Budget Briefing: Technology, Management, and Budget

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September 2026

Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Department of Technology, Management, and Budget

- The Department of Technology, Management, and Budget (DTMB) was created through the merger of the Department of Management and Budget and the Department of Information Technology in FY 2010-11 under Executive Order 2009-55
- Authorized under the Management and Budget Act (1984 PA 431), DTMB is the central service and management element of the Executive branch of state government
- Department responsibilities include:
  - Information technology services and project support for state departments and agencies
  - Managing and maintaining state property, including the motor vehicle fleet
  - Purchasing and procurement for the state
  - Developing the executive budget recommendation and monitoring the state budget
  - State accounting functions
  - Managing retirement systems for state and school employees, judges, state police, and the military

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2026-27 is October 1, 2026 through September 30, 2027.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount that establishes spending authorization for a particular program or function in a budget bill.

Boilerplate: Specific language sections in a budget bill that direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapses: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

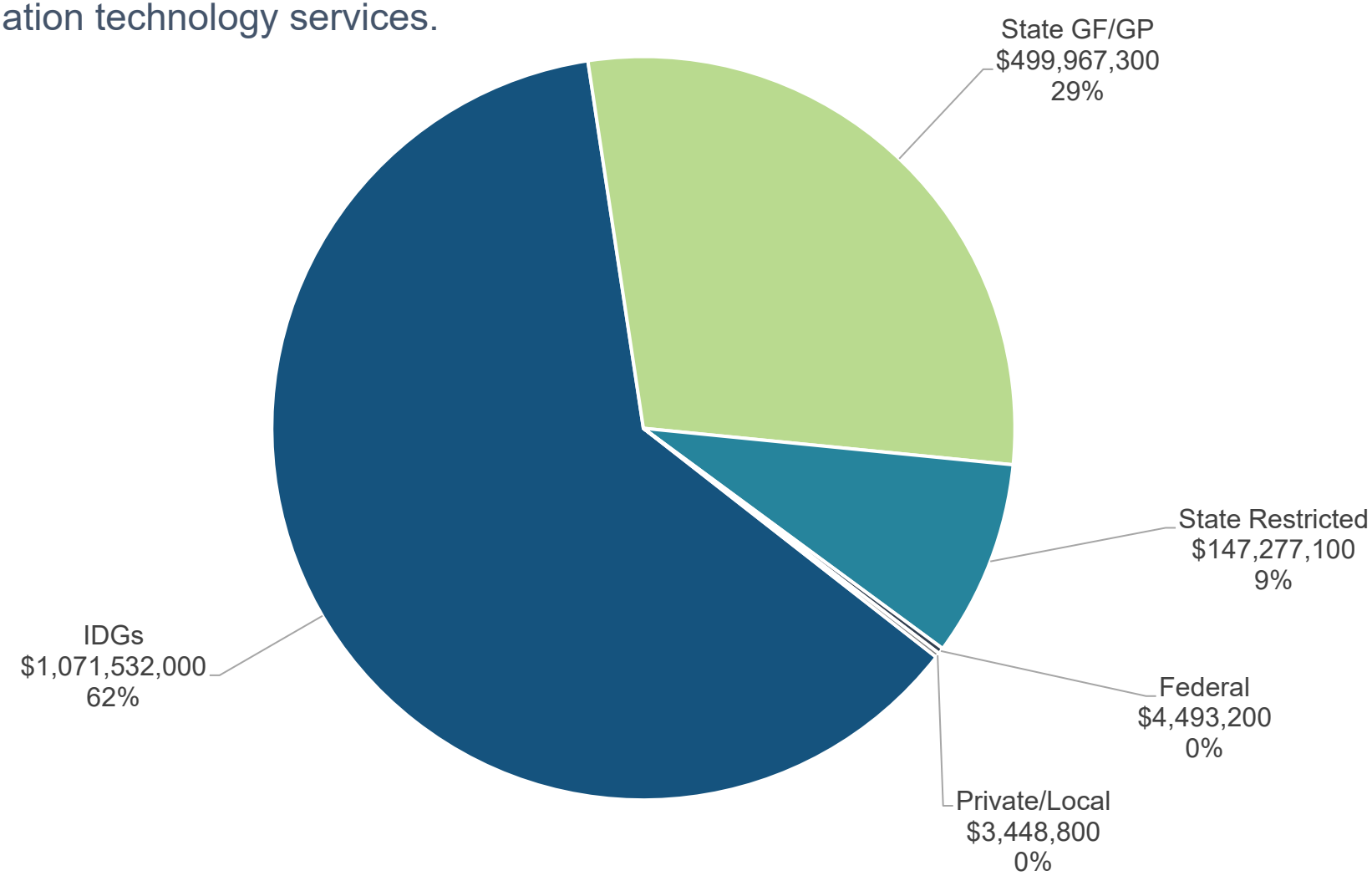
Funding Sources

FY 2026-27 DTMB Budget

Fund Source	Funding	Description
Gross Appropriations	$1,726,718,400	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	1,071,532,000	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	$655,186,400	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	4,493,200	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	3,094,500	Revenue received from local units of government for state services
Private Revenue	354,300	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	147,277,100	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	$499,967,300	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

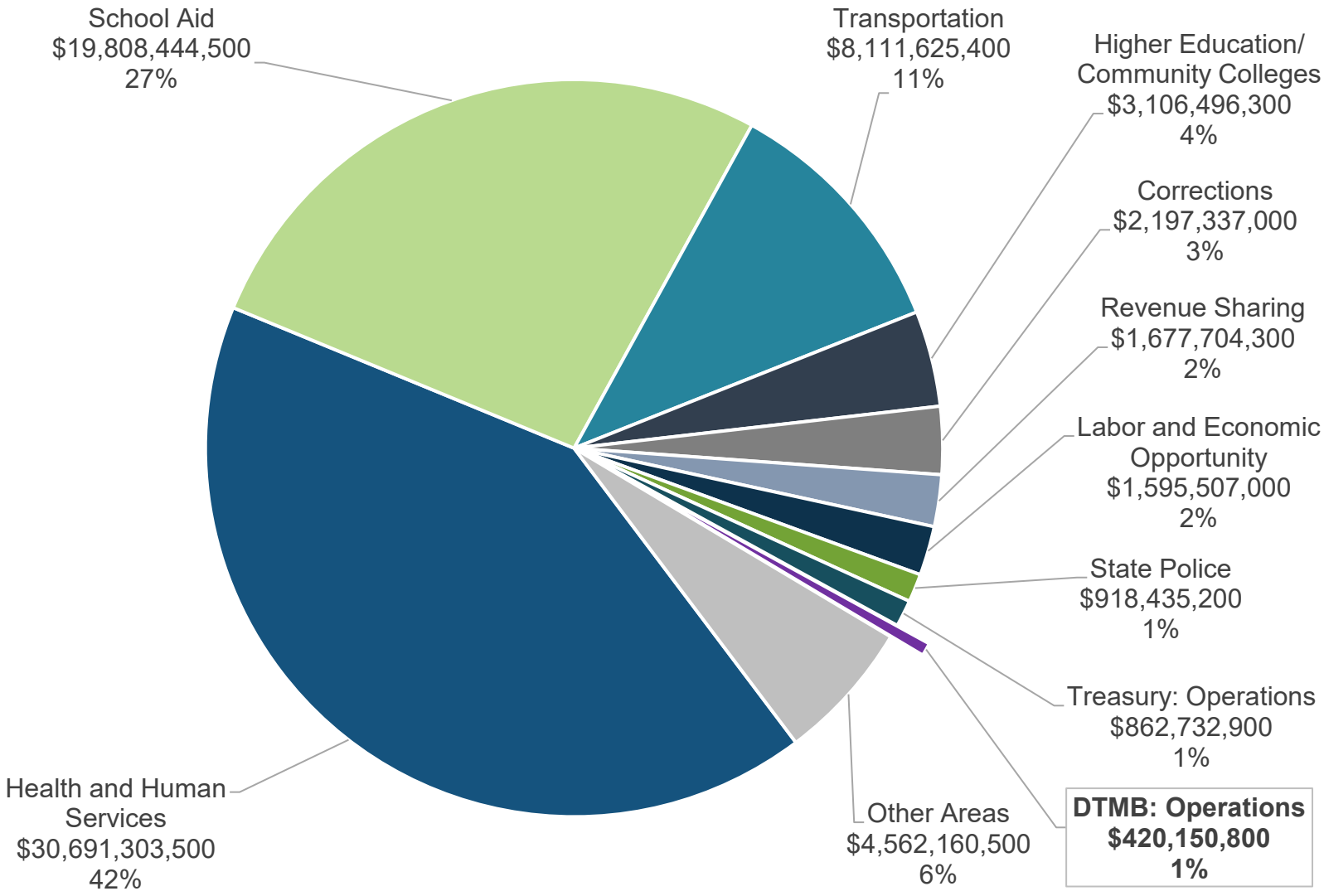
FY 2026-27 Fund Sources

Of the **$1.7 billion** DTMB budget, **62%** is funded by interdepartmental grants (IDGs), which come from other departments and agencies to pay for services provided by DTMB, and **29%** of the budget is funded by GF/GP. Nearly **80%** of all IDGs are for information technology services.



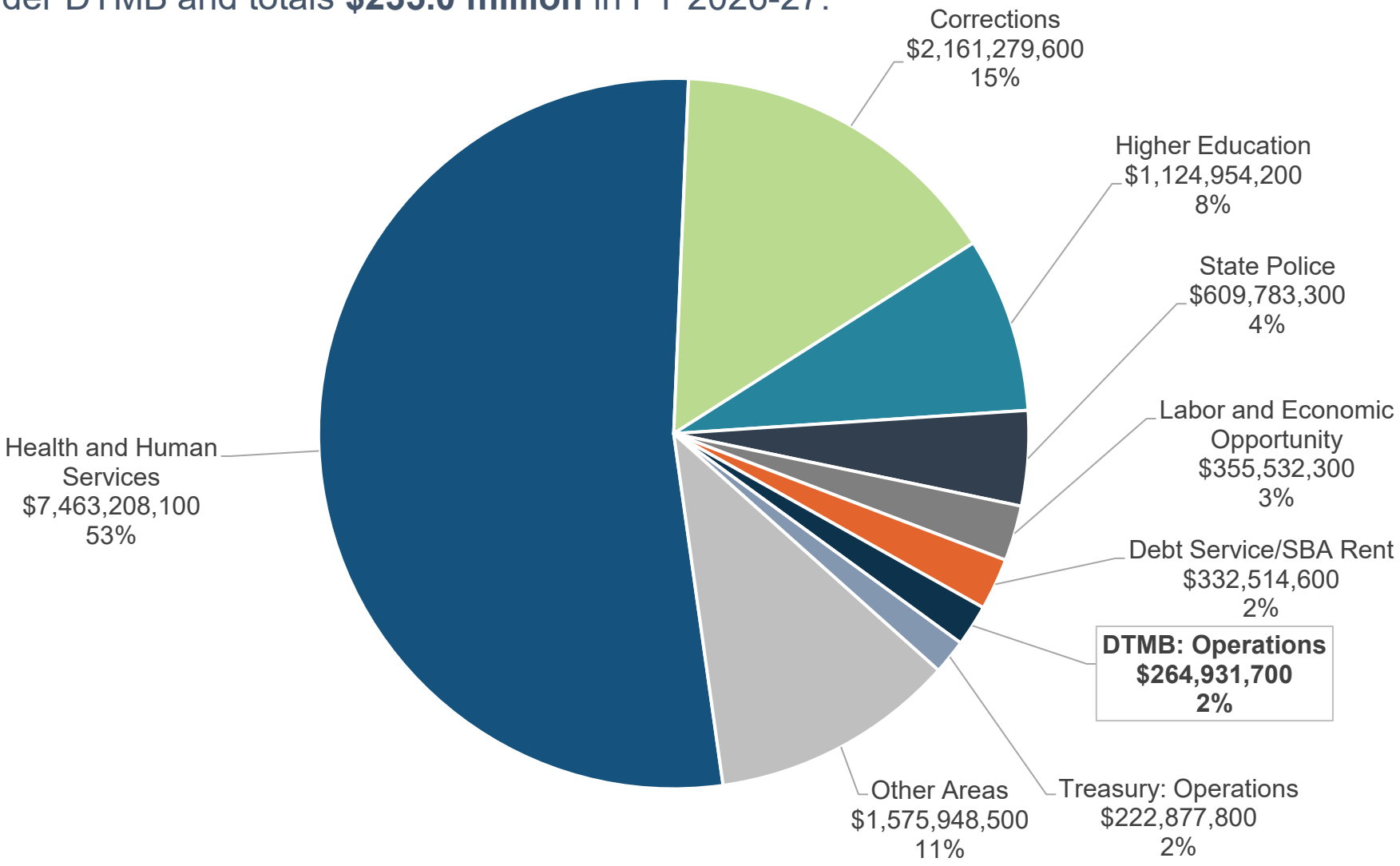
DTMB Share of Total State Budget

The DTMB Operations budget represents **1%** of the **$74.0 billion** state budget (adjusted gross) for FY 2026-27.



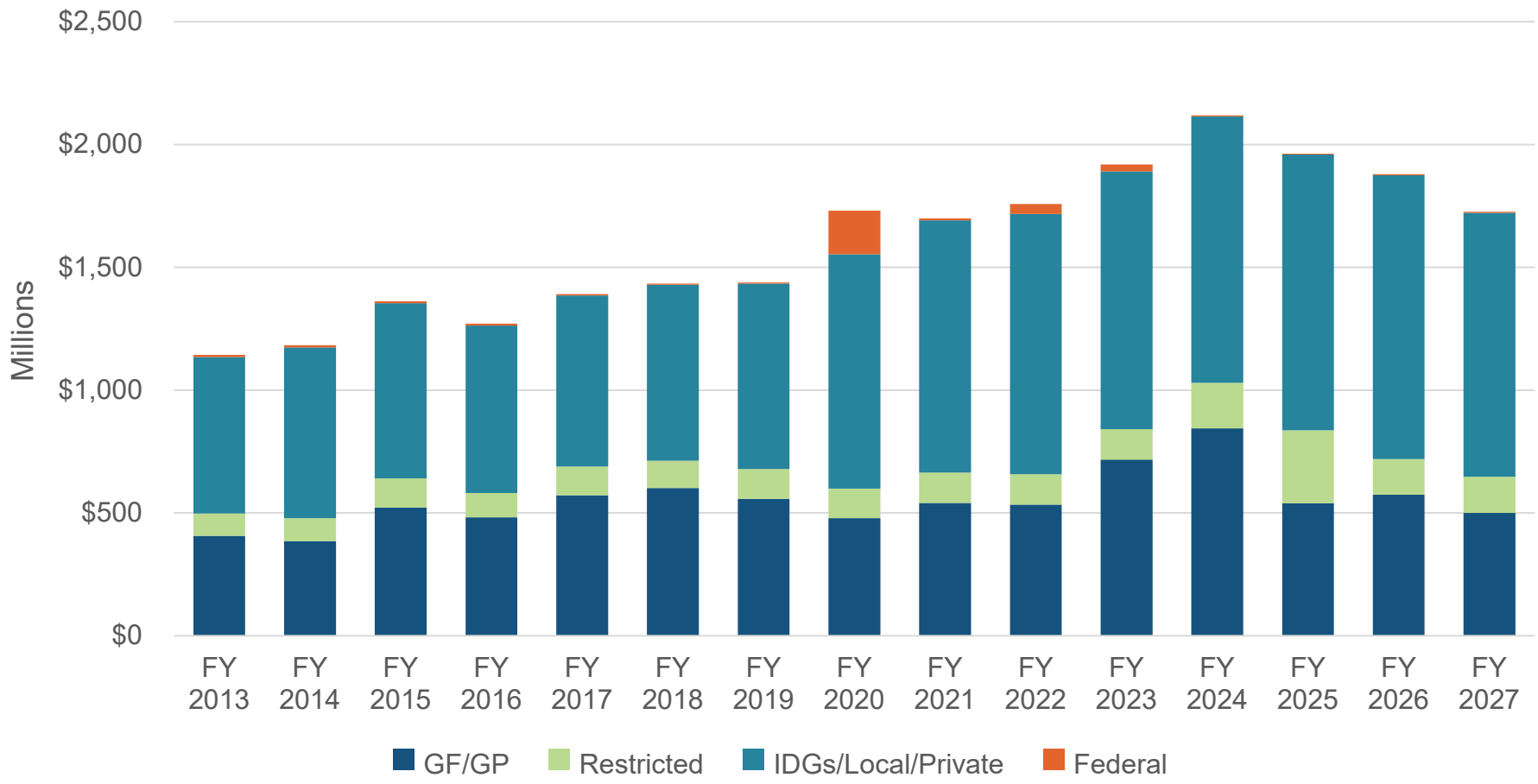
DTMB Share of Total GF/GP Budget

The DTMB Operations budget represents **2%** of the state's **$14.1 billion** GF/GP budget for FY 2026-27. SBA Rent (included with Treasury's Debt Service) is also appropriated under DTMB and totals **$235.0 million** in FY 2026-27.



DTMB Funding History

Funding for DTMB increased substantially in FY 2022-23 and FY 2023-24 driven mainly by increased IDG funding from DHHS and one-time appropriations for various purposes. The decrease in FY 2025-26 is mainly from removal of **$166.3 million** for the Make It in Michigan program and the decrease in FY 2026-27 is mainly from removal of **$100.0 million** in excess IDG authorization for IT.



Appropriation Areas

DTMB Appropriation Areas

Departmental Administration and Support: Statewide administrative services, executive direction, budget and financial management, building operations, motor vehicle fleet, and other operations.

Technology Services: Information technology services and support to state departments and agencies, IT investment projects, and cyber security.

Statewide Appropriations: Professional development for state employees as provided in collective bargaining agreements.

Special Programs: Various programs and offices, including Office of Retirement Services and Office of the Child Advocate.

SBA Rent: Rent payments for projects authorized by the State Building Authority.

Civil Service Commission: Autonomous agency charged with various responsibilities, including classification and compensation rates of positions, qualifications, and other rules related to civil service employment.

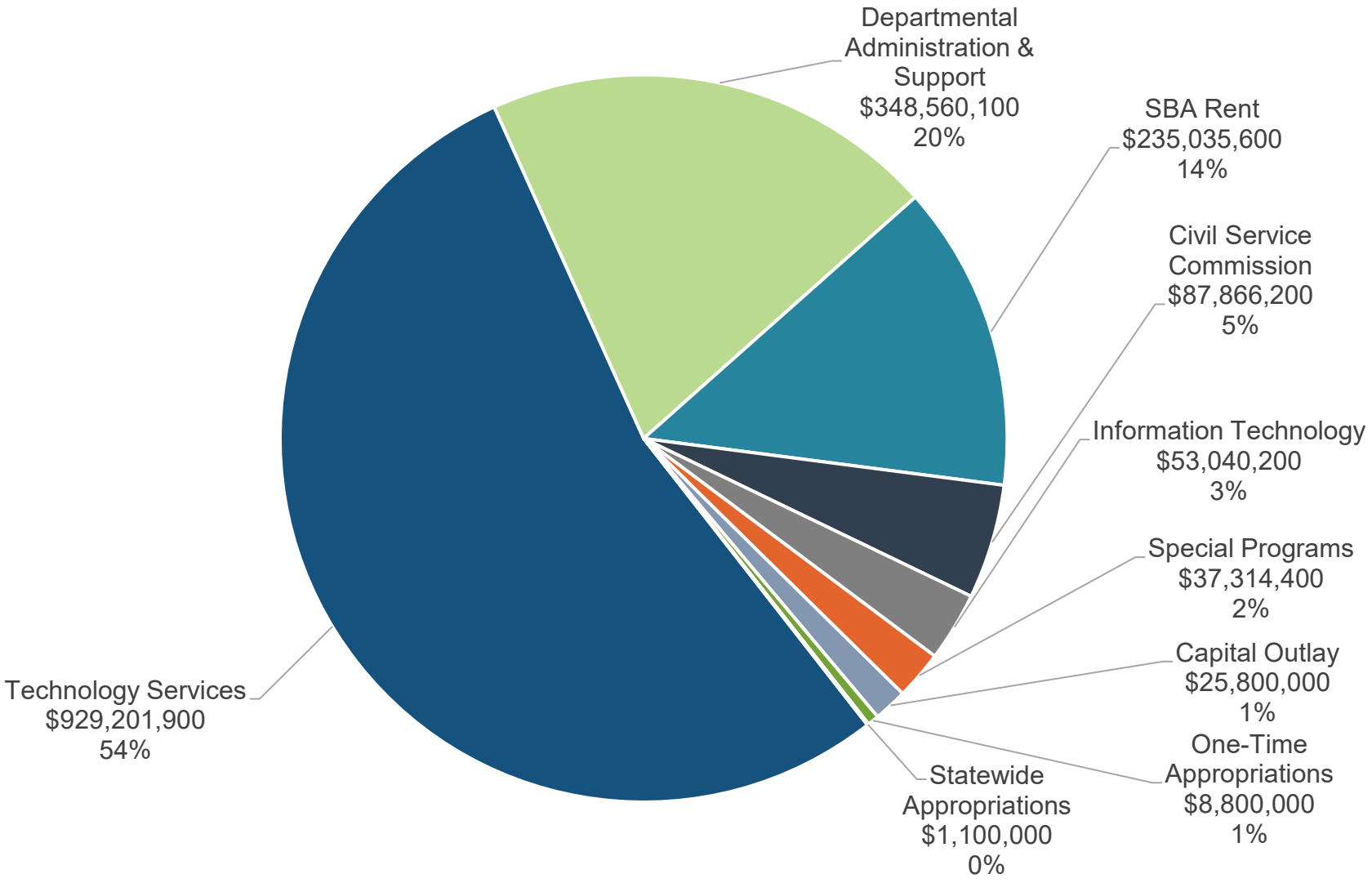
Capital Outlay: Supports renovation, remodeling, and special maintenance of facilities used by state departments and agencies.

Information Technology: IT-related services and projects including desktop services, hardware, software, and application development to support DTMB specific activities.

One-Time Appropriations: Includes **$8.3 million** GF/GP for litigation involving the governor and attorney general when acting in their official capacity and **$500,000** GF/GP for a pilot program to educate state of Michigan employees on federal student loan reduction.

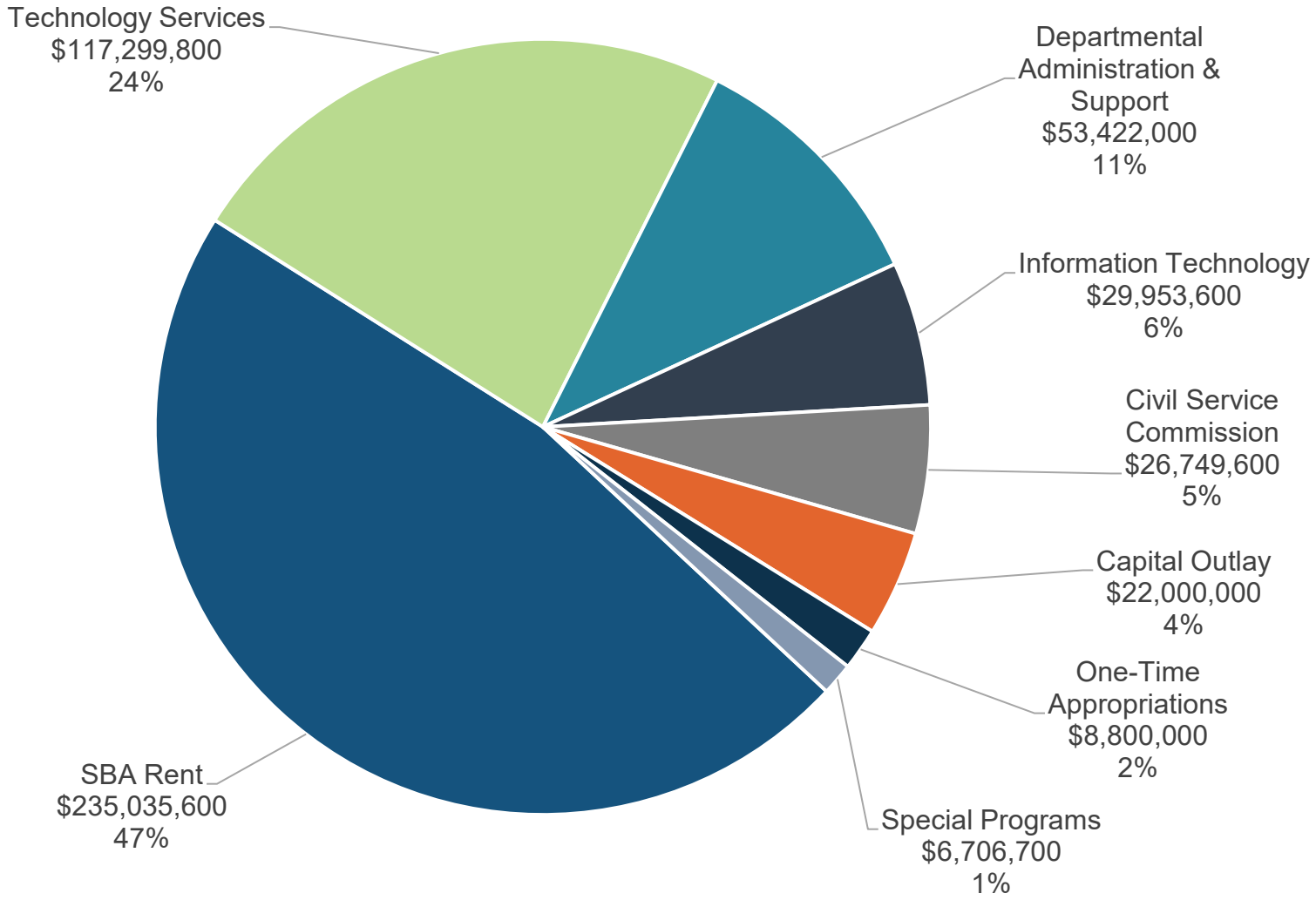
FY 2026-27 Gross Appropriations

Of DTMB's **$1.7 billion** budget, **54%** supports technology and IT services, the vast majority of which are funded through interdepartmental grants (IDGs).



FY 2026-27 GF/GP Appropriations

GF/GP funds (totaling **$500.0 million**) are concentrated in SBA rent payments and technology services with MPSCS (**$49.9 million**) and Information Technology Investment Fund (**$35.0 million**) comprising most of technology services.



Major Budget Topics

DTMB Appropriations: Department Services

Funds centralized operational services for DTMB, other state departments and agencies, colleges, universities, and other governmental units.

- **Administrative Services ($24.8 million):** Includes financial services which is responsible for accounting services, business analysis, billing, contract and lease management, accounts payable, revenue collection and control, and other services; supports state membership in national associations

- **Budget and Financial Management ($43.8 million):** Includes the State Budget Office, Office of Financial Management, SIGMA administration, Office of Performance and Transformation, and Center for Educational Performance and Information

- **Building Operation Services ($117.0 million):** Operation and maintenance of state buildings, equipment and grounds, space assignment and design, building-related security, utilities and parking

- **Business Support Services ($18.1 million):** Purchasing operations, State Administrative Board, real estate services, interdepartmental mail, state records center

- **Design and Construction Services ($10.0 million):** Project planning, architectural and engineering services, surveying, construction management, quality control for infrastructure improvements; serves state agencies, universities, and community colleges

DTMB Appropriations: Department Services

- **Executive Operations ($5.8 million):** Funds the director's office, unclassified employees benefits, legislative liaison, the office of Performance Management and Communications, and staff responsible for strategic planning and policies
- **Michigan Center for Data and Analytics ($7.0 million):** Formerly the Bureau of Labor Market Information and Strategies; provides labor market information and statistical analysis; economic and workforce data, research, analysis, and program measurement data services; established by Executive Order 2022-11
- **Motor Vehicle Fleet ($107.6 million):** Acquires and maintains the state's motor vehicle fleet; manages and regulates use of state vehicles
- **Office of the State Employer ($1.9 million):** Labor contract negotiations, labor relations, statewide disability management, worker's compensation
- **Property Management ($9.0 million):** Pays for DTMB-occupied space in private and state-owned buildings
- **State Archives ($2.3 million):** Transferred to DTMB in FY 2024-25 from the Department of Natural Resources; responsible for preserving the records of Michigan government and other public institutions

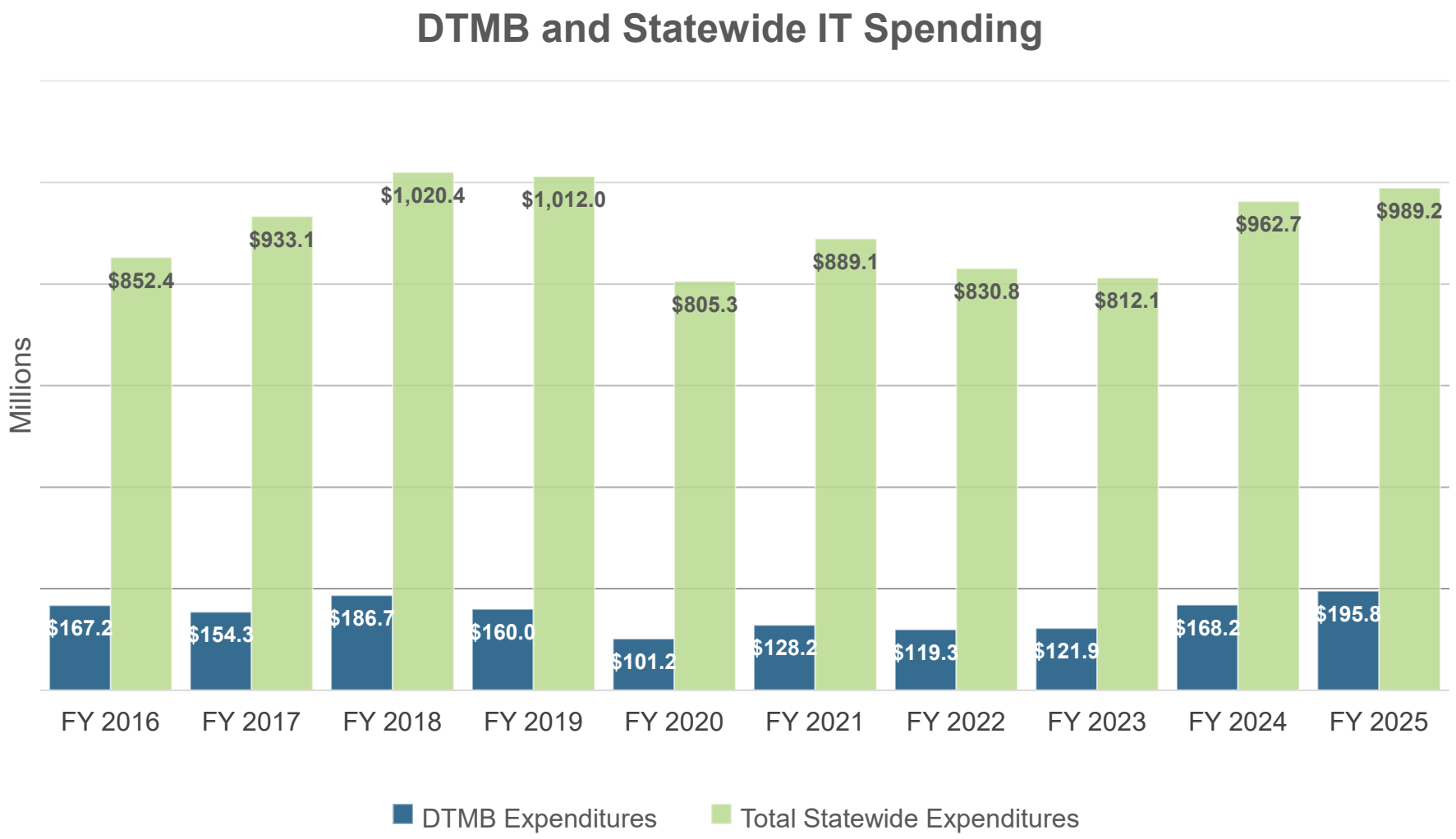
Information Technology (IT) Appropriations

The state government's IT services are almost entirely centralized within DTMB. IT appropriations within DTMB are grouped into the following categories:

- IT Services to State Agencies
  - Funded entirely with IDG revenue
  - Each department requests spending authority to fund IT-related activities and pays for services through IDGs
  - Support and management for desktop computers, laptops, state mainframes, servers, local area networks, application development and maintenance, software, and software licensing, telecommunications services, security, infrastructure, and support and IT contracting and project management
- IDG authorization was reduced by $100.0 million in the FY 2026-27 budget to align authorization with spending

Information Technology Spending

IT spending increased in FY 2023-24 to support additional large IT system modernization projects across multiple departments.



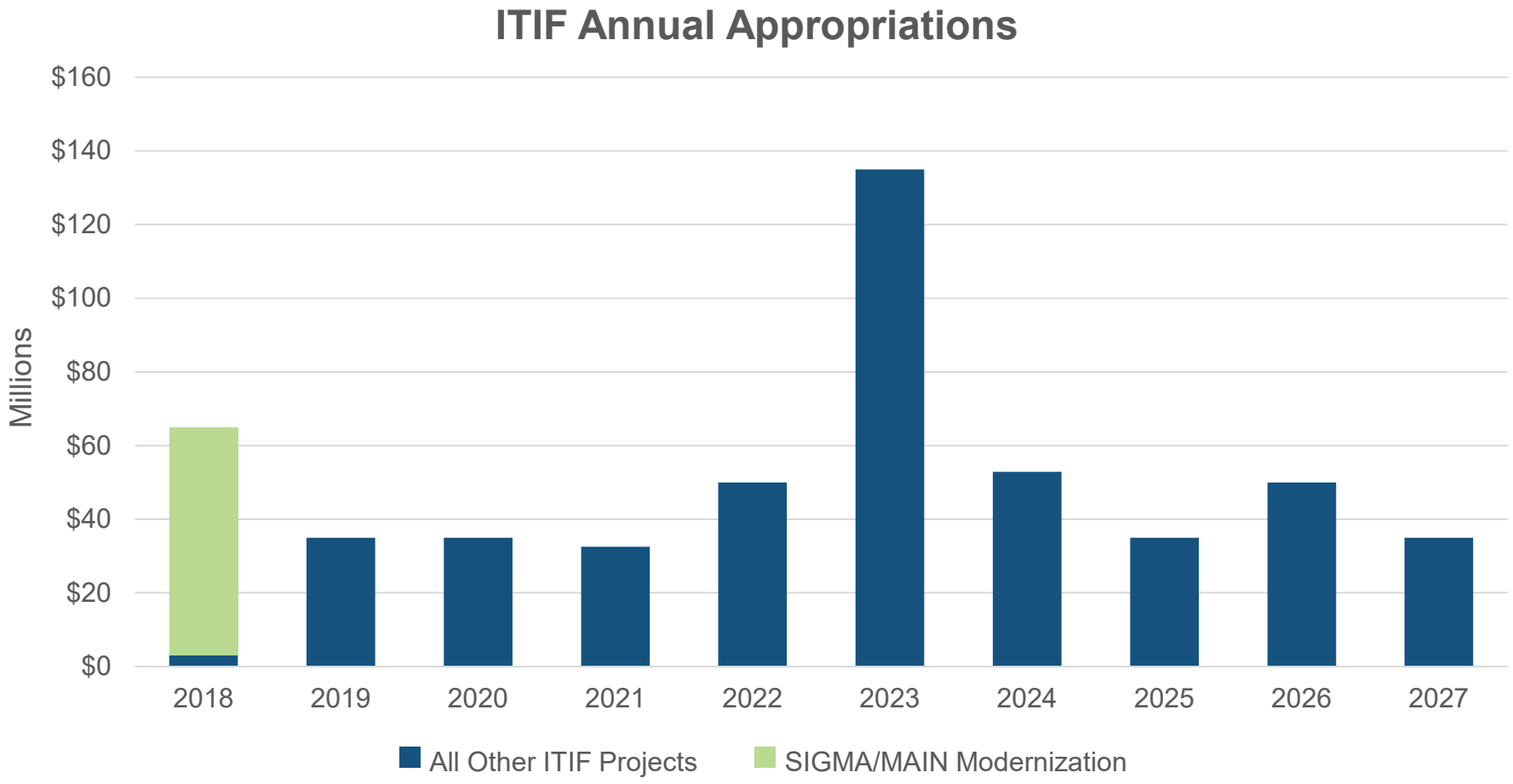
Information Technology Investment Fund (ITIF)

Information Technology Investment Fund (ITIF) is appropriated **$35.0 million** in FY 2026-27

- Created in 2013 to address the need to modernize state agencies' many aging information systems
- Funded through annual GF/GP appropriations of $35.0 million as an ongoing line item, and varying one-time appropriations. No one-time appropriation was included for FY 2026-27
- Consists of a portfolio of approximately 20 or more active projects overseen by its own governing board. Demand for modernization projects not expected to decrease in coming years
- Regularly updated ITIF reporting is available online
- Appropriations are authorized annually as work project accounts to support multi-year projects
  - The FY 2024-25 appropriation was denied as a work project but provided $26.7 million as a FY 2025-26 supplemental appropriation

Information Technology Investment Fund (ITIF)

The ongoing appropriation for ITIF is $35.0 million GF/GP. The fund receives varying additional one-time appropriations. Funding returned to typical levels after **$75.0 million** was dedicated in FY 2022-23 for replacing the unemployment insurance IT system, Michigan Integrated Data Automated System (MiDAS).



DTMB Appropriations: Special Programs

Funds various offices and programs.

- **Property Management Executive ($1.6 million):** Space occupied by the Executive Office in the Romney Building in Lansing and Cadillac Place in Detroit
- **Office of Retirement Services ($30.7 million):** Administers deferred compensation and retirement systems for state employees, public school employees, judges, state police, and the military
- **Capital City Services ($1.0 million):** Grant to the City of Lansing to maintain or improve local roads, sidewalks, public utility infrastructure, emergency response, traffic management, or other public safety services that support the state capitol and adjacent state facilities
- **Office of the Child Advocate ($4.1 million):** Formerly Office of the Children's Ombudsman, an autonomous state agency that monitors and investigates child welfare actions and policies of the Department of Health and Human Services (DHHS) and child placement agencies; recommends policy and statute changes to the legislature, governor, and DHHS

Civil Service Commission

- The Civil Service Commission, is a bipartisan, four-member body, appointed by the governor to serve 8-year, staggered terms. It is appropriated **$87.9 million** in FY 2026-27.
- Funding is guaranteed by the State Constitution, Article XI, Section 5:

  > "To enable the commission to exercise its powers, the legislature shall appropriate to the commission for the ensuing fiscal year a sum not less than one percent of the aggregate payroll of the classified service for the preceding fiscal year, as certified by the commission."

- Executive Order 2007-30 transferred all Department of Civil Service functions to DTMB and transferred all human resources functions from state agencies to the commission within DTMB.
- The state personnel director is a classified position selected by the Civil Service Commission to serve as the principal executive officer for the commission.
- Responsibilities include:
  - Classification of civil service positions according to duties & responsibilities
  - Administration of employee benefit programs
  - Providing human resources services for all state departments
  - Setting rules and regulations covering all personnel transactions.

State Building Authority Rent Payments

- Funds rent payments to the State Building Authority (SBA) for SBA-financed construction projects for state agencies, universities, and community colleges. Funding, totaling **$235.0 million** in FY 2026-27, is allocated for the following three project categories:
  - Community Colleges - **$38.1 million**
  - State Agencies - **$54.8 million**
  - Universities - **$142.2 million**
- The SBA is authorized to issue and sell bonds and notes for acquisition and construction of facilities and equipment in an aggregate principal amount outstanding not to exceed **$2.7 billion**. Not included in that limitation are bonds allocated for debt service reserves, bond issue expenses, bond discounts, bond insurance premiums, or certain refunding bonds
- Executive Order 2013-8 transferred administration of the SBA to Treasury, however, funding for rent payments remains within DTMB
- The FY 2026-27 budget did not include an executive recommended increase of **$14.1 million** for new projects with planning authorization but without legislative construction authorization and also reduced **$26.7 million** to reflect savings from cancelled building leases

For more information about the DTMB budget:

HFA Resources

http://www.house.mi.gov/hfa/GeneralGovernment.asp

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