



# Evaluation of the Colorado Works Program

## Second Annual Report Executive Summary

November 2000

Submitted to:

**Office of the Colorado State Auditor**

Submitted by:

**Berkeley Policy Associates**

440 Grand Avenue, Suite 500  
Oakland, California 94610



**Berkeley Policy Associates**



**LEGISLATIVE AUDIT COMMITTEE  
2000 MEMBERS**

*Representative Jack Taylor*  
Chairman

*Representative Carl Miller*  
Vice-Chairman

*Senator Norma Anderson*  
*Senator Doug Lamborn*  
*Senator Doug Linkhart*  
*Senator Peggy Reeves*  
*Representative Sue Windels*  
*Representative Brad Young*

**Office of the State Auditor Staff**

*J. David Barba*  
State Auditor

*Joanne Hill*  
Deputy State Auditor

*Cindi Stetson*  
Legislative Auditor





Berkeley  
Policy  
Associates  
100% employee-owned

November 20, 2000

Members of the Legislative Audit Committee:

This is the Executive Summary of the Second Annual Report in Berkeley Policy Associates' ongoing evaluation of the Colorado Works program. The report presents our assessment of program operations and expenditures, caseload trends, and recipient outcomes during the first three years of Colorado Works. Findings and recommendations are presented on the state and federal earned income tax credits, job preparation activities, provision of services for mental health, substance abuse, and domestic violence, and the development of additional performance measures for the program. The full report is provided under separate cover.

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

We are pleased to be part of this important project and look forward to continuing the evaluation next year.

Mary P. Vencill  
President and CEO



---

## Executive Summary

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193) was signed into federal law, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program. The Colorado General Assembly responded by enacting Senate Bill 97-120, which established Colorado Works to serve as Colorado's TANF program. In the first three years of Colorado Works, one-parent cases, which make up the majority of the caseload, decreased by 70 percent. As is shown in the figure below, between July 1997 and June 2000, the number of one-parent cases declined from 21,053 to 6,270. During the same period, two-parent and child-only caseload levels have also declined but by smaller amounts. Two-parent cases numbered 740 in July 1997 and 383 in June 2000, a decline of 48 percent. Child-only cases, which do not include an eligible caretaker, stood at 6,105 in July 1997 and 4,700 in June 2000, a decline of 23 percent. Overall, Colorado's TANF caseload has declined at a rate that is among the largest in the nation. Between January 1998 and December 1999, only two states registered percentage caseload declines larger than Colorado's 51 percent decline.

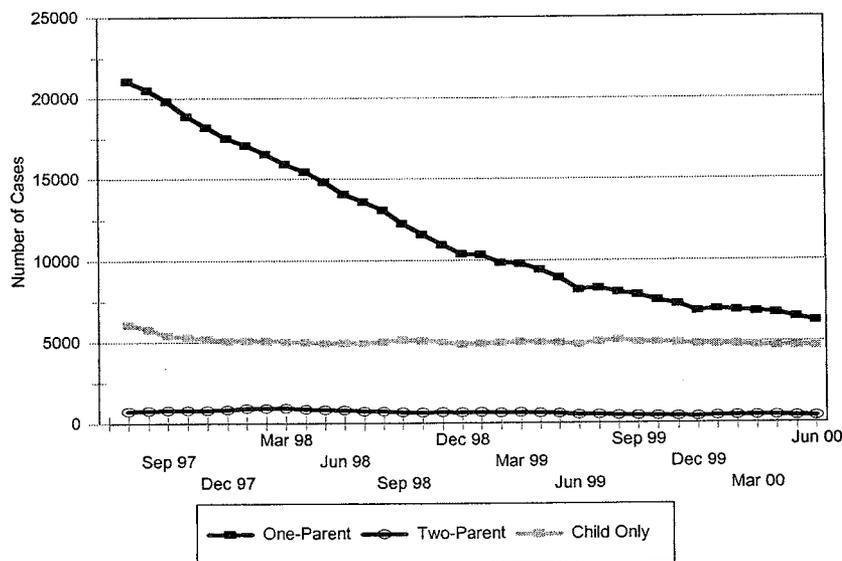
Expenditures for the Colorado Works Program in State Fiscal Year (SFY) 2000 totaled \$131 million. Spending for cash assistance and supportive services to Colorado Works recipients accounted for 57 percent of total expenditures, or \$74.3 million. An additional \$44.4 million (34 percent of total expenditures) was spent on administrative costs associated with program operation, which primarily included salaries for county program staff providing case management and other services to recipients. Overhead and information systems costs amounted to \$12.4 million, or 9 percent of total expenditures.

In June 2000, the typical adult Colorado Works recipient was a single mother, 30 years old, with one or two children. Half of all adult recipients were white, another 30 percent were Hispanic, and about 15 percent were African-American. Ten percent of adult recipients were pregnant. In contrast to the experience of other states, the characteristics of Colorado's TANF population have not measurably changed since the inception of Colorado Works.



Policymakers and advocates have expressed concern that given the rapid decline in welfare caseloads, those remaining on aid would increasingly be “hard-to-serve” recipients who have been on aid for long periods of time. Contrary to expectations, we find evidence that the Colorado Works program is in fact becoming less comprised of long-term recipients. The proportion of adults with five years or more of lifetime welfare receipt on either AFDC or Colorado Works declined from 37 percent of the Colorado Works caseload in June 1998 to 28 percent in June 2000. This decline indicates long-term recipients have been leaving Colorado Works at rates comparable to short-term recipients. Nonetheless, over 1 in 4 adults on the caseload is at risk of reaching the lifetime limit for receipt of TANF assistance within the next two or three years.

Colorado Works Caseload by Case Type  
July 1997 - June 2000



Under federal rules, Colorado Works recipients may not receive TANF funded assistance for more than five years (60 months) over their lifetime. However, states can continue to use federal TANF funds to provide assistance beyond the lifetime limit for up to 20 percent of their caseload by granting hardship exemptions. Colorado plans to exempt families in which a parent or child is disabled, families with children who live with a non-parent and who are at risk of out-of-home placement, and victims of domestic violence. The State can also opt to use non-federal TANF funds to continue to serve families in excess of the 20 percent exemption limit.

## Initial Colorado Works Goals

Senate Bill 97-120 identified three major goals for Colorado Works. We have found that these program goals have been partially met, with some notable exceptions as discussed below.

**Goal 1: Assist participants to terminate their dependence on government benefits by promoting job preparation, work, and marriage.** We measure achievement of this goal in a number of ways. First, in looking purely at caseload decline, we find a 70 percent decline in the one-parent caseload, indicating that the State has been successful in helping recipients terminate their dependence on government benefits. However, caseload decline alone does not indicate the extent to which former recipients leave aid for employment. In examining post-program employment, we find that about half of those who leave Colorado Works find employment and of these, only 30 percent find steady employment. (Employment and earnings are discussed in more detail later in the summary.) We do not have data to indicate whether marriage has been utilized as a vehicle for helping recipients leave aid. Data from the field study indicates that this is not a focus of the Colorado Works program.

**Goal 2: Develop strategies and policies that focus on ensuring that participants are in work activities as soon as possible so that the State is able to meet or exceed work participation rates specified in the federal law.** All Colorado counties have developed strategies to ensure that recipients are engaged in work

activities quickly. Counties have implemented numerous tools to help promote this goal, such as job readiness classes, barrier assessments, transportation assistance, child care assistance, diversion programs, and many other practices aimed at helping families become self-sufficient through employment. However, as discussed in more detail below, these activities may not be as useful to some recipients as would services to address other barriers to employment, such as domestic violence or mental health problems. In Federal Fiscal Year (FFY) 1999, Colorado met its all families work participation rate, but was one of only eight states that did not meet its two-parent rate. This is discussed in detail later in the summary.

**Goal 3: Allow the counties increased responsibility for the administration of the Colorado Works program.** This goal has been accomplished. Each of Colorado's counties administers its own Colorado Works program. The 15 field study counties we visited had all customized their programs to meet the needs of the specific population served by the program.

### **New TANF Regulations Offer Increased Flexibility**

The TANF program was further modified in October 1999 when the final TANF regulations took effect. These regulations emphasize the importance of providing post-employment transitional services insofar as they specify that TANF funds may be used to provide these services for eligible families without counting toward their five-year lifetime limit on aid. States are encouraged to provide supportive and transitional services for employed former recipients and other low-income families to assist them in their employment retention efforts. If the old TANF motto was, "get a job," the new TANF motto is, "get a job and keep it."

The new TANF regulations place an emphasis on the provision of post-program, or transitional, supportive services. The Colorado General Assembly did not specifically authorize transitional services in Senate Bill 97-120. However, these services are being provided by counties under the auspices of the diversion program. State diversion is available to families who meet the basic cash assistance eligibility requirements, but do not need ongoing cash assistance. County diversion is available to those who do not meet the basic cash assistance

eligibility requirements, but also demonstrate a need for services. Both programs can be used to assist adults who have no history of Colorado Works receipt, as well as to provide services to Colorado Works leavers. Diversion therefore encompasses both up-front diversion, the standard definition of these programs, as well as post-program transitional services, which other states have authorized under separate programmatic categories.

This focus on long-term employment and self-sufficiency creates the opportunity to place renewed emphasis on activities that were de-emphasized under TANF. For instance, educational and training activities are limited by TANF, and many such activities do not count toward the State's work participation rate. However, current economic and political conditions provide a unique opportunity to restructure service provision for the hardest-to-serve Colorado Works recipients and focus services where they will be most effective. With the large caseload reduction credit that Colorado receives, its work participation rate for all families is effectively zero and will not increase substantially unless the caseload increases. In addition, with the exceptional economic conditions throughout much of the State, most of those who are employable can find employment, further reducing the pressure to meet work participation rates. Colorado may therefore be able to reinstate education and training activities for those with low educational attainment, in an effort to improve their chances at long-term self-sufficiency.

The goals and regulations for Colorado Works and TANF pertain largely to adult-headed cases. Adult-headed cases include one or two parents who are subject to the work participation requirements and time limits associated with Colorado Works. Senate Bill 97-120 did not explicitly lay out goals for the other main group of participants, child-only cases, which includes children whose parents are not eligible for Colorado Works (e.g., because they are receiving SSI), as well as children living with other caregivers, such as grandparents.

Because the regulations guiding participation in Colorado Works differ greatly for child-only and adult-headed cases, we provide separate discussions of the program experiences of these groups. We concentrate the bulk of our analyses on adult-headed cases, as these are the families on which the legislation and program rules

concentrate. Child-only case characteristics and services are discussed at the end of this summary.

## Evaluation Data Sources and Methods

The data presented in this evaluation come from four main sources:

- administrative data maintained by the Colorado Department of Human Services, the Colorado Department of Labor and Employment, and the Colorado Department of Revenue;
- a survey of Colorado Works recipients who received aid in the last calendar quarter of 1999 (conducted in the spring of 2000);
- field study data collected through interviews and focus groups in 15 Colorado counties; and
- interviews with staff from various state agencies.

We combine these data sources to provide findings about program operations and outcomes, as well as recommendations aimed at program improvement. Colorado Works is an evolving program; many counties are still implementing the innovative programs they initially designed, and others continue to plan and administer new strategies. Because program operations continue to evolve, it is difficult to quantify the effectiveness of various county practices. In the report, we identify counties' innovative approaches to various problems, and we view these practices as noteworthy, even if their effectiveness is yet uncertain.

Throughout the report, we utilize data from July 1997 to June 2000 to report on program activities and outcomes. Because many of our analyses rely on tracking recipients once they leave aid, we are limited to reporting the post-program activities (including return to aid and employment) of those who exited the program in 1998 and 1999. Therefore, it is possible that our findings do not represent the experiences that current Colorado Works leavers will face. This data limitation is particularly acute this year with the adoption of the new TANF regulations in October 1999.



## Colorado Has Moved Many Colorado Works Recipients into Employment

Our findings indicate that Colorado has been about as successful as other states in moving adult TANF recipients into employment. In the first three months after leaving Colorado Works, about 54 percent of adults were employed.<sup>1</sup> In the 1999 Colorado Works Participant Survey, about the same percentage of those who had left aid reported doing so as a result of employment (55 percent).

Although on par with other states, Colorado's post-TANF employment rate has not changed since program implementation. We would expect that with the changes and improvements in program operations over time, the percent of former recipients who are employed immediately after exit would increase. In 1999, the national employment rate was 71 percent among single mother families and 68 percent among married mothers.<sup>2</sup> Given these comparison employment rates, an appropriate goal for Colorado Works might be a post-program employment rate of approximately 65 to 70 percent. Taking into account potential underestimates of employment from the Unemployment Insurance data,<sup>3</sup> we estimate that the true post-Colorado Works employment rate is approximately 60 percent, and hence 5 to 10 percentage points lower than a reasonable target rate.

---

<sup>1</sup>This figure is based on Unemployment Insurance wage records maintained by the Colorado Department of Labor and Employment. Adults are counted as employed if they record \$100 or more in earnings in a particular quarter.

<sup>2</sup>Data reported by the U.S. Bureau of Labor Statistics using data from the 1999 Current Population Survey.

<sup>3</sup>Unemployment Insurance data may underestimate employment because it does not include earnings from: (1) self-employment, (2) some agricultural work, (3) some public sector employment, and (4) irregular or off-the-books employment.

## Stable Employment Is the Key to Ongoing Self-Sufficiency

Both TANF and Colorado Works legislation were developed on the presumption that employment is the appropriate program goal because it leads to self-sufficiency. Our findings indicate that while this premise may be true in some cases, not all employment leads to self-sufficiency. Stable employment after exit from Colorado Works is most likely to lead to progress toward self-sufficiency for two key reasons: (1) long-term employment leads to increased earnings, and (2) stable post-program employment leads to decreased return to aid.

Those who remain employed for a year or more after Colorado Works exit experience substantial wage growth in these first few years. This is particularly important because earnings are quite low among those exiting Colorado Works. Median earnings in the first quarter after exit ranged from \$2,100 to \$2,400 per quarter (equivalent to \$8,400 to \$9,600 annually) over the entire three years of program operation. Based on earnings from employment alone, one year after exit from Colorado Works about 20 percent of leavers had earnings that exceeded the poverty level. However, as time spent in the labor force increases, former recipients increase their earnings. Among those who were employed steadily after Colorado Works exit, we find that earnings increased by 15 percent after a year of steady employment, 23 percent after 18 months, and 37 percent after two years.

Former recipients tend to find employment in the relatively low-paying services and retail trade industries. For example, during the fourth quarter of 1999, 46 percent of employed former recipients were working in the services sector and 30 percent were employed in retail trade. Given their lack of job skills and work experience, former recipients are at the low end of the earnings scale compared to Colorado employees generally, and within the services and retail trade sectors.

Stable employment is not the norm for former Colorado Works recipients. Among adults who exited Colorado Works in the last calendar quarter of 1998, 32 percent were employed continuously over the subsequent year, 38 percent were employed sporadically, and 30 percent were not employed after leaving Colorado Works. Colorado is one of seven states that participated in the National Governors' Association Academy on Expanding Opportunities for Low-Income Families to

Advance in the New Economy. As part of this project, the State has developed strategies for helping low-income families achieve greater economic success through employment retention.

In addition to its correlation with lower earnings, sporadic employment is also associated with increased re-entry to Colorado Works. Twelve-month re-entry rates for the program are about 18 percent for all Colorado Works leavers. Among those who had 15 months of continuous employment, the re-entry rate was just 1 percent. Those with employment lasting between three and six months after exit had a re-entry rate of up to 40 percent. Those with no employment returned to Colorado Works at a rate of about 19 percent. The actual re-entry rate for this latter group is likely lower because it includes those who have moved out of state, gotten married, or found other means of supporting themselves that are not recorded in administrative data.

The findings detailed thus far lend strong support to the notion that Colorado Works should support long-term steady employment as a means to self-sufficiency. There are, however, a number of challenges to meeting this goal for all recipients. We discuss three main challenges to helping Colorado Works recipients become steadily employed:

- local economic conditions in some areas of the State;
- lack of education and job skills; and
- personal and structural barriers that impede the ability of participants to secure and retain employment.

Many counties have developed innovative practices to address the needs of Colorado Works recipients. Overall, however, we find that services provided to Colorado Works recipients and leavers are not sufficient to ensure that employment barriers are addressed. As we discuss throughout this summary, we find that assessment of barriers to employment and linking recipients to available services continue to prove challenging for many county programs. Counties that are not succeeding in these efforts would benefit from more explicit direction from the Department of Human Services. The Department of Human Services can

encourage innovation in barrier identification and service provision by establishing performance measures related to improvements in program operations in these areas. *The Department of Human Services, in consultation with policymakers, the counties, and advocates, should consider developing additional performance measures for the Colorado Works program. These measures should encourage counties to focus on and improve their outcomes in the provision of job preparation activities such as education, job skills training, and counseling for current recipients, the delivery of post-program supportive services to former recipients, and in employment retention for current and former recipients.*<sup>4</sup>

### **Local Economic Conditions Play a Role in Securing Employment**

Our findings indicate that local economic conditions, as proxied by the county unemployment rate, indeed affect the Colorado Works caseload. Unemployment rates have been at record lows during much of the three years of Colorado Works operation, averaging between 3 and 4 percent statewide. However, two regions of the State--Pueblo County and the San Luis Valley--have seen unemployment rates as high as 11 percent over the first three years of Colorado Works. These areas have also seen the highest concentration of Colorado Works cases per 1,000 women ages 15 to 44 (known as the reciprocity rate), suggesting that less than favorable economic conditions in these areas have slowed the caseload decline. Although the caseload has declined in these areas as well as across the State, counties in the San Luis Valley have seen smaller declines.

Higher unemployment rates also affect former recipients' earnings levels. Increasing unemployment would force some former participants to cut back hours or take lower paying jobs in order to remain employed. In fact, a 1 percent increase in the unemployment rate would lead to a 5 percent decrease in earnings.

It will be important to continue to monitor the effect of the economy on Colorado Works caseload levels and former recipients' employment and earnings. In some sense, the current economic conditions can be considered optimal for TANF's

---

<sup>4</sup>Departmental responses to each recommendation are provided in the full report. The Department agrees with the recommendations.



work first approach. In the future, if the economy is less robust, this approach may prove much more challenging to implement.

### **Lack of Education and Limited Job Skills Are Key Barriers to Self-Sufficiency**

Perhaps one of the greatest impediments to work among Colorado Works participants is a lack of preparation for and involvement with the labor market. Nearly one-third (31 percent) of 1999 Colorado Works Participant Survey respondents indicated that a lack of job skills hindered their ability to secure or maintain employment over the past year. Employment rates among those with job skills barriers were indeed substantially lower than those without such barriers. Thirty-nine percent of Colorado Works recipients who reported job skills barriers were employed, compared to 55 percent of those who did not report such barriers. Even after leaving cash assistance, lack of job skills continues to be a barrier. Among Colorado Works leavers who we surveyed, those with job skills barriers were employed at a rate of 53 percent, compared to an employment rate of 70 percent for those without job skills barriers.

Job skills barriers to employment can take a variety of forms, including lack of education and low labor market attachment. Using these measures, we find evidence that job skills barriers are indeed a problem for Colorado Works recipients.

### **Colorado Met Its All Families Work Participation Rate, but Did Not Meet Its Two-Parent Family Rate**

In the 2000 program year, Colorado was obligated to place 35 percent of its adult recipients in work activities for 25 or more hours per week (the federal work participation rate requirement). Ninety percent of two-parent cases are required to be in work activities for at least 35 hours per week (both parents' hours combined). Colorado Works further requires participation in a work activity within 24 months of program entry, or when the participant is deemed work-ready by a case manager. The federal government allows a caseload reduction credit that is based

on each state's rate of caseload decline. Because Colorado's caseload has fallen so dramatically, its actual (i.e., adjusted) work participation rate is zero for all families and 45 percent for two-parent families.

In FFY 1999, Colorado was one of eight states to not meet the two-parent rate, with 41 percent of two-parent families engaged in work activities at the required level.<sup>5</sup> The State is currently appealing this finding with the U.S. Department of Health and Human Services. If the appeal is denied, Colorado will face a penalty of about \$20,000. There are very few two-parent families on the caseload, averaging about 400 per month. These families are generally assumed to be very disadvantaged, given their inability to be self-sufficient even with two potential earners in the family. In particular, Colorado Department of Human Services staff report that a number of two-parent families include a disabled adult who may face additional employment challenges. Some of these parents had SSI applications pending. Further, some are refugees who need English as a Second Language services. The extent to which these services count toward the work participation rate is limited. To address the needs of these two-parent families, counties may appropriately be directing them into services that do not count toward the work participation rate.

### **Participation in Federally Approved Work Activities Has Declined, and County-Defined Work Activities Have Become More Prevalent**

Two significant trends are evident in the work activity participation of adults during the first three years of the Colorado Works program. First, there was an increase in the share of adults participating in a work activity in the months leading up to and including June 1999, the first month in which the 24-month time limit for work participation would affect recipients. In that month, 77 percent of adult recipients were engaged in a work activity, with 61 percent engaged in federally-approved activities. After July 1999, a decline in work activity participation

---

<sup>5</sup>There are 36 states that have two-parent family TANF programs.



occurred in most activities. In May 2000, 63 percent of adults were engaged in a work activity, with 49 percent in federally-approved activities.

The drop in participation in federally approved work activities since July 1999 does not threaten Colorado's ability to meet the federal work participation rate requirement and may reflect increasing attempts by case managers to place recipients in activities that address barriers.

A second trend in work activity participation of adult recipients is the large increase in the use of county-defined activities over the past two years. In June 1998, only 1 percent of adult Colorado Works participants were engaged in county-defined activities. By June 1999, 22 percent of participants were engaged in a county-defined activity. However, as of May 2000, recipients engaged in county-defined activities had decreased to 18 percent of the adult caseload. The general increase in county-defined work activities is potentially beneficial to recipients if case managers feel they have more flexibility to provide recipients who are not job-ready with needed services to address the barriers they face. County-defined work activities are used to address barriers to employment. Health-related activities are the most common county-defined work activities. In May 2000, medical and pregnancy/maternity (28 and 25 percent, respectively) were the most common activities.

### **Low Educational Attainment is Associated with Lower Employment Rates**

Nationally, 43 percent of TANF recipients have not completed high school or obtained a GED.<sup>6</sup> In comparison, Colorado Works recipients are more highly educated, with 31 percent having never completed high school or a GED. Twenty-two percent of Colorado Works recipients have completed a GED and 21 percent have earned a high school diploma. Although 26 percent of recipients have attended some college classes, only 6 percent have actually earned a degree

---

<sup>6</sup>*Temporary Assistance for Needy Families (TANF) Program Third Annual Report to Congress*, U.S. Department of Health and Human Services, Washington, D.C., August 2000.

(associate, bachelor, or graduate). Not surprisingly, the employment rate among those who have not completed high school or the equivalent is lower (43 percent) than those who have completed high school or earned a GED (59 percent). Employment among those with a college degree is even higher, at 71 percent.

Education is not only related to employment, but also to earnings levels. Relative to those who did not complete high school or a GED, earnings levels are 16 percent higher for those with a high school diploma or GED, and 46 percent higher for those who have a college degree.

Colorado counties have made progress in providing educational services to those with low educational attainment. Among 1999 Colorado Works Participant Survey respondents without a high school diploma, 48 percent had participated in educational activities through Colorado Works, mostly GED classes.

It is not easy to determine if low educational attainment actually results in low employment rates or if *both* low education attainment and lack of success in the labor market reflect more significant individual barriers (for example, learning disabilities). However, because education and employment are so closely related, lack of educational attainment can be used by Colorado Works case managers to identify recipients who require more intensive assessment and targeted services to address their employment barriers. Such activities may include the opportunity to obtain a high school diploma or GED, but might also include enrollment in certificate programs that provide job skills and post-employment services, or counseling to address learning disabilities. *The Department of Human Services should provide additional technical assistance to the counties on ways to continue their efforts to meet federally required work participation rates while simultaneously enrolling Colorado Works recipients, as appropriate, in federal work activities that focus on job skills training, basic or vocational education, or more intensive job preparation programs, such as certificate programs that combine on-the-job training or a work experience component.*

## **Work Activities Are Used to Help Recipients Overcome Lack of Labor Market Experience**

Like low educational attainment, lack of experience in the labor market is prevalent among the Colorado Works population. Among 1999 Colorado Works Participant Survey respondents, 31 percent reported that a lack of education or training had been a problem in getting or keeping a job. Indeed, those reporting this barrier reported lower rates of employment. However, two-thirds of those who reported lack of labor market experience received services through Colorado Works to address this problem. Although we cannot ascertain the intensity or duration of these services, the data suggest that many Colorado Work recipients receive assistance from the program to make the transition into the labor market.

Responses to the 1999 Colorado Works Participant Survey indicate that of the work-related activities, job readiness courses, job skills training, and vocational education were among the most helpful in assisting participants to secure and maintain employment. Job search, which is generally an unstructured activity in which recipients are required to contact a specified number of employers, proved much less helpful.

## **Personal and Structural Barriers Impede Participants' Abilities to Secure or Retain Employment**

Nearly all (85 percent) Colorado Works recipients report one or more of the following barriers to obtaining or maintaining employment: lack of education or job skills, mental health, physical disability, transportation, housing, domestic violence, substance abuse, and lack of child care. About two-thirds of recipients face two or more barriers, and one-third face four or more barriers. The presence of these barriers is highly correlated with employment. For instance, those without any barriers are employed at a rate of 73 percent. In contrast, those with one barrier have a 56 percent employment rate, and those with four or more barriers have a 38 percent employment rate.

The prevalence of barriers to employment in the Colorado Works caseload and the relationship of these barriers to subsequent employment underscores the need for a continuum of services to assist recipients in the transition from welfare to work. Although many counties have in place appropriate assessment and service provision measures, we find that overall provision of services offered by Colorado Works is not sufficient to meet participants' needs in most of these barrier categories. In some cases, lack of service provision is due to the difficulty in identifying those with barriers. In other cases, lack of services is due to broader structural impediments, such as a shortage of housing subsidies or public transportation.

Recipients' personal barriers to employment, including mental health, domestic violence, and substance abuse, are generally difficult to assess. Case workers therefore rely on participants' self-reports of these problems to refer them for services. In a departure from findings in the *First Annual Report*, case managers indicated that these problems cannot always be detected in an initial assessment. Rather, identification requires an ongoing relationship with recipients, who are more likely to reveal personal problems once trust has been established. Some case managers feel that additional training would be helpful in identifying these barriers, and many counties, as well as the Colorado Department of Human Services, have offered assessment training.

Colorado counties have developed two additional responses to the challenges posed by identification of barriers:

- **On-site placement of specialists.** A number of the 15 field study counties we visited had domestic violence, substance abuse, or mental health specialists located at the county office to assist with identification of problems, provide appropriate referrals, and provide actual services to those with an identified need.
- **Collaboration with community service providers.** Where an on-site specialist is not feasible or cost effective, counties have entered into formal or informal relationships with service providers to assist with identification

and service provision of various barriers. These service providers may offer training to case workers on barrier identification as well.

These responses have reportedly led to increased identification and service provision. County staff report that having on-site specialists, in particular, is an effective way to overcome the problem of identifying barriers.

Structural barriers to employment, including transportation, housing, and child care, are generally easier to assess since there is little stigma associated with these needs and clients are therefore more willing to self-identify a barrier. However, solutions to barriers in these areas are difficult to develop because barriers are often related to shortcomings in or lack of availability of existing services, such as housing subsidies, public transportation or off-hours child care. Therefore, problems faced by Colorado Works recipients in terms of transportation, housing and child care are also likely faced by other low-income families statewide. Counties that have attempted to address these problems have done so mostly through collaboration with other county agencies and community service providers.

Although we do not have specific measures of them, county program staff also report that non-traditional barriers, such as a lack of life skills and an inability to manage household responsibilities, are also prevalent among Colorado Works recipients. Many counties have developed services to specifically address these barriers, including periodic home visits by case managers.

Below we discuss the extent to which each of these six barriers (mental health, domestic violence, substance abuse, transportation, housing, and child care) presents itself in the Colorado Works caseload, the level of service provision offered to address these problems, and the various innovative practices counties have implemented to assist recipients to overcome these barriers.

### Mental Health Barriers

The most frequently cited barriers to employment were mental and emotional health problems, reported by 47 percent of the 1999 Colorado Works Participant Survey respondents. These barriers do indeed affect employment. Respondents reporting a mental health problem were 22 percent less likely to be employed than those without such a barrier.

Despite the prevalence of mental health problems, only 39 percent of Colorado Works participants reporting a mental health barrier received services to address it. Because all Colorado Works recipients are Medicaid-eligible, they should have access to a broad range of mental health services. These services are offered through Colorado's nine Mental Health Assessment and Service Agencies (MHASAs), which have entered into Memoranda of Understanding with each county in their service areas to govern mental health referrals from Colorado Works. MHASAs are therefore the appropriate agencies to assist Colorado Works staff to improve the rate of service delivery for mental health services. *The Mental Health Assessment and Service Agencies (MHASAs) under the Department of Human Services should continue to strengthen their outreach to and working relationships with county Colorado Works programs to ensure that recipients' mental health needs are identified and treated. Issues that should be raised regarding services provided by the MHASAs include: (1) training county case managers in mental health assessment; (2) placing MHASA staff on site in counties with large caseloads to facilitate the assessment and referral process for Colorado Works participants with mental health barriers; and (3) working with Colorado Works program staff in counties with small caseloads to establish assessment, referral, and service provision procedures that adequately address the needs of participants.*

Colorado Works recipients with the most severe mental or physical disabilities may be eligible for Supplemental Security Income (SSI). However, the application process for this program is both complicated and time-consuming. It often requires that applicants appeal their application multiple times, potentially taking three or more years for approval. Because of this process, some potentially SSI-

eligible adults may remain on the Colorado Works caseload. Several Colorado counties have provided assistance to participants in handling the complexities of the SSI application and appeals process and staff in these counties believe that their efforts helped additional Colorado Works participants to obtain SSI benefits and move off welfare. Counties that have not adopted these strategies may want to consider them, because ensuring that Colorado Works serves only its intended population is a key to its long-term success.

### **Domestic Violence Barriers**

Nearly one-quarter of 1999 Colorado Works Participant Survey respondents reported that domestic violence was a problem for them in seeking or maintaining employment. Data show that recipients with domestic violence problems were no less likely to be employed than those without domestic violence problems. However, existing research on this topic indicates that maintaining employment is challenging for those with domestic violence problems, and as such, services for these individuals are very important. Our findings indicate that of those reporting domestic violence in their lives, only 15 percent received services to address this barrier.

As was discussed previously, assessment of domestic violence barriers is a key challenge for program staff. However, of the 40 survey respondents who received domestic violence services, 78 percent felt they were very or somewhat helpful in securing or maintaining employment. Providing these services is therefore very important to ensuring self-sufficiency for these families.

To address the prevalence of this problem in the caseload, Colorado adopted the TANF Family Violence Option in 1999. This requires Colorado to certify in its state TANF Plan that it has established and is enforcing procedures to: (1) screen and identify individuals with a history of domestic violence; (2) refer such individuals for counseling and supportive services; and (3) waive program requirements based on safety and fairness concerns. States that have implemented the Family Violence Option will not face a penalty for exceeding the 20 percent

cap on families on the caseload who continue to receive assistance beyond the 60-month lifetime limit if the reason for exceeding this limit is due to hardship due to domestic violence waivers.

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

#### **Substance Abuse Barriers**

Of all the barriers to assess, substance abuse may be the most difficult because it requires recipients, in some cases, to divulge their use of illegal substances. Although only 5 percent of survey respondents indicated a substance abuse problem, substance abuse is perceived as a substantial problem in 12 of the 15 field study counties we visited. Only 27 percent (7 of 26) of survey respondents who indicated a substance abuse problem received services to treat it.

Apart from the problems in identifying substance abuse problems, another reason for the low rate of service provision is the lack of funding and services available to support treatment. The Medicaid program allows states to select various types of substance abuse services it will fund, and Colorado has opted to cover only a very narrow range of services, excluding nearly all out-patient treatments. Further, the \$28 million in state and federal funds available to Managed Service Organizations for substance abuse treatment (in SFY 2000) may not fully meet the State's needs. There is a particular shortage of treatment options for TANF recipients. Currently, there are only 25 publicly-funded residential treatment beds for women with children and pregnant women in Colorado. The minimum waiting list for

these beds is three months. Child Protective Services (CPS) also offers substance abuse treatment, but this is only available to Colorado Works recipients with open CPS cases.

If substance abuse is as large a problem as county staff believe, Colorado Works is unable to address it with the current level of funding and services available. To ensure that the treatment needs of this population are met, additional services need to be funded and implemented. *The Department of Health Care Policy and Financing and the Department of Human Services should analyze the costs and benefits of expanding coverage under Medicaid to include providing substance abuse treatment services to Colorado Works participants. Based on this analysis, an appropriate recommendation should be made to the Joint Budget Committee of the Colorado General Assembly.*

### **Housing Barriers**

Forty-four percent of 1999 Colorado Works Participant Survey respondents indicated that they faced housing instability over the previous year. Housing costs in Colorado pose a problem for all low-income families in the State. Families need to earn \$500 per week (\$12.50 per hour full-time) to afford the statewide fair market rent of \$642 for a two-bedroom apartment. Employed Colorado Works recipients earn far less than that, with median weekly earnings of \$266 (\$6.65 per hour full-time).

In addition to increased collaboration with community agencies, including on-site placement of housing specialists, counties have developed other means of addressing housing barriers, including: (1) providing resources to cover security deposits or first month's rent; (2) negotiating with landlords to pro-rate the security deposit over several months; and (3) helping participants to apply for the Earned Income Tax Credit (to be discussed in more detail below) to finance security deposits.

Many Colorado Works recipients are eligible for subsidized housing, generally offered through local housing authorities. Demand for subsidies typically exceeds their supply, leading to reported waiting lists of up to 2,400 families in larger counties.

In October 1999, the Department, through a collaborative effort between the Colorado Works Program and the Supportive Housing and Homeless Program, was selected by the U.S. Department of Housing and Urban Development (HUD) to receive 160 housing vouchers through the HUD/Welfare-to-Work Notice of Funding Authority. These 160 vouchers were made available to 17 participating counties.

Counties can also use TANF and Maintenance of Effort (MOE) funds to provide housing assistance, as has been done in other states. For instance, states have used TANF and MOE funds to provide tenant-based rental assistance. Evidence suggests that Colorado is not making use of this option to any great extent.

### **Transportation Barriers**

Forty percent of 1999 Colorado Works Participant Survey respondents reported that transportation problems were a barrier in securing and retaining employment. Inadequate public transportation, unreliable personal vehicles, and the distance from home to work were cited as the chief issues. Survey respondents without a transportation barrier were 25 percent more likely to be working than those who faced this barrier.

Transportation is the most widely provided supportive service, and field study findings indicate that this assistance is typically in the form of bus tokens or gas vouchers. Although very important, these payments provide assistance to people who already have transportation available to them. They do not address barriers faced by those without access to a vehicle or public transportation. Some counties use transportation assistance to address the needs of those without any means of transportation. For example, 5 field study counties specifically allow transportation assistance to be used for purchase of an automobile, 6 counties

provide assistance in paying for automobile insurance, and 10 counties provide resources for car repair.

The Department of Human Services and counties have taken two main approaches to improving access to transportation for those who lack a means of traveling to and from work and child care. First, the Department of Human Services is working with eight Colorado counties to collaborate with an auto broker to assist Colorado Works recipients to acquire vehicles. Other Colorado counties have their own vehicle acquisition programs as well. Although promising, the programs we are aware of have served very few recipients. To be effective, they must be expanded to serve more families.

A second strategy used by field study counties is to increase the supply of public transportation to both Colorado Works recipients and other low-income families. For instance, Archuleta County implemented the Mountain Express bus system to connect low-income families with medical offices, child care facilities, grocery stores, service providers and employers. In Mesa County, Grand Valley Transit provides free public transportation to Colorado Works recipients during standard service hours, and access to a free bus service during non-standard hours.

Although Colorado counties have developed several innovative programs to address participants' transportation barriers, by combining various funding streams, including TANF, Welfare-to-Work, and Federal Transit Administration, counties may be able to increase the level of services to reach a greater proportion of recipients. Using these combined funding streams, other states and localities have implemented:

- “Guaranteed Ride Home” programs for emergencies or child care problems among public transportation riders; and
- paid work experience for welfare participants to become shuttle van drivers, supervisors, or dispatchers for shuttle services transporting TANF recipients.

### Child Care Barriers

Forty-one percent of 1999 Colorado Works Participant Survey respondents indicated that child care posed problems for them in securing or retaining employment. Despite these problems there was no significant difference in the employment rates of those with and without this barrier. Child care may be more of a problem in maintaining employment than securing employment. However, among non-employed survey respondents, 21 percent indicated that child care was the reason they were not employed, mostly due to affordability issues and an inability to locate an appropriate provider.

The Colorado Child Care Assistance Program (CCCAP) is available to provide child care assistance to low-income families engaged in training or employment activities. CCCAP provides subsidies for children in the care of legally exempt providers (such as relatives and neighbors) and licensed facilities (including child care centers and family home care). Our findings indicate that Colorado Works Child Care, the CCCAP program for Colorado Works recipients, may be underutilized. Colorado provided child care subsidies to a higher proportion of TANF recipients than did most other states. Still, among eligible Colorado Works families, only one-third actually use the available subsidies. Field study respondents identified two factors that limit utilization: (1) lack of need due to free care provided by a relative, neighbor, or community resource; and (2) lack of knowledge about Colorado Works Child Care.

The lack of awareness about Colorado Works Child Care among potential recipients is particularly troubling, given Colorado Works' focus on helping families to obtain and retain employment. *The Department of Human Services should develop a rule requiring that all Colorado Works recipients be informed of the availability of and eligibility requirements for child care subsidies through the Colorado Child Care Assistance Program (CCCAP). This rule should be submitted to the State Board of Human Services for its consideration.*

Once leaving aid, former Colorado Works recipients who engage in employment or training activities can access the Low-Income Child Care program. Eligibility

limits for this program are set at the county level, and must fall between 130 percent and 225 percent of the federal poverty level (FPL). Like Colorado Works Child Care, this program is may be underutilized among eligible families. Twenty percent of employed former Colorado Works recipients use Low-Income Child Care subsidies within the first three months of program exit. Nearly 65 percent of employed former recipients never use these subsidies.

A strong predictor of who will use Low-Income Child Care subsidies is whether the family used subsidies while on Colorado Works. Forty-one percent of those who used Colorado Works Child Care also used Low-Income Child Care, compared to only 20 percent of those who did not use Colorado Works Child Care.

In May 2000, the Division of Child Care introduced a number of new strategies to ease the transition to Low-Income Child Care. First, the Low-Income Child Care application has been remodeled to shorten and simplify it. Second, counties were given the ability to use information pulled directly from the Colorado Works file for eligibility determination, thus avoiding the application altogether. Third, counties were given the ability to change the post-TANF category in the administrative data system to allow families three months, instead of one, to submit a Low-Income Child Care application without losing service. We believe these strategies have the potential to be effective steps in helping to increase Low-Income Child Care enrollment among Colorado Works leavers. Counties should be encouraged to make use of these strategies and monitor their progress toward transitioning eligible Colorado Works leavers to Low-Income Child Care. *The Department of Human Services, in consultation with policymakers, the counties, and advocates, should consider developing performance measures focused on the delivery of Low-Income Child Care subsidies to eligible former Colorado Works recipients in need of such subsidies.*

## **Post-Program Employment Provides Access to Additional Supports Intended to Improve Family Well-Being**

The new TANF regulations enable counties to provide services that our findings indicate are important in helping Colorado Works recipients obtain self-sufficiency. Merely obtaining paid employment is not adequate to ensure that participants are on their way to independence. Even those who are employed continue to face financial hardship. One year after exit from Colorado Works, 34 percent of one-parent working families and 51 percent of two-parent working families have incomes that exceed the federal poverty level for their family size.<sup>7</sup>

Given the high rate of post-program poverty, the prevalence of barriers in the caseload, and the evidence that one-third of the caseload experiences short-term, sporadic employment, increased attention to post-program services is warranted. There are a number of programs that Colorado Works leavers can access after case closure. These include existing social programs, such as CCCAP, Medicaid, federal and state earned income credits, and Welfare-to-Work. In addition, there are a variety of new post-employment services provided by counties and paid for with TANF funds. We discuss both types of post-program supports below.

### **Colorado Works Recipients' Use of Existing Social Programs**

A key program former Colorado Works recipients can access is Medicaid. There have been large increases in post-Colorado Works enrollment in Medicaid, both among employed and non-employed leavers. Among those who left aid in the first three months of 2000, 61 percent of adults and 68 percent of children were enrolled in Medicaid. Enrollment rates were higher among employed adult former recipients (63 percent) than those who were not employed (51 percent). Employed former recipients have access to Transitional Medicaid, which provides coverage for a year after exit. Non-employed leavers can access Section 1931 Medicaid only if they continue to meet the eligibility criteria set forth for the AFDC program that preceded TANF.

---

<sup>7</sup>As measured here, income includes all sources reported on state tax returns.

According to the Department of Health Care Policy and Financing, the implicit goal for Medicaid enrollment is 100 percent coverage of eligible families. To help avoid improper Medicaid case closures, the Department of Human Services worked with the Department of Health Care Policy and Financing to revise its administrative data systems to allow cash assistance cases to close without closing the Medicaid case. This change was implemented in August 2000, and it is too soon to ascertain whether it has been effective.

The federal earned income tax credit (EITC) and Colorado earned income credit (EIC) offer cash payments, in the form of refundable tax credits, to low-income working families who file tax returns. The amount of these refunds can be substantial. For instance, among one-parent families who exited Colorado Works, the EITC and EIC combined decrease the rate of poverty from 66 percent to 53 percent. Among two-parent families, these credits decrease the poverty rate from 51 percent to 39 percent. However, only 50 percent of employed former Colorado Works recipients filed taxes and received these credits in 1999. Because these credits have the potential to substantially increase low-income families' incomes, the State should work to increase the extent to which they are utilized by participants in Colorado Works. *The Department of Human Services should work with the Department of Revenue and county departments to explore strategies for systematically providing Colorado Works recipients with state and federal tax forms each year. The Department should provide assistance as needed to counties to ensure that Colorado Works recipients have access to technical assistance to apply for and receive the federal and state earned income tax credits.*

A complete assessment of the relationship between participants' income and the poverty level takes into account not only the benefits accrued through various public programs, but also the impact of family expenditures, such as out-of-pocket child care and work-related costs, and state and federal taxes. The Figure below shows a hypothetical budget for a single-parent family with two children under various assumptions about hours worked and wages earned. Included as income

for the family are earnings from work, Colorado Works benefits, Food Stamps and the EITC. Deducted from these income sources are taxes paid (Social Security, federal and state) and child care and work expenses. Child care expenses are calculated as they would be for the Low-Income Child Care Program. Work expenses, including transportation and clothing, are assumed to be 10 percent of earnings, capped at \$100 per month. Some individuals, particularly those receiving Colorado Works benefits, may receive assistance for these types of expenses. The second to last row in the Figure shows the family's take-home budget amount, net of taxes and expenses.<sup>8</sup> The last row shows the ratio of this take-home budget amount to the federal poverty level of \$13,650 for a family of three.

Full-time work at the minimum wage brings the family's accrued take-home budget amount to just barely above the poverty level. This family is no longer eligible for Colorado Works, but is able to retain Food Stamp benefits and receive the maximum EITC amount. In addition, it receives subsidized child care and pays no state or federal taxes. Note that this family is not required to file a federal tax return and therefore may not receive the EITC. Without the EITC, a family with full-time employment at minimum wage would have a take-home budget at 74 percent of the poverty level.

Full-time work at wage levels at or higher than \$7.50 per hour all result in take-home budgets that are above 111 percent of the federal poverty level, assuming the family files taxes to receive the EITC. However, note also that working full-time at minimum wage provides approximately the same take-home budget as working part-time at \$7.50 per hour. The same is true when the parent works full-time at \$7.50 per hour and part-time at \$10.00 per hour. This occurs because most of the

---

<sup>8</sup>Families may receive income from other sources not included in this figure, such as child support and alimony. Child support owed to a Colorado Works recipient is assigned to the state. In addition, individuals may receive other types of assistance, such as transportation, medical care, counseling, or job training, the value of which is not included in this budget. We do not include the Dependent Care Tax Credit in these calculations because most families are not required to pay federal taxes and would therefore not be able to claim the non-refundable credit.

programs included in this figure are based on sliding scales tagged to income or earnings, so that benefits are reduced as earnings increase.

**Effects of Public Assistance Benefits, Taxes, and Earnings  
on Annual Household Income  
For a Single Parent with Two Children**

Income Sources, Expenses and Other Deductions	No Work	Part- Time \$5.15/hr	Full- Time \$5.15/hr	Part- Time \$7.50/hr	Full- Time \$7.50/hr	Part- Time \$10.00/hr	Full- Time \$10.00/hr
Earnings	\$0	\$6,438	\$10,300	\$9,375	\$15,000	\$12,500	\$20,000
Colorado Works	\$4,272	\$516	\$0	\$0	\$0	\$0	\$0
Food Stamps	\$3,948	\$3,564	\$2,400	\$2,736	\$828	\$1,608	\$0
EITC	\$0	\$2,570	\$3,756	\$3,756	\$3,174	\$3,700	\$2,121
Gross Income	\$8,220	\$13,088	\$16,456	\$15,867	\$19,002	\$17,808	\$22,121
Social Security Tax	\$0	(\$493)	(\$788)	(\$717)	(\$1,148)	(\$956)	(\$1,530)
Federal Income Tax	\$0	\$0	\$0	\$0	(\$99)	\$0	(\$851)
Colorado Income Tax	\$0	\$0	\$0	\$0	(\$33)	\$0	(\$283)
Child Care	\$0	(\$212)	(\$824)	(\$361)	(\$1,355)	(\$550)	(\$2,010)
Work Expenses	\$0	(\$644)	(\$1,030)	(\$938)	(\$1,200)	(\$1,200)	(\$1,200)
Take-Home Budget	\$8,220	\$11,739	\$13,814	\$13,851	\$15,168	\$15,102	\$16,247
Share of Federal Poverty Level	60%	86%	101%	101%	111%	111%	119%

Notes: Part-time work is assumed to be 25 hours per week. Full-time work is assumed to be 40 hours per week. Individuals are assumed to work 50 weeks per year. Parentheses denote deductions from budget.

Source: BPA tabulations using information from (1) Colorado Department of Human Services Agency Letter FA-98-34-I; (2) Title XXI State Plan (Colorado Child Health Plan); (3) Colorado Department of Human Services Agency Letter CC-98-3-P; (4) Conversations with the Colorado Department of Human Services; and (5) IRS Form 1040 and Instructions; and (6) Colorado Department of Revenue Form 104.

### Welfare-to-Work Program Services

The Welfare-to-Work (WtW) program, funded by the U.S. Department of Labor through regional Workforce Development Boards, is intended to move the hardest-to-serve welfare recipients into employment and provide them with retention services to ensure continued self-sufficiency. Once the participant is in a work activity, a broad range of job retention and post-program employment and supportive services are allowable if not available through other funding sources.

In FFY 1998 and FFY 1999, the Colorado Department of Labor and Employment (CDLE) received a total of \$19 million in federal WtW funds, which were matched with \$10 million through a state cash and in-kind match. According to the CDLE, just over 800 participants had been served by WtW funds statewide as of August 2000. Only 24 percent of FFY 1998 federal funds, or 12 percent of total available federal WtW funds, had been spent as of August 2000. Awardees have three years from the date of award to spend WtW funds. Colorado must spend the remaining 76 percent of FFY 1998 federal funds (\$7.5 million) by July 31, 2001, or face forfeiture. FFY 1999 WtW funds must be spent by September 28, 2002.

Colorado is not alone in its underuse of this program. Nationally, enrollments in WtW have been lower than predicted, due in part to lack of referrals from TANF, administrative hurdles, and restrictive eligibility criteria. Eligibility criteria were broadened substantially in the Welfare-to-Work Amendments of 1999. These amendments allow the program to serve a broader category of long-term recipients and allow funds to support job skills training.

At the state level, CDLE and the Colorado Department of Human Services have worked together to address coordination and referral issues through cross-education of Colorado Works and WtW case managers. CDLE has conducted workshops at the annual Colorado Works conference and is developing a guide to linkages between TANF, Workforce Investment Act (WIA) programs, and WtW. Given the new, more flexible program rules and the relatively high incidence of labor market related barriers among Colorado Works recipients, we believe it would be appropriate for policymakers in the State to develop a set of strategies to

use WtW funds to provide additional intensive education, training, and post-employment supportive services to Colorado Works recipients. The need for a focused set of strategies is all the more urgent given the time-limited availability of WtW funds. *The Department of Human Services and the Department of Labor and Employment should work with Workforce Development Boards in regions in the State where strategies to use Welfare-to-Work funds to provide services have not succeeded. The Departments should involve appropriate stakeholders such as Colorado Works program staff from County Departments of Human Services, local community colleges, local employment and training service providers, and employer representatives, to develop strategies for providing WtW-funded services to current and former Colorado Works recipients and others eligible for such services.*

#### **County-Initiated Post-Program Supportive Services**

The Colorado General Assembly did not specifically authorize post-program (transitional) services in the legislation enacting Colorado Works. However, such services can be provided to exiting recipients through state and county diversion programs. Diversion therefore encompasses two programs with very different goals. First, it can be used as an option to help families avoid beginning a basic cash assistance case by offering short-term financial assistance for needs such as car repairs or rental security deposits. Second, it can be used to provide ongoing assistance for Colorado Works leavers to promote long-term employment.

Counties have experimented with this latter aspect of diversion and have devised various efforts to help former participants remain employed. For instance, 6 of the 15 field study counties offer cash incentives for employment retention. These may be offered once or multiple times, with progressively higher amounts as recipients remain employed. Anecdotal evidence suggests that these cash incentives have been underutilized, as many former recipients either do not know they are eligible to receive them or opt to not do so.

Four of the 15 field study counties offered case management services to former recipients to help them access services they may need. For instance, in Weld

County, all Colorado Works leavers are assigned to a case worker who specializes in providing these services. Adams County outsources its case management functions, and these agencies also provide post-program services. Employment counseling, such as advice about how to handle a co-worker dispute and how to manage work stress, is provided in three of the field study counties.

Many of the field study counties provided post-Colorado Works transportation assistance through diversion. Denver County tracked the reasons recipients requested diversion assistance from January to April 2000 and found that 18 percent of diversion funds were used for transportation assistance. Such assistance includes payments for discounted bus passes, funds for car repair, gas allowances and other transportation needs.

These post-program services are all being funded through diversion payments, but neither the State nor counties are able to track the effectiveness of these payments in helping recipients remain employed due to limitations in the administrative data coding. Given the national attention on the provision of post-program services, it is very important that Colorado be able to both demonstrate that it provides these services and document the rate at which they are used. In the *First Annual Report*, we recommended that greater specificity be added to the coding of diversion payments in the Colorado Benefits Management System (CBMS) currently under development, and the Department of Human Services agreed. Department staff met with CBMS staff and with county staff in order to determine the appropriate categories for coding diversion payments. These new categories have been added to the CBMS system design.

### **Counties Have Developed Services Targeted to Child-Only Cases**

Child-only cases are those that do not include an adult caretaker, and as such, they are not subject to the work requirements and time limits that adult cases face. There are no explicit service goals for these cases laid out in legislation or program rules. Although the number of child-only cases has remained stable since Colorado Works implementation, their representation as a proportion of the caseload has increased substantially from 22 percent in July 1997 to 41 percent in

June 2000. This increasing representation is due to the sharp decline in one-parent cases. The changing composition of the caseload demonstrates a need for services focused specifically on this target population.

Based on observations from the field study, it appears that most of the child-only cases in Colorado include either a parent or a grandparent as head of household. Parent caretakers in child-only cases are ineligible for TANF, largely for one of two reasons. First, they may be recipients of the Supplemental Security Income (SSI) program, which assists low-income disabled individuals. Second, they may be undocumented immigrants who are ineligible for assistance, with children who are U.S. citizens and therefore eligible. In fact, the regions of the State that have relatively high rates of child-only cases (San Luis Valley, Pueblo County, Denver County, Eastern Colorado) are also regions that are likely to have relatively large concentrations of undocumented immigrants.

Given the increasing prominence of child-only cases in the Colorado Works caseload, many counties have developed programs targeted to this population. Programs have been initiated to provide services and support to children in these cases, who are about nine years old on average, as well as to their adult caretakers. Based on our field study findings, these programs now seem to be fairly widespread in the State.

Ten of the 15 field study counties have developed services to support adult caregivers. The goal of these services is to preserve families where financial or other resolvable difficulties would cause children to become involved with the Child Protective Services (CPS) system and possibly be placed in out-of-home care. Five of the 15 field study counties assist adult caregivers with additional cash payments. This approach is generally targeted to adult caregivers who are grandparents or other relatives with fixed and limited incomes and is intended to raise assistance levels closer to parity with payments to foster care parents. For instance, Conejos County provides cash to adult caregivers if the child has been in the care and custody of CPS within six months and is now in the legal custody of a relative other than their parent. El Paso and Weld Counties also provide additional

financial assistance to relative caretakers of child-only cases. Payments can be used for needs the family is having difficulty providing such as braces, school supplies, beds and bedding, respite care, recreational activities, rent, moving expenses, transportation, and clothing. Denver County provides relative caretakers who are also Colorado Works recipients cash assistance based on the number of relative children for whom they are caring. Rio Grande County provides child-only cases a cash payment if the custodian has documentation of legal custody and if out-of-home placement is pending.

Nine of the 15 field study counties use other assistance payments to provide supportive services to children in child-only cases. This can be used to pay for school-related supplies and activities such as computers, school supplies, clothing, school trips, special classes, summer camp, bus passes, and counseling. Some counties offer respite care and day treatment for children who are at risk of out-of-home placement or expulsion from school.

In Adams County, a program has been designed by the social services office and a contracted provider to prevent CPS involvement and improve and maintain family stability among child-only cases. The program is voluntary and short-term and employs two full-time case managers who work directly with clients. Case managers address such issues as mental health, housing, health, adolescence, and parenting resources and support.

Despite this limitation, counties have adopted many innovative practices aimed at improving the financial and emotional well-being of children in child-only cases. These innovative practices and services may preserve families where financial or other resolvable difficulties would cause children to become involved with the Child Protective Services (CPS) system and possibly be placed in foster care.

## **Distribution**

### **Copies of this report have been distributed to:**

Legislative Audit Committee (12)  
Department of Human Services (25)  
Department of Health Care Policy and Financing (5)  
Joint Budget Committee (2)  
Department of Personnel  
d.b.a. General Support Services  
Executive Director (2)  
State Controller (2)

---

Honorable Bill Owens, Governor  
Office of State Planning and Budgeting (2)  
Welfare Oversight Committee (20)  
Members of the General Assembly (100)  
Depository Center, Colorado State Library (4)  
Joint Legislative Library (6)  
State Archivist (permanent copy)  
National Conference of State Legislatures  
Legislative Oversight Committee  
Legislative Legal Services  
Auraria Library  
Colorado State University Library

### **Copies of the report summary have been distributed to:**

Members of the National Legislative Program Evaluation Society  
National Association of State Auditors, Comptrollers, and Treasurers

