

**Colorado Department of Labor and Employment**

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# Long Range Financial Plan FY 2021-22

November 1, 2021



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 2021-22 through FY 2025-26). 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 2022-23 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.

# 01 INTRODUCTION

## **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

# 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).

## ***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.

## ***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.

CWDC was recently awarded (HB21-1264) funds for Workforce Development to Increase Worker Skills. This award creates the investment in reskilling, upskilling and next skilling workers program and the workforce innovation act. It will provide funding for multiple education programs and create the workers, employers and workforce centers cash funds.

## **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 future.

The Office of Just Transition was recently awarded (HB21-1290) additional funds to implement the final just transition plan and provide supplemental funding for existing state programs that the office identifies as the most effective vehicles for targeted investments in coal transition communities. All or parts of 11 Colorado counties are potential coal transition communities. However, some of these communities have or will face far more significant challenges than will others. These are referred to as "Tier One Transition Communities." The office is required to develop specific criteria for prioritizing the expenditures, emphasize investment in tier one transition communities and support specified types of programs in accordance with the requirements and limitations listed in the bill.

## ***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.

### ***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. Legislation (HB17-1119) 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 began 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)** is the designated State unit responsible for administering the State plan for the Vocational Rehabilitation Services Program, the State Plan for Independent Living and administers the Older Individuals with Blindness (OIB) grants. It authorizes expenditures of federal and state vocational rehabilitation funds for the provision of goods and services to enable people with disabilities to succeed at work and live independently. DVR provides a range of individualized vocational rehabilitation 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 services program focused on developing relationships with businesses to increase employment opportunities for the individuals DVR serves.

The Division has a budget of approximately \$57M and a staff of 232, working from 27 offices throughout the state. The Division is primarily funded by the U.S. Department of Education through a grant administered by the Rehabilitation Services Administration (RSA) (CFDA 84.126A), which 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).

Additional funding comes from other state and federal grants administered by DVR including the Centers for Independent Living (CIL), and the Older Individuals who are Blind (OIB). The Division participates in one fully federally funded five year demonstration grant -SEEKS (Securing Employment and Economic Keys to Stability) funded by the U.S. Department of Health and Human Services, Administration on Community Living from September 30, 2019 to September 29, 2024.



## ***Division of Family and Medical Leave Insurance***

**The Division of Family and Medical Leave Insurance (FAMLI)** provides paid family and medical leave insurance benefits in a fair, timely, accurate, and efficient manner to eligible employees to have a positive impact on the health of Colorado families, especially new parents and those with health issues, increase employment opportunities for Coloradans, and benefit the state's economy.

The FAMLI Division will consist of three primary operating branches:

- **Employer Services** - Determine employers' liability, assign premium rates, collect premiums, and provide customer services; conduct random and targeted audits to ensure proper exemptions and premiums paid.
- **Claimant Services** - Provide customer service to inform paid family and medical leave claimants of their responsibilities and rights and answer claimants' questions about the FAMLI process; research, analyze and interpret the law to determine a claimant's eligibility and entitlement to receive benefits; prevent, detect, and recover overpaid benefits; provide adjudication services.
- **Operations** - 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 paid family and medical leave 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 FAMLI correspondence forms and reports.

FAMLI's funding will be 100 percent cash funds from the collection of premium revenues beginning in January of state budget year 2022-23. After the program has been collecting premium payments from employers and employees for one year, employees can begin receiving paid family and medical leave benefits.

## ***CDLE Special Projects***

### **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.

### **STATE APPRENTICESHIP AGENCY**

The State Apprenticeship Agency (SAA) was created through HB21-1007 and provides technical and compliance assistance to sponsors, apprentices and RAPs (registered apprenticeship programs). The program also manages cross-agency partnerships, while managing several program for the SAEEI (State Apprenticeship Expansion, Equity and Innovation grant), B-Rap (Building Capacity to Expand Apprenticeships through Innovation), ASE (Apprenticeship State Expansion) and Apprenticeship Directory. SAA oversees apprenticeship hubs, annual reports and expansion activities. E&T distributes funds to local areas to execute the hubs and monitors local areas. SAA and E&T jointly implement data system upgrades and policy guidance. E&T oversees activities to promote co-enrollment, on-the-job learning, RTI, and supportive services. For FY 2021-22, the SAA is funded by a General Fund appropriation of \$485,249.

### **OFFICE OF 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. The Office of New Americans is currently funded by private funding estimated at \$295,000 and contracts to supplement capacity.

# PRIORITIES, GOALS, STRATEGIES AND METRIC

## *Model Employer*

Lead the state in becoming a model employer

### **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

## *Workers Prosper*

Through meaningful employment, every Colorado worker prospers.

### **KEY STRATEGIES**

- E&T will work to increase by 20% the number of TAA Petitions filed on behalf of Colorado workers displaced by foreign trade, while also demonstrating a 10% increase in the number of clients actively enrolled in TAA training.
- The Division of Workers' Compensation will promote the importance of obtaining proper workers' compensation coverage and maintaining a safe workplace to reduce the incidence of uninsured on-the-job injuries.
- DVR will complete the triennial comprehensive statewide needs assessment to identify the vocational rehabilitation needs of Coloradans with disabilities, including those who are unserved/underserved, in need of supported employment, and in need of transition services. This will also serve the goal of ensuring the Department is focusing efforts in Colorado towards Equity, Diversity and Inclusion.
- DVR will work to reduce the prosperity gap for people with disabilities by 10% in 10 years (by 2029 - data available in 2030 or 2031).
- DVR will aim to have 1,740 successful employment closures for people with disabilities by June 30, 2022.
- The Business Enterprise Program, under the guidance of DVR, will create additional opportunities for blind entrepreneurs by increasing the number of permanent locations out for bid from 0 to 4 by 3/31/2022.
- CDLE will have a pilot in place for hiring preference for people with disabilities by January 2023.

- The Office of New Americans will be built out further by identifying additional state funding streams that can be used to support the work of the office and increasing private funding for New American work by 50% over the next fiscal year.

## ***Exceptional Services***

Exceptional execution of core services in partnership with customers and stakeholders

### **KEY STRATEGIES**

- OPS will obtain 90% operational compliance in all OPS programs by 2022, and 95% over the next 3 years by 2025.
- OPS will also add a stronger emphasis on owner education and awareness of regulatory requirements, delivered through training webinars, outreach events, and training by staff and inspectors. This includes strong enforcement action and in conjunction, they will enable and encourage owner/operators to look for and report releases themselves instead of discovery by state inspectors.
- OPS will strive to reach a 5% increase in the number of petroleum releases discovered and reported by petroleum storage tank owner/operators by 2022, and 10% over the next 3 years by 2025.
- OPS will advocate for legislation in place to direct OPS to regulate EV Charging stations by 2022.
- OPS is committed to ensuring the installation of hydrogen fuelling infrastructure, either a hydrogen production plant or fuelling station in Colorado by 2023.
- In order to help get Colorado to the Governor's Vision of 100% Renewable Energy by 2040, OPS will assist the Colorado Energy Office in the development of the Colorado Hydrogen Roadmap and continued robust engagement with hydrogen stakeholders locally and nationally.
- To further help get Colorado on the path to 100% Renewable Energy by 2040, there will be continued collaboration with OPS, the Energy Office and the Colorado Electric Vehicle Coalition to recognize the necessity of regulatory oversight of EV charging stations to ensure consumer protection and equity in the marketplace.
- The Division of Labor Standards and Statistics will release at least 15 new or substantively updated guidance publications per month (up from 12 last year), focusing on labor law areas that are new and/or generate the most questions to the Division.
- DLSS will resolve at least 75% of wage claims under 6 months from their filing.
- DVR will focus on customer-centric, community-based services that rapidly engage and maintain the engagement of the people we serve.

- DVR will increase the number of signed Individual Plans for Employment (IPEs) from 43.9% to 54.8% by March 31, 2023.
- DVR will provide 80% of services within the community by June 2023.
- DVR will average a successful wage of \$17.40 by June 30, 2022.
- The Office of New Americans will Oversee the development of a toolkit and trainings for workforce centers to assist in the integration of New Americans into services.

## ***Employers Thrive***

Cultivate processes and policies that help employers thrive

### **KEY STRATEGIES**

- The Division of Labor Standards and Statistics will facilitate hiring by clarifying the rules for new hires in the many new and/or changed federal and Colorado labor laws in order.
- DLSS will increase by 25% the number of Division decisions posted publicly like court decisions are (after already increasing the number last year), focusing on decisions with useful guidance for a broad range of employers, employees, and other stakeholders.
- Prompt, efficient resolution of wage disputes which will also support the goals of helping employers thrive and workers prosper.
- The Office of Just Transition will work on the following goals which fall under the buckets of helping employers, communities and workers thrive:
- Help the most heavily impacted transitions communities (“Tier One Transition Communities”) set themselves up for long-term success in job creation and economic diversification by building the capacity, expertise, and resources to develop and implement locally-driven economic transition strategies.
- Help engage all interested and affected parties in transition communities in robust and inclusive processes to ensure deeper community understanding and support for local transition strategies.
- In collaboration with other state agencies and through public-private partnerships, establish effective and accountable mechanisms to attract financing and facilitate investment to power local economic strategies and growth.
- CDLE will focus efforts on re-employment campaigns and consolidate efforts on workforce development and federal assistance and work to create more uniform efforts of workforce center social media pages in order to create a more unified and clear message to customers.
- CDLE will also help Colorado's employers recover from the setbacks from the Pandemic through outreach, stakeholder engagement, etc. GPPR will set up a new page where people can access a

calendar of upcoming hearings, public commenting opportunities, and more in order to better inform the public on CDLE legislation, rules and regulations.

- CWDC will increase Access and Engagement with the TalentFOUND Network by individuals and employers as measured by:
- Increase the number of users on My Colorado Journey to 50,000;
- Increase the number of employers using MCJ for internal career growth to 10.

## ***Future of Work***

Ensure Colorado is prepared for the future of work

### **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.



## 03 FINANCIAL STRUCTURE

# FINANCIAL STRUCTURE

### 1. EXECUTIVE DIRECTOR'S OFFICE

EXECUTIVE DIRECTOR'S OFFICE APPROPRIATIONS FY 2017-18 TO FY 2021-22					
	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
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
FY 2021-22 Appropriation	61,815,231	6,007,233	25,082,684	697,145	30,028,169

The Executive Office provides support services to the Department's other seven 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.

## 2. UNEMPLOYMENT INSURANCE DIVISION

<b>EXECUTIVE DIRECTOR'S OFFICE APPROPRIATIONS FY 2017-18 TO FY 2021-22</b>					
	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>FY 2017-18 Appropriation</b>	41,582,024	38,361	12,031,533	0	29,512,130
<b>FY 2018-19 Appropriation</b>	45,673,931	38,361	12,447,772	0	33,187,798
<b>FY 2019-20 Appropriation</b>	46,171,415	38,361	15,278,940	0	30,854,114
<b>FY 2020-21 Appropriation</b>	54,521,792	0	12,816,379	0	41,705,413
<b>FY 2021-22 Appropriation</b>	72,073,617	5,741	12,862,269	0	59,205,607

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.

### 3. DIVISION OF EMPLOYMENT AND TRAINING

<b>DIVISION OF EMPLOYMENT AND TRAINING APPROPRIATIONS FY 2017-18 TO FY 2021-22</b>					
	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>FY 2017-18 Appropriation</b>	67,275,584	4,969,631	10,670,627	3,886,030	47,749,296
<b>FY 2018-19 Appropriation</b>	67,355,284	2,576,819	16,616,898	1,496,199	46,665,368
<b>FY 2019-20 Appropriation</b>	66,526,217	5,819,196	10,812,925	4,057,734	45,836,362
<b>FY 2020-21 Appropriation</b>	65,743,010	4,481,511	13,731,332	3,818,208	43,711,959
<b>FY 2021-22 Appropriation</b>	119,649,685	1,463,135	73,956,380	518,211	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.

#### 4. DIVISION OF LABOR STANDARDS AND STATISTICS

##### DIVISION OF LABOR STANDARDS AND STATISTICS APPROPRIATIONS FY 2017-18 TO FY 2021-22

	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
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
FY 2021-22 Appropriation	7,640,166	940,831	3,333,019	0	3,366,316

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, agricultural workers, 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.

**5. DIVISION OF OIL AND PUBLIC SAFETY**

**DIVISION OF OIL AND PUBLIC SAFETY APPROPRIATIONS FY 2017-18 TO FY 2021-22**

	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>FY 2017-18 Appropriation</b>	6,331,633	0	5,602,894	19,318	709,421
<b>FY 2018-19 Appropriation</b>	6,063,766	57,899	5,277,128	19,318	709,421
<b>FY 2019-20 Appropriation</b>	6,312,307	103,011	5,480,557	19,318	709,421
<b>FY 2020-21 Appropriation</b>	6,479,571	105,080	5,645,752	19,318	709,421
<b>FY 2021-22 Appropriation</b>	6,479,571	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.

## 6. DIVISION OF WORKERS' COMPENSATION

### DIVISION OF WORKERS' COMPENSATION APPROPRIATIONS FY 2017-18 TO FY 2021-22

	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
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
FY 2021-22 Appropriation	21,907,633	0	21,907,633	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.



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

**DIVISION OF WORKERS' COMPENSATION APPROPRIATIONS FY 2017-18 TO FY 2021-22**

	<b>Total</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>FY 2017-18 Appropriation</b>	55,734,011	11,324,551	819,183	4,939,313	38,650,964
<b>FY 2018-19 Appropriation</b>	58,974,425	11,476,793	823,075	5,393,436	41,281,121
<b>FY 2019-20 Appropriation</b>	62,503,191	12,261,886	805,570	5,393,436	44,042,299
<b>FY 2020-21 Appropriation</b>	61,103,187	11,721,404	605,570	5,201,819	43,574,394
<b>FY 2021-22 Appropriation</b>	61,256,531	11,874,748	605,570	5,201,819	43,574,394

The Division of Vocational Rehabilitation (DVR) is the designated State unit responsible for administering the State Plan for the Vocational Rehabilitation Services Program, the State Plan for Independent Living and administers the Older Individuals with Blindness (OIB) grants. It authorizes expenditures of federal and state vocational rehabilitation funds for the provision of goods and services to enable people with disabilities to succeed at work and live independently. The Division has a budget of approximately \$61M and a staff of 232, working from 27 offices throughout the state.

## 8. DIVISION OF FAMILY AND MEDICAL LEAVE INSURANCE

### DIVISION OF FAMILY AND MEDICAL LEAVE INSURANCE APPROPRIATIONS FY 2020-21 TO FY 2021-22

	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2020-21 Appropriation	1,500,000	1,500,000	0	0	0
FY 2021-22 Appropriation <sup>1</sup>	1,435,009	1,435,009	0	0	0

On November 3, 2020, voters approved Proposition 118, which created a paid family and medical leave insurance program for Colorado employees. In order to cover expenses incurred by the division before financing is obtained, Senate Bill 21-251 was introduced during the 2021 legislative session to create a one-time transfer of \$1.5 million from the General Fund to the Family and Medical Leave Insurance Fund.<sup>2</sup>

The Division of Family and Medical Leave Insurance (FAMLI) administers the program and collects payroll premiums to finance paid family and medical leave insurance benefits beginning on January 1, 2023. Both employers and employees pay premiums into the program and the funds from these premiums are used to pay wage benefits to employees during their leave, similar to unemployment insurance. Eligible employees are allowed to take up to 12 weeks of leave annually beginning on January 1, 2024 and keep their job. An eligible employee may take leave for the following reasons:

- To care for their own serious health condition;
- To care for a new child during the first year after the birth, adoption, or placement through foster care of that child;
- To care for a family member with a serious health condition;
- When a family member is on active duty military service or being called to active duty military service; and
- When the individual or the individual's family member is a victim of domestic violence, stalking, or sexual assault.

<sup>1</sup> The remaining General Fund appropriation rolls forward from FY 2020-21 to FY 2021-22.

<sup>2</sup> These funds are a loan from the State Treasurer to the division that it is required to repay, with interest, by December 2023. Of the \$1.5 million, a portion was appropriated for Legal Services and Information Technology Services 11 in the Executive Director's Office.

# 04 FINANCIAL FORECAST

## 1. BASELINE FORECAST

FOUR YEAR FORECAST FY 2021-22 TO FY 2025-26					
	Total	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2021-22 Total Appropriation (Long Bill plus Special Bills)	\$351,984,636	\$20,396,768	\$144,555,509	\$6,436,493	\$180,595,866
FY 2022-23 Total Appropriation Estimate	\$940,390,691	\$20,396,768	\$725,737,729	\$6,436,493	\$187,819,701
FY 2023-24 Total Appropriation Estimate	\$2,167,797,414	\$20,396,768	\$1,947,509,861	\$6,436,493	\$193,454,292
FY 2024-25 Total Appropriation Estimate	\$2,232,026,338	\$20,396,768	\$2,005,935,157	\$6,436,493	\$199,257,920
FY 2025-26 Total Appropriation Estimate	\$2,298,182,131	\$20,396,768	\$2,066,113,212	\$6,436,493	\$205,235,658
*Forecast for cash and federal funds are based on 4.0% inflation and population growth (based on June 2021 forecast) and 3.0% starting in FY 2023-24 through FY 2025-26 (including the cash fund increase for FAMLII pursuant to Proposition 118).					

### 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 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 the General Fund burden during a downturn, the department maintains a cash fund balance to maintain services for claimants and employers.

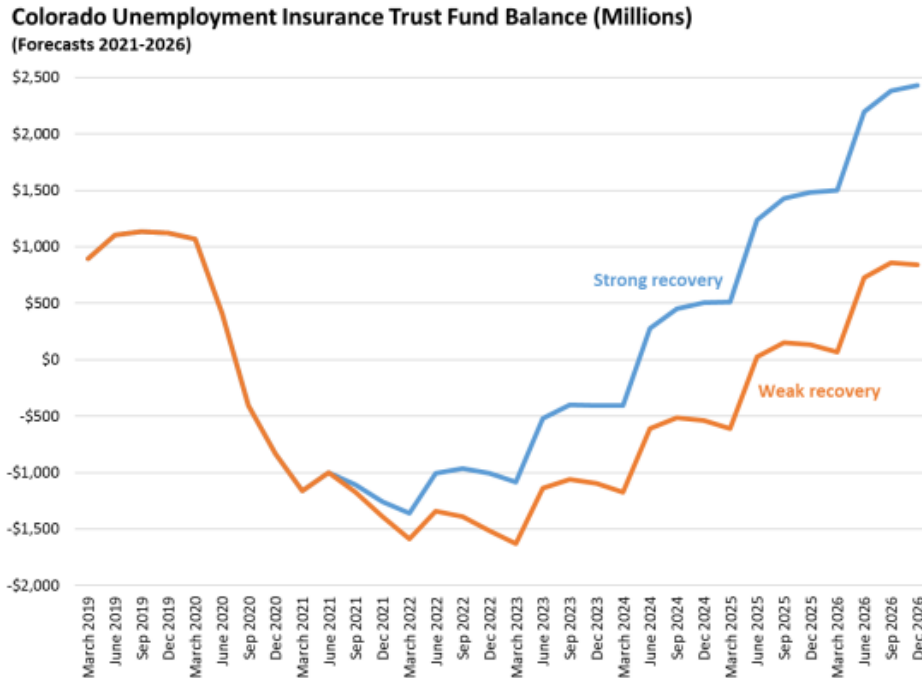
Recognizing the economic stress to businesses caused by the pandemic, SB20-207 delays the first incremental increase to the taxable wage base until 2022. Importantly, the bill also freezes the wage base at \$13,600 for 2021 and eliminates the employer solvency surcharge for 2021 and 2022.<sup>3</sup> The Department estimates 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.

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<sup>3</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.

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.



**PAID FAMILY AND MEDICAL LEAVE** — Employers and employees must contribute 0.90 percent of each employee’s taxable wages to fund the paid family and medical leave insurance program. The employer must pay at least 50 percent of the premium, but can choose to contribute a larger percentage. Most employers are required to pay premiums and participate in the program. However, those who are not required to pay the entire premium are employers with nine or less employees, self-employed individuals, local governments that opt-out, and employers that already offer approved paid leave benefits. The program will be fully funded by premiums collected for paid family and medical leave benefits, which are expected to increase state revenue by approximately \$1.2 billion per state budget year once fully implemented. However, because there is higher than usual economic uncertainty, the amount of premiums collected could differ from this estimate.

**SCENARIO EVALUATION | DEPARTMENT-SPECIFIC CONTINGENCY**

The U.S. Department of Labor could make changes 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 FUNDING TO COLORADO FY 2017-18 TO FY 2021-22 (State Portion Only)**

WIOA (Federal)	SFY17	SFY18	SFY19	SFY20	SFY21
ADULT	7,893,417	7,937,094	6,664,946	7,246,878	9,489,310
DW	6,621,207	6,102,154	6,026,154	9,986,612	12,159,989
YOUTH	8,511,996	7,952,674	7,167,065	7,969,239	10,424,367
<b>Total</b>	<b>23,026,620</b>	<b>21,452,189</b>	<b>19,858,165</b>	<b>25,202,729</b>	<b>32,073,666</b>

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

**Division of Vocational Rehabilitation (DVR)** — 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 (one-stop) 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 the non-Federal share to be allowable as a match only when obligated during the year the award was appropriated. 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. All of the match in operating funds and a portion of VR case services is provided through elective cooperative agreements with local school districts.

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 federally funded programs.