**RESEARCH BRIEF**
October 2025

COLORADO CHILDREN'S CAMPAIGN
FOR EVERY KID. FOR 40 YEARS.

# Essential, Research-Based Strategies to Modernize TANF in Colorado

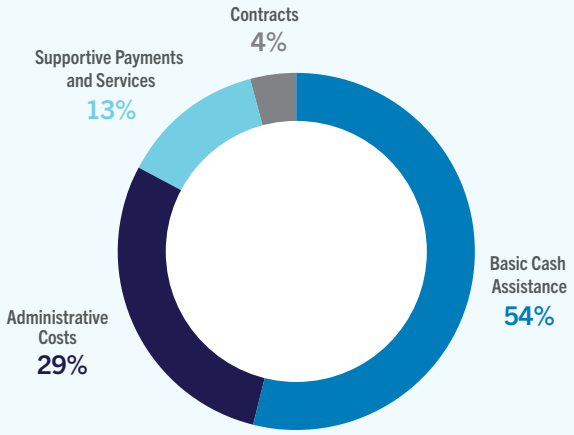
KIDS IN FOCUS

## KEY FINDINGS

**$161.4 million**
**Colorado TANF spending**
FISCAL YEAR 2023-24

**47,003**
**Colorado children receiving TANF Basic Cash Assistance**
2023

### TANF Spending in Colorado, FY 2023-24




Sources: Colorado Joint Budget Committee; Colorado Department of Human Services

★ The Temporary Assistance for Needy Families (TANF) block grant is intended to help children and families living in poverty improve their well-being and economic standing.

★ Currently, very little detail is comprehensively tracked or provided about how Colorado uses a large portion of it s TANF funds and whether the resources are successfully supporting children and families.

★ State and federal leaders are calling for the modernization of the TANF program and a re-commitment to efficient and effective uses of funds.

★ **Colorado's policymakers can redesign the TANF program so that it more effectively supports families by:**

- Exclusively investing in **research-based strategies** like cash assistance, child care, and effective types of education and training supports.
- Establishing and requiring progress toward **holistic, family-centered outcome measures** to ensure strategies are effectively supporting families and children.

The Temporary Assistance for Needy Families (TANF) program supports children who are living in poverty. But nearly three decades after its creation, Colorado's TANF program, known as Colorado Works, needs strategic reforms to ensure the sustainability of the program and transform TANF into a more effective support for child well-being and family economic mobility.

The TANF program was created in 1996 to promote family safety, stability, and self-sufficiency. Because TANF is a block grant to states from the federal government, states have some flexibility in how they use funds as long as they remain within the bounds of TANF's stated purposes. This allows states to pursue innovative strategies, but it also means that TANF dollars have not always been used effectively to promote meaningful outcomes for kids and families.

For the past several years, national and state organizations, advocates, and policymakers have called for the modernization of TANF, which has used largely the same approach to distributing resources since 1996.[1] In Colorado, recent policy changes have started moving the TANF program toward a more child- and family- centered approach.

**But to maximize the TANF program's potential to create lasting positive outcomes for children and families, Colorado's policymakers should take steps to:**

1. Invest TANF dollars solely in **research-based strategies** that promote child well-being and long-term family economic security, including cash assistance, child care, and certain types of education and training supports.
2. Establish and require progress toward **holistic, family-centered outcome measures** to ensure the effectiveness of investments.

## Current Limitations of Colorado's TANF Program

Colorado has made significant improvements for families in the TANF program in recent years, including improving cash assistance, reducing punitive sanctions, and helping families increase their income while smoothing their off-ramp from the program. However, the TANF program in Colorado currently does not have a comprehensive, data-driven approach to investing in evidence-based strategies that reliably advance meaningful outcomes for families.

Colorado operates a county-administered TANF program with limited state oversight. While many counties do invest TANF dollars in research-supported services, Colorado has not had standardized, detailed information on how counties are spending TANF dollars or standardized outcome measures to determine the effectiveness of these investments.

In addition, Colorado does not currently use TANF dollars in a way that incentivizes the achievement of meaningful outcomes for children and families.

A bill passed in 2025 will make TANF spending data more transparent and standardized. It also requires the program to establish outcome measures. These will be the first steps toward a more effective TANF program and will help inform efforts to re-envision the program in Colorado. But Colorado still needs a statewide, comprehensive approach for how to best spend TANF funds and provide effective oversight for the program.

Recent federal policy changes, including the budget bill passed by Congress in 2025, will create new strains on Colorado's budget and benefits systems at the state and county level. It is more important than ever to maximize every dollar of TANF funds in Colorado to ensure the sustainability of the TANF program and support children and families in the most effective ways possible.

### TANF IN COLORADO

Colorado's TANF program is known as Colorado Works. For more information on TANF spending, rules, and regulations, see ***Understanding TANF in Colorado.***

**$161.4 million:** Colorado's TANF spending in Fiscal Year 2023-24

**47,003:** Colorado children who received TANF Basic Cash Assistance in 2023

**$75,000:** Annual income eligibility for a family to be eligible for broader TANF services (other than Basic Cash Assistance)

**$421:** Monthly income limit for a single parent with two children to be eligible for TANF Basic Cash Assistance

**$620:** Monthly Basic Cash Assistance payment for a family with one parent and two children

Sources: Colorado Joint Budget Committee; Colorado Department of Human Services

## Research-Based Strategies for TANF

### Supporting Children's Well-Being and Long-Term Family Economic Security

Colorado should only fund supports and services in the TANF program that are based in evidence, support child and family well-being and long-term economic stability, and can be tied to robust outcome measures. These include cash assistance, child care, and certain types of education and training supports.

### Cash Assistance

Consistent, **monthly cash payments** and **targeted cash transfers** are evidence-based strategies that alleviate childhood poverty, support child development, and increase family economic mobility.

Childhood poverty has significant negative effects on children's short and long-term well-being. Children living in poverty are more likely to face health issues and engage in risky behaviors,[2] and less likely to meet academic standards and increase earnings as adults.[3]

Several studies have shown that even modest amounts of cash assistance have positive impacts on outcomes for children, including increased birthweight, increased cognitive functioning as infants, improved behavioral and educational performance, and increased adult earnings.[4]

#### Monthly Cash Payments: Basic Cash Assistance

TANF Basic Cash Assistance payments are one of the most flexible forms of assistance — one of only a few that families can use to purchase necessities like infant diapers, bus passes, or gasoline.

Numerous studies have pointed to the benefits of this type of cash assistance for children and families. Cash assistance mitigates the effects of extreme poverty, helps families afford necessities for their children, prevents child maltreatment and homelessness, and improves overall childhood experiences and development.[4]

Monthly cash transfers are known to:

- **Improve long-term economic standing:** Cash assistance helps families get employed, ultimately improving a household's long-term economic standing.[4] A study focused on a cash assistance program in California found that after one year, cash assistance helped increase employment among 12% of participants compared to an increase among only 5% among participants who did not receive cash assistance.[5]
- **Reduce child welfare involvement:** Economic hardship is often a driver of involvement in the child welfare system.[6] By increasing a family's financial stability, basic cash assistance makes children less likely to experience abuse, neglect or interaction with the child welfare system.[4] In fact, states with a more limited system for cash assistance have higher rates of child maltreatment and foster care placements.[7]
- **Prevent homelessness:** Greater access to cash assistance is associated with lower rates of family homelessness.[8] A study in Washington state found that a basic cash assistance payment in the prior month reduced the likelihood of an episode of homelessness by 56%.[9] Another study in Michigan found that monthly cash assistance payments substantially reduced evictions for families.[10]
- **Support child development:** Financial resources help improve child development and school achievement.[3] Even in their earliest years, children can benefit. The Baby's First Years research study found that cash transfers to families resulted in increased infant brain activity, which is associated with a child's development and cognitive skills.[11] Additionally, a study in Michigan found that monthly cash assistance payments led to fewer premature and low-birthweight births.[12] While the Baby's First Years study also recently found that cash transfers did not have a statistically significant impact on the specific child development outcomes measured in the study,[13] there is overwhelming evidence that cash assistance has a variety of positive impacts on children and families.

Monthly cash payments are already a key component of the TANF program in Colorado. Families living in extreme poverty that participate in the program receive monthly stipends to help them afford their basic needs. (See information about eligibility here.)

### Targeted Cash Transfers: Supportive and Supplemental Payments

Supportive and supplemental cash payments are provided to families for a specific purpose and can help families cover the cost of housing or access transportation.

These targeted cash transfers mitigate the effects of childhood poverty and improve economic mobility. Supportive and supplemental payments are known to:

- **Support employment:** In Colorado, people who received a supportive payment were roughly 10% more likely to enter employment.[4] Families who received transportation assistance through supportive payments were more than twice as likely to be employed when they left the program.[14]
- **Increase children's long-term earning power:** Helping families avoid crisis supports children's long-term stability. For example, one study found that an annual supplemental payment of $3,000 in a child's first years led to a 19% increase in their earnings as adults.[2]
- **Increase housing stability:** Payments that help families afford rent, utilities, and other housing necessities help families maintain their current housing and avoid episodes of homelessness.[15]

Families who participate in TANF in Colorado identified housing and transportation as two areas of high need.[14, 16] Other states have implemented innovative, effective supplemental payments for housing and transportation through TANF, including rental assistance, reimbursement for transportation costs, access to a vehicle, and regional transportation services in rural areas.[15, 17]

Currently, Colorado's counties provide supportive payments to families on a discretionary, case-by-case basis. There is not a statewide strategy to prioritize the types or forms of payments that are tied to evidence of positive outcomes for families, or to make sure payments are distributed consistently to families who need them based on a specific set of criteria or needs.

## Child Care

Child care helps families get to work or school and improve their economic standing while ensuring their child is in a safe and nurturing environment.[18, 19] Families enrolled in TANF often cannot find child care they can afford.[20] This limits their ability to work, pursue career goals, and move toward economic security.[4]

Historically, families enrolled in TANF were automatically eligible for the Colorado Child Care Assistance Program (CCCAP), which provides child care assistance to eligible families while they work or pursue an education. When implemented effectively, CCCAP is known to increase employment and earnings for parents.[21] However, Colorado recently stopped allowing automatic eligibility for TANF families due to CCCAP funding constraints. This both increases the financial strain of child care costs on TANF families and reduces their ability to pursue education or training to support their economic mobility. This is especially challenging in Colorado where child care is among the most expensive in the country.[22]

## Education and Training Support

Evidence-based education and training programs such as career pathways, sector-based training, and work-based learning help parents access higher-paying, more sustainable employment opportunities.[23]

When implemented effectively, career support programs lead to a high return on investment.[24] For example, participants in the Colorado Works Subsidized Training and Employment Program (CW STEP), which serves TANF families facing significant barriers to employment, were more likely to be working in higher-paying positions, even several years after participating, according to a recent evaluation of the program. After exiting the program, participants had higher rates of employment, higher earnings, and more stable connections to employers.[25]

Colorado is missing opportunities to help TANF families advance their careers. Only 36% of families reported that Colorado Works helped them find or maintain employment and just two in 10 families reported receiving a professional license or certification or taking a course toward their career goal while enrolled in the program.[16]

## Holistic, Family-Centered Outcome Measures

**Ensuring strategies are effectively supporting families and children**

In addition to investment in research-based strategies, Colorado must develop holistic, family-centered outcome measures and require reporting on progress toward these measures when strategies are implemented. This will help ensure TANF dollars are being spent wisely and that programs are effectively supporting families.

Right now, Colorado's TANF program does not require or incentivize the achievement of meaningful outcomes. It primarily tracks short-term outcomes like job attainment. Programs run by contracted providers are not consistently selected or evaluated using holistic and family-centered outcomes measures.

Other states and programs use outcomes measures to confirm that services are beneficial for families. For example, Wisconsin's TANF program currently uses performance-based contracting, which requires contractors to meet certain performance measures for payment, and increasingly prioritizes incentives for achieving longer-term outcomes for families enrolled in the program, such as job retention and higher wages.

## Making TANF Work for Children and Families

The children and families who are served by TANF are living in extreme poverty. This program is one of the most targeted efforts available to support children and families' immediate needs while also setting them up for a stronger future. It is essential that Colorado act as a good steward of TANF funds.

By investing in evidence-based strategies and using forward-looking, family- and child-centered outcomes-based measures to understand what works, Colorado can make a meaningful difference in the lives of children and families living in extreme poverty.

**Colorado leaders have many opportunities to ensure TANF dollars effectively alleviate extreme poverty and support children and families in moving toward economic stability.**

### CASE MANAGEMENT IN TANF

Case management — one-on-one interactions between case managers and families who participate in TANF — helps shape a family's experience and outcomes in the TANF program. High-quality case management is an effective way to understand families' unique needs and design and provide support accordingly. However, traditional TANF case management has not been shown to have a significant positive impact on outcomes for families. Other models of case management, such as employment coaching, have been found to promote more positive outcomes for families.[26]

Colorado's case management system should ultimately prioritize deeper, quality interactions with families to support the achievement of long-term, family-centered outcomes, including by streamlining administrative requirements, allowing case managers to focus more on barrier removal and career readiness, and involving families as ongoing co-creators of their goals and plans.[1]

### Exclusively invest in evidence-based strategies.

Colorado leaders should only use TANF dollars to provide research-supported programs for children and families. These programs include:

- **Monthly cash payments:** Colorado should continue to invest in and prioritize monthly cash payments.
- **Supplemental payments:** Colorado should strengthen its approach to providing supplemental payments to ensure they target identified critical needs and areas backed by research like housing and transportation. These payments should be implemented using a consistent, strategic approach that ensures all families who need them while enrolled in the program are able to access them.
- **Child care:** Colorado should prioritize families enrolled in TANF for access to child care through state-supported programs. The state should also designate a portion of TANF funds to help provide subsidized child care for families enrolled in the TANF program.
- **Education and training supports:** Colorado should prioritize investments in evidence-based education and training supports to ensure long-term economic mobility for families participating in TANF. In addition, the state should leverage the broader system of workforce development and supports that already exists in the state to connect TANF families to evidence-based education, employment training and career pathway supports that align with families' needs and goals.

### Establish and Track Holistic, Family-Centered Outcome Measures

Colorado should establish and require progress toward holistic, family-centered outcomes measures to ensure services are implemented effectively. These measures must:

- **Prioritize long-term impact:** Instead of measuring short-term job attainment or more immediate progress, measures should be tied to child and family well-being and long-term economic stability. Examples of child and family well-being measures include:
  - Enrollment in health insurance
  - Participation in maternity care
  - Improvement in maternal health outcomes
  - Attendance at well-child visits
  - Improvement in child health status
  - Participation in home visiting programs
  - Improvement in educational outcomes, such as school attendance or performance.
- **Apply to all TANF spending:** Some TANF dollars are used to contract with third parties to provide programs and services to TANF families. To assess the impact of all TANF spending, contracts should include these outcome measures and contract payments should be tied to achievement of these measures.

**Sources**

[1] American Public Human Services Association. (2021). Core principles for TANF modernization.

[2] DC Fiscal Policy Institute. (2016). When every dollar counts: Child poverty has lasting negative effects, but even small income boosts can help.

[3] Center on Budget and Policy Priorities. (2022). Three reasons why providing cash to families with children is a sound policy investment.

[4] Colorado Department of Human Services. (2025). The impact of investing TANF dollars in cash transfers (basic cash assistance).

[5] Stockton Economic Empowerment Demonstration. (2019). Key finding: Employment.

[6] Chapin Hall. (2023). The role of TANF in economic stability and family well-being and child safety.

[7] Center on Budget and Policy Priorities. (2023). Research reinforces: Providing cash to families in poverty reduces risk of family involvement in child welfare.

[8] Paroline, Z. (2021). Income support policies and the rise of student and family homelessness. *The ANNALS of the American Academy of Policy and Social Science,* 693(1):46-63.

[9] Shah, M.F., et. al. (2015). Predicting homelessness among low-income parents with TANF.

[10] Hanna, M., et. al. (2025). Hardship and hope: The relationship between unconditional prenatal and infant cash transfers, economic stability, and maternal mental health and well-being. *American Journal of Public Health.*

[11] Troller-Renfree, S.V., et. al. (2022). The impact of a poverty reduction intervention on infant brain activity. *Proc. Natl. Acad. Sci. U.S.A.,* 119 (5).

[12] Agarwal, S., et. al. (2025). Perinatal cash transfers and birth outcomes: A population-based quasi-experimental study of the Rx kids unconditional cash prescription during pregnancy and infancy.

[13] Hart, E.R., et. al. (2024). The effect of unconditional cash transfers on maternal assessments of children's early language and socioemotional development: Experimental evidence from U.S. families residing in poverty. *Developmental Physiology,* 60(12): 2290-2305.

[14] Colorado Department of Human Services. (2025). Data Brief – Transportation Assistance: Colorado Works Leavers Survey.

[15] Center on Budget and Policy Priorities. (2022). TANF can be a critical tool to address family housing instability and homelessness.

[16] Public Consulting Group & Colorado Department of Human Services. (2023-2024). Colorado Works Leavers Survey 2023-2024 annual report.

[17] American Public Human Services Association. (2023). Advancing promising practicing to support transportation needs of families in TANF.

[18] Center for American Progress. (2022). 4 reasons the U.S. economy needs comprehensive child care.

[19] First Five Years Fund. (n.d.). Working families.

[20] The Bell Policy Center. (2023). Affordability of care in Colorado.

[21] U.S. Department of Health & Human Services, Office of the Assistant Secretary for Planning and Evaluation & Urban Institute. (2016). Effects of the CCDF subsidy program on employment outcomes of low income mothers.

[22] Child Care Aware of America. (2024). 2024 price of care: Child care affordability analysis.

[23] U.S. Department of Health & Human Services. Pathways Clearinghouse evidence snapshots.

[24] Colorado Department of Human Services. (2025). The impact of investing TANF dollars in education, employment and training.

[25] University of Boulder Department of Economics and Institute of Behavioral Science, University of Notre Dame Department of Economics & Wilson Sheehan Lab for Economic Opportunities. (2025). Evaluation of the CW STEP program.

[26] Colorado Department of Human Services. (2025). The impact of investing TANF dollars in case management.

## Authors

Sarah Barnes, Vice President of Policy, sarah@coloradokids.org

Maya Gould, Vice President of Research, maya@coloradokids.org