

Final
STAFF SUMMARY OF MEETING

ECONOMIC OPPORTUNITY POVERTY REDUCTION TASK FORCE

Date:	08/21/2013	ATTENDANCE
Time:	12:03 PM to 04:52 PM	Balmer X
Place:	SCR 356	Exum X
		Hudak X
This Meeting was called to order by <u>Senator Kefalas</u>		Joshi X
		Marble X
		Pettersen X
		Saine E
		Ulibarri X
This Report was prepared by <u>Larson Silbaugh</u>		Fields *
		Kefalas X

X = Present, E = Excused, A = Absent, * = Present after roll call

Bills Addressed:	Action Taken:
Presentation by Working Groups	-
INews Presentation by Bert Hubbard	-
Presentation by working groups - Early Childhood	-
Presentation on PTC rebate program	-
Presentation: Steps to Economic Well-Being Index	-
Debrief and Future Meeting Agendas	-
Staff Presentations	-

12:03 PM -- Called to Order

The meeting was called to order by Senator Kefalas who noted that the meeting would start with presentations by the working groups.

12:12 PM -- Presentation by working groups - Early Childhood

Senator Hudak said there are two areas that the early childhood working group is going to focus on but they have not had a meeting on both issues. One is the Child Care Assistance Program (CCAP), which the group has not discussed. There is a joint meeting on August 29th with the Early Childhood and School Readiness Legislative Commission to discuss CCAP issues. The working group also decided to focus on the childcare tax credit. Some low income people are unable to qualify because they do not get the federal tax credit and the state credit is contingent on the federal credit. She added that \$100 a year is about the max that people can get. The working group is looking into aspects of the tax credit and how to improve it and also how the Department of Revenue processes claims. The working group is considering at least four pieces of legislation.

Senator Kefalas wanted to know if the working group was looking at the cliff effect as part of CCAP.

Senator Hudak responded that there are several cliff effects in those programs and there are multiple facets to address. Some aspects may not be addressed but hopefully they can be addressed by other working groups.

12:18 PM -- Effective Use of Public/Private Resources Working Group

Senator Balmer mentioned that the working group had a presentation on Getting Ahead and Circles to Compete programs. Businesses sign contracts with employers to hire applicants who have completed one of the programs. They are looking to have more people go through the program and hire more veterans.

Representative Exum introduced the Employees First program from Goodwill. To enter the program, potential employees must be employment-ready with completed education and available childcare. The program does not provide soft skills, such as how to dress or show up on time. The program's top three objectives are to help prepare a resume, create an application, and develop interview skills. Rep. Exum asked why private employers are eligible for the program. The presenter answered that it was based on federal guidelines. There are 14,000 people in the program and it is part of the Department of Agriculture. One of the programs in Southern Colorado due to lack of funding. They are looking for matching state funds. The program had about 75,000 applicants but not all were participating in the Employees First program. The working group wanted to look at a work readiness certificate from the state which costs about \$250 for each certificate. The program had looked at receiving state matching funds because they currently receive nothing. There were follow-up questions for the presenter.

Senator Balmer said the work group wondered if the job readiness certificate could help people get jobs. The program may need to be expanded or people need encouragement to get the certificate. The work group wanted to explore what is holding people up in terms of getting the certificate.

Senator Balmer then discussed a Denver Regional Council of Governments presentation. The presenter showed that community-based services provide good value relative to being in a medical facility. In home delivery of meals and doctor visits cost \$350 per month, but it is much more expensive if they are in assisted living or some other care. Taking services to seniors is the cheapest way to keep them from turning to more expensive options.

Representative Exum stated that the task force should find ways for seniors to maximize their contribution to the economy.

Senator Kefalas thanked the working groups.

Senator Ulibarri said that keeping older workers in the labor force prevents young folks from entering the workforce, which is also beneficial.

12:41 PM -- Workforce Readiness and Development Working Group

Representative Pettersen began by providing an overview of a presentation the group received on the unemployed and underemployed in Colorado. Representative Pettersen explained that many such individuals do not have a high school diploma and do not speak English very well. The presenter said that access to education and how a child does in school is determined by the education of the parents, especially the mothers. The work group discussed what the legislature has done including the Skills to Compete program and how to get people ready for the workforce. The working group identified access to education through community colleges and working with business to get students ready for the workforce.

Senator Marble said that if the state could improve K-12 education, then students may be better prepared when they get to college and that the state should focus on some vocational training. She would like community colleges to provide affordable and reliable education to students. Senator Marble stated that there was population growth of 330,000 but the labor force only increased by 11,000, meaning that folks dropped out of labor force and that because of the slow growth in the labor force, the unemployment rate is much higher. Senator Marble stated that Colorado has the highest unemployment rate of the surrounding states and that the state needs to give kids a better opportunity to reach the labor force. She explained that further meetings of the working group will look at regulations and small businesses have been invited to come and present to the working group.

Representative Pettersen said the working group found that in Colorado access to adult education is limited and that many people that could take advantage of programs are not participating.

Senator Hudak wanted to know if the working group looked at adult basic literacy. She stated that moving out of poverty and the drop out rate are linked, but there are some adults who are not fully literate and they may need some extra help. The Colorado Department of Education has programs, but state support has been withdrawn for adult literacy programs.

Senator Marble said that the working group discussed English learning and it was noted that if parents are proficient in English then children do better in school. Senator Kefalas added that there are currently no General Fund dollars to support adult basic education and literacy.

12:54 PM -- Housing Continuum Working Group

Senator Ulibarri relayed Representative Saine's apologies for not being able to attend the task force meeting. He continued that presentations will be available to all task force members. He explained that the working group explored issues related to home financing, both now and prior to the recession. Each presenter was asked about challenges and what can be done with and without the General Assembly's help.

Senator Ulibarri stated that most affordable housing is private. He explained that the Department of Corrections also provides housing programs as people reenter the housing market. The programs have reduced recidivism and participants are less likely to end up back in prison. Senator Ulibarri said that the programs help to reduce the General Fund moneys required for the Department of Corrections. The work group wondered if there is a way to measure these dollars and how that would translate into the rest of the budget.

Senator Ulibarri continued by explaining that the Colorado Housing Finance Authority has tax credits that can help develop affordable housing and also has education programs for first time homeowners. He mentioned that when folks have housing they are able to enter labor market which leads to economic development. The presenters stated that until 2008 unique loan products were available under federal law and bond market conditions helped make the products available. Since then, there has been a gap in soft funds available to help with affordable home programs.

Senator Ulibarri discussed Habitat for Humanity and how to provide funding to the program.

The working group discussed how state and federal policies can support local efforts to develop affordable housing.

Senator Balmer discussed incentives for private developers to create affordable housing and how the state may be able to provide an incentive for local governments to allow higher density development.

The committee discussed housing needs for individuals released from Department of Correction and with mental health needs.

01:18 PM -- Public Comment on Working Group Discussion

Randal Loeb, representing himself, said that he is bipolar and has been homeless many times. He stated that many people will never have the opportunity to compete and thinks there should be a bill of rights for homeless and people in poverty. He stated that the homeless have a shorter life expectancy and there is no safety net for the homeless. He described his difficulty finding employment.

Janet Heimer, representing herself, discussed the match savings account, which is a federal program with a local match that allows people to save for a down payment, go back to school, or open a small business.

Rachel Contizano, representing herself, said the discussion on workforce development and community colleges should focus, in part, on the child care available for students going to school.

01:29 PM -- INews Presentation by Bert Hubbard

Senator Kefalas called the task force back to order.

Burt Hubbard, Inews, introduced himself and provided an overview of INews and the collaboration with Rocky Mountain PBS. INews specializes in doing data analysis and has just merged with Rocky Mountain PBS. INews looked at census data and disparities between African Americans and Latinos in Colorado. Mr. Hubbard started a video presentation.

01:40 PM -- Discussion on Video Presentation

Mr Hubbard discussed the video presentation, stating that they looked at census data for 2010 and the impact of the recession in Colorado. There was an increase in child poverty rate during the recession which was all from the African American and Latino populations. He stated that the gaps between ethnic groups in the poverty rate, median family income, and graduation rates have increased since the 1980s. They then went back to 1960 in census data and looked at trends over time. Mr. Hubbard found that the gaps for home ownership declined between 1960 to 1980, but had widened since and it was the same with college degrees before 1980. Income disparities had a similar pattern to home ownership and college degrees.

Mr. Hubbard then explained that they tried to determine what was causing the gaps. They found that Colorado had generally narrow gaps in the 1960s and 1970s and then larger gaps today and INews talked to a lot of people about why that was. He stated it emerged that it was a complex social phenomenon and a whole lot of factors come together at the same time. Civil rights legislation and the war on poverty meant there were some rapid changes in the 1960s and 1970s. The narrowing gaps led to a pull back in some of the policies in the 1980s. In addition to some policy changes, there has been an increase in percentage of single parent families. Percentages are not as high as other states, but there are still gaps between different ethnic groups. He noted that one factor was the loss of manufacturing jobs. For minorities, manufacturing jobs provided an entry into middle class. INews looked at Pueblo and the steel plant there. Someone could make an equivalent of \$60,000 or \$70,000 a year without a college degree and the emphasis for children was not to get a college education because these jobs were available. In Pueblo, the steel plant went from tens of thousands of jobs to 1,300 today. Manufacturers disappeared all over the state.

Mr. Hubbard also explained that they looked at incarceration rates in Colorado. By 2000, one of 20 African American males, one of 50 Latino males, and one of 150 white males were incarcerated. He explained that Colorado fell to 40th percentile in high school education and K-12 spending. He also noted that there was a bigger decrease in higher education and only two other states spend less for higher education.

02:00 PM -- Questions from the Task Force

Senator Balmer asked a question referring to the slide that ranks Colorado at 40th in K-12 spending. Mr Hubbard explained that they looked at total government spending as compiled by census bureau and per pupil spending. Senator Balmer asked for more clarification noting that other rankings he has seen show the state more in 25-30 range. Senator Kefalas mentioned that Legislative Council Staff may have done some memos that compare education spending.

Mr. Hubbard discussed the difficulty isolating the factors that caused the gaps and responded to questions from the committee. The committee and Mr. Hubbard discussed the role of education in the issue.

02:06 PM -- Questions from the audience

Pat Ratliff, Colorado Counties Incorporated, introduced herself and said they will be making a presentation to the early childhood working group and invited other members of the task force to attend. She discussed Senate Bill 12-022 which passed to extend the Child Care Assistance Program.

Randall Loeb, representing himself, introduced himself as an advocate for the homeless. He offered his suggestions to reduce the achievement gap.

Senator Marble, referring to the infant mortality rates in Mr. Hubbard's presentation, asked if genetic or cultural factors had an impact on the health disparities. Mr. Hubbard responded that he did not have a breakdown by genetic factors.

Representative Exum stated that childhood development and education is important to reduce poverty and to help adults get an education. He said that Supplemental Nutrition Assistance Program and Temporary Assistance to Needy Families benefits can really help individuals to complete their education.

02:32 PM -- Presentation on PTC rebate program

Mr. Ron Kirk, Legislative Council Staff, introduced himself to the committee and explained he would be talking about the Property Tax/Heat/Rent Rebate Program. The program provides assistance to low-income seniors. Mr. Kirk distributed a fact sheet (Attachment A). The Finance Committees review the program every two years. He mentioned that three programs provide assistance to elderly residents in Colorado: the Homestead Property Tax Program, which is not dependent on income; the Property Tax Deferral Program, which allows seniors to defer property taxes; and the Property Tax/Rent/Heat Rebate which offsets property taxes, rent or heating for seniors. The PTC program was created in 1972 and was one of the first circuit breaker programs. Circuit breaker programs provide assistance to both renters and homeowners. The program began in 1972 and rebate amounts were increased in 1980. The rebate could be up to \$660 per year from 1980 to 1999 and then the grants increased 20% to \$792 and grant amounts have not changed since. About 22,000 people receive grants that vary from \$0 to \$792.

Mr. Kirk described the income limits for the program and mentioned Senator Kefalas requested an audit to see if the program is working as intended by the legislature. The audit will be presented at the next committee meeting.

Mr. Kirk responded to questions from the committee regarding income eligibility limits for the program, the decline in benefits over the years, and whether air conditioning rebates are part of the program.

02:57 PM -- Measures of Poverty

Keshia Duncan, Legislative Council Staff, presented a memo (Attachment B) on the different measures of poverty. She explained how the different measures of poverty are calculated and discussed the differences in what they measure. Specifically, she discussed the federal poverty level, or official poverty rate, the National Academy of Sciences Supplemental Poverty Measure, and the self-sufficiency standard. Each measure includes different definitions of income and measures of what expenses are necessary for different types of families.

03:15 PM -- Questions from the Task Force

Senator Ulibarri discussed the differences between the poverty measures. He asked if the self sufficiency index is available for each county. Ms. Duncan responded that yes, it is available in a report that was given to the committee at a previous meeting.

Senator Kefalas stated that the federal poverty level just looks at adjusted gross income, and wanted to know why the poverty measures are different. Ms. Duncan discussed the difference between the measures.

Senator Kefalas asked about the population that is living in poverty under official poverty line and wanted to know if similar statistics are available for the supplemental poverty measure.

Ms. Duncan said the supplemental poverty measure and National Academy of Science methodologies were just recently released and the data is not available.

Senator Hudak asked how the National Academy of Science adjusted for changes in prices and living standards and Ms. Duncan responded.

Senator Kefalas wanted to know which other states have been able to establish a state specific poverty measure and how they have been used.

Ms. Duncan mentioned that New York convened a commission to study poverty and started using national academy of science guidelines. She explained it has been hard for states to come up with measures because the federal aid programs still use the federal poverty level.

Senator Kefalas discussed data from the state demographer, out-of-pocket medical expenses, and work that the Department of Human Services has done to measure economic well-being.

03:31 PM -- Questions or Comments from the Public

Pat Ratliff, representing Colorado Counties, said she cannot imagine people living on under 24,000 a year.

03:44 PM -- Presentation: Steps to Economic Well-Being Index

Larson Silbaugh, Legislative Council Staff, introduced himself to the committee and provided background information on the process of calculating an economic well-being index. He explained the current deficiencies with federal poverty line metrics, and stated that an economic well-being index instead looks at whether a person has overall good economic well-being. He told the task force members that an index itself does not have meaning unless it is compared to another value of that index. He talked about other well-known indexes and explained elements of the memorandum that he distributed to committee members (Attachment C). Mr. Silbaugh stated that a variety of variables can be included in an economic well-being index, including: income, health care, shelter, child care, employment, transportation, food, and education. He discussed the difficulties with using income as a variable in an index and explained that decisions must be made about how to weight each variable that is included in calculating the index.

03:52 PM

Mr. Silbaugh continued to discuss the examples outlined in the memorandum (Attachment C) and explained how an index with multiple variables can help identify weaknesses across different communities. He stated that another element to consider is which benchmarks to use when comparing how a specific county compares to the state as a whole, or to itself in a previous time period, or when comparing it to a specific goal. He said that when measuring a county against a statewide average, certain problems may arise. He discussed the need to use subjective judgement when determining the purpose of implementing an economic well-being index, as well as the limitations associated with only using an income variable to measure poverty as opposed to a more comprehensive approach.

03:59 PM

Mr. Silbaugh responded to questions from the committee regarding statistical significance and how this might impact the interpretation of data. Senator Kefalas discussed the need to determine what the assumptions of the economic well-being index should be, in a bipartisan manner. Mr. Silbaugh answered questions regarding how to handle issues of missing or outdated data when implementing an index. He explained that one can more easily determine assumptions if there is data from longer periods of time to examine. Senator Kefalas reiterated the need for the task force to determine what assumptions and indicators should be included in the index.

04:08 PM

Senator Kefalas asked Mr. Silbaugh to comment on the work being done by the Colorado Department of Human Services (CDHS) to create an index. Mr. Silbaugh responded that CDHS considered implementing a well-being index and decided that it was better to focus attention on the individual programs that the department already administers, and to look at well-being on an individual level, and not how a county as a whole is performing. Senator Kefalas questioned whether there is an opportunity for collaboration between the task force and CDHS in regards to developing a well-being index.

04:12 PM -- Dr. Mike Cortes, Scholar in Residence at the University of Denver, came to the table to comment on issues associated with defining an economic well-being index through public policy. He said that it is up to the individual to decide how "well off" he or she is at any given time, and asked why income and wealth become a default assumption when determining well-being. He discussed the difficulty of determining indicators for people who are dependent upon others to control their wealth and economic well-being, and stated that it's important to look at education as a proxy for economic opportunity and mobility. Senator Kefalas asked Dr. Cortes to tell the committee about a course he teaches at the University of Denver on public policy development and analysis and about the project he requires his students to complete during their course work. He responded to questions from the committee.

04:24 PM -- Debrief and Future Meeting Agendas

Senator Kefalas asked each task force member to comment on what he or she learned in the meeting and whether he or she had specific topic or agenda ideas for subsequent meetings. Senator Ulibarri stated that the poverty metric conversation was helpful. He said that instead of implementing a poverty index that only examines poverty and wealth, the task force should consider an opportunity index. He discussed the importance of targeting the index to vulnerable populations and stated that there are many independent factors impacting different populations and that these increasing disparities need to be addressed. He suggested examining how to assign value to the impact of legislation at the next meeting. Representative Pettersen commented on the importance of hearing what the working groups are working on and the need to determine how to ensure that the working groups are productive.

04:32 PM

Senator Hudak stated that education is a key factor in economic opportunity and poverty reduction, and discussed the need to teach job search skills and other soft skills, and for different state departments to work together more collaboratively. She commented on the duplication of work done by different working groups, as well as issues of funding. She stated that the task force must determine a clear policy agenda as opposed to presenting a random a collection of legislation. Senator Marble discussed the need for an opportunity index, as well as ways to increase business expansion for job growth and employment opportunities. She thanked the public for their input. Senator Kefalas asked Senator Marble to speak about the upcoming agenda for the workforce readiness working group, specifically in regards to business regulations.

04:41 PM

Senator Kefalas stated that the purpose of task force is: to determine how to identify best and promising practices to reduce poverty rates and increase economic opportunity; to reframe the conversation surrounding poverty; and to cut the poverty rate in half by 2019. He reiterated the mission and purpose of the working groups and the role of the working groups within the entire task force. He stated the importance of prioritizing what legislation the task force brings forward, as well as other recommendations that can be made administratively. He discussed the need to develop a functional promising practices database and to develop a poverty metrics system, whether it's a well-being index or opportunity index. Senator Kefalas discussed the agenda for the next meeting on September 4. Senator Hudak requested time at the next meeting to begin discussions about legislation to bring forward.

04:52 PM

The committee adjourned.