

**SENATE FISCAL AGENCY
 MEMORANDUM**

DATE: February 6, 2018
TO: Members of the Michigan Senate
FROM: Joe Carrasco, Fiscal Analyst
RE: Executive Order 2018-2

On January 30, 2018, Governor Snyder issued Executive Order 2018-2 to create the Michigan Consortium of Advanced Networks as a temporary commission that will serve as an advisory board within the Executive Office. According to the Executive Order (E.O.), the establishment of the Consortium "will enable coordination and identify opportunities for stakeholders to address current mobile and fixed broadband access and adoption issues through the creation of a roadmap for a 21st century connected Michigan". This order took effect upon the filing date of January 30, 2018. As the consortium is created under Article V, Section 4 of the State Constitution, the E.O. is not subject to disapproval by the Legislature.

Creation of the Michigan Consortium of Advanced Networks

Executive Order 2018-2 creates the Michigan Consortium of Advanced Networks within the Executive Office as a temporary commission. The Consortium is created pursuant to Article V, Section 4 of the Michigan Constitution of 1963. Article V, Section 4 states that temporary commissions or agencies for special purposes with a life of not more than two years may be established by law and need not be allocated within a principal department.

The Consortium must include five members appointed by the Governor who will serve at the Governor's pleasure. The Governor also must appoint two members nominated by the Legislature: one by the Speaker of the House of Representatives and one by the Senate Majority Leader. In addition, the Governor must appoint six members who will serve as ex officio, nonvoting members. These members are: the Director of the Department of Technology, Management, and Budget; the Director of the Michigan State Police; the Director of the Department of Agriculture and Rural Development; the Chief Executive Officer of the Michigan Economic Development Corporation; the Chairperson of the Michigan Public Service Commission; and the Director of the Department of Transportation.

Vacancies will be filled in the same manner as the original appointment.

Charge to the Consortium

Executive Order 2018-2 states that the Consortium shall act in an advisory capacity to the Governor and the State of Michigan. The E.O. requires the Consortium, by August 1, 2018, to "solidify a vision for a connected Michigan that includes a roadmap to guide the state's goal of ubiquitous broadband access".

The Consortium must consider the core themes and recommendations of the 21st Century Infrastructure Commission Report to develop a roadmap that identifies gaps in service coverage and capacity. The roadmap also should identify current efforts to address connectivity issues and key strategies and recommendations for the State and private sector to pursue over the coming years to achieve ubiquitous connectivity.

After development of the roadmap, the Consortium should identify and assist in implementation of first-year priorities.

Operations of the Consortium

The E.O. states that the Consortium will be staffed by Executive Office personnel and assisted by State departments and agencies as directed by the Governor. The Governor must designate the chairperson of the Consortium or the co-chairpersons from nonvoting members, and Consortium members may select a vice chairperson from among its members. The Consortium must meet at the call of the chairperson and a majority of voting members present will constitute a quorum. Recommendations by the Consortium must be adopted by a majority vote of its serving members.

The Consortium must adopt procedures consistent with Michigan law and may establish committees and request public participation on advisory panels as the Consortium deems necessary. Also, the Consortium may make inquiries and studies, hold hearings, and receive comments from the public. To perform its duties, the Consortium may consult with outside experts, including experts in the private and nonprofit sectors, academia, and government agencies.

Consortium members will serve without compensation but may receive reimbursement for necessary travel and expenses according to relevant statutes, rules, and procedures, subject to available funding.

In addition, the Consortium may, in accordance with applicable State contracting and procurement procedures, make or enter into contracts necessary for the Consortium to perform its duties. This may include the hiring or retention of contractors, consultants, or agents, as the chairperson deems advisable and necessary with input from the Consortium.

The Consortium may accept donations of labor, services, or other things of value from any public or private agency or person.

Finally, the Consortium must be terminated and cease operations one year after the issuance of the Executive Order (January 30, 2019).

Miscellaneous

The E.O. allows all departments, committees, members, or officers of the State to give the Consortium any necessary assistance required by the Consortium to perform its duties.

The invalidity of any portion of the E.O. will not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion found invalid by a court or other entity with proper jurisdiction will be severable from the remaining portions of the E.O.

Fiscal Impact

The creation and operations of the Michigan Consortium of Advanced Networks should not have any fiscal impact on State resources. Consortium members will serve without compensation and the Consortium will be staffed by the Executive Office. The Executive Office's annual appropriations will be able to absorb these costs, as well as any costs for reimbursement of travel and necessary expenses of Consortium members.

There may be additional costs associated with implementation of the Consortium's recommendations; however, any such costs will not be incurred until fiscal year (FY) 2018-19. As of this writing, the budget for FY 2018-19 has not been adopted and it remains to be seen whether funding for any potential costs will be included in the upcoming Executive Budget Recommendation for FY 2018-19.

Any costs incurred by the ex-officio members from the various State departments and agencies should be negligible and also absorbable within those departments' or agencies' annual appropriations.

Finally, should the Consortium decide to enter into any contract necessary to perform its duties, additional appropriations may be needed. These potential costs are indeterminate and will depend on the details of the contract, which will be determined when the parties enter into the contract.

Please contact me at 373-2768 with questions or for additional information.

/mrh

c: Ellen Jeffries, Director
Bill Bowerman, Associate Director