0524 Welfare Oversight Committee
RECOMMENDATIONS FOR 2004

WELFARE OVERSIGHT COMMITTEE

Report to the
Colorado General Assembly

Research Publication No. 524
December 2003
December 2003

To Members of the Sixty-fourth General Assembly:

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

At its meeting on November 17, 2003, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills herein for consideration in the 2004 session was approved.

Respectfully submitted,

/s/ Senator John Andrews
Chairman

JA/JC/dg
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WELFARE OVERSIGHT COMMITTEE

Members of the Committee

Senator Steve Johnson
Chairman
Senator F. Jim Dyer
Senator John Evans
Senator Bob Hagedorn
Senator Deanna Hanna
Senator Ken Kester
Senator Paula Sandoval
Representative Lauri Clapp
Vice-Chairman
Representative Betty Boyd
Representative Mark Cloer
Representative Fran Coleman
Representative Jerry Frangas
Representative Ramey Johnson
Representative Kevin Lundberg
Representative David Schultheis
Representative Debbie Stafford
Representative Lois Tochtrop
Representative Paul Weissman

Legislative Council Staff

Jeanette Chapman
Research Associate

Janis Baron
Principal Fiscal Analyst

Office of Legislative Legal Services

Michele Hanigsberg
Senior Staff Attorney
EXECUTIVE SUMMARY

Committee Charge

Pursuant to Section 26-2-722, Colorado Revised Statutes, the Welfare Oversight Committee, consisting of all members of the House and Senate Health, Environment, Welfare, and Institutions Committees, has the responsibility of overseeing the Colorado Works Program and its implementation by the counties. This report summarizes the aspects of the Works Program that have been considered during the 2003 interim and the legislation recommended by the committee.

Committee Activities

The committee held two meetings during the 2003 interim. The meetings focused on the current status of the Colorado Works Program and issues affecting low-income individuals and families in Colorado. The 1996 federal welfare reform law, Temporary Assistance to Needy Families (TANF), changed the focus of welfare to a work-first approach and granted states and counties flexibility in implementing programs according to their unique needs. Although TANF has successfully reduced caseloads overall, there continue to be challenges affecting low-income individuals and families who are seeking self-sufficiency.

The committee heard a presentation on the status of the Colorado Works Program from representatives of the Department of Human Services, Office of Child and Family Services, and the Division of Colorado Works. In the weak economy, counties have experienced an increase in caseloads over the last three years, with a 13 percent increase in the last year alone. Because the economy has not significantly improved, the Division expects caseloads to further increase. The committee was also briefed on the status of the federal reauthorization of the TANF program, which is still pending.

Representatives of various Colorado counties discussed the status of the Colorado Works Program. County representatives expressed concern over the proposed federal reauthorization legislation and the increase in TANF caseloads. The need for a child care benefit in the new federal law was discussed. The counties briefly discussed the imminent launch of the state-wide Colorado Benefits Management System (CBMS) database and their concerns with the implementation of the project. The committee members also toured the CBMS facility.
Committee Recommendations

As a result of committee discussion and deliberation, the committee recommends four bills for consideration in the 2004 legislative session.

**Bill A — Changes to the Colorado Works Program to Conform With the Reauthorization by the United States Congress of Temporary Assistance for Needy Families.** This bill provides for the implementation of any changes and clarifications to the Colorado Works Program that are necessary in light of the passage of any federal reauthorization legislation concerning block grants for temporary assistance for needy families.

**Bill B — Modifications to Alien Eligibility Requirements Under the Colorado Works Program in Order to Comply with Federal Law.** This bill modifies current state law to comply with federal requirements regarding the definition and eligibility requirements of a "qualified alien."

**Bill C — Evaluation of the Colorado Works Program.** This bill modifies the evaluation component of the Colorado Works Program and continues the evaluation for five years. The evaluation is intended to assess the effectiveness and cost efficiency of different county approaches to managing the Colorado Works Program and to identify best practices among programs and services.

**Bill D — Authorization for Counties to Increase Participation in Vocational Education by Colorado Works Participants.** This bill authorizes each county to use 75 percent of the county's adjusted work participation rate for the purpose of placing Colorado Works participants in vocational education for longer than 12 months.
The passage of federal and state welfare reform legislation in 1996 and 1997 provided three significant changes: 1) it changed cash assistance for poor families with dependent children to a block grant providing states and counties greater flexibility in dispersing welfare funds; 2) it created a "work first" model of welfare reform in contrast to the previous Family Support Act model that emphasized education and training; and 3) it created definitive time limits — 24 cumulative months — in which to find a job or be judged job-ready, and a 60-month lifetime limit in which assistance can be received.

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

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

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

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

During the 2003 interim, the Welfare Oversight Committee heard testimony regarding the status of the Colorado Works Program and issues affecting low-income individuals and families. In addition, the committee was briefed on the status of the federal reauthorization of the TANF program, which is still pending. Four bills are recommended pertaining to the Colorado Works Program.

Background

The Colorado Works Program started July 1, 1997, as required by federal and state law. The Welfare Oversight Committee has since met 17 times. Initially the focus was on county implementation of welfare reform. Meetings also focused on the history of welfare reform in Colorado as well as the status of the Colorado Works Program. Testimony was taken from the Colorado Department of Human Services, county departments of social services, non-profit organizations, and other interested individuals.

Similarly, this year the committee received updates on the status of the Colorado Works program and heard testimony from various stakeholders to gain their perspective on what issues were being encountered as the program continues. In addition, the committee heard a presentation from the Colorado Center on Law and Policy on their recently completed study of the devolution of welfare reform in Colorado. The report discussed the impact of the devolution model on counties, the Colorado Department of Human Services, and services providers and made recommendations for making a county-based system more responsive and accountable.

Status of the Colorado Works Program

In fiscal year 1997-98, the first year of Colorado Works, the average monthly caseload was more than 22,000. By 2000, the caseload had dropped to 12,600 and hit its lowest point in 2001. Since then, the average monthly caseload has been rising each year to a little over 14,000 in 2003. Since job growth is usually the last thing to rebound from economic recession, the Department of Human Services anticipates that caseloads will likely continue to grow during the current fiscal year.

Total county spending has increased each year of the program to meet the needs of Colorado Works participants. As a result, counties have significantly depleted the reserves that they had built up during the first few years when caseloads were dropping. Counties have successfully managed their block grants to meet their particular needs, but a prolonged
period of caseload growth, combined with transfers to child care and child welfare will require even tighter fiscal management.

Federal Reauthorization

Federal reauthorization of the TANF program was anticipated by September 30, 2002. Colorado has been operating under continuing resolutions for over a year, however, as Congress has not passed a bill. Nevertheless, the Department anticipates that federal reauthorization will happen in time for the General Assembly to act during the 2004 session. While most of the key elements of the original legislation will remain the same, the committee heard testimony concerning policy issues still under debate in the competing versions of the reauthorization plan. One source of concern for counties in particular was the amount of funding available to states for child care. One proposal provides an additional $1 billion for child care, another would increase funding to $3 billion. Additionally, there has been considerable debate around the issue of work requirements. There are differences in the competing proposals about: what work activities will count toward work participation; how many hours a participant will have to work in the various components; and whether a participant may receive partial credit for certain work activities.
As a result of the committee’s activities, the following bills are recommended to the Colorado General Assembly.

**Bill A — Concerning Changes to the Colorado Works Program to Conform with the Reauthorization by the United States Congress of Temporary Assistance to Needy Families**

The federal welfare reform debate continued as the 2003 Welfare Oversight Committee finished its work. The purpose of this bill is to implement any changes to the Colorado Works Program that may be necessary due to any new provisions or changes to the federal law if reauthorization of TANF is passed by Congress during the 2004 Colorado legislative session.

**Bill B — Concerning Modifications to Alien Eligibility Requirements Under the Colorado Works Program in Order to Comply with Federal Law**

This bill modifies current state law to comply with federal requirements regarding the definition and eligibility requirements of a "qualified alien."

**Bill C — Concerning the Evaluation of the Colorado Works Program**

This bill continues and modifies the evaluation component of the Colorado Works program. The evaluation, under the oversight of the Department of Human Services, will identify and analyze the effectiveness and cost efficiency of different county approaches to managing the Colorado Works Program and identify best practices among county programs and services. The bill identifies new outcome data to evaluate the programs.

**Bill D — Concerning Authorization for Counties to Increase Participation in Vocational Education by Colorado Works Participants**

This bill authorizes counties to use 75 percent of the county's adjusted work participation rate, to be identified within 30 days of the beginning of the state fiscal year, for the purpose of placing Colorado Works participants in vocational education for longer than 12 months.
RESOURCE MATERIALS

The resource materials listed below were provided to the committee or developed by Legislative Council Staff during the course of the meetings. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver, (303-866-2055). For a limited time, the meeting summaries and materials developed by Legislative Council Staff are available on our web site at:

www.state.co.us/gov_dir/leg_dir/lcsstaff/2003/03interim.htm

Meeting Summaries

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<td>August 13, 2003</td>
<td>Status of the Colorado Works Program and discussion from the state, counties, and advocates; discussion of recent evaluation by the Colorado Center on Law and Policy of welfare reform in Colorado; tour of and briefing on Colorado Benefits Management System; proposed legislation.</td>
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<tr>
<td>October 7, 2003</td>
<td>Discussion of and voting on proposed legislation.</td>
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Memoranda and Reports


A BILL FOR AN ACT
CONCERNING CHANGES TO THE COLORADO WORKS PROGRAM TO CONFORM WITH THE REAUTHORIZATION BY THE UNITED STATES CONGRESS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.

Bill Summary
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Welfare Oversight Committee. States that the purpose of the act is to implement any changes and clarifications to the Colorado works program that are necessary in light of any reauthorization legislation for the block grants for temporary assistance for needy families that is or may be passed by the United States congress. Amends definitions relating to the federal law.

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

SECTION 1. Legislative declaration. By the terms of the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193, the federal TANF law must be reauthorized. The purpose of this act is to implement any changes and clarifications to the Colorado works program contained in part 7 of article 2 of title 26, Colorado Revised Statutes, that are necessary in light of the reauthorization legislation passed by the United States congress.

SECTION 2. 26-2-703 (17) and (19), Colorado Revised Statutes, are amended to read:

26-2-703. Definitions. As used in this part 7, unless the context otherwise requires:

(17) "Personal responsibility and work opportunity reconciliation act" or "federal law" means the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193, OR ANY LAW PASSED BY THE UNITED STATES CONGRESS TO REAUTHORIZE THE PROGRAM FOR FEDERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.

(19) "Temporary assistance for needy families" or "TANF" means the program of block grants from the federal government to the states to implement assistance programs pursuant to the provisions of the FEDERAL "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", OR PURSUANT TO THE PROVISIONS OF ANY REAUTHORIZATION LEGISLATION PASSED BY THE UNITED STATES CONGRESS.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
CONCERNING CHANGES TO THE COLORADO WORKS PROGRAM TO CONFORM WITH THE REAUTHORIZATION BY THE UNITED STATES CONGRESS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.

Summary of Assessment

The bill declares that the purpose of the act is to implement any changes and clarifications to the Colorado Works Program that are necessary in light of federal reauthorization legislation of the Temporary Aid to Needy Families (TANF) program. The bill also amends definitions relating to federal reauthorization legislation. The bill is assessed at having no fiscal impact. This bill effectively anticipates future action by the federal government in reauthorizing TANF. Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. 104-193, established the Temporary Assistance for Needy Families (TANF) program. The TANF block grant program was authorized through 2002. Currently, federal funding for TANF is available to the states through a continuing resolution through March 2004. The fiscal note assumes that any substantive changes required as a result of federal reauthorization will be included in separate legislation. The bill is effective upon signature of the Governor.

Departments Contacted

Human Services
A BILL FOR AN ACT
CONCERNING MODIFICATIONS TO ALIEN ELIGIBILITY REQUIREMENTS UNDER THE COLORADO WORKS PROGRAM IN ORDER TO COMPLY WITH FEDERAL LAW.

Bill Summary
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Welfare Oversight Committee. In order to comply with federal law:
• Modifies the definition of "qualified alien" under the Colorado works program; and
• Changes the eligibility requirement that a qualified alien live in the United States for over 5 years to a requirement that the qualified alien be in a qualified alien status for a period of 5 years.

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

SECTION 1. 26-2-703 (17.7), Colorado Revised Statutes, is amended to read:

26-2-703. Definitions. As used in this part 7, unless the context otherwise requires:

(17.7) "Qualified alien" means an alien who, at the time the alien applies for, receives, or attempts to receive a federal public benefit, is:

(a) An alien who is lawfully admitted for permanent residence under the federal "Immigration and Nationality Act";

(b) An alien who is granted asylum under section 208 of the federal "Immigration and Nationality Act";

(c) A refugee who is admitted to the United States under section 207 of the federal "Immigration and Nationality Act";

(d) An alien who is paroled into the United States under section 212 (d) (5) of the federal "Immigration and Nationality Act" for a period of at least one year;

(e) An alien whose deportation is being withheld under section 243 (h) or section 241 (b) (3) of the federal "Immigration and Nationality Act"; or

(f) An alien who is granted conditional entry pursuant to section 203 (a) (7) of the federal "Immigration and Nationality Act" as in effect prior to April 1, 1980;

(g) An alien who is a Cuban or Haitian Entrant as defined in section 501(e) of the federal "Refugee Education Assistance Act of 1980", or

(h) An alien, or an alien's child or parent, who has been battered or subjected to extreme cruelty in the United States and who otherwise satisfies the requirements of 8 U.S.C. sec. 1641 (c).
SECTION 2. 26-2-706 (1.5) (b), Colorado Revised Statutes, is amended to read:

26-2-706. Target populations. (1.5) To participate in the Colorado works program an applicant or person shall:

(b) Be a citizen of the United States, a qualified alien who entered the United States prior to August 22, 1996, or a qualified alien who entered the United States on or after August 22, 1996, who has been in the United States for over five years or, if less than five years, is in a federal exempt category pursuant to the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996", Public Law 104-193, as amended 8 U.S.C. SEC. 1613 (b);

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.
CONCERNING MODIFICATIONS TO ALIEN ELIGIBILITY REQUIREMENTS UNDER THE COLORADO WORKS PROGRAM IN ORDER TO COMPLY WITH FEDERAL LAW.

Summary of Assessment

The bill modifies the definition of "qualified alien" under the Colorado Works Program and changes the eligibility requirement that a qualified alien live in the United States for over 5 years to the requirement that the qualified alien be in a qualified alien status for a period of 5 years. These statutory changes make Colorado law consistent with federal law and do not result in a fiscal impact to the Colorado Works Program. As such, the bill is assessed at having no fiscal impact. The bill is effective upon signature of the Governor.

Departments Contacted

Health Care Policy and Financing  Human Services
Bill C

HOUSE SPONSORSHIP
Frangas, Boyd, Johnson R., Stafford, and Tochtrop

SENATE SPONSORSHIP
Hanna, Hagedorn, Kester, and Sandoval

A BILL FOR AN ACT
CONCERNING THE EVALUATION OF THE COLORADO WORKS PROGRAM, AND
MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

Bill Summary
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Welfare Oversight Committee. Modifies the evaluation component of the Colorado works program and continues the evaluation for 5 years. Makes an appropriation.

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

SECTION 1. 26-2-723, Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:


(2) THE PURPOSE OF THE INDEPENDENT EVALUATION SHALL BE TO OBTAIN SYSTEMATIC DATA ON THE OUTCOMES RESULTING FROM THE WORKS PROGRAM, INCLUDING THE FULL RANGE OF SERVICES AND BENEFITS PROVIDED IN THE WORKS PROGRAM.

(a) THE OUTCOMES SHALL INCLUDE, BUT NEED NOT BE LIMITED TO THE FOLLOWING:

(I) THE CHARACTERISTICS OF FAMILIES RECEIVING CASH ASSISTANCE AND OTHER SERVICES IN THE WORKS PROGRAM, INCLUDING SERVICES RECEIVED AND WORK ACTIVITIES PARTICIPATED IN AND THE LENGTH OF THAT PARTICIPATION;

(II) THE AVAILABILITY OF APPROPRIATE SERVICES TO ENABLE FAMILIES TO MOVE OFF CASH ASSISTANCE INTO EMPLOYMENT AND TOWARD LONG-TERM SELF-SUFFICIENCY;
(III) The well-being of children in families who receive cash assistance or in families who are no longer receiving cash assistance;

(IV) The number of families who no longer receive cash assistance due to income earned through employment or due to other reasons;

(V) The earnings of families who leave the works program;

(VI) The number of parents who leave the works program who remain employed;

(VII) The number of families who return to cash assistance;

(VIII) The number of former participants who are moving to long-term self-sufficiency;

(IX) The impact of the works program on Colorado's Medicaid, child care, and child welfare programs; and

(X) The effectiveness of the works program in providing services and benefits to families to help them move to long-term self-sufficiency.

(b) The evaluation shall report on these outcomes for the state as a whole and for the regions within the state. The state department shall identify regions based on geography and similarities in economic and social characteristics.

(c) The evaluation shall identify approaches that have been developed and implemented to address challenges facing participants in the works program and shall provide analyses of the effectiveness and cost efficiency of these approaches.

(d) The evaluation shall not be duplicative of the state department's monitoring and oversight responsibilities pursuant to section 26-2-712 nor shall the evaluation seek to address any individual county's performance contract with the state department.

(e) The state auditor's office is authorized to obtain any necessary information from state agencies that serve participants through the works program for the evaluation contractor to complete the evaluation.

(f) The state department shall provide any necessary technical assistance to the counties for the purpose of the evaluation.
(g) The state department and the advisory committee, established in subsection (4) of this section, may attach comments to each final evaluation.

(h) No later than July 31 of each year, the state department shall develop an annual evaluation plan specifying the evaluation's scope of work.

(3) (a) No later than August 31, 2004, the state department shall issue a request for proposals for a public or private entity to conduct the evaluation. The request for proposals shall encourage bids that include participation by state-supported and private institutions of higher education in Colorado. The request for proposals shall allow for subcontracting of work under the contract with the approval of the state department. The primary contractor shall be responsible for all work done under the contract.

(b) The evaluation data collected pursuant to this section shall be public information. The state department shall require the evaluation contractor to implement suitable measures to protect the confidentiality of each Colorado works participant.

(4) (a) The state department shall seek the input of an independent advisory committee on all stages of the evaluation, including but not limited to:

(I) Developing the request for proposals;

(II) Selecting the contractors who carry out the evaluation, including approving subcontractors identified after the contract is awarded;

(III) Developing the scope of work for each year of the evaluation;

(IV) Commenting on draft reports and recommendations submitted by the contractors;

(V) Developing recommendations for administrative or legislative actions based on the findings of the evaluation.

(b) The executive director shall appoint the advisory committee, which at a minimum shall include representatives from a statewide association of counties, representatives of counties not represented by a statewide association, representatives of advocate groups, and members of the public.

(c) The executive director shall appoint the chair of the advisory committee after consultation with the chairperson of the
WELFARE OVERSIGHT COMMITTEE. THE CHAIRPERSON OF THE WELFARE
OVERSIGHT COMMITTEE, OR THE CHAIRPERSON'S DESIGNEE, SHALL BE AN
EX-OFFICIO MEMBER OF THE ADVISORY COMMITTEE.

(d) MEMBERS OF THE ADVISORY COMMITTEE SHALL RECEIVE ALL
DRAFT FINAL REPORTS FROM THE EVALUATION CONTRACTORS.

(e) ALL ADVISORY COMMITTEE MEETINGS SHALL BE OPEN TO THE
PUBLIC.

(5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2009.

SECTION 2. Appropriation. In addition to any other appropriation,
there is hereby appropriated, to the department of human services, for the fiscal
year beginning July 1, 2004, the sum of ___ dollars ($___), or so much thereof
as may be necessary, for the implementation of this act. Said sum shall be
from federal temporary assistance for needy families block grant funds.

SECTION 3. Effective date. This act shall take effect July 1, 2004.

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

**No State General Fund Impact**

**Drafting Number:** LLS 04-0075  
**Date:** December 16, 2003

**Prime Sponsor(s):** Rep. Frangas  
**Bill Status:** Welfare Oversight Committee  
**Sen. Hanna**  
**Fiscal Analyst:** Janis Baron (303-866-3523)

**TITLE:** CONCERNING THE EVALUATION OF THE COLORADO WORKS PROGRAM, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

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<td>Federal Funds — TANF Block Grant Moneys</td>
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<tr>
<td>Department of Human Services (maintains appropriation)</td>
<td>$500,000</td>
<td>$500,000</td>
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<tr>
<td>Cash Funds Exempt — Transfer</td>
<td></td>
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<td>State Auditor's Office (transfer appropriation eliminated)</td>
<td>(500,000)</td>
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**FTE Position Change:** 0.0 FTE  
**0.0 FTE**

**Other State Impact:** None

**Effective Date:** July 1, 2004

**Appropriation Summary for FY 2004/2005:**
- Department of Human Services: $500,000 FF - TANF Block Grant Moneys
- Legislative Department - State Auditor's Office: (500,000) CFE Transfer

**Local Government Impact:** None

**Summary of Legislation**

The bill repeals and reenacts Section 26-2-723, C.R.S., which concerns evaluation of the Colorado Works Program. Most notably, the bill eliminates all current responsibilities for evaluation of the program by the State Auditor's Office (SAO), and requires the Department of Human Services (DHS) to oversee the administration of an annual independent evaluation of the program through July 1, 2009. Additionally, the bill establishes an independent advisory committee as part of the evaluation process.
State Expenditures

Background. The SAO has been responsible for overseeing evaluation of the Colorado Works Program since 1998. Moneys for the evaluation are appropriated directly to the DHS and transferred to the SAO. To date, only federal funds from the Temporary Assistance to Needy Families (TANF) Block Grant have been appropriated for evaluation activities. Over the past five fiscal years, the SAO has contracted with Berkeley Policy Associates for the evaluation. The current contract expires January 2004. Annual evaluation costs since FY 1999-00 are noted in the table below.

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<th>History of Colorado Works Program Evaluation Costs</th>
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* FY 2003-04 is current appropriation.

FY 2004-05 — $500,000 FF. Actual evaluation costs of the Colorado Works Program are contingent, in large part, upon the request for proposal (RFP). These costs will not be known until the RFP is issued and evaluated. In addition to the contract costs for the independent evaluation, DHS will incur costs to develop the initial RFP and establish the advisory committee. Based on a similar evaluation done by the State of Ohio, the fiscal note assumes a first-year cost no greater than $500,000, the amount currently appropriated for evaluation of Colorado Works.

FY 2005-06 — $500,000 FF. At this time, the fiscal note assumes a continuing cost of $500,000. Depending upon bids received, the actual amount may be lower or greater. Actual contract costs will be addressed through the annual budget process.

State Appropriations

For FY 2004-05, the Department of Human Services should receive an appropriation of $500,000 federal funds. The source of the federal funds is TANF Block Grant moneys which the General Assembly has appropriation authority over. The State Auditor's Office will no longer receive a cash funds exempt transfer from the Department of Human Services.
Departments Contacted

Human Services       State Auditor's Office
A BILL FOR AN ACT
CONCERNING AUTHORIZATION FOR COUNTIES TO INCREASE PARTICIPATION IN VOCATIONAL EDUCATION BY COLORADO WORKS PARTICIPANTS.

Bill Summary
(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Welfare Oversight Committee. Requires the department of human services ("department") to notify each county, within 30 days after the beginning of the state fiscal year, of the department's projection regarding the county's adjusted work participation rate for that state fiscal year.

Authorizes each county to use 75% of the county's adjusted work participation rate for the purpose of placing Colorado works participants in vocational education for longer than 12 months in order to meet critical skills shortages in the labor market.

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

SECTION 1. Part 7 of article 2 of title 26, Colorado Revised Statutes, is amended by the addition of a new section to read:

26-2-714.5. Adjusted work participation rate - notification - county authorization - vocational education. (1) The state department
**CONCERNING AUTHORIZATION FOR COUNTIES TO INCREASE PARTICIPATION IN VOCATIONAL EDUCATION BY COLORADO WORKS PARTICIPANTS**

The bill requires the Department of Human Services (DHS) to notify each county, within 30 days after the beginning of the state fiscal year, of the department's projection regarding the county's adjusted work participation rate for that fiscal year. Additionally, each county is authorized to use 75 percent of the county's adjusted work participation rate for the purpose of placing participants in vocational education for longer than 12 months in order to meet critical skills shortages in the labor market. The bill is effective 90 days following final adjournment unless a referendum petition is filed (August 4, 2004).

**Background** — Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. 104-193, established the Temporary Assistance for Needy Families (TANF) program. The TANF block grant program was authorized through 2002. Currently, federal funding for TANF is available to the states through continuing resolutions through March 2004.

Presently, the DHS does not project county-level work participation rates. It does, however, maintain ongoing communications with counties to ensure that the federally-required statewide work participation rate is met. The DHS indicates that the bill's requirement to project county-level work participation rates can be met within existing resources. Staff time dedicated to current practice will simply be redirected.

Under current law, counties have no limit to their authority regarding placement of participants in vocational education programs. However, federal law limits the amount of time vocational education can count towards work participation. States are notified retroactively as to whether they've met their work participation rate in prior years. The DHS indicates that should these limitations be exceeded, the state could face fiscal sanctions if it fails to meet its federally-required work participation rate. States that meet the federal requirements receive rebates from the federal government. In Colorado, these rebates are passed on to the counties. The most recent rebate received totaled $5.5 million and is appropriated in the FY 2003-04 Long Bill.

In 1998 the federally-required work participation rate was 30 percent and has increased annually to 50 percent in 2002. Because the program was not federally reauthorized and continues through interim measures, the DHS has expressed reservations regarding the authorization of using 75 percent of a county's adjusted work participation rate for the purpose of placing participants in...
vocational education for longer than 12 months in order to meet critical skills shortages in the labor market.

At this time the fiscal notes assumes the bill has no fiscal impact and no federal fiscal sanctions will result. It is in the counties' best financial interest to continue to meet the 50 percent statewide work participation rate. Should Congress reauthorize the program with significant new requirements, the fiscal note assumes that any substantive changes required in Colorado law resulting from federal reauthorization will be addressed in separate legislation.

Departments Contacted

Human Services