



Chair Dresser reported that they have two Department of Labor preparation meetings tomorrow, one at 10:00 a.m. and one at 2:00 p.m. The one at 10:00 a.m. is to go over our Corrective Action Plan that is due July 27<sup>th</sup>. The meeting in the afternoon is to discuss the possible availability of money for different IT projects and things of that nature.

Chair Dresser reported that they just received and distributed to the board members and staff a letter dated July 14<sup>th</sup> from the Regional Office of U.S. Department of Labor addressed to Pam Harris, Chief Deputy Director for EDD. In the paragraph, California Performance is says, "As you are aware California continues to be designated as an "at-risk" stated for 2012 because the state has not yet achieved the acceptable level of performance for first payment timelapse or for the secretary's standards for appeals promptness. Nonetheless, we are greatly encouraged by the state's completion of the majority its milestones in the 2011 CAPs for these measures and the performance improvement over the past year. The 2011 CAPs for both first payment timeliness and lower authority appeals promptness were multi-year. With the exception of two key technology projects that have been suspended pending implementation of the state's alternate base period, EDD implemented every milestone in the first pay timeliness CAP as scheduled for the first two quarters and is currently meeting or exceeding all performance targets in their CAP ..."Similarly, CUIAB has implemented all the milestones in their CAP and performance is at the level the state anticipated in the plan. CUIAB has significantly reduced its backlog, a necessary step toward achieving the promptness measure. CUIAB is also in the process of preparing procurement documents for an Enterprise Appeals Automation project." He stated that a lot of that goes to our past Chair Bonnie Garcia, as well as to the other board members here. He stated that CUIAB is on a good track and needs to continue to meet its milestones and to improve.

Chair Dresser reported that there will be confirmation hearings August 17<sup>th</sup> through the three gubernatorial appointees at 1:30 p.m., in the State Senate.

## **5. Board Member Reports:**

Vice Chair Plescia passed along his condolences to Judge Kimball and his family from all of us here at CUIAB. He thanked everyone down in San Diego who gave him and Judge Hersh, who is going to the Oakland Office of Appeals, a nice luncheon.

Member Ducheny noted that there is a budget that passed during this last month. Looking through it cursorily it doesn't appear that there was much that changed in the Labor Agency world. They are paying back the piece they need to stabilize the Unemployment Insurance Fund and using disability to do it. She suggested that it left a lot of triggers in place and she suspects there will be a lot going on in January. She stated that as far as she could tell there was no trailer bill related to CUIAB as discussion goes forward about possible restructuring. They did a big realignment at the local level which she thinks is really going to be the focus.

Member Ashburn reported in the context of the Special Projects Committee. The phone system project continues forward, 20 of the hearing facilities are fully installed and an additional three are imminent. A pause has taken place with respect to the 12 field offices. Within the business utilization of the system, when you actually put it into place at the various locations, there are operational issues especially for the judges and their ability to conference hearings in an effective and efficient way. In order to do the right thing, a further review is underway and they should have a much clearer picture of how to proceed with respect to the field offices. Next, a calendaring system for the various functions, as we understand the calendar is very important around here. It certainly is referred to in the CAP and so automation and improving in that calendaring system is imminent. Within a few days the system which was developed in-house here will begin to be used by the staff. There will be some modifications as the implementation takes place but progress has been made in that regard. All in all, with respect to the Special Projects they have done well this month.

Member Garcia stated that she was glad to see that the USDOL has put it in writing that we have been doing what we need to do to get ourselves out of the woods and she was pleased that they put something in the letter which specifically states that it is critical that the information technology projects, which are the backbone of the CAPs, continues to be given high priority. She asked the Chair to perhaps call for a meeting with the Secretary and Pam Harris, and impress upon them the importance of giving it the priority that it deserves so that it is taken out of the hands of the EDD's staff, and that it's clear that it has come to the attention of the USDOL and that they are putting all of our feet to the fire. So it is no longer a priority when they decide it's a priority, the federal government has made it a priority. She thanked the staff for continuing to work on the IT projects and in allocating the funds for those and she hopes that in our budget discussions we are looking at the federal budget ahead. With the federal deficit we're not quite sure what the funding level is going to be next year, so she has requested that the staff prepare a plan looking at funding in two ways. If we continue to receive 100% funding, how we're going to get this plan underway and if by chance they cut it by 25% what that means in terms of our ability to meet some of the timelines, what it means to our workforce, and what kind of obligations we currently have. Including paying out retirees, furlough time and any other cost that we may not be looking on the landscape for.

Chair Dresser responded that he thinks those are really good ideas and he's sure that staff will do that. He stated that he is meeting with the Secretary tomorrow and he is going to push very hard, as he has been trying to do in recent weeks.

Member Torrico thanked the Chair and previous Chair Garcia on their leadership and their efforts in bring the Agency to compliance and he also thanked Chief ALJ Roldan and the staff for all their efforts in spite of budget cuts, caps on overtime and hiring, and all of the challenges, the record number of cases and in light of all of that, making progress as required. He thanked everyone for their endurance and perseverance on this task.

## 6. Chief ALJ/Executive Director Report:

Chief ALJ/Executive Director Roldan introduced the board, and administered the oath, to the newest judges in Field Operations; Robert Kruse, Sacramento; Kyros Chakur, Oxnard; Danitza Milosevic, Sacramento; Serena Young, Inland; Wankanok Usaha, Oxnard; David Ryan, Inland, and Patricia Freeman who was the guest ALJ from the Department of Health Care Services, who all participating in our training academy.

Chief ALJ/Executive Director Roldan reported that this is a good time in the July meeting to reflect on what we've accomplished in the fiscal year. In the 2010/11 fiscal year we received 457,067 new cases in all programs. This is a 2% increase from the previous fiscal year's totals and 18% higher than the year before in 2008/09. We continue to have a higher average workload than ever in the history the department but our production has been much higher in response. We closed 475,989 cases in 2010/11 which is 3% more than the previous year. A record amount of cases closed and that has allowed us to continue to reduce the overall inventory. Right now the overall inventory of cases is at 61,203 as of the end of June 2011. At the beginning of the fiscal year we had 85,167 open cases in all areas, a significant reduction in the overall inventory. Looking at the beginning of the fiscal year, the average case-age was 47 days. As of the end of June 2011, we had reduced it to 34 days on average. At the beginning of the fiscal year in July of 2010, we were closing only 72% of cases within 90 days. At the end of the fiscal year we were closing 94% of the cases, which is only 1% below the federal standard. We more than doubled our closing of cases within the 45 day timelapse. We went from closing only 12% of cases to closing 28% of cases by the end of the fiscal year, which is more than doubling of that particular measure. It is very realistic to expect to have the backlog eliminated within the 2011/12 fiscal year. They are getting more cases done and they are getting them done more quickly. They have not had challenges in terms of the overall quality of case. They've had 19 straight quarters in which they met the quality review standards of the federal government. Their challenges have been primarily related to timeliness. They've maintained in terms of quality and they have improving significantly in terms of timeliness of the work. He reported that they continue to reduce the inventory of open tax cases. That was an area that suffered when they were very focused on the unemployment insurance area. The open inventory has been reduced for the sixth time in the last seven months in terms of tax. They are in the process of hiring an additional tax judge. He expects to fill that position within the next couple of weeks. In addition, they have been discussing approaching in the Tax Unit a similar program to what's been done with Appellate Operations, where they assign on a temporary basis, judges from Field Operations and Appellate Operations. They are planning on doing the same, taking a group of four field judges and assigning them for a set period of time doing tax work. He expects that will continue to assist them in reducing the inventory of backlogged tax cases as well.

Chief ALJ/Executive Director Roldan reported on the progress of the Security Committee. The Security Committee has met on two occasions since the last

meeting. It is co-chaired by Ann Ibarra and Jasmine Mukai of the Oxnard Office of Appeals. One of their outstanding contributing members Tom Kimball, suddenly and unexpectedly passed away. He was very please that Tom took a position on the Committee and he will be missed terribly. Additionally, IT assisted the committee in establishing a list serve email address that all judges and support staff can send security observations to. The committee has been receiving a large number of communications from the field in terms of suggestions and they have been working on sorting through all the communications that they have received, getting organized and establishing themselves as a conduit of communication for the field on security issues. He thinks they have done a really good job in that regards and is very appreciative of their work.

Member Garcia acknowledged the field division for their improvements. We, as a board, work closely on the little things that could make a difference to help change that but nothing is equal to the mass calendars that the judges undertook in the last year or two to get rid of the backlog that we have and to hear the number of claimants waiting for their cases. But there were some direct improvements as a result of the legislation that allowed claimants to request phone hearings; if they had some type of hardship. So the judges worked closely with the community. They also worked directly with EDD to address being able to access their data verses shelving our cases until EDD got around to send us the information to calendar cases. As a result, we saw a 12 day improvement which is significant and a 20 day improvement over the last two years. So that brings us much closer to our goals of meeting the federal timelines and it show a team effort from the clerks that are doing the calendaring to the judges that are hearing those cases.

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

Special Assistant Kurosaka reported that DOL will be conducting their third quarter site visit with us on July 27<sup>th</sup> at 1:00 p.m., here in Sacramento. DOL, both the National office and the Regional office, have been holding several training sessions in the last month on the 2012 CAP and developing the plan itself. For two reasons, first of all they've accelerated the timelines by about one month. The draft is due by August 5<sup>th</sup> and the final draft to the Regional office is due by September 9<sup>th</sup>. Secondly, the National office will be highly engaged in the development of this CAP this year. The Office of Management and Budget has placed the UI Program as one of the top high risk federal programs out of compliance with the Improper Payments Act. Nationally there are now \$1 billion in fraudulent UI overpayments outstanding. DOL is taking a strong initiative in the next three years to bring down and collect those fraudulent overpayments in all States. California makes up about 19% of that total and in dollars it is approximately \$180 million in fraudulent UI overpayments. They will keep the board posted as the CAP is developed.

Special Assistant Kurosaka reported on the Organizational Change Management Engagement. DGS has approved our contract with the vendor that will assist CUIAB on change management planning. This planning will help them introduce the new technology and maximize the acceptance of the new tools with the judges and staff by educating them before implementation rather than as we implement

the technology. She is pleased to note that they will be engaging with M Corporation for one year. The staff with M Corp have had about 18 to 20 years of State engagement on change management in their experience and background.

Thirdly, with the EDD, the CUIAB Co-Location Pilot, in the Los Angeles office, re-launched as of June 13<sup>th</sup> with two staff. They are adding a staff member into the office for a total of three staff and will be increasing the number of field offices receiving electronic appeal transmittals to about four offices. They will be tracking the appeals through the entire process and reporting to the board on the performance and outcome over the next 60 days. Lori clarified that the initial launch was in 2010 and then they had to suspend the project because of the hiring and overtime freeze. Member Garcia asked if they are tracking the number of cases daily that those staffers are handling and what percentage of those cases has errors so that we don't have anecdotal information. Special Assistant Kurosaka responded that yes they were. To date they have only had about five appeals that required additional documentation, five cases out of 650.

Special Assistant Kurosaka reported on the Enterprise Appeals Case Management Project. The North Highland vendor has began the analysis on the technology needs for case management. They are on track to complete their work by the end of August. They've held design sessions with both field and Appellate Operations judges.

Next, for the Imaging Project, she's happy to report that the Labor Agency has worked with the OCIO to suspend their case management and web presence project so that we may move forward solely with imaging and work flow only. They've received commitment from the Agency CIO, Carlos Quant, to assist us with any obstacles whatsoever that may come our way and will ensure EDD provides the staff support throughout the entire project life cycle from beginning to end. Chair Dresser asked if there were meetings scheduled with EDD. Special Assistant Kurosaka replied that once they receive that message from Carlos they requested meetings with EDD, Information Technology and Program Branches on July 6<sup>th</sup> and have not received a response from EDD.

Special Assistant Kurosaka reported for the Electronic Appeals Decision Project, they met with EDD, DI, Tax Branch leadership on June 16<sup>th</sup> to determine whether they have the staff and priority to move forward with that project. EDD has decided to move forward and they had their first design session with Tax Branch on July 13<sup>th</sup>. Their vendor originally estimated that they could complete work within one week but have revised that estimate to now six weeks, to accommodate vacations with their vendor staff. They are anticipating implementation by September 1<sup>st</sup>. Chair Dresser asked if that was in writing somewhere and Lori responded that she can request that. For Disability Insurance and Paid Family Leave, their first design session is this Thursday and she will report back to the board at the next board meeting.

Lastly, she reported that they have two staff on loan to CUIAB from LWDA. She introduced Mandy Garcia and Heidi Corcoran.

## **8. Chief ALJ of Appellate Operations, Jorge Carrillo:**

Chief ALJ AO Carrillo reported that AO continues to operate under a heavy workload. Last month AO registered just under 3,000 new board appeals. That was the first time in four months that they registered less than 3,000 appeals a month. Their dispositions were fairly good at 3,447 decisions. That is the first time in three and a half years they have issued more than 3,000 decisions in a month and it was probably the first time going back more than a decade that they issued that many decisions. For the first time in four months they were actually able to shrink the inventory by 475 cases so the open balance is 5,349 cases. That's about 28% higher than it has been on average for each month in the past fiscal year. When you add that they have about 1700 unregistered cases their true caseload is really about 7,000 cases. That heavy inventory has reflected in their timeliness standards. Their case aging for last month was 42 day. It was 45 days the month prior so they actually shrank it by three days but it is still above the average that the DOL wants us to meet which is 40 days or less. They met one of the three timelapse standards. They closed 5% of their dispositions within 45 days, well short of the 15% that's expected. AO closed 61% of cases within 75 days of the board appeal, also under the expected 80% that they should be closing. AO did meet the 150 days standard at 95%.

Chief ALJ AO Carrillo reported that the appeal rate last month was 8.7%. In the last four months, three of the months have been 8.7% or higher. When you consider the fact that the field has really increased its caseload and combine that with the fact that the appeal rate is above what it has been historically between 6-7%. So an appeal rate of 8% or higher is contributing to a large number of cases coming to the board. He gave a short summary of the registrations for the fiscal year. AO registered 34,984 cases and closed 32,234 cases with approximately 2,750 cases less than what they received. The open balance at the end of the year was 5,349 cases and a year ago it was 2,837 reflecting an increase of 90%. For the year AO's timelapse was 44% for the 45-days, 91% for the 75-days, and 100% for the 150-days; and the case aging for the whole year averaged to be 35 days. One reason why AO's inventory is high is because in the last four months they've received 2,000 more cases than they have actually closed. So the backlog has grown by 2,000 cases in the last four months. What they have done to try and stem the tide and actually reverse it is that they have been doing quite a bit of hires. He introduced three new judges that were hired last month and have just completed their training; Marilee Wang, Judy Harper, and Lee Anderson. They are now working on cases and their work is being reviewed by veteran judges. In addition, starting next week they are going to have four field judges that are going to be joining AO's staff for four months. The four judges are going to be Rebecca Bach from the Sacramento Office of Appeals; Kim Steinhardt from the San Jose Office of Appeals; Cynthia Thornton from the San Diego Office of Appeals; and Renee Lias from the San Francisco Office of Appeals. They will be attending a one-week training in Appellate to learn the procedures and then they will be taking cases thereafter and work here through the end of November. In addition, that last month AO hired a Presiding ALJ, Joel Contreras, whose primary task will be to assist in

the development of the law, particularly precedent decisions and also for training both Appellate and in the Field. They are going to start a Precedent Decision Committee, lead by Joel Contreras, consisting of seven to nine members mostly from the field offices and a few from Appellate. Their principle task is going to be indentifying issues in the field or within the Agency that require some analysis for possible consideration as precedent decisions. Lastly, he gave the FO to AO report. Last month the statewide average was 4.41 days and there were seven offices that were actually under four days in transmitting the appeals to Appellate. When they first started this report the numbers were in the double digits.

Member Garcia expressed concern that the workload coming from Inland and Oakland seems to be taking the most time on this worksheet, which is ironic because RSU is based in Inland and handles the workload for Oakland. She asked what was going on with RSU, and those two offices that are creating a delay in the transfer of the files.

Chief ALJ/Executive Director Roldan responded that that was primarily a Field functions. One of the challenges the Oakland Office of Appeals was having is that they had significant understaffing issues and some absenteeism issues. They are turning around but it has been a process. They've hired a Presiding Judge for that office, Marvin Hassan, who will begin right after the Labor Day weekend. He is hoping that will finally bring some long term stability to that office and help to address some of the performance issues on the support staff side.

Member Garcia commented that in the past there was a traveling team going in, helping them through overtime. Since we do have overtime authorized could we not do that again as they are establishing their leadership there so we don't end up in a crisis mode. Could we utilize other field staff or transfer more cases to RSU to avoid something like that happening.

Chief ALJ/Executive Director Roldan responded that they have been providing some support but they scaled back a little bit because of the directive from the Governor's Office in terms of scaling back on travel except for necessary core responsibilities. They have been trying to strike a balance between those two completing interests and be respectful of the Governor's Directive, and at the same time, make sure that the field offices are running appropriately. He stated that he is going to Inland tomorrow to help with the recruitment of the LSS II position and also meeting with staff to try and address some of the performance issues in that particular office. The challenges in both the Oakland and Inland offices are things he has been working on.

Member Garcia stated that she would argue that one of our core responsibilities are to meet those timelines and she thinks it would fall within the guidelines of using our overtime and our resources so we don't end up in crisis because these two offices can drag down the other ten. She suggested that they authorize or assist with whatever they can there. Additionally, her other concern was that for the first time in over a year we haven't met the DOL standards and she knows that one of the focuses has been to meet just what the feds require and not really look at

ours. One of the things that we got away from was moving our AO judges off of the mass calendars. She knows that there has been some turnover in staff, vacations, and things like that but we are at 5% for 45 days, 61% for 75 days and we have a backlog. She wonders if maybe we can perhaps look again at teams that can focus on like we did when we had cases that were super aging. If we can assign several judges to take a look at these in blocks, maybe a modified mass calendar schedule or simplified cases that we can knock out really quickly so that we do a better job with the 45 days and 75 days. As a board member it has been frustrating to see a lot of cases coming on their due dates and that presents a challenge. It helps if the board has 24 hours or 48 hour window so that they can address any kind of delays that might happen. She asked that they take a look at our resources and see how we are able to perhaps do a better job because we are out of the federal watch program in the AO division and she would hate to fall right back under review from them and this is the first time in over a year that we have not met those timelines.

Chair Dresser commented that part of that was due to the huge case production in March in the Field which was extraordinary and record setting and that put a big burden on AO. He thinks with the loan program that is going to be implemented next week and the three new hires that's going to, over the next couple of months, address the issues. He stated that he is going to be meeting with Chief ALJ AO Carrillo and they will try to develop something that will address that and try to bring it down sooner if they can. He thinks in the next three or four months they anticipate some improvement. Chief ALJ AO Carrillo agreed and stated that he is hoping that with all the additional staff what you'll see this month and next is a dip in the production because it takes time to train the new judges and initially there a several judges who are off production while training the new judges but it will pay off in the long run. He thinks in the fall is when the numbers should increase dramatically. One of the things he points out is the only requirement that is applicable to the second level review is the case aging and the timelapse are standards that the department wants AO to meet but they are not required to meet. If they miss the case aging that is when they will be put under corrective action and that is going to be measured in March. Between now and March he is confident that they are going to be able to meet the case aging. What they have done in the short term is that they have made a decision to concentrate on the oldest cases regardless of the S-date or M-dates because it is only by getting rid of the older cases can they bring the case aging down. He stated that they will probably miss the 45 and 75 days for a while but he hopes that they will get the inventory down to a point where they can meet all three of the measures like they did most of last year. He stated that the reason the board is seeing so many S-dates is that they changed the regulations to facilitate the process and eliminate 18 days of delay that they had on every case. So literally the field is getting the cases to AO in four days, they are registering them in one or two days and so the 60 days time limit starts running within six days of the board appeal. These cases are getting ready to be reviewed it is just that AO doesn't have the staff. He thinks the fact that they now have more staff they should be able to get the inventory down so that they can meet both case aging and timelapse.

Chair Dresser stated he was aware that there was going to be a lag and that we

were going to fall behind for a short time but by the end of the fall we should be in real good shape.

Member Garcia asked if AO had any anticipated retirements, or how many judges are there in AO that are on light duty or some other modification that may also be a barrier and can we fill some of those spots.

Chief ALJ/AO Carrillo stated that last month Ron Goi retired however he is continuing to work as a retired annuitant on a halftime basis so they did lose some production there. They have another judge who has been on medical leave for four to five months and looks like it may be a longer term so they have one position that there is no work coming from that position. They've had a number of people who have been out for significant periods of time either because of their own health or family members. He's hoping that most of that will turn around in the next two months and that even those people will be back in production. He stated that they would like to hire more people and get everyone in but having three new judges and four field judges come on board that's seven people and then they have had some retired annuitants as well. It takes a significant amount of resources and energy to train them. They have just about all they can handle as far as training right now but down the road they will have an opportunity to add more staff.

Chair Dresser stated that they have a plan and he is confident it will be a success before the end of this calendar year.

Member Ducheny echoed Member Garcia in that she noticed that the board is getting many S-Dates and the thing about getting them on the same day or the day before causes triple problems when they have issues, that's where it becomes problematic. She stated she gets it but we also have to be careful on the quality side that they are not just approving to approve because of the date and then they get hung up on if they are changing the decision because that takes awhile. People have been really good. She stated that for all, the AO section people have been getting much faster about giving back opinions.

Chair Dresser stated that the board may want to think about emailing the board author and the other two board members to alert them because sometimes the board author or backup can get it done real quickly and we might make the date. He thinks the quality is very important as well and they have to give the justice to each individual case even if they miss the date. Hopefully they can cut down missing these dates. He stated that he doesn't know if they've done much better the last month compared to the month before on some of the S-dates but he is sure that they are all trying to do the best they can.

Member Garcia stated that she thinks it is important for them as a board to know the limitations of AO. When you have three new staffers, and three judges that have to do the training and three or four judges out sick or taking care of sick family members that's half your crew and you're limping along with 50% of the crew doing 100% of the work really because the new judges will probably be limited in what they can handle for at least three months. She would hope that now

that we have a little window that they can do some hiring that they get ahead of the curve and she would rather move forward at looking at hiring some people so that in the event that any of these judges have to leave because of whatever family or medical issue that they don't end up just like they did with these hires. Jorge wanted to hire them in January and here it is July. She asked if they can look at hiring additional judges under some type of limited term or do a major recruitment again for retired annuitants or do whatever we need to do to get ahead of the curve so that we don't end up in this same situation again.

Chair Dresser commented that he knows CUIAB received 43 freeze exemptions that were approved and each of those has been filled and now they are also looking into being able to promote. So if they use one of the freeze exemptions to promote somebody then they need to fill in behind that person who was promoted. They are working with Labor Agency to get permission to do that. He doesn't know how many freeze exemptions CUIAB has that has not yet been filled.

Chief ALJ/Executive Director Roldan replied that they have a number of pending freeze exemptions. The budget allocates positions for the year and the budget that is being proposed to the board allocates more positions. There are vacancies under the proposed budget that once the board enacts that budget and says here are the positions you can go forth and fill for the year then that gives them the leverage to have a discussion with the Labor and Workforce Agency over both the existing exemptions and then submitting additional ones. He stated that what the budget will propose are the positions they believe are justified by the workload that exists. We don't worry about exemptions or no exemptions when we prepare the proposed budget for the board. It's about workload and what we need to do it.

Deputy Director Pam Boston commented that the 43 exemptions that CUIAB did receive were for current vacancies. Alberto stated that that was half of the existing separations that occurred in the 2010/11 year. There are more positions allocated in the budget than there exemptions. It's not tied to the exemptions at all. Chair Dresser asked if they have asked for approval for more exemptions. Executive Director Roldan stated that they have a few that are pending there now. Chair Dresser commented that when he meets with Secretary Morgenstern tomorrow he will follow up on that. Member Garcia stated that in his discussion could he add in a footnote on how perhaps in addition to what we are pursuing what it would take to do some temporary backfill. Deputy Director Boston stated that they can definitely look at the hiring of some temp help people. Executive Director Roldan commented that the exemption process does not make a distinction between permanent, fulltime, limited term, or temporary. They tell us we can either fill the position or not and then we make a decision based on our overall structure whether we fill it as a temporary, permanent intermittent, or permanent fulltime.

Chair Dresser requested that for next month's report they could report on that. He also noted that AO has used the mass calendars in the last couple of months. Chief ALJ AO Carrillo commented that AO has had their judges taking mass calendars since the beginning of the year.

Member Garcia commented that Chief ALJ/AO Carrillo used to include with his report the productivity of the judges monthly. She stated she thinks that might be helpful too because it gives them a snapshot of people who have been out sick or doing training or doing whatever.

CIO Placencia commented on the improving timelapse between first level and second level that they do have an active AO paperless project that is being planned for implementation and the key point on that system is scanning the files electronically from the field office to Sacramento. Just to let the board know, he sees a major problem possibly coming up with having the support and the staff to be able to do that work. Right now he is not quite sure if they are planning, by going after additional help, to be able to provide that function that is not there in the field offices now. That's something that can definitely save at least a couple of days on the front end to get those cases up to AO. Member Ducheny asked if that went with the Co-Location Project. CIO Placencia responded no that would be the transition from first to second level and that that was a separate project. Member Garcia asked where they were with that project, the equipment purchase and the training. Special Assistant Kurosaka stated that that was completed. She stated what Rafael was referring to was the Board Appeal Paperless Project from field to Appellate Operations and the scanning for Field Operations is from EDD for first level appeals. Chief ALJ/AO Carrillo commented that for the last year they have been working on a system that will eventually make second level appeal entirely paperless. They've worked out most of the issues in terms of equipment and the procedures and they are pretty much ready to do the live testing, actually having staff take the cases and work on them without the file all the way through to the board. They just had a meeting this morning and discussed the possibility that they could probably have a system in place by November or December. Everybody from the first staff people who handle the case, through the judges and the board would be entirely paperless. They see that as a definite possibility of occurring before the end of this year. He stated that what Rafael is raising is the fact that in order to have that functions, when there is an appeal at the field level, instead of sending AO a physical folder they need to scan that in and then send it to AO electronically. Which would save a lot of time and as AO processes it through they would save a lot of time and paper. Executive Director Roldan stated it was a lot of extra work for the field. Member Ducheny commented that they have to make sure they don't miss anything in the file.

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

CIO Placencia reported on the VOIP, the Automated Calendaring System, and the new process being used for E-File. The VOIP project is moving forward. They have 20 sites that have been installed to date; three remaining sites are Santa Rosa, Stockton and Southern California Support Unit. The anticipated completion date is August for those sites. That will completely finish out Phase One of the project which was to install the system in our hearing facilities. The next implementation they are taking a little time with to make sure that they are implementing something that is going to meet the overall needs of the department. Work does continue for those sites which are in the design phase. They are going through Sacramento,

San Jose and Oakland and fine tuning in order so that they can address some of the concerns that have come up. One of the major concerns is the ability to use conferencing in these facilities. Overall the service that they are using in Oxnard is kind of the model they are going to be looking at implementing at all field offices. Work continues on that project and it is something they want to make sure is implemented in a correct way so that they are not impacting business.

Chief ALJ/Executive Director Roldan added that one of the additional issues that came up with the VIOP system is that for the first time the vendor communicated the possibility of facilitating the internet connection, the voice over internet protocol into our existing phone systems. That had not been discussed before when there were the initial discussions about contracting. They said that they couldn't be facilitated or that they wouldn't facilitate it. There was a communication that went back to the company, Verizon, about our concerns about the loss of being able to do large party conference calls and they saw the possibility of losing us as a client and that's what lead them, for the first time, to communicate to us that this was a possibility that a hybrid system could be created, because there is a per phone charge with the Voice Over Internet Protocol that we would be circumventing if we went this route. So he thinks that is why they were reluctant to communicate that as a possibility before. They are looking at that hybrid possibility continuing with VOIP as planned or the possibility of not continuing with VOIP for the main offices and only using it in certain situations. All of those are being explored as possibilities. He asked the team to take a breather and explore all those as possibilities before they continue with implementation. He expects they will have the ability to make a final decision on moving forward probably by the next board meeting. Chair Dresser asked if the facilities that have already been implemented or will soon be implemented will remain or have a cost savings there. Executive Director Roldan responded that those systems will remain in place unless there is some observation that scaling back from VOIP in those locations will wind up giving us long term savings, which he doubts. Those systems will stay in place. The need for large capacity conferencing is a lot less at the satellite facilities, however it does come up from time to time. The Oxnard office implemented the use of a system where you dial all of the numbers through a computer and it calls to each of the phones, so you can do mass party conferences with this existing system through Verizon without any additional cost to the department, it piggy-backs on our existing system.

CIO Placencia reported on the Automated Calendaring System and pointed out that this application is developed 100% in-house by CUIAB programmers. The ability to adapt to changes and modifications is improved because they were able to do it in-house. They had the demo last week in front of the AO staff; basically showing them the functionality and what could be used within the system. The plan is to put that in front of the users this week so that they can start using the manual features of the system. They plan to have it fully automated and implemented online in late November. It was well received during the demo. The next phase would be to implement it at the field office locations.

Lastly, CIO Placencia reported on the new process for E-File. Initially when they

implemented the system the board went in, strictly being able to access the system and not necessary hearing audios. The hearing audio function has been fully tested and it does work. Their plan is to train the board today and show them the process that will be used for downloading and hearing those cases. He thanked all the IT folks for basically being able to come up the use of this system with our system.

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

Deputy Director Pam Boston reported on the Overtime Report which was through May so they will be closing out the fiscal year with next month's report. CUIAB has signed contracts for the conferences. The Support Staff Conference is planned for May 2012 and the Judicial Conference is planned for September 2012; NAUIAB is going to be in May 2013. Martha Silva will be taking the lead on coordinating these conferences and they will have a planning meeting next week to beginning the agenda for the Support Staff Conference. This effort will take a pretty big commitment from the Legal Support Supervisors and staff from Admin Services. The Department of Personnel Administration has developed a virtual training center. State employees can now go online and take classes such as Writing, Effective Resume, Introduction to Labor Relations, Facilitating Effective Meetings, and they can even do their defensive driving training online. They will be sending an email out to all employees hopefully by next week. They are working with IT to make sure all of the employees' computers will be able to access this virtual training center without a lot of assistance from the HelpDesk. Lastly, they are working to get a contractor to provide some additional Dragon training for their software trainers and PC liaisons. Their software trainers were kind of taken off the Dragon training for a while to help with the VOIP project so now they are able to gear back up for some additional Dragon training. They have about \$120,000 left in a grant they received that needs to be spent by the end of September. They thought the best way to utilize that money would be to get our PC liaisons and software trainers trained and they'll go out in turn and train our ALJs. They are hoping to have a schedule to get all the ALJs trained by the end of the year.

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

Chief Counsel Ralph Hilton reported that the Acosta case, the CRLA lawsuit against EDD and CUIAB with regard to the inability to meet the timeliness standards, has been appealed to the Court of Appeal. The Superior Court decision dismissed the action under the Rule of Abstention. Chief Counsel Hilton reported that 11 new cases came in last month for a new total of almost 300 cases. Seven cases were closed out last month, and in four of them the board decision was reversed, an unusually high number. The board is still at an 80% affirmation rate for board decisions for the year.

## 12. Unfinished & New Business:

Rob Silva presented the CUIAB 2011-2012 Budget Proposal via PowerPoint.

Member Garcia asked about the Los Angeles Office of Appeals that was in a State building that was supposed to be sold. DGS had held us up and prohibited us from doing any changes or modification, has that changed? Mr. Silva responded that that has changed and we are able to now. We really need to look at the panic buttons for the ALJs and the suites in L.A. His understanding now is that they are not connected to CHP. But the panic buttons need to be connected to CHP for faster response. Member Garcia stated she agreed but her concern was that around this time last year they were not going to renew our lease or not going to allow us to occupy the new space upstairs or to make any modifications so she wants to make sure if we are investing \$34,000 that we have worked out our lease problems and our issues regarding that spaces so that we're not in January coming back here and saying the State is forcing us out of the building. Mr. Silva responded that yes we are able to do that and actually in the 2010/11 fiscal year did a few projects in the Los Angeles office towards the end of the fiscal year that needed to get done. Deputy Director Boston stated that the Governor decided not to sell that building. Member Garcia asked about the space upstairs that we were co-sharing and if we still had that space. Mr. Silva responded that we still do. Member Garcia asked if these modifications were for that space also. Mr. Silva replied he did not know specifically but it is four panic buttons in three spots. Member Garcia wanted to make sure that if we having that space upstairs and we have hearing rooms there that we have the same safety features too. Pat Houston responded that it is installed already on the 12<sup>th</sup> floor with connects and no build out required.

Chair Dresser commented that in the Fresno region there are some satellite, in Tulare and maybe Delano that had some security concerns. He asked if they have been addressed. Executive Director Roldan responded that those are smaller items that probably fall more under the incidentals but these are the major remodeling on page 11.

Member Garcia commented that Member Hollingsworth had made the point a couple meetings back that they wanted to look at and pencil in the cost of retirees; cashing them out. She asked where that would be in this number when they are looking at the base budget and the expense of \$1.5 million. Mr. Silva responded that it would come under the temp help dollars essentially. So the \$102 million includes temp help moneys for cash outs for people retiring and/or separating. It's encapsulated within that amount. Member Garcia asked what if they actually had to use that temp help then where could it be drawn from. Member Hollingsworth asked if the vacation cash out was under the category of temporary help. Deputy Director Boston responded that is where it is paid from when they case somebody's vacation out. It is either paid out of the temporary help or the person's position. So for instance, if she retired and she has six months on the books then they can either pay her out of the temp help or they can leave the position vacant for six months to pay for it. She believes that when they talked about it before the

budget shop allocates a certain amount for cash outs but she thinks in the projects that they provided it had indicated that we could have potentially higher cash out and we were going to add more money to it. Mr. Silva stated that Valerie Graziano put that together and built it into the personnel budget. He does not know the specific amount but can get it to the board. What Renee and Valerie put together over the past fiscal years is what we are expecting in separations and what we average each fiscal year and built in the amount based on the separations over the last three fiscal years. Lori Kurosaka commented that by paying out the vacation payouts through the temporary help budget it allows the organization to refill that permanent position much quicker. Member Hollingsworth stated if he remembers correctly that figure was \$1.5 and \$1.9 million that they were figuring vacation cash outs were going to cost us. Chief ALJ/Executive Director Roldan stated that the budget allocation committee is a matter of course and when they do the calculations for the budget they anticipate there is going to be a certain amount of separations every year. They've upped that number because they have been looking at an on average in the 70s; it used to be down around 40-50 in terms of annual separations. They have been working off of a number in the mid-70s in terms of the separations. There is always anticipation that there is going to be payouts and things of that nature. It's all calculated in when they figure out the dollars for paying for personnel through the years. It's all been anticipated in these figures. Member Hollingsworth commented that he just wants to make sure. That they went through a lengthy exercise of staff putting together very detailed documents of where we are on the buildup of vacation time with that liability constantly increasing on our books. He just wants to make sure that that didn't just end up compartmentalized. That that was then transferred into the actual budget forecast so that their work didn't go to waste. Executive Director Roldan replied that it was and that it was one of the things that lead them to do the vacation cash out in the last fiscal year so that they could capture some dollars with that and they also made a request to the Department of Personnel Administration for vacation buy out to reduce that liability as well based on the study that he was referring to. Unfortunately, that was not allowed at this point in time. They will revisit it in this fiscal year to reduce potential future liabilities. We can prepare a report as to where our liability exists right now for the next board meeting and then have a discussion and go into that. We certainly put together this budget with the understanding that there were going to be a certain amount of separations and a certain amount of pay off that would have to happen the next fiscal year.

Member Garcia asked when the federal budget come out do we have a plan to realign our budget, do like a midyear budget review when their budget comes out and tells us how much they are going to reimburse us. Executive Director Roldan responded that their fiscal year ends on September 30<sup>th</sup> and they have already indicated that they are doing 100% over base funding through September 30<sup>th</sup>. No guarantees that that is going to be the case when they start their new fiscal year. There is always the possibility during the fiscal year that they could make an adjustment downwards and not pay 100% over base funding. So that is always a future risk that exists out there. We are making an assumption that they are going to continue at the same level of funding but that is why you have the October Revise and things of that nature in case there are changes. He stated that the way

this has been handled in the past is that the board adopts a budget and it can revisit budget issues and make changes to the budget as we go along in the fiscal year.

Member Hollingsworth stated that he assumes that we either come close to or that we took the information that we developed through the process we went through a couple of months ago and plugged it in. It is just hard when you don't see it there as a line item but it's been accounted for. He stated that the budget is probably going to be needing revisions as we go through because we are going to be impacted by both what's happening downtown and in Washington, D.C. He has not problem with approving it with the understanding that they may need to revise that particular line item if we have revisions coming up and maybe without outside influences we may need to revise that particular line item.

Member Garcia commented that they identified some projects that we weren't able to fund this budget year and are now going to be moved over. She asked if we had a surplus in our last as of this year, and that surplus as she understands goes over to EDD, could we recapture any of the dollars that are reprogrammed back to EDD to pay any of those expenses so that we can have the savings in this year, meaning this is the artificial fifth quarter. Mr. Silva replied that in fiscal years past we have been unable to do that with EDD but he can work with Fiscal Program Division of EDD to see if it is at all possible. Member Garcia asked how much it was. Mr. Silva replied that he didn't know. They don't have the final accounting reports from EDD for the fiscal year. That would usually be in two to three weeks. Member Garcia asked that they estimate. She said our budget last year was about \$109 million and as of the last budget review we had expended \$95 million because we had some hiring freezes, furloughs, etc. Mr. Silva stated that our internal accounting prior to the purchasing being done left less than \$500,000 being returned to EDD. It's probably more than that in all reality and it could be as much as double that. Our internal account in looking at projecting all of our OE&E purchases and year end personnel was less than \$500,000 being returned.

The budget passed unanimously.

**13. Public Comment:**

There was no public comment offered.

**14. Closed Session:**

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

**Adjournment**