

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Department of Human Services
 Request Title: Improving Colorado Works Performance Management Capabilities
 Priority Number: R-19

Dept. Approval by: *Will Bell* 10-15-13
 Date
 OSPB Approval by: *Erin...* 10/20/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
	Fund					
Total of All Line Items	Total	95,000	0	95,000	400,440	400,440
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	95,000	0	95,000	400,440	400,440
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	0	0	0	0	0
(7) Office of Self Sufficiency, (B) Colorado Works Program, Works Program Evaluation	Total	95,000	0	95,000	400,440	400,440
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0
	CF	0	0	0	0	0
	RF	0	0	0	0	0
	FF	95,000	0	95,000	400,440	400,440
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	0	0	0	0	0

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Federal Funds are from the Temporary Assistance for Needy Families Block Grant

Reappropriated Funds Source, by Department and Line Item Name: N/A

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments: N/A

Other Information: N/A

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Cost and FTE

- The Department is requesting \$400,440 ongoing in Federal Temporary Assistance for Needy Families (TANF) funds to fund research and evaluation initiatives for Colorado Works. This is a 422% increase to the Works Program Evaluation line item.

Current Program

- The TANF program provides financial aid, employment services, and support services for families.
- Research and program evaluation are vital to the TANF Program's success in Colorado. This request will further a data-informed, outcome-oriented performance management program.

Problem or Opportunity

- Current funding is insufficient for performing thorough analysis and evaluation of the TANF program. The \$95,000 that is appropriated is spent on software, training and contracts with external evaluators to conduct specific analyses.
- To evaluate the impact of its innovative programs and policy changes, the Department needs data on participant outcomes, timeliness, and costs; this information is not currently easily accessible.
- CBMS does not collect data after someone leaves the Colorado Works program, making it difficult to track outcomes and assess the long-term success of participants and programs.

Consequences of Problem

- Without an increase in research, evaluation, and performance management funding, the Department would be required to make programming and funding decisions without appropriate data.
- The Department invests a large portion of its current resources to extract data from the Colorado Benefits Management System (CBMS). Without additional resources, staff time will continue to be spent gathering and extracting data instead of analyzing and reporting it.

Proposed Solution

- Additional ongoing evaluation resources would increase the ability of the Department to make informed decisions, evaluate strategies, and make effective program changes. Proposed initiatives to be funded include: the development of a program to extract relevant data from CBMS monthly and build a database from which the Department's analysts can access the data quickly for analysis; collection of information from individuals who have left the TANF program; and software and training necessary to analyze and report data. This will improve the Department's ability to monitor performance related to C-Stat goals and to answer questions from state program administrators, legislators, and counties.
- These data will allow assessment on which programs, policies, and client engagement strategies lead to higher work participation rates and wages, and reduced TANF recidivism. Participant data would be used to identify what factors or barriers distinguish participants who do not enter employment, and what specific strategies or programs have been proven to successfully resolve these barriers.

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State of Colorado
Department of Human Services
FY 2014-15 Funding Request
November 1, 2013

John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

Department Priority: R-19

Request Detail: Improving Colorado Works Performance Management Capabilities

Summary of Incremental Funding Change for FY 2014-15	Total Funds	Federal Funds
Additional Funding for Colorado Works Evaluation	\$400,440	\$400,440

Request Summary:

The Department of Human Services is requesting \$400,440 total Temporary Assistance for Needy Families (TANF) federal funds in FY 2014-15 and beyond to fund research and evaluation initiatives.

Problem or Opportunity:

The Federal Temporary Assistance for Needy Families program in Colorado, known as Colorado Works, continues to be dynamic. Effective research and program evaluation are vital to the program's success as it implements groundbreaking changes and participates in the Department's data-informed, outcome-oriented performance management process. Colorado is the first TANF program in the country to implement comprehensive certification periods, refocusing program energy from continual eligibility determination to family economic stability. Along with the impending federal TANF program reauthorization, these changes warrant a new research and evaluation model.

The Works Program Evaluation Line was established to allow for an annual evaluation of the Colorado Works program. The line item provides for contractor services and related administrative expenses associated with conducting the evaluations. The following table provides the appropriation history for the line going back to FY 2007-08:

Colorado Works Evaluation Appropriation History	
FY 2007-08	\$500,000
FY 2008-09	\$500,000
FY 2009-10	\$350,029
FY 2010-11	\$350,007
FY 2011-12	\$95,000
FY 2012-13	\$95,000
FY 2013-14	\$95,000

In FY 2011-12, the line item was reduced to \$95,000 annually due to concerns about the solvency of TANF Long-Term Reserve. The appropriation does not provide the level of funding necessary to evaluate a program the size of Colorado Works.

The federal government provides TANF funding to states to operate the program. The amount provided to Colorado has not increased since the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) was first approved. It is not expected that these funds will increase in the foreseeable future. Therefore, the program is looking to increase capacity through better use of resources.

Other states have increased evaluation capacity by creating and maintaining state-level data warehouses. Washington and Oregon maintain strong data warehouses to provide analytical information and answer questions regarding risk, need, demand, use, supply, cost, and outcomes across all of the state’s human services programs. Wisconsin and California each partner with a state university to manage their data warehouses, which facilitates ongoing research and publication of data and results. A data warehouse similar to these would increase the evaluation capacity of Colorado Works by improving data collection, storage, reporting, and, most essentially, accessibility.

Proposed Solution:

The Department requests an additional \$400,440 Federal TANF Funds beginning in FY 2014-15 for research and evaluation initiatives, for a total annual appropriation of \$495,440. The initiatives will be managed through the Colorado Works Division’s Policy, Planning, Research, and Evaluation Section.

Colorado Works Evaluation Request	
FY 2013-14 Appropriation	\$95,000
Change Request	\$400,440
FY 2014-15 Evaluation Line Appropriation	\$495,440

Evaluation funding supports process, outcome, and performance monitoring for over \$175 million in federal and county TANF funds spent annually. The evaluation results guide policy decisions that impact county service delivery. Increasing the funding to pursue data-driven, evidence-based program support will assist in meeting Department C-Stat and program goals and allow counties to use similar methods to evaluate their respective goals as well.

The initiatives that would be funded by this request include, but are not limited to:

- Collection of “TANF Leaver” data: CBMS has limited ability to collect information after participants leave the program, and that requires significant work on the part of county staff resulting in inconsistent data collection, entry, and analysis. This request would fund an ongoing contract for post-TANF surveying to provide data for program outcome and impact evaluation needed to inform the Department’s C-Stat measure.
- Data Warehouse: In 2005, the Division contracted the building of a database to collect longitudinal data for departmental analysis. The warehouse provides analysts with data on TANF program participants,

benefits, and services for use in statistical analysis for program planning and evaluation. That warehouse is outdated and no longer usable in its current state. CBMS is not built to easily extract data for analysis. This request would fund either repair or replacement of the existing database. This proposed data warehouse solution would provide more accessible reports as well as additional analysis tools to evaluate the program over the longer term. This project is of smaller scope and cost than those of other states, in consideration of funding limitations and the anticipated program needs.

- Information Technology Improvements: This includes hardware and other non-CBMS software, training, and technical support necessary to analyze and report data.
- Analytical expertise: It is not efficient for the Department to employ fulltime experts, such as econometric or return-on-investment analysts. These funds would support contracting for these needs when they arise.

Anticipated Outcomes:

The Colorado Works program has made strides in reducing administrative rules and reporting burdens on counties and making the best use of remaining sources. Increased evaluation funding would assist the program in providing counties with additional analysis to answer questions, monitor C-Stat goals, and inform and direct policy decisions. It would help counties improve their current processes.

The Program would set the scope of the research and evaluation efforts, in consultation with Department management, county partners, and other stakeholders, to target specific areas of interest based on the evolving needs of the program. Needs could be identified through either an evaluation advisory committee model, C-Stat or another current structure such as the Economic Security Policy Advisory Committee (PAC). Examples of potential future research and evaluation questions include:

- What are the impacts of the recent Certification Period implementation on outcomes, costs, timeliness, etc.?
- What county systems, procedures, and engagement strategies lead to higher work participation rates among TANF recipients?
- What county programs and work engagement/preparation strategies result in long-term employment (vs. short-term)? Higher earnings? Reduced TANF recidivism?
- What are the primary reasons for exiting TANF? How might various county policies or other factors contribute to these outcomes?
- What factors or barriers distinguish participants who do not enter employment? What specific strategies or programs have been proven to successfully target these barriers?
- What strategies improve child well-being?
- How do counties compare over time on a standard set of performance metrics? What differences in policies or other factors may explain differences?

Each of these questions has the potential to inform state and county decision making on how programs are developed and operated.

Assumptions and Calculations:

The Department's request of \$400,440 includes implementation of a data warehouse, data collection activities, and analytic support, software and related training. The following estimates are for the first two years of this ongoing request:

- **Data Warehouse:** When building the original warehouse, the Department contracted with the CBMS vendor. The Department estimates that it will require \$245,440 for 1.0 fulltime FTE at \$118 per hour (2,080 hours X \$118/hr), the current contracting rate with this vendor.
- **Collection of "TANF Leaver" Data:** \$125,000 vendor contract to follow up with participants in the first month after leaving the program and again six months later. Qualitative and quantitative data collected would address participant's reason(s) for leaving, current work/income situation, and experience within the program. This amount is based on an estimate from OMNI Research & Training, a consulting firm that often does this kind of contract work for government agencies.
- **Information Technology Improvements:** \$30,000 for Statistical Analysis System (SAS) license renewal and other necessary supports. It would also allow for a small contract with a SAS expert to optimize the interface with the new data warehouse. The license renewal is based on current software pricing.

In future years, once the technical supports are in place, the funding would be used to support ongoing maintenance of the data warehouse and would augment existing analytical capacity through contracts with vendors such as local universities or national experts in program evaluation, implementation, and design. Such contracts can range from \$80,000 to \$130,000 or more, depending upon scope and whether or not data collection is included. This range is based on previous contracts with local universities for quantitative and qualitative research and data management assistance. The costs to retain the vendor responsible for the "TANF leaver" data and software licensing expenses would continue in perpetuity. The \$400,440 that is being requested is intended to be ongoing.

Funding for this request would come from the Colorado Works Long Term Reserve fund. The reserve is projected to have a carryover balance of \$16 million in FY 2014-15. Including current federal funding, the Fund is projected to remain solvent through FY 2016-17. Any increases in funding from the federal government will extend the solvency projections.