



Department of Labor and Employment  
*Department Description*

FY 2012-13 Budget Request

**NOVEMBER 1, 2011**

## BACKGROUND INFORMATION

---

**The Executive Office** provides support services to the Department's four divisions. Support services included the following:

- ♦ *The Office of Government, Policy and Public Relations* promotes the establishment and maintains lines of communication, understanding, acceptance and cooperation between the department and the public. This office keeps management informed and responsive to problems or issues related to public opinion and serves as an early warning system to anticipate trends.
- ♦ *The Office of Human Resources-Personnel* provides classification recruitment, exams, and referrals and ensures correct hiring procedures in accordance with state and department rules and procedures. Its staff manages and provides technical assistance in staffing and human resource management issues, as well as other personnel administrative services, e.g., performance issues, grievances and dispute resolution, corrective and disciplinary actions, review and approval of contracts and purchase orders pertaining to personal services, career counseling, employee relations projects, legal interpretation of personnel rules and statutes and processing of layoffs as well as organizational changes. The Office of Human Resources is responsible for risk management and workplace safety programs and its staff development team oversees the department's training initiatives while the Office of the Inspector General investigates complaints of alleged employee wrong-doing and recommends administrative action or criminal prosecution where warranted. The Public Employee Social Security program is also located within our Human Resources office.
- ♦ *Administrative Services* includes the Budget Office, Controller's Office, Internal Audit, Facilities, and Procurement and Contract Services. These units manage the necessary financial resources to enable the department to efficiently and effectively operate the programs designated by state, federal, and other applicable laws and rules as well as maintain the department owned building located on 251 E. 12<sup>th</sup> Street.
- ♦ *Information Management Office (IMO)* is responsible for maintaining and supporting the department's hardware and software needs. While this section has been moved to OIT, these functions are still funded through appropriations within the Executive Director's Office.
- ♦ *The Industrial Claim Appeals Panel (ICAP)* issues the final agency decision in workers' compensation and unemployment compensation cases. In addition to issuing decisions on appealed cases, the Panel advises the Executive Director of the Department of Labor and Employment on unemployment compensation and workers' compensation law and procedure.

**The Division of Employment and Training** consists of four distinct program areas: the Unemployment Insurance (UI) Program; Workforce Development Programs (WDP); Colorado Workforce Development Council (CWDC); and Labor Market Information (LMI).

- ♦ *The Unemployment Insurance (UI) Program* is an integral part of Colorado's Employment Security Program. The UI Program's value cannot be overstated. It acts as an income stabilizer for both the worker and the economy. UI helps maintain purchasing power in a community where workers have been laid off and helps maintain skill levels of the labor force by providing a safety net to allow workers time to obtain employment. It helps prevent the secondary unemployment of people who provide goods and services that workers purchase. No other insurance program, public or private, so effectively safeguards the income of the worker and the economic stability of the community.

The UI Program consists of seven operating branches and a facilities branch located at 251 E. 12<sup>th</sup> Avenue in Denver, Colorado. The seven operating branches—Appeals, Benefits, Employer Services, Staff Services, Support Services, Technology and Telephony Operations—provide the UI Program's key services to the citizens and employers of Colorado.

- Appeals has staff located throughout the state and provide a hearing venue for decisions issued by the Benefits, Employer Services, and Support Services branches that are appealed by a claimant or employer. Interested parties may attend the hearing either in person or by telephone.
- Benefits is the UI Program's largest operating branch providing benefits-related services and has two primary units: Customer Contact Center (CCC) and Adjudication. The CCC is the Program's centralized customer service unit that handles all inquiries from unemployed claimants. The CCC provides inbound telephone service, processes Internet issues resulting from benefit-payment requires, returns customers' calls, and provides in-person lobby service at the central office location. The Adjudication unit processes unemployment claims and applies current statute and regulations to determine claimants' entitlement and eligibility to collect benefits. Unemployment claims are adjudicated to ensure timeliness and quality and to allow due process to all interested parties.
- Employer Services determines employer liability, establishes accounts, obtains premiums and wage reports, collects premiums from employers, registers employee-leasing companies, audits employers, detects misclassified workers, and determines employment relationships. Employer Services is also responsible for the assignment of the appropriate paying method (contributory or reimbursing) and the experience ratings for Colorado contributory employers.
- Facilities is primarily responsible for addressing building infrastructure needs at 251 East 12th Avenue, including all interior and exterior maintenance. This branch also supports program needs such as staff relocations, equipment and

## Department Description: FY 12-13 Budget Request

fixture installations, ergonomic furniture adjustments, physical construction projects, and the moving of heavy files and materials for 251 East 12<sup>th</sup> Avenue, 633 17<sup>th</sup> Street and various workforce centers statewide. The Facilities' staff includes a licensed master electrician; a licensed heating, ventilating, and air-conditioning specialist; a certified locksmith; a recycling coordinator; plumbers; carpenters; laborers; a security officer; a work request/trouble report management and card-access system administrator; and custodial staff.

- Staff Services is comprised of three functional areas: Quality Assurance, Policy, and Communications. Staff Services manages projects; develops internal and external communications, manuals, publications, grant and supplemental budget requests (SBRs), and federal and state strategic plans; drafts UI legislation and regulations; acts as the custodian of UI records and ensures the confidentiality of UI records and data is maintained; develops claimant and employer correspondence; purchases and maintains an adequate inventory of publications, forms, and envelopes; designs and maintains the web sites on the Internet and intranet; and conducts internal program audits for the U.S. Department of Labor on the quality of benefit decisions, benefit-payments paid and denied, and tax (premium) functions.
- Support Services consists of the following units: Benefit Payment Control, Fraud, Support, Employer Records, and Master Files. This branch provides integrity processing support by preventing, detecting, and recovering improperly paid benefit payments; ensures compliance with criminal law and procedures from receipt of the case through prosecution, restitution, and retention of cases; responds to employer inquiries regarding benefit charges and ensures benefit charges are correct; enters electronic benefit payment adjustments; and verifies alien status to assure legal presence. Support Services also provides administrative support functions for the UI Program by processing claimant and employer information; distributing mail to appropriate branches; providing scanner operations activity; and maintaining records retention for claimant and employer records.
- Technology consists of three primary units: Development, Maintenance and Support, and Project Management. Within the units are Business Analysts that assist in the development and test of a new system or assist in the modification of existing legacy systems, identify inefficiencies and recommend enhancements to existing systems, monitor production systems, and work with technical teams to troubleshoot problems. The Technology Branch acts as the initial point of contact for UI staff with technical problems. Project Management is assigned to manage information-technology and non-information-technology projects on behalf of the UI Program. Management staff in the Technology Branch work closely with an Office of Information Technology counterpart assigned to manage the program account. The Technology Branch develops and maintains the Internet applications.

## Department Description: FY 12-13 Budget Request

- Telephony Operations provides technical and operational support and oversight of all telephony systems. This includes the entire facility at 251 East 12th Avenue. The branch designs, operates, enhances, implements, and administers all telephony products and services, including: IVR strategies, call-flow logic, computer-telephony interface, recordings, Web interfaces, e-mail integration, Web-chat integration, teleworkers, call-center operations, fax-by-e-mail application, and server/application maintenance. A second section within this group administers call-center operations (scheduling, adherence, conformity, administering systems and databases relative to the call center, statistics, reports, oversight, queue monitoring, and coordination). This includes all four call centers (Benefits, Employer Services, Appeals and Support Services).
  
- ♦ *Workforce Development Programs (WDP)* provides a wide range of employment services for businesses and job seekers, delivered through a network of workforce centers located throughout the State. Programs administered by WDP are funded by federal grants, private gifts, grants, and donations, and State cash funds. State cash sources include the Employment Support Fund and Displaced Homemaker. WDP is responsible for policy guidance, program oversight and administration, and overall programmatic and fiscal integrity in accordance with federal guidelines for each employment and training program or special initiative. For all Federal funded programs, priority of services must be provided to veterans according to the law. WDP administers several programs, including the following:
  - Wagner Peyser (WP) Act - Employment Services program provides non-fee labor exchange services to businesses and job applicants, matching job applicants with appropriate job openings.
  - Workforce Investment Act (WIA) - Serves eligible adults and youth who need additional employment services, education, and/or training to prepare them to enter the workforce or to reenter the workforce after a job loss.
  - Connecting Colorado – Is the data system used to track and report performance measures on all of the local, state, and Federal programs delivered through the State’s workforce development system. ConnectingColorado.com is CDLE’s self-service website that directly delivers services to employers and to over 500,000 job seekers each year. During FY2010-11 employers listed more than 89,000 job openings on the system.
  - e-Colorado.org is an extension of the Department’s capabilities to provide online workforce information and is used by job seekers, employers, students and professionals to access workforce tools, resources and timely data about careers, employment, education and training, technology, policy and legislation, and more. e-Colorado.org also serves as a behind-

## Department Description: FY 12-13 Budget Request

the-scenes access point to connect users to information on employment and training programs and on-line learning resources to support the State's workforce development activities.

- Veterans Employment and Training Program - Established under Title 38, U.S.C., Chapters 41 and 42, and amended by P.L. 107-288 Jobs for Veterans Act, and provides services to veterans ensuring that public labor exchange standards and priorities of services are being met and that businesses/employers are aware of veteran program requirements and are encouraged to hire veterans. Coordinated services are provided by the State's Disabled Veteran Outreach Program (DVOP) and Local Veteran Employment Representative (LVER) staff to ensure that veterans are receiving core and intensive employment and training services needed. Intensive services may include an individual employment plan which covers group and individual career coaching, development of learning and communication skills, interviewing skills, personal maintenance skills and professional conduct.
- Migrant Seasonal Farm Worker (MSFW) Program - Ensures that migrant and seasonal farm workers have access to the State's workforce development system and receive the same employment services as non-MSFW customers.
- Work Opportunity Tax Credit (WOTC) Program - Under the Tax Relief and Health Care Act of 2006 and the Small Business and Work Opportunity Tax Act of 2007, this program processes requests from businesses/employers for tax credit certifications for hiring workers from certain classifications of disadvantaged workers. The American Recovery and Reinvestment Act of 2009 (ARRA) modified the program by adding two new eligible groups, Disconnected Youth and Unemployed Veterans, qualifying for the tax credit.
- Governor's Summer Job Hunt (GSJH) Program - Since 1981, the Governor's Summer Job Hunt program has successfully helped Colorado's youth, ages 16 through 21, make the transition from school to work by matching their skills and interests with employment opportunities, providing job placements services, connecting youth to labor market needs, and increasing awareness of the linkages between academic and occupational learning. Local workforce regions use GSJH funds to provide seamless, non-duplicative services including hiring and career exploration events, resume assistance, interviewing skills, career counseling and job referrals to maximize youth employment opportunities and to leverage other WIA youth programs.
- Layoff Transition Services - The State Rapid Response Team serves companies facing corporate restructuring and downsizing, and is a cooperative effort between the local workforce centers, the Department of Labor and Employment and the Unemployment Insurance Program. Layoff transition workshops and other services are designed to benefit

## Department Description: FY 12-13 Budget Request

employers and employees through the provision of information about the Dislocated Worker Program and assistance with employment-related needs.

- Trade Adjustment Assistance (TAA) Program - is a collaborative effort of CDLE, local workforce regions, and the United States Department of Labor (USDOL) to provide services to workers whose loss of employment is determined to be the adverse result of foreign trade. During FY2011-12, Federal legislative changes reinstated the 2002 Amendments of the TAA program while maintaining some services and benefits under the Trade and Globalization Adjustment Assistance Act of 2009 which was recently not reauthorized.

The Trade Readjustment Allowance Program provides an extension of Unemployment Insurance (UI) payments to qualified trade-affected workers, and the Alternative Trade Adjustment Assistance Program provides supplemental salary payments to a worker for two years or until the worker has received \$10,000 or until the worker is estimated to earn \$50,000 in a year. The Health Coverage Tax Credit (HCTC) Program assists individuals in receiving a tax credit from the Internal Revenue Service (IRS) providing relief from the increased cost of maintaining health insurance coverage. During FY2011-12, benefits were reduced to 65% of insurance costs due to changes in the Federal legislation.

FY2012-13 will see the continuation of these Trade Act Programs under the 2002 Amendments or under new legislation, if passed by Congress. As a result, Federal funding may remain at comparable levels seen prior to the American Recovery and Reinvestment Act of 2009 (ARRA).

- Foreign Labor Certification – Employers who anticipate a shortage of workers may request temporary labor certification of foreign workers through the United States Department of Labor’s H-2A (agriculture), H-2B (non-agricultural), and other Foreign Labor Certification programs. WDP program staff are responsible for reviewing initial applications to ensure compliance with federal guidelines, conducting annual surveys of prevailing wages and practices within the agricultural industry, coordinating job orders, and arranging pre-occupancy housing inspections for the anticipated workers. Changes to the Federal programs during FY2011-12 required WDP staff to take a much more active role in the H-2B labor certification requests and in the recruitment of U.S. workers. In FY2012-13, it is anticipated that the workload of the WDP program staff will increase significantly.
- Displaced Homemaker Act - Provides employment and training services to eligible displaced homemakers who have lost their source of economic support as a result of divorce, separation, widowhood, or ineligibility for other public assistance. Services provided through the Community College of Denver include tuition scholarships, job training, career assessment, supportive services, personal and vocational counseling, and job development and placement. The program was expanded

## Department Description: FY 12-13 Budget Request

in FY2011-12 to allow access to training at three other community colleges and through their respective online course offerings.

Initial funding for this program comes from divorce filing fees appropriated annually by the State legislature, with supplemental funding from WIA discretionary funds to serve an increasing number of eligible applicants. Participants must meet academic progress standards each semester in order to continue receiving tuition scholarships. FY2010-11 saw 51% of recipients enrolled in allied health programs (primarily nursing) and 18% enrolled in business services programs. Other programs available include information technology, sciences, legal services, and education. Most recipients' fields of study have immediate employment opportunities following graduation.

- SECTORS (Strategies to Enhance Colorado's Talent through Regional Solutions) Initiatives – Implementation began in FY2008-09 for regional sector initiatives to build broad partnerships among the workforce system, industry, education, and other stakeholders to help address the workforce needs of high growth/high demand industry sectors in local communities. The goal of these initiatives is to use sector partnerships as a framework to develop a highly skilled workforce that bolsters the economic vitality of the state. Ten regional sector initiatives continued through FY2010-11 and FY2011-12 using WIA Discretionary funds. Four of these initiatives addressed workforce shortages and skill needs in the health care sector, specifically targeting allied health, hospital, and long-term care occupations. As Federal funding sources were repurposed for FY2011-12 impacting the fund availability for these initiatives, CDLE evaluated regional sustainability and how these sector strategies could be integrated into the workforce development system as a best practice. The CDLE anticipates that sector strategies will be fully integrated into the workforce development system's delivery of services during FY2012-13.
- ♦ *Colorado Workforce Development Council (CWDC or Council)* advises the Governor and Legislature on workforce policy and oversees the expenditures of federal employment and training funds. The Council designates Federal Workforce Investment Areas, certifies local Workforce Investment Boards, and makes recommendations to the Governor as appropriate. The CWDC is also required to review local plans and plans for system partners and recommend approval or rejection to the Governor. In addition, the Council solicits grants and funds to support the development of a business-led workforce system. A central function of the CWDC is to provide a vehicle for the business community to provide input and give direction/guidance to the workforce system's development. Activities the Council engages in include:
  - CWDC is charged with aligning the efforts of economic development, education/training, workforce development, government, and business stakeholders at the local, regional and state levels to encourage collaboration and leveraging of



## Department Description: FY 12-13 Budget Request

resources in order to ensure a well-educated and well-trained workforce is available to meet the needs of a growing and changing economy. This includes development and maintenance of an information system and a communication network.

- CWDC works to help ensure the success of the Colorado Blueprint. Provide a brief explanation of the Colorado Blueprint.
- Training and technical assistance to local Workforce Investment Boards.
- Promoting the workforce system to businesses and the community, and convene partners and stakeholders to address workforce issues through studies/projects.
- Monitoring and directing the continuous improvement of the workforce system.
- Preparing the Workforce Investment Act (WIA) Annual Report, with the CDLE, on workforce system performance.
- Exercising fiduciary stewardship of the WIA 10% Discretionary Funds, which are distributed for projects promoting the partnership of education, economic development, and workforce development. Due to these funds being cut for the 2011-2012 year, the Council works to achieve their strategic goals and the goals of the Colorado Blueprint without funds.
- The Green Jobs Advisory Council as outlined in HB 10-1333 sits under the CWDC. The major duties of the Green Jobs Advisory Council are: Administer the Green Jobs Colorado Training Program, receive and review applications for grants, coordinate the activities of any State Department, Office, or Agency that relate to green jobs and accumulate data relating to green jobs for the purpose of coordination and efficiency.
- CWDC staffs and supports the State Youth Council. The State Youth Council influences policy and practice at both the state and local level in the development and implementation of pathways to economic success for Colorado businesses and youth.

- ♦ *Labor Market Information* (LMI) serves policy makers, the workforce development system, educators, employers, jobseekers and the general public by gathering, producing, analyzing and disseminating comprehensive information on employment conditions in Colorado. All programs are federally funded and include:

- Quarterly Census of Employment and Wages (QCEW) builds on administrative records submitted by employers in compliance with the Colorado Employment Security Act. Employment level of and wages paid to covered workers are edited for accuracy, new establishments are provided a code under the North American Industry Classification System according to type of work and existing establishments are routinely surveyed to ensure industry codes are accurate. QCEW data are the foundation for all other programs and activities within LMI.
- Local Area Unemployment Statistics (LAUS) provides monthly estimates of labor force, total employment, unemployed persons and rate of unemployment at the county level and statewide. Statistics from this program are used in many federal programs' funding formulas to determine Colorado's share of federal dollars.

## Department Description: FY 12-13 Budget Request

- Current Employment Statistics (CES) are the most current, reliable estimates of wage and salary jobs by industry available and are produced monthly for the state and all seven Metropolitan Statistical Areas. CES estimates are considered to be the foremost indicator of the state's economic condition and those produced at the national level move the financial markets.
- Occupational Employment Statistics (OES) covers the same geographic areas as the CES program plus four balance-of-state areas. Employment level and hourly and annual wage estimates by occupation and industry are produced annually. Estimates from this program are merged with industry projections to predict demand occupations into the future.
- Mass Layoff Statistics (MLS) program records and tracks layoff events occurring in Colorado through the use of unemployment claims data. A mass layoff event occurs when at least 50 people from a firm file a first-time or initial claim for unemployment insurance during any consecutive five-week period with the workers being separated for more than 30 days. State level data are published quarterly.
- Short and long-term industry and occupation projections, published annually, form the basis of LMI's most popular products and services. These estimates, available for the state and all seven MSAs, are used to guide training investment, economic development, strategic planning and policy decisions for programs of all types.
- Local Employment Dynamics estimates are produced quarterly in cooperation with the Census Bureau. Data elements include job creation, new hires, separations, turnover and average new hire earnings by age group, gender, detailed industry and down to the county level of geography.
- Training and outreach increases the awareness, access, understanding and use of LMI products and services. The education of a wide spectrum of LMI users including workforce system staff, state and local government, economic development, educators and business organizations expands the audience and application of LMI beyond the needs of the federal government.
- Customized data requests, analysis, products and presentations enable LMI to focus on specific data sets of interest to various groups. The expertise and knowledge of LMI staff responsible for gathering and analyzing data is utilized. This unique perspective is of particular value to end users.
- Database maintenance and web presence insures the availability of LMI at a level appropriate for public consumption. This enables all programs to meet federal reporting requirements while providing local end users readily available data.

Department Description: FY 12-13 Budget Request

- The Unemployment Insurance Program funds positions in LMI for industry coding activities to determine establishment tax rates, actuarial and financial monitoring and analysis of the State's UI Trust Fund, and fiscal analysis of proposed legislation impacting the UI system. Additionally, LMI is responsible for preparing weekly, monthly, quarterly, and annual federally mandated reports related to Colorado's UI program.

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

The statutory authority and work of the Division is generally categorized into four main areas:

- ♦ *The Wage and Hour Section* assists Colorado employees and employers with a variety of workplace laws, including minimum wage, overtime, unpaid wages, rest and meal period regulations, and other workplace requirements. In accordance with a 2006 constitutional amendment, the Division now adjusts the state minimum wage annually per inflation. The wage and hour laws administered by the Division apply, to a varying degree, to every public and private sector employer in the state.
- ♦ *The Labor/Union Section* conducts certain union elections, assists with unfair labor practice charges, and oversees Colorado labor laws including the Colorado Labor Peace Act and the Industrial Relations Act. This Section is actively involved with the implementation of Governor Ritter's Executive Order on employee partnerships.
- ♦ *The Employment Verification Section* oversees the administration of the employment verification law and the public contracts for services and illegal aliens' law. The verification law applies to all private and public sector employers in the state, and the contracts law applies to all contractors with contracts for public services. The Division conducts random audits and accepts complaints related to both laws.
- ♦ *The Youth Employment Section* directs the administration of the Colorado Youth Employment Opportunity Act, and provides guidance on terms and conditions of employment for minors, including hazardous occupations, age, and work hour restrictions.

**The Division of Oil and Public Safety** is responsible for a variety of regulatory functions related to environmental and consumer protection, and public safety, including establishing and enforcing rules, regulations, and statutes which govern amusement rides and

## Department Description: FY 12-13 Budget Request

devices, explosives, boilers, conveyances, fuel products, underground and aboveground petroleum storage tanks, cleanup of petroleum spills, and reimbursement of cleanup costs to qualifying storage tank owners/operators. The Division of Oil and Public Safety is comprised of the following sections:

- ♦ *The Boiler Inspection Section* includes boilers and pressure vessels. A boiler is generally defined as a closed pressure vessel in which water is heated and circulated for heating or power. Boilers and pressure vessels are located in most public buildings such as schools, churches, hotels, restaurants, health clubs, nursing homes, and office buildings. Boiler inspections are performed by state inspectors and by special (insurance company) inspectors commissioned by the state program. This program coordinates the efforts of state and insurance company special inspectors, verifying compliance with the established safety requirements with regard to the installation, operation, maintenance, repairs and alterations of boilers and some pressure vessels.
- ♦ *The Explosives Section* regulates individuals or businesses that use, manufacture, possess, sell, store, transport, or dispose of explosives or blasting agents. This section is responsible for conducting testing of potential explosive permit holders, performing inspections of storage magazines, review of inventory and blasting records, evaluation of use during blasting operations, and processing all explosive applications. The program ensures 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 explosives section does not regulate military explosives, law enforcement agencies, mining, or fireworks.
- ♦ *The Amusement Rides and Devices Section* protects the public through a registration process and enforcement of regulations related to carnivals, amusement parks, and other amusement rides and devices. The section ensures that the amusement devices that operate in the state have annual third-party safety inspections and that visual maintenance inspections are performed daily. Operators of carnivals, amusement parks, and devices also must maintain insurance coverage appropriate to the type of ride and provide proof of a current insurance policy. The operators must also submit a record from the previous year of any accidents caused by mechanical failure and a schedule of locations and dates of operations by mobile device and carnival operators.
- ♦ *The Conveyance Section* regulates the installation, alteration, and periodic inspection and testing of conveyances as defined in the Colorado Elevator and Escalator Certification Act which became effective on January 1, 2008. These conveyances consist of elevators, platform lifts, personnel hoists, dumbwaiters, escalators, moving walks, and automated people movers (trains at Denver International Airport). The section is responsible for ensuring that minimum safety standards are adhered to in the performance of the above activities within the conveyance industry. This is accomplished through registration and tracking of all conveyances in

## Department Description: FY 12-13 Budget Request

Colorado, licensing of all mechanics, contractors, and inspectors performing work in Colorado and through cooperation and execution of agreements with local jurisdictions that desire to regulate conveyances within their own jurisdiction.

- ♦ *The Petroleum Inspection Section* enforces standards governing the registration, installation, repair, upgrade, operation and closure of underground and aboveground storage tanks containing petroleum and other regulated materials; enforces weights and measures regulations pertaining to petroleum products, including the calibration of fuel pumps, and testing petroleum products to verify compliance with state quality standards; and responds to emergency situations involving petroleum releases.
- ♦ *The Remediation Section* enforces cleanup standards governing the remediation of petroleum contamination and petroleum releases to the environment. The Remediation Section ensures petroleum impacted sites progress from release discovery through closure; meets all review turnaround times and enforcement deadlines; protects funding sources necessary to ensure the continuation of remediation at petroleum storage tank sites; provides accurate and timely guidance and technical assistance to internal and external customers; and evaluates section processes and modifies as necessary to enhance the program.

In addition, the Remediation Section manages the State Lead & LUST Trust programs. Leaking Underground Storage Tank (LUST) Trust Funds are federal grants used to cover remediation costs at sites where the owner/operator responsible for the contamination cannot be identified or located or is unwilling to clean up the contamination or is financially unable to cover the cost. The State Fund monies can also be utilized in the above situations.

- ♦ *The Petroleum Storage Tank (State) Fund Section* receives and processes applications to the Petroleum Storage Tank Fund for reimbursement of costs related to assessment and cleanup of petroleum contaminated sites. Initially, sites are evaluated for eligibility to the Fund and on their compliance history. Any station operated in "substantial non-compliance" with OPS tank operating regulations may not be eligible. The results of these evaluations are presented monthly to the Petroleum Storage Tank Committee where eligibility is determined. When a facility has been determined eligible by the committee, the application is processed for payment. Following the committee decision, supplemental applications are processed as they are received by the Fund Section staff.

**The Division of Workers' Compensation** (The Division of Workers' Compensation (DoWC) has helped thousands of Colorado employers, large and small, save millions of dollars every year through its free risk management program and services. This past year employers realized over \$17 million. The program and services are expected to continue to prevent millions in accident costs as well as the pain and suffering associated with workplace injuries. They have promoted greater cost savings for Colorado insurers as well—translating into reduced system costs for all of the state's businesses and industries.

## Department Description: FY 12-13 Budget Request

The DoWC's oversight of insurance claims management activity has detected payment mistakes totaling millions of dollars. Over \$2.3 million in incorrect payments to the state's injured workers made by insurers were identified last year alone. It's anticipated that the DoWC will continue to detect close to \$2 million in incorrect payments next year as well. Proactive services by Division staff to educate insurance claims managers are expected to reduce the occurrence of overpayments and underpayments—with real savings expected for all system stakeholders.

The DoWC's oversight of insurance claims management extends beyond detecting payment mistakes. During the 2010-11 fiscal year, the division conducted 41 onsite audits of carriers to ensure compliance on a multitude issues.

DoWC efforts to resolve disputes between parties related to claims have resulted in thousands of settlements each year, thus reducing further litigation. Over 5,000 pre-hearing and settlement conferences were held last year alone. This reduction in litigation reduces system costs for stakeholders.

On over 50,000 occasions, DoWC staff responded directly to inquiries to the Division's customer service unit last year.

DoWC staff identify hundreds of employers annually who appear to be operating with no workers' compensation insurance. Last year, 1,674 establishments were investigated for operating without required coverage. This resulted in 839 orders being issued to businesses suspected of being in default. This ongoing effort ensures that instances of injuries to workers' without insurance coverage are minimized, which in turn reduces the socialization of these costs across the rest of the workers' compensation system. Currently only .13 percent (13 hundredths of one percent) of filed claims are determined to be uninsured. This also has the effect of "leveling the playing field" among employers competing for the same business by ensuring that insurance costs are not avoided those who would otherwise forgo such coverage.

Through effective oversight and support, the DoWC has continued to promote the success of Colorado's workers' compensation self-insured employers. Despite uncertain economic conditions, and an adverse risk financing market, Colorado's self-insured employers last year realized a cash flow advantage of over \$111 million cumulatively as a result of self-insured derived savings. Continued management of employer self-insurance activity by DoWC staff is essential to the success of the concept in our state.

## PRIOR YEAR LEGISLATION

---

**HB 11-1050 CONCERNING BOILER INSPECTION REGULATION BY THE DIVISION OF OIL AND PUBLIC SAFETY** (Rep. Soper and Sen. Tochtrop) The bill made technical changes to the state's boiler inspection laws, administered by the Department

Department Description: FY 12-13 Budget Request

of Labor and Employment in the Division of Oil and Public Safety. The bill defined the position of chief boiler inspector, changed provisions related to the duration and display of boiler inspection certificates, and adjusted the proration of boiler inspection fees.

**HB 11-1212 CONCERNING THE INCLUSION OF LEAN GOVERNMENT PRINCIPLES IN THE PERFORMANCE-BASED BUDGETING PROCESS (Rep. Tyler; Hullinghorst and Sen. Spence)** This bill amends the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act, concerning performance-based state budgeting, to incorporate lean government principles, including a detailed definition of principles authorized by the bill. If a state department elects to include lean government principles in its strategic plan, the bill requires a report on how those principles are applied in the department.

**HB 11-1288 CONCERNING UNEMPLOYMENT INSURANCE SOLVENCY REFORM, AND, IN CONNECTION THEREWITH, ENACTING MEASURES TO ENHANCE THE SOLVENCY OF THE UNEMPLOYMENT COMPENSATION FUND (Rep. Liston; Pabon and Sen. Morse)** This bill changes the way the unemployment insurance (UI) system is financed. The first change to the funding mechanism occurs January 1, 2012, when the chargeable wage base is increased from the first \$10,000 paid to an employee to the first \$11,000. When the fund balance of the Unemployment Compensation Fund (UCF), commonly referred to as the UI Trust Fund, on any June 30 is equal to or greater than zero dollars, and all advances from the federal government have been repaid, the bill repeals current financing methods and implements the following changes: indexes the chargeable wage base annually to the percentage change in average weekly earnings; consolidates two of the three assessments (base premium and socialized surcharge) and part of the third (solvency surcharge) into one combined premium and new solvency surcharge; creates a new set of premium surcharge rate tables and compressed employer experience ratings; and establishes a premium credit for employers with a positive experience history when the UCF balance is above 1.6 percent of total wages. The bill also makes changes to the administration and monitoring of the UI program. By August 31, 2012, and annually thereafter, the Colorado Department of Labor and Employment (CDLE) is required to provide annual reports to the General Assembly on the status of the UCF, including fund revenue and expenditures, the effectiveness of the funding mechanism, analyses of the impact of total premiums assessed and measures taken to reduce overpayments and fraudulent payments. The bill authorizes the Director of the Division of Employment and Training to enter into agreements with other states to exchange information as a method of controlling the overpayment of unemployment benefits. By January 1, 2013, the CDLE must develop an on-line computer application that allows Employers to review and manage their account information. Finally, the bill clarifies provisions relating to fraud and overpayments to claimants and requires notice to claimants of penalties for fraud and overpayments

**HB 11-1307 CONCERNING RECOVERY AUDITS (Rep. Becker and Sen. Steadman)** This bill extends an existing, time-limited recovery audit process under the Office of the State Controller in the Department of Personnel and Administration (DPA). On or before July 1, 2011, and every third year thereafter, the State Controller is directed to contract with a consultant to conduct audits to recover improper payments of fees, gifts, grants, donations, and other state and federal moneys not specifically excluded by law or

Department Description: FY 12-13 Budget Request

rule. It establishes a process to exempt all or part of a state agency when a recovery audit is unlikely to yield significant benefits or the state agency is already subject to recovery audits under federal or state law. Moneys collected from a recovery audit, appropriated or transferred by the General Assembly are credited to the newly created Recovery Audit Cash Fund and are annually appropriated by the General Assembly to the State Controller to pay contractor fees, state agency recovery audit costs, and any amounts due to the federal government. At the end of the audit cycle, any remaining moneys are transferred to the General Fund or, if required by the constitution or as a result of a gift, grant, or donation, to the fund from which the improper payment was originally made. By June 30, 2013, and every third year thereafter, the State Controller is directed to report on recovery audits to the General Assembly and post this information on its website.

**SB 11-010 CONCERNING THE TRADE READJUSTMENT ALLOWANCE PROGRAM (Sen. Tochtrop and Rep. Priola)**

The bill makes technical changes to current law concerning the Trade Readjustment Allowance Program (TRA), administered by the Division of Employment and Training in the Department of Labor and Employment. Conforming with recent amendments to the federal law under which Colorado's program operates, the bill prohibits the denial of TRA benefits to otherwise eligible individuals who left temporary work or on-the-job training in certain circumstances. The bill was signed into law by the Governor and took effect on March 29, 2011. The bill amends current law relating to the Extended Benefits Program for unemployed workers, also administered through the Division of Employment and Training. New provisions ensure that federal funding will continue to pay benefits to eligible claimants as long as the state's unemployment rate complies with federal guidelines for continued funding.

**SB 11-076 CONCERNING THE CONTINUATION OF A TEMPORARY MODIFICATION TO THE CONTRIBUTION RATES FOR CERTAIN DIVISIONS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION (Sen. Steadman and Rep. Becker)**

This bill changes contributions to the Public Employees' Retirement Association (PERA). For the state and judicial divisions, it temporarily shifts 2.5 percent of the total contribution from employers to employees for FY 2011-12 only. Salary-based PERA contribution rates change as follows: State Division contributions by state-troopers will increase from 10 to 12.5 percent, while the employer contribution rate will decrease from 12.85 to 10.35 percent; and all other employees will increase their member contribution rate from 8 to 10.5 percent, while the employer contribution rate will decrease from 10.15 to 7.65 percent.

**SB 11- 143 CONCERNING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF LABOR AND EMPLOYMENT (Sen. Hodge, Steadman, Lambert and Rep. Gerou, Becker, Ferrandino)**

**SB 11-164 CONCERNING THE AUGMENTATION OF THE GENERAL FUND THROUGH TRANSFERS OF CERTAIN MONEYS (Sen. Hodge and Rep. Gerou) Budget Balancing Bill.** This bill is recommended by the Joint Budget Committee as part of its budget package. For FY 2010-11, the revised bill requires the state treasurer to transfer to the General Fund a total of \$103,026,108 from various cash funds. The amounts to be transferred are specified in the bill. The purpose of the transfers is



## Department Description: FY 12-13 Budget Request

to augment revenues in the General Fund for FY 2010-11, which ends June 30, 2011. CDLE Major Medical Insurance Fund \$10,000,000.

**SB 11-199 CONCERNING WORKERS' COMPENSATION (Sen. Tochtrop and Rep. Riesberg)** This bill makes four changes to the Workers' Compensation Act. The changes include: requiring an employer to admit liability for medical benefits after maximum medical improvement in certain circumstances; repealing the condition that all parties agree to engage in discovery for a hearing; requiring the employer or insurer, if requested by the claimant, to advance the claimant's expenses for attending an examination requested by the employer or insurer; and clarifying that the lump-sum provision in Senate Bill 10-187 applies to all requests for lump-sum payments, regardless of the date of a claimant's injury. Section 4 of the bill applies to all requests for lump-sum payments, regardless of the date of injury.

## HOT ISSUES

---

### **Aging Legacy Systems**

One of the greatest challenges facing the UI Program is replacing its aging legacy systems, which were created over 25 years ago. A Request for Proposal is anticipated within the next 18–24 months for the replacement of the Colorado Automated Tax System. The legacy systems have a severe impact on program performance because of slow response time and downtime, and staff must use several applications to access information in order to process a single claim. Also, the inadequate design of the legacy systems has resulted in extensive manual processes.

### **Funding and High Unemployment**

Colorado's workload has increased steadily, and the unemployment rate is currently at 8.7 percent. As an example, there were 169,862 Colorado initial claims filed in 2008; 284,708 were filed in 2009; and 237,928 were filed in 2010. The federal and state extended benefits program contributed to the increased claims workload. The American Recovery and Reinvestment Act (Recovery Act) funds and federal contingency funding enabled the UI Program to hire additional staff to meet the public's needs and the increased workload. However, the extraordinary demands on all aspects of the UI Program's services impacted the ability to meet all of the federal performance metrics, especially in the key areas of first-payment promptness, quality and timely nonmonetary determinations, and overpayment detection.

Without Recovery Act funds and the decrease in contingency funding, the UI Program will not be able to sustain the additional staff that was hired to meet the increased workload. To address these funding deficiencies and minimize the impact to customers, a reorganization and redesign of the UI Program's processes is in progress. The UI Program is undergoing the organizational redesign

## Department Description: FY 12-13 Budget Request

in an effort to streamline services; maximize resources designated to direct customer service; provide more comprehensive team and individual accountability metrics; and improve overall federal and state performance expectations.

### **Organizational Assessment and Restructure Project**

Beginning in 2011 CDLE initiated a large-scale performance improvement initiative for the UI Program to support the aforementioned objectives for the program. The scope of the assessment is to review the UI Program's current organizational structure in comparison to its core activities and processes, the resources devoted to those core activities, and performance levels. Additional factors assessed are the supervisor to staff ratios, the span of authority and control, and the current and projected workload and funding levels. This effort is planned in accordance with the vision of Governor Hickenlooper to provide efficient, elegant, and effective services to our citizens and in direct response to the loss of Recovery Act resources and contingency funds, which will necessitate a leaner, more responsive, and more nimble organizational structure. The renewed organizational structure will be in place by the end of October 2011 and will be supported by program evaluation and improvement processes to support the UI Renewal Effort.

### **American Recovery and Reinvestment Act of 2009 (ARRA)**

The OPS received \$2.54 million in ARRA funding from EPA for cleaning up leaks from underground storage tanks. The funds were primarily used to investigate and/or cleanup petroleum contamination at almost thirty shovel-ready sites identified across the state. OPS utilized twelve state lead contractors to conduct this work. OPS also utilized ARRA funds to hire two administrative staff to assist with the implementation of this project. All of the funding will be spent by the end of December 2011. The ARRA funding has enabled the investigation, cleanup and in some cases the closure of several petroleum contaminated sites across the state.

### **Trade and Globalization Adjustment Assistance Act of 2009**

This federal legislation reauthorized the Trade Adjustment Assistance (TAA) program and expanded its scope and budget but expired in early 2011. In FY2011-12, it is anticipated that Congress will again reauthorize the program with the 2009 enhancements. Trade certification was extended to workers employed in service occupations in both private firms and public agencies. Retraining benefits were broadened to include incumbent workers and apprenticeship candidates. The changes also increased the number of workers eligible for the Trade Readjustment Allowance (TRA) because of the expanded TAA and Reemployment Trade Adjustment Assistance (RTAA) eligibility requirements. Reemployment Trade Adjustment Assistance ("wage replacement") increased the benefits originally provided under Alternative Trade Adjustment Assistance (ATAA). The Health Coverage Tax Credit (HCTC) also increased for all workers replacing lost health insurance. The reauthorization of TAA increased the allocation for worker benefits, program administration and case management. Colorado's Program benefits appropriation for FY2009-10 is \$3.84 million, an increase of \$2.54 million over FY2008-09. It is anticipated that funding levels will remain the same for FY2010-11, FY 2011-2012, and FY 2012-2013.

### **Automation Issues and Improvements**

- ♦ **Workers' Compensation:** The Division continues to utilize a mainframe computer system developed in 1991 when the Division was created. As technology changes and fewer people with the ability to support such a legacy system are available, the Division will continue to examine moving to a different system and is hopeful that consideration will be given to implement a newer system at a state-wide level. In addition, many states are moving to a paperless system. Such a system dramatically reduces the problems that a natural disaster or fire could cause, and allows multiple users to access documents at the same time.
  
- ♦ **Oil and Public Safety:** Each of the Sections within the Division of Oil and Public Safety (OPS) store, access and process their data via separate databases comprised of vendor applications and internally developed applications. These applications are built on platforms that are obsolete and most are no longer supported which will negatively impact the operating efficiency of the Division. The Division received \$1.6 million in funding via a decision item and capital construction request to build a common platform for all programs to run on. The Division solicited bids on a new Enterprise System through the RFP process, selected a vendor, and began development of the new system in September, 2011. It is expected that the entire system will be fully functional in two years, moving OPS towards a paperless environment.
  
- ♦ One of the UI Program's focus areas is to incorporate the use of the Internet in as many services as possible. Internet services provide customers with a more convenient alternative to conduct business with the UI Program 24 hours a day, 7 days a week, and to minimize, if not eliminate, customers' frustration with doing business on paper or through a busy call center as well as alleviate staff workload. The UI Program is focusing on various options to replace its legacy mainframe systems. An interim solution to replacing the legacy systems is to incorporate the use of as many Internet self-service (ISS) options as possible. To date, two ISS applications have been implemented.
  - MyUI Claimant was implemented December 2009 and offers customers 24/7 online access to their claims, including online tracking of the claim, convenient account access, and answers to many questions about the customer's claim. Currently, there are 180,853 registered users.
  
  - A new Initial Claims self-service application was released on July 7, 2011, as a soft launch and its effectiveness was tested. This application makes it easier to file a claim for unemployment benefits, and allows customer to file any type of claim—regular benefits, as well as federal and state extended benefits—and allows customers to reopen their claims. The UI Program projects that this application will reduce the need for claimants to contact call-center staff by approximately 20 percent.

## Department Description: FY 12-13 Budget Request

- The remaining ISS phases scheduled for implementation in federal fiscal year 2012 are Internet Continued Claims, Employer Services, and the appeals process, as well as an improved method of tracking and completing correspondence with an enhanced data structure. The final releases are expected by the end of June 2012.
  
- ♦ The UI Scanner Enhancement Project was developed in an effort to create a paperless work environment. The project began December 2009 and has milestones scheduled for completion in mid-2012. The Scanning Project team transitioned the data-capture Form UIB-290, Request for Facts About a Former Employee's Employment, to ongoing operations and maintenance status in January 2011. In addition, the workflow functionality was deployed in July 2011, which enables scanning operations managers to assign and manage the large volume of scanning currently completed by staff. Future project milestones include developing the capability to scan all UI forms for electronic retrieval and discontinue filing of paper documents, which is targeted for implementation no later than December 2011, and implementing a fax-server capability, which is targeted for implementation no later than June 2012.
  
- ♦ The UI Program's Voice over Internet Protocol (VoIP) mission-critical telephony systems were expanded in 2009 to meet the high-volume demand and continues to be enhanced and expanded to meet the access demands and expectations of UI claimants. In 2010 the Customer Contact Center answered 603,183 calls. The following two projects were awarded supplemental funds. The targeted completion date is December 2012.
  - Customer Access Modernization (CAM) is an enhancement enabling multiple e-government access points, including e-mail and Web chat. It forms the foundation for a blended queue design (e-mail, Web chat, and calls) and automated CUBLine filing confirmations.
  
  - Cisco Unified Intelligence Suite (CUIS) is an application that provides the initial platform for a true Management Information System. This includes the ability to import data from external sources, provide customized reports, and provide executive dashboards.
  
- ♦ The Separation Information Data Exchange System (SIDES) is a national electronic-transmission system that communicates and transmits UI job-separation information efficiently, accurately, and securely between UI agencies, large multi-state employers, and third-party agencies. On December 31, 2010, Colorado launched its system to exchange separation data through SIDES and officially became a participant in the SIDES program. Over 50 electronic requests for separation data have been sent to national SIDES instead of sending paper requests.

## Department Description: FY 12-13 Budget Request

The UI Program is working on a modification of the SIDES software application to allow for connectivity of the SIDES Employer Web site. Modifications will include integration of the SIDES Employer Web site with the Colorado legacy and national systems, as well as the development of a personal-identification-number system; a creation, distribution, and maintenance process; and logic and administrative functions. The UI Program anticipates implementing the SIDES Employer Web site by June 30, 2012.

### **WIA Reauthorization**

The reauthorization of the Workforce Investment Act (WIA)/Wagner Peyser Act (WP), debated since 2002 and further delayed by the 2008 Presidential and Congressional elections, continues to be up for debate. Most of those proposals through FY2010-11 have suggested a major restructuring of the program which could result in adjustments to funding levels in the future. During June 2011, the Senate Health, Education, Labor and Pension Committee published new draft legislation that may be acted upon during the current Congressional session. It is anticipated that the proposed reauthorization will bring major changes to workforce development programs and the State's workforce development system; however, such changes are not anticipated to happen before FY2012-13. Much of the WIA Reauthorization may be contingent on the state of the national economy and Federal budgetary issues over the next couple of years.

### **Colorado On-line Portal**

*e-Colorado.org* is CDLE's centralized, on-line portal providing workforce development resources to the State's workforce development system, higher education institutions, employers, jobs seekers, economists, community colleges, and other labor market professionals. *e-Colorado* coordinates a variety of on-line tools and resources including electronic portfolios, Virtual Job Fairs, and Virtual Online Training courses. Through the availability of Team Rooms, *e-Colorado* serves as a major access point to support strategic planning and implementation of the State's employment and training goals and economic development endeavors.

Since its inception in FY2002-03, *e-Colorado.org* has been funded with WIA State Incentive Grants and with WIA discretionary funding approved by the Colorado Workforce Development Council. Due to reductions in Federal discretionary dollars in FY2011-12, WDP will focus on evaluating options for financial sustainability of *e-Colorado.org* through expanded partnerships with businesses, education, the community college system, and other private grant funding sources in FY2012-13.

### **Career Ready Colorado Certificate (CRC) Initiative**

The Career Ready Colorado Certificate (CRC) Initiative uses Work Keys (a series of work-based tests developed by ACT Inc.) to assess an individual's basic skill levels, and provides a certificate that can be used in addition to other credentials to demonstrate an individual's ability to successfully perform the basic skills required by a job. The CRC eliminates much of the guesswork for employers in determining whether an applicant has the basic skills needed for the job, and at the same time provides an opportunity to identify job

## Department Description: FY 12-13 Budget Request

seekers who are deficient in basic skills and provide remedial training. The goal of the initiative is to provide a standardization of skill levels to ensure job readiness of Colorado workers to fulfill business and industry needs of qualified applicants.

The CRC Initiative was implemented in FY2008-09 and continued to expand through FY2011-12 with funding from the Colorado Workforce Development Council and WIA 25% Discretionary funds. Throughout FY2010-11 and FY2011-12, the CRC Initiative expanded to include the secondary/post-secondary educational systems and the State's correctional system, reaching a total of 10,000 certificates issued in the summer of 2011. During FY2012-13, CDLE will pursue additional education and workforce partners, to leverage resources and available assessments and tools, and to secure additional sources of funding needed to offset anticipated reductions in WIA discretionary funds. This strategy will insure the sustainability of the initiative and expand usage of the CRC to all regions of the state.

### **H1-B Technical Skills Training Grant**

In October 2011, USDOL awarded CDLE a \$5 million H-1B Technical Skills Training Grant to implement *Strategies to Advance Colorado's Highly Skilled Workforce*, an innovative program of education, training, and employment related activities for high-skill occupations and industries for which employers are seeking H-1B worker visas. The program targets Information Technology, STEM Professional, Scientific, and Technical Services, Aerospace, and Advanced Manufacturing, and aims to increase the number of Colorado citizens in higher level technology-based positions with advanced technical and management competencies/skills; thereby reducing employers' need for H-1B visa qualified workers. Of the estimated 797 participants to be served, 239 (30%) will be Long-Term Unemployed and 558 (70%) will be Incumbent Workers with all those who complete training receiving an industry-recognized degree or credential. Coordination activities among businesses, training providers, and Colorado's workforce development system began in the Fall 2011 with program activities to be implemented in FY2012-13.

### **Colorado Online Energy Training Consortium**

Extensive collaboration with the Colorado Community College System (CCCS) has resulted in the September 2011 award of \$17+ million for the Trade Adjustment Assistance grant from the U.S. Department of Labor for the *Colorado Online Energy Training Consortium* (COETC). Department staff and regional workforce center staff across the state worked closely with the CCCS in proposal development and will continue to work with individual community colleges throughout the three-year grant period. Workforce Center Business Service Units will provide information on employer needs and assist student placement in internships and employment. In addition, workforce system staff will offer training for the Career Readiness Certificate, conduct assessments and refer clients to COETC energy programs developed with grant funds, and collaborate to offer customized hiring event/job fairs for graduates. This partnership will result in more than \$775,000 being awarded to the CDLE to provide these concurrent services in the workforce centers as part of the grant deliverables. Over the 3-year life of the grant:

- A total of 2106 will be enrolled in the green energy training programs

## Department Description: FY 12-13 Budget Request

- 75% or 1579 of those enrolled will attain industry recognized certificates or AAS degrees
- 75% or 1184 of those attaining certificates or degrees will enter employment in a training related field

### **State Energy Sector Partnership (SESP) Initiative**

Since FY2009-10, CDLE has managed the State Energy Sector Partnership (SESP) Initiative under a \$6 million ARRA discretionary grant to provide job training, career and energy awareness training, and entrepreneurship support to ensure that Colorado has a qualified workforce so that clean technology businesses will prosper and grow. This is a collaborative effort with employers in the renewable energy (RE) and energy efficiency (EE) fields, community colleges, the workforce development system, Registered Apprenticeship Programs, Small Business Development Centers (SBDCs), Youth Conservation Corps, Colorado Community Colleges and Higher Education institutions, the Center for Renewable Energy and Economic Development (CREED) at the National Renewable Energy Laboratory (NREL), and other stakeholders groups.

During FY2010-2011, 827 Colorado workers (of a 1,200 goal) were trained with a job placement rate of 89%. With new job growth at a standstill, SESP focused on incumbent workers needing new clean tech skills to support existing business needs and save jobs. Additionally, 331 apprentices in the Plumber, Pipefitter, Carpenter, Sheet Metal Worker, Lineman, and Heating and Frost Insulation trades entered specialized training in RE/EE skills to be completed in FY2012-13.

In FY2012-13, the SESP Initiative will complete its successful Public Awareness project, training 1,050 student ambassadors to provide 20,000 adults and 15,000 students with education and training to increase energy conservation and knowledge about energy efficiency career opportunities. The SESP Initiative will also complete its entrepreneurial training program for more than 30 start-up businesses. The entrepreneurial training program is a partnership of CDLE with venture capitalists, financial institutions, research universities, business incubators, and the Small Business Development Centers. This small business training program will be sustained beyond the life of the grant by the Center for Renewable Energy Economic Development (CREED).

Finally, in FY2012-13, the SESP Initiative will proceed with using the new certification curriculum for technicians and professionals to support Smart Grid Development. This certification curriculum was developed by a collaborative effort among the Colorado Workforce Development Council, Front Range Community College, University of Colorado (CU), Colorado State University (CSU), and private sector companies.

### **Alternative and Renewable Fuels**

With the increased demand and use of petroleum, and the need for cleaner fuels there is an increasing trend in development and use of alternative and renewable fuels. Today there is a wide array of alternative fuel sources that are finding their way into the marketplace. Examples of some of these fuels include ethanol, a variety of ethanol blends (E10, E15, E20, E85) and biodiesel and biodiesel blends

## Department Description: FY 12-13 Budget Request

(B10, B20, B100) New standards for the safe storage and product quality of these fuels are being developed, though in some cases these fuels are entering the marketplace faster than the development and introduction of standards.

House Bill 07-031 concerning renewable energy required the Division of Oil and Public Safety to establish policies regarding the storage of renewable fuels. The bill also required the division to promulgate and enforce, rules concerning the placement of underground and aboveground storage tanks that contain renewable fuels by April 30, 2008. Rules adopted to address this issue have developed a uniform statewide standard of issuing permits for underground and aboveground storage tanks to promote the use of renewable fuels so that the process of obtaining a permit for a storage tank that contains renewable fuels is more efficient and affordable.

In addition, staff are educating themselves on the compatibility of these fuels with storage tank system materials, potential releases of these fuels and their unique chemical characteristics. Staff are also working with EPA and other states on the development of a guidance document to address alternative and renewable fuel storage and cleanup issues.

### **Veterans Employment and Training Programs**

Veterans Employment and Training Programs provide intensive services to veterans who are economically and/or educationally disadvantaged. These intensive services include a comprehensive assessment of education and skills and abilities to identify employment barriers, determine appropriate employment goals, and to develop an employment development plan which might include group and individual career coaching to develop communication, interviewing, professional conduct, and personal maintenance skills. Intensive services are provided to eligible participants by a Disabled Veteran Outreach Program (DVOP) specialist who works closely with the Local Veteran Employment Representative (LVER) to obtain gainful employment for the Veterans. The LVER is responsible for outreach activities to employers, including conducting seminars for employers, job fairs, and facilitating employment, training and placement services.

Both DVOP and LVER staff are funded by the USDOL Jobs for Veterans Staff Grant (JVSG). Allocations for these programs have remained flat since FY2006-07 despite an increase in personnel and operating costs. However, with the increased number of Veterans returning from Iraq and Afghanistan with Traumatic Brain Injuries (TBI), Post Traumatic Stress Disorder (PTSD), and other high level needs, and with an increased unemployment rate among Veterans, CDLE expects an increase of Federal funding during FY2012-13 to support additional JVSG staff.

### **Minimum Wage Increase and Wage Orders**

The Colorado Constitution requires that the minimum wage be adjusted annually for inflation as measured by the Consumer Price Index used for Colorado. The inflation adjustment is based on the Consumer Price Index for All Urban Consumers in the Denver-



## Department Description: FY 12-13 Budget Request

Boulder-Greeley combined metropolitan statistical area published by the United States Bureau of Labor Statistics. The Consumer Price Index used for Colorado is determined by comparing changes in the Bureau of Labor Statistics CPI-U from the first half of the preceding year with the first half of the current year. The information needed to adjust the Colorado Minimum Wage for 2013 will be available during the third quarter of 2012. The Division of Labor will begin the rulemaking process in September, 2012, to set the minimum wage for 2013. The new minimum wage will become effective January 1, 2013.

### **Employment Verification Law and the Public Contracts for Services Law**

All Colorado employers must abide by the employment verification law, (§ 8-2-122, C.R.S.) which requires employers to verify and document the legal eligibility for employment of newly-hired employees. In addition the Colorado Public Contracts for Services and Illegal Aliens Law (§ 8-17.5-101 & 102, C.R.S.) applies to contractors who enter into or renew public contracts for services with a state agency or political subdivision. The Division has prepared extensive guidance, (fact sheets, guides, affirmations, notifications), crafted comprehensive websites, provided direct assistance to employers and employees, and initiated enforcement activities under these two laws.

Both laws are currently undergoing a performance Audit conducted by the State Auditor's Office. Moreover, implementation of aspects of the public contracts for services law has been delayed due to conflicts with federal law regarding the use of information from the federal E-Verify program. In the absence of specific authorization from the Department of Homeland Security (a waiver from the employer's E-Verify Memorandum of Understanding), the Division has been prevented from obtaining evidence that employers have properly used the program to verify the employment eligibility of new hires. In June, 2011, the State of South Carolina became the first state in the country to obtain such a waiver from DHS; the Division is actively pursuing its own permission and waiver to access employer E-Verify data.

### **Amusement Ride Industry**

The amusement ride industry is experiencing growth in a segment of the industry that does not fall within the traditional definition of amusement rides such as challenge courses including zip-lines and climbing walls; water parks and water slides; go-karts; trackless trains; and simulated extreme sports such as sky diving. The Division met with several stakeholder groups and promulgated regulations effective May 1, 2011 that addressed go-karts, bumper boats, climbing walls and water slides. In addition, the Division provided exemptions and waivers for governmental entities responsible for operation of amusement devices if their oversight was equivalent to that provided by the Division, eliminating duplication and saving money for governmental entities during the current economic recovery. During the 2011 legislative session, a bill was introduced to include inflatable rides, such as bounce houses, as regulated amusement rides. The bill died in committee.

### **Conveyances**

## Department Description: FY 12-13 Budget Request

Provisions within the Elevator and Escalator Certification Act indicate that statute sponsors and industry representatives believed that local jurisdictions would execute Memorandums of Agreement (MOA) with the Division of Oil and Public Safety (OPS) allowing them to regulate conveyances within their territories, although jurisdictions such as the City and County of Denver (7,000 conveyances) and the City of Lakewood (600 conveyances) continue to transfer responsibility of their conveyances to OPS. Because these transfers of regulation have added and will continue to add a burden on existing resources, a budget amendment passed in 2010 allowing for the addition of 5 FTEs to the program. The potential for the OPS to incur additional burden on resources may occur because of a recent decision by the Denver Regional Council of Governments (DRCOG). Approximately 20 jurisdictions (3,000 conveyances) in the Denver metro area have executed an MOA with the Division and have contracted the Denver Regional Council of Governments (DRCOG) to conduct conveyance inspections in their respective territories. On August 19, 2011, DRCOG sent these jurisdictions a letter stating that DRCOG would not renew contracts at the year's end with these jurisdictions for these services. This decision forces jurisdictions to employ inspectors, contract with private inspectors, or require conveyance owners to contract with private inspectors to complete the required inspections. If a jurisdiction decides to terminate the MOA with the Division, conveyance owners must then contract with private inspectors and responsibility for all inspection report and permit reviews would be added to the Conveyance Section's workload.

In addition, new regulations were promulgated to clarify existing processes and address problem issues that have come about as this new program is enhanced. Requirements of HB 10-1231 were addressed in the new regulations. HB 10-1231 authorizes the continued use of private residence conveyances installed prior to 2008 in buildings that are not a single family residence. New rules are balanced to allow this equipment to operate, but ensure the safety of passengers and maintenance personnel. Another problem addressed in new regulations was the intensely contested issue between building owners and industry labor (International Union of Elevator Constructors Local 25) as to whether the intent of statute allows only licensed elevator mechanics to perform work associated with the modification of elevator cab interiors.

Another issue that may bring financial burden to conveyance owners is the requirement for owners of hydraulic elevators that have a hydraulic cylinder (jack) buried in the ground to determine if the jack has a single-bottom, and if the jack has a single-bottom, to replace the hydraulic jack or retro-fit the elevator and jack with safety devices. Conveyance regulations require these mitigation activities to be conducted by January 12, 2012. This requirement has existed in the elevator safety code since 2000 and was specifically described in the amendment to the Conveyance regulations effective on January 1, 2010. Based on discussion with other state regulators, building owners and industry representatives, the OPS has developed a policy to clarify the procedures for mitigation activities and to grant owners the opportunity to request an extension to the mitigation due date. If approved, the extension would require additional safety testing to be performed during the extension period.

### **Workers' Compensation**

## Department Description: FY 12-13 Budget Request

The Division of Workers' Compensation (DoWC) has helped thousands of Colorado employers, large and small, save millions of dollars every year through its free risk management program and services. This past year employers realized over \$17 million. The program and services are expected to continue to prevent millions in accident costs as well as the pain and suffering associated with workplace injuries. They have promoted greater cost savings for Colorado insurers as well—translating into reduced system costs for all of the state's businesses and industries.

The DoWC's oversight of insurance claims management activity has detected payment mistakes totaling millions of dollars. Over \$2.3 million in incorrect payments to the state's injured workers made by insurers were identified last year alone. It's anticipated that the DoWC will continue to detect close to \$2 million in incorrect payments next year as well. Proactive services by Division staff to educate insurance claims managers are expected to reduce the occurrence of overpayments and underpayments—with real savings expected for all system stakeholders.

The DoWC's oversight of insurance claims management extends beyond detecting payment mistakes. During the 2010-11 fiscal year, the division conducted 41 onsite audits of carriers to ensure compliance on a multitude issues.

DoWC efforts to resolve disputes between parties related to claims have resulted in thousands of settlements each year, thus reducing further litigation. Over 5,000 pre-hearing and settlement conferences were held last year alone. This reduction in litigation reduces system costs for stakeholders.

On over 50,000 occasions, DoWC staff responded directly to inquiries to the Division's customer service unit last year.

DoWC staff identify hundreds of employers annually who appear to be operating with no workers' compensation insurance. Last year, 1,674 establishments were investigated for operating without required coverage. This resulted in 839 orders being issued to businesses suspected of being in default. This ongoing effort ensures that instances of injuries to workers' without insurance coverage are minimized, which in turn reduces the socialization of these costs across the rest of the workers' compensation system. Currently only .13 percent (13 hundredths of one percent) of filed claims are determined to be uninsured. This also has the effect of "leveling the playing field" among employers competing for the same business by ensuring that insurance costs are not avoided those who would otherwise forgo such coverage.

Through effective oversight and support, the DoWC has continued to promote the success of Colorado's workers' compensation self-insured employers. Despite uncertain economic conditions, and an adverse risk financing market, Colorado's self-insured employers last year realized a cash flow advantage of over \$111 million cumulatively as a result of self-insured derived savings. Continued management of employer self-insurance activity by DoWC staff is essential to the success of the concept in our state.

Department Description: FY 12-13 Budget Request

Department Description: FY 12-13 Budget Request

**WORKLOAD REPORTS**

UNEMPLOYMENT INSURANCE PROGRAM Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Number of Unemployment Insurance Initial Claims	408,644		318,944	225,000
Number of Appeals Decisions	35,844		29,000	22,000
Number of New Employer Accounts	17,560		18,000	19,800

UNEMPLOYMENT INSURANCE PROGRAM Benefit and Claim Statistics	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Average duration of a benefits claim in weeks	17.9		16.5	14.5
Average weekly benefit amount	\$350.30		\$353.80	\$360.88

Department Description: FY 12-13 Budget Request

WORKFORCE DEVELOPMENT PROGRAMS Workload Indicators		FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Total applicants	Target	420,000	450,000	450,000	450,000
	Actual	551,159	508,428		
Total applicants referred to jobs	Target	155,000	160,000	160,000	160,000
	Actual	191,225	190,005		
Total job openings received from employers	Target	95,000	95,000	90,000	90,000
	Actual	97,613	93,330		

WORKFORCE DEVELOPMENT PROGRAMS Workload Indicators -Applicants Served by Program	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Workforce Investment Act	8,924	9,240	8,700	8,700
Wagner Peyser	543,488	491,519	480,000	480,000
Veterans	52,032	49,652	45,000	45,000
Migrant Seasonal Farm Workers	876	760	800	800
Work Opportunity Tax Credit	7,671	15,959*	8,500	8,500
Governor's Summer Job Hunt	36,293	46,161	40,000	40,000
Trade Adjustment Assistance	1,312	1,220	1,350	1,350
Trade Readjustment Allowance	1,900	950	1,950	1,950
Displaced Homemaker	74	87	70	70

\* Actual applicants served are inflated above normal for the WOTC Program during FY10-11 because the new category of Disconnected Youth applications were backlogged. The estimate has been reduced in FY11-12 to a more normal level.

Department Description: FY 12-13 Budget Request

WORKFORCE DEVELOPMENT PROGRAMS Workload Indicators -Employers Served by Program	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Wagner Peyser	10,796	9,247	11,000	11,000
Work Opportunity Tax Credit - Number of employers registered	1,278	1,470	1,300	1,300
Alien Labor Certification	231	382	250	250

LABOR MARKET INFORMATION Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Establishments on QCEW data file	216,756	209,877	223,000	220,000
New establishments classified by industry	16,000	16,300	17,000	18,000
Establishments verified for proper classification	20,098	21,099	20,000	20,000
LMI Gateway website hits	Unavailable	Unavailable	140,000	140,000
Products distributed	103,318	180,000	175,000	175,000
Training sessions and presentations	27	26	25	30

DIVISION OF LABOR Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Claims filed	5,857	5297	6,000	6,000
Claims Resolved	85.7%	84.7%	90%	90%
Money recovered	\$1,100,000	\$1,266,025	\$1,250,00	\$1,250,000
Employee group presentations / number in attendance	12 / 1,100	14/1,000	15/ 1,200	15 / 1,200
Wage claims per FTE	825	769	800	800

Department Description: FY 12-13 Budget Request

Dollars recovered per FTE	\$157,000	\$180,860	\$200,000	\$200,000
Average dollars recovered per claimant	\$188	\$235	\$250	\$250
Estimated taxes recovered (State & Federal)	\$275,000	\$316,500	\$350,000	\$350,000
All-Union Agreement Elections	5	6	5	5
Unfair labor practices charges	2	1	3	3
Employment verification claim audits (random, complaint based)	623, 44	930, 33	900, 30	900, 30
Public contracts for services complaint based claims	1	1	3	3

OIL & PUBLIC SAFETY Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Number of boilers requiring inspection	23,149	21,787	23,330	24,930
Percent of boiler inspections performed by certificate expiration date	98%	75%	80%	80%
Percent of boiler violations corrected by deadline	88%	63%	65%	70%
Percent of boiler initial inspections on new installations performed within 30 days of installation	98%	80%	85%	85%
Number of explosive magazine inspections required	75	57	51	75
Explosive exams conducted	331	223	250	300
Explosive permits processed and issued	563	553	550	550
Number of carnivals and amusement parks inspected	69	89	100	110
Percent of daily amusement ride inspection reports reviewed for compliance	45%	83%	100%	100%
Number of conveyance registrations processed	1,757	2,262	2,000	1,000
Number of Certificates of Operation issued	4,286	6,837	9,000	12,000
Number of accidents reported	5	9	15	15
Number of licensed conveyance mechanics	482	353	350	350



Department Description: FY 12-13 Budget Request

Number of licensed conveyance contractors	39	33	35	35
Number of licensed conveyance inspectors	58	53	50	50
Number of petroleum facilities	4,815	4,803	4,800	4,775
Number of LPG facilities	1,141	1,122	1,200	1,250
Percent of retail petroleum facilities inspected each year to ensure 18 month inspection frequency goal is achieved	64%	64%	67%	67%
Number of confirmed petroleum releases reported	258	225	250	250
Number of open events	1013	959	1000	975
Number of site characterization reports received	118	129	120	120
Percent of site characterization reports reviewed and NFA, CAP request or Final SCR letter issued within 60 working days.	94%	96%	95%	95%
Number of corrective action plans received	290	354	300	300
Percent of corrective action plans reviewed and a CAP approval or denial letter issued within 90 days.	92%	92%	90%	90%
Average turnaround time for petroleum product sample analysis	7 days	6 days	8 days	8 days
Processing time of traditional original reimbursement applications with a fund payment report prepared within 90 working days	64 days	66 days	66 days	60 days
Processing time of electronic reimbursement applications with a fund payment report prepared within 90 working days	30 days	60 days	66 days	50 days
Leak/spill/special investigations	48	60	60	60
Tank installations and upgrades	253	275	200	200
Tank closures	148	318	200	250
Percent of facilities in operational compliance with regulations	81%	78%	80%	85%
Number of petroleum impacted sites receiving a No Further Action status	317	279	250	250
Percentage of fuel meters within tolerance limits	98%	97%	95%	95%
Percentage of product samples in compliance with specifications, ensuring fuel quality and consumer protection	79%	81%	95%	90%
Consumer complaints	234	235	300	250

Department Description: FY 12-13 Budget Request

Percentage of consumer complaint investigations completed within 5 working days	84%	95%	98%	90%
---	-----	-----	-----	-----

DIVISION OF WORKERS' COMPENSATION Workload Indicators	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Appropriation	FY 12-13 Request
Number of customer contacts with the Customer Service Unit	50,181	50,577	51,000	52,000
Number of customer contacts via telephone calls	44,149	43,678	44,000	44,500
Number of customer contacts via walk-ins	6,032	6,179	6,200	6,500
Reduce caller telephone wait time in Customer Service as measured in seconds	13	.07	5	5
Reduce percentage of lost calls ( <i>FY09-10 actual note – New phone system eff-10/1/09; also many UI calls hang up following our automated introduction</i> )	7%	7%	5%	4%
Number of Independent Medical Exam (IME) applications processed	3,059	2,925	3,000	3,000
Number of IMEs held by workers' compensation number, not event	2,542	2,385	2,500	2,600
Percentage of workers' compensation cases with IME applications that requested hearings	52%	51%	50%	49%
Number of applications for indigent determination filed with Office of Administrative Courts (OAC) - data provided by the OAC-	480	469	500	500
Number of applications for indigent determination where the claimant was determined to be indigent	334	324	390	390
Number of utilization reviews (UR) processed	9	8	10	10
Percentage of UR orders upheld	100%	100%	95%	95%
Number of injury reports filed by employers and claimants	34,133	33,061	35,000	36,000
Number of reviews of admissions of liability for benefits	53,969	68,541	65,000	65,000
Orders related to requests for administrative closure for claims	988	793	800	800
Orders related to requests for penalties or compliance issues	983	953	975	975

Department Description: FY 12-13 Budget Request

Respond to inquiries about the fee schedule	1,683	1,666	1,700	1,800
Number of motions addressed by prehearing Administrative Law Judge (ALJ) through motions practice, including prehearing conf.	8,249	5,357	6,000	6,000
Number of stipulations for settlement approved	5,697	5,464	5,500	6,000
Major Medical Insurance and Subsequent Injury Funds: Savings by fee scheduling and denying charges for treatment of non-related conditions	\$6,626,486	\$4,714,117	\$4,500,000	\$4,250,000
Average number of days from receipt to resolution of medical billing disputes	9	8.54	8	8
Total current accredited physicians	963	949	1,000	1,000
Number of presentations provided by the Division to the public	53	66	70	70
Number of Division-sponsored seminars held outside of the metro area (FY09-10 actual note -Travel and other budgetary constraints required this reduction)	5	5	7	9
Number of audited and on-site reviews of insurers claims handling practices (FY09-10 actual note – Audits scheduled in two-year cycle, from 35 larger insurers to 60 smaller ones including self-insurer)	62	41	40	40
Premium cost containment cumulative employers certified	5,713	5,967	6,100	6,253
Current employers self-insured	93	91	92	92
Cash flow advantage to self-insured employers program wide (FY09-10 actual note- reduction proportionate to drop in commercial premiums overall in Colorado)	\$72,878,000	\$111,780,000	\$72,000,000	72,000,000
Number of insolvent self-insured employers who default on workers' compensation	0	0	0	0
Number of cumulative defaulted self-insured employers under supervision	4	4	4	4
Number of revoked permits annually reviewed	65	65	65	67