

State Notes

TOPICS OF LEGISLATIVE INTEREST

November/December 2004



Civil Service Collective Bargaining Agreements and the FY 2005-06 Coordinated Compensation Plan

By Bill Bowerman, Chief Analyst

Background

Article XI, Section 5 of the Michigan Constitution authorizes the Civil Service Commission to regulate all conditions of employment in the State classified service. Increases in the rates of compensation authorized by the Civil Service Commission require prior notice to the Governor, who then transmits the increases to the Legislature as part of the budget. Within 60 calendar days following transmission in the Governor's budget, the Legislature, by a two-thirds vote of the members elected to and serving in each house, may reject or reduce increases in rates of compensation authorized by the Civil Service Commission. Reductions made by the Legislature must apply uniformly to all classes of employees and may not adjust pay differentials already established by the Commission. Rates of compensation may not be reduced below those in effect at the time the increases are transmitted to the Legislature.

In the early 1980s, the Civil Service Commission, by rule, implemented a collective bargaining system for over 70% of State classified civil service employees. The remaining State classified employees who occupy supervisory, managerial, and confidential positions are not eligible for exclusive representation by unions. These nonexclusively represented employees (NEREs) have their terms and conditions of employment determined through a process administered by the Civil Service Employee Relations Board. The Employee Relations Board serves as a Coordinated Compensation Panel. The Panel recommends a Coordinated Compensation Plan for NEREs to the Civil Service Commission. The Coordinated Compensation Plan and the collective bargaining agreements are subject to review, modification, and approval by the Civil Service Commission. State Police troopers and sergeants were given the right to bargain collectively with their employer concerning conditions of employment, and the right to submit unresolved disputes to binding arbitration, through a 1978 initiated amendment to Article XI, Section 5 of the Michigan Constitution approved by the voters on November 7, 1978.

The following provides an overview of recently approved collective bargaining agreements and the Coordinated Compensation Plan. It does not include the Michigan State Police Troopers Association (MSPTA) because bargaining for the next three-year contract fiscal year (FY) 2005-06 through FY 2007-08) will not begin until the spring of 2005.

Collective Bargaining Agreements

On December 15, 2004, the Civil Service Commission approved three-year (FY 2005-06, FY 2006-07, and FY 2007-08) collective bargaining agreements for employees who are exclusively represented by the American Federation of State, County, and Municipal Employees (AFSCME), the Michigan State Employees Association (MSEA), the Michigan Corrections Organization (MCO), the United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), and the State Employees International Union (SEIU) Local 517M. The agreements include pay increases to be implemented at six-month intervals as follows:

State Notes

TOPICS OF LEGISLATIVE INTEREST

November/December 2004



October 2005	1.0%
April 2006	1.0%
October 2006	2.0%
April 2007	2.0%
October 2007	2.0%
April 2008	2.0%

The phased-in pay increases will result in a cumulative 10.4% increase to salaries over the three-year period. Special pay adjustments and optional signing or retention bonuses are included for certain licensed practical nurse, registered nurse, and pharmacist classifications. Other major provisions contained in the collective bargaining agreements include new entry-level pay classifications which will result in indeterminate ongoing savings, adjustments to group insurance plans, limits to benefits for certain long-term disability claims, restoration of professional development funds, a 40-hour increase in the accumulation cap for annual leave, and a new holiday for Election Day in even-numbered years. (Michigan Corrections Organization-represented and AFSCME-represented employees will receive four hours of additional annual leave in lieu of the new biennial election day holiday.) Banked leave time is continued in FY 2004-05 at 84 hours, which equates to 4% of salary. The banked leave time concession includes a no-layoff guarantee on the part of the State for the duration of the concessions. The agreements also include various adjustments to annual leave and sick leave policies, overtime, rules related to unions, grievances, vacancies, leaves of absence, and other policies.

Collective bargaining agreements are available on the Office of the State Employer's website: <http://www.michigan.gov/ose>. Noneconomic portions of the collective bargaining agreements became effective January 1, 2005. Pursuant to the Michigan Constitution, increases in the rates of compensation authorized by the Civil Service Commission become effective at the start of the fiscal year (October 1, 2005).

Coordinated Compensation Plan (CCP)

The Civil Service Commission also adopted a Coordinated Compensation Plan (CCP) for NEREs which includes 1% pay increases for October 2005 and April 2006. Special wage adjustments are included for certain registered nurse classifications, practical nurse supervisors, pharmacist managers, and dentists. Treasury investment analysts are converted to a higher pay schedule. A new sales incentive program for Bureau of the Lottery sales and marketing staff, limited to \$2,500 per year, is included in the CCP. The CCP also contains other adjustments consistent with the collective bargaining agreements, including: new entry-level pay classifications which will result in indeterminate ongoing savings, adjustments to group insurance plans, limits to benefits for certain long-term disability claims, restoration of professional development funds, a 40-hour increase in the accumulation cap for annual leave, leave policy adjustments, a new holiday for Election Day in even numbered years, and renewal of professional development funds.

State Notes
TOPICS OF LEGISLATIVE INTEREST
November/December 2004



The CCP includes the continuation in FY 2004-05 of banked leave time (84 hours) which amounts to 4.0% of salary. Employees may use the banked leave time as annual leave, or they may choose to have the hours credited to their 401k account when they separate from State service (at the rate of pay they are receiving when they leave State service). A copy of the FY 2005-06 Coordinated Plan is available on the following Internet site: http://www.michigan.gov/documents/CCP-FY05_103815_7.pdf.

Conclusion

The CCP for NEREs includes increases for FY 2005-06 while the collective bargaining agreements for exclusively represented employees cover a three-year period; however, increases in rates of compensation authorized by the Civil Service Commission are transmitted annually in the Governor's budget pursuant to Article XI, Section 5 of the Michigan Constitution. The Legislature will have 60 days from the February 10, 2005, transmission of the Governor's budget to reject, modify, or reduce increases in the rates of compensation for FY 2005-06. The second-year and third-year compensation increases contained in the collective bargaining agreements will be included with the respective budget transmittals for FY 2006-07 and FY 2007-08. The FY 2005-06 cost of compensation increases included in the collective bargaining agreements and CCP is estimated at \$52.3 million Gross/\$26.3 million GF/GP. Due to the phased-in (October/April) increases, the estimated full-year cost is \$70.6 million Gross/\$36.0 million GF/GP. Changes to group insurance plans will result in a net savings of \$1.8 million.

Continuation of banked leave time in FY 2004-05 will cover \$109.9 million of the \$147.9 million in employee-related savings included in the FY 2004-05 budget.¹⁾

¹⁾ A portion of the 84 hours of banked leave time will occur in FY 2005-06.