

EXECUTIVE REORGANIZATION ORDER
E.R.O. No. 2002-8

12.193 Consolidation of administrative staff of Michigan higher education assistance authority, Michigan higher education facilities authority, Michigan higher education student loan authority, Michigan municipal bond authority, and state hospital finance authority; transfer of certain functions to state treasurer.

WHEREAS, Article V, Section 1, of the Constitution of the state of Michigan of 1963 vests the executive power in the Governor; and

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 Department of Treasury serves as the fiscal agent for various state authorities, including the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority; and

WHEREAS, the Department of Treasury is responsible for various state investment and debt management and issuance functions and assists these authorities with debt issuance to ensure that these functions are accomplished in a coordinated, cost-efficient and effective manner; and

WHEREAS, the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority currently maintain separate administrative staff, resulting in a duplication of tasks and structure; and

WHEREAS, sound management dictates combining the administrative staff of the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority into a single work unit under the direction and supervision of the State Treasurer, thereby merging the administrative staff into a more efficient and coordinated management structure; 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:

I. DEFINITIONS

As used herein:

A. "Administrative staff" means any and all state classified personnel who perform any function for the authorities covered by the provisions of this Executive Order.

B. The "Department of Treasury" means the principal department created by Section 75 of Act No. 380 of the Public Acts of 1965, being Section 16.175 of the Michigan Compiled Laws.

C. The "Michigan Higher Education Assistance Authority" means the non-profit authority created as an agency within the Department of Education by Section 1 of Act No. 77 of the Public Acts of 1960, as amended, being Section 390.951 of the Michigan Compiled Laws, and transferred to the Department of Treasury by Executive Order 1995-3, being Section 12.181 of the Michigan Compiled Laws.

D. The "Michigan Higher Education Facilities Authority" means the public body corporate and politic created as an agency and instrumentality of the state within the Department of Education by Section 3 of Act No. 295 of the Public Acts of 1969, as amended, being Section 390.923 of the Michigan Compiled Laws, and transferred to the Department of Treasury by Executive Order 1992-2, being Section 390.940 of the Michigan Compiled Laws.

E. The "Michigan Higher Education Student Loan Authority" means the public body corporate and politic created within the Department of Education by Section 3 of Act No. 222 of the Public Acts of 1975, as amended, being Section 390.1153 of the Michigan Compiled Laws, and transferred to the Department of Treasury by Executive Order 1995-3, being Section 12.181 of the Michigan Compiled Laws.

F. The "Michigan Municipal Bond Authority" means the body corporate, separate and distinct from the state, created within the Department of Treasury by Act No. 227 of the Public Acts of 1985, as amended, being Section 141.1051 et seq. of the Michigan Compiled Laws.

G. The "State Hospital Finance Authority" means the public body corporate and politic of the state created within the Department of Treasury by Section 11 of Act No. 38 of 1969, as amended, being Section 331.41 of

the Michigan Compiled Laws.

II. TRANSFERS

A. The administrative staff of the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority are hereby combined into a single work unit under the direction and supervision of the State Treasurer, thereby merging the administrative staff from each separate authority into this work unit.

B. The Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority shall retain, with the exception of those functions set forth in paragraph II. C., all of the remaining statutory authority, powers, duties, and responsibilities, which they have and shall continue to exercise independently of the State Treasurer. These functions shall include, but not be limited to, the functions of rule-making, adjudication, licensing and regulation, and the prescription of rules, rates, regulations and standards as applicable. This transfer is subject to any agreement executed prior to the issuance of this order with note holders, bond holders or issuers of instruments that are guaranteed.

C. All administrative functions, including budgeting, procurement, personnel, and management functions related to the administrative staff of the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority, including, but not limited to, the statutory authority, powers, duties and responsibilities related to administrative staff set forth in:

1. Section 7(d) of Act No. 77 of the Public Acts of 1960, as amended, being Section 390.957(d) of the Michigan Compiled Laws (power of Michigan Higher Education Assistance Authority to competitively contract for services, including contracts related to administrative staff);

2. Section 4(l) of Act No. 295 of the Public Acts of 1969, as amended, being Section 390.924(l) of the Michigan Compiled Laws (power of Michigan Higher Education Facilities Authority to appoint employees, describe their duties and fix their compensation subject to the civil service laws of the state);

3. Section 4(k) of Act No. 222 of the Public Acts of 1975, as amended, being Section 390.1154(k) of the Michigan Compiled Laws (power of Michigan Higher Education Student Loan Authority to appoint employees, describe their duties and fix their compensation subject to the rules promulgated by the state department of civil service);

4. Section 6(1) of Act No. 227 of the Public Acts of 1985, as amended, being Section 141.1056(1) of the Michigan Compiled Laws (power of Michigan Municipal Bond Authority Board to employ permanent or temporary employees); and

5. Section 12(j) of Act No. 38 of the Public Acts of 1969, as amended, being Section 331.42(j) of the Michigan Compiled Laws (power of the State Hospital Finance Authority to engage necessary personnel) are hereby transferred to the State Treasurer.

D. The State Treasurer shall hereafter function as the appointing authority for the state classified administrative staff employees of the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority.

III. MISCELLANEOUS

A. The State Treasurer shall, in the State Treasurer's discretion, ensure that the administrative staff resources available to the Michigan Higher Education Assistance Authority, the Michigan Higher Education Facilities Authority, the Michigan Higher Education Student Loan Authority, the Michigan Municipal Bond Authority, and the State Hospital Finance Authority are sufficient to perform the functions of the respective authorities as provided for by law.

B. The State Treasurer shall provide executive direction and supervision for the implementation of the transfer made under this Order. The assigned functions shall be administered under the direction and supervision of the State Treasurer.

C. The State Treasurer shall administer the assigned functions transferred by this Order 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.

D. All records, personnel, property, grants and unexpended balances of appropriations, allocations and other funds used, held, employed, available or to be made available for the activities, power, duties, functions and responsibilities transferred by this Order are hereby transferred to the State Treasurer.

E. The State Budget Director 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 year.

F. All rules, orders, contracts, grants and agreements relating to the functions transferred to the Department of Treasury or the State Treasurer by this Order lawfully adopted prior to the effective date of this Order by the responsible state agency shall continue to be effective until revised, amended or rescinded.

G. 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.

H. The invalidity of any portion of this Order shall not affect the validity of the remainder thereof.

History: 2002, E.R.O. No. 2002-8, Eff. Sept. 23, 2002.