



DEPARTMENT OF ATTORNEY GENERAL

Michigan Department of Attorney General



Fiscal Year 2021 Budget Presentation

Michigan House of Representatives
March 3, 2020

Departmental Overview

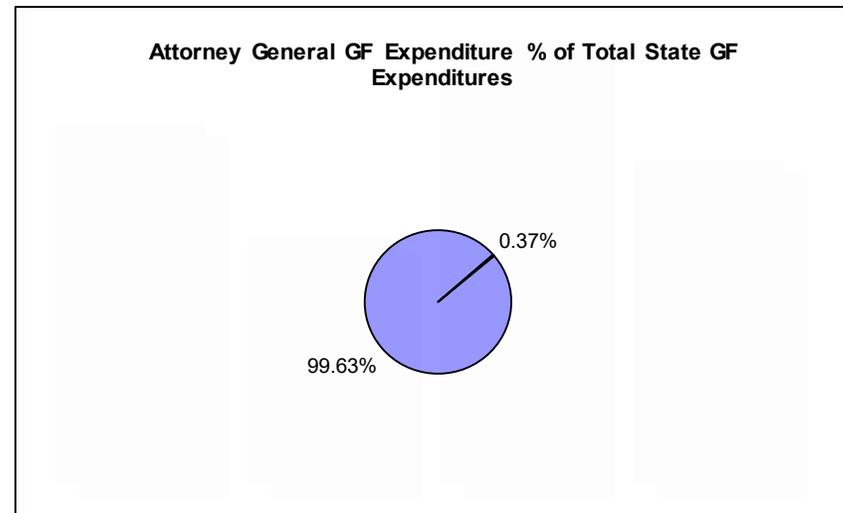


- The Attorney General is a constitutional officer, the chief law enforcement officer of the state, and head of the Department of Attorney General, a department within the executive branch of state government. The Attorney General's duties are derived from common law, prescribed by statute, court decisions, 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
- 86% of the department budget are personnel costs
- Private sector attorneys charge between 4 and 5 times the rate of an Assistant Attorney General



Positive Budgetary Impact



- The Department's operational appropriations for FY 2019 was \$98,670,700
 - The Department won \$400,135,869 in awards payable to the State and Citizens
- The Department has averaged over \$380,000,000 per year in awards payable to the State and Citizens during the past four fiscal years.
- The Department has averaged more than \$4 per year for every dollar appropriated during the past four fiscal years.

Top Initiatives



- MSU Investigation
- 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

MSU Investigation



- The department brought charges against Larry Nassar who pleaded guilty to 10 total counts of Criminal Sexual Conduct. Nassar was sentenced to 40-175 years in Ingham County and 40-125 years in Eaton County.
- In January 2018, the department opened an investigation into systemic issues of sexual misconduct at Michigan State University at the request of the University's Board of Trustees.
 - Partnered with the Michigan State Police to build an investigatory team of more than 30 people
 - Contacted almost 550 people, interviewing over 280 survivors and 105 current and former employees of the University
 - Reviewed approximately 105,000 documents produced by MSU consisting of almost 500,000 pages
- Criminal charges we filed by the department against three individuals from the University:
 - Former gymnastics coach Kathie Klages
 - Former Dean of the College of Osteopathic Medicine William Strampel
 - Former President Lou Anna K. Simon
- William Strampel was convicted of one count of felony misconduct in office and two misdemeanor charges of willful neglect of duty and was sentenced to one year in jail. Kathie Klages was convicted of felony and misdemeanor charges of lying to police and will be sentenced in April. Lou Anna K. Simon's case is currently pending in Eaton County Circuit Court.

Clergy Abuse Investigation



- Investigation launched in August of 2018
 - 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 650 calls, letters and emails. The Attorney General's investigation is being conducted in partnership with the Michigan State Police.
- The investigation has yielded the following results:
 - 75 police investigations
 - Identified 270 abusive clergy members
 - Identified 552 victims of abuse
 - 131 cases reviewed for criminal prosecution
 - 9 charged criminal prosecutions with 2 convictions
 - 32 volunteers have worked over 1,000 hours of unpaid time
- Over 1 million paper documents and 3.4 million digital documents remain to be reviewed

Flint Water Investigation



- The Attorney General has dual responsibilities to represent the people of Michigan and defend the State of Michigan
 - 112 active lawsuits filed against the State of Michigan are being defended by the Department of Attorney General
 - State defense funding of \$3,000,000 has been designated as a work project
- Almost all private attorneys and investigators have been replaced by Attorney General staff employees and supervised SAAGs to control costs and improve efficiency
- Subsequent investigation discovered that numerous deaths had not been investigated and almost 19 million documents remain unreviewed and not turned over to defense counsel
- Investigation is in its final stages and continues to be exhaustive and thorough
- Cumulative cost is approximately \$14,500,000 through Fiscal Year 2020

Sexual Assault Prosecution



- Sexual Assault, Domestic Violence, and Stalking Unit was created within the Criminal Division in March 2012
- The driving philosophy is to operate in a victim-centered, offender-focused, trauma-informed manner, focusing on how best we can serve our victims to promote healing and bring justice, even if they come years or decades later.
- The unit provides technical assistance to prosecutor offices and law enforcement agencies including assistance on sexual assault and domestic violence cases including intimate partner homicides both during the investigation phase and while the case is in the court system.
- Oversees testing, investigation, victim services, and prosecution for previously untested Sexual Assault Kits. The Department has MOUs with Calhoun, Washtenaw, Wayne, Kalamazoo, Ingham, and Jackson Counties.
 - Kalamazoo County 212 investigations, 16 warrants charged and 6 convictions
 - Calhoun County 210 investigations, 8 warrants charged and 6 convictions
 - Ingham County 126 investigations, 2 warrants charged and 1 conviction
 - Jackson County 67 investigations underway
 - Washtenaw County Funds approved, position posted
 - Wayne County Funds approved, waiting for commission approval

Consumer Protection



- Consumer Protection Division enforces more than 35 state statutes that protect consumers and charities
- Once finalized, Michigan Identity Theft Support (MITS) unit will educate consumers on technology-based matters
- Direct consumer and state recoveries totaled over \$19,000,000 in 2019
- Received and replied to almost 10,000 written consumer complaints and inquiries in 2019
- Alert consumers to scams, deceptive business practices, privacy threats, and emerging identity theft schemes. Over 100 consumer alerts on the AG website that staff monitor and update.
- Registers or licenses over 8,300 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

Human Trafficking



- Human Trafficking Unit was established in 2011
- Just in 2019, in a total of 19 presentations to over 2000 people, the Human Trafficking Unit provided training to approximately 150 Law Enforcement professionals, 200 legal professionals, 700 medical professionals, 800 various other professionals, and about 200 members of the general public.
- To date, has arrested 28 individuals on human trafficking charges, secured 26 convictions, with cases against other defendants currently pending.
- 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.

Child Support Enforcement



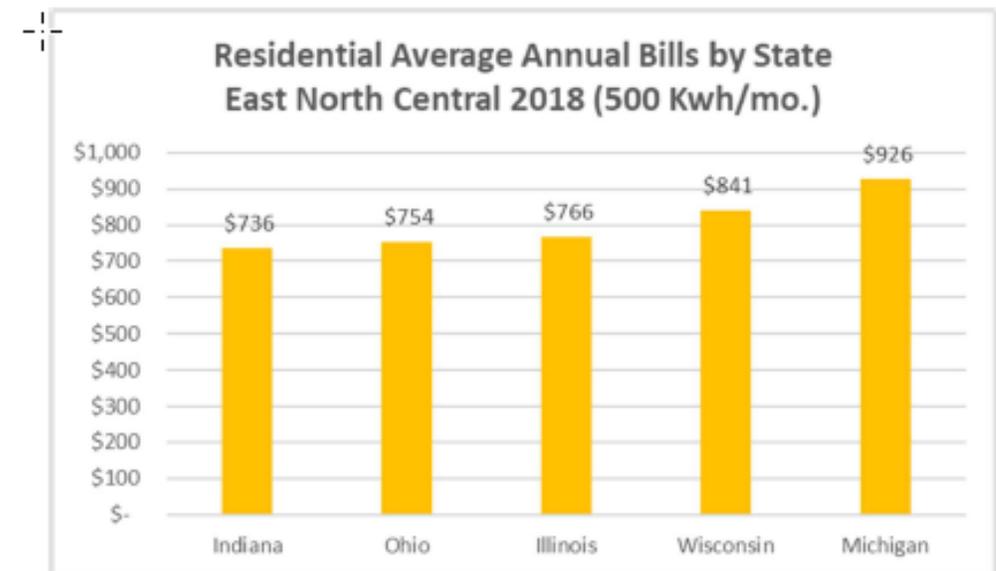
- Child Support Division was created in 2003 to combat the problem of unpaid child support
- The mission of the Child Support Division is to enforce child support orders by prosecuting those individuals who have a history of non-payment and have significant arrearages of at least \$5,000
- Investigators in the Attorney General's Child Support Division identify parents who can pay support to their children but refuse to do so
- Complaints can be filed online by visiting www.michigan.gov/ag or by calling the Financial Crimes Division at 517-335-7560

Reducing Utility Rate Increases



- In 2019, the utility ratepayer advocate division saved customers \$473,602,342
 - For every \$1 invested, the department has returned roughly \$500 in ratepayer savings using less than half the staff of the average consumer advocate office around the country
- Comparatively, the office has handled more files in 2019 versus 2018
- Using a snapshot in time comparison from January 2018 to the present, an average Michigan residential customer has saved 4% on their annual electric bill
- 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 Residential Electric Bills With Surrounding States as of 2018



Note: Comparison to other states based on the same power usage of 500 KWh per month

Elder Abuse Task Force



- The Elder Abuse Task Force has been jointly launched with the Attorney General, Michigan Supreme Court, and over 50 agencies that provide services that affect vulnerable adults and senior citizens.
 - Sen. Pete Lucido, Sen. Paul Wojno, Rep. Graham Filler, and Rep. Brian Elder 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
- 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 by the office and are currently in use statewide for all stakeholders to educate themselves on the issues surrounding elder abuse and how they can take an active role in pushing back
- Four prosecutors have been allocated to support this unit

PFAS Accountability



- Governor Whitmer issued an Executive Order to make the Michigan PFAS Action and Response Team (MPART) a permanent body. The Attorney General provides legal support to MPART and its member agencies on PFAS matters, including litigation referrals.
- The Attorney General filed a lawsuit in January 2020 against 17 PFAS manufacturers, distributors, and users, and is working with Special Assistant Attorneys General 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 and are exploring additional litigation to recover State damages and injuries related to PFAS.
- The Attorney General recently reached a settlement with Wolverine Worldwide Inc. in the lawsuit brought on behalf of EGLE. That settlement includes \$69.5 million to extend municipal water to over 1,000 properties, along with enforceable obligations 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.

Auto Insurance Fraud Unit



- The Auto Insurance Fraud Unit (AIFU) investigates and prosecutes criminal acts relating to the submission of fraudulent motor vehicle insurance claims
- The initial focus will be abuse of the no-fault system, such as organized conspiracies, including doctors, lawyers, healthcare providers, runners, lay owners of medical facilities, repair shops, and participants in staged accidents
- Currently investigating 18 matters; 3 cases have been prosecuted
 - One was resolved with a plea and an agreement to pay over \$40,000 in restitution; two are currently being litigated

Conviction Integrity Unit



- 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.
- Review will be conducting using existing court records and any newly discovered evidence submitted by the claimant and determine whether the claim of actual innocence merits further review and investigation.
- The unit has received over 700 requests for investigation. In response, each claimant has been provided with a formal application for review. Those applications are being screened for further investigation.
- In cases where further review is merited, the Attorney General's Conviction Integrity Unit will conduct an independent investigation including interviews of victims, witnesses, and new testing of physical evidence to determine whether the claimant is innocent of the crime(s) for which he/she was convicted and sentenced.
- The unit works with county prosecutors, law enforcement, defense attorneys, and innocence clinics, as necessary.

Opioid Enforcement



- The Department has increased its efforts to hold liable parties accountable and seek remediation for the effects of the opioid crisis.
- In December 2019, Michigan became the first state in the country to sue 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 September 2019, Attorney General Nessel joined the 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
- The Department of Attorney General is engaged in collaborative, multistate investigations into the marketing and sales of opioids. Settlement discussions are sensitive and ongoing.

Public Integrity Unit



- The Public Integrity Unit was formed in the Criminal Division in 2011 and prosecutes those that breach the public trust or steal taxpayer dollars
- To date, the unit has prosecuted over 110 defendants for public corruption crimes and secured over 190 convictions, including for:
 - Embezzling over \$100,000 against an MSP Trooper
 - Official Misconduct in Office against a County Prosecutor and a District Judge
 - Embezzlement by a Public Official against a sworn Court Officer and City Deputy Treasurer
 - Forgery for dismissing cases against a court clerk
 - Bribery against building inspectors and police officers
- The AG is a member of the FBI Public Corruption Task Force, with ongoing joint state-federal investigations

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
- Department has received more than 1,800 robocall complaints in three months. More than 1,700 people have signed up to join the AG's Robocall Crackdown Team.
 - These complaints have resulted in the opening of three large scale investigations focusing on specific scams
- 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
- Currently working with other AG offices and the industry to develop investigative protocols and identify issues
- Working with stakeholders and the Legislature to update Michigan's laws regarding robocalls and telephone solicitations

Line Item Appropriations

Governor's Recommendation FY 2021



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	\$828,500	GF/GP	Funding for five Executive positions.
Operations	\$96,309,800	\$34,283,100 - GF/GP \$35,285,800 - IDG \$19,716,500 - Restricted \$7,024,400 - Federal	All staff salaries, benefits, contractual services, supplies, materials, expert witnesses, travel, rent, worker's compensation, equipment, and other operation costs.
Child Support Enforcement	\$3,709,300	\$948,800 - GF/GP \$2,760,500 - 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	\$1,629,400	GF/GP	Provides funding for Department of Technology , Management and Budget related services.
Public Safety Initiative	\$388,600	GF/GP	Provides funding for special assistant attorneys general and one support staff to prosecute crimes within distressed cities.
Sexual Assault Law Enforcement	\$1,729,300	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 2021



Line Item	Amount	Funding Source	Use
2) Prosecuting Attorney Coordinating Council (PACC)*	\$2,269,200	\$1,728,200 - GF/GP \$419,800 - 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.

*Appropriated separately – Type I Agency.

FY 2020 Cost Projections



FY 2020 Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$85,100,000	86%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$7,400,000	7%
Rent	\$ 3,600,000	4%
Information Technology	\$1,700,000	2%
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%

Questions?

