

Title of Proposed Rule: Basic Cash Assistance Increase

CDHS Tracking #: 18-01-03-01

Office, Division, & Program:
Office of Economic Security,
Employment and Benefits
Division, Colorado Works
Program

Rule Author:
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DRAFT RULEMAKING PACKET

Type of Rule: *(complete a and b, below)*

- a. Board Executive Director
b. Regular Emergency

This package is submitted to State Board Administration as: *(check all that apply)*

AG Initial Review Initial Board Reading AG 2nd Review Second Board Reading / Adoption

This package contains the following types of rules: *(check all that apply)*

Number
 X Amended Rules
 New Rules
 Repealed Rules
 Reviewed Rules

What month is being requested for this rule to first go before the State Board?	March
What date is being requested for this rule to be effective?	07/01/2018
Is this date legislatively required?	No

I hereby certify that I am aware of this rule-making and that any necessary consultation with the Executive Director's Office, Budget and Policy Unit, and Office of Information Technology has occurred.

Office Director Approval: _____ **Date:** _____

REVIEW TO BE COMPLETED BY STATE BOARD ADMINISTRATION

Comments:

Estimated 1st Board 3/02/2018 2nd Board 4/06/2018 Effective Date 06/01/2018
Dates: _____

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STATEMENT OF BASIS AND PURPOSE

Summary of the basis and purpose for new rule or rule change.

Colorado Works is the State's Temporary Assistance for Needy Families (TANF) program. It provides cash assistance and employment and stabilization services to Colorado's neediest families. The value of the cash assistance benefits has eroded over time, as it is not adjusted for inflation or cost of living increases. Since its establishment in 1997, the purchasing power of Colorado's Basic Cash Assistance (BCA) grant has decreased 35%. The benefit amount was last modified slightly in 2009.

The purposes of this change are to:

1. Ensure BCA is increased to reflect inflation and cost of living increases;
2. Establish future cost of living (COLA) adjustments; and
3. Clean up rules referencing Workforce Investment Act to reflect new federal language.

An emergency rule-making (which waives the initial Administrative Procedure Act noticing requirements) is necessary:

- to comply with state/federal law and/or
- to preserve public health, safety and welfare

Justification for emergency:
N/A

State Board Authority for Rule:

Code	Description
26-1-107, C.R.S. (2017)	State Board to promulgate rules
26-1-109, C.R.S. (2017)	State department rules to coordinate with federal programs
26-1-111, C.R.S. (2017)	State department to promulgate rules for public assistance and welfare activities.

Program Authority for Rule: *Give federal and/or state citations and a summary of the language authorizing the rule-making function AND authority.*

Code	Description
26-2-706.6, C.R.S. (2017)	Payments and services under Colorado works - rules - repeal

Does the rule incorporate material by reference? Yes No
Does this rule repeat language found in statute? Yes No

If yes, please explain.

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REGULATORY ANALYSIS

1. List of groups impacted by this rule.

The most vulnerable, impoverished Colorado families will benefit from this rule. Currently, a single parent household with two children enrolled in the Colorado Works program receives a maximum monthly payment of \$462. The payment is intended to cover: shelter, utilities, household goods, food, clothing, personal care items, general incidental expenses, and other necessary expenses. This provides very limited resources for families striving to achieve economic stability and exit poverty permanently.

The benefits increases are within the existing appropriation and available funding to counties. There is no additional administrative burden or requirements as a result of the increases. The impact to counties will be through increased expenditures using their existing county allocations and County TANF Reserves.

2. Describe the qualitative and quantitative impact.

The Colorado Works Basic Cash Assistance payment will increase an average of \$46 per case per month. This 10% increase reflects inflation since 2008, the last time benefits were adjusted. Based on the FY 2016-17 caseload data, the statewide fiscal impact will be an increase of \$8,100,286 in basic cash assistance paid to participants.

The increase will benefit approximately 17,000 families monthly, about 34,500 annually, who receive Colorado Works Basic Cash Assistance. The value of the current benefit is approximately 28.6% of the current Federal Poverty Threshold and will increase to approximately 31.5%. There is no proposed change to the Need Standard, so the grant increase is unlikely to result in any caseload increase.

Many years of accumulated evidence supports the notion that alleviating childhood deprivation has long-term benefits on their academic achievement, health, and adult earning power.¹ With increased income, parents can better support their children and themselves while continuing to work towards sustainable employment.

3. Fiscal Impact

State Fiscal Impact

There will be CBMS costs required to make changes. The changes will be accomplished within the existing CBMS resources/appropriation.

¹ Sherman, Arloc and Mitchell, Tazra. Economic Security Programs Health Low-Income Children Succeed Over Long Term, Many Studies Find. Center on Budget and Policy Priorities. Published July 17, 2017. Accessed August 1, 2017.

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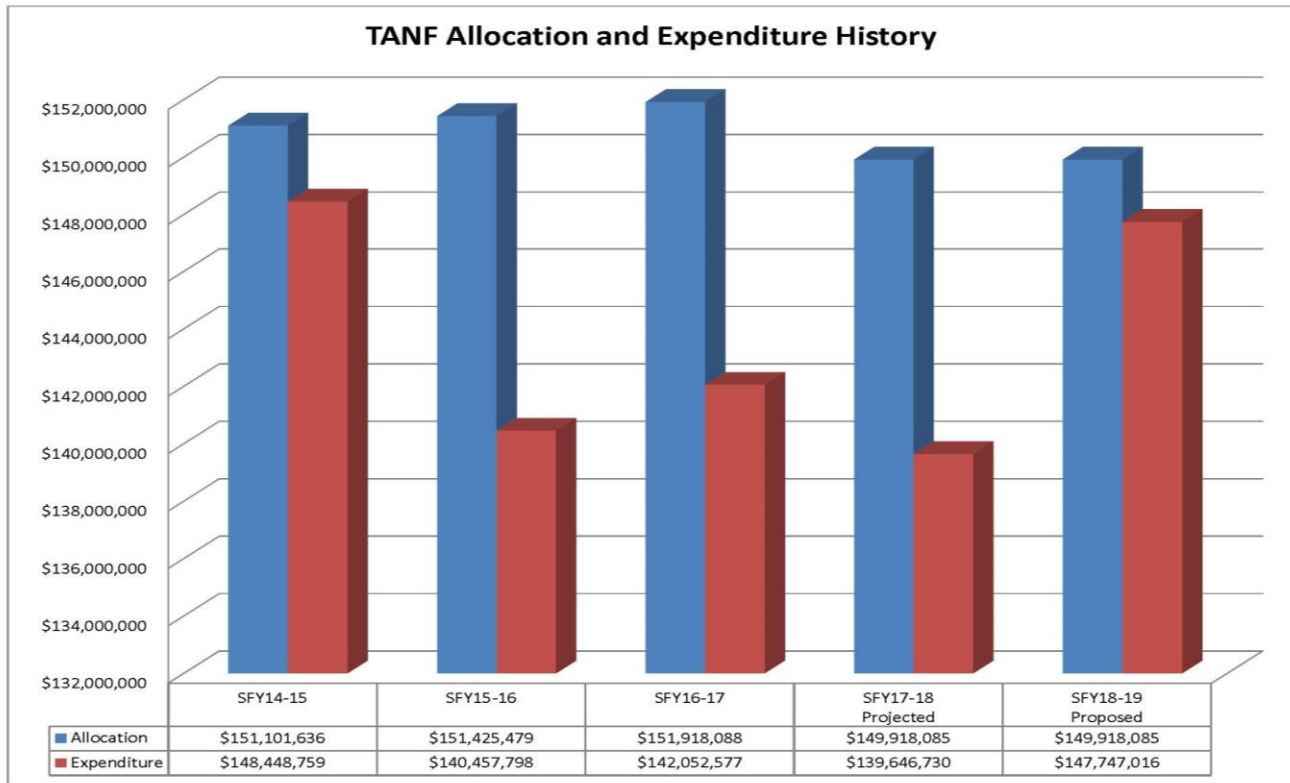
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There are no additional state fiscal impacts as a result of this rule change. The changes do not require an increase to the County Block Grant. Benefits increases will be within the existing Block Grant appropriation.

County Fiscal Impact

Expenditure increases are projected to be \$8,100,286 statewide and will be funded with the existing Colorado Works County Block Grant. The current Block Grant allocation gives some priority to basic cash assistance spending; counties spending more on BCA are more likely to receive increased allocations in subsequent years. Also, balance-of-state counties with high BCA spending may be eligible for additional funding from the Works Allocation Committee Mitigation Pool.

Collectively, counties have underspent their Colorado Works appropriation in each of the last four years – by \$10.3 million in FY 2016-17. As a result, the County Colorado Works/TANF Reserves have increased from \$30.6 million at the end of FY 2013-14 to \$51.0 million at the end of FY 2016-17 (about one third of the annual block grant appropriation). This benefit increase is projected to have minimal impact on County TANF Reserves assuming consistent caseload and expenditures.



The Department will continuously monitor caseload, expenditures, and County Colorado Works/TANF Reserve levels to ensure counties have sufficient resources to operate the program.

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There is no additional or increased county Maintenance of Effort requirement. The County MOE amount is outlined in the Annual Long Bill.

Federal Fiscal Impact

There is no federal fiscal impact. All expenditures will be within existing federal funds.

Other Fiscal Impact

There is no additional fiscal impact to any other provider or local governments. All benefits increases will be paid within the existing County TANF Block Grant and County TANF Reserve.

4. Data Description

Employment and Benefits relied on the following data from the Administration for Children and Families (ACF) and internal resources when developing this rule:

Since 1997 Colorado's Basic Cash Assistance (BCA) amount has decreased by 14.9% in inflation-adjusted dollars due to a lack of regular increases and or adjustments relative to the cost of living.

Caseload has declined about 8% to 7,230 from its recession peak of 18,659 in October 2013. It has remained below 18,000 since January 2015.

5. Alternatives to this Rule-making

Various alternatives and options were considered when before finalizing the decisions proposed in this change. See options A-C below:

A. Increase BCA Relative to the Federal Poverty Level. Colorado ranks 23rd out of the 50 states in terms of cash grant amount as a percentage of FPL. While Colorado is roughly in the middle of the 50 states, BCA grant amount are drastically different, even when compared to Colorado. For example, New York's BCA is 47% of FPL. To match that, Colorado would need to increase our grant for a family of three by \$327.60 or 71%. Another example of a state with a higher percentage of FPL is Montana, where a family of three receives an additional \$126 compared to a same-sized family in Colorado.

B. Increase BCA Relative to the Housing and Urban Development (HUD) Fair Market Rent (FMR). Colorado ranks 28th out of the 50 states in terms of cash grant amount as a percentage of HUD FMR. Top-ranked South Dakota issues a BCA of \$943 while Minnesota (14th ranked) issues \$632. To match either of these amounts, Colorado would need to increase by \$480 or \$170, respectively.

C. Increase BCA Relative to Minimum Wage Increases. From 1996 to 2017, the hourly minimum wage in Colorado has more than doubled, from \$4.25 to \$9.30, a 119% increase. In contrast, the monthly benefit amount for a family of three has increased from \$356 to \$462 in that

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same time period, an increase of 30%. To match minimum wage, Colorado would need to increase its monthly BCA grant amount for a family of three to \$779, a difference of 69% or \$317.

The recommended increase was intended to be sufficient to have an impact on benefits received and be within existing available TANF resources.

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OVERVIEW OF PROPOSED RULE

Rule section Number	Issue	Old Language	New Language or Response	Reason / Example / Best Practice	Public Comment No / Detail
3.605.2 (F)(5)	program no longer exists	Earnings from WIA Earnings received by a specified caretaker from the Workforce Investment Act (WIA) are countable income. Payments for work experience programs and on-the-job training under WIA are considered wages.	Earnings from WIOA Earnings received by a specified caretaker from the Workforce Investment INNOVATION AND OPPORTUNITY Act (WIOA) are countable income. Payments for work experience programs and on-the-job training under WIOA are considered wages.	Technical cleanup	No
6.605.3 (D)(13)	program no longer exists	Training allowances or training scholarships granted by Workforce Investment Act (WIA) of 1998 or other programs to enable any individual to participate in a training program is exempt.	Training allowances or training scholarships granted by Workforce Investment INNOVATION AND OPPORTUNITY Act (WIOA) or other programs to enable any individual to participate in a training program is exempt.	Technical cleanup	No
6.605.3 (D)(24)b	program no longer exists	All earned income, including earned income from WIA, that is received by a dependent child who is a full-time student or a part-time student who is not a fulltime employee shall be disregarded.	All earned income, including earned income from WIOA, that is received by a dependent child who is a full-time student or a part-time student who is not a fulltime employee shall be disregarded.	Technical cleanup	No
3.606.2 (F)	Grant amounts do not account for inflation	Determining Eligibility for Basic Cash Assistance Grant Based on the Standard of Need The basic cash assistance grant shall be determined based upon income using the following need standard. If the participant has zero income the following cash payment shall be received based upon those included in the assistance unit: COLORADO WORKS STANDARDS OF ASSISTANCE CHART	Standards of assistance chart with new grant amounts updated to account for inflation. See Tables A (Current table) and B (Proposed table) below.	Increase grant amount to a more livable amount	No
3.606.2 (F) (1)	Grant amounts do not account for inflation or cost of living increases (COLA)	N/A	1. THE BASIC CASH ASSISTANCE GRANT SHALL INCREASE ANNUALLY BASED UPON INFLATION.		

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STAKEHOLDER COMMENT SUMMARY

Development

The following individuals and/or entities were included in the development of these proposed rules (such as other Program Areas, Legislative Liaison, and Sub-PAC):

None

This Rule-Making Package

The following individuals and/or entities were contacted and informed that this rule-making was proposed for consideration by the State Board of Human Services:

County Human Services Directors Association; Colorado Legal Services; Disability Law Colorado; All Families Deserve a Chance (AFDC) Coalition; Policy Advisory Committee; Economic Security Sub-PAC; Legal Aid of Metropolitan Denver; Colorado Center on Law and Policy; Colorado Counties, Inc.; and the Food and Energy Assistance Division.

Other State Agencies

Are other State Agencies (such as HCPF or CDPHE) impacted by these rules? If so, have they been contacted and provided input on the proposed rules?

Yes No

If yes, who was contacted and what was their input?

Marivel Klueckman with Health Care Policy and Financing-no input received.

Sub-PAC

Have these rules been reviewed by the appropriate Sub-PAC Committee?

Yes No

Name of Sub-PAC	Economic Security		
Date presented	01/04/2018		
What issues were raised?			
Vote Count	<i>For</i>	<i>Against</i>	<i>Abstain</i>
If not presented, explain why.			

PAC

Have these rules been approved by PAC?

Yes No

Date presented	Economic Security		
What issues were raised?	02/08/2018		
Vote Count	<i>For</i>	<i>Against</i>	<i>Abstain</i>
If not presented, explain why.			

Other Comments

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Comments were received from stakeholders on the proposed rules:

Yes No

If “yes” to any of the above questions, summarize and/or attach the feedback received, including requests made by the State Board of Human Services, by specifying the section and including the Department/Office/Division response. Provide proof of agreement or ongoing issues with a letter or public testimony by the stakeholder.

The Colorado Center on Law and Policy strongly supports the proposed rule, “Basic Cash Assistance Increase.” This rule would bolster economic security for Colorado’s most vulnerable families and children, by adjusting the Basic Cash Assistance (“BCA”) grant amounts to reflect inflation.

Many residents who receive BCA rely on this program as their sole source of income. This resource enables greater food security, prevents homelessness, and allows families to meet their basic needs during the time when household members are acquiring the tools to gain employment in the workforce. Unfortunately, the rising cost of living in Colorado has steadily eroded the value of this resource. For example, in 1996, BCA represented 62.3% of fair market rents in Colorado. By 2000, BCA only reflected 55.5% of fair market rents, and as of 2017, this has declined further to 40.4%. This proposed increase will help restore the value of this vital public program and will enable cost-of-living adjustments in order to prevent future erosion of the monthly grant.

This proposed rule is also in accordance with national trends. As noted in a [report](#) by the Center on Budget and Policy Priorities: “Nine states plus Washington, D.C., raised TANF benefits between July 2016 (the start of fiscal year 2017 in most states) and July 2017; two others enacted legislation that will raise benefit levels after July 2017.” Moreover, as noted in the proposal, this increase is relatively modest compared to the amount of cash assistance provided in other states, and it would be sustained by the existing financial resources that are allocated for the program.

This proposed increase to BCA will offer much needed support to more than ten thousand low-income families in Colorado. It would increase food security, access to utilities, and housing stability. We commend the Colorado Department of Human Services for offering this proposal, and we urge the members of the State Human Services Board to support this important effort.

Sincerely,

Jack Regenbogen, Esq.

Colorado Center on Law and Policy
789 Sherman St. Suite #300
Denver, CO 80203

COLORADO WORKS STANDARDS OF ASSISTANCE CHART

TABLE A (Current table)

**Specified Caretaker(s)
of Children**

Number of Dependent Children

	0	1	2	3	4	5	6	7	8	9	10	Ea. Add.
No Specified Caretaker												
Need Std.	0	117	245	368	490	587	678	755	830	904	977	67
Grant Amt.	0	128	269	404	539	646	746	832	913	995	1086	72
One Specified Caretaker												
Need Std.	253	331	421	510	605	697	770	844	920	992	1065	67
Grant Amt.	278	364	462	561	665	767	847	929	1012	1092	1172	72
Two Specified Caretakers												
Need Std.	357	439	533	628	716	787	861	937	1009	1082	1155	67
Grant Amt.	392	483	586	691	787	865	947	1032	1111	1190	1271	72

COLORADO WORKS STANDARDS OF ASSISTANCE CHART

TABLE B (Proposed table)

**Specified Caretaker(s)
of Children** **Number of Dependent Children**

	0	1	2	3	4	5	6	7	8	9	10	Ea. Add.
No Specified Caretaker												
Need Std.	0	117	245	368	490	587	678	755	830	904	977	67
Grant Amt.	0	<u>141</u>	<u>296</u>	<u>444</u>	<u>593</u>	<u>711</u>	<u>821</u>	<u>915</u>	<u>1004</u>	<u>1095</u>	<u>1075</u>	<u>74</u>
One Specified Caretaker												
Need Std.	253	331	421	510	605	697	770	844	920	992	1065	67
Grant Amt.	<u>306</u>	<u>400</u>	<u>508</u>	<u>617</u>	<u>732</u>	<u>844</u>	<u>932</u>	<u>1022</u>	<u>1113</u>	<u>1201</u>	<u>1289</u>	<u>74</u>
Two Specified Caretakers												
Need Std.	357	439	533	628	716	787	861	937	1009	1082	1155	67
Grant Amt.	<u>431</u>	<u>531</u>	<u>645</u>	<u>760</u>	<u>866</u>	<u>952</u>	<u>1042</u>	<u>1135</u>	<u>1222</u>	<u>1309</u>	<u>1398</u>	<u>74</u>