



# THE DEPUTY ONLINE



Volume 2012-02

## FROM THE SECRETARY

*James Boomer - Secretary*



Let me begin by thanking each of you who voted in support of my re-election to the office of Secretary in December. During the campaign season I spoke with several members who told me that they would like to see a newsletter published and distributed to the membership. Some time ago, the Executive Board passed a resolution to discontinue the printing and mailing of the newsletter as a cost-savings measure. At that time, the newsletter cost the Association approximately 1200-1400 dollars per month in printing and postage costs. Aside from the issue of cost, the Association had developed an alternative and a superior form of communicating information to its members; our web site, [www.ocdsa.com](http://www.ocdsa.com),

One of the frequent complaints I received about the printed newsletter was that the information was stale by the time it was delivered. The built-in delays caused by the writing of the articles, the printing of the actual newsletter, and the mailing process often caused the news to be 30 or more days old by the time the

membership got to read about it. The web site solved that problem by allowing information to be posted and available immediately.

Additionally, the cost savings was significant in that the Association no longer had the costs of printing, supplies and postage to contend with.

For a short time, we published an on-line version of The Deputy that was able to be printed from the web site. We quickly found that all we were doing was taking the information that had already been posted on the site and putting it into a newsletter format. This was deemed to be a waste of time and energy and was discontinued.

However, because of the information I gathered while talking with members I have decided to re-institute the publishing of The Deputy. Efforts will be made to make the information in The Deputy fresh and relevant to the membership. The web site will still be the best place to obtain

timely information regarding the activities of the Association, while the newsletter will be used to provide information of a more broad nature.

The Deputy will not be mailed to each member's home as it was in the past. Instead it will be distributed to the various work locations throughout the department. It will also be made available for downloading from the web site. In the months to come, we will establish an email list for those people who wish to have a digital copy emailed to them. If you have any questions or if you have any suggestions as to how to make The Deputy work better for our members, please contact either me or Jason Tucker.



**GM MEETING JANUARY***James Boomer*

Under sheriff McCabe, Major Smith and Major Snarey attended the January general membership meeting on the 25<sup>th</sup> to offer information on a variety of topics and to answer questions from the membership.

Under sheriff McCabe began his remarks by saying that he would not speak to rumors concerning pay cuts as any issues regarding pay would be negotiated with the union.

McCabe went on to comment that never before in his career with the Oakland County Sheriff's office has he seen such a grim financial situation as the one we are facing now. He advised that the sheriff's office has already cut 13.3 million dollars from its operating budget since the crisis began, which is equal to 140 full-time positions. The sheriff was recently notified that he must cut an additional 3.25 million dollars from his budget over the next three years, with \$600,000 due to be cut in this fiscal year.

McCabe advised that times are especially challenging for smaller municipalities. This is causing them to either look at contracting with larger departments for police services or to bid to provide police services to other municipalities.



Major Smith spoke regarding newly elected Governor Snyder's goal to consolidate public services across the state and how that will impact police agencies. Smith advised that the governor formed a committee to look specifically at how MSP operates. This committee will meet for the first time in February.

Several questions were asked from the membership regarding the Sheriff's Office providing contracted police services to the City of Pontiac. Under sheriff McCabe advised that the Emergency Financial Manager has to work with three unions in order to settle their existing contracts prior to there being any forward movement on the Pontiac absorption. McCabe stated that should we finalize a contract with the City of Pontiac, all of our laid off deputies would be brought back to work before assigning positions to anyone else.

Major Smith encouraged everyone to do their best to dispel rumors that they hear by either contacting a member of command or by contacting a member of the Executive Board directly and asking questions. A complete account of the discussions outlined here can be found in the minutes from the

January 25<sup>th</sup> meeting, which are posted on the Association web site [www.ocdsa.com](http://www.ocdsa.com). They are posted under the "Meetings" heading.

**A SPAM ATTACK***Jason Tucker*

Some of our members may have noticed that the registration on OCDSA.com has now gotten one step more difficult.

Approximately one month ago, there was an unprecedented attack on the union's website servers. In one week's time there were approximately one hundred new registrations to the website's Discussion Groups, none of which were legitimate. This caused site slowdowns, and created undue delays in registration approval, so I was forced to ban some IP addresses and add an additional step to the registration process to try and combat the attack.

If any member is unable to reach the site, please notify me immediately at my email: [tuckerj@ocdsa.com](mailto:tuckerj@ocdsa.com).



## The Public Employee Union Chess Game

By Susan J. Demas

Are state employees walking around with a target on their backs?

The three most powerful men in state government – Gov. Rick Snyder, House Speaker Jase Bolger (R-Marshall) and Senate Majority Leader Randy Richardville (R-Monroe) – are all on record that cuts to state worker pay and benefits are in the offing. Snyder said the task is “one of the toughest” he’s facing as the new governor.

With a fiscal 2012 budget deficit of about \$1.8 billion looming, leaders say they have no choice. With Republicans controlling both the Legislature and the governor’s office, the compensation issues are shaping up as perhaps the biggest battleground of 2011.

“I’ve been clear: There’s going to be pain,” Richardville said during Michigan Public Television’s “Off the Record” this month. “There are going to be difficult decisions. And for all of us to come through in the long run, all of us are going to have to sacrifice in the short run.”

There are no raises included for fiscal 2012, according to the



nonpartisan House Fiscal Agency (HFA). A 5 percent state employee pay cut would save the General Fund \$75

million, the HFA reports. Having state workers pay 20 percent of their health care premiums (most now contribute 10 percent) is worth another \$40 million to \$50 million.

“You could lay off every employee in the state and you wouldn’t get to \$1.8 billion,” HFA Director Mitch Bean noted.

Bolger appears impatient with the contract negotiation process, asserting on “Off the Record” that the Legislature could take action to reduce public employee compensation.

Under the state Constitution, that’s the purview of the Civil Service Commission (CSC).

The Office of the State Employer negotiates with unions through the collective bargaining process, and the CSC approves contracts. Contracts with five of the six state employee unions are expected to be hammered out this year for fiscal 2013, 2014 and 2015.

But the Legislature does have options, such as refusing to appropriate money to departments. And the GOP-led chambers could push for Right to Work laws or go after the collective bargaining process itself, something the free-market Mackinac Center for Public Policy has been pushing for years. That would, in essence, gut the power of public employee unions.

“I think Snyder and the Legislature will take it up,” said Mackinac Center Senior legislative analyst Jack McHugh. “I think they have to act for (\$1.8) billion reasons and another \$1 billion if Snyder takes up (Michigan Business Tax) MBT reform.”

However, Eric Luper, director of local affairs for the nonpartisan Citizens Research Council, said he doubts attempts to quash collective bargaining will gain traction.

“If you’re trying to get away with eliminating unions in Michigan, good luck with that,” he said.

Still, the idea persists that government workers are better paid and have much better benefits than their public sector

counterparts, although there is research that disputes those claims. The idea of “shared sacrifice” is all the rage and there’s little doubt that public employees will take a hit.

All of this makes Ray Holman, spokesman for UAW Local 6000, the largest union representing state employees, protest that politicians are trying to balance the budget on the backs of state employees.

“We expect that we’re going to have to make sacrifices,” Holman said. “But we’re often doing the work of two and three and four other people. Some of the public doesn’t understand that we’ve already made concessions.”

State employee concessions between 2001 and 2008 have saved the state more than \$3.7 billion, according to a report by Michigan State University Economics Professor Charles Ballard compiled in 2009 for employee unions. Of that, there’s \$3.3 billion in wages, \$143 million in pension expenditures and \$300 million in health expenditures.

Meanwhile, lawmakers and governors in at least a dozen states, including New York, Arizona, California and Ohio, also are examining ways to curb costs for government workers.

“Michigan is not alone; it isn’t the only one with a big problem,” Ballard notes.

Craig Ruff, senior policy fellow with Lansing-based Public

Sector Consultants, expects state leaders to move quickly this year. “The Legislature realizes they have to act pretty fast,” he said. “You don’t want to test out any dramatic change in teacher pay and public employee benefits in an election year.”

### **Bargaining Table**

Snyder and the new Legislature are starting their terms during an auspicious time, as state union contracts are up. Contracts with five labor groups — the American Federation of State, County and Municipal Employees (AFSCME), the Michigan Corrections Organization (MCO), the Michigan State Employees Association (MSEA), the Service Employees International Union (SEIU) and the UAW — are handled on a three-year basis.

No timetable has been set for talks, said new State Employer Jan Winters. But they typically kick off in the summer. Agreements are in place through the end of the year for non-economic items – work rules, overtime, etc. — and until Sept. 30, 2012, for economic items, like salaries and benefits.

The sixth union, the Michigan State Police Troopers Association, last year ratified a contract with the State Employer through December 2011. There also are 13,700 non-unionized employees who are covered under Civil Service rules.

The Civil Service Commission (CSC) oversees the collective bargaining process between unions and the Office of State Employer. The CSC has the constitutional authority to approve wage and benefits for state employees, but has to submit recommendations to the governor for his executive budget.

The CSC was established in 1937 to “remedy a politically oriented spoils system,” according to a 2002 white paper by the Citizens Research Council. Essentially, the goal was to create a functioning bureaucracy that wouldn’t change at the whim of a new governor. The CSC is independent of the executive, legislative and judicial branches.

The commission consists of four members appointed by the governor to eight-year staggered terms. That means Snyder won’t be able to start fresh with a new board.

In order to open up current contracts, all parties need to agree to do so, Winters said. Changes would be sent to the CSC for approval. It is not at all clear that unions will be willing to re-open the contracts, which would leave the focus on the next contract.

McHugh said he’s skeptical that unions will agree to necessary concessions, and he expects the Legislature will have to step in.

When asked whether there were any concessions the UAW

would be comfortable with, Holman said that state employees just want the opportunity to sit down at the bargaining table with the new governor “rather than having concessions force-fed down our throats.” He said he’s encouraged by Snyder’s statements that he wants to talk to labor groups.

## **State Payroll**

It might surprise people that the state’s annual payroll is only about 10 percent of a \$44 billion budget.

That’s because a big part of the budget isn’t state programs. The state functions as a pass-through for programs like Medicaid, distributing money to hospitals and doctors. Money also is given to local governments via revenue sharing and road payments and to school districts through per-pupil grants.

Including salary and benefits, payroll totaled \$4.78 billion in fiscal 2009, the HFA reports. Roughly half of that comes from General Fund dollars. That means that about 25 percent of the \$8 billion general fund is payroll. The state’s other pot of discretionary spending, the \$12 billion School Aid Fund, is largely a clearinghouse for funds sent to more than 550 school districts and to charter schools.

Breaking down the \$4.78 billion, about \$3 billion is in salaries, \$260 million is for worker’s compensation and unemployment insurance, \$655

million is for health insurance and \$829 million is for retirement.

The state workforce has shrunk dramatically – falling by about 10,000 workers over the last 11 years.

The number of state employees is 50,615 for fiscal 2010, the last year for which the HFA has data. About 4,700 workers retired last year, in part because of the 2010 retirement incentive, and it’s not clear how many will be replaced.

The state workforce peaked at 68,105 in fiscal 1979, was down to 60,066 in fiscal 1999 and was at 51,699 employees as of fiscal 2009, according to the Michigan Civil Service 30th Annual Workforce Report.

## **Paid Too Much?**

Are state employees paid too much? Given the state of the current debate, it’s surprisingly difficult to find public officials and policy analysts willing to say that.

“No, I don’t think state employees are paid too much in general,” Richardville said in a November interview. “I haven’t had the opportunity to go in and look specifically at every person, obviously. But I think there are some people who are paid more than what they produce and some people who are paid less than what they produce. ... I think they need to be analyzed individually, not in a lump sum like that.”

Not even public union critics like McHugh and Michigan Chamber of Commerce CEO Rich Studley have taken a swing at employee pay. Both are former state employees.

“I sense that the salaries aren’t out of whack,” McHugh said. “It’s the benefits that are.”

Regardless, Ballard, the MSU economist, said there’s still a “great deal of fairly virulent sentiment” against state employees. Part of the problem, he said, is that many people don’t value the work they do, even though many are dedicated and “feel a sense of mission.”

“If you believe these people just made paper airplanes and threw them around the office for eight hours a day, getting rid of them is a benefit to society,” he said. “... Clearly, if you pay them nothing, you could save a lot of money. I don’t think you can just slash pay for people without any consequence.”

Jeff Guilfoyle, president of the nonpartisan Citizens Research Council of Michigan, agrees that public employees are often spoken of as “waste, fraud and abuse in the budget.”

The UAW’s Holman said that state workers are just an easy target.

“It’s an easy solution instead of cutting popular programs, raising revenue or cutting tax loopholes,” Holman said. “This is low-hanging fruit.”

So what's the reality about public employee pay? Some studies have shown that public employees have higher salaries than those in the private sector, but they don't control for education and other factors. According to a 2008 HFA report, 54.8 percent of state employees in Michigan hold college degrees, which is double the rate for the state (26.9 percent). Guilfoyle notes that lawyers in the Attorney General's office and doctors in the Department of Community Health make less than they would in the private sector.

Pay in the private sector for highly skilled workers like engineers, attorneys and physicians has gone up significantly in recent years, Ballard notes.

### **Pay Cut Proposals**

Neither Snyder nor legislative leaders have floated concrete numbers for employee pay cuts.

The Mackinac Center and Michigan Chamber have avoided specifics, as well. Both McHugh and Studley agree that there are too many categories of state employees to talk about an across-the-board cut.

Some analysts expect salaries will be trimmed by 5 percent to 10 percent. A 10 percent cut would mean about \$150 million more for the General Fund. However, the HFA stresses that the final numbers will depend on how many retirees are replaced in state government.

"Employee salary and benefit levels are certainly a legitimate policy question," said Bean, the HFA director. "But if you think this is going to solve the (deficit), that's the thing that concerns me. The public tends to think this is going to solve things. But it's less than 10 percent of the problem."

Snyder has said he will give part of his \$159,300 salary back, although he has yet to specify how much. A 10-percent pay cut for lawmakers and other state elected officials already went into effect this year.

### **Benefit Reductions**

Government worker benefits are where most critics aim their fire. With many private sector employees facing spiraling health care costs for the last decades or losing employer coverage altogether, public sector benefits have been blasted as grossly unfair.

"It is a principle worth fighting for," Studley said. "(State) employees should be compensated fairly, but it needs to be affordable, sustainable and in line with other employees and taxpayers in the private sector."

The Mackinac Center did a study showing that the average federal employee kicks in 27 percent of his health care premium. McHugh said that's a reasonable standard for state employees.

The model used by the HFA projects that raising state employees' share of health care premium costs from 10 percent to 20 percent would save between \$80 million and \$100 million annually – half of that General Fund. Going to 27 percent would yield additional savings.

However, there already have been changes. New employees hired after April 1, 2010, have to contribute 20 percent of their health care premiums, said Steve Reck, political director with SEIU 517M.

Holman and Guilfoyle aren't sure if the health care pooling plan proposed by new State Treasurer Andy Dillon will be revived. The plan he introduced as House speaker in 2009 was controversial and vocally opposed by unions. Bolger is against it, but Richardville is keeping an open mind to all reforms.

Guilfoyle agrees that public employee benefits are generally superior to those in the private sector, particularly in terms of health care and retirement. There also are fringe benefits, with more time off and less risk of layoff, he said.

Other ways to cut compensation costs include instituting furlough days, as the state did in 2009. There also can be layoffs, like when the Department of State Police axed 100 troopers that year, although staffing levels were later restored. There's been talk from the Snyder administration about

eliminating state police road patrols and turning that duty over to county sheriffs, which could result in eliminating 1,000 state trooper jobs.

### **Other Legislative Remedies**

So what else can the Legislature do to clamp down on state employee pay and benefits?

The Legislature cannot vote to decrease workers' pay. However, lawmakers can reject pay increases approved by the Civil Service Commission within 60 days of receipt – but it requires a two-thirds majority in both Houses. The GOP-led Senate fell short last year in its attempt to nix an agreed-upon 3-percent pay hike for state employees. It would have inevitably failed in the Democratic-controlled House, regardless. But no pay increases are scheduled for the remaining part of the contract, the HFA reports.

There is another way reduce payroll costs. Either Snyder's budget office or the Legislature could propose a negative budget supplemental, which strips money away from departments. It's up to the departments to decide how to cut the money; if salaries can't be cut, they consider alternatives, such as layoffs or leaving positions vacant.

Snyder could only issue an executive order cutting state spending if the consensus revenue estimating conference this week finds a shortfall for fiscal 2011. However, Bean

confirms that the budget is still in the black.

### **Collective Bargaining**

The white whale in Michigan politics for some Republicans has been the power of the unions. While it's declined in the private sector, organized labor is still going strong in the public realm.

One way to drive a stake through unions is to kill collective bargaining. That's something McHugh is hopeful will happen with Republicans in control of the governorship and both houses of the Legislature.

The Mackinac Center would like to see changes at the state and local levels. The Legislature could limit or end local collective bargaining, for instance, by opening up the Public Employee Relations Act (PERA) of 1965, which enables unions to negotiate contracts with school districts and local governments. McHugh said he expects Snyder and the Legislature to push through reforms.

"If you change PERA, you could essentially say, 'Go jump in the lake. We're not collectively bargaining,'" McHugh said.

Lupher is skeptical, noting PERA gives "significant power" to the unions, who can employ a variety of methods to halt reforms from happening. They have the right, for instances, to force negotiations

before changes would go into effect.

On the state level, McHugh wants the Civil Service Commission to put an end to the collective bargaining process. This was established in 1980 for most classified state employees, according to the Citizens Research Council.

Winters said the commission would theoretically be able to change or eliminate collective bargaining for state employee unions, except for the state troopers, as they're a separate class. But she notes that the CSC's authority is established in the Constitution and it is independent of all three branches. That means the Legislature can't compel the CSC to abandon collective bargaining.

McHugh argues that it's "excessive" for state employees to have protection both under Civil Service and through collective bargaining. Studley also questions the necessity. He said that the current system makes it difficult to reward exceptional employees and discipline poor ones, as the cost of the disciplinary process through collective bargaining, the CSC and the courts is often prohibitive.

"People decide it's not worth it," Studley said. "You just stick the person in a room and work around him."

Although McHugh said it may be a "bridge too far," he said he'd like to see a ban on public

employee unions. That's something that new GOP Ohio Gov. John Kasich is weighing for 14,000 child and home care workers.

"The public employee unions use their clout to elect politicians who grant benefits that are, in our view, excessive," McHugh said. "It's a vicious cycle."

There's some question of the effectiveness of pushing such a policy. Policy Matters Ohio, a liberal think tank, notes that states that bar government employee bargaining like Arizona, North Carolina and Nevada have budget deficits exceeding 30 percent of general funds. States that permit collective bargaining such as Montana, Massachusetts, New Mexico and South Dakota, have budget deficits less than 10 percent.

Ballard argues the primary goal for some in the Legislature isn't to save money. It's to break unions.

"A large fraction of this is anti-union ideology among some folks for whom unions are an enemy," he said. "Ideology is a very strong part of this."

Bean said it's "above my pay grade" to know if the administration or Legislature will look at reforming the collective bargaining process. Holman said that the UAW takes the issue seriously, especially in the current political environment.

## Right to Work

Looming in the background is the issue of Right to Work, which would allow workers to get union benefits without joining a bargaining unit. That would impact all labor groups in Michigan, but especially the public employee unions that represent the majority of organized employees in the state.

Talk of making Michigan a Right to Work state has been at a slow burn for years, with the Tea Party-affiliated group Americans for Prosperity toying with a ballot proposal in 2008. While the Mackinac Center supports the idea, business groups including the Michigan Chamber and Business Leaders for Michigan have not made it a legislative priority.

Studley said it's a "legitimate policy question" and he's encouraged that the discussion can finally be had in Michigan, given its rich history of union activity. But he cautioned groups, especially at the national level, about jumping in without realizing a ballot measure will cost up to \$30 million.

"The one thing that's worse than not being a Right to Work state is trying to become a Right to Work state and failing," he said. "If someone had a magic wand to make Michigan Right to Work, we'd still be a cold, northern state with bad roads. Some schools do an extraordinary job; others do a mediocre job. We'd still be a

state where the Great Lakes are at risk."

Twenty-two other states have Right to Work laws. "Every state that has Right to Work has the same economic problems as Michigan," Reck said.

Neither Snyder nor Richardville support Right to Work, but there's been speculation that legislation could emerge from the House.

"Twenty percent of the workers in Michigan approximately are unionized, and the idea of going in and changing one of the fundamental privileges for years seems to me to be more disruptive with little positive results," Richardville said after being elected majority leader.

Guilfoyle said he hasn't seen anything yet that indicates Right to Work has legs. Holman and Reck are watching the debate closely.

"Certainly, we're concerned with a Republican (legislative) majority," Reck said. "We'll deal with it if it gets traction."



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