

**DEPARTMENT OF LABOR AND EMPLOYMENT
FY 2010-11 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Thursday, January 7, 2010
1:30 pm – 3:30 pm**

1:30-2:10 INTRODUCTIONS AND OPENING COMMENTS

2:10-2:50 UNEMPLOYMENT INSURANCE COMPUTER SYSTEMS AND THE INTERNET SELF SERVICE PROJECT

1. What version of COBOL is CUBS written in? Has it been modified to the latest version since Y2k?

After Y2K, the department upgraded to IBM COBOL for MVS and VM 1.2.1 which is still in use. There is a newer version called Enterprise COBOL that has more functionality for web processing and object oriented programming.

2. What is the language of the source code from Accenture written for the Genesis project?

The Genesis source code is written in VB.NET on the proprietary Siebel platform. The result of the Project Recovery Assessment (PRA) led the department to the ISS project and a modern database as a platform for an incremental approach to modernization essentially closing the door on Genesis or a Genesis-like project. Though VB.NET is still supported, it has been superseded by ASP.NET which is the current CDLE standard.

3. What are the benefits to Colorado and the Department of rebuilding the UI computer systems?

A modern computer system for the UI program will shorten the time required to make modifications as a result of rule or law changes and could reduce operating costs. In addition, since certain UI program processes are dependent on the current aged architecture, new systems would allow the UI program to realize additional cost saving/service improvements by revising processes and developing new automation in support of the new processes.

The maintenance for ADABAS and NATURAL are making these software products costly.

4. This question is for the Governor's Office of Information Technology.

The Following answer was provided by the Office of Information Technology:

- a. What is the opinion of OIT on the need to modernize the unemployment insurance computer systems?

Response: It is the opinion of OIT that the need to modernize the unemployment insurance computer system is critical for the following reasons: (1) improve our ability to quickly and efficiently react to changes in unemployment benefit rules, regulations and legislation that ultimately results in the prompt delivery of benefits to the citizens of Colorado in need; (2) provide easier access to data for customer inquiries; (3) ease of integration with other systems for data sharing purposes, and (4) provide an environment that is not dependent on legacy system and/or programming skill sets. Skill sets that are becoming increasingly difficult to retain and recruit due to retirements and advancements in application programming languages and methodologies.

- b. What does OIT see as benefits of modernizing the systems?

Response: The benefits of modernizing the unemployment insurance systems are our ability to better support the goals, objectives, and delivery of services to our customers, and improvements in the areas discussed above under 4(a).

- c. How soon should the computer systems be upgraded?

Response: Short-term modernization strategies are currently being explored in order to improve in the development, support, and maintenance of the current mainframe environment on which the unemployment insurance system resides (e.g. upgrades to operating systems, addition of new tools that will aid in the sharing of real-time data between systems, etc.). It is recommended that we begin a long-term modernization assessment to identify the alternatives that would best meet the service delivery needs of Colorado and our customers. This would include, but not limited to, an assessment of all of the applications and services supported by the current mainframe environment, a business rules and process review, a cost-benefit analysis; an alternatives analysis to include what is and is not working in other states; and potential funding strategies.

- d. What is the best method of modernizing the computer systems?

Response: The results of a comprehensive modernization assessment would provide several alternatives for consideration.

- e. What are the possible consequences if the computer systems are not upgraded?

Response: Ultimately, the inability to effectively or efficiently deliver services to our customers (e.g. answer customer inquiries, accept unemployment applications, issue unemployment payments).

5. Are the Internet Self Service applications being built through the state website or through SIPA, and which website will these applications be on?

The ISS application layer is being developed by Colorado Interactive, the contract vendor for SIPA. The current application, MyUI Claimant, is being hosted on the Colorado.gov Web site, which website is the official SIPA web portal.

2:50-3:15 CONVEYANCE PROGRAM

6. Why is the Conveyance Program in the Department of Labor and Employment, and not in another Department? Does the Department believe this is the appropriate place for the Conveyance Program? Why or why not?

The Legislature felt there was a need for statewide oversight, placing a statutory mandate on CDLE to oversee conveyance safety. There are a number of reasons why the inspection and public safety functions to the department. Some of the reasons that we will present are based on first hand knowledge and some of the other justifications presented are based on third party knowledge and research.

In 1995 the legislature, through HB95-1183, consolidated the entire Storage Tank Program at the Oil Inspection Section (OIS) within CDLE. The 2001 legislature, through HB01-1373, consolidated the OIS with other public safety programs in the CDLE and created the Division of Oil and Public Safety (OPS). The other programs that were merged with oil inspection were boiler inspection, explosives, public school construction and carnival and amusement parks. The purpose of this legislation was to create efficiency through consolidation of administration.

There is other evidence that worker safety programs are associated with labor departments. For example the Mining Safety and Health Administration (MSHA) and the Occupational Safety and Health Administration (OSHA) are both located within the US Department of Labor. Part of the OSHA laws and regulations deal with safe operations of petroleum storage tanks, propane tanks, construction materials and the safe use of explosives. Our regulations cover many of these same issues. The following information is based on third party information and research:

a) The office of the State Inspector was created as a separate department in 1899. Approximately 50 or 60 years ago there was a consolidation of departments in state government in which many larger departments absorbed smaller departments. At that time State Oil Inspection was included within the CDLE.

b) The state boiler program has been in existence for many decades and was placed in CDLE because of the concept of worker protection. Most boiler accidents affect employees at the facility where the boiler exists.

c) The state explosive program was placed at CDLE because of worker protection. One of the primary focuses of the state explosive program is to regulate the individual blaster. The rules are designed to protect those employees who use explosives.

A few years ago an informal survey was conducted amongst approximately 40 states and found that 50% of those states surveyed indicated that the boiler and explosives programs resided within those respective state's Department of Labor or similar departments. In other states the regulation of elevators is handled within the department of labor or labor and industry. An example of this is in North Carolina where the division that regulates elevators and amusement devices is located within the Department of Labor. The reasons offered by these states for the location of these programs is "protection of the worker".

It is logical to conclude that the legislature may have had this concept in mind that accidents with conveyances would affect construction and maintenance workers as they do with accidents at boiler, explosive, petroleum storage tank, and propane distribution facilities. The consolidation of these environmental and safety programs at CDLE has minimized the impacts of health and safety based issues by having various inspectors around the state who can respond to a variety of incidents.

7. What types of inspections does the Division of Oil and Public Safety do that justify keeping the Division within the Department of Labor and Employment? Please provide a history of these types of inspections done by the Division.

The Division of Oil and Public Safety conducts a variety of regulatory inspections that encompass public safety, consumer protection and environmental protection. These inspections are described below:

- *The Petroleum Inspection Section conducts inspections of the operation and closure of petroleum underground and aboveground storage tanks, the proper dispensing (calibration of fuel dispensers), quality of petroleum fuels and respond to emergency situations involving petroleum releases.*
- *The Conveyance Section conducts inspections that audit the performance of private industry inspectors, contractors, and approved jurisdictions regarding the installation, alteration, and periodic inspection and testing of conveyances, such as elevators, platform lifts, personnel hoists, stairway chairlifts, dumbwaiters, escalators, moving walks, and automated people movers (trains at DIA). Division inspectors also ensure that all conveyances are registered and are operating under a current Certificate of Operation, and that all mechanics, contractors, and inspectors performing work in Colorado have current licenses obtained through the Division.*
- *The Boiler Inspection Section conducts inspections of boilers and pressure vessels located in public buildings such as schools, churches, hotels, restaurants, health clubs, nursing homes, and office buildings. The Section coordinates the efforts of state and insurance company special inspectors, to verify compliance with the established safety requirements with regard to the installation, operation and closure of boilers and some pressure vessels.*

- *The Explosives Section conducts inspections regarding individuals or businesses that use, manufacture, possess, sell, store, transport, or dispose of explosives or blasting agents. The Section is also responsible for conducting inspections to ensure that explosives used for road construction, avalanche control, oil exploration and other demolition purposes are stored safely away from populated areas and secured in locked storage facilities where inventory controls are in place to guard against theft.*
- *The Amusement Rides and Devices Section conducts inspections of carnivals, amusement parks, and other amusement rides to ensure that the amusement devices that operate in the state have annual safety inspections and that visual maintenance inspections are performed daily, and that owners maintain appropriate insurance and are properly reporting accidents.*
- *The Public Schools Section inspectors conduct inspections that ensure proper construction of public school projects for all K-12 and junior (community) colleges statewide. This program transferred to the Department of Public Safety on January 1, 2010.*
- *In addition, the Remediation Section and Petroleum Storage Tank Fund (PSTF) Section conduct periodic inspections to ensure accuracy of information reported to the Division regarding the remediation of petroleum contamination and the items for which reimbursement has been requested from the PSTF.*

8. Why did Denver not sign the conveyance memorandum of agreement?

Denver is instituting an inspection program where all inspectors will be cross-trained to inspect all components of the multiple programs (electrical, plumbing, buildings, etc.) and they feel that elevator inspectors are too specialized in training and certification to fit into this new program. Denver also feels that they cannot cover their expenses with this elevator inspection program. The City and County of Denver has funded its own conveyance inspection program since the 1950's.

9. Did jurisdictions have conveyance program prior to the creation of the Conveyance Program. If so, please provide some examples of conveyance programs that existed prior to 2007.

Over 400 jurisdictions (cities and counties) are present in Colorado, and of these jurisdictions, a little over 40 of them had some sort of conveyance inspection program prior to the effective date of the Elevator and Escalator Certification Act (January 1, 2007). Jurisdictions that had programs with in-house inspection staff include the City and County of Denver, Pikes Peak Regional Building Department (El Paso County) and Pueblo Regional Building Department (Pueblo County). Approximately 40 jurisdictions had programs that contracted inspection services from either the Denver Regional Council of Governments (DRCOG) or Northwest Colorado Council of Governments

(NWCCOG).

Following the creation of the Conveyance Section within the Department, several of the programs listed above decided not to execute a Memorandum of Agreement (MOA) with the Conveyance Section. These jurisdictions include the City and County of Denver, Boulder, Aurora, Westminster, Golden, and Mesa County, all of which include approximately 40% of the conveyances in the state. Also, large jurisdictions in other parts of the state that did not have previously established programs, such as Ft. Collins, Loveland, Greeley, Sterling, Montrose, Durango, Telluride, Las Animas, Lamar, and Trinidad, have not executed MOAs.

10. How does a person gain the skills and education to become a conveyance inspector?

Individuals that become elevator inspectors generally come from the industry having worked as elevator mechanics or other elevator personnel. To become a licensed conveyance inspector in Colorado the person must qualify in one of the following methods:

- *Receive Qualification of Elevator Inspectors [QEI-1] certification from one of three programs accredited by the American Society of Mechanical Engineers (ASME).*

OR

- *Provide documentation that the person was employed by or appointed by an Approved Authority Having Jurisdiction (AHJ) to inspect conveyances for 3 years prior to January 1, 2008, with the condition that the person will receive QEI-1 certification by July 1, 2010.*

OR

- *Receive training from an Approved AHJ and obtain QEI-1 certification within one year.*

Inspectors for the trains at DIA (APM) must meet qualifications listed in the American Society of Civil Engineers (ASCE) 21.

3:15-3:30 LABOR MARKET INFORMATION

11. How is the unemployment rate for Colorado calculated?

The jobless rate is derived from a monthly survey of households called the Current Population Survey (CPS). The CPS is the most comprehensive survey of labor force activity in the nation and is conducted by the Census Bureau for the Bureau of Labor Statistics. Nationally, there are roughly 60,000 households in the CPS but sample sizes vary among states depending upon population, number of households, variation in socio-economic characteristics and other factors. The sample in Colorado currently consists of about 1,000 households. Because the relatively small sample size can produce volatile monthly results statistical techniques are used to reduce the amount of noise or irregular movement in the results and allow fundamental trends to appear. In general, it takes about

3-4 months for these underlying trends to emerge in the state unemployment data.

In measuring labor force activity, the CPS uses precise definitions of employment and unemployment within a specific time period. In order to be counted as unemployed, the respondent must be 16 years or older and have both looked for and been available for work in the four weeks immediately preceding the survey week (typically the week that includes the 12th of the month). Attachment to the unemployment insurance system is irrelevant to this concept; therefore persons who are seeking work but have not filed for or are receiving or previously exhausted unemployment compensation are still considered unemployed. Employed persons are those 16 years and older who worked at least one hour for pay or profit during the survey week-- self-employed persons as well as persons who worked at least 15 hours in a family business are considered to be employed under this definition. Individuals who have a job but did not work during the survey week due to illness, labor-management dispute, bad weather, maternity leave and other reasons are also counted among the employed.

The labor force is the sum of the number of employed and unemployed persons-- the unemployment rate is simply the number of unemployed expressed as a percent of the labor force.

12. What is causing the increasing or decreasing employment trends in Colorado by industry?

Industry employment data (sometimes known as payroll employment or wage and salary employment) are not derived from the CPS but rather from a separate survey of businesses. Currently, about 390,000 firms are surveyed nationally each month; in Colorado, the survey includes about 3,000 businesses. The results from the payroll survey tend to have smaller measurement errors than the CPS and are considered reliable indicators of economic activity and job growth at the state and national level. Definitions of employment in the payroll survey are generally more restrictive than those in the CPS-- e.g., self-employed persons and unpaid family workers are excluded as are those persons with jobs but away from work due to labor disputes, bad weather, and personal reasons. Multiple-job holders, i.e., persons with more than one job during the survey week, are counted more than once in the payroll series.

Colorado, which entered the recession about nine months later than much of the rest of the nation, is on a pace to lose roughly 100,000 jobs this year. The contraction, as measured by job loss, is much greater than the 2002-03 recession when just under 75,000 jobs were lost over the combined two-year period. The factors causing the downturn have been widely reported and include the credit crunch that began last fall, collapse of residential housing markets, deteriorating overseas economies, and a severe pull-back in consumer and business spending.

Losses have been widespread among Colorado's industries. In particular, job losses in construction and finance, insurance, and real estate are directly related to depressed housing prices and more restrictive lending standards by weakened financial institutions

attempting to bolster capital reserves. Although manufacturing has benefited somewhat from a falling dollar for much of the past year, the industry remains firmly in the grip of a long-term employment decline and weak capital spending by local businesses. Reduced capital spending on software and technology components has also impacted the information services sector. The State's largest sectors, trade, and professional and business services, have been adversely impacted by reductions in both consumer and business expenditures while the leisure and hospitality sector has been affected by declines in discretionary consumer spending. Government, with the exception of the federal component which will see a short-term boost from census-related hiring, will likely experience weakness over the next two years as slumping revenues force spending cuts through 2012. Education and healthcare have stood out this year as the main industries on pace to add jobs.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Please provide organizational charts for your department, showing divisions and subdivisions (with geographic locations).

This was provided in our November 6, 2009 Budget Request, as described in the OSPB Budget Instructions published on May 29, 2009.

2. Definitions of the roles and missions of your department, its divisions and subdivisions.

This is a part of the Department's Strategic Plan which was submitted in our November 6, 2009 Budget Request, as described in the OSPB Budget Instructions published on May 29, 2009.

3. The number of current personnel and the number of assigned FTE by division and subdivision (with geographic locations), including all government employees and on-site contractors.

The Position and Object Code Detail Report was included in the November 6, 2009 Budget Request as Schedule 14. This is the information that is available on FTE at this time.

4. A specific list of names, salaries, and positions by division and subdivision of any salaried officer or employee making over \$95,000 per year in FY 2009-10.

The department has provided this as an attachment to our 2009 Hearing Responses, but using position numbers instead of individual employee names.

5. A specific list of names, bonuses, and positions by division and subdivision of any salaried officer or employee making over \$95,000 per year who received any bonuses in FY 2008-09.

The department has provided this as an attachment to our 2009 Hearing Responses, but using position numbers instead of individual employee names.

6. Numbers and locations of any buildings owned or rented by any division or subdivision (by location) and the annual energy costs of all buildings.

The department has provided this as an attachment to our 2009 Hearing Responses.

7. Any real property or land owned, managed, or rented by any division or subdivision (by geographic location).

The department has provided this as an attachment to our 2009 Hearing Responses.

8. List essential computer systems and databases used by the department, its divisions and subdivisions, with their actual FY 2008-09 expenditures.

Please see the Governor's Office of Information Technology for this information.

9. Any actual FY 2008-09 expenditures over \$100,000 total from the department or from its divisions and subdivisions to any private contractor, identifying the contract, the project, and whether the contracts were sole-source or competitive bid.

The Governor has determined that this request is administratively burdensome and is best accessed through the State Controller. Please contact the State Controller for a report with this information.

10. The amount of actual FY 2008-09 expenditures for any lobbying, public relations, gifts, public advertising, or publications including:

- a. expenditures for lobbying by public employees, contract lobbyists, or "think tanks;"
- b. expenditures for lobbying purposes at other levels of government;
- c. expenditures for lobbying purposes from grants, gifts, scholarships, or tuition;
- d. expenditures for publications or media used for lobbying purposes;
- e. expenditures for gratuities, tickets, entertainment, receptions or travel for purposes of lobbying elected officials; or
- f. expenditures for any public advertising. Include all advertising campaigns, including those that are not for public relations.

The Governor's Office collected the information outlined in this question and gave it to the LCS in September 2009. Please contact LCS to request the information.

11. List of all boards, commissions, and study groups, including, actual FY 2008-09 expenditures, travel, per diem budgets and assigned FTEs.

The Governor's Office collected that information and gave it to the JBC in August 2009. Please contact OSPB to request a copy of what was sent. The Governor has determined that the remainder of this request is administratively burdensome as the operating budget is not appropriated or expended according to specific FTE.

12. Suggest budget and staff reductions, including reductions in FTE and hours, by division and subdivision that will reduce your department's total FY 2010-11 General Fund expenditures by 12.5% relative to FY 2009-10 appropriations before any adjustments that have been announced since the end of the 2009 session.

Please see the Governor's November 6, 2009 Budget Request for budget balancing proposals for FY 2010-11, and his December 1, 2009 Budget Balancing package for FY 2009-10. The Department does not receive any appropriation of General Fund dollars.

13. Suggest budget and staff reductions, including reductions in FTE and hours, by division and subdivision that will reduce your department's total FY 2010-11 General Fund expenditures by 25.0% relative to FY 2009-10 appropriations before any adjustments that have been announced since the end of the 2009 session.

Please see the Governor's November 6, 2009 Budget Request for budget balancing proposals for FY 2010-11, and his December 1, 2009 Budget Balancing package for FY 2009-10. The department does not receive any appropriation of General Fund dollars.