

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: July 11, 2016
TO: Members of the Michigan Senate
FROM: Josh Sefton, Fiscal Analyst
RE: Executive Order 2016-13

Executive Order 2016-13

On June 8, 2016, Governor Snyder issued Executive Order (E.O.) 2016-13, which would abolish the Wage Deviation Board within the Department of Licensing and Regulatory Affairs (LARA) and transfer the Board's responsibilities to the Director of LARA. Article V, Section 2 of the Michigan Constitution states that the Legislature has 60 calendar days following the issuance of an Executive Order to disapprove it; the last day for the Legislature to reject E.O. 2016-13 is August 7, 2016.

Wage Deviation Board

The Wage Deviation Board was originally created by Public Act (P.A.) 154 of 1964, the Minimum Wage Law, to make recommendations on minimum wages that deviated from the statutory minimum wage. Deviated wages could include amounts for piece work, and other types of employment that did not fall under Michigan's minimum wage law. The Board has not been active and has had no members appointed to it in a number of years.

When P.A. 154 of 1964 was repealed by P.A. 138 of 2014, the Workforce Opportunity Wage Act, the section creating the Board was retained, but no new Board members have been appointed. By transferring the Board's authority and functions to the Director of LARA, the E.O. would allow for any deviated wage rules that were repealed with the replacement of the Minimum Wage Law to potentially be replaced or reworked by the LARA Director rather than a new Wage Deviation Board.

Types of Transfers

Article V, Section 2 of the State Constitution authorizes the Governor to organize the Executive branch of government by Executive Order. Three types of reorganizations are identified in the Executive Organization Act:

Type I Transfer. Under a Type I transfer, an existing department, board, commission, or agency is transferred intact to another principal department. The entity is administered under the supervision of the new principal department; however, the prescribed statutory powers, duties, and functions are exercised by the entity as a relatively autonomous entity.

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.

Type III Transfer. A Type III transfer abolishes an existing entity. The statutory authority, powers, duties, functions, records, personnel, and funding are not abolished, but are transferred to a principal department.

Executive Order 2016-13 specifies that the transfer of the responsibilities of the Wage Deviation Board to the Director of LARA would be by a Type III transfer, effectively abolishing the Board.

Fiscal Impact

The E.O. would not have a significant fiscal impact on the State or local units of government.

Summary

Executive Order 2016-13 would abolish the Wage Deviation Board and transfer its responsibilities to the Director of LARA. Executive Order 2016-13 will take effect on August 8, 2016, unless the Legislature rejects it before that date.

If you have any questions on E.O. 2016-13, please do not hesitate to contact me.

c: Ellen Jeffries, Director
Bill Bowerman, Associate Director