INTRODUCTION
Coordinated Compensation Proceedings
FY 2023-2024
October 2022

The Michigan Association of Governmental Employees (MAGE), Office & Professional Employees International Union (OPEIU) Local 2002 submits this position statement to the Employment Relations Board (ERB) on behalf of its members. This statement covers compensation issues for the Board to consider for FY 2023-24 for non-exclusively represented employees (NEREs).

Civil Service Regulations 6.06, Standard 4.D.1-a., sets for the guidelines to be taken into consideration by the CCP in making its recommendations to the Civil Service Commission:

1. Standards
   a. The public interest and welfare, including the current and forecasted financial condition of the state.
   b. Comparison of the overall compensation received by NEREs with the overall compensation received by exclusively represented employees.
   c. Comparison of the rates of pay, the continuity and stability of employment, and the overall compensation and benefits received by state employees with the overall compensation and benefits received by state employees with employees performing similar services in other public and private employment
   d. Other appropriate considerations to the sound and rational determination of a coordinated compensation plan.

Direct Wage Increase FY 2023-24

In the recent past our state has faced severe budget deficits resulting in an inability to provide adequate general wage increases. This has resulted in a retention/recruitment problem in many Departments, most notably, the Department of Corrections (DOC) and the Department of Health and Human Services (DHHS).

Currently, we face an unprecedented surplus and a robust state economy. *"It is astounding"*, said Budget Director Christopher Harkins. *"It is impressive to see what has happened in the economy over the last two years".* The State has about $1.5 billion in still unspent federal stimulus and infrastructure funds that it can spend over the next several years **(Exhibit #1).** More importantly, state revenues to the General and School Aide funds continue to exceed expectations. Sales tax collections are nearly $1 billion ahead of estimates **(Exhibit #2)**.

"*State Officials announced that Michigan has $1.7 billion more than expected for the current 2022 fiscal year. That trend will likely continue in 2023 with revenues increasing by over $1.4 billion*" **(Exhibit #3).**

Unfortunately, the Consumers Price Index has also reached unexpected highs, hovering well about 8% **(Exhibit #4)**. This effectively countervails the 5% wage increases already agreed to by the rank and file for October of 2022. Furthermore, since some of the bargaining units have already agreed to 2% wage increases in FY 23-24, they will clearly have some catching up to do, simply to keep pace with inflation. General estimates predict that your average state employee will be spending $460 more a month than last year, due solely to inflation.

MAGE understands that, historically, the State has endeavored to keep compensation increases similar between the rank-and-file and the NEREs. This year, however, we are facing roaring inflation that the unions and the Office of the State Employer could not predict.

The CCP Panel can choose to address the situation in this fiscal year with the NEREs and recommend a general wage increase of more than the 2% already agreed to by the unions, or it can choose to follow past practice and recommend the 2%. The fact remains that a 2% general wage increase in the face of this raging inflation is woefully inadequate.

MAGE proposes an 8% general wage increase, which is less than the current and projected CPI.

CORRECTION SHIFT SUPERVISORS WORKING IN PRISON FACILITIES

As the Michigan Association of Governmental Employees has addressed many times in the past, a wage compression problem exists between the rank-and-file officers and Shift Supervisors within the Michigan Department of Corrections (MDOC). The pay compression is causing the department to experience a high vacancy rate and an excessively high turnover rate. Both of which have resulted in all employees being mandated significant overtime. This is a circular problem; the excessive overtime is causing employee burnout and in turn the burnout is motivating employees to leave MDOC.

MDOC's inability to recruit and retain new employees stems from the pay compression issue because employees lack a worthwhile advancement opportunity. A factor leading to pay compression is that officers can easily make up the difference in pay by working approximately .5 hours of overtime per week. Given DOC has been habitually understaffed for the past few years, overtime continues to be the rule rather than the exception.

The pay compression issue creates little incentive for officers to advance into management as employees do not see value in accepting promotions. This lack of incentive to promote creates an organizational problem because employees do not see a career advancement opportunity. This lack of advancement opportunity causes frustration, burn out, and ultimately turnover as employees jump ship for greener pastures. In addition, Shift Supervisors lose their ability to have shift preference. This is just another reason rank and file employees are reluctant to promote. Why would you strive to advance when the benefits and compensation are minimal or non-existent?

One of the biggest problems caused by wage compression is turnover and excessive vacancies. This vacancy rate includes both an inability to recruit new employees and retain current employees. MDOC's struggles with recruiting and retention is evidenced in an MLive article published April 13, 2022. According to the MLive article MDOC had more than 800 staff vacancies in the previous year and according to the feedback MAGE has received from its membership, there has been little to no change in this extraordinary vacancy rate. In any business, public or private, when employees do not want to work hard to get promoted something is broken with that organization's pay structure. Here, we see the effects of the broken pay structure in the department's excessive vacancy rates.

As we have for the past few years, MAGE hereby requests a 5% special wage increase for all NERE employees working at prison facilities and for all Forensic Security Supervisors. In addition, last year Commissioner Nick Ciaramitaro asked Civil Service for analysis of the wage compression issue raised by MAGE. We do not believe an analysis has been performed to date and MAGE requests this analysis be completed in the next fiscal year.

PROFESSIONAL DEVELOPMENT FUNDS

The Michigan Association of Governmental Employees recommends funding the Professional Development Fund at $250,000 as the State has done in the past.

Respectfully submitted,

Brant Wimbush

Brant Wimbush, Chair
Compensation Committee
MAGE-OPEIU Local 2002