

# COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT

## *STRATEGIC PLAN FY 2011-2012*

### I. EXECUTIVE DIRECTOR'S LETTER

My fellow Coloradans:

Today, nearly two years after Colorado began to feel the effects of the national recession, our journey to recovery has begun. No one is predicting a quick recovery. It will take years to regain the more than 165,000 jobs the state lost since May of 2008, but as Governor Bill Ritter has said, "Colorado's economy continues to recover, but it is slow, uncertain and marked by fits and starts. Families, small businesses and many of our industries have a challenging climb ahead of them."

To succeed, Colorado faces a new imperative to boost its competitiveness and build its future. The Colorado Department of Labor and Employment is an active participant in that work. Our focus in 2010 has been in preparation, innovation and collaboration.

***Preparation is an investment in our future.*** Education and training play vital roles in helping displaced workers regain employment in the short term and in helping them gain critical new skills in the face of an ever-changing workplace. Well trained and highly skilled workers will be best positioned to secure the good jobs in the labor market of the next decade. In 2010 these investments were made:

- In early 2010, we entered into a statewide partnership with Microsoft called Microsoft Elevate America to provide 12,500 vouchers to jobseekers across the state for certified Microsoft training through workforce centers.
- In June of 2010, we were the recipient of federal dollars from the U.S. Department of Labor to grow and strengthen our program of providing veterans with job training in renewable energy fields. The training and job counseling we are providing has assisted hundreds of veterans plunge into the green-collar job market.
- In June of 2010, the U.S. Department of Labor awarded the Department of Labor and Employment more than \$1 million to serve workers who have been unemployed for a long time and who may be struggling with barriers to employment. As the economy recovers, finding work will still be difficult for the long-term unemployed. Their skills may have deteriorated during their lengthy time away from the workplace and some individuals were displaced from industries in decline. This grant is providing a paid work experience and vital on-the-job training to help workers get back on their feet.

- The CareerReady Colorado Certificate was launched statewide through workforce centers as an assessment tool that certifies a worker's skill set in key areas before they are hired. More than 5,000 certifications have been issued as of summer 2010.

***Innovation is an investment in our future.*** The Department of Labor and Employment has renewed and strengthened its commitment to technology and creativity in the delivery of its services.

- We launched a web-based tool that aids employers in calculating their surcharge amount owed to the Division of Workers' Compensation.
- The Department's Internet Self-Service (ISS) project, which received Joint Budget Committee spending authority in 2007, implemented its first module with the claimant-focused *MyUI*. This online service addresses general claim information such as current claim balance, weekly benefit amount, wage information by employer, payment & deduction information, work search information needing agent intervention. By August 2010, more than 100,000 claimants had registered with *MyUI*.
- Last fall, we updated an online application for business registrations that allows most employers to register for both an Unemployment Insurance (UI) account with the Colorado Department of Labor and Employment and sales and wage-withholding tax accounts with the Colorado Department of Revenue.
- Based on feedback from employer groups, in our Oil and Public Safety division we launched an online payment system enabling Petroleum Storage Tank owners to pay their tank registration fees using credit cards or e-checks.

***Collaboration is an investment in our future.*** The work ahead will require everyone fully engaged in the business of recovery. Only by working together across sectors of government and in partnership with educators and businesses can we achieve real results.

- As of August 2010, HIRE Colorado has provided more than 1,600 participants either a paid or on the job-training work experience. The Department of Human Services and Colorado Department of Labor and Employment partnership is putting people to work in temporary employment while also training them for future job development using \$11.25 million in TANF (Temporary Assistance to Needy Families) funds to provide an employment subsidy to companies that hire TANF-eligible workers for short-term employment.
- In April, we announced an unprecedented joint venture with Employment and Employer Support of Guard and Reserve (ESGR), an organization that is part of the Department of Defense. In 2010, the unemployment rate of Iraq and Afghanistan-era veterans reached a staggering 14.7 percent and this partnership set a course of action to hold a series of job fairs at National Guard Armories across Colorado.
- Since first convening in 2008, the Jobs Cabinet has been analyzing Colorado's ability to stay successful in a global competitive economy. That body, intended to dissolve in December 2010, released its findings in August of 2009 and some of the key

findings directly affect the Colorado Workforce system. The Colorado Workforce Development Council is implementing these recommendations including enhanced business representation on the Council. The Colorado Workforce Development Council, which is the federally recognized state workforce board, will move forward with the Job's Cabinet recommendations and will address workforce and economic issues facing the state, focusing on the development of a talent-based workforce, matching skills of Colorado job seekers with the needs of Colorado employers. This will assist Colorado in the retention, expansion and recruitment of key growth industries will be among its top priorities. Through additional business representation, the Council now has new responsibilities to help nurture and develop Colorado's economy and its workforce.

- We have worked closely with Colorado businesses to assist them meet the challenges of the recession. During Program Year 09/10, our Rapid Response program served 227 employers facing a downsizing. Nearly 11,000 workers at these businesses were assisted in hundreds of Transition Assistance Workshops. In 2010, the Unemployment Insurance program began implementing Work Share, a voluntary program which allows employers to reduce employee work hours for all workers instead of laying-off some, resulting in reduced labor costs during periods of reduced business activity and sustained employee morale compared to a layoffs situation.

Preparation, innovation and collaboration will strengthen the foundations of our economy and set the groundwork for long-term prosperity. While challenges abound, so too do many opportunities. Companies and workers that are positioned to succeed will define the next wave of prosperity.

No one has a crystal ball to see the future with complete clarity. But as our economy continues to rebuild, Coloradans will have an increasing need for our services. Our goal is to ensure that we address those needs efficiently and effectively. Colorado is looking ahead to its economic potential and working to make that potential a reality.

The Colorado Department of Labor and Employment will be there to help at every step on the road ahead.

Sincerely,

Donald J. Mares  
Executive Director

## II. INTRODUCTION, STATUTORY AUTHORITY, AND ORGANIZATIONAL CHART

### A. INTRODUCTION

There has been an increasing need for services to the citizens of Colorado. They deserve products and delivery systems to meet that demand. The strategic vision of the Colorado Department of Labor and Employment (CDLE) is to ensure that the products and systems are not only in place, but that they are delivered efficiently and effectively. CDLE will meet the challenges ahead with programs that directly impact workers and business every day in six important ways.

**We connect job seekers with great jobs.** We've been assisting Colorado's workforce for decades by providing funding for job training and employment services. CDLE continues to enhance the delivery of new programs and services throughout our network of Workforce Centers.

**We help people who have lost their jobs** by providing temporary wage replacement through the Unemployment Insurance Program. Unemployment insurance helps workers pay bills and contributes to the economic stability of the state. New delivery and customer services systems will continue to help these workers.

**We assist workers who have been injured on the job.** The Division of Workers' Compensation administers the system to provide for quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, while minimizing the need for litigation.

**We ensure fair labor practices.** Workers who have not been paid or have been subjected to unfair labor practices are assisted. We make sure that workers receive the wages they have earned and understand their rights and also assist employers in understanding their responsibilities.

**We protect the workplace — and Colorado communities — with a variety of safety programs.** The Division of Oil and Public Safety oversees the use of explosives in the state, ensures that boiler, amusement rides and devices, and conveyances are operating safely and properly, and that leaking petroleum storage tanks are remediated quickly and efficiently.

**We provide an up-to-date and accurate picture of the economy that helps in decision making.** Economic data collected and analyzed by Labor Market Information helps guide the future development of our economy as policy makers, educators, and employers develop their strategies into the next decade.

## B. STATUTORY AUTHORITY

### *Division of Employment & Training*

Unemployment Insurance (UI) Program: 8-70-101 through 8-82-103, C.R.S. is the Colorado Employment Security Act which establishes the framework for Colorado's UI Program. The UI program was originally authorized under the Social Security Act and Federal Unemployment Tax Act.

Workforce Development Programs: 8-71-101 through 8-71-224, C.R.S. creates Workforce Development; and 8-15.5-101 through 8-15.5-108, C.R.S., establishes the Displaced Homemakers Act. Workforce Development administers the following federal programs: the Wagner-Peyser Act; the Workforce Investment Act; the Trade Adjustment Assistance Program (Public Law 93-618); the Trade Act of 2002 (Public Law 107-210), and the Jobs for Veterans Act (Public Law 107-288).

Colorado Workforce Development Council: 24-46.3-101 through 24-46.3-102, C.R.S. creates the state work force development council (state council) within the department of labor and employment. The statute establishes the state council as a state work force investment board in accordance with the federal "Workforce Investment Act of 1998".

Labor Market Information: 24-1-136 C.R.S. directs the heads of the principal departments to develop and direct a system for the collection, coordination, control and distribution of state operational and administrative reports and information. 8-72-106, C.R.S. provides for appropriate steps to promote the reemployment of unemployed workers throughout the state in every way feasible.

### *Division of Labor*

8-1-103 C.R.S. The Colorado Division of Labor administers laws and regulations governing wages, minimum wage, working conditions, youth employment, certain union issues and grievances, and employment-related immigration laws.

### *Division of Oil and Public Safety*

Storage Tanks: 8-20.5-101 through 8-20.5-401 C.R.S. provides for the regulation of above- and below-ground storage tanks.

Fuel Products: 8-20-101 through 8-20-415 C.R.S. governs the Divisions development of rules covering the design, construction, location, installation, and operation of equipment for storing, dispensing, handling, and utilizing liquid fuel products.

Boilers: 9-4-103 (3) C.R.S. requires the Division to establish rules and a schedule for the inspection of boilers and pressure vessels to ensure they conform to the Colorado boiler construction code.

Conveyances: 9-5.5-101. C.R.S. creates the "Elevator and Escalator Certification Act" that requires the Division to license inspectors/mechanics and register all conveyances in the State.

Explosives: 9-7-105 C.R.S. requires the Division to ensure the safety of workers, the public, and the protection of property by promulgating rules related to the use, storage, and transport of explosives.

Amusement Rides and Devices: 8-20-1002 C.R.S. requires the Division to establish rules for the registration, construction, repair, and maintenance of amusement rides and for the financial responsibility of operators.

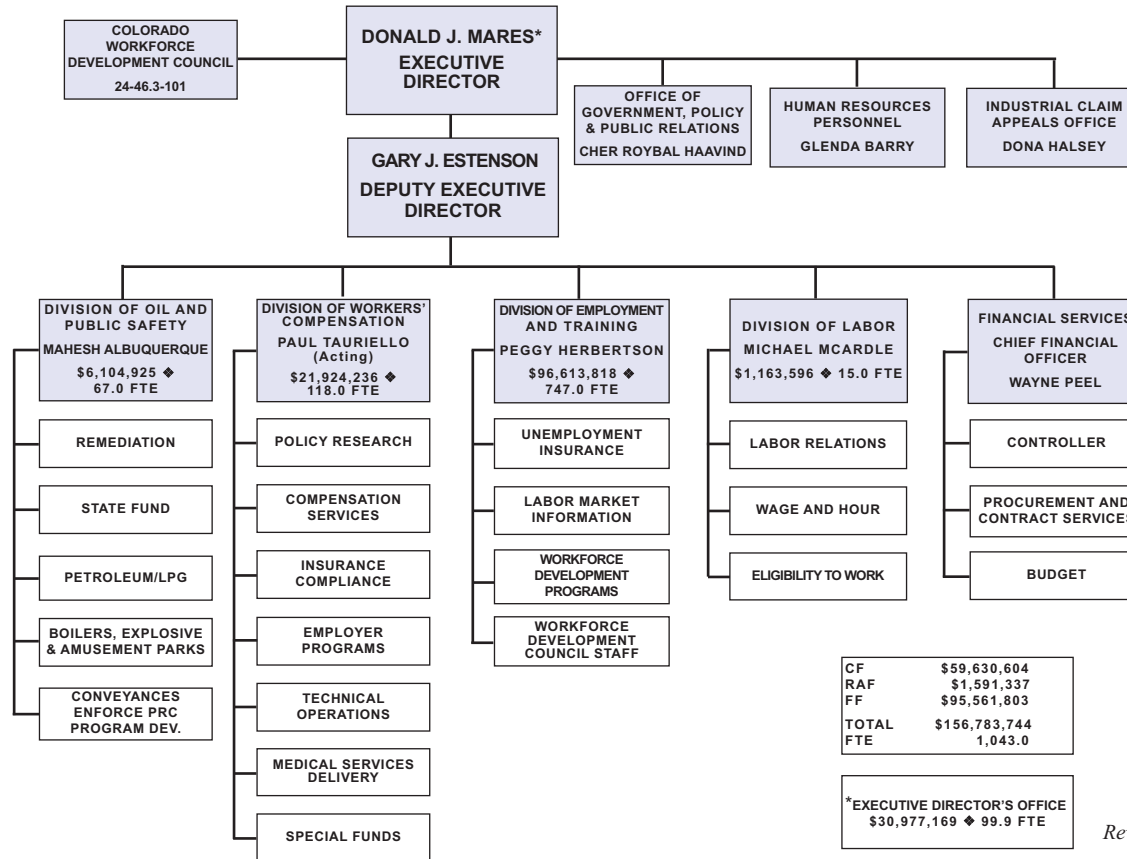
#### *Division of Workers' Compensation*

8-40-101 through 8-47-209 C.R.S. The Colorado Division of Workers' Compensation is the state office responsible for administering and enforcing the workers' compensation law in this state. In doing so, it recognizes the intent of the Colorado General Assembly to ensure the quick and efficient delivery of disability and medical benefits to injured workers, at a reasonable cost to employers. As the agency overseeing workers' compensation in this state, the Division establishes rules, procedures and programs to enforce the law and to resolve disputes that may arise between the employer and the injured worker.

The Workers' Compensation Cost Containment Program 8-14.5-101 C.R.S. sets forth the legislative declaration that adjustments to employer's premiums should be weighted in a manner to encourage the adoption and implementation of workplace safety programs. The Cost Containment Program is a voluntary safety program that allows qualifying employers to receive discounts on their premiums. In addition, participating employers realize savings by reducing the number and costs of workplace accidents.

The Special Funds Unit, consisting of the Major Medical Fund 8-46-201 C.R.S., the Subsequent Injury Fund 8-46-101 C.R.S., and the Medical Disaster Fund 8-46-301 C.R.S., provides benefits for workers' under certain circumstances; such as when the amount spent on medical benefits exceeds a certain level or when injuries at two or more employers combined to result in permanent, total disability. The Major Medical Fund was closed to work-related injuries occurring on or after July 1, 1981. The Subsequent Injury Fund was closed to work-related injuries occurring on or after July 1, 1993; and to occupational diseases occurring on or after April 1, 1994. As of June 30, 2009, there are 1,555 injured workers receiving benefits from these funds.

# Colorado Department of Labor and Employment



Rev. September 2010

### III. MISSION STATEMENT

The Colorado Department of Labor and Employment's mission is to maximize the value of employment, training and workers' compensation services; dispute resolution processes; and public and workplace protections to our customers and stakeholders. Our work, which is customer-oriented and results-driven, fosters economic growth by supporting businesses and workers. Support is provided through job matching resources, economic and labor market information and training opportunities, all of which advance commerce and lead to a better quality of work-life for Colorado workers and their families.

### IV. VISION

The Colorado Department of Labor and Employment assists Colorado's workforce at every step in their career by providing:

- ♦ Training to workers so they can find meaningful employment;
- ♦ Benefits to bridge the employment gap and help families when they are temporarily out of work;
- ♦ A fast and efficient system to ensure that injured worker benefits are paid in a timely manner;
- ♦ Ensure wages earned are paid through enforcement of the state's labor laws;
- ♦ Protection to workers, consumers and all Colorado citizens through the enforcement of safety regulations governing boilers, gas stations, petroleum storage tanks, conveyances, amusement rides and devices, explosives, and cleanup of petroleum contamination;
- ♦ Innovative concepts and sponsoring policy initiatives that contribute to the building of the 21<sup>st</sup> Century workforce.

The Department's goals of meeting the growing demands of a vibrant and dynamic workforce will be met by a dedicated staff through innovative funding streams, utilization of technology to provide services in a more efficient and effective manner, and developing various partnerships throughout the state.

### V. OBJECTIVES, PERFORMANCE MEASURES, STRATEGIES AND EVALUATION OF SUCCESS

*Objective 1:* Provide quality, customer-driven employment and training services to job seekers and the business community through result-driven workforce development, timely and accurate payment of Unemployment Insurance benefits, and comprehensive labor market data & analysis.



*Division of Employment and Training*

*Division Objectives: Workforce Development Programs*

- a. Develop strategies to address the needs of high growth industries, to enhance incumbent worker training, to coordinate services in collaboration with the Colorado Community College System and the Adult Education and Family Literacy programs, and to expand labor exchange opportunities for businesses.

| Department Performance Measures   |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|---|-----------|--------------------|--------------------|------------------|---------------------|
| Percentage of persons working in the quarter immediately following the receipt of workforce services. | Benchmark | 62 %               | 57 %               | 50 %             | 50%                 |
|   | Actual    | 60.32%             | 44.72%             |                  |                     |

| Division Performance Measures   |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|---|-----------|--------------------|--------------------|------------------|---------------------|
| Number of employers obtaining services through the workforce center system. | Benchmark | 23,000             | 23,000             | 15,000           | 15,000              |
|   | Actual    | 23,305             | 14,829             |                  |                     |

Note: The actual FY09-10 figures represent preliminary estimates and will be finalized by September 30, 2010. These figures are expected to change less than 2%.

*Strategy:*

The Department is dedicated to implementing the vision detailed in the Colorado Promise and the objectives of the Governor’s Jobs Cabinet; and to take an active role in economic development by focusing on the common goal of job creation supported by job training. The following initiatives will assist the department in creating an environment within state government that promotes a shared economic vision, fosters collaboration across all levels, and promotes economic recovery.

Continue the American Recovery and Reinvestment Act Programs and Initiatives

- ♦ Continue the Reemployment Services Program for UI Claimants;
- ♦ Increase training opportunities for adults and dislocated workers;
- ♦ Direct ARRA resources to those most in need including veterans, low income adults, and out-of-school, older, and disconnected youth; and
- ♦ Support regional sector strategies that address the needs of businesses as they recover from the current economic downturn.

### Sector Initiatives

- ♦ Develop and implement a second sector academy and enhance the sector toolkit to implement workforce solutions for specific high-growth industries;
- ♦ Fund initiatives that result in regional economic growth;
- ♦ Leverage resources among the workforce system, industry, education and other stakeholders; and
- ♦ Collaborate with community colleges to align training programs across the state.
- ♦ Implement the State Energy Sector Partnership to provide green jobs training opportunities over the next three years

### Technology Initiatives

The department will use technology to provide additional learning opportunities to workers and job seekers, especially those in rural and remote areas. Collaborative technology initiatives will support talent development of Colorado's job seekers, students, employers, and workforce professionals. The various projects will enable access and use of learning resources through a comprehensive, easy-to-navigate electronic interface. E-Colorado portal and other technologies offer Colorado citizens anywhere, anytime educational and occupational opportunities that are designed to strengthen Colorado's competitive advantage.

Workforce Development Programs will continue to expand the use of technology in the following ways:

- ♦ Expand the use of online meeting software for local, regional, and statewide meetings and training.
- ♦ Increase the use by students and job seekers of the ePortfolio to organize and share education and career-related information with employers, counselors, and educators.

### *Evaluation of Prior Year Performance:*

To meet the performance goals, specific strategies included targeted outreach for clients, enhancement of service delivery to job seekers and employers, and additional methods of tracking and reporting outcomes. Colorado expects to meet its U.S. Department of Labor performance objectives during FY09-10 at 80% or more of the target level, which is considered successful by USDOL.

*Division Objectives: Unemployment Insurance Program*

- a. Delivering accuracy, timeliness, and fairness in its services.
- b. Ensuring access to its Internet and telephony applications 24 hours per day, seven days a week.

| Department Performance Measures                                   |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|---|-----------|--------------------|--------------------|------------------|---------------------|
| Ensure that 90% of UI payments processed are accurate and timely. | Benchmark | 90 %               | 90 %               | 90 %             | 90%                 |
|   | Actual    | 82.5%              | 77.4%              |                  |                     |

| Division Performance Measures  |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|--|-----------|--------------------|--------------------|------------------|---------------------|
| Increase Internet usage to result in 50% of the UI Program's workload is conducted via electronic means. | Benchmark | 75 %               | 50 %               | 50 %             | 50%                 |
|  | Actual    | 71.6%              | 70.9%*             |                  |                     |

\* Not all reports for the period have been received and performance has been estimated based on the partial data submitted.

*Strategy:* The Unemployment Insurance (UI) Program will build on recent successes in improving the accuracy and timeliness of benefit payments through a continued, focused, self-assessment program that analyzes and detects systemic quality issues. The UI Program will use continuing education for both adjudicators and hearing officers to address these quality issues. To increase the use of Internet tools, the UI Program has implemented the Internet Self-Service (ISS) project. The ISS project is designed to modernize and improve Internet applications available for both claimants and employers, by giving them improved access to information. Once completed, customers will be able to manage their online, customized account information 24 hours a day, 7 days a week, in an enhanced and secure setting. The UI Program implemented the provisions of the American Recovery and Reinvestment Act (Recovery Act) to promote economic recovery and to assist those most impacted by the recession.

*Evaluation of Prior Year Performance:* In spite of the significant increase in workload, there were seven major successes in SFY 2009-10 for the UI Program:

- ♦ Significant improvement was made related to the quality of UI decisions. The UI Appeals Branch continued to excel in the area of lower-authority appeals by obtaining a quality score of 100 percent and exceeding the U.S. Department of Labor's target by 20 percent.
- ♦ In November 2009 three new case manager teams were formed to process claims.
- ♦ Case managers are no longer addressing non-critical work. Administrative assistants and Labor & Employment Specialists are being used to complete this work. Processing miscellaneous mail and hearing officers' decisions were streamlined.
- ♦ A Test Team was created to improve the UI Program's quality, timeliness, and productivity. The team's efforts have resulted in the implementation of improvements in the UI Benefits Branch. Additional tests are ongoing to identify and simplify the workload for case managers and call center staff.
- ♦ The UI Program's current telephony systems have been updated with advanced equipment capable of handling today's high call-volume demands in an effort to improve customer service, as well as reduce staff workload.
- ♦ In October 2009 the ISS Project launched the MyUI Claimant application. To date there are approximately 101,582 registered users.
- ♦ Effective July 1, 2009, legislation was passed that requires the UI Program to operate as an enterprise as long as the UI Program retains authority to issue revenue bonds and receives less than 10 percent of its total annual revenue from state and local grants. Employers are required to pay premiums, premium surcharges, and a solvency surcharge, when applicable, to fund the unemployment benefit system.

*Division Objectives:* Labor Market Information

- a. Gather, analyze and produce comprehensive information on employment conditions in Colorado.
- b. Serve policy makers, the workforce development system, educators, employers, jobseekers and the general public through the dissemination of information, including the development of comprehensive training curriculum in the retrieval and use of this information.

| Department Performance Measures  |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|--|-----------|--------------------|--------------------|------------------|---------------------|
| Complete 80% of information/data requests within 24 hours, meeting the needs and expectations of the requesting party to achieve 100% customer satisfaction. | Benchmark | n/a                | n/a                | 80%              | 80%                 |
|  | Actual    | n/a                | n/a                |                  |                     |

*Strategy:*

Labor Market Information will complete the requirements of the Bureau of Labor Statistics (BLS) funded programs as specified in the BLS Cooperative Agreement and will complete the requirements of the Employment and Training Administration funded programs per the federal Workforce Information Core Products and Services Grant.

*Evaluation of Prior Year Performance:* This performance measures are new for the FY 2010-11 budget request year.

*Objective 2:* Increase efficiencies throughout the workers' compensation system resulting in cost savings.

Division of Workers' Compensation Objectives:

- a. Increase efficiencies throughout the workers' compensation system resulting in cost savings.
- b. Enforce the provisions of the Workers' Compensation Act to assure the quick and efficient delivery of disability and medical benefits to injured workers.
- c. Maximize the percentage of workers insured under the workers' compensation system.

| Department Performance Measures  |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|--|-----------|--------------------|--------------------|------------------|---------------------|
| Total dollar amount of incorrect benefit payments to injured workers detected and corrected. | Benchmark | \$2,250,000        | \$2,250,000        | \$2,000,000      | \$2,000,000         |
|  | Actual    | \$2,534,976        | \$1,997,115        |                  |                     |

| Division Performance Measures   |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|---|-----------|--------------------|--------------------|------------------|---------------------|
| Reduce costs associated with workplace accidents for employers participating in the Premium Cost Containment program (PCC). This is measured in reduced costs in the latest year as compared to the previous year.<br>PCC accident cost reduction | Benchmark | \$12,000,000       | \$12,000,000       | \$15,000,000     | \$15,000,000        |
|   | Actual    | \$12,150,466       | \$34,965,462       |                  |                     |
| Number of businesses that were fined for not having the required workers' compensation insurance.   | Benchmark | 436                | 396                | 360              | 360                 |
|   | Actual    | 408                | 355                |                  |                     |

*Strategy:* The Division will continue to conduct trainings for adjusters to improve claims handling in workers' compensation, particularly to decrease errors in benefit payments made to injured workers. The Division will also continue daily reviewing of claim filings to identify and correct those errors. The Division will continue ordering penalties for insurers who fail to either admit or deny newly filed claims as well as stepping up enforcement efforts for other failures of compliance. The Division will work to involve more employers in its Premium Cost Containment (PCC) program, through educating employers regarding the benefits of the program. The Division will continue to consider stakeholders' input with regard to clarifying or adjusting its Rules in order to create greater efficiencies for the workers' compensation community.

For the well-being of workers and for equity among employers, it is required that workers' compensation insurance be in place for all Colorado employers. The Division will continue its partnerships with cities and counties to limit building permits only to those companies in compliance with the WC Act. The Division will continue to investigate and fine employers that are in violation. In addition, the Division will provide greater focus on those industries with the biggest likelihood for uninsured claims.

*Evaluation of Prior Year Performance:* Employers implementing the required elements of the PCC program reduce their accident costs. The comparison of employers' costs the year before and the first year after acceptance into the program reveals this result every year. The Division provides guidance and assurance that the employers are properly implementing the program elements; however, the Division cannot directly control the employers' level of commitment. Employers' interest fluctuates depending on the cost of insurance. Furthermore, accidents may occur even with safety measures in place. A single major injury accident can impact these measures. In this case, a single multi-passenger vehicle accident incurred costs of \$12 M prior to one company's joining the PCC program, increasing the savings measure even more than usual.

While trainings and other tools are available to insurers to assure that injured workers receive correct benefit payments, the Division, in its day to day review of claims handling and filings from insurers, continues to find errors in benefit payments to workers. The vast majority of errors are underpayments to injured workers, although overpayments also occur. In its oversight of claims handling and filings from insurers, the Division now employs a "sampling" method of claims monitoring. Although the Division reviews every final admission of liability, only sample general admissions are reviewed in some cases. This process has allowed the Division to redirect some resources to other areas, but it also has resulted in a leveling off in total errors detected (or savings incurred) in dollar amounts. Nevertheless, the importance of the Division's oversight is reflected by the payment of benefits performance measure.

In addition to the real-time monitoring that the Division performs, retrospective audits are also conducted to ensure compliance with all claims handling requirements. Lastly, the Division enforces compliance through the application of penalties when necessary. Ultimately however, for various reasons insurer actions cannot be controlled by the Division; it is acknowledged though that consistent oversight and correction is necessary to ensure compliance with statutory mandates.

*Objective 3:* Protect the health and safety of the citizens of the State and prevent harm to our environment through inspections and recommendations for remedial actions related to petroleum products & storage tanks, explosives, and boilers.

Division of Oil and Public Safety Objectives:

- a. Protect the health and safety of workers, students, and all Colorado citizens.
- b. Protect the environment.
- c. Protect consumers.

| Department Performance Measures  |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|--|-----------|--------------------|--------------------|------------------|---------------------|
| Protect the health and safety of workers, students, and citizens by minimizing hazards that cause injuries, as identified through violations noted during field inspections: Percent of field inspections with noted violations. | Benchmark | 10 %               | 20 %               | 25 %             | 25%                 |
|  | Actual    | 28%                | 32%                |                  |                     |

| Division Performance Measures  |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|--|-----------|--------------------|--------------------|------------------|---------------------|
| Protect health and safety of workers, students, and citizens by minimizing hazards that cause injuries, as identified through deficiencies or violations noted during remediation and construction plan reviews, and permit and certification submittal reviews: Effectiveness determined based on a reduction in the percentage of plan, permit, and certification reviews that note safety violations. | Benchmark | 30%                | 30%                | 30%              | 30%                 |
|  | Actual    | 30%                | 31%                |                  |                     |
| Protect the environment and minimize the number of petroleum releases by maximizing operational compliance through facility inspections. Effectiveness determined based on an increase in the percent of petroleum facilities that are operating in compliance with regulations.   | Benchmark | 70%                | 75%                | 75%              | 75%                 |
|  | Actual    | 70.4%              | 72%                |                  |                     |



|   |           |      |      |    |    |
|---|-----------|------|------|----|----|
| Protect consumers by minimizing the amount of fuel sold that is metered inaccurately or out-of-compliance with quality standards: Effectiveness determined based on a reduction in the percent of fuel inspected with quality and meter violations. | Benchmark | 3%   | 3%   | 3% | 3% |
|   | Actual    | 2.7% | 2.5% |    |    |

*Strategy:* The Division performance measures relate to ensuring public safety and protecting consumers, human health, and the environment. Strategies to ensure public safety include implementing quality control measures to improve the thoroughness of the Division’s field inspections. Violations or deficiencies noted and corrected as a result of field inspections should minimize the potential for incidents that can cause injuries to persons at these locations.

Strategies to protect human health and the environment include routine inspection of petroleum storage tank facilities to ensure that these facilities are operating in compliance with the Division’s safety regulations. The potential for petroleum releases from underground and aboveground storage tanks is minimized at facilities that are in operational compliance with release prevention and release detection requirements. In addition the Site Summary Form (SSF) has been revised to include the collection of additional data during the first 60 days following a release that will allow Remediation Section staff to better evaluate the risk the release poses to points of exposure. The Petroleum Storage Tank Fund provides reimbursement for assessment and cleanup of releases. Prompt payment from the Fund ensures owners and operators have the funding to continue their cleanup efforts, thus facilitating cleanup of the environment. To better understand and define the source and cause of releases, the Division has created a new database for release report tracking that requires detailed information be collected concerning the source and cause. Analysis of these statistics will identify the most common areas associated with releases and allow our oil inspectors to focus on these areas during inspections.

Consumer protection is ensured by routine dispenser meter testing and product quality analysis. The Division’s petroleum inspectors annually inspect and test the meters on petroleum dispensers throughout the State. If the meter is inaccurate, the inspector will calibrate the meter at the time of the inspection. During an inspection, or in response to a consumer complaint, inspectors also collect samples of petroleum product. These samples are returned to the OPS Product Quality laboratory for analysis. If a sample does not meet specifications, steps are taken that may include shutting down the tank system until the issue is resolved, ensuring consumer protection.

Protection of the public, maintenance personnel, and inspection personnel when riding and/or working on conveyances in Colorado is accomplished by requiring proper registration, permitting, and inspection of the units and licensing of those that

conduct work on the units. All new and existing conveyances are required to be registered with the Division. This registration information is maintained within the Division database which allows the Division to identify, among other items, which conveyances are in compliance with code and operating under a current Certificate of Operation. The Certificate of Operation is issued by the Division or an Approved Authority Having Jurisdiction (AHJ) based on receipt and approval of an inspection report describing activities conducted during the required annual inspection of the unit. These inspections are conducted and report prepared by 3<sup>rd</sup>-party inspectors. To ensure that conveyances are installed or altered according to standards adopted in regulations, the contractor must submit a permit application to the Division on appropriate forms and receive a permit from the Division prior to commencing construction activities. Inspectors, mechanics and contractors who perform work in Colorado must be licensed on an annual frequency with the Division, which ensures that all of these entities maintain appropriate qualifications to conduct this work. In addition, all accidents on conveyances that cause injury to passengers or maintenance/inspection personnel must be reported to the Division or Approved AHJ. The units on which accidents occur are inspected prior to being put back into service and the information is tracked for trend monitoring.

The Division's boiler inspection program ensures protection for workers and the public in commercial buildings, and for residents in housing where there are six or more units containing boilers. The Division has implemented a risk-based schedule to utilize resources more efficiently. Higher risk boilers that operate under extreme pressure and temperature continue to be inspected annually and lower risk boilers are inspected biennially. The boiler inspection section has added checking for high levels of carbon monoxide to their inspections to ensure safety to our customers. Each inspector utilizes a carbon monoxide detector to capture readings in boiler rooms. If a carbon monoxide level is higher than 50 ppm the boiler is required to have an inspection and repair by a qualified boiler repair company within seven days. Boilers with levels that exceed 200 ppm will be "red-tagged" and are prohibited from operation until repairs are made or the boiler is replaced.

The Division's explosives section has developed a cooperative effort with the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives to eliminate overlap between the federal and state explosives programs. The primary overlap was with the inspection of storage magazines where both agencies require an inspection once in every 3- year period. The Division continues to be the only agency providing testing for potential blasters before issuing a permit. The efficiencies gained will allow the Division to observe more blasting operations and evaluate the use of explosives including scale-to-distance calculations, proper stemming, and supervision of the workers by the blaster in-charge. Where appropriate, violations are noted, the users receive additional training, and/or enforcement is taken. Effective inspections and observations provide a safer working environment and protect residences during blasting operations.

The amusement rides section performs on-site visits to observe operations and reviews records for daily inspections, training and maintenance of rides. The section also ensures that the owner/operator is registered and has provided proof of insurance and a certificate of inspection performed by a third-party inspector. The section is developing a state inspector certification

process to ensure that annual third-party inspections on amusement rides and devices are performed by qualified inspectors. To ensure a uniform method of identification and confirmation of a current inspection, the Division is developing a sticker program for all rides and devices. This will give the public, law enforcement, county fair officials and others, an easy way to determine that the rides are operating with a current state permit and that the rides have had a third-party inspection within the most recent 12 months.

*Evaluation of Prior Year Performance:* Overall, the Division is trending towards meeting its performance objectives. Results above the benchmarks can be explained by the consistent number of inspections and audit inspections being performed, and the added emphasis on the quality and thoroughness of inspections in existing programs. Going forward, all benchmarks are expected to hold relatively stable, with the exception of those related to operational compliance which is expected to improve with the new protections afforded by the Energy Act.

*Objective 4:* Serve the best interest of employees and employers through the responsible administration and enforcement of labor laws.

Division of Labor Objectives:

- a. The Division of Labor provides assistance to employers and employees in understanding and complying with Colorado’s labor laws through the comprehensive program of “Compliance through Education.”
- b. To respond to written inquiries from the public and successfully resolve wage disputes in a timely fashion.

| Department Performance Measures   |           | FY 08-09<br>Actual | FY 09-10<br>Actual | FY 10-11<br>Appr | FY 11-12<br>Request |
|---|-----------|--------------------|--------------------|------------------|---------------------|
| Percentage of claims successfully resolved* through mediation, conciliation, and other efforts. | Benchmark | 70%                | 70 %               | 70 %             | 70%                 |
|   | Actual    | 67 %               | 63%                |                  |                     |

\* Successful claims include paid wage claims and achievement of employer compliance. Unsuccessful claims include employer bankruptcy, lack of Division authority, and employer noncompliance.

*Strategy:* The Division will continue to utilize a multifaceted approach in making sure that employees are treated fairly. This approach consists of extensive educational efforts, rulemaking, and compliance activities. In order to meet the percentage of claims successfully resolved benchmark, the Division will focus on: increased staff training, new, improved, and standardized agency claim processing and quality control review procedures, and innovative ways to achieve compliance.

*Evaluation of Prior Year Performance:* A new Wage Order and minimum wage were successfully issued and implemented on schedule, and new Advisory Bulletins were issued on their target date (and subsequent improvements have also occurred). Accompanying fact sheets, guides to the law, and staff training documents were all updated and disseminated in a timely fashion. The Division recorded 5,776 new claims in FY 09-10. The 5,776 new claims were lower than the 7,220 new claims received in FY 08-09, and the percentage of claims successfully resolved was also slightly below the benchmark for FY 09-10. The lower amount of new claims and lower claim resolution percentage may be due to deteriorating economic conditions and a significant number of failed/bankrupt businesses which were unable to meet their payroll and other financial obligations.