

DATE: February 5, 2016
TO: House Appropriations Subcommittee on State Police
FROM: Kent Dell, Fiscal Analyst and Paul B.A. Holland, Senior Fiscal Analyst
RE: MCOLES Training Funds--REVISED

Background

The Michigan Commission on Law Enforcement Standards (MCOLES) is an autonomous agency within the Michigan State Police (MSP) that supports law enforcement agencies through the establishment of professional standards, licensure of law enforcement officers, and administration of grant programs. MCOLES is created by MCL 28.601 et seq. and was originally known as the Michigan Law Enforcement Officers Training Council (MLEOTC). Executive Order 2001-2 merged MLEOTC with the Michigan Justice Training Commission (MJTC) created by MCL 18.421 et seq. to create MCOLES.

General Fund

The General Purpose Account within the State's General Fund (GF/GP) has supported and continues to support a portion of the direct and indirect administrative expenses of MCOLES in addition to deceased officer benefit programs. Considering only the GF/GP expended to support the direct administrative expenses of MCOLES (thereby excluding MSP overhead charges for executive direction, management services, information technology, fleet leasing, etc.) the inflation-adjusted amounts have declined by an average of 3.4% per annum, or 40.7% between FY 2000 and FY 2015. Over the same period, the inflation-adjusted amounts from all funds expended for MCOLES administration rose by 18.1%, at an average of 1.1% per annum. The fiscal gap created by the declining amounts of available GF/GP and the rising amounts required to support MCOLES administration has been bridged with state restricted funds historically expended for criminal justice training.

Training Funds

Please refer to the attached table exhibiting the revenues, expenditures, and balances of the Michigan Justice Training Fund (MJTF) and the Secondary Road Patrol and Training Fund (SRP&TF), which have been adjusted for inflation into 2015 dollar and are discussed below. Since FY 2004, both the MJTF and the SRP&TF have received statutory allocations from the Justice System Fund (JSF) created by MCL 600.181. Revenue generated by numerous court assessments, penalties, and fines are deposited into the JSF, subject to statutory requirements. However, that revenue (adjusted for inflation) has steadily declined by an average of 3.5% per annum, or 32.4% between FY 2004 and FY 2015, while the number of paid traffic civil infractions has declined by 26.8% over the same period.¹

Michigan Justice Training Fund

The MJTF is created by MCL 18.425 and is allocated 11.84% of the JSF balance. MCOLES administers the MJTF and, pursuant to MCL 18.423, distributes 60.0% of the annual MJTF balance to law

¹ For further information regarding the JSF and distributions from the JSF, see the HFA memo "Justice System Fund Overview", accessible at: http://www.house.mi.gov/hfa/PDF/Judiciary/Justice_System_Fund_Overview_Memo.pdf.

enforcement agencies in the state on a per officer basis for in-service training, with a minimum allowance of \$500 to agencies with three or fewer officers. The remaining 40.0% is expended first to support MCOLES direct and indirect administrative expenses, with the residual balance distributed to agencies and organizations engaged within the criminal justice system in the form of competitive grants for in-service training.

Between FY 2000 and FY 2015, the annual revenue deposited into the MJTF declined by 41.3%, at an average of 3.5% per annum, while the annual expenditures only declined by 23.0%, at an average of 1.7% per annum; consequently, expenditures have exceeded revenue since FY 2006 and the year-end balance within the MJTF has declined by an average of 12.8% per annum, or 87.2% over the entire period.

Primarily due to decreasing available GF/GP revenue and partially due to increasing administrative expenses, expenditures from the MJTF for MCOLES administration rose 254.6% between FY 2000 and FY 2015, from 6.7% to 30.9% of total MJTF expenditures; accordingly, expenditures for grant awards (both formula and competitive) declined 43.0% over the period, from 93.3% to 69.1% of total MJTF expenditures.

As a result of the steadily declining balance within the MJTF and the anticipated continual rise in administrative expenses, MCOLES notified potential grant applicants on February 18, 2015 that it would be eliminating the competitive grant program beginning CY 2016.

Secondary Road Patrol and Training Fund

Administered by the MSP, the SRP&TF is created by MCL 257.629e and is also allocated revenue from JSF, receiving \$10 per paid traffic civil infraction. The primary purpose of the SRP&TF is to supplement county sheriffs' offices under the Secondary Road Patrol Program. However, MCOLES receives an allocation from the SRP&TF (approximately 5.5%, ostensibly based on appropriations from the SRP&TF to MCOLES during FYs 2001 and 2002), which is expended, pursuant to 28.614, to cover its expenses to develop basic training curricula and support grants to local law enforcement agencies for reimbursement of basic training expenses.

The assessment paid per traffic civil infraction was increased from \$5 to \$10 in early FY 2002 resulting in an increase of revenue and expenditures (substantially all of which supports the Secondary Road Patrol Program). Between FY 2002 and FY 2015, the annual revenue deposited into the SRP&TF declined by 27.9%, at an average of 2.5% per annum, while the annual expenditures declined by 29.3%, at an average of 2.6% per annum; the year-end balance within the SRP&TF has declined, largely due to inflation, by an average of 2.9% per annum, or 31.9% over the period.

Similar to the trend in expenditures from the MJTF, expenditures disbursed from the SRP&TF to support increasing MCOLES administration rose 400.3% between FY 2000 and FY 2015, from 12.7% to 100.0% of SRP&TF expenditures related to MCOLES; accordingly, expenditures for grant awards declined 100.0%, from 87.3% to 0.0% of SRP&TF expenditures related to MCOLES.

Resultant of rising administrative expenses and the depletion of its share of the balance within the SRP&TF, MCOLES eliminated reimbursements to local law enforcement agencies beginning FY 2015.

Attachment: MJTF & SRP&TF Balance Reports

MJTF & SRP&TF Balance Reports
Adjusted for Inflation (into FY 2015 dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Michigan Justice Training Fund																
Beginning Balance	\$11,783,557	\$12,295,017	\$11,242,189	\$11,019,549	\$7,437,699	\$7,652,393	\$7,683,588	\$7,410,642	\$7,555,098	\$7,252,938	\$5,942,691	\$4,851,691	\$4,551,203	\$3,854,666	\$3,181,192	\$2,611,120
Annual Revenue	\$9,216,128	\$8,389,033	\$8,128,519	\$6,726,578	\$7,356,514	\$7,366,620	\$8,300,240	\$8,002,845	\$7,513,280	\$6,845,745	\$6,392,441	\$5,882,870	\$5,400,964	\$5,364,009	\$5,225,330	\$5,406,003
Annual Expenditures	\$8,302,870	\$9,202,528	\$8,071,791	\$10,210,349	\$6,950,925	\$7,054,913	\$8,455,689	\$7,646,170	\$7,879,923	\$8,100,251	\$7,357,739	\$6,073,469	\$6,025,338	\$6,002,125	\$5,824,105	\$6,389,144
Administration	\$556,756	\$736,022	\$694,755	\$526,181	\$504,107	\$567,653	\$584,499	\$519,755	\$557,853	\$1,009,032	\$847,257	\$858,585	\$1,175,720	\$1,436,004	\$1,603,599	\$1,974,340
Grant Awards	\$7,746,113	\$8,466,506	\$7,377,035	\$9,684,168	\$6,446,818	\$6,487,260	\$7,871,190	\$7,126,415	\$7,322,069	\$7,091,219	\$6,510,482	\$5,214,884	\$4,849,618	\$4,566,121	\$4,220,506	\$4,414,804
Law Enforcement Distribution	\$5,946,649	\$5,906,661	\$5,287,779	\$7,118,606	\$4,673,181	\$4,622,816	\$4,844,524	\$4,764,365	\$4,540,298	\$4,125,103	\$3,873,865	\$3,524,234	\$3,268,504	\$3,184,376	\$3,146,953	\$3,182,748
Competitive Grant Program	\$1,799,465	\$2,559,845	\$2,089,256	\$2,565,562	\$1,773,637	\$1,864,444	\$3,026,666	\$2,362,050	\$2,781,771	\$2,966,116	\$2,636,617	\$1,690,650	\$1,581,114	\$1,381,745	\$1,073,553	\$1,232,056
Net Annual Income	\$913,258	(\$813,495)	\$56,728	(\$3,483,770)	\$405,589	\$311,707	(\$155,450)	\$356,675	(\$366,643)	(\$1,254,506)	(\$965,298)	(\$190,599)	(\$624,373)	(\$638,116)	(\$598,775)	(\$983,141)
Ending Balance	\$12,696,815	\$11,481,522	\$11,298,918	\$7,535,778	\$7,843,288	\$7,964,100	\$7,528,138	\$7,767,317	\$7,188,454	\$5,998,432	\$4,977,393	\$4,661,092	\$3,926,830	\$3,216,551	\$2,582,417	\$1,627,979
Secondary Road Patrol & Training Fund																
Beginning Balance	\$793,532	\$2,126,847	\$1,659,383	\$1,677,024	\$2,715,995	\$2,178,030	\$1,504,379	\$2,045,579	\$1,386,561	\$1,278,722	\$1,496,101	\$1,326,899	\$609,577	\$1,032,632	\$1,093,598	\$933,401
Annual Revenue	\$9,644,064	\$8,607,881	\$13,921,300	\$16,394,493	\$16,276,286	\$16,021,567	\$15,839,628	\$14,679,239	\$13,779,335	\$12,899,764	\$12,618,665	\$10,689,677	\$9,691,370	\$9,962,649	\$9,618,086	\$10,039,294
Annual Expenditures	\$8,240,581	\$9,035,846	\$13,861,144	\$15,319,699	\$16,759,919	\$16,640,297	\$15,265,992	\$15,299,309	\$13,898,543	\$12,668,351	\$12,752,506	\$11,392,280	\$9,248,984	\$9,889,528	\$9,788,543	\$9,802,097
Administration	\$98,248	\$242,632	\$204,648	\$362,835	\$336,140	\$448,724	\$521,898	\$653,067	\$774,634	\$775,774	\$828,577	\$964,354	\$654,981	\$891,336	\$738,482	\$599,017
Secondary Road Patrol	\$0	\$0	\$0	\$122,809	\$118,342	\$155,770	\$158,870	\$150,810	\$147,290	\$148,313	\$144,289	\$106,977	\$129,166	\$140,519	\$93,335	\$107,515
Training to Local Units	\$98,248	\$242,632	\$204,648	\$240,026	\$217,798	\$292,954	\$363,028	\$502,257	\$627,345	\$627,461	\$684,288	\$857,377	\$525,814	\$750,817	\$645,148	\$491,502
Grant Awards	\$8,142,333	\$8,793,214	\$13,656,496	\$14,956,864	\$16,423,779	\$16,191,573	\$14,744,095	\$14,646,242	\$13,123,909	\$11,892,577	\$11,923,929	\$10,427,926	\$8,594,004	\$8,998,191	\$9,050,060	\$9,203,079
Secondary Road Patrol	\$7,464,574	\$8,262,506	\$13,187,676	\$14,535,560	\$16,048,352	\$15,870,258	\$14,595,359	\$14,385,778	\$12,935,023	\$11,623,344	\$11,729,125	\$10,368,039	\$8,505,579	\$8,929,809	\$8,972,918	\$9,203,079
Training to Local Units	\$677,759	\$530,708	\$468,821	\$421,304	\$375,427	\$321,314	\$148,736	\$260,464	\$188,886	\$269,233	\$194,804	\$59,886	\$88,425	\$68,383	\$77,143	\$0
Net Annual Income	\$1,403,484	(\$427,965)	\$60,156	\$1,074,793	(\$483,633)	(\$618,729)	\$573,636	(\$620,070)	(\$119,208)	\$231,413	(\$133,840)	(\$702,603)	\$442,386	\$73,121	(\$170,457)	\$237,197
Ending Balance	\$2,197,016	\$1,698,882	\$1,719,540	\$2,751,817	\$2,232,363	\$1,559,301	\$2,078,015	\$1,425,509	\$1,267,353	\$1,510,134	\$1,362,261	\$624,295	\$1,051,964	\$1,105,753	\$923,141	\$1,170,599

NOTES: HFA utilized the "Appn", "LBB Obj", and "PCA" profiles within MAIN as a method to determine whether expenditures were for administration or for types of grant awards, this method enables an estimation of the purpose of expenditures and may not be precisely accurate in every circumstance; Amounts recorded for different fiscal years is discretely adjusted for inflation (into FY 2015 dollars); consequently, the ending balance of a preceding fiscal year will not be equivalent to the beginning balance of a succeeding fiscal year, since the amounts recorded for a given fiscal year are adjusted for the change in the CPI-U between that year and FY 2015.

SOURCES: HFA queries of the Michigan Administrative Information Network on 02/01/2016; Inflation adjustment utilizes data from the U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) in the Detroit-Ann Arbor-Flint area.