

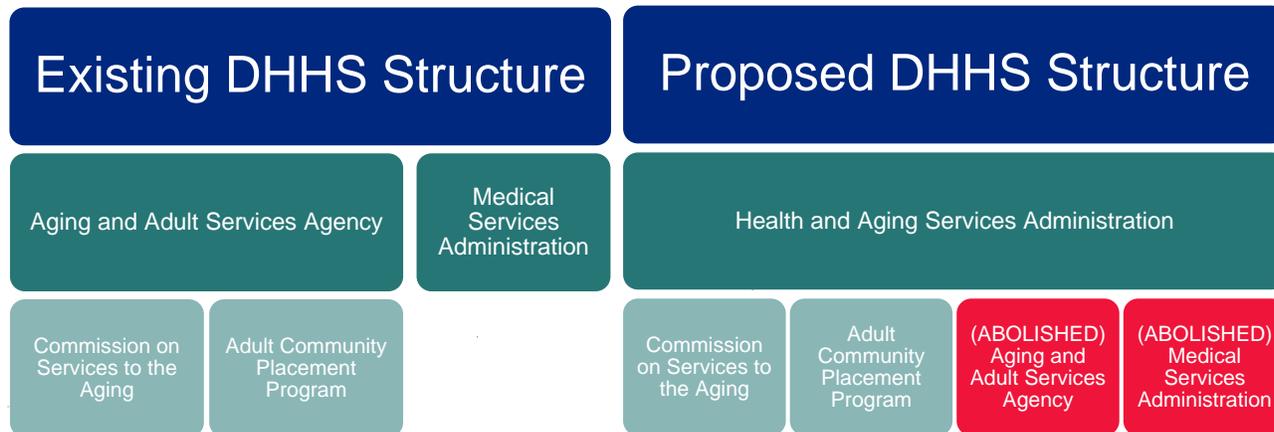
**SENATE FISCAL AGENCY  
 MEMORANDUM**

**DATE:** November 29, 2021  
**TO:** Members of the Michigan Senate  
**FROM:** Michael Siracuse, Fiscal Analyst  
**RE:** Executive Order 2021-14

**Executive Order 2021-14**

On October 14, 2021, Governor Whitmer issued Executive Order (EO) 2021-14, which would transfer the Commission on Services to the Aging and the Adult Community Placement Program from the Aging and Adult Services Agency to the Department of Health and Human Services (DHHS). The EO also would create the Health and Aging Services Administration within the DHHS and transfer to it the powers, duties, authority, functions, and responsibilities of the Medical Services Administration and the Aging and Adult Services Agency. Those agencies would be abolished.

The existing and newly proposed structures of the agencies and bodies described in the EO are outlined below.



Article V, Section 2 of the Michigan Constitution authorizes the Governor to make changes in the organization of the executive branch or in the assignment of functions among its units. When these changes require the force of law, they must be set forth in an executive order and submitted to the Legislature. The Legislature has 60 calendar days following the issuance of an executive order to disapprove it; the last day for the Legislature to reject EO 2021-14 is December 13, 2021.

**The Commission on Services to the Aging**

The Commission on Services to the Aging was created in 1975. It consists of 15 members appointed by the Governor with the advice and consent of the Senate. It was transferred from the Office of the Governor to the Department of Community Health in 1997 and from there to the

Aging and Adult Services Agency within the DHHS in 2015. Members receive per diem compensation and reimbursement of expenses at a rate determined by the Legislature. The EO would remove the Commission on Services to the Aging from under the umbrella of the Aging and Adult Services Agency and place it under the newly created Health and Aging Services Administration, both within the DHHS.

### **The Adult Community Placement Program**

The Adult Community Placement Program, established under the Social Welfare Act, was placed under the authority of the Aging and Adult Services Agency when the Department of Community Health and the Department of Human Services were merged to form the DHHS (under EO 2015-4). Under the EO, it would be moved to the Health and Aging Services Administration.

### **The Medical Services Administration & the Aging and Adult Services Agency**

The Medical Services Administration has oversight over the State's Medicaid program. Authorized under the Social Welfare Act, it was placed within the Department of Community Health and, in 2015, was placed within the DHHS. The Aging and Adult Services Agency was created when the former Department of Community Health and the Department of Health Services were merged to form the DHHS. It was created to oversee the Office of Services to the Aging and to house the Commission on Services to the Aging. Both the Medical Services Administration and the Aging and Adult Services Agency would be abolished under the EO. The statutory authority, powers, duties, functions, records, personnel, and funding of both bodies would be transferred to the newly created Health and Aging Services Administration.

### **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.

The transfer of the Commission on Services to the Aging and Adult Community Placement from the Aging and Adult Services Agency to the DHHS would be through a Type I transfer. The Adult Community Placement Program would be transferred via Type II transfer from the Aging and Adult Services Agency to the DHHS. The statutory authority, powers, duties, functions, records,

personnel, and funding of the Medical Services Administration and the Aging and Adult Services Agency would be transferred by a Type II transfer to the newly created Health and Aging Services Administration; both of those bodies would be abolished.

### **Fiscal Impact**

The EO would have a minimal fiscal impact on the DHHS. The EO would not add or remove agencies to or from other departments. The EO would restructure the existing framework of offices that provide services to the aging by placing them under the authority of a single administrative office. Any administrative costs associated with this restructuring are expected to be absorbed by the DHHS.

### **Summary**

Executive Order 2021-14 would create the Health and Aging Services Administration. The EO would transfer the Commission on Services to the Aging and the Adult Community Placement Program to the Health and Aging Services Administration within the DHHS. The EO also would abolish the Medical Services Administration and the Aging and Adult Services Agency while transferring their authority, powers, duties, functions, and responsibilities to the Health and Aging Services Administration.

Executive Order 2021-14 will take effect on December 14, 2021, unless the Legislature rejects it before that date.

If you have any questions on E.O. 2021-14, please do not hesitate to contact me.

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c: Kathryn Summers, Director  
Steve Angelotti, Associate Director