



Member Ashburn will be heading up the Special Projects Committee. He stated he has already had an opportunity to look at the many projects identified to improve the timeliness of the handling of the applicants' cases and the application of technology in order to move processes along while assuring due process, and that they look very promising.

Member Torrico has been assigned to the Personnel Committee. He stated that he has been briefed on the challenges this agency has had from a workload perspective, with those challenges being exacerbated because of the furloughs, the hiring freeze and the prohibition on overtime. He has spoken with incoming Labor Secretary Morgenstern about the challenges CUIAB faces.

Member Hollingsworth has been appointed to head up the Management Committee. He states that there are currently about 12-15 ALJ positions that need to be filled as well as some PALJs that will be retiring, along with the General Counsel position. In addition they are looking at potentially 50 positions in order to clear up the backlog, although they are currently in a holding pattern until they see what happens with the directives from the new administration.

#### **6. Chief ALJ/Chief Executive and Acting Executive Director Report:**

Chief ALJ/Acting Executive Director Roldan reported on Field Operations. (See Attachment A). CUIAB caseload has been reduced to 70,383 open cases, the lowest level since November 2008. A total of 37,369 cases were verified in December, and 38,452 cases were closed. It should be noted that we are currently operating under a directive that precludes us from hiring, bringing on board new retired annuitants, and using overtime to make up for shortfalls in staffing that have occurred because of retirements and separations.

Chief ALJ/Acting Executive Director Roldan reported on the annual review of 2010, a record year from the numbers standpoint. The field operations unit opened 463,989 new cases in all programs, an increase of 50,054 over 2009, also a record year for cases due to the severe recession. This was the third consecutive year of double digit growth in intake. During the past 12 months we opened 64% more cases than in 2007. During 2010, we closed 474,874 cases, a record number and an increase of 18% over the year before, which itself was a 76% increase from the workload in 2007.

Chief ALJ/Acting Executive Director Roldan reported that case aging, time lapse and federal ranking are areas we continue to struggle with, in part because of the highly paper intensive system under which we operate. We have a number of projects to change the way we do business and are in the process of process re-engineering to address this. We closed 2% of cases within 30 days, 12% within 45 days, and 73% of cases within 90 days as of the end of December 2010.

Chief ALJ/Acting Executive Director Roldan reported that the Tax Unit recently created a unit in Southern California that significantly helped to close out more

cases. They closed 235 cases during the course of the year, the most in a one year period in recent memory. The number of new petitions was 42% higher than average last month, but December was the third time in 2010 in which overall inventory was reduced. The Southern California project and the Calendaring project that have been put together by the Tax Unit seem to be effective in pushing down the overall inventory of tax cases.

Other items of note: A PALJ conference is being conducted this week, and an LSSII conference will be conducted on February 8<sup>th</sup> and 9<sup>th</sup> to coincide with the February Board meeting. They are continuing the use of traveling mass calendars to move ALJs into areas with extremely high unemployment to supplement the ALJs assigned to that region. ALJ II, Angela Bullard, has agreed to step in and conduct ALJ training in the absence of PALJ Waters, our regular trainer. The training will be broken into two segments so that we are not taking any offices offline during the course of the training.

Chief ALJ/Acting Executive Director Roldan stated that he and the Chair are meeting with the Secretary today to communicate their concerns regarding the prior administration's freeze directive and its impact on our operation.

Chair Garcia invited the board members to review the letter in their packets from the U.S. Department of Labor (DOL) dated October 5, 2009, that was directed to the former Director of EDD, Mr. Patrick Henning, and specifically its reference to Section 303(a)(1), of the Social Security Act which requires as a "condition of the state receiving grants for the administration of its UI law, that the state must employ 'such methods of administration... as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due'". The State of California is currently under a Corrective Action Plan, and DOL will be visiting with us on Thursday, January 27, to review our performance and the impact of prior administrative directives upon our performance.

#### **7. Special Assistant to the Board, Lori Kurosaka Report:**

Special Assistant to the Board Lori Kurosaka reported that the hearing scheduling system project team is on schedule with design and development for the system in Appellate Operations. Implementation is scheduled for late April or early May of 2011. She noted that after implementation in AO they will begin work on the Field Operations hearing scheduling system, with implementation anticipated by December of 2011.

Special Assistant to the Board Lori Kurosaka also reported that they are working in partnership with EDD to bring EDD's imaging technology to the entire appeals process from beginning to end. It is a very complex effort because each of EDD's programs is currently undergoing technology transformations. They anticipate completing the draft of the business case and the project cost for review by the Labor Agency and the OCIO by late February or early March of 2011.

Board Member Ducheny asked about the status alternative benefit period upgrade. Special Assistant to the Board Lori Kurosaka replied that those projects may be on hold due to the new federal extensions, because they need to reprogram to accommodate for those extension programs.

**8. Acting Chief ALJ, Appellate Operations Branch, Joel Contreras Report:**

Acting Chief ALJ/AO Joel Contreras reported incoming cases for December at 2,721, and dispositions were at 2,360, leaving an open balance of almost 4,000 cases. AO met the DOL standard for case aging and time lapse for the month of December.

Acting Chief ALJ/AO Joel Contreras reported on an annual basis that 2010 registrations were 32,258, and dispositions were at 31,232, both new highs for AO. Case aging requirements were met for every month of 2010. Time lapse requirements were met every month except for the month of January. The appeal rate continues to average out at 6.8%. (See Attachments C & D).

**9. Chief Information Officer, Rafael Placencia Report:**

CIO Rafael Placencia reported they are on task for the state mandate to consolidate IT services within the State of California. The migration plan is due in March. The biggest challenge will be moving our services over to a state approved data center. We do not have a tier 3 data center within the Labor Agency. Each field office is designated as having a data center because there is a file server there. The plan is to move all those critical systems to a tier 3 data center by mid 2013.

CIO Rafael Placencia referred the Board members to the matrix in the board packet which identifies the IT projects. (See Attachment B). There are 14 IT projects in various stages of implementation. Due to the hiring freeze as well as the inability to use overtime, they continue to work under a reduced project implementation schedule, meaning it has become difficult to actually move these projects forward.

**10. Deputy Director, Administrative Services Branch, Pam Boston Report:**

Deputy Director Pam Boston referred Board members to the overtime report. (See Attachment E).

Deputy Director Pam Boston provided hiring and facility statistics for the last two years as follows:

Hires --117 ALJ's, 123 Support Staff, 42 IT/Admin/Exec., for a total of 282; additionally, 32 RA ALJ's and 19 other RA's were hired, for a combined total of 333 employees.

Separations – 23 ALJ's, 27 other retirements, 33 employees transferred to other State agencies, and 56 other separations for a total of 50 retirements and 140 total separations.

#### Facilities

▪ CUIAB currently has 13 headquarter offices (with 127 hearing rooms), 23 outstations (with 87 hearing rooms, and 17 hearing rooms in EDD offices.)

#### In 2009

- We opened one new Hearing Facility (West Covina) 7 HR
- Lease renewals for our Chatsworth and Santa Maria Hearing Facilities
- Relocated our San Jose Field Office
- Lease Extension in our Bakersfield Hearing Facility
- Expanded our Inglewood Field Office – 3 HR

#### In 2010

- We opened five new hearing facilities: Indio-3 HR, Santa Ana- 5 HR, Van Nuys- 6 HR, Murrieta-4 HR, Chula Vista-4 HR
  - Remodeled Sacramento, Orange County Inland, and San Diego Field Offices and Santa Cruz hearing facility
  - Expanded Los Angeles and San Jose Field Offices
  - Relocated our Oxnard Field Office and Salinas and Visalia Hearing Facilities
- We currently have 9 active Facility Projects

Exams in progress: ALJ II, Associate Business Management Analyst, Executive Secretary I, Legal Support Supervisor I and II, Personnel Technician

Board Member Ducheny asked if the satellite offices were used every day.

Chief ALJ/Acting Executive Director Roldan responded that it depended on the size of the office. Large offices like Santa Rosa are run almost like a de facto main field office. Some of the small ones are just calendared for cases when there is workload in that particular location. The larger ones are usable for mass calendars. A few of the satellite offices, like West Covina which is one of the larger ones, have permanent dedicated support staff at those locations. At some of the very small ones the judges show up, open up, do the hearings, and then they close it down at the end of the day with no support staff whatsoever.

Chair Garcia clarified that we have 12 main field offices, but when you add up all of the hearing facilities that we have at the 23 outstations we actually have 36 offices. In addition, in calendar year 2010, we were able to use other State agency facilities with hearing rooms on furlough Fridays.

**11. Chief Counsel's Report:**

Chief Counsel Ralph Hilton reported we currently have 256 cases pending, almost all writ cases dealing with the denial or granting of benefits. Last month we were served with ten new cases, closed five cases. The Board was affirmed in three, and reversed in two, all on the facts, with no legal issue involved. During the last year we have seen a significant increase in the number of cases filed. For the year overall we received decisions in 104 cases, with the Board affirmed in 75% of them.

Chair Garcia commented that approximately 470,000 EDD determinations are appealed to CUIAB, with over 30,000 going to the second level of administrative appeal. If California did not have that second level of administrative appeal, many more cases would end up in the courts, with significant cost to the General Fund. There is a significant savings to the State to have a dual appeal process and to allow people to get the opportunity to have their cases heard in a timely manner. So we do make a difference.

**12. Unfinished & New Business:**

CIO Placencia reported on the IP Telephony Project. In April, 2010, they started the process of replacing CUIAB's analog phone system with a Voice-Over IP telephone system. The benefits of doing so are cost savings by eliminating our long distance calls along with standardizing the system that we use for operating our phone system. Currently we have approximately four different systems that we are using, involving maintenance for those different types of systems. The project is approximately two months behind schedule due to vendor problems. The project is currently on hold pending an evaluation of the process and the vendor, Verizon.

Chair Garcia clarified that we are calling about 2500 people a day to remind them of their hearings, at a cost of about \$500 a day. Additional phone cost could be incurred with increased telephone hearings. Much of those costs could be avoided with a VOIP system.

**13. Public Comment:**

None

**14. Closed Session:**

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

**Adjournment**