AN ACT

Concerning the creation of a "Personal Responsibility and Employment Demonstration Program" for recipients of Aid to Families with Dependent Children, and making an appropriation therefor.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 2 of title 26, Colorado Revised Statutes, 1989 Repl. Vol., as amended, is amended by the addition of a new part to read:

PART 5
PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM

26-2-501. Legislative declaration. (1) The General Assembly finds and declares that:

(a) Recipients of Aid to Families with Dependent Children (AFDC) possess a sense of personal responsibility;

(b) An effective welfare reform initiative is one that requires a recipient to act upon a sense of responsibility when an opportunity for self-sufficiency is presented;

(c) Historically, public assistance policy has resulted in AFDC

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.
RECIPIENTS HAVING TO CHOOSE BETWEEN A PREFERENCE TO BE SELF-SUFFICIENT AND THE REALITY OF NOT BEING ABLE TO OBTAIN AFFORDABLE HEALTH INSURANCE AND CHILD CARE FOR THEIR DEPENDENTS WHEN EMPLOYED;

(d) A PHENOMENON REFERRED TO AS THE "CLIFF EFFECT" OCCURS WHEN EMPLOYMENT EARNINGS COUPLED WITH THE LOSS OF AFDC ELIGIBILITY ARE INSUFFICIENT TO PROVIDE HEALTH INSURANCE AND CHILD CARE AND TO MEET HOUSEHOLD AND BUSINESS EXPENSES;

(e) ANY WELFARE REFORM PLAN SHOULD PROVIDE FOR THE NECESSARY SUPPORT SYSTEMS AND INCENTIVES FOR RECIPIENTS MOVING FROM PUBLIC ASSISTANCE TO EMPLOYMENT;

(f) A SUCCESSFUL WELFARE REFORM PLAN REQUIRES SOLID PARTNERSHIPS BETWEEN STATE AND COUNTY GOVERNMENTS, THE PUBLIC AND PRIVATE SECTORS, AND INDIVIDUAL RECIPIENTS AND SERVICE AGENCIES;

(g) THE ADMINISTRATION AND DISBURSEMENT OF PUBLIC ASSISTANCE BENEFITS SHOULD BE SIMPLIFIED AND STREAMLINED THROUGH A DISTRIBUTION SYSTEM THAT COMBINES BENEFITS INTO A SINGLE COMPREHENSIVE PACKAGE;

(h) FEDERAL GUIDELINES PROVIDE THE STATE WITH AN OPPORTUNITY TO TEST CERTAIN REFORM MEASURES, EVALUATE OUTCOMES, AND FORMULATE RATIONAL WELFARE REFORM POLICY THAT WILL RESULT IN THE ADVANCEMENT OF MEASURES THAT WORK AND THE DISCARDING OF THOSE THAT DO NOT;

(i) THE SUCCESS OF THE STATE JOB OPPORTUNITY AND BASIC SKILLS TRAINING (JOBS) PROGRAM SET FORTH IN PART 4 OF THIS ARTICLE SHOULD BE EXPANDED TO PROVIDE MORE RECIPIENTS WITH JOB OPPORTUNITIES AND TO REDUCE AFDC RECIDIVISM; AND

(j) A WELFARE REFORM PLAN CAN IMPACT POSITIVELY THE LOW RATE OF INFANT IMMUNIZATIONS AND OVERALL SCHOOL ATTENDANCE, AND CAN REINFORCE THE VALUE OF OBTAINING A HIGH SCHOOL DIPLOMA OR GENERAL EQUIVALENCY DIPLOMA.

26-2-502. Definitions. As used in this Part 5, unless the context otherwise requires:

(1) "AFDC-UP HOUSEHOLDS" MEANS THE FAMILIES DESCRIBED IN SECTION 26-2-111 (3) (h) WHO ARE ELIGIBLE FOR AFDC ONLY FOR THE PERIOD OF TIME
DESCRIBED IN SUCH SECTION.

(2) "DEMONSTRATION PROGRAM" MEANS THE PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM AUTHORIZED BY THIS PART 5.

(3) "EMPLOYABLE RECIPIENT" MEANS ANY PERSON IN AN AFDC HOUSEHOLD WHOSE NEEDS ARE CONSIDERED IN CALCULATING AN AFDC GRANT FOR THE HOUSEHOLD, WHO IS OVER SIXTEEN YEARS OF AGE, AND WHO WOULD NOT OTHERWISE BE EXEMPT FROM PARTICIPATING IN THE JOB OPPORTUNITY AND BASIC SKILLS TRAINING PROGRAM IN ACCORDANCE WITH PART 4 OF THIS ARTICLE.

(4) "JOBS PROGRAM" MEANS THE JOB OPPORTUNITY AND BASIC SKILLS TRAINING PROGRAM SET FORTH IN PART 4 OF THIS ARTICLE.

26-2-503. Personal responsibility and employment demonstration program authorized - duties of state and county departments - general provisions.

(1) THE STATE DEPARTMENT SHALL BE RESPONSIBLE FOR THE DEVELOPMENT AND IMPLEMENTATION OF A PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM FOR RECIPIENTS OF AFDC, AS FOLLOWS:

(a) (I) ON OR BEFORE JULY 1, 1993, THE STATE DEPARTMENT SHALL SEEK ANY NECESSARY WAIVERS FROM THE FEDERAL GOVERNMENT TO DEVELOP AND IMPLEMENT THE PROGRAM ON A VOLUNTARY COUNTY PILOT BASIS.

(II) PARTICIPANTS IN THE PROGRAM SHALL BE SELECTED FROM AMONG ALL RECIPIENTS OF AFDC RESIDING IN A PILOT COUNTY. A PARTICIPANT MAY BE EXEMPTED FROM PARTICIPATING IN THE PROGRAM OR IN ANY PLAN UNDER THE PROGRAM FOR GOOD CAUSE.

(III) THE BENEFIT AND LIMITATION PLAN SPECIFIED IN SECTION 26-2-505 SHALL APPLY ONLY TO EMPLOYABLE PERSONS WHO ARE PARTICIPANTS OR WHO ARE REQUIRED TO PARTICIPATE IN THE JOBS PROGRAM.

(b) ON OR BEFORE JANUARY 1, 1994, THE STATE DEPARTMENT SHALL MAKE PREPARATIONS FOR THE IMPLEMENTATION OF THE PROGRAM. SUCH PREPARATIONS SHALL INCLUDE, BUT ARE NOT LIMITED TO, SELECTING PARTICIPATING COUNTIES AND ESTABLISHING CRITERIA FOR PROGRAM PARTICIPANTS, SELECTING AND CONTRACTING WITH AN INDEPENDENT EVALUATOR, SOLICITING PARTICIPATION FROM PRIVATE ENTITIES FOR INCENTIVES UNDER THE EDUCATION INCENTIVE PLAN, STAFF TRAINING, AND POLICY DEVELOPMENT AND RULE-MAKING.

(c) ON AND AFTER JANUARY 1, 1994, OR NO LATER THAN NINETY DAYS AFTER THE EFFECTIVE DATE OF THE WAIVER, WHICHEVER OCCURS LATER, THE STATE DEPARTMENT SHALL IMPLEMENT THE PROGRAM, PHASING IN PARTICIPANTS AND CASE MANAGEMENT STAFF, WITH FULL IMPLEMENTATION TO BE COMPLETED NO LATER THAN JULY 1, 1994, OR SIX MONTHS AFTER THE INITIAL IMPLEMENTATION OF THE PROGRAM BASED ON THE EFFECTIVE DATE OF THE WAIVER, WHICHEVER OCCURS LATER.

(2) THE DEMONSTRATION PROGRAM SHALL INCLUDE THE FOLLOWING:
(a) Income incentives and resource limitation adjustments, as described in subsection (3) of this section;

(b) An education incentive plan, as specified in section 26-2-504;

(c) A benefit limitation and employment plan, as specified in section 26-2-505;

(d) A comprehensive benefits package plan, as specified in section 26-2-506; and

(e) A preventive health care plan, as specified in section 26-2-507.

(3) (a) Persons participating in the demonstration program may earn and retain monthly income in an amount to be established in rules adopted by the state board without becoming ineligible for assistance. However, the grant for an AFDC household participating in the demonstration program shall be calculated by disregarding a portion of all earned income of recipients in the AFDC household, such portion of income to be established in rules adopted by the state board. In addition, an AFDC household shall be eligible for assistance until such time as the household's income reaches a specific percentage of the federal poverty level, such percentage to be established in rules adopted by the state board in accordance with provisions approved by the federal government.

(b) (I) Upon the implementation of the program, an AFDC household participating in the demonstration program shall be allowed one automobile that shall be exempt from the countable resources for the household.

(II) Beginning six months after the implementation of the program, persons participating in the demonstration program may have resources in an amount to be established in rules adopted by the state board without becoming ineligible for assistance. However, the resource limit shall not be more than five thousand dollars for households in which a member is employed or was employed for six consecutive months prior to applying for or receiving AFDC and shall not be less than two thousand dollars for all other households.

(c) Nothing in this subsection (3) shall be construed to extend the period during which a person may receive AFDC-UP benefits.

(4) County departments participating in the demonstration program may develop volunteer-based programs for AFDC recipients participating in the demonstration program. In addition, the county departments may establish agreements or may contract with any public or private entity for the provision of cash payments, goods, or services as incentives for AFDC recipients participating in the demonstration program. Such services or incentives shall include, but are not limited to, job readiness training, client mentoring, family budgeting, and money management training. Nothing in this subsection (4) shall be construed to extend the
(5) The state board shall adopt rules necessary for the implementation of the demonstration program. The state department shall develop and implement administrative procedures for the demonstration program, including the use of cost-efficient administrative procedures and forms in implementing the demonstration program.

26-2-504. Education incentive plan. (1) Beginning six months after the implementation of the program, financial incentives, as established through rules adopted by the state board, shall be provided to recipients participating in the demonstration program who receive a high school diploma or general equivalency diploma.

(2) Persons participating in an education incentive plan shall be referred, based on a needs assessment, to participate in educational programs, job training courses, parenting skills classes, family planning courses, or to obtain substance abuse treatment, mental health counseling, prenatal care, nutrition counseling or services, or any other treatment necessary to attain self-sufficiency. Such services may be provided by public or private entities that contract with the county departments pursuant to section 26-2-503 (4).

26-2-505. Employment and transitional benefits plan. (1) An employable recipient in an AFDC household participating in the demonstration program shall be required to be employed, to be participating in an educational program, or to participate in the JOBS program. A recipient who fails to participate in such activities shall be subject to sanctions for nonparticipation as set forth in section 26-2-410.

(2) (a) Upon the expiration of two years during which an employable recipient received AFDC, including any period during which sanctions pursuant to subsection (1) of this section were imposed, the AFDC grant for the household in which the recipient resides shall be calculated without considering the needs of the recipient if:

(I) such person is not employed or participating in an educational program or, without good cause, is not participating in the JOBS program; and

(II) such person has been subject to sanctions pursuant to subsection (1) of this section during the two-year period.

(b) The calculation described in paragraph (a) of this subsection (2) shall be permanent for the length of the demonstration program, to the extent authorized by federal waiver.

(c) Any income or resources of the employable recipient shall be considered available to the household.

(3) Any portion of the two-year eligibility limitation that has expired
FOR AN EMPLOYABLE RECIPIENT WHO BECOMES INELIGIBLE FOR AFDC DUE TO EMPLOYMENT OR THE EXPIRATION OF THE TIME LIMITATION SHALL APPLY WHEN SUCH EMPLOYABLE RECIPIENT REAPPLIES FOR AFDC.

(4) THIS SECTION SHALL NOT APPLY TO APPLICANTS FOR OR RECIPIENTS OF AFDC-UP.

26-2-506. Comprehensive benefits package plan. The state department shall provide for the consolidation of any AFDC, food stamps, or child care benefits into a unified cash benefit for appropriate recipients participating in the demonstration program, as determined by the respective county department of social services. On or before July 1, 1994, county departments for participating counties shall commence payment of consolidated benefits to participants on a phased-in basis. Beginning July 1, 1994, or six months after the implementation of the program, whichever occurs later, consolidated payments shall be made to all participants in the participating counties.

26-2-507. Preventive and extended health care plan. (1) (a) A caretaker applicant or recipient of AFDC shall provide verification that the dependent children of the AFDC household whose ages are twenty-four months or less have received appropriate immunizations against contagious diseases in accordance with the "Infant Immunization Act", part 17 of article 4 of title 25, C.R.S. The immunizations shall be covered as a mandatory service under the state medical assistance program. Any person who provides medical treatment to a dependent child solely by spiritual means in accordance with any limitations set forth in section 19-3-103, C.R.S., shall not be subject to this subsection (1).

(b) The failure of a caretaker recipient to comply with the provisions of paragraph (a) of this subsection (1) without good cause shall result in financial sanctions as set forth in rules adopted by the state board. No sanction may be imposed without providing the recipient an opportunity for a fair hearing in accordance with the "State Administrative Procedure Act", article 4 of title 24, C.R.S.

(2) County departments are encouraged to negotiate with employers to obtain open enrollment periods under health insurance plans and with insurers for the waiver of mandatory waiting periods for coverage under employer health insurance plans for recipients of medical assistance under the state medical assistance program who become ineligible for such assistance due to employment.

26-2-508. Independent program evaluation - reports to the general assembly. (1) The state department shall submit a preliminary report to the general assembly no later than December 1, 1994, as to the status of any federal waivers requested by the state department and as to the extent, if any, to which the demonstration program has been implemented.

(2) The state department shall contract with an independent agency to evaluate the overall effectiveness and cost-efficiency of the personal
RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM. The agency shall evaluate the demonstration program annually and shall submit to the general assembly a final report on the overall effectiveness and cost-efficiency of the demonstration program, with written findings and recommendations for the continuation and statewide implementation of the personal responsibility and employment demonstration program. The final report shall be made at the same time a report is submitted to the appropriate federal agency in compliance with any federal evaluation requirement.

26-2-509. Applicability of social services code. The provisions of this title not included in this part 5 shall apply to the extent such provisions are consistent with the provisions of this part 5. To the extent there is a conflict between the provisions of this part 5 and any other provision of this title, the provisions of this part 5 shall supersede the conflicting provision, but only if the provision in this part 5 is authorized by federal waiver.

26-2-510. Implementation of part contingent upon receipt of federal waiver - repeal of part. (1) The implementation of this part 5 is conditioned, to the extent applicable, upon the issuance of necessary federal waivers by the federal government, available appropriations, and the availability of sufficient pilot sites. The provisions of this part 5 shall be implemented to the extent authorized by federal waiver. The state department shall submit a report to the general assembly as to provisions that have been approved by federal waiver, with recommendations for legislation that conforms with the waiver provisions no later than the next regular legislative session following the issuance of the waiver.

(2) Provisions of this part 5 that are approved by the federal government and are authorized by federal waiver shall remain in effect only for as long as specified in the federal waiver. The state department shall provide written notice to the revisor of statutes of the date specified in the waiver, and this part 5 shall be repealed, effective July 1 of the year specified in the waiver.

(3) This part 5 is repealed, effective July 1, 1998, unless repealed prior to said date in accordance with subsection (2) of this section.

SECTION 2. Appropriation - adjustment to long bill. (1) In addition to any other appropriation, there is hereby appropriated, to the department of social services, for the fiscal year beginning July 1, 1993, the sum of three hundred fifty thousand seventy-six dollars ($350,076) and 4.6 FTE, or so much thereof as may be necessary, for the implementation of this act. Of said sum, ninety-nine thousand nine hundred sixty-seven dollars ($99,967) shall be from the general fund, fifty thousand five hundred sixty-seven dollars ($50,567) shall be from cash funds, and one hundred ninety-nine thousand seven hundred twenty-two dollars ($199,722) shall be from federal funds.

(2) For the implementation of this act, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 1993, shall be adjusted as
follows:

(a) The appropriation to the department of social services, assistance payments, aid to families with dependent children, basic grant, is decreased by two hundred eighty-five thousand two hundred ninety-six dollars ($285,296). Of said sum, seventy-three thousand two hundred thirty-five dollars ($73,235) shall be from the general fund, fifty-seven thousand fifty-nine dollars ($57,059) shall be from cash funds, and one hundred fifty-five thousand one dollars ($155,001) shall be from federal funds.

(b) The total appropriation to the department of social services, medical assistance division, shall be decreased by seventy-two thousand fifty-eight dollars ($72,058). Of said sum, thirty-three thousand five hundred forty-three dollars ($33,543) shall be from the general fund and thirty-eight thousand five hundred fifteen dollars ($38,515) shall be from federal funds.

SECTION 3. Effective date. This act shall take effect July 1, 1993.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 8, 1993