

EXECUTIVE REORGANIZATION ORDER

E.R.O. No. 1995-2

12.181 Transfer of certain powers and duties of the Michigan higher education assistance authority, Michigan higher education student loan authority, and office of student financial assistance services in the department of education to the department of treasury.

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

WHEREAS, Article V, Section 2, of the Constitution of the State of Michigan of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units which he considers necessary for efficient administration; and

WHEREAS, it is necessary in the interests of efficient administration and effective government to effect changes in the organization of the Executive Branch of government; and

WHEREAS, the Office of Student Financial Assistance Services in the Department of Education administers programs that provide financial assistance in the form of loans and grants for postsecondary education students with limited financial resources and that provide degree reimbursement assistance to private, nonprofit institutions of higher learning for degrees earned by state residents; and

WHEREAS, the Michigan Higher Education Assistance Authority is responsible for guaranteeing loans to postsecondary students and their parents under various state and federal student loan programs and provides loan applications and information, processes loan applications and monitors compliance with state and federal regulations for the dispensing and collection of student loans; and,

WHEREAS, the Michigan Higher Education Student Loan Authority operates loan programs to make low-interest, long-term educational loans available to postsecondary education students under the Michigan Direct Student Loan Program and to students and parents of students under the Michigan Alternative Student Loan Program, and also operates a State Secondary Market that purchases federally-insured loans from financial institutions, thus providing these institutions with capital to reinvest in new student loans; and

WHEREAS, the Department of Treasury acts as the fiscal agent for various state bonding authorities and assists state authorities with debt issuance to ensure that it is accomplished in a cost-efficient and effective manner, performs loan collection services for defaulted student loans guaranteed by the Michigan Higher Education Assistance Authority, administers the Michigan Education Trust program, is responsible for various state investment and debt management and issuance functions and provides analysis of bonding proposals submitted by state authorities to determine issue finance security; and

WHEREAS, it is important that there be maximum efficiency and coordination in the operation of education student loan programs directed at assisting Michigan residents in gaining access to postsecondary educational opportunities, and

WHEREAS, the functions, duties and responsibilities assigned to the Michigan Higher Education Assistance Authority, the Michigan Higher Education Student Loan Authority, and the Office of Student Financial Assistance Services can be more effectively organized and carried out under the supervision and direction of the State Treasurer;

NOW, THEREFORE, I, John Engler, Governor of the State of Michigan, pursuant to the powers vested in me by the Constitution of the State of Michigan of 1963 and the laws of the State of Michigan, do hereby order the following:

1. All the authority, powers, duties, functions and responsibilities, with the exception of those functions set forth in paragraph 3 of this Order, of the Michigan Higher Education Assistance Authority, the Michigan Higher Education Student Loan Authority and the Office of Student Financial Assistance Services in the Department of Education set forth in Act No. 77 of the Public Acts of 1960, as amended, being Section 390.951 et seq. of the Michigan Compiled Laws; Act No. 222 of the Public Acts of 1975, as amended, being Section 390.1151 et seq. of the Michigan Compiled Laws; Act No. 208 of the Public Acts of 1964, as amended, being Section 390.971 et seq. of the Michigan Compiled Laws; Act No. 313 of the Public Acts of 1966, as amended, being Section 390.991 et seq. of the Michigan Compiled Laws; Act No. 228 of the Public Acts of 1976, being Section 390.1301 et seq. of the Michigan Compiled Laws; Act No. 75 of the Public Acts of 1974, as amended, being Section 390.1021 et seq. of the Michigan Compiled Laws; Act No. 174 of the Public Acts of 1976, as amended, being Section 390.1251 et

seq. of the Michigan Compiled Laws; Act No. 303 of the Public Acts of 1986, being Section 390.1321 et seq. of the Michigan Compiled Laws; Act No. 288 of the Public Acts of 1986, as amended, being Section 390.1371 et seq. of the Michigan Compiled Laws; Act No. 102 of the Public Acts of 1986, being Section 390.1281 et seq. of the Michigan Compiled Laws; Act No. 273 of the Public Acts of 1986, being Section 390.1401 et seq. of the Michigan Compiled Laws; Act No. 105 of the Public Acts of 1978, as amended, being Section 390.1271 et seq. of the Michigan Compiled Laws; Act No. 219 of the Public Acts of 1969, being Section 390.1001 et seq. of the Michigan Compiled Laws; and the federal Higher Education Act of 1965, 20 USC 1001 et seq., are hereby transferred to the Department of Treasury. The authorities shall retain, with the exception of those functions set forth in paragraph 3, all of their statutory authority, powers, duties and responsibilities, which they shall exercise independently of the State Treasurer. The functions the authorities retain include, but are not limited to, the functions of rule-making, adjudication, licensing and registration and the prescription of rules, rates, regulations and standards. In addition, the transfer includes, but is not limited to, bond, note, reserve and trust funds, subject to any agreement with note and bond holders or with the holders or issuers of instruments that may have been guaranteed.

2. The State Treasurer shall replace the Superintendent of Public Instruction as an ex officio member and chairman of the Michigan Higher Education Assistance Authority established pursuant to section 2 of Act No. 77 of 1960, as amended, being section 390.952 of the Michigan Compiled Laws and as an ex officio member and chairman of the Michigan Higher Education Student Loan Authority established pursuant to section 3 of Public Act 222 of 1975, as amended, being section 390.1153 of the Michigan Compiled Laws.

3. The State Treasurer shall provide executive direction and supervision for the implementation of the transfers. All administrative functions, including budgeting, procurement and related management functions of the authorities, shall be performed under the direction and supervision of the State Treasurer. The Department of Treasury shall function as the appointing authority for the civil service employees of the authorities.

4. The State Treasurer shall administer the assigned functions in such a way as to promote efficient administration and shall make internal organizational changes as may be administratively necessary to complete the realignment of responsibilities prescribed by this Order.

5. All records, personnel, property, and unexpended balances of appropriations, allocations and other funds used, held, employed, available, or to be made available to the Department of Education for the functions transferred to the Department of Treasury by this Order are hereby transferred to the Department of Treasury.

6. The State Treasurer and the Superintendent of Public Instruction shall immediately initiate coordination to facilitate the transfer and develop 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 Department of Education.

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

8. 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.

In fulfillment of the requirement of Article V, Section 2, of the Constitution of the State of Michigan of 1963, the provisions of this Executive Order shall become effective 60 days after filing.

History: 1995, E.R.O. No. 1995-2, Eff. Apr. 5, 1995

Compiler's Notes: For consolidation of administrative staff of Michigan higher education assistance authority, Michigan higher education facilities authority, Michigan higher education student loan authority, Michigan municipal bond authority, and state hospital finance authority, and for transfer of certain functions to state treasurer, see E.R.O. No. 2002-8, compiled at MCL 12.193.