

EXECUTIVE REORGANIZATION ORDER
E.R.O. No. 2007-21

18.45 Transfer of board of ethics, state officers compensation commission, and civil service commission to department of management and budget; transfer of position of director of department of civil service as member of Michigan women's commission to state personnel director; transfer of director of department of civil service as member of interagency council on Spanish-speaking affairs to state personnel director.

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the executive branch or in the assignment of functions among its units that the Governor considers necessary for efficient administration;

WHEREAS, Section 5 of Article XI of the Michigan Constitution of 1963 empowers the Civil Service Commission to fix rates of compensation for all classes of positions, to approve or disapprove all disbursements for personal services, to make rules and regulations covering all personnel transactions, and to regulate all conditions of employment in the classified state civil service;

WHEREAS, the transfer of functions relating to management of state employees and related programs will result in enhanced accountability, more effective control of personnel management functions, and enhanced service to both state agencies and state employees;

WHEREAS, the consolidation of state government functions providing services to other state departments and agencies will eliminate unnecessary duplication and facilitate more effective and efficient coordination of executive branch functions;

WHEREAS, the Department of Management and Budget is required to minimize the duplication of activities among state agencies, between state agencies and businesses, to effect a better organization and consolidation of functions among state agencies, and to establish, administer, operate, or provide centralized services when advantageous to this state;

WHEREAS, consolidation of human resource operations within one principal state department will promote a unified approach to human resource administration within the executive branch of state government and improve the effectiveness of the administration human resource operations and related functions;

WHEREAS, a reduction in the number of principal state departments and improvements in the organization of state government are necessary to provide Michigan residents with improved delivery of state services;

WHEREAS, it is necessary in the interests of efficient administration and effectiveness of government to change the organization of the executive branch of state government and to reduce the number of principal state departments;

NOW THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DEFINITIONS

As used in this Order:

A. "Civil Service Commission" or "Commission" means the commission required under Section 5 of Article XI of the Michigan Constitution of 1963.

B. "Department of Civil Service" means the principal department of state government created under Section 200 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.300.

C. "Department of Management and Budget" or "Department" means the Department of Management and Budget, the principal department of state government created under Section 121 of The Management and Budget Act, 1984 PA 431, MCL 18.1121.

D. "HRMN System" means the State of Michigan's statewide Human Resource Management Network System that delivers payroll, personnel, employee benefits, and other human resource functionality and data exchange, and includes, but is not limited to, the standards, guidelines, processes, procedures, practices, rules, regulations, hardware, and software for the operation of the system.

E. "Office of the State Budget Director" means the office created within the Department of Management and Budget under Section 321 of The Management and Budget Act, 1984 PA 431, MCL 18.1321.

F. "Office of the State Employer" means the autonomous office created within the Department of Management and Budget by Executive Order 1979-5, whose duties include, but are not limited to, those

assigned by Executive Orders 1979-5, 1981-3, 1988-6, 2002-18, and 2004-31.

G. "State Personnel Director" means the administrative and principal executive officer of the Civil Service Commission provided for under Section 5 of Article XI of the Michigan Constitution of 1963 and Section 204 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.304.

H. "Type I transfer" means that type of transfer as defined in Section 3(a) of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.103.

I. "Type III transfer" means that term as defined under Section 3(c) of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.103.

II. DEPARTMENT OF MANAGEMENT AND BUDGET

A. Board of Ethics

1. The Board of Ethics created under 1973 PA 196, MCL 15.341 to MCL 15.348, and all the authority, powers, duties, functions, responsibilities, rule-making authority, personnel, equipment, and budgetary resources of the Board of Ethics are transferred by Type I transfer to the Department of Management and Budget.

2. With the consent of the Civil Service Commission, the State Personnel Director shall continue to designate an employee of the Commission, acceptable to the Board of Ethics, to act as Executive Secretary of the Board of Ethics and provide clerical or administrative assistance from the Civil Service Commission as the Board of Ethics may, from time to time, request.

B. State Officers Compensation Commission

1. The State Officers Compensation Commission created under Section 12 of Article IV of the Michigan Constitution and all the authority, powers, duties, functions, responsibilities, rule-making authority, personnel, equipment, and budgetary resources of the State Officers Compensation Commission are transferred by Type I transfer to the Department of Management and Budget. The State Officers Compensation Commission is assigned to the Department of Management and Budget for the purposes of administration, budgeting, procurement, and related management functions. With the consent of the Civil Service Commission, the State Personnel Director shall continue to act as the Secretary to the State Officers Compensation Commission.

2. The members of the State Officers Compensation Commission shall receive no compensation but shall be entitled to their actual and necessary expenses incurred in the performance of their duties subject to available appropriations to be paid from the appropriation made to the Department of Management and Budget for the Civil Service Commission.

C. Civil Service Commission

1. The Civil Service Commission is transferred to the Department of Management and Budget. The Commission shall be an autonomous entity within the Department and shall possess the authority, powers, duties, functions, responsibilities, rule-making authority, personnel, equipment, and budgetary resources vested in the Commission under Section 5 of Article XI of the Michigan Constitution of 1963 and transferred to the Commission under this Order. The budgeting, procurement, personnel, and management-related functions of the Commission shall be retained by the Commission and shall be exercised by the Commission independently of the Department. As used in this paragraph, "budgetary resources" include the funds required to be appropriated to the Commission under Section 5 of Article XI of the Michigan Constitution of 1963 equal to not less than 1 percent of the aggregate payroll of the classified state civil service for a prior fiscal year, as certified by the Commission.

2. The Civil Service Commission shall retain all of the constitutional authority vested in the Commission under Section 5 of Article XI of the Michigan Constitution of 1963, including, but not limited to, authority to classify all positions in the classified service according to their respective duties and responsibilities, fix rates of compensation for all classes of positions, approve or disapprove disbursements for all personal services, determine by competitive examination and performance exclusively on the basis of merit, efficiency and fitness the qualifications of all candidates for positions in the classified service, make rules and regulations covering all personnel transactions, and regulate all conditions of employment in the classified state civil service.

3. As required by Section 5 of Article XI of the Michigan Constitution of 1963, the administration of the Civil Service Commission's power shall continue to be vested in the State Personnel Director, who shall be a member of the state classified service and who shall be responsible to and selected by the Commission after open competitive examination. The State Personnel Director shall continue to be the principal executive officer of the Commission. All of the authority, powers, duties, and functions of the Director of the Department of Civil Service under Executive Order 2002-19, MCL 38.1173, are transferred to the State Personnel Director.

4. All of the authority, powers, duties, functions, records, personnel, property, unexpended balances of

appropriations, allocations, and other funds of the Department of Civil Service under any of the following are transferred to the Civil Service Commission:

- a. 1976 PA 199, MCL 15.501 to 15.512.
- b. Section 6 of 1976 PA 169, MCL 15.406.
- c. Section 237 of The Management and Budget Act, 1984 PA 431, MCL 18.1237.
- d. Sections 281 and 281a of The Management and Budget Act, 1984 PA 431, MCL 18.1281 and 18.1281a.
- e. Section 454 and 455 of The Management and Budget Act, 1984 PA 431, MCL 18.1454 and 18.1455.
- f. Executive Order 2002-13, MCL 38.1172. The Commission shall actively cooperate with the Office of the State Employer and provide information as requested by the Office of the State Employer on matters relating to state employee benefits programs to enable the Office of the State Employer to fulfill its duties and obligations under Executive Orders 1979-5, 1981-3, 1988-6, 2002-18, and 2004-31. As used in this paragraph, "state employee benefits programs" include, without limitation, all of the following:
 - i. Health screening programs.
 - ii. Group insurance plans for medical, dental, vision, disability, life, long-term care, and other similar benefits.
 - iii. Pre-tax benefit programs.
 - iv. Health benefit continuation programs under the federal Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA"), and other benefit continuation programs.
- g. Executive Order 2002-19, MCL 38.1173. The Commission shall actively cooperate with the Office of the State Budget Director and shall provide information as requested by the Office of the State Budget Director relating to the HRMN System to enable the Office of the State Budget Director to assure compliance with The Management and Budget Act, 1984 PA 431, MCL 18.1101 to 18.1594.
- h. Section 10j of 1951 PA 51, MCL 247.660j.
- i. Section I.D of Executive Order 2000-9, MCL 388.996.
- j. Section 4 of the Higher Education Loan Authority Act, 1975 PA 222, MCL 390.1154.
- k. 1976 PA 154, MCL 390.1201 to 390.1207.
- l. Section 2 of 1978 PA 260, MCL 393.352.
- m. Section 7 of 1982 PA 540, MCL 397.17.
- n. Sections 103 and 203 of the Michigan Museum Act, 1990 PA 325, MCL 399.403 and 399.503.
- o. Section 4 of the Correctional Industries Act, 1968 PA 15, MCL 800.324.

5. Except as otherwise provided in this Order, all the authority, powers, duties, functions, responsibilities, rule-making authority, personnel, equipment, and budgetary resources pertaining to the administration of human resource operations within the principal departments of the executive branch of state government, including, but not limited to, administration of human resource processes, human resource programs, disbursements for personnel services, personnel transactions, and employee benefits, are transferred to the Civil Service Commission. Upon the completion of the transfers authorized by this Order, all authority, power, duties, functions, responsibilities, personnel, equipment, and budgeting resources within the executive branch of state government relating to human resource operations shall be conducted by the Commission. The transfers under this paragraph shall not be construed to inhibit the head of a principal department, elected or appointed, from supervising the powers, duties, and functions of the principal department or to alter the powers and duties of the Office of the State Employer. The transfers under this paragraph shall not alter the authority of a department head, agency head, or a state officer to act as an appointing authority for department or agency personnel, and appointing authorities shall retain the authority to do any of the following:

- a. Direct and control the activities of employees, subject to the constitutional authority of the Civil Service Commission to regulate all conditions of employment in the state classified civil service.
- b. Participate in the recruitment of employees.
- c. Advise the Civil Service Commission on qualifications for positions.
- d. Process employee grievances.
- e. Conduct in-service training of employees.
- f. Establish or abolish positions.
- g. Evaluate employees and recommend employees for promotion.
- h. Select employees for positions based upon eligibility lists provided by the Civil Service Commission.

6. The Civil Service Commission shall continue to operate a human resource services center ("MI HR Service Center and "MI HR Gateway") to assist state employees and the principal departments of the executive branch of state government with human resource operations issues and may develop standardized policies and procedures for administration of human resource operations transferred to the Commission under this Order.

7. All of the authority, powers, duties, functions, responsibilities, rule-making authority, personnel,

equipment, and budgetary resources of the Advisory Board to the Michigan Internship Office under Section 4 of 1976 PA 154, are transferred to the Civil Service Commission. The Advisory Board to the Michigan Internship Office is abolished.

8. Any of the remaining authority, powers, duties, functions, responsibilities, rule-making authority, personnel, equipment, budgetary resources, and discretionary activities of the Department of Civil Service not otherwise transferred to the Department of Management and Budget or the Civil Service Commission under this Order are transferred by Type III transfer to the Department of Management and Budget. The Department of Civil Service is abolished.

III. DEPARTMENT OF CIVIL RIGHTS

A. Michigan Women's Commission

1. The position of the Director of the Department of Civil Service, or his or her representative, as an *ex officio* member of the Michigan Women's Commission under Section 1 of 1968 PA 1, MCL 10.71, is transferred to the State Personnel Director or his or her designee from within the Civil Service Commission.

IV. DEPARTMENT OF LABOR AND ECONOMIC GROWTH

A. Interagency Council on Spanish Speaking Affairs

1. The position of the Director of the Department of Civil Service, or his or her authorized representative, as a member of the Interagency Council on Spanish-Speaking Affairs restored under Section III.E.1 of Executive Order 2003-18, MCL 445.2011, is transferred to the State Personnel Director or his or her designee from within the Civil Service Commission.

V. IMPLEMENTATION BY CIVIL SERVICE COMMISSION

A. The State Personnel Director and the director of each principal department shall jointly identify the program positions and administrative function positions that will be transferred to the Civil Service Commission under Section II.C.5. The State Personnel Director and the directors of the principal departments within the executive branch of state government shall make every effort to develop the agreements specifying the positions to be transferred by the effective date of this Order. In the event of a failure to reach an agreement on positions to be transferred under this Order, the State Personnel Director shall develop a written recommendation specifying the positions to be transferred and submit the recommendation to the Civil Service Commission for consideration and approval. All transfers to the Commission under Section II.C.5 shall be consistent with this Order and documented by a memorandum of understanding between the director of each principal department affected by this Order and the State Personnel Director.

B. For the purpose of implementing this Order or facilitating the administration of human resource operations, the Civil Service Commission may enter into a written agreement, including a service level agreement, with any other department or agency regarding the performance of human resource operations.

C. All records, property, grants, and unexpended balances of appropriations, allocations, and other funds used, held, employed, available or to be made available to any entity for the authority, activities, powers, duties, functions, and responsibilities transferred under this Order to the Civil Service Commission are transferred to the Commission.

D. The Civil Service Commission shall provide executive direction and supervision for the implementation of the transfers to the Civil Service Commission under this Order. The functions transferred to the Commission shall be administered under the direction and supervision of the Commission.

E. The Civil Service Commission shall immediately initiate coordination with departments and agencies within the executive branch of state government to facilitate the transfers to the Commission under this Order. Each principal department affected by the transfers to the Commission under this Order shall issue, after consultation with the Commission, a memorandum of record identifying any pending settlements, issues of compliance with applicable federal and state laws and regulations, or other obligations to be resolved by the transferring department related to the transfers to the Commission under this Order.

F. Departments, agencies, and state officers within the executive branch of state government shall fully and actively cooperate with the Civil Service Commission in the implementation of this Order. The Civil Service Commission may request the assistance of other departments, agencies, and state officers with respect to personnel, budgeting, procurement, telecommunications, information systems, legal services, and other issues related to implementation of the transfers under this Order, and the departments and agencies shall provide the assistance requested.

G. The Civil Service Commission shall administer the assigned functions transferred to the Commission under this Order in such ways as to promote efficient administration and may make internal organizational changes within the Commission as may be administratively necessary to complete the realignment of responsibilities under this Order.

H. All records, property, grants, and unexpended balances of appropriations, allocations, and other funds

used, held, employed, available or to be made available to any entity for the authority, activities, powers, duties, functions, and responsibilities transferred under this Order to the Civil Service Commission are transferred to the Commission.

VI. IMPLEMENTATION BY DEPARTMENT OF MANAGEMENT AND BUDGET

A. Except as otherwise provided in this Order, the Director of the Department of Management and Budget shall provide executive direction and supervision for the implementation of the transfers to the Department under this Order. The functions transferred to the Department shall be administered under the direction and supervision of the Director of the Department.

B. The Director of the Department of Management and Budget shall immediately initiate coordination with departments and agencies within the executive branch of state government to facilitate the transfers to the Department under this Order. Each principal department affected by the transfers to the Department under this Order shall issue, after consultation with the Director of the Department, a memorandum of record identifying any pending settlements, issues of compliance with applicable federal and state laws and regulations, or other obligations to be resolved by the transferring department related to the transfers to the Department under this Order.

C. The Director of the Department of Management and Budget shall administer the assigned functions transferred to the Department under this Order in such ways as to promote efficient administration and shall make internal organizational changes as may be administratively necessary to complete the realignment of responsibilities under this Order.

D. Except as otherwise provided in this Order, any authority, duties, powers, functions, and responsibilities transferred to the Department of Management and Budget under this Order, and not otherwise mandated by law, may in the future be reorganized to promote efficient administration by the Director of the Department.

E. The Director of the Department of Management and Budget may perform a duty or exercise a power conferred by law or executive order upon the Director of the Department at the time and to the extent the duty or power is delegated to the Director of the Department by law or order.

F. The Director of the Department of the Department of Management and Budget in writing may delegate within the Department a duty or power conferred on the Director of the Department by this Order or by other law, and the person to whom the duty or power is delegated may perform the duty or exercise the power at the time and to the extent that the duty or power is delegated by the Director of the Department.

G. All records, property, grants, and unexpended balances of appropriations, allocations, and other funds used, held, employed, available or to be made available to any entity for the authority, activities, powers, duties, functions, and responsibilities transferred under this Order to the Department of Management and Budget are transferred to the Department.

VII. MISCELLANEOUS

A. The State Budget Director shall determine and authorize the most efficient manner possible for handling financial transactions and records in this state's financial management system necessary to implement this Order.

B. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected by this Order shall not abate by reason of the taking effect of this Order. Any suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected by this Order.

C. All rules, orders, contracts, and agreements relating to the functions transferred to the under this Order lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended, repealed, or rescinded.

D. Nothing in this Order shall be construed to diminish or limit the power of the Civil Service Commission to exercise authority granted to the Commission under Section 5 of Article XI of the Michigan Constitution of 1963.

E. A copy of this Order shall be transmitted to the members of the Civil Service Commission and the State Personnel Director. The Civil Service Commission is urged to take any action necessary to implement the provisions of this Order.

F. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this Order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of this Order.

In fulfillment of the requirements under Section 2 of Article V of the Michigan Constitution of 1963, the provisions of this Order are effective August 26, 2007 at 12:01 a.m.

History: 2007, E.R.O. No. 2007-21, Eff. Aug. 26, 2007.