

**State of Michigan
CIVIL SERVICE COMMISSION
Public Meeting
December 12, 2012**

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 was opened by Chair Thomas Wardrop at 10:00 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 19, 2012 meeting. On motion duly made and supported, the minutes of the September 19, 2012 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 Janet McClelland, Acting State Personnel Director:

Unclassified Positions Report

Civil Service Commission Rules require the State Personnel Director to report on the establishment or abolishment of positions in the state unclassified service. Since the last report, the following approvals were processed:

- On October 2, 2012, a request was received from the Department of Civil Rights to establish an exempt unclassified position to serve as the Senior Executive of Initiatives. Concurrently, the vacant Deputy Director position was abolished. This request was approved on October 8, 2012.
- On October 25, 2012, a request was received from the Department of Civil Rights to establish of an exempt unclassified position to serve as the Outreach Liaison. This request was approved on October 30, 2012.
- On October 29, 2012, a request was received from the Department of Community Health to establish an exempt unclassified position to serve as the Senior Deputy Director for External Affairs and Communication. Concurrently, the vacant Public

Deputy Director of Policy and Planning position was abolished. This request was approved on October 30, 2012.

- On November 2, 2012, a request was received from the Department of Environmental Quality to establish an exempt unclassified position to serve as the Director of Communications. Concurrently, the vacant Regulatory Affairs Officer position was abolished. This request was approved on November 8, 2012.
- On November 9, 2012, a request was received from the Department of Agriculture and Rural Development to establish an exempt unclassified position to serve as the Director of Strategy & Business Performance. This request was approved on November 9, 2012.

4. UNFINISHED BUSINESS

There was no unfinished business.

5. NEW BUSINESS

A. Civil Service Commission Budget

Items 5.A.1. and 5.A.2., Civil Service Budget

Carol Vargovich, Director of the Office of Budget and Financial Services, presented Agenda Items 5.A.1. and 5.A.2. Ms. Vargovich stated Agenda Item 5A is the annual update of the financial activities of the Civil Service Commission which includes the certification of aggregate payroll for the prior fiscal year, summary of financial activity for FY 2012 and the budget proposal for FY 2014.

- With regard to Item 5.A.1., Certification of Aggregate Payroll of Classified State Service, Ms. Vargovich stated that the total payroll cost for FY 2012 was \$4,974,653,980, with an average of 49,600 Full-Time Employees. Certification of the Aggregate Payroll of the Classified State Service is required by the Michigan Constitution.
- Ms. Vargovich provided a summary of the FY 2012 financial activity for the Civil Service Commission, which included a general fund lapse of \$1,088,500 due to a reduction in expenditures.
- With regard to Item 5.A.2., Ms. Vargovich stated that the proposed 2014 budget is a continuation of the FY 2013 Commission-approved budget. The only anticipated adjustment is for the transfer of four full-time positions to the Department of Human Services that had been part of the Human Resources Consolidation. The responsibilities of those four positions are primarily training and may be transferred back to the Department of Human Services. In addition, the proposed budget reflects the elimination of employee lump sum payments but does not recognize economic adjustments for retirement, insurances, and workers' compensation.

Ms. Vargovich stated that it appears that the proposed FY 2014 budget is below the appropriation amount for the FY 2012 budget. This is due to the fact that the proposed FY 2014 budget is simply the baseline; it does not have the economics factored into it yet.

Ms. Vargovich asked the Commission to approve Resolution 5.A.1., Certification of the Aggregate Payroll FY 2012 and Resolution 5.A.2., Civil Service Commission budget for FY 2014.

Chair Wardrop requested a motion to approve Item 5.A.1., Certification of the FY 2012 Aggregate Payroll. On motion duly made and supported, the motion was unanimously approved.

Chair Wardrop requested a motion to approve Item 5.A.2., FY 2014 Budget Proposal. On motion duly made and supported, the motion was unanimously approved.

B. Coordinated Compensation Panel Recommendation

General Counsel John Gnodtke presented the Coordinated Compensation Plan Recommendation (CCP) for FY 2014. After his presentation, Chair Wardrop asked if there was any public comment regarding the CCP. The following persons addressed the Commission:

- Jan Winters, Office of the State Employer Director expressed her support of the 1% base pay increase and the remainder of the CCP recommendation.
- Mike Herendeen and Alan Quattrin of the Michigan Association of Governmental Employees (MAGE) addressed the Commission. MAGE stated that in Oct 2010, FY 2011 union employees received a 3% raise and NERES received no raise. Then, in October 2012, union employees received a 1% base pay increase and a 1% lump sum payment while the NERES received a 3% base pay raise and a 2% lump payment.

MAGE also noted that at the end FY 2013, NERES are still left with a 1% deficiency in base pay compared to unionized subordinates, and have lost what would amount to at least a one-time 6% lump sum payment, which is the previous 2 years of zero base pay increase versus the 3% base pay increases enjoyed by the unionized employees over the same period.

MAGE further stated that the net result of the union employees base pay increase is 4% compared to the NEREs 3%, which is problematic and, if not corrected, every subsequent base pay increase will exacerbate the already existing pay compression problems between the managers who are mostly NEREs and the subordinate positions they supervise, which are often unionized.

Finally, MAGE requested a 3% base pay increase and a 1% lump sum, and a 2% increase over what the unionized employees receive.

- Andre Friedlis of the Association of State Employees in Management (ASEM) addressed the Commission to summarize a position statement issued by ASEM President, Jennifer Fields. Copies of the position statement were provided to the Commissioners. Mr. Friedlis stated that during the CCP process for FY14, ASEM requested a 3% general wage increase and a 1% lump sum payment, as well as raising the caps on annual leave accrual. Mr. Friedlis explained that there has been unequal treatment of NEREs since FY11 when NEREs did not receive the same 3% wage increase as union-represented employees. He expressed that while ASEM appreciates the compensation awarded in FY13 and the CCP recommendation for

FY14, the disparity still exists. Therefore, ASEM is respectfully requesting that NEREs also be awarded a 1% lump sum payment.

Chair Wardrop asked if anyone else wished to address the Commission on this topic. Seeing none, he requested a motion to approve the CCP recommendation for FY 2014. Upon motion duly made and supported, the Commission approved the recommendation.

C. Unclassified Compensation Recommendation

General Counsel John Gnodtke presented to the Commission Resolution 12-07, Recommended Rates of Compensation for Unclassified Positions. This resolution recommends a 1% lump sum, with no increase in base pay, consistent with the bargained-for compensation increases for the upcoming fiscal year. Upon motion duly made and supported, the Commission approved the recommendation.

D. Letter of Intent (Interim Approval Granted)

General Counsel John Gnodtke presented a Letter of Intent between MSEA and OSE. This letter changes the date of observance of one state holiday that fell in the midst of the 18th Motor Carrier Recruit School. Upon motion duly made and supported, the Commission approved the recommendation.

E. Secondary Agreements (Interim Approval Granted)

General Counsel John Gnodtke presented nine secondary agreements to the Commission. Upon motion duly made and supported, all nine secondary agreements were approved.

F. Secondary Agreements

General Counsel John Gnodtke presented new secondary agreements between the Michigan State Employees Association and the departments of Attorney General, Natural Resources, Human Services, and Transportation. Upon motion duly made and supported, the Commission approved all four Secondary Agreements.

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 adjourned the meeting at 11:00 a.m.

NOTE:

Copies of any written statements, reports, or staff proposals which were presented to the Commission may be obtained by contacting the Civil Service Commission, Executive Office, Capitol Commons Center, 400 S. Pine Street, P.O. Box 30002, Lansing, Michigan, 48909, or by telephone at 517-373-3020.