



STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

ROBERT L. EMERSON  
DIRECTOR

April 23, 2007

**MEMORANDUM**

TO: Directors of Departments and Autonomous Agencies

FROM: Robert L. Emerson  
State Budget Director 

SUBJECT: Executive Directive 2007-18 – Moratorium on Personal Service Contracts and Use of Temporary Employees

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Executive Directive 2007-18 establishes a moratorium on personal service contracts and use of temporary employees for Executive Branch departments and autonomous agencies for the remainder of the fiscal year ending September 30, 2007.

This memorandum supersedes and replaces my February 26, 2007 communication on this topic and outlines procedures necessary to implement Executive Directive 2007-18.

Moratorium on Use of Personal Service Contracts and Temporary Employees

Use of personal service contracts and temporary employees financed in whole, or in part, by general fund or state restricted funds are not allowed except in limited circumstances.

The State Budget Director may grant an exception to the use of personal service contracts and temporary employees in any of the following circumstances:

1. The purchase or contract for personal services or the use of temporary employees is required by legal mandate, federal mandate, or court order.
2. The purchase or contract for personal services or the use of temporary employees is necessary to protect the health, safety, or welfare of Michigan citizens or visitors.

3. The purchase or contract for personal services or the use of temporary employees is necessary to produce budgetary savings or to protect existing state revenues or secure additional state revenues.
4. The purchase or contract for personal services or the use of temporary employees 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.

The attached form (signed by department director or his/her designee) should be used to request that the State Budget Director grant an exception to this directive. This form is also available on the State Budget Office Web site at <http://www.michigan.gov/budget>.

Once the State Budget Director has granted an exception to Executive Directive 2007-18, the department director or his/her designee should establish procedures to ensure compliance with the restrictions on personal service contracts imposed by Executive Directive 2006-3, and with contract and purchasing restrictions imposed by Executive Directive 2007-10.

I appreciate your cooperation in implementing this directive. If you have any questions concerning these procedures, please contact Nancy W. Duncan, Deputy State Budget Director at (517) 373-0870.

Attachments:

- 1) Personal Service Contracts and Temporary Employees Authorization Form  
DMB Form 100g (<http://www.michigan.gov/budget>)
- 2) Executive Directive 2007-18
- 3) Executive Directive 2006-3
- 4) Executive Directive 2007-10

cc: Mary A. Lannoye, Chief of Staff  
Teresa Bingman, Deputy Chief of Staff  
Nancy W. Duncan, Deputy State Budget Director  
Agency Budget Directors  
Agency Personnel/Human Resources Directors  
Internal State Budget Office Distribution

**PERSONAL SERVICE CONTRACT AND  
 TEMPORARY EMPLOYEE AUTHORIZATION**  
**Authority: Executive Directive 2007-18**

Instructions: Please complete and submit to: Nancy Duncan, Deputy State Budget Director.  
 All items must be completed. Incomplete forms will be returned to the agencies for resubmission.

Department/Agency		Bureau/Office	
Division/Section/Unit		Start Date	End Date
<input type="checkbox"/> Personal Service Contract		<input type="checkbox"/> Use of Temporary Employees	
Purchase or Contract for Personal Services or Use of Temporary Employees Meets the Following Criteria			
<input type="checkbox"/> Is required by legal mandate, federal mandate, or court order.			
<input type="checkbox"/> Is necessary to protect the health, safety, or welfare of Michigan citizens or visitors.			
<input type="checkbox"/> Is necessary to produce budgetary savings or to protect existing state revenues or secure additional state revenues.			
<input type="checkbox"/> 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.			
Describe Purpose and Justification for Personal Service Contract or Temporary Employees			
Total Cost (Enter Total Estimated Expenses)			
\$			
GF/GP (Enter \$ Amount or % to Be Charged to GF/GP Funds)			
Federal (Enter \$ Amount or % to be Charged to Federal Funds)		Specific Federal Funding Source (in Words)	
Other (Enter \$ Amount or % to be Charged to State Restricted or Other Funds)		Specific State Restricted or Other Funding Source (in Words)	

↑ Signature (Department Director or Designee) ↑	↑ Date ↑

Official Budget Office Use	Date Received	Request Number
Request Approved <input type="checkbox"/>	Request Denied <input type="checkbox"/>	
↑ Budget Director or Authorized Signature ↑		↑ Date ↑

Please Return Form to: \_\_\_\_\_ Bureau/Section: \_\_\_\_\_  
 Building/Floor: \_\_\_\_\_ Fax Number: \_\_\_\_\_

**PREVIOUS VERSIONS OF THIS FORM ARE OBSOLETE AND WILL NOT BE ACCEPTED BY THE STATE BUDGET OFFICE**



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JOHN D. CHERRY, JR.  
LT. GOVERNOR

**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**

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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**



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JL JENNIFER M. GRANHOLM  
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JOHN D. CHERRY, JR.  
LT. GOVERNOR

**EXECUTIVE DIRECTIVE**  
**No. 2006 — 3**

TO: Department Directors and Autonomous Agency Heads  
FROM: Governor Jennifer M. Granholm  
DATE: July 26, 2006  
SUBJECT: **Restrictions on Personal Services Contracts**

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Workforce stability and continuity are critical to a knowledgeable state classified civil service and to the provision of efficient and effective services for Michigan taxpayers. The use of temporary contract workers as long-term replacements for state classified civil service employees remains inconsistent with the goal of fostering a highly qualified and dedicated state workforce. Accordingly, in addition to any existing assignment duration limitation applicable under existing contracts for the use of temporary employee services or use of contractual personal services, I direct:

**I. RESTRICTIONS ON PERSONAL SERVICE CONTRACTS**

A. Departments and agencies shall not request, and the Department of Management and Budget shall not approve, any contract for personal services when the person seeking to contract with this state or a department, agency, or other political subdivision of this state is employed within state government either as an employee in the state classified civil service or as an unclassified employee.

B. All of the following shall apply to the use of temporary employee services and personal services contracts by departments and agencies:

1. Each temporary employee service contract assignment must be reported to the Office of the State Employer.

2. The Department of Management and Budget shall not approve the use of temporary employee services or a personal services contract if the Office of the State Employer objects.

3. No use of temporary employee services or personal services contract may extend beyond 480 hours without the prior approval of the Office of the State Employer.

4. The Department of Management and Budget shall not approve the use of temporary employee services or a personal services contract authorizing the provision of services in excess of 480 hours per assignment without the prior approval of the Office of the State Employer.

C. As used in this section:

1. "Assignment" means the particular job or set of duties performed or to be performed by an individual at a work location on a shift.

2. "Personal services" means work performed for the direct benefit of this state by an individual for compensation.

## **II. ENFORCEMENT**

A. The Office of the State Employer and the Department of Management and Budget shall take all actions necessary to enforce the requirements of this Directive, consistent with Michigan law. All departments and agencies shall assist the Office of the State Employer and the Department of Management and Budget, as necessary, in implementing this Directive.

B. 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.

C. Reports of violation of the requirements of this Directive shall be transmitted to the Director of the Department of Management and Budget and to the Secretary of the State Administrative Board.

D. 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 shall apply regardless of the funding source financing a position 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 2004-9 is rescinded in its entirety.

E. This Directive is effective immediately.



  
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JENNIFER M. GRANHOLM  
GOVERNOR



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**EXECUTIVE DIRECTIVE**  
**No. 2007 — 10**

**TO:** Department Directors and Autonomous Agency Heads  
**FROM:** Governor Jennifer M. Granholm  
**DATE:** March 29, 2007  
**SUBJECT: Special Monitor for State Purchasing**

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**A. DESIGNATION OF SPECIAL MONITOR FOR STATE PURCHASING**

To help assure that state departments and agencies continue to identify and implement administrative efficiencies and economies relating to the purchase of goods and services, the Director of the Department of Management and Budget and I have designated Ed Dore, Deputy Director of the Department of Management and Budget, as the Special Monitor for State Purchasing. Mr. Dore will be assisting Director Lisa Webb Sharpe, the State Administrative Board, and the Governor in assuring compliance with requirements relating to the purchase of goods and services under The Management and Budget Act, 1984 PA 431, MCL 18.1101 to 18.1594, and other applicable laws, directives, and requirements. The Special Monitor is charged with identifying additional budgetary savings and administrative efficiencies and economies relating to the purchase of goods and services by departments and agencies.

**B. DUTIES OF SPECIAL MONITOR FOR STATE PURCHASING**

The Special Monitor for State Purchasing will do all of the following:

1. Advise and assist the Governor, the State Administrative Board, and the Director of the Department of Management and Budget on matters relating to the purchase of goods and services, the supervision of state purchasing expenditures, and related administrative efficiencies and budgetary savings.
2. Assist the Director of the Department of Management and Budget in assuring compliance with The Management and Budget Act, 1984 PA 431, MCL 18.1101 to 18.1594, other applicable laws, executive directives, rules, and administrative procedures relating to the purchase of goods and services.

3. Assist the State Administrative Board 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, on matters relating to the purchase of goods and services.

4. Review all items authorizing the purchase of goods and services prior to submission to the State Administrative Board for approval and recommend further action.

5. Recommend to the Governor and the Director of the Department of Management and Budget measures to monitor and restrict purchasing by departments and agencies using delegated purchasing authority.

6. Recommend to the Governor and the Director of the Department of Management and Budget measures to monitor and restrict the purchase of goods and services using a procurement card issued pursuant to procedures established under Section 0510.03 of The Administrative Guide to State Government.

7. Recommend to the Governor and the Director of the Department of Management and Budget measures to monitor and restrict the purchase of goods and services using direct vouchers and employee reimbursements.

8. Recommend to the Governor and the Director of the Department of Management and Budget the imposition of limitations or restrictions on the use of a state contract for the purchase of goods or services.

9. Recommend to the Governor and the Director of the Department of Management and Budget the cancellation of a state contract for the purchase of goods or services or halting work under a contract.

10. Recommend to the Governor and the Director of the Department of Management and Budget the re-bidding of an existing state contract for the purchase of goods or services.

11. Recommend to the Governor and the Director of the Department of Management and Budget that work currently performed by a state contractor instead be performed by a state employee when cost savings and administrative efficiencies can be achieved.

12. Identify contracts set to expire with a significant potential fiscal impact to this state and provide recommendations related to those contracts to the Director of the Department of Management and Budget and the Governor.

13. Perform any other tasks related to the purchase of goods or services as requested by the Director of the Department and Management and Budget or the Chairperson of the State Administrative Board.

14. Do any and all other things necessary or convenient to achieve the objectives and purposes of this Directive.

### **C. ENFORCEMENT**

1. Upon direction from the Governor, the State Administrative Board, or the Director of Management and Budget, the Special Monitor for State Purchasing may require a department or agency to first obtain approval from the Special Monitor for State Purchasing before proceeding with a purchase of goods or services or execution of a contract or contract amendment.

2. The Special Monitor for State Purchasing may recommend that the Director of the Department of Management and Budget issue, alter, or rescind administrative or procedural directives related to the purchase of goods and services as authorized under Section 131 of The Management and Budget Act, 1984 PA 431, MCL 18.1131.

3. The Special Monitor for State Purchasing may transact all necessary business with executive branch officials and employees and may require information in writing from all executive branch officials and employees. Departments and agencies are directed to cooperate fully with the activities of the Special Monitor.

4. The Special Monitor for State Purchasing may recommend that the Director of the Department of Management and Budget rescind delegated purchasing authority, the authority to purchase using direct vouchers, or suspend the use of procurement cards.

5. Violations of the requirements of this Directive shall be reported to the Director of the Department of Management and Budget and to the Chairperson of the State Administrative Board.

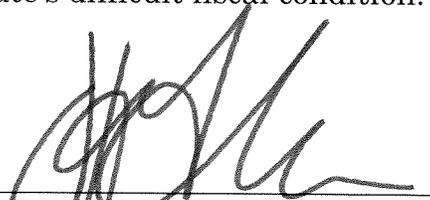
### **D. MISCELLANEOUS**

1. The Director of the Department of Management and Budget may delegate responsibilities and duties to the Special Monitor for State Purchasing consistent with The Management and Budget Act, 1984 PA 431, MCL 18.1101 to 18.1594, and other applicable law.

2. A copy of this Directive shall be transmitted to the members of the State Administrative Board.

3. 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.



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**JENNIFER M. GRANHOLM**  
**GOVERNOR**