

DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2014-15 JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, December 4, 2013

9:00 am – 10:30 am

9:00-9:20 INTRODUCTIONS AND OPENING COMMENTS

9:20-9:35 WAGE CLAIM PROCESS

- 1. Does the Division of Labor have sufficient staff to complete its tasks for wage claims? What is the role of the Division in this process? Does the Division think it is succeeding? Are claimants satisfied with the Division's role in the process or is it viewed as a necessary prerequisite before filing a claim in court?**

Colorado wage and hour laws collectively apply to every one of the 2,300,000+ employees and 170,000+ business establishments in the State. The Division receives over 5,000 written wage claims and inquiries every year, and recovers over \$1 million in unpaid wages for Colorado employees.

The Division has 8 Compliance Officers who oversee and implement Colorado wage and hour laws. However, it is estimated that the work performed by Division Compliance Officers in areas not involving specific wage claims constitutes almost 50% of their time.

Accordingly, the Division devotes the equivalent of approximately 4 full-time employees solely to wage claim work.

Non-wage and hour duties performed by Compliance Officers include:

Answering phone calls from the public (25% of staff time is spent in the call center answering approximately 40,000 phone calls per year). Compliance Officers are also required to do presentations to groups and association about wage and hour laws. The Division did approximately 20 presentations last year reaching several hundred people.

The Division is also responsible for administering and enforcing other laws and regulations, including laws governing youth employment, labor unions, workplace accommodations and new laws governing the use of credit history in employment and a ban on employer access to private social media.

As its role the Division attempts to mediate/conciliate employer and employee wage disputes through letters, e-mails, calls, and other dispute resolution techniques as appropriate. Our compliance effectiveness is more than 85%.

Given its resources and expansive oversight of many disparate employment laws and regulations, the Division believes that it successfully adheres to its mission of aiding Colorado employees, employers, and the general public through the responsible

administration, regulation, and enforcement of Colorado labor laws.

Going through the Division of Labor's administrative process is not a prerequisite to filing a claim in court, although information and evidence gathered by the Division during the process may be of assistance in court.

2. Can the Department bolster the wage claims process to improve it for claimants? Is there someone to whom General Assembly members can direct questions from constituents? Where can wage claims complainants go if they become frustrated with the system?

The Division constantly refines and improves its wage claim process within resource constraints. For example, the Division:

- a) Was the first agency in the Country to offer wage and hour email services;
- b) Was the 4th agency in the Country to offer online filing of wage claims;
- c) Has authored and posted more guidance for the public than any other similarly-sized wage and hour agency.

The Division maintains a customer service telephone line (303-318-8441), and an e-mail question service (cdle_labor_standards@state.co.us). Average hold times for the phone system were approximately 2 minutes for FY 12-13, and e-mails typically receive a written response within 24 hours.

If a member of the General Assembly requires specific information or assistance, they may directly contact the Director of the Division, Michael McArdle.

The wage claim process provided by the Division is optional, and is not a required administrative procedure before pursuing a wage claim through the judicial system. Claimants may pursue remedies through other means such as:

- a) U.S. Department of Labor Denver Office (for claims covered by federal law).
- b) Small claims court (claims up to \$7,500)
- c) District court (claims above \$7,500)
- d) City/local wage theft ordinance enforcement (e.g., Denver, Boulder)
- e) District Attorneys
- f) Police
- g) Colorado legal services

3. What is the Department’s role in assisting victims of “wage theft,” where employees’ last paychecks are paid from an account with insufficient funds? Is the Department responsible for tracking instances of “wage theft?” Please provide data on “wage theft” trends for the past five years.

The Division attempts to mediate/conciliate employer and employee wage disputes through letters, e-mails, calls, and other dispute resolution techniques regardless of the specific reason the employee has been denied wages due.

The Division tallies opened and closed wage claims, but does not have specific data on claims specifically involving insufficient funds.

Wage claims involve many different topics and areas of the law. All of the scenarios have one common denominator; they involve underpayment of wages to Colorado employees, and may be construed as wage theft. For example, the following may be viewed as wage theft and are common reasons employees come to the Division:

- a. Disputes over hours worked and recordkeeping.
- b. Vacation pay.
- c. Promised pay rates, promotions, and decreases in pay.
- d. Commissions and bonuses disputes.
- e. Deductions from pay disputes.
- f. Meal and rest period disputes.
- g. Tip/Gratuuity disputes.
- h. Overtime and minimum wage calculations.

In the last Fiscal Year the Division collected more than \$1,000,000 dollars in unpaid wages for Colorado employees that would otherwise have been considered wage theft.

Wage Claims filed by Fiscal Year

FY 09-10	5,851
FY 10-11	5,377
FY 11-12	5,342
FY 12-13	5,257
FY 13-14	2,105 (year to date)

WyCAN Consortium and UI System

4. Was Wyoming once the lead state in the WyCAN Consortium? If yes, when and for what reason did it terminate its role as lead?

Wyoming submitted the original Federal Supplemental Budget Request (SBR) application in 2011 as Lead State for the WyCAN Consortium. After the award was granted, it was determined that Wyoming would face challenges being Lead State due to its limited staff resources (the Lead State has substantial obligations related to procurement, contracting and reporting activities for the Consortium). Therefore, it was decided that Wyoming would re-obligate the WyCAN SBR funds to Colorado, and Colorado would serve in the Lead State role. The agreement to re-obligate the WyCAN funding was formally executed in January 2013.

5. Where is the PMO physically located and how is it staffed?

The WyCAN PMO consists of representatives from all four WyCAN States. As such, the members of the PMO do not physically reside in one location. There are five members of the PMO who are located at the State of Colorado offices at 633 17th Street (staff from Colorado and PCG, the Project Management Services vendor under contract with the Consortium). The WyCAN PMO has standing conference calls and/or Webinar-style meetings at least three times a week to facilitate communications.

The primary members of the PMO are shown in the table below. All Project Managers have a PMP (Project Management Professional) certification. In addition, the Colorado Project Manager is an OIT employee and responsible for reporting WyCAN project status to Colorado’s Executive Governance Committee (EGC).

State/Vendor	Name	Role
Colorado	Robert Hilverding	Colorado WyCAN Program Manager
Colorado	David Banghart	Project Manager
Colorado	Barb Ricker	Procurement/Contracts Project Manager
Wyoming	Wendy Tyson	Wyoming WyCAN Program Manager
Wyoming	David Boles	Project Manager
Arizona	Dennis Green	Project Manager
Arizona	Mike Baca	Arizona IT Lead
North Dakota	Heather Raschke	Project Manager
PCG	Jonathan Taylor	Consortium Project Manager
PCG	Kerry Rayner	Consortium Project Admin Support

6. What are the costs of implementation specific to the Department? What is the Department doing to prepare to migrate to the system? Are there additional costs not already annualized in the current budget request that will be needed in future fiscal years?

The costs to the Department for implementing the project are allocated in the State Budget FY 13-14 through the Employment and Training Technology Initiatives Fund located in the Long Bill under Unemployment Insurance. The funding for FY 13-14 is \$3,838,746 and the Department plans on requesting future funding each budget year until the project is completed.

The funding specific to the Department include the following functions:

- Dedicated project staff
- OIT contractor resources
- Leased space
- PC equipment and software
- Phone and Internet connectivity

From a technical perspective, the Colorado project team has been involved in extensive planning for data conversion and migration. In addition, the team has been performing data cleansing activities on existing legacy systems to enable a smooth data conversion. From a business perspective, the WyCAN Colorado Program Manager is leading the Organizational Change Management initiative for the Department. This is a multi-year effort and will include multi-modal communications, preparation and training for the many process and technical changes associated with implementing a new System.

7. Has the Department already presented to the Joint Technology Committee on the UI System being developed by WyCAN? If yes, provide a summary of the findings. If a hearing is scheduled, when will it be held?

On September 30, 2013, the Office of Information Technology presented the UI system to the Joint Technology Committee. There were no findings or issued concerns from the committee.

Unemployment Insurance not related to WyCAN

8. Is current UI phone system capable of utilizing a process where UI Claimants can request to be called back instead of waiting on hold? What would be required to implement this service?

The phone system includes an application, Scheduled Courtesy Callback that can be used to schedule a call later back to a claimant. This can, with a little programming, be adapted to call claimants back rather than have them wait on hold. However, UI Division has not implemented this solution as it would overload the call center agent pool. This type of technology is more effective for organizations that have peaks and valleys because it allows the valleys to be filled in with the call backs. If the UI Division were to implement this feature the customers calling in later in the day would not receive service because agents would be handling call backs. The return calls must be completed before the UI mainframe database shuts down for the nightly run to process transactions made throughout the day. The UI Division feels it must maximize the available agents for customers calling in to the Customer Service Center to provide the best service.

Requesting additional funds to upgrade the telephone system in order to continue and/or expand the current call back service would be in disagreement with a recommendation by the State Auditor's Office. Recommendation 6a within the 2011 UI performance audit specifically requests eliminating or restricting the use of call backs. The department is currently analyzing call back data prior to completely eliminating call backs, thus the department has not fully implemented this audit recommendation.

9. Please explain the relaunch of the UI website in November 2012.

The department began a content audit of the UI website in spring 2012, which included jobseeker and employer focus groups through the state's workforce centers and a page by page user-centered analysis. The relaunch included adding new content for appeals and fraud, eliminating 165 pages, overhauling content on 54 pages, removing many of the confusing links in the left navigation, and utilization of Google forms for basic information.

10. Please explain what happened with the UI overpayments that occurred in recent history and why the Department was requesting the payments be returned. Have these issues continued in the previous two years?

Overpayments are, by design, always going to be a component of the UI program. In large part, the reason this is true is because our staff make determinations on benefit awards based on the best information on hand from the parties involved (claimant and employer). Once an award is made, payment of benefits begin and both parties have a window of time to appeal the award decision. At the time of the appeal or in ongoing processing of the claim, new information can be presented that will affect the monetary award. If this happens then all monies overpaid, if any, need to be returned to the UI program. Other circumstances such as date the claimant returns to work versus the date they receive their

first paycheck can also result in an overpayment. All overpayments result in socialized costs in the employer community and thus, in order to keep those costs as small as possible, it is critically important that overpayments (regardless of fault or circumstances) be returned to the UI trust fund.

In recent years, the UI Division has made significant progress in reducing overpayments from a high of 18 percent in 2010 to most recently a net 10percent in order to comply with the federally acceptable rate of 10% or less.

11. What can the General Assembly do immediately to improve the unemployment insurance process? Are there any tools the General Assembly can provide to improve the process?

The biggest support that the General Assembly can do to improve the unemployment insurance process is to continue to provide technology funds to the UI Division to ensure the success of our IT modernization project for premiums and benefits. This is a huge endeavor for the Division in the next four years, and we need to be able to fully fund subject matter experts to run the current program as well as subject matter experts dedicated to the design, testing, and implementation of the modernization project. Resource contention is a paramount risk on this project and technology funds help significantly to mitigate that risk.

Internally, we are very proud of the suite of internet self-service (ISS) applications we have developed to serve our customers through the claim and premiums processes (MyUI Claimant, SmartFile, SmartPay, MyUI Employer, and MyUI Appeals). These applications provide self-service and ease of use that our legacy system never provided. We continue to make upgrades and enhancements to these applications based on user feedback. The more we onboard customers to these applications the smoother the UI process will be internally and for the claimant and employer customer base.

9:55-10:10 EDUCATING THE WORKFORCE

12. What is the Department doing to ensure Workforce Development Center clients are informed about all of the services available to them at the centers based on legislation that has passed in the past several sessions?

- CDLE's Workforce Development Programs partners with the CDLE Government, Policy and Public Relations (GPPR) office, the Unemployment Insurance Division, and the statewide network of workforce centers to disseminate information about programs and services authorized in legislation for workforce clients.
- Many formats are used to reach out to job seeker and business clients. These include:
 - Websites and social media announcements
 - Email blasts and automated phone calls
 - Flyers and brochures
 - Press releases

- Public service announcements
 - In-person group orientation sessions at the workforce centers
 - One-on-one sessions with workforce center staff
 - Layoff assistance workshops
- Recent examples include:
 - HB 12-1272 - Concerning Continuation of Enhanced Unemployment Insurance Benefits for Unemployed Individuals Participating in Approved Training Programs**
 - A full-time project coordinator was assigned by Workforce Development Programs to implement the program
 - A flyer was created and posted on the CDLE/Workforce Development Programs and UI web pages
 - Local Workforce Centers provide information about the program on local websites
 - Flyers and information about the programs/services are discussed during orientations and individual appointments at workforce centers
 - Outreach created high demand for the program with the following results:
 - Total of 2,355 enrolled and have received or are receiving enhanced benefits
 - We project 100% expenditure of appropriated funds by June 30, 2014, the expiration date of the legislation
 - To date, we have reached 70% entered employment and an average annual wage of \$36,460 for those completing their training programs (Over half of those enrolled are still in training).

Work Share

- CDLE and the UI Division maintain a Website with information about the Work Share program
- The local workforce centers provide flyers to employers
- Information about Work Share is provided during Rapid Response (layoff assistance) meetings with impacted employers and layoff assistance workshops for impacted employees
- Over 400 employers have participated

13. Should the State of Colorado invest general fund money in an adult education program?

- The Adult Basic Education (ABE) program resides in the Department of Education.
- Adult Basic Education is a key partner with the State Workforce System to achieve the Governor's Blueprint Objective to: "Educate and Train the Workforce of the Future.
- The Colorado Workforce Development Council and CDLE will work with the Department of Education on the issue discussing the potential need for General Fund.
- Currently, 47% of jobs in Colorado require a GED or post-secondary education. That figure is expected to increase to 67% by 2025.

14. What is the Career Ready Certificate program? What is the status of the program and

how is it funded? Are individuals who use this program able to obtain jobs? Does it give them an advantage? How is the program being tracked? Is participants' feedback collected? Is this a cost effective way to prepare job applicants? What is the state's return on investment?

- The *CareerReady Colorado Certificate* (CRC) is an initiative of the Colorado Workforce System to provide employers with documented results of a specific assessment process, i.e. WorkKeys® by ACT, developer of America's most widely accepted college entrance exam. WorkKeys is a job skills assessment system measuring many skills that employers believe are critical to successful job outcomes. The CRC provides evidence that job seekers have essential, core employability skills that are critical for success.
- Three WorkKeys computer based training modules are made available to job seekers—*Applied Mathematics, Reading for Information and Locating Information*. Many locations also use Key Train (another skills gap training software) as a curriculum support in preparation for the WorkKeys tests. Based on levels of success in testing, certificates are awarded in the modules as Bronze, Silver, Gold or Platinum. All certificate levels provide evidence that the individual meets minimum basic skills level for success in a range of occupations. There are over 2,500 occupations that directly correlate to the certificate levels.
- Data collected between 11/01/2008 and 9/30/2013 reveals that a total of 17,251 Certificates were awarded. Not all workforce regions are using CRC and may be using other assessment tools which are not captured in these numbers. The number of certificates awarded is tracked through the entry of assessment services in the Connecting Colorado workforce system database.
- With regard to tracking state performance measures, data collected for PY 2010, PY 2011, and PY 2012 reflects the following:

	<u>PY 2010</u>	<u>PY 2011</u>	<u>PY 2012</u>
Entered Employment	56.88%	59.63%	60.58%
Employment Retention	74.53%	76.42%	78.85%
Average Wages (Six Months)	\$13,142	\$13,752	\$13,969

(These outcomes are higher than the outcomes for the general job seeker population registered with the workforce centers)

- The CRC was active and funded through the Colorado Department of Labor and Employment (Workforce Development Programs) for approximately five years, with federal Workforce Investment Act funds. Due to diminished federal resources, the contract with ACT was not renewed by CDLE after June 30, 2013. Currently, workforce regions using WorkKeys are funding tests as they are used. Because of the cost, some regions will reduce or eliminate use of WorkKeys in December, 2013. Other workforce centers will continue to use WorkKeys as regional employers require it.

- Currently, the CRC Assessment Team comprised of regional workforce center representatives is initiating a process to collect information from both job seekers and employers about use and value of the CRC, as well as other assessment tools. The goal is to analyze the data, research, benchmark other tools and recommend an expanded CRC.
- Assessment will become more and more important for both the individual and employers as cost for hiring is increasing, time required for hiring must decrease while selection of the right individual for specific work becomes the solution for both issues.
- Excellence in assessment should be viewed as cost effective in the identification of individual competencies, skills, strengths and weaknesses, training needs and readiness for specific work. Assessment outcomes should be a primary decision-making tool for the individual, employers and workforce professionals for determining the skill sets and competencies needed for job success.

10:10-10:25 DEPARTMENT INTERNAL MANAGEMENT

15. Discuss the status of the four financial and four performance/IT audit recommendations still outstanding as of the State Auditor's 2013 Annual Report of Audit Recommendations Not Fully Implemented. Why has one recommendation been outstanding for 49 months? What is the plan to fully implement the remaining Auditor's recommendations?

Status and Plan for the four financial audit recommendations:

FY2012 Cash Funds Uncommitted Reserves audit

Recommendation 5: Boiler Inspection Fund is not in compliance with targeted reserve requirements.

Response: A capital construction IT project (planned expenses) experienced major delays which impacted planned fund expenses, thus, fund balance targeted reserves. The department anticipates this audit issue to be resolved when the FY 2013 Cash Funds Uncommitted Reserves audit is released in February 2014.

FY2012 Single Audit

Recommendation 12: Institute a reconciliation process of expected-to-actual interest expense incurred throughout the year and at fiscal year-end to ensure interest expense is properly stated.

Response: The Department is in the process of drafting a procedure for the reconciliation process and anticipates this issue to be resolved during the FY 2014 statewide financial audit.

Recommendation 52, parts c. and d.: UI technology issues which are dependent upon new system implementation.

Response: Parts c. and d. are dependent upon a new IT WyCAN system which is scheduled to be in place by December 2016.

Status and Plan for the Four Performance Audit Recommendations:

Division of Unemployment Insurance Program 2011 performance audit

Recommendation 1c: Eliminate the use of the current paper affidavit form for affirming legal presence.

Response: Due to technical limitations, elimination of the paper affidavit entirely is not feasible at this time. The division expects to implement a new system of records through technology solutions in January 2016.

Recommendation 3d: Add language to the online and telephone-based continued claim filing systems indicating that the claimant must conduct a work search, including a minimum number of contacts, to continue receiving benefits, and require all claimants to provide the number of job contacts made each week and the details about the job contacts made.

Response: This recommendation has been implemented. The division updated the claimant handbook regarding the work-search requirements and updated the language on both the online and telephone-based systems. The division is also considering new tools to track and retain job-contact details and may conduct a cost-benefit analysis through a private vendor to better align available services, or a pilot project being conducted by USDOL for reemployment connections, by the end of December 2014.

Recommendation 4a: Reprogram CUBS to automate processing of issues related to a claimant being able or available for work, actively seeking work, and registering with a workforce center.

Response: Further automation is not feasible until a new system of record is implemented, which is anticipated in January 2016.

Recommendation 6a: Eliminate or restrict the use of customer call backs.

Response: Callbacks continue to be handled by call-center staff, and the number of callbacks continues to decline as the wait times in the call center also decrease. After analysis, the decision has been made to continue through the peak season of June 2014 to ensure all resources are available to our customers.

Why has one recommendation been outstanding for 49 months?

The 49 months referred to by the State Auditor's Office is not the number of months a recommendation is currently outstanding. It is the difference between the number of months from the original implementation date and the current implementation date. So for this example, the recommendation referred to is recommendation 1C, above, which has been

outstanding since December 2011.

16. Please provide an update on the Robust LEAN process for internal management implemented by the Department.

To support the Colorado Department of Labor and Employment (CDLE) strategic initiative of process improvement we have embraced the Lean methodology. During the past two years CDLE has committed time and resources to train employees in Lean through online modules, classes, and mentorships. More than 25% of CDLE's staff has participated in some form of Lean training. To improve processes throughout the agency a total of fifteen Lean rapid improvement events have been conducted and implemented; with at least one from each of the five CDLE Divisions. CDLE is continuing to identify and prioritize process improvement projects in effort to effectively and efficiently serve our customers.

Three CDLE Lean projects completed and implemented are highlighted below.

The Petroleum Storage Tank Fund Section of the Division of Oil and Public Safety was able to reduce turnaround time for payments to applicants of the Fund from 84 working days to 15 working days. This reduction allows for faster reimbursement on cleanup of petroleum releases which translates to faster environmental cleanup.

The Customer Service Center of the Unemployment Insurance Division succeeded in decreasing overall call handling time from 17:07 minutes to 14:30 minutes. This decrease allows customers across the state to receive faster overall response time with their Unemployment questions.

The Workforce Development Programs in the Division Employment and Training used Lean to develop an automated process of allowing job seekers to search vacant jobs immediately in 80% of the cases. This reduces the overall time to place qualified applicants into vacant jobs across the state.

10:25-10:30 DIVISION OF LABOR'S INCREASE IN FTE

17. Did industry request the Department increase the number of people involved in investigating contractors violating the 80% contract rule? Was this increase paid by an increase in fees collected?

The Division of Labor was not contacted by the companies (industry) impacted by this bill (H.B. 13-1292 Keeps Jobs in Colorado Act) either during the legislative session or afterward. The legislature provided 1.0 FTE and \$63,757 for FY 2013-14, and 3.5 FTE and \$202,190 for FY 2014-15 of General Fund to cover the cost of implementing the legislation. The Division believes this will be adequate to address the requirements of the Keep Jobs in Colorado Act.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

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

All implementation steps required of CDLE in response to legislation have been taken. With the exception of currently pending rulemaking actions for implementation of legislation passed in 2013 and technology updates for the Unemployment Insurance system, all steps have been completed. These pending actions are proceeding in a timely manner as contemplated by legislation.

19. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2013? What is the department doing to resolve the outstanding high priority recommendations?

The department does not have any outstanding high priority recommendations.

20. Does the department pay annual licensing fees for its state professional employees? If so, what professional employees does the department have and from what funding source(s) does the department pay the licensing fees? If the department has professions that are required to pay licensing fees and the department does not pay the fees, are the individual professional employees responsible for paying the associated licensing fees?

The department may pay for ongoing licensing fees for staff on a case by case basis. Our department has made professional development a priority and a cornerstone of our employee performance Employee Quality and Excellence Plans (EQEP). Some courses that staff attend as part of this effort may be eligible for licensing for any one of a number of professional certification/licensing requirements. Although maintaining a license may be of benefit to the employee and the department, we do not track this or pay for it for this purpose. Training and development expenditures are made to advance the skills of staff and increase the capabilities of the department in order to serve our customers better.

21. Does the department provide continuing education, or funds for continuing education, for professionals within the department? If so, which professions does the department provide continuing education for and how much does the department spend on that? If the department has professions that require continuing education and the department does not pay for continuing education, does the employee have to pay the associated costs?

The department may pay for ongoing development and training activities for staff. Our department has made professional development a priority and a cornerstone of our employee performance Employee Quality and Excellence Plans (EQEP). Some courses that staff attend as part of this effort may be eligible for continuing education credit for any one of a number of professional certification/licensing requirements. Although gaining continuing education

credit may be of benefit to the employee and the department, we do not track this or pay for it for this purpose. Training and development expenditures are made to advance the skills of staff and increase the capabilities of the department.

22. During the internal hiring process, how often does the number one choice candidate turn down a job offer from the department because the starting salary that is offered is not high enough?

While CDLE does track when candidates decline job offers, we do not maintain the data specifically requested by the committee (declinations due to salary). In gathering anecdotal data, our senior executive team was only able to recall one instance of this happening within the last year.

CDLE takes great care to make the salary range clear in our job announcements. We generally do not announce the full salary range for the job class, or we include statements indicating that we typically hire at the range minimum. Candidates who apply for our positions should have a good idea of what salary they can expect prior to completing the hiring process and getting to the offer stage.

What is far more likely to happen (and we have more anecdotal data on this) is that highly qualified candidates do not apply for some of our positions due to the salary range listed/available.

23. What is the turnover rate for staff in the department?

The Department of Personnel and Administration will provide a statewide report in response to this question during the Department of Personnel's hearing with the Joint Budget Committee.

24. Please provide a summary table of call wait times and caseload. Call Wait Times by Month over past Five Years

UI Workload Last Five Years			
Month and Year	Call Wait Times	Calls Answered	New UI Claims Filed
January 2009	1:51:45	14,489	27,445
February 2009	1:31:40	13,647	23,685
March 2009	1:27:04	18,976	24,199
April 2009	1:21:09	30,282	25,385
May 2009	1:12:25	44,974	19,984
June 2009	1:29:39	34,346	20,935
July 2009	1:39:48	30,183	20,686
August 2009	2:13:02	37,186	18,384
September 2009	1:37:16	34,851	18,941
October 2009	1:02:26	49,458	21,687
November 2009	0:41:17	47,297	22,222
December 2009	0:35:54	50,893	24,569

UI Workload Last Five Years

Month and Year	Call Wait Times	Calls Answered	New UI Claims Filed
January 2010	0:53:08	61,245	23,790
February 2010	0:53:04	48,434	19,015
March 2010	0:49:44	47,808	19,625
April 2010	0:39:48	57,021	20,499
May 2010	1:02:15	58,846	15,917
June 2010	0:45:05	47,984	17,503
July 2010	0:38:08	64,057	16,746
August 2010	1:02:17	46,158	16,843
September 2010	1:09:08	39,450	15,528
October 2010	1:07:41	49,701	18,719
November 2010	1:02:56	38,820	19,426
December 2010	1:09:12	43,209	20,193
January 2011	1:25:00	49,264	23,474
February 2011	1:22:58	40,818	16,035
March 2011	1:35:39	37,062	15,551
April 2011	1:52:44	41,767	17,954
May 2011	1:38:01	31,966	15,928
June 2011	1:38:41	26,108	14,448
July 2011	1:48:57	26,688	13,679
August 2011	1:41:02	21,744	14,707
September 2011	1:36:50	21,997	13,859
October 2011	1:45:53	26,825	17,058
November 2011	1:59:16	16,441	16,867
December 2011	1:57:31	21,717	18,292
January 2012	1:57:48	17,669	20,065
February 2012	1:53:06	16,349	15,077
March 2012	1:22:33	24,561	13,630
April 2012	2:06:15	15,674	15,679
May 2012	2:16:21	14,358	14,469
June 2012	1:55:48	15,609	12,882
July 2012	2:07:25	15,814	14,071
August 2012	2:13:09	15,934	13,044
September 2012	1:50:59	15,229	11,341
October 2012	2:05:48	16,457	16,475
November 2012	2:02:34	14,965	16,309
December 2012	2:01:09	15,107	15,834
January 2013	2:19:26	15,955	21,269
February 2013	2:07:11	11,483	13,079
March 2013	1:35:21	17,502	11,589
April 2013	1:41:46	21,109	16,308
May 2013	0:59:20	28,869	13,620
June 2013	0:25:13	30,877	11,092

UI Workload Last Five Years			
Month and Year	Call Wait Times	Calls Answered	New UI Claims Filed
July 2013	0:26:10	37,971	13,363
August 2013	0:39:45	30,699	11,461
September 2013	0:47:51	22,878	12,245
October 2013	0:54:27	27,416	16,180

25. Please provide trends, in table form, over the past ten years for frequency of UI overpayments.

Calendar Year	Estimated Overpayment Rate	UI Dollars Paid
2003	8.02%	\$515,444,893
2004	10.04%	\$390,592,343
2005	10.81%	\$318,164,940
2006	15.06%	\$291,262,017
2007	17.50%	\$308,082,435
2008	12.64%	\$322,640,324
2009	13.50%	\$706,585,655
2010	18.52%	\$907,305,322
2011	14.22%	\$689,991,604
2012	14.04%*	\$589,015,029
2013 (partial)	10.06%*	\$383,445,746

*The net improper-payment calculation is the new measure approved and implemented by the U.S. Department of Labor since 2012 and takes into account the improper payments minus the actual overpayment dollars that were recovered.

26. Discuss the Department’s role in analyzing Bureau of Labor statistics. How is that process going in general? Have there been requirements or management processes added or changed in the last five years? Is the Department satisfied with how it is measuring Colorado labor statistics?

Every year CDLE enters in to a cooperative agreement with the BLS. The BLS funds CDLE to produce data and estimates for 4 programs following very specific methodologies to ensure comparability across time and all geographical areas that make up the U.S. The four programs are: Quarterly Census of Employment and Wages (QCEW), Local Area Unemployment Statistics (LAUS), Current Employment Statistics (CES), and Occupation Employment Statistics (OES). Funding from the BLS has been declining in real terms for many years and in more recent years has been declining in nominal terms.

There have been several program changes over the last 5 years. Prior to January 2010 Colorado nonfarm payroll jobs estimates, which come from the CES program, were produced by CDLE staff. The BLS centralized the estimation process beginning with calendar year 2010 estimates. Centralization of the nonfarm payroll jobs estimation caused the quality of the estimates to deteriorate as the analysts in Washington

D.C. have little to no knowledge of the various economies within Colorado. The quality of the state level estimates has improved some over the past few years since centralization occurred. The quality of the Metropolitan Statistical Area estimates continues to be poor.

The BLS has centralized processes in other programs as well at the expense of local and state knowledge.

In response to sequestration, the BLS eliminated the Mass Layoff Statistics program as of June 30, 2013.

The Bureau of Labor Statistics has a history of making programmatic changes with national customers in mind rather than customers who use state and local estimates. Allowing states a greater say in the methodologies used and more resources devoted to these national employment statistics programs would allow for greater accuracy and detail at the state and local level.

27. How many wage claim complaints were received in the last completed reporting periods? How long did these claims take to process the claim to resolution? How does the Department define “resolution?” What percentages of cases are resolved within a timely manner? How does the Department define “timely manner?” Of the cases that are not resolved, how many are set for hearing? How many proceed with a judicial process after going through the administrative process?

In FY 12-13, the Division received 5,257 wage claim complaints and written inquiries. During this same fiscal year, wage claims averaged 31 days to resolution.

A claim is classified as successfully resolved by the Division in any one of the following three situations: The claimant was paid wages that were owed by the employer, it was determined that the employer had complied with the law, or the Division provided information, guidance, or other assistance that resolved the issue to the satisfaction of both parties.

The Division has a 31 day average for closing claims, which compares very favorably to other states and the U.S. Department of Labor’s performance which requires approximately 90 to resolve a claim. The Division of Labor attempts to resolve issues as efficiently as possible, and in general, the time it takes to resolve or complete an investigation depends on the complexity of each complaint. When asked, the Division tells claimants that it can take 45 days to resolve a claim.

The Division does not conduct hearings since it is not statutorily authorized to conduct hearings on wage claims.

The Division cannot track the judicial process involving wage claims; the Division’s process is independent of the court system.

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2014-15 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Wednesday, December 4, 2013
9:00 am – 10:30 am**

9:00-9:20 INTRODUCTIONS AND OPENING COMMENTS

9:20-9:35 WAGE CLAIM PROCESS

1. Does the Division of Labor have sufficient staff to complete its tasks for wage claims? What is the role of the Division in this process? Does the Division think it is succeeding? Are claimants satisfied with the Division's role in the process or is it viewed as a necessary prerequisite before filing a claim in court?
2. Can the Department bolster the wage claims process to improve it for claimants? Is there someone to whom General Assembly members can direct questions from constituents? Where can wage claims complainants go if they become frustrated with the system?
3. What is the Department's role in assisting victims of "wage theft," where employees' last paychecks are paid from an account with insufficient funds? Is the Department responsible for tracking instances of "wage theft?" Please provide data on "wage theft" trends for the past five years.

9:35-9:55 QUESTIONS FOR THE DIVISION OF UNEMPLOYMENT INSURANCE

WyCAN Consortium and UI System

4. Was Wyoming once the lead state in the WyCAN Consortium? If yes, when and for what reason did it terminate its role as lead?
5. Where is the PMO physically located and how is it staffed?
6. What are the costs of implementation specific to the Department? What is the Department doing to prepare to migrate to the system? Are there additional costs not already annualized in the current budget request that will be needed in future fiscal years?
7. Has the Department already presented to the Joint Technology Committee on the UI System being developed by WyCAN? If yes, provide a summary of the findings. If a hearing is scheduled, when will it be held?

Unemployment Insurance not related to WyCAN

8. Is current UI phone system capable of utilizing a process where UI Claimants can request to be called back instead of waiting on hold? What would be required to implement this service?
9. Please explain the relaunch of the UI website in November 2012.
10. Please explain what happened with the UI overpayments that occurred in recent history and why the Department was requesting the payments be returned. Have these issues continued in the previous two years?
11. What can the General Assembly do immediately to improve the unemployment insurance process? Are there any tools the General Assembly can provide to improve the process?

9:55-10:10 EDUCATING THE WORKFORCE

12. What is the Department doing to ensure Workforce Development Center clients are informed about all of the services available to them at the centers based on legislation that has passed in the past several sessions?
13. Should the State of Colorado invest general fund money in an adult education program?
14. What is the Career Ready Certificate program? What is the status of the program and how is it funded? Are individuals who use this program able to obtain jobs? Does it give them an advantage? How is the program being tracked? Is participants' feedback collected? Is this a cost effective way to prepare job applicants? What is the state's return on investment?

10:10-10:25 DEPARTMENT INTERNAL MANAGEMENT

15. Discuss the status of the four financial and four performance/IT audit recommendations still outstanding as of the State Auditor's 2013 Annual Report of Audit Recommendations Not Fully Implemented. Why has one recommendation been outstanding for 49 months? What is the plan to fully implement the remaining Auditor's recommendations?
16. Please provide an update on the Robust LEAN process for internal management implemented by the Department.

10:25-10:30 DIVISION OF LABOR'S INCREASE IN FTE

17. Did industry request the Department increase the number of people involved in investigating contractors violating the 80% contract rule? Was this increase paid by an increase in fees collected?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implement or has partially implemented the legislation on this list.
2. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2013? What is the department doing to resolve the outstanding high priority recommendations?

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/\\$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/D36AE0269626A00B87257BF30051FF84/$FILE/1337S%20Annual%20Rec%20Database%20as%20of%2006302013.pdf)

3. Does the department pay annual licensing fees for its state professional employees? If so, what professional employees does the department have and from what funding source(s) does the department pay the licensing fees? If the department has professions that are required to pay licensing fees and the department does not pay the fees, are the individual professional employees responsible for paying the associated licensing fees?
4. Does the department provide continuing education, or funds for continuing education, for professionals within the department? If so, which professions does the department provide continuing education for and how much does the department spend on that? If the department has professions that require continuing education and the department does not pay for continuing education, does the employee have to pay the associated costs?
5. During the internal hiring process, how often does the number one choice candidate turn down a job offer from the department because the starting salary that is offered is not high enough?
6. What is the turnover rate for staff in the department?
7. Please provide a summary table of call wait times and caseload.

Call Wait Times by Month over past Five Years				
Month	Year	Call wait time	Calls received	New claims made
Jan	2009			
Feb	2009			
Mar	2009			
Apr	2009			

May	2009
Jun	2009
Jul	2009
Aug	2009
Sep	2009
Oct	2009
Nov	2009
Dec	2009
Jan	2010
Feb	2010
Mar	2010
Apr	2010
May	2010
Jun	2010
Jul	2010
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Jul	2012

Aug	2012
Sep	2012
Oct	2012
Nov	2012
Dec	2012
Jan	2013
Feb	2013
Mar	2013
Apr	2013
May	2013
Jun	2013
Jul	2013
Aug	2013
Sep	2013
Oct	2013

8. Please provide trends, in table form, over the past ten years for frequency of UI overpayments.
9. Discuss the Department’s role in analyzing Bureau of Labor statistics. How is that process going in general? Have there been requirements or management processes added or changed in the last five years? Is the Department satisfied with how it is measuring Colorado labor statistics?
10. How many wage claim complaints were received in the last completed reporting periods? How long did these claims take to process the claim to resolution? How does the Department define “resolution?” What percentages of cases are resolved within a timely manner? How does the Department define “timely manner?” Of the cases that are not resolved, how many are set for hearing? How many proceed with a judicial process after going through the administrative process?