

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 17a

ATTACHMENT 17a-l

APPROVAL of OPEN MEETING MINUTES

- July 9-10, 2009
- July 20, 2009
- July 31, 2009
- August 25, 2009

PRESENTED BY:

September 11, 2009

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

JULY 9-10, 2009

The Board of Directors of State Compensation Insurance Fund met on July 9-10, 2009 in the Milton Marks Conference Center, State Building, 455 Golden Gate Ave, San Francisco, California.

JULY 9, 2009

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on July 9, 2009 at 4:00 p.m. and the following were present: Jeanne L. Cain, Chair; Sen. Michael J. Machado (Ret.); Vincent E. Mudd; Francis E. Quinlan; and Steven L. Rank. Absent: Sheryl A. Chalupa (by prior arrangement); Daniel M. Curtin; Thomas E. Rankin; and nonvoting member John C. Duncan.

There was a quorum.

Also present: President and CEO Janet D. Frank; Chief Risk Officer Doug Stewart; General Counsel and Corporate Secretary Carol R. Newman; Assistant Chief Counsel and Assistant Secretary Judith D. Sapper; and Randall Keen, Esq. of Manatt Phelps & Phillips.

AGENDA ITEM 2: ANTITRUST ADMONITION

Ms. Cain called attention to and requested the Board members read State Fund's Antitrust Admonition which is included in each Board member's meeting materials.

AGENDA ITEM 3: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 5 THROUGH 9 ON JULY 9 AND 10 THROUGH 14 ON JULY 10

Ms. Cain requested public comment. Written comment requesting an open session discussion of agenda item 10, Information Technology Strategy Update, was submitted by State Fund employee Christopher Boyd.

The meeting convened immediately into Closed Session and reconvened at 12:35 p.m. on July 10, 2009 into Open Session.

AGENDA ITEM 4: APPROVAL OF MAY 14-15, 2009 CLOSED MEETING MINUTES Closed Session.

AGENDA ITEM 5: INVESTMENT STRATEGY UPDATE Closed Session.

AGENDA ITEM 6: AUDIT REPORT Closed Session.

AGENDA ITEM 7: STATE BUDGET PROPOSAL(S) REGARDING STATE FUND Closed Session.

AGENDA ITEM 8: FINANCIAL RESULTS AND COMPETITIVE STRATEGY
Closed Session.

AGENDA ITEM 9: PENDING LITIGATION Closed Session.

JULY 10, 2009

The meeting resumed in Closed Session at 8:40 a.m. and the following were present: Jeanne L. Cain, Chair; Daniel M. Curtin; Sen. Michael J. Machado (Ret.); Vincent E. Mudd; Francis E. Quinlan; Steven L. Rank; Thomas Rankin and nonvoting member John C. Duncan. Absent: Sheryl A. Chalupa; (by prior arrangement).

There was a quorum.

Also present: President and CEO Janet D. Frank; Chief Risk Officer Doug Stewart; Chief Financial Officer Jay Stewart; Chief Investment Officer Peter Guastamachio; General Counsel and Corporate Secretary Carol R. Newman; Assistant Chief Counsel and Corporate Secretary Judith D. Sapper; and Randall Keen, Esq. of Manatt Phelps & Phillips.

AGENDA ITEM 10: INFORMATION TECHNOLOGY STRATEGY UPDATE
Closed Session.

AGENDA ITEM 11: POTENTIAL LITIGATION Closed Session.

AGENDA ITEM 12: TASK FORCE UPDATE Closed Session.

AGENDA ITEM 13: MARKETING PLAN UPDATE Closed Session.

AGENDA ITEM 14: CONTRACTING STRATEGY UPDATE Closed Session.

AGENDA ITEM 15: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 12:35 p.m. and the following were present: Jeanne L. Cain, Chair; Sen. Michael J. Machado (Ret.); Vincent E. Mudd; Francis E. Quinlan; Steven L. Rank; Thomas Rankin; and nonvoting member John C. Duncan. Absent: Sheryl A. Chalupa (by prior arrangement); and Daniel M. Curtin.

There was a quorum.

Also present: President and CEO Janet D. Frank; Chief Financial Officer Jay Stewart; Chief Investment Officer Peter Guastamachio; General Counsel and Corporate Secretary Carol R. Newman; Assistant Chief Counsel and Assistant Secretary Judith D. Sapper; and Randall Keen, Esq. of Manatt Phelps & Phillips.

AGENDA ITEM 16: ANTITRUST ADMONITION

Ms. Cain called attention to State Fund's Antitrust Admonition.

AGENDA ITEM 17: CONSENT CALENDAR

The consent calendar consisted of the following items: Approval of Open Minutes of May 14-15, 2009 Board Meeting; and Approval of Retirement Resolutions 872-876.

Retiring employees serving over 30 years were recognized in five resolutions attached hereto and incorporated as a part of these minutes:

Resolution No. 72 in appreciation of Donna L. Busch, thanking her for serving State Fund with distinction for more than 35 years;

Resolution No. 873 in appreciation of Nora Dancy, thanking her for serving State Fund with distinction for 30 years;

Resolution No. 874 in appreciation of Denice Rudolph, thanking her for serving State Fund with distinction for more than 32 years;

Resolution No. 875 in appreciation of Maircesta T. Ravanera, thanking her for serving State Fund with distinction for more than 35 years; and

Resolution No. 876 in appreciation of Patricia E. Reed, thanking her for serving State Fund with distinction for more than 37 years.

MOTION: Mr. Mudd Second: Mr. Quinlan

To approve the Open minutes of the May 14-15, 2009 Board Meeting as presented, and Retirement Resolutions 872-876.

AYES: 6 NOES: 0 Motion carried.

REPORT OF CLOSED SESSION ACTION

Ms. Cain reported that in Closed Session the Board passed the following resolution opposing the sale of State Fund assets:

Whereas the Board of Directors received a full and complete briefing regarding the Budget Trailer Bill (AB 188) and directors' duties and obligations; and

Whereas the State Compensation Insurance Fund assets are dedicated to the purpose of providing a fair, competitive and self-supporting workers

compensation company for the benefit of policyholders, injured workers and employees; and

Whereas the Board of Directors considered existing proposed legislation to sell State Compensation Insurance Fund's assets for the purpose of balancing the California budget;

NOW THEREFORE, be it resolved that the State Compensation Insurance Fund Board of Directors is opposed to any proposed legislation regarding the sale or other disposition of State Compensation Insurance Fund assets and liabilities for the purpose of balancing the California budget, whether to the General Fund or any other fund.

AGENDA ITEM 18: FINANCIAL UPDATE--FORECAST OF 2ND QUARTER 2009

Mr. Jay Stewart advised an update on the 2nd Quarter 2009 financials would be provided at the September Board meeting.

AGENDA ITEM 19: COMMITTEE REPORTS

Mr. Quinlan presented the Audit Committee update. He reported Marie Wardell has been appointed as the new Internal Audit manager. Internal Audit considered audit resources and timeliness and will remove redundant audits from the 2009 Audit Plan. The Audit Committee was briefed on internal training, the scope of review of the Bureau of State Audits, and pending audits.

Mr. Mudd reported on the Investment Committee meeting. State Fund now has two investment advisors working together, has purchased Treasury Inflation-Protected Securities (TIPS), and earned a gain on its investments.

Ms. Cain presented the Governance Committee report. The Governance Committee reviewed the proposed Education and Travel Expense Reimbursement Policy for the Board members to be considered by the full Board at the regular September meeting. Staff and an outside consultant made a presentation on Board member evaluations and directed staff to finalize the recommended Board evaluation process to be considered by the full Board at the regular September Board meeting.

Ms. Cain requested public comment of which there was none.

AGENDA ITEM 20: RATIFICATION OF INVESTMENT TRANSACTIONS

Fiscal and Investment Services Manager Leslie Dawe reported on the investment transactions, noting State Fund has a written investment policy that is reviewed annually and approved by the Board. The transactions generated \$243,000 in capital gains as of May 31, 2009. The value of State Fund's investment portfolio as of June 30, 2009 was approximately \$19B. Ratification of Bond Transactions: Sixty-nine (69) bonds were purchased from April 1, 2009 to May 31, 2009,

totaling \$1,652,477,648 and twenty-two (22) were sold totaling \$335,994,707. Ms. Cain requested public comment of which there was none. The following action was taken:

MOTION: Mr. Mudd Second: Mr. Quinlan

To ratify the April 1, 2009-May 31, 2009 bond transactions.

AYES: 6 NOES: 0 Motion carried.

There were no Short-Term Investment Transactions to ratify. The report was presented as of May 31, 2009 of nineteen (19) long-term investments totaling \$355,945,000 in compliance with State Fund's investment guidelines at the time of purchase but no longer in compliance, representing less than 2% of the total portfolio. Ms. Dawe noted that since May four (4) securities totaling \$55M were sold and three (3) matured. The investment managers conducted a credit analysis of the investments no longer in compliance and their recommendations to management were accepted. Ms. Cain requested public comment of which there was none. The following action was taken:

MOTION: Mr. Mudd Second: Mr. Rank

To ratify the May 31, 2009 Compliance Report.

AYES: 6 NOES: 0 Motion carried.

Mr. Quinlan left the meeting.

AGENDA ITEM 21: PRESIDENT'S REPORT

Ms. Frank presented a status update on the 2nd Quarter highlights of State Fund's 2009 strategic initiatives. She noted Information Technology IT implemented a server virtualization anticipated to save \$2M per year in enhanced energy efficiency. Insurance Services, Credit & Collections and Policy Operations have worked to reduce charge-off premium significantly. Training and customer service have been augmented through efforts of Marketing, Field Operations, and Claims. Human Resources launched a new employee recognition program and trained managers on succession planning and Talent Management. Communications refreshed the State Fund logo, and generated an improved annual report format. The Ethics & Compliance Department expects to become Model Audit Rule (MAR) compliant in advance of the deadline.

Ms. Frank presented an update on the hiring of a new Chief Investment Technology Officer (CITO). Over thirty resumes were received and reviewed, four finalists were selected, and interviews will be conducted during the next week.

Ms. Frank reported State Fund obtained a gold-level Leadership in Energy and Environmental Design (LEED) certification on its Vacaville location. Through the efforts of the Real Estate Management staff State Fund has enforced utility spend management and reduced utility costs by 1%.

Ms. Cain requested public comment of which there was none.

AGENDA ITEM 22: CHAIR'S REPORT & COMMITTEE ASSIGNMENTS

Ms. Cain noted there was no update to present. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 23: BOARD MEMBER REPORTS

There were no reports. Ms. Cain requested public comment, of which there was none.

AGENDA ITEM 24: PROPOSALS AND SUGGESTIONS FOR SEPTEMBER 2009 AGENDA

In addition to standing agenda items, the Board directed staff to include the travel policy, Board evaluation process, IT update and announcement of new CITO, Marketing Strategy Report, 2nd Quarter Market Analysis and Financials and any items typically recurring in September. Ms. Cain will be unable to attend the meeting and designated Mr. Mudd acting chair in her absence. Ms. Cain requested public comment, of which there was none.

AGENDA ITEM 25: PUBLIC COMMENT

Ms. Cain requested public comment. Randall Cheek, Service Employee International Union (SEIU) Local 1000 Legislative Advocate reported SEIU has been working to defeat the sale of State Fund assets. He provided a written report by the SEIU research department on government contract outsourcing and costs to the full Board.

State Fund IT employee and SEIU member Paul Cooney expressed dissatisfaction with State Fund outsourcing, payments to contractors, the operations of the IT department, and the Joint Labor Management Committee discussions.

Kathleen Collins, State Fund employee and SEIU Vice President submitted written comments about CDI Operational Review findings of State Fund's lack of oversight of IT work and its effects on State Fund employees. She thanked the Board for its resolution opposing the Governor's budget proposal to sell part of State Fund's assets.

ADJOURNMENT

There being no further business, Chair Cain adjourned the meeting at 1:10 p.m.

The next regularly scheduled Board meeting will begin on Thursday September 10 at 4:00 p.m. for a Closed Session at the Milton Marks Conference Center, 455 Golden Gate Ave, San Francisco and will resume there at 8:00 a.m. on Friday September 11, 2009 with the Open Session to begin at 11:00 a.m.

Respectfully submitted,

Judith D. Sapper,
Assistant Secretary

Attachments

Christopher Boyd
State Compensation Insurance Fund (Employee)
1275 Market Street
San Francisco, California 94103

Telephone: (707) 455 9590
email: ccboyd@scif.com

Delivered in Person July 9, 2009
Via Facsimile & U.S. Mail
(415) 703 7059

July 9, 2009

Jeanne L. Cain
Chair State Fund Board of Directors
State Compensation Insurance Fund
P.O. Box 42087
San Francisco, California 94103

Cc: Sheryl A. Chalupa, Board Member
Daniel M. Curtin, Board Member
Senator Michael J. Machado (Ret), Board Member
Vincent E. Mudd, Board Member
Francis E. Quinlan, Board Member
Steven L. Rank, Board Member
Thomas E. Rankin, Board Member
Carol Newman, Board Secretary
Janet D. Frank, President
Peter Guastamachio, IT CIO

Re: Comment on Appropriateness of Closed Session,
Request For Open Session on Item 10 of Agenda
Information/Peter Guastamachio, Stephen Georghakis, David Baker

Dear Ms. Caine:

This letter is to highlight the serious concerns that many State Fund employees have over the closed session of the July 10, 2009 Board Agenda Item 10, Information (Technology). We have previously advised the Board and entered into the record November 21, 2008 concerns regarding the outsourcing and privatization of SCIF's IT work and concerns that new outsourcing contracts would be issued (attached).

Upon information and belief, the IT budget has spent 250 Million Dollars through the First Quarter 2009. These contracts have been issued and never publicly disclosed, nor subjected to competitive bidding. The secrecy that

RE: Board of Directors July 9, 2009 Agenda Item 3: Public Comment on Appropriateness of Closed Session (for Item 10 Information Technology Strategy Update July 10, 2009)
8 pages total

surrounds these new contracts violates internal State Fund controls, the CDI Audit provisions and even the State Fund's own policies. The legal department was shut out of the review of the provisions for the bidding process and review of the contracts themselves. An outside legal firm, close to Ms. Wanta, drafted these contracts for previous business associates of Ms. Wanta. State Fund has made a commitment to Integrity in Action, Sunshine on contracts and a new Ethic practice which has not been kept.

The CDI Audit contained assurances by State Fund that contractors/consultants would not exceed 70 consultants by 2009. State Fund also promised would develop it's employee resources and restore the technical career track. State Fund is failing to keep it's pledge and has recently increased outsourcing to approximately 250 consultants. Continuing expenditures for outsourcing are estimated to exceed 50 Million Dollars for contractors and 50 Million Dollars for consultants annually. By comparison, 100 highly talented and superbly trained employees would cost 10 Million Dollars annually, very little by comparison.

Two IT consultants will be addressing the Board in a closed session regarding IT expenditure decisions and approval of the "IT roadmap. This opaqueness is vendor advice on behalf of other vendors is a conflict of interest and in my belief unethical. Management has relied on consultants and vendors for decisions. These decisions are made in self interest by entrenched vendors of services and systems. Employees have alternative lower cost and state-of -the art solutions which are disregarded without review. I respectfully request an Open Session on Item 10 of the Agenda, Information (Technology) by Peter Guastamachio, Stephen Georghakis, David Baker. Mr. Georghakis and Baker should not be permitted either closed access or secret access to the Board, for this purpose.

Other worker's compensation insurance funds, such as the State of Ohio, by comparison, have similar premium receipts of 2.4 Billion Dollars annually (8 Billion over the last few years). Ohio operates with far less IT cost. Ohio has also made use of financial partners and has successfully reduced development costs and obtained a high policyholder adoption rate of their portal, as well as adoption of electronic payment and reporting.

Respectfully submitted,

Christopher Boyd

November 21, 2008
Board Meeting Statement

Board Meeting Statement

Good Afternoon;

I am an IT Employee at State Fund one of the approximately 1000 State Fund IT employees. Thank you for the opportunity to be at the first open State Fund Board of Directors Meeting. We look forward to working with our new executive operations team, Janet, Harrison and Becky. Many employees are deeply concerned that State Fund is not complying with the CDI Audits which require significant cuts in outsourced contractor positions and concerned that State Fund is headed in the wrong direction and about to increase outsourcing to it's former levels. In 2007, Jeffrey Gershaneck, Head of the IT Department, elaborated a very competent and effective transition plan. However it has not been carried out. The Union SEIU Local 1000 asked employees to vote on the transition plan and over 65% of the employees accepted the plan and requested that legal action be taken to enforce the transition plan if State Fund failed to act.

State Fund is a unique organization. I believe that State Fund is better than a State Agency and better than a private sector company. State Fund needs "organic growth" to achieve it's potential. State Fund should be investing in it's employees. Instead in 2008 it cut back on our training. Hundreds of millions of dollars have been wasted for IT off-the-shelf and outsourced packages. We are concerned that hundreds of millions of dollars will be drawn down from State Fund's reserves which are set to be spent on new IT outsourcing.

Secrecy and lack of transparency were identified in the CDI Audit as major faults. We are concerned and would like to request that all RFPs and responses be made public immediately and continuously.

We are asking the Board to align the course and destination of State Fund's IT Department with the legal requirement stated in the California Government Code 19130 which bars State Fund from outsourcing jobs that can be done by employee classifications for competitive costs.

I have prepared a document with more detail than I have time here and I would like to submit this document into the Meeting Minutes for the record. I will also submit this document to the Union, SEIU Local 1000, for a follow-up letter to the Board of Directors.

Thank you for your time.

Hundreds of Millions Wasted in Outsourcing at State Fund

The high cost of illegal IT outsourcing at State Fund has come together with reduced premium income and increased competition in the market. This has created a perfect storm at State Fund where the unsustainable loss ratio now exceeds 1.40%. Runaway outsourcing expenditures for IT for PowerComp, SFO, ECF and other systems have blown the IT budget to approximately 20% of State Fund's budget. The CDI reported that State Fund had paid approximately \$ 321 Million Dollars in the 2004 to 2007 time period to IT vendors and that there were approximately 200 consultants which was far above and several times the justifiable number.

In 2007 The California Department of Insurance (CDI) Insurance Commissioner appointed an Operational Review Audit of State Fund (CDI Audit) pursuant to California Insurance Code Section 733(g). This review was initiated in response to the CDI's preliminary financial examination findings related to corporate governance and other management issues, in the wake of the investigation of potential criminal misconduct by former employees. Two key SCIF executives, President Jim Tudor and Executive Vice President Renee Koren, were removed from their positions on March 20, 2007. Larry Mulryan was appointed acting President.

In 2007 State Fund Acts to Eliminate Outsourcing Waste

In 2007 IT Department Head Jeffrey Gershaneck immediately acted to cut costs to reduce the contractor count by 100 in 2007 from approximately 300 to 200 consultants. State Fund further agreed to 2008 cuts of 113 consultants in 2008 and to transition contracted IT management and key consultants positions to newly created employee positions. Replacing contractors with employees would reduce the IT budget to within the 5% of the total budget consistent with private industry.

In 2008 State Fund Reverses Course

The cuts to outsourcing State Fund committed were stopped in 2008. State Fund plans to reverse course in a massive outsourcing drive to dwarf the Tudor-Koren Era. A new outsourcing spree is now planned to exceed Hundreds of Millions in the next several years.

State Fund has not complied with commitments to fix the excesses identified in the CDI Audit and has not cut wasteful outsourcing costs by replacing them with employees. The specific recommendations in the CDI Audit are:

1. The CDI reported that the Contracts for IT consultants used for operational purposes have been extended years beyond the original contract term. The consultants have been used to

augment the existing IT operational staff on a long-term basis, and not necessarily to fill temporary needs. The CDI reported that the use of IT consultants to fill long-term operational needs circumvents the HR hiring process and may not be cost beneficial. Additionally, this practice distorts the true IT departmental staffing needs in the budgetary process, and may increase security issues.

2. The CDI reported that IT consultants that perform project development work are contracted over six month periods, and are not contracted by project. Using the IT consultants in this method circumvents both the HR hiring process and the vendor bid and selection process. By not requesting project bids, SCIF may not be receiving the best rates possible.
3. The CDI reported arrangements between at least vendor and former SCIF executives where the vendor would pre-bill SCIF for a specific amount and then use these funds to obtain goods and services from third parties as directed by former SCIF executives. The funds that SCIF paid to this vendor were used for items such as sponsorships, donations, golf tournaments and gifts. Upon information and belief one vendor FiServ/World Group continues to do business with State Fund today even though it donated funds to one of the charities headed by fired executive Renee Koren.

Restore A Strong Technical Career Path

The recent years have been challenging years for Information Technology employees. The large numbers of contractors in I.T. over the last five years have displaced over 50% of the high level and high skill employee positions. The careers and skills of committed and talented people have been devastated. The technical career path that was the pride of State Fund has become the trail to nowhere for employees. Cost effective, highly skilled employees who are software developers have been told to “go to Microsoft.”

Blank Check

In the past, software vendors have been given a blank check for both “Out of the Box” and outsourced software development. Yet neither option has worked at State Fund. Runaway outsourcing expenditures for costly systems like PowerComp, SFO, ECF and other ill-advised systems have been justified on the rash notion that State Fund is “not in the software business.”

Need To Reduce Business Operational Risk

Over the past years I.T. has outsourced a majority of the employee positions to consultants and third party vendors. State Fund has concentrated vital business knowledge in the minds of consultants that could leave at any moment. This has created an unacceptable risk. This dependency on external contactors needs to be immediately mitigated because it creates a high business risk. The internal employee technical expertise must be rebuilt very quickly. The transfer of the management, design, development and operation activities of the software systems need to occur immediately. These systems are “Business Backbone of State Fund” and the loss of operating capability in any one system jeopardizes the business viability of State Fund.

Reverse Course On Ethic Policies

State Fund has not complied with its commitment to the CDI Audit recommendation regarding corporate ethics. Instead of cleaning house and steering with straight shooters with impeccable and honest track records State Fund has promoted Key Tudor-Koren allies and appointees to senior management roles. These individuals collaborated in the execution of State Fund’s most corrupt and wasteful period. These individuals managed the \$ 321 Million Dollars in the 2004 to 2007 period identified as excessive spending in the CDI Audit. They were the keystones in the Tudor-Koren web based on favoritism, nepotism, cronyism and the like.

Secrecy and lack of transparency were identified in the CDI Audit as major faults at State Fund. Therefore all IT RFPs for products and service contracts and vendor responses need be made public immediately and continuously to ensure open and transparent procurement, as well as, compliance with California Government Code 19130.

State Fund Can Not Break The Law on Outsourcing

Government Code section 19130 codifies the exceptions to the civil service mandate recognized in various court decisions. State Fund is unarguably part of the State of California. The civil service mandate applies to the state as a whole including State Fund and provides that the state, as a whole, must use civil service employees whenever those employees can perform the state’s work adequately and competently. The failure of the state to employ sufficient civil service personnel to perform the state’s business cannot be used to create an exemption to the civil service mandate. The California Supreme Court has recognized that emanating from Article VII of the California Constitution is an implied “civil service mandate” that prohibits state agencies from contracting with private entities to perform work that the state has historically and customarily performed and can perform adequately and competently.

To: Jeffery Gershonack, I.T. Program Manager
Harrison Jerome, Vice President

CC: Larry McIryan, President
Janet Frank, Incoming President
Jean Rowan, Human Resources
Vera DeMarrini, Legal Department

26 September 2007

From: SEIU0000 IT JLMC Members

Subject: I.T. Transition Plan

Dear Jeffrey and Harrison:

The I.T. JLMC Employee Representatives recognize and respect the vision and the magnitude of effort required to authorize the 2008 IT Transition Plan presented to the Joint Labor Management Committee on August 24th, 2007.

The plan presented addresses most of the key issues that have been discussed since our first meetings in June 2006. The key points of the IT transition plan that you presented include:

- Transition contracted IT management and key consultants to employees in 2008;
- Creating 113 to 117 new Civil Service IT positions in the 2008 IT program plan based upon the 2008 project portfolio;
- Providing additional employee training to assume duties contractors currently perform;
- Administering an open IT examination in January 2008;
- Reducing the number of employees forced to transfer from Home Office to Vacaville to personnel physically required to operate hardware on location;
- Retaining IT units in Home Office by splitting 11 units between Vacaville and Home Office, if necessary.

The goal of this plan is to rectify the current outsourcing practices at State Fund that are in violation of the law and contracting out provisions in the Constitution of California, Civil Service Code, and contained in the Master Agreement between SEIU and the State of California. The contract binding to State Fund (Section 14.8 page 203) does not allow contractors to be used:

"Except in extremely unusual or urgent time limited circumstances, or other circumstances where contracting out is recognized or required by law, Federal mandate, or court decisions/orders, the State must make every effort to hire, utilize and retain bargaining unit employees before resorting to the use of private contractors."

We wish to schedule our next meeting the week of the 15th of October 2007. The IT JLMC Employee Representatives look forward to working with Management to (1) to monitor the transition plan, (2) to provide additional input and suggestions to improve the transition plan, (3) to maintain continuity during the IT management and executive transition, (4) to resolve the contracting and Vacaville transition in an expeditious manner, and (5) any other IT issues as they arise.

Sincerely,


Madelene Borges, Christopher Boyd, Paul Cooney, Stephen McVeigh, Vincent Palacios,
Skeet Stabner



