DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2015-16 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, December 8, 2014
10:30 am – 12:00 pm

10:30-10:50 INTRODUCTIONS AND OPENING COMMENTS

10:50-11:10 QUESTIONS COMMON TO ALL DEPARTMENTS

1. SMART Government Act:

a. Please describe how the SMART Government Act is being integrated into the department's existing processes (both in terms of service delivery and evaluating performance).

CDLE has integrated the SMART Government Act into our processes by aligning all of our efforts toward attaining quality and excellence in all we do; to us that means fulfilling our mission while providing an exceptional customer experience. We have five department-wide strategic initiatives that include: Customer Service; Employee Engagement and Accountability; Process Improvement; Technology; and Stakeholder and Partner Relationships and metrics to measure each of these objectives. Each division's, programs, and individual's objectives align with the department-wide objectives and they each have metrics to measure success. The department-wide metrics are broad and give us a measurable way to determine our overall success. At each level in the department the metrics become more targeted. We revamped our employee performance plans to align with our department-wide strategies and hold employees accountable for how they do their work as well as that they do their work. Many times it is the information gathered as a result of the metrics that makes them actionable. For instance, we have an overall goal of 90% customer satisfaction for CDLE with an annual increase of 5% until we reach the 90% mark. What we have learned in our surveys is that we needed to work on three distinct improvements including: Timeliness of service delivery; Consistency among staff; and website navigation. As a result, these have been focused on and greatly improved. We know they have improved because our customer service survey results improved 36% from FY 2011-12 to FY 2013-14.

b. How is the data that is gathered for the performance management system used?

CDLE has been a data-driven organization for many years and collects data for stakeholder reporting and internal process improvement on a regular basis. For instance, data regarding improper payments was evaluated to determine the three main root causes including separation, benefit-year-earnings and work-search issues. Unemployment Insurance has a special unit called BAM (Benefit Accuracy Management) that analyzes the data. The UI Division's primary objective is to improve processes to ensure both timely and accurate benefit payments. The metric is to reduce the percentage of improper payments to the national acceptable level by September of 2014. The United State Department of Labor standard for improper payments is 10% and CDLE went from 13.1% in FY 2011-12 to 8.12% as the of end of FY 2013-14.

c. Please describe the value of the act in the department.

The SMART act is valuable because it recognizes and values best practices in performance management. Within CDLE, there are a myriad of sub-metrics and data that go into the evaluation of the programs and guide the operations and planning within CDLE that are not reported within the official SMART documentation so as not to overwhelm the reader. Additional information on subjects of interest is available upon request.

2. Do you have infrastructure needs (roads, real property, and information technology) beyond the current infrastructure request? If so, how do these needs fit in with the department's overall infrastructure priorities that have been submitted to the Capital Construction Committee or Joint Technology Committee? If infrastructure should be a higher priority for the department, how should the department's list of overall priorities be adjusted to account for it?

In FY 2014-15, the department submitted a Capital Construction request for the Workers' Compensation Mainframe Migration and Modernization Project. The department in cooperation with the Governor's Office of Information Technology (OIT) requested funding to migrate its current claims system off of a 23-year old mainframe computer system and on to a modernized computer platform. The request was presented to the Capital Development Committee on November 18, 2013. It went before the Joint Technology Committee on November 19, 2013. Finally, the Joint Budget Committee reviewed the project on March 11, 2014 during capital construction figure setting. This cash fund request was approved with an estimated completion date of August 2017. At this point, the department does not have any significant infrastructure needs beyond the November 1st infrastructure request.

3. Describe the Department's experience with the implementation of the new CORE accounting system.

a. Was the training adequate?

CORE is a significant project for the state and a system of this size was bound to have its challenges. Although training began in the spring of 2014, the training materials were generic and did not match the system when it went live. Configuration and testing of CORE were not completed prior to the trainings, thus when CORE went "live" the training handouts were missing important steps necessary to validate documents within the system. This caused some delays in payment processing.

b. Has the transition gone smoothly?

Understanding that large IT system implementations are challenging, there were/are some issues remaining:

- Payroll expenditure information does not include all payroll object codes as well as payroll reports have rounding inaccuracies. - For example, object code 1521(other retirements) is not in the payroll data. So the detailed payroll report does not equal the sum total posted in CORE. Rounding assumed to be a CPPS issue and may likely be mitigated.

- When and which "event type" to use has been a real challenge. The codes used for identifying "events" (either revenue or expense) in CORE are not available in different documents. So, if you want to deposit cash from fees or revenue from a federal grant, depending on the document selected, there may not be event types available to correctly categorize the nature of the funds.

OSPB and the State Controller's Office are actively working with departments to resolve these outstanding issues.

c. How has the implementation of CORE affected staff workload during the transition?

Staff workload has increased during this transition. Attendance at CORE meetings and workgroups was necessary so staff could gain a basic level understanding of this new system. Once staff obtained access to the system on July 7th, workload was dramatically increased to meet the systems new requirements. CORE requires more detailed coding structures and many more input screens for every transaction. As such, staff had to input new coding into CORE, add contracts and purchase orders, and pay vendors. Since the department has several federal funding sources, staff had to translate COFRS coding into a greatly expanded coding structure in CORE. The department anticipates this will not be an issue in future years.

d. Do you anticipate that CORE will increase the staff workload on an ongoing basis? If so, describe the nature of the workload increase and indicate whether the Department is requesting additional funding for FY 2015-16 to address it.

The Department recognizes that the implementation of such a substantial new system will drive additional short-term workload as employees adjust to new ways of doing business. As employees adjust to new business processes and become more familiar with the CORE system, it is expected that this short-term workload increase will dissipate. Any long-term staffing changes resulting from CORE -- whether increases or decreases -- will not be known before the system reaches a steady operational state. At this time, the Executive Branch is not submitting any requests for FY 2015-16 to address the impact of CORE on normal departmental financial services operations.

11:10-11:30 UNEMPLOYMENT INSURANCE PROGRAM

4. Explain how the employer contribution is collected and distributed. Discuss the status of the employer surcharge.

In general, unemployment insurance premiums paid by covered employers each calendar year vary based on the rates that are applicable to the particular employers and the balance in the Colorado UI Trust Fund at the end of the previous State Fiscal Year. The computation date for calculating the State's unemployment insurance rates for the following calendar year is July 1. Employers are notified of their premium rates for the forthcoming year in late November. Contributions are billed and collected quarterly from employers. Employer premiums collected under Colorado's state unemployment insurance program are deposited into funds as statutorily required. Colorado has three funds related to this question. The first 0.11 percent of an employer premium is deposited into the Employment Support Fund. A different 0.04% of the employer's premium is deposited to the Employment and Training Technology Fund. These state cash funds are statutorily capped and any overflow is directed to the UI Trust Fund. The remaining 99.85% of the employer's premiums paid under Colorado's unemployment insurance program are credited to Colorado's unemployment insurance trust fund account and is held by the U.S. Treasury until they are used to pay unemployment insurance benefits under Colorado's UI program.

An experience-rated employer's computed rate is based on a formula using the activity on the employer's account that includes length of time as a wage paying employer, payroll reported, premiums paid into the Colorado UI Trust Fund and benefits that are charged to the employer and paid out of the Colorado UI Trust Fund. An employer account is not eligible for a computed rate until there are at least 12 consecutive months in which benefit payments could have been charged to the account prior to the July 1 computation date for unemployment insurance premium rates. The quarters used consist of the first four of the last five completed calendar quarters. This equates to wages paid during at least 16 consecutive months for a standard employer. The computed rate replaces the previously assigned standard rate as the employer's base rate.

Employer contributions are distributed based upon unemployment claims filed by covered employees. The Unemployment Insurance Division follows statutes and regulations related to claims filed including due process for both the employer and employee.

The solvency surcharge was turned off in 2013 as a result of the June 2012 issuance of Colorado Unemployment Compensation Bonds. Current CDLE non-recession forecasts are that the solvency surcharge will remain off through at least 2019. The employer bond principal surcharge, which is assessed against employers to repay annual principal on the compensation bonds of $125 million, will remain in effect through 2017 when the bonds will be retired.

5. Did employers who were on time with payments during the recession have to pay more than any other group of employers?

No, in fact the opposite was true in most cases. Employers who were late were assessed a fine and/or a penalty whereas employers who were on time were not.

6. Are employer contributions set by state or federal law?

Employer contributions are determined by both state and federal law. The following is a summary of certain provisions of the Federal Unemployment Tax Act and the Colorado Employment Security Act, consisting of C.R.S. title 8, articles 70 through 82. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the statutes, rules and regulations governing these programs, without limitation, Title IX of the Social Security Act and CESA. Colorado's unemployment insurance program operates in effect as federal-state partnerships. Federal laws, namely the Social Security Act and FUTA, establish broad unemployment insurance coverage and benefits provisions, the federal unemployment tax base and rate, and administrative requirements. Within this framework, each state may enact laws to design the key components of its own unemployment insurance program, such as benefits eligibility criteria, benefits amounts, and premium rates assessed to employers to support the benefits paid.
The federal unemployment insurance tax imposed on covered employers under <u>FUTA</u> (the "***FUTA Tax***") is collected by the IRS, and the proceeds of such tax are deposited into the Federal Unemployment Trust Fund (UTF). Such proceeds can be used (i) <u>to finance the administration of state unemployment and employment services programs</u>, (ii) <u>to reimburse states for the federal share of extended unemployment insurance benefits</u>, and (iii<u>) to provide Federal Advances to states with insufficient reserves in their trust funds</u> to cover benefits payable under their respective unemployment insurance programs. The US Department of Labor (USDOL) oversees compliance by the state with federal requirements related to unemployment insurance and distributes funding to states to administer their respective state unemployment insurance programs.

The USDOL reviews state unemployment compensation laws annually to determine whether such laws meet all federal la requirements. Section 3304 of FUTA requires the U.S. Secretary of Labor to certify to the U.S. Secretary of the Treasury on October 31 of each year that all states are in compliance. If a state's unemployment compensation laws fail to conform to applicable federal law requirements, employers in that state may lose FUTA tax credits and the state may lose federal grants that provide funds to cover costs of administering its unemployment insurance program.

The federal unemployment insurance framework is provided by the Social Security Act and FUTA. Generally, the Social Security Act provides for the unemployment insurance program's administrative framework: Title III authorizes federal grants to the states for administration of their unemployment insurance programs; Title IX authorizes the various components of the Federal UTF; and Title XII authorizes the Federal Advances to insolvent state unemployment insurance programs. FUTA provides the federal payroll tax procedure that funds administration under that framework.

7. What is the overall employer's contribution per year over the last three years?

FY 2011-12	FY 2012-13	FY 2013-14
$813,364,449	$714,855,156	$705,905,342

8. Discuss employee retention in the UI Program. Are rates of employee retention increasing as a result of reduced claims and service demand?

The unemployment claims workload is no longer a factor relative to employee retention. As the economy and labor market improve, the UI Program budget decreases and simultaneously some employees who joined the UI Division during the recession are taking the opportunity to regain their status in their former career paths. For the most recently completed federal fiscal year, the Colorado UI Division's retention rate was 90%.

9. Provide data on claimant satisfaction. Have reduced call wait times reduced the number of unhappy claimants?

Call wait times have reduced dramatically and timeliness of service has improved in many areas within the program. Simultaneously, UI customer-satisfaction results, as evidenced by our annual survey, increased in line with the overall customer satisfaction of the entire Department. As an example, the survey responses in the last completed calendar quarter (July-September 2014) gauges overall CDLE satisfaction rates at 74.3 percent and within that, UI satisfaction rates are at 70.5 percent.

10. Compare Colorado's UI wait times to other states. What metrics do other states track and at what threshold do these states consider success?

There is currently no national forum to track or report UI call-center metrics. However, informal communications with other states indicate that, similar to Colorado's UI Program, they also use track call handle times and wait times as the primary metrics for performance analysis within their Call Centers. The definition of success in other states is highly variable depending on the state's unemployment rate, their staffing and budget, the claims load, and size of the state. Our call center continues to answer approximately the same number of calls each month, compared to the same months in 2013, while the average wait time has decreased by 72 percent in the last year and by 86 percent since 2012. Over the same time our Call Center efficiency (total calls answered compared to total Call Center staffing) has increased 10 percent. Given the recent performance improvements, our state's wait times compare very well to other states' performance based on informal dialogue.

11. Discuss which SMART Act metrics are tracked by the Unemployment Insurance Program

Consistent with CDLE's agency-wide approach, the Unemployment Insurance Division tracks SMART Act metrics within each of its primary initiatives.

- For Customer Service, UI tracks customer satisfaction through the department survey.
- For Employee Engagement & Accountability, UI tracks employee responses to the department-wide employee survey focused on improving the Department work environment, customer service, communication, coaching and development etc...
- For Process Improvement, UI tracks Lean events and the results of the effectiveness of recommendations from the events as well as federal performance measures.
  - UI is measured by fourteen core federal performance measures all focusing on either: timeliness of work, quality of work, rate of improper payments, or re-employment of claimants.
- For Technology, UI tracks utilization of our suite of online self-service tools.

11:30-11:50 UI TECHNOLOGY INITIATIVES

12. Explain how the FTE required to accomplish the UI Technology Initiative will be managed between the UI Program and the Employment and Training Technology Initiatives line item. Will it cause any kind of time reporting requirement that will increase workload for people serving dual roles?

The department has Subject Matter Expert's (SME's) regarding Employer Premiums and different SME's that are authorities on UI benefit payments. The WyCAN system will need a variety of SME's at different times of the system build. It is best practice to have unique staff develop and other well qualified staff test each module while building the system. By following this process, the product is verified and validated for Colorado-specific requirements while at the same time providing much needed system training for staff. Allowing more staff to work on the new system should permit system knowledge transfer and a smoother implementation when the system goes "live". For continuity and due to the level of effort needed, the project will have a core team that is fully dedicated to the project and will not have daily UI base operation duties. To a lesser extent, some SMEs on the project will, when a critical issue arises on either the premiums or benefits areas, have the ability to move staff back to the base operations responsibilities.

The department utilizes an electronic time-keeping system, which will not cause an increase in workload due to time-reporting requirements.

13. How much of the currently operating UI technology system is web-based and how much still relies on the legacy mainframe?

UI's system of record is still the "legacy" mainframe system. The web-based systems are completely dependent on the legacy mainframe system--meaning that they draw data from and provide data to the mainframe system to perform the available services. Approximately 61 percent of all claimants use at least one available online service. Employer online services are newer; through efforts to market the availability of the tools to this customer base, current participation and usage averages 15 percent of total employers. However, that's more than a 300 percent increase in users since the summer of 2013. The Division has an active and ongoing effort to on-board employers into online systems and services, which provide greater self-service and functionality than paper processes.

11:50-12:00 NATURAL GAS RETAIL FUEL

14. At what stage of development do CNG retail fuel locations apply for a license? Are the timeframes for license applications set in rule or is it simply dependent upon when the business decides to apply?

There are no licensing requirements concerning CNG or LNG within the Colorado Retail Natural Gas Regulations. There is a permit required prior to beginning construction of new retail natural gas installations, or installing new container assembly and piping systems at existing facilities. Retail installation applicants will typically apply for this permit during the planning stage of construction, and as long as the division receives and approves the application prior to construction beginning, they have met their requirement. The only time frame requirement is that the permit application be approved prior to construction beginning, and this requirement is in the regulation. Below is the excerpt of the regulation concerning permitting:
HB 13-1110 was enacted, directing the Division of Oil and Public Safety to promulgate rules related to retail natural gas fueling facilities and the inspection thereof similar to its inspection of retail petroleum fueling stations.

The following rules are from the Colorado Department of Labor and Employment, Division of Oil and Public Safety Retail Natural Gas (CNG/LNG) Regulations, 7 CCR 1101-16, Effective January 31, 2104

ARTICLE 2 INSTALLATION
Section 2-1 General Requirements
(a) All new retail natural gas installations shall be operated and maintained in accordance with the codes adopted by this regulation, including any retroactive requirements adopted by the division at the time of installation.
(b) All existing retail natural gas installations shall be operated and maintained in accordance with the edition of NFPA 52, NFPA 30A, and NIST handbooks 44 and 130 that were in effect at the time of original construction.
(1) If after inspection the division determines that an existing situation presents an unacceptable degree of risk, the division shall be permitted to apply retroactively any portion of the applicable codes listed in section 2-1 (a), as deemed appropriate.
(c) Local Authorities Having Jurisdiction, including Fire Departments and building code officials, may enforce more stringent requirements, including alternate codes and regulations. These requirements may include but are not limited to the following.
(1) Plan review and permitting for new natural gas fueling facilities.
(2) Access to natural gas fueling facilities for the purpose of conducting inspections.
(3) Delivery into containers located at natural gas fueling facilities.

Section 2-2 Installation Permits
(a) Plans for all new retail natural gas installations, including mobile refueling equipment used for motor vehicle fueling, shall be submitted to and approved by the division before construction of such installations begins.
(1) Plans for the installation of new container assembly and piping systems, including mobile refueling equipment, at existing retail natural gas fueling facilities shall be submitted to the division for approval before construction of such installation begins.
(2) It is not necessary to submit plans for the repair, replacement or upgrade of compression, drying, or other ancillary equipment.
(b) The permit procedures are as follows.
(1) The permit application shall be submitted using an application form provided by the division.
(2) The application shall include a plot plan containing all elements required by the division.
(3) The division may deny the application if the proposed installation does not conform to the natural gas statute, to this regulation and the codes therein or if the application is incomplete or determined to be inaccurate.
(4) Construction and installation of drying, compression, storage, piping, dispensing and all other associated equipment shall conform to the code(s) in effect at time of installation.
(5) The division may revoke a permit if construction is not performed per the approved permit or if the construction fails to meet operating or fire safety regulations established by the division or by the applicable NFPA Code.
(6) An installation permit approved by the division is automatically revoked if construction does not begin within 6 months of approval, unless a written request for an extension is submitted to and approved by the division.
Section 2-3 Access Requirements
(a) The division may inspect a retail natural gas system at any time during its construction. Access shall be provided to the division or its agent for such purpose upon request.
(b) After a retail natural gas system has been installed, the division may inspect the system to verify compliance with design, construction, location, installation and operation requirements. Natural gas fueling facility owners, tank owners, and owners of locations where a natural gas system is installed shall grant inspection access to the division or its agent for such purpose upon request.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has partially implemented the legislation on this list.

The Department has no legislation which falls into the category of "not implemented" or "partially implemented." In the case of bills passed in the 2014 session of the General Assembly which called for rule-making by CDLE, those rules have either already been promulgated or are being promulgated within the timeframes specified in statute, and in accordance with the Colorado Administrative Procedures Act.

2. What is the turnover rate for staff in the department? Please provide a breakdown by office and/or division, and program.

The overall turnover rate for the department was 9.3%.

Turnover Rate by Division/Office	FY 13-14
Executive Director's Office	5.0%
Division of Unemployment Insurance	15.7%
Employment and Training Division	9.6%
Labor Market Information	6.6%
Division of Labor	6.7%
Oil and Public Safety	8.8%
Workers' Compensation	6.3%

3. Please identify the following:

a. The department's most effective program;

MOST EFFECTIVE PROGRAM - Petroleum Storage Tank Fund

The Division of Oil and Public Safety's Petroleum Storage Tank Program is an effective and nationally recognized program. The legislature's foresight in housing the inspection, remediation and storage tank reimbursement fund programs under one roof has resulted in efficiencies and effectiveness related to the administration of petroleum storage tanks, protection of health and the environment, and the stimulation of Colorado's economy. Over the last decade the Petroleum Storage Tank Fund has injected over half a billion dollars into Colorado's economy via reimbursement to petroleum storage tank owners for cleanup costs they incurred. Besides protecting health and the environment, the cleanup of contaminated properties have enabled continuation of businesses, and provided opportunities for growth and redevelopment of abandoned and underutilized Brownfield properties.

The Colorado Petroleum Storage Tank Program obtained “State Program Approval” from the USEPA in 2001, and is one of thirty six states whose underground storage tank (UST) program has been approved. Owners and operators in states like Colorado that have an approved UST program do not have to deal with two sets of statutes and regulations (state and federal) that may be conflicting. In addition the state has the lead role in UST program implementation and enforcement.

The Colorado Petroleum Storage Tank Program has been recognized by the USEPA as a model program, and in 2007 received recognition for the development of an Economic Feasibility Summary form, a mechanism to track, approve and control costs on petroleum cleanups. Colorado Petroleum Storage Tank Fund has received multiple national awards from the USEPA such as, Best Financial Achievement, 2004, Best Fund Success Award, 2002, Best Fund for Getting the Job Done, 2001 and 1998.

In 2013, the Petroleum Cleanup and Redevelopment Fund (PCRF) was established by the legislature utilizing monies obtained through settlements with certain oil companies. The PCRF promotes further environmental protection, provides economic benefits by creating jobs and supports community revitalization through the assessment, cleanup and reuse of abandoned and underutilized petroleum storage and dispensing sites throughout the State.

<u>Most Effective Program – Workers’ Compensation Programs</u>

The Division of Workers’ Compensation (DoWC) administers and enforces the provisions of the Workers’ Compensation Act. The objective of the Workers’ Compensation Act, and thus the Division, is to assure the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, with a minimum of litigation. The division is funded by cash funds.

The operations of the DoWC generally fall into the categories of dealing with claims, insurance, or medical issues. The division works closely with stakeholders and other customers that include insurance companies, attorneys, physicians, and other health care providers. The Special Funds Unit, consisting of the Major Medical Fund, the Subsequent Injury Fund, and the Medical Disaster Fund, operates like an insurance company and actually pays out benefits. These programs are funded by a separate surcharge on workers’ compensation premiums, and are closed to new injuries. The funds pay out to certain individuals who met the statutory criteria when they were open. Otherwise, the DoWC’s role is one of oversight and it does not pay benefits.

The Division mediates disputes and assists parties with settling their claims. The DoWC has a voluntary safety program, funded by a specific surcharge on workers’ compensation insurance premiums, for employers to reduce the number of accidents for those employers participating in the program. The DoWC also administers the self-insurance program whereby qualified employers may self-insure their workers’ compensation liability.

The DOWC has helped thousands of Colorado employers, large and small, save money every year through reduced accident losses with its free risk management program and services—over $20 million saved last year, and over $322 million since such services were introduced in the early 1990's. The program and services currently affect over 380,000 workers, and are expected to continue to prevent accident costs as well as the pain and suffering associated with workplace injuries. They've promoted greater cost savings for Colorado insurers as well—translating into reduced system costs for all of the state's businesses and industries.

Through the application of the Medical Fee Schedule, promulgated in rule by DOWC, medical bills were reduced by over $268 million last year. This represents a 42 percent reduction of billed charges. DOWC staff further contribute to medical cost savings by providing expert assistance with billing inquiries; and in response to the needs of system medical providers, the division used lean process improvement methods to implement a payment dispute resolution process. Using existing staff and resources, this process has addressed over 1,200 disputes between medical providers and insurers involving over $1 million in costs since its inception almost two years ago. Over 100 orders have been issued to parties following investigation of these cases, and the response from the medical community has been overwhelmingly favorable.

b. The department's least effective program (in the context of management and budget);

The department's least effective programs are the Unemployment Insurance systems CATS and CUBS. These systems were implemented in 1985. Their programming language is no longer sustainable and these systems are not easily configurable when unemployment conditions change.

c. Please provide recommendations on what will make this program (2.b.) more effective based on the department's performance measures.

The department is confident the new WyCAN system will make these programs more effective. Along with this, the department has submitted a change request to increase cash funds spending authority in order to aid in the successful completion of the new system.

4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.

The department is defining "Capital outlay" as, equipment, furniture, motor vehicles, software, and other items that have a useful life of one year or more. Intangible assets capitalized as personal services as defined under GASB 51 are not included within these figures. The total expended was $1,760,405. Most of the purchases for example, cisco equipment, VDI, and VPLEX were funded directly from a federally funded capital grant request or were one-time installation costs.

($16,743)	LEASEHOLD IMPROV	Improvements specifically for WyCAN project leased space
($54,341)	IT PC'S - DIRECT PURCHASE	Cisco equipment, desk tops, and lap tops
($125,935)	IT SERVERS	Cisco equipment
($16,884)	IT PC SW	
($116,938)	IT OTHER	Install UI Kodak Scanners
($948,393)	IT NETWORK	Virtual Desktops; Cisco Hardware; Replaced 10 Yr. old network switches
($140,200)	IT SERVER Software	Oracle Licenses
($321,480)	IT NETWORK Software	VPLEX - Virtualized architecture for UI call center
($19,490)	CAP EQUIPMENT	HVAC services

5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014?

Yes, all of the high priority recommendations identified by the State Auditor's Office are related to replacement of Unemployment Insurance systems CATS and CUBS. The full implementation of the audit recommendations is dependent upon the successful implementation of WyCAN. The department has responded to the Auditor's Office with a January 1, 2017 target date for implementation.

What is the department doing to resolve the outstanding high priority recommendations?

The current legacy mainframe Unemployment Insurance (UI) benefits (CUBS) and employer premiums (CATS) system was brought online in 1985. Due to the need for automation, Colorado has joined a multi-state consortium called WyCAN to begin automating its mainframe UI computer systems. The WyCAN (Wyoming, Colorado, Arizona, and North Dakota) Consortium formed in 2009 funded by a grant from U.S. Department of Labor to complete a feasibility study to develop a common UI benefits and tax system. The Department, with support from the OIT, has taken the lead role in overseeing each stage of development of the WyCAN system. In its FY 2015-16 budget submission, the department submitted a change request seeking additional cash spending authority to assist in completing the WyCAN project in order to successfully meet the target date specified by the department.

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    c. Please describe the value of the act in the department.

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11:10-11:30 UNEMPLOYMENT INSURANCE PROGRAM

3. Explain how the employer contribution is collected and distributed. Discuss the status of the employer surcharge.

4. Did employers who were on time with payments during the recession have to pay more than any other group of employers?

5. Are employer contributions set by state of federal law?

6. What is the overall employer's contribution per year over the last three years.

7. Discuss employee retention in the UI Program. Are rates of employee retention increasing as a result of reduced claims and service demand?

8. Provide data on claimant satisfaction. Have reduced call wait times reduced the number of unhappy claimants?

9. Compare Colorado's UI wait times to other states. What metrics do other states track and at what threshold do these states consider success?

10. Discuss which SMART Act metrics are tracked by the Unemployment Insurance Program.

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2. What is the turnover rate for staff in the department? Please provide a breakdown by office and/or division, and program.

3. Please identify the following:
    a. The department's most effective program;
    b. The department's least effective program (in the context of management and budget);
    c. Please provide recommendations on what will make this program (2.b.) more effective based on the department's performance measures.

4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.

5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014? What is the department doing to resolve the outstanding high priority recommendations?
http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf