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Moving Families Forward:

An Introduction to TANF in Colorado During the Recession



COLORADO CHILDREN'S CAMPAIGN

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Acknowledgements

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INTRODUCTION

The Colorado Children's Campaign's budget documents are intended to serve as resource guides for policymakers and advocates who are interested in better understanding how Colorado finances children's programs and services and to help unravel the often confusing and complicated details of the state budget. The *Colorado Children's Budget 2012* provided detailed information on appropriations and sources of financing for programs that help children across four domains: early childhood development and learning, health, education, and support services.¹ This report dives deeper into one of the issues that surfaced in that report.

The *Colorado Children's Budget 2012* found that during the last five years appropriations for programs supporting children increased, but not enough to keep up with inflation and child population growth. Further, with the phase-down of federal support from the American Recovery and Reinvestment Act, the budgets for a number of programs have been cut in recent years.

State investment in programs serving children is particularly important for children growing up in low-income families. Unfortunately, there have been large increases in the number of these children. According to the 2011 American Community Survey, approximately 483,000, or 40 percent of Colorado children were growing up in homes with incomes below 200 percent of the Federal Poverty Level—an income of about \$46,000 for a family of four in 2011. Nearly half of this group—217,000 Colorado children—are living below the poverty level, more than double the number in 2000.² The numbers have increased in almost every year during the past decade, but the rise was particularly sharp in 2009 after the start of the Great Recession in 2008. With the rise in the child poverty level and the increasing cost of quality child care, a close focus is needed on budget choices affecting the Department of Human Services (CDHS), which administers many programs important to the well-being of children.

Human Services programming is dependent to a great extent on federal funds. The *Colorado Children's Budget 2011* raised concerns regarding declines in federal funding, both actual and potential. This brief explains changes in funding levels for the federal Temporary Assistance for Needy Families (TANF) block grant, one of the more important sources of support for low-income families with children. It also explains how the TANF block grant affects a range of programs in Colorado, most notably, Colorado Works and the Colorado Child Care Assistance Program (CCCAP).



- **Colorado Works** is the state's version of the federal TANF program. Most TANF money is appropriated to the Colorado Works program and then sub-granted to counties. It provides basic cash assistance and support services to families who have little or no income to help them achieve self-sufficiency through work such as child care. As described later, counties also use their Colorado Works grants for a wide range of services benefitting low-income families as well as for teen pregnancy prevention.
- The **Colorado Child Care Assistance Program** is also state-supervised, but it is administered by the counties. CCCAP provides child care subsidies to low-income families. Financing for CCCAP comes from a combination of federal Child Care and Development Block Grant funds, state, and county dollars, as well as parent fees. Counties may choose to use a portion of their TANF funds for CCCAP. In all counties, families with incomes less than 130 percent of the federal poverty level are eligible to receive child care subsidies. Counties have the option of expanding eligibility limits to include families with incomes up to 85 percent of the state median income and some ability to control expenditures through other regulations governing access (e.g., whether college students qualify). Counties also determine provider reimbursement rates.

The state also appropriates TANF funds for child welfare services, refugee services, the Low-income Energy Assistance Program, the Domestic Abuse program and state administration. These programs are also at risk from TANF shortfalls.

Shortfalls in federal funding, coupled with depleted state/county reserves and a rising demand for basic cash assistance means that a wide range of programs ordinarily supported through TANF are seeing program cuts, which may magnify in future years. Of particular concern to the Colorado Children's Campaign are cuts to the Child Care Assistance Program. Without access to child care subsidies, many working families are unable to afford quality child care programs which offer the kind of early learning experiences important for child development and getting ready for kindergarten.

TANF: Dollars Come to Colorado via a Federal Block Grant

As part of welfare reform in 1996, the TANF block grant replaced the former Aid to Families with Dependent Children (AFDC) program. AFDC was an entitlement program; families meeting certain requirements were guaranteed help, including but not limited to cash assistance.³ From the state's perspective, it was an open-ended matching program; the federal government would pay a fixed share of whatever it cost to provide assistance to qualifying families. Case loads tended to fluctuate with the economy, going up in recessions and down when the economy was strong. The state could count on federal support expanding or contracting as case loads changed. Critics of the program said it promoted dependency and that reforms were needed to encourage work effort and self-sufficiency.

The shift to a block grant had advantages and disadvantages. On the plus side was flexibility. The downside primarily relates to the static level of funding.

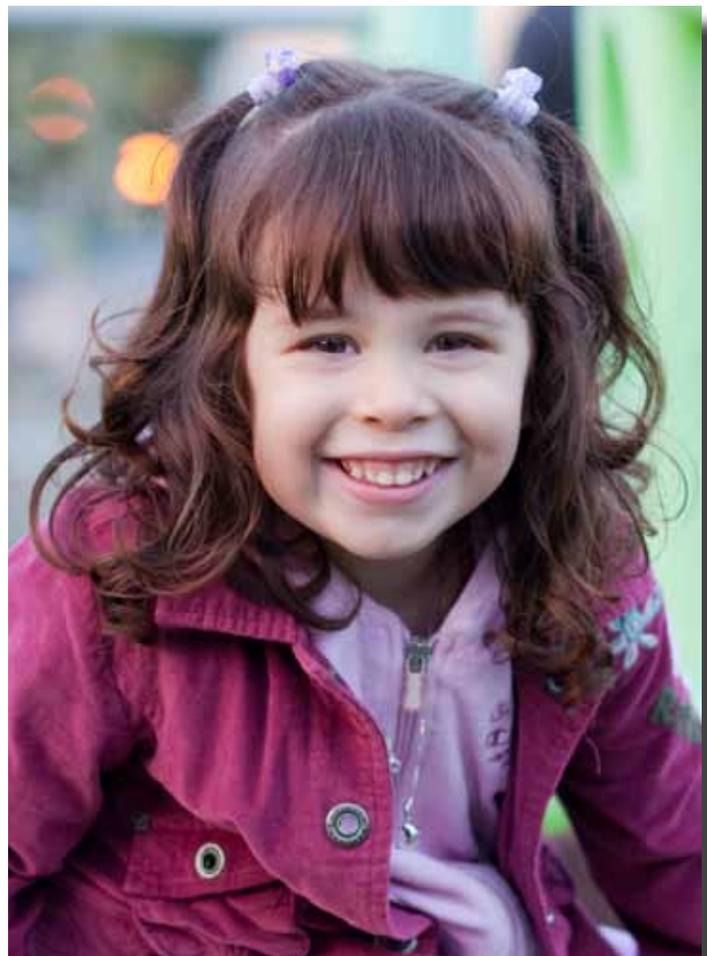
TANF's great benefit was that it offered the state considerable flexibility in how it could use federal funds. The state could choose to use the funds on a range of programs so long as they promoted TANF's basic goals, including "assisting needy families so children can be cared for in their own homes; reducing dependency of needy parents by promoting job preparation, work and marriage; preventing out of wedlock pregnancy; and encouraging the formation and maintenance of two parent families." TANF shifted the emphasis from income maintenance to the provision of a wide range of services designed to encourage work, prevent poverty, discourage teen pregnancy and encourage two-parent families. The law specifically enabled states to transfer a portion of their TANF dollars to other programs funded through the Social Services Block Grant or the Child Care and Development Fund.⁴ This meant that the state and counties can use TANF to support a wide variety of services and serve a much broader population than those who qualified for cash assistance.⁵

Colorado has chosen to devolve many of the decisions regarding the use of TANF to counties, appropriating 85 percent of the state's TANF allocation directly to counties as county block grants. Counties can choose not to spend all their funds when allocated and, instead, build up reserves to spend at some later date.⁶ **Thus, the flexibility afforded by the block grant means that when TANF shortfalls occur, they affect a wider range of programs than simply basic cash assistance for families—especially the child care and child welfare programs.**

The drawback of the shift to a block grant is that federal support for the program became relatively static, with little ability to respond to changes in economic and demographic circumstances, either over time or in the distribution of need among states. Total appropriations for the basic block grant have been fixed at the same level for 16 years, which is equivalent to a cut in purchasing power of more than 28 percent given the effects of inflation.⁷

Colorado has received the same basic amount in its block grant every year since 1996. This fixed allocation means that the grant remains the same *regardless* of population growth or changes in poverty. Colorado's basic block grant allocation is \$136.1 million, which it must match with approximately \$88.4 million.⁸ In 1997, the basic grant was the equivalent of \$872 per poor child. Since 1997, the number of poor children in Colorado has increased by one third, so the amount available per poor child has decreased, to an estimated \$676 in 2012. Adding in the effects of inflation, our ability to support poor children has been cut roughly in half.

Also, because Colorado is a growing state and poverty levels are increasing, the TANF grant per poor child in 2012 is estimated to be just 60.1 percent of the national average grant per poor child, down from 75 percent when the block grant was first created.⁹



Recognizing the static nature of the basic block grant, Congress put two mechanisms into the original TANF legislation to make it somewhat more responsive to economic and demographic shifts: supplemental grants and contingency funds. It added a third funding component in 2008. These dollars have been critical supports for Colorado, but as noted below, now contribute to the budget problem facing the state.

- Supplemental grants were designed to help states that had received low levels of federal funding under AFDC, relative to underlying need or that experienced high population growth. Seventeen states, including Colorado, qualified to receive a supplemental grant, which was supposed to increase at the rate of 2.5 percent annually. This add-on occurred for four years, resulting in a 10 percent increase in the basic grant for Colorado and other qualifying states. Despite continued large inequity among states in the amount of support provided by TANF per poor child, Congress eliminated the escalator provision, fixing the supplemental grant at \$319 million between 2001 and 2010. Congress allowed funding authority for the supplemental grant to lapse entirely as of June 30, 2011 and has not included it in either of the two temporary reauthorizations of the TANF program through the end of federal fiscal year (FFY) 2012.¹⁰ **The failure to reauthorize supplemental grants translates to an annual cut of \$13.6 million in Colorado’s TANF grant, about 9 percent of what Colorado is used to receiving.**¹¹
- Congress implemented **Contingency Fund Grants** to help states meet their program obligations in periods of economic downturn. Congress initially appropriated \$2 billion for the fund. States could access the contingency fund if they met a monthly economic hardship trigger and a higher-than-normal maintenance of effort requirement (100 percent of historic spending, plus a dollar-for-dollar match of any contingency funds received).¹² States began tapping the contingency fund in FFY 2008 and quickly depleted it. The Continuing Appropriations Act of 2011 provided additional funding—\$506 million for FFY 2011 and \$612 million for FFY 2012. Qualifying states can receive amounts equal to 20 percent of their annual block grant.
- In addition, at the beginning of the last recession, Congress created a separate **Emergency Fund** through the American Recovery and Reinvestment Act (ARRA) of 2009 with \$5 billion and a simpler set of requirements that focused spending on basic cash assistance, subsidized employment and non-recurring short-term benefits.¹³ ARRA also provided additional funds for many of the other programs that TANF helps support, such as child care.
- Colorado received \$43.1 million from the ARRA emergency funds and \$48.1 million in contingency funds in Federal Fiscal Years 2008-2009 through 2011-2012. (Colorado was one of nine states using these funds to expand access to child care assistance for parents who were job-hunting.) Taken together, these funds accounted for more than 13 percent of the total received from the federal government for TANF over the last four years.¹⁴

Table 1 below illustrates the various sources of federal TANF dollars coming to Colorado for fiscal years 2008-2009 through 2012-2013.

In putting together its budget, Colorado has to accommodate the total loss of supplemental and ARRA funds and plan for a decline in the amount of contingency funds. It is difficult to estimate the amounts that will be available to Colorado from the contingency fund even in the current fiscal year, because the U.S. Department of Health and Human Services makes determinations monthly based on the available appropriation and the number of states who qualify and apply for funding. In State Fiscal Year 2011-2012, Colorado received \$11.4 million in federal TANF contingency funds. For SFY 2012-2013, JBC staff members estimate that \$6.8 million in contingency funding will be available.

Table 1: Federal TANF Funds Allocated to Colorado by Fiscal Year (in Thousands of Dollars)

TANF Federal Funds	FY 2008-09	**FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
TANF Block Grant	\$136,057	\$136,057	\$136,057	\$136,057	\$136,057
TANF Supplemental Grant	\$13,570	\$13,570	\$13,570		
TANF Contingency	\$24,944	\$5,048	\$6,803	**\$11,338	\$24,944
TANF Emergency Fund (through ARRA)	*\$43,100				

*ARRA emergency funds were spent over two years: FY 2008-2009 and FY 2009-2010; they are no longer available. ARRA funds were also available in those years to support other important children’s programs, such as child care.

**Amounts shown are based on FFY. The amount from FFY 2012 is used as the base estimate but it is not finalized until the completion of the FY and thus, could be higher.

***Congress also provided states with economic recovery funds for child care allocated as Child Care and Development Block Grant (CCDBG) discretionary funds in FFY 2009 and FFY 2010. Discretionary funds do not require a state match.

Colorado Faces Increased Needs and Decreased Financing

The first draw on TANF funds provided under the Colorado Works program goes to basic cash assistance for families with little or no income. Generally, the cost of providing basic cash assistance has gone up in recent years, due to the economy’s weak performance. Actual spending for basic cash assistance depends on the size of the basic cash assistance stipend and the number of eligible families who apply for assistance.

The basic cash assistance stipend in Colorado is quite low. In SFY 2010-11, the median monthly payment to single-parent cases was just \$364.¹⁵ A family of three with no other income qualifies for a maximum monthly grant of \$462. This amounts to 30 percent of the Federal Poverty Level¹⁶ and less than half of what the U.S. Department of Housing and Urban Development defines as fair market rent for the Denver metropolitan area.¹⁷ This basic cash grant reflects the 30 percent increase added by the Colorado legislature in 2008 through Senate Bill 08-177.¹⁸ Even so, after taking into account the effects of inflation, the maximum basic cash assistance monthly payment to families is still 10 percent below what it was in 1996.

Case loads in Colorado dropped with the introduction of rigorous work requirements, lifetime limits on benefits and a strong economy in the years immediately following the transition from AFDC to TANF. Unfortunately, the numbers of families with children in poverty did not decline. In fact, as shown in Figure 1 below, Colorado has experienced a large increase in poverty since the advent of TANF. This means that a much smaller percentage of poor households are receiving help under TANF than was the case under the programs it replaced. In 1994-95, the TANF-to-Poverty ratio (the ratio of case load to count of families with children in poverty) was .72 in Colorado, which was almost the same as the ratio for the country as a whole. By 2009-10, the most recent year for which the data are available, the ratio in Colorado is just .13—half the ratio for the United States.



Figure 1

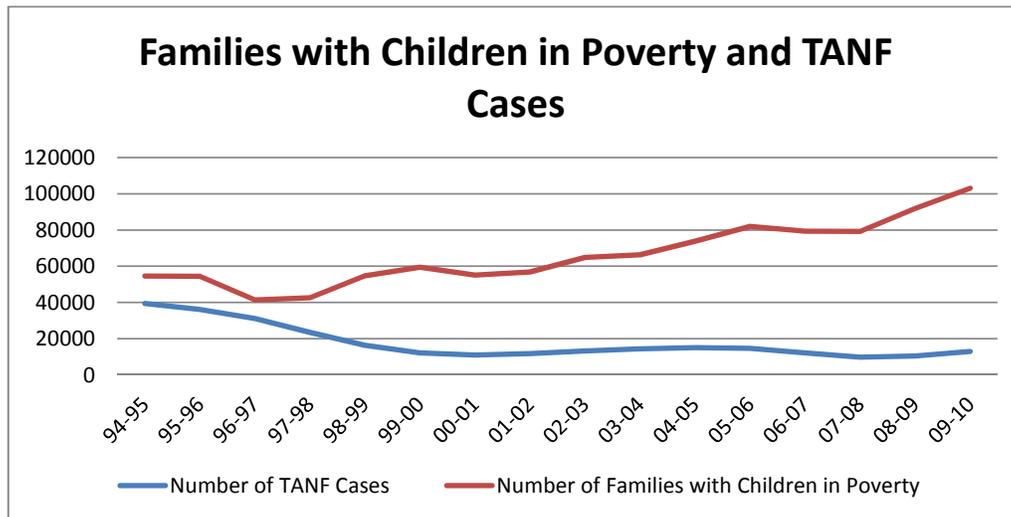


Figure 1. Source: Danilo Trisi and LaDonna Pavetti, TANF Weakening as a Safety Net for Poor Families, (Center for Budget and Policy Priorities, March 13, 2012, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3700>)

From a budgetary perspective, however, the drop in case load during the first several years of TANF meant that the cost of paying for basic cash assistance decreased and TANF funds could be used for other programs, or placed in reserve. In most years, counties have chosen to spend substantially less than the total amount appropriated to them as part of their TANF allocation. As a result, amounts held in reserve built, peaking at the end of FY 2008 at \$147 million (figure 2). This was in addition to \$37 million held in state reserves.

Figure 2

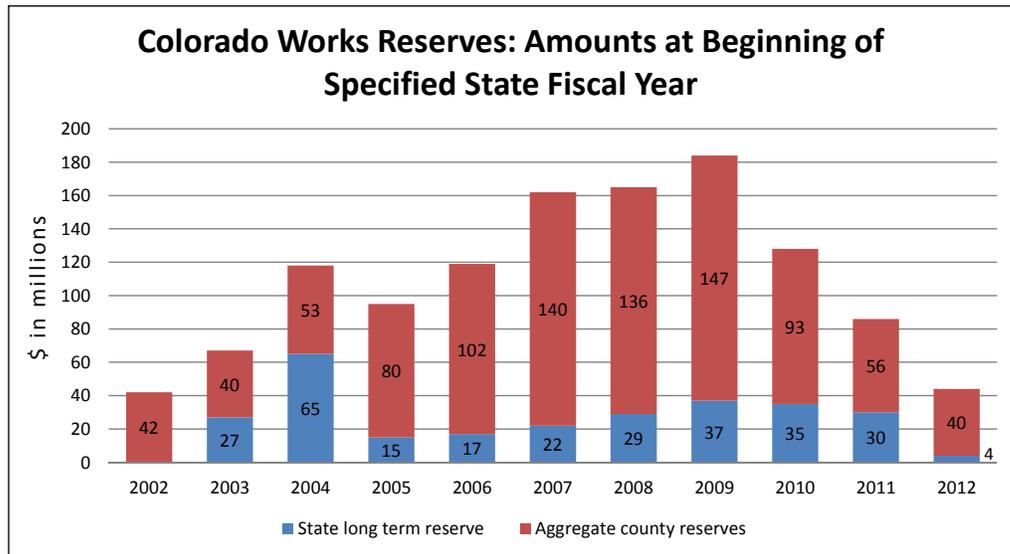


Figure 2: Source: FY 2012-13 Staff Budget Briefing Department of Human Services (County Administration, Self Sufficiency, Adult Assistance) Prepared By: Amanda Bickel, JBC Staff, 12/1/2011, http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humbrf3.pdf⁹

The Colorado Legislature directed the counties to remit to the Colorado Long Term Works Reserve any unspent TANF reserves in excess of a specified percentage of the allocation received from the state in the prior fiscal year.²⁰ Rather than return funds to the state, counties opted to increase their own spending on programs supporting TANF purposes, or transfer funds to other counties, starting in SFY 2008-2009.²¹ This was the first year that, in aggregate, county expenditures exceeded the state allocation.

The downward trend in case load reversed in 2008. With the severe economic downturn, the numbers of families who were eligible and who decided to apply for assistance increased. Between 2008 and 2011 Colorado has experienced 40 percent growth in its TANF case. The October 2011 case load (in excess of 16,000) was at its highest level seen since April 2005.²² The case load increased rapidly from September 2008 through September 2009. It continued to rise thereafter but at a slower rate (figure 3).²³

Figure 3

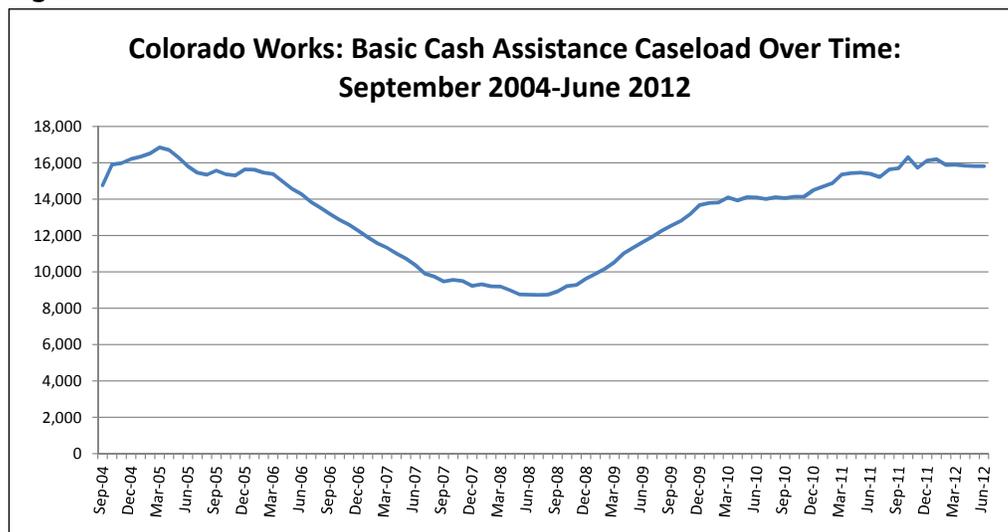


Figure 3: Source: Department of Human Services, Lewin Extract Data.
 Note: The pattern on this chart appears to differ from the same line in Figure 1, but this is due to a different time horizon and different scale.



Expenditures on basic cash assistance increased from \$34.3 million in 2008, to more than \$71 million in 2010, and \$76.7 million in 2011. To cover these increases, counties continued to draw down reserves, reducing the amount held from \$147 million to \$40 million at the end of FY 2010-2011.

Drawing down reserves was not enough to cover the rising cost of the basic cash assistance (BCA) provided to families, so counties also had to divert funds away from other types of programs, including but not limited to child care. Non- BCA expenditures peaked at \$117.5 million in 2009, but were cut to \$92 million by 2011. Uncomfortable with low reserves, counties moved to reduce their overall expenditures in 2012 below the amount received in their annual allocation, to rebuild their reserves. Since cash assistance expenditures are projected to remain high, this means a further reduction in spending on other types of programs—to \$70.4 million. This is a 40 percent reduction in spending on TANF-related programming over three years.

Since most of the decisions regarding how to spend TANF funds are made at the county level, and the state requires only limited reporting, it is not possible to find a breakdown of exactly how TANF funds are used, apart from basic cash assistance. Counties often support non-profit and private sector providers of service, with expenditures by many counties lumped into a contract services category rather than delineated by type of service provided. See figure 4.

Figure 4

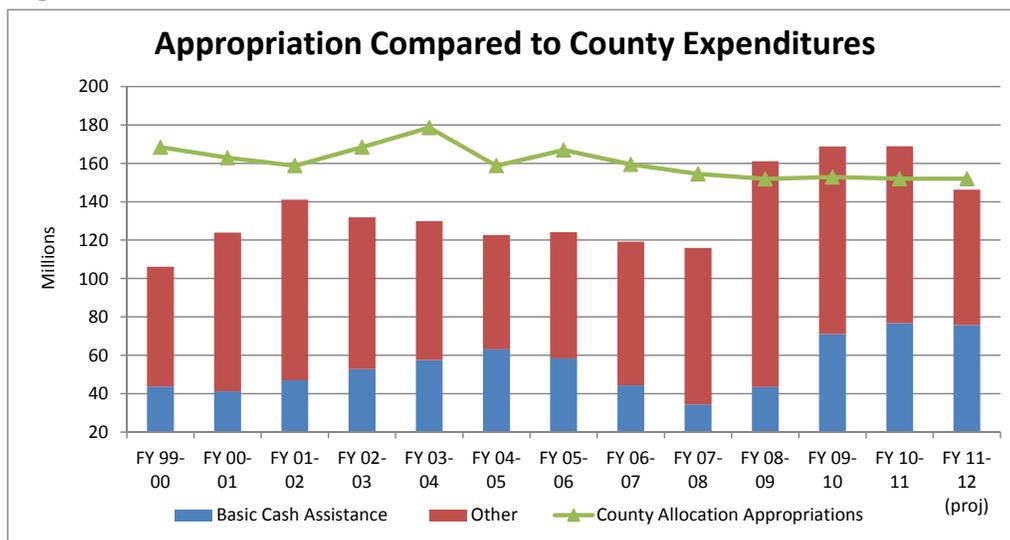
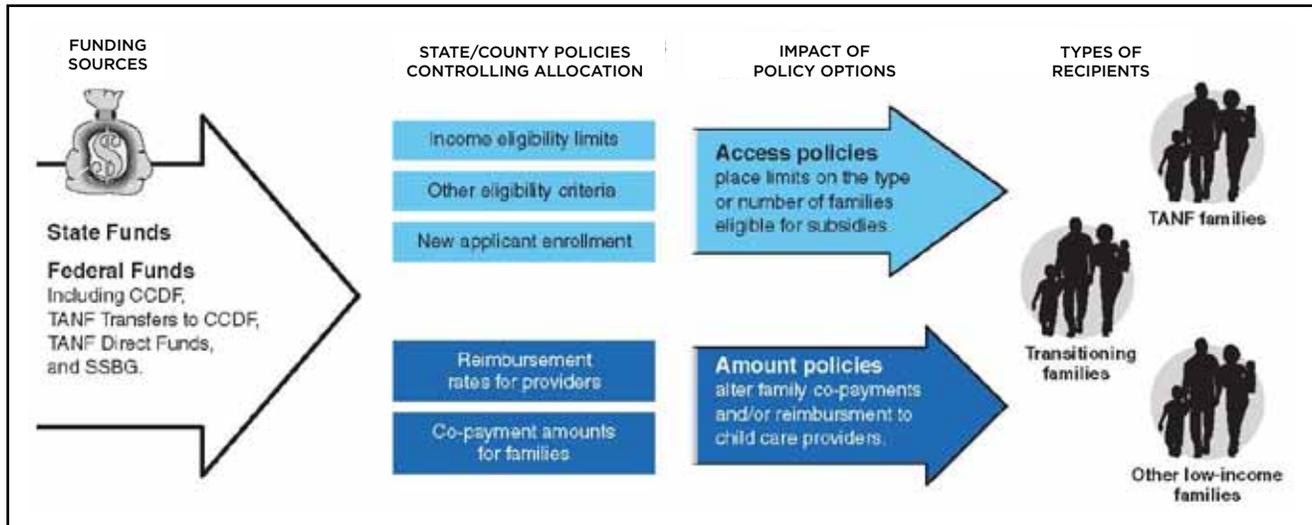


Figure 4: County TANF Spending Compared to County Allocation; "other" covers use of TANF block grant for various purposes other than BCAs, including dollars for child care and child welfare. Source: Bickel, A. (2012). Memo to Members of the Joint Budget Committee re: Clarification - JBC Action on TANF for FY 2011-12

Child Care: The Biggest “Other”

One of the most important programs in the “other” expenditure category is child care. Child care may be financed directly under the Colorado Works program as a supportive service. In addition, TANF allows for up to 30 percent of the total grant received by states to be transferred to the Child Care Development Fund or Social Services Block grant (SSBG). Figure 5 below illustrates the possibilities afforded by the ability to transfer TANF funds and the resulting policy tradeoffs. While a portion of SSBG may be used for child care, in practice the state consistently uses SSBG for child welfare services. Colorado leaves the determination to transfer TANF funds to child care up to the counties.

Figure 5



Source: CHILD CARE: Multiple Factors Could Have Contributed To the Recent Decline in the Number of Children Whose Families Receive Subsidies, GAO-10-344, May 5, 2010, p. 13, <http://www.gao.gov/products/GAO-10-344>

Subsidy support for child care in Colorado is mostly provided through the Colorado Child Care Assistance Program (CCCAP). The bulk of CCCAP funding comes from the Child Care Development Fund, the State General Fund, and County Maintenance of Effort. Figure 6 provides greater detail on funding sources for CCCAP.²⁴ This support has been relatively stable over time.

Figure 6: NON-TANF CHILD CARE FINANCING

The federal Child Care Development Fund (CCDF) is the most important funding source for child care activities in the state budget. Congress created CCDF at the same time it restructured welfare programs into block grants. CCDF has three components.

Mandatory funds: Each state receives a fixed amount per year, based on historical shares received prior to federal welfare reform. This approach hurts high growth states such as Colorado. The state gets \$10.17 million per year.

Matching funds: States' allocations for this component are based on their share of all children in the nation under age 13. Colorado qualified for about \$28.6 million in FFY 2011, which it must match based on the federal Medicaid assistance percentage rate (currently 50% for Colorado). States only qualify to participate in this component of the program if they obligate all their “mandatory” funds by the end of the fiscal year, and the state meets Maintenance of Effort requirements (i.e., spending at least as much as they did in FFY 1994 or FFY 1995 on Title IV-a child care programs).

Discretionary Funds: These funds are allocated among states based on three measures of need: number of children under age 5, number of children receiving free or reduced price lunch, and a state's per capita income. There are no matching requirements. In FFY 2011, Colorado received \$27.5 million.

The CCDF accounts for most of what the state appropriates for child care related programs. However, funding for Colorado has not kept pace with changing needs because one component provides a fixed amount tied to historic patterns of spending. During the past five years, block grant funding has remained fairly constant, which means that after adjusting for inflation, purchasing power per child has decreased by almost 15 percent.

Furthermore, under the federal Budget Control Act of 2011 (Pub. L. 112-25, S. 365), the entire federal budget is subject to cuts. Without an agreement on how to reduce the deficit, parts of the budget are subject to automatic sequestration. “Mandatory” and “matching” funds are protected from the sequestration process, but “discretionary” funds are not. While TANF funds are theoretically exempt from the sequestration process, Colorado's JBC has projected a potential annual loss of 7.5 percent per year for this component of child care support. If this occurs, the FFY 2013 estimated award for Colorado would be \$25,459,907 rather than \$27,524,224, a reduction of \$2.1 million. In each subsequent year, the cut is projected to increase by another \$2 million.²⁵

TANF transfers represent a smaller funding source but one which is highly variable, and according to the Joint Budget Committee, it accounts for much of the change in child care program activity from year to year. “Overall spending for child care generally occurs in an inverse relationship to other TANF spending, since major increases and declines are funded through county transfers from TANF. The unstable expenditure pattern in child care does not reflect changing demand for subsidized child care, but is rather an artifact of counties’ assessment of the availability of TANF funds.”²⁶

For example, Colorado’s appropriation for child care was increasing or stable in the period between FY 2001-2002 through FY 2006-07, but expenditures on CCCAP went down as counties reduced TANF transfers. This was the period when the counties chose instead to build up their reserves. With pressure mounting to spend down reserves, in FY 2007-2008, the counties once again began spending TANF funds on child care. The CCCAP program also benefitted from ARRA funding of \$11.1 million in FY 2008-2009 and \$10.4 million in FY 2009-2010, resulting in increasing spending over a three-year period. In FY 2010-2011, however, there was a major cutback in spending. This was due primarily to the loss of ARRA funding. See Figure 7.

Figure 7

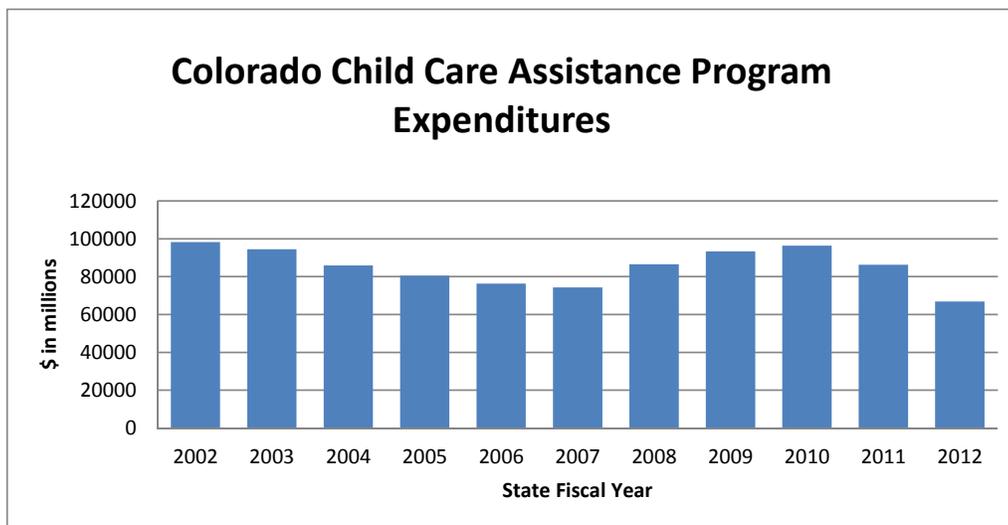


Figure 7: Source: http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humfig3.pdf, p.65

However, with the rise in expenditures for TANF basic cash assistance and the depletion of their TANF reserves, counties knew they would have difficulty continuing to transfer TANF funds. Rather than risk overspending their child care appropriation, counties began to make program changes to restrict spending on child care. Generally, to control spending, counties can reduce income eligibility guidelines, restrict allowable uses, reduce provider reimbursements, and establish waiting lists. Twenty-eight counties, including most of Colorado’s large counties, have contracted eligibility, sometimes making big changes. For example, Denver County reduced income eligibility for families from 225 percent of the Federal Poverty Level (FPL) in 2009 to 165 percent in 2011. In Adams County, the change was even more extreme, from 225 percent to 135 percent of FPL.²⁷

Colorado Child Care Assistance Program expenditures decreased by 10.4 percent—from \$96.4 million in FY2009-2010 to \$86.3 million the following year. The projection for SFY 2011-2012 was for \$66.9 million in expenditures, a further drop of 22.5 percent. Assuming the goal was to minimize the need to transfer TANF funds, counties have imposed more restrictive policies than were needed. Projected expenditures for SFY 2011-2012 (as of March 2012) were almost \$7 million below the appropriated level for the year from federal Child Care Development Fund and related state/county sources .



A wide range of other local programs supported in the past with the use of TANF funds have also undoubtedly been cut, although no summary data are available at the state level. Some of these programs focus exclusively on families receiving basic cash assistance, including family support services. Other programs however may reach broader populations. Within the purview of state budget deliberations, other programs that already have or likely will be affected by the shortfall in TANF funding include the State Strategic Use Fund, Refugee Assistance, Low-income Energy Assistance, Domestic Abuse and child welfare. While most TANF funds go directly to counties, the Joint Budget Committee also appropriates a portion of TANF block grant revenue to these other programs as well as to the Office of Self Sufficiency for administration. These funds are used directly to benefit TANF-eligible populations and do not count against the allowable transfers under federal law.

Many of the appropriations from TANF to other programs have been ongoing over a number of years. Other appropriations were more recent, and were intended to be temporary. For example, to cover shortfalls in the General Fund, in SFY 2009-2010 and SFY 2011-2012 the state also used \$12.5 million of TANF funds to temporarily cover a portion of child welfare program costs usually paid for with General Fund revenue. In coming years, the state plans to reverse this policy.

WHERE DO WE GO FROM HERE?

In setting the state budget for SFY 2012-2013, the Joint Budget Committee understood that it needed to cope with a potential shortfall in TANF equal to \$23.9 million, a 16 percent reduction from the SFY 2011-2012 base. This shortfall consisted of two parts: the \$13.6 million loss from the supplemental grant, and what the JBC has identified as the imbalance between base TANF appropriations and ongoing annual revenue. This estimate of the shortfall already takes into consideration the ending of the \$12.5 million temporary refinance of General Fund support for child welfare. JBC staff notes that the shortfall need not all be addressed in one year, since their estimate does not take into consideration the reserves that still exist at the state level, nor money received through the TANF contingency fund.²⁸

The Colorado Department of Human Services recommended \$10.9 million worth of TANF-related reductions in line item appropriations, mostly in the amount allocated to counties. The JBC staff has recommended \$14.7 million in reductions, including some further cuts in amounts provided to counties, plus cuts to low-income energy assistance and child welfare services.²⁹ Actual appropriations in the 2012-2013 Long Bill were in line with the staff recommendation. The county response to the reduced appropriation will need to be monitored to determine impacts on the child care program.



LOOKING TO THE FUTURE

TANF was scheduled for federal reauthorization in 2011, but Congress did not give full attention to the task, choosing to pass temporary extensions.³⁰ Congress may re-examine both supplemental and contingency grants since many advocates believe that the current program results in inappropriate levels of funding disparities.³¹ Full reauthorization was once again deferred in FFY 2012. The existing program (without any supplemental grant funding) was extended through the end of March 2013 as part of the Continuing Resolution for FFY 2013.

Colorado's TANF budget also needs to be considered in the larger context of the federal budget. There are serious concerns regarding the size of the federal budget deficit but little consensus on how to deal with it.³² The Budget Control Act of 2011 called for across-the-board cuts via sequestration if Congress could not agree on a plan for addressing the deficit. All programs can be cut as part of a deficit reduction plan: in other words, even those programs defined as "mandatory" could be modified through actions in appropriations bills, and be part of a deficit reduction plan. However, if Congressional budget actions are not within the caps specified in the Budget Control Act, then automatic sequestration (cuts) would occur. TANF, as well as some other programs which Colorado relies on to finance human services, are exempt from automatic sequestration. Other programs, however, including several that have relied on TANF funding in the past are not exempt from sequestration, including Low-income Energy Assistance and portions of child care funding.³³ The Joint Budget Committee has estimated the impacts of sequestration by program on the CDHS budget; the reduction in state FY 2013 would be \$16.7 million in FY 2013, followed by another \$15.5 million in FFY 2014.³⁴



END NOTES

- ¹ Colorado Children's Budget 2012, Colorado Children's Campaign, <http://www.coloradokids.org/data/budget/2012.html>
- ² U.S. Census Bureau. 2000 Supplemental Survey and 2001 American Community Survey.
- ³ The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, (P.L.104-193, as amended).
- ⁴ Lower-brash, E. (2011). "Guide Use of TANF 2011." CLASP TANF Policy Brief <http://www.clasp.org/admin/site/publications/files/Guide-to-Use-of-TANF-Funds.pdf>
- ⁵ Obee, K & Lyn, J. (2011). Colorado Guide 2: TANF for Local Communities: Over 50 Ways to Use Your TANF! Spark Policy Institute: Denver CO, http://www.sparkpolicy.com/docs/Spark_TANF_Guide.pdf
- ⁶ SB 11-124 caps the amount of TANF funds counties are allowed to keep in reserves at 70% of the amount of their block grant or (b) \$100,000 if they receive \$142,857 or less in TANF funds. The state would transfer excess amounts to other counties, with those counties having \$0 in TANF reserves taking priority. The state would keep funds that are not transferred to other counties in the Colorado Long-Term Works Reserves.
- ⁷ Finch, I & Schott, L. (2011). "TANF Benefits Fell Further in 2011 and Are Worth Much Less Than in 1996 in Most States." Center on Budget & Policy Priorities. <http://www.cbpp.org/files/11-21-11pov.pdf>
- ⁸ The maintenance of effort (MOE) requirement is complicated. The MOE is usually less than this amount because the federal government reduces the requirement in years when the state meets work participation requirements.
- ⁹ Leslie, B & Curran, M. (2011). "TANF Supplemental Grants: Reforming and Restoring Support for Children Who Need it Most." First Focus, p. 12. <http://www.firstfocus.net/library/reports/tanf-supplemental-grants-reforming-and-restoring-support-for-children-who-need-it-mo>
- ¹⁰ The federal fiscal year (FFY) runs from October 1 to September 30. The state fiscal year (SFY) runs from July 1 to June 30.
- ¹¹ The SFY11-12 budget was premised on the receipt of at least some supplemental grant funding. This means that the reduction in reserves in that year is larger than anticipated and creates pressures on the SFY12-13 budget, to replenish reserves.
- ¹² The economic hardship trigger is based on SNAP case loads relative to 1994/1995 levels or unemployment rates higher than in the prior two years.
- ¹³ U.S. Department of Health and Human Services, Administration for Children and Families. Background Information about the TANF Emergency Fund. <http://www.acf.hhs.gov/programs/ofa/policy/backgrounddef.htm>
- ¹⁴ Federal stimulus during the recession -- draw down of the TANF contingency fund (intended for such purposes) plus ARRA; Colorado received \$43.1 million from ARRA emergency in FFY2008-09 and 2009-10; \$24.9 million from the Contingency Fund in FFY2008-09, 5.0 in 2009-10 and \$6.8 million in 2010-11; 11.3 mil in 2011-12. (Contingency Fund amounts for all but current FY are from Sobanet letter to JBC dated 2/10/12. See also, Schulman, K and Blank H. (2010). State Child Care Assistance Policies 2010: New Federal Funds Help States Weather the Storm. National Women's Law Center, <http://www.nwlc.org/sites/default/files/pdfs/statechildcareassistancepoliciesreport2010.pdf>
- ¹⁵ Cadena, C, Kosack, E & Zax, J. (2012). "Colorado Works Evaluation Report SFY2011: Prepared for the Department of Human Services, January 2012." <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadername1=Content-Disposition&blobheadername2=MDT-Type&blobheadervalue1=inline%3B+filename%3D238%2F41%2FCOLORADOWORKSAnnualReport2011.pdf&blobheadervalue2=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1251769647339&ssbinary=true>
- ¹⁶ HHS guidelines for 2011 set the Federal Poverty Standard at \$18,530 for a household size of three.
- ¹⁷ The US Department of Housing and Urban Development's Fair Market Rent calculation assesses what new renters pay for a standard quality two bedroom unit in the Denver metro area—half the units rented for more and half for less. The Fair Market Rent for 2011 was \$1007. Final FY 2011 Fair Market Rent Documentation System http://www.huduser.org/datasets/fmr/fmrs/fy2011_code/2011summary.odn?inputname=METRO19740M19740*Denver-Aurora-Broomfield,%20CO%20MSA&data=2011&fmrtype=Final&incpath=C:\HUDUser\wwwMain\datasets\fmr\fmrs\FY2011_code
- ¹⁸ SB08-177 removed the grant amount from statute and directed the State Board of Human Services to set a level, by rule, at least 20% over the amount paid as of January 1, 2008, and encouraged the state board to increase the amount by up to 30%. Colorado General Assembly: Digest of Bills, 2008. http://www.state.co.us/gov_dir/leg_dir/olls/digest2008a/HUMANSEVICESSOCIALSERVICES.htm
- ¹⁹ Total reserves do not match federal records. Transfers to child care and child welfare, which were not spent, are included here since they are available to the counties, but they are not included in federal records. Source: FY 2012-13 Staff Budget Briefing Department of Human Services (County Administration, Self Sufficiency, Adult Assistance) Prepared By: Amanda Bickel, JBC Staff, 12/1/2011, http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humbrf3.pdf
- ²⁰ SB08-177 specified that at the conclusion of FY2008-09 any amount in excess of 70% of the prior year grant would have to be returned. The cap was reduced in succeeding years. SB11-124 set the cap permanently at 40% of a county's initial grant starting in FY20 10-11, with amounts above the cap to be redistributed to counties with lower reserves.
- ²¹ When counties transfer their TANF allocation, they also transfer their maintenance of effort obligation. So the benefit to the county of transferring funds is that they get to save some of their own source revenues, relieving some burden within their budget.
- ²² Joint Budget Committee Hearing, Colorado Department of Human Services County Administration Self Sufficiency County Administration, Self Sufficiency, Adult Assistance November 28, 2011, p. 18, http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humhr2.pdf
- ²³ Colorado General Assembly Joint Budget Committee FY 2012-13 Staff Budget Briefing, Department of Human Services, Division Of Child Welfare, Division Of Child Care, Division Of Youth Corrections), December, 2011, p. 82. www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humbrf3.pdf
- ²⁴ Appendix from November figure setting : Budget Control Act: projected impacts on Colorado DHS Federal Grant programs.
- ²⁵ See, e.g., Under Threat Sequestration's Impact on Nondefense Jobs and Services: Report by Sen. Tom Harkin, Chairman, Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies, (July 2012) <http://harkin.senate.gov/documents/pdf/500ff3554f9ba.pdf>; see also, Mickelson, A. (2012). Sequestration and the Colorado Budget. Colorado Center for Law and Policy Issue Brief, September 5, 2012, www.cclponline.org/postfiles/Sequestration_Brief_2012_final_4.0.pdf
- ²⁶ Colorado General Assembly Joint Budget Committee FY 2012-13 Staff Figure Setting Department of Human Services, Division of Child Welfare, Division of Child Care, Division of Youth Corrections), February 21, p. 30, March 27, 2012 http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humfig2.pdf; p. 61.
- ²⁷ Changes by all counties are available at Colorado General Assembly Joint Budget Committee FY 2012-13 Staff Figure Setting Department of Human Services, Division of Child Welfare, Division of Child Care, Division of Youth Corrections), March 27, 2012, p. 64, http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humfig3.pdf
- ²⁸ Colorado General Assembly Joint Budget Committee FY 2012-13 Staff Figure Setting Department of Human Services, Division of Child Welfare, Division of Child Care, Division of Youth Corrections), February 21, p. 30, March 27, 2012 http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humfig2.pdf
- ²⁹ Joint Budget Committee Hearing Colorado Department of Human Services County Administration Self Sufficiency County Administration, Self Sufficiency, Adult Assistance November 28, 2011. http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humhr2.pdf; http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humhr2.pdf+Colorado+%22county+level+TANF+spending%22&ct=clnk
- ³⁰ The Deficit Reduction Act of 2005 (P.L. 109-171) reauthorized the TANF program through FY 2010 and it retained the Contingency Fund.
- ³¹ See e.g., Coalition for Human Needs. (2012). "The Human Needs Report, February 21, 2012." <http://www.chn.org/pdf/2012/120221hnr.pdf>; <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>
- ³² Proposed House bills (H.R. 3576 and H.R. 3580) would repeal the protections built into the sequestration process for basic assistance programs for the poor, and subject these programs to automatic across-the-board cuts if the bills' spending caps would be exceeded. Kogan, R. (2012). "President's Budget Would Eliminate Separate Funding Caps for Defense and Nondefense Discretionary Programs: Likely Result Would Be More Funding for Defense, Less for Domestic Programs." <http://www.cbpp.org/files/2-17-12bud.pdf>
- ³³ "Currently, two caps apply each year: a "defense" cap and a "nondefense" cap. They apply both for the coming fiscal year (2013) and for each year through 2021. The caps are quite restrictive; relative to the funding levels for fiscal year 2010, adjusted for inflation, they will force cuts of 6.3 percent in defense and 12.7 percent in nondefense funding in 2013, growing to 10 percent in defense and 16 percent in nondefense by 2021. See Kogan, R. (2012) President's Budget Would Eliminate Separate Funding Caps for Defense and Nondefense Discretionary Programs. (Washington D.C.: Center for Budget and Policy Priorities, <http://www.cbpp.org/files/2-17-12bud.pdf>
- ³⁴ Appendix: Budget Control Act - Projected Impacts On Colorado DHS Federal Grant Programs, http://www.state.co.us/gov_dir/leg_dir/jbc/2011-12/humfig3.pdf

The **Colorado Children's Campaign** is a nonprofit, nonpartisan advocacy organization committed for more than 27 years to creating hope and opportunity for all of Colorado's more than 1.2 million kids. As the state's most trusted source for data and research on child well-being and backed by an extensive, statewide network of dedicated child advocates, the Children's Campaign champions policies and programs that help lift children out of poverty, improve child health, early childhood learning and development, and K-12 education, and provide all of Colorado's children the opportunity to reach their full potential. For more information, please visit www.coloradokids.org.



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