

**State of Michigan  
CIVIL SERVICE COMMISSION  
Public Meeting  
January 26, 2011**

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

**1. CALL TO ORDER**

The meeting of the Civil Service Commission was opened by State Personnel Director, Jeremy Stephens at 10:05 in Conference Room A, Lower Level, Capitol Commons Center, 400 S. Pine Street, Lansing, Michigan.

Director Stephens requested a motion to elect a Chair. Commissioner Abood made a motion to elect Thomas (Mac) Wardrop. The motion was seconded by Commissioner Blockett. Motion carried.

Chair Wardrop called for a motion to elect a Vice-Chair. Commissioner Abood made a motion to elect Commissioner Blockett as Vice-Chair. The motion was seconded by Chair Wardrop. Motion carried.

**a. Approval of Minutes**

Commissioner Wardrop requested a motion to approve the minutes of the December 8, 2010 meeting. On motion duly made and supported, the Commission approved the minutes of the December 8, 2010, meeting.

**b. Tribute**

On motion duly made and supported, the Tribute to former Civil Service Commission Chair Sherry McMillan was adopted.

**2. AMENDMENTS TO AGENDA**

There were no amendments to the agenda.

**3. INFORMATIONAL REPORTS**

**a. Director's Report:** The Commission received the following report from State Personnel Director Jeremy S. Stephens:

## **Unclassified Position Report**

Since the last report, the following approvals were processed:

### Department of Attorney General

1. A request dated January 6, 2011, to serve as the Chief Legal Counsel and the Director of Public Affairs. Concurrently, the positions of Chief Administrative Officer and Senior Policy Advisor were abolished. The request was approved effective January 3, 2011.

2. A request dated January 19, 2011, to serve as the Special Assistant to the Attorney General. Concurrently, the position of Director of Constituent Relations and the Constituent Relations Analyst was abolished.

### Department of Human Services

A request dated January 14, 2011, to serve as the Executive Assistant to the Director. Concurrently, the position of Director of Special Projects was abolished. The request was approved effective January 9, 2011.

## **Regulations**

Civil Service Commission Rules require that the State Personnel Director report to the Commission on the promulgation of regulations, which are issued to further implement Commission rules.

### Regulation 3.06 and Regulations 8.01 – 8.07

These regulations have been updated to reflect action taken by the Commission at its December 8, 2010 to reform the technical qualification complaint process. The regulations have been issued with an effective date of December 9, 2010.

### Regulation 6.06, Coordinated Compensation Plan

Due to requests from the prior administration, the start of the Coordinated Compensation Process (CCP) for FY 2011-12 was delayed. Because of the short window to complete the process, the normal schedule and process was not feasible. Therefore, this regulation reflects amendments to explicitly authorize the State Personnel Director to establish alternative CCP procedures. The regulation was issued with an effective date of January 9, 2011.

## **4. UNFINISHED BUSINESS**

a. Revised Letters of Understanding adding health care benefits for "Other Eligible Individuals"

1. OSE and UAW (Administrative Support and Human Services units)

General Counsel John Gnodtke addressed the Commission regarding 4a(1). General Counsel Gnodtke indicated that at the December 8, 2010 Commission

meeting, the Commission considered at the request of the OSE, the approval of Letters of Understanding (LOUs) with three unions that would extend state health plan eligibility to adult co-residents of state employees and their dependents. A similar proposal to extend these benefits to NEREs was also before the Commission. Both items were tabled at the December 8 meeting after several ambiguities with the LOUs were identified. These included issues related to eligibility criteria and implementation questions, such as the start date for the benefit, how enrollment would be handled, premium amounts, and the ability to continue coverage when no longer eligible.

General Counsel Gnodtke indicated that the Office of the State Employer (OSE) and AFSCME withdrew their LOU. Amended LOUs addressing one of the flagged issues with MPE and UAW were submitted on December 28, 2010 by OSE. On January 21, 2011, OSE submitted a withdrawal of its prior request for approval of the LOUs and withdrawal of its request to extend similar benefits to NEREs.

Jan Winters, Director of the OSE, indicated to the Commission that in 2004 the issue of same sex benefits was addressed but was found unconstitutional. In early December of 2010, LOUs were submitted which went beyond the original agreements and included many ambiguities that have not been addressed. Director Winters indicated that the expansion is a concern with respect to how additional costs will be dealt with. Director Winters stated that the original letters did not include dependents of a partner. The current LOUs include dependents and children and are not specific as to whether the other eligible individual may be married. Director Winters stated that the real concern is the cost of this benefit. Director Winters also stated that the exact cost involved is not known but that it will be in the millions. Director Winters proposed that the more desirable way to handle this would be to take the issue to the bargaining table and the pay setting process for NEREs. Director Winters indicated that the State has serious budget issues and asked the Commissioners to take a look at this issue from a fiscal perspective.

Georgi-Ann Bargamian, Administrative Assistant to Cindy Estrada, Vice President and Director of the International UAW Public Sector and Health Care Servicing Department, addressed the Commission. Ms. Bargamian indicated a letter regarding this issue was submitted to the Commission by Cindy Estrada. Ms. Bargamian asked the Commission to look at the LOUs with respect to Chapter 6 of the Civil Service Rules regarding Collective Bargaining. Ms. Bargamian stated that OSE and UAW bargained the LOU in good faith. Ms. Bargamian also stated that the various issues were addressed by the parties as stated in the letter to the Commission. Ms. Bargamian indicated that as far as she knew, nothing had changed regarding the State's budget situation during the past six weeks, so that should not be a consideration. She further stated that the proper way to address this issue is by amending the LOU, not by the unilateral withdrawal of the LOU by the OSE.

Commissioner Abood asked Ms. Bargamian if the cost to the state has been calculated and if the UAW is involved in any other agencies that have offered a similar type of plan.

Ms. Bargamian responded that they were informed by OSE that the cost would be a couple of million dollars and that they have LOUs with some other public sector employers similar to the LOUs before the Commission. Ms. Bargamian indicated she didn't have a specific dollar amount but knew that the costs to Northern Michigan University are nominal.

Dennis Streeter, Labor Representative for the Technical Unit, SEIU 517M addressed the Commission in support of approving the LOUs. Mr. Streeter also submitted a letter of support to the Commission. Mr. Streeter maintained that trust between the parties is the issue because the parties negotiated and came to an agreement in good faith.

Chair Wardrop asked if there was a motion to support Item 4a(1), a LOU between the OSE and UAW. Commissioner Abood made a motion to approve and the motion was seconded by Commissioner Blockett.

Commissioner Blockett indicated that he supported the motion based on four reasons: (1) Health Care benefits are not a luxury but a necessity. (2) The Unions and OSE negotiated in good faith. (3) The University of Michigan, Michigan State University and other public jurisdictions have less than 2 percent of other eligible individuals enrolled in this program, meaning that this benefit did not have a negative impact on their budget. (4) Some are saying this is not the time to extend this benefit, but history has taught us that at one point in time people said now is not the time to grant women the right to vote, to integrate the armed forces, to integrate the public schools or to grant minimum wage to employees. Commissioner Blockett indicated that he believed now is the time to extend this benefit to our employees.

Commissioner Swanson indicated his support for the motion because the LOUs were negotiated at the bargaining table and the Commission's approval is the right thing to do.

Commissioner Abood indicated that Director Winters's comments are not falling on deaf ears since the LOUs involve an expense. He stated it is a difficult decision to incur additional benefits when the state's financial problems range in the billions of dollars.

Chair Wardrop commented that he had a different point of view because last year the Commission voted not to approve the CCP's recommended 3% wage increase to NEREs, and until that 3% is reinstated he could not agree to provide benefits to non-state employees. Chair Wardrop stated that this is his concern and that is why he will be voting against the motion.

Chair Wardrop asked if the Commissioners wanted to add an effective date to the Benefits Plus One.

Commissioner Abood made a motion to add an effective date of October 1, 2011. Commissioner Blockett supported.

Chair Wardrop called for a vote. The motion passed with a three/one vote, with Chair Wardrop voting "nay".

2. OSE and SEIU Local 517-M (Technical, Scientific & Engineering units) and (Human Services Support Unit)

General Counsel John Gnodtke indicated to the Commission that the LOUs from SEIU Local 517-M units can be handled with one motion.

Chair Wardrop called for motion on 4a(2) between OSE and SEIU Local 517-M (Technical, Scientific & Engineering, and Human Services Support units).

Commissioner Abood made a motion to support with an effective date of October 1, 2011, seconded by Commissioner Blockett.

Chair Wardrop called for the vote. The motion was approved with a three/one vote, with Chair Wardrop voting "nay".

b. Extend Group Insurance Benefits for NERES (Benefits Plus One)

Chair Wardrop asked if there were any comments regarding Item 4b.

John DeTizio, Labor Relations Director for MAGE, addressed the Commission. Mr. DeTizio indicated that he felt it was important to extend the same Health Care benefit to NEREs if they are extended to bargaining units. Mr. DeTizio indicated that NERE employees have drastic morale problems due to not receiving the 3% pay increase and the pay compression problems that has caused.

Director Winters addressed the Commission restating her concern regarding the cost of this added benefit. Director Winters mentioned that the Commission has the opportunity to review and evaluate every agreement before the Commission. The revisions were delivered December 28<sup>th</sup> and a couple percent increase means millions for the State of Michigan. This issue should be addressed during the pay setting process so that the true costs can be determined. Director Winters also mentioned the fact that last year the Commission voted not to give the NEREs a 3% pay increase at the recommendation of the OSE due to severe economic concerns.

Chair Wardrop stated that the Commission was given Resolution 11-01 regarding NEREs. Chair Wardrop asked if there was a motion to approve Resolution 11-01.

A motion was duly made and supported. Chair Wardrop called for the vote. The motion carried with a three/one vote, with Chair Wardrop voting "nay".

**5. NEW BUSINESS**

**a. Letter of Understanding between OSE and MSEA regarding recall procedures.**

General Counsel Gnodtke addressed the Commission regarding the LOU between OSE and MSEA over recall procedures in the event of the sale of the Michigan School for the Deaf facility. Staff has reviewed and has not identified any violations of the Commission's rules on prohibited subjects of bargaining.

On motion duly made and supported, the LOU between OSE and MSEA regarding recall rights in the event of the sale of the Michigan School for the Deaf facility was approved.

**b. One year extension of Secondary Agreement between OSE and AFSCME, MCO and UAW (interim approval granted)**

General Counsel Gnodtke addressed the Commission regarding a request submitted between OSE and AFSCME, MCO and UAW to retain all Secondary Agreements for an additional year. Agreements to retain existing primary language for one additional year were approved by the Commission in early 2010. Staff has reviewed the secondaries and has not identified any violations of the Commission rules on prohibited subjects of bargaining.

On motion duly made and supported the agreement between OSE and AFSCME, MCO and UAW to retain all current secondary agreements for one year has been approved.

**6. PUBLIC COMMENT**

Chair Wardrop indicated that all public comments had been addressed.

**7. COMMISSION APPEALS**

**ADJOURNMENT**

There being no further items for Commission approval or public comments to be heard, Chair Wardrop adjourned the meeting at 10:45 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 January 26, 2011.

  
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State Personnel Director

**State of Michigan  
CIVIL SERVICE COMMISSION  
Public Meeting  
February 9, 2011**

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

**1. CALL TO ORDER**

The meeting of the Civil Service Commission was opened by Chair Thomas Wardrop at 10:15 in Conference Room A, Lower Level, Capitol Commons Center, 400 S. Pine Street, Lansing, Michigan.

**a. Approval of Minutes**

Chair Wardrop requested a motion to approve the minutes of the January 26, 2011 meeting. On motion duly made and supported, the Commission approved the minutes of the January 26, 2011, meeting.

**2. AMENDMENTS TO AGENDA**

There were no amendments to the agenda.

**3. INFORMATIONAL REPORTS**

- a. 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 positions in the state unclassified service. Since the last report, the following approval was processed:

Department of Natural Resources & Environment

The Department of Natural Resources & Environment submitted a request dated February 3, 2011, to serve as the Communications Director. Concurrently, the position of Press Secretary was abolished. The request was approved effective February 3, 2011.

**4. UNFINISHED BUSINESS**

There was no unfinished business.

## 5. NEW BUSINESS

### a. Coordinated Compensation Panel Recommendations – FY 2011/2012.

Jay Wortley from the Michigan Department of Treasury and Colleen Gossman from the State Budget Office gave an overview of the U.S. and Michigan economy and revenue status. Both Mr. Wortley and Ms. Gossman indicated that while the economy and revenues have improved, much improvement is still needed to get out of the economic decline that Michigan fell into during the recession. Some examples given regarding events that will have a serious negative impact on the future of the state's budget include the following:

- A decrease in the State income tax beginning October 2011.
- The General Fund revenue will be 25% lower than in FY 2000.
- Battery credits, which are part of the Michigan Business Tax, have been awarded and payments will commence in 2013.
- There is a significant increase in services for government assistance programs, including Medicaid, food assistance, and unemployment.
- Federal funding is no longer available to supplement the general fund.

The Commission was informed that a major concern for Michigan's economy is that the solutions used to balance the state's budget in the past would no longer be available and that any increase in wages to employees would further exacerbate the problem.

Matt Fedorchuk, Director, Office of Classification, Selection, and Compensation, indicated that this year's Coordinated Compensation Plan (CCP) process was held under unique circumstances for two reasons:

1. The outgoing administration's desire to let the incoming administration establish the OSE's position going forward.
2. The new administration's accelerated schedule for presenting the governor's budget message.

Mr. Fedorchuk further indicated that as authorized in CSC Rule 1-15.4(c), the Employment Relations Board (ERB) designated three staff members (Amy Cahoon, John Gnodtke, and him), to serve as this year's panel. On a compressed schedule, the panel accepted requests to participate from employees, accepted position statements and exhibits from all interested parties, and conducted the annual CCP hearing on February 3, 2011.

Mr. Fedorchuk stated that unlike previous years, where the ERB members made specific recommendations on each issue presented, this year's panel summarized the six issues raised and simply recommended that the Commission take appropriate action, consistent with the standards normally used in making CCP determinations.

The criteria, which are listed in Regulation 6.06 include:

- The public interest and welfare.



- The current and forecasted financial condition of the state.
- Comparison of overall compensation of NEREs with represented state employees and other public and private employees performing similar services.
- Other appropriate considerations.

Mr. Fedorchuk informed the Commission that several participants in the CCP hearing were at the Commission meeting and had requested to speak directly to the Commission. Mr. Fedorchuk stated that after public comments, the Commission would need to make motions addressing the six issues identified in the CCP recommendation. The six issues were as follows:

1. General Wage Adjustment.
2. Special Wage Increase for Michigan State Police Command Officers.
3. Performance Pay System Reform.
4. Healthcare Trust Contribution Relief.
5. Annual and Sick Leave Program Adjustments.
6. Shift Preference.

Jan Winters, Director, Office of the State Employer (OSE) stated the OSE had an opportunity this year to work with the Limited Recognition Organizations (LROs). Director Winters indicated that it is with a great deal of thought and consideration regarding the budgetary issues that OSE presented this year's Position Statement and proposals. Last year the OSE did not support the 3% increase for NEREs due to a projected cost of \$43.5 million and ultimately, the Commission did not approve the CCP Panel's recommendation, resulting in no general increase for NEREs in FY 2010/11. Director Winters stated that in keeping with the public interest and welfare, including the current and forecasted financial condition of the state, OSE again recommends that the CSC take no action on pay or benefits at this time for NEREs.

Director Winters stated the OSE recognizes that the 3% wage increase affecting only exclusively represented employees has impacted long-standing pay relationships among classes, many of which were established to recognize differences in responsibility between the classes. However, Director Winters stated that with the seriousness of the State's fiscal situation, OSE's position dictates that no increase can be responsibly recommended because any increase in compensation for state employees would only increase the seriousness of this situation.

In addition, Director Winters indicated that it is expected there will be a call for concessions when the Governor's message is released on February 17, 2011. Director Winters informed the Commission that OSE cannot recommend an increase that the state cannot afford and that will have a direct negative impact on state employees and their families. Director Winters stated that the Administration is aware that represented employees received a 3% general increase in pay and NEREs did not, and assured the Commission that as discussions move forward about potential state employee compensation adjustments, options will be considered to mitigate the situation between union employees and NEREs.

Commissioner Abood asked what a 3% increase for NEREs would cost. Director Winters stated that Ms. Gossman's earlier testimony projected \$50 million, but Director Winters estimated the cost to be closer to \$40 million with rollups. Commissioner Abood then asked if the cost was actually \$38 million as stated in the

OSE's position statement. Director Winters said that \$38 million was the cost provided, but cost differences can be attributed to payroll changes, number of employees, and other factors. The \$43.5 million cost projected last year was made based on the number of employees working prior to the early retirements. Commissioner Abood then asked how many employees could be laid off if the Commission approved the 3% increase. Director Winters indicated that no projections had been made. Commissioner Abood then asked what percentage of funds used to pay for the 3% increase would be general funds. Director Winters stated that at least 50% would be general funds.

Commissioner Blockett asked if there has ever been a time in her career when represented and non-represented employees were treated differently. Director Winters stated that she could not recall, but there may have been a lag once. Commissioner Blockett noted that at the end of last year, after the Commission voted down the 3% increase for NEREs, \$100 million was found in the budget. Director Winters stated she did not know where the \$100 million came from, but she does know that the state is in severe financial trouble.

Director Winters mentioned that during a break at the CCP hearing, an opportunity occurred to talk with the LROs and the State Personnel Director about pay for performance. Director Winters indicated that through that discussion, she believed that all parties are "on the same page" and that all agree for the need to look at this issue and look at it in an expeditious manner.

Commissioner Abood inquired as to how long it would take to bring resolution to the pay for performance information would be presented to the Commission. Director Winters deferred the question to State Personnel Director Stephens. Director Stephens indicated that the ability to sit down with OSE and the LROs is the key to addressing the issue. Now that there is willingness from all parties to meet, things could move forward with targeted completion within a few months.

Allen Williams, from the Department of Energy, Labor, and Economic Growth addressed the Commission indicating that this is the second time he has participated in the CCP stating concerns regarding the freeze on pay for performance. Mr. Williams believes that this situation has resulted in numerous pay inequities, such as administrators and managers being paid less than their subordinates, employees in lower level Group 3 positions being paid more than Group 4 employees, and newly hired Group 4 employees earning more than long-term employees, resulting in possible age and partisan discrimination. He stated that the Commission instructed the State Personnel Director to look into this matter a year ago, but that to his knowledge no action has been taken.

Mr. Williams asked the Commission to officially recognize the forfeited pay for performance awards as pay concessions, and to ensure that base compensation is based only on merit, fitness and efficiency.

Ron Marabate, President, Association of State Employees in Management (ASEM) and ASEM Board Member Melvin Farmer addressed the Commission. President Marabate indicated that if the State Personnel Director and OSE are willing to discuss the pay for performance issue and will work expeditiously to resolve it, ASEM is pleased to take part in that discussion.

Mr. Marabate stated that in 2007, ASEM signed an agreement with other LROs and the OSE to receive a 3% wage increase for FY 2011, and that part of the agreement to receive the 3% was that employees would receive a 0% wage increase in 2009 and a 1% increase in 2010. Mr. Marabate expressed to the Commission concern that even though OSE followed the agreement for 2009 and 2010, OSE did not follow through in 2011, which has created inequitable treatment of NEREs. A 3% wage increase was negotiated with OSE in good faith and voted down by the Commission. ASEM believes that the Commission's decision was unfair and strongly recommends that they now approve the 3% pay increase for NEREs. Mr. Marabate also mentioned his concern regarding the compression between supervisors and their subordinates since pay for performance was stopped.

Mr. Farmer supported Mr. Marabate's comments and added that in the past, ASEM always asked for equitable treatment and that is what ASEM is now asking for. Mr. Farmer indicated that NEREs have received the same concessions as union employees and asked that NEREs receive the same treatment when it comes to wage increases.

In response to questions from Chair Wardrop, Mr. Farmer indicated he believed that the state will be asking for cuts in wages or health care benefits since the Lt. Governor said that the proposed budget that will be presented February 17 contains all cuts. In addition, Mr. Farmer stated that he believes the administration doesn't ask NEREs, but tells NEREs what will happen to them.

Al Quattrin, Deputy Director of the Michigan Association of Governmental Employees (MAGE) and Compensation Committee Chair expressed his frustration that MAGE voluntarily entered into an agreement with OSE agreeing to 0%, 1% and 3% increases for 2009, 2010 and 2011, respectively. Mr. Quattrin indicated that the parties abided by the agreement for 2009 and 2010 but, unfortunately, OSE reneged on the 3% for 2011. Mr. Quattrin warned the Commission that the morale problem among NEREs, which already existed, has been exacerbated by this unequal treatment of not receiving the 3% increase and pay for performance. Mr. Quattrin stated that he believed the situation is not a "pay compression" problem, but a "pay collapse" problem. Mr. Quattrin encouraged the Commission to grant the 3% to NEREs.

John DeTizio, Director of Labor Relations for MAGE, addressed the Commission, stating that he believes the demands on state employees have not decreased but, in fact, have increased due to the economic turmoil of the State and the substantial decrease in the number of state employees. Mr. DeTizio stated that due to the compression of wages between supervisors and their subordinates, many employees no longer want to be promoted. Mr. DeTizio gave a number of examples of positions where an individual in a higher classification makes less than individuals in lower classification levels. Mr. DeTizio explained that employees in all departments are experiencing this inequity. He concluded by stating that this situation is not simply an equality problem, it is a management problem, a mistake made by the Granholm administration which created a serious morale problem, and the only way to fix the problem is to mandate at least a 3% wage increase.

With no further discussion, Chair Wardrop asked for a motion regarding General Wage Adjustment.

Commissioner Blockett made a motion to grant a 3% wage increase to NEREs effective October 1, 2011. Motion failed for lack of support.

Commissioner Swanson made a motion to grant a 1.5% pay increase to NEREs for FY 2012. Motion failed for lack of support.

Commissioner Blockett again made a motion to grant the 3% increase to NEREs effective October 1, 2011. Commissioner Abood seconded the motion for discussion.

Chair Wardrop asked if there was any discussion regarding the motion.

Commissioner Blockett gave the following six reasons for supporting the 3% raise:

1. For decades, the CSC has maintained the practice of pay equity between union employees and NEREs and it was wrong not to give them the 3% increase.
2. Wage compression has been created causing seasoned state employees to not want to seek promotions because many managers and supervisors are earning less than their subordinates.
3. Companies such as Ford, IBM, or Jackson National would not give a raise to their workers without giving a raise to their managers or supervisors.
4. Supervisors, managers, administrators, and executives are not allowed to bargain. These employees rely on the Commission.
5. By not giving NEREs the 3%, the Commission is unfairly penalizing them.
6. Giving NEREs the 3% is the right, fair, and just thing to do.

Commissioner Blockett also stated that over the past 8 to 10 years, state employees have given back through concessions over \$3.8 billion.

Commissioner Swanson said that although he agrees with Commissioner Blockett's comments and is concerned about pay compression and morale issues, he believes that the Commission has a responsibility to look at the fiscal situation of the state.

Commissioner Abood stated he agrees with Commissioners Swanson and Blockett, but is not ready to vote for a 3% increase that may be taken away next week and that he trusts Director Winters's statement that cuts are forthcoming given the budget situation.

Chair Wardrop called for a vote regarding the General Wage Adjustment. Motion failed with a 3 to 1 vote, with Commissioner Blockett supporting the motion.

Commissioner Swanson again made a motion to grant a 1.5% general increase to NEREs. Motion failed for lack of support.

Chair Wardrop called for a motion regarding a special increase for Michigan State Police Command Officers for FY 2011/2012.

Commissioner Swanson made a motion that no action be taken. Commissioner Blockett seconded the motion. Motion approved with a 3 to 1 vote, with Commissioner Abood voting "nay."

Chair Wardrop called for a motion regarding Performance Pay System Reform.

Commissioner Swanson made a motion that the Commission direct the State Personnel Director to undertake an expeditious review of the pay for performance system with the OSE and the LROs, and to propose reforms and/or improvements to the current system. Motion seconded by Commissioner Abood.

Chair Wardrop commented that a time frame will be set as to when the Commission will receive a pay for performance recommendation, but a discussion needs to take place with the parties to agree on a fair timeframe for completion. Chair Wardrop stated that a recommendation should be made to the Commission regarding pay for performance sooner rather than later.

Motion carried with a unanimous vote.

Chair Wardrop called for a motion regarding the Health Care Trust Contribution Relief.

Commissioner Swanson made a motion to take no action. The motion was seconded by Commissioner Blockett.

Commissioner Abood stated that the issue is compensation, which is within the plenary authority of the Commission.

Chair Wardrop stated that the Commission must protect its constitutional authority.

Chair Wardrop called for a vote on the motion to table the action. Motion failed with a 3 to 1 vote, with Commissioner Swanson voting "yes."

Chair Wardrop called for a motion regarding the Healthcare Trust Contribution Relief. Discussion took place regarding the wording of the motion at which point Chair Wardrop suggested proceeding with the agenda while a motion could be drafted.

Chair Wardrop then called for a motion regarding Annual and Sick Leave Program Adjustments.

A motion duly made and supported to take no action relating to Annual and Sick Leave Program Adjustments was approved.

Chair Wardrop called for a motion on the Seniority Based Shift Preference. Commissioner Swanson stated that he did not believe that it was a compensation issue properly before the commission in the CCP process.

A motion duly made and supported to take no action relating to the Seniority Based Shift Preference was approved.

Chair Wardrop indicated that 5b would be discussed before returning to the issue of Healthcare Trust Contribution Relief.

**b. Unclassified Pay Recommendations – FY 2011/2012.**

General Counsel Gnodtke addressed the Commission stating that under Article 11, § 5 of the Michigan Constitution, the Commission is required to recommend to the governor and legislature, rates of compensation for unclassified executive-branch appointees. General Counsel Gnodtke stated that the Commission traditionally took this action concurrently with its determinations regarding classified pay levels and for many years, recommendations for unclassified positions have tracked those increases awarded to NEREs. General Counsel Gnodtke stated that the administration has indicated its belief that no increase is required for FY 2012.

Chair Wardrop called for a motion regarding Unclassified Pay Recommendations.

On motion duly made and supported, the motion to recommend no increase for unclassified employees was unanimously approved.

**a. Coordinated Compensation Panel Recommendations – FY 2011/2012.**

The Commission then returned to the issue of Healthcare Trust Contribution Relief. General Counsel Gnodtke read MCL 38.35, Subsection (1) regarding the state employees' 3% contribution to the funding account. Commissioner Abood moved that "MCL 38.35 is an improper law in regards to taking employee compensation that is within the jurisdiction of the Civil Service Commission and that immediately the deduction shall cease in relation to NEREs." Commissioner Blockett seconded. The motion carried unanimously.

**6. PUBLIC COMMENT**

Chair Wardrop indicated that all public comments had been addressed.

**7. COMMISSION APPEALS**

**ADJOURNMENT**

There being no further items for Commission approval or public comments to be heard, Chair Wardrop adjourned the meeting at 12:35 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, Jeremy Stephens, State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of January 26, 2011.

  
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State Personnel Director

**State of Michigan  
CIVIL SERVICE COMMISSION  
Public Meeting  
May 25, 2011**

Present: Thomas M. Wardrop, Chair  
Andrew P. Abood, 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 10:00 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 February 9, 2011 meeting. On motion duly made and supported, the Commission approved the minutes of the February 9, 2011 meeting.

**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 positions in the state unclassified service. Since the last report, approvals were processed for the following departments:

Department of Human Services  
Department of Attorney General  
Department of Energy, Labor and Economic Growth  
Department of Community Health  
Department of Natural Resources  
Department of Technology, Management and Budget  
Department of State  
Department of Environmental Quality

The State Personnel Director indicated that detailed reports are contained in their informational packets.



## Regulations

Regulation 4.08, Working out of Class, has been updated to further standardize Working out of Class eligibility criteria across classified service. Previous standard 4.B.1.b of the regulation is being deleted. The regulation has been issued with an effective date of May 1, 2011.

### **4. UNFINISHED BUSINESS**

There was no unfinished business.

### **5. NEW BUSINESS**

There was no new business.

### **6. PUBLIC COMMENT**

Chair Wardrop asked if anyone wished to address the Commission. 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 10:03 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 February 9, 2011.

  
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State Personnel Director

**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 VanCoevering of the Department of Technology, Management and Budget presented the proposed Fiscal Year 2012 Travel Rates for employee travel expense reimbursement. Ms. VanCoevering 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**

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

  
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State Personnel Director

**State of Michigan  
CIVIL SERVICE COMMISSION  
Public Meeting  
December 15, 2011**

Present: Thomas M. Wardrop, Chair  
James Barrett, Commissioner  
Charles Blockett, Jr., Commissioner  
Robert W. Swanson, Commissioner  
Janet McClelland, Chief Deputy Director, on behalf of the State Personnel Director

Absent: Jeremy Stephens, State Personnel Director

**CALL TO ORDER**

The meeting of the Civil Service 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.

**1. APPROVAL OF MINUTES**

Chair Wardrop requested a motion to approve the minutes of the September 21, 2011 meeting. On motion duly made and supported, the minutes were unanimously 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 Chief Deputy Director, Janet McClelland on behalf of Jeremy Stephens, State Personnel Director:

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.
- The Department of Natural Resources established an unclassified position to serve as the Senior Advisor for Message Management. Concurrently, the vacant Chief of Staff position was abolished.

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

There was no unfinished business.

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

##### 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 provided an overview of the fiscal activity for the Civil Service Commission (CSC) for Fiscal Years (FY) 2011 and 2012.

- 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 payroll costs for FY 2011 are \$4,680,563,564, which is a 2.34% decrease from the previous fiscal year, due to the retirement of approximately 4,500 retirees from state classified service.
- With regard to Item 5.A.2., Ms. Vargovich recommended that the Commission approve the proposed budget which is a continuation of the FY 2011 Commission-approved budget. The general fund was reduced primarily due to retirements; adjustments were also made for economics.
- Ms. Vargovich also provided a summary of financial activity for FY 2011.

The general fund budget was reduced by more than \$2 million due mainly to retirements. The CSC had a substantial general fund lapse. The restricted fund balances are substantial this year, with \$4.5 million in the 1% funds alone. In addition, lapses occurred in group insurances and training. Although the State Budget Office reduced the general fund budget, they have not yet reduced the restricted funds budget for FY 2013. We are continuing to work with the State Budget Office to correct this discrepancy and reduce restricted funds for FY 2013.

Chair Wardrop requested a motion to approve Item 5.A.1., Certification of the FY 2011 Payroll. On motion duly made and supported, the motion was unanimously approved.



Chair Wardrop then requested a motion to approve Item 5.A.2., FY 2012 Budget Proposal. On motion duly made and supported, the motion was unanimously approved.

Item 5.B. Letter of Understanding (LOU)

General Counsel John Gnodtke indicated that Item 5.B. is a LOU between the Office of the State Employer (OSE) and the Michigan Corrections Organization (MCO). Mr. Gnodtke stated that the LOU is regarding bumping issues for the Security Unit at the Mound Road Correctional Facility. Interim approval was granted on November 4, 2011 by the State Personnel Director with consent of the Chair, and is before the Commission for approval as required by Commission Rules.

Chair Wardrop requested a motion to approve Item 5.B., LOU between the OSE and MCO. On motion duly made and supported, the motion was unanimously approved.

Item 5.C. Collective Bargaining Agreements

Mr. Gnodtke stated that Items 5.C.1. through 5.C.7., address seven collective bargaining agreements.

The OSE and five unions representing nine bargaining units reached two-year voluntary primary agreements which were ratified by their memberships. Staff has reviewed the agreements and found no prohibited subjects requiring modification, thus, they are submitted to the Civil Service Commission for review and action as required by Rule 6-10.

Highlights of these agreements include:

- 1% general pay increase with a 1% lump sum increase for FY 2013.
- 1% lump sum increase for FY 2014.
- Increases to employee premium share for the State Health Plan PPO and HMOs.
- Modifications to the method for calculating overtime eligibility.
- Creation of committees for joint health care issues and consideration of the New Solutions for Michigan publication.

Before the Commission were seven resolutions to approve collective bargaining agreements. There are existing secondary agreements for MSEA, MCO, UAW, and AFSCME. Joint requests have been submitted by the parties seeking extensions of those existing secondary agreements as authorized by CSC Rules. The resolutions also include approval of extensions of secondary agreements to allow time for additional bargaining as authorized in CSC Rule 6-9.7(b)(2).

Chair Wardrop stated that the Commission would act on each contract separately, and asked Jan Winters, OSE Director, if she wanted to address the Commission before they voted.

Jan Winters, Director, OSE

Ms. Winters expressed appreciation to Civil Service staff members for their flexibility in adjusting schedules and modifying impasse filing dates, allowing OSE and the unions to focus on reaching voluntary agreements. Ms. Winters indicated that the agreements were overwhelmingly approved and that she hoped that the CSC would give it's full support and approval of the contracts.

Item 5.C.1., Agreement between AFSCME and OSE

Donald Gardner, Administrative Director of AFSCME, addressed the Commission. He stated that AFSCME has ratified the contract and is very satisfied. He then asked that the Commission approve the contract for AFSCME.

Chair Wardrop requested a motion to approve Resolution 5.C.1., Collective Bargaining Agreement between AFSCME Council 25 and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.C.2., Agreement between MCO and OSE

Chair Wardrop requested a motion to approve Resolution 5.C.2., Collective Bargaining Agreement between MCO and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.C.3., Agreement between SEIU 517M (HSS) and OSE

Chair Wardrop requested a motion to approve Resolution 5.C.3., Collective Bargaining Agreement between SEIU (Human Services Support) and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.C.4., Agreement between SEIU 517M (S&E) and OSE

Chair Wardrop requested a motion to approve Resolution 5.C.4., Collective Bargaining Agreement between SEIU (Scientific & Engineering) and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.C.5., Agreement between SEIU 517M (Technical) and OSE

Chair Wardrop requested a motion to approve Resolution 5.C.5., Collective Bargaining Agreement between SEIU (Technical) and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.C.6., Agreement between UAW and OSE

Cindy Estrada, Vice-President, International UAW, addressed the CSC on behalf of the UAW and the Coalition of State Employee Unions. Ms. Estrada expressed her appreciation to the CSC and the OSE for their patience during the negotiation process. She stated that she is excited about the voluntary agreement and is looking forward to working with the OSE to develop an innovative approach to saving money for our state, both its citizens and employees.

Chair Wardrop requested a motion to approve Resolution 5.C.6., Collective Bargaining Agreement between UAW and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.C.7., Agreement between MSEA and OSE

Commissioner Swanson congratulated the OSE and unions for their hard work in coming to a voluntary agreement on these contracts. He recognized their ability to work well together, even during this economy, to create contracts that please both sides for the next two years, and to set up sub-committees to look into the future.

Commissioner Blockett stated that collective bargaining within the classified workforce has been in existence since the 1980's, and at that time it was very controversial whether collective bargaining should take place within the classified workforce. The State of Michigan has not experienced a single work stoppage or strike since 1980

because collective bargaining allows state employees to focus on what's most important, providing quality service to the people in the State of Michigan. He commended all parties for doing an excellent job.

Chair Wardrop requested a motion to approve Resolution 5.C.7., Collective Bargaining Agreement between MSEA and OSE. On motion duly made and supported, the motion was unanimously approved.

Item 5.D., Coordinated Compensation Panel (CCP) Recommendation

Matthew Fedorchuk, Director, Office of Classification, Selection, Compensation, and Human Resources Training and Development, presented the recommendation developed by the members of the Employment Relations Board serving as the CCP. The CCP, as provided in Civil Service Rule 5-1, held a hearing on Tuesday, December 13, 2011, and made the following recommendations for the Commission's consideration:

- A 3% general adjustment and a 2% lump sum payment, both effective October 12, 2012, for all Non Exclusively Represented Employees (NEREs).
- An increase in employees' share for the State Health Plan PPO from 10% to 20%. The premium share would also increase for the HMO plans and could cap at the amount paid for the State Health Plans. Identical premium increases were contained in the Collective Bargaining Agreements just approved by the Commission.

The CCP recommended that the Commission take no action on the proposal of the Michigan Association of Governmental Employees (MAGE) to order further study of pay compression.

The CCP also recommended that the Commission take no action on the proposal of the Association of State Employees in Management (ASEM) to establish a process for special treatment of lump sum pay awards.

In addition, the CCP found insufficient evidence to support the request of a Department of Human Services employee for a special pay increase for the Social Services Administrative Supervisor classification and, therefore, recommended that the Commission deny this request.

Chair Wardrop requested a motion to approve Resolution 5.D., Coordinated Compensation Panel Recommendation. On motion duly made and supported, the motion was unanimously approved.

Item 5.E., Unclassified Pay Recommendation

Mr. Fedorchuk presented the proposed Annual Unclassified Pay Recommendation required under Article 11, Section 5 of the Michigan Constitution. The CSC, in fulfillment of the constitutional requirement, recommends to the Governor and the Legislature, rates of compensation for all appointed positions within the executive department, not a part of the classified service, that unclassified rates of compensation be increased by up to a 1% base wage and up to a 1% lump sum, not rolled into base, effective October 1, 2012.

Chair Wardrop requested a motion to approve Resolution 5.E., Unclassified Pay Recommendation. On motion duly made and supported, the motion was unanimously approved.

Item 5.F., Rule Change 5-4.2, Overtime

General Counsel Gnodtke addressed the Commission regarding the proposed rule change. He stated that the Collective Bargaining Agreements just approved by the Commission reference changes to the calculation of overtime eligibility. Mr. Gnodtke indicated that SPDOC 11-07 was circulated last week to propose similar changes for the Nonexclusively Represented Employees. Because only 7 days notice was provided, the Commission must waive the notice requirements as authorized in Rule 1-1.3. If that waiver is granted, a motion would then be needed for the approval of the rule change. The rule change would be effective January 1, 2012.

Chair Wardrop requested a motion to approve waiving the normal notice requirements as authorized by Rule 1-1.3. On motion duly made and supported, the motion was unanimously approved.

Chair Wardrop then requested a motion to approve Item 5.F, rule change for overtime. On motion duly made and supported, the motion was approved.

**6. PUBLIC COMMENT**

- Alan Quattrin, President of MAGE addressed the Commission. Mike Herendeen, Deputy Director of MAGE was also present.

Mr. Quattrin stated that MAGE represents the largest group of supervisory or leadership employees in state employment. He informed the Commission that there is still a morale problem throughout the ranks of the NEREs and that a pay compression problem still exists. He stated that MAGE is pleased that the administration has recognized this inequity by agreeing to give NEREs a larger raise. MAGE is supporting this raise as a step in the right direction. MAGE asked that the Commission remember next year that the NEREs did not receive raises in 2010 and 2011 when represented employees did receive raises. Mr. Quattrin expressed his appreciation of the support of some of the Commissioners, particularly Commissioner Blockett.

- Jan Winters, OSE Director, addressed the Commission.

OSE has had many discussions with NEREs and Limited Recognition Organizations (LROs) since Ms. Winters returned to the OSE in January 2011. Previously, the CSC made a very difficult decision to deny the approval of a 3% increase for the NEREs. That was the first time in history that union represented employees received a general increase but the NEREs did not. She stated that when she addressed the CSC a year ago, the Commission asked her to look at the situation carefully before asking for an increase for NEREs the following year.

Ms. Winters stated that there were no layoffs as a result of the employee concession number included in the Governor's budget message. She noted that a good deal of the gap was closed by abolishing funded vacant positions. The OSE looked very carefully at a number of considerations, and stated that the administration supports the 3% general adjustment and the 2% lump sum for the

NEREs. For the non-union portion of the state workforce, the raises in FY 2009, FY 2010, FY 2011 and FY 2012 have been 0%, 1%, 0% and 0%. That amounts to only 1% over the last four years.

Commissioner Swanson stated that when the Commission met in January 2011, the CSC was concerned about the equity situation between represented and non-represented employees. Commissioner Swanson expressed his thanks to Ms. Winters and the OSE for following through on issues regarding equity.

## **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, Janet McClelland, Chief Deputy Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of December 15, 2011.

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Janet McClelland  
Chief Deputy Director