



DEPARTMENT OF ATTORNEY GENERAL

Michigan Department of Attorney General



Fiscal Year 2023 Budget Presentation

Michigan House of Representatives
March 15, 2022

Departmental Overview



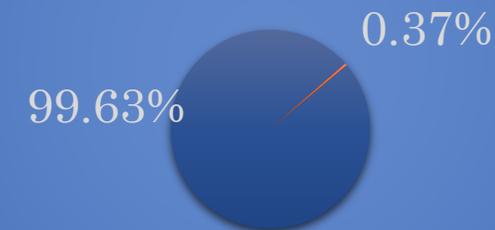
- The Attorney General is a constitutional officer, the chief law enforcement officer of the state, and head of the Department of Attorney General, a department within the executive branch of state government. The Attorney General's duties are derived from common law, prescribed by statute, court decisions, 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 three 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 legal assistants, investigators, victim advocates, 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 saved the state \$1.1 billion through defending lawsuits in FY2021.**

Attorney General GF Expenditure % of Total State GF Expenditures



Positive Budgetary Impact



- The Department's operational appropriations for FY 2021 was \$99,686,500
 - The Department won over \$380 million in awards payable to the State and Citizens in FY2021
 - 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 2023



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	\$900,300	GF/GP	Funding for five Executive positions.
Operations	\$100,438,100	\$43,392,800 - GF/GP \$35,954,600 - IDG \$20,255,900 - Restricted \$10,101,900 - Federal	All staff salaries, benefits, contractual services, supplies, materials, expert witnesses, travel, rent, worker's compensation, equipment, and other operation costs.
Child Support Enforcement	\$3,753,400	\$1,004,400 - GF/GP \$2,749,000 - 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	\$1,652,700	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	\$1,465,000	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)*	\$2,678,100	\$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	\$15,000,000	GF/GP	\$5m limited time employees for Jobs Court and \$10m to Modernize Prosecuting Attorneys Digital Evidence Storage

*Appropriated separately – Type I Agency.

FY 2023 Cost Projections



FY 2023 Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$88,100,000	87%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$5,500,000	5%
Rent	\$ 3,600,000	4%
Information Technology	\$2,100,000	3%
Travel	\$800,000	1%
Equipment	\$400,000	Less than 1%

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Top Initiatives



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

Organized Retail Crime Unit



- The ORC Unit will work statewide to investigate & prosecute cases of organized retail fraud
 - ORC is large-scale theft of retail merchandise with the intent to sell the merchandise for financial gain. ORC usually involves a criminal enterprise employing a group of individuals – boosters – stealing merchandise from a number of stores, and a fencing operation that then converts the stolen merchandise into cash through pawn shops, other retailers, flea markets, and increasingly online marketplaces.
- This unit will work in conjunction with retailers, federal, state, and local law enforcement, and county prosecutors.
- The Coalition of Law Enforcement & Retail Association estimates that ORC accounts for around \$45 billion in annual losses, with nearly \$1 billion in Michigan alone.
- ORC is also a safety threat to retail workers, with a quarter of retailers saying they have seen an increase in aggression by criminals. It is also responsible for driving up costs for retailers, which in turn are passed along to consumers or can lead to the closing of storefronts.
- The uniqueness of these cases requires a specialized team that can operate statewide and can focus on these cases.

Job Court



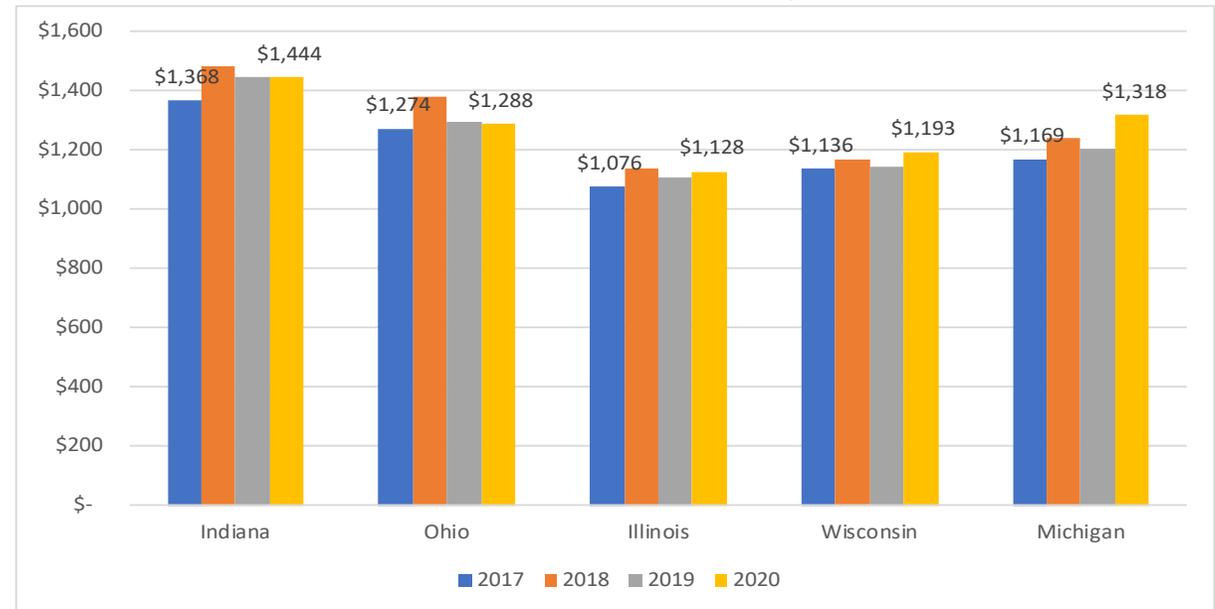
- Job Court is a pilot program and will serve as a diversion program for certain offenders by connecting them with gainful employment.
 - Participants would be monitored for one year and be required to maintain frequent and open lines of communication with the employer. Participants will receive wraparound services from the state of Michigan to ensure accountability and compliance with the requirements of the program. Prosecutors would have the option to dismiss charges against Job Court participants who successfully complete the program, which will be dependent on legislative action to launch.
- This will also allow courts to reduce their criminal backlog.
- The pilot will occur in Wayne, Genesee, and Marquette Counties.

Reducing Utility Rate Increases



- In 2021, the Attorney General reduced Consumers Energy's \$225 million increase request to just \$27 million. Similarly, the Attorney General reduced DTE's \$195 million increase request by 57%.
 - 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 \$1.3 billion in ratepayer savings since taking office**
- In 2021, the Attorney General intervened in 52 cases consisting of 5 multistate comments at FERC and 46 cases before the MPSC
- 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



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 2022, our Department has received more than 10,622 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.

Human Trafficking



- Department's Human Trafficking Initiative was established in 2011
- Since 2019, in over 30 presentations to over 3,000 people, the Human Trafficking Initiative provided training to approximately 200 Law Enforcement professionals, 350 legal professionals, 800 medical professionals, 800 various other professionals, as many as 1,000 various other professionals and about 400 members of the general public.
- We've have arrested 34 individuals on human trafficking charges, secured 25 convictions, with cases against other defendants currently pending.
- 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.
- 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. This proposal was reintroduced in 2021 and the Department continues to work with the legislature to ensure passage.

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 filed 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
- Settlements with McKesson Corporation, AmerisourceBergen Corporation, Cardinal Health, Inc., and Jansen, Inc. have been announced. These settlements stand to be the second largest in nationwide history, involving payments up to \$26 billion over 18 payments nationwide. Michigan and its local subdivisions stand to receive up to \$776 million over the life of the settlement.

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 **\$18.3 million** in 2021
- Alert consumers to scams, deceptive business practices, privacy threats, and emerging identity theft schemes. Over 138 consumer alerts on the AG website that staff monitor and update.
- Registers or licenses over 10,121 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 \$1.46 million dollars in 2022 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 221 cases with 13 active investigations, 9 cases pending in court and 12 convictions
 - Calhoun County 240 cases with 164 closed, 9 case pending in court and 6 convictions
 - Ingham County 126 investigations, 5 cases pending in court
 - Jackson County 67 investigations underway, 1 case pending in court, 1 conviction
 - Washtenaw County 114 open investigations, 3 pending in court
 - 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 55 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 has filed multiple lawsuits since January 2020 against PFAS manufacturers, distributors, and users. For the manufacturer lawsuits, the Attorney General is working with Special Assistant Attorneys General (SAAGs) retained because of their expertise in bringing claims against manufacturers of harmful products.
- The first suit seeks damages, past costs, and remediation for resources impacted by PFAS other than firefighting foam that ended up in the environment in Michigan. That case survived multiple motions to dismiss and is currently pending in the Multi-District Litigation on PFAS, on a track with other state and local governments.
- The Attorney General, with the SAAG team, filed two more lawsuits against manufacturers of PFAS-containing firefighting foam known as AFFF (aqueous film-forming foam). One case seeks damages and costs for impacts from commercial AFFF, and the other for impacts from Mil-Spec foam. These 2 cases are also pending in court.
- A fourth lawsuit against Asahi Kasei Plastics North America for PFAS contamination is in active discovery in Livingston County Circuit Court. The Attorney General continues to explore additional litigation to recover State damages and injuries related to PFAS.
- The Attorney General continues to oversee implementation of the settlement reached with Wolverine Worldwide in 2020 after the AG sued Wolverine to address Wolverine's contamination of drinking water wells and the environment with PFAS. The settlement requires Wolverine to pay \$69.5 million to extend municipal water to over 1,000 properties; 490 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.
- The Attorney General provides legal support to all state agencies responding to PFAS issues and also to the Michigan PFAS Action Response Team (MPART), a multi-agency team designated as a permanent body in state government by Governor Whitmer.

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 2021 over **\$27 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



- 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.
- 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.

FY 2022 Supplemental



- The Governor's Fiscal Year 2022 supplemental includes \$4.07 million in additional funding to investigate and prosecute UIA Pandemic Unemployment Assistance fraud cases.
- These funds will provide for 12 limited-term employees and work with UIA enforcement efforts.
- The tentative completion date for this work project is September 30, 2026.

Questions?

