



# LONG RANGE FINANCIAL PLAN FY 2021-22

COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT  
NOVEMBER 1, 2020





# 01

## INTRODUCTION



# INTRODUCTION

**The Colorado Department of Labor and Employment (CDLE) is a 1,300-person state agency, which houses six divisions serving Colorado through resources for workers and employers, as well as public safety and regulatory functions.** We provide Colorado employers with recruitment, workforce training, labor law education, layoff transition assistance and labor market information. We also assist Colorado workers through job training and job search, unemployment benefits during periods of job loss, workers' compensation benefits when they are injured on the job and in recovering unpaid wages.

## **CDLE serves Colorado by:**

- ❖ Building Colorado's talent pipeline
- ❖ Ensuring fair labor practices
- ❖ Helping businesses recruit employees
- ❖ Presenting an up-to-date and accurate picture of the economy
- ❖ Protecting our communities with a variety of consumer protection and safety programs
- ❖ Ensuring benefits to injured workers
- ❖ Contributing to a stable economy by providing temporary wage replacement
- ❖ Helping people with disabilities to obtain maintain or regain employment

Pursuant to HB18-1430 (§2-3-209, C.R.S.), each state agency is required to submit an annual long-range financial plan beginning November 1, 2019. The statutory elements required in the plan include:

- ❖ Statement of an agency's mission
- ❖ Description of an agency's major functions
- ❖ Description of an agency's performance goals
- ❖ Performance evaluation of an agency's major programs with recommendations to improve performance
- ❖ Description of anticipated trends, conditions, or events affecting the agency

Description of any programs funded by federal funds or gifts, grants, and donations that may decrease in the future.

This long-range financial plan covers the five-year period beginning in the current fiscal year (from FY 2020-21 through FY 2024-25). The plan is not a policy document but rather a management tool to support effective planning and resource allocation. As such, it does not reflect the impact of policy proposals. In addition, given the November 1 statutory deadline for this report, it was

developed prior to the finalization of the Governor’s FY 2021-22 budget request, and thus may not reflect all technical changes prepared for the budget. The Office of State Planning and Budgeting (OSPB) has developed a statewide overview of the long-range plan submissions, which can be viewed on OSPB’s website at <https://www.colorado.gov/ospb>

CDLE is primarily funded through cash and federal funds.

## **Vision:**

A working economy that elevates all of Colorado.

## **Mission:**

Working together to promote a thriving employment environment with opportunity for every Coloradan to prosper

## **Priorities:**

**Model Employer** | Lead the state in becoming a model employer

**Workers Prosper** | Through meaningful employment, every Colorado worker prospers


**Exceptional Services** | Exceptional execution of core services

**Employers Thrive** | Cultivate processes and policies that help employers thrive

**Future of Work** | Ensure Colorado is prepared for the future of work

## **Values:**

Accountability; Agility; Collaboration; Respect





# 02

## PROGRAM AND GOAL EVALUATION

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# PROGRAM AND GOAL EVALUATION

## CDLE DIVISIONS

### Division of Unemployment Insurance

**The Division of Unemployment Insurance (UI)** provides unemployment insurance benefits in a fair, timely, accurate, and efficient manner to the employers and citizens of Colorado to stabilize the workforce and to minimize the impact of unemployment on the state's economy.

The UI Division consists of four primary operating branches:

- ❖ **Employer Services** | Determine employers' liability, assign premium rates, and collect premiums; conduct random and targeted audits of businesses to ensure proper classification of workers and premiums paid.
- ❖ **Benefit Services** | Provide customer service to inform unemployment claimants of their responsibilities and rights and answer claimants' questions about the UI process; research, analyze and interpret the law to determine a claimant's eligibility and entitlement to receive benefits; prevent, detect, and recover overpaid benefits.
- ❖ **Operations Support** | Investigate and refer fraud cases for criminal prosecution; conduct quality reviews of benefit-related and employer-premium-related functions to ensure compliance with federal and state unemployment laws, policies, and guidelines; identify and address major root causes of improper payments; provide efficient maintenance and retention of records access and storage of all UI correspondence forms and reports.
- ❖ **Appeals** | Provide a hearing venue at locations throughout the state for decisions issued by the Employer Services, Benefits Services, and Operations Support branches that are appealed by a claimant, employer, or other interested party.

UI's funding includes 70 percent federal funds provided by the United States Department of Labor and 30 percent by state cash funds (Unemployment Revenue Fund, Employment Support Fund and Employee Leasing Company Certification Fund).

## 02 PROGRAM AND GOAL EVALUATION

### CDLE DIVISIONS (CONT'D)

#### **Division of Employment and Training**

**The Division of Employment & Training (E&T)** provides a wide range of services for businesses and job seekers. These services are delivered by state and county-run workforce centers that support strong regional economies. Programs are funded by federal grants, and state general and cash funds. The division consists of two distinct program areas - Workforce Development Programs and the Colorado Rural Workforce Consortium.

**Workforce Development Programs (WDP)** is responsible for policy guidance, program oversight and administration, in accordance with federal and state guidelines. WDP administers several major programs, including Wagner-Peyser Act, Workforce Innovation and Opportunity Act (WIOA), Veterans Employment and Training Program, Work-based Learning Unit, Migrant Seasonal Farm Worker Program, Trade Adjustment Assistance Program (TAA), Trade Readjustment Allowance Program (TRA) and Displaced Homemaker Program. Additional programs for employers include the Work Opportunity Tax Credit program (WOTC) and Foreign Labor Certification.

**The Colorado Rural Workforce Consortium (CRWC)** is one of the ten federally designated local workforce areas in the state of Colorado. The CRWC serves 51 rural counties through rural Workforce Centers, providing jobseeker assistance and employer services. The CRWC is made up of the 10 sub-areas: Pueblo, Broomfield, Upper Arkansas, Rural Resort, Northwest, Western, Eastern, Southeast, Southwest, and South Central.

## 02 PROGRAM AND GOAL EVALUATION

### CDLE DIVISIONS (CONT'D)

#### Division of Labor Standards and Statistics

**The Division Of Labor Standards & Statistics (LSS)** is comprised of two units: Labor Standards, which administers Colorado labor laws; and Labor Market Information, which produces, analyzes, and disseminates Colorado labor market statistics.

❖ **Labor Standards** enforce and facilitate compliance with Colorado labor laws through:

- receiving thousands of wage and other labor law claims annually, then investigating and issuing an individualized written determination on each;
- issuing and regularly updating binding regulations that implement, interpret, and clarify Colorado labor law statutes;
- facilitating labor law compliance with publications, outreach events, and a call center that fields thousands of inquiries annually; and
- administering union elections and, where appropriate, intervening to help resolve labor-management disputes.

❖ **Labor Market Information** produces several key data sets on Colorado's labor force including:

- **Current Employment Statistics** | monthly employment levels and wages, statewide and by locality and industry;
- **Local Area Unemployment Statistics** | monthly unemployment rates, statewide and by locality;
- **Occupational Employment Statistics** | compensation and employment levels by occupation, from surveys of data from employers statewide;
- **Quarterly Census of Employment and Wages** | wage data and employment levels by industry, from large-scale censuses of employers statewide and a range of projections of job growth by occupation and industry.

#### Division of Oil and Public Safety

**The Division of Oil & Public Safety (OPS)** is responsible for a variety of regulatory functions related to environmental and consumer protection and public safety. Program oversight includes amusement rides and devices, explosives use and storage, boilers, conveyances, fuel products, underground and aboveground petroleum storage tanks, cleanup of petroleum spills, reimbursement of cleanup costs to qualifying storage tank owners/operators and administration of the oversight committee for underground facilities. The Division's oversight also includes the Underground Damage Prevention Safety Commission and Fund, which includes enforcement oversight for Colorado 811. The Division is funded by cash funds with a small amount of federal funding.



## 02 PROGRAM AND GOAL EVALUATION

### CDLE DIVISIONS (CONT'D)

#### **Division of Workers' Compensation**

**The Division Of Workers' Compensation (DOWC)** administers and enforces the provisions of the Workers' Compensation Act. The Division assures the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, with a minimum of litigation.

The operations of the DOWC generally fall into the categories of working with claims, insurance, or medical issues and mediating disputes that relate to these items. With some exceptions, the DOWC's role is primarily one of oversight and it does not pay benefits. One exception is the Special Funds Unit, which operates like an insurance company and pays benefits to injured workers. New injuries are closed to the Special Funds Unit but benefits continue to be paid to individuals who met the statutory criteria when their claims were open. Recent legislation has also created the Colorado Uninsured Employer Fund, which provides some financial relief to workers who were injured while working for employers who failed to carry workers' compensation insurance. This fund will begin paying benefits to workers on January 1, 2020.

The Premium Cost Containment Program offers employers a discount on premiums for demonstrating workplace safety above and beyond the stated requirements. The Self Insured Program assists qualifying employers in self-insuring their own workers' compensation liability. The Division is funded by cash funds.

#### **Division of Vocational Rehabilitation**

**The Division Of Vocational Rehabilitation (DVR)** provides a range of individualized vocational services to help applicants and eligible individuals with disabilities obtain, maintain or regain employment that is consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice. Services include education, vocational training, physical or mental restoration, job placement and on-the-job support. These services are supplemented by a statewide employer outreach program focused on developing relationships with businesses to increase employment opportunities for its clients.

The U.S. Department of Education, through a grant administered by the Rehabilitation Services Administration (RSA) provides reimbursement for 78.7 percent of eligible rehabilitation expenditures up to the total annual federal grant. The matching funds for federal dollars are either General Fund dollars or local government funds, primarily from school districts in the School to Work Alliance Program (SWAP).

DVR also administers state and federal grants for the Office of Employment First (OEF), the Centers for Independent Living (CIL), the Business Enterprise Program (BEP) and Older Individuals who are Blind (OIB). The Division participates in one fully federally funded demonstration project - ASPIRE (Achieving Success by Promoting Readiness for Education and Employment), which will close out by September 2019.

## 02 PROGRAM AND GOAL EVALUATION

### CDLE DIVISIONS (CONT'D)

#### **Colorado Workforce Development Council**

**The Colorado Workforce Development Council (CWDC)** is a governor-appointed, business-led coalition, leading the integration of efforts to build the Colorado talent pipeline. The Council and the CWDC Office provide recommendations to the Governor on issues related to talent development issues. The Office facilitates collaboration among state agencies and partners to ensure effective and efficient leveraging of resources and reduction of redundancies, including managing the support needed to ensure the success of this collaboration of partners and agencies.

A central function of the Council is to champion skills-based practice including competency-based hiring and promotion and work-based learning - learning about work, through work, and at work. Through Talent FOUND, the Office is providing a vehicle for the business community to lead competency-based talent development in Colorado, which requires commitment from business to work with public partners to identify competencies (knowledge, skills and abilities), to use these competencies in their hiring practices, and work with public partners to create integrated work-based learning opportunities.

The CWDC Office provides strategic, administrative, technical, and logistical support to the Council, its steering committees, task groups; the Governor's Business Experiential Learning Commission (BEL Commission); other oversight boards responsible for integration of talent development efforts in meeting the needs of the current and future worker and economy and, the State Rehabilitation Council. Funding for the Council comes from the federal Workforce Innovation and Opportunity Act (WIOA) through the Departments of Labor and Employment, Human Services, Education, Local Affairs, and the Colorado Community College System, as well as through state legislation and private grants.

## 02 PROGRAM AND GOAL EVALUATION

### CDLE DIVISIONS (CONT'D)

### CDLE Special Projects

#### THE OFFICE OF JUST TRANSITION

**The Office of Just Transition** is charged with creating a plan to help coal-dependent workers and communities thrive economically as coal production decreases in Colorado. The plan will include recommended benefits for displaced coal workers, including access to education and training, to help them maintain economic self-sufficiency as they transition to new jobs. The plan will also include strategies and support to help coal transition communities attract investment and create a diversified, equitable, and vibrant economic futures.

#### THE OFFICE OF FUTURE OF WORK

**The Office of Future of Work**, created by an Executive Order from Governor Jared Polis, works to understand, raise awareness, and develop policy and programmatic solutions to support Coloradans in today and tomorrow's economy. The office emphasizes the importance of recognizing the unique needs of every community, focusing on minority populations and others who may feel left behind in Colorado's economy.

#### NEW AMERICANS

In recognition of the significant contributions of immigrants and refugees to Colorado's economy and culture, **the Office of New Americans** works to understand the challenges facing these populations and propose legislative and administrative solutions to address these challenges. The office advises both the governor and state agencies on issues related to immigration policies, programs, and procedures.

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC

#### Model Employer

Lead the state in becoming a model employer

##### **GOAL**

*Collaborate with Division of Workers' Compensation, Division of Oil and Public Safety, Colorado Workforce Development Council and State Office of Risk Management to promote safety in the workplace and comfort in reporting unsafe work environments*

##### **KEY STRATEGIES**

- Analyze workforce data to determine industries where employees are discouraged or feel uncomfortable reporting safety hazards or reporting industries
- Identify key safety partners in high risk industries to develop possible solutions for improving the safety culture in the workplace
- Develop and deploy one targeted campaign per year to promote safety in the workplace.
  - Provide tools and guidance on preventing workplace injuries

##### **GOAL**

*Create a plan for reimagining CDLE as part of state government by 12/31/2020 in order to reduce operating costs and increase employee engagement and retention.*

##### **KEY STRATEGIES**

- Survey CDLE leadership and employees to determine participation goal for the state's "Work from Anywhere" initiative.
- Analyze leases and other opportunities for reducing CDLE's physical footprint. -Examine every CDLE lease by June 30 2021
- Assess strategy for providing standard equipment in response to increasing opportunity for remote work (e.g. phones, laptop vs. desktop computers, etc.)
- Determine additional resources needed for remote work
  - Training on managing performance, engagement, working effectively, etc.
  - Software needs for meetings, webinars
  - Customer interfaces for services
  - Safeguarding PII
- Determine needs for fleet vehicles in response to decreased travel

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

#### Model Employer (cont'd)

##### **GOAL**

*Initiate Phase 1 of Equity, Diversity, and Inclusion (EDI) Strategic plan by June 30, 2021*

##### **KEY STRATEGIES**

- Identify need for and launch affinity groups
- Complete Intercultural Development Inventory to assess intercultural competency to inform EDI goals and outcomes
- Integrate EDI behaviors into CDLE values
- Begin to socialize an awareness and gender inclusive behaviors
  - Update department SPPs to incorporate EDI and gender inclusive language
- Create and distribute a template for employees to incorporate pronouns into their email signatures
- Begin to socialize the value of diversity (create an asset-based culture around EDI) through Exec Team communications and opportunities for all employees to engage and share their stories.
- Provide opportunities for employees to continue to develop their understanding of EDI

##### **GOAL**

*Create a culture of leadership growth and development with a goal of 85% of performance evaluations having growth and development results by April 2021.*

##### **KEY STRATEGIES**

- Increase work-based learning/skills based hiring practices
  - Add skills/competencies to all new or revised Position Descriptions
  - Increase remote learning opportunities for employees by restructuring in-person classes to remote learning format
  - Market learning opportunities available through our Learning Management System and other electronic resources.
  - Continue to cultivate apprenticeships and internships within CDLE and state government including partnering with Career Connect.
  - Use UI as a focal for developing skills/competency-based hiring.
  - Expand DVR's pilot of competency-based promotions.

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

## Workers Prosper

Through meaningful employment, every Colorado worker prospers

### GOAL (GOVERNOR'S PRIORITY)

*Increase the total number of individuals who enroll in apprenticeship programs by 5% by June 30, 2021 (5,959 to 6256)*

### KEY STRATEGIES

- Create and publish an "Equity Agenda" for the talentFOUND network
- Strategic outreach to underserved populations, (race/ethnicity, economic, geographic) to include partnership with community based organizations and mutli-modality outreach through non-traditional channels of engagement
- Wraparound supports developed to increase access to work-based learning opportunities
- Increased minority-owned businesses participating in apprenticeship programs by 5% over baseline (WBL-led, NA support)
- The Office of the Future of Work will continue development of OnwardCO, training/ resources for career coaches, and information to connect displaced workers to opportunity, with a particular focus on transitioning low-wage workers to better pathways.
- The Office of the Future of Work, OEDIT, and other partners will research supply chains in Colorado's growing industries, identify opportunities for more local supply chains that leverage Colorado's assets, and understand how supply chain integration might increase economic complexity and resilience in Colorado to inform OEDIT, CDLE, CDHE, community economic development organizations.
- The Office of the Future of Work will continue research on the landscape of independent contractors, and develop policy recommendations that reduce misclassification, integrate independent contractors into current systems for worker support and protection, and promote independent contractors' access to economic opportunity.

Metric	Type	1-Year Target	3-Year Target
Individuals enrolled in apprenticeships	Lag	5%	15%

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

#### Workers Prosper (cont'd)

##### **GOAL**

*Increase user adoption of My Colorado Journey from 18,000 to 45,000 by June 30, 2021*

##### **KEY STRATEGIES**

- Employment and Training, DVR, and the Colorado Workforce Development Council (CWDC)- Enhance career exploration platforms that allow for effective searching and occupational interest

##### **GOAL**

*Through advancing sector strategies, by June of 2021 5% more Coloradans are connected to key industries*

##### **KEY STRATEGIES**

- Leverage public-private partnerships in key industries to create more work based learning opportunities and pathways to employment opportunities
- Engage with Local Workforce Development Boards, education programs, and stakeholders for strategic alignment of priorities and services to growth industries

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

#### Exceptional Services

Exceptional execution of core services in partnership with customers and stakeholders

##### **GOAL**

***Introduce 3-5 innovative policy initiatives that contribute to Colorado's economic health and recovery***

##### **KEY STRATEGIES**

- Introduce legislation to direct the Division of Oil and Public Safety (OPS) to work with stakeholders to develop regulations for Retail EV charging stations by 2023, to ensure equity in the marketplace and promote consumer confidence with retail EV charging.
- Explore logistics and secure funding to replace the Division of Unemployment Insurance's Employer Services technology platform by July 2022
- Enhance UI Integrity integration with UI Systems to further drive down improper payments and fraud

##### **GOAL**

***Identify and set stretch goals for key performance metrics by Jan 31, 2021***

##### **KEY STRATEGIES**

- Within the Division of Unemployment Insurance (UI), enhance UI Integrity integration with UI Systems to further drive down improper payments and fraud
- Within the Division of Labor Standards and Statistics (DLSS) Give employees and employers closure on wage disputes by deciding wage claims accurately and efficiently, particularly avoiding having claims last over a year, and having most decided in 6-9 months.

***GOAL Refine internal service delivery by Jan 31, 2021 to enable success***

##### **KEY STRATEGIES**

- File Federal Reports timely and accurately for periods ending in the prior quarter
- Reduce # of outstanding fiscal issues



## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

#### Employers Thrive

Cultivate processes and policies that help employers thrive

##### **GOAL**

*Create CDLE Aligned outreach and compliance assistance program by June 2021*

##### **KEY STRATEGIES**

- Create Department wide Cross functional team for business/employer outreach and compliance
- Expand biz navigator program
- Innovate a staffing model around FML

##### **GOAL**

*Within the Division of Unemployment Insurance, leverage technology and develop processes to improve and customize worker access to education and outreach opportunities by September 30, 2020.*

##### **KEY STRATEGIES**

- Explore technology tools that allow for unemployment insurance claimants to customize skill development in the first four weeks of their claim to promote quick return to the work environment
- Implement tools that better align skill specific job matches to claimants
- Promote “future of work” job possibilities to claimants early in their claim to support the workforce for emerging business sectors and job roles

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

#### Employers Thrive (cont'd)

##### **GOAL**

*Increase employer participation in apprenticeships by 10% by Jun 30, 2021*

##### **KEY STRATEGIES**

- Launch a statewide business recognition program for participation in apprenticeships
- Develop and deliver statewide marketing material package on apprenticeships
- Redesign Connecting Colorado and ETPL to more fully integrate apprenticeship recruitment opportunities
- Leverage the work of the BEL Commission and the Workbased Learning Unit to increase employer knowledge and opportunities in apprenticeships

# 02 PROGRAM AND GOAL EVALUATION

## PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

### Future of Work

Ensure Colorado is prepared for the future of work

**GOAL (GOVERNOR'S PRIORITY)**

*Begin to enhance the diversification of employment opportunities within local communities, starting with communities that were heavily impacted by the economic disruption in Q1 and Q2 of 2020, through the promotion of location neutral jobs, resources, training and support services to workers and employers. Increase Number Entered Employment from 79,965 in PY19 to 83,963 for PY20 by June 2021*

**KEY STRATEGIES**

- Marketing campaign to business and workers about location neutral opportunities, including in other languages such as ASL or Spanish as is appropriate
- Partner with OEDIT on matching location neutral industries/employers with job seekers within impacted communities with businesses participating in OEDIT tax credit programs and to attract location neutral jobs.
- Explore and deploy a location neutral training/certification for both employers and workers
- Outreach to employers with location neutral jobs
- Increase Workforce partnerships with community based agencies serving diverse populations by 25% in each region, as measured by pre/post surveys of local workforce centers and community agencies (NA-lead)
- Working with the Just Transition Advisory Committee, key stakeholders and state agencies (E and T, DOLA, OEDIT, CEO, etc.), by Dec. 31, 2020, complete a comprehensive state plan for helping workers and communities successfully transition away from coal and thrive in a post-coal economy. Develop strategies to implement the plan, with at least 33% of these strategies being enacted or authorized by June 30, 2021.
- The Office of the Future of Work will partner with community stakeholders, state and municipal partners, and others to research digital literacy and the programmatic, technological, and educational infrastructure required to ensure all Coloradans are prepared to participate in the future of work. The study will define digital literacy competencies, a framework to measure digital literacy, as well an overview of interventions to increase digital literacy rates across Colorado.

Metric	Type	1-Year Target	3-Year Target
Number of individuals entered	Lag	83,963	88,200 into employment

# 02 PROGRAM AND GOAL EVALUATION

## PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

### Future of Work (cont'd)

**GOAL (GOVERNOR'S PRIORITY)**

*By June 30, 2021, facilitate Colorado employers within private and public sectors to increase skills based job descriptions/hiring from 5% to 10%.*

**KEY STRATEGIES**

- State Departments with the consistent vacancies will be the focus of the conversion to skills based job descriptions and hiring.
- Leveraging Unemployment Insurance based RESEA reemployment program.
- Promoting skills-based practices and skills gaps through campaign with chambers of commerce, Skillful, and CDLE.
- Create a baseline for skills based hiring by employers with whom DVR works and train employer partners on skills based hiring

Metric	Type	1-Year Target	3-Year Target
Increase skills based job descriptions/hiring	Lag	10%	25% from 5% to 10%

## 02 PROGRAM AND GOAL EVALUATION

### PRIORITIES, GOALS, STRATEGIES AND METRIC (CONT'D)

#### Future of Work (cont'd)

##### **GOAL**

*Increase % participation and completion of RESEA (UI program will increase RESEA participation from 58 to 70% by Jun 30, 2020)*

##### **KEY STRATEGIES**

- UI program will require local areas to collect data on RESEA no-shows whose failure to appear was due to their reemployment prior to the appointment date, and begin to calculate a true completion rate rather than a raw completion rate.
- Explore incentives for local participation based on connection to broader set of priorities (targeted industries)

##### **GOAL**

*By 2021, 10% of companies served prioritize skills- based hiring v. traditional proxies*

##### **KEY STRATEGIES**

- Provide training for internal HR, staff who serve businesses, and staff who lead communications on skills-based hiring through Skillful Talent Series and through new LMS
- Include skills-based hiring as a priority in state incentive fund programs
- Leverage Skillful's partnership and bring it to scale
- Provide opportunity for Industry Intermediary Consortium to train on Skillful Talent Series
- Complete skills portfolioing in key industries and transition ownership to industry associations



03

FINANCIAL STRUCTURE

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# FINANCIAL STRUCTURE

## 1. EXECUTIVE DIRECTOR’S OFFICE

EXECUTIVE DIRECTOR’S OFFICE APPROPRIATIONS FY 2016-17 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	48,878,834	3,910,424	20,188,635	657,216	24,122,559
FY 2017-18 Appropriation	52,536,731	4,460,255	20,766,537	670,789	26,639,150
FY 2018-19 Appropriation	56,015,470	4,717,080	23,002,497	612,065	27,683,828
FY 2019-20 Appropriation	63,675,744	6,419,256	26,601,984	622,245	30,032,259
FY 2020-21 Appropriation	58,442,664	5,060,200	24,260,168	660,419	28,461,877

The Executive Office provides support services to the Department’s six divisions. Support services include the following:

- ❖ **The Office of Government, Policy and Public Relations** maintains lines of communication between the department and the public.
- ❖ **The Office -of Human Resources**
- ❖ **Internal Services** includes:
  - Procurement & Contract Services
  - Budget Office
  - Finance/Controller’s Office
  - Internal Audit
  - Facilities Management
  - Strategic Business Technology
- ❖ **The Industrial Claim Appeals Office (ICAO)** reviews appeals and issues the final agency decision in workers’ compensation and unemployment compensation cases. In addition to issuing decisions on appealed cases, ICAO advises the Executive Director of the Department of Labor and Employment on unemployment compensation and workers’ compensation law and procedure.

## 03 FINANCIAL STRUCTURE

### 2. UNEMPLOYMENT INSURANCE DIVISION

UNEMPLOYMENT INSURANCE DIVISION APPROPRIATIONS FY 2016-17 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	41,510,537	36,750	12,012,131	0	29,461,656
FY 2017-18 Appropriation	41,582,024	38,361	12,031,533	0	29,512,130
FY 2018-19 Appropriation	45,673,931	38,361	12,447,772	0	33,187,798
FY 2019-20 Appropriation	46,171,415	38,361	15,278,940	0	30,854,114
FY 2020-21 Appropriation	54,521,792	0	12,816,379	0	41,705,413

The Unemployment Insurance Division collects premiums from employers and provides temporary compensation to individuals who are laid off through no fault of their own. While you are receiving benefit payments, you must maintain your eligibility. The Division may audit your records for up to two years from the start of your claim to assess you are meeting all of your eligibility requirements. In order to continue to receive benefit payments, you must remain eligible.

You must:

- Request payment every two weeks.
- Actively seek work and keep verifiable information about your work-search activities.
- Be physically and mentally able to work.
- Be willing to accept suitable work.
- Be available to begin work immediately if a job is offered.



## 03 FINANCIAL STRUCTURE

### 3. DIVISION OF EMPLOYMENT AND TRAINING

DIVISION OF EMPLOYMENT AND TRAINING APPROPRIATIONS FY 2016-17 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	73,614,227	5,748,940	11,007,948	6,938,161	49,919,178
FY 2017-18 Appropriation	67,275,584	4,969,631	10,670,627	3,886,030	47,749,296
FY 2018-19 Appropriation	67,355,284	2,576,819	16,616,898	1,496,199	46,665,368
FY 2019-20 Appropriation	66,526,217	5,819,196	10,812,925	4,057,734	45,836,362
FY 2020-21 Appropriation	65,743,010	4,481,511	13,731,332	3,818,208	43,711,959

The Division of Employment and Training administers several major programs, including the Wagner-Peyser Act, Workforce Innovation and Opportunity Act (WIOA), Veterans Employment and Training Program, work-based Learning Unit, Migrant Seasonal Farm Worker Program, Trade Adjustment Assistance Program (TAA), Trade Readjustment Allowance Program (TRA) and Displaced Homemaker Program. Additional programs for employers include the Work Opportunity Tax Credit program (WOTC) and Foreign Labor Certification.

The Division also manages the Colorado Rural Workforce Consortium, one of the ten federally designated local workforce areas in the state of Colorado. The CRWC serves 51 rural counties through rural Workforce Centers, providing jobseeker assistance and employer services. The CRWC is made up of the 10 sub-areas: Pueblo, Broomfield, Upper Arkansas, Rural Resort, Northwest, Western, Eastern, Southeast, Southwest, and South Central.

The Colorado Workforce Development Council is a governor-appointed, business-led coalition, leading the integration of efforts to build the Colorado talent pipeline. The CWDC Office provides strategic, administrative, technical, and logistical support to the Council.

## 03 FINANCIAL STRUCTURE

### 4. DIVISION OF LABOR STANDARDS AND STATISTICS

DIVISION OF LABOR STANDARDS AND STATISTICS APPROPRIATIONS FY 2016-17 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	1,876,358	588,160	1,288,198	0	0
FY 2017-18 Appropriation	4,056,499	588,160	1,289,751	0	2,178,588
FY 2018-19 Appropriation	4,094,954	607,823	1,303,544	0	2,183,587
FY 2019-20 Appropriation	4,526,858	878,173	1,409,906	0	2,238,779
FY 2020-21 Appropriation	4,770,532	346,342	2,137,292	0	2,286,898

The Division of Labor Standards and Statistics administers Colorado employment and labor laws pertaining to wages paid, hours worked and minimum wage, labor standards, child labor, employment-related immigration laws, and working conditions. The Division also conducts all-union agreement elections to certify or decertify collective bargaining agreements, certifications of all-union provisions in the building and construction trades industries, and investigates and mediates allegations of unfair labor practices. Within the Division, the Labor Market Information Unit produces, analyzes, and disseminates Colorado labor market statistics.

## 03 FINANCIAL STRUCTURE

### 5. DIVISION OF OIL AND PUBLIC SAFETY

DIVISION OF OIL AND PUBLIC SAFETY APPROPRIATIONS FY 2016-17 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	5,879,147	0	5,150,408	19,318	709,421
FY 2017-18 Appropriation	6,331,633	0	5,602,894	19,318	709,421
FY 2018-19 Appropriation	6,063,766	57,899	5,277,128	19,318	709,421
FY 2019-20 Appropriation	6,312,307	103,011	5,480,557	19,318	709,421
FY 2020-21 Appropriation	6,312,307	105,080	5,645,752	19,318	709,421

The Division of Oil and Public Safety is responsible for a variety of regulatory functions related to environmental and consumer protection and public safety. The Division regulates amusement rides and devices, explosives use and storage, boilers, conveyances, fuel products, and underground and aboveground petroleum storage tanks. The Division also oversees cleanup of petroleum spills and reimbursement of cleanup costs to qualifying storage tank owners/ operators, and administers the oversight committee for underground facilities and the Underground Damage Prevention Safety Commission and Fund, which includes enforcement oversight for Colorado 811.

## 03 FINANCIAL STRUCTURE

### 6. DIVISION OF WORKERS' COMPENSATION

DIVISION OF WORKERS' COMPENSATION APPROPRIATIONS FY 2017-18 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	21,027,800	0	21,027,800	0	0
FY 2017-18 Appropriation	21,344,752	0	21,344,752	0	0
FY 2018-19 Appropriation	21,370,855	0	21,370,855	0	0
FY 2019-20 Appropriation	22,253,377	0	22,253,377	0	0
FY 2020-21 Appropriation	22,253,377	0	22,387,265	0	0

The Division of Workers' Compensation administers and enforces the provisions of the Workers' Compensation Act. The objective of the Workers' Compensation Act is to assure the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, with a minimum of litigation.

The Division is made up of a number of programs dealing with claims, insurance, or medical issues.

The Special Funds Unit, consisting of the Major Medical Fund, the Subsequent Injury Fund, and the Medical Disaster Fund, operates like an insurance company and actually pays out benefits.

## 03 FINANCIAL STRUCTURE

### 7. DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

DIVISION OF VOCATIONAL REHABILITATION APPROPRIATIONS FY 2017-18 TO FY 2020-21					
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2016-17 Appropriation	55,238,349	11,587,969	818,768	4,574,791	38,256,821
FY 2017-18 Appropriation	55,734,011	11,324,551	819,183	4,939,313	38,650,964
FY 2018-19 Appropriation	58,974,425	11,476,793	823,075	5,393,436	41,281,121
FY 2019-20 Appropriation	62,503,191	12,261,886	805,570	5,393,436	44,042,299
FY 2020-21 Appropriation	61,103,187	11,721,404	605,570	5,201,819	43,574,394

The Division of Vocational Rehabilitation (DVR) provides work-related assistance to individuals whose disabilities result in barriers to attain and maintain employment or independent living. DVR has 30 local field offices across the State. DVR also administers state and federal grants for the Office of Employment First (OEF), the Centers for Independent Living (CIL), the Business Enterprise Program (BEP) and Older Individuals who are Blind (OIB).

A man and a woman are crouching in a vast, flat field under a blue sky with light clouds. The man is on the right, wearing a cap and a vest, and the woman is on the left, wearing a plaid shirt. They appear to be examining something on the ground. The entire scene is tinted with a blue color.

04

FINANCIAL FORECAST

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# FINANCIAL FORECAST

## 1. BASELINE FORECAST

	FOUR YEAR FORECAST FY 2020-21 TO FY 2024-25				
	<i>Total</i>	<i>General Fund</i>	<i>Cash Funds</i>	<i>Reappropriated Funds</i>	<i>Federal Funds</i>
FY 2020-21 Total Appropriation (Long Bill plus Special Bills)	265,701,603	18,494,327	81,509,327	6,388,200	159,309,764
FY 2021-22 Total Appropriation Estimate	272,926,175	18,494,327	83,954,591	6,388,200	164,089,057
FY 2022-23 Total Appropriation Estimate	280,367,485	18,494,327	86,473,229	6,388,200	169,011,729
FY 2023-24 Total Appropriation Estimate	288,032,033	18,494,327	89,067,426	6,388,200	174,082,080
FY 2024-25 Total Appropriation Estimate	295,926,519	18,494,327	91,739,449	6,388,200	179,304,543

Forecast for cash and federal funds based on inflation plus population growth (3.5%) per OSPB policy

## AGENCY BUDGET DRIVERS

Key agency budget drivers include national and state employment conditions, federal policy and funding, and recent changes in state law. Most notably, when the unemployment rate rises, the Department's expenditures increase in order to support the increase in unemployment insurance claims. However, before additional federal funds are received for UI activities the National Bureau of Economic Research (NBER) must determine a recession is occurring, creating a lag of 6-9 months between the initial effects of a downturn and increased funding to handle the growth in demand for unemployment benefits. Additionally, recent changes to state law regarding wage and hour disputes and apprenticeships have changed the department's workload and priorities.

## SCENARIO EVALUATION | DOWNTURN

Economic downturns increase the Department's workload related to providing Colorado employers with recruitment, workforce training, layoff transition assistance, and labor market information. The majority of the cash fund revenue the department receives decreases during an economic downturn as fewer customers utilize fee-based services. The current economic downturn has caused a significant increase in the number of unemployed individuals seeking unemployment benefits. With fewer employers and

## 04 FINANCIAL FORECAST

increased benefit payments, the Unemployment Insurance Trust Fund balance declines. Many more people come in to the workforce centers seeking employment, driving the demand for services to assist these individuals with training that leads to sustainable employment.

General Fund appropriation levels to the Department can affect Colorado's level of federal funding for vocational rehabilitation. The Department must provide matching funds for the State Vocational Rehabilitation grant award in the same amount as two federal years prior. If the State does not provide the same or greater amount, the Federal Rehabilitation Services Administration imposes a maintenance of effort (MOE) penalty that reduces the federal award by the amount by which total expenditures in the current year were less than total expenditures two years prior.

**UNEMPLOYMENT INSURANCE PROGRAM**—Federal Unemployment Tax is used to fund state workforce agencies and federal appropriations depend upon formula allocations and projections of claims. There is an approximate 6-9 month lag in receipt of additional federal funding by the department until the federal government authorizes additional funding due to workload increases. The department utilizes the Employment Support Fund to support these activities. In order to reduce General Fund burden during a downturn, the department maintains a cash fund balance to maintain services for claimants and employers.

Recognizing the economic stress to businesses caused by the pandemic, SB20-207 delays the first incremental increase to the taxable wage base until 2022. Importantly, the bill also freezes the wage base at \$13,600 for 2021 and eliminates the employer solvency surcharge for 2021 and 2022.<sup>1</sup> We estimate the latter two provisions will save Colorado employers a total of \$190 million in premiums in 2021 and 2022.

While suspending the solvency surcharge and freezing the wage base will aggravate fund insolvency over the next two years, the long-term impacts of SB20-207 will be very positive for fund solvency. As the increases to the wage base are phased-in, they will substantially lessen trust fund deficits over the forecast period—a forecast comparison shows an approximate \$1 billion improvement in the trust fund balance by 2025 due to SB20-207.

During the first quarter of each calendar year, the Department produces a set of five-year UITF forecasts that correspond to low, medium, and high growth economic scenarios. The Department also generates forecasts that project the fund balance under stressful economic conditions. These forecasts are continually evaluated and updated throughout the year with the most recent set of forecasts graphed below.

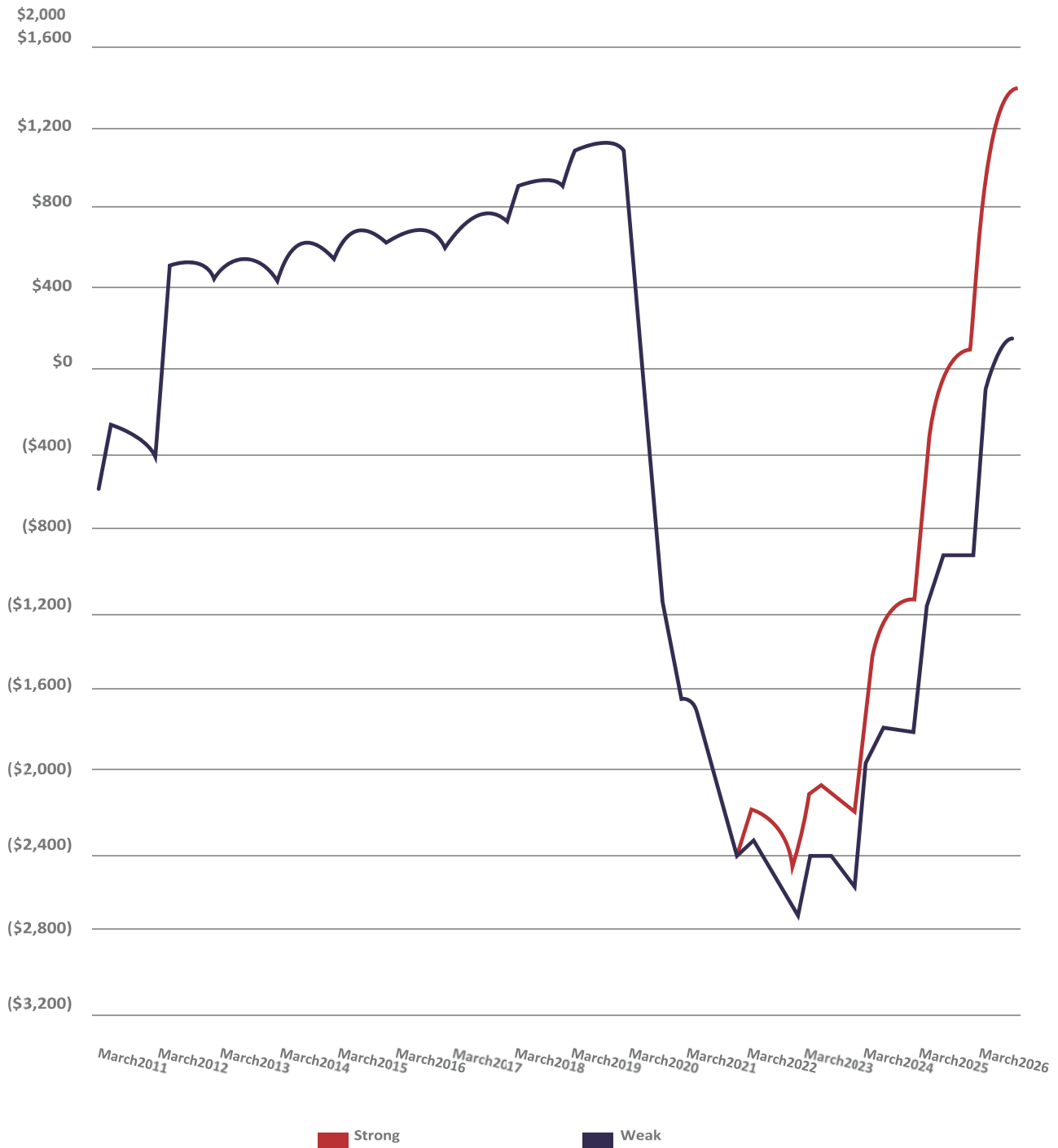
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<sup>1</sup> The taxable wage base was scheduled to increase to \$14,300 in 2021. The solvency surcharge triggers on the following January when the reserve ratio (also referred to as the solvency ratio) falls below 0.5 percent. The reserve ratio, which is one way of measuring fund solvency, is the June 30 trust fund balance divided by the prior year's total wages paid to UI covered workers.



# 04 FINANCIAL FORECAST

**Colorado Unemployment Insurance Trust Fund Balance (Millions)**  
**(Forecasts 2020–2026)**



## 04 FINANCIAL FORECAST

### SCENARIO EVALUATION | DEPARTMENT-SPECIFIC CONTINGENCY

The U.S. Department of Labor could change to their federal funding model that decreases administrative funds to Colorado. The department would make every effort to mitigate the impacts to Coloradans and continue to promote a thriving employment environment with opportunity for every Coloradan to prosper.

**WORKFORCE INNOVATION OPPORTUNITY ACT (WIOA)** — The Workforce Innovation and Opportunity Act (WIOA) is a program designed to provide services that will increase skills for adults, resulting in employment and greater earnings. WIOA offers education and job training programs that can help in overcoming employment barriers. The Adult Services program provides individualized career and training services to help job seekers who are at least 18 years old. Priority is given to low-income individuals, low-skilled individuals, and recipients of public assistance. The Dislocated Workers program provides training, job search, and other assistance for workers who have been laid off or are about to be laid off. Each state's allotment is based on the state's share of national totals of unemployed, excess unemployed and long-term unemployed. One-time Employment Recovery Dislocated Worker Grants provide reemployment services to eligible individuals affected by mass layoffs, such as those resulting from the coronavirus pandemic. The Youth Services program serves eligible youth, ages 14-24, who face barriers to education, training and employment. Focusing primarily on out-of-school youth, state allotments are based on the state's share of total unemployment, the state's share of excess unemployed and the state's share of economically disadvantaged youth.

WIOA (Federal)	WIOA FUNDING TO COLORADO FY 2014-15 THROUGH FY 2020-21						Increase (Decrease) since SFY 15
	SFY15	SFY16	SFY17	SFY18	SFY19	SFY20	
Adult	9,877,461	8,814,684	7,893,417	7,937,094	6,664,946	7,246,878	
DW	8,854,518	7,394,029	6,621,207	6,102,421	6,026,154	9,986,612	
Youth	10,651,527	9,505,470	8,511,996	7,952,674	7,167,065	7,969,239	
<b>TOTALS</b>	<b>29,383,506</b>	<b>25,714,183</b>	<b>23,026,620</b>	<b>21,452,189</b>	<b>19,858,165</b>	<b>25,202,729</b>	
\$ Increase (Decrease)		(\$3,669,323)	(\$2,687,563)	(\$1,574,431)	(\$1,594,024)	\$5,344,564	(\$4,180,777)
% Increase (Decrease)		(-12.49%)	(-10.45%)	(-6.84%)	(-7.43%)	26.91%	(-14.23%)



05

ANTICIPATED FUNDING  
DECREASES

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## 05 ANTICIPATED FUNDING DECREASES

The department anticipates either flat or decreased funding for the following federal programs:

Many Workforce Development Grants use federal formula allocations subject to Congressional appropriations. These projections of formula allocations are dependent upon many different economic variables. The Department of Labor and Employment does not anticipate requesting state funds for decreases in federal funded programs.

The Division of Vocational Rehabilitation is funded predominantly by the Vocational Rehabilitation State Grants. This program provides grants to assist States in operating statewide vocational rehabilitation (VR) programs, each of which is an integral part of a statewide workforce development system. VR programs provide services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that they may prepare for and engage in competitive integrated employment and achieve economic self-sufficiency. Eligible individuals are those who have a physical or mental impairment that results in a substantial impediment to employment, who can benefit from VR services for employment, and who require VR services. Priority must be given to serving individuals with the most significant disabilities if a state is unable to serve all eligible individuals.

VR implementing regulations require that the state incur 21.3 percent of expenditures under the VR services portion of the Unified or Combined State Plan from non-Federal funds to meet its cost sharing requirements (34 CFR §361.60). The VR program considers non-Federal share to be allowable as match only when obligated during the year of appropriation of an award. Further, if a state fails to meet or exceed the same level of match funding as two years prior to the current award, the federal award is reduced by the amount of the state match deficit. Reductions in General Fund would result in federal fund reductions in approximately four times the amount cut. All of the match in operating funds and a portion of VR case services is provided through elective cooperative agreements with local school districts.