

**MINUTES
FOR THE REGULAR MEETING
CALIFORNIA UNEMPLOYMENT INSURANCE APPEALS BOARD
Docket No. 5565**

1. Opening of Meeting:

The Appeals Board convened at 10:30 a.m., June 18, 2013, in Sacramento with Chair Robert Dresser presiding.

2. Roll Call: <u>Members</u>	<u>Present</u>	<u>Absent</u>
Robert Dresser, Chair	x	
Kathleen Howard, Vice Chair	x	
Roy Ashburn	x	
Michael Allen	x	

3. Approval of the Minutes:

The May 21, 2013, minutes were approved by all members.

4. Chair's Report:

Chair Dresser reported that the interviews for the Chief Counsel was supposed to occur today after the board meeting, but because one of the candidates is on vacation, it has been postponed to July 10. In the interim, Ralph Hilton, will remain and continue as the acting Chief Counsel. After the new Chief Counsel is chosen, Ralph Hilton will work on special projects and help whoever is chosen as the new Chief Counsel to acclimate and carry on without a hitch. Chair Dresser tried to persuade Mr. Hilton to reinstate but he could not due to various personal reasons.

Chair Dresser reported that due to projected budget cuts for the 2013/14 FY, and particularly for 2014/15, the board is implementing a voluntary loan program of judges and perhaps support staff beginning next month. However, we also must balance our need to get our decisions out in a timely manner. We have already contacted the Division of Labor Standards Enforcement Labor Commissioner and beginning next month ten volunteer judges, five in the south and five in the north, will be conducting mediation hearings for DLSE. This may be the first step in what might be the development of a so-called Labor Court, and most importantly for our

purposes make sure that all of our judges, come what may, will have positions down the road. Kim Steinhardt is currently engaged with the Department of Social Services in negotiations to provide them with judges to hear appeals from decisions under the Health Care Reform Law. DSS has approximately 70 judges who are pretty busy with their existing current work, so there is a good chance that they will want our judges to begin hearing these new appeals, beginning in October of this year. There are several other potential departments which might need our work. Chief Roldan has been working on that. For example, Workers Compensation Appeals Board, Department of Rehabilitation, PERB and OSHAB. We are going to start to step up in contacting these other agencies once we see what happens with the Department of Social Services.

Chair Dresser reported that they have postponed the joint meeting of the Executive Planning Committee, headed by Tim McArdle and Sal Cannella, and the Budget Advisory Committee, to July 1 and July 2. These committees are looking to make a recommendation to this board regarding possible budget cuts. Along those same lines Vice Chair Howard and he met with the Labor Agency and the Department of Finance to go through the zero-based budgeting process. Chair Dresser has asked Vice Chair Howard to head that effort up, with Special Assistant Kurosaka as the contact staff person. This is a drill that will be taking place between now and October.

Chair Dresser reported that they plan to close the Chico office and open an office in Red Bluff, thereby preserving more in-person hearings, in accordance with the board policy. Also, we have sent a proposed IT Reorganization to CalHR for review and, hopefully, approval.

Chair Dresser reported that there is a meeting with CASE on June 25 regarding the issue of audio for our camera system. The addition of audio should add to the security of our employees.

5. Board Member Reports:

Vice Chair Howard commented about the various budget-related issues that are occurring simultaneously, and that they will be having a joint meeting of the Budget Advisory Committee and the Executive Planning Committee group to take a really hard look at some possible recommendations to the board for our budget in 2013/14 and 2014/15. The zero-based budget effort that the Department of Finance has launched pursuant to a Governor's Order is a major undertaking, and she wanted to thank and acknowledge Lori Kurosaka and Rob Silva for heading up

our staff effort on that. There are going to be a lot activities going on in coordination with the DOF and EDD. Rob, Lori, Tim McArdle and Sal Cannella will be representing CUIAB in those meetings and then there is a very solid cross sectional internal team that is working on getting all kinds of information together.

Member Allen thanked everyone for the great atmosphere here in the office, with everyone helping one another and being really willing to share information. He did read the report that was done by the Sub-Committee on the revenues and expenses and thought it was a really good planning tool. If you are going to embrace change and be proactive, then you really have to understand where are the areas that you can not only bring in more revenue, but also save money and do it in a way where it's not disruptive to the organization. He thanked all the board members for being so hard-working and proactive, and he has thoroughly enjoying being on this board.

6. Public Comment:

No public comment.

7. Chief ALJ/Executive Director Report:

Chief ALJ/Executive Director Roldan reported, as outlined in the summary report, FO continues the trend that was started back in February, which is full compliance with all of the timeliness standards of the Department of Labor. In May we closed 72% of all cases within 30 days, 96% within 45-days, and 100% of time lapse cases within 90 days of the appeal of the party.

Chief ALJ/Executive Director Roldan reported that inventories have been creeping up a little bit, from a low of 34,291 cases in the open balance in March to 41,214 cases in May, but this is not a matter of concern, and it was expected when the agency encouraged the judges to start using some of their excess leave time. The open balance of UI cases is 32,572 cases. Also in May we received 35,060 new cases, which is in excess of the yearly average. The real challenge in the next year is going to be balancing workload and staffing levels.

8. Special Assistant to the Board, Lori Kurosaka Report:

Chief ALJ/Executive Director Roldan gave the report on behalf of Special Assistant Kurosaka. He reported that they are currently in the process of putting together the third quarter status report for the Corrective Action Plan. Although CUIAB has been

taken off of the 45-day and average case age requirements because of our performance, the 30-day CAP still exists, so they have to do quarterly CAP and that is going to be due to the Department of Labor in late July or early August.

Chief ALJ/Executive Director Roldan reported that they have also been working with the United States Department of Labor and the National Association of State Workforce Agencies, and the company they have contracted with called Mathematica Policy Research, in providing information for a survey of all states lower authority appeals programs, centering on their information technology applications. The survey toll is going to go through a vetting and approval process and should be released to all states and territories in late August or early September 2013.

Chief ALJ/Executive Director Roldan reported that at the state level under Executive Order B-1311, CUIAB has been partnering with the Department of Finance, the Labor Agency and the Employment Development Department to complete a zero based budgeting study of the UI program at EDD and CUIAB.

The two main efforts of the Project Team are the Imaging and Workflow effort and the Flat File Expansion project. Related to Imaging and Workflow, Mark Smith has completed a design session with the Employment Development Department that is focusing on reducing the scope of that particular project given the reduced revenues coming into the department and our effort to do that project for under \$2 million. They are working with the Judicial and Staff Councils in identifying CUIAB business rules for trying to build those onramps from the DI, Paid Family Leave and Tax programs into our department from the Info Image System at EDD. They are also done with the preliminary analysis for the Flat File Expansion project with EDD. They have provided that information to EDD IT to help them move forward on trying to help us achieve Flat File Expansion of additional information.

Lastly, on a personal note, Chief ALJ/Executive Director Roldan has had private discussions with the Chair, and has submitted a letter that he will be leaving the chief's position at the end of July. Chief ALJ/Executive Director Roldan will do everything he can to help in the transition as he is moving out of the chief's position. He wanted to take the time to thank the board and all of the staff that he has worked with over the last four and half years. It has been a great run and he thinks there has been a lot accomplished. There are a lot of wonderful people here at CUIAB and he has enjoyed working with them immensely. This board and the wonderful staff that has been put together here at CUIAB will continue in the success that has been achieved over the last few years, and he is glad to have

been a small part of it.

Chair Dresser thanked Chief Roldan. He commented that Chief Roldan came here in January 2009 and he believes it would be fair to say it was pretty chaotic. He thinks that under Chief Roldan's leadership many good things have happened and he deserves a lot of the credit. CUIAB is now in full compliance with the Department of Labor standards and he thinks that CUIAB's special projects under Chief Roldan and Special Assistant Kurosaka have gone well. He thanked him for his good work and for his assistance in the transition.

Vice Chair Howard added her personal and professional thanks to Chief Roldan. She really appreciates all the hard work that he has put in and the great accomplishments that have been made. She wished him all the best in whatever comes next for him.

Member Ashburn stated it has been a pleasure working with Chief Roldan and that he has been truly professional in carrying out his responsibilities here. The Chair mentioned the significant progress that CUIAB has made from just an enormous wave of cases and the difficulties as highlighted by corrective action from Labor. To come out from under that as you have is greatly appreciated. He commented that on a personal note he's been a great friend and has done a terrific job and wished him all the best.

Member Allen also commented that it hasn't gone unnoticed all the good news coming to the board in the last few months, so thank you.

9. Chief ALJ of Appellate Operations, Elise Rose Report:

Chief ALJ AO Rose added her thanks and commented that it has been really good working with Chief Roldan and wished him the best.

Chief ALJ AO Rose reported that AO is still continuing to improve its numbers for the most part. AO's registrations did see a decrease from 3,403 last month to 2,735 this month. The number of dispositions also dropped by about 200 cases from last month. The balance of open cases is up about 100 from last month. AO's case aging at the end of May was 30.9 days, not much of a change from the last couple of months, but in June they are measuring at 29 days so they are still doing well. AO's time lapse goals are satisfied this month, as they are deciding 76% of the cases within 45 days. As for the 75 day measure, they are holding steady in May and June at 94% of the cases being decided within 75 days, and 100% within

150 days. AO continues to see improvement in the transfer of appeals from FO to AO. They are now getting on average most of the cases in 1.67 days. There are a couple of outliers: Pasadena is back up to six days for some reason. They have also been able to whittle down their backlog so that their cases between the time it is received in Appellate and intake has occurred is 3.46 days, down from 9 days in February. So that shows the elimination of backlog over time.

Chief ALJ AO Rose reported that this is a big week for AO in regards to Filebound. As of this week all 12 field offices will have all but ceased sending AO the paper files. AO is processing the digital files effectively and efficiently. They have noticed an increase in productivity once the paper files are no longer being moved around and received by AO.

10. Chief Information Officer, Rafael Placencia Report:

CIO Placencia thanked Alberto Roldan for coming into the department at a time when they were really going through some transitions. Chief Roldan was able to come into the department and stabilize what is done here at CUIAB. He thanked him for that and commented on his support of the IT Branch, in his opinion, indicates he is one of the few within the department that truly understands what they are trying to do here from a technology perspective.

CIO Placencia reported on ECATS, the next generation of the CATS system, that testing ran as planned on June 12. The results of the testing are currently being analyzed. Out of the 100 testers that were scheduled 89 participated in the testing.

CIO Placencia reported that the AO Paperless project is nearing full implementation. Electronic workflow routes and paperless processing have been thoroughly tested. Current efforts are focusing on the AO to FO interface, AO to FO staff training and resolving workstation issues. The majority of the field offices are transmitting second level appeals electronically. Pasadena and Sacramento are scheduled to go live later this month. At that point they are going to enter into the acceptance phase of that system. We are basically planning on having an upgrade in place six months to nine months past the implementation of phase one.

CIO Placencia also reported on the IT consolidation. They are tackling IT consolidation at a state level; CaMail and then the data center consolidation. They are currently in CaMail migration. Due to technical issues start up of the new service did not go as planned. They were planning on having a pilot group using the new system now; the new date for bringing up that first group is later this week.

Scheduling of the remaining groups is pending the successful migration of that first group.

CIO Placencia reported on the active pilot project in Fresno, archiving of closed case files. To date, on the average they are scanning about 3,000 closed case files per month. That is getting real close to the number of cases that are going into that field office. There is talk about looking at that scanning effort on the front end. They are doing this out of Fresno as part of a phone hearing pilot.

11. Chief Administrative Services, Robert Silva Report:

Chief Silva took a moment to acknowledge and expressed his appreciation to Chief Roldan.

Chief Silva reported that as expected, overtime use in April was the lowest of the entire fiscal year. CUIAB was averaging \$65,000 per month in overtime, and we expended less than \$30,000 in April. Also, CUIAB only had one minor lump sum payout, in the amount of \$8,000, which helps balance out that category, as in the previous couple of months there were some unforeseen large lump sum payouts. As report previously, CUIAB's current state fiscal budget as a whole is in great shape. We're projected to have about \$1 million budget surplus for the current fiscal year.

Chief Silva reported that just last week they received Department of Finance approval for two separate projects under the Architectural Revolving Fund (ARF). One, in the Los Angeles Office of Appeals to upgrade the panic button system; the other in the Oakland Office of Appeals to replace the numbered keypad entry to the hearing rooms with card readers, both security related.

Chief Silva also reported that they have known for quite a while now that they are going to have to move out of the current San Francisco Office of Appeals location. They moved into the China Basin location about 20 years ago at a time when the real estate down there was very affordable but that is no longer the case. They have found space at 455 Golden Gate Avenue, a state owned building. The current tenant won't vacate until late 2015. We are in the process of negotiating an extension of the China Basin lease so that we can stay there through the 2015 calendar year. Security in the lobby is good at the Golden Gate site, because there are other court systems in that building.

Chief Silva reported that Personnel Analyst Judy Pontious is retiring next week after 20 years with CUIAB. She has served in quite a few different personnel related capacities in her time here at CUIAB, attendance clerk, personnel specialist, workers compensation, return to work analyst, personnel liaison etc. He wanted to publicly thank Ms. Pontious for all her dedication and professionalism at CUIAB. Chief AO/Executive Director Roldan second what Chief Silva had to say about Judy Pontious.

12. Chief Counsel's Report:

Kim Hickox, Staff Counsel III, presented the report on behalf of Chief Counsel Hilton. She thanked Chief Roldan and stated that he will be missed. She reported that the board is presently carrying 333 court cases. The board received nine new cases in May, just one was closed and in that case the board was affirmed.

Staff Counsel Hickox updated the board on the statewide bargaining. Nothing yet has been agreed to with CASE, and there has only been one main table bargaining meeting. As the board has probably read, the largest union, SEIU, has negotiated an agreement with the state, which is awaiting ratification. That MOU provides for a raise, effective July 1, 2014 at 2% if the state meets certain revenue targets and if not, then a 4.5% effective July 1, 2015. In addition, there is not going to be any PLP or furlough during the term of the contract , which is three years.

13. Unfinished and New Business:

No unfinished or new business.

14. Closed Session:

The Board went into closed session. No votes were reported.

Adjournment