

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Labor And Employment

Request Title

NP-01 Annual Fleet Vehicle Request

Dept. Approval By: <i>[Signature]</i> <u>10/20/15</u>	x	Supplemental FY 2015-16
		Change Request FY 2016-17
		Base Reduction FY 2016-17
OSP Approval By: <i>[Signature]</i> <u>10/20/15</u>		Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Change	Continuation	
		Appropriatio	Request			Request
Total		\$146,117	\$0	\$146,117	\$62,394	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request						
GF		\$0	\$0	\$0	\$10,829	\$0
CF		\$110,277	\$0	\$110,277	\$8,955	\$0
RF		\$0	\$0	\$0	\$0	\$0
FF		\$35,840	\$0	\$35,840	\$42,610	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Change	Continuation	
		Appropriatio	Request			Request
Total		\$146,117	\$0	\$146,117	\$62,394	\$0
FTE		0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office - Vehicle Lease Payments						
GF		\$0	\$0	\$0	\$10,829	\$0
CF		\$110,277	\$0	\$110,277	\$8,955	\$0
RF		\$0	\$0	\$0	\$0	\$0
FF		\$35,840	\$0	\$35,840	\$42,610	\$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Na	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Labor And Employment

Request Title

NP-02 Secure Colorado - OIT

Dept. Approval By: *Signe Butts 10/30/15* **Supplemental FY 2015-16**
 Change Request FY 2016-17
 Base Reduction FY 2016-17
 OSPB Approval By: *Grant H. B. 10/30/15* **Budget Amendment FY 2016-17**

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
Total		\$10,286,585	\$0	\$10,286,585	\$33,885	\$0
FTE		0.0	0.0	0.0	0.0	0.0
GF		\$1,520,385	\$0	\$1,520,385	\$0	\$0
CF		\$4,746,695	\$0	\$4,746,695	\$16,943	\$0
RF		\$393,180	\$0	\$393,180	\$0	\$0
FF		\$3,626,325	\$0	\$3,626,325	\$16,942	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
Total		\$10,286,585	\$0	\$12,195,668	\$33,885	\$0
FTE		0.0	0.0	0.0	0.0	0.0
GF		\$1,520,385	\$0	\$2,524,557	\$0	\$0
CF		\$4,746,695	\$0	\$5,199,151	\$16,943	\$0
RF		\$393,180	\$0	\$393,180	\$0	\$0
FF		\$3,626,325	\$0	\$4,078,780	\$16,942	\$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Na	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Labor And Employment

Request Title

NP-05 Resources for Administrative Courts

Dept. Approval By: <i>[Signature]</i> <u>10/30/15</u>	_____	Supplemental FY 2015-16
	x	Change Request FY 2016-17
	_____	Base Reduction FY 2016-17
OSPB Approval By: <i>[Signature]</i> <u>10/30/15</u>	_____	Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Base Request	Change	
		Appropriatio	Request		Request	Continuation
	Total	\$3,437,605	\$0	\$3,437,605	\$200,720	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$3,437,605	\$0	\$3,437,605	\$200,720	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial	Supplemental	Base Request	Change	
		Appropriatio	Request		Request	Continuation
	Total	\$3,437,605	\$0	\$3,188,229	\$200,720	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
06. Division of Workers' Compensation - Administrative Law Judge Services	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$3,437,605	\$0	\$3,188,229	\$200,720	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required? Yes _____ No _____ If Yes, describe the Letternote Text Revision: _____ Cash or Federal Fund Name and CORE Fund Number: _____ Reappropriated Funds Source, by Department and Line Item Na _____ Approval by OIT? Yes _____ No _____ Not Required _____ Schedule 13s from Affected Departments: _____ Other Information: _____
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Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Labor And Employment

Request Title

R-01 Unemployment Insurance Enforcement

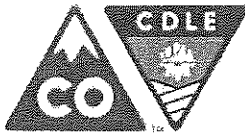
Dept. Approval By: Matt [Signature] 10/29/15 x Supplemental FY 2015-16
Change Request FY 2016-17
Base Reduction FY 2016-17

OSPB Approval By: [Signature] 10/29/15 Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$35,898,467	\$0	\$36,540,933	\$412,854	\$394,380
	FTE	453.1	0.0	453.1	4.5	4.5
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$6,921,005	\$0	\$6,921,005	\$412,854	\$394,380
	RF	\$0	\$0	0	\$0	\$0
	FF	\$28,977,462	\$0	\$28,977,462	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$35,898,467	\$0	\$36,540,933	\$412,854	\$394,380
	FTE	453.1	0.0	453.1	4.5	4.5
02. Division of Unemployment Insurance - Program Costs	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$6,921,005	\$0	\$7,079,277	\$412,854	\$394,380
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$28,977,462	\$0	\$29,461,656	\$0	\$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Na	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required <input type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	



COLORADO

Department of
Labor and Employment

Priority: R-01
Unemployment Insurance Enforcement
FY 2016-17 Change Request

Cost and FTE

- The Department requests 4.5 temporary FTE and \$412,854 cash fund spending authority in FY 2016-17 and FY 2017-18 from the Unemployment Revenue Fund to conduct criminal investigations involving crimes affecting Unemployment Insurance. Revenue is available to support this request and no additional cash fees will be added.

Current Program

- The Unemployment Insurance (UI) Division provides temporary compensation to individuals who are laid off through no fault of their own. The payment of unemployment benefits is funded through employer premiums.
- The Investigations and Criminal Enforcement (ICE) unit was established for the purpose of conducting criminal investigations involving crimes affecting the Colorado Department of Labor and Employment (CDLE). Under that directive, ICE has dedicated itself to the detection, investigation, and prosecution of crimes perpetrated against the CDLE – specifically the Division of Unemployment Insurance (UI) – and to the recovery of CDLE’s assets.
- Currently, all fraud cases sent to the ICE unit have a minimum monetary threshold of \$10,000.

Problem or Opportunity

- The ICE unit has a large backlog of cases (approximately 150 at any given time), which is currently 173 cases.
- The ICE unit receives new cases each month to investigate for criminal charges, and has received 108 new cases since January 2015 (through August).

Consequences of Problem

- Without additional staff and funding, some of the UI fraud cases will not be criminally investigated or prosecuted due to the backlog and the statute of limitations in some instances.
- ICE currently holds approximately \$2.3 million in potential collections from unassigned cases waiting to be investigated, in addition to the normal yearly caseload.
- Theft against the CDLE will continue, with or without additional investigative resources; however, it is imperative that the CDLE is able to combat UI fraud to the best of its ability and show the citizens and employers of Colorado that the CDLE addresses fraud seriously and is an excellent steward of the monies that have been entrusted to them.

Proposed Solution

- The Department requests 4.5 temporary FTE and \$412,854 cash fund spending authority in FY 2016-17 and FY 2017-18 from the Unemployment Revenue Fund to conduct criminal investigations involving crimes affecting Unemployment Insurance. The temporary FTE will be in place for two years, after which, the need for ongoing staff support will be evaluated.
- Additional staff and funding will provide more support to perform criminal investigations, resulting in cases being run more efficiently, increasing the amount of money that CDLE can recover through restitution.
- Increasing restitution collections ultimately increases the solvency of the Unemployment Insurance Trust Fund in addition to holding perpetrators accountable for their criminal behavior.



COLORADO

Department of Labor and Employment

John W. Hickenlooper
Governor

Ellen Golombek
Executive Director

FY 2016-17 Funding Request | November 1, 2015

Department Priority: R-01
Request Detail: Unemployment Insurance Investigations & Criminal Enforcement

Summary of Incremental Funding Change for FY 2016-17	Total Funds	Cash Funds
Unemployment Insurance Enforcement	\$412,854	\$412,854

Problem or Opportunity:

The Investigations & Criminal Enforcement (ICE) unit was originally established for the purpose of conducting criminal investigations involving crimes affecting the Colorado Department of Labor and Employment (CDLE). Under that directive, ICE has dedicated itself to the detection, investigation, and prosecution of crimes perpetrated against the CDLE – specifically the Division of Unemployment Insurance (UI) – and to the recovery of CDLE’s assets. The current threshold to send fraud cases to ICE is \$10,000 or greater, and is set by the CDLE UI Director.

In addition to investigating individuals for UI fraud, ICE is also responsible for several other duties, which include, but are not limited to: performing law enforcement assists, processing restitution monies ordered by the courts, and reviewing and clearing all background checks for CDLE employees. ICE fills a vital role in helping demonstrate the CDLE’s ongoing commitment to integrity in its programs and accountability to the citizens of the State of Colorado. The following chart illustrates the increasing demands for staffing resources:

Actual	2012	2013	2014	2015	4 Year Average
Actual Cases Received	131	118	149	161	140
Actual Cases filed in District court	68	98	102	107	94
UI Claims per case	5	3	4	4	4
Unassigned Cases	63	83	130	184	140
Minimum Amount of repayment back to the UI Trust Fund from convicted felons per case	\$ 680,000	\$ 980,000	\$ 1,020,000	\$ 1,070,000	

Current number of Criminal Investigators

6

Furthermore, the unit completed 5,141 law enforcement assists, 985 background checks, 19 identity abuse cases, 14 threats, and 172 UI fraud tips from 2012 through June 2015. Even with such numbers, the dramatic increase in UI fraud, caused by the influx of UI claims filed during the economic downturn, has created a large backlog of unassigned cases. On average, the unit as a whole is currently working (active investigations) on average about 55-60 cases during the month. This does not include the cases that have already been referred to the District Attorney's (DA's) offices for prosecution. On average, an investigator works between 10-15 cases per year. Each case on average can have 4 separate claims.

The department is currently unable to provide an average of how long it takes to work an investigation, as it depends on a variety of factors (i.e.: obtaining employer records, preparing and serving court orders on banks (and their turnaround time in giving us the bank records), interviewing witnesses, gathering evidence as well as interviewing the suspect. The Criminal Investigator completes a lengthy process for each case, which includes: reviewing documents, identifying additional claims, running criminal histories, gathering other data, contacting employers, preparing court orders, contacting suspects, contacting witnesses, preparing affidavits and witness statements, and testifying in court. Once a case is complete and ready to send to the DA, on average, the case file (including reports and evidence) is approximately 1,500 - 2,000 pages. Lastly, in addition to all of the above, Criminal Investigators are responsible for handling all law enforcement assists as well as all UI fraud tips that come into the CDLE.

This case work can take several months, and in some large scale ID theft rings, a year or more to investigate. Once the investigator has completed their investigation, they refer their case to the DA's office or AG's office for prosecution. Since many of the cases involve numerous claims, the evidence submitted is very large (often times over a thousand pages of evidence). Once the DA decides to file the case, the person will appear in court. The time a claimant (now defendant) spends in court varies as well, as some plead right away and others have continuances for several months. The majority of cases do not go to trial because the evidence is overwhelmingly conclusive; however, there are times when ICE goes to trial or hearings.

ICE currently holds approximately \$2.3 million in unassigned cases waiting to be investigated, in addition to the normal yearly caseload. Although the ICE unit still has a large back-log of cases, they continually receive cases from the Benefit Payment Control (BPC) unit monthly. As such, the Department is proposing that an additional three Criminal Investigator I positions, one Criminal Investigator III, and a half-time Administrative Assistant II be added to the ICE unit and will be paid out of the Unemployment Revenue Fund.

Proposed Solution:

Currently, the ICE unit is comprised of six full-time Criminal Investigators (CIs), a Chief Criminal Investigator, and one Program Assistant. The Department requests 4.5 FTE and \$412,854 from the Unemployment Revenue Fund to support an additional 3.0 FTE of Criminal Investigator I's, 1.0 FTE of Criminal Investigator III, and 0.5 FTE of an Administrative Assistant. The CI III may investigate the largest cases in addition to overseeing CI I's. Hiring three CI I's allows ICE to work through cases more efficiently and allows some CI II's to work more complex cases and/or become subject matter experts in certain types of investigations. These positions will be funded from the Unemployment Revenue Fund created in Section 8-77-106, C.R.S. Revenue for this cash fund comes from fees applied to delinquent premiums or surcharges pursuant to the provisions of section 8-79-102, all penalties collected by the division pursuant to sections 8-79-104 (1)(a) and (1)(c) and 8-81-101 (4)(a)(II), and all investigative costs collected by the division pursuant to section 8-81-101(4)(a)(III).

The department anticipates that the addition of 4.5 FTE will be funded for two years and then be revalidated if the positions are still necessary. The following chart is illustrating the projected case load.

Estimated	Estimated 2016	2017*	2018*	2019*
Cases Received	155	140	140	140
Cases filed in District court	103	160	160	160
UI Claims per case (4 yr avg.)	4	4	4	4
Back logged Cases	236	216	196	176
Minimum Amount of repayment back to the UI Trust Fund from convicted felons per case	\$ 1,030,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Additional Revenue (Avg restitution/case = \$11,889)		\$ 713,340	\$ 713,340	\$ 713,340

*Adding 4 CI's

Also, the amount of cases that are referred to ICE are based on a monetary threshold and if it is determined at a later date that the threshold needs to be lowered, the Department would see an even larger amount of cases referred to ICE. Unfortunately, there will always be individuals who commit UI fraud, whether there is an economic downturn or not. Although fraud tends to rise during an economic downturn, it has always existed. With the additional FTEs, the Department will not only be able run cases more efficiently, which will increase the amount of money that comes back to the CDLE, but the Department will be able to tackle some of the non-traditional fraud cases that ICE also investigates.

Anticipated Outcomes:

The average restitution ordered in ICE cases reaching criminal disposition in the last two years was \$11,889. Taking the average amount of restitution ordered, and multiplying it by the average number of 15 cases filed per investigator, ICE could expect to have \$713,340 in restitution ordered in a year with four full time investigators filing cases. In addition to the increased revenue, the hiring of additional Criminal Investigators (CIs) and Admin Assistant II would enable the ICE unit to accomplish the following:

- Afford CI's the time to follow-up more frequently with Probation to ensure that the ordered restitution is being collected in a timely manner;
- Address a larger percentage of the overall fraud affecting UI (currently addressing around half);
- Increase the detection of non-traditional fraud;
- Address the anticipated increase in fraud cases with the addition of the new Jail Roster Cross Match Program and the Data Mining project;
- Revisit the referral threshold to potentially lower the amount, and hold more of those committing fraud against the CDLE accountable;

- Allow CIs to specialize in a specific type of UI fraud—such as jail roster cases (collecting benefits while in jail), fictitious business cases, or ID theft crime rings—creating “experts” in those cases which would lead to an increase in productivity;
- The Administrative Assistant II will help with the CIs administrative duties, as well as assisting with follow-up to probation about restitution, conducting law enforcement assists and running background checks;
- The Administrative Assistant II will work with the our internal Integrity and Audits team to set up files on behalf of customers for reviews on cases pending with back premiums owed to the Division; and
- Contribute to the Department’s Performance Plan goal of reducing the amount of overpayments of Unemployment Insurance claims.

Assumptions and Calculations:

Calculation Assumptions:

Expenditure Detail		FY 2016-17		FY 2017-18	
<i>Personal Services:</i>		FTE	\$	FTE	
Criminal Investigator I	Monthly Salary \$ 4,654	3.0	167,544	3.0	167,544
PERA			17,006		17,006
AED			6,702		7,372
SAED			6,283		7,121
Medicare			2,429		2,429
STD			318		318
Health-Life-Dental			13,263		13,263
Subtotal Position 1, 3.0 FTE		3.0	\$ 213,545	3.0	\$ 215,053
Criminal Investigator III	Monthly Salary \$ 6,547	1.0	78,564	1.0	78,564
PERA			7,974		7,974
AED			3,143		3,457
SAED			2,946		3,339
Medicare					1,139

			1,139		
STD			149		149
Health-Life-Dental			4,421		4,421
Subtotal Position 2, 1.0 FTE		1.0	\$ 98,336	1.0	\$ 99,043
	Monthly Salary				
Admin Assistant II	\$ 2,670	0.5	16,020	0.5	16,020
PERA			1,626		1,626
AED			641		705
SAED			601		681
Medicare			232		232
STD			30		30
Health-Life-Dental			4,421		4,421
Subtotal Position 3, 1.0 FTE		0.5	\$ 23,571	0.5	\$ 23,715
Subtotal Personal Services		4.5	335,452.2	4.5	337,811.2
Operating Expenses					
Regular FTE Operating Expenses	500	4.5	2,250	4.5	2,250
Telephone Expenses	450	4.5	2,025	4.5	2,025
PC, One-Time	1,230	4.5	5,535		-
Office Furniture, One-Time	3,473	4.5	15,629		-
Indirect			46,963		47,294
Other (Software Licenses)		5	5,000	5	5,000
Subtotal Operating Expenses			\$ 77,402		\$ 56,569
TOTAL REQUEST					

	4.5	\$	<u>412,854</u>	4.5	\$	<u>394,380</u>
<i>Cash funds:</i>		\$	412,854			394,380

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Labor And Employment

Request Title

R-02 Transfer of the Division of Vocational Rehabilitation

Dept. Approval By: *[Signature]* Supplemental FY 2015-16
 Change Request FY 2016-17
 Base Reduction FY 2016-17
 OSPB Approval By: *[Signature]* Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$14,263,155	\$0	\$15,300,278	\$371,253	\$357,748
	FTE	99.9	0.0	103.3	2.6	2.6
Total of All Line Items Impacted by Change Request	GF	\$587,148	\$0	\$429,590	\$79,077	\$75,200
	CF	\$7,382,881	\$0	\$7,511,685	\$0	\$0
	RF	\$157,006	\$0	\$162,366	\$0	\$0
	FF	\$6,138,140	\$0	\$7,196,637	\$292,176	\$281,548

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriatio	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$8,453,305	\$0	\$8,409,588	\$185,456	\$184,179
	FTE	99.9	0.0	103.3	2.6	2.6
01. Executive Director's Office - Personal Services	GF	\$379,620	\$0	\$184,074	\$39,502	\$39,230
	CF	\$4,457,731	\$0	\$4,517,359	\$0	\$0
	RF	\$157,006	\$0	\$162,366	\$0	\$0
	FF	\$3,458,948	\$0	\$3,545,789	\$145,954	\$144,949

	Total	\$1,961,007	\$0	\$1,771,007	\$14,698	\$2,470
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office - Operating Expenses	GF	\$190,000	\$0	\$0	\$3,131	\$525
	CF	\$766,076	\$0	\$766,076	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$1,004,931	\$0	\$1,004,931	\$11,567	\$1,944

	Total	\$3,848,843	\$0	\$5,119,683	\$171,099	\$171,099
	FTE	0.0	0.0	0.0	0.0	0.0
01. Executive Director's Office - Leased Space	GF	\$17,528	\$0	\$245,516	\$36,444	\$36,444
	CF	\$2,159,054	\$0	\$2,228,250	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$1,672,261	\$0	\$2,645,917	\$134,655	\$134,655

Letternote Text Revision Required?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:					
Reappropriated Funds Source, by Department and Line Item Na					
Approval by OIT?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not Required <input checked="" type="checkbox"/>
Schedule 13s from Affected Departments:					
Other Information:					



COLORADO

Department of
Labor and Employment

Priority: R-02
Transfer of the Division of Vocational Rehabilitation
FY 2016-17 Change Request

Cost and FTE

- The Department of Labor and Employment (CDLE) requests 2.6 FTE and \$371,253 total funds (\$79,077 General Fund and \$292,175 federal funds) in FY 2016-17, annualizing to \$357,748 total funds (\$76,200 General Fund and \$281,547 federal funds) in FY 2017-18 ongoing, to support the transfer of the Division of Vocational Rehabilitation (DVR) from the Department of Human Services.

Current Program

- The Division of Vocational Rehabilitation (DVR) provides work-related assistance to individuals whose disabilities result in barriers to employment or independent living.
- During the 2015 legislative session, S.B. 15-239 moved the DVR from the Department of Human Services to CDLE, transferring a total appropriation of \$48,039,446 and 229.7 FTE.

Problem or Opportunity

- The Department of Human Services is transferring an additional 3.4 FTE from its Office of Administrative Solutions that provided direct program support services to DVR. However, CDLE has a need for additional administrative support to provide financial, budget and human resources functions.
- Where the Department of Human Services may have realized efficiencies between all the programs sharing central administration, CDLE as a smaller department will not be able to fully recognize these.
- The transfer of 3.4 FTE and associated funding offsets some of CDLE's need for administrative support, but does not provide enough resources for the substantial amount of procurement, contracts, and new staff being added to the Department through the transfer.
- Additionally, CDLE will secure new leased space to integrate the new division headquarters staff into the Department's current office building.

Consequences of Problem

- Without additional support staff, the necessary procurement and contract negotiation will be slowed for the Department, federal requirements may not be met or may be delayed in being met, and it will be difficult to coordinate the administrative duties that are required for a division that spans many field offices statewide.
- The people DVR serve may not receive the services they need in a timely manner.

Proposed Solution

- The Department is requesting \$371,253 total funds, of which, \$200,154 total funds and 2.6 FTE will support a contracts/purchasing agent, a budget and policy analyst, and a program assistant to assist with payroll and other human resources duties associated with the DVR.
- The requested positions will support Accounting, Budgeting, Contracts and Procurement, Human Resources, and training for DVR staff.
- The Department also requests \$171,099 total funds for additional leased space costs associated with the transfer of employees.
- The additional 2.6 FTE that the Department of Labor and Employment requests will combine with the 3.4 vacant FTE transferring from the Department of Human Services for a total of 6.0 FTE in administrative support. The addition of 2.6 FTE will cover positions that are not transferring, but are necessary central functions for successful operation of the new division.



COLORADO

Department of Labor and Employment

John W. Hickenlooper
Governor

Ellen Golombek
Executive Director

FY 2016-17 Funding Request | November 1, 2015

Department Priority: R-02

Request Detail: Transfer of the Division of Vocational Rehabilitation

Summary of Incremental Funding Change for FY 2016-17	FTE	Total Funds	General Fund
Transfer of the Division of Vocational Rehabilitation	2.6	\$371,253	\$79,077

Problem or Opportunity:

During the 2015 legislative session, S.B. 15-239 moved the Division of Vocational Rehabilitation (DVR) from the Department of Human Services (DHS) to the Department of Labor and Employment (CDLE). Beginning July 1, 2016, the powers, duties, and functions regarding vocational rehabilitation programs assigned to DHS, including the Business Enterprise Program, will be transferred to CDLE. This includes transferring appropriations of \$48,039,446 total funds and 229.7 FTE. This transfer to the Department of Labor and Employment comprises a 23 percent increase in FTE to the Department, while it is a corresponding decrease of four percent to the Department of Human Services.

To begin phase one of the DVR transfer, the Department of Labor and Employment created eight functional merger teams and an Executive Team to address and make executive decisions on everything including payroll and accounting, IT needs, training and office space. As a result of the functional team analysis, the Department determined where gaps in support would occur and how to mitigate them. The Department identified a need for 6.0 FTE in total administrative support in the Executive Director's Office for a fully functioning DVR program.

However, when the Department of Human Services completed its analysis of administrative positions supporting DVR, DHS identified only 3.4 FTE within the Office of Administrative Solutions that provide direct program support services to DVR. All the DVR programs were transferred to CDLE, other than the Older Blind Grants, Independent Living Centers, and the Traumatic Brain Injury Program. Due to these few programs remaining at DHS, their administrative support would remain at DHS as well.

The Department of Human Services is transferring 3.4 FTE authority as well as \$184,074 General Fund to CDLE for the minimum salaries, PERA, and Medicare for these positions. This offsets some of the need for CDLE's administrative support, but does not provide enough administrative resources for a smaller department to absorb such a large division as DVR. Moreover, where DHS may have had efficiencies between all the programs sharing central administration, CDLE will not be able to fully recognize these.

Proposed Solution:

In order to meet this statutory commitment and added responsibility, the Department is requesting \$371,252 total funds, including \$79,077 General Fund and \$292,175 federal funds, which will support an additional 2.6 FTE within its Executive Director's Office and additional leased space costs.

The 2.6 requested FTE combine with the transfer of 3.4 vacant FTE from Human Services to total 6.0 FTE for administrative support functions in the Executive Director's Office. The additional 2.6 FTE the Department of Labor and Employment needs will cover positions that are not transferring, but are necessary central functions for successful operation of the new division. The requested positions will support Accounting, Budgeting, Contracts and Procurements, Human Resources, and training for DVR staff. The Department's commitment is to continue to approach the transfer with an eye toward enhancing services to customers, operating with fiscal accountability and responsibility, and maintaining open and direct communication with the legislature, staff, advocates, and clients.

The CDLE Contracts Unit has four Contract Managers that handle approximately 500 contract documents per year (e.g., payable contracts, non-financial agreements, revenue generating contracts, Memoranda of Understandings, Service Level Agreements, property Leases). This unit will have to develop and manage new workload consisting of 26 new lease contracts, 150 Business Enterprise Agreements, 36 contracts with school districts, and 12 mental health provider contracts, which total 224 new contracts.

CDLE currently has three Purchasing Agents: two are Senior Purchasing Agents that are responsible for handling simple and complex procurements and process several solicitations each year (e.g., Documents Quotes, Invitations for Bids, Request for Proposals, Sole Source Justifications) – one of these is also responsible for the Department's Credit Card Program and the other is responsible for the e-Procurement solution in CORE. The third Purchasing Agent is a junior Purchasing Agent who is responsible for all IT Price Agreement purchases as well as some divisional purchases.

The DVR merger will more than double the credit card volume and usage, which involves not only ordering of cards but also training cardholders and approving officials, training reallocators, fielding questions and issues, and monitoring all credit card purchases. The merger will also substantially increase the e-Procurement users in CORE, which increases training (one-on-one and group), adding or changing users' roles & responsibilities and workflow, fielding questions and resolving issues, and tracking all documents.

The Department of Labor and Employment has to secure new leased space at 633 17th Street to integrate the new division headquarters staff into the department. The increase in leased space spending authority transferred from CDHS was not sufficient to cover this cost because the DVR headquarter staff space costs are currently within the CDHS capitol complex line. Funding for the additional amount is \$36,444 General Fund and \$134,655 in federal funds for a total of \$171,099.

Anticipated Outcomes:

The hiring of staff would enable the department to accomplish the following:

- General Professional III –Contracts/Purchasing agent – There is a high volume of agreements. For example:
 - Business Enterprise Program (BEP) - 150 statewide "permits" (space agreements), blind operator agreements, teaming partner agreements, 4 repair services contracts (selected through RFPs), 6 for kitchen equipment (selected through Invitation for Bid), 20 annual Purchase Orders for goods and services
 - School to Work Alliance Program (SWAP) – Complete 36 annual school district contracts, 1 interagency agreement with Colorado Department of Education, and complete multiple Request for Applications (RFAs) for school district proposals
 - Mental Health Services - 12 contracts to be issued annually
 - Negotiate and maintain 26 leased spaces contracts
- Budget and Policy Analyst III – Work with division management and establish accurate budgets for each portion of a program. Allocate funding to ensure required state match is met along with maintenance of effort required by the federal cognizant agency. Provide managers with customized monthly reports that will assist them in managing their program budgets. Approve and monitor staffing positions to ensure compliance with Long Bill funding. This position will also determine, compile and formulate the Division's appropriation requests for the annual Budget Request using guidelines by OSPB, historical data, and other information provided by Division staff as well as complete Fiscal Notes related to the division during the legislative session.
- The Program Assistant I will help with the administrative duties associated with payroll such as benefits enrollment and bi-weekly payroll along with KRONOS input. This person will also be primarily responsible for designing, implementing and maintaining technical support processes and procedures for on-going personal services and possibly 26 field office operations. This position will also assist with pulling information for state and federal financial audits. This position also facilitates required training classes, events, presentations, and meetings in both face-to-face and virtual classroom environments for DVR staff across the state in 26 locations.

Assumptions and Calculations:

1. General Fund is required to match all federal funds.
2. The current federal match rate is 21.3% of General Fund to 78.7% federal funds.
3. The department assumes it will require \$79,077 in General Fund to allow it to use \$292,175 in federal funds for this request.
4. It is assumed the Department of Human Services will transfer \$184,074 in General Fund to the CDLE Personal Services EDO line.
5. Workforce Innovation Opportunity Act (WIOA) administrative costs have not been included in this request since the WIOA mandated linkages have not yet been approved by the state legislature.

Expenditure Detail		FY 2016-17		FY 2017-18	
Personal Services:					
		FTE	\$	FTE	
	Monthly Salary				
General Professional III	\$ 3,949	1.0	47,388	1.0	47,388
PERA			4,810		4,810
AED			2,275		2,085
SAED			2,251		2,014
Medicare			687		687
STD			90		90
Health-Life-Dental			4,421		4,421
Subtotal Position 1, 1.0 FTE		1.0	\$ 61,922	1.0	\$ 61,495
	Monthly Salary				
Budget & Policy Analyst III	\$ 5,658	1.0	67,896	1.0	67,896
PERA			6,891		6,891
AED			3,259		2,987
SAED			3,225		2,886
Medicare			984		984
STD			129		129
Health-Life-Dental			4,421		4,421
Subtotal Position 2, 1.0 FTE		1.0	\$ 86,805	1.0	\$ 86,194
	Monthly Salary				
Program Assistant I	\$ 3,698	0.6	26,626	0.6	26,626
PERA			2,702		2,702
AED			1,278		1,172
SAED			1,265		1,132
Medicare			386		386
STD			51		51
Health-Life-Dental			4,421		4,421
Subtotal Position 3, 0.6 FTE		0.6	\$ 36,729	0.6	\$ 36,490
Subtotal Personal Services		2.6	185,456	2.6	184,179
Operating Expenses					
Regular FTE Operating Expenses	500	2.6	1,300	2.6	1,300
Telephone Expenses	450	2.6	1,170	2.6	1,170

PC, One-Time					
	1,230	2.6	3,198		-
Office Furniture, One-Time					
	3,473	2.6	9,030		-
Leased Space for all DVR locations			171,099		171,099
<i>Subtotal Operating Expenses</i>			\$ 185,797		\$ 173,569
TOTAL REQUEST					
		2.6	\$ 371,253	2.6	\$ 357,748
	<i>General Fund</i>		\$ 79,077		76,200
	<i>Federal Funds</i>		\$ 292,175		281,547

