

**State of Michigan
CIVIL SERVICE COMMISSION
Public Meeting
September 21, 2011**

Present: Thomas M. Wardrop, Chair
James Barrett, Commissioner
Charles Blockett, Jr., Commissioner
Robert W. Swanson, Commissioner
Jeremy S. Stephens, State Personnel Director

CALL TO ORDER

The meeting of the Civil Service Commission was opened by Chair Thomas Wardrop at 10:11 a.m. in Conference Room A, Lower Level, Capitol Commons Center, 400 S. Pine Street, Lansing, Michigan.

1. APPROVAL OF MINUTES

Chair Wardrop requested a motion to approve the minutes of the May 25, 2011 meeting. On motion duly made and supported, the minutes were approved.

Chair Wardrop welcomed Commissioner James Barrett, who replaces former Commissioner Andrew Abood.

2. AMENDMENTS TO AGENDA

There were no amendments to the agenda.

3. INFORMATIONAL REPORTS

Director's Report:

The Commission received the following report from State Personnel Director Jeremy S. Stephens:

Unclassified Position Report

Civil Service Commission Rules require the State Personnel Director to report on the establishment or abolishment of unclassified positions. Since the last report, the following unclassified position actions were taken:

- The Department of Education established an unclassified position to serve as the Office of Great Start Deputy Superintendent. Concurrently, the Education Advisor to the Office of the Superintendent position was abolished.
- The Department of Corrections established an unclassified position to serve as the Correctional Facilities Administrator Deputy Director. Concurrently, the Assistant to the Director for Special Projects position was abolished.

- The Department of Environmental Quality established an unclassified position to serve as the Regulatory Affairs Officer. Concurrently, the Communications Director position was abolished.
- The Department of Natural Resources established an unclassified position to serve as the State Forester. Concurrently, the Michigan Port and Maritime Advisor position was abolished.

Director Stephens indicated that detailed reports regarding these actions are contained in the Commissioners' informational packets.

Letter of Understanding

On November 3, 2011, interim approval was granted by Civil Service Commission Chair Wardrop and State Personnel Director Jeremy Stephens for the following Letter of Understanding:

- Letter of Understanding (LOU) between the Michigan Department of Corrections and the Michigan Corrections Organization due to the closure of the Mound Road Correctional Facility. This LOU addresses the bumping process for the employees in the Security Bargaining Unit.

4. UNFINISHED BUSINESS

Chair Wardrop stated there was no unfinished business.

Commissioner Blockett then asked State Personnel Director Stephens if he could provide to the Commission the number of enrollees in the Other Eligible Adult Individual (OEAI) benefit now being offered to employees. Director Stephens indicated that the numbers have not been finalized, but preliminary numbers show that the enrollment period will end with less than one hundred people electing to receive that benefit. Commissioner Blockett stated that with that projection, he assumed the cost will be much less than the original projection of \$8 million. Director Stephens affirmed that assumption.

5. NEW BUSINESS

Item 5.A: Proposed Fiscal Year 2012 Travel Rates

Ms. Joyce VanCoeverting of the Department of Technology, Management and Budget presented the proposed Fiscal Year 2012 Travel Rates for employee travel expense reimbursement. Ms. VanCoeverting indicated that the rates are held flat for this fiscal year, except for an increase in the standard mileage reimbursement rate. That rate is changing from 0.365 to 0.390 in FY12.

Chair Wardrop requested a motion to approve Item 5.A., Travel Rates for Fiscal Year 2012. On motion duly made and supported, the motion was approved.

Legal Counsel John Gnodtke, presented Items 5.B.(i) and 5.B.(ii), which were given interim approval in June 2011 by the State Personnel Director with consent of the Chair.

Mr. Gnodtke indicated that staff has reviewed the secondary agreements and identified no prohibited subjects of bargaining.

- 5.B.(i) Secondary Agreement between UAW and the Department of Natural Resources and Secondary Agreement between UAW and the Department of Environmental Quality. Chair Wardrop requested a motion to approve Item 5.B.(i). On motion duly made and supported, the Commission approved Item 5.B.(i).
- 5.B.(ii) Secondary Agreement between UAW and the Department of Licensing and Regulatory Affairs (LARA). Chair Wardrop requested a motion to approve Item 5.B.(ii). On motion duly made and supported, the Commission approved Item 5.B.(ii).

6. PUBLIC COMMENT

The Commission received a written request to address the Commission from Nick Ciamitaro of AFSCME and Professor Roland Zullo from the University of Michigan. Mr. Ciamitaro informed the Commissioners that only Professor Zullo would be addressing the Commission on behalf of AFSCME.

Professor Zullo stated that he has studied the issue of privatization for approximately 15 years, wrote his dissertation on it, and has been studying it ever since. Ten of those years have been spent looking at various privatization cases in Michigan.

He spoke at great length about Civil Service Commission Rule 7-3, Standard D Guidelines, indicating that changes made in the Standard D process around 1993 changed the way interested parties could challenge the Standard D cost formula. Professor Zullo recommended that the Commission bring back the old system (a contested hearing process) to improve the decision making that takes place by the Commission. He provided several examples of disbursements for personal services that had been approved under Standard D which he felt contained errors and should have been more closely scrutinized. Professor Zullo opined that Standard D Guidelines skew the decision making process in favor of outsourcing and, as a result, while it might appear on paper to show cost savings, the savings do not exist in reality. He provided several examples of where, in his opinion, capital expenses, indirect expenses, and monitoring costs may have been understated or overstated.

Professor Zullo also stated his belief that the privatization of services, such as the MI Child application process, resulted in a reduction in the quality of service and responsiveness to Michigan citizens. He stated that since part of the process was handled by classified employees and part of the process was handled by the contractor, cases were bounced between the two groups due to errors, causing delays in the processing time for the citizens applying for MI Child benefits.

The professor commended the Commissioners for having a 5% threshold calculated into the contracts and noted that some states, such as Indiana and Ohio, do not have a threshold. The federal guidelines have a 10% threshold. He recommended that the Commission adopt a 10% standard threshold.

Cindy Estrada, Vice-President/Director of the International UAW addressed the Commission on behalf of the Coalition of State Employee Unions (AFSME, MCO, MSEA and UAW). Ms. Estrada stated she believes that the situation regarding the Veterans' Home is a matter of the quality of care provided. She stated that the veterans are not receiving the kind of care they deserve from contractual employees who receive low wages and no benefits. On behalf of the Coalition, she asked the Commission to investigate the situation and leave the current state employees in their respective positions until an investigation has been completed.

Mike McWhirter, a UAW member and veteran, also addressed the Commission, indicating support of Ms. Estrada's comments.

Mark Williams, an AFSME member and Resident Care Aide, then addressed the Commission, indicating that he has been a Resident Care Aide at the Grand Rapids Home for Veterans for over 17 years, and that he also serves as the union president for the activity and dietary employees at the facility. Mr. Williams stated that he is concerned about adequate care, high employee turnover, and staffing needs. Mr. Williams indicated that the main point he wishes to make is that the veterans deserve quality care.

Jim Claffey, a Resident Care Aide with the Grand Rapids Home for Veterans, addressed the Commission to discuss his perspective of the fiscal expenditures for the veterans' homes. He discussed how funding is allocated among the federal and state governments and the residents. He indicated his understanding that the state has now projected \$4.2 million in savings by privatizing staff, but federal and resident spending will increase. He stated that the only one saving is the State of Michigan and that savings on the backs of veterans is wrong.

Tony Spallone, a resident of the Grand Rapids Home for Veterans, then addressed the Commission, stating that he is currently a veteran at the home. Mr. Spallone stated that the caregivers (Resident Care Aides) are not just caregivers, but are family and know the patients' needs before the LPNs and RNs. Mr. Spallone also told the Commission of situations where the treatment provided by contractual employees was inferior to that of Resident Care Aides.

Mel Farmer, on behalf of Ron Marabate of ASEM, provided a written statement to the Commissioners for their review and indicated his opposition to the contract at the Grand Rapids Home for Veterans.

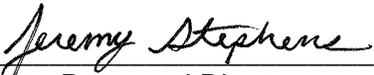
ADJOURNMENT

There being no further items for Commission approval or public comments to be heard, Chair Wardrop adjourned the meeting at 11:07 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.

I, Jeremy Stephens, State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of September 21, 2011.



State Personnel Director