

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: January 27, 2010
TO: Members of the Michigan Senate
FROM: Joe Carrasco, Fiscal Analyst
RE: Executive Order 2009-55

On December 30, 2009, Governor Granholm issued Executive Order 2009-55 which effectively transfers the current Department of Information Technology (DIT) to the Department of Management and Budget and renames the entity the Department of Technology, Management, and Budget (DTMB). This order will take effect on March 21, 2010, unless it is rejected by a majority of members of each house of the Legislature by February 28, 2010. The purposes of the Executive Order (E.O.) are to improve the organization of State government and reduce the number of principal State departments in order to provide Michigan residents and job providers with improved delivery of State services using fewer resources.

The E.O. abolishes the Department of Information Technology and transfers all of its authority, powers, duties, and functions to the Department of Technology, Management, and Budget. The position of the Director of the DIT (or his or her representative) as a member of the Health Information Technology Commission is transferred to the Director of the DTMB or his or her designee from within the Department. The E.O. also transfers the Information Privacy Protection Council from the DIT to the DTMB.

The E.O. allows the Governor to designate an individual within the DTMB (including, but not limited to, the Director of the DTMB) to serve as the Chief Information Officer (CIO) for the State of Michigan. The Director of the Department may serve concurrently as the State CIO and must serve as a member of the Governor's Cabinet. The State CIO must report to and advise the Governor on matters relating to information technology services and related technology. In addition, the State CIO must assist the State Budget Director with the development of information technology service budgets for the executive branch of State government.

The E.O. renames the Office of the State Budget Director as the State Budget Office (SBO). The SBO is to be an autonomous entity within the DTMB and unless the State Budget Director serves concurrently as the Director of the DTMB, the SBO must exercise its prescribed authority, powers, duties, functions, and responsibilities independently of the DTMB Director.

The Office of the State Employer also is retained as an autonomous entity within the DTMB, and the Director of the Office of the State Employer must continue to be the head of the Office. In addition, all of the authority, powers, duties, and functions of the principal departments of the executive branch of State government related to the performance of labor relations functions on behalf of the State of Michigan as an employer, including Civil Service Commission staff, are transferred to the Office of the State Employer.

Article V, Section 2 of the State Constitution gives the Governor the authority to reorganize the executive branch of government by Executive Order. Three types of reorganizations or

transfers are outlined in the Executive Organization Act. Executive Order 2009-55 uses only Type II and Type III transfers.

Type I Transfer. Under a Type I transfer, an existing department, board, commission, or agency is transferred intact to another principal department. The entity will be administered under the supervision of the new principal department director; however, the prescribed statutory powers, duties, and functions of rule making and other regulatory activities of the transferred entity will be exercised by the entity, which remains relatively autonomous. This type of transfer is not included in E.O. 2009-55.

Type II Transfer. Under a Type II transfer, all of the statutory authority, powers, duties, and functions, as well as records, personnel, property, unspent balances of appropriations and other funds associated with an entity, and the entity itself are transferred to and placed under the authority of the principal department. The transfer of the Information Privacy Protection Council and the Public Safety Communications Interoperability Board to the Department of Technology, Management, and Budget are transfers of this type.

Type III Transfer. A Type III transfer means the abolishment of an existing entity. The statutory authority, powers, duties, functions, records, personnel, and funding are not abolished, but instead are transferred to the principal department. The transfer of the duties and functions of the Department of Information Technology and the abolishment of the Department are a transfer of this type.

The departments affected under this order include the Departments of Management and Budget and the Department of Information Technology. The attached Table 1 provides an overview of this order by outlining the programs that are transferred and the type of transfer.

The Senate Fiscal Agency anticipates that the Governor's FY 2010-11 budget recommendation will incorporate the changes included in Executive Order 2009-55. It is anticipated that the consolidation of information technology services may result in cost savings to the State; however, the amount of the savings is indeterminate. As information becomes available, the Senate Fiscal Agency will inform you as to the fiscal impact of this order on the budget of the Department of Technology, Management, and Budget.

Please contact me at 373-2768 with questions or for additional information.

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Attachment

c: Gary S. Olson, Director
Ellen Jeffries, Deputy Director
Bill Bowerman, Chief Analyst

Table 1

EXECUTIVE ORDER 2009-55			
Commission, Board or Program	Transfer Type	Current Agency or Department	Receiving Agency or Department
Information Privacy Protection Council	Type II	Information Technology (DIT)	Technology, Management, and Budget (DTMB)
Public Safety Communications Inter- operability Board	Type II	DIT	DTMB
State Budget Office	No type identified	Management and Budget (DMB)	DTMB
Office of the State Employer	No type identified	DMB	DTMB
Department of Information Technology	Abolished		