

**MINUTES
FOR THE REGULAR MEETING
CALIFORNIA UNEMPLOYMENT INSURANCE APPEALS BOARD
Docket No. 5495**

1. Opening of Meeting:

The Appeals Board convened at 10:30 a.m., July 8, 2008 in Sacramento, with Chair Rick Rice presiding.

2. Roll Call: Members

	<u>Present</u>	<u>Absent</u>
Rick Rice, Chair	x	
Fred Aguiar, Vice Chair	x	
Ann Richardson	x	
Liz Figueroa	x	
Cindy Montañez	x	
Stephen Egan	x	

3. Approval of the Minutes:

The May 2008 minutes were approved by all members present.

4. Chair's Report:

Chair Rice reported that Terri Carbaugh is no longer on the Board, and that she has started her own business.

Chair Rice extended his appreciation for all the work that Mary Walton-Simons has done for the Board and wished her the best. She will be retiring effective August 1, 2008.

5. Board Member Reports:

Member Figueroa expressed her gratitude to all Board Members and staff for the kindness they have demonstrated in the passing of her mother. She also reported that she made a visit to the Oakland Office of Appeals where she met with judges. She commented that it took her more than an hour to log in due to the fact that the Board Members system is different from the judges. She suggested that it would be helpful if IT can come up with an instruction packet to facilitate the process.

6. Chief Administrative Law Judge/Executive Director's Report:

Executive Director/Chief Administrative Law Judge Jay Arcellana reported that the field conducted quarterly meetings for the Presiding Judges, the LSS II's and I's.

The primary topics were to set goals for time lapse and workload, to address facilities which may have some budget issues, and to review staffing levels. Last month also included a visit to the Los Angeles Office of Appeals for an all staff meeting. The main concerns out of Los Angeles are the budget and the potential for reduction of staff and office closures. He assured them that that there would be no staff reduction but there might be some facility closures depending on the budget.

Chief ALJ/Executive Director Arcellana reported that the lease for the San Jose Office of Appeals expires at the end of this year, and he visited nine potential sites, all of which looked promising. The lease of the West Covina outstation expires at the end of June and will not be renewed. Another facility that will be closed is the Southern California regional support unit located in Inland. This facility is a registration unit which does not have any public contact, and its staff will be relocated to the Inland Office of Appeals. This move will be good because it will save money and provide staffing assistance to the Inland Office. This is again another cost cutting measure that will not hurt our service to the public.

Chief ALJ/Executive Director Arcellana reported an ALJ training class will be held this week for two new judges from Sacramento and one from San Diego. The Agency has also extended two offers at the Inland office.

Out of Orange County office, LSSII Linda has retired after 40 years, and Vivian Jacinto has been chosen as the new LSSII.

The field passed the quarterly quality review for the 16th consecutive quarter with an average score of 90% (vs the required 85%), quite an achievement considering the higher caseload and increased mass calendars.

Chief ALJ/Executive Director Arcellana echoed the Chair's comment and sentiment to Mary Walton-Simons on behalf of the Field Operations. He thanked Mary for all her support over the years.

7. Branch Reports:

a. Executive Director/Chief Administrative Law Judge Jay Arcellana began by stating that PALJ Hugh Harrison will provide the Board with the report on the workload numbers.

Member Richardson asked if splitting cases affected our quality performance in any way, referencing a recent federal review that indicated confusion in that regard. PALJ Hugh Harrison commented that the referenced case was an odd one which involved an appeal from a 1256 disqualification and an overpayment. The judge decided that the original decision was incorrect and the claimant was eligible, and he issued a decision canceling the overpayment because of the decision on the separation case. It is common to conduct a separate hearing on overpayments because of the confidential nature of those hearings.

Member Egan questioned whether hearings are public. PALJ Harrison replied the hearings are public, but when we are dealing with overpayment we ask for confidential financial information. Employers generally do not want to participate in such hearings, and they really have no relevant information.

PALJ Harrison reported on the Field Operations Workload Report (Attachment A). The month of June 2008 had the fewest UI verifications and dispositions since February. It was the second straight month with more verifications than dispositions and the fourth time in five months. The five months is of some importance because that is when we started the workload reduction plan. During those five months the UI inventory has been reduced by 12%. It was the second straight month of more DI dispositions than verifications and during those two months the inventory went down by 16%. The quarter April to June saw the largest number of cases we ever had. The verifications for UI were 4% higher than the quarter prior to that, and 19% higher than the second quarter before that. Dispositions were 5% higher than the previous quarter, and 18% from the second quarter of the fiscal year, which is the last quarter of the calendar year. DI basically was a wash between dispositions and verifications. For the year the highlight again is an all time record in terms of both UI verifications and dispositions. Verifications were 16% higher than the previous fiscal year. Dispositions were 23% higher than the previous fiscal year. DI is going exactly the opposite direction. Verifications are down 6% from the last year and dispositions are down 13%. The inventory in DI did grow during the year but it is still at a historic low level. In Tax we did about the same number of dispositions this fiscal year than we did the last previous fiscal year. The difference is we got more petitions in the last fiscal year than in the previous fiscal year. They were up by 10%.

PALJ Harrison further reported that for all programs, verifications were 14% higher than for the last previous fiscal year and dispositions were up 18%. The workload reduction period was started in February. The problem is we got 11% more cases than we have expected. While the inventory has been reduced over 5,300 during those five months it is less than we have projected. The problem is with the workload projection which we based on a 5% increase in appeals. While we have been able to more than surpass our projections for decisions, the additional cases coming so we have not reduced the backlog as quickly as we hope.

On the workload front the big news is as part of the Supplemental Appropriation Act of 2008 Congress enacted and the President approved an extended benefit program which starts Sunday and so we are expecting those cases to be in another month. We are meeting with EDD to discuss UI issues but primarily the extended benefit program. The President declared a National Disaster on the fires that did not include disaster unemployment assistance in the declaration and whether that will change is still unclear.

Member Richardson asked for clarification regarding the length of the extended benefits, to which PALJ Harrison responded 13 weeks.

Member Richardson also asked if claimants have to ask for an extension. PALJ Harrison responded that it depends where they are in the process. If they are in claim status after Saturday it will be automatic. If they already exhausted their claim they must request the extended benefits.

Member Richardson requested a year at-a-glance for fiscal year July 07/08 for verifications/dispositions numbers.

Member Egan asked if we have an outstanding balance of 38,133 UI cases. PALJ Harrison said yes. Member Egan asked if it is the highest in history, to which PALJ Harrison responded no, that occurred at the end of January this year with 42,602 UI cases.

Member Egan asked what issues are involved in an extended benefits appeal. PALJ Harrison stated that initially the issue is whether they fall into the correct time period. Under the federal statutes the original UI claim must end after March 31, 2007. So there may be people whose claim expired two years ago who file for benefits. There is also a special earnings requirement for extended benefits. There are those who are in the margins of eligibility in terms of wages who will not qualify for extended benefits. Also, for those who already exhausted their claim and have gone back to work there might be separation issues that would come up. They filed an extension and now are unemployed again but they went back to work after they lost their UI claim. And then there is the issue of a cut off point. What happens is if the economy never turns around as they hope they extend the deadline. If the claimant files before March 31st they can continue collecting until June 30, but traditionally that was extended. We are still getting benefit audits from the last extension that ended four years ago.

Chair Rice asked whether we are seeing any impact on our caseload because of EDD's extra effort in the ID program. PALJ Harrison replied that he would specifically run those reports to find out what the workload was in June. He has not heard from the offices nearly as much. He will discuss that in their meeting on the 23rd but was told in the last meeting that there will have been a 60% reduction in determinations that will impact the number of appeals involved.

b. Jehan Flagg, Special Assistant, Communications and Internal Affairs, reported that the Bureau of State Audits (BSA) has completed about 55% of Phase II of the audit, the field work. Phase II should be completed by the end of July, at which time they will begin the third and final phase, writing of the report. The report is expected to be completed around the end of September or beginning October. BSA sent out an Employee Survey with a deadline for response of July 8th.

Special Assistant Flagg also reported that she, together with Member Egan, visited Redding, Chico, and Roseville satellite offices. The following day she visited our Modesto and Stockton offices. Her goal is to try to visit all of our offices over time.

Dale Jablonsky sent out an email to all Labor Agency boards notifying them that the State of California wants to do a capital plan, for which they are currently laying the foundation. On Monday, July 14th each of the boards and commissions under the Labor Agency has been asked to have a certain number of employees participate at the Department of Finance for a training session. Our organization has been asked to send 5 employees from the IT, Budget, and Program units.

Chair Rice stated that with regard to the BSA audit he would like to encourage all staff to participate in the survey. He added that he has heard some staff have expressed reservations about participation, but the Board wants them to know it will give its full support.

c. Acting Deputy Chief ALJ, Appellate Operations Bill Roehr reported that for June Appellate Operations (AO) registered 1,516 cases which is 10% above the fiscal year average of 1,379 cases. Fortunately AO stayed on top of the workload with 1573 dispositions, which is 16% above the fiscal year average. The balance of open cases at the end of June was 2,028, as compared to 2,083 in May. The fiscal year average of open cases was 1,912 cases. The overall appeal rate dropped slightly from 5.8% to 5.2%. For the fiscal year ending June 30, AO registered 16,545 cases and disposed of 16,318 cases. For purposes of comparison, in fiscal year 06/07 AO registered 14,513 cases and disposed of 14,574 cases. Average case age was 34 days, as compared to the required standard of 40 days.

Acting Deputy Chief ALJ Roehr reported that two judges have returned to full time status, while one judge is on medical leave. AO has a new Legal Services Support Supervisor I, Beatriz Madayag, to supervise the typing function. This is a limited-term position, one that was vacated when there was a consolidation of the Central Typing Unit and AO.

Member Richardson asked how to un-split those, but advised that it is a topic they could discuss at later time.

d. Deputy Director, Administrative Services Branch, Pam Boston reported that the American Heart Association's 8th Annual State Employee Heart Walk and Health Fair will be held on September 18, and once again CUIAB will be participating. The team captains for CUIAB are Kim Langan, Ana Ibarra, Mirella Aguirre, Susan Potter, Eloisa Ochoa, Veronica Cardenas and Christine Mariner. Last year, the Agency raised \$2,355, and hopes to exceed that amount this year.

Deputy Director Boston further reported that our Procurement Unit received a Certificate of Achievement from the Department of General Services for excellence in small business and disabled veterans business enterprise participation for 2007. The Agency was one of 20 agencies that received this award. For 2007-08 CUIAB disabled contracts constituted 19.93%, vs the required 3%, and for small businesses it was 65.67% vs the required 25%. She commended Procurement staff for meeting and exceeding those goals. CUIAB also received awards for participation in the California State Employees Charitable Campaign: a bronze

July 8, 2008

award for outstanding participation, 20-39% employee participation, and the Red Shoe Award for a greater than 20% increase in dollar participation. Deputy Director thanked Kim Langan for her hard work for this campaign.

Deputy Director Boston also reported that for the first time Susan Williams participated in the last ALJ training to help familiarize the new ALJs about their benefit package, and the training was well-received.

Deputy Director Boston reported that they received notification from the Department of Personnel Administration that effective July 1 the mileage reimbursement rate for use of personal car will go up to .58.5 cents per mile. The Travel Expense Claim on the Bench will be updated.

Deputy Director Boston congratulated Mary for her retirement on behalf of the Administrative Services, and said she will be missed.

e. Deputy Director, Planning and Program Management Branch Mary Walton-Simons reported that Renee Erwin, P&PM Manager, would be giving the budget update along with PALJ Hugh Harrison. Another project Renee has been working on is time lapse training, working with PALJ Hugh Harrison and Linda Cook, our former LSS II in Orange County. They put on a presentation at the LSSII, LSSI, and PJ meetings to solicit information and ideas on how to gear up to meet time lapse. There will tremendous training and changes to CATS affecting our day to day operation of business

Deputy Director Walton-Simons further reported that the Statewide Language Survey has been completed, and our Bilingual Services Officer, Martha Silva, will spend the next several months compiling that data for submission to the State Personnel Board on October 1st. On a side note, effective July 1st, the Agency will no longer be using the Landau Interpreter Services, but instead the Corporate Translation Services (CTS) which is based in Vancouver, WA. Landau was charging a \$1.89 per minute rate, whereas CTS will only be charging \$.85 per minute rate.

Our Information Security Officer Ryan Howland has been working with the Chief Counsel's Office and Special Assistant Flagg to update our data classification information.

8. Chief Counsel's Report:

Chief Counsel Hilton reported the Agency currently has 173 cases in litigation, and for the combined months of May and June there were 13 new cases and 11 were closed, with affirmations of the Board decisions in all but three of those 11 decisions. In one of those three decisions the Court reversed the determination of ineligibility due to a reduction of salary which it felt gave the claimant good cause to quit. In the second case the employer changed its story with regard to the separation, and the third case turned that the claimant was a victim of an I.D. theft,

which came out after the board decision. The board stipulated to a reversal of its decision.

Finally, Chief Counsel Hilton reported that we have two cases in the Court of Appeal, both rate manipulation cases. The Screaming Eagle case is one wherein EDD successfully challenged the board decision on its interpretation of the law, and the real party in interest has appealed that decision to the Court of Appeals. The other case deals with whether or not the petitioner, CPE, may legally go forward to challenge the board decision when it has not yet paid the taxes. The Superior Court ruled that the petitioner must pay the taxes before proceeding to court.

9. Unfinished & New Business:

Ms. Renee Erwin, P&PM Manager presented a report on our current year budget and the draft budget for FY08/09 (Attachment B). Two very recent developments have significantly impacted the FY08/09 budget: DOL allocations for the new fiscal year grant \$24 million more to California than originally anticipated, of which CUIAB's share is \$8.8 million; in addition, CUIAB will get another \$1.2 million under the Supplemental Appropriation Act for the first quarter of overbase workload. The second notable development is the signing of the UI benefit extension bill by the President, which will result in additional appeals and therefore additional federal funds which we estimate to be approximately \$2.5 million.

As for the current budget year, CUIAB made some significant investments in its IT structure in the 4th quarter, including servers, and routers. Other expenditures were for copiers, furniture, and a Venture Oaks remodel. In addition, CUIAB will be returning \$5.8 million of unspent funds to EDD, which they will utilize in their "5th quarter," July through September.

Prior to the news of the above-mentioned new funds, CUIAB had been working hard to reduce costs in anticipation of a significant budget shortfall, including proposed cuts to training 59%, supplies 25%, interpreters 5%, and travel 24%. Therein followed a discussion about the training program and the effect of the proposed cuts, with concern about the cuts expressed by Members Egan and Richardson.

The Board discussed the need for a new budget presentation based upon the revised budget figures for FY 08/09, and questioned the extent to which this new money was one-time funding or an on-going budgetary stream from the federal government. The Board advised the Budget Officer to keep those concerns in mind in preparing the new budget, which should be presented at the August Board meeting.

10. Public Comment:

None

11. Closed Session:

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

Adjournment

FIELD OPERATIONS WORKLOAD REPORT

June 2008

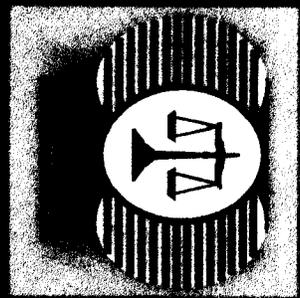
	Verifications	Dispositions	Balance
UI	24,092	24,463	37,280
DI	1,540	1,719	2,728
Tax	281	145	2,969
Total	26,199	26,724	46,297

April – June 2008

	Verifications	Dispositions	Balance (Avg)
UI	77,844	76,799	38,133
DI	4,961	4,971	2,964
Tax	655	637	2,956
Total	84,751	83,340	47,484

Fiscal Year July 2007 – June 2008

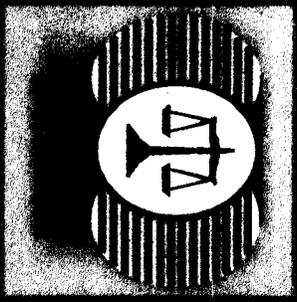
	Verifications	Dispositions	Balance (Avg)
UI	279,046	275,877	37,892
DI	19,073	18,683	2,624
Tax	2,431	1,815	2,921
Total	304,431	299,465	46,180



CUIAB BUDGET REPORT

California Unemployment Insurance Appeals Board

July 8, 2008 Board Meeting



State Fiscal Year Budgets

- ◆ 2007-08 4th Quarter Budget
- ◆ 2008-09 Proposed Budget

2007-08 Summary

- ↘ For 2007-08, the fiscal year end available budget from increased earnings, economies, and salary savings are projected at \$11.2 million
- ↘ We have an \$11.6 million shortfall in 2008-09. In light of this, the Board Chair approved that we purchased some items in the amount of \$3.1 million for 2008-09 in the 2007-08 4th quarter. Additionally, \$2.3 million in unforeseen expenses was approved.
- ↘ Therefore \$5.8 million of the year end available funds has been returned to FDD

Items Purchased in 4th Quarter 2007-08 for Fiscal Year 2008-09

Category	Branch	Item	Cost
Software	IT	Software	\$82,100
	PPM	LMS Software	\$15,406
Furniture	FO	Voice to Text (5) Pilot	\$1,000
	CUIAB	PIA Furniture/Shelving Units	\$500,371
	AO	Folding Machine, Aircards, Bar Codes, Printers, Copiers	\$65,241
Equipment	IT	Servers, Switches, Routers, Modules, Phones, UPS & APC Batteries	\$125,400
	PPM	Equipment-Bar Code, Copier, Printer	\$64,100
Facilities	EXEC	Copier	\$16,000
	FO	Folding Machine, Copiers, Faxes, Printers, Scanners, Bar Codes, Phones	\$479,754
	Admin	Venture Oaks Remodel Change Orders	\$25,641
Unforeseen	FO	Santa Barbara DSL, Santa Rosa blinds, SF & PAS - Access Control, and Tenant Improvements for LA, Hemet, Imperial	\$975,579
	CUIAB	Leave Buyout, Liability, Progressive Discipline, Misc.	\$3,044,495

\$4,385,107

2008-09 May Revise Impacts

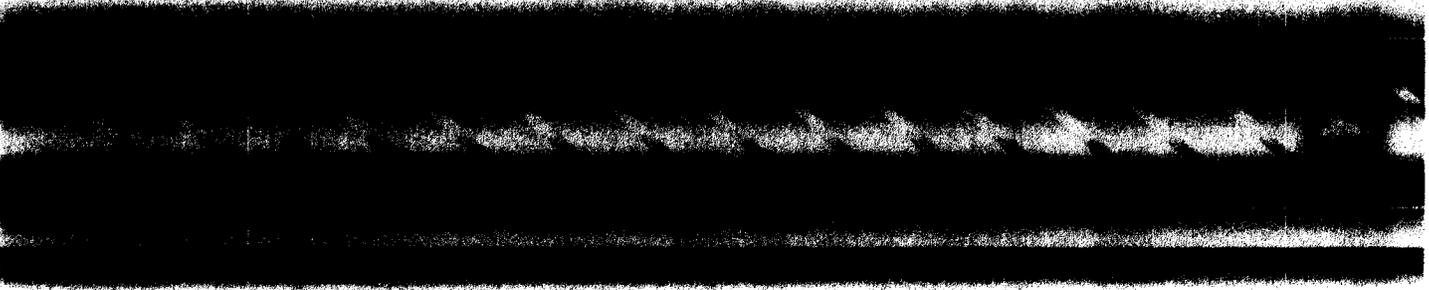
- ◆ The CUIAB 2008-09 budget has been cut by 14% or \$11.6 million
- ◆ The Department of Finance in turn, imposed a reduction of 104.2 temporary positions

2008-09 May Revise

continued

UI Program

- ↘ The Federal UI reduction to 32% or \$4.8 million for overbase workload
- ↘ A workload decrease of 1,400 cases and shift of 32,000 cases from overbase to base and no additional funding is a loss of \$6 million
- ↘ A CUIAB directed reduction for one additional ALJ Decision day per quarter during increased case assignments not captured in the May Revise results in a loss of \$571,000



2008-09 May Revise

continued

Disability Insurance Program

• The DI program workload projects a decrease of 884 cases or \$245,000

2008-09 May Revise

continued

Personal Income Tax Program

- ◆ The General Fund deficit mandated a 10% reduction imposed by the Governor in the amount of \$74,310

2008-09 Budget Recap

	Positions	Salaries	Bonuses	OSSE *	TOTAL
07-08 BASE BUDGET 4-08	855.9	48,773,384	19,702,876	11,831,059	80,307,319
May 08 Revise					
UI Federal Reduction overbase	-44.8	-2,823,612	-1,014,314	-918,636	-4,756,562
274,600 UI cases	-56.1	-3,535,875	-1,270,177	-1,150,364	-5,956,416
1 Decision Day per Quarter		-407,059	-164,208		-571,267
Disability Insurance					
19,208 cases	-2.3	-145,400	-52,074	-46,000	-243,474
General Fund 10% Cut					
	-1.0	-56,000	-18,310		-74,310
USDOL Postage Augmentation				500,000	500,000
Paid Family Leave					
unearned budget	-14.9	-1,130,720	-379,293	-201,486	-1,711,499
TOTAL					

* Operating Expenses & Equipment

Additional Revenue for Field Operations

A result of USDOL Federal

Unemployment Insurance Benefit

Extension:

- **Effective Date:** July 2008
- **Extension:** 13 Weeks
- **Estimated Cases:** 11,250 5.6 %
- **Estimated Earnings:** \$2.5 million

Budget Advisory Committee

- Proposed Reductions

Deferred requests:	millions
• Positions	(75.3)
• Salaries / Wages	(\$ 6.9)
• Benefits	(\$ 3.3)
• 4 th qtr funding for Operating Equipment & Expenses	
<u>Approved by the Board Chair</u>	<u>(\$ 3.1)</u>
Total	(\$13.3)

Admin, IT, and P&PM personnel budgets have been frozen at current staffing levels

Budget Advisory Committee

- Proposed Personnel Reductions

1. Hard freeze for 12 months (\$1,851,887)
 - a. Exception may be granted by the Board Chair for upper management and critical positions. Approval to hire will not be granted until leave time or lump-sum cash out is exhausted
 - b. Exception may be made for early retirement with allowance of retired annuitant returning with a guaranteed number of hours
2. Temporary Help reduced 20% (\$ 804,023)
3. Overtime for pay eliminated (\$ 336,627)
 - a. Exception for the Field and Appellate operational emergencies
4. Board Member Vacancy – 12 months (\$ 173,877)

Budget Advisory Committee

- Proposed Operating Expenses & Equipment Adjustments

Reductions:

- Polycom annual maintenance and licensing discontinued (\$ 29,817)
- Training 59% (\$ 61,215)
- Supplies 25% (\$ 82,275)
- Interpreters 5% (\$ 102,000)
- Travel 24% (\$ 213,341)

Increases:

- DP Equipment Rent/Maint. 55% \$ 365,620
- Postage increase 47% \$ 229,020
- Bureau of State Audit 100% \$ 200,000
- Memberships 93% \$ 79,800

Budget Advisory Committee

Solutions to Increase Revenue

- 1. Increase earnings/dispositions **\$2,700,000**
 - * **Field + 35,000 cases**
 - * **Appellate + 3,000 cases**

Analyzed options for achievement:

- a. Maintain current increased case load through June 2009 **\$ 794,199**
- b. Implement an additional caseload increase of 2 appellants/week for 12 months **\$1,588,399**
- c. PALJs calendars 1 day per week **\$ 309,577**
- d. Promote 10.5 Retired ALJs **\$ 35,175**

- 2. **ALJ II promotions (27) additional dispositions \$ 164,699**
- 3. **Discontinue 2 Professional Days off and pay State Bars Dues Memberships \$ 211,527**
- 4. **Hire 14 ALJ Is for increased dispositions/earnings \$1,655,518**

Budget Advisory Committee

- Solutions

1. ALJ Cost of Living Adjustment \$ 1,421,280
pending contract agreements

2. Consolidation of Facilities Outstation Closures

1. West Covina	\$ 72,000
2. Fountain Valley	\$ 51,673
3. Wilshire-Hollywood	\$ 78,480
4. Salinas	\$ 29,242
5. Gilroy	\$ 7,417
6. Santa Rosa	\$ 43,028
7. Bakersfield	\$ 54,243
8. Sherman Oaks	\$114,481
9. Long Beach	\$ 72,503
10. Visalia	\$ 28,120

TOTAL

\$ 551,187

Budget Advisory Committee

- Rejected Solutions

Decrease Expenditures:

1. Freeze pending new hires & promotions (2007-08 Requests)
 - a. Promotions (\$324,698)
 - b. New Hires (\$1,974,332)
2. 4 Month Delay - attrition vs. hire (\$617,296)
3. No Promotions - 2008-09 (\$342,200)
4. 5% Judicial Training Differential (\$1,151,491)
5. Eliminate Transcripts / Redirect Staff to Field (\$532,986)
6. Redirect Resources from Service to Operations Branch
7. Reclassification Positions/Functions - Mandates/Duplicative
8. Restructure Higher Authority Resources (\$2,686,621)
9. Discontinue Differentials (Bilingual/Retention pay)
10. Consolidate Bay Area HQs - close Oakland (\$573,227)
11. 25% Temp Help Reduction / 19.02 Positions (\$914,263)
12. 30% Temp Help Reduction / 21.73 Positions (\$1,043,683)



Budget Advisory Committee Rejected Solutions

Increase Revenues

1. Carry forward Disposition Earnings-
 - a. 3 Days @ 32% over base funding rate =\$239,784
 - b. 5 Days @ 32% over base funding rate =\$399,697

2008-09 Budget Status

- ✦ Established Budget \$69,988,335
- ✦ Branch Requests \$72,579,087
- ✦ Budget Shortfall (\$ 2,590,752)

SFY 2007-08 CUIAB Monthly Budget Through April 2008

Slide
Reference

I.

Project Code	PY Authority	Salaries & Wages	Personnel Benefits	OE&E Authority	Total Project
--------------	--------------	------------------	--------------------	----------------	---------------

Resources Issued

Total 862.9 \$ 48,773,384 \$ - \$ 11,831,059 \$ 60,604,443

Expended through April 2008

Total 538.8 \$ 33,152,185 \$ 13,479,103 \$ 11,311,298 \$ 57,942,586

Expenditure Projection (Based on ten months of actual expenditures)

Total 538.8 39,776,605 \$ 16,174,923 13,101,652 \$ 69,053,180

Projected Savings (Expenditures vs. Issued)

Total 324.1 \$ 8,996,779 \$ (16,174,923) \$ (1,270,593) \$ (8,448,737)

4th Qtr Spend Plan 5,395,087

164% Return to EDD \$ (13,843,824)

2008-09 CUIAB PERSONNEL SERVICES / BENEFITS / OE&E BUDGET

Revised
7-1-08/mme

Slide
Reference

II.

	POSITIONS Total	SubTotal	DOLLARS		TOTAL
			Benefits	OE&E	
07-08 BASE BUDGET as of 4-08	855.9	48,773,384	19,702,876	11,831,059	80,307,319
May 08 Revise					
Federal Allocation Reduction	OB -44.8	-2,823,612	-1,014,314	-918,636	-4,756,562
274,600 (-1,400, -32,000 cases	UI -56.1	-3,535,875	-1,270,177	-1,150,364	-5,956,416
1 DEC Day per Ctr - Annual		-407,059	-164,208		-571,267
19,208 (-884) cases	DI -2.3	-145,400	-52,074	-46,000	-243,474
General Fund 10% Cut	GF -1.0	-56,000	-18,310		-74,310
USDOL Postage Augmentation				500,000	500,000
Paid Family Leave - Unearned Budget		-14.9	-379,293	-201,486	-1,711,499
2008-09 RECONCILED BUDGET	738.8	40,874,718	16,804,500	10,014,573	67,493,791

2008-09 ESTABLISHED BUDGET

Administrative Services	33.00	1,791,102	722,531	3,331,276	5,844,909
Information Technology	28.00	1,779,944	718,029	862,521	3,360,495
Appellate Operations / CTU	56.00	3,313,289	1,336,581	113,293	4,763,163
Executive Office	19.25	1,836,631	740,897	832,677	3,410,205
Planning & Program Mgmt.	26.00	1,351,944	545,374	117,012	2,014,330
Field Operations	448.00	31,182,680	12,579,093	9,424,212	53,185,985

BUDGET OVERAGE

SHORTFALL \$ (2,500,752)

2008-09 BAC NEGOTIATIONS Solutions / Considerations

7-1-08/rme

Reflected in Call Letters	Adjust Budget	New Adjust Budget	Revised
---------------------------	---------------	-------------------	---------

A. BAC NEGOTIATED REDUCTIONS - Reduced Expenditures
(adjustments already made in branch requests)

	Salary/Wages	Benefits 40.34%	OE&E	Total
1. Hard Freeze - No fill behinds 2008-09 w/Mgmt. exemption process	\$ 1,319,572	532,315		\$ 1,851,887
a. Exemption exception for upper mgmt./critical positions after leave/time exhausted				
b. Attrition/RA Resource Plan (return to work agreement/no fill behind)				
2. Temp Help hours - 20% reduction/ 16.73 PEs - excluding ALJs	\$ 572,911	231,112		\$ 804,023
3. No overtime for pay (CTO must be used, not cashed out)	\$ 239,865	96,762		\$ 336,627
4. 12 month Board Member Salary	\$ 123,897	49,980		\$ 173,877
5. Discontinue Polycom (Maint., Upgrades, Licensing- \$ 29,817)			\$ 29,817	\$ 29,817
6. State Bar Dues \$78,000 (vs. 2 Professional Days \$180,225 earnings)			\$ 78,000	\$ 78,000
Sub Total	\$ 2,256,245	\$ 910,169	\$ 29,817	\$ 3,196,231

B. 2008-09 BUDGET SHORTFALL TO BALANCE \$ (2,590,752)

BOARD DETERMINATIONS

C. BAC CONSIDERATIONS - Increase Revenues

	Earnings \$50.56/Dispo	Benefits 40.34%	OE&E	Total
1. Increase Disposition Earnings FO=34,975 cases, AO=2,967 cases				
<u>Analyzed options for Branch consideration:</u>				
a. Maintain current max case load 6 mos/2009	\$ 565,911	\$ 228,288		\$ 794,199
b. 2 Case / Week Increase @ 32% 12 mos. = 22,386 cases	\$ 1,131,822	\$ 456,577		\$ 1,588,399
c. PALJs 1 Day/Wk = 4,363 cases	\$ 220,591	\$ 88,986		\$ 309,577
d. Promote 10.5 RA ALJ IIs-(sal=\$85,628/earn\$120,803)				\$ 35,175
2. ALJ II Promotions - (earn +\$377,635/ sal -\$212,937)				\$ 164,699
3. 2 Professional Days gain \$289,527 (vs. State Bar Dues \$78,000)	\$ 206,304	\$ 83,223		\$ 289,527
4. New ALJs-14 net gain (Salary/Wages in Call Ltr)	\$ 1,179,648	\$ 475,870		\$ 1,655,518
Sub Total	\$ 3,304,276	\$ 1,332,945		\$ 4,637,095

D. BAC CONSIDERATIONS - Reduce Expenditures

	Salary/Wages	Benefits 40.34%	OE&E	Total
1. ALJ 4% COLAs - remove reserve from Budget	\$ 847,936	573,344		\$ 1,421,280
2. Consolidation of Facilities - Total \$551,184				
a. West Covina (12 months)			\$ 72,000	\$ 72,000
b. Fountain Valley (10 months)			\$ 51,673	\$ 51,673
c. Wilshire-Hollywood (10 months)			\$ 78,480	\$ 78,480
d. Salinas (6 months)			\$ 29,242	\$ 29,242
e. Gilroy (10 months)			\$ 7,417	\$ 7,417
f. Santa Rosa (6 months)			\$ 43,028	\$ 43,028
g. Bakersfield (10 months)			\$ 54,243	\$ 54,243
h. Sherman Oaks (10 months)			\$ 114,481	\$ 114,481
i. Long Beach (10 months)			\$ 72,503	\$ 72,503
j. Visalia (10 months)			\$ 28,120	\$ 28,120
Sub Total	\$ 847,936	\$ 573,344	\$ 551,187	\$ 1,972,467

E. REJECTED OPTIONS - Reduce Expenditures

1. Freeze pending new hires & promotions (Schedule 7a Requests)
 - a. Promotions (\$324,698)
 - b. New Hires (\$1,974,332)
 2. 4 Month Delay - attrition vs. hire (\$617,296)
 3. No Promotions - 2008-09 (243,212+98,988=342,200)
 4. 5% Judicial Training Differential (w/6 new & 9 pend'g) -\$1,151,491
 5. Eliminate Transcripts / Redirect Staff to FO (879,728+153,182=\$532,988)
 6. Redirect Resources from Service to Operations Branch
 7. Reclassification Positions/Functions - Mandated or Duplicative (Asst. Chief Counsel to ALJ)
 8. Reengineer Higher Authority Resources (\$2,668,621)
 9. Discontinue Differentials (Bilingual/Retention pay)
 10. Consolidate Bay Area HQs - close Oakland QA cost / DPA guides
 11. 25% Temp Help Reduction / 19.02 PEs (\$851,463+\$262,809=\$914,263)
 12. 30% Temp Help Reduction / 21.73 PEs (\$743,682+\$800,001=\$1,043,683)
- Increase Revenues**
11. Carry forward Dispo Earnings-
 - a. 3 Days @ 32% OB (170,860+68,925=\$239,784)
 - b. 5 Days @ 32% (284,766+114875=\$399,697)