

RECOMMENDATIONS FOR 2000

WELFARE OVERSIGHT COMMITTEE

**Report to the
Colorado General Assembly**

**Research Publication No. 468
November 1999**

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To Members of the Sixty-second General Assembly:

Submitted herewith is the final report of the Welfare Oversight Committee. This committee was created pursuant to Section 26-2-722, Colorado Revised Statutes. The purpose of the committee is to oversee the Colorado Works Program and its implementation by the counties.

At its meeting on November 15, 1999, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 2000 session was approved.

Respectfully submitted,

/s/ Senator Ray Powers
Chairman
Legislative Council

RP/JH/cs

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WELFARE OVERSIGHT COMMITTEE

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EXECUTIVE SUMMARY

Committee Charge

Pursuant to section 26-2-722, Colorado Revised Statutes, the Legislative Welfare Oversight Committee (consisting of all members of the House and Senate Health, Environment, Welfare and Institutions Committees) has the responsibility of overseeing the Colorado Works Program and its implementation by the counties. This report summarizes the aspects of the Works program that have been considered and any recommended legislation.

Committee Activities

The committee held two meetings during the 1999 interim. These meetings focused on the current status of the Colorado Works Program and the State Auditor's evaluation of the Colorado Works Program. The committee also heard from clients of the Colorado Works Program and advocates of the Family Development Center Program. Of particular interest is the State Auditor's evaluation of the Works Program outcomes, its success in moving participants out of poverty and toward self-sufficiency, and the requirement for the evaluation to provide specific, solution-based recommendations for program improvements. The State Auditor's evaluation of the Works Program will be presented to the Legislative Audit Committee and Welfare Oversight Committee in early December. All of the bills recommended this year pertain to the Colorado Works Program.

Committee Recommendations

As a result of committee discussion and deliberation, the committee recommends three bills for consideration in the 2000 legislative session.

Bill A — *Establishment of Additional Data Collection Requirements to Improve the Effectiveness of the Colorado Works Program.* This bill requires counties to report additional data on former Works Program participants to the Department of Human Services. For example, additional data is needed on the kinds of services that former participants continue to use after leaving the Works Program and the source of these services. The state department would then transmit the data to the Works Allocation Committee for use in making recommendations concerning county block grant adjustments.

Bill B — *Definition of Cash Assistance.* The bill changes the definition of the term "cash assistance" as used in the Colorado Works Program to conform to the definition of

"cash assistance" in federal regulations, which were published in the spring of 1999. The change is made to assure more consistency with the federal definition.

Bill C — Family Resource Centers. This bill permanently extends the Family Resource Centers Program, due to repeal on July 1, 2000. Under the bill, Family Development Centers would be changed to Family Resource Centers and would serve as a resource to participants in the Colorado Works Program. Centers would also assist individuals and families in applying for the Children's Basic Health Plan and Medicaid. The bill allows moneys for the operation of a family resource center to come from a county's Works Program block grant, or from moneys appropriated by the General Assembly out of federal welfare moneys available to the state.

STATUTORY AUTHORITY AND RESPONSIBILITIES

The passage of federal and state welfare reform legislation in 1996 and 1997 provided three significant changes: 1) it changed cash assistance for poor families with dependent children from an "entitlement" to a "block grant" subject to an annual appropriation process; 2) it created a "work-first" model of welfare reform in contrast to the previous Family Support Act model which emphasized education and training; and 3) it created definitive time limits (24 cumulative months in which to find a job or be judged job-ready; and a 60-month lifetime limit in which assistance can be received.)

The Colorado Works Program, effective July 1, 1997, replaced the former Aid to Families with Dependent Children (AFDC) and the JOBS Program. The Colorado Works Program provides the state the authority it needs to meet federal welfare reform requirements. The program also creates a work-first approach to reform that delegates or devolves most of the decision-making responsibility and authority for designing welfare reform in Colorado to the county level.

Pursuant to Section 26-2-722, C.R.S., the Legislative Welfare Oversight Committee has the responsibility of overseeing the Colorado Works Program and its implementation by the counties.

The committee consists of the members of both the House and Senate Health, Environment, Welfare, and Institutions Committees. The statute directs the oversight committee to:

- submit an annual report;
- summarize the aspects of the Colorado Works Program that have been considered and propose any recommended legislative changes; and
- make recommendations concerning how to allocate any funds that the state receives as an illegitimacy bonus reward from the federal government. In making its recommendations on this issue, the committee shall consider how to make allocations based upon individual counties' success in reducing illegitimacy.

COMMITTEE ACTIVITIES

Current Status of the Program

The Colorado Works Program started July 1, 1997, as required by statute. The Welfare Oversight Committee has met six times since it was created in 1997. When the Committee first met in October of 1997, the focus was on county implementation of welfare plans and any problems that counties were encountering. Representatives of the Colorado Department of Human Services (DHS), Colorado Counties, Inc., county departments of social services and advocates of Colorado Works Program clients have all testified on the status of the program. In its second and third years, the committee continued to receive updates on the status of the Colorado Works Program from the state and counties, as well as clients and advocates. The Committee also was briefed on the State Auditor's evaluation of the state's welfare program, and the federal illegitimacy bonus reward fund.

The committee received an update on the Colorado Works Program caseload statistics which indicates there has been a dramatic decrease in the number of individuals on welfare in Colorado. At the end of June 1999, there were approximately 14,000 cases, down from 26,000 in July of 1997. Total Works expenditures decreased from \$125 million to \$107 million in the past year. Some counties have used one time diversion monies to keep people off welfare. The committee discussed the need for good reporting by counties, building new information management systems, and getting more sophisticated about collecting data for the Works Program and former participants of the Program.

State Auditor's Evaluation of the Colorado Works Program

Senate Bill 98-185 required the Office of the State Auditor to oversee a longitudinal evaluation of the outcomes resulting from the Colorado Works Program, to evaluate its success in moving participants out of poverty and toward self-sufficiency, and to provide specific, solution-based recommendations for program improvements. The State Auditor released the request for proposal (RFP) for the evaluation on August 1, 1998, and a report is expected in December of 1999.

As part of developing the RFP, the state auditor sought input from the Welfare Oversight Committee, the Department of Human Services, Colorado Counties, Inc., individual counties that are not affiliated with Colorado Counties, national organizations, and representatives of advocate groups. The evaluation will focus on program outcomes. The following issues are included in the Colorado Works Program evaluation:

Population characteristics and demographics. The evaluation will identify and collect basic information on all Colorado Works Program participants, including demographic

information, welfare history, and characteristics that contribute to or inhibit employment success.

Preparing for employment. The evaluation will assess the success of the Works Program in preparing participant groups for employment by evaluating the assessment, case management, education, and training services provided by counties, employers, and other organizations.

Employment and self-sufficiency. The evaluation will assess the effectiveness of the Works Program in assisting participants with obtaining and retaining employment, moving out of poverty, and attaining self-sufficiency.

Quality of life for children and families. The evaluation will assess the impact of the Works Program on the well-being of participants and their children and families.

Statewide issues. The evaluation will assess the impact of the Works Program on issues of concern to state policy makers, such as 1) changes in the utilization of state-funded assistance programs in Medicaid, federally funded food stamps, child care, mental health, substance abuse, and children welfare programs; 2) changes in utilization of local programs and services, such as homeless shelters, food pantries, and other services provided by churches and charities; 3) the effectiveness of funding policies in addressing service gaps and moving participants toward employment; 4) the economic costs and benefits of bringing participants to self-sufficiency; 5) the performance of the Colorado Works Program compared with welfare reform programs operating in other states; and 6) participant attitudes toward work and their satisfaction with Works Program services.

Federal Illegitimacy Bonus Reward

Section 26-2-722, C.R.S., requires the Welfare Oversight Committee to make recommendations about how to allocate funds that the state receives as an illegitimacy bonus reward from the federal government. In making its recommendations, the Welfare Oversight Committee will make allocations based upon individual counties' success in reducing illegitimacy.

One incentive for states to reduce their out-of-wedlock birth rate is bonus money. Each year the federal government awards \$100 million annually nationwide to states that show the highest reduction in abortions and births to unmarried mothers. The award is split among these selected states and is based upon birth and abortion data for the state population as a whole, and not on data for the Colorado Works Program. In order to receive the bonus, states must compare consecutive two-year periods and prove that the decline is not caused by an increase in abortions. All states are then compared with each other in regard to how much the birth rates have decreased within each. In addition, states must also show that the number of abortions performed is less than the number performed in 1995, the baseline year.

Colorado's percentage of out-of-wedlock births increased by six-tenths of one percentage point when the ratio of out-of-wedlock births for 1996 and 1997 is compared to the ratio of such births for 1994 and 1995. The number of reported abortions in Colorado decreased in 1997 when compared to the index year of 1995. Reported abortions decreased from 9,384 in 1995 to 9,183 in 1997.

Colorado is not among the five states with the "largest proportionate decrease" in the rate of out-of-wedlock births because the state's illegitimacy rate has been significantly below the national percentage (more than 5 percentage points) since 1980. For example, in 1997, Colorado was 7.2 percentage points below the national percentage of births (25.2 percent vs 32.4 percent nationally); while the overall birth rate was almost the same as the national birth rate (14.4 percent in Colorado compared to 14.6 percent nationally). In other words, there is less room for "a proportionate decrease" in Colorado when compared to other states.

Additional Data and Reporting Requirements

Issue. Currently, the state department and counties are required to report data to the federal government that is focused primarily on tracking caseload numbers and fiscal expenditures, such as: the number of individuals in the family; race and educational status of each family member; employment status of all adults in the family; and any amount of unearned income received by the family. Little information is currently gathered about former participants of the Works Program. The committee decided collecting additional data would help improve the effectiveness of the program. For example, the additional information will give the state and counties timely information to help in the administration of the program during the five year restriction for receiving benefits.

Recommendation. Bill A is aimed at finding out more about former participants of the Works Program. For instance, under the bill, data would be collected about: 1) whether participants left the program voluntarily or were forced to leave, 2) what services the individuals continue to use after leaving the Works Program and what is the source of such services; and 3) whether the person has faced barriers to self-sufficiency, such as the inaccessibility of transportation. It is hoped that tracking more specific data about former participants will help improve their ability to realize self-sufficiency. This additional information will be another factor used by the Works Allocation Committee in identifying county levels of spending and making recommendations about the adjustment of county block grant. The state auditor's evaluation will also look at adults who leave the Works Program, and the additional data required by Bill A will be shared with the State Auditor.

Cash Assistance

Issue. After the passage of the 1997 Colorado Works Program, the federal government proposed regulations to identify by the use of the term "cash assistance" those cases that are subject to federal Temporary Aid to Needy Families (TANF) requirements, including work requirements and assignment of child support rights.

In reviewing rules passed by the State Board of Human Services, the Legislative Legal Services Committee said that statutory authority was lacking for such rules because "cash assistance" had not been defined in state statute. In 1999 the law was changed to provide a definition of "cash assistance," and to give the State Board flexibility to promulgate rules "as may be necessary to comply with changes in federal regulations." However, significant changes were made in the final federal rules published in the spring of 1999. The final regulation defining "cash assistance" differed enough from state law to prompt the Oversight Committee to propose Bill B in an attempt to assure more consistency with the federal definition.

Recommendation. Bill B conforms Colorado's definition of cash assistance to the federal definition.

Family Development Centers

Issue. A Family Development Center is a public-private initiative to provide a unified single point of entry where families can obtain information and services, receive an assessment of their needs, and be given a referral to available community and state programs. Family Centers are located in at-risk neighborhoods and hard to access areas. Services are individualized to meet the needs of families and children within each community that is served. The types of services include case management, parenting education, early childhood care and education, mental health, crisis counseling, family literacy, nutrition classes, job skills training, and transportation.

The law authorizing the Family Development Center Program will repeal on July 1, 2000. There are 21 centers throughout the state. The Welfare Oversight Committee learned that funding for the centers through the Family Issues Cash Fund is no longer available for future fiscal years. Approximately thirteen percent, or \$700,000, of the total funding for Family Development Centers came from the Family Issues Cash Fund. Centers had received funding through federal grants, money raised by the centers, general fund and the Family Issues Cash Fund. Advocates for the centers felt there was a connection with family development centers and the spirit of the Works Program. The goal of family resource centers is to help families become self-reliant and to achieve and maintain self-sufficiency in order to decrease dependence on welfare.

Recommendation. The committee decided to permanently continue the Family Development Center Program and clarify its funding sources. Bill C changes the name to Family Resource Centers. The bill allows TANF funds from a county's block grant for the Works Program, or moneys appropriated by the General Assembly out of federal TANF moneys available to the state, to be used to help pay for these centers. The bill also allows centers to serve participants of the Works Program, as well as help individuals and families in applying for the Children's Basic Health Plan and Medicaid.

SUMMARY OF RECOMMENDATIONS

As a result of the committee's activities, the following bills are recommended to the Colorado General Assembly.

Bill A — Additional Data Collection Requirements

This bill is aimed at measuring the successes and shortcomings of the Works Program by requiring counties to report additional data on former program participants to the Department of Human Services. This additional data will assist in the allocation of resources to help these former works participants achieve and sustain self-sufficiency. For example, additional data is needed on the kinds of services that former participants continue to use after leaving the Works Program and the source of these services. The state department would transmit all data collected to the Works Allocation Committee for use in identifying county spending levels and making recommendations concerning county block grant adjustments. The fiscal note indicates that the Department of Human Services should receive an appropriation of \$698,535 in federal TANF funds.

Bill B — Definition of Cash Assistance

The bill changes the definition of the term "cash assistance" as used in the Colorado Works Program to conform to the definition of "cash assistance" in federal regulations, which were published in the spring of 1999. In 1998, the Legal Services Committee said that the Department of Human Services did not have statutory authority to support rules passed by the State Board of Human Services to meet the requirement of then proposed federal regulations because "cash assistance" had not been defined in state law. Last session, House Bill 99-1089 defined "cash assistance" and gave the State Board flexibility to promulgate rules "as may be necessary to comply with changes in federal regulations." However, significant changes were made in the final rules published by the federal government. The final federal regulation defining "cash assistance" differed enough from the language in House Bill 99-1089 to prompt the committee to propose Bill B in order to assure more consistency with the federal definition.

The bill is assessed has having no fiscal impact.

Bill C — Family Resource Centers

The committee learned that the statute authorizing the Family Development Center Program will repeal on July 1, 2000. In addition, funding through the Family Issues Cash Fund for these centers is no longer available. Thus, legislation is needed for continuation of the program and clarification of funding sources. Under the bill, the reference to Family Development Centers is changed to Family Resource Centers. Bill C permanently extends the Family Resource Centers Program. The bill clarifies that Family Resource Centers serve vulnerable families and children, and are located in urban or rural areas and communities, and serve as a single entry point for many types of services. Under the bill, centers are allowed to serve as a resource to participants in the Colorado Works Program. In addition, Family Resource Centers assist individuals and families in applying for the Children's Basic Health Plan and Medicaid. Moneys for the Family Resource Center Program may come from a county's block grant for the Colorado Works Program, or from moneys appropriated by the General Assembly out of federal TANF moneys available to the state. The State Council on Family Resource Centers is required to make biennial reports to the General Assembly on the effectiveness of the Family Resource Center Program.

The fiscal note for Bill C indicates that the Department of Human Resources should receive a General Fund appropriation of \$700,000 for the Family Resource Centers.

RESOURCE MATERIALS

The resource materials listed below were provided to the committee or developed by Legislative Council staff during the course of the meetings. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver. For a limited time, the meeting summaries and materials developed by Legislative Council Staff are available on our web site at:

www.state.co.us/gov_dir/leg_dir/lcsstaff/1999/99interim.

Meeting Summaries

Topics Discussed

September 13, 1999	Status of Colorado Works Program State Auditor's Evaluation of the Colorado Works Program Family Development Centers Collection of Child Support Payments Payments to Aid to Needy Disabled Clients Welfare-to-Work Overview Ideas for Legislation
October 28, 1999	Works Allocation Committee Decisions Consideration of Proposed Legislation

Memoranda and Reports

Department of Human Services, Office of Self-Sufficiency, *Welfare Reform in Colorado, Presentation to the Legislative Welfare Oversight Committee*, Monday, September 13, 1999.

Family Development Center Information for the Welfare Oversight Committee, September 13, 1999.

Colorado Child Support Enforcement Progress Towards 1999 Goals, Department of Human Services, Division of Child Support Enforcement, September 1999.

A Request for Proposal to Evaluate the Colorado Works Program, Office of the State Auditor, August 1998.