

**SENATE FISCAL AGENCY
MEMORANDUM**



DATE: February 10, 2016
TO: Members of the Michigan Senate
FROM: Josh Sefton, Fiscal Analyst
RE: Executive Order 2016-3

Executive Order 2016-3

On January 26, 2016, Governor Snyder issued Executive Order (E.O.) 2016-3, which would transfer the Asian Pacific American Affairs Commission, the Hispanic/Latino Commission of Michigan, the Office of Hispanic/Latino Affairs, and the Middle Eastern American Affairs Commission from the Department of Civil Rights (DCR) to the Department of Licensing and Regulatory Affairs (LARA). The E.O. also would abolish the Interagency Task Force on Employee Misclassification. 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. 2016-3 is March 26, 2016.

Programs Transferred from DCR to LARA

The E.O would transfer the Asian Pacific American Affairs Commission and the Office of Asian Pacific American Affairs from the DCR to LARA. These two entities were created under Public Act 536 of 2008 in the former Department of Energy, Labor and Economic Growth. The Office and Commission were later transferred to the DCR by E.O. 2011-4.

Executive Order 2016-3 also would transfer the Office of Hispanic/Latino Affairs and Hispanic/Latino Commission of Michigan from the DCR to LARA. These entities were created by Public Act 164 of 1975 and have been housed in a number of State departments over their history. Most recently, they were transferred to the DCR from LARA by E.O. 2011-4. Executive Order 2016-3 would effectively reverse that transfer.

In addition, under the E.O. 2016-3, the Middle Eastern American Affairs Commission would be transferred from the DCR to LARA and renamed the Commission on Middle Eastern American Affairs. The Commission was created in 2015 via E.O. 2015-6, and effectively replaced the Michigan Council on Arab and Chaldean American Affairs.

Finally, E.O. 2016-3 would abolish the Interagency Task Force on Employee Misclassification through the rescission of E.O. 2008-1. The Task Force was created to examine minimum wage, unemployment insurance, worker's compensation, and income tax law in the context of classification of workers as either employees or contractors. The Task Force issued its last report in 2010 and has not been active since.

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:

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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 2016-3 does not specify whether the transfer of the Asian Pacific American Affairs Commission, the Hispanic/Latino Commission of Michigan, the Office of Hispanic/Latino Affairs, and the Middle Eastern American Affairs Commission to LARA is a Type I, II, or III transfer, but it appears to be a Type I transfer.

Fiscal Impact

The E.O. would not have a significant fiscal impact on the State or local units of government. In fiscal year 2015-16, \$254,800 General Fund/General Purpose (GF/GP) and 1.0 FTE were appropriated for the Hispanic/Latino Commission of Michigan, and \$110,900 GF/GP and 1.0 FTE were appropriated for the Asian Pacific American Affairs Commission. The remaining balances of these appropriations will be transferred from the DCR to LARA if the E.O. goes into effect.

The Middle Eastern American Affairs Commission is relatively new and does not have its own line item in the DCR budget. It is anticipated that any resources supporting the Commission in a larger line item in the DCR budget would be transferred to LARA.

Summary

Executive Order 2016-3 would transfer the Asian Pacific American Affairs Commission, the Hispanic/Latino Commission of Michigan, the Office of Hispanic/Latino Affairs, and the Middle Eastern American Affairs Commission from the Department of Civil Rights to the Department of Licensing and Regulatory Affairs. The E.O. also would abolish the Interagency Task Force on Employee Misclassification. Executive Order 2016-3 will take effect on March 27, 2016, unless the Legislature rejects it before that date.

If you have any questions on E.O. 2016-3, please do not hesitate to contact me.

/hv

c: Ellen Jeffries, Director
Bill Bowerman, Associate Director