

MICHIGAN CIVIL SERVICE COMMISSION
Public Meeting
January 15, 2014

Present: Thomas M. Wardrop, Chair
James Barrett, Commissioner
Charles Blockett, Jr., Commissioner
Robert W. Swanson, Commissioner
Janet McClelland, Acting State Personnel Director

1. CALL TO ORDER

The meeting of the Civil Service Commission (Commission) was opened by Chair Thomas M. Wardrop at 10:04 a.m., in Conference Room A, Lower Level, Capitol Commons Center, 400 S. Pine Street, Lansing, Michigan.

Approval of Minutes

Chair Wardrop requested a motion to approve the minutes of the December 18, 2013 meeting. On motion duly made and supported, the minutes of the December 18, 2013 Civil Service Commission meeting were approved.

2. AMENDMENTS TO AGENDA

Commissioner Charles Blockett, Jr. made a motion to delete Agenda Item 5.A., Memorandum of Understanding between the Department of Technology, Management and Budget and the Office of the State Employer, seconded by Commissioner Robert Swanson. The motion was unanimously approved.

3. INFORMATIONAL REPORTS

There were no informational reports.

4. UNFINISHED BUSINESS

A. Collective Bargaining Agreements

1. Collective Bargaining Agreement between the American Federation of State, County and Municipal Employees (AFSCME) and the Office of the State Employer (OSE)

General Counsel John Gnodtke stated that at the December 18, 2013 Civil Service Commission meeting, the Commission voted to table Agenda Item 5.B.2., the collective bargaining agreement between the AFSCME and the OSE. Before the Commission today is the motion that was made to approve the Impasse Panel's recommendation, IP 2013-02.

Cindy Estrada, Vice President of the United Auto Workers (UAW), addressed the Commission on behalf of the Coalition of State Employee Unions (Coalition). Ms. Estrada stated that she mentioned at the December 18, 2013 Commission meeting that the Coalition did feel that the Impasse Panel hearings were fair, but expressed concerns about the information available at

that time. Due to system changes, Blue Cross and Blue Shield of Michigan (BCBSM) could not produce the reports they wanted. Therefore, the Coalition was not in a position to bargain over those figures at that time since the data that was needed to bargain effectively was unavailable. Ms. Estrada also raised the issue of utilization trends. Ms. Estrada recommended that before costs are shifted to employees, especially in lieu of the State's surplus, that the Commission ask the Coalition and the OSE go back to the table to continue to look at cost cutting. The Coalition's recommendation, due to not having complete and accurate information, is to keep the health care status quo, increase wages, and discuss ways to cut health care with the OSE.

Jan Winters, Director of the OSE, stated that she and Ms. Estrada continue to have a different point of view on the data. The data that was requested from BCBSM was pursuant to a letter the OSE received on December 20, 2013, from the Coalition. The BCBSM had not received a direct request from the Coalition. The BCBSM utilized the letter that the OSE received on December 20 to produce the exact information that was requested by the Coalition. However, during bargaining the Coalition was provided with final claims information paid for the PPO plan for Fiscal Years 2011 and 2012. Fiscal Year 2013 data was not available until updated information was most recently requested on December 20, 2013, by the Coalition.

Ms. Winters stated that two-thirds of the billion-dollar surplus mentioned by the Coalition is one-time money leaving \$325 million. Of that \$325 million, \$119 million is school-aid-fund money and \$206 million is general-fund money. One-time money cannot be utilized for on-going expenses.

The Impasse Panel received numerous documents, exhibits, and testimony. The OSE believes the recommendation is a comprehensive package and should remain that way. Ms. Winters stated that the OSE hoped the Commission will adopt the Impasse Panel's recommendation in total.

There was also discussion by both Ms. Winters and Ms. Estrada regarding competing interests for the funding.

At the request of Commissioner Swanson, Jay Wortley from the Department of Treasury addressed the Commission. Mr. Wortley distributed a Consensus Revenue Agreement Executive Summary from the revenue conference he attended on December 10, 2013. Table 1 is a Consensus Economic Forecast and Table 2 summarizes the revenue consensus. They are required to make revenue estimates for both the General Fund and School Aid Fund Revenues.

Mr. Wortley stated that in Fiscal Year 2015, the only ongoing revenue would be the \$325 million and the remaining money would be considered one-time revenue because it comes from a prior year and will not continue in the future. Mr. Wortley stated that he did not know the final surplus numbers for Fiscal Year 2015 because he did not deal with the overall budget. Mr. Wortley also stated that the forecast for the economy is that it will continue to grow moderately through Fiscal Year 2016.

General Counsel John Gnodtke stated that IP 2013-02 is the Impasse Panel's recommendation for the agreement for the Institutional Unit between the AFSCME and the OSE. Resolution 4-A(1) would approve IP 2013-02, adopt IP 2013-01 by reference, approve the contract in Appendix 1 effective January 15, 2014, and extend the current secondary agreements for up to 12 months.

Commissioner Swanson made a motion to bring Agenda Item 4.A.1. back off the table for further discussion, seconded by Chair Wardrop. The motion was unanimously approved.

Commissioner Swanson made a motion to amend the current motion to:

1. Change the duration of the contract from two years to one year;
2. Maintain the status quo on plan design for the health insurance plans, and
3. Eliminate the recommended 0.5% lump-sum award.

Commissioner Blockett seconded the motion.

Commissioner Swanson indicated his discomfort with unilaterally imposing a major change to bargained benefits. He expressed his disappointment that the parties could not reach an agreement. Due to the time constraints, ordering new bargaining was not an option. Commissioner Swanson stated that a one year contract would allow more time for obtaining information to address changes that may be needed in plan design. Commissioner Swanson questioned the decision to make state employees take a permanent concession to fund a tax cut.

Commissioner Blockett stated that state employees have repeatedly made concessions over the past decades when the state has faced budgetary issues. Given the large surplus currently, Commissioner Blockett did not believe that further concessions were appropriate.

After discussion about the motion, Chair Wardrop called the question:

Commissioner Barrett – Nay
Commissioner Swanson – Yea
Commissioner Blockett – Yea
Chair Wardrop – Nay

The motion to amend the current motion failed.

Chair Wardrop stated that the motion before the Commission is to approve the recommendation of the Impasse Panel for the contract between the AFSCME and the OSE.

Commissioner Swanson stated that he was faced with two untenable choices but would support the Impasse Panel's recommendation because it is preferable to leaving state employees vulnerable without contracts and without pay raises. Commissioner Swanson stated that he felt that the result was a travesty and undermined state collective bargaining.

Chair Wardrop indicated that he would be voting to adopt the Impasse Panel's recommendation because he was not comfortable picking out just one or two items from that recommendation to change. He stated that he wanted state employees to receive a pay raise and would thus vote to adopt the recommendation.

After discussion about the motion, Chair Wardrop called the question.

Commissioner Barrett – Yea
Commissioner Swanson – Yea
Commissioner Blockett – Nay
Chair Wardrop – Yea

The motion was approved.

2. Collective Bargaining Agreement between MCO and OSE

Mr. Gnodtke stated that Resolution 4-A(2) would approve IP 2013-03, adopt IP 2013-01 by reference, approve the contract in Appendix 1, and extend current secondary agreements.

Mel Grieshaber, Executive Director of the Michigan Corrections Organization (MCO), expressed concerns regarding a Letter of Understanding (LOU) that extends 12-hour shift pilot programs for two years. Mr. Grieshaber stated that the pilots were mutually agreed upon by the MCO and the Department of Corrections (DOC) and set to expire September 30, 2014. The MCO members voted on the pilot with the expectation that an evaluation would be done on a certain date. Mr. Grieshaber stated that an extension of the pilot programs would interfere with future collaborative efforts between the parties and requested that the Commission adopt the Impasse Panel's recommendation on LOU #21, with the extension language struck.

Ms. Winters responded that during negotiations and the impasse hearings, the Employer was proposing much more flexibility than is present in the LOU. However, the OSE accepts the Impasse Panel's recommendation as a whole. The OSE feels the recommended LOU on the 12-hour shift programs is important in acquiring more stability.

Bethany Beauchine, OSE Contract Administrator for the MCO contract, stated that the provision allows modification of the agreement by mutual agreement of the parties. Therefore, nothing proposed by the Panel would stop the parties from working on changes to the agreement.

A motion was made to approve Resolution 4-A(2), the Collective Bargaining Agreement between the MCO and the OSE. On motion duly made and supported, the motion was unanimously approved.

3. Collective Bargaining Agreement between the Michigan State Employees Association (MSEA) and the OSE

Mr. Gnodtke stated that Resolution 4-A(3) would approve IP 2013-04, adopt IP 2013-01 by reference, approve the contract in Appendix 1, and extend current secondary agreements.

Attorney Brandon Zuk addressed the Commission on behalf of the MSEA stating that many issues went to impasse because the OSE failed to engage in bargaining by not responding to issues presented by the MSEA. Mr. Zuk highlighted the topics the MSEA wished to have addressed by the Commission.

1. Article 8 on the selection of arbitrators due to noncompliance by the OSE.
2. Article 15 to provide overtime rate pay for unscheduled work to recognize burdens.
3. Article 43 on pay premiums for public safety classes to address gaps with trooper pay.
4. LOU 14 on the Fire Crash Rescue Officer to address ongoing issues.
5. App C for State Worker class to curtail the use of multiple non-career appointments.

Commissioner Blockett requested that the MSEA send the Commission information regarding the non-career appointment issues that were at impasse in the MSEA contract so it could be reviewed by the CSC staff.

Ms. Winters and Cheryl Schmittiel, Deputy of the OSE, indicated that the process with the MSEA was very lengthy. Ms. Winters stated that the OSE disagrees that they failed to respond

to the MSEA. The Impasse Panel heard all the testimony from both parties and the OSE supports the Impasse Panel's recommendation.

A motion was made to approve Resolution 4-A(3), the Collective Bargaining Agreement between the MSEA and the OSE. On motion duly made and supported, the motion was unanimously approved.

4. Collective Bargaining Agreement between the SEIU (HSS) and the OSE

Mr. Gnodtke stated that Resolution 4-A(4) would approve IP 2013-05, adopt IP 2013-01 by reference, and approve the contract in Appendix 1.

A motion was made to approve Resolution 4-A(4), the Collective Bargaining Agreement between the SEIU (HSS) and the OSE. On motion duly made and supported, the motion was unanimously approved.

5. Collective Bargaining Agreement between the SEIU (S & E) and the OSE

Mr. Gnodtke stated that Resolution 4-A(5) would approve IP 2013-06, adopt IP 2013-01 by reference, and approve the contract in Appendix 1.

Bill Ruhf, President of SEIU Local 517M, and Amy Lipset, President of the Scientific and Engineering Unit discussed their request that engineers, foresters, and veterinarians receive special step increases. Ms. Lipset stated that SEIU believes that:

1. The earnings of engineers employed by the State fall behind those of engineers in both the private and public sector.
2. The disparity of compensation between the civilian forensic scientists and uniformed forensic scientists employed by the Department of State Police continues to grow.
3. The American Veterinary Medical Association report indicates that veterinarians employed by the state fall short in compensation compared to their counterparts.

Ms. Lipset also stated that foresters should receive a clothing allowance due to the nature of their work and costs associated with destroyed clothing. Ms. Lipset asked the Commission to reject the Impasse Panel's recommendation and instead adopt the SEIU's proposals.

Ms. Winters and Gerri Smith, Contract Administrator for the Scientific and Engineering Unit, responded to Ms. Lipset's comments stating that all topics were discussed with the Impasse Panel. Retention and recruitment in state government has been a factor in terms of consideration where any special pay increases are warranted and are not a problem with the classes cited. Ms. Winters suggested that the SEIU and the OSE further discuss the administrative procedures.

A motion was made to approve Resolution 4-A(5), the Collective Bargaining Agreement between the SEIU (S & E) and the OSE. On motion duly made and supported, the motion was unanimously approved.

6. Collective Bargaining Agreement between the SEIU (Technical) and the OSE

Mr. Gnodtke stated that Resolution 4-A(6) would approve IP 2013-07, adopt IP 2013-01 by reference, and approve the contract in Appendix 1.

A motion was made to approve Resolution 4-A(6), the Collective Bargaining Agreement between the SEIU (Technical) and the OSE. On motion duly made and supported, the motion was unanimously approved.

7. Collective Bargaining Agreement between the UAW and the OSE

Mr. Gnodtke stated that Resolution 4-A(7) would approve IP 2013-08, adopt IP 2013-01 by reference, approve the contract in Appendix 1, and extend the current secondary agreements.

A motion was made to approve Resolution 4-A(7), the Collective Bargaining Agreement between the UAW and the OSE. On motion duly made and supported, the motion was unanimously approved.

B. Coordinated Compensation Panel Recommendation

Mr. Gnodtke stated that Agenda Item 4.B. is the Coordinated Compensation Panel Recommendation. The panel has made a recommendation for nonexclusively represented pay and benefits for Fiscal Year 2015. Its recommendation tracked those in IP 2013-01 for a 2% base pay increase, a 0.5% lump-sum payment, and moving all employees into the same new State Health Plan and new HMO plan.

Al Quattrin, President of the Michigan Association of Governmental Employees voiced his disapproval regarding the Impasse Panel's recommendation. Mr. Quattrin stated that state employees have done more than their fair share of concessions during Michigan's financial difficulties and that it is not fair to employees to approve the Panel's recommendation to change health care plans.

A motion was made to approve Agenda Item 4.B., the Coordinated Compensation Panel Recommendation. On motion duly made and supported, the motion was unanimously approved.

C. Unclassified Compensation Recommendation

Mr. Gnodtke stated that Agenda Item 4.C. is the Unclassified Pay Recommendation for Fiscal Year 2015. Article 11, § 5 of the Michigan Constitution requires the Commission to "recommend to the governor and to the legislature rates of compensation for all appointed positions within the executive department not a part of the classified service." Typically, this non-binding recommendation of the Commission has tracked the pay determinations of the Commission for classified employees. Resolution 4.C. recommends increases in unclassified compensation of up to 2.0% for base pay and up to 0.5% in a lump-sum payment.

A motion was made to approve Resolution 4.C., the Unclassified Compensation Recommendation. On motion duly made and supported, the motion was unanimously approved.

5. NEW BUSINESS

A. Interagency Memorandum of Understanding (MOU) – Retiree Health Benefits

Agenda Item 5.A., the MOU between the Department of Technology, Management and Budget and the Office of the State Employer, was removed from the agenda at the beginning of the meeting.

B. Letter of Understanding (LOU) between OSE and MCO

Mr. Gnodtke stated that Agenda Item 5.B. is a LOU between the OSE and the MCO regarding an issue related to overtime treatment for officers.

A motion was made to approve Agenda Item 5.B., the LOU between the OSE and the MCO. On motion duly made and supported, the motion was unanimously approved.

6. PUBLIC COMMENT

Chair Wardrop asked if anyone wished to address the Commission. There was no public comment.

ADJOURNMENT

There being no further items for Commission approval or public comments to be heard, Chair Wardrop called for a motion to adjourn. On motion duly made and supported, the meeting was adjourned at 1:30 p.m.

I, Janet McClelland, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of January 15, 2014.



Janet McClelland
Acting State Personnel Director