

**MICHIGAN CIVIL SERVICE COMMISSION**  
**Public Meeting**  
**May 7, 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 March 19, 2014 meeting. On motion duly made and supported, the minutes of the March 19, 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.

**Unclassified Positions Report**

Department of Technology, Management and Budget

On April 9, 2014, a request was received to establish an exempt unclassified position to serve as the Legislative Liaison and Policy Advisor. This request was approved effective March 30, 2014.

Department of Attorney General

On April 17, 2014, a request was received to establish an exempt unclassified position to serve as the Chief Deputy Director. This request was approved effective April 13, 2014.

#### **4. UNFINISHED BUSINESS**

There was no unfinished business.

#### **5. NEW BUSINESS**

##### **A. LOUs – Health Insurance Summary Appendices**

General Counsel John Gnodtke stated that Agenda Item 5.A. involves Letters of Understanding (LOUs) issued following the Commission's approval at the January 2014 meeting. After that approval, errors were found in the benefit summary charts for the State Health Plan and HMOs. The LOUs reference corrections to the aforementioned charts. The LOUs were granted interim approval by the Acting State Personnel Director with consent of the Chair.

A motion was made to approve Agenda Item 5.A., the LOUs – Health Insurance Summary Appendices. On motion duly made and supported, the motion was unanimously approved.

##### **B. Secondary Agreement between the Department of Education and AFSCME**

General Counsel John Gnodtke stated that Agenda Item 5.B. is the Secondary Agreement between the Department of Education and AFSCME. The agreement has been reviewed by staff and no provisions implicating prohibited subjects of bargaining have been identified.

A motion was made to approve Agenda Item 5.B., the Secondary Agreement between the Department of Education and AFSCME. On motion duly made and supported, the motion was unanimously approved.

#### **6. PUBLIC COMMENT**

Gregory Boyd, with the Michigan Mental Health Association and Partners in Crisis Mental Health and Justice Coalitions, addressed the Commission. Mr. Boyd stated his belief that incarcerated individuals need adequate medication and sufficient guidance and oversight from medical and mental health professionals. Many do not receive adequate mental health services and only a small portion of the population is returned to society. Mr. Boyd stated that even though those incarcerated are under the supervision of the Department of Corrections, he believes that the Commission is responsible for assuring that qualified staff and quality services are provided for prisoners and individuals with mental illness to improve their circumstances and increase their chance for success upon release. If the Commission does not fulfil these duties to review quality and cost effectiveness issues in personal services contracts, the state will place those individuals at potential risk should the state bid out mental health or juvenile justice services. Mr. Boyd asked the Commission to assess potential contracts not only on cost, but also on quality and the overall return for taxpayer dollars.

Georgi-Ann Bargamian addressed the Commission on behalf of the UAW. Ms. Bargamian expressed concerns about the actual cost savings and the diminished service quality or failure of service exhibited by Aramark. Ms. Bargamian asked the Commission to establish a work group to review and improve Civil Service rules and regulations on contracting out personal services, including Standard D. She continued that a work group would give all parties a fresh look at the process, specifically factoring in quality as a cost component, whether services are provided by classified employees or employees of a private contractor. Ms. Bargamian

discussed the rules governing privatization in Massachusetts, considered among the most stringent in allowing privatization, and Utah, considered among the most permissive.

George Heath addressed the Commission. He stated he has worked for the Department of Transportation (MDOT) for 25 years and is also the Divisional Vice President for the SEIU Technical Unit. Mr. Heath indicated that he has witnessed many changes during his 25 years of service. He believes that MDOT went from an organization that handled the majority of their own work to an organization where a large amount of work is contracted out. He stated that in 1997 there were 148 contracts totaling \$14,734,969 and in 2013 there were 766 contracts totaling \$129,235,785. He also stated that MDOT employees supervise contract employees who are paid more and that our system is broken. Mr. Heath distributed several documents to the Commission and asked the Commission to take a serious look at how the state is doing business.

Chair Wardrop commented that in looking at the charts in 2001 there were 920 contracts and in 2013 there were 766 contracts indicating the number of contracts has decreased. The dollar amount of contracts between 2001 and 2013 only increased approximately \$800,000. Chair Wardrop questioned Mr. Heath as to whether the stated problem existed back in 2001 also.

Mr. Heath stated that the chart was created by a vice president of SEIU who was unable to attend the Commission meeting. Mr. Heath also stated that his belief is that the problem did exist back in 2001. He added that he recently returned from Washington DC, and that the Federal Highway Trust Fund will be broke before the end of the fiscal year.

Chair Wardrop commented that the consultants are not the workers who build the roads and Mr. Heath agreed they are not.

Commissioner Blockett asked Mr. Heath to elaborate on his statement that "our system is broken." Mr. Heath responded that initially contracts were based on a level of expertise and cost savings, but currently there are contract employees being paid \$39 an hour and state employees are paid \$27 an hour for the same work. Mr. Heath stated that often consultants must receive direction from MDOT employees when significant decisions are made.

Commissioner Barrett stated that he thought it would be instructional to hear feedback on this presentation and the rationale for the contracting out from the leadership of the Michigan Department of Transportation.

Nick Ciaramitaro, Director of Legislation and Public Policy for Michigan AFSCME Council 25 and MSEA AFSCME Local 5, addressed the Commission to state his concerns regarding outsourcing food services in the prisons. Mr. Ciaramitaro stated his belief that if a corporation merely alleges that it will save the state money, then state workers are fired and the corporation takes over. Bids are approved by DTMB merely based on alleged savings of a corporation without monitoring to assure the corporation's charges do not overrun the approved dollar amount in the Request for Proposal (RFP). Mr. Ciaramitaro also stated his belief that the costs are actually higher than the approved bid, so there is no consideration to true savings or consideration to the quality of the service, thereby putting cost ahead of value. Because quality of service is not a consideration, veterans at the Grand Rapids Home for Veterans have received poor care causing injury and even death. Mr. Ciaramitaro also mentioned the myriad problems that have arisen in the prisons since Aramark has taken over food services.

Commissioner Barrett asked Mr. Ciaramitaro about his remark, "No consideration is given to the quality of the services provided, thereby putting cost ahead of value." Commissioner Barrett asked Mr. Ciaramitaro if there are quality provisions in the contracts. Mr. Ciaramitaro responded that there are quality performance standards in some contracts, but under the rules the Commission only looks at cost. Mr. Ciaramitaro asked the Commission to convene a work group with staff, unions, and any other necessary parties.

Commissioner Blockett asked Mr. Ciaramitaro about the report in New Solutions suggesting that management and unions meet to discuss different ways of doing things better, including contracting out. Mr. Ciaramitaro responded that meetings have occurred, but meaningful dialogue was absent.

Jim Dunn, Deputy Director of the Michigan Veteran's Affairs Agency, and Sarah Dunne, Administrator for the Grand Rapids Home for Veterans (Home), addressed the Commission. Mr. Dunn stated even though there were initially some difficulties at the Home, there has been a huge amount of success in providing excellent quality care. Quality care indicators have improved. In 2009, there were 22 incident reports; in 2013 there were only two. Annual surveys continue to show significant progress. Five years ago, the Home had 25 citations; this year there have been only five and none had to do with quality of care. When contracts are changed there is normally an adjustment period. The training given to the current aides is the same training that was given to state employees. The aides continue to be monitored; poor performance is tolerated less and the director of nursing is notified within minutes of any concerns that may arise. The Veterans Administration completed an annual survey in March. In regard to the quality of care, every individual in the Home they contacted remarked as to how well they are treated. Mr. Dunn responded to Commissioner Barrett's request on allegations about the death of veterans. Mr. Dunn stated that since the contract has been in place there has not been a death associated with care provided by aides. Ms. Dunne added that any performance issues are reported directly to the nurses working on the unit and a report is filled out. The care is monitored to assure that the contractor addresses the issues appropriately.

Russ Marlan, Administrator of the Executive Bureau of the Department of Corrections, addressed the Commission. In response to questions from Commissioner Barrett, Mr. Marlan indicated that the Aramark contract contains performance indicators. In the food services contract, the vendor must serve the same quality of food on the same calendar with the same recipes. Aramark employees receive the same training as state employees received. Since the last Commission meeting, there has been a decline in unauthorized meal substitutions and disciplinary actions have diminished.

Phillip Jeffery from the Department of Technology, Management and Budget stated that as an RFP is developed, part of the process is baselining the data in terms of the current level of services provided. In the Aramark contract, the fact that measures were established that needed to be achieved and penalties were put in place if the level was not met validates that quality of service is considered. Once that RFP process was accomplished, the cost comparison brought to the Civil Service Commission considered all those other factors.

Commissioner Barrett asked what provisions are in place to deal with cost overruns referred to by Mr. Ciaramitaro. Janet McClelland, Acting State Personnel Director, stated that for Standard D approvals, the CSC approves disbursements up to a specified dollar amount for a specified period of time based on the cost savings analysis submitted. If there are cost overruns, the agency would need to resubmit a CS-138 with a new dollar amount and a new cost analysis showing that they still satisfy the required cost savings.

## 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 10:34 a.m.

I, Janet McClelland, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of May 7, 2014.

A handwritten signature in black ink, reading "Janet McClelland", written over a horizontal line.

Janet McClelland  
Acting State Personnel Director