



COLORADO

Department of Labor and Employment

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Governor

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Executive Director

FY 2016-17 Funding Request | November 1, 2015

Department Priority: R-02

Request Detail: Transfer of the Division of Vocational Rehabilitation

Summary of Incremental Funding Change for FY 2016-17	FTE	Total Funds	General Fund
Transfer of the Division of Vocational Rehabilitation	2.6	\$371,253	\$79,077

Problem or Opportunity:

During the 2015 legislative session, S.B. 15-239 moved the Division of Vocational Rehabilitation (DVR) from the Department of Human Services (DHS) to the Department of Labor and Employment (CDLE). Beginning July 1, 2016, the powers, duties, and functions regarding vocational rehabilitation programs assigned to DHS, including the Business Enterprise Program, will be transferred to CDLE. This includes transferring appropriations of \$48,039,446 total funds and 229.7 FTE. This transfer to the Department of Labor and Employment comprises a 23 percent increase in FTE to the Department, while it is a corresponding decrease of four percent to the Department of Human Services.

To begin phase one of the DVR transfer, the Department of Labor and Employment created eight functional merger teams and an Executive Team to address and make executive decisions on everything including payroll and accounting, IT needs, training and office space. As a result of the functional team analysis, the Department determined where gaps in support would occur and how to mitigate them. The Department identified a need for 6.0 FTE in total administrative support in the Executive Director's Office for a fully functioning DVR program.

However, when the Department of Human Services completed its analysis of administrative positions supporting DVR, DHS identified only 3.4 FTE within the Office of Administrative Solutions that provide direct program support services to DVR. All the DVR programs were transferred to CDLE, other than the Older Blind Grants, Independent Living Centers, and the Traumatic Brain Injury Program. Due to these few programs remaining at DHS, their administrative support would remain at DHS as well.

The Department of Human Services is transferring 3.4 FTE authority as well as \$184,074 General Fund to CDLE for the minimum salaries, PERA, and Medicare for these positions. This offsets some of the need for CDLE's administrative support, but does not provide enough administrative resources for a smaller department to absorb such a large division as DVR. Moreover, where DHS may have had efficiencies between all the programs sharing central administration, CDLE will not be able to fully recognize these.

Proposed Solution:

In order to meet this statutory commitment and added responsibility, the Department is requesting \$371,252 total funds, including \$79,077 General Fund and \$292,175 federal funds, which will support an additional 2.6 FTE within its Executive Director's Office and additional leased space costs.

The 2.6 requested FTE combine with the transfer of 3.4 vacant FTE from Human Services to total 6.0 FTE for administrative support functions in the Executive Director's Office. The additional 2.6 FTE the Department of Labor and Employment needs will cover positions that are not transferring, but are necessary central functions for successful operation of the new division. The requested positions will support Accounting, Budgeting, Contracts and Procurements, Human Resources, and training for DVR staff. The Department's commitment is to continue to approach the transfer with an eye toward enhancing services to customers, operating with fiscal accountability and responsibility, and maintaining open and direct communication with the legislature, staff, advocates, and clients.

The CDLE Contracts Unit has four Contract Managers that handle approximately 500 contract documents per year (e.g., payable contracts, non-financial agreements, revenue generating contracts, Memoranda of Understandings, Service Level Agreements, property Leases). This unit will have to develop and manage new workload consisting of 26 new lease contracts, 150 Business Enterprise Agreements, 36 contracts with school districts, and 12 mental health provider contracts, which total 224 new contracts.

CDLE currently has three Purchasing Agents: two are Senior Purchasing Agents that are responsible for handling simple and complex procurements and process several solicitations each year (e.g., Documents Quotes, Invitations for Bids, Request for Proposals, Sole Source Justifications) – one of these is also responsible for the Department's Credit Card Program and the other is responsible for the e-Procurement solution in CORE. The third Purchasing Agent is a junior Purchasing Agent who is responsible for all IT Price Agreement purchases as well as some divisional purchases.

The DVR merger will more than double the credit card volume and usage, which involves not only ordering of cards but also training cardholders and approving officials, training reallocators, fielding questions and issues, and monitoring all credit card purchases. The merger will also substantially increase the e-Procurement users in CORE, which increases training (one-on-one and group), adding or changing users' roles & responsibilities and workflow, fielding questions and resolving issues, and tracking all documents.

The Department of Labor and Employment has to secure new leased space at 633 17th Street to integrate the new division headquarters staff into the department. The increase in leased space spending authority transferred from CDHS was not sufficient to cover this cost because the DVR headquarter staff space costs are currently within the CDHS capitol complex line. Funding for the additional amount is \$36,444 General Fund and \$134,655 in federal funds for a total of \$171,099.

Anticipated Outcomes:

The hiring of staff would enable the department to accomplish the following:

- General Professional III –Contracts/Purchasing agent – There is a high volume of agreements. For example:
 - Business Enterprise Program (BEP) - 150 statewide "permits" (space agreements), blind operator agreements, teaming partner agreements, 4 repair services contracts (selected through RFPs), 6 for kitchen equipment (selected through Invitation for Bid), 20 annual Purchase Orders for goods and services
 - School to Work Alliance Program (SWAP) – Complete 36 annual school district contracts, 1 interagency agreement with Colorado Department of Education, and complete multiple Request for Applications (RFAs) for school district proposals
 - Mental Health Services - 12 contracts to be issued annually
 - Negotiate and maintain 26 leased spaces contracts
- Budget and Policy Analyst III – Work with division management and establish accurate budgets for each portion of a program. Allocate funding to ensure required state match is met along with maintenance of effort required by the federal cognizant agency. Provide managers with customized monthly reports that will assist them in managing their program budgets. Approve and monitor staffing positions to ensure compliance with Long Bill funding. This position will also determine, compile and formulate the Division’s appropriation requests for the annual Budget Request using guidelines by OSPB, historical data, and other information provided by Division staff as well as complete Fiscal Notes related to the division during the legislative session.
- The Program Assistant I will help with the administrative duties associated with payroll such as benefits enrollment and bi-weekly payroll along with KRONOS input. This person will also be primarily responsible for designing, implementing and maintaining technical support processes and procedures for on-going personal services and possibly 26 field office operations. This position will also assist with pulling information for state and federal financial audits. This position also facilitates required training classes, events, presentations, and meetings in both face-to-face and virtual classroom environments for DVR staff across the state in 26 locations.

Assumptions and Calculations:

1. General Fund is required to match all federal funds.
2. The current federal match rate is 21.3% of General Fund to 78.7% federal funds.
3. The department assumes it will require \$79,077 in General Fund to allow it to use \$292,175 in federal funds for this request.
4. It is assumed the Department of Human Services will transfer \$184,074 in General Fund to the CDLE Personal Services EDO line.
5. Workforce Innovation Opportunity Act (WIOA) administrative costs have not been included in this request since the WIOA mandated linkages have not yet been approved by the state legislature.

Expenditure Detail		FY 2016-17		FY 2017-18	
Personal Services:					
		FTE	\$	FTE	
	Monthly Salary				
General Professional III	\$ 3,949	1.0	47,388	1.0	47,388
PERA			4,810		4,810
AED			2,275		2,085
SAED			2,251		2,014
Medicare			687		687
STD			90		90
Health-Life-Dental			4,421		4,421
Subtotal Position 1, 1.0 FTE		1.0	\$ 61,922	1.0	\$ 61,495
Budget & Policy Analyst III					
	Monthly Salary				
Budget & Policy Analyst III	\$ 5,658	1.0	67,896	1.0	67,896
PERA			6,891		6,891
AED			3,259		2,987
SAED			3,225		2,886
Medicare			984		984
STD			129		129
Health-Life-Dental			4,421		4,421
Subtotal Position 2, 1.0 FTE		1.0	\$ 86,805	1.0	\$ 86,194
Program Assistant I					
	Monthly Salary				
Program Assistant I	\$ 3,698	0.6	26,626	0.6	26,626
PERA			2,702		2,702
AED			1,278		1,172
SAED			1,265		1,132
Medicare			386		386
STD			51		51
Health-Life-Dental			4,421		4,421
Subtotal Position 3, 0.6 FTE		0.6	\$ 36,729	0.6	\$ 36,490
Subtotal Personal Services		2.6	185,456	2.6	184,179
Operating Expenses					
Regular FTE Operating Expenses	500	2.6	1,300	2.6	1,300
Telephone Expenses	450	2.6	1,170	2.6	1,170

PC, One-Time	1,230	2.6	3,198	-
Office Furniture, One-Time	3,473	2.6	9,030	-
Leased Space for all DVR locations			171,099	171,099
<i>Subtotal Operating Expenses</i>			\$ 185,797	\$ 173,569
<u>TOTAL REQUEST</u>		2.6	<u>\$ 371,253</u>	2.6 <u>\$ 357,748</u>
	<i>General Fund</i>		\$ 79,077	76,200
	<i>Federal Funds</i>		\$ 292,175	281,547