

EXECUTIVE REORGANIZATION ORDER
E.R.O. No. 1996-5

38.1171 Transfer of responsibility for deferred compensation plans to state treasurer; transfer of suggestion awards program and other employee benefit programs from department of civil service to the department of management and budget.

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, Article XI, Section 5, of the Constitution of the State of Michigan of 1963 vests in the Michigan Civil Service Commission, *inter alia*, plenary authority to fix rates of compensation for all classes of positions, to make rules and regulations covering all personnel transactions, and to regulate all conditions of employment in the state classified service; and

WHEREAS, the Civil Service Commission, as provided in Article XI, Section 5, of the Constitution of the State of Michigan of 1963, and in Act No. 306 of the Public Acts of 1976, being Section 38.1151 of the Michigan Compiled Laws, has authorized the Department of Civil Service to implement and administer (1) the State of Michigan Deferred Compensation Plan I under Section 457 of the Internal Revenue Code and (2) the Michigan State Employees Deferred Compensation Plan II under Section 401(k) of the Internal Revenue Service Code (collectively, the "Deferred Compensation Plans" or "Plans"); and

WHEREAS, through Act No. 96 of the Public Acts of 1996, which amends Act No. 306 to transfer the administration and investment of the Deferred Compensation Plans from the Department of Civil Service to the State Treasurer and which also withdraws as of October 1, 1996 all authority with respect to the Deferred Compensation Plans from the Department of Civil Service, the Legislature has declared that the Deferred Compensation Plans can be more effectively administered by the State Treasurer; and

WHEREAS, it is most beneficial to the participants in the Deferred Compensation Plans if the State Treasurer performs all statutory duties relative to the Deferred Compensation Plans, including determining the purpose, eligibility requirements, membership and qualifications for the Plans, along with the administrative, investment or fiduciary functions relative to the Plans; and

WHEREAS, the Department of Civil Service established, implemented and administers a Suggestion Awards Program as provided in Act No. 325 of the Public Acts of 1978, as amended, being Sections 38.1161 et seq., of the Michigan Compiled Laws; and

WHEREAS, the Civil Service Commission has authorized the Department of Civil Service, under the direction of the State Personnel Director, to implement and administer additional employee benefit programs providing for the following services:

- a. a health screening program for employees and retirees;
- b. group insurance plans for medical, dental, vision, disability and life benefits;
- c. a health awareness program;
- d. an employee service program for employees and their families; and
- e. disability management coordination (collectively, the "Employee Benefit Programs").

WHEREAS, the Suggestion Awards Program and the Employee Benefit Programs may be more effectively and efficiently administered and coordinated within the Department of Management and Budget.

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:

I. DEPARTMENT OF TREASURY

1. All the authority, powers, duties, functions, and responsibilities set forth in Act No. 306 of the Public Acts of 1976, as amended, are hereby transferred to the State Treasurer by a Type II transfer, as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

2. All records, personnel, property, and funds of the Deferred Compensation Plans used, held, employed, available to or to be made available to the activities, powers, duties, functions and responsibilities transferred to the State Treasurer by this Order are hereby transferred to the Department of Treasury.

3. All rules, orders, contracts, investment contracts (including Guaranteed Investment Contracts), investment guidelines, and other agreements relating to the Deferred Compensation Plans lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended or repealed.

4. The Department of Management and Budget shall determine and authorize the most efficient manner possible for handling financial transactions and records in the state's financial management system for the

remainder of the fiscal year.

5. The State Treasurer, in cooperation with the State Personnel Director, shall provide executive direction and supervision for the implementation of the transfer. The State Treasurer shall administer the assigned functions 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 prescribed by this Order.

6. Nothing herein shall diminish or limit in any manner the authority of the Civil Service Commission to exercise any authority granted to it under Article XI, Section 5, of the Constitution of the State of Michigan of 1963. No authority, powers, duties, functions, responsibilities, property, records, personnel, or funds held by the Civil Service Commission solely under its plenary authority granted by Article XI, Section 5, of the Constitution of the State of Michigan of 1963 shall be transferred without the approval of the Civil Service Commission.

II. DEPARTMENT OF MANAGEMENT AND BUDGET

1. All the powers, duties, functions, and responsibilities of the Department of Civil Service related to the Employee Benefit Programs are hereby transferred from the Department of Civil Service to the Director of the Department of Management and Budget by a Type II transfer, as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

2. All the powers, duties, functions, and responsibilities of the Department of Civil Service related to the Suggestion Awards Program set forth in Act No. 325 of the Public Acts of 1978, as amended, being Sections 38.1161 et seq., of the Michigan Compiled Laws, are hereby transferred from the Department of Civil Service to the Director of the Department of Management and Budget by a Type II transfer, as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

3. All records, personnel, property, and funds of the Suggestion Awards Program and the Employee Benefit Programs used, held, employed, available to or to be made available to the Department of Civil Service for the powers, duties, functions and responsibilities transferred to the Director of the Department of Management and Budget by this Order are hereby transferred to the Department of Management and Budget.

4. All rules, orders, contracts, agreements or other obligations relating to the Suggestion Awards Program and the Employee Benefit Programs lawfully adopted prior to the effective date of this Order shall continue to be effective until revised, amended or repealed.

5. The Department of Management and Budget shall determine and authorize the most efficient manner possible for handling financial transactions and records in the state's financial management system for the remainder of the fiscal year.

6. The Director of the Department of Management and Budget, in cooperation with the State Personnel Director, shall provide executive direction and supervision for the implementation of the transfer. The Director of the Department of Management and Budget shall administer the assigned functions 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 prescribed by this Order. The Director may, in his discretion, assign any functions transferred by Section II of this Order to the Office of the State Employer.

7. Nothing herein shall diminish or limit in any manner the ability of the Civil Service Commission to exercise any authority granted to it under Article XI, Section 5, of the Constitution of the State of Michigan of 1963. No authority, powers, duties, functions, responsibilities, property, records, personnel, or funds held by the Civil Service Commission solely under its plenary authority granted by Article XI, Section 5, of the Constitution of the State of Michigan of 1963 shall be transferred without the approval of the Civil Service Commission.

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 sixty (60) days from the filing of this Order.

History: 1996, E.R.O. No. 1996-5, Eff. July 29, 1996.

Compiler's note: For transfer of powers and duties of office of state employer and department of management and budget related to administration of state employee benefit programs and quality recognition system to department of civil service, see E.R.O. No. 2002-9, compiled at MCL 38.1172 of the Michigan Compiled Laws.

For transfer of powers and duties of office of state employer related to administration of state employee long-term disability plan and employee service program from office of state employer to Michigan civil service commission, see E.R.O. No. 2016-5, compiled at MCL 38.1175.