



**Colorado
Legislative
Council
Staff**

SB17-292

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-1027
Prime Sponsor(s): Sen. Lundberg
Rep. Rankin

Date: April 17, 2017
Bill Status: Senate Appropriations
Fiscal Analyst: Kerry White (303-866-3469)

BILL TOPIC: CO WORKS EMPLOYMENT OPPORTUNITIES WITH WAGES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	<u>\$4,000,000</u>	<u>\$4,000,000</u>
Federal Funds	4,000,000	4,000,000
Appropriation Required: \$4,000,000 - Department of Human Services (FY 2017-18).		
Future Year Impacts: Ongoing expenditure increase through FY 2019-2020.		

Summary of Legislation

Recommended by the Joint Budget Committee, this bill creates the Employment Opportunities with Wages Program in the Department of Human Services (DHS). The purpose of the program is to assist individuals receiving public assistance through the state's implementation of the federal Temporary Assistance for Needy Families (TANF) program, known as Colorado Works, in attaining permanent jobs paying a living wage. The bill includes an appropriation of \$4 million federal funds for the program.

Program implementation. On or before October 1, 2017, the DHS is required, in coordination with counties and the Colorado Work Force Development Council and soliciting input from community-based organizations and businesses, to develop program and reporting requirements and an application process for the program. The bill specifies application requirements and eligible entities.

Participants may enroll in the program when it is available, but no later than January 1, 2018. Wages earned by participants do not count as income for purposes of Colorado Works Program eligibility and grant determination. The program is repealed on June 30, 2020.

Program evaluation. DHS may use up to 2.5 percent of the money annually appropriated to the program to contract with a qualified, independent entity to evaluate the program per the bill's criteria. The final evaluation report is due on or before October 1, 2020.

Reporting. On or before October 15, 2018, and on or before October 15, 2019, the DHS must submit an annual report to the Joint Budget Committee and the Joint Health and Human Services Committee of the General Assembly.

Background

The federal government provides TANF block grants to states. The funds may be used for cash benefits and services designed to help low-income families become self-sufficient. Colorado receives a TANF block grant of \$136.1 million per year. Of this amount, \$130.2 million is passed through as a block grant to counties to administer Colorado Works. The remainder is used for training and administration by the state.

Federal law allows states to deposit any unexpended block grant funds in a reserve account, without a time limit. This money may also be expended on benefits that meet the definition of federal assistance. For FY 2017-18, Colorado's TANF long-term reserve is projected to total approximately \$31.9 million. This bill appropriates \$4 million from this reserve and it is expected that an additional \$4 million per year will be appropriated from the reserve in FY 2018-19 and FY 2019-20, until the program repeals.

State Expenditures

This bill increases state expenditures by \$4 million per year for FY 2017-18, FY 2018-19, and FY 2019-20 only. As discussed above, the program is funded with federal TANF block grant moneys. Moneys will be used to provide grants to counties, community-based organizations, and businesses to support TANF participants enrolled in the new program and to provide the required program evaluations. Workload for the DHS will increase to establish program guidelines, issue and monitor grants, to contract with a third party evaluator, and to provide the required reporting to the General Assembly. The DHS does not require additional FTE to manage the program.

Local Government Impact

Between FY 2017-18 and FY 2019-20, workload will increase for counties to participate in the development of the program. To the extent that county departments apply for and receive grant funding, revenue and expenditures will increase. As of this writing, the exact amount of individual grants and impacts to specific counties have not been determined.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2017-18, the bill requires and includes an appropriation of \$4,000,000 to the Department of Human Services from federal TANF block grant funds.

State and Local Government Contacts

Counties
Information Technology

Human Services
Joint Budget Committee Staff