



Chairman Bridges and members of the Joint Budget Committee,

On behalf of Colorado Counties, Inc. (CCI), the Colorado Human Services Directors Association (CHSDA), and Counties & Commissioners Acting Together (CCAT), we want to take the opportunity to clarify some details regarding the recent report submitted by the Colorado Department of Early Childhood (CDEC) and the Colorado Department of Human Services (CDHS) in response to the Joint Budget Committee's Request for Information #6.

As the administrators of Colorado's Child Care Assistance Program (CCCAP), Temporary Assistance for Needy Families (TANF), and Child Welfare programs, counties have unique insight into these programs and are committed partners in ensuring their sustainability. These programs are the backbone of support for children and families across the state. However, they are facing immense budgetary pressures that come with associated administrative challenges. To offer additional context and to clarify misunderstandings on items from the Committee's Request for Information #6:

TANF

- **Reduction of overall TANF community services:** Approximately 90% of Coloradans receive assistance from the 15 largest counties. Collectively these 15 counties have served more than 15,000 people through basic cash assistance in July 2025 alone. With the significant increases to basic cash assistance creating fiscal restraints and reduced flexibility, many of these counties are having to reduce or eliminate TANF contracts and supportive services. But if basic cash assistance becomes the only method of serving those in need across all counties, it would mean slower exits from the program and ultimately, there will be a reduction in the number of families served.
- **Contract oversight and transparency—**TANF contracts are investments in the community that allow for partnerships with trusted community organizations and help families achieve a more stable future beyond basic cash assistance. These community investments have far-reaching and multi-generational benefits even though they reflect only 3% of TANF funds spent for the 2024–2025 state fiscal year. Both federal and state oversight agencies provide meaningful checks and balances for how TANF dollars are spent:
 - In Colorado, all county contracts are regularly examined for compliance by CDHS as part of their review of county TANF services through the state's management evaluation process. All contracts must meet the expectations of the federal purposes of TANF and CDHS requires counties to provide all executed contracts with the scope of work during this evaluation process.
 - Counties report costs through the Colorado Fiscal Management System (CFMS), which provides summary-level reporting. However, the reporting does not provide the opportunity to share specific outcome data from contracts. With the implementation of HB 25-1279, State Level Data for Colorado Works Program, the state and counties

continue to discuss how best to collect and report any outcomes associated with expenditures tied to TANF contracts.

Some counties rely on contracts to promote larger-scale economic mobility efforts, resulting in shorter stays on Basic Cash Assistance. Other counties are not able to use contracts at all. Because of this difference it is important to look at contracting as it relates to each county and their administration of the TANF program, rather than relying on a one-size fits all approach.

- **Administrative spending**—Administrative spending statewide remains under the 15% federal cap. Because some counties have noted that their administrative costs are impacted differently by Random Moment Sampling (RMS) accounting, it's important to continue looking at RMS' factor in the future. To improve clarity and consistency with the federal definition of administrative spending, new accounting codes will break out expenditures (e.g. case management) to provide better tracking and reporting. Counties seek additional data and well-defined expectations included within MOUs so they can effectively monitor the cap and meet all requirements. There has not been a refusal to sign revised MOUs.
- **Stagnant Federal Block Grant**—The TANF block grant has not increased since 1996. Adjusted for inflation and population growth, Colorado's \$135 million allocation today represents only about \$0.30 on the dollar compared to 1996. This erosion in purchasing power coupled with the resource needs as a result of HB 22-1259 and inadequate additional revenue for the program, intensifies fiscal challenges for both the State and counties.

CCCAP

- The RFI's CCCAP section is misleading in its indication that there are 500 staff responsible for the administration of the program to serve just over 29,000 children across the state. This number was determined based on who has access to the case management database, not who is actually charged to, or actively working in, the program. For example, CDEC indicates that Larimer County has 22 staff administering the CCCAP program. Larimer County has 5.75 full-time employees actively working and charged to the program for applications, recertifications, and maintaining provider contracts and payments.
- HB24-1223 codified new federal requirements in state statute that are increasing the fiscal pressures on CCCAP. While many of the changes are subject to federal appropriations and CDEC is seeking waiver to some of these changes the change to limit family copay is still required in state statute. Even if the waiver is approved, changes to the co-pay requirements for families would add an estimated \$10 million annually to the cost for CCCAP. Limiting a family's co-pay to no more than 7% of their income is certainly beneficial to families struggling to afford childcare, however without increased funding to implement this change, far fewer children will be able to access CCCAP due to the \$10 million annual cost to the existing block allocation. Philosophically, this is a positive change for families, but without additional funding, it will continue to reduce the number of children who have access to care through CCCAP.

Upcoming changes to work requirements under the SNAP and Medicaid programs will pose a challenge for parents as childcare is one of the biggest expenses for families. It can cost up to 30% of monthly expenses, particularly before age 3 when care is most expensive and difficult to find. Care costs in the Denver Metro Area are some of the highest in the country. Without proper funding, CCCAP counties can

only serve single digit percentages of eligible families, leaving a significant gap in care. Parents who don't have someone to safely care for their children will be unable to meet work requirements.

Child Welfare

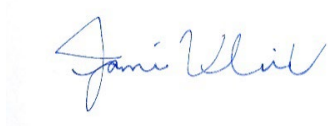
- **Workload and staffing**—The most recent child welfare workload study identified substantial staffing needs, only one-third of which have been funded. The study also aimed to look at the funding appropriated for child welfare staff where the amount provided to counties for one full-time employee did not equal the full cost of hiring that employee. Unfortunately, this structural deficit has become more pronounced as inflation has increased personnel costs, operating expenses, and contracted services. At the same time, counties have faced new statutory and regulatory mandates that have expanded prevention service responsibilities, which add to administrative workload.
- **Practical solutions on adaptable caseloads for child welfare workers**—We support practical solutions and believe caseload management works best when it reflects the complexity of child welfare practice and the changing needs of children and families. Reasonable ranges, rather than rigid statutory limits, give counties the ability to respond to local circumstances and ensure resources are directed where they are most needed. With the child welfare block projected to be overspent by \$20 million, counties are making difficult budget decisions that prioritize legally mandated services, which in turn limits capacity for the broader supports that help promote child safety and family stability.

Cross-Program Challenges

- The Child Welfare program ensures the well-being of children by requiring counties to provide essential services to eligible families. It's fundamental that families have access to safety net programs that support a child's safety, including CCCAP and TANF.
- As programs continue to face significant budgetary pressures, it's critical for counties to have clear guidance and direction on how to proceed as allocated expenditures are exhausted. While freezes and waitlists are a tool to control spending within the CCCAP program, this is not permitted in state statute for TANF basic cash assistance, nor in child welfare which is an entitlement program federally.
- Increases in administrative spending should be analyzed in the context of inflation and caseloads, as well as increases in statutory and regulatory requirements. Without these adjustments, more costs to administer the program shift to local government which is untenable.

On behalf of Human Services agencies throughout Colorado, we want to reiterate our desire to continue partnering at the state level as we navigate how to best meet the needs of residents through funding challenges. We look forward to sharing additional information about the varied ways in which these programs provide essential services to vulnerable families at the local level and invite you connect with your local county representative on how you can get a closer look at our programs.

Sincerely,



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