

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2010-11 STAFF FIGURE SETTING
DEPARTMENT OF LABOR AND EMPLOYMENT**

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

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**FY 2010-11 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF LABOR AND EMPLOYMENT

TABLE OF CONTENTS

Numbers Pages	1
Narrative	10
Footnotes and Requests for Information	41
Appendix A: Unemployment Insurance Trust Fund and Employment Support Fund Funding Mechanisms	42
Appendix B: State Comparison of Wage Base and Weekly Unemployment Insurance Benefit	44

FY 2010-11 Joint Budget Committee Staff Figure Setting
 Department of Labor and Employment

NUMBERS PAGES

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction	Request
DEPARTMENT OF LABOR AND EMPLOYMENT						
Executive Director: Donald J. Mares						
(1) EXECUTIVE DIRECTOR'S OFFICE						
Primary functions: Performing departmental administrative functions, including accounting, budgeting, data processing and personnel management; adjudicating disputes related to unemployment insurance, labor standards, and workers' compensation.						
Personal Services	12,010,059	11,976,706	13,022,715	7,707,782	7,580,021	NP #2 - OIT
FTE	154.4	158.3	164.9	99.9	99.9	NP #2 - OIT
Health, Life, and Dental	4,184,393	4,961,730	5,578,255	5,763,207	pending	NP #2 - OIT
Short-term Disability	74,683	78,930	89,850	99,167	91,058	NP #2 - OIT
S.B. 04-257 Amortization Equalization Disbursement	689,192	1,040,110	1,166,635	1,535,485	1,409,937	NP #2 - OIT
S.B. 06-235 Supplemental Amortization Equalization Disbursement	143,022	487,552	729,146	1,119,624	1,028,079	NP #2 - OIT
Salary Survey and Senior Executive Services	2,125,608	2,545,895	0	0	0	
Performance-Based Pay	908,256	957,125	0	0	0	
Shift Differential	32,875	28,162	26,300	28,962	11,368	
Workers' Compensation	595,209	754,527	616,008	643,075	pending	
Operating Expenses	1,560,533	1,488,760	1,555,442	1,755,668	1,759,608	NP #2 - OIT

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction	Request
Legal Services	560,635	588,753	595,879	595,879	<u>pending</u>	
Hours	7,783	7,840	7,905	7,905	7,905	
Purchase of Services from Computer Center	1,147,908	1,427,980	1,429,057	5,898,496	<u>pending</u>	NP #2 - OIT
Multiuse Network Payments	73,415	74,994	75,274	831,344	<u>pending</u>	NP #2 - OIT
Management and Administration of OIT	n/a	112,758	118,340	432,693	<u>pending</u>	NP #2 - OIT
Payment to Risk Mgmt. and Property Funds	90,627	124,214	90,416	21,386	<u>pending</u>	
Vehicle Lease Payments	87,622	94,066	95,134	97,461	<u>pending</u>	DI #1, NP #1
Leased Space	3,409,302	3,200,786	3,896,503	3,896,503	3,896,503	
Capitol Complex Leased Space	27,487	27,324	36,149	31,812	<u>pending</u>	
Communication Services Payment	1,131	1,175	1,182	1,121	<u>pending</u>	
Utilities	234,907	245,884	260,309	260,309	260,309	
Information Technology Asset Maintenance	553,627	553,147	553,627	553,627	553,627	
Statewide Indirect Cost Assessment	722,193	511,933	495,382	525,190	<u>pending</u>	
Disaster Recovery	0	484,030	0	0	0	
						<i>Request vs. Appropriation</i>
TOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE	29,232,684	31,766,541	30,431,603	31,798,791	16,590,510	4.5%
FTE	<u>154.4</u>	<u>158.3</u>	<u>164.9</u>	<u>99.9</u>	<u>99.9</u>	-39.4%
Cash Funds	12,979,312	14,390,243	13,945,986	14,245,858	7,432,548	2.2%
Reappropriated Funds / Cash Funds Exempt	1,753,961	1,524,794	1,117,293	1,144,756	597,258	2.5%
Federal Funds	14,499,411	15,851,504	15,368,324	16,408,177	8,560,703	6.8%

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction	Request
(2) DIVISION OF EMPLOYMENT AND TRAINING						
(A) Unemployment Insurance Programs						
Primary functions: Provide supplemental income benefits to individuals who have lost their job through no fault of their own; Identifying, investigating and prosecuting individuals who attempt to receive unemployment benefits to which they are not entitled						
Program Costs	27,772,588	34,387,154	36,901,725	34,896,619	34,203,382	
FTE	<u>414.3</u>	<u>466.1</u>	<u>473.9</u>	<u>466.7</u>	<u>467.1</u>	NP #2 - OIT
Cash Funds	3,359,203	4,271,489	8,082,465	7,348,273	7,237,756	
Federal Funds	24,413,385	30,115,665	28,819,260	27,548,346	26,965,626	NP #2 - OIT
Internet Self-Service - CF	0	503,338	167,126	0	162,948	
FTE - CF	0.0	1.6	2.5	0.0	2.5	
<i>Unemployment Benefits (not appropriated, non-add)</i> <i>(not appropriated pursuant to Section 8-77-104 (1), C.R.S.)</i>	<i>354,966,705</i>	<i>1,053,793,289</i>	<i>1,024,876,245</i>	<i>637,869,586</i>	<i>637,869,586</i>	
	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	<i>Estimated</i>	<i>Estimated</i>	<i>Request vs. Appropriation</i>
Total - (2) (A) Unemployment Insurance Programs	27,772,588	34,890,492	37,068,851	34,896,619	34,366,330	-5.9%
FTE	<u>414.3</u>	<u>467.7</u>	<u>476.4</u>	<u>466.7</u>	<u>469.6</u>	-2.0%
Cash Funds	3,359,203	4,774,827	8,249,591	7,348,273	7,400,704	-10.9%
Federal Funds	24,413,385	30,115,665	28,819,260	27,548,346	26,965,626	-4.4%
Unemployment Insurance Fraud Program - Moved into Unemployment Insurance Programs in FY 2009-10 Long Bill						
Program Costs	1,382,442	1,493,213	0	0	0	
FTE	<u>25.8</u>	<u>22.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds	730,547	1,493,213	0	0	0	
Reappropriated Funds / Cash Funds Exempt	651,895	0	0	0	0	
						<i>Request vs. Appropriation</i>
Total - Unemployment Insurance Fraud Program	1,382,442	1,493,213	0	0	0	n/a
FTE	<u>25.8</u>	<u>22.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	n/a
Cash Funds	730,547	1,493,213	0	0	0	n/a
Reappropriated Funds / Cash Funds Exempt	651,895	0	0	0	0	n/a

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction	Request
(B) Employment and Training Programs						
Primary functions: Providing job placement and related services to job-seeking applicants and employers						
State Operations	13,313,065	15,250,381	15,522,908	13,970,853	13,782,415	
FTE	<u>148.1</u>	<u>148.1</u>	<u>157.7</u>	<u>143.7</u>	<u>143.7</u>	
Cash Funds	6,402,346	9,008,592	9,429,769	9,391,435	9,263,889	NP #2 - OIT
FTE	65.8	65.8	93.8	92.8	92.8	NP #2 - OIT
Reappropriated Funds / Cash Funds Exempt	24,347	6,561	9,600	9,600	9,600	
FTE	0.7	0.7	0.1	0.1	0.0	
Federal Funds	6,886,372	6,235,228	6,083,539	4,569,818	4,508,926	DI #3, NP #2 - OIT
FTE	81.6	81.6	63.8	50.8	50.9	DI #3
One-Stop County Contracts - FF	8,749,490	9,785,383	7,694,007	9,164,335	9,123,544	DI #3
FTE - FF	14.4	12.2	15.0	28.0	28.0	DI #3
Trade Adjustment Act Assistance - FF	1,745,853	1,916,145	1,921,826	3,837,827	3,837,827	
Workforce Investment Act - FF	42,313,607	40,103,197	33,180,871	32,223,045	32,145,041	
FTE - FF	<u>67.3</u>	<u>54.1</u>	<u>60.0</u>	<u>60.0</u>	<u>60.0</u>	
Cash Funds	0	0	807,540	807,540	807,540	
Federal Funds	42,313,607	40,103,197	32,373,331	31,415,505	31,337,501	
Workforce Development Council Staff	n/a	398,082	466,016	466,016	459,547	
FTE - RF/CFE	<u>n/a</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	
Reappropriated Funds / Cash Funds Exempt		237,878	466,016	466,016	459,547	
Federal Funds		160,204	0	0	0	
Workforce Improvement Grants	n/a	1,052,273	870,000	870,000	860,036	
FTE - FF	<u>n/a</u>	<u>5.4</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	
Cash Funds		0	20,000	20,000	20,000	
Federal Funds		1,052,273	850,000	850,000	840,036	
TANF-Support Subsidized Employment	0	0	11,250,000	0	0	

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
					Staff Recomm. With PERA Reduction	
	Actual	Actual	Appropriation	Request		Request
						<i>Request vs. Appropriation</i>
Total - (2) (B) Employment and Training Programs	66,122,015	68,505,461	70,905,628	60,532,076	60,208,410	-14.6%
FTE	<u>229.8</u>	<u>223.8</u>	<u>246.7</u>	<u>245.7</u>	<u>245.7</u>	<u>-0.4%</u>
Cash Funds	6,402,346	9,008,592	10,257,309	10,218,975	10,091,429	-0.4%
FTE	65.8	65.8	93.8	92.8	92.8	-1.1%
Reappropriated Funds / Cash Funds Exempt	24,347	244,439	11,725,616	475,616	469,147	-95.9%
FTE	0.7	4.7	4.1	4.1	4.0	0.0%
Federal Funds	59,695,322	59,252,430	48,922,703	49,837,485	49,647,834	1.9%
FTE	163.3	153.3	148.8	148.8	148.9	0.0%
(D) Labor Market Information						
Primary functions: Gathering and disseminating labor market and economic trend information						
Program Costs	1,809,901	1,590,525	2,043,331	2,040,598	1,995,724	
FTE - Federal	<u>27.9</u>	<u>24.7</u>	<u>30.3</u>	<u>30.3</u>	<u>30.3</u>	
Cash Funds	2,990	2,684	11,509	11,509	11,509	
Federal Funds	1,806,911	1,587,841	2,031,822	2,029,089	1,984,215	
						<i>Request vs. Appropriation</i>
Subtotal - (D) Labor Market Information	1,809,901	1,590,525	2,043,331	2,040,598	1,995,724	-0.1%
FTE - Federal Funds	<u>27.9</u>	<u>24.7</u>	<u>30.3</u>	<u>30.3</u>	<u>30.3</u>	<u>0.0%</u>
Cash Funds	2,990	2,684	11,509	11,509	11,509	0.0%
Federal Funds	1,806,911	1,587,841	2,031,822	2,029,089	1,984,215	-0.1%
						<i>Request vs. Appropriation</i>
TOTAL - (2) DIVISION OF EMPLOYMENT AND TRAINING	97,086,946	106,479,691	110,017,810	97,469,293	96,570,464	-11.4%
FTE	<u>697.8</u>	<u>738.8</u>	<u>753.4</u>	<u>742.7</u>	<u>745.6</u>	<u>-1.4%</u>
Cash Funds	10,495,086	15,279,316	18,518,409	17,578,757	17,503,642	-5.1%
Reappropriated Funds / Cash Funds Exempt	676,242	244,439	11,725,616	475,616	469,147	-95.9%
Federal Funds	85,915,618	90,955,936	79,773,785	79,414,920	78,597,675	-0.4%

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction	Request
(3) DIVISION OF LABOR						
Primary functions: Providing assistance and ensuring compliance with Colorado wage, youth employment and labor practice laws						
Program Costs - Cash Funds	1,091,443	1,055,658	1,188,889	1,188,889	1,163,596	
FTE	11.9	13.0	15.0	15.0	15.0	
						<i>Request vs. Appropriation</i>
TOTAL - (3) DIVISION OF LABOR - Cash Funds	1,091,443	1,055,658	1,188,889	1,188,889	1,163,596	0.0%
FTE - Cash Funds	11.9	13.0	15.0	15.0	15.0	0.0%

(4) DIVISION OF OIL AND PUBLIC SAFETY

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

Personal Services	4,535,781	5,026,609	4,902,267	4,748,231	4,665,365	
FTE - CF	<u>58.6</u>	<u>67.7</u>	<u>78.3</u>	<u>67.3</u>	<u>67.0</u>	
Cash Funds	1,396,077	4,204,352	4,323,603	4,158,855	4,089,842	DI #1
Reappropriated Funds/Cash Fund Exempt	2,110,277	19,516	19,161	19,516	19,516	
Federal Funds	1,029,427	802,741	559,503	569,860	556,007	
Operating Expenses	<u>566,501</u>	<u>1,033,853</u>	<u>481,881</u>	<u>519,323</u>	<u>497,780</u>	
Cash Funds	254,341	986,453	481,881	426,277	404,734	DI #1, DI #2
Reappropriated Funds/Cash Fund Exempt	218,512	0	0	0	0	
Federal Funds	93,648	47,400	0	93,046	93,046	DI #2
Statewide Indirect Cost Assessment	<u>879,552</u>	<u>944,999</u>	<u>956,399</u>	<u>951,773</u>	<u>pending</u>	
Cash Funds	0	944,999	956,399	951,773		
Reappropriated Funds/Cash Fund Exempt	879,552	0	0	0		

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
					Staff Recomm. With PERA Reduction	
	Actual	Actual	Appropriation	Request		Request
						<i>Request vs. Appropriation</i>
TOTAL - (4) DIVISION OF OIL AND PUBLIC						
SAFETY	5,981,834	7,005,461	6,340,547	6,219,327	5,163,145	-1.9%
FTE	<u>58.6</u>	<u>67.7</u>	<u>78.3</u>	<u>67.3</u>	<u>67.0</u>	-14.0%
Cash Funds	1,650,418	6,135,804	5,761,883	5,536,905	4,494,576	-3.9%
Reappropriated Funds / Cash Funds Exempt	3,208,341	19,516	19,161	19,516	19,516	1.9%
Federal Funds	1,123,075	850,141	559,503	662,906	649,053	18.5%

(5) DIVISION OF WORKERS' COMPENSATION

(A) Workers' Compensation

Primary functions: Assuring the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, without the necessity of litigation.

Personal Services - CF	6,446,021	6,638,962	6,905,283	7,033,103	6,877,093	
FTE	92.9	96.1	102.0	102.0	102.0	
Operating Expenses - CF	633,693	584,024	710,390	695,289	698,780	
Administrative Law Judge Services -CF	2,474,413	2,377,666	2,610,443	2,587,503	pending	
Physician's Accreditation - CF	127,083	118,383	140,000	140,000	140,000	
Utilization Review	<u>19,311</u>	<u>28,159</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	
Cash Funds	18,345	28,159	60,000	60,000	60,000	
Reappropriated Funds/Cash Fund Exempt	966	0	0	0	0	
Immediate Payment - CF	0	0	10,000	10,000	10,000	
						<i>Request vs. Appropriation</i>
Total - (5) (A) Workers' Compensation	9,700,521	9,747,194	10,436,116	10,525,895	7,785,873	0.9%
FTE - Cash Funds	<u>92.9</u>	<u>96.1</u>	<u>102.0</u>	<u>102.0</u>	<u>102.0</u>	0.0%
Cash Funds	9,699,555	9,747,194	10,436,116	10,525,895	7,785,873	0.9%
Reappropriated Funds / Cash Funds Exempt	966	0	0	0	0	n/a

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction Request
(B) Major Medical Insurance and Subsequent Injury Funds					
Primary functions: Providing medical benefits and compensation payments to eligible injured workers					
Personal Services	1,038,403	1,086,803	1,277,994	1,277,994	1,260,197
FTE	<u>12.9</u>	<u>12.7</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>
Cash Funds	0	0	1,277,994	1,277,994	1,260,197
Reappropriated Funds/Cash Fund Exempt	1,038,403	1,086,803	0	0	0
Operating Expenses	<u>59,368</u>	<u>71,191</u>	<u>88,324</u>	<u>88,324</u>	<u>88,324</u>
Cash Funds	0	71,191	88,324	88,324	88,324
Reappropriated Funds/Cash Fund Exempt	59,368	0	0	0	0
Major Medical Benefits	<u>6,287,543</u>	<u>5,940,487</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Cash Funds	0	5,940,487	7,000,000	7,000,000	7,000,000
Reappropriated Funds/Cash Fund Exempt	6,287,543	0	0	0	0
Major Medical Legal Services	5,732	17,166	7,538	7,538	pending
Hours	<u>79.6</u>	<u>228.6</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Cash Funds	0	17,166	7,538	7,538	
Reappropriated Funds/Cash Fund Exempt	5,732	0	0	0	
Subsequent Injury Benefits	<u>1,778,505</u>	<u>1,967,306</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>
Cash Funds	0	1,967,306	3,200,000	3,200,000	3,200,000
Reappropriated Funds/Cash Fund Exempt	1,778,505	0	0	0	0
Subsequent Injury Legal Services	1,157	15,555	26,383	26,383	pending
Hours	<u>16.1</u>	<u>207.1</u>	<u>350.0</u>	<u>350.0</u>	<u>350.0</u>
Cash Funds	0	15,555	26,383	26,383	
Reappropriated Funds/Cash Fund Exempt	1,157	0	0	0	
Medical Disaster	<u>253</u>	<u>794</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Cash Funds	0	794	6,000	6,000	6,000
Reappropriated Funds/Cash Fund Exempt	253	0	0	0	0

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm. With PERA Reduction	Request
						<i>Request vs. Appropriation</i>
Total - (5) (B) Major Medical Insurance and Subsequent Injury Funds	9,170,961	9,099,302	11,606,239	11,606,239	11,554,521	0.0%
FTE	<u>12.9</u>	<u>12.7</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>0.0%</u>
Cash Funds	0	8,012,499	11,606,239	11,606,239	11,554,521	0.0%
Reappropriated Funds/Cash Fund Exempt	9,170,961	1,086,803	0	0	0	n/a
						<i>Request vs. Appropriation</i>
TOTAL - (5) DIVISION OF WORKERS' COMPENSATION	18,871,482	18,846,496	22,042,355	22,132,134	19,340,394	0.4%
FTE	<u>105.8</u>	<u>108.8</u>	<u>118.0</u>	<u>118.0</u>	<u>118.0</u>	<u>0.0%</u>
Cash Funds	9,699,555	17,759,693	22,042,355	22,132,134	19,340,394	0.4%
Reappropriated Funds / Cash Funds Exempt	9,171,927	1,086,803	0	0	0	n/a
						<i>Request vs. Appropriation</i>
GRAND TOTAL - DEPARTMENT OF LABOR AND EMPLOYMENT	152,264,389	165,153,847	170,021,204	158,808,434	138,828,109	-6.6%
FTE	<u>1,028.5</u>	<u>1,086.6</u>	<u>1,129.6</u>	<u>1,042.9</u>	<u>1,045.5</u>	<u>-7.7%</u>
Cash Funds	35,915,814	54,620,714	61,457,522	60,682,543	49,934,756	-1.3%
Reappropriated Funds / Cash Funds Exempt	14,810,471	2,875,552	12,862,070	1,639,888	1,085,921	-87.3%
Federal Funds	101,538,104	107,657,581	95,701,612	96,486,003	87,807,431	0.8%

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(1) EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office provides services to all divisions including accounting, budgeting and human resources.

Personal Services

Description: This line funds the Executive Director, accounting, budget, purchasing, human resources, and general support staff. Funding splits for the entire Executive Director's Office are done on a bottom-line basis, and a recommendation for an overall funding split is provided at the end of this Division.

Staffing Summary Executive Director's Office	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request.	FY 2010-11 Recomm.
Administration / Management*	8.0	8.0	7.0	7.0
Financial	16.1	17.0	17.0	17.0
Info. Technology*	53.0	57.0	0.0	0.0
Professional Staff*	33.9	35.1	32.1	32.1
Investigators / Auditors	8.0	8.0	8.0	8.0
Staff Support*	21.4	21.9	17.9	17.9
Maintenance	16.4	16.4	16.4	16.4
Contracts, and Temporary Staff	1.5	1.5	1.5	1.5
TOTAL	158.3	164.9	99.9	99.9

* The request for FY 2010-11 includes the reduction of a total of 65.0 FTE for the OIT consolidation.

Request: The Department's request is for an appropriation of \$7,707,782 total funds and 99.9 FTE. This request includes the non-prioritized Governor's Office of Information Technology (OIT) decision item.

Recommendation: **Staff recommends an appropriation of \$7,580,021 and 99.9 FTE calculated in accordance with Committee policy for this line.** Staff's calculation is summarized in the following table.

Executive Director's Office - Personal Services		
	Total Funds	FTE
FY 2009-10 Appropriation	13,022,715	164.9
FY 2009-10 Supplementals	(60,882)	0.0

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Executive Director's Office - Personal Services		
	Total Funds	FTE
Subtotal FY 2009-10 Appropriation	12,961,833	164.9
Annualize Letternote Supplemental	20,000	0.0
Restore FY 2009-10 Personal Services Reduction	280,679	0.0
2.5% PERA Reduction	(249,827)	0.0
NP - OIT Consolidation	(5,432,664)	(65.0)
Recommended FY 2010-11 Appropriation	7,580,021	99.9

Health, Life, and Dental

This line funds the Department's share of the state's group health, life and dental insurance plans for state employees. Health, life, and dental is appropriated to the Executive Director's Office and distributed as needed to the divisions. The Department request an appropriation of \$5,763,207 total funds, reflecting the total compensation budget amendment. **Staff's recommendation is pending the approval of a Committee policy for this line.**

Short-term Disability

This line item funds the Department's share of the state's short-term disability program which is administered by the Department of Personnel and Administration (DPA). The Department requests an appropriation of \$99,167 for this purpose, reflecting the total compensation budget amendment. The JBC approved a short-term disability rate of 0.155 percent of FY 2008-09 base salaries. **Staff recommends an appropriation of \$91,058 which was calculated in accordance with the Committee policy for this line.**

S.B. 04-257 Amortization Equalization Disbursement

This line funds the costs associated with S.B. 04-257, which requires additional state contribution for employees in the Public Employees' Retirement System (PERA). The rate for CY 2009 is 2.2 percent of FY 2008-09 base salaries, and 2.6 percent of FY 2008-09 base salaries for CY 2010. The Department requests an appropriation of \$1,535,485, reflecting the total compensation budget amendment. **Staff recommends an appropriation of \$1,409,937 which was calculated in accordance with the Committee policy for this line.**

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Senate Bill 06-235 created a mechanism to increase the state's PERA contribution rate beginning on January 1, 2008. The Department requests an appropriation of \$1,119,624, reflecting the total compensation budget amendment. The Committee approved rates for CY 2009 and CY 2010 are

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

1.5 percent and 2.0 percent of base salaries, respectively. **Staff recommends an appropriation of \$1,028,079 which was calculated in accordance with Committee policy for this line.**

Salary Survey and Senior Executive Services

Pursuant to Section 24-50-104 (4) (c), C.R.S., DPA's total compensation report recommends salary adjustments for each year which are funded by this line. The Department did not request funding for this line. In accordance with Committee policy, **staff recommends no salary survey be funded for FY 2010-11.**

Performance-Based Pay Awards

Employee performance-based pay is centrally appropriated and funded by this line pursuant to Section 24-50-104 (1) (c) (I), C.R.S. The Department did not request funding for this line. In accordance with Committee policy, **staff recommends no performance-based pay awards be funded for FY 2010-11.**

Shift Differential

Description: This line funds the additional compensation paid to employees who work after regular hours. The Department has custodial staff working after hours at 251 E. 12th Avenue in Denver, as well as, information technology staff working nights doing job runs of the Department's computer programs.

Request: The Department has requested an appropriation of \$28,962, reflecting an increase of \$2,662 for DPA's total compensation adjustment. The Department's request does not include a reduction for the non-prioritized OIT decision item which impacts this line because of the IT staff shift differential.

Recommendation: Pursuant to Committee policy to set shift differential at 80.0 percent of the FY 2008-09 actual, **staff recommends an appropriation of \$11,368 for Department custodial staff only.** In FY 2008-09 the Department spent a total of \$36,203 on shift for both custodial staff and IT staff. Of this amount, \$21,993 was spent on IT staff, and \$14,210 was spent on shift for custodial staff.

Workers' Compensation

This line item is used to pay the Department's share of the state's workers' compensation program run by DPA. The Department requests an appropriation of \$643,075 reflecting an increase of \$61,484 for DPA's total compensation adjustment. **The staff recommendation for this line item is pending the approval of a Committee policy.**

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Operating Expenses

The Department requests an appropriation of \$1,755,668, reflecting a reduction of \$5,228 to annualize the FY 2009-10 decision item #3 for an internal audit program, and an increase of \$222,494 for the non-prioritized OIT decision item. **Staff recommends an appropriation of \$1,759,608** as is outlined in the table below.

Executive Director's Office - Operating Expenses	
	Total Funds
FY 2009-10 Appropriation	\$1,555,442
FY 2009-10 Supplementals	1,555,442
Annualize FY 2009-10 DI #3 - Internal Audit Program	(5,228)
Annualize FY 2009-10 Mail Equipment	(13,100)
NP - OIT Consolidation	222,494
Recommended FY 2010-11 Appropriation	1,759,608

Legal Services

This line item is used to pay the Department of Law for the provision of legal services to all divisions. The Department has requested the funding for 7,905 hours. **Staff recommends an appropriation sufficient for 7,905 hours, and the dollar amount is pending the Committee policy for FY 2010-11 legal hour rates.**

Purchase of Services from Computer Center

This line item is used to reimburse DPA for the Department's share of the state's computer system. The Department requests \$5,898,496, which includes an increase of \$4,434,381 for the non-prioritized OIT decision item. **Staff recommendation is pending the approval of a Committee policy for this line.**

Multiuse Network Payments

This line item reimburses DPA for the Department's share of the statewide multi-use network. The Department is requesting an appropriation of \$831,344, which includes an increase of \$769,725 for the non-prioritized OIT decision item. **Staff recommendation is pending the approval of a Committee policy for this line.**

Management and Administration of OIT

Description: This line was added during the FY 2008-09 supplemental process, and was requested by the Governor's Office. This line item consolidates the appropriations for the 3.0 FTE that were

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

transferred to OIT as a result of S.B. 08-155, and the 67.0 FTE that are transferred to OIT in FY 2010-11.

Request: The Department requests an appropriation of \$432,693, which includes an increase of \$250,409 for the non-prioritized OIT decision item.

Recommendation: **Staff recommendation is pending the approval of a Committee policy for this line.**

Payment to Risk Management and Property Funds

This line item is used to reimburse DPA for the Department's share of the state's liability and property insurance. The Department requests an appropriation of \$21,386, reflecting a decrease of \$62,757 for DPA's common policy adjustment. **Staff recommendation is pending the approval of a Committee policy for this line.**

Vehicle Lease Payments

Description: Funding for annual payment to DPA for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles pursuant to Section 24-30-1117, C.R.S. is provided by this line.

Request: The Department requests an appropriation of \$97,461. This request includes decision item #1 which would add two vehicles for the Denver conveyance program and the non-prioritized vehicle lease payment decision item.

Recommendation: **Staff recommends the Committee approve two vehicles leased at a rate of \$25 per month for decision item #1 for FY 2010-11.** To account for the transfer of the public school inspection staff to the Department of Public Safety, **staff recommends the transfer of the three vehicles used by the public school inspection staff to the Department of Public Safety.** **The dollar amount for this line is pending the approval of a Committee policy for this line.**

Leased Space

The Department leases space across Colorado and is responsible for lease escalations. The Department's request of \$3,896,503 which is summarized in the table below. **Staff recommends the Committee approve the request for \$3,896,503.**

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Executive Director's Office - Leased Space									
Location	FY 2008-09 Actual			FY 2009-10 Approp.			FY 2010-11 Request		
	Area	Rate	Total	Area	Rate	Total	Area	Rate	Total
State Run One-Stop Locations	62,357	\$4.05-\$28.80	\$632,667	62,357	\$4.05-\$28.80	\$643,944	62,357	\$4.05-\$28.80	\$643,944
Colorado Springs - Labor & UI	2,818	\$16.50	\$46,497	2,818	\$17.00	\$47,892	2,818	\$17.00	\$47,892
Aurora - Workforce Development	335	\$8.83	\$2,958	335	\$9.09	\$3,045	335	\$9.09	\$3,045
633 17 th Avenue	172,240	\$17.41	\$3,007,126	172,240	\$18.56	\$3,201,622	172,240	\$18.56	\$3,201,622
TOTAL	237,750		\$3,689,248	237,750		\$3,896,503	237,750		\$3,896,503

Capitol Complex Leased Space

Capitol complex space is maintained by DPA. The Department requests \$31,812 which is outlined in the following table. **The staff recommendation is pending the approval of a Committee policy for this line.**

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

Communication Services Payment

This line item provides the funds for the Department's share of the state's public safety communications infrastructure, which is maintained by DPA. The Department requests \$1,121 for this purpose. **Staff recommendation is pending the approval of a Committee policy for this line.**

Utilities

Since the building at 251 E. 12th Avenue is owned by the state, the Department is responsible for the utilities, and the Department requests a continued appropriation of \$260,309 for this purpose. **Staff recommends the Department's request for \$260,309 pursuant to Committee policy.**

Information Technology Asset Maintenance

The Department relies extensively on computers and databases to track constituents that pay fees and taxes to support its programs, as well as to track those who qualify for workers' compensation and unemployment insurance benefits. This line is used to purchase Microsoft software for

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

computers and databases. The Department requests \$553,627 for this purpose. **Staff recommends the Department's request for an appropriation of \$553,627.**

Statewide Indirect Cost Assessment

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries are intended to offset these overhead costs, that would otherwise have been supported by General Fund. Recoveries from cash and federally funded programs are calculated for statewide and departmental overhead costs. The Department requests an appropriation of \$525,190, reflecting the indirect cost budget amendment. **Staff recommendation is pending the approval of a Committee common policies.**

Disaster Recovery

This line was added to the FY 2008-09 Long Bill to account for FY 2008-09 decision item #2 which funded the disaster recovery plan. **This was one time funding, and the line appears in staff's number pages for informational purposes only. This line will not appear in the FY 2010-11 Long Bill.**

Bottom Line Funding Recommendation

Since the Executive Director's Office is funded by various sources, bottom line funding gives the Department the flexibility to apply federal funds in particular, to appropriate lines in order to cover expenses. **Staff recommends the Executive Director's Office remain bottom line funded, and staff requests permission to apply a bottom line fund split once pending line items are established.**

(2) DIVISION OF EMPLOYMENT AND TRAINING

(A) Unemployment Insurance Programs

Description: The Department is responsible for administering Colorado's Unemployment Insurance Programs (UI Programs). UI Programs provide temporary benefits to individuals who have lost their job through no fault of their own. Functional responsibilities include general administration, tax collection from employers, payment of benefits, integrity including employer audits, operating the call center, ruling on claimant appeals, and quality control measures. The state is responsible for collecting federal taxes on the first \$7,000 and state premiums and surcharges on the first \$10,000 of wages.

The Unemployment Insurance Fraud Program (UI Fraud) was combined with the UI Programs line item in FY 2009-10 to enable both programs to receive the maximum amount of federal funds. UI Fraud staff notify recipients of benefit overpayments, collect overpayments, audit employers, and

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

investigate potential benefit fraud. Funding for this line is from the Unemployment Revenue Fund, which receives revenue from interest collected on late taxes and overpayments that have not been repaid, and fees assessed on employers for late tax payments.

Funding for the Employment Support Fund and the Unemployment Insurance Trust Fund
Current Solvency Status of the Funds

Currently the Unemployment Insurance Trust Fund (UITF) is insolvent. The insolvency of the UITF is due to high demand for benefits, and funding mechanisms that were established in the late 1980's and never updated. The Employment Support Fund (ESF) is projected to become insolvent during FY 2012-13. The ESF accounts for approximately 40.0 percent of the Department's cash funds, and the insolvency of the ESF will provide major funding problems for the Department. This is already apparent by the Department not requesting funding for the Internet Self-Service staff because the ESF is not considered a viable source of funding due to the projected insolvency.

UITF and ESF Funding Mechanisms

The following table details the various funding mechanisms of the UITF and the ESF. For more detail see Appendix A on page 43 for descriptions of the various funding mechanisms.

Revenue Source	Low	High	Wage Base	Notes -
Federal UI Tax	0.8%	6.2%	\$7,000	Employers in good standing receive a tax break of 5.4%. Currently there are no employers in Colorado who do not receive the 5.4 percent federal tax break.
Regular UI Premium	0.0%	5.4%	\$10,000	The regular premium rate is based on the employer's experience rating with the state.
UI Surcharge	0.22%	0.22%	\$10,000	Established in Section 8-76-102 (4) (d), C.R.S. Only funding source for the ESF, which receives 50% of the UI surcharge.
UI Solvency Premium	0.0%	5.4%	\$10,000	Dependent on UITF balance

Options to Improve ESF and UITF Solvency

There are four options available to the General Assembly to improve the solvency of the ESF:

- ▶ Allow the ESF to go insolvent which would then require General Fund backfill, do not address UITF funding issues;
- ▶ Change the unemployment insurance surcharge;
- ▶ Increase the wage base; or,
- ▶ Do nothing.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Option 1 - Backfill ESF dollars with General Fund dollars

If the General Assembly decides to not address the impending ESF insolvency, then the Department would most likely require General Fund dollars to replace ESF cash fund dollars to continue funding statewide employment programs. The backfill of General Fund dollars starting in FY 2012-13 could range anywhere from \$600,000 to a couple of millions just in the first year. Since the funding mechanism is not designed to increase if the fund is insolvent, it is not likely the ESF will be able to become solvent again if the current revenue and expenditure trends continue. **Staff does not recommend this option, because this option does not address funding issues for either fund.**

Option 2 - Increase the UI Surcharge

Prior to January 1, 2000 the unemployment insurance surcharge (UI surcharge) was calculated by the Department based on the total amount of benefits not charged to any employer divided by all employers total taxable payroll, rounded to the nearest one-tenth of one percent. Pursuant to Section 8-76-102 (4) (d), C.R.S. starting on January 1, 2000 the UI surcharge is 0.22 percent, and fifty percent of the UI surcharge is deposited into the ESF. All employers are required to pay the UI surcharge, except employers who have had no employees draw UI benefits.

The following table outlines the projected revenue increase if the wage base remains the same, and the UI surcharge is increased. If the UI surcharge is increased revenue for both funds will increase.

UI Surcharge	Wage Base	Total Revenue*	Revenue to ESF (50% of Total)	Change from 0.22%
0.22%	10,000	44,000,000	22,000,000	
0.24%	10,000	48,000,000	24,000,000	2,000,000
0.26%	10,000	52,000,000	26,000,000	4,000,000
0.28%	10,000	56,000,000	28,000,000	6,000,000
0.30%	10,000	60,000,000	30,000,000	8,000,000
0.32%	10,000	64,000,000	32,000,000	10,000,000

*Total revenue assumes 2.0 million employee wages subject to the UI surcharge.

Staff does not recommend this option because it does not address the overall problem of funding the UITF. Option 2 only partly addresses the projected insolvency of the ESF.

Option 3 - Increase the Wage Base

Staff recommends the Committee sponsor legislation that will increase the chargeable wage base starting in FY 2010-11. If the General Assembly decides to change the wage base, both the ESF and the UITF will be impacted. Increasing the wage base will shorten the time period for which

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

the UITF is insolvent, and decrease the severity of the ESF's projected insolvency. There are two ways the General Assembly could change the wage base:

- ▶ Making the wage base a percentage of the previous calendar year average wage; or,
- ▶ Set the wage base in statute.

Staff does not recommend making the wage base a percentage of the previous calendar years average wage for two reasons. First, revenue for the UITF and the ESF would become even more volatile than it currently is because revenue would be dependent on the number of employees in the state and the average wage. Currently revenue from the wage base is only dependent on the number of employees in the state. Second, this could encourage employers to keep wages the same or decrease wages so that the wage base would also decrease.

Staff recommends that the wage base be set in statute, providing the General Assembly with the ability to go in and change the wage base as needed. The following table outlines staff's recommendation in regards to how much the wage base would increase by for the next six years:

Calendar Year	Wage Base	Change from Previous Year	Change from Original Base
January 1, 2010	10,000		
January 1, 2011	10,500	500	500
January 1, 2012	11,000	500	1,000
January 1, 2013	12,000	1,000	2,000
January 1, 2014	13,000	1,000	3,000
January 1, 2015	14,000	1,000	4,000
January 1, 2016	15,000	1,000	5,000

Currently, Colorado's wage base is \$10,000 and has not been changed since 1988 by H.B. 86-1012. States surrounding Colorado have a wide range of wage bases, ranging from a high in Utah of \$27,800 to a low in Arizona of \$8,000. For more detail on surrounding states wage bases and weekly benefit amounts see Appendix B on page 46.

If the wage base had grown along with the average wage, the current wage base would be \$21,168. The following table shows how wages have grown in comparison to the wage base.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Year	Average Wages	Wage Base	Wage Base as Percent of Average Wages
1988	21,113	10,000	47.4%
2008	44,659	10,000	22.4%

While the wage base has not increased with the growth of wages, the average weekly UI benefit amount has increased with the growth of wages. The following table outlines how the average weekly benefit has increased along with wages.

Year	Average Weekly UI Benefit	Average Weekly Wage	Weekly Benefit as a Percent of Weekly Wage
1988	155.53	\$406	38.3%
2008	336.24	\$859	39.2%

If the General Assembly decides to address funding problems by increasing the wage base, revenue for both the UITF and ESF will increase. Revenue from the multiple premiums and surcharges for the UITF will increase as outlined in the following table. The majority of employers fall into the low revenue estimate category, and few employers fall into the high revenue estimate category. See the table on page 22 for details on the rates used to calculate each estimate.

Estimated UITF Fiscal Year Revenue if Wage Base is Increased			
Wage Base	Low Revenue Estimate	Middle Revenue Estimate	High Revenue Estimate
\$10,000	\$196,000,000	\$1,056,000,000	\$3,072,000,000
10,500	201,300,000	1,103,200,000	3,182,200,000
11,000	204,400,000	1,150,400,000	3,292,400,000
12,000	212,800,000	1,244,800,000	3,512,800,000
13,600	226,240,000	1,395,840,000	3,865,440,000
14,000	229,600,000	1,433,600,000	3,953,600,000
15,000	238,000,000	1,528,000,000	4,174,000,000

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

For the ESF, revenue from the UI surcharge will increase as follows:

Estimate ESF Revenue if the Wage Base is Increased			
Wage Base	2.0 million Employees	Change from Base	ESF Revenue
\$10,000	\$44,000,000		
10,500	46,200,000	2,200,000	1,100,000
11,000	48,400,000	4,400,000	2,200,000
12,000	52,800,000	8,800,000	4,400,000
13,000	57,200,000	13,200,000	6,600,000
13,500	59,400,000	15,400,000	7,700,000
14,000	61,600,000	17,600,000	8,800,000
15,000	66,000,000	22,000,000	11,000,000

Cost to Employers

The impact of increasing the wage base will be felt by Colorado employers. The following table outlines the increased cost to employers as the wage base increases. The costs shown in the table are per employee. Again, most employers fall under the low employer cost, and the increase as the wage base increases will be minimal.

Estimate Employer Costs Per Employee			
Wage Base	Low Employer Costs	Middle Employer Costs	High Employer Costs
\$10,000	\$98	\$528	\$1,536
10,500	100	552	1,591
11,000	102	575	1,646
12,000	106	622	1,756
13,600	113	698	1,933
14,000	115	717	1,977
15,000	119	764	2,087

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

The following table shows the rates used to calculate the low, middle, and high employer costs.

Rates Used to Calculate Employers Costs at Colorado Rates				
	Federal UI Tax	Regular UI Premium	UI Surcharge	UI Solvency Surcharge
Low Employer Rates	0.8%	0.0%	0.22%	0.2%
Middle Employer Rates	0.8%	1.7%	0.22%	2.8%
High Employer Rates	6.2%	5.4%	0.22%	5.4%

Option 4 - Do Nothing

Staff does not recommend this option because the programs supported by the ESF are fundamental to helping Colorado recover from any economic downturn, and the state is required to maintain UI Programs. Funding mechanisms for the UITF were established in the late 1980's and significant changes have happened to Colorado's employment environment since then, which have not been accounted for by these mechanisms.

Conclusion

The UITF is currently insolvent, and Colorado is borrowing federal funds to pay UI benefits. While interest is not being charged on any funds borrowed or owned in 2010, starting January 1, 2011 the federal government will begin charging interest on these funds. Increasing the wage base will shorten the amount of time the UITF is insolvent, and decrease the amount of funds Colorado has to borrow. For the ESF, increasing the wage base at the recommended rate will not prevent the fund from going insolvent will help to minimize the amount of dollars that need to be backfilled.

Program Costs

Description: The appropriation for UI Programs is done on the basis of total program costs which includes personal services and operating expenses. Program staff are responsible for the payment of benefits and tax collection functions, and fraud investigations.

Staffing Summary UI Programs	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recomm.
Administration / Management*	42.0	42.0	41.0	41.0
Operations - Tax Collection	77.0	77.0	77.0	77.0
Operations - Benefit Payment	203.1	210.9	204.7	205.1
Integrity - Tax Audits	30.0	30.0	30.0	30.0
Integrity - Quality Control	40.0	40.0	40.0	40.0

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Staffing Summary UI Programs	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recomm.
Appeals	48.0	48.0	48.0	48.0
UI Fraud				
Administrative / Management	4.0	4.0	4.0	4.0
Collections	5.0	5.0	5.0	5.0
Labor & Employment Specialists	12.0	12.0	12.0	12.0
Criminal Investigators	5.0	5.0	5.0	5.0
UI Fraud Subtotal	26.0	26.0	26.0	26.0
TOTAL	466.1	473.9	466.7	467.1

* The FY 2010-11 request includes a reduction of 1.0 FTE for the OIT consolidation.

Request: The Department requests an appropriation of \$34,896,619 total funds and 466.7 FTE. This request includes the non-prioritized OIT decision item.

Recommendation: **Staff recommends an appropriation of \$34,203,382 and 467.1 FTE, calculated in accordance with Committee policy.** For the pending line, staff requests permission to adjust the line and apply a funding split once Committee policy on mail equipment and postage increase has been decided. Staff's recommendation is outlined in the following table.

Unemployment Insurance Program - Program Costs				
	CF	FF	Total Funds	FTE
FY 2009-10 Appropriation	7,337,458	27,763,868	35,101,326	467.5
FY 2009-10 Supplementals	19,120	7,393,240	7,412,360	0.4
S.B. 09-247	734,192	1,055,392	1,789,584	6.2
S.B. 09-247 Technical Supplemental	(734,192)	734,192	0	0.0
H.B. 09-1310	10,815	0	10,815	0.2
Subtotal FY 2009-10 Appropriation	7,367,393	36,946,692	44,314,085	474.3
Annualize S.B. 09-247	0	(1,696,423)	(1,696,423)	(6.2)
Annualize H.B. 09-1310	0	0	0	0.0
Annualize FY 2009-10 Mail Equipment	0	(141,319)	(141,319)	0.0
Annualize One-time Supplemental	0	(7,549,591)	(7,549,591)	0.0
2.5% PERA Reduction	(129,637)	(518,548)	(648,185)	0.0

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Unemployment Insurance Program - Program Costs				
	CF	FF	Total Funds	FTE
NP - OIT Consolidation	0	(75,185)	(75,185)	(1.0)
NP - Mail Equipment			<u>pending</u>	
Recommended FY 2010-11 Appropriation	7,237,756	26,965,626	34,203,382	467.1

Internet Self-Service

Description: This line was added in FY 2008-09 to show the operating portion of the Internet Self-Service project.

Request: The Department did not request an appropriation for this line item.

Recommendation: **Staff recommends an appropriation of \$162,948 cash funds from the Employment Support Fund and 2.5 FTE for this line item.** Staff's recommendation reflects a reduction of \$4,178 from the FY 2009-10 appropriation to account for the state PERA contribution reduction. Staff recommends the Committee approve funding for this line even though the Department did not request it because of the importance of having Department staff working with contractors on this project. Without this funding the Department will not have funding for Department staff to continue working with contractors through the completion of this project.

Unemployment Insurance Fraud Program - Program Costs

This line item was combined with the Unemployment Insurance Programs line item starting in FY 2009-10 and for all years thereafter. These lines are in **staff's numbers pages for informational purposes only, and will not appear in the FY 2010-11 Long Bill.**

Unemployment Benefits

Pursuant to Section 8-77-104 (1), C.R.S., the payment of unemployment benefits is not subject to appropriation by the General Assembly, and is not included in the Long Bill. For FY 2010-11 the Department estimates it will pay \$637,869,586 in benefits. Unemployment benefits are included in staff's numbers pages because they reflect a major Department expenditure, but do not appear in the Long Bill because they are not appropriated.

Starting in FY 2009-10 revenue into the Unemployment Insurance Trust Fund is not counted against the TABOR revenue limit, because the Unemployment Insurance Programs were designated as an enterprise, pursuant to Section 8-71-103 (2) (a), C.R.S. The Department estimates \$482,043,224 will be collected in FY 2010-11.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(B) Employment and Training Programs

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

State Operations

Description: This line funds the eleven state run rural workforce investment areas that make up the Rural Consortium. One region can have anywhere from one to six one-stop centers. Each one-stop center provides job search assistance, classes, and services for individuals with special needs. This line covers expenses for state run one-stop centers, of which there are thirty-four. Funding for the county run centers is done in the One-Stop County Contracts line item.

Staff Summary State Operations	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2009-10 Request	FY 2010-11 Recomm.
Labor and Employment Specialists	131.4	136.7	123.7	123.7
Professional Staff	5.6	7.0	7.0	7.0
IT Staff*	0.5	1.0	0.0	0.0
Community Workers	4.6	6.0	6.0	6.0
Administrative Support	5.0	5.0	5.0	5.0
Management	1.0	2.0	2.0	2.0
TOTAL	148.1	157.7	143.7	143.7

*The FY 2010-11 request includes a reduction of 1.0 FTE for the OIT consolidation

Request: The Department requests an appropriation of \$13,970,853 and 143.7 FTE for this line. This request includes decision item #3 to transfer funds and FTE from this line to the One-Stop County Contracts line.

Decision Item #3

Request: The Department requests as decision item #3, the transfer of \$1,470,328 federal funds and 13.0 FTE from this line be transferred to the One-Stop County Contract line item to reflect the transfer of responsibilities from the state centers to the county centers.

Analysis: This transfer was requested and approved as a FY 2009-10 supplemental. This decision item is not in addition to the supplemental, but reflects a continuation of the supplemental as a permanent transfer of funds and FTE. Therefore, since the Committee approved the transfer of funds and FTE in FY 2009-10, staff recommends this transfer continue in FY 2010-11 and beyond.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Decision Item Recommendation: Staff recommends that the Committee approve this decision item in part, and annualize the FY 2009-10 supplemental for so the transfer of funds and FTE that occurred in FY 2009-10 become a permanent transfer of funds and FTE.

Recommendation: Staff recommends an appropriate \$13,782,415 and 143.7 FTE calculated in accordance with Committee policy, and reflecting staff's recommendation on decision item #3. The following table outlines staff's recommendation.

State Operations - Program Costs					
	CF	RF	FF	Total Funds	FTE
FY 2009-10 Appropriation	9,429,769	9,600	6,083,539	15,522,908	158
FY 2009-10 Supplementals	(24,365)	0	(1,519,058)	(1,543,423)	(13)
Subtotal FY 2009-10 Appropriation	9,405,404	9,600	4,564,481	13,979,485	144.7
Restore FY 2009-10 Personal Services Reduction	24,365	0	48,730	73,095	0
Annualize FY 2009-10 Mail Equipment	0	0	(3,889)	(3,889)	0
DI #3 - Transfer Wagner/Peyser Funds	0	0	0	0	0
2.5% PERA Reduction	(128,404)	0	(62,920)	(191,324)	0
NP - OIT Consolidation	(37,476)	0	(37,476)	(74,952)	(1.0)
Recommended FY 2010-11 Appropriation	9,263,889	9,600	4,508,926	13,782,415	143.7

One-Stop County Contracts

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

Request: The Department requests an appropriation of \$9,164,335 federal funds and 28.0 FTE. This request includes decision item #3 to transfer funds and FTE from this line to the One-Stop County Contracts line.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Decision Item #3

Request: The Department requests as decision item #3, the transfer of \$1,470,328 federal funds and 13.0 FTE from the State Operations line be transferred to this line item to reflect the transfer of responsibilities from the state centers to the county centers.

Analysis: This transfer was requested and approved as a FY 2009-10 supplemental. This decision item is not in addition to the supplemental, but reflects a continuation of the supplemental as a permanent transfer of funds and FTE. Therefore since the Committee approved the transfer of funds and FTE in FY 2009-10, staff recommends this transfer continue in FY 2010-11 and beyond.

Decision Item Recommendation: **Staff recommends that the Committee approve this decision item in part, and annualize the FY 2009-10 supplemental for so the transfer of funds and FTE that occurred in FY 2009-10 become a permanent transfer of funds and FTE.**

Recommendation: **Staff recommends an appropriation of \$9,123,544 federal funds and 28.0 FTE, calculated in accordance with Committee policy and is outlined in the following table.** Staff's recommendation reflects staff's recommendation on decision item #3.

One-Stop County Contracts - Program Costs		
	Federal Funds	FTE
FY 2009-10 Appropriation	7,694,007	15.0
FY 2009-10 Supplementals	1,470,328	13.0
Subtotal FY 2009-10 Appropriation	9,164,335	28.0
2.5% PERA Reduction	(40,791)	0.0
Recommended FY 2010-11 Appropriation	9,123,544	28.0

Trade Adjustment Act Assistance

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

Request: The Department requests \$3,837,827 federal funds, reflecting an anticipated increase of \$1,916,001 federal funds.

Recommendation: **Staff recommends an appropriation of \$3,837,827 federal funds.** Staff believes it is useful for the Long Bill to accurately reflect the anticipated level of federal funding.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Workforce Investment Act

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

Request: The Department requests \$32,223,045 and 60.0 FTE of which \$807,540 is cash funds and \$31,415,505 are federal Workforce Investment Act funds. This request includes an anticipated decrease of \$957,826 federal funds.

Recommendation: **Staff recommends an appropriation of \$32,145,041 and 60.0 FTE.** The following table summarizes staff's calculations, with a recommended funding split for FY 2010-11.

Workforce Investment Act - Program Costs				
	CF	FF	Total Funds	FTE
FY 2009-10 Appropriation	807,540	32,373,331	33,180,871	60.0
FY 2009-10 Supplementals	0	(24,365)	(24,365)	0.0
Subtotal FY 2009-10 Appropriation	807,540	32,348,966	33,156,506	60.0
Restore FY 2009-10 Personal Services Reduction	0	24,365	24,365	0.0
Federal Funds Adjustment	0	(957,826)	(957,826)	0.0
2.5% PERA Reduction	0	(78,004)	(78,004)	0.0
Recommended FY 2010-11 Appropriation	807,540	31,337,501	32,145,041	60.0

Workforce Development Council

Description: Senate Bill 08-231 transferred \$466,016 reappropriated funds and 4.0 FTE for the Workforce Development Council (Council) from the Department of Local Affairs to the Department. The Council contracts directly with county-operated centers to provide services for people with disabilities, and was created in order to meet the requirements of Title I of the federal *Workforce Investment Act of 1998*. The Council is responsible for designating local workforce investment areas, coordinating in the delivery of workforce development programs; and reviewing the allocation of federal Title I funds for adult employment and training activities and youth activities.

Council and staff are supported by funds transferred to the Department from other departments that receive allocations of federal funds, including the Departments of Human Services (DHS), Education (CDE), and Local Affairs (DOLA), and the Community Colleges (CCOES). The Office of State Planning and Budgeting (OSPB) is required to annually determine each agency's contributions. For FY 2009-10, the OSPB established the following allocations based on the amount of relevant federal funds in each department:

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Department	DOLE	DHS	CCOES	DOLA	CDE	Total
FY 2009-10 Federal Funding	\$42,453,179	\$13,078,151	\$17,176,588	\$994,629	\$6,267,915	\$79,970,462
Percent Allocation	53.1%	16.4%	21.5%	1.2%	7.8%	100.0%
Allocation	\$247,389	\$76,212	\$100,096	\$5,798	\$36,526	\$466,021

Request: The Department is requesting \$466,016 in reappropriated funds and 4.0 FTE.

Recommendation: **Staff recommends an appropriation of \$459,547 reappropriated funds and 4.0 FTE.** Staff's recommendation is outlined in the following table.

Workforce Development Council		
	Reapprop. Funds	FTE
FY 2009-10 Appropriation	466,016	4.0
FY 2009-10 Supplementals	(8,884)	0.0
Subtotal FY 2009-10 Appropriation	457,132	4.0
Restore FY 2009-10 Personal Services Reduction	8,884	0.0
2.5% PERA Reduction	(6,469)	0.0
Recommended FY 2010-11 Appropriation	459,547	4.0

Workforce Improvement Grants

Description: Workforce improvement grants are federal and private grants awarded to the Workforce Development Council for the development of workforce development activities typically directed at special populations.

Request: The Department requests an appropriation of \$870,000 and 10.0 FTE.

Recommendation: **Staff recommends an appropriation of \$860,036 of which \$840,036 is federal funds and \$20,000 is cash funds, and 10.0 FTE.** This recommendation includes a reduction of \$9,964 federal funds for the 2.5 percent employer PERA contribution reduction.

TANF-Supported Subsidized Employment

This line item was added to the FY 2009-10 Long Bill through the supplemental process to reflect reappropriated funds received from the Department of Human Services for employment subsidization. These funds were made available by the American Recovery and Reinvestment Act

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

of 2009, and were available for FY 2009-10 only. This line is in **staff's numbers pages for informational purposes only, and will not appear in the FY 2010-11 Long Bill.**

(C) Labor Market Information

Program Costs

Description: Labor Market Information (LMI) provides information on employment trends across the state and various trades, unemployment numbers, and job growth information. LMI works with state and county one-stop centers to provide relevant training classes in fields that are growing or have potential long-term growth in Colorado.

Staffing Summary Labor Market Info.	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Administration / Management	4.6	5.0	5.0	5.0
Labor Market Research Staff	10.1	13.0	13.0	13.0
IT Staff	1.7	2.0	2.0	2.0
Arts Professional	1.0	1.0	1.0	1.0
Statistical Analyst	7.3	9.3	9.3	9.3
TOTAL	24.7	30.3	30.3	30.3

Request: The Department requests an appropriation of \$2,040,598 and 30.3 FTE for this purpose.

Recommendation: **Staff recommends an appropriation of \$1,995,724 and 30.3 FTE.** The calculation of the appropriation amount is shown in the following table and is in accordance with Committee policy.

Labor Market Information - Program Costs				
	CF	FF	Total Funds	FTE
FY 2009-10 Appropriation	11,509	2,031,822	2,043,331	30.3
FY 2009-10 Supplementals	0	(62,505)	(62,505)	0.0
Subtotal FY 2009-10 Appropriation	11,509	1,969,317	1,980,826	30.3
Annualize FY 2009-10 Mail Equipment	0	(2,101)	(2,101)	0.0
Restore FY 2009-10 Personal Services Reduction	0	62,505	62,505	0.0
2.5% PERA Reduction	0	(45,506)	(45,506)	0.0
Recommended FY 2009-10 Appropriation	11,509	1,984,215	1,995,724	30.3

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(3) DIVISION OF LABOR

Program Costs

Description: The Division of Labor ensures the compliance of Colorado's labor laws, and facilitates labor dispute resolution and mediation. House Bill 06S-1017 requires employers to keep records of employee identification and authorized the Department to conduct random audits, and investigate complaints. In FY 2004-05 the personal services and operating expenses lines were combined, and the Division is funded from the Employment Support Fund pursuant Section 8-77-109, C.R.S.

Staffing Summary Division of Labor	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Management	1.0	1.0	1.0	1.0
Professional Staff	11.0	13.0	13.0	13.0
Administrative Staff	1.0	1.0	1.0	1.0
TOTAL	13.0	15.0	15.0	15.0

Request: The Department requests an appropriation of \$1,188,889 cash funds and 15.0 FTE.

Recommendation: **Staff recommends an appropriation of \$1,163,596 cash funds from the Employment Support Fund and 15.0 FTE.** Staff calculation is summarized in the following table and is calculated in accordance with Committee policy.

Division of Labor - Program Costs		
	CF	FTE
FY 2009-10 Appropriation	1,188,889	15.0
FY 2009-10 Supplementals	(34,740)	0.0
Subtotal FY 2009-10 Appropriation	1,154,149	15.0
Restore FY 2009-10 Personal Services Reduction	34,740	<u>0.0</u>
2.5% PERA Reduction	(25,293)	<u>0.0</u>
Recommended FY 2010-11 Appropriation	1,163,596	15.0

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(4) DIVISION OF OIL AND PUBLIC SAFETY

Description: The Division of Oil and Public Safety inspects and regulates boilers, conveyances, public school building sites, petroleum and explosive storage, amusement park rides and is responsible for the clean up of petroleum leaks and spills. Revenue is from a surcharge on each truckload of fuel, fees for inspection and review services, and grants from the federal Environmental Protection Agency.

Personal Services

Description: Personnel travel around the state inspecting fuel dispensers, inspecting records of amusement park rides, as well as the soundness of explosive bunkers and petroleum storage tanks. The inspection of public school construction sites was moved to the Department of Public Safety by H.B. 09-1151 (Todd/Heath).

Staffing Summary Div. of Oil and Public Safety	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Management	1.0	1.0	1.0	1.0
Professional Staff	17.0	17.0	17.0	17.0
Scientists / Env. Protection Specialists	19.0	19.0	19.0	19.0
Inspectors	30.0	26.0	22.0	22.0
Support Staff	9.2	9.0	8.3	8.3
TOTAL	76.2	72.0	67.3	67.3

Request: The Department requests an appropriation of \$4,748,231 and 67.3 FTE for this purpose. This request includes decision item #1 to add the Denver conveyance program to the Division, and the budget amendment to annualize one-time operating expenses that were a part of the FY 2009-10 supplemental.

Decision Item #1 and Budget Amendment

Request: For decision item #1 the Department requests \$339,545 cash funds and 5.0 FTE to be added to the Conveyance Program to handle the additional Denver conveyances the Program is now responsible for. Additionally the Department request a budget amendment to reduce the operating portion of decision item #1 by \$23,350 cash funds to reflect one-time expenditures that were approved as part of the FY 2009-10 Denver conveyance supplemental.

Analysis: The Department's FY 2009-10 supplemental added \$126,082 cash funds and 1.7 FTE to the Conveyance Program. See the Department of Labor and Employment FY 2009-10 supplemental narrative for staff's analysis. Staff recommends that the Committee approve this decision item in part, and annualize the FY 2009-10 supplemental to the FY 2010-11 request.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Staff recommends the Committee approve a total of \$189,713 cash funds and 3.3 FTE, reflecting staff's recommendation is to annualize the FY 2009-10 supplemental to the FY 2010-11 decision item. Staff's recommendation is outlined in the following table and the supplemental and budget amendment appear as negative numbers for the purpose of calculating the annualization:

Budget Amendment and DI #1 - Staff Recommendation					
	Personal Services	Operating Expenses	Vehicle Lease	Total	FTE
FY 2009-10 Supplemental	(88,588)	(37,294)	(600)	(126,482)	(1.7)
FY 2010-11 Budget Amendment to remove one-time operating expenses	0	(23,350)	0	(23,350)	0.0
FY 2010-11 DI #1	265,765	73,180	600	339,545	5.0
Staff's Recommendation	177,177	12,536	0	189,713	3.3

Recommendation: **Staff recommends an appropriation of \$4,665,365 and 67.0 FTE** calculated in accordance with Committee policy, and is summarized in the following table. The funding split is for informational purpose only and will not appear in the Long Bill.

Division of Oil and Public Safety - Personal Services					
	CF	RF	FF	Total Funds	FTE
FY 2009-10 Appropriation	\$4,958,804	\$19,161	\$559,503	\$5,537,468	78.3
FY 2009-10 Supplementals	58,480	(111)	(3,410)	54,959	1.7
H.B. 09-1151	(567,077)	0	0	(567,077)	(8.0)
Subtotal FY 2009-10 Appropriation	4,450,207	19,050	556,093	5,025,350	72.0
Annualize S.B. 07-123	(10,856)	0	0	(10,856)	(0.3)
Annualize H.B. 09-1151	(567,077)	0	0	(567,077)	(8.0)
Restore FY 2009-10 Personal Services Reduction	121,898	466	13,767	136,131	0.0
DI #1 - Addition of Denver Conveyance Program	177,177	0	0	177,177	3.3
2.5% PERA Reduction*	(81,507)	0	(13,853)	(95,360)	0.0
Recommended FY 2010-11 Appropriation	4,089,842	19,516	556,007	4,665,365	67.0

* This reduction is \$14,177 less than the requested amount because the requested amount did not account for the transfer of 8.0 FTE by H.B. 09-1151.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Operating Expenses

Request: The Department requests \$519,323 for this line, of which \$426,277 is cash funds and \$93,046 is federal funds. This request includes decision item #1 to add the Denver conveyance program, and decision item #2 for the consolidated enterprise database system. Also included in the Department's request is an anticipated increase of \$88,321 federal funds from the Environmental Protection Agency (EPA) Leaking Underground Storage Tank (LUST) Grants.

Decision Item #2

The Department is requesting \$18,900 total funds for FY 2009-10 for monthly subscription and internet access costs associated with the new consolidated database system. The Department's request includes only two months of costs in FY 2010-11 because of the time required to build the database. These costs will grow to \$170,100 in FY 2011-12 because the Department will be utilizing the system for a full twelve months. The monthly subscription is required for staff to access the database and enable the Department to work with the vendor to customize the database to the Department's needs. An additional cost for remote Internet access is being requested for 30 users who conduct onsite inspections across the state..

The database will replace and consolidate the multiple databases the Division currently uses into one database that will increase Division efficiency and productivity. The actual database construction costs have been submitted as a two year capital construction request and will be voted on at a later date. The capital construction request is for a total of \$1,297,940, of which \$973,455 is cash funds and \$324,485 is federal funds.

Staff recommends the Committee approve decision item #2. If the capital construction decision item is not approved, staff recommends this decision item be denied, because these costs will not be incurred.

Recommendation: **Staff recommends the Department's request for \$497,780 total funds, reflecting staff's recommendations on decision items #1 and #2.** Staff's calculation is summarized in the following table, and calculated in accordance with Committee policy.

Division of Oil and Public Safety - Operating Expenses			
	Cash Funds	Federal Funds	Total
FY 2009-10 Appropriation	481,881	0	481,881
FY 2009-10 Supplementals	37,294	0	37,294
H.B. 09-1151	(67,572)	0	(67,572)
Subtotal FY 2009-10 Appropriation	451,603	0	451,603

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Division of Oil and Public Safety - Operating Expenses			
Annualize H.B. 09-1151	(67,572)	0	(67,572)
Annualize FY 2009-10 Mail Equipment	(6,008)	0	(6,008)
Increase EPA LUST Grants	0	88,321	88,321
DI #1 - Denver Conveyance Addition	12,536	0	12,536
DI #2 - Consolidated Database System	14,175	4,725	18,900
Recommended FY 2010-11 Appropriation	404,734	93,046	497,780

Indirect Cost Assessment

Description: This line item was added in FY 2005-06 when the Petroleum Storage Tank Fund (PSTF) became an enterprise. Administrative costs for the PSTF are offset through department-wide indirect cost recoveries in the Executive Director's Office.

Request: The Department's request is \$951,773, reflecting an increase of \$10,791 for the restoration of the FY 2009-10 personal services reduction, and a decrease of \$15,417 for the Department's internal indirect cost assessment.

Recommendation: **Staff's recommendation is pending the approve of Committee common policies.**

Bottom Line Funding Recommendation

In previous years' Long Bills the Division of Oil and Public Safety was bottom line funded because of the large number of cash funds that fund this division. **Staff recommends for the FY 2010-11 Long Bill the Division of Oil and Public Safety not be bottom line funded, because of the addition of federal funds to the operating expenses line item.** Staff believes it is important to identify the fund source for each line item if possible, and the Department is able to do this for FY 2010-11.

(5) DIVISION OF WORKERS' COMPENSATION

(A) Workers' Compensation

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

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Personal Services

Staffing Summary Workers' Compensation	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Management / Professional Staff	8.7	9.0	9.0	9.0
Compensation Ins. Specialists	47.4	51.0	51.0	51.0
Statistical / Actuary Analysts	5.0	5.0	5.0	5.0
Health Professionals	2.0	2.0	2.0	2.0
Administrative Law Judges	4.6	5.0	5.0	5.0
Administrative Staff	28.4	30.0	30.0	30.0
TOTAL	96.1	102.0	102.0	102.0

Request: The Department requests an appropriation of \$7,033,103 cash funds and 102.0 FTE.

***Recommendation:* Staff recommends an appropriation of \$6,877,093 and 102.0 FTE calculated in accordance with Committee policy.** The recommendation is summarized in the following table.

Workers' Compensation - Personal Services		
	CF	FTE
FY 2009-10 Appropriation	6,905,283	102.0
FY 2009-10 Supplementals	(80,221)	0.0
Subtotal FY 2009-10 Appropriation	6,825,062	102.0
Restore FY 2009-10 Personal Services Reduction	208,041	0.0
2.5% PERA Reduction	(156,010)	0.0
Recommended FY 2010-11 Appropriation	6,877,093	102.0

Operating Expenses

Request: The Department requests an appropriation of \$695,289 cash funds.

***Recommendation:* Staff recommends an appropriation of \$698,780 cash funds, and is outlined in the following table.** Staff's recommendation is \$3,491 higher than the Department's request because of differences in annualizing the FY 2009-10 mail equipment decision item.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Workers' Compensation - Operating Expenses	
	CF
FY 2009-10 Appropriation	\$710,390
Annualize FY 2009-10 Mail Equipment	(11,610)
Recommended FY 2010-11 Appropriation	\$698,780

Administrative Law Judge Services

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

Request: The Department is requesting an appropriation of \$2,587,503 cash funds, reflecting a decrease due to DPA's policy change of \$22,940.

Recommendation: **The staff recommendation for this line item is pending Committee policy for FY 2010-11 administrative law judge services.**

Physicians' Accreditation

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

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

Recommendation: **Staff recommends the continued appropriation of \$140,000 cash funds.**

Utilization Review

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

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

Recommendation: **Staff recommends the continued appropriation of \$60,000.**

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Immediate Payment

Description: These funds are used to quickly pay workers' compensation claims brought against bankrupt employers who were self-insured. This line is continuously appropriated from the Immediate Payment Fund pursuant to Section 8-44-206 (3) (b) (I), C.R.S. In recent years, no expenditures have been made from this line, and revenue for the fund is from fees assessed on self-insured employers.

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

Recommendation: **Staff recommends an appropriation of \$10,000 cash funds.**

(B) Major Medical Insurance and Subsequent Injury Funds

Description: The Major Medical Insurance Fund and the Subsequent Injury Fund provide medical benefits and compensation payments to some of the most seriously injured workers in Colorado, and are closed to new cases. During the 2009 Session, the General Assembly approved transfers of \$69.5 million from the MMIF and \$26.5 million from the SIF to the General Fund in FY 2008-09, and a transfer of \$26.5 million in FY 2009-10 from the MMIF to the General Fund.

Personal Services

Staffing Summary Major Medical / Subsequent Injury	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recomm.
Compensation Insurance Specialists	6.2	8.0	8.0	8.0
General Professional	2.4	3.0	3.0	3.0
Accounting Technicians	2.5	3.0	3.0	3.0
Support Staff	1.6	2.0	2.0	2.0
Total	12.7	16.0	16.0	16.0

Request: The Department requests an appropriation of \$1,277,994 cash funds and 16.0 FTE.

Recommendation: **Staff recommends an appropriation of \$1,260,197 and 16.0 FTE.** The following table summarizes staff's calculations, which was calculated in accordance with Committee policy.

Major Medical and Subsequent Injury Funds - Personal Services		
	Cash Funds	FTE
FY 2009-10 Appropriation	1,277,994	16.0

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Major Medical and Subsequent Injury Funds - Personal Services		
	Cash Funds	FTE
FY 2009-10 Supplemental	(30,689)	0.0
Subtotal FY 2009-10 Appropriation	1,247,305	16.0
Restore FY 2009-10 Personal Services Reduction	30,689	0.0
2.5% PERA Reduction	(17,797)	0.0
Recommended FY 2010-11 Appropriation	1,260,197	16.0

Operating Expenses

Request: The Department requests \$88,324 cash funds for the operation of these programs.

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

Major Medical Benefits

Description: This line pays for the benefits from the Major Medical Insurance Fund to injured workers who qualify under statute. Expenses fluctuate each year depending on the specific medical treatments required by clients.

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

Recommendation: **Staff recommends the continued appropriation of \$7,000,000.**

Major Medical Legal Services

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

Request: The Department requests an appropriation for 100 legal service hours.

Recommendation: **Staff recommends an appropriation of 100 hours of legal services, and the dollar appropriation is pending Committee policy for FY 2010-11 legal services hourly rate.**

Subsequent Injury Benefits

Description: Subsequent Injury Benefits are paid from this line to qualified injured workers. Benefits paid from the Subsequent Injury Fund are continuously appropriated pursuant to Section 8-46-101 (4) (a), C.R.S.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Request: The request is for an appropriation of \$3,200,000 cash funds.

Recommendation: **Staff recommends an appropriation of \$3,200,000 cash funds.**

Subsequent Injury Legal Services

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

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

Recommendation: **Staff recommends 350 legal service hours, and the dollar amount is pending the Committee policy for FY 2010-11 legal services hourly rate.**

Medical Disaster

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

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

Recommendation: **Staff recommends the continued appropriation of \$6,000.**

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Long Bill Footnotes and Requests for Information

Staff recommends the following footnotes be **discontinued**:

N ~~Department of Labor and Employment, Division of Employment and Training, Unemployment Insurance Programs, Program Costs, Special Transfer Distributions for Unemployment Insurance Workload Assistance -- It is the intent of the General Assembly that the \$7,549,591 appropriated out of the Colorado Unemployment Insurance Trust Fund, created in Section 8-77-102 (4), Colorado Revised Statutes, from moneys distributed in accordance with Section 903 (g) of the federal Social Security Act, to the Colorado Department of Labor and Employment in House Bill 10-1304 be allowed to roll forward to FY 2010-11.~~

Comment: This footnote was added to the FY 2009-10 Long Bill through the supplemental process, and does not apply to any funds requested or recommended for the FY 2010-11.

The Department did not have any information requests for FY 2009-10, and staff does not recommend any information requests for FY 2010-11.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

**APPENDIX A: Unemployment Insurance Trust Fund and
Employment Support Fund Funding Mechanisms**

Types of UI Premiums and Surcharges

Colorado's Unemployment Insurance Trust Fund (UITF) is funded through a federal unemployment insurance (UI) tax, and state premiums and surcharge. All of these are paid by the employer, not the employee. Federal statute establishes the amount of wages that are subject to the federal UI tax, called the chargeable wage base or wage base. States can and have elected to increase the federal wage base. Most revenue comes between January and May when the employee's wage base has not yet been met for the year. See Appendix E on page 28 for a diagram showing the movement of UI dollars

Revenue Source	Low	High	Wage Base	Notes
Federal UI Tax	0.8%	6.2%	\$7,000	Employers in good standing receive a tax break of 5.4%.
Regular UI Premium	0.0%	5.4%	\$10,000	The regular premium rate is based on the employer's experience rating with the state.
UI Surcharge	0.22%	0.22%	\$10,000	Established in Section 8-76-102 (4) (d), C.R.S. Only revenue source for the Employment Support Fund.
UI Solvency Premium	0.0%	5.4%	\$10,000	Dependent on UITF balance

Federal Taxes

The federal UI tax rate ranges from 0.8 percent to 6.2 percent. Employers are charged 6.2 percent if they have a poor history of paying the federal UI tax. Employers who pay the federal UI tax on time receive a tax credit of 5.4 percent, and pay 0.8 percent on the first \$7,000 of an employees wages. This wage base is set by the federal government, and cannot be changed by the state. Therefore, each employer, if qualified for the tax credit, pays \$56 each year for each employee in federal UI tax. The revenue from this tax is deposited into Colorado's UITF and pays for the cost of administering UI Programs and UI benefits.

Regular UI Premium

The regular UI premium ranges from 0.0 percent to 5.4 percent. If an employer has been in business for at least a full year, they will be notified by the Department of what their tax rate for the next year will be. Employers in business less than a year pay the standard rate of 1.7 percent. The exception are construction companies in business less than a year who pay the industry average. The rate an employer pays is based on the employer's experience rate. The experience rating is the ratio of the amount the employer has paid into the UITF verses how much employees have drawn in benefits. The lower the amount of benefits, the better the experience rating and the lower the premium rate.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

UI Surcharge

The UI surcharge is equal to 0.22 percent of the current \$10,000 wage base pursuant to Section 8-76-102 (4) (d), C.R.S. Employers who have had no employees draw UI benefits are exempt from this surcharge. Surcharge revenue is used to pay benefits filed against employers who are no longer in business. The following table outlines the distribution of the UI surcharge between the UITF, the Employment and Training Technology Fund (Tech Fund), and the Employment Support Fund (ESF):

Distribution of UI Surcharge			
Fund	Percent of UI Surcharge	Estimate Revenue for FY 2009-10	Estimate Revenue for FY 2010-11
UITF	30.0%	\$11,156,627	\$11,212,411
Tech Fund	20.0%	7,941,350	8,338,417
ESF	50.0%	18,594,379	18,687,351
Total	100.0%	\$37,692,356	\$38,238,179

UI Solvency Premium

The UI solvency premium is turned on when the UITF balance is equal to or less than 0.9 percent of the previous years total reported wages. The UI solvency surcharge compounds each year and during the first year ranges from 0.0 to 1.1 percent. After the first year the surcharge ranges from 0.0 to 5.4 percent but cannot exceed 5.4 percent. New employers are not subject to the solvency surcharge. The solvency surcharge is only 0.0 percent if the UITF balance is greater than 0.9 percent of last years reported wages. Currently the UITF balance required to turn off the solvency surcharge for FY 2010-11 is \$752.5 million, and as of the end of November 2009 the UITF balance was \$161.7 million. The following table shows an example of how the UI solvency premium compounds each year it is on.

Example of How UI Solvency Premium is Calculated				
Year	Experience Rating	Previous Year's UI Solvency Premium	Current Year UI Solvency Premium Increase	UI Solvency Premium for Current Year (Previous Year + Increase)
Year 1	-5	0.6%	0.7%	1.3%
Year 2	-4	n/a	0.6%	0.6%
Year 3	-3	1.3%	0.6%	1.9%
Year 4	-1	1.9%	0.6%	2.5%
Year 5	+1	2.5%	0.4%	2.9%

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

**APPENDIX B: State Comparison of Wage Base and
Weekly Unemployment Insurance Benefit**

State	2008 Average Wage	Wage Base	Maximum Weekly UI Benefit
Arizona	\$39,280	\$7,000	\$431
Colorado	44,659	10,000	475
Kansas	37,640	8,000	423
Nebraska	36,140	9,000	308
New Mexico	37,490	20,900	459
Oklahoma	34,920	14,200	409
Texas	39,320	9,000	392
Utah	38,160	27,800	444
Wyoming	38,160	21,500	415
Average	\$38,419	\$14,156	\$417