

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: November 1, 2017
TO: Members of the Michigan Senate
FROM: Josh Sefton, Fiscal Analyst
RE: Executive Order 2017-9

Executive Order 2017-9

On October 30, 2017, Governor Snyder issued Executive Order (E.O.) 2017-9, which would transfer the Office of the Great Lakes from the Department of Environmental Quality (DEQ) to the Department of Natural Resources (DNR). Article V, Section 2 of the Michigan Constitution states that 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. 2017-9 is December 29, 2017.

The Office of the Great Lakes

The Office of the Great Lakes (OGL) was established by the Great Lakes Protection Act (now part 329 of the Natural Resources and Environmental Protection Act) as the lead agency within State government for the development of policies, programs, and procedures to protect, enhance, and manage the Great Lakes. The Director of the OGL represents the State on all matters before the International Joint Commission on the Great Lakes; serves as the liaison to the United States and Canadian governments on matters concerning the Great Lakes; and serves on the executive committee of the Great Lakes Commission, and on the board of directors of the Great Lakes Protection Fund. Other responsibilities performed by the OGL include implementing grants from the Great Lakes Protection Fund; implementing of the comprehensive aquatic nuisance species control plan developed in accordance with the Federal Nonindigenous Aquatic Nuisance Species Prevention and Control Act; preparing an annual State of the Great Lakes report, as well as bimonthly reports outlining activities undertaken to restore and protect the Great Lakes ecosystem; and coordinating the development of watershed protection efforts in the Great Lakes basin. Additionally, the OGL administers the Coastal Zone Management program.

The E.O would transfer the Office of the Great Lakes from the DEQ to the DNR. Under the E.O., all personnel, appropriations, property, and other resources used by the DEQ to fulfill the OGL's obligations would be transferred to the DNR, and the position of Director of the OGL would remain a Cabinet-level position, appointed by the Governor.

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 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.

Executive Order 2017-9 does not specify the type for the transfer of the OGL from the DEQ to the DNR, but it appears to be a Type I transfer.

Fiscal Impact

The E.O. would not have a significant fiscal impact on the State or local units of government, other than the transfer of personnel and funds related to the OGL. In fiscal year (FY) 2017-18, the OGL was appropriated a total of about \$2.0 million, of which about \$750,000 was General Fund/General Purpose funding, with the remainder being from various Federal and restricted sources. The OGL also has 11.0 full-time equated (FTE) positions. For the remainder of FY 2017-18, the DNR would spend from the DEQ appropriations for the OGL. In subsequent fiscal years, the funds would be appropriated in the DNR budget directly.

It is also anticipated that \$1.25 million in Federal funding for Coastal Management Grants would accompany this transfer. These grants are administered by the OGL and provide support for various coastal projects undertaken by local units of governments and private organizations.

Finally, a portion of the Great Lakes Restoration Initiative would accompany the OGL from the DEQ to the DNR. In FY 2017-18, the DEQ was appropriated about \$15.1 million in Federal funds for the Initiative. At this time, however, it is not clear how much of those funds would move to the DNR.

Summary

Executive Order 2017-9 would transfer the Office of the Great Lakes from the Department of Environmental Quality to the Department of Natural Resources. Executive Order 2017-9 will take effect on December 29, 2017, unless the Legislature rejects it before that date.

If you have any questions on E.O. 2017-9, please do not hesitate to contact me.

/hkv

c: Ellen Jeffries, Director
Bill Bowerman, Associate Director