



**REPORT OF
THE
STATE AUDITOR**

**Welfare-to-Work
Department of Labor and Employment**

**Performance Audit
July 2001**

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July 17, 2001

Members of the Legislative Audit Committee:

This report contains the results of the performance audit of the Welfare-to-Work Program. This audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government.

This report presents our findings, conclusions, and recommendations, and the responses of the Colorado Departments of Labor and Employment and Human Services.

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**STATE OF COLORADO
OFFICE OF THE STATE AUDITOR**

REPORT SUMMARY

**J. DAVID BARBA, CPA
State Auditor**

**Welfare-to-Work
Department of Labor and Employment
Performance Audit
July 2001**

Authority, Purpose, and Scope

This audit of the Welfare-to-Work (WtW) program was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of the state government. This audit was conducted according to generally accepted government auditing standards. Audit work was performed from December 2000 to April 2001.

The purpose of this audit was to review and evaluate:

- Coordination of Welfare-to-Work activities with other employment programs in Colorado.
- Gaps in services when Welfare-to-Work is discontinued.
- Recruitment activities.
- Delivery of program services.
- Program oversight.

This report contains findings and 11 recommendations for improving the Welfare-to-Work program. We would like to acknowledge the efforts and assistance extended by management and staff from the Colorado Department of Labor and Employment, the Colorado Department of Human Services, and workforce regions. The following summary provides highlights of audit comments, recommendations, and responses contained in the report.

Coordination of Services With Other Employment Programs

Welfare-to-Work is one of several programs in Colorado that provide employment and support services to the "hard-to-employ" populations. Other programs include the Temporary Assistance to Needy Families (TANF) work program, Workforce Investment Act (WIA), the Wagner-Peyser Program, and the Employment First Program. Federal regulations require WtW activities to be effectively coordinated with TANF and other programs. Further, coordination of services is essential in preventing duplication, maximizing the use of various funding sources, and ensuring WtW funds are being used properly.

For further information on this report, contact the Office of the State Auditor at (303) 866-2051.

SUMMARY

We found that coordination between WtW and other programs varied from region to region. Some regions work closely with other related programs. However, we particularly identified problems with coordination in three regions: Adams, Arapahoe/Douglas, and Pikes Peak. There was limited coordination between the WtW and TANF programs in the Adams and Pikes Peak regions. TANF staff in these regions believe there is little need for WtW because the TANF work programs they have in place sufficiently meet the needs of the clients. The Arapahoe/Douglas Region does not coordinate services with Child Support Enforcement because this Region has chosen not to serve noncustodial parents in its WtW program.

We recommend that the Department improve coordination efforts between Welfare-to-Work and TANF and other employment programs in the State.

Gaps in Services to the Hard-to-Employ Populations

On the basis of current employment programs available in Colorado, we found that limited employment and support services will be available to three WtW target populations following the termination of the WtW program. These populations include:

- Low-income noncustodial parents.
- Former foster care youths ages 18 to 24.
- Low-income custodial parents.

We recommend that the Departments of Labor and Employment and Human Services work together to identify gaps in services that will exist after WtW is discontinued and ensure that programs are in place to serve WtW target populations.

Recruitment Activities

We evaluated the methods used by workforce regions to recruit WtW clients. We found that:

- Despite the various challenges regions have encountered in recruiting WtW clients, some regions are using innovative and effective recruitment approaches. For instance, some regions are targeting recruitment efforts toward ex-offenders and/or providing incentives to encourage noncustodials to participate in WtW.
- In a sample of noncustodial parents enrolled in WtW, in general, child support payments increased after these individuals entered WtW.

- The Pueblo Subregion has limited the number of new clients it enrolls in its WtW program due to heavy caseloads.

We recommend that the Department (1) enhance its methods for sharing best practices used by workforce regions to recruit clients into WtW, (2) provide technical assistance to workforce regions on better ways to identify and recruit eligible noncustodial parents into WtW, and (3) ensure that all eligible and interested WtW clients in the Pueblo Subregion can be enrolled and served in the program, and identify and implement solutions to staffing issues in this Subregion.

Program Delivery

We reviewed 170 WtW client files and collected various information on services provided by seven WtW programs in the State. We found that:

- Paychecks for subsidized employment were not, in several instances, delivered in a timely manner to clients in the Pueblo Subregion. We found that late paychecks affected clients' housing situations as well as their TANF and Food Stamps benefits.
- The Denver Region's policies and procedures for WtW support services are burdensome and make it difficult for clients to access these services in a timely manner.
- Clients in our sample struggle to fully reach self-sufficiency.
- Many regions in the State have not incorporated employment training and education in their service delivery packages for WtW clients.
- Some regions are using innovative and effective approaches for providing services to clients.

We recommend that the Department (1) identify and implement solutions to ensure the timely delivery of payroll documents to WtW clients, (2) assist the Denver Region in improving the timeliness and accessibility of support services provided to WtW clients, (3) assist workforce regions in developing and implementing strategies to improve the delivery of employment training and education services to WtW clients, and (4) communicate information to workforce regions about innovative and successful ways regions have provided program services to WtW clients.

Program Oversight

We evaluated the Department and workforce regions' oversight of the Welfare-to-Work program. We found that:

SUMMARY

- The Department and workforce regions could improve their monitoring of the WtW programs in the State. The Department has not conducted programmatic, compliance, and financial reviews of all WtW programs in the State. In addition, some regions have not conducted on-site monitoring of WtW subrecipients.
- The Department has not ensured that regions implement recommendations from state or federal reviews.
- It was difficult to determine the types of services provided and employment history of several clients in our sample because of limited documentation in the client files.

We recommend that the Department improve the oversight of the Welfare-to-Work program in Colorado by (1) revising its monitoring policies to include the frequency of on-site visits of all WtW programs in the State, (2) conducting on-site financial reviews of all WtW programs at least every two years, (3) ensuring that all workforce regions are monitoring their subrecipients, (4) ensuring that all recommendations made by the U.S. Department of Labor and the Department are implemented, and (5) ensuring that workforce regions are maintaining complete and accurate records on WtW clients.

The Department generally agrees or partially agrees with our recommendations. The Colorado Department of Human Services partially agrees with our recommendation. Responses can be found in the Recommendation Locator on pages five and six of this report. Additionally, the Colorado Department of Labor and Employment stated the following:

The Department partially agrees with the Audit Report narrative. The Department is firmly committed to the process of continuous improvement, and welcomes the opportunity to improve its programs, provide support to local initiatives, and help increase the level of customer service. We would like to stress that the Department is in compliance with federal requirements governing the administration of the program, and the Colorado Welfare-to-Work program has been nationally recognized as a leader for many of its best practices, and these practices have been shared on a regular basis throughout the state. Many of the audit findings recommend the implementation of activities that are already in place and have been ongoing since the program's inception. The Department conducts monitoring to ensure fiscal and programmatic compliance in all nine Workforce Regions.

Many of the conclusions of the report refer to ongoing activities already in place. The State's internal review in follow-up of the potential issues identified in Pueblo did not find any problems with the agency's payroll processes, but did support the contention that there might be a problem with the mail system, and the Department is following up on that issue.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	18	Improve coordination efforts between Welfare-to-Work and TANF and other employment programs in the State.	Colorado Department of Labor and Employment	Agree	December 31, 2001 Monitoring: All future reviews, effective immediately
2	24	Work with the Colorado Department of Human Services to identify the gaps in services that will exist when Welfare-to-Work is discontinued, and ensure that programs are in place to serve Welfare-to-Work target populations.	Colorado Department of Labor and Employment	Partially Agree	In place and ongoing
			Colorado Department of Human Services	Partially Agree	October 2002
3	33	Enhance its methods for sharing best practices used by workforce regions to recruit Welfare-to-Work clients.	Colorado Department of Labor and Employment	Agree	In place and ongoing
4	37	Provide technical assistance to workforce regions to better identify and recruit eligible noncustodial parents into the Welfare-to-Work program.	Colorado Department of Labor and Employment	Agree	In place and ongoing
5	39	Ensure all eligible and interested Welfare-to-Work clients in the Pueblo Subregion can be enrolled and served in the program, and identify and implement solutions to the staffing issues.	Colorado Department of Labor and Employment	Partially Agree	December 31, 2001

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
6	47	Identify and implement solutions to ensure the timely delivery of payroll documents to Welfare-to-Work clients.	Colorado Department of Labor and Employment	Partially Agree	December 31, 2001
7	51	Assist the Denver Region in identifying and implementing ways to improve the timeliness and accessibility of support services provided to Welfare-to-Work clients.	Colorado Department of Labor and Employment	Partially Agree	In place and ongoing
8	60	Assist workforce regions in developing and implementing strategies to improve the delivery of employment training and education services to Welfare-to-Work clients.	Colorado Department of Labor and Employment	Agree	In place and ongoing
9	62	Communicate information to all workforce regions about innovative and successful ways regions have used to provide program services to Welfare-to-Work clients.	Colorado Department of Labor and Employment	Agree	In place and ongoing
10	69	Improve how the state's WtW programs are monitored by revising monitoring policies to include frequency of on-site reviews of WtW programs, conducting on-site financial reviews at least every two years, ensuring all workforce regions are monitoring their subrecipients at least annually, and ensuring all recommendations made by the U.S. Department of Labor and the Department are implemented.	Colorado Department of Labor and Employment	Agree	October 31, 2001
11	72	Ensure that workforce regions are maintaining complete and accurate records on Welfare-to-Work clients.	Colorado Department of Labor and Employment	Agree	December 31, 2001

Overview of the Welfare-to-Work Grants Program

Background

The Welfare-to-Work (WtW) grants program was established by Congress as part of the Balanced Budget Act of 1997. Its purpose is to provide additional resources to supplement the welfare reform funds included in the Temporary Assistance for Needy Families (TANF) block grant, which was authorized under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. According to a January 2001 federal evaluation report, Congress created the WtW program because:

There was some concern among policymakers that it would be relatively more difficult in high-poverty communities than in other communities to achieve the employment objectives of welfare reform, and that the same communities might eventually bear additional financial burdens when individuals reach their lifetime limits on welfare. Congress intended that these additional [WtW] funds would support programs, especially in high-poverty communities, that assist the least employable, most disadvantaged welfare recipients make the transition from welfare to work, and help noncustodial parents increase their earnings and support their children.

Congress placed administrative responsibility for WtW at the national level with the U.S. Department of Labor (DOL), "in recognition of the employment emphasis of the initiative." The WtW grant-funded programs exist within a complex organizational structure at the local level, involving TANF and workforce development agencies and their associated programs, as well as other service providers in the community. Community-based nonprofit organizations play a major role in WtW service delivery, and in many sites, businesses and firms have helped design programs as well as hire WtW participants. Although Congress intended that WtW programs complement TANF programs, TANF agencies per se have no formal responsibility for Welfare-to-Work.

The U.S. Department of Labor distributed about \$3 billion to state and local grantees in Federal Fiscal Years 1998 and 1999. Seventy-five percent of the funds were distributed to states according to the legislative formula based on poverty rates and welfare caseloads; these are called formula grants. The governor of each state receiving a formula grant designates that state's oversight agency. Twenty-five percent of the federal funds were

awarded competitively based on applications from nonprofit organizations, workforce development centers, other public agencies, and multisite grantees serving local areas in multiple states; these are called competitive grants. States do not have any oversight authority for competitive grants— competitive grantees report directly to the U.S. Department of Labor.

States receiving formula grants are required to allocate at least 85 percent of the federal grant funds to the local communities. The remaining portion (up to 15 percent) of these federal funds can be retained by the state to fund WtW projects of its choice; this portion is called the Governor's 15 percent or special projects grants. States are required to match \$1 in state funds with every \$2 in federal formula grant funds spent. However, states do not have to use new funds to meet the matching requirements but can match the federal funds with existing programs and funds.

Congress established Welfare-to-Work as a temporary program. Originally, grantees were required to spend their WtW grants within three years of receiving them. In December 2000, federal legislation was passed that extended the duration of the grants by two years. Grantees now have up to five years to spend their grants.

Initial Federal Eligibility Criteria Were Restrictive

Congress established eligibility criteria and spending rules to ensure that the WtW funds are used primarily for individuals who have specific disadvantages in the labor market. As originally enacted, the Balanced Budget Act required that WtW grantees spend 70 percent of their grant funds on (1) long-term TANF recipients or recipients within a year of reaching a TANF time limit, who also have two of three specific problems affecting employment prospects; or (2) noncustodial parents of children in a long-term TANF case, who themselves face two of the three specified problems. The three problems specified in the original language of the Act were:

- Lack of a high school diploma or GED and low reading or math skills.
- Substance abuse problems.
- Poor work history.

Grantees could spend the remaining 30 percent of the WtW grant on people who met less stringent criteria: TANF recipients (or noncustodial parents of TANF recipients) who have characteristics associated with long-term welfare dependence, such as being a school dropout or a teen parent or having a poor work history.

As WtW grant programs were being implemented beginning in Federal Fiscal Year 1999, it became clear that the combination of the strict eligibility criteria and the 70-30 spending requirement were contributing to slow enrollments nationwide. In response, Congress modified the WtW legislation in 1999 as part of the Federal Fiscal Year 2000 Appropriation legislation for the Departments of Labor, Health and Human Services, Education, and related agencies. While the amendments left in place the requirement that 70 percent of WtW funds be spent on a defined category of participants, they broadened the population in two ways to make it easier for TANF recipients and noncustodial parents to qualify for WtW services under the 70 percent category:

- **TANF participants qualify simply by being long-term recipients.** The amendments removed the requirement that long-term TANF recipients exhibit additional barriers to employment. TANF recipients are eligible if they have received assistance for at least 30 months, are within 12 months of reaching the TANF time limit, or have exhausted their TANF benefits due to time limits.
- **Noncustodial parents qualify under less restrictive rules.** Noncustodial parents are eligible if (1) they are unemployed, underemployed, or are having difficulty making child support payments; (2) their minor children are receiving or are eligible for TANF, or received TANF in the past year, or are eligible for or receiving assistance under the Food Stamp, Supplemental Security Income, Medicaid, or Children's Health Insurance programs; and (3) they make a commitment to establish paternity, pay child support, and participate in services to improve their prospects for employment and paying child support.

The definition of the 30 percent category was also broadened to include youth who have received foster care, custodial parents (regardless of TANF status) with income below the poverty level, and TANF recipients who face other barriers to employment specified by the local workforce development agencies. Other program changes were also made that expand the types of services that are allowed and simplify some administrative requirements: (1) allowing WtW funds to be used for preemployment vocational education and job training for up to six months; (2) allowing grantees that are not workforce investment boards to provide job readiness, placement, and post-employment services directly rather than only through contracts or vouchers; (3) streamlining reporting requirements; and (4) permitting child support enforcement agencies to share information on noncustodial parents with workforce development agencies to help carry out WtW programs.

Implementation of the new federal eligibility criteria and spending requirements occurred in stages. Competitive grantees were allowed to implement the new criteria on January 1,

2000. Formula grantees were allowed to implement the new eligibility requirements on July 1, 2000, but could not spend any federal WtW funds on clients meeting the new criteria until October 1, 2000.

Colorado's Welfare-to-Work Program

The Colorado Department of Labor and Employment (CDLE) administers and oversees the State's Welfare-to-Work formula grants. Colorado's WtW program is "a collaborative effort involving CDLE and the Department of Human Services (DHS), the 63 county departments of human services, and the 18 workforce regions and subregions." According to its State Plan, the Department is responsible for:

- Providing overall administration of WtW funds, consistent with statutes, regulations, and the State Plan.
- Developing the State Plan in coordination with appropriate state and local entities.
- Distributing funds to the regions.
- Conducting oversight and monitoring of WtW activities and funds expenditures at the state and local levels.
- Managing and distributing the 15 percent special projects funds, in coordination with the Governor's Office.
- Ensuring the 15 percent administration limitations and the match requirements are met.
- Providing technical assistance to the regions.
- Establishing internal reporting requirements and ensuring federal reports are accurate and timely.

In Colorado, workforce development boards are responsible for overseeing the various employment programs operated at the regional workforce centers. As the map on the next page shows, there are nine workforce investment regions in the State: Adams, Arapahoe/Douglas, Boulder, Denver, Larimer, Pikes Peak, Rural, Tri-County, and Weld. The Rural Region is subdivided into ten service delivery areas and covers 51 counties throughout the State. Each of these regions has a board that oversees its workforce

funds must be spent by July 31, 2003, or the unspent funds will revert to the federal government. The second-year funds must be spent by September 28, 2004. The following table summarizes Colorado's WtW grants and the expenditures.

Federal Formula Grant Awards in Colorado					
Grant Awards	Formula Grant Allocations			Expenditures as of 12/31/00	
	FFY 1998	FFY 1999	Totals	Amount	% of FFY 1998 Grant Spent
Workforce Regions:					
<i>Adams</i>	\$815,245	\$710,151	\$1,525,396	\$72,160	8.9%
<i>Arapahoe/Douglas</i>	\$398,925	\$307,311	\$706,236	\$171,823	43.1%
<i>Boulder</i>	\$230,587	\$130,645	\$361,232	\$147,277	63.9%
<i>Denver</i>	\$2,142,794	\$2,399,626	\$4,542,420	\$176,298	8.2%
<i>Larimer</i>	\$385,873	\$311,088	\$696,961	\$154,487	40.0%
<i>Pikes Peak</i>	\$991,283	\$1,043,242	\$2,034,525	\$73,706	7.4%
<i>Rural</i>	\$2,660,020	\$2,343,130	\$5,003,150	\$1,832,811	68.9%
<i>Tri-County</i>	\$357,513	\$256,370	\$613,883	\$228,798	64.0%
<i>Weld</i>	\$454,475	\$330,167	\$784,642	\$213,727	47.0%
Total Allocated to Regions	\$8,436,715	\$7,831,730	\$16,268,445	\$3,071,087	36.4%
Special Projects	\$1,442,151	\$1,382,070	\$2,824,221	\$178,651	12.4%
TOTALS	\$9,878,866	\$9,213,800	\$19,092,666	\$3,249,738	32.9%
Source: Office of the State Auditor's analysis of WtW formula grant allocations and expenditure data provided by the Colorado Department of Labor and Employment.					

As of September 30, 2000, 1,015 clients had been enrolled in the State's WtW program. However, as shown by the following table, the regions had 1,384 clients as of February 28, 2001. Enrollments increased more than 35 percent over the five-month period following the implementation of the amended eligibility criteria.

Colorado Welfare-to-Work Enrollments as of February 28, 2001		
Region	Enrollments as of February 28, 2001	
	Number	Percent of Total
Adams	21	1.5%
Arapahoe/Douglas	45	3.3%
Boulder	15	1.1%
Denver	588	42.5%
Larimer	35	2.5%
Pikes Peak	13	0.9%
Tri-County	130	9.4%
Weld	137	9.9%
Rural	400	
<i>Eastern</i>	10	0.7%
<i>Mesa</i>	67	4.8%
<i>Northwest</i>	10	0.7%
<i>Pueblo</i>	94	6.8%
<i>Rural Resort</i>	6	0.4%
<i>South Central</i>	77	5.6%
<i>Southeast</i>	43	3.1%
<i>Southwest</i>	39	2.8%
<i>Upper Arkansas</i>	21	1.5%
<i>Western</i>	33	2.4%
TOTALS	1,384	100.0%
Source: Office of the State Auditor's analysis of information maintained in the Colorado Department of Labor and Employment's Job Link database.		
Note: Figures may not total 100 percent due to rounding.		

Colorado's WtW Special Projects

The federal WtW law allows states to allocate up to 15 percent of their formula grants for special projects. As of January 2001 the Department had awarded special projects grants to five organizations as shown in the following table.

Colorado WtW Special Projects Grantees				
Grantee	Target Population	Date of Grant	Amount of Grant	Amount Spent as of January 31, 2001
Department of Corrections	Offenders who are also noncustodial parents	December 1, 1998	\$150,000	\$117,084
Training Advantage	Children of WtW enrollees and former foster care children in the Southwest region	September 1, 2000	\$108,312	\$19,321
Denver Urban Ministries	Individuals eligible for WtW services	September 1, 2000	\$101,846	\$0
Colorado Homeless Families (CHF)	80 WtW families, who are currently living in CHF's 42 transitional houses	December 1, 2000	\$146,287	\$7,651
Mi Casa	Individuals eligible for WtW services	December 1, 2000	\$250,000	\$3,831
TOTALS			\$756,445	\$147,887
<p>Source: Office of the State Auditor's analysis of Colorado Department of Labor and Employment records.</p> <p>Note: The Colorado Department of Labor and Employment has also spent about \$47,860 of these 15 percent discretionary funds on certain administrative activities, such as training and information systems.</p>				

The Department requires that the special project grantees "must coordinate their activities with the WtW program in their region and provide additional or enhanced services for individuals who are already enrolled, or create a new program that does not compete with the region for clients." The special grants contractors are required to co-enroll clients in the regional WtW programs. Currently the Department is working with the regions to identify additional services that could be funded under the special projects category.

Comparison of Welfare-to-Work With Other Employment Programs

Chapter 1

Background

In Colorado, Welfare-to-Work is one of several programs that provide employment services to the "hard-to-employ." Other programs offering these services include:

- **Temporary Assistance to Needy Families (TANF) Work Program** provides employment training and support services to individuals receiving TANF benefits. TANF work programs are often administered by local workforce centers and/or community-based organizations.
- **Workforce Investment Act (WIA)** is supposed to create a work-centered one-stop delivery system that is business-oriented and increases customer choice. WIA mandates universal access to core services and gives priority for intensive and training services to welfare recipients and other low-income persons if adult funds are limited. WIA services are available at the regional workforce centers.
- **Wagner-Peyser Program** provides services to all adults legally authorized to work in the United States. These services include job search assistance, job referrals and placement, and labor market information. These programs are housed in regional workforce centers.
- **Employment First Program** targets adults ages 16 to 60 years old who are participating in the Food Stamps Program and not receiving TANF. This program is administered by Food Stamps.

Many of these programs can provide the same services to the "hard-to-employ" population. As a result, coordination of services provided to this population is crucial in ensuring that the State, workforce regions, and counties are effectively leveraging federal and state funds as well as preventing the duplication of services to clients.

Coordination Between Programs Has Been Difficult in Some Regions

Federal regulations require that WtW activities be effectively coordinated with TANF and other programs. The Colorado Department of Labor and Employment wrote in its State Unified Plan that it “will encourage the local workforce regions to coordinate and integrate their programs and services, but the manner and extent to which this occurs remains a local prerogative.” Regional WtW programs may need to coordinate with several different Colorado programs that also provide employment services to low-income individuals, including TANF, the Workforce Investment Act (WIA) programs, Wagner-Peyser, and Employment First.

To prevent duplication and maximize the use of various funding sources, regions that co-enroll clients in WtW and other programs must establish a system for coordinating activities among these programs. It is particularly important that regions coordinate job retention and support services provided to clients. This is because federal regulations only allow grantees to use WtW funds for job retention and support services when these services are not available through any other funding source. Coordination between the various employment and assistance programs is essential in ensuring that WtW funds are being used properly.

We found that coordination between WtW and other programs varies from region to region, primarily because of local decisions. Specifically, we found that WtW staff in some regions, such as Mesa and Pueblo, work closely with other related programs. In these regions, WtW staff regularly meet with staff from TANF, Child Support Enforcement, Vocational Rehabilitation, and Workforce Investment Act (WIA) agencies. Often, WtW staff are housed in the same facility as TANF and WIA. However, other regions we visited did not have as close of a relationship with these other programs. For example:

- There have been problems with the coordination between TANF and WtW programs in the Pikes Peak and Adams regions. According to TANF staff in these regions, the work programs they have in place sufficiently meet the needs of the clients. As a result, these staff believe there is little need for WtW.
- The Arapahoe/Douglas Region has not developed a working relationship with the county child support enforcement agency because the local county commissioners have chosen not to serve noncustodial parents in WtW.

Coordination is particularly important when clients are co-enrolled in multiple programs. WtW clients may be co-enrolled in other programs, such as TANF, WIA, and Vocational Rehabilitation. By co-enrolling clients in multiple programs, grantees have the ability to provide a wider range of services to clients. In addition, co-enrolling is particularly beneficial in assisting TANF clients transition off of public assistance and into long-term employment and self-sufficiency. Colorado WtW staff told us that because many of the TANF clients enrolled in WtW have been receiving public assistance for many years, co-enrolling these clients in both programs gradually eases them off of public assistance and provides necessary supports to ensure better success in WtW.

During the audit we reviewed the various methods used by regions to coordinate WtW services with other employment and assistance programs. Overall, we found that the best coordination efforts between the various employment and assistance programs were in the Mesa, Pueblo, and Weld regions. We identified some effective practices in coordinating these services, preventing duplication, and leveraging multiple sources of funding. These include:

- C Housing Welfare-to-Work in the same location as TANF and other employment and assistance programs.** We found that working relationships between WtW and TANF were often better when staff from these two programs were co-located.
- C Meeting with staff from other programs on a regular basis.** Ongoing communication between WtW and other programs is essential in coordinating the delivery of services and preventing duplication. WtW staff from some of the regions we visited, such as Mesa and Pueblo, regularly meet with staff from other programs to discuss services provided to clients. Staff in Pueblo meet on a weekly basis.
- C Cross-training case managers on the various employment and assistance programs in the region.** A better understanding of the various programs and services available helps case managers better maximize the use of funds on their clients. Case managers in the Weld and Pueblo regions are trained for the various programs available to clients. In these regions case managers assigned to Welfare-to-Work can also provide services from other programs, such as WIA and Vocational Rehabilitation, to their clients directly. In Pueblo one case manager coordinates all TANF and WtW services provided to clients. This approach is used to ensure duplication of services does not occur.

- C Providing case managers access to the automated databases used by employment and assistance programs in the region.** Case managers in some of the regions we visited have access to various automated databases containing client information. For instance, case managers in Weld can obtain client information for TANF and WIA programs. This access allows case managers to determine if a service has been provided to a client and helps to prevent duplication of services.

Local coordination with other programs is a key component of a successful WtW program. As mentioned earlier, federal regulations require effective coordination between WtW and other employment programs. As a result, it is important for the Department to ensure that regions are complying with this requirement.

Recommendation No. 1:

The Colorado Department of Labor and Employment should improve coordination efforts between Welfare-to-Work and TANF and other employment programs in the State by:

- a. Identifying the workforce regions that are struggling to coordinate Welfare-to-Work activities with TANF and/or other employment programs. The Department should work with TANF and/or other applicable employment programs to determine the reasons for the poor coordination of services.
- b. Providing technical assistance to workforce regions that addresses the coordination problems.
- c. Ensuring that coordination efforts result in minimizing duplication of services and leveraging of multiple funding sources.
- d. Including reviews of coordination efforts in its annual monitoring visits to workforce regions.
- e. Formalizing its relationships with its partner state agencies by establishing memorandums of understanding for Welfare-to-Work activities.

Colorado Department of Labor and Employment Response:

Agree. Most of the recommended activities are already in place; several were implemented as an integral part of the WtW program's inception.

- a. The Department has been and will continue to work with our state partners in TANF and Child Support Enforcement to encourage local coordination to identify training needs and provide technical assistance. For example, the Department of Human Services assisted with the development of the State's WtW plan in 1998. CDLE and DHS Self Sufficiency Programs have participated in joint teleconferences with the county departments of human services and local workforce regions to discuss program coordination and ways in which the local programs could work together, co-enroll clients, etc. (e.g., October 12, 2000). CDLE, DHS Self Sufficiency and DHS Child Support Enforcement have presented joint workshops and participated on panels at each other's conferences and annual meetings (2000 and 2001 Colorado Works Conferences, 2000 and 2001 CSE Conferences, 2000 Fatherhood Initiative Conference, 2000 Rocky Mountain Workforce Association Conference). Child Support Enforcement and CDLE issued a joint letter to the county child support enforcement agencies regarding the WtW program and how it could assist in their child support collection efforts (November 1, 1999). DHS and CDLE have jointly visited workforce regions to help facilitate local discussions on program coordination. CDLE also worked with the Division of Housing's implementation of its HUD WtW program in 1999.
- b. CDLE has provided ongoing technical assistance regarding program coordination since the program's inception. For example, CDLE began holding periodic meetings with the local WtW coordinators to discuss issues and share ideas in 1998, and has expanded attendance at these meetings to include any interested state and local partners and community-based organizations. During on-site training last year on the new eligibility, regions were encouraged to invite their local partners. CDLE and DHS have presented several workshops at the annual Colorado Works and Rocky Mountain Workforce Development Association conferences on ways to coordinate programs and services. Local workforce regions have asked CDLE to facilitate meetings with their partners to discuss local coordination efforts.
- c. See b. above

- d. CDLE already monitors the nine workforce regions annually. It will include local coordination activities as part of all future reviews.
 - e. CDLE will establish Memorandums of Understanding (MOUs) with each of its state WtW partners by December 31, 2001.
-

Gaps in Services Will Exist After WtW Is Discontinued

We compared the target populations and the types of services available in WtW with other employment programs in the State. As the chart below shows, all individuals included in the WtW target population can be served by at least one other employment program in the State. WIA and Wagner-Peyser can serve all of the clients included in the WtW target population. However, these programs provide limited services to clients and/or have minimal funds available to serve these clients.

Employment Programs in Colorado Types of WtW Clients Served in Other Programs					
Program	Welfare-to-Work Target Populations				
	Long-Term Welfare Recipients	Noncustodial Parents	TANF Recipients With Long-Term Welfare Dependence Characteristics	Former Foster Care Youth Ages 18 to 24	Low- Income Custodial Parents
Welfare-to-Work	T	T	T	T	T
TANF	T	T	T		T
WIA	T	T	T	T	T
Wagner-Peyser	T	T	T	T	T
Employment First (Food Stamps)		T		T	T
<p>Source: Office of the State Auditor's analysis of statutes, rules, and regulations related to Welfare-to-Work, TANF, WIA, Wagner-Peyser, and Employment First.</p> <p>Note: House Bill 01-1264, which was passed during the 2001 Legislative Session, allows TANF to provide noncash assistance, such as employment services, to noncustodial parents of children receiving TANF benefits. However, unlike WtW, TANF cannot serve noncustodials of children eligible and/or receiving Medicaid, Social Security Income, Food Stamps, or Children's Health Insurance benefits.</p>					

The chart below shows services provided by both WtW and other employment programs in the State.

Employment Programs in Colorado								
Types of WtW Services Provided by Other Programs								
Employment Programs	Services Available in the Welfare-to-Work Program							
	Job Readiness	Vocational Education (a)	Employment Activities	Job Placement Services	Post-Employment Services	Individual Development Accounts	Intake, Assessment, and Case Management	Job Retention and Supportive Services (b)
Welfare-to-Work	T	T	T	T	T	T	T	T
TANF	T	T	T	T	T	T	T	T
WIA	T	T	T	T	T	T	T	T
Wagner-Peyser				T				
Employment First (Food Stamps)	T	T	T					

Source: Office of the State Auditor's analysis of statutes, rules, and regulations related to Welfare-to-Work, TANF, WIA, Wagner-Peyser, and Employment First.

(a) The WIA and Employment First programs only provide short-term vocational services.

(b) WIA provides minimal supportive services to clients.

As can be seen in the two charts above, WIA can provide all of the same services and serve the same types of clients as WtW. However, staff from the regions we visited stated that their regions' WIA funding is limited. This funding is intended to cover a significantly larger target population than WtW. In addition, vocational education and supportive services are minimal in WIA.

TANF is the only program that has a sufficient funding level to provide the same type of intensive services as WtW. The limitations with TANF are the clients it can serve. Currently TANF funding is primarily used on current and former cash assistance recipients. The TANF program, using county diversion grants, can provide limited employment and support services to low-income individuals. These grants are intended to provide short-term assistance to prevent individuals from needing to apply for cash assistance. In addition, TANF can now provide employment services to certain noncustodial parents. House Bill 01-1264, which was passed during the 2001 Legislative Session, allows the TANF program to provide noncash assistance, such as employment services, to

noncustodial parents of children receiving TANF. However, TANF currently cannot serve former foster care youths ages 18 to 24 unless these individuals have children and meet TANF eligibility requirements.

Unlike many of the employment programs in the State, WtW does not impose time limits on the services. Regions can provide services to clients as long as the program and funding exist. Federal and state regulations only require grantees to spend at least 70 percent of the program funds on the long-term TANF recipients and noncustodial parents and spend no more than 15 percent of their grant on administration. As long as grantees meet these two spending requirements, they can spend an unlimited amount on most services provided to clients. For instance, there are no spending caps on basic transportation assistance, such as bus passes or gas vouchers. However, as part of implementing their programs, some grantees may choose to impose additional spending limitations.

As mentioned earlier, WtW is a temporary program. It is scheduled to end in September 2004. Although WtW duplicates other programs in several areas and many of its functions are being addressed through an expanded TANF program, once WtW is discontinued some gaps in services will exist. On the basis of current employment programs available in Colorado, limited employment and support services will be available to three populations following the termination of the WtW Program. These populations include:

- **Low-income noncustodial parents.** As discussed earlier, TANF can now serve noncustodial parents of children receiving TANF benefits. However, unlike Welfare-to-Work, TANF cannot provide employment and support services to noncustodial parents of children eligible and/or receiving Medicaid, Social Security Income, Food Stamps, or Children's Health Insurance benefits.
- **Former foster care youths ages 18 to 24.** As part of the Workforce Investment Act, funding is allocated to serve disadvantaged youths. WIA youth funds may be used on former foster care youths ages 18 to 24. However, as mentioned earlier, WIA has limited funding. Services to these clients under WIA will most likely not be as intensive as Welfare-to-Work.
- **Low-income custodial parents.** WIA funds may be used to assist low-income individuals find employment. However, unlike WtW, funding levels are lower and services are not as intensive as WtW. In addition, TANF can provide short-term services to low-income custodial parents through diversion grants.

Recommendation No. 2:

The Colorado Department of Labor and Employment and the Colorado Department of Human Services should work together to identify the gaps in services that will exist after Welfare-to-Work is discontinued and should ensure that programs are in place to serve Welfare-to-Work target populations, such as low-income noncustodial parents, former foster care youths, and low-income custodial parents. This may require these departments to recommend new or modified legislation to the Colorado General Assembly.

Colorado Department of Labor and Employment Response:

Partially agree. The State's WtW program has been extended through September 2004. It is somewhat premature to take any action at this time because the final decisions regarding TANF reauthorization, Ticket-to-Work implementation, and other initiatives affecting the low-income individuals could have a significant impact on programs and services for the WtW-eligible population. CDLE and DHS are working together to identify potential gaps in services should the WtW program be discontinued and will make appropriate recommendations when and if this occurs. For example, CDLE and DHS have developed training packages to encourage local workforce center and human services staff to identify service gaps and find resources and programs that can fill unmet needs and develop strategies to maximize resources, and offered this training at the Colorado Works Conference in 2000 and 2001 and the Rocky Mountain Workforce Development Conference in 2000.

Colorado Department of Human Services Response:

Partially Agree. The Department of Human Services shares the Department of Labor and Employment's concerns about the uncertainty of TANF reauthorization. TANF, or Colorado Works as we've initiated in Colorado, is a state-supervised/county-administered program and counties have the option of providing some or all of the services currently being financed through Welfare-to-Work. Both Departments have a history of working together with counties to address problems and improved services. Our staff participate in regularly scheduled Welfare-to-Work coordinator meetings, and have conducted numerous joint training sessions at our respective state conferences. Once the reauthorization status of TANF is confirmed, the Department of Human Services will convene a

work group to identify gaps in services for populations that are currently served with TANF funds as well as youth in the child welfare and youth corrections systems. This group will include the counties as well as other appropriate state agencies such as the Community Colleges and Occupational Education System (CCOES), Department of Labor and Employment, and Workforce Development. Through this effort, we plan to develop or enhance effective strategies to serve the populations identified in this report.

Colorado Welfare-to-Work Recruitment Activities

Chapter 2

Background

As discussed in the Overview Section, the purpose of Welfare-to-Work (WtW) is to assist hard-to-employ individuals to obtain and keep employment that would allow them to become self-sufficient. WtW programs can enroll current and former recipients of Temporary Assistance to Needy Families (TANF), noncustodial parents of children receiving TANF and certain other benefits, former foster care youth (ages 18 to 24), and certain low-income custodial parents. WtW is primarily a voluntary program; except under a few circumstances discussed below, none of the potential participants are required to enroll in it. State workforce regions must rely on referrals from other programs, such as TANF, or their own marketing efforts to recruit participants. As of February 28, 2001, Colorado regions had enrolled 1,384 clients in WtW.

To evaluate the implementation of the WtW programs in Colorado, we visited the following seven programs: Adams, Arapahoe/Douglas, Denver, Mesa (Rural), Pikes Peak, Pueblo (Rural), and Weld. As of February 2001 these regions had enrolled 965 clients in WtW, or 70 percent of Colorado's total WtW enrollments. During our visits we collected various types of information on each region's WtW recruitment and program services and reviewed 170 randomly selected client files. The table on the next page shows the demographics and eligibility data on the clients in our sample.

Demographics and Eligibility Data for WtW Clients in Sample		
<i>Gender:</i>		
Female	144	84.7%
Male	26	15.3%
TOTALS	170	100.0%
<i>Age:</i>		
14 to 17	1	0.6%
18 to 29	96	56.4%
30 to 39	47	27.7%
40 to 49	17	10.0%
50 and Older	4	2.4%
Unknown	5	2.9%
TOTALS	170	100.0%
<i>Ethnicity:</i>		
Hispanic/Latino	72	42.4%
White	47	27.6%
African American	38	22.4%
American Indian/ Alaskan Native	4	2.3%
Asian	3	1.8%
Other	2	1.2%
Unknown	4	2.3%
TOTALS	170	100.0%
<i>WtW Eligibility:</i>		
Long-Term TANF Recipient (70%)	103	60.6%
Noncustodial Parents (70%)	25	14.7%
TANF Recipients With Long-Term Welfare Characteristics (30%)	41	24.1%
Low-Income Custodial Parents (30%)	1	0.6%
Former Foster Care Youths (30%)	0	0.0%
TOTALS	170	100.0%
Source: Office of the State Auditor's analysis of information obtained from 170 client files.		

Regions Have Faced Recruitment Challenges

Colorado workforce regions have faced many difficulties in locating, recruiting, and enrolling WtW participants, including:

- **Delays in funding.** Some regions did not receive their first-year grant funds until April 1999, although the U.S. Department of Labor had awarded these funds to Colorado on July 31, 1998. Before distributing funds to workforce regions, the Colorado Department of Labor and Employment required each workforce region to submit a local plan describing how it would use the funds and also sign a contract agreeing to abide by the rules and regulations associated with WtW. The Department finalized contracts with two regions—Weld and Rural—in December 1998 and contracts with all the other regions, except one, in April 1999. The Department did not finalize the contract with Adams until June 1999 due to problems in obtaining signatures from commissioners in the Region. Regions could not spend any WtW funds until the contracts were approved by the State Controller.
- **Strict federal eligibility criteria.** The regions encountered difficulties in identifying and recruiting clients who met the strict eligibility criteria established through federal statutes and regulations. These initial federal eligibility criteria issues are discussed in more detail in the Overview Section.
- **Shrinking welfare rolls.** According to regional staff, the significant reduction in the welfare rolls is also a recruitment barrier. To be eligible for WtW, TANF recipients must be currently receiving assistance. The drastic drop in the welfare rolls in Colorado limited the number of potential clients eligible for WtW.
- **Poor coordination with TANF agencies.** As discussed in Chapter 1, some of the regions have struggled to develop working relationships between their WtW programs and the local TANF agencies. For example, staff in the Pikes Peak Region cited various problems they have encountered in coordinating recruitment activities with the local TANF agency. As of February 28, 2001, this Region had recruited only 13 clients, although it has received the third largest WtW formula grant in the State.
- **Competition with other agencies for the same clients.** Many programs have been established recently to help current and former welfare recipients find

employment. For example, the Adams Region has encountered problems in recruiting TANF recipients due to competition with other local agencies for the same clients. Some of the regions' TANF contractors provide the same type of services as WtW. One TANF contractor provides follow-up services to TANF clients for up to two years after these clients enter employment and are no longer receiving TANF cash assistance. The Adams County One Stop Career Center, which operates the WtW program for the Region, also has a contract with the Adams County Department of Social Services to provide employment services to TANF recipients. As part of this contract, the One Stop Center must refer all TANF clients who have been employed for one and one-half months to this TANF contractor. This has limited the number of TANF clients the Region has been able to recruit for WtW.

- **Serious employment and personal problems.** WtW staff from the regions we visited told us that the WtW target populations have a number of problems that affect their ability to obtain and retain long-term employment. As discussed in greater detail in Chapter 3, some of these problems include mental health illnesses, poor physical health, substance abuse, domestic violence, poor work history, and criminal records.
- **Strong economy and high demand for workers.** In recent years Colorado has experienced a booming and healthy economy. In fact, the average annual unemployment rate for the State in 2000 was 2.7 percent. Many of the staff from the regions we visited stated that individuals with limited work skills are able to find employment because of the high demand in the State.

Some Regions Have Developed Innovative Recruitment Methods

Overall, we found that coordination with TANF and child support enforcement agencies plays a significant role in the success of recruitment activities for WtW. Regions that developed and maintained good working relationships with the county TANF and child support enforcement agencies were more likely to receive referrals and assistance from these agencies. In addition, we identified other effective methods used by regions to recruit WtW clients. These include:

- **Presentations at training sessions attended by TANF recipients.** In the Adams Region, WtW staff present information about the program to TANF clients

who attend a two-week life skills and job preparation course. Staff in this Region stated that they recruit one to two TANF clients from each session.

- **Early contact with TANF recipients.** In the Weld Region, all TANF recipients are required to register with Employment Services and meet with a TANF employment counselor. Employment Services staff ask these TANF recipients to complete a WtW application. Eligibility for WtW is determined at this time. TANF recipients eligible for WtW are enrolled once they obtain employment.
- **Court-ordered participation in Welfare-to-Work.** In some of the regions noncustodial parents are ordered to make contact with and/or participate in WtW. Specifically:
 - Many of the noncustodial parents enrolled in WtW in the Mesa Subregion are required to participate in the program as part of a court-ordered stipulation. Local judges who hear child support cases in this Subregion often require noncustodial parents who are in contempt of court for nonsupport to participate in the program. In these cases the judge will suspend a jail sentence for the contempt violation under the condition that the noncustodial enrolls in and successfully completes the WtW program. In addition, if the noncustodial parent pays his/her monthly child support obligation, interest on past due child support is waived. Failure to successfully complete the WtW program will result in revocation of the suspended sentence.
 - Recently the Weld Region hired a full-time staff member to work exclusively with noncustodial parents in the WtW program. One of the duties of this staff member is to attend court hearings related to child support issues each week. In some of these cases the judge orders the noncustodial parent to contact WtW. This can occur immediately because the WtW staff is at the hearing.
- **Targeting of recruitment efforts toward ex-offenders.** Some of the WtW programs work closely with correctional agencies to recruit clients. Correctional agencies, particularly parole and community corrections, are good sources of referrals because they often serve noncustodial parents.
- **Recruitment campaign for noncustodials ages 30 and under.** The Mesa Subregion recently launched a recruitment campaign targeting noncustodial parents ages 30 and under. As part of this campaign, Mesa obtained a listing of all the noncustodial parents in the county who meet this age criterion. In addition, the judges scheduled one day in the spring to hold hearings for 50 noncustodial

parents ages 30 and under who were in contempt of court for nonsupport. WtW staff were present to enroll the noncustodial parents who agreed to participate in WtW.

- **Incentives to encourage noncustodials to participate in WtW.** Several regions are using a "carrot" approach to recruit noncustodial parents into WtW. In coordination with county child support enforcement agencies, these regions provide incentives to encourage noncustodial parents to participate in WtW. Some of these incentives include reinstating the noncustodial's suspended driver's license, waiving interest on past due child support (arrear), assisting the noncustodials in resolving credit issues related to nonsupport, and deferring the first two months of child support payments while in the program. In addition, the Denver Region is exploring a debt "forgiveness" policy for arrears owed to the State. Noncustodial parents whose children have been TANF recipients often owe arrears to both the custodial parent and the State for reimbursement of TANF payments. If approved, the Denver child support enforcement agency will be able to "forgive" the State's portion of these arrears for noncustodials participating in WtW.
- **Driver's license orientations designed to recruit noncustodial parents.** One of the early efforts to recruit noncustodial parents in Mesa's WtW program involved holding an orientation for noncustodial parents whose driver's licenses were suspended due to nonsupport. At this orientation, staff provided noncustodial parents with information about WtW. Staff informed the noncustodials that if they participated in WtW, paid their current child support obligations, and paid at least \$1 on their child support arrears each month, their driver's licenses would be reinstated. Also, county child support staff stated that they would waive interest charges on the arrears as long as the noncustodial fulfilled the terms of the agreement to participate in WtW.
- **Mass-mailings to noncustodial parents.** The Adams Region recently mailed about 10,000 letters to noncustodials in the Region who may be eligible for WtW.

At the time of our visits, few regions had started to recruit low-income custodial parents and former foster care youths. Although many of the regions are willing to serve these populations, they have not yet focused recruitment efforts on these two populations.

The Department Should Share Recruitment Success Information With Regions

As discussed in Chapter 3, Colorado's WtW program has had positive effects on many of the clients it has served. Most regions we visited want to be able to serve more clients and thus help more individuals move toward self-sufficiency. The department WtW coordinator has regularly communicated with the regions through emails and conference calls. However, this individual has been assigned to another position within the Department. According to department staff, this individual will continue to work with the WtW program until a new coordinator is hired and fully trained. Although the Department cannot mandate that regions use specific recruitment techniques, it needs to ensure that all regions know about "best practices" for recruitment. Communication with the regions on these topics should be part of the new coordinator's responsibilities.

Recommendation No. 3:

The Colorado Department of Labor and Employment should enhance its methods for sharing best practices used by workforce regions to recruit Welfare-to-Work clients.

Colorado Department of Labor and Employment Response:

Agree. Colorado is already engaged in this activity, and has been since the program's inception. CDLE holds meetings on an ongoing basis with local WtW coordinators to discuss issues and share best practices. Best practices are not only shared with the local workforce regions across Colorado but also across the nation. On the local level extensive best practices information has been shared through electronic processes, conferences, coordinators meetings, and participation in local meetings. WtW workshops are offered at the annual Rocky Mountain Workforce Development Association conferences. Nationally, Colorado is considered a leader in WtW practices, and local WtW initiatives such as noncustodial parent programs and child care initiatives have been showcased at national WtW conferences. In addition, the state coordinator recently conducted a workshop at a USDOL regional training conference, and has participated on several panels at regional and national conferences.

CDLE will work with its state partners and local workforce regions to develop additional methods for disseminating information and explore ways to increase the effectiveness of existing methods.

Serving Noncustodial Parents in WtW Has Many Benefits

As discussed above, some of the regions we visited have begun to try new ways to recruit noncustodial parents. We also found through our review of WtW files for the 24 noncustodial parents in our sample that, in general, child support payments increased after these individuals enrolled in WtW. As a result, the children received more support than in the past and custodial parents who had been TANF recipients had more income to help them move toward self-sufficiency. Additionally, the noncustodial parents have been able to pay more of their past due child support (arrearages).

As discussed previously, the primary goal of WtW is to assist welfare recipients and low-income noncustodial parents in finding and retaining long-term employment and reaching self-sufficiency. In addition, a secondary goal of WtW for the noncustodial population is to increase the child support payments made by these clients. As one of the program requirements, noncustodial parents must enter into and comply with a "personal responsibility contract." According to federal regulations, this contract must include a commitment by the noncustodial parent to:

- Cooperate in the establishment of paternity (if the participant is male) of the minor child at the earliest opportunity, through voluntary acknowledgment or other procedures, and in the establishment of a child support order.
- Cooperate in the payment of child support for the minor child.
- Participate in employment or related activities that will enable the noncustodial parent to make regular child support payments.

Twenty of the 24 noncustodial parents in our sample had active child support orders. On average, they owed monthly child support obligations of \$315 for current support and arrearages. Monthly child support obligations ranged from \$25 to \$752. Total arrearages balances averaged \$13,930.

To measure the effect of WtW on child support, we compared the monthly child support payments made before and after the noncustodial parents enrolled in WtW. As shown in the following table, the percentage paid on their monthly support obligations increased from 25 percent before entering WtW to about 37 percent after enrolling in the program.

Monthly Child Support Obligations Paid Before and After Entering Welfare-to-Work by Region			
Region	Number of Noncustodial Parents in Sample	Average Percent of Total Monthly Child Support Obligation Paid by Noncustodial Parents	
		Before Entering WtW	After Entering WtW
Adams	1	0.0%	50.0%
Denver	11	26.0%	41.5%
Mesa	2	37.4%	59.2%
Pueblo	3	0.0%	35.5%
Weld	3	35.6%	0.0%
ALL REGIONS	20	25.1%	36.6%
Source: Office of the State Auditor's analysis of child support information provided by the Division of Child Support Enforcement.			
Note: The noncustodial parents from Weld entered the WtW program in December 2000 and January 2001. They were not employed at the time of our review. However, the files showed they were participating in job search activities or taking GED preparation classes.			

WtW Is the Only Program Providing Intensive Employment Services to Noncustodial Parents

Although several employment programs in Colorado provide services to low-income noncustodial parents, WtW is the only one providing intensive employment-related services. As discussed earlier, WtW offers a wide range of services to noncustodial parents, has relatively large funding levels, and can serve various types of noncustodial parents. Although the other programs (Employment First, Workforce Investment Act, and Wagner-Peyser) can enroll noncustodial parents, services are often limited. Specifically:

- **Some programs provide few types of services.** For instance, the Wagner-Peyser program can only provide job placement services to clients. Food Stamps' Employment First program offers job readiness classes, vocational education, and employment activities to clients.
- **Some of these programs can only serve certain types of noncustodial parents.** For example, the Employment First program can only serve noncustodial parents who are receiving food stamp benefits and who are working no more than 30 hours per week.
- **Funding levels for these programs are low and often limit the intensity of services provided to clients.** For instance, regions can provide a wide array of services to clients with Workforce Investment Act (WIA) funding. However, regions often do not have the ability to provide intensive employment and support services to clients because of low funding levels. Additionally, WIA funding covers a large target population. Noncustodial parents are one of many populations served by these funds. If regions were to direct a large portion of their WIA funding to the noncustodial population, it is likely that other needy populations would be neglected.

As discussed in Chapter 1, Colorado's TANF program can now serve certain noncustodial parents. House Bill 01-1264, which was passed during the 2001 Legislative Session, permits the TANF program to provide noncash assistance services to noncustodial parents of children receiving TANF benefits. Noncash assistance may include employment and support services. As a result, WtW is no longer the only program in the State that can provide intensive employment and support services to noncustodial parents. However, unlike WtW, TANF cannot serve noncustodial parents of children eligible for and/or receiving Medicaid, Social Security Income, Food Stamps, or Children's Health Insurance benefits. In a sample of 90 noncustodial parents enrolled in WtW in the Denver, Mesa, and Weld regions, we found that 50 percent were eligible for the program because their children were receiving assistance from programs other than TANF.

Serving low-income noncustodial parents in the WtW program is beneficial to the State as well as custodial and noncustodial parents and their children. This population is a specific niche for the WtW program. As just mentioned, no other program in the State provides the level of intensive employment and support services to this population. Further, as discussed earlier, noncustodial parents in our sample who received these services increased their child support payments.

Although regions have increased their efforts to recruit noncustodial parents, more could be done. We recognize that the Department of Labor and Employment does not have the final decision on the types of clients regions enroll in their WtW programs. However, providing additional information on the benefits of serving noncustodial parents in WtW and assisting regions on better ways to reach this population could enhance recruitment efforts.

Recommendation No. 4:

The Colorado Department of Labor and Employment should provide technical assistance to workforce regions on better ways to identify and recruit eligible noncustodial parents into the Welfare-to-Work program. This should include:

- a. Establishing a method to share effective practices used by regions in the State to recruit noncustodial parents.
- b. Identifying and addressing barriers encountered by regions in recruiting noncustodial parents.
- c. Assisting regions in developing working relationships with their local child support enforcement agencies.
- d. Communicating to regions about the benefits of serving noncustodial parents in Welfare-to-Work.

Colorado Department of Labor and Employment's Response:

Agree. The Department has provided ongoing technical assistance since the program's inception. The new WtW coordinator has an extensive background in child support enforcement, and will use this expertise to assist the workforce regions in increasing the effectiveness of their efforts to identify and recruit noncustodial parents.

- a. The Department and the State Child Support Enforcement program are working to encourage local coordination to identify training needs and provide technical assistance. For example, CDLE and Child Support Enforcement have presented joint workshops and participated on panels at each other's

conferences and annual meetings in 2000 and 2001. Child Support Enforcement and CDLE issued a joint letter in 1999 to the county child support enforcement agencies regarding the WtW program and how it could assist in their child support collection efforts. Child Support Enforcement has also accompanied CDLE to meetings at local workforce regions to help facilitate local discussions on program coordination.

- b. The Department and the workforce regions are continuing to address recruitment barriers and are developing innovative approaches, such as outstationing staff in the local CSE office and meeting with Judicial staff, and are actively building partnerships to increase the effectiveness of coordination and recruitment activities. These partnerships include, but are not limited to, community-based organizations, community corrections and half-way houses, the Department of Corrections Community Reintegration Program, the judicial districts, and local child support enforcement agencies. However, in at least one workforce region, the decision against serving noncustodial parents was made by the county commissioners.
- c. The Department and Child Support Enforcement are working to encourage local coordination to identify training needs and provide technical assistance. For example, CDLE and Child Support Enforcement have presented joint workshops and participated on panels at each other's conferences and annual meetings. Child Support Enforcement and CDLE issued a joint letter to the county child support enforcement agencies regarding the WtW program and how it could assist in their child support collection efforts. Child Support Enforcement has also accompanied CDLE to meetings at local workforce regions to help facilitate local discussions on program coordination.
- d. CDLE has been engaged in this activity since the program's inception, and increased its focus on this issue in 2000 as a result of the expanded eligibility criteria. In addition, CDLE recently hired a new WtW coordinator with an extensive background in child support enforcement to assist the regions in their efforts.

Pueblo Has Limited New Enrollments

In recent months the Pueblo Subregion has limited the number of eligible clients it enrolls in its WtW program because the Director of the Pueblo Workforce Center believes the

caseloads of the WtW staff are too large. As of February 28, 2001, Pueblo had enrolled 94 clients in WtW, the fourth largest caseload in the State. The Subregion assigned two full-time and one part-time staff to manage this caseload for the WtW program. The Director told us that he does not believe these case managers can effectively provide services to additional clients because of their heavy caseloads. In addition, the county TANF program has assigned one case manager to work with WtW. This case manager is responsible for determining and documenting eligibility as well as coordinating services between the two programs. According to the WtW Coordinator, the heavy workload of this individual has caused some delays in enrolling eligible clients.

Pueblo's WtW program is run by state employees from the Colorado Department of Labor and Employment. The Director has been reluctant to hire additional case managers for WtW because of the temporary nature of the program and the requirement to follow state personnel rules. WtW is scheduled to end in 2004 and the Director believes that if he hires permanent staff, he must reassign them to another position once WtW ends.

As of December 31, 2000, the Pueblo Subregion spent about 53 percent of its first-year grant and still had almost \$300,000 remaining. The Department believes that Pueblo is on track with its spending of WtW funds. By using this funding, Pueblo could increase its ability to serve all eligible WtW clients in the Subregion. Some possible ways to solve the staffing issues in Pueblo include:

- **Contracting out some or all of the case management duties for the WtW program in Pueblo.** Some regions we visited are contracting out all of the case management duties to community-based organizations.
- **Reallocating department FTE to the WtW program in the Pueblo Subregion.** The Department could explore the option of reassigning staff employed by the Department to the WtW program.
- **Hiring additional case managers as permanent, temporary, or contract employees.** The Department should evaluate which hiring practice would be the most cost-effective.

Recommendation No. 5:

The Colorado Department of Labor and Employment should ensure that all eligible and interested Welfare-to-Work clients in the Pueblo Subregion can be enrolled and served

in the program. The Department should identify and implement solutions to the staffing issues. These solutions may include:

- a. Contracting out case management services to a community-based organization.
- b. Reallocating department FTE to the Welfare-to-Work program in the Pueblo Subregion.
- c. Hiring case managers as permanent or temporary staff or through personal services contracts.

Colorado Department of Labor and Employment Response:

Partially agree. The subregion of Pueblo has the 4th largest caseload in the state; its parent region, the Rural Consortium, has the 2nd largest caseload in the state. Pueblo has been very prudent in its spending: As of December 31, 2000, it had spent about 53 percent of its first year grant, and with almost \$300,000 remaining, is on track for its expenditure plan for the program year.

It should also be noted that WtW is not an entitlement program, which means that not everyone who is eligible can be enrolled. In addition, client costs are ongoing for a longer period of time than is common for similar programs, and regions must be careful with their spending to ensure that they have adequate funds to continue services for clients once they are enrolled into the program.

CDLE, the Rural Consortium Workforce Region and the Pueblo subregion board are continuing to evaluate the need for more staff. Pursuant to these discussions, the Pueblo Workforce Center initiated the process to hire an additional case manager in April 2001, and part of this individual's time may be assigned to WtW as well as to the other programs operated by the workforce center.

Program Services and Outcomes

Chapter 3

Background

Colorado workforce regions offer many types of Welfare-to-Work (WtW) services to help hard-to-employ, low-income clients become self-sufficient. Services allowed by federal WtW regulations and state policies include:

- **Job readiness activities**, including interviewing skills, resume assistance, basic work skills, problem solving assistance, computer training, and budgeting classes.
- **Vocational education or job training**, which can be provided to clients for up to six months if they are not employed or participating in an employment activity.
- **Employment activities**, including job creation through subsidized employment, work experience and community service programs, and on-the-job training (OJT).
- **Job placement services**, including job referrals, job search assistance, and labor market information.
- **Post-employment services**, including basic educational skills, occupational skills, English as a second language classes, and mentoring. These services can only be provided after a client is placed in employment.
- **Job retention and support services**, including transportation assistance, clothing, child care assistance, housing assistance, nonmedical substance abuse treatment, and mental health counseling.
- **Individual development accounts**, which are a type of restricted savings account that can be used only for postsecondary educational expenses, first home purchases, and business capitalization. Accounts are funded through the participant's contributions and may be matched by TANF or WtW funds.

- **Outreach, recruitment, intake, assessment, eligibility determination, development of individualized service strategy, and case management** may be incorporated in the design of any of the allowable services.

Federal and state regulations prohibit WtW grantees from using program funds for medical costs, fines or bail bonds, purchases of or down payments on vehicles, and loans to help clients start their own businesses.

Implementation of Welfare-to-Work Programs in Colorado Varies Among the Regions

Federal regulations for the WtW program give local communities flexibility on how to design and implement their programs based upon the needs of their own labor markets and economies. According to these regulations, local workforce investment boards have "sole authority, in coordination with chief elected officials, to expend formula grant funds." In addition, local boards are authorized by federal law to determine the types of individuals they will serve and what services they will provide. As a result, Colorado's workforce regions have implemented their WtW programs in a variety of ways. As shown in the following chart, the seven regions we visited used different ways to provide WtW services. Three use contract providers to deliver all WtW services. The other four use a combination of in-house staff and community-based organizations to provide services. In these regions county or state staff often handle case management, assessment, job search assistance, and some educational and skills training services at the regions' workforce centers. Other services, such as college classes, occupational skills training, and mental health and substance abuse counseling, are provided by contractors.

Welfare-to-Work Service Delivery Methods at Sample Regions		
Region	Structures Used to Deliver WtW Services	
	Contract Providers for All WtW Services	Combination of In-House and Purchased Services
Adams		T
Arapahoe/Douglas	T	
Denver	T	
Mesa	T	
Pikes Peak		T
Pueblo		T
Weld		T

Source: Office of the State Auditor's analysis of information obtained from Welfare-to-Work staff in the regions visited during the audit.

The types of services offered to WtW clients also differ from region to region. All of the regions we visited provide case management and assessment services to WtW clients. In addition, regions offer a variety of educational and skills training, employment activities, and support services. From our review of 170 client files, we found that:

- Sixty-two percent of the clients received support services at least once.
- Twenty-seven percent of the clients received job search assistance services.
- Sixteen percent were placed in subsidized employment.

The following chart shows the types of services provided by the seven regions we visited.

Employment Services Provided to Welfare-to-Work Clients			
Region	Educational and Skills Training	Employment Activities	Supportive Services
Adams	<ul style="list-style-type: none"> • Job readiness classes • Occupational skills training • Typing classes 	<ul style="list-style-type: none"> • Job search assistance 	<ul style="list-style-type: none"> • Transportation assistance • Car repair assistance • Car insurance assistance • Utility bills assistance
Arapahoe/Douglas	<ul style="list-style-type: none"> • Job readiness classes • GED classes • Tuition assistance 	<ul style="list-style-type: none"> • Job search assistance • Job shadowing 	<ul style="list-style-type: none"> • Transportation assistance • Car repair assistance
Denver	<ul style="list-style-type: none"> • Job readiness classes • Basic educational skills training • Occupational skills training • GED classes • English as a second language 	<ul style="list-style-type: none"> • Job search assistance • Subsidized employment • On-the-job training 	<ul style="list-style-type: none"> • Transportation assistance • Car repair assistance • Car insurance assistance • Work clothing and supplies • Family/parenting counseling • Substance abuse counseling
Pikes Peak	<ul style="list-style-type: none"> • Computer skills training • Basic educational skills training • GED classes 	<ul style="list-style-type: none"> • Job search assistance • Subsidized employment 	<ul style="list-style-type: none"> • Gas vouchers • Child care assistance • Rent assistance
Mesa	<ul style="list-style-type: none"> • Job readiness classes • Basic educational skills training • Computer skills training • GED classes • Mentoring and job coaching 	<ul style="list-style-type: none"> • Job search assistance • Subsidized employment • On-the-job training 	<ul style="list-style-type: none"> • Transportation assistance • Car repair assistance • Car insurance assistance • Work clothing and supplies • Rent assistance • Utility bills assistance • Substance abuse counseling
Pueblo	<ul style="list-style-type: none"> • Job readiness classes • Computer skills training • Occupational skills training • GED classes • Tuition assistance 	<ul style="list-style-type: none"> • Job search assistance • Subsidized employment • On-the-job training 	<ul style="list-style-type: none"> • Transportation assistance • Car repair assistance • Car insurance assistance • Fees associated with professional certification • Child care assistance • Work clothing and supplies • Rent assistance • Utility bills assistance • Mental health counseling • Substance abuse counseling
Weld	<ul style="list-style-type: none"> • Job readiness classes • Computer skills training • GED classes • Tuition assistance 	<ul style="list-style-type: none"> • Job search assistance 	<ul style="list-style-type: none"> • Transportation assistance • Car insurance assistance • Car repair assistance • Work clothing and supplies • Job retention packages • Rent assistance • Utility bills assistance • Family/Parenting counseling
<p>Source: Office of the State Auditor's analysis of information obtained from 170 Welfare-to-Work client files.</p> <p>Notes: Job retention packages are unique to the Weld Region. In most cases one package is provided to each client on a monthly basis for up to six months. These packages include items such as gas vouchers and gift certificates for food, clothing, and haircuts.</p>			

Some Regions Need to Improve Customer Service Delivery

As described in more detail in the following two sections, we identified customer service issues in the workforce regions we visited that include delays in delivering paychecks to clients for subsidized employment in the Pueblo Subregion and difficulties encountered by clients in the Denver Region in obtaining some support services.

Delays in the Delivery of Paychecks Cause Problems for Clients

During our visit to the Pueblo Subregion, we identified problems with the delivery of paychecks to clients in subsidized employment. Several regions throughout the State place WtW clients in subsidized employment. The wages of these clients are either partially or fully paid with WtW funds. One of the regions that places the most clients in subsidized employment is Pueblo. Pueblo is also one of four service delivery areas within the Rural Region where staff from the Colorado Department of Labor and Employment administer the WtW program. The financial duties for these areas have been assigned to one staff member in the department headquarters in Denver. This individual is responsible for processing paychecks for clients in subsidized employment.

During our visit to the Pueblo Subregion, we obtained a memorandum from a WtW case manager to the Director of the Pueblo Workforce Center. This memo, dated December 15, 2000, stated:

Many of my clients, who are enrolled in the WtW program, do not receive their paychecks on a regular schedule. I get calls from them sometimes as late as the Thursday following the mailing of their checks informing me they have not received their checks. Often times the lateness of the checks generates additional late fee costs and stress for my clients. [This] also takes much of my work time following up with each situation. One of the most common goals for many of my WtW clients is for them to learn how to budget and manage their money. This late paycheck situation is not conducive to their achieving this goal.

We reviewed three letters that this case manager attached to her memorandum. In all three letters, clients stated that they had received paychecks late. Two clients stated that the late paycheck affected their timely payment of bills. Department staff have followed up on these cases and do not believe they represent widespread problems.

Clients in WtW have limited financial resources. A late paycheck can affect their lives. In fact, we identified some of the hardships that clients face when not receiving their paychecks on a timely or regular schedule. Specifically:

- **Late paychecks can affect clients' housing.** During our visit to the Pueblo Subregion, we identified four clients who paid their rent late because of delays in receiving their paychecks. All of these clients were charged late fees by their landlords.
- **TANF clients in the Pueblo Subregion can temporarily lose their cash assistance if they receive their paychecks late.** We identified four cases in the Pueblo Subregion where clients who were co-enrolled in WtW and TANF temporarily lost their cash assistance due to receiving their paychecks late. Specifically, these clients were supposed to receive a paycheck during one month, but did not receive it until the next month. This resulted in these clients' receiving three paychecks in one month rather than the normal two paychecks. TANF cash benefits are calculated on monthly earnings. The TANF system will automatically cancel a client's cash assistance if the client's monthly earnings are above the allowable amount to be eligible. According to Department staff, there may be some confusion in Pueblo as to when income earned by TANF recipients should be counted. Colorado Department of Human Services staff state that it should be counted on the date the income becomes legally available to the recipient (i.e., the date on the check). However, it appears TANF case managers in Pueblo are calculating earned income on the date it is received by the recipient.
- **Food Stamp assistance can be interrupted when clients receive their paychecks late.** Similar to TANF cash assistance, Food Stamps benefits are calculated based on monthly earnings. Clients enrolled in WtW and receiving Food Stamps can face the same consequences as TANF clients when receiving their paychecks late. Staff from the Pueblo Subregion reported that some WtW clients temporarily and unnecessarily lost their food stamp benefits due to delays in receiving their paychecks one month and receiving too many paychecks the next month.

The Department Needs to Solve Payroll Delivery Problems

We found that the payroll delays were primarily caused by the methods used to deliver these paychecks to clients. Specifically, staff in Denver and Pueblo reported that they have experienced a number of problems with sending and receiving mail. The staff members

stated that mail containing the payroll information sometimes does not arrive in Denver for as long as two weeks after it was sent from Pueblo. Staff in the Denver office and Pueblo Subregion have primarily used the regular U.S. mail to send payroll documents. On a few occasions, staff from the Pueblo Subregion have used Federal Express to send the payroll information to Denver. However, staff from Denver state that these packages sometimes do not arrive at the Denver office for several days to a week after they were sent. Further, paychecks sent from the Denver office to clients are sometimes delayed in the mail system.

Some of the alternative solutions to the problems with delivering paychecks to clients in the Pueblo Subregion include:

- Using alternative mail systems to deliver payroll documents.
- Sending paychecks to clients electronically.
- Clarifying how TANF staff in Pueblo determine when earned income is counted (i.e., when the check is issued or when it is received by the client).

The current procedures used by the Department to deliver paychecks to clients in Pueblo are not working optimally. The Department immediately needs to identify and implement solutions to these payroll issues.

Recommendation No. 6:

The Colorado Department of Labor and Employment should identify and implement solutions to ensure the timely delivery of payroll documents to Welfare-to-Work clients. These solutions may include:

- Using an alternative mail system, such as an express mail courier, to deliver payroll documents to Pueblo staff and directly to the staff in the Denver office.
- Considering using an electronic system to deliver payroll documents to clients who have obtained bank accounts. The Department should assist regions in identifying ways to establish bank accounts for clients.
- Working with TANF staff in Pueblo to clarify how earned income should be calculated for TANF benefits.

Colorado Department of Labor and Employment Response:

Partially agree. The Department requested specific documentation regarding this issue and what constitutes “lateness,” and was provided the names of four clients. In the absence of specific information, the Department conducted an in-depth review of these four cases, including an analysis of their timesheets and pay records. All but two paychecks were paid within one week following the end of the pay period. Both of the late payments had extenuating circumstances: One involved a client who was terminated from her position and waited two weeks to return to the worksite to get the employer’s signature because she was “embarrassed” to go back. The other late payment was due to a staff oversight; however, the case manager took immediate action, the client received her paycheck within two days of the discovery, and the case manager offered to take care of the rent and any late charges, although this assistance was refused.

The Department provides special accommodations to ensure that clients receive payment as quickly as possible, and it has procedures in place to pay rent and late fees when payment is late, although clients do not always accept this offer of assistance. The Department is concerned about the issue of late payments, but needs to analyze it further because there are a number of contributing factors involved, and no easy solution. The Department has taken steps to minimize the impact on clients while it studies the issue:

- Special accommodations have been in place since the advent of subsidized employment so that clients do not have to wait until the end of the next pay period to receive their paycheck. CDLE accepts faxed paperwork and processes payroll requests when they are received.
- CDLE is investigating the feasibility of developing an electronic transmission system for payroll processing. However, many WtW clients do not have bank accounts, so it is also looking for ways to assist clients in obtaining and managing bank accounts.
- CDLE is considering the possibility of creating an impressed cash fund and use of a courier service to deliver time sheets to Denver.
- CDLE is currently required to use the GSS mail system, which has resulted in mailing delays. The Department has requested a waiver to allow direct mailing for checks so they can be sent as soon as they are issued.

- The issue of client responsibility must also be taken into consideration. One of the purposes of WtW is to expose clients to workplace expectations, such as the importance of meeting deadlines and submitting time sheets both accurately and in a timely manner, and in learning how to manage their personal finances. CDLE will encourage local workforce regions to address these issues in their job readiness training, and to provide personal financial management and budgeting as a post-employment activity.
- The main purpose of welfare reform is to reduce the number of individuals who receive public assistance; WtW was created to provide a network of post-employment supports to assist clients with the transition from welfare to self-sufficiency. Local staff will be encouraged to meet with county human services staff to discuss program requirements and the impact that subsidized employment can have on eligibility for TANF and Food Stamps, ensure that clients fully understand the potential impact that earnings can have on benefits, and develop strategies to minimize adverse impacts on clients.

Some Denver Services Are Not Timely or Easily Accessible

The Denver Region has established policies and procedures for WtW support services that are burdensome and often make it difficult for clients to access these services in a timely manner. Two different regional staff must review and approve all requests for support services, even inexpensive items such as gas vouchers, bus passes, and clothing. First, a case manager employed by one of Denver's community-based organization contractors reviews the request. The community-based organizations are located throughout the city. Once the case manager determines that the request for support services is necessary and allowable, the client must then submit the request to staff at the Denver Region main office. If Denver staff approve the request, the client must pick up any documentation associated with this service at the main office. This process can take several days.

We identified several problems with the policies and procedures used by the Denver Region to approve and issue support services to WtW clients. Specifically:

- **Clients often are required to visit multiple sites to receive support services.** For instance, a client requesting work clothing must first obtain approval for the request from the case manager. Once the request is approved by the case manager, the client is sent to one of the vendors to select work clothing.

The client does not receive the clothing at this time. Instead, the vendor provides the client with a receipt listing all the items selected and holds the clothing for up to a week. The client must then take the receipt to the Denver main office and receive approval for the items on the receipt. Once this approval is given, the client then has to revisit the vendor to pick up the clothing.

- **The Denver main office is only open from 8 a.m. to 5 p.m. Monday through Friday.** These hours are not always compatible with clients' work schedules. Case managers told us that most clients work traditional hours and would have to take off work to go to the Denver office to obtain support services. Some case managers do all the “running around” for their clients. In other words, the case managers go to the client’s workplace, the Denver office, and perhaps the vendor to complete all steps needed to obtain the support services (e.g., clothes). However, case managers also expressed concerns that they are not promoting self-sufficiency when they are running errands for their clients.
- **Clients usually need support services such as gas vouchers, bus passes, and clothing at the time they request these services.** However, with the policies and procedures in place, clients often do not receive these services immediately. In fact, we identified a case where a client waited three weeks for the main office to approve her request for work clothes. Also, one of the community-based organizations reported a two-week delay in receiving bus tokens for clients.
- **Many of the support services offered by the Denver Region involve low-cost items.** Support services such as gas vouchers, bus passes, and clothing are often less than \$50. The controls established on these support services are extensive for such small expenditure items.
- **The procedures established by Denver do not assist clients in overcoming the various challenges they face but rather deepen them.** As mentioned earlier, the WtW program was designed to assist clients in surmounting the difficulties they face in obtaining and retaining long-term employment and achieving self-sufficiency. The policies and procedures used to issue support services do not help clients overcome these barriers.

Regions need to have policies in place to ensure that requested services are necessary and that funds are spent appropriately. However, Denver’s policies are overly burdensome on the clients. Most Colorado regions have adopted policies, as discussed later, that are less stringent. For example, Denver could allocate a certain amount of funds to each

community-based organization to use for support services that involve smaller expenditures, such as gas vouchers, bus tokens, and clothing. This would allow the case managers to directly provide support services to clients and would eliminate the unnecessary requirement that clients and case managers visit multiple sites to receive approval for these services.

Department staff are willing to assist the Denver Region with this issue. However, staff state that because the federal regulations give the local communities flexibility on how to design and implement their programs, the Department does not have the authority to mandate that the Denver Region change its procedures for issuing support services.

Recommendation No. 7:

The Colorado Department of Labor and Employment should assist the Denver Region in identifying and implementing ways to improve the timeliness and accessibility of support services provided to Welfare-to-Work clients.

Colorado Department of Labor and Employment Response:

Partially agree. CDLE has provided ongoing technical assistance to the Denver Region and all workforce regions since the program's inception, and will continue to assist Denver to identify and implement ways to improve the timeliness and accessibility of support services provided to WtW clients. However, it must be noted that the City and County of Denver has the right to establish its hours of operation and develop its own procedures, and none of Denver's local procedures identified in the audit report are out of compliance with federal laws or regulations. We would also like to stress that one of the benefits of Colorado's workforce system is the ability of counties to develop their own systems to accommodate local needs and conditions.

Employment Training and Educational Services Are Important to Help Clients Reach Self-Sufficiency

As mentioned throughout this report, the primary goal of the Welfare-to-Work program is to provide services to hard-to-employ individuals that will assist them in obtaining and retaining long-term unsubsidized employment and reaching self-sufficiency. Thus, measures of the effectiveness of the WtW services include the clients' success in:

- Obtaining unsubsidized employment.
- Retaining jobs.
- Reaching self-sufficiency

During the audit, we compared wages earned by a sample of WtW clients in Calendar Year 2000 with federal poverty-level guidelines and cost-of-living estimates for Colorado. Overall, we found:

- **More than 90 percent of the clients in our sample earned wages below the federal poverty level in Calendar Year 2000.** We compared the wages earned by 68 WtW clients in our sample with the U.S. Department of Health and Human Services federal poverty guidelines for Calendar Year 2000. Only six of the clients in our sample earned wages above the federal poverty level. According to these federal poverty guidelines, a family of three, for example, would need to earn more than \$14,250 to be above the federal poverty level. Federal poverty guidelines are often used to determine eligibility for various public assistance programs, such as the Food Stamps Program and the Children's Health Insurance Program. The federal poverty guidelines are not necessarily reflective of the wages that individuals must earn in order to be fully self-sufficient.
- **None of the clients in our sample earned enough income in Calendar Year 2000 to be considered fully self-sufficient.** A study conducted by the Colorado Legislative Council staff in 1999 estimated that the cost of living in Colorado for a three-person household ranged from a low of \$36,905 to a high of \$68,138, depending on the place of residence. This can be used as one measure of self-sufficiency.

As the following chart shows, the highest wage earned in Calendar Year 2000 by these clients was less than \$23,000. All of the clients are current or former TANF recipients, and nearly all are single parents. Many have at least two children, and some have as many as six children. In most cases families with more children must earn higher incomes in order to meet their basic needs. In addition, as can be seen in the chart below, the average annual wages earned by clients in Calendar Year 2000 were low. Overall, the average wage earned was about \$6,000. Clients in the Denver Region earned the highest average wage, slightly more than \$10,000. Average wages for the other regions ranged from \$3,500 to \$5,700.

Average and Highest Annual Wages Earned by WtW Clients Calendar Year 2000			
Region	Number of Clients in Sample	Wages Earned in Calendar Year 2000	
		Highest Annual Wage	Average Annual Wage
Adams	4	\$20,442	\$5,727
Arapahoe/Douglas	7	\$22,755	\$3,590
Denver	14	\$22,164	\$10,121
Mesa	9	\$9,867	\$4,760
Pikes Peak	1	\$0	\$0
Pueblo	7	\$14,817	\$5,280
Weld	26	\$17,021	\$5,177
ALL REGIONS	68	\$22,755	\$5,943
Source: Office of the State Auditor's analysis of wage information obtained from the Colorado Department of Labor and Employment's Unemployment Insurance database.			
Note: This chart only includes clients in our sample that entered WtW before January 1, 2000. We did not include clients entering WtW in Calendar Years 2000 and 2001 because wages earned would not completely be reflective of participation in WtW.			

We obtained various types of employment information on a sample of clients to determine whether WtW is achieving its purpose. We also reviewed the number of jobs held by clients from January 2000 to January 2001. As the following chart shows, more than 50

percent of the clients in our sample who entered WtW prior to 2000 held one job during the year.

Average Number of Jobs Held by Clients in Last Year From January 2000 to January 2001					
Region	Number of Jobs by Percentage of Clients in Region				
	No Jobs	1 Job	2 Job	3 Jobs	4 Jobs
Adams	0.0%	100.0%	0.0%	0.0%	0.0%
Arapahoe/Douglas	28.6%	28.6%	28.6%	14.3%	0.0%
Denver	0.0%	66.7%	11.1%	22.2%	0.0%
Mesa	11.1%	33.3%	22.2%	22.2%	11.1%
Pikes Peak	N/A	N/A	N/A	N/A	N/A
Pueblo	14.3%	42.9%	28.6%	14.3%	0.0%
Weld	18.2%	54.6%	9.1%	9.1%	9.1%
TOTALS	13.8%	51.7%	15.5%	13.8%	5.2%
<p>Source: Office of the State Auditor's analysis of information obtained from our review of 170 client files.</p> <p>Notes: (a) This analysis includes only the clients in our sample that entered WtW prior to Calendar Year 2000. All of these clients were enrolled into WtW under the TANF recipient categories (70 and 30 percent). No noncustodial parents are represented in this chart. The noncustodial parents in our sample did not enter WtW until Calendar Year 2000.</p> <p>(b) Only one client in our sample for the Pikes Peak Region entered WtW prior to January 1, 2000. However, we were unable to obtain information on the number of jobs held by this client from January 2000 to January 2001.</p> <p>(c) Figures in this chart may not total 100 percent due to rounding.</p>					

More than 60 percent of the clients in our sample held at least one job for six months or more, as shown in the following chart. We found that 75 percent or more of the clients from the Mesa, Pueblo, and Weld regions held at least one job for six months or longer.

Job Retention Rates for Welfare-to-Work Clients <i>From January 2000 to January 2001</i>		
Region	Percentage of Clients in Sample	
	No Jobs Held 6 Months or More	At least 1 Job Held 6 Months or More
Adams	50.0%	50.0%
Arapahoe/Douglas	100.0%	0.0%
Denver	55.6%	44.4%
Mesa	25.0%	75.0%
Pikes Peak	N/A	N/A
Pueblo	20.0%	80.0%
Weld	21.4%	78.6%
TOTALS	38.6%	61.4%
<p>Source: Office of the State Auditor's analysis of information obtained from our review of 170 client files.</p> <p>Note: (a) This analysis includes only the clients in our sample that entered WtW prior to Calendar Year 2000. All of these clients were enrolled into WtW under the TANF recipient categories (70 and 30 percent). No noncustodial parents are represented in this chart. The noncustodial parents in our sample did not enter WtW until Calendar Year 2000.</p> <p>(b) Only one client in our sample for the Pikes Peak Region entered WtW prior to January 1, 2000. However, we were unable to obtain information on the number of jobs held by this client from January 2000 to January 2001.</p>		

In addition, nearly 90 percent of the clients in our sample were employed in the services and retail industries. Specifically, 67 percent were employed in the services industry and 22 percent in the retail industry.

Most Clients Earned Higher Wages After Entering Welfare-to-Work

During the audit we also compared the wages earned by WtW clients before and after they entered the Program. Our analysis consists only of the clients in our sample that entered the Program during the second and third quarters in Calendar Year 2000. The wage data

we received from the Unemployment Insurance database cover Calendar Year 2000. We compared the wages earned in the quarter before and the quarter after entering WtW.

Wages for nearly 60 percent of the clients in our sample increased after they entered WtW, as shown in the table below. In four regions, the wages for a majority of the clients increased. Wages decreased for a majority of clients in the Pueblo Subregion. According to staff from this Subregion, one of the clients whose wages decreased was unable to work for a few weeks because he was injured on the job. Another client was enrolled in a work experience where she did not earn any wages.

Wage Changes After Clients Entered WtW			
Region	Percent of Total Clients in Sample		
	Wages Increased	Wages Decreased	Earned No Wages Before or After Entering WtW
Adams	N/A	N/A	N/A
Arapahoe/Douglas	66.7%	16.7%	16.7%
Denver	58.8%	11.8%	29.4%
Mesa	66.7%	0.0%	33.3%
Pikes Peak	0.0%	0.0%	100.0%
Pueblo	20.0%	60.0%	20.0%
Weld	71.4%	28.6%	0.0%
ALL REGIONS	56.4%	20.5%	23.1%
<p>Source: Office of the State Auditor's analysis of wage information obtained from the Colorado Department of Labor and Employment's Unemployment Insurance database.</p> <p>Note: (a) The figures in this table only include wage information for clients who entered WtW in the second and third quarters in 2000. A total of 39 clients are included in this analysis. For clients who entered WtW during the second quarter in 2000, we compared the wages earned in the first and third quarters. For clients who entered WtW in the third quarter in 2000, we compared wages earned in the second and fourth quarters.</p> <p>(b) None of the clients in our sample from the Adams Region entered WtW during the second and third quarters of Calendar Year 2000.</p> <p>(c) Figures in this chart may not total 100 percent due to rounding.</p>			

As can be seen in the following chart, the average quarterly wages earned by clients in our sample nearly doubled after they entered WtW. In the Denver Region, average quarterly wages increased almost 250 percent after clients entered WtW.

Average Quarterly Wages Before and After Clients Entered WtW			
Region	Average Quarterly Wages		Percent Change in Wages
	Before Entering WtW	After Entering WtW	
Adams	N/A	N/A	N/A
Arapahoe/Douglas	\$655	\$1,252	91.2%
Denver	\$349	\$1,193	241.6%
Mesa	\$0	\$1,441	N/A
Pikes Peak	\$0	\$0	0.0%
Pueblo	\$1,181	\$1,133	-4.0%
Weld	\$2,234	\$3,268	46.2%
ALL REGIONS	\$805	\$1,555	93.2%
<p>Source: Office of the State Auditor's analysis of wage information obtained from the Colorado Department of Labor and Employment's Unemployment Insurance database.</p> <p>Note: The figures in this table only include wage information for clients who entered WtW in the second and third quarters in 2000. A total of 39 clients are included in this analysis. For clients who entered WtW during the second quarter in 2000, we compared the wages earned in the first and third quarters. For clients who entered WtW in the third quarter in 2000, we compared wages earned in the second and fourth quarters.</p>			

We also found that many clients whose wages increased after they entered WtW also received employment services, such as job readiness, GED preparation classes, and basic occupational training. Specifically, nearly 60 percent of the clients whose wages increased after they entered WtW received employment and education services as part of their participation in WtW.

Personal and Social Barriers Affect Clients' Ability to Achieve Self-Sufficiency

According to national research and WtW staff in the workforce regions we visited, WtW clients are among the most difficult to assist in finding and retaining long-term employment because many of these clients face multiple personal and social barriers. During the audit we identified a number of employment barriers affecting WtW clients, including:

- Mental health issues.
- Substance use problems.
- Domestic violence issues.
- Criminal histories.
- Poor physical health.
- Limited educational skills.
- Limited English proficiency.
- Limited work experience.
- Limited life-management skills.
- Lack of motivation.
- Child care issues.
- Transportation issues.
- Housing issues.

As the following table shows, limited work history was the most common employment barrier faced by clients in our entire sample. Other common barriers included lack of high school diploma or GED, domestic violence issues, felony convictions, and poor physical health.

Top Five Employment Barriers			
Barrier		Clients With Employment Barriers	
		Number	Percent of Total Clients in Sample
1	Limited Work History	115	68%
2	Lack of High School Diploma/GED	67	39%
3	Domestic Violence Issues	54	32%
4	Felony Convictions	26	15%
5	Poor Physical Health	21	12%

Source: Office of the State Auditor's analysis of information obtained from 170 Welfare-to-Work client files.

These personal and social barriers can affect clients' ability to obtain and retain long-term employment and to reach self-sufficiency. WtW was designed to assist these clients with these barriers. In the regions we visited, the most common services provided to help clients in overcoming these barriers are support services. As mentioned earlier, more than 60 percent of the clients in our sample received some type of support service, the most frequent of which was basic transportation assistance, such as gas vouchers or bus passes.

We found, however, that few clients in our sample received services that addressed their specific employment barriers. For instance, 27 percent of the clients with substance use problems received substance use counseling, 6 percent of the clients with mental health issues received mental health counseling, and 25 percent of the clients without a high school diploma or GED were provided classes to assist them in obtaining their GED.

The Department and Regions Need to Place More Emphasis on Employment Training and Educational Services

National studies have found that working parents who are no longer receiving welfare benefits earn wages at or near the poverty line. Although many of these parents are able to obtain and keep employment, they often struggle to pay rent, clothe their children, buy food, or avoid other hardships. As discussed earlier, we found that the WtW clients in our sample are struggling to reach self-sufficiency. In fact, more than 90 percent of these clients earned wages in Calendar Year 2000 that were below the federal poverty levels.

As previously mentioned, minimal work history and low employment and educational skills greatly impact these clients' ability to obtain and retain higher-earning jobs. As a result, employment training and GED and postsecondary education are important components of the Welfare-to-Work program. Training intended to upgrade these employment and educational skills assists clients in overcoming barriers as well gives them more employment opportunities. However, we found many regions in the State have not incorporated employment training and education in their service delivery packages for WtW clients. Specifically, we found that in our sample of 170 WtW clients:

- Twenty-two clients (13 percent) attended job readiness courses as part of their WtW participation.
- Three clients (2 percent) received basic skills training, which includes assisting clients in their basic reading and math skills.

- Eighteen clients (11 percent) attended GED preparation classes.
- Fourteen clients (8 percent) received occupational skills training.

While it is important for regions to assist clients in finding and retaining employment, it is also necessary that they focus on upgrading the skills of their clients. This gives these clients more employment opportunities and a better chance at earning higher wages. As a result, it is critical for the Department and regions to place more emphasis on providing employment training and educational services to WtW clients. These services will better ensure clients' success in moving from welfare dependency to self-sufficiency.

Recommendation No. 8:

The Colorado Department of Labor and Employment should assist workforce regions in developing and implementing strategies to improve the delivery of employment training and education services to Welfare-to-Work clients.

Colorado Department of Labor and Employment Response:

Agree. The Department of Colorado Labor and Employment is already engaged in this activity, and has been since the program's inception.

CDLE provides ongoing technical assistance regarding program development and service strategies. For example: During on-site training last year, regions were encouraged to invite their local partners. CDLE has been invited to facilitate meetings at local workforce regions to brainstorm program needs and develop creative service strategies. The Department holds periodic meetings with local WtW coordinators, partners, and service providers to discuss issues, develop strategies, and share best practices.

WtW is primarily a "work first" program, with an emphasis on post-employment education, training, and education. Despite the fact that a recent change now allows pre-employment vocational training, basic literacy remains a service that can be provided only after the client is engaged in a work activity, which significantly impacts their starting wages. The Department encourages the local workforce regions to co-enroll their clients in partner programs such as WIA and Wagner-Peyser to help address the issue of basic education, and to work with

their employers to allow their WtW employees to participate in training and educational opportunities.

Some Regions Are Using Innovative Ways to Provide Services

During our visits to the regions, we identified several effective and innovative approaches regions are using to provide services to clients. Specifically, these include:

- **Industry career tracks.** The Denver Region has implemented a unique method of training individuals for employment. Staff from the Region place WtW clients in training programs focused on specific employment industries, such as financial services, manufacturing, retail services, construction, and hospitality. Industry specialists in the Denver Region assist clients in identifying an industry track suitable to their interests and skills. Training programs vary in length and content depending on the industry track. For instance, clients placed in the financial services industry track participate in a four-month community college certificate program. This program offers job readiness and specific training for the financial services field including classes to improve reading, writing and computer skills, vocational courses, and job coaching. Clients are placed in employment during the second month in this program. The program combines 18 hours of training and 22 hours of employment each week for a period of three months.
- **Job retention packages.** Case managers in the Weld Region provide "job retention packages" to WtW clients who are employed. These packages contain support service items such as gas vouchers and gift certificates for clothing, food, and personal products to improve the client's appearance. The packages, which are provided to employed clients once a month for up to six months, are intended to assist clients in retaining long-term employment.
- **Employer recruitment.** In an effort to bring public awareness to the WtW program and to better understand the needs of local employers, staff from the Pikes Peak Region recently hosted a luncheon for local employers. At this luncheon, staff provided information about the WtW program in the Region. In addition, staff requested employers to complete a one-page questionnaire about the types of individuals these employers are willing to hire and the types of jobs available through these employers.

- **Hard-to-serve task force.** To address the needs of the hard-to-serve clients in its region, the local workforce development board in the Weld Region created a "Hard-to-Serve Task Force." Members of the task force were asked to identify the employment barriers encountered by hard-to-serve clients and to determine ways to better serve this population. The task force received assistance in addressing these issues from case managers from the various employment programs in the Region, professionals from the medical industry, and employers within the community. The efforts of the task force enabled employment programs within the Region, including WtW, to learn more about the various community organizations in the Region and to identify new resources that can assist this population in obtaining and retaining employment.
- **Renaming the program.** Some of the regions we visited have changed the name of their WtW programs. For instance, the WtW program in the Adams Region is called "Bridge to Success." Staff believe the name change provides a more positive impression of the program. Further, some staff believe that there is a certain stigma associated with the word "welfare."

As discussed in Chapter 2, most regions we visited want to offer services that are useful, accessible, and effective in helping their clients move toward self-sufficiency. Regional staff were very interested in learning about successful programs in other regions. The department WtW coordinator has regularly communicated with the regions. However, as mentioned earlier, this individual has been assigned to another position within the Department and a new coordinator has been recently hired. As a result, it is important for the Department to ensure that the new WtW coordinator periodically informs regions about the "best practices" for WtW service delivery.

Recommendation No. 9:

The Colorado Department of Labor and Employment should communicate information to all workforce regions about innovative and successful ways regions have used to provide program services to Welfare-to-Work clients.

Colorado Department of Labor and Employment Response:

Agree. Colorado has engaged in this activity since the program's inception. Best practices are not only shared with the local workforce regions across Colorado

but also across the nation. On the local level extensive best practices information has been shared through email, conferences, coordinators meetings, and participation in local meetings. WtW workshops are offered at the annual Rocky Mountain Workforce Development Association conferences. Nationally, Colorado is considered a leader in WtW practices, and local WtW initiatives such as noncustodial parent programs and child care initiatives have been showcased at national WtW conferences. In addition, the state coordinator recently conducted a workshop at a USDOL regional training conference, and has participated on several panels at regional and national conferences.

Program Oversight

Chapter 4

Background

Federal regulations and state policies require the Colorado Department of Labor and Employment and workforce regions to conduct ongoing monitoring of the WtW programs. According to federal regulations, the Department is required to "conduct oversight and monitoring of WtW activities and fund expenditures at the State and local levels for compliance with applicable laws and regulations." State policies further mandate that the Department regularly monitor WtW activities. These policies specifically require that agencies receiving the Governor's 15 percent WtW special project grants must be monitored on an annual basis. Federal regulations and state policies also require workforce regions to monitor their subrecipients at least once a year.

State policy requires WtW monitoring activities conducted by the Department and the workforce regions to consist of desk and on-site reviews of the following areas: (1) fiscal, (2) management information system (MIS), (3) participant files, (4) administration, (5) procurement, and (6) grievance procedures. According to the policy, the Department and workforce regions are supposed to review areas, such as, but not limited to, eligibility, allowable activities, interagency coordination, participant expenditure requirements (i.e., 70-30 rule), and subgrantee use of vouchers and contracts.

The U.S. Department of Labor (DOL) also conducts monitoring reviews of WtW programs.

Ongoing Monitoring Helps Ensure Quality Programs and Compliance With Regulations

Overall, we found that the Department and workforce regions could improve their monitoring of the WtW programs in the State. Additionally, the Department has not ensured that the regions implement recommendations from monitoring reviews.

The Department conducted on-site reviews of WtW programs in all nine workforce regions. The Department's on-site reviews primarily focused on regional compliance with spending, eligibility, and allowable services requirements. Following each review, the Department prepared a brief report summarizing the results and making recommendations for improvements. In addition, the WtW Coordinator conducted desk reviews of the financial records of the nine workforce regions on an ongoing basis to ensure compliance with the federal administrative limits and 70-30 spending requirements.

Although the Department has conducted on-site monitoring reviews of some WtW programs in the State, it has not done enough to ensure that WtW programs are in compliance with federal and state requirements. Specifically, we found that:

- **The Department has not conducted on-site monitoring reviews of all of the WtW programs in the State.** The on-site review of the Rural Region included visits to five of the ten subregions. As a result, some of this Region's programs were not monitored. For example, the Department has not conducted programmatic, compliance, or financial reviews of the WtW program in the Pueblo Subregion. As discussed in Chapters 2 and 3, we identified problems with how the program in this Subregion is being administered, particularly with the methods used to deliver paychecks to clients in subsidized employment. Department management were unaware of these problems. If Department staff had monitored Pueblo's program, the problems could have been discovered earlier. It is important for the Department to conduct on-site reviews of subregions within the Rural Region because these subregions are administered differently. Additionally, the purpose of monitoring reviews is to ensure compliance with requirements as well as to improve the quality of the services provided by the programs.

Department staff stated they plan to monitor all WtW every two to three years. However, the Department has not incorporated this plan into its policies.

- **The Department has not ensured that regions implement recommendations from state or federal reviews.** During our visits we found evidence that some of the deficiencies noted in the Department's or in the U.S. Department of Labor's monitoring reports have not been corrected. According to Department staff, none of the deficiencies noted during the reviews resulted in corrective actions. Staff explained that if there is a corrective action, a plan is developed detailing how the region will correct the problem. Department staff stated that they will conduct a follow-up site visit to ensure that the problem has been corrected. If Department staff provide recommendations to improve how the program is administered and

there are no corrective actions involved, then staff will not follow up on the recommendations until the next scheduled on-site visit to the region.

To ensure all programmatic, compliance, and financial problems are corrected, the Department needs to follow up with regions on the implementation status of the recommendations made by the U.S. Department of Labor and itself. At a minimum, Department staff should obtain supporting documentation from the regions within six months of the review that shows that recommendations have been implemented.

- **The Department has not conducted any on-site monitoring reviews of financial records maintained by workforce regions on their WtW programs.** As mentioned earlier, the WtW Coordinator conducts desk reviews of the WtW financial data for the regions. The financial information used for these desk reviews are self-reported from the regions. As of our audit, Department staff had not verified that the reported financial information is accurate. We identified some instances during the audit where financial information was reported incorrectly or was questionable. As mentioned earlier, WtW has strict spending requirements. The U.S. Department of Labor can require grantees to reimburse them for expenditures that are not allowable. As a result, it is important for the Department to ensure that expenditures reported by regions are accurate. Department staff stated that they plan to conduct on-site reviews beginning in July 2001.
- **Workforce regions have not conducted on-site monitoring of their WtW subrecipients.** Two of the regions we visited—Arapahoe/Douglas and Denver—contract out their WtW programs to community-based organizations. However, neither of these regions have conducted on-site monitoring reviews of their subrecipients. Monitoring of WtW programs in the Arapahoe/Douglas Region primarily consists of desk reviews and/or supervisory reviews of client files. Staff from the Denver Region had not conducted any on-site or desk reviews of their WtW contractors. As of our review, the Denver Region had 9 current WtW contracts and was in the process of developing 16 additional WtW contracts. Staff stated that they plan to conduct these reviews in the near future. As mentioned earlier, the U.S. Department of Labor recently conducted a review of the WtW program in the Denver Region. In its report DOL criticized the Denver Region for not monitoring its contractors and recommended that the Denver Region "develop a corrective action plan" detailing how this region would strengthen its monitoring procedures.

- **The Department is not ensuring that workforce regions are implementing the monitoring policies and activities described in these regions' WtW plans.** As part of the application process for WtW formula funds, the Department required regions to submit "local plans" describing how they would implement their programs, including a description of how they would monitor their programs. The Denver Region, for instance, stated in its local plan that monitoring of its subrecipients would include the following: (1) appropriate financial and program activity reports submitted regularly to the contract representative; (2) periodic site visits to include a review of allowable activities as well as a review of randomly selected case records to be sure that activities are being provided to eligible WtW clients; and (3) periodic site or desk reviews of contractor eligibility, program, and finances. As stated above, the Denver Region is not conducting on-site or desk reviews of its contractors' activities. However, we found that the Department did not include any recommendations addressing this issue in its review conducted in the spring of 2000.
- **Workforce regions have not submitted required annual reports to the Department that summarize monitoring activities related to WtW subrecipients.** Contracts between the Department and all the regions, except for the Rural, require regions to submit annual reports on their WtW programs to the Department by September 30 of each year. As part of this report, regions are supposed to include a summary of the monitoring activities related to their subrecipients, any corrective actions taken, and the results of these corrective actions. The Arapahoe/Douglas and Denver Regions have not submitted these reports to the Department as required.

Ongoing monitoring of WtW programs is important for several reasons. Specifically, federal eligibility and spending requirements for WtW are strict. Regular monitoring helps identify compliance issues and correct them before major problems develop. By not periodically monitoring these programs, the State risks not complying with these requirements and possibly being required to reimburse the federal government for unallowable expenditures. In addition, monitoring serves as a quality assurance tool. Ongoing monitoring assists regions in identifying and correcting any problems affecting the delivery of high-quality services to clients.

It is important for the Department to ensure the regular and complete monitoring of WtW programs. In addition, department management needs to ensure that all required reports are submitted to and reviewed by staff, and ensure that all recommendations by the U.S. Department of Labor and the Department related to Colorado's WtW formula grants are implemented.

Recommendation No. 10:

The Colorado Department of Labor and Employment should improve how the State's WtW programs are monitored by:

- a. Revising its monitoring policies to include the frequency of on-site reviews of all WtW programs in the State.
- b. Conducting on-site financial reviews of all WtW programs in the State at least every two years.
- c. Ensuring that all workforce regions are monitoring their subrecipients at least annually.
- d. Ensuring that all recommendations made by the U.S. Department of Labor and the Department related to Colorado's WtW formula grants are implemented.

Colorado Department of Labor and Employment Response:

Agree. Colorado is in compliance with the federal regulations governing monitoring and oversight, and its monitoring activities are consistent with federal policy. USDOL views the State as nine separate regions, and requires the Department to monitor the approved administrative entities (i.e., the nine workforce regions) on a periodic basis for compliance with applicable laws and regulations. The Department was required to develop a state monitoring plan, which was subsequently approved by USDOL in 1999, and to determine its own monitoring activities (e.g., frequency, who will be monitored, and when they will be monitored, etc.).

As a general rule, the first time the Department monitors a new program, the visit is of a technical assistance nature to ensure that the region understands the program. In the case of WtW, the initial monitoring focused upon eligibility and allowable activities, and paralleled the scope and nature of the USDOL reviews. None of the problems noted during these monitoring visits involved compliance issues (e.g., consistent errors in determining eligibility), and were addressed through recommendations and technical assistance. Follow-up on noncompliance issues is conducted during the next regularly scheduled review, and implementation

of recommendations is strictly voluntary. Compliance issues, however, would require the development of a corrective action plan, with deadlines for implementation, and a follow-up site visit to verify implementation.

- a. All nine workforce regions and special projects are reviewed on-site on an annual basis; the Rural Consortium review consists of a sample of the ten subregions. In addition, the Rural Consortium conducts internal reviews of all of its subregions. The Department will revise its monitoring policy to include a monitoring plan that addresses how it monitors the Rural Consortium and provide more specifics as to the monitoring process and its frequency.
 - b. Financial desk reviews are conducted on an ongoing basis. The Department will conduct on-site financial reviews every two years; on-site financial reviews are generally conducted as part of overall financial monitoring. The last regularly financial review was conducted two years ago as part of JTPA monitoring activities. In addition, each of the nine regions is subject to an independent financial audit under the Single Audit requirement. Each region is required to monitor its subcontractors.
 - c. The Department requires in its unified contracts that each workforce region will monitor its subrecipients at least annually. The monitoring policy will be revised to provide more specifics in this area.
 - d. Workforce regions are required, as a condition of its unified contract with the Department, to follow up on any recommendations, and to comply with all policy guidance issued by the Department. The Department ensures that any recommendations it makes to a workforce region as a result of monitoring activity are followed up during TA reviews and the next regularly scheduled review; however, it should be noted that if the issue does not involve a compliance issue, acceptance and implementation of these recommendations is voluntary and open to negotiation. The Department will revise its monitoring policy to provide more specifics regarding the follow up of recommendations that do not require corrective action.
-

Regions Should Improve Documentation Maintained in Client Files

As part of their contract with the Colorado Department of Labor and Employment, regions are required to maintain records on each client's involvement in WtW. These records, at a minimum, must contain information on dates of entry, eligibility, participation, and termination. In some of the regions we visited, we identified problems with information maintained on the WtW clients. We particularly found deficiencies with client files maintained by the Denver and Arapahoe/Douglas regions. In many cases it was difficult to determine the types of services provided and employment history for several clients in our sample because of limited documentation. Specifically:

- **Many client files maintained by the Denver Region contained little or no information on services provided to these clients and their employment activities.** The Denver Region maintains four different files on each client. These files are kept in several different locations, including community-based organizations located throughout the city. During the audit we reviewed all files for each client in our sample and still found it difficult to obtain complete information on clients' participation in the program. For instance:
 - Almost 50 percent of the files reviewed from the Denver Region did not contain the beginning wage information on the client's most current job.
 - Nearly 70 percent did not contain current wage information on the client's most recent job.
 - About 60 percent did not contain documentation on the duration of the client's most current job.
- **Missing information in the client files in the Arapahoe/Douglas Region made it difficult to identify the types of services provided to clients and determine the client's success in the program.** Assessments and case notes maintained in the files from this region were often vague. Without complete and descriptive case notes, it can be difficult to identify the services provided to the client and the client's success in the program. The Department recommended in April 2000 that Arapahoe/Douglas ensure that contractors improve client files. The Department's monitoring report stated that "the portions of the files completed by the contractors were of an inconsistent quality." On the basis of our review of client files in Arapahoe/Douglas, this recommendation has not been implemented.

The Department needs to develop methods that will assist the regions with collecting and maintaining data so that program outcomes and effectiveness can be evaluated and monitored. At a minimum, regions should maintain the following types of information on each client:

- The date the client entered the program.
- Criteria used to establish eligibility.
- Demographic information, such as age, gender, ethnicity, and family status.
- Co-enrollments in other programs, including descriptions on how the case manager ensures that duplication of services is not occurring.
- All services provided to clients, including a brief description of the service and the date the service was provided to the client.
- Employment information, including a listing of all jobs held by the client while in the program, positions held by the client in each job, duration in each job, beginning and most current wages, performance in the jobs, and reasons why the client left jobs, if applicable.
- Child support information for noncustodial parents, including the personal responsibility contract, the client's monthly child support obligation, the amount in arrears, and all payments made by the client while in the program.
- Case notes that describe major activities or events related to the client.
- The date and reason the client was terminated from the program.

Recommendation No. 11:

The Colorado Department of Labor and Employment should ensure that workforce regions are maintaining complete and accurate records on Welfare-to-Work clients by:

- a. Providing guidance to the regions on the types of information that should be maintained in the client files.

- b. Monitoring client files at least annually to ensure all required information is in the files.

**Colorado Department of Labor and Employment
Response:**

Agree. The Department is already conducting these activities, and has since the program's inception (e.g., PGL 99-04-WW1, Welfare-to-Work Applicant Procedures, issued February 3, 1999; PGL 00-29-WW1, Welfare-to-Work Eligibility, issued December 1, 2000 to replace PGL 99-13-WW1, issued July 1, 1999).

- a. The Department has issued policy guidance letters that address the issue of documentation and establish minimum standards; these policies are updated on an as-needed basis. The automated system has built-in edit checks that highlight missing required data elements. The Department will convene a workgroup of state partners and local workforce regions to discuss data collection and documentation needs, and determine whether additional standards are required.
 - b. The annual on-site reviews include a review of client files and case notes.
-

Distribution

Copies of this report have been distributed to:

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Colorado Department of Human Services (2)
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