

**MICHIGAN CIVIL SERVICE COMMISSION**  
**Public Meeting**  
**January 15, 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 December 18, 2013 meeting. On motion duly made and supported, the minutes of the December 18, 2013 Civil Service Commission meeting were approved.

**2. AMENDMENTS TO AGENDA**

Commissioner Charles Blockett, Jr. made a motion to delete Agenda Item 5.A., Memorandum of Understanding between the Department of Technology, Management and Budget and the Office of the State Employer, seconded by Commissioner Robert Swanson. The motion was unanimously approved.

**3. INFORMATIONAL REPORTS**

There were no informational reports.

**4. UNFINISHED BUSINESS**

**A. Collective Bargaining Agreements**

1. Collective Bargaining Agreement between the American Federation of State, County and Municipal Employees (AFSCME) and the Office of the State Employer (OSE)

General Counsel John Gnodtke stated that at the December 18, 2013 Civil Service Commission meeting, the Commission voted to table Agenda Item 5.B.2., the collective bargaining agreement between the AFSCME and the OSE. Before the Commission today is the motion that was made to approve the Impasse Panel's recommendation, IP 2013-02.

Cindy Estrada, Vice President of the United Auto Workers (UAW), addressed the Commission on behalf of the Coalition of State Employee Unions (Coalition). Ms. Estrada stated that she mentioned at the December 18, 2013 Commission meeting that the Coalition did feel that the Impasse Panel hearings were fair, but expressed concerns about the information available at

that time. Due to system changes, Blue Cross and Blue Shield of Michigan (BCBSM) could not produce the reports they wanted. Therefore, the Coalition was not in a position to bargain over those figures at that time since the data that was needed to bargain effectively was unavailable. Ms. Estrada also raised the issue of utilization trends. Ms. Estrada recommended that before costs are shifted to employees, especially in lieu of the State's surplus, that the Commission ask the Coalition and the OSE go back to the table to continue to look at cost cutting. The Coalition's recommendation, due to not having complete and accurate information, is to keep the health care status quo, increase wages, and discuss ways to cut health care with the OSE.

Jan Winters, Director of the OSE, stated that she and Ms. Estrada continue to have a different point of view on the data. The data that was requested from BCBSM was pursuant to a letter the OSE received on December 20, 2013, from the Coalition. The BCBSM had not received a direct request from the Coalition. The BCBSM utilized the letter that the OSE received on December 20 to produce the exact information that was requested by the Coalition. However, during bargaining the Coalition was provided with final claims information paid for the PPO plan for Fiscal Years 2011 and 2012. Fiscal Year 2013 data was not available until updated information was most recently requested on December 20, 2013, by the Coalition.

Ms. Winters stated that two-thirds of the billion-dollar surplus mentioned by the Coalition is one-time money leaving \$325 million. Of that \$325 million, \$119 million is school-aid-fund money and \$206 million is general-fund money. One-time money cannot be utilized for on-going expenses.

The Impasse Panel received numerous documents, exhibits, and testimony. The OSE believes the recommendation is a comprehensive package and should remain that way. Ms. Winters stated that the OSE hoped the Commission will adopt the Impasse Panel's recommendation in total.

There was also discussion by both Ms. Winters and Ms. Estrada regarding competing interests for the funding.

At the request of Commissioner Swanson, Jay Wortley from the Department of Treasury addressed the Commission. Mr. Wortley distributed a Consensus Revenue Agreement Executive Summary from the revenue conference he attended on December 10, 2013. Table 1 is a Consensus Economic Forecast and Table 2 summarizes the revenue consensus. They are required to make revenue estimates for both the General Fund and School Aid Fund Revenues.

Mr. Wortley stated that in Fiscal Year 2015, the only ongoing revenue would be the \$325 million and the remaining money would be considered one-time revenue because it comes from a prior year and will not continue in the future. Mr. Wortley stated that he did not know the final surplus numbers for Fiscal Year 2015 because he did not deal with the overall budget. Mr. Wortley also stated that the forecast for the economy is that it will continue to grow moderately through Fiscal Year 2016.

General Counsel John Gnodtke stated that IP 2013-02 is the Impasse Panel's recommendation for the agreement for the Institutional Unit between the AFSCME and the OSE. Resolution 4-A(1) would approve IP 2013-02, adopt IP 2013-01 by reference, approve the contract in Appendix 1 effective January 15, 2014, and extend the current secondary agreements for up to 12 months.

Commissioner Swanson made a motion to bring Agenda Item 4.A.1. back off the table for further discussion, seconded by Chair Wardrop. The motion was unanimously approved.

Commissioner Swanson made a motion to amend the current motion to:

1. Change the duration of the contract from two years to one year;
2. Maintain the status quo on plan design for the health insurance plans, and
3. Eliminate the recommended 0.5% lump-sum award.

Commissioner Blockett seconded the motion.

Commissioner Swanson indicated his discomfort with unilaterally imposing a major change to bargained benefits. He expressed his disappointment that the parties could not reach an agreement. Due to the time constraints, ordering new bargaining was not an option. Commissioner Swanson stated that a one year contract would allow more time for obtaining information to address changes that may be needed in plan design. Commissioner Swanson questioned the decision to make state employees take a permanent concession to fund a tax cut.

Commissioner Blockett stated that state employees have repeatedly made concessions over the past decades when the state has faced budgetary issues. Given the large surplus currently, Commissioner Blockett did not believe that further concessions were appropriate.

After discussion about the motion, Chair Wardrop called the question:

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

The motion to amend the current motion failed.

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

Commissioner Swanson stated that he was faced with two untenable choices but would support the Impasse Panel's recommendation because it is preferable to leaving state employees vulnerable without contracts and without pay raises. Commissioner Swanson stated that he felt that the result was a travesty and undermined state collective bargaining.

Chair Wardrop indicated that he would be voting to adopt the Impasse Panel's recommendation because he was not comfortable picking out just one or two items from that recommendation to change. He stated that he wanted state employees to receive a pay raise and would thus vote to adopt the recommendation.

After discussion about the motion, Chair Wardrop called the question.

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

The motion was approved.

## 2. Collective Bargaining Agreement between MCO and OSE

Mr. Gnodtke stated that Resolution 4-A(2) would approve IP 2013-03, adopt IP 2013-01 by reference, approve the contract in Appendix 1, and extend current secondary agreements.

Mel Grieshaber, Executive Director of the Michigan Corrections Organization (MCO), expressed concerns regarding a Letter of Understanding (LOU) that extends 12-hour shift pilot programs for two years. Mr. Grieshaber stated that the pilots were mutually agreed upon by the MCO and the Department of Corrections (DOC) and set to expire September 30, 2014. The MCO members voted on the pilot with the expectation that an evaluation would be done on a certain date. Mr. Grieshaber stated that an extension of the pilot programs would interfere with future collaborative efforts between the parties and requested that the Commission adopt the Impasse Panel's recommendation on LOU #21, with the extension language struck.

Ms. Winters responded that during negotiations and the impasse hearings, the Employer was proposing much more flexibility than is present in the LOU. However, the OSE accepts the Impasse Panel's recommendation as a whole. The OSE feels the recommended LOU on the 12-hour shift programs is important in acquiring more stability.

Bethany Beauchine, OSE Contract Administrator for the MCO contract, stated that the provision allows modification of the agreement by mutual agreement of the parties. Therefore, nothing proposed by the Panel would stop the parties from working on changes to the agreement.

A motion was made to approve Resolution 4-A(2), the Collective Bargaining Agreement between the MCO and the OSE. On motion duly made and supported, the motion was unanimously approved.

## 3. Collective Bargaining Agreement between the Michigan State Employees Association (MSEA) and the OSE

Mr. Gnodtke stated that Resolution 4-A(3) would approve IP 2013-04, adopt IP 2013-01 by reference, approve the contract in Appendix 1, and extend current secondary agreements.

Attorney Brandon Zuk addressed the Commission on behalf of the MSEA stating that many issues went to impasse because the OSE failed to engage in bargaining by not responding to issues presented by the MSEA. Mr. Zuk highlighted the topics the MSEA wished to have addressed by the Commission.

1. Article 8 on the selection of arbitrators due to noncompliance by the OSE.
2. Article 15 to provide overtime rate pay for unscheduled work to recognize burdens.
3. Article 43 on pay premiums for public safety classes to address gaps with trooper pay.
4. LOU 14 on the Fire Crash Rescue Officer to address ongoing issues.
5. App C for State Worker class to curtail the use of multiple non-career appointments.

Commissioner Blockett requested that the MSEA send the Commission information regarding the non-career appointment issues that were at impasse in the MSEA contract so it could be reviewed by the CSC staff.

Ms. Winters and Cheryl Schmittiel, Deputy of the OSE, indicated that the process with the MSEA was very lengthy. Ms. Winters stated that the OSE disagrees that they failed to respond

to the MSEA. The Impasse Panel heard all the testimony from both parties and the OSE supports the Impasse Panel's recommendation.

A motion was made to approve Resolution 4-A(3), the Collective Bargaining Agreement between the MSEA and the OSE. On motion duly made and supported, the motion was unanimously approved.

#### 4. Collective Bargaining Agreement between the SEIU (HSS) and the OSE

Mr. Gnodtke stated that Resolution 4-A(4) would approve IP 2013-05, adopt IP 2013-01 by reference, and approve the contract in Appendix 1.

A motion was made to approve Resolution 4-A(4), the Collective Bargaining Agreement between the SEIU (HSS) and the OSE. On motion duly made and supported, the motion was unanimously approved.

#### 5. Collective Bargaining Agreement between the SEIU (S & E) and the OSE

Mr. Gnodtke stated that Resolution 4-A(5) would approve IP 2013-06, adopt IP 2013-01 by reference, and approve the contract in Appendix 1.

Bill Ruhf, President of SEIU Local 517M, and Amy Lipset, President of the Scientific and Engineering Unit discussed their request that engineers, foresters, and veterinarians receive special step increases. Ms. Lipset stated that SEIU believes that:

1. The earnings of engineers employed by the State fall behind those of engineers in both the private and public sector.
2. The disparity of compensation between the civilian forensic scientists and uniformed forensic scientists employed by the Department of State Police continues to grow.
3. The American Veterinary Medical Association report indicates that veterinarians employed by the state fall short in compensation compared to their counterparts.

Ms. Lipset also stated that foresters should receive a clothing allowance due to the nature of their work and costs associated with destroyed clothing. Ms. Lipset asked the Commission to reject the Impasse Panel's recommendation and instead adopt the SEIU's proposals.

Ms. Winters and Gerri Smith, Contract Administrator for the Scientific and Engineering Unit, responded to Ms. Lipset's comments stating that all topics were discussed with the Impasse Panel. Retention and recruitment in state government has been a factor in terms of consideration where any special pay increases are warranted and are not a problem with the classes cited. Ms. Winters suggested that the SEIU and the OSE further discuss the administrative procedures.

A motion was made to approve Resolution 4-A(5), the Collective Bargaining Agreement between the SEIU (S & E) and the OSE. On motion duly made and supported, the motion was unanimously approved.

#### 6. Collective Bargaining Agreement between the SEIU (Technical) and the OSE

Mr. Gnodtke stated that Resolution 4-A(6) would approve IP 2013-07, adopt IP 2013-01 by reference, and approve the contract in Appendix 1.

A motion was made to approve Resolution 4-A(6), the Collective Bargaining Agreement between the SEIU (Technical) and the OSE. On motion duly made and supported, the motion was unanimously approved.

#### 7. Collective Bargaining Agreement between the UAW and the OSE

Mr. Gnodtke stated that Resolution 4-A(7) would approve IP 2013-08, adopt IP 2013-01 by reference, approve the contract in Appendix 1, and extend the current secondary agreements.

A motion was made to approve Resolution 4-A(7), the Collective Bargaining Agreement between the UAW and the OSE. On motion duly made and supported, the motion was unanimously approved.

#### **B. Coordinated Compensation Panel Recommendation**

Mr. Gnodtke stated that Agenda Item 4.B. is the Coordinated Compensation Panel Recommendation. The panel has made a recommendation for nonexclusively represented pay and benefits for Fiscal Year 2015. Its recommendation tracked those in IP 2013-01 for a 2% base pay increase, a 0.5% lump-sum payment, and moving all employees into the same new State Health Plan and new HMO plan.

Al Quattrin, President of the Michigan Association of Governmental Employees voiced his disapproval regarding the Impasse Panel's recommendation. Mr. Quattrin stated that state employees have done more than their fair share of concessions during Michigan's financial difficulties and that it is not fair to employees to approve the Panel's recommendation to change health care plans.

A motion was made to approve Agenda Item 4.B., the Coordinated Compensation Panel Recommendation. On motion duly made and supported, the motion was unanimously approved.

#### **C. Unclassified Compensation Recommendation**

Mr. Gnodtke stated that Agenda Item 4.C. is the Unclassified Pay Recommendation for Fiscal Year 2015. Article 11, § 5 of the Michigan Constitution requires the Commission to "recommend to the governor and to the legislature rates of compensation for all appointed positions within the executive department not a part of the classified service." Typically, this non-binding recommendation of the Commission has tracked the pay determinations of the Commission for classified employees. Resolution 4.C. recommends increases in unclassified compensation of up to 2.0% for base pay and up to 0.5% in a lump-sum payment.

A motion was made to approve Resolution 4.C., the Unclassified Compensation Recommendation. On motion duly made and supported, the motion was unanimously approved.

### **5. NEW BUSINESS**

#### **A. Interagency Memorandum of Understanding (MOU) – Retiree Health Benefits**

Agenda Item 5.A., the MOU between the Department of Technology, Management and Budget and the Office of the State Employer, was removed from the agenda at the beginning of the meeting.

**B. Letter of Understanding (LOU) between OSE and MCO**

Mr. Gnodtke stated that Agenda Item 5.B. is a LOU between the OSE and the MCO regarding an issue related to overtime treatment for officers.

A motion was made to approve Agenda Item 5.B., the LOU between the OSE and the MCO. On motion duly made and supported, the motion was unanimously approved.

**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 called for a motion to adjourn. On motion duly made and supported, the meeting was adjourned at 1:30 p.m.

I, Janet McClelland, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of January 15, 2014.



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Janet McClelland  
Acting State Personnel Director

**MICHIGAN CIVIL SERVICE COMMISSION**  
**Public Meeting**  
**March 19, 2014**

**Present:** Thomas M. Wardrop, Chair  
James Barrett, Commissioner  
Charles Blockett, Jr., Commissioner  
Robert W. Swanson, Commissioner  
Matthew Fedorchuk, Deputy Director

**1. CALL TO ORDER**

The meeting of the Civil Service Commission (Commission) was opened by Chair Thomas M. Wardrop at 10:07 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 January 15, 2014 meeting. On motion duly made and supported, the minutes of the January 15, 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 Deputy Director Matt Fedorchuk on behalf of Acting State Personnel Director Janet McClelland.

**Unclassified Positions Report**

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

**Department of Insurance & Financial Services**

On January 14, 2014, a request was received to establish an exempt unclassified position to serve as the Economic Development Advisor to the Director. This request was approved effective January 5, 2014.



## Quality of Life – Department of Natural Resources

On February 6, 2014, a request was received to establish an exempt unclassified position to serve as the Outdoor Adventure Center Director. This request was approved effective March 24, 2014.

## Department of Treasury

On February 14, 2014, a request was received to establish an exempt unclassified position to serve as the Senior Advisor to the State Treasurer. The request was approved effective February 2, 2014.

### **4. UNFINISHED BUSINESS**

There was no unfinished business.

### **5. NEW BUSINESS**

#### **A. Proposed Fiscal Year 2014 and Fiscal Year 2015 Travel Rates**

Rhonda Whiting of the Department of Technology, Management and Budget Travel Program asked the Commission to approve the extension of Fiscal Year 2014 travel rates, and approve an increase in meal rates for Fiscal Year 2015.

A motion was made to approve Agenda Item 5.A., the Proposed Fiscal Year 2014 and Fiscal Year 2015 Travel Rates. On motion duly made and supported, the motion was unanimously approved.

#### **B. Letter of Understanding (LOU) between the Office of the State Employer (OSE) and the Michigan Corrections Organization (MCO)**

General Counsel John Gnodtke stated that Agenda Item 5.B. is the review of a LOU between the OSE and the MCO regarding overtime provisions for Corrections Transportation Officers. Interim approval was previously granted.

A motion was made to approve Agenda Item 5.B., the LOU between the OSE and the MCO. On motion duly made and supported, the motion was unanimously approved.

#### **C. Meal/Receipt Reimbursement Pilot – Standardized Travel Regulations (STR) (Interim Approval Granted)**

Mr. Gnodtke stated that Agenda Item 5.C. is an extension of a pilot program involving receipts and travel reimbursement. Interim approval was granted previously by the Acting State Personnel Director with consent of the Chair to extend this program to NEREs.

A motion was made to approve Agenda Item 5.C., Meal/Receipt Reimbursement Pilot – STR for NEREs. On motion duly made and supported, the motion was unanimously approved.

## 6. PUBLIC COMMENT

Mr. Nick Ciaramitaro, Director of Legislation and Public Policy for Michigan AFSCME Council 25 and MSEA AFSCME Local 5, stated his concerns as he did at the January 15, 2014 Commission meeting regarding the outsourcing of food services in the Department of Corrections (DOC). Mr. Ciaramitaro stated that since the contract with Aramark has been implemented, there have been prison protests, food strikes, warnings from DOC to Aramark and fines of \$98,000 for contract violations. Mr. Ciaramitaro gave the Commission a copy of his testimony, along with a letter from the DOC to Aramark and Aramark's response. Mr. Ciaramitaro asked the Commission to use its constitutional authority to discontinue the contract between the DOC and Aramark.

Mr. Mel Grieshaber, Executive Director of the Michigan Corrections Organization (MCO), reminded the Commission that the MCO does not represent food services employees. The MCO represents the corrections officers. Mr. Grieshaber believes that as the police force in the prisons, corrections officers keep staff, prisoners and the surrounding community safe. Mr. Grieshaber believes that many of their concerns that were addressed to the Commission previously have come to fruition. The DOC has issued approximately three dozen stop orders in the prisons since December 2013. Since Aramark has been involved in food services in prisons for many years, Mr. Grieshaber questioned the validity of Aramark experiencing "growing pains" and asked the Commission to reject the Aramark contract.

Mr. Marty Fittante addressed the Commission on behalf of Senator Thomas Casperson. As stated previously to the Commission, Senator Casperson's principal concern is safety for those employees serving the prisons and those individuals within the prison. Mr. Fittante stated that the letters shared with the Commission regarding Aramark's violations are very troubling and support the concerns held by Senator Casperson. Mr. Fittante stated that it is Senator Casperson's hope that the Commission will reject the Aramark contract.

Jan Winters, Director of the Office of the State Employer (OSE), and Russ Marlan, Administrator of the Executive Bureau with the DOC, addressed the Commission. Ms. Winters stated that the DOC is forcefully addressing the concerns that have been brought to the attention of the Commissioners. The letters given to the Commission outline those actions that have been taken by the DOC regarding any deficiencies.

Mr. Marlan stated that 2013 appropriations required the DOC to pursue contracting out food services in prisons. The DOC set the savings threshold at 10%, which was twice as much as Civil Service requires. Bids were sent to the Department of Technology, Management and Budget for review and Aramark was granted the contract. Aramark assumed responsibility for the food services programs on December 8, 2013. The DOC has diligently been monitoring Aramark. Prior to signing the contract with Aramark, Director Daniel Heyns had personal conversations with other state directors that use Aramark for food services. Director Heyns felt confident after those discussions and discussions with Aramark management that any issues would be resolved as Aramark transitioned. The DOC understands that the consistency and stability of the food services program in the prisons is vitally important in maintaining safe and secure correctional facilities. The DOC has eight contract monitors throughout the state and wardens report any deficiencies to the contract manager in Lansing, who in turn share that information with Aramark. Included in the contract with Aramark is the DOC's right to impose fines. Aramark did receive a \$98,000 fine. Following that fine, Aramark pledged to improve, and has asked for additional communication with the DOC. An added step in monitoring Aramark is that the Director, Chief Deputy Director, and contract manager meet every Monday on any deficiencies and contract issues that came up during the previous

week. In addition, Director Heyns has a personal conversation with the vice president of Aramark weekly to address issues. Mr. Marlan assured the Commission that the DOC will continue to monitor the Aramark contract and will address each deficiency.

Commissioner Charles Blockett, Jr. asked what was wrong with the quality of food service provided by state employees. Mr. Marlan responded that nothing was wrong, but that the Fiscal Year 2013 budget required the DOC to solicit bids for food services. Commissioner Blockett asked if cheaper is better. Mr. Marlan responded that the DOC was trying to achieve an equal or enhanced level of service with taxpayer savings, acknowledged that there had been serious contract issues, and that the DOC was being diligent to ensure compliance with contractual requirements. Commissioner Blockett asked if a Yugo was the standard of service that was being strived for. Mr. Marlan stated that the DOC would make sure that the quality was where the DOC wanted it, which was being worked on every day. Commissioner Blockett expressed concern that public health and safety were not being considered in contracting decisions and that the quality from contractors should be the same as with current state employees.

Commissioner Robert W. Swanson asked Mr. Marlan about the comment by Mr. Fittante that there have been additional serious violations by Aramark since the February 27, 2014 letter. Mr. Marlan responded that the contract requires compliance with staffing ratio numbers and recently, a few more stop orders have been issued but the DOC is continuing to be diligent in monitoring those contracts to make sure Aramark is adhering to all requirements.

Commissioner Swanson asked how the DOC determines the amount of a fine. Mr. Marlan stated that he would look into the specific basis for the amounts.

Commissioner James Barrett asked when it would be expected that Aramark will perform at the quality standards stipulated in the contract. Mr. Marlan responded that the expectation is that Aramark will always perform at the quality of standards indicated in the contract.

Mr. Bob Kopasz, Chair of the State Employees Retiree Association, thanked the Commission for removing Item 5.A., Interagency Memorandum regarding retiree health benefits from the January 15, 2014 Civil Service Commission agenda. Mr. Kopasz stated that a meeting was held in February 2014 with the Office of the State Employer and Civil Service Commission staff and all the parties will continue to meet.

## **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, Matthew Fedorchuk, Deputy Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of March 19, 2014.

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Matthew Fedorchuk  
Deputy Director

**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



**MICHIGAN CIVIL SERVICE COMMISSION**  
**Public Meeting**  
**September 17, 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 10:14 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 May 7, 2014 meeting. On motion duly made and supported, the minutes of the May 7, 2014 Civil Service Commission meeting were approved.

**2. AMENDMENTS TO AGENDA**

Commissioner Blockett made a motion to move Item 5.D. to 5.A. on the Agenda and to add 5.G., Chapter 7 Rules. The amendments were adopted.

**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 June 16, 2014, a request was received to establish an exempt unclassified position to serve as the Director of the Office of Children's Ombudsman with the vacant Public Information Officer concurrently abolished. This request was approved effective June 8, 2014.

On August 7, 2014, a request was received to establish an exempt unclassified position which will serve as the Enterprise Procurement Director. This request was approved effective September 1, 2014.

**Department of Transportation**

On July 2, 2014, a request was received to establish two exempt unclassified positions which will serve as the Commission and Governmental Affairs Advisor and the Legislative and

Constituent Advisor. Concurrently, the position of Commission Advisor and Office of Governmental Affairs Director will be abolished. This request was approved for the Commission and Governmental Affairs Advisor with an effective date of March 2, 2014 and for the Legislative and Constituent Advisor with an effective date of June 22, 2014.

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

There was no unfinished business.

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

##### **A. Memorandum of Understanding (MOU) on Retiree Health Benefits (Interim Approval Granted)**

General Counsel John Gnodtke stated that Agenda Item 5.A. is an interagency Memorandum of Understanding between the Department of Technology, Management and Budget (DTMB) and the Civil Service Commission. Earlier this year, the Commission approved insurance plan changes for active employees. Under the State Employees' Retirement Act, the DTMB Director and Commission authorize any changes to plans offered to retirees. After discussions, an MOU to adopt most of the changes that were made for active employees' health benefits was reached. Interim approval was granted by the Acting State Personnel Director with the consent of the Chair.

Bob Kopasz, Chair of the State Employee Retirees Association (SERA), reviewed what has been accomplished over the last few months with the Office of the State Employer (OSE) and the Employee Benefits Division (EBD) regarding Retiree Health Benefits. While retirees are not necessarily happy with the outcome, Mr. Kopasz stated that retirees have traditionally tracked what active employees have received. Mr. Kopasz stated that SERA will continue to meet with OSE and EBD to look at ways to adapt the retiree health plans to save the state and retirees money.

Jan Winters, Office of the State Employer Director, followed up on Mr. Kopasz's comments. A series of meetings took place on the needed changes, the reasons, and the costs associated with increased health care costs. OSE is very interested in continuing discussions with SERA. Ms. Winters mentioned several ways that retirees are informed of changes in health care benefits. The OSE wanted the Commission to know that they fully support continued meetings with SERA.

Commissioner Swanson stated in the interest of full disclosure, that as a retired state employee the MOU has a direct impact on him. Commissioner Blockett also indicated that he is a retired state employee.

On motion duly made and supported to approve Agenda Item 5.A., the Memorandum of Understanding on Retiree Health Benefits, the motion was unanimously approved.

##### **B. Proposed Fiscal Year 2016 Travel Rates**

Ronda Whiting from the Department of Technology, Management, and Budget (DTMB) stated that the rates submitted to the Commission for FY 2016 reflect no changes in hotel or meal rates. DTMB requests approval now to allow departments time to budget for travel. The premium mileage, which is indexed to the IRS standard business rate, will change based on the methodology approved and the standard mileage rate will also change based on the State's mid-sized car cost.

On motion duly made and supported to approve Agenda Item 5.B., Proposed Fiscal Year 2016 Travel Rates, the motion was unanimously approved.

**C. Letter of Understanding (LOU) between OSE and MCO (Interim Approval Granted)**

General Counsel John Gnodtke stated that Agenda Item 5.C. is a Letter of Understanding between OSE and MCO involving implementation of a 12-hour shift pilot program at the St. Louis Correctional Facility. Similar LOUs have been approved by the Commission for other pilots. The LOU was granted interim approval by the Acting State Personnel Director with consent of the Chair.

On motion duly made and supported to approve Agenda Item 5.C., Letter of Understanding between OSE and MCO, the motion was unanimously approved.

**D. Letters of Understanding (LOUs) between OSE and UAW (Interim Approval Granted)**

General Counsel John Gnodtke stated that Agenda Item 5.D. is two Letters of Understanding between OSE and UAW both involving overtime procedures; one related to Probationary Emergency Dispatchers and the other related to clearing a backlog in a program area. Both LOUs were granted interim approval by the Acting State Personnel Director with consent of the Chair.

On motion duly made and supported to approve Agenda Item 5.D., Letters of Understanding between OSE and UAW, the motion was unanimously approved.

**E. Secondary Agreements (Interim Approval Granted)**

Assistant General Counsel Nicholas Kechkaylo mentioned that last year the Commission extended all secondary agreements for one year after approving new primary agreements. Since the Commission's last meeting, 14 secondary agreements have been received and granted interim approval by the Acting State Personnel director with the consent of the Chair. Staff has reviewed the agreements and found no prohibited subjects of bargaining implicated.

On motion duly made and supported to approve Agenda Item 5.E., Secondary Agreements, the motion was unanimously approved.

**F. Pay Increases effective September 1, 2014 (Interim Approval Granted)**

General Counsel John Gnodtke stated that Agenda Item 5.F. Pay Increases effective September 1, 2014, increases the minimum hourly compensation for five state classifications to \$8.15. The state's minimum wage act had been amended to increase the minimum wage to that amount on that date. Interim approval granted the pay increases for those 5 classifications.

On motion duly made and supported to approve Agenda Item 5.F., Pay Increases effective September 1, 2014, the motion was unanimously approved.

## **G. Chapter 7 Rules**

Commissioner Blockett indicated that he had been a state employee for 33 years and that approval of contracts is one core reason that the Commission was established, to assure a quality work force and protect the merit system. The state has a competent and dedicated workforce by design. Commissioner Blockett commented that in the past Michigan was recognized as having one of the strongest merit systems in the nation. He stated his objection to contracting out several hundred aide positions at the Grand Rapids Home for Veterans and food-service positions at prisons based on cost savings with no consideration to the quality of the work or public health and safety. Previous commissions have said repeatedly that the contractual services process needed to be reviewed. In 1988, the Citizens Review Committee specifically recommended that the Commission be more involved in the process. He concluded that the Standards should be revised. Commissioner Blockett moved:

That a Civil Service work group be appointed to review the current system to approve requests for contractual personal services in Chapter 7 of the Rules and report back to the Commission by its December meeting.

Commissioner Swanson seconded the motion.

Commissioner Barrett asked Janet McClelland if cost alone is the basis for contracting out public services, what savings were associated with the two Departments noted by Commissioner Blockett, and what percentage of the state workforce has been affected by contracting out. Ms. McClelland responded that there are four standards for contracting out: (1) temporary and intermittent work, (2) work uncommon to the classified workforce, (3) equipment and facilities not reasonably available to the agency, and (4) Standard D for cost savings. While she did not have the exact savings for the DMVA and DOC disbursements, she indicated that they were around 40% and 20%, respectively. The percent of the 49,000-member state workforce affected is very small, with very few Standard D requests approved involving layoffs.

Commissioner Blockett emphasized that over the last two years there have been three times more employees laid off due to contracting out than in the previous 16 years.

Commissioner Swanson stated his agreement with Commissioner Blockett that the current standards, particularly Standard D, are not adequate and complete.

Chair Wardrop called the question.

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

The motion failed.

## **6. PUBLIC COMMENT**

Nick Ciaramitaro, Director of Legislation and Public Policy for Michigan AFSCME Council 25 and MSEA AFSCME Local 5, expressed his disappointment with the refusal to form a work group to review the rules on contracting out services. Mr. Ciaramitaro indicated his belief that J2S and Aramark have demonstrated an unwillingness to provide quality services. At the

Grand Rapids Home for Veterans, J2S has faced continued staffing shortages resulting in overworked staff, insufficient number of staff, shorted paychecks, staff unrest and turnover, and untrained employees assuming full work responsibilities. All these issues can result in neglected veterans. Mr. Ciaramitaro stated that Aramark has failed to properly perform the requirements of its contract and that Aramark employees are not vetted for potential conflicts or tested for competency. Mr. Ciaramitaro reiterated his request that the Commission establish a work group to examine and debate the question of outsourcing and the roll of the Commission, and any needed changes.

Jim Dunn, Deputy Director of the Michigan Veteran's Affairs Agency, oversees the Grand Rapids Home for Veterans. Mr. Dunn addressed Mr. Ciaramitaro's comments. Mr. Dunn stated that while some staff shortages occurred as happens at any 24/7 facility, J2S has mandated employees to stay on for less than 2% of its hours of service. This is common in the industry. Mr. Dunn assured the Commission that the Director of Nursing reviews the shifts every week and the number of people on those shifts. There is no reason to believe that J2S submitted false figures or the implication that J2S employees were allowed to work a 24-hour shift. Mr. Dunn noted that in the year after J2S replaced the state employee aides, the number of residents reporting bedsores dropped 50%, which is inconsistent with allegations of neglect. Mr. Dunn has spent hours discussing with the legislature the issue of complaints and has met with people at the Home to develop a better complaint process. Mr. Dunn assured the Commission that quality care is being provided.

Leno Pretto, Member of the Board of Managers for the Grand Rapids Veterans Home, suggested that if Mr. Ciaramitaro's intent is to resolve issues, then the issues should be raised at the home and not brought to meetings such as the Commission meeting much later.

Dr. L. J. Padula, Ph.D., a psychologist at Walter Reuther Psychiatric Hospital (WRPH) stated his understanding that the Department of Community Health has submitted a notice to outsource psychiatric services. At WRPH, about half the patients are incompetent to stand trial on criminal charges or have been adjudicated not guilty by reason of insanity. The hospital has used many medical extenders instead of filling positions with psychiatrists. Dr. Padula believes that contractual psychiatrists tend to have higher turnover and more absences with a lower standard of care and he is concerned because patients need the stability of a relationship with psychiatrists. Providers that are not skilled and experienced as psycho-diagnosticians or with prescribing medications would be detrimental to patients and dangerous to public safety. Dr. Padula asked the Commission to look at not only monetary concerns but also public safety and quality of care.

State Representative Scott Dianda expressed his concern about public safety due to contracting out food service in the prisons. He mentioned the problem of narcotics coming into prisons and expressed his opinion that inmates, employees, and the local community are at risk because of this situation. He stated that many individuals have been negatively affected economically by the Aramark contract. In addition, he commented that he has constituents who have not received the severance pay to which they are entitled. Representative Dianda asked the Commission to consider establishing an independent committee to review the rules on contracting out personal services.

John Eck addressed the Commission on behalf of SEIU members at the Michigan Department of Transportation (MDOT). Mr. Eck has been an employee with MDOT for 30 years and has actively opposed contracting out. Mr. Eck stated that in the past MDOT contracted out work requiring skills that were specialized or technically unique skills. Since 1996, MDOT requested blanket authorization approvals from Civil Service under Standard A for services that are temporary, intermittent, or irregular. Further, Mr. Eck stated that the current 300 vacant

positions could be filled to save money by reducing use of contract workers. After reviewing some exhibits, Mr. Eck asked the Commission to form a taskforce to review its rules, including reviewing all disbursements under Standards A and D, discontinuing the practice of extending existing CS-138s to increase their dollar amount or length, discontinuing the approval of CS-138s with open dollar amounts, and increasing Civil Service staff who review applications and limiting their reliance on the requesting Department's staff to justify the need.

Greg Johnson, Chief Operations Officer for MDOT, and Myron Frierson, Director of the Bureau of Finance for MDOT, addressed the Commission. Mr. Johnson discussed how MDOT conducts its business. The dollar amount that MDOT contracts out each year varies. This year \$111 million has been contracted out, but no MDOT employees have been displaced. MDOT contracts out less work compared to 10 years ago. MDOT's financial situation has been variable and uncertain for many years. Savings from some vacancies help MDOT receive federal aid. Mr. Johnson also stated that data provided by unions did not contain appropriate employee costs to make an accurate comparison. When correct figures are compared, consultants are comparable to the overall cost for technicians. Mr. Johnson indicated that MDOT has not laid off any permanent employees in the 25 years he has worked at MDOT because it keeps employees for base programs rather than matching peaks based on bonding or one-time dollars. Mr. Johnson also discussed how technological advances have changed how MDOT conducts business, making the work process more efficient and effective. Mr. Frierson confirmed that MDOT's financial situation varied from year to year.

Commissioner Swanson asked if personal contract employees commonly earn more than state employees. Mr. Frierson responded that it varies by classification but some personal contract employees receive more money and some less.

Jeremy Tripp, Deputy of Government Affairs, Michigan Corrections Organization, stated his disappointment that the Commission did not create a work group because one is needed for the inclusion of quality. Since the beginning of its contract, Aramark has continually served poor food quality, had food shortages, and made costly substitutions. Aramark employees' offenses include not showing up for work, overfamiliarity with inmates, and drug smuggling. Mr. Tripp asked the Commission to reconsider its decision on creating a work group.

Russ Marlan, former Administrator of the Executive Bureau of the Department of Corrections (DOC), stated that over the last few months he has recapped the history of contracting out of food services. A request for proposal was sent out to operate food services in the DOC. The savings required under Standard D was satisfied, a vendor was selected, and Aramark began on December 8, 2013.

Commissioner Barrett asked Mr. Marlan to respond to the comment about drugs being brought into correctional facilities compared to the past. Mr. Marlan indicated that drugs have come into the prison by classified and contractual employees. Since January 2012, there have been ten instances of state employees investigated for bringing contraband into the prison and two Aramark employees.

Commissioner Swanson asked Mr. Marlan about the \$98,000 fine that was suspended and why the Commission was not informed about that suspension. Commissioner Swanson stated that in March the DOC described its concerns and the corrective actions the DOC was taking to remedy the situation without mentioning the suspension. Mr. Marlan responded that the contract allows imposing fines at the discretion of the Director of DOC, but that the DOC's overall strategy is that it wants Aramark to comply with the contract. Fines are not used to punish but to force the vendor into compliance. There was not a formal letter issued to

Aramark on suspending the fine. After the Director's conversation with Aramark, he felt the plan was adequate and was comfortable suspending the fine.

Chair Wardrop asked Mr. Marlan how many fines have been imposed. Mr. Marlan stated that three fines had been imposed. The \$98,000 was comprised of two parts and the second fine imposed last month was \$200,000 and is taken out of Aramark's billing.

Chair Wardrop asked General Counsel Gnodtke if Civil Service had control over the Aramark contract. Mr. Gnodtke responded that the Commission approves the disbursement of funds for personal services. Historically, the Commission has not been involved in the review and approval of contracts.

## **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 12:02 p.m.

I, Janet McClelland, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of September 17, 2014.



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Janet McClelland  
Acting State Personnel Director

**MICHIGAN CIVIL SERVICE COMMISSION**  
**Public Meeting**  
**December 10, 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 10:14 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 17, 2014 meeting. On motion duly made and supported, the minutes of the September 17, 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.

Department of Technology, Management and Budget

A request was received to establish an exempt unclassified position, which will serve as the Procurement Contract Monitor. This request was approved effective August 17, 2014.

Department of State Police

On September 16, 2014, a request was received to establish an exempt unclassified position to serve as the Community Safety Education and Grant Coordinator. This request was approved effective September 28, 2014.

Department of Community Health

On October 16, 2014, a request was received to establish an exempt unclassified position to serve as the Facility Director of the Kalamazoo Psychiatric Hospital. Concurrently, the vacant Chief Deputy Director position was abolished. This request was approved effective October 12, 2014.

On October 28, 2014, a request was received to establish an exempt unclassified position to serve as the Deputy Director of the Operations Administration. Concurrently, the vacant



Special Assistant to the Director position was abolished. This request was approved effective November 9, 2014.

Department of Treasury

On November 13, 2014, a request was received to establish an exempt unclassified position to serve as the Executive Director of the Financial Review Commission. Concurrently, Treasury abolished the vacant Senior Advisor to the State Treasurer position. This request was approved effective November 9, 2014.

**4. UNFINISHED BUSINESS**

There was no unfinished business.

**5. NEW BUSINESS**

**A. 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, 2013 through September 30, 2014, was \$5,381,653,168.

The Commission has completed processing the financial transactions for Fiscal Year 2014. All expenditures and revenues have been reconciled and balanced with the State of Michigan's accounting records.

With regard to Item 5.A.2., Ms. Vargovich indicated that the budget proposal for Fiscal Year 2016 has been completed and recommended that the Commission approve the proposed budget, which is a continuation of the current fiscal year with the exception of pending economic adjustments for salary and wages, retirement, insurance, and workers' compensation.

On motion duly made and supported to approve Resolution 5.A.1., the Certification of the Aggregate Payroll for Fiscal Year 2014 was unanimously approved.

On motion duly made and supported to approve Resolution 5.A.2., the Budget Proposal for Fiscal Year 2016 was unanimously approved.

**B. Letter of Understanding – MSEA (Interim Approval Granted)**

General Counsel John Gnodtke stated that Item 5.B. is a Letter of Understanding (LOU) adjusting the hours in a standard work period and other related issues for Fire Crash Rescue Officers. The LOU was previously granted interim approval by the Acting State Personnel Director with the consent of the Chair.

On motion duly made and supported to approve Agenda Item 5.B, the Letter of Understanding was unanimously approved.

### **C. Secondary Agreements (Interim Approval Granted)**

Assistant General Counsel Nicholas Kechkaylo stated that Agenda Item 5.C. is Secondary Agreements between the Office of the State Employer and UAW, AFSCME, and MSEA. With consent of the Chair of the Commission, interim approval has been granted for the 27 secondary agreements. Staff has reviewed the secondary agreements for violations of the Commission's rules on prohibited subjects of bargaining and has not identified any violations.

On motion duly made and supported to approve Resolution 5.C., the Secondary Agreements were unanimously approved.

### **D. Secondary Agreement**

Assistant General Counsel Nicholas Kechkaylo stated that Agenda Item 5.D. is a Secondary Agreement that has not received interim approval between the Office of the State Employer and AFSCME for the Department of Corrections. Staff has reviewed the secondary agreement for violations of the Commission's rules on prohibited subjects of bargaining and has not identified any violations.

On motion duly made and supported to approve Resolution 5.D., the Secondary Agreement was unanimously approved.

### **E. Impasse Panel Recommendation 2014-02**

Assistant General Counsel Nicholas Kechkaylo stated that during secondary negotiations SEIU and the Department of Transportation (MDOT) requested Impasse Panel assistance on proposed changes to certain employees' travel reimbursements under the Department's travel regulations. The Impasse Panel recommended denying both parties' proposals.

George Heath, SEIU Divisional Vice President, stated that the information submitted to the Impasse Panel by MDOT showing a cost of approximately \$566,000 is not accurate. Mr. Heath found 27 individuals on the list that are not part of the Technical Unit or are Schedule I employees. In 2013, there was a double payment because of a grievance filed and SEIU believes that amount was included in the total.

John Eck, SEIU 517M Vice President, expressed his concern over the travel reimbursement rates for the MDOT technicians classified as Schedule II Field employees. Mr. Eck stated that travel reimbursement has been an issue for some time for those 233 technicians who are assigned to highway and bridge construction projects, often located far from their offices and homes. MDOT unilaterally eliminated Schedule II language and reduced the mileage rate to \$.2525/mile, while other state employees continue to receive the full \$.555/mile. Mr. Eck asked the Commission to not accept the Impasse Panel's recommendation and to restore the full travel reimbursement rate and adjust the partial day per-diem rate for MDOT technicians being asked to travel for work.

Commissioner Barrett asked to hear from MDOT on the rationale for the reimbursement differential.

Jan Winters, Director of the Office of the State Employer (OSE), introduced Todd White, Human Resources Director with MDOT. Mr. White was involved in secondary negotiations and the impasse proceedings. Ms. Winters agreed that mileage reimbursement for Schedule II field employees has been an issue for some time. Ms. Winters stated that the

issue is very complex and OSE has every intention of taking this issue to the main bargaining table so that the full range of information and facts can be discussed. The situation involves a very small group of employees, less than half percent of state workers, and MDOT's business has changed over the years. In many cases now, employees are no longer driving considerable distances to a project or job; they are driving to and from a transportation center.

Mr. Heath responded that the employees may be few, but that they are 10% of MDOT's employees and are the frontline for MDOT projects. Mr. Heath stated that it is often cheaper for the employer to give employees the \$.25 rate than to have them use a state car. Mr. Heath also stated that the parties hoped they could come to an agreement during secondary negotiations. Mr. Heath agreed with Mr. Eck that employees are being assigned to areas that are far from their homes. Some employees are assigned to two-year projects and can't possibly drive back and forth.

On motion duly made and supported to approve Agenda Item 5.E., the Impasse Panel Recommendation 2014-02 was unanimously approved.

#### **F. Impasse Panel Recommendation 2014-03**

Assistant General Counsel Nicholas Kechkaylo stated that during secondary negotiations, MSEA and the Department of Environmental Quality (DEQ) requested Impasse Panel assistance on MSEA's request to increase the uniform cleaning allowance for Environmental Investigators (EIs).

Peter Clark stated that on November 17, 2014 the MSEA received the recommendations of the Impasse Panel on the tentatively agreed to DEQ Secondary agreement, which included an increase from \$500 to \$1,000 for cleaning allowance for EIs. The Panel agreed that the criteria exist for such an increase, but recommended that the proper forum for this issue is primary negotiations. Mr. Clark asked the Commission to disregard the Panel's recommendation and grant the increase. The union indicated that if the Commission passes the Panel's recommendation, the disparity will continue until the fall of 2015, beginning of 2016. Mr. Clark indicated that an important point is that the DNR contract has been \$1,000 for a while, so the employees at DEQ have been dealing with this disparity for quite some time. The total amount for the year would be \$4,000 and there was never a question as to whether the money was available in the budget.

Kenneth Moore, President of MSEA, stated that MSEA is only seeking parity in the same classification and bargaining unit.

Commissioner Swanson asked to hear from the Office of the State Employer. Chair Wardrop asked if both sides agreed, then why wasn't this proposal accepted and why would OSE object to the increase when the amount was in DEQ's budget.

Ms. Winters stated that a letter was sent in 1997 which indicated that the inclusion of that item was an oversight. It never should have been part of the secondary agreement. Ms. Winters said that it was not approved by OSE because it is properly covered under the primary agreement as a compensation matter.

Commissioner Swanson stated that he found it difficult to continue to ask eight employees to be treated inequitably compared to their counterparts when the Department agreed to give them an increase this year. Ms. Winters stated that she will follow up with MSEA to determine if there is another way to address this situation. Ms. Winters urged the

Commission to accept the Impasse Panel's recommendation because if not, she felt it would open the door to matters of compensation being dealt with during secondary negotiations.

Chair Wardrop made a motion to postpone Agenda Item 5.F. until the next Commission meeting and the motion was unanimously approved.

#### **G. Coordinated Compensation Panel Recommendation (CCP)**

General Counsel John Gnodtke stated that Item 5.G. is the CCP recommendation for Fiscal Year 2016. The CCP is the annual pay-setting process for non-exclusively represented employees. Last year, the Commission approved collective bargaining agreements with a 2% base wage increase for represented employees in Fiscal Year 2016. The CCP recommends awarding the same 2% increase to NEREs starting next October. The recommendation also includes increased funding for the NERE professional development fund, and a pilot incentive payment program for three classifications in the Department of Insurance and Financial Services that have experienced high turnover during the last several years.

Al Quattrin, President of the Michigan Association of Governmental Employees (MAGE), addressed the wage compression problem between the rank and file and employees in managerial positions. Mr. Quattrin believes that a morale problem exists among these employees due to the wage compression but also for not receiving overtime compensation. Mr. Quattrin asked the Commission to resolve these problems by creating an incentive bonus solely for those employees in managerial positions.

Brandt Wimbush, second Vice-President of MAGE, discussed the morale of state employees, particularly managers and supervisors. Mr. Wimbush stated that state employees get paid substantially less than their counterparts in the private sector and that many employees are not willing to apply for promotions because of the minimal increase in pay when compared to the massive increase in responsibilities.

Mr. Wimbush thanked Commissioner Blockett for his years of service to the State of Michigan and the Commission.

On motion duly made and supported to approve Agenda Item 5.G., the Coordinated Compensation Panel Recommendation was unanimously approved.

#### **H. Unclassified Compensation Recommendation**

General Counsel John Gnodtke stated that Item 5.H. is the unclassified pay recommendation, which is required by Article 11, Section 5 of the Michigan Constitution. Consistent with previous recommendations, an increase up to the amount approved by the Commission for classified employees (i.e., 2 percent) is before the Commission for its consideration.

On motion duly made and supported to approve Agenda Item 5.H., the Unclassified Compensation Panel Recommendation was unanimously approved.

**6. PUBLIC COMMENT**

There was no public comment.

**ADJOURNMENT**

There being no further items for Commission approval or public comments to be heard, Chair Wardrop called for a motion to adjourn. On motion duly made and supported, the meeting was adjourned at 12:02 p.m.

I, Matthew Fedorchuk, Acting State Personnel Director, hereby certify that the foregoing are the Minutes of the Civil Service Commission meeting of December 10, 2014.



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Matthew Fedorchuk  
Acting State Personnel Director