



DEPARTMENT OF ATTORNEY GENERAL

Michigan Department of Attorney General



Fiscal Year 2022 Budget Presentation

Michigan House of Representatives
March 16, 2021

Departmental Overview



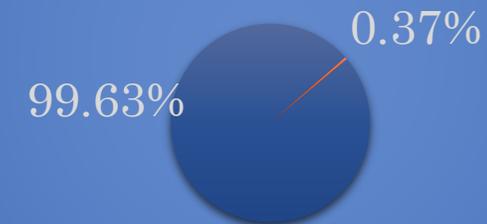
- The Attorney General is a constitutional officer, the chief law enforcement officer of the state, and head of the Department of Attorney General, a department within the executive branch of state government. The Attorney General's duties are derived from common law, prescribed by statute, court decisions, and tradition.
- The Attorney General is the lawyer for the State of Michigan, the Governor, and the People. When public legal matters arise, she renders opinions on matters of law and provides legal counsel for each officer, department, board, and commission of state government. She provides legal representation in court actions and assists in the conduct of official hearings held by state agencies.
- The Attorney General may intervene in any lawsuit, criminal or civil, in the interest of the People of the State of Michigan. She advises and supervises prosecuting attorneys throughout the state. The Attorney General also possesses certain investigative powers, including the power to investigate allegations of election fraud and complaints for the removal of public officials. She may also request grand jury investigations of crime in the state. By virtue of her office, the Attorney General is a member of various state boards and commissions.
- The Department is organized into four bureaus that oversee twenty-three divisions. Each division represents certain state agencies, boards, or commissions or practices in specialized legal areas. As of January 1, 2020 the divisions maintain a litigation case load of approximately 21,600 cases and we anticipate an annualized active case load exceeding 41,000 cases for the coming year.
- To assist in the myriad functions of the Department, the Attorney General employs a staff of assistant attorneys general who must be members of the State Bar of Michigan and who are appointed under Michigan Civil Service Rules. In addition, the Attorney General employs secretaries, investigators, clerical personnel, and paralegals to assist in carrying out the mandate of the office. All the legal work performed by the assistant attorneys general, including drafting of opinions and legal documents and representation of client agencies, is done in the name of the Attorney General and with her approval, or the approval of her designee.

Budgetary Impact



- The Department of Attorney General operates on approximately 1/3 of 1% of the total State General Fund budget
- 87% of the department budget are personnel costs
- Private sector attorneys charge between 4 and 5 times the rate of an Assistant Attorney General
- **The Department of Attorney General has saved the state \$23.5 billion through defending lawsuits.**

Attorney General GF Expenditure % of Total State GF Expenditures



Positive Budgetary Impact



- The Department's operational appropriations for FY 2020 was \$99,490,400
 - The Department won almost \$400 million in awards payable to the State and Citizens
 - The Department has averaged over \$390 million per year in awards payable to the State and Citizens during the past four fiscal years.
 - The Department has brought into the State an average of more than \$4 for each dollar appropriated to it every year during the past four fiscal years.

Line Item Appropriations

Governor's Recommendation FY 2022



Line Item	Amount	Funding Source	Use
1) Attorney General Operations			
Attorney General	\$112,500	GF/GP	Funding for the Attorney General's salary
Unclassified Positions	\$853,400	GF/GP	Funding for five Executive positions.
Operations	\$96,025,900	\$33,973,000 - GF/GP \$35,083,600 - IDG \$19,971,200 - Restricted \$6,998,100 - Federal	All staff salaries, benefits, contractual services, supplies, materials, expert witnesses, travel, rent, worker's compensation, equipment, and other operation costs.
Child Support Enforcement	\$3,660,600	\$911,500 - GF/GP \$2,749,100 - Federal	Provides funding for the Attorney General's Child Support Division, which includes salaries, benefits, contractual services, supplies, materials, travel, rent, equipment, and other operation costs.
Information Technology Services and Projects	\$1,622,700	GF/GP	Provides funding for Department of Technology , Management and Budget related services.
Public Safety Initiative	\$888,600	GF/GP	Provides funding for special assistant attorneys general and one support staff to prosecute crimes within distressed cities.
Sexual Assault Law Enforcement	\$1,457,500	GF/GP	Provides funding for the Attorney General's sexual assault enforcement activities, which includes salaries and benefits for 5 FTEs, contractual services, supplies, materials, travel, equipment, and other operation costs.

Line Item Appropriations

Governor's Recommendation FY 2022



Line Item	Amount	Funding Source	Use
2) Prosecuting Attorney Coordinating Council (PACC)*	\$2,217,600	\$1,676,800 - GF/GP \$419,600 - Restricted \$121,200 - Federal	Provides funding for the Prosecuting Attorneys Coordinating Council, which includes salaries, benefits, contractual services, supplies, materials, travel, rent, equipment, and other operation costs. Provides funding for scholarships for tuition, travel, and state prosecutors training.
3) One-time Appropriations	\$500,000	GF/GP	Address Confidentiality Program one-time funding for an online system for survivors of crime to utilize to keep their personal information secure.

*Appropriated separately – Type I Agency.

FY 2022 Cost Projections



FY 2022 Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$88,900,000	87%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$5,400,000	5%
Rent	\$ 3,700,000	4%
Information Technology	\$2,500,000	3%
Travel	\$800,000	1%
Equipment	\$400,000	Less than 1%

FY 2021 Cost Projections



FY 2021 Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$87,700,000	87%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$6,500,000	6%
Rent	\$ 3,700,000	4%
Information Technology	\$1,800,000	2%
Travel	\$800,000	1%
Equipment	\$400,000	Less than 1%

Top Initiatives



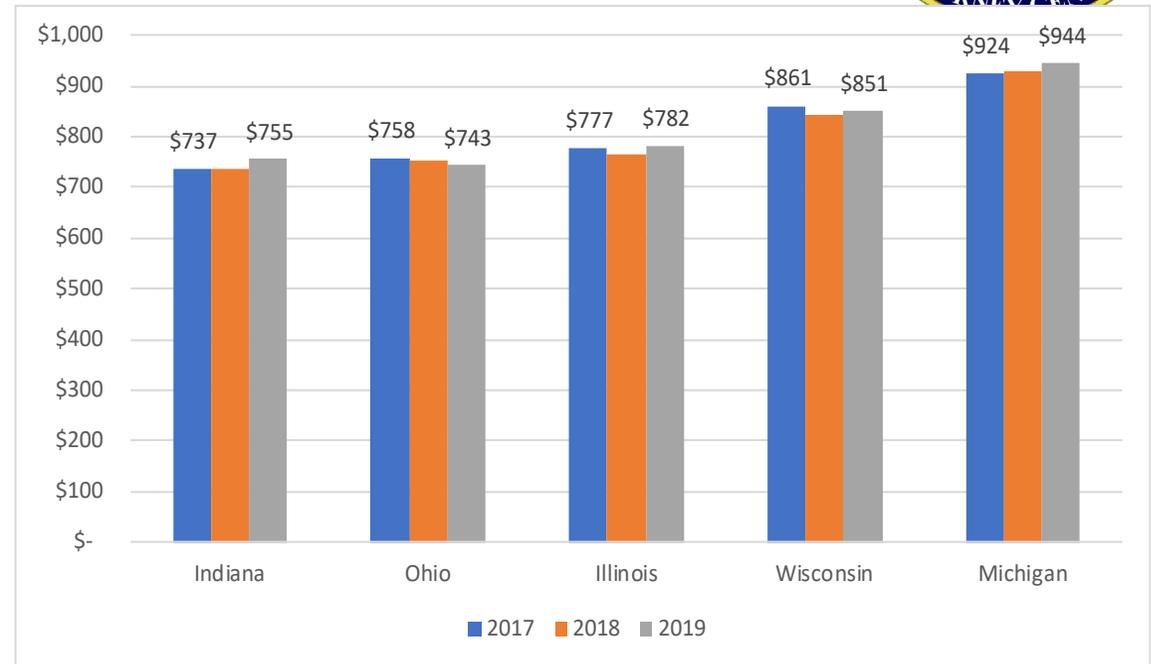
- Clergy Abuse Investigation
- Flint Water Investigation
- Sexual Assault Prosecution
- Consumer Protection
- Human Trafficking
- Child Support Enforcement
- Reducing Utility Rate Increases
- Elder Abuse Task Force
- PFAS Accountability
- Auto Insurance Fraud Unit
- Conviction Integrity Unit
- Opioid Enforcement
- Public Integrity Unit
- Robocall Enforcement

Reducing Utility Rate Increases



- In 2019, the utility ratepayer advocate division saved **residential and business customers** \$473,602,342
- In 2020, the utility ratepayer advocate division saved customers \$606,682,000
 - For every \$1 invested, the department has returned roughly \$540 in ratepayer savings using less than half the staff of the average consumer advocate office around the country
- **Over \$1 billion in ratepayer savings since taking office**
- The office has nearly doubled the number of files in 2020 versus 2019 with no additional attorneys or cost
- Department works closely with other advocates across the state and the country to help reduce carbon emissions and increase renewables while maintaining a focus on affordability

Comparison of Average Annual Electric Residential Bill by State in East North Central Region (500 kWh per month)



Source: DOE-EIA

Although the AG has been successful in saving over \$1 billion since taking office, the changes imposed by legislation about cost-based rates has shifted more costs to residential customers as well as the increased pace of infrastructure replacement.

Michigan, however, still has the 15th lowest residential electric bill in the nation – The SaveOnEnergy.com Electricity Report: Who paid the most, least? January 5, 2021

Robocall Enforcement



- Robocall Enforcement initiative was launched in November 2019 to focus on Federal, state, and industry cooperation, consumer education, increased enforcement, and statutory updates and we have become a national leader in this area.
- The Department website includes a page dedicated to robocalls, including background on how robocalls work, consumer education relating to robocall scams, and ways for consumers to protect themselves and report robocalls.
- Our Department has been at the forefront of helping to develop and formalize investigative protocols and industry coordination with law enforcement agencies. Our Department also regularly advises other AG offices on robocall matters.
- Cooperation with the FTC, FCC, and state AG offices have led to two major investigations and subsequent lawsuits filed against a Texas robocall operation in 2020 and a Michigan robocall and fraudulent charitable solicitations operation in 2021.
- As of January 2021, our Department has received more than 6,061 robocall complaints since the 2019 launch. These complaints have resulted in the opening of a number of investigations and actions. As a result, our Department was the first AG office to shut down a carrier and the first to settle with another carrier by modifying its business practices to mitigate robocalls.
- Associated Community Services (ACS) Settlement – Madison Heights based group that made more than 2.2 million unique calls to Michigan residents attempting soliciting donations to charities that failed to provide services.
 - This case was recently settled for over \$110 million and an agreement that ACS cease operations and dissolve, as well as multiple members of the organization being prohibited from any fundraising or charitable consulting work with any nonprofit that works on certain causes.

Human Trafficking



- Department's Human Trafficking Unit was established in 2011
- Just since 2019, in a total of 23 presentations to over 2,500 people, the Human Trafficking Unit provided training to approximately 200 Law Enforcement professionals, 300 legal professionals, 800 medical professionals, 800 various other professionals, and about 400 members of the general public.
- We've have arrested 31 individuals on human trafficking charges, secured 24 convictions, with cases against other defendants currently pending.
- The Legislature created the standing Michigan Human Trafficking Commission within the Department of Attorney General, whose members are appointed by the Governor to represent various groups and public officials.
 - In 2019, the commission recommended a new package of roughly 30 human trafficking bills aimed at expanding training requirements for certain professionals, strengthening tools to hold traffickers accountable, expanding protections for victims of trafficking, and revising the criminal justice system's approach to commercial sexual activity, otherwise known as prostitution.
- Most recently, the Department used human trafficking statutes to charge John Geddert (former USA gymnastics coach) with 24 criminal charges including 20 counts of human trafficking.

Opioid Enforcement



- In February of 2021, Attorney General Nessel announced a national settlement with the consulting firm, McKinsey, for \$573 million dollars (\$19.5 million of which came to MI). The settlement resolved allegations against McKinsey involving the company's role in assisting the drug maker, Purdue Pharma, in promoting excessive quantities of Oxycontin into Michigan and other states.
- In December 2019, Michigan became the first state in the country to bring suit against major opioid distributors as drug dealers when Attorney General Nessel filed a lawsuit against Cardinal Health Inc., McKesson Corporation, AmerisourceBergen Drug Corporation, and Walgreens in Wayne County Circuit Court. In the fall of 2020, the case survived an attempt by the defendants to dismiss it entirely and it remains in litigation.
- Michigan has continued to participate in a Committee representing governmental claimants in the Purdue Pharma bankruptcy and settlement discussions, seeking a solution that will make sure Purdue Pharma and the Sackler family are held accountable for their actions that created and nurtured our nation's opioid crisis
- An agreement in principle with major opioid distributors has been announced that involves **\$26 billion dollars**. The terms of that agreement are still being negotiated and Michigan has a seat at the table for those ongoing negotiations.

Consumer Protection



- The Department's Consumer Protection Divisions enforce more than 35 state statutes that protect consumers and charities
- Direct consumer and state recoveries totaled over **\$3.6 million** in 2020
- Alert consumers to scams, deceptive business practices, privacy threats, and emerging identity theft schemes. Over 130 consumer alerts on the AG website that staff monitor and update.
- Registers or licenses over 8,800 charities on a yearly basis and professional fundraisers that solicit from the public on a yearly basis. Investigates and enforces charitable trust laws against charities, professional fundraisers, and charitable trustees.
- Handles statewide consumer protection and antitrust enforcement efforts and investigations
- Leads and participates in multistate cases and investigations nationwide.
- In 2021, the Department rolled out an Identity Theft Support Unit that helps provide Michigan identity theft victims with resources and guidance in determining ways to minimize damage caused by identity theft. The unit was created with existing resources at no additional cost to taxpayers.

Sexual Assault Kit Initiative



- The Michigan Legislature appropriated 1.47 million dollars in 2021 for the investigation and prosecution of cases arising from previously untested sexual assault kits.
- These funds allowed cases to be revisited to determine if they could be prosecuted after having been tested in a lab for forensic evidence, in some cases many years after a sexual assault.
- The AG's office manages the funding of Special Assistant Attorney Generals in each of the Projects but leaves direct supervision of the Projects to the local, elected prosecutor of the county.
- The Project oversees investigation, victim services, and prosecution for cases that arise from the previously untested Sexual Assault Kits. The Department has MOUs with Calhoun, Washtenaw, Wayne, Kalamazoo, Ingham, and Jackson Counties:
 - Kalamazoo County 219 cases with 39 active investigations, 8 cases pending in court and 10 convictions
 - Calhoun County 240 cases with 164 closed, 1 case pending in court and 6 convictions
 - Ingham County 126 investigations, 2 cases pending in court
 - Jackson County 67 investigations underway, 1 case pending in court
 - Washtenaw County Review of cases underway
 - Wayne County Funds approved, awaiting hiring to add to task force with 222 convictions and over 800 serial offenders identified

Clergy Abuse Investigation



- Investigation launched in August of 2018 in partnership with the Michigan State Police
 - 1.5 million documents and 3.5 million digital documents recovered
- A hotline for victims, family members of victims, and members of the general public is staffed by a full-time victim advocate to provide immediate referrals for those in need. To date, the Department has received over 800 calls, letters and emails.
- The investigation has yielded the following results:
 - 112 police investigations
 - Identified **454** abusive clergy members
 - Identified **811** victims of abuse
 - 242 cases reviewed for criminal prosecution
 - 9 charged defendants with 2 criminal convictions
 - 32 volunteers have worked many hours of unpaid time
- Over 200,000 paper documents and 1.3 million electronic documents remain to be reviewed

Elder Abuse Task Force



- The Elder Abuse Task Force has been jointly launched with the Attorney General, Michigan Supreme Court, and more than 50 agencies that provide services that affect vulnerable adults and senior citizens.
 - Sen. Paul Wojno, Rep. Graham Filler, and Rep. Kyra Bolden represent the Republican and Democratic Caucuses in the Senate and House of Representatives.
 - Created to implement systemic changes that were recommended by the 1998 Supreme Court Task Force and the 2007 Governor's Task Force, to assess current shortfalls and problems in the system and address them.
- An Elder Abuse Unit has been created in the Financial Crimes Division to investigate and prosecute financial exploitation cases. Four prosecutors and three investigators have been allocated to this unit.
- Statewide Elder Abuse investigation form has been rolled out in conjunction with law enforcement agencies in order to streamline reporting and increase accountability and transparency.
- Online trainings have been developed and are currently in use statewide for stakeholders and the public to educate themselves on the issues surrounding elder abuse and how they can take an active role in pushing back.
- The Financial Exploitation Prevention Act requires financial institutions to report vulnerable adult financial exploitation to law enforcement or adult protective services.
- Just this month, 2 significant cases have concluded that resulted in guilty pleas from defendants and over \$200,000 in restitution paid to victims.

PFAS Accountability



- The Attorney General filed a lawsuit in January 2020 against 17 PFAS manufacturers, distributors, and users, and is working with Special Assistant Attorneys General (SAAGs) retained because of their expertise in bringing claims against manufacturers of harmful products. The Attorney General and the SAAGs are pressing that lawsuit forward on behalf of the many state agencies impacted by PFAS. The State's case survived multiple motions to dismiss and the parties are currently proceeding with discovery.
- In August 2020, the Attorney General, with the SAAG team, filed two more lawsuits seeking damages, past costs, and remediation for PFAS contamination from manufacturers of PFAS-containing firefighting foam known as AFFF (aqueous film-forming foam). One case seeks damages for impacts from commercial AFFF, and the other for impacts from Mil-Spec foam. All of these cases remain pending in court. The Attorney General continues to explore additional litigation to recover State damages and injuries related to PFAS
- The 2020 settlement of the State's lawsuit against Wolverine Worldwide Inc. (brought by the Attorney General on behalf of EGLE) continues to be implemented. The settlement includes \$69.5 million to extend municipal water to over 1,000 properties, and 230 are already connected, with construction for remaining lines ongoing. The settlement also requires Wolverine to maintain and replace water filters; to continue sampling residential wells and monitoring groundwater in the area; to investigate impacts to surface waters; and to undertake response activities at source areas.

Child Support Enforcement



- Child Support Division was created in 2003 to combat the problem of unpaid child support
- The mission of the Child Support Division is to enforce child support orders by prosecuting those individuals who have a history of non-payment and have significant arrearages of at least \$5,000
- Investigators in the Attorney General's Child Support Division identify parents who can pay support to their children but refuse to do so.
- In Fiscal Year 2020 over **\$24 million dollars** were collected for child support.
- Complaints can be filed online by visiting www.michigan.gov/ag or by calling the Financial Crimes Division at 517-335-7560. *Please refer your constituents in need of help to our office.*

Other Specialized Units



- Auto Insurance Fraud Unit started in 2019 investigates and prosecutes criminal acts relating to the submission of fraudulent motor vehicle insurance claims.
- Hate Crimes & Domestic Terrorism unit investigates and prosecutes hate crimes and act of domestic terrorism by following up on tips and providing departmental resources to local and federal law enforcement partners.
- Public Integrity Unit was formed in the Criminal Division in 2011 and prosecutes those that breach the public trust or steal taxpayer dollars. The Public Integrity Unit has been expanded to include in-custody deaths and police-involved shootings referred to us by local prosecutors, local law enforcement agencies or the Michigan State Police.
- Payroll Fraud Enforcement Unit seeks to ensure that employers pay workers their full wages and benefits they are entitled to.
- The Conviction Integrity Unit reviews eligible claims of actual innocence submitted by claimants arising from state-law convictions in all of Michigan's counties other than Wayne County, which has its own Conviction Integrity Unit.

New Expungement Program



- Under PAs 187 to 193, the number and types of convictions that will qualify for expungement was greatly expanded.
- This law will take effect on April 11, 2021.
- Under the new law, estimates of the number of people who may be eligible for expungement range from hundreds of thousands to as many as 1 million Michiganders.
- For comparison, in 2019 and 2020, a total over 5,000 expungement applications were filed.
- The Department is taking a lead role in helping to implement this new legislation.

COVID-19 Impact on DAG Operations



- Prior to COVID-19, the Department of Attorney General had no telecommuting program; all employees worked onsite.
- In a short time, through strategic shifts within the Department and the securing of technology such as VPNs, the Department shifted about 90% of its staff to working from home.
- To ensure consistency & accountability, our Department established procedures that kept managers in constant contact with employees and implemented tools such as staff worklogs to track work performance each day.
- Where the Department saw reduced demand in certain sectors, others quickly saw pandemic-related spikes. To address these issues, staff who saw reduced workloads were shifted to areas with increased traffic. This was specifically necessary to help our Consumer Protection Division, which saw a significant spike especially in complaints related to price gouging stemming from the pandemic.
- DAG staff worked additional hours on nights & weekends in order to provide assistance to Michigan citizens outside of our normal business hours and to relieve staff who were overly-taxed due to the Department's 24/7 on-call status throughout the public health emergency.

COVID-19 Impact on DAG Operations

- COVID-19 significantly increased complaints related to various consumer protection concerns. The two most significant of which were price gouging and robo-calls.
- In 2020, our Consumer Protection section **received nearly 3 times** as many complaints when compared to 2019.
- In 2019, the Consumer Protection received about 19,000 calls from citizens (~80 calls/day). In 2020, Consumer Protection received about 31,500 calls (~120 calls/day) **reflecting about a 65% increase.**

Year	Total Complaints
2019	8,672
2020	27,357

215% increase from prior year

Year	Total Citizen Calls
2019	19,000
2020	31,500

65% increase from prior year



Questions?

