COLORADO PERSONAL RESPONSIBILITY AND EMPLOYMENT PROGRAM (CPREP)

<u>Submitted By:</u>

State of Colorado
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COLORADO PERSONAL RESPONSIBILITY AND EMPLOYMENT PROGRAM (CPREP)

Executive Summary

Purpose

The purpose of Colorado's welfare reform demonstration project is to eliminate, to the extent possible, the economic "cliff effects" that recipients of Aid to Families With Dependent Children (AFDC) now experience when trying to move from welfare to self-sufficiency. Since welfare reform became a major policy issue in the mid-1980's, there have been three major obstacles to true, long-term reform:

--Job opportunity;

--Lack of health care benefits at entry-level jobs; and

--Lack of adequate child care services and benefits to support a single parent who is working full or part-time.

To be successful, welfare reform must address these problems by providing a smooth transition from welfare to economic independence or self-sufficiency. Current policy contains "cliff effect" contradictions for able-bodied adults moving into a work environment. For example, the average AFDC family of one adult with two children moving from AFDC to a minimum wage job under current policy may experience an increase of only $101 per month in net income after child care, taxes and employment expenses are subtracted. And that increase is all attributable to an earned income tax credit of $115.

To address anomalies such as this, Colorado's Personal Responsibility and Employment Program (CPREP) is based upon five design principles:

* <u>RATIONAL POLICY</u> - Public assistance programs should be designed to assure that employment is rewarded and that recipients are prepared for employment;

* <u>INNOVATION</u> - This project will test innovative approaches that will increase the economic and social self-sufficiency of AFDC applicants and recipients;

* <u>DEMONSTRATION</u> - The demonstration project will build upon and expand existing reform efforts;

* <u>PROVEN SERVICE DELIVERY</u> - The existing New Directions/JOBS Program in Colorado will serve as the basic model for service delivery; and

* <u>CLIENT PARTICIPATION</u> - The project will require active

participation by recipients in education, skills training, preventive health care, and employment opportunities.

General Provisions

* The State Board of Social Services will be authorized to adopt rules necessary to implement the project.

* The project will be based upon waivers approved by the federal government.

* A rigorous evalution will be required.

* Cost neutrality will be required over the life of the project.

* The project will be implemented in selected county demonstration sites.

* Financial sanctions--loss of AFDC and related Medicaid--may be imposed upon recipients who fail, without good cause, to comply with requirements of the project.

* Implementation will begin within six months of approval of federal waivers, but not before January 1, 1994.

* The project will remain in effect for a period not to exceed five years.

Summary of Key Features

The Colorado Welfare Reform Demonstration Project will:

* Establish a two-year time limitation sanction for non-cooperative employable AFDC adults;

* Allow recipients to retain a larger portion of their earnings than is currently allowed by federal and state policies;

* Provide incentives to members of participating households who graduate from high school or obtain a GED;

* Consolidate payment of current AFDC, Food Stamp, and Child Care benefits into a single comprehensive benefits package. This includes "cash out" of Food Stamp benefits for participant households; and

* Allow participating households to hold resources (cash and other property) up to $5,000.

Specific Provisions

EMPLOYMENT INCENTIVES

1. The goal is to ensure that employment is a rational and positive alternative to receipt of public assistance. Rational means that clients moving from assistance to self-sufficiency will experience a smooth financial transition from welfare to employment, rather than current "cliff effects."

2. AFDC, Food Stamp, and Child Care benefits will be consolidated into a single comprehensive benefits package.

3. Consolidated grants will be calculated by disregarding a portion of all earned income, replacing all current income disregards. Recipients with employment earnings will remain eligible until their earnings reach 185 percent of the Federal Poverty Level (FPL). Families without child care costs will lose cash assistance at 130 percent of the FPL. Child care assistance and Medicaid will be available up to 185 percent of FPL. One possible option is shown below:

ESTIMATED FAMILY INCOME
(One Adult and Two Children)

Family Income	Current Policy No Earnings	Current Policy* Minimum Wage	Pilot Minimum Wage
1. Employment	$ 0	$ 730	$ 730
2. AFDC	356	216	43
3. Food Stamps	264	172	250
4. EITC	0	$ 115	$ 115
Total Income	$ 620	$1,233	$1,138
Employment Expenses			
1. Child Care	$ 0	$ 241	$ 241
2. Taxes	0	56	56
3. Work Expenses		$ 120	$ 120
Total Expenses	$ 0	$ 447	$ 447
Net Income	**$ 620**	**$ 816**	**$ 721**

3. Child care benefits will be paid directly to the family.

*Calculated without the 30 and one-third disregard.

4. Child care and Medicaid eligibility will be retained until household gross income exceeds 185% of the federal poverty level.

5. Food stamps will be cashed out, making clients more responsible for their own self-sufficiency and making service delivery more efficient.

6. Public funds will supplement employment for families, particularly in the area of child care, until adequate earned income is available to the family.

7. All available resources including Earned Income Tax Credits, Health Insurance Tax Credits, and Child Care Tax Credits will be used to generate program savings and client self-sufficiency.

8. Automation of eligibility and grant payments will assure continued accuracy and efficiency in administration of program.

<u>TIME LIMITATION</u>

1. Able-bodied adults will lose eligibility after two years if they are not employed and/or actively participating in training or education. JOBS program exemptions will apply.

2. The time limitation is a permanent limit for the duration of the project, and will apply from the earliest date of approval for JOBS participation. This means that if a particular job does not work out and the two-year limit has been exceeded, the employable adult would be required to participate immediately in an employment activity to continue eligibility for AFDC.

3. Failure to actively participate, without good cause such as illness, will result in removal of the adult from the AFDC grant.

<u>TRANSITIONAL BENEFITS</u>

1. Child care payments will be part of the pooled benefit package for employed recipients.

2. Employed recipients will be charged a new sliding fee for child care based upon household size, income and actual cost of care.

3. County departments of social services will be authorized to negotiate with private employers to establish special open

enrollment privileges for clients/ employees who lose their Medicaid eligibility at the end of a 12-month transition period.

4. Transitional child care benefits for former AFDC recipients will be paid directly to the family.

PREVENTIVE HEALTH CARE

1. All AFDC households with children under the age of 24 months will be required to have current immunizations with appropriate documentation for those children.

2. Failure to comply, without good cause, will result in a financial sanction with appropriate notice and appeal rights.

3. Medicaid will cover required immunizations.

EDUCATION AND TRAINING

1. Incentives in the form of cash, goods and/or services will be paid to individuals who graduate from high school or obtain a GED.

2. Education, training, and treatment programs will be provided through existing programs.

3. Enlist support of private sector employers to create graduate incentive program that includes career counseling, on-the-job training opportunities, and employer sponsored higher education.

RESOURCE LIMITATIONS

1. The resource value of one car will be exempted for all households in the demonstration project.

2. The resource limit (currently $1,000) will be increased to $5,000 for families with an able bodied adult who is employed or has been employed within the last six months. All other households will have a resource limit of $2,000.

ADMINISTRATIVE EFFICIENCIES

1. Monthly Status Reports may be required to be returned only by households with changes. Current policy now requires all households to return MSRs even in months with no reportable changes.

2. Eligibility and grant payment will be performed on a retrospective basis, thus basing grant payment upon actual and timely income circumstances of client. Such a policy would sharply reduce the number of recovery actions for overpayment of AFDC grant.

3. Benefits will be delivered in a single comprehensive payment for AFDC, Food Stamps, and Child Care.

Policy Waiver Requests

The following features of this Welfare Reform package will require federal waivers of AFDC and Food Stamp policies:

1. "Cash out" of Food Stamps and combining benefit package.

2. Statewideness provision for purposes of testing and evaluation.

3. Resource limits.

4. Addition of eligibility requirements.

5. Prospective eligibility.

6. Monthly reporting requirements.

7. Earned income disregard.

8. Immunization requirement.

9. Face-to-face redeterminations

10. Food stamp child support disregard

OMB Approval No. 0348-0043

APPLICATION FOR FEDERAL ASSISTANCE

2. DATE SUBMITTED	Applicant Identifier
3. DATE RECEIVED BY STATE	State Application Identifier
4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

1. TYPE OF SUBMISSION:
Application: ☐ Construction ☒ Non-Construction
Preapplication: ☐ Construction ☐ Non-Construction

5. APPLICANT INFORMATION

Legal Name: Colo. Dept. of Social Services

Organizational Unit: Division of Self-Sufficiency

Address (give city, county, state, and zip code):
1575 Sherman St.
Denver, CO 80203-1714

Name and telephone number of the person to be contacted on matters involving this application (give area code)
Maynard Chapman or Don Bishop
Project Manager Dep. Director
(303) 866-2054 (303) 866-3103

6. EMPLOYER IDENTIFICATION NUMBER (EIN): ☐☐-☐☐☐☐☐☐☐

7. TYPE OF APPLICANT: (enter appropriate letter in box) A

A. State
B. County
C. Municipal
D. Township
E. Interstate
F. Intermunicipal
G. Special District
H. Independent School Dist.
I. State Controlled Institution of Higher Learning
J. Private University
K. Indian Tribe
L. Individual
M. Profit Organization
N. Other (Specify) ____________

8. TYPE OF APPLICATION: ☒ New ☐ Continuation ☐ Revision

If Revision, enter appropriate letter(s) in box(es). ☐ ☐
A. Increase Award B. Decrease Award C. Increase Duration
D. Decrease Duration Other (specify):

9. NAME OF FEDERAL AGENCY: Admin. for Children and Families

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 93-562

TITLE: Assistance Payments

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:
Colo. Personal Responsibility & Employment Program (CPREP)

12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):
Selected Counties

13. PROPOSED PROJECT:
Start Date: 1-1-94
Ending Date: 12-31-98

14. CONGRESSIONAL DISTRICTS OF:
a. Applicant: State of Colorado
b. Project: State of Colorado

15. ESTIMATED FUNDING:

a. Federal	$ .00
b. Applicant	$ .00
c. State	$ .00
d. Local	$ .00
e. Other	$ .00
f. Program Income	$ .00
g. TOTAL	$ .00 N/A

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
a. YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON
DATE ____________
b. NO. ☐ PROGRAM IS NOT COVERED BY E.O. 12372
☒ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
☐ Yes If "Yes," attach an explanation. ☒ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED

a. Typed Name of Authorized Representative: Karen Beye
b. Title: CDSS Executive Director
c. Telephone number: (303) 866-5500
d. Signature of Authorized Representative: Karen Beye
e. Date Signed: 6/25/93

Standard Form 424 (REV 4-88)
Prescribed by OMB Circular A-102

PROGRAM NARRATIVE

I. Project Title and Objectives

A. Title

The Colorado Personal Responsibility and Employment Program (CPREP)

B. Objectives

1. To eliminate, to the extent possible, the economic "cliff effect" that recipients of Aid to Families With Dependent Children (AFDC) now experience when trying to move from welfare to self-sufficiency. A "cliff effect" is defined as any decline in net income resulting from any combination of increased earnings and decreased benefits.

2. To reduce the current recidivism rate among AFDC recipients in Colorado. For purposes of this demonstration project, recidivism is defined as any household that returns to AFDC eligibility after a period of at least one month of ineligibility.

3. To consolidate AFDC, Food Stamp, and Child Care benefits into a single comprehensive benefits package.

4. To ensure that employment is a rational and positive alternative to receipt of public assistance.

5. To immunize all infants up to 24 months of age who are members of a participating AFDC household.

6. To increase the number of high school diplomas or general equivalency diplomas awarded to members of participating households.

7. To improve the administrative efficiencies of the AFDC program by basing eligibility and grant payment upon actual and timely income circumstances of client.

8. To expand participation in the Colorado Job Opportunity and Basic Skills (JOBS)/New Directions Program.

9. To encourage employable AFDC adults to act upon their own sense of personal responsibility through a comprehensive program of incentives and sanctions including employment incentives and a lifetime limit upon AFDC eligibility of two (2) years for employable AFDC adults who refuse to participate in the demonstration program without good cause.

10. To increase the number of job opportunities available to employable AFDC adults through job specific skill training.

11. To establish a logical "bridge" between the loss of Medicaid benefits and the enrollment in private health insurance programs.

12. To document which elements of this waiver package should be applied statewide through a comprehensive five-year evaluation component.

(Note: All of the above objectives pertain to the demonstration population only.)

II. Background and Importance of Project

A. Background and National Significance

Historically, welfare reform measures have contained two major miscalculations. The first analytical error occurs in defining the scope of the problem being addressed. One Washington think tank routinely states that "welfare" spending in 1990 totaled, "$226 billion or 4.1 percent of the Gross National Product."

In fact, the federal budget for the current fiscal year sets spending on Aid to Families With Dependent Children (AFDC) at $15.3 billion. Since all of these dollars are matched by state and/or local government at 50% or less, **total AFDC spending by all levels of government nationwide totaled less than $30 billion in FY 1992, rather than $226 billion as commonly stated.** Spending on the AFDC program represents 2.59 percent of total federal spending on entitlement programs. In Colorado, the AFDC program represents less than 1.5 percent of all general fund appropriations in state fiscal year 1992.

The scope of the problem being addressed is often unclear because the definition of what one means by "welfare" is allowed to remain vague. For example, the term welfare can mean all entitlement programs including social security, supplemental security income, medicare, medicaid, food stamps, and subsidized housing. Or it can mean any combination of these programs. Or it can mean any of these program individually.

"Welfare," in the context of this waiver request, refers to one specific entitlement program--AFDC. And the targeted population for welfare reform is all employable adults within the AFDC program.

The second major miscalculation in most welfare reform efforts is that reform often means creaming or churning AFDC recipients into low-wage, low-skilled jobs with no assurance of long-term employment, health insurance or child care assistance. The dynamic that is often overlooked in this view of reform is the recidivism or return rate for those adults who find employment.

Recidivism is defined as any household that returns to AFDC eligibility after a period of at least one month of ineligibility.

Under current policy, a "cliff effect" occurs when employment earnings coupled with the loss of AFDC eligibility are insufficient to cover the combined cost of health insurance, child care, household and business expenses.

The events that trigger the "cliff" phenomenon often contribute to the recidivism rate in Colorado, because they reduce support for the client who is trying to move toward self-sufficiency at the most vulnerable points in the transitional process.

The following table illustrates what happens to a typical AFDC family consisting of one adult and two children when the head of household goes to work for minimum wage. Initially, income rises from 62% of the Federal Poverty Level (FPL) to 82% of FPL (From $620 to $816 per month). However, after four months of employment at this level, the "one-third" disregard expires, and income drops precipitously to $721 per month or 73% of FPL. In return for 160 hours of work per month, this family adds $101 to their monthly income, and only if they apply for and receive the Earned Income Tax Credit of $115.

ESTIMATED FAMILY INCOME
(One Adult and Two Children)

Family Income	Current Policy No Earnings	Minimum Wage + Current Disregard	Minimum Wage After 4 Months
1. Employment	$ 0	$ 730	$ 730
2. AFDC	356	216	43
3. Food Stamps	264	172	250
4. EITC*	0	115	115
Total Income	$620	$1,233	$1,138
Employment Expenses			
1. Child Care	$ 0	$ 241	$ 241
2. Taxes	0	56	56
3. Work Expenses		120	120
Total Expenses	$ 0	$ 447	$ 447
Net Income	**$620**	**$ 816**	**$ 721**

Other such "cliffs" occur when the client loses the $30 disregard at the end of 12 months after employment; when earned

*(1992 maximum annual basic EITC for two children)

income reaches 81% of FPL (loss of AFDC); 130 % of FPL (loss of food stamps); 150 percent of FPL (loss of transitional child care); and 12 months after the client is no longer eligible for any AFDC grant (loss of transitional Medicaid).

This waiver request is designed to transform these "cliff effects" into logical progressive steps upward on the earned income ladder without unduly penalizing the participant for time spent on the job or increased earnings. In other words, the purpose of this waiver request is to measure the impact upon employable adults receiving AFDC benefits when disincentives to job retention are replaced with incentives to stay employed.

B. Scope and Importance of the Problem in Colorado

The scope of the problem can be defined in terms of four key elements: AFDC client profile; analysis of funding and benefit levels; impact of current policies upon clients; and availability of job opportunities for AFDC clients.

1. AFDC client profile

Approximately 42,000 cases per month received AFDC payments in State Fiscal Year 1992-93.

- 80,000 Children
- 40,000 Caretakers
- 120,000 Total individuals

The average case includes .96 caretakers and 1.9 children:

- 45 percent of cases include 1 child
- 30 percent of cases include 2 children
- 16 percent of cases include 3 children
- 9 percent of cases include 4 or more children.

Of the cases closed in July, 1992, clients had received AFDC benefits for an average of 13.2 months:

- 68 percent of cases received benefits less than one year.
- 88 percent of cases received benefits less than two years.
- 10 percent of cases received benefits for two to five years.
- 2 percent of cases received benefits for more than five years.

Of the active cases in July, 1992, recipients had received benefits an average of 23 months:

- 48 percent less than one year.
- 71 percent less than two years.
- 21 percent from two to five years.
- 8 percent more than five years.

Based upon a representative sample of AFDC cases in Colorado, approximately 50 percent of closed cases had received benefits for more than one episode. **An episode is defined as the period of time between notification of AFDC eligibility and notification of loss of eligibility.**

The AFDC client profile indicates that Colorado will require unique reform measures. Solutions to problems in other states may not be particularly compelling or effective for Colorado.

Length of Time on AFDC

Most Colorado families receive AFDC benefits for a short period of time. Reform should target the cases that have been on for a longer period of time and that contain an employable adult.

Family Size Restrictions

Most AFDC families are small in Colorado. It is unlikely that efforts to reduce additional child births would have a significant impact upon the program.

Client Behavior Strategies

Reform measures intended to change client behaviors would have a limited impact due to the very short length of time on the program for most recipients. Policy options should be limited to one-time or short-term interventions in the areas of health and education.

Employment

Employment is the critical path to increased self-sufficiency. Policy changes that increase "net income" resulting from employment may encourage more clients to work, even at lower paying jobs, and may also improve job retention--thereby reducing recidivism.

2. Funding and benefit levels

The AFDC caseload in Colorado has increased by 34 percent and total expenditures have increased by 36 percent in the past five years. However, expenditures for AFDC have not grown as rapidly as either the budget for the Department of Social Services or the total appropriation for state government. AFDC expenditures, as a percent of state appropriation have decreased from 1.7 percent in 1987 to 1.4 percent in 1992. The reason for this decline is that AFDC grants have not increased since 1988, while other state costs have risen.

Total State AFDC expenditures were $145 million in FY '92 ($39 million General Fund; $29 million County Funds; and $77 million Federal Funds.)

Funding splits for the AFDC and Child Care benefits for the next three fiscal years ('94, '95, and '96) will change slightly with a larger percentage of state dollars and smaller percentage of federal dollars:

- Fiscal Year 1994: 25.88% GF; 54.12% FF; 20% CF
- Fiscal Year 1995: 26.53% GF; 53.47% FF; 20% CF
- Fiscal Year 1996: 26.72% GF; 53.28% FF; 20% CF

The typical Colorado AFDC household of one adult and two children may receive the following benefits:

- $356 per month maximum AFDC payment
- $260 per month food stamps if paying $250 per month in rent
- Approximately 50 percent of households receive Low Income Energy Assistance (LEAP) which averages $256 per year
- All AFDC recipients are eligible for Medicaid

3. Impact of current policies

Colorado now experiences a recidivism rate among all AFDC cases of approximately 50 percent. The recidivism rate among participants in the JOBS program is 30 percent. The latter statistic means that for every 10 AFDC clients placed into employment, three of those participants returned to AFDC within 12 months.

In anticipation of passage of the Family Support Act of 1988, Colorado Governor Roy Romer appointed a 20-member Task Force on Self-sufficiency in 1987. The Task Force published its final report in October, 1988. The report's "findings" include the following statements:

"The Governor's Task Force on Self-sufficiency found that the current Aid to Families With Dependent Children (AFDC) regulations create a disincentive to clients' effort to become self-sufficient **due to the abrupt termination of benefits** (emphasis added)."

"The ...Task Force found that access to health care services is key to establishing self-sufficiency among the AFDC population."

"According to 'A Survey of Colorado's Welfare Clients,' 82% of clients surveyed who did not complete high school are currently unemployed."

"The Governor's Task Force...found that many single parents cannot work unless there is adequate care available for their children. The (child care) schedule causes a disincentive for some clients to go to work or to get raises above a certain level since they will not receive a child care subsidy and potentially could have less income."

Although the Family Support Act of 1988 has mitigated these impacts somewhat since 1989 through case management and greater emphasis upon job training and placement, the underlying barriers to self-sufficiency are as formidable today as they were four years ago. Those barriers are:

1. Sudden loss of benefits without an adequate increase in earned income and resources;

2. Lack of employment opportunities;

3. Lack of education;

4. Lack of health benefits; and

5. Lack of child care.

Often these real barriers to self-sufficiency remain obscured behind the perception that welfare recipients do not want to work when presented with the opportunity.

In 1986 and 1987, the Ford Foundation funded a study of poor people (both working and non-working) in Pennsylvania, Texas, North Carolina, and Washington D.C. The title of the study is, "How the Poor Would Remedy Poverty." Although the size and scope of the project was small (202 interviews), some of the responses are helpful. The study states,

"As a group, AFDC recipients were more likely to call for jobs than the sample as a whole. To a lesser degree the disabled and young people under age 18 suggested job-related solutions to poverty.

The second largest category of answers, after jobs, related to government's responsibility to provide education and training."

Colorado's experience with clients participating in the current JOBS initiative supports this attitude toward employment opportunities. Clients receiving AFDC do possess a a sense of personal responsibility toward self-sufficiency. A recent survey of JOBS participants in Jefferson County, Colo., indicated an almost unanimous interest in expanded job training programs, expanded childcare assistance, and eligibility for health insurance.

Consequently, this waiver request focuses on reforming the system, and replacing sudden loss of benefits with a rational combination of earned income, resources, and benefits that literally creates a "self-sufficiency career ladder" for clients. As illustrated in the example on page 3 of this document, an employed AFDC adult experiences a 12% drop in net income (from $816/mo to $721/mo) after working four months at a minimum wage job under current income disregard policies. **But this 4-month "cliff effect" is just the beginning of a continuous series of "cliffs" as earned income rises in the fifth and successive months of employment.**

The attached Tables 1 and 2 provide a graphic comparison of net family income for the average AFDC family in Colorado under the current system of benefits after four months and under the proposed pilot schedule of benefits.

Column 11 of Table 1 (Net Family Income) documents an actual reduction in net income from $665 to $636 as a family's earned income increases from $200 per month to $730 (minimum wage). This net reduction results from four factors:

*AFDC benefits drop from $344 to $43;

*Food Stamps increase from $227 to $250;

*Child Care costs increase from $66 to $241;

*Employment expenses (plus FICA minus EITC) are assumed to be 20% of gross earnings.

There is a second drop or "cliff" which occurs as earned income increases from $1200 to $1300, and a third (and much larger) "cliff" when family income increases from $1400 per month to $1500. The second "cliff" occurs as the recipient loses food stamp eligibility. The third "cliff" appears when the family must pay all child care costs.

A fourth "cliff" not shown on this table occurs when transitional Medicaid benefits expire 12 months after a client loses AFDC eligibility.

In contrast, Table 2 illustrates a steady upward

TABLE 1
CURRENT POLICIES, WITH $30 DIREGARD

HH SIZE= 3 1 ADULT(S) AND 2 CHILDREN

CH CARE MAX= $1,485 SON= $421 FPL= $991
TFP= $292 HSG COST= $250

GROSS EARN (1)	CHILD CARE: TOTAL COST (2)	CHILD CARE: TRANSITIONAL BENEFIT (3)	CHILD CARE: PAID BY FAMILY(FEE) (4)	CHILD CARE: PERCENT PAID BY FAMILY (5)	AFDC BENEFIT AMOUNT (6)	FOOD STAMPS: ELIG TEST (7)	FOOD STAMPS: BENEFIT AMOUNT (8)	TOTAL BENEFITS PAID (9)	BENEFITS PLUS EARNINGS (10)	NET FAMILY INCOME (11)	CHANGE IN NET INCOME (12)	LOSS OF NET INCOME (CLIFF) (13)
$0	$0	$0	$0	0%	$356	ELIG	$263	$619	$619	$619	NONE	
$120	$40	$0	$40	100%	$356	ELIG	$238	$594	$714	$650	$31	
$200	$66	$0	$66	100%	$344	ELIG	$227	$571	$771	$665	$15	
$300	$99	$0	$99	100%	$288	ELIG	$231	$519	$819	$660	($5)	SMALL
$400	$132	$0	$132	100%	$231	ELIG	$235	$466	$866	$654	($6)	SMALL
$500	$165	$0	$165	100%	$174	ELIG	$240	$414	$914	$649	($5)	SMALL
$600	$198	$0	$198	100%	$117	ELIG	$244	$361	$961	$643	($6)	SMALL
$700	$231	$0	$231	100%	$61	ELIG	$248	$309	$1,009	$638	($5)	SMALL
$730	$241	$0	$241	100%	$43	ELIG	$250	$293	$1,023	$636	($2)	SMALL
$800	$264	$200	$64	24%	$0	ELIG	$164	$364	$1,164	$740	$104	
$900	$297	$213	$84	28%	$0	ELIG	$139	$352	$1,252	$775	$35	
$1,000	$320	$216	$104	33%	$0	ELIG	$121	$337	$1,337	$817	$42	
$1,100	$320	$205	$115	36%	$0	ELIG	$100	$305	$1,405	$865	$48	
$1,200	$320	$195	$125	39%	$0	ELIG	$79	$274	$1,474	$914	$49	
$1,300	$320	$185	$135	42%	$0	NOT ELIG	$0	$185	$1,485	$905	($9)	SMALL
$1,400	$320	$176	$144	45%	$0	NOT ELIG	$0	$176	$1,576	$976	$71	
$1,500	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$1,500	$880	($96)	MEDIUM
$1,600	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$1,600	$960	$80	
$1,700	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$1,700	$1,040	$80	
$1,800	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$1,800	$1,120	$80	
$1,900	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$1,900	$1,200	$80	
$2,000	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,000	$1,280	$80	
$2,100	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,100	$1,360	$80	
$2,200	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,200	$1,440	$80	
$2,300	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,300	$1,520	$80	
$2,400	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,400	$1,600	$80	
$2,500	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,500	$1,680	$80	
$2,600	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,600	$1,760	$80	
$2,700	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,700	$1,840	$80	
$2,800	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,800	$1,920	$80	
$2,900	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$2,900	$2,000	$80	
$3,000	$320	$0	$320	100%	$0	NOT ELIG	$0	$0	$3,000	$2,080	$80	

NOTES:
COLUMNS 1 THROUGH 8 ARE MONTHLY AMOUNTS OF GROSS EARNINGS, TOTAL CHILD CARE COST, TRANSITIONAL CHILD CARE FAMILY FEE FOR CHILD CARE, FEE AS A PERCENT OF TOTAL CHILD CARE COST, AFDC BENEFIT, RESULT OF ELIGIBILITY TEST FOR FOOD STAMPS, AND THE FOOD STAMP BENEFIT.
COLUMN 9 IS THE SUM OF AFDC BENEFIT (COL 6), FOOD STAMP BENEFIT (COL 8) AND THE TRANSITIONAL CHILD CARE BENEFIT, IF ANY, (COL 3).
COLUMN 10 IS THE SUM OF BENEFITS (COL 9) AND GROSS EARNINGS (COL 1).
COLUMN 11 IS THE SUM OF GROSS EARNINGS, AFDC, FOOD STAMPS AND CHILD CARE BENEFITS LESS CHILD CARE COST AND 20 % OF GROSS EARNINGS (TO COVER WORK EXPENSES).
COLUMN 12 IS THE AMOUNT OF CHANGE IN NET INCOME AS GROSS INCOME INCREASES FROM THE LINE IMMEDIATELY ABOVE.
COLUMN 13 DESCRIBES THE SIZE OF ANY DROP IN NET HOUSEHOLD INCOME FROM THE LINE IMMEDIATELY ABOVE.

TABLE 2
PILOT PROJECT MODEL WITH CHILD CARE EXPENSE:

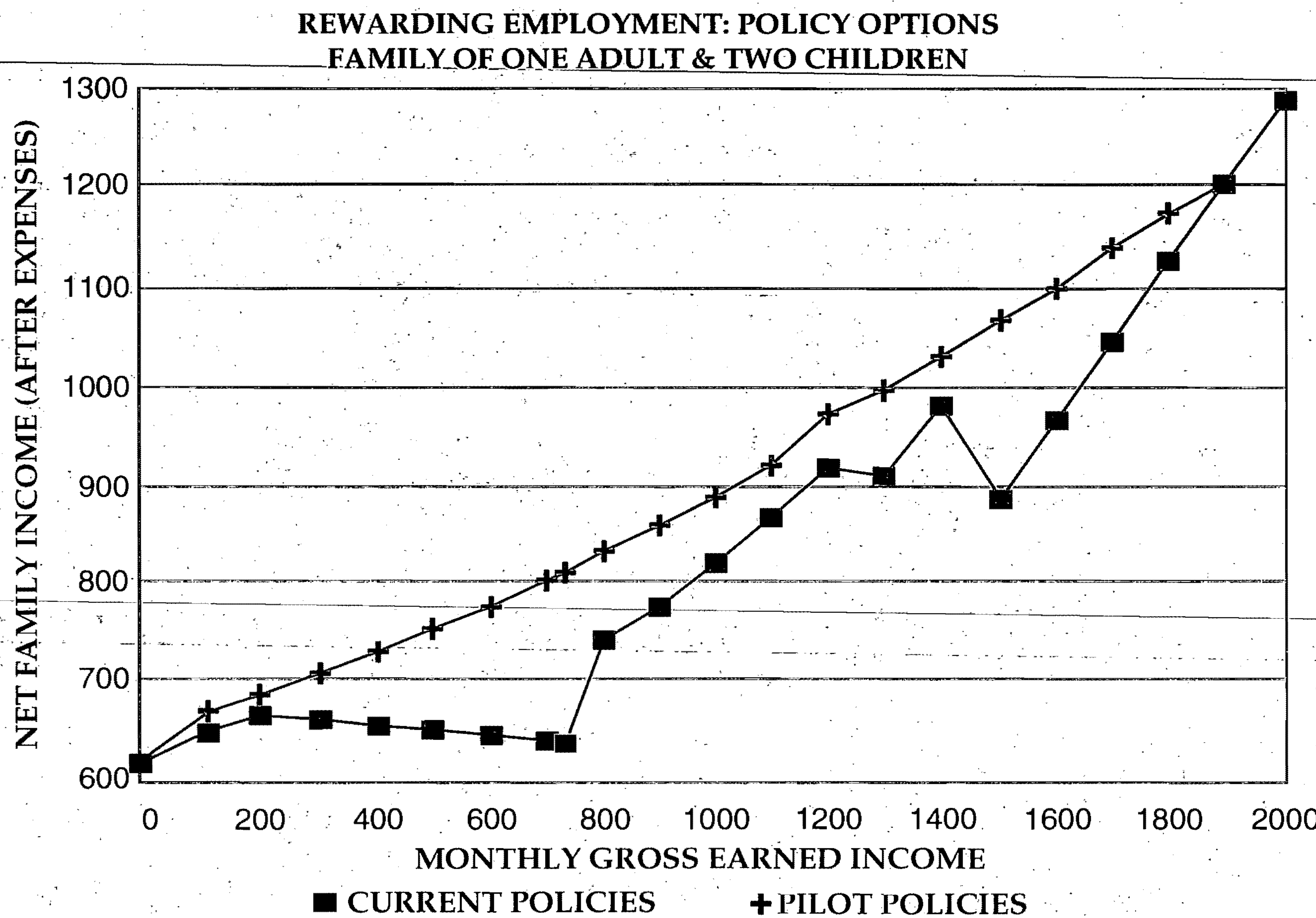
HH SIZE= 3 1 ADULT(S) AND 2 CHILDREN

CHILD CARE COST IS THE LESSER OF 33% OF EARNINGS OR $160 PER CHILD

PILOTMAX=	$1,833			SON=	$421	TFP=	$292
CURR MAX=	$1,485	130% FPL	$1,288	FPL=	$991	SHELTER=	$250

GROSS EARN (1)	CHILD CARE: TOTAL COST (2)	CHILD CARE: CHILD CARE BENEFIT (3)	CHILD CARE: FAMILY FEE (4)	CHILD CARE: FEE AS % OF COST (5)	INCOME < 130% FPL? (6)	AFDC (7)	FOOD STAMPS (8)	TOTAL BENEFITS (9)	NET HH INCOME (10)	CHANGE IN NET INCOME (11)	LOSS OF NET INCOME (CLIFF)(12)
$0	$0	$0	$0	0%	ELIG	$356	263	$619	$619	NONE	
$120	$40	$34	$6	15%	ELIG	$356	223	$613	$669	$50	
$200	$66	$56	$10	15%	ELIG	$328	209	$593	$687	$18	
$300	$99	$84	$15	15%	ELIG	$292	191	$567	$708	$21	
$400	$132	$112	$20	15%	ELIG	$257	173	$542	$730	$22	
$500	$165	$140	$25	15%	ELIG	$221	155	$516	$751	$21	
$600	$198	$168	$30	15%	ELIG	$185	139	$492	$774	$23	
$700	$231	$196	$35	15%	ELIG	$150	127	$473	$802	$28	
$730	$241	$205	$36	15%	ELIG	$139	124	$468	$811	$9	
$800	$264	$224	$40	15%	ELIG	$114	115	$453	$829	$18	
$900	$297	$252	$45	15%	ELIG	$79	103	$434	$857	$28	
$1,000	$320	$272	$48	15%	ELIG	$43	91	$406	$886	$29	
$1,100	$320	$272	$48	15%	ELIG	$7	78	$357	$917	$31	
$1,200	$320	$272	$48	15%	ELIG	$0	56	$328	$968	$51	
$1,300	$320	$272	$48	15%	NOT ELIG	$0	0	$272	$992	$24	
$1,400	$320	$227	$93	29%	NOT ELIG	$0	0	$227	$1,027	$35	
$1,500	$320	$182	$138	43%	NOT ELIG	$0	0	$182	$1,062	$35	
$1,600	$320	$138	$182	57%	NOT ELIG	$0	0	$138	$1,098	$36	
$1,700	$320	$93	$227	71%	NOT ELIG	$0	0	$93	$1,133	$35	
$1,800	$320	$48	$272	85%	NOT ELIG	$0	0	$48	$1,168	$35	
$1,900	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,200	$32	
$2,000	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,280	$80	
$2,100	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,360	$80	
$2,200	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,440	$80	
$2,300	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,520	$80	
$2,400	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,600	$80	
$2,500	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,680	$80	
$2,600	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,760	$80	
$2,700	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,840	$80	
$2,800	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$1,920	$80	
$2,900	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$2,000	$80	
$3,000	$320	$0	$320	100%	NOT ELIG	$0	0	$0	$2,080	$80	

NOTES:
COLUMNS 1 THROUGH 8 ARE MONTHLY AMOUNTS OF GROSS EARNINGS(1), TOTAL CHILD CARE COST(2), TRANSITIONAL CHILD CARE BENEFIT(3) FAMILY FEE OR SHARE OF CHILD CARE(4), FEE AS A PERCENT OF TOTAL CHILD CARE COST(5), RESULT OF ELIGIBILITY TEST THAT GROSS EARNINGS ARE LESS THAN 130% OF FPL(6), THE AFDC BENEFIT(7) AND THE FOOD STAMP BENEFIT(8).
COLUMN 9 IS THE SUM OF AFDC BENEFIT(7), FOOD STAMP BENEFIT(8) AND THE TRANSITIONAL CHILD CARE BENEFIT, IF ANY, (3).
COLUMN 10 IS THE SUM OF GROSS EARNINGS(1), AFDC(7), FOOD STAMPS(8) AND CHILD CARE BENEFITS(3) MINUS CHILD CARE COST(2) AND 20 % OF GROSS EARNINGS (TO COVER TAXES AND WORK EXPENSES).
COLUMN 11 IS THE AMOUNT OF CHANGE IN NET INCOME(11) AS GROSS INCOME(1) INCREASES FROM THE LINE IMMEDIATELY ABOVE.
COLUMN 12 DESCRIBES THE SIZE (SMALL, MEDIUM OR LARGE) OF ANY DROP IN NET HOUSEHOLD INCOME (11) FROM THE LINE IMMEDIATELY ABOVE.


REWARDING EMPLOYMENT: POLICY OPTIONS
FAMILY OF ONE ADULT & TWO CHILDREN
NET FAMILY INCOME (AFTER EXPENSES)
1300
1200
1100
1000
900
800
700
600
0
200
400
600
800
1000
1200
1400
1600
1800
2000
MONTHLY GROSS EARNED INCOME
CURRENT POLICIES
PILOT POLICIES

progression of net income for a family of one adult and two children under the policies of the proposed pilot program. This schedule of earnings plus benefits is the centerpiece of Colorado's welfare reform proposal. As illustrated by the graph entitled, "Rewarding Employment," the proposed waiver replaces "cliffs" with a logical progression of income plateaus that can lead to long-term self-sufficiency. **And most important, benefits do not end suddenly four months after the client finds employment.**

4. Job Opportunities

The economic climate in Colorado remained generally positive in 1992 with a seasonally adjusted unemployment rate of 5.8%, one and one-half percentage points below the national unemployment rate of 7.3% for the same period.

Since 1986, Colorado has created 165,000 net new jobs for an average of 27,517 net new jobs per year. Colorado ranked ninth nationally in job growth in 1992 with 47,000 new jobs. The Services sector of the economy added approximately 9,000 jobs during 1992. Other strong sectors were Trade, Contract Construction, and Government. Finance and Transportation increased slightly while Mining and Manufacturing experienced a net job loss during 1992. The State expects to create another 33,000 net new jobs in 1993.

In summary, when the four key elements of scope (client profile, funding, current policy, and job opportunities) are taken as a whole, the problems associated with reforming the welfare system appear to be quantifiable, measureable, and manageable.

C. Current Welfare Reform Initiatives in Colorado

1. NEW DIRECTIONS - The JOBS Program in Colorado was authorized by Senate Bill 4 passed by a special session of the Legislature in 1989. The program works with AFDC employable adults to prepare them for long term self-sufficiency. Colorado implemented the program in 34 counties in January, 1990. It is now operational in 44 counties which contain 97% of the AFDC caseload.

The Program targets four groups of recipients for participation:

--Applicants who have received AFDC 36 of the previous 60 months;

--Recipients who have received AFDC 36 of the previous 60 months;

--Custodial parents under age 24 with no high school diploma or GED; and

--Individuals whose youngest child is within two years of being ineligible for AFDC due to age.

In State fiscal year 1992, the program served an average of 5,966 participants per month. During the year, 2,179 individuals entered employment. Of these, 1,558 were employed full time at an average salary of $6.03/hr. In addition, 621 were employed part time at an average salary of $5.20/hr.

2. <u>Employment First Program -</u> This is Colorado's version of the Food Stamp Employment and Training Program authorized by the Food Stamp Act of 1985. The program emphasizes that each work registrant is obligated to work at becoming self-sufficient. Work registrants are those individuals who are job ready or have barriers which can be addressed. They comprise approximately 10-12% of total food stamp recipients. Work registrants median receipt of benefits is 4 months.

Typically, the Employment First Program is able to impact 70% of the work registrant caseload through employment, sanctions, and those who drop food stamps rather than cooperate with the program. There is a recidivism rate of approximately 10%.

3. <u>The Microbusiness Project -</u> In 1990, the Colorado Department of Social Services and Central Banks entered into a partnership to study the feasibility of a small business program. The first business training class was held in 1991. The project serves food stamp recipients who are motivated to become self-sufficient by starting a home-based business. A microbusiness is a sole proprietorship start-up business that does not generally have access to the commercial banking sector and can initially utilize a loan under $500. Project participants attend seven weeks of business training and each person prepares a business plan.

One hundred, nineteen (119) participants have graduated from the training classes. To date, 30% are no longer receiving food stamps, and 35 have started businesses.

4. <u>Collaborative Grant Program -</u> In 1990, the Governor's Job Training Office (GJTO), the Colorado Community Colleges and Occupational System (CCCOES), and the Colorado Department of Social Services (CDSS) entered into an agreement to jointly fund locally designed efforts to encourage participation in the JOBS Program. Seven projects involving eight counties were selected for funding beginning in July, 1990. In 1992, the Colorado Department of Labor and Employment (DOLE) joined the program and provided funding for proposals that focus on non-traditional occupations. Two counties were selected for funding projects through December, 1994.

5. <u>JOBS Teen Parent Demonstration Program -</u> This project is designed to assist AFDC teen parents who are non-exempt for JOBS. The program has three goals: 1) to provide intensive case-management services on-site; 2) to coordinate service delivery with as many services as possible in one location; and 3) to improve parenting and promote self-sufficiency. Actual intake of participants began in January, 1993. The goal of the program is to

serve a caseload of 40 to 50 participants over a two-year period.

6. <u>JOBS/Child Support Project</u> - The focus of this special project is to recruit AFDC recipients who are receiving child support payments into the JOBS Program. This effort is based upon the premise that self-sufficiency for AFDC recipients can be more easily achieved with assistance from the absent parent. Project participants are enrolled in the JOBS menu of activities available to all JOBS participants. As of March, 1993, there were 73 active participants in the pilot county site.

D. Proposed Colorado Personal Responsibility and Employment Program (CPREP)

1. <u>Overview</u> - The purpose of Colorado's Personal Responsibility and Employment Program (CPREP) is to demonstrate that it is possible to overcome the barriers to self-sufficiency by replacing financial "cliffs" with a logical upward progression of retained income plus benefits. As stated earlier, the primary barriers to long term independence seem to be a combination of:

*Sudden loss of earned income disregards;
*Sudden loss of child care assistance;
*Sudden loss of health care benefits;
*Lack of education; and
*Lack of job opportunities.

To be successful, welfare reform must address these problems by providing a smooth transition from welfare to economic independence or self-sufficiency. Current policy contains "cliff effect" anomalies for employable adults moving into a work environment. For example, the scenario summarized on page 3 demonstrates that after four months on a minimum wage job, a single mother of two children will increase income by $101 per month which is the equivalent of $.64 per hour. This increase is entirely dependent upon the client receiving an earned income tax credit (EITC). If not for the tax credit, the client would experience **<u>a net loss in income after just four months of employment.</u>**

In addition, the client is exposed to fluctuating business expenses such as child care, transportation, insurance, vehicle maintenance, and unexpected emergencies. When placed in this situation, the employable AFDC adult is literally one unanticipated expense away from returning to public assistance.

Table 3 provides a detailed comparison of current and proposed pilot payment policies. Under current policy, a single adult with two children (assuming a tax credit of $115) will have a net income of $721 per month while working at minimum wage. This level of net income for a family of three is 73% of the FPL.

TABLE 3
COMPARISON OF CURRENT AND PILOT POLICIES 1 ADULT & 2 CHILDREN

CURRENT POLICY: WITHOUT 30 & 1/3

MEMBERS =	3	
AFDC:		
GROSS EARNINGS		730
DISREGARDS: EXPENSES		-90
$30 INCENTIVE		-30
1/3 INCENTIVE		0
CHILD CARE		-241
COUNTABLE EARNED INCOME		369
UNEARNED INCOME		0
TOTAL COUNTABLE INCOME		369
SON		421
LESS COUNTABLE INCOME		369
REMAINDER		52
X RATABLE REDUCTION		0.8475
AUTHORIZED AFDC GRANT		43
FOOD STAMPS:		
GROSS EARNINGS		730
LESS 20% GROSS		-146
PLUS AFDC GRANT		43
PLUS UNEARNED INCOME		0
LESS STD DEDUCTION		-127
LESS CHILD CARE		-241
ADJUSTED INCOME=		259
EXCESS SHELTER DEDUCTION:		
RENT	250	
UTILITIES	0	
SHELTER TOTAL	250	
1/2 ADJUSTED INCOME	-130	
EXCESS SHELTER DED	120	-120
FOOD STAMP NET INCOME=		139
FOOD STAMP BENEFIT:		
MAXIMUM BENEFIT	292	
LESS .30 NET INCOME	-42	
MONTHLY FOOD STAMP BENEFITS		250

BENEFITS ATTRIBUTED TO:		PERCENT OF TOTAL BENEFITS
AFDC	$43	14.68%
CHILD CARE	$0	0.00%
FOOD STAMPS	$250	85.32%
TOTAL BENEFIT	$293	100.00%

ESTIMATED FAMILY BUDGET:	
GROSS EARNINGS	$730
PROGRAM BENEFITS	293
TOTAL FAMILY INCOME	$1,023

EMPLOYMENT EXPENSES:	
GENERAL WORK EXPENSE	$120
SOC SEC TAX	$56
CHILD CARE	$241
FEDERAL TAX (CREDIT)	($115)
NET WORK EXPENSES	$302
NET INCOME	$721
PERCENT OF FPL	73%

PILOT PROJECT POLICIES

MEMBERS =	3	
FPL=	991	
GROSS EARNINGS		730
DISREGARDS: $120 EXPENSES		-120
58% of REMAINDER		-354
COUNTABLE EARNED INCOME		256
UNEARNED INCOME		0
TOTAL COUNTABLE INCOME		256
SON		421
LESS TOTAL COUNTABLE INCOME		256
REMAINDER		165
X RATEABLE REDUCTION		0.8475
AUTHORIZED AFDC GRANT		139
CHILD CARE COST		241
PARENT FEE	15%	36
CHILD CARE BENEFIT		205
FOOD STAMPS:		
GROSS EARNINGS		730
LESS 20% GROSS		-146
PLUS AFDC GRANT		139
PLUS UNEARNED INCOME		0
LESS STD DEDUCTION		-127
LESS CHILD CARE		-36
ADJUSTED INCOME=		560
EXCESS SHELTER DEDUCTION:		
RENT	250	
UTILITIES	0	
SHELTER TOTAL	250	
1/2 ADJUSTED INCOME	-280	
EXCESS SHELTER DED	-30	0
FOOD STAMP NET INCOME=		560
MAXIMUM BENEFIT	292	
LESS .30 NET INCOME	-169	
MONTHLY FOOD STAMP BENEFIT		124

BENEFITS ATTRIBUTED TO:		PERCENT OF TOTAL BENEFITS
AFDC	$139	29.70%
CHILD CARE	$205	43.80%
FOOD STAMPS	$124	26.50%
TOTAL BENEFIT	$468	100.00%

ESTIMATED FAMILY BUDGET:	
GROSS EARNINGS	$730
PROGRAM BENEFITS	468
TOTAL FAMILY INCOME	$1,198

EMPLOYMENT EXPENSES:	
GENERAL WORK EXPENSE	$120
SOC SEC TAX	$56
CHILD CARE	$241
FEDERAL TAX (CREDIT)	($115)
NET WORK EXPENSES	$302
NET INCOME	$896
PERCENT OF FPL	90%

Under the pilot project, the same family would net $896 per month or 90% of the FPL. While gross earnings of $730 would remain the same, child care assistance would increase from $0 per month to $205; AFDC grant would increase from $43 to $139; and Food Stamps would decrease from $250 to $124. Total benefits would increase from $293 to $468 per month.

Essentially, the pilot would replace the "one-third of the remainder" disregard that is time-limited with a "58% of the remainder" disregard that is not time-limited. The participant would lose combined benefits when gross earned income reached 130% of FPL. Transitional child care would continue for one year or until earned income reached 185% of FPL.

2. Key Features

*EMPLOYMENT INCENTIVES

A. The goal is to ensure that employment is a rational and positive alternative to public assistance. Rational means that clients moving from assistance to self-sufficiency will experience a smooth financial transition from welfare to employment, rather than current "cliff effects."

B. AFDC, Food Stamps, and Child Care benefits will be consolidated into a single comprehensive benefits package resulting in a single cash payment.

C. Consolidated benefits will be calculated by disregarding a portion of all earned income, replacing all current income disregards. Recipients with employment earnings will remain eligible until their earnings reach 185% of FPL. Families without child care costs will lose cash assistance at 130% of the FPL. Transitional child care assistance and Medicaid will be available up to 185% of FPL.

D. Child care benefits will be paid directly to the family as a reimbursement of actual cost past or future.

E. Food Stamps will be cashed out, making clients more responsible for their own self-sufficiency and making service delivery more efficient.

F. All available resources including Earned Income Tax Credits (EITC), Health Insurance Tax Credits, and Child Care Tax Credits will be used to generate client self-sufficiency.

G. Automation of eligibility and grant payments will assure continued accuracy and efficiency in administration of the pilot program.

*TIME LIMITATION

A. Employable AFDC adults will lose eligibility after two years if they are not employed and/or actively participating in training or education. JOBS program exemptions will apply.

B. The time limitation is a lifetime limit and will apply from the earliest date of selection for participation in the JOBS/New Directions Program and will last for the duration of the pilot program.

C. Failure to actively participate, without good cause, will result in the removal of the adult from the AFDC grant.

*TRANSITIONAL BENEFITS

A. Child care payments will be part of the comprehensive benefit package for employed recipients.

B. Employed recipients will be charged a new sliding fee for child care based upon household size, income and actual cost of care.

C. County Departments of Social Services will be authorized to negotiate with private employers to establish special open enrollment privileges for employees who lose their Medicaid eligibility at the end of a 12-month transition period.

*PREVENTIVE HEALTH CARE

A. All AFDC households with children under the age of 24 months will be required to have current immunizations with appropriate documentation for those children.

B. Failure to comply, without good cause, will result in a financial sanction (removal of the needs of the caretaker relative) with appropriate notice and appeal rights.

C. Medicaid will cover required immunizations.

*EDUCATION AND TRAINING

A. Incentives in the form of goods and services will be provided to individuals who graduate from high school or obtain a General Equivalency Diploma (GED).

B. Education, training, and treatment programs will be provided through existing programs to participants in the pilot.

C. Enlist support of private sector employers to create a graduate incentive program that includes career counseling, on-the-job training opportunities, and employer sponsored higher education.

*RESOURCE LIMITATIONS

A. The resource value of one car will be exempted for all households in the demonstration project.

B. The resource limit (currently $1,000) will be increased to $5,000 for families with an employable adult who is employed or has been employed within the last six months. All other households will have a resource limit of $2,000.

*ADMINISTRATIVE EFFICIENCIES

A. Monthly Status Reports may be required to be returned only by households with changes. Current policy now requires all households to return MSRs even in months with no reportable changes.

B. Eligibility and grant payment will be performed on a retrospective basis, thus basing grant payment upon actual and timely income circumstances of recipient. Such a policy would sharply reduce the number of recovery actions for overpayment of AFDC grant.

C. Benefits will be delivered in a single comprehensive payment for AFDC, Food Stamps, and Child Care.

3. Specific Waivers Requested

A. Social Security Act provisions for which waivers are requested are listed in order of the Act.

1) **Statewideness** - Sec. 402(a)(1) of the Social Security Act - "(a) A State Plan for aid and services to needy families with children - (1) provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them."

(Application: The demonstration program will be piloted in selected counties for five years.)

2) **Resources** - Sec. 402(a)(7)(B): "(a) A State Plan for aid and services to needy families with children must - (7) except as may be otherwise provided in paragraph (8) or (31) and section 415, provide that the State agency - (B) shall determine ineligible for aid any family the combined value of whose resources (reduced by any obligations or debts with respect to such resources) exceeds $1,000 or such lower amount as the State may

determine, but not including as a resource for purposes of this subparagraph (i) a home owned and occupied by such child, relative, or other individual and so much of the family member's ownership interest in one automobile as does not exceed such amount as the Secretary may prescribe,...."

(Application: Resource limit will be increased to $5,000 for families with an employable adult, and to $2,000 for all other AFDC households.)

3) **Income Disregards** - Sec. 402(a)(8)(A)(ii) and (iv): "(a) A State Plan for aid and services to needy families with children must - (8)(A) provide that, with respect to any month, in making the determination under paragraph (7), the State agency - (ii) shall disregard from the earned income of any child or relative applying for or receiving aid to families with dependent children, or of any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $90 of the total of such earned income for such month;...(iv) shall disregard from the earned income of any child or relative receiving aid to families with dependent children, or of any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, an amount equal to (I) the first $30 of the total of such earned income not disregarded under any other clause of this subparagraph plus (II) one-third of the remainder thereof;"

(Application: Consolidated grants will be calculated by disregarding $120 plus 58% of all earned income, replacing all current income disregards. Recipients with earned income will remain eligible until earnings reach 185% of FPL.)

4) **Retrospective Budgeting** - Sec. 402(a)(13)(A)(B) and 402(a)(14)(A)(B): "(a) A State Plan for aid and services to needy families with children must - (13) with respect to families who are required to report monthly to the State agency pursuant to paragraph (14)(and at the option of the State with respect to other families), provide that--

(A) except as provided in subparagraph (B), the State agency (i) will determine family's eligibility for aid for a month on the basis of the family's income, composition, resources, and other similar relevant circumstances during such month, and (ii) will determine the amount of such aid on the basis of the income and other relevant circumstances in the first or, at the option of the State (but only where the Secretary determines it it be appropriate, in the case of families who are required to report monthly to the State agency pursuant to paragraph (14), second month preceding such month; and

(B) in the case of the first month, or at the option of the

State (but only where the Secretary determines it to be appropriate, in the case of families who are required to report monthly to the State agency pursuant to paragraph (14), the first and second months, in a period of consecutive months for which aid is payable, the State agency will determine the amount of aid on the basis of the family's income and other relevant circumstances in such first or second month;

(14) with respect to families in the category of recent work history or earned income cases (and at the option of the State with respect to families in other categories), (A) provide that the State agency will require each family to which it furnishes aid to families with dependent children (or to which it would provide such aid but for paragraph (22) or (32) to report, as a condition to the continued receipt of such aid (or to continuing to be deemed to be a recipient of such aid), each month to the State agency on--

(i) the income received, family composition, and other relevant circumstances during the prior month; and

(ii) the income and resources it expects to receive, or any changes in circumstances affecting continued elgibility or benefit amount, that it expects to occur, in that month (or in future months);

except that (with the prior approval of the Secretary in recent work history and earned income cases) the State may select categories of recipients who may report at specified less frequent intervals upon a determination that to require individuals in such categories to report monthly would result in unwarranted expenditures for administration of this paragraph; and

(B) that, in addition to whatever action may be appropriate based on other reports or information received by the State agency, the State agency will take prompt action to adjust the amount of assistance payable, as may be appropriate, on the basis of information contained in the report), and will give an appropriate explanatory notice, concurrent with its action, to the family;"

(Application: The Colorado Department of Social Services completed a study on the elimination of MSRs in 1991, and concluded that the most cost effective alternative was to require only MSRs with changes in income or resources to be returned each month. This waiver coupled with retrospective eligibility determination would result in a savings of approximately $80,000 per year assuming the demonstration program would affect 10% of the total caseload.)

5) **Prospective Eligibility** - Sec. 402(a)(14)(A)(ii): "the income and resources it expects to receive, or any changes in circumstances affecting continued eligibility or benefit amount, that it expects to occur, in that month (or in future months);"

(Application: This would allow the demonstration to perform eligibility determination on a retrospective basis, thus basing grant payment upon actual and timely income circumstances.)

6) **185% of Need** - Sec. 402(a)(18): "provide that no family shall be eligible for aid under the plan for any month if, for that month, the total income of the family (other than payments under the plan), without application of paragraph (8), other than paragraph (8)(A)(v), exceeds 185 percent of the State's standard of need for a family of the same composition, except that in determining the total income of the family the State may exclude any earned income of a dependent child who is a full-time student, in such amounts and for such period of time (not to exceed 6 months) as the State may determine;"

(Application: The project design depends upon a combined benefit amount for AFDC, food stamps, and child care that will continue until income reaches a particular percentage of the FPL.)

7) **Sanctions** - Secs. 402(a)(19)(B)(ii) and 402(a)(19)(E)(ii)(I)(II)(III): "in determining the priority of participation by individuals from among those groups described in clauses (i), (ii), (iii), and (iv) of section 403(1)(2)(B), the State will give first consideration to applicants for or recipients of aid to families with dependent children within any such group who volunteer to participate in the program; and

"(E)(ii) the State agency may--

(I) require a parent described in clause (i) (notwithstanding the part-time requirement in subparagraph (C)(iii)(ii)) to participate in educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis,

(II) establish criteria in accordance with regulations of the Secretary under which custodial parents described in clause 9i) who have not attained 18 years of age may be exempted from the school attendance requirement under such clause, or

(III) require a parent described in clause (i) who is age 18 or 19 to participate in training or work activities (in lieu of the educational activities under such clause) if such parent fails to make good progress in successfully completing such educational activities or if it is determined (prior to any assignment of the individual to such educational activities) pursuant to an educational assessment that participation in such educational activities is inappropriate for such parent;"

(Application: Waiver of these provisions will allow the pilot project to base participation upon parameters other than stated above; and will allow the State to establish a system of educational incentives designed to encourage targeted populations to acquire a high school diploma or GED.)

8) **Transitional Medicaid** - Sec. 1925(a)(1): "(a) Initial 6-Month Extension.--(1) REQUIREMENT--Notwithstanding any other provision of this title, each State plan approved under this title must provide that each family which was receiving aid pursuant to a plan of the State approved under part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family becomes ineligible for such aid, because of hours of, or income from, employment of the caretaker relative (as defined in subsection (e)) or because of section 402(a)(8)(B)(II)(II) (providing for a time-limited earned income disregard), shall, subject to paragraph (3) and without any reapplication for benefits under the plan, remain eligible for assistance under the plan approved under this title during the immediately succeeding 6-month period in accordance with this subsection."

(Application: Will allow transitional Medicaid benefits for a period of 12 months after loss of AFDC eligibility.)

9) **Immunizations** - Sec. 404(a)(1): "(a) In the case of any State plan for aid and services to needy families with children which has been approved by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds--

(1) that the plan has been so changed as to impose any residence requirement prohibited by section 402(b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases;"

(Application: Will allow the imposition of sanctions for failure to immunize children under two years of age.)

B. Food Stamp Act provisions for which waivers are requested:

1) **Demonstration Project** - 7 USC Sec. 17 (2026):

Entire Section.

2) **Resources** - 7 USC Sec. 5 (2014)(g)(1)
"The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that ahousehold otherwise eligible to participate in the food stamp program will not be eligible to particpate if its resources exceed $2,000, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,000."

3) **Cash out (Allotment)** - 7 USC Sec. 8 (2017):

Entire Section.

4) **Child Support Disregard** - 7 USC Sec. 5 (2014)(d)(13) and 7 USC 2014(m):

"at the option of a State agency and subject subsection (m), child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act (42 U.S.C. 602(a)(i)(A)(vi))," and

"If a State agency excludes payments from income for purposes of the food stamp program under subsection (d)(13), such State agency shall pay to the Federal Government, in a manner presecribed by the Secretary, the cost of any additional benefits provided to households in such State that arise under such program as the of such exclusion."

4. Applicable Federal Regulations

A. 45 CFR Parts 200 to 499

1) **Statewideness** - Part 205.120(a)(1)(2)

2) **Resources** - Parts 233.20(a)(3) and 233.20(a)(3)(i)(A)(2);

3) **Income Disregards** - Parts 233.20(a)(3)(ii)(A)(C)(D) and 233.20(a)(11);

4) **Retrospective Budgeting** - Parts 233.23; 233.36; and 233.35;

5) **Prospective Budgeting** - Parts 233.22; 233.31; 233.33; and 233.34;

6) **185% of Need** - Parts 233.20(a)(2)(ii); 233.20(a)(2)(iii); and 233.20(a)(3);

7) **Sanctions** - Part 250.34

8) **Transitional Medicaid** -

9) **Immunizations** - Part 233.20

10) **Annual Face-to-face** - Part 206.10(a)(9)

B. 7 CFR Parts 210 to 299

1) **Demonstration Project** - Parts 282.1; 282.2;

282.3; 282.4; and 282.6;

2) **Resources** - Parts 273.8; 273.8(b); and 273.8(h);

3) **Cash Out (Allotment)** - Parts 271.2; 274.2(e); and 274.3;

4) **Child Support Disregard** - Part 273.9(2)(iii).

5) **Annual Face-to-face** - Part 273.2(e)

5. Assumptions

It is the State of Colorado's assumption that the following features can be accomplished with changes to the State Plan, and will not require waivers:

A. Changes to the Child Care fee schedule;

B. Educational financial incentives can be treated as a special need, will qualify for Federal Financial Participation (FFP), and for purposes of this demonstration it is assumed they will not exceed the new resource limits;

C. Cashed-out food stamps will be treated as if they were paid in coupons for purposes of exemption from income and resource determinations in all entitlement programs.

6. State Statute

The preceding waiver requests and enabling legislation at the State level are seen as prerequisites to the demonstration project itself. The State of Colorado has passed comprehensive welfare reform legislation (See Appendix I). Colorado Senate Bill 129 specifically requires the State Department of Social Services to seek waivers "to implement a personal responsibility and employment demonstration program on a voluntary county pilot basis."

7. Cost

A. The State of Colorado will request federal financial participation starting in State Fiscal Year 1995 for educational incentives.

B. Following is a summary of expenditures and savings anticipated for the first two operational years (State Fiscal Years 1993/94 and 1994/95) of the project. For a full explanation of all financial assumptions and estimates, the fiscal note worksheet which accompanied Colorado Senate Bill 129 is attached to this document as Appendix II.

1) Cost and savings have been estimated based upon 4,570 cases. Actual costs and savings will vary depending upon the number of pilot sites and the actual number of cases in the experimental and control groups within each pilot county.

Component	FY 93/94	FY 94/95
Evaluation	$ 30,000	$200,000
Education	0	114,250
Immunizations		
-AFDC	(13,891)	(27,782)
-Medicaid	(19,158)	(42,718)
Resource Limits		
-AFDC	0	154,560
-Medicaid	0	236,134
Time Limitation		
-AFDC	(38,640)	(114,240)
-Medicaid	(53,204)	(175,108)
JOBS Expansion		
-Child care	339,948	679,896
-Training	87,500	175,000
-EE Allowances	12,000	24,000
Employment Incentives		
-8% newly employed	(16,014)	(32,027)
-Additional 40	(217,872)	(871,488)
-Child care	160,038	320,076
AFDC Return Rate		
-AFDC	0	(332,216)
-Medicaid	0	(400,877)
Automated Systems	45,000	50,000
County Administration	158,723	369,129
State Administration	17,421	26,910
TOTALS	$491,851	$353,499

6. Additional Funding

Funding in addition to the above line items will come from the Child Development Block Grant in the amount of $500,000 per year. Colorado also proposes to measure the savings in Federal

Food Stamp dollars resulting from this project and, then, proposes to be allowed to use those savings as an additional funding source for the project.

III. Research and Demonstration Methodology

A. Introduction

As stated in the Legislative Declaration, this project assumes that clients do possess a sense of personal responsibility. The key objective of CPREP is to require recipients to act upon that sense when a realistic opportunity for self-sufficiency is presented to them. To reinforce this requirement, the program places a two-year, life-time eligibility limit upon employable AFDC adult recipients in Colorado who refuse to participate. The comprehensiveness of the features described above are specifically designed to provide a rational system of incentives and sanctions that assist clients in their own motivation to become self-sufficient.

B. Project Design

The policies discussed above will be tested in up to eight demonstration counties that will contain an estimated 10 percent of all AFDC cases in the State. Cost projections stated above are based upon 4,570 cases and it is assumed the number of cases in the pilot will remain stable. Each pilot county will contain an experimental group of cases measured against a control group that will continue to receive AFDC benefits under current policies. The size of the control groups will be determined by the recommendations of the evaluation contractor.

C. Hypothesis To Be Tested

1. A rational system of benefits that eliminates the "cliff effects" created by current policy will result in greater self-sufficiency for clients and long-term savings in constant program dollars.

2. A consolidated benefits package will simplify the administration of public assistance programs in Colorado, and, at the same time, provide clients the flexibility needed to move from welfare to employment.

3. An employment incentive package consisting of greater retained earned income, increased resource limits, and rational earned income disregards that are not time-limited will reduce the return rate of clients to AFDC in both the JOBS/New Directions Program and the AFDC program as a whole.

4. Educational incentives in the form of opportunity and financial reward will result in a higher rate of achievement toward

a high school education and lower rate of drop-outs among AFDC clients.

5. Financial sanctions for failure to immunize all children under 24 months of age in AFDC households will positively impact the overall immunization rate in Colorado while reducing the average amount of Medicaid dollars per child in that age group.

6. A lifetime two-year limit on AFDC eligibility will be an effective sanction against any employable adult who refuses to work toward self-sufficiency.

7. The following restructuring of transitional benefits will positively impact both the AFDC recidivism rate in Colorado and long-term employment patterns for AFDC clients:

* Assistance with child care until earned income reaches 185% of the FPL will enable a greater percentage of employable AFDC adults to work.

* Medicaid benefits that continue until earned income reaches 185% of the FPL will enable a greater percentage of employable AFDC adults to work.

* For those AFDC adults with no child care expenses, an earned income threshold of 130% of the FPL before losing cash assistance will enable a greater percentage of employable AFDC adults to work.

8. The most cost effective alternative to monthly reporting is a system that requires Monthly Status Reports (MSRs) to be returned only when changes in income or resources occur when used in conjunction with a retrospective accounting system.

IV. Evaluation Plan

A. Success Criteria

The purposes of this randomized block experiment are to measure the effects of the following treatments upon the recidivism (return) rate (yield) in Colorado:

1. Employment with increased resource limitation, higher earnings retention, and revised earned income disregards (T1);

2. Mandatory job specific skill training and education through the JOBS Program (T2);

3. Educational incentives through the JOBS Program (T3);

4. Consolidation of AFDC, Food Stamps, and Child Care benefits into a single payment (T4); and

5. Transitional benefits tied to a percentage of the FPL (T5).

Additional treatments will measure the following:

6. Linking mandatory immunizations for all AFDC children up to 24 months of age to eligibility for assistance payments (T6);

7. The effect of a consolidated benefits payment upon reduction of work effort by eligibility technicians (T7); and

8. The effect of requiring MSRs to be returned only when there are changes in income and/or resources (T8).

This project will be considered a success to the degree the return rate within the JOBS Program can be reduced through the comparisons of the control and experimental groups. The goal is a 50% reduction.

B. Data Elements

Case	Source	Variablility
Experimental/Cntrl Grp	Special Program	Daily
Case Number	Eligibility File*	Fixed
Social Security Num.	"	"
Name	"	"
Case Status	"	Can Change Monthly
Action Reason	"	"
Action Date	"	"
Recipient		
Client Status	"	"
Client Grant	"	"
Deprivation	"	"
Emancipated minor	"	"
School Attendance	"	"
Disability	Eligibility File	Can Change Monthly
Education	"	"
Birth Date	"	"
Sex	"	"
Race	"	"
Payment Amount		
AFDC	"	"
Food Stamps	"	"
Child care	"	"
Date	"	"

Employment Income	Source	Variability
Gross	"	"
Net Employment Income	"	"
Hours Worked	"	"
Wages	IEVS	Quarterly
Unemployment Benefits S-1	Eligibility File	Monthly
Unemployment Benefits	IEVS	"
JOBS		
Case Manager	JOBS System**	Fixed
Case Status	"	"
Date Entered	"	"
Participant Status	"	"
Target Group	"	"
Target Date	"	"
Literacy Level	"	"
Date Closed	"	"
JOBS Components		
Employment Status	"	"
Component Start Date	"	"
Component Completion Date	"	"
Component End Date	"	"
Component Scheduled Hours	"	"
Component Sequence	"	"
Component Work Site	"	"
Employment Start Date	"	"
Subsidization Code	"	"
Employment Code	"	"
Hourly Wage	"	"
Hours Per Week	"	"
Job Code	"	"
Insurance Code	"	"
Termination Reason Code	"	"
Termination Date	JOBS System	Fixed
Special Studies		
Client Satisfaction	Survey	Monthly
Eligibility Worker Efforts	"	Daily
Immunizations	"	"

Data will be analysed (using SPSS/SAS) to accept or reject the null hypothesis using 5% level significance tests. The method of analysis will be based upon the books by Kempthorne, Cochran, and Cox.

*AFDC (COIN) and Food Stamps (CAFSS) Computer Files
**JOBS (CACTIS) Computer File

References

Kempthorne, O. The Design and Analysis of Experiments, John Wiley & Sons, Inc., 1952.

Cochran, W.G. and Cox, G.M., Experimental Designs, Second Edition, John Wiley & Sons, Inc., 1957.

Box, George E.P., Statistics For Experimenters, John Wiley & Sons, Inc., 1978.

SPSS Inc., 1990.

SAS Institute Inc., 1985.

C. Work Conducted By

It is anticipated that the evaluation will be conducted by an experienced evaluation contractor from a State Higher Education Institution. The scope of the project will be specified in a Memorandum of Understanding.

V. Work Plan

A. Task #1

Submit waiver application to Administration for Children and Families by July 1, 1993.

B. Task #2

Select pilot county sites by July 15, 1993.

C. Task #3

Conduct pre-implementation activities with pilot sites between July 15, 1993, and December 31, 1993.

D. Task #4

Complete evaluation model design by November 1, 1993.

E. Task #5

Select and notify initial pilot participants by January 1, 1994.

F. Task #6

Train and phase-in expanded JOBS Program caseload and case management staff between January 1, 1994, to July 1, 1994.

G. Task #7

Phase in the following policy changes effective Jan. 1, 1994:

--Employment incentives;
--Exemption of one automobile;
--Two-year time limitation;
--Consolidate AFDC, Food Stamps, and Child Care into a single benefits payment;
--Immunizations required for children up to 24 months of age;
--Negotiation with private employers for open enrollment in health care plans;
--Expand JOBS case management services.

H. Task #8

Phase in the following policy changes effective July 1, 1994:

--Higher resource limitations; and
--Payment of incentives for completion of GED or high school.

I. Task #9

Prepare a preliminary report to the General Assembly to be completed by December 1, 1994.

VI. Project Staff and Facilities

The Colorado Personal Responsibility and Employment Program (CPREP) will be conducted within existing resources and staff at the State Level and by adding 12 FTE at the county level to conduct expanded JOBS Program activities. Each pilot county will continue to report their activity under this experimental project to the Self-Sufficiency Division of the Colorado Department of Social Services.

The organizational charts for Self-Sufficiency are attached as Appendix II.

VII. Implementation Potential

A. Statewide Implementation

The budget estimates contained in this waiver request projects an annual savings of approximately $189,000 beginning the second year of the five year pilot utilizing and experimental group of approximately 4,500 cases or 10% of current caseload.

Assuming the same funding sources and amounts that will

Schedule Name : PERSONAL RESPONIBILITY & EMPLOYMENT PROGRAM
Responsible : SELF SUFFICIENCY
As-of Date : 16-Jun-93 9:00am Schedule File : C:\TL3\DATA\CPREP

PILOT PROJECT

93: Jun 1 7 14 21 28 | Jul 6 12 19 26 | Aug 2 9 16 23 30 | Sep 7 13 20 27 | Oct 4 12 18 25

Task Name	Start Status	Resources
LEGISLATION SIGNED	Done	
WAIVER APPLICATION	Started	MC
COMPLETE DOCUMENTS	Started	
MEET WITH CHILD CARE	Done	
MEET WITH ADVOCATES	Done	
MEET WITH DIRECTOR	Future	
FINAL APPLICATION	Future	
COVER LETTER	Future	
CLEARANCE TO GOV	Future	
FEDERAL REVIEW	Future	
APPLICATION MAILED	Future	
FEDERAL APPROVAL	Future	
SITE SELECTION	Started	ST
LETTER TO ALL CTYS	Done	
SELECTION CRITERIA	Started	
SELECT SITES	Future	
EVALUATION	Future	GK
MOA PROCESSS	Future	
REQUEST & REVIEW PROPOSALS	Future	
SIGN MOA	Future	
DEVELOP EVALUATION MODEL	Future	EVAL
CLIENT SELECTION METHOD	Future	
DATA ELEMENTS	Future	
SAMPLE SELECTION	Future	
ONGOING EVALUATION	Future	
PRELIM REPT TO LEGIS	Future	
FIRST YEAR RESULTS	Future	
STATE RULES: VOL 10	Future	CDSS, CTYS
AFDC RULES	Future	DA
FOOD STAMP RULES	Future	MT
JOBS RULES	Future	BH
CHILD CARE RULES	Future	GH
BUDGET & ACCOUNTING	Future	CDSS, CTYS
BUDGET ADJUSTMENTS FY94	Future	
ACCOUNTING PROCEDURES	Future	
SYSTEM MODIFICATIONS	Future	CDSS, CTYS
USER REQUIREMENTS	Future	
MEET WITH IRM	Future	
STATE: AFDC,FS,JOBS,IV-D,ACCTG	Future	
COUNTY USERS	Future	
SOFTWARE CHANGES	Future	
CODE & TEST	Future	

TIME LINE Gantt Chart Report, Strip 1, Page 1

Task Name	Start Status	Resources	93 Jun 1	7	14	21	28	Jul 6	12	19	26	Aug 2	9	16	23	30	Sep 7	13	20	27	Oct 4	12	18	25
USER ACCEPTANCE	Future																							
INSTALL CHANGES	Future																							
INITIAL CHANGES	Future																							
SECOND YEAR CHANGES	Future																							
INSTALL EQUIPMENT	Future																							
COUNTY IMPLEMENTATION	Future	CTYS, CDSS																						
RESOURCE PLANNING	Future																							
DEVELOP PROCEDURES	Future																							
HIRE STAFF	Future																							
TRAINING	Future																							
ONGOING OPERATIONS	Future	CTYS, CDSS																						
MONITOR & SUPPORT	Future																							

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Scale: 1 day per character

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TIME LINE Gantt Chart Report, Strip 2, Page 2

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94                                                                                                                                 95
Jul                 Aug                       Sep                 Oct                       Nov                Dec                 Jan                     Feb
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95
Mar                 Apr                 May                     Jun
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be present in the pilot program, we could logically project savings to be accrued at a similar rate when applied to the remaining 90% of the AFDC caseload.

B. <u>Special Features</u>

As stated earlier in the narrative section, we think the client profile in Colorado is different from AFDC client profiles in other locales. Our research also indicates that length of stay per episode on AFDC may be shorter than in other states.

C. <u>Final Products</u>

The evaluation component will be the key component in this pilot project, as it is in any experimental study. Indeed, the purpose of doing a pilot is to evaluate what does work, and apply those features Statewide and/or Nationwide.

D. <u>Commitments</u>

As stated above, the State of Colorado is committed to accurately measuring outcomes of this project, sharing those outcomes with all interested parties, and applying those outcomes on the scale and levels that seem appropriate at the conclusion of this study.

OMB Approval No. 0348-0040

ASSURANCES — NON-CONSTRUCTION PROGRAMS

Note: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.

2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.

5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§ 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C.§§ 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

8. Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. §§ 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally assisted construction subagreements.

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program andto purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of Federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C. § 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).

12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).

14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.

16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.

17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.

18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
Karen Beye	Executive Director Colorado Dept. of Social Services
APPLICANT ORGANIZATION	**DATE SUBMITTED**
Colorado Dept. of Social Services	4/25/93

APPENDICES

APPENDIX I

1993

S. Tuffner
d. bishop
[illegible]

An Act

SENATE BILL 93-129

BY SENATORS Traylor, Bird, Bishop, Casey, Cassidy, Hopper, Johnson, Mares, Norton, Owens, Peterson, L. Powers, R. Powers, Rizzuto, Ruddick, Schroeder, Tebedo, Wattenberg, Weissmann, Wells, and Wham;
also REPRESENTATIVES Kerns, Acquafresca, Adkins, Allen, Anderson, Armstrong, Berry, Blue, DeGette, Eisenach, Entz, Fleming, Foster, Friednash, Gordon, Grampsas, Greenwood, Hagedorn, R. Hernandez, T. Hernandez, Jerke, June, Keller, Lawrence, Lyle, Morrison, Nichol, Owen, Pfiffner, Pierson, Prinster, Ratterree, Reeser, Reeves, Romero, Rupert, Snyder, Strom, Sullivan, Tucker, Williams, and Wright.

CONCERNING THE CREATION OF A "PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM" FOR RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN, AND MAKING AN APPROPRIATION THEREFOR.

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

SECTION 1. Article 2 of title 26, Colorado Revised Statutes, 1989 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW PART to read:

PART 5
PERSONAL RESPONSIBILITY AND EMPLOYMENT
DEMONSTRATION PROGRAM

26-2-501. Legislative declaration. (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(a) RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) POSSESS A SENSE OF PERSONAL RESPONSIBILITY;

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and [illegible]

(b) AN EFFECTIVE WELFARE REFORM INITIATIVE IS ONE THAT REQUIRES A RECIPIENT TO ACT UPON A SENSE OF RESPONSIBILITY WHEN AN OPPORTUNITY FOR SELF-SUFFICIENCY IS PRESENTED;

(c) HISTORICALLY, PUBLIC ASSISTANCE POLICY HAS RESULTED IN AFDC RECIPIENTS HAVING TO CHOOSE BETWEEN A PREFERENCE TO BE SELF-SUFFICIENT AND THE REALITY OF NOT BEING ABLE TO OBTAIN AFFORDABLE HEALTH INSURANCE AND CHILD CARE FOR THEIR DEPENDENTS WHEN EMPLOYED;

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

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

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

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

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

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

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

(2) THEREFORE, THE GENERAL ASSEMBLY DECLARES THAT IT IS APPROPRIATE FOR THE STATE TO SEEK ANY NECESSARY WAIVERS FROM THE FEDERAL GOVERNMENT TO AUTHORIZE THE STATE TO IMPLEMENT ON A VOLUNTARY COUNTY PILOT BASIS A PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM THAT PROMOTES LONG-TERM SELF-SUFFICIENCY OF AFDC RECIPIENTS BY PROVIDING SUPPORT MECHANISMS AND INCENTIVES FOR THE RECIPIENT TO MAINTAIN EMPLOYMENT, OBTAIN HEALTH INSURANCE, AND MEET MONTHLY EXPENSES,

INCLUDING CHILD CARE. IT IS THE GENERAL ASSEMBLY'S INTENT THAT THE IMPLEMENTATION OF THE DEMONSTRATION PROGRAM IS TO TEST METHODS THAT PROMOTE LONG-TERM RECIPIENT SELF-SUFFICIENCY.

26-2-502. Definitions. AS USED IN THIS PART 5, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

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

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

26-2-503. Personal responsibility and employment demonstration program authorized - duties of state and county departments - general provisions. (1) THE STATE DEPARTMENT SHALL BE RESPONSIBLE FOR THE DEVELOPMENT AND IMPLEMENTATION OF A PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM FOR RECIPIENTS OF AFDC, AS FOLLOWS:

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

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

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

(b) ON OR BEFORE JANUARY 1, 1994, THE STATE DEPARTMENT SHALL MAKE PREPARATIONS FOR THE IMPLEMENTATION OF THE PROGRAM. SUCH PREPARATIONS SHALL INCLUDE, BUT ARE NOT LIMITED TO, SELECTING PARTICIPATING COUNTIES AND ESTABLISHING CRITERIA FOR PROGRAM PARTICIPANTS, SELECTING AND CONTRACTING WITH AN INDEPENDENT

EVALUATOR, SOLICITING PARTICIPATION FROM PRIVATE ENTITIES FOR INCENTIVES UNDER THE EDUCATION INCENTIVE PLAN, STAFF TRAINING, AND POLICY DEVELOPMENT AND RULE-MAKING.

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

(2) THE DEMONSTRATION PROGRAM SHALL INCLUDE THE FOLLOWING:

(a) INCOME INCENTIVES AND RESOURCE LIMITATION ADJUSTMENTS, AS DESCRIBED IN SUBSECTION (3) OF THIS SECTION;

(b) AN EDUCATION INCENTIVE PLAN, AS SPECIFIED IN SECTION 26-2-504;

(c) A BENEFIT LIMITATION AND EMPLOYMENT PLAN, AS SPECIFIED IN SECTION 26-2-505;

(d) A COMPREHENSIVE BENEFITS PACKAGE PLAN, AS SPECIFIED IN SECTION 26-2-506; AND

(e) A PREVENTIVE HEALTH CARE PLAN, AS SPECIFIED IN SECTION 26-2-507.

(3) (a) PERSONS PARTICIPATING IN THE DEMONSTRATION PROGRAM MAY EARN AND RETAIN MONTHLY INCOME IN AN AMOUNT TO BE ESTABLISHED IN RULES ADOPTED BY THE STATE BOARD WITHOUT BECOMING INELIGIBLE FOR ASSISTANCE. HOWEVER, THE GRANT FOR AN AFDC HOUSEHOLD PARTICIPATING IN THE DEMONSTRATION PROGRAM SHALL BE CALCULATED BY DISREGARDING A PORTION OF ALL EARNED INCOME OF RECIPIENTS IN THE AFDC HOUSEHOLD, SUCH PORTION OF INCOME TO BE ESTABLISHED IN RULES ADOPTED BY THE STATE BOARD. IN ADDITION, AN AFDC HOUSEHOLD SHALL BE ELIGIBLE FOR ASSISTANCE UNTIL SUCH TIME AS THE HOUSEHOLD'S INCOME REACHES A SPECIFIC PERCENTAGE OF THE FEDERAL POVERTY LEVEL, SUCH PERCENTAGE TO BE ESTABLISHED IN RULES ADOPTED BY THE STATE BOARD IN ACCORDANCE WITH PROVISIONS APPROVED BY THE FEDERAL GOVERNMENT.

(b) (I) UPON THE IMPLEMENTATION OF THE PROGRAM, AN AFDC HOUSEHOLD PARTICIPATING IN THE DEMONSTRATION PROGRAM SHALL BE ALLOWED ONE AUTOMOBILE THAT SHALL BE EXEMPT FROM THE COUNTABLE RESOURCES FOR THE HOUSEHOLD.

(II) BEGINNING SIX MONTHS AFTER THE IMPLEMENTATION OF THE PROGRAM, PERSONS PARTICIPATING IN THE DEMONSTRATION PROGRAM MAY HAVE RESOURCES IN AN AMOUNT TO BE ESTABLISHED IN RULES ADOPTED BY THE STATE BOARD WITHOUT BECOMING INELIGIBLE FOR ASSISTANCE.

HOWEVER, THE RESOURCE LIMIT SHALL NOT BE MORE THAN FIVE THOUSAND DOLLARS FOR HOUSEHOLDS IN WHICH A MEMBER IS EMPLOYED OR WAS EMPLOYED FOR SIX CONSECUTIVE MONTHS PRIOR TO APPLYING FOR OR RECEIVING AFDC AND SHALL NOT BE LESS THAN TWO THOUSAND DOLLARS FOR ALL OTHER HOUSEHOLDS.

(c) NOTHING IN THIS SUBSECTION (3) SHALL BE CONSTRUED TO EXTEND THE PERIOD DURING WHICH A PERSON MAY RECEIVE AFDC-UP BENEFITS.

(4) COUNTY DEPARTMENTS PARTICIPATING IN THE DEMONSTRATION PROGRAM MAY DEVELOP VOLUNTEER-BASED PROGRAMS FOR AFDC RECIPIENTS PARTICIPATING IN THE DEMONSTRATION PROGRAM. IN ADDITION, THE COUNTY DEPARTMENTS MAY ESTABLISH AGREEMENTS OR MAY CONTRACT WITH ANY PUBLIC OR PRIVATE ENTITY FOR THE PROVISION OF CASH PAYMENTS, GOODS, OR SERVICES AS INCENTIVES FOR AFDC RECIPIENTS PARTICIPATING IN THE DEMONSTRATION PROGRAM. SUCH SERVICES OR INCENTIVES SHALL INCLUDE, BUT ARE NOT LIMITED TO, JOB READINESS TRAINING, CLIENT MENTORING, FAMILY BUDGETING, AND MONEY MANAGEMENT TRAINING. NOTHING IN THIS SUBSECTION (4) SHALL BE CONSTRUED TO EXTEND THE PERIOD DURING WHICH A PERSON MAY RECEIVE AFDC-UP BENEFITS.

(5) THE STATE BOARD SHALL ADOPT RULES NECESSARY FOR THE IMPLEMENTATION OF THE DEMONSTRATION PROGRAM. THE STATE DEPARTMENT SHALL DEVELOP AND IMPLEMENT ADMINISTRATIVE PROCEDURES FOR THE DEMONSTRATION PROGRAM, INCLUDING THE USE OF COST-EFFICIENT ADMINISTRATIVE PROCEDURES AND FORMS IN IMPLEMENTING THE DEMONSTRATION PROGRAM.

26-2-504. Education incentive plan. (1) BEGINNING SIX MONTHS AFTER THE IMPLEMENTATION OF THE PROGRAM, FINANCIAL INCENTIVES, AS ESTABLISHED THROUGH RULES ADOPTED BY THE STATE BOARD, SHALL BE PROVIDED TO RECIPIENTS PARTICIPATING IN THE DEMONSTRATION PROGRAM WHO RECEIVE A HIGH SCHOOL DIPLOMA OR GENERAL EQUIVALENCY DIPLOMA.

(2) PERSONS PARTICIPATING IN AN EDUCATION INCENTIVE PLAN SHALL BE REFERRED, BASED ON A NEEDS ASSESSMENT, TO PARTICIPATE IN EDUCATIONAL PROGRAMS, JOB TRAINING COURSES, PARENTING SKILLS CLASSES, FAMILY PLANNING COURSES, OR TO OBTAIN SUBSTANCE ABUSE TREATMENT, MENTAL HEALTH COUNSELING, PRENATAL CARE, NUTRITION COUNSELING OR SERVICES, OR ANY OTHER TREATMENT NECESSARY TO ATTAIN SELF-SUFFICIENCY. SUCH SERVICES MAY BE PROVIDED BY PUBLIC OR PRIVATE ENTITIES THAT CONTRACT WITH THE COUNTY DEPARTMENTS PURSUANT TO SECTION 26-2-503 (4).

26-2-505. Employment and transitional benefits plan. (1) AN EMPLOYABLE RECIPIENT IN AN AFDC HOUSEHOLD PARTICIPATING IN THE DEMONSTRATION PROGRAM SHALL BE REQUIRED TO BE EMPLOYED, TO BE PARTICIPATING IN AN EDUCATIONAL PROGRAM, OR TO PARTICIPATE IN THE JOBS PROGRAM. A RECIPIENT WHO FAILS TO PARTICIPATE IN SUCH ACTIVITIES SHALL BE SUBJECT TO SANCTIONS FOR NONPARTICIPATION AS

SET FORTH IN SECTION 26-2-410.

(2) (a) UPON THE EXPIRATION OF TWO YEARS DURING WHICH AN EMPLOYABLE RECIPIENT RECEIVED AFDC, INCLUDING ANY PERIOD DURING WHICH SANCTIONS PURSUANT TO SUBSECTION (1) OF THIS SECTION WERE IMPOSED, THE AFDC GRANT FOR THE HOUSEHOLD IN WHICH THE RECIPIENT RESIDES SHALL BE CALCULATED WITHOUT CONSIDERING THE NEEDS OF THE RECIPIENT IF:

(I) SUCH PERSON IS NOT EMPLOYED OR PARTICIPATING IN AN EDUCATIONAL PROGRAM OR, WITHOUT GOOD CAUSE, IS NOT PARTICIPATING IN THE JOBS PROGRAM; AND

(II) SUCH PERSON HAS BEEN SUBJECT TO SANCTIONS PURSUANT TO SUBSECTION (1) OF THIS SECTION DURING THE TWO-YEAR PERIOD.

(b) THE CALCULATION DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (2) SHALL BE PERMANENT FOR THE LENGTH OF THE DEMONSTRATION PROGRAM, TO THE EXTENT AUTHORIZED BY FEDERAL WAIVER.

(c) ANY INCOME OR RESOURCES OF THE EMPLOYABLE RECIPIENT SHALL BE CONSIDERED AVAILABLE TO THE HOUSEHOLD.

(3) ANY PORTION OF THE TWO-YEAR ELIGIBILITY LIMITATION THAT HAS EXPIRED FOR AN EMPLOYABLE RECIPIENT WHO BECOMES INELIGIBLE FOR AFDC DUE TO EMPLOYMENT OR THE EXPIRATION OF THE TIME LIMITATION SHALL APPLY WHEN SUCH EMPLOYABLE RECIPIENT REAPPLIES FOR AFDC.

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

26-2-506. Comprehensive benefits package plan. THE STATE DEPARTMENT SHALL PROVIDE FOR THE CONSOLIDATION OF ANY AFDC, FOOD STAMPS, OR CHILD CARE BENEFITS INTO A UNIFIED CASH BENEFIT FOR APPROPRIATE RECIPIENTS PARTICIPATING IN THE DEMONSTRATION PROGRAM, AS DETERMINED BY THE RESPECTIVE COUNTY DEPARTMENT OF SOCIAL SERVICES. ON OR BEFORE JULY 1, 1994, COUNTY DEPARTMENTS FOR PARTICIPATING COUNTIES SHALL COMMENCE PAYMENT OF CONSOLIDATED BENEFITS TO PARTICIPANTS ON A PHASED-IN BASIS. BEGINNING JULY 1, 1994, OR SIX MONTHS AFTER THE IMPLEMENTATION OF THE PROGRAM, WHICHEVER OCCURS LATER, CONSOLIDATED PAYMENTS SHALL BE MADE TO ALL PARTICIPANTS IN THE PARTICIPATING COUNTIES.

26-2-507. Preventive and extended health care plan. (1) (a) A CARETAKER APPLICANT OR RECIPIENT OF AFDC SHALL PROVIDE VERIFICATION THAT THE DEPENDENT CHILDREN OF THE AFDC HOUSEHOLD WHOSE AGES ARE TWENTY-FOUR MONTHS OR LESS HAVE RECEIVED APPROPRIATE IMMUNIZATIONS AGAINST CONTAGIOUS DISEASES IN ACCORDANCE WITH THE "INFANT IMMUNIZATION ACT", PART 17 OF ARTICLE 4 OF TITLE 25, C.R.S. THE IMMUNIZATIONS SHALL BE COVERED AS A MANDATORY SERVICE UNDER THE STATE MEDICAL ASSISTANCE PROGRAM. ANY PERSON WHO PROVIDES MEDICAL TREATMENT TO A DEPENDENT CHILD SOLELY

BY SPIRITUAL MEANS IN ACCORDANCE WITH ANY LIMITATIONS SET FORTH IN SECTION 19-3-103, C.R.S., SHALL NOT BE SUBJECT TO THIS SUBSECTION (1).

(b) THE FAILURE OF A CARETAKER RECIPIENT TO COMPLY WITH THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (1) WITHOUT GOOD CAUSE SHALL RESULT IN FINANCIAL SANCTIONS AS SET FORTH IN RULES ADOPTED BY THE STATE BOARD. NO SANCTION MAY BE IMPOSED WITHOUT PROVIDING THE RECIPIENT AN OPPORTUNITY FOR A FAIR HEARING IN ACCORDANCE WITH THE "STATE ADMINISTRATIVE PROCEDURE ACT", ARTICLE 4 OF TITLE 24, C.R.S.

(2) COUNTY DEPARTMENTS ARE ENCOURAGED TO NEGOTIATE WITH EMPLOYERS TO OBTAIN OPEN ENROLLMENT PERIODS UNDER HEALTH INSURANCE PLANS AND WITH INSURERS FOR THE WAIVER OF MANDATORY WAITING PERIODS FOR COVERAGE UNDER EMPLOYER HEALTH INSURANCE PLANS FOR RECIPIENTS OF MEDICAL ASSISTANCE UNDER THE STATE MEDICAL ASSISTANCE PROGRAM WHO BECOME INELIGIBLE FOR SUCH ASSISTANCE DUE TO EMPLOYMENT.

26-2-508. Independent program evaluation - reports to the general assembly. (1) THE STATE DEPARTMENT SHALL SUBMIT A PRELIMINARY REPORT TO THE GENERAL ASSEMBLY NO LATER THAN DECEMBER 1, 1994, AS TO THE STATUS OF ANY FEDERAL WAIVERS REQUESTED BY THE STATE DEPARTMENT AND AS TO THE EXTENT, IF ANY, TO WHICH THE DEMONSTRATION PROGRAM HAS BEEN IMPLEMENTED.

(2) THE STATE DEPARTMENT SHALL CONTRACT WITH AN INDEPENDENT AGENCY TO EVALUATE THE OVERALL EFFECTIVENESS AND COST-EFFICIENCY OF THE PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM. THE AGENCY SHALL EVALUATE THE DEMONSTRATION PROGRAM ANNUALLY AND SHALL SUBMIT TO THE GENERAL ASSEMBLY A FINAL REPORT ON THE OVERALL EFFECTIVENESS AND COST-EFFICIENCY OF THE DEMONSTRATION PROGRAM, WITH WRITTEN FINDINGS AND RECOMMENDATIONS FOR THE CONTINUATION AND STATEWIDE IMPLEMENTATION OF THE PERSONAL RESPONSIBILITY AND EMPLOYMENT DEMONSTRATION PROGRAM. THE FINAL REPORT SHALL BE MADE AT THE SAME TIME A REPORT IS SUBMITTED TO THE APPROPRIATE FEDERAL AGENCY IN COMPLIANCE WITH ANY FEDERAL EVALUATION REQUIREMENT.

26-2-509. Applicability of social services code. THE PROVISIONS OF THIS TITLE NOT INCLUDED IN THIS PART 5 SHALL APPLY TO THE EXTENT SUCH PROVISIONS ARE CONSISTENT WITH THE PROVISIONS OF THIS PART 5. TO THE EXTENT THERE IS A CONFLICT BETWEEN THE PROVISIONS OF THIS PART 5 AND ANY OTHER PROVISION OF THIS TITLE, THE PROVISIONS OF THIS PART 5 SHALL SUPERSEDE THE CONFLICTING PROVISION, BUT ONLY IF THE PROVISION IN THIS PART 5 IS AUTHORIZED BY FEDERAL WAIVER.

26-2-510. Implementation of part contingent upon receipt of federal waiver - repeal of part. (1) THE IMPLEMENTATION OF THIS PART 5 IS CONDITIONED, TO THE EXTENT APPLICABLE, UPON THE

ISSUANCE OF NECESSARY FEDERAL WAIVERS BY THE FEDERAL GOVERNMENT, AVAILABLE APPROPRIATIONS, AND THE AVAILABILITY OF SUFFICIENT PILOT SITES. THE PROVISIONS OF THIS PART 5 SHALL BE IMPLEMENTED TO THE EXTENT AUTHORIZED BY FEDERAL WAIVER. THE STATE DEPARTMENT SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY AS TO PROVISIONS THAT HAVE BEEN APPROVED BY FEDERAL WAIVER, WITH RECOMMENDATIONS FOR LEGISLATION THAT CONFORMS WITH THE WAIVER PROVISIONS NO LATER THAN THE NEXT REGULAR LEGISLATIVE SESSION FOLLOWING THE ISSUANCE OF THE WAIVER.

(2) PROVISIONS OF THIS PART 5 THAT ARE APPROVED BY THE FEDERAL GOVERNMENT AND ARE AUTHORIZED BY FEDERAL WAIVER SHALL REMAIN IN EFFECT ONLY FOR AS LONG AS SPECIFIED IN THE FEDERAL WAIVER. THE STATE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO THE REVISOR OF STATUTES OF THE DATE SPECIFIED IN THE WAIVER, AND THIS PART 5 SHALL BE REPEALED, EFFECTIVE JULY 1 OF THE YEAR SPECIFIED IN THE WAIVER.

(3) THIS PART 5 IS REPEALED, EFFECTIVE JULY 1, 1998, UNLESS REPEALED PRIOR TO SAID DATE IN ACCORDANCE WITH SUBSECTION (2) OF THIS SECTION.

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

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

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

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

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

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

Tom Norton
Tom Norton
PRESIDENT OF
THE SENATE

Charles E. Berry
Charles E. Berry
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Joan M Albi
Joan M. Albi
SECRETARY OF
THE SENATE

Lee C. Bahrych
Lee C. Bahrych
as t CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED June 8, 1993 at 9:16 a.m.

Roy Romer
Roy Romer
GOVERNOR OF THE STATE OF COLORADO

APPENDIX II

FISCAL NOTE WORKSHEET

DEPARTMENT: Social Services DATE PREPARED: 2-16-93

Bill Number: SB 93-129 Worksheet Prepared by: Don Bishop
Bob Gdovin RFG

Amended as of: Classification/Title:
Submitted to (F.N. Analyst) Amy Zook Phone Number: 303-866-3103
303-866-3648

Date Received by F.N. Analyst: Agency: Office of Self-Sufficiency
Budget Office

Department F.N. Coordinator Approval:

Identify by statutory citation (e.g., 26-36-118 (b)) those parts of the proposed legislation involving the fiscal impact to your department. Describe the nature of the impact of each separate statutory change (e.g, new program mandated; program expansion; change in fee schedule, etc). Indicate where the impact will occur (e.g., at state level, local level, department wide, etc.). Separate work sheets for each Division are not required.

1. 26-2-503 (1) requires the state department to seek waivers from the federal government to operate the Personal Responsibility and Employment Program, for up to five years, in selected counties that volunteer to participate. Implementation is conditional upon approval of waivers and availability of adequate pilot sites. The Dept. can only implement within appropriations.

2. 26-2-503 (3) authorizes the state department to modify existing rules of the AFDC program to allow participating recipient households to retain a larger portion of their earnings than is currently allowed by federal and state policies.

3 26-2-503 (3) authorizes the state department to allow participating AFDC recipient households to have resources up to an amount that is higher than provided by current federal and state policies.

4. 26-2-503 (4) authorizes the state and county departments to develop volunteer based programs and to enter into agreements and contracts with other public and private interests to provide necessary services to participating households for such services as job readiness training, client mentor, family budgeting and money management training.

5. 26-2-503 (5) authorizes the Department to test new administrative policies and procedures utilizing the implementation of the project.

6. 26-2-504 (1) requires the pilot county departments to provide incentives to members of participating households who graduate from high school or obtain a GED.

7. 26-2-505 (1) authorizes the State Board to establish a time limitation for receipt of AFDC benefits. Employable members of AFDC households, who have reached the time limitation, will be required to participate in employment, education and/or training as a condition of receipt of AFDC. Failure to participate will result in the financial sanction of that individual.

8. 26-2-506 authorizes the state department to consolidate the payment of current AFDC, Food Stamp and Child Care benefits to households participating in the Personal Responsibility and Employment Program into a single comprehensive package which will be paid to eligible households in a single monthly payment. This will include the payment of Food Stamp benefits in the form of cash.

9. 26-2-507 (1) requires the county department to verify that infants, up to 24 months of age, in households applying for, or receiving, AFDC have received appropriate immunizations in accordance with Article 4 of Title 25 Part 17, Infant Immunization Act. Failure to provide required verification shall result in financial sanction of the

caretaker.

10. 26-2-507 (2) authorizes the pilot county departments to negotiate open enrollment in employer health insurance plans to former Medicaid recipients, who become ineligible for Medicaid coverage due to employment and to waive mandatory waiting periods for insurance coverage.

11. 26-2-508 (2) requires an independent evaluation of the program.

12. Section 2. authorizes the Department to pay costs of the Personal Responsibility and Employment Program, which may include the additional costs to participating counties, from the AFDC grant line of the Department's budget.

Identify other departments or divisions which might be impacted by this bill which were not identified on the routing slip.

1. Department of Education
2. Department of Health
3. Department of Regulatory Agencies

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Assumptions: List all assumptions used in making the fiscal impact estimate (e.g, required number of units to be purchased; additional FTE required to implement program; inflation assumptions used in analysis; method of determining operating expenses). When a projected or potential cost can be absorbed, please explain why it can be absorbed.

GENERAL

1. Precise estimates cannot be made for some requirements of the pilot project. This analysis is intended to estimate the direction and magnitude of fiscal impacts that may occur.

2. Some requirements of this legislation are intended to affect behaviors of AFDC applicants and recipients in areas for which there is no historical data on which to build assumptions. Assumptions in these areas are based upon the best estimates of state and/or county program staff.

3. The federal government may establish requirements and conditions for waiver approval which could significantly affect the assumptions used in this analysis.

4. Potential costs and savings may also be affected by the ability of individual County Departments of Social Services to absorb workload and to develop necessary community resources.

5. The bill will be approved effective July 1, 1993; with a phased implementation beginning between October 1, 1993 and January 1, 1994. A preliminary concept paper was been submitted to the Federal government in December, 1992 for initial review. Costs and savings for FY 95 have been estimated at approximately one-half of a full twelve month rate. Changes in the implementation schedule could affect costs and savings.

6. FY 94 caseloads and costs have been used, where applicable, to estimate costs and savings beginning in FY 94. FY 94 AFDC case load is estimated to be 45,698 cases per month.

7. The following are federal, state, county funding splits for FY 94:

	AFDC and CHILD CARE	CH CARE BLOCK GRANT	County Admin.	System Changes	Medicaid
General Funds	25.67%		30%	50%	45.67%
County Funds	20.00%		20%		
Federal Funds	54.33%	100%	50%	50%	54.33%

Assumed funding splits for AFDC and Medicaid for FY 95 and later years are shown on the attached spreadsheet.

8. It is assumed that the Federal government will allow savings of federal funds in one program to be used to offset costs to other program areas in order to achieve cost neutrality.

9. Food Stamp Benefits are not included in this analysis because they are 100% Federally funded and are not appropriated by the General Assembly.

10. Costs and savings for each of the major provisions of the bill have been estimated separately by comparing to current program costs.

11. Costs and savings have been estimated in the following areas: AFDC grants; Job Services; Medicaid; child care; county administration; state administration; automated system changes; and project evaluation.

12. Average AFDC payments are $356 per month for a family of one adult and two children. AFDC sanctions for adults are $149 per month.

14. Costs and savings have been estimated for implementation in pilot counties

containing 10% of all AFDC cases (45,698 x .10 = 4,570 cases in the pilot). It is assumed that the number of AFDC cases in the project will remain stable. Although the Medicaid caseload is projected to increase annually by 10.44% for adults and 15.66% for children, the cases in the pilot will be drawn from AFDC money payment cases.

15. Average Medicaid cost for FY 94 is $2,465.90 per year for adults and $1,104.25 per year for children based on FY 94 expenditure projections.

16. The current estimated increase in Medicaid costs for FY 93 to FY 94 for AFDC eligible individuals is assumed to remain at the same level for FY 95. The increase is 11.49% for AFDC adults and 10.35% for AFDC children. Average Medicaid costs are assumed to be the following:

	FY 94	FY 95	FY 96
Adults (11.49%)	$2,465.90	$2,749.23	$3,065.12
Children (10.35%)	$1,104.25	$1,218.54	$1,344.66

17. The average AFDC Medicaid Household is 1 adult and 1.96 children with average Medicaid cost for FY 94 of $2,465.90 + $1,104.25 x 1.96 = $4,630.23 and an average cost for FY 95 of $2,749.23 + $1,218.54 x 1.96 = $5,137.57. This represents an increase of 10.97% per year which is assumed to be the annual rate of increase for the average household.

18. Financial sanctions will include the loss of AFDC and Medicaid benefits for the caretaker relative.

19. The state department will expand existing JOBS program services to support self sufficiency activities of participating households.

20. It is assumed that funds will be available in the Department's budget for the state and county start up costs for this project.

21. All calculations have been rounded and are summarized on attached spread sheets.

<u>Evaluation</u>

1. Evaluation costs are estimated based on discussions with federal officials from the Administration for Children and Families (ACF) and on Department estimates of the scope of this project. Evaluation activities in FY 94 will be limited to initial design and data gathering at a cost of $30,000. Activities in FY 95 will include rigorous analysis and preparation of first year results at an estimated cost of $200,000 in FY 95 and in each following year. The evaluation design, monitoring and reporting will be contracted to an outside entity.

2. The federal government will require a rigorous evaluation component using an experimental and control model with random assignment of participants.

<u>Other Potential Costs:</u>

1. County departments may experience an increase in the number of reports to child protection due to the negative impact of some provisions on parents' ability to provide for their children's basic needs. This impact cannot be quantified.

2. There is a potential cost for legal services resulting from the increased risk of lawsuits arising from the project. This impact cannot be quantified.

<u>Education and Training</u>

1. Incentives in the form of cash, goods and/or services will be paid to eligible recipients who ~~show satisfactory progress toward and/or~~ who graduate high school or obtain a GED.

2. Education, training and treatment programs will be provided through existing programs or may be developed through this project.

3. The cost for incentives and any additional new training will average $500.00 per

qualifying participant.

4. It is assumed that 25% of all recipients will be potentially eligible and that 20% of those potentially eligible will receive incentives.

5. It is assumed that clients will be selected in April , 1994 and that payments will begin in July, 1994.

Calculation: FY 95; 4,570 cases x .25 x .20 x $500.00 = $114,250.

IMMUNIZATION REQUIREMENT

1. 17% of households will contain a child under the age of two years.

2. 2% of caretakers will be sanctioned for failure to obtain immunizations.

3. It is assumed this policy will go into effect on January 1, 1994.
Calculation:

AFDC: FY 94: 4,570 x .17 x .02 x $149 x 6 months = ($13,891) savings per year.
FY 95: 4,570 x .17 x .02 x $149 x 12 months = ($27,782) savings per year.

Medicaid:

FY 94: 4,570 cases x .17 households x .02 caretakers sanctioned x $2,465.90 = ($38,315) annual cost / 2 = ($19,158) for six months.

FY 95: 4,570 cases x .17 households x .02 caretakers sanctioned x $2,749.23 = ($42,718) for twelve months.

RESOURCE LIMITATIONS

1. The resource value of one car will be exempted for recipient households in the demonstration project effective January 1, 1994. A very small number of families are currently discontinued due to excess value of an automobile and the fiscal impact for FY 94 will be negligible.

2. The resource limit (currently $1,000) will be increased to $5,000 for families with a member who is employed or has been employed within six months. All other households will have a resource limit of $2,000. It is assumed this policy will be implemented effective July 1 , 1994.

3. It is assumed that additional cases equal to 1% of the AFDC case load will become, or will remain, eligible under this policy.

Calculation:

AFDC: FY 95: 4,570 cases x .01 = 46 cases x $280 x 12 months = $154,560 per year additional cost beginning in FY 95.

Medicaid:

FY 95: 4,570 cases x .01 = 46 adults x $2,749.23 = $126,465 additional cost. 4,570 cases x 1.96 children = 8,957 children x .01 = 90 children. 90 children x $1,218.54 = $109,669. Total = $126,465 + $109,669 = $236,134.

TIME LIMITATION

1. Employable adults will lose eligibility for benefits after a set time period if they are not actively participating in employment, training or education.

2. It is assumed that the time limitation will be two years.

3. It is assumed that .5% of cases will leave AFDC early due to time limitation beginning in January, 1994 and .75 % of cases will leave early in FY 95.

Calculation:

FY 94: AFDC savings: 4,570 cases x.005 = 23 cases x $280 (net AFDC) x 6 months =

($38,640) in FY 94. FY 95 = 4,570 x .0075 = 34 cases x $280 x 12 months = ($114,240).

Medicaid savings: FY 94: 23 adults x $2,465.90 = ($56,716) for 12 months and 23 cases x 1.96 children = 45 children x $1,104.25 = ($49,691) for 12 months; Total FY 94 savings = ($106,407) / 2 (6 months) = ($53,204). FY 95: 34 adults x $2,749 = ($93,466) and 34 cases x 1.96 children = 67 children $1,218.54 = ($81,642); total FY 95 savings = ($175,108).

GROUP HEALTH ENROLLMENT

1. County Departments will negotiate enrollment into group health insurance plans for former recipients who lose Medicaid eligibility.

2. It is assumed that this provision will allow additional employed former recipients to retain employment and to avoid returning to AFDC and Medicaid and will result in future program savings.

3. Fiscal impact will be minimal during the first two years of the project.

JOBS PROGRAM EXPANSION

1. It is assumed that an additional ten case managers will be hired to provide services to an additional 700 JOBS participants each month. Selection will be based upon family assessments and the time limitation policy. (Cost estimate is included in County Administration section).

2. Savings will result from additional individuals who will be placed in employment resulting in reduced or discontinued assistance benefits. (Savings are estimated under the Employment Incentives section).

3. Child care costs will increase due to the additional number of recipients in training programs.

4. Costs for training programs will increase for 25% of participants.

5. An additional 40 cases entering employment will require $50 entered employment allowances.

Calculation:

JOBS child care: FY 94: 700 cases x .57 (current utilization rate) x $142 (current average payment per case) x 6 months = $339,948 in additional cost. FY 95: 700 cases x .57 (current utilization rate) x $142 (current ave payment per case) x 12 months = $679,896 additional cost.

JOBS training: 700 cases x 25% in training x $1,000 = $175,000 per year additional cost in FY 95. Fy 94 costs will be 1/2 of FY 95 = $87,500.

JOBS entered employment allowances: 40 cases per month x $50 x 6 months = $12,000 in FY 94 and $24,000 in FY 95.

CHILD CARE

1. Child Care payments will be part of the pooled benefit package for employed recipients.

2. Direct payments will be made to recipients for AFDC Employment child care and for Transitional child care.

3. Average current child care payments are $240 per case per month for employed AFDC cases, $142 per case for JOBS training participants and $261.50 per case per month for Transitional Child Care cases.

4. Child Care utilization rates are assumed to be 40% for employed AFDC cases, 57%

for JOBS training case and is 25% for Transitional Child Care cases.

5. Additional child care payments will result from the expanded JOBS participation and the increased number of employed participants receiving AFDC and Transitional child care subsidies.

6. The department has spending authority for the Child Care Development Block Grant (CCDBG). For purposes of this fiscal note, it is assumed that $500,000 of the additional costs for child care will qualify for, and be paid from the CCDBG funds.

7. Other additional Child Care costs will be reimbursed at the AFDC Federal financial participation rate for AFDC.

Employment Incentives

1. Actual costs of this provision will depend on the rules approved by waiver and established by the State Board. Note: the Federal government has expressed concern for approval of the Food Stamp cash-out waiver.

5. Families will be eligible for the combined benefits if their gross family income is less than 130% of the Federal Poverty Level (FPL): 1.3 x $964 (FPL) = $1,253 for a family of three. Note: 130% of FPL is the current income limit for the Food Stamp Program.

2. Amount of the combined benefit will be determined by disregarding a greater portion of earned income than is allowed under current Federal policies for the AFDC program.

3. For the purpose of this fiscal note worksheet, it is assumed that the current AFDC income disregard will be replaced by a formula that disregards the first $120 and 58% of the remainder. A comparison of the current and pilot methodologies is included on a spreadsheet that is attached to this worksheet.

8. The following is a summary comparison of pilot policies and the current policies for the average case with one adult and two children with employment earnings of $730 per month with no child care and with child care costs of $240 per month.

	CURRENT POLICIES	PILOT POLICIES	NET CHANGE
AFDC GRANT:			
WITH NO CHILD CARE	$12	$139	$127
CHILD CARE = $240	$215	$343	$128

12. An average AFDC family consists of one adult and two children.

13. Approximately 16% of the AFDC caseload will have employment income as compared to 8% currently employed: an additional 8% of the caseload will have employment income.

15. Average recipient earnings will be $730 per month.

16. Child care will average $160 per month per child eligible for AFDC for 60% of these cases based upon current utilization. 40% of the cases will not require child care. An average of 1.5 children will require child care per case: $160 x 1.5 children = $240 per month.

17. The additional cost per case of $127 per month for cases without child care and $128 for those with child care represents the difference between the current and the proposed disregard methodology for the 8% of cases currently employed (see chart above).

18. Savings will occur for the additional 8% newly employed cases with an average

savings of $216 per month for cases without child care ($356 full AFDC grant - $140 pilot grant) and a savings of $13 per month for cases with child care ($356 full AFDC grant - $343 pilot grant).

Calculation:

Additional cost for the 8% currently employed: 4,570 cases x .08 x $127.50 (ave. grant increase) x 12 months = $559,368.

Savings will result from the additional 8% that enter employment:

4,570 cases x .08 x .60 x $216 x 12 months = ($568,561).
4,570 cases x .08 x .40 x $13 x 12 months = ($22,813).
Total Savings = ($591,395).

Net savings: $559,368(cost) - $591,395(savings) = ($32,027) for full year in FY 95 and one-half x ($32,027) = ($16,014) in FY 94.

19. An additional 40 cases per month will leave AFDC due to increased employment incentives and services of the JOBS program.

20. Savings of AFDC benefits will result for the 85% of the 40 cases that do not return to AFDC within 12 months. It is assumed that the savings will equal 3 months of AFDC benefits in FY 94 and 6 months in FY 95.

21. Additional costs will result from the additional 40 cases per month that enter employment and require transitional child care.

Calculation:

AFDC: FY 94: 40 cases x .85 x 6 months x $356 per month x 3 months = ($217,872). FY 95: 40 cases per month x .85 x 12 months x $356 per month x 6 months = ($871,488) annual savings.

Child Care: 40 cases per month x 12 months x .85 x .25 utilization rate x 12 months x $261.50 = $320,076 additional annual cost in FY 95 for transitional child care. FY 94 costs will be $320,076 /2 = $160,038 for 6 months.

AFDC RETURN RATE

1. Currently, 470 cases per month leave AFDC and have employment earnings on a statewide basis: 47 (10% of total) cases per month will be in the pilot project.

2. It is assumed that an additional 40 cases per month will enter employment and leave AFDC under the pilot project resulting in a total of 87 cases per month.

3. Approximately 30% of cases currently entering employment return to AFDC within 12 months.

4. It is assumed that the return rate will be reduced to 15% for cases in the pilot.

5. Average length of time on AFDC is currently an average of 13 months for each time on AFDC for closed cases. It is assumed that cases not returning will result in a savings of at least 6 months in average benefits for FY 95.

6. AFDC and Medicaid savings will begin in the second year (FY 95) due to the cases that do not return to AFDC and Medicaid:

RATE OF RETURN TO AFDC

	CASES CLOSED PER MONTH		RETURN RATE	CASES RETURNING
CURRENT RATE	87	x	.30	26
PILOT RATE	87	x	.15	13
			DIFFERENCE	13 cases per month

Calculation:

AFDC: 13 cases per month x 12 months x $356 x 6 months = ($332,216) annual savings.

Medicaid:

FY 95: 13 adults x 12 months = 156 adults x $2,749.23/2 (for 6 months) = ($214,440) and 13 x 12 x 1.96 children = 306 children x $1,218.54/2 = ($186,437); Total FY 95 savings = ($400,877).

COUNTY ADMINISTRATION

1. County Administration costs will increase as a result of 11.95 additional FTEs necessary in FY 95 (first full year) to accomplish duties required by graduation incentives (.68 FTE), immunization requirement (.38 FTE), JOBS expansion (10 FTE), time limitation (.43 FTE) and Transitional Child Care (.46 FTE). These positions will be phased in during FY 94 at 4.98 FTEs.

2. Estimates of salaries are based upon average for FY 91 adjusted by 2.5% annual increases (7.5% for FY 94). County staff salary costs are for Income Maintenance technicians at $22,016 per FTE per year; supervisory staff at $29,786; clerical staff at $17,312; and Case Managers at $26,000.

3. Fringe benefits are 7.65% for Social Security, 1.45% for FICA and $1,600 per year for health and life.

4. Additional county administration costs are: office equipment at $1,200 per FTE (one-time); operating at $1,981 per FTE per year; leased space at $763 per FTE per year; travel at $335 per year per FTE; and contractual at $872 per FTE per year.

5. County administration costs will be reimbursed at 20% State, 30% county and 60% Federal funds. Other county administration costs will be reimbursed at 30% State, 20% county and 50% Federal funds.

6. One-time capital outlay of $3,500 (purchase) per FTE in the first year and $500 (maintenance) in later years for ADP equipment will be required and will be budgeted under state administration.

AUTOMATED SYSTEM COSTS

1. Automated system support will be required to support county staff in each of the program components; and to support the evaluation process.

2. System changes will be one-time costs.

3. All changes will be supervised by state staff and will be accomplished by contractors at an average of $35 per hour.

4. Costs for changes to systems are estimated to be $50,000 in FY 94 and $50,000 in FY 95.

COLORADO LEGISLATIVE COUNCIL
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A. <u>Impact on State Economy</u>: Describe and quantify, if applicable, any direct or indirect impacts you may perceive on the state economy (e.g., new economic development, resulting regional growth, effect on Colorado consumers or property owners).

1. Will negatively affect some low-income families by reducing family income from benefit programs.

2. Will negatively affect some local governments and private non-profit agencies that provide emergency assistance services.

3. Will positively affect households that obtain and/or retain employment.

B. <u>Long Term Effects of Legislation</u>: Describe any significant effects beyond FY 1993. For example, consider the potential for long-term capital requirements or future changes in the cost of administering a program.

1. Some or all provisions of the pilot will probably be repealed when federal waivers expire.

C. <u>Technical or Mechanical Defects or Conflicts with Existing Law:</u>

d. <u>Executive Budget</u>: Has the cost of this legislation been included in the department's budget request? _____ Yes or __X__ No

FISCAL NOTE WORK SHEET (rev 2-16-93)
SB-93-129

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FING: COUNTY ADMINISTRATION (Pilot Counties)

		FY94 FTE	FY94 SALARY	FY95 FTE	FY95 SALARY
REIPIENT INCENTIVES					
	IMTS	0.19	$4,087	0.37	$8,378
	CLERICAL	0.10	$1,756	0.20	$3,600
	SUPERVIS	0.06	$1,656	0.11	$3,394
	SUBTOTAL	0.34	$7,499	0.69	$15,372
IMMUNIZATIONS					
	IMTS	0.10	$2,261	0.21	$4,636
	CLERICAL	0.06	$972	0.11	$1,992
	SUPERVIS	0.03	$916	0.06	$1,878
	SUBTOTAL	0.19	$4,149	0.38	$8,506
JOBS EXPANSION					
	CASEMANAGERS	4.00	$104,000	10.00	$266,500
	SUBTOTAL	4.00	$104,000	10.00	$266,500
TIME LIMITATION					
	IMTS	0.12	$2,588	0.24	$5,306
	CLERICAL	0.06	$1,112	0.13	$2,280
	SUPERVIS	0.04	$1,048	0.07	$2,149
	SUBTOTAL	0.22	$4,749	0.43	$9,736
TRANS CHILD CARE					
	IMTS	0.12	$2,722	0.25	$5,580
	CLERICAL	0.07	$1,170	0.14	$2,398
	SUPERVIS	0.04	$1,102	0.07	$2,260
	SUBTOTAL	0.23	$4,994	0.46	$10,237
TOTAL	IMTS/CMS	4.53	$115,659	11.06	$290,400
COUNTY	CLERICAL	0.29	$5,010	0.58	$10,270
ADMIN	SUPERVIS	0.16	$4,723	0.32	$9,681
STAFF	SUBTOTAL	4.98	$125,391	11.95	$310,351

NDITURE SUMMARY

	PILOT SITES FY94	FY95
AFDC GRANTS:		
IMMUNIZATIONS	(13,891)	(27,782)
EDUCATION INCENTIVE	0	114,250
RESOURCE LIMIT	0	154,560
EARNINGS INCENTIVE	(16,014)	(32,027)
TIME LIMITION	(38,640)	(114,240)
EMPLOYED OFF AFDC	(217,872)	(871,488)
RETURN RATE	0	(332,216)
TOTAL AFDC	(286,417)	(1,108,943)
MEDICAID:		
IMMUNIZATIONS	(19,158)	(42,718)
RESOURCE LIMIT	0	236,134
TIME LIMITATION	(53,204)	(175,108)
RETURN RATE	0	(400,877)
MEDICAID TOTAL	(72,362)	(382,569)
CHILD CARE:		
JOBS	339,948	679,896
TRANSITIONAL	160,038	320,076
CCDBG FUNDS	(499,986)	(500,000)
TOTAL CHILD CARE	0	499,972
JOBS SERVICES:		
JOBS TRAINING	87,500	175,000
ENTER EMPLOYMENT	12,000	24,000
TOTAL JOBS	99,500	199,000
STATE ADMIN		
ADP EQUIP	17,421	26,910
TOTAL ST ADMIN	17,421	26,910
UNTY ADMIN		
RY	125,391	310,351
GE	19,375	47,370
RATING	9,860	23,683
EQUIPMENT	5,973	526
LEASED SPACE	3,798	9,122
TRAVEL	1,667	4,005
CONTRACTUAL	4,340	10,425
TOTAL CTY ADMIN	170,404	405,481
CTY ADMIN JOBS	140,468	346,702
CTY ADMIN NON JOBS	29,936	58,780
TOTAL CTY ADMIN	170,404	405,481
SYSTEM CHANGES	50,000	50,000
EVALUATION	30,000	200,000
TOTAL	8,547	(110,149)

PILOT SITES

FUNDING SPLITS:	FY94	FY95
AFDC		
GF	25.670%	25.700%
CF	20.000%	20.000%
FF	54.330%	54.300%
TOTAL	100%	100%
MEDICAID		
GF	46.550%	46.550%
CF		
FF	53.450%	53.450%
TOTAL	100.000%	100.000%
AFDC		
GF	(73,523)	(284,998)
CF	(57,283)	(221,789)
FF	(155,610)	(602,156)
TOTAL	(286,417)	(1,108,943)
MEDICAID:		
GF	(33,684)	(178,086)
CF	0	0
FF	(38,677)	(204,483)
TOTAL	(72,362)	(382,569)
CHILD CARE		
GF	0	128,493
CF	0	99,994
FF	0	271,485
TOTAL	0	499,972
[illegible] SERVICES		
GF	19,900	39,800
CF	19,900	39,800
[illegible]	59,700	119,400
TOTAL	99,500	199,000
SYSTEM CHANGES		
	[illegible]	25,000

CF		
FF	25,000	25,000
TOTAL	50,000	50,000
STATE ADMIN		
GF	8,711	13,455
[illegible]		
[illegible]	8,711	13,455
[illegible]	17,421	26,910
EVALUATION		
GF	15,000	100,000
CF	0	0
FF	15,000	100,000
TOTAL	30,000	200,000
COUNTY ADMIN		
GF	37,074	86,974
CF	34,081	81,096
FF	99,249	237,411
TOTAL	170,404	405,481
TOTAL WITH EVALUATION		
GF	(1,522)	(69,362)
CF	(3,303)	(898)
FF	13,372	(39,889)
TOTAL	8,547	(110,149)
TOTAL WITHOUT EVALUATION: (FOR INFORMATION		
GF	(16,522)	(169,362)
CF	(3,303)	(898)
FF	(1,628)	(139,889)
TOTAL	(21,453)	(310,149)

EXPENDITURE CATEGORY

	FY94	FY95
[illegible]	(286,417)	(1,108,943)
[illegible] AID	(72,362)	(382,569)
C[illegible] CARE	0	499972
JOBS SERVICES	99500	199000
SYSTEM CHANGES	50,000	50,000
STAT ADMIN	17,421	26,910
EVALUATION	30,000	200,000
COUNTY ADMIN	170,404	405,481
TOTAL	8,547	(110,149)

FTE POSITION CHANGE

STATE	0.00	0.00
COUNTY	4.98	11.95
TOTAL	4.98	11.95

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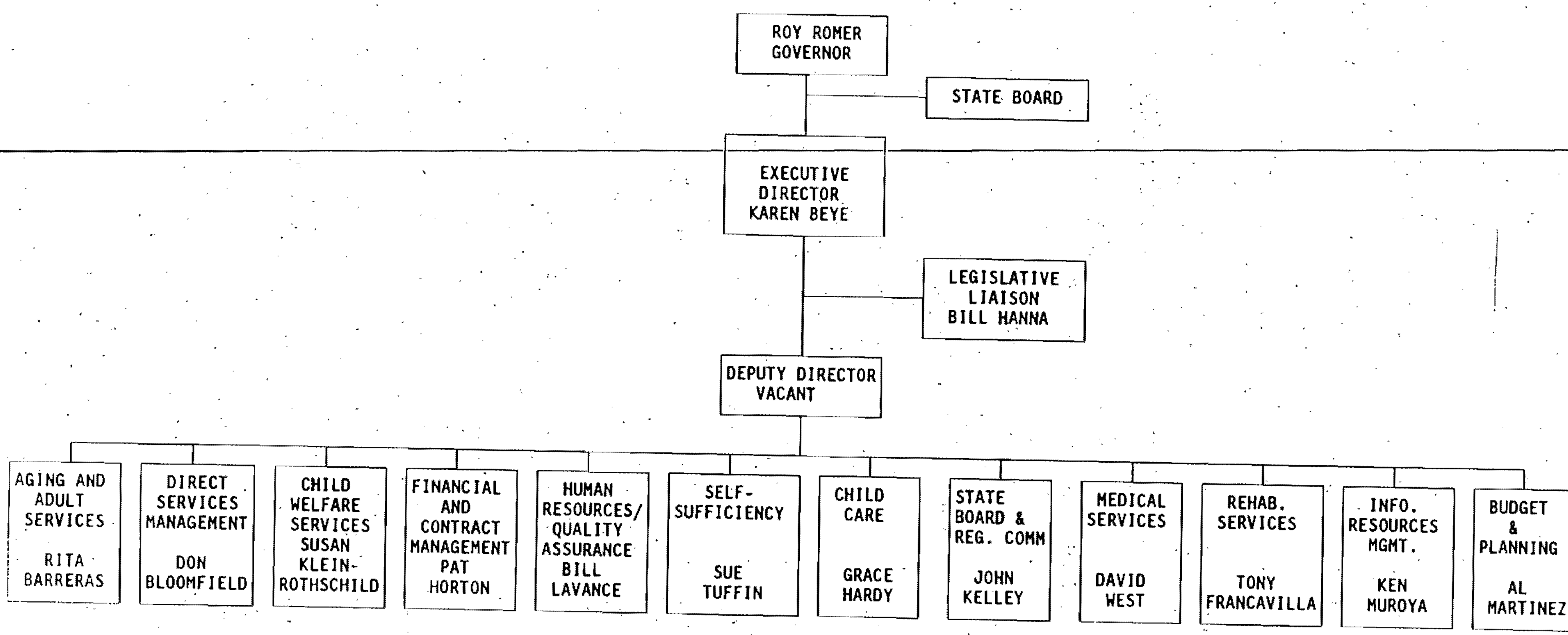
DEPARTMEN OCIAL SERVICES



APPENDIX III

COLORADO DEPARTMENT OF SOCIAL SERVICES

OFFICE OF SELF-SUFFICIENCY

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6/25/93

APPENDIX IV

THE SYSTEM FROM THE RECIPIENT'S VIEWPOINT

One mother relishes opportunity to get a car while another sees chance to earn more at a job, improve her self-worth

Welfare recipients see hope for better life under new law

By Tillie Fong

Rocky Mountain News Staff Writer

Colorado's new welfare law means Gloria Struck, 28, can get a car.

Struck, who's received welfare for seven years, must travel by bus because the current law counts a car against the $1,000 limit on savings.

"I have to take two buses to go to school," she said. "I have to take my son, (Joshua, 7) on a bus to day-care, walk six blocks, then take another bus to school."

The law also will let her avoid the humiliation of food stamps.

"It's degrading," Struck said. "When I buy groceries, which is once a month, I have to choose which line to stand in, depending on which cashier would be willing to deal with me on food stamps, or how many snickers from other people that I have to deal with."

The new law was welcomed by several women Tuesday, most of them members of the All Families Deserve a Chance (AFDC) Coalition, which supported the bill. Most still receive welfare but are going to school or holding part-time jobs.

Lisa Neptune, 31, has been on welfare the past 2½ years.

The mother of Kyle, 5, and Jessica, 3, hopes the welfare-reform bill signed by Gov. Roy Romer Tuesday will let her turn her life around.

"It enables welfare recipients to save more money and make the transition to the workforce," said Neptune, who has a job now.

Under the law's pilot program, welfare recipients in designated counties would be able to earn more money, save money and own a car without penalty.

The new system is a far cry from the current rules, said Laurie Archibeque, 28, a welfare recipient the past 2½ years.

"It was a mess," she said. "I would get cut off and I didn't know whether I would get paid or not from AFDC (Aid to Families with Dependent Children.) It was not worth it to go through this every month."

Archibeque, who has three children — Javonne, 5, Shanae, 4, and Tarah, 5½ months — said the bill will help give her a sense of self-worth.

"I would love to get a job; it's really hard to be on welfare," she said. "It's demeaning to have someone control your life and to answer to somebody. It's not good for a person. It just knocks you down."

But there are concerns about the pilot program.

Julie Lemire, 27, a mother of three, who has been on welfare four years, said she worries about possible abuse, especially with the lump sum cash payment that eliminates food stamps.

"I think the idea behind it is good," she said. "But I think I may be tempted to do other things with the money not to the benefit of my family. I think it may be setting women up for failure if budgeting lessons are not taught."

But, she said, "It would really treat you as a human being. It will see you work toward self-sufficiency. No one wants to be on the system."

Dennis Schroeder/Rocky Mountain News

Gloria Struck, with son Josh, 7, says the welfare-reform law will allow her to own a car and escape the stigma of food stamps.

Stigma doesn't divide 'welfare queen,' conservative friend

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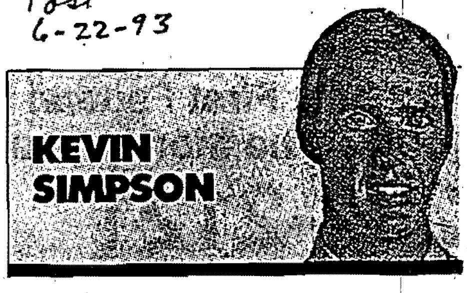

When Connie got divorced shortly after the birth of her child, she was lucky to have the safety net of family close at hand — especially a mother who baby-sat while she worked. But when she discovered the futility of trying to enforce court-ordered child support from her ex, she gritted her teeth and looked into public assistance. Welfare. What a woman who describes herself as a conservative, right-wing Republican dared articulate only as "the W-word."

Alas, she was told she made a little too much money in her job at a local credit card office to qualify for aid. Connie looked across the room at a co-worker, a woman with two kids, a woman she knew to be getting major government handouts and free day-care to boot.

"She had an account with us," Connie says now, nine years later, "and I knew she was *drinking* $300 a month because I looked. Another person I knew went to Hawaii on her welfare money because her boyfriend was living with her and paying for everything. I saw people getting a free ride and abusing the system. All I wanted was a little help."

She never got it. Connie vented her frustration to Julie, another co-worker who also happened to be her best friend.

"And I was like, 'Oh yeah, these people are scum,' " Julie recalls.

TWO YEARS LATER, Julie found herself a single mother of the child doctors had assured her she would never be able to bear. Then came a relationship that produced two more children before it turned unbearably abusive. Julie moved — directly into financial straits.

Meanwhile, Julie and Connie fell out of touch. By the time they reunited, Julie had been reduced to working two low-paying jobs and calling churches for food. Swallowing hard, she told Connie that she'd applied for welfare.

Connie, since remarried and doing well, swallowed hard, too.

"I had this perception of people on welfare," she recounts, still miffed about her own brief brush with the system. "They were lazy. They were stupid. Then here's my best friend, on welfare. She wasn't lazy. She wasn't stupid. She was one of the hardest workers I knew. That's when I started to look at the system, instead of just the people on the system."

Julie was profusely apologetic, mostly because she knew Connie would catch flak from her politically conservative friends for associating with a welfare mother. So for a long time the two women euphemized Julie's means of income in public, vaguely referring to "grants" from "this organization."

But eventually, as experience exposed Julie to self-defeating welfare policies that made it financially imprudent to increase her earnings, she resolved to speak out on an often demeaning system. She steeled herself against a judgmental public and became an advocate of welfare reform, even though new measures signed into law for a five-year test run may not prove personally helpful.

THE DECISION blew her cover, thrust her into the rhetorical cross-fire, crowned her a "welfare queen." She feels lucky that someone like Connie has stuck by her when others couldn't look past the stigma of public assistance.

And Connie, who still despises the welfare system, has become more careful in passing judgment on the individuals who use it. She clings to right-wing politics and hangs with the same conservative crowd, but she finds no shame in calling Julie her best friend.

Kevin Simpson's column appears in Denver & The West on Tuesday, Thursday and Sunday.

Working isn't worth cost to some moms

By Deborah Rissing Baurac
Chicago Tribune

An urban single mother of two preschoolers must earn about $20,052 a year to cover expenses, according to recently released data.

The report was conducted by Barbara Bergmann, professor of economics at American University in Washington, who arrived at her estimate by using cost of living statistics from various government agencies.

The figures, released in February, are intended as a public policy tool to identify who needs public aid and to determine a cost of "basic needs." (Items such as soap, shampoo and haircuts were not included, Bergmann says.)

Considering the cost of working, some women wonder if their incomes justify what they'll pay for things such as day care, taxes, transportation and clothing.

Bergmann says women heads of households earned about 74 percent of what male heads of households earned.

The Current Population Survey, conducted annually by the U.S. Bureau of the Census, found that in 1991 women employed full-time, year-round, earned median incomes of $20,553. Men in the same category earned $29,421.

As of March 1992, 58 million American women worked in the civilian labor force. According to the U.S. Department of Labor, 8.7 million American women with children under age 6 had incomes, either from jobs or public aid. Of those, 3.2 million females head households, including 1.5 million who work full or part time — two-thirds of them for $20,000 or less; 285,000 were looking for work;

'Society is posing an impossible choice to many single parents with children.'

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Anne Ladky, Women Employed

Please see WORK on 6E

Public assistance vs. low-income job a

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and 1.5 million were not in the job market, according to the department.

Working mothers can expect to pay $80 to $100 per week per child for full-time day care on a national average, according to Pete Packer, a spokesman for the employee-relocation consulting firm of Runzheimer International of Rochester, Wis. Supply and demand, regional costs of living and the age and number of children also can influence cost, he says, though infant care is more labor-intensive, so it's more expensive than preschool day care.

In some cities, for example, day care outside the home — usually cheaper than in-home care — can cost up to $500 per month for one child, Packer says.

"Society is posing an impossible choice to many single parents with children," says Anne Ladky, executive director of Women Employed, a national nonprofit organization in Chicago that works to enhance women's economic status.

For example, for most women on public aid, says Ladky, one choice is to take a low-wage job, thereby losing government-paid health benefits. The other choice, she says, is to stay on public assistance and forgo on-the-job experience.

"Many of these women want to work, but it's not clear how work is going to improve their lives," Ladky says.

In 1992, nearly 5 million families — largely mothers with children — received public aid, according to the American Public Welfare Association, a national nonprofit organization in Washington, D.C. The median national monthly payment to a single mother of two was $647 in cash and food stamps, for an annual income of $7,764, says Kathy Patterson,

frustrating choice for some single mothers

association spokeswoman.

Manuelita Becerra, 30, a single mother of two children ages 6 and 5, is a case in point. She had an annual income of just below $12,000. She is completing her high school degree and can work only limited hours at the job she began Feb. 1 bagging groceries for $4.45 an hour, giving her about $320 per month. She says she expects to lose part of the $282 per month in food stamps she had been receiving and all of the $367 per month in public aid because of the job. With those types of aid, her monthly income was $969.

After average monthly expenses — rent, $450; utilities, $250; groceries in addition to food stamps, $100; a subsidized day-care center, $96; and transportation, $48 — she is left with about $45. Clothing and emergencies eat into that quickly. The grocery store where she works, for example, requires employees to wear white shirts. "So I bought five white shirts at the secondhand store for $1.50 each," she says, costing 17 percent of her January spending money.

"Sometimes I think I should stay on public aid," Becerra says. "If anything, I'm losing more (by working). Maybe I'm wasting my time."

She notes that public aid pays more than her job.

On average, men earn three times the amount of experience-based annual increases compared to women, according to a report from the Institute for Women's Policy Research, a national nonprofit organization in Washington.

Roberta Spalter-Roth, who conducted the study, says, "Women don't take low-wage jobs because they're balancing work and family responsibilities."

The important factors that determine a woman's wages are the same as for men: job skills, education, and the conditions of work.

Romer signs landmark welfare legislation

eform measure to help ngle parents move f public dole through ate pilot programs

John Sanko
ky Mountain News Capitol Bureau

Gov. Roy Romer Tuesday ned sweeping welfare reform islation aimed at helping single ents move off the public dole.

Children, parents and social rkers crowded the west Denver lfare office where Romer ap-ved the landmark bill.

The bill — already being stud-by at least nine other states — ws welfare parents to earn re money, to save more and to e a car without being harshly alized. And the parents won't e to use food stamps to buy ceries.

Critics of Colorado's current welfare program argue it keeps parents on welfare by penalizing them every time they improve themselves, either by costing them money or Medicaid benefits.

"When you want to move off of welfare on to a paying job, there currently are a lot of disincentives," said Romer as he signed SB 129, describing it as "major reform."

"You lose medical benefits and child-care benefits."

The bill calls for four counties to set up pilot programs, provided the federal government approves a waiver for Colorado. Romer said President Clinton promised him the program will be approved.

Sen. Claire Traylor, R-Wheat Ridge, who co-authored the bill with Rep. Peggy Kerns, D-Aurora, said welfare parents frequently can't accept pay increases because "they would lose their benefits and end up in worse shape."

The bill was one of two welfare reform measures considered this year. Lawmakers killed a more controversial bill that carried financial incentives for welfare parents willing to get Norplant birth control devices or vasectomies.

Gloria Struck and Julie Lemire, two welfare mothers attending the ceremony, said they hope it will make life easier for others who need help under a program such as Aid to Families with Dependent Children.

"To me this means independence and not dependence on the system," said Struck, the mother of a 7-year-old boy. "It gives me my dignity back to stand in line with cash rather than food stamps. I am an adult. Just because I'm on AFDC does not mean I should lack dignity or self-respect."

Struck said too many people stereotype welfare parents as unwilling to get off of the dole. She said she's been on welfare for seven years, but just received a degree from the Community College of Denver and is "close" to self-sufficiency.

Lemire, the mother of three, said the legislation fulfills a lot of dreams.

"At one point in my life, it would have been very beneficial because I had a job and I made $2.68 too much a month," Lemire said. "For $2.68, I was forced to go back on welfare."

WELFARE REFORM

- Allows $5,000 in savings or possessions. Current limit is $1,000.
- Raises salary limits on Medicaid benefits. Now, a parent with two children loses Medicaid with monthly AFDC payments of $356.
- Car ownership doesn't count against $5,000 savings limit.
- AFDC, child care and food stamps are received in a lump cash payment.
- Children must be innoculated.
- AFDC payments will be gradually reduced to 130% of poverty level, a monthly average of $1,200 for parent of two.
- Welfare benefits are limited to two years for employable adults who refuse to participate in JOBS program.
- There are financial incentives to earn a high school diploma or a general equivalency diploma.

MIDWIFE MEASURE

- Lay midwives may deliver babies legally July 1/14A