STATE OF COLORADO

OFFICE OF THE GOVERNOR

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B 2011 004

EXECUTIVE ORDER

Establishing/Implementing a Colorado Unemployment Insurance Integrity Strategic Plan to Reduce Improper Payments from Colorado's Unemployment Insurance Program through Prevention, Detection and Collection

Pursuant to the authority vested in the Office of the Governor of the State of Colorado, I, John W. Hickenlooper, Governor of the State of Colorado, hereby issue this Executive Order directing the Colorado Department of Labor and Employment (CDLE) to establish and implement the measures necessary to reduce Improper Payments from the State of Colorado's Unemployment Insurance Trust Fund (UITF).

Background, Need and Purpose

An effective and efficient Unemployment Insurance (UI) program is essential to the state's economic recovery and long-term prosperity and its ability to provide adequate assistance and services to eligible unemployed Coloradoans. Colorado's UI program has exceeded the acceptable federal standard for Improper Payments over the last several years, primarily due to overpayments. This Executive Order directs CDLE to provide a strategic plan, including immediate management system improvements and other actions, to reduce Colorado's UI Improper Payments to below the acceptable federal benchmark of 10%. Upon meeting the federal standard, CDLE should continue to identify and implement measures designed to achieve even further reductions in Colorado's Improper Payments rate.

Furthermore, this Executive Order approves the initial plan provided by CDLE, containing both immediate and ongoing measures to achieve this reduction of Improper Payments within UI. CDLE's Executive Director is directed to provide continuous review and improvement to this plan as further progress is made in identifying and reducing overpayments and other concerns in the current UI system. Furthermore, the Executive Director is directed to report regularly to the Governor's Office on CDLE's progress with this effort. Similarly, CDLE is directed to communicate its progress and solicit input and suggestions from UI stakeholders (including employers and those seeking jobs). The intent of this Executive Order is to improve not only the sound

management and operation of Colorado's UI program, but also the public's confidence in the competent administration of this key program.

II. <u>Directive and Scope</u>

- A. CDLE shall implement it's currently drafted Unemployment Insurance Integrity Strategic Plan, in partnership with the U.S. Department of Labor (DOL), in order to establish its Improper Payment Elimination Strategies, including both fraudulent and administrative errors, through Prevention, Detection, and Collection measures.
- B. Recognizing that Colorado's UI system cannot work efficiently if continuing to rely upon outdated and inadequate information technology, CDLE will continue to identify and analyze various options for selecting, financing and procuring necessary and overdue Information Technology improvements for the tax and benefit components of the UI program: Colorado Automated Tax System (CATS), and Colorado Unemployment Benefits (CUBS), respectively. The range of options to consider should include partnership opportunities with other states as well as a cooperative agreement with the U.S. DOL.
- C. CDLE will utilize the U.S. DOL resources to identify and consider adoption of effective best practices in other state UI programs for eliminating Improper Payments.
- D. CDLE will enlist support from other Colorado departments, offices and agencies where such intra-governmental partnership efforts can help with elimination of Improper Payments (e.g., to the extent authorized by law, information sharing with the Department of Revenue).
- E. Strategies for reducing Improper Payments shall not include measures that cause the delay of initial payment of benefits to eligible applicants. Likewise, such strategies shall not delay the timely UI eligibility determination for applicants and shall work to meet federal compliance standards.
- F. CDLE will provide a written progress report to the Governor's Office no later than January 15, 2012, to include an assessment of the strategies and performance indicators contained in CDLE's Unemployment Insurance Integrity Strategic Plan, as well as any available data on reduction in Colorado's estimated Improper Payment rate.
- G. The Executive Director of the Colorado Department of Labor and Employment shall be responsible for ensuring implementation of, and compliance with, this Executive Order.

III. <u>Duration</u>

This Executive Order shall remain in force until modified or rescinded by future Executive Order of the Governor.



GIVEN under my hand and the Executive Seal of the State of Colorado, this twelfth day of October, 2011.

John W. Hickenlooper

Governor