Colorado Works Evaluation

2009 Annual Report

Prepared for: The Colorado Department of Human Services

Submitted by: The Lewin Group

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The Colorado Department of Human Services

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Executive Summary

In 2005, the Colorado Department of Human Services (CDHS) contracted with The Lewin Group and its partners, the University of Colorado's Health Sciences Center, the Johns Hopkins University's Institute for Policy Studies, and Capital Research Corporation, to perform an in-depth study of the Colorado Works program. This report is the final annual report of the Colorado Works Evaluation, presenting the findings from activities conducted during State Fiscal Year (SFY) 2009. The main findings are summarized in this Executive Summary.

A. Caseload Trends and Work Participation

- ***Breaking the pattern of several years of caseload declines, the monthly average caseloads increased in SFY 2009.***

For the first time since 2005, one-parent and two-parent average monthly caseloads did not have large decreases from the previous year. Between 2005 and 2008, the monthly average combined one- and two-parent caseload fell by an average of 2,000 cases a year. But between 2008 and 2009, the average monthly caseload increased somewhat. The one-parent caseload rose by an average of 96 cases. The two-parent monthly average caseload rose by 44 cases. Diversion cases continued the upward trend of recent years.

- ***Demographic characteristics remained relatively stable in SFY 2007 through SFY 2009.***

The percentage of one- and two-parent cases with disabilities had risen between SFY 2007 and SFY 2008, but there was little additional change in SFY 2009. Cases with disabilities make up 26 percent of one-parent cases and 28 percent of two-parent cases, up from 21 percent and 22 percent respectively in FY 2007. There have also been small changes in marital status during this period; the share of one and two-parent cases who were never married has fallen slightly since SFY 2007 (from 82 percent to 78 percent among one-parent cases), while the percentage of married cases rose slightly.

- ***Benefit amounts rose across all case types, but increases were largest for diversion payments.***

In January 2009, Colorado Works' monthly basic cash assistance amounts increased by 30 percent. The minimum grant amount was set to levels equal to approximately 30 percent of the 2008 (monthly) federal poverty level. At the time this analysis is being conducted, the increased BCA amount was in place for a little over six months, and average payments are up for all case types. BCA amounts for one- and two-parent families have seen modest increases, with the average BCA amount for one-parent families rising by $25 between SFY 2008 and SFY 2009, and the average amount for two-parent families rising by $44. Diversion amounts have seen larger increases; average county diversion payment amounts rose by $435, 28 percent, and average state diversion amounts rose by $565, or 46 percent of the original average amount.

- ***In recent months, Colorado Works has seen an uptick in new clients.***

In 2009, the share of the one-parent caseload with zero to three months on their TANF clocks rose from 15 percent to 21 percent. The two-parent caseload with zero to three months on their clocks rose from 36 percent to 46 percent. The new clients may reflect the consequences of the weak labor market.

- ***The work participation rate in Colorado declined during the first half of FFY 2009***.

Specifically, among non-teenage one-parent families, there was a decline in the number of families meeting the work participation requirements. This decline was the first time over the period covered by this study (FFY 2005 through FFY 2009) that these groups experienced declines in the percentage meeting the work participations requirements. The data suggest that the increase in those not meeting work participation requirements is due to an increasing share of cases having no recorded participation hours whatsoever, rather than cases with some participation but an insufficient number of hours.

B. Employment Outcomes of Colorado Works Participants and Leavers

- ***Based on analysis of Unemployment Insurance (UI) earnings records, about one third of current Colorado Works recipients engage in unsubsidized employment in each quarter, but the share decreased sharply during the poor labor market of early 2009***.

Between 2005 and 2008, between 31 percent and 38 percent of Colorado Works recipients worked in the same quarter in which they received payments, according to UI earnings records. (The quarterly data do not show whether they were enrolled in Colorado Works at the same time that they were working.) However, there have been declines since the second half of 2007 and in the first quarter of 2009 – concurrent with a spike in the state's unemployment rate – the percentage working fell to 21 percent. Median quarterly earnings are low, ranging from about $950 to somewhat over $1,200 in the period considered.

- ***A little more than half of Colorado Works clients who exit the program work in the following quarter.***

On average, about 55 percent of those who left Colorado Works in 2005 through 2007 worked in the quarter after they left. Rates declined among those who left in 2008, and among those who left the program in the in the last quarter of 2008, only 40 percent worked in the following quarter. This employment rate is somewhat lower than the employment rate of Colorado Works leavers in the previous recession, as shown in a report by Berkeley Policy Associates.

- ***About three quarters of individuals who leave Colorado Works work in the year they exit; their employment rates decline somewhat over time.***

Of individuals who left Colorado Works in 2005, 72 percent had earnings within their first year after leaving. By the third year after leaving, their employment rate had fallen to 66 percent. (These figures do not extend to 2009, and thus do not reflect the recession's most pronounced impact on employment.) Median earnings of those working increased 40 percent between the first and third years after exiting Colorado Works.

C. Welfare Leavers in Colorado

Chapter IV of this report summarizes findings from *Welfare Leavers in Colorado*, a 2009 report that explores why former welfare recipients in Colorado left the Colorado Works program and how they fare after exiting. Findings rely primarily on data from a survey of 494 individuals who had been on one-parent Colorado Works cases and left the program during the first three months of 2007. The findings include:

- ***Only about one in ten individuals who stopped receiving cash assistance through Colorado Works returned to welfare.***

Eleven percent reported that they received cash welfare again (in Colorado or another state) between when they left Colorado Works and the time of the survey. The reasons they gave for returning varied; most cited lack of employment, insufficient earnings, becoming pregnant or having a child, or health problems.

- ***Most former Colorado Works recipients were living in poverty, though a small minority lived in moderate-income households.***

The survey asked former Colorado Works recipients about the income they and others in their household received in the prior month. The average monthly household income, including food stamp benefits, was $1,809. Nearly two thirds of leavers were living in households at or below the poverty threshold at the time of survey. Most others lived in households with incomes (excluding food stamp benefits) below 200 percent of the poverty line, but 10 percent of leavers lived in households with higher incomes.

- ***A large majority of welfare leavers have worked since exiting Colorado Works; most earned low wages, though there is some diversity in the amounts earned.***

Of those surveyed, 83 percent had worked since leaving welfare, including 53 percent who were working at the time of the survey. Median hourly wages of those who worked were slightly below $9.25 – higher than minimum wage, but barely above the poverty threshold for a parent with two children if worked full time.

- ***Former Colorado Works recipients' responses indicated a range of well-being outcomes, including continuing hardship among a number of families.***

Half of the sample of leavers were food insecure—i.e., their ability to acquire adequate food was limited or uncertain, as measured by a scale developed by the U.S. Department of Agriculture – including 28 percent categorized as having very low food security. About one third of leavers reported sometimes or often falling behind in housing payments during the year prior to the survey, and nearly a quarter said they had to move because of unaffordable housing.

- ***More than one third of leavers were neither working nor on welfare; 13 percent were "chronically disconnected" from the labor market and the welfare system.***

At the time of the survey, 37 percent of the sample were not receiving TANF benefits or earnings from work; this group is referred to as "disconnected" welfare leavers. A more disadvantaged group, the "chronically disconnected," is made up of leavers who did not work in the past year, did not receive any TANF or SSI income, and did not have a spouse who had earnings. This group represents 13 percent of leavers in the sample, and had particularly low incomes and high incidences of very low food security.

D. Service Delivery

In the summer and fall of 2008, site visits were conducted to the Colorado Works offices in Broomfield, Denver, Mesa, Montrose, Pueblo, and Rio Grande. This report presents thoughts and reflections of program administrators and staff as of that period. They may not reflect the current views of program administrators/staff currently as of the summer 2009, when this report was issued. However, Chapter V of this report summarizes the results of the site visits conducted in 2008 because some of the issues raised continue to be of concern even in times of steep economic decline and may, when better economic times return, re-surface. Among the findings presented in that chapter are:

- ***Counties had a mixture of fiscal concerns.***

Many were apprehensive that steadily accumulating Colorado Works reserve funds meant that the state may in the future re-capture some or all of these reserve funds if they were not spent. But despite steadily accumulating reserve funds in most of the counties visited, administrators voiced some concerns over the potential for their Colorado Works programs facing gradually deteriorating fiscal conditions in 2009 and following years. Some administrators noted that economic conditions could rapidly deteriorate in the future (and had recently already begun to do so), quickly pushing up the number of TANF, food stamp, and Medicaid applicants and creating fiscal imbalances between program budgets and expenditures.

- ***County administrators identified a number of common service delivery issues of concern affecting current operations.***

They include: (1) declining BCA cases, but, in some counties, rising Food Stamps caseload and office workload, (2) rising costs in Child Care, Child Welfare, and Juvenile Justice, (3) increasing share of BCA cases that are child-only and adults facing serious barriers to employment, and (4) pressure to spend down Colorado Works reserves.

- ***In recent years, many counties had implemented a variety of new work and support initiatives for working low-income families and at-risk youth and families.***

There was some increased focus on work participation, in part due to increased requirements within the Deficit Reduction Act. Examples of new work supports include: (1) some restructuring of service components and hours to increase "countable" activity, (2) considering non-MOE coding to help with work participation rate calculations, and (3) reconsidering diversion strategies.

- ***Counties increased prevention efforts to better support families in their efforts to transition from TANF.***

Counties used non-MOE funds, family stabilization initiatives, and diversion to fund a range of post-program services to help families and individuals retain employment and make the transition to self-sufficiency.

- ***Counties have been increasing special services.***

They have been both contracting out and adding professional staff to DSS program offices, including therapists, psychiatrists, substance abuse treatment, housing advocates, and family services. These services were provided on a one-on-one basis to individuals or families based on special needs after a careful and thorough assessment. The aim was to help individuals or families to overcome especially difficult obstacles to employment and achieving self-sufficiency.

- ***County administrators identified a number of unresolved concerns with respect to their service delivery systems.***

These included: (1) concern over how to implement non-MOE options and diversion policies, (2) difficulties with client documentation and implementation of immigration provisions, (3) concerns about how best to serve TANF-eligible but unenrolled families and child-only cases, (4) mounting challenges of balancing stronger work participation requirements with providing services, and (5) increasing workload pressures in the areas of food stamp and child welfare workload pressures.

I. Introduction

A. Background on the Colorado Works Evaluation

This annual report presents the findings from the Colorado Works Evaluation from activities conducted during State Fiscal Year (SFY) 2009. In 2005, the Colorado Department of Human Services (CDHS) contracted with The Lewin Group and its partners, the University of Colorado's Health Sciences Center, the Johns Hopkins University's Institute for Policy Studies, and Capital Research Corporation, to perform an in-depth study of the Colorado Works program.

In Colorado, each of the 64 counties has significant autonomy and discretion in the design and implementation of Colorado Works, the state's Temporary Assistance for Needy Families (TANF) program. This level of county control is due in large part to the diversity within the state and helps counties design local policies that reflect the specific needs of residents. The study was designed to focus on the range of policies and strategies that various county programs have implemented across the state, highlight promising strategies, and provide information on the outcomes of Colorado Works clients statewide.

Research objectives of the evaluation include:

- Providing descriptive information on Colorado Works clients, including
    - General characteristics
    - Activities and services in which they participate
    - Employment and other outcomes
- Analyzing the extent to which clients and county Colorado Works programs interact with other key programs; and
- Identifying potentially promising strategies and approaches.

B. Background on the Colorado Works Program

In order to provide contextual information for this report's findings, this section outlines some of Colorado's broad state policies related to Colorado Works. These include eligibility criteria and benefits, time limits, work participation requirements, sanctions and diversions. The information draws from both state-level information found in the Colorado Department of Human Services' (CDHS) TANF plan as well as the local policies described in the county plans.

1. Eligibility Criteria and Benefit Levels

The state sets uniform statewide basic eligibility criteria and minimum levels of basic cash assistance (BCA). In order to be eligible for BCA, an adult-headed household of three cannot have more than $6,132 in earnings each year and no more than $15,000 in assets.[1] In child-only BCA cases, or cases in which no adult is included on the TANF cash grant, the caretaker's income and assets are not considered in determining eligibility for TANF. The most common reason why an adult is excluded from the case is that the child is living with a relative who does not have financial responsibility under the law to support the child. In other cases, the child might be living with the parent, but the parent is receiving Supplemental Security Income (SSI) or is ineligible for TANF due to the parent's immigration status.

Senate Bill 08-177 allowed for 2009 basic cash grant amounts to increase by up to thirty percent. The increase set the new current minimum grant amount at approximately thirty percent of the federal poverty level. The standard benefit for a family of three is $462 per month, increased from the previous grant amount of $356 per month. However, counties may pay additional benefits and incentives to recipients above the basic benefit level.

2. Time Limits

For regular cash assistance, adults are limited to 60 months of federally-funded TANF assistance during their lifetime. Up to 20 percent of the state caseload funded with federal assistance may receive an extension beyond the 60 months, but extended cases must meet hardship or domestic violence criteria.

The state-established hardship reasons are: disability of the caretaker, children, or relatives; involvement in the judicial system; current or past domestic violence issues; instability that may include a caretaker with proven inability to maintain stable employment; inadequate or unavailable child care, housing, transportation, or employment opportunities; or other hardship reasons specified in a county plan.

In addition, there is a work trigger limit at 24 months. This requirement is a federal provision that requires adults to participate in a work activity by month 24 or risk case closure.

3. Work Participation Requirements

Federal rules require that Colorado Works have 50 percent of recipient families and 90 percent of two-parent families fulfilling their work participation requirements. The participation rates that the state must meet only apply to "work-eligible" cases, which do not include certain cases, such as those where all adults who might otherwise be working are caring for a family member with a disability and child-only cases where the child is not living with a work-eligible adult. In addition, the state is permitted to "disregard" from the calculation certain work-eligible cases when they are not fulfilling work participation requirements (and would therefore count against the state's rate). Examples of cases that can be disregarded include those with a single work-eligible parent who is caring for a child under the age of one (which may be disregarded from the work participation calculation for up to twelve months), and some cases in sanction status.

[1] One vehicle per household is excluded from the calculation.

Federal law allows a credit against the work participation rates for reductions in a state's caseload. This caseload reduction credit reduces the rate a state must meet by a number of percentage points equal to the percentage by which the state's caseload declined from its level in a base year defined in the law. For example, a state that reduced its caseload by 40 percent since the base year would only need to realize a 10 percent work participation rate instead of a 50 percent rate. TANF's reauthorization through the Deficit Reduction Act (DRA) had a major impact on the work participation rate states have to meet by resetting the base year for calculating the caseload reduction credit. Before DRA, the base year was Federal Fiscal Year (FFY) 1995, and many states faced an effective participation requirement of zero due to caseload declines that occurred in the late 1990s and early 2000s. DRA reset the base year to FFY 2005, meaning that those declines no longer contribute to the caseload reduction credit, which consequently has raised the target participation rates for states.[2]

4. Sanctions

Financial sanctions in the Colorado Works system include formal sanctions, 24-month case closures, and case closures for demonstrable evidence. While sanctions range from partial grant reductions to cash assistance termination, all penalties aim to deter program non-compliance.

Formal sanctions address three types of program non-compliance: (1) failing to comply with the terms and conditions of an individual responsibility contract (IRC), (2) failing to cooperate with Child Support Enforcement, or (3) having dependent child(ren) living in the home that are not immunized. The sanction process proceeds as follows:

- The first sanction is 25 percent of the assistance unit's cash grant for a period of not less than one month, but not more than three months. It remains in effect until cured. Sanctions not cured by the end of the sanction period progress to the second sanction level.

- The second sanction is 50 percent of the case's cash grant for a period of not less than one month, but not more than three months. Second sanctions not cured by the end of the sanction period progress to the third sanction level.

- The third sanction results in termination of cash assistance for a period of not less than three months, but not more than six months. If a participant reaches the third sanction level, all subsequent sanctions are at the third level.

In addition to formal sanctions, case managers can employ 24-month case closures to deter program non-participation. Based on rules set by CDHS, clients who have received 24 or more months of assistance must participate in program activities or their case will be closed and their

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[2] The American Recovery and Reinvestment Act of 2009 (ARRA) included a provision to hold states harmless with regards to the caseload reduction credit for caseload increases that have occurred during the recession. In particular, a state whose caseload has risen after federal fiscal years 2007 or 2008 can calculate the caseload reduction credit for 2009, 2010, and/or 2011 based on the reduction in one of those earlier years instead of the prior year they would normally use if it increases the credit available to them.

cash assistance terminated. In order to close cases for more specific non-compliance, counties can choose to utilize case closures for demonstrable evidence. Case managers can close cases and terminate cash assistance in response to client non-compliance with any parts of the client's IRC in a more timely fashion than the sanction process.

5. Diversion Programs

The state authorizes two types of short-term assistance payments: state diversion and county diversion. Diversion provides a lump sum payment for clients and precludes them from applying for TANF benefits for a specified number of months. Participants must demonstrate that they have a need for a specific item or type of assistance but otherwise will be able to sustain themselves and their families via employment. State diversion assistance is intended for those who qualify for BCA, but who may not need ongoing cash assistance. County diversion assistance operates similarly but has broader eligibility in order to serve families ineligible for BCA. The benefits and services must support the purposes of TANF and receipt of any benefit or service is subject to county policy and the availability of funds.

C. Purpose of this Report

This report is the final annual report of the Colorado Works Evaluation. Topics covered in this report address each of the key research questions outlined by the evaluation using the most recently available data. Questions addressed in this report include:

- Who is receiving cash assistance and other services in the Colorado Works program and how do their characteristics vary over time and across the state?
- How many clients does Colorado Works serve each year? How much time do clients spend on Colorado Works?
- How do current and former Colorado Works clients fare in terms of employment and earnings?
- What reasons do former recipients of Colorado Works give for exiting the program? How do they fare in terms of income, poverty, employment, and well-being?
- What types of service delivery and administration strategies are used by counties and how do they vary? What types of innovative strategies are counties using across the state?

1. Data Sources

The key data sources for this report are state administrative data, a survey of former recipients of Colorado Works, and interviews with county program administrators. Additional data were collected from secondary sources such as economic and demographic information from federal agencies.

Collection and analysis of state administrative data. As part of the evaluation, a longitudinal file was created that follows Colorado Works clients over time and tracks their characteristics, services, and outcomes. Figures presented within this report cover a period as recent as the first quarter of 2009, and reflect some of the impact of the recent economic downturn. Information comes from the following data sources:

- The Colorado Benefits Management System (CBMS) and historical data from the "legacy" information systems it replaced; and
- Unemployment Insurance (UI) wage records.

A survey of Colorado Works leavers. Lewin contracted with Survey Research Management (SRM) in Boulder, CO, to conduct a survey of former Colorado Works recipients. Lewin designed the survey. Its questions focused on demographic information, reasons for leaving Colorado Works, household composition, employment, job characteristics, income, participation in other government programs, educational attainment, and general well-being. The survey was administered to a sample of one-parent Colorado Works cases who left the program during the first three months of 2007. SRM administered the survey between August and November of 2008, which was between 17 and 23 months after the individuals surveyed had left Colorado Works. Findings from the survey are the basis of the report *Welfare Leavers in Colorado*, and are summarized in Chapter IV of this report.

Site Visits. Study team members conducted a final set of site visits to six counties during August through October 2008. The counties visited include Broomfield, Denver, Mesa, Montrose, Pueblo, and Rio Grande. The visits focused on program structure; services and service delivery; initiatives and program innovations; operational implications of the Deficit Reduction Act (DRA) changes; operational implications of immigrants and immigrant policies; caseload trends; fiscal trends; and perceptions regarding future directions . Chapter V summarizes findings from these site visits.

2. Structure of the Report

The remainder of this report summarizes findings from evaluation activities performed in SFY 2009. It is divided into five chapters:

Chapter II: Caseload Trends and Work Participation examines patterns of TANF receipt among Colorado Works clients; recent trends in the Colorado Works caseload, including increases in caseloads in recent months; and changes in work participation.

Chapter III: Employment Outcomes of Colorado Works Participants and Leavers examines trends in employment rates among Colorado Works recipients.

Chapter IV: Welfare Leavers in Colorado summarizes findings from a survey of former Colorado Works recipients on their demographic characteristics, reasons for leaving the program, income, employment, and well-being.

Chapter V: Service Delivery uses site visits and interviews with county administrators and staff to look at program operations and service delivery.

This report will be the last report produced as part of the Colorado Works Evaluation. All prior reports are available on the CDHS website (http://www.colorado.gov/cs/Satellite/CDHS-ColoradoWorks/CCW/1236860353280) and on The Lewin Group's website. Text Box I.1 lists the prior reports.

Text Box I.1: Other Publications from this Evaluation

Findings from County Survey (October 2005) provides information on local organization and staffing approaches, activities and services, family services, and innovative policies and initiatives, based on a 2005 survey of county Colorado Works directors.
http://www.lewin.com/content/publications/3426.pdf

Serving the Hard-to-Employ in Colorado (June 2006) documents the variation in strategies counties use to serve the hard-to-employ population and highlights potentially promising strategies. The report focuses on seven barriers affecting welfare recipients' ability to succeed in the job market: physical disabilities, limited education and learning disabilities, mental health, substance abuse, domestic violence, limited English skills, and homelessness.
http://www.lewin.com/content/publications/3420.pdf

Program Coordination and Collaboration in the Colorado Works Program (June 2006) examines a variety of cross-agency collaboration and coordination strategies used by county Colorado Works programs across the state. The report focuses on partnerships with local Workforce Centers and other community organizations to obtain employment, education, and training services, and collaboration with other public agencies and private organizations to obtain a wide array of support services, child care, child welfare, other family services, housing assistance, disability-related assistance, and transportation assistance.
http://www.lewin.com/content/publications/3421.pdf

Employment Services and Employer Interaction in Colorado Works Programs (June 2006) describes employment services in local Colorado Works programs, particularly strategies that involve interaction with employers and industries, highlighting approaches that may be of interest to other counties.
http://www.lewin.com/content/publications/3422.pdf

Family and Preventative Services in Colorado (June 2006) highlights innovative county approaches to providing family and preventative services. It focuses on strategies counties use to prevent out-of-home placements, improve child well-being, and break the cycle of poverty and future welfare receipt.
http://www.lewin.com/content/publications/3424.pdf

Text Box I.1 (cont'd)

Colorado Works Program Evaluation 2006 Annual Report (September 2006) focuses on Colorado Works policies, state and local socioeconomic patterns, service delivery strategies and practices, and caseload characteristics and trends.
http://www.lewin.com/content/publications/3470.pdf

Entry-Level Employers in Colorado: Results from a Survey of 25 Employers (August 2007) presents findings from interviews with 25 employers in nine Colorado counties, examining Colorado employers' experiences with welfare recipients they have hired for low-skill, entry-level jobs.
http://www.lewin.com/content/publications/3885.pdf

Findings from Focus Groups Conducted with Colorado Works Applicants and Participants summarizes findings from 15 focus groups with TANF applicants, current recipients and former recipients in Colorado. The focus groups provided information on clients' experiences while receiving assistance and how participation in Colorado Works services contributed to their long-term self-sufficiency.
http://www.lewin.com/content/publications/3887.pdf

Colorado Works Evaluation 2007 Annual Report (October 2007) covers characteristics of the Colorado Works caseload, fiscal trends, work participation rates, Colorado Works clients' use of child care and other supportive services, and employment outcomes of Colorado Works clients.
http://www.lewin.com/content/publications/3884.pdf

Colorado Works Program Expenditure Trends and Patterns at the County Level (December 2007) presents general trends in Colorado Works spending between 2000 and 2006, as well as an analysis of county expenditures of Colorado Works funds, including BCA, non-cash assistance, and reserve amounts.
http://www.lewin.com/content/publications/3886.pdf

Understanding Program Participation: Findings from the Colorado Works Evaluation (December 2007) examines Colorado Works work participation activities and strategies, diversion policies among Colorado's counties, and sanctioning practices observed in Colorado.
http://www.lewin.com/content/publications/3423.pdf

Key Features of Colorado Works in Comparison to Other State TANF Programs (April 2008) places the state's TANF program into a national context by comparing Colorado Works with other state TANF programs. Colorado Works is compared with other states on the following dimensions: eligibility requirements, TANF benefits, time limits, work requirements and incentives, diversion policies, and TANF caseload trends.
http://www.lewin.com/content/publications/COWorksComparativeStudy.pdf

A Statistical Analysis of the Colorado Works Caseload Trend (December 2008) presents the results of a statistical model developed to better understand how changes in various factors impact the size of the caseload. Factors hypothesized to influence the caseload size include changes in the economy, changes in welfare policy, and other local and programmatic changes affecting Colorado Works.
http://www.lewin.com/content/publications/CaseloadModelingReport.pdf

Text Box I.1 (cont'd)

Colorado Works Program Evaluation 2008 Annual Report (December 2008) presents findings on caseload trends, work activity participant rates, employment and earnings outcomes of welfare participants, county policies from a survey of county TANF directors, and interactions with other social services agencies.
http://www.lewin.com/content/publications/2008COWorksEvalAnnualReport.pdf

Research Brief: Disconnected Welfare Leavers in Colorado (March 2009) provides analysis on welfare recipients who left welfare but were not working in 2008. The brief addresses reasons for leaving TANF, sources of income, employment history, and overall well-being.
http://www.lewin.com/content/publications/WelfareLeaversResearchBrief.pdf

Research Brief: Employment Experiences of Colorado Works Recipients as Measured Using Administrative Data (April 2009) provides analysis of employment and earnings outcomes of individuals who received welfare in Colorado since 2005, based on wage records from Colorado's Unemployment Insurance Program.
http://www.lewin.com/content/publications/EmploymentExperiencesRschBrief.pdf

Research Brief: Broader Uses of the TANF Block Grant (July 2009) outlines ways in which counties may use their TANF funds to assist needy families in their communities and highlights promising practices and strategies from across the state.
http://www.lewin.com/content/publications/TANFBlockGrantRschBrief.pdf

Welfare Leavers in Colorado (July 2009) presents findings from a survey of individuals who left Colorado Works in early 2008 regarding the circumstances of the program's leavers, including their reasons for leaving, employment status, sources of income, receipt of other benefits, and overall well-being.
http://www.lewin.com/content/publications/COWelfareLeaverReport.pdf

II. Caseload Trends and Work Participation

This chapter examines patterns of benefit receipt among Colorado Works clients and recent trends in the Colorado Works caseload. Topics reviewed include the Colorado Works caseload size, demographic characteristics of the caseload, the size of benefit amounts, client tenure and welfare spell lengths, and experiences of welfare leavers. In addition, the chapter reviews these topics in light of new Colorado legislation to raise basic cash assistance (BCA) amounts and of the current recession. The analysis presents statistics on all major categories of cases: one-parent BCA, two-parent BCA, child-only BCA, county diversion, and state diversion.

Key findings from this report include:

- **Breaking the pattern of several years of caseload declines, the monthly average caseloads increased in SFY 2009.** For the first time since 2005, one-parent and two-parent average monthly caseloads did not have large decreases from the previous year. Between 2005 and 2008, the monthly average combined one- and two-parent caseload fell by an average of 2,000 cases a year. But between 2008 and 2009, the average monthly caseload increased somewhat. The one-parent caseload rose by an average of 96 cases. The two-parent monthly average caseload rose by 44 cases. Diversion cases continued the upward trend of recent years.

- **Demographic characteristics remained relatively stable in SFY 2007 through SFY 2009.** The percentage of one- and two-parent cases with disabilities had risen between SFY 2007 and SFY 2008, but there was little additional change in SFY 2009. Cases with disabilities make up 26 percent of one-parent cases and 28 percent of two-parent cases, up from 21 percent and 22 percent respectively in FY 2007. There have also been small changes in marital status during this period; the share of one and two-parent cases who were never married has fallen slightly since SFY 2007 (from 82 percent to 78 percent among one-parent cases), while the percentage of married cases rose slightly.

- **Benefit amounts rose across all case types, but increases were largest for diversion payments.** In January 2009, Colorado Works' monthly basic cash assistance amounts increased by 30 percent. The minimum grant amount was set to levels equal to approximately 30 percent of the 2008 (monthly) federal poverty level. At the time this analysis is being conducted, the increased BCA amount was in place for a little over six months, and average payments are up for all case types. BCA amounts for one- and two-parent families have seen modest increases, with the average BCA amount for one-parent families rising by $25 between SFY 2008 and SFY 2009, and the average amount for two-parent families rising by $44. Diversion amounts have seen larger increases; average county diversion payment amounts rose by $435, 28 percent, and average state diversion amounts rose by $565, or 46 percent of the original average amount.

- **In recent months, Colorado Works has seen an uptick in new clients.** In 2009, the share of the one-parent caseload with zero to three months on their TANF clocks rose from 15 percent to 21 percent. The two-parent caseload with zero to three months on their clocks rose from 36 percent to 46 percent. The new clients may reflect the consequences of the weak labor market.

- **The work participation rate in Colorado declined during the first half of FFY 2009**. Specifically, among non-teenage one-parent families, there was a decline in the number of families meeting the work participation requirements. This decline was the first time over the period covered by this study (FFY 2005 through FFY 2009) that these groups experienced declines in the percentage meeting the work participations requirements. The data suggest that the increase in those not meeting work participation requirements is due to an increasing share of cases having no recorded participation hours whatsoever, rather than cases with some participation but an insufficient number of hours.

A. Caseload Trends

Since the creation of Colorado Works in July 1998, BCA caseloads have been in a process of long-term decline. SFY 2008 saw the lowest level of BCA cases since the implementation of Colorado Works. However, there have been caseload increases more recently during the recession. ***Exhibit II.1*** presents the one-parent caseload between September 2004 and January 2009.[3] It shows that the one-parent caseload started to increase in July 2008. Between the lowest caseload levels in June 2008 and January 2009, the one-parent caseload rose 26 percent. This increase occurred during a period of rising unemployment; the state unemployment rate has been rising since mid-2007, and was 3 percentage points higher in January 2009 than it had been in April 2007. Since then, it has risen another percentage point to 7.6 percent in June 2009.

The Lewin Group's 2008 report *A Statistical Analysis of the Colorado Works Caseload* points to the unemployment rate as a key factor affecting the size of the one-parent and two-parent caseloads.[4] The recent caseload increase, following several months of rising unemployment, is consistent with that study's finding that the caseload in a given month is affected by the unemployment rate from up to 24 months earlier, and the more recent sharp rises in unemployment suggest that caseloads may continue increasing for some time.

[3] January 2009 is the most recent month for which caseload data is available and not likely to be revised significantly due to retroactive changes to payments.

[4] Barnow, Burt S., and Mike Mueller. 2008. *A Statistical Analysis of the Colorado Works Caseload Trend.* Falls Church, VA: The Lewin Group.

Exhibit II.1: One-Parent Caseload Trends and State Unemployment

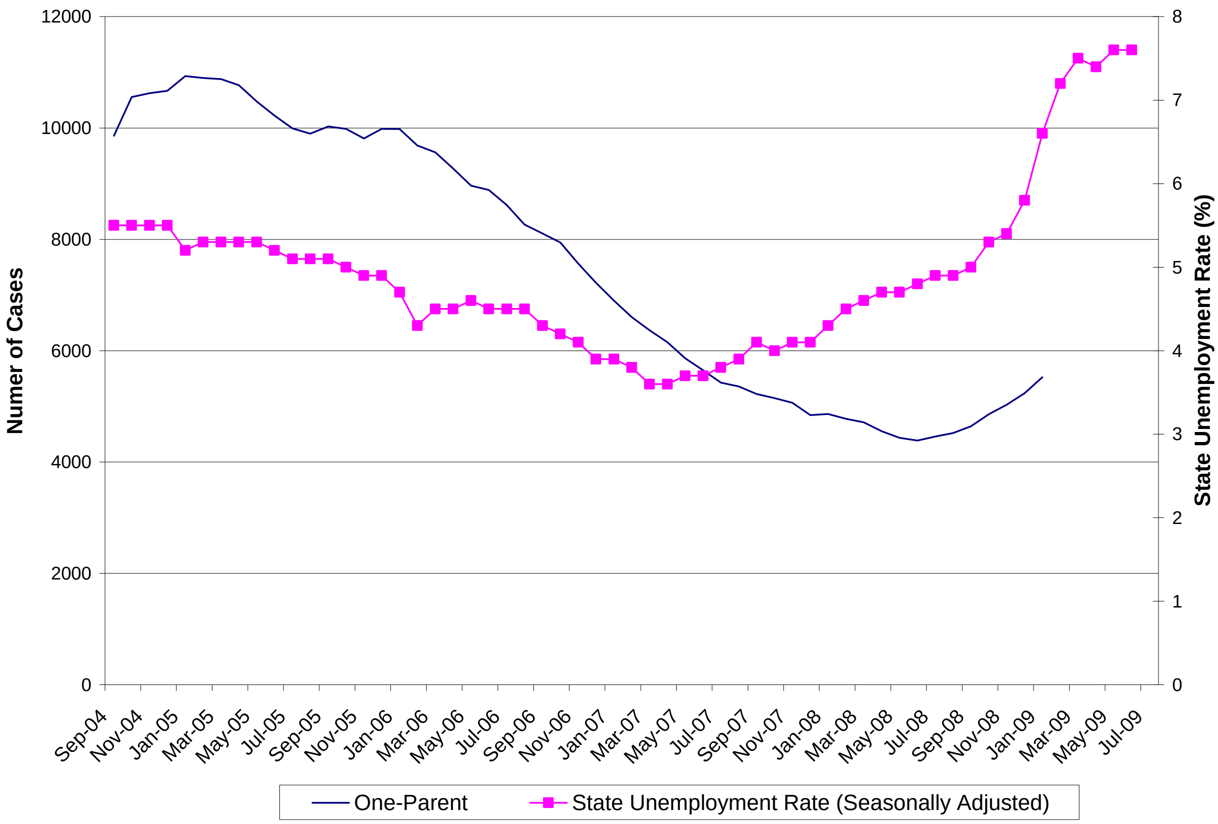


Exhibit II.2 offers a comparison of caseload trends across case types and years. It illustrates the decline in BCA cases that Colorado Works had been seeing in recent years, as well as a slow rise in diversion cases. Average monthly caseloads in SFY 2009 were higher than in the previous year in each category except child-only cases. Average monthly caseloads among one-parent caseloads rose by 96 cases per month, and among two-parent cases rose by 44 cases per month. These increases in one-parent and two-parent caseloads followed three years of decreases that (combined) averaged more than 2,000 cases per year. Child-only cases changed very little in SFY 2009, following several years of modest declines.

The increases in diversion cases continue a trend that had been occurring for several years. Average monthly cases of state diversion rose by 20 percent in SFY 2009 – a similar rate to how quickly it had been increasing since 2005 – and county diversion cases rose by 36 percent, somewhat faster than in recent years. Measured as a percent of the one- and two-parent caseloads, diversion cases in 2009 represent 7.6 percent, almost five times their size relative to the overall adult BCA caseload size that they made up in 2005.

Exhibit II.2: Monthly Caseload Trends, 2005-2009

	One-Parent	Two-Parent	Child Only	State Diversion	County Diversion
2005 Monthly Average Caseload	10,588	1,148	5,587	117	72
2006 Monthly Average Caseload	9,670	1,095	5,433	150	76
2007 Monthly Average Caseload	7,104	704	5,086	201	71
2008 Monthly Average Caseload	4,899	417	4,731	249	83
2009 Total Monthly Caseload					
June	4,388	366	4,591	258	114
July	4,457	343	4,579	347	183
August	4,520	345	4,653	325	151
September	4,642	362	4,706	347	122
October	4,859	411	4,759	337	130
November	5,029	446	4,720	334	112
December	5,236	509	4,720	291	109
January	5,525	574	4,779	331	87
February*	5,524	603	4,799	205	74
March*	5,166	555	4,684	175	53
2009 Monthly Average Caseload (months available to date)	4,995	461	4,711	299	113

Note: Average monthly caseloads for February and March 2009 may be revised upward.

B. Demographic Characteristics

For the most part, demographic characteristics remained stable between SFY 2009 and the previous few years. ***Exhibit II.3*** shows that between SFY 2007 and SFY 2008, rates of disability in the one-parent caseload rose by 4.5 percentage points and disability for the two-parent caseload rose 7.5 percentage points, but between SFY 2008 and SFY 2009 the percent of cases with disabilities changed very little; disability rates among the one-parent cases rose by less than a percentage point, and among two-parent cases decreased by 1 percentage point to 28 percent. There have also been small changes in marital status. The share of one and two-parent cases who were never married has fallen slightly since SFY 2007, while percent of married cases rose.

There are some differences between the demographic characteristics of one-parent and two-parent cases. About 93 percent of one-parent cases are headed by a female, while 80 percent of two-parent cases are female-headed-households. One-parent cases are also much more likely to have never been married than two-parent cases. For 2009, about 80 percent of one-parent cases were never married, and about 50 percent of two-parent cases were never married. One-parent cases tend to be younger than two-parent cases. In SFY 2009, 34 percent of one-parent cases were between the ages of 18 and 24, while 29 percent of two-parent cases were between 18 and 24. About 27 percent of one-parent cases were over 35 years old, compared to 31 percent of two-parent cases.

In general, one-parent cases have fewer children and older children than two-parent cases. In SFY 2009, 44 percent of one-parent cases had one child on the case, compared to 33 percent of two-parent cases with one child. Two-parent cases were also much more likely to have three or more children on the case than one-parent cases (38 percent compared to 23 percent). In SFY 2009, 59 percent of one-parent cases had children under 3 years old and 68 percent of two-parent cases had children younger than three years.

Exhibit II.3: Average Monthly Characteristics of Colorado Works BCA Adult-Headed Cases, SFY 2007 – SFY 2009

	SFY 2007		SFY 2008		SFY 2009	
	One-Parent	Two-Parent	One-Parent	Two-Parent	One-Parent	Two-Parent
Head of Household Characteristics						
Female (%)	93.7	79.6	93.5	80.4	93.4	77.4
Marital Status (%)						
Never Married	82.3	55.1	79.9	52.1	78.0	49.5
Married	6.1	38.7	7.0	40.3	7.9	42.3
Other	11.6	6.2	13.1	7.6	14.1	8.1
Age (%)						
18-24 years	34.0	28.8	33.1	26.2	33.7	29.4
25-34 years	38.4	39.5	38.8	40.9	39.5	39.3
35 or more years	27.6	31.7	28.1	32.9	26.7	31.3
One or more disabilities (%)	20.6	22.1	25.3	29.4	26.0	28.2
Case Characteristics						
Number of children on case (%)						
None	3.6	0.3	4.1	0.2	4.1	0.3
One	43.8	29.8	42.8	31.5	43.6	33.0
Two	29.8	32.3	29.4	30.8	29.0	29.2
Three or more	22.9	37.5	23.6	37.5	23.4	37.5
Age of youngest child (%)						
Under 1 year	21.9	31.3	23.1	30.6	23.3	32.6
1 to 3 years	35.7	36.1	35.5	38.1	35.4	35.7
4 to 5 years	12.1	10.1	11.8	8.1	12.4	8.6
6 years or older	30.3	22.5	29.6	23.2	28.9	23.1
Average Monthly Number of Families	7,104	704	4,899	417	4,995	461

Child-only case demographic characteristics have also remained stable between 2007 and 2009. ***Exhibit II.4*** shows that most child-only cases have one to two children on the case; in SFY 2009 about 56 percent of child-only cases were one or two children. Less than a quarter of cases had 3 or more children.

The youngest child on the child-only cases tends to be older than the youngest child in one-parent or two-parent cases. In SFY 2009, 57 percent of child-only cases had a youngest child over 6, compared to 29 percent of one-parent cases and 23 percent of two-parent cases.

Exhibit II.4: Average Monthly Characteristics of Colorado Works Child-Only Cases, SFY 2007 – SFY 2009

	SFY 2007	SFY 2008	SFY 2008
Case Characteristics			
Number of Children on Case (%)			
None	0.6	0.5	0.4
One	46.7	46.1	45.5
Two	30.0	29.9	30.3
Three or more	22.7	23.5	23.9
Age of Youngest Child (%)			
Under 1 year	6.6	5.8	6.5
1 to 3 years	23.0	23.3	23.0
4 to 5 years	13.4	14.0	13.6
6 years or older	56.9	56.9	56.9
Average Monthly Number of Cases	5,086	4,731	4,711

C. Size of Benefits Amounts

On January 1, 2009, Colorado increased monthly basic cash assistance amounts by 30 percent. The increase, the first change in BCA in twenty years, sets the minimum basic cash assistance grant amount to approximately 30 percent of the Federal Poverty Level.

Exhibit II.5 compares payment amounts between SFY 2008 and SFY 2009. In 2009, one-parent families received an average of $324 in benefits per month, and median benefits were somewhat lower at $305 a month. Two-parent families received an average of $446 per month. Cases that received county or state diversion payment amounts received an average of $2,015 and $1,793 respectively.

Average payment amounts rose for each type of case between SFY 2008 and SFY 2009. For one-parent, two-parent, and child-only cases, average BCA amounts increased by about 10 percent, 14 percent, and 9 percent, respectively. Average monthly BCA amount (combining all case types) did indeed rise by 30 percent between December 2008 and January 2009, as scheduled (background calculations not shown in chapter). However, diversion payment amounts saw a larger increase between 2008 and 2009. The average county diversion payment amount increased by 28 percent, and average state diversion payment amount increased by 46 percent for 2009.

Exhibit II.5: Payment Amounts Among Colorado Works Caseloads, SFY 2008 - SFY 2009

	BCA One-Parent Caseload	BCA Two-Parent Caseload	BCA Child-Only Caseload	County Diversion	State Diversion
SFY 2008 Payment Amount ($)					
Average	295	392	184	1580	1228
Median	280	377	170	1348	1027
SFY 2009 Payment Amount ($)					
Average	324	446	201	2015	1793
Median	305	437	188	1488	1450

D. Welfare Receipt and Length of Spells

Exhibit II.6 shows number of months in a current spell, and how many months cases have on their TANF clock. In an average month in SFY 2009, about 38 percent of one-parent cases were zero to three months into their current spell, and about half of two-parent families were zero to three months in their current spell. A majority of cases had fewer than 12 months of continual assistance—80 percent of one-parent cases and 87 percent of two-parent cases had fewer than 12 months on their current spell.

The total time on the TANF clock shows that many cases are not on their first or initial spell of TANF. While 20 percent of one-parent cases and 13 percent of two-parent cases had over 12 months on their current spell, 53 percent of one-parent cases and 44 percent of two-parent cases had 12 or more months on their TANF clock. This indicates that many current cases have had previous spells of TANF receipt.

It is not surprising that 96 to 97 percent of county or state diversion cases have only zero to three months on their spell, as diversion is meant to provide one-time lump sum payments. Looking at months on the TANF clock, however, some diversion cases have had past contact with TANF. About a third of the county and state diversion cases have over three months on their TANF clocks. As child-only cases are not subject to the 60-month time limit, they do not have many months accrued on their clocks. And as Exhibit II.6 demonstrates, very few people reach the limit on their TANF clock and have their cases closed.

Comparing SFY 2009 spell length and months on the TANF clock with SFY 2008 figures from the previous annual report, it appears that more people in 2009 are TANF BCA newcomers. In 2009, about 21 percent of the one-parent caseload had zero to three months on their TANF clock, while in 2008 about 15 percent had zero to three months on their clock. For the two-parent caseload, 29 percent had zero to three months on their clock in 2009 compared to 18 percent for 2008, and state and county diversion cases saw a similar increase in proportion of people with zero to three months on their TANF clocks. This increase in percent of cases with minimal time on their clocks suggests that a great deal of the caseload increase is composed of people new to Colorado Works, which is likely a consequence of the weakened labor market.

Exhibit II.6: Welfare Spell Length and TANF Clock Analyses Among Colorado Works Caseloads, SFY 2009

	BCA One-Parent	BCA Two-Parent	BCA Child-Only	County Diversion	State Diversion
Length in Months of Current Spell (%)					
0 to 3	38.2	46.1	14.5	96.2	96.9
4 to 6	22.7	23.2	10.4	1.1	1.5
7 to 12	19.2	17.7	12.6	0.8	0.8
13 to 18	8.5	6.6	8.6	1.1	0.4
19 to 24	4.0	2.9	6.4	0.5	0.1
25 to 30	2.5	1.6	5.5	0.0	0.1
More than 30	5.0	1.8	42.0	0.2	0.2
Months on TANF Clock (%)					
0 to 3	20.5	29.2	99.6	66.2	66.1
4 to 11	26.1	27.0	0.2	12.6	12.4
12 to 23	21.9	21.7	0.1	11.8	11.1
24 to 53	28.1	20.1	0.1	9.0	9.7
54 to 59	2.4	1.8	0.0	0.5	0.5
60	0.3	0.1	0.0	0.0	0.0
More than 60	0.8	0.1	0.0	0.0	0.1

Among those who left the caseload during SFY 2009, a majority of one- and two-parent cases left with fewer than 12 months of continuous assistance. ***Exhibit II.7*** shows that almost 83 percent of one-parent cases and 87 percent of two-parent cases who left Colorado Works in 2009 left with fewer than 12 months of assistance. Over 60 percent of one- and two-parent cases left with six months of assistance or fewer, and 28 percent of one-parent cases and 33 percent of two-parent cases left with fewer than three months of assistance.

During SFY 2009, about half of the one- and two-parent cases exited Colorado Works. Not surprisingly, fewer child-only cases left during the year, and almost all diversion cases exited during 2009.

Exhibit II.7: Leaver Analyses Among Colorado Works Caseloads, SFY 2009

	BCA One-Parent	BCA Two-Parent	BCA Child-Only	County Diversion	State Diversion
Number of Months in Spell Prior to Exit (%)					
0 to 3	27.8	33.0	18.7	96.6	97.1
4 to 6	33.2	31.5	21.9	1.2	1.4
7 to 12	21.7	22.6	18.8	0.9	0.8
13 to 18	8.4	6.7	8.4	0.5	0.3
19 to 24	3.5	2.7	5.0	0.3	0.1
25 to 30	1.7	1.8	4.1	0.2	0.1
More than 30	3.7	1.8	23.1	0.2	0.2
Average Monthly Exits	557	60	225	115	289
Ratio of Annual Exits (leaving at least once) to Annual Caseload	51.0	47.6	30.6	102.4	97.7
Total Cases Exited in Year	4,915	525	1,985	1,028	2,563

Both the one-parent and two-parent caseloads had about 40 percent of cases with multiple spells of TANF (see ***Exhibit II.8***). The frequency of multiple TANF spells increased between SFY 2008 and 2009. Percent of cases with four or more spells of public assistance increased across caseload types. In SFY 2008, 2 percent of one-parent cases and 2 percent of two-parent cases had four or more spells of assistance, compared to 5 percent of one-parent cases and 5 percent of two-parent cases in 2009 (please refer to *Colorado Works Evaluation 2008 Annual Report* for analyses of spells among the Colorado Works caseloads in SFY 2008).

Among those with multiple spells, a majority were off of assistance for at least a year before returning—60 to 75 percent of all case types were off of Colorado Works for one year or more before starting another spell. In fact, between 30 to over 40 percent of all caseload types spent two years or more off TANF before returning.

Exhibit II.8: Analyses of Spells Among the Colorado Works Caseloads, SFY 2009

	BCA One-Parent	BCA Two-Parent	BCA Child-Only	County Diversion	State Diversion
Total Spells of Public Assistance (%)					
1	56.5	59.0	81.6	66.0	66.0
2 to 3	38.4	36.4	17.6	30.4	29.6
4 or more	5.1	4.6	0.8	3.5	4.3
Among Those With Multiple Spells, Time Off of Colorado Works Before Current Spell (%)					
Within 3 months	4.4	8.4	0.8	4.1	3.0
4 to 6 months	9.0	11.6	6.1	4.9	9.7
7 to 9 months	9.9	11.6	8.6	9.2	10.2
9 to 12 months	9.6	8.2	9.9	8.6	11.4
13 to 18 months	17.8	18.2	18.5	21.6	17.2
19 to 24 months	14.0	11.9	15.0	9.4	11.6
More than 24 months	35.5	30.1	41.3	42.3	36.9

E. Work Participation

Past annual reports in this series have documented the various strategies across the state for increasing work participation and client engagement, and identified trends over time in work participation. This report focuses on changes that have occurred in the work participation rate over the final year of this research project, a period during which cash assistance caseloads have risen for the first time in several years, and explores which cases may still have difficulty in meeting their work participation requirements. It investigates the following research questions:

1. What has been the trend in work participation over the past year?
2. How have different types of cases fared at meeting work participation requirements this year?
3. When cases are not meeting the rate, is it because they lack sufficient countable hours or because they do not participate at all?

Exhibit II.9 shows Colorado's work participation rate over the past several federal fiscal years using data reported from the Administration for Children and Families (ACF), which is based on a sample of random cases reviewed by county offices for accuracy, and from analysis of the universe of Colorado Works families available in CBMS. Data from ACF is available only through the end of FFY 2006, and findings between this data and analysis of the CBMS data show similar outcomes. The work participation in Colorado increased steadily between FFY 2005 and FFY 2008, but declined during the first half of FFY 2009. This decline is not altogether surprising given tough economic conditions, increasing numbers of new TANF recipients discussed earlier in this chapter, as well as the decrease in the number of Colorado Works recipients who work while receiving TANF (see Chapter III). The decline in work participation may partially reflect this lack of employment opportunities for low-income individuals.

Exhibit II.9: Colorado Works Work Participation Rates FFY 2005 – FFY 2009

	Reported Rates from the Administration for Children and Families		Findings from the Analysis of the Universe of Colorado Works		U.S. Rates	
Federal Fiscal Year	All-Families Work Participation Rate (%)	Two-Parent Family Work Participation Rate (%)	All-Families Work Participation Rate (%)	Two-Parent Family Work Participation Rate (%)	All-Families Work Participation Rate (%)	Two-Parent Family Work Participation Rate (%)
2005	25.8	32.1	23	30.4	33	42.6
2006	30	35.2	25.9	35.1	32.5	45.9
2007	-	-	29.5	38.7	-	-
2008	-	-	34.8	-	-	-
2009*	-	-	31.9	-	-	-

* Includes only FFY 2009 Quarters 1 and 2, September 2008 – March 2009

While the work participation rate across the state declined between FFY 2008 and the first half of FFY 2009, there was some variation in this trend between cases facing different work requirements. As ***Exhibit II.10*** shows, teenage single parents, who may count attainment of a high school degree as countable primary hours of work participation, experienced a slight increase in the percentage meeting the work participation requirements, rising from 56 percent to 58 percent in 2009. However, among non-teenage one-parent families and two-parent families, there was a decline in the number of families meeting the work participation requirements. This decline was the first time since FFY 2005 that these groups of Colorado Works participants experienced declines in the percentage meeting the work participations requirements (see Appendix Exhibit 2).

Exhibit II.10: Participation Status by Differing Rate Requirement Demographic Categories FFY 2008 and FFY 2009

Rate Requirement Categories Based on Demographics	Fulfilling All Families Work Participation Requirement (%)	No Federally Countable Activity Hours Logged, Not Exempt from Requirements (%)	Participating but Without Enough Hours, Not Exempt from Requirements (%)	Exempt from Work Participation Requirements (%)	Work-Eligible Caseload Size
Federal Fiscal Year 2008					
One Parent Family:					
Teenage parent	55.7	34.5	5.4	4.4	134
Non-teenage parent with their youngest child under the age of 6	43.5	32.6	9	14.9	1,972
Non-teenage parent with their youngest child at or over the age of 6	18.7	31.1	9.8	40.4	1,181
Two Parent Families:**	33.3	27	9.3	30.4	354
Total work-eligible caseload	34.9	31.6	9.2	24.3	3,640
Federal Fiscal Year 2009*					
One Parent Family:					
Teenage parent	57.6	32.4	6.1	4	185
Non-teenage parent with their youngest child under the age of 6	39.8	37.8	8.7	13.7	2,404
Non-teenage parent with their youngest child at or over the age of 6	17	34.1	10.8	38.1	1,360
Two Parent Families:**	26.2	37.1	12	24.6	565
Total work-eligible caseload	32	36.4	9.7	22	4,515

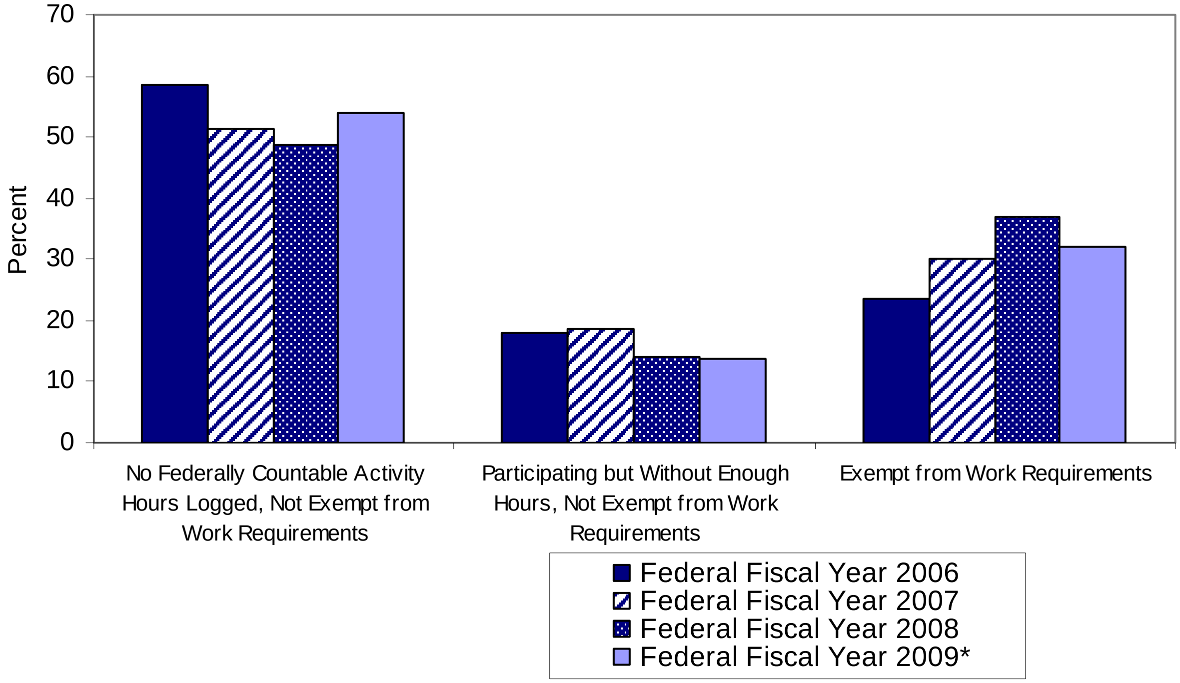
* FFY 2008 figures calculated using data from October 2007 through May 2008.

Note: Two-parent rates are not shown because child care data needed to calculate the two-parent rate were not available as of publication.

The decline in work participation rates for some groups is due to both an increase in the percentage of individuals with no federally countable activities and an increase in the percentage of individuals who are participating but who do not have enough federally countable activity hours. ***Exhibit II.11*** shows trends in the reasons why one-parent cases have not met work participation rates over time.[5] While there was a steady decrease between FFY 2006 and FFY 2008 in the percentage of cases with no recorded hours of work participation (from 59 percent to 49 percent of those cases not meeting the work requirement), the first half of FFY 2009 saw a 5 percent rise in these cases to 54 percent of the population not meeting the work participation requirement. The share of individuals not meeting the work requirements who were exempt from work participation followed a converse pattern over this period: in FFY 2006, these individuals represented 23 percent of those not meeting work requirements, but by FFY 2008 they represented 37 percent. Then in FFY 2009, exempt individuals represented 32 percent of those not meeting work requirements. Taken together, these numbers suggest that in the last year the major change in those not meeting work participation requirements is due to individuals who have no recorded participation hours whatsoever. As case workers and county staff grapple with increasing caseloads, ensuring that such clients have adequate work participation options and opportunities will be crucial to meeting work participation requirements.

[5] Note that in this analysis, two-parent households and teenage parent households are excluded, as they face different required hours for work participation. Cases analyzed in this analysis include single-parent heads of household who are not teenagers. Some of these individuals have children under the age of six, and therefore face only the 20 hour work participation requirement; others have children over the age of six, and are therefore required to participate for 30 hours, 20 hours of which must be in core activities.

Exhibit II.11 Reasons Why One-Parent Cases are Not Meeting the Work Participation Requirements



* Includes only FFY 2009 Quarters 1 and 2, September 2008 – March 2009

III. Employment Outcomes of Colorado Works Participants and Leavers

One of the primary outcomes of interest in studying the Colorado Works program is the extent to which clients are able to move towards self-sufficiency through work. This chapter provides information on employment and earnings for Colorado Works participants, both while they are receiving assistance from the program and after they have left it. It relies on analysis of Unemployment Insurance (UI) earnings records. More in-depth analysis of the UI records can be found in a recently released research brief.[6] However, this chapter includes more recent data, including the first quarter of 2009, which reflects the most pronounced impact of the recession to date. Chapter IV of this report presents additional information on employment outcomes of Colorado Works leavers based on a survey of individuals who left the program in early 2008.

- **About one third of current Colorado Works recipients engage in unsubsidized employment in each quarter, but the share decreased sharply during the poor labor market of early 2009**. Between 2005 and 2008, between 31 percent and 38 percent of Colorado Works recipients worked in the same quarter in which they received payments, according to UI earnings records. (The quarterly data do not show whether they were enrolled in Colorado Works at the same time that they were working.) However, there have been declines since the second half of 2007 and in the first quarter of 2009 – concurrent with a spike in the state's unemployment rate – the percentage working fell to 21 percent. Median quarterly earnings are low, ranging from about $950 to somewhat over $1,200 in the period considered.

- **A little more than half of Colorado Works clients who exit the program work in the following quarter.** On average, about 55 percent of those who left Colorado Works in 2005 through 2007 worked in the quarter after they left. Rates declined among those who left in 2008, and among those who left the program in the in the last quarter of 2008, only 40 percent worked in the following quarter. This employment rate is somewhat lower than the employment rate of Colorado Works leavers in the previous recession, as shown in a report by Berkeley Policy Associates.

- **About three quarters of individuals who leave Colorado Works work in the year they exit; their employment rates decline somewhat over time.** Of individuals who left Colorado Works in 2005, 72 percent had earnings within their first year after leaving. By the third year after leaving, their employment rate had fallen to 66 percent. (These figures do not extend to 2009, and thus do not reflect the recession's most pronounced impact on employment.) Median earnings of those working increased 40 percent between the first and third years after exiting Colorado Works.

[6] See Elkin, Sam. 2009. "Research Brief: Employment Experiences of Colorado Works Recipients as Measured Using Administrative Data." Falls Church, VA: The Lewin Group.

A. Employment and Earnings of Enrolled Colorado Works Clients

Between 2005 and 2008, about one third of Colorado Works participants worked in the same quarter in which they received welfare. [7] However, employment rates declined substantially in recent quarters, during a period of deteriorating labor market conditions in Colorado. ***Exhibit III.1*** presents employment rates of those on Colorado Works between the first quarter of 2005 and the first quarter of 2009, as indicated by UI wage records. On average during this period, 34 percent of those on Colorado Works in each quarter had some earnings reported in the UI data, but by the first quarter of 2009 – the most recent quarter for which data are available – only 21 percent of Colorado Works participants had earnings.

[7] The analysis in this section relies on unemployment insurance wage records, which provide data on earnings by quarter, so the data do not reveal whether welfare receipt and earnings actually occur in the same month, but whether they occur in the same quarter. As a result, in interpreting the findings, it should be taken into account that the figures in part reflect earnings received by some participants in the month or two before enrolling in Colorado Works or after exiting the program.

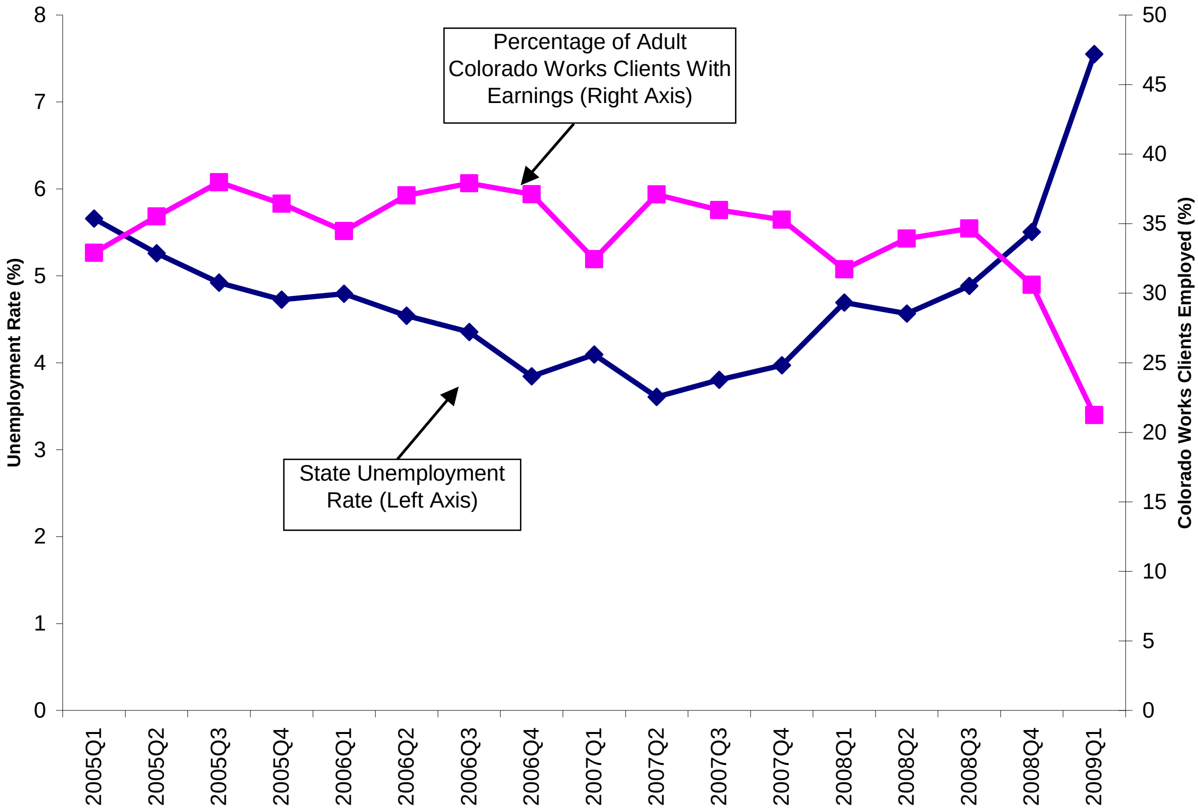
UI wage records provide information on employment and earnings at the individual level, not the case level. Thus, employment rates are presented as a percentage of the number of all adults on Colorado Works cases, not the number of cases. If more than one adult on a case has earnings, their earnings are not combined when presenting earnings levels.

Exhibit III.1: Quarterly Employment and Earnings among Adult Colorado Works Clients Receiving Basic Cash Assistance

	Employment (%)	Year-Over-Year Change in Employment (Pct Points)	Median Earnings ($)	Year-Over-Year Change in Earnings ($)	Number of Adult Clients
2005					
Q1	32.9	--	1,133	--	10,012
Q2	35.5	--	1,154	--	9,357
Q3	38.0	--	1,155	--	8,542
Q4	36.4	--	1,228	--	8,677
2006					
Q1	34.5	1.6	1,063	-71	8,756
Q2	37.0	1.5	1,145	-9	7,769
Q3	37.9	-0.1	1,066	-89	6,962
Q4	37.1	0.7	1,152	-76	6,523
2007					
Q1	32.5	-2.0	1,017	-46	5,694
Q2	37.1	0.1	1,116	-30	4,787
Q3	36.0	-1.9	1,124	58	4,093
Q4	35.3	-1.8	1,125	-27	4,027
2008					
Q1	31.7	-0.7	1,023	6	3,955
Q2	33.9	-3.2	1,174	59	3,586
Q3	34.7	-1.3	1,001	-124	3,295
Q4	30.6	-4.7	1,140	15	3,813
2009					
Q1	21.2	-10.5	956	-67	4,606

Exhibit III.1 presents year-over-year changes in the employment rate to abstract from apparent seasonal patterns in employment rates. (Over the period shown, employment rates generally increased in the second and third quarters of the year and decreased in the first and fourth quarters, though the small numbers of observations do not allow a definitive assessment of whether such seasonal factors apply more generally.) Since the third quarter of 2007, the employment rate was lower in each quarter than it had been in the same quarter one year earlier. As shown in ***Exhibit III.2***, the employment rate among Colorado Works participants in recent years has followed similar trends to the overall labor market in Colorado. Since 2007, the state unemployment rate has been increasing, and it increased particularly sharply in the first quarter of 2009. Over the same period, the share of Colorado Works clients with earnings declined, and also saw a particularly sharp change in the first quarter of 2009.

Exhibit III.2: Comparison of Colorado Works Participant Employment Rates with State Unemployment Rate



Median earnings of those who work in the same quarter that they receive assistance through Colorado Works are low, ranging from about $950 to somewhat over $1,200 in the period shown. (***Exhibit III.1***). By way of comparison, a person working 40 hours per week for $7.28 an hour earns about $3,800 in a quarter, and the 2009 poverty guideline for a family of three is equivalent to approximately $4,600 per quarter. Since UI wage data is only available as quarterly totals, it is unclear the extent to which this reflects inconsistent or part time work versus low hourly wages, though the low levels suggest that both are involved.

As with the employment rate, median quarterly earnings in the first quarter of 2009 were lower than they had been at any other time in the period considered. However, while there was a gradual downward trend in earnings over the period shown in the exhibit, there was not the same pronounced decline in earnings in the last two quarters as was seen in the employment rates. This may in part be because the median earnings shown are only among those Colorado Works participants with some earnings in the quarter. The primary impact of the recession on Colorado Works participants may be to make it more difficult to obtain any employment whatsoever rather than reducing the already-low earnings of those recipients who have some employment in the quarter.

B. Employment and Earnings among Colorado Works Leavers

Employment and earnings of those who leave Colorado Works are important in understanding the program's outcomes and the conditions of the families it has served. The remainder of this chapter focuses on the employment outcomes of individuals who stopped receiving BCA, at least temporarily. The first subsection looks at outcomes in the quarter following the quarter in which individuals left the program; the second looks at longer term outcomes, with a focus on those who left the program in 2005. The analysis reiterates the findings of the previous Lewin annual reports that most individuals work in at least some quarters after leaving Colorado Works, but that earnings are generally low.

1. Employment Among Former Colorado Works Participants in Early Months After Leaving the Program

Exhibit III.3 shows employment rates for those exiting Colorado Works in 2005 or later in the quarter following the quarter in which they exited the program. Not surprisingly, more Colorado Works recipients work after having left the program than while they are on it, but as with those on Colorado Works, employment rates of those who recently left have fallen substantially in recent quarters. Among those who left Colorado Works in 2005 through 2007, employment rates in the quarter after exit averaged about 55 percent, but starting with those who left in the final quarter of 2007, rates declined to levels lower than those found earlier in the period shown, and for those who left in the final quarter of 2008 declined more than ten percentage points to 40 percent.

This employment rate is somewhat lower than the employment rates of those who left Colorado Works during the previous recession. A 2003 report by Berkeley Policy Associates presents employment rates for recent Colorado Works leavers in 1998 through 2002, similarly based on UI earnings records.[8] That report shows that employment rates obtained by individuals leaving Colorado Works in the quarter after exit decreased during the 2001 recession, falling to about 42 or 43 percent in the first quarter of 2002.

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[8] Valvano, Vincent M., Kathleen P. Magill, Sherry Almandsmith, Chris Furgiuele, and Rebecca London. 2003. "Evaluation of the Colorado Works Program: Fifth Annual Report." Oakland, CA: Berkeley Policy Associates. See Exhibit 4.2.

Exhibit III.3: Rates of Colorado Works Leavers in the Quarter After Exit

Quarter of Exit From Colorado Works	Employment in the Quarter Following Exit (%)
2005	
Q1	53.6
Q2	55.2
Q3	54.1
Q4	53.5
2006	
Q1	53.2
Q2	54.5
Q3	55.9
Q4	53.5
2007	
Q1	56.6
Q2	57.5
Q3	57.4
Q4	52.2
2008	
Q1	53.4
Q2	52.4
Q3	50.3
Q4	39.8

2. Employment Among Former Colorado Works Participants Over Longer Periods of Time

To get a sense of whether former Colorado Works participants sustain employment, ***Exhibit III.4*** presents the employment outcomes of a cohort of Colorado Works participants who exited the program during 2005. The exhibit presents three years of follow-up data, which covers through 2008.

Exhibit III.4: Employment Rates and Earnings of Those Leaving Colorado Works in 2005

	Colorado Works Receipt (%)	Employment Rate (%)	Median Earnings, of Those with Earnings in Quarter ($)
Quarter after exit:			
0	--	54.8	2,519
1	14.0	54.1	2,719
2	15.2	53.6	2,813
3	14.5	52.5	2,916
4	13.2	52.4	2,978
5	11.5	51.8	3,088
6	10.4	52.2	3,196
7	9.3	52.2	3,267
8	8.1	52.1	3,453
9	7.2	51.8	3,589
10	6.4	51.5	3,701
11	5.7	50.6	3,728
12	5.7	50.0	3,821
Year after exit:			
1	--	72.0	6,994
2	--	68.6	8,413
3	--	66.0	9,790
Number of Individuals	--	--	15,673

Consistent with findings in earlier analysis of UI earnings records the Lewin Group performed, about half of leavers had earnings in the quarter in which they left Colorado Works (55 percent), and close to three-fourths (72 percent) had earnings within their first year after leaving. The share of leavers with earnings declined modestly over the 12 quarters presented, but remained at least 50 percent over the period shown. In the third year after leaving, 66 percent had earnings in at least one quarter. (Note that the period shown in the exhibit does not extend to the first quarter of 2009, when the recession's impact on employment in earlier exhibits was most pronounced).

It is unclear from the data the extent to which patterns in the exhibit reflect changes in the economy or caseload; the choice of cohort could potentially influence trends in employment and earnings. To get a sense of the whether these findings are mostly driven by the cohort, ***Appendix Table 1*** shows the same figures for cohorts of leavers who left Colorado Works in each quarter between 2005 Q1 and 2008 Q1. There have been some changes over this period. For example, employment rates in the first year after leaving have varied between 70 and 74 over this period. Nonetheless, employment rates consistently decreased in the second and third years.

Exhibit III.4 also presents median earnings over time for the cohort that left Colorado Works in 2005. Earnings were low; of those with any earnings in the first year after leaving, median annual earnings were approximately $7,000. However, earnings increased over time, and the median earnings of those working in the third year after leaving were approximately $2,800, or 40 percent, higher than the median earnings of those working in the first year.

Note that the exhibit shows medians among just the group with earnings in each period, which changes from quarter to quarter and year to year. Changes in the composition of this group could affect the apparent trends in median earnings. For example, if those with the lowest earnings in the first year do not work at all in later years, they would not be factored into the calculation of median earnings in the later years, and there may be an increase in median earnings even though nobody's earnings actually increased. ***Exhibit III.5*** removes this effect by looking just at those leavers who had some earnings in all quarters after leaving. Out of 14,772 individuals who exited Colorado Works in 2005, 2,377 (or 16 percent) had earnings in all 12 quarters after exiting; 10,147 (or 69 percent) had earnings in fewer than 12 quarters, and 2,248 (or 15 percent) did not have earnings in any of the 12 quarters after exiting. Those who worked all 12 quarters after leaving had higher earnings, not just due to the number of quarters worked, but also due to higher earnings within each quarter worked. For both groups, median quarterly earnings grew. Among those who worked all 12 quarters, median earnings in the twelfth quarter after exit were 37 percent higher than they had been in the first quarter after exit; among those who worked fewer than 12 quarters, median earnings were 41 percent higher in the 12th quarter following exit.

Exhibit III.5: Median Earnings by Number of Quarters Worked

	Median Earnings, of Those with Earnings in Quarter ($)	
	Individuals Working All 12 Quarters	Individuals Working Less than 12 Quarters
Quarter after exit:		
1	4,032	2,155
2	4,435	2,101
3	4,518	2,164
4	4,696	2,216
5	4,791	2,307
6	4,916	2,437
7	5,120	2,470
8	5,254	2620
9	5,364	2,703
10	5,566	2,841
11	5,605	2,876
12	5,526	3,038
Year after exit:		
1	17,363	4,700
2	19,939	5,650
3	21,848	6,638
	4,485	1,939
Number of Individuals	2,377	10,147

IV. Welfare Leavers in Colorado

This chapter summarizes findings from *Welfare Leavers in Colorado*, a 2009 report that explores why former welfare recipients in Colorado left the Colorado Works program and how they fare after exiting. The analysis in *Welfare Leavers in Colorado* and this chapter relies primarily on data from a survey of 494 individuals who had been on one-parent Colorado Works cases and left the program during the first three months of 2007.

Key findings in this chapter include:

- **Only about one in ten individuals who stopped receiving cash assistance through Colorado Works returned to welfare.** Eleven percent reported that they received cash welfare again (in Colorado or another state) between when they left Colorado Works and the time of the survey. The reasons they gave for returning varied; most cited lack of employment, insufficient earnings, becoming pregnant or having a child, or health problems.

- **Most former Colorado Works recipients were living in poverty, though a small minority lived in moderate-income households.** The survey asked former Colorado Works recipients about the income they and others in their household received in the prior month. The average monthly household income, including food stamp benefits, was $1,809. Nearly two thirds of leavers were living in households at or below the poverty threshold at the time of survey. Most others lived in households with incomes (excluding food stamp benefits) below 200 percent of the poverty line, but 10 percent of leavers lived in households with higher incomes.

- **A large majority of welfare leavers have worked since exiting Colorado Works; most earned low wages, though there is some diversity in the amounts earned.** Of those surveyed, 83 percent had worked since leaving welfare, including 53 percent who were working at the time of the survey. Median hourly wages of those who worked were slightly below $9.25 – higher than minimum wage, but barely above the poverty threshold for a parent with two children if worked full time.

- **Former Colorado Works recipients' responses indicated a range of well-being outcomes, including continuing hardship among a number of families.** Half of the sample of leavers were food insecure—i.e., their ability to acquire adequate food was limited or uncertain, as measured by a scale developed by the U.S. Department of Agriculture – including 28 percent categorized as having very low food security. About one third of leavers reported sometimes or often falling behind in housing payments during the year prior to the survey, and nearly a quarter said they had to move because of unaffordable housing.

- **More than one third of leavers were neither working nor on welfare; 13 percent were "chronically disconnected" from the labor market and the welfare system.** At the time of the survey, 37 percent of the sample were not receiving TANF benefits or earnings from work; this group is referred to as "disconnected" welfare leavers. A more disadvantaged group, the "chronically disconnected," is made up of leavers who did not work in the past year, did not receive any TANF or SSI income, and did not have a spouse who had earnings. This group represents 13 percent of leavers in the sample, and had particularly low incomes and high incidences of very low food security.

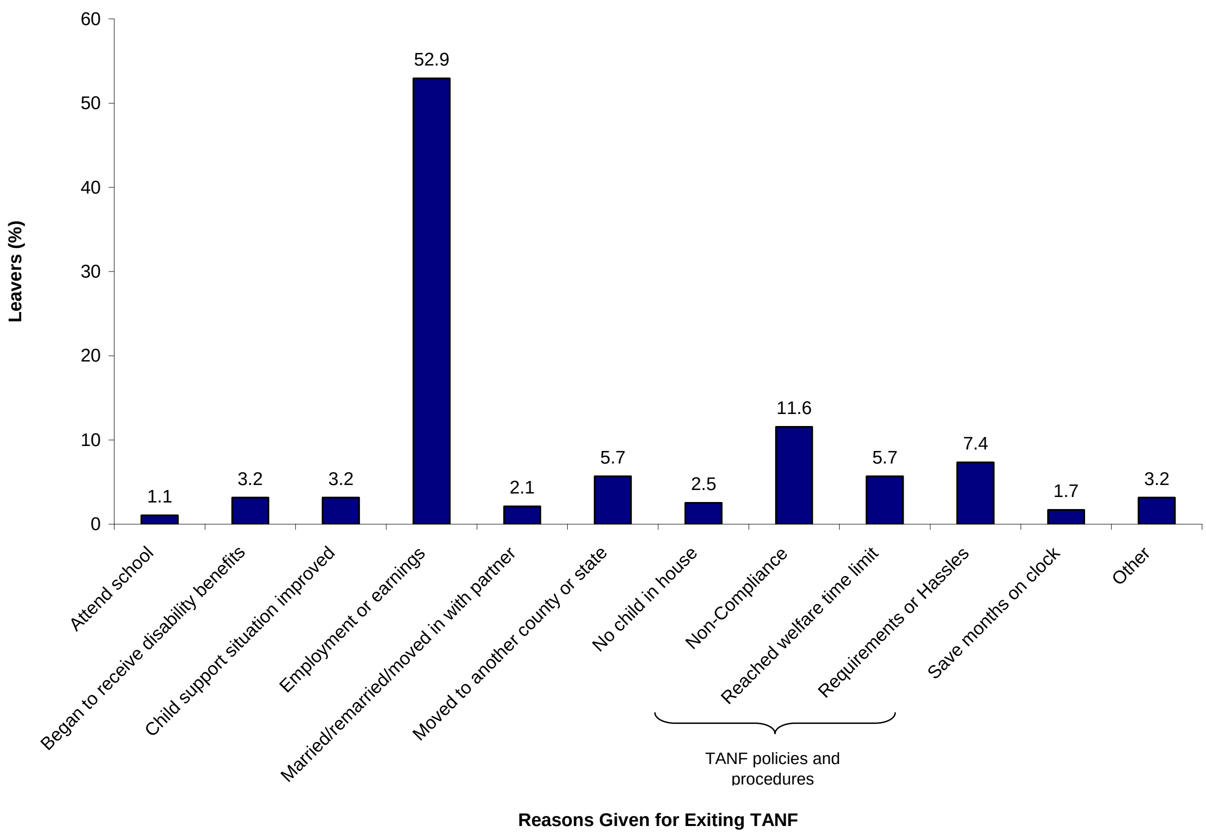
A. Long-Term Caseload Declines and the Colorado Works Leaver Survey

As discussed in Chapter II, caseload declines in recent years have reduced Colorado Works caseload levels to their lowest levels since 1997, the year the program was established. During the 10 years that followed the establishment of Colorado Works, the caseload fell by 63 percent. Given the historical caseload declines, understanding how people who leave Colorado Works fare is particularly important. In order to examine outcomes, the Lewin Group conducted a survey to gather information on the experiences of participants who left Colorado Works. The survey was conducted between August and November of 2008, about 17 to 23 months after the surveyed individuals had exited Colorado Works. The results and analyses on demographic information, reasons for leaving welfare, household composition, employment, job characteristics, sources of income, educational attainment, and general well-being can be found in The Lewin Group's 2009 report *Welfare Leavers in Colorado.* This chapter summarizes that report's findings.

B. Many Leave for Employment, and Few Who Leave Return to TANF

About half of surveyed leavers stated that they left Colorado Works for employment or earnings-related reasons, and a quarter reported leaving for a reason related to TANF rules (see ***Exhibit IV.1***). Reasons for leaving that pertain to TANF rules include non-compliance, a dislike of TANF rules, wanting to save months on the clock, or reaching the TANF time limit. The remaining leavers exited Colorado Works for a variety of reasons, including moving to another state, receiving more child support, or receiving disability benefits.

Exhibit IV.1: Reasons for Leaving Colorado Works



Few people returned to TANF. About 11 percent of the sample returned to Colorado Works or another state's TANF program after they had been off welfare for at least 2 consecutive months. About 40 percent of those who returned to TANF returned because of employment or earnings-related problems, such as being laid off or having insufficient work income. A majority of those who returned to welfare (65 percent) were off of Colorado Works for over six months before they received another cash payment from a welfare program.

C. Demographic and Household Characteristics

Consistent with the one-parent caseload, the leaver sample was overwhelmingly female (94 percent, see ***Exhibit IV.2***). The median age was 29 years. Educational attainment was fairly low, with 27 percent without a high school diploma or GED. Only 17 percent had education beyond a high school degree.

A large majority (89 percent) were living with dependent children in the household. And a majority of those with children had children under the age of six (two-thirds). About 21 percent lived with a spouse or partner and 44 percent had an additional working-age adult in the household.

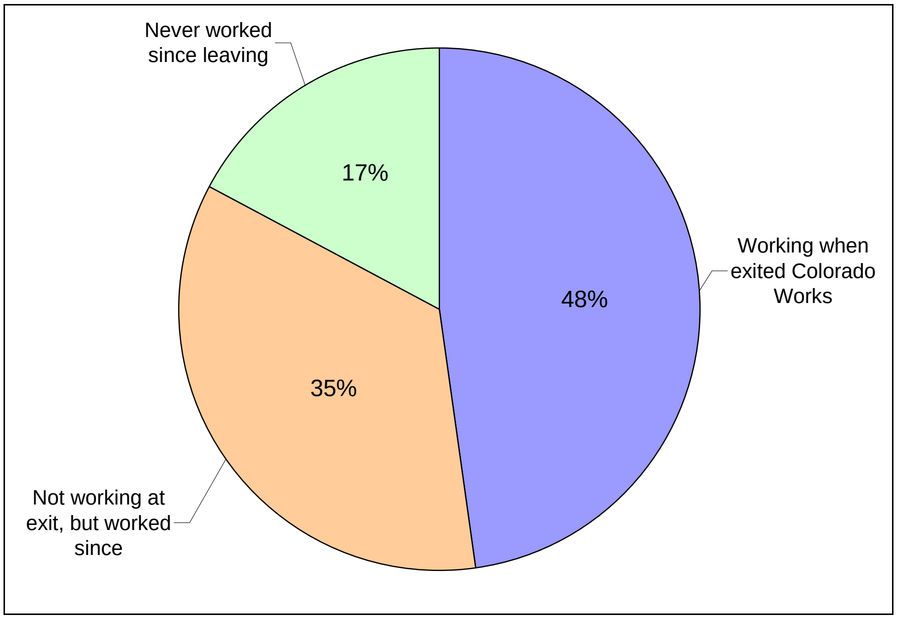
Exhibit IV.2 Demographic and Household Characteristics of Colorado Works Leavers

	Leavers
Gender (%)	
Female	93.7
Male	6.3
Median age	29.3
Highest educational attainment (%)	
Below high school diploma/GED	26.5
High school diploma/GED	28.5
Some college, but no degree	27.3
Post high school degree	17.2
Number of dependent minors in household (%)	
None	10.9
One	26.9
Two	32.0
Three	20.9
Four or more	9.3
Age of youngest dependent child (%)	
0-1 years	24.7
2-3 years	30.6
4-5 years	13.7
6 or more years	31.1
Married or living with partner (%)	21.3
Households with at least one other individual over age 16 (%)	43.7
Sample size	494

D. Employment Outcomes were Mixed

A large majority of welfare leavers worked since exiting Colorado Works. ***Exhibit IV.3*** shows that about 83 percent of leavers worked at some point after leaving Colorado Works, including 35 percent who were not working when they exited but had worked since and 48 percent who were employed when they exited Colorado Works. About 17 percent had never worked since leaving Colorado Works.

Exhibit IV.3: Employment Rates of Former Colorado Works Recipients Since Leaving the Program



For those who had some employment since leaving Colorado Works, employment was often unstable and wages low. Out of leavers who were working at the time of the survey or had worked since leaving, 37 percent worked less than full-time. Median hourly wages of those who worked were slightly below $9.25 – higher than minimum wage, but barely above the poverty threshold for a parent with two children if worked full time. About a fifth of leavers who had ever worked since leaving TANF worked in retail or customer service, earning a median wage of $8.20. Many leavers also worked in the medical field or in food services, with median hourly wages of $9.90 and $7.40, respectively. About 9 percent reported earning more than $15 an hour.

Exhibit IV.4: Job Characteristics of Current and Past Jobs

	Jobs of All Leavers Who have Worked Since Leaving
Median hourly wages ($)	9.24
Part Time or Full Time (%)	
Part Time	36.9
Full Time	63.1
Job Type and Median Wage	
Cashier, customer service, or retail	
Leavers (%)	20.3
Median Wage ($)	8.2
Medical field	
Leavers (%)	17.6
Median Wage ($)	9.90
Food service	
Leavers (%)	14.7
Median Wage ($)	7.40
Sample size	409

Leavers who were not working at the time of survey (47 percent, not shown) were asked why they were not working. About half reported that they were not working because they were not able to find a job, and a quarter cited difficulties with child care. Of leavers not working at the time of survey, 55 percent were looking for a job. About one third of those unemployed but looking had been searching for more than ten weeks, and 12 percent reported that they had been looking for a job for a half a year or more.

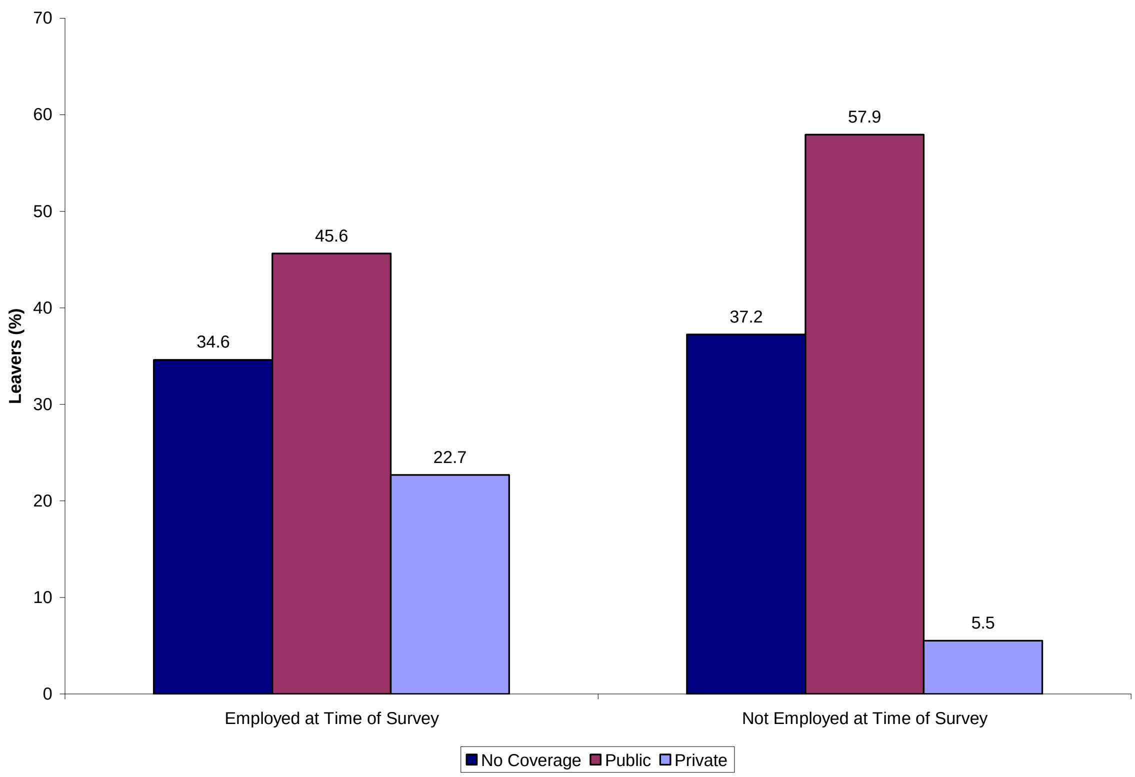
Leaver Employment and Health Insurance

In the month prior to the survey, a third of leavers had no health insurance. However, most leavers were insured—half were covered under a public plan, and 15 percent were covered under private or another type of insurance.

Roughly equal shares of those who were employed and who were not employed at the time of survey were uninsured. About 37 percent of the not employed were uninsured in the month prior to survey, and about 35 percent of the employed were also uninsured. Although 49 percent of jobs held by leavers working at the time of survey offered employee health insurance, a majority (56 percent) of those with the option of purchasing employer private insurance chose not to do so and either went uninsured or used public insurance if eligible.

There was greater variation in public and private coverage rates between the employed and not employed. As ***Exhibit IV.5*** shows, 23 percent of employed leavers were covered under private insurance, four times the rate of private coverage for leavers without employment. A majority of the leavers who were not employed at the time of the survey had public insurance (58 percent), while 46 percent of the employed used public health insurance.

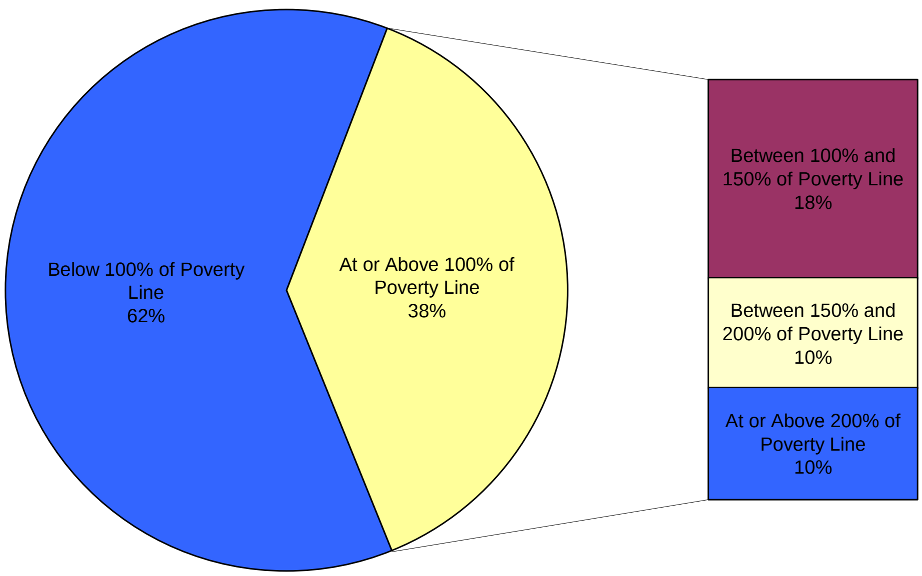
Exhibit IV.5: Type of Health Coverage by Employment at Time of Survey



E. Leaver Income Came from a Variety of Sources

A large majority of leavers—about two-thirds—reported monthly incomes that indicated they were below the poverty threshold (see ***Exhibit IV.6***). Only 10 percent of leavers had incomes above 200 percent of the poverty line.

Exhibit IV.6: Percent of Leavers Living in Households in Poverty



Although wages were low, earnings were a very important source of income for leaver households. ***Exhibit IV.7*** shows that about 70 percent of leaver households received earned income. Earnings (from the survey respondent or other members of the household) made up 71 percent of total average household monthly income. On average, leaver households had $1,279 in monthly household earned income.

While earned income was a major component of total household income, leaver households also received support from a variety of other sources. Almost 60 percent of households received food stamps. With monthly average receipt of $208, food stamp benefits represented 12 percent of total household monthly income. Child support, income from friends, SSI, and unemployment insurance either supplemented earnings or were important sources of income for households without earned income. On the whole, leavers had an average total monthly income of $1,809.

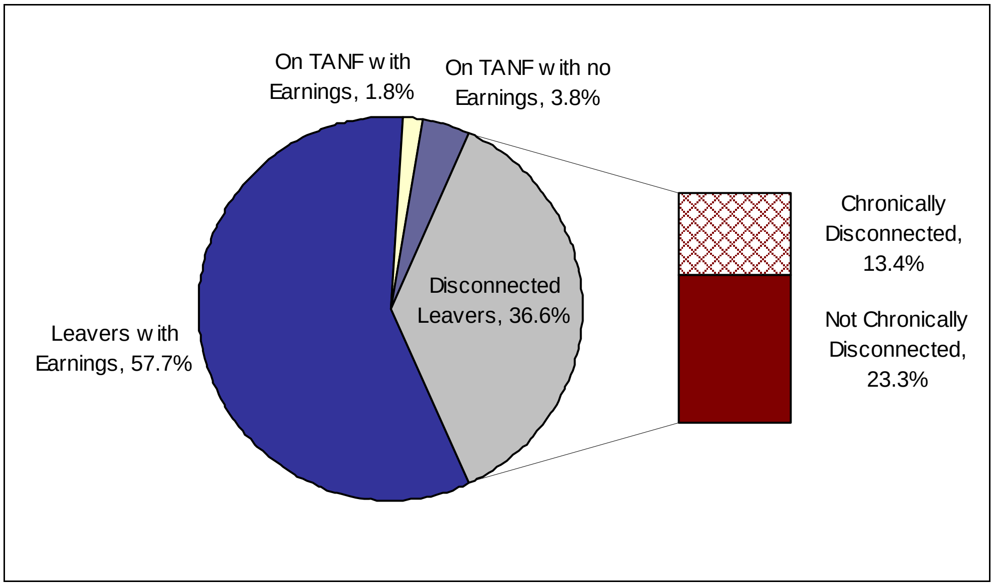
Exhibit IV.7: Income by Source

	Monthly Average Household Income ($)	Percent of Total Average Monthly Household Income (Including Food Stamps) (%)	Households Receiving Income from Each Source (%)	Monthly Median Household Income ($)
Source				
Earned Income	1,279	70.7	69.6	1,400
Food Stamps	208	11.5	58.7	345
Child Support	79	4.4	25.7	250
Income from Friends	39	2.2	15.4	150
SSI	108	6.0	13	637
Welfare	28	1.5	7.9	294
Unemployment Insurance	18	1.0	4.1	392
Other Income	49	2.7	4.5	613
Total	1,809	100	93	1,305
Sample size	494	494	494	494

F. Leavers With Neither Welfare Nor Work

While a large share of the sample had earnings from work (58 percent), over a third were "disconnected" single parents who were neither working nor on welfare. A more disadvantaged subset, referred to as the "chronically disconnected," did not work within the last year, did not receive any TANF or SSI income, and did not have a spouse with earnings. The broader disconnected group made up 37 percent of the sample, and the chronically disconnected made up 13 percent of the sample (see ***Exhibit IV.8***).

Exhibit IV.8: Leavers by Employment and TANF Status



Although the chronically disconnected and the disconnected were by definition without employment, ***Exhibit IV.9*** shows that 28 percent of the chronically disconnected and 35 percent of the disconnected left Colorado Works for employment or earnings-related reasons. (In comparison, 52 percent of the overall sample and 64 percent of leavers with earnings left for employment or earnings.) When asked why they were currently not working, about a quarter cited poor health and another quarter said that they could not find a job. Like the larger sample of leavers, many disconnected leavers who had previously worked held jobs in retail or food services (32 and 16 percent, respectively).

Exhibit IV.9: Employment Characteristics of the Disconnected and Chronically Disconnected

	Disconnected and Chronically Disconnected Leavers
Left Colorado Works for Employment or Earnings-related Reasons (%)	34.9
Reason Not Currently Working (%)	
Poor health	26.5
Cannot find job	23.2
Cannot find child care	14.9
In school or training program	8.8
Pregnant or recently had baby	8.3
Wants to stay home with children	7.2
Caring for ill or disabled family member	2.8
Transportation issues	2.2
Criminal background	2.2
Other	3.9
Sample size	181
Of those previously employed:	
Median hourly wage ($)	8.6
Field of previous job (%)	
Retail or sales	31.6
Food service	16.3
Medical field	10.2
Clerical or call center	10.2
Housekeeping or maintenance	9.2
Manufacturing	8.2
Truck or bus driver or delivery	5.1
Child care	3.1
Other	6.1
Sample size	99

Without employment or welfare, the disconnected were markedly worse off than their counterparts with earnings. About 83 percent of the chronically disconnected and 76 percent of the disconnected had incomes below the poverty threshold, compared to 51 percent of leavers with earnings (see ***Exhibit IV.10***). Many of the disconnected and chronically disconnected leavers appeared to rely on household earnings, food stamps, disability income, child support, and financial assistance from family or friends. The chronically disconnected had a monthly average household income of $1,002 and the disconnected had an average household income of $1,341. Meanwhile, with an average household income of $2,153, leavers with earnings had over twice as much income as the chronically disconnected.

Exhibit IV.10: Chronically Disconnected, Disconnected, and Leavers with Earnings

	Chronically Disconnected Leavers		Disconnected Leavers		TANF Leavers with Earnings	
	Households with the Income Source (%)	Average Amount from Source ($)	Households with the Income Source (%)	Average Amount from Source ($)	Households with the Income Source (%)	Average Amount from Source ($)
Income Source						
Earnings	16.9	351	28.9	605	100	1,770
TANF/ welfare benefits	1.5	4	3.3	12	4.2	16
Unemployment benefits	6.3	23	6.1	31	2.8	10
SSI, DI, or other disability income	14.1	98	24.7	217	6.7	48
Child support	29.7	73	29.9	82	25.8	83
Financial assistance from family or friends	29.2	71	21.3	50	11.3	33
Other	4.6	116	4.5	75	2.5	34
Food stamps	68.2	266	70.6	268	48.6	159
Total income	---	1,002	---	1,341	---	2,153
Living below poverty (%) [d]	83.3	---	76.2	---	51.8	---

TANF leavers had relatively high rates of food insecurity, whether they were disconnected or had earnings. About 38 percent of the chronically disconnected and 32 percent of the disconnected were in a state of very low food security at the time of the survey (see ***Exhibit IV.11***). Leavers with earnings were only moderately better off, with about a quarter of those with earnings in a state of very low food security. Similarly, while the chronically disconnected and disconnected had greater shares of people with very poor mental health (31 and 27 percent, respectively), many leavers with earnings also had very poor mental health (23 percent).

Exhibit IV.11: Well-Being of the Chronically Disconnected, Disconnected, and Leavers With Earnings

	Chronically Disconnected Leavers	Disconnected Leavers	TANF Leavers with Earnings
Food Security Status (%)			
Low Food Security	15.2	53.6	47.0
Very Low Food Security	37.9	32.0	24.9
Mental Health Status (%)			
Poor	7.7	12.8	8.4
Very Poor	30.8	27.2	23.2
Sample size	66	181	285

V. Service Delivery

Two important goals of the Colorado Works Evaluation effort are to (1) document variations in county policies and activities to help low-income families become self-sufficient and (2) identify innovative approaches to service delivery and administration. The following chapter documents variation in program operations and service delivery across the counties, challenges and concerns that counties face, and emerging issues, initiatives, and innovations.

In the summer and fall of 2008, site visits were conducted to the Colorado Works offices in Broomfield, Denver, Mesa, Montrose, Pueblo, and Rio Grande. The sections that follow highlight the thoughts and reflections of program administrators and staff as of August through October 2008. They may not reflect the current views of program administrators/staff currently as of the summer 2009, when this report was written. It is, however, useful to summarize the results of the site visits conducted in 2008 because some of the issues raised continue to be of concern even in times of steep economic decline and may, when better economic times return, re-surface. This section of the report also chronicles how quickly environmental issues can change, and why it is important for state and county officials to closely monitor environmental conditions and be ready to make adjustments to program operations to meet rapidly emerging challenges.

Key findings include:

- **Counties had a mixture of fiscal concerns.** Many were apprehensive that steadily accumulating Colorado Works reserve funds meant that the state may in the future re-capture some or all of these reserve funds if they were not spent. But despite steadily accumulating reserve funds in most of the counties visited, administrators voiced some concerns over the potential for their Colorado Works programs facing gradually deteriorating fiscal conditions in 2009 and following years. Some administrators noted that economic conditions could rapidly deteriorate in the future (and had recently already begun to do so), quickly pushing up the number of TANF, food stamp, and Medicaid applicants and creating fiscal imbalances between program budgets and expenditures.

- **County administrators identified a number of common service delivery issues of concern affecting current operations.** They include: (1) declining BCA cases, but, in some counties, rising Food Stamps caseload and office workload, (2) rising costs in Child Care, Child Welfare, and Juvenile Justice, (3) increasing share of BCA cases that are child-only and adults facing serious barriers to employment, and (4) pressure to spend down Colorado Works reserves.

- **In recent years, many counties had implemented a variety of new work and support initiatives for working low-income families and at-risk youth and families.** There was some increased focus on work participation, in part due to increased requirements within the Deficit Reduction Act. Examples of new work supports include: (1) some restructuring of service components and hours to increase “countable” activity, (2) considering non-MOE coding to help with work participation rate calculations, and (3) reconsidering diversion strategies.

- **Counties increased prevention efforts to better support families in their efforts to transition from TANF.** Counties used non-MOE funds, family stabilization initiatives, and diversion to fund a range of post-program services to help families and individuals retain employment and make the transition to self-sufficiency.

- **Counties have been increasing special services.** They have been both contracting out and adding professional staff to DSS program offices, including therapists, psychiatrists, substance abuse treatment, housing advocates, and family services. These services were provided on a one-on-one basis to individuals or families based on special needs after a careful and thorough assessment. The aim was to help individuals or families to overcome especially difficult obstacles to employment and achieving self-sufficiency.

- **County administrators identified a number of unresolved concerns with respect to their service delivery systems.** These included: (1) concern over how to implement non-MOE options and diversion policies, (2) difficulties with client documentation and implementation of immigration provisions, (3) concerns about how best to serve TANF-eligible but unenrolled families and child-only cases, (4) mounting challenges of balancing stronger work participation requirements with providing services, and (5) increasing workload pressures in the areas of food stamp and child welfare workload pressures.

A. Background on Site Visits

Two important goals of the Colorado Works Evaluation effort are to (1) document variations in county policies and activities to help low-income families become self-sufficient and (2) identify innovative approaches to service delivery and administration. Site visits, together with surveys of all counties, were particularly useful for documenting the variation in program operations and services delivery approaches across counties, and for probing administrators and staff about the challenges they face in providing timely and cost-effective services to meet the varied needs of low-income households across the state. Two rounds of site visits were conducted over the course of the evaluation effort. During the first year of the study, site visits were conducted to a total of 18 counties spread throughout the state. These visits proved to be very helpful in developing a deeper understanding of how programs are structured to meet client needs – for example, flow of customers through the system and the specific types of services provided – and for gaining a better understanding of the ways in which Colorado Works programs are similar and different across counties. This initial round of visits validated that one of the defining features of the Colorado Works program is that counties have substantial flexibility with regard to how they structure and operate their programs.

Between August 2008 and October 2008, a second round of visits was conducted to a smaller group of counties to examine how programs have changed in the intervening period since the prior visit and, particularly, to understand new challenges faced by counties and how county administrators/staff were reacting to these challenges. During this second round of visits, the project team conducted site visits to the following six counties: Broomfield, Denver, Mesa, Montrose, Pueblo, and Rio Grande. Four of these – Denver, Mesa, Pueblo, and Rio Grande – were among the 18 counties visited during the initial year of the study. The site visit teams (generally consisting of two Lewin team researchers) interviewed DHS County directors, supervisors, and staff, as well as other linked service providers.

In the sections that follow, we highlight key findings from these visits, with a particular focus on emerging trends/issues from the perspective of county administrators and staff, the challenges facing counties, and ways in which programs have changed since the initial round of visits. There are two important caveats to these analyses and findings. First, the sample size of six counties is small (though the counties selected serve more than half of all TANF participants in the state), so the main findings, concerns, and challenges highlighted are not necessarily reflective of all counties in the state. In fact, even among the six counties visited, key concerns and challenges were quite varied. Second, and more important, the visits were conducted nearly a year ago (summer 2008) and much has happened in that time period that has dramatically impacted the Colorado Works programs and TANF programs around the country. In particular, the severe downturn in the nation's and state's economies has greatly affected economic conditions, including steep job losses and soaring unemployment rates. The recent economic downturn and job losses contributed to the increases in TANF caseloads described in Chapter II as well as a flood of new Food Stamp applicants to county Colorado Works programs.

The sections that follow highlight program operations, challenges, and innovations as of the time that the site visits were conducted, and hence, may not reflect the current views of program administrators/staff currently as of the summer 2009, when this report was issued. It is, however, useful to summarize the results of the site visits conducted in 2008 because some of the issues raised continue to be of concern even in times of steep economic decline and may, when better economic times return, re-surface. This section of the report also chronicles how quickly environmental issues can change, and why it is important for state and county officials to closely monitor programs and environmental conditions, and be ready to make adjustments to program operations to meet rapidly emerging challenges.

Site Visit Interview Topics

Among the topics covered in the interviews, which were guided by semi-structured discussion guides, were the following:

Program structure, including any major changes in DSS or Colorado Works organization and leadership, Colorado Works program design, and Colorado Works contractors;

Services and service delivery, including any major changes in client flow, work requirements, Colorado Works components, and case management/business models used;

Initiatives and program innovations, including new initiatives, former initiatives stopped, new grants for special projects, TANF/community resource investments, and employer partnerships;

Operational implications of the Deficit Reduction Act (DRA) changes;

Operational implications of immigrants and immigrant policies;

Caseload trends in Colorado Works and related programs such as child welfare and food stamps; as well as factors that effected caseload changes, including effects of the economy, budgets, federal or state policy changes;

Fiscal trends and explanations, including decisions about county funds for Colorado Works specifically or initiatives related to Colorado Works; and

Perceptions regarding future directions, including administrator/staff views about how to improve the Colorado Works program and directions they would like in going forward.

B. Fiscal Concerns

At the time of the visits (summer 2008), fiscal issues were of paramount concern. Three areas over which there was particular concern include:

- Steadily accumulating Colorado Works reserve funds were accompanied by fear that the state may in the future re-capture some or all of these reserve funds if they were not spent;

- While TANF caseloads were steady or falling in recent years, program administrators were facing increases in caseload and demand for services in other programs such as child welfare, juvenile justice, food stamps;

- In some counties, there was concern that political support would ebb for the portion of funds provided by the county (the county's TANF match), given uncertainties about whether the state would re-capture unspent reserves (and with it a portion of the funds that the county had provided as match).

Administrators in one county (Rio Grande) noted that the county's reserve had especially grown over the previous three years, reaching slightly over $1 million at the time of the site visit. Administrators pointed out that the county had to spend its full allocation for the current year before it could spend down its reserve. At the time, county administrators were fearful of losing as much as half of its reserve if the state recaptured unspent reserves over limits set within the recently-passed SB 08-177. A particular concern expressed was that the county would forfeit county funds that had served as a match to its TANF allocation (which were raised through taxes paid by county residents). Administrators also expressed some fear that if excess reserve was recaptured by the state, that when the program faced poor economic conditions and greater demand for services, the county might lack the necessary reserve of funds and have to cover with county funds a budgetary shortfall in TANF or another of its programs.

Despite steadily accumulating reserve funds in most of the counties visited, administrators voiced some concerns over the potential for their TANF programs facing gradually deteriorating fiscal conditions in 2009 and following years. Some administrators noted that reserves had accumulated in recent years because of strong economic growth and low unemployment – which effectively drove down TANF caseloads. However, they also noted that economic conditions could rapidly deteriorate in the future (and had recently already begun to do so), quickly pushing up the number of TANF, food stamp, and Medicaid applicants and creating fiscal imbalances between program budgets and expenditures. They had seen rapid changes in fiscal conditions (both positive and negative) in the past and were aware of how quickly conditions could change. County administrators noted that factors other than changing caseloads could also impact the fiscal condition of counties. For example, planned BCA grant increases would boost TANF program expenditures in coming years, though administrators generally felt that at least in the next few years these increases would likely be absorbed relatively easily given the accumulated reserve (barring sudden increases in caseload).

C. Client Tracking Data Issues

A second major administrative/management issue identified during site visits was lingering implementation issues with respect to the Colorado Benefits Management System (CBMS). Administrators noted that continuing efforts to enhance CBMS operations would likely result in some disruptions and inefficiencies, and impose additional costs on county programs. While challenges associated with CBMS start-up were beginning to fade from memory by the summer 2008, periodic upgrades and changes were still causing administrative and office disruptions. For example, in one county (Pueblo) a staff person reported that while the CBMS was not quite the central focus it had been when it was first introduced, there remained some lingering issues (such as a problem at the time with processing sanctions):

"…There used to be a lot of initiatives -- fatherhood, teen parents, others… CBMS was like a bomb—all [focus on these initiatives] ended because of our focus on CBMS [implementation] and getting benefits processed. It's better now but a huge problem this month is the sanction screen…the state locked down our sanction screen, graying fields out so if someone has an old sanction and we're trying to "approve/clear," they are denied benefits. I've sent in 10 tickets to the Help Desk this month on this issue."

Several administrators/staff observed that some inflexibilities of the CBMS had cropped up that needed attention. For example, the CBMS was viewed by some as not providing adequate tracking of client progress with regard to achieving employment outcomes and self-sufficiency. As a result, administrators/staff at county programs were in some instances using locally-developed management reports to help with tracking participant outcomes.

D. Service Delivery Issues

As has been documented throughout Lewin's multi-year study of Colorado Works, a striking feature of the Colorado TANF program in comparison to other programs across the nation is the variability in program operations and service delivery across the state. Colorado counties have been afforded flexibility and they have taken advantage of this discretion to structure programs that are tailored to unique local circumstances and the needs of the low-income populations. For example, the extent to which county programs rely on diversion and sanctioning varies substantially, as does the flow of clients through intake, assessment, and services. County programs also use varied blends of contracted vendors and have quite different patterns of linkages with other human service providers in their local area. Despite this variation, county administrators and staff identified a number of common service delivery issues of concern affecting current operations:

Declining BCA cases, but, in some counties, rising Food Stamps caseload and office workload. Statewide and in the counties visited there had been a substantial decline in TANF caseload in recent years (though at the time of the visits, several counties were reporting a recent uptick in TANF applications, and as seen in Chapter II, caseloads had begun to increase). Several counties visited had experienced recent surges in food stamp applications and caseload. In response, these counties had reassigned staff to process applications and increased caseload. For example, one county (Montrose) reported that food stamp cases had jumped 13 percent in the first half of the year, while TANF applications were only up slightly. The increase in food stamp applications in this county was attributed in part to increasing numbers of working poor applying for benefits.

Rising costs in Child Care, Child Welfare, and Juvenile Justice. Despite decreasing or relatively stable caseload and costs for the TANF program, several of the counties visited reported increasing caseload and costs related to child care. Several counties indicated that they were using their reserve to make up for budgetary shortfalls in their child care programs. For example, one county (Montrose) reported spending about $1.3 million on child care, but having a budget of less than $800,000, and the balance being paid for out of its swelled reserve fund (which had reached $2.5 million at the time of the visit).

Several counties also reported increasing costs related to the child welfare and juvenile justice systems. Several counties were mounting new prevention initiatives to reduce the chances that youth might enter these systems in the first place. For example, one county (Rio Grande) had recently initiated intensified outreach efforts to youth at risk of entering the foster care, juvenile justice, and/or TANF systems. This county had introduced an initiative to provide mentoring for at-risk youth attending elementary, middle, and high schools in the service area. The county had also mounted intensified family stabilization efforts that provided in-home visitation to reduce domestic violence, neglect and abuse, and prevent out–of-home placements.

Increasing share of BCA cases are child-only and adults facing serious barriers to employment. At the time of the visits, several counties reported that the low levels of one-parent and two-parent BCA cases compared to several years before led to an increasing share of child-only cases within the BCA caseload. In interviews, staff pointed to the need for prevention projects to keep children from entering the system in the first place, as well as the need for intensified services tailored to the special needs of child-only cases and caretakers. In addition, counties reported that after several years of intensified efforts at moving adults into employment and with time-limits being imposed that the adults receiving BCA (particularly those who had received assistance for longer periods of time) faced more serious barriers to employment and required more concentrated focus and services. Counties expanded efforts to assist this group of long-term adult recipients who had disabilities or other serious impairments by providing help with the process of applying for SSI/SSDI benefits. Those adults who were employable received increased attention from case managers, sometimes financial incentives to secure and retain work, help with improving basic skills, job training, and an increased range of support services.

Pressure to spend down Colorado Works reserves. As has already been discussed, counties visited had accumulated substantial amounts of TANF reserve because of diminished caseloads in recent years; in some cases, reserves were at historical highs. With these burgeoning levels of reserve came both fears that the state would eventually recover some portion of "excess" reserve under SB 08-177. To address concerns about excess reserves, counties were considering funding innovative projects to prevent at-risk behaviors and welfare receipt and intensified services to move existing TANF cases off welfare and towards long-term self sufficiency. In our visits, we uncovered many such initiatives, several of which are highlighted in the narrative that follows.

E. Key Service Delivery Changes and Trends Regarding Preventing Welfare Receipt and Promoting Self-Sufficiency

The counties visited reported relatively little change in employment or training components for BCA clients. But between 2006 and 2008, many had implemented a variety of new work and support initiatives for working low-income families and at-risk youth and families. There was some increased focus on work participation, in part due to increased requirements within the Deficit Reduction Act. Examples include:

- Several counties reported some restructuring of service components and hours to increase "countable" activity;
- Some counties were beginning to consider non-MOE coding to help with work participation rate calculations; and
- Several counties were reconsidering diversion strategies.

Several counties also reported institutional modifications to intake, eligibility, and case management procedures, including:

- More streamlined intake and eligibility processing (especially to improve timeliness of issuance of benefits and to respond to increasing numbers of food stamp applications);
- More individual activities for BCA cases and less group activity where caseloads are very low; and
- More specialized case management (e.g., including services for non-English speakers and intensified case management for non-MOE cases with short-term problems).

In part due to accumulating reserves, pressure to spend the reserve before it might be recaptured by the state, and changes in work participation requirements under DRA, counties reported some recent shift in focus and priorities with regard to service delivery. Among counties visited, administrators reported a shifting emphasis from work participation only, to more priority on prevention and self-sufficiency. The availability of reserves made it possible for counties to consider new approaches to preventing individuals (especially youth) from needing long-term assistance. Counties were increasingly focused on reaching at-risk children earlier in school and reducing risks related to teen pregnancy, alcohol and drug abuse, school dropout, gang activity, and juvenile delinquency. County administrators and staff identified four important trends with regard to preventing welfare receipt and promoting self-sufficiency.

1. Counties Support Prevention Efforts

First, counties were using non-MOE funds, family stabilization initiatives, and/or diversion to *support prevention efforts and to better support families in their efforts to transition from TANF*. These efforts included funding a range of post-program services to help families and individuals retain employment and make the transition to self-sufficiency. For example, consistent with goals of employment, job retention, earnings gain, and long-term self sufficiency, one county

(Denver) initiated "People Invest" in July 2008. This effort was intended to promote asset building, economic empowerment, and "moving up the economic ladder."

"People Invest" focuses on TANF cases that have closed due to employment and greatly expands the case management services and support services available to such individuals during the 12-month period after TANF case closure. Tied into this effort are the job retention incentives paid at one, six and 12 months, but these incentives are only one part of the overall strategy. A range of support services, training and career advancements services, and workshops were to be ramped up during the year following our site visit. For example, a series of workshops were being planned – referred to as "Opportunity Knocks" – that would feature twice monthly Saturday sessions for newly-employed TANF participants to help ease their transition into the workplace.

County staff gave examples of challenges that exiting TANF clients faced when transitioning into the workplace. One problem faced was that former TANF clients do not understand the full cost of the services they have received over the years through public assistance (e.g., health insurance, food stamps, child care, housing allowances, etc.) and, hence, are not well-prepared for their gradual loss of benefits (e.g., in this county, earnings estimated at $21.79 per hour are required for a family to be self-sufficient). Another example of services provided are financial workshops sponsored by a local community credit union. The county has also instituted an individual development account (IDA) program aimed at building savings (offering a match of $4 for each $1 saved) of former TANF recipients who have been engaged in employment for 6 or more months. Finally, "People Invest" also offers tuition assistance to encourage further upgrading of former TANF participants' work-related skills.

2. Counties Increase Special Services

Second, counties have been *increasing offered special services* -- both contracting out and adding professional staff to DSS program offices, including therapists, psychiatrists, substance abuse treatment, housing advocates, and family services. These services were provided on a one-on-one basis to individuals or families based on special needs after a careful and thorough assessment. The aim was to help individuals or families to overcome especially difficult obstacles to employment and achieving self-sufficiency.

An example of this type of initiative is the contract of one county program (Rio Grande) with the San Luis Valley Comprehensive Community Mental Health – Friends of the Family Initiative. DSS is funding a program that began in May 2008 to help youth in the criminal justice system. Friends of the Family funds two staff to provide advocacy to youth in the criminal justice system. Each advocate has a caseload of 10-15 youth. The advocates meet with youth before they are in court, and they provide advocacy and support while in the courtroom. In addition, they meet with youth in their homes, talk with their families (at least twice, ideally), and/or meet with them in their schools. The advocates also help connect the youth to other resources in the community, including caseworkers, programs in their schools, and drug and alcohol counseling. As juvenile criminal justice cases have gone up in the county over the last few years, there is an increased need to serve youth in the community who are involved with the criminal justice system. The Friends of the Family program hopes to help the youth refrain from criminal activity.

3. Counties Leverage Evaluation and Analysis

Counties have increasingly supported *evaluations, analysis, and special studies* to better understand how existing programs are serving targeted populations, as well as to help identify new and potentially promising interventions that could better assist at-risk families and those already receiving TANF.

Some examples of special studies include (1) an examination of child-only cases and identifying potential approaches to enhancing child and youth long-term self-sufficiency, (2) an assessment to understand county and regional trends in poverty; and (3) an evaluation of fatherhood, parenting, and other innovative projects. For example, one county (Montrose) was planning to use TANF reserve funds to evaluate its parenting/nurturing class to determine if the services provided under this special initiative helped to reduce TANF and child welfare involvement, as well as improve parenting skills of those involved. In another county (Mesa), administrators observed that there was a large knowledge and data gathering effort underway throughout the county based on "Bridges Out of Poverty." The state had originally provided training that had been instrumental in getting this research effort underway, with four local staff attending a "train the trainers" workshop. As a result, these trainers have gone on to train an estimated 700 individuals (from a variety of organizations) within the community. The county agency has worked closely with a nearby college to develop a needs assessment survey, which will be distributed throughout the county to help develop a "road map" for the types of services that are most needed within the community. This county DSS agency was planning to use the results of the survey (with over 2,000 survey responses anticipated) to determine how it would spend down its reserve in a manner consistent with needs identified within the community. Once the survey results are analyzed and interpreted, this agency was planning to issue a series of RFPs to procure services that would particularly be aimed at helping welfare and other low-income households within the county.

4. Counties Increase Use of Public Information Campaigns

Finally, some counties have used TANF resources (particularly the reserve) to fund *public information campaigns.* The campaigns frequently focus on issues such as child nutrition, family dynamics, family planning, and responsible fatherhood. Some have gone as far as to fund infrastructure projects to enhance services (especially transportation services) for TANF participants and other low-income households in their communities.

One county program (Rio Grande) initiated a $24,000 contract with the Monte Vista Economic Development Corporation to help fund the establishment of a public bus transportation system to serve the major towns within the San Luis Valley. This county program is supporting this infrastructure development project along with four other counties in the San Luis Valley. The five counties are providing $84,000 as matching funds required under a U.S. Department of Transportation grant for $300,000. Together, grant funds will support purchases of buses and subsidize the operation of a bus system to serve major towns in the San Luis Valley (such as Alamosa, Monte Vista, and Del Norte). The TANF program plans to provide TANF participants with bus vouchers once the system is up and running.

F. Service Delivery Innovations and Initiatives

With the ready availability of TANF reserve funds in each of the counties visited, county administrators had in recent years implemented a steady stream of innovative strategies and initiatives. With the threat of possible state recapture of reserve, county administrators expressed interest in keeping existing initiatives going and, if effective, expanding these initiatives. In addition, some counties were considering additional implementation of initiatives. Recently implemented and planned new initiatives fell in three principal service areas:

- Prevention initiatives, including:
  - School-based projects (mentoring, pregnancy-prevention, after-school programs),
  - Child Welfare projects (to prevent child welfare, services for adults in child welfare cases, post-child welfare coaching/counseling), and
  - Family strengthening services (home visits for newborns)
- Self-sufficiency initiatives, especially for low-income working families, including
  - New contracted programs with nonprofits, mental health service providers, CBO/FBOs,
  - Additional professional specialists on staff and on contract,
  - Developmental work experience (e.g., CWEP, internships),
  - Industry/occupational-based training (e.g., health care, energy), and
  - Fatherhood and parenting services
- Community investment initiatives, including
  - Transportation (e.g., new or expanded bus systems; van service; transportation assistance), and
  - Community infrastructure (recreation facilities)

G. Outstanding Service Delivery Concerns

County administrators identified a number of unresolved concerns with respect to their service delivery systems.

Counties expressed concern over how to implement non-MOE options and diversion policies. At the time of the site visits, there had been little use of the MOE option, but some counties were planning to increase use of the non-MOE code for special groups such as those who faced serious barriers to employment and would have difficulty in meeting work participant requirements. Some counties also reported a recent rise in public requests for lump sum (diversion) grants. Counties visited had quite varied approaches to diversion – some used diversion extensively and other very cautiously.

Some counties faced difficulties with client documentation and implementation of immigration provisions. Documentation burdens remained a source of frustration. Counties faced difficulties when U.S. citizens did not have required documents in hand when they arrived at county offices to apply for assistance. Some applicants had to come back several times with required documents and those without valid identification may have had to request such information (such as driver's licenses or birth certificates) from other states. Several counties reported that the new requirements seem to have relative little effect on number on immigrants entering programs because they often had the required document or there were few immigrants seeking TANF assistance within a particular county.

Counties had growing concerns about how best to serve TANF-eligible but unenrolled families and child-only cases. Such groups were growing faster than their one-parent and two-parent caseloads. Counties needed more understanding about the numbers and types of underserved TANF eligible poor families (e.g., mixed immigrant/citizen households) and the mix of services that would best help this group of individuals to get off and remain off of TANF and achieve economic self-sufficiency. In some communities, affordable housing was a particular issue. There was also considerable concern that if economic conditions deteriorated, the working poor would be the first group affected and quickly become in need of food stamps and other types of assistance.

County administrators faced increasing challenges of balancing stronger work participation requirements with providing services. Counties found it difficult to both enforce work participation requirements and provide services to improve basic skills, work-related skills, and prospects for long-term self-sufficiency. Over time the most employable participants have left the program, leaving Colorado Works administrators and staff with a core group of TANF recipients facing greater barriers to employment. The need to meet work participant requirements can at times conflict with investing resources and time in individual participants to build skills needed to move on a path toward self-sufficiency.

County administrators and staff felt increasing workload pressures in the areas of food stamp and child welfare workload pressures. Food stamps and child welfare workloads had increased substantially over the prior year, and greater problems were anticipated for the coming months and year. Colorado Works administrators faced increasing challenges related to multi-program caseloads, rising caseloads and, in some instances, more complex processing of cases due to CBMS and other requirements.

H. Conclusions

The findings of the site visits helped to highlight a number of important trends and challenges facing county programs. The important trends that have been discussed in this section are the following:

- BCA caseloads have been steadily declining across most counties, and yet caseload and services have often expanded in other areas – child welfare and child care, for example.

- County administrator are anxious over the amount of funding they will receive in the coming years and have particular concerns over their accumulating reserve – for example, will the state recapture the reserve? With respect to mounting reserve funds, county administrators are grappling with how reserve funds can be deployed to cost-effectively help existing TANF cases to become self-sufficient and prevent low-income working poor from needing to apply for TANF.

- With accumulating reserve and the flexibility afforded county programs in Colorado, there are substantial opportunities to use TANF resources to assist low-income families more broadly (e.g., for prevention and to foster long-term self-sufficiency).

The site visit discussions, along with the deep recession that has occurred since the site visits were conducted, suggest that coming years will continue to bring major programmatic and operational changes to county TANF programs.

Appendix Tables

Appendix Exhibit 1: Employment and Earnings of Colorado Works Leavers in First Three Years After Exit, by Quarter of Exit

	Percentage Employed (%)			Median Earnings ($)		
Cohort (Quarter of Exit from Colorado Works)	First Year After Exit (Includes Quarter of Exit)	Second Year After Exit	Third Year After Exit	First Year After Exit (Includes Quarter of Exit)	Second Year After Exit	Third Year After Exit
2005						
Q1	71.2	66.7	65.7	6,826	7,922	9,470
Q2	71.9	68.2	65.5	6,854	8,442	9,871
Q3	71.5	69.4	66.8	7,306	8,449	10,027
Q4	73.5	69.9	66.1	6,929	8,662	9,772
2006						
Q1	71.6	69.1	64	7,589	8,980	9,433
Q2	72.4	69.5	--	6,714	8,658	--
Q3	73.6	68.3	--	7,290	8,838	--
Q4	73.9	67.2	--	6,975	8,286	--
2007						
Q1	74.3	66	--	6,857	7,891	--
Q2	73.3	--	--	6,932	--	--
Q3	73.2	--	--	6,901	--	--
Q4	71.5	--	--	6,949	--	--
2008						
Q1	70.4	--	--	6,273	--	--

Appendix Exhibit 2: Participation Status by Differing Rate Requirement Demographic Categories FFY 2006 - FFY 2009

Rate Requirement Categories based on Demographics	Fulfilling All Families Work Participation Requirement	Fulfilling Two-Parent Family Work Participation Requirement	No Federally Countable Activity Hours Logged, Not Exempt from Requirements	Participating but Without Enough Hours, Not Exempt from Requirements	Exempt from Work Participation Requirements	Work-Eligible Caseload Size
Federal Fiscal Year 2006						
Single Parent Family:						
Teenage parent	46.1	--	44.8	5.5	3.6	294
Non-teenage parent with their youngest child under the age of 6	31.3	--	43.2	14.2	11.4	3,655
Non-teenage parent with their youngest child at or over the age of 6	14.6	--	45.9	12.5	27	2,512
Two Parent Family:						
Receiving federally subsidized child care	52.8	37.2	9.8	19.9	17.5	78
Not receiving federally subsidized child care	27.2	34.9	36.3	11.4	25.2	822
Total work-eligible caseload	25.9	35.1	43	13	18	7,360
Federal Fiscal Year 2007						
Single Parent Family:						
Teenage parent	47.6	--	42.3	6.7	3.5	181
Non-teenage parent with their youngest child under the age of 6	36.3	--	36.5	13.7	13.6	2,521
Non-teenage parent with their youngest child at or over the age of 6	16.3	--	37	12.8	33.9	1,617
Two Parent Family:						
Receiving federally subsidized child care	52.9	36.3	9.8	17.8	19.4	47
Not receiving federally subsidized child care	29.1	38.9	32.4	9.3	29.3	459

Total work-eligible caseload	29.5	38.7	36.2	12.7	21.6	4,825
Federal Fiscal Year 2008						
Single Parent Family:						
Teenage parent	55.7	--	34.5	5.4	4.4	134
Non-teenage parent with their youngest child under the age of 6	43.5	--	32.6	9	14.9	1,972
Non-teenage parent with their youngest child at or over the age of 6	18.7	--	31.1	9.8	40.4	1,181
Two Parent Families**	33.3	**	27	9.3	30.4	354
Total work-eligible caseload	34.9	**	31.6	9.2	24.3	3,640
Federal Fiscal Year 2009*						
Single Parent Family:						
Teenage parent	57.6	--	32.4	6.1	4	185
Non-teenage parent with their youngest child under the age of 6	39.8	--	37.8	8.7	13.7	2,404
Non-teenage parent with their youngest child at or over the age of 6	17	--	34.1	10.8	38.1	1,360
Two Parent Families**	26.2	**	37.1	12	24.6	565
Total work-eligible caseload	32	**	36.4	9.7	22	4,515

* Includes only FFY 2009 Quarters 1 and 2, September 2008 – March 2009

** Child Care Data not available for FFY 2008 or 2009. Two-parent rate could not be calculated.