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Evaluation of the Colorado Works Program

Third Annual Report

Part 2: Caseload Trends, Employment Outcomes, and Post-Exit Supportive Services

November 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

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This is Part 2 of the Third Annual Report in Berkeley Policy Associates' ongoing evaluation of the Colorado Works program. The report presents our assessment of expenditures and caseload trends in the fourth year of the Colorado Works program. We also report on the employment and earnings outcomes of recipients who have left Colorado Works. Finally, this report also examines the participation of former recipients in other supportive services programs, including food stamps, Medicaid, child care subsidies, Unemployment Insurance, and earned income tax credits.

We appreciate the cooperation of state and county policy makers and program staff. Their willingness to share their insights about program operations and their ongoing feedback on our preliminary findings have been critical to the success of the evaluation.

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
Yasuyo Abe
Fannie Tseng
Will Fischer

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Contents

Chapter 1: Overview of Colorado Works Program Rules and Expenditures	1
Introduction	1
Colorado Works Program Rules	2
Colorado Works Expenditures During State Fiscal Year 2001	6
The Composition of Assistance Payments to Recipients	19
Chapter 2: Colorado Works Caseload Trends	23
Introduction	23
Overview of Findings	23
Trends in Caseload Size and Characteristics	24
Characteristics of Colorado Works Entrants	31
Exit from Colorado Works	34
Chapter 3: Time Limits Among Colorado Works Participants	41
Introduction	41
Overview of Findings	42
Projected Impact of Time Limits	43
Characteristics of Adults Reaching the 60-Month Time Limit	46
Time Limits and Extensions in Colorado Works	49
Chapter 4: Employment, Earnings, and Household Income Among Colorado Works Leavers	55
Introduction	55
Overview of Findings	55
Employment and Earnings Outcomes	56
Former Recipients' Eligibility for Unemployment Insurance	65
Impact of Tax Credits and Income Supports on Household Income	70
Chapter 5: Post-Colorado Works Supportive Services	77
Introduction	77
Overview of Findings	77
Food Stamps Receipt Among Colorado Works Participants and Leavers	78
Medicaid Receipt among Colorado Works Leavers	86
Utilization of Child Care	94

Contents *(continued)*

Appendix A: Colorado Works Caseload Statistics 101

**Appendix B: Technical Notes on the Estimation of the Impact of the
Economy on the Colorado Works Caseload Trend** 111

Appendix C: Characteristics of Entrants to Colorado Works 115

Appendix D: Technical Notes on Estimation of the Exit Probability 117

Appendix E: 12-Months Return Rates among Adult Leavers by County . . . 125

Appendix F: Characteristics of Colorado Works Leavers Upon Exit 127

Appendix G: Technical Notes on Time Limit Analysis 129

**Appendix H: Technical Notes on the Determinants of Reentry to
Colorado Works** 133

**Appendix I: Technical Notes on the Determinants of the Usage of Post
Colorado Works Support Services** 143

**Appendix J: Implementation Status of Recommendations in the *Second
Annual Report* (November 2000)** 159



Executive Summary

At the end of its fourth year, the Colorado Works Program continues to evolve. Rapid caseload declines appear to be over, and counties are likely to face new challenges as the economy slows, recipients begin to reach time limits for assistance, and funding reserves begin to diminish. This report examines recent trends in Colorado Works caseload size and expenditures. Because a major goal of the program is to prepare recipients for work, the employment and earnings outcomes of recipients who have left Colorado Works are assessed. The report also looks at the extent to which supportive services programs, including food stamps, Medicaid, child care subsidies, Unemployment Insurance, and earned income tax credits, help former Colorado Works recipients achieve self-sufficiency.

Among the significant findings resulting from our analyses of caseload trends, employment outcomes and post-exit services participation are:

- **Colorado Works expenditures increased by 12 percent in State Fiscal Year 2001 despite a slight decline in the overall caseload.** This increase is attributable to an expansion of assistance and services other than cash benefits to Colorado Works recipients.
- **A relatively small number of recipients will reach the 60-month time limit on lifetime assistance in the next year.** Consequently, Colorado is unlikely to exceed the federally mandated 20 percent limit on cash assistance extensions for those who reach the time limit.
- **Most former Colorado Works leavers do not work continuously in the first year after exit from the program.** About 40 percent are employed for one to three quarters and 33 percent are employed in all four quarters.
- **About one-half of employed leavers will meet the monetary eligibility requirements for Unemployment Insurance in the event of a qualifying job loss.** These leavers would qualify for a weekly benefit amount of about \$165. However, some will not be able to meet Colorado's comparatively restrictive non-monetary requirements for UI eligibility.
- **Slightly more than one-half of eligible current and former Colorado Works recipients received federal and state earned income credits for tax year 2000.** Some 13,400 recipients were eligible for, but did not claim, a total of \$21.2 million of federal and state earned income credits.

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	53	The Department of Human Services should continue to work with counties to conduct in-depth assessments of individuals nearing the time limit and ensure that the assessments are conducted in a timely and consistent fashion. These assessments should identify factors that constrain the ability of recipients to become self-sufficient and indicate specific services beyond cash assistance that would benefit recipients. The assessments should also provide the Department with adequate information to allow it to determine if a benefit extension is warranted.	Department of Human Services	Agree	November 2001 and ongoing
2	86	The Department of Human Services should work with counties to identify and implement practices that can facilitate increased participation in the Food Stamp program among low-income households, including those of former Colorado Works recipients.	Department of Human Services	Agree	November 2001 and ongoing
3	94	The Department of Health Care Policy and Financing, in consultation with the Department of Human Services, should work with counties to assess whether additional outreach about Transitional Medicaid assistance should be targeted to Colorado Works leavers. If determined to be necessary, the agencies should develop additional outreach programs to increase awareness of post-program Medicaid assistance among under-enrolled Colorado Works leavers.	Department of Health Care Policy and Financing	Agree	May 2002

Chapter 1: Overview of Colorado Works Program Rules and Expenditures

Introduction

In the fourth year of Colorado Works, the State's Temporary Assistance for Needy Families (TANF) Program, combined federal, state, and county expenditures increased by 12 percent, despite a slight decline in the overall Colorado Works caseload. This increase is largely attributable to an expansion of assistance and services to recipients beyond Basic Cash Assistance (BCA). Other key aspects of State Fiscal Year (SFY) 2001 Colorado Works expenditure patterns include the following:

- At the end of SFY 2001, Colorado had not spent \$75 million of allocated federal TANF block grants. Of this amount, \$61.6 million was allocated to county reserve funds and \$13.5 million had been obligated for incurred or planned expenditures, primarily for the Colorado Benefits Management System (CBMS).
- County reserve funds at the end of SFY 2001 were 37 percent below the level of the prior year. The size of reserve funds as a proportion of Colorado Works expenditures varies widely across the counties.
- Counties increased their expenditures on contracts with outside providers for Colorado Works program services by 70 percent, from \$13.9 million in SFY 2000 to \$23.8 million in SFY 2001. Expenditures for staff and overhead at the county level increased by about 10 percent.
- Expenditures on alternative types of assistance allowed under TANF, including other assistance payments and State and County Diversion assistance, continued to increase during SFY 2001. Expenditures on State and County Diversion increased by 25 percent, and expenditures for "other assistance" payments increased by 20 percent.



In the following section, we summarize the Colorado Works Program rules and review program expenditures for State Fiscal Year 2001. Key features of the program include the 24-month work activity participation time limit, the 60-month lifetime limit for assistance, the work participation rate, federally approved work activities, Individual Responsibility Contracts, and State and County Diversion. We then provide details on SFY 2001 Colorado Works expenditures and on direct payments to Colorado Works recipients.

Colorado Works Program Rules

Eligibility

Eligibility rules for Colorado Works are established by the state and are listed at CCR 9-2503-1, Section 3.600. Households must include a dependent child under age 18 (or 19 if the child is in school and expected to complete his/her education by age 19) and must meet income and asset eligibility limits. In addition to meeting financial and categorical eligibility requirements, all Colorado Works applicants must assign rights to child support to the State and must provide proof that their children are properly immunized.

Time Limits

Colorado Works imposes two time limits on families:

- a 24-month work activity participation time limit; and
- a 60-month lifetime limit on assistance.

Colorado Works recipients must be participating in either a federally approved work activity or a county-defined work activity within 24 months of program enrollment, or when determined by the county to be work-ready, whichever comes first.¹ Counties have the option to exempt single mothers with children under age one and to identify other “good cause” reasons for noncompliance with work requirements. Victims of domestic violence will also be exempted.

¹County-defined activities can include a broad range of services designed to encourage self-sufficiency. Counties have some flexibility in deciding which of the federally approved work activities they will offer.



Recipients also face a lifetime limit on receipt of assistance.² Families will not be eligible for assistance after an adult family member has received TANF cash assistance for 60 or more cumulative months. In Colorado, among cases that originated in the state, the first families will begin to reach their lifetime limit in July 2002. States can exempt up to 20 percent of their caseloads from the 60-month lifetime limit for reasons of hardship. Colorado has indicated that it will grant good cause hardship exemptions to families with disabled children or adults; families experiencing domestic violence; and children who are living with a non-parent and for whom out-of-home placement would be necessary if the assistance was stopped.

Work Participation Rate Requirement

Federal law requires states to have a specified percentage of their statewide caseloads in federally approved work activities for a specified number of hours per week or face a financial penalty. In Colorado, each county has an individual work participation rate negotiated with the state in its annual performance contract. Separate rates are mandated for all families and for two-parent cases. In Federal Fiscal Year (FFY) 2001, it was required that 45 percent of all families on Colorado Works must participate in work activities for an average of 30 hours per week. The required participation rate for two-parent families is 90 percent for at least 35 hours per week.³ The required participation rates for a state will be reduced by the decline in its caseload in the previous fiscal year relative to the caseload size in FFY 1995.⁴ Because Colorado's caseload has declined dramatically since FFY 1995, the state's adjusted work participation rates are actually much lower than the mandated rates. In FFY 1999, the federal work participation rate

²The TANF regulations make a distinction between "assistance," which includes benefits that address a family's ongoing basic needs, and "non-assistance," which includes other benefits and services provided under TANF, such as diversion assistance, work subsidies, and supportive services for employed families. Supportive services provided to families who are not employed are defined as assistance. Receipt of non-assistance benefits and services does not count towards the 60-month lifetime limit.

³The required work participation rates have increased each year since FFY 1997. The all families rate will increase to 50 percent in FFY 2002.

⁴The final TANF regulations clarify the rules for how much of the decline in a state's caseload can count toward the caseload reduction credit. Declines due to eligibility restrictions and changes in federal regulations do not count toward the credit.



requirement for all families was 35 percent. During the same period in Colorado, the actual (adjusted) all-families work participation rate was zero.⁵

After the final TANF regulations were enacted, Colorado revised the definitions of community service and work experience to help counties meet their required work participation rates and to allow more Colorado Works recipients to access education, training, and family stability activities.⁶ Effective September 1, 2000, recipients can combine education, training, and family stability activities with community service and work experience activities for up to 35 percent of their weekly scheduled hours. When education or training are combined with either community service or work experience, the 12-month limits on education and training do not apply, and these participants will not be included in the federally mandated 30 percent cap on vocational education when calculating the statewide and county work participation rates.

Assessments and Individual Responsibility Contracts

All Colorado Works recipients must be assessed within 30 days of application. The assessments are required to include an evaluation of basic skills, past employment, education level, and barriers to employment. Within 30 days of completing the assessment, counties must develop an Individual Responsibility Contract (IRC) that describes the recipient's obligations and the services to be provided by the county.

Diversion

Diversion programs provide immediate assistance to program applicants to help them avoid a spell on BCA. Counties have the option of offering two diversion programs using Colorado Works funds: State and County Diversion. State Diversion allows counties to offer short-term aid to meet an immediate need for applicants who are eligible for Colorado Works BCA. County Diversion programs can be used to address the immediate, short-term needs of families who do not meet the eligibility requirements for Colorado Works BCA. To expand eligibility for diversion after the final federal TANF regulations were enacted, Colorado changed the definition of short-term

⁵Work participation rates for FFY 2000 had not been released by the U.S. Department of Health and Human Services at the time this report was finalized.

⁶Colorado Department of Human Services, Agency Letter TCW-00-15-A, August 17, 2000.



diversion assistance from 90 days to four consecutive months.⁷ Additionally, the Department of Human Services provided guidance to the counties on using County Diversion to provide services consistent with the purposes of TANF, such as by offering family preservation services to low- and moderate-income families whose incomes exceed eligibility limits for BCA. Counties may determine the eligibility requirements for each service, and eligibility limits can differ for each service offered.⁸

Family Violence Option

Colorado has chosen to implement the Family Violence Option (FVO), a set of TANF provisions related to screening for and offering referrals to services that address domestic violence. States that opted to implement the FVO will not face a penalty for exceeding the 20 percent cap on families who continue to receive assistance beyond the 60-month lifetime limit due to hardship exemptions. Similarly, FVO states will not be penalized for failing to meet the required work participation rates if their failure results waivers granted to recipients facing domestic violence.

Referrals and Other Supportive Services

Colorado Works Program rules stipulate that counties must provide referrals for supportive services to applicants and participants who are victims of domestic violence, who are homeless, or who are in need of mental health or substance abuse services. Counties must also assist participants in applying for the federal Earned Income Tax Credit (EITC). Counties have the option of providing additional cash assistance or supportive services to promote sustainable employment and to provide opportunities for participants to open Individual Development Accounts (IDAs).

⁷Colorado Department of Human Services, Agency Letter TCW-99-31-I, October 8, 1999.

⁸Colorado Department of Human Services, Agency Letter TCW-99-32-I, October 18, 1999.



Sanctions

Colorado Works recipients who fail to comply with program requirements will face sanctions. The first sanction reduces the BCA grant by 25 percent for between one and three months, at county option. Counties set the length of subsequent sanctions within ranges established by the State. Counties have some flexibility to establish additional circumstances that will result in sanctions, but may not impose sanctions that interfere with recipients' receipt of food stamps or Medicaid. Counties must also determine good cause reasons for noncompliance with program requirements.

Definition of Assistance

As a result of April 1999 revisions in TANF regulations, states can provide services to low-income families without affecting their lifetime limit on basic cash assistance receipt. The final TANF regulations give the states additional flexibility to serve a broader population of low-income families beyond just those eligible for basic cash assistance. Under the final regulations, only families receiving benefits and services defined as "assistance" are subject to TANF's time limits, child support enforcement, and work participation requirements. "Assistance" under TANF is defined as cash payments, vouchers, and benefits designed to meet a family's ongoing basic needs, and also includes supportive services such as transportation or child care for families who are not employed.

Colorado Works Expenditures During State Fiscal Year 2001

During SFY 2001, total federal, state, and county expenditures for the Colorado Works Program totaled \$197.7 million, an increase of 12 percent from total expenditures of \$176.4 million in SFY 2000. Federal TANF block grants funded \$107.6 million or 54 percent, of total Colorado Works expenditures in SFY 2001. State and county maintenance-of-effort (MOE) expenditures accounted for \$90.1 million, or 46 percent, of Colorado Works spending. To receive federal block grant funds, states are required to contribute spending equal to 80 percent of its spending on



Title IV-A and Title IV-F programs in Federal Fiscal Year 1994.⁹ The required contribution by states to TANF financing is known as the maintenance-of-effort (MOE) requirement.

Total expenditures for SFY 2001 included \$48.3 million of state and county spending for family preservation and child welfare programs, which counts as part of the State's MOE spending for the TANF program. Although some Colorado Works recipients receive services through these programs, they are administered separately through county child welfare departments.¹⁰

County Reserve Funds Decreased from the Levels of a Year Ago and Vary Widely in Relative Size

During the first four years of the Colorado Works program, federal TANF grants to the State totaled \$581.5 million (Exhibit 1.1). The State is allowed to transfer up to 10 percent of each year's block grant funds into the Social Services Block Grant (SSBG) and a maximum of 30 percent into the SSBG and Child Care and Development Fund (CCDF) combined.¹¹ Expenditures of these transferred funds are then governed by the rules of the destination programs. As of June 2001, Colorado had transferred 25 percent of total TANF block grant funds from FFYs 1998, 1999, 2000, and 2001 to CCDF and SSBG, close to the limit for such transfers. In fact, the state did reach the 30 percent cap during FFYs 1999 and 2000 and will likely do so for FFY 2001 as well. As of June 2001, the state had transferred \$30.1 million of its FFY 2001 TANF grant to CCDF and \$12.1 million to SSBG.

⁹Prior to the TANF Program, the Title IV-A Emergency Assistance Program provided child welfare services to families where a child was at risk of being removed from the home. This program, along with the Title IV-F programs (AFDC and JOBS) of the Social Security Act were consolidated into the TANF block grant program.

¹⁰Prior to welfare reform, Colorado used federal matching funds under the Title IV-A Emergency Assistance Program and state funds to provide child welfare services to families with a child at risk of being removed from the home. Title IV-A was one of the three major federal Social Security Act programs (along with AFDC and JOBS) that were consolidated into the TANF block grant program.

¹¹The Social Services Block Grant finances child welfare services and the Child Care and Development Fund finances child care for low-income families through the Colorado Child Care Assistance Program (CCCAP).



Of the approximately \$436 million of federal TANF funds that remained available after transfers to the other grants, Colorado had spent \$361 million by the end of SFY 2001. This included the entire balance of FFYs 1997, 1998, and 1999 block grant funds. Of the remaining \$75 million of federal TANF funds, \$61.6 million was allocated to county reserve funds and \$13.5 million was obligated for incurred or planned expenditures. Obligated expenditures included \$12.1 million for the Colorado Benefits Management System (CBMS), \$842,655 for state-level accounts payable, and a \$565,000 Colorado Works evaluation roll forward. In total, county reserve funds at end of SFY 2001 were 37 percent lower than the level of a year earlier.

Exhibit 1.1
Federal, State, and County TANF/Colorado Works Expenditures
July 1997 —June 2001

	Total Expenditures (Millions)
1) Total Federal TANF Block Grant Award	\$581.5
2) Transfers of Federal Block Grant to Child Care and Development Fund (CCDF)	\$89.3
3) Transfers of Federal Block Grant to Social Services Block Grant (SSBG)	\$56.5
4) Federal Block Grant Funds Available for TANF	\$435.7
5) Federal Block Grant Expenditures on TANF	\$360.6
6) County Colorado Works Reserve Funds	\$61.6
7) Obligated but Unspent Federal TANF Block Grant Funds	\$13.5
8) Total State and County Maintenance-of-Effort (MOE) Expenditures	\$383.0
9) Total Federal, State, and County Funds Available for Colorado Works	\$818.7

Source: TANF ACF-196 Financial Reports.

Notes: Line 4 = Total Federal TANF Block Grant Award (line 1) minus the transfers to CCDF and SSBG (lines 2 and 3).

Line 7 includes \$12.1 million allocated to Colorado Benefits Management System (CBMS) capital construction, \$842,655 for accounts payable, and a Colorado Works Evaluation roll forward of \$565,000.

Line 8 includes \$167.9 million for family preservation and child welfare activities.

Line 9 = the sum of Federal Block Grant Funds Available for TANF (line 4) and the Total State and County MOE Expenditures (line 8).

Colorado Works reserve funds vary significantly in size among the counties. Exhibit 1.2 shows the size of each county's Colorado Works reserve fund as of the end of SFY 2001 and also indicates the size of each reserve fund as a percentage the county's SFY 2001 Colorado Works expenditures.¹² Reserves as a percentage of expenditures ranged from 0 percent in several small counties to above 300 percent. Among the 14 counties with the largest Colorado Works caseloads, reserve funds ranged from 5 percent to 233 percent. A number of factors have contributed to these differences in relative reserve fund level:

- In counties that have experienced large declines in their Colorado Works caseloads, spending on cash assistance to recipients has been less than anticipated.
- Counties differences in program design and spending priorities have also impacted reserve fund levels. For example, some counties have assigned priority to providing child care assistance to families or providing child-only cases with supplemental benefits and have spent more of their TANF block grant allocation to finance these initiatives, leading to lower reserve fund levels.

TANF regulations limit the use of unobligated federal block grant funds in two ways. First, transfers of TANF block grant funds to the CCDF and SSBG must be made during the federal fiscal year in which the federal TANF funds were awarded. Second, any unobligated funds carried over from a prior year's federal TANF block grant can only be spent on benefits and services that meet the definition of assistance described earlier. The Department of Human Services considers funds allocated to county reserves to be obligated and thus not subject to the assistance spending restriction.

¹²These expenditures exclude state-level Colorado Works expenditures and MOE expenditures on family preservation and child welfare activities.

Exhibit 1.2

Colorado Works County Reserve Funds

At Year End, State Fiscal Year 2001

County	Reserve Balance at Year End	Reserve Balance as Percentage of the County's SFY 2001 Colorado Works Expenditures
Adams	\$10,589,481	99.6%
Alamosa	\$201,890	15.1%
Arapahoe	\$665,659	6.9%
Archuleta	\$3,328	1.0%
Baca	\$122,743	72.4%
Bent	\$303,092	103.3%
Boulder	\$1,372,098	32.0%
Chaffee	\$435,642	106.1%
Cheyenne	\$79,572	319.9%
Clear Creek	\$113,429	83.2%
Conejos	\$470,531	68.6%
Costilla	\$325,326	120.4%
Crowley	\$185,846	38.6%
Custer	\$111,655	206.4%
Delta	\$751,959	75.8%
Denver	\$7,028,527	19.1%
Dolores	\$0	0.0%
Douglas	\$607,589	383.9%
Eagle	\$52,436	25.5%
Elbert	\$200,380	184.6%
El Paso	\$8,859,386	59.5%
Fremont	\$1,450,561	86.7%
Garfield	\$175,960	16.7%
Gilpin	\$74,896	157.5%
Grand	\$15,079	20.1%
Gunnison	\$38,401	39.4%
Hinsdale	\$0	0.0%

Exhibit 1.2 (continued)		
County	Reserve Balance at Year End	Reserve Balance as Percentage of the County's SFY 2001 Colorado Works Expenditures
Huerfano	\$412,224	86.4%
Jackson	\$38,137	175.5%
Jefferson	\$979,041	10.9%
Kiowa	\$26,711	101.2%
Kit Carson	\$48,040	51.9%
Lake	\$104,811	156.2%
La Plata	\$160,493	16.2%
Larimer	\$487,679	10.5%
Las Animas	\$1,558,734	201.2%
Lincoln	\$61,523	111.3%
Logan	\$186,127	27.4%
Mesa	\$1,251,640	24.7%
Mineral	\$0	0.0%
Moffat	\$446,899	140.2%
Montezuma	\$335,398	42.9%
Montrose	\$246,958	23.1%
Morgan	\$300,007	30.0%
Otero	\$1,425,452	113.1%
Ouray	\$17,847	42.8%
Park	\$93,323	78.4%
Phillips	\$27,117	35.3%
Pitkin	\$9,477	26.8%
Prowers	\$0	0.0%
Pueblo	\$11,454,775	216.6%
Rio Blanco	\$141,479	110.5%
Rio Grande	\$61,422	5.2%
Routt	\$93,444	72.9%
Saguache	\$473,605	103.0%



Exhibit 1.2 (continued)		
County	Reserve Balance at Year End	Reserve Balance as Percentage of the County's SFY 2001 Colorado Works Expenditures
San Juan	\$20,567	36.3%
San Miguel	\$59,024	147.1%
Sedgwick	\$47,522	119.9%
Summit	\$55,654	38.3%
Teller	\$226,089	50.6%
Washington	\$26,039	21.0%
Weld	\$6,827,664	232.5%
Yuma	\$33,624	15.0%
All Counties	\$61,974,011	50.1%

Source: Colorado Department of Human Services financial data.

Cash Assistance Benefits and Services for Recipients Accounted for Two-Thirds of Colorado Works Expenditures

A detailed breakdown of federal and state/county Colorado Works expenditures during SFY 2001 is reported in Exhibit 1.3. The expenditure categories are based on required federal reporting guidelines and reflect the distinction between “assistance” and “non-assistance” set forth in the final TANF regulations (as discussed above).

Exhibit 1.3 Colorado Works Expenditures State Fiscal Year 2001				
<u>Category</u>	<u>Federal Funds</u>	<u>State/County Funds</u>	<u>Total Expenditures</u>	
Expenditures on Assistance:				
Basic Assistance	\$30,914,916	\$13,981,924	\$44,896,840	22.7%
Supportive Services for Non-Employed Families	\$3,028,306	\$1,204,820	\$4,233,126	2.1%
Expenditures on Non-Assistance				
Work Subsidies	\$5,674	\$1,041	\$6,715	0.0%
Education and Training	\$575,667	\$114,078	\$689,745	0.3%
Other Work Activities and Work- Related Expenses	\$288,923	\$56,081	\$345,004	0.2%
Child Care for Employed Families	\$2,239,186	\$442,944	\$2,682,130	1.4%
Transportation for Employed Families	\$2,128,525	\$406,850	\$2,535,375	1.3%
Non-Recurrent Short-Term Benefits	\$5,687,410	\$2,461,679	\$8,149,089	4.1%
Administration	\$5,721,680	\$3,831,083	\$9,552,763	4.8%
Systems	\$7,024,039	\$2,375,570	\$9,399,609	4.8%
Expenditures Authorized Under Prior Law	\$3,557,714	\$0	\$3,557,714	1.8%
Other:				
a) Colorado Works County Program-Related Costs	\$45,449,264	\$10,087,502	\$55,536,766	28.1%
b) Colorado Works State Program-Related Costs	\$934,931	\$0	\$934,931	0.5%
c) CCCAP-Colorado Works Child Care Subsidies	\$0	\$8,985,901	\$8,985,901	4.5%
d) Family Preservation and Child Welfare Activities	\$0	\$46,164,171	\$46,164,171	23.4%
Total	\$107,556,236	\$90,113,648	\$197,669,884	100%
Source: TANF ACF-196 financial reports and Colorado Department of Human Services financial data.				

There are two expenditure categories for assistance:

- **Basic Assistance** includes monthly cash assistance benefits (excluding diversion payments), supplemental cash assistance payments, and other payments intended to meet ongoing basic needs, including Low-Income Energy Assistance Program payments. In SFY 2001, total expenditures for assistance amounted to \$44.9 million.
- **Supportive services for non-employed families** include transportation assistance and services necessary to help people participate in a work activity. Total expenditures in this category were \$4.2 million.

Expenditures for non-assistance are categorized as follows:

- **Work subsidies** are payments to employers made on behalf of a recipient to help cover the costs of wages, benefits, or training. During SFY 2001, \$6,715 was expended for work subsidies.
- **Education and training** includes expenditures for education- and training-related work activities or as a supplement to other work activities. Expenditures amounted to \$689,745 in SFY 2001.
- **Other work activities and work-related expenses** include expenditures for job preparation activities and other payments for work expenses. Expenditures were \$345,004 in SFY 2001.
- **Child care for employed families** includes expenditures on direct provision of child care services using TANF funds but excludes subsidies to Colorado Works recipients provided through the Colorado Child Care Assistance Program. Approximately \$2.7 million was spent for direct child care services in SFY 2001.
- **Transportation for employed families** includes bus tokens, car repairs and payments, auto insurance reimbursement, and van services for employed Colorado Works recipients. Expenditures for transportation services amounted to \$2.5 million.

- **Non-recurrent short-term benefits** include diversion payments and one-time payments for job attainment and retention, such as payments for work clothes and equipment, rent, and utilities. Benefits in this area totaled \$8.1 million in SFY 2001.
- **Administration** includes administrative expenses that are not directly related to the provision of program services; these are subject to a federally imposed cap of 15 percent of total expenditures. Administration expenditures that meet this definition totaled \$9.6 million in SFY 2001.
- **Systems** includes expenditures for systems costs related to monitoring and tracking Colorado Works. These include expenditures for the Electronic Benefits System and for the CFMS, COIN, CACTIS, and CBMS administrative data systems. Expenditures for systems totaled \$9.4 million in SFY 2001.
- **Expenditures authorized under prior law** consist of expenditures for family preservation programs for TANF-eligible households and totaled \$3.6 million in SFY 2001.
- **Other** expenditures include the costs associated with case management such as program staff salaries, county office overhead costs, and contracts with outside service providers. Also included in this category are child care subsidies provided to Colorado Works recipients, and state and county MOE funds used for child welfare and family preservation activities. Total expenditures in this category during SFY 2001 were \$111.6 million.

Excluding state and county MOE expenditures for family preservation and child welfare programs, approximately \$149 million of federal, state, and county funds were spent on the Colorado Works program during SFY 2001. Of this amount, \$88.2 million, or 59 percent, involved direct cash assistance benefits and work-related supportive services for recipients. An additional \$11.7 million, or 8 percent of expenditures, was spent on Colorado Works Child Care subsidies and direct provision of child care services to Colorado Works recipients. Expenditures on general administration, systems, and county office overhead totaled \$25.8 million, or 17 percent of

expenditures. Salaries for county program staff totaled \$23.7 million, or 16 percent of all Colorado Works-related expenditures.

TANF-Related Expenditures Increased in SFY 2001

Total federal, state, and county Colorado Works-related expenditures rose by \$21.3 million, or 12 percent, in SFY 2001 (Exhibit 1.4). This increase occurred in the context of a drop in BCA caseload levels between SFY 2000 and SFY 2001, and a corresponding decrease in expenditures for BCA of \$7.4 million, or 14 percent.

Several factors contributed to the overall increase in Colorado Works expenditures during SFY 2001:

- First, expenditures for benefits other than monthly cash assistance increased during SFY 2001. For example, non-recurrent short-term benefits (which includes state and county diversion payments) increased by \$4.2 million, or 109 percent. Supportive services for non-employed families increased by \$1.9 million, or 82 percent. Expenditures authorized under prior law (for family preservation activities) increased by \$3.1 million, or 672 percent.
- Second, two types of expenditures classified as “other” also contributed to the expenditure increase for SFY 2000: expenditures for family preservation and child welfare activities targeted to families with a child at risk of being removed from the home (and who are not necessarily enrolled in Colorado Works) increased by \$5.8 million, or 14 percent; and county program-related costs increased by \$12.6 million, or 29 percent.

Exhibit 1.4 Colorado Works Expenditures State Fiscal Years 2000 and 2001			
Category	Total Expenditures SFY 2000	Total Expenditures SFY 2001	Percent Change
Expenditures on Assistance			
Basic Assistance	\$52,287,412	\$44,896,840	! 14.1%
Supportive Services for Non-Employed Families	\$2,328,709	\$4,233,126	81.8%
Expenditures on Non-Assistance			
Work Subsidies	\$3,833	\$6,715	75.2%
Education and Training	\$590,148	\$689,745	16.9%
Other Work Activities and Work-Related Expenses	\$456,515	\$345,004	! 24.4%
Child Care for Employed Families	\$2,207,095	\$2,682,130	21.5%
Transportation for Employed Families	\$1,783,337	\$2,535,375	42.2%
Non-Recurrent Short-Term Benefits	\$3,902,114	\$8,149,089	108.8%
Administration	\$9,743,618	\$9,552,763	! 2.0%
Systems	\$7,453,844	\$9,399,609	26.1%
Expenditures Authorized Under Prior Law	\$460,946	\$3,557,714	671.8%
Other:			
a) Colorado Works County Program-Related Costs	\$42,942,684	\$55,536,766	29.3%
b) Colorado Works State Program-Related Costs	\$1,536,462	\$934,931	! 39.2%
c) CCCAP-Colorado Works Child Care Subsidies	\$10,327,045	\$8,985,901	! 13.0%
d) Family Preservation and Child Welfare Activities	\$40,356,638	\$46,164,171	14.4%
Total	\$176,380,399	\$197,669,884	12.1%
State/County MOE Expenditures on Family Preservation and Child Welfare Activities	\$44,919,789	\$48,322,083	7.6%
Source: BPA tabulations using TANF ACF-196 Financial Reports and Colorado Department of Human Services Financial Data.			
Notes: Total Expenditures include federal TANF block grant funds and state and county maintenance-of-effort funds. State and county MOE expenditures on family preservation and child welfare activities are included in Total Expenditures as well as broken out separately.			



Most of the increase in county program-related expenditures during SFY 2001 stemmed from an increase in contracts for program services for Colorado Works recipients. Exhibit 1.5 provides additional detail on county program-related expenditures. Contracts for program services increased by 70 percent between SFY 2000 and SFY 2001, from \$14.0 million to \$23.8 million. During the same period, total expenditures for county program staff salaries, staff benefits, and overhead increased by 10 percent.

These expenditure patterns indicate that counties have continued to take advantage of the flexibility of the TANF program to direct expenditures towards the provision of a broad range of services through the Colorado Works program, including services provided by outside contractors, state and county diversion payments, and other assistance payments to Colorado Works BCA recipients.

Exhibit 1.5			
Detail on Colorado Works County Program-Related Expenditures			
State Fiscal Year 2000 and State Fiscal Year 2001			
<u>Category</u>	<u>SFY 2000 Expenditures</u>	<u>SFY 2001 Expenditures</u>	<u>Year-to-Year Percent Change</u>
Contracts for Program Services	\$13,984,612	\$23,823,563	70.4%
Combined Program Staff Salaries and Benefits and Overhead	\$28,958,072	\$31,713,203	9.5%
Program Staff Salaries and Benefits	n.a.	\$23,665,288	n.a.
Program Overhead	n.a.	\$8,047,915	n.a.
Total	\$42,942,684	\$55,536,766	29.3%
Source: BPA tabulations from TANF ACF 196 financial reports and Colorado Department of Human Services financial reports.			
Note: n.a. = not available. Detailed breakouts of program staff salaries and benefits and program overhead were not available for SFY 2000.			

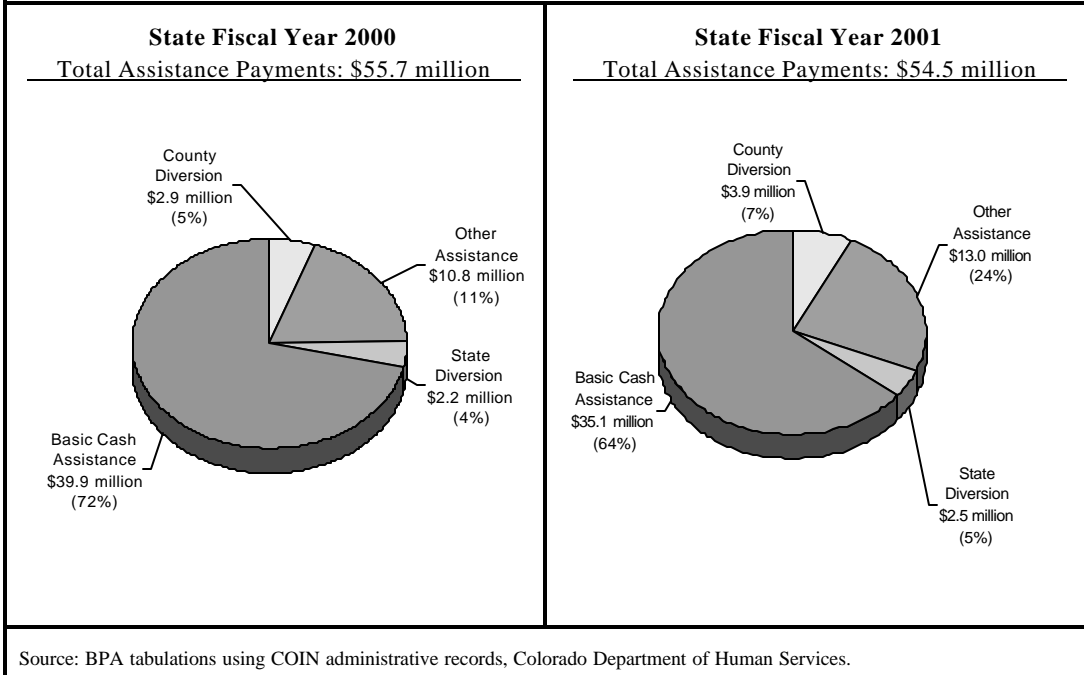
The Composition of Assistance Payments to Recipients

Last year, in BPA's *Second Annual Report*, we noted that the composition of direct cash assistance and supportive services benefits paid to recipients had changed over the first three years of Colorado Works, reflecting the expanded provision of supportive services to Colorado Works recipients. This trend continued during SFY 2001, the fourth year of Colorado Works. Counties expanded their uses of more flexible forms of assistance allowed under the Colorado Works program, as is evident in Exhibit 1.6. BCA payments declined both in amount and as a proportion of all assistance payments. In SFY 2001, total assistance payments to Colorado Works participants amounted to \$54.5 million, of which BCA payments accounted for 64 percent.¹³ This was a marginal decrease from SFY 2000, when total assistance payments were \$56 million, and the share of BCA payments was 72 percent of all assistance payments. Meanwhile, State and County Diversion payments combined increased by 25 percent between SFY 2000 and SFY 2001.

¹³Total assistance payments, as defined in this section, include monthly BCA payments, State and County Diversion payments, and other assistance payments made to recipients or to a vendor on behalf of an individual recipient. Total assistance payments are not equivalent to the basic assistance category on the federal ACF-196 forms, reported in Exhibit 1.2. Some types of assistance, such as the Low-Income Energy Assistance Program, are included in the ACF-196 basic assistance category, but not in the COIN administrative data, which we use to measure total assistance payments. Other payments, such as short-term diversion payments, are included in total assistance payments discussed here but are not included in the ACF-196 category.



Exhibit 1.6

Total Expenditures for Basic Cash Assistance, Other Assistance Payments and State and County Diversion Payments
State Fiscal Years 2000 and 2001**Other Assistance Payments Continued to Increase**

Other assistance payments, which are made only to those receiving BCA, fund a variety of supportive services for Colorado Works participants. These payments are made directly to the recipient or to a vendor on behalf of a recipient. The types of services funded by other assistance payments, the number of payments for each type, and average payment amounts are shown in Exhibit 1.7.

Exhibit 1.7
Colorado Works Other Assistance Payments by Type
 State Fiscal Years 2000 and 2001

Assistance Category	SFY 2000			SFY 2001		
	Number (%)	Average Payment	Total Expenditures	Number (%)	Average Payment	Total Expenditures
Supplemental Cash Assistance	13,586 (18.8%)	\$268	\$3,643,212	18,554 (25.3%)	\$304	\$5,649,159
Miscellaneous	19,428 (26.9%)	\$179	\$3,484,559	14,279 (19.5%)	\$204	\$2,915,100
Transportation	30,079 (41.7%)	\$72	\$2,179,420	29,546 (40.3%)	\$84	\$2,468,584
Clothing	1,007 (1.4%)	\$124	\$124,769	3,644 (5.0%)	\$187	\$680,809
Educational Expenses	4,300 (6.0%)	\$144	\$619,619	3,161 (4.3%)	\$194	\$613,646
Other Work Expenses	3,537 (4.9%)	\$193	\$682,888	3,637 (5.0%)	\$165	\$600,656
Family Planning Assistance	4 (0.0%)	\$158	\$632	185 (0.3%)	\$331	\$61,213
Employer Incentives	269 (0.4%)	\$316	\$84,870	310 (0.4)	\$106	\$32,893
Total	72,210	\$150	\$10,819,969	73,316	\$178	\$13,022,058

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

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



As Exhibit 1.7 shows, total expenditures for other assistance payments, the total number of other assistance payments, and the average payment all increased from SFY 2000 to SFY 2001. This was despite an overall decline in the Colorado Works BCA caseload during the same period. Total expenditures increased by 20 percent to \$13 million, and the average payment increased from \$150 to \$178. The total number of payments increased by 2 percent to 73,316.

Three categories of other assistance accounted for most of the payments made in SFY 2001: transportation (40 percent of all payments), supplemental cash assistance (25 percent of all payments), and miscellaneous payments that do not fall into the existing categories (20 percent of all payments). Of these, the number, average size and total expenditures for supplemental cash assistance payments increased most significantly during SFY 2001. Supplemental cash assistance payments are used to provide additional cash assistance to recipients or as cash incentives conditioned on recipients meeting established program goals. Several counties use these incentive payments for Colorado Works recipients who successfully enroll in a federally approved work activity and meet the required monthly hours of participation. These payments are also made to recipients upon entry into full-time unsubsidized employment. El Paso County is using supplemental cash assistance to provide additional cash assistance to child-only families, and another county has been using supplemental cash assistance payments to provide a higher earned income disregard for recipients who begin paid employment. Transportation payments are relatively small on average (\$84) and are typically used to fund public transit passes or vouchers, or minor car repairs.

Counties are using other assistance payments more intensively to assist those recipients remaining on BCA. In both SFY 2000 and SFY 2001, about one-third of families on Colorado Works received at least one payment categorized as other assistance. The total per recipient value other assistance payments increased from an average of \$890 during SFY 2000 to \$1,028 during SFY 2001, indicating that more families are getting multiple other assistance payments.



Chapter 2: Colorado Works Caseload Trends

Introduction

The implementation of Colorado Works transformed the State's welfare system from a traditional cash benefit program into a multifaceted program that emphasizes employment and aims to promote self-sufficiency. In addition to cash assistance—which now requires participation in work-related activities—families may benefit from other types of assistance, such as diversion payments and a range of support services. Still, as illustrated in Chapter 1, monthly Basic Cash Assistance (BCA) remains the core component of Colorado Works in terms of both the number of participating families and the share of total program expenditures. In this chapter, we discuss the trends in Colorado Works caseload levels and the characteristics of BCA recipients.

Overview of Findings

Following a steady decline during the first three years of Colorado Works, the total BCA caseload remained stable at about 12,000 cases during the fourth program year (SFY 2001). The caseload stabilized because the number of new case openings started to closely match the number of case closures. In May 2001, the BCA caseload totaled 11,460 cases, of which 53 percent were single-parent cases, 4 percent two-parent cases, and 43 percent child-only cases. Recent data indicate that the overall caseload started to increase in September and October of 2001, in line with the weakening of the economy.

Other significant findings reported in this chapter include the following:

- There is little evidence to support the widely-held concern that the Colorado Works caseload has become increasingly comprised of long-term welfare recipients. The share of long-term recipients among the adult Colorado Works caseload has decreased over time.

- There is little indication that individuals entering the Colorado Works program have become more or less disadvantaged over time. Among new entrants, the proportion of repeat recipients has remained constant at about 60 percent since the implementation of Colorado Works in 1997.
- Colorado Works adult-headed cash assistance cases most frequently close after about four months. However, the longer recipients remain on cash assistance, the less likely they are to leave the program. The likelihood of exit from Colorado Works is also affected by the strength of the local economy, recipients' work histories, and personal barriers to finding and retaining employment.
- After exiting the program, about one out of five recipients returns to cash assistance within a year. This re-entry rate has not changed significantly since the start of Colorado Works.

Trends in Caseload Size and Characteristics

In this section, we examine trends in the size and composition of the Colorado Works caseload. We discuss the stabilization of the BCA caseload during its fourth program year and changes in the demographic profile of BCA recipients.

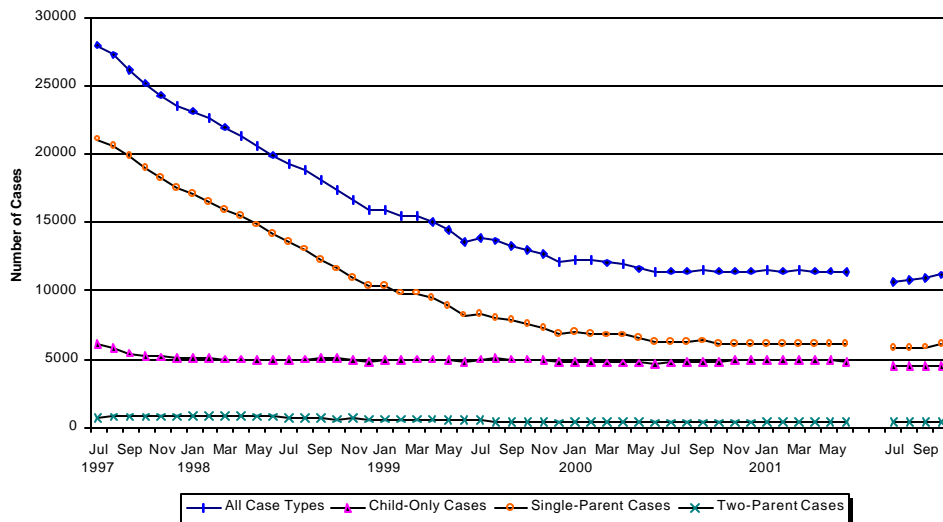
The Number of Colorado Works Cases Stabilized During SFY 2001

At the start of Colorado Works in July 1997, the BCA caseload was approximately 28,000, with child-only cases accounting for one-fifth of this total. As discussed in our *Second Annual Report*, the Colorado Works caseload declined rapidly during the first two years of the program and continued to decline—though at a slower rate—during the third year (SFY 2000). During its fourth program year (SFY 2001), the monthly Colorado Works BCA caseload stabilized at about 12,000 cases—the level reached by the end of the third year (see Exhibit 2.1).¹

¹As highlighted in Part 1 of our *Third Annual Report*, families eligible for basic cash assistance can instead elect to receive a one-time State Diversion payment to meet short-time needs that, if not addressed, could result in the family going on BCA. While the number of BCA recipients remained unchanged during SFY 2001, the number of families which received State Diversion increased by 14 percent. However, because the number of families served by State Diversion is very small compared to the BCA caseload, the overall Colorado Works caseload remained level during SFY 2001.



Exhibit 2.1
Colorado Works Basic Cash Assistance Caseload
 By Case Type, July 1997 - June 2001



Source: BPA staff calculations based on COIN administrative records for July 1997-June 2001, Colorado Department of Human Services. Caseload counts for July 2001-October 2001 were provided by CDHS.

Note: Because of differences in counting methods, data for July 2001-October 2001 provided by CDHS does not exactly match BPA caseload counts based on COIN administrative records.

The numbers of each major case type—single-parent, two-parent, and child-only—declined during the first three program years. Single-parent cases accounted for most of the decline. Consequently, the proportion of the caseload represented by child-only cases increased over time, reaching about 40 percent of the caseload by the end of the third program year. It has remained at that level through the fourth program year. As of May 2001, the BCA caseload totaled 11,460 cases, of which 53 percent were single-parent cases, 4 percent were two-parent cases, and 43 percent were child-only cases.²

²Appendix A provides additional caseload trend information over time, by the type of assistance and by county.

For the more recent months of July through October 2001, summary caseload data provided by the Colorado Department of Human Services indicate that the overall caseload began increasing slightly in September and October 2001.³

The Strong Economy Contributed to the Caseload Reduction in the First Four Years of Colorado Works Implementation

Existing research attributes the nationwide declines in state TANF caseloads to both the strong U.S. economy during the past five years and to the program changes brought about by welfare reform. Our analysis of Colorado Works caseload trends is consistent with these national findings. During the first four years of Colorado Works, the decline in the Colorado Works caseload was partly due to the state's strong economy. We estimate that a one percentage point drop in unemployment rates contributed to about a 3 percent decrease in the caseload during the first four years of Colorado Works.⁴

Given the weakening of the economy, the Colorado Works caseload will likely increase during SFY 2001. However, our estimate of the relation between local unemployment rates and caseload size does not allow us to forecast with any precision the impact of an economic downturn on caseload levels. Because our estimate is based on the recent past, during which the unemployment rate was generally declining, using the estimate to forecast caseload changes when unemployment begins to increase will be less reliable. Based on the estimate above, we cannot necessarily infer that a one percentage point increase in the unemployment rate will lead to a 3 percent increase in the Colorado Works caseload in the future.⁵

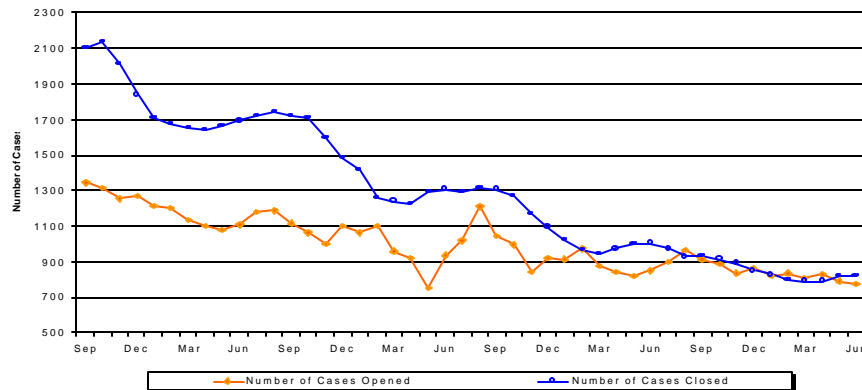
³Exhibit 2.1 illustrates findings from the summary caseload data provided by CDHS for July 2001-October 2001. These data are based on a different counting method and therefore do not exactly match BPA's caseload counts using COIN administrative records. However, the overall trends in the caseload are consistent across the two sets of case numbers.

⁴Appendix B provides additional detail on our estimates of the impact of the unemployment rate on caseload levels.

⁵Previous research indicates that welfare caseloads indeed increased significantly during recessions. For example, during the AFDC program, a 1 percent increase in unemployment was associated with a 3 to 5 percent increase in the AFDC caseload. Within the AFDC-Unemployed Parent (AFDC-UP) program, which was by design targeted to unemployed families and therefore experienced more cyclical trends in its caseload than the general AFDC program, a 1 percent increase in unemployment historically resulted in a 9 to 17 percent rise in enrollment of jobless married families. See Rebecca M. Blank, "Welfare and the Economy," Welfare Reform and Beyond Policy Brief, No. 7, Washington, DC: The Brookings Institution,

As shown in Exhibit 2.2, the rapid decline in the adult-headed caseload during the first two years of Colorado Works resulted from monthly case closures exceeding case openings by a wide margin. During SFY 2001, the number of case openings and closures have converged and consequently, the Colorado Works caseload has not continued to decline. The number of adult-headed case openings declined slowly over the first three years of Colorado Works and remained relatively stable during SFY 2001, even as the state’s population increased over time.⁶ In interviews conducted by BPA, county Colorado Works staff reported an increase in applicants during the summer of 2001, and preliminary data on case approvals from CDHS indicate that the number of new cases has been on rise since August 2001.

Exhibit 2.2
Colorado Works Basic Cash Assistance New and Closed Cases
 Adult-Headed Cases
 August 1997 - July 2001



Source: BPA staff tabulations based on COIN administrative records, Colorado Department of Human Services.

Note: Monthly case openings and closures are three-month moving averages.

September 2001.

⁶Sharp increases in July and January are likely to reflect the seasonal case processing patterns at the start of fiscal and calendar years. As noted earlier, the absolute number of new recipients increased somewhat if State Diversion is taken into account.

Among Colorado Works Recipients, Time Spent on Assistance Has Decreased

Since enactment of federal welfare reform legislation in 1996, advocates and policy makers have expressed concern that the TANF program would move only the most employable recipients off cash assistance, thus creating a welfare system largely consisting of long-term recipients who are the hardest to serve and have the greatest barriers to employment. In our *Second Annual Report*, we indicated that—despite these concerns—the Colorado Works caseload had *not* experienced an increased prevalence of long-term welfare recipients as of the end of SFY 2000.

In updating this analysis for SFY 2001, we again find no evidence that the Colorado Works caseload is increasingly comprised of recipients who are persistently dependent on cash assistance. Two related findings, discussed below, support this conclusion.

- The proportion of adult recipients with a prior history of AFDC receipt has declined.
- The proportion of short-term recipients on Colorado Works has increased.

First, there has been a significant decrease in the proportion of adults on Colorado Works with a prior history of AFDC receipt. As shown in Exhibit 2.3, between November 1997 and May 2001, the percentage of adults with histories of AFDC receipt dropped from 91 percent to 49 percent. The large number of former AFDC recipients who left cash assistance during this period contributed to a significant decline in the average number of months on cash assistance (combined total months of AFDC and Colorado Works assistance) among adult Colorado Works recipients. Among Colorado Works recipients, total months of welfare receipt dropped from 59 months to 42 months between November 1997 and May 2001 (see Exhibit 2.3).

Exhibit 2.3

Characteristics of Colorado Works Recipients

Adults from Single-Parent Cases

Selected Months, 1997-2001

	November 1997	November 1998	November 1999	November 2000	May 2001
Average Age	30.2	30.3	30.1	29.5	29.2
Percentage Male	3.9%	4.4%	4.1%	4.7%	5.1%
Percentage Married	9.0%	9.2%	8.1%	8.1%	8.0%
Percentage White	44.0%	45.5%	47.6%	45.8%	45.7%
Percentage African American	15.7%	16.4%	16.5%	18.0%	18.5%
Percentage Hispanic	35.6%	33.8%	31.7%	31.4%	31.5%
Percentage Other Race / Ethnicity	4.7%	4.3%	4.1%	4.8%	4.3%
Percentage Completed High School/GED	54.0%	53.6%	53.8%	53.8%	52.9%
Average Number of Children in Household	2.0	2.0	2.0	2.0	2.0
Average Age of Youngest Child in Household	4.7	4.7	4.4	4.2	4.2
Percentage with Child at Age 4 or Younger in Family	56.9%	56.8%	60.2%	63.6%	62.5%
Percentage Employed(a)	30.9%	36.3%	39.2%	36.9%	n.a.
Average Quarterly Earnings(b)	\$1,244	\$1,416	\$1,476	\$1,514	n.a.
Average Months on Colorado Works	4.5	10.6	11.8	10.6	10.6
Percentage with a History of AFDC	91.1%	76.3%	64.9%	53.2%	48.9%
Average Total Months on Cash Aid including AFDC and Colorado Works	59.2	57.9	52.4	44.0	42.1
Percentage Continued on from AFDC	78.9%	43.2%	19.5%	8.1%	5.6%
Number of Recipients	18,189	11,237	7,558	6,369	6,348

Source: BPA staff tabulations based on COIN administrative records, Colorado Department of Human Services, and Unemployment Insurance records, Colorado Department of Labor and Employment.

Notes: (a) A recipient is counted as employed if he or she earned \$100 or more in a UI-covered job during the calendar quarter corresponding to the month of Colorado Works enrollment. (b) Average earnings are calculated for those who earned \$100 or more in a UI-covered job for the quarter corresponding to the month of Colorado Works enrollment.



Second, Colorado Works recipients have become more likely to remain on cash assistance for a shorter periods. To assess recipients' lengths of time on Colorado Works, we examined the changes in the proportion of short-term recipients on the caseload. Specifically, we compare the share of short-term recipients (those with 10 or fewer months on Colorado Works) during the first two years of the program with the share of short-term recipients during the third and fourth years of the program.⁷ As shown in Exhibit 2.4, the share of short-time recipients increased from 54 to 65 percent between the SFY 1998/1999 and the SFY 2000/2001 groups.

Exhibit 2.4 Long-Term and Short-time Recipients in the Colorado Works Caseload Adults from Single-Parent Cases SFY 1998/SFY 1999 and SFY 2000/SFY 2001		
	On Colorado Works in SFY 1998 or SFY 1999	On Colorado Works in SFY 2000 or SFY 2001
Percentage of Recipients with Less than 10 Months on Colorado Works	54.3 %	64.6 %
Percentage of Recipients with 10 or More Months on Colorado Works	31.9 %	20.8 %
Percentage of Repeaters	13.8 %	14.5 %
Number of Individuals Enrolled in Colorado Works Basic Cash Assistance	35,762	22,210

⁷ These two groups include all adults from single-parent cases enrolled in the program at any point during the first two years of the program and during the third and fourth years of the program.



This decrease in length of time on assistance among Colorado Works recipients affirms one of the key conclusions presented in our *Second Annual Report*: that the Colorado Works caseload does *not* increasingly consist of individuals with persistent welfare dependence. It remain true that those with longer spells on cash assistance tend to have multiple barriers to self-sufficiency and are less likely to leave the program (as we discuss in Chapter 3). However, adults on the caseload overall did not appear to have more difficulty leaving cash assistance during the fourth year of the program than during the first year.

Characteristics of Colorado Works Entrants

As noted above, Colorado Works represented a new approach to cash assistance, one with a greater emphasis on employment services and self-sufficiency. This shift in program emphasis would potentially lead to a change in the composition of the group of individuals who apply for and enroll in the program. For example, some individuals might be deterred from enrolling because of program work requirements or the lifetime limit on receipt of cash assistance. Others might be drawn to the program because of the availability of new services. In this section, we examine the characteristics of Colorado Works entrants (defined as individuals opening Colorado Works cases, whether for the first time or as a returning recipient) in order both to gauge whether these characteristics have changed over time and to understand whether first-time entrants differ from returning Colorado Works recipients.

Consistently Since the Start of Colorado Works, Three-Fifths of Entrants Have Been Repeat Recipients of Cash Assistance

There is no indication that individuals entering Colorado Works have become more or less disadvantaged in terms of their welfare history. Exhibit 2.5 shows the rates of prior cash assistance receipt among Colorado Works entrants at five points in time from November 1997 to May 2001. The percentage of enrollees with previous spells on cash assistance—either AFDC or Colorado Works—has been relatively stable over time, fluctuating between 59 and 64 percent.

Exhibit 2.5 Entrants to Colorado Works with Prior Cash Assistance Experience Adult Entrants in Single-Parent Cases Selected Months, 1997-2001		
Month	Total Number of New Adult Recipients	Percentage with Previous Cash Assistance (AFDC/Colorado Works)
November 1997	964	62.7%
November 1998	988	61.9%
November 1999	739	64.0%
November 2000	767	59.1%
May 2001	723	61.0%

Source: BPA staff tabulations based on COIN administrative records, Colorado Department of Human Services.

Furthermore, our analysis indicates that there have been no significant changes in a variety of other characteristics of Colorado Works enrollees over time, despite both significant changes in the program itself and the strong state-wide economy during the first four years of Colorado Works.⁸ Neither first-time nor re-entering recipients appeared to be significantly more or less job-ready as a group at the time of their entry in 2001 than they were in 1997.

Re-Entering Recipients May Face More Obstacles to Employment than First-Time Enrollees

The characteristics of recipients entering Colorado Works for the first time differ in significant ways from the characteristics of recipients re-entering the program. As shown in Exhibit 2.6, first-time recipients were, on average, a few years younger than re-entering recipients and, consequently, had fewer and younger children. First-time and re-entering recipients also differed in racial and ethnic composition. For example, the percentage of African Americans and Hispanics was slightly lower among first-time recipients than it was among re-entering recipients.

⁸Changes over time in characteristics of enrollees are summarized in Appendix C.



Exhibit 2.6

Characteristics of Entrants to Colorado Works by Previous Cash Aid Receipt
Adult Entrants in Single-Parent Cases, November 2000

	First-Time Entrants (No Prior AFDC/CW)	Re-Entering Entrants (With Previous AFDC/CW)
Average Age	26.8	29.9
Percentage Male	13.1%	5.5%
Percentage Married	6.7%	9.1%
Percentage White	56.1%	43.3%
Percentage African-American	9.6%	19.4%
Percentage Hispanic	26.1%	33.6%
Percentage Other Race/Ethnicity	8.3%	3.7%
Average Age of Youngest Child in Household	3.0	4.7
Average Number of Children in Household	1.4	2.1
Percentage with Child at Age 4 or Younger in Family	74.2%	57.6%
Percentage Employed in the Quarter of Enrollment (a)	41.4%	51.4%
Average Quarterly Earnings in the Quarter of Enrollment (b)	\$1,258	\$1,087
Number of Quarters Employed Prior to Entry (a)	1.8	2.5
Average Quarterly Earnings Over the Four Quarters Prior to Entry (c)	\$1,527	\$1,767
Months on Cash Aid (AFDC/Colorado Works) Prior to Entry	n.a.	44.2
Months on Colorado Works Prior to Entry	n.a.	10.3
Number of Colorado Works Spells Prior to Entry	n.a.	1.2
Number of New Recipients	314	453

Source: BPA staff tabulations based on COIN administrative records, Colorado Department of Human Services.

Notes: n.a. = not applicable.

(a) Based on UI wage data. (b) The average is calculated among those reporting positive earnings.

(c) Mean quarterly earnings over the four quarters prior to entry is first calculated by including quarters without reported earnings. Then, the average reported here is computed by excluding those who do not report positive mean earnings over the four quarters prior to entry.

Re-entering recipients are more likely than first-time recipients to be employed prior to enrollment. Older individuals in general are more likely to be employed than those younger individuals. However, the difference in employment between the re-entering group and first-time recipients can not be accounted for entirely by the higher average age of the re-entering group. Even among older Colorado Works recipients, employment rates are consistently higher among re-entering recipients than among first-time recipients. This suggests that, compared with those entering Colorado Works for the first time, individuals re-entering the program are more likely to be enrolling for reasons other than lack of employment. Therefore, re-entry status may signal a recipient's need for more intensive assessment of harder-to-detect barriers to self-sufficiency.

Exit from Colorado Works

With regard to recipients who exit Colorado Works, two questions are especially relevant to program policy and design: (1) What factors determine the likelihood that a recipient will exit Colorado Works? and (2) How do Colorado Works leavers fare after they exit the program? In this section, we address the first of these two questions, providing empirical findings on factors that impact the probability of exit from Colorado Works. An increased understanding of these factors can inform the types of assistance and services that Colorado Works provides to recipients. The second of these questions, concerning post-exit outcomes, is addressed in Chapters 4 and 5.

The Probability of Leaving Colorado Works Is Highest Among Those on Cash Assistance for About Four Months and Declines as Time on Aid Increases

The likelihood of exit among Colorado Works recipients varies with the length of time spent in the program. As shown in Exhibit 2.7, the exit rate peaks at around four to five months spent on BCA, and then declines with longer time on aid.⁹ Exhibit 2.7 also shows that this relationship between time-on-aid and exit rates was consistent during SFY 1999, 2000, and 2001, even though the exit rate for every time-on-aid group was higher during SFY 2000.

⁹This exit rate is based on the total time an adult-headed case receives cash assistance. For example, the closure rate for cases which received cash assistance for two months and then leave, is the ratio of cases closings after two months to cases receiving assistance for two months or longer.



Exhibit 2.7

Case Closure Rates By Number of Months on Colorado Works
 Adult-Headed Cases, State Fiscal Years 1999, 2000, and 2001

Months on Colorado Works	Average Monthly Closure Rates		
	For Cases Closed During SFY99	For Cases Closed During SFY00	For Cases Closed During FY01
1	8.6%	12.3%	7.3%
2	13.0%	13.4%	11.7%
3	15.9%	16.2%	14.9%
4	18.5%	20.2%	18.1%
5	18.2%	18.6%	18.0%
6	16.5%	18.1%	16.6%
7 to 9	15.1%	16.3%	14.8%
10 to 12	13.9%	14.5%	13.2%
13 to 18	11.0%	12.6%	12.1%
19 to 24	9.4%	11.4%	11.7%
25 to 36	n.a.	9.3%	9.2%
37 to 48	n.a.	n.a.	6.9%

Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services

Notes: n.a. = not applicable.

The table reports a conditional closure rate: It is the percentage of cases that were closed provided they had been opened for a specified number of months. The monthly closure rate is calculated as follows: For a given month, the denominator is the number of cases which had been opened for a specified number of months. Of this, the number of cases that closed in the following month is used as the corresponding numerator. The case closure rate is calculated for each month and averaged over a given fiscal year.

There are two explanations for why the likelihood of exit from cash assistance decreases as time on assistance increases. One explanation is that individuals most capable of exiting BCA will do so during the first few months they are on assistance, while those who have difficulty leaving the program will remain, accruing more months on assistance. A second explanation is that a longer spell on cash assistance weakens one's ties to the labor market or causes unused job skills to deteriorate, thus reducing the probability of exiting the program for employment. As will be discussed in the next chapter, the connection between longer



periods on BCA and lower likelihood of exit has implications for recipients who are at risk of reaching Colorado Works' 60-month lifetime limit on BCA.

Employment-Related Factors as Well as Other Barriers to Self-Sufficiency Affect the Rate of Exit from Colorado Works

We used statistical models to estimate the effect of various factors on the probability of exit from Colorado Works among adult recipients who were enrolled in the program between July 1998 and December 2000.¹⁰ The results from our statistical analysis are summarized in Exhibit 2.8.

Exhibit 2.8
Factors Affecting the Probability of Leaving Colorado Works through Employment
 Based on Adults Enrolled in the Program between July 1998 and December 2000

Factors Positively Related to the Likelihood of Colorado Works Exit into Employment

- Age up to 36.5 Years
- Number of Quarters Employed before the Current Colorado Works Spell
- Employed Prior to Colorado Works Exit

Factors Negatively Related to the Likelihood of Colorado Works Exit into Employment

- Age above 36.5 Years
- Number of Children
- Total Months on Assistance
- Unemployment Rate in the County of Residence
- Hold Status or Assignment to County-Defined Activities Due to:

Medical Needs	Mental Health Needs
Homelessness	Domestic Violence
Referral to SSI	Referral to Vocational Rehabilitation
Lack of Child Care	

Source: BPA staff tabulations based on COIN administrative records.

Note: See Appendix D for more discussions on estimation methods and results. Exit via employment is defined as the cases in which recipients were employed in a UI-covered job during the first three months after their exit.

¹⁰Details on estimation methods and results are presented in Appendix D.



As expected, current employment and a longer period of employment prior to the current spell on Colorado Works are both correlated with a higher likelihood of program exit, and especially with a higher likelihood of exiting via employment. On the other hand, the likelihood of exit and the likelihood of exit via employment are both lower for recipients in counties with higher unemployment rates.

To illustrate further the effects that economic conditions and employment status have on the probability of exit, we estimated the impact of these factors using a hypothetical “average” Colorado Works recipient.¹¹ As Exhibit 2.9 shows for this hypothetical recipient, the probability of leaving the program after six months is estimated to be about 18 percent if the unemployment rate is 3.5 percent and if she is currently employed. If unemployment increases to 6 percent, the exit probability decreases to below 16 percent. Similarly, if the unemployment rate remains at 3.5 percent but the recipient is not currently employed, the estimated probability of leaving the program drops to 11 percent.¹² These illustrations demonstrate that labor market conditions and current employment status both matter in predicting the likelihood of program exit.

Exhibit 2.9 Estimated Exit Probability After Six Months on Colorado Works Under Alternative Scenarios for Work Status and the Unemployment Rate Based on Adults Enrolled in the Program between July 1998 and December 2000		
If the Unemployment Rate Is:	The Probability That a Recipient with Employment Will Exit Colorado Works Is:	The Probability That a Recipient without Employment Will Exit Colorado Works Is:
2.5 Percent	18.9 %	11.0 %
3.5 Percent	17.9 %	10.2 %
6.0 Percent	15.6 %	9.1 %

Source: BPA staff estimation, using COIN administrative records, Colorado Department of Human Services, and Unemployment Insurance Wage records, Colorado Department of Labor and Employment, and other published data.

Note: See Appendix D for more discussions on estimation methods and results. The estimates are based on a hypothetical individual, who is defined as having average characteristics of the estimation sample who have been on cash aid for 6 months.

¹¹The individual is assumed to have the average characteristics of Colorado Works recipients who have been on cash assistance for six months.

¹²The estimates reported in Exhibit 2.9 are provided for an illustrative purpose. The change in the exit probability for an actual person may be higher or lower depending on his or her particular characteristics as well as factors that are not accounted for in our statistical models.



Recipients with Long-Term Barriers Are Slower to Exit

As shown in Exhibit 2.8 above, exit from Colorado Works is less likely for recipients who were placed on hold status or assigned to a county-defined activity for one or more of the following reasons: medical or mental health needs; homelessness; domestic violence; referral to SSI or vocational rehabilitation (both of which occur due a disability); or lack of child care. These findings confirm the link between hard-to-address personal or situational barriers to employment and longer periods on BCA.

The Likelihood of Leavers Returning to Colorado Works Has Not Changed over Time

Although it is one measure of Colorado Works' progress, the declining caseload over the past four years does not in itself guarantee that the program is achieving the goal of promoting self-sufficiency among recipients. Another important measure of recipients' success is the rate of re-entry to Colorado Works. In our *Second Annual Report*, we indicated that the rate of re-entry to cash assistance was higher for those who exited during the second year of Colorado Works (SFY 1999) than for those who exited during the first year. As Exhibit 2.10 shows, the rate of re-entry among those who left the program during the third year (SFY 2000) was slightly lower than the rate for those exiting during SFY 1999. Eleven percent of those who left during SFY 2000 returned to cash assistance within 6 months, and 18 percent returned within 12 months.¹³

The variation in re-entry rates since implementation of Colorado Works appears to be minimal, considering the significant changes in the program design and the local economic environments over the period.¹⁴ Also, the percentage of leavers returning to BCA within one year of exit, which ranged from 17 to 20 percent for the years reported in Exhibit 2.10, is generally on par with—and even appears to be somewhat better than—national rates of TANF re-entry.¹⁵

¹³Re-entry rates vary by county. Appendix E summarizes 12 month re-entry rates for SFY 1999 and SFY 2000 by county.

¹⁴Changes in characteristics of adult Colorado Works leavers are summarized in Appendix F. It shows that the average characteristics of leavers have not drastically changed over time, except for a decline in total cash aid months accumulated prior to exiting among more recent recipients.

¹⁵*Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants*, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, January 2001, available at

<http://aspe.hhs.gov/hsp/leavers99/synthesis01/index.htm>. This synthesis indicated that in studies of single-parent cases in five states and the District of Columbia, between 21 and 29 percent of leavers returned to TANF within one year of exit. Although Exhibit 2.10 includes all leavers—as opposed to just the single-parent cases leaving the caseload, as with the U.S. DHHS synthesis—the rates included in this synthesis nonetheless provide a general benchmark for the Colorado Works' re-entry rates.



Exhibit 2.10 Re-Entry Rates Among Colorado Works Leavers Adults Who Left the Program During State Fiscal Years 1998, 1999, 2000			
	Exited in SFY 1998	Exited in SFY 1999	Exited in SFY 2000
Number of Adult Leavers	21,884	17,583	13,269
<u>Percentage of Leavers Who Returned:</u>			
within 3 Months	3.4 %	4.1 %	4.0 %
within 6 Months	9.9 %	11.7 %	10.8 %
within 9 Months	14.4 %	16.1 %	15.0 %
within 12 Months	17.2 %	19.5 %	18.3 %
Percentage of Leavers Who Did Not Return within 12 Months	82.8 %	80.5 %	81.7 %
Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.			
Note: Appendix E provides 12-month re-entry rates among adult leavers by county.			

This chapter has established that the likelihood of leaving is lower among those who stay on cash assistance for long periods of time and among those who face personal barriers and have limited work experience. These findings are particularly relevant for examining the potential impact of the time limit policy. For those recipients who are accumulating months quickly toward the 60 month time limit, it is important to examine the likelihood that they will leave the program successfully before reaching the time limit. In the next chapter, we will turn to discussion of those at risk of reaching the time limit.



Chapter 3: Time Limits Among Colorado Works Participants

Introduction

A key provision of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) generally prohibits the use of federal TANF funds to provide cash assistance to families with an adult who has received cash assistance for more than 60 months, as previously described in Chapter 1. Major components of the time limit policy are left to states' discretion. These include:

- States can choose to exempt recipients from counting TANF receipt toward the time limit and determine the criteria for granting exemptions.
- States can offer extensions of federally funded cash benefits beyond the 60-month lifetime limit to families facing severe hardships, provided that such hardship extensions do not exceed 20 percent of the state's average monthly caseload for adult-headed cases in the current or immediately preceding federal fiscal year. States can also determine the criteria for granting extensions.
- States can choose to use state maintenance-of-effort (MOE) funds to provide assistance to families that have exhausted the 60-month time limit and can use federal TANF funds to provide services that are defined as "non-assistance" to recipients who have reached the 60-month time limit. Examples of non-assistance aid are supportive services to employed recipients and work subsidies to employers.

Colorado is one of 37 states that elected to implement the maximum 60-month time limit on cash assistance.¹ As is the case in most other states' TANF programs, benefits will be discontinued for children as well as for adults of families that reach the 60-month time limit.² With few exceptions, Colorado does not provide exemptions from the time limit other than for some that are federally mandated. The state does plan to offer extensions of federally funded cash assistance beyond the 60-month time limit for families facing significant hardships. Since Colorado has chosen to implement the TANF Family Violence Option, it will not incur penalties from exceeding the 20 percent limit by granting extensions to domestic violence victims. State and County Diversion payments are not counted toward the time limit. PRWORA also provides states with considerable flexibility in implementing the time limit.

Colorado families will begin reaching the 60-month time limit at the start of SFY 2003 in July 2002.³ A major concern of policy makers and advocates is what will become of families who reach the 60-month time limit without attaining self-sufficiency. This chapter examines three key questions concerning the Colorado Works time limit policy: (1) How many individuals will face the 60-month time limit in the coming years? (2) Who are these individuals and how likely are they to make successful transitions off of cash assistance? and (3) Will the 20 percent caseload allowance for benefit extensions be sufficient?

Overview of Findings

Key findings in this chapter include:

- A relatively small number of recipients will reach the 60-month time limit in the near future. We estimate that 150 to 200 adult recipients and 360 to 470 of their

¹Of the 37 states (including the District of Columbia) with the 60-month time limit, 8 states—not including Colorado—combine it with a fixed-period time limit, under which benefits are reduced or terminated for a specified period of time. For example, in Ohio—which has implemented fixed-period time limits along with the 60-month lifetime limit—recipients who have received 36 months of basic cash assistance are ineligible to receive benefits for a period of 24 months, after which they become eligible again. Along with the 37 states that have implemented the maximum 60-month time limit, 7 states have set the lifetime limit to be less than the maximum 60 months, ranging from 21 to 48 months; 5 states have no lifetime time limit but impose a fixed-period time limit; and 2 states have no time limit. (Source: State Policy Documentation Project, <http://www.spdp.org>.)

²Seven states impose the time limit on adults only and maintain some benefits to children.

³A small number of individuals who carried over TANF months from other states may reach the time limit before July 2002. At the time of this report, less than 10 families were identified by the Colorado Department of Human Services (CDHS) as being at risk of reaching the lifetime limit before July 2002.



children will likely reach the 60 month time limit during the first quarter of SFY 2003.

- Because the number of individuals nearing the time limit is small relative to the overall caseload, Colorado is unlikely to exceed the federally mandated 20 percent caseload limit on cash assistance extensions. Indeed, for the next few years, the State could likely extend all cases reaching the time limit, if it chooses to do so, without hitting the 20 percent cap.
- Many of the recipients approaching the time limit appear to have significant barriers to employment. These include a long history of cash assistance, a low level of education, limited work experience, and a relatively high incidence of long-term barriers such as physical and mental health problems.
- The State has issued interim guidelines on the hardship criteria to be used for granting extensions to families who reach the 60-month time limit. These criteria include disability of an adult or other member of the immediate family; participation in a rehabilitation program for mental or physical health or substance abuse; involvement in the judicial system; problems obtaining adequate child care, housing, transportation, or employment; and domestic violence.

Projected Impact of Time Limits

In this section, we examine the impact of Colorado Works' 60-month time limit. Using data on the months of basic cash assistance (BCA) receipt among Colorado Works recipients as of June 2001, we estimate the number of families that will reach the 60-month time limit in the first quarter of SFY 2003 (i.e., from July to September 2002). We also examine the incidence of barriers to employment and self-sufficiency among those recipients who will first reach the 60-month time limit.

As Many as 200 Adult Recipients Are Likely to Reach the 60-Month Time Limit in the First Quarter of SFY 2003 (July–September 2002)

We estimate that 150 to 200 adults and 360 to 470 children will face Colorado Works' 60-month time limit during the first quarter of SFY 2003. This estimate is based on our

analysis of recipients' total months of Colorado Works BCA receipt as of the end of SFY 2001.⁴

By the end of SFY 2001—the fourth year of Colorado Works—approximately 54,000 adults and 98,000 of their children had accumulated at least one month toward the 60-month time limit. As shown in Exhibits 3.1 and 3.2, about 90 percent of adult recipients and their children had less than 24 months clocked toward the time limit. A relatively small number of recipients—393 adults and 939 children—had accumulated 46 to 48 months toward the time limit by the end of SFY 2001. Some of these families will likely remain on BCA for all of SFY 2002—that is, for another 12 months—and reach their time limit in the beginning of SFY 2003. Our estimate of the number of individuals who will reach the time limit is based on this group of individuals who had accumulated 46 to 48 months by June 2001. To develop our estimate, we assumed that the rate of case closure among these families would remain about the same as in the recent past.⁵

These estimates should be applied with some caution, as it is uncertain how quickly families approaching the time limit will exit Colorado Works. If families begin leaving the caseload at a faster rate as they approach the time limit, the actual number that reach the 60-month time limit could be lower than our estimates. Alternatively, if families approaching the 60-month time limit leave the caseload even more slowly than previous case closure rates would suggest, the actual number reaching the 60-month time limit could be higher than we estimate.

⁴The 60-month lifetime time limit for Colorado Works takes into account TANF benefits that participants have received while living in other states. Consequently, our estimates may understate the number of people approaching the time limit. However, the number of individuals carrying over out-of-state TANF months is small and does not affect the overall findings reported here. Appendix G includes a comparison of our estimates with the CDHS-reported counts of recipients' time-limited months which include out-of-state receipts.

⁵To estimate the number of cases that will face the 60-month time limit in the first quarter of SFY 2003, we applied the average monthly closure rate among those who were receiving cash assistance during the period January-May 2001 to the number of cases with 45 to 48 time-limited months over a 12-month period. The estimated average monthly closure rates for long-term recipients ranged from 5.7 percent among those who had been on Colorado Works for over 42 months to 7.0 percent for those who had been on assistance for over 24 months. We also used two different estimates of the number of cases potentially affected by the time limit: cases on Colorado Works in June 2001 who had accumulated 46 to 48 months of assistance and all cases ever on Colorado Works who had accumulated 46 to 48 months.



Exhibit 3.1
Accumulation of Months on Basic Cash Assistance by Adult-Headed Colorado Works Cases
 July 1997– June 2001

Total Time-Limited Months	All Adult-Headed Cases Ever on Colorado Works		Adult-Headed Cases on Colorado Works in June 2001	
	Number	Percentage of Total	Number	Percentage of Total
1–6	25,665	47.2%	2,396	34.0%
7–12	12,856	23.6%	1,458	20.7%
13–18	7,082	13.0%	965	13.7%
19–24	3,956	7.3%	658	9.3%
25–30	2,404	4.4%	477	6.8%
31–36	1,168	2.2%	360	5.1%
37–42	700	1.3%	268	3.8%
43–45	205	0.4%	111	1.6%
46–48	393	0.7%	361	5.1%
Total	54,429	100.0%	7,054	100.0%

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

Exhibit 3.2 Number of Children in Adult-Headed Cases Subject to the 60-Month Time Limit July 1997–June 2001				
Total Time- Limited Months	Children in Adult-Headed Cases Ever on Colorado Works		Children in Adult-Headed Cases on Colorado Works in June 2001	
	Number	Percentage of Total	Number	Percentage of Total
1–6	41,694	42.6%	3,580	27.3%
7–12	23,024	23.5%	2,530	19.3%
13–18	13,769	14.1%	1,840	14.0%
19–24	8,260	8.4%	1,375	10.5%
25–30	5,242	5.4%	1,079	8.2%
31–36	2,680	2.7%	871	6.6%
37–42	1,687	1.7%	700	5.3%
43–45	517	0.5%	279	2.1%
46–48	939	1.0%	859	6.6%
Total	97,812	100.0%	13,113	100.0%

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

Note: The number of children associated with each time-limited case is calculated as of the most recent month in which Colorado Works basic cash assistance was received.

Characteristics of Adults Reaching the 60-Month Time Limit

Labor market experience, education levels, and other personal characteristics of Colorado Works recipients will influence their ability to successfully transition from cash assistance to self-sufficiency. In this section, we examine the personal characteristics of recipients nearing the time limit to assess the likelihood they will leave the program through employment. Exhibit 3.3 summarizes the characteristics of current adult Colorado Works participants, categorized according to the number of months accumulated toward the 60-month lifetime time limit at the end of SFY 2001. We focus on the individuals most at risk of hitting the time limit next year: those recipients who have accumulated 46 to 48 months of cash assistance as of June 2001.



Exhibit 3.3
Characteristics of Colorado Works Recipients by the Number of Months
Accumulated Toward the 60-Month Time Limit
Adult Recipients Receiving Basic Cash Assistance in June 2001

	Number of Time-Limited Months Accumulated as of June 2001			
	1-12	13-36	37-45	46-48
Demographic Characteristics				
Average Age	28.2	29.6	32.3	36.6
Percentage White	51.6%	42.8%	33.2%	39.9%
Percentage African American	15.2%	20.8%	21.9%	18.3%
Percentage Hispanic	28.2%	32.6%	39.6%	37.7%
Percentage Other Race/Ethnicity	5.1%	3.8%	5.3%	4.2%
Percentage Male	14.0%	6.3%	3.2%	5.8%
Percentage Married	18.2%	12.8%	12.4%	13.6%
Percentage with High School Diploma/GED or Higher Education	54.7%	50.0%	47.9%	46.6%
Family Structure				
Two-Parent Cases	16.1%	8.2%	3.4%	2.5%
Average Number of Children	1.7	2.2	2.6	2.4
Average Age of the Youngest Child in Family	3.7	4.0	5.1	7.2
Percentage with a Child Age 4 or Younger	64.8%	65.3%	56.0%	36.1%
Welfare History				
Average Number of BCA Spells	1.3	2.1	2.1	1.1
Percentage with a History of AFDC	27.2%	61.0%	87.3%	98.1%
Average Number of Months on AFDC	10.4	29.6	59.2	75.5
Average Total Number of Months on Cash Assistance (AFDC+Colorado Works)	16.7	52.4	100.5	123.3
Work History				
Percentage Employed During 2000 (a)	67.7%	66.1%	59.6%	31.6%
Average Annual UI Earnings in 2000	\$6,761	\$4,443	\$4,425	\$2,716
Number of Quarters in 2000 with \$1,000 or Higher Earnings				
None	46.1%	54.9%	60.9%	83.7%
One Quarter	15.5%	17.1%	20.3%	11.1%
Two Quarters	14.3%	13.6%	10.6%	2.8%
Three Quarters	11.6%	7.8%	5.0%	2.2%
Four Quarters	12.5%	6.6%	3.2%	0.3%
Number of Recipients	3,854	2,460	379	361

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

Note: (a) A recipient is counted as employed if he/she earned \$100 or more in at least one quarter in 2000.



Recipients Approaching the Time Limit Face More Barriers to Employment and Are Likely to Encounter Difficulty in Attaining Self-Sufficiency

Our analysis suggests that adult participants who were on Colorado Works in June 2001 and who had accumulated 46 to 48 months of assistance may find it more difficult to achieve self-sufficiency through employment before reaching the 60-month limit compared to those recipients who have not accumulated as many months. Five findings support this conclusion:

- Adult participants with 46 to 48 accumulated months tend to have long histories of cash assistance receipt prior to Colorado Works. As shown in Exhibit 3.3, 98 percent of these recipients had received AFDC, with their average period of AFDC receipt being 76 months (6.3 years). This means that many have been on cash assistance for over 10 years.⁶
- Long-term Colorado Works recipients have low educational attainment. About 53 percent did not complete a high school diploma or GED, suggesting that many recipients nearing the time limit are low-skilled and, therefore, less likely to obtain even average-wage jobs. Their employment histories are consistent with this observation.
- Recipients with 46 to 48 months of assistance have limited recent labor market experience on average. Using Unemployment Insurance (UI) wage records, we find that only 32 percent of these long-term recipients were employed during 2000. Their average earnings were only \$2,716 during that year. This group's employment rate and earnings were both quite low when compared to other Colorado Works recipients.⁷

⁶Among recipients who were on Colorado Works in June 2001 and had been on Colorado Works for 46 to 48 months, the average total time on cash assistance, combining AFDC and Colorado Works, was 123 months.

⁷For example, even compared to recipients who had accumulated 37 to 45 months on BCA, most of whom were also on BCA during 2000, the employment rate and earnings for those who had accumulated 46 to 48 months were considerably lower.



- The incidence of long-term barriers is high among long-term Colorado Works participants.⁸ Among this group, 37 percent were either assigned to county-defined work activities for medical reasons or were exempted from work activities for medical reasons for some period of time.⁹ In addition, 11 percent were either assigned to county-defined work activities or were exempted from work activities for mental health reasons, 11 percent for SSI referrals, and 6 percent for vocational rehabilitation.¹⁰
- Recipients nearing the time limit were more likely to be engaged in work activities geared toward those lacking job skills and work experience. For example, 50 percent of recipients with 46 to 48 accumulated months participated in job skills training, 40 percent participated in community service activities, 27 percent participated in work experience, and 21 percent participated in GED classes.

Time Limits and Extensions in Colorado Works

As noted earlier, under Colorado Works, cash assistance can be extended beyond the 60-month lifetime time limit (using federal TANF funds) to families facing severe hardships, provided that the number of extensions each month does not exceed 20 percent of the average monthly caseload. In this section, we discuss the degree to which Colorado will be able to offer extensions to at-risk recipients and still stay within the federally mandated 20 percent cap. We also summarize the current state of extension policies in Colorado Works.

⁸Our analysis of work activities is based on information from the CACTIS work activity participation data base from the Colorado Department of Human Services.

⁹Medical reasons do not include pregnancy.

¹⁰ The percentage of recipients who have accumulated 46 to 48 time-limited months and reported other reasons while they were assigned to county-defined activities and placed in the hold status during the most recent spell include: 15 percent for pregnancy, 5 percent for homelessness, 3 percent for child protection and court-related reasons, 3 percent for the lack of child care, 2 percent for transportation problems, and 1 percent for domestic violence.

The Number of Families Reaching the 60-Month Time Limit in SFY 2003 Will Be Significantly Below the 20 Percent Federal Limit on Benefit Extensions

As we had projected in our *Second Annual Report*, the State is unlikely to confront the federally mandated 20 percent limit on cash assistance extensions immediately—even if all of the Colorado Works cases that reach the 60-month limit were to be granted extensions. We estimate that 150 to 200 cases will reach the time limit in early SFY 2003. Assuming that the average monthly BCA caseload remains around 11,500 for SFY 2002, the State will be able to grant extensions to about 2,300 cases per month.¹¹

Over time, more families will reach the 60-month time limit. However, after the first group of recipients, which consists primarily of recipients who transitioned from AFDC to Colorado Works, reaches the time limit in the next year, the number of families reaching the time limit in subsequent months is likely to decrease. Thus, the total number of cases in Colorado exhausting their benefits, and becoming eligible for extensions of federally funded cash assistance, will probably grow slowly over time and not exceed the federally mandated 20 percent limit for several years. Even under a highly unlikely worst-case scenario, Colorado should not encounter any difficulty remaining below the 20 percent cap on extensions through SFY 2004.¹² Should the number of such cases grow to exceed the 20 percent cap in the future, assistance can be extended by the State or counties using their own funds.

The Colorado Department of Human Services is Finalizing Criteria, Rules, and Procedures for Extending Benefits Beyond the 60-Month Time Limit

Although the 20 percent cap is unlikely to restrict the State's ability to grant extensions of federally funded cash assistance, this does not mean that all cases reaching the time limit will receive extensions. The Colorado Department of Human Services (CDHS) has formed a working group, including state, county, and advocacy group representatives, to make recommendations concerning the criteria and rules for granting BCA

¹¹Even under the unlikely scenario in which all the families who accumulated 46 to 48 months as of June 2001 continued to accumulate months and reach the time limit in the first quarter of SFY 2003, the number of such cases would be about 400, considerably below the anticipated 20 percent limit of 2,300.

¹²This worst case scenario assumes that: (1) all recipients on the caseload in June 2001 remain on cash assistance continuously after June 2001; (2) all recipients who reach the time limit are granted extensions; (3) all recipients who are granted extensions remain on cash assistance once the extensions are granted; and (4) the overall caseload does not increase, so that the 20 percent cap remains at the same level.



extensions. The working group's final draft of recommendations is expected to be submitted to the State Board of Human Services in December 2001 for review and approval. The extension criteria and procedural guidance for implementation will then be communicated to counties.¹³ In the meantime, CDHS has issued temporary guidelines on the criteria to be used for granting hardship extensions because a small number of recipients who carried over time-limited months from other states will reach their life time limit beginning in the fall of 2001.¹⁴ The hardship criteria defined by these temporary guidelines include:

- disability of the caretaker, his/her spouse, dependent children, or immediate relative for whom the caretaker is the primary care giver in a situation where other services are not available for providing care;
- children who are living with a non-parent and for whom out-of-home placement would be necessary if the assistance were stopped;
- participation in a rehabilitation or treatment program for mental or physical health or substance abuse;
- involvement in the judicial system by a member of the family;
- inadequate resources relating to the availability of child care services, housing, transportation, income, employment opportunities, or circumstances of underemployment;
- families including a custodial parent over 60 years of age; and
- families experiencing domestic violence issues.

According to the draft plan under consideration by the CDHS working group, CDHS will determine extensions for each case based on information supplied by the county. Extensions will not be granted automatically to those who are categorically eligible, and will not be granted for an indefinite time period. CDHS plans to regularly assess cases

¹³In October, the State sent a memorandum to the counties concerning emergency extensions for recipients who carry TANF months from other states and who will reach their 60-month time limit before July 2002. This memorandum advised the counties that they can apply for extensions for these individuals and that the State will determine who receives the extensions.

¹⁴ Agency Letter, TCW 01-18-A, October 15, 2001, Colorado Department Human Services.

granted extensions and to continue promoting self-sufficiency for these recipients. If an extension is denied, recipients will be able to appeal the decision to CDHS, during which time they will not receive benefits. CDHS will also notify recipients who have accumulated 55 months by mail of their approaching time limit. In every subsequent month that they are on BCA, these recipients will receive a letter from CDHS indicating the number of months they have remaining on BCA and providing information on how to apply for an extension through their case managers.

Although individual counties have relatively few—if any—recipients immediately approaching the time limit at the time of this report, counties are aware that the first wave of recipients will reach the time limit in July 2002. Some counties have taken steps toward identifying these cases and intensifying their intervention efforts. Examples of these steps include:

- setting up a case management team, including representatives from various service agencies and community-based organizations, to review the cases approaching the time limit;
- assigning a dedicated caseworker for referring recipients to SSI or SDI;
- screening recipients who have made little progress toward self-sufficiency due to developmental disabilities and making appropriate referrals for these recipients;
- having designated staff to identify SSI-eligible individuals and guide them through the process of SSI application;
- training staff in case management planning for recipients approaching the time limit; and
- sending letters of warning to recipients nearing the time limit.

These county-level initiatives are intended to insure that additional assistance and supports are provided to recipients nearing the time limit. To the extent that all counties adopt similar measures, the transition period for recipients facing the time limit can be eased.



Since not all families exhausting their benefits will qualify under hardship criteria being set by CDHS, and since not all eligible families are guaranteed extensions, the benefits for some families reaching the 60-month time limit are likely to be terminated. Our analysis suggests that the prospect for self-sufficiency through employment is poor for many of this first wave of individuals reaching the time limit in SFY 2003. For these families, targeted supports to help with the transition out of Colorado Works may be critical in order to prevent adverse outcomes.

Recommendation 1:

The Department of Human Services should continue to work with counties to conduct in-depth assessments of individuals nearing the time limit and ensure the assessments are conducted in a timely and consistent fashion. These assessments should identify factors that constrain the ability of recipients to become self-sufficient and indicate specific services beyond cash assistance that would benefit recipients. The assessments should also provide the Department with adequate information to allow it to determine if a benefit extension is warranted.

The Department of Human Services Response:

Agree. The Department views assessment, including information gathering and identification of barriers to self-sufficiency, as a dynamic process that begins at the time of application for benefits and continues throughout program participation, not just as a participant nears the time limit. The Department provides counties with a monthly report "Current Clock Tick Register" on every client in order to help counties to determine how long a client has been receiving assistance. The process of developing an Individual Responsibility Contract (IRC) has been, and will continue to be, the tool where services to be provided for barrier remediation are identified and indicated. These concepts have been, and will continue to be, presented and reinforced at appropriate training sessions for staff, whether provided by the Department or under contract, as well as during technical assistance opportunities with individual program staff at the local level. In Agency Letter TCW-01-18-A, the Department requires the county departments to submit an extension request, including any supporting documentation/information, to the state for a decision regarding an extension request. It is anticipated that information gained through assessment and case management during the lifetime of the case will be included as part of such supporting documentation.

Chapter 4: Employment, Earnings, and Household Income Among Colorado Works Leavers

Introduction

Colorado Works differs from the former AFDC program insofar as it places a major emphasis on moving families off of cash assistance and into financial self-sufficiency. Fundamental to this goal is helping Colorado Works recipients not only to find employment, but also to retain employment, achieve wage progression, and advance in the labor market. In this chapter, we use Unemployment Insurance (UI) wage records to examine the employment and earnings outcomes of Colorado Works recipients after they exit from the program. We also assess the extent to which Colorado's UI program is an appropriate source of transitional assistance for employed Colorado Works leavers who subsequently lose their jobs. Finally, we use an expanded measure of household income—that includes earnings, state and federal earned income credits, and the value of benefits received from other programs—to examine the extent to which former recipients are achieving self-sufficiency after leaving Colorado Works.

Overview of Findings

Key findings in this chapter include:

- More than one-half of former Colorado Works recipients are employed in the first quarter after exit from the program. For recipients leaving Colorado Works during State Fiscal Year (SFY) 2000, the employment rate in the first quarter after exit was 56 percent. This represented a slight improvement over the employment rates for leavers in SFY 1998 (53 percent) and leavers in SFY 1999 (54 percent).
- Employment retention outcomes for Colorado Works recipients have not changed significantly since the start of the program. Most former recipients do not work continuously during the year after exit: between 28 and 30 percent of former recipients are not employed in jobs covered by UI, 38 to 39 percent are employed for between one and three quarters, and 33 percent are employed in

all four quarters. During the two years following exit, only 20 percent of former recipients are employed in all eight quarters.

- Former recipients' earnings increase steadily as their time spent working after program exit increases. Median earnings for employed former recipients increase by between 14 and 18 percent from the first to the fourth quarter after exit. Favorable local labor market conditions may have benefitted recipients who exited Colorado Works during SFY 2000. Their earnings are 5 to 7 percent above those of earlier leavers.
- Former Colorado Works recipients who enter the workforce and subsequently become unemployed may be eligible for UI benefits. Our analysis shows that about one-half of employed leavers will meet the *monetary* eligibility requirements for UI receipt in the event of a qualifying job loss and that these leavers would qualify for a weekly benefit amount of about \$165. However, some will not be able to meet the *non-monetary* requirements for UI eligibility. In this regard, Colorado statutes governing UI are more restrictive than those in many other states.
- Slightly more than one-half of eligible current and former Colorado Works recipients received the federal and state earned income credits for tax year 2000. Some 13,400 recipients were eligible for, but did not claim, \$19.3 million in federal refundable earned income credits and \$1.9 million of state refundable earned income credits.

Employment and Earnings Outcomes

An important measure of the Colorado Works program's success is the extent to which former recipients find and keep employment and increase their earnings over time. In this section, we examine employment and earnings among adult Colorado Works recipients after they leave the program.

Our analysis of employment rates and earnings for Colorado Works leavers uses state UI records. Because they are based on direct reports by employers of their employees' total earnings in each quarter, UI records are generally quite accurate. However, there are certain limitations associated with using UI data to analyze employment trends:



- Some types of employers are not covered by the UI system and hence do not report earnings information to the state. Therefore, employment rates based on UI data are likely to underestimate the employment rates of former recipients. Types of employment not covered by UI data include: military and other federal government employment, certain types of agricultural employment, informal employment, and self-employment.
- Recipients who are employed out of state will not be documented in Colorado UI records.
- Unemployment Insurance records do not document the number of hours worked by an employee or the employee's hourly wage.
- Unemployment Insurance records are reported quarterly, so an individual's employment patterns within each quarter can not be identified.

To measure employment using UI records, we count an individual as being employed in a particular quarter if his or her earnings from all employers in that quarter totaled at least \$100.

Recent Colorado Works Leavers Had Employment Rates of 53 to 56 Percent After Exit

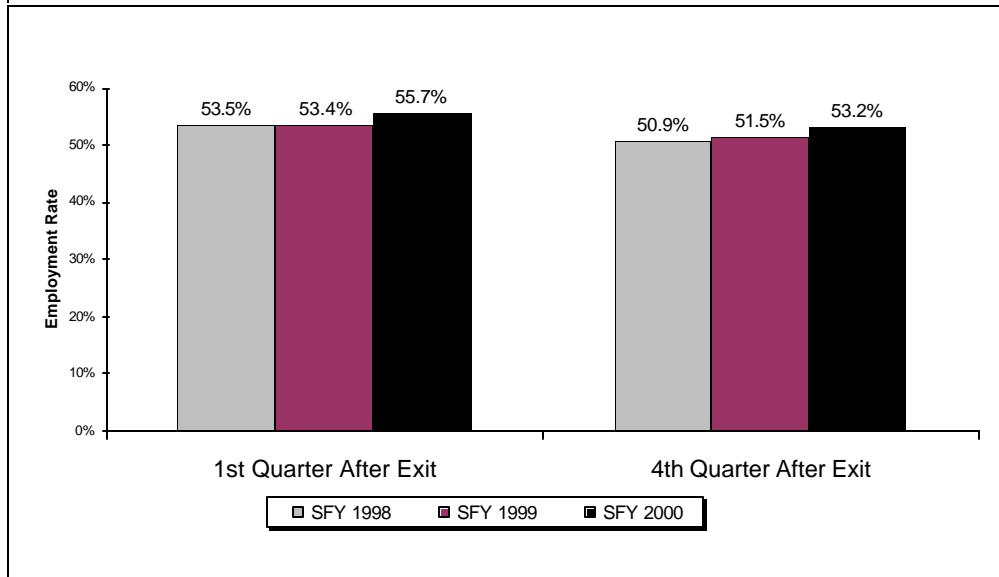
More than one-half of former Colorado Works recipients are employed in the first quarter after exit from Colorado Works. Exhibit 4.1 shows employment rates after exit for recipients who left Colorado Works in SFYs 1998, 1999, and 2000. Employment rates in the first quarter after exit ranged from 53 percent for leavers during SFY 1999 to 56 percent for SFY 2000 leavers. Although we cannot identify the exact reason for this increase, individuals who exited during SFY 2000 benefitted from a state economy that was even more favorable for job seekers than that of prior years. In SFY 2000, the state unemployment rate was 2.8 percent, compared to an unemployment rate of 3.4 percent in SFY 1999.¹

¹Colorado Areas Labor Force Data, Colorado Department of Labor and Employment. Available online at <http://lmi.cdle.state.co.us/ali/lfpag.htm>.



For each of the three Colorado Works exit groups we examined, employment rates have gradually decreased over time after exit. For example, among SFY 2000 leavers, the employment rate decreased from 56 percent in the first quarter after exit to 53 percent in the fourth quarter after exit (Exhibit 4.1). A number of factors contribute to this pattern: a significant proportion of former recipients stop working and return to Basic Cash Assistance (BCA) within the first year after exit; others may drop out of the labor force due to marriage, childbirth, medical problems, or disability; and other recipients are only sporadically employed after exit and may not be able to retain employment due to a lack of skills or other employment barriers such as unavailability of child care or transportation.²

Exhibit 4.1
Employment Rates of Former Colorado Works Recipients
 State Fiscal Years 1998 – 2000



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

Note: This sample includes all adult leavers from Basic Cash Assistance. A person is defined as employed if s/he earned \$100 or more in a quarter.

²As reported in Chapter 2, for state fiscal years 1998, 1999 and 2000, between 17 and 20 percent of Colorado Works leavers returned to BCA within 12 months.



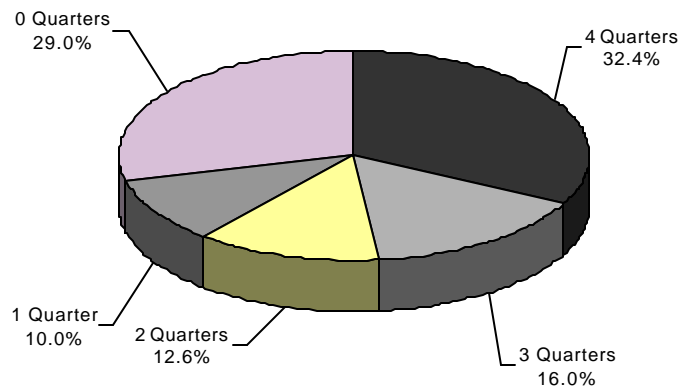
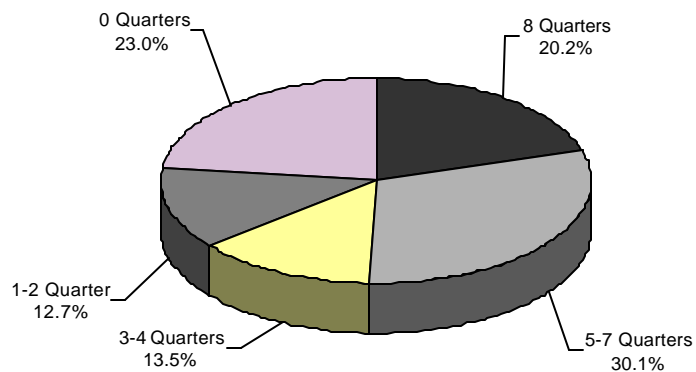
Many Former Recipients Exhibit Patterns of Sporadic Employment

A significant proportion of Colorado Works recipients display unstable employment patterns after program exit. We measured employment stability by tabulating the number of quarters in which former recipients were employed after exiting Colorado Works. Exhibit 4.2 summarizes employment retention for former recipients within the first year and the first two years after program exit for three groups: recipients who exited in the fourth quarter of 1997, recipients who exited in the fourth quarter of 1998, and recipients who exited in the fourth quarter of 1999. As shown in Exhibit 4.2, during the first year of exit, about 23 percent of leavers were sporadically employed (i.e. employed for only one or two quarters) during the first year after exit. In contrast, 32 percent of leavers were employed in all four quarters during the first year after exit.

In the first year after exit, 29 percent of leavers were not employed according to UI data (Exhibit 4.2). Not all of these recipients were necessarily looking for a job. Some of these recipients may have been working in jobs not covered by UI or in jobs out of state. Others may not have been actively looking for work and thus would not be defined as unemployed per se. Former recipients may be out of the workforce by choice or necessity. For example, they may reside in a household in which another adult provides income, or they may have a medical condition or disability that prevents them from working.

Over time, the percentage of leavers with no quarters of employment declines. After two years, the proportion of former recipients with no quarters of employment fell from 29 percent to 23 percent. This indicates that a significant proportion (about 20 percent) of the leavers who did not work in the first year after exit were not permanently out of the labor force.

Exhibit 4.2

Employment Retention for Former Colorado Works RecipientsRecipients Exiting in 4th Quarters of 1997–1999Average Total Quarters Employed in First Year After ExitAverage Total Quarters Employed in First Two Years After Exit

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

Note: This sample includes all adult leavers from Basic Cash Assistance who exited in the fourth quarters of 1997, 1998 and 1999.

Exhibit 4.3 provides additional detail on the total post-exit quarters employed within one, two, and three years of exit for the same three groups represented in Exhibit 4.2 above. Over a two-year period after exit from Colorado Works, a higher proportion of leavers is sporadically employed (25 to 27 percent are employed for 1 to 4 quarters) while a smaller share (20 percent) are employed in all eight quarters after exit. About 30 percent are employed for between five and seven quarters.

Exhibit 4.3 Total Quarters Employed, Former Colorado Works Recipients Recipients Exiting in 4th Quarters of 1997–1999								
<u>Total Quarters Employed in First Year after Exit</u>								
Quarter of Exit	Number of Exiting Adults	0 Qtrs.	1 Qtr.	2 Qtrs.	3 Qtrs.	All 4 Qtrs.		
1997:4	5,429	28.7%	10.1%	12.8%	16.3%	32.1%		
1998:4	4,521	30.4%	9.7%	12.7%	15.8%	31.5%		
1999:4	3,303	27.9%	10.1%	12.4%	15.9%	33.6%		
<u>Total Quarters Employed in First Two Years after Exit</u>								
Quarter of Exit	Number of Exiting Adults	0 Qtrs.	1-2 Qtrs.	3-4 Qtrs.	5-7 Qtrs.	All 8 Qtrs.		
1997:4	5,429	22.6%	12.7%	12.7%	30.4%	20.5%		
1998:4	4,521	23.4%	12.6%	14.3%	29.8%	19.8%		
<u>Total Quarters Employed in First Three Years after Exit</u>								
Quarter of Exit	Number of Exiting Adults	0 Qtrs.	1-2 Qtrs.	3-4 Qtrs.	5-6 Qtrs.	7-8 Qtrs.	9-11 Qtrs.	All 12 Qtrs.
1997:4	5,429	19.5%	9.6%	9.1%	10.2%	11.6%	25.7%	14.2%
Source: BPA tabulations using Unemployment Insurance Records, Colorado Department of Labor and Employment.								
Note: This sample includes all adult leaves from Basic Cash Assistance who exited in the fourth quarters of 1997, 1998 and 1999. A person is defined as employed if s/he earned \$100 or more in a quarter.								



In the *Second Annual Report*, we found that sporadic employment and re-entry were strongly linked. In addition, we found that the same factors that affect the employment prospects of former recipients also influence the probability that former recipients will return to Colorado Works. Leavers without a high school diploma or college degree were much more likely to re-enter, which indicates that even if recipients exit for employment, they still need education and training to remain off of assistance. Finally, higher re-entry rates among female leavers and those with more children suggest that, for some leavers, child care may present an obstacle to staying off of assistance.

Median Earnings for Former Colorado Works Recipients Increase Over Time

Over time, the quarterly earnings of the typical Colorado Works recipient increases significantly. Exhibit 4.4 displays median earnings in each quarter after exit for three exit groups: SFY 1998 leavers, SFY 1999 leavers, and SFY 2000 leavers. Median earnings for employed former recipients in these groups increased by between 14 and 18 percent from the first to the fourth quarter after exit. In the eighth quarter after exit, median earnings were between 36 and 39 percent higher than in the first quarter. Because UI records do not include the number of hours worked or the hourly wage, we cannot determine how much of the earnings gain is due to an increase in wages and how much is due to an increase in hours worked. However, given that median earnings have steadily increased over time, it is likely that both increases in both wages and hours worked played a role.

Earnings for the SFY 2000 exit group were moderately higher than earnings for the SFY 1998 and SFY 1999 exit groups. Median earnings in the quarter after exit for SFY 2000 leavers were 5 percent higher than median earnings for SFY 1999 leavers and 7 percent higher than the median earnings for SFY 1998 leavers. Moreover, the earnings gap between exit groups increased over time. By the fourth quarter after exit, SFY 2000 leavers had median earnings that were 11 percent higher than earnings for SFY 1998 leavers. As discussed earlier, it is likely that these differences across exit groups were affected by from the more favorable job market conditions for more recent leavers.



Exhibit 4.4 Median Earnings of Former Colorado Works Recipients State Fiscal Years 1998 – 2000					
State Fiscal Year of Exit	Number of Exiting Adults	Median Earnings			
		1 st Qtr. after Exit	4 th Qtr. after Exit	8 th Qtr. after Exit	12 th Qtr. after Exit
1998	21,920	\$2,214	\$2,520	\$3,020	\$3,438
1999	17,638	\$2,245	\$2,581	\$3,130	
2000	13,317	\$2,366	\$2,793		

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

Note: This sample includes all adult Basic Cash Assistance leavers who had earnings of \$100 or above in the quarter of analysis.

Poverty Rates for Colorado Works Leavers Who Work Sporadically Remain High

Less than half of former Colorado Works recipients who worked continuously after exit had earnings that were below the poverty threshold.³ In contrast, more than 80 percent of leavers who did not work continuously after exit had earnings below the poverty threshold. Exhibit 4.5 compares poverty rates for former recipients who worked continuously with poverty rates for those who did not work continuously. The poverty rates of these two groups are compared at intervals of one, two, and three years after exit. For example, among recipients exiting Colorado Works in the fourth quarter of

³We used the U.S. poverty threshold as the measure of poverty. This threshold is adjusted annually and varies by family size (up to nine persons). We do not include non-cash government payments or unearned income when making comparisons with the poverty threshold. Taking these sources of income into account will lower the percentage of recipient households below poverty. We examine the effect of these income sources on poverty levels in the final section of this chapter.



1997, 42 percent of those who worked continuously remained below the poverty threshold after one year, compared to 87 percent of recipients who were employed sporadically in the first year after exit. After two years, even fewer of those who worked continuously (33 percent) remained below the poverty threshold, while 84 percent of those with sporadic employment remained below the poverty level. These results indicate that a significant number of former recipients could benefit from receipt of post-program support services including food stamps, Medicaid, Unemployment Insurance, and the federal and state earned income tax credits.

Exhibit 4.5
Percentage of Former Colorado Works Recipients Below Poverty Line, by Employment Status
 Recipients Exiting in 4th Quarters 1997 and 1998

Year after Exit	Percentage Below Poverty			
	1997:4 Exit Group		1998:4 Exit Group	
	Continuously Employed	Not Continuously Employed	Continuously Employed	Not Continuously Employed
First Year after Exit	41.9%	86.7%	46.3%	89.4%
Second Year after Exit	33.3%	83.8%	42.8%	87.9%
Third Year after Exit	35.8%	83.8%	n.a.	n.a.
Number of Adults	712	4,348	895	3,626

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

Note: n.a. = data not available for time period. This sample contains all adult Basic Cash Assistance leavers who had positive earnings in the quarter of analysis. A person is defined as employed if he or she earned \$100 or more in a quarter. Continuous employment is defined as employment in all quarters observed after exit from Colorado Works.



Former Recipients' Eligibility for Unemployment Insurance

As Colorado Works recipients transition into the labor force, some can be expected to lose work at some point, whether due to layoffs, the unavailability of child care or transportation, or a variety of personal and other reasons. Many of these individuals find new jobs, while others do not and return to Colorado Works cash assistance. Some former recipients who lose their jobs and are unable to find new work may be eligible for Unemployment Insurance benefits. UI does not impose a maximum income or asset limit of the type like that which exists under Colorado Works. Because the UI program is a temporary assistance program for unemployed workers which also provides job referrals and other services to job seekers, participation in UI may help former Colorado Works recipients maintain their connections to the labor market.

Although we do not have data on the number of former Colorado Works recipients who have filed UI benefits claims, it is likely that this number has increased in recent months, as the state's unemployment rate has begun to rise. The unemployment rate in Colorado was 3.3 percent in July 2001, up from 2.5 percent in January 2001.⁴ Initial unemployment claims in Colorado increased to 3,802 during the second calendar quarter (April-June) of 2001, up from 1,426 claims during the same period one year earlier.

In this section, we estimate the proportion of former Colorado Works recipients who would be eligible to receive UI benefits in the event of an involuntary layoff. First, we examine *monetary* eligibility for UI, which is based on earnings prior to becoming unemployed. Then, we assess the impact of *non-monetary* eligibility rules which address the circumstances under which a claimant's loss of employment qualifies him or her for UI receipt.

About One-Half of Employed Former Recipients Meet the Monetary Eligibility Requirements for Unemployment Insurance

An individual meets the monetary eligibility requirements for UI benefits if earned income is \$2,500 or more from UI-covered employment during a base period defined as the first

⁴These are seasonally adjusted unemployment rates reported by the Colorado Department of Labor and Employment.

four of the last five completed quarters of work.⁵ Earnings can occur in any of the base-period quarters, and there is no requirement that an individual be employed for a minimum number of quarters. Because only completed quarters can be counted toward the base period, the lag time for counting earnings is between three and six months. For instance, if someone became unemployed in January, her earnings through the end of December would be counted for eligibility starting in April. However, her January earnings would not be counted until July.

Colorado's base-period earnings requirement is relatively difficult for some part-time, low-wage workers to meet. U.S. General Accounting Office data indicate that Colorado is 1 of 13 states whose base-period earnings requirements are high enough to prevent someone who worked for 20 hours per week for 20 weeks at minimum wage during the base period from qualifying for unemployment insurance.⁶

To estimate former Colorado Works recipients' potential eligibility for UI, we calculated the base-period earnings of recipients who were employed in the sixth quarter after exit from the program and therefore would be eligible to apply for UI if they became unemployed at any time in that quarter. To meet the monetary eligibility requirement for UI, their earnings would need to be at least \$2,500 during the first year after exit from Colorado Works. For the four exit groups we examined, the proportion of employed former recipients meeting the base-period earnings requirement ranged from 52 percent to 54 percent (see Exhibit 4.6). A significant proportion of those who exited Colorado Works either were not employed or were employed in jobs not covered by the UI program during the base period.⁷ This proportion ranged from 32 percent to 34 percent among the four exit groups.

⁵A quarter is defined in calendar-year terms—three consecutive months, beginning each year with the January to March quarter.

⁶United States General Accounting Office, *Unemployment Insurance: Role as Safety Net for Low-Wage Workers is Limited*, GAO-01-181, December 2000.

⁷Also included in this group would be those who obtained employment outside of the state of Colorado.



Exhibit 4.6 Monetary Eligibility for Unemployment Insurance Colorado Works Leavers, July 1998 – June 1999			
Colorado Works Exit Group (by Quarter of Exit)	Percent of Former Recipients Meeting Base-Period Earnings Requirement	Percent Not Employed or Not Employed in UI-Covered Jobs During Base Period	Estimated Average Weekly Benefit Amount for Recipients who Meet Base-Period Earnings Requirement
1998:3	52.0%	33.8%	\$161
1998:4	53.2%	33.0%	\$163
1999:1	53.5%	31.6%	\$169
1999:2	52.7%	32.3%	\$165

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

Notes: An employee in Colorado meets the monetary eligibility requirements for UI benefits if earnings are \$2,500 or more during a base period, which is defined as the first four of the last five completed quarters of work. For each exit group, the percentage of those who meet the base-period earnings requirement is the number of former recipients with base-period earnings of \$2,500 or more divided by the total number of former recipients in the exit group.

Colorado Statutes Limit the Circumstances Under Which Former Colorado Works Recipients Can Establish UI Eligibility

In addition to satisfying monetary eligibility requirements, employees must meet non-monetary UI eligibility requirements relating to the circumstances of their job loss. In Colorado, workers are required to have been laid off from their job or to have left voluntarily for “good cause.” State statute specifies the good cause reasons for voluntarily leaving a job that allow employees to qualify for UI.⁸ Colorado’s good cause provisions generally do not make allowances for several circumstances that may lead to

⁸These are specified in Section 8-73-108 (4), C.R.S.



job loss, including circumstances that may be particularly common among Colorado Works recipients.

Most notably, Colorado's good cause provisions do not accommodate employees who leave work, or are unable to accept certain types of new work, because of child care and transportation needs. As a result, an otherwise eligible worker would be ineligible for UI benefits under the following circumstances:

- if the worker quit a job because he or she was required to switch from a day shift to a night shift during which child care was unavailable;
- if the worker quit a job because he or she needed to care for a child with a temporary illness that had been certified by a physician;
- if the worker quit a job because child care became temporarily unavailable and the employer could not reschedule hours to a time when care was available;
- if the worker was available to work full-time, but could not accept work during evenings or weekends because of a lack of child care during those hours; and
- if the worker was available to work full-time, but relied on public transportation and could not accept work at night because public transportation was not available.⁹

Many of the above circumstances may be particularly germane for former Colorado Works recipients who are recent entrants to the labor market and have limited access to transportation or child care.

For workers facing challenges related to child care and transportation, most states have UI program rules that allow broader eligibility than is currently allowed under Colorado law. Among the 50 states, only Colorado, Ohio, and Idaho would prohibit eligibility in all five of the scenarios described above. Of the seven states bordering Colorado, five

⁹United States General Accounting Office, *Unemployment Insurance: Role as Safety Net for Low-Wage Workers is Limited*, GAO-01-181, December 2000. These findings are based on a questionnaire the GAO sent to 50 state UI directors.



(Arizona, Kansas, Nebraska, Oklahoma, and Utah) allow eligibility in at least four of the five scenarios.

In Colorado, a provision of the Colorado Employment Security Act (CESA) limits UI eligibility in the event of job loss resulting from an employee's inability to accommodate a shift change. Under that provision, the requirement that an employee work a different shift cannot be defined as a substantial change in working conditions, which would constitute a good cause reason for the termination of employment.¹⁰ This provision could lead to the denial of UI eligibility for former Colorado Works recipients should they have difficulty accommodating hours changes due to a child care or transportation problem. Survey data previously reported by BPA indicate that transportation to and from work and finding child care are significant employment barriers for former Colorado Works recipients. In our 2000 survey of current and former recipients, 41 percent indicated that the lack of child care had been a problem in getting or keeping a job, and 40 percent reported difficulties related to transportation.¹¹

One important circumstance that Colorado does allow as a good cause reason for leaving a job is domestic violence. However, certain conditions must be met for domestic violence to qualify as a good cause reason for leaving a job: there must be corroborating evidence and the worker must be receiving treatment or counseling for domestic violence.

Weekly UI Benefits for Eligible Colorado Works Leavers Would Average Around \$160

We estimated the benefit amounts that former Colorado Works recipients would receive among those who met the monetary eligibility requirements for UI. As shown in Exhibit 4.6, the average weekly benefit amount for the four exit groups ranges between \$161 and \$169, or about 47 percent of the maximum benefit available to unemployed Colorado

¹⁰See 83-73-108(4)(d), C.R.S.

¹¹Berkeley Policy Associates, *Evaluation of the Colorado Works Program: Second Annual Report*, November 2000.

residents.¹² Unemployed workers are eligible to receive benefits for a maximum of 26 weeks.

Among former recipients who met the base-period earnings requirement during the first four quarters after exit from Colorado Works, between 23 and 25 percent were not working in the sixth quarter after exit, at which point they would first be eligible to file a claim for UI benefits. We are not able to determine how many of those not working would be eligible for UI due to being laid off or because they left their job for good cause. However, the proportion of those not working and potentially eligible is high enough to suggest that UI benefits could be an important source of temporary assistance for former recipients who are transitioning from welfare to work.

The role, if any, that the Unemployment Insurance Program should play in supporting the focus of public assistance programs on work preparation and self-sufficiency is a significant public policy issue. Consequently, we believe Colorado's non-monetary UI eligibility rules concerning good cause reasons for leaving a job are worthy of further examination and discussion by policy makers. The Department of Labor and Employment, the Department of Human Services, and county Human Services and Workforce Development agencies should contribute to such a discussion, in consultation with appropriate legislative and other oversight committees. An examination of UI eligibility rules should include an assessment of the costs and benefits to employers, the State, and former Colorado Works recipients of revising statutes to make Unemployment Insurance benefits available in the event of certain types of job terminations.

Impact of Tax Credits and Income Supports on Household Income

Earnings alone are not sufficient to determine the true extent of poverty faced by former Colorado Works recipients. Information on other family members' earnings and other income sources such as child support or alimony is needed to fully determine the extent

¹²UI benefits are calculated as 60 percent of average weekly earnings during the two highest consecutive quarters of the base period, up to a maximum of \$354 per week. An alternate formula is used if it would lead to a higher benefit amount. Under that formula, benefits are 50 percent of the average weekly amount of total base-period earnings, up to a maximum of \$390 per week. See 8-73-102, sections (1) and (2), C.R.S.



of hardship among former recipients. Using data from the Colorado Department of Revenue, we examined total family income for current and former Colorado Works recipients who filed a Colorado state tax return for the 2000 tax year. In addition, we use this data to demonstrate the substantial impact that earned income credits—both federal and state—and other income supports can have on family income.

Tax records are an excellent source of information on family income for those who file taxes. However, many low-income families are not required to file tax returns. Indeed, we were able to obtain tax records for only 50 percent of those who participated in Colorado Works between July 1997 and December 2000.¹³ We surmise that most of the 50 percent of recipients with missing tax return data for 2000 probably recorded no or very low income for 2000.¹⁴

Adjusted gross income (AGI) and earned income credits for current and former Colorado Works recipients who filed 2000 state tax returns are reported in Exhibit 4.7.¹⁵ As would be expected given the income limits for Colorado Works eligibility, the average AGI for households on Colorado Works was significantly lower than for the households of former recipients. Among those filing a state tax return, about 80 percent of current recipient households and 74 percent of former recipient households received the

¹³Recipients of State and County Diversion payments as well as those receiving Basic Cash Assistance were included.

¹⁴A number of other factors may cause income information to be missing for some recipients, including moves out of state by former recipients, incorrect Social Security numbers in our match file, and difficulty identifying joint filers. Given that the majority of this population would be eligible to receive refundable tax credits by filing a return, tax evasion should not be a major reason for missing tax return information.

¹⁵AGI is the sum of all sources of income (wages, salaries, interest, dividends, alimony, capital gains or losses, unemployment compensation, and taxable social security benefits) after a set of deductions for IRA contributions, medical savings accounts, other retirement savings contributions, moving expenses, self-employment tax, student loan interest, and alimony paid. For low-income households, AGI is likely to be a good measure of actual (pre-adjusted) income, because such households are unlikely to have significant income other than wages and, therefore, are not likely to have sizeable deduction amounts.

Colorado Earned Income Credit (EIC), which was first introduced in the 1999 tax year.¹⁶ Given that the Colorado EIC is available to taxpayers who claimed the Earned Income Tax Credit (EITC) on their federal return, we can infer that at least these same proportions of participants (80 percent of recipients and 74 percent of former recipients) claimed the federal credit. The median state tax credit was about \$170. For 2000, the Colorado EIC was 10 percent of the federal EITC.

Exhibit 4.7 Family Income and Earned Income Credits Current and Former Colorado Works Recipients, Tax Year 2000		
	Colorado Works Recipients	Former Colorado Works Recipients
Family Income		
Mean Adjusted Gross Income	\$8,345	\$13,402
Median Adjusted Gross Income	\$6,810	\$11,954
Households Reporting Zero Adjusted Gross Income (percentage)	9.6%	9.4%
Earned Income Credits		
Received State Earned Income Credit (EIC) (percentage)	79.6%	74.2%
Median State Earned Income Credit (EIC)	\$168	\$171
Median Federal Earned Income Tax Credit (EITC) (estimated)	\$1,680	\$1,710
Number of Households	12,217	18,155
Source: BPA tabulations from the state tax file, Colorado Department of Revenue.		
Notes: State tax returns do not contain information about Federal tax credits claimed. We therefore estimate the amount of the Federal Earned Income Tax Credit for those who claimed the State Earned Income Credit. Colorado Works recipients include any adults who received Colorado Works benefits for any part of calendar year 2000. Former Colorado Works recipients include adults who received Colorado Works benefits at any time prior to calendar year 2000.		

¹⁶House Bill 99-1383 established a state earned income credit for any year in which the state fiscal year ends with a surplus of at least \$50 million that must be refunded under Section 20, Article X of the state constitution (the Tabor amendment).



Slightly More than One-Half of Eligible Recipients Received Federal and State Earned Income Credits

We examined utilization of the earned income credits by Colorado Works recipients and former recipients who were employed at any time in 2000, using UI records to determine employment (Figure 4.8). For the 2000 tax year, households with one child and earned income of up to \$27,400 or with two or more children and earned income up to \$31,152 were eligible for the federal EITC. Among those employed, 68 percent of 2000 Colorado Works recipients filed a state tax return and 57 percent received the state earned income credit. Among former recipients who were employed in 2000, 69 percent filed a state tax return and 54 percent received the state EIC. Receipt of the state EIC by current and former recipients improved somewhat over utilization rates for 1999, which were 54 percent for current recipients and 50 percent for former recipients (as reported in the *Second Annual Report*).

Exhibit 4.8 Earned Income Credit Receipt for Tax Year 2000 Current and Former Colorado Works Recipients		
	<u>Colorado Works Recipients</u>	<u>Former Colorado Works Recipients</u>
Number Employed	15,717	22,985
Percentage of Employed Filing State Tax Return	67.9%	68.7%
Percentage of Employed Receiving State Earned Income Credit	57.0%	53.9%
Source: BPA tabulations from the state tax file, Colorado Department of Revenue, and Unemployment Insurance records, Colorado Department of Labor and Employment.		
Note: Colorado Works recipients include any adults who received Colorado Works benefits for any part of calendar year 2000. Former Colorado Works recipients include adults who received Colorado Works benefits at any time prior to calendar year 2000. Employment is defined as earnings of \$100 or more in at least one quarter of 1999, based on UI wage records.		



Because of relatively low earned income credit receipt rates for 1999, in the *Second Annual Report* of the Colorado Works evaluation, we recommended that the Department of Human Services work with the Department of Revenue and county Human Services departments to explore strategies for providing Colorado Works recipients with tax forms and technical assistance. Our analysis of 2000 tax data indicates that there continues to be substantial room for improvement in federal and state EIC receipt. Over 40 percent of current and former Colorado Works recipients who are eligible for the federal and state earned income credits do not claim these refundable tax credits. We estimate that 13,400 households were eligible for, but did not claim, a total of \$19.3 million in federal refundable earned income credits. An additional \$1.9 million of state refundable earned income credits went unclaimed by these households. In total, \$21.3 million in refundable tax credits, or an average of \$1,581 per household, went unclaimed by some of Colorado's poorest families.

Income Supports and Subsidies Reduce Poverty Levels of Former Recipients

In addition to taking advantage of earned income credits, low-income families may add to their available income through the use of various publicly funded subsidies and vouchers, such as food stamps, housing assistance, and the Colorado Child Care Assistance Program (CCCAP), which provides low-income working parents with substantial savings in child care costs. (We discuss Colorado Works recipients' participation in the federal Food Stamp Program and CCCAP in Chapter 5.) We add the cash value of food stamps and child care subsidies, as well as earned income credits, to household AGI in order to develop an alternative measure of the poverty rate among former Colorado Works recipients.

As shown in Exhibit 4.9, based on AGI for 2000 alone, 38 percent of single-parent families (single filers) have household incomes above the federal poverty level. Compared to using income based solely on UI earnings records, using income based on the AGI measure increases the percentage of single-filer households with income above poverty by 5 percentage points. Also using the AGI measure, we find that more than half (56 percent) of two-parent households (joint filers) have incomes above the federal poverty level. Both child care subsidies and food stamps have a significant impact on single-parent household incomes, although not on two-parent household incomes. Child care subsidies increase the proportion of single-parent families above the poverty level by



almost 9 percentage points, to 47 percent. Food stamps increase the proportion of single-parent families above the poverty level by 2 percentage points, to 40 percent.

Compared to child care subsidies and food stamps, receipt of the federal and state earned income credits has a far greater effect on household income, boosting the proportion of single-filer households above the poverty level by 11 percentage points to 49 percent, and joint filers above the poverty level by 7 percentage points to 63 percent. Moreover, when the impacts of all three supports are combined, 59 percent of single-filer households and 65 percent of joint-filer households have incomes above the poverty level, underscoring the significant impact that these programs—and particularly the earned income credits—can have on household income levels and poverty.

Sources of Income	Percent With Income Above Federal Poverty Level	
	Single Filers	Joint Filers
Earnings Based on Unemployment Insurance Records	33.2%	
Adjusted Gross Income	37.8%	55.5%
Adjusted Gross Income + Low Income Child Care	46.5%	56.4%
Adjusted Gross Income + Food Stamps	40.1%	56.4%
Adjusted Gross Income + Federal and State Earned Income Credits	49.4%	62.9%
Adjusted Gross Income + Low Income Child Care + Food Stamps + Federal and State Earned Income Credits	58.7%	65.3%
Number of Individuals	13,912	1,690

Source: BPA tabulations from the state tax file, Colorado Department of Revenue, and CHATS and CAFFS administrative records, Colorado Department of Human Services

Notes: Former Colorado Works recipients are defined as those who received Colorado Works benefits at any time from July 1997 to December 1999 but not during calendar year 2000. Annual income is income for calendar year 2000. Tabulations are based on former recipients who filed a state tax return for 2000.



Chapter 5: Post-Colorado Works Supportive Services

Introduction

After Colorado Works participants leave cash assistance for employment, many continue to be eligible for a variety of supportive services that aim to help families become self-sufficient and avoid returning to Colorado Works. In this chapter, we examine the participation of Colorado Works recipients in three supportive services programs after they exit Colorado Works Basic Cash Assistance: the Food Stamp Program, Transitional Medicaid, and the Colorado Child Care Assistance Program (CCCAP). We report participation rates in these programs among former Colorado Works recipients in their first year after exit from Colorado Works. We also examine the length of time services are received and assess some of the underlying factors contributing to initial and ongoing participation in these programs by Colorado Works leavers.

Overview of Findings

A high percentage of Colorado Works recipients receive food stamps in the first few months after they leave Basic Cash Assistance. Within three months of exit from Colorado Works, between 78 and 80 percent of adults received food stamps for at least one of those months. Monthly participation rates for Colorado Works leavers decline over time. In the twelfth month after exit, participation rates range from 26 to 38 percent for Colorado Works leavers.

The duration of food stamps receipt among Colorado Works leavers is relatively short. Over one-half of leavers receive food stamps for six months or less after exit from Colorado Works. Most former Colorado Works households appear to stop receipt of food stamp assistance for reasons other than ineligibility due to high earnings.

Participation in Transitional Medicaid by Colorado Works leavers has gradually increased since the start of Colorado Works. In August 2000, the Department of Human Services changed the COIN administrative data system to avoid system-initiated Medicaid case closures when Colorado Works recipients stopped receipt of Basic Cash

Assistance. Thereafter, Medicaid participation rates among Colorado Works leavers increased sharply by 10 percentage points, from 60 percent in the second quarter of 2000 to 70 percent in the third quarter.

Our analysis indicates that it is unlikely that a large percentage of employed Colorado Works leavers who did not enroll in Transitional Medicaid used private health insurance instead. In fact, median earnings among those who did not enroll in Medicaid were lower than for those who did enroll. We also find that employed leavers with African-American and Native American backgrounds are less likely to enroll in Transitional Medicaid than white leavers.

During SFY 2001, caseloads for both the Colorado Works Child Care and Low-Income Child Care programs remained relatively stable. The percentage of employed Colorado Works leavers who receive Low Income Child Care subsidies has continued to gradually increase. Subsidy receipt within three months of exit from Colorado Works increased from 17 percent in the third quarter of 1997 to 21 percent in the third quarter of 2000.

Food Stamps Receipt Among Colorado Works Participants and Leavers

The Food Stamp Program is a federal entitlement program available to all U.S. citizens and some non-U.S. citizens, including children, disabled, and elderly immigrants.¹ Families are eligible for food stamps if their household gross monthly income is 130 percent or less of the federal poverty level. Households must also have no more than \$2,000 in countable assets, including cash, bank accounts, and property other than a primary home.² The amount of the Food Stamp benefit depends on household income, size, and expenses such as housing, utilities, and child care costs. In Federal Fiscal Year 2001, the maximum monthly Food Stamp benefit for a family of four was \$434.

¹ Food Stamp benefits that were discontinued to immigrants by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 were restored to children, disabled, elderly, and certain other immigrants in June 1998 under the Agricultural Research, Extension and Education Reform Act.

²The gross income eligibility cutoff in 2000 was \$1,533 per month for a family of three. Special rules are used to determine the resource value of vehicles owned by household members.



Food Stamp Participation Rates for Colorado Works Leavers Are Comparable to the Participation Rates for TANF Leavers in Other States

More than three-fourths of Colorado Works recipients receive food stamps for at least one month immediately after they leave Basic Cash Assistance (BCA). However, the rate of food stamps receipt declines steadily during the first year after exit.³ To examine food stamps usage among former Colorado Works recipients, we tabulated the percentage of recipients who received food stamps at various months during the first year after exit from Colorado Works.⁴ Food Stamp participation rates for adults who exited BCA between July 1999 and September 2000 are reported in Exhibit 5.1.⁵ For the exit groups shown in Exhibit 5.1, food stamps receipt in the first month after exit ranged from 62 to 67 percent. Within three months of exit from Colorado Works, between 78 and 80 percent of adults received food stamps for at least one of those months. Between the first and third months after exit, there is a significant drop in the percentage of adults receiving food stamps. As shown in Exhibit 5.1, for the group of recipients exiting in the third quarter of 2000, food stamps receipt declined from 64 percent in month one to 50 percent in month three.

The decline in food stamps receipt among Colorado Works leavers continues throughout the first year after exit. By month six, participation rates for the six exit groups in Exhibit 5.1 were 43 or 44 percent. By the twelfth month after exit, participation rates dropped to between 26 and 38 percent.

Food Stamp participation rates for Colorado Works BCA adult single-parent leavers are comparable to the rates reported for other states in TANF leavers studies funded by the

³Most adults are eligible for and receive food stamps while on BCA. During the period between January 1999 and May 2001, the monthly Food Stamp participation rate for adult BCA recipients ranged from 80 to 86 percent. Food Stamp participation rates for child-only BCA cases are lower than for adult-headed cases and ranged from 55 to 63 percent during the period. These lower participation rates result from the ineligibility of many non-parental guardians of children in child-only cases.

⁴Colorado Works leavers who returned to BCA within 12 months are included in these participation rate calculations.

⁵BPA obtained Food Stamp participation data for the period January 1999 through May 2001.



U.S. Department of Health and Human Services.⁶ Among single-parent leavers in Colorado during 1999 and 2000, Food Stamp participation rates three months after exit ranged from 45 to 55 percent. In seven other states and the District of Columbia, Food Stamp participation rates for single-parent leavers three months after TANF exit ranged from 33 to 57 percent.

Exhibit 5.1

Food Stamps Receipt After Colorado Works Exit

Adult Colorado Works Leavers

Recipients Exiting in 3rd Quarter of 1999 to 3rd Quarter of 2000

Quarter of Colorado Works Exit	Food Stamps Receipt Within 3 Months of Exit	Food Stamps Receipt at 1 Month After Exit	Food Stamps Receipt at 2 Months After Exit	Food Stamps Receipt at 3 Months After Exit	Food Stamps Receipt at 6 Months After Exit	Food Stamps Receipt at 12 Months After Exit
1999:3	79.4%	67.2%	59.8%	54.0%	44.4%	36.0%
1999:4	79.9%	64.9%	58.6%	51.5%	43.1%	37.2%
2000:1	79.6%	63.6%	56.4%	49.1%	43.0%	37.9%
2000:2	78.0%	62.2%	56.0%	47.9%	42.8%	25.7%
2000:3	80.0%	64.3%	54.9%	49.7%	42.9%	n.a.

Source: BPA tabulations from COIN administrative data and Colorado Automated Food Stamp System (CAFSS) data, Colorado Department of Human Services.

Note: n.a. = data not available for time period.

Most Colorado Works leavers do not receive food stamps for a sustained period of time after Colorado Works exit. Exhibit 5.2 reports the number of months of food stamps receipt during the first year after exiting Colorado Works for leavers in select quarters in 1999 and 2000. Among leavers who received food stamps at all, over one-third of leavers received food stamps for three months or less, 21 percent of leavers received food stamps for four to six months and 20 percent received food stamps for seven to nine months. Less than 4 percent of post-program food stamps recipients received them for the full 12 months after exit from Colorado Works.

⁶Initial Synthesis Report of the Findings from ASPE's "Leavers" Grants, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, January 2001, available at <http://aspe.hhs.gov/hsp/leavers99/synthesis01/index.htm>.

Exhibit 5.2

Months of Food Stamps Receipt After Colorado Works Exit
 Adult Colorado Works Leavers Who Received Food Stamps
 Recipients Exiting in 2nd Quarters of 1999, 2000

Number of Months of Food Stamps Receipt	1999:2	2000:2
1	16.6%	16.6%
2	12.8%	12.3%
3	10.3%	10.9%
4	7.7%	8.0%
5	6.4%	6.7%
6	6.2%	5.6%
7	5.5%	6.6%
8	5.8%	6.6%
9	7.7%	8.0%
10	8.9%	9.1%
11	8.3%	7.1%
12	3.8%	2.6%

Source: BPA tabulations from Colorado Automated Food Stamp System (CAFSS) Data, Colorado Department of Human Services.

Note: This sample includes all adult leavers from Basic Cash Assistance who received food stamps for at least one month in the 12 months following BCA exit.

Most Colorado Works Leavers Remain Eligible for Food Stamps in the Year after Exit from Colorado Works

Several factors may explain the drop-off in food stamps receipt among former recipients in the first year after exit from Colorado Works. These include: (1) ineligibility due to increased earnings or other income, (2) personal preference or choice to not receive such assistance, and (3) application procedures or other administrative policies that make continued receipt of Food Stamp assistance burdensome after exit from Colorado Works.



Using Unemployment Insurance (UI) records, we can estimate the impact of ineligibility due to increased earnings on former recipients' food stamp participation rates. Exhibit 5.3 reports the percentage of all adult leavers who are eligible for food stamps based on their quarterly UI earnings records. UI earnings are not an exact measure of household eligibility for food stamps, because other sources of earned and unearned income (which we cannot measure) will effect eligibility. Consequently, some former Colorado Works recipients whose individual earnings meet the income eligibility standard for food stamps will not be eligible. We can, however, adjust Food Stamp participation rates to exclude those whose individual earnings are high enough to make them ineligible. Based on this adjustment, we find that in the quarter after exit from Colorado Works, nearly all (96 percent) of adult leavers remain eligible for food stamps based on their earnings (Exhibit 5.3). Eligibility-adjusted participation rates for food stamp receipt within the first quarter after exit range from 74 percent to 76 percent, and are 3 percentage points higher than the unadjusted participation rates shown in Exhibit 5.3.

Exhibit 5.3

Food Stamp Receipt and Eligibility After Colorado Works Exit

Adult Colorado Works Leavers

Recipients Exiting in 3rd Quarter of 1999 to 3rd Quarter of 2000

Quarter of Colorado Works Exit	Food Stamps Receipt Within Quarter After Exit	Percentage Eligible for Food Stamps in Quarter After Exit	Eligibility-Adjusted Food Stamp Participation Rate
1999:3	72.9%	96.3%	75.7%
1999:4	70.9%	96.0%	73.9%
2000:1	70.6%	96.0%	73.5%
2000:2	70.0%	95.8%	73.1%
2000:3	70.7%	95.9%	73.7%

Source: BPA tabulations from COIN administrative data and Colorado Automated Food Stamp System (CAFSS) data, Colorado Department of Human Services.

We also examined the extent to which ineligibility was likely to be the cause of recipients' ending of Food Stamp assistance. Most former Colorado Works households appear to stop receipt of food stamps for reasons other than ineligibility due to high earnings. As shown in Exhibit 5.4, UI earnings records indicate that most recipients were still eligible for food stamps in the quarter after they stopped food stamps receipt.⁷ Between 83 percent and 88 percent of food stamps recipients continued to remain eligible for food stamps in the quarter after they stopped receiving them. This suggests that many recipients are ending their Food Stamp assistance for reasons other than income ineligibility.

	Quarter of Exit from Food Stamps						
	<u>1999:1</u>	<u>1999:2</u>	<u>1999:3</u>	<u>1999:4</u>	<u>2000:1</u>	<u>2000:2</u>	<u>2000:3</u>
Percentage of Adult Leavers Eligible for Food Stamps in the Quarter After End of Food Stamps Receipt	87.6%	84.5%	84.5%	85.6%	84.8%	85.4%	82.8%

Source: BPA tabulations from Colorado Automated Food Stamp System (CAFSS) Data, Colorado Department of Human Services, and Unemployment Insurance records, Colorado Department of Labor and Employment.

Note: This sample includes all adult leavers from Basic Cash Assistance who received food stamps within 12 months of BCA exit. Because we are only using earnings data and cannot include unearned income to determine whether or not a recipient is income eligible for food stamps, these percentages should be considered an upper bound of the actual percentage of recipients who were eligible for food stamps after food stamp program exit.

⁷As we noted previously, UI earnings are not a complete measure of household income, which is used to determine Food Stamp eligibility. Our estimate of the percentage of eligible former recipients may overstate the actual percentage of leavers who are eligible for food stamps.



Short-Term County Food Stamp Participation Rates Vary Widely

Food Stamp application procedures and other administrative practices may also influence Food Stamp participation among former Colorado Works recipients. For example, the relatively high Food Stamp participation by former recipients in the first month after exit from Colorado Works reflects a policy of many counties to keep recipients' Food Stamp cases open for 30 days after their Colorado Works cases close. At the end of this transition period, the Food Stamp case is closed if the client does not reapply. Most counties notify clients by mail that their Food Stamp case will close after the transition period.

This report does not have findings on the extent to which administrative practices affect Food Stamp participation among former Colorado Works recipients. However, we do find significant variation in rates of food stamps receipt at the county level. This cross-county variation warrants additional investigation into the role that administrative practices may play in encouraging or discouraging Food Stamp participation by eligible Colorado Works leavers. Exhibit 5.5 reports the post-program Food Stamp participation rates at one month and three months for former BCA recipients in the 14 counties with the largest Colorado Works caseloads. Participation rates vary widely in these counties for both the one-month and three-month intervals. In the first month after Colorado Works exit, county participation rates ranged from 55 to 81 percent. In the third month after exit, participation rates ranged from 33 percent to 76 percent. In addition, the drop in participation between months one and three is relatively large in some counties and much smaller in others.

The variation in Food Stamp participation rates among counties indicates that administrative practices may effect ongoing participation in the Food Stamp Program by former Colorado Works recipients. Because a majority of former recipients appear to remain eligible for food stamps in the year after exit from Colorado Works, identifying practices that reduce the difficulties these families face in receiving food stamps may increase the prospects that they will make a successful transition to self-sufficiency.

Exhibit 5.5
**Food Stamp Receipt Within Three Months of Colorado Works Exit
 in 14 Counties**
 Adult Colorado Works Leavers
 Recipients Exiting in State Fiscal Year 2000

County	Food Stamp Receipt at One Month After Exit	Food Stamp Receipt at Three Months After Exit	Number of Adult Leavers in SFY 2000
Adams	56.9%	46.2%	784
Arapahoe	59.7%	37.6%	1,053
Boulder	60.8%	46.1%	625
Denver	58.6%	55.0%	2,827
El Paso	64.9%	48.0%	1,974
Fremont	55.4%	33.4%	332
Jefferson	73.7%	52.0%	848
Larimer	70.0%	52.4%	504
Las Animas	75.3%	48.8%	162
Mesa	70.6%	55.1%	463
Otero	76.8%	75.9%	207
Pueblo	73.6%	66.3%	576
Rio Grande	80.7%	69.1%	181
Weld	67.6%	51.3%	466
Statewide	64.7%	50.9%	13,317

Source: BPA tabulations from Colorado Automated Food Stamp System (CAFSS) Data, Colorado Department of Human Services.

Note: Numbers are tabulated for the 14 counties with the largest Colorado Works caseloads.



Recommendation 2:

The Department of Human Services should work with the counties to identify and implement practices that can facilitate increased participation in the Food Stamp Program among low-income households, including those of former Colorado Works recipients.

The Department of Human Services Response:

Agree. The U.S.D.A. Food and Nutrition Service has had the issue of dropping caseloads and access to the Program as a major initiative as well as understanding why potential eligibles do not participate. They have contracted for and published documents on these issues. These studies show that the low benefits level and incredibly complicated eligibility requirements set by the federal government play a pivotal role in the reduction of participation rates among the low income households.

The Department will continue to share best practice recommendations with the counties to facilitate participation. The Department just recently developed policies and procedures and issued rules and an agency letter addressing the subject of program access.

Medicaid Receipt among Colorado Works Leavers

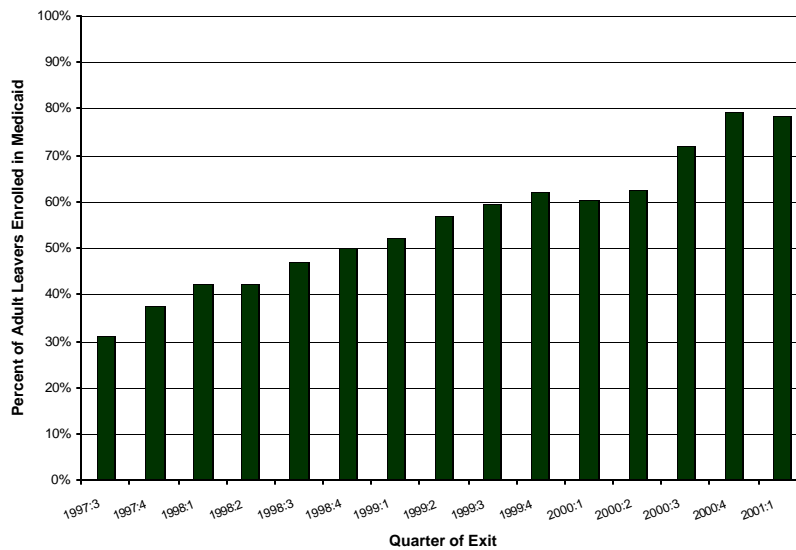
Employed adult Colorado Works leavers are eligible to receive Transitional Medicaid assistance for up to 12 months. They are eligible for Transitional Medicaid for an initial six months after exit regardless of income and for an additional six months if their income is 185 percent or less of the federal poverty level. Adults who left Colorado Works for reasons other than income may be eligible for Section 1931 Medicaid benefits. These benefits are available to all families in Colorado who would have qualified for Medicaid under TANF eligibility rules, regardless of whether the family receives TANF benefits. Children ages six and under can receive post-Colorado Works Medicaid under the Baby Care/Kids Care program if their family's income is between 101 and 133 percent of the federal poverty level.⁸

⁸Pregnant women can also receive post-program Medicaid under this program if their family income is between the AFDC need standard and 133 percent of the federal poverty level.

Medicaid Participation Rates Increased after a COIN System Change

We reported in both the *First Annual Report* and *Second Annual Report* that Medicaid participation rates for Colorado Works leavers were increasing gradually. This trend continued through the second quarter of 2000 until a change was made in the COIN administrative data system to avoid system-initiated Medicaid case closures upon exit from BCA. As of August 14, 2000, case managers could close a BCA case without closing the Medicaid case. This system change caused a substantial jump in Medicaid participation rates for Colorado Works leavers. As shown in Exhibit 5.6, the percentage of adult leavers who enrolled in Medicaid within two months of exit rose from 60 percent in the second quarter of 2000 to 70 percent in the third quarter. In the fourth quarter of 2000, the first full quarter in which the new policy was instituted, Medicaid participation rates for adult leavers increased to 77 percent.

Exhibit 5.6
Medicaid Enrollment within Two Months of Colorado Works Exit
Adult Colorado Works Leavers
Recipients Exiting in 3rd Quarter of 1997 to 1st Quarter of 2001



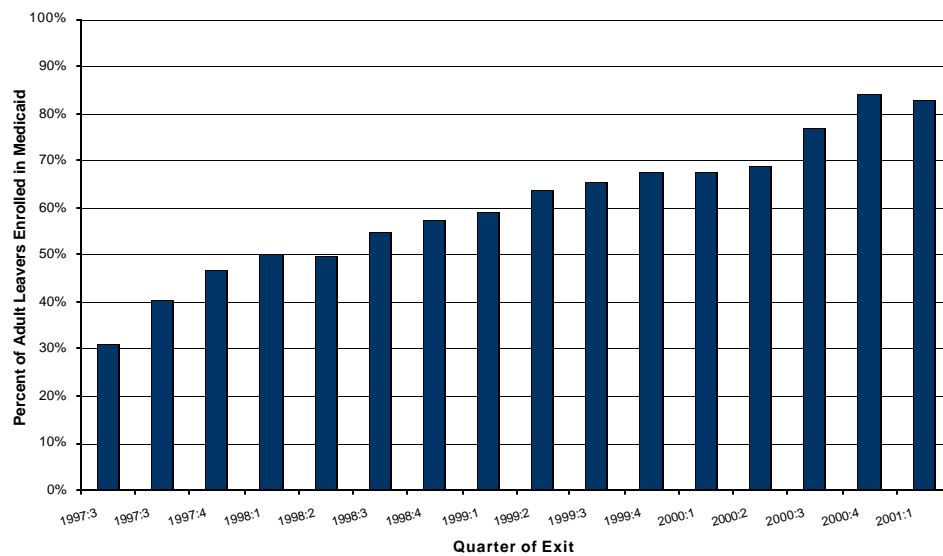
Source: BPA tabulations from COIN-MMIS data, Colorado Department of Human Services.

Note: This sample contains all adult leavers from Basic Cash Assistance.



The COIN system change has also facilitated Medicaid enrollment for children in both adult-headed and child-only cases. Exhibit 5.7 displays the percentage of children in adult-headed cases who were enrolled in Medicaid within two months of their family's exit from Colorado Works. Between the start of Colorado Works in July 1997 and the first quarter of 2000, children's enrollment increased from 40 percent to 68 percent. Enrollment further increased from 68 percent in the first quarter of 2000 to 83 percent in the first quarter of 2001, coincident with the change in COIN. Exhibit 5.8 displays the percentage of children in child-only cases who were enrolled in Medicaid within two months of exit from BCA. In the third quarter of 1997, only 22 percent of children in child-only cases were enrolled in Medicaid after leaving Colorado Works; by the first quarter of 2001, 62 percent of children in child-only cases were enrolled in Medicaid after leaving Colorado Works.

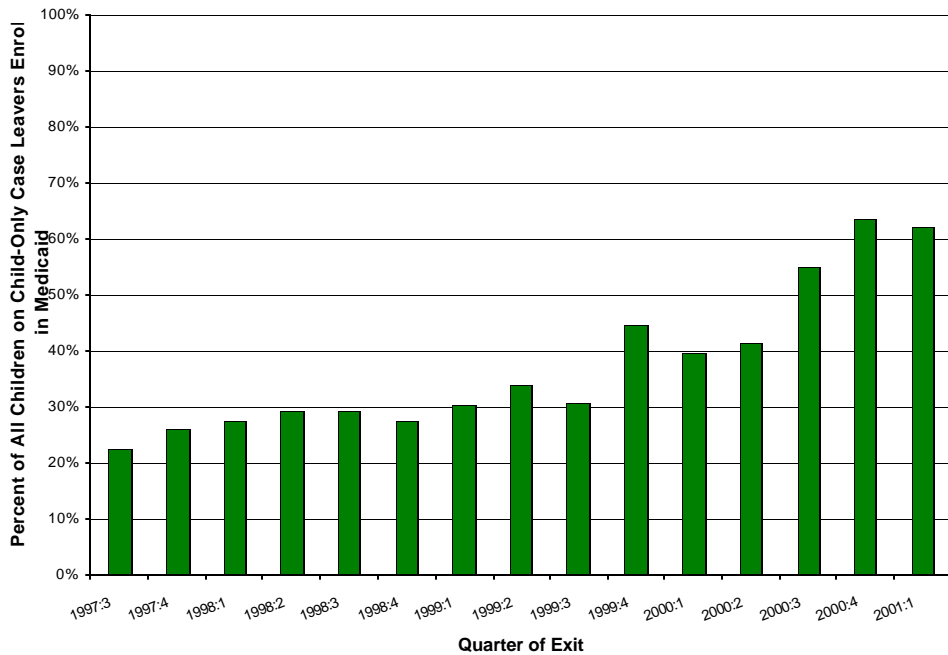
Exhibit 5.7
Medicaid Enrollment Within Two Months of Colorado Works Exit
 Children in Adult-Headed Cases
 Recipients Exiting in 3rd Quarter of 1997 to 1st Quarter of 2001



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

Note: This sample contains all children from adult-headed Basic Cash Assistance (BCA) cases after BCA exit.

Exhibit 5.8
Medicaid Enrollment Within 2 Months of Colorado Works Exit
Children in Child-Only Cases
Recipients Exiting in 3rd Quarter of 1997 to 1st Quarter of 2001



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

Note: This sample contains all children from child-only Basic Cash Assistance (BCA) cases after BCA exit.

As stated earlier, employed leavers and unemployed leavers receive Medicaid benefits under two different programs: Transitional Medicaid and Section 1931 Medicaid. The change in the COIN system has been effective in increasing Medicaid enrollment rates for both employed and unemployed leavers. Exhibit 5.9 displays Medicaid participation rates by employment status in the first quarter after exit. Following the COIN system change, employed leavers continued to have a higher Medicaid receipt rate than leavers who were not employed, although rates for both groups increased. In the third quarter of 2000, 66 percent of leavers who were not employed in the quarter after exit received

Medicaid, and 77 percent of employed leavers received Medicaid. This was a substantial increase from two years earlier, when only 42 percent of unemployed leavers and 58 percent of employed leavers were enrolled in Medicaid in the first quarter after program exit.

Exhibit 5.9

Medicaid Enrollment by Employment Status in First Quarter After Colorado Works Exit

Adult Colorado Works Leavers

Recipients Exiting in 3rd Quarter of 1997 to 3rd Quarter of 2000

Quarter of Colorado Works Exit	Not Employed	Employed
	Percentage Enrolled in Medicaid in Quarter after Exit	Percentage Enrolled in Medicaid in Quarter after Exit
1997:3	28.0%	43.0%
1997:4	34.2%	50.3%
1998:1	37.0%	53.8%
1998:2	38.2%	53.6%
1998:3	41.7%	58.4%
1998:4	45.8%	62.6%
1999:1	48.6%	62.6%
1999:2	54.6%	65.8%
1999:3	53.9%	67.6%
1999:4	58.6%	71.1%
2000:1	55.4%	66.8%
2000:2	58.3%	69.1%
2000:3	66.3%	77.1%

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

Note: This sample includes all adult leavers from Basic Cash Assistance.

Transitional Medicaid is available to all employed leavers in the six months after Colorado Works exit. After six months, employed leavers remain eligible for up to another six months if the household income is 185 percent of the federal poverty level or below. We found that the percentage of leavers who receive Medicaid drops after the sixth month after program exit. Exhibit 5.10 reports the enrollment rates for adult leavers during two periods: the 1 to 6 months after Colorado Works exit and the 7 to 12 months after exit. For leavers in the third quarter of 2000, Medicaid reciprocity rates dropped from 76 percent during the first six months after exit to 50 percent in the second six months after exit. Although it is unlikely that a large percentage of leavers have household income above 185 percent of the federal poverty level, some of this drop is probably attributable to the fact that Medicaid eligibility is reassessed at the end of the first six months after exit. This reassessment requires leavers to provide further documentation of income eligibility.

Exhibit 5.10 Medicaid Enrollment in First Six Months and Second Six Months After Colorado Works Exit Adult Colorado Works Leavers Recipients Exiting in 3 rd Quarters of 1998–2000			
	Quarter of Colorado Works Exit		
	<u>1998:3</u>	<u>1999:3</u>	<u>2000:3</u>
Medicaid Enrollment:			
1-6 Months After Colorado Works Exit	51.2%	63.5%	75.9%
7-12 Months After Colorado Works Exit	36.1%	44.7%	50.4%
Source: BPA tabulations using COIN-MMIS data, Colorado Department of Human Services.			
Note: This sample contains all adult leavers from Basic Cash Assistance.			

Post-Program Medicaid Enrollment Rates Have Increased in Most Counties

Variation in post-Colorado Works Medicaid enrollment rates by county is not large, and enrollment rates in almost all counties increased after the COIN system change in August 2000. Exhibit 5.11 shows county enrollment rates within two months of exit for



two Colorado Works exit groups: adult leavers who exited in the fourth quarters of 1999 and 2000. For Colorado Works leavers in the fourth quarter of 2000, five counties had enrollment rates of above 80 percent, eight counties had enrollment rates between 70 percent and 80 percent, and only one county had an enrollment rate below 70 percent. Between 1999 and 2000, enrollment rates increased in most counties, and in some counties the increases were large. For example, Denver, Fremont, Jefferson, and Larimer counties all had increases in enrollment rates of over 20 percentage points.

Exhibit 5.11

Enrollment in Medicaid Within Two Months of Colorado Works Exit in 14 Counties

Adult Colorado Works Leavers

Recipients Exiting in 4th Quarters of 1999 and 2000

County	Quarter of Colorado Works Exit	
	1999:4	2000:4
Adams	56.5%	77.0%
Arapahoe	73.7%	82.9%
Boulder	65.2%	78.4%
Denver	56.8%	77.2%
El Paso	65.2%	79.8%
Fremont	63.5%	85.7%
Jefferson	59.6%	86.5%
Larimer	56.7%	83.0%
Las Animas	64.9%	75.0%
Mesa	67.7%	86.8%
Otero	73.5%	77.8%
Pueblo	77.4%	75.3%
Rio Grande	57.9%	67.9%
Weld	72.0%	73.7%
Statewide	62.1%	79.5%

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

Note: This sample contains all adult leavers from Basic Cash Assistance. Numbers are tabulated for the 14 counties with the largest Colorado Works caseloads.



We find differences in the characteristics of employed Colorado Works leavers who are enrolled in Transitional Medicaid and those who are not. These differences suggest that some non-enrollees could benefit from such Medicaid assistance. Employed leavers who did not enroll in Medicaid after exit from Colorado Works had lower median earnings in the first quarter following exit than employed leavers who did enroll in Medicaid. For example, in the third quarter of 2000, leavers who did not receive Medicaid had median earnings of \$2,263, while leavers who did receive Medicaid had median earnings of \$2,431. Because higher-paying jobs are more likely to offer health insurance benefits, this suggests that those not enrolled in Medicaid were less likely to obtain employer-provided health insurance than leavers who were enrolled.⁹

We also find that employed leavers who did not enroll in Medicaid were less likely to have a high school degree and that employed leavers of certain ethnicities were less likely to enroll in Medicaid compared to white leavers. In particular, African American leavers were 33 percent less likely than white leavers to enroll in post-program Medicaid. Native American leavers were 14 percent less likely than white leavers to enroll, while Hispanic leavers were slightly more likely than whites to enroll. It is unclear why African American and Native American leavers are less likely than whites to enroll in Medicaid. According to the U.S. Census Bureau March Population Surveys, African Americans in 1999 were less likely than whites to have health insurance. However, Census Bureau figures also indicate that, among households in poverty, African Americans were more likely to enroll in Medicaid than whites.¹⁰

⁹The 1999 Colorado Works Participant Survey, discussed in our *Second Annual Report*, reported that about half of Colorado Works leavers have the opportunity to obtain health insurance from their employers.

¹⁰U.S. Census Bureau, Current Population Surveys, March 1999 and 2000. Available online at: <http://www.census.gov/hhes/hlthins/hlthin99/hi99tb.html>. The Annual Demographic Survey March Supplement by the U.S. Census Bureau reported that in 1999, 39.9 percent of white households in poverty participated in Medicaid, while 59.2 percent of black households in poverty and 53.6 percent of Hispanic households in poverty participated in Medicaid. Table available online at http://ferret.bls.census.gov/macro/032000/noncash/5_002.htm.



Recommendation 3:

The Department of Health Care Policy and Financing, in consultation with the Department of Human Services, should work with counties to assess whether additional outreach about Transitional Medicaid assistance should be targeted to Colorado Works leavers. If determined to be necessary, the agencies should develop additional outreach programs to increase awareness of post-program Medicaid assistance among under-enrolled Colorado Works leavers.

Agree:

The Department agrees to work with the counties and the Department of Human Services to assess the need for additional outreach for Colorado Works leavers who may be eligible for Transitional Medicaid.

Utilization of Child Care Subsidies

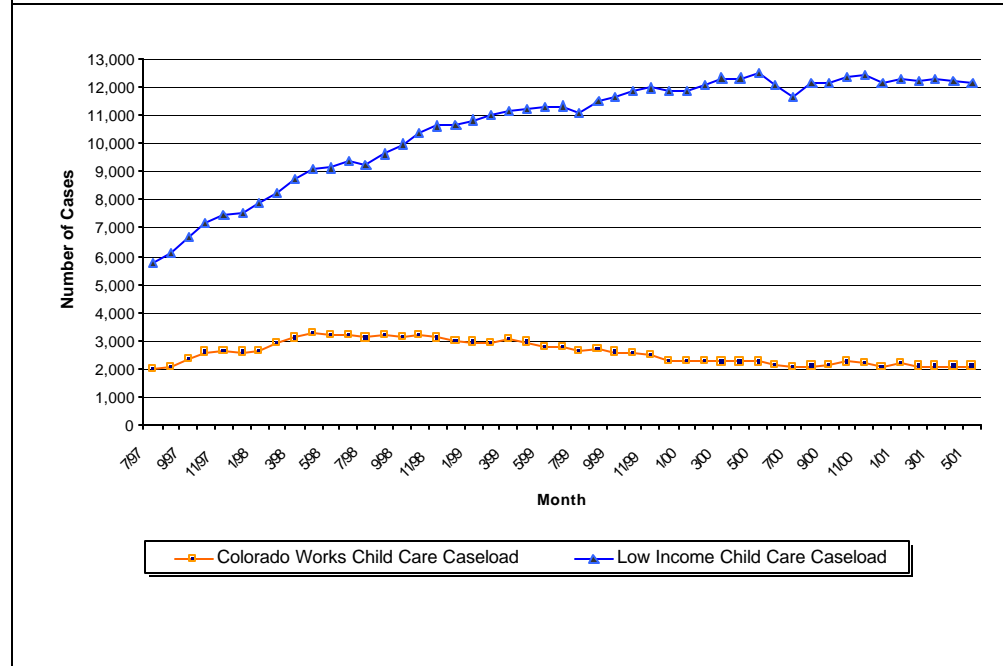
To assist low-income families with the cost of child care, Colorado counties offer assistance through the Colorado Child Care Assistance Program (CCCAP). The Colorado Department of Human Services' Division of Child Care oversees the program at the state level. CCCAP includes a program specifically for Colorado Works recipients (Colorado Works Child Care) and one for other low-income families (Low Income Child Care) that covers eligible former Colorado Works recipients as well as other low-income families. In State Fiscal Year (SFY) 2001, the State and counties spent a total of \$92.5 million on CCCAP. This included \$70.6 million in direct payments for Low-Income Child Care subsidies, \$14.5 million in subsidies for Colorado Works Child Care, and \$7.4 million for program administration.

Families that are eligible for either of these programs choose their preferred child care provider from among any type of licensed provider, ranging from day care centers to home-based providers. Providers who are exempt from state licensing requirements, such as family members, friends, or neighbors are also included. Employed parents pay a portion of the cost of care, based on their income, and CCCAP pays the remaining cost of care to the child care provider.



During SFY 2001, caseloads for both the Colorado Works Child Care and Low-Income Child Care programs remained relatively stable, as shown in Exhibit 5.12. The Colorado Works Child Care caseload stood at 2,223 cases in May 2000 and 2,070 cases in May 2001, a drop of about 7 percent. This decline is consistent with a slight decline in the overall Colorado Works BCA caseload during this period. During the same period, the Low Income Child Care caseload decreased by 3 percent, from 12,506 to 12,161, reflecting a tightened fiscal environment for the CCCAP program in many counties. In SFY 2001, 34 counties overspent their initial allocation of child care block grant funds by a total of \$24.1 million. Additional TANF block grant funds and county TANF reserve funds were used to cover this deficit.

Exhibit 5.12
Colorado Child Care Assistance Program Caseloads:
Colorado Works Child Care and Low Income Child Care
 July 1997 - May 2001



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



The Percentage of Employed Colorado Works Leavers Receiving Low Income Child Care Subsidies Has Gradually Increased

The Low Income Child Care Program is available to all low-income families who are participating in employment, job search, or job training. In Colorado, counties set their own eligibility requirements and provider reimbursement rates. Currently, income eligibility levels for Low Income Child Care range from 137 percent to 225 percent of the federal poverty level.¹¹

The percentage of employed Colorado Works leavers who received Low Income Child Care subsidies has gradually increased since program inception. Exhibit 5.13 reports the percentage of all employed adult BCA leavers who received Low Income Child Care subsidies at various times after exit. The proportion of employed leavers who received subsidies within 12 months of exit increased from 23 percent in the third quarter of 1997 to 30 percent in the second quarter of 2000. Receipt rates within three months of exit similarly increased from 17 percent in the third quarter 1997 to 21 percent in the third quarter of 2000.

¹¹As a participant in the Consolidated Child Care Pilots Program, Routt County has received a state waiver allowing for an eligibility level of up to 300 percent of the federal poverty level.



Exhibit 5.13

Low Income Child Care Subsidy Receipt after Colorado Works Exit

Employed Colorado Works Leavers

Recipients Exiting in 3rd Quarter of 1997 to 3rd Quarter of 2000

Quarter of Exit	Low Income Child Care Subsidy Receipt					
	Receipt at 3 Months after Exit	Receipt at 6 Months after Exit	Receipt at 9 Months after Exit	Receipt at 12 Months after Exit	Receipt Within 3 Months of Exit	Receipt Within 12 Months of Colorado Works Exit
1997:3	14.3%	13.9%	12.1%	11.7%	16.5%	23.1%
1997:4	15.6%	16.2%	14.6%	12.8%	17.8%	27.0%
1998:1	15.4%	15.8%	13.5%	13.0%	17.8%	25.8%
1998:2	14.2%	15.0%	12.9%	13.1%	16.8%	25.4%
1998:3	15.2%	15.5%	14.2%	12.5%	17.4%	26.0%
1998:4	15.2%	17.0%	14.5%	13.8%	17.5%	28.0%
1999:1	14.7%	14.9%	14.1%	13.1%	16.5%	26.0%
1999:2	16.4%	15.8%	13.6%	12.3%	19.8%	27.1%
1999:3	16.1%	16.6%	14.7%	12.9%	18.6%	27.2%
1999:4	18.9%	19.6%	16.7%	14.2%	21.3%	30.7%
2000:1	17.8%	16.9%	15.2%	13.4%	20.5%	28.2%
2000:2	18.1%	17.7%	15.2%	12.8%	21.6%	29.6%
2000:3	18.2%	17.4%	14.5%	n.a.	20.7%	n.a.

Source: BPA tabulations from CHATS data, Division of Child Care, Colorado Department of Human Services.

Notes: n.a. = data not available for time period. This sample includes all employed adult Basic Cash Assistance leavers.

Among those former Colorado Works recipients in the Low Income Child Care Program, many receive subsidies for seven or more months during the first year of exit. Between 44 and 47 percent received Low Income Child Care subsidies for seven or more months (Exhibit 5.14). Between 28 and 34 percent received a subsidy for one to three months.



Exhibit 5.14

Months of Low Income Child Care Subsidy Receipt after Colorado Works Exit

Employed Colorado Works Leavers Receiving Subsidies
 Recipients Exiting in 1st Quarter of 1999 to 2nd Quarter of 2000

Number of Months Received Child Care Subsidies	Quarter of Exit					
	1999:1	1999:2	1999:3	1999:4	2000:1	2000:2
1-3 Months	33.9%	31.7%	29.9%	28.2%	32.4%	32.3%
4-6 Months	22.6%	23.1%	23.6%	25.3%	23.8%	22.2%
7-12 Months	43.6%	45.3%	46.6%	46.6%	43.8%	45.5%
Total Number Receiving Subsidy	682	742	767	713	559	635

Source: BPA tabulations from CHATS Data, Division of Child Care, Colorado Department of Human Services.

Note: This sample contains all employed adult Basic Cash Assistance leavers who received Low Income Child Care subsidies within 12 months of exit.

Low Income Child Care Subsidy Receipt Rates Vary Across Counties

There is some variation in Low Income Child Care receipt rates among the 14 counties with the largest Colorado Works caseloads. As stated earlier, counties have the flexibility to set their own eligibility and provider reimbursement rates, so the variation in receipt rates likely reflects cross-county differences in these reimbursement levels, as well as differences in administrative procedures, client characteristics, and local labor markets. As shown in Exhibit 5.15, in 8 of the 14 counties, over 30 percent of employed Colorado Works leavers received Low Income Child Care subsidies within 12 months.



In six counties, the 12-month receipt rate was between 20 percent and 30 percent. There is only a small positive correlation between income eligibility rates and subsidy receipt rates; counties with higher income eligibility rates are not necessarily much more likely to have higher receipt rates. For example, Boulder County, which in the second quarter of 2000 had the highest 12-month receipt rate of all the 14 counties, had an income eligibility rate of 185 percent, which was the median income eligibility rate among the 14 counties.

Exhibit 5.15
Receipt of Low Income Child Care Subsidies Within 3 and 12 Months of Colorado Works Exit in 14 Counties
 Employed Colorado Works Leavers
 Recipients Exiting in 2nd Quarter of 2000

	Receipt Within 3 Months 2000:2	Receipt Within 12 Months 2000:2
Adams	21.3%	26.7%
Arapahoe	19.9%	26.9%
Boulder	27.2%	37.0%
Denver	22.6%	30.3%
El Paso	17.5%	30.2%
Fremont	22.0%	26.8%
Jefferson	21.4%	30.1%
Larimer	26.3%	32.9%
Las Animas	15.0%	20.0%
Mesa	22.2%	30.6%
Otero	13.6%	18.2%
Pueblo	27.9%	32.4%
Rio Grande	26.9%	26.9%
Weld	26.8%	33.8%
State	21.6%	29.6%

Source: BPA tabulations from CHATS data, Division of Child Care, Colorado Department of Human Services.

Note: This sample includes all employed adult Basic Cash Assistance leavers. Numbers are tabulated for the 14 counties with the largest Colorado Works caseloads.



In August 2001, a major CCCAP program rule change was made to help families leaving Colorado Works for employment to transition into the Low Income Child Care Program.¹² Families receiving a Colorado Works Child Care subsidy while on Colorado Works will be automatically transitioned to the Low Income Child Care program upon exit from Colorado Works. A separate Low Income Child Care application will not be required. At the time of this report, data were not available to assess the effect of this change on Low Income Child Care participation rates among former Colorado Works recipients.

¹²Agency Letter CC-01-3-P, Division of Child Care, Colorado Department of Human Services, August 6, 2001.



Appendix A

Exhibit A.1 Colorado Works Basic Cash Assistance Caseload by Family Type July 1997- June 2000						
<u>Year</u>	<u>Month</u>	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
			<u>All Case Types</u>	<u>One-Parent Cases</u>	<u>Two-Parent Cases</u>	<u>Child-Only Cases</u>
1997	7	27,974	27,920	21,046	739	6,096
	8	27,278	27,207	20,505	776	5,779
	9	26,292	26,186	19,801	808	5,408
	10	25,295	25,160	18,885	806	5,292
	11	24,386	24,251	18,192	807	5,161
	12	23,650	23,505	17,495	839	5,079
1998	1	23,285	23,122	17,072	905	5,078
	2	22,750	22,580	16,546	906	5,056
	3	22,149	21,945	15,906	922	5,020
	4	21,579	21,358	15,446	859	4,983
	5	20,831	20,653	14,836	823	4,917
	6	20,107	19,872	14,072	793	4,937
	7	19,571	19,298	13,605	731	4,918
	8	19,108	18,839	13,071	723	4,985
	9	18,359	18,090	12,255	675	5,116
	10	17,640	17,350	11,595	649	5,074
	11	16,949	16,612	10,954	670	4,955
	12	16,296	15,877	10,380	648	4,827
1999	1	16,310	15,912	10,342	665	4,882
	2	15,818	15,459	9,866	636	4,927
	3	15,789	15,429	9,785	647	4,974
	4	15,444	15,040	9,439	618	4,963
	5	14,818	14,467	8,956	577	4,926
	6	13,909	13,541	8,198	504	4,831
	7	14,310	13,840	8,307	507	5,012

Exhibit A.1 (continued)						
<u>Year</u>	<u>Month</u>	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
			<u>All Case Types</u>	<u>One-Parent Cases</u>	<u>Two-Parent Cases</u>	<u>Child-Only Cases</u>
	8	14,152	13,646	8,068	463	5,096
	9	13,822	13,322	7,895	440	4,975
	10	13,411	12,972	7,552	433	4,971
	11	13,122	12,677	7,319	411	4,931
	12	12,589	12,103	6,889	397	4,807
2000	1	12,765	12,273	7,003	430	4,814
	2	12,622	12,204	6,917	443	4,822
	3	12,558	12,052	6,827	440	4,767
	4	12,420	11,920	6,759	437	4,705
	5	12,169	11,632	6,493	414	4,713
	6	11,903	11,349	6,263	383	4,681
	7	11,996	11,400	6,277	373	4,730
	8	12,157	11,466	6,271	385	4,785
	9	12,104	11,535	6,338	384	4,788
	10	12,031	11,410	6,189	377	4,821
	11	12,015	11,447	6,158	372	4,894
	12	11,979	11,409	6,097	386	4,912
2001	1	12,076	11,483	6,152	410	4,898
	2	11,906	11,415	6,050	424	4,905
	3	12,055	11,511	6,150	428	4,903
	4	12,000	11,470	6,135	429	4,888
	5	11,965	11,460	6,127	431	4,886
	6	11,912	11,318	6,058	414	4,842

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

Note: Total Colorado Works caseload includes Basic Cash Assistance cases and County and State Diversion cases. A small number of cases are missing family-type information. Therefore, the total Basic Cash Assistance caseload may not exactly match the sum of cases across all family types.



Exhibit A.2 Colorado Works Basic Cash Assistance Caseload by County May 2001					
County	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
		All Case Types	One-Parent Cases	Two-Parent Cases	Child-Only Cases
Adams	666	629	147	4	477
Alamosa	142	129	79	17	33
Arapahoe	928	926	559	42	325
Archuleta	16	16	6	0	10
Baca	20	19	7	0	12
Bent	40	36	17	1	18
Boulder	332	329	210	20	99
Chaffee	21	21	16	0	5
Cheyenne	3	3	2	0	1
Clear Lake	5	4	3	0	1
Conejos	68	65	32	11	15
Costilla	39	39	24	2	13
Crowley	44	44	27	3	14
Custer	7	5	2	0	3
Delta	110	100	63	8	28
Denver	3,360	3,241	1,649	52	1,540
Dolores	8	8	5	3	0
Douglas	26	26	12	0	14
Eagle	9	9	4	1	4
Elbert	13	12	7	0	5
El Paso	1,928	1,794	1,112	69	613
Fremont	162	144	83	13	48
Garfield	80	80	45	0	34
Gilpin	5	3	0	1	2
Grand	16	16	13	0	3
Gunnison	19	19	11	3	5
Hinsdale	2	2	0	0	2
Huerfano	58	57	26	8	23
Jackson	5	5	4	26	1



Exhibit A.2 (continued)					
County	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
		All Case Types	One-Parent Cases	Two-Parent Cases	Child-Only Cases
Jefferson	764	732	497	0	209
Kiowa	4	4	2	0	2
Kit Carson	16	16	11	0	5
Lake	11	11	5	3	3
La Plata	51	46	24	4	18
Larimer	472	457	312	21	124
Las Animas	126	125	67	9	49
Lincoln	6	5	1	0	4
Logan	59	52	19	3	29
Mesa	383	365	229	11	125
Mineral	2	2	0	0	2
Moffat	33	28	11	2	15
Montezuma	133	132	80	13	39
Montrose	129	122	77	10	33
Morgan	147	144	59	9	76
Otero	151	141	71	7	63
Ouray	5	4	3	0	1
Park	5	5	2	0	3
Phillips	1	1	1	0	0
Pitkin	4	4	1	1	2
Prowers	103	101	54	5	42
Pueblo	649	621	198	7	414
Rio Blanco	7	7	3	0	4
Rio Grande	127	123	72	23	28
Routt	3	3	2	0	1
Saguache	47	45	25	5	15
San Juan	1	1	1	0	0
San Miguel	3	3	3	0	0
Sedgwick	1	1	0	0	1
Summit	7	2	0	0	2
Teller	40	35	16	2	17

Exhibit A.2 (continued)					
<u>County</u>	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
		<u>All Case Types</u>	<u>One-Parent Cases</u>	<u>Two-Parent Cases</u>	<u>Child-Only Cases</u>
Washington	6	6	3	0	3
Weld	315	313	106	8	198
Yuma	22	22	7	4	11
State Total	11,965	11,460	6,127	431	4,886
Source: BPA staff calculations using COIN administrative records, CDHS.					
Note: Total Colorado Works caseload includes Basic Cash Assistance cases and County and State Diversion cases. A small number of cases are missing family-type information. Therefore, the total Basic Cash Assistance caseload may not exactly match the sum of cases across all family types.					



Exhibit A.3 Colorado Works Adult-Headed Caseload by Type of Assistance July 1997 - June 2001							
<u>Year</u>	<u>Month</u>	Total Adult- Headed <u>Cases</u>	BCA <u>Only</u>	BCA and Other <u>Assistance^a</u>	<u>State</u> <u>Diversion</u>	<u>County</u> <u>Diversion</u>	<u>Misc.^b</u>
1997	7	21,839	20,752	1,025	50	4	8
	8	21,351	19,434	1,835	57	13	12
	9	20,714	18,338	2,260	87	18	11
	10	19,826	17,083	2,583	99	36	25
	11	19,133	16,682	2,296	83	51	21
	12	18,479	15,993	2,326	87	58	15
1998	1	18,140	15,443	2,512	104	59	22
	2	17,621	14,855	2,582	96	73	15
	3	17,030	13,792	3,020	119	83	16
	4	16,526	13,056	3,229	130	91	20
	5	15,837	12,452	3,198	90	88	9
	6	15,100	11,650	3,199	154	81	16
	7	14,609	11,121	3,193	162	111	22
	8	14,060	10,554	3,206	149	117	34
	9	13,198	9,699	3,218	157	111	13
	10	12,531	8,844	3,385	147	140	15
	11	11,959	8,476	3,132	150	185	16
	12	11,445	8,195	2,820	164	253	13
1999	1	11,403	7,903	3,090	183	213	14
	2	10,858	7,529	2,956	159	197	17
	3	10,791	7,226	3,191	189	170	15
	4	10,461	6,996	3,049	211	193	12
	5	9,884	6,692	2,837	183	168	4
	6	9,070	6,295	2,399	183	185	8
	7	9,282	6,155	2,648	229	239	11
	8	9,037	5,956	2,560	250	256	15
	9	8,833	5,700	2,625	222	276	10
	10	8,421	5,369	2,613	195	241	3

Exhibit A.3 (continued)							
<u>Year</u>	<u>Month</u>	<u>Total Adult- Headed Cases</u>	<u>BCA Only</u>	<u>BCA and Other Assistance^a</u>	<u>State Diversion</u>	<u>County Diversion</u>	<u>Misc.^b</u>
	11	8,135	5,275	2,454	180	225	1
	12	7,747	5,013	2,272	182	279	1
2000	1	7,892	5,216	2,215	185	274	2
	2	7,764	4,852	2,506	173	231	2
	3	7,753	4,608	2,658	185	301	1
	4	7,686	4,703	2,493	221	269	0
	5	7,407	4,451	2,455	213	287	1
	6	7,175	4,350	2,296	213	316	0
	7	7,214	4,306	2,342	236	328	2
	8	7,330	4,163	2,491	261	413	2
	9	7,280	4,348	2,374	255	303	0
	10	7,182	4,117	2,446	276	340	3
	11	7,097	4,155	2,371	240	327	4
	12	7,053	4,275	2,208	224	346	0
2001	1	7,155	4,136	2,425	227	366	1
	2	6,965	4,178	2,296	195	296	0
	3	7,122	4,140	2,437	223	321	1
	4	7,094	4,071	2,492	241	289	1
	5	7,060	4,156	2,400	186	316	2
	6	7,064	4,181	2,291	239	353	0
Source: BPA staff calculations using COIN administrative records, Colorado Department of Human Services.							
Notes: (a) These are cases that received both basic cash and other assistance payments in the same month. Only cases receiving basic cash assistance were eligible to receive other assistance payments. Other assistance includes, among others, payments for transportation, educational support, supplemental cash payments, and incentive payments.							
(b) Miscellaneous included cases that received a retroactive cash assistance payment and a diversion payment in the same month.							



Exhibit A.4

Colorado Works Adult-Headed Caseload

By Type of Assistance and by County, May 2001

<u>County</u>	Total Adult- Headed <u>Cases</u>	BCA <u>Only</u>	BCA and Other <u>Assistance^a</u>	State <u>Diversion</u>	County <u>Diversion</u>	<u>Misc.^b</u>
Adams	188	72	79	2	35	0
Alamosa	109	70	26	12	1	0
Arapahoe	603	599	1	2	0	1
Archuleta	6	5	1	0	0	0
Baca	8	7	0	0	1	0
Bent	22	14	4	4	0	0
Boulder	232	163	67	2	0	0
Chaffee	16	12	4	0	0	0
Cheyenne	2	2	0	0	0	0
Clear Lake	4	3	0	0	1	0
Conejos	46	28	15	3	0	0
Costilla	26	19	7	0	0	0
Crowley	30	14	16	0	0	0
Custer	4	2	0	2	0	0
Delta	81	42	29	3	7	0
Denver	1,820	886	815	3	116	0
Dolores	8	7	1	0	0	0
Douglas	12	12	0	0	0	0
Eagle	5	5	0	0	0	0
Elbert	8	6	1	1	0	0
El Paso	1,315	757	423	106	28	1
Fremont	114	49	47	10	8	0
Garfield	45	5	40	0	0	0
Gilpin	3	1	0	0	2	0
Grand	13	13	0	0	0	0
Gunnison	14	11	3	0	0	0
Hinsdale	0	0	0	0	0	0

Exhibit A.4 (continued)						
<u>County</u>	<u>Total Adult-Headed Cases</u>	<u>BCA Only</u>	<u>BCA and Other Assistance^a</u>	<u>State Diversion</u>	<u>County Diversion</u>	<u>Misc.^b</u>
Huerfano	35	26	8	0	1	0
Jackson	31	13	17	0	1	0
Jefferson	528	248	249	7	24	0
Kiowa	2	2	0	0	0	0
Kit Carson	11	10	1	0	0	0
Lake	8	8	0	0	0	0
La Plata	33	10	18	1	4	0
Larimer	347	203	130	2	12	0
Las Animas	77	57	19	0	1	0
Lincoln	2	1	0	0	1	0
Logan	29	11	11	1	6	0
Mesa	258	145	95	10	8	0
Mineral	0	0	0	0	0	0
Moffat	18	4	9	1	4	0
Montezuma	94	79	14	1	0	0
Montrose	94	48	39	0	7	0
Morgan	71	41	27	0	3	0
Otero	88	66	12	2	8	0
Ouray	4	3	0	0	1	0
Park	2	2	0	0	0	0
Phillips	1	1	0	0	0	0
Pitkin	2	0	2	0	0	0
Prowers	61	54	5	1	1	0
Pueblo	232	150	55	5	22	0
Rio Blanco	3	2	1	0	0	0
Rio Grande	99	56	39	1	3	0
Routt	2	2	0	0	0	0
Saguache	32	15	15	0	2	0



Exhibit A.4 (continued)						
<u>County</u>	<u>Total Adult-Headed Cases</u>	<u>BCA Only</u>	<u>BCA and Other Assistance^a</u>	<u>State Diversion</u>	<u>County Diversion</u>	<u>Misc.^b</u>
San Juan	1	1	0	0	0	0
San Miguel	3	3	0	0	0	0
Sedgwick	0	0	0	0	0	0
Summit	5	0	0	0	5	0
Teller	23	11	7	2	3	0
Washington	3	2	1	0	0	0
Weld	116	74	40	2	0	0
Yuma	11	4	7	0	0	0
State Total	7,060	4,156	2,400	186	316	2

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

Notes: (a) These are cases that received both basic cash and other assistance payments in the same month. Only cases receiving basic cash assistance were eligible to receive other assistance payments. Other assistance includes, among others, payments for transportation, educational support, supplemental cash payments, and incentive payments.
(b) Miscellaneous includes cases that received a retroactive cash assistance payment and a diversion payment in the same month.



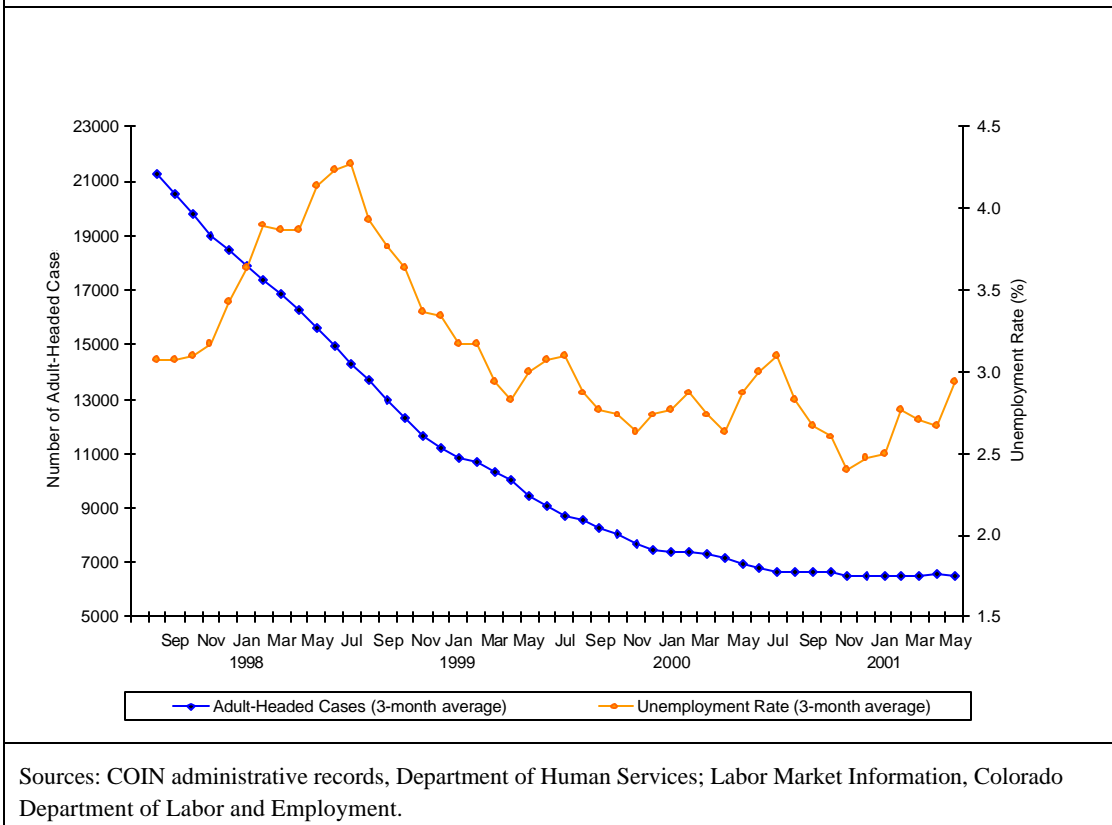
Appendix B: Technical Notes on the Estimation of the Impact of the Economy on the Colorado Works Caseload Trend

As discussed in Chapter 2, the basic cash assistance caseload has significantly declined since the implementation of Colorado Works. The coincidence of the good economy and the major shift in welfare policy is often considered as a reason behind the decrease in the caseload, which was observed not only in Colorado but also nationwide. The economic expansion led to record low unemployment rates around the country and to an increase in wages among low-skilled laborers during the last half of the 1990s. Such a strong economy has no doubt reduced the number of families needing assistance as well as helped welfare recipients to leave a roll for a job. As shown in Exhibit B-1, a decline in the Colorado Works caseload parallels the decline in the states' unemployment rate, suggesting that the economy contributed to the caseload reduction.

Exhibit B.1

Colorado Works Caseload and State Unemployment Rate Trends

SFY1998 - SFY2001



Now that the state and national economy are slowing, a major concern of policy makers is whether and how quickly TANF caseload will grow. To assess this issue, we examine the relationship between the Colorado Works caseload and economy in the past to make limited inferences about future caseload trends. In order to determine whether and to what extent the economy played a role in reducing the Colorado Works caseload, we estimate a model of the county caseload levels. We utilize monthly county-level unemployment rate variations to assess the impact of the economy. The regression model for a given county (i) and for a given month (t) is specified as:

$$\log(C_{it}) = b_1 U_{it} + b_2 N_i + b_3 P_i + b_4 T_t + b_5 T_t^2 + b_6 X_i + u_i + e_t + v_{it}$$

where C is the monthly caseload; U is the monthly unemployment rate; N is the annual population average; P is the number of female households in 2000; T is the time trend to capture the progress of the program implementation and policy changes (the squared term is included to allow the slow down of the program impact); X is a vector of county characteristics; u_i is a county-specific unobservable term; e_t is a time-specific unobservable term; and v_{it} is a residual term. This model represents a cross-sectional time-series regression using panel data, and we use generalized least squares (GLS) to estimate the (random effects) model. This estimation method provides the weighted average of the impact of the economy measured from cross-sectional variation across counties and that from across-period variation within county.

Results of the GLS estimation are provided in Exhibit B-2. We used the twenty largest counties in terms of caseload size for the estimation. We find strong evidence that the economy accounted for at least part of the Colorado Works caseload trend. As shown in the table, one percent point increase in unemployment rates was associated with about 3.4 percentage increase in the one-parent caseload. The coefficient is statistically significant at the 1 percent confidence level. The impact on child-only cases is much smaller: one percent point increase in unemployment was associated with 1.4 percent increase in the child-only caseload.

From these results, we conclude that an increase in county unemployment rates will most likely lead to an increase in the Colorado Works caseload. However, while the estimates can be used to illustrate what happened in the past during the economic boom, they are not precise indicators for the future because of many unknown factors. Unknown factors include the impact of time-limit or diversion policies affecting repeaters' choices as well as the rate and size of the impact of an increase in



unemployment rates upon the job loss or wage cuts among low-skilled workers. The estimates provided here, therefore, cannot be used to predict the exact magnitude of the caseload increase in the future in case of increased unemployment.

	Monthly Adult-Only Cases		Monthly Child-Only Cases	
	dependent vbl = ln(adult cases)		dependent vbl = ln(child-only cases)	
	<u>Coef.</u>	<u>Std. Err.</u>	<u>Coef.</u>	<u>Std. Err.</u>
Log(county population)	0.19101 +	0.10183	-0.02520	0.16217
Number of female-headed households	0.00009 *	0.00002	0.00013 *	0.00003
Unemployment rate	0.03378 *	0.00674	0.01408 *	0.00385
Time trend	-0.04916 *	0.00203	-0.00554 *	0.00121
Squared term for trend	0.00053 *	0.00004	0.00007 *	0.00002
Constant	3.39473 *	1.03722	4.09160 *	1.64976
Number of observations	920		920	
Wald chi-square	2965.81		202.72	

Notes: * = statistically significant at the 1 percent level, ** = at the 5 percent level, + = at the 10 percent level.

Unemployment rates are two-month lagged. The county population is the yearly projection based on the 1990 Census. The number of female-headed households is from the 2000 Census. Twenty largest counties based on the caseload size in June 2001 are included in the estimation. These counties are: Denver, El Paso, Pueblo, Adams, Arapahoe, Jefferson, Weld, Larimer, Mesa, Boulder, Fremont, Otero, Las Animas, Rio Grande, Alamosa, Delta, Montezuma, Montrose, Morgan, and Prowers.



Appendix C

Exhibit C.1

Characteristics of First-Time Entrants to Colorado Works

Adult Recipients from Single-Parent Cases, for Selected Months in 1997-2001

	First-Time Entrants (No Prior AFDC/Colorado Works Receipt)				
	<u>Nov-97</u>	<u>Nov-98</u>	<u>Nov-99</u>	<u>Nov-00</u>	<u>May-01</u>
Average age	26.8	26.1	26.9	26.8	27.5
Percentage male	7.8%	8.8%	7.1%	13.1%	9.6%
Percentage married	11.9%	9.8%	7.1%	6.7%	11.7%
Percentage White	59.3%	63.5%	59.0%	56.0%	63.8%
Percentage African American	11.2%	10.7%	11.6%	9.6%	14.2%
Percentage Hispanic	23.5%	23.0%	25.6%	26.1%	25.9%
Percentage other race/ethnicity	6.0%	2.8%	3.8%	8.3%	5.4%
Average age of youngest child in household	3.3	3.0	3.1	3.0	3.3
Average number of children in household	1.4	1.3	1.4	1.4	1.5
Percentage with child aged 4 or younger in family	71.4%	75.0%	69.9%	74.2%	64.5%
Percentage employed in the quarter of enrollment (a)	40.0%	33.5%	44.0%	41.4%	n.a.
Average quarterly earnings in the quarters of enrollment (b)	\$1,044	\$1,051	\$1,116	\$1,258	n.a.
Number of quarters employed prior to entry (a)	n.a.	1.69	1.86	1.79	n.a.
Average quarterly earnings over the four quarters prior to entry (c)	n.a.	\$978	\$1,198	\$1,527	n.a.
Number of New Recipients	360	376	266	314	282

Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.

Notes: UI wage records are available through December 2001. (a) Based on UI wage data. (b) The average is calculated among those reported positive earnings. (c) The mean quarterly earnings over the four quarters prior to entry is first calculated by including quarters without reported earnings. Then, the average reported here is computed by excluding those who do not report positive mean earnings over the four quarters prior to entry.



Exhibit C.2					
Characteristics of Re-Entering Recipients to Colorado Works					
Adult Recipients from Single-Parent Cases, for Selected Months in 1997-2001					
	Re-Entering Entrants (With Previous AFDC/Colorado Works Receipt)				
	<u>Nov-97</u>	<u>Nov-98</u>	<u>Nov-99</u>	<u>Nov-00</u>	<u>May-01</u>
Average age	29.6	29.4	30.0	29.9	29.1
Percentage male	4.0%	3.8%	5.5%	5.5%	3.9%
Percentage married	9.4%	11.1%	7.2%	9.1%	8.2%
Percentage White	46.2%	47.5%	46.3%	43.3%	45.6%
Percentage African American	15.8%	13.3%	17.3%	19.4%	18.6%
Percentage Hispanic	33.4%	35.1%	33.4%	33.5%	31.3%
Percentage other race/ethnicity	4.5%	4.1%	3.0%	3.8%	4.5%
Average age of youngest child in household	5.2	4.8	4.8	4.7	4.8
Average number of children in household	1.8	1.9	1.9	2.1	2.0
Percentage with child aged 4 or younger in family	52.8%	55.4%	55.8%	57.6%	55.1%
Percentage employed in the quarter of enrollment (a)	45.2%	48.7%	53.3%	51.4%	n.a.
Average quarterly earnings in the quarters of enrollment (b)	\$1,079	\$1,150	\$1,366	\$1,087	n.a.
Number of quarters employed prior to entry (a)	n.a.	2.47	2.50	2.45	n.a.
Average quarterly earnings over the four quarters prior to entry (c)	n.a.	\$1,227	\$1,289	\$1,767	n.a.
Months on cash aid (AFDC/Colorado Works) prior to entry	44.4	45.0	48.8	44.2	39.9
Months on Colorado Works prior to entry	0.3	4.8	8.9	10.3	10.6
Number of Colorado Works spells prior to entry	0.2	0.7	1.0	1.2	1.2
Number of New Recipients	604	612	473	453	441
Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.					
Notes: UI wage records are available through December 2001. (a) Based on UI wage data. (b) The average is calculated among those reported positive earnings. (c) The mean quarterly earnings over the four quarters prior to entry is first calculated by including quarters without reported earnings. Then, the average reported here is computed by excluding those who do not report positive mean earnings over the four quarters prior to entry.					

Appendix D: Technical Notes on Estimation of the Exit Probability

In Chapter 2, we presented a summary of findings from estimating the probability of leaving Colorado Works. In this appendix, we provide information the multivariate statistical models used to examine the exit probability and present their results in detail.

Methods

A multivariate model allows us to assess how a particular factor correlates to the outcome variable (i.e., the probability of leaving), while controlling for various background factors. For instance, we can examine the effect of living in a particular county on the probability of exit, while controlling for other intervening factors such as age and race. We use a multivariate method to identify factors that determine the probability of exit from Colorado Works.

The type of the multivariate models used here is known as a hazard (or duration) model, which is an analytical method designed to describe a transition from one state to another. In this case, we describe the transition in terms of the probability of leaving Colorado Works among adult recipients. The hazard rate in our model refers to the instantaneous probability of leaving cash assistance after a given number of months spent on the program. More precisely, the hazard rate, $h(t)$, is the conditional probability that Colorado Works receipt ends after t months on cash aid, provided that it lasted for t consecutive months. The hazard rate is defined as:

$$h(t) = \lim_{d \rightarrow 0} \frac{\text{Prob}(t \leq T < t + d | T \geq t)}{d}$$

where T is a continuous random variable representing the duration of time on cash assistance (with an unknown distribution), t is a given duration of continuous Colorado Works receipt, d is an interval of time, “ $\lim_{d \rightarrow 0}$ ” indicates the probability limit when d approaches zero, and t is the number of consecutive months an individual participated in Colorado Works.



We estimate the hazard rate $h(t)$, or the probability of leaving cash assistance, by specifying a parameterized model as follows:

$$h(t) = \exp(X' \mathbf{b}) \cdot h_0(t),$$

where $h_0(t)$ is the “baseline” hazard at time t . The baseline hazard is assumed to be the same for everyone at any given t . It measures the underlying probability of exit after receiving cash aid for t months. At any given t , the observed (actual) probability of leaving, $h(t)$, is assumed to be proportional to this baseline hazard. The degree of proportionality depends on X , which is a matrix of personal, family, and community characteristics. B is a matrix of parameters to be estimated, measuring the effects of each characteristic in X upon the probability of leaving.

The hazard rate $h(t)$ is estimated by the maximum likelihood method. We use the partial likelihood method, suggested by Cox (1972, 1975), which allows us to estimate B without imposing a particular functional form for the underlying cumulative distribution for T .

Data and Variables

For the analysis in Chapter 2, we match data from the Unemployment Insurance (UI) wage records, maintained by the Colorado Department of Labor and Employment, to COIN administrative records and CACTIS work activity participation data, maintained by the Colorado Department of Human Services (CDHS). In addition, we merged county-level monthly unemployment rates, published by the Department of Labor and Employment, to the combined data. From combined data, we constructed variables to be included in the matrix X . These are the “control” variables which are included in the multivariate analysis. They include the following personal, family, and county-specific characteristics:

- an indicator variable for gender,
- an indicator variable for African-American recipients,
- an indicator variable for Hispanic recipients,
- age of adult recipient,



- squared age of adult recipient,¹
- an indicator variable for married vs. non-married recipients,
- the household size (the number of children),
- the number of months spent on cash aid prior to the current spell,
- the number of quarter employed over 12 months prior to the current spell,
- an indicator for whether the recipient was employed (based on UI data),
- an indicator variable for whether the county of residence is in the isolated rural area,²
- indicators for the county of residence
- indicators for having been at least for a period of time exempt from work activity or assigned to a county-defined activity due to: maternity reasons; medical reasons; mental health reasons; homelessness; domestic violence; SSI referral; vocational rehabilitation; lack of child care; transportation problems; caring for a disabled child; and child protection and court-related reasons.

In addition, we control for the likelihood of recipients to have CACTIS match records. The CACTIS records were missing for some individuals, particularly among those recipients who left the program quickly. We suspect that this is because individuals did not stay long enough to participate in work activities or to have their work activities recorded. To account for this potential bias, we estimated the propensity of recipients to have any work activity records and included the estimated propensity in the estimation.³ To check the robustness of the results, we also estimated the model using only those who had work activity records, and obtained the consistent results.

¹ We include the square of age because it is possible that probability of exit is not correlated with age in a linear fashion. For instance, those at the very top and bottom of the age distribution may be more likely to exit Colorado Works than those in the middle.

² The isolated rural areas are defined as counties with less than 2,500 urban population, based on the 1993 rural-urban continuum codes from the OMB.

³ We estimated a probit model for whether the individual had any work activity records. The observables for the model included are: age, gender, marital status, education, age of the youngest child, race, county indicators, and time trend.

Estimation Results

We examine two types of exit. In one model, we estimate the hazard rates for any type of exit. In another model, we estimate the hazard rates for exit through employment. We consider that the individual has exited through employment if s/he was employed in the quarter immediately following the exit.

We estimate the hazard rate using data between July 1998 and September 2000. The sample period we examined is limited by the availability of the COIN administrative records and the UI wage records.⁴ The data included 20,805 individuals with 116,806 observed person-months. We exclude those for whom we cannot observe the beginning of the duration, known as left-censored spells. If a person has multiple spells, the most current spell is included in our analysis.

The results from this estimation are shown in Exhibit D.1. We find that most factors were statistically significant. Because the regression coefficients (B) are difficult to interpret intuitively, we also provide the estimated odds ratios, $\exp(B)$. The odds ratio measures the relative effects of a unit increase in X upon the hazard rate. For example, the odds ratio for the employment indicator is 1.71 for any type of exit. This means that the ratio of the probability of leaving the program period for an employed person to the probability of leaving for an unemployed person is 1.71. That is, the probability of leaving in the period among the employed is 71 percent higher than the probability of leaving among the unemployed. We interpret this as meaning that employment increases the probability of leaving cash assistance among adult recipients. Because the magnitude of the effects depends on the values of X and t , Exhibit 2.9 (Chapter 2) reports the findings in terms of the estimated probability of leaving after six consecutive months on Colorado Works evaluated at the sample mean.

⁴ For this analysis, we used UI wage records from July 1997 to December 2000. The estimation model requires the UI wage records for at least four quarters prior to the start of the Colorado Works spell and for at least three quarters after their exit in order to determine the recipient's previous work experience and the employment status following the exit.



There is significant variation in the exit probability across counties, even after controlling for observable individual characteristics of recipients and the local unemployment rate. Recipients in counties such as Weld and Fremont are leaving the program more quickly than those in counties such as Denver and Jefferson. The county-by-county variation in itself should not be used as a measure of success or failure of individual counties' program design. The counties correlated with longer periods on BCA tend to be more urban. It is possible that the longer spells on assistance in these counties are related to a greater concentration of employment-related barriers among residents in urban areas, a factor that is difficult to entirely control for in statistical models.

References

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_____. 1975 "Partial Likelihood," *Biometrika*, 62: 269-276.

Lancaster, Tony. 1990. *The Econometric Analysis of Transition Data*. Cambridge, UK: Cambridge University Press.



Exhibit D.1 Estimation of the Exit Probability (Partial Likelihood Estimation of Cox-Proportional Hazard Model)						
	All types of Exits			Exit for Employment		
	Coef.	Std. Err.	Haz. Ratio	Coef.	Std. Err.	Haz. Ratio
Age	0.0268 *	0.0064	1.027	0.0271 *	0.0089	1.028
Age squared	-0.0004 *	0.0001	1.000	-0.0004 *	0.0001	1.000
Male	0.0700 *	0.0247	1.072	0.0946 *	0.0324	1.099
Married	0.1121 *	0.0213	1.119	0.0900 *	0.0288	1.094
Number of children	-0.0418 *	0.0077	0.959	-0.0699 *	0.0103	0.933
Hispanic	-0.0047	0.0199	0.995	0.0033	0.0259	1.003
African-American	-0.1884 *	0.0286	0.828	-0.1843 *	0.0357	0.832
Total months on cash aid prior to current spell	-0.0008 *	0.0002	0.999	-0.0005 +	0.0003	0.999
Num of quarters employed in a year prior to the current spell	-0.0105 **	0.0052	0.990	0.0482 *	0.0069	1.049
Employed	0.5374 *	0.0172	1.712	2.3824 *	0.0362	10.831
County unemployment rate	-0.0553 *	0.0083	0.946	-0.0691 *	0.0113	0.933
Isolated rural counties	-0.3093 *	0.0484	0.734	-0.1451 **	0.0648	0.865
Held or Assigned to a County-Defined Activity Due to:						
Maternity	-0.7188 *	0.0317	0.487	-0.6304 *	0.0405	0.532
Medical reasons	-0.8570 *	0.0352	0.424	-0.8862 *	0.0504	0.412
Mental health reasons	-0.8385 *	0.0735	0.432	-0.8228 *	0.1089	0.439
Child protection & court related reasons	-0.6679 *	0.1018	0.513	-0.4465 *	0.1241	0.640
Homeless	-0.7801 *	0.0902	0.458	-0.8711 *	0.1235	0.419
Transportation problems	-0.5226 *	0.1652	0.593	-0.5672 **	0.2192	0.567
Domestic violence	-0.4593 *	0.0957	0.632	-0.4395 *	0.1334	0.644
Vocational rehabilitation	-0.9133 *	0.1147	0.401	-0.7543 *	0.1756	0.470
SSI referral	-0.6952 *	0.0915	0.499	-1.0060 *	0.1868	0.366
Lack of child care	-0.8290 *	0.0939	0.436	-0.7171 *	0.1228	0.488
Caring for disabled child	-0.8299 *	0.2891	0.436	-0.7736 +	0.4090	0.461

	All types of Exits			Exit for Employment		
	Coef.	Std. Err.	Haz. Ratio	Coef.	Std. Err.	Haz. Ratio
	Denver	-0.4247 *	0.0325	0.654	-0.3467 *	0.0430
El Paso	-0.4095 *	0.0291	0.664	-0.4257 *	0.0388	0.653
Pueblo	-0.1375 *	0.0454	0.872	0.0044	0.0583	1.004
Adams	0.1073 **	0.0431	1.113	0.0900	0.0574	1.094
Arapahoe	-0.2623 *	0.0386	0.769	-0.2513 *	0.0508	0.778
Jefferson	-0.6804 *	0.0410	0.506	-0.5314 *	0.0540	0.588
Weld	0.4182 *	0.0434	1.519	0.4003 *	0.0554	1.492
Larimer	-0.2696 *	0.0456	0.764	-0.2085 *	0.0593	0.812
Mesa	-0.0813 +	0.0449	0.922	-0.1342 **	0.0597	0.874
Boulder	-0.2308 *	0.0430	0.794	-0.1690 *	0.0559	0.845
Fremont	0.1778 *	0.0510	1.195	0.1806 *	0.0672	1.198
Otero	-0.0481	0.0691	0.953	-0.0256	0.0931	0.975
Las Animas	0.1082	0.0782	1.114	0.1316	0.1059	1.141
Rio Grande	-0.0523	0.0819	0.949	0.1190	0.1040	1.126
Propensity for work activity records	1.6626 *	0.0347	5.273	1.4487 *	0.0495	4.257
Number of individuals		20,805			20,805	
Number of person months		116,806			116,806	
Number of failures		15,850			9,355	
LR Chi-square (d.f.=38)		6,694.8*			11,542.8*	
Log likelihood		-141,091.1			-79456.7	
Data: COIN administration records and UI wage records.						
Notes: *= statistically significant at the 1 percent level; **= at 5 percent level ; += at 10 percent level. The estimation sample include those who has joined the Colorado Works and after July 1998.						

Appendix E

Exhibit E.1

12-Month Return Rates among Adult Leavers by County

Leavers from SFY 1999 and SFY 2000

County	Left Colorado Works in SFY 1999			Left Colorado Works in SFY 2000		
	Number Returned in 12 Months	Total Number of Leavers	12 Month Return Rate	Number Returned in 12 months	Total Number of Leavers	12 Month Return Rate
Adams	186	1087	17.1%	117	775	15.1%
Alamosa	32	169	18.9%	28	123	22.8%
Arapahoe	220	1309	16.8%	165	1050	15.7%
Archuleta	4	30	13.3%	9	41	22.0%
Baca	5	25	n.m.	1	18	n.m.
Bent	5	39	12.8%	11	48	22.9%
Boulder	141	642	22.0%	119	624	19.1%
Chaffee	13	85	15.3%	12	72	16.7%
Cheyenne	1	4	n.m.	0	3	n.m.
Clear Creek	2	12	n.m.	0	16	n.m.
Conejos	51	151	33.8%	45	123	36.6%
Costilla	9	72	12.5%	9	53	17.0%
Crowley	18	58	31.0%	25	73	34.2%
Custer	6	18	n.m.	7	27	n.m.
Delta	30	180	16.7%	27	149	18.1%
Denver	955	3928	24.3%	581	2817	20.6%
Dolores	5	15	n.m.	4	10	n.m.
Douglas	15	89	16.9%	7	60	11.7%
Eagle	1	9	n.m.	3	13	n.m.
Elbert	2	37	5.4%	5	21	n.m.
El Paso	492	2734	18.0%	344	1967	17.5%
Fremont	77	413	18.6%	49	331	14.8%
Garfield	36	120	30.0%	23	114	20.2%
Gilpin	1	9	n.m.	4	15	n.m.
Grand	1	13	n.m.	10	31	32.3%
Gunnison	4	28	n.m.	7	40	17.5%
Hinsdale	0	0	n.m.	0	2	n.m.
Huerfano	21	92	22.8%	13	80	16.3%
Jackson	2	8	n.m.	3	6	n.m.
Jefferson	131	954	13.7%	116	846	13.7%
Kiowa	1	2	n.m.	1	6	n.m.
Kit Carson	2	28	n.m.	4	17	n.m.
La Plata	4	23	n.m.	3	16	n.m.

Exhibit E.1 (continued)

County	<u>Left Colorado Works in SFY 1999</u>			<u>Left Colorado Works in SFY 2000</u>		
	Number Returned in 12 Months	Total Number of Leavers	12 Month Return Rate	Number Returned in 12 months	Total Number of Leavers	12 Month Return Rate
Lake	30	190	15.8%	17	121	14.0%
Larimer	119	668	17.8%	104	501	20.8%
Las Animas	38	184	20.7%	32	162	19.8%
Lincoln	3	13	n.m.	3	9	n.m.
Logan	8	65	12.3%	4	31	12.9%
Mesa	111	674	16.5%	78	462	16.9%
Mineral	0	5	n.m.	0	1	n.m.
Moffat	25	127	19.7%	15	110	13.6%
Montezuma	45	226	19.9%	31	160	19.4%
Montrose	41	171	24.0%	25	149	16.8%
Morgan	37	148	25.0%	41	189	21.7%
Otero	51	230	22.2%	42	206	20.4%
Ouray	0	2	n.m.	0	1	n.m.
Park	4	16	n.m.	2	15	n.m.
Phillips	0	8	n.m.	0	7	n.m.
Pitkin	0	3	n.m.	0	1	n.m.
Prowers	28	112	25.0%	25	98	25.5%
Pueblo	124	1110	11.2%	71	575	12.3%
Rio Blanco	2	22	n.m.	4	19	n.m.
Rio Grande	56	223	25.1%	45	179	25.1%
Routt	2	13	n.m.	4	8	n.m.
Saguache	25	83	30.1%	20	58	34.5%
San Juan	0	4	n.m.	3	12	n.m.
San Miguel	1	7	n.m.	1	4	n.m.
Sedgwick	0	0	n.m.	0	3	n.m.
Summit	5	17	n.m.	0	6	n.m.
Teller	17	102	26.7%	15	83	18.1%
Washington	4	15	n.m.	2	11	n.m.
Weld	169	726	25.0%	81	465	17.4%
Yuma	9	36	19.5%	6	36	16.7%

Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.

Note: The 12 month return rates are calculated as the ratio of the number of leavers who return to BCA within 12 months to the total number of leavers. The return rate is calculated if the total number of leavers in county is at least 30.

n.m. = not meaningful (the total number of leavers is less than 30).



Appendix F

Exhibit F.1 Characteristics of Colorado Works Leavers Upon Exit Adults from One-Parent Cases, for Selected Months					
	Last Month on Colorado Works				
	<u>Nov-97</u>	<u>Nov-98</u>	<u>Nov-99</u>	<u>Nov-00</u>	<u>May-01</u>
Average age	29.7	30.1	30.3	29.3	29.6
Percentage male	5.0%	5.1%	4.7%	5.9%	7.9%
Percentage married	8.7%	10.2%	7.8%	9.4%	10.5%
Percentage White	48.4%	47.6%	46.0%	47.1%	47.3%
Percentage African American	14.7%	15.9%	15.0%	15.8%	14.3%
Percentage Hispanic	32.4%	30.5%	34.7%	29.9%	32.3%
Percentage other race/ethnicity	4.5%	6.0%	4.3%	7.2%	6.1%
Average age of youngest child in family	4.7	4.8	4.8	4.2	4.4
Average # of children	1.9	2.0	2.0	2.0	1.9
Percentage with child under age 5	56.7%	54.5%	55.8%	61.5%	60.0%
Months on Colorado Works	4.4	9.7	10.8	9.1	8.3
Total months on cash aid (AFDC/CW)	43.8	41.9	38.5	25.4	26.3
Percentage on AFDC	87.2%	69.5%	60.4%	44.5%	43.7%
Percentage employed (a)	56.4%	59.2%	62.2%	58.9%	
Average quarterly earnings in the quarter	\$2,061	\$2,307	\$2,446	\$2,358	
Number of Observations	1549	1280	867	683	755
Source: BPA staff calculations based on the individual-level COIN administrative records and UI wage records.					
Notes: (a) The table reports the employment status during the quarter in which recipients exited the program. (b) The average quarterly UI earnings were calculated for those who were employed and reported \$100 or more earnings during the quarter of exit.					



Appendix G: Technical Notes on Time Limit Analysis

Our analysis of time-limited cases in Chapter 3 is based on adult recipients total months of Colorado Works basic cash assistance as of June 2001. Using COIN administrative records, we count the number of months in which an individual was recorded as an adult *and* received BCA. This counting method may not be accurate in cases where recipients have accumulated time-limited months carried over from other states, since such information is not available in the COIN data.

In order to assess the robustness of our estimates, this appendix examines the potential discrepancy between the estimated number of time-limited months based on the basic cash assistance records from COIN data and the actual count of time-limited months. The actual count are based on the most current time-limited months count provided by the Colorado Department of Human Services (CDHS) for this report, which include months carried from other states as well as for other corrections and updates. The CDHS database for time-limited cases provides a snapshot of the time limited cases as of August 15, 2001.

According to the CDHS time-limit database, there were a total of 54,922 individuals who accumulated at least one time-limited months as of August 15, 2001. Of this, 587 individuals have carried time-limited months from other states. As shown in Exhibit G-1, the proportion of those who migrated from other states was thus very small (1.1 percent). Most of those recipients carried 36 or less months from other states toward the time limit. Thus, when out-of-state months were combined with Colorado Works months, a small number of them were at the risk of reaching the life time limit in the near future. For instance, there were 5 individuals who were within 3 months of reaching the life time limit as of August 15, 2001. The relatively small numbers of those who have carried over time-limited months from other states indicate that our estimates for time-limited month count based only on Colorado Works receipt should be reliable and accurate.

Exhibit G.1 Number of Recipients with Time-Limited Month Counts						
Number of Time- Limited Months	CDHS Database for Time-Limited Months As of August 2001				COIN Admin. Database June 2001	
	Colorado Works Cash Assistance Plus Out-of-State Assistance		Colorado Works Cash Assistance Only		Colorado Works Cash Assistance Only	
	Number	Percent	Number	Percent	Number	Percent
1-6 months	25,308	46.1%	25,590	46.6%	25,665	47.2%
7-12	13,014	23.7%	13,009	23.7%	12,856	23.6%
13-18	7,198	13.1%	7,143	13.0%	7,082	13.0%
19-24	4,126	7.5%	4,057	7.4%	3,956	7.3%
25-30	2,529	4.6%	2,461	4.5%	2,404	4.4%
31-36	1,222	2.2%	1,189	2.2%	1,168	2.1%
37-42	772	1.4%	729	1.3%	700	1.3%
43-45	232	0.4%	218	0.4%	205	0.4%
46	61	0.1%	57	0.1%	69	0.1%
47	63	0.1%	58	0.1%	73	0.1%
48	76	0.1%	74	0.1%	251	0.5%
49	85	0.2%	83	0.2%	0	0.0%
50	227	0.4%	226	0.4%	0	0.0%
51	2	0.0%	0	0.0%	0	0.0%
52 plus	7	0.0%	0	0.0%	0	0.0%
Total	54,922	100.0%	54,895	100.0%	54,429	100.0%

Sources: BPA staff calculations, based on the COIN administrative records and the time-limit month database generated by Colorado Department of Human Services.

Exhibit G.1 also compares the time-limited month counts based on the CDHS database with the estimates based on basic cash assistance records from the COIN database. As mentioned above, the most important difference between two databases is that the CHDS database includes those who carried over months from other states. Another important difference is in the timing of the data. The COIN administrative records used



in this report cover the period through June 2001, while the CDHS database provides data as of August 15, 2001. In addition, the CDHS database is corrected for retroactive adjustments identified as of August 15, 2001. These differences suggest that the CDHS database should yield a higher number of total recipients who have ever accumulated cash assistance months toward the time limit as well as a higher count of accumulated months for each recipient.

To validate the reliability of our estimates, we directly compare the numbers based on the two databases. As shown in Exhibit G.1, the differences observed between the two databases are relatively minor.

For example, the basic cash assistance counts based on COIN administrative records indicate that 251 individuals had accumulated 48 months of Colorado Works by the end of June 2001. According to the CDHS database, 227 individuals accumulated 50-51 time-limited Colorado Works months as of August 2001 (excluding out-of-state months). Hence, based on the CDHS database, the number of individuals who had accumulated 48 months in June would have been at least 227, likely slightly more, because this does not include a small number of individuals who did not accumulate additional 2 months since June 2001. Thus, our estimate based on COIN data (251 individuals) is consistent with the projection based on the CDHS database. Another indication of the high consistency between two databases is the similarities in the distribution of time-limited months. As shown in Exhibit G-1, the overall distribution of time-limited months among recipients are consistent between the two databases.

To summarize, our estimate of time-limited months accumulated by recipients based solely on basic cash assistance under Colorado Works allows reliable analysis of overall trends of time-limited months. This is mainly because the number of recipients with time-limited months carried over from other states is still relatively small. Over time, the proportion of Colorado Works recipients with out-of-state time limited months will likely increase, and it may become necessary to take into consideration out-of-state months to monitor the impact of the time limit. In the immediate future, however, the count of Colorado Works basic cash assistance months should provide a reliable estimate for the true counts of time-limited months.

Appendix H: Technical Notes on the Determinants of Reentry to Colorado Works

Methods

We utilized probit models to analyze the determinants of reentry into Colorado Works. Reentry is measured as a binary indicator variable, y , that is equal to 0 if the recipient did not return to Colorado Works within 12 months and 1 if the recipient did return. It is assumed that the factors influencing whether the recipient returns to Colorado Works can be expressed as a function of certain and county of residence characteristics, plus a random error. Because the dependent variable (whether a recipient reenters Colorado Works) is not linear, a probit or logit model is preferred over least squares.¹ The probit model is specified as follows: suppose that a dependent variable, y , takes on two values, 0 if the person does not reenter and 1 if the person does reenter. Also define a latent variable y^* that is a function of client and county variables, X and an unobserved error term:

$$y^* = X\beta + g,$$

and suppose that the recipient reenters ($y=1$) if this function is greater than zero and does not reenter ($y=0$) otherwise:

$$y = 1 \text{ if } y^* > 0,$$

$$y = 0 \text{ otherwise.}$$

It is assumed that g is distributed normally with zero mean and σ^2 variance. The probability that $y = 1$ is then:

$$\begin{aligned} Pr(y = 1) &= Pr(y^* > 0) \\ &= Pr(X\beta + g > 0), \end{aligned}$$

and after manipulating the right hand side equation and taking advantage of the fact that the normal distribution is symmetric, the resulting probability that $y = 1$ is

¹ We chose to use a probit model, but in general logit models produce estimates that are very similar to probit model estimates.

$M(X \$/F)$, the cumulative standard normal distribution. Maximum likelihood estimation was used to estimate the model.

Data and Variables

We estimated two versions of the probit model. In the first model, we used the following client characteristics to explain reentry to Colorado Works:

- an indicator variable for receipt of a high school degree,
- an indicator variable for receipt of a college degree,
- an indicator variable for African-American recipients,
- an indicator variable for Hispanic recipients,
- an indicator variable for Native American recipients,
- an indicator variable for Asian American recipients,
- an indicator variable for recipients of other races,
- an indicator variable for gender,
- age of recipient,
- an indicator variable for married vs. non-married recipients,
- the household size (the number of children),
- the number of months spent on cash aid prior to the current spell,
- the number of months spent on AFDC,
- quarterly county unemployment rates,
- indicators for the county of residence.

In the second model, we used the above variables, plus employment industry code dummies.

The dF/dX numbers reported represent the percent change in the probability that a leaver reenters Colorado Works, given an infinitesimal change in the characteristic variable. In the probit model, the derivative of the probability with respect to the variables depends on the value of the variable, so the dF/dX numbers reported are the change in the reentry probability given a change in the variable calculated at the sample mean. For dummy variables, such as high school graduate, race, marital status and county of residence indicators, dF/dX represent the change in the reentry probability given a change in the variable from 0 to 1.

We matched COIN administrative records to Unemployment Insurance Records using social security numbers. We also merged county-level unemployment rates to the dataset. There were 42,121 observations in the sample for the first model and 21,307 observations in the second model. The sample for the first model includes all adult leavers from Basic Cash Assistance who exited before the third quarter of 2000. The sample for the second model includes all adult leavers from Basic Cash Assistance who were employed in the quarter after exit and who exited before the first quarter of 2000.

Exhibit H.1
Employment Rates of Former Colorado Works Recipients
 State Fiscal Years 1998 – 2000

State Fiscal Year of <u>Exit</u>	Number of Exiting <u>Adults</u>	Quarter of <u>Exit</u>	Percent Employed in Each Quarter After Exit												
			<u>1st</u> <u>Qtr.</u>	<u>2nd</u> <u>Qtr.</u>	<u>3rd</u> <u>Qtr.</u>	<u>4th</u> <u>Qtr.</u>	<u>5th</u> <u>Qtr.</u>	<u>6th</u> <u>Qtr.</u>	<u>7th</u> <u>Qtr.</u>	<u>8th</u> <u>Qtr.</u>	<u>9th</u> <u>Qtr.</u>	<u>10th</u> <u>Qtr.</u>	<u>11th</u> <u>Qtr.</u>	<u>12th</u> <u>Qtr.</u>	<u>13th</u> <u>Qtr.</u>
1998	21,920	53.4%	53.5%	51.8%	51.3%	50.9%	50.7%	50.8%	50.8%	50.9%	50.5%	49.9%	50.2%	50.2%	49.8%
1999	17,638	53.7%	53.4%	52.0%	51.9%	51.5%	50.8%	50.1%	49.9%	49.3%	48.2%				
2000	13,317	55.8%	55.7%	54.3%	53.4%	53.2%	52.3%								

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

Notes: This sample includes all adult leavers from Basic Cash Assistance. A person is defined as employed if s/he had earnings of \$100 or more.

Exhibit H.2

Median Earnings of Former Colorado Works Recipients

State Fiscal Years 1998 – 2000

State Fiscal Year of <u>Exit</u>	Number of Exiting <u>Adults</u>	Quarter of <u>Exit</u>	Median Earnings in Each Quarter After Exit												
			<u>1st</u> <u>Qtr.</u>	<u>2nd</u> <u>Qtr.</u>	<u>3rd</u> <u>Qtr.</u>	<u>4th</u> <u>Qtr.</u>	<u>5th</u> <u>Qtr.</u>	<u>6th</u> <u>Qtr.</u>	<u>7th</u> <u>Qtr.</u>	<u>8th</u> <u>Qtr.</u>	<u>9th</u> <u>Qtr.</u>	<u>10th</u> <u>Qtr.</u>	<u>11th</u> <u>Qtr.</u>	<u>12th</u> <u>Qtr.</u>	<u>13th</u> <u>Qtr.</u>
1998	21,920	\$1,808	\$2,214	\$2,286	\$2,400	\$2,520	\$2,652	\$2,714	\$2,838	\$3,020	\$3,066	\$3,147	\$3,290	\$3,438	\$3,740
1999	17,638	\$1,923	\$2,245	\$2,367	\$2,459	\$2,581	\$2,687	\$2,819	\$2,889	\$3,130	\$3,107				
2000	13,317	\$2,005	\$2,366	\$2,424	\$2,533	\$2,793	\$2,885								

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

Note: This sample includes all adult leavers from Basic Cash Assistance who had earnings of \$100 or above in the quarter of analysis.

Exhibit H.3

Continuous Employment and Poverty Rates

Percentage of Former Colorado Works Recipients Below Poverty Line, by Employment Status

Exit Quarters 1997:4 and 1998:4

Quarter of Employment	Quarter of Exit from Colorado Works											
	1997:3		1974:4		1998:1		1998:2		1998:3		1998:4	
	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment	Continuous Employment	Non-Continuous Employment
1997:4	52.0%	88.6%										
1998:1	54.1%	89.4%	62.5%	90.8%								
1998:2	49.3%	88.5%	56.3%	89.7%	65.0%	90.0%						
1998:3	42.5%	87.6%	51.4%	88.7%	57.5%	89.0%	61.2%	90.9%				
1998:4	33.8%	85.9%	41.9%	86.7%	46.3	88.5%	52.0%	89.9%	56.7%	89.8%		
1999:1	44.5%	87.6%	50.0%	89.5%	53.6%	90.6%	57.2%	92.2%	59.2%	92.2%	67.2%	92.7%
1992:2	36.7%	85.5%	42.6%	87.2%	49.6%	89.0%	51.6%	90.4%	52.6%	90.9%	55.5%	91.6%
1993:3	32.2%	83.2%	41.3%	86.1%	44.4%	87.1%	47.1%	89.1%	48.4%	89.4%	52.7%	90.5%
1999:4	29.8%	82.6%	33.3%	83.8%	41.9%	86.2%	41.2%	88.3%	42.6%	88.7%	46.3%	89.4%
2000:1	35.3%	84.2%	38.9%	86.1%	43.4%	86.9%	47.0%	88.9%	46.4%	89.6%	50.9%	90.9%
2000:2	31.3%	83.3%	38.3%	85.3%	44.7%	86.4%	41.5%	87.9%	45.0%	88.9%	47.9%	90.0%
2000:3	29.8%	82.7%	36.5%	85.0%	41.4%	85.4%	40.4%	87.3%	40.1%	88.2%	46.4%	89.2%
2000:4	29.4%	81.6%	35.8%	83.8%	39.1%	85.0%	39.7%	86.4%	42.4%	88.1%	42.8%	87.9%

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

Notes: This sample contains all adult leavers from Basic Cash Assistance who had positive earnings in the quarter of analysis. A person is defined as employed if s/he earned \$100 or more in a quarter. Continuous Employment is defined as employment in all quarters observed after exit from Colorado Works. For example, for those who exited in the third quarter of 1997, continuous employment would mean being employed in every quarter up until and including the fourth quarter of 2000.

Exhibit H.4

**Probit Regression: Factors Affecting the Reentry to Colorado Works
 Within 12 Months of Exit
 Without Employment Industry Codes**

Characteristic	dF/dx	Standard Error
Age	-0.0037635	0.0003215*
High School Graduate	-0.0364928	0.0043897*
College Graduate	-0.0056298	0.0119996
Hispanic	-0.0127565	0.0051251*
African American	0.0804084	0.0070906*
Native American	0.0380372	0.0219787+
Asian American	-0.0506936	0.022904**
Other Race	-0.0018187	0.0237348
Married	-0.0021797	0.0065388
Male	-0.0435864	0.0080123*
Number of Children	0.0320806	0.00183*
Number of Months on AFDC	0.0004486	0.0000562*
Number of Months on TANF	-0.00722	-0.0072175*
County Unemployment Rate	-0.02234	-0.0223419*
Lived in Denver County	0.0918294	0.0082726*
Lived in El Paso County	0.0427421	0.0078961*
Lived in Pueblo County	0.0038006	0.0167659
Lived in Adams County	-0.0485471	0.0088163*
Lived in Arapahoe County	-0.0786047	0.0080218*
Lived in Jefferson County	-0.1043503	0.0078293*
Lived in Weld County	0.0363346	0.0127966*
Lived in Larimer County	0.0521105	0.0136681*
Lived in Mesa County	0.0289768	0.0143298**

Characteristic	dF/dx	Standard Error
Lived in Boulder County	0.0676648	0.0141506*
Lived in Fremont County	0.0630628	0.0177562*
Lived in Otero County	0.1271474	0.0255269*
Lived in Las Animas County	0.0538034	0.026929**
Lived in Rio Grande County	0.3141168	0.0380594*
Number of observations		42,121
Pseudo R2		0.0561

Source: COIN Administrative data, Colorado Department of Human Services.

Note: This sample includes all adult leavers from Basic Cash Assistance who exited between the third quarter of 1997 and the third quarter of 2000.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.

Exhibit H.5
**Probit Regression: Factors Affecting the Reentry to Colorado Works
 Within 3 Months of Exit**
 With Employment Industry Codes

Characteristic	dF/dx	Standard Error
Age	-0.0013496	0.000427*
High School Graduate	-0.0338386	0.0057977*
College Graduate	-0.0017117	0.013507
Hispanic	0.0401143	0.0069447*
African American	0.0627264	0.0097047*
Native American	0.0617466	0.0322689+
Asian American	-0.0536347	0.0296772
Other Race	0.0558719	0.0353897**
Married	0.0160856	0.00894+
Male	-0.0331565	0.0105748*
Number of Children	0.0170533	0.0024334*
Number of Months on AFDC	0.000389	0.0000724*
Number of Months on TANF	-0.0015227	0.0004478*
County Unemployment Rate	-0.0085427	0.0059958
Worked in Mining	-0.0140937	0.0485753
Worked in Construction	-0.0353522	0.0182677
Worked in Manufacturing	-0.0233572	0.0165417
Worked in Transportation	-0.0140821	0.0192766
Worked in Retail Trade	-0.0101589	0.0154822
Worked in Finance	-0.1111441	0.0109561*
Worked in Services	-0.0507188	0.0153781*
Worked in Public Administration	-0.1304407	0.0093216+
Lived in Denver County	0.016168	0.0097978*
Lived in El Paso County	-0.054844	0.0087667*



Characteristic	dF/dx	Standard Error
Lived in Pueblo County	-0.0589082	0.0169573*
Lived in Adams County	-0.0605937	0.0099664*
Lived in Arapahoe County	-0.0296613	0.0120653*
Lived in Jefferson County	-0.0267483	0.0133827*
Lived in Weld County	0.0047531	0.0147553
Lived in Larimer County	0.01257	0.0162121
Lived in Mesa County	0.0308745	0.0180696
Lived in Boulder County	0.0583987	0.0179963*
Lived in Fremont County	0.1046021	0.025499*
Lived in Otero County	0.0527722	0.0293982
Lived in Las Animas County	-0.0355015	0.026422
Lived in Rio Grande County	0.1971682	0.0515734*
Number of observations	21,307	
Pseudo R2	0.0534	

Source: COIN Administrative data, Colorado Department of Human Services.

Note: This sample includes all employed adult leavers from Basic Cash Assistance who exited between the third quarter of 1997 and the first quarter of 2000.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.

Appendix I: Technical Notes on the Determinants of the Usage of Post Colorado Works Support Services

We utilized probit models to analyze the determinants of post-Colorado Works food stamp, medicaid and low income child care subsidies utilization. The probit models estimate the effects of certain client characteristics on the probability that a leaver from Colorado Works used these support services.¹

The dF/dX numbers represent the percent change in the probability that a leaver receives a post-program support service, given an infinitesimal change in the characteristic variable. For example, the dF/dX for the effect of age represents the change in the probability that a leaver utilizes a certain post-Colorado Works support service, given an infinitesimal change in age. Because in the probit model, the derivative of the probability with respect to a variable depends on the value of the variable, the dF/dX numbers reported are the change in the probability given a change in the variable when the variable is calculated at the sample mean. For dummy variables, such as high school graduate, race, marital status and county of residence dummies, dF/dX represent the change in the program receipt probability given a change in the variable from 0 to 1.

Receipt of Post-Colorado Works Food Stamps

We estimated one version of the probit model to analyze the determinants of post-program food stamp receipt. We define a former recipient as having received post-program food stamps if the leaver received food stamps in one of the three months after Colorado Works exit. A leaver who returned to Colorado Works within three months of exit and subsequently received food stamps was not considered to have received post-Colorado Works food stamps.

We used the following client characteristics to explain receipt of post-program food stamps:

- an indicator variable for receipt of a high school degree,
- an indicator variable for receipt of a college degree,
- an indicator variable for African-American recipients,
- an indicator variable for Hispanic recipients,
- an indicator variable for Native American recipients,
- an indicator variable for Asian American recipients,

¹ Please see Appendix H for a brief discussion on the specification of the probit model.



- an indicator variable for recipients of other races,
- an indicator variable for gender,
- age of recipient,
- an indicator variable for married vs. non-married recipients,
- the household size (the number of children),
- the number of months spent on cash aid prior to the current spell,
- the number of months spent on AFDC,
- quarterly county unemployment rates,
- indicators for the county of residence.

We matched data from COIN administrative records to Colorado Automated Food Stamp System (CAFSS) data using social security numbers. In addition, we merged county-level unemployment rates to the dataset. There were 23,926 observations in the sample. The sample includes all adult leavers from Basic Cash Assistance who exited in 1999 and 2000.

Our results show that clients with certain characteristics are more likely to receive food stamps. High school graduates are slightly more likely to receive food stamps than non-high school graduates. African American and Hispanic leavers are more likely than white leavers to receive food stamps. Male leavers are less likely than female leavers to receive food stamps; the male leavers in the sample were approximately 10% less likely to receive food stamps than female leavers. As would be expected, recipients with larger families are more likely to receive food stamps, and former recipients with longer AFDC and TANF histories were more likely to be food stamp recipients. Leavers who live in counties with higher unemployment rates are slightly more likely to receive food stamps. We also find that there were significant county effects; leavers who lived in Adams, Arapahoe, Fremont and Rio Grande counties were much less likely to receive post-program food stamps than leavers who did not live in the largest 14 counties, while leavers who lived in El Paso and Jefferson counties were slightly more likely to receive food stamps than leavers who did not live in the largest 14 counties.

Enrollment in Post-Colorado Works Medicaid

We examined the probability that an employed leaver enrolled in Medicaid within three months of Colorado Works exit. We estimated two versions of the probit model. In the first model, we use the following client and county characteristics:

- an indicator variable for receipt of a high school degree,
- an indicator variable for receipt of a college degree,
- an indicator variable for African-American recipients,
- an indicator variable for Hispanic recipients,
- an indicator variable for Native American recipients,
- an indicator variable for Asian American recipients,
- an indicator variable for recipients of other races,
- an indicator variable for gender,
- age of recipient,
- an indicator variable for married vs. non-married recipients,
- the household size (the number of children),
- the number of months spent on cash aid prior to the current spell,
- the number of months spent on AFDC,
- quarterly county unemployment rates,
- indicators for the county of residence.

In the second model, we used the above client and county characteristics, plus employment industry code dummies.

We matched data from COIN-MMIS administrative records to Unemployment Insurance Records using social security numbers. We also merged county-level unemployment rates to the dataset. There were 26,616 observations in both the first and second models. The samples include all adult leavers from Basic Cash Assistance (BCA) who were employed in the first quarter after exit and who exited BCA before the fourth quarter of 2000.

As discussed above, we performed two probit regressions in our analysis of the determinants of Transitional Medicaid receipt. In the first regression, we did not include employment industry codes and in the second regression, these codes were included. In general, we found that including the employment industry codes did not affect the signs of the coefficients. We found that a recipient's education level has an affect on whether s/he enrolls. Surprisingly, former recipients with high school or college graduates were more likely to enroll in Medicaid than those without degrees. We found that recipients of certain racial backgrounds were less likely to enroll in Medicaid than others. African American and Native American recipients were much less likely than white recipients to enroll.

Recipients with larger numbers of children were less likely to enroll in Transitional Medicaid. It is unclear what are the policy implications of this finding since low income children can receive health insurance through other sources (Baby Care/Kids Care Medicaid or Colorado Child Health Program). The results from the second model show that the employment industry where a former recipient is employed does impact the probability of Transitional Medicaid enrollment. Leavers who worked in construction or transportation were slightly less likely to enroll in Medicaid than leavers who worked in agriculture. Leavers who worked in manufacturing and public administration were much less likely than those in agriculture to receive Transitional Medicaid. It is likely that this is because employees in those industries are more likely to receive health insurance benefits than employees in other area. We found that there were strong county effects on the probability of Medicaid enrollment. Leavers who lived in Adams, Denver, Jefferson, Larimer and Mesa counties were less likely to receive Medicaid than leavers in other counties.

Receipt of Low Income Child Care Subsidies

We examined the probability that a leaver receives low income child care subsidies within three months of exit. There were two versions of the child care subsidy receipt probit model. In the first model, we used the following client characteristics in the model:

- an indicator variable for receipt of a high school degree,
- an indicator variable for receipt of a college degree,
- an indicator variable for African-American recipients,
- an indicator variable for Hispanic recipients,
- an indicator variable for Native American recipients,
- an indicator variable for Asian American recipients,
- an indicator variable for recipients of other races,
- an indicator variable for gender,
- age of recipient,
- an indicator variable for married vs. non-married recipients,
- the household size (the number of children),
- the number of months spent on cash aid prior to the current spell,
- the number of months spent on AFDC,
- quarterly county unemployment rates,
- indicators for the county of residence.

In the second model, we used the above client and county characteristics, plus employment industry code dummies.

We matched data from COIN administrative records to CHATS data, maintained by the Division of Child Care, Colorado Department of Human Services (CDHS) using state identification numbers. We also matched county-level unemployment rates to the dataset. There were 26,616 observations in both the first and second models. The samples include all adult leavers from Basic Cash Assistance (BCA) who were employed in the first quarter after exit and who exited BCA before the fourth quarter of 2000.

We found that leavers with high school or college degrees were more likely to receive child care subsidies than those who did not have a degree. Minority leavers were less likely than whites to receive subsidies; we found that Hispanic, African American, Native American and Asian American recipients had a lower probability of subsidy receipt than whites. Married leavers are less likely to receive subsidies, which is not surprising, since married couples have more potential caregivers in the household. Male leavers were much less likely to receive subsidies than single female leavers. While this effect is independent of marital status, it is possible that male leavers are more likely to have other caregivers in the household and are less likely to have full responsibility for child caregiving. The number of children in the family has a small positive effect on the likelihood of subsidy receipt. Given that a family's total child care costs are dependent on the number of children in the family, this is not surprising. Leavers who lived in the 14 largest counties were all more likely to receive child care subsidies than leavers who did not live in those counties. However, it is difficult to interpret this result; differences in subsidy receipt across counties may be in part attributable to differences in income eligibility and provider reimbursement rates across counties.

Exhibit I.1
**Probit Regression: Factors Affecting the Probability of Food Stamps Receipt
 Within 3 Months of Exit**

Characteristic	dF/dx	Standard Error
Age	0.004	0.000 *
High School Graduate	0.029	0.005 *
College Graduate	-0.004	0.014
Hispanic	0.029	0.005 *
African American	0.085	0.005 *
Native American	0.004	0.022
Asian American	-0.023	0.031
Other Race	-0.020	0.026
Married	0.032	0.006 *
Male	-0.098	0.012 *
Number of Children	0.031	0.002 *
Number of Months on AFDC	0.000	0.000 *
Number of Months on TANF	0.001	0.000 **
County Unemployment Rate	0.037	0.008 *
Lived in Denver County	0.004	0.009
Lived in El Paso County	0.092	0.007 *
Lived in Pueblo County	-0.010	0.022
Lived in Adams County	-0.103	0.016 *
Lived in Arapahoe County	-0.279	0.018 *
Lived in Jefferson County	0.059	0.008 *
Lived in Weld County	-0.034	0.018 **
Lived in Larimer County	0.009	0.014
Lived in Mesa County	-0.008	0.017
Lived in Boulder County	-0.062	0.016 *

Characteristic	dF/dx	Standard Error
Lived in Fremont County	-0.106	0.024 *
Lived in Otero County	-0.005	0.028
Lived in Las Animas County	-0.089	0.042 *
Lived in Rio Grande County	-0.105	0.060 **
Exited in 1999	-0.001	0.005
Number of observations	0.179	239260.179
Pseudo R2		

Source: COIN administrative data and Colorado Automated Food Stamps System (CAFSS).

Note: This sample includes all adult leavers from Basic Cash Assistance (BCA) who exited in calendar years 1999 and 2000.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.



Exhibit I.2

**Probit Regression: Factors Affecting the Probability of Transitional
Medicaid Receipt Within 3 Months of Exit
Without Employment Industry Codes**

Characteristic	dF/dx	Standard Error
Age	-0.007	0.001 *
High School Graduate	0.081	0.007 *
College Graduate	0.043	0.017 *
Hispanic	-0.033	0.008 *
African American	-0.291	0.010 *
Native American	-0.122	0.036 *
Asian American	0.014	0.043
Other Race	0.092	0.035
Male	0.000	0.014
Number of Children	-0.034	0.003 *
Number of Months on AFDC	0.002	0.000 *
Number of Months on TANF	0.012	0.000 *
County Unemployment Rate	-0.039	0.006 *
Married	0.008	0.011
Lived in Denver County	-0.194	0.013 *
Lived in El Paso County	-0.015	0.012
Lived in Pueblo County	0.065	0.022 *
Lived in Adams County	-0.170	0.017 *
Lived in Arapahoe County	-0.050	0.017 *
Lived in Jefferson County	-0.359	0.015 *
Lived in Weld County	-0.063	0.019 *
Lived in Larimer County	-0.135	0.021 *
Lived in Mesa County	-0.078	0.021 *

Characteristic	dF/dx	Standard Error
Lived in Boulder County	-0.093	0.021 *
Lived in Fremont County	-0.053	0.027 **
Lived in Otero County	-0.025	0.032
Lived in Las Animas County	0.026	0.036
Lived in Rio Grande County	0.036	0.042
Exited in 1997	0.010	0.012
Exited in 1998	0.038	0.011 *
Exited in 1999	-0.015	0.010
Number of observations	0.114	266160.114
Pseudo R2		

Source: COIN-MIS data, Colorado Department of Human Services.

Note: This sample includes all adult leavers from Basic Cash Assistance (BCA) who were employed in the first quarter after exit and who exited BCA between the third quarter of 1997 and the fourth quarter of 2000.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.



Exhibit I.3

Probit Regression: Factors Affecting the Probability of Transitional Medicaid Receipt Within 3 Months of Exit

With Employment Industry Codes (Employment in Agriculture is Benchmark)

Characteristic	dF/dx	Standard Error
Age	-0.006	0.001 *
High School Graduate	0.068	0.007 *
College Graduate	0.032	0.017 *
Hispanic	-0.024	0.008 *
African American	-0.247	0.010 *
Native American	-0.130	0.037 *
Asian American	0.053	0.042
Other Race	0.109	0.034 *
Male	-0.007	0.014
Number of Children	-0.028	0.003 *
Number of Months on AFDC	0.002	0.000 *
Number of Months on TANF	0.014	0.000 *
County Unemployment Rate	-0.028	0.007 *
Married	0.002	0.011
Worked in Mining	0.034	0.042
Worked in Construction	-0.049	0.022 **
Worked in Manufacturing	-0.262	0.017 *
Worked in Transportation	-0.039	0.022 *
Worked in Retail Trade	-0.113	0.018 *
Worked in Finance	0.144	0.018 *
Worked in Services	-0.005	0.017
Worked in Public Administration	-0.218	0.020 *

Characteristic	dF/dx	Standard Error
Lived in Denver County	-0.198	0.013 *
Lived in El Paso County	-0.020	0.013
Lived in Pueblo County	0.041	0.023 *
Lived in Adams County	-0.166	0.017 *
Lived in Arapahoe County	-0.056	0.018 *
Lived in Jefferson County	-0.308	0.016 *
Lived in Weld County	-0.062	0.020 *
Lived in Larimer County	-0.132	0.021 *
Lived in Mesa County	-0.093	0.022 *
Lived in Boulder County	-0.076	0.021 *
Lived in Fremont County	-0.040	0.027
Lived in Otero County	-0.037	0.032
Lived in Las Animas County	0.016	0.037
Lived in Rio Grande County	-0.027	0.045
Exited in 1997	-0.037	0.014 *
Exited in 1998	-0.035	0.013 *
Exited in 1999	-0.054	0.011 *
Number of observations	0.114	266160.114
Pseudo R2		

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

Note: This sample includes all adult leavers from Basic Cash Assistance (BCA) who were employed in the first quarter after exit and who exited BCA between the third quarter of 1997 and the fourth quarter of 2000.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.



Exhibit I.4

Probit Regression: Factors Affecting the Probability of Receiving Low-Income Child Care Subsidies Within 3 Months of Exit
Without Employment Industry Codes

Characteristic	dF/dx	Standard Error
Age	-0.005	0.000 *
High School Graduate	0.061	0.006 *
College Graduate	0.080	0.016 *
Hispanic	-0.072	0.007 *
African American	-0.150	0.006 *
Native American	-0.088	0.025
Asian American	-0.146	0.023 *
Other Race	-0.128	0.023 *
Male	-0.184	0.007 *
Number of Children	0.042	0.003 *
Number of Months on AFDC	-0.001	0.000 *
Number of Months on TANF	0.003	0.000 *
County Unemployment Rate	-0.049	0.006 *
Married	-0.092	0.008 *
Lived in Denver County	0.055	0.012 *
Lived in El Paso County	0.213	0.012 *
Lived in Pueblo County	0.293	0.027 *
Lived in Adams County	0.066	0.016 *
Lived in Arapahoe County	0.053	0.017 *
Lived in Jefferson County	0.282	0.019 *
Lived in Weld County	0.151	0.021 *
Lived in Larimer County	0.154	0.021 *
Lived in Mesa County	0.263	0.023 *
Lived in Boulder County	0.123	0.021 *

Characteristic	dF/dx	Standard Error
Lived in Fremont County	0.105	0.027 *
Lived in Otero County	0.197	0.038 *
Lived in Las Animas County	0.118	0.044 *
Lived in Rio Grande County	0.340	0.054 *
Exited in 1997	-0.113	0.008 *
Exited in 1998	-0.078	0.009 *
Exited in 1999	-0.151	0.006 *
Number of observations	0.157	262720.157
Pseudo R2		

Source: CHATS data, Division of Child Care, Department of Human Services.

Note: This sample includes all adult leavers from Basic Cash Assistance (BCA) who were employed in the first quarter after exit, who exited BCA between the third quarter of 1997 and the fourth quarter of 2000 and who had children.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.



Exhibit I.5

Probit Regression: Factors Affecting the Probability of Receiving Low-Income Child Care Subsidies Within 3 Months of Exit

With Employment Industry Codes

Characteristic	dF/dx	Standard Error
Age	-0.005	0.001 *
High School Graduate	0.054	0.006 *
College Graduate	0.078	0.016 *
Hispanic	-0.072	0.007 *
African American	-0.155	0.006 *
Native American	-0.080	0.026 *
Asian American	-0.146	0.022 *
Other Race	-0.116	0.024 *
Male	-0.177	0.007 *
Number of Children	0.054	0.003 *
Number of Months on AFDC	-0.001	0.000 *
Number of Months on TANF	0.003	0.000 *
County Unemployment Rate	-0.042	0.006 *
Married	-0.088	0.008 *
Worked in Mining Industry	-0.026	0.033
Worked in Construction Industry	-0.042	0.016
Worked in Manufacturing Industry	0.014	0.015
Worked in Transportation Industry	0.015	0.019
Worked in Retail Trade	-0.012	0.014
Worked in Finance	0.407	0.021 *
Worked in Services	-0.005	0.014 *
Worked in Public Administration	0.291	0.022 *
Lived in Denver County	0.048	0.012 *
Lived in El Paso County	0.084	0.012 *

Characteristic	dF/dx	Standard Error
Lived in Pueblo County	0.255	0.028 *
Lived in Adams County	0.058	0.016 *
Lived in Arapahoe County	0.054	0.017 *
Lived in Jefferson County	0.284	0.019 *
Lived in Weld County	0.152	0.022 *
Lived in Larimer County	0.160	0.022 *
Lived in Mesa County	0.267	0.023 *
Lived in Boulder County	0.132	0.021 *
Lived in Fremont County	0.093	0.027 *
Lived in Otero County	0.177	0.037 *
Lived in Las Animas County	0.084	0.043 **
Lived in Rio Grande County	0.305	0.055 *
Exited in 1997	-0.088	0.010 *
Exited in 1998	-0.064	0.010 *
Exited in 1999	-0.137	0.007 *
Number of observations	0.205	260270.205
Pseudo R2		

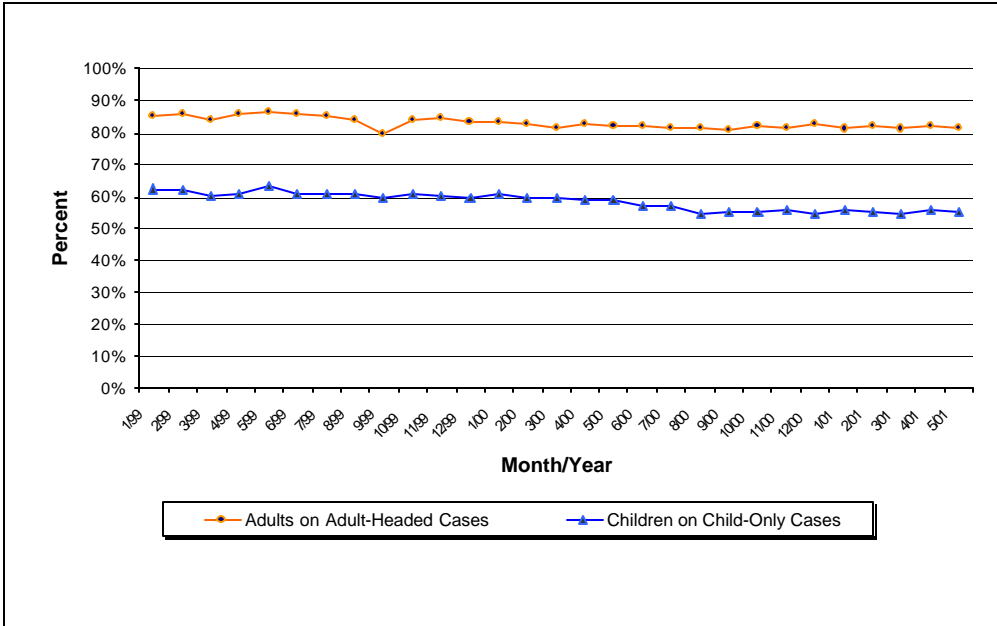
Source: CHATS data, Division of Child Care, Department of Human Services.

Note: This sample includes all adult leavers from Basic Cash Assistance (BCA) who were employed in the first quarter after exit, who exited BCA between the third quarter of 1997 and the fourth quarter of 2000 and who had children.

* = statistically significant at the 1% level; ** = at the 5% level; + = at the 10% level.



Exhibit I.6
Monthly Food Stamps Participation for Basic Cash Assistance Recipients
 January 1999 – May 2001



Source: BPA tabulations from COIN Administrative Data and Colorado Automated Food Stamp System (CAFSS) Data, Colorado Department of Human Services.

Note: The samples contain all adult recipients from adult-headed Basic Cash Assistance (BCA) cases and all children from child-only BCA cases.



Appendix J: Implementation Status of Recommendations in the *Second Annual Report* (November 2000)

In our November 2000 Evaluation of the Colorado Works Program, we made nine recommendations to the Department of Human Services. Following is an update on the implementation status of these recommendations, as reported by the Department.

Recommendation 1:

The Department of Human Services should work with the Department of Revenue and county departments to explore strategies for systematically providing Colorado Works recipients with state and federal tax forms each year. The Department should provide assistance as needed to counties to ensure that Colorado Works recipients have access to technical assistance to apply for and receive the federal and state earned income tax credits.

Department November 2000 Response: Agree. Implementation Date: 1/01 and 3/01
Department November 2001 Update: Implemented: 1/01 and 3/01

Recommendation 2:

The Department of Human Services should provide additional technical assistance to the counties on ways to continue their efforts to meet federally required work participation rates while simultaneously enrolling Colorado Works recipients, as appropriate, in federal work activities that focus on job skills training, basic or vocational education, or more intensive job preparation programs, such as certification programs which combine skills training with on-the-job training or work experience.

Department November 2000 Response: Agree. Implementation Date: Ongoing and 6/01
Department November 2001 Update: Implemented: Ongoing and 9/30/01

Recommendation 3:

The Department of Human Services and the Department of Labor and Employment should work with Workforce Development Boards in regions in the state where strategies to use Welfare-to-Work funds to provide services have not succeeded. The Departments should involve appropriate stakeholders such as Colorado Works program staff from County Departments of Human Services, local community colleges, local employment and training service providers, and employer representatives to develop strategies for providing Welfare-to-Work funded services to current and former Colorado Works recipients and others eligible for such services.

Department November 2000 Response: Agree. Implementation Date: 6/01
Department November 2001 Update: Implemented: 7/31/01



Recommendation 4:

The Mental Health Assessment and Services Agencies (MHASAs) under the Department of Human Services should continue to strengthen their outreach to and working relationships with county Colorado Works programs to ensure that recipients' mental health needs are identified and treated. Issues that should be raised regarding services provided by the MHASAs include: 1) training county case managers in mental health assessment; 2) placing MHASA staff on-site in counties with large caseloads to facilitate the assessment and referral process for Colorado Works participants with mental health barriers; and 3) working with Colorado Works program staff in counties with small caseloads to establish assessment, referral, and service provision procedures that adequately address the needs of participants.

Department November 2000 Response: Agree. Implementation Date: 1/01 and 3/01
Department November 2001 Update: Implemented: 6/30/01

Recommendation 5:

The Department of Human Services should continue to work with county Colorado Works program staff, service providers, and advocates to improve assessment of domestic violence and service provision to Colorado Works participants who experience domestic violence. Efforts should focus on: 1) providing additional training in domestic violence assessment and case management to Colorado Works case managers; and 2) ensuring that case managers have access to professionals in the domestic violence field who can provide additional support in the areas of assessment and case management; and 3) ensuring that all Colorado Works participants have access to services targeted to address domestic violence barriers.

Department November 2000 Response: Agree. Implementation Date: Ongoing
Department November 2001 Update: Implemented: Ongoing

Recommendation 6:

The Department of Health Care Policy and Financing and the Department of Human Services should analyze the costs and benefits of expanding coverage under Medicaid to include providing substance abuse treatment services to Colorado Works participants. Based on this analysis, an appropriate recommendation should be made to the Joint Budget Committee of the Colorado General Assembly.

Department November 2000 Response: Agree. Implementation Date: 5/01
Department November 2001 Update: Implemented:



Recommendation 7:

The Department of Human Services, in consultation with policymakers, the counties, and advocates, should consider developing additional performance measures for the Colorado Works program. These measures should encourage counties to focus on and improve their outcomes in the provision of job preparation activities such as education, job skills training, and counseling for current recipients, the delivery of post-program supportive services to former recipients, and in employment retention for current and former recipients.

Department November 2000 Response: Agree. Implementation Date: Ongoing
Department November 2001 Update: Implemented: Ongoing and 7/01

Recommendation 8:

The Department of Human Services should develop a rule requiring that all Colorado Works recipients be informed of the availability of and eligibility requirements for child care subsidies through the Colorado Child Care Assistance Program (CCCAP). This rule should be submitted to the State Board of Human Services for its consideration.

Department November 2000 Response: Agree. Implementation Date: 6/01
Department November 2001 Update: Implemented: 6/1/01

Recommendation 9:

The Department of Human Services, in consultation with policymakers, the counties, and advocates, should consider developing performance measures focused on the delivery of Low Income Child Care subsidies to eligible former Colorado Works recipients in need of such subsidies.

Department November 2000 Response: Agree. Implementation Date: 6/02
Department November 2001 Update: In Process: Full Implementation projected to be 9/15/02

Distribution

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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)
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