

**MINUTES
FOR THE REGULAR MEETING
CALIFORNIA UNEMPLOYMENT INSURANCE APPEALS BOARD
Docket No. 5501**

1. Opening of Meeting:

The Appeals Board convened at 10:30 p.m., January 13, 2009 in Sacramento, with Acting Chair Fred Aguiar presiding.

2. Roll Call: Members

	<u>Present</u>	<u>Absent</u>
Fred Aguiar, Acting Chair	X	
Ann Richardson	X	
Liz Figueroa	X	
Cindy Montañez	X	
Bonnie Garcia	X	
George Plescia	X	

Acting Chair Aguiar welcomed the two new board members appointed by the Governor, Bonnie Garcia and George Plescia, both former members of the California State Assembly.

Member Bonnie Garcia responded that it was a pleasure to be here. She stated she formerly represented the southernmost part of California along the Mexico border to the Arizona border. She stated it was an area that experiences one of the highest unemployment rates in the State if not the Nation. She gave a brief description of her background and stated she looks forward to working with the Board.

Member George Plescia stated it was a pleasure to be at the Board and commented it is a fast learning curve. He stated he looks forward to working with everyone and to being a part of CUIAB.

Member Figueroa welcomed Members Garcia and Plescia. She stated she has had the pleasure of working with Member Garcia and looks forward working with Member Plescia.

Member Richardson also welcomed the new board members and stated she has not had the opportunity to work with either of them in the past, but that their reputations preceded them and she has heard wonderful things about them. She stated she has had the opportunity to work with Member Garcia that week and that she was very impressed with her work ethics.

Member Montañez stated that they were two great choices and that she has a tremendous amount of respect for both Bonnie and George. She stated that they

actually started together in Sacramento, remarked that the staff will see that they are both really fair and balanced with their approaches. She commended the Governor in his selection.

3. Approval of the Minutes:

The December 2, 2008 minutes were approved by all members except Members Garcia and Plescia, as they were not members during the December meeting.

4. Chair's Report:

Acting Chair Aguiar welcomed Alberto Roldan, Chief ALJ, Chief Executive to the CUIAB. He stated he has had the opportunity to work with Alberto while they were both in the Governor's office. He stated that Alberto is a very energetic, dedicated State employee and that his background is the County of Sacramento. He commented that Alberto did an outstanding job at the Department of Corrections, and that CUIAB is glad to have him.

Chief ALJ, Chief Executive Roldan responded that he has tried his best to hit the ground running and that this is a very difficult time in terms of the circumstances of people in general and the high unemployment rate. He stated that he is amazed in his contact with the field and at headquarters at how compassionate and dedicated the Board has been in the difficult work they are doing and that it is exciting to come on board. He looks forward to the work that they are going to be endeavoring and move forward on. He thanked the board for the opportunity.

Acting Chair Aguiar thanked Stephen Tyler for stepping up as Acting Chief ALJ for CUIAB. He stated that Mr. Tyler is now back to his job as an ALJ II in the Inland office. Acting Chair Aguiar commented that Steve did an outstanding job, that he worked hard, was dedicated and a great individual to work with. He will be missed.

5. Board Member Reports:

Member Figueroa thanked Member Richardson for sending them the press article regarding the state of unemployment in California and the nation. She stated that the public sees the news and assumes that CUIAB and EDD are not separate. The public is concerned that the phones are not getting answered, that the caseloads are huge, that there isn't a response, that there might not be any money for them. She wants to know if there is the possibility that the Board could explore how they could work better with EDD, how they could assist them with their caseload, make sure that the process is painless, and that we are out there being proactive as possible. She is aware of the concern regarding how quickly the decisions are getting out, but thinks that they need to be concerned on the front end also. In these times if roles need to be changed or if we need to work with EDD in different ways, we should be open to suggestions. Member Figueroa stated she is willing to work on any projects.

Acting Chair Aguiar thanked Member Figueroa and stated he knows of other agencies with call centers, and that there might be some opportunity to get other State agencies involved with EDD to support their call centers.

Acting Executive Director Jehan Flagg responded that as recently as last week she was in contact with Deborah Bronow, head of the 2,500-employee UI Branch at EDD, and one of the things we have done in support of EDD is to place a link on the CUIAB website with specific Q and A's and redirecting people to the EDD website. The link address the current situation, why is the phone busy, what to do if it is busy, how to file a claim, what are the alternatives given this heavy time of high unemployment and workload. We are doing what we can to allay frustrations for the average person given what they have been reading and hearing in the media. People are getting so frustrated that they are reverting to tactics such as going down to the offices and calling from those phones thinking they are going to get through more quickly. There were quarterly meetings about a week ago with our support staff supervisors, who discussed the impact upon the CUIAB when claimants can't get through to EDD—they start calling CUIAB offices. There is not a whole lot CUIAB can do from a workload perspective, but anything we can do to help EDD in trying to minimize the frustration, as through information sharing, we are certainly willing to explore with EDD.

Member Figueroa thanked Acting Executive Director Flagg and responded that she thinks the public felt there was no distinction between CUIAB and EDD. She stated she keeps getting questions from people indicating this all the time, and she tells them that we are two different entities.

Member Richardson stated she did recall when there were the floods back in New Orleans and Mississippi that EDD was able to set up emergency call centers to deal with those claims. She stated she thinks they still have that capacity, but as Member Garcia suggested perhaps there are some improvements that can be made to the manner in which phone calls are handled.

Acting Chair Aguiar responded that maybe it would be helpful if Acting Executive Director Flagg could set up a meeting with the appropriate individuals at EDD and Member Garcia to see if there is any opportunity there for us to help.

Member Montañez welcomed Alberto Roldan to CUIAB and stated she felt confident CUIAB made the right decision, and she sees him as a key component of the whole team that is coming together.

Member Garcia commented that she thinks those were all interesting points, and although CUIAB is not EDD, she thinks CUIAB needs to have a paired leadership in how we think about it because the number of appeals that end up in this Agency are a direct result of sometimes not having enough information or time when it ends up at EDD and it might be as simple as changing the message that the claimants hear when they first try to access it instead of listening to a two minute recording telling them about the greatness of the program, maybe saying "all of the

lines may be busy try our website, don't come to our office". Member Garcia stated that the first level of frustration for the unemployed person in the door or on the phone is where she thinks they need to focus some energy so they don't end up with the end result of all of these appeals that don't need to be here.

6. Acting Executive Director Report:

Acting Executive Director Jehan Flagg reported that both new Board Members Bonnie Garcia and George Plescia have been working hard and CUIAB staff has probably inundated them with education, training and forms to fill out. We want to make sure that they have everything they need in order to do their job.

Acting Executive Director Flagg welcomed the addition of the new members to the Board, particularly at this difficult time for both the State and the CUIAB. The CUIAB submitted to the Labor Agency an exemption request regarding both the furloughs and the layoffs. The furloughs will occur on the first and third Fridays of each month. The Governor has asked the Constitutional Officers to also abide by the Executive Order. A Furlough Committee has been formed within CUIAB to address all of the issues expected to come up with implementation of the Executive Order. We felt it was important for the committee to be comprised of staff from throughout the Agency at different levels, so its membership includes the field and appellate operations chiefs, two Presiding Judges, two LSS II's, two LSS I's, and representatives from Regional Support Staff Unit, Transcription, and Appellate Operations. Acting Chair Aguiar and Board Member Bonnie Garcia are also participating. The committee will have a standing meeting every Monday, Wednesday and Friday morning, and any new information will be shared with staff agency-wide immediately.

Acting Chair Aguiar commented that the most important part of the exercise yesterday in the conversations with the staff and management, was the communication that came out of it. Everyone on the call felt the same way, that communication is going to be extremely important and all of the comments received expressed thanks for letting us know what you are doing, thank you for letting us know where we are at in the process, and thank you for including us in terms of putting together a plan in the event the exemption is denied.

Acting Executive Director Flagg responded that there are still a lot of unknowns, and we are waiting for guidance from DPA. The most important thing is to be able to give people information with plenty of time so that they can have enough time to make any necessary changes in both their personal and work lives. We will certainly have to reallocate resources should the exemption request be denied, but we are preparing for the worst case scenario and anticipating for the best case.

Member Montañez asked if the workload reduction plan was taken into consideration with the exemption request. Acting Executive Director Flagg responded that it absolutely was.

7. Chief ALJ/Chief Executive Report:

Chief ALJ/Chief Executive Alberto Roldan reported that the open balance of all cases stands at 74,614. Of those, approximately 64,000 are UI cases. For the calendar year 2008 the field verified 344,159 cases, a 22% increase over cases that were verified in 2007. Dispositions last year were at 318,334, an 18% increase over the previous year. The inventory of open cases as a whole has grown by about 66% just in the last five months, much of which is being driven by the high unemployment rate. The open balance of cases as reflected over the last two years has grown 232%, so we are in a very dire situation in terms of open cases and just dealing with the dispositions of those cases.

Chief ALJ/Chief Executive Roldan reported some good news in that the quality of our hearings has been maintained and met Department of Labor standards despite the increases in numbers. A lot of FO focus in trying to wrestle down those numbers has been to bring on new ALJs and promoting ALJ Is to ALJ IIs. ALJ Lillian Waters has taken over training from ALJ Randy Petersen who retired. He has sat in on some of her training and she looks like a very good replacement for Randy. ALJ Waters has been making a tremendous effort in getting these ALJs on board and trained as well and quickly as possible so they help with the caseload.

Chief ALJ/Chief Executive Roldan reported that they conducted the LSS meetings despite the transition between Acting Chief Tyler and himself. The meetings were very significant in terms of an opportunity to interact with them and to have a sense of the issues impacting the Field. Chief ALJ/Chief Executive Roldan stated that they are being stressed by the fact that a lot of the claimants and employers are contacting the Board as opposed to EDD because of their inability to get through. So some strategies were discussed in relation to that.

Chief ALJ/Chief Executive Roldan reported that he has already visited the Oakland office earlier in the week, and has a scheduled visit for San Francisco next week. He is trying to make a point of establishing contact with each of the Field offices, where the lion's share of the agency's work is done, as quickly as possible.

Chief ALJ/Chief Executive Roldan also reported that he made an exemption application within 24 hours of the window opening for that particular process, and included in the application extensive information as to the negative impact furloughs and layoff would have on our ability to implement the Workload Reduction Plan. He communicated with the Field in terms of having a backup plan for implementing the furlough if it were to come to that.

Chief ALJ/Chief Executive Roldan went on to report that in terms of their strategies in dealing with the burgeoning workload, they are continuing with hiring, focusing their efforts on UI and EUC cases, and borrowing ALJs from the Tax Unit and

Appellate Operations. Each of the offices has been regularly implementing mass calendars. Of course, new hires and getting them trained as quickly as possible is a priority, and ALJ Waters is doing a fabulous job with the training.

Member Figueroa commented she assumed the Agency has contacted the Federal government to advise them of the furlough situation regarding our Caseload Reduction Plan. Acting Executive Director Flagg responded that that was correct. Member Figueroa inquired if the Federal government had responded.

Acting Executive Director Flagg replied that DOL has responded to EDD. The DOL response was included by EDD with its exemption request to the Labor Agency, and CUIAB referenced all of this in its own furlough exemption request.

8. Branch Report:

a. Acting Presiding Judge, Appellate Operations (AO), Jorge Carrillo stated that ALJ Marti Geiger is responsible for planning and coordinating the training of the new Board members, and will do a good job.

Acting Presiding Judge AO Carrillo reported that in December 2008, Appellate Operations registered 1689 cases, 12% above the calendar year average of 1,507 cases. AO closed 1,705 cases for the month, 18% above the calendar year average of 1,440. The balance of open cases stands at 2,404, 15% above the calendar year average of 2,085. These numbers reflect the fact that as the Field begins to hire, train and put judges into production, AO is being to see the effects of that increase.

The overall appeal rate from field dispositions for the month of December 2008 was 7.3%, a 25% increase over the calendar year average of 5.9%.

For the entire calendar year in 2008, Appellate Operations registered 16,921 unemployment cases, 901 disability cases, 195 tax cases and 67 ruling and other cases, for a grand total of 18,084 cases. This is a 21% increase over the number of cases registered in calendar year 2007 and reflects that Appellate Operations is seeing its workload increase in response to Field Operations' efforts to reduce its backlog.

Also for the calendar year 2007, Appellate Operations closed 16,128 unemployment cases, 854 disability cases, 249 tax cases and 53 ruling and other cases for a grand total of 17,284 cases. These dispositions reflected an 8% increase over the number of dispositions in calendar year 2007.

Because the number of registrations exceeded dispositions in calendar year 2007 by 800 cases and because Field Operations is hiring more judges and support staff to increase its production, Appellate Operations will need to add more judges and support staff to work on its current inventory and to keep up with the number of new board appeals expected to be filed in 2009.

Regarding time lapse, for the month of September 2008, less than 5% of dispositions were within 45 days of the appeal date, substantially less than the 50% guideline expected by the Department of Labor. We took immediate steps to make changes including tracking the time it takes to get board appeals sent from Field Operations to Appellate Operations and emphasizing to the Field offices the need to get those cases to us quickly, focusing on time lapse dates at every step of Appellate Operation's processes including assigning cases to Appellate judges with time lapse dates in mind, and modifying the Board's e-file system to reflect time lapse dates and list its cases in priority order.

Acting Presiding ALJ, AO, Carrillo referenced an email sent to the Presiding ALJs (See Attachment BA) which shows how long it takes each of the individual field offices to get cases from the field to AO.

Acting Chair Aguiar commented that Jorge has been acting diligently and working with IT and FO to try and put together a timeline following UI cases in the process to determine how long it takes to go through each step and how can the Agency save days in those steps. He was able to work out this report, which is a new report that the Board has never had in its packet before, and it is revealing and contains a lot of information. This report is something Board needs to talk to Jorge and Alberto about. In looking at this report the obvious question comes to mind: Why does it take Inglewood, for example, 9 days in November and 8.5 days a in December and it takes Oakland 17.5 days in November and 10 days in December? Why does it take Pasadena 18.5 days in November and 13 days in December? Those are legitimate questions the Board should be asking and which require feedback from the Field. This is a very revealing report in his opinion and not only the Board but the PJs need to understand and compare and contrast. He doesn't know if one office knows what the other offices do.

Acting Chair Aguiar clarified that he has asked Jorge to put this in the Board packets every month so they can see the differences. That this is a very important piece of information to have.

Member Montañez asked if this was the first part of the 45 days. Acting Presiding ALJ AO Carrillo responded that this is the very first step where the claimants or employers send their appeal to the field offices and they transmit it to AO to begin the work.

Member Garcia stated that she thinks one of the things that they need to know is how much staff you have allocated to do these cases. For example, Pasadena could take 18 days but maybe they have 2 staffers where L.A. may have 100. That will also show the workload for those staff or if there is something abnormal happening in that district. For example, did they have a factory close with 300 people all being mass processed or something along those lines. That should also be included in the report if possible.

Acting Presiding ALJ AO Carrillo stated that they will have conversations especially with the offices that have the larger time to find out what is preventing them from acting in a timely manner and if it is a question of needing more resources then that is something Alberto and he can discuss.

Member Garcia stated that it would be helpful to have those numbers in future reports so that they are not drawing conclusions without really knowing what kind of barriers they have.

Member Plescia noted that since Jorge started that report all of the offices ~~did~~ improved their timelines.

Member Plescia stated he thought that maybe give it a few months to see if they can make improvements, with the exception of San Jose which is in the middle of moving offices.

Acting Presiding ALJ/AO Carrillo responded that to put it in a more fuller context, when AO looks at meeting time lapse when a case get to a board member to review and you have to make a decision within 2 or 3 days before we hit the 45 day time lapse, the Board members are under pressure to make a decision, and by saving steps along the way they hope to give the Board members more time so that they can feel comfortable making a decision.

Acting Chair Aguiar commented that Member Garcia has some ideas that she would like to work with staff and he asked if she would get together with Jorge and work it out. Acting Presiding ALJ/AO Carrillo responded that that he would do so.

Acting Presiding ALJ/AO Carrillo reported that they have made changes at AO to make time lapse more of a focus. AO also worked on the board's E-file system to put the time lapse date in there and to list the board members' cases in order of priority in terms of the time lapse. So all of these measures have had a beneficial effect and he is happy to report that last month AO completed 39 % of their cases within 45 days. AO went from under 5% to 39% in the past few months and they are still looking for ways to get up to the 50% standard. AO did meet the other two Department of Labor time lapse guidelines: 94% of dispositions were within 75 days of the appeal date and 100% were within 150 days.

Finally, as to case aging, Appellate Operations was at 39 days. which meets the Department of Labor's standard of 40 days or under.

b. Deputy Director Boston reported the Board approved the FO Workload Reduction Plan and for the most part they are on track for hiring for ALJs. There were four left over from the last quarter of hiring that did not get hired so they will be hired this quarter. In addition, they have advertised for 9 limited term ALJs and 4 permanent ALJ Is in the field. Final filing date for those positions are this week so the field offices will be getting their applications shortly to start the interview processes to get these individuals hired as soon as possible.

Acting Chair Aguiar asked if she could give the Board a snapshot of how it is going in terms getting applications and if the list was closing that week.

Deputy Director Boston stated it was closing that week and she deferred to Kathy Carel, who responded that they sent out the Job Opportunity Bulletin in December and received a lot of applications from that group. Then they had to wait until after the first of the year to order the certifications from the Office of Administrative Hearings, on which they are now receiving many applications. It is going to take some time to process these applications because they have to verify that the applicants are on the OAH list and that they meet the minimum qualifications.

Member Richardson commented that the OAH page states that you may not file an online form because the Agency needs to have a hard copy. Deputy Director Boston responded that is correct, because the Agency has to have a hard copy in order to verify.

Acting Chair Aguiar commented that the good news is that the Agency has a whole lot of applicants. This switch from our -list to the OAH list has paid off.

Acting Executive Director Flagg suggested that this would be a good time for Deputy Director Boston to take a minute and talk about the transition CUIAB has made from using its exam to the one available from the Office of Administrative Hearings.

Deputy Director Boston stated that what they did in the past here at CUIAB was to administer an open written Administrative Law Judge I exam, typically every two years. A Job Bulletin would be developed and sent it out with a final filing date. Everybody would come to specified locations, take the written exam, which would be graded by certain of our judges. That process typically took anywhere from four to six months, sometimes longer. What they found when they were interviewing for the Chief of Field Operations position from Ron Dietrich, who is the CALJ and Director of OAH, was that OAH had developed an online exam for their ALJs. This online exam consisted of a self-certification with regard to one's education, experience, and other qualifications, all very specifically weighted to arrive at an appropriate score and ranking. One of the great advantages of this approach is that the exam candidate are immediately available for hire, whereas with our old exam process we would have to wait four to six months to hire off of the list, by which time many of the applicants had already moved on to other jobs. Another significant advantage was cost, because to conduct our exam we had to go out and lease space for the written portion. Further, we lost production when we had to take ALJs off of their hearing calendars in order to grade the exam. So far our experience with the new exam has been very positive.

Next, Deputy Director Boston reported that the San Jose office moved into their temporary space this past weekend. There were a few concerns from some of the ALJs about security, which was addressed by contracting for a security guard to be at the location during business hours. We also worked with the judges to make sure the hearing rooms are set up so that they could escape quickly if necessary.

Acting Chair Aguiar commented that he received a report that everyone in the San Jose office worked extremely hard, well into the night and early morning hours to make this move to the temporary quarters as painless as possible, and they did it over the weekend as well to make sure that on Monday morning the claimants could be serviced. He commended the staff in San Jose for a job well done, especially Yvonne Baroro who worked especially hard to make this happen. He thanked Administrative Services staff and the San Jose staff and ALJ Ross for a job well done.

Deputy Director Boston stated that IT was down there all weekend also and similarly worked very hard to make the transition seamless.

Deputy Director Boston reported that, effective February-, interpreter services were switched to Lan Do. Last July CUIAB entered into a contract with another provider which was the lowest bidder. That contract did not work to our satisfaction, so we went out for a new bid. Lan Do was the lowest bidder, and actually had provided interpreter services for the CUIAB in the prior year.

9. Chief Counsel's Report:

Chief Counsel Ralph Hilton reported, from the Workload Report, that each board member received an average of 29 per day in December, a heavy caseload.

Chief Counsel Hilton reported with regard to litigation that six cases were closed, and eight new cases were received. The CUIAB was upheld in all but one of the six cases concluded. The Agency is currently carrying a total of 179 cases.

Acting Chair Aguiar asked Chief Counsel Hilton to describe for the new board members what the cases are about.

Chief Counsel Hilton responded that almost all of the litigation cases are writ of mandate cases that challenge the Board's decisions on benefit appeals. The non-benefit appeals, tax cases, constitute a very small percentage of the Board's decisions. All of the 14 cases referenced above, the six closed cases and the eight new cases, were benefit decisions, and all but one dealt with UI. Any party, claimant or employer or EDD, that is unhappy with a Board decision may challenge that decision in court. Fortunately, CUIAB has been very successful in defending the Board's decisions. In the case where the Board was not affirmed, it is not that the Court is saying that the Board's decision was wrong as matter of law; it's simply that the Superior Court Judge viewed the facts of the case differently that did the Board panel. In these cases the Superior Court does not have to give any

deference to the Board's decision. The Superior Court Judge exercises his or her own independent assessment of the facts and decides the case as if it came before the Judge anew, albeit based on the administrative record as distinguished from a new trial. The judge in the particular case stated that he didn't think the claimant's conduct amounted to misconduct. If you took this same set of facts to 10 different judges, you would likely get at least five to agree with the Board's decision—that's just human nature on close factual cases. In other words, the Board should not be concerned when they get reversed on factual issues. However, if reversed on a question of law, that would be a matter of concern. I review all of the court decisions with that in mind, and will bring to the Board's attention any decision in which there is a possibility that the Board has misinterpretation the law.

10. Unfinished & New Business:

Acting Chair Aguiar, before moving on to Unfinished and New Business, also acknowledged Ms. Pat Houston and her staff for working extremely hard on the San Jose move.

a. November 20, 2008 Bureau of State Audits Report—Update: Acting Executive Director Flagg reported that one of the recommendations of the BSA audit was for the Board to review the travel claims of the prior Chief ALJ to determine whether or not they were in the best interests of the State and if not, should the Board seek reimbursement. Pursuant to our request, a senior-level EDD officer reviewed claims for the last three fiscal years, 05/06 through 07/08, as those records are not kept beyond three years. EDD's analysis of the travel records assumed that if the claim did not affirmatively set forth a business reason for the travel, then the claim was questionable. EDD did not second guess the justification for the travel if stated, as this is solely within the knowledge of the traveler and the reviewing officer. The review identified questionable travel in an amount just under \$9000. The task now falls to CUIAB to review those questionable TECs to make a more specific determination on whether or not the travel involved was in the best interests of the State. Acting Executive Director Flagg asked for further direction from the Board on this matter.

Acting Chair Aguiar stated the Board should direct staff to now conduct its own review, as the BSA Audit was very clear on that point. CUIAB needs to respond to the audit at specified intervals regarding the recommendations. Acting Chair Aguiar encouraged Members Garcia and Plescia to obtain a copy of the audit to get a better background. He recommended that the Board direct staff to review EDD's findings and to report back to the Board their findings, and the Board can take it from there.

Acting Executive Director Flagg reported on the next item under the BSA audit, parking practices. BSA auditors took issue with the fact that CUIAB has been paying for employee parking at some locations through its leases, stating that this is an inappropriate use of State funds. Staff has developed new parking policies

and procedures, which they would like to implement starting March 1, in order to give staff time to find alternative parking before the leased spaces are given up or otherwise properly utilized.

Acting Executive Director Flagg also reported that the BSA auditors took issue with CUIAB's travel policy and asked that it be strengthened. That task has been completed, and the new travel policy will be submitted to BSA by January 20. The new policy has been distributed statewide and we have received a lot of feedback and suggestions, some of which have been adopted.

Deputy Director Boston reported that BSA also took issue with some of our hiring practices, and recommended that a comprehensive hiring manual be written. The new manual directs hiring managers to: conduct and score hiring interviews using a structured interview format, maintain documentation of each step in the hiring process for at least two years, and forward a memo to the Personnel Unit that documents the results of the hiring. In addition Personnel made a presentation at the LSS I and II meetings.

Acting Executive Director Flagg commented that the idea is to standardize the processes. She stated that by having so many field offices away from headquarters each one had developed its own way of doing things.

Deputy Director Boston reported that another area of concern in the BSA audit was that CUIAB employees did not know their rights under the Agency's EEO and grievance policies. Accordingly, the Employee Orientation Handbook has been updated with this information, and in addition a memorandum will be going out soon to each employee with this same information. This was also the topic of a presentation at the LSS I and II meetings. Finally, the same information has been placed on the Bench in one convenient location.

Deputy Director Boston reported, with regard to travel, that the BSA wanted CUIAB to strengthen the travel policy by requiring supervisors to pre-approve travel plans, review travel expense claims to ensure all travel is in the best interest of the State, and to otherwise update the travel policies. The updated travel handbook addresses these concerns. In the field, the hearing calendars will constitute pre-approval for the ALJs and their travel. For other employees a Request for Travel form has been developed for employees to complete and for the supervisor to approve. At some point in time this year we will go on to a new statewide travel system called Cal ATERS (California Automated Travel Expense Reimbursement System) developed through the State Controller's office, which has a lot of internal controls that should be of great benefit to us in monitoring our travel.

b. Appellate Operations Workload Reduction Plan: Acting Presiding ALJ Carrillo presented the Appellate Operations Workload Reduction Plan (See Attachments B, C & D). He reported that AO is in need of additional resources. In the fall the Board reviewed and approved a Workload Reduction Plan for FO in order for the field to hire more ALJs and support staff to deal with its growing backload. In conjunction

with that plan the field was authorized to hire approximately 30 new ALJs and 30 support staff to deal its backlog. As the judges are hired, trained and conduct hearings and issue decisions, AO will see an increase in board appeals. He stated that this analysis is their view of how the increased production in the field is going to affect AO and the Board's work and what resources they need to deal with that increase.

Acting Chair Aguiar asked Acting Presiding ALJ Carrillo to address the issue of requests to hire permanent intermittent verses limited term or permanent fulltime.

Acting Presiding ALJ Carrillo responded that in order to hire limited term they need a position in the permanent side of the ledger. With the hires that have been authorized for the field they have used up all such available positions and the only available positions that they have now to hire additional judges is temporary help. That limits AO to hiring permanent intermittent judges.

Acting Chair Aguiar reiterated that basically CUIAB is appropriated funds that are allocated —between permanent employees and temporary employees. So as CUIAB hires all the new ALJs for the field we are using up all of those slots. There is no money in the permanent budget but there is money available in the temporary budget.

Acting Chair Aguiar asked if limited term hires take up slots in the permanent or temporary allocation. Acting Presiding ALJ Carrillo responded that they are allocated to the temporary help allocation.

Acting Chair Aguiar asked how the rules differ for permanent intermittent employees.

Deputy Director Boston responded that a permanent intermittent ALJ is hired as a permanent staff. Their tenure is intermittent. Meaning they can work 1920 hours within a 12 month period. A retired annuitant can work 1500 hours in a year. The difference between a limited term and a permanent intermittent is that limited term employees get their health benefits immediately whereas a permanent intermittent employee has to serve the control period. A control period is January to June and July to December. Within a control period they have to work a certain number of hours in order to be eligible for health benefits during the following control period. Permanent intermittent have a more benefits in other ways, for example if the mother of one of our limited term ALJ's passed away, the employee is not entitled to bereavement leave. However, if the employee was a permanent intermittent, he/she would be entitled to leave.

Member Garcia inquired if an employee is in a contract you have now and you add that one day off does that bring him under the threshold so he will never be able to get be able to get benefits.

Deputy Director Boston deferred to Personnel Specialist; Kathy Carel who responded that what the employee needs is 480 hours in the control period. For example, if that day was counted as a furlough day on that Friday the assumption would be with all time worked that would not be time worked so that would be taken away for the total hours. With the 480 hours, which is approximately 160 hours a month, if they could get somebody on board by April 1, that ALJ would more than likely be working fulltime during that period and when they check the control period at the end of June then they would have benefits effective August 1.

Member Garcia inquired regarding the 160 hours, 4.2 weeks a month, so if that 8 hour period or 10 hour period is there going to be any substance in the contract language that would allow you to shift or flex their schedule if you needed to so you don't end up with someone who just falls short.

Deputy Director Boston replied that she does not believe it does. But for example, looking at April being a 176 hour month and we are taking 2 days away in that month it drops down to 160, but most of the months are either 176 or 168, with only 2 months out of the year that are 168 hours so more than likely if they are still working fulltime and we ended up having a furlough day of 2 days they would still make it.

Acting Executive Director Flagg commented that there is a window in which they have to be hired and worked the X number of hours in order for them to qualify. If we miss hiring them in that window then they don't get benefits until February of 2010. Deputy Director Boston stated that is why if this plan gets approved they would want to try to get the 2 ALJs on board by April 1 or earlier.

Acting Presiding ALJ-AO Carrillo reported registrations increasing from 1,451 in January to 1,642 in July. AO's dispositions were at 1,483, then picked up in April to 1,655. From January through July the dispositions are greater than the registrations, so we expect to be able to bring down the open balance to 1,951. In looking at past years when we were able to meet the 45 day time lapse, we noticed that they dispositions equaled registrations and the open balance was not more than 50% of the number of dispositions. Therefore the goal with this plan is to get that open balance to be as low as they can and keep dispositions ahead of registrations. In August registrations will start exceeding the dispositions by 35 and that will continue each month forward. We will come back in the next budget cycle for 2009-2010 to address the need for additional resources. We have calculated the cost of each of the hires would be for both-retired annuitants and PIs as well as two support staff needed to handle the increased production and offices expenses with a total amount of \$266,666. Those four ALJs will be producing cases for which we will get revenues in the amount of \$81,049, and we expect to have \$8,000 left over from the temporary help allocation from the past year. The total amount of the augmentation is \$177,617.

Member Richardson asked if there was only \$81,000 offset in a five month period.

Acting PALJ-AO Carrillo responded that for the retired annuitants they are going to be working six months, but the two permanent PI's will be hired in February, trained for two months and then in April they will start producing. That \$81,000 reflects that there are only about 2-3 months of production.

Member Garcia questioned the initial presentation which showed that based on amount 13.5 ALJ's, and assuming that all 14 right now are able to come to work, do you anticipate anything over the next 6 months like retirement, off-time, or anything else that will throw that number off because you are adding based on the existing workload and you also show a negative 91 cases a month. She asked if that was 91 case folders or if some of these cases that have splits.

Acting PAL-AO Carrillo responded that it was cases numbers not case folders. Some cases even though it is a folder will have 2 or 3 cases assigned to it. It is counting all of the case numbers. He stated he does not anticipate that they will have any retirements in the next 6 months and have not heard of any person expecting to be off and substantial amount of time.

Member Garcia asked whether if we end up in a situation where someone decides to retire for whatever reason, do they have the eligibility to come back as an annuitant to help with the workload.

Acting PALJ-AO Carrillo responded they would have the ability to come back, plus because they are leaving a permanent position we would have the ability to fill in behind.

Acting Chair Aguiar asked Renee Erwin to explain the analysis and how it affects the Budget Plan.

Renee Erwin responded that the analysis that had been presented at prior board meetings for the ALJs is that in the long run the workload they produce pays over and above their cost. So it is more or less a win-win to hire the ALJs and get them on board to reduce the backlog. She stated that also in the approved budget there are several areas where we have reserves that were identified. There is \$72,000 unallocated that is there for emergencies that was left over after funding the FO Workload Reduction Plan. There is also held in reserve \$1.4 million for a potential cost of living increase for the ALJs which is dependent upon labor negotiations and agreements. Also, \$11.8 million in reserve pending notice, when Congress passes the General budget, as to whether or not they will fund the over base workload at 32% or at 100%. CUIAB has internally budgeted at 32% as a safeguard until they hear definitively from Congress US DOL. And lastly, the October Revise Adjustments with the increased workload projection that funds up to 328 positions and \$34 million. That funding is contingent upon generating the workload and earning those dollars but that money is also available.

Acting Chair Aguiar asked that the action taken by this Board be to approve the Workload Reduction Plan as presented by Appellate Operations, with a budget augmentation for that.

Member Richardson so moved and the motion was seconded by Member Plescia.

Member Montañez had some questions about resources for the next budget in August.

Acting PALJ-AO Carrillo responded that normally when they are looking at a need for resources for the next year beginning in August they plan that in the budget cycle planning process that will begin later this month. They will be proposing the need for additional resources through that process. This plan is to get AO through the next 6 months.

Member Garcia stated that her concern was that an offer would be extended to someone that would have to be retracted one or two weeks from now. She commented that she thinks that before the Board adopts a budget reduction work plan the Agency should be looking at whether it is maximizing its resources. She stated that she believes they need to make sure that everything possible has been done to maximize what they have. In the current economy she would be reluctant to extend an offer of employment to someone knowing that within 10 days there may not be a job. She stated it would not be fair or just.

Acting PALJ-AO Carrillo agreed that was a dilemma and he stated that before they could hire anyone they have to go through a process of advertising, interview and it will take some time. If they hear anything between now and that time that something is coming that would certainly affect their thinking in terms whether or not they move forward. He agree at some point in time they will reach the point where they are ready to offer and he thinks it would only be fair to advise the prospective applicant of the possibility that they may be adversely impacted by some future Governor Order. The current amount of cases they can assign the ALJs is based on an agreement by the Union that represents the judges. If AO wanted to increase the caseload they would first have to evaluate whether it's appropriate to do that and then they would have to negotiate with the Union and that would take time also. They can go that route but they are still going to see a need for additional resources and the consequences of doing nothing at this point and then having a hiring freeze later and finding out that they do need those resources could also affect AO adversely.

Acting Chair Aguiar agreed with Member Garcia that they need to look at CUIAB's existing operation to make sure they are maximizing productivity and output. He also stated that although they are bound by those contracts he understands that DPA is working with all the Union representatives on a number of issues, including furloughs and hopefully that will play out and enable them to have more communication and discussion with representative with CASE. At this point in

time, though, it is recommended that they move forward with the AO Workload Reduction Plan.

The motion to accept the AO Workload Reduction Plan was approved by all Board Members.

c. 2008/09 Budget Plan: Acting Executive Director Flagg presented to the Board a proposal for permission to augment the overtime budget for staff. Although the funds for this comes out of the same pot, they wanted to bring it back for the Board's attention because we are about to exceed our limits for overtime expenses.

Renee Erwin, SSM II, presented the CUIAB Budget Process via PowerPoint Presentation (See Attachment E).

Renee Erwin reported that back at the September Board meeting an allocation was made for overtime to the various Branches, and specifically FO, \$165,000 and AO \$3,800. Through November they have spent the majority of the overtime dollars. The balance for FO is \$27,000 left and AO has overspent their allocation by about \$3,400. They are recommending, based on the workload levels, is an additional augmentation of \$250,000 to carry the FO through the rest of the year, and \$15,000 for AO.

Acting Chair Aguiar asked if the overtime was for adjudicating cases.

Deputy Director Boston responded that for the most part the overtime for FO has been for typing decisions and doing registration at the support staff level, because we cannot pay ALJs overtime.

Acting Executive Director Flagg gave the Board an overview of the issue. In the summer last year there was an Executive Order that mandated State agencies to lay off temporary help. As we began to receive exemptions from the Executive Order a decision was made to authorize overtime to catch up with the production lost to the layoffs. Additional overtime is needed to help with getting out the decisions, but the budget amount we originally allocated for overtime has been exhausted.

Acting Chair Aguiar asked if the exemption request is denied what the effect would be.

Deputy Director Boston responded that at this point in time they really don't know but if people are furloughed on Fridays, she assumes the intent is to not have people work that day so overtime would not be available. If an employee were to work on a Saturday of that week, technically it is not overtime because they have not worked the 40 hours and would only get paid the straight time.

Acting Executive Director Flagg commented that would they not be allowed to do that as it would be circumventing the Executive Order's intent.

Acting Chair Aguiar asked how urgent is it that the Board act on this request today because he would like to get some sort of answer and direction on the furlough exemption request.

Deputy Director Boston responded that one of the problems they are faced with right now is the numbers that were previously submitted were for through November and did not include overtime for December because they do not have those figures yet. She stated that her best guess is that the field has probably overspent so that would mean they would need to delay all overtime for the month of January.

Acting Chair Aguiar stated that he was not comfortable at this time with this request, and asked what they would need to get them through January.

Renee Erwin, SSM II responded that the field averages approximately \$35,000 a month in overtime and Appellate approximately \$1,900.

Acting Chair Aguiar asked for clarification on the amount that the FO and AO needs to get them through December and January.

Renee Erwin responded that FO needs \$70,000 and AO needs \$5,500.

Acting Chair Aguiar commented that they need \$76,000 to get the two units through January. He asked the Members to approve the \$76,000 for December and January, and have them report back with another analysis for the remainder of the year at the next Board meeting.

The Board unanimously approved the augmentation for overtime in the amount of \$76,000.

11. Public Comment:

There was no public comment.

12. Closed Session:

No votes were reported.

Adjournment

Jorge Carrillo

From: Jorge Carrillo
Sent: Tuesday, January 06, 2009 1:30 PM
To: PALJs
Cc: Bd Members; Jehan Flagg; Alberto Roldan; Stephen Tyler
Subject: Board appeals from FO to AO

Below are the numbers reflecting the time it has taken for board appeals to arrive at Appellate Operations (AO) from Field Operations (FO). The numbers include only those board appeals filed in each month that have been received so far in AO as of January 6, 2009.

**FO TO AO REPORT
 (QUERY DATE: 1/6/09)**

11/1/08 THROUGH 11/30/08			12/1/08-12/31/08	
FRESNO	9.17	103 cases	8.03	120 cases
INGLEWOOD	9.24	100 cases	8.41	129 cases
INLAND	8.22	138 cases	9.25	106 cases
LOS ANGELES	8.63	128 cases	6.03	105 cases
OAKLAND	17.66	89 cases	10.06	66 cases
ORANGE CO	8.27	135 cases	5.58	116 cases
OXNARD	8.25	81 cases	6.29	101 cases
PASADENA	18.58	91 cases	13.16	64 cases
SACRAMENTO	8.29	174 cases	7.81	172 cases
SAN DIEGO	10.98	121 cases	7.47	118 cases
SAN FRANCISCO	8.78	96 cases	6.91	112 cases
SAN JOSE	11.03	60 cases	13.22	58 cases
TAX	16.12	17 cases	7.50	4 cases
OVERALL	10.28		8.06	

California Unemployment Insurance Appeals Board
Appellate Operations

WORKLOAD REDUCTION PLAN

Workload Production/Inventory Reduction/Timeline Projection/Budget
Impact

The workload reduction plan is based upon analysis of several factors which will be outlined in this summary. In order to maintain a degree of simplicity the analysis is based upon the UI program workload, production, and earnings. To achieve the objectives outlined in the workload reduction plan, ALJ attritions are to be filled with new hires to avoid a loss of production.

UI WORKLOAD & PRODUCTION SCHEDULE AS OF 1-1-09 (See two pages of attachment)

UI Registrations (Verifications)

From January through November 2008, Appellate Operations (AO) registered a monthly average of 1393 new board appeals from Field Operations (FO) UI Decisions. During this same time period, the monthly average appeal rate from FO ALJ decisions was 5.8%. Based on the appeal rate and the projected increases in FO dispositions as established in Field Workload Reduction Plan, AO is projecting registration of new board appeals to increase an average of 32 each month from January through July 2009 and by 48 in the month of August 2009.

Current Production as of 1-1-09

As of January 1, 2009, AO has 13.25 ALJs IIs and .5 ALJ I in production. An ALJ I produces an average of 27 decisions (dispositions) a week and an ALJ II produces an average of 30 decisions (dispositions) a week. The UI program workload represents 93% of the caseload assignments. This means that an ALJ I produces an average of 25.1 UI dispositions a week and an ALJ II produces an average of 27.9 UI dispositions a week. There are 3.42 productive weeks per month after leave and holidays are factored out. Thus, an ALJ I can be expected to produce 86 UI dispositions a month and an ALJ II can be expected to produce an average of 95 UI dispositions a month.

The production generated by 13.25 ALJs IIs and .5 ALJ I should average 1,302 UI decisions (dispositions) per month. In fact, AO has averaged close to that number, i.e. 1319 UI dispositions per month, for the calendar year 2008. Because December is typically a month of high vacation and leave usage, the average monthly UI dispositions for the calendar year 2008 should drop closer to the projected monthly average of 1302 after December. With the monthly average registration of new board appeals at 1393 cases, AO's current production level falls short of new registration of board appeals by 91 decisions (dispositions) a month (1393-1302=91).

Production Requirements

AO met the USDOL time-lapse standards each month for 2 ½ years beginning January 1, 2001 and ending December 31, 2003. During this period, the number of UI registrations and UI dispositions were equivalent and the open balance was not more than 50% higher than the number of monthly UI dispositions. It is also worth noting that during this time the average balance of open cases ranged from 1293 to 2013, ALJ positions ranged from 17.08 to 19.23, support staff positions ranged from 43.26 to 47.03 and the ratio of support staff to ALJs ranged from 2.25 to 2.61.

On the other hand, for the fiscal year 2007-2008, staffing levels were quite lower: 15.38 ALJ position equivalents, 30.70 support staff position equivalents and a ratio of support staff to ALJs of 2.00. The balance of open cases averaged 1734. Because the balance of open cases is now at 2194, new board appeals are expected to increase by 32 each month through July 2009, and AO has a current shortfall of 91 UI dispositions a month, AO proposes to hire additional ALJs and support staff as described below.

Proposed New Production

Effective January 2009, AO proposes to hire 1 Retired Annuitant ALJ II and the equivalent of 1 Retired Annuitant ALJs I as temporary help. These Retired Annuitant ALJs will generate 181 additional UI decisions (dispositions) per month (95 ALJ II + 86 ALJ I= 181). The total AO production of UI cases is projected to be 1483 through March 2009 (1302 current + 181 Retired Annuitants=1483).

In February 2009, AO proposes to hire 2 Permanent Intermittent (PI) ALJ Is. After 2 months of training, these 2 Permanent Intermittent ALJs will start to

produce 172 UI decisions (dispositions) per month beginning April 2009. The combined production from all new ALJs will increase the total UI decisions (dispositions) to 1,655 per month beginning in April 2009 (1302 current + 181 Retired Annuitants +172 Permanent Intermittent ALJs=1655). In order to bring the ratio of support staff to ALJs closer to 2.00, it is necessary to add 2 support staff positions at the Office Assistant/Office Technician level.

With the increased production from these ALJs, AO will be able to keep up with the increase of new board appeals and reduce the balance of open cases from 2194 in January 2009 to 1951 in July 2009. However, beginning in August 2009, the number of new board appeals generated by FO ALJs (1690) will be greater than AO's UI dispositions (1655) and AO's inventory will start to increase. Accordingly, it is anticipated that AO will need to ask for an additional increase in ALJ positions in the 2009-2010 budget.

BUDGET IMPACT AS OF 1-1-09 (second page of attachment)

Budget Impact for Proposed Reduction Plan

The Workload Reduction Plan proposes to hire 2 Permanent Intermittent ALJ Is, 1 Retired Annuitant ALJ II, 1 Retired Annuitant ALJ I and 2 support staff (office assistants/office technicians) as well as funding for operating expenses and equipment costs (OE&E). The Staff hires and OE&E are necessary to process the increased workload levels in support of the additional ALJ production and operating expenses. These resources have a budget cost of \$266,666 for the current budget year. Earnings generated by decisions from the new ALJs will be \$81,049 and will offset the increased budget cost of the new hires. Thus, the overall net cost of the new hires will be \$185,617 in the current fiscal year 2008-09.

AO's 2008-09 personnel budget allocation is \$277,919 per month. Based on first quarter expenditures, including the potential cost for a retroactive COLA, AO's projected personnel budget expenditures are estimated to have an available balance of \$8,000 remaining in its temp help budget. As a result, AO's workload reduction plan requires additional funding in the amount of \$177,617.

APPELLATE OPERATIONS - WORKLOAD REDUCTION PLAN
UI WORKLOAD & PRODUCTION SCHEDULE - AS OF 1-1-09

	Verifications	Dispositions	Difference	Open Balance	% of Dispos to Open Bal	Verif. Mo-Mo Chg
December				2,194		
Jan. 09 + 2.0 RA ALJs	1,451	1,483	32	2,162	31%	32
February +2 ALJ Hires	1,483	1,483	0	2,162	31%	32
March	1,515	1,483	-32	2,194	32%	32
April +2 ALJ Production	1,547	1,655	108	2,086	21%	32
May	1,578	1,655	77	2,009	18%	32
June	1,610	1,655	45	1,964	16%	32
July	1,642	1,655	13	1,951	15%	48
August	1,690	1,655	-35	1,985	17%	34
Sept	1,690	1,655	-35	2,020	18%	34
October	1,690	1,655	-35	2,055	19%	34
November	1,690	1,655	-35	2,089	21%	35
December	1,690	1,655	-35	2,124	22%	35

FO Dispos x 5.8%

When Dispositions are within 3% of Registrations and the Open Balance is no more than 50% higher than Dispositions timelapse and case aging are acheivable

rev. 1-6-09/rme

Analysis

	2001-02	2002-03	Jul-Dec 2003-04	Jan-Jun 2003-04	2004-05	2005-06	2006-07	2007-08
Reg	1,058	1,350	1,430	1,466	1,412	1,154	1,103	1,281
Dispo	1,059	1,304	1,462	1,302	1,425	1,180	1,110	1,256
Open Bal	1,293	1,950	2,013	2,296	2,399	2,090	1,626	1,734
TL Met	Yes	Yes	Yes	No	No	No	No	No
Case Aging Met	N/A	N/A	N/A	No	No	No	Yes	Yes
Reg/Dispo Difference	100%	97%	102%	89%	101%	102%	101%	98%
Open Bal to Dispos	22%	50%	38%	76%	68%	77%	46%	38%
ALJs	19.23	18.02	17.08	16.96	16.48	16.47	15.76	15.38
Staff	43.26	47.03	44.31	44.39	43.32	39.35	36.30	30.70
Ratio Staff to ALJs	2.25	2.61	2.59	2.62	2.63	2.39	2.30	2.00

APPELLATE OPERATIONS - WORKLOAD REDUCTION PLAN
BUDGET IMPACT - AS OF 1-1-09

1-6-09/rme

PRODUCTION - Is based on 27/30 decisions per ALJ I/II at the UI workload rate of 93% and factors in the average leave rate of 20.4% resulting in an average of 3.42 work weeks per month.

	ALJs	Dispos /		Total
		Mo. Per ALJ	Dispos / Mo.	
ALJ Is	0.50	86	43	
ALJ IIs	13.25	95	1,259	
TOTAL				1,302

PROPOSED NEW PRODUCTION									
RA ALJ Is (\$9,897) - effective Jan. 09	1.0	86	86	6	Salary Expenses	Earnings \$50.56	Net Revenue		
RA ALJ IIs (\$10,384) - effective Jan. 09	1.0	95	95	6	(59,382)	26,051	(33,331)		
ALJ I Hires (\$8,593) - effective Feb 09	2.0	86	172	5/3	(62,304)	28,946	(33,358)		
Support Staff Hire (\$2,905) - Feb. 09	2.0	(O&OT)		5	(85,930)	26,051	(59,879)		
OE&E Augmentation (\$18,000 per PY)	4.0			5	(29,050)	-	(29,050)		
TOTAL	10.00		353		(266,666)	81,049	(185,617)		
ALL PRODUCTION TOTAL			1,655						

Appellate Operations

Workload Reduction Plan

January 13, 2009

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CUIAB / Board Meeting

# Current UI Workload as of 12-1-08

## Cases

- Average Registrations/Cases 1,393
- Current Dispositions 1,302  
.5 ALJ I and 13.25 ALJ IIs
- Current Open Balance 2,194

Registrations exceed Dispositions, increasing the Open Balance each month by 91 cases

# UI Registrations as of 1-1-09

■ New Board Appeals per month **1,393**

11 month average Jan – Nov. 2008  
5.8% appeal rate to Field decisions

■ Registrations Monthly Increase 5.8% appeal rate  
to Field decisions based on new hires/production

|            |     |       |
|------------|-----|-------|
| ■ January  | +32 | 1,451 |
| ■ February | +32 | 1,483 |
| ■ March    | +32 | 1,515 |
| ■ April    | +32 | 1,547 |
| ■ May      | +32 | 1,578 |
| ■ June     | +32 | 1,610 |
| ■ July     | +32 | 1,642 |
| ■ August   | +48 | 1,690 |

# Proposed New Production

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- Current Production 1,302
  - .5 ALJ I and 13.25 ALJ IIs
  
- Proposed New Monthly Production 353
  - 1 RA ALJ I – decisions/month 86
  - 1 RA ALJ II – decisions/month 95
  - 2 Permanent Intermittent ALJ Is – decisions/month 172
  
- Current & Proposed Production 1,655

# Inventory Reduction Schedule

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| <u>2009</u> | <u>Registrations</u> | <u>Dispositions</u> | <u>Open Balance</u> |
|-------------|----------------------|---------------------|---------------------|
| ■ December  |                      |                     | 2,194               |
| ■ January   | 1,451                | 1,483               | 2,162               |
| ■ July      | 1,642                | 1,655               | 1,951               |
| ■ August    | 1,690                | 1,655               | 1,985               |

Beginning August 2009, the new Board Appeals of 1,690 will exceed the 1,655 decisions increasing the open balance by 35 cases each month.

# Budget Impact

|                                             |                |                   |
|---------------------------------------------|----------------|-------------------|
| <b>Expenses</b>                             |                |                   |
| ■ 1 RA ALJ I                                | 6 month salary | \$ 59,382         |
| ■ 1 RA ALJ II                               | 6 month salary | \$ 62,304         |
| ■ 2 PI ALJ Is                               | 5 month salary | \$ 85,930         |
| ■ 2 Support Staff                           | 5 month salary | \$ 29,050         |
| ■ <u>Operating Expenses &amp; Equipment</u> |                | \$ 30,000         |
| ■ <b>TOTAL</b>                              |                | <b>\$ 266,666</b> |
| <b>Earnings</b>                             |                |                   |
| ■ 2008-09 Temporary Help Savings            |                | \$ 8,000          |
| ■ Net Budget Requirement                    |                | \$ 177,617        |

# CUIAB Budget Process

**Board Meeting**

**January 13, 2009**

# Timeline

## January

- ◆ The Governor announces a proposed budget.

## May

- ◆ The May Revise projections adjust the budget
  - CUIAB's budget is workload driven.

## June

- ◆ The Legislature passes the budget.

## July

- ◆ The Governor enacts the budget.

# History

- ◆ In the beginning CUIAB's budget was buried in the EDD's line item budget.
- ◆ CUIAB was not allocated an absolute spending limit and was in constant negotiations with the Department.
- ◆ Beginning in 1997-98, a budget line item was established for CUIAB in the Governor's Budget.
- ◆ The Legislature now appropriates a budget each fiscal year which CUIAB must live within.

# History

(continued)

- ◆ Initially the Executive Director was solely responsible for budget allocations and decisions.
- ◆ In 1997, a continuous improvement team was formed to develop a budgetary process for CUIAB.
- ◆ A call letter process was created for Operating Expenses & Equipment and Personnel Services.
- ◆ This new process gave each cost center manager the tool to provide valuable information as to operating and staffing needs.
- ◆ Call letter requests are supported with a justification and priority levels.

# Budget Call Letter Timeline

## January

- ◆ Budget Call Letters and resource documents are distributed to Cost Center Managers (Senior Staff, PALJs, LSSlls).
- ◆ A Budget Call Letter Workshop is conducted to train new Managers on the process and tools.

## February

- ◆ Cost Center Call Letter requests are submitted for consolidation of each Branch.

## March

- ◆ Branch Budget Call Letters are submitted to the Budget Officer.

# Budget Call Letter Timeline

(cont.)

## April – May

- ◆ The Budget Advisory Committee (BAC) meets to review all requests and negotiate a balanced budget.
- ◆ BAC is comprised of representatives for each Branch, the Budget Officer, and Budget Analysts.

## June

- ◆ The Budget Officer presents the proposed CUIAB Budget to the Board for approval and adoption.
- Meetings are held quarterly to review expenditures, earnings, year end projections, and the October and May Revise adjustments.
- The BAC ensures an open and fair process for all Cost Centers and Branches.

# Budget Call Letters

- ◆ The Budget Officer issues a memorandum announcing the release of the Budget Call Letters and the Time Lines for the annual process.
- ◆ All Call Letters and Resource documents are available on the CUIAB intranet— *theBench*.
- ◆ The entire process is electronic and paperless.

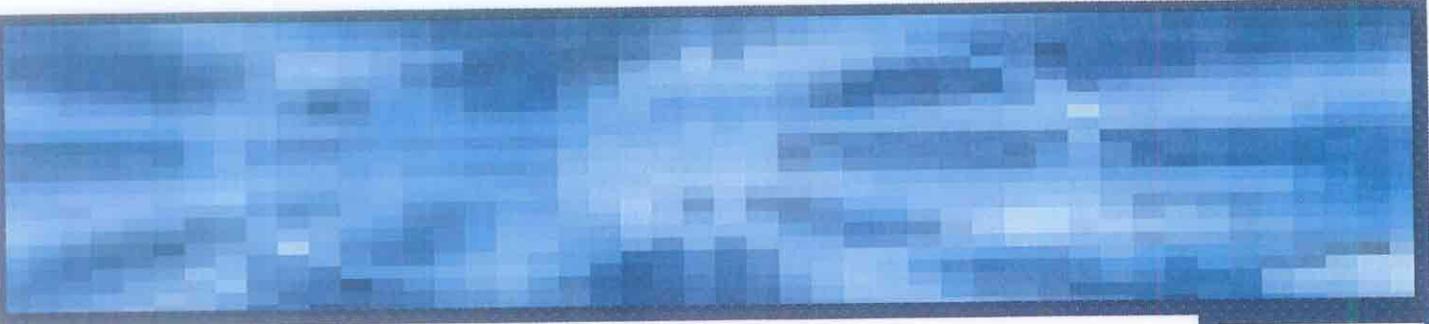


# Negotiations

- ◆ The BAC reviews all requests, justifications, and priorities.
- ◆ The Call Letters allow the BAC to determine duplicative requests, prioritize needs and make fiscally sound decisions.
- ◆ The CUIAB Mission Statement and Strategic Plan Objectives are considered in the budget development.
- ◆ Efficiencies and operational economies are explored and researched for new technological advancements.
- ◆ The Budget Advisory Committee (BAC) negotiates until a balanced budget is reached.

# Recommendations

- ◆ Allocation recommendations are made for:
  - ◆ Current year adjustments
  - ◆ Unforeseen / emergency expenditures
  - ◆ Year end excess / deficit funding
  - ◆ Next year Budget Spending Plan
- ◆ The BAC makes recommendations to the Board on budget restraints and restrictions to maintain a balanced budget.
- ◆ Teams/committees are proposed to perform research and cost analysis for future years budget planning.



# Approval

- ◆ The Board approves / disapproves the recommendations and policies.
- ◆ Budget allocations are distributed to the Managers of the various Branches and Offices.

# 2008-09 Governor's Budget for CUIAB

## ◆ Positions

743.7

◆ Permanent 599.5

◆ Temporary 144.2

## ◆ Salaries/Wages

\$52,850,019

## ◆ Benefits and OE&E

\$30,854,981

## ◆ TOTAL

\$83,705,000

## Funding Sources

### ◆ General Fund

\$ 563,000

1%

### ◆ Disability Fund

\$ 7,830,000

9%

### ◆ Federal Fund

\$75,084,000

89%

### ◆ Reimbursements

\$ 228,000

0%

2009 - 10

CUIAB's 12<sup>th</sup> Annual  
Budget Call Letter  
Cycle