



**Legislative  
Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 20-0401	<b>Date:</b>	February 7, 2020
<b>Prime Sponsors:</b>	Sen. Fields; Moreno Rep. Coleman; Duran	<b>Bill Status:</b>	Senate Finance
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**Bill Topic:** **COST OF LIVING ADJUSTMENT FOR COLORADO WORKS PROGRAM**

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill increases the amount of basic cash assistance for a Colorado Works recipient by 10 percent for FY 2020-21, and then adjusts that amount for inflation in subsequent years. The Joint Budget Committee must review the sustainability of the Colorado long-term works reserve to fund these inflation adjustments. This bill increases state expenditures on an ongoing basis.

**Appropriation Summary:** For FY 2020-21, the bill requires an appropriation of \$8,163,510 to the Department of Human Services.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under SB 20-029**

		<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Federal Funds	\$6,957,760	\$8,324,787
	Cash Funds*	\$1,205,750	\$1,442,651
	<b>Total</b>	<b>\$8,163,510</b>	<b>\$9,767,438</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

\* Represents local matching funds.

## **Summary of Legislation**

The bill increases the amount of basic cash assistance for a Colorado Works recipient by 10 percent for FY 2020-21. In each subsequent year, the amount must be adjusted upward by the greater of 1.5 percent or that year's Social Security Administration's cost of living adjustment.

Beginning July 1, 2025, and every five years after, the bill also directs the Joint Budget Committee to review the sustainability of the Colorado Long-Term Works Reserve to fund the cost of living adjustment, and to find additional sources of funding, if necessary.

## **Background**

The federal government provides Temporary Assistance to Needy Families (TANF) block grants to states. The Department of Human Services (CDHS), in connection with county governments, administers Colorado Works, the state's TANF program. The funds may be used for cash benefits and services designed to help low-income families become self-sufficient. Colorado receives a TANF block grant of \$136.1 million per year. Of this amount, approximately \$128 million is passed through to counties to administer Colorado Works. In FY 2018-19, counties spent \$81.6 million on basic cash assistance. The remainder was used for training and administration by the state.

Federal law allows states to deposit any unexpended TANF funds in a reserve account, without a time limit. This money may also be spent on benefits that meet the definition of federal assistance, as well as to support related programs such as child welfare and child care assistance. At the beginning of FY 2018-19, Colorado's TANF Long-Term Works Reserve was \$91 million. Expenditures associated with the 10 percent increase in basic cash assistance and subsequent cost of living adjustments will be appropriated from the state's TANF Long-Term Works Reserve.

## **Assumptions**

The fiscal note assumes relatively flat caseload growth and a cost of living adjustment of 1.79 percent over the next two years.

## **State Expenditures**

The bill increases state expenditures in the CDHS by \$8,163,510 in FY 2020-21 to incorporate the 10 percent increase in basic cash assistance, and by \$9,767,438 in FY 2021-22 for a 1.8 percent cost of living adjustment. Expenditures will continue to increase by 1.79 percent on average for subsequent years. The bill will also increase workload in CDHS to make system modifications to the Colorado Benefits Management System (CBMS). This work will require 852 contractor hours billed at \$130 per hour, which can be accomplished within existing appropriations for CBMS modifications.

## **Local Government**

Counties receive approximately 85 percent of the funding required for the basic cash assistance program through a county block grant, however they must contribute the other 15 percent to finance the program. Assuming these shares remain the same under the bill, county expenditures will increase due to the higher Colorado Works payments. Additionally, counties utilize the Long-Term Works Reserve for programs other than basic cash assistance, including Child Welfare and the Colorado Child Care Assistance Program. Utilizing funds from the Long-Term Works Reserve for basic cash assistance, will result in fewer funds available for these other programs.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State Appropriations**

For FY 2020-21, the bill requires an appropriation of \$8,163,510 to the Department of Human Services, of which \$6,957,760 are federal funds (TANF funds available to the Colorado Long-Term Works Reserve) and \$1,205,750 is from cash funds (local funds).

## **State and Local Government Contacts**

Counties                      Human Services                      Information Technology                      Law