

## EXECUTIVE REORGANIZATION ORDER

E.R.O. No. 2002-1

**445.2004 Creation of bureau of worker's and unemployment compensation as type I agency within department of consumer and industry services; transfer of powers and duties of bureau of worker's compensation and the unemployment agency to bureau of worker's and unemployment compensation by type III transfer; transfer of powers and duties of director of the bureau of worker's compensation and director of the unemployment agency to director of bureau of worker's and unemployment compensation by type III transfer; transfer of powers and duties of wage and hour division of the worker's compensation board of magistrates to bureau of worker's and unemployment compensation by type II transfer.**

WHEREAS, Article V, Section 1, of the Constitution of the state of Michigan of 1963 vests the executive power in the Governor; and

WHEREAS, Article V, Section 2, of the Constitution of the state of Michigan of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units which he considers necessary for efficient administration; and

WHEREAS, the statutory powers, functions, duties and responsibilities assigned to the Bureau of Worker's Compensation, the Unemployment Agency, the Worker's Compensation Board of Magistrates, and the Wage and Hour Division can be more effectively carried out by a new Bureau of Worker's and Unemployment Compensation; and

WHEREAS, the missions of the Bureau of Worker's Compensation and the Unemployment Agency are related to maintaining a system for the timely payment of benefits on behalf of Michigan workers and employers; and

WHEREAS, there is a need for more sharing of data and information between the Bureau of Worker's Compensation and the Unemployment Agency to more efficiently meet statutory requirements relating to coordination of worker's compensation and unemployment compensation benefits; and

WHEREAS, the Wage and Hour Division serves the citizens of Michigan by protecting wages and fringe benefits to which workers are entitled and assuring appropriate employment and working conditions for young people;

WHEREAS, it is necessary in the interests of efficient administration and effectiveness of government to effect changes in the organization of the Executive Branch of government.

NOW, THEREFORE, I, John Engler, Governor of the state of Michigan, pursuant to the powers vested in me by the Constitution of the state of Michigan of 1963 and the laws of the state of Michigan, do hereby order the following:

### I. DEFINITIONS

As used herein:

A. The "Department of Consumer and Industry Services" means the principal department of state government created by Executive Order 1996-2, being Section 445.2001 of the Michigan Compiled Laws.

B. The "Bureau of Worker's Compensation" means the bureau established within the Department of Labor by Section 201 of Act 317 of the Public Acts of 1969, as amended, being Section 418.201 of the Michigan Compiled Laws, the functions of which were subsequently transferred to the Department of Consumer and Industry Services by Executive Order 1996-2, being Section 445.2001 of the Michigan Compiled Laws.

C. The "Unemployment Agency" means the agency established within the Department of Consumer and Industry Services by Executive Order 1997-12, being Section 421.94 of the Michigan Compiled Laws.

D. The "Worker's Compensation Board of Magistrates" means the board established as an autonomous entity within the Department of Labor by Section 213 of Act 317 of the Public Acts of 1969, as amended, being Section 418.213 of the Michigan Compiled Laws, the functions of which were subsequently transferred to the Department of Consumer and Industry Services by Executive Order 1996-2, being Section 445.2001 of the Michigan Compiled Laws.

E. The "Wage and Hour Division" means the division created on January 31, 1992 as an agency within the Bureau of Safety and Regulation within the Department of Labor, the functions of which were subsequently transferred to the Department of Consumer and Industry Services by Executive Order 1996-2, being Section 445.2001 of the Michigan Compiled Laws.

### II. CREATION OF THE BUREAU OF WORKER'S AND UNEMPLOYMENT COMPENSATION

A. The Bureau of Worker's and Unemployment Compensation is hereby created as a Type I agency within the Department of Consumer and Industry Services. The bureau shall exercise its prescribed statutory powers, duties and functions of rulemaking, licensing and registration including the prescription of rules, rates, regulations and standards, and adjudication independently of the head of the department. All budgeting, procurement and related management functions of the bureau shall be performed under the direction and supervision of the head of the department.

B. The Bureau of Worker's and Unemployment Compensation shall be headed by a Director who shall be appointed by the Governor.

C. All of the statutory authority, powers, functions, duties and responsibilities of the Bureau of Worker's Compensation are transferred to the Bureau of Worker's and Unemployment Compensation by Type III transfer as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

D. All of the statutory authority, powers, functions, duties and responsibilities of the Unemployment Agency are transferred to the Bureau of Worker's and Unemployment Compensation by Type III transfer as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

E. All of the statutory powers, functions, duties, and responsibilities of the Director of the Bureau of Worker's Compensation established in Chapter 2 of the Worker's Disability Compensation Act of 1969, Act No. 317 of the Public Acts of 1969, as amended, being Section 418.201 et. seq. of the Michigan Compiled Laws, are transferred to the Director of the Bureau of Worker's and Unemployment Compensation by a Type III transfer as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

F. All of the statutory powers, functions, duties, and responsibilities of the Director of the Unemployment Agency created in Section 5 of the Michigan Employment Security Act, Act No. 1 of the Public Acts of 1936 (Ex. Sess.), as amended, being Section 421.5 of the Michigan Compiled Laws, and defined as the Director of Employment Security in Executive Order 1997-12 are transferred to the Director of the Bureau of Worker's and Unemployment Compensation by a Type III transfer as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

G. All of the statutory powers, functions, duties, and responsibilities of the Worker's Compensation Board of Magistrates established by Section 213 of the Worker's Disability Compensation Act of 1969, Act No. 317 of the Public Acts of 1969, as amended, being Section 418.213 of the Michigan Compiled Laws, are transferred to the Bureau of Worker's and Unemployment Compensation.

H. All of the statutory authority, powers, functions, duties and responsibilities of the Wage and Hour Division in the Department of Consumer and Industry Services, including, but not limited to, those set forth in:

1. Act No. 154 of the Public Acts of 1964, as amended, being Sections 408.381 et. seq. of the Michigan Compiled Laws (Minimum Wage Law of 1964);

2. Act No. 390 of the Public Acts of 1978, as amended, being Sections 408.471 et. seq. of the Michigan Compiled Laws (Wage and Benefits Act);

3. Act No. 166 of the Public Acts of 1965, as amended, being Sections 408.551 et. seq. of the Michigan Compiled Laws (Prevailing Wage Act);

4. Act No. 90 of the Public Acts of 1978, as amended, being Sections 409.101 et. seq. of the Michigan Compiled Laws (the Youth Employment Standards Act);

are transferred to the Bureau of Worker's and Unemployment Compensation by Type II transfer as defined by Section 3 of Act No. 380 of the Public Acts of 1965, as amended, being Section 16.103 of the Michigan Compiled Laws.

### III. MISCELLANEOUS

A. The Director of the Department of Consumer and Industry Services shall provide executive direction and supervision for the implementation of the transfers made under this Order. The assigned functions shall be administered under the direction and supervision of the Director of the Department of Consumer and Industry Services.

B. The Director of the Department of Consumer and Industry Services shall administer the assigned functions transferred by this Order in such ways as to promote efficient administration and shall make internal organizational changes as may be administratively necessary to complete the realignment of responsibilities prescribed by this Order.

C. The Director of the Department of Consumer and Industry Services shall immediately initiate coordination with the Bureau of Worker's Compensation, the Unemployment Agency, the Worker's Compensation Board of Magistrates, and the Bureau of Safety and Regulation to facilitate the transfers and develop memoranda of record identifying any pending settlements, issues of compliance with applicable federal and state laws and regulations, or other obligations to be resolved by the Bureau of Worker's Compensation and the Unemployment Agency.

D. All records, personnel, property, grants and unexpended balances of appropriations, allocations and other funds used, held, employed, available or to be made available for the activities, power, duties, functions and responsibilities transferred by this Order are hereby transferred to the Bureau of Worker's and Unemployment

Compensation.

E. The State Budget Director shall determine and authorize the most efficient manner possible for handling financial transactions and records in the state's financial management system for the remainder of the year.

F. The Director of the Bureau of Worker's and Unemployment Compensation may by written instrument delegate a duty or power conferred by law or this Order and the person to whom such duty or power is so delegated may perform such duty or exercise such power at the time and to the extent such duty or power is delegated by the Director of the Bureau of Worker's and Unemployment Compensation.

G. All rules, orders, contracts and agreements relating to the functions transferred to the Bureau of Worker's and Unemployment Compensation by this Order by the responsible state agency shall continue to be effective until revised, amended or rescinded.

H. Any suit, action or other proceeding lawfully commenced by, against or before any entity effected by this Order, shall not abate by reason of the taking effect of this Order. Any suit, action or other proceeding may be maintained by, against or before the appropriate successor of any entity affected by this Order.

I. The invalidity of any portion of this Order shall not affect the validity of the remainder thereof.

J. The Bureau of Worker's Compensation, the position of Director of the Bureau of Worker's Compensation, the Unemployment Agency, and the position of Director of the Unemployment Agency are hereby abolished.

**History:** 2002, E.R.O. No. 2002-1, Eff. Apr. 8, 2002

**Compiler's Notes:** In section I., paragraph B., the reference to "Michigan Compiled Laws" evidently should read "Michigan Compiled Laws." For creation of the new wage and hour division as a type II agency within the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For transfer of powers and duties of the former wage and hour division of the department of consumer and industry services, transferred to the bureau of worker's and unemployment compensation, to the new wage and hour division within the department of labor and economic growth by type II transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For creation of the workers' compensation agency as type II agency within the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For transfer of powers and duties of the bureau of worker's compensation and of its director, to the bureau of worker's compensation, and its director, under MCL 445.2004, to the workers' compensation agency, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For creation of the unemployment insurance agency as type II agency within the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For transfer of powers and duties of the unemployment agency, transferred to the bureau of worker's and unemployment compensation under MCL 445.2004, to the bureau of the unemployment insurance agency, see E.R.O. No. 2003-1, compiled at MCL 445.2011. For transfer of powers and duties of unemployment insurance agency, including powers and duties of its director, from department of licensing and regulatory affairs to Michigan talent investment agency, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

**Admin Rule:** R 408.43i; R 408.43s; R 408.6202 et seq.; R 408.9002 et seq.; and R 418.10104 et seq. of the Michigan Administrative Code.