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Senate Bill 1075 (Substitute S-1 as reported)

Sponsor: Senator Michael D. Bishop Committee: Reforms and Restructuring

CONTENT

The bill would enact the "Executive Reorganization Act of 2010"; repeal the Executive Organization Act of 1965; create 11 principal State departments; and transfer to those departments the powers, duties, and functions of existing State departments and agencies by Type I, II, and III transfers, as shown in the following table:

Principal State Department (New)	Transfer Type	Transferred Department or Agency
Agriculture	Type II	Agriculture
Attorney General	Type II	Attorney General
	Type I	Civil Rights
	Type I	Civil Rights Commission
Business Assistance	Type III	Energy, Labor, & Economic Growth
	Type I	Michigan Strategic Fund
Education	Type II	Education
Health & Human Services	Type III	Community Health
	Type III	Human Services
Natural Resources & Environment	Type II	Natural Resources & Environment
Public Safety	Type III	Corrections
	Type III	Military & Veterans Affairs
	Type III	State Police
State	Type II	State
Technology, Management & Budget	Type III	Information Technology ¹⁾
	Type II	Management & Budget ¹⁾
		Civil Service Commission ²⁾
Transportation	Type II	Transportation
Treasury	Type II	Treasury

¹⁾Executive Order 2009-55, which took effect on March 21, 2010, changed the name of the Department of Management and Budget to the Department of Technology, Management, and Budget, and transferred to it the powers, duties, and functions of the Department of Information Technology by a Type III transfer.

(A "Type I transfer" transfers an existing department, board, commission, or agency intact to a principal State department. A "Type II transfer" transfers an existing department, board, commission, or agency to a principal State department. A "Type III transfer" abolishes an existing department, board, commission, or agency.)

The bill would prohibit a principal State department or Type I agency within a principal State department from promulgating a rule that was more stringent than the Federal standard,

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²⁾ The Civil Service Commission would be housed in the Department of Technology, Management, and Budget, rather than transferred to it.

unless specifically authorized by statute. If a department or agency promulgated rules in order to implement a federally delegated program, it would have to promulgate the rules and standards as promulgated or adopted by the Federal government unless a more efficient process was specifically authorized by statute.

The bill would transfer to the proposed Department of Business Assistance (DBA) all business permitting and licensing functions unless a principal State department demonstrated that it could process the permits and licenses in a more cost-effective and efficient manner and entered into an agreement with the DBA to ensure seamless customer service.

The head of each principal State department would be required to do the following:

- -- By January 1, 2011, begin using lean enterprise processes to improve the speed and efficiency of department operations, with the goal of reducing processing times by more than 50%.
- -- By January 1, 2011, submit a plan to perform a benchmark analysis or peer review of all significant permitting and licensing programs within the department at a rate of 20% of the programs per year.
- -- Beginning November 1, 2010, and each following November 1, include performance data with its proposed budget to the State Budget Office and provide a report including the performance data to the Senate and House Appropriations Committees when the Governor submitted his or her budget to the Legislature.
- -- Create a searchable website that provided information on the expenditure of State funds by the department.

A benchmark analysis or peer review would have to calculate the department's per-permit or per-license cost to process permits or licenses; review the timeliness of the process; review customer service practices; and compare the department's performance to that of other Great Lakes states. The department head would have to use the results to improve program productivity and efficiency, and increase accountability and transparency.

Also, when establishing an initial organization for the department, the department head would have to take actions set forth in the bill.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The combination of departments and agencies under the bill could save an estimated \$600,000 annually by reducing the number of department directors. An additional \$900,000 in savings could result from the reductions in the number of departments. The estimated savings could result from the elimination of duplication of efforts.

Additional savings could be generated by efficiencies in operations as a result of the combination of departments; however, the amount of savings is indeterminate and would depend on the level of efficiencies attained.

There also would be administrative costs to all State agencies associated with the compilation and reporting of their expenditure of State funds. The cost is indeterminate.

Date Completed: 4-29-10 Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.