

AGENDA

SPECIAL LABOR RELATIONS COMMITTEE

111 S. Michigan Ave., Rm. 200, Saginaw, MI 48602

Tuesday, May 18, 2021 at 4:00 p.m.

VIA ZOOM PER PA 267 of 1976 / PA 228 of 2020 and

Local Emergency Declaration dated April 8, 2021

Members: Michael Webster - Chair, Kyle Harris - Vice-Chair, Gerald Little, Sheldon Matthews, Carl Ruth
Others: Controller, Civil Counsel, Finance Director, Personnel Director, Board Staff, *Media*

The Special Labor Relations Committee meeting will be held via Zoom.

As the County Building is closed to the public, this meeting is being held remotely pursuant to and consistent with PA 267 of 1976 and a Local Emergency Declaration dated April 8, 2021.

Please utilize the "Raise Hand" option if on Zoom or *9 if calling in.

County of Saginaw is inviting you to a scheduled Zoom meeting.

Topic: [See Agenda below](#)

Date/Time: **May 18, 2021 04:00 PM EST**

Join Zoom Meeting: <https://zoom.us/j/8024441727> Meeting ID: **802 444 1727**

INSTRUCTIONS using ZOOM audio conferencing:

Dial: **1 (877) 853-5257 or 1 (888) 475-4499 US Toll-free and enter Meeting ID: 802 444 1727**

- I. Call to order
- II. Welcome/Roll-Call w/location
- III. Correction/Approval of Minutes (*None*)
- IV. Public Comment
 - *Speakers limited to 3 minutes*
 - *Please utilize the "Raise Hand" option if on Zoom or *9 if calling in*
- V. Agenda
 1. **Robert Belleman, Controller/CAO, re:**
 - **5-18-21** Submitting information for discussion/approval to accelerate implementation of Phases II & III of the Job Classification & Total Compensation Study instead of the three year phase-in period approved by the Board in October 2020
- VI. Miscellaneous
- VII. Adjournment



COUNTY OF SAGINAW

COMMITTEE OF THE WHOLE

OFFICE OF COUNTY CONTROLLER

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

ROBERT V. BELLEMAN
Controller/Chief Administrative Officer
rbelleman@saginawcounty.com

May 6, 2021

5-18-21

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 MAY - 7 AM 11:38

Carl E. Ruth, Chairman
Board of Commissioners
County of Saginaw
111 S. Michigan Avenue
Saginaw, MI 48602

**RE: JOB CLASSIFICATION & TOTAL COMPENSATION STUDY – PHASES II & III
– REVIEW OF IMPLEMENTATION PLAN**

Dear Chairman Ruth:

The Board of Commissioners approved Memorandums of Understanding with the UAW Managers and Professional Unions at its December 15, 2020 Regular Session, agreeing to review the Board approved implementation plan of the Job Classification & Total Compensation Study for Phases II & III ("Implementation Plan") upon completion of the County of Saginaw Audited Financial statements for the Fiscal Year ending September 30, 2020 ("Annual Audit"). The County submitted its annual audit on April 30, 2021 after having received a thirty (30) day extension. The purpose of the May 12, 2021 Committee of the Whole is to review the Implementation Plan and discuss modification of the phase-in process. I offer the following as background to this issue.

Background

The Board of Commissioners approved and adopted the final report for Phases II and III of the Job Classification and Total Compensation Study ("Compensation Study") at its October 20, 2020 Regular Session and authorized implementation of the Compensation Study. The Board considered several implementation options that had been previously presented at a Committee of the Whole meeting on August 18, 2020 by Ann Antonsen from Baker Tilly. In implementing the Compensation Study, the Board approved the option which placed employees at the step in the new wage schedule that is closest to but not less than their current rate of pay. The Board of Commissioners also directed this option be phased in over the course of three years because of financial challenges faced by the County.

The phased in approach was based on the percentage increase in wages the employee was scheduled to receive (from current wage to where the employee would be placed in the new wage schedule.)

Employees with a wage increase between 0% and 3.5% received their full increase in one year and were immediately placed within a step in the new salary schedules.

Employees with an increase between 3.5% and 8% had their increase split evenly over two years.

Example: An employee receiving a \$5,000 increase from their current salary to their new step/grade placement, phased in over two years, would receive a \$2,500 increase in year one (upon implementation) and a \$2,500 increase in year two. The employee would be initially placed at a sub-step below step one of their new paygrade. The second increase would result in them being placed at the first step in their new paygrade. From that point forward, they would progress within the new salary schedule.

Employees with an increase of over 8% would have their increase split evenly over three years.

Example: An employee receiving a \$12,000 increase from their current salary to their new step/grade placement, phased in over three years, would receive a \$4,000 increase in year one (upon implementation), a \$4,000 increase in year two, and a \$4,000 increase in year three. The employee would be initially placed at a sub-step below step one of their new paygrade. Their second phased in step would also be a sub-step, below step one. The third increase would result in them being placed at the first step in their new paygrade. From that point forward, they would progress within the new salary schedule.

The phased in approach also required the County to create an entry rate progression for new hires for positions with multiple incumbents to ensure new hires did not exceed the rate of pay for those employees who are being phased in. Baker Tilly recommended that rate be 3.5% lower than the lowest wage being received by an employee in the classification and the County is following that recommendation.

Following the Board's approval and adoption of the final report, Jennifer Broadfoot, Personnel Director, and Dave Gilbert, Special Labor Counsel, shared the findings of the survey and the Board's approved implementation approach with all impacted unions. Those unions were: UAW Managers, UAW Professionals, GELC District Court Probation Officers, Teamsters Health Dept./COA, POAM Prosecuting Attorneys and POAM Family Division Probation Officers units.

The Teamsters Health/COA, GELC District Court Probation Officers, and POAM Family Division Probation Officers Unions' Business Agents indicated their agreement with moving forward with the Study's implementation as the Board approved, and the study's results were implemented for Payroll ending December 12, 2020 for those groups and for non-union employees.

The two UAW groups agreed to move forward with implementing the study in accordance with the terms the Board approved, but they also requested some assurances that the Board would re-examine the phase-in approach when more became known about the County's financial situation. As a result, in December 2020, the Board and the UAW agreed to a Memorandum of Understanding (MOU) whereby the UAW accepted the Board's approved implementation approach, and the Board agreed to review its financial condition at its April 2021 Board Meeting, after receipt of the 2020 Audit. The MOU indicated if the County's financial situation were such that they could accelerate the phase in, then the raises would be accelerated accordingly. If the financial situation had not improved as of the April 2021 Board meeting, the County would maintain the phase in schedule noted above to implement the Compensation Study raises. The Compensation Study's findings were implemented for the two UAW groups following approval of the MOU.

Finally, the POAM Prosecuting Attorneys' Unit remains in discussions with the County on implementation of the study's findings.

Doug Deeter, Principal with the Rehmann Group, presented the preliminary Audited Financial Statements for Fiscal Year ending September 30, 2020 at the April 20, 2021 Regular Session of the Board of Commissioners. The Annual Audit reflects the Budget Stabilization Fund at \$6,923,721, which exceeds County fund balance policy by \$4,412,807.

I believe the County of Saginaw could afford to accelerate the implementation of Phases II and III Job Classification & Total Compensation Study. By accelerating the implementation of Phases II & III, employees would be placed within the new wage schedule at the step closest to what they were making, prior to the October 2020 approved Implementation Plan, without a decrease in pay. The acceleration would also simplify the implementation process and eliminate the extra effort IT programmers have undertaken to adjust our payroll system. It would also eliminate possible errors that may occur because of the complexity of this three year phase-in process.

Sincerely,



Robert V. Belleman
Controller/CAO

C: Koren Thurston, Finance Director
Jennifer Broadfoot, Personnel Director
Dave Gilbert, Gilbert & Smith, Special Labor Counsel
Gladys Strobel, Payroll & Benefits Manager

Koeplinger, Suzy

From: Belleman, Robert
Sent: Thursday, May 6, 2021 9:27 AM
To: Koeplinger, Suzy
Subject: FW: Review of Phase In Procedure for Phase II and III Job Classifications
Attachments: Compensation Study Notes.Borrello.12-1-20.docx

From: Borrello, Andre <aborrello@saginawcounty.com>
Sent: Wednesday, March 17, 2021 5:51 PM
To: Ruth, Carl <cruth@saginawcounty.com>; Belleman, Robert <rbelleman@saginawcounty.com>; Matthews, Sheldon <smatthews@saginawcounty.com>
Cc: Jackson, Darnell <djackson@saginawcounty.com>; Boes, Janet <jboes@saginawcounty.com>; Manvel Trice III <mtrice@saginawcounty.com>; David M. Gilbert <dgilbert@gsb-law.com>; Broadfoot, Jennifer <jbroadfoot@saginawcounty.com>
Subject: Review of Phase In Procedure for Phase II and III Job Classifications

Mr. Chairman, Courts and Public Safety Chair and Mr. Controller,

You may recall the attached email from this past December. To summarize, the Circuit Court offered compelling reasons to modify the phased-in approach to appropriately and fully compensate those employees affected in Phase II and Phase III of the Baker Tilly Compensation Study. Specifically, the Law Clerks for Circuit Court need to be justly compensated with their new classification immediately, without delay, instead of having to wait years.

At the end of our meeting this past December, we agreed that the Board would hold off on making any decisions pending two important financial pieces: 1) the final numbers for FY 20; and 2) any federal monies that may result from legislation offered by the new administration.

Although I am not aware of the audited numbers for the County (though I am aware there remains a substantial fund balance), I am familiar that federal monies have been approved to be appropriated to state and local governments. Thus, I again ask that this matter be revisited and reconsidered as soon as possible. As set forth in the attached notes, there are compelling reasons to compensate our law clerks appropriately now, not later. In brief, it is unfair and unjust to treat them differently than those employees in Phase I.

I look forward to your prompt consideration and response.

Thank you,

André R. Borrello
10th Circuit Court Judge
111 South Michigan Avenue
Saginaw, MI 48602

From: Borrello, Andre
Sent: Tuesday, December 01, 2020 12:34 PM
To: Belleman, Robert <rbelleman@saginawcounty.com>; Bogart, Lauren <lbogart@saginawcounty.com>; Boes, Janet <jboes@saginawcounty.com>; Jackson, Darnell <djackson@saginawcounty.com>; Webster, Michael <mwebster@saginawcounty.com>; Hadsall, Cheryl <chadsall@saginawcounty.com>; splitends13@aol.com; Ruth, Carl

[<cruth@saginawcounty.com>](mailto:cruth@saginawcounty.com)

Cc: Trice, Manvel [<mtrice@saginawcounty.com>](mailto:mtrice@saginawcounty.com); Borchard, James [<jborchard@saginawcounty.com>](mailto:jborchard@saginawcounty.com); Wolfe, Connie [<cwolfe@saginawcounty.com>](mailto:cwolfe@saginawcounty.com)

Subject: RE: Baker Tilly Compensation Study

All:

Here are some of my talking points for today's meeting. See you soon.

André R. Borrello
10th Circuit Court Judge
111 South Michigan Avenue
Saginaw, MI 48602

**Talking Points Regarding Phase II and III Implementation of
Job Classification and Compensation Study
December 1, 2020**

I provide this information informally prior to our meeting today, regarding the proposed 2-3 year phase-in approach to the Study so that you have an understanding of my position and the reasons therefor. I speak for myself as a judge with affected staff, citizen and former labor relations specialist for the County.

- There is a long history of inadequate compensation. This dates back to the mid-2000s and has only grown worse over time, including 7-8 years of wage freezes.
- Employee turnover is very costly. According to the Work Institute, each turnover costs 33% of that employee's annual earnings (hard costs, including recruiting, background checks, drug testing, temporary workers). These costs can be higher than 67% if you include soft costs, such as reduced productivity, interview time and lost knowledge. Even when compensation is not the #1 reason the employee identifies for leaving, other compensation-related issues affect an employee's decision to leave, like having a stressful work environment because too many people have been cut.
- The Board's resolution to phase in the new salaries did not go through the normal public access and comment process (initiatory motion of 10/20/20). There was no opportunity for the Board to hear from elected officials and other stakeholders, let alone the affected employees, when making this decision. Even if the decision was part of a labor strategy, it is incumbent upon the County to advise and consult with co-employers, and in our case, the exclusive employer. As a result, the Board made a decision without having all the information.
- The County's budget for salaries has reduced 3.4% since 2019, when the average national salary has increased 9.6% over the same period, according to SHRM, the Society for Human Resource Management. This may look good as a budget item, but employees have suffered unfairly as a result.
- According to the Controller's budget transmittal letter for the FY 2021 budget, the County has a general fund budget stabilization balance of over \$9.3 million. To the best of my recollection, Mr. Belleman indicated that the phase in proposal will save about \$300,000. The employee goodwill alone (not considering the unfairness) is worth the 3% reduction in the budget stabilization fund if that \$300,000 were used to adequately compensate employees based on the County's own Study.
- All other employees were provided salary adjustments nearly two years ago pursuant Phase I of the Study, without a phase-in approach. Why would the

Board treat its managers and professional employees differently and worse than its rank and file?

- Some employees will not realize their full adjustments for more than 10 years – and with managers, I would estimate that many won't last that long. And no matter how you look at it, these employees will never be justly compensated, as they will lose 2-3 years of salary adjustment. There is no reparation for that lost compensation.
- Judge Boes Example: if her law clerk must wait for a phased in implementation of the new salary range, he will likely leave employment, just like the past two clerks have done since her longtime clerk retired a couple years ago. This is a perfect example of why Saginaw County has become a second-rate employer offering inadequate compensation and, for some, poor working conditions due to understaffed departments.
- Final Thought: why treat out managers and professional employees so unfairly – is that really worth \$300,000 when the County has \$9.3 million in reserves? These are the folks who ensure the County operates and provides vital services to the citizens.

I look forward to our discussion later today.

Respectfully,
Andre Borrello