

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: August 2, 2023

TO: Members of the Michigan Senate

FROM: Cory Savino, Senior Fiscal Analyst
 Elizabeth Raczkowski, Fiscal Analyst
 Bruce Baker, Senior Fiscal Analyst
 Jonah Houtz, Fiscal Analyst
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RE: Executive Order 2023-6

Executive Order 2023-6

On July 11, 2023, Governor Whitmer issued Executive Order (E.O.) 2023-6, which would establish the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP). E.O. 2023-6 would transfer the Michigan Office of Great Start from the Department of Education (DOE), the Office of Sixty by 30 and the Tri-Share Child Care Program from the Department of Labor and Economic Opportunity (LEO), Child Care Licensing from the Department of Licensing and Regulatory Affairs (LARA), and Scholarship Administration from the Department of Treasury to the newly created MiLEAP.

E.O. 2023-6 would also transfer the Michigan Office of Rural Development from the Michigan Department of Agriculture and Rural Development to LEO and rename the office to the Michigan Office of Rural Prosperity. Additionally, the E.O. would transfer the State Archives of Michigan from the Department of Natural Resources to the Department of Technology, Management, and Budget.

Although E.O. 2023 would not become effective until December 1, 2023, under Article V, Section 2 of the Michigan Constitution, 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. 2023-6 is September 9, 2023.

Newly Established Department and Functions under E.O. 2023-6

Three offices would be created within the new Department. They are:

Office of Early Childhood Education

This office would oversee programs and policies related to early learning and care, family engagement and education, pre-K, and child care. This office would collaborate with DOE and the Department of Health and Human Services to provide services and supports for young children and families.

Office of Higher Education

This office would lead administration of state financial aid for postsecondary education with the stated goals of increasing college enrollment, graduation, and attainment rates. This office would collaborate with LEO, the Department of Treasury, and the Michigan Economic Development Corporation to coordinate services and support workforce development.

Office of Education Partnerships

This office would create and sustain partnerships with educational stakeholders. These partnerships would broaden decision-making processes and expand educational access to include before school programs, after school programs, summer programs, and employer partnership programs. This office would collaborate with DOE, the Community Service Commission, and the Office of Foundation Liaison to achieve these goals.

Program Placement within MiLEAP

The E.O. does not specify into which newly created office each transferred entity or agency will be placed.

Program Transfers Under Executive Order 2023-6

Transfers from the Department of Education

The following entities would be transferred from DOE to MiLEAP:

- The Michigan Office of Great Start, created by [E.O. 2011-8](#).
- The Governor's Educator Advisory Council created by [E.O. 2019-9](#).
- The Michigan PreK-12 Literacy Commission created by [E.O. 2016-18](#).

Transfers from the Department of Labor and Economic Opportunity

The following entities would be transferred from LEO to MiLEAP:

- The Sixty by 30 initiative.
- The Michigan Reconnect Program.
- The Future for Frontliners Program.
- The Tri-Share Child Care Program (first established as a child care facilitator pilot program under 2020 PA 166, [page 125](#)).

Transfer from the Department of Licensing and Regulatory Affairs

All state authority, powers, duties, functions, and responsibilities related to child care within LARA would be transferred to MiLEAP, including those duties within the Child Care Licensing Bureau and the Bureau of Community and Health Systems. This would include the licensing and regulation of children's camps, child care centers, day care centers, family child care homes, and group child care homes. The transfer would not include powers and duties related to foster care.

Transfers from the Department of Treasury

The Office of Postsecondary Financial Planning and the responsibility for scholarship administration would be transferred from the Department of Treasury to MiLEAP. This would include the following scholarships and grants:

- State competitive scholarships.
- Tuition grants.
- The Michigan Nursing Scholarship.
- The Police Officer's and Fire Fighter's Survivor Tuition Grant.
- The Correction Officer's Survivor Tuition Grant.
- Tuition differential grants.
- Part-time, independent student grants.
- Legislative merit awards.
- The Michigan Work-Study Program.
- The Children of Veterans Tuition Grant.
- The Michigan Promise Grant.
- The Michigan Work-Study Program for Graduate and Professional Schools.
- The Michigan Educational Opportunity Grant Program.
- The Robert C. Byrd Honors Scholarship Program.

Additionally, the transfer would include the responsibility for the Paying for College in Michigan website and the Michigan Student Scholarship and Grants portal.

Transfers from the Department of Agriculture and Rural Development

The Michigan Office of Rural Development would be transferred from the Department of Agriculture and Rural Development to LEO and renamed as the Michigan Office of Rural Prosperity. The Office of Rural Development was created by [Executive Directive 2022-1](#).

Transfers from the Department of Natural Resources

The State Archives would be transferred from the Department of Natural Resources to the Department of Technology, Management, and Budget. The State Archives were previously housed in the Department of History, Arts, and Libraries which was abolished via [E.O. 2009-36](#).

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:

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 transferred 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.

All transfers identified in E.O. 2023-6 are listed in Table 1 below:

Agency	Action	Type	E.O. Section
<u>DOE</u>			
Michigan Office of Great Start	to MiLEAP	Type III	(2)(a)
Governor's Educator Advisory Council	to MiLEAP	Type II	(2)(b)
Michigan PreK-12 Literacy Commission	to MiLEAP	Type II	(2)(c)
<u>LEO</u>			
Michigan's Sixty by 30 Initiative	to MiLEAP	Type II	(3)(a)(1)
Michigan Reconnect	to MiLEAP	Type II	(3)(a)(2)
Future for Frontliners	to MiLEAP	Type II	(3)(a)(3)
Tri-Share Child Care Program	to MiLEAP	Type II	(3)(b)
<u>LARA</u>			
Child Care Licensing Bureau	to MiLEAP	Type II	(4)(a)
<u>Treasury</u>			
Office of Postsecondary Financial Planning	to MiLEAP	Type II	(5)(a)
<u>Agriculture and Rural Development</u>			
Office of Rural Development	to LEO	Type II	(6)(a)
<u>Natural Resources</u>			
State Archives of Michigan	to DTMB	Type II	(7)(a)

Fiscal Impact

E.O. 2023-6 would likely have a net-zero fiscal impact upon the State: however, many of the administrative entities that would be transferred to MiLEAP from other Departments would bring with them FTEs and line-time appropriation amounts. An estimated listing is provided in Table 2, below. In addition to the amounts below, there would likely also be additional transfers from unclassified positions, Executive Direction, Property Management, Civil Service, Informational Technology and Services, and other departments' administration that would be transferred as well. Those amounts are currently unknown.

Table 2

Agency/Office/Commission	FTEs (FY 2024)	Ongoing Appropriations (FY 2024)
<u>DOE</u>		
Michigan Office of Great Start	77.0	\$430,162,400
Governor's Educator Advisory Council	N/A	200,000
Michigan PreK-12 Literacy Commission	N/A	100,000
<u>LEO</u>		
Michigan's Sixty by 30 Initiative	N/A	N/A
Michigan Reconnect	12.0	65,202,100
Tri-Share Child Care Program	0.0	3,400,000
<u>LARA</u>¹		
Child Care Licensing Bureau	140.0	23,677,800
Bureau of Comm. & Health Systems - Child Camps	2.0	625,000
<u>Treasury</u>		
Office of Postsecondary Financial Planning	72.0	26,002,200
Total FTEs and Ongoing Appropriations to MiLEAP	303.0	\$549,369,500

Fiscal Impact by Department

Department of Education

The E.O. would have an indeterminate fiscal impact on DOE. While the overall appropriations to DOE will likely be reduced, expenditures are likely to be equally reduced. Administration of the Great Start Readiness Program, Head Start, and both administration and program funding for the Child Development and Care program would be transferred to MiLEAP. Great Start Readiness and other child care programs supported through the School Aid Act are likely to continue in the School Aid Act, but it would flow through MiLEAP for the transferred programs instead of DOE.

Department of Labor and Economic Opportunity

The E.O. would have an indeterminate fiscal impact on LEO. The E.O. specifies the transfer of Tri-Share Child Care, Michigan Reconnect, and Michigan's Sixty by 30 Office. Within the Sixty by 30 Office there is also the Going Pro program, 23+ High School Diploma Program, At-Risk Youth Grants, and High School Equivalency-to-school program. It is unclear if any or all of these programs would also be transferred to MiLEAP. Additionally, it is unclear if Adult Education would also be moved to MiLEAP as it is part of Lifelong Learning. Finally, the Futures for Frontliners program does not have additional appropriations in fiscal year (FY) 2023-24, but there are Work Project appropriations that would be transferred to MiLEAP.

The appropriation for Child Camps includes payroll costs for up to 10 seasonal employees.

Department of Agriculture and Rural Development

The Office of Rural Development includes 1.0 permanent FTE and 3 limited term positions. The office focuses on the strategic needs of rural Michigan, including economic and workforce development, infrastructure, public health, and environmental sustainability. The appropriation for these services for FY 2023-24 is \$678,500 GF/GP. Funding for FY 2022-23 included \$3.0 million GF/GP in one-time funds for a grant program to be administered by the office.

The Department of Natural Resources

The E.O. would have no anticipated fiscal impact on the Michigan Department of Natural Resources. While the overall appropriations to the Department will likely be reduced, expenditures are likely to be equally reduced. A number of FTEs and their associated funding would be transferred from the Michigan Historical Center to the new State Archives of Michigan housed within the Department of Technology, Management and Budget. For FY 2023-24, the Historical Center includes 56.5 FTEs and an appropriation amount of \$8.2 million. It is not clear how many FTEs or how much of this appropriation amount would be transferred for continued administration of the State Archives.

Department of Health and Human Services

The creation of MiLEAP would have a minor negative fiscal impact on the Department of Health and Human Services as the Department already works with other State departments to coordinate services and supports for young children and families. Minor administrative costs may result from the need to update processes to work with MiLEAP in addition to already existing departments. This cost could be borne within existing appropriations.

Summary

Executive Order 2023-6 would transfer the Michigan office of Great Start from DOE, the Office of Sixty by 30 and the Tri-Share Child Care Program from LEO, Child Care Licensing from LARA, and Scholarship Administration from the Department of Treasury to the newly created MiLEAP.

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If you have any questions about E.O. 2023-6, please do not hesitate to contact our office.

/mrw

c: Kathryn R. Summers, Director
Joe Carrasco, Associate Director