

**EXECUTIVE REORGANIZATION ORDER**  
**E.R.O. No. 1997-11**

**421.94 Transfer of powers, duties, and functions of the Michigan employment security agency to perform unemployment insurance program functions to the department of consumer and industry services by type I transfer; transferred entity to be known as unemployment agency of the department of consumer and industry services and to be autonomous entity; transfer of director of employment security to the department of consumer and industry services.**

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, the Michigan Employment Security Commission was created by Act No. 1 of the Public Acts of 1936 (Ex. Sess.), being Section 421.1 et seq. of the Michigan Compiled Laws; and

WHEREAS, Executive Order 1995-8 transferred all of the statutory authority, powers, duties, functions and responsibilities of the Michigan Employment Security Commission to the Michigan Jobs Commission as an autonomous entity known as the Michigan Employment Security Agency; and

WHEREAS, it is necessary to improve services to unemployed Michigan citizens who are seeking employment opportunities; and

WHEREAS, separating the employment services component of the Michigan Employment Security Agency from its unemployment insurance component will lead to enhanced administration of unemployment insurance services; and

WHEREAS, it is organizationally sound to separate the regulatory-oriented function of unemployment insurance from the more service-oriented functions of employment services; and

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

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:

**A. Definitions**

In this Order, the following definitions shall apply except where the context clearly requires a different definition.

1. "Unemployment Insurance Program" means the State of Michigan component of the nationwide system of unemployment insurance offices, funded through the United States Unemployment Insurance Service, U.S. Department of Labor, and operated by the Michigan Employment Security Agency, as defined by the Michigan Employment Security Act, Act No. 1 of the Public Acts of 1936 (Ex. Sess.), being Section 421.1 et seq. of the Michigan Compiled Laws; the Federal Unemployment Tax Act, 26 USC 3301 et seq., Public Law 76-1, 53 Stat. 183, February 10, 1939, as amended, and the federal Social Security Act, 42 USC 501-504, 1101-1109, Public Law 74-271, 49 Stat. 620, August 14, 1935, as amended.

2. "Administrative Functions" means all administrative functions, including but not limited to personnel, budget, finance, office facilities, contract administration, information technology services, and communications, as well as any other positions identified as administrative by the directors of the Departments of Consumer and Industry Services and the Michigan Jobs Commission in the agreement reached pursuant to paragraph B.4. of this Order.

3. "Director of Employment Security" means the Director of Employment Security specified in Section 5 of Act No. 1 of the Public Acts of 1936 (Ex. Sess), being MCL 421.5, and successor executive orders.

**B. Michigan Employment Security Agency**

1. All the statutory authority, powers, duties, functions and responsibilities, including the functions of budgeting, procurement and management-related functions, of the Michigan Employment Security Agency to perform, directly or indirectly, unemployment insurance program functions, including all related administrative functions, shall be transferred, subject to paragraphs 4 and 5 of this Order, to the Department of Consumer and Industry Services by a Type I 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. The transferred entity shall be known as the Unemployment Agency of the Department of Consumer and Industry Services and shall be an autonomous entity within the Department of Consumer and Industry Services. The remaining functions of the Michigan Employment Security Agency that are not transferred by this Order shall remain with the Michigan Jobs Commission.

2. The Director of Consumer and Industry Services shall make internal organizational changes as may be administratively necessary to complete the realignment of responsibilities prescribed by this Order.

3. The Director of Consumer and Industry Services shall provide executive direction and supervision for the implementation of the transfer.

4. The Director of Consumer and Industry Services and the Director of the Michigan Jobs Commission shall jointly identify the Unemployment Insurance Program positions and administrative function positions that will be transferred to the Department of Consumer and Industry Services according to the terms of this Order. The Directors of Consumer and Industry Services and the Michigan Jobs Commission shall develop an agreement specifying these positions no later than the effective date of this Order and the transfers shall be implemented no later than 120 days from the effective date of 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 Michigan Jobs Commission for the activities transferred by this Order are hereby transferred to the Department of Consumer and Industry Services upon the effective date of the transfers identified in paragraph B.4.

6. The Director of Consumer and Industry Services and the Director of the Michigan Jobs Commission 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 Michigan Jobs Commission.

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.

9. The Department of Management and Budget shall determine and authorize the most efficient manner possible for handling the financial transactions and records related to this Order in the state's financial management system for the remainder of the fiscal year in which this Order takes effect.

#### **C. Director of Employment Security**

The Director of Employment Security is hereby transferred to the Department of Consumer and Industry Services.

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 after filing.

**History:** 1997, E.R.O. No. 1997-11, Eff. Oct. 6, 1997.

**Compiler's note:** For creation of bureau of worker's and unemployment compensation within department of consumer and industry services; transfer of powers and duties of bureau of worker's compensation and unemployment agency to bureau of worker's and unemployment compensation; transfer of powers and duties of director of bureau of worker's compensation and director of unemployment agency to director of bureau of worker's and unemployment compensation; and, transfer of powers and duties of wage and hour division of worker's compensation board of magistrates to bureau of worker's and unemployment compensation, see E.R.O. No. 2002-1, compiled at MCL 445.2004 of the Michigan Compiled Laws.

For creation of the unemployment insurance agency as type II agency within the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of powers and duties of the unemployment agency, transferred to the bureau of worker's and unemployment compensation under MCL 445.2004, to the bureau to the unemployment insurance agency, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of powers and duties of unemployment insurance agency, including powers and duties of its director, from department of licensing and regulatory affairs to Michigan talent investment agency, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

**Administrative rules:** R 408.43i; R 408.43s; R 408.6202 et seq.; R 408.9002 et seq.; and R 418.10104 et seq. of the Michigan Administrative Code.