

This file contains the following documents:

1. March 14, 2012, JBC Staff Initiated Memo titled: Department of Labor and Employment Staff Technical Comebacks
2. February 13, 2012, JBC Staff document titled: FY 2012-13 Figure Setting: Department of Labor and Employment

MEMORANDUM

TO: JBC Members

FROM: Joy Huse

SUBJECT: Department of Labor and Employment, Staff Technical Comebacks

DATE: March 12, 2012

Staff Technical – Leased Space

This staff technical comeback impacts one line item: leased space. After receiving subsequent information from the Department to justify the request amount, staff has modified the recommendation for the Leased Space line item to reflect the Department's FY 2012-13 budget request. The following tables outline the updated recommendation:

Summary to Staff Recommendation for Leased Space Technical Adjustment			
Line Item	CF	FF	Total
EDO – Leased Space	\$1,946,356	\$1,773,367	\$3,719,723

Labor and Employment FY 12-13 Leased Space	
FY 2011-12 Department Estimate	\$3,565,368
FY 2011-12 Staff Estimate	\$3,317,300
Average	\$3,441,334
Estimated Property Tax Credit Reduction	100,940
Increases in Workforce Center Leases (FY 2010-11 to FY 2011-12)	21,554
Base Lease Increase (633 17 th Street)	86,120
Operating Escalation (633 17 th Street)	69,775
Total	\$3,719,723

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2012-13 STAFF FIGURE SETTING
DEPARTMENT OF LABOR AND EMPLOYMENT**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
Joy Huse, JBC Staff
February 13, 2012**

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**FY 2012-13 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF LABOR AND EMPLOYMENT

TABLE OF CONTENTS

	Narrative Page	Numbers Page
Committee of Reference SMART Act Recommendation Letter for the Department	10	
(1) Executive Director's Office	11	1
(2) Division of Employment and Training	16	3
(A) Unemployment Insurance Programs	16	3
(B) Employment and Training Programs	18	4
(C) Labor Market Information	22	5
(3) Division of Labor	23	6
(4) Division of Oil and Public Safety	25	6
(5) Division of Workers' Compensation	27	7
(A) Workers' Compensation	27	7
(B) Major Medical and Subsequent Injury Funds	29	8
Footnotes and Requests for Information	32	N.A.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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DEPARTMENT OF LABOR AND EMPLOYMENT Ellen Golombek, Executive Director
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(1) EXECUTIVE DIRECTOR'S OFFICE

Primary Functions: Performing departmental administrative functions, including accounting, budgeting, data processing and personnel management; adjudicating disputes related to unemployment insurance, labor standards, and workers' compensation.

Personal Services	12,951,514	7,331,177	7,512,589	7,664,397	Pending
<i>FTE</i>	159.6	91.7	99.9	99.9	99.9
Health, Life, and Dental	5,504,347	5,342,993	6,671,857	6,138,461	Pending
Short-term Disability	82,762	79,048	103,831	104,203	103,330
S.B. 04-257 Amortization Equalization Disbursement	974,018	1,156,587	1,651,327	1,883,884	1,651,327
S.B. 06-235 Supplemental Amortization Equalization Disbursement	540,344	841,254	1,319,889	1,618,963	1,319,889
Shift Differential	26,301	11,084	9,734	14,460	14,460
Workers' Compensation	580,751	586,172	457,276	591,393	Pending
Operating Expenses	1,547,169	1,737,499	1,759,608	1,759,608	1,759,608
Legal Services	539,757	569,193	598,488	598,488	Pending
Purchase of Services from Computer Center	1,379,133	5,822,847	6,647,650	7,817,266	Pending
Multiuse Network Payments	75,210	698,637	921,062	703,005	Pending
Management and Administration of OIT	0	427,635	439,118	455,316	Pending

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Payment to Risk Management and Property Funds	84,140	25,326	53,501	28,766	Pending
Vehicle Lease Payments	93,905	108,366	102,047	105,258	Pending *
Leased Space	3,024,919	3,257,226	3,800,000	3,800,000	3,400,000
Capitol Complex Leased Space	35,389	31,812	29,169	25,007	Pending
Communication Services Payments	1,181	1,108	1,200	0	0
Utilities	238,017	260,308	260,309	260,309	260,309
Information Technology Asset Maintenance	536,627	553,573	553,627	553,627	553,627
Statewide Indirect Cost Assessment	1,087,610	499,121	599,281	749,654	749,654
Total Funds - (1) Executive Director's Office	<u>29,303,094</u>	<u>29,340,966</u>	<u>33,491,563</u>	<u>34,872,065</u>	<u>9,812,204</u>
<i>FTE</i>	159.6	91.7	99.9	99.9	99.9
Cash Funds	11,965,179	13,380,421	15,921,445	16,436,304	4,875,821
Reappropriated Funds	1,043,833	1,176,761	160,894	160,894	0
Federal Funds	16,294,082	14,783,784	17,409,224	18,274,867	4,936,383

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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(2) DIVISION OF EMPLOYMENT AND TRAINING

Primary Function: Provide supplemental income benefits to individuals who have lost their job through no fault of their own; and identifying, investigating and prosecuting individuals who attempt to receive unemployment benefits to which they are not entitled.

(A) Unemployment Insurance Programs

Program Costs	<u>40,893,611</u>	<u>40,449,066</u>	<u>34,683,940</u>	<u>34,893,198</u>	<u>Pending</u>
<i>FTE</i>	542.8	501.5	467.1	467.1	467.1
Cash Funds	6,707,773	7,180,355	7,253,095	7,367,393	
Federal Funds	34,185,838	33,268,711	27,430,845	27,525,805	
Internet Self-Service	<u>167,126</u>	<u>162,948</u>	<u>162,948</u>	<u>0</u>	<u>0</u>
<i>FTE</i>	2.3	2.4	2.5	0.0	0.0
Cash Funds	167,126	162,948	162,948	0	0

Total Funds - (A) Unemployment Insurance Programs	<u>41,060,737</u>	<u>40,612,014</u>	<u>34,846,888</u>	<u>34,893,198</u>	<u>Pending</u>
<i>FTE</i>	545.1	503.9	469.6	467.1	467.1
Cash Funds	6,874,899	7,343,303	7,416,043	7,367,393	
Federal Funds	34,185,838	33,268,711	27,430,845	27,525,805	

(B) Employment and Training Programs

State Operations	<u>13,295,700</u>	<u>14,254,659</u>	<u>13,669,939</u>	<u>13,900,711</u>	<u>Pending</u>
<i>FTE</i>	124.6	136.7	143.7	143.7	143.7
Cash Funds	8,830,616	9,180,109	9,197,552	9,319,265	
Reappropriated Funds	8,400	6,652	9,600	9,600	
Federal Funds	4,456,684	5,067,898	4,462,787	4,571,846	

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
One-Stop County Contracts	<u>11,017,634</u>	<u>9,769,463</u>	<u>9,123,544</u>	<u>9,164,335</u>	<u>9,164,335</u>
<i>FTE</i>	24.7	0.0	28.0	28.0	0.0
Federal Funds	11,017,634	9,769,463	9,123,544	9,164,335	9,164,335
Trade Adjustment Act Assistance	<u>2,965,597</u>	<u>3,040,716</u>	<u>3,288,070</u>	<u>3,288,070</u>	<u>3,288,070</u>
Federal Funds	2,965,597	3,040,716	3,288,070	3,288,070	3,288,070
Workforce Investment Act	<u>28,452,423</u>	<u>39,702,423</u>	<u>32,230,133</u>	<u>32,223,045</u>	<u>Pending</u>
<i>FTE</i>	47.8	47.8	61.2	61.2	61.2
Cash Funds	725,000	725,000	807,540	807,540	
Reappropriated Funds	0	0	100,000	0	
Federal Funds	27,727,423	38,977,423	31,322,593	31,415,505	
Workforce Development Council	<u>390,267</u>	<u>280,360</u>	<u>462,416</u>	<u>466,016</u>	<u>Pending</u>
<i>FTE</i>	3.9	1.9	4.0	4.0	4.0
Reappropriated Funds	214,440	0	462,416	466,016	
Federal Funds	175,827	280,360	0	0	
Workforce Improvement Grants	<u>587,733</u>	<u>55,000</u>	<u>860,036</u>	<u>870,000</u>	<u>400,000</u>
<i>FTE</i>	3.5	0.0	10.0	10.0	0.0
Cash Funds	0	0	20,000	20,000	0
Federal Funds	587,733	55,000	840,036	850,000	400,000
TANF - Support Subsidized Employment	<u>11,250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	11,250,000	0	0	0	0

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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Total Funds - (B) Employment and Training Programs	<u>67,959,354</u>	<u>67,102,621</u>	<u>59,634,138</u>	<u>59,912,177</u>	<u>12,852,405</u>
<i>FTE</i>	204.5	186.4	246.9	246.9	208.9
Cash Funds	9,555,616	9,905,109	10,025,092	10,146,805	0
Reappropriated Funds	11,472,840	6,652	572,016	475,616	0
Federal Funds	46,930,898	57,190,860	49,037,030	49,289,756	12,852,405

(C) Labor Market Information

Program Costs	<u>1,657,590</u>	<u>1,440,279</u>	<u>1,997,257</u>	<u>2,041,230</u>	<u>Pending</u>
<i>FTE</i>	25.8	22.4	30.3	30.3	30.3
Cash Funds	0	0	11,509	11,509	
Federal Funds	1,657,590	1,440,279	1,985,748	2,029,721	

Total Funds - (C) Labor Market Information	<u>1,657,590</u>	<u>1,440,279</u>	<u>1,997,257</u>	<u>2,041,230</u>	<u>Pending</u>
<i>FTE</i>	25.8	22.4	30.3	30.3	30.3
Cash Funds	0	0	11,509	11,509	
Federal Funds	1,657,590	1,440,279	1,985,748	2,029,721	

Total Funds - (2) Division of Employment and Training	<u>110,677,681</u>	<u>109,154,914</u>	<u>96,478,283</u>	<u>96,846,605</u>	<u>3,288,070</u>
<i>FTE</i>	775.4	712.7	746.8	744.3	744.3
Cash Funds	16,430,515	17,248,412	17,452,644	17,525,707	0
Reappropriated Funds	11,472,840	6,652	572,016	475,616	0
Federal Funds	82,774,326	91,899,850	78,453,623	78,845,282	3,288,070

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
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(3) DIVISION OF LABOR

Primary Functions: Gathering and disseminating labor market and economic trend information.

Program Costs	<u>1,072,938</u>	<u>1,161,478</u>	<u>1,147,311</u>	<u>1,171,056</u>	<u>Pending</u>
<i>FTE</i>	12.7	14.1	15.0	15.0	15.0
Cash Funds	1,072,938	1,161,478	1,147,311	1,171,056	0

Total Funds - (3) Division of Labor	<u>1,072,938</u>	<u>1,161,478</u>	<u>1,147,311</u>	<u>1,171,056</u>	<u>Pending</u>
<i>FTE</i>	12.7	14.1	15.0	15.0	15.0
Cash Funds	1,072,938	1,161,478	1,147,311	1,171,056	0

(4) DIVISION OF OIL AND PUBLIC SAFETY

Primary Functions: Inspecting and calibrating petroleum measuring devices; evaluating clean-up actions at locations where petroleum releases have been discovered and administering the associated reimbursement program; inspecting and testing the quality of fuel products; issuing explosive permits to qualified individuals, conducting annual inspections of all boilers and pressure vessels in commercial and multi-unit residential buildings, licensing of conveyances, conveyance inspectors, mechanics and contractors; registers and inspects amusement park rides, carnivals and other rides.

Personal Services	<u>4,698,283</u>	<u>4,597,811</u>	<u>4,603,222</u>	<u>4,698,155</u>	<u>Pending</u>
<i>FTE</i>	63.8	63.6	67.0	67.0	67.0
Cash Funds	3,522,914	3,671,912	4,044,574	4,108,779	
Reappropriated Funds	19,050	14,572	19,516	19,516	
Federal Funds	1,156,319	911,327	539,132	569,860	
Operating Expenses	<u>387,465</u>	<u>478,593</u>	<u>648,980</u>	<u>705,680</u>	<u>705,680</u>
Cash Funds	315,508	401,053	518,134	560,659	560,659
Federal Funds	71,957	77,540	130,846	145,021	145,021
Indirect Cost Assessment	<u>781,284</u>	<u>895,838</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	781,284	895,838	0	0	0

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Total Funds - (4) Division of Oil and Public Safety	<u>5,867,032</u>	<u>5,972,242</u>	<u>5,252,202</u>	<u>5,403,835</u>	<u>705,680</u>
<i>FTE</i>	63.8	63.6	67.0	67.0	67.0
Cash Funds	4,619,706	4,968,803	4,562,708	4,669,438	560,659
Reappropriated Funds	19,050	14,572	19,516	19,516	0
Federal Funds	1,228,276	988,867	669,978	714,881	145,021

(5) DIVISION OF WORKERS' COMPENSATION

The Division of Workers' Compensation is comprised of five major units that provide: claimant customer service, dispute resolution of frequently contested issues, medical cost containment, workers' compensation employer services, and special fund management.

(A) Workers' Compensation

Personal Services	<u>6,704,162</u>	<u>6,672,437</u>	<u>6,787,870</u>	<u>6,931,306</u>	<u>Pending</u>
<i>FTE</i>	90.2	86.9	102.1	102.1	102.1
Cash Funds	6,704,162	6,672,437	6,787,870	6,931,306	
Operating Expenses	<u>463,603</u>	<u>680,780</u>	<u>680,780</u>	<u>680,780</u>	<u>680,780</u>
Cash Funds	463,603	680,780	680,780	680,780	680,780
Administrative Law Judge Services	<u>2,610,443</u>	<u>2,550,825</u>	<u>2,582,398</u>	<u>2,701,453</u>	<u>Pending</u>
Cash Funds	2,610,443	2,550,825	2,582,398	2,701,453	
Physicians Accreditation	<u>77,033</u>	<u>115,553</u>	<u>140,000</u>	<u>140,000</u>	<u>120,000</u>
Cash Funds	77,033	115,553	140,000	140,000	120,000
Utilization Review	<u>24,549</u>	<u>41,360</u>	<u>60,000</u>	<u>60,000</u>	<u>35,000</u>
Cash Funds	24,549	41,360	60,000	60,000	35,000
Immediate Payment	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>1,000</u>
Cash Funds	0	0	10,000	10,000	1,000

*This line item includes a decision item.

FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Total Funds - (A) Workers' Compensation	<u>9,879,790</u>	<u>10,060,955</u>	<u>10,261,048</u>	<u>10,523,539</u>	<u>846,780</u>
<i>FTE</i>	90.2	86.9	102.1	102.1	102.1
Cash Funds	9,879,790	10,060,955	10,261,048	10,523,539	846,780

(B) Major Medical Insurance and Subsequent Injury Funds

Personal Services	<u>958,587</u>	<u>1,074,872</u>	<u>1,239,366</u>	<u>1,258,824</u>	<u>Pending</u>
<i>FTE</i>	11.9	13.2	16.0	16.0	16.0
Cash Funds	958,587	1,074,872	1,239,366	1,258,824	
Operating Expenses	<u>62,848</u>	<u>57,266</u>	<u>88,324</u>	<u>88,324</u>	<u>88,324</u>
Cash Funds	62,848	57,266	88,324	88,324	88,324
Major Medical Benefits	<u>4,996,836</u>	<u>5,220,180</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>6,000,000</u>
Cash Funds	4,996,836	5,220,180	7,000,000	7,000,000	6,000,000
Major Medical Legal Services	<u>14,329</u>	<u>24,937</u>	<u>7,571</u>	<u>7,571</u>	<u>Pending</u>
Cash Funds	14,329	24,937	7,571	7,571	
Subsequent Injury Benefits	<u>1,865,805</u>	<u>1,710,679</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>2,000,000</u>
Cash Funds	1,865,805	1,710,679	3,200,000	3,200,000	2,000,000
Subsequent Injury Legal Services	<u>57,605</u>	<u>56,779</u>	<u>26,499</u>	<u>26,499</u>	<u>Pending</u>
Cash Funds	57,605	56,779	26,499	26,499	
Medical Disaster	<u>651</u>	<u>628</u>	<u>6,000</u>	<u>6,000</u>	<u>1,000</u>
Cash Funds	651	628	6,000	6,000	1,000

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Figure Setting
Department of Labor and Employment
Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	FY 2012-13 Staff Recommendation
Total Funds - (B) Major Medical Insurance and Subsequent Injury Funds	<u>7,956,661</u>	<u>8,145,341</u>	<u>11,567,760</u>	<u>11,587,218</u>	<u>8,089,324</u>
FTE	11.9	13.2	16.0	16.0	16.0
Cash Funds	7,956,661	8,145,341	11,567,760	11,587,218	8,089,324
Total Funds - (5) Division of Workers' Compensation	<u>17,836,451</u>	<u>18,206,296</u>	<u>21,828,808</u>	<u>22,110,757</u>	<u>8,936,104</u>
FTE	102.1	100.1	118.1	118.1	118.1
Cash Funds	17,836,451	18,206,296	21,828,808	22,110,757	8,936,104
Total Funds - Department of Labor and Employment	<u>164,757,196</u>	<u>163,835,896</u>	<u>158,198,167</u>	<u>160,404,318</u>	<u>32,296,393</u>
FTE	1,113.6	982.2	1,046.8	1,044.3	1,006.3
Cash Funds	51,924,789	54,965,410	60,912,916	61,913,262	14,362,584
Reappropriated Funds	12,535,723	1,197,985	752,426	656,026	0
Federal Funds	100,296,684	107,672,501	96,532,825	97,835,030	17,933,809

*This line item includes a decision item.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Committee of Reference SMART Act Recommendation Letter for the Department

Senate Committee of Business, Labor & Technology

Received January 23, 2012

Recommendations:

The Senate Committee of Business, Labor & Technology did not provide a recommendation on the Department's FY 2012-13 budget.

House Committee of Economic and Business Development

Received January 23, 2012

Recommendations:

The House Committee of Economic and Business Development did not provide a recommendation on the Department's FY 2012-13 budget.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

(1) EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office provides common services to all divisions including employee health, life and dental insurance, workers' compensation insurance, and employee shift differential. Support services are also located in the Executive Director's Office, and include the Office of Government, Policy and Public Relations, the Office of Human Resources, and the Budget and Controller's Offices.

Personal Services

This line item funds the Executive Director, accounting, budget, purchasing, human resources, and general support staff utilized by the Department. The Executive Director's Office is bottom-line funded, a recommendation for an overall funding split is provided at the end of this Division.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request.	FY 2012-13 Recomm.
Administration / Management	9.8	10.4	10.4	10.4
Financial Services	16.6	18.1	18.1	18.1
Maintenance	15.5	17.0	17.0	17.0
Info. Technology	0.1	0.1	0.1	0.1
Investigators / Auditors	2.9	3.1	3.1	3.1
Contract and Temporary Staff	0.0	0.0	0.0	0.0
Office of Government, Policy and Public Relations	8.0	8.0	8.0	8.0
Professional Staff	29.9	33.5	33.5	33.5
Industrial Claim Appeals Panel	8.9	9.7	9.7	9.7
TOTAL	91.7	99.9	99.9	99.9

Request: The Department requests an appropriation of \$7,664,397 total funds and 99.9 FTE, which includes the restoration of the 2.5 percent state PERA contribution reduction (S.B. 11-076).

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item. Staff requests permission to apply Committee policy to all pending line items.** Staff's calculation is summarized in the following table:

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Executive Director's Office - Personal Services		
	Total Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$7,664,397	99.9
2.5% PERA contribution change (S.B. 11-076)	(150,817)	0.0
Subtotal FY 2011-12 Appropriation	\$7,513,580	99.9
Restore PERA Contribution (S.B. 11-076)	150,817	0.0
Personal Services Base Reduction	<u>PENDING</u>	
Recommended FY 2012-13 Appropriation	<u>PENDING</u>	

Health, Life, and Dental

This line item funds the Department's share of the state's group health, life and dental insurance plans for state employees. Health, life, and dental is appropriated to the Executive Director's Office then distributed as needed to the divisions. The Department requests an appropriation of \$6,138,461 total funds, which includes a reduction of \$533,396 for compensation adjustments. **Staff recommendation is pending the approval of a Committee policy for this line item.**

Short-term Disability

This line item funds the Department's share of the state's short-term disability program which is administered by the Department of Personnel and Administration (DPA). The Department requests an appropriation of \$104,203 total funds. **Staff recommends an appropriation of \$103,330 in accordance with Committee policy.**

S.B. 04-257 Amortization Equalization Disbursement

This line item funds the costs associated with S.B. 04-257, which requires additional state contribution for employees in the Public Employees' Retirement System (PERA). The Department requests an appropriation of \$1,883,884 total funds. **Staff recommends an appropriation of \$1,651,327 in accordance with Committee policy.**

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Senate Bill 06-235 created a mechanism to increase the state's PERA contribution rate beginning on January 1, 2008. The Department requests an appropriation of \$1,618,963 total funds. **Staff recommends an appropriation of \$1,319,889 in accordance with Committee policy.**

Shift Differential

This line item funds the additional compensation paid to employees who work outside of regular business hours. The Department has custodial staff working after hours at the Unemployment Insurance Building located at 251 E. 12th Avenue in Denver.

Request: The Department has requested an appropriation of \$14,460 total funds, reflecting an increase of \$4,726 for DPA's total compensation adjustment.

Recommendation: **Staff recommends an appropriation of \$14,460 in accordance with Committee policy.**

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Workers' Compensation

This line item is used to pay the Department's share of the state's workers' compensation program administered by DPA. The Department requests an appropriation of \$591,393 total funds for this purpose. **The staff recommendation for this line item is pending the approval of a Committee policy.**

Operating Expenses

The Department requests an appropriation of \$1,759,608 total funds, reflecting a continuation of the FY 2011-12 appropriation. **Staff recommends an appropriation of \$1,759,608 total funds.**

Legal Services

This line item is used to pay the Department of Law for the provision of legal services to all divisions. The Department has requested funding for 7,905 hours, a continuation of the FY 2011-12 appropriation. **Staff recommends an appropriation sufficient for 7,905 hours. The dollar amount is pending the Committee policy for FY 2012-13 legal hour rates.**

Purchase of Services from Computer Center

This line item is used to reimburse OIT for the Department's share of the state's computer system. The Department requests \$7,817,266 total funds, which includes an increase of \$1,169,616 for the OIT common policy adjustment. **Staff recommendation is pending the approval of a Committee policy for this line item.**

Multiuse Network Payments

This line item reimburses OIT for the Department's share of the statewide multi-use network. The Department is requesting an appropriation of \$703,005 total funds, which includes a decrease of \$218,057 for the OIT common policy adjustment. **Staff recommendation is pending the approval of a Committee policy for this line item.**

Management and Administration of OIT

This line item is used to pay OIT for the Department's share of costs for the management and administration of OIT. The Department requests an appropriation of \$455,316 total funds. **Staff recommendation is pending the approval of a Committee policy for this line item.**

Payment to Risk Management and Property Funds

This line item is used to reimburse DPA for the Department's share of the state's liability and property insurance. The Department requests an appropriation of \$28,766, reflecting a decrease of \$24,735 for DPA's common policy adjustment. **Staff recommendation is pending the approval of a Committee policy for this line item.**

Vehicle Lease Payments

This line item provides funds for the annual payment to DPA for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles pursuant to Section 24-30-1117, C.R.S.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Request: The Department requests an appropriation of \$105,258 total funds. This request includes the replacement of five vehicles as outlined in the table below:

Summary of the FY 2012-13 Vehicle Replacement Request						
Program that Uses the Vehicle	Type of Vehicle	Model Year	Dec 2011 Mileage	Projected May 2013 Mileage	Maintenance Cost per Mile	Replacement Justification
Oil and Public Safety	PASS UTIL SMALL, 4X4	2005	146,135	161,328	0.258	High Mileage Vehicle
Oil and Public Safety	Sedan	2001	129,180	145,384	0.212	High Mileage Vehicle
Oil and Public Safety	Sedan	2002	105,542	159,487	0.280	High maintenance costs – denied repairs and high mileage.
CDLE Pool	PASS UTIL SMALL, 4X4	2003	147,187	160,736	0.258	High Mileage Vehicle
Workforce Development	PASS UTIL SMALL, 4X4	2000	122,543	130,095	0.258	High Mileage Vehicle

Analysis of Replacement Request: The vehicles used by the Department will exceed 130,000 miles in FY 2012-13, which meets the mileage criteria used by DPA as the threshold for vehicle replacement due to high mileage.

Recommendation: **Staff recommends the replacement of the five vehicles as outlined in the table above and the dollar amount for this line item is pending the approval of a Committee policy for this line item.**

Leased Space

The Department leases space across Colorado and is responsible for lease escalations. The Department requests a continuation appropriation of \$3,800,000 total funds, which is summarized in the table below:

Executive Director's Office - Leased Space						
Location	FY 2011-12 Approp.			FY 2012-13 Request		
	Area	Rate	Total	Area	Rate	Total
State Run One-Stop Locations	64,152	\$4.09 - 25.80	\$550,671	64,152	\$4.20 – 21.44	\$539,201
Colorado Springs - UI	2,818	\$14.21	\$40,044	2,818	\$14.66	\$41,312
633 17 th Avenue	172,240	\$20.59	\$3,209,285	172,240	\$21.47	\$3,219,487
TOTAL	239,210		\$3,800,000	239,210		\$3,800,000

Recommendation: **Staff recommends the Committee approve an appropriation of \$3,400,000.** This appropriation is 5.5 percent higher than the average for four year spending from FY 2007-08 through FY 2010-11, and 4.3 percent higher than FY 2010-11 spending.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Leased Space Appropriations History					
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Average
Appropriation	\$ 3,409,302	\$ 3,200,786	\$3,024,919	\$ 3,257,227	\$ 3,223,059
Reversion	163,296	488,462	871,854	639,276	540,722
Percent of Appropriation	4.57%	13.24%	22.38%	16.41%	14.15%

Capitol Complex Leased Space

Capitol complex space is maintained by DPA. The Department requests \$25,007 total funds which is outlined in the following table. **Staff recommendation is pending the approval of a Committee policy for this line item.**

Executive Director's Office - Capitol Complex Lease Space		
Location	Space	Purpose
Grand Junction	1,295	Workers' Compensation and Unemployment Insurance
North Campus - 62nd Avenue, Denver	4,364	Division of Oil and Public Safety - oil inspection labs

Communication Services Payment

This line item provides the funds for the Department's share of the state's public safety communications infrastructure, which is maintained by DPA. The Department did not include a request for communication services payments in the FY 2012-13 budget request. **Staff recommends no appropriation for this line item.**

Utilities

The state owns the building located at 251 E. 12th Avenue, which houses Unemployment Insurance Program staff. Since the property is state owned, the Department is responsible for the utilities and requests a continuation appropriation of \$260,309 total funds for this purpose. **Staff recommends an appropriation of \$260,309.**

Information Technology Asset Maintenance

The Department relies extensively on computers and databases to track constituents that pay fees and taxes to support its programs, as well as to track those who qualify for workers' compensation and unemployment insurance benefits. This line item is used to purchase Microsoft software for computers and databases. For FY 2007-08, the Committee approved a decision item which removed personal computer replacement from this line item and distributed those costs across the Operating Expenses (or Program Costs) line items of the five divisions. Continuation funding has been approved since that date. The Department requests a continued appropriation of \$553,627 total funds for this purpose. **Staff recommends a continuing appropriation of \$553,627.**

Statewide Indirect Cost Assessment

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries are intended to offset overhead costs that would otherwise have been supported by General Fund. Recoveries from cash and federally funded programs are calculated for statewide indirect cost assessments. The

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Department requests an appropriation of \$749,654 total funds, which includes an increase of \$150,373 for statewide indirect cost adjustments. **Staff recommends an appropriation of \$749,654 in accordance with Committee policy.**

Bottom Line Funding Recommendation

The Executive Director's Office is funded by various federal sources for the centrally appropriated line items so it is difficult for the Department to project, a year in advance, the exact fund splits between cash funds and federal funds for centrally appropriated line items. Bottom line funding provides the Department the flexibility to apply federal funds to appropriate line items in order to cover expenses. **Staff recommends the Executive Director's Office remain bottom line funded, and staff requests permission to apply a bottom line fund split once pending line items are established.**

(2) DIVISION OF EMPLOYMENT AND TRAINING

(A) Unemployment Insurance Programs

The Department is responsible for administering Colorado's Unemployment Insurance Programs (UI Programs). UI Programs provide temporary benefits to individuals who have lost their job through no fault of their own. Program responsibilities include: general administration, tax collection from employers, payment of benefits, integrity including employer audits, operating the call center, ruling on claimant appeals, and quality control measures. The state is responsible for collecting federal taxes on the first \$7,000 of wages and state premiums and surcharges on the first \$11,000 of wages, beginning January 2012.

The Unemployment Insurance Fraud Program (UI Fraud) was combined with the UI Programs line item in FY 2009-10 to enable both programs to receive the maximum amount of federal funds. UI Fraud staff notifies claimants of benefit overpayments, collect overpayments, audits employers, and investigates potential unemployment benefit fraud. The UI Fraud programs are funded from the Unemployment Revenue Fund, which receives revenue from interest collected on late taxes, overpayments that have not been repaid, and fees assessed on employers for late tax payments.

Unemployment Benefits

Pursuant to Section 8-77-104 (1), C.R.S., the payment of unemployment benefits is not subject to appropriation by the General Assembly, and is not included in the Long Bill. **For FY 2012-13 the Department estimates it will pay \$536,255,551 in benefits.** Unemployment benefits do not appear in the Long Bill because they are not subject to appropriation by the General Assembly.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Program Costs

This line item funds the UI Programs personal services and operating expenses.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp	FY 2012-13 Request	FY 2012-13 Recomm.
UI Programs				
Administration / Management	21.6	21.0	21.0	21.0
Operations - Tax Collection	57.5	77.0	77.0	77.0
Operations - Benefit Payment	229.1	205.1	205.1	205.1
Integrity - Tax Audits	28.9	30.0	30.0	30.0
Integrity - Quality Control	45	40.0	40.0	40.0
Appeals	63.2	48.0	48.0	48.0
Staff Services	19.1	20.0	20.0	20.0
<i>UI Programs Subtotal</i>	464.4	441.1	441.1	441.1
UI Fraud				
Administrative / Management	3.0	2.0	2.0	2.0
Collections	16.8	6.0	6.0	6.0
Labor & Employment Specialists	11.3	12.0	12.0	12.0
Criminal Investigators	6.0	6.0	6.0	6.0
<i>UI Fraud Subtotal</i>	37.1	26.0	26.0	26.0
TOTAL	501.5	467.1	467.1	467.1

Request: The Department requests an appropriation of \$34,893,198 total funds (\$7,367,393 cash funds and \$27,525,805 federal funds) and 467.1 FTE. This request includes the restoration of the 2.5 percent state PERA contribution reduction (S.B. 11-076), a reduction of \$62,900 pursuant to H.B. 11-1288, and a reduction of \$500,000 in one-time federal ARRA moneys.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** Staff's recommendation is outlined in the following table:

Unemployment Insurance Program - Program Costs				
	CF	FF	Total Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$7,367,393	\$28,025,805	\$35,393,198	467.1
<i>Est. Personal Services</i>	<i>5,741,246</i>	<i>21,917,122</i>	<i>27,658,368</i>	<i>467.1</i>
<i>Est. Operating Expenses</i>	<i>1,626,147</i>	<i>6,108,683</i>	<i>7,734,830</i>	<i>0.0</i>
2.5% PERA contribution change (S.B. 11-076)	(177,198)	(594,960)	(772,158)	0.0
H.B. 11-1288 UI Solvency Reform	62,900	0	62,900	0.0
Subtotal FY 2011-12 Appropriation	\$7,253,095	\$27,430,845	\$34,683,940	467.1
Restore PERA Contribution (S.B. 11-076)	\$177,198	\$594,960	\$772,158	0.0
Annualization of H.B. 11-1288	(62,900)	0	(62,900)	0.0
Annualization of ARRA Special Transfer	0	(500,000)	(500,000)	0.0
Personal Services Base Reduction			<u>PENDING</u>	
Recommended FY 2012-13 Appropriation			<u>PENDING</u>	

Internet Self-Service

This line item was added in FY 2008-09 to provide the Department with funds for the operating component of the Internet Self-Service project.

Request: The Department did not request an appropriation for this line item, and has indicated the project will be completed with existing resources.

Recommendation: **Staff recommends no appropriation for the Internet Self-Service line item.**

(B) Employment and Training Programs

State and county run one-stop centers offer job search assistance, additional job training, classes to improve interview and resume skills to job seekers. Services are free to job seekers and employers, with the goal of matching qualified job seekers with employers. The majority of funding for state and county one-stop centers is federal funds.

State Operations

This line item funds the thirty-four state run rural one-stop workforce centers that comprise the Rural Consortium. Each one-stop center provides job search assistance, classes, and services for individuals with special needs. This line item covers personal services and operating expenses for all of the state run one-stop centers. Funding provided to counties that run their own one-stop centers is provided through One-Stop County Contracts line item.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Staff Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2011-12 Recomm.
Management	1.6	1.6	1.6	1.6
Administrative Staff	6.3	6.3	6.3	6.3
Community Workers	12.2	12.2	12.2	12.2
Professional Staff	6.1	8.2	8.2	8.2
Labor & Employment Specialists	110.5	115.4	115.4	115.4
TOTAL	136.7	143.7	143.7	143.7

Request: The Department requests an appropriation of \$13,900,711 total funds (\$9,319,265 cash funds, \$9,600 reappropriated funds, and \$4,571,846 federal funds) and 143.7 FTE for this line item.

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The following table outlines staff's recommendation:

State Operations - Program Costs					
	CF	RF	FF	Total Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$9,319,265	\$9,600	\$4,571,846	\$13,900,711	143.7
<i>Est. Personal Services</i>	5,886,433	0	2,807,684	8,694,117	143.7
<i>Est. Operating Expenses</i>	3,311,119	9,600	1,655,103	4,975,822	0.0
2.5% PERA contribution change (S.B. 11-076)	(121,713)	0	(109,059)	(230,772)	0.0
Subtotal FY 2011-12 Appropriation	\$9,197,552	\$9,600	\$4,462,787	\$13,669,939	143.7
Restore PERA Contribution (S.B. 11-076)	121,713	0	109,059	230,772	0.0
Personal Services Base Reduction				<u>PENDING</u>	
Recommended FY 2011-12 Appropriation				<u>PENDING</u>	

One-Stop County Contracts

There are nine county regions that run their own one-stop centers. These one-stop centers offer the same services as the state run one-stop centers. Primary funding for these one-stop centers is federal Wagner Peyser and various Veterans Grants. An agreement was made between the State and counties when counties took over one-stop centers, that state employees in these centers could not be fired or forced out by counties, but once the position was vacant could be filled by counties with a county employee.

Request: The Department requests an appropriation of \$9,164,335 federal funds and 28.0 FTE.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Recommendation: **Staff recommends an appropriation of \$9,164,335 federal funds and 0.0 FTE.** This recommendation includes a reduction of 28.0 FTE based on the utilization of FTE from FY 2010-11 through FY 2012-13:

	2010-11	2011-12 (estimated)	2012-13 (estimated)
Filled FTE	0.0	0.0	0.0
Reverted FTE	28.0	28.0	28.0

The PERA reduction was applied to this line item by a staff error during figure setting. The following table adds the PERA reduction taken during FY 2011-12 pursuant to S.B. 11-076:

One-Stop County Contracts - Program Costs		
	Federal Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$9,164,335	28.0
2.5% PERA contribution change (S.B. 11-076)	(40,791)	0.0
Subtotal FY 2011-12 Appropriation	\$9,123,544	28.0
Restore PERA Contribution (S.B. 11-076)	40,791	0.0
FTE Adjustment	0	(28.0)
Recommended FY 2012-13 Appropriation	\$9,164,335	0.0

Trade Adjustment Act Assistance

Federal Trade Adjustment funds are used by the Department to assist workers who have lost their job as a result of foreign trade. Assistance includes extended UI benefits and supplemental salary payments.

Request: The Department requests a continued level of appropriation from FY 2011-12 of \$3,288,070 federal funds.

Recommendation: **Staff recommends an appropriation of \$3,288,070 federal funds.**

Workforce Investment Act

Federal Workforce Investment Act (WIA) funds are distributed to state and county run one-stop centers for services and programs that provide job training and job skills.

Request: The Department requests \$32,223,045 (\$807,540 cash funds, and \$31,415,505 federal funds) and 61.2 FTE. This request includes the restoration of the 2.5 percent state PERA contribution reduction pursuant to S.B. 11-076, and the sunset of the Green Jobs Training Program pursuant to Section 24-38.9-108, C.R.S.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The following table summarizes staff's calculation:

Workforce Investment Act - Program Costs					
	CF	RF	FF	Total Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$807,540	\$100,000	\$31,415,505	\$32,323,045	61.2
<i>Est. Personal Services</i>	0	0	4,070,559	4,070,559	61.2
<i>Est. Operating Expenses</i>	807,540	100,000	27,252,034	\$28,159,57	0.0
2.5% PERA contribution change (S.B. 11-076)	0	0	(92,912)	(92,912)	0.0
Subtotal FY 2011-12 Appropriation	\$807,540	\$100,000	\$31,322,593	\$32,230,133	61.2
Repeal of Green Jobs Training Program (H.B. 10-1333)	0	(100,000)	0	(100,000)	0.0
Restore PERA Contribution (S.B. 11-076)	0	0	92,912	92,912	0.0
Base Personal Services Reduction				<u>PENDING</u>	
Recommended FY 2012-13 Appropriation				<u>PENDING</u>	

Workforce Development Council

Senate Bill 08-231 transferred the Workforce Development Council (Council) from the Department of Local Affairs to the Department. The Council contracts directly with county-operated one-stop centers to provide services for people with disabilities, and was created in order to meet the requirements of Title I of the federal *Workforce Investment Act of 1998*. The Council is responsible for designating local workforce investment areas, coordinating in the delivery of workforce development programs; and reviewing the allocation of federal Title I funds for adult employment and training activities and youth activities.

Council and staff are supported by funds transferred to the Department from other departments that receive allocations of federal funds, including the Departments of Human Services, Education, and Local Affairs, and the Community Colleges. The Office of State Planning and Budgeting annually determine each agency's contributions in June.

Request: The Department requests an appropriation of \$466,016 reappropriated funds and 4.0 FTE, which includes the restoration of the state PERA contribution reduction pursuant to S.B. 11-076.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** Staff's recommendation is outlined in the following table:

Workforce Development Council Staff		
	RF	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$466,016	4.0
<i>Est. Personal Services</i>	<i>\$313,684</i>	<i>4.0</i>
<i>Est. Operating Expenses</i>	<i>\$148,732</i>	
2.5% PERA contribution change (S.B. 11-076)	(3,600)	0.0
Subtotal FY 2011-12 Appropriation	\$462,416	4.0
Restore PERA Contribution (S.B. 11-076)	3,600	0.0
Personal Services Base Reduction	<u>PENDING</u>	
Recommended FY 2012-13 Appropriation	<u>PENDING</u>	

Workforce Improvement Grants

Workforce improvement grants are federal and private grants awarded to the Workforce Development Council for the development of workforce development activities, which are typically directed towards special populations (youth, disabled, veterans, etc.).

Request: The Department requests an appropriation of \$870,000 total funds (\$20,000 cash funds and \$850,000 federal funds) and 10.0 FTE. This request includes the restoration of the 2.5 percent state PERA contribution reduction pursuant to S.B. 11-076.

Recommendation: **Staff recommends an appropriation of \$400,000 federal funds and 0.0 FTE.** Staff's recommendation is six percent higher than the average and estimated spending from FY 2008-09 through FY 2012-13. The associated cash funds with the Department's request, from donations, have been reverted since FY 2008-09. Additionally, FTE from this line item have not been utilized since FY 2009-10. According to the Department's November 1, 2011 budget request, no FTE expenditures are estimated for FY 2011-12 or FY 2012-13.

TANF-Supported Subsidized Employment

This line item was included in the FY 2009-10 Long Bill through the FY 2009-10 supplemental appropriation to reflect reappropriated funds received from the Department of Human Services for employment subsidization. These funds were made available by the American Recovery and Reinvestment Act of 2009, and were available only for federal FY 2009-10. This line item is in staff's numbers pages for informational purposes.

(C) Labor Market Information

Program Costs

Labor Market Information (LMI) provides information on employment trends across the state and various trades, unemployment numbers and job growth information. LMI works with state

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

and county one-stop centers to provide relevant training classes in fields that are growing or have potential long term growth in Colorado.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Administration / Management	1.5	4.0	4.0	4.0
Labor Market Research Staff	9.6	13.7	13.7	13.7
IT Staff	0.4	0.5	0.5	0.5
Arts Professional	3.7	1.0	1.0	1.0
Statistical Analysts	7.2	11.1	11.1	11.1
TOTAL	22.4	30.3	30.3	30.3

Request: The Department requests an appropriation of \$2,041,230 total funds (\$11,509 cash funds and \$2,029,721 federal funds) and 30.3 FTE for this purpose.

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The calculation of the appropriation amount is shown in the following table:

Labor Market Information - Program Costs					
	CF	FF	Total Funds	FTE	
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$11,509	\$2,029,721	\$2,041,230	30.3	
<i>Est. Personal Services</i>	0	1,837,476	1,837,476	30.3	
<i>Est. Operating Expenses</i>	11,509	148,272	159,781	0.0	
2.5% PERA contribution change (S.B. 11-076)	0	(43,973)	(43,973)	0.0	
Subtotal FY 2011-12 Appropriation	\$11,509	\$1,985,748	\$1,997,257	30.3	
Restore PERA Contribution (S.B. 11-076)	0	43,973	43,973	0.0	
Personal Services Base Reduction			<u>PENDING</u>		
Recommended FY 2012-13 Appropriation			<u>PENDING</u>		

(3) DIVISION OF LABOR

Decision Item # 1 – Requested Letternote Revision and Appropriation

The Department is requests an appropriation and revision to the letternote for the Program Costs line item in the Division of Labor. The revision will include an appropriation for the Employment Verification Cash Fund created in Section 8-2-122, C.R.S. The Employment Verification Cash Fund receives fines from employers found falsifying employment information and is intended to help finance employment verification activities.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

The Department has requested an appropriation of \$42,395 from the Employment Verification Cash Fund and a matching reduction in the appropriation from the Employment Support fund, resulting in a net \$0 change to the appropriation. The Department is requesting that the cash fund amounts in the letternote be designated as estimated amounts, rather than a specific mix of funds. This language would allow the Department to spend more or less of the Employment Verification cash fund, according to how many fees are collected in a given year.

Staff recommends an appropriation of the Employment Verification Cash Fund of \$42,395, and an appropriation of \$1,148,664 from the Employment Support Fund. Staff does not recommend the use of ‘estimated’ in the letternote, and believes this appropriation can be adjusted according to the Employment Verification Cash Fund balance during the annual budget cycle.

Program Costs

The Division of Labor ensures employer compliance with Colorado's labor laws, and facilitates resolution and mediation of labor disputes. Pursuant to H.B. 06S-1017 employers are required to maintain records of employee identification and the Department is authorized to conduct random audits of employer records, and investigate complaints. The Division is entirely cash funded from the Employment Support Fund pursuant Section 8-77-109, C.R.S.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Management	1.0	1.0	1.0	1.0
Administrative Staff	1.0	1.0	1.0	1.0
Professional Staff	12.1	13.0	13.0	13.0
TOTAL	14.1	15.0	15.0	15.0

Request: The Department requests an appropriation of \$1,171,056 cash funds and 15.0 FTE, which includes restoration of the restoration of the 2.5 percent state PERA contribution reduction pursuant to S.B. 11-076.

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The calculation of the appropriation amount is shown in the following table:

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Division of Labor - Program Costs		
	CF	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$1,171,056	15.0
<i>Est. Personal Services</i>	<i>\$1,066,947</i>	<i>15.0</i>
<i>Est. Operating Expenses</i>	<i>\$80,364</i>	<i>0.0</i>
2.5% PERA contribution change (S.B. 11-076)	(23,745)	0.0
Subtotal FY 2011-12 Appropriation	\$1,147,311	15.0
Restore PERA Contribution (S.B. 11-076)	23,745	0.0
Personal Services Base Reduction	<u>PENDING</u>	
Recommended FY 2012-13 Appropriation	<u>PENDING</u>	

(4) DIVISION OF OIL AND PUBLIC SAFETY

The Division of Oil and Public Safety is responsible for the following programs: inspection and clean up of petroleum storage, inspecting and certifying all boilers, inspecting and certifying elevators and other mechanical conveyances, inspection of amusement rides, and issuing explosive permits. The program is funded by a surcharge fee per tank truckload of fuel, fees charged for inspection and review services, and EPA grants.

Personal Services

Division staff inspects boilers, conveyances, petroleum and explosive storage units, amusement park and carnival rides. Division staff also oversees the cleanup of petroleum leaks and spills, and inspects and calibrates fuel dispensers.

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Management	1.0	1.0	1.0	1.0
Professional Staff	15.9	16.4	16.4	16.4
Scientists / Env. Protection Specialists	16.3	17.3	17.3	17.3
Inspectors	18.4	19.1	19.1	19.1
Support Staff	12.0	13.2	13.2	13.2
TOTAL	63.6	67.0	67.0	67.0

Request: The Department requests an appropriation of \$4,698,155 total funds (\$4,108,779 cash funds, \$19,516 reappropriated funds, and \$569,860 federal funds) and 67.0 FTE for this purpose.

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The calculation of the appropriation amount is shown in the following table:

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Division of Oil and Public Safety - Personal Services					
	CF	RF	FF	Total Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$4,108,779	\$19,516	\$569,860	\$4,698,155	67.0
2.5% PERA contribution change (S.B. 11-076)	(65,196)	0	(30,728)	(95,924)	0.0
Subtotal FY 2011-12 Appropriation	\$4,043,583	\$19,516	\$539,132	\$4,602,231	67.0
Restore PERA Contribution (S.B. 11-076)	65,196	0	30,728	95,924	0.0
Personal Services Base Reduction				<u>PENDING</u>	
Recommended FY 2012-13 Appropriation				<u>PENDING</u>	

Operating Expenses

Request: The Department requests \$705,680 total funds for this line item, of which \$560,659 is cash funds and \$145,021 is federal funds. This request includes an increase of \$56,700 total funds (\$42,525 cash funds and \$14,175 federal funds) for the annualization of the FY 2010-11 OPS Enterprise database system development project. The FY 2012-13 annualization is the final year of operating costs to complete the project and pays for 90 database subscribers at \$200 a month and 30 users at \$30 a month for internet costs.

Recommendation: **Staff recommends an appropriation of \$705,680 total funds.** Staff's recommendation is summarized in the following table, and calculated in accordance with Committee policy.

Division of Oil and Public Safety - Operating Expenses			
	Cash Funds	Federal Funds	Total
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$518,134	\$130,846	\$648,980
Subtotal FY 2011-12 Appropriation	\$518,134	\$130,846	\$648,980
Annualization of Enterprise Database System	42,525	14,175	56,700
Recommended FY 2012-13 Appropriation	\$560,659	\$145,021	\$705,680

Indirect Cost Assessment

This line item was added in FY 2005-06 when the Petroleum Storage Tank Fund (PSTF) was designated as an enterprise fund and the General Assembly used cash funds exempt as a fund source classification. Departmental indirect costs associated with staff funded by the PSTF are funded by this line item. This line item is directly appropriated to the Executive Director's Office beginning FY 2010-11.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

(5) DIVISION OF WORKERS' COMPENSATION

(A) Workers' Compensation

This program works to assure quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, with minimal litigation. This subdivision enforces the State's workers' compensation rules and ensures that insurance carriers and self-insured employers are in compliance. The primary source of cash funds is the Workers' Compensation Cash Fund, which is funded by an employer paid surcharge on workers' compensation insurance premiums.

Personal Services

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Management / Professional Staff	7.1	12.0	12.0	12.0
Compensation Ins. Specialists	44.0	52.1	52.1	52.1
Statistical / Actuary Analysts	4.0	5.0	5.0	5.0
Health Professionals	3.0	3.0	3.0	3.0
Administrative Law Judges	5.0	5.0	5.0	5.0
Administrative/Support Staff	23.8	25.0	25.0	25.0
TOTAL	86.9	102.1	102.1	102.1

Request: The Department requests an appropriation of \$6,931,306 cash funds and 102.1 FTE, which includes an increase of \$143,436 cash funds for the restoration of the 2.5 percent state PERA contribution reduction (S.B. 11-076).

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The calculation of the appropriation amount is shown in the following table:

Workers' Compensation - Personal Services		
	CF	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$6,931,306	102.1
2.5% PERA contribution change (S.B. 11-076)	(143,436)	0.0
Subtotal FY 2011-12 Appropriation	\$6,787,870	102.1
Restore PERA Contribution (S.B. 11-076)	143,436	0.0
Personal Services Base Reduction	<u>PENDING</u>	
Recommended FY 2012-13 Appropriation	<u>PENDING</u>	

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Operating Expenses

Request: The Department requests an appropriation of \$680,780 cash funds.

Recommendation: **Staff recommends a continuation of the FY 2011-12 appropriation of \$680,780 cash funds.**

Administrative Law Judge Services

This line item is used to purchase administrative law services from DPA, and services appropriated in this line item are only used for resolution of workers' compensation issues.

Request: The Department is requesting an appropriation of \$2,701,453 cash funds, reflecting an increase of \$270,260 for the DPA common policy adjustment.

Recommendation: **The staff recommendation for this line item is pending Committee policy for FY 2012-13 administrative law judge services.**

Physicians' Accreditation

This line item funds the physicians' accreditation training program, which trains and accredits physicians to work on workers' compensation claims. Physicians seeking accreditation pay a fee, which is deposited into the Physician Accreditation Cash Fund. The program is also used by currently accredited physicians to stay current on approved workers' compensation policies and treatment plans. Pursuant to Section 8-42-101 (3.6) (II) (1), C.R.S. these funds are continuously appropriated.

Request: The request is for a continuation appropriation of \$140,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$120,000 cash funds to align this line item with actual spending.**

Utilization Review

This line item funds Department reviews of an independent physician's treatment of workers' compensation claims. Reviews can be requested by any party involved with a claim. The program is continuously appropriated moneys from the Utilization Review Cash Fund, which is funded by fees paid by the requesting party pursuant to Section 8-43-501 (2) (a), C.R.S.

Request: The request is for a continuation appropriation of \$60,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$35,000 cash funds to align this line item with actual spending.**

Immediate Payment

These funds are used to quickly pay workers' compensation claims brought against bankrupt employers who were self-insured. This line item is continuously appropriated from the Immediate Payment Fund pursuant to Section 8-44-206 (3) (b) (I), C.R.S. From FY 2005-06 through FY 2010-11 no expenditures have been made from this line item. Revenue for the fund is from fees assessed on self-insured employers.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Request: The request is for a continuation appropriation level of \$10,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$1,000 cash funds since no appropriation has been made of this line item from FY 2005-06 to FY 2010-11.**

(B) Major Medical Insurance and Subsequent Injury Funds

The Major Medical Insurance Fund and the Subsequent Injury fund receive revenue from the worker's compensation premium surcharge to cover claimants with approved injuries, sustained before 1981 and 1994 respectively. The Major Medical Insurance and Subsequent Injury funds are paying approximately 440 active claims.

Personal Services

Staffing Summary	FY 2010-11 Actual	FY 2011-12 Approp.	FY 2012-13 Request	FY 2012-13 Recomm.
Compensation Insurance Specialists	5.5	8.0	8.0	8.0
General Professional	3.0	3.0	3.0	3.0
Accounting Technicians	3.0	2.0	2.0	2.0
Support Staff	1.7	3.0	3.0	3.0
Total	13.2	16.0	16.0	16.0

Request: The Department requests an appropriation of \$1,258,824 cash funds and 16.0 FTE, which includes the restoration of the 2.5 percent state PERA contribution reduction (S.B. 11-076).

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line item.** The calculation of the appropriation amount is shown in the following table:

Major Medical and Subsequent Injury Funds - Personal Services		
	Cash Funds	FTE
FY 2011-12 Long Bill Appropriation (S.B. 11-209)	\$1,258,824	16.0
2.5% PERA contribution change (S.B. 11-076)	(19,458)	0.0
Subtotal FY 2011-12 Appropriation	\$1,239,366	16.0
Restore PERA Contribution (S.B. 11-076)	19,458	0.0
Personal Services Base Reduction	<u>PENDING</u>	
Recommended FY 2012-13 Appropriation	<u>PENDING</u>	

Operating Expenses

Request: The Department requests a continuation of the FY 2011-12 appropriation of \$88,324 cash funds for the operating expenses.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Recommendation: **Staff recommends an appropriation of \$88,324 cash funds.**

Major Medical Benefits

The MMIF was established in 1971 to provide unlimited benefits to industrial workers who had sustained catastrophic injuries. Claims are approved for individuals who sustained qualified injuries from 1971 to 1981. Expenses fluctuate each year depending on the specific medical treatments required by clients. Funds are continuously appropriated pursuant to Section 8-46-202 (II) (c), C.R.S.

Request: The Department is requesting a continuing appropriation of \$7,000,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$6,000,000 cash funds from the Major Medical Insurance Fund.** The recommendation is three percent higher than the last five fiscal years spending average.

Major Medical Legal Services

This line item is used to purchase legal services from the Department of Law for any of the following purposes: to defend a decision to deny a claimant's eligibility request of certain medical benefits; to defend the program in the event that a doctor appeals the decision of removal from a case during utilization review.

Request: The Department requests a continuing level appropriation for 100 legal service hours.

Recommendation: **Staff recommends an appropriation of 100 hours of legal services, the dollar appropriation is pending Committee policy for FY 2012-13 legal services hourly rate.**

Subsequent Injury Benefits

Subsequent Injury Benefits are designed to compensate employers for hiring an individual who has an existing partial disability. The employer is only liable for compensation claims that occur during the individual's time of employment, subsequent to the original injury. The injury must have been sustained before 1993 for traumatic injuries and before 1994 for occupational diseases. Benefits paid from the Subsequent Injury Fund are continuously appropriated pursuant to Section 8-46-101 (4) (a), C.R.S.

Request: The FY 2012-13 budget request is for an appropriation of \$3,200,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$2,000,000 cash funds from the Subsequent Injury Fund.** This recommendation aligns the appropriation to the five year actual spending average.

Subsequent Injury Legal Services

This line item is used to purchase legal services from the Department of Law to process and settle claims related to the Subsequent Injury program.

Request: The request is for a continuation appropriation for 350 legal service hours.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Recommendation: **Staff recommends 350 legal service hours, and the dollar amount is pending the Committee policy for FY 2012-13 legal services hourly rate.**

Medical Disaster

This line item is used to offset employee incurred medical, nursing, hospital, and drug expenses that are in excess of the allotted expenses under the "Workers; Compensation Act of Colorado" pursuant to Section 8-46-302 (1), C.R.S. Employees must validate their entitlement to disability benefits under the Act, and the incurred expenses can be for recovery, to alleviate chronic pain, or to reduce a disability. Money from the Medical Disaster Insurance Fund is continuously appropriated pursuant to Section 8-46-304 (2), C.R.S.

Request: The request is for a continuation level appropriation of \$6,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$1,000 to align the appropriation with actual spending, which averages \$498 from FY 2006-07 through FY 2010-11.**

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2012-13 STAFF FIGURE SETTING**

Long Bill Footnotes and Requests for Information

The Department did not have any footnotes or information requests for FY 2011-12, and staff does not recommended any footnotes or information requests for FY 2012-13.