

EXECUTIVE DIRECTIVE No. 2007-18

TO: Department Directors and Autonomous Agency Heads

FROM: Governor Jennifer M. Granholm

DATE: March 29, 2007

SUBJECT: Moratorium on Service Contracts and Use of Temporary Employees

The economic conditions currently facing the citizens and government of this state and the resulting fiscal difficulties for our state budget are detailed in Executive Directive 2007-17. Given the severity of the budget deficit, state departments and agencies must continue to aggressively identify and implement administrative efficiencies and economies to generate budgetary savings. Additional restrictions on purchasing also are needed.

While I recognize that resources are scarce, and that greater efficiencies in the operation of state departments and agencies have been achieved, additional cost-containment measures must be implemented. Accordingly, I direct:

I. RESTRICTIONS ON USE OF SERVICE CONTRACTS AND TEMPORARY EMPLOYEES

A. For the remainder of the fiscal year ending September 30, 2007, contracts for services or the use of temporary employees financed with state funds shall be deferred and limited to only the most essential requirements. Exceptions to this requirement may be granted by the State Budget Director only if one or more of the following apply:

1. A purchase or contract is required by legal mandate, federal mandate, or court order.
2. A purchase or contract is necessary to protect the health, safety, or welfare of Michigan citizens or visitors.
3. A purchase or contract is necessary to produce budgetary savings or to protect existing state revenue or secure additional state revenue.
4. A purchase or contract is necessary to provide for the basic requirements of residents of state institutions or facilities, including, but not limited to, food, clothing, and prescription drugs.

B. The restrictions on personal service contracts imposed by Executive Directive 2006-3 remain in effect.

II. ENFORCEMENT

A. State department directors and autonomous agency heads shall closely and regularly monitor expenditures for services contracts or temporary employees to ensure compliance with the requirements and spirit of this Directive and the efficient expenditure of tax dollars.

B. The Department of Management and Budget ("DMB") and the State Budget Office shall review department and agency expenditures on a regular basis. The DMB shall make every effort, including, but not limited to, implementing limits on the use of statewide contracts, direct vouchers, procurement cards, and employee reimbursements, to further reduce total state expenditures using service contracts or for temporary employees. If the Director of the DMB determines that a department or agency has failed to demonstrate significant and continuing progress in meeting the objectives of this Directive, the DMB shall rescind procurement authority delegated to the department or agency, including, but not limited to, delegation authorized under Section 261 of the Management and Budget Act, 1984 PA 431, MCL 18.1261, or under Sections 0510.01 or 0510.12 of the Administrative Guide to State Government. The

State Budget Director or the Special Monitor for State Purchasing designated under Executive Directive 2007-10 may recommend to the Director of the DMB rescission of delegated purchasing authority under this paragraph. Enforcement functions under this Directive may be delegated by the State Budget Director to the Special Monitor for State Purchasing.

C. In exercising general supervisory control over the functions and activities of all administrative departments, boards, commissioners, and officers of the state, and of all state institutions, as required under Section 3 of 1921 PA 2, MCL 17.3, the State Administrative Board shall monitor compliance with the requirements of this Directive.

D. Violations of the requirements of this Directive shall be reported to the Director of the Department of Management and Budget, the Special Monitor for State Purchasing, and to the Chairperson of the State Administrative Board.

E. The State Administrative Board may take action to enforce the requirements of this Directive as authorized under 1921 PA 2, MCL 17.1 to 17.3.

III. MISCELLANEOUS

A. Nothing in this Directive shall be construed to alter or modify any Civil Service Commission rule or regulation.

B. The restrictions established under this Directive apply regardless of the state fund source financing a purchase or a contract.

C. The restrictions established under this Directive apply both to new contracts and to the amendment, extension, renewal, or reauthorization of existing contracts.

D. Executive Directive 2007-2 is rescinded in its entirety.

E. This Directive is effective immediately and remains in effect through September 30, 2007.

I extend my sincere appreciation for your assistance and the continued hard work of state employees as we respond to the state's difficult fiscal condition.

JENNIFER M. GRANHOLM
GOVERNOR