

.....

Evaluation of the Colorado Works Program

Third Annual Report

Part 1: Diversion Programs and Work Activity Participation

August 2001

Submitted to:

Office of the Colorado State Auditor

Submitted by:

Berkeley Policy Associates

440 Grand Avenue, Suite 500
Oakland, California 94610



Berkeley Policy Associates

**LEGISLATIVE AUDIT COMMITTEE
2001 MEMBERS**

Representative Fran Coleman
Chairman

Senator Jack Taylor
Vice-Chairman

Senator Norma Anderson
Representative Glenn Scott
Senator Stephanie Takis
Senator Ron Tupa
Representative Val Vigil
Representative Tambor Williams

Office of the State Auditor Staff

J. David Barba
State Auditor

Larry T. Gupton
Deputy State Auditor

Becky Richardson
Legislative Auditor



Berkeley
Policy
Associates
100% employee-owned

August 24, 2001

Members of the Legislative Audit Committee:

This is Part 1 of the Third Annual Report in Berkeley Policy Associates' ongoing evaluation of the Colorado Works program. The report presents our assessment of two important components of the Colorado Works program: diversion and work activity participation. Findings and recommendations are presented on post-employment services for diversion recipients, Medicaid eligibility for State Diversion applicants, assessment and work activity placement for Colorado Works recipients with low educational achievement, and placement of recipients in occupational skills training programs.

We appreciate the cooperation of policymakers and program staff at the state and county levels. Their ongoing feedback on program operations and our preliminary findings have been critical to the success of the evaluation.

Part 2 of our Third Annual Report will be presented to the Committee in December. We are pleased to be part of this important project.

Mary P. Vencill
President and CEO

Authors of this report:

Vincent M. Valvano, Project Director
Deana Goldsmith

Yasuyo Abe, Will Fischer, Fannie Tseng

Acknowledgments

We benefitted from the advice and cooperation of many people during the preparation of this report. The Office of the State Auditor, including Dave Barba, the State Auditor, Larry Gupton, Deputy State Auditor, and Becky Richardson, Legislative Auditor, provided us with advice and feedback throughout the course of the evaluation. Staff at the Colorado Department of Human Services were responsive to our requests for information, and provided feedback on the report draft. For their ongoing cooperation, we thank Marva Livingston Hammons, Executive Director, and staff from the Office of Self Sufficiency, including Danelle Young, Kevin Richards, Mark Tandberg, George Kurian, Michael Mandel, and Mary Kay Cook. The Colorado Department of Labor and Employment, and in particular, Bill Craig, provided us with Unemployment Insurance earnings data. We thank the Directors of Social Services and departmental staff of the 14 counties that participated in our field study for their cooperation in facilitating our visits and providing answers to our many questions. Members of our Advisory Committee, including Don Cassata, Steffanie Clothier, Mary Kay Cook, Mary Cosgrove, Barbara Drake, Audrey Faulkner, Christine Highnam, George Kurian, Allison Pulley, and Jack Tweedie, provided valuable feedback on the draft report. At BPA, Todd Glasser and Jennifer Cheng provided programming support, and Shannon Harper, research assistance. We received production support from BPA staff members Pat Spikes Calvin, Stephanie Greene, and Sabrina Williams.

Contents

Executive Summary	i
Recommendation Locator	ii
Chapter 1: Background and Program Description	1
State and County Diversion Programs	2
Work Activities for Colorado Works Participants	6
Chapter 2: State Diversion Assistance	7
Introduction	7
Overview of Findings	7
Counties Vary in Their Use of State Diversion	9
State Diversion is an Effective Alternative to Basic Cash Assistance	11
State Diversion and Medicaid Receipt	19
Chapter 3: County Diversion Assistance	25
Introduction	25
Overview of Findings	27
Utilization of County Diversion	28
Up-Front County Diversion Assists Families in Remaining Self-Sufficient	29
The Effectiveness of Post-Program County Diversion Could Not Be Determined	35
Chapter 4: Work Activities for Colorado Works Participants	41
Introduction	41
Overview of Findings	42
Participation in Work Activities by Colorado Works Recipients	43
Participation in County-Defined Activities	52
Appendix A: State Diversion Policies	59
Appendix B: County Diversion Policies	67
Appendix C: Work Activity Policies and Recipient Participation in Work Activities	75
Appendix D: Description of Multivariate Regression Methods	85



Executive Summary

This report examines two components of the Colorado Works program—diversion and work activity participation—which illustrate the diverse types of assistance Colorado counties can offer low-income families under the Temporary Assistance for Needy Families (TANF) program:

Diversion – Most counties in Colorado have implemented diversion assistance programs (State Diversion and/or County Diversion) which offer lump-sum cash grants or vendor payments to families to help them remain self-sufficient and avoid enrolling in time-limited monthly cash assistance.

Work Activity Participation – Recipients of ongoing Basic Cash Assistance under Colorado Works are required to participate in a work activity for 30 hours per week within 24 months after the start of assistance or when determined to be job ready. The most utilized work activity is paid employment. TANF rules also allow recipients to participate in limited educational work activities. Almost all Colorado counties offer some basic education activities—typically, GED preparation classes—to their recipients.

Among the significant findings resulting from our analyses of diversion and work activity participation are:

- **State Diversion is an effective alternative to Basic Cash Assistance for many Colorado Works participants.** We estimate that since the start of Colorado Works, the use of State Diversion has resulted in a net savings of \$5.4 million in benefit payments by enabling recipients to avoid entering ongoing cash assistance.
- **Counties have succeeded in targeting State Diversion to recipients who are most likely to benefit from short-term assistance.** A majority do not return to Colorado Works for additional assistance in the year after receiving diversion and most are able to maintain employment during the year after assistance.
- **County Diversion assistance has been effective in helping families maintain self-sufficiency.** These families increase their rate of employment after receiving County Diversion and fewer than 1 percent eventually enroll in ongoing monthly cash assistance.
- **Few recipients without a high school diploma or equivalent participate in basic education activities while on Colorado Works.**
- **Occupational skills training programs are helping recipients improve their earnings.** Participants in these work activity programs are the only BCA recipients to experience sizeable earnings growth in the year after exit from Colorado Works.

A summary of our recommendations related to these and other findings is included in the Recommendation Locator on the following page.



Recommendation Locator

Rec. No.	Page No.	Recommendation	Agency Addressed	Agency Response	Implementation Date
1	19	The Department of Human Services should work with counties to develop policies and procedures to refer State Diversion recipients to appropriate job development and retention programs, including those offered by county Departments of Human Services, Workforce Development Boards, and local community-based organizations.	Department of Human Services	Agree	December 2001
2	23	The Departments of Human Services and Health Care Policy and Financing should work with counties to review their policies and practices for enrolling State Diversion recipients into Medicaid and revise them, as needed, to ensure that all new State Diversion applicants are also considered for Medicaid eligibility.	Department of Health Care Policy and Financing Department of Human Services	Agree	October 2001
3	40	The Department of Human Services should work with counties to develop policies and procedures for referring up-front and post-program County Diversion recipients to appropriate job development and retention programs, including those offered by county Departments of Human Services, Workforce Development Boards, and local community-based organizations.	Department of Human Services	Agree	December 2001
4	49	The Department of Human Services should work with counties to: a) improve their assessment processes to identify Colorado Works recipients who could benefit from placement in GED preparation classes or other basic education activities; and b) to improve case managers' utilization of assessment information to assist recipients with work activity choices.	Department of Human Services	Agree	October 2001
5	52	The Department of Human Services should work with counties to determine whether additional Colorado Works recipients can be appropriately referred to and placed in occupational skills training programs (vocational educational training work activities).	Department of Human Services	Agree	October 2001

Chapter 1: Background and Program Description

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193) was signed into law, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance to Needy Families (TANF) program. While the AFDC program provided a guarantee of cash assistance for eligible needy families, TANF provides time-limited cash assistance and is focused on helping recipients move off of cash aid. Toward these ends, TANF imposes a five-year lifetime limit on the receipt of basic cash assistance and requires most adult recipients to engage in work activities within two years of beginning to receive aid. TANF also provides states 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 particular recipient populations.

Responding to the PRWORA legislation, the Colorado General Assembly enacted Senate Bill 97-120, which established Colorado Works as the State's TANF program as of July 1997. The goals of the Colorado Works program are to:

- assist participants in terminating their dependence on government benefits by promoting job preparation, work, and marriage;
- develop strategies and policies that focus on ensuring that participants are in work activities as soon as possible so that the State is able to meet or exceed work participation rates specified in the federal law; and
- allow the counties increased responsibility for the administration of the Colorado Works program.

In this report, we focus on two aspects of Colorado Works that are particularly important to the program's ability to meet these goals. The report begins with a discussion of diversion programs which have been implemented by counties as part of their Colorado Works programs. These programs provide short-term financial assistance to needy families with the intent of preventing those families from having to rely on long-term cash assistance under Colorado Works. We then turn to an examination of the delivery of employment and training services by counties to Colorado Works recipients.

We discuss participation in work activities by Colorado Works recipients and links between work activities and post-Colorado Works employment and earnings outcomes.

This report is the first of two reports that will be issued by Berkeley Policy Associates during the third year of the Colorado Works evaluation. A second evaluation report will focus on the employment, earnings, and household incomes of Colorado Works recipients. That report will be presented to the Legislative Audit Committee in December 2001.

State and County Diversion Programs

Under federal TANF legislation, states were granted the authority to create diversion programs to provide assistance to TANF applicants without enrolling them into ongoing monthly cash assistance. Diversion programs can address the immediate needs of a family through limited cash grants and in-kind services. As of 2000, 34 states, including Colorado, had implemented diversion as part of their TANF programs.¹

Colorado has created two distinct diversion programs: State Diversion and County Diversion. Both programs provide lump-sum cash grants to families to help them remain self-sufficient and avoid time-limited monthly assistance, referred to as Basic Cash Assistance (BCA) in Colorado.² However, as shown in Exhibit 1.1, the two diversion programs have different eligibility requirements and can differ in their intended uses. Under Colorado Works, counties can offer State and/or County Diversion assistance, and have significant authority over the specific rules governing each type of assistance.

¹*Temporary Assistance for Needy Families: Third Annual Report to Congress*, U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning and Research, August 2000.

²Under Colorado Works, families have a lifetime limit of 60 months for receipt of Basic Cash Assistance.



Exhibit 1.1 Eligibility Requirements for State and County Diversion Programs			
Program	Mandatory Eligibility Requirements	Optional Eligibility Requirements	Common Uses
State Diversion	<ul style="list-style-type: none"> • Recipient must be eligible for Basic Cash Assistance • Does not need long-term assistance • Demonstrates need for a specific item or type of assistance • Signs an Individual Responsibility Contract 	<ul style="list-style-type: none"> • Recipient must agree to remain off Basic Cash Assistance for a length of time specified by the county • Must demonstrate proof of employment or other income source 	<ul style="list-style-type: none"> • Assistance with rent, car repairs, or utility bills
County Diversion	<ul style="list-style-type: none"> • Income exceeds eligibility for BCA, but is below a county-specified income limit (typically between 185% and 225% of Federal Poverty Level) • Does not need long-term assistance • Demonstrates need for a specific item or type of assistance • Signs an Individual Responsibility Contract 	<ul style="list-style-type: none"> • Must agree to remain off Basic Cash Assistance for a length of time specified by the county 	<ul style="list-style-type: none"> • Up-front assistance: rent, car repairs, or utility bills • Post-program assistance: employment incentives, uniforms, transportation, and other work-related expenses



State Diversion is offered as an alternative to Basic Cash Assistance for families that apply for and meet the eligibility requirements for BCA, but have only a short-term financial need.³ Often these families are employed or have a job pending. During intake, county staff offer State Diversion to such families if they believe they do not need the longer-term, more intensive intervention that ongoing cash assistance would entail. Families that choose State Diversion receive a lump-sum payment to assist with a particular need such as rent, a car repair, or utility bills. State Diversion recipients are required to sign an Individual Responsibility Contract (IRC) specifying the use for the grant, and must also agree to remain off of BCA for a period of time specified by each county.

In contrast, County Diversion is available to families that exceed the income eligibility requirements for BCA, but meet different income eligibility limits, as determined by each county. These eligibility limits are typically set at between 185 percent and 225 percent of the Federal Poverty Level (FPL). County Diversion can be used to provide up-front assistance in a manner similar to State Diversion, where recipients apply for a lump-sum grant to assist them with a short-term need aimed at securing or maintaining self-sufficiency and employment. However, County Diversion can also be used to provide post-program support for those exiting BCA for employment. Post-program assistance can take the form of payments for employment-related expenses, such as work clothes or gas money, or through employment incentive payments to reward job retention.

For some recipients, State or County Diversion assistance can offer advantages over enrollment in BCA. These include: 1) diversion assistance does not count against a family's lifetime limit on cash assistance; and 2) diversion assistance provides a lump-sum payment that can exceed the amount provided in one month through BCA, and so can be more suited to meeting a recipient's specific one-time financial need, whether large or small. In addition, because of its higher income limits, County Diversion can assist families who would not otherwise be eligible for Basic Cash Assistance.

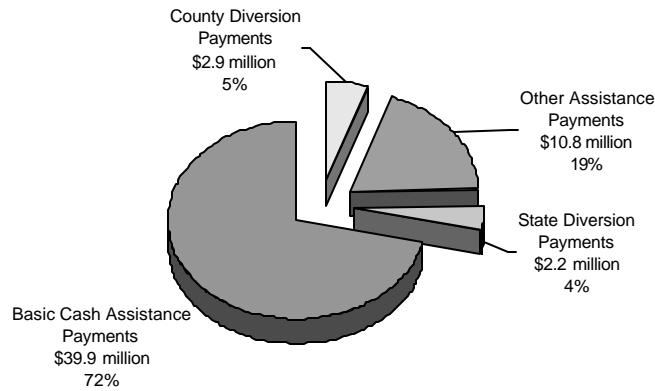
³To be eligible to receive Basic Cash Assistance under Colorado Works, monthly family income must fall below the need standard, which for a single parent with two children is \$421, or approximately 36 percent of Federal Poverty Level income.



State and County Diversion Expenditures

State and County Diversion programs represent a small but growing proportion of Colorado Works expenditures. In State Fiscal Year 2000, \$55.7 million was expended on all Colorado Works assistance payments to recipients or to vendors on behalf of specific recipients. As shown in Exhibit 1.2, State Diversion represented 4 percent and County Diversion 5 percent of direct expenditures on assistance, while BCA payments represented 72 percent of Colorado Works assistance payments.⁴ However, expenditures by counties on diversion payments are growing. BCA expenditures fell by 26 percent between SFY 1999 and SFY 2000, corresponding to a decline in the BCA caseload. At the same time, State Diversion expenditures rose by 19 percent and County Diversion expenditures rose by 107 percent.

Exhibit 1.2
Expenditures for Assistance Payments to Colorado Works Recipients
State Fiscal Year 2000



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

Note: Other Assistance payments are supplemental cash or vendor payments for which only Basic Cash Assistance recipients are eligible. They assist recipients with various work-related expenses, including transportation expenses, work clothes, and training expenses.

⁴The remaining 19 percent of assistance expenditures were for Other Assistance payments. These payments are supplemental cash or vendor payments which are only provided to individuals while they are receiving BCA, and are intended to assist with various work-related expenses, including transportation expenses, work clothes, and training.

Work Activities for Colorado Works Participants

To maintain their eligibility for assistance, TANF recipients must participate in work activities intended to improve their ability to become employed and self-sufficient. Under Colorado Works, most recipients must participate in work activities within 24 months of receiving assistance or when they are deemed work-ready by the county. Individuals can meet their work participation requirement by engaging in a list of 12 federally-approved activities, or by participating in additional, county-defined activities.

Among federally-approved activities, federal TANF regulations distinguish between employment-related work activities and educational work activities. In general, employment-related work activities involve some type of employment (subsidized or unsubsidized), on-the-job training, or work experience. Hours spent in these activities are fully countable toward a recipient's required 30 weekly hours of participation.⁵ Educational work activities include GED, high school, basic education, and ESL classes, as well as jobs skills training. Under TANF rules, hours spent in these activities can be counted as part of the work participation requirement only after the recipient has completed 20 hours in an employment-related activity. In June 2000, 57 percent of adults on Colorado Works participated in an employment-related work activity while about 14 percent of adults participated in educational work activities.

Under federal TANF rules, states are allowed to provide more specific definitions of each of the 12 federal work activity categories. Colorado's definitions of these categories are provided in Appendix C. However, counties have considerable flexibility in deciding what types of work activities to offer to their recipients, in general, and within each work activity category.

⁵One exception is that hours in vocational educational training activities can only be counted toward the participation requirement for a maximum of 12 months.



Chapter 2: State Diversion Assistance

Introduction

State Diversion is offered as an alternative to Basic Cash Assistance (BCA) for families that apply for and meet the eligibility requirements for BCA, but have only a short-term financial need. Often these families are employed or have a job pending. During intake, county staff offer State Diversion to such families if they believe they do not need the longer-term, more intensive intervention that ongoing cash assistance would entail. Families that choose State Diversion receive a lump-sum payment to assist with a particular need such as rent, a car repair, or utility bills. State Diversion recipients are required to sign an Individual Responsibility Contract (IRC) specifying the use for the grant, and must also agree to remain off of BCA for a period of time specified by each county.

This Chapter evaluates the effectiveness of direct recipient payments for State Diversion. In State Fiscal Year (SFY) 2000, counties spent \$2.2 million in direct recipient payments for State Diversion assistance, which amounted to about 4 percent of total expenditures made on direct recipient assistance payments through Colorado Works. During that year, 1,983 State Diversion payments were issued by counties in Colorado (Exhibit 2.1).¹ In comparison, 14,637 BCA cases were opened in that same year.²

Overview of Findings

Our analysis of State Diversion assistance indicates that it helps recipients to remain self-sufficient and is therefore an effective alternative to ongoing Basic Cash Assistance for many families. Without State Diversion, it is likely that many families receiving such assistance would have instead opened a BCA case. Thus, State Diversion may have reduced the number of BCA case openings by as much as 14 percent in State Fiscal Year 2000. We estimate that the availability of State Diversion assistance has resulted in

¹These expenditures do not include administrative or other costs associated with operating the State Diversion programs.

²Detailed descriptions of the 14 field study counties' State Diversion policies are provided in Appendix A, Exhibit A.1.



a \$5.4 million net reduction in direct expenditures for cash benefits since the start of Colorado Works.³

Exhibit 2.1
Colorado Works State Diversion Cases and New Basic Cash Assistance Cases by County
Adult-Headed Cases
State Fiscal Years 1999 and 2000

	SFY 1999			SFY 2000		
	State Diversion Cases	New BCA Cases	Ratio of State Diversion to BCA Cases	State Diversion Cases	New BCA Cases	Ratio of State Diversion to BCA Cases
Adams	87	539	16.1%	47	724	6.5%
Arapahoe	60	1,036	5.8%	105	1,383	7.6%
Boulder	44	560	7.9%	42	692	6.1%
Denver	155	2,190	7.1%	159	2,903	5.5%
El Paso	508	1,843	27.6%	738	2,492	29.6%
Fremont	26	338	7.7%	40	358	11.2%
Jefferson	74	828	8.9%	73	789	9.3%
Larimer	0	555	0.0%	0	607	0.0%
Las Animas	3	140	2.1%	4	157	2.5%
Mesa	124	575	21.6%	96	585	16.4%
Otero	3	198	1.5%	7	208	3.4%
Pueblo	235	456	51.5%	157	474	33.1%
Rio Grande	11	137	8.0%	69	162	42.6%
Weld	23	561	4.1%	52	499	10.4%
Statewide	1,756	12,136	14.5%	1,983	14,637	13.5%

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

Notes: Counts of State Diversion cases are generated using the COIN Financial History file. New BCA case counts include all adult-headed new case openings. Cases that have been closed for one month and then reopened are not counted as new cases. Larimer County first began to offer State Diversion in January 2001.

³Our estimate is based on the assumption that all 4,884 first-time State Diversion recipients during the period July 1997 to December 2000 instead enrolled in Basic Cash Assistance for the median length of time a new BCA case was open during this period (6 months), and received the average BCA monthly benefit amount (\$362).



Counties have been generally successful in targeting State Diversion assistance to those who are most likely to benefit from this type of short-term assistance: program applicants with recent employment experience. Most State Diversion recipients are able to maintain or re-establish employment after receiving assistance, indicating that they have been successful in addressing a short-term need or crisis. Overall, the employment rate for State Diversion recipients increases after they receive diversion assistance. In the quarter after receipt of a diversion payment, their employment rate increased to 63 percent, 9 percentage points higher than in the quarter before diversion (54 percent).

Many State Diversion recipients do not work continuously in the year after receiving a diversion payment. In this respect, they are similar to exiting BCA recipients. Diversion recipients also return to Colorado Works for additional assistance at a rate comparable to BCA recipients. This indicates that the one-time assistance provided to recipients through State Diversion may not always be adequate to address ongoing issues underlying these patterns of employment instability. Accordingly, it seems likely that many diversion recipients could benefit from additional employment and training services.

Because State Diversion recipients have applied for assistance under the Colorado Works program, state rules require that their application for assistance should also be processed for eligibility determination for Medicaid and other public assistance programs. We find substantial variation across counties in their rates of Medicaid enrollment of diversion recipients and attribute much of this variation to differences in county procedures for determining eligibility.

Counties Vary in Their Use of State Diversion

Use of State Diversion has increased since the inception of Colorado Works. In SFY 2000, a total of 1,983 State Diversion payments were made, an increase of 13 percent over the prior year. In comparison, there were 14,637 new BCA cases opened in SFY 2000. Utilization of State Diversion as an alternative to BCA (calculated as the ratio of State Diversion cases to new BCA cases) remained relatively flat over time (15 percent in SFY 1999 and 14 percent in SFY 2000). However, utilization of State Diversion varied significantly by county and is driven in large part by variation in county policies. Under Colorado Works, counties have significant control over the specific policies that govern their State Diversion programs. There are four key policy dimensions on which

counties exercise this flexibility: employment status required to receive a diversion, maximum diversion amount allowed and limits on repeat diversions, periods of ineligibility for BCA after diversion receipt, and whether recipients can receive other services or supports. We describe these policies for each of the field study counties in Appendix A, Exhibit A.1.

In several counties, State Diversion may have reduced the number of BCA case openings by one-third or more in SFY 2000. Counties with particularly high State Diversion utilization ratios (the ratio of State Diversion recipients to new BCA case openings) included Rio Grande (43 percent), Pueblo (33 percent), and El Paso (30 percent). Use of State Diversion is high in two of these three counties because of the particular policies each has in place to encourage its use. For example, in SFY 2000, El Paso granted 738 State Diversions, over four times the number of State Diversions issued in Denver County, which has a larger BCA caseload. High utilization of State Diversion in El Paso results from the county Department of Social Services' policy to encourage job-ready applicants for BCA to enroll in their State Diversion program, which is called the 60-Day Empowerment Program. Typically, this program provides job-ready applicants with a diversion payment equivalent to two months of cash assistance and with job search and job readiness services. If, at the end of the 60-day period, a State Diversion recipient is not employed, he or she is automatically enrolled in BCA. Pueblo County attributes its higher State Diversion utilization rate to its policy of encouraging use of State Diversion for two-parent households. Pueblo targets two-parent households for State Diversion because they believe that these families may be more likely to obtain employment and thereby avoid use of time-limited cash assistance. High utilization of State Diversion in Rio Grande was attributed to word-of-mouth in the community about the availability of the program and a strong applicant preference, rather than particular policies to encourage its use.

Most of the counties we examined for this report have increased their use of State Diversion since the start of Colorado Works. As shown in Exhibit 2.1, 8 of the 13 counties with State Diversion programs increased the number of State Diversions granted between SFY 1999 and SFY 2000. Counties with particularly large increases attributed this growth to increased knowledge about the program, both among community-based organizations (CBOs) who refer clients to the Colorado Works program, and in the community at-large. Several counties indicated that they have conducted outreach sessions with CBOs to inform them about State and County Diversion. Among the smaller counties, many noted that information about the program



has spread by word-of-mouth among recipients and their friends and family, creating increased demand. Use of State Diversion declined substantially in Adams, Mesa, and Pueblo counties during this period. Program staff in Adams reported that they do not promote use of the program among CBOs and do not allow repeat diversions. Recipients who return for a second State Diversion payment are directed toward ongoing BCA instead. In Mesa and Pueblo Counties, there were no clear explanations for the declines in the use of State Diversion over time, however use of State Diversion remained relatively high in both counties.

The size of State Diversion grant amounts is also influenced by county policies and varies significantly by county, as shown in Exhibit 2.2. In SFY 2000, the average State Diversion payment was \$1,086, or about three times the maximum monthly BCA benefit of \$356 for a family of three with no earnings. This was slightly higher than the previous year (\$996). However, average grant amounts vary significantly by county, ranging from \$646 in El Paso to \$2,414 in Boulder. In El Paso, this lower amount corresponds to the average amount of two months of BCA for State Diversion applicants per the county's 60-Day Empowerment Program described above.⁴ The higher average payment in Boulder County results in part from the larger payments allowed under that county's State Diversion policies. The high cost of housing in Boulder has also influenced the size of the county's State Diversion payments. Program staff in Boulder indicated that many of their State Diversion recipients were using their assistance for housing-related emergencies.

State Diversion is an Effective Alternative to Basic Cash Assistance

Our findings indicate that State Diversion assistance is effective in addressing recipients' short-term needs, thereby assisting recipients in remaining off of time-limited Basic Cash Assistance. This finding is based on an examination of recipients' employment and earnings before and after receipt of assistance and an examination of recipients' returns to BCA. We find that after receipt of State Diversion recipients' employment increases. We also find that the majority (86 percent) of State Diversion recipients are able to avoid a return to BCA.

⁴Excluding El Paso County, the average State Diversion payment increased from \$1,086 to \$1,347 for SFY 2000.



Exhibit 2.2 Average State Diversion Payments by County State Fiscal Years 1999 and 2000		
	SFY 1999	SFY 2000
Adams	\$1,184	\$2,137
Arapahoe	\$2,293	\$2,298
Boulder	\$2,301	\$2,414
Denver	\$1,062	\$1,172
El Paso	\$646	\$646
Fremont	\$1,175	\$1,308
Jefferson	\$1,342	\$1,518
Las Animas	\$1,370	\$1,708
Mesa	\$1,108	\$909
Otero	\$1,198	\$760
Pueblo	\$586	\$791
Rio Grande	\$737	\$1,464
Weld	\$768	\$1,312
Statewide	\$996	\$1,086
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.		
Note: Larimer County first began to offer State Diversion in January 2001 and so is not included.		

Employment Among State Diversion Recipients Increases in the Quarter After Receipt of Diversion Assistance

Most counties require employment or pending employment as a condition of State Diversion receipt. Consequently, most State Diversion recipients should have recent labor market experience and should return to employment soon after receiving assistance, if they are not already employed. In fact, a substantial proportion of State Diversion recipients do return to employment soon after receipt of diversion assistance, as indicated by increased employment in the quarter after receipt of diversion.

Employment rates for State Diversion recipients were nine percentage points higher in the quarter after receipt of a diversion payment (63 percent), compared to the quarter prior to receipt (54 percent).



The employment rate for State Diversion recipients is also significantly higher than that for BCA recipients in the quarter after they leave assistance (63 percent compared to 53 percent for exiting BCA recipients).⁵ This also suggests that State Diversion recipients have, on average, relatively strong attachments to the labor market.⁶

State Diversion recipients were also more likely to be employed and had higher earnings in the quarter prior to receiving assistance compared to recipients entering Colorado Works for Basic Cash Assistance. This indicates that counties are, in general, directing State Diversion assistance toward employed or job-ready applicants with a recent work history. As discussed previously, 54 percent of first-time State Diversion recipients were employed in the quarter prior to receiving their diversion payment. In comparison, only 21 percent of first-time BCA recipients were employed in the quarter prior to their BCA case opening. Further, in the quarter prior to receiving assistance, median earnings for State Diversion recipients (\$2,172) were 27 percent higher than for BCA recipients (\$1,708).⁷

State Diversion Recipients' Employment and Earnings Exceed those of BCA Recipients One Year After Exit

Over a longer time span of one year after exit, State Diversion recipients have higher rates of employment and earnings compared to those who exited BCA. As indicated in Exhibit 2.3, approximately 78 percent of State Diversion recipients were employed in at least one quarter in the year following receipt, compared to 70 percent of those exiting BCA. Further, median earnings for State Diversion recipients (\$6,573) exceeded those of exiting BCA recipients (\$6,236) during the year after exit by about 5 percent.

⁵For this comparison, we defined State Diversion recipients as those who received a State Diversion payment for the first time between October 1997 and June 2000. Our BCA comparison group consists of first-time BCA recipients (excluding those who had previously received a State Diversion) who entered Colorado Works between October 1997 and June 2000 and left the program during the same period.

⁶Though State Diversion recipients had higher employment rates than BCA recipients, their earnings were comparable in the first quarter after assistance. State Diversion recipients' median earnings (\$2,124) were 7 percent lower than those of exiting BCA recipients (\$2,270). But mean earnings were close to equal, at \$2,582 for State Diversion recipients and \$2,569 for BCA recipients.

⁷Mean quarterly earnings in the quarter prior to assistance were \$2,627 for State Diversion recipients and \$2,221 for BCA recipients.



Exhibit 2.3

Earnings and Employment in Year After Receipt of Assistance

State Diversion Recipients and Basic Cash Assistance Recipients

July 1997 - September 1999

	State Diversion Recipients	BCA Recipients
Employed Between 1 and 4 Quarters	78.3%	69.7%
Median Annual Earnings	\$6,573	\$6,236
Number of Recipients	2,567	38,528
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.		
Notes: Median earnings are reported because they are less sensitive to outliers than mean earnings. Mean annual earnings were \$8,637 for State Diversion and \$7,979 for BCA recipients. Annual earnings are reported for any recipient with quarterly earnings of \$100 or more in any one quarter.		

In some counties, the differences in earnings between State Diversion and BCA recipients one year after assistance are quite large. In Adams, Arapahoe, Boulder, and Denver counties, State Diversion recipients' annual post-diversion earnings are over 25 percent higher than those of exiting BCA recipients. (Appendix A, Exhibit A.2 reports annual earnings and employment outcomes for State Diversion and BCA recipients in the 14 counties in our field study). These differences likely reflect more stringent criteria used by some counties to determine whether an applicant is sufficiently job-ready to be a suitable candidate for State Diversion.

Most State Diversion Recipients Do Not Return for Additional Cash Assistance

A final measure of the effectiveness of State Diversion assistance is the extent to which such assistance helps recipients avoid future enrollment in ongoing BCA. By this criteria State Diversion has been effective: three-quarters of State Diversion recipients do not return for any additional cash assistance. In the year following their State Diversion payment, 14 percent of diversion recipients returned to enroll in BCA. This rate of return to BCA was lower than the 17 percent rate of return to BCA among exiting BCA



recipients (Exhibit 2.4).⁸ When returns for all types of assistance payments were examined (BCA, State Diversion, and County Diversion), the overall rate of return for Colorado Works assistance was similar for State Diversion and BCA recipients (24 percent and 22 percent, respectively).

One factor that contributes to the similar rates of return to assistance among State Diversion and BCA recipients is the similarity in prior program experiences of these two groups. Over half (52 percent) of State Diversion recipients previously participated in either Colorado Works Basic Cash Assistance or the Aid to Families with Dependent Children (AFDC) program. As shown in Exhibit 2.5, State Diversion recipients with a history of welfare receipt were almost twice as likely to return for BCA (18 percent) as those with no prior welfare history (10 percent). State Diversion recipients with a history of prior welfare receipt are likely to be similar to other BCA recipients in terms of their education and skill levels and job history. Consequently, their rate of return for assistance should also be comparable to that of BCA recipients.

Exhibit 2.4 Rates of Return to Assistance Within 12 Months After Receipt of Assistance State Diversion Recipients and Basic Cash Assistance Recipients July 1997 - December 1999		
	<u>State Diversion Recipients</u>	<u>BCA Recipients</u>
Do Not Return for Assistance	75.6%	78.3%
Return for Basic Cash Assistance	14.2%	16.9%
Return for State Diversion	7.2%	1.6%
Return for County Diversion	3.0%	3.1%
Number of Recipients	3,082	40,675
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.		

⁸After 18 months, 18 percent of State Diversion recipients have returned to BCA compared to 21 percent of those exiting BCA.



Exhibit 2.5

Rates of Return to Assistance Within 12 Months After Receipt of Assistance
State Diversion Recipients With and Without Prior Welfare Receipt
July 1997 - December 1999

	<u>Recipients Without Prior Welfare Receipt</u>	<u>Recipients With Prior Welfare Receipt</u>
Do Not Return for Assistance	80.2%	71.4%
Return for Basic Cash Assistance	9.8%	18.2%
Return for State Diversion	7.7%	6.8%
Return for County Diversion	2.3%	3.5%
Number of Recipients	1,475	1,607

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

The size of the grant received by State Diversion recipients also correlates with their rate of return to assistance. As shown in Exhibit 2.6, recipients of State Diversion payments of less than \$500 returned to BCA at a rate that was one-third higher (19 percent) than the return rate of those whose grants were \$500 or more (13 percent). Because some counties have policies requiring recipients to remain off of assistance for a period of time based on the amount of their diversion grant, we also examined return rates over 18 months. However, the differences in return rates by grant amount persisted over the longer time frame as well.

Two-thirds of the families receiving smaller State Diversion payments remain off of cash assistance, suggesting that across-the-board increases in grant amounts are not warranted. Rather, these findings may indicate that some State Diversion recipients presenting short-term urgent needs under \$500, such as those needing assistance with a small car repair, may actually be in need of ongoing cash assistance. Counties may want to augment their initial screening for State Diversion recipients requesting assistance with small expenses.

The rates of return for assistance among State Diversion recipients varied significantly by county. (County return rates are reported in Appendix A, Exhibit A.3). Both Adams and Arapahoe Counties had rates of return for additional assistance (including returns for BCA or any type of Diversion payment) under 10 percent, while El Paso had a



Exhibit 2.6 Rates of Return to Assistance Within 12 Months After Receipt of Assistance State Diversion Recipients With Small and Large Grant Amounts July 1997 - December 1999		
	<u>Less than \$500 Grant</u>	<u>\$500 or Larger Grant</u>
Do not Return for Assistance	67.2%	78.0%
Return for Basic Cash Assistance	19.0%	12.9%
Return for State Diversion	10.4%	6.3%
Return for County Diversion	3.4%	2.8%
Number of Recipients	670	2,412
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.		

return rate of over 30 percent. Varying rates of return among certain counties are likely related to each county’s State Diversion policies. For example, in Adams County, State Diversion is a once-in-a-lifetime assistance payment, with exceptions made only for extreme situations. Arapahoe County also has very strict rules about returning for further State Diversion. State Diversion recipients are limited to one diversion a year, and five in a lifetime. No exceptions are made to this policy. In contrast, as discussed above, El Paso County’s 60-Day Empowerment Diversion Program (State Diversion) is offered to all job-ready applicants for cash assistance and those not employed after this 60 day period are automatically enrolled into BCA. Because of this policy, El Paso has very high utilization of State Diversion but also relatively high rates of return to assistance, with 21 percent of all State Diversion recipients entering BCA within 12 months of receiving diversion.⁹

State Diversion Recipients Should be Targeted for Job Retention Services

Although State Diversion recipients do somewhat better in terms of employment and earnings than BCA recipients in the year after assistance, their earnings levels are still quite low. They experience a significant level of job instability and they return for additional cash assistance at a rate comparable to that of BCA recipients. For example, in the year following State Diversion receipt, less than one-half of the diversion recipients

⁹Excluding El Paso from the calculations on the rate of return for additional cash assistance reduces the return rate slightly. The rate falls to 21 percent when El Paso County is excluded, compared to 24 percent when it is included.



maintained employment for all four quarters (46 percent), as shown in Exhibit 2.7. While this rate of job retention is higher than that experienced by BCA exiters (44 percent), it indicates that many State Diversion recipients, although somewhat more job-ready and employable than BCA recipients, still have difficulty maintaining stable attachments to the workforce. State Diversion recipients with unstable employment patterns also return to Colorado Works for Basic Cash Assistance at higher rates than those with continuous employment. For example, 22 percent of recipients who were employed for two quarters in the year after receipt of State Diversion returned to Basic Cash Assistance within one year, compared to only 10 percent of those employed for all four quarters in the year after diversion receipt. The one-time assistance provided to recipients through State Diversion may not be adequate to address ongoing issues underlying these patterns of employment instability. Accordingly, it seems likely that many State Diversion recipients could benefit from receipt of additional employment- and training-related services.

Overall, our findings indicate that State Diversion assistance is effective in helping recipients address short-term needs and thereby remain off ongoing Basic Cash Assistance. Additionally, State Diversion provides a substantial cost savings to the state. As previously stated, we estimate that the availability of State Diversion as an alternative to ongoing BCA has resulted in a \$5.4 million net reduction in direct expenditures for cash benefits since the start of Colorado Works. By remaining off of BCA, State Diversion recipients also avoid using months of assistance that would count toward their 60-month lifetime limit for cash assistance under Colorado Works.

Exhibit 2.7		
Employment Retention in Year After Receipt of Assistance		
State Diversion Recipients and Basic Cash Assistance Recipients		
July 1997 - September 1999		
Number of Employed Quarters	State Diversion Recipients	BCA Recipients
No Employment	21.7%	30.3%
1 of 4 Quarters	14.7%	15.6%
2 of 4 Quarters	17.4%	17.7%
3 of 4 Quarters	22.3%	23.2%
All 4 Quarters	45.5%	43.5%
Number of Recipients	2,567	38,528

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



We did note significant variation in the use of State Diversion among counties. Thus, there may be an opportunity for some counties to increase use of State Diversion among more job-ready applicants.

Because most State Diversion recipients do not have ongoing contact with the Colorado Works program after receipt of their payment, they are not likely to take advantage of employment and training services offered to other Colorado Works participants. Our findings suggest that many diversion recipients could benefit from these services and existing programs could in fact provide such services to them. Local workforce development centers offer programs to assist with job retention and advancement through the acquisition of new skills. State Diversion recipients may be eligible for these services through Department of Labor funding which includes services for employed workers. Some State Diversion recipients may also qualify for Welfare-to-Work services if they have been long-term welfare recipients.

Recommendation 1:

The Department of Human Services should work with counties to develop policies and procedures to refer State Diversion recipients to appropriate job development and retention programs including those offered by county Departments of Human Services, Workforce Development Boards, and local community-based organizations.

Department of Human Services Response:

Agree. The Department of Human Services will renew and increase its efforts to work with counties in the development of policies and procedures to assure that State Diversion recipients receive appropriate referrals to job development and retention programs. Guidance and training will be provided by the Department through use of an Agency Letter and opportunities such as the annual conference and monthly teleconference training.

State Diversion and Medicaid Receipt

Because State Diversion recipients have applied for assistance under the Colorado Works program, state statute requires that counties consider their application for Colorado Works as an application “for any category of public assistance for which the



applicant may be eligible” (Section 26-2-106 (1), C.R.S.).¹⁰ One of the programs for which diversion applicants may be eligible is Medicaid. At a minimum, State Diversion recipients are likely to be eligible for Medicaid assistance in the month in which they receive State Diversion assistance. In this section, we examine enrollment in the Medicaid program by State Diversion recipients.¹¹ We look specifically at enrollment of the adults in the case. These data do not reflect enrollment of children in the Colorado Child Health Program (CHP+) or Baby Care/Kids Care Medicaid program. We find substantial variation across counties in the rates of enrollment of diversion recipients and attribute much of this variation to differences in county procedures for determining Medicaid eligibility. In addition, some county staff are hesitant to open ongoing Medicaid cases for State Diversion recipients because they expect that for many, their Medicaid eligibility will last for only a short period of time—one or two months. When Diversion recipients begin working, they will typically no longer meet the income eligibility requirements for Medicaid assistance, although their children may still be eligible.¹²

To determine whether State Diversion recipients enroll in Medicaid at the time they receive diversion, we compared their Medicaid enrollment rates before and after diversion receipt. If counties simultaneously enroll State Diversion recipients in Medicaid when issuing their diversion payment, their rate of Medicaid enrollment should increase after receipt of State Diversion assistance. Statewide, 40 percent of first-time State Diversion recipients were enrolled in Medicaid in the month prior to receiving diversion, as shown in Exhibit 2.8. This may include those who were previously receiving Basic Cash Assistance and were receiving transitional Medicaid. Within two months after receiving a diversion payment, enrollment in Medicaid rises to 76 percent for State Diversion recipients. This increase in Medicaid receipt indicates that a majority of State Diversion recipients are enrolled in Medicaid when receiving a diversion.

¹⁰Public Assistance is defined in Section 1-1-104, C.R.S. as including but not limited to the Food Stamp program, programs established pursuant to the “Colorado Medical Assistance Act” (which includes Medicaid), the special supplementary food program for women, infants, and children, and assistance under the Colorado Works program.

¹¹In an upcoming report, we will examine Food Stamp usage by diversion recipients and BCA recipients after exit from Colorado Works.

¹²Transitional Medicaid coverage is available for up to 12 months to exiting Colorado Works participants who are employed and have been on assistance for at least three months. Diversion recipients are not eligible for Transitional Medicaid assistance because they do not meet the three month requirement.



However, county Medicaid enrollment rates diverge significantly from the statewide average (Exhibit 2.8). In some counties, such as El Paso and Fremont, almost all State Diversion recipients (more than 90 percent) are enrolled in Medicaid within two months after receipt of diversion. In others, including Denver, Jefferson, and Weld, less than one-half of diversion recipients are enrolled.

We attribute much of the difference in county enrollment rates to differences in county Medicaid application and eligibility determination procedures. For example, in some counties, recipients must indicate on the Single Purpose Application (SPA) form, which they complete when applying for Colorado Works assistance, that they also wish to apply for Medicaid assistance. If they do not check the appropriate box on the form, their application is not considered for Medicaid assistance. This procedure may lead to under-enrollment in Medicaid by State Diversion recipients because it requires that they know in advance, or are informed by an eligibility workers at the time of application for diversion, that they may be eligible for Medicaid. If, for whatever reason, they are unaware of their potential eligibility for Medicaid, their eligibility will not be assessed. We found that in many of the counties with enrollment rates below the statewide average, Medicaid eligibility procedures required the diversion recipient to explicitly request that their application for Medicaid be processed.

Some counties also have separate offices or personnel who process Medicaid applications. In these counties, State Diversion recipients are often responsible for submitting their SPA application to the appropriate office if they want to apply for Medicaid. This multi-step application procedure is also likely to contribute to lower overall enrollment rates.

In contrast, counties with relatively high Medicaid enrollment rates appeared to more closely follow the state regulation. In these counties, all applications for State Diversion assistance were simultaneously reviewed for Medicaid eligibility. If a diversion recipient did not want to enroll in Medicaid after being determined to be eligible, they were asked to file a letter explicitly indicating that they did not wish to enroll.

The Departments of Health Care Policy and Financing and Human Services have given counties some direction on Medicaid eligibility for Colorado Works participants and for participants transitioning from Basic Cash Assistance. In particular, the Department of Human Services indicated that it has emphasized to counties that State Diversion applicants may be eligible for Medicaid assistance and that these applicants should be encouraged to apply for such assistance. In addition, changes have been made to the

COIN system so that Medicaid eligibility automatically continues for BCA recipients who stop ongoing cash assistance and then receive a State Diversion payment.

Because the Medicaid application procedures in place in some counties do not guarantee that all applicants for State Diversion assistance are reviewed for Medicaid eligibility, we believe counties should review their policies in this area to insure that they are consistent with the intent of state regulations. Even though many State Diversion recipients may be eligible for Medicaid for only a short period of time, Medicaid coverage can be an important supportive service to low-income families transitioning to employment. Further, even if adult recipients lose Medicaid eligibility shortly after they begin employment, their children may continue to be eligible for coverage.

Exhibit 2.8			
Medicaid Enrollment Rates of State Diversion Recipients by County			
July 1997 - October 2000			
	<u>Month Prior to Diversion</u>	<u>Within Two Months of Receiving Diversion</u>	<u>Number of Recipients</u>
Adams	40.9%	68.9%	164
Arapahoe	77.5%	81.2%	213
Boulder	31.6%	77.6%	174
Denver	30.5%	41.6%	426
El Paso	46.2%	94.4%	1,562
Fremont	43.4%	93.0%	143
Jefferson	25.0%	48.6%	208
Las Animas	33.3%	66.7%	12
Mesa	24.5%	56.4%	351
Otero	70.8%	54.2%	24
Pueblo	52.4%	78.5%	395
Rio Grande	42.1%	63.2%	114
Weld	35.2%	42.9%	105
Statewide	40.4%	76.2%	4,992
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.			
Note: Larimer County first began to offer State Diversion in January 2001 and so is not included.			



Recommendation 2:

The Departments of Human Services and Health Care Policy and Financing should work with counties to review their policies and practices for enrolling State Diversion recipients into Medicaid and revise them, as needed, to ensure that all new State Diversion applicants are also considered for Medicaid eligibility.

***Department of Health Care Policy and Financing
and Department of Human Services Response:***

Agree. The Departments of Health Care Policy and Financing and Human Services will work cooperatively in the production of a jointly sponsored Agency Letter addressing this important issue. Other opportunities such as Monthly County teleconferences and meetings with administrative and supervisory staff will be utilized to encourage counties to review their policies and practices and to ensure that all new State Diversion applicants are considered for Medicaid eligibility.

Chapter 3: County Diversion Assistance

Introduction

County Diversion assistance is similar to State Diversion in that it provides recipients with a lump-sum cash payment for a specific need, such as a car repair or rent. The primary difference between these two types of diversion is that County Diversion provides assistance to families whose incomes exceed Basic Cash Assistance (BCA) eligibility, while State Diversion is offered to families who meet the eligibility requirements for BCA. As provided for under federal TANF regulations, County Diversion is an expansion of public assistance to low-income families who would not otherwise be eligible for ongoing Basic Cash Assistance. It is intended as a preventative measure to assist low-income, at-risk families in overcoming a crisis that could otherwise result in the loss of employment and the need for ongoing assistance.

In addition to assisting low-income families with a particular need, County Diversion is used to provide support to those exiting BCA for employment. Recipients exiting BCA for employment can receive assistance with employment-related expenses such as for gas money, work clothes, or transportation costs and can also receive incentive payments to reward employment retention.

Because these two uses of County Diversion—as preventative assistance to meet a one-time crisis and as support for those exiting BCA—target different populations and have somewhat different purposes, we evaluate them separately in this chapter. For purposes of our analysis, we label these two uses of County Diversion as up-front County Diversion and post-program County Diversion. Some counties use Colorado Works funds to provide services other than direct payments to County Diversion recipients and other low-income families. We do not evaluate these services in this report.¹

¹In this chapter we focus on the use of County Diversion as a direct payment to a diversion recipient or as a vendor payment on behalf of a diversion recipient. Under TANF, states can also provide assistance to low-income families exceeding eligibility for monthly cash assistance under the category of “non-assistance” assistance. Non-assistance assistance allows states to use TANF funds to provide services to low-income families without subjecting them to the rules for Basic Cash Assistance. Further, non-assistance can be used to provide services and supports that are not direct payments to a recipient or to a vendor on behalf of a particular recipient. For example, Mesa County uses TANF funds to subsidize a County transportation system and to fund a high-school drop-out prevention program. These non-assistance funded services are not evaluated in this Chapter.

Exhibit 3.1			
County Diversion Cases by Type of Diversion Assistance			
State Fiscal Years 1999 and 2000			
	SFY 1999	SFY 2000	Change: SFY1999 to SFY 2000
Up-Front Diversion	615	1,166	89.6%
Post-Program Diversion	662	920	39.0%
Other	463	573	Not Applicable
Total	1,740	2,659	52.8%

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

Note: Other County Diversion cases are those that could not be classified based on our definitions of up-front and post-program diversions.

Colorado Works administrative data maintained by the Colorado Department of Human Services do not explicitly identify whether a County Diversion payment is an up-front or post-program diversion. Therefore, we developed specific criteria for categorizing County Diversion payments as either up-front or post-program diversions. We defined up-front County Diversion as a County Diversion payment made to a recipient with no history of BCA receipt, and post-program County Diversion as a County Diversion payment received within one year of a BCA exit. There were also some County Diversion recipients who had previously been on BCA but had exited more than a year before receiving the County Diversion payment. We chose not to categorize these “other” County Diversion cases and excluded them from our analysis.² The “other” category also includes County Diversion cases in which no adult case member could be identified from administrative records.

In State Fiscal Year 2000, counties made payments totaling \$2.9 million to 2,659 County Diversion cases (Exhibit 3.1). Up-front County Diversions represented 44 percent of County Diversion cases and 67 percent of the County Diversion expenditures. Post-program County

²For the majority of cases, our definitions accurately capture the different types of County Diversion assistance. However, because these definitions were developed for analysis purposes and are not programmatic definitions, they may categorize some up-front County Diversions as post-program County Diversions simply because they were received within 12 months of a BCA spell.



Diversions represented 35 percent of the County Diversion cases and 22 percent of the expenditures. The remaining 22 percent of County Diversion cases were other County Diversions.

Overview of Findings

In this chapter, we assess the effectiveness of up-front and post-program County Diversion by examining diversion recipients' employment and earnings prior to and after receiving diversion assistance and their rates of return to cash assistance.

We find that up-front County Diversion is helping recipients remain off of Basic Cash Assistance. The strongest evidence of this is recipients' extremely low rate of return to BCA (less than 1 percent). In addition, the employment rate for up-front County Diversion recipients increased after receipt of diversion assistance. By helping recipients maintain employment, up-front County Diversion is effective in preventing future BCA cases.

In contrast to up-front diversion, post-program County Diversion provides smaller-scale financial support for work related-expenses and employment incentives to those exiting BCA due to employment. The average post-program County Diversion payment is less than one-half the amount of the average up-front County Diversion payment. We are unable to assess the effectiveness of post-program County Diversion assistance for two reasons. First, pre-existing differences in job skills and work experience between those who received post-program County Diversion and those who did not, at least partially explain differences in the employment outcomes we observed between the two groups. In addition, most post-program County Diversion is designed to assist those exiting BCA for employment. Therefore, the higher employment rates observed for those who receive it are not very informative about the effect of such assistance on recipient outcomes.

A significant proportion of both up-front and post-program County Diversion recipients exhibit patterns of employment instability in the year after receiving assistance. Between 25 and 30 percent of these recipients have difficulty finding or maintaining stable employment after receiving diversion assistance. Their earnings, while significantly higher than those of State Diversion recipients and of exiting BCA recipients, are still, on average, well below federal poverty levels. These findings indicate that many County Diversion recipients could benefit from employment and training services that assist with skill upgrades and provide job retention support.

Utilization of County Diversion

In this section we report trends in utilization of both up-front and post-program County Diversion. Most counties in Colorado offer County Diversion assistance. Of the 14 counties in our field study, only Boulder County does not currently offer County Diversion. Among counties that offer County Diversion assistance, not all counties use it for both up-front and post-program assistance.³

Use of up-front County Diversion has increased over time. Between SFY 1999 and SFY 2000, up-front County Diversion cases increased by 90 percent, from 615 to 1,166 cases (Exhibit 3.1). Use of up-front County Diversion has grown in all 10 of the field study counties that utilize it. Denver, Pueblo, and Adams County experienced the greatest increases in utilization of up-front County Diversion (see Appendix B, Exhibit B.2). Differences in utilization at the county level can be traced to differences in diversion policy. For example, Denver County has publicized the availability of County Diversion through a department newsletter and through outreach activities to referring CBOs. Further, both Denver and Pueblo Counties have relatively high income eligibility limits for County Diversion (225 percent and 220 percent of the Federal Poverty Level, respectively), making more families eligible in those counties. Adams County program staff attribute their increased use of up-front County Diversion to an increasing population of low-income working families eligible for the program.

Use of post-program County Diversion has also increased over time. As shown in Exhibit 3.1, utilization of post-program County Diversion increased by 39 percent between SFY 1999 and SFY 2000, from 662 to 920 cases. Statewide, approximately 35 percent of all first-time County Diversions are post-program County Diversions. In 3 of the 14 counties we examined (Adams, Denver, and Mesa), post-program County Diversion represented over one-half of County Diversion cases (see Appendix B, Exhibit B.2).

Counties experiencing the greatest increases in post-program Diversion (increases of 95 percent or more) included Denver, Weld, and Fremont. Both Denver and Weld Counties attributed growth in the use of post-program County Diversion to increased information

³Detailed descriptions of the up-front and post-program County Diversion policies of the 14 counties in our field study are provided in Appendix B.



in the community about the program and to increases in the number of closed BCA cases. The increased use of post-program County Diversion in Fremont County coincides with a policy change implemented in December 1999, which allowed families receiving Food Stamps to receive County Diversion. Prior to that, Food Stamp recipients were considered ineligible.

Up-front County Diversion grants are larger, on average, than Post-Program County Diversion grants. Statewide, median up-front County Diversion payments (\$1,000) were 150 percent higher than median post-program County Diversion payments (\$400). Differences in grant amounts reflect, to some extent, differences in the target populations and purposes for up-front and post-program County Diversion assistance. Up-front County Diversion grants are similar to State Diversion grants in that they are designed to address a short-term financial. In contrast, post-program County Diversion is used to support families in transition from BCA to employment by providing supportive services and employment retention bonuses. Payments for employment bonuses, in particular, tend to be small, often less than \$500 (see Appendix B, Exhibit B.3).

Up-Front County Diversion Assists Families in Remaining Self-Sufficient

Overall, up-front County Diversion has proven to be an effective means of helping low-income families remain self-sufficient. This finding is based on an examination of up-front County Diversion recipients' employment and earnings before and after receipt of assistance and an examination of recipients' returns to BCA. We find that after receipt of up-front County Diversion, employment and earnings increased and returns to BCA were extremely rare.

Employment Increased After Up-Front County Diversion Receipt

A simple test of the effectiveness of up-front County Diversion is to compare the employment rate of recipients before and after receipt of diversion assistance. If up-front County Diversion is effective in assisting families to remain self-sufficient, we would expect their employment rate to remain constant or increase following County Diversion. We found that up-front County Diversion recipients maintained and actually increased their employment after receiving diversion indicating that up-front County Diversion may have contributed toward keeping recipients employed.

As shown in Exhibit 3.2, employment rates among up-front County Diversion recipients rose by 5 percent in the quarter immediately following diversion. Some 62 percent of County Diversion recipients were employed in the quarter prior to receipt of diversion, compared to 67 percent in the quarter after diversion receipt. A pattern of stability or improvement in up-front diversion recipients' employment rates held for all 14 of the counties in our field study (see Appendix B, Exhibits B.4 and B.5).

Employment outcomes were largely positive among up-front County Diversion recipients in the year after receipt of assistance (Exhibit 3.3). Over three-quarters of up-front County Diversion recipients (76 percent) were employed for at least one quarter during the year after diversion receipt. This rate is similar to those for State Diversion recipients (78 percent) and higher than that for exiting BCA recipients (70 percent). In the year following up-front County Diversion receipt, 52 percent of recipients maintained employment during all four quarters (Exhibit 3.4). This rate of job retention is higher than that for State Diversion recipients (48 percent) and exiting BCA recipients (44 percent).

Exhibit 3.2

Employment Rates and Earnings Prior to and After Diversion

Up-Front County Diversion Recipients

October 1997 - June 2000

	Quarter Prior to Diversion	Quarter After Diversion
Median Earnings	\$3,199	\$3,222
Employment Rate	61.9%	66.6%
Number of Recipients	2,491	2,491

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services and Unemployment Insurance wage records, Colorado Department of Labor and Employment.

Note: Median earnings are reported because they are less sensitive to outliers than mean earnings. Mean earnings were \$3,487 for the quarter prior to up-front County Diversion and \$3,699 after.



Exhibit 3.3
Annual Earnings and Employment After Diversion Receipt by County
 Up-Front County Diversion Recipients
 July 1997 - September 1999

	Median Annual Earnings	Percent of Federal Poverty Level	Employed for 1 to 4 Quarters	Number of Recipients
Adams	\$11,131	83.8%	78.3%	46
Denver	\$10,034	75.5%	81.1%	90
El Paso	\$9,816	73.9%	70.9%	196
Jefferson	\$11,000	82.8%	79.8%	391
Larimer	\$11,236	84.5%	63.6%	22
Otero	\$10,738	80.8%	77.8%	36
Pueblo	\$9,667	72.7%	75.0%	84
Statewide	\$9,970	75.0%	76.3%	1,318

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services and Unemployment Insurance wage records, Colorado Department of Labor and Employment.

Note: Federal Poverty Level (FPL) for a family of three in 1999 was \$13,290. Boulder does not offer County Diversion. Rio Grande is excluded because it had no County Diversion recipients until January 2000. Arapahoe, Fremont, Las Animas, Mesa, and Weld counties are excluded because they have fewer than 10 recipients. Median earnings are reported because they are less sensitive to outliers than are mean earnings. Statewide mean annual earnings for up-front County Diversion recipients were \$12,089.

Some up-front County Diversion recipients have difficulty retaining employment in the year following diversion, similar to the difficulties experienced by State Diversion recipients and those exiting BCA. One in four (26 percent) of up-front County Diversion recipients were employed for only one or two quarters in the year after receiving assistance, compared to 32 percent of State Diversion recipients and 33 percent of BCA recipients in the year after exit (Exhibit 3.4). Despite relatively high employment rates after receipt of diversion, a significant proportion of up-front County Diversion recipients have difficulty maintaining stable employment.



Exhibit 3.4

Employment Retention in Year After Receipt of AssistanceUp-Front County Diversion Recipients, State Diversion Recipients, BCA Recipients
July 1997 - September 1999

<u>Employed Quarters</u>	<u>Up-Front County Diversion Recipients</u>	<u>State Diversion Recipients</u>	<u>BCA Recipients</u>
No Employment	23.7%	21.7%	30.3%
1 of 4 Quarters	11.2%	14.7%	15.6%
2 of 4 Quarters	14.6%	17.4%	17.7%
3 of 4 Quarters	21.7%	22.3%	23.2%
All 4 Quarters	52.4%	45.5%	43.5%
Number of Recipients	1,318	2,567	38,528

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services and Unemployment Insurance wage records, Colorado Department of Labor and Employment.

Earnings Among Up-Front County Diversion Recipients Remained Stable After Diversion Receipt

As we did with employment rates, we compared the earnings of up-front County Diversion recipients before and after receipt of diversion assistance. If up-front County Diversion is effective in assisting families to remain self-sufficient, their earnings should remain constant or increase following diversion assistance. Our analysis indicates that the earnings of up-front County Diversion recipients were stable after diversion receipt, suggesting that diversion assistance was effective in helping families through a crisis and allowing them to remain self-sufficient.⁴

Median earnings among up-front County Diversion recipients remained stable in the quarter after diversion. Median earnings in the quarter prior to assistance were \$3,199 compared to \$3,222 in the quarter after assistance (Exhibit 3.2). This pattern of earnings stability held for most counties in our analysis. However, recipients in Adams and Larimer counties experienced large increases in median earnings in the quarter after diversion (18 percent and 19 percent, respectively). The reason for this is unclear.

⁴Earnings include only earned income reported in unemployment insurance records and do not take into account other government assistance such as food stamps or the Earned Income Tax Credit.



In the year after up-front County Diversion, recipients' median annual earnings were higher than the earnings of those exiting BCA and of State Diversion recipients, but still fell below the Federal Poverty Level (FPL). For up-front County Diversion recipients, median earnings were \$9,970, or approximately 75 percent of the 1999 FPL for a family of three (\$13,290) (Exhibit 3.3).⁵ This was significantly higher than the median earnings of State Diversion recipients (\$6,573) and of those exiting BCA (\$6,236). These differences are most likely explained by the differences in earnings among these groups prior to receipt of assistance. Up-front County Diversion recipients' median quarterly earnings prior to receipt of assistance were 73 percent higher than for State Diversion recipients, and 122 percent higher than for BCA recipients. This is to be expected given that County Diversion recipients' incomes generally exceed the income eligibility limits for BCA and State Diversion. The earnings differences between these groups also likely reflect County Diversion recipients' additional skills, work experience, or fewer employment barriers. Up-front County Diversion is assisting families in increasing their employment and earnings. Despite this success, many of these families remain below the poverty level.

Less than One Percent of Up-Front County Diversion Recipients Return for BCA

If up-front County Diversion is effective in assisting recipients in remaining self-sufficient, their rate of return for additional cash assistance should be low. We examined the extent to which up-front County Diversion recipients were able to avoid returns to BCA or for additional diversion assistance and compared these rates of return with those of State Diversion recipients and BCA exiters. We found extremely low rates of return to BCA and other assistance among up-front County Diversion recipients, indicating that up-front County Diversion assists recipients in remaining self-sufficient.

In the year following their first up-front County Diversion, only 9 percent of up-front County Diversion recipients returned for any additional cash assistance (Exhibit 3.5). This rate of return for additional cash assistance is less than one-half that experienced by either first-time State Diversion recipients (24 percent) or first-time BCA recipients (22 percent).

⁵These poverty level calculations, which are based on earnings levels, do not consider the value of other supportive services and payments that these families may receive, including Food Stamps, rent and utility subsidies, and state and federal earned income tax credits. Our *Second Annual Report* includes estimates of the effect such payments have on overall household income.

Low rates of return for any additional cash assistance (BCA, State Diversion, or County Diversion) among up-front County Diversion recipients were consistent across counties (Exhibit 3.5). Aside from counties with extremely small sample sizes, all but two had return rates under 10 percent. The higher rates of return for County Diversions in Denver and Pueblo are at least partly the result of policies which allow recipients to return for more than one diversion payment.

Returns to BCA were extremely rare among up-front County Diversion recipients, indicating that up-front County Diversion is helping recipients through a temporary crisis. Less than one percent of up-front County Diversion recipients returned to BCA within 12 months (Exhibit 3.5). This rate of return was very low relative to the return rates of State Diversion recipients (14 percent) and of those exiting BCA (17 percent). To insure that we recorded any returns that occurred in counties requiring that County Diversion recipients remain off of assistance for extended periods of time, we also examined rates of return 18 months after diversion assistance and found similar return rates.

Exhibit 3.5

Rates of Return to Assistance within 12 Months by County

Up-Front County Diversion Recipients

July 1997 - December 1999

	<u>Did Not Return</u>	<u>Returned to BCA</u>	<u>Returned to State Diversion</u>	<u>Returned to County Diversion</u>	<u>Number of Recipients</u>
Adams	96.0%	0.0%	0.0%	4.0%	75
Denver	86.7%	1.9%	1.0%	10.5%	105
El Paso	94.5%	1.0%	4.5%	0.0%	289
Jefferson	94.1%	1.4%	0.0%	4.5%	494
Larimer	96.9%	0.0%	0.0%	3.1%	32
Mesa	100.0%	0.0%	0.0%	0.0%	12
Otero	100.0%	0.0%	0.0%	0.0%	45
Pueblo	87.1%	0.7%	1.4%	10.9%	147
Statewide	91.2%	0.9%	1.9%	6.1%	1,702

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

Note: Boulder county does not offer County Diversion. Counties excluded from this Exhibit because they had fewer than 10 recipients include: Arapahoe, Fremont, Las Animas, and Weld. Rio Grande county was excluded from this exhibit because it had no County Diversion recipients until January 2000.



The Effectiveness of Post-Program County Diversion Could Not Be Determined

Post-program County Diversion provides financial payments for work-related expenses and employment incentives to recipients exiting BCA due to employment. These payments are either made directly to former Colorado Works recipients or to service providers (vendors) on behalf of particular former recipients. As noted previously, some counties also use TANF funds to finance services which are available to low-income families generally, including those whose incomes are too high to make them eligible for Basic Cash Assistance. Because these funds are not earmarked for specific individuals, they are not included in our discussion of County Diversion assistance. However, exiting BCA recipients may use such services in addition to receiving direct post-program County Diversion assistance.

In SFY 2000, we identified 920 post-program County Diversion cases, which comprised 35 percent of all County Diversion cases. Administrative records do not indicate the type of post-program assistance being provided to a County Diversion case. Nine of the 14 counties use post-program diversion to provide payments for other supports, including payments for child care and education and training programs. Four of the 14 counties in our field study use County Diversion to provide employment incentives to exiting BCA recipients. For example, in Denver County, former BCA recipients who remain continuously employed or who are enrolled in education or training programs are eligible for up to 4 incentive payments (totaling \$2,500) in the year after leaving Colorado Works.

To assess the effectiveness of post-program County Diversion in helping recipients remain self-sufficient, we compared the employment and earnings outcomes of recipients exiting BCA who received post-program County Diversion assistance to those who exited BCA and did not receive such assistance. We also compared the rate of return to assistance of these two groups. We were unable to draw conclusions about the effectiveness of post-program County Diversion for two reasons. First, when comparing the outcomes of post-program County Diversion recipients to those exiting BCA without such support, we found that there were pre-existing differences between these two groups which may have affected the outcomes observed. Those who received post-program County Diversion were more likely to be employed and had higher earnings before ever receiving diversion assistance. Thus, it was unclear whether the higher employment and earnings outcomes observed for post-program County

Diversion recipients were the result of post-program assistance or pre-existing differences in skill levels or other factors related to employment success. Second, most post-program County Diversion is specifically designed to assist those exiting BCA for employment. Therefore, our expectation was that exiting BCA recipients who received a post-program County Diversion would have higher employment rates than exiting BCA recipients who did not receive such support, and this was, in fact, the case.

Accordingly, given our existing data, we are unable to reach a conclusion about the effectiveness of post-program County Diversion. Post-program assistance is going to recipients who had more work experience prior to entering Colorado Works and who must be employed upon exit from Colorado Works in order to be eligible to receive post-program County Diversion. What we are unable to determine from existing data is whether employment rates and earnings levels for the group of recipients who received post-program diversion would be lower in the absence of such support.

Post-Program County Diversion Recipients had Higher Rates of Employment and Higher Earnings Before Entering and After Exiting BCA

We compared the employment and earnings of those receiving post-program County Diversion with those exiting BCA without such assistance and found that these two groups had quite different employment histories prior to entering BCA. In the quarter prior to receiving BCA, post-program County Diversion recipients were more likely to be employed and had higher earnings than those exiting BCA without post-program support. As shown in Exhibit 3.6, employment rates were 46 percent for post-program County Diversion recipients compared to 21 percent among those not receiving post-program support. One possible explanation for this disparity is that significant differences exist between these two groups in terms of their overall skill levels and employability prior to enrolling in Basic Cash Assistance.

These differences in employment rates persist after receipt of post-program County Diversion. In the year after exit from BCA, post-program County Diversion recipients continued to have higher employment rates than those exiting BCA without receiving a diversion. About 89 percent of post-program County Diversion recipients were employed in at least one of the four quarters after receiving diversion, compared to 69 percent of those exiting BCA without such support who were employed for at least one quarter (Exhibit 3.7).



Exhibit 3.6 Employment and Earnings in Quarter Prior to Receipt of Assistance BCA Exiters with Post-Program County Diversion, BCA Exiters with No Post-Program County Diversion October 1997 - June 2000		
	BCA Exiters with Post-Program Diversion	BCA Exiters with No Post-Program Diversion
Median Quarterly Earnings	\$1,870	\$1,705
Employment Rate	46.2%	20.6%
Number of Recipients	1,055	35,385
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services and Unemployment Insurance wage records, Colorado Department of Labor and Employment. Median earnings were reported because they are less sensitive to outliers. Mean earnings in the quarter prior to receipt of BCA for those receiving post-program County Diversion were \$2,303 and \$2,223 for those who did not.		

Post-program County Diversion recipients also had higher rates of job retention in the year after exiting BCA than those exiting BCA without such assistance. In the year following their exit from BCA, 57 percent of post-program County Diversion recipients were able to retain employment in each of the four quarters, compared to 43 percent among those exiting BCA without post-program assistance (Exhibit 3.7).

Post-program County Diversion recipients also had higher earnings prior to entering BCA than those who did not receive post-program County Diversion. In the quarter prior to the start of BCA, post-program diversion recipients had median earnings (\$1,870) that were 9 percent higher than those who later exited BCA without receiving post-program support (\$1,705) (Exhibit 3.6). This earnings differential suggests that the recipients of post-program diversion are already more likely to succeed in the labor market than other BCA recipients, irrespective of any post-program assistance they may receive.

The earnings differences between these two groups increased after BCA exit. One year after receiving post-program County Diversion, median earnings were \$9,152, or 50 percent higher than the median earnings of those who did not receive post-program support after exiting BCA (Exhibit 3.7).



Exhibit 3.7 Number of Quarters Employed and Annual Earnings in Year after BCA Exit BCA Exiters with Post-Program County Diversion, BCA Exiters with No Post-Program County Diversion July 1997 - September 1999		
	BCA Exiters with Post-Program Diversion	BCA Exiters with No Post-Program Diversion
Not Employed in Any Quarter	11.5%	31.4%
Employed Between 1 and 4 Quarters	88.5%	68.6%
Employed 1 Quarter	7.4%	16.1%
Employed 2 Quarters	13.3%	18.0%
Employed 3 Quarters	22.6%	23.2%
Employed 4 Quarters	56.8%	42.7%
Median Annual Earnings	\$9,152	\$6,107
Number of Recipients	1,226	36,279
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services and Unemployment Insurance wage records, Colorado Department of Labor and Employment.		
Note: Median earnings are reported because they are less sensitive to outliers than mean earnings. Mean annual earnings in the year after receiving BCA for those receiving post-program County Diversion were \$10,368 and \$7,899 for those who did not receive this assistance.		

These differences in annual earnings between the two groups are partly because most post-program County Diversion is specifically designed to assist those who are employed, and partly because of pre-existing differences in employability between the two groups. It is not evident that the better outcomes of those who received post-program County Diversion are due to the receipt of that assistance.

Post-Program County Diversion Recipients and Those Exiting BCA Without Such Assistance Returned for Additional Assistance at Similar Rates

Similar rates of return are experienced by both post-program County Diversion recipients and those exiting BCA without such support in the year following assistance.



As shown in Exhibit 3.8, 15 percent of post-program County Diversion recipients return for another spell of BCA compared to 17 percent among those who did not receive post-program supports. After 18 months, the gap in return rates between the two groups widened: the return rate to BCA for those receiving post-program diversion remained relatively constant, at 16 percent, compared to a 21 percent return rate for those exiting BCA with no post-program support.

Overall, our findings on the effectiveness of post-program County Diversion assistance are inconclusive. Post-program County Diversion recipients are already more likely to succeed after exiting BCA than those who exit without such support because of their prior employment experience.

However, our findings indicate that despite their better overall record of employment success compared to other former BCA recipients, many post-program County Diversion recipients still have difficulty retaining stable employment. Approximately one in four post-program diversion recipients have difficulty finding or maintaining stable employment after exiting from BCA (Exhibit 3.7) and one in five return to cash assistance within one year of exit. These findings highlight the employment instability of many low-skilled workers.

Exhibit 3.8 Rates of Return to Assistance within 12 Months BCA Exiters with Post-Program County Diversion, BCA Exiters with No Post-Program County Diversion July 1997 - December 1999		
	BCA Exiters with Post-Program Diversion	BCA Exiters with No Post-Program Diversion
Do not Return for Assistance	46.6%	81.7%
Return for BCA	14.8%	16.7%
Return for State Diversion	1.1%	1.6%
Return for County Diversion	37.5%	NA
Number of Recipients	1,163	38,247
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.		



Our findings suggest that many County Diversion recipients, could benefit from employment and training services that assist with skills upgrades and provide job retention support. Many such services are available from existing programs offered by county Departments of Human Services or by the workforce development system, which oversees Welfare-to-Work and Workforce Investment Act (WIA) programs. All of these programs provide intensive services and training to those who need such services to obtain or retain employment.

Recommendation 3:

The Department of Human Services should work with counties to develop policies and procedures for referring up-front and post-program County Diversion recipients to appropriate job development and retention programs including those offered by county Departments of Human Services, Workforce Development Boards, and local community-based organizations.

Department of Human Services Response:

Agree. The Department of Human Services will work with counties to develop individual county policies and procedures to assure referrals of up-front and post-program County Diversion recipients are made to appropriate programs and services. The Department will provide training to county departments and will issue an Agency Letter giving guidance and direction to this important matter.



Chapter 4: Work Activities for Colorado Works Participants

Introduction

Colorado Works recipients obtain employment and training services and transition to employment through their participation in work activities. There are 12 federally-approved work activities, including paid employment, job search and job readiness activities, jobs skills training, and GED preparation classes. Counties may also place recipients in county-defined activities, which provide additional flexibility to case managers to help recipients meet the program requirement for participation in a work activity within 24 months of starting assistance. Participation in work activities is the primary way by which Colorado Works recipients can obtain work experience and additional basic education and skills training to prepare for employment. A number of work activities are also structured to allow recipients to obtain experience in a work setting, either with a private employer or a community agency. In State Fiscal Year 2000, between \$1 million and \$3 million was expended by counties to provide work activities for Colorado Works recipients.

Participation in a paid job (unsubsidized employment) has been the most utilized work activity under Colorado Works. Exhibit 4.1 shows Colorado Works recipients' participation in work activities, including county-defined activities, over time.¹ In June 2000, 63 percent of adults participated in a federally-approved work activity and 25 percent engaged in a county-defined activity.² A larger percentage of adults (72 percent) were participating in a federally-approved work activity a year earlier, in June 1999. Much of the drop in participation in June 2000 resulted from a decline in participation in paid employment. During June 2000, 33 percent of adults on the caseload participated in

¹The percentage of Colorado Works recipients participating in work activities will be different than the percentage counted toward meeting the federal work participation rate. In Exhibit 4.1, we show participation in any activity that counts as work for the purpose of the 24-month work trigger limit, regardless of hours of participation. In order to count toward the federal work participation rate, a recipient must work a specified number of hours (currently 30) in a federally-approved work activity or combination of activities.

²These categories are not mutually exclusive. Some adults participate in both a county-defined activity and a federal work activity in the same month.

a paid job, compared to 40 percent in June 1999. As we noted in our *Second Annual Report*, we believe that work activity participation in June 1999 was abnormally high because in that month the 24-month time limit for participation in a work activity expired for participants who had been receiving cash assistance since the start of the Colorado Works program. A significant effort was made by program staff to ensure that participants were in an approved activity by that date to avoid a cutoff in assistance.

Overview of Findings

In this chapter, we review trends in work activity participation by Colorado Works recipients, both statewide and across counties. Not unexpectedly in a program which prioritizes helping recipients find employment, participation in a paid job is the most frequently utilized work activity. All counties also offer some basic education activities to recipients, particularly GED preparation classes. Our findings indicate, however, that many recipients who lack a high school diploma or equivalent do not participate in these basic education activities while on Colorado Works.

From an evaluation standpoint, a key question of interest is whether individual work activities have a positive impact on Colorado Works recipients' future employment and earnings outcomes. Our initial findings indicate that Colorado Works recipients who start working while still receiving Basic Cash Assistance (that is, participate in a paid employment work activity) have higher earnings relative to other recipients during the year after they exit from the program. On average, however, these participants have no earnings growth in the first year after leaving Colorado Works. This suggests that many of these recipients either are not working steadily in the year after exit, or are employed in relatively low-skilled jobs.

We also find that occupational skills training programs (which are termed vocational educational training work activities) are helping recipients improve their earnings outcomes. Many counties have succeeded in structuring these programs in a way that allows recipients to acquire job-specific skills in a relatively short period of time (typically, six months). Moreover, these programs appear to be giving many recipients



the skills which allow them to advance in the job market after exit from Colorado Works. This was the only work activity in which participants experienced sizeable earnings growth in the year after exit from Colorado Works.

In this chapter we also provide a detailed examination of recipients who participate in county-defined activities. Counties assign recipients to a county-defined activity for both short-term conditions such as pregnancy or lack of child care, and long-term conditions such as a disability. On average, participants in county-defined activities are more likely to have a history of welfare receipt than other Colorado Works recipients and they remain on assistance for a longer period of time, suggesting that many of those who participate in county activities have significant barriers to employment. In fact, after exit from Colorado Works, employment rates and earnings levels of these recipients are significantly lower, on average, than those of other recipients.

Participation in Work Activities by Colorado Works Recipients

Under Colorado Works, most recipients are required to participate in work activities within 24 months of receiving assistance or when they are deemed work-ready by the county.³ Individuals can meet their work participation requirement by engaging in any of 12 federally-approved activities, which include employment, work experience programs, training programs, and educational activities, for at least 30 hours per week. Participation in education activities is countable only after 20 hours of participation in an employment-related activity. In addition, in Colorado, counties have the option of designating “county-defined” activities which will satisfy the work requirement as long as they are designed to increase self-sufficiency. Examples of county-defined activities include participation in substance abuse treatment, domestic violence counseling, and vocational rehabilitation. Women with newborn children or with complicated pregnancies are also sometimes assigned to county-defined activities.

³ For a more complete discussion of federal work participation rules, see Appendix C.

Exhibit 4.1

Participation in Work Activities by Adult Colorado Works Recipients

June 1998, June 1999, June 2000, December 2000

	Percent of Adult Caseload			
	June 1998	June 1999	June 2000	Dec. 2000 ^d
Number of Adult Recipients	15,419	9,650	7,279	7,052
Adult Recipients Not Engaged in Work Activity	44.5%	11.4%	18.2%	18.2%
Adult Recipients Engaged in Work Activity	55.5%	88.6%	81.8%	81.8%
Adult Recipients in Federally-Approved Work Activity	54.7%	71.7%	62.6%	63.7%
Adult Recipients in County-Defined Activity	1.4%	22.5%	25.2%	22.9%
Adults in Federally-Approved Employment-Related Activity^a	45.1%	60.8%	54.6%	54.9%
Unsubsidized Employment	29.8%	39.7%	32.7%	30.5%
Job Search and Job Readiness Activities	9.9%	13.5%	14.6%	13.8%
Community Service Programs	2.3%	6.3%	6.7%	11.7%
Child Care Provision to Community Service Program Participants	0.1%	0.2%	0.1%	0.0%
Vocational Educational Training	3.9%	4.7%	3.8%	4.9%
Work Experience	4.9%	5.7%	5.1%	4.4%
Subsidized Public Sector Employment ^b	0.1%	0.3%	0.2%	0.2%
Subsidized Private Sector Employment	0.3%	0.2%	0.1%	0.1%
On-the-Job Training	0.1%	0.2%	0.1%	0.1%
Adults in Federally-Approved Educational Work Activity^c	14.5%	19.2%	14.0%	14.3%
Job Skills Training Directly Related to Employment	9.2%	12.3%	7.9%	7.7%
GED Preparation Class	4.3%	5.6%	5.2%	5.6%
High School Attendance	0.6%	0.8%	0.8%	0.9%
English as a Second Language (ESL) Class	0.8%	1.2%	0.5%	0.4%
Basic Education Class	0.4%	0.3%	0.2%	0.4%

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

Notes: Because adult recipients may be engaged in more than one activity in a month, the total percentage of adults engaged in a federal or county-defined work activity will not equal the percentage of adults engaged in a work activity, as reported in row 1. See Appendix C for detailed description of work activity rules.

^aFederally-approved Employment-Related Work Activities allow for the full amount of hours to be counted toward the federal work participation rate. However, Vocational Educational Training hours can only be counted for 12 cumulative months of the activity for a Colorado Works recipient.

^b Subsidized Public Sector Employment includes Work Study participants as defined by Colorado Department of Human Services, Agency Letter TCW-98-28-A, October 16, 1998. Most participants in this category are engaged in Work Study.

^c Federally-approved Educational Work Activities allow for these hours to be counted toward the work participation only after 20 hours of participation in the Federally-approved Employment Work Activities.

^d Work activity participation rates for this month should be considered preliminary due to a one to two month lag in data entry for some work activity cases in CACTIS. To adjust for this lag, we used the total number of adult recipients with cases in CACTIS, instead of COIN, as the denominator to calculate work activity participation rates. There were 6,164 individuals in all counties according to CACTIS, which is significantly lower than those based on COIN. For the earlier months, the total numbers of recipients in CACTIS and COIN are highly comparable.



Placement of Colorado Works Participants in Remedial Education Activities Remains Low

Work activities represent the principal way for Colorado Works participants to acquire job skills and work experience while on cash assistance. Acquisition of additional skills and work experience is particularly critical for recipients with low education levels and job experience.⁴ While a majority of recipients at all education levels participate in paid employment while on Colorado Works, many Colorado Works recipients with low education are leaving the program relatively unprepared to succeed in the labor market or to benefit from further education and training. A majority of recipients without a high school diploma or GED leave Colorado Works without upgrading their basic education level.

To assess the extent to which Colorado Works recipients were participating in various work activities, we examined participation for two distinct groups of recipients: those without a high school diploma or equivalent; and those with a high school diploma or higher level of education. Exhibit 4.2 reports differences in the work activity participation for these two groups, for recipients who exited Colorado Works during State Fiscal Years 1999 and 2000.

Even recipients with less than a high school education level had relatively high levels of participation in employment and job search and job readiness activities while on Colorado Works, although participation in employment was higher among the more educated group (58 percent compared to 51 percent). In other employment-related activities such as work experience and subsidized employment, participation rates were comparable between the two groups. However, recipients without a high school diploma participated in community service activities at a higher rate than those with more education. These activities are unpaid and usually geared toward recipients with minimal work experience.

⁴The Colorado Works Evaluation *Second Annual Report* reported that Colorado Works recipients lacking a high school diploma or equivalency degree were less likely to be employed and had lower earnings after leaving the program than those with more education.

Exhibit 4.2 Work Activity Participation by Education Level Exiting Colorado Works Recipients State Fiscal Years 1999 and 2000		
Work Activity	Recipients Without High School Diploma or GED	Recipients With High School Diploma or GED
Unsubsidized Employment	50.5%	58.3%
Job Search and Job Readiness Activities	34.9%	38.3%
Community Service Programs	8.1%	4.8%
Vocational Educational Training	3.4%	9.9%
Work Experience	11.1%	11.8%
Subsidized Employment	0.7%	0.9%
On-the-Job Training	0.3%	0.3%
Child Care Provision to Community Service Program Participants	0.3%	0.2%
Job Skills Training Directly Related to Employment	20.0%	21.3%
GED Preparation Class	19.3%	1.2% ^a
High School Attendance	2.4%	0.3%
English as a Second Language (ESL) Class	2.0%	1.3%
Basic Education Class	1.4%	1.1%
County-Defined Activity	12.4%	12.0%
No Work Activity Participation	21.4%	18.7%
Total Number of Recipients	8,300	9,383

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

Notes: Work activity participation is reported for recipients who exited Colorado Works during state fiscal years 1999 and 2000. For recipients with more than one period of participation, only the first spell of assistance is reported. Column percentages do not sum to 100 because some recipients participate in more than one work activity while on assistance.

^a Recipients with a high school diploma may participate in GED preparation classes to improve their basic education competencies. A certain minimum achievement level is often required for admission into occupational skills training programs.



About one in five recipients (19 percent) with less than a high school level of education participates in a GED preparation class while on Colorado Works.⁵ Given the necessity of basic aptitude skills for even modest success in the labor market and as a gateway to more focused occupational training, this low level of GED participation indicates that many of these participants will not be prepared for employment in other than relatively low-skilled, low-wage jobs.

Colorado Works recipients with little education are also less able to participate in targeted vocational training programs offered to Colorado Works recipients. Recipients with less than a high school education participated in vocational educational training at lower rates than those with a high school diploma (3 percent versus 10 percent). Because many vocational education programs require a demonstrated level of competency in basic skills (for example, in reading and math), it is likely that some recipients with low education levels will not be eligible for these programs.

A significant number of Colorado Works recipients do not participate in a work activity while on Colorado Works. As indicated in Exhibit 4.2, 21 percent of recipients without a high school level of education did not participate in a work activity while on Colorado Works. The non-participation rate for those with at least a high school diploma was comparable. Several factors contribute to this non-participation. One of the more important factors underlying non-participation in a work activity is a short period time spent on assistance. Among non-participating recipients, the median length of time on assistance was four months, compared to 12 months for those who did participate in a work activity. Many of those not participating in a work activity (25 percent) were also in sanction status at some point during their time on assistance. Finally, among recipients who exited Colorado Works during state fiscal years 1999 and 2000, those exiting earlier (between July and December 1998) participated in a work activity at lower rates than those who exited later (between January and June 2000). This difference most likely reflects factors associated with initial program implementation, as well as the larger overall caseload levels early in the program.

⁵Some recipients with a high school diploma also participate in GED preparation classes to improve their basic education skill levels. A certain minimum achievement level is often required for admission into occupational skills training programs.

Counties are Using Diagnostic Tests to Guide Assignment to Work Activities

We reviewed the work activity assignment process in the 14 counties in our field study to assess the extent to which county assignment policies and procedures contribute to the low rate of assignment of Colorado Works recipients into remedial education activities. Interviews with county staff indicated that, to a large extent, work activity assignments are made on a case-by-case basis by case managers. In most counties, a client's education level, work experience, skills, and job preferences and interests were all considered when placing the recipient in a work activity, as well as the presence of barriers to employment such as mental health problems, domestic violence, substance abuse, and disabilities.

Recipient preferences also play a role in determining specific work activity participation. Several counties strongly emphasized the importance of choices by individuals in determining which activities they participated in, and rejected the term “work activity assignment” as suggesting that the system was more rigid than it was. Recipient interests and preferences were generally assessed through written self-assessments and interviews with case managers or counselors. Three counties also mentioned conducting a formal interest inventory for all recipients.

Most counties are also now using diagnostic tests to assess the educational levels and work skills of at least some of their Colorado Works clients. Six of the fourteen counties in our process study reported conducting educational achievement assessments for their entire caseloads, while several others reported that testing was used when considered necessary or for recipients who had been assigned to particular providers. In most cases, the Test of Adult Basic Education (TABE) was used to measure educational achievement and functional literacy levels. In some counties, achievement tests were cited as a major source of information in determining provider and work activity assignments, with lower-scoring recipients assigned to one activity or provider and higher scoring recipients to another. In Jefferson County, interviewees indicated that recipients who scored at an 8th grade level or higher on their TABE tests could participate in the county's “FasTrac” job skills training program, while those with lower skills would be more likely to be referred for basic skills training. In other counties, the test appeared to be used mainly to give providers guidance in how to serve a particular recipient. For example, case managers in one county indicated that few recipients received the TABE test prior to initial work activity assignment, but that GED providers



conducted the test after recipients were assigned to their courses in order to help teachers plan instruction around the specific needs of individual students.

Our findings on county-level work activity assignment policies indicate that choice of a work activity typically results from a case manager's assessment in combination with the stated preferences of the recipient. However, in many counties, case managers do not have access to the results of educational testing prior to work activity placement, and this may contribute to the relatively low placement of recipients with less than a high school education into GED preparation activities or other suitable basic education activities.

Recommendation 4:

The Department of Human Services should work with counties to: a) improve their assessment processes to identify Colorado Works recipients who could benefit from placement in GED preparation classes or other basic education activities; and b) to improve case managers' utilization of assessment information to assist recipients with work activity choices.

Department of Human Services Response:

Agree. The Department of Human Services will provide increased education through its fundamentals training and assessment training courses to counties to help them identify recipients who may benefit from placement in GED preparation classes and other basic education programs. This training will also include how to utilize the improved assessment information to assist recipients with work activity choices.

Post-Colorado Works Employment-Related Outcomes Vary for Participants in Different Work Activities

A key issue by which to evaluate the success of the Colorado Works program is whether participation in work activities improves the earnings and employment outcomes of recipients. Given the importance to policymakers, program staff, and Colorado Works participants themselves, of assessing work activity effectiveness, we report initial findings from several statistical models used to identify the impacts of particular work activities on recipient outcomes one year after leaving Colorado Works. These findings are shown in Exhibit 4.3. (Details on our statistical methods and model estimates are presented in Appendix D.) The principal shortcoming of our modeling

approach is that it cannot control for the influence of unobservable or unmeasurable recipient characteristics that will affect both participation in particular work activities and employment-related outcomes.

The results of our analysis of the effect of participation in work activities on recipient outcomes can be summarized as follows:

- Annual earnings after exit from Colorado Works for recipients who participated in paid employment while on Colorado Works were higher than post-exit earnings for those who participated in other work activities. Earnings growth over the four quarters after exit remained flat for full-time employment participants.
- Participants in vocational educational training had significantly higher annual earnings outcomes, especially when they also participated in unsubsidized employment while on Colorado Works. Participants in vocational educational training also had strong earnings growth in the year after exit from Colorado Works.
- Participants in private sector subsidized employment had high annual earnings after exit from Colorado Works that were comparable to the earnings for participants in full-time employment.
- Participants in county-defined activities had earnings that were lower than earnings for participants in other work activities.
- Participants in GED preparation classes and Community Work Experience Programs (CWEP) had lower earnings in the year after exit than participants in most other work activities.

These findings indicate that Colorado Works recipients who start working while still on assistance (that is, participate in a paid employment work activity) have high earnings relative to other recipients during the year after they exit from the program. One reason for this is that many of these recipients are likely to be more “job-ready” than the average Colorado Works recipient. However, because, on average, participants in paid employment experience no earnings growth in the first year after they leave



Exhibit 4.3 Effects of Work Activity Participation on Post-Colorado Works Annual Earnings and Earnings Growth Exiting Colorado Works Recipients June 1998 - September 1999		
Work Activity	Effect on Annual Earnings after Exit	Effect on Annual Earnings Growth After Exit
Benchmark Comparison Group: Recipients with No Work Activity Participation		
County-Defined Activity	Earnings Below Benchmark	Small Positive Growth
Community Work Experience Program	Earnings Below Benchmark	No Growth
GED Preparation Class	Earnings Below Benchmark	No Growth
Full-Time Unsubsidized Employment	Earnings Above Benchmark	No Growth
Subsidized Private Sector Employment	Earnings Above Benchmark	No Growth
Vocational Educational Training	Earnings Above Benchmark	Positive Growth
Part-Time Unsubsidized Employment	Earnings Above Benchmark	Small Positive Growth
Source: BPA tabulations using COIN and CACTIS administrative records, Colorado Department of Human Services, and Unemployment Insurance Records, Colorado Department of Labor and Employment. Notes: This table summarizes results obtained from the estimation of three separate multivariate regression models, as discussed in Appendix D. Only work activity earnings effects which are consistent across all three models are reported above. Our analysis yielded no conclusive effects on earnings of participation in other work activities.		

Colorado Works, many of these recipients either do not work continuously in the year after exit or are employed in relatively low-skilled jobs.

The other significant result emerging from our analysis of work activities and earnings is that vocational educational training programs appear to be helping many recipients improve their earnings outcomes. Counties that offer these programs appear to have succeeded in



structuring them in ways that allow recipients to acquire job-specific skills in a relatively short period of time, typically within six months. Moreover, these programs appear to be giving many recipients the skills which allow them to advance in the job market after exit from Colorado Works. Many of these programs are designed to meet the needs of specific employers in the local labor market and often include internships with employers as part of the program. This was the only work activity in which participants experienced sizeable earnings growth in the year after exit from Colorado Works. Because the proportion of Colorado Works recipients who participate in vocational educational programs is relatively small, counties that have elected to offer these programs may want to consider expanding them. As noted above, however, recipients with low educational levels may not be able to take advantage of these programs because they do not meet the minimum educational achievement levels required for enrollment.

Recommendation 5:

The Department of Human Services should work with counties to determine whether additional Colorado Works recipients can be appropriately referred to and placed in occupational skills training programs (vocational educational training work activities).

Department of Human Services Response:

Agree. The Department of Human Services will provide additional training to staff responsible for assessments to identify and refer those Colorado Works recipients who could benefit from occupational skills, which may include vocational educational training work activities.

Participation in County-Defined Activities

County-defined activities provide counties with additional flexibility to address the needs of Colorado Works recipients who are trying to overcome barriers to employment and may find it difficult to immediately participate in federally-approved work activities. Counties have utilized county-defined activities most frequently for health-related issues, such as high-risk pregnancies and other medical problems, including substance abuse. They have been less commonly utilized for recipients engaged in remediation of various barriers to employment such as mental health problems, domestic violence, homelessness, and vocational rehabilitation. This section provides more detailed analysis of the use of county-defined work activities statewide and by the 14 counties in our study. We examine reasons for assignment to county-defined activities, the characteristics of recipients who are



assigned to county-defined work activities, and the post-program outcomes of recipients based on their reason for assignment to a county-defined activity.

Over One-Half of All County-Defined Activity Assignments are Made for Medical Reasons

Exhibit 4.4 summarizes participation in county-defined activities by reason, among recipients who entered Colorado Works between July 1999 and December 2000 in the 14 process study counties. Among recipients who participated in county-defined activities, about 32 percent were assigned due to pregnancy or maternity. Another 26 percent were assigned to county-defined activities for other medical reasons. Other prominent reasons for assignment to county-defined activities included homelessness, mental health problems, domestic violence, and child care for young children or unavailability of child care.

Counties varied significantly in their use of the “other” category as a reason for assignment to a county-defined activity. The proportion of county-defined activity participants with an “other” reason ranged from 1 percent in the El Paso County to 89 percent in Larimer County. Although some county variation in the use of “other” category may arise due to differences in data coding practices among counties, much appears to result from differences in county practices. Larimer’s particularly high use of this category results from its policy of assigning most new Colorado Works recipients to a county-defined activity coded as “other,” during the intake process. The recipients remain in the county activity until they are assigned to an employment counselor who works with them to determine their actual work activity assignment. Some counties use the “other” category to extend a recipient’s participation in a federal work activity that is time-limited, such as vocational educational training or job search and job readiness (which, under federal TANF regulations, are limited to 12 months and 6 weeks of participation, respectively).

Counties also differ in their overall level of utilization of county-defined activities. Exhibit 4.5 summarizes the assignment of county-defined work activities among recipients in the 14 interviewed counties who entered Colorado Works between July 1999 and December 2000. The percentage of new recipients assigned to county-defined work activities ranged from 8 percent in Otero to 76 percent in Larimer. As noted above, some of this variation results from particular county policies, such as Larimer’s assignment of new recipients to county activities during intake. This variation also reflects counties’ different approaches to working with recipients who have serious employment barriers. In some counties, these recipients are likely to be assigned to a county-defined activity while they receive specialized services to deal with their barriers. However, staff in many of our field study

counties emphasized that they try to engage recipients in a federally-approved work activity whenever possible instead of using a county-defined activity.

Exhibit 4.4

Participation in County-Defined Work Activities by Reason for Assignment

Adult Entrants to Colorado Works in the 14 Process Study Counties

July 1999 - December 2000

	Number of New Recipients Assigned to County-Defined Activity	Median Number of Days Spent in County- Defined Activity	Percent of All County- Defined Activity Assignments
Pregnancy or Maternity	1,010	92	31.7%
Medical	829	94	26.0%
Mental health	195	95	6.1%
Court related/child protection	78	91	2.5%
Homeless	238	78	7.5%
Transportation	10	45	0.3%
Domestic violence	124	72	3.9%
Vocational rehabilitation	73	97	2.3%
SSI referral	71	126	2.2%
Child care unavailable/child under 6	94	45	3.0%
Caring for disabled child	21	103	0.7%
Non-cooperation	3	54	0.1%
Appeal for 24-month clock	3	25	0.1%
Other Reasons	434	44.5	13.6%
All Reasons	3,183	84	100%

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

Note: The sample includes adult-headed Colorado Works cases opened between July 1999 and December 2000, the most recent month for which data are available. Because Larimer County enrolls almost all new recipients in a County-Defined activity, we have excluded Larimer's cases from our overall counts. Some individuals entered the program more than once. Some individuals had more than one county-defined activity during the course of their program participation. The table reports the first county-defined activity in each episode of Colorado Works assistance. Calculations of the median number of days in an activity include recipients still in the program as of December 2000.



Exhibit 4.5
Frequency of Assignment to County-Defined Activities by County
 Adult New Entrants to Colorado Works in the 14 Process Study Counties
 July 1999 - December 2000

Counties	Percent of New Entrants Assigned to County-Defined Activity	Total Number of Recipients
Adams	30.6%	806
Arapahoe	16.0%	1,447
Boulder	30.4%	708
Denver	23.3%	3,390
El Paso	28.3%	2,652
Fremont	46.2%	385
Jefferson	19.3%	937
Larimer	76.2%	652
Las Animas	24.2%	178
Mesa	20.9%	592
Otero	7.6%	264
Pueblo	30.4%	598
Rio Grande	14.6%	220
Weld	28.8%	608
All 14 counties	27.4%	13,437

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

Note: The sample includes adult-headed Colorado Works cases opened between July 1999 and December 2000, the most recent month for which data are available. Some individuals entered the program more than once. Some individuals had more than one county-defined activity during the course of their program participation. The table reports the first county-defined activity in each Colorado Works episode.

Participants in County-Defined Activities Remain on Colorado Works Longer than Other Recipients

If counties are using county-defined activities to address the needs of recipients with more serious barriers to employment, then certain characteristics of recipients assigned to county activities should differ from those of other Colorado Works recipients. In fact, these two



groups differ in education level, prior welfare receipt, and length of time on Colorado Works. Exhibit 4.6 summarizes this information for Colorado Works participants who entered Colorado Works between July 1999 and December 2000. Overall, recipients assigned to county-defined activities were less likely to be married or to have finished high school than those not assigned to county-defined activities. They were somewhat more likely to have had a history of welfare receipt: 50 percent of recipients in a county-defined activity had been on AFDC previously, compared to 47 percent among those not in a county-defined activity. Recipients who were assigned to county-defined work activities remained on Colorado Works considerably longer than those not assigned to county-defined work activities (7 months versus 4 months). These differences in characteristics suggest that, in general, participants in county-defined work activities have fewer family resources and face more employment barriers than other Colorado Works recipients. They are thus more likely to require additional supportive services in order to make progress toward self-sufficiency.

Post-Program Employment Outcomes for Participants in County-Defined Activities Vary by Reason for Assignment

To assess the extent to which recipients in county-defined activities succeed in addressing their employment barriers while on Colorado Works, we examined their employment-related outcomes after leaving Colorado Works. For this analysis, we focused on a group of first-time recipients who exited the Colorado Works program during SFY 1999 or SFY 2000.

Exhibit 4.6

Characteristics of First-Time Colorado Works Participants

Adult New Entrants to Colorado Works in the 14 Process Study Counties
July 1999 - December 2000

	<u>Not Assigned to a County- Defined Activity</u>	<u>Assigned to a County-Defined Activity</u>
Average age (in years)	29.1	29.5
Percent male	12.8%	8.9%
Percent married	16.5%	14.8%
Percent with at least a high school diploma or GED	47.5%	45.5%
Percent with prior AFDC experience	46.7%	49.8%
Average total months on Colorado Works	4.4	6.9

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

Note: The sample includes adult-headed Colorado Works cases opened between July 1999 and December 2000, the most recent month for which the data are available.



As shown in Exhibit 4.7, in the first quarter immediately following exit from the program, about 45 percent of participants in county-defined work activities were employed, compared to 55 percent among other recipients. Post-program employment rates also varied by activity type for those who were assigned to county-defined activities. Participants who were assigned to county-defined activities to address short-term needs such as maternity, child care, and transportation had a relatively high employment rate, above 50 percent, in the first quarter after exit. In contrast, those county activity participants addressing long-term issues such as medical problems or disabilities had a significantly lower rate of employment (35 percent among those with medical needs and 28 percent among those who were assigned to vocational rehabilitation or given SSI referrals.)

The post-program earnings of county-defined activity participants were generally lower than those of other Colorado Works recipients. On average, the quarterly earnings of participants in county activities were only slightly less than those of other recipients (\$2,633 compared to \$2,751). However, with one exception, earnings for county activity participants addressing both short-term and long-term barriers were significantly lower than the earnings of other Colorado Works recipients, as indicated in Exhibit 4.7. The exception to this general trend was among recipients in a county activity for an SSI referral or vocational rehabilitation. Although their employment rates were very low, those who worked in the quarter after exit had average earnings of \$4,183.

In general, the lower earnings of county activity participants indicate that while those with barriers may be able to attain a job, especially in a favorable economic environment, they are working less hours or working lower paying jobs. This result is not surprising because, as discussed above, many participants in county-defined activities face serious barriers that may make a successful transition to self-sufficiency more difficult to achieve. Their lower earnings and employment rates indicate that some of those recipients continue to face barriers that may not have been adequately addressed prior to their exit from the program.

Exhibit 4.7

Post-Program Outcomes for Participants in County-Defined ActivitiesFirst-Time Recipients Exiting Colorado Works in the 14 Process Study
Counties

State Fiscal Years 1999 and 2000

	Number of Recipients	First Quarter After Exit	
		Employ- ment Rate	Average Quarterly Earnings
Not Assigned to County-Defined Activity	15,840	55.2%	\$2,751
Assigned to County-Defined Activity	2,477	45.4%	\$2,633
By County-Defined Activity Type			
Pregnancy or Maternity	480	54.2%	\$2,426
Medical	540	34.8%	\$2,376
SSI referral/vocational rehabilitation	239	28.4%	\$4,183
Mental health/homeless/domestic violence	303	39.9%	\$2,396
Child care/child under 6/transportation	51	51.0%	\$2,668

Source: BPA tabulations using CACTIS and COIN administrative records, Colorado Department of Human Services, and Unemployment Insurance wage records, Colorado Department of Labor and Employment.

Note: The sample includes first-time Colorado Works participants who exited the program between July 1998 and June 2000. For post-program employment outcomes, the sample is restricted to those who stayed off the program for at least three months. An individual is counted as employed if quarterly earnings were \$100 or more. Average earnings are calculated for those who earned \$100 or more.



Appendix A: State Diversion Policies

Under Colorado Works, counties have significant control over the specific policies that govern their State Diversion program. There are four key policy dimensions in which counties exercise this flexibility: employment requirements; maximum payment amounts and limits on repeat diversion; periods of ineligibility for BCA after diversion receipt; and access to other services. Below, we discuss variation in policies in each of these areas, among the 14 counties in our field study.

Employment Requirements

Receipt of State Diversion is usually reserved for BCA applicants and is therefore connected to a period of ineligibility for BCA. As shown in Exhibit A.1, in four of the fourteen counties we interviewed, proof of current or upcoming employment was a condition for receiving a State Diversion payment. In other counties, applicants who are employed or have strong work histories and prospects of becoming employed are more likely to receive a State Diversion payment. For example, Boulder has a generous State Diversion program, but imposes one of the strictest eligibility policies, requiring recipients of State Diversion to have either a job or an alternative source of income that will last at least six months, the period of time for which they will be ineligible for BCA.¹ The purpose of this requirement is to ensure that State Diversion is being used for a specific short-term need and that the family has sufficient income to meet their ongoing needs.

Maximum Payment Amounts and Limits on Repeat Diversions

Counties also determine how much a family can receive through a State Diversion grant and whether repeat diversions will be allowed. Among the 14 counties we interviewed, 11 imposed maximum payment amounts for State Diversion between \$1,000 to \$5,000.² However, three counties placed no limit on the amount available in a single payment. As

¹Boulder County generally does not consider child support a steady source of income.

²Las Animas County reports its maximum payment as \$5,000. Payments over \$5,000 are possible, but they must be approved by the County Director.



highlighted in Exhibit A.1, some counties place caps on the amount a participant can receive in a year, in a single payment, or in a lifetime.

Reasons for providing State Diversion assistance to recipients were fairly consistent across counties. Common short-term needs covered by diversion payments included: assistance with auto-related costs (car payments, repairs, and insurance), rent, utility bills, and medical needs not covered by insurance.

In an effort to avoid fraud, some of the counties interviewed required applicants to supply proof of their need with bank statements, rental contracts, or bills. Similarly, in an effort to guarantee that the payment is used for the purpose it was intended, seven of the counties prefer to use vendor payments to provide diversion assistance. In counties where payments are provided directly to a recipient, receipts are often required. Recipients who fail to use diversion funds as agreed upon in the recipient's IRC are usually required to repay the county.³

Periods of Ineligibility

Because State Diversion provides a lump-sum payment to recipients that can be much higher than the monthly BCA grant, in all but one of the fourteen counties we interviewed, recipients are ineligible for BCA for a specified period of time (see Exhibit A.1).⁴ In six counties, this period of time is equivalent to the number of months of BCA grants represented by the State Diversion grant. Two counties impose an additional month or two of ineligibility beyond this period. Two other counties use a graduated scale based on the amount of the diversion payment to determine the number of months a recipient must remain off of BCA. Boulder and Otero Counties impose a six-month period of ineligibility, regardless of the amount of the State Diversion payment. In most counties, exceptions to this policy of ineligibility will be made for good cause or for circumstances beyond the recipient's control.

³State law requires that all State Diversion recipients complete and sign an Individual Responsibility Contract noting that they understand the terms of receipt of the diversion payment.

⁴Recipients of State Diversion in Larimer remain eligible for BCA.



Access to Other Services

Although State Diversion recipients are not subject to work participation requirements, many counties we interviewed reported having services available to recipients of State Diversion funds. Among counties who offered access to services, most reported that diversion recipients did not take advantage of them. State law allows counties to require State Diversion recipients to participate in other services, such as budgeting classes or financial counseling. Although counties had services available to State Diversion recipients, only three of the 14 counties we interviewed required recipients of State Diversion to participate in any services. In Pueblo and Rio Grande Counties, State Diversion recipients are required to participate in a budgeting class and in El Paso County, recipients are required to participate in work activities, including job search as appropriate.

Exhibit A.1 State Diversion Policies by County					
County	Maximum Amount of a State Diversion Payment	Months of Ineligibility for BCA	Number of Payments Allowed	Must be Working	Vendor Payments
Adams	<ul style="list-style-type: none"> \$3,000 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant 	<ul style="list-style-type: none"> One-time 	<ul style="list-style-type: none"> Must have a job lined up or alternative source of income 	<ul style="list-style-type: none"> Allowed, but have not used yet
Arapahoe	<ul style="list-style-type: none"> 6 months of BCA 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant plus 2 additional months 	<ul style="list-style-type: none"> Maximum of one payment per year, 5 per lifetime 	<ul style="list-style-type: none"> Must have a job lined up. 	<ul style="list-style-type: none"> Use them most of the time
Boulder	<ul style="list-style-type: none"> No limit 	<ul style="list-style-type: none"> 6 months 	<ul style="list-style-type: none"> No limit 	<ul style="list-style-type: none"> Must have a job lined up or alternative source of income that will last 6 months 	<ul style="list-style-type: none"> Allowed, but have not used yet
Denver	<ul style="list-style-type: none"> No limit on maximum amount per payment, but limited to 2 times per year and no more than 3 times in a lifetime 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant 	<ul style="list-style-type: none"> No limit 	<ul style="list-style-type: none"> Must verify employment or that they will be working within 30 days 	<ul style="list-style-type: none"> Prefer vendor payments



Exhibit A.1 Continued

County	Maximum Amount of a State Diversion Payment	Months of Ineligibility for BCA	Number of Payments Allowed	Must be Working	Vendor Payments
El Paso	<ul style="list-style-type: none"> No maximum amount (typically 2 times the monthly BCA grant). Also known as 60-Day Empowerment Program 	<ul style="list-style-type: none"> 60-days covered by the grant^a 	<ul style="list-style-type: none"> No limit 	<ul style="list-style-type: none"> Must be job-ready, have a stable living arrangement, and be able to obtain employment within 30-60 days. Those who remain unemployed after 60 days are automatically rolled over into BCA. 	<ul style="list-style-type: none"> Allowed, but have not used yet
Fremont	<ul style="list-style-type: none"> \$1,449 	<ul style="list-style-type: none"> Less than \$500: 3 months \$500-\$800: 6 months For each additional \$100, add one month of ineligibility, up to 12 months for the maximum payment 	<ul style="list-style-type: none"> No limit 	<ul style="list-style-type: none"> Not explicitly 	<ul style="list-style-type: none"> Use vendor payments often- client has some choice
Jefferson	<ul style="list-style-type: none"> 12 months of BCA 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant 	<ul style="list-style-type: none"> One-time payment (allow good cause exception) 	<ul style="list-style-type: none"> Not explicitly 	<ul style="list-style-type: none"> Almost always use vendor payments
Larimer	<ul style="list-style-type: none"> \$1,500 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> \$1,500 is also the maximum allowable per program year 	<ul style="list-style-type: none"> Must be job attached 	<ul style="list-style-type: none"> Do not use vendor payments
Las Animas	<ul style="list-style-type: none"> \$5,000 (Payments over \$5,000 are possible, but they must be approved by the County Director.) 	<ul style="list-style-type: none"> Less than \$1,500: 3 months \$1,500-\$3,000: 6 months \$3,000-\$5,000: 12 months 	<ul style="list-style-type: none"> One-time payment (allows good cause exemption) 	<ul style="list-style-type: none"> Not explicitly 	<ul style="list-style-type: none"> Do not use vendor payments, but are open to them

Exhibit A.1 Continued

County	Maximum Amount of a State Diversion Payment	Months of Ineligibility for BCA	Number of Payments Allowed	Must be Working	Vendor Payments
Mesa	<ul style="list-style-type: none"> \$1,000 (Payments over \$1,000 are possible, but they must be approved by the County Director.) 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant 	<ul style="list-style-type: none"> One-time payment (allow good cause exemption) 	<ul style="list-style-type: none"> Usually employed 	<ul style="list-style-type: none"> Rarely make vendor payments
Otero	<ul style="list-style-type: none"> \$2,400 (plus a second possible diversion of up to \$300) 	<ul style="list-style-type: none"> 6 months 	<ul style="list-style-type: none"> Allow 2 payments in a lifetime (first up to \$2,400, second up to \$300) 	<ul style="list-style-type: none"> Usually employed applicants 	<ul style="list-style-type: none"> Do not use vendor payments
Pueblo	<ul style="list-style-type: none"> \$5,000 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant plus 1 additional month 	<ul style="list-style-type: none"> \$5,000 total per year, no cap on the number of payments (There are caps on payments for specific things- i.e. max. \$1,000 for rent per year and \$500 for a transmission repair) 	<ul style="list-style-type: none"> More job ready are more likely to get a diversion 	<ul style="list-style-type: none"> Use vendor payments whenever possible
Rio Grande	<ul style="list-style-type: none"> \$2,500 	<ul style="list-style-type: none"> Depends on IRC 	<ul style="list-style-type: none"> \$2,500 lifetime maximum 	<ul style="list-style-type: none"> Requires employment 	<ul style="list-style-type: none"> Prefers vendor payments
Weld	<ul style="list-style-type: none"> \$3,300 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant 	<ul style="list-style-type: none"> No restriction on the number per year 	<ul style="list-style-type: none"> Not required 	<ul style="list-style-type: none"> Most as vendor payments

Note: Months of ineligibility for BCA is typically calculated as the amount of the diversion payment divided by the monthly BCA grant for which the family is eligible. As noted, in some counties State Diversion recipients were required to remain off for an additional month or two beyond this period.

^aEl Paso also allows a possible 30-day extension to the 60 days covered by the grant, during which they will work with state diversion recipients who have not found employment before they are rolled over to basic cash assistance.



Exhibit A.2
Employment and Earnings in Year After Receipt of Assistance
State Diversion and Basic Cash Assistance Recipients by County
July 1997 – September 1999

	State Diversion Recipients			BCA Recipients		
	Employed for 1 to 4 Quarters	Median Annual Earnings	Number of Recipients	Employed for 1 to 4 Quarters	Median Annual Earnings	Number of Recipients
Adams	79.2%	\$9,237	80	71.7%	\$6,446	2,071
Arapahoe	69.3%	\$12,998	61	70.1%	\$7,871	2,108
Boulder	80.2%	\$11,769	65	69.6%	\$6,813	959
Denver	80.8%	\$8,262	185	71.2%	\$6,573	6,018
El Paso	84.5%	\$6,875	566	66.9%	\$6,560	3,592
Fremont	75.4%	\$6,538	46	64.9%	\$5,266	565
Jefferson	62.5%	\$5,250	65	70.9%	\$7,712	1,574
Las Animas	88.9%	\$5,758	8	67.9%	\$5,719	264
Mesa	81.1%	\$5,934	167	67.8%	\$5,556	977
Otero	100.0%	\$5,173	3	73.3%	\$5,370	365
Pueblo	86.7%	\$5,902	196	74.4%	\$5,614	2,166
Rio Grande	81.3%	\$3,661	39	71.8%	\$5,179	277
Weld	80.0%	\$8,225	32	74.9%	\$5,453	1,230
Statewide	78.3%	\$6,573	2,010	69.7%	\$6,236	26,849

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

Note: Larimer County began to offer state diversion in January 2001 and, therefore, is not included.



Exhibit A.3
Rates of Return to Assistance within 12 Months After Receipt of Assistance
 State Diversion Recipients by County
 July 1997 – December 1999

	Did Not Return for Assistance	Returned to BCA	Returned to State Diversion	Returned to County Diversion	Number of Recipients
Adams	93.9%	4.4%	0.0%	1.8%	114
Arapahoe	95.0%	3.4%	0.0%	1.7%	119
Boulder	86.0%	11.8%	1.1%	1.1%	93
Denver	76.6%	13.1%	3.5%	6.7%	282
El Paso	66.1%	20.9%	9.3%	3.6%	826
Fremont	84.0%	4.0%	8.0%	4.0%	75
Jefferson	83.9%	13.7%	2.4%	0.0%	124
Las Animas	100.0%	0.0%	0.0%	0.0%	9
Mesa	76.4%	18.8%	3.9%	0.9%	229
Otero	66.7%	33.3%	0.0%	0.0%	3
Pueblo	84.2%	9.4%	2.2%	4.3%	278
Rio Grande	76.8%	15.9%	7.2%	0.0%	69
Weld	71.4%	23.2%	5.4%	0.0%	56
Statewide	75.6%	14.2%	7.2%	3.0%	3,082

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

Note: Larimer County began to offer state diversion in January 2001 and, therefore, is not included.



Appendix B: County Diversion Policies

County Policies for Up-Front County Diversion

Among the 14 counties we interviewed, 10 offer some form of up-front County Diversion to families who are ineligible for Basic Cash Assistance (BCA) (Exhibit B.1(a)). The income limits for eligibility for up-front County Diversion payments range from 185 percent of the federal poverty level to 225 percent of the federal poverty level.¹ In counties that provide up-front payments with County Diversion funds, the rules are similar to those for State Diversion payments. As with State Diversion payments, these up-front payments are used to address immediate needs for employed adults or adults with a good chance of gaining employment. Maximum County Diversion payments are similar to those for State Diversion, ranging between \$1,000 and \$5,000. Unlike for State Diversion, most counties do not tie receipt of County Diversion payments to a period of ineligibility for BCA under Colorado Works.² However, some counties have lifetime limits on the number of County Diversion payments a recipient can receive. Recipients of County Diversion are required to complete an Individual Responsibility Contract (IRC).

County Policies for Post-Program County Diversion

County diversion funds are used to provide post-program incentives and supportive services to employed adults in 7 of the 14 counties we interviewed (Exhibit B.1(b)).³ The services provided ranged from transportation assistance to incentive payments for maintaining continuous employment. Some counties provide multiple payments at regular intervals for up to a year after exit from Colorado Works. For example, Larimer

¹The Federal Poverty Level for a family of three was \$13,874 in 2000.

² Recipients of County Diversion are by definition ineligible for ongoing BCA at the time of the payment.

³ State Colorado Works rules stipulate that supportive services provided through County Diversion grants must be for employed adults (Colorado Department of Human Services Agency Letter TCW-99-31-1, October 8, 1999).



Exhibit B.1(a) County Diversion Policies: Up-Front Diversion Assistance			
County	Eligibility for Up-Front County Diversion	Maximum Up-Front County Diversion Payment	Period of Ineligibility for BCA
Adams	<ul style="list-style-type: none"> 185% of FPL 	<ul style="list-style-type: none"> \$3,000 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant
Denver	<ul style="list-style-type: none"> 225% FPL^a 	<ul style="list-style-type: none"> Payments over \$1,000 must be reviewed on a case-by-case basis 	<ul style="list-style-type: none"> No requirement to stay off BCA
El Paso	<ul style="list-style-type: none"> 185% FPL 	<ul style="list-style-type: none"> Payments over \$1,000 must be approved by a manager 	<ul style="list-style-type: none"> 12 months
Jefferson	<ul style="list-style-type: none"> 185% FPL^b 	<ul style="list-style-type: none"> No limit (Payments have averaged between \$1,200 and \$2,000.) 	<ul style="list-style-type: none"> 12 months (unless the payment is very small, in which case it may be 6 months)
Larimer	<ul style="list-style-type: none"> 225% FPL 	<ul style="list-style-type: none"> \$1,500 	<ul style="list-style-type: none"> Not required to stay off BCA
Las Animas	<ul style="list-style-type: none"> Current policy does not specify an income limit. Prior to January 2001 had to be Ineligible for any form of subsidized assistance including Colorado Works, Medicaid, and Food Stamps. 	<ul style="list-style-type: none"> Up to \$5,000 	<ul style="list-style-type: none"> No set period of ineligibility. Reviewed on a case-by-case basis.
Otero	<ul style="list-style-type: none"> 185% FPL 	<ul style="list-style-type: none"> \$2,400 with a second payment of up to \$300 	<ul style="list-style-type: none"> 6 months
Pueblo	<ul style="list-style-type: none"> 200% FPL 	<ul style="list-style-type: none"> \$5,000 per year^c 	<ul style="list-style-type: none"> Diversion grant divided by BCA grant plus 1 additional month
Rio Grande	<ul style="list-style-type: none"> 185% FPL 	<ul style="list-style-type: none"> \$2,500 	<ul style="list-style-type: none"> 6 months
Weld	<ul style="list-style-type: none"> 185% FPL^d 	<ul style="list-style-type: none"> \$3,300 per year 	<ul style="list-style-type: none"> Not required to stay off BCA

^aIn addition, County Diversion recipients in Denver must either a) be employed at least 30 hours per week, b) be able to provide verification that such employment will begin within 30 days, or c) require WFA assistance to help obtain employment.

^bJefferson allows a \$90 deduction for each parent working and a \$175 (or the actual cost) for child care.

^cThis is the total limit per year. There are also caps on individual types of payments (i.e. \$500 for a transmission repair or \$1,000 for rent), but there is no limit to the *number* of individual payments.

^dIn addition, County Diversion recipients must have left Colorado Works within the past 12 months.

Note: Arapahoe, Boulder, Fremont, and Mesa Counties do not offer up-front County Diversion. All County Diversion recipients must have incomes exceeding eligibility for Colorado Works.



County uses County Diversion funds to provide transportation certificates, gift certificates to grocery stores, and certificates for hair cuts to recipients who leave Colorado Works for employment at three month intervals. Larimer also provides case management, job retention support, and counseling services. In Denver County, Colorado Works recipients exiting because of employment are eligible for \$500 payments at exit and after three and six months of employment. After 12 months of continuous employment, recipients are eligible for a \$1,000 payment, but they must meet with a financial planner in order to receive the payment.

Exhibit B.1(b) County Diversion Policies: Post-Program Support and Incentive Payments			
County	Use County Diversion for Employment Incentives?	Use County Diversion for Post-Program Support?	Eligibility Limit
Adams	T	T ^a	\$75,000 in earnings per year
Denver	T	T	225% FPL
El Paso		T	185% FPL
Fremont	T	T	Employment incentives up to \$50,000 in earnings per year. Post-program support up to 185% FPL.
Jefferson		T	None
Larimer	T	T	250% FPL
Mesa		T	185% FPL
Pueblo		T	200% FPL
Weld		T	185%

^aPost-program incentives are provided through the Goodwill Job Success Program and through CWEE

Note: Arapahoe, Boulder, Las Animas, Otero, and Rio Grande Counties do not offer post-program County Diversion payments. However, Arapahoe County provides an employment, education, and training program, additional child care funding and an emergency assistance program for families with incomes up to \$75,000 per year using other assistance funds.



Prior to SFY 2000, Rio Grande County did not offer County Diversion. DHS staff in Rio Grande indicated that they do not use County Diversion to provide post-program services or supports. However, because Rio Grande's County Diversion recipients received their diversions within 12 months of exiting BCA, we categorized these cases as post-program diversions (see Exhibit B.2).

Exhibit B.2 County Diversion Cases by Diversion Type State Fiscal Years 1999 and 2000									
	Up-Front			Post-Program			All County Diversion		
	SFY 1999	SFY 2000	Change	SFY 1999	SFY 2000	Change	SFY 1999	SFY 2000	Change
Adams	20	86	330.0%	136	130	-4.4%	167	275	64.7%
Denver	38	148	289.5%	148	289	95.3%	225	530	135.6%
El Paso	120	174	45.0%	47	43	-8.5%	246	262	6.5%
Fremont	0	2	NA	10	38	280.0%	26	52	100.0%
Jefferson	178	298	67.4%	62	65	4.8%	342	433	26.7%
Larimer	12	33	175.0%	12	11	-8.3%	25	53	112.0%
Mesa	3	7	133.3%	111	129	16.2%	215	163	-24.2%
Otero	17	43	152.9%	7	4	-42.9%	38	52	36.8%
Pueblo	41	161	292.7%	63	77	22.2%	135	396	193.3%
Rio Grande	0	12	NA	0	12	NA	0	26	NA
Weld	1	3	200.0%	3	13	333.3%	6	17	183.3%
Statewide	615	1,166	89.6%	662	920	39.0%	1,740	2,659	52.8%

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

Note: Boulder County does not offer County Diversion. Counties excluded from this figure because they have less than 10 recipients include: Arapahoe and Las Animas. Totals do not sum because "Other" County Diversion is not shown on this table.



Exhibit B.3 Median County Diversion Grant Amounts State Fiscal Year 2000				
	Median Up-Front Grant	Number of Cases	Median Post- Program Grant	Number of Cases
Adams	\$2,353	86	\$276	130
Denver	\$973	148	\$400	289
El Paso	\$706	174	\$600	43
Fremont	NA	NA	\$200	38
Jefferson	\$1,435	298	\$635	65
Larimer	\$850	33	\$1,000	11
Mesa	\$321	7	\$400	129
Otero	\$1,125	43	\$738	4
Pueblo	\$840	161	\$500	77
Rio Grande	\$2,500	12	\$2,500	12
Weld	\$1,300	3	\$609	13
Statewide	\$1,042	3,515	\$400	1,872
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.				
Note: Boulder county does not offer County Diversion. Counties within less than 10 recipients in either category were not included in this figure. These include Arapahoe and Las Animas.				



Exhibit B.4 Employment Rates and Earnings by County in Quarter Prior to Diversion Up-Front County Diversion Recipients October 1997 – June 2000			
	Median Quarterly Earnings	Employment Rate	Number of Recipients
Adams	\$3,420	64.2%	137
Denver	\$4,057	69.3%	225
El Paso	\$3,155	59.4%	372
Jefferson	\$3,475	65.8%	690
Larimer	\$3,081	56.1%	57
Otero	\$2,758	58.0%	88
Pueblo	\$2,649	63.1%	244
Rio Grande	\$2,590	60.0%	20
Statewide	\$3,199	61.9%	2,491
Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.			
Note: Boulder County does not offer County Diversion. Counties with less than 10 recipients working are excluded from this figure. These counties include Arapahoe, Las Animas, Mesa, and Weld.			



Exhibit B.5
Employment Rates and Earnings in Quarter After Diversion
 Up-Front County Diversion Recipients
 July 1997 - June 2000

	Median Quarterly Earnings	Employment Rate	Number of Recipients
Adams	\$4,045	69.3%	137
Denver	\$4,104	77.3%	225
El Paso	\$3,088	64.2%	372
Jefferson	\$3,435	67.7%	690
Larimer	\$3,651	61.4%	57
Mesa	\$3,261	70.6%	17
Otero	\$3,326	63.6%	88
Pueblo	\$2,742	69.3%	244
Rio Grande	\$2,424	75.0%	20
Statewide	\$3,222	66.6%	2,491

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

Note: Boulder County does not offer County Diversion. Counties excluded from this figure because they have less than 10 recipients include: Arapahoe, Fremont, Las Animas, and Weld.



Appendix C: Work Activity Policies and Recipient Participation in Work Activities

Under TANF, states are required to have an increasing percentage of their adult-headed caseload participating in a list of federally-approved work activities for a given number of hours per week.¹ In addition, states must meet an even higher work participation rate for their two-parent caseload. Exhibit C.1 shows the federal work participation rates and required hours for each Federal Fiscal Year (FFY) from 1998 through 2002.

Exhibit C.1 Work Participation Requirements Under TANF				
Federal Fiscal Year	Work Participation Rate for All Families ^a	Weekly Hours of Participation Required to Count Toward the Work Participation Rate ^b	Work Participation Rate for Two-Parent Families ^a	Weekly Hours of Participation Required to Count Toward the Work Participation Rate ^c
1998	30%	20	75%	35
1999	35%	25	90%	35
2000	40%	30	90%	35
2001	45%	30	90%	35
2002	50%	30	90%	35

Notes:

^aThis work participation rate is not adjusted by the caseload reduction credit. After application of the credit, the adjusted work participation rate was much lower in all years. See Table C.2 for adjusted and reported work participation rates.

^bIf a single-parent family has a child under 6, the parent is only required to work an average of 20 hours per week. Also, single teen parents may receive work credit by maintaining satisfactory attendance at high school (or by attending education directly related to employment) for an average of 20 hours per week.

^cIf a two-parent family receives federally-funded child care, the parents will be required to participate in federally approved work activities for an average of 55 hours per week in order to be counted toward the work participation rate.

¹The federal work participation rate applies to the State as a whole. In Colorado, each county has an individual work participation rate set by the state in its annual Colorado Works County plan.



The rates shown in Exhibit C.1 are not the actual work participation rates that states will have to meet. These maximum rates are adjusted by the percentage decline in a state's caseload in the previous fiscal year relative to FFY 1995 that is not due to changes in federal or state eligibility rules. Known as the caseload reduction credit, this will result in a lower adjusted work participation rate for most states. Exhibit C.2 shows the adjusted work participation rate and the actual rate for Colorado for FFY 1998 and FFY 1999. States that fail to meet these adjusted rates are subject to a financial penalty.²

TANF recipients receive credit for the required hours by participating in a set of 12 federally-approved work activities. Participation in nine of these activities will be counted toward the work participation rate at all times; participation in the remaining three activities may only be counted toward the required hours in conjunction with participation in other activities. Participation in the following "high priority" activities counts toward any of the required hours:

- (1) unsubsidized employment;
- (2) subsidized private sector employment;
- (3) subsidized public sector employment;
- (4) work experience;
- (5) on-the-job training;
- (6) job search and job readiness assistance (6 weeks total, up to 4 consecutive);
- (7) community service;
- (8) vocational educational training;³ and
- (9) providing child care for a community service participant.

² It is possible for states to avoid fiscal penalties by adopting corrective compliance plans to meet work participation targets.

³ There are two restrictions on participation in vocational educational training: (1) not more than 30 percent of families may be counted as participating in work by reason of participation in vocational education, and as of FFY 2000, the 30 percent cap will also include school completion for teen parents without high school diplomas; and (2) participation in vocational educational training cannot count toward the participation rate for more than 12 months



Exhibit C.2 Colorado's Adjusted and Actual Work Participation Rates		
Federal Fiscal Year	Adjusted Work Participation Rate After Caseload Reduction Credit (All Families/ Two-Parent Families)	Actual Work Participation Rate (All Families/ Two-Parent Families)
1998	7.5 / 15.1	28.7 / 25.7
1999	0.0 / 44.9	36.4 / 41.2

Hours of participation in the following three activities are countable toward the required weekly hours only after 20 hours of participation in one of the high priority activities:

- (1) job skills training directly related to employment;
- (2) education directly related to employment; and
- (3) satisfactory attendance at secondary school or in an equivalent course of study (for high school dropouts only).

Federal law does not provide definitions for what counts under each of these categories, leaving states the flexibility to interpret the categories of work activities. States may also allow participation in other activities, but only participation in federally-approved activities counts toward the state's work participation rate. Exhibit C.3 shows Colorado's definitions of the 12 federally approved activities.

In Colorado, counties are not required to offer all of the federally-approved activities. Some counties offer all 12 activities, while others offer more limited options. Counties must report which activities are available to Colorado Works recipients in their annual county plans.



The work participation rate we have discussed thus far applies to states. Individual TANF recipients are also subject to a work participation mandate. Individuals are required to participate in work within 24 months or when they are deemed work ready by the county, whichever comes first.⁴ For the purposes of this 24-month “work trigger time limit,” work is defined by the state, and may include activities which do not count toward the federal work participation rate.

In addition to the activities listed in the federal statute, in Colorado counties are allowed to designate other activities, as long as they are designed to encourage self-sufficiency. Participation in these “county-defined work activities” does not count toward the federal work participation rate, but adults in these activities are counted as participating in work for the 24-month limit. Examples of county-defined activities include participation in substance abuse treatment, domestic violence counseling, and education if it cannot be counted under one of the federal work activity categories. Some counties also include pregnancy and 12 weeks after birth among their list of county-defined activities.

⁴ Recipients can be exempted from the 24-month limit if they are victims of domestic violence. Counties also have the option to identify other good cause reasons for failure to participate in work activities.



Exhibit C.3

Colorado Definitions of Federal Work Activities

- A. *Unsubsidized employment* - Part-time or full-time work for wages which are paid in total by the employer. Employment may occur with any profit, non-profit, or private employer;
- B. *Subsidized private sector employment* - Part-time or full-time work with any private sector employer for which wages are paid by the employer and for which the employer receives a subsidy;
- C. *Subsidized public sector employment* - Part-time or full-time work with any public sector employer for which wages are paid by the employer and for which the employer receives a subsidy;
- D. *Work experience* - Unpaid work experience in any non-profit, public, or for profit organization or such work experience in combination with a training or education plan. If combining training or education, such training or education activities may not exceed 35% of the scheduled hours per week. Participation in this activity must enhance a participant's employability, offer exploration in a new career, or strengthen their existing work history;
- E. *On-the-job-training* - a subsidized work activity. Participation in this activity offers the opportunity to learn a new trade in a supportive environment, while transitioning into a regular, unsubsidized employee status. On-the-job-training may be subsidized through Workforce Investment Act (WIA), U.S. Department of Labor Welfare-to-Work Program, Colorado Works, or another training program;
- F. *Job search and job readiness assistance* - Job search may be conducted in either a group or individual setting and may include employer contacts either in person, by telephone, or by electronic methods. Job readiness assistance provides participants with skills to enhance overall employability, including exposure to job-seeking skills, resume writing, improved job retention, conflict management, goal setting, and self esteem building;
- G. *Community service programs* - Community service is an unpaid activity in which the participant provides a service to the community at large. This includes programs such as AmeriCorps, Job Corps, and Volunteers in Service to America (VISTA). Counties may define, in their county performance plan, additional community service program activities which may include a combination of community service and education, training, or family stability or enhancement activities. If combining education, training, or family stability/enhancement activities, such activities may not exceed 35% of the scheduled hours per week;
- H. *Vocational educational training* - A short-term educational activity intended to prepare an individual for employment. Vocational educational training shall not exceed twelve (12) months with respect to any individual. Providers of this training include, but are not limited to, community colleges, post secondary institutions, proprietary schools, and non-profit organizations;
- I. *The provision of child care services to a participant in a community service program*. Child care provided to individuals in community service must adhere to established child care licensing rules and statutes;
- J. *Job skills training directly related to employment* - Vocational, educational, or technical training designed to meet the labor market needs of the local community;
- K. *Education directly related to employment*, in the case of a participant who has not received a high school diploma or a certificate of high school equivalency; and
- L. *Satisfactory attendance at secondary school* or in a course of study leading to a certificate of general equivalence, in the case of a participant who has not completed secondary school or received such a certificate.

Participation in Work Activities

Adult Colorado Works Recipients, June 1998

	Denver	El Paso	Pueblo	Adams	Arapa- hoe	Jeffer- son	Weld	Larimer	Mesa	Boulder	Fremont	Otero	Las Animas	Rio Grande
Number of Adult Recipients	4,100	2,353	1,180	1,153	1,132	964	390	556	498	457	292	190	163	191
Adult Recipients Not Engaged in Work Activity	47.4%	39.9%	51.9%	56.1%	54.7%	39.6%	38.2%	42.3%	34.3%	48.6%	28.1%	41.1%	39.3%	33.0%
Adult Recipients Engaged in Work Activity	52.6%	60.1%	48.1%	43.9%	45.3%	60.4%	61.8%	57.7%	65.7%	51.4%	71.9%	58.9%	60.7%	67.0%
Adult Recipients in Federally-Approved Work Activity	52.5%	59.6%	47.5%	43.8%	45.2%	60.1%	58.5%	52.7%	65.1%	44.2%	68.2%	58.9%	60.7%	67.0%
Adult Recipients in County-Defined Activity	0.3%	0.6%	1.5%	0.1%	0.1%	0.4%	3.8%	5.9%	1.0%	14.0%	6.2%	0.0%	0.0%	0.0%
Federally Approved Employment-Related Work Activity ^a														
Adults in Federally-Approved Employment-Related Activity	40.5%	41.9%	45.7%	37.6%	38.9%	46.5%	55.4%	49.5%	56.4%	39.8%	62.0%	57.4%	54.6%	58.1%
Unsubsidized Employment	24.6%	28.9%	29.4%	26.0%	26.6%	31.4%	36.2%	28.8%	45.2%	27.4%	46.6%	33.7%	41.7%	36.6%
Job Search/Job Readiness Activities	10.4%	9.2%	8.0%	11.3%	7.4%	7.0%	20.5%	5.0%	8.0%	5.5%	9.6%	6.3%	0.0%	23.0%
Community Service Programs	5.3%	0.1%	4.0%	0.0%	0.4%	0.8%	0.0%	8.3%	1.4%	0.0%	1.4%	0.0%	0.0%	0.5%
Child Care Provision for Community Services	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vocational/Post-Secondary Education	1.6%	5.6%	6.3%	0.7%	4.8%	2.8%	2.8%	8.5%	4.4%	4.4%	8.9%	4.7%	6.7%	3.7%
Work Experience	2.5%	2.5%	5.2%	4.2%	5.1%	9.6%	7.2%	11.5%	2.6%	9.6%	7.5%	17.9%	9.2%	0.0%
Subsidized Public Sector Employment ^b	0.0%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%
Subsidized Private Sector Employment	0.1%	0.4%	1.9%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
On the Job Training	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.5%	0.0%	0.8%	0.0%	0.0%	1.1%	0.0%	0.0%
Federally Approved Educational-Related Work														
Adults in Federally Approved Educational Activity	18.4%	22.0%	4.7%	10.1%	11.3%	21.8%	4.4%	4.9%	11.4%	7.0%	8.9%	2.1%	9.2%	13.6%
Job Skills Training Related to Employment	11.0%	20.2%	0.8%	6.5%	6.4%	13.4%	0.5%	2.9%	6.0%	1.5%	3.4%	1.6%	7.4%	3.7%
GED	6.1%	1.8%	2.8%	2.3%	3.2%	5.8%	3.1%	1.8%	4.4%	3.1%	5.5%	0.5%	2.5%	7.9%
High School	0.8%	0.2%	0.9%	0.4%	0.5%	1.2%	0.5%	0.0%	1.0%	1.3%	0.0%	0.0%	0.0%	0.5%
ESL	1.9%	0.1%	0.0%	0.6%	0.3%	1.5%	0.3%	0.5%	0.0%	1.1%	0.0%	0.0%	0.0%	1.0%
Basic Education	0.4%	0.0%	0.1%	0.3%	1.1%	0.9%	0.0%	0.9%	0.4%	0.2%	0.3%	0.0%	0.0%	0.5%

Source: BPA calculations using CACTIS administrative records, Colorado Department of Human Services.

Notes: Because adult recipients may be engaged in more than one activity in a month, the total percentage of adults engaged in a federal or county-defined work activity will not equal the percentage of adults engaged in a work activity, as reported in row 3.

^a Federally Approved Employment-Related Work Activities allow for the full amount of hours to be counted toward the federal work participation rate. However, Vocational/Post-Secondary Education hours can only be counted for the first 12 months of the activity for a Colorado Work recipient.

^b Subsidized Public Sector Employment includes Work Study participants and Subsidized Public Sector Employment participants, as defined by Colorado Department of Human Services, Agency Letter TCW-98-28-A, October 16, 1998. Most participants in this category are engaged in Work Study.

^c Federally Approved Educational Work Activities allow for these hours to be counted toward the work participation only after 20 hours of participation in the Federally Approved Employment Activities.

Exhibit C.5

Participation in Work Activities

Adult Colorado Works Recipients, June 1999

	Denver	El Paso	Pueblo	Adams	Arapa- hoe	Jeffer- son	Weld	Larimer	Mesa	Boulder	Fremont	Otero	Las Animas	Rio Grande
Number of Adult Recipients	2,210	1,637	482	523	710	795	194	405	359	384	206	149	117	149
Adult Recipients Not Engaged in Work Activity	1.8%	5.1%	9.1%	28.5%	27.7%	13.2%	0.0%	0.0%	17.8%	23.4%	8.3%	23.5%	23.9%	12.8%
Adult Recipients Engaged in Work Activity	98.2%	94.9%	90.9%	71.5%	72.3%	86.8%	100.0%	100.0%	82.2%	76.6%	91.7%	76.5%	76.1%	87.2%
Adult Recipients in Federally-Approved Work Activity	84.2%	80.8%	71.8%	44.9%	64.5%	64.8%	66.5%	67.4%	67.7%	52.3%	63.6%	69.8%	55.6%	66.4%
Adult Recipients in County-Defined Activity	17.9%	18.3%	24.7%	32.3%	8.9%	32.8%	50.0%	47.9%	19.5%	35.9%	39.3%	6.7%	21.4%	27.5%
Federally Approved Employment-Related Work Activity^a														
Adults in Federally-Approved Employment-Related Activity	68.1%	66.2%	64.5%	36.3%	55.6%	48.4%	59.3%	65.2%	61.3%	45.1%	58.7%	69.8%	47.9%	63.1%
Unsubsidized Employment	40.5%	44.2%	45.0%	24.9%	39.4%	30.9%	33.5%	35.6%	50.7%	33.3%	48.5%	44.3%	40.2%	38.9%
Job Search/Job Readiness Activities	11.4%	21.6%	7.9%	11.1%	16.6%	11.3%	28.4%	6.7%	10.9%	4.9%	5.3%	12.8%	0.0%	9.4%
Community Service Programs	19.8%	0.1%	5.8%	0.6%	0.0%	1.5%	0.5%	27.4%	0.3%	0.0%	1.9%	0.0%	0.0%	1.3%
Child Care Provision for Community Services	0.4%	0.1%	0.6%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%
Vocational/Post-Secondary Education	1.9%	8.6%	12.0%	0.2%	4.2%	2.0%	0.0%	6.7%	4.2%	6.0%	6.8%	7.4%	0.0%	5.4%
Work Experience	0.9%	2.3%	6.8%	2.9%	5.5%	9.1%	9.3%	10.4%	3.1%	7.3%	6.3%	15.4%	10.3%	15.4%
Subsidized Public Sector Employment ^b	0.0%	0.7%	1.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.6%	0.0%	1.0%	0.0%	0.0%	0.0%
Subsidized Private Sector Employment	0.0%	0.5%	2.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
On the Job Training	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	1.3%	0.0%	0.7%
Federally Approved Educational-Related Work Activity^c														
Adults in Federally Approved Educational Activity	28.6%	24.3%	12.9%	16.1%	18.5%	24.2%	10.8%	8.1%	13.4%	9.9%	8.3%	1.3%	11.1%	7.4%
Job Skills Training Related to Employment	19.0%	21.4%	5.0%	8.8%	12.1%	13.8%	5.2%	2.5%	7.5%	0.5%	1.5%	1.3%	10.3%	2.0%
GED	8.8%	2.7%	6.8%	6.3%	5.4%	5.2%	5.7%	4.7%	4.5%	4.7%	6.8%	0.0%	0.9%	4.0%
High School	1.3%	0.5%	0.8%	0.8%	0.6%	0.4%	0.5%	0.7%	0.3%	1.6%	0.0%	0.0%	0.0%	0.7%
ESL	1.7%	0.1%	0.0%	1.5%	1.4%	5.3%	0.0%	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%	0.7%
Basic Education	0.1%	0.4%	0.4%	0.0%	0.0%	0.1%	0.0%	0.2%	1.9%	0.5%	0.5%	0.0%	0.0%	0.0%

Source: BPA calculations using CACTIS administrative records, Colorado Department of Human Services.

Notes: Because adult recipients may be engaged in more than one activity in a month, the total percentage of adults engaged in a federal or county-defined work activity will not equal the percentage of adults engaged in a work activity, as reported in row 3.

^a Federally Approved Employment-Related Work Activities allow for the full amount of hours to be counted toward the federal work participation rate. However, Vocational/Post-Secondary Education hours can only be counted for the first 12 months of the activity for a Colorado Work recipient.

^b Subsidized Public Sector Employment includes Work Study participants and Subsidized Public Sector Employment participants, as defined by Colorado Department of Human Services, Agency Letter TCW-98-28-A, October 16, 1998. Most participants in this category are engaged in Work Study.

^c Federally Approved Educational Work Activities allow for these hours to be counted toward the work participation only after 20 hours of participation in the Federally Approved Employment Activities.

Participation in Work Activities**Adult Colorado Works Recipients, June 2000**

	Denver	El Paso	Pueblo	Adams	Arapa- hoe	Jeffer- son	Weld	Larimer	Mesa	Boulder	Fremont	Otero	Las Animas	Rio Grande
Number of Adult Recipients	1,531	1,437	247	313	599	580	153	304	231	293	157	121	71	82
Adult Recipients Not Engaged in Work Activity	16.8%	8.1%	15.8%	23.3%	21.2%	28.4%	15.0%	0.0%	18.2%	29.4%	15.3%	46.3%	15.5%	23.2%
Adult Recipients Engaged in Work Activity	83.2%	91.9%	84.2%	76.7%	78.8%	71.6%	85.0%	100.0%	81.8%	70.6%	84.7%	53.7%	84.5%	76.8%
Adult Recipients in Federally-Approved Work Activity	63.4%	73.0%	62.8%	51.4%	55.9%	53.8%	62.1%	78.3%	64.5%	46.8%	65.0%	47.1%	59.2%	58.5%
Adult Recipients in County-Defined Activity	24.8%	24.2%	27.5%	31.3%	25.5%	26.7%	34.0%	42.1%	26.0%	31.1%	35.7%	8.3%	29.6%	20.7%
Federally Approved Employment-Related Work Activity ^a														
Adults in Federally-Approved Employment-Related Unsubsidized Employment	49.7%	67.5%	51.8%	45.0%	46.4%	41.9%	54.2%	76.3%	61.0%	43.0%	56.1%	44.6%	57.7%	52.4%
Job Search/Job Readiness Activities	27.2%	37.4%	32.0%	29.1%	33.6%	26.7%	27.5%	39.5%	44.6%	32.4%	42.0%	21.5%	46.5%	20.7%
Community Service Programs	7.3%	31.5%	8.5%	17.3%	14.2%	5.5%	19.0%	10.9%	14.7%	8.9%	12.7%	1.7%	2.8%	12.2%
Child Care Provision for Community Services	18.3%	3.2%	3.6%	1.0%	0.2%	1.0%	0.0%	40.5%	1.3%	0.3%	0.6%	0.0%	0.0%	0.0%
Vocational/Post-Secondary Education	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Work Experience	1.5%	6.3%	5.7%	0.3%	2.3%	0.7%	5.2%	5.6%	1.7%	3.8%	3.2%	9.1%	0.0%	6.1%
Subsidized Public Sector Employment ^b	0.1%	1.0%	9.3%	2.6%	2.7%	10.0%	13.1%	5.3%	4.8%	4.8%	6.4%	18.2%	9.9%	17.1%
Subsidized Private Sector Employment	0.2%	0.1%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
On the Job Training	0.0%	0.1%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.9%	0.0%	0.0%	0.0%	1.4%	0.0%
Federally Approved Educational-Related Work Activity ^c														
Adults in Federally Approved Educational Activity	21.0%	10.5%	18.2%	14.1%	15.0%	17.2%	20.9%	11.5%	10.0%	4.4%	13.4%	2.5%	2.8%	8.5%
Job Skills Training Related to Employment	15.5%	4.4%	5.3%	8.0%	9.2%	11.7%	9.2%	4.3%	6.5%	0.3%	8.3%	0.0%	2.8%	0.0%
GED	4.5%	5.4%	11.7%	5.8%	4.8%	3.1%	11.8%	7.2%	3.9%	1.7%	5.1%	1.7%	0.0%	6.1%
High School	0.7%	0.6%	2.0%	1.0%	0.3%	0.9%	0.7%	0.7%	0.0%	1.7%	0.0%	0.8%	0.0%	2.4%
ESL	1.0%	0.1%	0.0%	0.3%	0.7%	1.7%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%
Basic Education	0.3%	0.1%	0.0%	0.6%	0.0%	0.3%	0.0%	0.3%	0.0%	0.3%	0.6%	0.0%	0.0%	0.0%

Source: BPA calculations using CACTIS administrative records, Colorado Department of Human Services.

Notes: Because adult recipients may be engaged in more than one activity in a month, the total percentage of adults engaged in a federal or county-defined work activity will not equal the percentage of adults engaged in a work activity, as reported in row 3.

^a Federally Approved Employment-Related Work Activities allow for the full amount of hours to be counted toward the federal work participation rate. However, Vocational/Post-Secondary Education hours can only be counted for the first 12 months of the activity for a Colorado Work recipient.

^b Subsidized Public Sector Employment includes Work Study participants and Subsidized Public Sector Employment participants, as defined by Colorado Department of Human Services, Agency Letter TCW-98-28-A, October 16, 1998. Most participants in this category are engaged in Work Study.

^c Federally Approved Educational Work Activities allow for these hours to be counted toward the work participation only after 20 hours of participation in the Federally Approved Employment Activities.

Exhibit C.7

Participation in Work Activities

Adult Colorado Works Recipients, December 2000^a

	Denver	El Paso	Pueblo	Adams	Arapahoe	Jefferson	Weld	Larimer	Mesa	Boulder	Fremont	Otero	Las Animas	Rio Grande
Number of Adult Recipients (based on COIN)	1,693	1,313	225	249	616	525	136	315	242	213	102	110	80	102
Adult Recipients Not Engaged in Work Activity	11.6%	15.1%	10.3%	19.9%	26.0%	33.7%	23.0%	4.5%	19.3%	29.7%	9.7%	39.5%	27.3%	23.2%
Adult Recipients Engaged in Work Activity	88.4%	84.9%	89.7%	80.1%	74.0%	66.3%	77.0%	95.5%	80.7%	70.3%	90.3%	60.5%	72.7%	76.8%
Adult Recipients in Federally-Approved Work Activity	64.9%	70.8%	62.0%	58.9%	56.2%	52.0%	60.7%	62.7%	70.4%	42.3%	74.2%	50.0%	43.9%	67.4%
Adult Recipients in County-Defined Activity	26.7%	17.9%	34.8%	32.0%	20.8%	18.5%	23.0%	41.4%	18.5%	36.3%	29.0%	15.1%	31.8%	9.5%
Federally Approved Employment-Related Work Activity^b														
Adults in Federally-Approved Employment-Related Activity	52.8%	67.3%	46.2%	50.2%	49.0%	39.4%	48.1%	59.9%	63.1%	37.4%	61.3%	47.7%	33.3%	62.1%
Unsubsidized Employment	26.4%	32.5%	35.3%	33.3%	34.6%	26.5%	27.4%	27.1%	41.6%	23.6%	30.1%	20.9%	31.8%	25.3%
Job Search/Job Readiness Activities	7.2%	31.1%	2.2%	8.7%	14.0%	8.6%	15.6%	9.6%	13.7%	8.8%	20.4%	0.0%	0.0%	3.2%
Community Service Programs	20.5%	20.6%	3.8%	18.6%	0.2%	0.6%	0.0%	34.2%	4.7%	0.0%	1.1%	0.0%	0.0%	1.1%
Child Care Provision for Community Services	0.1%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vocational/Post-Secondary Education	1.7%	7.9%	5.4%	0.0%	3.6%	0.2%	0.7%	3.8%	4.3%	3.8%	10.8%	18.6%	0.0%	13.7%
Work Experience	0.1%	0.5%	7.1%	1.7%	3.6%	7.2%	9.6%	3.1%	9.0%	3.8%	11.8%	17.4%	1.5%	25.3%
Subsidized Public Sector Employment ^c	0.3%	0.1%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Subsidized Private Sector Employment	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
On the Job Training	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	0.0%	0.0%
Federally Approved Educational-Related Work Activity^d														
Adults in Federally Approved Educational Activity	17.1%	9.7%	21.7%	13.4%	12.6%	15.5%	20.0%	4.8%	15.0%	7.1%	28.0%	2.3%	19.7%	12.6%
Job Skills Training Related to Employment	11.7%	3.4%	8.7%	9.5%	7.9%	8.4%	6.7%	1.0%	6.4%	0.5%	18.3%	1.2%	13.6%	0.0%
GED	4.5%	5.9%	13.6%	5.2%	3.9%	5.4%	11.1%	3.1%	6.4%	3.8%	8.6%	0.0%	6.1%	8.4%
High School	0.8%	0.3%	2.7%	1.3%	0.5%	1.0%	1.5%	0.7%	2.1%	0.5%	1.1%	0.0%	0.0%	4.2%
ESL	0.6%	0.0%	0.0%	0.9%	0.0%	0.8%	0.7%	0.0%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%
Basic Education	0.3%	0.5%	0.0%	0.4%	0.2%	0.2%	0.0%	0.0%	1.3%	0.5%	1.1%	1.2%	0.0%	0.0%

Source: BPA calculations using CACTIS administrative records, Colorado Department of Human Services.

Notes: Because adult recipients may be engaged in more than one activity in a month, the total percentage of adults engaged in a federal or county-defined work activity will not equal the percentage of adults engaged in a work activity, as reported in row 3.

^aFor this table, we use the number of recipients observed based on CACTIS, instead of COIN, as the denominator to calculate the participation rates. The number of recipients based on CATIS is significantly lower than those based on CACTIS. We suspect that the difference is due to the lag in data entries in the CACTIS system. Based on CACTIS, there were 1,407 recipients identified in Denver by the CACTIS database; 1,185 in El Paso; 184 in Pueblo; 231 in Adams, 557 in Arapahoe; 502 in Jefferson; 135 in Weld; 292 in Larimer; 233 in Mesa; 182 in Boulder; 93 in Fremont; 86 in Otero; 66 in Las Animas; and 95 in Rio Grande.

^bFederally Approved Employment-Related Work Activities allow for the full amount of hours to be counted toward the federal work participation rate. However, Vocational/Post-Secondary Education hours can only be counted for the first 12 months of the activity for a Colorado Work recipient.

^cSubsidized Public Sector Employment includes Work Study participants and Subsidized Public Sector Employment participants, as defined by Colorado Department of Human Services, Agency Letter TCW-98-28-A, October 16, 1998. Most participants in this category are engaged in Work Study.

^dFederally Approved Educational Work Activities allow for these hours to be counted toward the work participation only after 20 hours of participation in the Federally Approved Employment Activities.

Exhibit C.8

Number of Cases Assigned to County-Defined Activity by Reason

Adult New Entrants to Colorado Works

July 1999-December 2000

	All 14 Counties	Denver	El Paso	Pueblo	Adams	Arapa- hoe	Jefferson	Weld	Larimer	Mesa	Boulder	Fremont	Otero	Las Animas	Rio Grande
Maternity/baby	1,026	218	286	108	78	100	29	73	16	23	43	31	5	10	6
Medical	859	162	289	38	55	57	20	74	30	25	48	29	6	10	16
Mental health	195	82	26	6	10	25	7	7	0	5	12	10	0	3	2
Court-related/child protection	78	24	24	8	4	0	1	3	0	4	7	3	0	0	0
Homeless	239	169	14	1	9	7	12	2	1	8	15	0	0	0	1
Transportation	11	0	2	0	0	0	0	0	1	5	0	0	0	1	2
Domestic violence	124	22	75	3	3	7	1	5	0	3	3	2	0	0	0
Vocational Rehabilitation	73	12	14	5	23	2	2	0	0	9	1	4	0	1	0
SSI referral	74	10	2	1	2	2	18	0	3	8	10	14	1	1	2
Child care unavailable/child under 6	95	29	4	3	15	19	2	0	1	0	21	0	0	0	1
Caring for disabled child	21	6	4	1	0	5	2	1	0	0	1	0	0	1	0
Non-cooperation	3	1	0	0	0	0	0	0	0	2	0	0	0	0	0
Appeal for 24-month clock	3	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Other reasons	879	55	10	7	48	20	87	10	445	32	54	85	8	16	2
Total	3,680	791	750	182	247	245	181	175	497	124	215	178	20	43	32

Note: The sample includes adult-headed Colorado Works cases opened between July 1999 and December 2000. Some individuals entered the program more than once. Some individuals had more than one county-defined activity during the course of their program participation. The table reports the first county-defined activity in each episode of Colorado Works.

Appendix D: Description of Multivariate Regression Methods

We employed three methods for estimating the effects of work activities participation on post-Colorado Works employment outcomes. In the first method, we estimated a simple linear regression of total earnings in the year following Colorado Works exit using recipients who participated in only one activity. Recipient characteristics were added to the linear model to control for the possible simultaneous effect of these characteristics on participation in work activities and post-Colorado Works earnings. In the second method, we estimated the same model on all recipients, regardless of the number of activities they participated in, and allowed for interaction effects between activities. For the third method, we employed a two-stage version of the first two models in which the estimated probability that a recipient will enroll in a particular activity, or propensity score, was used as a control variable in the second stage estimation of yearly earnings on work activity participation. We reiterate that these methods only control for the observable characteristics that may simultaneously influence participation in a specific work activity and outcomes.

For all of these models, our yearly earnings measure was calculated by totaling recipient earnings for the four quarters following the quarter of exit.

Method 1: Linear Regression of Annual Earnings on Work Activity Participation and Other Characteristics

For the first method, we estimated a linear regression of post-Colorado Works income on individual characteristics, including age, education level, number of children and prior welfare receipt, plus dummy variables that equal one if the person participated in a particular activity during the first spell and zero if she did not.

The sample we used to estimate this model included all Colorado Works recipients who exited TANF from their first spell before the fourth quarter of 1999. We also restricted the sample to those who participated in one activity or no activities. A significant number (over 50% of those who participate in work activities) of recipients participate in multiple work activities, so if, for example, participants who engage in vocational educational training activities also tend to participate in unsubsidized employment, any estimated outcomes could be a result of participation in either one of those activities, and

it would not be possible to fully identify the effects of participation in each activity. Our goal in estimating this model on one-activity participants was to separately identify the effects of participation in a single work activity. At the same time, we recognize that the sample of individuals who only participated in one activity may be a special subset of the whole sample, and that the unobservable characteristics of these recipients may differ from the subset of participants who participated in two or more activities.

Coefficient estimates from this model are presented in Exhibit D.1.

Method 2: Linear Regression of Annual Earnings on Work Activity Participation and Other Characteristics, Including Interactions Between Work Activities

For this method, we estimated a linear regression model of post-Colorado Works annual earnings on individual characteristics, dummy variables representing participation in single work activities, and interaction dummy variables representing participation in certain work activity pairs during the Colorado Works spell. For example, a dummy was used to represent participation in both unsubsidized employment and job skills training during the recipient's first Colorado Works spell.

The sample we used to estimate this model included all Colorado Works recipients who exited TANF from their first spell before the fourth quarter of 1999. This sample included recipients who participated in multiple work activities.

Coefficient estimates from this model are presented in Exhibit D.2.

Method 3: Two-Stage Model

In the first stage of this model, we estimated a probit model in which individual characteristics, including age, education level and county of residence, were used to determine participation in each work activity. The estimated coefficients were used to construct the propensity score—the estimated probability that a recipient would participate in an activity—for each recipient and work activity. The propensity score



was then used as a control variable in the second stage linear regression of yearly earnings on work activity participation dummies.¹

As with the other two models, the sample we used to estimate this model included all Colorado Works recipients who exited TANF from their first spell before the fourth quarter of 1999. We also restricted the sample to those who participated in one activity or no activities. The subsample used for estimation of each work activity model changed for every work activity. In order to keep the comparison group constant across work activities, for the estimation of each work activity model, we only included recipients who either participated in that work activity or who did not participate in any work activity. Thus, the sample of recipients who did not participate in any work activity served as the comparison group for all work activities. The results for this model were consistent with the results from method 1.

Coefficient estimates from this model are presented in Exhibit D.3.

Exhibit D.1 Linear Regression Results for Single Work Activity Participants Dependent Variable: Annual Earnings after First Exit from Colorado Works		
Characteristics	Coefficient	Standard Error
Age	-16.231	7.017 **
High School Diploma	1353.101	114.412 *
Married	-725.375	157.395 *
Hispanic	581.329	128.234 *
African American	943.132	168.283 *
Other	802.426	310.389 *
Male	937.923	188.382 *
Number of Children	116.258	49.552 **
Length of First Colorado Works Spell	-137.146	13.329 *

Exhibit D.1 Continued

¹ We also estimated semi-parametric versions of the model whereby the sample was divided into subgroups according to propensity scores and subgroup means between participation and non-participation groups were compared.



Characteristics	Coefficient	Standard Error
AFDC Participant	431.265	150.418 *
County-Defined Activity Participant	-1163.241	383.185 *
Basic Education Participant	-1600.072	1262.847
GED Classes Participant	-785.334	372.627 **
High School Activity Participant	324.187	718.962
Job Search/Job Readiness Participant	-127.343	182.446
Full-time Unsubsidized Employment Participant	3262.675	145.230
Subsidized Private Sector Employment Participant	3089.002	1394.908 **
Subsidized Public Sector Employment Participant	679.112	3336.209
Community Service Participant	-429.800	597.073
AWEP Participant	-3313.953	2230.115
CWEP Participant	-906.212	484.025 +
Job Skills Training Participant	34.462	287.248
On-the-Job Training Participant	2305.34	3335.67
Part-Time Unsubsidized Employment Participant	1092.761	194.590 *
ESL Classes Participant	-938.326	804.338
Vocational Educational Training Participant	1425.128	467.116 *
County Unemployment Rate	-266.067	45.915 *
Exited Colorado Works in 1998	-125.177	150.046
Exited Colorado Works in 1999	101.613	214.116
Intercept	5444.643	314.142 *
Number of Observations = 14,892, R-squared = .0729		
Source: BPA tabulations using CACTIS and COIN administrative records, Colorado Department of Human Services, and Unemployment Insurance wage records, Colorado Department of Labor and Employment		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in at most one work activity during their first Colorado Works spell.		
* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.		



Exhibit D.2 Linear Regression Results for All Work Activity Participants Dependent Variable: Annual Earnings after First Exit from Colorado Works		
Characteristics	Coefficient	Standard Error
Age	2.805	5.984
High School Diploma	1437.055	97.718 *
Married	-622.043	135.259 *
Hispanic	475.078	107.052 *
African American	565.036	139.313 *
Other	273.544	264.065
Male	832.7	164.230 *
Number of Children	73.525	41.211 +
Length of First Colorado Works Spell	-115.023	10.519 *
AFDC Participant	410.602	128.910 *
County-Defined Activity Participant	-820.443	238.492 *
Basic Education Participant	177.581	466.957
GED Classes Participant	-191.433	241.358
High School Activity Participant	995.042	490.995 **
Job Search/Job Readiness Participant	-110.529	164.175
Full-time Unsubsidized Employment Participant	3244.063	120.074 *
Subsidized Private Sector Employment Participant	3634.249	635.558 *
Subsidized Public Sector Employment Participant	2041.456	1068.242 **
Community Service Participant	-72.843	271.943
CWEP Participant	173.480	319.978
AWEP Participant	-281.862	517.488
Job Skills Training Participant	51.351	229.289
On-the-Job Training Participant	1299.208	867.723
Part-Time Unsubsidized Employment Participant	707.627	136.305 *
ESL Classes Participant	1082.264	454.540 **



Exhibit D.2 Continued

Characteristics	Coefficient	Standard Error	
Vocational Educational Training Participant	1118.75	383.184	*
Job Search/Job Readiness and Unsubsidized Employment Participant	554.198	204.540	*
Unsubsidized Employment and Vocational Education/Post-Secondary Education Participant	1691.648	462.200	*
Job Search/Job Readiness and Job Skills Training Participant	93.213	275.007	
CWEP and Unsubsidized Employment Participant	873.727	368.782	**
Job Skills Training and Unsubsidized Employment Participant	1073.879	275.763	*
CWEP and Job Search/Job Readiness Participant	-549.615	342.411	+
GED Classes and Job Search/Job Readiness Participant	-22.707	379.537	
County Unemployment Rate	-426.277	39.723	*
Exited Colorado Works in 1998	-215.212	133.253	+
Exited Colorado Works in 1999	-283.713	183.700	
Intercept	5634.204	274.310	*
Number of Observations = 23,437, R-squared = .0984			
Source: BPA tabulations using CACTIS and COIN administrative records, Colorado Department of Human Services, and Unemployment Insurance wage records, Colorado Department of Labor and Employment.			
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999			
* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.			



Exhibit D.3 Two-Stage Model: Second Stage Results Dependent Variable: Annual Earnings after First Exit from Colorado Works		
1. County-Defined Activities	Coefficient	Standard Error
County-Defined Activity Participant	-1103.079	434.886 *
Predicted Probability of Participating in County-Defined Activities	-4813.483	1404.618 *
Exited Colorado Works in 1998	-893.744	177.150 *
Exited Colorado Works in 1999	222.533	374.732
County Unemployment Rate	-126.309	62.083 **
Intercept	5552.601	286.509 *
Number of Observations = 7574, R-squared = .0087		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in basic education activities or no work activity at all during their first Colorado Works spell.		
2. Basic Education	Coefficient	Standard Error
Basic Education Participant	-2305.361	1269.277 +
Predicted Probability of Participating in Basic Education	-131959.4	21206.68 *
Exited Colorado Works in 1998	-544.573	130.982 *
Exited Colorado Works in 1999	-943.313	207.973 *
County Unemployment Rate	-225.497	45.143 *
Intercept	7001.268	226.866 *
Number of Observations = 13940, R-squared = .0078		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in basic education activities or no work activity at all during their first Colorado Works spell.		

Exhibit D.3 Continued

3. GED Classes	Coefficient	Standard Error
GED Classes Participant	-632.199	383.554 +
Predicted Probability of Participating in GED Classes	-10541	1474.083 *
Exited Colorado Works in 1998	-888.673	168.649 *
Exited Colorado Works in 1999	-522.130	261.716 **
County Unemployment Rate	-116.954	60.278 **
Intercept	5880.156	283.181 *
Number of Observations = 7574, R-squared = .0136		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in GED class activities or no work activity at all during their first Colorado Works spell.		
4. High School Activity	Coefficient	Standard Error
High School Activity Participant	1410.791	818.677 +
Predicted Probability of Participating in High School Activity	-8075.897	2029.577 *
Exited Colorado Works in 1998	-956.332	172.983 *
Exited Colorado Works in 1999	-601.261	269.207 **
County Unemployment Rate	-105.565	61.603 +
Intercept	5513.367	284.500 *
Number of Observations = 7318, R-squared = .0068		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in high school activities or no work activity at all during their first Colorado Works spell.		



Exhibit D.3 Continued

5. Job Search/Job Readiness	Coefficient	Standard Error
Job Search/Job Readiness Participant	-42.777	183.864
Predicted Probability of Participating in Job Search/Job Readiness	7167.12	1449.279 *
Exited Colorado Works in 1998	-1300.687	170.968 *
Exited Colorado Works in 1999	-1571.092	282.443 *
County Unemployment Rate	-133.432	55.338 **
Intercept	4536.391	330.954 *
Number of Observations = 8884, R-squared = .0075		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated job search/job readiness activities or no work activity at all during their first Colorado Works spell.		
6. Full-Time Unsubsidized Employment	Coefficient	Standard Error
Full-time Unsubsidized Employment Participant	3496.671	156.869 *
Predicted Probability of Participating in Full-Time Unsubsidized Employment	5453.64	890.428 *
Exited Colorado Works in 1998	-1468.399	170.767 *
Exited Colorado Works in 1999	-1841.591	265.902 *
County Unemployment Rate	-191.564	54.931 *
Intercept	4684.818	321.941 *
Number of Observations = 10149, R-squared = .0584		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in full-time unsubsidized employment activities or no work activity at all during their first Colorado Works spell.		

Exhibit D.3 Continued

7. Subsidized Private Sector Employment	Coefficient	Standard Error
Subsidized Private Sector Employment Participant	2239.921	1362.646 +
Predicted Probability of Participating in Subsidized Private Sector Employment	120184.7	13061.52 *
Exited Colorado Works in 1998	-815.504	191.458 *
Exited Colorado Works in 1999	-285.151	330.249
County Unemployment Rate	-1.743	67.863
Intercept	4260.296	308.444 *
Number of Observations = 5247, R-squared = .0250		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in subsidized private sector activities or no work activity at all during their first Colorado Works spell.		
8. Subsidized Public Sector Employment	Coefficient	Standard Error
Subsidized Public Sector Employment Participant	670.257	3422.79
Predicted Probability of Participating in Subsidized Public Sector Employment	56375.99	47695.5
Exited Colorado Works in 1998	-1052.311	251.637 *
Exited Colorado Works in 1999	-576.819	490.971
County Unemployment Rate	-27.486	100.468
Intercept	4948.828	426.549 *
Number of Observations = 3349, R-squared = .0054		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in subsidized public sector activities or no work activity at all during their first Colorado Works spell.		



Exhibit D.3 Continued

9. Community Service	Coefficient	Standard Error
Community Service Participant	-443.397	626.753
Predicted Probability of Participating in Community Service	-8961.043	2362.625 *
Exited Colorado Works in 1998	-878.285	175.934 *
Exited Colorado Works in 1999	-84.921	305.709
County Unemployment Rate	-108.114	61.670 +
Intercept	5484.35	284.479 *
Number of Observations = 7359, R-squared = .0072		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in community service activities or no work activity at all during their first Colorado Works spell.		
10. CWEP	Coefficient	Standard Error
CWEP Participant	-952.199	492.952 **
Predicted Probability of Participating in CWEP	-9111.086	4662.81 **
Exited Colorado Works in 1998	-859.767	180.513 *
Exited Colorado Works in 1999	-465.147	283.125 +
County Unemployment Rate	-97.453	61.463
Intercept	5574.817	285.391 *
Number of Observations = 7426, R-squared = .0060		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in CWEP activities or no work activity at all during their first Colorado Works spell.		

Exhibit D.3 Continued

11. AWEP	Coefficient	Standard Error
AWEP Participant	-3604.582	2167.025 +
Predicted Probability of Participating in AWEP	23129.06	31229.32
Exited Colorado Works in 1998	-1151.624	181.939 *
Exited Colorado Works in 1999	-2615.778	494.826 *
County Unemployment Rate	65.108	64.676
Intercept	4751.191	300.100 *
Number of Observations = 5270, R-squared = .0117		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in AWEP activities or no work activity at all during their first Colorado Works spell.		
12. Job Skills Training	Coefficient	Standard Error
Job Skills Training Participant	57.444	298.433
Predicted Probability of Participating in Job Skills Training	-2766.422	1432.321 **
Exited Colorado Works in 1998	-871.174	186.214 *
Exited Colorado Works in 1999	-264.766	312.399
County Unemployment Rate	-124.342	61.166 **
Intercept	5619.806	287.318 *
Number of Observations = 7828, R-squared = .0054		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in job skills training activities or no work activity at all during their first Colorado Works spell.		



Exhibit D.3 Continued

13. On-the-Job Training	Coefficient	Standard Error
On-the-Job Training Participant	2669.826	3409.191
Predicted Probability of Participating in On-the-Job Training	-527713.4	118279.6 *
Exited Colorado Works in 1998	-1068.886	343.988 *
Exited Colorado Works in 1999	-591.947	1052.864
County Unemployment Rate	68.895	114.18
Intercept	6529.611	563.398 *
Number of Observations = 1862, R-squared = .0270		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in on-the-job training activities or no work activity at all during their first Colorado Works spell.		
14. Part-Time Unsubsidized Employment	Coefficient	Standard Error
Part-Time Unsubsidized Employment Participant	2002.817	204.264 *
Predicted Probability of Participating in Part-Time Unsubsidized Employment	-2678.768	888.816 *
Exited Colorado Works in 1998	-654.089	184.186 *
Exited Colorado Works in 1999	-186.963	294.741
County Unemployment Rate	-149.182	55.355 *
Intercept	5795.882	269.731 *
Number of Observations = 8629, R-squared = .0134		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in part-time unsubsidized employment activities or no work activity at all during their first Colorado Works spell.		

Exhibit D.3 Continued

15. English as a Second Language	Coefficient	Standard Error
ESL Classes Participant	-485.590	839.185
Predicted Probability of Participating in English as a Second Language	-11947.42	3273.186 *
Exited Colorado Works in 1998	-940.312	174.827 *
Exited Colorado Works in 1999	-360.898	276.852
County Unemployment Rate	-115.012	62.163 +
Intercept	5541.488	286.974 *
Number of Observations = 7300, R-squared = .0071		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in English as a second language activities or no work activity at all during their first Colorado Works spell.		
16. Vocational Educational Training	Coefficient	Standard Error
Vocational Education/Post-Secondary Education Participant	1384.858	483.370 *
Predicted Probability of Participating in Vocational Education/Post-Secondary Education	5604.864	2975.544 +
Exited Colorado Works in 1998	-1023.182	177.380 *
Exited Colorado Works in 1999	-759.106	275.742 *
County Unemployment Rate	-96.999	61.266
Intercept	5300.299	286.736 *
Number of Observations = 7441, R-squared = .0058		
Note: The sample includes first-time Colorado Works participants who exited the program before the fourth quarter of 1999 and who participated in vocational education /post secondary education or no work activity at all during their first Colorado Works spell.		
Source: BPA tabulations using CACTIS and COIN administrative records, Colorado Department of Human Services, and Unemployment Insurance wage records, Colorado Department of Labor and Employment		
* = statistically significant at the 1% level		
** = at the 5% level		
+ = at the 10% level.		



Distribution

Copies of this report have been distributed to:

Legislative Audit Committee (12)

Department of Human Services (25)

Department of Health Care Policy and Financing (5)

Joint Budget Committee (2)

Department of Personnel
d.b.a. General Support Services
Executive Director (2)
State Controller (2)

Honorable Bill Owens, Governor

Office of State Planning and Budgeting (2)

Welfare Oversight Committee (20)

Members of the General Assembly (100)

Depository Center, Colorado State Library (4)

Joint Legislative Library (6)

State Archivist (permanent copy)

National Conference of State Legislatures

Legislative Oversight Committee

Legislative Legal Services

Auraria Library

Colorado State University Library

Copies of the report summary have been distributed to:

Members of the National Legislative Program Evaluation Society

National Association of State Auditors, Comptrollers, and Treasurers