DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2021-22 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, December 7, 2020
10:45 am – 12:00 noon

10:45-11:00 INTRODUCTIONS AND OPENING COMMENTS

Presenter: CDLE, Executive Director – Joe Barela

11:00-11:10 COMMON QUESTIONS

Main Presenters:
- CDLE, Executive Director – Joe Barela

Supporting Presenters:
- Budget Director – Matthew Blackmon

Topics:
- Implementation of FY 2020-21 HLD Decrease: Page 1, Question 1 in the packet
- COVID-19 Changes: Page 1, Question 2 in the packet

11:10-11:25 EMPLOYMENT AND TRAINING PROGRAMS

Main Presenters:
- CDLE, Executive Director – Joe Barela
- Employment and Training, Division Director – William Dowling
- Colorado Workforce Development Council Director – Lee Wheeler-Berliner

Topics:
- Just Transitions Plan and Request R1: Pages 2-3, Questions 3 - 4 in the packet
- Hospitality Grant Program and Request R3: Pages 3-4, Questions 5-7 in the packet
- FY 2020-21 Stimulus Proposal: $25.0 million for Training Programs (Plan for Workforce and Economic Recovery): Page 4, Question 8 in the packet
- How are the $2 Million Cash funds for Workforce Centers being used – Page 5, Question 9
- Breakout of participants by workforce region – Page 6 - Question 10
- Demographic utilization of workforce centers – Page 7 – Question 11
- Veterans Service-to-Career Program/Long Bill Footnote 72: Page 7, Question 12 in the packet

11:20-11:45 UNEMPLOYMENT INSURANCE

Main Presenters:
- CDLE, Executive Director – Joe Barela
- CDLE, Deputy Executive Director – Cher Haavind
- Unemployment Insurance, Acting Division Director – Alice Johnson

Supporting Presenters:

- Unemployment Insurance, Deputy Division Director – Kierston Howard
- Unemployment Insurance, UI Benefits – Phil Spesshardt
- Unemployment Insurance, UI Call Center – Admira Makas

Topics:

- UI System Performance and Administrative Challenges: Page 8, Questions 13-16 in the packet
- Unemployment Insurance IT Systems: Page 11, Questions 17-18 in the packet
- Near-term and Long-term Future of the UI System: Page 13, Question 19 in the packet
- Taxation of Benefits: Page 13, Questions 20-23 in the packet

11:45-11:50 FAMILY AND MEDICAL LEAVE INSURANCE

Main Presenters:

- CDLE, Executive Director – Joe Barela

Topics:

- Roll-out for FAMLI: Page 14, Questions 24-26 in the packet

11:50-11:55 VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

Main Presenters:

- CDLE, Executive Director – Joe Barela
- Division of Vocational Rehabilitation, Division Director – Kristin Corash

Topics:

- Independent Living Services: Page 15, Questions 27-28 in the packet

11:55-12:00 LABOR STANDARDS AND STATISTICS

Main Presenters:

- CDLE, Executive Director – Joe Barela
- Division of Labor Standards and Statistics, Division Director – Scott Moss

Topics:

Labor Standards and Request R2: Page 17, Question 29 in the packet

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Monday, December 7, 2020
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COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

1 **Please describe the Department's actions to implement the Health, Life, and Dental decrease in lieu of a 5.0 percent General Fund salary base reduction. Please include dollar and percentage share data on planned "allocations" of the decrease to all divisions and programs within the Department. Please describe the use of vacancy savings, delayed hiring, and the implementation of one-time or ongoing operating savings. Please describe the urgency of the Department's need to engage in a furlough in FY 2020-21 due to the inability to achieve savings in other ways.**

The Department aimed to minimize both the immediate and long term impacts on mission execution when implementing the necessary 5% reductions in the FY 2020-21 budget. The Department's plan protected emergency response and recovery, customer service, institutional knowledge, and economic resiliency. To achieve this, the 5% reduction in HLD of $276,218 was implemented through various methods.

The department is planning on utilizing vacancy savings in coordination with strategically delaying hiring depending on the critical needs of the program to cover this one time health, life, dental benefits funding reduction. The Division of Vocational Rehabilitation receives over 80% of the General Fund within the department and will manage this one-time reduction without any impact to services for people with disabilities.

Furloughs have been instituted in a tiered fashion to protect those state workers earning less. Furloughs in the Department account for 7% of the total HLD reduction. The Governor and Department leadership agree that the best way to achieve a fair and equitable pathway for all agencies to meet the 5% HLD reduction required by the FY 2020-21 budget was through a thoughtful and restrained furlough plan.

2 **Please describe how the changes implemented in response to the COVID-19 pandemic have changed the nature of the Department's work. Please address programmatic, budgetary, and office space impacts.**

Starting with the Governor's stay at home order in March, all of CDLE's divisions moved quickly to maximize work from home, and ensure 100% of our services could be provided online or over the phone. We continue to have 94% of our staff work from home. Our programs, especially in unemployment insurance (UI) and our workforce development centers, have seen heavy increases in customers requiring service. The UI operational changes are covered in questions below. Our workforce centers and vocational rehabilitation counselors have continued to see customers virtually, and ensure all services continue to be available. The Division of Worker's Compensation invested in technology that allowed their call to operate remote, implemented several emergency rules that allow the worker's compensation process to operate without in person meetings, and reduced the paperwork involved.

Our Division of Labor Standards and Statistics implemented emergency rules requiring paid sick leave to be provided by employers. They have been working with employers to encourage compliance, and investigating complaints when necessary.

The budget impacts have been negligible for the majority of our divisions, as federal budgets have increased for Unemployment, and remained flat for both workforce centers and vocational rehabilitation. However, our Oil and Public Safety programs are almost entirely cash funded, and reliant on registration permit and license fees, and fuel taxes. The stay at home orders associated with COVID, resulted in financial impacts to all of our programs, however the most significant impacts have been to the Amusement Park industry and they have persisted throughout the year. The shutdown of many amusement parks (Elitch Gardens, traveling carnivals, State Fair, etc.) has reduced program revenues by an estimated 45% at the end of FY 2020 and recovery has been minimal this fiscal year. The Explosives program has also experienced a slowdown partially due to the pandemic.

EMPLOYMENT AND TRAINING PROGRAMS

JUST TRANSITIONS PLAN AND REQUEST R1

3. ***[Rep. McCluskie/Sen. Rankin]* Discuss your progress on developing the Just Transitions Plan, your collaboration with other agencies such as the Office of Economic Development and the the Department of Local Affairs, and the anticipated timing for implementing the plan.**

HB 19-1314, which created the Office of Just Transition and the planning process, requires a final state plan to be submitted to the Governor and the Legislature by December 31, 2020. We will meet that deadline. The Just Transition Advisory Committee (also created by HB 19-1314) submitted its draft transition plan with 11 proposed recommendations on August 1 (available here), and the final plan will reflect much of the Advisory Committee's work, along with input from other stakeholders. The Advisory Committee includes that executive directors of both OEDIT and DOLA, and they and their staffs have been active participants in and advisors to the process. The final plan will represent a consensus among these agencies as well as a wide range of other stakeholders.

The implementation of the plan will begin immediately, especially for economic development and diversification efforts in coal impacted communities. Both DOLA and OEDIT will play an active role in implementation. The work on behalf of dislocated workers will be largely preparatory for the first few years, since the actual closure of Colorado's remaining coal-fired power plants and coal mines, and therefore any major layoffs, aren't expected until the second half of this decade.

4. *[Rep. Ransom]* **Given current unemployment across multiple economic sectors, does it still make sense to focus resources narrowly on transitioning employees from a coal-based economy?**

In terms of unemployment, the two challenges are not happening at the same time. Current projections don't suggest any major layoffs in the coal sector until 2025 or later, hopefully well after the current crisis is behind us. The permanent loss of a dominant economic driver and employer is an unfortunately-common experience in rural Colorado, and the Just Transition effort offers an opportunity to explore ways to build more diverse and resilient rural economies that can withstand the kind of disruptions that perpetuated the boom-bust cycles that have characterized parts of Colorado's economy since before statehood. Realizing this goal will ultimately benefit communities and workers throughout the state, and we believe that possibility was part of the impetus for the passage of HB 19-1314.

HOSPITALITY GRANT PROGRAM AND REQUEST R3

5. *[Sen. Moreno]* **Discuss your decision to remove funding for this program.**
    a. **Was this in response to your funding "mark"/direction from OSPB?**

    Yes, this reduction allowed the department to meet the General Fund mark set by OSPB. The department's only large general fund source is the Division of Vocational Rehabilitation, which also draws down a 3 to 1 federal match for all state dollars, so cutting $250,000 of general fund would lead to a $1 million overall reduction. Not only was this program one of the few options CDLE had to meet our reduction goals, but we believe the needs for the hospitality industry are more immediate than work based learning and will need a more COVID specific approach. To that end, the economic stimulus for small business, including restaurants and bars, passed during the special legislative session is the most impactful way to support the hospitality industry through these difficult times.

    b. **Given that you have not proposed eliminating the program in statute, do you hope to bring it back in the future?**

    The department will review the demand for these services and if evidence-base data exists to justify funding for this program, the department may submit a request.

6. *[Rep. Bird]* **Has the Department discussed eliminating the program with school districts? Would the funding be used if it were available? Is the Department *assuming* that the program won't be used in light of limits on in person learning?**

CDLE has had discussions with the Colorado Restaurant Foundation (CRF), administrator of the Hospitality Career & Secondary Education grant, to inform them of the possibility that the program will be discontinued. Through the CRF's Colorado ProStart Educator Regional meetings, CRF has explained that future funding and the Foundation's ability to provide program support could be impacted due to the COVID-19 pandemic. School districts have continued to reach out to the Foundation with requests to expand their Hospitality ProStart Youth Apprenticeship and Lodging & Resort Management Programs.

CRF is supporting 44 CO ProStart Pre-Apprenticeship and Youth Apprenticeship programs and serving over 1000 students in the 20/21 academic year through the grant funding. Funding from the Hospitality grant is fully utilized across ProStart programs, even amidst the current restrictions due to the pandemic. ProStart students are currently learning through virtual and hybrid teaching platforms and funds from the grant provides students with the necessary industry certifications and academic instruction required to pursue college and a career in the hospitality industry.

7. ***[Sen. Moreno]* What programs do you feel better support the hospitality industry under the current circumstances?**

Due to the COVID-19 pandemic, the department is requesting this funding be reduced until evidence- based labor market information signals a need for adding some funding for this program. Currently, another program that may be accessed is the Apprenticeship State Expansion Grant which supports statewide growth in all industries, including providing support for two Statewide Apprenticeship Consultants that can support interested employers and new sponsors in registering their apprenticeships with the US Department of Labor. Additionally, the stimulus package passed during the special legislative session will provide significant tax relief and direct aid to nearly 8,000 businesses in the hospitality industry.

FY 2020-21 STIMULUS PROPOSAL: $25.0 MILLION FOR TRAINING PROGRAMS (PLAN FOR WORKFORCE AND ECONOMIC RECOVERY]

8. ***[Sen. Moreno]* What is the current demand for Employment and Training programs at the workforce centers? How has demand/utilization changed since the onset of the pandemic?**

The overall demand for services at local workforce centers has increased 284% during the pandemic, as compared to last year, and currently remains at an elevated level.

	Date Range: 3-15-19 to 11-15-19	Date Range: 3-15-20 to 11-15-20	% Change
All Job Seekers	130,849	373,960	+285%
Received Staff-Assisted Services	90,692	77,330	-15%
Received Self-Service	40,157	296,630	+738%

Between March and July as unemployment claims soared, workforce center staff were inundated with phone calls and requests for assistance by UI claimants. Many of these claimants were job-attached, meaning they planned to return to their previous jobs and did not require staff-assisted services. As the pandemic continues and more Coloradans are permanently separated from their previous employment, we expect the demand for staff-assisted services to increase. The state's workforce system, already stressed by sustained federal funding cuts over the last decade, now has greater demand for services than in any year since the Great Recession and will need additional resources to ensure its current level of services are available for all jobseekers and businesses.

9 [Sen. Moreno] Is the $2.0 million cash funds added by the JBC for workforce centers for FY 2020-21 being used? How?

ESF-SFY21 WFD $ 2,000,000 ESF

	Workplan Detail	**Activities to Date**
ADAMS	Wages for 5-10 work-based learning participants Staff wages for Business Services outreach Virtual employment and training svcs. Initiatives Staff wages for workforce center operations and administration Creation of virtual hiring events Enhancement of virtual job seeker workshops 5-10 Job seekers will develop relevant work experience and marketable skills needed to obtain and maintain employment Development of WBL opportunities and recruitment of five new employers to support job seeker needs and employer demand Offset operations and administrative expenditures from limited formula and/or other discretionary funds	They have engaged in activities listed in our NFA for ESF Supplemental such as work based learning activities. As of October 1st staff have been charging their work time to this funding.
ARAPAHOE	ADW's goal is to create a registered apprenticeship, through a hybrid position, with local Chamber partners. We hope to bridge our business teams' menu of service delivery with the Chamber outreach efforts and their menu of service delivery; ultimately blending and braiding in partnership, and in support of, the various economic development needs throughout our region. Correspondingly, ADW will look to develop shared position(s) with various Chambers of Commerce, and funds may be used to offset the wages of the participants entering the program. ADW will look to serve approximately 100 businesses through this initiative.	ADW is in the final stages of planning the Registered Apprenticeship initiative with the local Chambers. The local area is concentrating on expending CARES Act funding while planning for this initiative.
BOULDER	Allow career support and business service staff to shirt back from UI support to case management and employer services. Salaries and bonuses to support career and business services, increase capacity to serve the public through increased UI support, add capacity for 900 job seekers through workshops as needs shift from UI support to job search services.	Boulder is still heavily engaged in the support of UI operations in the local area and are in the process of aligning as described in the work plan to effectively perform and track the necessary information and adequately document impact of these funds.
DENVER	Funds will be used for the creation and implementation of virtual services in response to the pandemic. These services will include specific offerings to address issues around unemployment insurance and work registration questions, rapid response virtual information sessions, virtual job fairs and customized recruitment events, and indsutry specific webinars for job seekers. Denver will serve up to 6,000 customers through these virtual services. Funds will be used for business outreach and development to engage those employers that are hiring to participate in virtual recruitment events and work-based learning programs. Denver will engage up to 200 employers to participate in virtual services to include virtual job fairs, and "Now Hiring" events.	These funds have been dedicated to supporting our efforts around Rapid Response and virtual services being offered to job seekers who have been effected by the COVD-19 pandemic. Specific services include staff time spent developing and administering virtual services in response to the demand from job seekers calling in to our Call Center including our Virtual Job Fair, Rapid Response Calls, Now Hiring Sessions, Industry Information Sessions, and Workforce Wednesday webinar series. We are currently adding these funds to our payroll system to allow us to reclass time spent since July 1, and have significant staff time to charge back to these funds. Since July 1st, thousands of job seekers have participated in one or more of these service offerings. We are currently working through a strategy to backdate the CV service to reflect those participating individuals, and quantify the exact number of unique individuals.
EL PASO/ TELLER	Rent, security, janitorial, utilities, supplies, phones, copier, internet, and other operating costs to continue operate new temporary location focused on Wagner-Peyser and UI claimant in-person assistance services. Location is 1049 N. Academy, Colorado Springs, CO 80909.	Due to COVID-19 PPWFC did not have a physical safe distancing location to serve our customers. We realized early in the pandemic that the hard to serve population would be hit harder than others. Computers, coaching, mentor and in person services were key to getting people back to work. PPWFC utilized our El Paso County CARES Act funding to rent a 18,000 square foot building to provide in person services. We have space for the social distancing of 50 computers; rooms for workshops, hiring events and job coaching. Since July 1, 2020 the temporary location has provided: 3049 services to 1845 customers 15 hiring events hosted with an additional 15 employers wanting hiring events 3 Work Readiness Series for Youth – soft skill and resiliency training However, all these costs were covered through CARES Act funds. As indicated in our work plan, the ESF Supplemental funds will be utilized for costs starting January 1, 2021 with anticipated services to 4200 job seekers through June 30, 2021.
LARIMER	Providing transportation support up to $150 per individual in the form of gas assistance or bus passes Childcare assistance For activities requiring dedicated staff time, these funds will be used to support their time on the project. Providing job seekers to look for work and go to interviews. Enabling employees with transportation to and from work. Businesses would be able to nominate an employee for 1-3 months of childcare thus allowing for the employee to return to work. Businesses would be able to retain staffing levels. Personnel Costs	-Larimer has seen an enormous increase in Wagner-Peyser traffic. Our volume reports show an increase of 135% in total WP activity and an increase of 228% in the PT program. The reports are attached and show a comparison of 7/1/19 - 10/22/19 with 7/1/20 - 10/22/20 (-See Chart Below). -We have not yet enrolled any customers into the CV program. Our Wagner-Peyser staff typically do not enroll into programs and so there has been a delay in getting folks trained to get this piece done. We anticipate reaching back to July 1 to enter these customers.
MESA	Outreach through socal media, connecting colorado, and various events to job seekers and businesses. Supplemental will assist with hitting our Wagner Peyser numbers 10,852 job seekers, 849 employers. Suppliment Wagner-Peyser/ESF allocation to offset cuts. Staff development; staff salaries; staff appreciation/retreat; conferences; WDB development, training; partnership development; events; equipment & supplies; other tools to support programing and assist with allocation cuts to Wagner Peyser/ESF.	With limited funding and staff we do not have the ability to start new programs and enroll participants in these programs using the CV code. We are using these funds as a supplement to our Wagner Peyser and ESF allocations to help us meet the current demand by covering our payroll expenses that we may not have been able to cover without this supplemental. These funds have been very instrumental in supplementing our 13% allocation reductions this year to meet the high demand of Wagner Peyser customers. These funds have allowed us to stay fully staffed and serve more participants through this pandemic. To date we have done the following since 7/1/2020: 7,196 customers served 219 employers served 570 jobs posted
TRI COUNTY	Staff time for virtual services - Create virtual events and enhance virtual job seeker workshops. Work Based Learning - 5-10 job seekers will develop relevant work experience and marketable skills needed to obtain and maintain employment with a livable wage. Business Services - Develop work based learning opportunities and recruit 5 new employers to suppport job seeker needs and employment demand. Support WFC staff - offset operating and administrative costs from limited formula and/or discretionary funds.	They have engaged in activities listed in our NFA for ESF Supplemental such as work based learning activities. Expenditure reimbursement will be submitted in future months.
WELD	Assist 700 job seekers and 500 employers with recovery from the COVID-19 Pandemic with allowable activities provided for WIOA/Wagner-Peyser programs.	Weld County has been using these funds for the following: -Staff wages for Business Services outreach and services to targeted priority groups. -Assisting job seekers with recovery through targeted services such as job searching, application and resume assistance, referrals to community resources and training programs, and continued assistance with UIB access. -Co-enrolling participants into other programs. -Assisting Businesses with recovery through outreach by suppling businesses with COVID Response updates, available resources, workshare, return to work, etc., and allowable services.
CRWC	-Recruit businesses and job seekers. Continue to recruit businesses and job seekers that have workforce devlopment needs due to the effects of the Virus. These funds will allow the Consortium to create relationships and provide the full array of business services to an additional 75 businesses. -Job seeker, and career services. These funds will supplement the current WIOA funds that are in short supply in all programs in order to provide a full array of job seeker and career services to individuals who may, or may not be, Title I eligible. -Integrate services provided through these funds with the Goodwill grant. To provide continued supportive services to individuals once the Goodwill grant exhausts it's available funds. Additionally, where appropriate, supplement services provided to job seekers who are receiving Goodwill grant assistance. -Update and improve the Virtual reach of Consortium services. Develop, record, and provide virtual workshops for businesses and job seekers to access electronically. Additionally, provide IT and phone related equipment with the outcome of providing staff with Virtual Workstations. -Provide a full array of business services to an additonal 75 businesses who the Consortium would not have been able to provide without these funds.	-The CRWC has provided 220 employer CV services as of 10/21/20 and expect this to increase as business services staff continue to ramp up services to their local businesses that are struggling during this time. -The CRWC has multiple individuals in the pipeline for the CV program and possible co-enrollment with WIOA Adult to supplement the Adult funds available for training and supportive type services. They also expect to use these funds to supplement the funds available under the Goodwill Grant to better serve COVID affected individuals in their communities. -The CRWC is planning to utilize some of these funds to supplement other grants for upgrading their technology and training staff to transition more fully into the environment of providing virtual case management and workshops. Some of these purchases are currently in process and others are in the planning phase.

10 ***[Rep. McCluskie]* Do we have a breakout of where the participants are located by workforce region? What share of participants are being served by the rural consortium? How do the numbers served by region compare to the need/demand?**

Participants by Local Area	Date range 3/15/2020 - 11/18/2020
Statewide	
All Participants	373,960
Participants receiving staff-assisted services	77,330
Adams	
All Participants	32,164
Participants receiving staff-assisted services	4,688
Arapahoe/Douglas Works	
All Participants	60,048
Participants receiving staff-assisted services	11,262
Boulder	
All Participants	22,713
Participants receiving staff-assisted services	5,219
Denver	
All Participants	59,705
Participants receiving staff-assisted services	10,097
El Paso	
All Participants	43,012
Participants receiving staff-assisted services	9,000
Larimer	
All Participants	21,942
Participants receiving staff-assisted services	4,922
Mesa	
All Participants	10,992
Participants receiving staff-assisted services	3,384
Rural Consortium	
All Participants	67,096
Participants receiving staff-assisted services	20,234
Tri-County	
All Participants	38,152
Participants receiving staff-assisted services	4,521
Weld	
All Participants	18,136
Participants receiving staff-assisted services	4,003

11 ***[Rep. Herod]* Provide information on the utilization of the workforce centers by people of color and the overall demographics of participants.**

Demographics of Workforce Participants (All Programs)		**Date range 3/15/2020 - 11/18/2020**
Gender	Female	50.7%
	Male	49.3%
	Veteran	5.4%
	Disability	3.6%
	Economically Disadvantaged	7.2%
Race/Ethnicity	Hispanic	18.9%
	White	70.6%
	Black	8.5%
	Hawaii/Pacific Island	0.8%
	Asian	4.0%
	American Indian	3.7%
Age	Age 14 - 17	1.1%
	Age 18 - 44	64.4%
	Age 45 -54	17.2%
	Age 55 and over	20.8%
Education attained	Education: not a high school graduate	12.7%
	High school graduate or equivalent	35.6%
	Some Post High School	24.7%
	Bachelor's or Higher Degree	30.3%

VETERANS SERVICE-TO-CAREER PROGRAM/LONG BILL FOOTNOTE 72

12 ***[Sen Rankin]* Did you comply with Footnote 72 expressing legislative intent that funding for the Veterans Service-to-Career program be used for grants to workforce centers that are partnering with integrated service and support centers for veterans (such as Mount Carmel Veterans Service Center) consistent with Section 8-14.3-203 (5)(a), C.R.S.? Which entities received grants from the $300,000 Marijuana Tax Cash Funds appropriated for FY 2020-21 and with what integrated service and support centers are they partnering?**

Yes, CDLE complied with footnote 72. In the selection process for the grants, the applicants collaborating with nonprofits received additional points in the scoring of proposals. In addition, the grantees that partnered with nonprofits were awarded additional funds.Three grantees chose to contract with a nonprofit - Pikes Peak, Denver, and Mesa. Pikes Peak Workforce Center contracted with the Mt. Carmel Center for Excellence to deliver services under the grant. The Denver Office of Economic Development delivered services through the Volunteers of America Colorado Branch. Mesa County delivered services through their partner, Hilltop Community Resources. The other three grantees - Weld County Workforce Center, Mesa County Workforce Center, and the Larimer County Workforce Center - chose to deliver services under the grant with existing internal resources and augment existing programs.

UNEMPLOYMENT INSURANCE

UI System Performance and Administrative Challenges

13 ***[Rep. McCluskie]* What data does the department collect concerning timeliness and client satisfaction? How has performance on these metrics changed over the course of 2020?**

Prior to the pandemic, first-payment timeliness for regular state unemployment claims was 94.4% for the three month period of January 1, 2020 through March 31, 2020. The pandemic and associated difficulty experienced by claimants with Division systems resulted in the backdating of several claims to ensure claimants would be made whole, resulting in first-payment timeliness scores dropping. From April 1, 2020 through June 30, 2020, first-payment timeliness was 77.8%. First-payment timeliness for July 1, 2020 through September 30, 2020 was 73.3%. All jurisdictions providing unemployment benefits experienced similar decreases in first-payment timeliness. To access this information go to https://oui.doleta.gov/unemploy/performance1.asp

The Colorado Department of Labor and Employment (CDLE) is required to report on specific performance metrics to USDOL on a quarterly basis. Reports are submitted related to claims processing, integrity, appeals, etc. These reports track timeliness and accuracy of the Division's work. Related to timeliness numbers, reports are run in our legacy system (JCUBS), in our Salesforce platforms, and most recently in the secondary platform we are using to administer PUA benefits Quality of decisions is based on required review of staff decisions and work product. These are performed based on a set cadence on a monthly basis and reported to USDOL. Since the pandemic, the CDLE has been charged with standing up a new system and administering several types of new benefits (PUA, PEUC, FPUC, LWA), all of which have their own reporting requirements. We have created processes and reports to meet the required reporting requirements and training to ensure compliance with eligibility requirements for each new program type.

14 ***[Sen. Hansen/staff]* Provide data, including time-series graphics, that show how the Department has managed administrative resources over time in response to COVID-19 (e.g., numbers of FTE and contractors employed, funds expended) and how this has affected outcomes for claimants.**

A major effort to address the pandemic related challenges included the Division investing substantially in technology solutions to both address our current workload/backlog and serve as longer term sustainable solutions that will benefit the Division beyond this immediate need. The biggest example is the investment in bot technology, both customer facing and for back end automation. In the call center, the high volume of calls flooded the phone lines creating challenges for staff to serve the increased volume of customers and giving most customers busy signals. The benefits call center implemented a Virtual Agent (VA) bot on the front end of both the phone line and website, available 24/7, to address customer FAQs as well as the most common claim specific questions, thereby reducing the need for claimants to speak to a live agent. In the event the customer still has questions, they are offered a scheduled callback option. Non customer facing bots are being implemented in high priority areas to automate manual work. This technology provides the Division numerous benefits both now and in the future in the areas of customer service and workload management.

The Unemployment Insurance Division has had to balance a massive influx of regular claims, while also standing up four new federal programs that never existed before this year. In addition to automation and technology, we have used an influx in federal dollars to staff up internal staff, and contract out additional support to vendors. These and other efforts have allowed the Division to maintain the processing of 80% of claims within 14 days.

The information below to be attached with the budget graphics.

- Outsourced some call center and adjudication work to third party vendors (estimated an additional 300 people)
- Increased staffing level - From 435 pre pandemic to approximately 700, mostly in our call center and adjudication.
- Virtual Assistant to provide front end service to customers 24/7. This technology helps manage the massive surge of call volume we have seen since March. This also allows for a callback functionality, providing equity in access.
- Robotic Process Automation implementation to automate manual work
- Implementation of a new system to intake, process, and pay Pandemic Unemployment Assistance claims.
- We have implemented a comprehensive fraud detection and prevention effort, to curb an estimated 85% of PUA claims that are fraudulent. This includes doubling our investigative staff with more hiring on the horizon.
- We have invested in comprehensive communications technology, including town halls that can manage up to 50,000 people to get information out to claimants.

15 ***[Sen. Rankin]* How has the pandemic affected the Department's efforts to staff up and use the $40.6 million in additional administrative resources that have been made available from the federal government? Are the new staff working from home?**

Since March 2020, staffing levels, mostly temporary, have risen almost twofold from 435 pre pandemic to almost 700 and growing). In addition, where possible, work was outsourced to third parties, primarily in parts of our call center and adjudication areas, bringing the total staff support likely closer to 1,000 paid through federal funds. These hirings necessitated the creation of multiple internal promotional opportunities to staff up in management and lead workers in order to support increased staffing levels overall. Finally, an entirely new team was created internally in order to manage the multiple pandemic extended benefits programs associated with the CARES Act, the Lost Wage Assistance program and, the Governor's one time stimulus as these each have their own requirements and complexities.

Since March, almost the entire workforce of the Division has shifted to work remotely full time, with the exception of those employees needed onsite to process paper. Fortuitously the Division had already invested in the area of teleworking prior to the pandemic with remote access as a consideration for technology solution procurements in the previous few years and in an initial pilot of staff teleworking. Had the Division not undertaken these early efforts, the adjustment to remote working, while still challenging, would have been far more difficult and, in some cases, may not have been feasible due to technology constraints. While the Division expects to maintain an increase in teleworking post pandemic, what the final model will look like and its impact to office space is yet to be determined.

16 ***[Rep. McCluskie]* How can we make the delivery of benefits more efficient and effective (beyond just the IT systems)?**

Colorado law currently requires adjudication of all job separations occurring during the base period of a claim for which an individual earned more than $1,000. This adds complexity and time to the adjudication process. It could be beneficial to modernize our statutory scheme to move to adjudication of the last employer only and remove the definite disqualification period dates that currently exist for disqualifying separations occurring from the last employer. In this case, an indefinite disqualification could be imposed for the life of the claim with a requiring provision that encourages reemployment before being able to receive funds on the claim. It might also be beneficial to change charging for employers such that it is done on a pro-rata basis on a regular state claim as this is the same process that occurs on claims involving wages transferred in from other states or involves a mix of federal employment with regular state employment.

Leveraging the modernized benefits system that is scheduled to go live in early January 2021, the Division will have an opportunity to streamline training and create skills-based work queues. This will reduce staff wait times and ensure that staff are at all times working on issues as they become available in their designated queue. States with similar skills-based work queues have seen drastic improvements in claims processing times from which the CDLE hopes to benefit. Additionally, with the advent of skills based work queues, we are also exploring options for possible skills-based callback queues to reduce wait times and improve accuracy of service. The speedier and more accurate the service is, the more efficient and effective payment of benefits becomes.

The Division is also undergoing a review of its processes in the Customer Service Center (CSC), and claims adjudication units to identify additional opportunities for streamlining processes and improving accuracy of work product and reducing customer wait times.

Alongside robust process improvement efforts, the Division continues to onboard staff as quickly and efficiently as possible. While process improvement continues to be a primary goal, the Division continues to need additional staff to assist with the unprecedented number of claims being processed. We have created an organized and efficient onboarding process that has seen us successfully onboard two large classes of labor and employment specialists (May and September) and which we are currently utilizing to onboard staff in November.

UNEMPLOYMENT INSURANCE IT SYSTEMS: ROLL OUT OF NEW UI BENEFITS SYSTEM AND CAPITAL IT REQUEST TO UPDATE UI TAXATION SYSTEM

17 ***[Sen Rankin]* Discuss the expected impact of the UI benefits system you expect to roll out in 2021 [$57.8 million cash funds capital IT project to upgrade the unemployment benefits systems that was originally expected to roll out in 2020]. Do you still expect this to "go live" in early 2021? Have you used an agile model in the development process?**

The modernized benefits system, called MYUI+, which is scheduled to go live in early 2021 creates an integrated UI Benefits system with greater staff efficiencies and robust access for claimants. The system will increase self-service options for claimants including full access to claims information on mobile platforms. Front end system configurability will allow the Division to streamline training and create skills-based work queues. This will increase efficiency and ensure that staff are at all times working on issues as they become available in their designated queue. States with similar skills-based work queues have seen drastic improvements in claims processing times from which the CDLE hopes to benefit. Additionally, with the advent of skills based work queues, we are also exploring options for possible skills-based callback queues to reduce wait times and improve accuracy of service. The speedier and more accurate the service is, the more efficient and effective payment of benefits becomes. Ultimately, this all creates better service to our customers. In addition, the modernized system will allow the Division to be more responsive to economic and legislative changes that require programming.

The project is currently progressing on schedule to go live in early 2021. However, this is vulnerable to impact by external factors, most notably additional federal legislation that requires immediate programming, such as the implementation of additional extended benefits programs. But, as of now, the project status is in green. Most recently the project achieved a critical milestone in the area of completion of interfaces.
CDLE has been among the first departments to embrace Agile methodology, and this project in particular has used a hybrid agile approach in development, utilizing agile principles in many project activities to maximize resources. CDLE approached it iteratively, breaking down the discovery of user stories (requirements) by module, engaging subject matter experts in each area to ensure the "right thing is built". Then as the vendor built each module in sprints, the business reviewed to ensure they "built the right thing". Needed adjustments were made along the way allowing for ongoing feedback throughout the project.

18 ***[Sen. Rankin/Sen. Hansen]* Discuss your new capital IT initiative [$28.4 million cash funds capital IT request for FY 2021-22], anticipated impacts, and how you expect to finance the project.**

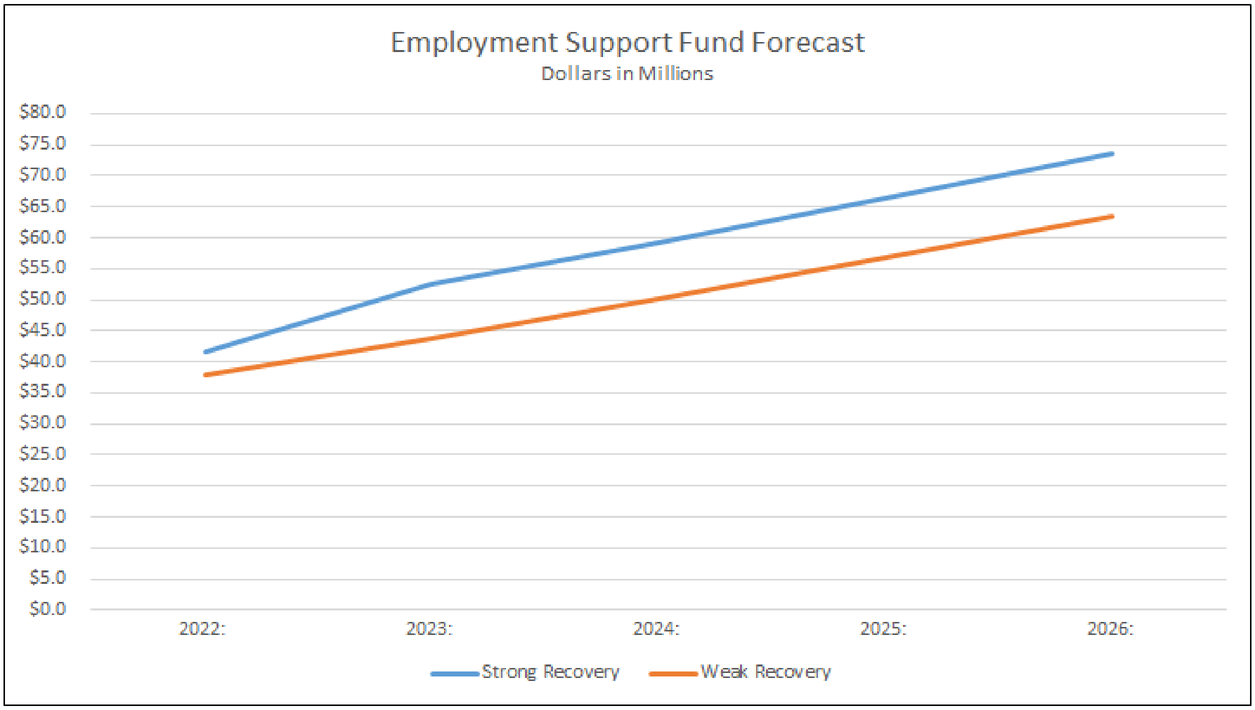
CDLE is requesting spending authority out of the Employment and Training Technology fund to implement the third phase of our full modernization. This phase will modernize the Colorado Automated Tax System (CATS), which handles all employer facing UI processes. Statutory provisions for the Employment and Training Technology fund have forced the fund to cease collections, as the UI Trust Fund dropped below $100 million. Under current law, CDLE would not expect it to start collecting again under current law until 2025. For this reason, CDLE will be simultaneously proposing a statutory change to allow the fund to collect a sufficient balance to fund this project without increasing premiums or surcharges on businesses.

The original CATS application was built in 1983, and has not seen significant upgrades since. The only major enhancement to take place was in 2016, when it was migrated off of the mainframe onto a web-based platform. While the underlying platform was modified, the functionality is still largely based on antiquated technology which is inflexible and difficult to maintain. Self-service options for the business community are also reduced by the limitations of the underlying legacy system and a lack of full integration with the new UI Benefits system due to roll-out in early 2021. The modernization of the employer services system is essential to ensuring employers have full access to each area within the UI system. Modernization of this application will allow new employers to have an easy way to register their business through My Biz Colorado or individually with the UI Division. Established employers will be able to easily and accurately report wages and pay premiums. Most importantly, employers will be able to interact in all eligibility and adjudication determinations. The modernization of CATS will provide for a more adaptable, stable, and cost effective system, with accessible and user friendly self-service options.

Modernizing the Employer Services system will also allow CDLE to streamline our technology footprint, building on the infrastructure investments made with the Benefits system to reduce maintenance complexities and increase flexibility for required changes due to legislative or regulatory changes.

<u>*Near-term and Long-term Future of the UI System*</u>

19 ***[Rep. Ransom]* Discuss your projections regarding the recovery of the Unemployment Insurance Trust Fund under the new rate structure approved in S.B. 20-207. What happens if the numbers of employees don't increase at the rate anticipated?**



This chart represents revenue only. The department is appropriated and spends this cash fund for operating and grants to local workforce agencies.

20 ***[Rep. Herod]* If federal funding for gig workers ends in December (current federal law), will the State need to try to pick that up?**

The state will not be required to use its own funds to continue to pay unemployment benefits for gig workers, beyond December 2020. These benefits were paid with 100% federal funds, and at this time, there is no funding source to pay state benefits to gig workers since employees' benefits are funded through employer paid premiums. However, independent contractors already have the option (voluntary) to pay into the UI program to become eligible for benefits should they later be out of work.

21 ***[Sen. Hansen]* Discuss the long-term consideration of those workers who are not currently part of the traditional support funds. How do we formalize involvement of gig and contract workers in these safety net programs?**

The department does not know of any state that covers gig or contract workers as part of their UI systems, in part, because those workers have largely been classified as independent contractors. The recent ballot referendum in California to classify those workers as employees failed. (There was heavy lobbying by Lyft and Uber to defeat it). Other groups, such as domestic household workers and agricultural workers have been excluded from UI coverage since the creation of the system in 1935. Our current funding structure would not support simply including gig workers. There are federal statutes and regulations to consider and the possibility of developing a new system for these federally excluded groups in order to not commingle them with the federally approved groups. Thus avoiding disallowed costs and federal sanctions.

22 ***[Sen Hansen]*** **What are the options for using the additional revenue anticipated from the Employment Support Fund (revenue expected to increase by about $35 million annually by 2026, doubling the FY 2018-19 funding)? Could some of the funds be used in future years for the forthcoming Just Transitions Plan, for modernization of worker benefits, and/or capital IT expenses?**

The department does not believe these funds should be used for the Just Transition Office directly. These funds are meant to assist in local workforce centers in helping individuals in finding reemployment opportunities. If local regions, that are the recipients of these resources, choose to dedicate their funds to just transition initiatives then they can do so. It is recommended that we review the Just Transition Advisory committee final plan after it is submitted December 31, 2020. This plan is required to have options for sustainable resources for this Office from various agencies.

OTHER

23 ***[Sen. Moreno]*** **Outline what notifications or disclosures individuals receive about their benefits being taxable, since this will be important for our economic forecast going forward.**

At the time claimants file a claim for unemployment insurance benefits, they are advised by the system that unemployment insurance benefits constitute taxable income. Claimants select to withhold taxes or not from these benefit payments due to their tax liability. Claimants are then mailed a notice that reiterates that the benefits are taxable and shows whether they selected to have taxes withheld from their benefits.

FAMILY AND MEDICAL LEAVE INSURANCE

24 ***[Sen. Moreno]*** **Discuss your plans for rolling out the new Family and Medical Leave Insurance program. What startup costs do you anticipate and how do you expect to finance these?**

In partnership with the Governor's Office, CDLE is currently mapping out implementation of the Family and Medical Leave Insurance (FAMLI) Division. In order to meet the timelines laid out in legislation, it will be crucial to start this work as soon as possible. Our current focus is securing startup funding, and mapping out the revenue bonding and technology build that will be needed to begin collecting premiums in January of 2023. That gives us 18 months if we start July 1st, as the fiscal note assumes.

25 ***[Rep. McCluskie]* Discuss what you have learned out the roll out of the new programs in other states. To what extent do you think the level of demand for the program during the Washington State roll out was affected by COVID-19? Are you revising your expectations about program demand for when Colorado rolls out its program in 2023?**

We have been in direct contact with the states of Washington, New Jersey, and Massachusetts. Our current focus is on the immediate financing and technology build, and will be engaging with them on the longer term questions as we have dedicated staff to do so. We will also need to do our own actuarial analysis as part of standing up this division, which will better inform this question.

26 ***[Sen. Rankin]* JBC Staff has recommended adding an informational line item in the budget for administration of the FAMLI program and that the General Assembly provide active oversight of the program, particularly as the program may require statutory tweaks over time. Does the Department have any feedback on this?**

The Department interpreted the staff recommendation for "active oversight" of the FMLI program by the General Assembly to suggest that this program, like all others, would be subjected to annual scrutiny, questioning and reporting through the JBC and our Committees of Reference as well (the House Business Affairs and Labor Committee and the Senate Business, Labor and Technology Committee) through our annual budget and SMART Act hearings. Additionally, of course, the Department, and the new division once up and running, are also available for separate inquiries and oversight reviews as deemed necessary by the General Assembly. At the same time, however, we believe that our annual accountability both to the General Assembly and to the voters of Colorado who approved Proposition 118 will be best served by providing these services.

As CDLE works to build this new program, our recommendation would be to provide our department as much flexibility as possible, as there are many unknowns and extremely tight timelines laid out in legislation that we must meet. Removing the continuous appropriation would not allow for the agility needed to make a program like this operational, in the time we have been given.

We value the legislature's role in oversight of executive branch agencies, and would propose a report to the relevant legislative committees on implementation progress every six months, to inform any discussions around removing the continuous appropriation of this program.

VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

Independent Living Services

27 ***[Sen. Moreno]* How have the independent living centers been affected by COVID-19, given the fragility of some of their clients? How have the reductions made to date**

affected the independent living centers and how have they faired under the public health crisis?

The Centers for Independent Living (CILs) in Colorado have been an incredible resource for the people with disabilities and the local agencies in the communities they serve. As a network, The CILs transitioned their services to remote access and complied with the Governor's work from home mandate immediately. They showed resilience with their creativity in delivering services using various online mediums such as ZOOM and Google platforms. Some CILs developed drive up services in their parking lots; delivered services in local parks; and church meeting rooms. In some geographic areas, CILs continued to provide in person meetings by appointments but adapted their environments by initiating health screening protocols and spatially changing the work environment for staff and consumer safety. All CILs made the health and safety of their consumers and staff the priority. The CILs serve a large population of consumers who tend to have underlying health care issues, related or unrelated to their disability in equal measure.

The CILs have been a significant resource in ensuring consumers have masks, wipes, thermometers, gloves, access to basic care, food, and technology. CILs have found that they have needed to increase services in teaching consumers how to use technology. CILs have delivered food to consumers' homes and served as a food distribution point. CILs have developed curbside technology loan banks so consumers can still participate in services and get their basic needs met. CILs served as information dissemination points in their local communities on COVID 19. Ultimately, with homeless shelters shutting down, the CILs have stepped up and met the service needs of this population including paying for access to hotel rooms.

Unfortunately, the reductions came in conjunction with an increase in need and requests for services due to the pandemic. Community agencies and people with disabilities often turn to CILs for support during times of intense need. The CILs are finding that they are serving more with less. CILs continue to provide top-level service and in extremely unique ways.

28 ***[Sen. Moreno]* When the General Assembly applied cuts to the independent living centers in FY 2020-21, the General Assembly anticipated that federal funds provided directly to the five centers that receive federal "Part C" funding would be shared with the other four centers. That is apparently not feasible. Are the centers/the Department interested in reallocating any of the FY 2020-21 *state* funding among the centers in light of this? Would any action be required by the General Assembly for this to occur?**

Colorado has five CILs that are called Part C centers. Part C centers receive Part C grants directly from the U.S. Department of Health and Human Services/ Administration for Community Living (ACL). Colorado has four CILs that are called Part B centers. This means they don't receive funding directly from the federal government. All nine CILs are certified as Centers for Independent Living in Colorado and receive State General Funds and Part B funds based on a formula.

We and the CIL network supported the decision of cuts in State General funding in a cooperative effort for the benefit of all. There is no desire to further dilute the state funding or alter the current distribution of funds.

LABOR STANDARDS AND STATISTICS

LABOR STANDARDS AND REQUEST R2

29 ***[Sen. Rankin]* Request R2 is for additional operating costs, including for software licenses required by the addition of six new programs through legislation in recent years. Why wasn't the need for the licenses identified in the fiscal notes for the bills that created the new programs? Why weren't these added costs funded through the new legislation?**

After the Division of Labor Standards and Statistics (DLSS) started handling wage claims for the first time in 2015, we received far more claims than anticipated (thousands per year), so as part of getting operations up to par, we procured Salesforce in 2017, but it wasn't implemented until 2018. Then in 2019 and 2020, new laws created multiple new programs, with new types of claims for DLSS, but (except one) none took effect until 2020. Each new program is far smaller than our core wage claims program, so in 2019 and early 2020, we initially were confident we could run those new programs outside of Salesforce. Once we began 2020 implementation of multiple new programs, however, we realized we needed them integrated into our core IT management system, which is Salesforce. Based on that realization, in the past late spring 2020 legislative session, we were able to include a request for Salesforce licenses in two of the three new programs created in that session (HB 20-1415 and HB20-1153). Our request for Salesforce is only for those FTE who have not had it funded already. The need to integrate claims between programs and record these is crucial for the programs involved.

DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2021-22 JOINT BUDGET COMMITTEE HEARING
WRITTEN RESPONSES ONLY

COMMON QUESTIONS: PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

1 **Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.**

CDLE has met all statutory deadlines for implementation of legislation.

2 **Does the Department have any HIGH PRIORITY OUTSTANDING recommendations with a fiscal impact identified in the Office of the State Auditor's "Annual Report: Status of Outstanding Audit Recommendations"? What is the Department doing to resolve these HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.**

The 2020 report will be published on December 7, 2020 and can be found at this link: http://leg.colorado.gov/content/audits. JBC staff will send out an updated link once the report is published.

The modernization of the Unemployment Insurance systems is being implemented in phases in cooperation with OIT. The updates to the systems will address the internal security issues and anomalous activity identified in these findings. The department's MyUI+ UI claimant benefits system successfully went live on January 10, 2021 and is the first system that is expected to be in compliance by the end of the 2021 state fiscal year. The CLEAR system identified will be in compliance by September 30, 2021. CDLE is hopeful that the employer premiums side of the UI system, "CATS" will be in the next cycle of modernization using an Agile approach, with the estimated completion by 2024 if the Unemployment Technology Fund bill expected in the 2021 legislative session is passed. This bill will allow for funding to complete the CATS system.

3 **For the FY 2020-21 hearing process, the Department was asked to respond to the following questions related to public awareness campaigns.**

Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

Please provide an update to your response from last year, including any changes to existing campaigns and/or the addition or discontinuation of campaigns.

The Department of Labor and Employment did not spend money on public awareness campaigns during the prior state fiscal year.

4 **Please identify how many rules you have promulgated in the past year (FY 2019-20). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.**

The department completed a total of 12 permanent rules, 20 emergency rules changes. No cost benefit analyses were performed for these rule changes, as they did not meet the criteria.

5 **What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.**

Consistent with the Department's FY 2021-22 budget request, real expenditures have increased in the Division of Unemployment Insurance. The need for additional training funds to retrain and retool the unemployed workforce has significantly increased. Variations in status levels on the COVID-19 spectrum also impacts department costs.

6 **How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?**

Economic factors have direct impacts on caseloads within the department. As unemployment insurance claims increase, there is a corresponding increase in assistance from workforce centers across the state. Also, federal changes in unemployment benefits affect unemployment by impacting both job search decisions by the unemployed and job creation decisions by employers. As these various decisions are made, net migration by various ages is likely to occur. It is assumed these demographic changes are not substantially different than the general population.

7 **In some cases, the roles and duties of existing FTE may have changed over time. Please list any positions that have been created in the Department since FY 2018-19 that were <u>not</u> the result of legislation or a decision item.**

For all FY 2021-22 budget requests that include an increase in FTE:

a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why; -

b. Specify why additional FTE are necessary; and

c. Describe the evaluation process you used to determine the number of FTE requested.

The department needs additional staff to assist the Just Transition Office in coordinating its statutory duties in coordination with local governments and workforce areas. It was determined that it is critical to build departmental capacity to work with both individuals and communities affected by the transition from a coal-based economy. There are no additional staff to transfer to this office since existing staff have been assigned to other statutory work within the department. In addition, the department needs the spending authority for these state activities to meet the requirements of the statute.

8 **Please describe any programmatic impacts resulting from cash fund transfers impacting the department as part of the FY 2019-20 and FY 2020-21 balancing process.**

The department working in cooperation with both OSPB and JBC staff have been able to minimize the impacts to programs due to the cash fund transfers for budget balancing.