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 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 September 18, 2013 meeting. On motion duly made and supported, the minutes of the September 18, 2013 Civil Service Commission meeting were approved.

2. AMENDMENTS TO AGENDA

There were no amendments to the agenda.

3. INFORMATIONAL REPORTS

Director’s Report:

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

Unclassified Positions Report

Since the last report, the following approvals were processed:

Department of Agriculture & Rural Development

- On September 23, 2013, a request was received to establish an exempt unclassified position to serve as the Department’s Social Media Communications Coordinator. This request was approved effective September 15, 2013.

Department of Environmental Quality

- On October 8, 2013, a request was received to establish an exempt unclassified position to serve as the Department’s Public Information Officer. Concurrently, the vacant Director of Communications position was abolished. This request was approved effective September 29, 2013.
On October 16, 2013, a request was received to establish an exempt unclassified position to serve as the Special Advisor for City Placemaking. This request was approved effective October 13, 2013.

On October 21, 2013, a request was received to establish an exempt unclassified position to serve as the Senior Advisor to the State Treasurer. Concurrently, the vacant Deputy Treasurer for Bond Finance position was abolished. This request was approved effective October 27, 2013.

On December 3, 2013, a request was received to establish an exempt unclassified position to serve as the Deputy Director. This request was approved effective November 24, 2013.

4. UNFINISHED BUSINESS

There was no unfinished business.

5. NEW BUSINESS

A. Civil Service Budget

Items 5.A.1. and 5.A.2., 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, 2012 through September 30, 2013, is $5,246,509,523.

The Commission has completed processing the financial transactions for Fiscal Year 2013. All expenditures and revenues have been reconciled and balanced with the State of Michigan’s accounting records. The department recorded a general fund lapse of $52,200.

With regard to Item 5.A.2., Ms. Vargovich indicated that the budget proposal for Fiscal Year 2015 has been completed and recommended that the Commission approve the proposed budget which is a continuation of the prior fiscal year with the exception of pending economic adjustments for salary and wages, retirement, insurance, and workers’ compensation.

Chair Wardrop requested a motion to approve Resolution 5.A.1., Certification of the Aggregate Payroll for Fiscal Year 2013. On motion duly made and supported, the motion was unanimously approved.

Chair Wardrop requested a motion to approve Resolution 5.A.2., Budget Proposal for Fiscal Year 2015. On motion duly made and supported, the motion was unanimously approved.
5. NEW BUSINESS (Continued)

B. Collective Bargaining Agreements

1. Coalition of State Employee Unions and the Office of the State Employer

Chair Wardrop stated that a representative from the Coalition of State Employee Unions (Coalition) would address the Commission regarding the Impasse Panel's recommendations relating to economics, followed by the Limited Recognition Organizations (LROs) and then Jan Winters, Director of the Office of the State Employer (OSE). The specific contracts will be handled individually.

General Counsel John Gnodtke stated that on November 27, 2013, the Impasse Panel issued the following recommendations for consolidated impasse issues:

- Economics: The panel recommended a 2% increase for each year and a 0.5% lump-sum award in FY 2015.
- Insurances: The panel recommended moving all employees into the current new-hire health care plan and making smaller increases in cost sharing. The panel also recommended ending provisions requiring union approval of HMO offerings.
- Union Dues: The panel recommended language restoring the current provisions on union dues if Public Act 349 is found not to apply to state employees.

Cindy Estrada, Vice President of the United Auto Workers (UAW), addressed the Commission on behalf of the UAW International and the Coalition of State Employee Unions on concerns about the Impasse Panel’s suggested changes to the health care plan. Ms. Estrada stressed the importance of cost cutting instead of cost shifting. Ms. Estrada stated the Coalition believes they have asked for fair wage increases, especially in light of the State’s $600,000,000 surplus, along with maintaining status quo in health care. Ms. Estrada indicated utilization documents were requested from Blue Cross, which was unable to provide the information. Ms. Estrada indicated that the Coalition could not bargain on behalf of its members without having all the facts, which she understood that Blue Cross now had.

Ms. Estrada stated that the 8% increase in health insurance rates was not addressed. Ms. Estrada also stated that it is inappropriate to bring something to impasse that has not been discussed at the bargaining table. Counsel for the Coalition, Marshall Widick, agreed that the 8% rate increase had not been substantiated and therefore, the Coalition would like the opportunity to review the utilization information.

Ms. Estrada asked the Commission to accept the Impasse Panel’s position on the wage recommendation, approve status quo of the health care plan recommended by the Coalition, and accept the UAW’s and Michigan Corrections Organization’s status quo language on the joint review process.

Chair Wardrop stated that before proceeding with a response from Jan Winters of the OSE, the Commissioners believe it is important that the LROs have an opportunity to speak on the economic issues before the Commission.

Alan Quattrin, President of the Michigan Association of Governmental Employees (MAGE), expressed his support of the concerns presented to the Commission by the Coalition. Mr. Quattrin stated that when the state was in a financial deficit, the unions and LROs agreed
to a number of concessions. However, Mr. Quattrin feels it is unfair, especially during a time when Michigan is thriving, to expect employees to take on the burden of the increase in health care costs.

Bob Kopasz, Chair of the State Employee Retirees Association Coordinating Council, discussed his concerns regarding the negative impact that the health care recommendation proposed by the Impasse Panel will have on retirees. Mr. Kopasz stated that he believes the new state health plan will significantly increase co-pays, deductibles, and co-insurance. Mr. Kopasz indicated that since the majority of retirees are on a fixed income with only a possible annual increase of $300, many retirees would not be able to afford any increases in health care costs. Mr. Kopasz asked the Commission to consider the retirees’ concerns regarding this proposal.

Mel Farmer and Andre Friedlis representing the Association of State Employees in Management stated that documents were submitted to the Commission regarding opposition to the Impasse Panel’s recommendation on health care. Messrs. Farmer and Friedlis concurred with previous statements on the negative impact the proposed health care plan will have on current state employees and retirees.

Jan Winters, Director of the OSE, stated that the 8% rate increase for the State Health Plan was announced during the summer of 2013 with an effective date of October 1, 2014. Average rate increases for the HMOs were 7.6%. Ms. Winters stressed the fact that total compensation should be considered, not just insurances or wage increases. Ms. Winters also stressed that total compensation needs to be a concern to all parties because money expended whether it is for insurance, wages, or overtime, is still money expended. Reserves are no longer available to supplement revenues to cover ongoing increases in health care costs.

Ms. Winters explained that the OSE received a request for utilization from the Coalition but that Blue Cross was unable to provide the information in the same format. However, additional utilization reports were provided with more detailed information than the original format. The OSE is not aware of any other information to be made available by Blue Cross. Ms. Winters stated that the Employer believes that freezing the employees’ premiums and having the state absorb the increases would cost the state around $50,000,000 a year. Ms. Winters asked the Commission to adopt the Impasse Panel recommendations as a whole which the OSE believes is fair and reasonable.

During each of their presentations, Chair Wardrop asked Ms. Estrada and Ms. Winters if they felt that the impasse hearings were fair and did the Employer and Coalition each get to present their positions? Both Ms. Estrada and Ms. Winters responded in the affirmative.

In response, Ms. Estrada stated that the decisions made by the Commission will affect approximately 100,000 lives and that aggregate utilization numbers that were provided did show utilization trends.

No formal action was required or taken on this agenda item because the recommendations in IP 2013-01 are adopted by reference in IP 2013-02 through IP 2013-08.

2. Collective Bargaining Agreement between AFSCME and OSE

John Gnodtke, General Counsel, stated that IP 2013-02 contains the Impasse Panel’s recommendation for the collective bargaining agreement for the Institutional Unit, effective January 1, 2014.
Commissioner Blockett made a motion to approve Resolution 5-B(2) as drafted, seconded by Chair Wardrop.

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

Commissioner Blockett made a motion to amend Resolution 5-B(2) to state that the Commission approves the 2% salary increase but leaves the health care plan at status quo. Commission Swanson supported the motion.

Chair Wardrop called the question:

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

After a brief recess, Chair Wardrop asked General Counsel John Gnodtke what would happen if the Commissioners deadlocked on Resolution 5-B(2).

Mr. Gnodtke stated that it is an unprecedented situation. The Commission has its own unique form of collective bargaining as approved in Chapter 6 of the rules. Civil Service Commission Rule 6-1.2, states:

“It is the view of the commission that constitutional provisions do not prohibit the commission from establishing a form of collective bargaining analogous to that in other public sector employment, so long as the collective bargaining agreements are subject to review, modification, and approval by the commission.”

Civil Service Commission Rule 6-3.1(a) states:

“A collective bargaining agreement or any provision of a collective bargaining agreement cannot take effect or be enforceable between the parties unless the civil service commission has reviewed and approved the agreement or provision.”

In describing the role of the collective bargaining agreement for those employees in the bargaining unit, Rule 6-2.1(d) states:

“The provisions of a collective bargaining agreement, when approved by the commission, become a subset of the civil service rules governing rates of compensation and other conditions of employment for the eligible employees in the applicable unit.”

In terms of the duration of agreements, Rule 6-3.8(b) requires that:

“Each collective bargaining agreement must contain an effective date and a termination date.”

Further, General Counsel Gnodtke indicated that Rule 6-3.8(d) “prohibits evergreen provisions allowing for the automatic extension of agreements.”
Mr. Gnodtke stated that when a deadlock occurs and there is no affirmative vote of a quorum of the Commission approving substitute rules to be provided under the collective bargaining agreement, then there would be no authorized valid substitute rules and that the conditions of employment would revert to those provided in the Civil Service Rules and Regulations. Mr. Gnodtke also stated his opinion that a deadlock would mean no raises and the health care plan would stay status quo.

Commissioner Swanson made a motion to table the original motion until the January 15, 2014 Commission meeting, seconded by Commissioner Blockett. The motion was unanimously approved.

Commissioner Swanson made a motion to table Agenda Items C. and D. until the January 15, 2014 Commission meeting, seconded by Commissioner Blockett. The motion was unanimously approved.

Commissioner Swanson made a motion to extend the current contracts until the January 15, 2014 Commission meeting, seconded by Commissioner Blockett. The motion was unanimously approved.

6. PUBLIC COMMENT

Roland Zullo from the University of Michigan addressed the Commission on contracting out food services in the Department of Corrections (DOC). Mr. Zullo expressed his concerns about the economic impact on the employees and communities by contracting with Aramark and for safety of the employees and prisoners by replacing experienced staff with new hires. Mr. Zullo stated that the decision to outsource should be based on the best interest of the people of the state of Michigan.

Nick Ciaramitaro, Director, Legislation and Public Policy for AFSCME Council 25 and MAGE, addressed the Commission on his concerns about the care given to veterans in the Grand Rapids Veterans Home (GRVH) by J2S employees. Mr. Ciaramitaro stated that a department response was received regarding their concerns and those responses are being reviewed. He also expressed concerns regarding outsourcing food services in the DOC. He believes that neither quality or quantity were considered when the decision was made to contract with Aramark. Mr. Ciaramitaro distributed a list of what he believes are transgressions that have been committed by Aramark. Mr. Ciaramitaro urged the Commission to reject staff findings and take responsibility and reassert its constitutional authority.

Jim Dunn, Deputy Director of the Veteran’s Affairs Agency, and Leno Pretto, a member of the Grand Rapids Veteran’s Home Board of Managers and Complaint Committee, addressed the Commission. Mr. Dunn addressed Mr. Ciaramitaro’s comments regarding the care at GRVH. Mr. Dunn stated that not one of the complaints that Mr. Ciaramitaro listed has been brought to their attention directly and that if a concern regarding the care of a veteran is delayed, that delays the resolution of the problem. It also places in the mind of the veteran and the veteran’s family members that an issue is not being addressed. Mr. Pretto indicated that his main concern is the quality of the care the veterans receive at the GRVH. He also stated that he has never been made aware of neglect on the part of staff causing the death of a veteran and would welcome any information to the contrary.

Andrew Pike addressed the Commission on behalf of Senator Thomas Casperson. Mr. Pike mentioned that the Commission has received two letters, one from Senator Casperson and another from Representative Scott Dianda. The letter from Representative
Dianda was signed by colleagues stating their concerns regarding the contracting out of food services in DOC. Mr. Pike reiterated that nothing has happened since Senator Casperson addressed the Commission at its September 18, 2013 meeting to alleviate his concerns. Mr. Pike stated that Senator Casperson maintains his opposition to the Aramark contract going forward on the basis of the information he shared with the Commission at the September 18, 2013 meeting.

Jan Winters, Director of the OSE, and Russ Marlan, Administrator with the Executive Bureau, Department of Corrections, encouraged individuals to speak directly with them regarding any concerns they might have regarding the food services contract. The legislature stated that the DOC had to issue a Request for Proposal (RFP) for food services. The RFP was managed by the Department of Technology, Management and Budget (DTMB). It was determined by the DTMB that there was cost savings to meet the Standard D threshold and the contract was awarded to Aramark. Mr. Marlan assured the Commission that maintaining custody and security of the correctional facilities is a top priority for the DOC, along with saving money and being prudent with taxpayers’ money. Mr. Marlan also wanted to assure the Commission that the DOC is comfortable with the contract as it stands and is monitoring it carefully.

Jerry Carter and Robin Sanders expressed concerns regarding the recommendation made by the Impasse Panel stating that employees have carried enough of the burden during Michigan’s financial difficulties. They hope that the Commission shares their concerns and do what is logical and reasonable for the common good of all Michigan citizens by rejecting the proposed health care changes.

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.

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, Janet McClelland, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of December 18, 2013.

Janet McClelland
Acting State Personnel Director