

**2008-09 CUIAB BUDGET  
FISCAL YEAR END PROJECTIONS**

6-5-09/rme

**ATTACHMENT A**

	<u>Salaries/Wages</u>	<u>Benefits</u>	<u>OE&amp;E</u>	<u>Total</u>
<b><u>BUDGET EARNED/ISSUED</u></b>				
Board Approved Allocations & Reserve	\$ 44,341,242	\$ 17,887,257	\$ 16,291,777	\$ 78,520,276
Fiscal Year End with Over Base Earnings	\$ 55,918,867	\$ 22,303,820	\$ 11,074,816	\$ 89,297,503
<b>Increased Budget Resources</b>	<b>\$ 11,577,625</b>	<b>\$ 4,416,563</b>	<b>\$ (5,216,961)</b>	<b>\$ 10,777,227</b>
<b><u>BUDGET EXPENDITURES</u></b>				
Projected Expenditures thru June 09	\$ 41,793,413	\$ 16,966,499	\$ 18,190,083	\$ 76,949,995
<b><u>Adjustments</u></b>				
Furlough Appropriation Reduction General Fund Only = 0.56%	\$ 8,680	\$ 3,524		\$ 12,204
Paid Family Leave - Reduced Earnings	\$ 1,120,138	\$ 387,846	\$ 208,605	\$ 1,716,589
<b><u>Additional IT Proposed Expenditures</u></b>				
Auto Dial Hardware (Robo Call) - <i>Board Approved</i>			\$ 8,000	\$ 8,000
Cisco Wide Area Application Services (WAAS)			\$ 275,000	\$ 275,000
T-1 Lines at 14 Outstations			\$ 61,586	\$ 61,586
<b>Expenditures Sub-Total</b>	<b>\$ 42,922,231</b>	<b>\$ 17,357,869</b>	<b>\$ 18,743,274</b>	<b>\$ 79,023,374</b>
<b><u>BUDGET PROJECTED REMAINING BALANCE</u></b>	<b>\$ 12,996,636</b>	<b>\$ 4,945,951</b>	<b>\$ (7,668,458)</b>	<b>\$ 10,274,129</b>

**MAY 2009 REVISE FORECAST for 2009-10**

6-5-09/rme

**ADJUSTMENTS  
Workload / Positions / Budget**

**ATTACHMENT B**

**UNEMPLOYMENT INSURANCE (UI)**

The Workload is forecast to increase from 331,000 cases estimated in the October Revise to 538, 957 cases. This is a 63% increase and an addition of 207, 957 cases.

ADJUSTMENTS	POSITIONS			SALARY/WAGE			BENEFITS	OE&E	TOTAL
	Perm	Temp	Total	Perm	Temp	Total			
	137.5	171.9	309.4	\$8,326,072	\$9,042,625	\$17,368,697	\$7,135,000	\$9,411,000	\$33,914,697

**DISABILITY INSURANCE (DI)**

The Workload is forecast to decrease from 19,5670 cases estimated in the October Revise to 18,700 cases. This is a 4% decrease and a reduction of 867 cases.

ADJUSTMENTS	POSITIONS			SALARY/WAGE			BENEFITS	OE&E	TOTAL
	Perm	Temp	Total	Perm	Temp	Total			
		-2.3	-2.3		\$ (123,952)	\$ (123,952)	\$ (50,919)	\$ (68,000)	\$ (242,871)

**TOTAL**

ADJUSTMENTS	POSITIONS			SALARY/WAGE			BENEFITS	OE&E	TOTAL
	Perm	Temp	Total	Perm	Temp	Total			
	137.5	169.6	307.1	\$8,326,072	\$8,918,673	\$17,244,745	\$7,084,081	\$9,343,000	\$33,671,826

**MAY 2009 REVISE**

**2009-10**

**Workload, Staffing, and Budget  
Impact**

**California Unemployment Insurance Appeals Board  
June 9, 2009 Board Meeting**

# DISABILITY INSURANCE Program

- California's DI Program is a worker-funded program which contributes to the economic security of California by providing benefits to eligible workers. The DI Program provides benefits to workers who are unable to work due to pregnancy or non-work related illness or injury. Although Workers' Compensation laws cover work-connected disabilities, DI benefits may also be paid for work-related illnesses or injuries under certain circumstances prescribed by law.
- Effective July 1, 2004, the DI Program expanded to include the Paid Family Leave (PFL) Program. The PFL Program provides up to six weeks of benefits to individuals who must be away from work to care for a seriously ill family member, domestic partner, or for the birth, adoption, or foster care placement of a child.

# DISABILITY INSURANCE

## Workload Forecast

### VERIFICATIONS

- The number of new cases in 2009-10 is forecast to decrease from 19,567 cases, estimated in the October Report, to 18,700 cases.

- This is a 4% decrease and a reduction of 867 cases.

### 2008-09 TOTAL DI WORKLOAD WITH JUNE ESTIMATES:

- Verifications 19,200 cases
- Dispositions 17,520 cases
- Open Balance 4,310 cases

# DISABILITY INSURANCE

## Positions and Budget Impact

### 2009-10 ADJUSTMENTS

POSITIONS	Temporary
	-2.3
SALARY/WAGE	Temporary
	-\$124,000
BENEFITS	
	-\$ 51,000
OE&E	<u>-\$ 68,000</u>
<b>TOTAL</b>	<b>-\$243,000</b>

# UNEMPLOYMENT INSURANCE Program

- California's UI Program is employer funded which contributes to the economic security of California by providing benefits to eligible workers who become unemployed through no fault of their own.
- The UI program is experiencing unprecedented workload increases due to the extraordinary downturn in the economy. Since June 2008, the passage of federal legislation has created multiple programs in to alleviate the burden of this downturn for claimants. These programs include:
  - Tier 1 Extended Unemployment Compensation (EUC) (1<sup>st</sup>)
  - Tier 2 Extended Unemployment Compensation (EUX) (2<sup>nd</sup>)
  - Federal Additional Compensation (FAC) (\$25 weekly increase)
  - Federal State Extended Unemployment Compensation (FED ED) full federal funding for extended benefits after exhausting the Tier 1 & 2

# UNEMPLOYMENT INSURANCE

## Workload Forecast

### VERIFICATIONS

- The number of new cases in 2009-10 is forecast to increase from 331,000 cases, estimated in the October Revise, to 538,957 cases.
- This is a 63% increase and an additional 207,957 cases.

### 2008-09 TOTAL WORKLOAD WITH JUNE ESTIMATES:

- Verifications 376,225 cases
- Dispositions 331,375 cases
- Open Balance 82,772 cases

# UNEMPLOYMENT INSURANCE

## Positions and Budget Impact

### 2009-10 ADJUSTMENTS

POSITIONS	Perm	Temp	Total
	137.5	171.9	309.4

SALARY/WAGE	Perm	Temp	Total
	\$8,326,072	\$9,042,625	\$17,368,697

BENEFITS \$ 7,135,000

OE&E \$ 9,411,000

**TOTAL \$33,914,697**

# UNEMPLOYMENT INSURANCE New Positions / Classifications

■ Presiding Administrative Law Judge	1.0
■ Administrative Law Judge II	9.0
■ Administrative Law Judge I	51.0
■ Legal Hearing Typist	1.0
■ Senior Legal Typist	5.0
■ Office Technician Typing	0.5
■ Management Services Technician	59.0
■ Associate Business Management Analyst	1.0
■ Associate Government Program Analyst	1.0
■ Business Service Assistant (Specialist)	3.0
■ Personnel Specialist	2.0
■ Associate Information Systems Analyst	4.0
■ <u>Temporary Help</u>	<u>171.9</u>
■ <b>TOTAL</b>	<b>309.4</b>

# Status of the May 2009 Revise

- Labor and Workforce Development Agency – approved
- Department of Finance – approved
- Legislature – pending approval
- Governor’s Budget – pending adoption
- State Controller’s Office – pending establishment of positions

# Interim Plan Temporary Help Positions

- Hire as Temporary Help positions now.
- Convert to Permanent positions later.
- Current Budget
  - Authority: 450 Positions \$38.4 million
  - Filled: 65 Positions \$ 4.5 million
  - Available: 385 Positions \$33.9 million

FIELD OPERATIONS

**PHASE III WORKLOAD REDUCTION PLAN  
30 ALJ I Hires and 46 Support Staff Hires**

2009-10 Annual UI Workload: May UI Forecast = 506,081 Annual / 42,173 Month

2009 Calendar Year Actual Average = 393,300 Annual / 32,775 Monthly

**Mid-Range (of both above) = 449,690 Annual / 37,474 Monthly**

Monthly Production per ALJ I = 137 cases	Verifications	Dispositions	Difference	Open Balance			
<b>April 2009</b>				<b>78,573</b>		5754	
May (Phase II: +822 Dispositions of 6 March hires)	37,474	29,604	-7,870	86,443	216		29,604
June (Phase II: +1370 Dispositions of 10 April hires)	37,474	30,974	-6,500	92,944	10		1,370
July (Phase II: +2055 Dispositions of 15 May hires)	37,474	33,029	-4,445	97,389	15		2,055
August (Phase II: +5754 Dispositions of 42 June hires)	37,474	38,783	1,309	96,080	42		5,754
Sept.	37,474	40,838	3,364	92,716	15		2,055
Phase III: 2055 Dispositions of 15 ALJ I Hires in July							-
October	37,474	40,838	3,364	89,353	298		40,838
November	37,474	40,838	3,364	85,989			
December	37,474	42,893	5,419	80,570	313		42,893
Phase III: 2055 Dispositions of 15 ALJ I Hires in October							-
<b>January 2010</b>	37,474	42,893	5,419	75,151	0		
February	37,474	42,893	5,419	69,733	0		
March	37,474	42,893	5,419	64,314	0		
April	37,474	42,893	5,419	58,895	0		
May	37,474	42,893	5,419	53,476	0		
June	37,474	42,893	5,419	48,058	0		
2010-11 UI Forecast = 403,770 annual / 33,648 monthly						-313	
July <b>Goal achieved in 1 year 2 months</b>	33,648	42,893	9,245	38,813		313	
August	33,648	42,893	9,245	29,568			
September	33,648	42,893	9,245	20,323			
October	33,648	42,893	9,245	11,079			
November	33,648	42,893	9,245	1,834			
December	33,648	42,893	9,245	(7,411)			
<b>January 2011</b>	33,648	42,893	9,245	(16,656)			

When the Open Balance equals Dispositions, timelapse and case aging are achievable.

6-2-09/rme

APPELLATE OPERATIONS

**PHASE III WORKLOAD REDUCTION PLAN**  
**10 ALJ I Hires and 14 Staff Hires**

6.1% Appeal Rate to Field Dispositions ALJ Monthly Production = 105 Dispositions	Verifications	Dispositions	Difference	Open Balance			
<b>May 2009</b>	1,646	1,493	-153	2,583	14.2		-
June	1,806	1,588	-218	2,801	15.1		-88500 2
(Phase I: +210 Dispositions of 2 April hires -115 ALJ II Trng)							
July	1,889	1,473	-416	3,217	14.0		
(Phase I: -115 Dispositions for 1 ALJ II due to Training)							
August	2,015	1,578	-437	3,654	15.0		525
Phase III: +105 Dispositions of 1 June fill behind (FO Transfer)					0.0		0
Sept.	2,366	2,208	-158	3,812	21.0		
Phase III: +315 Dispositions of 3 June hires accelerated					0.0		1050
Phase III: +315 Dispositions of 3 June hires					0.0		2100
October	2,491	2,208	-283	4,095	21.0		
November	2,491	2,208	-283	4,378	21.0		
December	2,491	2,858	367	4,011	27.2		
Phase III: +230 Dispositions of 2 ALJ IIs Training Complete					0.0	525	
Phase III: +420 Dispositions of 4 October hires							
<b>January 2010</b>	2,616	2,858	242	3,769	27.2		
February	2,616	2,858	242	3,528	27.2		
March	2,616	2,858	242	3,286	27.2		
April	2,616	2,858	242	3,045	27.2		
<b>May Goal achieved in 1 year 1 month</b>	2,616	2,858	242	2,803	27.2		
June	2,616	2,858	242	2,562	27.2		
July	2,616	2,858	242	2,320	27.2		
August	2,616	2,858	242	2,079	27.2		
September	2,616	2,858	242	1,837	27.2		
October	2,616	2,858	242	1,596	27.2		
November	2,616	2,858	242	1,354			
December	2,616	2,858	242	1,113			
<b>January 2011</b>	2,616	2,858	242	871			

When Dispositions equals Verifications,  
 timelapse and case aging are achievable.

California Unemployment Insurance Appeals Board  
Appellate Operations (AO)

## WORKLOAD REDUCTION PLAN—Phase III

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

### UI WORKLOAD & PRODUCTION SCHEDULE AS OF 6-1-09

#### Current UI Registrations (Verifications)

From July 2008 through April 2009, AO registered an average of 1,518 UI board appeals a month. However, Field Operations (FO) has hired 70 ALJs in Phase I and II of its Workload Reduction Plans such that board appeals have increased dramatically in recent months. For the past 3 months, AO has averaged 1,764 registered cases each month and has a current backlog of over 800 unregistered cases.

#### Current Production as of 1-1-09

As of June 1, 2009, AO has 13 ALJ IIs and 1 ALJ I in production.<sup>1</sup> On average, an ALJ I produces 105 dispositions (decisions) a month and an ALJ II produces 115 dispositions a month.<sup>2</sup> Production should average 1,600 UI dispositions a month. However, one ALJ II has been off production for training of newly hired ALJs. Thus, the actual production in AO as of June 1, 2009 is approximately 1,485 dispositions a month.

<sup>1</sup>Although AO occasionally uses Retired Annuitants, they work sporadically such that they have not been factored as production AO can rely upon.

<sup>2</sup>These figures were calculated by using the following formula: An ALJ I is assigned 22 appellants a week and an ALJ II is assigned 24 appellants a week. UI represents 93% of CUIAB's workload. Thus, an ALJ I is assigned an average of 20.46 UI appellants a week and an ALJ II is assigned an average of 22.32 UI appellants a week. With splits, each appellant consists of 1.5 cases. Thus, an ALJ I is assigned an average of 30.69 cases a week and an ALJ II is assigned an average of 33.48 cases a week. With leaves, each ALJ works an average of 3.42 weeks a month. Thus, an ALJ I can be expected to produce an average of 105 cases a month and an ALJ II can be expected to produce an average of 115 cases a month.

AO hired 2 PI ALJs in April 2009. In mid-June 2009, 1 FO ALJ I will transfer to AO. After training, these 3 ALJs I should be in production beginning August 2009. However, if approved by the Board, AO will be hiring additional ALJs in June and October of 2009. These hires will require another ALJ to be off production for training beginning July 2009 through the rest of the calendar year. Thus, I am expecting AO's monthly production to be 1,570 dispositions a month beginning August 2009.

#### Production Requirements and Proposed New Production

FO is proposing to hire 30 additional ALJs as part of its Phase III Workload Reduction Plan beginning in July 2009. As a result, AO's monthly registrations are expected to increase from 1,806 cases in June 2009 to 2,491 cases in October 2009. The balance of open cases is expected to increase to 3,800 cases in September 2009.

AO's monthly production of 1,570 dispositions in August 2009 is far below the projected number of monthly registrations from June through the rest of the calendar year. It is necessary to increase the number of AO ALJs to keep up.

The Board has already authorized AO to hire 2 PI ALJ Is in June 2009 as part of its Phase III Workload Reduction Plan. AO is proposing to hire 4 additional PI ALJ Is in June 2009, for a total of 6 PI ALJ Is. After training, AO's monthly production will increase by 630 dispositions in October 2009 for a total of 2,200 monthly dispositions. With the help of Retired Annuitants, AO should keep close to the expected number of monthly registrations until it is able to hire more ALJs in October 2009.

In addition, Support Staff is struggling with current workload in every step of AO's processes. For example, registrations are backlogged by over 800 cases and typists are taking 2 to 3 days to prepare a board decision once a case is submitted for typing. As more board appeals are filed, the struggle to keep up will intensify.

The Board has already approved 2 Support Staff positions to be hired in June 2009 as part of AO's Phase III hires. It is necessary to add 6 additional Support Staff to help process appeals as follows: 1 office assistant/office technician (OA/OT) in the Board Appeals unit to handle appeals received from FO; 1 Management Services Technician in the Case Management unit

to handle correspondence received from the parties; 1 OA/OT in the Written Argument unit to copy records and handle written argument from the parties; 1 Senior Legal Typist to help type decisions; 1 OA/OT to scan documents into the e-file and process transcripts; and 1 OA/OT in the Closing Desk unit to help mail decisions.

Once the 2009-2010 budget is approved, AO is designated to receive 6 permanent full-time ALJ I positions and 6 permanent full-time Support Staff positions. At that time, AO is proposing to convert 2 of the PI ALJs and 2 of the PI Support Staff hired in June 2009 into permanent full-time positions.

In October 2009, AO will hire 4 permanent full-time ALJ Is and 4 permanent full-time Support Staff. Once training is completed by December 2009, 2 ALJ IIs who will have been training new hires will return to production. At this time, AO's production will increase to 2,858 dispositions a month. With this production, AO will be able to cut down the balance of open cases dramatically and achieves its goal of registrations and open balance of cases being equal by June 2010.

#### Budget Impact for Proposed Reduction Plan

The Board has already authorized AO to hire 2 PI ALJ Is and 2 PI Support Staff in June 2009 as part of AO's Phase III Workload Reduction Plan. AO is proposing to hire 4 additional PI ALJ Is and 6 additional PI Support Staff in June 2009. When the 2009-2010 fiscal year budget is approved, AO will convert 2 PI ALJs and 2 PI Support Staff into permanent full-time positions. In October 2009, AO will hire 4 permanent ALJ Is and 4 permanent full-time Support Staff. All of these hires will need funding for operating expenses and equipment costs (OE&E).

The cost of AO's Phase III hires in 2009-2010 will be \$1,340,940. Earnings from the new ALJs decisions will be \$1,294,020. The net cost of the proposed new hires will be \$46,920 for fiscal year 2009-2010.

## 2009-10 BUDGET IMPACT ~ NEW HIRES

## Phase III Workload Reduction Plan ~ May 2009 Revise

6-9-09/rme

BRANCH	Class	POSITIONS		SALARY/WAGE COST			EARNINGS	REVENUE
		Perm.	Temp.	Perm.	Temp.	Total	Dispositions	Gain/Loss
<b>FIELD</b>								
	ALJ Is	30	-	2,354,670	-	2,354,670	4,220,970	
	Staff	46	-	1,320,232	-	1,320,232		
	<b>Total</b>	<b>76</b>	<b>-</b>	<b>\$3,674,902</b>	<b>\$ -</b>	<b>\$3,674,902</b>	<b>\$4,220,970</b>	<b>\$ 546,068</b>
<b>APPELLATE</b>								
	ALJ Is		2	-	198,288	198,288	298,620	
	Staff		2		72,804	72,804		
	<b>Sub-Total</b>		<b>4</b>		<b>271,092</b>	<b>271,092</b>	<b>298,620</b>	<b>27,528</b>
	ALJ Is	6	2	495,720	198,288	694,008	995,400	
	Staff	6	6	167,724	208,116	375,840		
	<b>Sub-Total</b>	<b>12</b>	<b>8</b>	<b>663,444</b>	<b>406,404</b>	<b>1,069,848</b>	<b>995,400</b>	<b>(74,448)</b>
	<b>Total</b>	<b>12</b>	<b>12</b>	<b>\$ 663,444</b>	<b>\$ 677,496</b>	<b>\$ 1,340,940</b>	<b>\$ 1,294,020</b>	<b>\$ (46,920)</b>
<b>ADMIN</b>	Support	4	3	\$ 168,588	\$ 93,366	\$ 261,954		
<b>INFO TECH</b>	Support	5		\$ 321,648	\$ -	\$ 321,648		
<b>PHASE III</b>		<b>112 POSITIONS</b>		<b>SALARY / WAGE COST</b>			<b>EARNINGS</b>	<b>REVENUE</b>
		<b>Perm.</b>	<b>Temp.</b>	<b>Perm.</b>	<b>Temp.</b>	<b>Total</b>	<b>Dispositions</b>	<b>Gain/Loss</b>
<b>TOTAL</b>		97	15	\$4,828,582	\$770,862	\$5,599,444	\$5,514,990	\$ (84,454)