combined AFDC and Colorado Works program participation for adults, dating back to January 1969. We measured months of program participation as an adult, defined as 18 years of age or older. Using this measure, the proportion of adults with more than ten years of prior program participation increased from 11.2 percent of the caseload in July 1997 to 12.1 percent of the caseload in June 1999 (Figure 1-9). The proportion of adults with relatively short program participation history, between one and 12 months, was also greater in June 1999 (29.5 percent) compared to July 1997 (19.1 percent). Finally, there has been a decline in the proportion of adults on the Colorado Works caseload with no prior welfare participation as an adult. In July 1997, 6 percent of adult recipients had no prior program participation as an adult. By June 1999, this had declined to 2.1 percent of the caseload.

The increase in the proportion of recipients with relatively short stays on assistance suggests that programmatic features of Colorado Works are leading to shorter stays on assistance for many recipients than was the case under AFDC. In addition, given the strong Colorado economy over the period, we suspect that much of the drop in the proportion of recipients with no prior program history is due to a decline in the number of adults experiencing a one-time or short-term economic crisis and consequently applying for assistance. We plan to analyze these trends in more detail in subsequent reports.

Figure 1-9

Prior AFDC and Colorado Works Program History of Adult Colorado Works Recipients
July 1997, June 1999

	July 1997	June 1999
No prior adult program history	5.9%	2.1%
1-3 months	5.5%	9.8%
4-6 months	5.0%	8.2%
7-12 months	8.6%	11.5%
1 and up to 2 years	13.9%	12.7%
2 and up to 3 years	10.4%	9.1%
3 and up to 6 years	22.3%	19.5%
6 and up to 11 years	17.2%	15.0%
11 and up to 16 years	9.7%	10.1%
16 and up to 21 years	1.2%	1.7%
21 years or more	0.3%	0.3%
Number of recipients	22,573	9,391

Note: Program history includes total months of AFDC and Colorado Works assistance back to January 1969, when the recipient was an adult, defined as 18 years or older.

Source: BPA tabulations using COIN-MMIS administrative records, Colorado Department of Human Services.

2. Employment Status and Earnings of Former Colorado Works Recipients

Introduction

A key determinant of long-term self-sufficiency for most Colorado Works recipients will be their ability to maintain employment and increase their earnings after participation in Colorado Works. This will require that some participants successfully acquire job-related skills and begin to address barriers to employment while still receiving assistance. In this chapter, we examine the initial experience of Colorado Works recipients in the labor market since their exit from the program.

We draw on two key sources of data for our analysis. First, we use Unemployment Insurance (UI) wage records which track quarterly earnings of all Colorado employees, including all current and former Colorado Works recipients. We track employment and earnings for all individuals who exited Colorado Works between July 1997 and December 1998, and refer to this group as "former recipients" throughout this chapter. Second we report employment information provided through our survey of individuals who left the program between July and September of 1997 and did not return as of December 1998 (referred to as "early Colorado Works leavers" throughout this chapter and in the remainder of this report). We asked early Colorado Works leavers detailed questions about their employment history since leaving the program, including self-reported information on both wages and hours worked.

These two data sources are complementary. Crucial information about recipients' employment not contained in UI data can be inferred from the survey data, and conversely. Because Unemployment Insurance wage records are based on direct reports to the Colorado Department of Labor and Employment by employers, UI earnings data is generally more accurate than self-reported earnings by survey respondents. In addition, UI data contain information on the quarterly earnings for each job an individual holds in a given quarter. However, because the UI data do not track the number of hours worked by an employee, it is not possible to identify an employee's hourly wage, whether he or she was working full-time or part-time, or whether the individual was employed for the duration of the quarter.[1] Our survey of early Colorado Works leavers who left the program between July and September 1997 provides self-reported information on both wages and hours worked. Because the focus of this chapter is to describe employment and earnings outcomes rather than to ascertain program impacts on these outcomes, we draw on both data sources to gain an overall picture of recipients' economic outcomes upon leaving Colorado Works.

We conclude that former recipients who left Colorado Works between July 1997 and September 1998 are meeting with mixed success in the labor market. Because both earnings disregards and the need standard which determines program eligibility are relatively low in Colorado, recipients who begin full-time employment at the minimum wage quickly lose eligibility for basic cash assistance. It is too early to assess the extent to which recipients who enter the low end of the labor market, in minimum wage or near-minimum wage jobs, will maintain stable employment and increase their earnings over time. On the basis of our analysis, we found that about 30 percent of former recipients are maintaining continuous employment and experiencing steady increases in earnings over time. But 40 percent experience sporadic employment and low earnings levels that leave them well below federal poverty thresholds and the remaining 30 percent remain mostly unemployed. Even among those former recipients who have been continuously employed since leaving Colorado Works, over 50 percent have earnings that fall below federal poverty thresholds after one year of employment. Further, we observed that:

- **Employment rates for former recipients have remained stable.** Between 52 and 55 percent of recipients are employed in the first quarter after exit. The overall proportion of recipients employed remains relatively unchanged four or five quarters later.
- **Employment instability describes many recipients' labor market experiences.** As many as 50 percent of former recipients have not developed a strong attachment to the labor market within four or five quarters after exit, working only one or two quarters or not working at all.

[1] In addition, because not all employers are covered by the Unemployment Insurance system, some individual employment information is not captured by UI data, including for those who are self-employed, employees of very small businesses, federal employees, or in certain agricultural jobs. Irregular or off-the-books employment such as house cleaning or babysitting will not be captured by UI records. Employment information for Colorado Works recipients who became employed in another state is also not available from Colorado UI records.

- **Earnings of former recipients are low but increase over time.** Median earnings for former recipients increased by about 20 percent after one year of employment. However at the median earnings amount, a family of three would require two to three additional years of earnings growth of 20 to 25 percent to raise earnings above the federal poverty level.

- **Former recipients take two paths in the labor market: continuous employment and higher earnings or unstable employment and lower earnings.** The difference in median earnings between those former recipients with and without continuous employment histories is large. But even stable employment is not a guarantee of self-sufficiency. After a year of stable employment, at least half of former recipients had earnings below the poverty threshold.

- **Colorado Works is currently delivering limited transitional services to former recipients.** Statutes allow counties to provide such services through county diversion. However, our analysis of county diversion indicates that, as of June 1999, counties have made minimal use of county diversion funds to provide transitional services. The Department of Human Services should continue to provide training and technical assistance to counties on the use of county diversion and the provision of post-program services.

- **Case closure follow up and data collection should be improved.** We believe two complementary program initiatives would improve the case closure process and increase the likelihood that recipients received appropriate transitional services after leaving basic cash assistance: better administrative data collection on closed cases, and more formal procedures to ensure case worker and recipient contact at the point of case closure, such as an exit interview.

We discuss these findings in more detail in the remainder of this chapter.

EMPLOYMENT RATES FOR FORMER COLORADO WORKS RECIPIENTS HAVE REMAINED STABLE

From our analysis of employment data for October 1997 through December of 1998, we conclude that the employment rate for former recipients has not increased with time spent in the labor market. Using data from UI records and the survey of early Colorado Works leavers, we estimate that between 50 and 65 percent of former Colorado Works recipients were employed in any quarter after leaving the program. The lower estimate in this range is based on quarterly UI earnings records. For reasons noted above, UI data will likely underestimate actual employment of former recipients. The upper estimate in the range is based on self-reporting by early leavers who indicated that they were employed when the survey was conducted in June and July of

1999, approximately seven quarters after leaving Colorado Works. The employment rate based on survey data will overstate the actual employment of all former recipients because our survey sample intentionally excluded those who had returned to the program as of December 1998 and thus may not have been employed.

In Figure 2-1, we assess the employment experience of five different Colorado Works exit groups using Unemployment Insurance data. Each exit group represents adults who left the program within a particular three-month calendar quarter. The first exit group, from the third quarter of 1997, consists of 6,210 adults who left Colorado Works between July and September of 1997, or during the first three months of the program. The sizes of each exit group are indicated in the second column of Figure 2-1. Because quarterly UI data is only available through the fourth quarter of 1998, each exit group is observed for a different number of post-program quarters, ranging from one for the third quarter-1998 exit group to five for the third quarter-1997 exit group. We include in our exit groups all adults who left the program in a given quarter, including those who returned to the program in a subsequent quarter.[2]

On the basis of the data presented in Figure 2-1, we observe that the employment patterns exhibited by each of the Colorado Works exit groups are very similar. For example, depending on the exit group, between 52 and 55 percent of recipients are employed at program exit (third column). As we follow each exit group across subsequent quarters of employment, the percent of recipients employed remains relatively unchanged, ranging between 50 and 54 percent.[3]

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[2]This definition of exit groups differs from the one we used in the *Colorado Works Evaluation Interim Report* (March 1999), in which those returning to the program were excluded from the exit group.

[3]Counting former recipients with quarterly earnings of less than $100 as employed would add between 1 and 2 percent to the overall quarterly employment rate. For example, for the third quarter 1997 exit group, the employment rate in the first quarter after exit would increase from 52.4 percent to 54.4 percent and in the fourth quarter after exit would increase from 51.5 percent to 52.9 percent.

Figure 2-1

Employment of Former Colorado Works Recipients

Quarter of Exit	Number of Exiting Adults	Percent Employed in Each Quarter After Program Exit					
		Qtr. of Exit	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 5
1997:3	6,210	54.6%	52.4%	50.8%	52.0%	51.0%	51.5%
1997:4	5,429	53.5%	54.7%	54.0%	52.4%	52.0%	
1998:1	5,055	51.6%	53.2%	52.4%	52.1%		
1998:2	5,224	53.6%	53.7%	50.0%			
1998:3	5,206	52.9%	53.1%				

Note: We define employment as recorded earnings of $100 or more in a particular quarter.

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Our review of employment rates for former TANF recipients in other states indicates that both overall employment rates and trends in employment over time are similar to those in Colorado.[4] For example, Arizona reported a 52 percent employment rate in the first quarter after exit for recipients who left its TANF program in the first quarter of 1998. Maryland found that the employment rate for recipients that left between October 1996 and March 1998 averaged 52 percent in the first quarter after exit, 54 percent in the fourth quarter after exit, and 51 percent in the fifth quarter after exit. Washington state also reported a stable trend in the employment rate across quarters for recipients who exited in the fourth quarter of 1996.

[4] *Cash Assistance Exit Study - First Quarter 1998 Cohort,* Office of Research and Evaluation, Arizona Department of Economic Security, May 5, 1999; *Transition from Welfare to Work: Findings from the First Year of Temporary Assistance to Needy Families,* Georgia Department of Human Resources, November 1998; *Life After Welfare: Third Interim Report,* Welfare and Child Support Research and Training Unit, School of Social Work, University of Maryland, March 1999; *Transition from Welfare to Work: Findings from the First Year of Temporary Assistance to Needy Families,* Washington Department of Health and Human Services, April 1999.

We expected to find an increasing percentage of former recipients employed over time but that has not occurred. One important factor constraining the quarterly employment rate of exit groups is the rate of return to Colorado Works. Within the first year after leaving Colorado Works, as many as 18 percent of recipients had returned to the program and therefore were less likely to be employed.[5] As reported in Chapter 1, Colorado's rate of return appears low compared to other states. However, if people are returning to the program, employment continuity will be affected. In the coming year, we plan to undertake further analysis of the determinants of this employment pattern.

EMPLOYMENT INSTABILITY DESCRIBES MANY FORMER RECIPIENTS' LABOR MARKET EXPERIENCE

Although employment rates have remained stable over time for the five exit groups we observed, former recipients employed in the first quarter after exit are not necessarily the same as those employed in the fifth quarter after exit. In fact, many former Colorado Works recipients move into and out of employment from quarter to quarter. For example, nearly 20 percent of the adults who exited Colorado Works between July and September 1997 were employed for only one or two of the five quarters for which UI data is available for this group. Another 18 percent of Colorado Works recipients returned to the program within four or five quarters after exit. As a result, as many as 40 to 50 percent of individuals who leave Colorado Works have not developed a strong attachment to the labor market within four or five quarters after exit.

We measured the degree of employment stability among former Colorado Works recipients by examining their total quarters of post-program employment, as shown in Figure 2-2. Column three of Figure 2-2 shows the percentage of each exit group which has not been employed in any quarter since exit. Similarly, column six of Figure 2-2 indicates the percentage of recipients in each of the first three exit groups who were employed for three quarters after leaving the program. Because UI data is only available through the fourth quarter of 1998, we cannot track all exit groups for equal periods of time. For example, we were only able to track the employment experience of the first quarter-1998 exit group for three quarters after their

[5] If an individual returns to Colorado Works but continues to earn $100 or more in given quarter, we continue to count that individual as employed.

program exit, compared to five quarters for recipients in the third quarter-1997 exit group. For this reason, the rates of return for each group, reported in the last column of Figure 2-2, are not comparable across groups. Each group's rate of return is calculated on the basis of a different number of quarters.

Figure 2-2 shows that a significant percentage of individuals in each exit group were not continuously employed over the period of observation. The third column of Figure 2-2 indicates that over this five-quarter period, 28 percent of third quarter-1997 exit group recipients were not employed for any of the five quarters examined. Only 27 percent of individuals in the third quarter-1997 exit group were employed for all five quarters. Similarly, 29 percent of the fourth quarter-1997 exit group were not employed for any of the four quarters examined, and only 32 percent worked in all four quarters after exit.

Figure 2-2

Total Quarters Employed by Former Colorado Works Recipients

Quarter of Exit	Number of Exiting Adults	Total Quarters Employed After Quarter of Program Exit						Rate of Return to Colorado Works
		0 Qtrs.	1 Qtr.	2 Qtrs.	3 Qtrs.	4 Qtrs.	5 Qtrs.	
1997:3	6,210	27.9%	8.7%	10.0%	11.4%	15.6%	26.5%	18.8%
1997:4	5,429	28.7%	10.1%	12.8%	16.3%	32.1%		18.4%
1998:1	5,055	32.0%	13.7%	18.9%	35.4%			15.2%
1998:2	5,224	37.1%	22.0%	40.9%				12.2%
1998:3	5,206	46.9%	53.1%					7.0%

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Survey Data from Early Colorado Works Leavers Provides Additional Information on Employment

Our survey of early Colorado Works leavers (who left the program between July and September 1997) provides additional information on the employment experiences of former recipients, which is not available from the UI data. Although data from the survey cannot be used to assess current Colorado Works program performance, it provides information on hours worked, hourly wage, length of time at current job, and reasons for working full- or part-time—information that cannot be obtained through any other means.

The employment rate reported by the early leavers surveyed is broadly consistent with quarterly employment rates of former recipients derived from UI data. Because the survey sample excludes former recipients who returned to Colorado Works within 9 quarters after leaving the program, it represents a subset of the larger exit group of recipients who exited in the third quarter of 1997 and are used for the UI data employment analysis. Consequently, the employment rate of survey respondents will overestimate the actual employment rate of third quarter-1997 leavers. Of 306 early leavers surveyed, 199 (or 65 percent) indicated that they were employed at the time of the survey in June-August 1999 (Figure 2-3). A larger percentage, 89 percent, indicated that they had been employed at some point during the nine quarters since leaving Colorado Works, with 11 percent indicating that they had not been employed since exit. The survey responses indicate a pattern of movement into and out of employment by many early leavers, supporting the similar conclusion reached from the analysis of UI data for all former Colorado Works recipients.

Figure 2-3

Employment Status
Survey of Colorado Works Early Leavers

Employment Status	Number	Percent
Ever Employed Since Leaving Colorado Works	272	89%
Employed at Time of Survey	199	65%
Not Employed at Time of Survey	73	24%
Not Ever Employed Since Leaving Colorado Works	34	11%
Total Number of Survey Respondents	306	

Source: BPA tabulations from the survey of early Colorado Works leavers.

The 35 percent of early leavers who were not working at the time of the survey were asked about their reasons for not working. One-third indicated that personal health problems or other personal problems such as substance abuse had prevented them from working (Figure 2-4). Approximately 20 percent indicated that they did not work because they preferred to be at home to care for their children. Case workers, service providers, and program staff confirm that many single mothers have difficulty making the transition to work because they are the sole care giver for their children. About 15 percent of early leavers reported difficulty in finding a job, citing a variety of reasons including having just moved, inadequate job skills, transportation problems, and difficulty finding a job that paid enough to cover expenses.

These responses suggest that most unemployed early leavers, with the exception of those who prefer to stay at home to care for children, appear to have personal barriers which have hindered their ability to find employment. As we will discuss later in this chapter, additional supportive services may be warranted to address the difficulties former Colorado Works recipients are having maintaining steady employment.

Figure 2-4

Main Reason for Not Working at the Time of the Survey
Survey of Colorado Works Early Leavers

Main Reason for Not Working	Number	Percent
Health-related or other personal problems	35	32.7%
Pregnant or newborn / Prefers to be at home with children	21	19.6%
Child care problems	11	10.3%
Fired or laid off	7	6.5%
Inability to find a job	7	6.5%
Just moved to the area or is moving	6	5.6%
Child has health problems, needs to care for child	5	4.7%
In school or training, planning to start a job	4	3.7%
Other	11	10.3%
Number of Respondents Not Employed at Time of Survey	107	

Source: BPA tabulations from the survey of Colorado Works early leavers.

Most employed early leavers indicated that, at the time they were interviewed, they held only one job and worked full-time (35 hours or more). This finding contradicts existing research indicating that many low-skilled individuals (1) typically find it difficult to find full-time employment; (2) often work two or more part-time jobs, and (3) when working full-time, often require a second part-time job to supplement their earnings. This appears not to be the case for early Colorado Works leavers and may be a result of the strong Colorado job market. As shown in Figure 2-5, 93 percent of employed respondents were employed in a single job. Very few worked either two or three jobs at once. Seventy-four percent of employed respondents reported working full-time (35 or more hours per week) in their primary job. We asked early leavers who were working part-time about their reasons for not working longer hours. About 20 percent reported working fewer hours because they were enrolled in an educational or training program. Eighteen percent reported working part-time because their employer cut back their hours, and 16 percent reported wanting to be at home with their children.

When asked about the length of time in their current job, about 40 percent of early leavers who were surveyed indicated they had been employed for 6 months or less in that job (Figure 2-5). About a quarter of respondents had been at their jobs for three months or less when surveyed while 42 percent had been working at their primary job for more than a year. It is difficult to interpret the relatively short job tenures reported by some respondents. Some incidence of short tenure may reflect movement to better jobs by early leavers who started out in relatively low-skill, low-paying jobs. Alternately, short job tenures could also indicate that some recipients find it difficult to stay in a job for very long because of various personal barriers. We will explore the correlates of short job tenure in our next evaluation report.

Figure 2-5

Hours and Length of Employment
Survey of Colorado Works Early Leavers

	Number	Percent
Number of Jobs Held		
1	185	93.0%
2	11	5.5%
3	3	1.5%
Weekly Hours Worked in Primary Job[a]		
Less than 20	23	11.6%
21 to 34	28	14.1%
35 to 49	132	66.7%
50 or more	15	7.6%
Length of Time Employed in Primary Job[b]		
0 to 3 months	50	25.8%
4 to 6 months	28	14.4%
7 to 12 months	35	18.0%
13 to 18 months	29	14.9%
More than 18 months	52	26.8%
Number of employed respondents	199	

[a] 1 respondent did not reply.
[b] 5 respondents did not reply.

Source: BPA tabulations from the survey of Colorado Works early leavers.

Employed early leavers were asked additional questions concerning other aspects of their primary job. For instance, as is shown in Figure 2-6, 13 percent of employed respondents worked in temporary positions and 8 percent were self-employed. We also asked respondents whether they worked non-traditional work hours. We defined these as: (1) starting before 7:00AM or ending after 6:00PM, and (2) working on weekends.[6] Among employed respondents, a high proportion (63 percent) reported working non-traditional hours. Fourteen percent of respondents worked on weekends and another 14 percent worked in jobs that started before 7:00AM or ended after 6:00PM. Some 35 percent of respondents worked both non-traditional weekday hours and weekends. As will be

discussed in Chapter 5, these employees may have fewer child care options available to them during non-traditional work hours. As a consequence, maintaining steady employment may be more difficult.

Figure 2-6

Employment Characteristics
Survey of Colorado Works Early Leavers

	Number	Percent[a]
Temporary employee	24	12.1%
Self-employed	15	7.5%
Works non-traditional weekday hours and weekends[b]	68	34.7%
Works traditional weekday hours and weekends	27	13.6%
Works non-traditional weekday hours and not weekends	28	14.1%
Number of employed respondents	199	

[a] Percentages do not sum to 100 because the categories are not mutually exclusive.
[b] Three respondents did not reply.

Source: BPA tabulations from the survey of Colorado Works early leavers.

[6] We used these definitions of non-traditional hours to reflect the hours during which many child care centers are typically closed and availability of child care is more difficult.

EARNINGS OF FORMER RECIPIENTS ARE LOW BUT INCREASE OVER TIME

Many policy analysts have expressed concern that the "work-first" orientation of federal TANF legislation will force recipients into the labor market without providing an adequate opportunity for them to gain necessary job skills. Consequently, many would be forced to accept low-skilled and low-paying jobs that offer little possibility for advancement. Drawing on analysis of UI data and the survey of early Colorado Works leavers, we find that earnings for a large fraction of recipients are indeed very low and insufficient to bring their income up to the federal poverty line. At the same time, earnings do increase for many recipients as they acquire greater labor market experience. In this section we provide baseline information on former recipients' earnings across multiple quarters since leaving Colorado Works. In subsequent evaluation reports we will assess the correlates of earnings, paying particular attention to the impacts of program services on subsequent earnings.

Compared to the median earnings level for all Colorado employees, earnings of former Colorado Works recipients are low. Figure 2-7 reports median earnings for each quarter after exit for employed individuals in each Colorado Works exit group. For example, the first column of data in Figure 2-7 shows quarterly median earnings in the fourth quarter of 1997 for employed individuals who exited Colorado Works in the third quarter of 1997. The bottom row of Figure 2-7 displays median earnings for all Colorado workers with quarterly earnings of at least $100. The gap between the median earnings of former Colorado Works recipients and those of all employees in the state is quite large. For the quarters we observe, the earnings of former recipients range from 38 to 48 percent of statewide median earnings. The earnings gap is indicative of a substantial difference in skill and labor market experience between former Colorado Works recipients and the median Colorado employee.

Figure 2-7

Median Earnings by Quarter
Employed Former Colorado Works Recipients and All Colorado Employees

Quarter of Exit	Quarter of Earnings				
	1997:4	**1998:1**	**1998:2**	**1998:3**	**1998:4**
1997:3	$2,400	$2,325	$2,401	$2,603	$2,905
1997:4		$2,200	$2,229	$2,437	$2,760
1998:1			$2,172	$2,256	$2,495
1998:2				$2,072	$2,335
1998:3					$2,356
All Colorado Employees	$5,639	$5,457	$5,438	$5,592	$6,053

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Median earnings grew over time for all exit groups as individuals' cumulative labor market experience increased. This is a positive outcome that warrants continued monitoring. For example, between the first and fourth quarters of 1998, median earnings for employed recipients in the fourth quarter-1997 exit group grew by 25 percent or $560. Because UI wage data does not record hours worked, it is not possible to ascertain how much of this earnings growth was due to an increase in employees' wages and how much was due to an increase in hours worked. We would expect that increases in both hours and earnings are contributing to the rise in median earnings over time. At the current median earnings levels in Figure 2-7, however, a family of three would require two to three years of additional earnings growth in the range of 20 to 25 percent to exceed the federal poverty level (assuming no other major sources of income). Figure 2-8 shows the range of quarterly earnings for all employed former Colorado Works recipients. In all three quarters shown, the fourth quarter of 1997 and the first two quarters of 1998, more than one-third of former recipients earned $1,000 or less and more than half earned $2,000 or less. Between 6 percent and 7 percent earned more than $5,000 in any of the three quarters.

Figure 2-8

Quarterly Earnings Levels
All Employed Former Colorado Works Recipients

Earnings	Quarter of Earnings		
	1997:4	**1998:1**	**1998:2**
$100-$1,000	36.4%	35.4%	34.7%
$1,001-$2,000	23.3%	24.0%	23.2%
$2,001-$3,000	16.6%	17.1%	16.6%
$3,001-$4,000	11.1%	11.5%	11.8%
$4,001-$5,000	6.1%	6.1%	6.8%
Above $5,000	6.5%	5.9%	6.9%
Number of Employed Former Colorado Works Recipients	19,236	19,788	22,509

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

HOURLY WAGES OF EARLY LEAVERS VARY WIDELY

The hourly earnings reported by employed respondents in the survey of early Colorado Works leavers, shown in Figure 2-9, suggests that the group of early leavers from Colorado Works is meeting with a range of outcomes in the labor market.[7] About 18 percent of respondents were working for an hourly wage of $6.00 or less. In contrast, 22 percent of respondents were earning above $10 per hour. Other respondents' wages were evenly distributed across hourly wages between these two extremes. This pattern indicates that there is substantial diversity in earnings outcomes among former recipients. Any number of factors may be contributing to differences in earnings outcomes, including differences in education and training, in personal barriers to employment, in previous labor market experience, or in access to services while participating in Colorado Works or after leaving the program. We will systematically explore the importance of these factors for earnings outcomes in the coming year of the evaluation.

[7]Not all respondents reported an hourly wage. Where weekly, biweekly, or monthly earnings were reported, we used reported weekly hours to calculate the hourly wage.

Figure 2-9

Hourly Earnings
Survey of Colorado Works Early Leavers

Hourly Wage	Number	Percent
$5.15 or below	18	9.6%
$5.16 - $6.00	15	8.0%
$6.01 - $7.00	33	17.6%
$7.01 - $8.00	21	11.2%
$8.01 - $9.00	31	16.5%
$9.01 - $10.00	29	15.4%
$10.01 - $11.00	13	6.9%
Above $11.00	28	14.9%
Median Wage for All Respondents	$8.16	
Average Hourly Wage for Respondents Working Full-Time	$8.81	
Average Hourly Wage for Respondents	$7.86	
Total Respondents Reporting Wage Information	188	

Note: 11 respondents did not report wage information.

Source: BPA tabulations from the survey of Colorado Works early leavers.

Average hourly earnings for early leavers who work part-time were nearly a dollar below those who were working full-time. This indicates that many early leavers working part-time are in lower-paying jobs, and have lower skills or personal barriers that prevent them from finding and keeping higher-paying full-time jobs.

A MAJORITY OF FORMER COLORADO WORKS RECIPIENTS ARE EMPLOYED IN LOW-WAGE INDUSTRIES

Industry of employment is an important determinant of earnings and former Colorado Works recipients tend to be employed in industries with relatively low earnings. We analyzed Unemployment Insurance data to identify the industries in which former recipients were working and the median earnings of former recipients in those industries. In Figure 2-10, all former recipients employed in the fourth quarter of 1997 and first quarter of 1998 are grouped by industry, and median industry earnings for those former recipients are indicated.[8] In each quarter, most former recipients (almost 80 percent) are employed in either the service or retail trade sectors. Median earnings of former recipients in these two industries are also lower than earnings in almost all other industries, with the exception of the agriculture, forestry, and fisheries sector. A number of factors contribute to industry differences in median earnings. Jobs in the service and retail trade sectors are more likely to be part-time, have lower skill requirements, and offer lower starting pay. Figure 2-10 also reports industry employment for all Colorado workers. A comparison of the industries in which former Colorado Works recipients are employed with statewide employment by industry indicates that the jobs of former recipients tend to be more concentrated in services and retail trade relative to all jobs in the state. Former recipients are less represented in higher-paying industries such as manufacturing or construction. The challenge facing employed former Colorado Works recipients will be to increase their earnings either by climbing the career ladder within their industry or moving to a higher-paying industry as they acquire additional work experience and skills.

[8] For each quarter, the earnings of all former Colorado Works recipients are included. For example, median earnings in the second quarter of 1998 are based on the earnings of former recipients who exited Colorado Works in the third and fourth quarters of 1997, and the first quarter of 1998.

Figure 2-10

Classification of Jobs and Median Earnings by Major Industry for All Employed Former Colorado Works Recipients

Industry	Quarter of Earnings / Employment					
	1997:4			1998:1		
	Median Earnings	Percent Employed: Former Recipients	Percent Employed: All Colo. Employees	Median Earnings	Percent Employed: Former Recipients	Percent Employed: All Colo. Employees
Services	$2,156	45.5%	36.9%	$2,072	47.7%	37.5%
Retail Trade	$1,823	32.7%	24.7%	$1,684	30.4%	24.1%
Manufacturing	$3,059	7.8%	11.7%	$2,679	8.0%	11.6%
Finance, Insurance,	$3,147	4.1%	6.6%	$3,153	3.8%	6.5%
Transport, Communications, Utilities	$2,732	3.4%	6.6%	$2,994	3.7%	7.0%
Construction	$3,031	2.5%	7.0%	$2,484	2.5%	6.9%
Public Administration	$3,296	2.3%	4.3%	$3,186	2.5%	4.4%
Agriculture, Forestry, Fisheries	$2,280	1.5%	1.6%	$1,985	1.2%	1.3%
Mining	$5,637	0.1%	0.7%	$5,346	0.2%	0.8%

Note: For each quarter, the earnings of all employed former Colorado Works recipients are included. For example, median earnings in the 1998:1 quarter are based on the earnings of former recipients who exited Colorado Works in the third and fourth quarters of 1997.

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Former Recipients Take Two Paths in the Labor Market: Continuous Employment and Higher Earnings or Unstable Employment and Lower Earnings

Former Colorado Works recipients appear to follow two general paths in the labor market after leaving the program: (1) continuous employment and relatively high earnings; and (2) unstable employment and relatively low earnings. Although the earnings differences between these two groups are large, even many of those with stable employment have relatively low earnings. After a year of stable employment, about half of former Colorado Works recipients had earnings below the poverty threshold.

For three exit groups of former recipients for which we had at least three post-program quarters of UI earnings data, we compared the median quarterly earnings of individuals with and without continuous employment. For each exit group, continuous employment was defined as employment in all of the quarters observed after program exit. As reported in Figure 2-11, the difference in median quarterly earnings between those former recipients with and without continuous employment histories is large. For example, among former recipients in the fourth quarter-1997 exit group, median earnings for those with non-continuous employment in the first quarter after exit were $1,528 or 60 percent of the $2,567 in median earnings for those with continuous employment. By the fourth quarter after program exit, median earnings of those with unstable employment had dropped to 53 percent of the earnings of those with continuous employment. A similar pattern in wage disparity between those who are continuously employed and those who are not holds for the other two exit groups shown in Figure 2-11.

Figure 2-11

Quarterly Median Earnings by Continuity of Employment
Former Colorado Works Recipients

Quarter of Earnings	Quarter of Exit from Colorado Works					
	1997:3		1997:4		1998:1	
	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment
1997:4	$2,933	$1,782				
1998:1	$2,920	$1,585	$2,567	$1,528		
1998:2	$3,091	$1,501	$2,771	$1,339	$2,551	$1,377
1998:3	$3,333	$1,688	$2,977	$1,334	$2,786	$1,127
1998:4	$3,617	$2,010	$3,290	$1,759	$3,011	$1,509
Percent of Cohort	26.5%	45.7%	32.1%	39.2%	35.4%	32.6%

Notes: Continuity of employment is defined as follows:

1997:3 cohort: continuous employment–employed continuously for 5 quarters; non-continuous employment–employed for 1 to 4 quarters.

1997:4 cohort: continuous employment–employed continuously for 4 quarters; non-continuous employment–employed for 1 to 3 quarters.

1998:1 cohort: continuous employment–employed continuously for 3 quarters; non-continuous employment–employed for 1 or 2 quarters.

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Earnings differences between those with continuous and unstable employment appear in the first quarter after program exit, before the actual pattern of employment continuity has developed. We will examine the determinants of earnings and employment continuity in subsequent reports. In particular, we will analyze the effect on earnings and employment of personal characteristics, such as education, work experience, or personal barriers, and other factors, such as access to reliable child care and transportation, occupation, industry, location, and local economic conditions.

Former Colorado Works recipients with continuous employment would appear to have the best prospects for moving toward self-sufficiency in the near term. We compared the earnings of former Colorado Works recipients who were continuously employed to federal poverty thresholds. Federal poverty thresholds are based on earnings, child support payments and other types of income before taxes and exclude capital gains and noncash benefits such as public housing, Medicaid, and food stamps. Families with income below the threshold are considered poor. In Figure 2-12, we report the proportions of those with earnings above and below the poverty threshold for former recipients in the third and fourth quarter-1997 and first quarter-1998 exit groups. For each individual, we compared actual earnings with the poverty threshold for that individual's family size.[9] After five quarters of continuous employment, 46 percent of recipients in the third quarter-1997 exit group still had quarterly earnings below the poverty level. At the same time, with increasing time spent in the labor market, more members of each exit group achieved earnings which placed them above the poverty threshold. For example, only 30 percent of recipients in the fourth quarter-1997 exit group had earnings above the poverty threshold in the first quarter of 1998, their first quarter after exit from Colorado Works. By the fourth quarter of 1998, 46 percent had reached or exceeded poverty threshold earnings. A similar pattern holds for members of the other two exit groups shown in Figure 2-12. After a year of stable employment, about half of former Colorado Works recipients had earnings below the poverty threshold. For most recipients, self-sufficiency will be a long-term project. As a result, many recipients will continue to benefit from public services and private (e.g. family) support for a significant period of time.

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[9]Poverty thresholds vary by number of adults and related children in the family. For two-adult households, we used the two-adult income threshold but did not attempt to aggregate actual earnings across working adults in the same household.

Figure 2-12

Relation of Colorado Works Recipients' Earnings to the Federal Poverty Level
Adults with Continuous Employment

Quarter of Earnings	Quarter of Exit from Colorado Works					
	1997:3		1997:4		1998:1	
	Earnings Below Poverty Level	Earnings At or Above Poverty Level	Earnings Below Poverty Level	Earnings At or Above Poverty Level	Earnings Below Poverty Level	Earnings At or Above Poverty Level
1997:4	58.5%	41.5%				
1998:1	60.0%	40.0%	70.1%	29.9%		
1998:2	56.2%	43.8%	64.4%	35.6%	69.7%	30.3%
1998:3	51.6%	48.4%	59.7%	40.3%	64.2%	35.8%
1998:4	45.8%	54.2%	53.8%	46.2%	58.9%	41.1%

Notes: Continuous employment is defined as employment in all quarters observed after exit from Colorado Works. Length of employment is 5 quarters for the 1997:3 cohort; 4 quarters for 1997:4 cohort; and 3 quarters for the 1998:1 cohort.

Data were missing for 77 individuals in the 1997:3 cohort; 81 individuals in the 1997:4 cohort; and 93 individuals in the 1998:1 cohort. For these individuals we could not identify household size.

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

A Majority of Early Colorado Works Leavers Have Household Income Below the Federal Poverty Level

Administrative data on earnings does not necessarily provide a complete account of all income in a former recipient's household, particularly if other family members also work or a single head of household receives child support payments. In the survey of early Colorado Works leavers (people who left within the first three months), respondents were asked to provide total household income, in addition to earnings. A majority of former leavers reported household incomes that were below the poverty level. As of mid-1999, or seven quarters after leaving the program, 53 percent of early leavers reported annual family incomes below the federal poverty level for their family size at the time they were surveyed.[10] A quarter of respondents reported incomes below 50 percent of the poverty level ($6,567 per year for a family of three), indicating severe financial hardship among this group. In contrast, another 12 percent reported incomes above 200 percent of the poverty line ($26,266 for a family of three), at which level families would lose eligibility for all public assistance programs. The poverty rate did not vary significantly between families in which the respondent was single (56 percent) compared to those in which she was married or living with her partner (50 percent).

EARNED INCOME TAX CREDIT IS WIDELY USED

The prevalence of below-poverty-level incomes among early Colorado Works leavers who have been off assistance for close to two years indicates the important role that the federal Earned Income Tax Credit (EITC) can play in boosting incomes. The EITC provides a refundable tax credit to eligible individuals with earnings who file an IRS 1040 form and claim the credit. Individuals who are not required to file tax forms and choose not to do so would not receive the EITC supplement. At its maximum level, the EITC provides taxpayers with $3,756 to offset any taxes owed, a substantial amount for families whose earnings are at or near the poverty line. Counties appear to be doing a very good job of informing recipients about the EITC, based on responses from the survey of early Colorado Works leavers. Seventy-seven percent of early Colorado Works leavers indicated they had heard of the EITC. Of those who were working at the time of the survey, 82 percent reported claiming the EITC on their last federal income tax return.

This filing rate compares favorably with that reported by other states. In Massachusetts, a survey of TANF leavers between January and June of 1997 found that 45 percent of those currently working had claimed the EITC. Washington state reported that about 40 percent of surveyed former recipients in two TANF exit groups in 1997 and 1998 had reported filing for

[10] Annual income includes both earned and unearned income (such as child support and public assistance) for all family members in the household.

Figure 2-13

Earned Income Tax Credit and Earnings
Single Parent and Two Children

Income Source	Full-Time at $5.15/hour	Full-Time at $7.50/hour	Full-Time at $10.00/hour
Earnings	$10,300	$15,000	$20,000
EITC	$3,756	$3,174	$2,121
Total Income (earnings plus EITC)	$14,056	$18,174	$22,121
Percent Increase in Total Income due to EITC	36.5%	21.2%	10.6%

Source: BPA tabulations using information from the IRS 1040 form and instructions.

the EITC in 1997.[11] It is unclear why Colorado Works leavers appear to be claiming the EITC at a much higher rate than former TANF recipients in other states. Although the 82 percent EITC filing rate for early Colorado Works leavers is higher than rates reported by these other states, it will continue to be important for the State to emphasize the benefits of EITC to individuals exiting Colorado Works. As indicated by Figure 2-13, for individuals working full-time at a wage of $10 or less, the EITC can increase income by as much as 36 percent.

AN INCREASED EMPHASIS ON TRANSITIONAL SERVICES IS WARRANTED

Evidence presented in this chapter indicates that many recipients who leave Colorado Works are experiencing difficulty moving towards self-sufficiency. Many former recipients (30 to 40 percent) have unstable employment patterns and even many who are employed continuously have difficulty achieving earnings above the poverty line. However, the Colorado Works program is not currently delivering transitional services, such as job skills training or family counseling services, to former recipients in any significant quantity. Several counties are using their county

[11]Washington asked all recipients about EITC filing, regardless of whether they were currently working. Accordingly their reported filing rate is not strictly comparable to that of Colorado or Massachusetts.

diversion funds to deliver assistance to recipients after they have left Colorado Works. However, this assistance has been mainly limited to cash incentive payments. There has not been significant use of county diversion to deliver transitional services.

Colorado statutes (Section 26-2-707 (2), C.R.S) provide counties with broad authority to use county diversion to deliver services to individuals with incomes that are too high to qualify for basic cash assistance, including people who leave Colorado Works for employment. County diversion need not be limited to lump sum cash payments designed to “divert” individuals applying for basic cash assistance several months hence but can also be used to provide appropriate transitional services to recipients leaving Colorado Works. Additional emphasis on the flexibility of county diversion could be communicated to case workers by modifying administrative data systems to include a subcode for county diversion payments, which would more accurately describe the type of service or other assistance being provided.

RECOMMENDATION 2:

The Department of Human Services should continue to provide technical assistance and training to counties on the use of county diversion for offering transitional services to recipients as they exit from basic cash assistance. The Department should develop distinct codes in the Colorado Benefits Management System (CBMS) to allow tracking of the types of payments and services provided under county diversion.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department has an integrated approach to quality assurance (QA) for the Colorado Works program which includes both monitoring, technical assistance (TA) and training. The Department views technical assistance and training as an essential component of quality assurance and will continue to target some of its current technical assistance and training efforts with counties on county diversion through such methods as newsletters, tele-conferences, one-on-one telephone consultations, annual training conferences and training on specific issues.

The Department will also develop and include distinct codes in the Colorado Benefits Management System (CBMS) and/or the Children, Youth and Families System (CYF) to allow tracking of the types of payments and services provided under county diversion.

BPA has indicated in their report that they will be looking at other state models and experiences in implementing TANF across the nation. We request that BPA share information on best practices with the Department on an ongoing basis.

CASE CLOSURE FOLLOW UP AND DATA COLLECTION SHOULD BE IMPROVED

Given that a primary goal of Colorado Works is to provide recipients with the means to achieve long-term self-sufficiency, the point at which a case closes is an important milestone for both the recipient and her case worker. Because of the flexibility under TANF and Colorado Works to deliver post-program transition services, case closure should be an opportunity to assess if adequate supports are in place to assist the recipient in the next phase of moving toward self-sufficiency. Accurate information on why a case closes can also allow state and county policy makers to assess the likelihood that former recipients will return to Colorado Works in the future and provides an initial measure of program success. Two complementary program initiatives are suggested to improve the case closure process: (1) better administrative data collection on closed cases, and (2) more formal procedures to ensure caseworker and recipient contact at the point of case closure, such as an exit interview.

Currently case closure data available from the COIN administrative system is not very useful for program analysis. In a given month, over 40 percent of cases close because a recipient has not provided required information (usually a Monthly Status Report (MSR)) to her caseworker. Although some of these cases will subsequently reopen once the MSR is filed, for cases that remain closed the underlying reason for case closure is not available. These cases, which are recorded as closing for administrative reasons (failure to provide information), may have actually closed because recipients found employment or increased their earnings, moved out of state, or even decided to leave the program voluntarily. To illustrate this point, we examined COIN case closure data from June 1999 to calculate the percent of recipients that left Colorado Works for employment. We assumed that cases that were coded in COIN as closing due to an increase in earnings or household income indicated that the recipient left Colorado Works because of employment. The COIN case closure data for June 1999 indicated that 26 percent of cases closed due to employment. In contrast, the survey of early Colorado Works leavers found that 52 percent left Colorado Works for employment (see Figure 2-14). Similarly, our analysis of Unemployment Insurance data concluded that about 50 percent of people who exit Colorado Works at any point in time are employed in the quarter after exit. These percentages are almost twice as high as those reported in administrative case closure data.

Figure 2-14

Reasons for Welfare Exit
Survey of Colorado Works Early Leavers

Primary Reason for Leaving Welfare	Number	Percent
Started working, worked more hours, earnings increased	158	52.1%
Did not comply with program rules	44	14.5%
Change in household composition	24	7.9%
Benefits were too low, didn't like requirements, ashamed to be on welfare	28	9.2%
Received income from child support, SSI, or other program	19	6.3%
Moved to another county or state	15	5.0%
Youngest child turned 18, or child no longer lives with respondent	8	2.6%
Other family member got a job	7	2.3%
Number of respondents	306	

Note: Data are missing for 3 respondents.

Source: BPA tabulations from the survey of Colorado Works early leavers.

As currently organized, case closure codes in COIN are numerous (there are more than 50 different case closure codes) and often overlap in definition, permitting inconsistent use of codes by county staff. If closure codes were streamlined and updated, they would better capture the reasons for case closure under Colorado Works, providing more useful information to program administrators.

Case worker contact with recipients at the time of case closure would also allow improved information to be collected on actual reasons for case closure. However, this contact is also important as a mechanism to increase the likelihood that Colorado Works recipients are informed about and take advantage of various transition and other support services for which they may be eligible. A recipient exit interview conducted by the case worker could ensure that the recipient knew about available transitional services, such as Medicaid, food stamps, child care subsidies, and post-employment services. The case worker could also inform former recipients of the conditions under which they would continue to be eligible for Colorado Works assistance. Because some recipients leave the program without notifying their case worker they are leaving, an effective exit interview strategy might require follow-up phone call interviews of such recipients by case workers. This is not currently required by program regulations.

One county we visited is, in fact, developing a comprehensive approach to follow-up of closed cases. A designated team of case workers reviews files of closed cases to confirm that the case was not closed in error and to inform case members of any continued eligibility for food stamps and Medicaid. The county also plans to begin to conduct exit interviews of recipients in closed cases. Given the lack of employment continuity among former recipients and the prevalence of earnings below the poverty level, as discussed in this chapter, other counties may want to consider a similar approach to closed cases management.

RECOMMENDATION 3:

The Department of Human Services should work with counties to increase the likelihood that former Colorado Works recipients are informed about appropriate transitional services through improved case closure procedures and increased follow up with recipients when their basic cash assistance ends. Specifically, the Department should: (1) Improve the accuracy of case closure data by streamlining and updating case closure codes to be used in CBMS and ensuring that codes are categorically distinct, and (2) Continue to develop and make available to counties strategies for case workers to follow-up with recipients at case closure, including providing information to recipients about transitional services and identifying reasons for case closure.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. In keeping with the integrated QA approach described in our response to recommendation #2, the Department will continue to provide counties with strategies to improve case closure and follow up procedures through such methods as targeted technical assistance and training, newsletters, tele-conferences, one on one telephone consultations, and annual training conferences. The caseworkers can use these strategies to assist Colorado Works recipients in their successful transition to employment through appropriate case closure procedures and increased follow up with recipients during and after case closures. In a devolved TANF model, the ultimate application of relevant and appropriate practices rests with the counties.

The Department will design updated specific case closure codes in CBMS.

3. EMPLOYMENT PREPARATION SERVICES

INTRODUCTION

The main goal of Colorado Works is to assist recipients to attain self-sufficiency through employment. As such, program services are focused on helping recipients seek and retain paid employment. Senate Bill 97-120 devolved responsibility for program design and operation from the state to the county level, with the intention of allowing counties to serve their specific Colorado Works populations with the most appropriate services. As a result, the types of services available and the method of service delivery vary substantially across counties. This variation illustrates how counties have adapted programs to local conditions in meeting the specific needs of their low-income families.

This chapter provides a baseline assessment of the employment preparation services developed by the 15 counties included in the evaluation's field study.[1] The findings reported in this chapter are largely based on data gathered from in-person site visits to a stratified random sample of 15 Colorado counties that occurred between February and August, 1999.[2] During these visits, staff from Berkeley Planning Associates and the University of Denver Graduate School of Social Work conducted interviews and focus groups, reviewed case files, and observed program activities, such as intake and assessment. The data collected are rich in detail; however, the constraints of conducting in-person research limit our ability to make broad generalizations about county programs based on our initial round of site visits. In addition, information collected through interviews and focus groups is necessarily more subjective than quantitative data from administrative databases or a questionnaire. Although the 15 counties we visited could not possibly incorporate the full variation in program practices across the 63 county Colorado Works programs, they did represent a wide range of policies and practices.

[1]Throughout this chapter, when we refer to a number of counties we are specifically referencing the 15 counties we visited.

[2]Please refer to Appendix D for detailed information on the field study.

As is true of TANF in many states, the Colorado Works program is continually evolving. The information presented in this chapter provides a baseline perspective at one point in time on program operations about two years after initial program implementation. We expect that many counties have continued to change and improve their Colorado Works programs in the time since the data were collected. In the subsequent years of the evaluation, we will continue to examine county practices and track changes made to county policies and operations.

In this chapter we synthesize and analyze this information from the 15 site visit counties to identify innovations in program operations, as well as areas that require additional attention. Overall, we find examples of positive county practices that are likely to assist recipients in their move toward self-sufficiency as well as county practices that indicate a need for improvement and monitoring. Below we highlight these findings and offer recommendations to address deficits in service provision, as appropriate.

THE TRANSITION FROM AFDC TO TANF

The replacement of the Aid to Families with Dependent Children (AFDC) program by the Temporary Assistance to Needy Families (TANF) program prompted a transition in the culture of providing cash assistance in Colorado. First, because cash assistance is no longer an entitlement program, but rather time-limited and conditional, Colorado Works recipients are required to actively participate in programmatic activities intended to move them from welfare dependency to economic self-sufficiency. Due to the 60-month lifetime assistance limit, Colorado Works is a program that is available for emergency or transitional support instead of ongoing aid. Moreover, because recipients are required to be engaged in a federal- or county-allowed work activity when determined job-ready or within 24 months of entering the program, case workers[3] and recipients are under pressure to address recipients' employment barriers

[3]The term case worker is adopted in this chapter in place of the many different job titles that are used to identify the staff persons who are responsible for the intake, assessment, and ongoing case management of Colorado Works recipients.

immediately.[4] Finally, policies authorize county staff to penalize Colorado Works recipients for failure to meet programmatic requirements. The authority to sanction (decrease or eliminate monthly cash payments) has the potential to increase case worker effectiveness and client responsibility. All three of these policies have increased the responsibilities of both the Colorado Works recipient as well as the case worker in working toward a common goal of self-sufficiency.

COUNTIES HAVE APPROACHED COLORADO WORKS WITH INNOVATIVE PRACTICES

In visits to 15 counties, we observed a number of innovative approaches used to help prepare or support Colorado Works recipients in the labor force. Below we highlight a number of areas in which counties have created a more streamlined or effective service provision process. Specific areas we discuss are: case worker specialization, transportation services, family support services, cash incentives for employment, new services to assist recipients obtain employment, and collaboratives with community service providers.

CASE WORKER ROLES IN COUNTIES VISITED HAVE BEEN SPECIALIZED ACCORDING TO FUNCTION AND RECIPIENT CHARACTERISTICS

Under the former AFDC program, the case worker's job was to determine eligibility for basic cash assistance according to a set formula. With the transition to Colorado Works, the case worker has become an essential conduit of information and services between the county and Colorado Works recipients. Under Colorado Works, the case worker must have new knowledge and different skills than were demanded under AFDC. For instance, she must assess recipient needs, develop plans to move recipients into employment, and monitor recipient compliance with these plans. Consequently, the case worker should be familiar with other federal, state, and county government-funded programs (such as Supplemental Security Income, health and mental health services, and substance abuse treatment services), and with local community services available to support recipient progress toward employment. All of

[4]Federal policy has identified 12 work-related activities that are considered to be countable in calculating states' work participation rates. Counties can add additional activities to these which allow recipients to meet the 24-month time limit.

these program components necessitate that case workers meet often with recipients to develop plans for employment and monitor their progress. Furthermore, the flexibility in county options for assistance (including diversion and other assistance payments) have substantially increased case worker discretion to determine appropriate allocation of these resources.

Counties managed the increased demands on the case worker role in three main ways. First, 13 of the 15 counties we visited had their case workers specialize in different tasks. In these counties, the eligibility determination and ongoing case management functions were separated, which facilitated case worker proficiency in a specialized area of program operation.

Counties have also contracted for ongoing case management services with outside agencies—typically a non-county service provider or another county department. Eight counties that we visited contracted for case management services in this way. Presumably such contractors were able to deliver specialized case management services to these counties more efficiently than would have been possible with county staff. We do not have sufficient information to evaluate the performance of these outside contractors, and will continue to examine this issue in subsequent evaluation reports.

Four counties have further specialized case workers' roles on the basis of recipients' characteristics. In these counties, cases were assigned to case workers based on the severity of recipients' employment barriers. For instance, recipients who were determined to be work ready were assigned to different case workers than those who required training, lacked a high school diploma, or had personal barriers to employment such as physical or mental health problems.

COUNTIES HAVE IMPLEMENTED NEW PROGRAMS TO ADDRESS TRANSPORTATION BARRIERS

Lack of adequate transportation was identified by case workers, service providers, and Colorado Works recipients as a key barrier to employment. In cities that have public transportation systems in place, it is often difficult for recipients to rely on public transit to transport their children to and from child care, commute to their place of employment, bring children to doctor's appointments, and complete other necessary daily activities (such as trips to the grocery store) in a reasonable amount of time. In areas without public transportation, access to a car is a necessity.

Under Colorado Works, counties have increased flexibility to provide transportation assistance, and counties have responded in a number of ways. Vouchers for gasoline were offered to recipients who had cars and were participating in work activities. Compensation for gasoline ranged from $5 per week in one county to $60 per month in another. Bus passes were issued to recipients in eight counties, and three counties contracted with community providers to offer van services to transport recipients as needed.

Two counties have developed programs that lead to automobile ownership. In one county, used automobiles were purchased, repaired, and loaned to recipients. The county holds title to the automobile and following six months of continuous employment, the recipient may be given the auto or may take over the payments. In another county, automobiles were donated by private citizens and automobile dealerships to a community organization and were then given to Colorado Works recipients on the basis of good program performance and severity of need. The county uses Colorado Works funds to pay for up to three months of automobile insurance and license fees, plus repair costs. This program receives an average of three to four automobiles per month.

These transportation programs indicate that counties recognize that purchasing a reliable vehicle is difficult while on cash assistance and that the long-term solution to recipients' transportation problems is car ownership. Data from our survey of Colorado Works early leavers (those who exited the program between July and September 1997 and had not returned as of December 1998) support this finding as well. Among those who reported working at the time of the survey, 71 percent used their own car as their means of transportation. Substantially fewer (28 percent) reported using public transportation.

COUNTIES ARE PROVIDING MORE FAMILY SUPPORT SERVICES

All Colorado Works recipients have children or are pregnant; therefore, addressing family needs is important when working with the adult recipient. A mother cannot focus on finding a job if her teenager is delinquent, her toddler is in unsafe day care, or a child with a disability has unmet needs.

To support parents' progress toward self-sufficiency, several counties have developed services focused on the entire family unit, including home visiting, parenting education, modeling parenting skills, opportunities for recreation, and counseling. For instance, one county was working very closely with its child welfare division to prevent problems that could cause children to be at risk for out-of-home placement. These child welfare services were also extended to grandparents and other guardians in child-only cases. Another county relied heavily on a special unit for assistance to its highest risk families. Three other counties were working with children to prevent inter-generational welfare usage. These programs focused on drop-out prevention, incentives for high school graduation, and programs for youth. We will continue to track these programs in the future to examine their influence on employment and return to the program.

COUNTIES ARE PROVIDING CASH INCENTIVES FOR CONTINUOUS EMPLOYMENT

Once employed, it is crucial that Colorado Works recipients retain employment or obtain progressively higher paying jobs in order to attain self-sufficiency. To accomplish this goal, five of the 15 site visit counties offered cash incentive payments to former recipients to reward continuous employment. The incentive amounts varied by county, but the programs were similar and the incentives did not count against an individual's lifetime limit for assistance. For example, one county paid recipients an extra $100 for starting full-time employment, $200 for three months of continuous employment, and $400 for six months of continuous employment. Another county paid a $500 bonus for six months of continuous employment after Colorado Works eligibility ended.

COUNTIES HAVE CREATED NEW SERVICES TO ADDRESS RECIPIENTS' EMPLOYMENT BARRIERS

Many counties have created new service programs funded by TANF funds, either in local Department of Social Services (DSS) offices or community-based organizations, to offer services aimed at assisting recipients to address their employment barriers. For instance, 12 of the 15 counties we visited offered job readiness classes to Colorado Works recipients. Because many Colorado Works recipients have limited work experience and history, counties have created classes designed to develop the skills necessary to obtain and keep a job in today's workplace. The goal of this type of training is to try to change recipients' personal perceptions, attitudes towards work, and behavior. One county offered this training in-house, and 11 contracted with outside providers, which in some cases was another county department. Two counties used a variety of contractors to provide different modules of the course. The classes ranged in length from as little as 16 hours (four hours per day for four days) to six weeks. Typically, classes covered a variety of soft skills such as increasing assertiveness, reducing stress, building parenting skills, improving self-esteem and motivation, and improving communication skills and work habits. Additionally, more concrete skills, such as developing a resume, completing applications, budgeting, nutrition, choosing a child care provider, banking, and identifying career goals, were also covered. Often courses included presentations by local employers and allowed time for interviewing with the visiting employers. Courses were typically structured to simulate a job, so that recipients could become accustomed to dressing appropriately, being on time, calling in absences, and other workplace skills. According to staff at one county, job readiness training has improved the placement and retention of its recipients.

Some counties are establishing new mentoring programs for recipients. Of 15 counties visited, six established mentoring programs to help young mothers who might benefit from the role modeling of another mother or from the assistance or companionship of someone who is willing to share experiences and community connections. Often these programs were established in partnership with faith-based organizations, with much of the mentoring being done on a volunteer basis, so that the only funding needed was for the administration of the program.

Local Service Providers Have Not Been Overwhelmed by Demand as a Result of Colorado Works

During the planning stages of Colorado Works, there was concern among policy makers and local service providers that community organizations would experience a substantial new demand for their services as a result of Colorado Works, either from current recipients who needed assistance addressing employment barriers, or from former recipients who were unable to achieve self-sufficiency. Interviews with various service providers in each of the 15 counties visited indicated that in general, Colorado Works has not negatively affected their ability to meet community demands for their services. They reported two main reasons for this. First, the level of funding available under TANF has allowed counties to allocate funds to provide services needed by Colorado Works recipients, rather than to shift these costs to existing service systems without reimbursement. Second, the strong economy, which was an underlying cause for the drop in the Colorado Works caseload, appears to have led to decreased demand for services among former recipients.

Service providers in four counties, including mental health, employment and training, and agencies that provided gas and utility assistance, indicated that they have seen an increase in demand for their services as a result of Colorado Works implementation. This increased demand was perceived as a positive indication that the needs of welfare recipients were being identified and addressed.

County Offices Have Stimulated Increased Collaboration with Local Service Providers Regarding Domestic Violence

Two of the 15 counties we visited have augmented their domestic violence screening and counseling process by funding a staff person from a community service provider to be stationed at their county Department of Social Services (DSS) office. Consequently, county staff reported that utilization of domestic violence services increased because Colorado Works recipients had access to the counselor without needing extra transportation or child care to travel to another office. Domestic violence counselors reported that direct involvement of DSS staff led to increased identification of domestic violence as a major employment barrier for some women.

County Offices Have Stimulated Increased Community Collaboration in Meeting Colorado Works Recipients' Needs

Interviews with case workers, county administrators, and local service providers indicated that in counties where DSS staff and support service providers approached the Colorado Works Program as a community endeavor, rather than a sole effort by DSS, there has been active cooperation to build social capital within the community. One county in particular has engaged a variety of service providers (including domestic violence, child care, housing, substance abuse, and education and training) in its planning process to facilitate the provision of services to recipients as a community endeavor. Counties have also collaborated with community agencies to provide services, including domestic violence, vocational counseling, self-sufficiency workshops, job placement and mentoring. In some counties, Colorado Works is perceived to have been a stimulus for better cooperation and understanding between DSS and non-profit service agencies.

Some Aspects of Case Management and Service Delivery Require Improvement

As was described above, we noted many promising county practices during our on-site interviews and focus groups in 15 counties. Also discussed at that time were areas in which state or county agencies could improve or streamline service provision. Below we highlight key areas for improvement that were identified in multiple counties.

Some Case Workers Lacked Sufficient Training for their New Roles

Case workers in most of the 15 site visit counties reported being ill-prepared to meet the demands of their new roles. Many of these individuals were former AFDC eligibility technicians who were rewarded for accuracy in determining eligibility and had few, if any, case management responsibilities. Program administrators and some senior case workers reported that the new responsibilities of case workers in Colorado Works required personnel trained in different skills than existing staff possessed.

Statutes (Section 26-2-712 (7), C.R.S) require that the Department of Human Services (the Department) provide training for case workers in the following areas: (1) identifying goals and time frames for achieving self-sufficiency, (2) obtaining supportive services, (3) using families' existing strengths, (4) providing ongoing support and assistance, and (5) monitoring families' progress in attaining self-sufficiency. The Colorado Department of Human Services has approached this required training in five main ways. First, the Department contracted with the University of Colorado at Denver to provide "culture change" training that focused on preparing county staff to better accept the new challenges that welfare reform presented. Second, the Department provided training to county staff on Colorado Works related topics, including basic information on Colorado Works policies, data systems, assessment and IRC planning, and other procedural issues. Third, the Department provides training on a wide range of topics each year at its annual case worker conference, the most recent of which took place in Vail in May of 1999. Beyond this, the Department has contracted with outside trainers to provide other sorts of training, including job search, assessment and IRC development, case management, and substance abuse issues. Fourth, the Department provides training to case workers and supervisory staff through monthly teleconferences on a variety of topics. These generally focus on timely issues, the most recent of which explored how to use TANF funds to provide services to low-income families that are not eligible for Colorado Works. Case worker participation in these teleconferences varies, although the Department circulates information to all counties about the topic and time for each. Finally, Department staff will be monitoring training needs on the county level in its newly initiated monitoring efforts. Beginning in the Spring of 1999, the Department undertook an in-depth monitoring effort that entails in-person visits to counties, starting with the 10 largest ones. To date, one county has been visited. During these visits Department staff: assure county compliance with Colorado Works Plan, assure compliance with state and federal regulations and policies, perform data validation activities for automated systems, identify best practices to share with other counties and states, and assess program operations and recommend improvements.

Despite these training efforts, county administrators and case workers in 14 of the 15 counties visited reported that case workers were not fully prepared for their job requirements. According to these respondents, state-provided training tended to focus on policies and procedures rather than skill development. County staff expressed interest in practical training that emphasized useful tools that can be adapted locally. For instance, county staff felt more training was needed in the following areas: basic interviewing skills, needs assessment techniques (such as assessing domestic violence, substance abuse and mental health problems), case management strategies (such as how to communicate with recipients on an ongoing basis and how to motivate them to engage in activities), and developing IRCs (such as developing measurable goals, designing activities to meet these goals, and setting appropriate timelines for review).

In addition to the training subject matter, county staff reported concerns related to training locations. Administrators from seven of the 15 counties commented that statewide training is difficult for their staff to attend because it is typically held in distant locations.[5] For small counties that have fewer staff members, administrators reported a need for flexibility in sending people to training sessions on different dates in order to keep their offices functioning. These small and rural counties preferred that the Department provide training to their staff on site. Providing such training on a county by county basis would no doubt be more costly and time intensive for the Department than offering training at one central location.

Counties have the flexibility to offer training to their staff using funds from their TANF block grants. Nine of the counties we visited have provided case worker training, often in conjunction with their local community colleges and other service providers. They have arranged workshops on topics such as assessment, child care, mental health, substance abuse, domestic violence, conflict resolution, various approaches to case management, and career and relationship development. At least three counties provided training through on-site, contracted professionals who provided consultation to case workers in addition to direct services to clients.

[5]For statewide training, counties are responsible for only the cost of travel. The Department provides for all other costs.

One county has responded to training deficits by raising its minimum experience requirements for new case workers from two years to three years; a college degree could be used in lieu of this higher level of experience. However, it is difficult for counties with low case worker turnover to rely on this approach for upgrading the skills of their case worker staff.

As a result of gaps in training, case workers may not be providing assistance to Colorado Works recipients at the level necessary for program success. For instance, service providers reported that case workers were not adequately identifying recipients' barriers to employment. Without referrals to appropriate services, Colorado Works recipients who face barriers to employment may be less likely to obtain and retain jobs. In addition, staff turnover creates a need for ongoing training on all aspects of Colorado Works. It is therefore important for the Department to continue to provide training to county staff on a variety of topics in order to ensure new staff are appropriately trained and existing staff are best equipped to assist recipients. Specific areas to be targeted for ongoing training are identified in recommendations presented later in this chapter.

APPROPRIATE CASE WORKER TO CLIENT RATIOS SHOULD BE BASED ON FACTORS IN ADDITION TO OVERALL COUNTY CASELOAD SIZE

Changes in program scope and purpose accompanying the implementation of Colorado works have created new responsibilities for case workers. It would be inappropriate to assume that case worker staffing should be reduced commensurately with the caseload decline that has occurred in the first 24 months of Colorado Works. As described earlier, responsibilities of many Colorado Works case workers have expanded considerably in comparison to their roles under AFDC. Case workers with new case management responsibilities must dedicate more time to individual families than was required previously.

Even with reduced overall caseloads, county administrators and case workers indicated that case workers who were responsible for large numbers of recipients had less time to spend with each individual, and therefore provided less intensive services to them. Recipients in counties with higher client to case worker ratios reported that their case workers were more difficult to contact, making it harder for these recipients to follow through on their Individual

Responsibility Contract (IRC). Community service providers in these counties echoed this concern, indicating that case workers with high caseloads were more likely to provide poor needs assessment, service referral, and ongoing case management services.

Case worker to client ratios varied tremendously by county, depending on whether case workers were in specialized roles and what these roles entailed.[6] Case workers who were exclusively responsible for intake and eligibility determination (who usually see the client only periodically to update eligibility) generally had larger caseloads than those who were responsible for ongoing case management. For example, two larger counties with specialized case worker roles had intake and eligibility technicians handling between 200 and 300 recipients each. In contrast, case workers providing case management in these counties worked with 60 to 70 recipients each. In counties with non-specialized case worker roles (which also tended to be smaller or medium-sized counties) case workers had total caseloads of about 60 to 70 recipients each. These caseload figures include only continuing cash assistance recipients. Diverted recipients, with whom case workers might spend substantial amounts of time, are not included in these counts.

It is unrealistic to expect all counties to adopt a uniform standard for case worker to client ratios, given the range of roles ascribed to case workers in various counties. Furthermore, no national standard for caseload size exists for the TANF program. Case worker to client ratios should be developed on a county by county basis, with input from county staff as to the appropriate level. The following factors will influence appropriate case worker to client ratios:

- Number of programs that a case worker is responsible for (e.g., Colorado Works only versus Food Stamps, Medicaid, LEAP);
- Range of responsibilities (e.g., eligibility or ongoing case management or both);

[6] Information on the number of case workers employed for Colorado Works statewide is unavailable. The Department of Human Services maintains information on the number of full-time equivalents for all technicians, but this includes those working with food stamps and Medicaid in addition to Colorado Works.

- Characteristics of the recipients served (e.g., whether they are job-ready, the extent of personal barriers to be addressed, whether they have concurrent child welfare cases, how close they are to the time limits); and
- Extent to which some functions (e.g., assessment) have been contracted out.

We will continue to track case worker to client ratios in subsequent evaluation reports and identify changes in this area.

RECIPIENTS' UNDERSTANDING OF PROGRAM RULES CAN BE IMPROVED

Colorado Works rules and policies were communicated to recipients in all counties verbally and through written materials during the application process. Of the 15 site visit counties, 11 relied on one-on-one meetings with case workers to provide this information, and the remaining four counties communicated program information through mandatory group orientation sessions. Despite these efforts, focus group recipients in various counties tended to be confused about many of the features of the program. In particular, recipients were confused about the time limits, especially the 24-month work participation rule, which recipients did not understand as something that applied to each recipient individually.[7] Some recipients were fearful of losing eligibility for basic cash assistance, and were not clear how income from employment would affect their benefits and eligibility for other programs such as child care subsidies and Medicaid. Some recipients thought that their time on Colorado Works would count against their children's future eligibility. If recipients do not fully understand the rules, they will be unable to make informed decisions about duration of program use (time limits) and priorities for their IRCs.

Some counties have developed additional procedures to aid recipients in understanding program rules. The best explanations of program requirements we observed included those that

[7]Many of the site visits took place before July 1999, when the 24-month limit would apply to those who had been on the program continuously since its inception. Recipients reported being told "July is coming and you have to get a job," whether or not they were new to the program, and similar statements were observed by site visitors in orientation sessions.

were clear and comprehensive, and presented material in a simple, straightforward way. For example, presentations that did not include jargon or abbreviations (such as IRC or CCCAP) were easier for recipients to follow. Furthermore, those that included an easy to read handout or brochure were generally clearer. One county formally checked applicants' understanding of Colorado Works by having applicants complete a post-test following their orientation. County staff could then attempt to correct any misinformation.

In addition, counties have put in place numerous practices to ensure that their monolingual Spanish-speaking recipients are provided with information they can understand. For instance, in at least two counties visited, monolingual Spanish-speaking applicants were assisted by specific Spanish-speaking case workers and at least three large counties made use of professional interpretation services. Seven counties had either the application form, brochures, or both, available in English and Spanish.

These practices highlight ways that counties can assist recipients to understand the material that is presented to them. Most counties we visited had developed both verbal and written presentation materials regarding Colorado Works policies that are being used to inform applicants of the program components. Despite these efforts, our observations and focus groups indicated that some Colorado Works recipients had misunderstood the program rules. Such misunderstanding could affect individuals' abilities to meet the program requirements. In subsequent reports we will continue to track these practices.

RECOMMENDATION 4:

The Department of Human Services should work with counties to develop strategies to assist recipients in understanding Colorado Works rules. Strategies could include: (1) training case workers to use written check lists or verbal confirmations to test recipients' understanding of the program after orientation, and (2) working with counties that contract with outside agencies for case management to provide appropriate training to these agencies.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department will continue to develop strategies for counties to assist recipients in understanding Colorado Works rules through such methods as technical assistance, newsletters, tele-conferences, one-on-one telephone consultations, annual training conferences and training on specific issues. We will encourage counties to provide appropriate case management training to their contractor staff.

EFFECTIVENESS OF ASSESSMENT PRACTICES VARIED ACROSS COUNTIES

Counties have taken different approaches to the assessment of recipients' barriers to employment. All counties developed assessment forms that include appropriate personal and employment history information.[8] However, the performance of these assessments varied tremendously across counties and sometimes within counties, depending on the experience of the particular case worker. Assessments were conducted by various staff at different points in the application process, including: (1) assessment by intake technicians during initial eligibility determination, (2) assessment by ongoing case managers following applicant enrollment, (3) assessment by contractors responsible for ongoing service provision, or (4) some combination of these. One county we visited contracted out the entire assessment function.

Adding to this variation is case workers' level of comfort assessing recipients' barriers. As was discussed previously in the section on case worker training, case workers in at least four counties reported they felt deficient in their abilities to adequately assess personal barriers to employment, such as domestic violence, substance abuse, and mental health disabilities. Although the Department offered training on these issues and some counties supplemented this with additional training or case consultation, case workers felt they were inadequately prepared to identify and deal with these issues sufficiently.

[8]Common areas of assessment included mental and physical health, reading and math proficiency, language fluency, problem solving capabilities, education level, job history, career aptitude and interests, child care arrangements, mode of transportation, housing needs, legal problems, substance abuse, domestic violence, self-esteem, and motivation.

In four counties, assessments were conducted during the application process, which left little time for in-depth assessment. As little as five minutes was sometimes spent on assessment in these counties. In 11 counties, the assessment portion of the interview was structured around a self-assessment checklist, which may or may not have been followed up by the case worker with verbal questioning. In these counties, the assessment was influenced both by the time available for it and the effectiveness of the case worker. County staff did not report conducting additional assessments to identify any new barriers that emerged as recipients worked on various IRC goals.

Domestic violence, substance abuse, and mental health were identified by case workers as the most difficult assessments to conduct. However, these are the barriers that case workers and service providers identified as the areas in which recipients needed the most help. Counties have the option to contract out for assessment in these and other areas. County staff reported that assessment of domestic violence was especially difficult for case workers to conduct effectively. Domestic violence is identified by a recipient’s self-report, and county staff reported that relying on recipients to self-identify domestic violence without probing for more information was an ineffective way to elicit information from recipients. If an applicant does self-identify as a victim of domestic violence, the case worker follows up with a domestic violence screening form. In the 15 counties visited, 4 case workers reported being uncomfortable with the sensitive nature of the screening form’s questions. Where an on- or off-site domestic violence professional was available, the case worker could refer a recipient to the counselor for assessment. However, in counties without domestic violence professionals available, case workers’ discomfort with the assessment tool may prevent domestic violence victims from being adequately assessed and receiving needed services. Case workers reported making few identifications of domestic violence, a finding that is inconsistent with the experience of domestic violence shelter workers and mental health therapists.

In contrast to domestic violence, case workers from all except two site visit counties reported making referrals for substance abuse treatment. Of the two that did not make referrals, one reported that no services were available. Of the 15 counties visited, 14 made referrals for mental health services, although service providers identified the intensity and duration of mental health services as insufficient. For instance, one community mental health therapist felt that many of the recipients with mental health problems were so low functioning that they were in need of long-term mental health treatment.

Some counties have begun to help recipients with severe mental or physical health problems apply for Supplemental Security Income (SSI), a federal income support program for people with disabilities. The disability requirements for SSI are stringent, and the application process is long and complex. These counties have begun to work closely with legal aid services, SSI staff, or others knowledgeable about the SSI system. This takes pressure off both the county, which is no longer faced with a TANF recipient that is realistically not ever going to be able to participate in a work activity, and the recipient, who is no longer confronted with time limited assistance. In addition, some counties have also begun to coordinate service delivery with their local vocational rehabilitation departments to assist recipients whose disabilities may not be severe enough to qualify them for SSI, but limit the kind of work they are able to do. Vocational rehabilitation departments have staff who can perform work assessments, help recipients get adaptive equipment if needed, and provide supported employment if necessary. The Department of Human Services has provided five full-time equivalent positions at the Office of Health and Rehabilitation Services to assist in this collaboration.

Finally, some case workers indicated that physical space constraints limited their ability to conduct effective assessments. Applicant interviews often took place in small cubicles with limited privacy and thus made applicants less willing to divulge personal information. Furthermore, some recipients brought children with them to their intake meeting which also inhibited them from discussing barriers freely.

RECOMMENDATION 5:

The Department of Human Services should continue to work with counties to review their assessment practices and provide training to case workers on assessment techniques. In its review and training, the Department could emphasize the need for: (1) Adequate time to complete assessments, (2) Ongoing follow-up to ensure progress is occurring and barriers have not been overlooked, and (3) Options for obtaining professional assistance for identifying certain difficult barriers, including mental health, substance abuse, and domestic violence, when internal expertise is not available.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department views the assessment and IRC processes as intricately linked. The way to encourage improvement with these processes is similar to earlier responses, which is to use the Department's integrated QA approach. The Department will continue to provide technical assistance and training sessions for county staff regarding assessment practices and techniques through the methods as previously described.

COMMUNITY-WIDE BARRIERS TO EMPLOYMENT ARE DIFFICULT TO ADDRESS

In addition to the personal barriers discussed previously, interviews with Colorado Works recipients, case workers, employers, and community service providers identified several community-wide barriers that affect recipients' abilities to attain self-sufficiency. In order of frequency of response, these barriers included: a lack of affordable housing, no public transportation or expensive and inconvenient public transportation, and a lack of high quality and affordable child care.[9] In addition, of the 15 site visit counties, 5 reported that the local economy constrained opportunities for employment. In several other counties the employment opportunities that were available to recipients were generally poorly paid, seasonal, and provided no opportunity for advancement. Finally, case workers, community service providers, and recipients all reported that many employers still hold negative attitudes toward welfare recipients which limited recipients' abilities to obtain employment.

Innovative practices regarding transportation barriers were discussed previously in this chapter. The remaining issues have not been addressed systematically by any county. One county provided recipients with funds for rental deposits and emergency rent, but this is not a long-term strategy. Counties have also begun to work with employers to establish work

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[9]Please refer to Chapter 5 for a discussion of child care availability and affordability for Colorado Works recipients.

experience or subsidized positions, and through these may be able to change the perception of welfare recipients as poor performing employees.

These community-wide barriers are difficult to address in recipient IRCs, yet they greatly affect the chances that an individual recipient will be able to become self-sufficient. Individual counties face real constraints on their ability to respond to such barriers. Additional community wide efforts to improve supports for low-income residents may be necessary to address these barriers.

IRC Development Practices Were Inconsistent both Across and Within Counties

A case worker structures her case management activities through the development and monitoring of the recipient's Individual Responsibility Contract (IRC). In site visits, we noted the following concerns about county IRC policies. First, during case file reviews, we found that case workers may identify an employment barrier during an assessment and not address the problem in the IRC.[10] This occurred in five counties, and included barriers such as domestic violence and basic skills.[11] In some cases, barriers may not have been addressed in the IRC because there were not support services available in the county to which to refer recipients.

A second concern was raised by focus group recipients who reported that they did not feel they had adequate input in the development of their IRCs. According to Colorado Works Regulations (CCR 9-2503-1, Section 3.620.2), case workers are to obtain the input of recipients in developing the IRC, which lists the overall goals for the recipient, the activities required for the recipient toward that goal, the support services needed, and what services will be provided by the county, either directly or through referral. Although recipients were familiar with the IRC process, many commented that the process was not collaborative.

[10]Approximately five case files were reviewed at each of the 15 counties visited.

[11]Statutes do not specifically state that information gathered in assessments be included in the IRC. However, Colorado Works rules (CCR 9-2503-1, Section 3.620.1) state that services and benefits provided to recipients should be based on the results of the assessment.

Further, the extent to which IRCs were personalized to reflect the individual needs and responsibilities of a Colorado Works recipient varied by county and by stage in the case management process. At least two counties used generic IRC forms for the recipient's first and second IRC, although some initial IRCs did address the recipients' pursuit of specific support services. The overall goal listed on each IRC was most commonly "full-time employment," or "to become self supporting," regardless of the barriers recipients faced in achieving this goal. Without interim, measurable, and achievable goals, the long-term goal is not readily attainable, and recipients may become discouraged. One of the counties that used generic IRC forms included only appointments for job search-related activities on the IRC. More individualized IRCs were created only for recipients who did not obtain employment within 30 days. As was discussed previously, the development of personalized goals is a key area in which case worker training is needed.

The practice of modifying and tracking IRCs varied extensively across case workers and across counties as well. In one county, there was no evidence from a review of a sample of recipients' files that IRCs were ever modified. In another county, staff asked all recipients to the county office on a particular day to update their IRCs. In the remainder of site visit counties, case workers relied either on telephone contact or in-person meetings to modify IRCs. In some counties, IRCs were modified according to set time intervals, such as monthly or every three months. In one county, case workers modified the IRC after almost every recipient contact to facilitate communication on shared cases with other assistance program case workers.

In the cases in which the IRC does not address recipient barriers, it is not clear that it serves its intended purpose as a plan laying out activities toward a goal. The IRC is an important part of the case management process because it carries with it the power of sanction. In order to be effective, IRC development should be a collaborative process in which the recipient's goals are considered and barriers to employment are addressed. Recipient activities should be written so that they are measurable, and as confirmation of agreement with its content, the IRC should be signed by the recipient. In case file reviews, we noticed a few cases in which recipients did not sign their IRCs. This may have occurred if the IRC was revised or finalized via telephone. However, the IRC ceases to be a contract between the county and the recipient without the signature of the recipient. A well-written IRC that is monitored and updated as necessary is a valuable tool for case management.

One site visit county has its supervisors conduct quality assurance monitoring of IRCs and the IRC development process. This is one promising way to assist case workers in creating appropriate and useful IRCs. Our observations on the use of IRCs indicate that continued training should be provided to case workers in the development of IRCs and IRC goals. The evaluation will continue to track this issue in subsequent reports.

RECOMMENDATION 6:

The Department of Human Services should continue to review county IRC practices and provide training to caseworkers regarding IRC completion as necessary. This review and training could focus on strengthening the IRC through (1) incorporating assessed barriers in the IRC with appropriate action steps, (2) including interim goals in the IRC that are measurable and achievable, (3) updating and modifying IRC's as recipients complete activities or face new barriers, and (4) emphasizing IRC development as a collaborative process between the case worker and the recipient, with both signing the resulting IRC.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. Again, using an integrated QA model, the Department will continue to provide technical assistance and training to the counties regarding techniques for developing and using individual responsibility contracts (IRC's).

4. Child and Family Well-Being of Former Colorado Works Recipients

Introduction

According to statutes (Section 26-2-705, C.R.S.), the goal of Colorado Works is to assist participants to terminate their dependence on government benefits by promoting job preparation, work, and marriage. This goal is reinforced by the 24-month work participation time limit and the 60-month lifetime limit for receipt of benefits. Policy makers in Colorado and nationwide have expressed interest and concern about the effects of the new Temporary Assistance for Needy Families (TANF) policies on the well-being of recipients and their children. In particular, there has been concern over low program enrollment rates in Medicaid and the Food Stamp Program among former recipients. There have been both national and statewide policy discussions and initiatives to provide improved access to these programs among exiting TANF recipients.

In this chapter, we begin by examining Medicaid enrollment for all Colorado Works recipients who exited the program between July 1997 and March 1999. We then examine well-being of adults and children who exited Colorado Works early in its initial months of implementation. For this population, we examine a host of measures of family and child well-being including health insurance enrollment, food stamp utilization, housing, use of the Low-Income Energy Assistance Program, child support receipt, and reliance on friends and family.[1]

Data for these analyses come from two sources. First, to examine Medicaid enrollment among all former Colorado Works recipients, we use administrative data maintained by the Colorado Department of Human Services (the Department). Included in these analyses are all individuals who exited the program at any point after its implementation in July 1997. Second, we utilize data from a survey of early Colorado Works leavers who exited the program during its

[1]Data on the effects of Colorado Works on children's developmental and educational outcomes are not considered in this first report.

first three months of implementation (July to September 1997) and did not return as of December 1998. Individuals were interviewed approximately two years after their program exit, mostly between June and August 1999.[2] For our purposes, when referring to the survey sample we use the term “Colorado Works early leavers.”

This group of early leavers was selected for the survey because Colorado policy makers were concerned about the well-being of poor families who opted not to transition from the former cash assistance program Aid to Families with Dependent Children (AFDC) to Colorado Works. There was a concern that these families could be at a serious risk for financial and material hardship, not having received the services available to new and transitioning Colorado Works recipients. Because these early leavers did not receive Colorado Works services before exiting cash aid, we cannot draw conclusions from the survey about the effectiveness of the program. However, the survey findings are informative for detailing the level of hardship faced by low-income families in the state, and the population of early Colorado Works leavers in particular.

On the basis of the measures analyzed, we find evidence that early Colorado Works leavers experienced substantial financial and material hardship. Their level of eligibility for many public assistance programs was relatively high (such as Medicaid, food stamps, and the Low-Income Energy Assistance Program), although actual participation in these programs was lower than it could be. As expected, early leavers who received these public assistance benefits experienced lower rates of material hardship than those who did not. Participation in these programs is correlated with improved financial and material well-being for early Colorado Works leavers. Findings from this chapter are highlighted below.

- **Post-Colorado Works Medicaid enrollment has increased over time.** Among the entire population of adults exiting Colorado Works between July 1997 and March 1999, the Medicaid enrollment rate statewide increased from 29 percent in the third calendar quarter of 1997 to 54 percent in the first quarter of 1999. Similarly, former child

[2]The survey response rate was 78 percent, which is high enough to ensure representation of the population of individuals who exited cash aid between July and September 1997 and did not return as of December 1998 (4,745 cases). For a survey question in which respondents answered both yes and no at a rate of 50 percent, at the 95 percent confidence interval the responses will be accurate within +/- 5.6 percentage points. See Appendix C for a more detailed description of the survey data.

recipients' Medicaid enrollment rates increased from 36 percent to 60 percent. This points to improved program operations over time.

- **A third of Colorado Works early leavers had children who were uninsured.** In addition, half the early leavers themselves were uninsured. Ninety percent of early Colorado Works leavers whose children were uninsured would have been eligible for public health insurance. Participation in these medical insurance programs is key for ensuring low-income children's health, thereby enabling parents to focus on activities leading to self-sufficiency. The State should encourage outreach activities to Colorado Works early leavers, as appropriate, to inform them of the eligibility and enrollment process for Medicaid and the Colorado Child Health Plan.

- **Half of eligible Colorado Works early leavers received food stamps.** Early leavers who received food stamps reported fewer difficulties providing food to their families than those who did not. Participation in this nutrition program is an important transitional service that may assist eligible families in meeting their self-sufficiency goals. The state should encourage outreach activities to Colorado Works early leavers, as appropriate, to inform them of food stamp eligibility and enrollment processes.

- **Housing is a community-wide barrier that current and former Colorado Works recipients face.** Field interviews in most of the 15 counties we visited indicated that housing and living expenses were an ongoing challenge for exiting participants. Early Colorado Works leavers reported increased housing instability since leaving aid, including an 11 percent eviction rate.

- **Many Colorado Works early leavers who experienced difficulty paying utility bills were eligible for LEAP.** However, only one quarter of eligible Colorado Works early leavers applied for and received LEAP benefits two years after case closure. Those who received LEAP were less likely to have utilities disrupted than those who did not receive LEAP.

- **Child support was not a main income source for Colorado Works early leavers.** Among Colorado Works early leavers with child support orders, fewer than half received child support payments. These payments contribute to improved family economic well-being.

Finally, early Colorado Works leavers suggested areas where government assistance was particularly needed to assist former recipients with their transitions off of cash assistance. These suggestions parallel areas emphasized by state and national policies and correspond to a number of state and federal assistance programs that already exist. Specifically, early Colorado Works leavers indicated that child care subsidies, medical care, and access to food were the top three things the government could do to support former cash aid recipients. The next most common responses were education and training programs and access to affordable housing.

HEALTH INSURANCE COVERAGE FOR ADULTS AND CHILDREN IS A KEY MEASURE OF FAMILY WELL-BEING

Enrollment in Medicaid and child health insurance plans has received much attention among policy makers nationwide to ensure that welfare reform does not negatively impact population health. There are two public health insurance programs for which former Colorado Works recipients may be eligible after program exit: Medicaid and the Colorado Child Health Plan (referred to as CHP+). Most members of Colorado Works cases are categorically eligible for Medicaid while they receive cash aid. Once they leave aid, former recipients may continue their Medicaid receipt in one of two ways.[3]

(1) If the family leaves aid due to increased earnings, adults and children on the case are eligible for Transitional Medicaid for up to 12 months if their income remains below 185 percent of the federal poverty level (FPL).[4]

(2) If the family leaves aid for reasons other than employment, it may be eligible for Medicaid under the eligibility criteria laid out in the newly created Section 1931 of the Social Security Act. This includes families who meet the income, resources, and family composition requirements of Medicaid established as of July 16, 1996.

Children in low-income families who do not qualify for Medicaid may be eligible for CHP+. CHP+ is available to children age 18 or under who live in families with incomes between 100 and 185 percent of the federal poverty level. To participate, families must pay a monthly payment, which is calculated using a sliding scale based on income and family size, and an office co-payment for each doctor's visit. For example, a family with two children whose family income is

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[3]Exceptions occur for pregnant women and infants. In addition, all children ages one through five are eligible for Medicaid if their family income is below 133 percent of the federal poverty level.

[4]Note, families who were not Colorado Works recipients are also eligible for Transitional Medicaid if they were income eligible for Colorado Works in three of the previous six months and meet the income and employment eligibility requirements of Transitional Medicaid. See Department of Health Care Policy and Financing agency letter MA-98-25-P. The 12-month limit on Transitional Medicaid is a federal regulation. See *Supporting Families in Transition: A Guide to Expanding Health Care Coverage in the Post-Reform World*, Health Care Financing Administration.

between 151 percent and 170 percent of the federal poverty level would pay a monthly amount of $25 and then a $5 co-payment for each office visit.[5]

In this section, we examine health insurance coverage for two different populations. We begin by examining Medicaid enrollment for former Colorado Works recipients over time using administrative data. We then examine enrollment in all types of health insurance plans (including Medicaid, CHP+, and employer-sponsored health insurance) using the survey of early leavers who exited Colorado Works in its first three months of implementation. This population is not representative of those exiting Colorado Works in later periods, as these early leavers did not receive the full range of services offered to recipients today.

Post-Colorado Works Medicaid Enrollment Has Increased

Our analysis of administrative data for all individuals who exited Colorado Works between July 1997 and March 1999 indicates that Medicaid enrollment has increased steadily and dramatically over time, as shown in Figure 4-1. For instance, of the 6,210 adults who exited Colorado Works in the third calendar quarter of 1997 (the first quarter in which Colorado Works was implemented), 1,777 adults (29 percent) were enrolled in Medicaid in the first two months after exit. Among the 10,240 children who exited in that quarter, 3,690 (36 percent) were enrolled in Medicaid. The Medicaid enrollment rate increased in the next six calendar quarters. In the first quarter of 1999, 2,105 (54 percent) of the 3,898 adults who exited Colorado Works were enrolled in Medicaid. Similarly, 3,767 (60 percent) of the 6,342 children who exited in that quarter were enrolled in Medicaid.[6]

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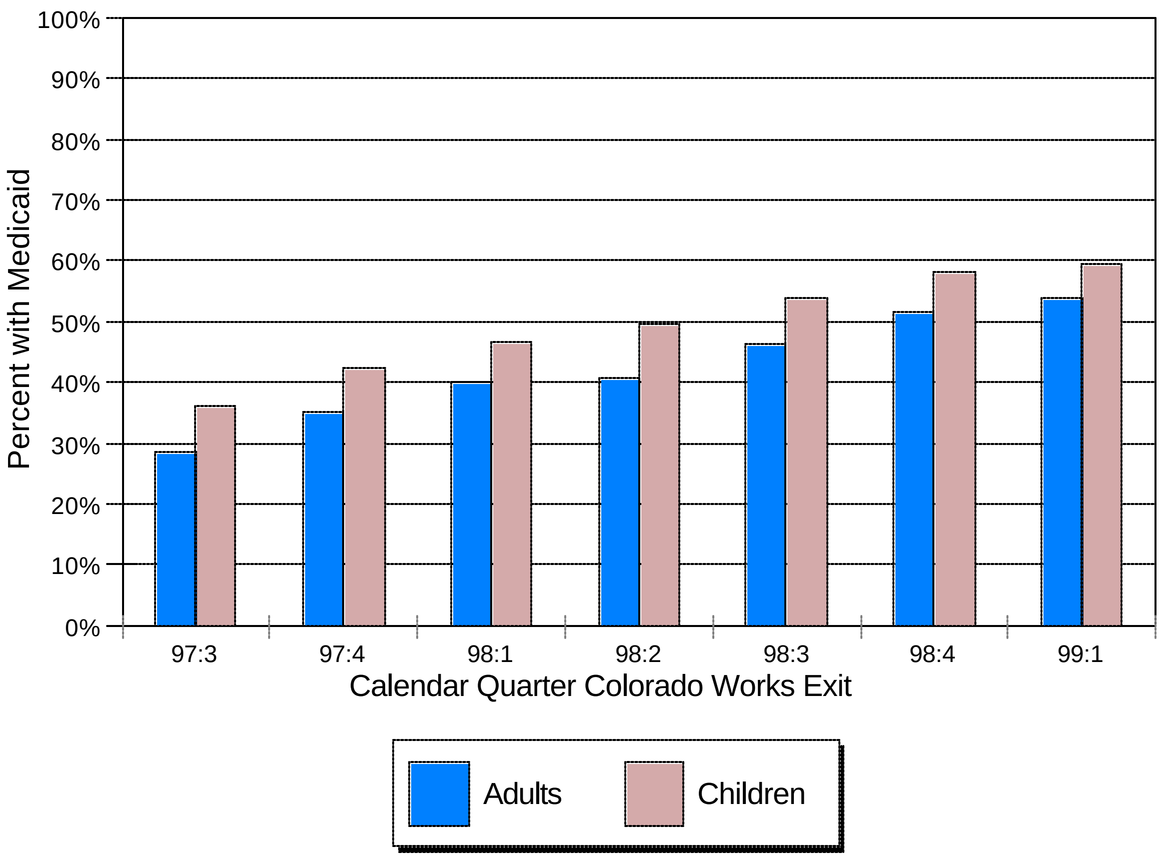
[5]See the Colorado *Title XXI State Plan*, amended June 1999.

[6]Some individuals enrolled in Medicaid after these initial few months after exit. For instance, among those who exited Colorado Works in the third quarter of 1998, 62 percent of children and 52 percent of adults were enrolled in Medicaid at some point on or before June 1999. This is less than 10 percentage points higher than two-month enrollment rates for that quarter of 54 percent of children and 46 percent of adults.

Figure 4-1

Post-Colorado Works Medicaid Usage
Medicaid Use Two Months after Exit



Notes: (1) Data are for individuals in adult-headed cases who exited Colorado Works and opened a Medicaid-only case within two months of program exit. Child-only cases are not included. (2) Individuals do not need to have utilized their Medicaid coverage to be counted as enrolled in the program.

Source: BPA tabulations from COIN-MMIS data, Colorado Department of Human Services.

The increase in the Medicaid enrollment rate over time for the entire population of Colorado Works leavers may be indicative of the progress made in Colorado Works implementation. Data from the field visits to 15 Colorado counties indicated that at the start of the program, case workers and Colorado Works recipients were less aware of availability of Transitional Medicaid for those leaving Colorado Works for employment. As time progressed, case workers became more likely to counsel recipients about their potential eligibility for the program. In addition, staff from the Department of Health Care Policy and Financing (HCPF) indicated that in the first few months after Colorado Works implementation, substantial numbers of individuals wanted to close a cash assistance case and open a Medicaid only case. This resulted in a processing backlog that led to lower rates of post-Colorado Works Medicaid enrollment during these early months. The actual process for recipients to switch from Colorado Works Medicaid to Medicaid only is quite simple. The applicant does not need to reapply for benefits. She merely needs to submit a monthly status report to the county office to show continued eligibility. The processing of the form and the change in the case status is handled by staff at the county office.

In all quarters examined, the Medicaid enrollment rate was higher among children from adult-headed cases than adults in those cases. The explanation for this is that in some families, the adult loses eligibility for Medicaid after Colorado Works case closure but the children retain eligibility. For instance, if the adult is not eligible for Transitional Medicaid because she is not working, her children may be eligible under the Section 1931 criteria discussed previously. We find that among those who left Colorado Works in the first calendar quarter of 1999, 89 percent of the new Medicaid cases opened included both children and adults, and 11 percent included only children. This differs markedly from those who left Colorado Works in the third quarter of 1997, after which 72 percent of new Medicaid cases included both adults and children, and 28 percent of new cases included only children. Again, this is evidence for improvements in the implementation of Transitional Medicaid over time.

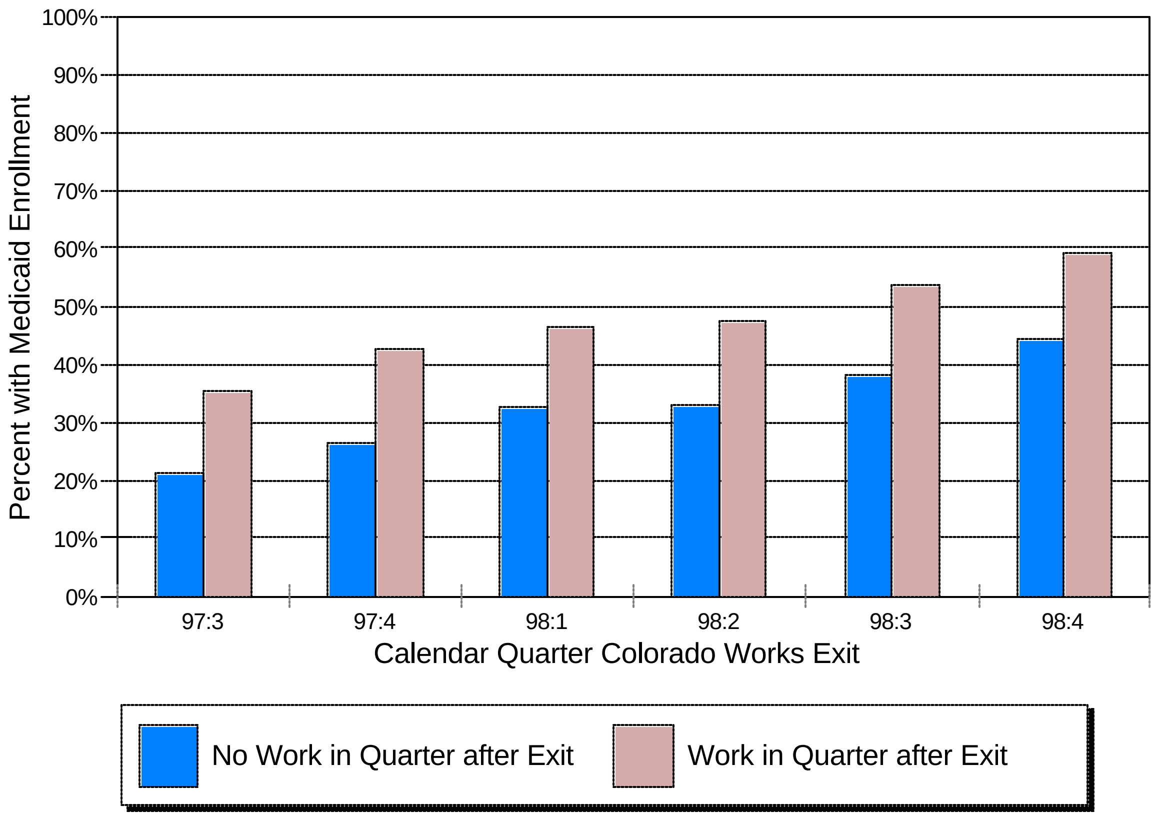
In the first three quarters examined in this analysis (July 1997 through March 1998), 82 percent of adults enrolled in Medicaid after a Colorado Works case closure were enrolled for 12 or fewer months.[7] This is largely because their eligibility for Transitional Medicaid discontinues at that point. Children continue their Medicaid enrollment longer than their parents, with about 55 percent of children discontinuing Medicaid enrollment within 12 months of program start.

[7]Tabulations include only adults who did not return to Colorado Works during the period.

Post-program Medicaid enrollment for all former Colorado Works recipients was even higher for those who were employed, as shown in Figure 4-2.[8] For instance, among the 2,158 recipients who left Colorado Works for employment in the fourth calendar quarter of 1998, 1,278 (59 percent) were enrolled in Medicaid. In contrast, only 1,049 (44 percent) of the 2,363 adults who exited Colorado Works without employment were enrolled.

Figure 4-2

Medicaid Enrollment Post-Colorado Works
Working and Non-Working Adults



Source: BPA tabulations from COIN-MMIS data and Unemployment Insurance wage records, Colorado Department of Human Services, and Colorado Department of Labor and Employment.

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[8]Former recipients are counted as employed if they record earnings greater than $100 in the Unemployment Insurance wage records in the quarter immediately following their case closure. They are counted as enrolled in Medicaid if they begin a Medicaid case in the month of exit, or in either of the subsequent two months. Data are presented only through the fourth quarter of 1998 due to limitations in the availability of Unemployment Insurance wage records.

The Department of Health Care Policy and Financing (HCPF) has been engaged in a number of activities regarding outreach and training to assist in enrollment of eligible families into Medicaid. HCPF staff indicated that they received $5.2 million in enhanced funding from the U.S. Department of Health and Human Services for these purposes, to be spent over the three-year period from July 1997 to June 2000. Funds are to be spent in three main areas: (1) outreach to eligible Medicaid recipients, (2) information systems improvement, and (3) reimbursement to counties for increased spending resulting from the backlog of case processing around the fall of 1997. Outreach is handled through county offices, 27 of which are currently approved by HCPF to receive funds (with 5 counties pending). Outreach may include stationing eligibility workers at presumptive eligibility sites and hospitals, creating pamphlets for distribution to recipients, or other activities. Counties are just beginning to utilize these funds, with most still in the planning phase. We would therefore expect to see continued increases in Transitional and 1931 Medicaid enrollment over time as outreach activities are implemented in full. One area that HCPF staff identified as needing further attention was in ensuring that diverted Colorado Works recipients have access to Medicaid if they are eligible. This is an issue we will continue to examine in future evaluation reports.

Other states have utilized both administrative and survey data to examine the issue of Medicaid usage for former cash aid recipients.[9] These studies generally examine a longer time frame than is examined here and find that anywhere between 44 percent and 92 percent of former cash aid recipients received Medicaid after leaving cash aid. Tennessee had the highest enrollment rates, which was likely due to the state's policy of extending Transitional Medicaid to all former TANF recipients regardless of reason for exit. Two states examined Medicaid enrollment in similar time periods to this study. In Washington, 64 percent of children and 44 percent of adults were covered by Medicaid in the first few months after TANF exit. In Iowa, which also collected data in the first few months after program exit, 66 percent of former

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[9]Four recent studies summarize this information: (1) M. Greenberg, *Participation in Welfare and Medicaid Enrollment*, Kaiser Family Foundation, September 1998; (2) S. Brauner and P. Loprest, *Where Are They Now? What States' Studies of People Who Left Welfare Tell Us*, Urban Institute, Series A No. A-32, May 1999; (3) U.S. General Accounting Office, *Welfare Reform: Information on Former Recipients' Status*, GAO/HEHS-99-48, April 1999; (4) J. Tweedie, D. Reichert and M. O'Connor, *Tracking Recipients after They Leave Welfare*, National Conference of State Legislatures, July 1999.

recipients used Medicaid.[10] Colorado's Medicaid enrollment rates are on the mid- to low-end of the range presented, although the adult rate is higher than that reported in the Washington study.

Although Colorado's post-TANF Medicaid enrollment rates are somewhat lower than other states' rates, we have seen great improvement over time and would expect this to continue given the activities currently underway by HCPF staff. We will continue to track this important trend over time in subsequent evaluation reports.

HEALTH INSURANCE COVERAGE FOR ADULT COLORADO WORKS EARLY LEAVERS IS OF CONCERN

As was discussed previously, access to and enrollment in health insurance after leaving the TANF program has surfaced as a primary concern in welfare policy. We use data from a survey of early Colorado Works leavers (those whose cases closed between July and September 1997 and did not reopen by December 1998) to examine participation in both public and private health insurance plans. As was mentioned previously, the experiences of the early leavers do not reflect the overall effectiveness of Colorado Works because this group was not exposed to many services that are now available under Colorado Works.

Data from this survey indicate that 46 percent of those who exited Colorado Works early in its implementation reported having no health insurance for themselves two years later (Figure 4-3). In contrast, national figures indicate that 37 percent of low-income adults were not covered by health insurance in 1997.[11] Nationally, 24 percent of adults in the primary age group of the survey population (ages 25-34) were uninsured.[12] This age group tends to be more likely to have no insurance coverage than older groups. The percent of uninsured early Colorado Works

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[10] See Fraker, T., Nixon, L., Losby, J., Prindle, C. and Else, J. *Iowa's Limited Benefit Plan.* Mathmatica Policy Research, Inc., May 1997.

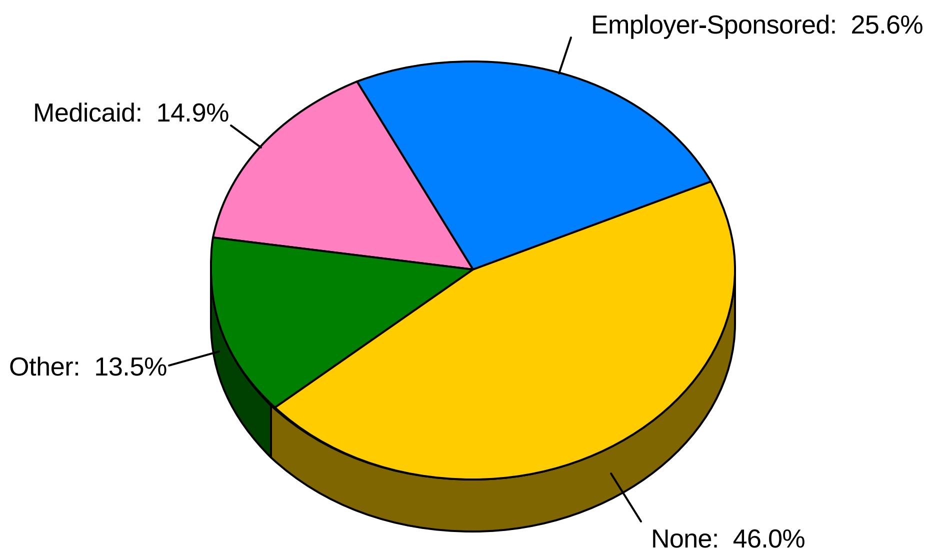
[11] National data are for families with incomes below 200 percent of the FPL in 1997. See Brennan, N. and Zuckerman, S., *Health Insurance Coverage of Non-elderly Adults,* Snapshots of America's Families from the National Survey of America's Families, Urban Institute, 1999.

[12] See U.S. Bureau of the Census, *Health Insurance Coverage: 1998*, Report P-60-208, 1999.

leavers is substantially higher than either of these two national figures. Among the remaining early leavers, 26 percent reported being covered by employer-sponsored insurance, 15 percent were enrolled in Medicaid, and 14 percent were covered by some other type of health insurance. Sixteen percent of uninsured early leavers would have been eligible for Medicaid under the 1931 Medicaid eligibility requirements and it is unclear why these eligible early leavers did not enroll in that program.

Figure 4-3

Adult Health Insurance Coverage
Survey of Colorado Works Early Leavers



Note: 17 respondents did not reply.

Source: BPA tabulations from the survey of Colorado Works early leavers.

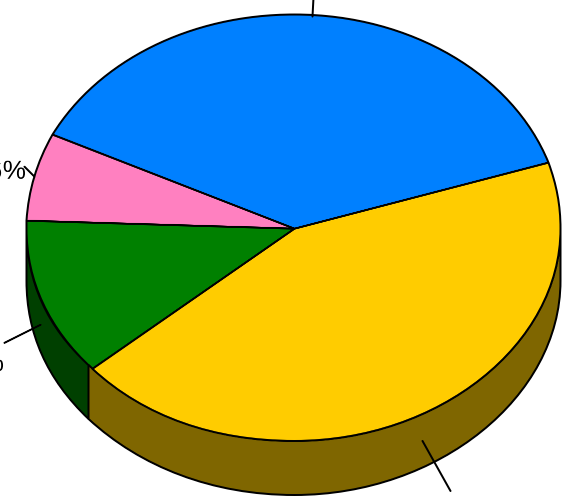
The Medicaid enrollment rate among Colorado Works early leavers is substantially lower than the enrollment rate for all individuals leaving Colorado Works during the same time period. Among individuals who closed Colorado Works cases in the third quarter of 1997 (when the survey sample was drawn), administrative data show that 28 percent were enrolled in Medicaid within two months after case closure. When we use these data to examine an even longer time frame of nine months post-case closure, as many as 34 percent were enrolled. In contrast, two years after program exit, the survey indicates that only 15 percent were enrolled in Medicaid. The likely reason for this discrepancy is the longer follow-up period in the survey. Many adults who would have accessed Transitional Medicaid after Colorado Works exit would no longer have been eligible at the time they were surveyed.

Being employed did not increase the probability of health insurance coverage for Colorado Works early leavers. Figure 4-4 shows that of the 199 early leavers who were employed at the time of the survey, 44 percent had no health insurance, 37 percent used employer-sponsored insurance, 7 percent were enrolled in Medicaid and 12 percent had some other insurance. Of those with no insurance, 21 percent had jobs that offered a health plan for which the respondent was eligible. It is unclear why these early leavers opted not to participate in the plans. Overall, 75 percent of adults whose jobs offered a health plan participated in it, and for the most part the employer contributed to part (66 percent) or all (29 percent) of the cost. Of those using an employer-sponsored health plan, 68 percent indicated that the plan covered both themselves and other family members.

In addition to questions regarding health insurance, early leavers were asked whether they or their family members had ever needed medical attention but did not access it because of cost. Twenty-three percent of early leavers surveyed reported not accessing medical care after exiting cash aid, compared to 7 percent who had this problem while receiving aid. Sixty percent of early leavers who did not seek medical care after exiting cash aid were uninsured.

Figure 4-4

Health Coverage for Working Adults
Survey of Colorado Works Early Leavers



Note: 1 respondent did not reply.

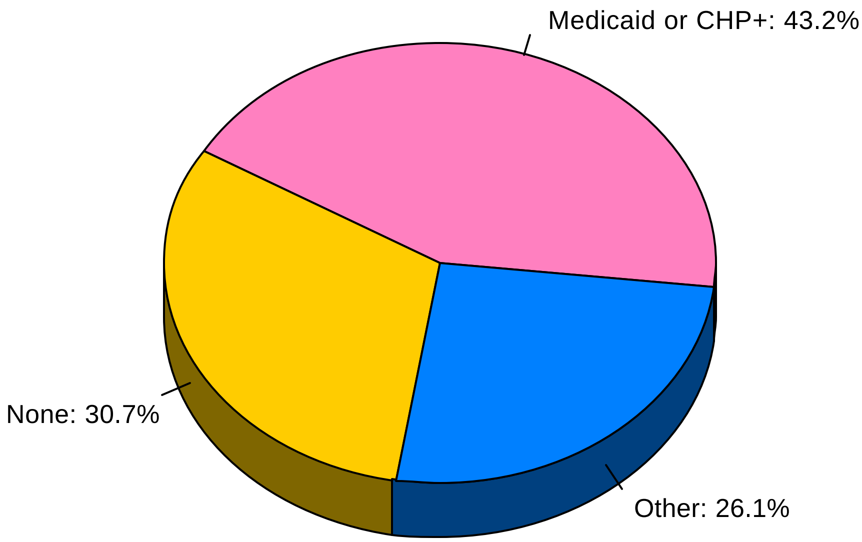
Source: BPA tabulations from the survey of Colorado Works early leavers.

CHILDREN OF COLORADO WORKS EARLY LEAVERS FACE LOW HEALTH INSURANCE COVERAGE

Children's health insurance coverage is similarly a key measure of family well-being in the post-Colorado Works period. Figure 4-5 shows enrollment in health insurance plans among children of early Colorado Works leavers that we surveyed. Forty-three percent were enrolled in Medicaid or CHP+, a much higher enrollment rate in public health insurance than adults. This is because children have broader access to coverage in the public sphere, including both Medicaid and CHP+, which combined, cover all children whose family incomes are below 185 percent of the federal poverty level. An additional 26 percent of families had children enrolled in some other type of insurance plan, which could include employer-sponsored plans at a custodial or non-custodial parent's place of employment.

Figure 4-5

Child Health Insurance Coverage
Survey of Colorado Works Early Leavers



Note: 19 respondents did not reply.

Source: BPA tabulations from the survey of Colorado Works early leavers.

Close to one-third of the early leavers (31 percent) reported that their children were not covered by any form of health insurance. In contrast, national figures indicate that 21 percent of children in low-income families are not covered by health insurance.[13] Among early leavers with uninsured children, the vast majority (90 percent) had children who would have been eligible for Medicaid or CHP+ based on their reported family income level.

HCPF has recently contracted for an outreach and marketing campaign aimed at: (1) making eligible families, health care providers, health and human service agencies, employers, and the media aware of CHP+; (2) coordinating state and local agencies to facilitate statewide program access; and (3) developing and distributing outreach and marketing materials in

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[13]National data are for families with incomes below 200 percent of the FPL in 1997. See Brennan, N., Holahan, J. and Kenney, G., *Health Insurance Coverage of Children,* Snapshots of America's Families from the National Survey of America's Families, Urban Institute, 1999.

appropriate languages and literacy levels.[14] This project is just underway and we might expect post-program enrollment in CHP+ to increase as a result. In addition, information on the program is disseminated through the CHP+ website, public service announcements, and other public notices. Currently, CHP+ applications are available at a variety of public locations, including public health offices, county social service agencies, public schools, community service centers, doctor's offices, and hospitals. Parents can also call a toll-free number to request an application. CHP enrollment was recently streamlined so that the only documentation necessary is an application form and a parental pay stub to show proof of income eligibility.

Access to and utilization of quality medical care is of primary importance to healthy child development, and enrollment in post-program health insurance is a central focus of nationwide welfare policy discussions. Early Colorado Works leavers identified access to Medicaid and other low-cost health and dental insurance as the second most important service the government can provide for former Colorado Works recipients. Yet, two years after cash aid case closure, early leavers' enrollment rates in Medicaid and CHP+ are very low, while substantial proportions of both adults and children remain uninsured. Given these findings, it is unclear whether these early leavers were aware of their continued eligibility for low-income health insurance, particularly the CHP+ program. Systems were not in place at the time of their case closure to ensure exiting Colorado Works recipients had the information necessary to enroll in these programs. Participation in these medical insurance programs is key for ensuring low-income children's health, thereby enabling parents to focus on activities leading to self-sufficiency. The Department should provide outreach specifically aimed at these early leavers to ensure they are aware of their health insurance options and provide information about eligibility and enrollment.

RECOMMENDATION 7:

The Department of Health Care Policy and Financing should work with the Department of Human Services to provide targeted outreach, as appropriate, to the children of early Colorado Works leavers through their parents, who may have left cash assistance without receiving adequate information about eligibility for Medicaid and CHP+.

[14] Information provided in the HCPF Request for Proposals to conduct the Administrative Services Contract, RFP #IHANC 909015.

THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING RESPONSE:

Agree. The Department of Health Care Policy and Financing encourages a cooperative effort with the Department of Human Services and county staff to address on-going health care needs of both adults and children who are identified as "early Colorado Works leavers". It is the recommendation of Health Care Policy and Financing that outreach efforts include:

(1) Individuals who are "diverted", either through county or state diversion programs and are not assessed for Medicaid eligibility.

(2) Children in families of "early leavers" who may be eligible for on-going Medicaid or for Children's Health Plan Plus(CHP+) eligibility.

(3) Adults and children who are Works "leavers" and may be eligible for Transitional Medicaid benefits.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department of Human Services agrees with this recommendation and believes that the most cost effective strategy for addressing this is to work with the Department of Health Care Policy and Financing to provide information on the availability of Medicaid benefits as well as other program benefits through an integrated outreach approach to early leavers who have not yet returned to the Colorado Works rolls. Such other programs include at a minimum food stamps, LEAP, and child care.

FOOD STAMP UTILIZATION AMONG EARLY COLORADO WORKS LEAVERS COULD BE IMPROVED

A key public assistance program for which many families retain eligibility after Colorado Works case closure is the Food Stamp Program. Nationally, food stamp rolls have declined from 27.5 million cases in 1994 to 18.5 million in 1999. This decline has caused concern at the federal level and has resulted in a number of presidential initiatives, including a nationwide public education campaign to notify low-income residents of their eligibility.

Figure 4-6 shows that 58 percent of Colorado Works early leavers retained eligibility for food stamps two years after their discontinuance of cash assistance. Of these, 47 percent actually utilized the program. This is somewhat higher than the national participation rate of 40 percent among eligible families which was tabulated in a recent study completed by the General Accounting Office. Although a higher percentage of the early Colorado Works leavers surveyed were receiving food stamps than eligible individuals nationally, 53 percent of eligible respondents were not receiving food stamp benefits. On average, food stamp benefits were $217 per month for early leavers who reported utilization.

We also surveyed Colorado Works early leavers about their ability to provide food for their families. Nearly 60 percent of early leavers found it difficult to afford food after leaving aid, nearly double the percent (31 percent) who reported having difficulty paying for food while on aid. As expected, difficulty obtaining food was more acute for those not receiving food stamps than those receiving these benefits. Among early leavers who reported difficulty affording food after Colorado Works, 65 percent were eligible for food stamps, and 71 percent of these did not receive them.

Figure 4-6

Food Stamp Utilization and Difficulty Affording Food
Survey of Colorado Works Early Leavers

Food Stamp Utilization		
Percent of Respondents Eligible to Receive Food Stamps:	58.3%	
Percent of Eligible Respondents Utilizing Food Stamps:	47.0%	
Change in Proportion of Respondents Experiencing Hardships Related to Food		
Hardship	**While Receiving CW**	**After Leaving CW**
Difficulty Affording Food[a]	31.1%	58.5%
Used a Food Pantry	27.1%	30.8%
Number of Respondents	306	

[a]1 respondent did not reply.

Note: Columns do not sum to 100 percent because categories are not mutually exclusive.
Source: BPA tabulations from the survey of Colorado Works early leavers.

Approximately 27 percent of early leavers noted they had used a food pantry while on aid compared to 31 percent who had used a food pantry since leaving aid. Among those who reported using a food pantry after case closure, 76 percent were eligible for food stamps and 58 percent were not using them. Clearly, as expected, early leavers who used food stamps faced less difficulty in obtaining food for their families than their counterparts who were eligible but did not receive these benefits.

The Food Stamp Program nationwide has seen dramatic caseload drops. As a result, the U.S. Department of Agriculture (USDA), which oversees the Food Stamp Program, has undertaken a client access review to ensure the reason for the decline is not due to procedural errors on the part of the states. One Colorado county was involved in this process, and it recently received a favorable review. Another reason for decline may be that eligible residents are unaware of the program, or their eligibility for it. With cooperation from the Department of Human Services, which oversees the Food Stamp Program in Colorado, the USDA has engaged in some limited outreach activities to attract eligible families who are not participating. For instance, the agency has provided pamphlets and posters describing food stamp eligibility rules to all Colorado counties and 500 community organizations statewide. Department staff note that some counties also provide outreach, although they have very limited funds for doing so. In addition, the Department has issued agency letters to the counties to clarify the transition process for former Colorado Works recipients. Colorado Works recipients are notified of their Colorado Works case closure by mail, and are simultaneously notified that their food stamp case will close if they do not reapply for benefits within 30 days. To reapply, the former recipient must go to the local Food Stamp Program office and submit an application, providing the appropriate verification materials. Individuals who are denied eligibility to Colorado Works but have filed the single purpose application for multiple assistance programs are not required to submit a new application.

The declining food stamp caseload and the relatively low rate of participation in the program among eligible Colorado Works early leavers is indicative of a need for outreach. Because most Colorado Works recipients apply for TANF, food stamps, and Medicaid simultaneously, they may be unaware of their eligibility for food stamps once their Colorado Works case closes. Particularly for individuals who exited Colorado Works early in its implementation, they may not have received sufficient information about their continuing eligibility for food stamps. Participation in this nutrition program is an important transitional service that may assist eligible families in meeting their self-sufficiency goals.

RECOMMENDATION 8:

The Department of Human Services should provide targeted outreach, as appropriate, to early Colorado Works leavers who may have left cash assistance without receiving adequate information about eligibility for food stamps.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. Please see our response to recommendation 7.

HOUSING IS A KEY PROBLEM FOR COLORADO WORKS EARLY LEAVERS

Like food, housing is a basic need, and stable and secure housing arrangements are a necessity for Colorado Works recipients to attain self-sufficiency. With unstable housing arrangements, it is difficult to develop appropriate work habits and maintain a steady job. Figure 4-7 presents information on Colorado Works early leavers' housing needs two years after program exit. Approximately 13 percent of early leavers lived in public housing at the time of the survey and an additional 12 percent of early leavers received housing subsidies, such as Section 8 vouchers.[15] Nationwide comparisons indicate that among households with annual incomes below 200 percent of FPL, 15 percent lived in public housing, and an additional 9 percent received housing assistance or subsidies.[16] Early Colorado Works leavers have a slightly lower rate of public housing utilization and a slightly higher rate of housing subsidy usage than estimates nationwide.

Eleven percent of early leavers reported having been evicted for their inability to pay rent after exiting aid, compared to 7 percent who were evicted while on aid (Figure 4-7). Among leavers who received housing subsidies at the time of the survey, however, only 3 percent had been evicted for failure to pay rent since leaving aid. The bottom portion of Figure 4-7 shows the

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[15]Some early leavers reported both public housing and housing subsidies. These early leavers were not double counted in the tabulations; they were only included in the public housing tabulation.

[16]Source: BPA tabulations from the March 1999 Current Population Survey. Estimates are weighted to represent the U.S. as a whole.

percent of early leavers who indicated they encountered a particular hardship either during or after their cash aid participation.

Low-income families who face both unexpected or prolonged hardships may be forced to change their housing arrangements in an attempt to scale back expenses or avoid eviction. Thirty-three percent of early leavers reported having to move in with a friend or family member in order to cut down on expenses after leaving aid, compared to 28 percent of early leavers who reported doing so while on aid. About half of those who reported moving in with someone for this reason noted that this occurred more than once after leaving cash aid. Note, however, that among those who moved in with others after cash aid exit, nearly half (49 percent) also reported having moved in with others while receiving cash aid.

Figure 4-7

Housing and Living Arrangements
Survey of Colorado Works Early Leavers

Use of Public Housing and Housing Subsidies		
Percent of Respondents Living in Public Housing:	12.5%	
Percent of Respondents Receiving Housing Subsidies:	12.2%[a]	
Change in Proportion of Clients Experiencing Housing Hardships		
Housing Hardship	**While Receiving CW**	**After Leaving CW**
Evicted for Inability to Pay Rent	6.9%	10.5%
Used Homeless Shelter	4.2%	2.6%
Move in with Someone to Cut Expenses	27.8%	33.0%
Move in with Someone to Get a Job	6.9%	9.8%
Child Moved in With Someone Else Because Respondent Could Not Care for Them	6.2%[b]	10.5%[a]
Number of Respondents	306	

[a]2 respondents did not reply.
[b]1 respondent did not reply.

Note: Columns do not sum to 100 percent because categories are not mutually exclusive.
Source: BPA tabulations from the survey of Colorado Works early leavers.

Early leavers also cited circumstances when, although they may not have changed their housing arrangements, their children moved in with a friend or relative because they could not appropriately care for them. Six percent of early leavers reported that their children moved in with someone else because they could not care for them while receiving cash aid.[17] This increased by 5 percentage points after cash aid exit, with 11 percent of early leavers reporting their children had to move in with others. Eighty-two percent of individuals whose children moved in with others after cash aid exit had not had a similar experience while receiving aid.

Despite these indications of hardship, very few early leavers reported using a homeless shelter either while receiving aid (4 percent) or since leaving aid (3 percent). Increased use of homeless shelters among this population was a key concern of policy makers in Colorado that has not been realized in this population.

Interviews with participants, case workers, employers, and community service providers in 15 Colorado counties identified a lack of affordable housing as a key barrier to work in almost every county. They indicated that there is a shortage of public housing around the state and the waiting time for Section 8 housing is often two years. Even for those with housing subsidies, once recipients obtain jobs their subsidies are reduced and the portions of the rent that they pay increases. Once housing is identified as a barrier, some counties provide funds for rental deposits and emergency rent.

Access to affordable housing is a statewide issue affecting many Colorado residents, including Colorado Works recipients and former recipients. In recent years, housing costs across Colorado, and particularly in urban areas, have increased. The Department of Human Services, through its Supportive Housing and Homeless Programs, has addressed housing needs for many poor families in a number of ways. This division provides assistance to those participating in a transitional housing program. In addition, two counties separately received awards to support formerly homeless families living in transitional housing. Colorado has recently received 160 Welfare-to-Work rental assistance vouchers to be used by Colorado Works recipients. In addition to these statewide measures, counties should continue to work with other community organizations and agencies to support community-wide efforts aimed at

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[17]This could include teenaged children who left home for other than financial reasons.

addressing housing needs. Data from site visits and the early leavers survey indicate that housing problems are a chief concern of Colorado Works recipients and former recipients. We will continue to examine this issue in future evaluation reports.

ONE QUARTER OF EARLY LEAVERS UTILIZE THE LOW-INCOME ENERGY ASSISTANCE PROGRAM

The Low-Income Energy Assistance Program (LEAP) helps low-income Colorado residents pay their winter utility bills. As is shown in Figure 4-8, 75 percent of early leavers were eligible for this program (which caps eligibility at 150 percent of FPL). Of these eligible leavers, only 26 percent had utilized the program in the previous winter. The average benefit amount for those with LEAP assistance was $231 over the course of the previous winter. Early leavers whose landlords pay their utilities would not be able to utilize these benefits, even if income eligible. We are not able to identify which early leavers' landlords paid their utility bills.

Figure 4-8

LEAP Utilization and Difficulty Paying Utility Bills
Survey of Colorado Works Early Leavers

LEAP Utilization		
Percent of Respondents Eligible to Receive LEAP:	73.8%	
Percent of Eligible Respondents Utilizing LEAP:	25.6%	
Change in Proportion of Respondents Experiencing Hardships Related to Food		
Hardship	**While Receiving CW**	**After Leaving CW**
Utility turned off	8.8%	14.4%
Telephone turned off[a]	19.9%	27.5%
Number of Respondents	306	

[a]1 respondent did not reply.

Note: Columns do not sum to 100 percent because categories are not mutually exclusive.
Source: BPA tabulations from the survey of Colorado Works early leavers.

Early leavers also reported disruption in their utilities due to their inability to pay bills. Those receiving LEAP experienced less hardship in this regard than those who did not. Of the 14 percent of leavers who had utilities shut off after Colorado Works exit, 75 percent were not using LEAP. Of this 75 percent, 75 percent were eligible for the program.

The federal regulations for LEAP include outreach activities designed to ensure that eligible households, particularly those that include elderly or disabled individuals, are made aware of the program. The primary mode of outreach provided by the Department of Human Services, which oversees the program in Colorado, is an annual mailing, including an application, that is sent in October of each year to all recipients of food stamps, TANF, Medicaid, and other state adult assistance programs. Exiting Colorado Works recipients who continue to receive any of these programs would receive this mailing. Utility companies similarly provide inserts into customer bills during the winter months informing customers about LEAP. Counties may provide other forms of outreach as well, including newspaper advertisements, which can be funded in part by state funds. Currently the University of Denver Graduate School of Business is collaborating with the Department on a volunteer basis to develop a strategy for outreach to the broader low-income population.

Child Support is Not a Main Income Source

While receiving cash assistance, TANF (and formerly AFDC) recipients are required to cooperate with Child Support Enforcement (CSE) or be subject to sanction. Administrative data maintained by the Department indicate that during the entire period from July 1997 to June 1999, more than 99 percent of Colorado Works recipients who were required to do so complied with CSE.[18] Child support monies collected for Colorado Works recipients are used to offset the cash benefits provided by the program.

[18]Recipients may not be required to comply with Child Support Enforcement if the non-custodial parent is deceased or there was domestic violence in the family.

Once leaving aid, former cash aid recipients may use child support income to supplement their other income sources. As is shown in Figure 4-9, half the Colorado Works early leavers had a child support order, and of these, only 42 percent actually received child support payments. Payments were more likely to be received by parents who had a child support order than those who did not. We have no benchmark for data on actual collections of child support monies for Colorado Works recipients while they received aid. At this point, baseline information indicates that child support income is contributing to family well-being in substantially fewer than half the families who left Colorado Works early on. We are as yet unable to determine the extent to which the presence and amount of child support income allows former recipients to achieve improved outcomes for themselves and their families. We will continue to explore this issue in future evaluation activities.

Figure 4-9

Child Support Receipt
Survey of Colorado Works Early Leavers

Respondents with Child Support Order	137 (48.2%)
% with payment	42.0%
Average payment amount	$318.50
% with payment less than order	68.6%
% with payment same as order	25.4%
% with payment greater than order	5.9%
Respondents without child support order	147 (51.8%)
% with payment	5.4%
Average payment amount	$343.38
Number of Respondents[a]	306

[a]28 respondents did not reply.

Source: BPA tabulations from the survey of Colorado Works early leavers.

Early Leavers' Reliance on Family and Friends Has Remained Stable

In addition to or in place of government and community non-TANF assistance, Colorado Works leavers may rely on family members or friends to assist them with paying bills, transportation, a place to stay, food or other things in times of need. To gauge the extent to which early Colorado Works leavers relied on family and friends, early leavers were asked whether their reliance on family and friends had increased, decreased, or stayed the same since leaving cash aid. We found that leavers' reliance on family and friends did not change substantially when they left cash aid. Among those who reported relying on family or friends, 63 percent said they currently rely less than or about the same as they did when they received cash aid. Twenty-three percent reported relying more on family, and 14 percent reported relying more on friends than when they received cash aid.

Overall Well-Being and Early Colorado Works Leavers' Suggestions for Additional Assistance

As a subjective measure of personal well-being, survey respondents were asked if they felt they were better off now than when they were receiving cash assistance. Overall, 62 percent felt they were better off, and 52 percent felt their children were better off than when they were receiving cash assistance. In contrast, 14 percent of early leavers felt they were worse off and 5 percent felt their children were worse off than when they were receiving cash assistance. A key contributor to this sense of improved well-being is paid employment. Only 9 percent of working early leavers felt they were worse off than when they received cash aid, and 70 percent felt they were better off. This points to the importance of employment in helping to improve cash aid recipients' feelings of overall well-being.

Despite many early leavers' reports of improved well-being, they provided numerous suggestions as to the types of help they felt the government should provide to "people who have stopped receiving cash assistance and are working hard to get by." Below we report the most frequently cited types of assistance needed, in order of the number of early leavers who mentioned them.

- **Child care subsidies** - 119 early leavers (40 percent) indicated that child care subsidies should continue after individuals leave assistance for employment to continue to make working financially viable and worthwhile (child care is discussed in Chapter 5).

- **Medicaid or other low-cost medical and dental insurance** - 110 early leavers (37 percent) noted that eligibility for Medicaid or another low-income health insurance and dental program should continue, even after individuals are working.

- **Food stamps or other food assistance** - 85 early leavers (29 percent) cited access to food or food stamps as important needs post-Colorado Works.

- **Access to education and training programs** - 61 early leavers (21 percent) indicated that greater access to employment and training opportunities, including vocational training, GED or college, should be offered to help recipients better reach their earnings goals.

- **Rental subsidies or other housing assistance** - 47 early leavers (16 percent) stated that given the increasing costs of the housing market, families should be offered housing assistance, including ongoing rental assistance, security deposit, or emergency rental assistance.

- **Transportation assistance** - 41 early leavers (14 percent) indicated they would like help with transportation services, including car repair and bus tokens, to enable them to reliably meet their responsibilities.

- **Transitional cash aid** - 24 early leavers (8 percent) indicated a need for transitional cash assistance. Early leavers felt that assistance, including cash aid, should be made available for a longer period of time after people left welfare to enable them to secure more economic stability.

- **Access to job search and placement services** - 19 early leavers (6 percent) indicated that job search services should be improved to help recipients secure jobs that offer wage and skill progression.

- **Effective child support enforcement** - 13 early leavers (4 percent) reported that child support should be better enforced and assistance should be offered to fathers to enable them to fulfill their child support responsibilities.

- **Assistance with paying utility bills** - 10 early leavers (3 percent) felt that families should receive help with utilities when needed, especially heat in the winter.

- **Budgeting classes** - 6 early leavers (2 percent) felt that budgeting classes should be offered to help former Colorado Works participants understand how to manage their money after leaving assistance.

As is apparent from the list above, early Colorado Works leavers' suggestions for post-program assistance parallel the policy discussions regarding this issue both within Colorado and nationwide. The top three suggestions, as well as four other suggestions, are for programs that currently exist in Colorado. This may indicate that: (1) former recipients are utilizing these programs and feel they are the most useful services they receive, or (2) these former recipients are unaware of these programs and need more information about the services they offer. Because these early leavers most likely did not receive Colorado Works program services, they may not have been adequately informed about the availability of public assistance programs for which they might be eligible after case closure. Evidence reported in this chapter indicates those who utilize public assistance programs experience fewer hardships than those who do not utilize public assistance. It is therefore essential to provide information to former Colorado Works recipients who exited the program early in its implementation.

5. CHILD CARE ASSISTANCE FOR CURRENT AND FORMER COLORADO WORKS RECIPIENTS

INTRODUCTION

As Colorado Works recipients move from welfare into work, their success in achieving self-sufficiency will depend in part on their ability to secure reliable and affordable child care. Lack of adequate child care can act as a barrier to employment. In contrast, care that is accessible, affordable, reliable and of high quality can both help parents maintain stable employment and improve the well-being of their children. In this chapter we examine how current and former Colorado Works participants meet their child care needs. Our analysis is based on interviews and focus groups conducted during in-person site visits to 15 counties, results from a survey of Colorado Works early leavers and interviews with Division of Child Care staff.[1] Data from the survey reflect the experiences of those who exited the program in its first three months of operation, and are not indicative of the experiences of current Colorado Works recipients or the performance of the program as a whole. In addition we were provided with limited summary data from the Child Care Automated Tracking System (CHATS) by the Division of Child Care.

OVERVIEW OF THE COLORADO CHILD CARE ASSISTANCE PROGRAM

The Division of Child Care within the Colorado Department of Human Services administers the State's principal child care subsidy program, the Colorado Child Care Assistance Program (CCCAP). CCCAP provides low-income families with a child care subsidy so that parents can either go to work or participate in training. Once determined to be eligible, families can choose their preferred child care provider from among numerous types of child care, ranging from large day care facilities that accommodate many children of all ages to home-based care provided by a friend or relative. Employed parents are required to pay a fee based on a sliding scale of their income and CCCAP provides the remainder of the subsidy to

[1] Each of these data sources are described in detail in Appendices B, C, and D.

child care providers. CCCAP provides assistance to Colorado Works recipients through the Colorado Works Child Care program, and to low-income families not in Colorado Works (including former Colorado Works recipients) through the Low-Income Child Care program.[2] These are discussed in more detail below.

In State Fiscal Year 2000, the Division of Child Care was appropriated $62.4 million to spend on the CCCAP program. All of these funds are allocated to counties for CCCAP spending. Of this amount, $39.2 million came from the Child Care Development Fund (CCDF), the primary federal funding source.[3] Another $2.5 million was allocated from the Social Services Block Grant (SSBG). Like the TANF block grant, CCDF requires that states contribute their own funds (a maintenance of effort, or MOE, spending requirement) to access federal block grant funds. Appropriated state MOE funds totaled $13.4 million and appropriated county MOE funds totaled $7.3 million.

During State Fiscal Year 1999, 24 counties spent more on CCCAP than they had been allocated by the State. To address this, the Division of Child Care took two steps. First, it reallocated funds from those counties with leftover money to those counties needing additional funds. After the reallocation, there were $10.5 million in county expenditures that still were not covered. It then asked 18 counties (including one county that did not have a cost overrun) to request a transfer of funds from their county TANF block grants to their CCDF block grants to cover the remaining costs. Federal rules allow states to transfer up to 30 percent of their TANF block grants to CCDF. In Colorado, this means that the State could transfer $42.5 million from its TANF grant to its CCDF grant. In State Fiscal Year 1999, the State transferred $10.5 million, or about 7 percent of its TANF grant, to CCDF to cover the cost overruns in 24 counties. Allocations and expenditures for each Colorado county in State Fiscal Year 1999 are provided in Appendix E.

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[2]The remaining two CCCAP programs, Child Welfare Special Circumstances Child Care program and the Employment First Child Care program for Food Stamp recipients, are not tied directly to Colorado Works and are therefore outside the scope of this analysis.

[3]These do not sum to the amount of federal funds reported for State Fiscal Year 2000 due to the different months covered in these State and Federal fiscal years.

The demand for CCCAP child care subsidies appears to be outpacing funding allocations, at least in some counties. One way that the Division of Child Care has addressed this issue is to assist counties in using their TANF funds directly for child care expenditures. The Division is currently drafting an agency letter to inform counties of their ability to use county diversion to fund the Low-Income Child Care program. County diversion recipients need not meet the eligibility requirements for Colorado Works, but counties can spend TANF dollars to serve these recipients if their diversion eligibility requirements include those eligible for Low-Income Child Care. In conjunction with the Office of Self-Sufficiency, the Division plans to hold a teleconference in December to further discuss this issue with county staff.

Colorado Works Child Care subsidies are available to all Colorado Works recipients who are engaged in an approved activity, such as employment or training, and whose case managers consider the subsidy necessary to assist in achieving the goals in participants' Individual Responsibility Contracts (IRCs). Subsidies cover care for children under the age of 13 years and those who are between 13 and 18 with special needs. In June 1999, a total of 4,833 children in 2,631 families received subsidies from the Colorado Works Child Care program.

The Low-Income Child Care program serves families with low incomes who need assistance with child care and who are participating in approved activities, including training, job search, and employment.[4] Former Colorado Works recipients who obtain employment and close their cases would retain eligibility for the Low-Income program, provided they continue to meet the income eligibility requirements. Counties have the discretion to set the income eligibility cap anywhere between 130 and 185 percent of the federal poverty level (FPL). As a result of this flexibility, 10 different maximum income levels have been established across Colorado's 63 counties.[5] Most counties set their caps at 182 percent (22 counties) or 185 percent (21 counties) of FPL. The lowest cap was set at 144 percent of FPL in one county. The

[4]Training includes post-secondary education not to exceed a bachelor's degree, vocational or technical job skills training, educational activities such as GED, high school diploma, English as a Second Language, or basic skills. Training is an optional activity allowed only at the discretion of the county and carries an associated 24-month lifetime limit. Adult Basic Education is an allowable activity for up to an additional six months to the 24-month limit. Job search child care is limited to 30 days of child care in a 12 month period.

[5]This analysis used data for 63 counties and did not include Broomfield County.

Interim Committee to Study Child Care in Colorado is currently considering a measure to increase the minimum county-determined income eligibility cap from 130 percent of FPL to 150 percent of FPL.[6] This would affect three counties' eligibility levels. The maximum income level established by each county is presented in Appendix E.

These income eligibility levels are lower than the allowable federal limit, which is 85 percent of the median state income. A family of three must earn less than a net income of $24,648 to be eligible in Colorado at the 185 percent eligibility level. Under the federal guidelines, the same family's income could be over $10,000 higher. The result is that fewer families qualify for child care assistance in Colorado than would qualify if the federal guidelines were used. The Interim Committee to Study Child Care in Colorado is considering a measure to increase the maximum eligibility cap from 185 percent of FPL to 85 percent of the state median income. This would allow counties, at their option, to provide subsidies to more families than they are currently able to serve. Only nine states have adopted the federal standard of 85 percent of median state income.[7] Twenty-one states have adopted eligibility standards that are higher than Colorado's current standards, and 19 states have adopted lower standards.[8]

This chapter highlights a number of issues regarding the use of CCCAP among Colorado Works and Low-Income Child Care recipients. We compare information on CCCAP recipients to findings from a survey of early Colorado Works leavers who left the program early in its implementation (July through September 1997) and did not return as of December 1998. These individuals did not receive Colorado Works services and information gathered from the survey is therefore not generalizable to all current or former recipients. Our major findings are highlighted below.

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[6]See *Study of Child Care in Colorado*, Executive Summary, Interim Committee to Study Child Care in Colorado, November 1999.

[7]See *Access to Child Care for Low-Income Working Families*, Administration on Children and Families, U.S. Department of Health and Human Services, October 1999.

[8]Data reported for 41 states plus Washington D.C. See *Child Care and Development Block Grant: Report of State Plans,* National Child Care Information Center, March 1998.

- **Utilization of CCCAP subsidies has increased among Colorado Works recipients.** The proportion of Colorado Works families using CCCAP subsidies increased from 20 percent to 30 percent between July 1998 and June 1999. The need for child care assistance is determined at case worker discretion and it is unclear why more Colorado Works families did not utilize CCCAP subsidies. This is an issue we will continue to investigate in future reports.

- **The Low-Income Child Care caseload grew 23 percent between July 1998 and June 1999.** If the Low-Income Child Care program continues to increase at its current rate, it will require the use of even more county funds to serve eligible families. The Division of Child Care should work with counties to monitor the caseload increase in the Low-Income Child Care program and forecast budgetary implications of this increase.

- **Child care subsidy utilization among Colorado Works early leavers is low.** About 75 percent of employed Colorado Works early leavers surveyed were eligible for Low-Income Child Care based on their income and family size. Of these eligible leavers, only 14 percent reported use of a child care subsidy. This is relatively low compared to child care usage among leavers in other states.

- **Counties differ in their philosophies about and approach to providing information to Colorado Works recipients on Low-Income Child Care.** Some counties encourage strategies to promote smooth transitions and others have strategies that are more complex for families. The Department of Human Services should work with counties to develop strategies to improve the transition of Colorado Works recipients into CCCAP's Low-Income Child Care program.

- **Colorado Works early leavers are much more likely to use legally exempt care, such as relative and non-relative care, than CCCAP recipients.** In contrast, CCCAP recipients were much more likely to use center-based care, which tends to be more expensive and is monitored by the Division of Child Care. Outreach and training on health, safety, and basic child development for exempt providers would be appropriate. A promising model to follow might be the Trustline Registry that is administered through a collaborative effort among the Department of Public Health and Environment, the Department of Human Services, and the Colorado Office of Resource and Referral Agencies.

- **The shortage of child care slots is particularly acute for care during non-traditional hours.** County staff indicated that child care availability is low outside of traditional business hours. This is confirmed by the experience of Colorado Works early leavers, 63 percent of whom reported working non-traditional hours. These early leavers were much more likely to select parental or relative care than those working traditional hours. In contrast, those in traditional hours were almost three times as likely to have selected center-based care.

- **The Division of Child Care is working with counties to allow them to adjust their rate structures.** Provider reimbursement rates are generally lower than the market rate for cost of child care, which may limit the supply of child care slots for CCCAP recipients. County staff indicated a need to further differentiate provider reimbursement rates in order to reimburse providers more fairly for their cost of care.

- **Some counties have adopted practices to assist Colorado Works recipients to obtain child care.** Two of the 15 counties we visited provided child care assistance to recipients through resource and referral agencies that used a computerized database or an automatic phone access system. Another two counties provided free on-site care to recipients' children while their parent was at the local county office. Three site visit counties included the process of looking for child care as a county-approved work activity. Other states have adopted innovative strategies for using TANF funds for child care, including the creation of after school programs for children in low-income schools.

- **CCCAP makes child care more affordable for Colorado Works recipients.** CCCAP's Low-Income Child Care program has emerged as a vital transitional service in supporting participants as they leave welfare for the work place. Further, child care was the most frequently mentioned support service by early Colorado Works leavers as a vital service the State should provide working parents.

- **Early Colorado Works leavers spent 20 percent of their monthly family incomes on child care.** This is on target with national figures for the low-income population. However, family child care costs increase substantially when families reach incomes of 185 percent of the federal poverty level and their CCCAP subsidies end. The Interim Committee to Study Child Care is considering two options to address this issue. First, it is considering increasing the maximum eligibility cap from 185 percent of FPL to 85 percent of the state median income. Second, it is considering requiring counties to extend child care assistance for a period of six months for those recipients who have met or exceeded their county eligibility limit.

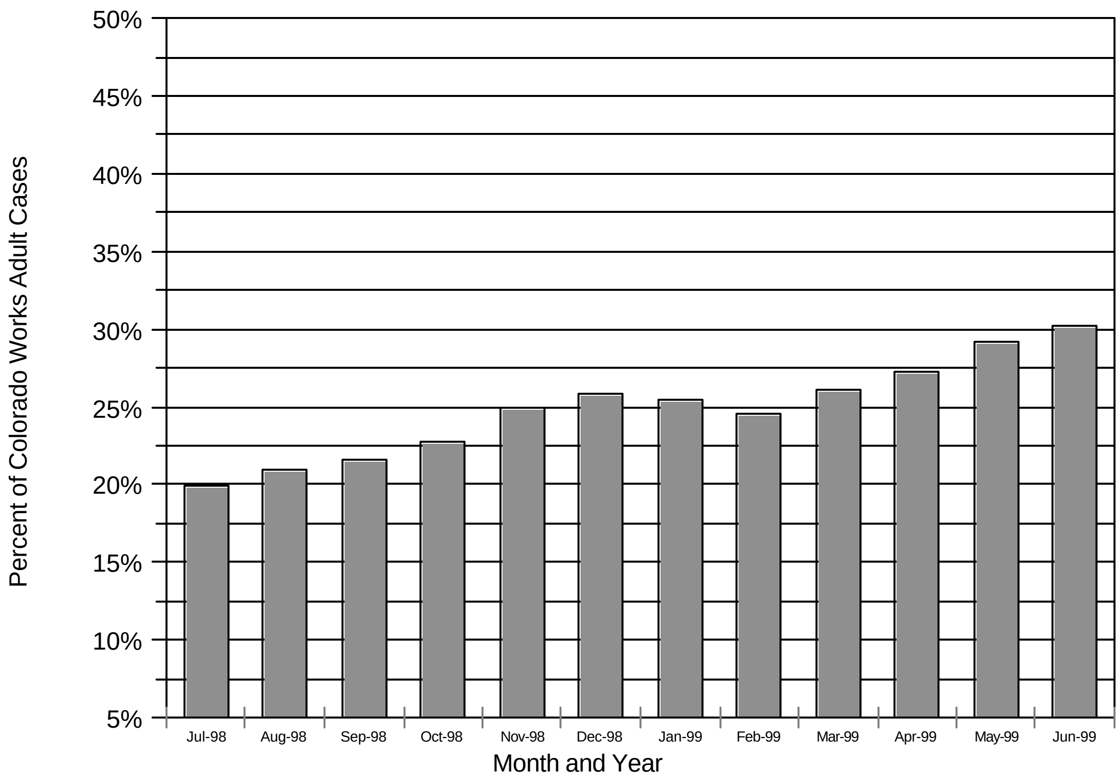
COLORADO WORKS CHILD CARE UTILIZATION HAS INCREASED AND LOW-INCOME CHILD CARE CASELOADS HAVE RISEN

Utilization of CCCAP subsidies has increased among Colorado Works recipients. As shown in Figure 5-1, the proportion of adult-headed Colorado Works families using CCCAP subsidies increased from 20 percent to 30 percent between July 1998 and June 1999.[9] Although increasing in percent, the actual number of Colorado Works Child Care cases declined from 2,848 to 2,631 over the same time period. This decline is due to the drop in the overall Colorado Works caseload during that period. The increase in the Colorado Works child care utilization rate could be attributed to improved program implementation over that time frame.

[9]The Division of Child Care provided summary program data as of July 1998, and was unable to provide case level data in time to meet deadlines for this report. We hope to obtain such data for analysis in our second annual evaluation report.

Figure 5-1

**Percent of Total Adult Colorado Works Caseload Receiving Child Care Subsidies
July 1998 - June 1999**



Source: Division of Child Care, Colorado Department of Human Services.

Nonetheless, we expected the rate of utilization of CCCAP subsidies by Colorado Works recipients to be higher. As discussed in Chapter 1, by June 1999, 99 percent all Colorado Works adult participants were engaged in a state or county approved work activity. Colorado Works case workers have discretion in determining the need for child care assistance and it is unclear why a majority of Colorado Works families did not utilize CCCAP subsidies. This is an issue we will continue to investigate using administrative data and county site visits in future evaluation activities.

The Low-Income Child Care program, which includes both former Colorado Works recipients and other low-income Colorado residents, has grown rapidly in the past year. Figure 5-2 shows that between July 1998 and June 1999, the Low-Income Child Care program grew by 23 percent as the caseload increased from 8,735 to 10,759. This program served about four times as many families as the Colorado Works Child Care program in June 1999. We do not yet have data to determine whether the Low-Income Child Care caseload increase is due to increased usage among former Colorado Works participants or other low-income Colorado residents. The Child Care Bureau in the U.S. Department of Health and Human Services estimates that in Colorado, 9 percent of eligible children receive subsidized care with CCDF funds. This is comparable to the national average of 10 percent.[10] The Division of Child Care is currently compiling a county by county analysis of CCCAP utilization rates among eligible families.

If the Low-Income Child Care program continues to increase at its current rate, it will require the use of additional county funds to serve eligible families. As was reported previously, 24 counties had cost overruns in the last fiscal year. County staff have reported a concern that they will need to tap their county TANF reserve funds, and in some cases exhaust these funds, to continue to fund the Low-Income Child Care program if their caseloads continue to increase. If this occurs, there will be implications for access to subsidies by both current and former Colorado Works recipients as well as other low-income Colorado residents. For example, counties could opt to change their eligibility cutoff level for Low-Income Child Care, thereby serving fewer families. Alternatively, counties may keep their eligibility limits but be forced to have waiting lists for CCCAP subsidies. Finally, counties that substantially draw down their reserve funds for CCCAP may not have TANF funds to continue to provide new and innovative services that are unrelated to child care to Colorado Works recipients. None of these situations has yet occurred, although county staff have reported weighing the cost of providing additional services to Colorado Works recipients against the costs associated with child care. We will continue to assess the impact of CCCAP funding on utilization of child care subsidies in subsequent evaluation reports.

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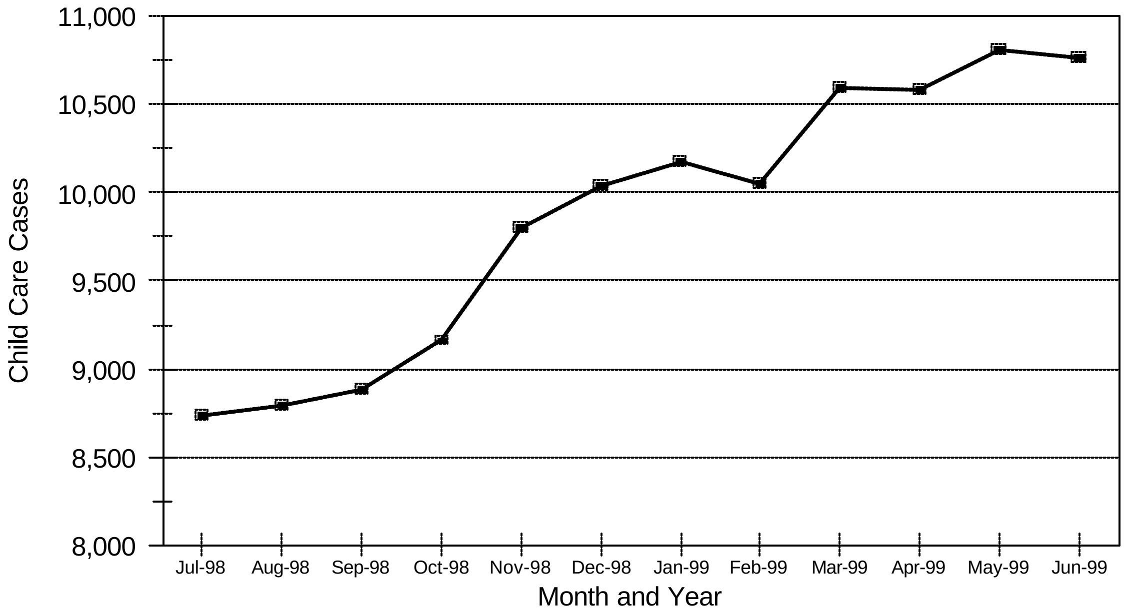
[10]See *Access to Child Care for Low-Income Working Families*, Administration on Children and Families, U.S. Department of Health and Human Services, October 1999.

Figure 5-2

Households Receiving Low-Income Child Care Subsidies
July 1998 - June 1999



Source: Child Care Payment Summary by Population and Activity Report, Division of Child Care, Colorado Department of Human Services.

The Division of Child Care does not currently have information to project the number of children that will receive child care subsidies in the next few years, or the cost of providing these subsidies. It is therefore not possible at this time to determine if the current allocation, along with county reserves, is sufficient to meet the growing demand of the program. Because the Interim Committee to Study Child Care in Colorado is considering measures to expand child care eligibility, as was mentioned previously, information about the adequacy of current funds is even more important. To forecast budgetary needs for continued Low-Income Child Care subsidy provision, the Division of Child Care will need to work closely with counties to obtain county-by-county forecasts, as child care utilization varies with county policies.

RECOMMENDATION 9:

The Division of Child Care should work with counties to monitor the caseload increase in the Low-Income Child Care program and forecast budgetary implications of this increase.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department will work with counties to monitor caseload increases in Low-Income CCCAP and will forecast the budgetary implications of the increases.

CHILD CARE SUBSIDY UTILIZATION AMONG COLORADO WORKS EARLY LEAVERS IS LOW

Despite the rapid growth of the Low-Income Child Care program, we found that Colorado Works early leavers (survey respondents who left Colorado Works in its first three months of implementation) were not accessing these subsidies at a very high rate. Many of these Colorado Works early leavers would have been eligible for a Low-Income Child Care subsidy based upon their employment status, income, and family size. If we assume the median county eligibility criteria (income at or below 182 percent of FPL), 75 percent of employed early leavers would have been eligible for Low-Income Child Care subsidies. Because 21 counties use a higher income eligibility level, this is an underestimate of those likely to be eligible for subsidies. Among eligible early leavers, only 14 percent reported receiving a government or employer-sponsored subsidy. Because we assumed that all of the early leavers reporting a child care subsidy received a CCCAP subsidy rather than an employer subsidy, this estimate may overestimate actual CCCAP utilization.

Compared to other leavers' studies, Colorado's early leavers' child care subsidy usage rate is low. Four states collected similar information over the past few years. Washington and Oklahoma found the highest rates of post-program child care subsidy usage, with 38 and 34 percent of working families formerly on TANF receiving a subsidy, respectively. South Carolina and Wisconsin found much lower subsidy rates of 18 percent and 17 percent respectively, but included both employed and unemployed leavers in the tabulation.[11]

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[11] See *Welfare Reform: Information on Former Recipients' Status*, General Accounting Office, April 1999.

The Transition From Colorado Works Child Care to Low-Income Child Care is Problematic for Some Participants

A key issue of concern for the evaluation is access to child care by recipients after Colorado Works case closure. Many Colorado Works recipients whose cases close due to employment retain eligibility for child care assistance because of low income levels. However, information from site visits indicates that recipients have not been universally successful in transitioning from Colorado Works Child Care to Low-Income Child Care. Respondents at three of the 15 site visit counties mentioned this transition as a particular problem for participants. Counties' approaches to managing the transition process for child care subsidies vary. Some counties have taken a proactive approach to ensure continuity of child care subsidies and others have relied primarily on recipient initiative. Apart from this, because county Colorado Works staff's involvement with a case ceases upon case closure, case workers reported finding it difficult to ensure appropriate transitional services.

A change in child care case managers when recipients leave Colorado Works is one factor that may contribute to non-retention of child care subsidies. In some counties, particularly small or rural ones, the transition process is likely to be relatively smooth because the county case worker serving as the Colorado Works Child Care case manager is also the recipient's Low-Income Child Care case manager. In other counties, the case managers may be different, the programs may be in separate buildings, or case management services may be contracted out to other entities. In these counties, the transition from Colorado Works to Low-Income Child Care assistance is likely to be more complicated for the recipient.

On the basis of evidence from the early leavers survey, site visits, and interviews with state staff, transitions to Low-Income Child Care need to be improved. Counties differ in their philosophical approaches to providing information to Colorado Works recipients on Low-Income Child Care and the administrative strategies used to assist recipients in applying for subsidies. Some counties emphasize creating a seamless transition between Colorado Works and Low-Income Child Care to facilitate the retention of child care assistance. Others are more focused on client responsibility and see the continuation of child care assistance as the recipient's responsibility. These factors need to be considered in developing steps to improve access by former Colorado Works participants to Low-Income Child Care assistance.

RECOMMENDATION 10:

The Department of Human Services should work with counties to develop strategies to improve the transition of Colorado Works recipients into CCCAP's Low-Income Child Care program. Strategies could include: (1) providing additional information on Low-Income Child Care assistance at the time of enrollment into CCCAP's Colorado Works Child Care program rather than at Colorado Works case closure, (2) developing incentives for former recipients to participate in an exit interview, and (3) Following up with former recipients within the first 30 days after case closure to ensure families have the information and application required for the Low-Income program.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. In keeping with earlier responses to outreach, the Department will work with counties on developing strategies to improve the transition of Colorado Works families and children into CCCAP's Low-Income program.

CCCAP SUBSIDY RECIPIENTS SELECT DIFFERENT TYPES OF CARE THAN OTHER LOW-INCOME FAMILIES

Families using the Colorado Works and Low-Income Child Care programs can select one of three types of care: licensed child care centers, licensed child care homes, and legally exempt care arrangements. Licensed centers include day care facilities serving children from various families and may include preschools (such as Head Start) and after school care. Licensed child care homes include care provided in a private home for children from different families. Both of these licensed care arrangements operate under regulations governing the maximum number of children for each age group. The licensing and monitoring requirements for these facilities are discussed in detail in Appendix F. Legally exempt care is not required to be licensed by the state, although these providers must complete and submit an application to the Division of Child Care in order to be reimbursed by CCCAP. Exempt providers care for children in a home instead of a commercial center and may be either a relative (not including a parent) or non-relative. Regulations stipulate that legally exempt providers may care for only one family's children (not including the provider's children) at a time.[12]

Figure 5-3 presents information about the child care arrangements used by Colorado Works and Low-Income CCCAP recipients using these three categories of care. As is evident from the figure, licensed child care centers are the primary type of care utilized by children of both Colorado Works and Low-Income Child Care program recipients. Among both groups of program recipients, this category includes more than half the covered children. However, a substantial portion of both Colorado Works and Low-Income Child Care recipients use legally exempt care (28 and 19 percent, respectively).

Figure 5-3

Types of Child Care Being Utilized by CCCAP Recipient Children
June 1999

Type of Child Care Arrangement	Colorado Works Child Care	Low-Income Child Care
Licensed child care centers	54.7%	59.1%
Licensed family homes	16.4%	21.3%
Legally exempt care	28.1%	18.7%
Other	0.9%	0.9%
Total Number of Child Care Arrangements	4,964	19,753

Source: Child Care Payment Summary by Provider Type Report, Division of Child Care, Colorado Department of Human Services.

[12]Children may be from more than one family as long as they are all related (e.g., cousins can be cared for at the same time).

Surveyed Colorado Works early leavers who were employed (199 of 306 respondents, or 65 percent) were asked about the child care arrangements they utilize for their three youngest children. As noted earlier, only 14 percent of employed respondents indicated they received a government or employer child care subsidy. As shown in Figure 5-4, children cared for by a relative was the most frequent child care arrangement used among the Colorado Works early leavers (40 percent). Thirty percent of the children were in elementary or secondary schools during the school day, constituting the next most frequently utilized child care arrangement. Center-based and non-relative care were the least frequent child care arrangements, used by 14 percent and 15 percent of children respectively.

Figure 5-4

Types of Child Care Utilized by Working Families

Survey of Colorado Works Early Leavers

Type of Child Care Arrangement	Number of Children	Percent of Children
Parental Care	**73**	**20.1%**
In child's home by parent or step-parent	66	18.1%
In another home by child's other parent	8	2.2%
Relative Care	**147**	**40.4%**
In child's home by other family members	78	21.4%
In another home by other family members	78	21.4%
Non-relative Care	**56**	**15.0%**
In child's home by non-relative of child	10	2.7%
In another home by non-relative of child	46	12.6%
Center-based Care	**52**	**14.3%**
In a group home or day care center	37	10.2%
In a nursery school, preschool, or prekindergarten	13	3.6%
Head Start	2	0.5%
Elementary or Secondary School	**110**	**30.2%**
Other	**81**	**22.3%**
Child cares for him/herself	48	13.2%
After school program at school, church or community center	11	3.0%
Child cared for at respondent's place of work	26	7.1%
Total Number of Children	**364**	
Total Number of Child Care Arrangements	**533**	

Note: Survey respondents were able to report multiple care arrangements for each child. Hence, the total number of arrangements is greater than the number of children overall. Within the six broad categories, sub-categories may not sum to the total because children may be cared for in two or more of the sub-category arrangements.

Source: BPA tabulations from the survey of Colorado Works early leavers.

Thirty-seven percent of Colorado Works early leavers' children were in more than one type of child care environment. The need for more than one child care arrangement can place additional burdens on a family, such as transportation, cost, and the time required to transport children back and forth.

To compare Colorado Works early leavers (from the survey), with all CCCAP recipients, we matched categories of care as closely as possible. Note that Colorado Works early leavers were not offered the full range of services available to current Colorado Works recipients and are therefore not representative of later groups of leavers. Because the survey did not contain information on whether care providers were licensed or legally exempt, the category comparisons may not be exact.

Figure 5-5 presents comparable child care arrangements for Colorado Works Child Care recipients, Low-Income Child Care recipients, and Colorado Works early leavers. As is evident in the figure, Colorado Works early leavers are much more likely to use relative and non-relative care than CCCAP recipients in both programs. Early leavers reported using these two categories of care 76 percent of the time. As stated previously, Colorado Works Child Care recipients used these two care arrangements 28 percent of the time and Low-Income Child Care recipients used them 19 percent of the time.

It seems clear that the Colorado Works early leavers, most of whom were not CCCAP recipients, opted for lower-cost relative and non-relative care at a much higher rate than their CCCAP counterparts. Note that these early leavers did not get the full range of services and information provided to current recipients because they left early in program implementation. It is possible that the Colorado Works early leavers selected these arrangements because they were unaware of the Low-Income Child Care subsidy and therefore chose care they could afford. It is also possible that these individuals preferred family and non-relative care over center-based care, especially if the parent felt uncomfortable having their children cared for by a stranger. Because the subsidy is lower for these arrangements, and requires that the care provider submit complex forms, these families may have opted to forgo CCCAP benefits.

Alternatively, these child care arrangements may be provided free of charge, particularly for care provided by family members.

A number of issues are raised by the higher use of legally exempt care among early Colorado Works leavers than the CCCAP population as a whole. First, early leavers may prefer this type of care because it is low-cost and convenient. In addition, having a grandparent or other relative care for a child may be the parent's first choice of child care because it keeps the child with family members while the parent is working. Although former recipients may prefer legally exempt or family-based care arrangements, these arrangements may also pose some problems. According to interviewed employers and case workers in Colorado, these arrangements are less reliable and often lead to the parent missing or being late to work or appointments. If the caretaker is ill, for instance, a parent whose child is being cared for by a family member has very little recourse.

Figure 5-5

Types of Child Care Utilized by Working Families
Comparison of CCCAP Low-Income with Colorado Works Early Leavers

Type of Child Care Arrangement	Colorado Works Child Care[a]	Low-Income Child Care[a]	Colorado Works Early Leavers
Relative Care	21.0%	13.0%	55.2%
Non-relative Care	7.1%	5.6%	21.1%
Center-based Care	66.1%	74.2%	19.5%
After School Program	4.9%	6.2%	4.1%
Other	0.9%	0.9%	0.0%
Total Number of Child Care Arrangements	4,964	19,753	266

[a]Data are from June 1999.

Source: Child Care Payment Summary by Provider Type Report, Division of Child Care, Colorado Department of Human Services and tabulations from the survey of Colorado Works early leavers.

For all child care providers, including legally exempt providers, health, safety and basic child development education is essential for providing quality child care. As noted earlier, quality child care that is affordable and available is key to promoting a parent's self-sufficiency. Currently, the Division of Child Care provides only limited outreach to legally exempt providers. Outreach and training is one way to educate these providers regarding health, safety and basic child development issues.

The State currently has an initiative underway to provide such outreach and training. The Trustline Registry, operated by the Department of Public Health and Environment (DPHE) in collaboration with the Department of Human Services and the Colorado Office of Resource and Referral Agencies (CORRA), is providing these services to a small proportion of legally exempt CCCAP providers. The goal of Trustline is to enhance the quality of nutrition for children via the utilization of the Child and Adult Care Food Program (CACFP), which provides cash food subsidies for children in child care. The program was piloted for two years and an evaluation was completed.[13] Trustline is currently being implemented statewide. The pilot program enrolled and provided services to 187 legally exempt child care providers who received a CCCAP subsidy. For statewide implementation, the Department of Human Services has directed $10,000 to DPHE to administer Trustline, and DPHE estimates that it will be able to reach 200 providers over the course of a year for this amount.

To participate in Trustline, exempt providers must have a background check through the Colorado Bureau of Investigation which is comparable to the check required for licensed providers. They must also pass a DPHE health and safety inspection and a self-administered test on basic health, safety and child development topics. Local Family Child Care Sponsors (the nonprofit organization under contract with DPHE to administer the CACFP) initiate the first contact with exempt providers to invite them to participate in the program. Once involved in the program, the provider must meet a number of compliance issues, primarily regarding sanitation,

[13]See Grimm, S., *Evaluation of the Trustline Program*, 1999.

nutrition and safety issues, and can then receive food subsidies for children in its care. Furthermore, the provider is visited three times per year by a Family Child Care Sponsor to inspect for health and safety compliance, mostly related to food and nutrition. In addition, training is provided annually on these topics and on child development issues.

The Trustline Registry program has facilitated provision of additional support to legally exempt providers by local resource and referral (R&R) agencies. The local R&R agency maintains records of all exempt providers participating in Trustline and includes these providers in its training outreach efforts. R&R agency workshops for child care providers typically focus on parenting skills, child development issues, or health and safety concerns. Its scope and outreach can be expanded, however, to focus more broadly on child safety, health and development issues.

RECOMMENDATION 11:
The Division of Child Care should identify strategies to provide education and outreach on health, safety, and child development issues to legally exempt providers who receive CCCAP subsidies. One promising model for such outreach is the Trustline Registry, which could be expanded beyond its primary focus on nutrition.

DEPARTMENT OF HUMAN SERVICES RESPONSE:
Agree. The Department will continue to contract and expand, within available funds, services under the Trustline Registry. These services are intended to increase safety for children through training for legally exempt providers.

CHILD CARE IN NON-TRADITIONAL HOURS IS DIFFICULT TO LOCATE

According to county and state staff, there is a shortage of child care slots for low income families in Colorado, particularly during non-traditional business hours. As was discussed in Chapter 2, 63 percent of employed Colorado Works early leavers who were surveyed reported that they worked either non-traditional weekday hours or on weekends, suggesting that over half of the employed respondents required non-traditional care arrangements for their children.[14] We would therefore expect that those who are employed off-hours would seek care arrangements that are more flexible, such as care by a family member or friend. Findings indicate that early leavers who worked non-traditional hours indeed opted for different care arrangements than those who worked traditional hours. As is shown in Figure 5-6, those who worked non-traditional hours were much more likely to select parental or relative care than those working traditional hours. In contrast, those in traditional hours were almost three times as likely to have selected center-based care than respondents in non-traditional hours.

Figure 5-6

Types of Care by Whether Parent Works Non-Traditional Hours
Survey of Colorado Works Early Leavers

	Parent Works Non-Traditional Hours	Parent Does Not Work Non-Traditional Hours
Parental Care	15.9%	10.4%
Relative Care	31.8%	24.9%
Non-relative Care	9.7%	11.9%
Center-Based Care	5.9%	16.6%
Elementary or Secondary School	20.6%	20.7%
Other	16.2%	15.5%
Number of Child Care Arrangements	340	193

Source: BPA tabulations from the survey of Colorado Works early leavers.

[14]Non-traditional weekday hours are defined as work starting before 7:00 AM or ending after 6:00 PM.

PROVIDER REIMBURSEMENT RATES MAY CONTRIBUTE TO CHILD CARE SHORTAGES

According to interviews with state staff, an important determinant of the supply of child care slots for CCCAP recipients is the level of provider reimbursement rates. Because care is typically reimbursed at a rate below what many child care providers charge, some providers may find it necessary to limit child care slots for CCCAP recipients in order to cover their costs. Counties have responsibility for determining the maximum rates for which child care providers can be reimbursed for providing child care to CCCAP recipients. To determine these rates, counties typically conduct a local level market rate study. The federal government suggests that the provider reimbursement rates be set at the 75th percentile of the range of market rates (i.e., 75 percent of providers charge privately paying parents rates less than or equal to this rate), but counties are free to set their reimbursement rates at will.

Many counties in Colorado reimburse providers at a rate below that of the recommended 75th percentile market rate. Figure 5-7 presents provider reimbursement rates and market rates (defined as the 75th percentile of actual market rates) for counties grouped into three categories: urban, rural, and resort.[15] Urban and resort counties have higher median market rates than rural counties, as is to be expected. Care for children under age two in licensed centers is reimbursed at higher rates than care for older children. Urban counties reimburse child care providers at lower rates, relative to market rate, than rural or resort counties. Statewide, licensed child care centers have the highest average reimbursement levels, followed by licensed family care homes, and legally exempt child care. In Appendix E we present levels of reimbursement for various provider types and age of child by county.

[15]Market rates listed in Figure 5-7 are the 75th percentile of the range of market costs in each category. These rates were determined through the Division of Child Care's child care provider market study, as of September 1999.

Figure 5-7

County Market and Provider Reimbursement Rates[a]

	Licensed Child Care Centers		Licensed Family Care Homes	
	Under Two Years	Two Years and Over	Under Two Years	Two Years and Over
Urban Market Rate	$30.50	$24.00	$24.00	$20.00
Median County Reimbursement Rate	$24.00	$18.00	$19.00	$16.00
Median County Reimbursement Rate as Percent of Market Rate	78.7%	75.0%	79.2%	80.0%
Number of Counties at or Above Market Rate	1	1	1	1
Number of Counties Below Market Rate	10	10	10	10
Rural Market Rate	$18.00	$17.00	$17.50	$16.00
Median County Reimbursement Rate	$17.43	$15.00	$15.00	$13.84
Median County Reimbursement Rate as Percent of Market Rate	96.8%	88.2%	85.7%	86.5%
Number of Counties at or Above Market Rate	19	10	10	7
Number of Counties Below Market Rate	21	30	30	33
Resort Market Rate	$30.50	$27.00	$25.00	$23.50
Median County Reimbursement Rate	$27.21	$25.00	$25.00	$22.00
Median County Reimbursement Rate as Percent of Market Rate	89.2%	92.6%	100.0%	93.6%
Number of Counties at or Above Market Rate	4	4	7	6
Number of Counties Below Market Rate	8	8	5	6

[a]Market rates are the 75th percentile of rates charged by market child care providers surveyed by the Colorado Division of Child Care. Rates for children under two are based on survey rates for infants and toddlers, and rates for children over two are based on survey rates for preschool and school age children.

Sources: 1999 Colorado Child Care Market Rates, Division of Child Care, Colorado Department of Human Services; Colorado Division of Child Care web site, http://www.cdhs.state.co.us/childcare/fees.htm; Gilpin County Department of Human Services.

Counties have limited ability to adjust their provider reimbursement rate structures due to constraints in CHATS, the database system that disburses payments to providers. CHATS can currently handle reimbursement rates for only the following rate categories and specifications: provider type (center-based care, home-based care, exempt care), age categories (over and under two), time categories (full-time, part-time, before school, after school, and alternative hours), and special needs. CHATS cannot vary reimbursement levels by other factors. According to interviews with county and state staff, counties want additional rate categories to permit separate rates for infant, toddler, preschool, and school age children. Staff indicated that the availability of care, especially infant care, was closely linked to appropriate provider rates. The Division of Child Care is currently working with counties to provide an unlimited number of provider rate categories in order to increase the ability of counties to adjust their rate structures.

Continued Innovation is Needed to Develop Child Care Capacity

Innovation at the county level is needed to develop child care capacity and increase the availability of child care for low-income families. A number of site visit counties have adopted measures to help Colorado Works recipients find reliable child care arrangements. Others have adopted solutions that create new child care slots or cover care during key Colorado Works activities.

In focus group interviews with Colorado Works recipients, many recipients said they would have liked more assistance from the county in identifying potential providers. Recognizing this need, several site visit counties are providing additional support to recipients in locating providers. Some counties rely on their local R&R agency to provide information on the types and availability of providers as well as to provide assistance in identifying a provider.[16] One site visit county contracted with the local R&R agency to station a worker at the county office so that Colorado Works recipients could receive assistance in identifying a provider on a drop-in basis. Using a computerized data base, the specialist can generate a list of potential providers for the parent based on the child's age, hours of service, and distance from home or work. Another county gives its Colorado Works participants a telephone number to call for automated assistance in identifying care. The recording asks the participant for a description of her child care needs and then a person calls back within 24 hours with possible providers. If none of these providers are satisfactory, the parent can bypass the recorded system to get personal assistance. Three counties have developed special materials and presentations, such as child care provider guidebooks, workshops and life skills class modules to address how to make child care provider choices. These materials and presentations focus not only on types of care available but also on issues of quality and child safety. Further, CORRA is planning to implement a "road runner" program in which an R&R agency representative will rotate through towns in the service delivery area that lack a branch office.

A few site visit counties are addressing the lack of available slots by creating new child care services. Two counties, for instance, provide free on-site care in their county offices for recipients who are attending county-based classes or meeting with county staff. These arrangements were made through a contract with an existing child care provider who was asked to open a facility in the county office building. Some non-county service providers are also

[16] In Colorado, the Division of Child Care has contracted with the Colorado Office of Resource and Referral Agencies, Inc (CORRA) to serve as the coordinating agency for the statewide network of community-based R&R programs and to provide pre-licensing courses for child care providers seeking a license. CORRA has divided the state into 15 service delivery areas with 22 branch offices to serve multiple counties in each area. CORRA, in partnership with its local agency network, performs a variety of functions, including: (1) providing information to parents about child care availability in their communities and referrals to programs in response to family needs, (2) developing and maintaining databases on child care programs, (3) building the supply of child care by providing training and technical assistance to new and existing providers, (4) improving child care quality by offering training for family child care providers and center staff and directors, and (5) expanding local child care resources by collaborating with other community groups.

beginning to provide on-site care for Colorado Works recipients while they attend classes or receive services such as counseling sessions at their facility. One county started its own child care facility for infants, toddlers, and preschoolers through a start-up grant from the state. The county reported concerns that the center will not be able to continue operations because it has had difficulty obtaining funds for a second year of operation. The county is looking to private foundations for additional funds. Another county has started a mentoring program that matches volunteer parents with Colorado Works parents to provide emotional support and advice. This county has just begun to add child care assistance or "babysitting" to the support provided by its mentors.

Taking a slightly different approach, three site visit counties have added the process of looking for child care as a county-approved work activity. This designation prevents Colorado Works recipients from being penalized for failing to participate in a work activity and allows them to continue receiving benefits while addressing the child care barrier. Six site visit counties consider lack of adequate child care to be a "good cause" reason against sanction. One of these counties only makes this accommodation for parents of children with special needs.

To supplement the findings presented about Colorado's county and state initiatives, we have collected information about programs underway in three other states, shown in Figure 5-8. TANF funding rules allow states to support out-of-school-time programs for school age children in a variety of ways. The programs described in the figure show innovative ways that California, North Carolina, and Illinois have opted to spend surplus TANF funds. These programs are in the early implementation phase and have not been fully evaluated to measure their effectiveness, but illustrate the flexibility states have to use TANF funds directly to fund child care initiatives.

Figure 5-8

Examples of TANF-Funded After-School Programs

LOS ANGELES COUNTY, CALIFORNIA

The Los Angeles County Department of Social Services (DSS) is using a portion of its surplus TANF funds to support out-of-school-time programs. The Department is offering three-year grants to 225 elementary schools in the county that had the highest number of TANF recipients. The program is currently in its planning phase to ensure that schools have the capacity to administer the program. The second phase will be the provision of program funds to administer the program. All students in each school, including non-TANF recipients, will be eligible to participate, and the TANF funds will support all students during the first six months. For the remainder of the grant period, schools will be responsible for paying program costs for non-TANF children and costs for TANF children that exceed the county provider reimbursement rate. Program services will include activities both before and after school, on weekends, and during the summer. The Los Angeles Unified School District administers the program in the 100 participating schools that fall within its boundaries, and the County Department of Education oversees the program in the remaining schools.[a]

MECKLENBERG COUNTY, NORTH CAROLINA

In a program similar to that in L.A. County, Mecklenberg County provided $1.5 million in surplus TANF funds to the local school district for out-of-school-time programs. Mecklenberg County's program serves exclusively children of TANF recipients. The program, which started during the 1998-1999 school year, enrolls 700 middle school and 500 elementary school students. It involves a curriculum that emphasizes hands-on learning approaches, and encourages independence, informed decision-making, and self-esteem. Program officials believe that these attributes help teens avoid becoming pregnant and therefore the program serves as a TANF pregnancy prevention program (despite the fact that the curriculum for younger children contains no explicit pregnancy prevention component).[b]

ILLINOIS

Illinois' Teen Responsibility, Education, Achievement, Caring and Hope (REACH) program is supported in part with surplus TANF funds. Teen REACH makes grants to local jurisdictions statewide, often school or park and recreation districts, to support after school programs around the state. Grants are targeted to communities with large numbers of at-risk youth. Teen REACH serves all children between ages six and eighteen, but some grantees choose to focus on narrower age groups. Programs must include academic enrichment, recreational activities, one-on-one mentoring, abstinence education, and may offer other activities as well.[c]

[a]Interview with John Brendt, Los Angeles County Office of Education.
[b]Interview with Ken Adams, Mecklenberg County Department of Social Services.
[c]Interview with Paul Peters, Illinois Department of Human Services.

CCCAP SUBSIDIES HAVE MADE CHILD CARE MORE AFFORDABLE FOR LOW-INCOME FAMILIES

Information gathered during the site visits provided an encouraging picture of the affordability of child care for Colorado Works recipients. Focus group participants across the state indicated that child care affordability has become less of an issue due to the availability of CCCAP subsidies. CCCAP's Low-Income Child Care program has emerged as a vital transitional service in supporting participants as they leave welfare for the work place. In addition, child care was the support service mentioned most frequently by early leavers as a vital post-Colorado Works need that the State should provide. Despite this, very few early leavers who were eligible for Low-Income Child Care actually received subsidies (14 percent).

CCCAP subsidies make up the difference between the provider reimbursement rate and the amount parents pay directly to the provider. The Division of Child Care is responsible for setting the statewide Parental Fee Schedule that determines the amount parents pay for their children's care under CCCAP.[17] This schedule is a sliding scale based on family size and household income. The lowest fee level is approximately 6 to 8 percent of a family's income with $6 per month the minimum fee allowed. This level applies to families with incomes at or below 50 percent of FPL. The maximum fee is 11 percent of a family's income with an extra fee of $15 for each additional child if there is more than one child in the family. In June 1999, parental fees in the Colorado Works Child Care program averaged $7 per child, while CCCAP payments to providers averaged $263 per child. During the same month, parental fees in the Low Income Child Care program averaged $61 per child, and CCCAP provider payments averaged $238 per child.

[17]Colorado Works participants engaged in work activities other than employment are not required to pay a fee. However, once participants begin working for pay, they must make parental fee payments on the same sliding scale as that applied to Low-Income CCCAP recipients. When approved by the case worker, a parental fee can be temporarily reduced due to hardship, and an increased CCCAP subsidy will make up the difference.

COLORADO WORKS EARLY LEAVERS SPEND AN AVERAGE OF 20 PERCENT OF THEIR INCOMES ON CHILD CARE

One way to examine child care affordability issues is to document the proportion of a family's income that is consumed by the cost of child care. Colorado Works early leavers reported spending about 20 percent of their family incomes on child care for their children (including children of all ages and daytime as well as after school care). This is similar to national figures for poor families with preschool children. Nationally, families with incomes between 50 to 100 percent of the FPL spend 23 percent of their incomes on child care.[18] Of course, families with higher income levels spend proportionally less on child care than their low-income counterparts. Families with incomes between 100 and 150 percent of FPL spend 16 percent of their incomes on child care.

CCCAP subsidies can reduce the percentage of family income spent on child care substantially. As shown in Figure 5-9, a parent working full-time in Denver at minimum wage would pay only $864 annually for full-time care for her infant and four-year old, or about 8 percent of her family earnings. This is equivalent to the percentage spent on child care for all families nationally. Without the subsidy, this parent would pay $9,672 annually for center-based child care, or 94 percent of her family income, on child care and would therefore likely not have children in center-based care.

However, the cost of child care and the proportion of earnings spent on child care triple once the low-income family loses eligibility for CCCAP subsidies at an income of 185 percent of FPL. At this point, the parent must pay the entire cost of child care at the market rate. At an earnings level of 200 percent of FPL, the cost of child care consumes 35 percent of her gross earnings. This is much higher than the national average of 12 percent for families with this level of earnings. The parent would need to earn an additional $4,386 (for a total of $32,146) before her net income, after child care costs, returns to the level it was when her earnings were 185 percent of FPL.

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[18] U.S. Bureau of the Census, *Child Care Costs and Arrangements: 1993*, http://www.census.gov/population/www/socdemo/child/contents.html.

Figure 5-9

Percent of Gross Annual Earnings Allocated to Child Care Expenditures
Single Parent with Two Children

	Full Time at Minimum Wage	Wage Earning 130% of FPL	Wage Earning 185% of FPL	Wage Earning 200% of FPL
Gross Annual Earnings	$10,300	$18,044	$25,678	$27,760
Child Care Parental Fee or Cost of Care[a]	$864	$2,100	$3,204	$9,672[b]
Earnings Net of Child Care Costs	$9,436	$15,944	$22,474	$18,088
% of Earnings Allocated to Child Care	8%	12%	12%	35%

[a]Wages below 185 percent of the federal poverty level for a family of three are assumed to receive CCCAP subsidies, reducing child care costs to the parental fee. Parental fee is based on gross annual earnings and does not include possible eligible deductions for determination of net income.

[b]$9,672 is the average amount paid for child care for an infant and a 4 year old child in Denver.

Source: BPA tabulations using CCCAP Parental Fee Schedule.

Families above the maximum eligibility limit of 185 percent of FPL would be required to spend a substantially larger proportion of their family incomes on child care, leaving less to spend on other necessities. As was discussed in detail in Berkeley Planning Associates' *Colorado Works Evaluation Interim Report*, many public assistance programs similarly discontinue eligibility at or near this income level, leaving families who rely on a package of social services to face a serious change in income or resources when earnings increase beyond this level.

How to assist families once they lose eligibility for CCCAP has been an ongoing policy discussion in Colorado. The Interim Committee to Study Child Care in Colorado has considered ways to assist low-income Colorado residents to afford child care once they become ineligible.

Currently under consideration are two options.[19] First, as mentioned previously in this chapter, the Committee is considering increasing the maximum eligibility cap from 185 percent of FPL to 85 percent of the state median income. This would allow counties, at their option, to provide subsidies to families with income levels higher than are currently allowed in the state. Second, the Committee has considered requiring counties to extend child care assistance over a period of six months for those recipients who have met or exceeded their county eligibility limit. This would assist families to avoid a dramatic increase in child care costs as their earnings increase incrementally over the eligibility limit. Both these options could add to the cost of providing Low-Income Child Care as they would increase the number of families eligible to be served. We will continue to track these measures and report on the effects of their implementation, should they be adopted.

[19] See *Study of Child Care in Colorado*, Executive Summary, Interim Committee to Study Child Care in Colorado, November 1999.

6. Colorado Works Expenditures

Introduction

As has been the case in most other states, total funding allocated for the Colorado Works program has exceeded actual program expenditures. This is primarily the result of an unprecedented drop in welfare caseloads in Colorado and across the country. As a consequence, the state has accumulated a large amount of unspent federal Temporary Assistance for Needy Families (TANF) funds. In the context of a favorable funding environment, counties have begun to take advantage of the flexibility under Colorado Works to provide a range of support services and payments to Colorado Works recipients, in addition to basic cash assistance. County TANF spending has increased significantly in the "other assistance" payments category for transportation, work related expenses, and incentive payments for maintaining employment. Counties have also increased their expenditures for state and county diversion payments during the first 24 months of the program, although only about 4 percent of adult-headed cases received a diversion payment in June 1999. Our analysis of Colorado Works funding and expenditures leads to the following findings:

- **As of June 1999, $106 million of federal TANF block grant funds received by Colorado remained unspent.** A majority of these unspent funds ($73 million) are allocated to county reserve accounts which are under the control of individual counties. The Department of Human Services has developed a multi-part strategy to work with counties to manage and obligate unspent funds.

- **State and county spending is now close to the federal minimum requirement.** Colorado initially spent more state and county funds on its TANF program than is required under federal TANF regulations. During State Fiscal Year 1998, state and county expenditures were approximately $17 million above the required federal spending level. For State Fiscal Year 1999, expenditures were approximately $5 million over the required level. However, by October 1999, state and county expenditures were only slightly above the federal minimum spending requirement.

- **Counties are offering a wider range of supportive services and payments to recipients through increasing use of "other assistance" payments.** For example, counties have almost tripled their use of other assistance payments in the past two years. Other assistance payments are intended to address barriers to employment and provide services fostering self-sufficiency. Assistance payments for transportation and cash incentives for recipients who enter full-time employment were the two most widely used forms of other assistance.

- **Expenditures by counties for state and county diversion payments have expanded during the first two years of Colorado Works, although the proportion of cases receiving a diversion payment is small.** County diversion payments are the principal mechanism by which counties can deliver services to recipients after they have left basic cash assistance.

$106 Million of Federal TANF Block Grant Funds Remain Unspent but Have Been Obligated to State and County Reserve Accounts

Colorado Works is financed by a combination of federal, state, and county funds. An important factor governing program expenditures is the block-grant financing of Colorado Works. The federal government provides a fixed annual TANF block grant to each state based on historic federal funding to the states for programs under Title IV-A and Title IV-F of the Social Security Act (which includes AFDC, JOBS, Emergency Assistance, and several other programs). Colorado's TANF block grant amounts to $136.1 million annually (disbursed by federal fiscal year). In addition, some states, including Colorado, receive supplemental grants to compensate for high population growth. Colorado's supplemental federal grant was $3.3 million in Federal Fiscal Year 1998 and will total $6.6 million in Federal Fiscal Year 1999. As shown in Figure 6-1, Colorado received federal TANF block grants totaling $288 million during the first two years of the Colorado Works program (State Fiscal Years 1998 and 1999).

States have the option to transfer federal TANF block grant funds to two related federal block grants: the Child Care and Development Fund (CCDF), which finances child care for TANF and low-income families, and the Social Services Block Grant (SSBG), which finances child welfare services. Colorado transferred $10.5 million of the Federal Fiscal Year 1997 TANF grant to CCDF to supplement funding for the state's Child Care Assistance Program (CCCAP). Approximately $6 million was transferred to the SSBG.

Figure 6-1 indicates that after transfers to CCDF and SSBG, $271 million of federal TANF funds were available for expenditures on Colorado Works. Of that amount, $165 million was actually expended on Colorado Works during State Fiscal Years 1998 and 1999, leaving unspent federal funds of $106 million. Because states are not required to spend their federal TANF block grants within any fixed period of time, states can accumulate unspent federal funds indefinitely.[1] The issue of unspent funds does not arise for state funds because such funds (including county funds in Colorado) must be spent before federal TANF grant funds are disbursed.

Figure 6-1

Federal, State, and County TANF Expenditures
State Fiscal Year 1998 & State Fiscal Year 1999 Combined

	Total State FY98 & FY99
1. Total Federal TANF Block Grant Award	$287,662,421
2. Transfers of Federal Block Grant to CCDF	$10,504,738
3. Transfers of Federal Block Grant to SSBG	$6,022,206
4. Federal Block Grant available for TANF	$271,135,478
5. Federal Block Grant Expenditures on TANF	$164,926,631
6. Unspent Federal TANF Block Grant Funds	$106,208,844
7. Total State and County Maintenance of Effort	$199,164,305
7a. State MOE Expenditures	$122,711,576
7b. County MOE Expenditures	$76,452,726
8. Total Federal, State, County Funds Available for TANF (sum of lines 5,6,7)	$470,299,780

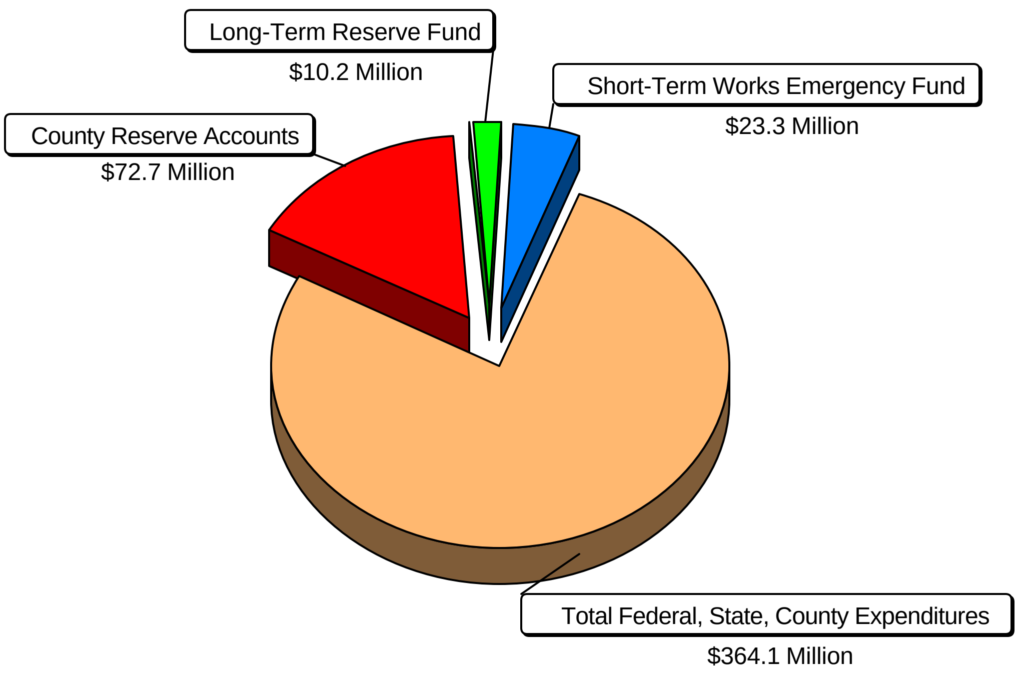
Source: Division of Accounting, Colorado Department of Human Services.

[1] The final TANF regulations issued by the U.S. Department of Health and Human Services in April 1999 place restrictions on how unspent federal block grant funds can be used in subsequent years. As of October 1, 1999, unspent federal TANF grants can only fund activities which are defined as assistance. These include basic cash assistance for working and non-working families, and benefits and services such as transportation, child care, food, clothing, shelter, and utility expenses for families who are not employed.

Unspent federal block grant funds are not disbursed by the federal government until specific program expenditures are made. However, the State has allocated these funds to three specific reserve funds: (1) the Short-Term Works Emergency Fund, (2) the Long-Term Reserve Fund, and (3) County Reserve Accounts, as shown in Figure 6-2. The largest amount of unspent federal funds, nearly $73 million, is in County Reserve Accounts. These are funds controlled by the counties, and consist of unspent federal funds from county block grant allocations during the first two years of Colorado Works. The Short-Term Works Emergency Fund was established with an initial $3 million appropriation from the General Assembly and counties are required to contribute a portion of their unspent county block grant funds each year.[2] Monies from this fund can be allocated to individual

Figure 6-2

Total Program Expenditures and Unspent Federal TANF Block Grant Funds
(July 1997 - June 1999)



Source: Division of Accounting, Colorado Department of Human Services and CDHS Annual Budget Request, November 1999.

[2] A county must remit to the Short-Term Works Emergency Fund 50 percent of any amount in its County Reserve Account that is in excess of 20 percent of its county block grant, which consists of federal and state block grant funds.

counties by the Department of Human Services to cover county funding shortfalls if a county's costs for basic cash assistance increase by more than 5 percent in a year, or to correct errors in the county's block grant allocation, or as an incentive payment if the county negotiates a higher work participation rate than required by federal regulations. Finally the Long-Term Reserve Fund is intended to provide reserves against future increases in Colorado Works caseloads.

The Department of Human Services has developed a multi-part strategy to work with counties to manage unspent federal TANF funds, in response to the restrictions on the use of such funds set forth in the final TANF regulations issued by the U.S. Department of Health and Human Services in April 1999.[3] The final regulations require that transfers of existing unspent federal TANF grants to the Child Care and Development Fund and the Social Services Block Grant be completed by September 30, 1999 and that transfers from federal TANF grants for Federal Fiscal Year 2000 and beyond must be completed in the same year in which the grant is allocated. The Department is working with counties to ensure that appropriate amounts of TANF funds are transferred into CCDF and SSBG by the deadline for such transfers. In addition, as of October 1, 1999, unspent federal TANF funds from previous years can only be spent on "assistance" as defined by the federal government. This includes basic cash assistance and support services to unemployed recipients, but not support services to employed recipients, short-term benefits of less than four months, and other assistance that cannot be converted into cash. Accordingly, the Department has stipulated that existing unspent TANF funds should be spent on assistance payments before current year TANF grant funds are used for such payments. However, the Department also believes that the final regulations permit unspent federal TANF funds allocated to the County Reserve Accounts to be considered "obligated" and thus not subject to this limitation on spending for assistance only.

STATE AND COUNTY MAINTENANCE OF EFFORT SPENDING IS NOW CLOSE TO THE FEDERAL MINIMUM REQUIREMENT

To receive federal block grant funds, each state is required to contribute spending equal to 80 percent of its spending on Title IV-A and Title IV-F programs in Federal Fiscal Year 1994. The required contribution by states to TANF financing is known as the maintenance of effort

[3]Colorado Department of Human Services, Agency Letter ABA-99-12-A, August 19, 1999.

(MOE) requirement. Colorado's MOE spending requirement is $88.4 million annually. States that meet federal work participation rate requirements are allowed to reduce their MOE spending to 75 percent of historical expenditures in that fiscal year.[4] In Colorado, the maintenance of effort requirement is met jointly by state and county funding. As was shown in Figure 6-1, total state and county maintenance of effort amounted to $199 million during the first two years of Colorado Works. Of this, $122 million, or 60 percent, came from state program expenditures, with the remainder contributed by counties.

Figure 6-3 details specific components of county and state MOE expenditures in State Fiscal Years 1998 and 1999. Besides direct expenditures for Colorado Works, some expenditures for the Colorado Child Care Assistance Program and for Child Welfare services count as part of the state's overall TANF MOE requirement.[5] As indicated in Figure 6-3, total county and state MOE expenditures for State Fiscal Years 1998 and 1999 exceeded the federal 80 percent requirement by approximately $22 million. On a Federal Fiscal Year basis (including Federal Fiscal Years 1997, 1998, and 1999), which covers program expenditures from July 1997 through September 1999, state and county MOE expenditures exceeded the required minimum by about $17 million. MOE spending was higher initially because the State was conservative in determining the amount of state and county child welfare spending that would count towards the federal MOE requirement. When more child welfare spending counted toward the MOE than anticipated, the State's MOE spending exceeded federal requirements. Currently, MOE spending is matching the federal requirement closely. For Federal Fiscal Year 1999, state and county MOE spending exceeded the required minimum level by $1 million.

[4] Colorado has been certified by the U.S. Department of Health and Human Services as meeting its Federal Fiscal Year 1998 work participation rate requirement.

[5] Prior to welfare reform, Colorado used federal matching funds under the Title IV-A Emergency Assistance Program and state funds to provide child welfare services to families where a child was at risk of being removed from the home. Title IV-A was one of the three major programs (along with AFDC and JOBS) under the federal Social Security Act that were consolidated into the TANF block grant program.

Figure 6-3

County and State TANF MOE Expenditures
State Fiscal Year 1998 and State Fiscal Year 1999

	State Fiscal Year 1998 (millions of $)	State Fiscal Year 1999 (millions of $)
County Expenditures:		
Colorado Works Program	$32.3	$30.3
Colorado Child Care Assistance Program	$6.4	$2.2
Emergency Assistance (Child Welfare) Services	$1.1	$5.4
Total County MOE Expenditures	$39.8	$37.9
State Expenditures:		
County Colorado Works Block Grants	$15.8	$8.5
State Administration of Colorado Works	$2.9	$4.9
Administrative Roll-Forwards, FY 1997	$0.7	
Colorado Child Care Assistance Program	$8.7	$8.7
Emergency Assistance (Child Welfare) Services	$36.1	$32.1
Low Income Energy Assistance Program (LEAP)	$1.5	$1.5
Total State MOE Expenditures	$65.6	$55.7
Total TANF MOE Expenditures:	$105.4	$93.6
County Percent Share of MOE	37.8%	40.5%
State Percent Share of MOE	62.2%	59.5%
Federal 80% TANF MOE Requirement	$88.4	$88.4
Difference Between Actual MOE and Federal Requirement	$17.0	$5.2

Source: Division of Accounting, Colorado Department of Human Services.

The county maintenance of effort spending requirement was determined by the General Assembly through the enabling legislation for Colorado Works (SB 97-120). In State Fiscal Year 1998, the first year of the Colorado Works program, counties were required to appropriate funds for Colorado Works equal to or above their actual level of spending on Titles IV-A and IV-F (the AFDC and JOBS programs, including administrative costs) in State Fiscal Year 1996.

Subsequent legislation (SB 98-185) established the Works Allocation Committee, which was given responsibility for determining annual county maintenance of effort requirements.[6] The Works Allocation Committee revamped the allocation formula for county MOE for State Fiscal Year 2000. We will continue to track county and state MOE spending for Colorado Works in our future reports.

All states are required to report aggregate TANF financial data to the U.S. Department of Health and Human Services on a quarterly basis using Form ACF-196. We use these data to examine specific categories of TANF expenditures in Figure 6-4.

Figure 6-4

Federal and State/County Expenditures on Colorado Works by Program Category
State Fiscal Year 1998 and State Fiscal Year 1999 Combined

	State FY 1998 and State FY 1999		
	Total Federal Expenditures	**State/County MOE**	**Total Federal/State**
Cash and Work Based Assistance	$84,141,514	$64,875,621	$149,017,135
Work Activities	$9,906,732	$3,439,542	$13,346,274
Child Care	$0	$27,218,835	$27,218,835
Administrative	$11,838,794	$5,004,102	$16,842,896
Information Systems and Technology	$9,040,658	$6,587,411	$15,628,069
Transitional Services for Employed	$0	$0	$0
Other Expenses	$49,998,933	$92,038,794	$142,037,727
Total Program Expenditures	$164,926,631	$199,164,305	$364,090,936
Unspent Federal TANF Block Grants			$106,208,844
Short-term Works Emergency Fund			$23,301,556
Long-Term Reserve Fund			$10,188,418
County Reserve Accounts			$72,718,870
Total Available TANF Funds			$470,299,780

Source: TANF ACF-196 Financial Report, various quarters.

[6] The Works Allocation Committee consists of seven members, five of which are appointed by the statewide association of counties (CCI), and two of which are appointed by the state Department of Human Services. A Denver County representative must be included on the committee.

The largest category of expenditure is for cash and work based assistance, and includes recipient assistance payments. The other expenses category includes salaries for case worker staff and child welfare services. The state has invested a significant amount of funds on information systems to improve tracking and monitoring of individuals and cases.

Counties Are Increasing Their Use of "Other Assistance" Payments Under Colorado Works

Federal and state regulations for the TANF Program allow Colorado counties substantial flexibility to provide recipients with assistance beyond a basic cash grant. Our analysis of COIN administrative data indicates that counties have made increasing use of this flexibility during the first two years of Colorado Works. Many counties are beginning to take advantage of their statutory authority under Colorado Works to offer a range of supportive services and payments to their recipients.

The state allows counties, at their option, to provide three types of assistance in addition to basic cash assistance:[7]

- *Other Assistance Payments*, which are paid only to individuals eligible for basic cash assistance, and are issued directly to the participant or to a vendor on the participant's behalf, for specific types of services and expenses such as transportation, clothing, certain education expenses, and other work expenses;

- *State Diversion Payments*, which are offered to eligible Colorado Works applicants as an alternative to ongoing enrollment in the program; and

[7] Colorado Works Rules (CCR 9-2503-1).

- *County Diversion Payments*, which are offered to applicants whose income is too high to meet eligibility requirements for basic cash assistance but falls below a maximum level set by each county and for whom such payments will help foster long-term self-sufficiency.

Aside from criteria for eligibility, policies regarding the use of state and county diversion assistance are determined by individual counties.

The use of other assistance payments grew significantly during the first two years of Colorado Works, despite a continuous decline in the caseload during this period. In Figure 6-5, we report on the types of assistance adult-headed Colorado Works cases received between July 1997 and June 1999. Most other assistance payments are issued to adult-headed cases. In the early months of the program, between 5 and 10 percent of adult-headed Colorado Works cases received an other assistance payment. By the end of our sample period in mid-1999, close to 30 percent of the adult-headed caseload was receiving other assistance in a given month. Total expenditures by the counties for other assistance payments increased by 100 percent from State Fiscal Year 1998 to State Fiscal Year 1999, from $3.6 million to $7.2 million (Figure 6-6). As a share of total assistance payments, including basic cash assistance, other assistance payments increased from 4 percent to 11 percent over the period.

Other assistance payments are issued directly to case heads or to a vendor who is providing services directly to a particular case. As such, they are not a complete measure of services being provided to Colorado Works recipients. For example, some counties will fund transportation assistance through the use of other assistance payments to clients. But other counties have contracted directly with transit service providers to provide such services for their recipients. In year two of the evaluation we will analyze and report on more complete contracted services information at the county level.

Figure 6-5

Colorado Works Adult-Headed Caseload by Type of Assistance
July 1997 - June 1999

Month	Total Adult-Headed Cases	Basic Cash Assistance Only	Basic Cash Assistance and Other Assistance[a]	State Diversion	County Diversion	Miscell-aneous[b]
July 1997	21,804	20,760	1,021	50	4	8
August 1997	21,309	19,443	1,826	58	13	12
September 1997	20,647	18,345	2,249	88	18	11
October 1997	19,740	17,089	2,580	99	37	25
November 1997	19,068	16,688	2,295	83	52	21
December 1997	18,415	16,002	2,325	87	58	15
January 1998	18,082	15,454	2,510	104	59	22
February 1998	17,550	14,861	2,582	98	74	13
March 1998	16,946	13,800	3,018	121	84	16
April 1998	16,429	13,065	3,225	131	93	19
May 1998	15,771	12,458	3,195	90	88	9
June 1998	14,992	11,652	3,200	155	81	16
July 1998	14,520	11,126	3,194	162	111	22
August 1998	13,967	10,561	3,207	153	118	34
September 1998	13,124	9,709	3,218	160	112	13
October 1998	12,437	8,856	3,384	152	144	15
November 1998	11,782	8,481	3,131	150	190	16
December 1998	11,225	8,201	2,818	164	258	13
January 1998	11,165	7,909	3,088	184	215	14
February 1999	10,641	7,537	2,953	159	200	17
March 1999	10,559	7,235	3,190	192	174	14
April 1999	10,209	7,005	3,049	212	193	12
May 1999	9,682	6,699	2,836	183	169	4
June 1999	8,842	6,308	2,398	184	186	6

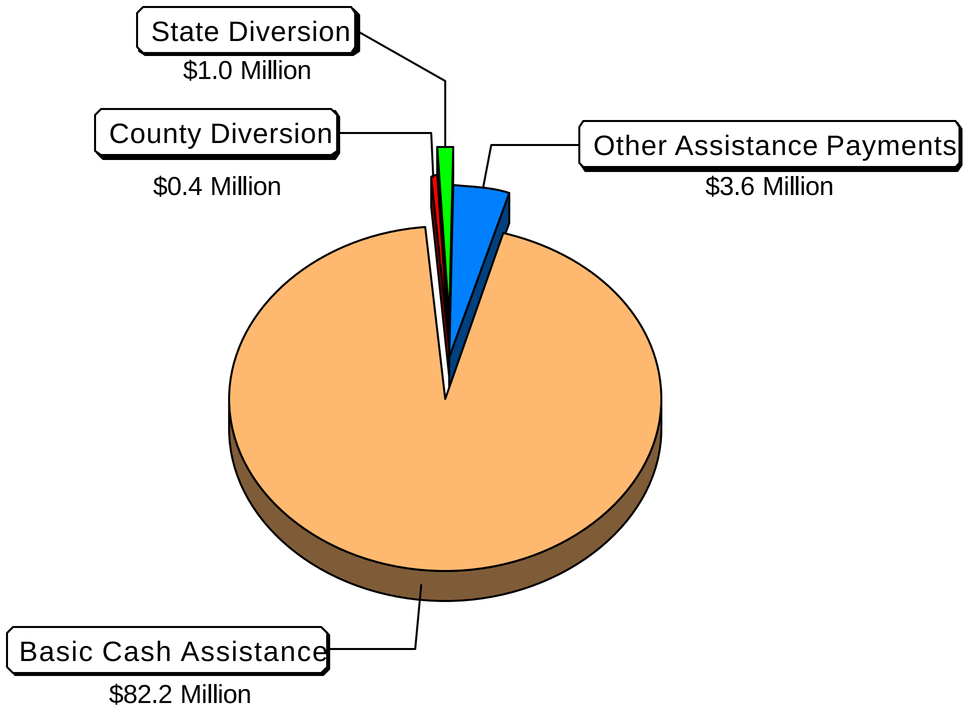
[a] These are cases that received both a basic cash and an other assistance payment in the same month. Only cases receiving basic cash assistance are eligible to receive other assistance payments.
[b]Miscellaneous includes cases that received a retroactive cash assistance payment and a diversion payment in the same month.

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.

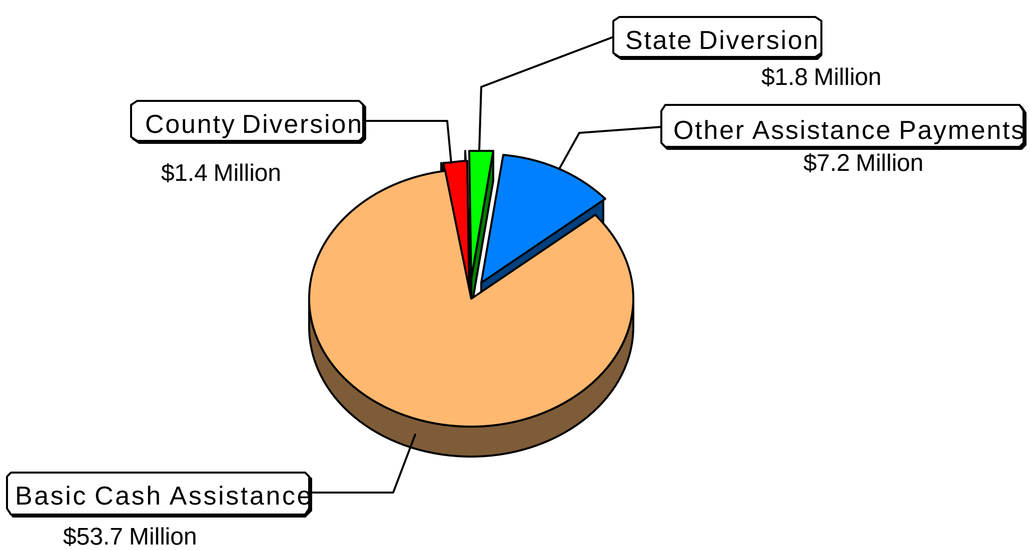
Figure 6-6

Total Expenditures for Basic Cash Assistance, Other Assistance Payments, and State and County Diversion by State Fiscal Year

State Fiscal Year 1998
Total Assistance Payments: $87.2 Million



State Fiscal Year 1999
Total Assistance Payments: $64.1 Million



Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.

Other assistance payments are coded by counties into seven specific categories and a miscellaneous (other) category in the COIN administrative data system. Figure 6-7 shows other assistance payments by type for all cases (adult-headed and child-only) in July 1997 and June 1999.[8] Between July 1997 and June 1999, total other assistance payments for the month increased from 1,409 to 4,476 and total expenditures for the month increased from $83,812 to $533,796. Transportation payments accounted for over half of all payments made (54 percent) but only about 30 percent of total expenditures, reflecting the relatively small average transportation payment amount. Payments for clothing, educational expenses, and work expenses accounted for about 5 percent of monthly payments during the first two years of Colorado Works. Payment categories that have not been widely used include those for family planning assistance and employer incentives.

The most significant increase in usage of other assistance payments has been for supplemental cash assistance payments. Counties use these payments to provide additional cash payments to recipients or to serve as incentives to recipients who meet various program-related goals. Monthly supplemental cash assistance payments increased in number from 0 to 833 between July 1997 and June 1999, and accounted for 32 percent of total expenditures as of June 1999. Two counties accounted for almost all of the increased use of this type of payment. One of these counties uses supplemental cash assistance to create a higher earned income disregard for Colorado Works recipients who begin paid employment. This allows recipients to receive higher total benefit levels once they start work than would be the case if they were receiving basic cash assistance only.

The second county has three distinct incentive programs, each of which are classified as supplemental cash assistance. First, the county issues work incentive support payments of $100 per month to recipients who are enrolled in a federally recognized work activity and meet the minimum monthly required hours for that activity. Second, job entry incentive support payments are made to recipients upon entry into full-time (at least 30 hours per week) unsubsidized employment. Recipients receive $100 at job entry, $200 after three full months of employment, and $400 after six full months of employment. Finally, this county began a

[8]Because some cases receive more than one other assistance payment in a given month, the total number of payments shown in Figure 6-7 exceeds the monthly number of cases receiving an other assistance payment.

program to provide additional monthly supportive cash assistance to child-only cases in April 1999. Payments, which vary by household size, are intended to improve the quality of life for children living with caretaker relatives, such as grandparents, and to prevent entry into foster care.

Figure 6-7

Colorado Works Other Assistance Payments by Type
July 1997, June 1999

Assistance Category	July 1997			June 1999		
	Number (%)	Total Expenditure	Average Payment	Number (%)	Total Expenditure	Average Payment
Transportation	996 (70.7%)	$34,629	$35	2,410 (53.8%)	$160,664	$67
Clothing	84 (6.0%)	$7,601	$90	328 (7.3%)	$33,289	$101
Educational Expenses	135 (9.6%)	$26,366	$195	154 (3.4%)	$18,297	$119
Other Work Expenses	135 (9.6%)	$8,625	$64	165 (3.7%)	$28,763	$174
Supplemental Cash Assistance	0			833 (18.6%)	$172,992	$208
Family Planning Assistance	0			1 (0.0%)	$500	$500
Employer Incentives	1 (0.1%)	$295	$295	8 (0.2%)	$2,184	$273
Miscellaneous	58 (4.1%)	$6,296	$109	577 (12.9%)	$117,107	$203
Total Other Assistance Payments	1,409	$83,812	$59	4,476	$533,796	$119
State Diversion	57	$40,150	$704	186	$144,795	$778
County Diversion	8	$2,545	$318	193	$139,496	$723
Basic Cash Assistance	28,044	$8,275,251	$295	13,494	$3,693,948	$274
Total Assistance per Case		$8,401,758	$300		$4,512,035	$324

Note: Number of other assistance payments rather than cases is reported. Because some cases receive more than one payment in a month, the number of payments will exceed the number of cases in a particular month.

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.

Finally, expenditures in the 'miscellaneous' category of other assistance payments have also increased significantly. Total monthly expenditures have increased from $6,296 to $117,107 between July 1997 and June 1999 and accounted for 22 percent of all other assistance expenditures in June 1999. This indicates a need for additional categories to classify 'miscellaneous' payments. Counties use this category to capture other assistance payments when the payment does not appear to fit into established payment categories or when current categories are not adequate to meet county tracking needs. For example, one county has used the 'miscellaneous' category to track one of the two types of supplemental cash assistance payments that it makes. Further categorization and improved definitions, along with training on new categories, are needed for the Department to monitor and evaluate other assistance payments.

RECOMMENDATION 12:

The Department of Human Services should work with counties to develop additional categories for other assistance payments. Additional categories should be added to CBMS to capture the specific types of other assistance payments being used by the counties.

DEPARTMENT OF HUMAN SERVICES RESPONSE:

Agree. The Department agrees to develop codes to identify additional categories of other assistance in CBMS through our current process of defining system requirements, which includes working with a combined team of state and county users to define system requirements.

DIVERSION PAYMENTS REPRESENT A SMALL PROPORTION OF ALL ASSISTANCE PAYMENTS

County and state diversion payments have also increased since the start of Colorado Works. Some 50 state diversion payments were made in the first month of Colorado Works, July 1997, and 184 state diversion payments were made two years later in June 1999 (Figure 6-5). County diversion payments increased from 4 to 186 over the same period. Total expenditures for state and county diversion combined increased from $1.4 million in State Fiscal Year 1998 to $3.2 million in State Fiscal Year 1999 (Figure 6-6). However, county and state diversion payments represent a relatively small percentage of all Colorado Works assistance payments. In June 1999, county diversion payments amounted to 2.4 percent of all adult-headed cases, or 186 cases. As a share of all assistance payments, county and state diversion increased from 1.7 percent to 5 percent over the two-year period.

Eligibility requirements for state diversion have likely contributed to the modest expansion in State diversion payments. Such payments are only offered to people who are eligible for ongoing basic cash assistance and hence, by definition have little or no current earned income. Several counties we visited have established a policy to offer state diversion assistance only to applicants who are job ready and likely to be employed relatively soon. One county we visited offers state diversion assistance only to applicants who can verify that they are currently employed for at least 30 hours per week or will be starting such employment within 30 days.

Low-income households that are not eligible for ongoing basic cash assistance because their current earned income is too high may receive county diversion payments. Consequently, county diversion payments are a mechanism by which counties can deliver TANF-funded services to recipients after they have left basic cash assistance. A few counties are using county diversion payments in precisely this way. For example, recipients who leave basic cash assistance for employment are still eligible for one county's job entry incentive payments if they maintain employment for the requisite period of time. Because statutes do not specifically authorize services to people once they exit Colorado Works, counties use diversion payments for this purpose.

The overall limited use of county diversion to date indicates that many counties are just starting to make use of the flexibility under TANF to deliver services to former recipients. We will continue to examine the use of county diversion by the counties in subsequent reports.

Appendix A

RATES OF RETURN TO COLORADO WORKS BY COUNTY

August 1997, June 1998, December 1998

County	August 1997			June 1998			December 1998	
	Number of Exits	Return Within 6 Months	Return Within 12 Months	Number of Exits	Return Within 6 Months	Return Within 12 months	Number of Exits	Return Within 6 Months
Adams	193	5.2%	7.3%	118	9.3%	16.1%	98	10.2%
Alamosa	29	17.2%	17.2%	26	19.2%	34.6%	15	0.0%
Arapahoe	114	10.5%	14.0%	127	14.2%	19.7%	121	13.2%
Archuleta	3	0.0%	0.0%	4	0.0%	25.0%	3	33.3%
Baca	1	0.0%	0.0%	3	0.0%	0.0%	3	0.0%
Bent	2	50.0%	50.0%	4	0.0%	0.0%	5	0.0%
Boulder	82	19.5%	20.7%	60	20.0%	28.3%	50	28.0%
Chaffee	5	40.0%	40.0%	5	0.0%	0.0%	6	0.0%
Cheyenne	0	NA	NA	0	NA	NA	0	NA
Clear Creek	2	0.0%	50.0%	7	0.0%	0.0%	1	0.0%
Conejos	10	10.0%	10.0%	15	26.7%	53.3%	9	33.3%
Costilla	6	100.0%	100.0%	5	0.0%	0.0%	2	0.0%
Crowley	5	20.0%	20.0%	9	0.0%	0.0%	2	50.0%
Custer	0	NA	NA	3	0.0%	0.0%	1	0.0%
Delta	20	30.0%	30.0%	23	17.4%	26.1%	17	0.0%
Denver	361	12.5%	20.8%	426	12.9%	18.1%	390	17.2%
Dolores	1	0.0%	0.0%	0	NA	NA	0	NA
Douglas	9	11.1%	11.1%	7	14.3%	14.3%	12	8.3%
Eagle	4	50.0%	50.0%	7	14.3%	14.3%	1	0.0%
Elbert	3	0.0%	0.0%	2	50.0%	50.0%	4	0.0%
El Paso	171	14.0%	18.1%	241	12.9%	21.2%	248	8.5%
Fremont	39	7.7%	20.5%	50	8.0%	16.0%	31	3.2%
Garfield	13	15.4%	23.1%	12	8.3%	8.3%	9	33.3%
Gilpin	2	0.0%	0.0%	1	0.0%	0.0%	0	NA
Grand	1	0.0%	0.0%	1	0.0%	0.0%	2	0.0%
Gunnison	5	0.0%	20.0%	2	0.0%	100.0%	1	0.0%
Hinsdale	1	0.0%	0.0%	0	NA	NA	0	NA
Huerfano	10	10.0%	30.0%	12	16.7%	41.7%	9	0.0%
Jackson	0	NA	NA	1	0.0%	0.0%	0	NA
Jefferson	99	6.1%	11.1%	82	12.2%	17.1%	84	4.8%
Kiowa	2	0.0%	50.0%	2	50.0%	50.0%	0	NA
Kit Carson	2	0.0%	0.0%	6	0.0%	0.0%	1	0.0%
Lake	1	0.0%	0.0%	6	16.7%	16.7%	1	0.0%

County	August 1997			June 1998			December 1998	
	Number of Exits	Return Within 6 Months	Return Within 12 Months	Number of Exits	Return Within 6 Months	Return Within 12 months	Number of Exits	Return Within 6 Months
La Plata	9	0.0%	11.1%	9	0.0%	22.2%	23	4.3%
Larimer	125	8.0%	13.6%	66	7.6%	18.2%	54	13.0%
Las Animas	12	8.3%	16.7%	16	18.8%	31.3%	13	15.4%
Lincoln	2	0.0%	0.0%	1	0.0%	0.0%	0	NA
Logan	12	16.7%	25.0%	20	5.0%	5.0%	5	0.0%
Mesa	84	7.1%	11.9%	78	14.1%	17.9%	52	11.5%
Mineral	0	NA	NA	2	0.0%	0.0%	0	NA
Moffat	10	20.0%	30.0%	12	25.0%	33.3%	11	18.2%
Montezuma	13	15.4%	23.1%	22	22.7%	36.4%	19	10.5%
Montrose	16	18.8%	31.3%	11	18.2%	45.5%	14	14.3%
Morgan	22	13.6%	13.6%	21	9.5%	14.3%	14	21.4%
Otero	14	7.1%	14.3%	23	26.1%	26.1%	22	13.6%
Ouray	0	NA	NA	1	0.0%	0.0%	0	NA
Park	2	0.0%	0.0%	4	0.0%	0.0%	2	0.0%
Phillips	0	NA	NA	1	0.0%	0.0%	1	0.0%
Pitkin	0	NA	NA	0	NA	NA	2	0.0%
Prowers	12	8.3%	16.7%	13	7.7%	15.4%	7	14.3%
Pueblo	134	12.7%	14.2%	150	12.0%	18.7%	93	10.8%
Rio Blanco	4	0.0%	0.0%	3	33.3%	33.3%	3	0.0%
Rio Grande	12	8.3%	41.7%	13	0.0%	23.1%	14	14.3%
Routt	0	NA	NA	3	0.0%	0.0%	1	0.0%
Saguache	12	25.0%	25.0%	10	10.0%	30.0%	4	0.0%
San Juan	1	0.0%	0.0%	0	NA	NA	0	NA
San Miguel	2	0.0%	0.0%	0	NA	NA	0	NA
Sedgwick	1	0.0%	0.0%	1	0.0%	0.0%	0	NA
Summit	2	0.0%	0.0%	0	NA	NA	1	0.0%
Teller	4	0.0%	0.0%	9	0.0%	11.1%	4	0.0%
Washington	1	100.0%	100.0%	2	0.0%	0.0%	4	0.0%
Weld	77	11.7%	16.9%	71	14.1%	21.1%	59	16.9%
Yuma	3	0.0%	0.0%	3	0.0%	0.0%	2	50.0%
Statewide	1810	11.5%	16.7%	1835	12.6%	19.7%	1552	12.6%

Note: County return rates represent the percentage of exiting recipients in a given month that returned to the Colorado Works caseload within a six-month or twelve-month period. To calculate county return rates, we assigned recipients who returned to Colorado Works to their county of exit rather than their county of return, in cases where those counties are not the same. Return rates for counties with small numbers of exits are not meaningful.

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.

Appendix B

BPA CASELOAD COUNT AND MATCHING METHODOLOGY USING ADMINISTRATIVE RECORDS

To reconstruct monthly Colorado Works caseload records and characteristics of individuals on the caseload, we have merged data from the COIN-Case, COIN-Person2, and MMIS files. The COIN-Case data file contains current data on active cases, including case number, payee name, case type, and county of residence. Records in this file are case-level records. The COIN-Person2 file contains demographic information on individual participants in Colorado Works, including sex, date of birth, race, and marital status. Finally, the MMIS data file contains information on individuals' spells of participation in Colorado Works and AFDC. A separate record exists for each individual's spell, identified by begin and end dates.

For our interim report, BPA used the MMIS program participation history file to construct our caseload counts. However, DHS uses case level program participation from the COIN-Financial History file rather than MMIS because Financial History reflects retroactive changes in program participation. In this first annual report, BPA is following this convention and using the Financial History file to produce caseload counts. Below is a description of the methodology BPA used in processing files and constructing counts.

In selecting cases from the Financial History file for inclusion, BPA applied the following restrictions:

CATEGORY=4, AFDC and COWORKS;

delete REASON codes 16, 17, and 27;

PAY TYPE=IA,MA,PV,TA,CA,CR,RI,RP,CS;

delete PAY AMOUNT=0 (zero).

BPA generates counts for a given case month, where month is pay date from the Financial History file. Pay date adjusts caseload counts retroactively by assigning a payment into the month it should have occurred rather than the month the payment was issued. Counts are generated by program type using Financial History reason codes. Program participation for a case month is defined below. Reason codes on cancellation payments (Payment Types=CA,CR) are not used to define program participation.

We define various types of assistance using reason codes as follows:

28,78 = State Diversion;

29,79,31,81 = County Diversion;

33-40,83-90 = Other Assistance;

30,80 = Returned Sanctions;

All Others = Basic Cash Assistance (BCA).

Because a case may fit in more than one program in a month, the above five program types are regrouped into the following mutually exclusive categories:

- Basic Cash Assistance;
- Basic Cash Assistance and Other Assistance;
- State Diversion;
- County Diversion; and
- Miscellaneous (in which basic cash assistance and a diversion payment are received in the same month.

Final monthly case counts are generated using these program types.

LINKING FROM FINANCIAL HISTORY CASE RECORDS TO MMIS INDIVIDUAL PROGRAM HISTORIES

Because the Financial History (FH) file is retroactive, BPA is using it to determine caseload levels. It is also the source for household size and characteristics. However, FH only contains only monthly payment records for a case rather than the program participation records for individual(s) on a case. The latter is recorded in the COIN-MMIS file. The method we use to link the two files is described below.

A match merge by case and month between the MMIS and FH files yields: 12,385 case months in FH and not in MMIS; 24,393 case months in MMIS and not in FH; and 473,819 case months matched in both files. For the case months that matched from both files, BPA performed a comparison between number of adults and number of children. For FH, these counts came from the variables, “financial adults” and “financial children.” Since multiple payments can be issued for a case month, the two FH count values were taken from only one of the following pay types in order of priority: IA and MA first, then TA.
For MMIS, adult and child counts were calculated using the variable “client status” to count up SIDs on a case. For the 473,819 matches on case month between MMIS and FH, 9,743 case months did not match on number of adults and 22,738 case months did not match on number of children.

When reporting case levels and household size, BPA uses the full financial history file. That is, cases that are in FH and not in MMIS will be reported. However, BPA will only populate FH case months with MMIS individual program histories for case months that are in MMIS and FH. Those case months that did not match between the files are excluded from the creation of individual program participation histories. Household counts are set to missing for matching case months that do not agree on household size. Finally, participation for all individuals on a case is made to conform to the case program participation history.

BPA Monthly Case Payments Methodology

BPA calculates a monthly payment for a case by summing all the positive payment types below for a given case month:

IA Initial;
MA Regular;
PV Protective Vendor;
TA Retroactive;
CS Cancellation Stop; and
RI Reissue.

Then, all the negative payments types below are summed for a given case month:

CA Cancellation ADM;
CR Regular Cancellation.

And finally, the negative sum is subtracted from the positive sum to get the total net payment for a case month.

Method for Selecting Case Closure Codes

In order to determine the reasons for case closings, BPA identified cases that closed in the case histories created from the FH file and linked them to the case closure reasons in the COIN-Case file. We define a case as closed, if there is at least a two month gap in basic cash assistance. There are up to ten case closures codes with associated dates of assignment for a case in the COIN-Case file.

BPA searches through all closures codes in the COIN-Case within plus or minus one month of the date the case closed as determined from the FH. If a case closure code is in the same month as the date the case closed, that code is taken. Otherwise, if there is a code in the month prior to the date of closure, then that code is taken. If there is no code in the closure month or the month prior, the code from the month following the closure date is taken. If there are multiple codes in a month, then the earliest assigned code is taken.

Legitimate Case Closure Codes Are Limited to Those Below:

300-303,305,306,309,311-313,315,316,330,341,348,350-353,355,359,
604,606,612-614,620 = Exceeds Income Limit;

307,615-617 = Sanction;

318,323,324,360,362 = Other;

317 = No Eligible Child in the Household;

319 = Move Out of State;

320,321,329,332,358 = Did not Provide Information;

322 = Client Request;

325 = Move Out of County;

339,340,356 = Did not File MSR;

366,367 = Missed Appointment;

314,342,354,364,369,377 = Program Violation;

328 = Other Assistance;

365 = One-Month Eligibility.

UI WAGE REPORTS DATA

The Colorado Department of Labor and Employment maintains employer records submitted to comply with the Unemployment Insurance Benefits System. Records are submitted for each employee and report total earnings for each employee for a given quarter. Employees with more than one employer in a quarter will have more than one quarterly wage record. Each record also contains the employee's social security number and a unique employer identification number. For our post-program earnings and employment analysis in Chapter 2, we matched UI wage records data to COIN data using recipients' social security numbers.

Appendix C

COLORADO WORKS EARLY LEAVERS SURVEY METHODOLOGY

Throughout the First Annual Report of the Evaluation of Colorado Works, we use data gathered from a survey of former Colorado Works recipients. In this appendix we describe the survey data, including how the sample was selected, the survey data collection, and the characteristics of individuals and households in the survey sample. The survey was designed by staff at Berkeley Planning Associates (BPA) in conjunction with our subcontractor, the Institute for Survey Research (ISR) at Temple University. ISR staff tracked respondents, fielded the survey, and compiled the resulting data. BPA staff conducted the data analyses.

SAMPLE SELECTION

Initial discussions with the Office of the Colorado State Auditor and the Colorado Works Evaluation Advisory Committee identified the cohort of individuals who left cash aid in the months immediately following TANF implementation as the group to be surveyed. The cash aid caseload dropped dramatically both before and after program implementation. However, initial estimates indicated that the three months immediately following Colorado Works implementation (July to September 1997) witnessed the most dramatic drops. Interested stakeholders feared that individuals who left TANF during these months would be most at risk of economic and material hardship.

We therefore drew the sample from the population of adult-headed cases who exited Colorado Works between July and September 1997. We further restricted the sample to include cases that did not re-open before December 1998. This would ensure that the sample was comprised of individuals about whom very little was known.

A total of 400 cases were randomly selected from the population of 4,745 cases that closed between July and September 1997 and did not return as of December 1998. Of these, 395 were used to track respondents.[1] ISR located and surveyed 306 of these respondents, for a response rate of 77.9 percent.[2] This rate is beyond the expected response rate of 70 percent, and according to generally accepted standards, the survey sample should therefore be representative of the population as a whole. For a survey question in which respondents answered both yes and no at a rate of 50 percent, at the 95 percent confidence interval the responses will be accurate within +/- 5.6 percentage points.

SURVEY DATA COLLECTION

The survey was fielded between April and August 1999, with the majority of interviews taking place between June and August. Interviewers first attempted to reach respondents by phone. However if they were unable to locate the respondent's phone number, respondents were tracked through other means and interviewed in person. About 36 percent of the surveys were conducted in person by a field interviewer in Colorado. The remaining 64 percent were conducted over the telephone, either from ISR's phone survey center in Philadelphia or by field interviewers in Colorado.

Survey respondents were offered the survey in either English or Spanish. Nine respondents (3 percent) requested a Spanish survey. The remainder of surveys were conducted with respondents in English. There were 6 respondents whose preferred language was one other than English or Spanish, and these potential respondents were not included in the sample.

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[1]Of the original 400 cases, a total of 17 were deleted for the following reasons: (1) the respondent claimed to never have received cash aid, (2) the respondent's primary language was not English or Spanish, or (3) there was insufficient contact information in the administrative records. Of these 17 cases, 12 were replaced using the replacement file. An additional five cases were not replaced due to time constraints in the field period.

[2]Of the 395 cases, 306 were interviewed, 77 were not located, 6 refused to be interviewed, 4 were located but could not be interviewed during the field period, and 2 were deceased.

Interviews ranged in length, with an average interview time of 28 minutes. Most respondents were paid $20 for their time. Toward the end of the field period, however, approximately 30 hard-to-reach respondents were offered $30 for an interview.

SAMPLE CHARACTERISTICS

Figure C-1 shows the demographic characteristics of adults in the leavers survey sample. As is shown in the figure, the sample was comprised largely of female respondents, with only 8 percent of respondents being male. The age of respondents ranged from 17 to 61, with an average age of about 32. Forty-five percent of respondents were white, 38 percent were Hispanic, and 13 percent were African American. The remainder were Asian, American Indian or of unidentified race/ethnicity.

Over a third of respondents had never been married (35 percent) and one quarter were currently married and living with their spouse. Another 22 percent were divorced and most of the remaining respondents were informally or legally separated. One respondent was a widow. Among respondents who were not living with spouses, 23 percent were living as a couple with another individual. In some cases, this other individual's children also shared the household.

In total, 31 percent of the sample had not completed high school and 19 percent had completed either a high school diploma or high school equivalency. One quarter of respondents had an Associate's Degree and 8 percent had a Bachelor's Degree.

Figure C-1

Adult Demographic Characteristics in the Leavers' Survey

Adult Characteristics	
Sex	
Female	91.8%
Male	8.2%
Average Age	31.8
Race/Ethnicity	
White	45.1%
Hispanic	37.6%
African American	13.4%
Asian	1.3%
American Indian	1.0%
Other	1.6%
Marital Status	
Never Married	35.3%
Married and Living with Spouse	25.2%
Divorced	21.6%
Married and not Living with Spouse	9.2%
Legally Separated	5.9%
Widowed	2.6%
Cohabiting Couple (among those not living with spouse)	23.1%
Education Level	
Elementary School	5.6%
Some High School	25.1%
High School Degree	16.0%
GED	3.3%
Some College	9.2%
License or Certificate	4.6%
Associate's Degree	24.2%
Bachelor's Degree	8.2%
Graduate Degree	3.9%
Number of Respondents	306

Figure C-2 below shows household and family characteristics of the survey sample. Most households included between two and five individuals, including at least one child in all but 3 percent of the cases. The most common family type was one adult and one child (23 percent).[3] Twenty percent of respondent families included one adult and two children. Next most common was families consisting of two adults three or more children (18 percent).

Respondents were asked detailed questions about their three youngest children, among whom the average age was 7.4 . The average age of the youngest child in the household was 6.1. Children were defined, for the purpose of this survey, as any child for whom the respondent was financially responsible. As such, it was possible that respondents would include step-children, children of their partners, and other non-biological children living in their households. However, in almost all cases, respondents' children were their own biological children (96 percent). Fewer than 5 percent of children reported were nieces or nephews, grandchildren, or step-children.

[3]The number of family members considered in this analysis may not equal the total number of individuals in the household. Additional individuals outside of the immediate family, such as grandparents, in-laws, or other relatives may also reside in the household.

Figure C-2

Household Characteristics
Leavers Survey

Household Characteristics	
Number in Household[a]	
1	1.7%
2	16.9%
3	24.5%
4	21.9%
5	20.2%
6	7.9%
7	3.6%
8 or more	3.3%
Number of Children[b]	
0	3.4%
1	33.0%
2	34.0%
3 or more	29.6%
Family Composition[c]	
One adult, no children	3.0%
One adult, one child	23.0%
One adult, two children	19.9%
One adult, three or more children	11.5%
Two adults, no children	0.3%
Two adults, one child	9.8%
Two adults, two children	14.2%
Two adults, three or more children	18.2%
Average Age of Three Youngest Children	7.1
Average Age of Youngest Child	6.1
Children's Relationship to Respondent[d]	
Biological Child	96.1%
Niece or Nephew	1.4%
Grandchild	1.2%
Step-Child or Partner's Child	0.7%
Unknown	0.5%
Number of Respondents	306

[a]Missing data for 4 respondents.

[b]Missing data for 9 respondents.

[c]Missing data for 10 respondents.

[d]Sample size is equal to 564 children.

Appendix D

ON-SITE DATA COLLECTION IN 15 COLORADO COUNTIES

An important source of data for the evaluation comes from on-site interviews, focus groups, and observations of Colorado Works activities. On-site data collection provides an important supplement to administrative and survey data, capturing information that is not easily quantifiable, but still crucial to understanding program operations and effects. These efforts result in enormously rich data because they provide researchers the opportunity to discuss issues directly with program staff and participants, to access and review written materials and records, and to observe program services and activities.

To collect the qualitative data for this report, staff from BPA and the University of Denver Graduate School of Social Work conducted the first set of annual on-site visits to 15 Colorado counties. The goals of these visits were to: (1) examine and understand the Colorado Works program by interviewing and observing program staff and participants; (2) analyze the strengths and weaknesses of different approaches to particular program components (e.g., assessment practices); and (3) assess the impact of Colorado Works on the community at large, including local non-program service providers and employers.

The counties selected for the on-site data collection were chosen in two ways: 11 were selected through a stratified random sample based on geographic location, caseload size, and unemployment rate; and four were selected purposively due to their size and prominence in the state or because of a particular distinctive feature. Counties selected for the field study were: Adams, Arapahoe, Archuleta, Conejos, Denver, El Paso, La Plata, Larimer, Las Animas, Logan, Mesa, Moffat, Park, Rio Grande and Weld.

In visiting the 15 study counties, on-site data collection activities included:

C ***County staff interviews***. We conducted interviews with county directors in which we collected information on the implementation schedule for Colorado Works, the services provided to participants, and organizational issues. We also interviewed county commissioners in order to gather information about their involvement in developing policies related to Colorado Works, as well as their perception of how Colorado Works fits into the overall county service and economic system. We also met with case workers to learn about the application process, client assessment, development of the Individual Responsibility Contract (IRC), supportive services, monitoring and sanctions, and the case worker's role in the program.

- ***Participant roundtable discussions***. During each site visit, we conducted roundtable discussions with Colorado Works recipients. The discussions focused on participants' program experiences and the effects of participation on their families and children. Participants were drawn randomly from the rolls of December 1998; no child-only cases were included.

- ***Targeted employer interviews***. We interviewed employers regarding their experiences hiring and employing Colorado Works recipients, the extent to which they provide recipients with training opportunities, and any barriers they faced in hiring recipients.

- ***Interviews with local service providers.*** We conducted interviews with local service providers to examine their involvement in the Colorado Works program. We gathered information on the level of their involvement with Colorado Works, their views on the program, and what they see as unmet needs of Colorado Works recipients. Some of the interviewed service providers had official contracts with the county and others had less formal arrangements.

- ***Interviews with advocacy groups.*** We conducted interviews with different advocacy groups to obtain another stakeholder's perception of county program operations. We collected information on their views of whether Colorado Works meets the needs of its clients and whether Colorado Works is a good approach to helping welfare recipients move toward self-sufficiency.

- ***Observation***. While on site, we observed Colorado Works program activities, paying particular attention to the intake, assessment and Individual Responsibility Contract (IRC) development components.

- ***Case File Reviews***. In each county, we reviewed documents in five to eight recipients' case files, such as Individual Responsibility Contracts, assessments, and activity reports.

The researchers responsible for carrying out site visit activities received three days of training in evaluation methodology. The training, conducted by Berkeley Planning Associates, included sessions on the Colorado Works program, interview skills and roundtable facilitation. Site visitors also learned to use standardized discussion guides. These discussion guides provided the set of specific questions for site visitors to use in conducting each interview. Because all site visitors relied on these guides, interviews, focus groups, and observations covered similar topics across counties and site visitors.

The purpose of these on-site data collection activities was not to evaluate the program of any particular county. Rather, in site visits we have focused, and will continue to focus, on understanding the operational aspects of the program and its components, how these operations change over the course of the evaluation, and which practices prove most useful in assisting participants to move toward self-sufficiency. We use the data collected to assess the effectiveness of various programmatic strategies, compare Colorado Works features across counties, and identify innovative practices.

Appendix E

County Income Eligibility Limits and County Provider Reimbursement Levels

Figure E-1

Range of Income Eligibility Limits

Counties	Eligibility Limit as a Percent of Poverty	Income Limit for a Family of Three	Number of Counties
Adams, Alamosa, Baca, Bent, Boulder, Crowley, Huerfano, Kiowa, Kit Carson, Lake, Lincoln, Logan, Mineral, Pitkin, Prowers, Pueblo, Rio Blanco, Rio Grande, Routt, Sedgwick, Yuma	185	$25,678	21
Arapahoe, Cheyenne, Clear Creek, Conejos, Delta, Denver, Eagle, Garfield, Gilpin, Jefferson, La Plata, Larimer, Mesa, Moffat, Montrose, Morgan, Otero, Ouray, Park, Phillips, San Juan, Teller	182	$25,262	22
Archuleta, Costilla, Dolores, Douglas, Grand, Jackson, San Miguel, Summit, Washington	177	$24,568	9
Fremont	170	$23,596	1
Elbert	165	$22,902	1
El Paso, Gunnison, Hinsdale	157	$21,792	3
Weld	152	$21,098	1
Chaffee, Las Animas	150	$20,820	2
Montezuma, Saguache	148	$20,542	2
Custer	144	$19,987	1

Source: Colorado Division of Child Care web site, *http://www.cdhs.state.co.us/childcare/eligibil.htm.*

Figure E-2

County Provider Reimbursement Levels

County	Licensed Child Care Centers		Licensed Family Care Homes				Legally Exempt Child Care				Alternative Care Rates: Licensed Child Care Centers				Alternative Care Rates: Licensed Family Care Homes				Alternative Care Rates: Legally Exempt Child Care			
	Under 2 Years of Age	2 Years of Age and over	Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over	
	Reimbursement rate		Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care
Adams	$22.00	$18.00	$18.00	81.8%	$16.00	88.9%	$8.00	36.4%	$8.00	44.4%	$25.00	113.6%	$20.00	111.1%					$12.00	150.0%	$12.00	150.0%
Alamosa	$18.12	$15.23	$15.40	85.0%	$14.77	97.0%	$11.00	60.7%	$11.00	72.2%	$27.18	150.0%	$22.85	150.0%	$23.10	150.0%	$22.16	150.0%	$16.50	150.0%	$16.50	150.0%
Arapahoe	$24.00	$18.00	$18.00	75.0%	$16.00	88.9%	$9.00	37.5%	$9.00	50.0%	$26.00	108.3%	$20.00	111.1%	$20.00	111.1%	$18.00	112.5%	$10.00	111.1%	$10.00	111.1%
Archuleta	$29.00	$27.00	$20.00	69.0%	$13.84	51.3%	$8.50	29.3%	$8.50	31.5%												
Baca	$18.00	$16.50	$11.25	62.5%	$11.25	68.2%	$9.00	50.0%	$9.00	54.5%												
Bent	$16.47	$14.00	$16.47	100.0%	$14.00	100.0%	$7.00	42.5%	$7.00	50.0%	$25.53	155.0%	$21.70	155.0%	$25.53	155.0%	$21.70	155.0%	$10.85	155.0%	$10.85	155.0%
Boulder	$30.57	$25.64	$24.34	79.6%	$23.09	90.1%	$10.00	32.7%	$10.00	39.0%	$40.00	130.8%	$40.00	156.0%	$34.17	140.4%	$34.17	148.0%				
Chaffee	$18.00	$17.00	$18.00	100.0%	$17.00	100.0%	$8.82	49.0%	$7.65	45.0%												
Cheyenne	$15.00	$15.00	$15.00	100.0%	$15.00	100.0%	$11.00	73.3%	$11.00	73.3%									$13.00	118.2%	$13.00	118.2%
Clear Creek	$33.00	$26.00	$33.00	100.0%	$26.00	100.0%	$14.46	43.8%	$13.25	51.0%												
Conejos	$17.43	$13.84	$14.00	80.3%	$13.42	97.0%	$12.34	70.8%	$11.45	82.7%												
Costilla	$16.47	$13.84	$14.00	85.0%	$13.42	97.0%	$12.34	74.9%	$11.45	82.7%												
Crowley	$17.43	$14.00	$14.00	80.3%	$12.53	89.5%	$9.00	51.6%	$8.00	57.1%												
Custer	$16.47	$13.84	$14.00	85.0%	$12.53	90.5%	$14.00	85.0%	$12.53	90.5%												
Delta	$20.00	$18.00	$24.75	123.8%	$22.00	122.2%	$9.38	46.9%	$9.38	52.1%												
Denver	$27.27	$18.18	$21.80	79.9%	$17.11	94.1%	$10.00	36.7%	$10.00	55.0%	$32.72	120.0%	$27.27	150.0%	$26.16	120.0%	$27.27	159.4%	$12.00	120.0%	$12.00	120.0%
Dolores	$16.47	$13.84	$14.00	85.0%	$13.42	97.0%	$10.00	60.7%	$10.00	72.3%												
Douglas	$20.00	$16.50	$18.00	90.0%	$16.00	97.0%	$13.00	65.0%	$12.00	72.7%												
Eagle	$41.00	$30.00	$35.00	85.4%	$30.00	100.0%	$22.65	55.2%	$18.18	60.6%	$45.00	109.8%	$35.00	116.7%	$40.00	114.3%	$35.00	116.7%	$28.00	123.6%	$23.00	126.5%
Elbert	$18.00	$15.00	$15.00	83.3%	$13.42	89.5%	$10.00	55.6%	$10.00	66.7%												
El Paso	$21.95	$17.00	$19.00	86.6%	$15.30	90.0%	$11.40	51.9%	$9.18	54.0%												
Fremont	$17.00	$15.75	$16.00	94.1%	$15.00	95.2%	$10.40	61.2%	$8.00	50.8%	$18.00	105.9%	$18.00	114.3%	$17.00	106.3%	$16.00	106.7%	$12.00	115.4%	$10.00	125.0%
Garfield	$33.00	$32.00	$30.00	90.9%	$30.00	93.8%	$12.50	37.9%	$12.50	39.1%												
Gilpin	$32.00	$21.00	$32.00	100.0%	$21.00	100.0%	$10.00	31.3%	$10.00	47.6%												
Grand	$27.00	$25.00	$25.00	92.6%	$22.00	88.0%	$13.50	50.0%	$13.50	54.0%												
Gunnison	$18.13	$17.75	$16.65	91.8%	$15.75	88.7%	$13.95	76.9%	$13.05	73.5%												
Hinsdale	$21.00	$21.00	$14.00	66.7%	$12.53	59.7%	$13.95	66.4%	$13.05	62.1%												

Figure E-2 (continued)

County	Licensed Child Care Centers		Licensed Family Care Homes				Legally Exempt Child Care				Alternative Care Rates: Licensed Child Care Centers				Alternative Care Rates: Licensed Family Care Homes				Alternative Care Rates: Legally Exempt Child Care			
	Under 2 Years of Age	2 Years of Age and over	Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over	
	Reimbursement rate		Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care
Huerfano	$16.47	$13.84	$14.00	85.0%	$13.42	97.0%	$11.00	66.8%	$10.00	72.3%												
Jackson	$16.47	$13.84	$14.00	85.0%	$12.53	90.5%	$14.00	85.0%	$12.53	90.5%												
Jefferson	$24.00	$17.00	$21.00	87.5%	$16.36	96.2%	$12.00	50.0%	$12.00	70.6%												
Kiowa	$15.00	$15.00	$15.00	100.0%	$15.00	100.0%	$11.00	73.3%	$11.00	73.3%									$13.00	118.2%	$13.00	118.2%
Kit Carson	$18.00	$16.75	$18.00	100.0%	$15.75	94.0%	$10.00	55.6%	$10.00	59.7%					$19.00	105.6%	$16.75	106.3%	$11.00	110.0%	$11.00	110.0%
Lake	$27.21	$24.00	$22.00	80.9%	$20.00	83.3%	$10.00	36.8%	$10.00	41.7%												
La Plata	$23.66	$19.98	$20.40	86.2%	$17.00	85.1%	$13.00	54.9%	$13.00	65.1%					$27.00	132.4%	$22.00	129.4%				
Larimer	$25.50	$20.00	$18.50	72.5%	$16.50	82.5%	$9.30	36.5%	$7.40	37.0%	$28.50	111.8%	$22.00	110.0%	$20.50	110.8%	$18.50	112.1%	$12.00	129.0%	$12.00	162.2%
Las Animas	$16.47	$13.84	$14.00	85.0%	$13.42	97.0%	$9.00	54.6%	$9.00	65.0%												
Lincoln	$18.00	$16.75	$18.00	100.0%	$15.75	94.0%	$10.00	55.6%	$10.00	59.7%					$19.00	105.6%	$16.75	106.3%	$11.00	110.0%	$11.00	110.0%
Logan	$19.00	$18.00	$19.00	100.0%	$18.00	100.0%	$10.00	52.6%	$10.00	55.6%	$25.00	131.6%	$25.00	138.9%	$25.00	131.6%	$25.00	138.9%				
Mesa	$21.00	$18.00	$21.00	100.0%	$18.00	100.0%	$10.00	47.6%	$10.00	55.6%	$26.25	125.0%	$22.50	125.0%	$26.25	125.0%	$22.50	125.0%	$12.50	125.0%	$12.50	125.0%
Mineral	$18.00	$15.50	$15.50	86.1%	$15.00	96.8%	$11.25	62.5%	$11.25	72.6%												
Moffat	$17.73	$19.00	$14.53	82.0%	$13.01	68.5%	$12.02	67.8%	$10.63	55.9%									$22.50	187.2%	$18.00	169.3%
Montezuma	$14.00	$13.00	$14.00	100.0%	$13.00	100.0%	$8.50	60.7%	$7.50	57.7%												
Montrose	$18.00	$18.00	$25.00	138.9%	$25.00	138.9%	$7.50	41.7%	$7.00	38.9%					$35.00	140.0%	$35.00	140.0%				
Morgan	$18.00	$16.65	$18.00	100.0%	$15.75	94.6%	$10.00	55.6%	$10.00	60.1%												
Otero	$15.00	$14.00	$15.00	100.0%	$14.00	100.0%	$9.00	60.0%	$8.00	57.1%	$16.00	106.7%	$15.00	107.1%	$16.00	106.7%	$15.00	107.1%	$10.00	111.1%	$9.00	112.5%
Ouray	$27.84	$20.86	$24.00	86.2%	$24.00	115.1%	$20.00	71.8%	$20.00	95.9%												
Park	$22.00	$20.00	$16.00	72.7%	$14.50	72.5%	$13.00	59.1%	$13.00	65.0%	$24.00	109.1%	$22.00	110.0%	$18.00	112.5%	$16.50	113.8%	$15.00	115.4%	$15.00	115.4%
Phillips	$17.43	$13.84	$14.00	80.3%	$12.53	90.5%	$13.00	74.6%	$12.53	90.5%												
Pitkin	$32.00	$30.00	$30.00	93.8%	$30.00	100.0%	$25.00	78.1%	$20.00	66.7%												
Prowers	$18.00	$15.00	$15.00	83.3%	$13.00	86.7%	$9.00	50.0%	$9.00	60.0%												
Pueblo	$24.00	$18.00	$19.00	79.2%	$16.00	88.9%	$9.00	37.5%	$8.00	44.4%												
Rio Blanco	$16.00	$16.00	$16.00	100.0%	$16.00	100.0%	$11.00	68.8%	$11.00	68.8%												

Figure E-2 (continued)

County	Licensed Child Care Centers		Licensed Family Care Homes				Legally Exempt Child Care				Alternative Care Rates: Licensed Child Care Centers				Alternative Care Rates: Licensed Family Care Homes				Alternative Care Rates: Legally Exempt Child Care			
	Under 2 Years of Age	2 Years of Age and over	Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over		Under 2 Years of Age		2 Years of Age and Over	
	Reimbursement rate		Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for licensed child care centers	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care	Reim-burse-ment rate	Rate as percent of rate for standard care
Rio Grande	$18.00	$15.50	$15.50	86.1%	$15.00	96.8%	$11.25	62.5%	$11.25	72.6%					$22.00	141.9%	$22.00	146.7%				
Routt	$28.00	$28.00	$28.00	100.0%	$28.00	100.0%	$14.40	51.4%	$13.68	48.9%												
Saguache	$21.15	$13.84	$15.50	73.3%	$14.75	106.6%	$11.55	54.6%	$11.00	79.5%					$23.10	149.0%	$22.00	149.2%	$17.30	149.8%	$16.50	150.0%
San Juan	$16.47	$13.84	$14.00	85.0%	$13.42	97.0%	$9.50	57.7%	$9.50	68.6%												
San Miguel Resort	$27.84	$24.00	$24.00	86.2%	$20.00	83.3%	$15.75	56.6%	$15.75	65.6%												
San Miguel Rural	$17.79	$14.28	$14.00	78.7%	$13.42	94.0%	$14.00	78.7%	$12.53	87.7%												
Sedgwick	$17.43	$13.84	$14.00	80.3%	$13.42	97.0%	$10.25	58.8%	$10.25	74.1%												
Summit	$27.00	$25.00	$25.00	92.6%	$22.00	88.0%	$17.73	65.7%	$15.92	63.7%	$40.50	150.0%	$37.50	150.0%	$37.50	150.0%	$33.00	150.0%	$26.59	150.0%	$23.88	150.0%
Teller	$26.93	$23.93	$26.93	100.0%	$24.93	104.2%	$12.74	47.3%	$11.27	47.1%												
Washington	$16.47	$13.84	$14.00	85.0%	$13.42	97.0%	$12.31	74.7%	$11.25	81.3%												
Weld	$25.00	$19.00	$16.50	66.0%	$15.00	78.9%	$8.75	35.0%	$7.75	40.8%												
Yuma	$16.50	$14.00	$14.00	84.8%	$13.00	92.9%	$7.65	46.4%	$7.65	54.6%					$15.00	107.1%	$15.00	115.4%				
State Average	**$21.28**	**$18.20**	**$18.73**	**88.4%**	**$16.91**	**93.5%**	**$11.54**	**55.9%**	**$10.90**	**61.7%**	**$28.55**	**123.4%**	**$24.92**	**128.9%**	**$20.06**	**107.1%**	**$18.33**	**108.4%**	**$14.74**	**130.5%**	**$13.85**	**132.1%**

Source: Colorado Division of Child Care web site, *http://www.cdhs.state.co.us/childcare/fees.htm*;
and Gilpin County Department of Human Services

Figure E-3

County CCCAP Allocation and Expenditures, State Fiscal Year 1999

County		Allocation	Expenditures	Balance
Adams	Low Income		$3,852,059	
	Colorado Works		$828,395	
	Total	**$4,919,105**	**$4,680,455**	**$238,650**
Alamosa	Low Income		$384,594	
	Colorado Works		$114,318	
	Total	**$402,220**	**$498,912**	**($96,692)**
Arapahoe	Low Income		$5,069,110	
	Colorado Works		$1,549,238	
	Total	**$4,924,595**	**$6,618,348**	**($1,693,753)**
Archuleta	Low Income		$132,734	
	Colorado Works		$7,456	
	Total	**$114,170**	**$140,191**	**($26,021)**
Baca	Low Income		$61,688	
	Colorado Works		$1,421	
	Total	**$80,367**	**$63,109**	**$17,258**
Bent	Low Income		$95,366	
	Colorado Works		$25,853	
	Total	**$131,208**	**$121,219**	**$9,989**
Boulder	Low Income		$3,073,832	
	Colorado Works		$433,276	
	Total	**$2,887,590**	**$3,507,108**	**($619,518)**
Chaffee	Low Income		$144,199	
	Colorado Works		$15,177	
	Total	**$175,435**	**$159,376**	**$16,059**
Cheyenne	Low Income		$8,652	
	Colorado Works		$0	
	Total	**$18,217**	**$8,652**	**$9,566**
Clear Creek	Low Income		$111,013	
	Colorado Works		$1,733	
	Total	**$100,872**	**$112,746**	**($11,874)**
Conejos	Low Income		$99,320	
	Colorado Works		$34,400	
	Total	**$171,858**	**$133,720**	**$38,138**
Costilla	Low Income		$37,994	
	Colorado Works		$19,774	
	Total	**$71,428**	**$57,768**	**$13,660**

County		Allocation	Expenditures	Balance
Crowley	Low Income		$20,814	
	Colorado Works		$23,639	
	Total	**$49,129**	**$44,453**	**$4,676**
Custer	Low Income		$16,898	
	Colorado Works		$765	
	Total	**$23,080**	**$17,663**	**$5,417**
Delta	Low Income		$177,803	
	Colorado Works		$64,275	
	Total	**$303,939**	**$242,079**	**$61,860**
Denver	Low Income		$10,733,491	
	Colorado Works		$5,237,850	
	Total	**$13,131,377**	**$15,971,342**	**($2,839,965)**
Dolores	Low Income		$33,925	
	Colorado Works		$1,435	
	Total	**$32,577**	**$35,360**	**($2,783)**
Douglas	Low Income		$156,004	
	Colorado Works		$53,152	
	Total	**$218,333**	**$209,156**	**$9,177**
Eagle	Low Income		$117,802	
	Colorado Works		$1,997	
	Total	**$136,651**	**$119,798**	**$16,853**
Elbert	Low Income		$42,703	
	Colorado Works		$12,582	
	Total	**$76,047**	**$55,285**	**$20,762**
El Paso	Low Income		$6,838,143	
	Colorado Works		$2,426,906	
	Total	**$7,059,419**	**$9,265,049**	**($2,205,630)**
Fremont	Low Income		$306,866	
	Colorado Works		$167,926	
	Total	**$494,861**	**$474,792**	**$20,069**
Garfield	Low Income		$294,716	
	Colorado Works		$53,111	
	Total	**$385,221**	**$347,827**	**$37,394**
Gilpin	Low Income		$34,589	
	Colorado Works		$7,368	
	Total	**$39,769**	**$41,958**	**($2,189)**
Grand	Low Income		$197,894	
	Colorado Works		$0	
	Total	**$191,438**	**$197,894**	**($6,456)**

County		Allocation	Expenditures	Balance
Gunnison	Low Income		$49,919	
	Colorado Works		$9,494	
	Total	**$67,483**	**$59,413**	**$8,070**
Hinsdale	Low Income		$2,650	
	Colorado Works		$0	
	Total	**$5,981**	**$2,650**	**$3,331**
Huerfano	Low Income		$35,056	
	Colorado Works		$17,955	
	Total	**$78,520**	**$53,011**	**$25,509**
Jackson	Low Income		$6,887	
	Colorado Works		$0	
	Total	**$13,222**	**$6,887**	**$6,335**
Jefferson	Low Income		$5,183,255	
	Colorado Works		$1,785,231	
	Total	**$5,413,449**	**$6,968,486**	**($1,555,037)**
Kiowa	Low Income		$20,821	
	Colorado Works		$5,369	
	Total	**$24,879**	**$26,191**	**($1,312)**
Kit Carson	Low Income		$38,004	
	Colorado Works		$4,948	
	Total	**$61,928**	**$42,952**	**$18,976**
Lake	Low Income		$179,830	
	Colorado Works		$7,176	
	Total	**$160,155**	**$187,006**	**($26,851)**
La Plata	Low Income		$587,591	
	Colorado Works		$75,482	
	Total	**$625,268**	**$663,073**	**($37,805)**
Larimer	Low Income		$3,209,748	
	Colorado Works		$514,532	
	Total	**$2,860,631**	**$3,724,280**	**($863,649)**
Las Animas	Low Income		$56,202	
	Colorado Works		$70,675	
	Total	**$185,416**	**$126,877**	**$58,539**
Lincoln	Low Income		$38,449	
	Colorado Works		$9,587	
	Total	**$79,422**	**$48,036**	**$31,386**
Logan	Low Income		$372,803	
	Colorado Works		$79,611	
	Total	**$398,512**	**$452,414**	**($53,902)**

County		Allocation	Expenditures	Balance
Mesa	Low Income		$2,766,371	
	Colorado Works		$449,768	
	Total	**$2,581,100**	**$3,216,139**	**($635,039)**
Mineral	Low Income		$0	
	Colorado Works		$33	
	Total	**$3,086**	**$33**	**$3,053**
Moffat	Low Income		$123,038	
	Colorado Works		$42,775	
	Total	**$141,031**	**$165,813**	**($24,782)**
Montezuma	Low Income		$290,479	
	Colorado Works		$69,929	
	Total	**$374,578**	**$360,408**	**$14,170**
Montrose	Low Income		$420,576	
	Colorado Works		$76,231	
	Total	**$514,346**	**$496,806**	**$17,540**
Morgan	Low Income		$206,323	
	Colorado Works		$65,713	
	Total	**$309,957**	**$272,036**	**$37,921**
Otero	Low Income		$241,763	
	Colorado Works		$110,214	
	Total	**$410,966**	**$351,976**	**$58,990**
Ouray	Low Income		$21,603	
	Colorado Works		$0	
	Total	**$18,313**	**$21,603**	**($3,290)**
Park	Low Income		$37,955	
	Colorado Works		$7,408	
	Total	**$56,144**	**$45,363**	**$10,781**
Phillips	Low Income		$27,743	
	Colorado Works		$237	
	Total	**$45,749**	**$27,980**	**$17,769**
Pitkin	Low Income		$28,235	
	Colorado Works		$0	
	Total	**$31,382**	**$28,235**	**$3,147**
Prowers	Low Income		$199,222	
	Colorado Works		$32,842	
	Total	**$264,085**	**$232,064**	**$32,021**
Pueblo	Low Income		$3,017,432	
	Colorado Works		$864,872	
	Total	**$3,158,557**	**$3,882,304**	**($723,747)**

County		Allocation	Expenditures	Balance
Rio Blanco	Low Income		$88,334	
	Colorado Works		$16,408	
	Total	**$106,092**	**$104,741**	**$1,351**
Rio Grande	Low Income		$133,559	
	Colorado Works		$77,442	
	Total	**$227,661**	**$211,001**	**$16,660**
Routt	Low Income		$145,192	
	Colorado Works		$242	
	Total	**$166,657**	**$145,434**	**$21,224**
Saguache	Low Income		$14,500	
	Colorado Works		$12,840	
	Total	**$53,337**	**$27,340**	**$25,997**
San Juan	Low Income		$649	
	Colorado Works		$1,930	
	Total	**$2,179**	**$2,579**	**($400)**
San Miguel	Low Income		$16,798	
	Colorado Works		$0	
	Total	**$24,264**	**$16,798**	**$7,466**
Sedwick	Low Income		$12,647	
	Colorado Works		$38	
	Total	**$21,778**	**$12,685**	**$9,093**
Summit	Low Income		$193,296	
	Colorado Works		$900	
	Total	**$192,588**	**$194,196**	**($1,608)**
Teller	Low Income		$303,696	
	Colorado Works		$34,597	
	Total	**$323,892**	**$338,293**	**($14,401)**
Washington	Low Income		$28,376	
	Colorado Works		$2,873	
	Total	**$48,534**	**$31,248**	**$17,286**
Weld	Low Income		$3,124,654	
	Colorado Works		$502,273	
	Total	**$3,512,221**	**$3,626,927**	**($114,706)**
Yuma	Low Income		$55,012	
	Colorado Works		$7,353	
	Total	**$79,260**	**$62,366**	**$16,894**
ALL	Low Income		$53,320,875	
	Colorado Works		$16,039,025	
	Total	**$58,781,529**	**$69,359,900**	**($10,578,371)**

Note: Information on county caseload levels for State Fiscal Year 1999 was unavailable at the time the report was produced.

Source: Division of Child Care, Colorado Department of Human Service.

Appendix F

CHILD CARE STANDARDS

A key policy concern in Colorado and nationwide is that child care be safe, high quality, and developmentally appropriate for the child's age. In Colorado, as in most states, licensing and monitoring procedures are in place to address minimum standards. These standards address health and safety issues, not quality of care or whether such care is developmentally appropriate. The Division of Child Care requires that certain child care providers, such as child care centers or large day care homes, obtain a license before operating. Licensing standards primarily address the physical facility, staff training, maximum number and ages of children served in a single location, and staff-to-child ratios. Licensed providers must also pass a criminal background check.

In 1998, there were 6,682 licensed facilities in Colorado with 123,035 slots. Yet there were 200,294 children under the age of six in child care, indicating that many children are either in nonlicensed care or legally exempt care.[1] Legally exempt providers are not required to obtain a license from the state to operate. It is unknown how many children are in care with providers who are required to obtain a license under state rules but have not done so.

When providers choose not to become licensed, two adverse consequences can occur: (1) the state does not monitor the provider and therefore there is no guarantee of basic standards being met, and (2) families have fewer choices of available licensed facilities. Although legally exempt providers are not required to be licensed, those who wish to receive CCCAP subsidies must meet some administrative requirements. These providers must register with the state, sign the Child Care Standards For Non-Licensed Providers form by which the provider agrees to meet the state standards for care, and sign a Fiscal Agreement. There is no state law requiring criminal background checks for legally exempt providers, and therefore counties have discretion in deciding to conduct these checks. Providers must be notified in advance by the Division of Child Care licensing unit before a background check is completed.

[1] See Colorado Office of Resource and Referral Agencies, Inc., *Child Care: An Investment that Works for Colorado*, 1998.

When a facility seeks licensing, the Division of Child Care conducts an initial evaluation to determine the type of license to be awarded and the level of compliance with health and safety regulations. This initial assessment also determines the frequency of subsequent monitoring visits which are based on the level of the facility's risk in failing to meet state standards. Approximately 86 percent of licensed facilities are scheduled to be visited every two to three years. However, according to the briefing materials provided by the Department of Human Services to the Welfare Oversight Committee (September 13, 1999), the monitoring of these facilities cannot be accomplished in the prescribed timeline within current resources. Facilities in higher risk categories require monitoring visits every month, six months, 12 months or 18 months. About 14 percent of Colorado's licensed facilities fall into these categories and according to the Welfare Oversight Committee briefing materials, monitoring of these facilities is occurring as scheduled. Legally exempt providers are not required to submit to an initial evaluation before receiving CCCAP subsidies. They are required to sign and submit a form agreeing to meet state health and safety standards, but there is no state monitoring to ensure compliance with those standards. Beginning in November, 1999, an identified high risk facility must provide a list of the parents' names to the Division of Child Care, which will then notify parents that their children are in a high risk child care setting.

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