

SCR9, As Adopted by Senate, March 9, 2011

Substitute for Senate Concurrent Resolution No. 9.

A concurrent resolution to reject the proposed increase in rates of compensation recommended by the Civil Service Commission and contained in the Executive Budget for fiscal year 2011-2012 relative to the extension of health benefits to adults and their dependents living with but not related to a classified employee.

Whereas, Article XI, Section 5 of the *Constitution of the State of Michigan of 1963* provides that increases in rates of compensation in the state classified services authorized by the Civil Service Commission require prior notice to the Governor. The *Constitution of the State of Michigan of 1963* also requires that the Governor transmit such increases to the Legislature as part of the Governor's budget; and

Whereas, Article XI, Section 5 of the *Constitution of the State of Michigan of 1963* reads, in part, as follows:

"Increases in rates of compensation authorized by the commission may be effective only at the start of a fiscal year and shall require prior notice to the governor, who shall transmit such increases to the legislature as part of his budget. The legislature may, by a majority vote of the members elected to and serving in each house, waive the notice and permit increases in rates of compensation to be effective at a time other than the start of a fiscal year. Within 60 calendar days following such transmission, the legislature may, by a two-thirds vote of the members elected to and serving in each house, reject or reduce increases in rates of compensation authorized by the commission."

; and

Whereas, The Civil Service Commission has approved letters of understanding for certain bargaining units that would allow represented employees in the classified civil service who do not have an eligible spouse to enroll one unrelated adult and that adult's dependents in the State Health Plan, provided that certain criteria are met. The Commission also adopted a rule providing the same option to nonexclusively represented employees. The Governor's proposed budget for fiscal year 2012, transmitted to the Legislature, contains the Commission's recommended increase in the rate of compensation; and

Whereas, The Chief Deputy Attorney General has opined in a February 16, 2011, letter that the term "compensation" in Article XI, Section 5 of the *Constitution of the State of Michigan of 1963*, includes fringe benefits, such as health care benefits. The Chief Deputy Attorney General has also opined that the Commission's decision allowing classified employees to enroll an additional adult and their dependents into the State Health Plan constitutes an increase in the rate of compensation that may be rejected or reduced by the Legislature within 60 days of transmission of the budget by a two-thirds vote of the members elected to and serving in each house of the Legislature; and

Whereas, Michigan's hardworking families and private sector employees have faced layoffs, pay cuts, loss of benefits, and other employment concessions. Between 2000 and 2009, compensation of the average private sector worker fell 13 percent while it increased 19 percent for state government employees; and

Whereas, The average annual compensation of state employees (including salary, wages, and benefits) was significantly higher than the average annual compensation of private sector workers in 2009. The average state worker gets \$53,453 in salary, \$31,623 in fringe benefits each year, and it costs the state \$13,000 per employee for group insurance (medical, dental, vision, life, and long-term disability); and

Whereas, Over the last ten years, Michigan has lost more than 830,000 jobs, and the annual median household income has dropped by \$12,000; and

Whereas, Based on the January Consensus Revenue Estimate, Michigan faces a potential budget deficit of \$1.4 billion for fiscal year 2011-2012. The extension of state-funded health benefits to unrelated adults and their dependents is applicable to over 32,000 state employees and is estimated to cost \$8 million in the first year alone. Given the facts above, now is not the time to approve a generous expansion of fringe benefits to state employees; and

Whereas, The Governor has urged the Legislature to exercise its right and reject the extension of health care benefits to unrelated live-in companions of state employees and their dependents; now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Michigan Legislature, pursuant to Article XI, Section 5 of the *Constitution of the State of Michigan of 1963*, hereby rejects the Civil Service Commission's decision allowing classified employees who do not have an eligible spouse to enroll one unrelated adult and that adult's dependents in the State Health Plan; and be it further

Resolved, That copies of this resolution be transmitted to the Office of the Governor and the Civil Service Commission.