

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2013-14 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Friday, December 7, 2012
9:00 am – 10:30 am**

9:00-9:15 INTRODUCTIONS AND OPENING COMMENTS

9:15-9:30 QUESTIONS COMMON TO ALL DEPARTMENTS

- 1. The JBC occasionally hears complaints that base personal services reductions to capture vacancy savings result in more vacancy savings as managers reduce staff to absorb the reduction and then still experience turnover. Some departments refer to this as the "death spiral." Has your department experienced this problem? How does your department attempt to minimize and avoid the "death spiral?"**

The Colorado Department of Labor and Employment has not routinely experienced the “death Spiral” problem. Department staff makes every attempt, within the state personnel rules, to minimize vacancy savings. Due to personal services base reductions totaling 5.32% since FY08-09, there is limited availability for potential future vacancy savings. If vacancy savings do occur within a program, the program focuses on unmet needs that are one-time in nature. One-time needs are prioritized and have either become known within the current fiscal year or are previous fiscal year unmet needs.

9:30-10:00 UNEMPLOYMENT INSURANCE RESOURCES

- 2. Please provide an update on the average call wait time for UI claimant callers for the last five years.**

Unemployment Insurance (UI) implemented a new Telephony system late 2008/early 2009; available data starts in April 2009.

In the past four years, Colorado’s UI program experienced the highest workload in its history. Unprecedented volume of claims combined with duration of benefits available due to federal extensions added program complexities and put pressure on all areas of the program. There were four tiers of Emergency Unemployment Compensation, two Tiers of state extended benefits, and record levels of regular state unemployment claims. The administration of several additional tiers of unemployment insurance, each with its own complexity, some that had to be processed manually due to incongruence with our mainframe computer system. Additional tiers during this time included: Emergency Unemployment Compensation, State Extended Benefits, and Federal Additional Compensation. These extension programs more than tripled, in some cases, the available weeks of benefits for claimants which increased by 200 percent the number of claims processed by the program and quadrupled the dollars paid to

claimants as compared to 2008. Multiple federal extensions required weeks of extensive computer reprogramming and coding to the 20+ year old legacy mainframe system and the complexity of extensions required some manual processing.

The data shown below for 2009 reflects April through December because the system used to track average wait time was not implemented until April 2009. The 2012 data is year-to-date through the week ending 11/25.

Year	Average Wait Time
2009	1:13
2010	0:54
2011	1:40
2012	1:57

* Note: the lower average wait time in 2010 was after a large hiring effort due to one-time federal supplements.

a. How are you tracking the call wait time as a performance measure and how are these measures addressed in your strategic plan?

Call wait times fluctuate based on seasonality (more calls during holiday periods because of seasonal employment) and for the last five years have been impacted by both the number of federal extensions and, the expiration of federal extensions when thousands of Coloradans lose their benefits. Claimants seeking assistance after benefits expire can have as much impact to the Customer Service Center as new claims.

The UI Division has specific performance expectations for average call handle time, scheduled phone time, and several measurements of the quality of work performed. Supervisors and lead workers are also measured on the quantity and timeliness of calls handled by our agents. We work towards efficiency and quality of calls answered while increasing calls answered and minimizing wait times.

The UI Division also has performance standards concerning minimizing vacancy rates in frontline positions. We have hired and trained 292 new call center agents since September 28, 2009. Due to the demands and complexity of the work, we have a higher turnover of call-center staff compared to other sections in Division. Further, the customer-service center is the entry level into our Division and as we have vacancies within other key areas of our operation such as adjudication, we backfill those positions from the service center, often taking our most experienced and knowledgeable agents out of these call center teams.

We currently have 67 agents in front line call center positions and a class of 19 more starting January 7, 2013. This is up from 45 agents last year at this time. Of the 67 agents currently in the call center, 89 percent have been with the Division less than a

year and 35 percent have been with us for less than 6 months. We have fast-tracked our training program for new staff to 6 months, though it can be closer to 18 months for an agent to get truly proficient with the work. To aid the agents performing front-line services, there are an additional 11 staff assisting front-line staff with questions and unfamiliar situations.

Improving call wait times is addressed in the strategic plan through our department and divisional initiatives - Customer Service, Employee Engagement and Accountability, Process Improvement, Partnerships & Stakeholder Relationships, and Technology. Some examples include:

- Developing and implementing customer satisfaction measurements and having goals to improve those scores.
- Increasing employee engagement and accountability to find and eliminate waste where possible; this is done informally through staff engagements, suggestion boxes, employee focus groups focused on customer support as well as through a formal Lean project that commenced in November 2012. The CSC Lean Project is focusing on eliminating waste in our customer service center processes, evaluating and adjusting job performance and functions, expanding operations quality and productivity, and defining all functions on maximizing value delivered to customers.
- Reforming and improving key processes through a Process Improvement group.
- Technology improvements including:
 - The WyCAN project to replace our mainframe computer system, which is the primary tool used in UI, and the development of non-Information Technology work groups and projects.
 - Improved functionality of the UI Web site, which was re-launched on November 29, 2012.
 - Continued encouragement to migrate customers to our suite of Internet Self Service (ISS) applications to interact with the agency. Full functionality within ISS includes: claim-filing applications and MyUI Claimant, both of which are described in more detail below.

3. Please provide an overview of the resources available for UI claimants including: methods of contact via phone and internet, ways to visit in-person, and peak and off-peak times for these resources.

In addition to our Customer Service Center, the Unemployment Insurance Division provides access to service and information via:

- In-person visits to our main lobby.
- In-person contact at workforce centers statewide for basic unemployment insurance services, telephone hotlines at remote/rural workforce centers, and call-back requests used to contact the Division about a specific claimant or situation.
- Call-back requests submitted through various other CDLE branches as well as other departments, agencies, and legislative contacts.

We service approximately 1,000 customers per day through the above access points. These services are available in most cases from 7:30 a.m. through 6 p.m. though many customer call backs are handled most weekends as well. Our mainframe benefits system operates via closed batching nightly from 6 p.m. through 6 a.m.—this curtails most direct-service functions to the core hours listed above.

An array of online options (available 24x7) are also provided including:

- MyUI Claimant – An application that provides claim specific information including balance remaining on a claim, requesting 1099 documents, and other self-service options.
- File-a-claim capability (more than 80 percent of initial claims are filed online and a recent update allows claimants to restart a closed claim, as well).
- Online options for payment requests and address changes
- A recently revised website that features a more user-friendly format – more prominently features links to services and information

There are no “off-peak” times with the current demand for UI services and current workload.

a. Please address how automation initiatives relate to UI resources (call center and visits) services for claimants and how they may increase or decrease with technology improvements.

Automation has been slow given our 1980’s main frame computer system. We have made some progress in developing in-house computer macros, templates, the use of the auto-correct feature in Word for information gathering, a performance-management database, upgrading telephony systems, improving automated

tools/resources used by call-center agents, adding additional ISS functionalities, and updating/revising our website to improve customer access.

A technology modernization will ultimately come through the WyCAN (Wyoming, Colorado, Arizona and North Dakota) consortium. This multistate effort leverages \$75 million in federal funds to pursue replacement systems.

Replacing the legacy system should vastly improve our ability to automate routine tasks as well as expedite claims processing. We are currently in vendor selection for this project, and this system is projected to be implemented and functioning in December 2016.

Between now and WyCAN's implementation, we continue to upgrade the suite of Internet Self Service (ISS) tools available to customers. The ISS project has already delivered MyUI Claimant – an online application that provides claimants access to specific information regarding their claim, as well as extensive information about the UI Division, processes, and requirements. More than 100,000 claimants have registered and established a MyUIClaimant account. The ISS project has also delivered a new claim filing system that allows online filing of all types of claims (new, restarted, and extended benefit).

The ISS component of MyUI Employer is nearly finalized with a launch date of December 2012. This will assist employers in the same manner that MyUI Claimant has helped our unemployed clients. MyUI Employer will allow employers to:

- Make a payment online
- View their account information
- File premium and wage reports
- Make a request for a 940C
- Make a request for a duplicate rate notice
- Make a request to inactivate their account

Our hope is to simplify and expand the capabilities and functionality of online services for our customers such that this is their preferred method to initiate services, receive crucial information, and resolve issues. Our observations with states that have a more robust online functionality is that customers experience far less wait times and enjoy a better experience while enhancing customer service. Our aim, as we increase automation and online services, would be repurpose staff to other key program areas or perhaps evolve how they interact with customers as we anticipate call volume demands may decrease significantly. Our goal over time is always to improve customer service and the customer's experience with our program.

4. Please discuss any concerns or comments related to JBC Staff’s recommendation that the Department be subject to additional reporting for technology appropriations from the Training and Technology Fund.

The Unemployment Insurance Division proposes that on an annual basis it will provide the committee with a project overview and summary update for all projects supported by the Training and Technology Fund.

5. Please provide specific details on the role of OIT in the WyCAN Consortium and the role of CDLE including present and future responsibilities, and involvement related to WyCAN. Also, provide a table of the functions that were modified by the *Genesis Project* and *ISS Project* and how these functions will be replaced.

The state Chief Information Officer (Kristin Russell) sits on the WyCAN Executive Board and on the Colorado WyCAN Steering Committee as well as CDLE’s Executive Director (Ellen Golombek). The state Chief Technology Officer (Sherri Hammons) sits on the WyCAN Steering Committee and is deeply involved with the selection of the build vendor for the project. The OIT EPPMO has oversight of the project through the Executive Governance Committee (EGC) as well as through the Colorado Project Manager, which is staffed through the OIT EPPMO.

In addition, as lead state, the Colorado OIT procurement office is managing the various procurements for the consortium. Also as lead state, Colorado OIT has the responsibility for architectural oversight of the project.

Both the CDLE and OIT will remain involved in the consortium through the build phase of the project and through ongoing maintenance and support by participating in an empowered user group to guide the ongoing development of the system developed through this project.

There are no remaining functions that were delivered by the Genesis Project to be replaced. The proposed WyCAN system is a comprehensive enterprise-level solution for UI, all functionality and services (including those delivered currently by ISS) will be replaced by WyCAN. The full functionality of WyCAN is not expected until December 2016 so for that reason we continue to make customer oriented investments and support necessary ISS tools as they are functions that provide a valuable, self-guided avenue to services for our customers.

Functionality	How Replaced
ISS-MyUI Claimant	All the functionality currently available in MyUI Claimant will be replaced with the main system of record developed through WyCAN.
ISS-Smart File (online application to start claim)	All the functionality currently available in Smart File will be replaced with the main system of record developed through WyCAN.

ISS-Continued Claims (CUBLine Online)	All the functionality currently available in Continued Claims/CUBLine Online will be replaced with the main system of record developed through WyCAN.
ISS-MyUI Employer	All the functionality developed through both phases of MyUI Employer will be replaced with the main system of record developed through WyCAN.
ISS-MyUI Appeals	All the functionality developed through MyUI Appeals will be replaced with the main system of record developed through WyCAN.
ISS-Online Communications	All the functionality developed through ISS Communications and other online requests (1099G) will be replaced with the main system of record developed through WyCAN.
Address-verification software	The current address-verification software in use by the Division will be replaced by WyCAN.
Back-end databases for each application	The system developed through WyCAN will include back-end databases.
Interfaces with the system of record (mainframe)	The system developed through WyCAN will not require interfaces with the system of record because they will not be separate.

10:00-10:15 EMPLOYMENT AND TRAINING

6. Please provide two years of data on how many individuals are visiting workforce centers, what resources are used and how often, and what measurable outcomes have resulted including employment or entrance into training programs, and which industries are hiring from the workforce population.

Some notes on the data below:

- Staff Served and Internet Self Service are not mutually exclusive, many of our customers access our system in multiple ways.
- The Resource Centers noted in the Participant Data are areas in each Workforce Center made available to customers that offer a variety of computer resources.
- Entered Employment, Retention, and Average Wage are the Federal Common Measures for programs aimed at employment. Entered Employment looks at whether the customer is working in the quarter after exiting the program, Retention looks at whether they still have a job in the 2nd and 3rd quarter after exiting the program, and Average wage shows the wage received in the 2nd and 3rd quarter after exiting the program.
- Industry information is classified by the North American Industry Classification System (NAICS) at the 4 digit level.

- Participant numbers have always tended to trend downward in an improving economy while job openings listed trend upward. The participant numbers below are following that normal trend. However, the extreme upward trend in openings has also been impacted by the beginnings in Program Year 11 of our agreement with the National Labor Exchange to share job openings. The number of job openings posted will continue to increase in Program Year 12 from the impact of that agreement.
- Those shown on the Entered Employment industry break-out are those who qualified for the Federal Entered Employment measure (this excludes those employed when they registered for services) and who appeared in the state wage data reported by employers. This also excludes those who entered Federal employment or self-employment.

Participant Data

	Program Year 11 (7/1/2010-6/30/2011)	Program Year 12 (7/1/2011-6/30/2012)
Participants	499,837	460,637
Unemployment Insurance Participants	303,400	272,938
Staff Served	331,713	300,420
Internet Self-Service	432,540	353,601
Resource Center Used	135,018	134,055
In Training Program	10,391	13,074
Referred to Employment	192,267	183,106
Entered Employment	53.13%	52.76%
Retention	79.35%	77.96%
Average Wage	\$15,364	\$15,813

Job Openings Received by Industry Program Year

Category	PY2010	PY2011
Total	103,671	179,798
Agriculture, Forestry, Fishing, & Hunting	3,623	5,732
Mining, Quarrying, and Oil and Gas Extraction	2,078	2,966
Utilities	787	1,261
Construction	7,713	12,436
Manufacturing	7,371	10,629
Wholesale Trade	941	1,181
Retail Trade	7,505	15,822
Transportation and Warehousing	7,683	8,565
Information	5,307	13,543
Finance and Insurance	3,347	8,523
Real Estate and Rental and Leasing	481	1,030
Professional, Scientific and Technical Services	11,902	25,780
Management of Companies and Enterprises	1,764	2,086
Administration and Support and Waste Management & Remediation Services	7,069	13,394
Educational Services	2,670	6,357
Health Care and Social Assistance	8,262	20,069
Arts, Entertainment, and Recreation	3,846	2,897
Accommodation and Food Services	8,400	12,236
Other Services	5,309	6,898
Public Administration	7,613	8,393

Entered Employment by Industry Program Year

Category	PY 2010	PY 2011
Total	127,214	114,742
Agriculture, Forestry, Fishing, & Hunting	1,346	1,318
Mining, Quarrying, and Oil and Gas Extraction	2,386	2,084
Utilities	204	200
Construction	11,470	11,293
Manufacturing	7,453	7,276
Wholesale Trade	4,642	4,307
Retail Trade	17,245	16,312
Transportation and Warehousing	4,043	3,806
Information	2,977	2,795
Finance and Insurance	3,726	3,564
Real Estate and Rental and Leasing	2,389	2,357
Professional, Scientific and Technical Services	7,545	6,863
Management of Companies and Enterprises	1,069	855
Administration and Support and Waste Management & Remediation Services	20,280	19,444
Educational Services	5,104	5,150
Health Care and Social Assistance	10,605	10,832
Arts, Entertainment, and Recreation	2,949	2,723
Accommodation and Food Services	14,261	13,563
Other Services	3,621	0
Public Administration	3,899	0

7. Please provide an update on how H.B. 12-1272 (Enhanced UI Benefits) has allowed the Department to provide benefits to claimants, the number of claimants, and which industries are benefiting.

Colorado Enhanced Approved Training Program

How many people have benefited/are projected to benefit from enhanced employment compensation benefits for FY 2012-13 and FY 2013-14?

As of November 28, 2012: 867 claimants received benefits under HB 12-1272 (program effective 7-1-12).

The overall goal for Enhanced Approved Training under HB 12-1272 is to provide 3,000 claimants with Enhanced Approved Training benefits while they continue to receive unemployment insurance benefits. Enhanced training benefits provide a waiver of job search requirements and an additional 50 percent of their weekly unemployment benefit amount for

up to 20 weeks not to exceed 40 percent of the maximum benefit amount of the claim.

Which industries are given preference when awarding these dollars?

The program implemented through HB 1272 focuses more on in-demand occupations, rather than focusing on industries or sectors as a whole.

The approved occupations on the Enhanced Approved Training Statewide Occupations List were determined by evaluating a number of categories and indexes, including growth, replacement needs, average wage, entry level wages, and the number of annual openings. The training prepares the eligible unemployment insurance claimant for entry into occupations within demand industry sectors. The established eligibility criteria, determined by the Labor Market Information Division within the Colorado Department of Labor and Employment (CDLE), focused on occupations that lead to stable and long-term employment.

Top 10 Occupational Groups Targeted for Training

1. Renewable energy\Construction
2. Healthcare, Medical Assistants Nursing Aides, Orderlies and Attendants (Certified Nursing Assistants) Medical Records and Health Information Technicians, Radiologic Technologists and Technicians, Licensed Practical and Licensed Vocational Nurses, Pharmacy Technicians, Medical Secretaries, Emergency Medical Technicians and Paramedics
3. IT Network and Computer Systems Administrators, Computer Specialists, Computer Support, Network Systems and Data Communications Analysts
4. Education - Elementary School Teacher, Secondary School Teachers
5. Executive Secretaries and Administrative Assistants, Bookkeeping, Accounting and Auditing Clerks, Billing and Posting Clerks and Machine Operators (Medical Billing Specialists), Paralegals and Legal Assistants
6. Truck Drivers, Heavy and Tractor-Trailer, Automotive Service Technicians and Mechanics
7. Heating, Ventilation and Air Conditioning (renewable energy training focus)
8. Police and Sheriff's Patrol Officers
9. Mental Health and Substance Abuse Social Workers
10. General Operations Manager

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. The Joint Budget Committee has recently reviewed the State Auditor's Office *Annual Report of Audit Recommendations Not Fully Implemented* (October 2012). If this report identifies any recommendations for the Department that have not yet been fully implemented and that fall within the following categories, please provide an update on the implementation status and the reason for any delay.

a. Financial audit recommendations classified as material weaknesses or significant deficiencies;

In February 2012 the Unemployment Insurance Division reported that the work to improve controls over reporting requirements would be completed in the first half of 2012. The project continued until September 2012 when the data sources were corrected and verification of the data from the sources was implemented. Since September of 2012 the reports are being accurately reported and supported by source documentation. This recommendation is fully implemented.

b. Financial, information technology, and performance audit recommendations that have been outstanding for three or more years.

The Department of Labor and Employment should improve its Information Technology controls over the Colorado Unemployment Benefits System (CUBS) and the Colorado Automated Tax System (CATS) by:

- 1) Developing, documenting, and implementing a user access management process, including procedures for periodically producing and reviewing a list of current system users.

See response to Item (b) below.

- 2) Developing and implementing a written procedure for granting user access to CUBS and CATS.

In February 2012 the Unemployment Insurance Division reported that Items (a.) and (b.) were in progress and would be fully implemented by the end of that month. It was completed in April 2012. Access for all employees was reviewed as a result of the reorganization of the UI Division, and procedures for granting access and managing access were documented. These two recommendations are fully implemented.

- 3) Generating and reviewing application activity logs (i.e., audit logs) to identify and investigate anomalous activity.

See response to Item (d) below.

- 4) Increasing the activities of the internal fraud staff by having them regularly review CUBS and CATS transactions for anomalous activity. Anomalous activity reports should be shared with IT and business staff (i.e., Division of Employment and Training program staff) and fully investigated and documented.

In February 2012 the Unemployment Insurance Division reported that the investigation of anomalous activity could not specifically be performed because regular transactions and fraudulent activity would look the same in the mainframe system. However, a list of security measures that were implemented towards accomplishing this recommendation was also provided, as shown below:

- a) All CDLE employees and contractors undergo a background check, including a review of CUBS to ensure no new hire continues to collect UI benefits fraudulently
- b) All CDLE employees sign a security acknowledgement annually, which includes the use of computers and information
- c) All CDLE staff are subject to investigation by the Investigation and Criminal Enforcement (ICE) section for suspicious activity, inappropriate computer activity, misuse of confidential information, or fraud
- d) All user accounts are controlled and maintained by the InfoSec group: a SPOC is assigned, accounts are created in a controlled fashion, documentation is created and saved; and access to systems not needed for the position is prohibited
- e) All CDLE staff were required to take Computer Security Awareness Training
- f) Tips and Leads—the Integrity Unit encourages all staff to report unusual or suspicious activity. These tips are investigated, which may include a review of computer activities and transactions made by the individual.

- g) Reports—a variety of reports are available that can be used to detect unusual activity, including: a report on any single payments made for \$1,500 or more.

The WyCAN project to replace our current mainframe benefits and premiums system will address internal security issues and anomalous activity by staff. The new system is scheduled to be in place by 2016.

- 5) Developing written configuration management and change control policies and procedures, including procedures for handling emergency changes. The policies and procedures should define the joint roles and responsibilities of IT and Division of Employment and Training program staff.

CDLE and OIT use Configuration Advisory Board/Agency Configuration Advisory Board (CAB/ACAB) procedures in the instances where CUBS or CATS is modified. OIT believes this meeting the requirements for configuration management and change control procedures. This recommendation is fully implemented.