

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2015-16 STAFF BUDGET BRIEFING  
DEPARTMENT OF LABOR AND EMPLOYMENT**

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

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## **DEPARTMENT OF LABOR AND EMPLOYMENT**

### **Department Overview**

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The Department of Labor and Employment administers six divisions. A brief description of each division and its functions is provided below.

#### **Executive Director’s Office**

Provides administrative and technical support for department divisions and programs including accounting, budgeting, and human resources functions.

#### **Division of Unemployment Insurance**

Collects unemployment insurance premiums and surcharges from employers, administers the payment of unemployment insurance benefits to claimants, and conducts audits to ensure proper payment of premiums and benefits. The Division is also developing the Unemployment Insurance automation initiative through its participation in the WyCAN Consortium.

#### **Division of Employment and Training**

The Division of Employment and Training administers the following programs:

- *Workforce Development Centers* assist job seekers with job training and placement, work to ensure veterans, migrant seasonal farm workers, dislocated workers, youth, and displaced homemakers receive job services. During economic growth, workforce centers work closely with employers to identify qualified job seekers. Workforce Centers provide a variety of free services to assist job seekers and employers including: job listings, computer and Internet access, career counseling and training, recruitment and referral services, and tax credits and training reimbursement for employers.
- The *Workforce Development Council* provides workforce policy recommendations, serves as a liaison between the business community and the Governor, offers technical support to local Workforce Investment Boards, and directs improvement of the workforce system.
- The *Labor Market Information* sub-division provides annual and monthly information on general labor market trends including: unemployment rates, industry trends, and employee compensation by region and industry.

#### **Division of Labor**

Administers employment and labor laws pertaining to wages paid, hours worked, minimum wage, labor standards, child labor, employment-related immigration laws, and working conditions. It also conducts all union agreement elections, certifications of all-union provisions, and investigates and mediates allegations of unfair labor practices.

#### **Division of Oil and Public Safety**

Conducts inspections of petroleum storage sites, and tests retail products for compliance with state quality standards. Licenses and inspects conveyances, conveyance inspectors, boilers, pressure vessels, explosive storage units, amusement park and carnival rides, and mechanics and contractors.

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**Division of Workers' Compensation**

Oversees workers' compensation injury claims and compliance, mediates disputes, and administers the Major Medical and Subsequent Injury Insurance Programs which provide medical benefits for workers who were permanently injured or disabled by at least one workplace injury.

**Department Budget: Recent Appropriations**

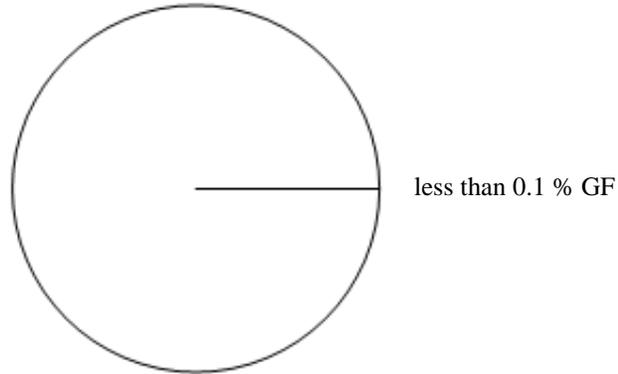
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<b>Funding Source</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16 *</b>
General Fund	\$0	\$98,519	\$637,353	\$1,254,499
Cash Funds	60,492,110	65,399,832	66,027,071	74,140,293
Reappropriated Funds	651,881	650,740	650,740	750,440
Federal Funds	<u>96,982,910</u>	<u>97,192,944</u>	<u>100,121,967</u>	<u>101,270,018</u>
<b>Total Funds</b>	<b>\$158,126,901</b>	<b>\$163,342,035</b>	<b>\$167,437,131</b>	<b>\$177,415,250</b>
Full Time Equiv. Staff	1,006.3	1,012.5	1,016.5	1,023.5

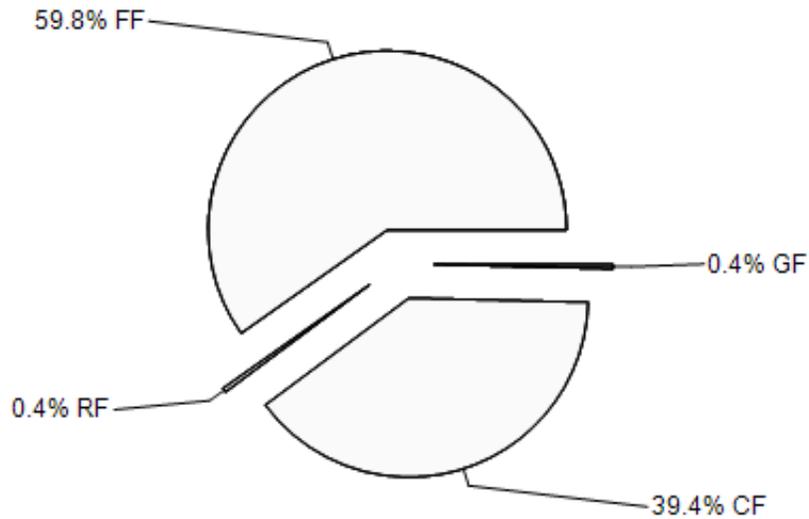
\*Requested appropriation.

## Department Budget: Graphic Overview

**Department's Share of Statewide General Fund**

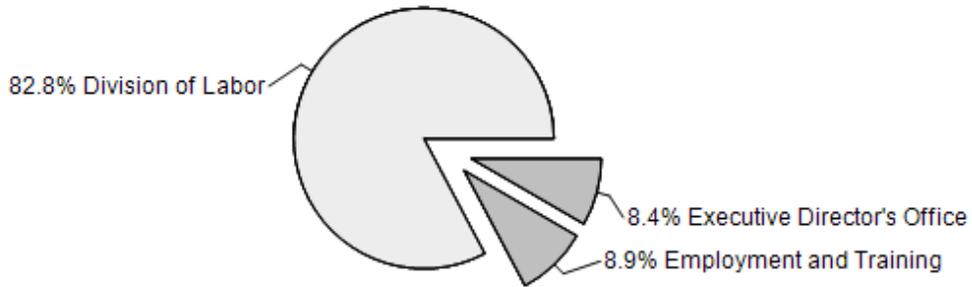


**Department Funding Sources**

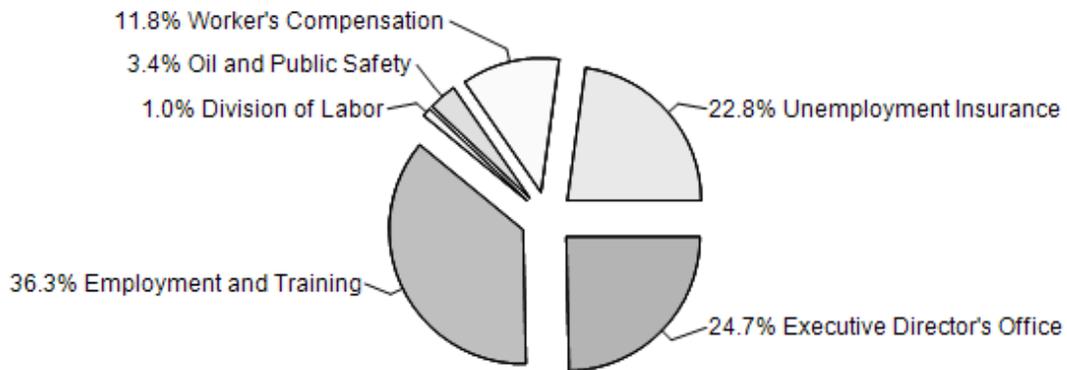


All charts are based on the FY 2014-15 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts are based on the FY 2014-15 appropriation.

## General Factors Driving the Budget

### Unemployment Insurance Programs

**Overview**

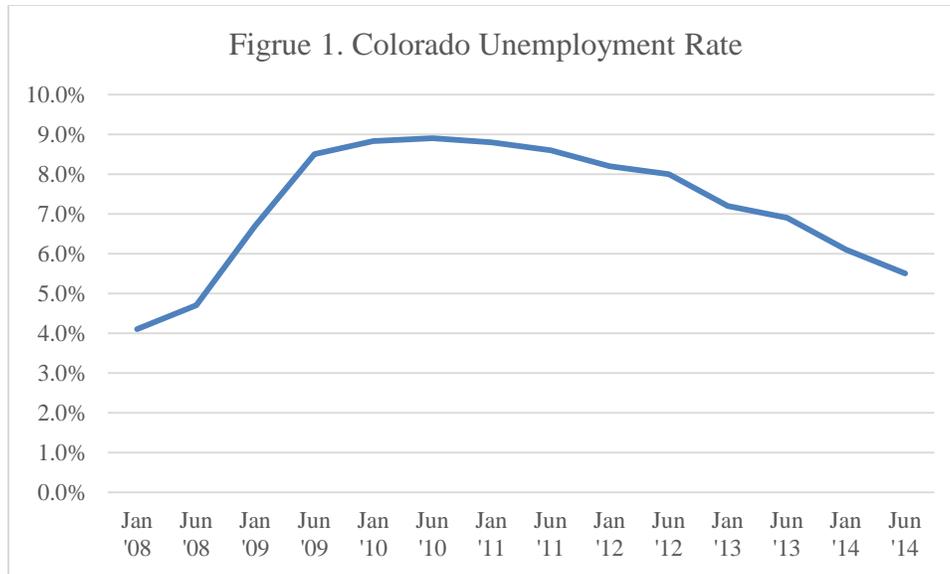
Unemployment Insurance Programs (UI Programs) provide temporary compensation to individuals who are laid off through no fault of their own. Benefits are awarded on a weekly basis and are paid every other week. The average weekly benefit paid to claimants during the twelve-month period ending September 30, 2014 was \$358.00. In the FY2014-15 appropriation, UI Programs account for approximately 22.8 percent of the Department’s budget, yet 73.5 percent of UI Program funding comes from federal sources.

Workload for the UI Programs and the balance of the Unemployment Insurance Trust Fund (UITF) are counter cyclical. When the economy is growing, the number of applications for benefits is low, and the UITF balance grows. When the economy is slow, the number of benefit applications increases and the UITF balance decreases. During the economic downturn the federal government created the Emergency Unemployment Compensation (EUC) Program which was a temporary extension of unemployment compensation for unemployed individuals who have already collected all regular state benefits for which they were eligible. The EUC Program terminated on January 1, 2014 and accounts for some of the dramatic decrease in estimated payments for FY 2014-15. The following table shows the variance in the amount of UI benefits paid from FY 2009-10 through FY 2014-15:

<b>UI Benefit Payments for FY 2009-10 to FY 2014-15</b>			
<b>Fiscal Year</b>	<b>Benefit Payments</b>	<b>Change from Previous Year</b>	<b>Percent Change from Previous Year</b>
FY 2009-10 Actual	\$1,063,306,485	n/a	n/a
FY 2010-11 Actual	761,771,730	(301,534,755)	28.36%
FY 2011-12 Actual	883,986,486	122,214,756	(-16.04%)
FY 2012-13 Actual	708,295,673	(175,690,813)	19.87%
FY 2013-14 Actual*	746,155,963	37,860,290	(5.35%)
FY 2014-15 Estimated	510,700,000	(235,455,963)	31.56%

\* Federal Emergency Unemployment Compensation Program ended

In order to accommodate workload fluctuations, the Department utilizes a number of temporary and contract federally funded FTE. The work hours for these FTE are adjusted with the availability of federal funds associated with the workload of the Department. Generally, a high unemployment rate generates more federal funding dollars for the Department. Unemployment rates in Colorado have trended downwards since 2010, which will lead to fewer benefit claims in the short-term. Figure 1 below depicts the unemployment rate in Colorado between January 2008 and June 2014.



***Unemployment Insurance Technology Initiative***

In FY 2013-14, the Joint Budget Committee approved a decision item providing spending authority of approximately \$3.8 million to the Department to continue its role leading the WyCAN Consortium to redevelop the Unemployment Insurance Benefits and Premiums System. To continue with project development the Department is asking for an increase of \$6.6 million cash spending authority further discussed in the issue brief titled *WyCAN System Development and Funding Request*.

**Employment and Training Programs**

Employment and training programs provide employment services for businesses and job training and job placement services for job seekers through a network of state and county run one-stop workforce centers. Unemployment Insurance claimants are required to register with a workforce center, and can take advantage of an online database managed by the workforce centers, Connecting Colorado. Total funding for this division makes up 36.3 percent of the Department's budget which includes 82.2 percent of the division being funded with federal funds.

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**Summary: FY 2014-15 Appropriation & FY 2015-16 Request**

<b>Department of Labor and Employment</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$167,047,063	\$259,785	\$66,014,571	\$650,740	\$100,121,967	1,016.0
Other Legislation	<u>390,068</u>	<u>377,568</u>	<u>12,500</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$167,437,131</b>	<b>\$637,353</b>	<b>\$66,027,071</b>	<b>\$650,740</b>	<b>\$100,121,967</b>	<b>1,016.5</b>
<b>FY 2015-16 Requested Appropriation</b>						
FY 2014-15 Appropriation	\$167,437,131	637,353	\$66,027,071	\$650,740	\$100,121,967	1,016.5
R1 Unemployment insurance automation initiatives	6,565,464	0	6,565,464	0	0	0.0
NP1 Annual fleet request	13,550	0	10,217	0	3,333	0.0
Annualize prior year budget actions	2,190,659	2,790	936,381	12,583	1,238,905	0.0
Centrally appropriated line items	895,448	174,133	647,995	87,117	(13,797)	0.0
Annualize prior year legislation	408,671	400,874	7,797	0	0	7.0
Technical adjustment	39,705	39,349	33,451	0	(33,095)	0.0
Indirect cost assessment adjustment	<u>(135,378)</u>	<u>0</u>	<u>(88,083)</u>	<u>0</u>	<u>(47,295)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$177,415,250</b>	<b>\$1,254,499</b>	<b>\$74,140,293</b>	<b>\$750,440</b>	<b>\$101,270,018</b>	<b>1,023.5</b>
<b>Increase/(Decrease)</b>	\$9,978,119	\$617,146	\$8,113,222	\$99,700	\$1,148,051	7.0
Percentage Change	6.0%	96.8%	12.3%	15.3%	1.1%	0.7%

**Description of Requested Changes**

**R1 Unemployment Insurance automation initiatives:** The request includes an increase of \$6,565,464 cash funds to continue development on the Unemployment Insurance technology upgrades. Included in the request is a budget-neutral transfer of 12.0 FTE from the UI Program to the Employment and Training Technology Initiatives line to assist in developing and testing the new software. The request also includes authority to roll the appropriation forward through use of a letternote.

**NP1 Annual fleet request:** The request includes the annual fleet vehicle change from the Department of Personnel.

**Annualize prior year budget actions:** The request includes a decrease of \$3,926,764 total funds and an increase of 3.1 FTE to reflect the FY 2014-15 impact of the following prior year budget decisions for salary survey and merit pay.

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**Centrally appropriated line items:** The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; leased space; Capitol complex leased space; and payments to OIT.

**Annualize prior year legislation:** The request includes an overall increase of \$408,671 total funds (including \$400,874 General Fund) to reflect the FY 2014-15 impact of legislation that was passed in previous legislative sessions, including the following acts:

- H.B. 13-1110 (Special Fuel Tax & Electric Vehicle Fee): decrease of \$4,703 cash funds.
- S.B. 14-005 (Wage Protection Act): increase of \$70,187, including \$57,687 General Fund and 7.0 FTE.
- S.B. 14-015 (Hospitality Career Educational Grant Program): increase of \$343,187 General Fund.

**Technical adjustments:** The request includes other minor technical adjustments to account for the Department's Executive Director's Office being bottom line funded. This structure allows the Department to manage its state funds in a way that maximizes federal funds available for specific purposes.

**Indirect cost assessment adjustment:** The request includes a decrease of \$135,378 total funds, including \$88,083 in cash funds and \$47,295 federal funds to the Departments indirect cost recoveries.

## **Issue: WyCAN System Development and R1 Unemployment Insurance Automation Initiatives**

The Department of Labor and Employment has requested a total increase of \$6,565,464 cash fund spending authority to continue its efforts leading the multi-state WyCAN Consortium, which is developing a customizable technology solution that will replace the aging Unemployment Insurance legacy mainframe system.

### **SUMMARY:**

- The Division of Unemployment Insurance is in the middle of a multi-year unemployment insurance technology development to upgrade and streamline the unemployment insurance tax and benefits system. Leading the WyCAN Consortium, a group of states supported with a federal grant to develop a customizable unemployment insurance application, the Department is requesting the funds necessary to complete the WyCAN System
- The WyCAN System is expected to be complete and operating by December 2016. The contract for developing and deploying the System was awarded to HCL America, Inc. The WyCAN Project Manager Office and HCL America, Inc., have met a variety of milestones on time and to continue moving the project forward the Department requires authority to shift 12.0 FTE from the UI Program to the WyCAN Project.
- The current request represents two years of funding totaling approximately \$14.8 million (approximately \$7.4 million each fiscal year) from the Employment and Training Technology Fund. Combined with previous appropriations for the project the total project cost is \$21.2 million, which represents about a 6.4 percent increase over the initial estimate of the project requiring \$20.0 million of state funds.

### **RECOMMENDATION:**

Continued development of the WyCAN System will ensure the Division of Unemployment Insurance continues to improve the service quality it provides to all stakeholders. Staff recommends that the Committee approve the Department's request to shift UI Program FTE to the Employment and Training Technology Initiatives line item and the funding increase needed to complete development of the WyCAN System by December 2016. Staff further recommends the Joint Budget Committee approve the request to include a letternote to allow expenditure of the funds over two years to ensure payments can be made to vendors through CY 2016. Lastly, staff recommends continued requests for information on the progress made by the WyCAN Project Team.

### **DISCUSSION:**

#### **Project Background**

The current legacy mainframe Unemployment Insurance (UI) benefits and tax system was brought online in 1985 and no longer has the ability to meet the needs of its stakeholders. Some

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of the problems presented by the legacy system that increase state workload needs include Division staff manually processing some claims, IT changes to the system requiring knowledge of archaic programming languages, and it increases the time required to rapidly report concise financial information. If information is not readily available it increases the demand of the UI call center and increases call times, which the Division is constantly trying to reduce.

As Colorado's residents have become more comfortable utilizing technological solutions to everyday tasks the Department has undertaken technology upgrade projects over the years in an effort to reduce call wait times for Unemployment Insurance call centers, however, these projects have not always seen success. Starting in 1999, the Department began a reengineering project—Genesis—intended to upgrade and consolidate its unemployment benefit and unemployment tax collection functions.

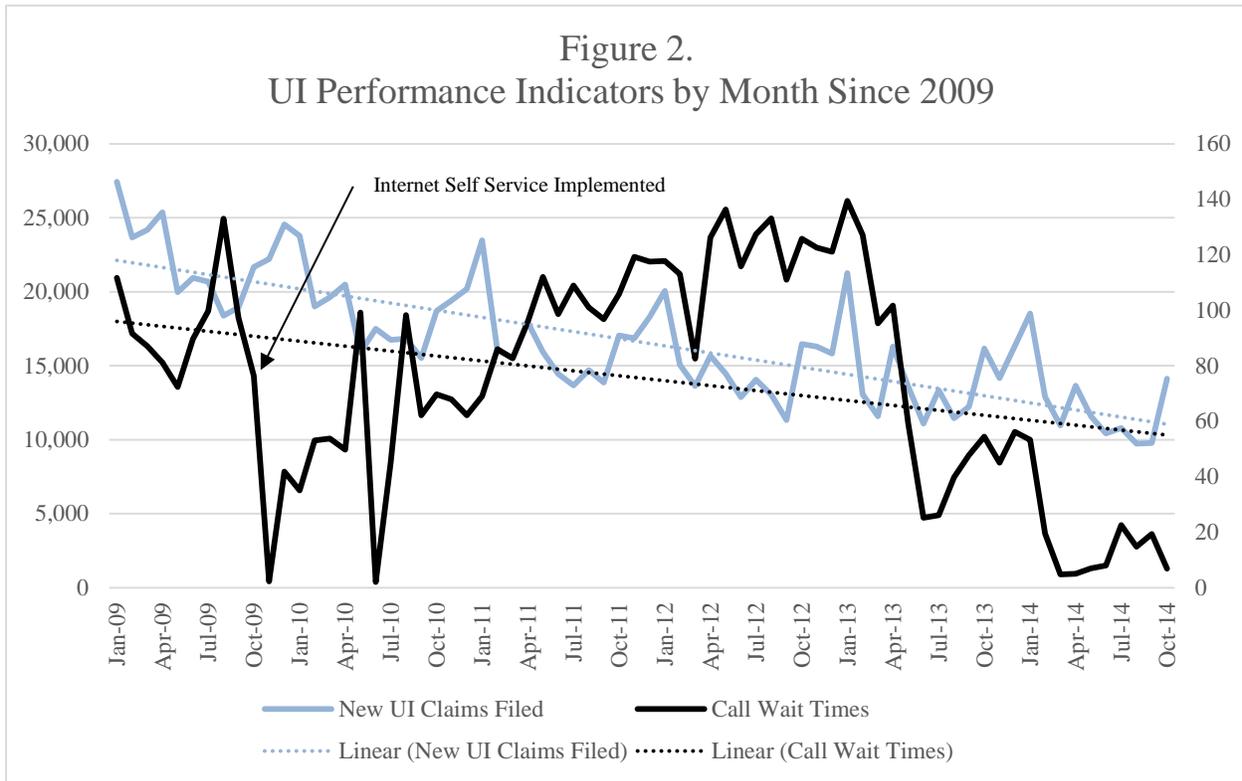
In April 2002, the Department contracted with Accenture, LLP, to design, develop, and implement the automation system intended to support the integrated UI process. Accenture repeatedly missed project deadlines forcing the Department to renegotiate previously agreed upon deadlines. Ultimately, in December 2005, the Department and Accenture mutually terminated the Genesis contract. At the time, Accenture had completed three components of the computer system, which are currently in use by the Department; however, the firm had not completed the two major components of the system comprising 97.0 percent of the contract requirements.

During the Genesis project, there were significant breakdowns in the Department's management of the Project, particularly in the processes for monitoring and controlling project costs, schedules, contractor performance, and outcomes. While the Department created a detailed internal project management structure, it never fully put this structure into operation or assumed primary responsibility for project management. It relied primarily on the self-reporting of the contractor and ultimately led to missed deadlines and costly delays.

***Internet Self Service Project***

After learning many lessons from the Genesis project and confronted with a shrinking economy that inevitably increases UI workloads the Department presented the Joint Budget Committee with a capital budget request that was ultimately funded for \$6.3 million to expand online services for UI Claimants. Cooperating with the Governor's Office of Information and Technology (OIT), the Internet Self Service Project developed web-based UI applications, which work with the statewide internet portal, and include *MyUI Claimant*, *SmartFile*, *SmartPay*, *MyUI Employer*, and *MyUI Appeals*. Launched on October 28, 2009, *My UI Claimant* allows users to check current claims status, check payment information, register for work, review their employee profile, and view their claim balances.

The Internet Self Service Project gave the Division the opportunity to test some of the lessons it learned from the Genesis project and allowed it to cooperate with the OIT Project Management Office. Ultimately, it was successfully implemented and contributed to reduced call wait times. Call wait times averaged 92.0 minutes during the nine-months prior to implementation and shrunk to 42.5 minutes during the nine-month period after implementation. Figure 2 below shows both call wait times and call volume by month back to January 2009.



Realistically, the Internet Self Service Project only implemented a temporary fix to the legacy UI mainframe but did not address the underlying problem of outdated software running the Division’s back end interface.

***The WyCAN Consortium***

After several years, during which the Office of the State Auditor released two reports detailing the shortcomings of the Genesis Project, the Department was presented with a new opportunity to upgrade the UI benefits and tax system that was neglected by the Internet Self Service Project by leveraging a federal grant. The WyCAN (Wyoming, Colorado, Arizona, and North Dakota) Consortium formed in 2009 following the grant of about \$19 million for a feasibility study to develop a common UI benefits and tax system from the U.S. Department of Labor.

While initially Wyoming was designated the lead state because it submitted the original Federal Supplemental Budget Request<sup>1</sup> application, WyCAN has been led by Colorado since January 2013 because it was determined that limited staff resources in Wyoming would be a challenge. This allowed the Department, with support from the OIT, to take an active role in overseeing each stage of development. The leadership change occurred after the U.S. Department of Labor awarded additional supplemental budget request funding to WyCAN to cover the costs of developing and implementing the WyCAN System to handle the federal unemployment insurance requirements. In its role as lead state, Colorado serves as the primary contracting entity for the consortium.

<sup>1</sup> In this context, Supplemental Budget Requests are funds provided by the U.S. Department of Labor to encourage particular state activities.

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Contributions by state and funding type to the overall project as reported by the Department are detailed in the chart below.

<b>Contributions by Fund Source</b>							
<b>State/Group</b>	<b>2009 SBR Funds*</b>	<b>2011 SBR Funds*</b>	<b>2013 SBR Funds*</b>	<b>2014 SBR Funds*</b>	<b>In-Kind State Resources</b>	<b>State Dollar Contribution</b>	<b>Total Budget</b>
Arizona	\$110,000	\$5,571,761	\$0	\$0	\$5,005,279	\$0	\$10,687,040
Colorado	0	2,233,226	2,757,000	494,424	4,021,400	2,890,746	12,396,796
North Dakota	200,000	4,283,505	0	0	4,374,134	150,000	9,007,639
Wyoming	1,375,610	1,840,088	0	0	3,730,000	5,042,390	11,988,088
WyCAN	<u>N/A</u>	<u>64,437,885</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>64,437,885</u>
<b>TOTAL</b>	<b>\$1,685,610</b>	<b>\$78,366,465</b>	<b>\$2,757,000</b>	<b>\$494,424</b>	<b>\$17,130,813</b>	<b>\$8,083,136</b>	<b>\$108,517,448</b>

\*U.S. Department of Labor Supplemental Budget Request

Each state has contributed to the overall project goal to varying degrees and the table below shows the percent of total state funds each state provided.

<b>State* Contributions to Project by State</b>			
<b>State/Group</b>	<b>In-Kind State Resources</b>	<b>State Dollar Contribution</b>	<b>Total Budget Supported by State Funds</b>
Arizona	29.2%	0.0%	19.9%
Colorado	23.5%	35.8%	27.4%
North Dakota	25.5%	1.9%	17.9%
Wyoming	21.8%	62.4%	34.8%

\*Does not include federal fund contributions

The funding for the UI Technology Initiative comes from the Employment and Training Technology Fund (Tech Fund). Created in 2009 by Senate Bill 09-076 (Heath/Court) and modified by House Bill 11-1288 (Liston/Morse), the Tech Fund is set aside for technology initiatives in the Division of Unemployment Insurance. The first appropriation out of the Tech Fund was made in the FY 2013-14 Long Bill for approximately \$3.8 million dollars and included authority for the funds to be spent over a two fiscal years. The appropriation allowed the Division and the WyCAN Consortium to move forward with making the requests for proposals for vendors needed to begin the project.

***Current Progress on Implementation***

After a lengthy, competitive bidding process, WyCAN awarded the contract to build the UI System to HCL America, Inc. (HCLA) in August 2013. The contract will be performed over a 41-month period with completion of the System contractually required no later than December 2016. The WyCAN Consortium has a Project Management Office (PMO) which monitors the project status and HCLA performance on a daily basis while all of the work by HCLA will occur in Cary, NC.

There is not be a PMO member present at the office in Cary, NC, but the PMO is in constant communication with the HCLA team. The PMO is supported by additional third party vendors

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who provide independent verification and validation services, legal expertise, and project management support.

The WyCAN Consortium, with Colorado acting as lead state, has completed the following major milestones between July 1, 2013 and June 30, 2014:

1. Completion of Detail Work Schedule (Project Schedule),
2. Completion of Project Management Plan and supporting detail plans,
3. Completion of Baseline IT Artifacts,
4. Delivery of Baseline System Environment,
5. Initiation of WyCAN Architectural Review Board,
6. Completion of multiple data conversion, interface, and iterative customization work cycles, and
7. Built an interface for financial data sharing/transfer for CATS, CUBS, and Internet Self- Service.

When the Joint Budget Committee initially provided funding in FY 2013-14 the total WyCAN System costs were estimated at \$57.0 million with approximately 35.0 percent of those costs borne individually by the member states. Those costs are specifically for the customization needed to process the different state unemployment laws. Today, total costs to develop and implement the WyCAN System continue to be estimated at \$57.0 million and assumes 35.0 percent, or about \$20.0 million dollars will need to be borne by the state.

### **Requested Funding Increases**

The Department of Labor and Employment has submitted a decision item for FY 2015-16 to increase total funds supporting the UI Technology Initiative by \$6,565,464. Additionally, the Department is requesting authority to expend the appropriation for two fiscal-years through a letternote. The request includes an FTE neutral transfer of 14.0 FTE from the Division of Unemployment Insurance Program Costs line item to the Employment and Training Technology Initiatives line item.

The funding request is being made as JBC staff anticipated based on the history of the project. The next phase of building the WyCAN System is to design and program the Colorado-specific requirements (e.g. citizen verification, reporting capabilities, IP address applications tracking). The Department explains while its staff reviewed Colorado's UI statutes (Sections 8-72-102 through 8-81-103, C.R.S.) it determined there is not sufficient UI subject matter expertise (SME) staff on the WyCAN project team to complete the project by the December 2016 deadline. Once the initial deficiency was identified, the WyCAN Project Manager worked with his team to cross reference the WyCAN staffing gaps with the WyCAN project schedule to provide a gap analysis of the SMEs still needed on the project to meet the Department's obligations. The Project Manager identified a total of 12.0 FTE that need to be represented on the project from the following classifications:

- One (1) Administrative Assistant II;
- One (1) Auditor IV;

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- Four (4) Labor/Employment Specialist II;
- Four (4) Labor/Employment Specialist III;
- Four (3) Labor/Employment Specialist IV; and
- One (1) Unemployment Insurance Technician.

The FTE being requested are not a distinct group of twelve people because the Division employs experts that specialize in the UI benefits program and others in the UI premiums program. The Department notes it is considered best practices to have one set of staff assist in development and employ another to test the system. Involving a more diverse group of staff in the overall project ensures the actual product is verified and validated and provides training to staff before the system is slated to go live.

If the request is approved, the Department plans to strategically transfer staff from the UI base appropriation and shift them to the WyCAN project while minimizing operational impacts to the regular UI program. When questioned *how* the Department intends to ensure there is no degradation in service time or quality it stated approval of the decision item would provide the Department with the flexibility to move staff back and forth between the UI base operation and the new system when critical issues arise. The UI Program has worked hard to reduce call wait times made obvious by the fact that the average call wait time for the six-month period ending October 2014 has dropped to 12.0 minutes and JBC staff wants to ensure approval of the request will not actually impact UI Program service quality.

Without continued funding, the Department's system will not be timely updated with state-specific employer premiums, claimant payments, and department reporting requirements. The WyCAN Consortium design schedule does not allow the Department to wait for customization of state-specific elements until after all of the federal requirements are programmed for the WyCAN System. Because Colorado is the lead state it is scheduled to be the first state to implement the WyCAN System. Therefore the design schedule requires Colorado-specific development to occur concurrently with WyCAN System's common components. Ultimately, failure to approve the Department's request would lead to delaying implementation of the WyCAN System in each of the member states.

JBC staff notes, the Department did not make any decision item requests during the FY 2014-15 budget cycle. When the Joint Budget Committee questioned what the General Assembly could do immediately to improve the UI Program the Department responded that the single most important thing the General Assembly could do is to continue to provide support of the UI technology initiatives through the Tech Fund.

While the FTE transfer is net-zero the request also includes an increase of \$6.6 million cash funds which represents operating expenses for the transferred FTE, contractual costs borne by OIT, and OIT staff support. Included in the amount is \$5.5 million for HCLA and other contractors to perform functional development and testing of premium collections and benefit payments and \$75,000 for a service contracts fee.

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The funding request appears to be in line with the initial total project costs totaling about \$20.0 million for the state. Including the FY 2014-15 Long Bill appropriation, the Department has received approximately \$6.4 million to support the WyCAN project while the current request represents \$14.8 million over the next two fiscal years. If approved, the total funding provided by the General Assembly to support the WyCAN System will be \$21.2 million representing a 6.4 percent increase over the initial estimate.

## **Informational Issue: Natural Gas Retail Fuel Licensing**

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One of the many odd duties performed by the Department of Labor and Employment is inspecting gasoline retail fuel pumps. Pursuant to H.B. 13-1110 (Fischer/Jones), the Division of Oil and Public Safety expanded its compliance and inspection section to include licensing and inspections of natural gas retail fuel stations for use with alternative fuel vehicles.

### **SUMMARY:**

- The Department of Labor and Employment is responsible for the licensing and inspecting all natural gas retail fuel locations including liquefied petroleum gas and compressed natural gas (CNG). Statute dictates that State fleet vehicle replacements should be alternative fuel vehicles as long as the costs do not exceed a 10.0 percent premium over conventional gasoline vehicles.
- Currently there are 18 CNG fueling stations in Colorado and the Colorado Energy Office (CEO) estimates another 20 to 30 will be operational by 2017. In June 2014, utilizing federal transportation funds, the CEO awarded eight grants to fund eight new CNG fueling station projects. Projects are given priority if they are able to bridge gaps between fueling stations along major statewide transportation corridors.
- At this time, none of the entities awarded grants in June 2014 have applied to obtain their license to sell fuel, however, the Department anticipates applications in the short term as those facilities get closer to being placed in operation. The Colorado Energy Office will continue providing grant opportunities for CNG fueling station projects approximately every six months through 2017 until all federal funds

### **DISCUSSION:**

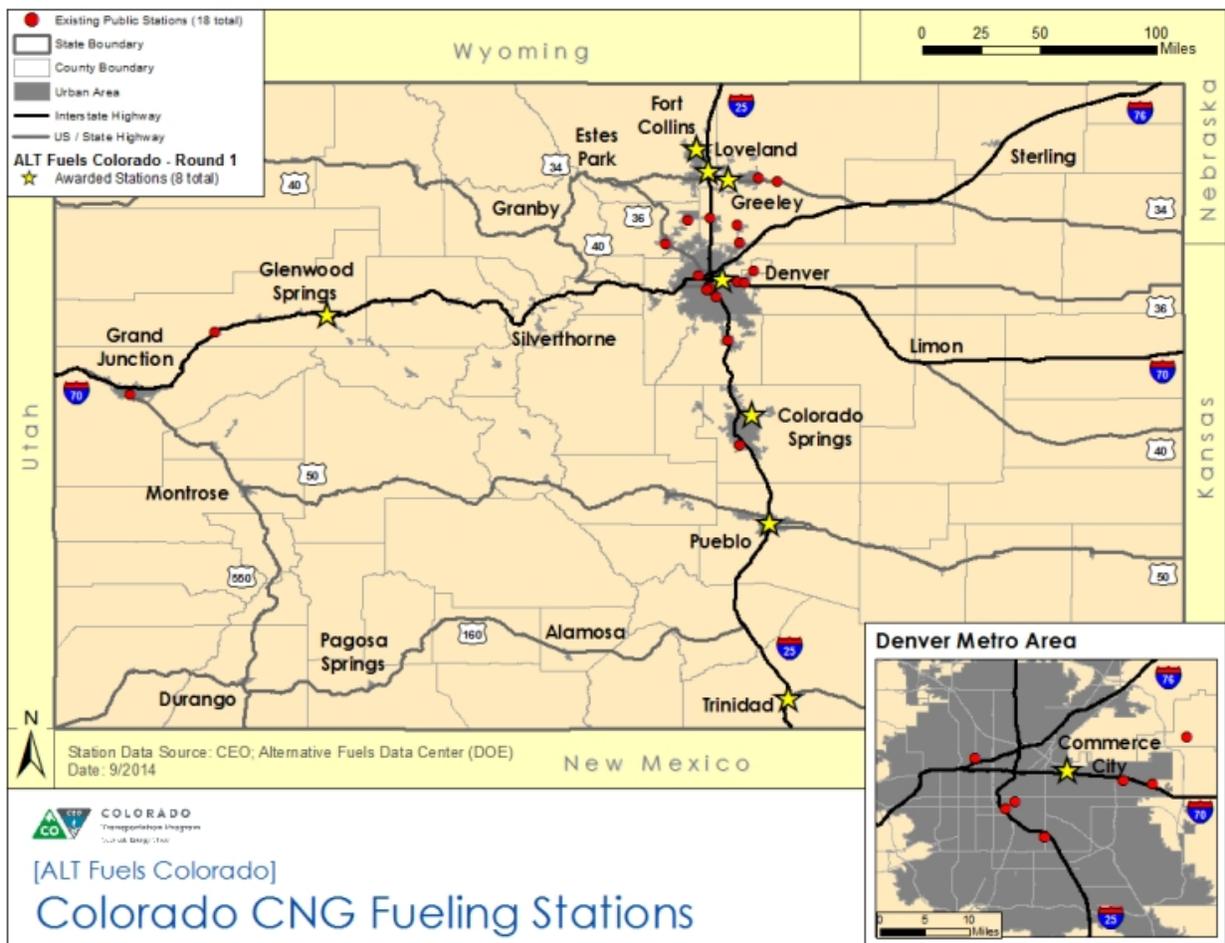
This issue impacts several other Departments and is intended to provide some background detail on the expansion of retail compressed natural gas (CNG) fueling stations in Colorado. The Department of Labor and Employment is responsible for licensing of CNG retail fuel locations and ensuring compliance with rules and laws that govern these pumping stations. While the Department is not responsible for encouraging investment in CNG fuel infrastructure it serves as a point of contact for understanding how quickly businesses are expanding the natural gas fuel marketplace.

When the press reported in September the Department of Natural Resources purchased natural gas equipped vehicles for a \$7,000 to \$10,000 premium over the cost of comparable gasoline-fueled vehicles but lacked fueling locations near where these vehicles were stations, staff began to investigate the progress of building the natural gas fueling infrastructure. According to data taken from the U.S. Department of Energy and the Colorado Department of Transportation, there are currently 18 CNG fueling stations in Colorado, with the vast majority of those stations being located along the I-25 corridor (see map on next page). Section 24-30-1104, C.R.S., requires the state to purchase CNG, gasoline-electric hybrid, or future technology alternative fuel vehicles, subject to availability of adequate fuel and fueling infrastructure, when either the costs of

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purchase or the lifetime vehicles costs are less than 10.0 percent more than standard gasoline vehicles.

Beginning in June of 2014, the Colorado Energy Office (CEO) released a Request for Applications for the first round of grants to be provided to incentivize alternative fuel vehicle fueling stations in Colorado. The program provides incentives for CNG fueling stations primarily with the option to include other alternative fuel technology such as electric or liquefied petroleum gas. Program documentation states that addition rounds of funding will be announced every six months through 2017. The source of the grant money provided by the CEO is \$15.0 million received from the Federal Highway Administration’s Congestion Mitigation and Air Quality program to target investments in alternative fueling stations along major statewide transportation corridors with the goal of developing an intrastate system for alternative fuel vehicles.



At the conclusion of the application process, the Colorado Energy Office made eight grant awards. Projects were given priority if they were located in areas which could bridge gaps between fueling stations along major statewide transportation corridors. While none of the grantees have applied to become a licensed CNG fuel station with the Department of Labor and Employment at the time of the briefing, staff anticipates at least eight stations to be built in the

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short-term. The recent grantees are included on the above map, designated by a star, and listed in the table below:

<b>Results of First Round of ALT Fuels Colorado Grant Program</b>	
<b>Grant Awardee</b>	<b>City</b>
Trillium CNG	Glenwood Spring
Ward Alternative Energy	Greeley
Ward Alternative Energy	Loveland
4CNG	Commerce City
Sparq Natural Gas	Trinidad
Colorado Spring Utility	Colorado Springs
Ward Alternative Energy	Fort Collins
Sparq Natural Gas	Pueblo

There is approximately \$11.5 million of federal funds still available for future grants and extrapolating from the results of the first round of funding staff thinks there will be at least an additional 20 CNG stations once all grantee stations have entered operation. Staff from the CEO estimate the 4-year program will incentivize the construction of 20 to 30 new publicly accessible CNG fueling stations.

In addition to the state utilizing CNG vehicles when practical on its own fleet replacements, the Governor has worked with a number of other state governors to enter into memorandums of understanding with many of our neighboring states. As most recently reported by the CEO, the total number of participants in the MOU has grown to 29 entities that include local governments, private fleets, and other stakeholders. One of the goals in cooperating with others was to aggregate annual fleet procurements which resulted in decreased prices and added functionality. For more discussion on CNG vehicles in the state fleet, please see the Department of Personnel's FY 2015-16 briefing document.

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**Appendix A: Number Pages**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**DEPARTMENT OF LABOR AND EMPLOYMENT**  
**Ellen Golombek, Executive Director**

**(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	<u>8,100,304</u>	<u>7,434,404</u>	<u>7,849,310</u>	<u>8,073,685</u>
FTE	97.4	98.5	99.9	99.9
General Fund	0	0	0	0
Cash Funds	4,634,917	4,154,417	4,317,552	4,457,731
Reappropriated Funds	157,006	157,006	157,006	157,006
Federal Funds	3,308,381	3,122,981	3,374,752	3,458,948
 Health, Life, and Dental	 <u>6,417,380</u>	 <u>6,583,297</u>	 <u>7,499,023</u>	 <u>7,843,736</u>
General Fund	0	0	10,210	117,751
Cash Funds	2,804,567	3,020,480	3,094,690	3,116,870
Reappropriated Funds	0	0	0	39,136
Federal Funds	3,612,813	3,562,817	4,394,123	4,569,979
 Short-term Disability	 <u>83,282</u>	 <u>106,062</u>	 <u>138,368</u>	 <u>145,645</u>
General Fund	0	0	145	1,399
Cash Funds	39,438	49,445	61,004	62,455
Reappropriated Funds	0	0	0	947
Federal Funds	43,844	56,617	77,219	80,844

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	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
S.B. 04-257 Amortization Equalization Disbursement	<u>1,708,942</u>	<u>2,009,515</u>	<u>2,518,058</u>	<u>2,926,737</u>	
General Fund	0	0	2,633	28,301	
Cash Funds	694,313	936,813	1,109,647	1,254,563	
Reappropriated Funds	0	0	0	19,046	
Federal Funds	1,014,629	1,072,702	1,405,778	1,624,827	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>1,463,741</u>	<u>1,814,146</u>	<u>2,360,680</u>	<u>2,826,962</u>	
General Fund	0	0	2,469	27,336	
Cash Funds	596,032	845,734	1,040,294	1,211,794	
Reappropriated Funds	0	0	0	18,397	
Federal Funds	867,709	968,412	1,317,917	1,569,435	
Salary Survey	<u>0</u>	<u>1,322,626</u>	<u>1,696,178</u>	<u>732,533</u>	
General Fund	0	0	1,781	11,769	
Cash Funds	0	640,593	748,234	278,776	
Reappropriated Funds	0	0	0	4,736	
Federal Funds	0	682,033	946,163	437,252	
Merit Pay	<u>0</u>	<u>773,319</u>	<u>625,507</u>	<u>675,582</u>	
General Fund	0	0	439	7,339	
Cash Funds	0	336,691	266,183	338,241	
Reappropriated Funds	0	0	0	4,855	
Federal Funds	0	436,628	358,885	325,147	

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Shift Differential	<u>0</u>	<u>12,094</u>	<u>11,771</u>	<u>13,497</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	12,094	11,771	13,497	
Workers' Compensation	<u>540,790</u>	<u>454,911</u>	<u>571,647</u>	<u>496,883</u>	
General Fund	0	0	0	0	
Cash Funds	131,324	128,239	161,098	143,670	
Reappropriated Funds	0	0	0	0	
Federal Funds	409,466	326,672	410,549	353,213	
Operating Expenses	<u>1,711,162</u>	<u>1,522,323</u>	<u>1,771,007</u>	<u>1,771,007</u>	
General Fund	0	0	0	0	
Cash Funds	760,376	760,376	766,076	766,076	
Reappropriated Funds	0	0	0	0	
Federal Funds	950,786	761,947	1,004,931	1,004,931	
Legal Services	<u>571,651</u>	<u>617,833</u>	<u>782,674</u>	<u>793,552</u>	
General Fund	0	34,762	35,553	76,486	
Cash Funds	162,572	169,988	177,017	184,908	
Reappropriated Funds	0	0	0	0	
Federal Funds	409,079	413,083	570,104	532,158	
Purchase of Services from Computer Center	<u>7,665,687</u>	<u>8,061,429</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	3,909,500	3,320,897	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,756,187	4,740,532	0	0	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Multiuse Network Payments	<u>741,880</u>	<u>445,254</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	349,859	211,034	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	392,021	234,220	0	0	
Management and Administration of OIT	<u>471,795</u>	<u>288,322</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	226,426	138,487	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	245,369	149,835	0	0	
Payment to Risk Management and Property Funds	<u>38,994</u>	<u>46,625</u>	<u>68,518</u>	<u>59,278</u>	
General Fund	0	0	0	0	
Cash Funds	12,580	15,013	22,064	19,524	
Reappropriated Funds	0	0	0	0	
Federal Funds	26,414	31,612	46,454	39,754	
Vehicle Lease Payments	<u>91,519</u>	<u>95,064</u>	<u>122,159</u>	<u>135,709</u> *	
General Fund	0	0	0	0	
Cash Funds	60,457	76,229	92,504	102,413	
Reappropriated Funds	0	0	0	0	
Federal Funds	31,062	18,835	29,655	33,296	
Leased Space	<u>3,183,619</u>	<u>3,593,747</u>	<u>3,719,723</u>	<u>3,831,315</u>	
General Fund	0	0	0	0	
Cash Funds	1,560,065	1,970,193	2,096,169	2,159,054	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,623,554	1,623,554	1,623,554	1,672,261	

\*This line item includes a decision item.

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Capitol Complex Leased Space	<u>21,882</u>	<u>23,476</u>	<u>17,916</u>	<u>27,256</u>	
General Fund	0	0	0	0	
Cash Funds	18,484	20,132	15,386	22,794	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,398	3,344	2,530	4,462	
Communication Services Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
COFRS Modernization	<u>222,560</u>	<u>185,313</u>	<u>444,097</u>	<u>444,097</u>	
General Fund	0	0	0	0	
Cash Funds	185,370	185,313	185,370	185,370	
Reappropriated Funds	0	0	0	0	
Federal Funds	37,190	0	258,727	258,727	
Information Technology Security	<u>0</u>	<u>93,282</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	43,646	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	49,636	0	0	
Utilities	<u>246,627</u>	<u>250,312</u>	<u>260,309</u>	<u>260,309</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	246,627	250,312	260,309	260,309	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>536,739</u>	<u>523,486</u>	<u>553,627</u>	<u>553,627</u>	
General Fund	0	0	0	0	
Cash Funds	158,455	163,438	175,343	175,343	
Reappropriated Funds	0	0	0	0	
Federal Funds	378,284	360,048	378,284	378,284	
Statewide Indirect Cost Assessment	<u>749,654</u>	<u>1,028,796</u>	<u>775,124</u>	<u>639,746</u>	
General Fund	0	0	0	0	
Cash Funds	381,991	345,656	374,154	286,071	
Reappropriated Funds	0	0	0	0	
Federal Funds	367,663	683,140	400,970	353,675	
Payments to OIT	<u>0</u>	<u>0</u>	<u>9,508,914</u>	<u>9,200,650</u>	
General Fund	0	0	0	12,965	
Cash Funds	0	0	5,021,649	4,805,402	
Federal Funds	0	0	4,487,265	4,382,283	
<b>TOTAL - (1) Executive Director's Office</b>	34,568,208	37,285,636	41,294,610	41,451,806	0.4%
<i>FTE</i>	<u>97.4</u>	<u>98.5</u>	<u>99.9</u>	<u>99.9</u>	<u>0.0%</u>
General Fund	0	34,762	53,230	283,346	432.3%
Cash Funds	16,686,726	17,532,814	19,724,434	19,571,055	(0.8%)
Reappropriated Funds	157,006	157,006	157,006	244,123	55.5%
Federal Funds	17,724,476	19,561,054	21,359,940	21,353,282	(0.0%)

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(2) DIVISION OF UNEMPLOYMENT INSURANCE**

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.

Program Costs	<u>49,808,647</u>	<u>46,453,854</u>	<u>35,622,721</u>	<u>35,898,467</u>	*
FTE	585.3	619.0	467.1	453.1	
General Fund	0	0	0	0	
Cash Funds	10,181,438	7,263,034	7,519,038	6,921,005	
Reappropriated Funds	0	0	0	0	
Federal Funds	39,627,209	39,190,820	28,103,683	28,977,462	
 Employment and Training Technology Initiatives	 <u>0</u>	 <u>1,805,395</u>	 <u>2,590,746</u>	 <u>9,986,214</u>	 *
FTE	0.0	10.5	12.0	26.0	
General Fund	0	0	0	0	
Cash Funds	0	1,805,395	2,590,746	9,986,214	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
 Internet Self-Service	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

\*This line item includes a decision item.

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	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (2) Division of Unemployment Insurance</b>	49,808,647	48,259,249	38,213,467	45,884,681	20.1%
<i>FTE</i>	<u>585.3</u>	<u>629.5</u>	<u>479.1</u>	<u>479.1</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	10,181,438	9,068,429	10,109,784	16,907,219	67.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	39,627,209	39,190,820	28,103,683	28,977,462	3.1%

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**(3) DIVISION OF EMPLOYMENT AND TRAINING**

The Division of Employment and Training administers two programs: Employment and Training Programs, and Labor Market Information.

**(A) Employment and Training Programs**

The services offered to job seekers by the Employment and Training Programs include job search assistance, additional job training, and classes to improve interview and resume skills. All services are free of charge. These services are offered through one-stop centers which can be run by either the state or county. Services are also offered to employers seeking qualified candidates. Funding for these programs consists of cash funds, primarily from the Employment Support Fund and federal funds primarily from the Workforce Investment Act and Trade Adjustment Act.

State Operations	<u>16,983,959</u>	<u>16,350,154</u>	<u>14,111,149</u>	<u>14,362,697</u>
FTE	142.9	126.4	143.7	143.7
General Fund	0	0	0	0
Cash Funds	9,446,614	9,179,115	9,448,561	9,601,443
Reappropriated Funds	0	0	8,400	8,400
Federal Funds	7,537,345	7,171,039	4,654,188	4,752,854
One-Stop County Contracts	<u>8,965,673</u>	<u>8,642,345</u>	<u>9,164,335</u>	<u>9,164,335</u>
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	8,965,673	8,642,345	9,164,335	9,164,335
Trade Adjustment Act Assistance	<u>1,663,009</u>	<u>1,693,685</u>	<u>2,500,000</u>	<u>2,500,000</u>
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	1,663,009	1,693,685	2,500,000	2,500,000

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Workforce Investment Act	<u>40,185,968</u>	<u>39,935,684</u>	<u>32,312,722</u>	<u>32,427,218</u>	
FTE	59.3	66.2	61.2	61.2	
General Fund	0	0	0	0	
Cash Funds	807,540	807,540	807,540	807,540	
Reappropriated Funds	0	0	0	0	
Federal Funds	39,378,428	39,128,144	31,505,182	31,619,678	
Workforce Development Council	<u>450,811</u>	<u>464,311</u>	<u>466,016</u>	<u>478,599</u>	
FTE	3.8	3.9	4.0	4.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	466,016	478,599	
Federal Funds	450,811	464,311	0	0	
Workforce Improvement Grants	<u>0</u>	<u>0</u>	<u>55,000</u>	<u>55,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	55,000	55,000	
Hospitality Education Grant Program	<u>0</u>	<u>0</u>	<u>56,665</u>	<u>399,852</u>	
FTE	0.0	0.0	0.5	0.5	
General Fund	0	0	56,665	399,852	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>SUBTOTAL - (A) Employment and Training</b>					
<b>Programs</b>	68,249,420	67,086,179	58,665,887	59,387,701	1.2%
<i>FTE</i>	<u>206.0</u>	<u>196.5</u>	<u>209.4</u>	<u>209.4</u>	<u>(0.0%)</u>
General Fund	0	0	56,665	399,852	605.6%
Cash Funds	10,254,154	9,986,655	10,256,101	10,408,983	1.5%
Reappropriated Funds	0	0	474,416	486,999	2.7%
Federal Funds	57,995,266	57,099,524	47,878,705	48,091,867	0.4%
<b>(B) Labor Market Information</b>					
Program Costs	<u>2,860,617</u>	<u>2,558,078</u>	<u>2,081,541</u>	<u>2,149,309</u>	
FTE	21.7	18.6	30.3	30.3	
General Fund	0	0	0	0	
Cash Funds	0	0	11,323	11,323	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,860,617	2,558,078	2,070,218	2,137,986	
<b>SUBTOTAL - (B) Labor Market Information</b>					
	2,860,617	2,558,078	2,081,541	2,149,309	3.3%
<i>FTE</i>	<u>21.7</u>	<u>18.6</u>	<u>30.3</u>	<u>30.3</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	11,323	11,323	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	2,860,617	2,558,078	2,070,218	2,137,986	3.3%
<b>TOTAL - (3) Division of Employment and Training</b>					
	71,110,037	69,644,257	60,747,428	61,537,010	1.3%
<i>FTE</i>	<u>227.7</u>	<u>215.1</u>	<u>239.7</u>	<u>239.7</u>	<u>(0.0%)</u>
General Fund	0	0	56,665	399,852	605.6%
Cash Funds	10,254,154	9,986,655	10,267,424	10,420,306	1.5%
Reappropriated Funds	0	0	474,416	486,999	2.7%
Federal Funds	60,855,883	59,657,602	49,948,923	50,229,853	0.6%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(4) DIVISION OF LABOR**

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

Program Costs	<u>1,239,809</u>	<u>1,236,099</u>	<u>1,753,636</u>	<u>1,840,778</u>	
FTE	14.2	14.6	18.8	25.8	
General Fund	0	49,395	527,458	571,301	
Cash Funds	1,239,809	1,186,704	1,226,178	1,269,477	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

<b>TOTAL - (4) Division of Labor</b>	1,239,809	1,236,099	1,753,636	1,840,778	5.0%
<i>FTE</i>	<u>14.2</u>	<u>14.6</u>	<u>18.8</u>	<u>25.8</u>	<u>37.2%</u>
General Fund	0	49,395	527,458	571,301	8.3%
Cash Funds	1,239,809	1,186,704	1,226,178	1,269,477	3.5%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(5) 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>5,189,709</u>	<u>4,944,669</u>	<u>4,888,065</u>	<u>5,040,182</u>	
FTE	69.6	69.4	68.0	68.0	
General Fund	0	0	0	0	
Cash Funds	4,276,803	3,797,670	4,304,347	4,456,464	
Reappropriated Funds	11,548	19,308	19,318	19,318	
Federal Funds	901,358	1,127,691	564,400	564,400	
Operating Expenses	<u>597,799</u>	<u>507,761</u>	<u>746,036</u>	<u>741,333</u>	
General Fund	0	0	0	0	
Cash Funds	467,185	380,062	601,015	596,312	
Reappropriated Funds	0	0	0	0	
Federal Funds	130,614	127,699	145,021	145,021	

<b>TOTAL - (5) Division of Oil and Public Safety</b>	5,787,508	5,452,430	5,634,101	5,781,515	2.6%
FTE	<u>69.6</u>	<u>69.4</u>	<u>68.0</u>	<u>68.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	4,743,988	4,177,732	4,905,362	5,052,776	3.0%
Reappropriated Funds	11,548	19,308	19,318	19,318	0.0%
Federal Funds	1,031,972	1,255,390	709,421	709,421	0.0%

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**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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**(6) 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>6,922,633</u>	<u>6,843,625</u>	<u>7,079,338</u>	<u>7,273,001</u>
FTE	83.9	90.7	95.0	95.0
General Fund	0	0	0	0
Cash Funds	6,922,633	6,843,625	7,079,338	7,273,001
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Operating Expenses	<u>616,794</u>	<u>569,127</u>	<u>576,328</u>	<u>576,328</u>
General Fund	0	0	0	0
Cash Funds	616,794	569,127	576,328	576,328
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
Administrative Law Judge Services	<u>2,789,339</u>	<u>2,700,053</u>	<u>2,555,300</u>	<u>3,452,438</u>
General Fund	0	0	0	0
Cash Funds	2,789,339	2,700,053	2,555,300	3,452,438
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Physicians Accreditation	<u>96,159</u>	<u>102,919</u>	<u>120,000</u>	<u>120,000</u>	
General Fund	0	0	0	0	
Cash Funds	96,159	102,919	120,000	120,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Utilization Review	<u>43,465</u>	<u>38,573</u>	<u>35,000</u>	<u>35,000</u>	
General Fund	0	0	0	0	
Cash Funds	43,465	38,573	35,000	35,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Immediate Payment	<u>17</u>	<u>24</u>	<u>1,000</u>	<u>1,000</u>	
General Fund	0	0	0	0	
Cash Funds	17	24	1,000	1,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (A) Workers' Compensation</b>	10,468,407	10,254,321	10,366,966	11,457,767	10.5%
<i>FTE</i>	<u>83.9</u>	<u>90.7</u>	<u>95.0</u>	<u>95.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	10,468,407	10,254,321	10,366,966	11,457,767	10.5%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

**JBC Staff Budget Briefing: FY 2015-16**  
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
<b>(B) Major Medical Insurance and Subsequent Injury Funds</b>					
Personal Services	<u>1,225,172</u>	<u>1,228,889</u>	<u>1,293,045</u>	<u>1,327,815</u>	
FTE	14.0	14.4	16.0	16.0	
General Fund	0	0	0	0	
Cash Funds	1,225,172	1,228,889	1,293,045	1,327,815	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Operating Expenses	<u>88,281</u>	<u>71,918</u>	<u>88,324</u>	<u>88,324</u>	
General Fund	0	0	0	0	
Cash Funds	88,281	71,918	88,324	88,324	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Major Medical Benefits	<u>4,933,086</u>	<u>4,816,248</u>	<u>6,000,000</u>	<u>6,000,000</u>	
General Fund	0	0	0	0	
Cash Funds	4,933,086	4,816,248	6,000,000	6,000,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Major Medical Legal Services	<u>6,203</u>	<u>5,717</u>	<u>9,901</u>	<u>9,901</u>	
General Fund	0	0	0	0	
Cash Funds	6,203	5,717	9,901	9,901	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Subsequent Injury Benefits	<u>1,416,059</u>	<u>1,388,592</u>	<u>2,000,000</u>	<u>2,000,000</u>	
General Fund	0	0	0	0	
Cash Funds	1,416,059	1,388,592	2,000,000	2,000,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Subsequent Injury Legal Services	<u>415</u>	<u>7,394</u>	<u>34,653</u>	<u>34,653</u>	
General Fund	0	0	0	0	
Cash Funds	415	7,394	34,653	34,653	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Medical Disaster	<u>351</u>	<u>314</u>	<u>1,000</u>	<u>1,000</u>	
General Fund	0	0	0	0	
Cash Funds	351	314	1,000	1,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (B) Major Medical Insurance and Subsequent Injury Funds</b>	7,669,567	7,519,072	9,426,923	9,461,693	0.4%
<i>FTE</i>	<u>14.0</u>	<u>14.4</u>	<u>16.0</u>	<u>16.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	7,669,567	7,519,072	9,426,923	9,461,693	0.4%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (6) Division of Workers' Compensation</b>	18,137,974	17,773,393	19,793,889	20,919,460	5.7%
<i>FTE</i>	<u>97.9</u>	<u>105.1</u>	<u>111.0</u>	<u>111.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	18,137,974	17,773,393	19,793,889	20,919,460	5.7%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
<b>TOTAL - Department of Labor and Employment</b>	180,652,183	179,651,064	167,437,131	177,415,250	6.0%
<i>FTE</i>	<u>1,092.1</u>	<u>1,132.2</u>	<u>1,016.5</u>	<u>1,023.5</u>	<u>0.7%</u>
General Fund	0	84,157	637,353	1,254,499	96.8%
Cash Funds	61,244,089	59,725,727	66,027,071	74,140,293	12.3%
Reappropriated Funds	168,554	176,314	650,740	750,440	15.3%
Federal Funds	119,239,540	119,664,866	100,121,967	101,270,018	1.1%

## **Appendix B:** **Recent Legislation Affecting Department Budget**

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### **2013 Session Bills**

**S.B. 13-230 (Long Bill):** General appropriations act for FY 2013-14.

**H.B. 13-1046 (Employee User Name Password Privacy Protection):** Prohibits employers from requesting or requiring an employee or applicant to provide access to personal information using electronic communications devices; appropriates \$23,064 cash funds in FY 2013-14.

**H.B. 13-1124 (Reduce Unemployment Insurance Overpayments):** Allows the Department to charge a penalty if employers repeatedly fail to provide timely information regarding unemployment insurance claims, resulting in an overpayment of unemployment insurance benefits. The penalty is set at 65.0 percent of the overpayment that was issued. For FY 2013-14 provides \$144,564 cash funds for this purpose. In FY 2014-15, the appropriation related to this bill is reduced by \$144,564 to reflect one time funding.

**H.B. 13-1292 (Keep Jobs in Colorado):** Creates a program to enforce and impose fines on contractors that violate the 80.0 percent labor law for construction projects financed in whole or part by state funds; directs the Department of Personnel to administer a resident bidder preference; allows competitive sealed best value bidding for construction projects. Requires construction vendors to disclose information about the purchases and services occurring out of State. For FY 2013-14 appropriates \$98,519 General Fund to the Department of Labor and Employment and reappropriates \$36,588 General Fund to the Department of Personnel. For FY 2014-15, the bill increases the appropriation by \$155,709 General Fund.

### **2014 Session Bills**

**H.B. 14-1336 (Long Bill):** General appropriations act for FY 2014-15.

**H.B. 14-005 (Wage Protection Act):** Authorizes the Division of Labor to establish an administrative process to handle wage claim cases received and requires the division to investigate and adjudicate all wage claim cases up to \$7,500 per employee—which represents the maximum sum in nearly all wage claim cases—after January 1, 2015. Outlines required notices the division must send in writing and response deadlines for those notices. Requires the Division to issue a citation and notice of assessment to employers when a violation is found. Increases the appropriation to the Division of Labor by \$333,403 total funds including \$320,903 General Fund to investigate wage issues, perform audits, analyze company records, impose fees, and promulgate rules.

**H.B. 14-015 (Hospitality Education Grant Program):** Creates a hospitality career secondary education grant program in the Department. Directs the Department to award grants to increase the number and quality of hospitality programs operating in schools. Requires the Department to adopt rules for the program and begin awarding grants for the 2015-16 academic year. Increases

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the appropriation to the Division of Employment and Training by \$56,665 General Fund and 0.5 FTE to administer the hospitality education grant program.

## **Appendix C:**

### **Update on Long Bill Footnotes & Requests for Information**

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#### **Long Bill Footnotes**

1. All Departments except Department of Corrections, Department of Human Services, and Department of Public Safety, Totals -- It is the intent of the General Assembly that when each department applies the 2.5 percent salary survey increase reflected in the salary survey line item appropriations, each employee shall receive a base-building increase up to the range maximum and that salary survey increase amounts over the range maximum shall not be base-building.
  
57. Department of Labor and Employment, Division of Unemployment Insurance, Employment and Training Technology Initiatives -- This appropriation remains available through June 30, 2016.

#### **Requests for Information**

8. Department of Labor and Employment, Division of Unemployment Insurance, Employment and Training Technology Initiatives -- The Department is requested to submit a report by November 1, 2014, to the Joint Budget Committee outlining an annual technology plan related to Training and Technology Fund appropriations and the WyCAN Consortium. The report should contain specific details of technology projects supported with these funds including: measureable project goals, project deliverables and deadlines, a summary of federal funds associated with technology projects supported by Training and Technology Fund appropriations, and the Office of Information Technology's specific role in these projects.

Comment: This information was submitted electronically on November 1, 2014 and summarized in the *WyCAN System Development and Funding Request* issue brief.

## Appendix D: Indirect Cost Assessment Methodology

### Description of Indirect Cost Assessment Methodology

The Department of Labor and Employment indirect cost assessment methodology is calculated based on actual employee work hours, and the associated cash or federal funds to which the work hours are associated.

The *Indirect Cost Pool* is comprised of personal services and operating expense line items in the Executive Director’s Office, and the statewide indirect cost assessment. For FY 2015-16 the Department’s Indirect Cost Pool as requested is \$25,010,731. The *Indirect Cost Rate* is calculated based on staff’s work time in each division. Staff members log their work activities by minutes, and each work activity is assigned a specific code associated with the funding source of the work activity (cash or federal funds). These funds are appropriated directly to the line items that make up the indirect cost pool based on the total time charged to a specific fund. Actual assessment is based on monthly reports of work time during the budget fiscal year. Table 1 shows the line items receiving indirect cost recoveries.

<b>DEPARTMENT OF LABOR AND EMPLOYMENT FY 2015-16</b>				
SOURCES OF INDIRECT COST RECOVERIES IN LONG BILL				
	FY 2015-16 Proposed Indirect Cost Pool			
	Total	Cash Funds	Reappropriated Funds	Federal Funds
(1) EXECUTIVE DIRECTOR'S OFFICE	\$25,010,731	\$12,768,213	\$164,174	\$12,078,344
<b>TOTAL AVAILABLE INDIRECT TO OFFSET GF</b>	<b>25,010,731</b>	<b>12,768,213</b>	<b>164,174</b>	<b>12,078,344</b>
FY 2015-16 Estimated Collections	25,010,731	12,768,213	164,174	12,078,344
<i>Difference</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

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**FY 2015-16 Indirect Cost Assessment Request**

For FY 2015-16 the Department has requested \$25,010,731 for indirect cost assessments. Staff believes adding **Indirect Cost Assessment** line items to the Long Bill for this Department would not be useful since the Department of Labor and Employment does not always receive a General Fund appropriation. Therefore reappropriating moneys from other divisions would not result in an associated reduction of General Fund in those years.

<b>DEPARTMENT OF LABOR AND EMPLOYMENT FY 2015-16</b>						
ESTIMATED USES OF INDIRECT COST RECOVERIES IN LONG BILL						
		FY 2015-16 Proposed Uses of Indirect				
	FY2015-16 GF REQUEST	DEPT INDIRECT	STATEWIDE INDIRECT	TOTAL INDIRECT TO OFFSET GF	BALANCE OF AVAILABLE INDIRECT	INDIRECT USED TO BALANCE GF
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>					<b>\$ 25,010,731</b>	
Personal Services	\$ 0	\$ 7,916,679	\$ 157,006	\$ 8,073,685	\$ 16,937,046	\$ (8,073,685)
Salary Survey	0	78,295	371	78,666	16,858,380	(78,666)
Merit Pay	0	68,176	349	68,525	16,789,855	(68,525)
Health, Life, and Dental	0	836,472	2,510	838,982	15,950,873	(838,982)
Short-term Disability	0	14,462	95	14,557	15,936,316	(14,557)
SB 04-257 Amortization Equalization Disbursement	0	308,196	1,955	310,151	15,626,165	(310,151)
SB 06-235 Supplemental Amortization Equalization Disbursement	0	297,690	1,888	299,578	15,326,587	(299,578)
Workers' Compensation	0	496,883	0	496,883	14,829,704	(496,883)
Operating Expenses	0	1,759,608	0	1,759,608	13,070,096	(1,759,608)
Legal Services for 7,905 hours	76,486	717,066	0	717,066	12,353,030	(640,580)
Payments to OIT	12,965	9,187,685	0	9,187,685	3,165,345	(9,174,720)
Payment to Risk Management and Property Funds	0	3,557	0	3,557	3,161,788	(3,557)
COFRS Modernization	0	444,097	0	444,097	2,717,691	(444,097)
Vehicle Lease Payments	0	2,714	0	2,714	2,714,977	(2,714)
Leased Space	0	1,685,779	0	1,685,779	1,029,199	(1,685,779)

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<b>DEPARTMENT OF LABOR AND EMPLOYMENT FY 2015-16</b>						
ESTIMATED USES OF INDIRECT COST RECOVERIES IN LONG BILL						
	FY2015-16 GF REQUEST	FY 2015-16 Proposed Uses of Indirect		TOTAL INDIRECT TO OFFSET GF	BALANCE OF AVAILABLE INDIRECT	INDIRECT USED TO BALANCE GF
		DEPT INDIRECT	STATEWIDE INDIRECT			
Information Technology Asset Maintenance	0	553,627	0	553,627	475,572	(553,627)
Statewide Indirect Cost Assessment	0	0	475,572	475,572	0	(475,572)
<b>TOTAL FOR DEPARTMENT</b>	<b>\$ 89,451</b>	<b>\$ 24,370,985</b>	<b>\$ 639,746</b>	<b>\$ 25,010,731</b>	<b>\$ 0</b>	<b>\$ (24,921,280)</b>

## **Appendix E: SMART Act Annual Performance Report**

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of Labor and Employment is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated November 1, 2014 is attached for consideration by the Joint Budget Committee in prioritizing the Department's budget requests.



## Department of Labor and Employment Annual Performance Report

### Strategic Policy Initiatives

The Department of Labor and Employment has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the Department selected a few initiatives that best capture some of the Department's strategic and operational priorities and reflect the overall direction as identified by Department leadership. The initiatives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the Department's Performance Plan, which may be accessed [here](#).

#### **Customer Service – Consistently deliver exceptional service**

Customer satisfaction will be measured through the creation and implementation of an ongoing customer service survey and after a baseline is set with increase by five percent annually up to a threshold of 90 percent. The one year goal is 70.7 percent and the three year goal is 77.9 percent customer satisfaction. The Department seeks to achieve its goal by developing a multimedia survey response capabilities utilizing e-mail, Internet, mail, and drop off; fostering an agency wide culture of service based on values; utilizing customer feedback and strategic initiatives to improve service delivery; engage employees across the agency by developing a cross-agency committee within CDLE that focuses on customer service; and maintain an effective Continuity of Operations Plan (COOP). The online CDLE customer survey was rolled out in April 2012. The Department evaluated the survey after the first quarter to determine our benchmark (49.5 percent) and our areas for improvement. We continue to notice three common themes across CDLE in the comments from our customers that we are working to improve including: timeliness on service delivery; consistency among staff; and, website navigation.

Utilizing CDLE Strategic Initiatives all Divisions are implementing actions to address these three themes within their programs, which will result in improved customer satisfaction across the department. Results from the ongoing customer survey for FY 2012-13 indicated a 9.9 percent increase in external customer satisfaction. Results from the ongoing customer survey for FY 2013-14 indicate a 24.4 percent increase in external customer satisfaction. We have also implemented internal customer service surveys for support function within CDLE.

#### **Employee Engagement and Accountability – Establish a culture of engagement and accountability that affords employees the opportunity, structure, and tools to thrive and provide an exceptional customer experience.**

Employee engagement will be demonstrated through the annual CDLE employee survey. A 5 percent increase stating 'agree' or 'strongly agree' up to a threshold of 90 percent is the goal. The one year goal is 80.4 percent and the three-year goal for employee satisfaction is 88.6 percent. Research shows that employee satisfaction is an important factor in customer satisfaction, productivity and performance. That is why CDLE has made it a high priority. Based on the results of the employee survey, CDLE has developed strategies to increase employee satisfaction: maintain the Employee Quality and Excellence Plan (EQEP) as a tool and include simplifying the tool and process and improving communication; maintain Covey as the foundation of the Leadership Development Program; continue to utilize the CDLE Employee Engagement Survey; routinely evaluate employee communication tools to ensure they are effective; establish a cross-agency Employee Engagement and Accountability team within CDLE to collaborate, share best practices, and advance agreed upon legacy efforts that will create more employee engagement with the ultimate outcome of improving the customer experience throughout CDLE; encourage and support mentoring, coaching and development planning with staff; and sustain a values-based culture.



## Department of Labor and Employment Annual Performance Report

The original employee survey was conducted in June 2011. Based on the results and comments from that survey as well as stakeholder comments and economic realities, we developed our strategic plan and initiatives and made other changes at CDLE. Given our objective to increase by 5 percent each year the FY 2013-14 goal was to have at least 68.5 percent of employees stating agree or strongly agree on the annual CDLE employee survey. The actual results showed 76.6 percent satisfaction, an increase of 17.5 percent. This year, leveraging our Values Team for promotion, we are continuing our robust “Your Voice Matters” marketing and engagement plan. Last year, participation in the survey was 85 percent and the Department hopes to maintain that same high level of participation in the coming survey.

### **Process Improvement – Maximize the value we bring to our customers and stakeholders through our work processes.**

The Department is implementing five key process improvements annually that bring savings of cost, time, and/or create an exceptional experience for our customers or stakeholders. The one year and three year goals are five process improvements annually. The Department seeks to achieve these goals by developing a culture of continuous process improvement that focuses on the customer; identifying and implementing process improvement opportunities; continuing to determine the priority of projects; continuing to report out results of process improvements; collaborating internally through the Process Improvement Forum; collaborating with other agencies to learn and share best practices and efficiencies; and, making Lean training opportunities available to staff. As a result of its work, the Department has accomplished the following: established a core leadership team for process improvement; determined the priority of projects and allocation of resources; reported out results of process improvements; established a process improvement forum for exchange of best practices and efforts within CDLE; and, ranked highest in the state on Lean related questions in the 2013 Statewide Employee Engagement Survey. A total of six process improvement projects utilizing the Lean methodology have been completed at CDLE during FY 2013-14. CDLE continues to measure the outcomes from each project to ensure sustainability of the improvements recognized by these efforts.

### **Technology – Implement optimal technology solutions that create an exceptional customer experience.**

The Department measures this as the timely resolution of technology issues identified by users of applications and infrastructure as reported in the service desk system. The one year and five year goal is that 90 percent of service incidents are resolved within Service Level Objective. Strategies to achieve this goal include defining the portfolio of technology projects, services and assets for the Department; approaching technology projects with a focus to better serving the customer, engaging the customer in the project when possible; actively engaging and partnering with OIT; developing appropriate technology governance processes to effectively prioritize, manage and report on our technology activities and projects; implementing technologies that align with the Governor’s Office of Information Technology roadmap and drive improved costs, productivity and support for the customers of the Department; executing on operational processes and have in place the necessary skills to satisfy project demands, problem resolution needs and system availability requirements; assuring appropriate funding is in place for successful technology projects and support activities; and, continuing the IT Steering Committee with members from OIT and across CDLE who provide IT governance.

A tracking mechanism was put in place to manage the overall portfolio of projects and critical services for the agency. Regular governance meetings are held to prioritize work efforts and proactively manage issues and risks, and as a result several major projects were prioritized, funded and initiated during FY 2014, including: Unemployment Insurance (UI) Modernization (WyCAN Consortium); UI TWINS/Federal Compliance Dashboard; Oil and Public Safety Licensing, Permitting and Inspection Application; CDLE Financial ERP System Implementation; and, a new funding request for a Workers Compensation Mainframe Application Modernization.



## Department of Labor and Employment Annual Performance Report

**Partnerships and Stakeholder relationships: Build and strengthen relationships with partners and stakeholders to deliver exceptional customer service.**

The Department measures this as each division creating a stakeholder group; the one year and three year goal is to create five active stakeholder groups. To accomplish this goal, the Department is working to assess partner and stakeholder needs and set targeted strategies to increase effectiveness of relationships; continue to create a CDLE annual report and distribute to partners and stakeholders; conduct audit reviews of department online information for jobseekers and use results in new “Jobseeker Toolkit”; utilize federal grants to outreach to Colorado’s small employers and on-board into new online tools and services; expand the “Employer Toolkit” to include all CDLE resources for employers; create a CDLE employer newsletter; and, establish a cross-agency Partner and Stakeholder Relationship team to collaborate and share best practices within CDLE that will engage employees in increasing effectiveness of relationships with the ultimate outcome of improving the customer experience.

The Department has conducted partner and stakeholder surveys for each division on relationship strengths and weaknesses and determined opportunities for enhancement; created a CDLE master database to house all department partner and stakeholder contact information for resource mapping, communication and outreach, policy development, and advocacy; and, created five stakeholder groups, one for each division.

### Operational Measures

**Major Program Area – Unemployment Insurance Division**

**Process - The Unemployment Insurance Division makes decisions on unemployment claims by applying current statute and regulations to determine claimants’ entitlement and eligibility to collect benefits.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Meet or exceed federal performance metrics for First Payment Promptness of 87 percent	82.6%	76.0%	78.9%	87.0%	87.0%

**Process - The internal Benefits Accuracy Management (BAM) Team detects improper benefit payments made to unemployment insurance claimants.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Reduce the percentage of improper payments to the national acceptable level of 10 percent	12.9%	10.9%	12.3%	10.0%	10.0%



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### Major Program Area – Division of Employment and Training

**Process - Workforce centers, including Rural Workforce Consortium sites, assist job seekers, who may access services online through Connecting Colorado, the Virtual Job Fair or the Virtual Workforce Center**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of people working after they receive workforce services	52.0%	52.9%	55.6%	58.0%	60.0%

### Major Program Area – Division of Labor

**Process - Resolve claims through mediation, conciliation, and other efforts. Successful claims include paid wage claims and employer compliance.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of claims successfully resolved through mediation, conciliation, and other efforts	88.0%	86.0%	84.0%	85.0%	85.0%

### Major Program Area – Division of Oil and Public Safety

**Process - Conduct routine compliance inspections at regulated facilities biennially.**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of petroleum facilities that are operating in compliance with regulations	85.0%	80.0%	79.0%	84.0%	90.0%

### Major Program Area – Division of Worker’s Compensation

**Process - Promote employer participation in the Premium Cost Containment Program**

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Reduce costs associated with workplace accidents for employers participating in the Premium Cost Containment program	\$16.9 million	\$22.5 million	\$20.5 million	\$20.5 million	\$21.7 million