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 BILL ANALYSIS

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Senate Bill 1075 (as introduced 1-20-10)  
Sponsor: Senator Michael D. Bishop  
Committee: Reforms and Restructuring

Date Completed: 4-13-10

## **CONTENT**

**The bill would enact the "Executive Reorganization Act of 2010"; repeal the Executive Organization Act of 1965; create 11 principal State departments; and transfer to those departments the powers, duties, and functions of existing State departments by Type I, II , and III transfers.**

**The head of each principal State department would have to comply with specific requirements related to developing a mission statement, submitting performance data with its proposed budget, establishing an internal organization, submitting a plan to benchmark or peer review all significant programs, and creating a searchable website that would provide information on the expenditure of State funds.**

**The bill would prohibit a principal State department or Type I agency within a principal State department from promulgating or implementing rules that were more stringent than Federal law, unless specifically authorized by State law.**

The bill is described in detail below.

### Departments & Department Heads

Except as otherwise provided in the State Constitution, all executive and administrative powers, duties, and functions, except those of the Legislature and judiciary, previously vested by law in State departments, commissions, boards, officers, bureaus, divisions, or other agencies, would be vested in the principal State departments listed in [Table 1](#), and the head of each department would be as shown in the table.

Table 1

Department	Head
Agriculture	Commission of Agriculture
Attorney General	Attorney General
Business Assistance	Director
Education <sup>1)</sup>	State Board of Education
Health and Human Services	Director
Natural Resources and Environment	Director
Public Safety	Director
State	Secretary of State
Technology, Management, and Budget	Director
Transportation	State Transportation Commission
Treasury	State Treasurer
<sup>1)</sup> The Superintendent of Public Instruction would be the principal executive officer of the Department of Education.	

Any board, commission, or agency not enumerated in the bill but established by law within a department whose powers, duties, and functions were transferred under the bill, would be transferred to that successor department.

### Transfers to Departments

The bill would retain the existing definitions of a Type I, Type II, and Type III transfer, as follows:

"Type I transfer" means transferring intact an existing department, board, commission, or agency to a principal State department. The transferred board, commission, or agency must be administered under the supervision of that department, and must exercise its prescribed statutory powers, duties, and functions of rule-making, licensing, and registration independently of the head of the department. All budgeting, procurement, and related management functions of the transferred board, agency, or commission must be performed under the direction and supervision of the principal State department.

"Type II transfer" means transferring an existing department, board, commission, or agency to a principal State department. All of the statutory authority, powers, duties, functions, records, personnel, property, and unspent balances of appropriations, allocations, or other funds of the transferred department, board, commission, or agency are transferred to the principal State department.

"Type III transfer" means abolishing an existing department, board, commission, or agency, and transferring all of its statutory authority, powers, duties, functions, records, personnel, property, and unspent balances of appropriations, allocations, and other funds to a principal State department.

The bill would transfer existing departments to the newly established principal State departments as shown in Table 2.

Table 2

Transferred Department	Type of Transfer	Principal State Department
Agriculture	Type II	Agriculture
Attorney General	Type II	Attorney General
Civil Rights	Type III	Attorney General
Community Health	Type III	Health and Human Services
Corrections	Type III	Public Safety
Education	Type II	Education
Energy, Labor, and Economic Growth	Type III	Business Assistance
Human Services	Type III	Health and Human Services
Information Technology <sup>1)</sup>	Type III	Technology, Management, and Budget
Management and Budget <sup>1)</sup>	Type II	Technology, Management, and Budget
Military and Veterans Affairs	Type III	Public Safety
Natural Resources and Environment	Type II	Natural Resources and Environment
State	Type II	State
State Police	Type III	Public Safety
Transportation	Type II	Transportation
Treasury	Type II	Treasury

<sup>1)</sup>Executive Order 2009-55, which took effect on March 21, 2010, changed the name of the Department of Management and Budget to the Department of Technology, Management, and Budget, and transferred to it the powers, duties, and functions of the Department of Information Technology by a Type III transfer.

In addition, all powers, duties, and functions now vested in the Michigan Strategic Fund would be transferred by a Type I transfer to the Department of Business Assistance (DBA).

All permitting and licensing functions, except the functions for hunting, fishing, and trapping licenses, that are administered by a principal State department would be transferred to the DBA for administration by that Department.

The Civil Rights Commission would be housed in the Department of Attorney General, and the Civil Service Commission would be housed within the Department of Technology, Management, and Budget. The Commissions would have to carry out the powers, duties, and functions prescribed by the State Constitution and as otherwise provided by law.

#### Responsibilities of Department Heads

By September 1, 2010, the head of each principal State department, for each of its significant programs, would have to develop a mission statement, identify the outcomes the program sought to achieve, and specify the outcome indicators that the program would use to trace performance for the outcome.

Beginning November 1, 2010, and each following November 1, the head of each department would have to include performance data with its proposed budget to the State Budget Office and provide a report including the performance data to the Senate and House Appropriations Committees when the Governor submitted his or her budget to the Legislature. The reports would have to be posted on the department's website. The department would have to review the performance data annually and update the data in subsequent reports.

When establishing an internal organization for the department, its head would have to do the following:

- Allocate and reallocate duties and functions to promote economic and efficient administration and operation of the department.
- Focus resources on providing direct services to citizens.
- Create horizontal organizations that would reduce layers of bureaucracy.
- Use technology whenever possible to increase efficiency and productivity.
- Submit to the Legislature a plan to implement this requirement with timelines for implementation by July 1, 2010.

By January 1, 2011, each principal department head would have to submit a plan to benchmark or peer review all significant programs within the department over a five-year period. The benchmarking or peer review would have to be made against similar programs considered best in class. The department head would have to use the results to improve program performance.

Each department head also would have to create a searchable website that provided information on the expenditure of State funds by the department. "Expenditure of state funds" would mean the expenditure of all appropriated or nonappropriated funds by a State agency, including State purchases, contracts and subcontracts, and grants.

#### Other Provisions

The bill would re-enact provisions of the Executive Organization Act that do the following:

- Allow a commission that heads a department to delegate duties, powers, and authority to the department director.
- Require a deputy department head to perform duties and exercise powers that the head of the department prescribes.

- Allow the head of each department, with the Governor's approval, to establish the department's internal organization and allocate and reallocate duties and functions to promote economic and efficient administration and operation.
- Prohibit directors of departments, commissions, and boards that are transferred to a principal State department from engaging in any business, vocation, or employment other than the duties of the office.

Also, except as provided by law, if a department, commission, board, or agency is transferred by a Type II or III transfer to a principal State department under the Act, the powers, duties, and functions of the department, commission, board, or agency must be administered under the direction and supervision of the head of the principal State department. All prescribed statutory functions of rule-making, licensing, and regulation must be transferred to the head of that principal State department. The bill would re-enact these provisions.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The combination of departments and agencies under the bill could save an estimated \$600,000 annually by reducing the number of department directors. An additional \$900,000 in savings could result from the reductions in the number of departments. The estimated savings could result from the elimination of duplication of efforts.

Additional savings could be generated by efficiencies in operations as a result of the combination of departments; however, the amount of savings is indeterminate and would depend on the level of efficiencies attained.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.