



Evaluation of the Colorado Works Program

Fifth Annual Report

November 2003

Submitted to:

Office of the Colorado State Auditor

Submitted by:

Berkeley Policy Associates

440 Grand Avenue, Suite 500

Oakland, California 94610



Berkeley Policy Associates

**LEGISLATIVE AUDIT COMMITTEE
2003 MEMBERS**

Senator Ron Tupa
Chairman

Representative Tambor Williams
Vice-Chairman

Senator Norma Anderson
Representative Fran Coleman
Representative Pamela Rhodes
Senator Stephanie Takis
Senator Jack Taylor
Representative Val Vigil

Office of the State Auditor Staff

Joanne Hill
State Auditor

Becky Richardson
Legislative Auditor



Berkeley
Policy
Associates
100% employee-owned

November 19, 2003

Members of the Legislative Audit Committee:

This is the *Fifth Annual Report* in Berkeley Policy Associates' evaluation of the Colorado Works program. Part 1 of this report provides information regarding the Colorado Works program, including expenditures, caseload trends, and the employment and earnings characteristics of recipients, as well as the characteristics of returnees to Colorado Works. Part 2 of this report focuses on four major barriers to self-sufficiency for participants in the Colorado Works Program: mental health problems, substance abuse, insufficient usage of the Earned Income Tax Credit, and lack of transportation. Part 2 also addresses issues related to the cost-effectiveness of providing mental health and substance abuse services to Colorado Works participants. The report presents our findings, recommendations, and the responses of the Department of Human Services.

Sincerely,

A handwritten signature in black ink, appearing to read "Jm Bos", with a horizontal line underneath.

Johannes M. Bos, Ph.D.
President and CEO

Authors of this report:

Vincent M. Valvano, Project Director, Part 1
Kathleen P. Magill, Project Director, Part 2
Sherry Almandsmith
Chris Furgiuele
Rebecca London

Acknowledgments

We benefited from the advice and cooperation of numerous officials at state and county agencies during the preparation of this report, including: Office of the State Auditor; Colorado Department of Human Services; Colorado Health Care Policy and Financing Department, and the Departments of Human and Social Services in Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, and Weld Counties.

Johannes M. Bos provided consultation to this report. Todd Glasser and Jeffrey Weinstein provided programming support, and Audrey Acosta served as research assistant. Patricia Spikes Calvin produced the report with production support from Sabrina Williams.

Contents

Executive Summary	i
-------------------------	---

Recommendation Locator	iii
------------------------------	-----

PART 1

Chapter 1: TANF and Colorado Works Expenditures	1
Introduction	1
Colorado TANF Expenditures	2
Key Findings	3
TANF Expenditures in 2003.....	3
Colorado Works Expenditures in 2003.....	5
Year-to-Year Changes in Colorado Works and TANF Expenditures	9
Colorado Works Other Assistance Payments in 2003	12

Chapter 2: Colorado Works Caseload Trends	15
Key Findings	15
Basic Cash Assistance Cases	15
State and County Diversion Cases.....	18
60-Month Time Limit Cases.....	19

Chapter 3: The Characteristics of Recipients Who Return to Colorado Works	24
Key Findings	24
Re-entry Rates for Colorado Works Leavers.....	25
Characteristics of Colorado Works Returnees and Non-Returnees	27

Chapter 4: Employment and Earnings Outcomes.....	39
Key Findings	39
Employment Rates of Recent Colorado Works Leavers	39
Earnings Outcomes for Colorado Works Leavers	43
Industry of Employment After Exit.....	47
Characteristics of Employed and Non-Employed Colorado Works Leavers	50

PART 2

Chapter 5: Barriers to Participant Self-Sufficiency	57
Mental Health and Substance Abuse Problems	58
Transportation and Income Barriers	62
Evaluation Scope and Data Sources	62

Contents (continued)

Chapter 6: Providing Mental Health and Substance Abuse Services to Colorado

Works Recipients	65
Department Actions With Regard to Statutory Mandates	66
Mental Health Services.....	66
Substance Abuse Services	71
Co-Occurring Disorders	72
New Mental Health and Substance Abuse Services	74
Staff Training.....	75
Cross-Agency Collaboration	78
Informing Colorado Works Participants About Available Services.....	84
Application for Supplemental Security Income (SSI)	86
Dual Diagnosis Services.....	89
The Cost-Effectiveness of Providing Services	92
Mental Health and Substance Abuse Expenditures	93
Department Actions With Regard to Recommendation	99
Measuring the Cost-Effectiveness	100

Chapter 7: Use of the Earned Income Tax Credit by Colorado Works Participants

EITC Background.....	105
Use of the EITC.....	107
Information Provided About Tax Filing and the EITC.....	107

Chapter 8: Providing Transportation Services to Colorado Works Participants.....

Transportation Barriers in the Colorado Works Population	114
Transportation Assistance Payments by Counties	116
Types of Transportation Assistance.....	120

References.....

Appendix A: Colorado Works Caseload Trends.....

Appendix B: Summary of Studies of the Cost-Effectiveness of Providing Substance Abuse Services.....

140

Executive Summary

In this, the fifth and final year of the Colorado Works Program evaluation mandated in Section 26-2-723, C.R.S., we identified the following significant findings:

- **Between July 1997 and June 2003 the Colorado Works Basic Cash Assistance (BCA) caseload decreased by about 46 percent, from 27,898 to 15,159.** However, after reaching a low of 11,347 cases in June 2000, the caseload increased by 34 percent in 2003. This caseload increase coincided with a significant downturn in the state's economy.
- **Total Colorado Works Program spending declined during State Fiscal Year (SFY) 2003 for the first time since the start of the program.** The spending decrease resulted primarily from less available funding from the federal Temporary Assistance to Needy Families (TANF) block grant. The funding decrease, in combination with the increased basic cash assistance caseload, resulted in lower expenditures for supportive services for Colorado Works participants. For example, payments for transportation and other supportive services fell by 12 percent, or \$13.9 million, in SFY 2003.
- **Overall, less than 1 percent (on average, 74 cases) of the average monthly adult-headed caseload of 9,051 in SFY 2003 received cash assistance due to an extension to the 60-month time limit.** This is far below the 20 percent of the caseload that can be granted extensions and allowed to continue receiving assistance using federal TANF funds. More than two-thirds of the cases granted extensions in Colorado have received them for disability-related reasons.
- **Re-entry rates among Colorado Works leavers have been increasing for several years.** This means that more former recipients are returning to Colorado Works in recent years than was the case in the first years of the Program. Findings from a survey of former Colorado Works participants indicate that returnees to cash assistance were more likely than working non-returnees to report employment barriers in the areas of transportation, insufficient education and training, physical and mental health problems, and a lack of jobs in their geographic areas.
- **The recent economic slowdown appears to have had a significant impact on the employment rate of recent Colorado Works leavers.** The employment rate for leavers in 2002 was 44 percent, compared to more than 50 percent for leavers in all prior years of the program. Employment retention continues to be an issue for Colorado Works leavers. Less than one-third are employed in all four quarters after exit from Colorado Works.

Among the significant findings resulting from our analyses of four major barriers to participant self-sufficiency—mental health problems, substance abuse, insufficient usage of the Earned Income Tax Credit (EITC), and lack of transportation—are:

- **Colorado Works participants often have difficulty achieving self-sufficiency due to substance abuse problems or mental illness.** Almost one-fourth of respondents in the 2003 Participant Survey indicated that a mental health problem had presented a barrier to getting or keeping a job. One percent of respondents indicated substance abuse was such a barrier. Our analysis of administrative data showed that almost one-half of Colorado Works participants who received mental health services between 2000 and 2002 also had identified difficulties with substance abuse.
- **The counties have undertaken a variety of endeavors to assist Colorado Works participants with mental illness or substance abuse problems.** In particular, all 14 counties in the 2003 County Survey have processes for identifying Colorado Works participants with mental health and substance abuse needs. If county respondents are correct in their estimates, Colorado Works is identifying and serving more of its participants with mental health and substance abuse problems than it did in 2000.
- **The Colorado Department of Human Services met the legislative mandate to designate a nationally recognized screening instrument to identify substance abuse and mental illness among Colorado Works participants and to provide training to county staff on the use of this screening** (Section 26-2-724, C.R.S.). Similarly, the counties have met the mandate to utilize either this screening tool or one they select to screen participants for substance abuse and mental illness.
- **Cost data on providing mental health and substance abuse screening, referral, and assessment are very limited, precluding a thorough analysis of the cost-effectiveness of these services.** Numerous national and state analyses, however, offer evidence that providing mental health and substance abuse services to TANF recipients is highly cost-effective.
- **Rates of both tax filing and Earned Income Tax Credit (EITC) participation have improved compared with the 1999 rates reported in BPA's *Second Annual Report*.** However, a significant number of working Colorado Works participants still do not claim this credit, which could have a substantial impact on their incomes. Working full-time at \$6 per hour, single parents of two children could supplement their annual earnings of \$12,000 with \$4,140 from the EITC.
- **The issue of transportation as a barrier to self-sufficiency has not changed since BPA first discussed the problem in the 2000 *Second Annual Report*.** In the 2003 Participant Survey, 41 percent of current and former Colorado Works participants indicated that transportation poses a problem for them in finding or keeping a job. In the earlier study, we reported that 40 percent of survey respondents indicated that transportation barriers impeded their ability to work.

A summary of our recommendations related to these and other findings is included in the Recommendation Locator on the following page.

Recommendation Locator

Agency Addressed: Department of Human Services

Rec. No.	Page No.	Recommendation	Agency Response	Implementation Date
1	78	The Department should work with the county departments of human and social services to identify training opportunities for appropriate Colorado Works practitioners and outside service providers who have contact with Colorado Works participants in recognizing and identifying mental health and substance abuse problems.	Agree	November 3, 2003 and ongoing
2	84	The Department should continue to work with the county departments of human and social services to encourage regional and statewide collaboration to leverage resources and coordinate services.	Agree	November 3, 2003 and ongoing
3	89	The Department should provide support to the county departments of human or social services in their efforts to assist Colorado Works participants with the most severe disabilities to apply for SSI, by helping to establish working relationships with SSA and facilitating these relationships as needed.	Agree	November 3, 2003 and ongoing
4	91	The Department, in collaboration with the county departments of human and social services, should document the effectiveness of serving Colorado Works participants with co-occurring disorders using an integrated service approach. The Department should provide information about the effectiveness of these programs to the counties.	Agree	December 31, 2004
5	103	The Department should work with the county departments of social and human services to modify data collection and reporting requirements to ensure data (including cost data) related to screening, assessment, and referral for mental health, substance abuse, or dual diagnosis services to Colorado Works participants are routinely compiled and reported.	Partially Agree	July 1, 2005
6	111	The Department should enhance its efforts to maximize Earned Income Tax Credit participation among Colorado Works participants and other low-income individuals by evaluating the effectiveness of various outreach methods and by continuing to partner with the counties and other entities to encourage and assist Colorado Works participants and others in filing income tax returns and claiming the EITC.	Agree	June 30, 2004
7	112	The Department should provide training to all Colorado Works staff, including case managers, on the importance of tax filing for low-income populations, including information on claiming the EITC. Sessions on tax filing and the EITC should be included in the Department's annual Professional Development Academy.	Agree	June 30, 2004

Chapter 1: TANF and Colorado Works Expenditures

Introduction

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193, also known as PRWORA) was signed into law, establishing the federal Temporary Assistance for Needy Families (TANF) program as a replacement for the Aid to Families with Dependent Children (AFDC) program. Unlike AFDC, which entitled families to cash assistance as long as they met eligibility criteria, TANF imposes time limits on benefits and requires parents either to work or to participate in work-related activities. TANF is a block grant program that gives states greater discretion in designing program rules and requirements, and allows states to provide a range of support services beyond traditional cash assistance to needy families. Responding to the PRWORA legislation, the Colorado General Assembly enacted Senate Bill 97-120, which established Colorado Works as the State's TANF program as of July 1997.

This is the fifth report in the evaluation of the Colorado Works program by Berkeley Policy Associates (BPA). The report is divided into two parts: Part 1 provides information regarding the Colorado Works program, including expenditures, caseload trends, and the employment and earnings characteristics of recipients, as well as the characteristics of returnees to Colorado Works. In Part 2, we focus on four major barriers to self-sufficiency for Colorado Works participants: mental health problems, substance abuse, insufficient use of the Earned Income Tax Credit, and lack of transportation. We also address in Part 2 a number of issues related to the cost-effectiveness of providing mental health and substance abuse services to Colorado Works participants.

For this report we utilized the following sources of data: administrative data maintained by the Colorado Department of Human Services (the Department) and other state agencies; a telephone and in-person survey of 540 current and former Colorado Works participants; a mail survey, with telephone follow-up, of the 14 Colorado counties included in previous Colorado Works evaluations; and interviews with staff at the Department and other relevant state agencies. These data sources are described in more detail in later sections of this report.

Colorado's TANF Expenditures

This chapter provides an overview of TANF expenditures in Colorado during State Fiscal Year (SFY) 2003. A key feature of the federal TANF block grant is the flexibility granted to states to use these funds to support a wide range of programs that meet any of the four purposes of TANF:

- To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- To end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- To prevent and reduce the incidence of out-of-wedlock pregnancies; and
- To encourage the formation and maintenance of two-parent families.

Accordingly, the State is allowed to count its expenditures on several programs that benefit needy families as part of its required TANF contribution, known as Maintenance of Effort (MOE) expenditures. In SFY 2003, state expenditures for several programs were included as part of state TANF MOE, including:

- Colorado Child Care Assistance Program (CCCAP);
- Low Income Energy Assistance Program (LEAP);
- Child Welfare Program ;
- Department of Education preschool, kindergarten, and special education programs; and
- State child and child care tax credits.

In this chapter we review the level of TANF expenditures in each of these program areas along with changes in Colorado Works expenditures between SFY 2002 and SFY 2003. The final section of this chapter presents data on direct payments to Colorado Works recipients in SFY 2003.

Key Findings

- Total TANF expenditures increased by approximately 1 percent in SFY 2003. Federal TANF block grant expenditures dropped by 6 percent, while state and county TANF expenditures increased by 9 percent.
- Colorado Works program spending, which is a portion of total TANF expenditures, declined in SFY 2003 by \$4.2 million, or 3 percent. This was due to a drop in federal TANF block grant expenditures, which resulted from a decline in unspent block grant funds available to counties from prior program years.
- One effect of reduced funding available for Colorado Works combined with an increase in the cash assistance caseload was reduced expenditures on supportive services for Colorado Works participants. “Other assistance” payments, which are a primary means to provide recipients of Colorado Works Basic Cash Assistance with supportive services, decreased by 12 percent, to \$13.9 million, in SFY 2003.

TANF Expenditures in 2003

During SFY 2003, TANF-related expenditures, including federal, state, and county expenditures in programs other than Colorado Works, totaled \$227.9 million. This amount represents a small increase of 0.7 percent from total expenditures of \$226.2 million in SFY 2002. Federal TANF block grant funds accounted for \$120.1 million, or 53 percent of total expenditures; state and county expenditures represented \$107.8 million, or 47 percent of total expenditures. Despite the small increase in aggregate TANF expenditures in SFY 2003, expenditures of TANF federal block grant funds fell by 6 percent, or \$7.4 million, from the level of a year earlier, while state and county TANF-related expenditures, known Maintenance of Effort (MOE) expenditures, increased by 9 percent, or \$9.1 million.¹ Expenditures of federal TANF funds decreased because the amount of unspent block grant funds available to the state and counties from prior years declined. Annual expenditures of federal TANF block grant funds reached a high \$127.5 million in SFY 2002 and then declined to \$120.1 million in SFY 2003. At the same time,

¹ To continue receiving full federal TANF funding, states are required to contribute spending equal to 80 percent of what they spent on Title IV-A and Title IV-F programs in Federal Fiscal Year (FFY) 1994. The required contribution by states to TANF financing is known as the Maintenance of Effort (MOE) requirement. If states meet their work participation rate requirements for the fiscal year, their required contribution decreases to 75 percent. In Colorado, which has consistently met its work participation requirement, this required MOE contribution is \$88.4 million annually (on a federal fiscal year basis).

the state identified expenditures from other programs (education programs and tax credits) that it could count as TANF MOE spending in SFY 2003.

Under federal TANF regulations, both federal block grant and state MOE funds may be spent on any program that meets at least one of the four purposes of TANF and serves needy families. Colorado defines needy families as those with children residing with a parent or caretaker relative and which have a gross income of no more than \$75,000. Since the start of the Colorado Works program, a portion of state and county funds spent on child welfare services, the Colorado Child Care Assistance Program, and the Low Income Energy Assistance Program, all of which serve needy families, have been counted as part of the State's TANF MOE contribution. During SFY 2003, the Colorado Department of Human Services aimed to reduce the amount of Child Welfare Program funds that it counted for TANF MOE. This allowed the Department to use these funds instead as a match for federal Title IV-E funds.² To ensure that the State did not fall short of its required TANF MOE during SFY 2003, the Department identified existing state expenditures of \$7 million for Department of Education Preschool, Day Kindergarten, and Special Education programs and \$25.4 million for state Child and Child Care tax credits paid to needy families that qualified as TANF MOE.³ Exhibit 1.1 shows the contribution to TANF MOE made by each of these programs during SFY 2003. Only the LEAP program utilized federal TANF block grant funds.

As it has in previous years, the state transferred a portion of its FFY 2003 federal TANF block grant into the child welfare and child care programs. States are allowed to transfer up to 10 percent of TANF block grant funds into the Social Services Block Grant (SSBG) for child welfare services. A maximum of 30 percent of TANF block grant funds may be transferred into either the Child Care and Development Fund (CCDF) or the SSBG and CCDF funds combined. CCDF finances child care for low-income families through the Colorado Child Care Assistance Program (CCCAP). During FFY 2003, Colorado planned to transfer the maximum of 20 percent of its federal TANF block grant to CCDF and 10 percent to SSBG.

² The decision to reduce child welfare program expenditures counted as MOE followed a clarification from the U.S. Department of Health and Human Services on a rule regarding "reasonable candidacy" which determines which children and families are eligible to receive family preservation services (also known as core services in Colorado) through the Child Welfare Program. State spending on eligible family preservation services is eligible for Title IV-E matching funds at a 50 percent match rate with no cap.

³ The Child Care Credit is available to Colorado residents for expenses incurred for the care of children under age 13. To be eligible, the tax filer must have a federal adjusted gross income of no more than \$64,000 or less and have claimed the federal child care credit for up to 20 percent of child care expenses. Those who claim the child care tax credit are eligible for an additional child tax credit of up to \$100 for each child age five or younger.

Exhibit 1.1				
Programs Receiving Federal, State and County TANF Funds				
State Fiscal Year 2003				
	<u>Federal TANF Block Grant Expenditures</u>	<u>State/County MOE Expenditures</u>	<u>Total Expenditures</u>	<u>Percent of Total TANF Expenditures</u>
Colorado Works Program	\$118,582,447	\$28,303,613	\$146,886,060	64.5%
Low Income Energy Assistance Program (LEAP)	\$1,500,000	\$2,150,000	\$3,650,000	1.6%
Child Welfare Program	\$0	\$35,005,557	\$35,005,557	15.4%
Colorado Child Care Assistance Program	\$0	\$9,862,285	\$9,862,285	4.3%
Department of Education Programs	\$0	\$6,970,254	\$6,970,254	3.1%
Refundable Child and Child Care Tax Credits	\$0	\$25,447,798	\$25,447,798	11.2%
TOTAL EXPENDITURES	\$120,082,447	\$107,769,507	\$227,851,953	

Source: BPA staff tabulations based on Colorado Department of Human Services CFMS reports.

Colorado Works Expenditures in 2003

A detailed breakdown of federal and state/county TANF expenditures in Colorado for SFY 2003 is reported in Exhibit 1.2. (These expenditures exclude amounts transferred from the federal TANF block grant to CCDF and SSBG.) In SFY 2003, Colorado spent a total of \$118.6 million of federal TANF funds on the Colorado Works program. An additional \$1.5 million of federal TANF funds were spent on the Low Income Energy Assistance Program. State and county TANF MOE spending totaled \$107.8 million, of which \$28.3 million, or 26 percent, was spending on the Colorado Works program. Combined federal and state/county MOE spending for the Colorado Works program totaled \$146.9 million or 65 percent of all TANF expenditures in SFY 2003.

The expenditure categories in Exhibit 1.2 reflect the distinction between “assistance” and “non-assistance” outlined in the federal TANF regulations. Recipients of TANF “assistance” benefits are subject to time limits, work participation requirements, and child support assignment. Assistance benefits are generally for ongoing basic needs, including cash assistance, housing, and food. Federal TANF block grant funds that remain unspent

and are carried over into a subsequent year may be spent only on assistance benefits. In contrast, non-assistance benefits are a more flexible category of expenditures and may include any program that both meets one of the purposes of TANF and is not for ongoing basic needs. Recipients of non-assistance benefits are not subject to time limits, work participation requirements, or child support assignment.

Expenditures on assistance, as shown in Exhibit 1.2, are categorized as follows:

- **Basic Cash Assistance and Supplemental Cash Assistance** includes monthly cash assistance benefits (excluding diversion payments) and supplemental cash assistance payments. This is the largest single category of expenditures for Colorado Works. In SFY 2003, these expenditures totaled \$49.0 million.
- **Supportive Services for Nonemployed Families** includes transportation assistance and services necessary to help people participate in work activities. Total expenditures in this category were \$2.8 million.

Expenditures for non-assistance reported in Exhibit 1.2 are categorized as follows:

- **Education and Training** includes expenditures for education and training work activities or as a supplement to other work activities. Expenditures amounted to \$747,357 in SFY 2003.
- **Other Work Activities, Work-Related Expenses, and Work Subsidies** includes expenditures for job preparation activities, other payments for work expenses, and work subsidies. Work subsidies are payments to employers made on behalf of a recipient to help cover the costs of wages, benefits, or training. Expenditures in this category totaled \$173,626 in SFY 2003.
- **Child Care for Employed Families** includes expenditures on direct provision of child care services using TANF funds, but excludes subsidies to Colorado Works recipients provided through CCCAP. Approximately \$3.3 million was spent on direct child care services in SFY 2003.
- **Transportation for Employed Families** includes expenditures for bus tokens, car repairs and payments, auto insurance reimbursement, and van services for employed Colorado Works recipients. Expenditures for transportation services amounted to \$3.0 million.

Exhibit 1.2
TANF Expenditures in Colorado: Federal and State/County Funds
State Fiscal Year 2003

	<u>Federal Funds</u>	<u>State/County MOE Funds</u>	<u>Total Expenditures</u>	<u>Percent of Total</u>
<u>Expenditures on Assistance:</u>				
Basic Cash Assistance Payments and Supplemental Cash Assistance	\$37,238,566	\$11,769,355	\$49,007,921	21.5%
Supportive Services for Nonemployed Families	\$1,648,246	\$1,122,871	\$2,771,117	1.2%
<u>Expenditures on Non-Assistance:</u>				
Education and Training	\$620,882	\$126,475	\$747,357	0.3%
Other Work Activities and Work Subsidies	\$148,029	\$25,596	\$173,626	0.1%
Child Care for Employed Families	\$3,057,572	\$289,098	\$3,346,670	1.5%
Transportation for Employed Families	\$2,558,606	\$481,375	\$3,039,982	1.3%
State and County Diversion Payments	\$6,765,966	\$1,405,068	\$8,171,034	3.6%
Work Clothes, Other Work Expenses, and Miscellaneous	\$2,745,427	\$487,387	\$3,232,813	1.4%
Non-Monetary Services	\$851,663	\$160,492	\$1,012,155	0.4%
Prevention of Out of Wedlock Pregnancies	\$49,814	\$72,167	\$121,981	0.1%
Two-Parent Family Formation and Maintenance	\$223,861	0	\$223,861	0.1%
Subtotal	\$55,908,632	\$15,939,884	\$71,848,516	31.5%
<u>Expenditures on Administration:</u>				
County Administration Expenses ^a	\$13,692,846	\$2,016,691	\$15,709,536	6.9%
State Administration Expenses ^a	\$1,463,929	\$1,050,433	\$2,514,362	1.1%
Information Systems	\$12,069,804	\$1,601,059	\$13,670,863	6.0%
Colorado Works State Program-Related Costs	\$699,462	0	\$699,462	0.3%
Colorado Works County Program-Related Costs:	\$34,747,774	\$7,695,547	\$42,443,321	18.6%
a) Contract Program Services	n.a.	n.a.	\$19,845,155	8.7%
b) Combined Program Staff Salaries and Benefits	n.a.	n.a.	\$17,852,298	7.8%
c) Program Overhead	n.a.	n.a.	\$4,745,868	2.1%
Subtotal	\$62,673,815	\$12,363,730	\$75,037,544	32.9%
Low Income Energy Assistance Program (LEAP)	\$1,500,000	\$2,150,000	\$3,650,000	1.6%
CCCAP Child Care Subsidies and Administration	0	\$9,862,285	\$9,862,285	4.3%
Child Welfare Program Activities	0	\$35,005,557	\$35,005,557	15.4%
Department of Education Preschool, Day Kindergarten, Special Education Programs	0	\$6,970,254	\$6,970,254	3.1%
Refundable State Child and Child Care Tax Credits	0	\$25,477,798	\$25,477,798	11.2%
Total TANF Expenditures	\$120,082,447	\$107,769,507	\$227,851,953	100.0%

Source: Colorado Department of Human Services CFMS reports.

Note: Because of rounding, some rows do not sum exactly to total. N.a. indicates not available.

^a Administrative expenditures subject to TANF 15 percent spending cap.

- **Diversion Payments** includes expenditures on limited cash grants and in-kind services that provide immediate short-term assistance to families. Expenditures in SFY 2003 totaled about \$8.2 million.
- **Work Clothes, Other Expenses, and Miscellaneous** includes one-time payments for job attainment and retention, such as payments for work clothes and equipment, rent, and utilities. Benefits in this area totaled \$3.2 million in SFY 2003.
- **Non-monetary Services** includes expenditures on domestic violence counseling, life skills counseling, non-medical substance abuse treatment, and other types of counseling and therapy services for Colorado Works recipients. Expenditures in SFY 2003 totaled \$1 million.
- **Prevention of Out of Wedlock Pregnancies** includes expenditures on education and related programs that generally focus on youth pregnancy prevention. Expenditures for some county programs with this objective may not be recorded in this category. Recorded expenditures for these programs in SFY 2003 totaled \$121,981.
- **Two-Parent Family Formation and Maintenance** includes expenditures on family stability and counseling programs. Program expenditures totaled \$223,861 in SFY 2003.

Administration expenditures shown in Exhibit 1.2 are categorized as follows:

- **Administration** includes administrative expenses that are not directly related to the provision of program services; these are subject to a federally imposed cap of 15 percent of total expenditures. County administration expenditures that meet this definition totaled \$15.7 million in SFY 2003. State administration expenditures that meet this definition totaled \$2.5 million in SFY 2003.
- **Information Systems** expenditures are for costs related to Colorado Works program monitoring and tracking. Included are expenditures for the Electronic Benefits Management System and for the CFMS, COIN, CACTIS, and CBMS administrative data systems. Expenditures for systems totaled \$13.7 million in SFY 2003.
- **Colorado Works State Program-Related Costs** includes expenditures for the Colorado Works Program Evaluation. The total amount expended in SFY 2003 was \$699,462.

- **Colorado Works County Program-Related Costs** includes the costs associated with case management, such as program staff salaries and benefits, county office overhead costs, and contracts with outside service providers. Total expenditures in this category during SFY 2003 were \$42.4 million. This included \$19.8 million for contracts with outside service providers, \$17.9 million for program staff salaries and benefits, and \$4.7 million for county office overhead costs.

In addition, expenditures for five other programs are counted as part of the State's TANF MOE:

- **Low-Income Energy Assistance Program (LEAP) Benefits** includes LEAP benefit payments and county administration expenses associated with the program. Total TANF expenditures for LEAP amounted to \$3.7 million in SFY 2003.
- **CCCAP Child Care Subsidies and Administration** includes direct subsidies paid to CCCAP families as well as administrative costs for the program. In SFY 2003, this amounted to approximately \$9.9 million.
- **Child Welfare Program Activities** includes state and county expenditures for child welfare and family preservation activities, which totaled \$35.0 million in SFY 2003.
- **Department of Education Preschool, Day Kindergarten, and Special Education Programs** includes expenditures associated with the participation of needy families in these programs. Expenditures of \$7.0 million for these programs were counted as State TANF MOE in SFY 2003.
- **Refundable State Child and Child Care Tax Credits** include state expenditures associated with providing these tax credits to needy families in SFY 2003. Such expenditures totaled \$25.5 million.

Year-to-Year Changes in Colorado Works and TANF Expenditures

Despite a slight increase in total TANF expenditures in SFY 2003, expenditures for the Colorado Works program declined by \$4.2 million or 3 percent from the previous year. This decline occurred in the context of an overall increase in the Colorado Works case-load during SFY 2003, as will be discussed in Chapter 2. Exhibit 1.3 compares

expenditures in SFY 2002 and SFY 2003 and shows changes across categories in terms of actual dollars and percentages. Expenditures for Basic Cash Assistance (BCA) increased by nearly 5 percent in SFY 2003, in line with an overall increase in the Colorado Works BCA caseload. Most other assistance and non-assistance service-related expenditures for the Colorado Works program, however, declined. Excluding cash assistance payments, other expenditures for Colorado Works program services declined by \$3.4 million or 13 percent from the levels of SFY 2002. In particular, funding for child care programs and services for employed families declined by \$3.8 million, or over 50 percent. Only State and County Diversion expenditures registered a large increase in SFY 2003.⁴

Several categories of Colorado Works Program administration-related expenditures also show large changes in spending between SFY 2002 and 2003. These are not entirely program-related changes, however. In part, some of these changes reflect in a change in Colorado Department of Human Services accounting procedure. In prior years, the Department reclassified some expenditures reported by the counties as administration expenses to the county-program related costs category. This latter expenditures category includes program staff salaries and some overhead costs that are not subject to the 15 percent TANF cap on administrative costs. This reclassification was not carried out for SFY 2003 expenditures and is likely the reason for the \$9.7 million increase in county administration expenses in SFY 2003. Similarly, at least some of the decline in spending in the specific categories under county program-related costs (contract program services, staff salaries and benefits, and overhead) results from this accounting change. A comparison of combined county administration expenditures and county program-related costs indicates that total expenditures in these categories fell by \$5.4 million, or 9 percent, between SFY 2002 and 2003. This decline indicates that counties did decrease their staffing levels significantly during SFY 2003.

⁴ In Chapter 2, we discuss a significant drop in the number of County Diversion payments made by the counties during SFY 2003. This suggests that the increase in expenditures for State and County Diversion payments is related to the provision of in-kind, work-related supportive services to families who qualify for diversion assistance. We do not have more detailed information on these expenditures.

Exhibit 1.3
Annual Change in Colorado TANF Expenditures
State Fiscal Years 2002 and 2003

	Total Expenditures SFY 2002	Total Expenditures SFY 2003	Difference	Percent Change
<u>Expenditures on Assistance:</u>				
Basic Cash Assistance Payments and Supplemental Cash Assistance	\$46,802,504	\$49,007,921	\$2,205,417	4.7%
Supportive Services for Nonemployed Families	\$2,709,616	\$2,771,117	\$61,501	2.3%
<u>Expenditures on Non-Assistance:</u>				
Education & Training	\$796,709	\$747,357	(\$49,352)	-6.2%
Other Work Activities and Work Subsidies	\$205,393	\$173,626	(\$31,767)	-15.5%
Child Care for Employed Families	\$7,161,139	\$3,346,670	(\$3,814,469)	-53.3%
Transportation for Employed Families	\$3,113,928	\$3,039,982	(\$73,946)	-2.4%
State and County Diversion Payments	\$5,193,299	\$8,171,034	\$2,977,735	57.3%
Work Clothes, Other Work Expenses, and Miscellaneous	\$6,045,886	\$3,232,813	(\$2,813,073)	-46.5%
Non-monetary Services	\$997,268	\$1,012,155	\$14,887	1.5%
Prevention of Out of Wedlock Pregnancies	\$5,000	\$121,981	\$116,981	2339.6%
Two-Parent Family Formation and Maintenance	0	\$223,861	\$223,861	n.m.
Subtotal	\$73,030,742	\$71,848,517	(\$1,182,225)	-1.6%
<u>Expenditures on Administration:</u>				
County Administration Expenses ^a	\$6,057,145	\$15,709,536	\$9,652,391	159.4%
State Administration Expenses ^a	\$2,524,497	\$2,514,362	(\$10,135)	-0.4%
Information Systems	\$11,391,676	\$13,670,863	\$2,279,187	20.0%
Colorado Works State Program-Related Costs	\$512,581	\$699,462	\$186,881	36.5%
Colorado Works County Program-Related Costs:				
a) Contract Program Services	\$28,786,607	\$19,845,155	(\$8,941,452)	-31.1%
b) Combined Program Staff Salaries and Benefits	\$22,808,101	\$17,852,298	(\$4,955,803)	-21.7%
c) Program Overhead	\$5,926,085	\$4,745,868	(\$1,180,217)	-19.9%
Subtotal	\$78,006,692	\$75,037,544	(\$2,969,148)	-3.8%
Low Income Energy Assistance Program (LEAP)	\$14,031,447	\$3,650,000	(\$10,381,447)	-74.0%
CCCAP Child Care Subsidies and Administration	\$9,626,373	\$9,862,285	\$235,912	2.5%
Child Welfare Program Activities	\$51,495,659	\$35,005,557	(\$16,490,102)	-32.0%
Department of Education Preschool, Day Kindergarten, Special Education Programs	0	\$6,970,254	\$6,970,254	n.m.
Refundable State Child and Child Care Tax Credits	0	\$25,477,798	\$25,477,798	n.m.
Total TANF Expenditures	\$226,190,913	\$227,851,953	\$1,661,042	0.7%

Source: Colorado Department of Human Services CFMS reports.

Note: Because of rounding, some rows do not sum exactly to the dollar. N.m. indicates not meaningful.

^a Administrative expenditures subject to TANF 15 percent spending cap.

As noted earlier, state and county MOE spending for child welfare services declined due to a policy decision by CDHS to use these expenditures to draw down additional Title IV-E federal matching funds. Consequently, the amount of child welfare program expenditures charged to TANF MOE in SFY 2003 fell by \$16.5 million, or 32 percent, as shown in Exhibit 1.3. LEAP expenditures in SFY 2003 also declined from SFY 2002 levels by \$10.4 million, or 74 percent. This decline was due to a one-time transfer of state severance tax funds to the program in SFY 2002. As previously discussed, expenditures for Department of Education programs and the state child and child care tax credits were counted as TANF MOE for the first time in SFY 2003.

The impact of recent trends in Colorado Works expenditures can be summarized by examining monthly per capita assistance amounts provided to families receiving Basic Cash Assistance. This calculation is based on the total of all cases (adult-headed and child-only) receiving Colorado Works Basic Cash Assistance in each month of a fiscal year. Expenditures include all expenditures for “assistance” and “non-assistance,” as shown in Exhibit 1.3. Per capita monthly assistance expenditures totaled \$413 in SFY 2000 and increased to \$434 in SFY 2001 and \$476 in SFY 2002. The combination of a slight reduction in Colorado Works program spending in SFY 2003 combined with a large increase in the annual caseload from 153,427 cases to 172,472 cases in 2003 resulted in a drop in per capita assistance expenditures to \$417, close to the SFY 2000 level. This trend illustrates the potential impact that continued increases in the caseload, combined with reductions in funding, will have on the level of services available to Colorado Works families.

Colorado Works Other Assistance Payments in 2003

Under Colorado Works, recipients of Basic Cash Assistance are also eligible for “Other Assistance” payments, which fund a variety of supportive services, such as supplemental cash assistance and transportation, among others. Exhibit 1.4 shows the major types of assistance covered by such payments. “Other Assistance” payments may be classified as either “assistance” or “non-assistance” benefits under federal TANF regulations. “Other Assistance” payments made to Colorado Works recipients who are not employed will generally be classified as assistance, whereas such payments made to employed recipients will be classified as non-assistance.

Exhibit 1.4
Colorado Works "Other Assistance" Payments by Type
State Fiscal Year 2003

<u>Assistance Category</u>	<u>Number</u>	<u>Average Payment</u>	<u>Total Expenditures</u>	<u>Percent of Total Expenditures</u>	<u>Percent Change in Total Expenditures SFY 2002- SFY 2003</u>
Supplemental Cash Assistance	21,994	\$321	\$7,056,697	50.8%	-2.1%
Transportation	43,180	\$70	\$3,010,895	21.7%	-1.6%
Miscellaneous	7,013	\$207	\$1,449,464	10.4%	-13.2%
Educational Expenses	4,963	\$161	\$801,074	5.8%	15.9%
Individual Responsibility Contract Bonuses	9,294	\$76	\$710,967	5.1%	-69.8%
Other Work Expenses / Work Experience / Community Service Compensation	4,340	\$133	\$578,607	4.2%	20.3%
	1,017	\$247	\$250,780	1.8%	18.8%
Employer Incentives	61	\$486	\$29,622	0.2%	-29.1%
All Payments	91,862	\$151	\$13,888,106	100.0%	-11.7%

Source: BPA tabulations using COIN administrative records, Colorado Department of Human Services.

Note: The number of "other assistance" payments is reported here rather than the number of cases receiving such payments. Because some cases receive more than one payment in a month, the number of payments will exceed the number of cases in a particular month.

During SFY 2003, counties responded to a decline in the availability of unspent federal TANF funds by decreasing their total expenditures for other assistance payments by \$1.8 million, or nearly 12 percent. Total expenditures for "Other Assistance" payments in SFY 2003 were \$13.9 million. Although total expenditures fell in SFY 2003, the total number of "Other Assistance" payments increased by 3,201, or 4 percent, to 91,862 payments. While the number of payments made in most assistance categories declined, transportation payments increased by 6,733. Among all "Other Assistance" payments made, the average payment amount declined to \$151 in SFY 2003 from \$177 in 2002.

Exhibit 1.4 presents information on SFY 2003 "Other Assistance" expenditures, including a breakdown of payments by category. Two categories accounted for over half of payments made and 70 percent of total expenditures: supplemental cash assistance (24 percent of payments and 51 percent of expenditures) and transportation (47 percent of

payments and 22 percent of expenditures). Expenditures for these two categories of assistance declined by about 2 percent in SFY 2003.

Expenditures for Individual Responsibility Contract (IRC) bonuses declined by \$1.6 million, or more than 70 percent, during SFY 2003. These bonuses are incentive payments counties make to Colorado Works participants for fulfilling certain requirements on their IRCs. IRC bonuses accounted for 10 percent of payments and 5 percent of expenditures in SFY 2003. The drop in expenditures for IRC payments accounted for almost all of the total drop in expenditures on “Other Assistance” and indicates that county program staff placed a lower priority on this form of assistance relative to supplemental cash assistance and transportation payments.

Despite the overall decline in expenditures for “Other Assistance” payments, expenditures increased for several categories of assistance. Expenditures for payments for educational expenses increased by 16 percent in SFY 2003, and expenditures for other work-related expenses increased by 20 percent. Expenditures for payments for work experience/community service compensation increased by 19 percent. This category of “Other Assistance” includes payments made to Colorado Works recipients engaged in work experience or community service, in cases where it is necessary to supplement the recipient’s cash grant so that he or she receives paid compensation commensurate with the minimum hourly wage, as required by the Fair Labor Standards Act.

“Other Assistance” payments represent a principal means by which the Colorado Works program provides supportive services to program participants. Until SFY 2003, the number of such payments and the total expenditures for “Other Assistance” had increased in each year of the program, despite a decline in the overall cash assistance caseload for most of those years. Transportation and supplemental cash assistance have always been the largest categories of “Other Assistance” payments, although since SFY 2000, expenditures for supplemental cash assistance have grown at a faster rate. Much of the growth in supplemental cash assistance was due to specific county programs, including using these payments to provide additional financial support to child-only families, and to provide a higher earned income disregard for recipients who begin employment.

Chapter 2

Colorado Works Caseload Trends

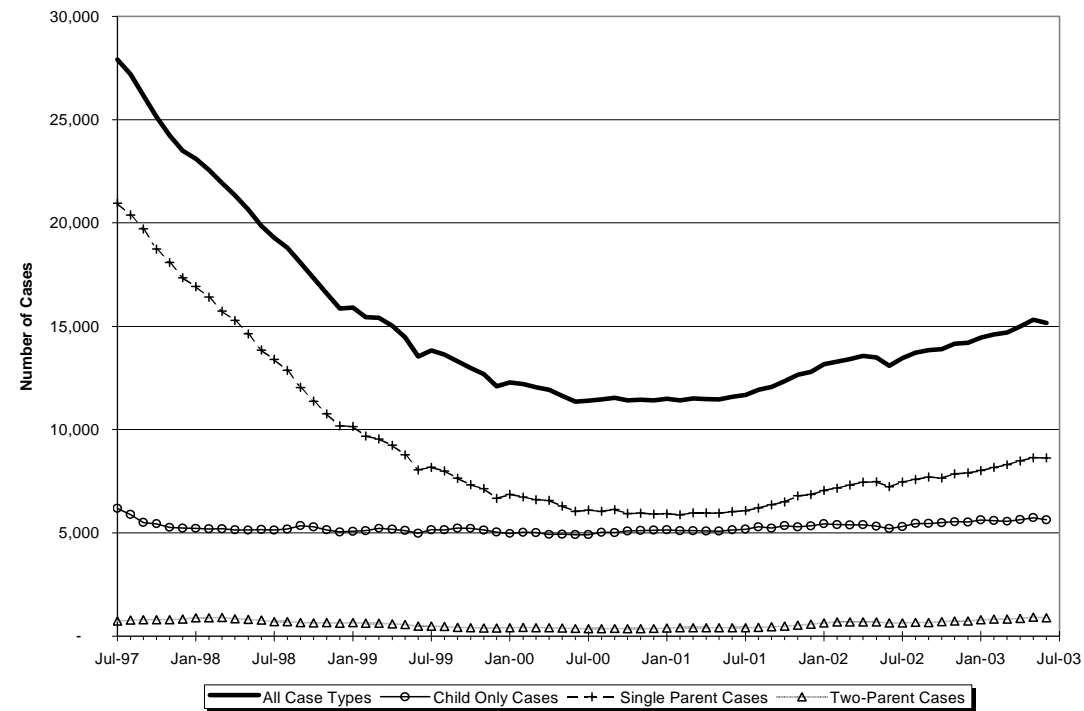
Key Findings

- The Colorado Works Basic Cash Assistance caseload has increased by 34 percent, to more than 15,000 cases since a low of 11,347 cases in June 2000. The increase coincided with a significant downturn in the state's economy.
- In contrast to the upward trend in the Basic Cash Assistance caseload, State and County Diversion payments have declined during SFY 2003, as financial constraints led many counties to assign priority to families receiving Basic Cash Assistance rather than to expanding diversion assistance.
- Slightly more than half of adult-headed cases reaching the 60-month time limit have been granted an extension to continue to receive cash assistance. More than two-thirds of the cases granted extensions have received them for disability-related reasons.
- To date, less than 1 percent of the monthly adult-headed Colorado Works caseload has a time-limit extension status. This is far below the 20 percent of the adult-headed caseload that can be granted extensions and continue receiving assistance using federal TANF funds.

Basic Cash Assistance Cases

In June 2003, at the end of year six of the Colorado Works program, the Basic Cash Assistance (BCA) caseload exceeded 15,000 cases for the first time since April 1999. Since a low of 11,347 cases in June 2000, the BCA caseload has increased by 34 percent (see Exhibit 2.1). The number of single-parent family cases grew by 43 percent during this period, accounting for most of the overall increase in the BCA caseload. The number of child-only cases increased by 15 percent and two-parent family cases more than doubled, from 365 to 890 cases.

Exhibit 2.1
Colorado Works Basic Cash Assistance Caseload
By Case Type, July 1997-June 2003



Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.

The increase in Colorado’s cash assistance caseload coincided with a significant economic downturn in the state’s economy. At the low point in the BCA caseload (June 2000), the state’s unemployment rate was 3.2 percent. Three years later, the statewide unemployment rate had increased to 6 percent and some counties, such as Adams and Denver, were experiencing unemployment rates of 7 percent.

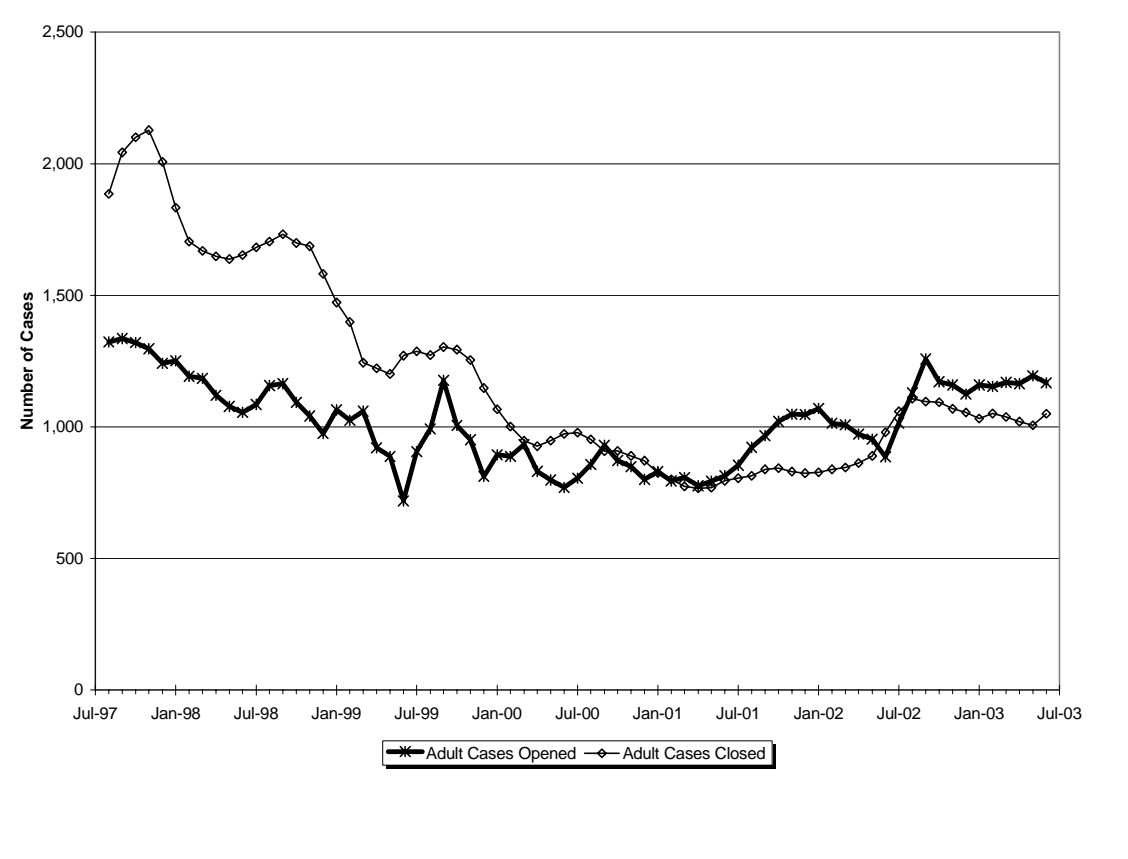
While Colorado’s caseload was increasing, the total national TANF caseload declined by 6.9 percent between July 2000 and March 2003.¹ A majority of states, however, experienced increases in their TANF caseloads during this period. Twenty-seven states saw their TANF caseloads increase, while 23 states and the District of Columbia

¹ U.S. Department of Health and Human Services, Administration for Children and Families, *TANF: Total Number of Families and Recipients, July-September 2000 and TANF: Total Number of Families and Recipients by State, March 2002-March 2003*, available at www.acf.hhs.gov/news/stats/newstat2.shtml. March 2003 is the most recent month for which national TANF data are available.

experienced caseload declines. Colorado's rate of caseload increase (26.4 percent) exceeded the average increase (20.5 percent) among states reporting increases.

A sustained increase in the number of families entering Colorado Works has been a principal factor underlying the increase in the BCA caseload. The number of entering adult-headed households increased to above 1,000 in August 2001 and entries have remained above the 1,000 level in most months since then (see Exhibit 2.2). Average monthly entries to BCA totaled 977 cases in SFY 2002 and increased to 1,180 cases in SFY 2003. Exits also increased in SFY 2003 relative to SFY 2002. Average monthly exits from BCA totaled 872 during SFY 2002 and increased to 1,060 during SFY 2003.

Exhibit 2.2
Colorado Works Basic Cash Assistance, New and Closed Cases
Adult-Headed Cases, August 1997-June 2003



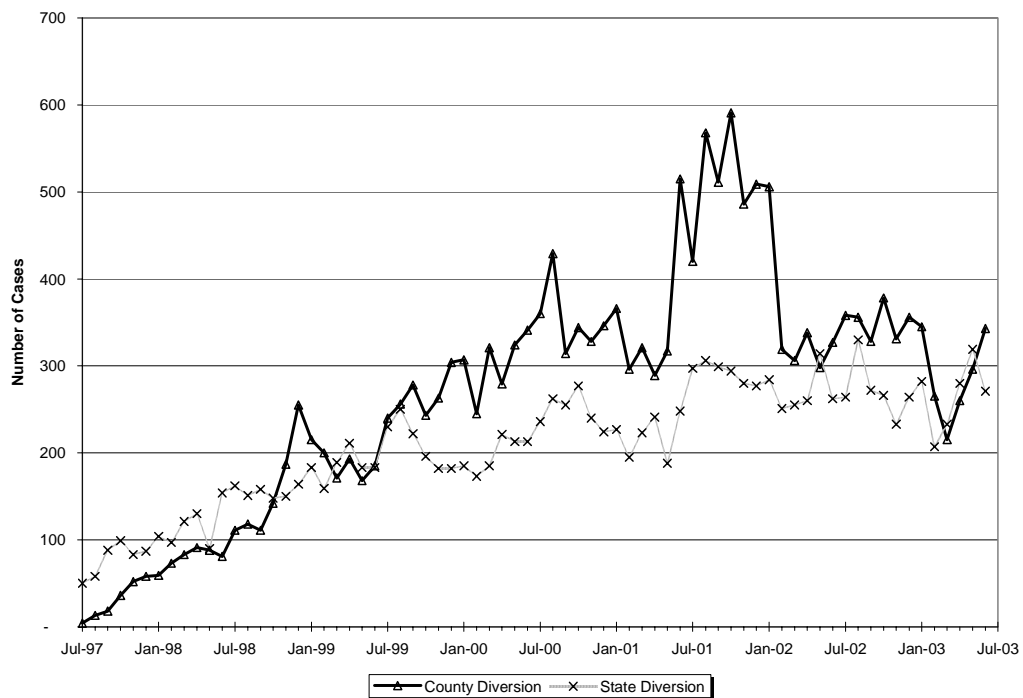
Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.
Note: Monthly counts of case openings and closures are three-month moving averages.

State and County Diversion Cases

The Colorado Works Program provides diversion payments to low-income families as an alternative to basic cash assistance. Diversion payments are intended to help families stabilize their financial situation in the face of a short-term need or emergency. Colorado offers two forms of diversion: State and County. State Diversion is available to families who meet the eligibility requirements for Basic Cash Assistance while County Diversion is available to low-income families with incomes too high to qualify for BCA but below a county-established limit (typically between 185 percent and 225 percent of the federal poverty level). County diversion is also used by some counties for incentive payments and other work-related supportive services to employed adults recently exited from BCA.

Neither State Diversion nor County Diversion payments have followed the upward trend of the Basic Cash Assistance caseload during the past several years. During State Fiscal Year (SFY) 2003, State Diversion payments remained relatively stable compared to SFY 2002 but County Diversion payments were lower (see Exhibit 2.3). On average, State

Exhibit 2.3
Colorado Works State Diversion and County Diversion Caseloads
 Monthly Payments, July 1997-June 2003



Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.

Diversion payments totaled 268 per month in SFY 2003 compared to 282 per month in SFY 2002. County Diversion payments, however, decreased from an average of 432 per month in SFY 2002 to 319 per month during SFY 2003. Several large counties dramatically reduced the number of County Diversion payments they made during SFY 2003. Denver's County Diversion payments fell by 50 percent during SFY 2003 compared to the prior year, from 1,566 to 786. Jefferson County reduced its County Diversion payments by 88 percent, from 495 in SFY 2002 to 57 in SFY 2003. This trend reflects the financial constraints under which many county Colorado Works programs have been operating during the past year. It also reflects priorities assigned by program staff to serve families receiving Basic Cash Assistance rather than to expand Diversion programs.

60-Month Time Limit Cases

A key federal TANF rule prohibits the use of federal TANF funds to provide cash assistance to families with an adult who has received cash assistance for more than 60 months. States are allowed to offer extensions of federally funded cash benefits beyond the 60-month lifetime limit to families facing severe hardships, provided that such exemptions do not exceed 20 percent of the state's average monthly caseload for adult-headed cases. In Colorado, when adult-headed families reach the 60-month time limit, benefits are discontinued for both adults and children on the case. However, counties may extend cash assistance for up to six months to families who have reached the 60-month time limit and are facing significant hardships or domestic violence.² Hardship extensions include:

- disability of the caretaker relative, spouse, dependent children, or immediate relative for which the caretaker is the primary caregiver;
- involvement in the judicial system;
- current or past domestic violence;
- family instability due to caretaker's inability to maintain stable employment or inability to care for the dependent children in their own home or in the home of a relative;
- inadequate or unavailable child care services, housing, transportation, or employment opportunities; or
- other hardship reasons specified by the county.

² Participants who are granted an extension may apply for subsequent extensions as long as they apply prior to the end of their current extension period.

Exhibit 2.4 shows the number of Colorado Works Basic Cash Assistance cases reaching the 60-month time limit as of June 2003, for the 14 counties included in our County Survey.³ The exhibit also reports the percentage of those cases that were granted an extension. These 14 counties together accounted for 87 percent of the total adult-headed caseload in the state in May 2003. They reported a total of 345 cases reaching the 60-month time limit, two-thirds of which (67 percent) were in Denver and El Paso Counties. On average, according to the counties surveyed, 56 percent of the cases reaching the time limit were granted an extension.

Exhibit 2.4 Colorado Works Adult Basic Cash Assistance Cases Reaching 60-Month Time Limit and Percent Granted Extensions 14 Counties, as of June 2003		
County	Number of Cases Reaching 60-Month Time Limit	Percentage of Extensions Granted by Counties
Adams	3	100%
Arapahoe	20	40%
Boulder	15	73%
Denver	147	69%
El Paso	85	35%
Fremont	2	50%
Jefferson	34	65%
Larimer	22	32%
Las Animas	5	60%
Mesa	2	100%
Otero	3	0%
Pueblo	6	33%
Rio Grande	0	--
Weld	1	100%
TOTAL	345	56%

Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003.

³ BPA conducted a mail survey in August 2003, with telephone follow-up, of the 14 Colorado counties included in previous Colorado Works evaluations. The counties surveyed were Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, and Weld. Survey respondents were Colorado Works program managers and the relevant members of their staff.

The Colorado Department of Human Services maintains monthly administrative data on the total number of Colorado Works cases that have a time limit extension status—that is, cases whose eligibility for assistance in a particular month is based on their having received a 60-month time limit extension. Exhibit 2.5 reports the number of Colorado Works cases that have a time limit extension status in each month for the period July 2002 to October 2003. On average, 74 Colorado Works cases per month have an extension status during this period. These cases represent less than 1 percent of the adult-headed Colorado Works caseload, far below the 20 percent of the adult-headed caseload that can be granted extensions and continue receiving assistance using federal TANF funds.⁴

Exhibit 2.5 Number of Colorado Works Basic Cash Assistance Cases with Extension Status for the 60-Month Time Limit July 2002 - October 2003	
Month	Number of Cases with Extension Status
July-02	78
August-02	94
September-02	95
October-02	93
November-02	73
December-02	92
January-03	74
February-03	66
March-03	78
April-03	63
May-03	65
June-03	67
July-03	58
August-03	58
September-03	60
October-03	65

Source: Administrative data provided by the Colorado Department of Human Services.

⁴ Calculation of the 20 percent threshold is based on the state’s average monthly caseload for adult-headed cases in the current or immediately preceding federal fiscal year.



The Colorado Works Program reports on the reasons for time limit extensions in five broad categories: Family Violence; Disability; Rehabilitation Program Participation and Treatment; Inadequate Resources; and Legal Issues. According to Colorado Works program reports, more than two-thirds (68 percent) of the cases receiving time limit extensions receive them for disability-related reasons, which may include disability of the adult Colorado Works participant, her spouse, her dependent children, or an immediate relative for which the participant is the primary caregiver. Another 9 percent of time limit extensions are granted for participation or treatment in a rehabilitation program; the type of rehabilitation program is not specified. Fifteen (15) percent of time limit extensions are granted because the Colorado Works participant has reached the 60-month time limit without adequate resources for caring for her family or maintaining stable employment. Five percent of clients who reach the 60-month time limit receive extensions for family violence reasons, while only 3 percent receive extensions because of legal issues.

In general, survey respondents in our County Survey say that they feel well prepared to help Colorado Works participants who are approaching the 60-month time limit, and all 14 counties report that they have implemented procedures for assisting these clients with employment plans, job contacts, and information about their post-Colorado Works eligibility for Medicaid, Food Stamps, child care assistance and other supports for low-income individuals. Most of the counties in our County Survey report that they created programs or procedures specifically for this purpose, for example:

- Adams County requires its contract case management agencies to provide a monthly report on all clients who have reached 30 months, so that their specific needs may be addressed prior to their reaching the 60-month time limit.
- Arapahoe County has a Review Board made up of managers for Colorado Works, workforce development, and Child Welfare, who assist with planning for the client who is approaching the 60-month time limit.
- Denver County awarded a contract to a provider to focus exclusively on this population, with the objective of developing a comprehensive plan for exiting Colorado Works, and incorporating this plan into the IRC.
- El Paso County has a community panel that meets monthly to review applications and award 60-month extensions.
- Jefferson County has a 60-month Committee made up of social service staff and representatives of community-based organizations.

- Weld County has established staffings and other collaborative efforts with service providers and community agencies specifically to address the needs of clients approaching the 60-month time limit.

Other case management and service delivery strategies for families approaching the 60 month time limit reported by the counties in our County Survey include:

- Transferring the client's case to intensive case management;
- Holding face-to-face meetings with the client monthly (or more frequently) after 55 months, and having "continuous interaction" with the household, including in-home assessments; and
- Providing ongoing staff training, in particular, training in ways to motivate clients to find employment and in methods of identifying barriers such as mental illness and substance abuse early on in the process.

Respondents in the County Survey did not report on whether their efforts to assist Colorado Works participants approaching the 60-month time limit were effective, or indeed, whether they had mechanisms in place to measure the effectiveness of these efforts in assisting participants to exit Colorado Works when the 60 month time limit was reached.

Respondents in the County Survey also described challenges they faced in their counties with regard to the 60 month time limit. All counties noted that the current downturn in the economy had exacerbated existing barriers to self-sufficiency for Colorado Works participants, and pointed out that job prospects for their clients were poor. The slow economy also was mentioned as one of the reasons for reductions in the support services available to assist Colorado Works participants in overcoming the barriers to employment and self-sufficiency they faced. The counties reported special problems in assisting clients who moved into the county a few months before reaching the 60 month time limit, giving Colorado Works staff little time to research the case and identify local resources and job prospects before the decision for termination or extension had to be rendered.

Chapter 3

The Characteristics of Recipients Who Return to Colorado Works

Key Findings

- Re-entry rates among Colorado Works leavers have been increasing for several years. Among recipients who left Colorado Works in SFY 2002, 32 percent returned within 12 months, compared to re-entry rates of 29 percent for 2001 leavers and 25 percent for 2000 leavers.
- Returnees to Colorado Works were less likely to have completed a high school level education than non-returnees and fewer had achieved some college-level education.
- Colorado Works returnees demonstrated more knowledge of Colorado Works program time limits than non-returnees. They were more likely to know the number of months they had remaining on their 60-month benefit clocks, and reported 20 months, on average, of assistance remaining compared to 28 months for non-returnees.
- Colorado Works returnees reported significantly lower utilization of the federal Earned Income Tax Credit than did non-returnees.
- Returnees reported more frequent barriers to employment relative to non-returnees. The most frequently reported barriers by returnees included lack of transportation, insufficient education and training, lack of jobs in their geographic area, physical and mental health problems, and stress associated with being a parent and managing a household.
- Returnees were more likely to report experiencing housing-related hardships than non-returnees, including having phone or utilities disconnected, not being able to pay rent, and using a homeless shelter.

Re-entry Rates for Colorado Works Leavers

An important indicator of the success of former Colorado Works recipients in achieving self-sufficiency is their rate of re-entry into the program. It is less clear, however, if re-entry rates are a useful and unambiguous measure of the effectiveness of the Colorado Works program in adequately preparing recipients for long-term self-sufficiency. Because the TANF program is designed to encourage recipients to start work as soon as possible, many leave assistance as soon as they find a job; indeed, those who begin working full-time will lose eligibility for further cash assistance, even if they only earn the hourly minimum wage.¹ Leaving assistance for employment can be a valuable learning experience even (or especially) for those who do not ultimately succeed in maintaining a job and must return to assistance. These re-entrants will have a better understanding of the additional skills they must acquire or employment barriers that must be resolved for them to move towards self-sufficiency. Moreover, because of time limits on receipt of assistance, recipients may be conserving their available months of assistance by leaving Colorado Works as soon as possible. Alternately, TANF work-first and time-limit policies may pressure recipients to take the first available job, even if that job pays low wages and provides little opportunity for advancement. These policies may lead recipients to leave Colorado Works before they have acquired the skills and supports to succeed in the labor market and subsequently cause them to return to assistance.

Re-entry rates for Colorado Works leavers have been increasing since the start of the program. Among recipients who left Colorado Works in SFY 2002, 32 percent returned within 12 months (see Exhibit 3.1). This compares to 12-month re-entry rates of 29 percent for 2001 leavers, 25 percent for 2000 leavers, and 22 percent for 1999 leavers. Colorado's re-entry rates, are comparable to those reported by some other states.² They indicate, however, that many recipients who leave assistance are not able to successfully transition to self-sufficiency upon exit. More difficult labor market conditions related to the state's economic slowdown may account for some of the increase in the Colorado Works re-entry rate.

¹ Evaluation of the Colorado Works Program, Second Annual Report, November 2000, pg. 93

² For example, a study sponsored by the U.S. Department of Health and Human Services of TANF leavers in 11 states and the District of Columbia, reported re-entry rates ranging from 17 percent to 38 percent. Re-entry rates were reported for various periods between 1996 and 1999. See U.S. Department of Health and Human Services, Office of Assistant Secretary for Planning and Evaluation (ASPE), *Final Synthesis Report of Findings from ASPE "Leaver" Grants*, Table IV-I, November 2001.

Exhibit 3.1 Re-Entry Rates among Colorado Works Leavers Adults Who Left the Program during State Fiscal Years 1998-2002					
	Re-Entry Rates by Year of Exit				
	Exited in SFY 1998	Exited in SFY 1999	Exited in SFY 2000	Exited in SFY 2001	Exited in SFY 2002
Number of Adult Leavers	21,675	17,619	13,599	10,894	12,218
Percent of Leavers Who Returned to Colorado Works:					
within 3 months	3.4%	4.8%	6.9%	8.1%	8.9%
within 6 months	10.0%	13.8%	17.9%	19.8%	23.1%
within 12 months	17.3%	21.7%	25.0%	28.7%	31.8%
within 24 months	24.2%	29.1%	33.4%	37.9%	n.a.
within 36 months	27.6%	33.6%	38.7%	n.a.	n.a.
Percent of Leavers Who Did Not Return:					
within 12 months	82.7%	78.3%	75.0%	71.3%	68.2%
within 24 months	75.8%	70.9%	66.6%	62.1%	n.a.
within 36 months	72.4%	66.4%	61.3%	n.a.	n.a.
Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.					

Exhibit 3.2 compares demographic characteristics for new and returning entrants to Colorado Works Basic Cash Assistance. Returning recipients are older, on average, than new recipients, have somewhat larger families, and are less likely to be male. Returning recipients are also more likely to be single (never married) than new recipients. In the following sections, we discuss in more detail the characteristics of returning recipients and the barriers to employment that they report.

Exhibit 3.2 Characteristics of Adult Recipients Entering Colorado Works New and Returning Adult-Headed Basic Cash Assistance Cases SFY 2003		
	<u>Returning Cases</u>	<u>New Cases</u>
Median Age	28.5	26.8
Average Number of Adults	1.2	1.3
Average Number of Children	2.1	1.8
Male (percent)	11%	22%
Race/Ethnicity:		
Hispanic	32.0%	27.0%
White	45.5%	55.1%
African-American	17.5%	12.7%
Other or Unknown	5.1%	5.3%
Marital Status:		
Single	71%	64%
Married	18%	26%
Separated	7%	7%
Divorced	4%	4%
Number of Adults	6,950	8,697
Source: BPA staff calculations based on COIN administrative records, Colorado Department of Human Services.		

Characteristics of Colorado Works Returnees and Non-Returnees

From June to September of 2003, BPA conducted a survey of 540 former Colorado Works participants who had exited the program between July and September of 2001. Respondents were classified as either Colorado Works returnees or non-returnees based on whether they had returned to the program by December 2002.³ The survey results referenced in this section for returnees and employed non-returnees can be found in Exhibits 3.3 and 3.4. A primary objective of this survey was to identify some of the key differences between those people who exited Colorado Works and achieved a measure of

³ The 38 percent return rate among survey respondents exceeded the actual 18 percent return rate for Colorado Works in 2002, largely because program returnees were oversampled to ensure an adequate sample size.

self-sufficiency, and those who returned to the program within a relatively short period of time. The results from this survey address the following key issues of interest to Colorado Works program administrators and policymakers:

- To what extent do Colorado Works returnees have the necessary education, training, and workforce preparation to successfully assimilate into the labor force?
- To what extent does awareness of Colorado Works lifetime participation limits affect a person's decision to reenter the program?
- Is the EITC effective in helping former Colorado Works participants achieve self-sufficiency? To what extent does the failure to apply for and receive the EITC hasten a person's return to Colorado Works?
- Among those who successfully exit Colorado Works and enter the labor force, to what extent are they self-sufficient regarding earnings levels and health care?
- What are some of the barriers to finding and retaining employment faced by those people who resume their participation in Colorado Works?
- What are some of the economic hardships faced by Colorado Works returnees and how can the program assist them in alleviating these hardships?
- What are the characteristics of those who have not returned that distinguish them from returnees?

To address these issues, we analyzed two subgroups of survey respondents: 1) those who returned to the program within about a year after exiting; and 2) those who did not return within a year after exit and were employed at the time of the survey. The survey sample includes 199 respondents (36.9 percent of the total) who had returned to the program by December 2002, after initially exiting between July and September 2001 and 165 respondents (30.6 percent) who had not returned to Colorado Works by December 2002 and were employed at the time of the survey. The remaining 176 survey respondents (32.5 percent) were non-returnees who were not employed at the time of the survey. The characteristics of this group of respondents will be discussed in Chapter 4.

Not all returnees were receiving Colorado Works cash assistance at the time of the survey: That is, some had returned at some point but were again off of cash assistance by the time of the survey. Sixty-five percent were not receiving Colorado Works, compared to 35 percent who were on cash assistance. Nonetheless, because we are interested in identifying characteristics of recipients who return to assistance within a short period of time, we include both those on and not on Colorado Works at the time of the survey in our returnee subgroup.

Reasons Recipients Return to Colorado Works

The 2003 Colorado Works Former Participant Survey asked respondents whether they had returned to Colorado Works since their departure in late 2001 and about their main reason for return. A total of 216 respondents indicated that they had returned to the program. Reasons for return are reported in Exhibit 3.3

Exhibit 3.3 Reason for Return to Colorado Works for Previous Spells of Cash Assistance 2003 Colorado Works Former Participants Survey Respondents		
Reason for Return	Percent	N
Laid off from job	17.8%	39
Own health problems	10.5%	23
Had another child, pregnant, or child returned home	10.4%	23
Moved back to Colorado	7.8%	17
Quit or fired from job	7.2%	16
Earned income not high enough	6.8%	15
Unemployed	5.9%	13
Could not arrange or afford child care	5.9%	13
Lost financial support of family/partner/government program	5.9%	13
Marriage breakup	4.6%	10
Went back to school	4.1%	9
Family health problem or need for health care	3.6%	8
Other	2.7%	6
Substance abuse or domestic violence	2.3%	5
Housing or child welfare problems	1.8%	4
No longer in violation of CO Works requirements	0.9%	2
Total Respondents		216

Source: BPA tabulations from the 2003 Colorado Works Former Participants Survey.

Many respondents indicated that they returned to Colorado Works for employment-related reasons. Nearly 18 percent of respondents reported returning due to being laid off and about 6 percent returned because they were unable to find work. More than 7 percent indicated that they returned after quitting or being fired from their jobs. And 7 percent indicated that they returned because their earnings from employment were not sufficient. In total, nearly 40 percent of returnees indicated that some form of employment instability was the main reason for their return to cash assistance.

Health problems were also frequently mentioned as a reason for return to cash assistance. More than 10 percent of respondents reported that their own health problems were the main reason for their return to Colorado Works.

Many respondents (8 percent) reported returning to Colorado Works after moving back to the state after a relatively short absence. These respondents may have originally left the state to seek better employment opportunities or the financial support of friends and family members and would appear to have been unsuccessful in their attempts to establish themselves in a new place of residence.

A need to care for additional children was another commonly mentioned reason for return to cash assistance. More than 10 percent of respondents said that they returned to Colorado Works because they were caring for their newborn child, became pregnant, or had their child return home to their care. When a child returns home to live with a parent, the parent may regain eligibility for cash assistance.

The remainder of this chapter focuses on the differences between returnees and employed non-returnees. Characteristics of these groups are reported in Exhibit 3.4.

Exhibit 3.4 Demographic Characteristics, Use of Public Assistance, Employment Barriers and Hardships 2003 Colorado Works Former Participants Survey Respondents		
	Returnees	Working Non-Returnees
Sample Size	199	165
<u>Demographics</u>		
Female	96.0%	95.8%
Married	19.1%	22.6%
Responsible for at least one child	98.4%	97.9%
English is not First Language	7.0%	2.4%
Avg. Number of Children	2.2	2.1
<u>Education</u>		
Less than a High School Diploma or GED	28.1%	23.6%
High School Diploma	16.3%	17.4%
GED	26.5%	23.0%
Some College or AA Degree	27.6%	32.9%
4-Year College Degree	1.5%	3.1%
Completed Vocational Training	44.2%	38.8%
<u>Knowledge/Usage of Public Assistance</u>		
Currently on Colorado Works		
Know that TANF has a lifetime limit	86.4%	69.1%
Know that TANF limit is 60 months	43.4%	24.8%
Know Number of Months left on Time Clock	62.8%	39.4%
Avg. Number of Months Left on Benefit Clock	19.5	28.2
Received EITC for tax year 2002	35.4%	65.9%
Received EITC in past 5 years	49.0%	37.8%
Currently using child care	40.4%	42.3%
Currently receiving child care assistance	28.4%	18.6%

Exhibit 3.4 (continued)		
	Returnees	Working Non-Returnees
<i>Barriers to Employment</i>		
Lack of Transportation	51.8%	26.1%
Lack of Jobs in Geographic Area	47.7%	32.1%
Lack of Education or Training	41.4%	22.4%
Personal Health Problems	38.2%	17.6%
Parental Stress	36.9%	21.2%
Additional Job Expenses	24.1%	17.6%
Mental Health Problems	23.7%	12.1%
Physical Abuse	20.2%	14.5%
Finding or Accessing Childcare	19.8%	14.9%
Language Barrier	9.1%	5.5%
Alcohol or Drug Abuse (Self or Family Member)	8.1%	4.2%
Caring for an elderly or disabled relative	7.5%	8.5%
<i>Economic Hardship</i>		
Had to Turn to Others for Financial Help	69.2%	63.0%
Phone or Utilities Turned Off	49.7%	33.5%
Unable to Afford Food	45.7%	55.8%
Had to Get Food From a Food Kitchen, Panty	45.2%	32.1%
Had to Move in With Somebody to Cut Costs	36.2%	32.1%
Couldn't Afford Needed Medical Care	19.1%	25.5%
Had to Move to Get a Job	16.6%	12.1%
Paying Monthly Rent	16.1%	8.5%
Car Repossessed	11.2%	3.1%
Children Had to Move in With Someone Else	6.6%	3.8%
Gone to a Homeless Shelter	6.0%	2.4%
Source: BPA tabulations from the 2003 Colorado Works Former Participants Survey.		

Demographics

There were no notable differences in family structure between returnees and employed non-returnees. Employed non-returnees are only slightly more likely to be married than returnees and the average number of children among both subgroups is nearly identical. This suggests that the presence of a spouse, alone, is not a significant factor associated with remaining off of assistance and moving toward self-sufficiency, at least in the short-term. Nor do differences in family size appear to contribute to the likelihood of return to Colorado Works.

Language barriers may be a more significant problem for some Colorado Works returnees. Seven percent of returnees reported speaking a language other than English as their first language, while 2 percent of employed non-returnees did so. A failure to communicate effectively in English could hinder some former recipients from obtaining employment, especially in higher skilled or higher wage positions. In general, however, language barriers are not a major factor associated with the likelihood of return to Colorado Works.

Education and Training

There are substantial differences in educational attainment between Colorado Works returnees and non-returnees. Education, training, and workforce preparation are among the most important factors enabling a person to achieve and sustain economic self-sufficiency. Deficiencies in education and training are likely to inhibit the ability of former Colorado Works participants to find employment and thereby increase the likelihood of their returning to cash assistance.

Returnees were less likely to have completed a high school level education than were non-returnees employed at the time of the survey. Approximately 28 percent of returnees had not obtained a high school diploma or GED, compared to 24 percent of working non-returnees. Fewer returnees (29 percent) had some college-level education than non-returnees (36 percent).

Colorado Works returnees were more likely to have completed a program of vocational or technical education than working non-returnees. About 44 percent of returnees completed vocational education while only 39 percent of employed non-returnees did so. In general, additional training should increase a person's employability and earnings. Vocational education, however, encompasses a wide range of training, and includes

technical fields that are relatively low-skilled. This finding may also indicate that many returnees opt for vocational education as a substitute for the other educational credentials (such as the GED or High School Diploma) that they may have failed to complete.⁴

Knowledge of Colorado Works Time Limits

Colorado Works returnees demonstrated more knowledge of Colorado Works program time limits than non-returnees. Returnees were more likely (by 18 percentage points) than working non-returnees to know that Colorado Works cash assistance has a lifetime benefit limit of 60 months. This is consistent with the likelihood that current or recent program participants receive more program information and therefore are more aware of Colorado Works requirements. Non-returnees, however, are likely to have forgotten many of the administrative details regarding program eligibility and restrictions.

Returnees were also more likely to know how many remaining months of assistance they had left before reaching the time limit. Sixty-three percent of returnees were able to report the number of months remaining, compared to 39 percent of non-returnees. Not surprisingly, former recipients who returned to assistance reported fewer months remaining on their time limit clock (20), on average, than did non-returnees (28).

Use of the Earned Income Tax Credit

Utilization of the federal Earned Income Tax Credit (EITC) by working current and former Colorado Works participants is discussed in more detail in Part 2 of this report. In the following section, we focus on Colorado Works returnees and non-returnees and the differences in their EITC utilization.

Colorado Works returnees reported significantly lower utilization of the EITC than did non-returnees. Nearly 66 percent of employed non-returnees reported receiving the EITC for the tax year 2002, compared to only 36 percent of returnees. This difference in utilization suggests that EITC receipt contributes enough to former recipients' self-sufficiency to enable them to avoid returning to cash assistance. As we show in Part 2, the EITC may supplement a working person's income by as much as 40 percent.

⁴ Part I of year three's evaluation of Colorado Works (Diversion Programs and Work Activity Participation) showed that participation in short-term community college-based vocational training programs enhanced the earnings potential of former TANF recipients. In the context of this report, however, vocational training is much more broadly defined and could even include such training undertaken at the high school level. This may not correlate with positive employment outcomes.

Although returnees to Colorado Works were much less likely to have received the EITC for tax year 2002, they were more likely than employed non-returnees (by 11 percentage points) to have received the EITC during the past five years. This indicates that while many returnees are indeed aware of the EITC and are accustomed to applying for it, they may be uncertain about their EITC eligibility while participating in Colorado Works. As Colorado Works participants, they are likely to be either working very few hours or not working at all. Federal Earned Income Tax Credit eligibility, however, requires only that a person have earned income, and has no minimum income requirements.⁵

Colorado Works returnees also required more assistance in paying the costs of their child care services. While about 40 percent of both returnees and employed non-returnees used child care providers, returnees were more likely to utilize financial assistance from the Child Care Assistance Program to pay for these services. To the extent that former Colorado Works recipients remain off assistance for a year or longer, their utilization of child care assistance decreases significantly. This may be due to either loss of eligibility for assistance or lack of need for such assistance.

Barriers to Employment

The survey included questions about possible barriers to employment faced by former Colorado Works participants within the last 12 months. In nearly all cases, program returnees reported more frequent barriers than did non-returnees. These findings suggest that an important factor leading former recipients to return to cash assistance is their lack of readiness to enter or maintain employment upon exit from Colorado Works.

Transportation. Transportation was the most frequently reported barrier by Colorado Works returnees. Nearly 52 percent of returnees indicated the lack of transportation was a significant barrier to finding or keeping a job, compared to 26 percent of employed non-returnees. This suggests that relatively few former recipients successfully rely on public transportation for travel to and from jobs and that some returnees find it difficult to afford car ownership. In fact, 11 percent of returnees reported that their car had been repossessed during the past year, compared to 3 percent of employed non-returnees. We discuss current state and county efforts to provide transportation services to current and former Colorado Works participants (whether returnee or non-returnee) in more detail in Part 2 of this report.

⁵ Earned Income Credit (EIC). U.S. Internal Revenue Service. Publication No. 596, page 8.

Lack of Education and Training. Insufficient education and training was another important barrier to employment frequently mentioned by Colorado Works returnees. More than 41 percent of returnees reported that a lack of education prevented them from finding or keeping a job in the past year, compared to 22 percent of employed non-returnees. This is consistent with the earlier finding that returnees have lower levels of educational attainment than those people who had left Colorado Works and achieved self-sufficiency. It also points to the importance of education and training programs as a mechanism for helping Colorado Works participants successfully transition from cash assistance to sustainable employment and career advancement.

Lack of Jobs in Geographic Area. Nearly one-half of returnees reported a lack of jobs in their area, compared to 32 percent of employed non-returnees. Several factors can be contributing to this barrier for returnees. Some returnees may reside in rural counties where jobs in general are scarce. Others may reside in counties, such as Denver, that have experienced high unemployment rates during the state's recent economic downturn. Finally, some returnees may experience a more localized mismatch between job location and their area of residence. For example, residents of urban neighborhoods may find that most job openings are located in suburban areas. In this instance, lack of transportation more than a lack of jobs, may be the barrier that prevents them from obtaining or maintaining employment.

Health Problems. Colorado Works returnees were more likely to report a variety of health problems as barriers to employment. More than 38 percent of returnees reported that personal health problems prevented them from finding or keeping a job during the past year, a rate that was more than twice as high as that reported by non-returnees. Mental health problems were mentioned as a barrier to employment by almost 24 percent of returnees, which was nearly twice as often as non-returnees. This may point to more significant, long-term health problems that need to be addressed before many of these returnees can be expected to successfully compete in the labor force. State and county efforts to address the mental health barriers faced by Colorado Works participants are discussed in more detail in Part 2 of this report.

Parental Stress. More than one-third (37 percent) of returning Colorado Works recipients reported that the stress of being a parent and managing a household was an employment barrier, compared with 21 percent of employed non-returnees. This indicates that some returnees may not have adequate parenting and household management skills to move towards self-sufficiency after leaving Colorado Works.

Other Barriers. Returnees were slightly more likely than employed non-returnees to report finding adequate childcare as a barrier to employment, although the reported incidence of this barrier was relatively low (20 percent for returnees and 15 percent for non-returnees). About 20 percent of returnees and 15 percent of non-returnees reported physical abuse or domestic violence had been an employment barrier. Nine (9) percent of returnees reported that language barriers had hindered employment, compared to 6 percent of non-returnees. Although reported incidences were low, twice as many returnees as non-returnees reported that substance abuse was an employment barrier (8 percent vs. 4 percent). State and county efforts to address substance abuse barriers faced by Colorado Works participants are discussed in more detail in Part 2 of this report.

Economic Hardship

The survey of former recipients included questions about whether particular hardships had been experienced during the past 12 months. Returnees were much more likely than employed non-returnees to report experiencing housing-related hardships. More than 49 percent of returnees reported having their telephone/and or household utilities disconnected, compared to 34 percent of non-returnees. About 16 percent of returnees reported not being able to pay monthly rent, compared to 9 percent of non-returnees. Although the incidence was low, returnees were more than twice as likely to need to move into a homeless shelter (6 percent compared to 2 percent). Many returnees (36 percent) had to move in with someone to help cut costs, but similar proportion of non-returnees (32 percent) did so as well.

Both returnees and non-returnees reported availability of adequate food as a significant and recurring problem. Employed non-returnees were more likely than Colorado Works returnees to report difficulties in affording food for their families (56 percent compared to 46 percent). Returnees, however, were more likely to have gone to a food pantry or shelter to obtain food—45 percent of returnees reported using a food pantry compared to 32 percent of non-returnees. This suggests that returnees experienced a higher rate of food shortage than non-returnees. But the reported level of food-related problems experienced by both groups seems high given that most of these families likely remain eligible for Food Stamps.

Employed non-returnees reported more hardships in the area of medical care. One-quarter of working non-returnees reported not being able to afford needed medical care for their families, compared to 19 percent of returnees. This may be the result of returnees having more access to state medical care programs such as Medicaid. It could also indicate

that some employed non-returnees are not accessing health care programs such as the Children's Health Insurance Program (CHIP) for which their families are likely to be eligible. Access to health insurance coverage is problematic for many employed non-returnees. Among employed non-returnees, 50 percent reported that their employer offered medical insurance coverage to them but only 54 percent of those who had access to employer-provided coverage utilized it.

Chapter 4

Employment and Earnings Outcomes

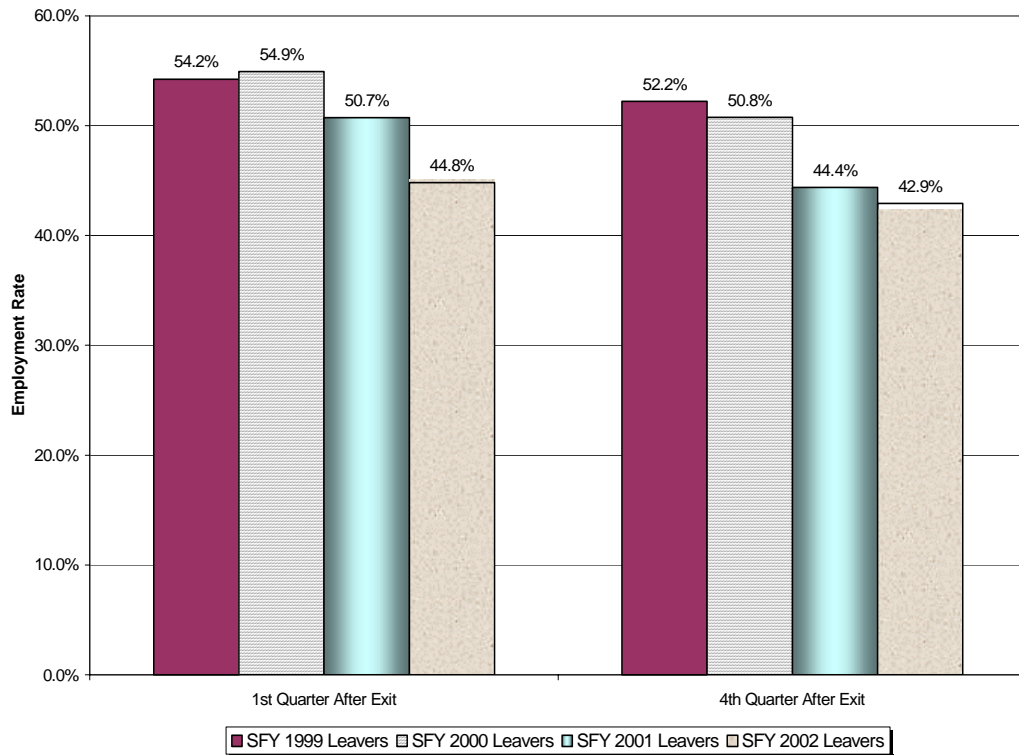
Key Findings

- The recent economic slowdown in the state appears to have had a pronounced impact on the employment rates of recent Colorado Works leavers. The employment rate in the first quarter after exit for leavers in SFY 2002 was 44 percent, significantly less than employment rates of more than 50 percent for leavers in all prior years of the Colorado Works Program.
- Employment retention continues to be an issue for Colorado Works leavers. Less than one-third of former recipients are employed in all four quarters during the year after exit from Colorado Works.
- The two largest industries employing former recipients are eating and drinking establishments and health care. Former recipients employed in eating and drinking establishments had low median quarterly earnings of \$1,281. In contrast, median quarterly earnings in the health care sector of \$3,548 were among the highest of any industry employing former recipients.
- Non-working former Colorado Works recipients reported facing more barriers to finding or keeping a job than their employed counterparts. Physical and mental health problems were much more likely to be reported by non-working former recipients than employed former recipients.

Employment Rates of Recent Colorado Works Leavers

Since the start of Colorado Works, about one-half of former Colorado Works recipients are employed when they leave the program. More recently, however, the employment rate for leavers has declined. As shown in Exhibit 4.1, the employment rate in the first quarter after exit for former recipients leaving Colorado Works in SFY 2002 was 45 percent, significantly lower than leavers' employment rates in earlier years (which ranged

Exhibit 4.1
Employment Rates of Former Colorado Works Recipients
Adult Recipients who Exited in State Fiscal Years 1999-2002



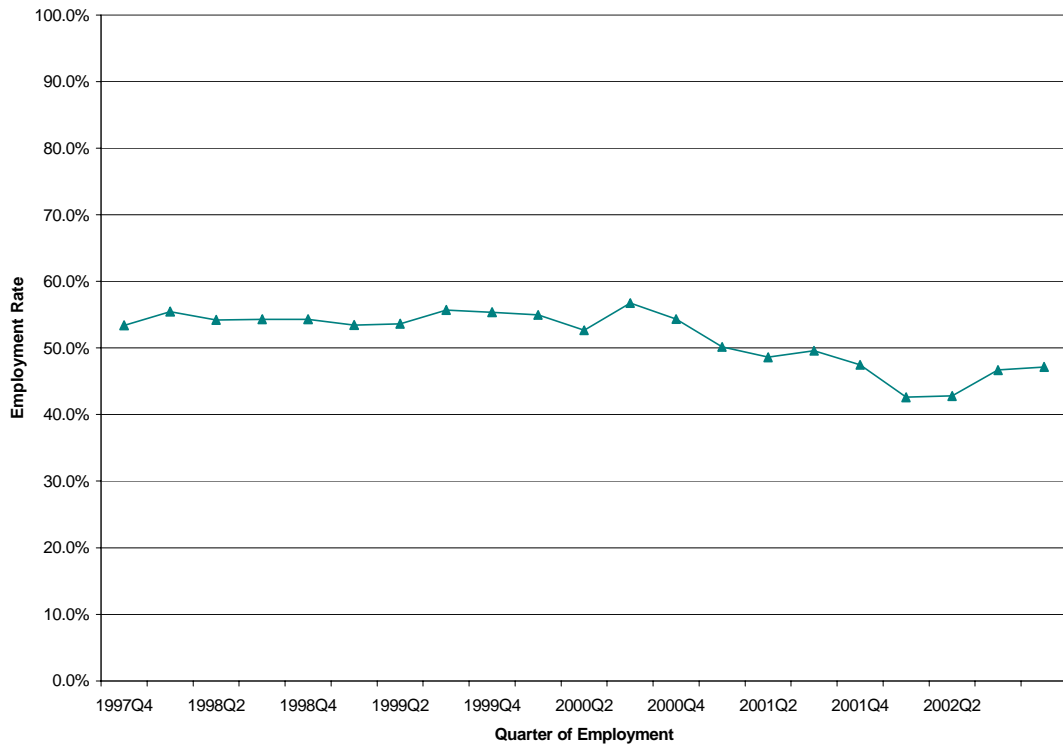
Source: BPA calculations using Unemployment Insurance Records, Colorado Department of Labor and Employment.

Note: Tabulations include all adult leavers from Basic Cash Assistance. Former recipients are counted as employed if they earned \$100 or more in a quarter.

from 51 to 55 percent).¹ In the most recent quarters for which employment data is available, however, the employment rates of leavers have improved. Employment rates of Colorado Works leavers by quarter of employment are shown in Exhibit 4.2. Employment rates for leavers employed in the third and fourth quarters of 2002 were 47 percent, compared to 43 percent for leavers employed in the first and second quarters of 2002. Nevertheless, the employment rates of recent Colorado Works leavers remain notably lower than those of leavers in prior years.

¹ To analyze employment rates and earnings for those exiting Colorado Works, we use state Unemployment Insurance (UI) records. UI records are based on employer filings of their employees' total earnings during each calendar quarter. We count an individual as employed in a quarter if his or her earnings from all employers in that quarter totaled at least \$100.

Exhibit 4.2
Employment Rates of Colorado Works Leavers in the First Quarter following Exit
By Quarter of Employment
Adult Recipients Who Exited in 1997:Q3 – 2002:Q3



Source: BPA calculations using Unemployment Insurance Records, Colorado Department of Labor and Employment.

Note: Tabulations include all adult leavers from Basic Cash Assistance. Former recipients are counted as employed if they earned \$100 or more in a quarter.

Recent leavers have found it more difficult than those who left in earlier years to retain employment for multiple quarters. This is evident from the trend in former recipients' employment rates in the fourth quarter after exit (as shown in Exhibit 4.1). Among adults leaving Colorado Works during SFY 2002, the employment rate in the fourth quarter after exit was 43 percent, compared to 44 percent for SFY 2001 leavers and 51 percent for SFY 2000 leavers.

Employment retention continues to be an issue for former Colorado Works recipients. Exhibit 4.3 reports employment retention rates for various groups of leavers between 1997 and 2001, the most recent exit group for which four quarters of UI earnings data are available. Total quarters employed after exit are reported separately for leavers who did not return to the Colorado Works program for four quarters, and for eight quarters, after exit. Fewer leavers in the most recent group (2001:Q4) worked in all four quarters after exit (23 percent), and more did not work in any quarter after exit (37 percent), relative to earlier leavers. A similar pattern holds for employment over eight quarters.

Less than one-third of former recipients are employed in all four quarters after exiting Colorado Works. A number of factors may contribute to this sporadic attachment to the job market. The recent economic slowdown in the state appears to have exacerbated employment instability for some former recipients. Others may stop working due to marriage, childbirth, or health problems. A third group of recipients may be employed sporadically after exit because of a lack of job skills or other barriers, such as the unavailability of transportation. Using survey data, we discuss the importance of each of these factors in the final section of this chapter.

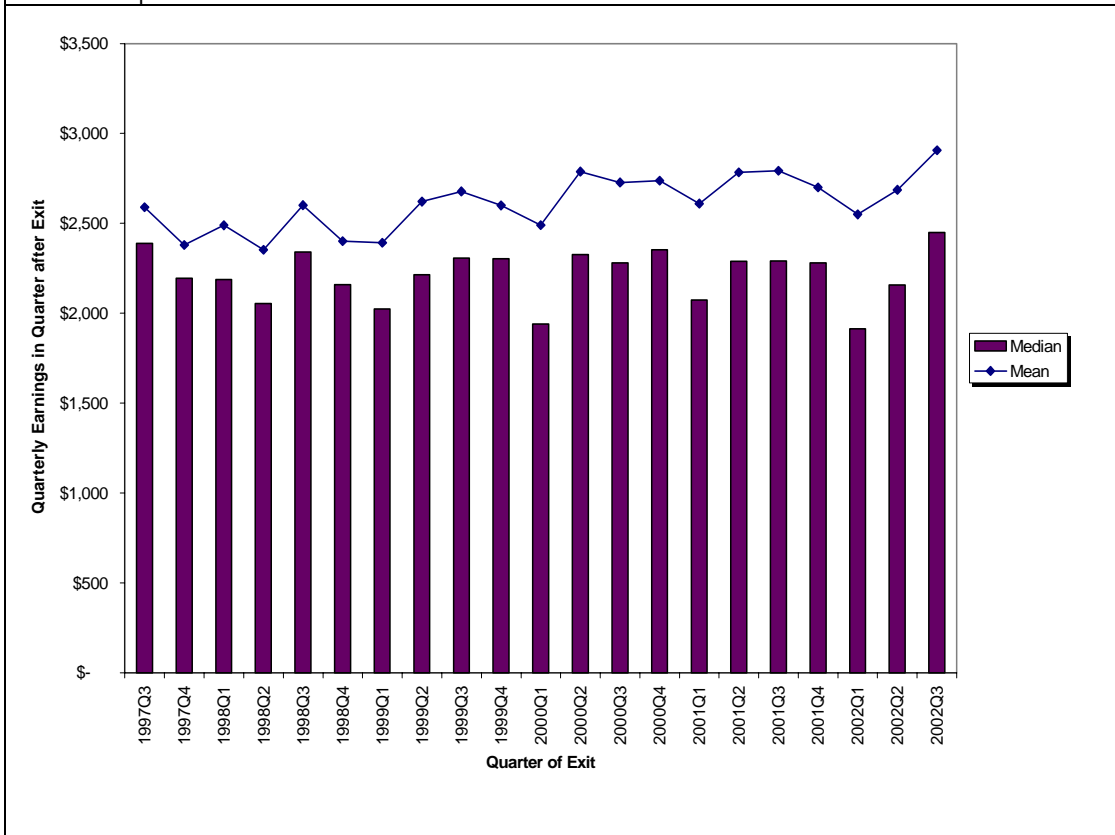
Exhibit 4.3						
Total Quarters Employed, Former Colorado Works Recipients						
Adult Recipients Who Exited in the Fourth Quarters of Calendar Years 1997-2001						
		Total Quarters Employed in First Year after Exit				
Quarter of Exit	Number of Exiting Adults	0	1	2	3	All 4
1997:4	5,120	27.8%	10.0%	12.7%	16.4%	33.1%
1998:4	4,255	29.0%	9.7%	12.7%	16.1%	32.5%
1999:4	2,788	28.3%	9.9%	12.2%	15.5%	34.2%
2000:4	2,278	31.0%	10.8%	12.2%	15.7%	30.2%
2001:4	2,304	37.4%	12.6%	13.5%	13.2%	23.3%
		Total Quarters Employed in First Two Years after Exit				
Quarter of Exit	Number of Exiting Adults	0	1-2	3-4	5-7	All 8
1997:4	4,717	22.5%	12.4%	13.0%	29.9%	22.1%
1998:4	3,899	23.8%	12.4%	13.4%	29.2%	21.3%
1999:4	2,615	23.8%	13.3%	13.7%	28.5%	20.7%
2000:4	2,101	25.9%	14.6%	15.6%	26.1%	17.8%
Source: BPA calculations using Unemployment Insurance Records, Colorado Department of Labor and Employment.						
Note: Tabulations include all adult leavers from Basic Cash Assistance. Former recipients are counted as employed if they earned \$100 or more in a quarter.						

Earnings Outcomes for Colorado Works Leavers

Median earnings of Colorado Works leavers in the first quarter after exit have displayed no sustained up or down trend since the start of the program in 1997 and the end of 2002, ranging between \$2,000 and \$2,400 (see Exhibit 4.4). Unemployment Insurance (UI) records do not document the number of hours worked by employees or their hourly wages. In most quarters, however, the median earnings level of Colorado Works leavers is close to the full-time minimum wage earnings level of \$2,253 (based on 35 hours of employment per week at \$5.15 per hour). This suggests that since the start of the program and continuing to the present, many leavers have not been employed full-time upon exit from Colorado Works or have significant periods of unemployment within a quarter.

Exhibit 4.4

Mean and Median Earnings of Colorado Works Leavers in the First Quarter after Exit
 Adult Recipients Who Exited in 1997:Q3 – 2002:Q3



Source: BPA calculations using Unemployment Insurance Records, Colorado Department of Labor and Employment.
 Note: Tabulations include all adult leavers from Basic Cash Assistance. Former recipients are counted as employed if they earned \$100 or more in a quarter.

Based on earnings alone, most Colorado Works leavers do not have household income at or above the poverty level. A majority of leavers (69 percent) in the third quarter of 2002 had earnings below the poverty level and 42 percent had earnings below 50 percent of the poverty level (see Exhibit 4.5). Only 31 percent of leavers had quarterly earnings at or above the poverty level for their family size. Once families leave Colorado Works, they generally remain eligible for a number of supportive services that increase effective household income. Many leavers will likely be eligible for Food Stamp benefits, health insurance benefits through Medicaid or the Child Health Insurance Program, and child care subsidies. Poverty rates for Colorado Works leavers would be lower if the value of these services was added to their household income. When the monetary value of benefits actually received from child care assistance, Food Stamps, and the federal and state earned income tax credits is taken into account, we have estimated that the poverty rate among former recipients falls from about 67 percent to 40 percent.²

Exhibit 4.5
Earnings of Employed Colorado Works Leavers Relative to the Poverty Level
Adult Recipients Who Exited in Third Quarter of 2002

Median Earnings	\$2,420
At or Above Poverty	31%
Below Poverty	69%
Below 50% Poverty	42%

Source: BPA calculations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Note: Poverty thresholds are calculated based on family size.

² This analysis is presented in Berkeley Policy Associates, *Evaluation of the Colorado Works Program, Third Annual Report, Part 2: Caseload Trends, Employment Outcomes, and Post-Exit Supportive Services*, November 2001.

Over time, employed Colorado Works leavers who remain off assistance experience significant earnings growth after exit. Exhibit 4.6 reports median quarterly earnings and earnings growth, separately, for leavers who did not return to Basic Cash Assistance for at least four quarters and for those who did not return for at least eight quarters. For those who remained off cash assistance for at least four quarters, growth in median earnings within four quarters was as high as 28 percent. More recent leavers groups, however, experienced significantly lower earnings growth. For example, those who exited in the fourth quarter of 2001 registered four-quarter earnings growth of only 6 percent. These leavers were in the labor market during a period of economic slowdown and apparently worked fewer hours and/or were paid a lower wage as a result. A similar pattern is evident for eight-quarter earnings growth. Those who exited during 1999 and 2000, and thus were in the labor market during a period of economic weakness, experienced eight-quarter earnings growth of 29 percent and 21 percent, respectively, well below the 42 to 45 percent growth of 1997 and 1998 leavers.

The trends in earnings progression among Colorado Works leavers displayed in Exhibit 4.6 indicate that it has become more difficult for some leavers to gain a foothold in the labor market during the state's economic slowdown. In effect, the state's recession appears to have selected out those with marginal skills and work experience or significant barriers from the job market. Fewer recent leavers have been able to obtain employment after exit or maintain employment for three or four quarters in the year after leaving Colorado Works (as was shown in Exhibit 4.3). Recent leavers (in 2000 and 2001) who have obtained employment appear to have a combination of better skills and experience and fewer barriers (e.g. lack of transportation or child care) than earlier leavers (in 1997 and 1998). These recent leavers are therefore working more hours immediately after their exit from Colorado Works. This is reflected in the higher median quarterly earnings levels of recent employed leavers in the first quarter after exit. For example, among those leavers who did not return to Colorado Works in the four quarters after exit, 2001:4 leavers had first quarter median earnings of \$3,316, which were 23 percent higher than the first quarter median earnings of the 1998 leavers. This selection effect has moderated the earnings growth experienced by recent leavers.

Exhibit 4.6
Earnings Growth among Colorado Works Leavers Not Returning to Assistance
Four and Eight Quarters after Exit
Adult Recipients Who Exited in the Fourth Quarters of 1997-2001

Adult Recipients Not Returning to Assistance for 4 Quarters						
Quarter of Exit	Number of Exiters	Median Earnings				Earnings Growth
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st-4th Quarters
1997:4	1,695	\$2,603	\$2,830	\$2,987	\$3,305	27.0%
1998:4	1,383	\$2,686	\$3,046	\$3,143	\$3,441	28.1%
1999:4	953	\$2,995	\$3,174	\$3,438	\$3,587	19.8%
2000:4	688	\$3,140	\$3,491	\$3,682	\$3,599	14.6%
2001:4	537	\$3,316	\$3,646	\$3,554	\$3,511	5.9%

Adult Recipients Not Returning to Assistance for 8 Quarters									
Quarter of Exit	Number of Exiters	Median Earnings						Earnings Growth	
		1st Quarter	2nd Quarter	4th Quarter	6th Quarter	7th Quarter	8th Quarter	1st-4th Quarters	1st-8 th Quarters
1997:4	1,044	\$2,789	\$3,070	\$3,674	\$3,659	\$3,796	\$3,948	31.7%	41.5%
1998:4	830	\$2,836	\$3,352	\$3,919	\$3,807	\$3,940	\$4,118	38.2%	45.2%
1999:4	540	\$3,209	\$3,623	\$4,142	\$4,135	\$4,320	\$4,161	29.1%	29.7%
2000:4	373	\$3,561	\$4,134	\$4,319	\$4,114	\$4,442	\$4,445	21.3%	24.8%

Source: BPA calculations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Note: All employed adult leavers from Basic Cash Assistance who did not return to assistance for four or eight quarters are included in the calculations of median earnings for each quarter. Former recipients are counted as employed if they earned \$100 or more in any quarter.

Industry of Employment After Exit

The relatively low earnings of many Colorado Works leavers indicate that many find employment in low-skill, low-wage industry sectors. Employment data from UI wage records partially confirm this. Exhibit 4.7 shows industry of employment for recent Colorado Works leavers, with industries ranked by total leavers employed. Exhibit 4.8 ranks industries by the median quarterly earnings of leavers employed. The largest single industry of employment for former recipients is eating and drinking establishments, which employed 13.5 percent of leavers exiting in the second and third quarters of 2002. Leavers in this industry recorded the lowest median quarterly earnings of any industry sector, at \$1,281. Other industries with relatively low median earnings that employed large numbers of leavers included temporary help agencies (\$1,600), general merchandise retailers (\$1,943), and food store retailers (\$1,741).

Several industries with relatively high median earnings employed large numbers of Colorado Works leavers. Most prominent was health care, which employed 11 percent of leavers, whose median earnings were \$3,548 per quarter. Other relatively high paying sectors with significant employment of Colorado Works leavers include social services (5.3 percent; \$2,726), manufacturing (4.6 percent; \$3,420), transportation, communication, and utilities (3.9 percent; \$3,128), and construction (3.7 percent; \$3,022).

Since the start of the program in 1997, there has been little change in the industries that employ the most Colorado Works leavers. Over the 1997-2000 period, eating and drinking establishments and health care were the two largest sources of employment for Colorado Works leavers. And the difference in median quarterly earnings between the two sectors was large: \$1,391 for eating and drinking establishments compared to \$3,049 for health care. Other large employers included temporary help agencies and other business services (telemarketing).

These findings suggest that some industry sectors offer significantly better economic opportunities than others for former Colorado Works recipients. In terms of both career and earnings potential, employment in health care appears preferable to employment in eating and drinking establishments or temporary help agencies. For example, based on initial first quarter earnings alone, median annual earnings would total \$14,192 in health care compared to \$5,124 for eating and drinking establishments. A major difference between the health care and restaurant industries, however, is that entry into the former generally requires training, such as Certified Nursing Assistant (CNA) training, whereas

for most restaurant jobs, there are minimal or no training prerequisites. A further advantage of health care employment is the greater opportunity for career advancement. There are well-defined career pathways available to those who start at entry-level jobs, such as CNAs, and employers will often subsidize the additional training needed to advance.

Exhibit 4.7
Industry of Employment for Colorado Works Leavers in the Quarter after Exit
Ranked by Total Employed
Adult Recipients Who Exited in Second and Third Quarters of 2002

Industry	Percent of Total Employment	Median Quarterly Earnings	Number Employed
Retail: Eating & Drinking Places	13.5%	\$1,281	407
Services: Health	11.2%	\$3,548	339
Services: Business-Temp Agencies	8.2%	\$1,600	248
Services: Business-Other	7.2%	\$2,307	217
Retail: General Merchandise	6.0%	\$1,943	181
Retail: Other	5.8%	\$2,316	175
Services: Social	5.3%	\$2,726	161
Manufacturing	4.6%	\$3,420	140
Retail: Food Stores	4.0%	\$1,741	122
Transportation, Communications, Utilities	3.9%	\$3,128	117
Construction	3.7%	\$3,022	111
Services: Hotels/Lodging	3.5%	\$1,708	107
Finance, Insurance, Real Estate	3.0%	\$4,254	92
Retail: Auto Dealers/Gas Stations	2.9%	\$2,609	87
Services: Education	2.7%	\$2,360	81
Wholesale Trade	2.3%	\$3,938	71
Services: Motion Pictures/Recreation	2.1%	\$1,622	63
Services: Personal	2.0%	\$2,503	59
Agriculture	1.9%	\$1,312	58
Services: Other	1.8%	\$3,005	55
Services: Auto, Misc. Repair	1.5%	\$2,938	45
Public Administration	1.4%	\$3,304	43
Not Classifiable	1.2%	\$1,653	37
Mining	0.3%	\$2,947	9
TOTAL	100%	\$2,549	3,025

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Exhibit 4.8
Industry of Employment for Colorado Works Leavers in the Quarter after Exit
Ranked by Quarterly Earnings
Adult Recipients Who Exited in Second and Third Quarters of 2002

Industry	Median Quarterly Earnings	Percent of Total Employment	Number Employed
Finance, Insurance, Real Estate	\$4,254	3.0%	92
Wholesale Trade	\$3,938	2.3%	71
Services: Health	\$3,548	11.2%	339
Manufacturing	\$3,420	4.6%	140
Public Administration	\$3,304	1.4%	43
Transportation, Communications, Utilities	\$3,128	3.9%	117
Construction	\$3,022	3.7%	111
Services: Other	\$3,005	1.8%	55
Mining	\$2,947	0.3%	9
Services: Auto, Misc. Repair	\$2,938	1.5%	45
Services: Social	\$2,726	5.3%	161
Retail: Auto Dealers/Gas Stations	\$2,609	2.9%	87
Services: Personal	\$2,503	2.0%	59
Services: Education	\$2,360	2.7%	81
Retail: Other	\$2,316	5.8%	175
Services: Business-Other	\$2,307	7.2%	217
Retail: General Merchandise	\$1,943	6.0%	181
Retail: Food Stores	\$1,741	4.0%	122
Services: Hotels/Lodging	\$1,708	3.5%	107
Not Classifiable	\$1,653	1.2%	37
Services: Motion Pictures/Recreation	\$1,622	2.1%	63
Services: Business-Temp Agencies	\$1,600	8.2%	248
Agriculture	\$1,312	1.9%	58
Retail: Eating & Drinking Places	\$1,281	13.5%	407
TOTAL	\$2,549	100%	3,025

Source: BPA tabulations using Unemployment Insurance records, Colorado Department of Labor and Employment.

Characteristics of Employed and Non-Employed Colorado Works Leavers

As described in Chapter 3, BPA conducted a survey of 540 former Colorado Works participants who had exited the program between July and September of 2001.³ The results of the survey allow for a comparison of former participants who were employed at the time of the survey and those who were not employed but who had not returned to Colorado Works Basic Cash Assistance. Exhibit 4.9 presents the demographic characteristics of these two groups and the survey findings regarding their knowledge of Colorado Works time limits, barriers to employment, and hardships they have encountered. A comparison of these two groups of former recipients provides insight into two questions:

- What are some of the factors that associated with non-employment after exit from Colorado Works?
- To what extent are non-working former recipients voluntarily out the workforce vs. unable to find employment?

Of the 540 former Colorado Works participants surveyed, 339 (63 percent) had not returned to the program at the time of the survey. Among these non-returnees, 165 (49 percent) reported working at the time of the survey and 174 (51 percent) reported not being employed. It is probable that some of the respondents who reported not working at the time of the survey did work at some point after leaving Colorado Works in 2001.

Demographic Characteristics

The only major difference in family structure between working and non-working former recipients was a difference in the marriage rate. Thirty percent of non-working former recipients reported being married, compared to 23 percent of those who were employed. In addition, non-working former recipients were more likely to be female and to have a primary language other than English than working former recipients.

³ See Appendix 1 for a discussion of the survey design.

Exhibit 4.9

**Demographic Characteristics, Use of Public Assistance, Employment Barriers and Hardships
2003 Colorado Works Former Participants Survey Respondents**

	<u>Non-Working Former Participants</u>	<u>Working Former Participants</u>
Sample Size	174	165
<u>Demographics</u>		
Female	90.8%	95.8%
Married	29.5%	22.6%
Responsible for at least one child	98.1%	97.9%
English is not First Language	7.5%	2.4%
Avg. Number of Children	2.1	2.1
<u>Education</u>		
Less than a High School Diploma or GED	26.9%	23.6%
High School Diploma	19.3%	17.4%
GED	22.8%	23.0%
Some College or A.A. Degree	27.5%	32.9%
College Degree (B.A. or B.S.)	3.5%	3.1%
Completed Vocational Training	39.9%	38.8%
<u>Knowledge/Usage of Public Assistance</u>		
Know that TANF has a lifetime limit	70.1%	69.1%
Know that TANF limit is 60 months	28.7%	24.8%
Know Number of Months of Eligibility Remaining	48.3%	39.4%
Avg. Number of Months of Eligibility Remaining	22.3	28.2
Received EITC for tax year 2002	28.3%	65.9%
Received EITC in past 5 years	38.8%	37.8%
Currently using child care	12.4%	42.3%
Currently receiving child care assistance	4.7%	18.6%

Exhibit 4.9 (continued)		
	<u>Non-Working Non- Returnees</u>	<u>Working Non- Returnees</u>
<i>Barriers to Employment</i>		
Lack of Jobs in Geographic Area	48.8%	32.1%
Personal Health Problems	45.4%	17.6%
Lack of Transportation	43.7%	26.1%
Lack of Education or Training	43.6%	22.4%
Parental Stress	34.9%	21.2%
Mental Health Problems	29.7%	12.1%
Additional Job Expenses	17.4%	17.6%
Physical Abuse	14.0%	14.5%
Language Barrier	12.7%	5.5%
Caring for an elderly or disabled relative	10.9%	8.5%
Alcohol or Drug Abuse (Self or Family Member)	7.0%	4.2%
Finding or Accessing Child Care	4.1%	14.9%
<i>Economic Hardship</i>		
Had to Turn to Others for Financial Help	73.0%	63.0%
Had to Get Food From a Food Bank, Pantry	45.7%	32.1%
Was Unable to Afford Food	42.8%	55.8%
Phone or Utilities Being Turned Off	40.4%	33.5%
Had to Move in With Somebody to Cut Costs	29.5%	32.1%
Could not Afford Costly Medical Care	20.8%	25.5%
Had to Move to Get a Job	14.5%	12.1%
Paying Monthly Rent	11.5%	8.5%
Children Had to Move in With Someone	9.1%	3.8%
Car Repossessed	6.0%	3.1%
Had to Move to a Homeless Shelter	3.4%	2.4%
Source: BPA tabulations from the 2003 Colorado Works Former Participants Survey.		

Education

The survey results show no significant differences in the levels of education and training between employed and non-employed former Colorado Works recipients. Similar proportions of those working and not working have completed at least a high school education or its equivalent. Working former recipients were slightly more likely to have completed at least some college-level education. The similarities in the education levels of employed and non-employed former recipients suggest that years of schooling alone are not strongly correlated with non-employment at a point in time. Education levels would likely be a more significant factor if we were able to take into account survey respondents' duration of employment or non-employment.

Knowledge of Colorado Works Time Limit

A majority of both employed and non-employed former Colorado Works recipients are aware of the existence of the program's lifetime time limit, but less aware of its actual duration. About 70 percent of both groups reported knowing that Colorado Works has a lifetime limit, but less than 30 percent of either group knew that it was 60 months. Having been off the program for some time, most former recipients recall the existence of time limits, but only a minority recollect the length of time for which they are eligible for assistance.

Almost one-half (48 percent) of non-working former recipients were able to report the number of months they remained eligible for assistance, compared to 39 percent of employed former recipients. Non-working former recipients reported on average having six fewer months of eligibility remaining compared to working former recipients. Working respondents had, on average, just over 28 months left on their lifetime benefit limits, while non-working respondents reported 22 months remaining. Because they have fewer months of eligibility for cash assistance remaining and are not currently working, non-employed former recipients appear, on average, to have made less progress towards self-sufficiency than their employed counterparts.

Use of the EITC

Non-working former Colorado Works recipients make much less use of the federal EITC than do their employed counterparts.⁴ Almost 66 percent of employed former recipients received the EITC for the tax year 2002, while only 28 percent of those not working at the time of the survey did so. If non-working respondents did not work at all during 2002, then they would not be eligible for the EITC. As noted earlier, however, it is likely that a significant proportion of those not working at the time of the survey were employed for some period of time in 2002 after leaving Colorado Works. This suggests that recipients who have more stable attachment to the labor force are more likely to utilize the EITC compared to those with less stable employment, even though the latter group remains eligible for the tax credit and would benefit greatly from it.

Barriers to Employment⁵

Non-working former Colorado Works recipients reported facing more barriers to finding or keeping a job than their employed counterparts. Personal health problems were one of the most frequently reported barriers by non-working respondents. More than 45 percent of those not working reported personal health as a barrier, compared to 18 percent of employed non-returnees. Thirty percent of the non-working respondents reported mental health as an employment barrier, compared to 12 percent of the employed. Non-employed respondents were also more likely than the employed to report an employment barrier stemming from their own or a family member's substance abuse, although reported incidence was low.⁶

Non-employed former recipients were also more likely to have experienced other employment-related barriers than employed respondents. About 43 percent of non-working respondents reported lacking a reliable means of transportation to work, compared to 26 percent of employed non-respondents. More than 48 percent of non-

⁴ Utilization of the federal Earned Income Tax Credit (EITC) by working current and former Colorado Works participants is discussed in more detail in Part 2 of this report.

⁵ We discuss current state and county efforts to provide services to current and former Colorado Works participants for transportation barriers, mental health problems, and substance abuse in Part 2 of this report.

⁶ Previous experience with in-person and telephone surveys demonstrates that respondents are likely to underreport substance abuse problems that they may have.

working former recipients reported not being able to locate jobs in their geographic area, compared to 32 percent of employed respondents.

Educational and language barriers were also more frequently reported by non-working respondents. Nearly 43 percent of those not working reported a lack of adequate education and training as a barrier to employment during the past 12 months, compared to 22 percent of employed respondents. Based on the earlier finding that both groups have similar educational backgrounds, the frequency of this educational barrier may instead stem from a lack of workforce experience and/or skills, rather than from a lack of schooling. Non-working respondents were more than twice as likely than the employed to report facing a language barrier to employment.

Non-working former Colorado Works recipients face many of the same employment barriers as program returnees. Physical and mental health problems, lack of transportation, and insufficient education all appear to be significant and regular challenges faced by these two groups. This suggests that many non-employed former recipients face a high likelihood of returning to cash assistance and that, in any event, they could benefit from the same types of supportive services available to current Colorado Works recipients.

Economic Hardship

Non-working former recipients reported facing more economic hardships than their employed counterparts. With respect to housing, 40 percent of non-working respondents reported having their utilities disconnected, compared to one-third of employed respondents. Also, non-employed respondents were more than twice as likely as those working to need their children to move in with a friend or family member because of their inadequate housing situation.

Those who were not working were also more likely to face other financial hardships. They were nearly twice as likely as the employed to have their car repossessed, and over 9 percentage points more likely to have to turn to friends or family members for financial help. This suggests that many non-working respondents do not have other stable income sources, such as a spouse's earnings.

Employed former recipients also reported high levels of hardship in some key areas. For example, 63 percent reported needing to turn to others for financial help. Over 55 percent of employed respondents reported being unable to afford food, compared to 43 percent of the non-employed. Employed respondents, however, were less likely to report needing to get food from a food bank suggesting either that their hunger needs were less extreme than those not working, that it was difficult for them to access food bank services, or that they intentionally chose not to use such services. About one-third of employed respondents reported phone or utilities had been turned off during the past year. They were 5 percentage points more likely than the non-employed to report not being able to afford medical care for a family member (26 percent vs. 21 percent).

The survey findings on hardships indicate that many former Colorado Works participants are reporting high levels of personal and economic hardships, regardless of whether they are employed or not. Departure from Colorado Works and subsequent employment does not ensure that all former recipients are achieving an adequate level of self-sufficiency.

Chapter 5

Barriers to Participant Self-Sufficiency

Low-income families, and Colorado Works participants in particular, may face a multitude of problems in their everyday lives, ranging from community-wide problems, such as lack of public transportation, to very private matters, such as dealing with substance abuse or domestic violence. These institutional and personal problems—or “barriers to self-sufficiency”—have been found to limit adults’ abilities to seek, secure, and maintain employment. To the extent these barriers can be treated with service interventions, agencies that work with affected families, including the Colorado Works program, should provide the necessary assistance to lessen or ameliorate such problems so that adults who might otherwise be unable to work may be able to become self-supporting. If barriers go undetected or untreated, individuals will be limited in their ability to obtain or maintain long-term self-supporting employment. Particularly in the era of time-limited welfare, providing families with needed treatment and services as quickly as possible is one way to minimize their time on aid and maximize their potential for self-sufficiency.

Colorado Works participants generally face three types of problems or barriers to self-sufficiency: personal, institutional, and economic barriers. Personal barriers include problems such as substance abuse, mental illness, co-occurring substance abuse and mental illness, physical disability, domestic violence, and lack of job skills. Institutional barriers include systemic problems faced by the community at large, including housing shortages, lack of public transportation, and lack of quality or affordable child care. A third category, economic barriers, includes the under-use of available resources that have the potential to increase income or reduce expenditures, such as the Earned Income Tax Credit (EITC), Food Stamps, or Low-Income Child Care. Findings reported by BPA in the 2000 *Second Annual Report* for the evaluation of the Colorado Works Program indicate that the majority (85 percent) of Colorado Works participants face at least one personal or institutional self-sufficiency barrier.

In 2002, the General Assembly modified the Colorado Works program by enacting House Bill 02-1025 (codified as Section 26-2-724, C.R.S.). Recognizing that a substantial proportion of Colorado Works participants face self-sufficiency barriers due to problems

with mental illness or substance abuse, this legislation required the Colorado Department of Human Services (the Department) to designate a nationally recognized screening instrument to identify substance abuse or mental illness among Colorado Works participants by July 1, 2002 and to provide training on this instrument. Although not obligated to use the instrument selected by the Department, the counties were required by Section 26-2-724 (2), C.R.S., to designate a mechanism for screening Colorado Works participants for mental illness or substance abuse and, based upon the results of the screening, make referrals for services, if appropriate. The legislation also directed the statutorily required annual evaluation of the Colorado Works Program to include an analysis of the cost-effectiveness of providing mental health and substance abuse screening, assessment, and referral (Section 26-2-723, C.R.S.).¹

In Part 2 of this report, we focus on four major barriers to self-sufficiency: mental health problems, substance abuse, insufficient use of the EITC, and lack of transportation. We also examine co-occurring mental illness and substance abuse, and the special problems this condition poses regarding treatment and service options. In the sections below, we provide background information on the specific barriers to self-sufficiency discussed in detail throughout the remainder of this report.

Mental Health and Substance Abuse Problems

Prior to the implementation of Colorado Works in 1997, welfare participants' underlying mental health and substance abuse problems were not a concern of the cash assistance system, Aid to Families with Dependent Children (AFDC). AFDC caseworkers were largely concerned with determining eligibility for cash benefits; helping participants move from welfare to sustainable jobs was not a program goal. With Colorado Works, however, progress toward self-sufficiency is built into both programmatic and individual participants' goals. Identifying and, if possible, addressing underlying barriers to employment are key to helping participants to meet these goals. Because many TANF case managers were formerly AFDC eligibility technicians, however, they have generally lacked the training to identify participants' non-cash needs or to interact with their clients about matters other than income eligibility. As a result, the TANF system took several years to develop appropriate assessment and treatment partnerships, and to retrain staff to provide clients with non-financial assistance, such as screening and referral to mental

¹ While the terms "screening" and "assessment" are sometimes used interchangeably, for the purposes of this report we differentiate between the two as follows: Screening identifies the potential presence of a condition or limitation and may be used to determine whether further diagnosis or assessment by an expert is indicated, while assessment establishes the extent and severity of a limitation.

health or substance abuse assessment and treatment. As we discuss in Chapter 6, Colorado counties have devised a variety of ways to identify substance abuse and mental health problems and to help participants receive appropriate treatment.

Mental Illness Among TANF Recipients

Research has shown that what may appear as welfare dependency and lack of motivation among welfare participants may instead be symptoms of mental illness or depression. Adults suffering from these problems may lack the ability to follow through on job interviews or referrals, be at work on time, perform their job duties, or even meet with their case managers on a regular basis. As a result, mental health problems may not be identified until after welfare participants fail to reach their goals. Recognizing possible symptoms of mental illness and referring participants who may need services to assessment and treatment are crucial steps in helping them move toward self-sufficiency.

Nationally, mental health problems have been shown to be particularly prevalent among members of the TANF population. Indeed, estimates indicate that roughly one-third of welfare recipients nationwide have a mental illness, compared to one-fifth of the general adult population. No estimates of the prevalence of mental health problems among Colorado Works participants are available. However, the 2000 Colorado Works Participant Survey, summarized in BPA's *Second Annual Report*, found that mental health problems were the primary barrier to self-sufficiency among participants, with 42 percent of respondents reporting that mental health or emotional problems interfered with their ability to work.

The National Institute of Mental Health has estimated that only 20 percent of all Americans with mental health problems seek treatment. Of the Colorado Works participants who reported in the 2000 Participant Survey that mental health or emotional problems interfered with their ability to work, less than one-half received treatment or other services to address their problems. In its *Second Annual Report*, BPA identified this as an area for improvement, and recommended that the Mental Health Assessment and Service Agencies (MHASAs) strengthen their outreach with county social and human services agencies to ensure that the mental health needs of Colorado Works participants are met. In Chapter 6, we present our analysis of data from the mental health service system that provide an estimate of the number of Colorado Works participants who received treatment through the mental health system between January 2000 and December 2002.

Substance Abuse Problems Among TANF Recipients

Substance abuse was not cited as frequently as mental illness as being a barrier to self-sufficiency in the 2000 Colorado Works Participant Survey, but it can be just as debilitating. One obstacle to assisting TANF recipients with substance abuse problems is that screening efforts often rely on participant self-reporting as a means of identifying substance abuse treatment needs. If an individual is in denial, or is reluctant to share information about his or her substance abuse, it is unlikely that the need for treatment will be recognized. Like mental health problems, substance abuse is often identified only after the participant has failed to meet program requirements. Reluctance to open up about substance abuse is common, particularly among families with children involved in Child Protective Services, who fear their children may be taken away if their substance abuse problems become known. Participants may also fear sanctions, denial of services, or legal ramifications if their substance abuse problem is divulged. Only in safe and confidential environments will most people seek help for their problems.

National estimates of the prevalence of substance abuse problems among TANF recipients vary widely, ranging between 20 and 60 percent. Even the lowest of these estimates, however, is significantly larger than the 7 percent of the general population over the age of 12 who are estimated by the Substance Abuse and Mental Health Services Administration (SAMHSA) of the U.S. Department of Health and Human Services (HHS) in 2001 to have substance abuse or dependence problems. Two sources of information on substance abuse among the Colorado Works population are available, both relying on self-reported data. First, in the 2000 Participant Survey, 5 percent of the respondents reported that they had experienced substance abuse problems that interfered with their ability to work. Most of the county Colorado Works staff interviewed at the time, however, believed that this figure under-represented the actual problem, and that substance abuse was in fact the primary barrier faced by participants. Second, data from a survey published in 2001 by the Alcohol and Drug Abuse Division (ADAD) of the Department indicated that 14 percent of Colorado Works participants reported having substance abuse problems. In comparison, HHS estimated the prevalence of substance abuse in the overall Colorado adult population in 2001 at 8 percent.

As is the case with treatment for mental health problems, relatively few TANF recipients, either in Colorado or nationally, receive substance abuse treatment services. National figures from SAMHSA indicate that only 18 percent of all Americans over age 12 who need substance abuse treatment actually receive it. The most current data we have for Colorado, the 2000 Colorado Works Participant Survey, indicated that only one-

fourth (27 percent) of Colorado Works participants with substance abuse problems received treatment.

Co-Occurring Disorders Among TANF Recipients

Beyond the identification problems noted above, individuals who are both mentally ill and substance abusers face an additional challenge. Service systems have not kept pace with the growing incidence of co-occurring mental illness and substance abuse disorders (“dual-diagnosis”), especially in the TANF population.

SAMHSA’s 2001 National Household Survey on Drug Abuse found that among adults with severe mental illness, 20 percent were dependent on or abused alcohol or drugs. In contrast, the substance abuse rate among adults without mental health problems was 6 percent. According to the U.S. Surgeon General’s 1999 report on mental health, “41 to 65 percent of individuals with a lifetime substance abuse disorder also have a lifetime history of at least one mental disorder, and about 51 percent of those with one or more lifetime mental disorders also have a lifetime history of at least one substance abuse disorder.” Results of our current survey conducted with Colorado Works programs in 14 counties indicated that the problem of dual diagnosis among the TANF population is well-recognized. Chapter 6 provides more information about the extent of co-occurring disorders among Colorado Works participants.

Previous research also has found a significant gap between the need for treatment and its receipt. One study reported by SAMHSA found that while 7 to 9 percent of all Medicare/Medicaid enrollees surveyed had evidence of either a substance abuse disorder or a mental disorder or both, treatment rates among individuals with co-occurring disorders were less than one percent. Another HHS study found that of research group members who had co-occurring disorders, only 19 percent received treatment for both disorders; 29 percent did not receive treatment for either disorder. Much improvement is needed in procedures for ensuring that patients have easy access to services from both the mental health and substance abuse treatment systems and in the production of manuals or training materials for caseworkers on treatment for people with co-occurring disorders.

TANF recipients with co-occurring disorders have multiple problems that are not easily addressed by the services offered by either the mental health or substance abuse treatment systems. Consequently, few people with co-occurring disorders receive the full array of treatment they need, and the assistance they do receive is likely to be general medical attention, rather than specialized mental health or substance abuse assessment and

treatment. Our findings and recommendations on the dual-diagnosis needs of Colorado Works participants are presented in Chapter 6.

Transportation and Income Barriers

With the exception of mental health problems, the 2000 Colorado Works Participant Survey data indicated that institutional barriers—such as insufficient housing, transportation, and child care—were more prevalent than personal barriers. The survey found that transportation issues posed problems in finding or keeping a job for 40 percent of Colorado Works participants. In the *Second Annual Report*, BPA suggested combining various funding streams in addition to TANF, in order to increase the transportation services available to Colorado Works participants. In Chapter 8, we discuss efforts made by the Department and the counties to address this barrier to self-sufficiency as well as possible solutions.

Although it was not recorded as a specific barrier in the *Second Annual Report*, the report identified lack of awareness and use of the Earned Income Tax Credit (EITC) as an issue for the Colorado Works population. The federal EITC is a refundable tax credit that allows working families with incomes up to about \$34,000 to supplement their earnings through the tax system. In 1999, Colorado introduced a state Earned Income Credit (which was not available in 2003) that further supplemented income to those who filed taxes in the state and claimed the federal EITC. Among working Colorado Works families responding to the 2000 Colorado Works Participant Survey, however, only one-half claimed the state tax credit in their state tax returns.

BPA recommended in the *Second Annual Report* that the Department work with the counties to ensure that Colorado Works participants have adequate information to claim the EITC. In Chapter 7, we present our analysis of the efforts made by the Department and the counties to implement this recommendation.

Evaluation Scope and Data Sources

Part 2 of the *Fifth Annual Report* for our evaluation of the Colorado Works Program incorporates an emphasis on identifying best practices among the range of service structures adopted by various counties. The focus of Part 2 is on meeting the legislative mandate for evaluating mental health and substance abuse barriers facing Colorado Works participants. We also examine two other important supports—the Earned Income

Tax Credit and transportation assistance—and describe promising approaches to providing related services to Colorado Works recipients.

Of the data sources utilized in the *Fifth Annual Report*, the following were particularly relied upon for our Part 2 analyses:

- *Survey of the Colorado Works Program in 14 Counties.* The survey was conducted in the following counties: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, and Weld. Survey respondents were Colorado Works program managers and the relevant members of their staff. With a 100 percent response rate to the survey, we believe these data to be highly reliable.

The County Survey included questions about:

- Screening, assessment, referral, and service provision processes that counties use for mental health and substance abuse;
 - Service providers with whom counties contract and the types of arrangements they use;
 - Number of Colorado Works participants using services, and the cost of these services;
 - Types of transportation assistance provided by the county, collaboration with outside agencies, and the cost of transportation services; and
 - Assistance provided to Colorado Works participants in securing the EITC.
- *Interviews.* We conducted interviews with staff at the Department, including Division of Mental Health Services (MHS) and Alcohol and Drug Abuse Division (ADAD) program managers; staff at the Colorado Health Care Policy and Financing Department (HCPF); and staff from the mental health and substance abuse managed care organizations discussed in Chapter 5.
 - *Administrative Data.* We analyzed administrative data maintained by the Department, including data from the COIN system for Colorado Works participants and data from the Colorado Client Assessment Record (CCAR), which documents the use of publicly-funded mental health services for low-income families. In particular, we matched individual-level data on Colorado Works participants served by the mental health system to the Colorado Works program data. We used these data to estimate the extent of mental health

service provision for Colorado Works participants statewide, the types of services they received, and the extent of co-occurring disorders.

- *Colorado Works Participant Survey.* Included in the survey BPA conducted with 540 current and former Colorado Works participants were questions about participants' barriers to employment, their service needs, and their use of the Earned Income Tax Credit.

Chapter 6

Providing Mental Health and Substance Abuse Services to Colorado Works Participants

Surveys and interviews conducted with Colorado Works program staff in 14 Colorado counties continue to substantiate the assertion in House Bill 02-1025 (codified as Section 26-2-724, C.R.S.) that “a significant percentage of Colorado Works participants encounter barriers to achieving self-sufficiency due to substance abuse problems or mental illness.” The 2003 Colorado Works Participant Survey conducted for this evaluation also provides support for this statement, with almost one-fourth (23 percent) of respondents statewide indicating that a mental health problem had presented a barrier to their getting or keeping a job, and 1 percent indicating that substance abuse problems hampered their abilities to secure or maintain employment. The General Assembly found that the use of screening instruments to screen for persons who have mental illness or substance abuse problems and to refer participants for services, if appropriate, would be beneficial to the Colorado Works program (Section 26-2-724, C.R.S.).

Since BPA first reported on mental health and substance abuse problems in the Colorado Works caseload in the *Second Annual Report*, counties have implemented a variety of programmatic responses. Notably, collaboration with specialists from other public agencies and private organizations has increased tremendously over the past three years. In particular, counties draw on the expertise and resources offered by the Mental Health Assessment and Service Agencies (MHASAs) and the Managed Service Organizations (MSOs), the managed care providers for mental health and substance abuse treatment.

In this chapter, we examine the extent of mental health and substance abuse problems in the Colorado Works population, and specific county responses to these issues. We also discuss the public mental health services provided through the Division of Mental Health Services (MHS) of the Colorado Department of Human Services (the Department), substance abuse treatment and prevention services provided through the Department’s Alcohol and Drug Abuse Division (ADAD), and services for people with co-occurring disorders of mental illness and substance abuse, which may be handled either through MHS or ADAD. We conclude with a discussion of evidence from numerous national and state analyses of the cost-effectiveness of providing mental health and substance abuse services to TANF recipients.



Department Actions With Regard to Statutory Mandates

In its *Second Annual Report*, BPA identified areas within both the mental health and substance abuse realms that the Department and its partner agencies should improve. With regard to mental health, BPA found that county staff felt ill-prepared to screen Colorado Works participants for mental health problems, and recommended that the Department and the MHASAs strengthen their outreach with county social and human services agencies to ensure that the mental health needs of Colorado Works participants were met.

Section 26-2-724, C.R.S., requires that the Department designate a nationally recognized screening instrument to identify substance abuse and mental illness problems among the Colorado Works population by July 1, 2002, and provide training to county staff on the use of this screening. After this date, counties were required to utilize either this designated screening tool or one that they select to screen participants for substance abuse and mental illness. Evidence shows that both the Department and the county departments of human and social services have met this mandate.

To comply with the legislation, the Department prepared the “Talk and Trust Substance Abuse Screening and Assessment” manual aimed at assisting Colorado Works staff to screen participants for substance abuse problems. The Department also prepared the “Colorado Works/TANF Recommended Application Screening Tool,” which has a set of questions regarding mental illness. In addition, the “Colorado Works Practitioners’ Resource Guide,” prepared by the Department as a resource on universal access and inclusion for people with disabilities, provides guidance on screening and serving Colorado Works clients with mental illness. Training on the use of these tools and manuals has been provided at state-sponsored workshops, including the Colorado Works Professional Development Academy in May 2003. All 14 counties surveyed in the County Survey have designated a screening tool for mental health and substance abuse. Each county provided copies of these tools to BPA as part of the survey data collection.

Mental Health Services

Based on administrative data collected by MHS, we found that between January 2000 and December 2002, 6,169 of the 34,903 adults receiving Colorado Works (18 percent) also received mental health services through the public mental health system during that period. As shown in Exhibit 6.1, rates of mental health services receipt vary across counties. Highlighted rows in the exhibit indicate counties included in BPA’s County

Survey. Among the 14 counties surveyed, Rio Grande and Denver had the lowest public mental health service provision rates (12 percent). Boulder, Jefferson, Mesa, and Pueblo Counties had the highest rates at 23, 22, 24, and 28 percent, respectively.

Exhibit 6.1

Receipt of Mental Health Services Among the Colorado Works Adult Caseload
January 2000 - December 2002

County	Adult Caseload	Receiving MH Services	% Receiving MH Services	County	Adult Caseload	Receiving MH Services	% Receiving MH Services
Adams	1,662	329	19.8%	Kit Carson	95	8	8.4%
Alamosa	478	89	18.6%	Lake	47	12	25.5%
Arapahoe	3,706	649	17.5%	La Plata	327	80	24.5%
Archuleta	86	21	24.4%	Larimer	1,552	248	16.0%
Baca	56	10	17.9%	Las Animas	351	56	16.0%
Bent	93	19	20.4%	Lincoln	46	5	10.9%
Boulder	1,350	306	22.7%	Logan	193	44	22.8%
Broomfield	89	15	16.9%	Mesa	1,273	306	24.0%
Chaffee	120	16	13.3%	Mineral	3	0	0.0%
Cheyenne	22	1	4.5%	Moffat	166	45	27.1%
Clear Lake	100	24	24.0%	Montezuma	612	59	9.6%
Conejos	224	33	14.7%	Montrose	457	113	24.7%
Costilla	132	19	14.4%	Morgan	461	71	15.4%
Crowley	172	29	16.9%	Otero	425	70	16.5%
Custer	33	7	21.2%	Ouray	8	0	0.0%
Delta	490	78	15.9%	Park	22	3	13.6%
Denver	6,380	791	12.4%	Phillips	20	2	10.0%
Dolores	37	4	10.8%	Pitkin	5	1	20.0%
Douglas	182	33	18.1%	Prowers	314	51	16.2%
Eagle	46	6	13.0%	Pueblo	1,202	330	27.5%
Elbert	59	8	13.6%	Rio Blanco	24	10	41.7%
El Paso	5,371	921	17.1%	Rio Grande	442	52	11.8%
Fremont	691	139	20.1%	Routt	41	10	24.4%
Garfield	323	82	25.4%	Saguache	164	16	9.8%
Gilpin	30	5	16.7%	San Juan	14	3	21.4%
Grand	69	16	23.2%	San Miguel	15	2	13.3%
Gunnison	96	29	30.2%	Sedgwick	14	2	14.3%
Hinsdale	7	4	57.1%	Summit	21	7	33.3%
Huerfano	191	40	20.9%	Teller	137	22	16.1%
Jackson	26	7	26.9%	Washington	34	6	17.6%
Jefferson	2,884	638	22.1%	Weld	1,075	153	14.2%
Kiowa	8	0	0.0%	Yuma	130	14	10.8%
State Total	34,903	6,169	17.7%				

Source: County caseload data come from COIN administrative data. Data on mental health services are from the CCAR administrative data.

Notes:

Mental health service receipt could occur at any point during the period from January 2000 to December 2002 when the caseload sample was drawn. It is possible that an individual received mental health services and Colorado Works at different times during this period.

In some cases, county of Colorado Works participation does not match county of mental health service receipt. This may result if the participant receives mental health services while not receiving Colorado Works or receives mental health services in a county other than their county of residence.

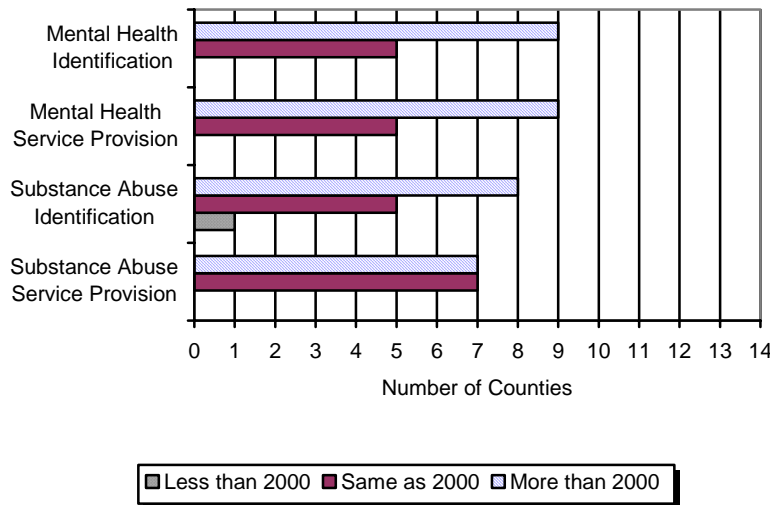


Identification of Mental Health Problems

As Colorado Works has introduced new measures aimed at identifying barriers to employment among participants, it is to be expected that county programs would evolve over time, improving their ability to detect and serve clients with a variety of problems. In past evaluation reports, identification of and treatment for mental health and substance abuse problems stood out as areas in which increased efforts were necessary.

As shown in Exhibit 6.2, in nine of the 14 counties surveyed, staff report they are identifying more Colorado Works participants with mental health problems than they did in the year 2000. Staff in the remaining five counties report they are identifying about the same number of participants as in 2000. County staff also report they are providing mental health services to more participants (nine counties) or the same number of participants (five counties) than in 2000. If county respondents are correct in their estimates, Colorado Works is, on average, identifying and serving more of its participants with mental health problems than it did in the past. Evidence discussed throughout this chapter supports this claim.

Exhibit 6.2
Number of Counties Reporting Prevalence of Mental Health and Substance Abuse Compared to 2000

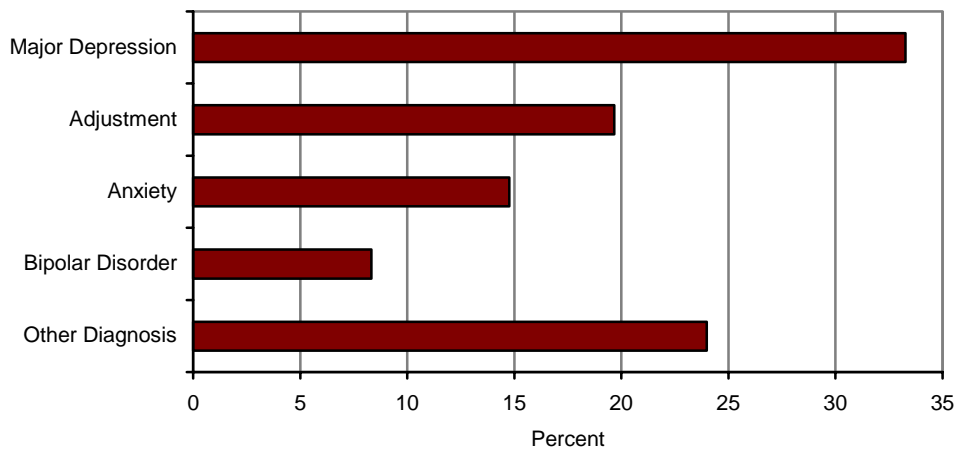


Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

Primary Mental Health Diagnoses

According to MHS data, one-third of the 6,169 adult Colorado Works participants who were treated in the public mental health system received treatment for major depression as their primary diagnosis (Exhibit 6.3). The next most common primary diagnosis (20 percent) is for adjustment disorders, which are excessive or abnormal reactions to life stressors, such as getting divorced or starting a new job. Anxiety disorders affect nearly 15 percent of Colorado Works participants receiving treatment, and bipolar disorders affect 8 percent of participants. The remaining 24 percent received treatment for a variety of other primary diagnoses, including dysthymia (long-term mild depression), attention deficit disorders, personality disorders, schizophrenia and other psychotic disorders, and other mental health problems.

Exhibit 6.3
Primary Mental Health Diagnosis For Colorado Works Participants Receiving Mental Health Services

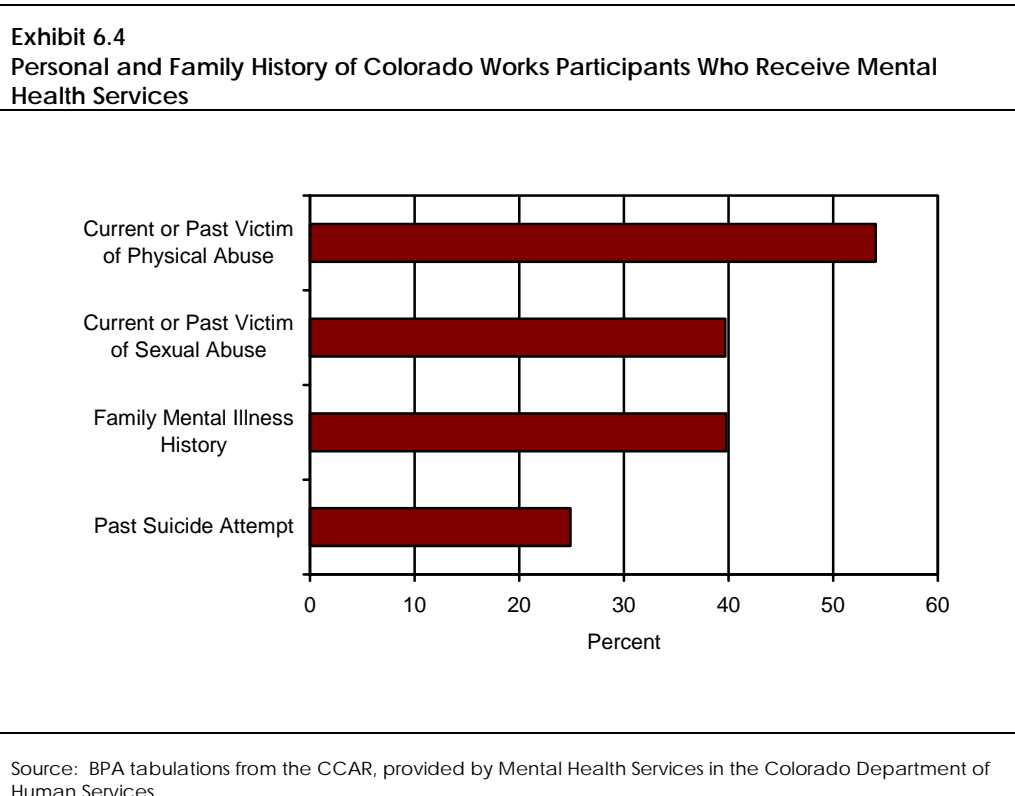


Source: BPA tabulations from the CCAR, provided by Mental Health Services in the Colorado Department of Human Services

History of Mental Health Problems

Colorado Works participants who were treated for mental health problems in the public mental health system have serious histories of mental illness. Nearly three-quarters of Colorado Works participants (72 percent or 4,442 individuals) who received mental health services have a problem that lasted one or more years. Almost one quarter (23 percent or 1,419 individuals) have a history of inpatient treatment for a mental health problem, and 62 percent (3,825 individuals) have a history of outpatient treatment. In total, 67 percent of Colorado Works participants who received public mental health during this period have a history of past treatment. This indicates that mental health problems are likely to be long-term and/or recurring among this population.

As shown in Exhibit 6.4, more than one-half of those receiving mental health services (54 percent or 3,330 individuals) have also been victims of current or past physical and sexual abuse. Notably, 54 percent of participants (3,331 individuals) who receive mental health services are current or past victims of physical abuse and 40 percent (2,477 individuals) are current or past victims of sexual abuse. Nearly 40 percent of participants



who receive mental health services have a family history of mental illness. As testament to the seriousness of the mental health problems faced by Colorado Works participants, 25 percent (1,542 individuals) of those who received mental health services have had at least one past attempt at suicide.

Substance Abuse Services

Although ADAD has considerable aggregate information regarding substance abuse services throughout the state, administrative data comparable to those obtained from MHS on the individuals who received services through the public substance abuse treatment system were not available at the time this report was written. To document substance abuse among Colorado Works participants, we rely instead on a survey conducted by ADAD in 2001 of selected Medicaid recipients regarding their alcohol and drug use and abuse. The majority (84 percent) of respondents in this survey are Colorado Works participants, with the remaining respondents being participants in the Baby Care/Kids Care program, or eligible for Medicaid because of pregnancy (ADAD, 2002).

The ADAD data showed that 5.5 percent of respondents had an alcohol or drug abuse problem in the past year. This figure is similar to the one reported in BPA's *Second Annual Report*, in which 5 percent of respondents indicated a substance abuse barrier in the past year. In addition, 14 percent indicated that they had experienced alcohol or drug use problems at some point in their life.

Respondents to ADAD's survey were more likely to experience alcohol problems than drug problems. Of those who had recent substance abuse problems, 45 percent had problems with alcohol only, 35 percent had problems with drugs only, and 20 percent had problems with both alcohol and drugs. Of those with drug abuse problems, cocaine and marijuana were the two most common types of drugs used.

Twenty-seven percent of those with reported recent substance abuse problems indicated that they had received treatment in the past 12 months. Another 6 percent reported that they would have sought treatment had it been available. As with mental health problems, substance abuse problems can be recurring. Thirty percent of those with recent substance abuse problems reported that they had received treatment at some point prior to the last 12 months. Among those with a recent substance abuse problem, 83 percent also had responsibility for children during the same time period.

Substance abuse problems can be particularly difficult to diagnose because symptoms often appear only after the individual fails to meet her Colorado Works goals. As shown earlier in Exhibit 6.2, respondents in BPA's County Survey reported slightly less progress in identifying and serving participants with substance abuse problems, as compared to those with mental health problems. Still, one-half of the 14 counties surveyed reported that they are providing treatment to more participants with substance abuse problems than in the past. Evidence presented throughout this chapter indicates that counties have progressed in their provision of substance abuse assessment and service referral, although it is difficult to ascertain whether increases in the number of participants identified as having substance abuse problems result from increases in the number of substance abusers in the population or from improvements in the identification process.

Many factors continue to impede Colorado Works participants' access to substance abuse treatment services. Publicly-funded treatment facilities are limited in less populated areas. The counties reported in our County Survey that, in many cases, substance abuse service providers have waiting lists for their services. Other programs limit access through their eligibility requirements, such as the substance abuse treatment services provided for Colorado Works participants with open Child Protective Services cases.

Services *are* available at ADAD agencies for certain priority populations, including pregnant women (ADAD's number two priority population), and substance-abusing women with dependent children (ADAD's number four priority population). Colorado's Special Connections program, which covers only Medicaid-eligible pregnant women, provides substance abuse treatment during the pregnancy and up to 60 days after the birth of the child. Treatment under the Special Connections program may be either residential or outpatient, depending on the level of care indicated in the assessment. As a priority population, all pregnant women needing treatment services, whether or not Medicaid-eligible, must be seen within 48 hours of their original contact with the treatment agency. Pregnant women are never put on waiting lists for outpatient care; where there are waiting lists for residential treatment, all agencies funded by ADAD must, at a minimum, provide interim services beginning within 48 hours of initial contact.

Co-Occurring Disorders

Determining the extent to which mental health and substance abuse problems occur together and addressing how to treat individuals who are dually diagnosed are becoming increasingly visible issues. Using the data from Mental Health Services, we estimate that

46 percent (2,817 individuals) of Colorado Works participants who received mental health services between January 2000 and December 2002 also had identified difficulties with substance use (Exhibit 6.5).

Exhibit 6.5 Mental Health Clients with Substance Abuse Problems Among the Colorado Works Adult Caseload January 2000 - December 2002							
County	MH Services Received	MH Clients with SA	% with MH and SA	County	MH Services Received	MH Clients with SA	% with MH and SA
Adams	329	144	43.8%	Kit Carson	8	3	37.5%
Alamosa	89	44	49.4%	Lake	12	7	58.3%
Arapahoe	649	295	45.5%	La Plata	80	36	45.0%
Archuleta	21	8	38.1%	Larimer	248	127	51.2%
Baca	10	3	30.0%	Las Animas	56	25	44.6%
Bent	19	9	47.4%	Lincoln	5	3	60.0%
Boulder	306	119	38.9%	Logan	44	20	45.5%
Broomfield	15	7	46.7%	Mesa	306	148	48.4%
Chaffee	16	8	50.0%	Mineral	0	0	
Cheyenne	1	0	0.0%	Moffat	45	25	55.6%
Clear Lake	24	7	29.2%	Montezuma	59	35	59.3%
Conejos	33	17	51.5%	Montrose	113	55	48.7%
Costilla	19	8	42.1%	Morgan	71	29	40.8%
Crowley	29	15	51.7%	Otero	70	28	40.0%
Custer	7	2	28.6%	Ouray	0	0	
Delta	78	41	52.6%	Park	3	3	100.0%
Denver	791	402	50.8%	Phillips	2	2	100.0%
Dolores	4	1	25.0%	Pitkin	1	1	100.0%
Douglas	33	16	48.5%	Prowers	51	25	49.0%
Eagle	6	2	33.3%	Pueblo	330	119	36.1%
Elbert	8	3	37.5%	Rio Blanco	10	6	60.0%
El Paso	921	404	43.9%	Rio Grande	52	29	55.8%
Fremont	139	64	46.0%	Routt	10	5	50.0%
Garfield	82	41	50.0%	Saguache	16	6	37.5%
Gilpin	5	1	20.0%	San Juan	3	2	66.7%
Grand	16	8	50.0%	San Miguel	2	1	50.0%
Gunnison	29	13	44.8%	Sedgwick	2	0	0.0%
Hinsdale	4	1	25.0%	Summit	7	3	42.9%
Huerfano	40	27	67.5%	Teller	22	6	27.3%
Jackson	7	4	57.1%	Washington	6	3	50.0%
Jefferson	638	283	44.4%	Weld	153	62	40.5%
Kiowa	0			Yuma	14	6	42.9%
State Total	6,169	2,817	45.7%				

Source: County caseload data come from COIN administrative data. Data on mental health services is from the CCAR administrative data.

Notes: Mental health service receipt could occur at any point during the period from January 2000 to December 2002 when the caseload sample was drawn. It is possible that an individual received mental health services and Colorado Works at different times during this period.

In some cases, county of Colorado Works participation does not match county of mental health service receipt. This may result if the participant receives mental health services while not receiving Colorado Works or receives mental health services in a county other than their county of residence.

Rates of co-occurring disorders vary somewhat across counties. Among the 14 counties surveyed, shown in the highlighted rows of Exhibit 6.5, Pueblo County has the lowest rate of co-occurring disorders (36 percent). In Denver, Larimer, and Rio Grande Counties, one-half or more of the Colorado Works participants who received mental health treatment faced a dual diagnosis.

New Mental Health and Substance Abuse Services

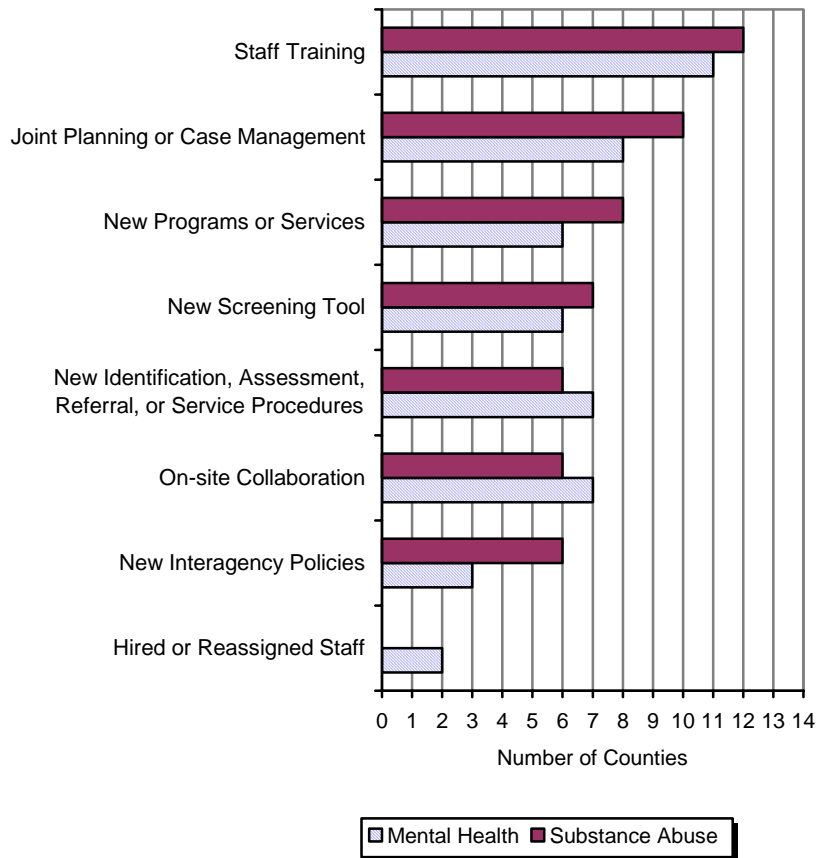
Colorado counties have a great deal of flexibility in how they operate their Colorado Works programs, and much about the process of screening, assessing, referring, and providing mental health and substance abuse treatment services to Colorado Works participants rests with the discretion of individual counties. Options such as partnering with outside private or public agencies, the screening and assessment tools utilized, and the timing of participant screening and assessment vary by county.

All 14 counties surveyed have processes for identifying Colorado Works participants with mental health and substance abuse needs. Since 2000, counties have undertaken a variety of endeavors to assist Colorado Works participants with these special needs. Exhibit 6.6 shows the number of respondent counties that have implemented new policies or practices in various categories. Staff training (discussed separately below) is the most common measure taken, with 12 counties conducting training for substance abuse problems and 11 conducting training for mental health.

Among other new measures are:

- Collaboration with the MHASA, MSO, or other mental health or substance abuse professionals, including planning meetings with staff at the MHASA or MSO and meetings with outside specialists located on-site, was reported by most counties.
- About one-half of the counties surveyed reported they have adopted new identification, assessment, referral or service provision procedures and a comparable number have implemented new screening tools. Together, a total of 12 of 14 counties have put new procedures, screening tools, or on-site collaborations in practice since 2000.
- Two counties hired or reassigned staff to work with Colorado Works participants with mental health problems. In both Denver and El Paso Counties, teams of social workers were formed to create specialized assessment teams that are responsible for working with participants to identify, screen, and assess their mental health and substance abuse treatment needs.

Exhibit 6.6
Measures Taken by 14 Counties With Regard to Mental Health and Substance Abuse Service Provision to Colorado Works Participants Since 2000



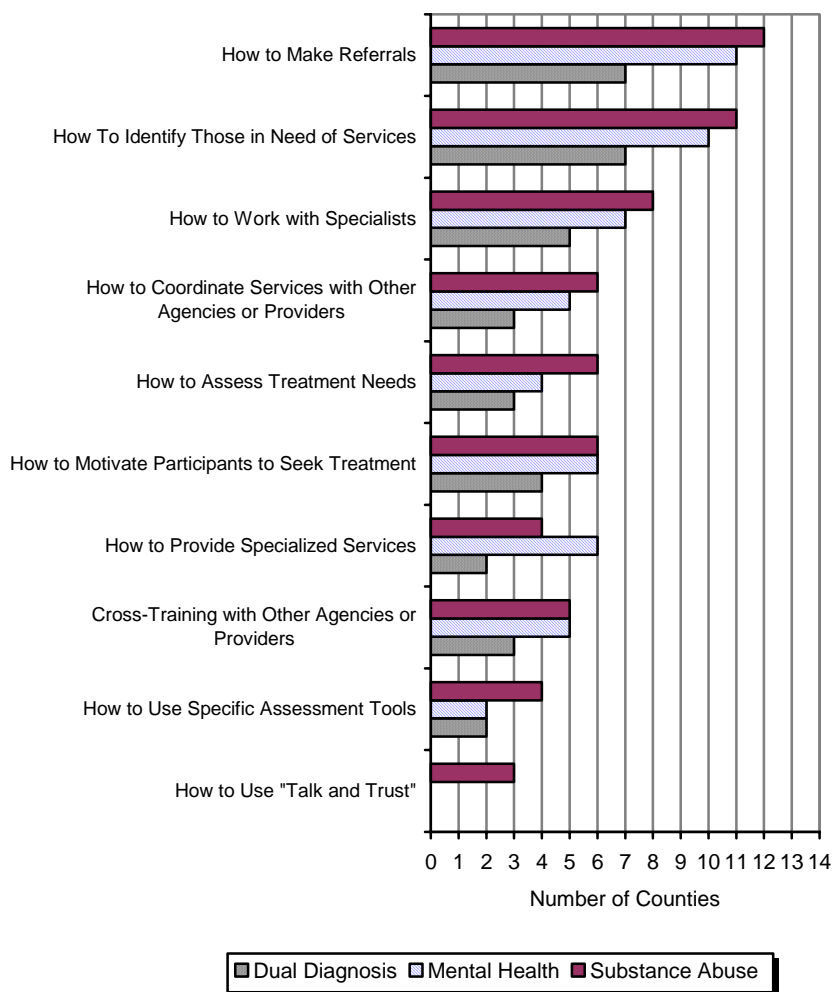
Note that policies or practices in place prior to 2000 are not included in this exhibit. In particular, a number of counties had in place some procedures for assisting participants with mental health problems prior to 2000. Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

Staff Training

County staff report that case manager training was offered in a variety of topic areas, as shown in Exhibit 6.7. In all categories, reports indicate that dual diagnosis training was emphasized far less than training for mental health and substance abuse treatment separately. The exhibit tallies training in which staff participated since 2000, at the state, regional, or local level. Eleven counties report that they arranged for training beyond that

provided at statewide conferences. This training took the form of formal multi-day sessions offered by specialists, informal information exchange through in-house seminars, or the presence of specialists at case manager meetings to answer questions or offer short workshops.

Exhibit 6.7
Training Provided to Staff in 14 Counties Since 2000



Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

The two most prevalent types of training for Colorado Works staff are in the areas of making referrals and identifying those in need of services. Eleven counties reported that staff received training on these topics related to mental health and 12 reported training in these areas for substance abuse. Seven counties reported providing training in identifying dually diagnosed participants, and seven counties also reported providing training in making referrals for these individuals.

Training on cross-agency coordination, such as working with specialists or coordinating with other agencies, is the next most common type of training. The focus on collaboration in training mirrors the weight given to collaboration as the primary tool for assisting Colorado Works participants with mental health and substance abuse problems. Given the emphasis on working with other agencies, training in how to do so is warranted. In total, 8 counties offered training in working with specialists or coordinating with outside agencies for substance abuse treatment, eight offered training in these areas for mental health, and 5 offered training in these areas for dual diagnosis. Training on coordination was not limited to the larger and more urban counties. Counties in all regions of the state with varying caseload sizes reported that they are collaborating and offering training to their staff on how to best collaborate.

Notably, the two least common types of training are in how to use specific assessment tools and how to use the *Talk and Trust* manual compiled by ADAD specifically for the Colorado Works program. The lack of focus on using specific tools is likely the result of the flexibility allowed the counties in selecting assessment tools and of cross-agency collaboration in assessing participants, discussed throughout this chapter. The emphasis on collaboration has in many cases moved the responsibility for conducting assessments from Colorado Works case managers to specialists who are better qualified to do so. Although only three counties reported that staff had received training on *Talk and Trust*, which was offered by ADAD at the Colorado Works Professional Development Academy in May 2003, ADAD records indicate that a total of 95 people attended the two workshops provided on this topic at the conference. County respondents had mixed opinions about *Talk and Trust*, with some saying that employment specialists and other staff who focus on helping Colorado Works participants find work should also receive training on this manual, and others desiring training “at a more complex level.”

Recommendation 1:

The Department should work with the county departments of human and social services to identify training opportunities for appropriate Colorado Works practitioners and outside service providers who have contact with Colorado Works participants in recognizing and identifying mental health and substance abuse problems.

Department of Human Services Response:

Agree. The Department will continue to identify training opportunities for recognition and identification of mental health and substance abuse issues for appropriate practitioners and providers through regular contact with county departments and other appropriate agencies such as the Division of Mental Health Services and the Alcohol and Drug Abuse Division. The Department has historically demonstrated a commitment to cross-systems topical training since shortly after Colorado Works implementation. The Colorado Works annual Professional Development Academy (PDA) is the main training event for Colorado Works practitioners. Each year at the PDA, sessions are included in the agenda that deal with mental health and/or substance abuse issues. Trainers have included staff from the Department as well as outside experts from those disciplines. Topics have included, but were not limited to, basic information on screening and assessment, resource identification, program and resource coordination, and common issues among various program areas. Substance abuse and mental health issues will continue to be included in future Academy agendas.

Departmental training emphasis in these areas will also be maintained through an on-going commitment from both the Division of Mental Health Services and the Alcohol and Drug Abuse Division to continue to provide training for Colorado Works practitioners. The Department will also continue to investigate, provide, and/or secure appropriate training opportunities for substance abuse and mental health issues in addition to the annual Professional Development Academy utilizing in-house and external subject matter experts.

Cross-Agency Collaboration

Data reported in this chapter show that most new measures the counties have undertaken regarding provision of substance abuse and mental health services have involved collaboration with outside agencies, often, the MHASA and MSO to which the county is assigned. In addition, some counties coordinate directly with service providers on a fee-

for-service basis. In some cases, services are co-located at the Colorado Works office. These various models of collaboration respond to a number of factors, including the need for services in the Colorado Works population, the availability of service providers, the proximity of service providers to the Colorado Works office, and the availability of funding from Colorado Works and other sources.

Although most counties surveyed have responded to the need for improved service provision through collaboration, several counties have tapped their own Colorado Works staff for specialists who are qualified to work with participants with mental health or substance abuse barriers to self-sufficiency. In general, the larger counties have a greater capacity to recruit specialists and utilize their own staff as resources.

Use of Specialists on the Colorado Works Staff

Both Denver and El Paso Counties retain Colorado Works staff who have primary responsibility for identifying, screening, and assessing the mental health and substance abuse service needs of Colorado Works participants. The Denver County Department of Human Services reorganized its services and moved social workers from case management positions to form the Family Counseling Program. These social workers have developed a skill set that is more refined than the typical Colorado Works case manager's, allowing them to screen and assess participants more effectively. Both those who disclose a problem and those the assessment team identifies as needing mental health services are referred to the Family Counseling Program, which consists of the collective services of at least eight contractors, four of which are located on-site in offices throughout the county. Two members of the assessment team can also provide individual counseling to Colorado Works participants.

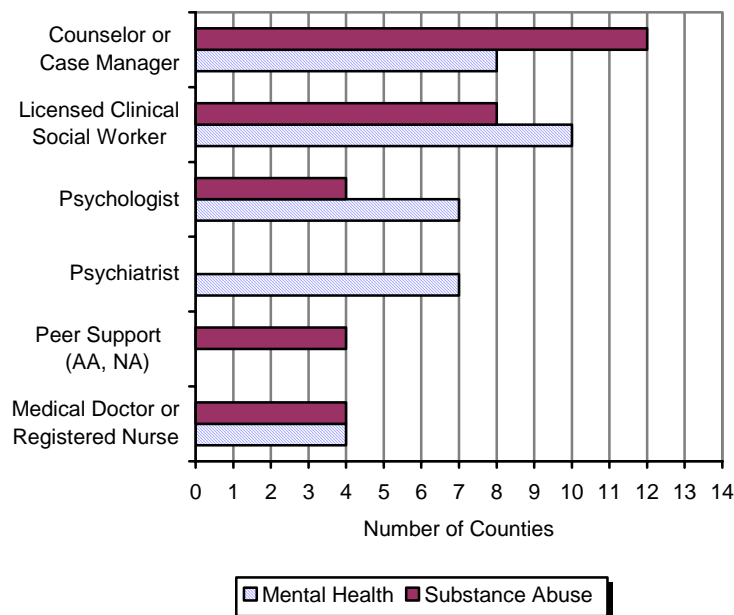
El Paso County similarly reorganized staff to create Team Success, a group of six to seven social workers who work with Colorado Works participants with specific barriers to employment, including mental illness and substance abuse as well as other disabilities. Funding for Team Success comes entirely from Colorado Works. Team Success staff make weekly in-home visits and provide life skills and budgeting assistance to participants. They can also refer clients to contractors used by the county for additional assistance. All Colorado Works participants are automatically referred to Team Success at specific points during their program participation: at 9 months, 21 months, 30 months, and every 6 months thereafter. At each of the time periods, Team Success social workers conduct an in-home assessment.

Although Denver and El Paso Counties rely heavily on Colorado Works staff to identify and assess mental health and substance abuse problems in their caseload, they also contract with outside specialists for additional treatment.

Use of Outside Specialists

Counties use a variety of specialists to assist them in identifying and treating their Colorado Works participants with mental health and substance abuse problems. As is shown in Exhibit 6.8, counselors (who are generally licensed) and case managers are the primary type of specialists used for substance abuse treatment. Licensed clinical social workers are the primary type of specialist used for mental health service provision. As one might expect, psychologists and psychiatrists also provide mental health services to participants. Just four of 14 counties work with peer support groups, such as Alcoholics Anonymous or Narcotics Anonymous for their substance abuse treatment programs.

Exhibit 6.8
Use of Outside Specialists in 14 Counties for Serving Colorado Works Participants with Mental Health and Substance Abuse Problems

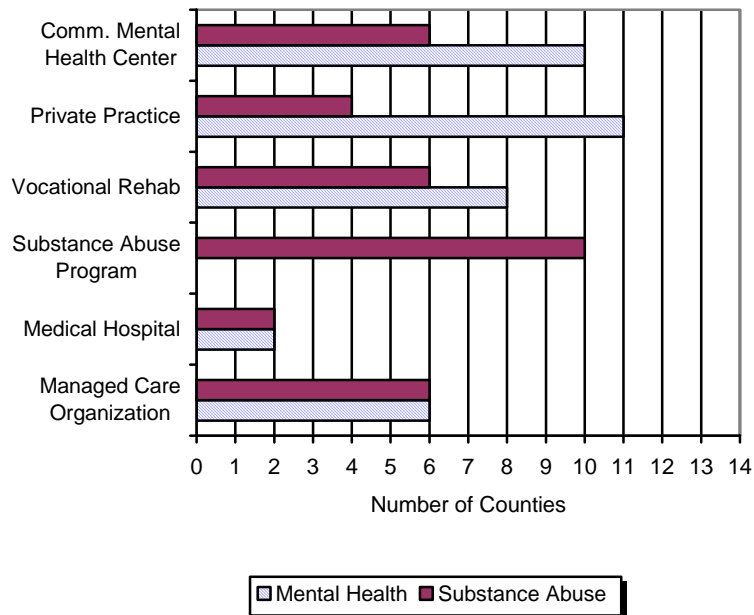


Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

Employers of Outside Specialists

Outside specialists come from a variety of types of organizations, with Community Mental Health Centers (CMHC) and substance abuse treatment providers being the most prevalent. As shown in Exhibit 6.9, 10 counties contract directly with substance abuse treatment centers and CMHCs to provide services to their participants. Eleven counties also contract with specialists in private practice to work with participants who have mental health problems. A somewhat less common source of specialists is the managed care organization. This is because in some cases, the managed care organization is the fiscal or contracting entity, not the treatment provider. If services provided are funded by ADAD or Medicaid, the county most likely works directly with the service providers that receive their funds through the MHASA or MSO. Services funded by Colorado Works can be provided by any agency that the county selects as its contractor.

Exhibit 6.9
Employers of Outside Specialists in 14 Counties

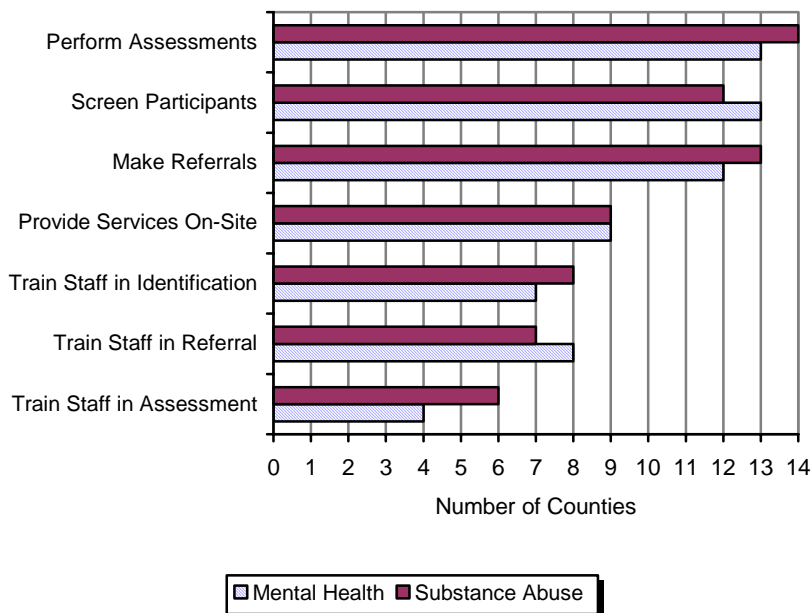


Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

Roles of Outside Specialists

As is shown in Exhibit 6.10, most counties surveyed use outside specialists to screen and assess their Colorado Works participants, and make referrals to other outside providers if necessary. A secondary role for these specialists is to train staff in identifying, assessing, and referring participants who may have substance abuse and mental health problems. As was discussed previously, outside specialists in some counties participate in case manager meetings or provide workshops for county staff.

Exhibit 6.10
Services Provided to Colorado Works Participants by Outside Specialists in 14 Counties



Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

Co-Location of Outside Specialists

There can be tremendous advantages to co-locating services in one location, and counties have recognized these benefits. If mental health or substance abuse services are available at the Colorado Works office or the One-Stop Career Center, individuals who need this type of assistance can access it without traveling to another office. Having specialists in the same office with case managers also increases the probability that more skilled staff will be conducting initial screenings and assessments, which is likely to improve identification of these problems.

The surveyed counties generally have on-site specialists in either mental health or substance abuse. Just two counties reported having both mental health and substance abuse specialists on site. Some counties—Boulder and Larimer, for instance—use on-site mental health specialists from the MHASA who are certified in substance abuse assessment. These specialists conduct substance abuse assessments for Colorado Works participants and refer them to services as needed.

The greatest barriers for co-locating services occur in rural counties, whose resources and service providers are limited. Rather than attempt to co-locate services, Otero County, for example, brings in specialists from neighboring counties as necessary.

Of the nine counties that co-locate services, eight are using the MHASA in their regions to provide services on-site to participants. Collaboration with the MHASAs appears to be at a more advanced stage than collaboration with MSOs, most likely because the MSO system is a more recent creation, and counties have had less time to develop the type of collaborative relationships they have with the MHASAs.

Recommendation 2:

The Department should continue to work with the county departments of human and social services to encourage regional and statewide collaboration to leverage resources and coordinate services.

Department of Human Services Response:

Agree. Following up on a prior BPA recommendation, counties are asked to provide information regarding their collaboration and coordination of services and resource leveraging in the County Colorado Works Plan. State staff are following up with counties on their plans regarding such issues. As a continuation of this process, during the County Program Review, county staff are also asked to address this topic again in the pre-visit questionnaire. State staff review the questionnaire at the on-site visit and discuss any questions or issues that arise as a result of that questionnaire or the case file reviews.

Leveraging and coordination activities will be promoted on the Colorado Works website, through agency letters, announcements at quarterly Network Meetings, through informal contacts with county staff, and at the Annual Professional Development Academy.

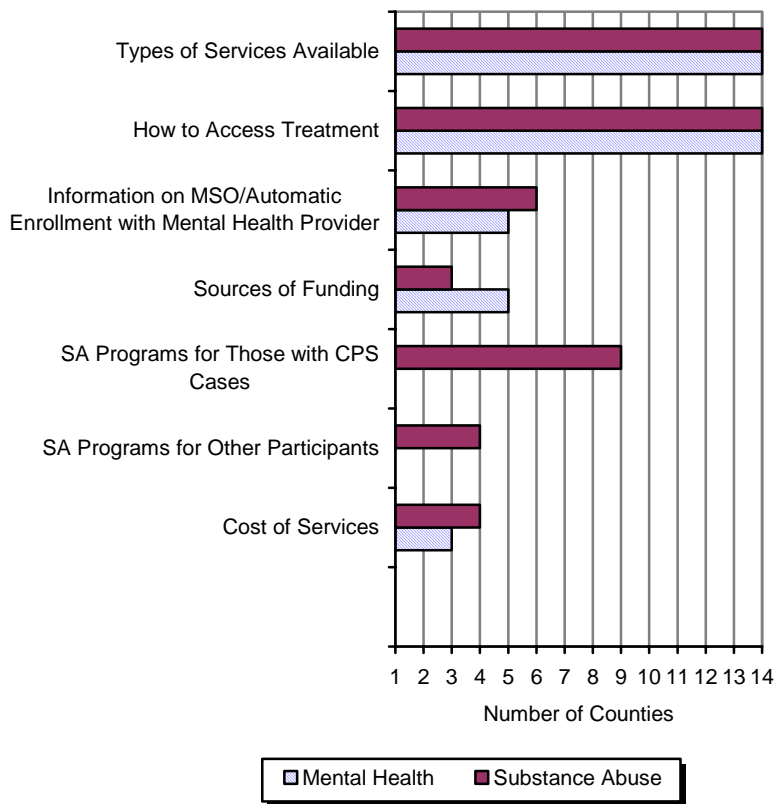
Informing Colorado Works Participants About Available Services

Using verbal or written communication or both, each of the 14 counties surveyed reported providing information to participants about the types of services available to them, and about how they can access treatment, if necessary (Exhibit 6.11).

- Just one of these 14 counties offers information about mental health services using written materials only, and no counties provide information on substance abuse treatment using written materials only.
- Another six counties provide information about mental health services using verbal communication only (seven for substance abuse treatment).
- The remaining seven counties provide information about services and how to access them using both written and verbal communication.

One county indicated that participants receive an abundance of written materials when they begin Colorado Works. The philosophy in her county is that this important information might be lost if it is provided only through written material, so information about substance abuse and mental health services is also provided verbally by case managers. Providing information in this way has the advantage of reaching audiences who may not be able to digest information provided on a flyer or pamphlet for whatever reason, including as a result of their mental illness and substance abuse problems.

Exhibit 6.11
Types of Written or Verbal Information Provided to Colorado Works Participants in 14 Counties



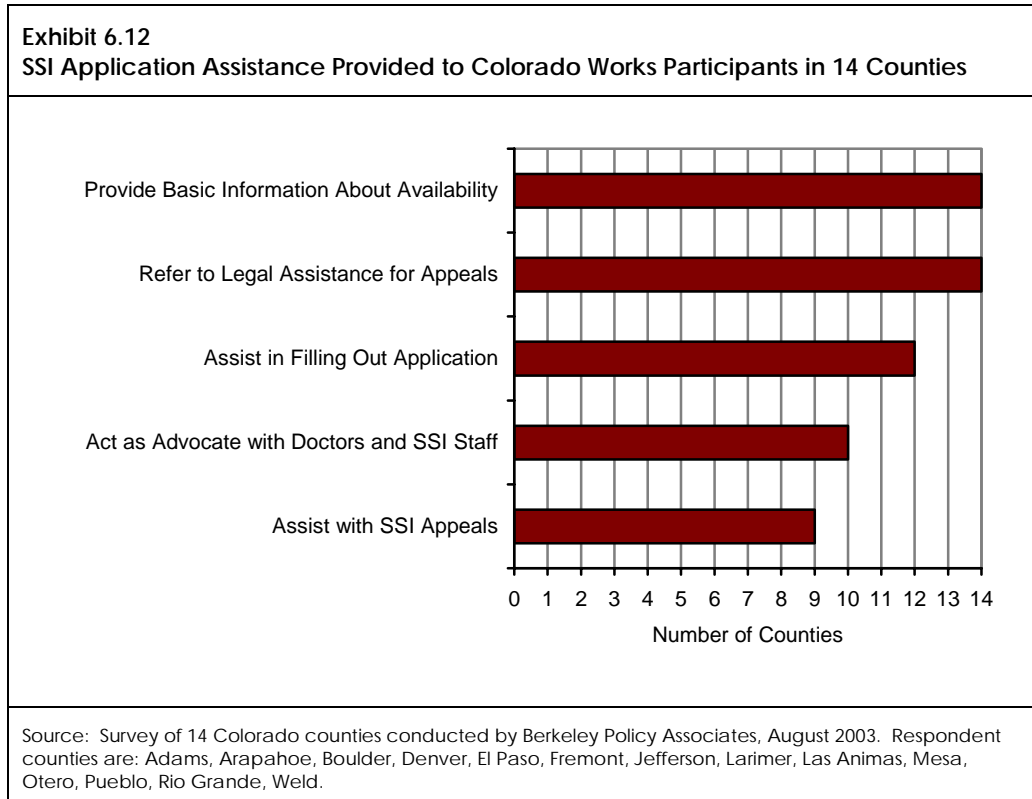
Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

Application for Supplemental Security Income (SSI)

Supplemental Security Income (SSI) is a 100 percent federally-funded cash assistance program that serves aged, blind, and severely disabled low-income adults and children. People with severe mental health problems are eligible for the program. In some cases, these individuals may also be eligible for Social Security Disability Income (SSDI), an income program similar to SSI that serves individuals who have a work history who have become too disabled to work. SSI benefits are more generous than those available through Colorado Works. In 2003, the Federal monthly benefit for SSI is \$552 for an individual and \$829 for a couple. In comparison, the maximum Colorado Works benefit for an adult and two children in 2003 is \$356. In addition, SSI does not carry with it the work requirements, sanctions, and time limits associated with Colorado Works. Individuals who are eligible for SSI remain eligible until their disability status changes.

As SSI is designed to serve individuals who are unable to support themselves through employment—and are thus poor candidates for the short-term assistance that Colorado Works is intended to provide—participants who are severely disabled may be better served by SSI than Colorado Works. Yet, some potentially SSI-eligible families remain on the Colorado Works caseload. Surveyed counties reported that between 1 and 20 percent of adults on Colorado Works in their counties are in the process of applying for SSI or appealing an SSI denial. Colorado Works staff report in the County Survey that they offer assistance to these participants in the SSI application and appeals process (Exhibit 6.12):

- Each of the 14 counties surveyed indicated that Colorado Works staff provide clients with basic information about the availability of SSI benefits and refer them to legal assistance if they need to file an appeal.
- Twelve counties assist participants in filling out the SSI application, if needed.
- Ten counties act as an advocate for the participant with doctors or SSA staff.
- Nine counties assist the participant with the SSI appeals process.



Specialized Services for SSI Application

By all accounts, the process of applying for and receiving SSI is complex, difficult, and time consuming. Often, several appeals are necessary before an eligible applicant is approved. In most cases, the burden of proof of disability lies in the hands of the applicant, who must navigate medical, social service, and legal institutions to receive benefits. For Colorado Works participants with severe disabilities, those who are potentially eligible for SSI, this process can be prohibitive.

Six of the counties surveyed indicated that there are specialized case management or services available to participants who are applying for SSI. For instance:

- Larimer County has two specialized case managers who primarily serve people with disabilities who are in the process of applying for SSI. The County Department of Human Services also contracts with Disabled Resource Services on a fee-for-service basis to provide additional assistance with SSI application. For applicants who also receive mental health services, co-located contracted

mental health therapists help to obtain release of information form signatures and provide relevant information to SSA about applicants.

- Denver County similarly allocates two specialized case managers to work with participants who are applying for SSI. The County also has a contract with Catholic Charities to provide “navigators” who offer additional assistance to participants who are applying for SSI or going through the appeals process.
- Pueblo County has also allocated a specialized case manager to work with their participants who have severe barriers to employment, including disabilities. This case manager is involved in assisting participants to apply for SSI and appeal SSI cases that have been denied.

Adams County TANF/SSI Project

A unique partnership has developed in Adams County that has been highlighted as a promising model by the National Conference of State Legislatures in “What Can States Do to Help Disabled TANF Recipients in Need of Long-Term Income Support?” (2003). The Adams County approach began in 1999 as the Challenge Employment Program—a collaboration among the Department of Social Services (DSS), Department of Vocational Rehabilitation, and Goodwill Industries of Denver—which provided accommodation-focused employment services for people with a range of disabilities. The program also included assistance to some participants in applying for SSI. Faced with the obstacles of lengthy waits for notification of SSI approval and low approval rates, the Adams County Department of Social Services initiated a dialogue with the regional office of the Social Security Administration (SSA), which oversees SSI. This dialogue resulted in the TANF/SSI project, a collaboration among DSS, Goodwill of Denver, and SSA. SSA designated a Social Security liaison as a key point of contact for Colorado Works case managers and both SSA and Adams County Department of Social Services conducted trainings to educate each other on the procedures and protocols of their agencies. The collaboration developed a system in which claims could be initiated directly with the Colorado Works case manager and the SSA liaison. Representatives from the three agencies meet monthly to discuss claims, problems, and the need for additional improvements. Adams County reports that, as a result of this collaboration, the SSI approval rate has increased from 35 percent to 45 percent among Colorado Works applicants to SSI, and the SSI decision wait time for these applicants has decreased from an average of 12 months to an average of eight months.

In light of the serious mental illness faced by many of the Colorado Works participants who receive mental health services, we believe that greater attention to helping these participants obtain SSI is warranted. Although all surveyed counties provide assistance to those applying for SSI, the types of assistance in some counties are limited to providing forms and making referrals for legal assistance. The Department addressed this issue in the 2003 Colorado Works Professional Development Academy by offering two training sessions specifically geared toward SSI and working with SSA.

Recommendation 3:

The Department should provide support to the county departments of human and social services in their efforts to assist Colorado Works participants with the most severe disabilities to apply for SSI, by helping to establish working relationships with SSA and facilitating these relationships as needed.

Department of Human Services Response:

Agree. The Department will continue to support county departments in such efforts to enhance linkages with SSA. We will work with the County Social Services Directors Association to facilitate a meeting between SSA staff and county directors statewide. We will also continue to include SSA staff in workgroups and feature best practices at quarterly Network Meetings, and at the Annual Professional Development Academy. The Department will continue to coordinate and collaborate with SSA staff. Additionally, state staff will utilize any useful information from the upcoming report from the General Accounting Office (GAO) regarding TANF participants applying for SSI. Colorado was selected as a site for development of this report due to its nationally recognized promising practices in this area.

Dual Diagnosis Services

As we discussed previously in Exhibit 6.5, we estimate that a minimum of 46 percent (2,817 individuals) of Colorado Works participants who received mental health services between January 2000 and December 2002 also had identified difficulties with substance use. In our County Survey, several county respondents reported that a substantial proportion of Colorado Works participants with mental health problems also needed substance abuse treatment, as well as the converse. Recognizing the problem of co-occurring mental illness and substance abuse is an important first step in working with this special clientele. However, few specialized services are targeted at this group of

Colorado Works participants. Indeed, the separation of mental health and substance abuse service provision begins at the state, and in some cases the federal, level. State office staff from MHS and ADAD reported that they recognized that coordination at the state level regarding dual diagnosis services is lacking. One reason is differing funding streams for mental health and substance abuse services. Consequently, the providers who offer services also differ in many places.

The Department has attempted to address this issue by adopting a Memorandum of Understanding (MOU) between ADAD and MHS. The MOU states that no person should be turned away from either the mental health or substance abuse treatment systems. Entrance to either system should provide access to the other, if needed. Providing access to mental health and substance abuse services is not sufficient, however. Access to services is just one step in the process of identifying, assessing, referring and providing integrated services to dually diagnosed individuals. Further, access to two separate treatment systems may not produce the specialized integrated services required by the dual diagnosis population.

At the county level, there are two key barriers to providing specialized services for co-occurring disorders. First, county social service staff are, for the most part, not able to identify the proportion of their caseload that is dually diagnosed. Overall, staff indicate that it is likely that a substantial proportion of those with either mental health or substance abuse problems have a dual diagnosis, but prior to the release of this report, exact numbers were not available to Colorado Works staff.

Another barrier to providing specialized services to those who are dually diagnosed is that the majority of mental health service providers do not also offer substance abuse treatment and vice versa. If co-occurring disorders are diagnosed, service providers must work across agencies to provide appropriate treatment. In some cases, the Colorado Works case manager acts as a liaison between agencies. Depending on the composition of the caseload and the availability of services locally, most counties report focusing on either mental health services or substance abuse treatment. To the extent that Colorado Works participants are dually diagnosed, their dual diagnosis treatment takes place predominantly in the system with which the county has stronger ties.

There are some notable exceptions to this general observation:

- Arapahoe House, a service provider used by Adams and Denver Counties, offers a program called New Directions for Families. It is a residential program designed to serve individuals with co-occurring disorders. Adams and Denver

Counties reserve a certain number of beds at Arapahoe House for Colorado Works participants who need residential substance abuse treatment.

- In Boulder County, the Department of Public Health works with the Department of Social Services to provide dual diagnosis services through the Addiction Recovery Center (ARC).

Dually diagnosed individuals often require services beyond those offered separately in the mental health and substance abuse systems. The programs highlighted above are unique, as most counties mainly rely on their mental health and substance abuse service providers to separately serve this population. Because these types of integrated dual diagnosis service programs are relatively uncommon among the counties surveyed for this report, it is important for the Department to understand the effectiveness and cost-effectiveness of serving low-income individuals in this way.

Recommendation 4:

The Department, in collaboration with the county departments of human and social services, should document the effectiveness of serving Colorado Works participants with co-occurring disorders using an integrated service approach. The Department should provide information about the effectiveness of these programs to the counties.

Department of Human Services Response:

Agree. The Department will work with county departments of human and social services to gather and provide information regarding the effectiveness of evidence based practices for integrated service approaches for participants with co-occurring disorders to county staff statewide through appropriate venues such as the Colorado Works website, agency letters, quarterly Network Meetings, other training and technical assistance opportunities through ADAD and Mental Health, and the annual Professional Development Academy.

The Cost-Effectiveness of Providing Mental Health and Substance Abuse Services to Colorado Works Participants

In this section, we examine the cost of providing mental health and substance abuse services to Colorado Works participants, and consider the cost-effectiveness of providing these services. Evaluating the cost-effectiveness of the various approaches the counties have taken to address mental health and substance abuse barriers is recognized to be of critical importance to Colorado taxpayers, elected officials, and the agencies charged with providing publicly-funded services for low-income families. During the 2002 Legislative Session, Section 26-2-723, C.R.S., was amended to require that the annual evaluation of the Colorado Works Program include an analysis of the cost-effectiveness of providing mental health and substance abuse screening, referral, and assessment. As we explain later in this section, however, data on the actual costs of these services is limited, due primarily to Colorado's use of a managed care system for mental health and substance abuse. Therefore, our primary focus in this chapter is on county expenditures for mental health and substance abuse services using Colorado Works funds.

The primary funding sources for mental health and substance abuse services include:

- *Medicaid.* All Colorado Works participants are eligible for Medicaid, which covers medical treatment for low-income families, using federal dollars with a 50 percent state match. Mental health services for Colorado Works participants are covered through the Medicaid Capitation and Managed Care Program, which is discussed in more detail later in this section. Substance abuse services are not considered to be medical treatment, and thus are not covered by Medicaid. The only exception to this is the previously discussed Special Connections program for pregnant substance-abusing women. Although Medicaid will cover substance abuse treatment in approved hospital-based detoxification facilities, Colorado's treatment providers offer only social model, not medical, detoxification. If an individual has co-occurring mental illness and substance abuse, Medicaid *may* pay for treating the substance abuse diagnosis under mental health diagnosis and procedure codes (Colorado Legislative Council Fiscal Note).

- *Other Federal and State Funds.* Substance abuse services for low-income families in Colorado are funded primarily with federal monies under the state's Substance Abuse Prevention and Treatment Block Grant (SAPT)—representing approximately two-thirds of ADAD's yearly budget—and with state general funds. Very few other federal or state funds are available in Colorado for substance abuse treatment services. Indeed, according to the Center on Addiction and Substance Abuse (2001), Colorado is the lowest funded state for substance abuse treatment in the country.
- *County Social or Human Services Funds.* Many counties pay for mental health or substance abuse treatment services to supplement those described above. Most often, these supplemental services are funded through the county social or human services department's child welfare program, and are available only to Colorado Works participants who are also eligible for child welfare services. However, many counties, including 12 of the 14 counties in BPA's County Survey, use Colorado Works funds to contract with providers to provide substance abuse services to Colorado Works participants that supplement the programs offered through ADAD.
- *SSI for TANF Recipients with Severe Mental Illness.* As we discussed earlier in this chapter, Colorado Works participants with severe mental illness may be eligible to receive Supplemental Security Income (SSI), which serves low-income and elderly people with the most severe disabilities.

Mental Health and Substance Abuse Expenditures for Colorado Works Participants

Services Funded Through Colorado Works

Although the vast majority of mental health services are covered by Medicaid, some counties choose to spend Colorado Works and other funds on additional mental health services. Exhibit 6.13 shows the estimated Fiscal Year 2002 Colorado Works spending on mental health services reported by the 14 counties in our County Survey. These counties, which together represent 84 percent of the total caseload in the state, report Colorado Works expenditures of more than \$1.2 million for mental health services in addition to those covered through the Medicaid managed care system. This is a conservative estimate of state expenditures for mental health services in addition to Medicaid, and it represents spending that is specific to Colorado Works participants.

Exhibit 6.13 Estimated FY 2002 County Spending of Colorado Works Funds on Mental Health Services		
County	Cost	Service
Adams	\$57,250	Full-time mental health case manager
Arapahoe	\$1,300	Assessments
Boulder	NA	(MHASA provides half-time on-site counselor for Colorado Works participants without fee)
Denver	\$707,905	Assessment team, on-site services, SSI Navigators
El Paso	\$146,881	Full-time on-site mental health case manager, Team Success (prorated) ^a
Fremont	NA	(Supportive services only, e.g., child care and transportation for therapy)
Jefferson	\$50,000	Full-time on-site counselor (part-time at two sites)
Larimer	\$138,188	Three on-site counselors, SSI/SSDI application assistance and case management
Las Animas	NA	(Private practice LCSW part-time on-site serving Colorado Works participants under non-CW funding)
Mesa	\$23,750	Half of full-time counselor for mental health and substance abuse
Otero	\$1,000	Counseling, including bilingual provider
Pueblo	\$18,060	On-site Vocational Rehabilitation counselor, serving clients with all disabilities ^b
Rio Grande	NA	(Funding for Child Welfare cases only)
Weld	\$119,323	Employment Service contracts for mental health screening
TOTAL	\$1,263,657	
<p>^a We estimated that 70% of Team Success activities involved serving clients with either mental health or substance abuse barriers. Because Medicaid covers mental health services, and because El Paso County has a \$59,000 contract with the MHASA for on-site services, we allocated 25% of the relevant Team Success costs to mental health services, and 75% to substance abuse services.</p> <p>^b Since information on number of clients with mental health problems was not available, we were unable to allocate these funds proportionately to clients with mental illness vs. other disabilities.</p> <p>Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003.</p>		

Respondents in the counties that had established mental health services using Colorado Works funds generally reported that they had chosen to provide such services for purely local reasons, such as a grassroots effort by a local constituency or recognition of service gaps in the area's mental health service system. Thus, it is not possible to speculate on a correlation between level or type of Colorado Works spending for mental health services and the need for service. Nor is it possible to make comparisons across or within counties to assess differential outcomes for Colorado Works participants who received such services from the counties.

As with mental health, most of Colorado's substance abuse services for low-income families, including Colorado Works participants, are provided through the managed care system and do not require payment using Colorado Works funds. The counties in our County Survey reported developing more substance abuse services than mental health services to supplement those provided by the managed care system. Exhibit 6.14 shows the estimated Fiscal Year 2002 Colorado Works spending on substance abuse services reported by the 14 counties in our County Survey. These counties, which, as noted above, together represent 84 percent of the total caseload in the state, report Colorado Works expenditures of slightly more than \$1.1 million for substance abuse services in addition to those provided through the managed care system. This is a conservative estimate of state expenditures of Colorado Works funds for substance abuse services, and represents spending that is specific to Colorado Works participants.

Respondents in the counties that had established substance abuse services using Colorado Works funds generally reported that they had been required to provide such services due to a lack of resources or inadequate funding for services in the local community. As with mental health services, comparisons across or within counties to assess differential outcomes for Colorado Works participants who received such services are not possible.

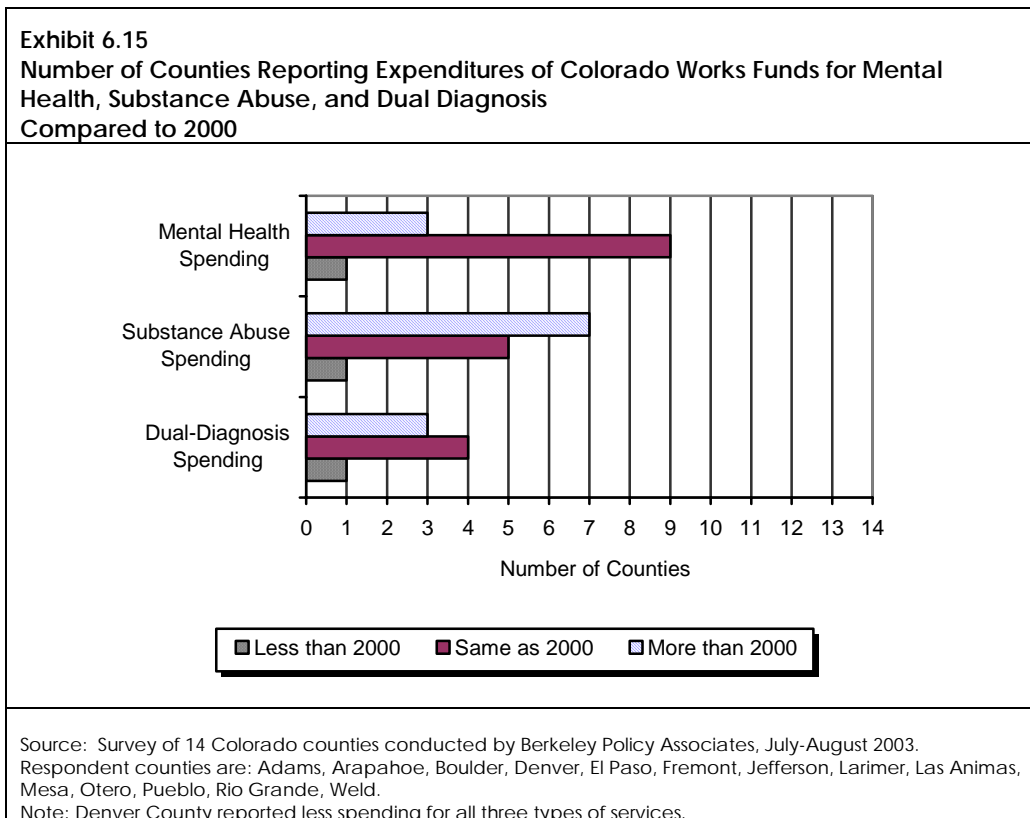
No counties in our County Survey reported using Colorado Works funds specifically for services for Colorado Works participants with co-occurring disorders of mental illness and substance abuse.

Exhibit 6.14 Estimated FY 2002 County Spending of Colorado Works Funds on Substance Abuse Services		
County	Cost	Service
Adams	\$125,000	Contract with Arapahoe House
Arapahoe	\$14,500	Evaluations, drug testing
Boulder	\$15,000	Half-time on-site substance abuse counselor
Denver	\$333,271	Full-time on-site substance abuse counselor, comprehensive services for 135 clients, full-time on-site Vocational Rehabilitation counselor
El Paso	\$277,765	Part-time on-site Vocational Rehabilitation counselor, Team Success (prorated) ^a
Fremont	\$185,535	Lab fees, Women's Intensive Outpatient Therapy, other substance abuse treatment, and services targeting victims of domestic violence, perpetrators of domestic violence, adolescents
Jefferson	NA	(County pays therapy costs of clients in court-ordered in-patient rehabilitation)
Larimer	\$6,000	Reimbursement for services provided by MSO
Las Animas	\$15,600	Contract with MSO for provider services
Mesa	\$23,750	Half of full-time counselor for mental health and substance abuse
Otero	\$2,000	Fee-for-service arrangements
Pueblo	\$90,293	Comprehensive services, plus staff training
Rio Grande	NA	(Funding for Child Welfare cases only)
Weld	\$20,000	Comprehensive services
TOTAL	\$1,108,714	
^a We estimated that 70% of Team Success activities involved serving clients with either mental health or substance abuse barriers. Because Medicaid covers mental health services, and because El Paso County has a \$59,000 contract with the MHASA for on-site services, we allocated 25% of the relevant Team Success costs to mental health services, and 75% to substance abuse services.		
Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003.		

As shown in Exhibit 6.15, staff in nine of the 14 counties surveyed report that they are spending about the same amount on services for Colorado Works participants with mental health problems as they did in 2000. Three counties, Jefferson, Larimer, and Otero, report that they are spending more. We can draw no conclusions from these data about trends in mental health spending among the counties, as they represent only the very small number of programs that have been established outside of Colorado's Medicaid Managed Care and Capitation Program for mental health.

Exhibit 6.15 also shows that half of the 14 counties surveyed report that they are spending more Colorado Works dollars on substance abuse services for Colorado Works participants than they did in 2000. If county respondents are correct in their estimates, this may reflect an increased effort on the part of the counties to respond to the need for supplemental services in the area of substance abuse treatment for Colorado Works participants.

The responses from the counties are inconclusive regarding spending for specialized services for Colorado Works participants with co-occurring mental illness and substance abuse. As shown in Exhibit 6.15, three of the counties report that they are spending more, four report that they are spending about the same, one reports spending less, and six did not respond.



Services Funded Through Managed Care

Mental Health

By far, the largest part of public spending on mental health services for low-income families is covered by Medicaid. Colorado's efforts in recent years to control the costs of Medicaid-covered mental health services resulted in the creation and implementation of the Medicaid Capitation and Managed Care Program. In this program, the state pays a flat fee to its contracted providers, based on the total number of low-income individuals who are *eligible* for mental health services under Medicaid Section 1931, and on negotiated rates, i.e., the amount for which contractors are willing to provide the required services. In Fiscal Year 2003, the State of Colorado paid almost \$72.4 million in Medicaid match funds (50 percent of the \$144.7 million total) for the mental health capitation program. Service utilization rates do not factor into the cost of the contract to the state, although the original capitation formula did reference historical cost and service utilization data. Thus, the cost to the State of Colorado for Medicaid covered mental health services is not directly related to the actual cost of the services that are provided, and a meaningful estimate of the cost per person cannot be calculated. Furthermore, Colorado's Medicaid Capitation and Managed Care Program does not track Colorado Works participants separately from other eligible low-income persons.

Substance Abuse

In October 2002, the Colorado General Assembly authorized ADAD to move to a managed care system for substance abuse treatment services by contracting with "pass-through" organizations called Managed Service Organizations (MSOs). In Fiscal Year 2003, the cost of these contracts was \$25.1 million (72 percent of ADAD's \$34.8 million budget). As with the mental health capitation program, the actual cost of services is not reflected in the negotiated contract amounts for the services provided through the MSOs, although the successful bidders may factor service utilization and cost data into their negotiated rates.

As is the case with mental health, the substance abuse managed care system does not track Colorado Works participants separately, and it is not possible to determine the portion of the funding that went to providing substance abuse services to Colorado Works participants. Interviews with MSO staff indicate that only a small percentage of the people who access the services of the MSOs are also enrolled in Colorado Works; all four MSOs estimate that fewer than 5 percent of their clients are Colorado Works participants.

It should be noted that Medicaid funds are used for the Special Connections substance abuse treatment program for high-risk pregnant women. As of January 2002, this program was receiving approximately \$213,000 in federal funds each year to provide treatment and education services that included outpatient assessment, counseling, health education, case management, and follow-up for two months postpartum.

Department Actions With Regard to Recommendation

In its *Second Annual Report*, BPA identified aspects of mental health and substance abuse service provision that the Department and its partner agencies should improve. BPA found the amount of federal and state funding for substance abuse in particular to be inadequate to meet the treatment needs for Colorado Works participants. The shortage of substance abuse treatment services for Colorado Works participants continues to be severe: None of the priority groups for services paid for with federal substance abuse funds explicitly include TANF recipients, and few of the state's treatment programs are designed for women with children.

We recommended in the *Second Annual Report* that the Department, with the Department of Health Care Policy and Financing (HCPF), which administers the Medicaid Program in Colorado, should analyze the costs and benefits of expanding coverage under Medicaid to include provision of substance abuse treatment to Colorado Works recipients. We further recommended that, based on this analysis, an appropriate recommendation should be made to the Joint Budget Committee of the Colorado General Assembly.

The Department agreed with the need to improve substance abuse treatment services for Colorado Works recipients. The policy decision to pursue Medicaid funds for substance abuse resided with HCPF and ultimately, the Joint Budget Committee. HCPF agreed to analyze the costs and benefits of a substance abuse program, using the Fiscal Note process, should a bill be introduced on this topic. If no bill were introduced on this topic, HCPF would consider this recommendation during Budget development time the following spring.

HCPF responded to this recommendation by pursuing legislative authority during the 2002 Legislative Session. House Bill 02-1263 contained a provision that, subject to approval by the Legislature's Joint Budget Committee, authorized HCPF to apply for a Medicaid 1115 Research and Demonstration Waiver, which would add comprehensive substance abuse treatment to the Medicaid services that the State of Colorado offered to

the Colorado Works and other Medicaid-eligible populations. House Bill 02-1263 passed, but only after the provision authorizing HCPF to apply for a Medicaid Waiver for substance abuse treatment was amended out of the final version of the bill. During the 2003 legislative session, a new bill was introduced (House Bill 03-1080) that again proposed creating a legislative mandate for a Medicaid substance abuse waiver program; this bill did not make it past its first committee. Thus, this effort to increase the availability of Medicaid funds to Colorado Works participants needing substance abuse services did not succeed.

Measuring the Cost-Effectiveness of Providing Mental Health and Substance Abuse Services to TANF Recipients

A complete analysis of the cost-effectiveness of providing mental health and substance abuse services to Colorado Works participants is beyond the scope of the present study for several reasons. First, the State of Colorado's decision to provide mental health and substance abuse through capitated managed care programs, i.e., programs where payments are based on the number of people who are *eligible* for services, not on the number of people who utilize the services, means that routinely available "claims data" that reflects actual service utilization is lacking. Second, the costs to the state of the two managed care systems do not reflect the actual cost of providing services. Third, the administrative data for Colorado Works participants include virtually no information on service provision for mental illness, substance abuse, or co-occurring disorders of mental illness and substance abuse, primarily because there is no requirement for the county departments of social or human services to collect or report such data. Finally, neither the administrative data for Colorado Works participants nor the available data from the mental health and substance abuse managed care systems record mental health and substance abuse service provision in a way that allows for ready differentiation between Colorado Works participants and other low-income recipients of these services.

Without the types of data described above, an analysis of the cost-effectiveness of providing mental health and substance abuse services to Colorado Works participants is not possible. However, the collection of data by Colorado Works staff related to services received would contribute to our ability to estimate the numbers of Colorado Works participants receiving services, as well as the cost of these services.

Although it is not possible to make a complete analysis of the cost-effectiveness of improving the access of Colorado Works participants to mental health and substance abuse services, there is compelling evidence from numerous national and state analyses

of the cost-effectiveness of providing both mental health and substance abuse services to TANF recipients. These studies consistently show that providing publicly-funded mental health and substance abuse treatment services can result in significant cost savings in many other areas of state spending, including public income assistance and employment assistance. We offer a brief summary of these analyses in the next section.

Providing mental health and substance abuse services with public funds may be viewed as an investment, with the return on investment being a reduction in unemployment, public assistance expenditures, incarceration, and other public expenditures on behalf of those receiving services. Not only does the individual recipient benefit economically from services that address the major barriers to employment and self-sufficiency, but society benefits economically as well, in the form of cost savings or cost avoidance in other, often more costly, areas.

Studies of the cost-effectiveness of providing government-funded mental health and substance abuse services typically are designed to demonstrate the savings that successful government-funded services would produce by reducing the need for other, more expensive, services such as medical care, income supports such as Colorado Works, child welfare services, law enforcement, or services for the homeless. In addition to such cost offsets, there may be a net benefit from increased tax revenue associated with increased employment and economic activity among participants in mental health and substance abuse treatment services who successfully enter and maintain employment. These savings may partly or wholly offset the cost of the treatment provided.

Taking another approach, the National Center on Addiction and Substance Abuse (CASA) at Columbia University produced a landmark report on the impact of substance abuse on state budgets that focused on the cost burden to state taxpayers of not providing needed substance abuse services. This report contains detailed data on each state's expenditures for substance abuse treatment and prevention services and on the costs that criminal justice, health care, and other publicly-funded agencies systems are forced to bear in "shoveling up the wreckage" that results when necessary services are not provided. According to these researchers, Colorado is last among states in terms of expenditures for substance abuse treatment and prevention services.

Cost-Effectiveness of Mental Health Services

With regard to the cost-effectiveness of providing mental health services to TANF recipients, one set of researchers examined the cost impact of mental illness in both the private and public sectors, and determined that, in 1998, the total yearly cost for mental illness in the United States was \$205 billion, only \$92 billion of which resulted from the direct costs for treatment. The rest of that amount could be accounted for by \$8 billion in welfare and criminal justice costs, and \$105 billion in lost workdays and lessened productivity due to undiagnosed and untreated mental illness. The National Mental Health Association sums up the problem this way: “Society can either invest in community-based services and newer medications or pay a greater price through increased hospital and primary care costs, greater reliance on correctional facilities, homelessness, other costs to society including lost productivity, and suicide.”

Other researchers discuss the costs of untreated mental illness in terms of reduced employment, lower earnings, and work impairments, such as absenteeism or reduced work hours on days when mental illness affects the person’s ability to work or function efficiently. Reduced work hours are particularly common for individuals diagnosed with depression, which, along with anxiety disorder and post-traumatic stress disorder, is the most common mental illness found in women who are TANF recipients.¹ According to one 2001 study, there is also a cost, often overlooked, to providing services to the children of mothers who are experiencing both untreated mental illness and poverty.

Cost-Effectiveness of Substance Abuse Services

A frequently cited figure is that it costs every man, woman, and child in America more than \$1,000 each year to cover the criminal justice, emergency medical care, and other costs of untreated substance abuse. Yet it would cost each person less than 5 percent of that amount—\$45 per year—to provide publicly-funded comprehensive treatment services for people with substance abuse and addiction problems. A number of recent national and state surveys have confirmed the cost-effectiveness of substance abuse treatment services in all areas of state spending, including TANF. These include:

- The 1999 National Treatment Improvement Evaluation Study (NTIES), sponsored by the Center for Substance Abuse Treatment (CSAT), performed follow-up one year after treatment for 4,411 individuals who participated in

¹ As we report earlier in this chapter, the most common mental illness diagnoses for Colorado Works participants who received mental health services between January 2000 and December 2002 are depression, adjustment disorder (anxiety reaction to a life event), and anxiety disorder.

federally-funded treatment programs over a five-year period. The researchers found that, in addition to reducing drug use, treatment increased employment rates from 51 to 60 percent.

- In 2001, the National Association of State Alcohol and Drug Abuse Directors (NASADAD) performed an analysis of 53 outcome studies conducted in 24 states to determine the cost-effectiveness of alcohol and drug abuse treatment. Appendix B shows a selection of studies from the NASADAD report that demonstrated the cost-effectiveness of substance abuse treatment services.
- The National Center on Addiction and Substance Abuse (CASA) at Columbia University uses 1998 Bureau of Justice Statistics to show that the per person cost of effective substance abuse treatment ranges from \$1,800 to \$6,800 per year, while the national average cost of incarceration is \$20,805 a year. The criminal justice system accounts for the largest share of state spending on the consequences of substance abuse.

Recommendation 5:

The Department should work with the county departments of social and human services to modify data collection and reporting requirements to ensure data (including cost data) related to screening, assessment, and referral for mental health, substance abuse, or dual diagnosis services to Colorado Works participants are routinely compiled and reported.

Department of Human Services Response:

Partially Agree. Compliance with this recommendation would require a separate budget initiative. The Department has pursued through House Bills 02-1263 and 03-1080, as noted on pages 45 and 46, legislation asking for additional funding and authorization for services for this population of concern with little success. Given the State's current economy and reduced revenue it is highly unlikely that the department will be successful in its attempt with increased data requirements beyond the basic builds of the current systems. However, the Department will examine what modification of pertinent data collection systems would be needed and decide what course of action to undertake. This may include a request for a formal feasibility study, which would require a budget initiative. If the initiative was successful, dollars would not be available until July 1, 2005.

Chapter 7

Use of the Earned Income Tax Credit by Colorado Works Participants

For many low-income families, earnings alone are insufficient to support the household. Families may rely on outside sources of income, including child support and alimony, as well as public assistance programs. Working parents also are able to supplement their incomes through the federal tax system's Earned Income Tax Credit (EITC). The federal EITC, which provides additional income in the form of a refundable tax credit, can provide substantial earnings supplements to families that file tax returns. In 2002, individuals who earned as little as \$1 and as much as \$34,178 were potentially eligible for the EITC.

However, this supplement is only available to taxpayers who both file a tax return and claim the credit. Because many working Colorado Works families are not required to file a tax return because of their low incomes, they often do not file a return and thus do not access this important potential source of income. Furthermore, individuals who file a tax form but do not claim the credit—usually, because they are not aware of their eligibility for it—will not receive the credit, even if they are eligible. Taxpayers may request that the Internal Revenue Service calculate the EITC for them, but they must indicate their eligibility for the credit on the IRS 1040 form.

By statute (Section 26-2-709 (2) (b), C.R.S.), county departments “shall provide assistance to help participants apply for and receive the Earned Income Tax Credit under applicable rules of the federal Internal Revenue Service.” Counties are also “strongly encouraged to conduct exit and follow-up interviews upon case closure, either in person or by telephone, with all participants of the Colorado Works program,” to inform them of available programs and resources, including the EITC (Section 26-2-709.5 (1), C.R.S.).

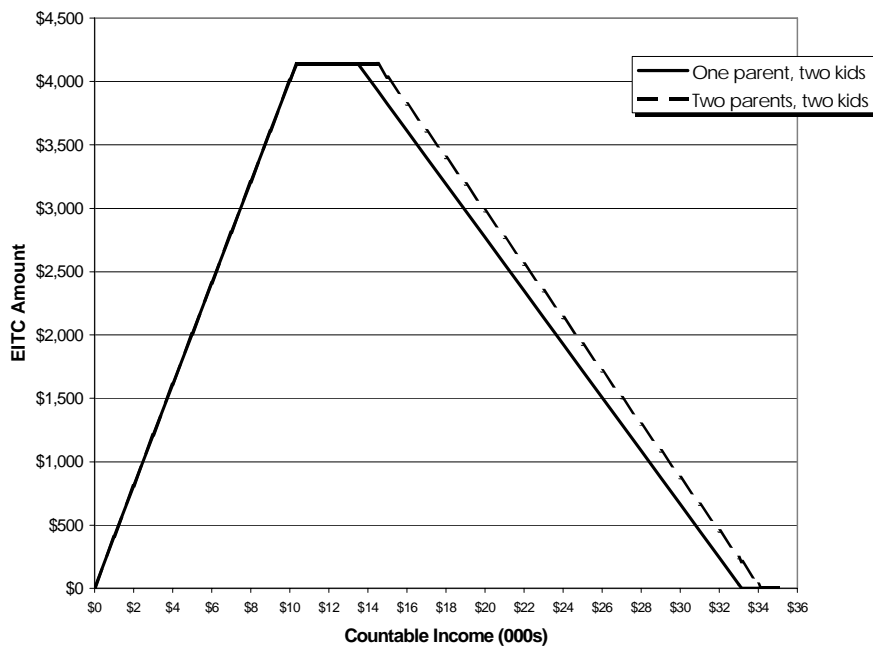
In 2000, BPA recommended that the Colorado Department of Human Services (the Department) work with the counties to ensure that Colorado Works participants have adequate information about the EITC to know that they can file an income tax return, even if not required to do so, and claim the EITC. In response, each year since 2000, the Department has notified county departments during tax season, explaining how the EITC

works, and encouraging them to provide assistance to participants in applying for and receiving the credit. The Department also requires that counties provide an explanation of how they help participants apply for and receive the EITC in their county plans.

EITC Background

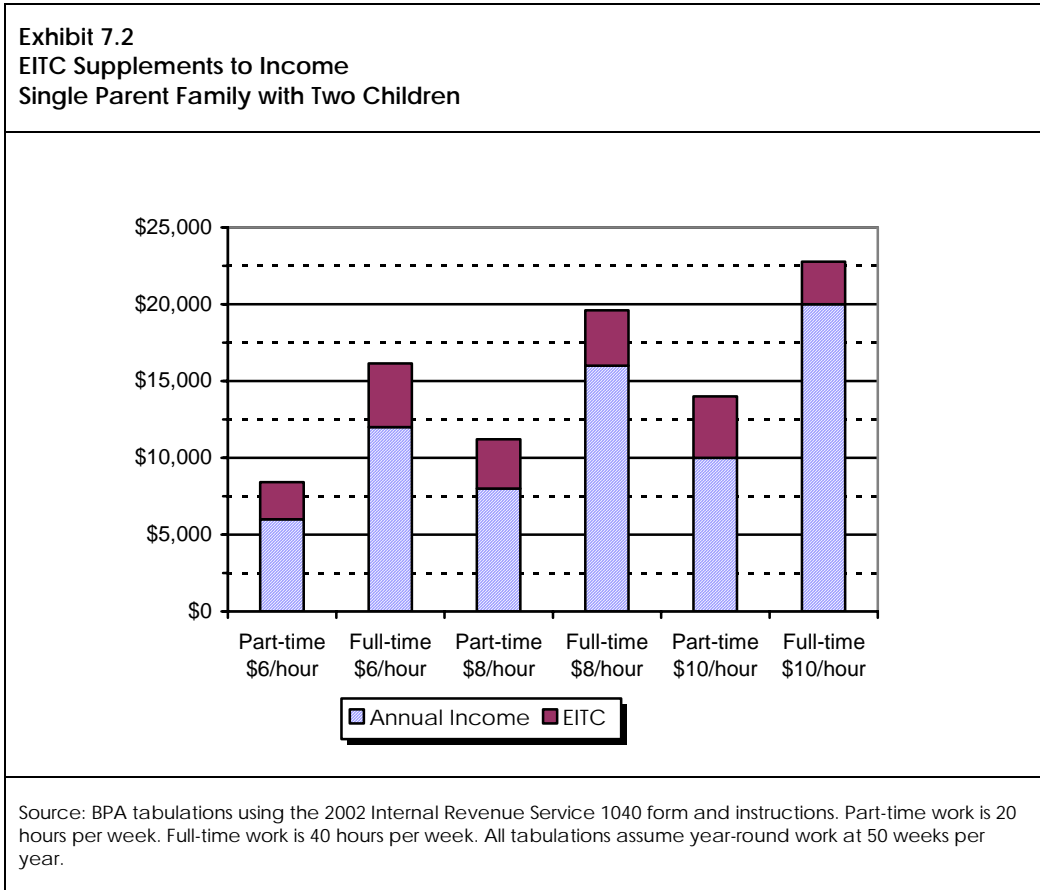
Low-income families who use the EITC can increase their incomes by up to 40 percent. As shown in Exhibit 7.1, the EITC begins at \$1 of earnings and phases out for one-parent families with two children at \$33,150 and for two-parent families at \$34,178. The maximum credit in 2002 was \$4,140, available to one-parent families with incomes in the range of \$10,350 to \$13,550 and two-parent families with incomes in the range of \$10,350 to \$14,550.

Exhibit 7.1
2002 EITC Amount by Income Level



Source: Internal Revenue Service Form 1040.

As illustrated in Exhibit 7.2, families at both ends of the income range covered by the EITC benefit from the program. Single parents with two children, working part-time at \$6 per hour and earning \$6,000 per year, can increase their income by \$2,410, or 40 percent, by using the EITC. Working full-time at \$6 per hour, a single parent of two children can supplement her annual earnings of \$12,000 with \$4,140 from the EITC, an increase of 35 percent. Even at higher wages, the EITC is an important supplement. A single parent working full-time at \$10 per hour can add \$2,770, or 14 percent, to her \$20,000 in annual earnings.



Use of the EITC

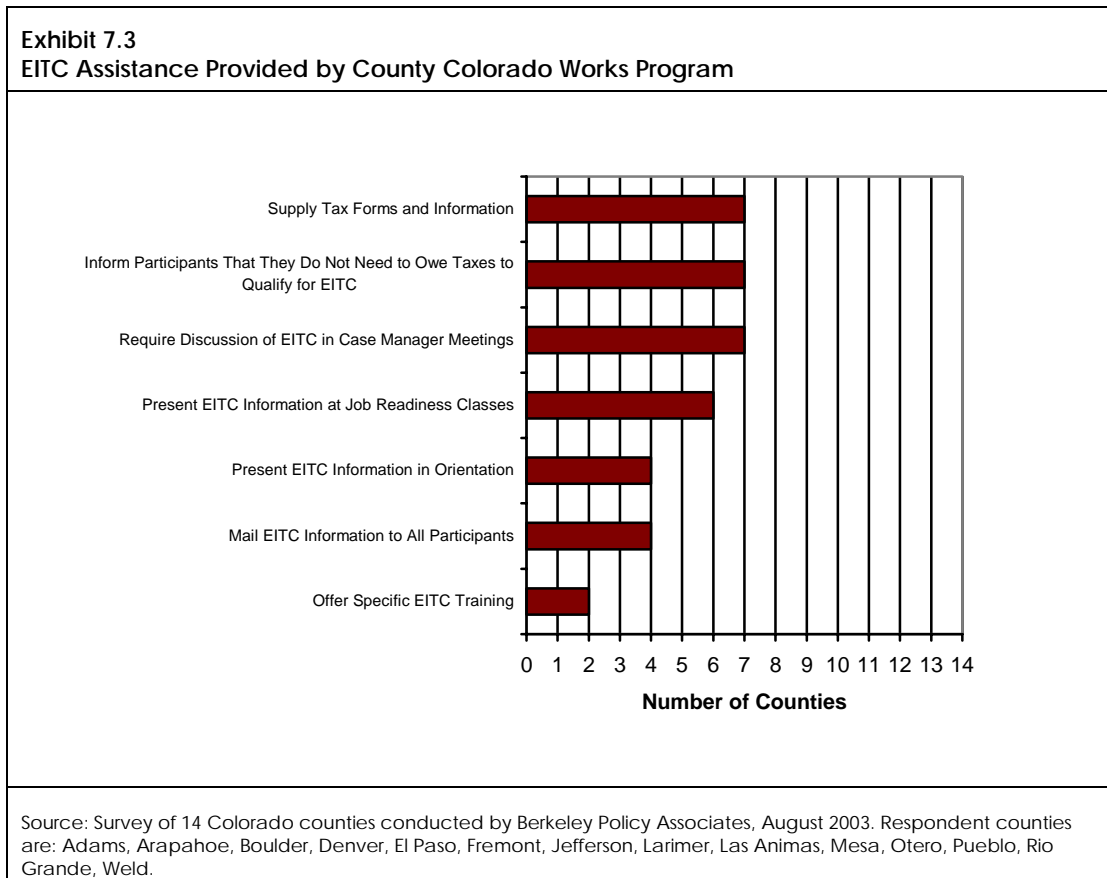
The EITC is available only to individuals who were employed during the year and who file a tax return. We found that, among working current and former Colorado Works participants responding to our Participant Survey, 72 percent filed a tax return for 2002.¹ Eighty-two (82) percent of those who filed a tax return in 2002 said that they had claimed the EITC. Both the rate of tax filing and the rate of claiming the EITC increased from the 1999 rates reported in BPA's *Second Annual Report*: 66 percent of working current and former Colorado Works participants filed a tax return in 1999, and 77 percent of those who filed a tax return claimed the EITC.

Among the tax filers in BPA's Participant Survey, 18 percent said they did not claim the EITC. It is likely that some of these tax filers did not know about the EITC and therefore neglected to claim it. However, as reported at the end of this chapter, three-quarters of those filing taxes did so with outside assistance. It is possible that respondents who received assistance filing their taxes may not have known that they claimed the EITC on their tax return. For this reason, the estimate of an 82 percent EITC participation rate in 2002 may be understated.

Information Provided About Tax Filing and the EITC

As mentioned previously, Colorado statutes require county Colorado Works programs to assist participants in applying for and receiving the EITC. All 14 counties surveyed in the County Survey reported providing information about the EITC in at least one format to Colorado Works participants. Nine counties also provide information about tax filing in general. Exhibit 7.3 shows the types of information that counties are providing to Colorado Works participants regarding EITC usage.

¹ The survey question, "Did you receive, or are you expecting to receive, a federal income tax refund for 2002?" served as proxy for asking if the respondent filed taxes for 2002.



One half of the counties surveyed supply tax forms and tax information toolkits to Colorado Works participants, require case managers to discuss the EITC with their clients, and inform participants that they can claim the EITC even if they are not required to file a federal tax return. Several counties provide information about the EITC to Colorado Works participants in job readiness classes or job clubs (six counties) or at their Colorado Works orientation (four counties). Four counties send information about the EITC to all Colorado Works participants by mail, and two offer specific training on EITC usage for participants.

Some states have taken even greater measures to inform their TANF participants about the EITC. A report by the Southern Institute on Children and Families notes that Maryland, Oklahoma and Washington, D.C. have worked with the Center on Budget and Policy Priorities (CBPP) to develop state-specific strategies to promote the EITC, including mailing information to employers, creating public service announcements, and creating toll-free numbers to provide assistance in filing tax returns as well as information about free tax clinics. Based on its research conducted in 17 southern states,

the Institute concludes that assuring that families learn about the EITC is crucial. It recommends that states should conduct outreach campaigns, with special efforts to target families on TANF, and provide EITC information and forms to case managers.

On-Site Tax Clinics

Three counties have taken additional measures to help their Colorado Works participants receive the EITC. Denver County has an on-site tax clinic that takes place three to four times during the first calendar quarter of each year. County Survey respondents in Denver indicate that 65 percent of their caseload participates in this tax clinic. Adams County has a volunteer from the Volunteer Income Tax Assistance (VITA) program, sponsored by the U.S. Internal Revenue Service (IRS), work on-site with Colorado Works participants. In 2001, Larimer County also had a volunteer from the IRS provide training to Colorado Works participants on EITC usage. County Survey respondents in Larimer indicate that about 30 participants attended the workshops. The volunteer was not available to provide assistance in 2002. The Colorado Works program in Larimer County has also paired with the City of Fort Collins to put together a public service announcement about the EITC.

In a 2003 report, the CBPP advises that linking workers with free tax assistance through VITA or other programs is critical in assisting them to receive the EITC. Further, CBPP notes that many families who are eligible for the EITC are also eligible to receive the Child Tax Credit, which can provide up to \$600 per child. The Child Tax Credit has different rules than the EITC, and the complexity of these two credits together may make tax filing prohibitive for some working families. In many areas, free VITA tax clinics are already established, but are being underutilized due to lack of publicity. Setting up and publicizing free tax clinics is reportedly an important way to improve tax filing among low-income families.

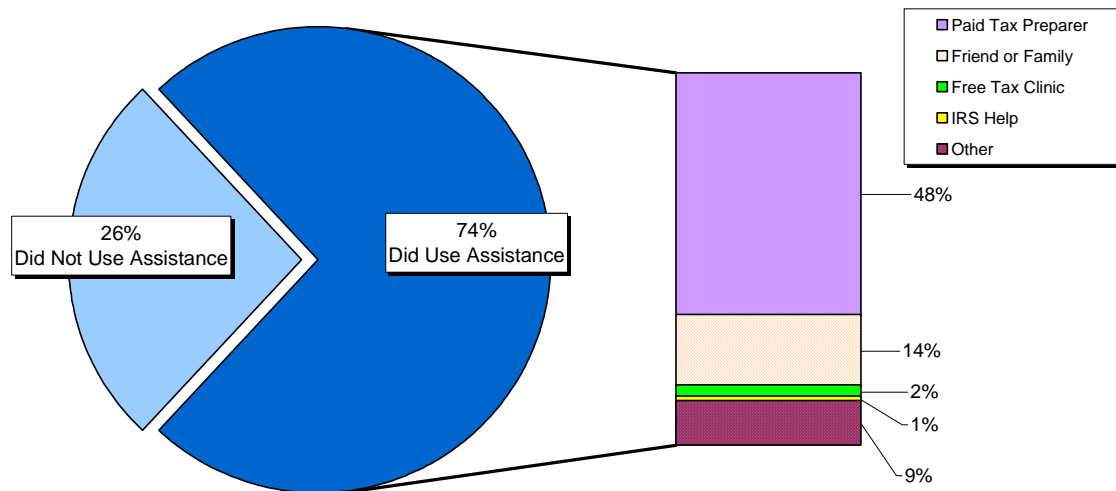
Despite the fact that tax filing and EITC rates have improved since 1999, there is a continued need to inform participants about the EITC and about filing taxes more generally. Accessing the existing resources available through the IRS and other organizations and making these available to Colorado Works participants is a low- or no-cost way to inform participants about the EITC and give them the help they need to claim it. The CBPP has pre-designed flyers, posters, brochures, and mail information available on its Web site in 19 languages. These are free to download, with the exception of posters, which are available at a nominal cost. Other organizations, such as the Southern Institute on Children and Families and the IRS, also have free materials available online.

Tax Preparation Assistance

Seventy-four (74) percent of Participant Survey respondents who reported filing taxes in any year from 1997 to 2002 had assistance in preparing their taxes (Exhibit 7.4). Tax filers who had outside assistance in preparing their return were 9 percent more likely to report receiving the EITC.

Among Colorado Works Participant Survey respondents who used tax assistance, the majority of respondents turned to paid tax preparers. The next most common means of assistance is from family or friends. Very few respondents reported using free tax clinics or the IRS Web site or helpline for assistance with their tax form preparation, which suggests that these free alternatives to paid taxpayer assistance should be marketed more intensively among Colorado Works participants.

Exhibit 7.4
Use of Tax Assistance Among Colorado Works Participant Filers



Source: BPA tabulations from the 2003 Colorado Works Participant Survey.

In July 2003, the Department joined the newly developed Denver Asset Building Coalition (DABC), a collaborative effort by Denver area organizations to provide free financial counseling and tax return preparation services to members of the community who cannot afford them. The DABC's founding members are the Internal Revenue Service, which leads this effort, Denver's 7 (KMGH-TV), and The Piton Foundation. The Department reports that it plans to build upon this partnership to expand EITC access and utilization to Colorado Works participants and other needy families, first metro-wide and then statewide.

Because this tax credit has the potential to increase participants' incomes tremendously, providing this information—at little or no cost to the State or the counties—is a cost-effective way to assist Colorado Works participants and other low-income families statewide. It is important to provide as much information as possible to participants with the goal of improving EITC participation rates. Evidence from BPA's Participant Survey indicates that Colorado Works participants do not find the information on tax filing and the EITC provided by counties compelling; more than 90 percent of the current or recent Colorado Works participants in the Participant Survey who did not remember claiming the EITC on their tax returns reported that they did not receive any information on the EITC from their county welfare office.

Recommendation 6:

The Department should enhance its efforts to maximize Earned Income Tax Credit participation among Colorado Works participants and other low-income individuals by evaluating the effectiveness of various outreach methods and by continuing to partner with the counties and other entities to encourage and assist Colorado Works participants and others in filing income tax returns and claiming the EITC.

Department of Human Services Response:

Agree. The Department will request technical assistance from the U.S. Department of Health and Human Services to evaluate the effectiveness of the various outreach methods for EITC participation. Additionally, the Department will provide continuing information and education through the Denver Asset Building Coalition (DABC) efforts, quarterly Network Meetings, and the Annual Professional Development Academy. The Department will also work with the DABC partnership to expand their effort statewide.

Staff Understanding of the EITC

Three counties in the County Survey reported having Colorado Works staff participate in training on the EITC. However, in one of these counties, only supervisors participated in training. The last EITC training provided by the Department took place in the 2002 Professional Development Academy; there were no training sessions devoted specifically to the EITC at the 2003 Academy. The Department does plan to include training on the EITC in the 2004 Professional Development Academy.

In general, the county respondents demonstrated a good understanding of the EITC. However, there was evidence that additional clarification of the use of the EITC would be helpful. One county respondent in particular said that he did not consider the EITC to be relevant to the Colorado Works program because most Colorado Works participants do not have earnings and therefore do not need to file taxes.

To maintain and improve the rates of tax filing and EITC usage in the state, Colorado Works participants must be continually informed and reminded about the availability of the EITC in particular, and tax filing more generally. The EITC is an important earnings supplement that many participants may take advantage of both during and after their Colorado Works participation. Informing participants of the credit and helping them to use it while in the program is one way to ensure they will continue to make use of it in the future.

Recommendation 7:

The Department should provide training to all Colorado Works staff, including case managers, on the importance of tax filing for low-income populations, including information on claiming the EITC. Sessions on tax filing and the EITC should be included in the Department's annual Professional Development Academy.

Department of Human Services Response:

Agree. The Department will include sessions on tax filing and EITC at the annual Professional Development Academy in 2004. Each year thereafter, the need for additional sessions will be evaluated. The Department will continue to provide information to Colorado Works staff regarding the importance of tax filing and EITC through agency letter, the Colorado Works Web site, and other appropriate venues.

Chapter 8

Providing Transportation Services to Colorado Works Participants

Whether Colorado Works participants are able to secure and maintain employment depends in large part on their ability to transport themselves and their children to various necessary destinations, including work, child care, school, and after-school programs. In some cases, these locations can be a great distance from each other and from the family's residence. Access to reliable and convenient public or private transportation is a key contributor to the long-term self-sufficiency of working families.

Unlike the mental health and substance abuse barriers to self-sufficiency reported in Chapters 6 and 7, transportation barriers to self-sufficiency are institutional, meaning they stem from problems that are not personal, but systemic in nature. Inadequate transportation is a problem that affects not just Colorado Works participants, but also all low-income families. According to the National Economic Development and Law Center, TANF participants nationwide encounter similar types of transportation barriers, such as lack of public transit, or a dearth of transportation options for people who work off-hours or who need to make several stops on their way to work (for instance to drop children off at daycare or school). A lower rate of car ownership among this population compared to the general population exacerbates the problem. The Colorado Works program's capacity to assist with the transportation needs of participants may be limited by the accessibility of local public transportation services or the availability of sufficient funds to help participants acquire personal transportation.

According to statute (Section 26-2-709 (2) (a), C.R.S.), county departments may, subject to available appropriations, "provide assistance, including but not limited to cash assistance, in addition to the basic assistance grant [in order to] promote sustainable employment for the participants in the county." Transportation assistance, primarily in the form of cash payments or vouchers provided directly to Colorado Works participants as "Other Assistance," is included under this provision of the law. Often, transportation assistance is provided for use with a specific vendor with whom the county has a relationship, either formal or informal. Beyond these transportation assistance payments, counties may spend Colorado Works funds to contract with vendors to provide services,

such as vanpool rides or auto repair. In addition, Colorado Works participants may receive transportation assistance through diversion programs.

The Colorado Works program assists participants facing transportation barriers in two ways. First, the program provides support to participants who rely primarily on their own personal vehicle for transportation. To this end, the program may aid in paying for gas, repairs, insurance, registration, or other vehicle-related costs. Some counties have vehicle acquisition programs aimed at helping participants purchase their own cars, which are discussed in more detail later in the chapter. Second, Colorado Works may help participants, and in some cases, former participants, to access public transit or other transportation services. Where public transportation exists, the counties typically provide participants with bus passes or vouchers. Some counties also have contracts with public or private providers to allow participants to use vanpools, paratransit, or taxi services. Other transportation assistance may include contributions from Colorado Works to help initiate new public transportation services or extend existing ones.

Transportation Barriers in the Colorado Works Population

The issue of transportation-related barriers to self-sufficiency has changed only slightly since BPA first discussed the problem in the *Second Annual Report*. In the 2003 Colorado Works Participant Survey, 41 percent of combined current and former Colorado Works participants indicated that transportation issues pose a problem for them in finding or keeping a job. In comparison, we noted in the earlier report that 40 percent of survey respondents indicated that transportation barriers impeded their ability to work.

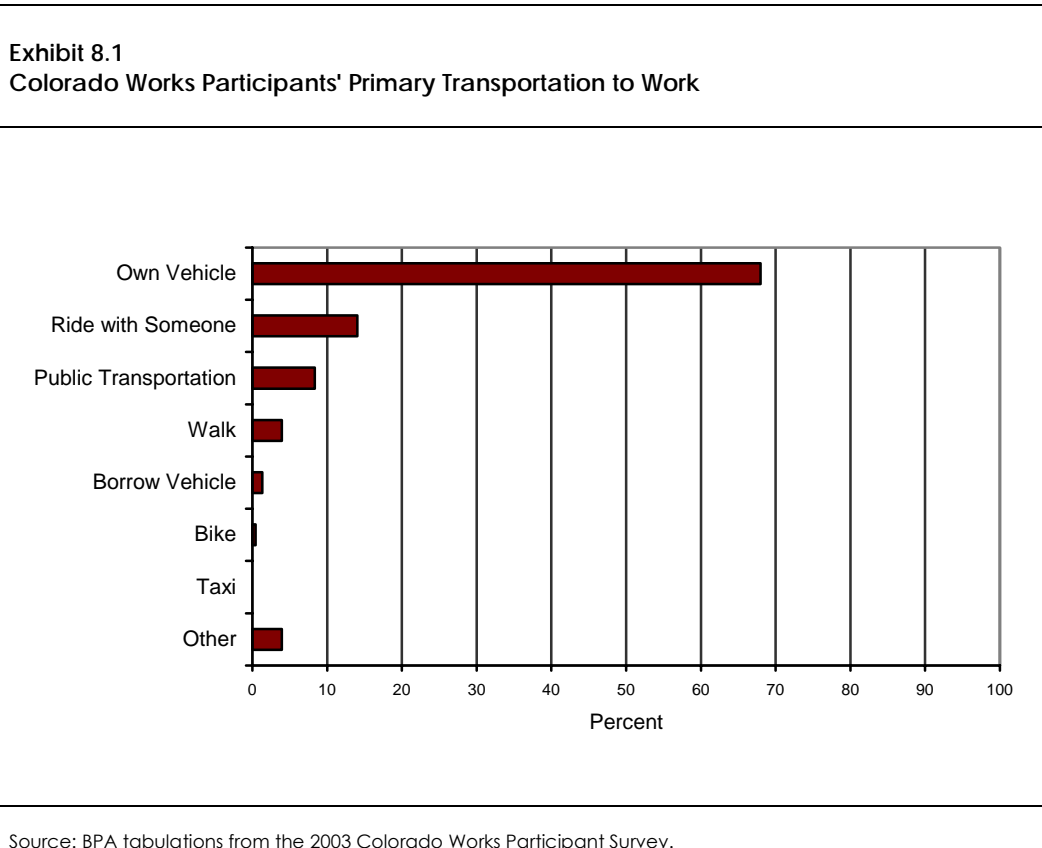
In the 2003 survey, we find that transportation and employment are slightly more related than they were in the 2000 survey. In 2003, respondents who reported that they had no transportation barriers to employment are 33 percent more likely to be employed than those who reported having such barriers. In the 2000 survey, those without transportation problems were 25 percent more likely to be working than those with such problems.

A higher percentage of current Colorado Works participants face transportation barriers (52 percent) compared to former participants (39 percent). This is not surprising given the

higher employment rates among former participants and the fact that transportation barriers, by definition, make finding or keeping a job difficult.

Transportation Used by Colorado Works Participants

The majority of current and former Colorado Works participants rely primarily on their own vehicles to get to and from work. According to the 2003 Colorado Works Participant Survey, 68 percent of working respondents use their own vehicle to commute to work (Exhibit 8.1) and another 14 percent rely on a friend, family member, or neighbor with a car. Just 8 percent of respondents use public transportation, 4 percent walk to work, 1 percent borrow a vehicle to get to work, and less than 1 percent bicycle to work. No respondents report taking a taxi as their primary means of getting to work.



Respondents travel moderate distances to work, with an average commute time of 21 minutes. Those commuting in their own cars have relatively shorter commute times, averaging 19 minutes, compared to 36 minutes for those taking public transportation.

Thirty-two (32) percent of working respondents report that they faced transportation barriers in getting or keeping a job in the past year. Nearly one-quarter of those who drive their own vehicles to work report that a transportation barrier impeded their ability to work in the last year.

These results indicate that supporting vehicle owners in addition to non-owners is important in helping to remove transportation barriers to employment. In the County Survey, all 14 counties surveyed report providing assistance to vehicle owners in the form of gas vouchers or vouchers for automobile repair. However, it is important to note that these are not the only costs associated with car ownership. According to a National Conference of State Legislatures publication, car ownership costs in Denver are roughly \$1,216 per year, or 13 percent of the annual salary of a person who works 30 hours per week at \$6 per hour. These costs include annual vehicle registration, vehicle license fees, routine maintenance, and automobile insurance. These costs may prove prohibitive for some Colorado Works participants. Indeed, 11 percent of those reporting transportation problems indicated that their car had been repossessed in the last year.

Transportation Assistance Payments by Counties

Exhibit 8.2 shows that statewide, Colorado expended \$3.01 million in Fiscal Year 2003 on transportation assistance through “Other Assistance” payments, or 5 percent of the approximately \$65.7 million spent statewide on all assistance payments to Colorado Works participants. Based on our analysis of COIN data, county spending on transportation assistance payments in Fiscal Year 2003 varied from zero to \$378,000; in Delta County transportation assistance reached 25 percent of total county TANF spending (Exhibit 8.2) on all assistance payments to participants. Among counties that made “Other Assistance” payments for transportation, the average payment amount was \$70, ranging across counties from \$20 to \$828.

Exhibit 8.2
Fiscal Year 2003 Transportation Assistance Payments,
By County, To Colorado Works Participants

<u>County</u>	<u>Total Amount of Payments</u>	<u>Number of Payments</u>	<u>Average Payment Amount</u>	<u>% of Total County Assistance Payments</u>
Adams	\$265,275	3,318	\$80	6%
Alamosa	89,474	108	828	11%
Arapahoe	203,355	5,553	37	3%
Archuleta	856	24	36	1%
Baca	20	1	20	<1%
Bent	3,772	58	65	3%
Boulder	109,853	1,698	65	6%
Broomfield	7,490	208	36	4%
Chaffee	2,959	14	211	3%
Cheyenne	220	2	110	1%
Clear Lake	1,481	6	247	2%
Conejos	73,425	157	468	13%
Costilla	10,233	37	277	7%
Crowley	11,360	85	134	4%
Custer	617	1	617	2%
Delta	192,388	326	590	25%
Denver	345,145	9,656	36	2%
Dolores	637	1	637	4%
Douglas	0	0	—	—
Eagle	457	5	91	1%
Elbert	85	1	85	<1%
El Paso	378,015	5,708	66	4%
Fremont	104,214	1,049	99	13%
Garfield	151,422	853	178	22%
Gilpin	832	11	76	2%
Grand	500	1	500	1%
Gunnison	1,026	8	128	1%
Hinsdale	200	1	200	1%
Huerfano	11,982	167	72	4%
Jackson	0	0	—	—
Jefferson	310,798	4,508	69	6%
Kiowa	0	0	—	—
Kit Carson	60	1	60	<1%
Lake	0	0	—	—

Exhibit 8.2 (continued)				
<u>County</u>	<u>Total Amount of Payments</u>	<u>Number of Payments</u>	<u>Average Payment Amount</u>	<u>% of Total County Assistance Payments</u>
La Plata	26,548	463	57	5%
Larimer	150,780	2,311	65	6%
Las Animas	8,379	127	66	2%
Lincoln	1,781	8	223	2%
Logan	27,366	355	77	7%
Mesa	156,262	1,369	114	6%
Mineral	1,401	2	701	9%
Moffat	3,616	67	54	2%
Montezuma	6,461	170	38	1%
Montrose	40,329	403	100	9%
Morgan	23,713	541	44	3%
Otero	56,348	153	368	8%
Ouray	0	0	—	—
Park	0	0	—	—
Phillips	80	2	40	<1%
Pitkin	0	0	—	—
Prowers	1,523	7	218	<1%
Pueblo	49,125	1,367	36	1%
Rio Blanco	3,175	5	635	8%
Rio Grande	71,433	221	323	10%
Routt	2,231	4	558	3%
Saguache	12,577	42	299	5%
San Juan	2,896	6	483	10%
San Miguel	0	0	—	—
Sedgwick	630	4	157	4%
Summit	1,900	8	238	5%
Teller	10,188	43	237	4%
Washington	5,782	32	181	12%
Weld	45,859	1,773	26	3%
Yuma	22,360	131	171	18%
State Total	3,010,895	43,180	70	5%

Source: BPA tabulations of COIN data.

Notes: Total County Assistance Payments include Basic Cash Assistance and Supplemental Cash Assistance, Low-Income Energy Assistance (LEAP) Benefits, and Supportive Services for Nonemployed Families. Highlighted rows in the exhibit indicate counties included in BPA's County Survey. Not included in this table are payments to contracted transportation providers

Such variation in average county payment amounts reflects the focus of each county in making transportation assistance payments to Colorado Works participants. For example, county programs that provide assistance payments to participants to purchase a car generally have higher average payment amounts than counties that primarily provide assistance payments in the form of gas vouchers or bus tokens. The vendors in the Auto

Purchase Program discussed later in this chapter sell cars to participants for between \$1,000 and \$1,500. In contrast, Jefferson County reports providing participants with \$45 per month for a bus pass or \$50 per month for gas.

According to Exhibit 8.2, eight counties in Colorado had no transportation assistance payments to Colorado Works participants in Fiscal Year 2003. This does not necessarily mean that these counties provided no support to their Colorado Works participants with regard to overcoming transportation barriers. Exhibit 8.2 shows only the transportation assistance payments given directly to individual participants and coded in the COIN data system under "Other Assistance." Contracts with taxi services, vanpools, and other transportation service providers are not included in Exhibit 8.2 because such expenditures are recorded in the Colorado Financial Management System, not in COIN, and this system does not allow the examination of contract amounts for specific types of services, such as transportation. As a result, the figures reported in Exhibit 8.2 underestimate the actual cost of support provided by Colorado Works to help participants overcome transportation barriers.

Both the number and amount of county expenditures for transportation assistance have increased since Fiscal Year 2000. BPA reported in the *Second Annual Report* that the counties made 30,079 transportation assistance payments, totaling \$2.2 million, to Colorado Works participants in Fiscal Year 2000. As noted above, the number of transportation assistance payments in Fiscal Year 2003 was 43,180 (an increase of 44 percent over 2000) and total expenditures were \$3.01 million (an increase of 38 percent over 2000). As a percentage of total statewide expenditures on all assistance payments to Colorado Works participants, transportation assistance increased from 4 percent to 5 percent between 2000 and 2003. The average monthly payment amount did not change much during this time period, decreasing slightly from \$72 in 2000 to \$70 in 2003.

According to TANF Financial Reports prepared by the U.S. Department of Health and Human Services, Colorado expends about the same percentage of funds on transportation assistance as the nation in total. In Federal Fiscal Year 2002, the most recent data available, 2.4 percent of Colorado's total TANF program spending went to transportation assistance payments, compared to 2.3 percent nationwide. Colorado is roughly at the median in terms of spending on transportation assistance payments; one-half the states

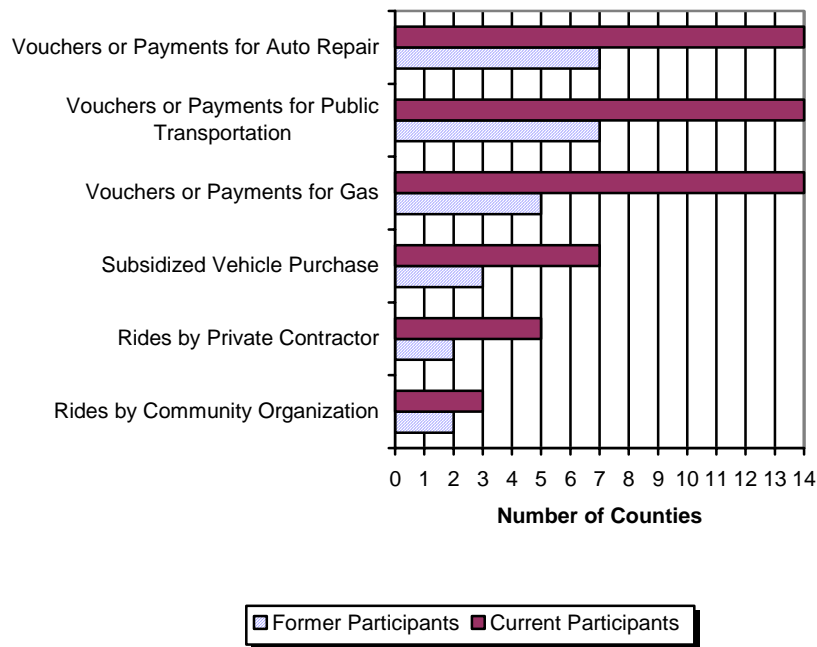
expend a higher percentage of funds on transportation assistance payments than Colorado, and one-half expend a smaller percentage. States spending the largest share of TANF funds on transportation assistance payments are Delaware (21 percent), Mississippi (19 percent), Oklahoma (17 percent), and West Virginia (14 percent).

Types of Transportation Assistance

Exhibit 8.3 shows that all 14 counties surveyed in the County Survey provide some form of transportation assistance to Colorado Works participants. A total of seven counties provide transportation assistance to former participants as well. Notably, all counties provide support for participants' automobiles, in the form of both funds for automobile repair and vouchers or payments for gas. Some counties reported having special arrangements with particular repair companies or gas stations to provide discounted services to their participants. All counties also provide support for public transportation in the form of vouchers or bus tokens. These types of supports are the simplest and most cost-effective for counties to provide and, for those who have a car or access to public transportation, the most useful type to receive.

The types of assistance just discussed are likely sufficient to remove transportation barriers for Colorado Works participants who have access to a car or to public transportation. For those with cars, barriers exist if the car needs maintenance to be reliable, or if the participant cannot afford gas or other vehicle-related costs. Providing payments or vouchers to cover these costs should remove the transportation barrier. For those with access to public transportation, barriers exist if the participant cannot afford its cost. Bus tokens or passes should be sufficient to remove this transportation barrier. For participants who do not own a car or have access to convenient public transportation, however, these types of assistance are likely to be inadequate.

Exhibit 8.3
Types of Transportation Assistance Provided to Current and Former Colorado Works Participants in 14 Counties



Source: Survey of 14 Colorado counties conducted by Berkeley Policy Associates, August 2003. Respondent counties are: Adams, Arapahoe, Boulder, Denver, El Paso, Fremont, Jefferson, Larimer, Las Animas, Mesa, Otero, Pueblo, Rio Grande, Weld.

The Colorado Department of Human Services (the Department) does not limit the amount or number of transportation assistance payments a Colorado Works participant may receive, although counties may place limits on the payments at their discretion. For instance, some counties limit transportation assistance payments to working participants only. Other counties may provide transportation assistance payments to participants who are *not* working, to help them complete a job-training program or receive needed medical services. Counties may also limit the amount of payments. In Adams County, for example, participants who use public transportation receive \$35 per month for a bus pass and those who rely on their own cars receive about \$40 per month for gas, both on their

electronic benefit card. Amounts can fluctuate depending on the types of activities participants must undertake to meet their goals.

Although former Colorado Works participants responding to the 2003 Participant Survey report transportation barriers at a lower rate than current participants (likely related to their higher employment rates), more than one-third still find transportation to be a problem in maintaining employment. County programs are not required to serve former recipients with transportation assistance, and those that do largely do so through their county diversion programs. County diversion is available to low-income families whose incomes are too high to qualify for Colorado Works. Counties with county diversion programs often use these funds to provide various forms of assistance to exiting Colorado Works participants who leave the program for work. Administrative data maintained by the Department do not categorize county diversion payments in any detail and it is thus not possible to ascertain the amount of county diversion funds that are spent specifically on transportation assistance payments to former participants.

Helping to remove participants' transportation barriers is a low-cost way to serve participants with this barrier, relative to providing basic cash assistance. Compared to a maximum basic cash assistance amount of \$356 per month (for a single parent with two children), the average transportation payment is \$70 per month. Providing post-program assistance, rather than basic cash assistance, may be a more cost effective way to serve participants whose primary barrier to employment is transportation-related.

Vehicle Acquisition Programs

Counties have devised additional means for assisting Colorado Works participants who do not own cars and cannot access public transportation. Seven counties in the County Survey have implemented vehicle acquisition programs in which the county Colorado Works program helps a participant to acquire a car. For instance, in Larimer County, the Colorado Works program contracts with Project Self-Sufficiency, a local community-based organization that provides needy families with cars donated by community members. The Department has developed an Auto Purchase Program in which it has arranged with several auto wholesalers to supply selected autos at wholesale prices for counties to provide to their Colorado Works participants. Ten counties participate in this program. Other counties, such as Larimer County, initiated their own programs.

Vehicle acquisition programs may also assist participants in making any necessary repairs and insuring their vehicles. As mentioned previously, vehicle acquisition programs can be more costly than other types of transportation assistance, and, as a result, tend to serve a smaller proportion of the Colorado Works population.

Use of Private Transportation Companies

As shown in Exhibit 8.3, five counties report in the County Survey that they assist Colorado Works participants with transportation needs by providing rides through private companies, mostly taxi companies. Counties that contract with specific taxi companies generally arrange for discounted rides for their participants. However, no respondents in the 2003 Participant Survey indicated that they used taxis to get to and from work. Another three counties reported in the County Survey that they use a community organization to provide rides for their participants, although this is not a primary source of transportation for Colorado Works participants.

Collaboration with Public Transportation Agencies

In the *Second Annual Report*, BPA suggested combining various funding streams, including TANF, Welfare-to-Work, and Federal Transit Administration, in order to develop new programs, increase the level of service, and reach a greater proportion of recipients. The Department began collaborating with the Colorado Department of Transportation (CDOT) in 1998 when the U.S. Department of Transportation's Federal Transit Administration first initiated its Job Access and Reverse Commute (JARC) Grant program under the Transportation Equity Act of the 21st Century. One goal of this partnership has been to provide technical assistance to cities or counties that apply for JARC funds. Since the JARC program began, 17 grants have been awarded to various counties and cities in Colorado, totaling \$3,220,164. This amount must be matched by local funds. TANF funds have been used in varying amounts by all grant recipients to support the required match.

For example, Mesa County reported in BPA's County Survey that it had used Colorado Works funds to match the federal JARC grant in order to support the creation of a new city bus service to address the commuting needs of low-income working parents

throughout Mesa County. The federal grant is for \$400,000, which has been matched by \$200,000 in TANF funds and an additional \$200,000 in funds from Mesa County and the participating municipalities of the City of Grand Junction, the Town of Palisade, and the City of Fruita. The bus line is currently operational. Mesa County also uses Colorado Works funds to pay for the cost of vouchers on various buses and vans that provide transportation services to program participants.

Currently, the future of the JARC program is not known, as the states await action at the federal level with regard to the reauthorization of Transportation Equity Act of the 21st Century. However, the Department's collaboration with CDOT is expected to continue in joint efforts to provide transportation services to low-income populations.

References

- Alcohol and Drug Abuse Division, Colorado Department of Human Services and Survey Research Unit, Colorado Department of Public Health and Environment. *Alcohol and Drug Use and Abuse Among Selected Medicaid Recipients: Colorado 2001*. April 2002. Available online at http://www.cdhs.state.co.us/ohr/adad/full_report_g.pdf.
- Berkeley Policy Associates. *Evaluation of the Colorado Works Program, Second Annual Report*. November 2000.
- Callahan, Sarah R. *Understanding Health Status Barriers That Hinder the Transition From Welfare to Work*. National Governor's Association, 1999. Available online at <http://www.nga.org/center/>.
- Center on Addiction and Substance Abuse, Columbia University. *Shoveling Up: The Impact of Substance Abuse on State Budgets*. New York: January 2001. Available online at www.casacolumbia.org/usr_doc/47299a.pdf.
- Center on Addiction and Substance Abuse, Columbia University. *Building Bridges: States Respond to Substance Abuse and Welfare Reform*. New York: October 1999.
- Center on Budget and Policy Priorities. *Helping Workers Claim the Credits They've Earned*. 2003. Available online at <http://www.cbpp.org/eic2003/claimtaxcredit-2003.pdf>.
- Colorado Legislative Council Staff. *Fiscal Note Worksheet – Expenditures & Revenues, Substance Abuse Treatment*. January 2002.

Colorado Legislative Council Staff. *State Fiscal Impact, HB03-1080, Concerning Substance Abuse Treatment for Persons Eligible for the Colorado Works Program who are Enrolled in Medicaid*. November 13, 2002.

Community Transportation Association. *Linking People to the Workplace*. 2001. Available online at <http://www.ctaa.org/ntrc/atj/toolkit>.

Geballe, Shelley. *The Economic Costs of Mental Illness & Benefits of Treatment*. New Haven, CT: CT Voices for Children, June 2001. Available online at: info.med.yale.edu/chldstdy/CTvoices/kidslink/kidslink2/reports/PDFs/econ_cost_mental_illness.pdf.

Golonka, Susan. *Addressing Substance Abuse and Mental Health Problems under Welfare Reform: State Issues and Strategies*. National Governor's Association Center for Best Practices Issue Brief, Employment and Social Services Policy Studies, 1999. Available online at http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF%5ED_2392,00.html.

Kramer, Frederica D. "Screening and Assessment for Physical and Mental Health Issues that Impact TANF Recipients' Ability to Work." *Issue Notes*, vol.5, #3, February 2001, Welfare Information Network.

McGee, Chuck, et al. *Population in Need of Mental Health Services and Public Agencies' Service Use in Colorado*. Mental Health Program, Western Interstate Commission for Higher Education and Colorado Department of Human Services, January 7, 2002.

National Association of State Alcohol and Drug Abuse Directors, Inc. *Alcohol and Other Drug Treatment Effectiveness: A Review of State Outcome Studies*. February 2002.

National Conference of State Legislatures. "What Can States Do to Help Disabled TANF Recipients in Need of Long-Term Income Support?" 2003. Available online at <http://www.ncsl.org/statefed/welfare/disabledTANF.htm>.

National Economic Development and Law Center. *Shifting Into Gear*. 2003. Available online at <http://www.nedlc.org/publications.htm>.

National Evaluation Data Services. *Women in Treatment in the National Treatment Improvement Evaluation Study (NTIES)*. Rockville, MD: Center for Substance Abuse Treatment, Substance Abuse and Mental Health Services Administration (SAMHSA), U.S. Department of Health and Human Services, 1999.

National Mental Health Association Society. *Mental Health: Pay for Services or Pay a Greater Price*.

Osher, F.C. "Co-Occurring Addictive and Mental Disorders," in R.W. Manderscheid and M.J. Henderson, (eds.), *Mental Health, United States, 2000*. DHHS Publication No. (SMA) 01-3537. Rockville, MD: Center for Mental Health Services, 2001.

Riechert, Dana. *The Keys to Employment*. National Conference of State Legislatures, LEGISBRIEF August/September 1998, Vol. 6, No.32. Available online at <http://www.ncsl.org/statefed/welfare/keys.htm>.

Southern Institute on Children and Families. *The Southern Regional Initiative to Improve Access to Benefits for Low Income Families With Children*. 1998. Available online at <http://www.kidsouth.org/reports/sriFeb98/chapter6.html>.

Substance Abuse and Mental Health Services Administration (SAMHSA), U.S. Department of Health and Human Services. *Highlights of the 2001 National Household Survey on Drug Abuse (NHSDA)*. Washington, DC: 2001. Available online at <http://www.samhsa.gov/oas/nhsda/2k1nhsda/vol1/highlights.htm>.

Substance Abuse and Mental Health Services Administration (SAMHSA), U.S. Department of Health and Human Services. *Report to Congress on the Prevention and Treatment of Co-Occurring Substance Abuse Disorders and Mental Disorders*. Washington, DC: 2002. Available online at <http://www.samhsa.gov/centers/clearinghouse/clearinghouses.html>.

Substance Abuse and Mental Health Services Administration (SAMHSA), U.S.
Department of Health and Human Services. *National Treatment Improvement
Evaluation Study (NTIES)*. Rockville, Maryland: Center for Substance Abuse
Treatment, 1997.

U.S. Department of Health and Human Services. *Mental Health: A Report of the Surgeon
General*. Substance Abuse and Mental Health Services Administration. 1999.

Appendix A

Colorado Works Caseload Trends

Exhibit A.1
Colorado Works Basic Cash Assistance Caseload by Family Type
July 1997–June 2003

Year	Month	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
			All Case Types	Single-Parent Cases	Two-Parent Cases	Child-Only Cases
1997	7	27,974	27,910	20,975	734	6,212
	8	27,278	27,190	20,423	775	5,914
	9	26,292	26,174	19,746	806	5,550
	10	25,295	25,133	18,792	801	5,505
	11	24,386	24,229	18,154	813	5,308
	12	23,650	23,489	17,417	844	5,282
1998	1	23,285	23,099	17,010	917	5,285
	2	22,750	22,563	16,506	903	5,262
	3	22,149	21,928	15,833	928	5,283
	4	21,579	21,337	15,393	863	5,239
	5	20,831	20,643	14,726	825	5,199
	6	20,107	19,855	13,956	807	5,271
	7	19,571	19,276	13,538	760	5,220
	8	19,108	18,806	13,016	752	5,269
	9	18,359	18,074	12,189	692	5,424
	10	17,640	17,333	11,530	675	5,383
	11	16,950	16,587	10,894	687	5,307
	12	16,297	15,852	10,329	668	5,227
1999	1	16,310	15,895	10,270	692	5,268
	2	15,818	15,440	9,789	656	5,284
	3	15,789	15,405	9,640	654	5,433
	4	15,444	15,021	9,354	625	5,398
	5	14,818	14,459	8,893	588	5,298
	6	13,910	13,532	8,149	529	5,189
	7	14,310	13,823	8,329	527	5,394
	8	14,152	13,622	8,177	525	5,370
	9	13,822	13,308	7,828	469	5,465
	10	13,411	12,968	7,485	461	5,406
	11	13,122	12,673	7,282	424	5,372
	12	12,589	12,101	6,833	423	5,286

Exhibit A.1 (continued)						
Year	Month	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
			All Case Types	Single-Parent Cases	Two-Parent Cases	Child-Only Cases
2000	1	12,765	12,269	7,026	445	5,218
	2	12,622	12,200	6,893	470	5,208
	3	12,558	12,051	6,808	464	5,229
	4	12,420	11,920	6,765	450	5,153
	5	12,169	11,628	6,483	454	5,182
	6	11,903	11,347	6,270	414	5,162
	7	11,996	11,395	6,332	423	5,164
	8	12,157	11,459	6,333	416	5,327
	9	12,104	11,532	6,324	416	5,271
	10	12,031	11,405	6,142	419	5,366
	11	12,015	11,442	6,162	410	5,357
	12	11,979	11,408	6,111	422	5,365
2001	1	12,076	11,482	6,144	460	5,379
	2	11,906	11,415	6,056	463	5,295
	3	12,055	11,510	6,165	467	5,338
	4	12,000	11,468	6,162	462	5,305
	5	11,965	11,457	6,164	482	5,276
	6	12,349	11,584	6,318	491	5,367
	7	12,398	11,676	6,370	482	5,448
	8	12,804	11,925	6,557	506	5,662
	9	12,879	12,063	6,705	528	5,569
	10	13,236	12,349	6,875	610	5,679
	11	13,415	12,645	7,085	641	5,626
	12	13,588	12,794	7,178	672	5,691

Exhibit A.1 (continued)			Basic Cash Assistance Cases			
Year	Month	Total Colorado Works Caseload (Including Diversions)	All Case Types	Single-Parent Cases	Two-Parent Cases	Child-Only Cases
2002	1	13,951	13,158	7,357	747	5,764
	2	13,858	13,286	7,358	752	5,680
	3	13,964	13,400	7,524	746	5,634
	4	14,166	13,564	7,647	766	5,685
	5	14,102	13,484	7,671	752	5,652
	6	13,677	13,083	7,458	708	5,493
	7	14,069	13,446	7,662	722	5,625
	8	14,411	13,723	7,783	726	5,846
	9	14,443	13,842	7,875	712	5,789
	10	14,525	13,878	7,854	779	5,826
	11	14,719	14,154	8,039	792	5,832
	12	14,828	14,206	8,101	822	5,844
2003	1	15,076	14,447	8,210	881	5,932
	2	15,075	14,603	8,325	888	5,803
	3	15,153	14,703	8,423	877	5,795
	4	15,540	15,000	8,626	916	5,946
	5	15,927	15,311	8,814	985	6,069
	6	15,774	15,159	8,819	981	5,938

Source: BPA staff calculations using COIN administrative records, Colorado Department of Human Services
 Note: Total Colorado Works caseload includes Basic Cash Assistance cases and County and State Diversion cases. A small number of cases are missing family-type information. Therefore, the total Basic Cash Assistance caseload may not exactly match the sum of cases across all family types.



Exhibit A.2
Colorado Works Basic Cash Assistance Caseload by County
May 2003

County	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
		All Case Types	Single-Parent Cases	Two-Parent Cases	Child-Only Cases
Adams	1,083	978	256	19	703
Alamosa	137	131	67	19	45
Arapahoe	1,964	1,958	1,308	172	478
Archuleta	25	24	17	3	4
Baca	22	22	15	0	7
Bent	32	30	15	1	14
Boulder	454	446	283	44	119
Chaffee	26	26	13	5	8
Cheyenne	8	8	3	2	3
Clear Lake	21	21	17	4	0
Conejos	66	58	29	12	17
Costilla	42	41	21	4	16
Crowley	45	43	24	4	15
Custer	5	5	1	1	3
Delta	135	132	80	17	35
Denver	3,545	3,491	1,856	77	1,558
Dolores	3	3	2	1	0
Douglas	66	66	47	4	15
Eagle	10	10	4	2	4
Elbert	21	21	14	0	7
El Paso	2,450	2,213	1,089	115	1,009
Fremont	218	204	137	16	51
Garfield	132	130	60	16	54
Gilpin	11	10	4	2	4
Grand	17	17	13	2	2
Gunnison	19	19	12	0	7
Hinsdale	3	3	2	0	1
Huerfano	83	80	40	14	26
Jackson	12	11	6	3	2
Jefferson	1,428	1,391	1,003	90	298
Kiowa	1	1	0	0	1
Kit Carson	28	28	14	3	11
Lake	27	27	20	1	6

Exhibit A.2 (continued)					
<u>County</u>	Total Colorado Works Caseload (Including Diversions)	Basic Cash Assistance Cases			
		All Case Types	Single-Parent Cases	Two-Parent Cases	Child-Only Cases
La Plata	136	119	84	9	26
Larimer	736	729	488	55	186
Las Animas	116	116	62	3	51
Lincoln	21	18	13	0	5
Logan	95	91	50	4	37
Mesa	654	613	411	94	108
Mineral	5	5	1	1	3
Moffat	53	50	29	4	17
Montezuma	160	160	98	22	40
Montrose	126	125	78	11	36
Morgan	189	187	87	16	84
Otero	166	163	86	14	63
Ouray	3	3	2	1	0
Park	21	20	12	4	4
Phillips	5	5	2	2	1
Pitkin	2	2	0	0	2
Prowers	132	132	83	9	40
Pueblo	988	972	427	21	524
Rio Blanco	5	4	1	0	3
Rio Grande	126	126	78	19	29
Routt	15	11	5	5	1
Saguache	48	48	26	8	14
San Juan	2	2	1	1	0
San Miguel	4	4	1	2	1
Sedgwick	4	4	4	0	0
Summit	7	7	6	0	1
Teller	41	36	24	0	12
Washington	9	9	3	4	2
Weld	393	377	131	13	233
Yuma	32	32	17	6	9
State Total	16,433	15,818	8,782	981	6,055

Source: BPA staff calculations using COIN administrative records, Colorado Department of Human Services.
Note: Total Colorado Works caseload includes Basic Cash Assistance cases and County and State Diversion cases. A small number of cases are missing family-type information. Therefore, the total Basic Cash Assistance caseload may not exactly match the sum of cases across all family types.



Exhibit A.3 Colorado Works Adult-Headed Caseload by Type of Assistance July 1997 - June 2003							
<u>Year</u>	<u>Month</u>	<u>Total Adult-Headed Cases</u>	<u>BCA Only</u>	<u>BCA and Other Assistance^a</u>	<u>State Diversion</u>	<u>County Diversion</u>	<u>Misc.^b</u>
1997	7	21,792	20,677	1,051	50	4	10
	8	21,310	19,343	1,879	58	13	17
	9	20,661	18,252	2,291	88	18	12
	10	19,773	16,979	2,632	99	36	27
	11	19,086	16,590	2,339	83	52	22
	12	18,396	15,876	2,359	87	58	16
1998	1	18,067	15,339	2,541	104	59	24
	2	17,594	14,771	2,636	97	73	17
	3	16,973	13,692	3,059	121	83	18
	4	16,502	12,985	3,274	130	91	22
	5	15,777	12,348	3,240	90	88	11
	6	15,062	11,539	3,271	154	81	17
	7	14,568	11,018	3,255	162	111	22
	8	14,072	10,476	3,293	151	118	34
	9	13,216	9,606	3,324	158	111	17
	10	12,585	8,765	3,512	148	142	18
	11	12,030	8,415	3,251	150	187	27
	12	11,501	8,138	2,919	164	255	25
1999	1	11,434	7,827	3,192	183	215	17
	2	11,158	7,466	3,314	159	200	19
	3	11,430	7,164	3,882	189	171	24
	4	11,125	6,942	3,760	211	193	19
	5	10,521	6,632	3,530	183	168	8
	6	9,700	6,259	3,064	183	185	9
	7	10,036	6,125	3,424	230	240	17
	8	9,932	5,919	3,483	250	256	24
	9	9,539	5,602	3,422	222	278	15
	10	9,179	5,304	3,432	196	243	4
	11	8,976	5,210	3,317	182	263	4
	12	8,549	4,960	3,101	182	304	2

Exhibit A.3 (continued)							
<u>Year</u>	<u>Month</u>	<u>Total Adult-Headed Cases</u>	<u>BCA Only</u>	<u>BCA and Other Assistance^a</u>	<u>State Diversion</u>	<u>County Diversion</u>	<u>Misc.^b</u>
2000	1	8,737	5,152	3,089	185	307	4
	2	8,572	4,779	3,371	173	245	4
	3	8,611	4,546	3,558	185	321	1
	4	8,536	4,609	3,427	221	279	0
	5	8,382	4,381	3,460	213	324	4
	6	8,161	4,303	3,302	213	341	2
	7	8,246	4,244	3,401	236	360	5
	8	8,549	4,083	3,768	262	429	7
	9	8,356	4,266	3,518	255	314	3
	10	8,238	4,046	3,566	277	344	5
	11	8,182	4,085	3,524	240	328	5
	12	8,172	4,204	3,397	224	346	1
2001	1	8,263	4,066	3,603	227	366	1
	2	8,069	4,114	3,464	195	296	0
	3	8,262	4,080	3,637	223	321	1
	4	8,236	4,011	3,693	241	289	2
	5	8,256	4,083	3,665	188	317	3
	6	8,557	4,072	3,720	248	515	2
	7	8,564	4,153	3,689	297	420	5
	8	9,197	4,008	4,310	306	568	5
	9	9,012	4,371	3,825	299	511	6
	10	9,322	4,307	4,128	294	591	2
	11	9,594	4,639	4,185	280	486	4
	12	9,708	4,891	4,023	277	509	8

Exhibit A.3 (continued)							
Year	Month	Total Adult-Headed Cases	BCA Only	BCA and Other Assistance ^a	State Diversion	County Diversion	Misc. ^b
2002	1	10,015	4,830	4,392	284	506	3
	2	9,937	5,013	4,352	251	319	2
	3	10,070	5,119	4,387	255	306	3
	4	10,227	5,194	4,431	260	338	4
	5	10,276	5,255	4,403	314	298	6
	6	9,863	5,296	3,973	262	327	5
	7	10,191	5,429	4,139	264	358	1
	8	10,587	5,171	4,728	330	356	2
	9	10,394	5,354	4,439	272	328	1
	10	10,492	5,265	4,580	266	378	3
	11	10,649	5,612	4,472	233	331	1
	12	10,777	5,777	4,378	264	356	2
2003	1	10,958	5,742	4,587	282	345	2
	2	10,903	5,958	4,473	207	265	0
	3	11,010	5,985	4,575	233	215	2
	4	11,391	5,940	4,911	280	260	0
	5	11,723	6,102	5,005	319	296	1
	6	11,627	6,206	4,806	271	343	1

Source: BPA staff calculations using COIN administrative records, Colorado Department of Human Services.

^a These are cases that received both Basic Cash Assistance (BCA) and other assistance payments in the same month. Only cases receiving BCA were eligible to receive other assistance payments. Other assistance includes, among others, payments for transportation, educational support, supplemental cash payments, and incentive payments.

^b "Miscellaneous" included cases that received a retroactive cash assistance payment and a diversion payment in the same month.

Exhibit A.4
Colorado Works Adult-Headed Caseload by Type of Assistance and County
May 2003

County	Total Adult-Headed Cases	BCA Only	BCA and Other Assistance ^a	State Diversion	County Diversion	Misc. ^b
Adams	496	60	331	12	93	0
Alamosa	90	74	10	6	0	0
Arapahoe	1,504	1,035	463	6	0	0
Archuleta	19	17	1	1	0	0
Baca	15	14	1	0	0	0
Bent	21	15	4	1	1	0
Boulder	331	173	150	8	0	0
Chaffee	18	18	0	0	0	0
Cheyenne	3	3	0	0	0	0
Clear Lake	15	15	0	0	0	0
Conejos	40	24	8	2	6	0
Costilla	23	15	7	1	0	0
Crowley	29	14	13	1	1	0
Custer	2	2	0	0	0	0
Delta	108	79	26	0	3	0
Denver	2,925	1,159	1,712	2	52	0
Dolores	3	3	0	0	0	0
Douglas	51	51	0	0	0	0
Eagle	6	5	1	0	0	0
Elbert	14	14	0	0	0	0
El Paso	1,676	873	566	215	22	0
Fremont	156	67	75	9	5	0
Garfield	85	20	63	0	2	0
Gilpin	6	3	2	0	1	0
Grand	15	15	0	0	0	0
Gunnison	13	11	2	0	0	0
Hinsdale	3	2	1	0	0	0
Huerfano	55	37	15	0	3	0
Jackson	9	7	1	1	0	0
Jefferson	1,128	527	564	19	18	0
Kiowa	0	0	0	0	0	0
Kit Carson	16	14	2	0	0	0
Lake	21	21	0	0	0	0

Exhibit A.4 (continued)

County	Total Adult-Headed Cases	BCA Only	BCA and Other Assistance ^a	State Diversion	County Diversion	Misc. ^b
La Plata	97	34	46	10	7	0
Larimer	546	356	183	2	5	0
Las Animas	65	42	23	0	0	0
Lincoln	16	12	1	0	3	0
Logan	60	28	28	1	3	0
Mesa	504	279	184	11	29	1
Mineral	3	2	1	0	0	0
Moffat	39	12	24	2	1	0
Montezuma	120	107	13	0	0	0
Montrose	89	50	38	0	1	0
Morgan	159	55	102	0	2	0
Otero	105	87	15	0	3	0
Ouray	3	3	0	0	0	0
Park	16	15	0	1	0	0
Phillips	4	4	0	0	0	0
Pitkin	1	0	1	0	0	0
Prowers	110	85	25	0	0	0
Pueblo	457	331	110	4	12	0
Rio Blanco	1	0	0	0	1	0
Rio Grande	105	65	40	0	0	0
Routt	10	6	0	0	4	0
Saguache	34	23	11	0	0	0
San Juan	2	0	2	0	0	0
San Miguel	3	3	0	0	0	0
Sedgwick	4	4	0	0	0	0
Summit	6	6	0	0	0	0
Teller	19	11	3	0	5	0
Washington	7	6	1	0	0	0
Weld	184	53	115	3	13	0
Yuma	22	16	6	0	0	0
State Total	11,687	6,082	4,990	318	296	1

Source: BPA staff calculations using COIN administrative records, Colorado Department of Human Services.

^a These are cases that received both Basic Cash Assistance (BCA) and other assistance payments in the same month. Only cases receiving BCA were eligible to receive other assistance payments. Other assistance includes, among others, payments for transportation, educational support, supplemental cash payments, and incentive payments.

^b "Miscellaneous" included cases that received a retroactive cash assistance payment and a diversion payment in the same month.



Appendix B

Summary of Studies of the Cost-Effectiveness of Providing Substance Abuse Services

Appendix B Summary of Studies of the Cost-Effectiveness of Providing Substance Abuse Services

Study	Cost Benefits
New York (1998) Preliminary Analysis of Behaviors of Methadone Maintenance Patients Remaining in Treatment for 1, 2, 3, 4, and 5 Years	Savings were estimated at over \$35 million.
Ohio (1996) Cost-Effectiveness Study: Comprehensive Analysis of Results	By client severity level, ratios of cost-offsets to cost of treatment were: low=8.4:1; moderate = 7.4:1; high=4.3:1.
Washington (1997) Economic Benefits & Costs Associated with Substance Abuse Treatment Provided to Indigent Clients through the Washington State's ADATSA Program	<p>Average quarterly wages post treatment for AFDC clients was \$875 vs. \$423 for untreated AFDC recipients</p> <p>17% decrease in Public Assistance Costs</p> <p>Cost savings for Medicaid, public assistance, and treatment reentry translates into benefit representing 38% of treatment costs. For every \$1 invested in treatment, 38 cents was recouped in first 12 mos. following treatment. In the year after treatment, hard drug users who received treatment incurred \$805 in Medicaid costs in contrast to \$2,109 for untreated hard drug users</p>
Washington (1997) Employment Outcomes of Chemical Dependency Treatment and Additional Vocational Services Publicly Funded by Washington State	<p>Treatment completers with recent employment experience earned higher wages over 4.5 years than clients receiving no ADATSA treatment.</p> <p>Over 4.5 years, post-treatment clients who completed treatment earned an average of \$145/mo. more than clients who were assessed but not treated.</p> <p>46% of clients who completed additional vocational services earned more over 4.5 years vs. 22% of clients who completed treatment only and 17% of those who did not receive ADATSA treatment.</p>
Washington (1994) ADATSA Treatment Outcomes: Employment and Cost Avoidance	<p>For persons on some form of publicly funded services before treatment, 1st year cost avoidance rate is 23%: \$491 avoided of \$2,114 spent on ADATSA treatment.</p> <p>Major reasons for cost avoidance result are: lower inpatient medical costs and lower re-entry into inpatient treatment. Cost avoidance impact of treatment is largest among younger clients and among clients without mental health problems.</p>

Source: National Association of State Alcohol and Drug Abuse Directors, Inc. (NASADAD), 2001.

The electronic version of this report is available on the Web site of the
Office of the State Auditor
www.state.co.us/auditor

A bound report may be obtained by calling the
Office of the State Auditor
303-869-2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number 1263
Report Control Number 1570