

MICHIGAN CIVIL SERVICE COMMISSION
Public Meeting
December 10, 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 10:14 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 September 17, 2014 meeting. On motion duly made and supported, the minutes of the September 17, 2014 Civil Service Commission meeting were approved.

2. AMENDMENTS TO AGENDA

There were no amendments to the agenda.

3. INFORMATIONAL REPORTS

State Personnel Director's Report

The Commission received the following report from Acting State Personnel Director Janet McClelland.

Department of Technology, Management and Budget

A request was received to establish an exempt unclassified position, which will serve as the Procurement Contract Monitor. This request was approved effective August 17, 2014.

Department of State Police

On September 16, 2014, a request was received to establish an exempt unclassified position to serve as the Community Safety Education and Grant Coordinator. This request was approved effective September 28, 2014.

Department of Community Health

On October 16, 2014, a request was received to establish an exempt unclassified position to serve as the Facility Director of the Kalamazoo Psychiatric Hospital. Concurrently, the vacant Chief Deputy Director position was abolished. This request was approved effective October 12, 2014.

On October 28, 2014, a request was received to establish an exempt unclassified position to serve as the Deputy Director of the Operations Administration. Concurrently, the vacant

Special Assistant to the Director position was abolished. This request was approved effective November 9, 2014.

Department of Treasury

On November 13, 2014, a request was received to establish an exempt unclassified position to serve as the Executive Director of the Financial Review Commission. Concurrently, Treasury abolished the vacant Senior Advisor to the State Treasurer position. This request was approved effective November 9, 2014.

4. UNFINISHED BUSINESS

There was no unfinished business.

5. NEW BUSINESS

A. Civil Service Budget

Carol Vargovich, Director of the Office of Financial and Administrative Services, presented Agenda Items 5.A.1. and 5.A.2.

With regard to Item 5.A.1., Ms. Vargovich asked the Commission to approve the Certification of Aggregate Payroll of Classified State Service as required by the Michigan Constitution. Ms. Vargovich reported that the aggregate payroll for the classified state service from October 1, 2013 through September 30, 2014, was \$5,381,653,168.

The Commission has completed processing the financial transactions for Fiscal Year 2014. All expenditures and revenues have been reconciled and balanced with the State of Michigan's accounting records.

With regard to Item 5.A.2., Ms. Vargovich indicated that the budget proposal for Fiscal Year 2016 has been completed and recommended that the Commission approve the proposed budget, which is a continuation of the current fiscal year with the exception of pending economic adjustments for salary and wages, retirement, insurance, and workers' compensation.

On motion duly made and supported to approve Resolution 5.A.1., the Certification of the Aggregate Payroll for Fiscal Year 2014 was unanimously approved.

On motion duly made and supported to approve Resolution 5.A.2., the Budget Proposal for Fiscal Year 2016 was unanimously approved.

B. Letter of Understanding – MSEA (Interim Approval Granted)

General Counsel John Gnodtke stated that Item 5.B. is a Letter of Understanding (LOU) adjusting the hours in a standard work period and other related issues for Fire Crash Rescue Officers. The LOU was previously granted interim approval by the Acting State Personnel Director with the consent of the Chair.

On motion duly made and supported to approve Agenda Item 5.B, the Letter of Understanding was unanimously approved.

C. Secondary Agreements (Interim Approval Granted)

Assistant General Counsel Nicholas Kechkaylo stated that Agenda Item 5.C. is Secondary Agreements between the Office of the State Employer and UAW, AFSCME, and MSEA. With consent of the Chair of the Commission, interim approval has been granted for the 27 secondary agreements. Staff has reviewed the secondary agreements for violations of the Commission's rules on prohibited subjects of bargaining and has not identified any violations.

On motion duly made and supported to approve Resolution 5.C., the Secondary Agreements were unanimously approved.

D. Secondary Agreement

Assistant General Counsel Nicholas Kechkaylo stated that Agenda Item 5.D. is a Secondary Agreement that has not received interim approval between the Office of the State Employer and AFSCME for the Department of Corrections. Staff has reviewed the secondary agreement for violations of the Commission's rules on prohibited subjects of bargaining and has not identified any violations.

On motion duly made and supported to approve Resolution 5.D., the Secondary Agreement was unanimously approved.

E. Impasse Panel Recommendation 2014-02

Assistant General Counsel Nicholas Kechkaylo stated that during secondary negotiations SEIU and the Department of Transportation (MDOT) requested Impasse Panel assistance on proposed changes to certain employees' travel reimbursements under the Department's travel regulations. The Impasse Panel recommended denying both parties' proposals.

George Heath, SEIU Divisional Vice President, stated that the information submitted to the Impasse Panel by MDOT showing a cost of approximately \$566,000 is not accurate. Mr. Heath found 27 individuals on the list that are not part of the Technical Unit or are Schedule I employees. In 2013, there was a double payment because of a grievance filed and SEIU believes that amount was included in the total.

John Eck, SEIU 517M Vice President, expressed his concern over the travel reimbursement rates for the MDOT technicians classified as Schedule II Field employees. Mr. Eck stated that travel reimbursement has been an issue for some time for those 233 technicians who are assigned to highway and bridge construction projects, often located far from their offices and homes. MDOT unilaterally eliminated Schedule II language and reduced the mileage rate to \$.2525/mile, while other state employees continue to receive the full \$.555/mile. Mr. Eck asked the Commission to not accept the Impasse Panel's recommendation and to restore the full travel reimbursement rate and adjust the partial day per-diem rate for MDOT technicians being asked to travel for work.

Commissioner Barrett asked to hear from MDOT on the rationale for the reimbursement differential.

Jan Winters, Director of the Office of the State Employer (OSE), introduced Todd White, Human Resources Director with MDOT. Mr. White was involved in secondary negotiations and the impasse proceedings. Ms. Winters agreed that mileage reimbursement for Schedule II field employees has been an issue for some time. Ms. Winters stated that the

issue is very complex and OSE has every intention of taking this issue to the main bargaining table so that the full range of information and facts can be discussed. The situation involves a very small group of employees, less than half percent of state workers, and MDOT's business has changed over the years. In many cases now, employees are no longer driving considerable distances to a project or job; they are driving to and from a transportation center.

Mr. Heath responded that the employees may be few, but that they are 10% of MDOT's employees and are the frontline for MDOT projects. Mr. Heath stated that it is often cheaper for the employer to give employees the \$.25 rate than to have them use a state car. Mr. Heath also stated that the parties hoped they could come to an agreement during secondary negotiations. Mr. Heath agreed with Mr. Eck that employees are being assigned to areas that are far from their homes. Some employees are assigned to two-year projects and can't possibly drive back and forth.

On motion duly made and supported to approve Agenda Item 5.E., the Impasse Panel Recommendation 2014-02 was unanimously approved.

F. Impasse Panel Recommendation 2014-03

Assistant General Counsel Nicholas Kechkaylo stated that during secondary negotiations, MSEA and the Department of Environmental Quality (DEQ) requested Impasse Panel assistance on MSEA's request to increase the uniform cleaning allowance for Environmental Investigators (EIs).

Peter Clark stated that on November 17, 2014 the MSEA received the recommendations of the Impasse Panel on the tentatively agreed to DEQ Secondary agreement, which included an increase from \$500 to \$1,000 for cleaning allowance for EIs. The Panel agreed that the criteria exist for such an increase, but recommended that the proper forum for this issue is primary negotiations. Mr. Clark asked the Commission to disregard the Panel's recommendation and grant the increase. The union indicated that if the Commission passes the Panel's recommendation, the disparity will continue until the fall of 2015, beginning of 2016. Mr. Clark indicated that an important point is that the DNR contract has been \$1,000 for a while, so the employees at DEQ have been dealing with this disparity for quite some time. The total amount for the year would be \$4,000 and there was never a question as to whether the money was available in the budget.

Kenneth Moore, President of MSEA, stated that MSEA is only seeking parity in the same classification and bargaining unit.

Commissioner Swanson asked to hear from the Office of the State Employer. Chair Wardrop asked if both sides agreed, then why wasn't this proposal accepted and why would OSE object to the increase when the amount was in DEQ's budget.

Ms. Winters stated that a letter was sent in 1997 which indicated that the inclusion of that item was an oversight. It never should have been part of the secondary agreement. Ms. Winters said that it was not approved by OSE because it is properly covered under the primary agreement as a compensation matter.

Commissioner Swanson stated that he found it difficult to continue to ask eight employees to be treated inequitably compared to their counterparts when the Department agreed to give them an increase this year. Ms. Winters stated that she will follow up with MSEA to determine if there is another way to address this situation. Ms. Winters urged the

Commission to accept the Impasse Panel's recommendation because if not, she felt it would open the door to matters of compensation being dealt with during secondary negotiations.

Chair Wardrop made a motion to postpone Agenda Item 5.F. until the next Commission meeting and the motion was unanimously approved.

G. Coordinated Compensation Panel Recommendation (CCP)

General Counsel John Gnodtke stated that Item 5.G. is the CCP recommendation for Fiscal Year 2016. The CCP is the annual pay-setting process for non-exclusively represented employees. Last year, the Commission approved collective bargaining agreements with a 2% base wage increase for represented employees in Fiscal Year 2016. The CCP recommends awarding the same 2% increase to NEREs starting next October. The recommendation also includes increased funding for the NERE professional development fund, and a pilot incentive payment program for three classifications in the Department of Insurance and Financial Services that have experienced high turnover during the last several years.

Al Quattrin, President of the Michigan Association of Governmental Employees (MAGE), addressed the wage compression problem between the rank and file and employees in managerial positions. Mr. Quattrin believes that a morale problem exists among these employees due to the wage compression but also for not receiving overtime compensation. Mr. Quattrin asked the Commission to resolve these problems by creating an incentive bonus solely for those employees in managerial positions.

Brandt Wimbush, second Vice-President of MAGE, discussed the morale of state employees, particularly managers and supervisors. Mr. Wimbush stated that state employees get paid substantially less than their counterparts in the private sector and that many employees are not willing to apply for promotions because of the minimal increase in pay when compared to the massive increase in responsibilities.

Mr. Wimbush thanked Commissioner Blockett for his years of service to the State of Michigan and the Commission.

On motion duly made and supported to approve Agenda Item 5.G., the Coordinated Compensation Panel Recommendation was unanimously approved.

H. Unclassified Compensation Recommendation

General Counsel John Gnodtke stated that Item 5.H. is the unclassified pay recommendation, which is required by Article 11, Section 5 of the Michigan Constitution. Consistent with previous recommendations, an increase up to the amount approved by the Commission for classified employees (i.e., 2 percent) is before the Commission for its consideration.

On motion duly made and supported to approve Agenda Item 5.H., the Unclassified Compensation Panel Recommendation was unanimously approved.

6. PUBLIC COMMENT

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 12:02 p.m.

I, Matthew Fedorchuk, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of December 10, 2014.



Matthew Fedorchuk
Acting State Personnel Director