



Budget Briefing: General Government

Michael Crossen, Senior Fiscal Analyst

December 2024

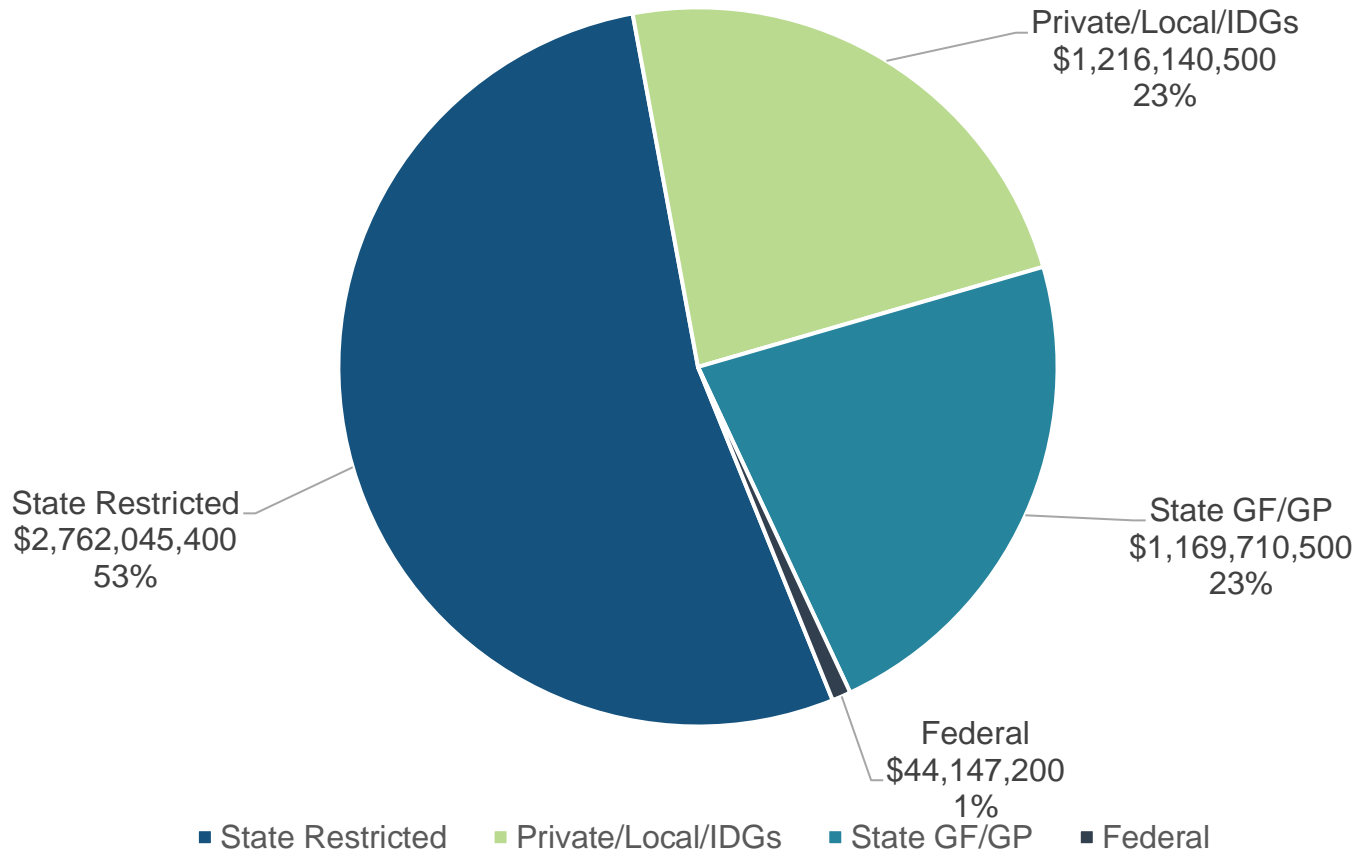
General Government

The General Government appropriations act includes budgets for the following departments and agencies:

- Attorney General
- Civil Rights
- Executive Office
- Legislature/Legislative Auditor General
- State
- Technology, Management, and Budget (including Civil Service Commission)
- Treasury (including Bureau of State Lottery, Michigan Gaming Control Board, and State Building Authority)

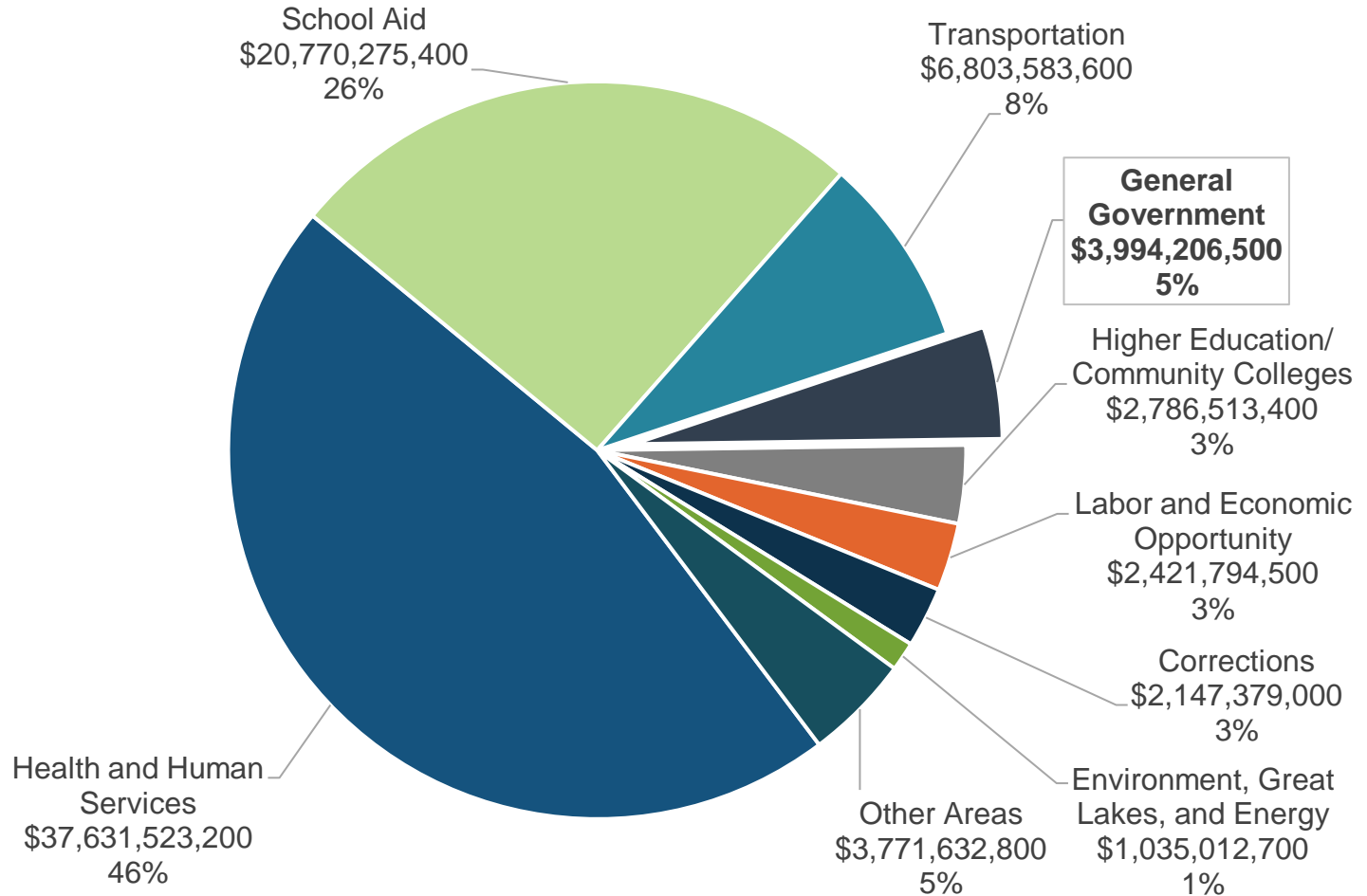
FY 2024-25 Fund Sources

Approximately **53%** of the **\$5.2 billion** General Government budget is funded by restricted revenue, mainly sales tax revenue supporting revenue sharing payments to local units of government.



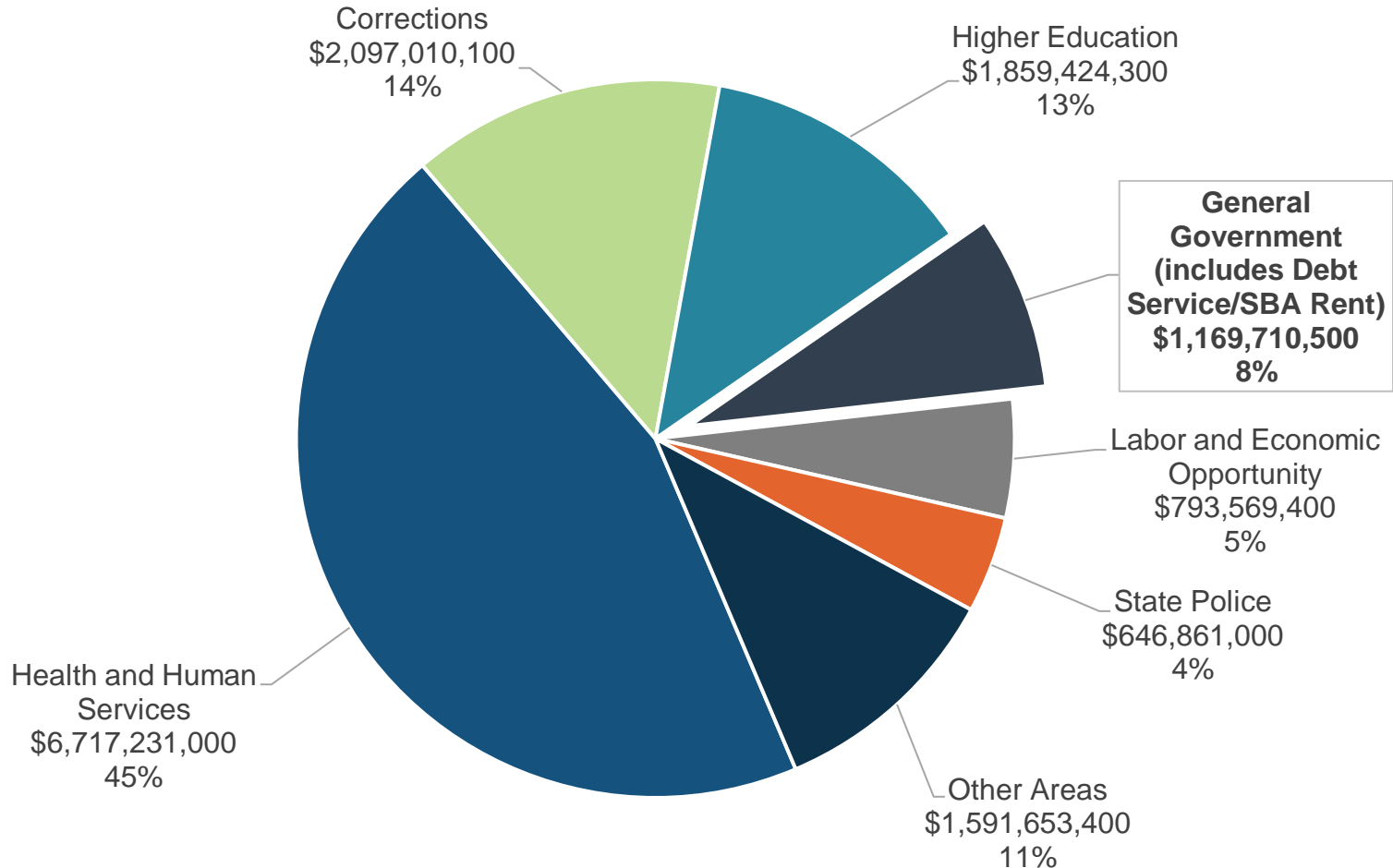
General Government Share of Total State Budget

The General Government budget, including revenue sharing, represents **5%** of the **\$81.4 billion** state budget (adjusted gross) for FY 2024-25.



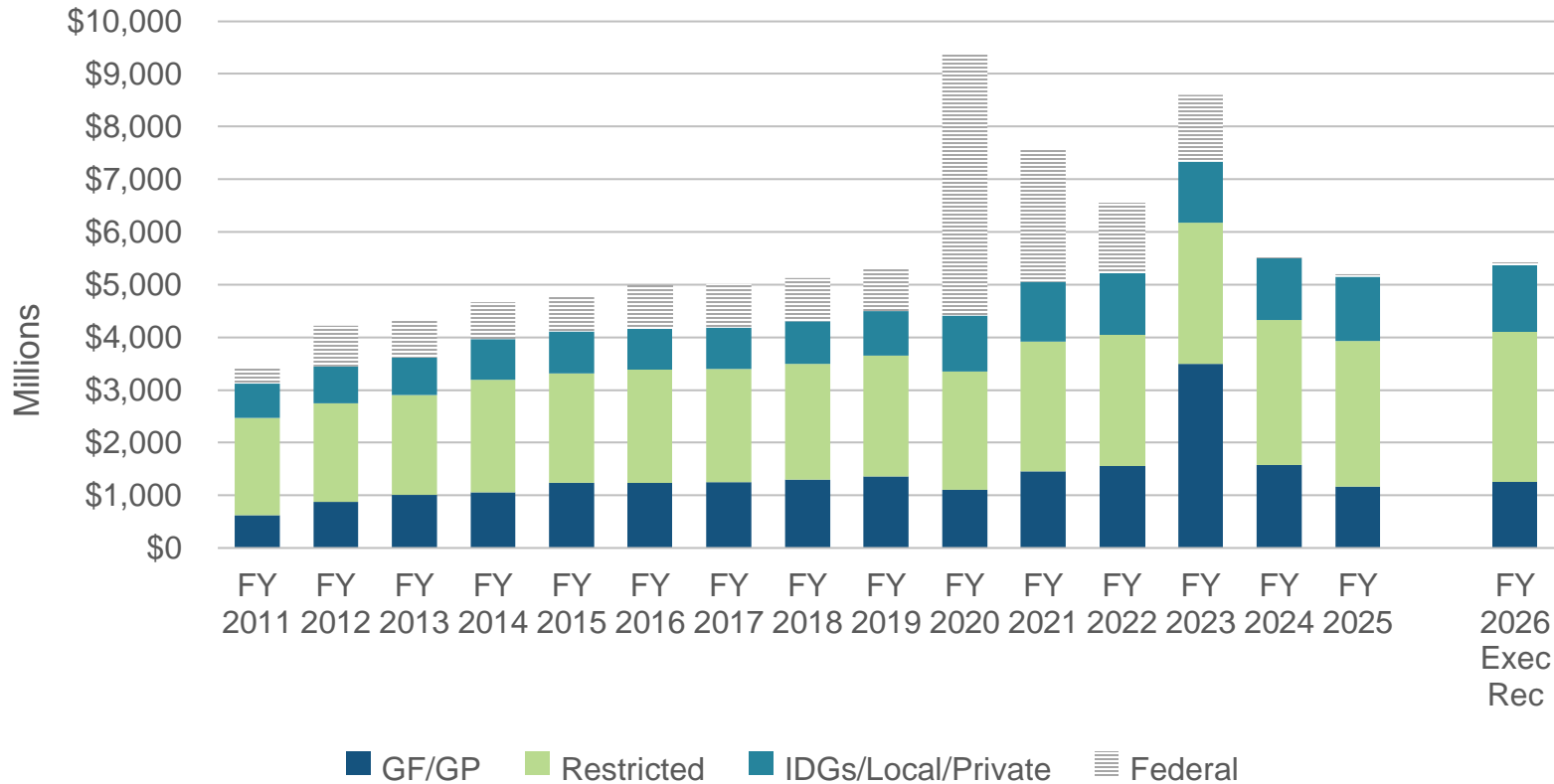
General Government Share of Total GF/GP Budget

The General Government budget, including Debt Service and SBA Rent, represents approximately **8%** of the **\$14.9 billion** state GF/GP budget appropriations for FY 2024-25.



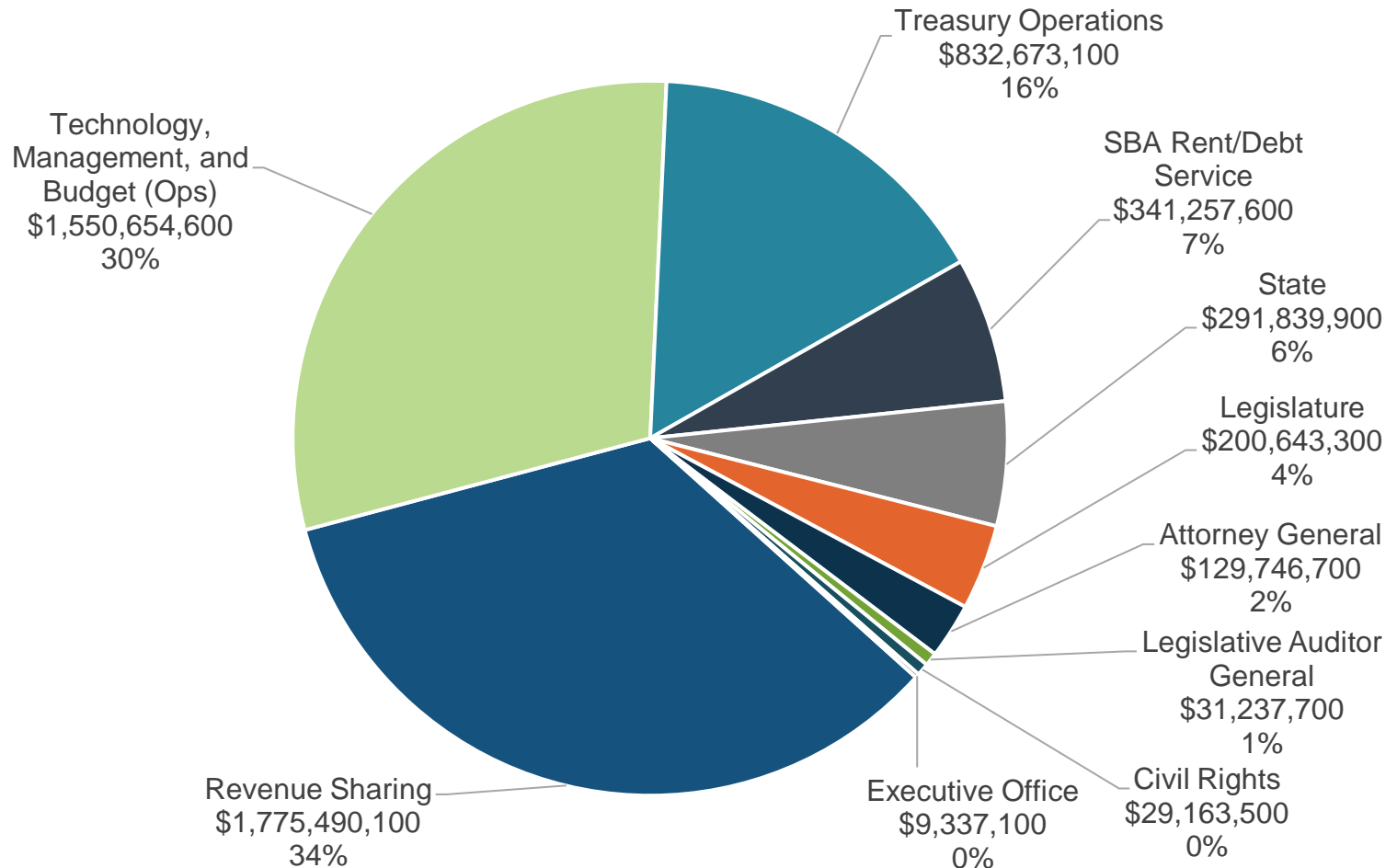
General Government Funding History

Funding for General Government has grown by **52.4%** since FY 2010-11, driven mainly by the inclusion of Michigan State Housing Development Authority (FY 2011), Workforce Development (FY 2012), Unemployment Insurance Agency (FY 2016), and Department of Labor and Economic Opportunity (LEO) in FY 2020. The decrease in FY 2024 is due to the removal of LEO from General Government.



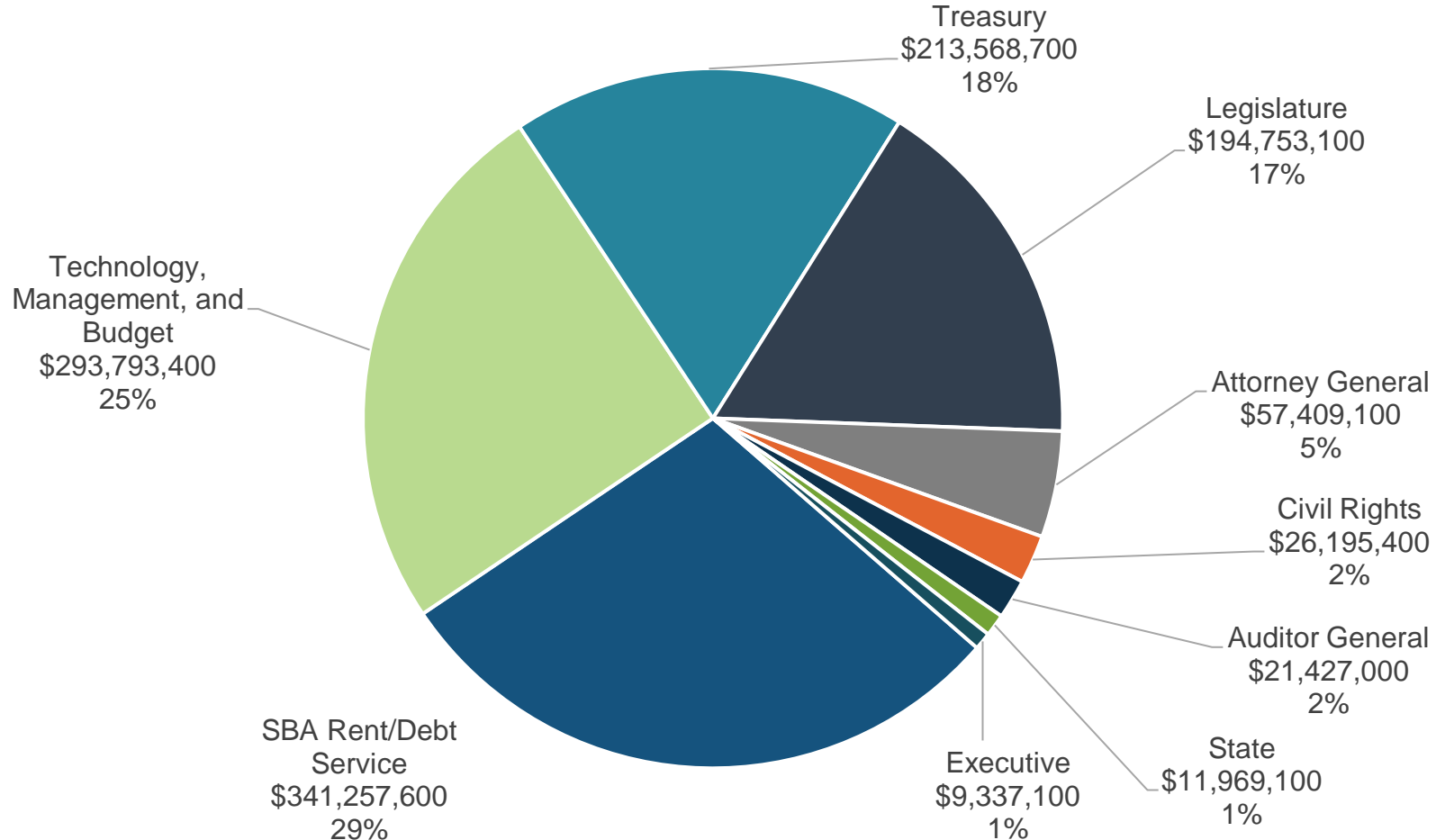
FY 2024-25 Gross Appropriations

Of the **\$5.2 billion** General Government budget, **34%** supports revenue sharing payments under Treasury.



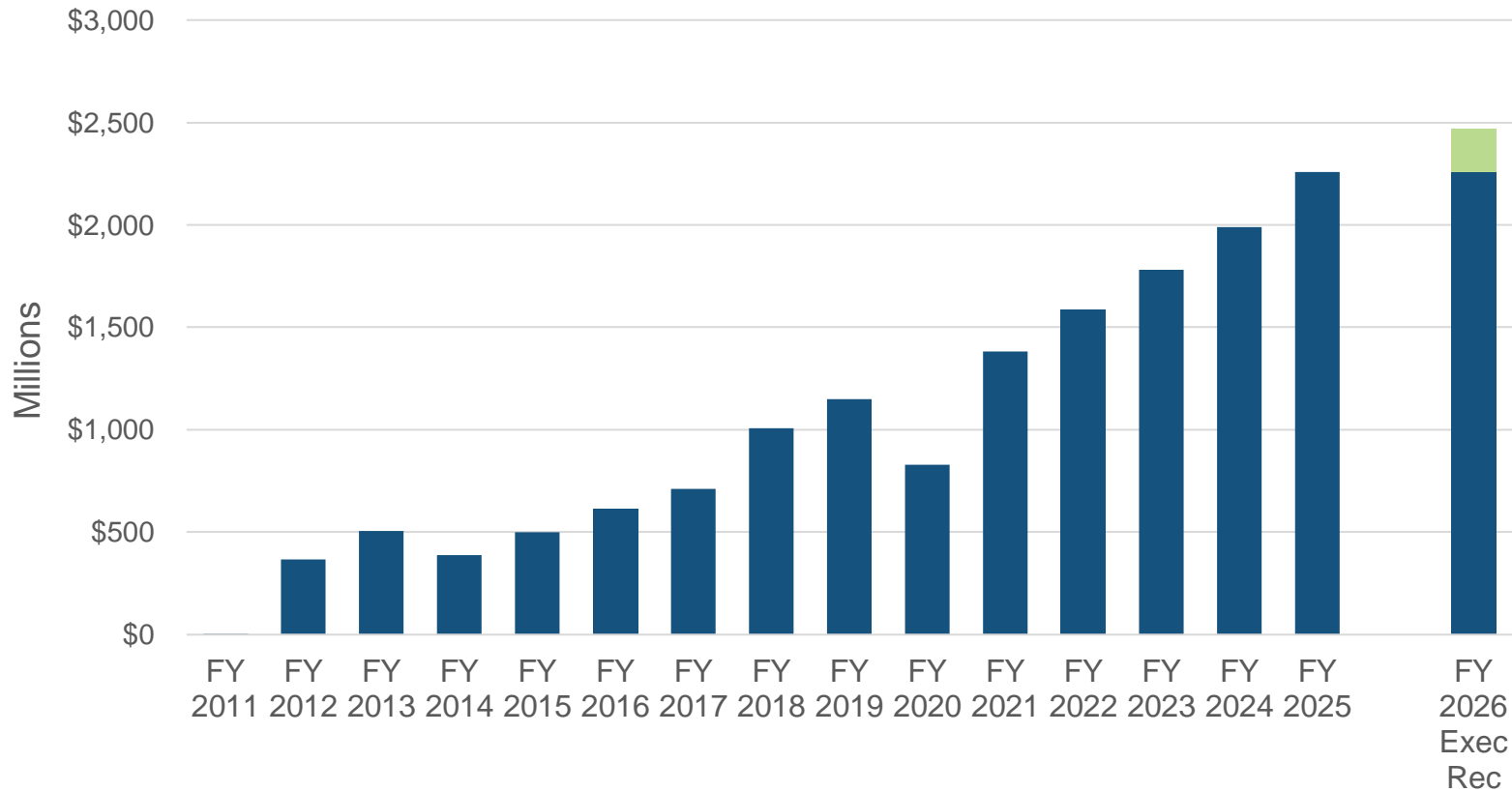
FY 2024-25 GF/GP Appropriations

Approximately **29%** of GF/GP funds (totaling **\$1.2 billion**) support SBA Rent (debt service on capital outlay state share) and Debt Service on State General Obligation Bonds. DTMB makes up the largest percentage of GF/GP for departmental operations.



Budget Stabilization Fund

In FY 2024-25, the Budget Stabilization Fund has a balance of approximately \$2.3 billion. The executive recommended budget includes a deposit of \$50.0 million GF/GP, which would bring the projected balance to approximately \$2.5 billion in FY 2025-26.



Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | <i>Difference: FY 2025-26 vs. FY 2024-25</i> | |
|-------------------|---|---------------------------------|---|-----------------|
| | | | <i>Amount</i> | <i>%</i> |
| IDG/IDT | \$1,197,837,100 | \$1,231,348,400 | \$33,511,300 | 2.8 |
| Federal | 44,147,200 | 44,573,800 | 426,600 | 1.0 |
| Local | 17,541,100 | 17,851,700 | 310,600 | 1.8 |
| Private | 762,300 | 4,770,200 | 4,007,900 | 525.8 |
| Restricted | 2,928,311,200 | 2,847,697,600 | (80,613,600) | (2.8) |
| GF/GP | 1,169,710,500 | 1,265,074,700 | 95,364,200 | 8.2 |
| Gross | \$5,358,309,400 | \$5,411,316,400 | \$53,007,000 | 1.0 |
| FTEs | 7,751.6 | 7,853.6 | 102.0 | 1.3 |



Budget Briefing: Attorney General

Michael Crossen, Senior Fiscal Analyst

December 2024

Department of Attorney General

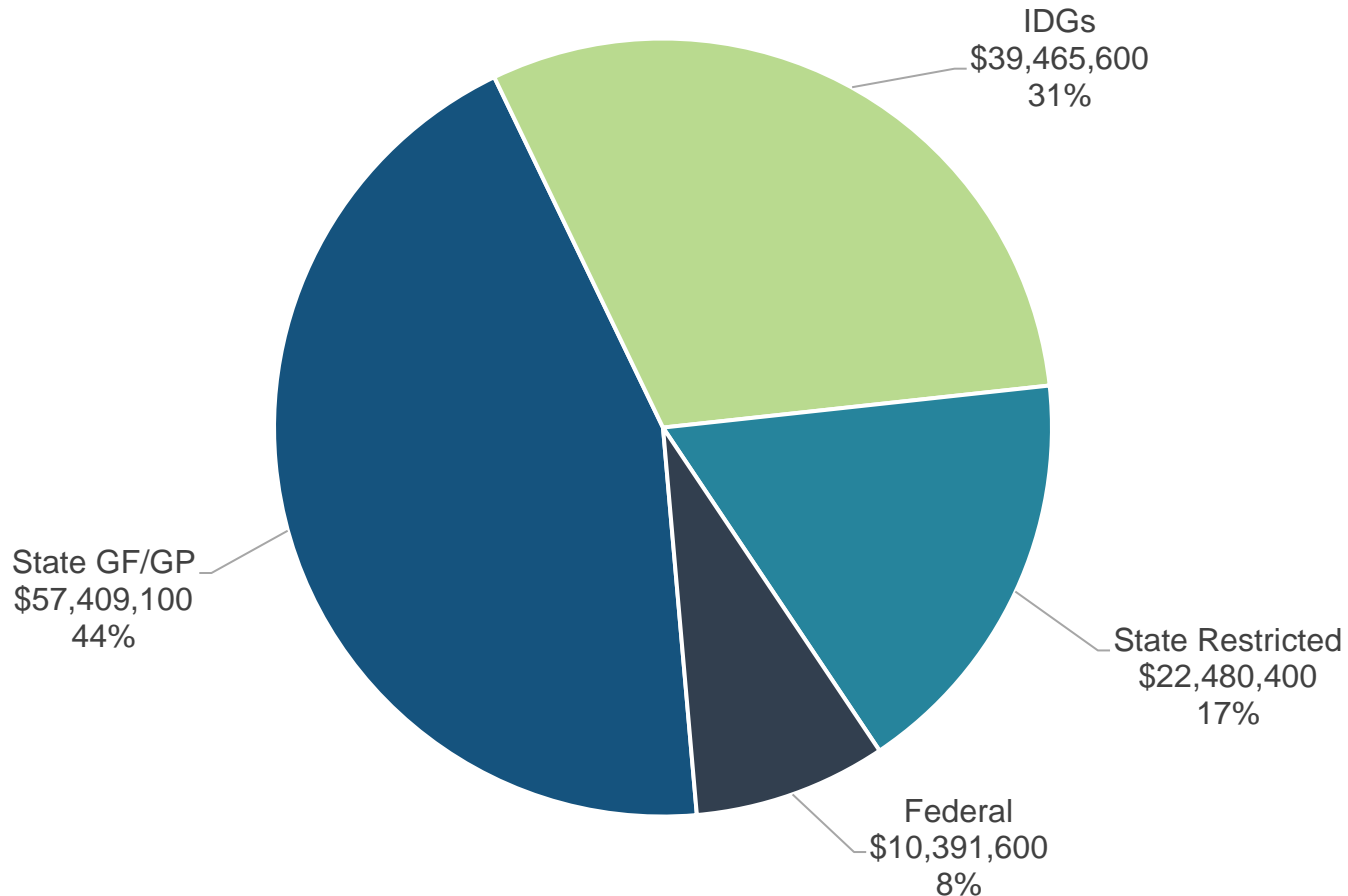
The attorney general's powers are prescribed by the State Constitution and further delineated by statute and case law.

- The attorney general:

- Serves as legal counsel for state departments, agencies, boards, commissions, and their officers
- Defends the state in court
- Serves as the chief law enforcement officer of the state
- Brings actions and intervenes in cases on the state's behalf
- Issues legal opinions that have the force of law until reversed by legislative or judicial action

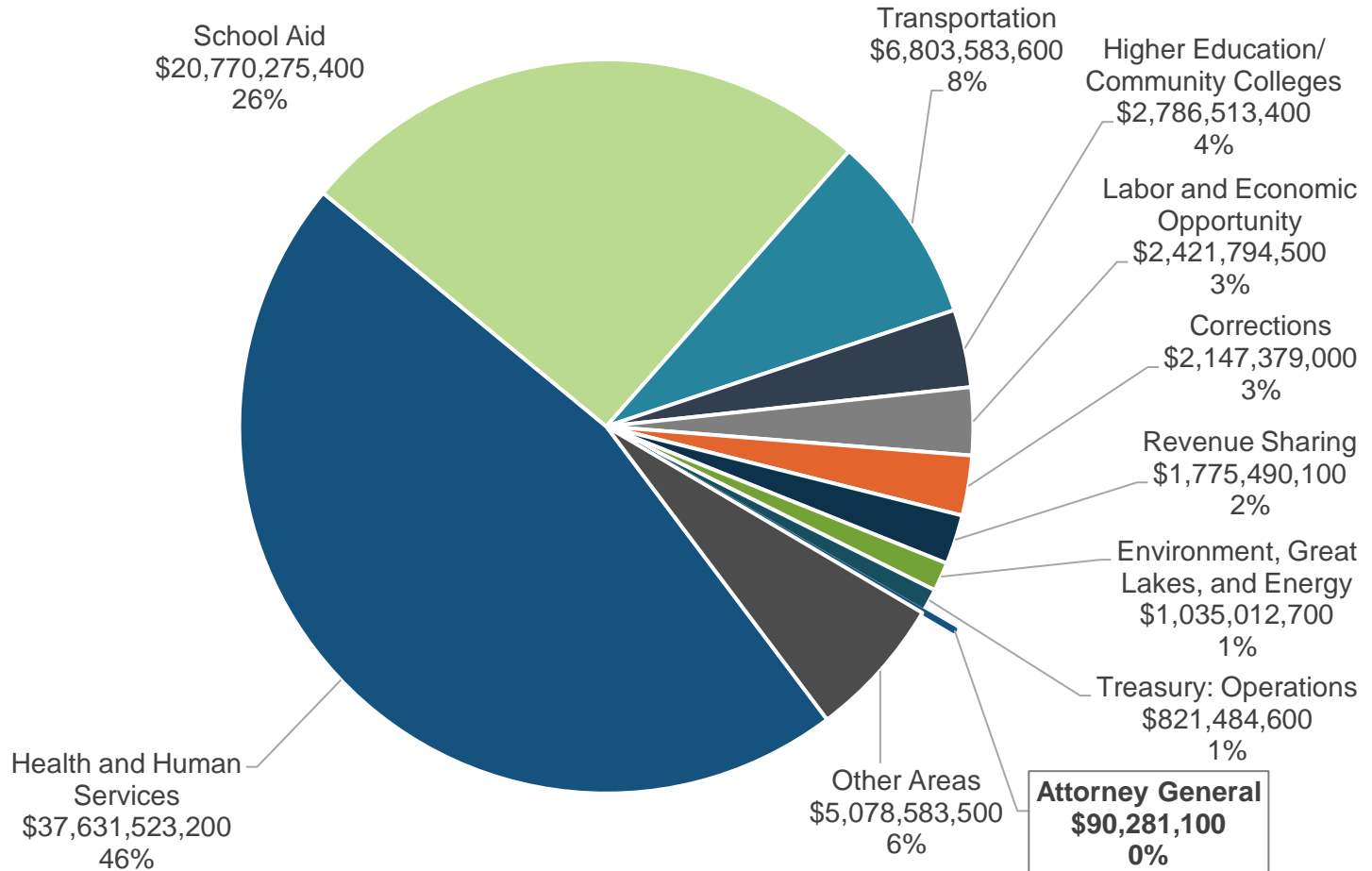
FY 2024-25 Fund Sources

Of the **\$129.7 million** Attorney General budget, **44%** is funded by general fund/general purpose revenue. Nearly half of the budget comes from charges for legal services to departments through IDG funding and state restricted funding.



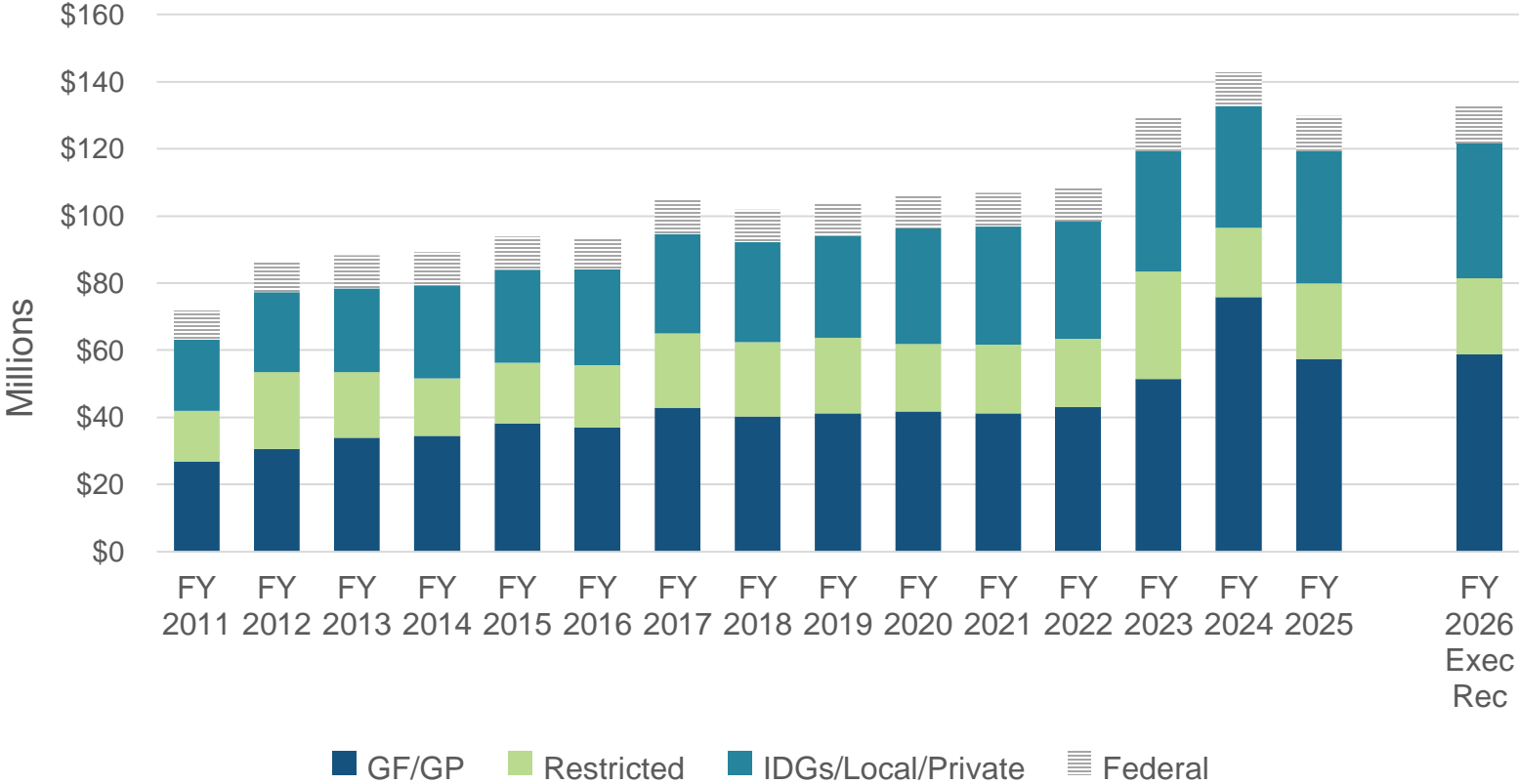
Attorney General Share of Total State Budget

The Attorney General budget represents less than 1% of the **\$81.4 billion** state budget (adjusted gross) for FY 2024-25.



Attorney General - Funding History

Total appropriations for the attorney general have increased by **80.8%** since FY 2010-11. Funding has increased since FY 2021-22 driven mainly by the appropriation of opioid settlement revenues, increased one-time appropriations, and expanded ongoing enforcement responsibilities and programs.



Attorney General Appropriation Areas

Department Operations: Personnel and operational costs associated with executive administration and the provision of legal advice and representation to state departments. Operations include the department's ongoing special investigations, various initiatives, and enforcement activities.

Child Support Division: Personnel and operational costs associated with child support enforcement activities.

Prosecuting Attorneys Coordinating Council (PACC): Autonomous agency responsible for ensuring a uniform system of conduct, duty, and procedure among prosecutors.

Public Safety Initiative: Prosecutorial assistance for selected high-crime areas.

Sexual Assault Law Enforcement: Funding to reduce the backlog of sexual assault kits in communities statewide and to assist with investigations and prosecutions that may result.

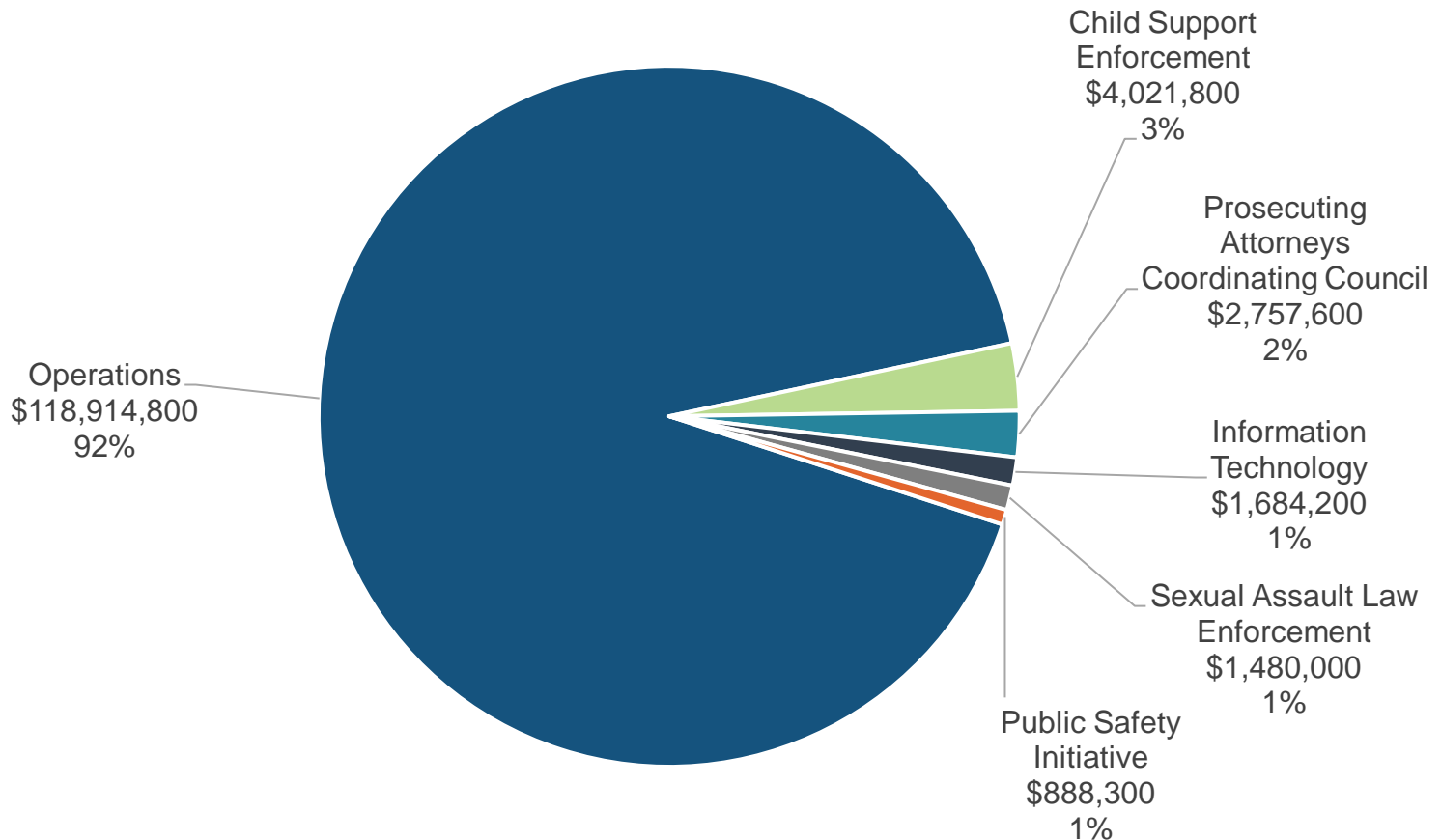
Information Technology: IT-related services and projects that support department activities; administered by the Department of Technology, Management, and Budget.

One-time Appropriations: Includes one-time appropriations for Operation Survivor Justice, a program to assist local prosecutors with costs of extraditing offenders, and legal services for the Michigan State Housing Development Authority.

FY 2025-26 Executive Budget removes \$1.9 million in FY 2024-25 one-time appropriations and makes no new one-time recommendations.

FY 2024-25 Gross Appropriations

Of the **\$129.7 million** Attorney General budget, **92%** is appropriated for Operations, a large portion of which is funded through interdepartmental grants (IDGs) and restricted fund sources from departments and programs receiving services. One-time appropriations are included in Operations.



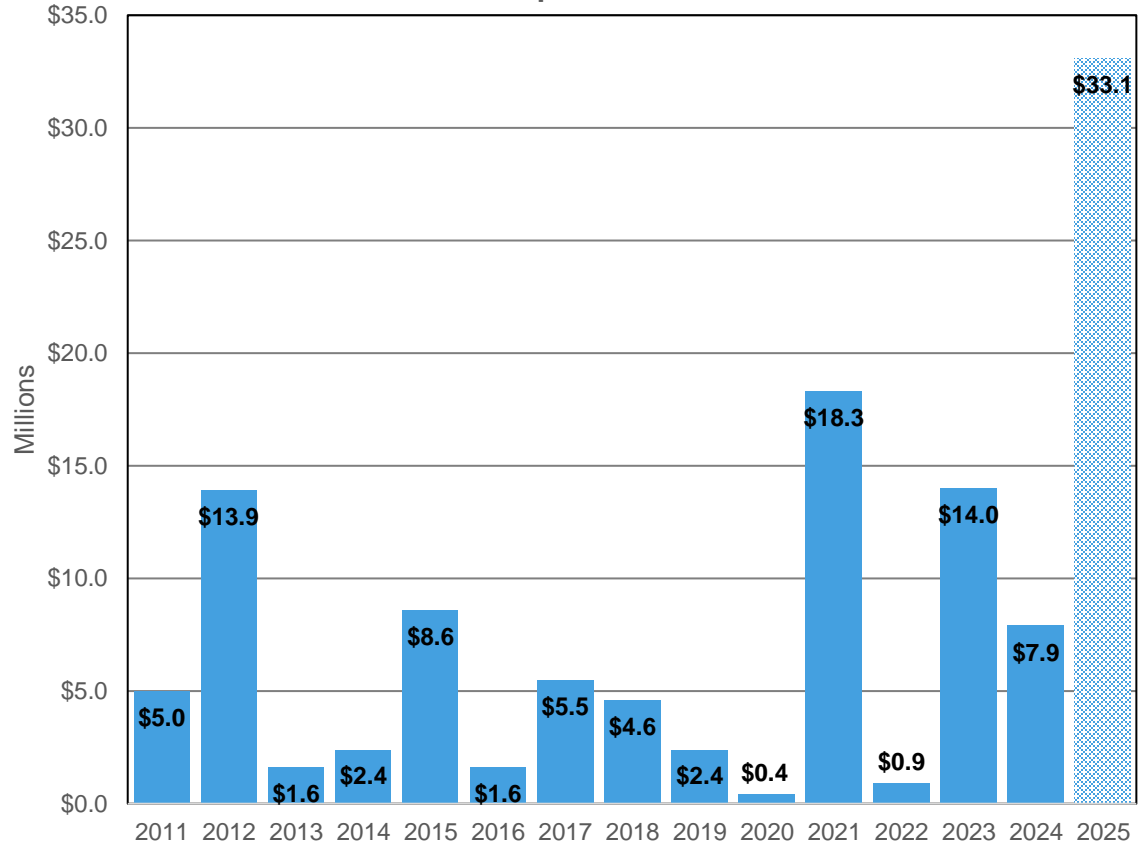
FY 2024-25 Operations Line Item

- The Operations line item makes up **90%** of the department's ongoing funding.
- An additional **\$3.5 million** and **16.0 FTE positions** in ongoing appropriations is provided in FY 2024-25 for the following:
 - **Utility Consumer Representation Fund** – 1.0 FTE, \$900,000 for participation in administrative and judicial proceedings in various utility rate oversight cases.
 - **Cannabis Regulatory Agency** – 5.0 FTEs, \$780,500 to provide additional legal services in response to increased caseloads related to marijuana sales.
 - **MiLEAP Legal Services** – 4.0 FTEs, \$740,000 to provide legal services to the newly created Department of Lifelong Education, Advancement, and Potential.
 - **Criminal Trials Services** – 5.0 FTEs, \$915,000 for additional staffing resources for various criminal law programs and units, including the address confidentiality program, special prosecutor assignments, unemployment benefits fraud, the hate crimes unit, child support enforcement, prisoner reimbursements, and cold case homicide investigations.
 - **Opioid Recovery Fund Administration** – 1.0 FTE, \$197,000 to support disbursements of opioid case settlement revenue to eligible local units of government.
- **FY 2025-26 Executive Budget** – 5.0 FTEs, \$900,000 to expand the Price Gouging Unit, and 3.0 FTEs, \$600,000 for legal services to Michigan's federally recognized tribes.

Lawsuit Settlement Proceeds Fund

- Created in 1996 to require legislative appropriation for expenditure of lawsuit proceeds.
- Unless appropriated, revenue in the fund lapses to the General Fund at the end of the fiscal year.
- **\$2.7 million** has been appropriated annually from the fund to support the Flint water investigation.
- **FY 2025-26 Executive Budget** would authorize **\$2.7 million** for department expenses instead of the Flint investigation.

Lawsuit Settlement Proceeds Fund
Annual Deposit Revenue



Department Initiatives and Programs

In addition to the ongoing work of legal divisions supporting state agencies, the department also initiates programs and initiatives to address various state issues. Expenditures for units and programs created to address these issues come from the Operations line item and are noted below.

Job Court (\$3.1 million) – Prosecutorial diversion program that offers the option of dismissal of charges for selected pre-trial defendants charged with low-level, non-assaultive crimes who secure gainful employment and complete the one-year program. There are currently 3 participating courts in Wayne, Genesee, and Marquette Counties.

Elder Abuse Task Force (\$1.3 million) – Effort between AG, Michigan Supreme Court, legislature, and other organizations to prevent elder abuse and to support its victims. Created to implement systemic changes recommended by previous task forces and to assess current problems in the system and address them.

Organized Retail Crime Unit (\$961,900) – Works to reduce demand for stolen merchandise, limit opportunities to sell stolen merchandise, and reduce theft opportunities.

FY 2025-26 Executive Budget includes \$900,000 in private revenue from property seizures to support the unit.

Conviction Integrity Unit (\$618,400) – Reviews eligible claims of innocence submitted by claimants arising from state-law convictions to determine whether the claimants are innocent of crime(s) for which they were convicted and sentenced. Conducts investigations and works with local officials and law enforcement.

Department Initiatives and Programs

Hate Crimes Unit and Domestic Terrorism (\$247,200) – Launches independent investigations and prosecutions and assists local and federal law enforcement partners on crimes motivated by hate.

Opioid Litigation (\$250,900) – Supplements local authorities and prosecutors in prosecuting drug enforcement cases.

PFAS Contamination (\$108,300) – Provides legal support to the Department of Environment, Great Lakes, and Energy for investigation and enforcement regarding environmental contaminants, including perfluoroalkyl and polyfluoroalkyl substances (PFAS).

Payroll Fraud Enforcement Unit (\$65,500) – Investigates employers committing payroll fraud by failing to pay workers' full wages and benefits.

Human Trafficking (\$79,800) – Works with law enforcement task forces to identify and prosecute human traffickers. Also conducts trainings for law enforcement and prosecutors and works to raise awareness of human trafficking in Michigan.

Robocall Enforcement (\$41,500) – Partners with federal agencies, attorneys general, and other stakeholders to raise public awareness and education and track ongoing scams.

Department Initiatives and Programs

| | Work Projects | GF/GP | IDGs | Restricted Funds | Federal | Total |
|---------------------------------|--------------------|--------------------|------------------|--------------------|------------------|--------------------|
| Catholic Church Investigation | | \$78,312 | \$62,816 | | | \$141,128 |
| Elder Abuse Task Force | | \$828,312 | \$431,452 | | \$22,681 | \$1,282,445 |
| Conviction Integrity Unit | | \$480,016 | | | \$138,361 | \$618,377 |
| Opioid Litigation | | \$113,298 | \$137,613 | | | \$250,911 |
| Hate Crimes Unit | | \$247,214 | | | | \$247,214 |
| Payroll Fraud Enforcement Unit | | | \$65,482 | | | \$65,482 |
| PFAS Contamination | | | \$108,275 | | | \$108,275 |
| Human Trafficking | | \$75,504 | \$2,928 | | \$1,360 | \$79,792 |
| Robocall Enforcement | | \$15,136 | \$4,571 | \$21,809 | | \$41,516 |
| Job Court | \$1,035,866 | \$2,024,544 | | | | \$3,060,410 |
| Organized Retail Crime | | \$961,873 | | | | \$961,873 |
| Utility Rate Increases | | \$305,646 | | \$1,935,243 | | \$2,240,889 |
| Boy Scouts Investigation | | \$38,896 | \$30,035 | | | \$68,931 |
| Address Confidentiality Program | | \$244,237 | | | | \$244,237 |
| Total | \$1,035,866 | \$5,412,988 | \$843,172 | \$1,957,052 | \$162,402 | \$9,411,480 |

Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | Difference: FY 2025-26 vs. FY 2024-25 | |
|-------------------|--|-------------------------|--|------------|
| | | | Amount | % |
| IDG/IDT | \$39,465,600 | \$39,381,700 | (\$83,900) | (0.2) |
| Federal | 10,391,600 | 10,567,200 | 175,600 | 1.7 |
| Local | 0 | 0 | 0 | -- |
| Private | 0 | 950,000 | 950,000 | -- |
| Restricted | 22,480,400 | 22,678,800 | 198,400 | 0.9 |
| GF/GP | 57,409,100 | 58,778,000 | 1,368,900 | 2.4 |
| Gross | \$129,746,700 | \$132,355,700 | \$2,609,000 | 2.0 |
| FTEs | 627.4 | 635.4 | 8.0 | 1.3 |

FY 2024-25 Executive Recommendation includes \$1.0 million GF/GP to investigate events surrounding the Oxford High School shooting.



Budget Briefing: Department of Civil Rights

Michael Crossen, Senior Fiscal Analyst

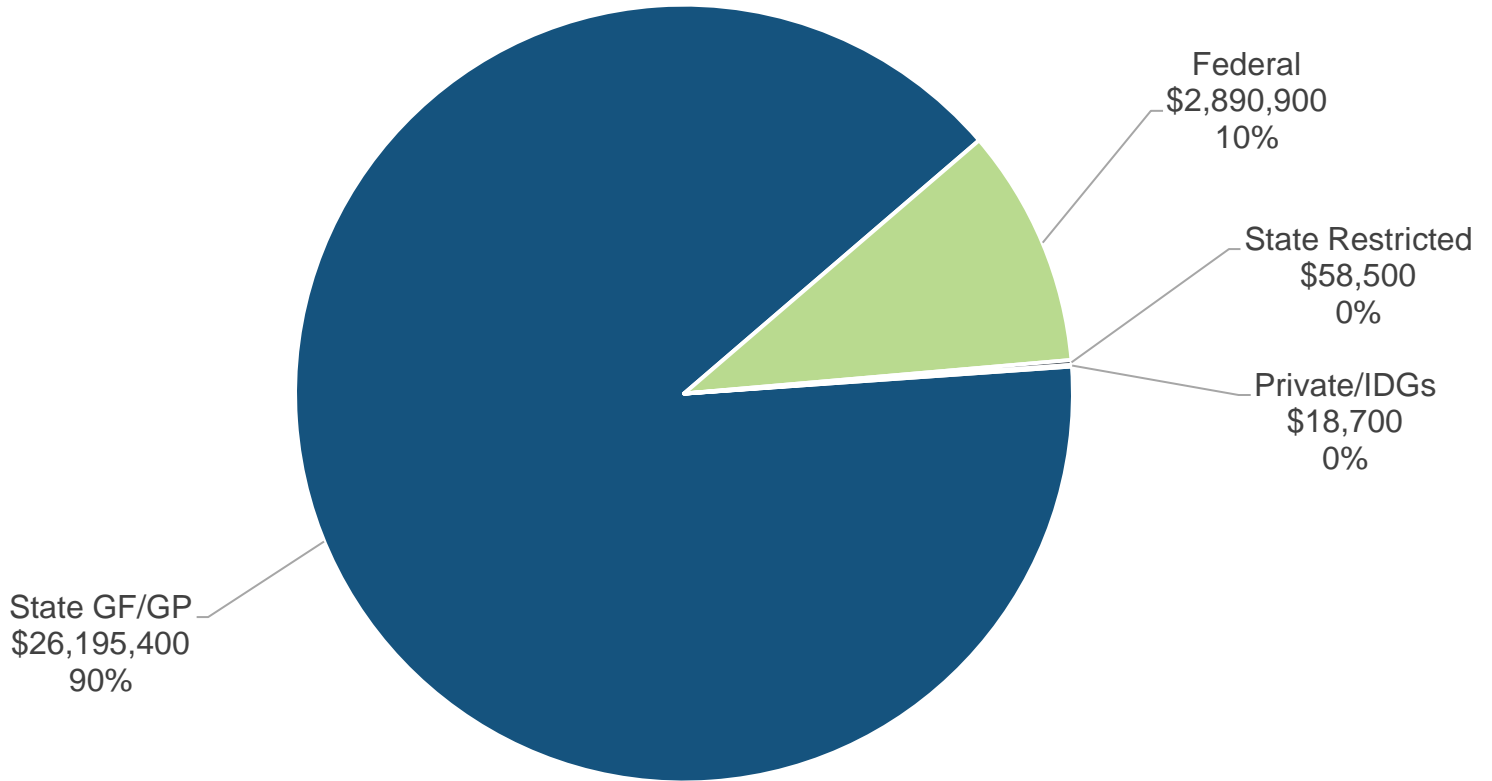
December 2024

Department of Civil Rights

- The 1963 State Constitution created the Michigan Civil Rights Commission and charged it with investigating "alleged discrimination against any person because of religion, race, color, or national origin".
- Since then, the Elliott-Larsen Civil Rights Act (1976 PA 453) and the Persons with Disabilities Civil Rights Act (1976 PA 220) have added sex, age, marital status, familial status, height, weight, arrest record, genetic information, physical and mental disabilities, sexual orientation, gender identity or expression, and hairstyle to the original four protected categories.
- The Department of Civil Rights was established in 1965 to serve as the commission's administrative arm charged with implementing commission policies.
- The department works to ensure equal protection by:
 - Investigating complaints
 - Resolving complaints through legal action and mediation
 - Conducting outreach and education.

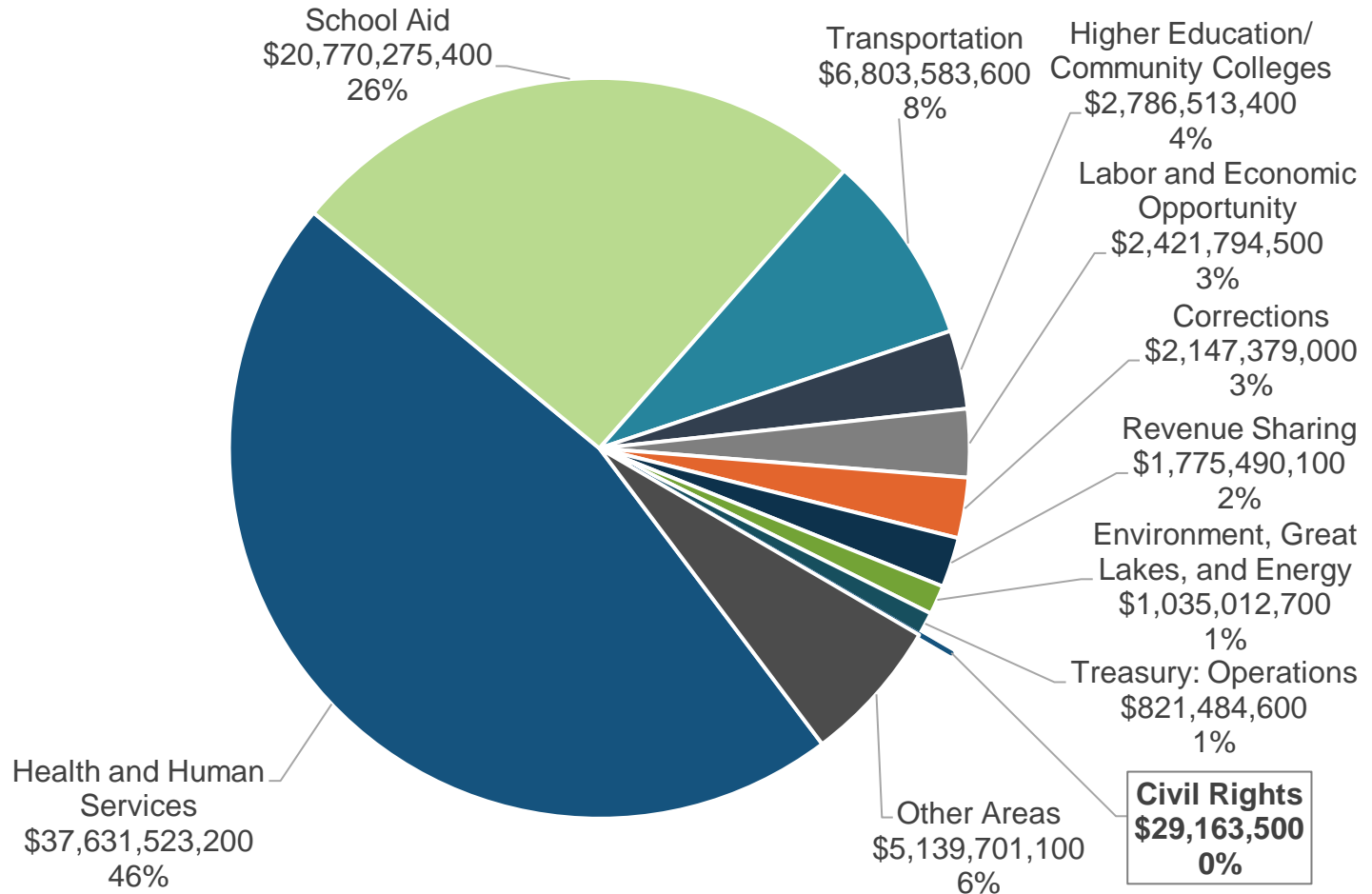
FY 2024-25 Fund Sources

Of the **\$29.2 million** Civil Rights budget, **90%** is funded by GF/GP.



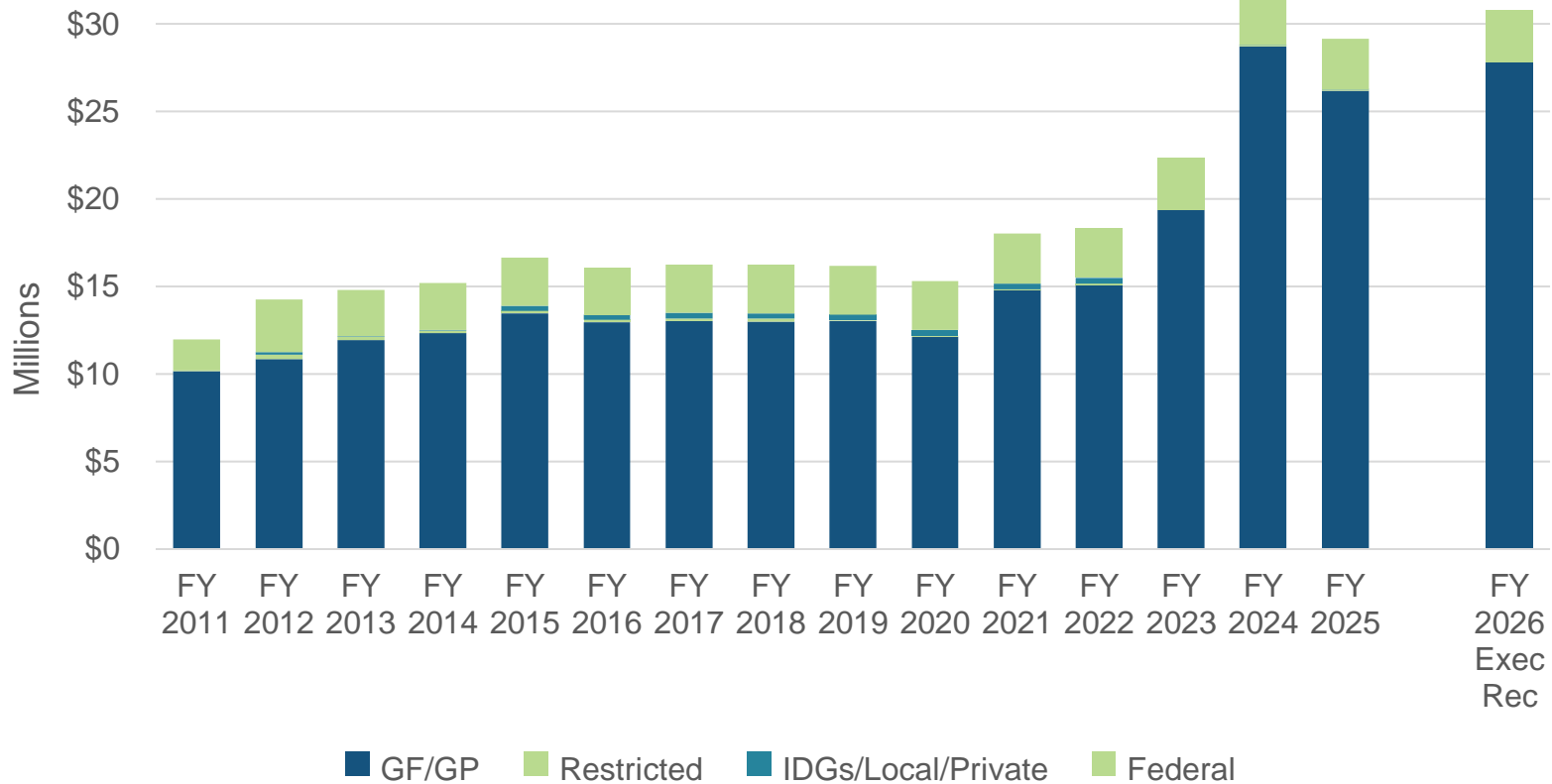
Civil Rights Share of Total State Budget

The Department of Civil Rights budget represents less than 1% of the **\$81.4 billion** state budget (adjusted gross) for FY 2024-25.



Civil Rights Funding History

Funding for the Department of Civil Rights has remained steady over the past 15 years. Funding in FY 2024-25 decreased slightly after an influx of funding in FY 2023-24, mainly for processing and investigating complaint investigations.



Civil Rights Appropriation Areas

Complaint Investigation and Enforcement: Investigates discrimination complaints and enforces civil rights laws. There are seven Civil Rights enforcement units located in five offices throughout Michigan (Detroit, Grand Rapids, and Flint) to assist persons in need

Executive Office: Administrative support staff and operations to support executive director. **FY 2025-26 Executive Budget** includes 2.0 FTEs, \$466,800 GF/GP for Development, Innovation, and Access training and resources

Public Affairs: Collaborates with governmental units, community-based organizations, law enforcement, advocacy groups, educational institutions, and private sector; activities include networking, partnership, presentations, crisis intervention, training, and technical assistance

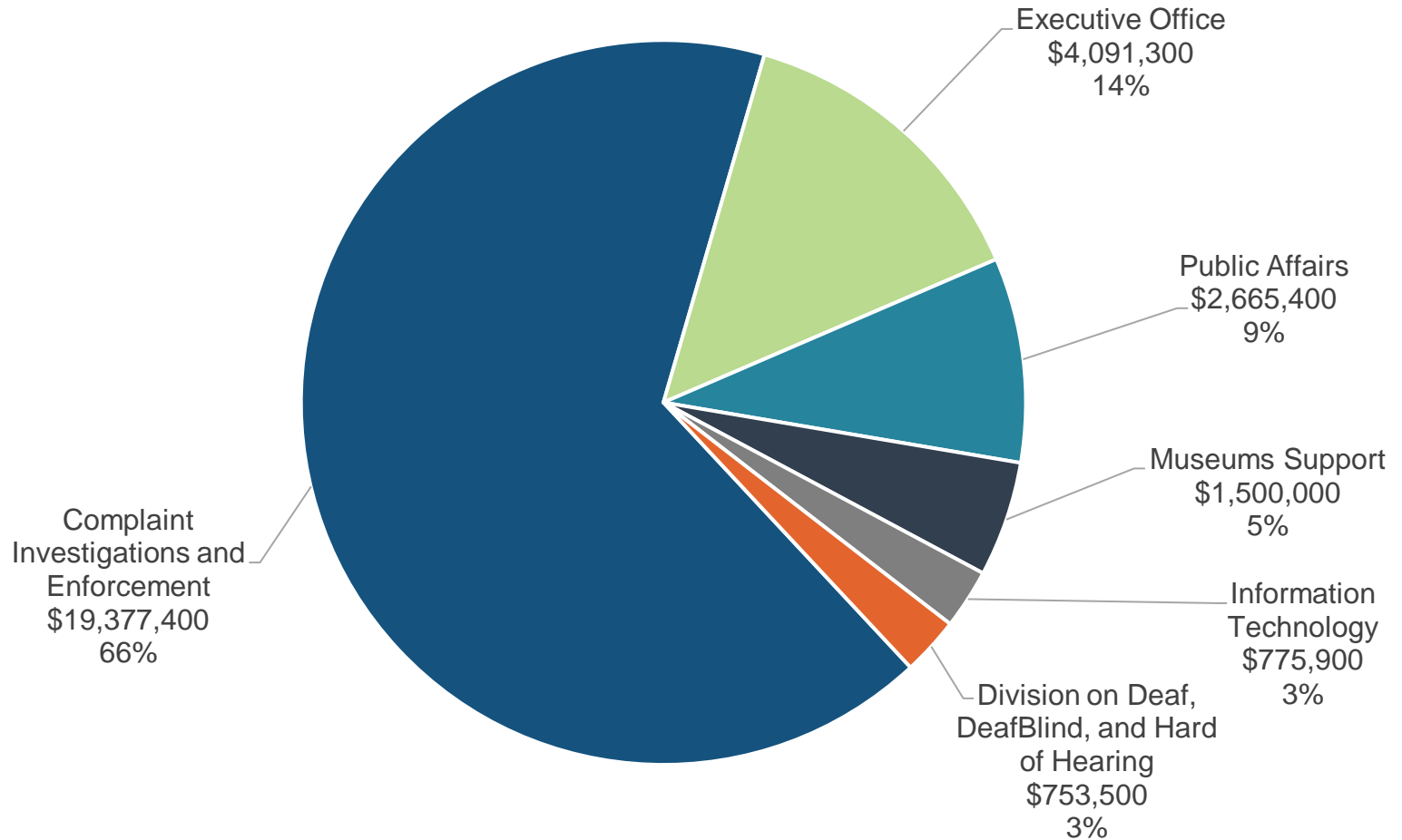
Museum Support: Supports Arab American National Museum in Dearborn, Charles H. Wright Museum of African American History in Detroit, and Holocaust Memorial Center in Farmington Hills

Information Technology: IT-related services and projects that support department activities; administered by the Department of Technology, Management, and Budget
FY 2025-26 Executive Budget includes 2.0 FTEs, \$767,800 GF/GP for increased IT funding to serve an increased number of department staff, ongoing work on the Civil Rights Information System and to develop a new complaints portal

Division on Deaf, DeafBlind, Hard of Hearing: Advocates on behalf of deaf, deafblind, and hard of hearing persons and provides technical support, information, referral services, and interpreter information

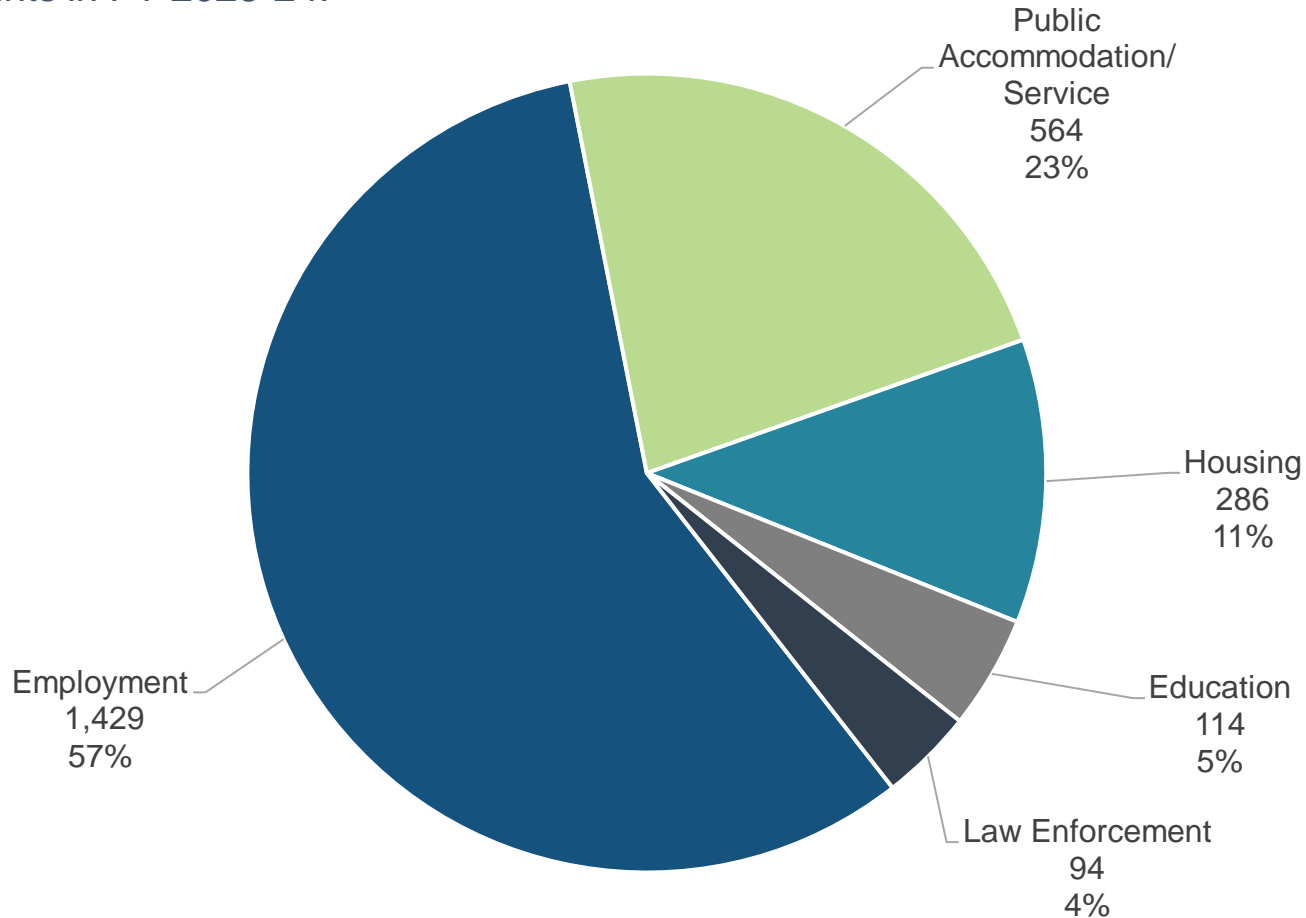
FY 2024-25 Gross Appropriations

Of the **\$29.2 million** Department of Civil Rights budget, **66%** is appropriated for the department's constitutionally required responsibility of investigating civil rights complaints.



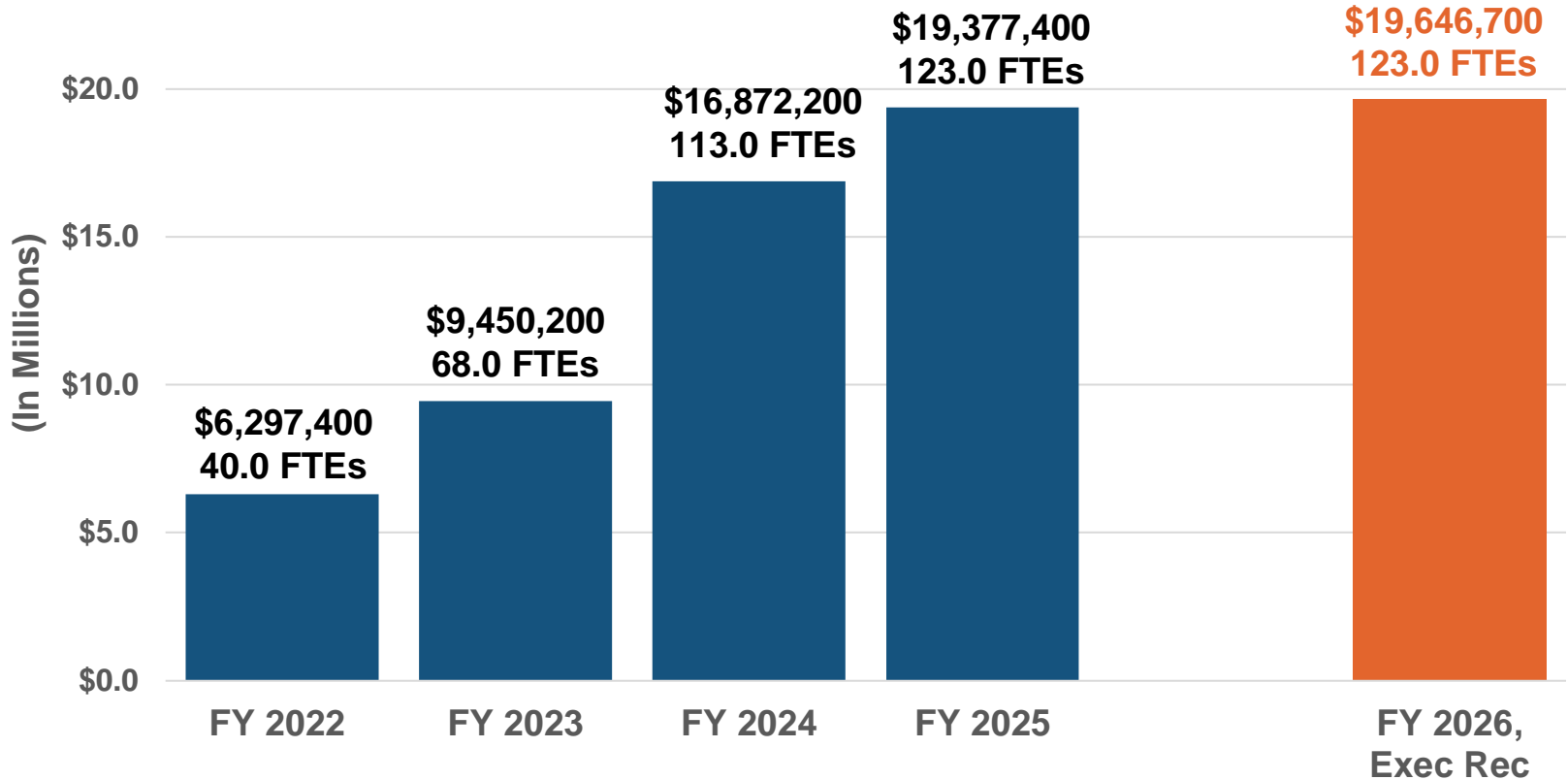
Complaints by Area of Discrimination

The department is required to investigate properly filed complaints under areas protected by law. Employment-related complaints made up over half of all 2,487 complaints in FY 2023-24.

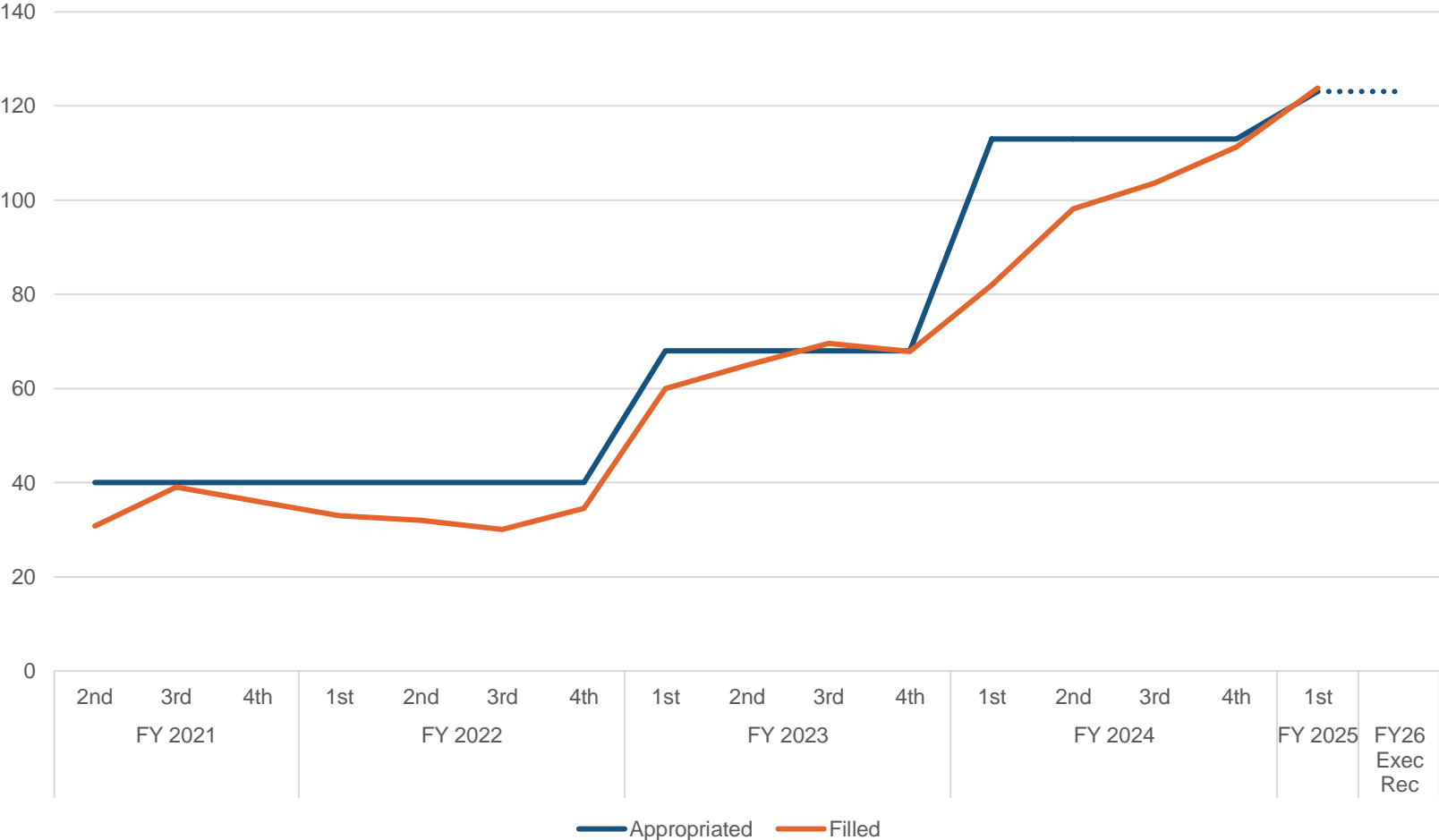


Complaint Investigation and Enforcement

Ongoing funding for Complaint Investigation and Enforcement increased by approximately **\$13.1 million**, or **208%**, since FY 2021-22 to help reduce the complaint case backlog and to expand investigative responsibilities.



Complaint Investigation: Authorized and Filled FTE Positions



Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | Difference: FY 2025-26 vs. FY 2024-25 | |
|-------------------|--|-------------------------|--|------------|
| | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- |
| Federal | 2,890,900 | 2,899,300 | 8,400 | 0.3 |
| Local | 0 | 0 | 0 | -- |
| Private | 18,700 | 18,700 | 0 | 0.0 |
| Restricted | 58,500 | 58,500 | 0 | 0.0 |
| GF/GP | 26,195,400 | 27,804,900 | 1,609,500 | 6.1 |
| Gross | \$29,163,500 | \$30,781,400 | \$1,617,900 | 5.5 |
| FTEs | 175.0 | 177.0 | 2.0 | 1.1 |



Budget Briefing: Executive Office

Michael Crossen, Senior Fiscal Analyst

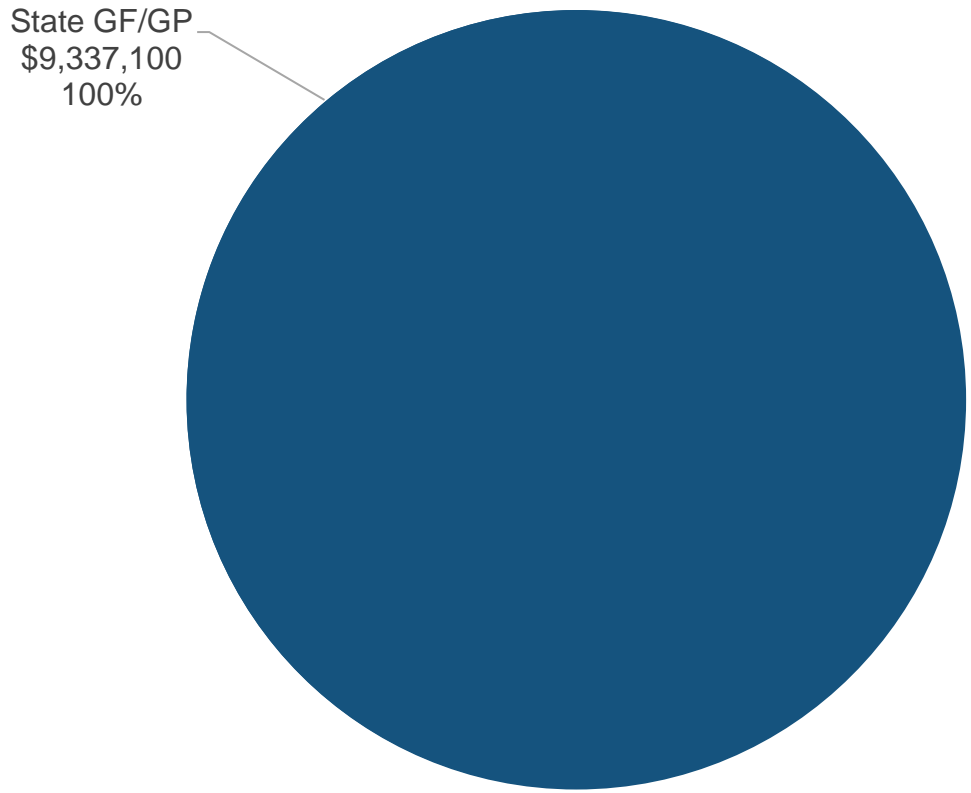
December 2024

Executive Office

- The governor is the chief executive officer of the state, the Commander-in-Chief of the state's military establishment, and the chairperson of the State Administrative Board
- The governor provides executive program and policy direction, submits an annual budget to the legislature, reviews and recommends statutory changes, appoints members of state boards and commissions, and appoints directors of departments that are not headed by elected officials or commissions
- The lieutenant governor performs gubernatorial functions in the governor's absence, serves as President of the Michigan Senate and as a State Administrative Board member, and represents the governor and state at local, state, and national meetings

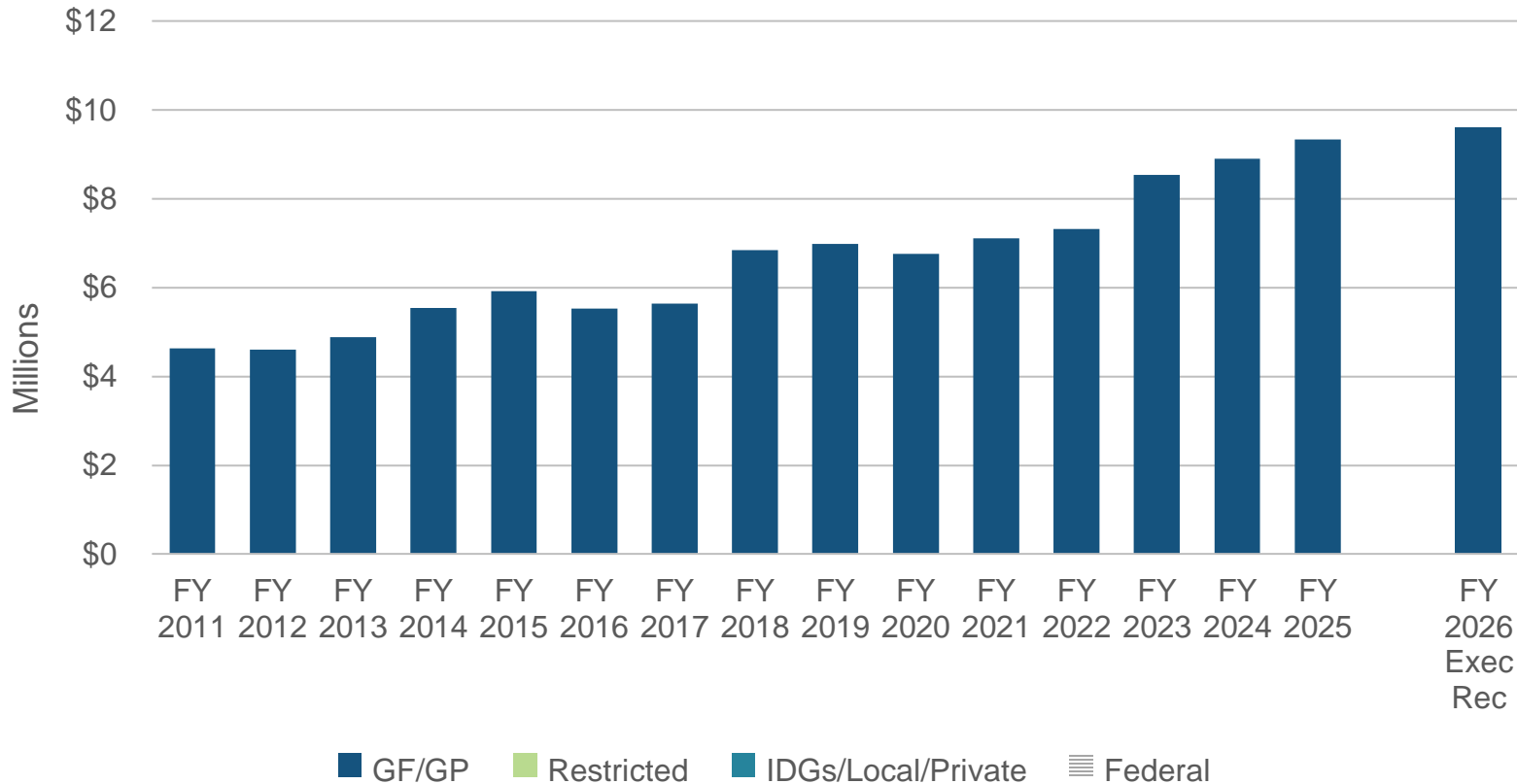
FY 2024-25 Fund Sources

General Fund revenues fund 100% of Executive Office operations.



Executive Office Funding History

Funding for Executive Office has grown by **101.6%** since FY 2010-2011, driven mainly by inflationary increases in operations. The FY 2015-16 reduction was the result of a transfer of the Office of Americans to LARA. The FY 2017-18 increase was the result of transferring in the Office of Urban Initiatives. The increases in FY 2022-23 through FY 2024-25 were from economics adjustments.



Executive Office Appropriation Areas

Governor: Salary for the governor

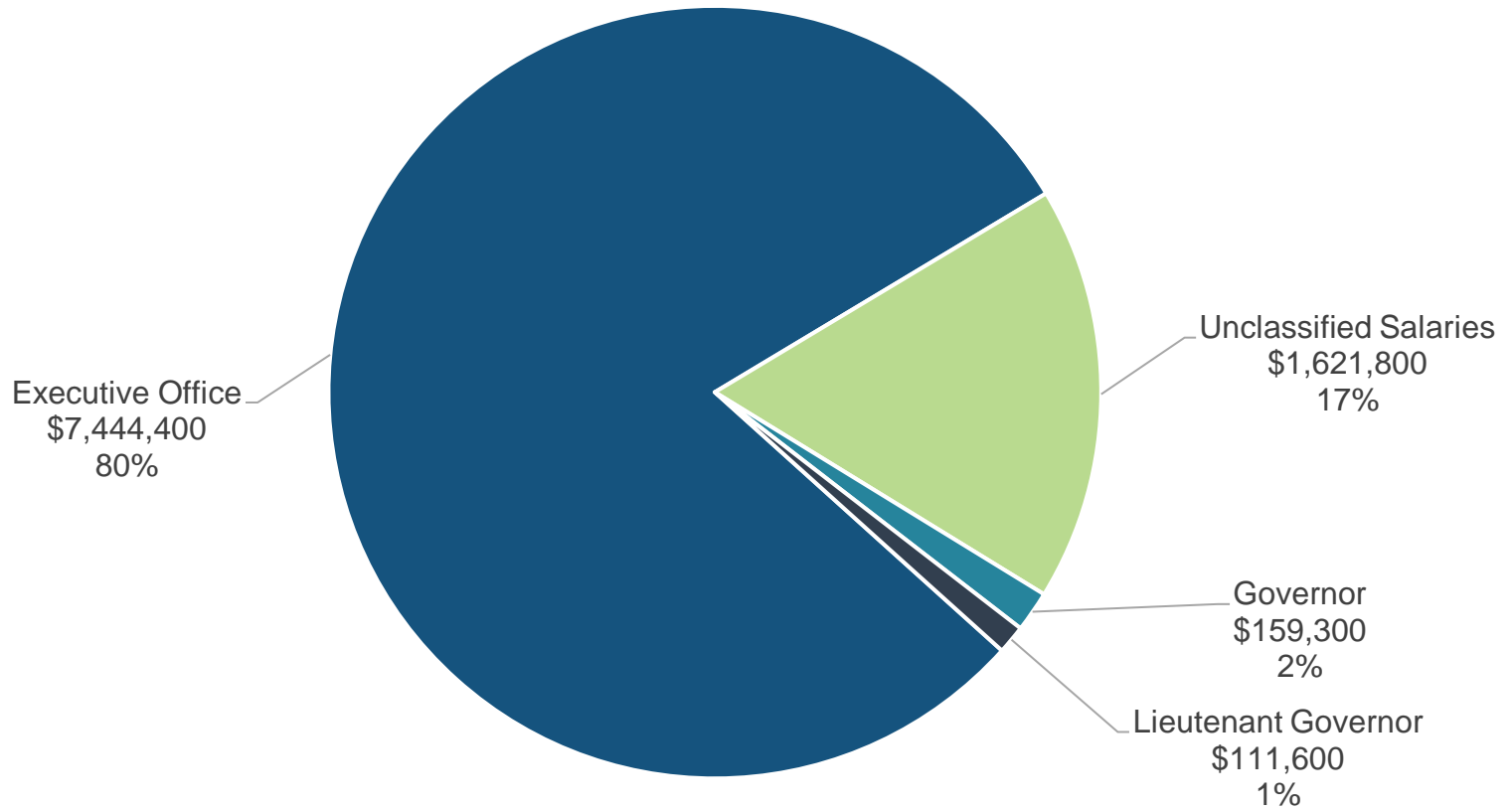
Lieutenant governor: Salary for the lieutenant governor

Executive office: Expense allowances, staff salaries, benefits, contractual services, supplies, and materials, worker's compensation, travel, equipment, and other operations costs

Unclassified salaries: Salaries of chosen positions appointed by the governor or lieutenant governor to manage the executive office and counsel the governor and lieutenant governor

FY 2024-25 Gross Appropriations

Over three-quarters of the **\$9.3 million** executive office budget supports executive office operations.



Executive Office Appropriation Areas

Divisions facilitate day-to-day operations for the governor and lieutenant governor

- Provide legal counsel and interpret legal matters
- Review charters, agreements, resolutions, extraditions, pardons, and administrative and emergency rules
- Recommend appointments to judicial vacancies, boards, and commissions
- Coordinate office facilities, personnel, budget, and information technology
- Recommend policy and manage external/legislative affairs
- Handle correspondence, visits, and phone calls from constituents
- Prepare and coordinate issue papers, speeches, media communications, and audio/video presentations
- Act as liaison between legislature, state departments, local and state officials, and Washington, D.C.

FY 2025-26 Executive Budget includes \$272,100 for negotiated salary and wage increases (3.0% on October 1, 2025) for employees.

Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | Difference: FY 2025-26 vs. FY 2024-25 | |
|--------------|--|-------------------------|--|------------|
| | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- |
| Federal | 0 | 0 | 0 | -- |
| Local | 0 | 0 | 0 | -- |
| Private | 0 | 0 | 0 | -- |
| Restricted | 0 | 0 | 0 | -- |
| GF/GP | 9,337,100 | 9,609,200 | 272,100 | 2.9 |
| Gross | \$9,337,100 | \$9,609,200 | \$272,100 | 2.9 |
| FTEs | 96.2 | 96.2 | 0.0 | 0.0 |



Budget Briefing: Legislature

Michael Crossen, Senior Fiscal Analyst

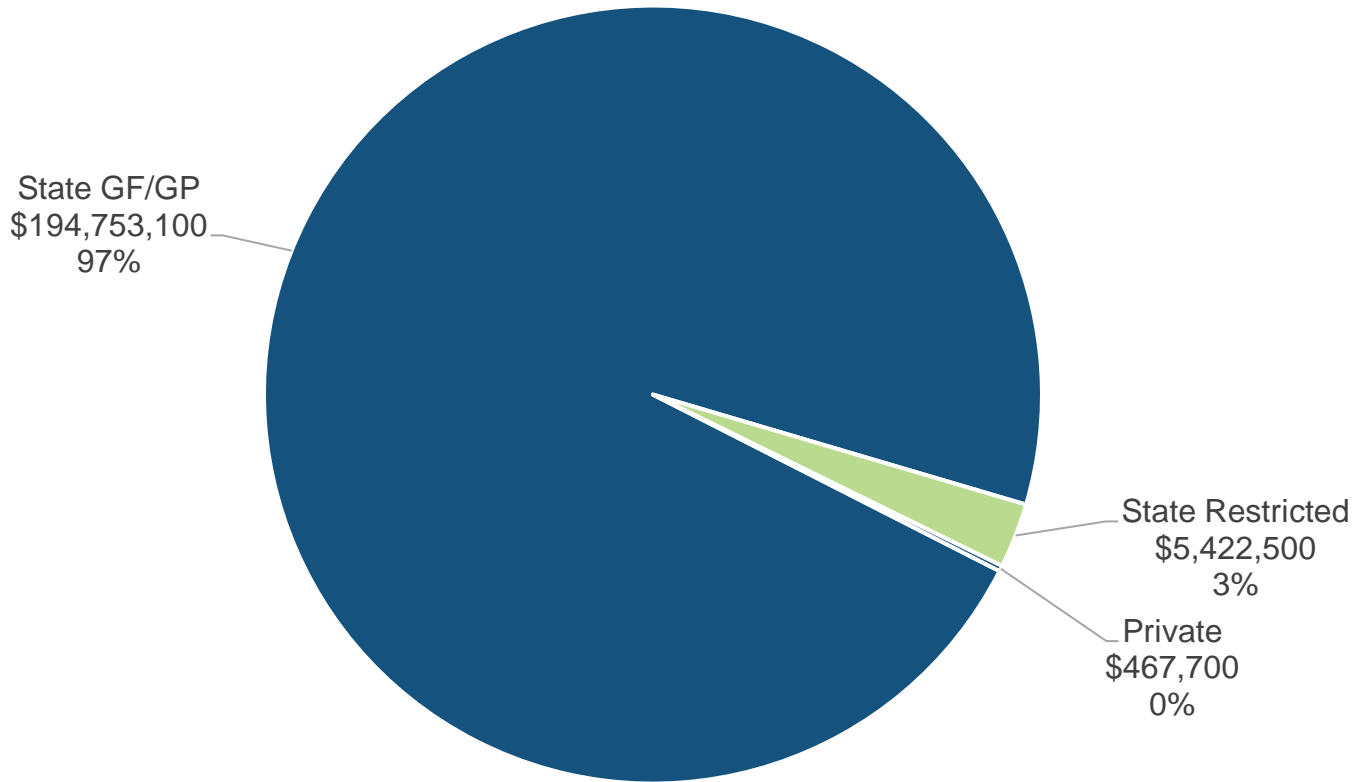
December 2024

Legislature

- Michigan's legislature is a sovereign and independent branch of state government:
 - House of Representatives: 110 members elected for two-year terms
 - Senate: 38 members elected for four-year terms
 - Proposal 1 of 2022 was approved by voters to amend the State Constitution to change legislative term limits to a maximum of 12 years that can be served in either the House or the Senate, or a combination of both
 - Legislative Council: Maintains bill drafting, research, and other services (commissions and ombudsman positions)
 - State Capitol Historic Site: Oversees maintenance and restoration of state capitol building
- Enacts laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government
- Initiates and considers amendments to the State Constitution, considers legislation proposed by petitions signed by voters, and considers proposed amendments to the U.S. Constitution
- Exercises oversight over the executive branch of government through administrative rules, audit processes, and committee hearings

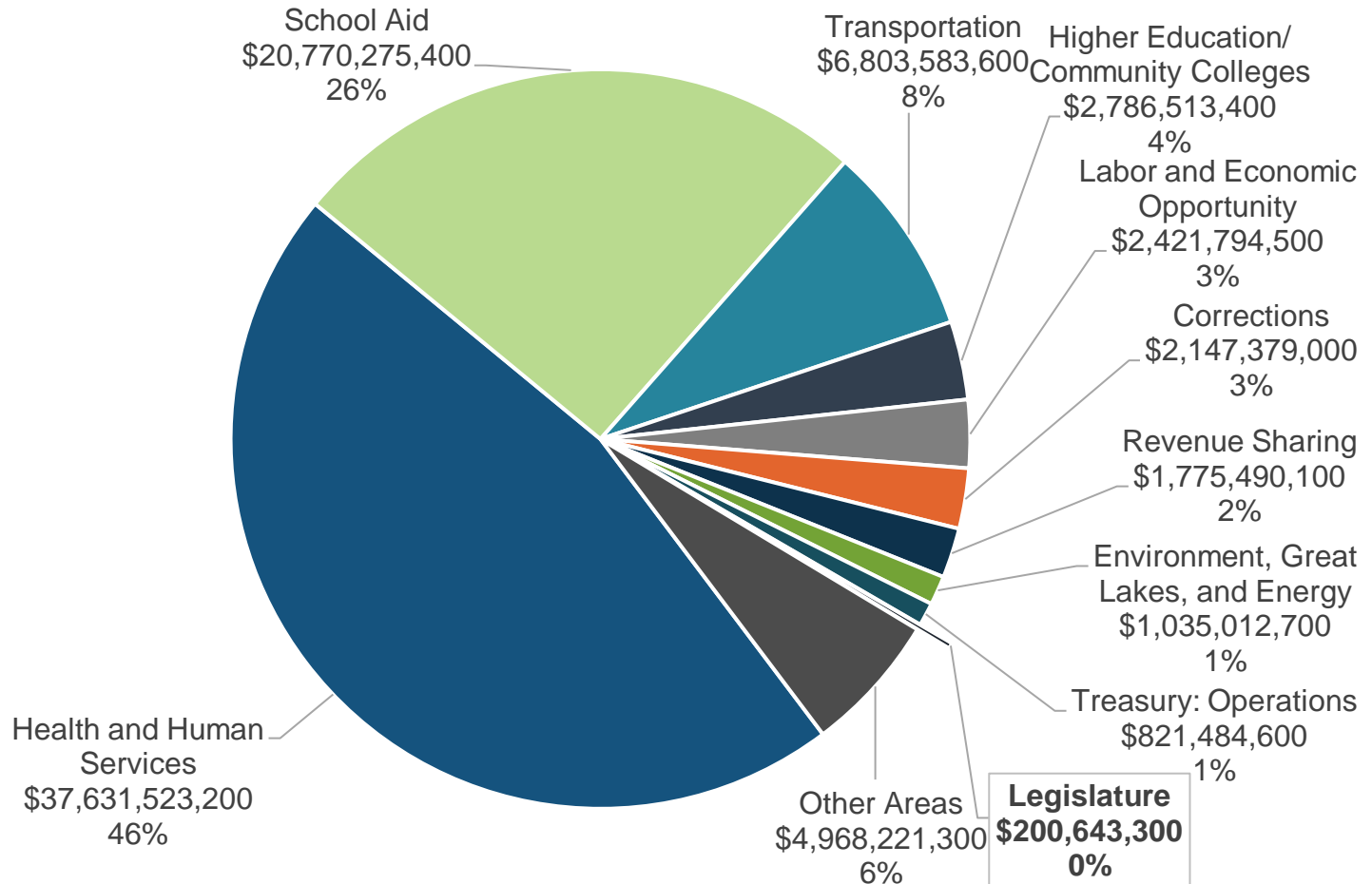
FY 2024-25 Fund Sources

Approximately **97%** of the **\$200.6 million** Legislature budget is funded by General Fund revenue.



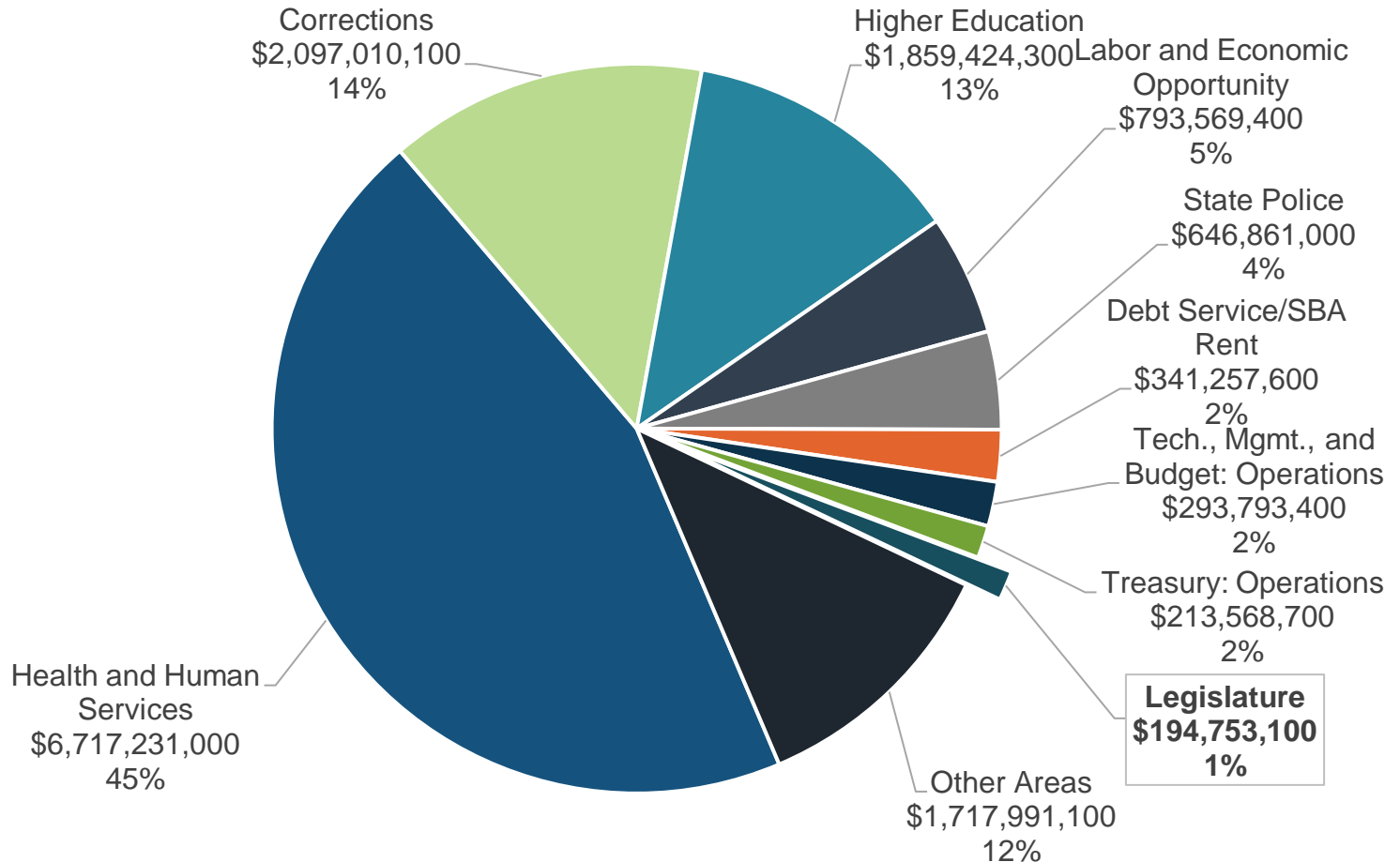
Legislature Share of Total State Budget

The Legislature budget represents less than 1% of the **\$80.7 billion** state budget (adjusted gross) for FY 2024-25.



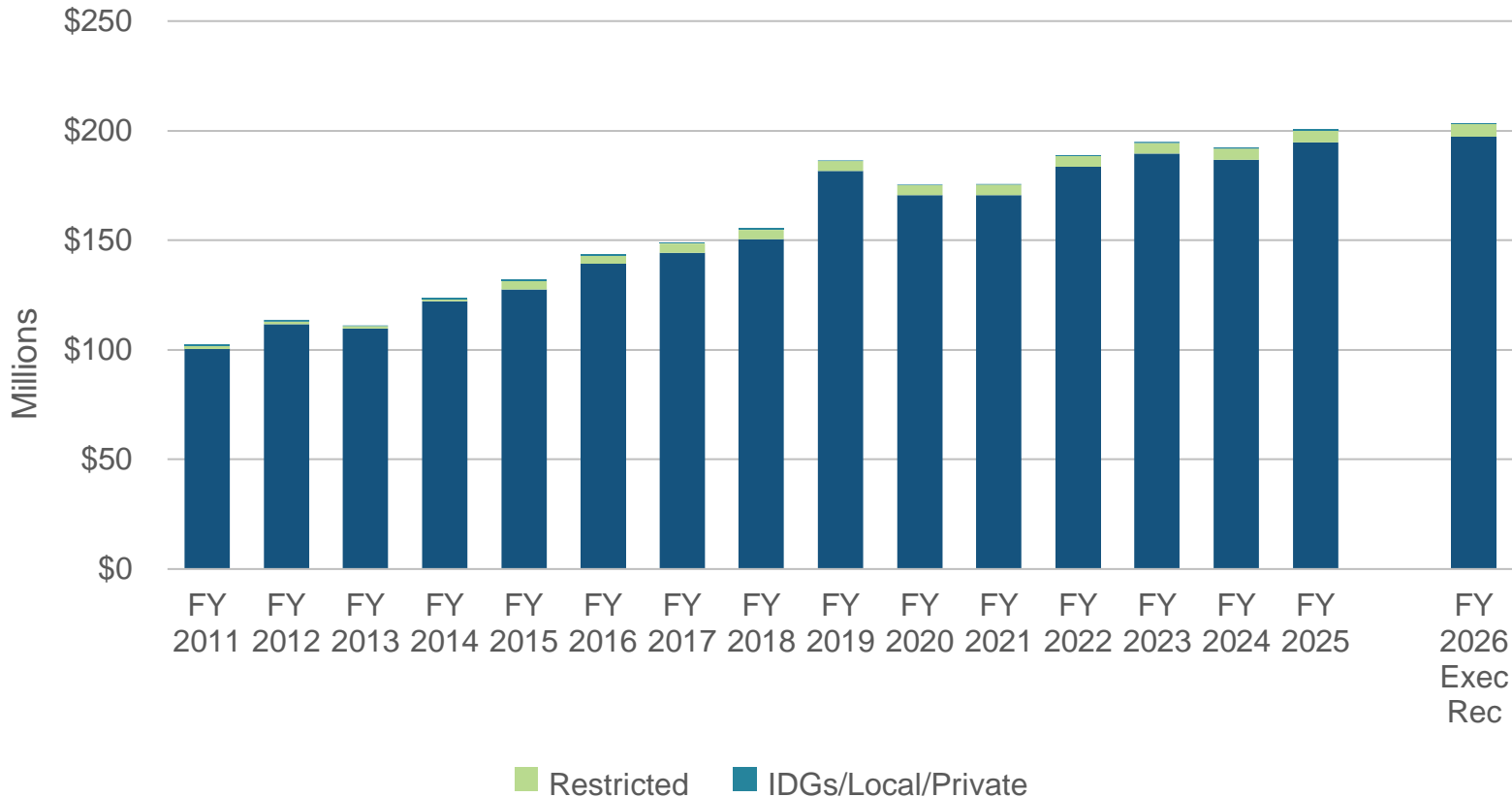
Legislature Share of Total GF/GP Budget

The Legislature budget represents about **1%** of the **\$14.9 billion** state GF/GP budget appropriations for FY 2024-25.



Legislature Funding History

Funding for the legislature has grown by **96.1%** since FY 2010-11, driven mainly by economic adjustments, prefunding retiree healthcare in FY 2011-12, and creation of a State Capitol Historic Site renovation and maintenance fund in FY 2014-15. Funding spiked in FY 2018-19 for one-time costs of the Senate parking garage purchase for \$18.0 million.



Legislature Appropriation Areas

Legislature: House of Representatives operations, House Fiscal Agency, House automated data processing, Senate operations, Senate Fiscal Agency, and Senate automated data processing. FY 2025-26 Executive Budget includes \$4.2 million GF/GP.

Legislative Council: Maintains bill drafting, research, and other services; worker's compensation; national association dues; legislative corrections ombudsman; Michigan veterans' facility ombudsman; Independent Citizens Redistricting Commission; and new in FY 2024-25, the tribal legislative liaison. FY 2025-26 Executive Budget includes \$705,700 GF/GP.

Legislative Retirement System: Provides funding for the Michigan Legislative Retirement System, a single-employer, public employee, defined benefit retirement plan and post-employment healthcare plan governed by the State of Michigan and established by 1957 PA 261. FY 2025-26 Executive Budget includes \$188,400 GF/GP.

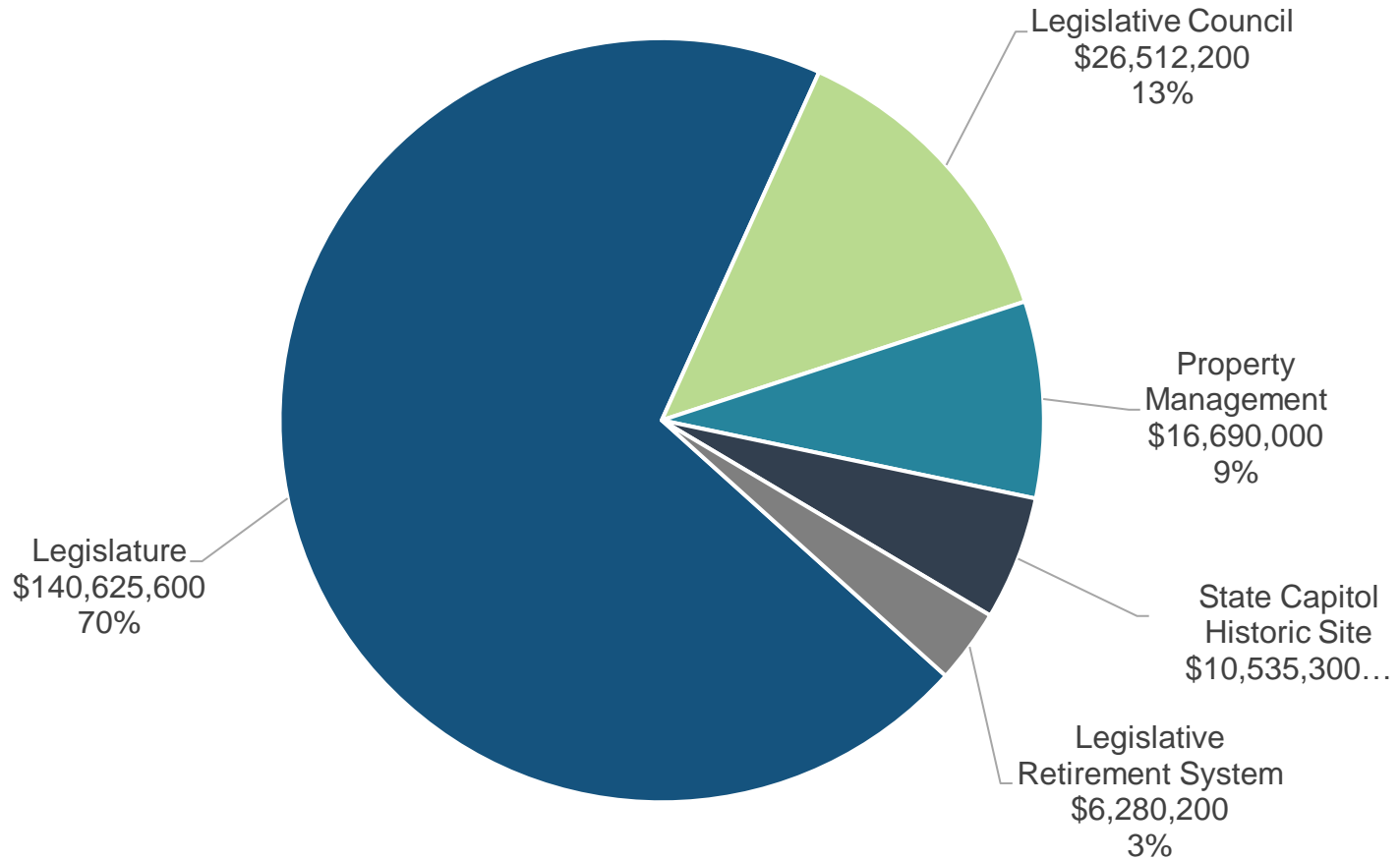
Property Management: Funding for lease costs, maintenance, utilities, janitorial services, supplies, taxes, and insurance for the Cora Anderson Building (House) and Binsfield Office Building (Senate). FY 2025-26 Executive Budget includes \$500,800 million GF/GP.

State Capitol Historic Site: Management and operation of the Michigan State Capitol Historic Site; funds maintenance, repair, and restoration of the Michigan State Capitol Historic Site. FY 2025-26 Executive Budget includes \$316,000 Gross.

FY 2025-26 Executive Budget removes \$3.0 million to reflect the Independent Citizens Redistricting Commission going dormant until the next decennial census.

FY 2024-25 Gross Appropriations

Approximately **70%** of the **\$200.6 million** Legislature budget supports staff and administration of the legislature, which is funded entirely from General Fund revenues.



Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | Difference: FY 2025-26 vs. FY 2024-25 | |
|-------------------|--|-------------------------|--|------------|
| | | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- |
| Federal | 0 | 0 | 0 | -- |
| Local | 0 | 0 | 0 | -- |
| Private | 467,700 | 481,700 | 14,000 | 3.0 |
| Restricted | 5,422,500 | 5,585,100 | 162,600 | 3.0 |
| GF/GP | 194,753,100 | 197,513,800 | 2,760,700 | 1.4 |
| Gross | \$200,643,300 | \$203,580,600 | \$2,937,300 | 1.5 |
| FTEs | 0.0 | 0.0 | 0.0 | -- |



Budget Briefing: Legislative Auditor General

Michael Crossen, Senior Fiscal Analyst

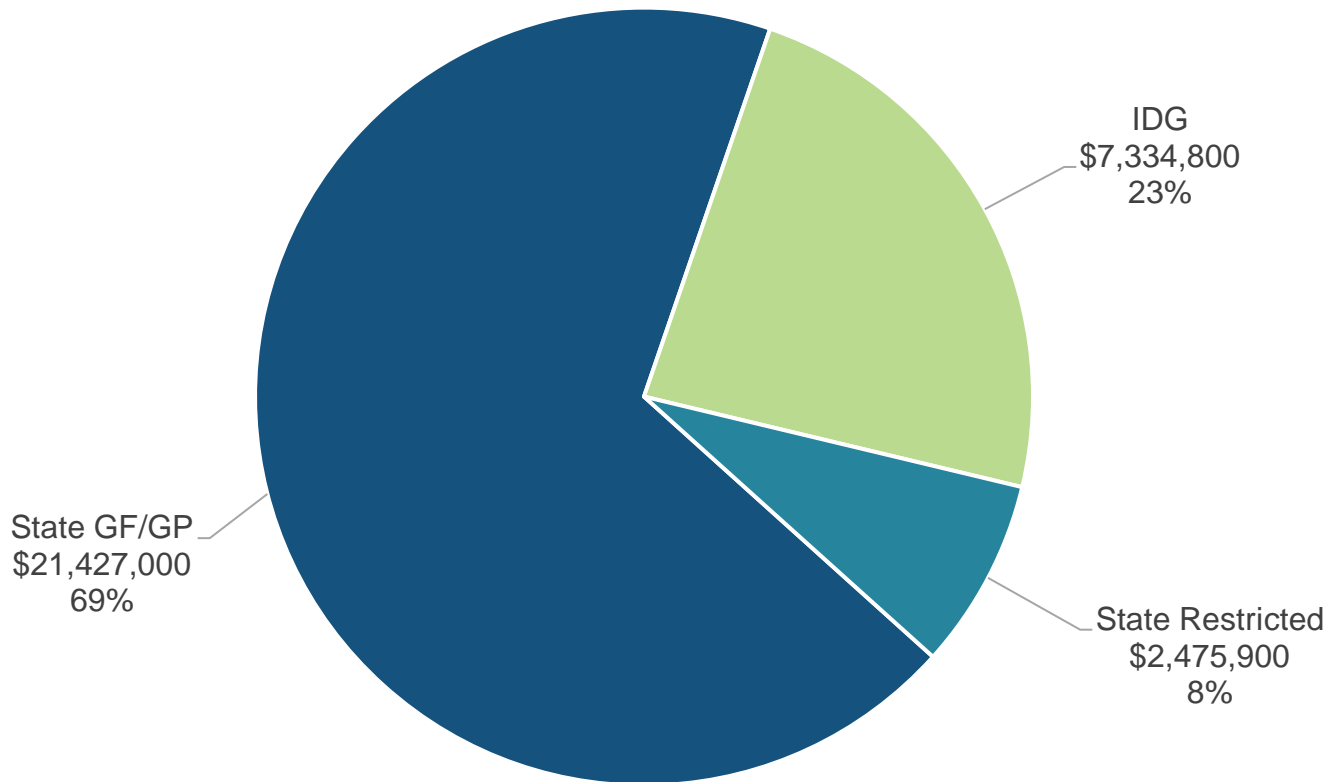
December 2024

Legislative Auditor General

- Constitutional authority is found in Article IV, Section 53 of the Constitution of Michigan 1963. Mission is to improve accountability for public funds and operations of state government for the benefit of the citizens of the State of Michigan.
- Responsibilities are to conduct post financial and performance audits of state government operations and complete individual projects and reports in response to legislative requests.
- Audit reports:
 - Provide information for legislative oversight of state government
 - Provide accountability, ensuring that receipts and expenditures are in accordance with the State Constitution and state laws, rules, and procedures
 - Assist state departments and agencies in improving the financial management, effectiveness, efficiency, and economy of activities and programs approved by the legislature.
- Appropriations for the legislative auditor general are included in an appropriation unit in the Legislature budget in FY 2024-25.

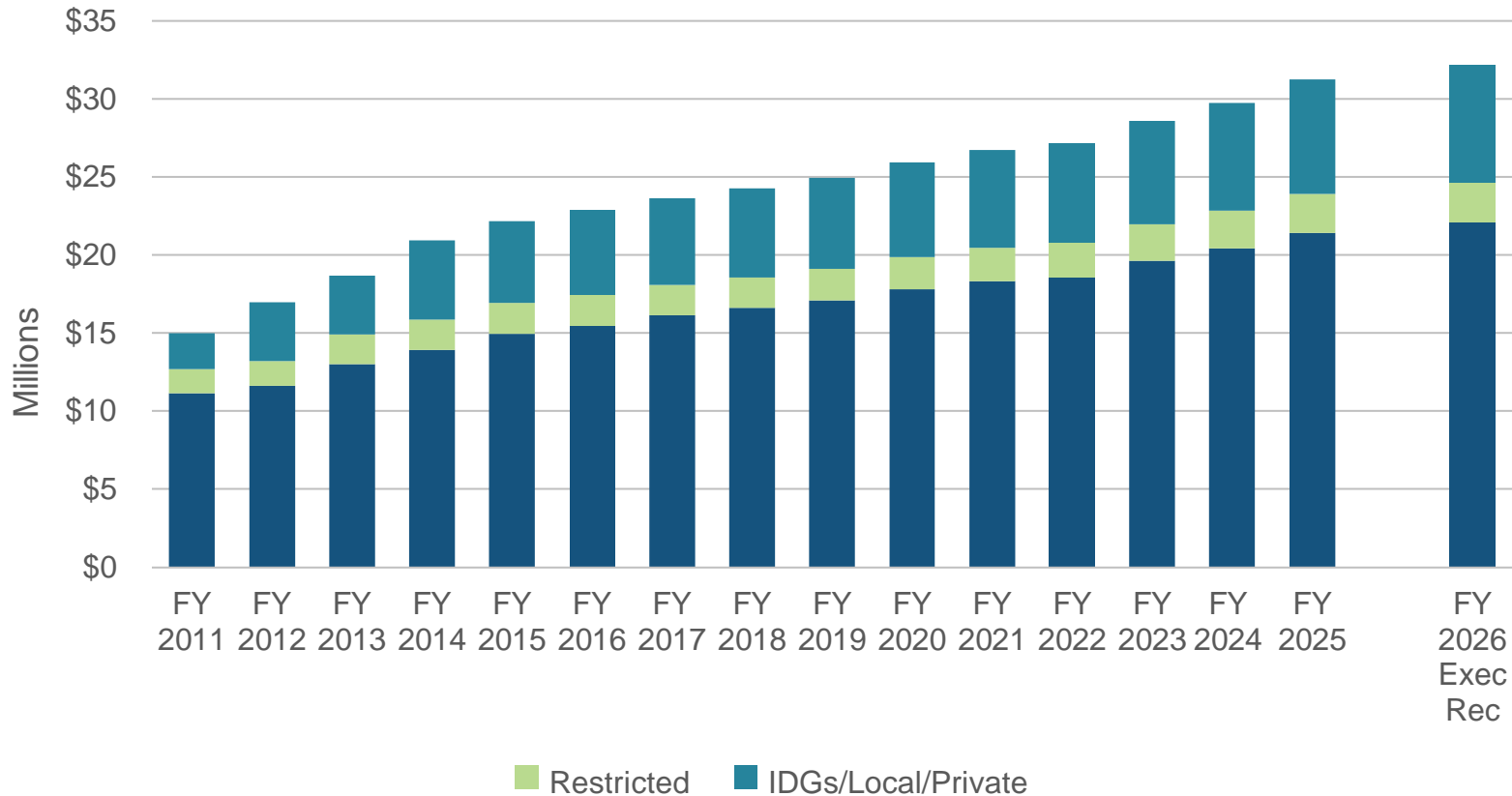
FY 2024-25 Fund Sources

Approximately **69%** of the **\$31.2 million** Legislative Auditor General budget is funded by General Fund revenue. IDG revenue supports approximately **23%** of operations and is received from departments to cover the cost of departmental audits.



Legislative Auditor General Funding History

Funding for the legislative auditor general has grown by **108.3%** since FY 2010-11, driven mainly by pre-funding of retiree healthcare in FY 2011-12, a shift of boilerplate funding to line item funding, and inclusion of additional funds for increased audit oversight in recent years, mainly due to growth in information technology program funding.



Legislative Auditor General Appropriation Areas

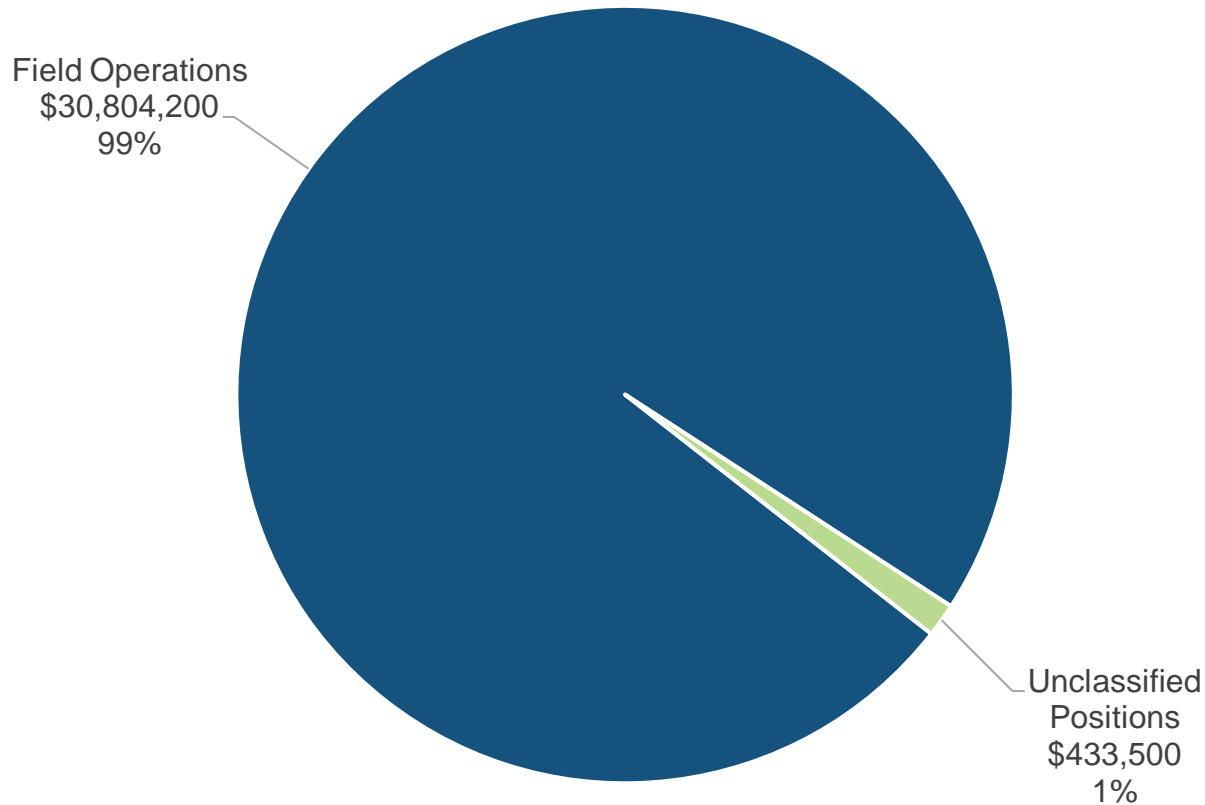
Unclassified Positions: Salaries for the auditor general, the deputy auditor general, and an additional unclassified position

Field Operations: All other salaried staff, which are state classified civil service employees despite being staff of the legislative branch, and office operations (rent, travel, information system charges, office supplies, dues, etc.)

FY 2025-26 Executive Budget includes \$937,100 Gross (\$642,800 GF/GP) for staff of the Office of Auditor General and for other operations.

FY 2024-25 Gross Appropriations

About **99%** of the **\$31.2 million** Legislative Auditor General budget supports field operations which covers staff and operations costs for day-to-day activities of the auditor general.



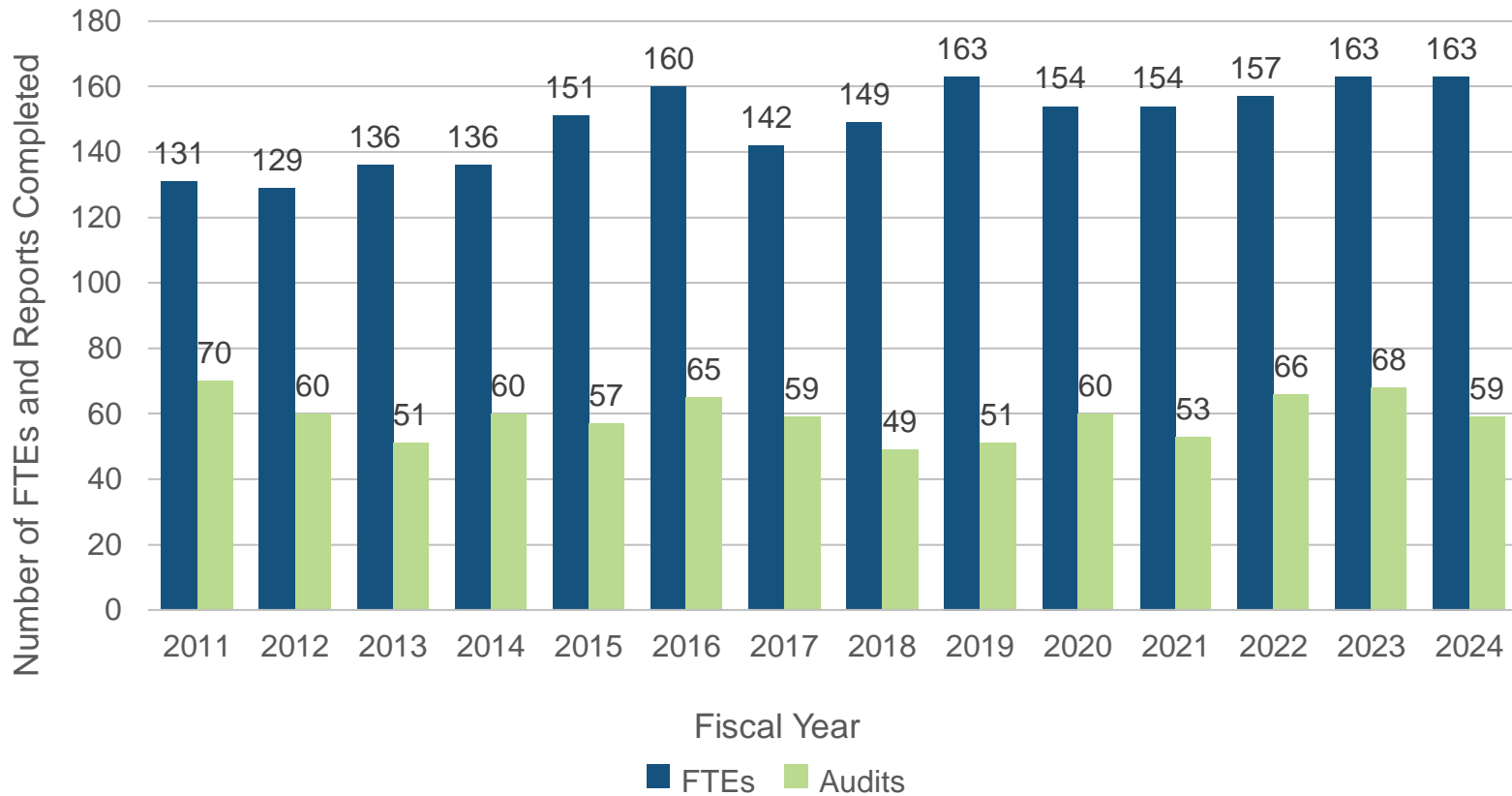
Legislative Auditor General

Types of Audits Performed:

- **Financial Audits:** Provide reasonable assurance that financial statements or financial schedules of an audited entity are presented fairly and conform with generally accepted accounting principals; includes State of Michigan Comprehensive Annual Financial Report
- **Statewide Single Audit:** Financial audits performed in accordance with the Single Audit Act of 1984 (as amended in 1996) and by state statute; meets the needs of federal grantor agencies and other financial report users; requires study and evaluation of the internal control structure and testing of compliance with laws and regulations relevant to federal assistance programs
- **Performance Audits:** Provide an independent assessment of the performance of a governmental entity, program, or function to improve public accountability and to facilitate decision-making by parties responsible for initiating corrective action; follow-up reports are done to determine whether there was compliance
- **Performance and Financial Audits:** Designed to achieve a combination of performance and financial audit objectives

Legislative Auditor General Reports

FTE Positions and Audit, Special, and Letter Reports Completed. In FY 2023-24, the legislative auditor general completed 59 audits.



Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | <i>Difference: FY 2025-26 vs. FY 2024-25</i> | |
|-------------------|--|-------------------------|--|------------|
| | | | <i>Amount</i> | <i>%</i> |
| IDG/IDT | \$7,334,800 | \$7,555,600 | \$220,800 | 3.0 |
| Federal | 0 | 0 | 0 | -- |
| Local | 0 | 0 | 0 | -- |
| Private | 0 | 0 | 0 | -- |
| Restricted | 2,475,900 | 2,549,400 | 73,500 | 3.0 |
| GF/GP | 21,427,000 | 22,069,800 | 642,800 | 3.0 |
| Gross | \$31,237,700 | \$32,174,800 | \$937,100 | 3.0 |
| FTEs | 0.0 | 0.0 | 0.0 | -- |



Budget Briefing: Department of State

Michael Crossen, Senior Fiscal Analyst

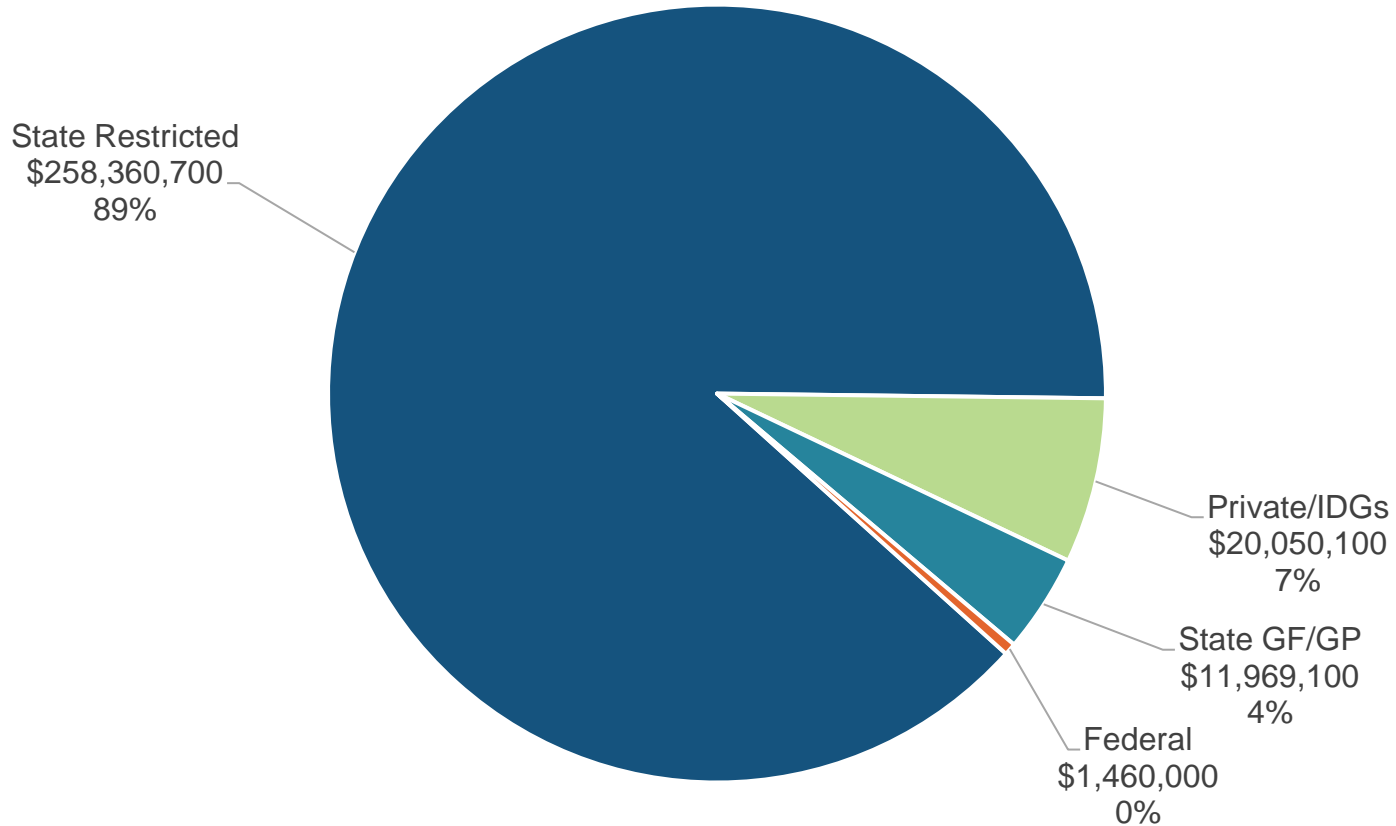
December 2024

Department of State

- The department implements policies of the secretary of state, an elected official who serves a four-year term of office.
- The department administers programs in four major areas:
 - **Motor vehicle transactions:** Drivers' licenses, titles, and registrations for motor vehicles, watercraft, and recreational vehicles
 - **Traffic safety:** Driving tests, license suspensions, and license revocations
 - **Consumer protection:** Inspection, investigation, licensing, and regulation of automobile dealers and repair facilities
 - **Elections:** Regulation and administration of the state's electoral process, training of local election officials, and campaign finance monitoring.

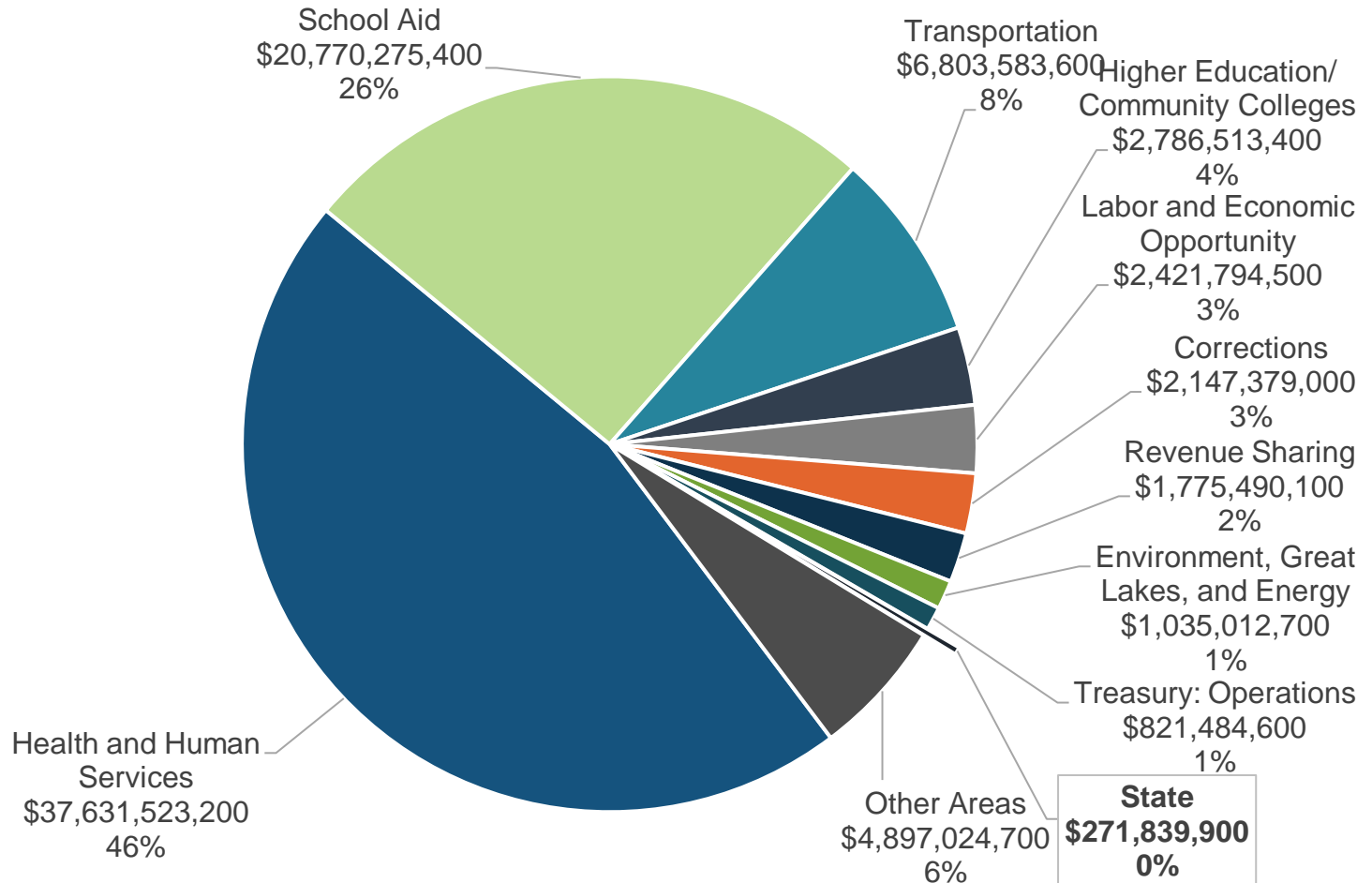
FY 2024-25 Fund Sources

Of the **\$291.8 million** Department of State (DOS) budget, **89%** is funded by state restricted revenues from the Transportation Administration Collection Fund (TACF), driver fees, and various other transaction fees collected by the department.



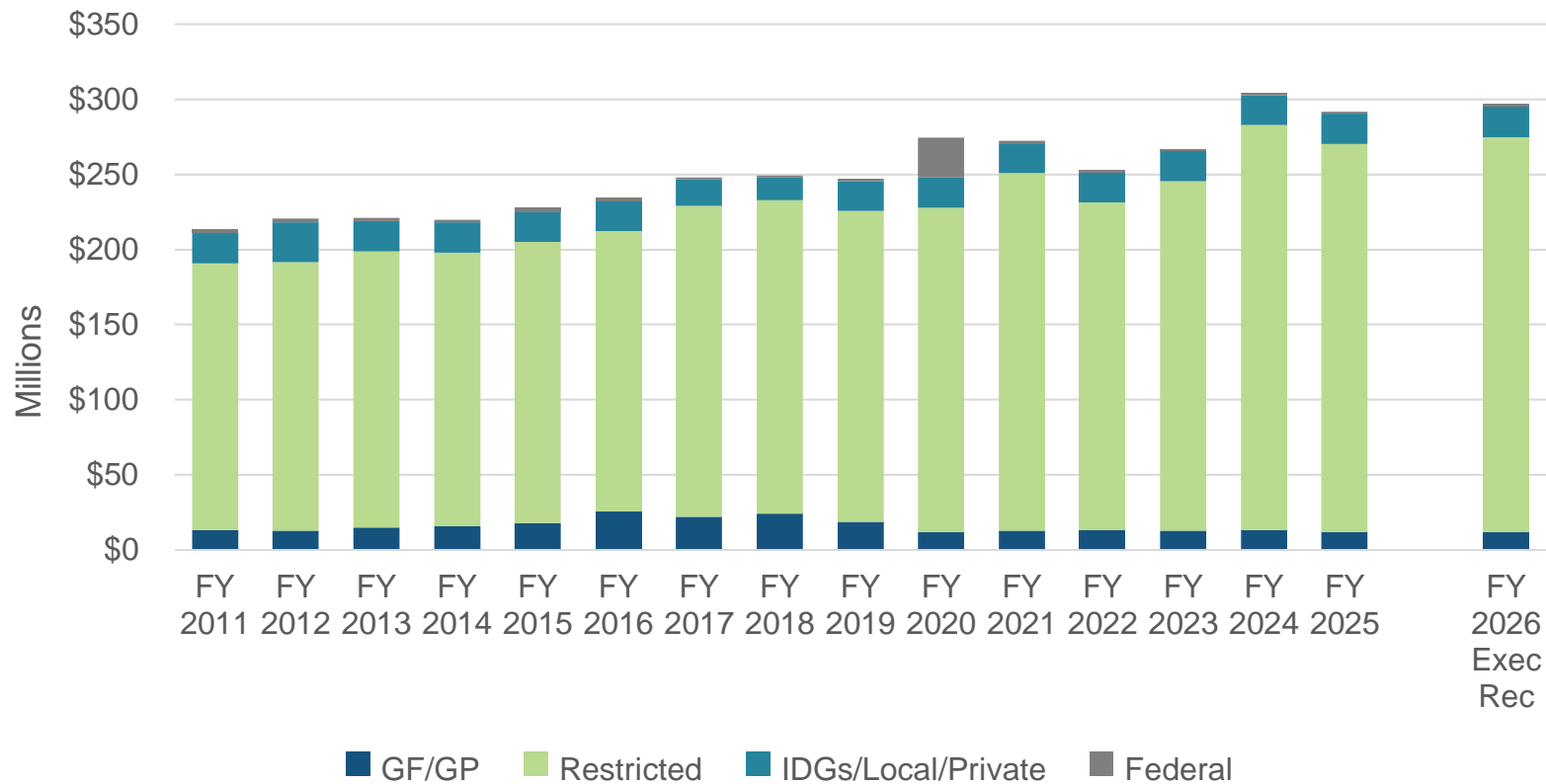
Department of State Share of Total State Budget

The Department of State budget represents less than 1% of the **\$81.4 billion** state budget (adjusted gross) for FY 2024-25.



Department of State Funding History

GF/GP appropriations decreased beginning in FY 2018-19 due to a decrease in one-time appropriations and replacing GF/GP with restricted funding. Funding increased substantially in FY 2023-24 to support the department and local units of government with major changes in election administration.



Department of State Appropriation Areas

Departmental Administration and Support: Administrative divisions that perform daily operations within the department; funds the secretary of state and other executive staff members, rent and property management costs, and payment of worker's compensation premiums.

Legal Services: Conducts regulatory appeals hearings; liaisons with attorney general and county prosecutors; provides counsel to ensure administrative compliance.

FY 2025-26 Executive Budget Includes \$973,800 of state restricted revenue to support 8 new positions to support business compliance efforts to ensure services are consistent with state driver and vehicle laws.

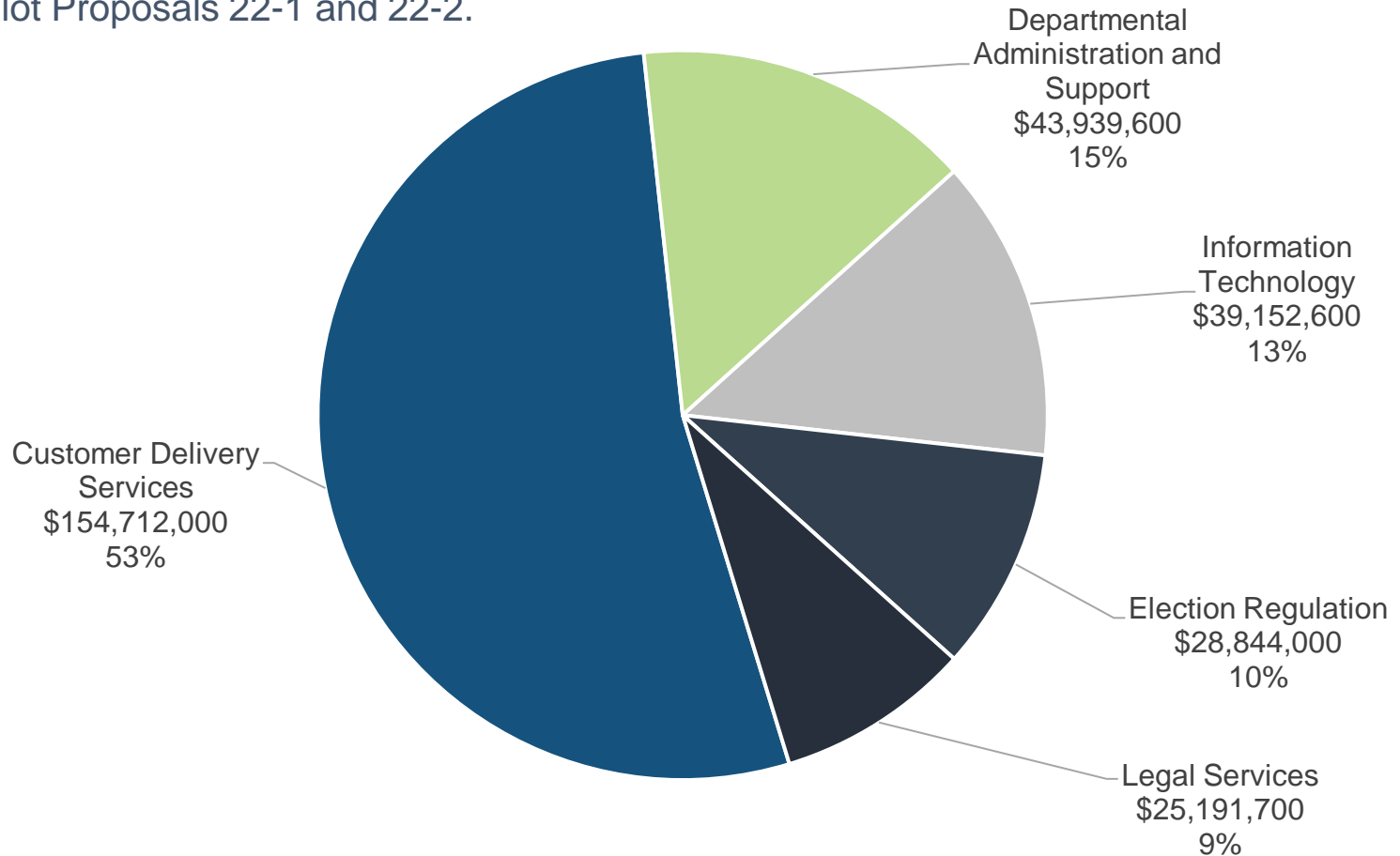
Customer Delivery Services: Includes branch operations, records processing, safety programs, and other related services.

Election Regulation: Administrative and regulatory functions of the state's election system.

Information Technology: IT-related services and projects that support department activities; administered by the Department of Technology, Management, and Budget.

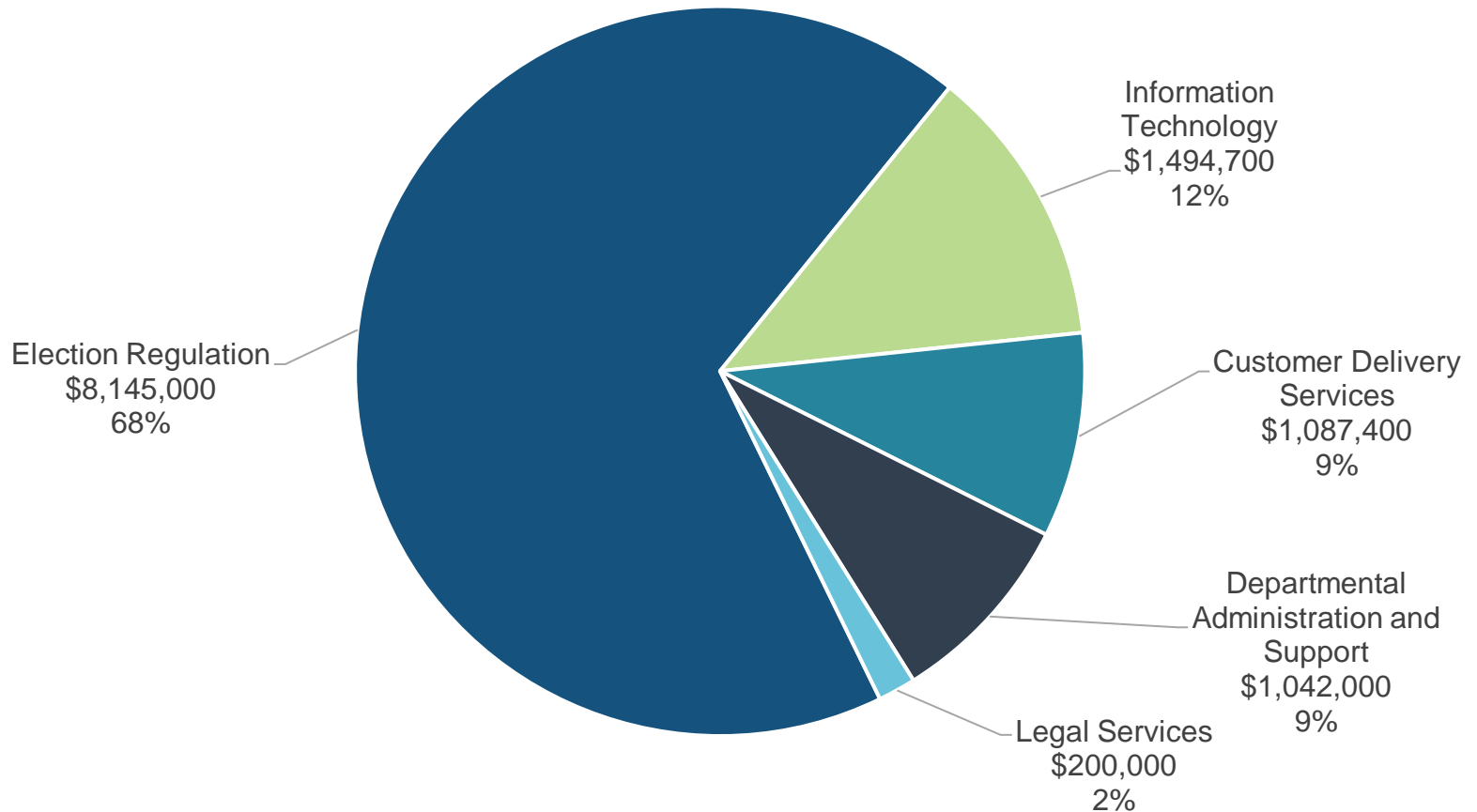
FY 2024-25 Gross Appropriations

Of the **\$291.8 million** Department of State budget, **53%** supports customer delivery services for vehicles and drivers. Ongoing funding for election administration increased from 3% in FY 2022-23 to 10% in FY 2024-25, reflecting higher election costs following Ballot Proposals 22-1 and 22-2.



FY 2024-25 GF/GP Appropriations

Just over 4% of the department's total budget is funded with GF/GP revenue. Of the total **\$12.0 million** GF/GP, **68%** is allocated to Election Regulation. GF/GP appropriations to all non-election regulation units decreased by \$2.1 million from FY 2023-24 due to increased availability of TACF revenue.



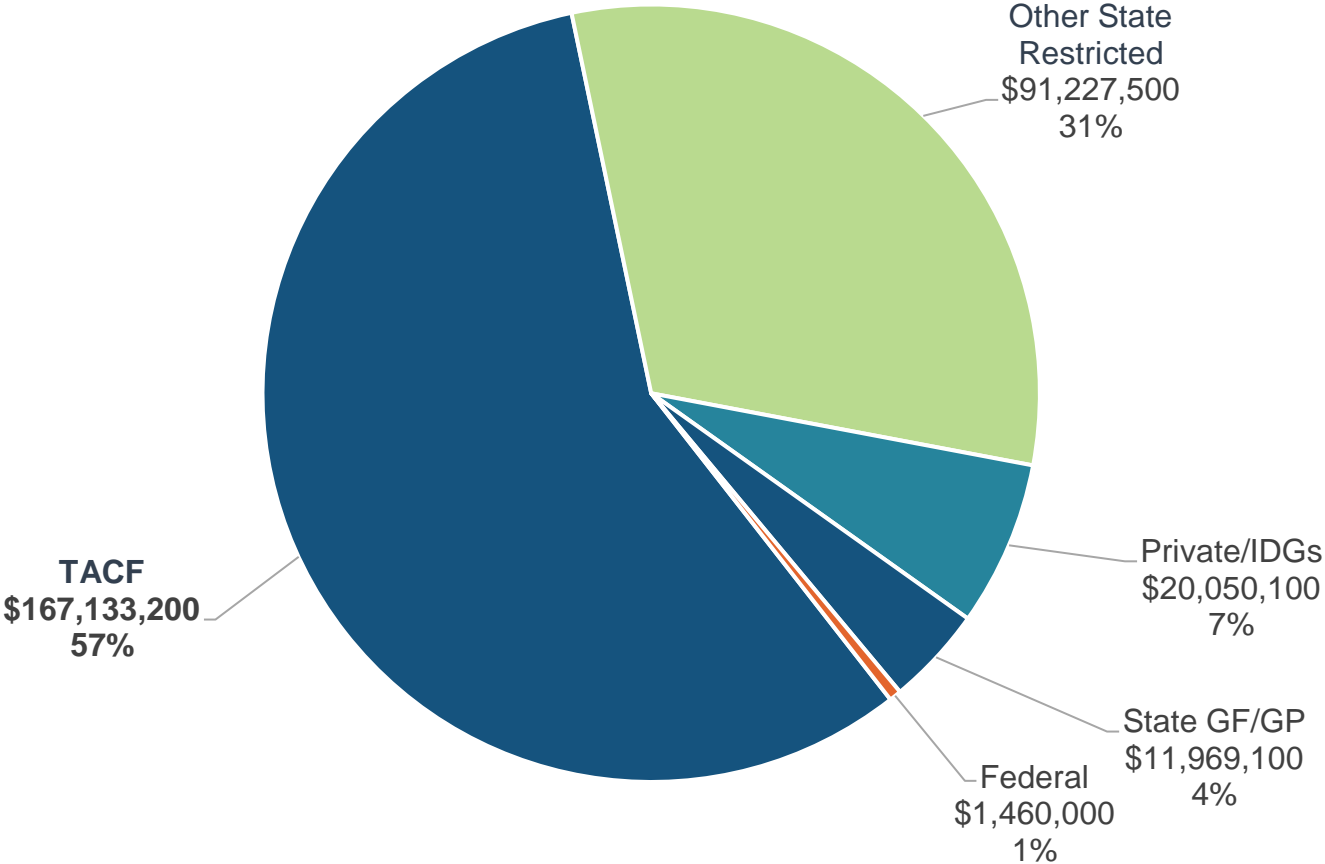
Customer Delivery Services Components

- **Branch Operations:** Branch offices issue drivers' licenses; process automobile and recreation vehicle titles and registrations; offer voter registration services; conduct traffic safety programs.
- **Bureau of Driver and Vehicle Programs:** Processes requests for driver and vehicle records; maintains/stores driver and vehicle records; maintains violation, suspension, and restriction records; maintains records of financing statements used to protect a security interest in collateral.
- **Motorcycle Safety Education Administration:** Administers motorcycle safety education program and oversight of motorcycle safety courses.
- **Office of Customer Service:** Processes mailed applications for computer-prepared registrations and driver licenses; issues commercial vehicle registrations; receives and maintains Uniform Commercial Code filings.
- **Organ Donor Program:** Collects and transfers organ donation information from licenses and personal ID card applicants to thirds parties; produces promotional materials.
- **License Plates:** Oversees manufacturing and issuing of all license plates, including standard, personalized, fundraising, historical, and veteran/military.

FY 2025-26 Executive Budget includes \$640,600 of state restricted revenue to support 4 new positions for information technology system support for more efficient driver and vehicle service options to residents.

Transportation Administration Collection Fund (TACF)

TACF is the primary state restricted fund used for vehicle registration-related administrative expenses. It makes up **57%** of the department's entire budget.



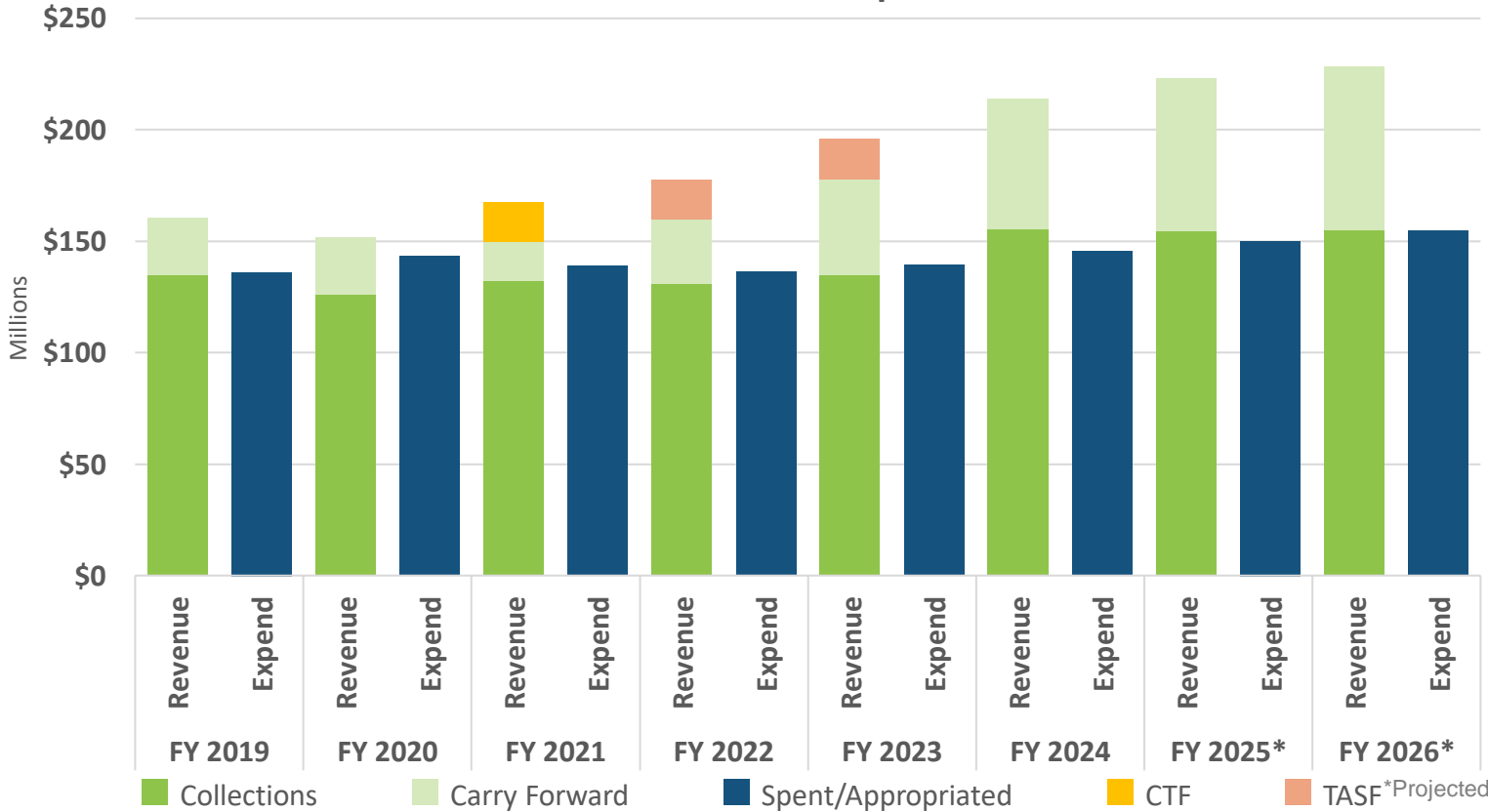
Transportation Administration Collection Fund

- TACF is the primary state restricted fund used for vehicle registration-related administrative expenses. It makes up **57%** of the department's entire budget.
- Created in 2003 to provide a consistent source of funding for the department's administration of registration of vehicles and watercraft and related services.
- Funded through various service fees and commercial record look-up fees.
- Increasing expenses and steady revenue have led to revenue shortfalls.
- 2021 PA 38 transferred \$18.0 million from the Comprehensive Transportation Fund to TACF and 2021 PA 87 and 2022 PA 166 deposited \$18.0 million GF/GP into the newly created, state restricted Transportation Administration Support Fund to support expenses covered by TACF.
- 2023 PA 130 increased the record look-up fee by \$4, providing approximately \$19.0 million annually in additional TACF revenue.

Transportation Administration Collection Fund

2023 PA 130 increased the record look-up fee from \$11 to \$15. The \$4 increase provides approximately \$21.0 million in additional annual revenue, alleviating the previous imbalance between revenue and expenditures and resulting in a large annual carry forward.

TACF Revenue and Expenditures



Election Regulation Components

○ Help America Vote Act

- Provides federal funds for improving election administration and replacing voting equipment statewide

FY 2024-25 Executive Recommendation includes \$9.6 million in federal funding to authorize expenditure of federal Election Security grants. The total requested amount is comprised of **\$7.6 million** of a lapsed work project balance originally provided under the Consolidated Appropriations Act of 2020, **\$1.0 million** provided under the Consolidated Appropriations Act of 2024, and **\$1.0 million** from interest accrued from past and current HAVA fund balances.

○ Office of the Great Seal

- Keeps the state's official Great Seal and affixes it to all official documents
- Appoints all notary publics
- Processes gubernatorial extraditions and warrants
- Serves as repository for official municipal incorporations and boundary changes, executive orders and appointments, officials' oaths of office, deeds to state-owned lands, public acts, and administrative rules

Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | <i>Difference: FY 2025-26 vs. FY 2024-25</i> | |
|-------------------|--|-------------------------|--|------------|
| | | | <i>Amount</i> | <i>%</i> |
| IDG/IDT | \$20,000,000 | \$20,000,000 | \$0 | 0.0 |
| Federal | 1,460,000 | 1,460,000 | 0 | 0.0 |
| Local | 0 | 0 | 0 | -- |
| Private | 50,100 | 50,100 | 0 | 0.0 |
| Restricted | 258,360,700 | 262,935,500 | 4,574,800 | 1.8 |
| GF/GP | 11,969,100 | 12,151,800 | 182,700 | 1.5 |
| Gross | \$291,839,900 | \$296,597,400 | \$4,757,500 | 1.6 |
| FTEs | 1,635.0 | 1,635.0 | 0.0 | 0.0 |



Budget Briefing: Technology, Management, and Budget

Michael Crossen, Senior Fiscal Analyst

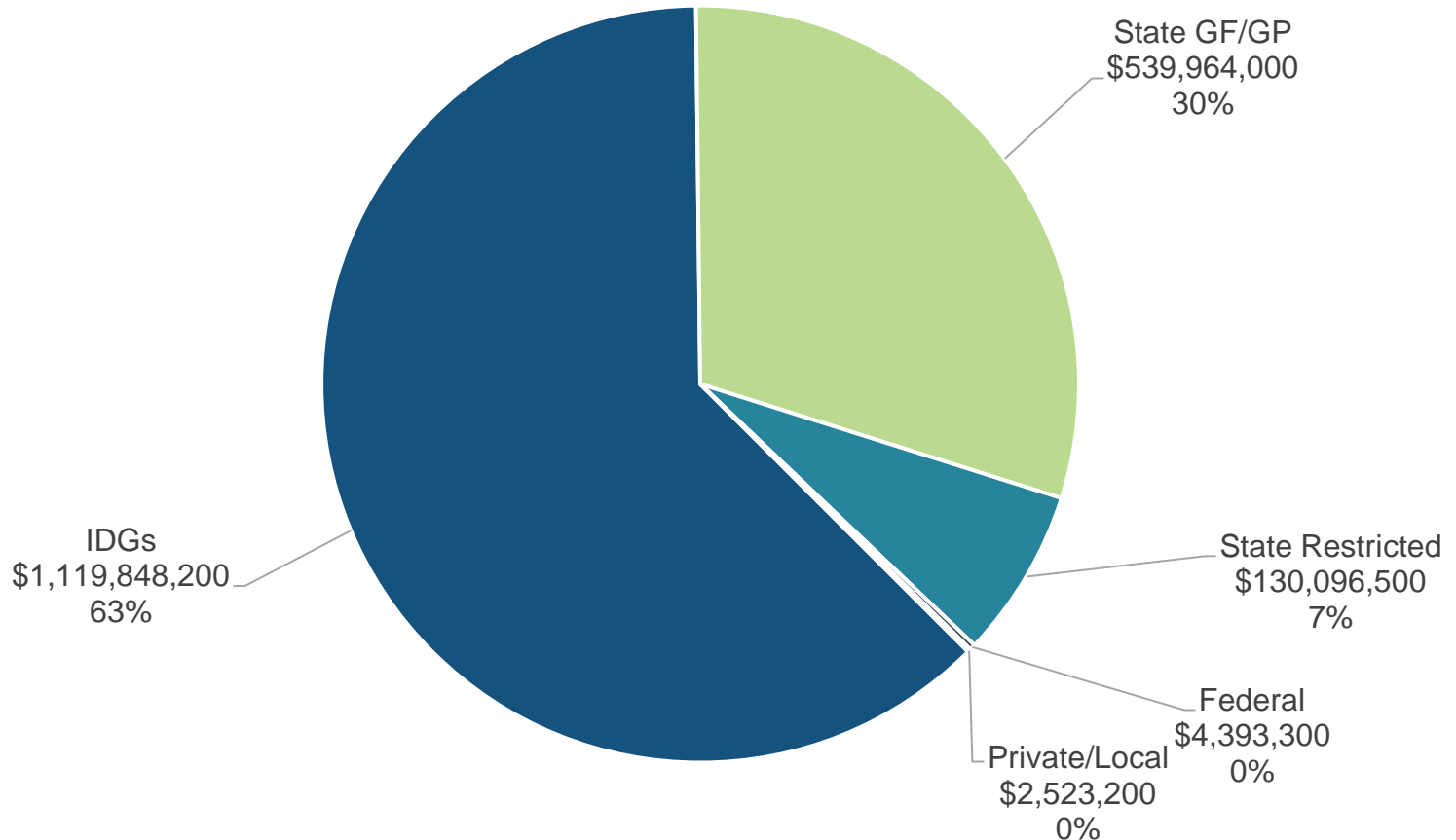
December 2024

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

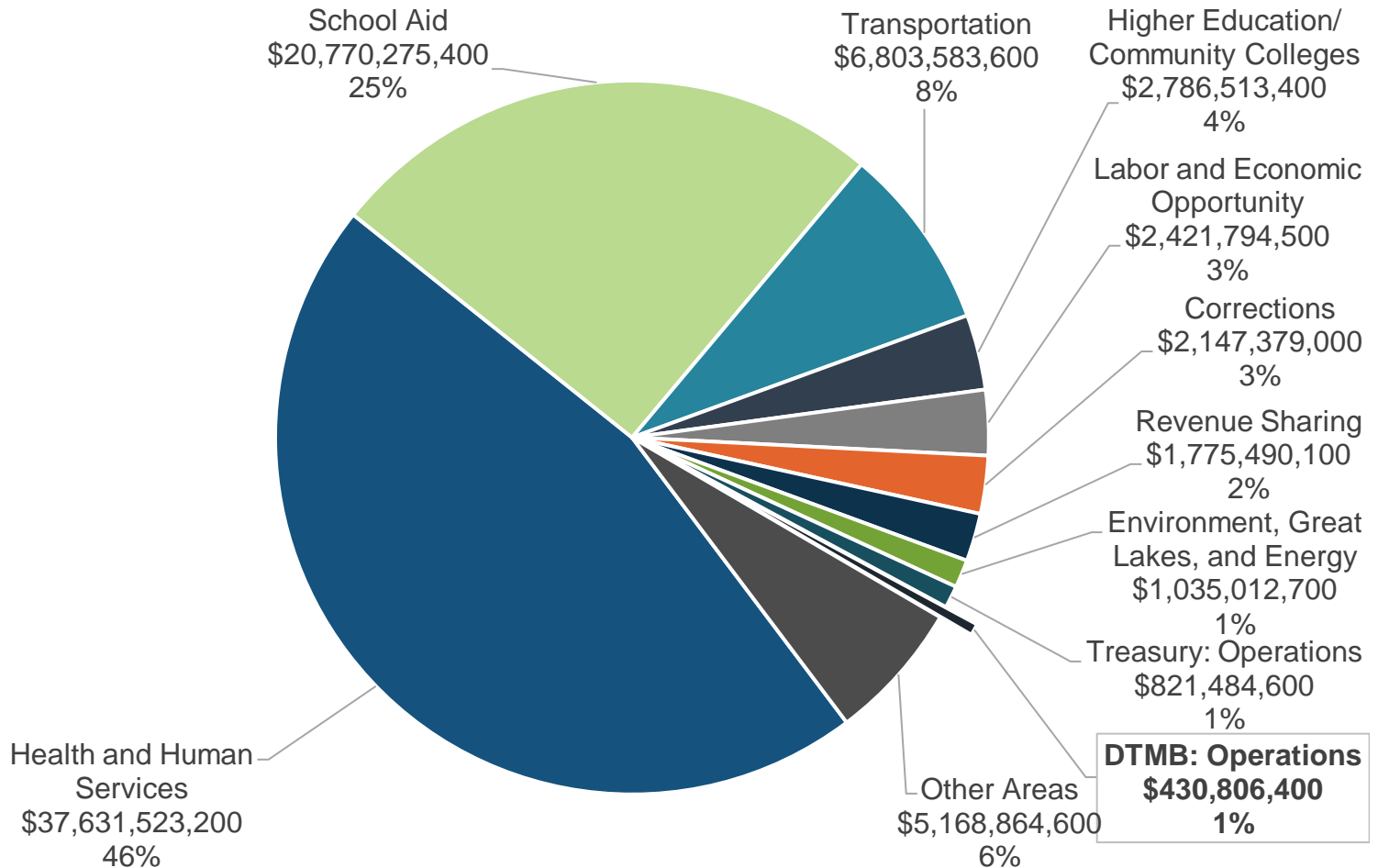
FY 2024-25 Fund Sources

Of the **\$1.8 billion** DTMB budget, **63%** is funded by interdepartmental grants (IDGs), which pay DTMB for services provided to other departments and agencies, and **30%** of the budget is funded by GF/GP. Nearly **80%** of all IDGs are for information technology services.



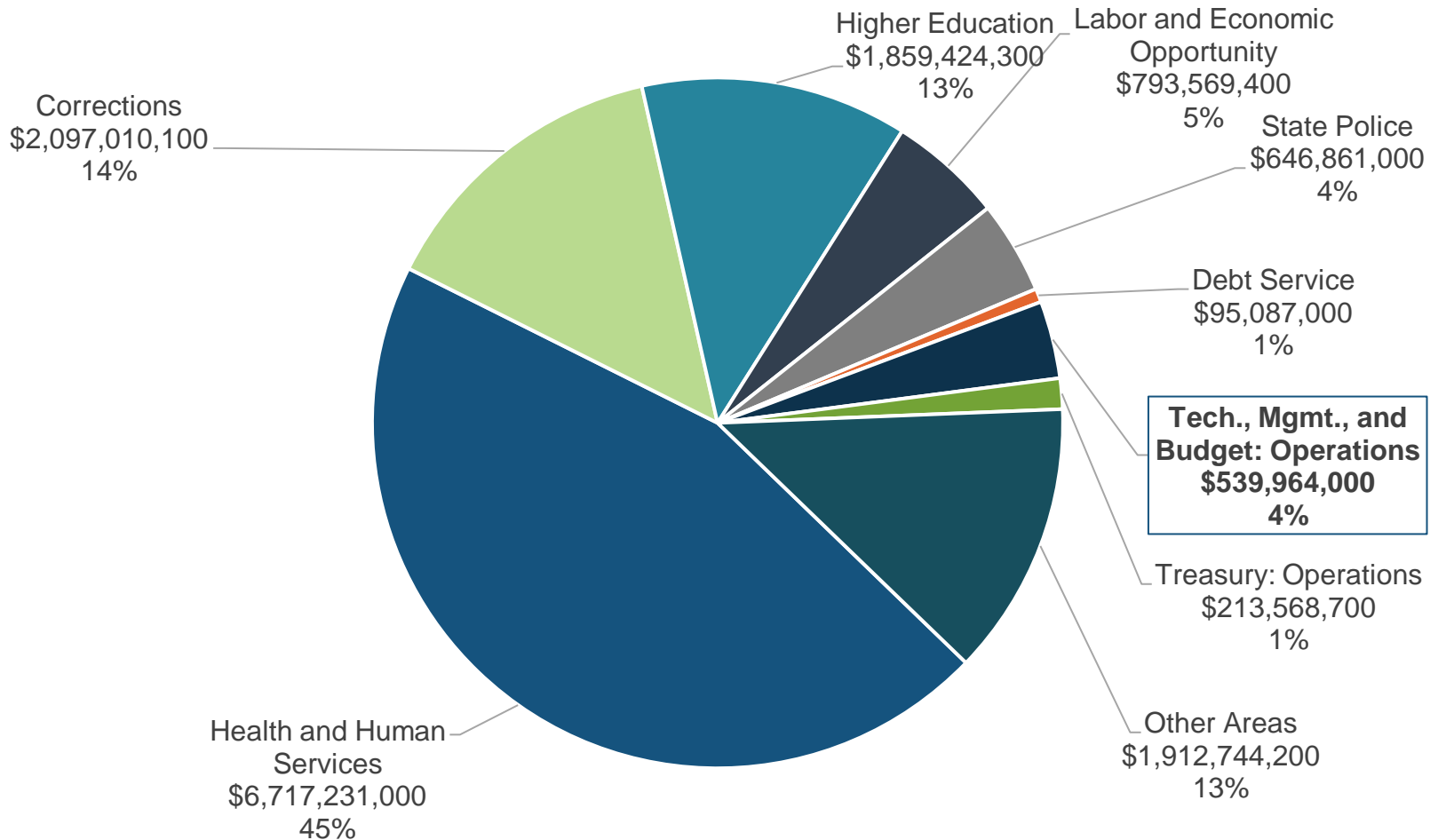
DTMB Share of Total State Budget

The DTMB Operations budget represents 1% of the \$81.4 billion state budget (adjusted gross) for FY 2024-25.



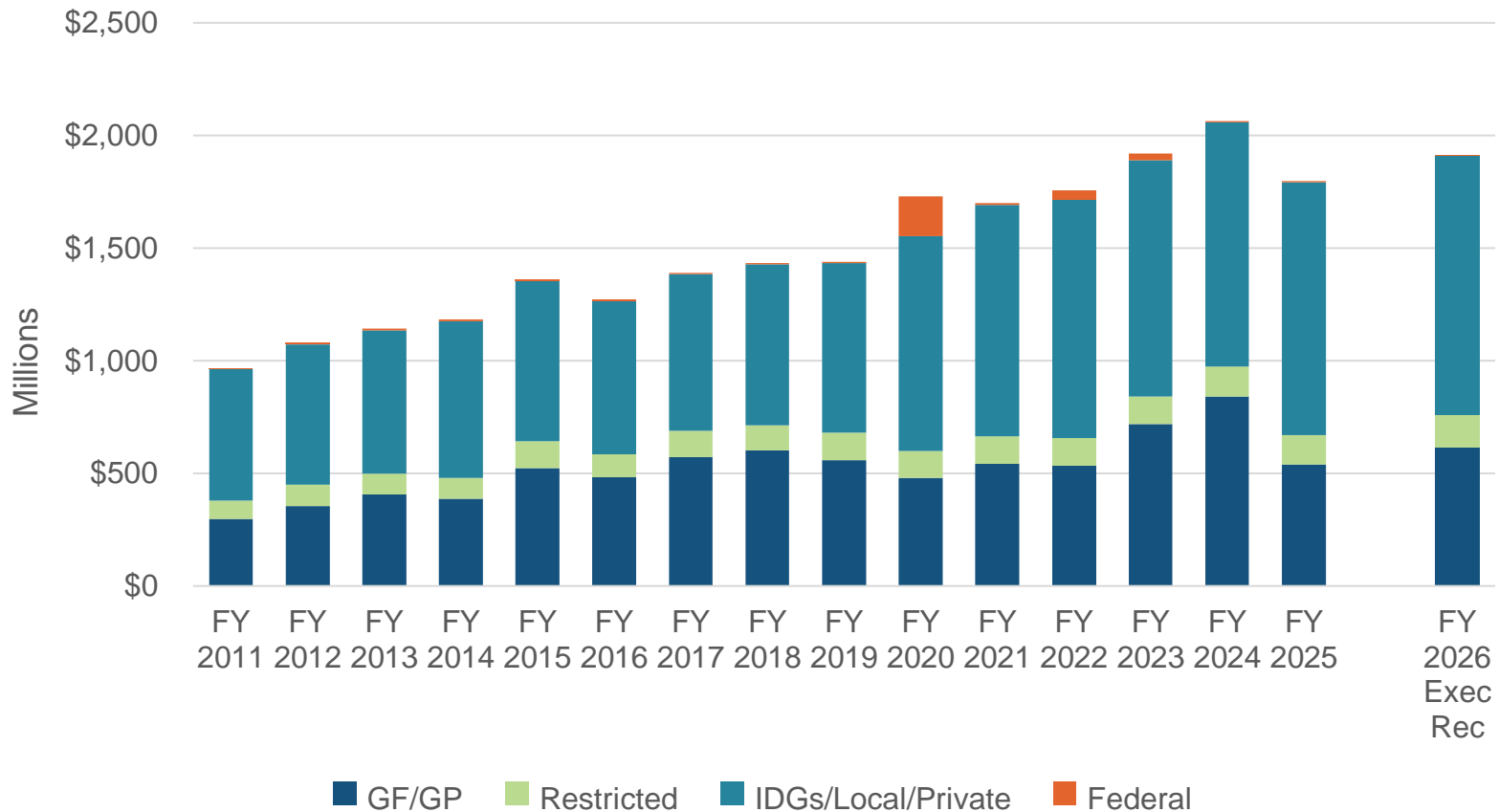
DTMB Share of Total GF/GP Budget

The DTMB Operations budget represents **4%** of the state's **\$14.9 billion** GF/GP budget for FY 2024-25.



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 including IT, state building maintenance, and state matching funds for federal programs.



DTMB Appropriation Areas

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

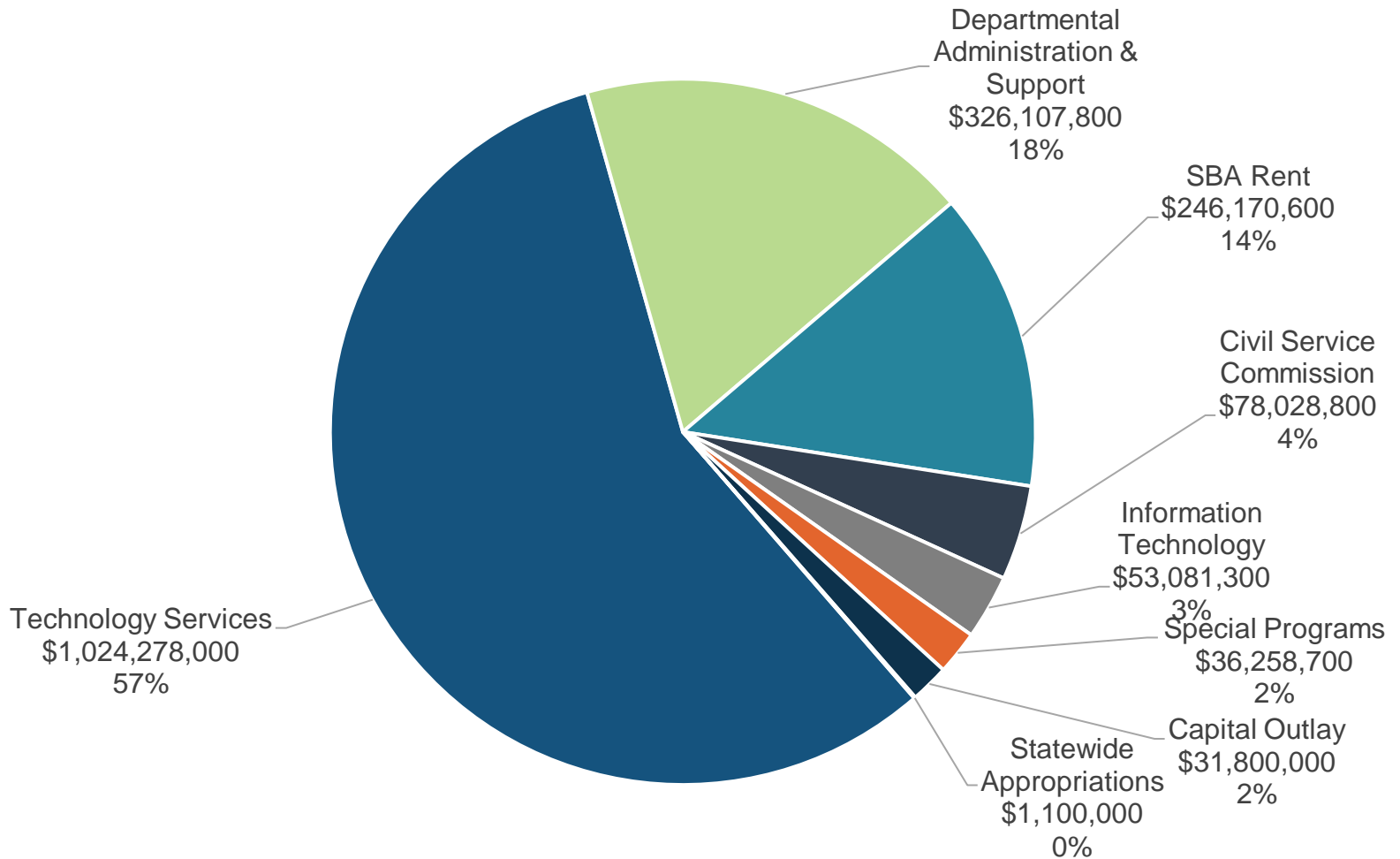
Capital Outlay: Supports renovation, remodeling, and special maintenance of facilities used by state departments and agencies.

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

One-Time Appropriations: Includes one-time appropriations for two projects in FY 2024-25: \$25.0 million for Michigan Public Safety Communication System equipment lifecycle replacements and \$1.4 million for free menstrual products in state buildings.

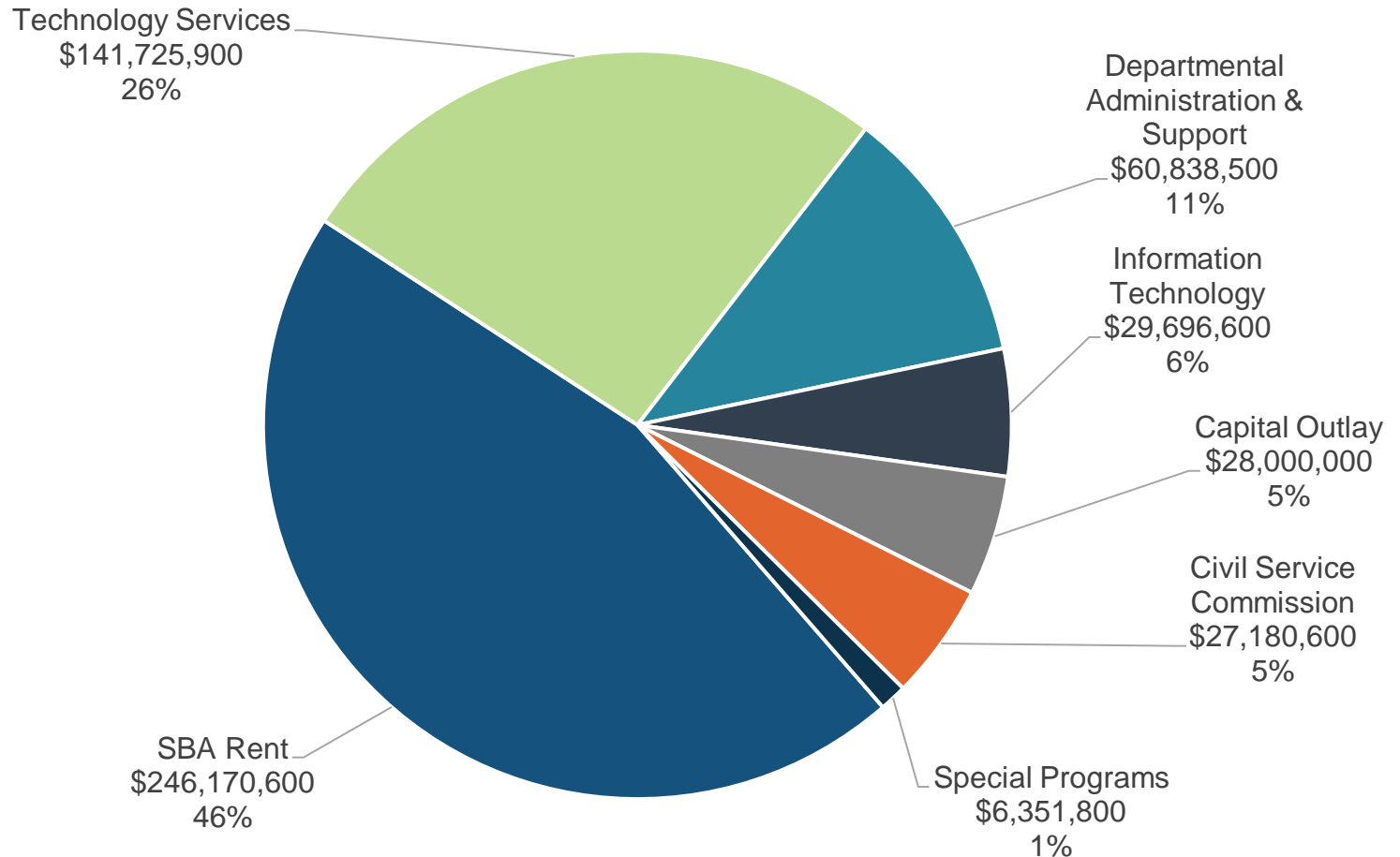
FY 2024-25 Gross Appropriations

Of DTMB's \$1.8 billion budget, 57% supports technology and IT services, the vast majority of which are funded through interdepartmental grants (IDGs) and GF/GP.



FY 2024-25 GF/GP Appropriations

GF/GP funds (totaling **\$540.0 million**) are concentrated in SBA rent payments and technology services with MPSCS (**\$47.1 million**) and Information Technology Investment Fund (**\$35.0 million**) comprising most of technology services.



DTMB Appropriations: Department Services

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

- **Administrative Services (\$27.7 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 (\$42.4 million):** Includes the State Budget Office (SBO), Office of Financial Management, SIGMA administration, Office of Performance and Transformation, and Center for Educational Performance and Information. **FY 2025-26 Executive Budget** includes **\$771,700** and **11.0 FTEs** for SBO.
- **Building Operation Services (\$106.7 million):** Operation and maintenance of state buildings, equipment and grounds, space assignment and design, building-related security, utilities and parking. **FY 2025-26 Executive Budget** includes **\$3.8 million** in IDG funding for to reflect building occupancy rate adjustments for increasing utility costs.
- **Business Support Services (\$17.4 million):** Purchasing operations, State Administrative Board, real estate services, interdepartmental mail, state records center. **FY 2025-26 Executive Budget** includes \$272,400 for staffing at the state records center.
- **Design and Construction Services (\$9.4 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

- **Michigan Center for Data and Analytics (\$7.2 million):** Formerly the Bureau of Labor Market Information and Strategies; provides labor market information and statistic, economic and workforce data, research, analysis, and program measurement data and services; established by [Executive Order 2022-11](#)
- **Motor Vehicle Services (\$95.7 million):** Acquires and maintains the state's motor vehicle fleet, manages and regulates use of state vehicles. [FY 2025-26 Executive Budget](#) includes \$5.4 million in IDG funding from the Motor Transport Fund to align IDG authorization with revenue from rates charged to departments and agencies.
- **Office of the State Employer (\$1.8 million):** Labor contract negotiations, labor relations, statewide disability management, worker's compensation
- **Property Management (\$9.9 million):** Pays for DTMB-occupied space in private and state-owned buildings
- **State Archives (\$1.9 million):** New to the DTMB budget in FY 2024-25 after transferring from the Department of Natural Resources. The State Archives is responsible for preserving the records of Michigan government and other public institutions
- **State Fleet Electric Vehicle Transition (\$1.0 million):** Preliminary administration costs to begin transitioning the state's vehicle fleet to electric vehicles and to conduct an analysis of infrastructure needs to transitioning to electric power

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:

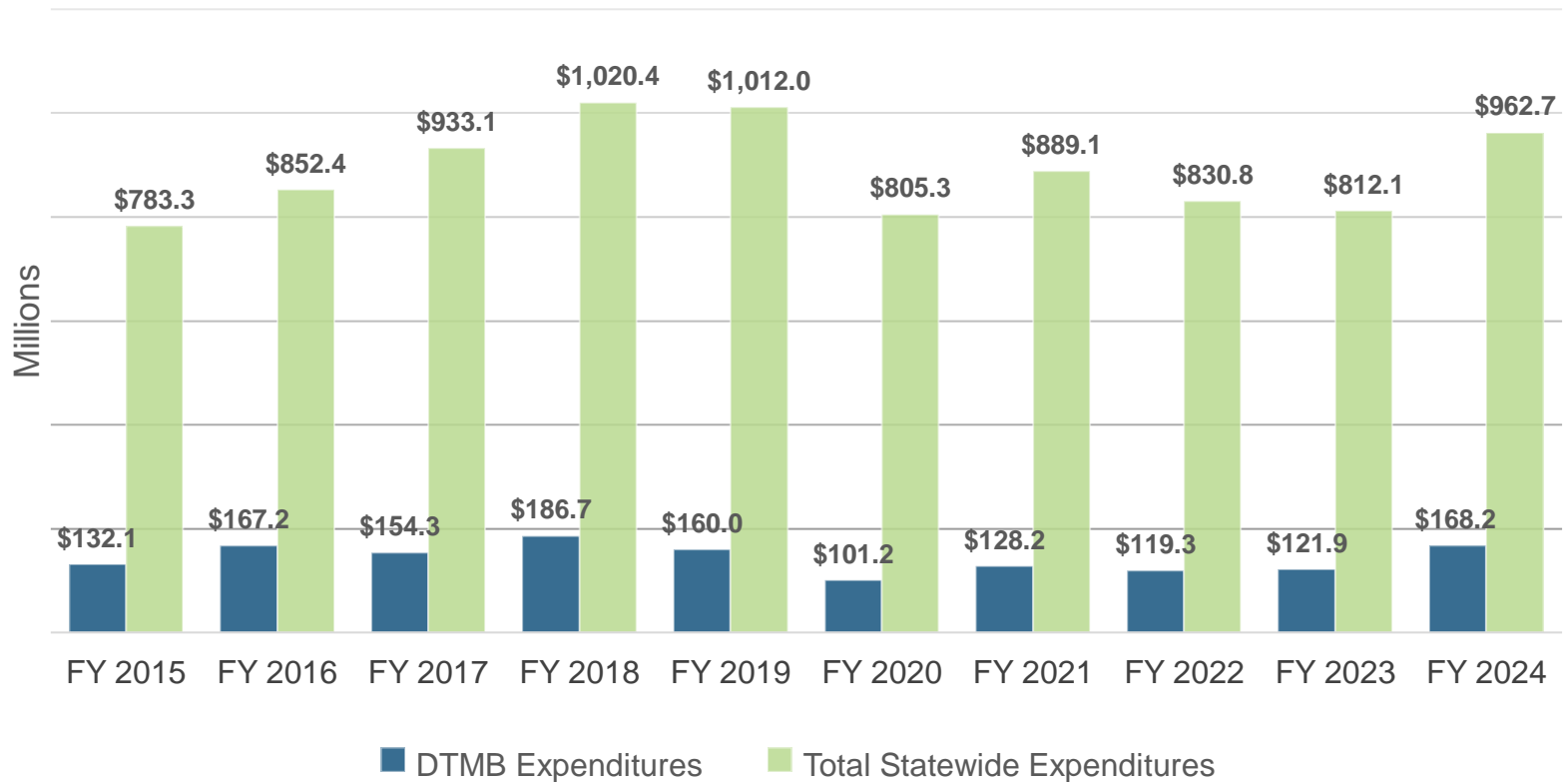
- IT Services to State Agencies
 - Funded entirely with IDG revenue
 - Each department requests spending authority to fund IT-related activities and pays for services through IDGs
 - Support and management for desktop computers, laptops, state mainframes, servers, local area networks
 - Application development and maintenance, software, and software licensing
- Telecommunications services, security, infrastructure, and support
- Maintains existing systems and develops new systems through projects.
 - As of February 2025, DTMB manages 261 active IT projects.

FY 2025-26 Executive Budget includes \$19.2 million in IDG funding to reflect projects and service adjustments in other executive department and agency budgets.

Information Technology Spending

IT spending increased in FY 2023-24 after a decrease following the pandemic and the completion of SIGMA, the state's enterprise resource planning tool.

DTMB and Statewide IT Spending



Information Technology Investment Fund (ITIF)

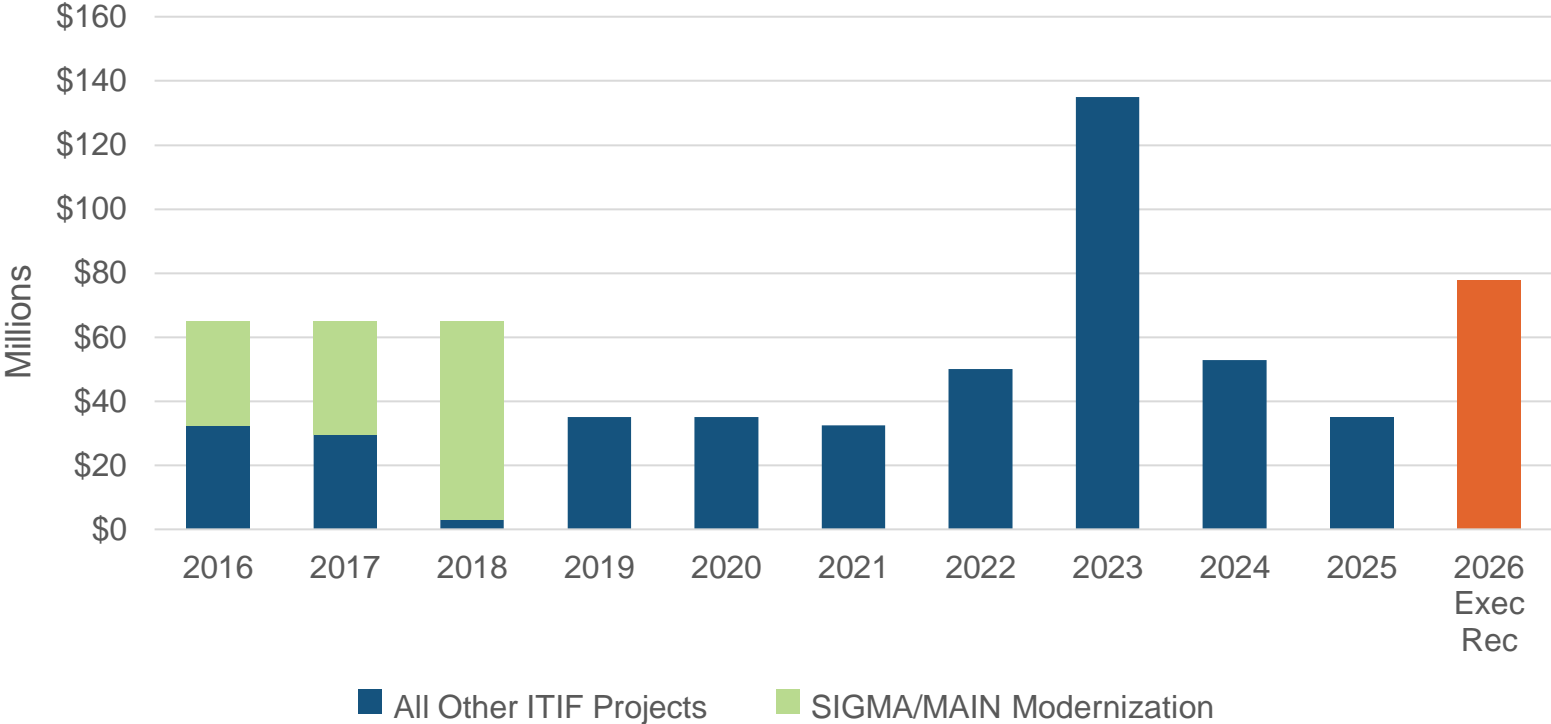
- Information Technology Investment Fund (ITIF) is appropriated **\$35.0 million** in FY 2024-25
 - Created to address the need to modernize state agencies' many aging information systems
 - A major component of DTMB's IT services budget since 2013
 - Funded through annual GF/GP appropriations
 - Consists of a portfolio of approximately 20 active projects overseen by its own governing board. Demand for modernization projects not expected to decrease in coming years
 - SIGMA is the state's financial and resource planning tool and replaces MAIN. It was the largest ongoing ITIF and state IT project. Large portions of ITIF appropriations had been dedicated to SIGMA until recent years
 - Regularly updated [ITIF reporting](#) is available online

FY 2025-26 Executive Budget Includes **\$35.0 million** ongoing plus **\$42.6 million** one-time for **\$77.6 million** total.

Information Technology Investment Fund (ITIF)

The FY 2018-19 appropriation was significantly reduced due to completion of the SIGMA project. Funding in FY 2023-24 and FY 2024-25 returned to typical levels after **\$75 million** was dedicated in FY 2022-23 for replacing the unemployment insurance IT system, Michigan Integrated Data Automated System (MiDAS).

ITIF Annual Appropriations



DTMB Appropriations: Special Programs

Funds various offices and programs.

- **Executive/Legislative Building Occupancy (\$1.4 million):** Space occupied by the Executive Office in the Romney Building in Lansing and Cadillac Place in Detroit
- **Make it in Michigan (\$400):** Four \$100 placeholders to facilitate the potential administrative transfer of federal, state restricted, local, and private funds, should they become available for Make it in Michigan Competitiveness Fund projects
- **Office of Retirement Services (\$30.0 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 (\$3.8 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 **\$78.0 million** in FY 2024-25.
- 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.

FY 2025-26 Executive Budget includes \$7.5 million state restricted in limited-term ongoing funding to upgrade the Human Resource Management Network System (HRMN).

Includes \$1.3 million Gross (\$628,500 GF/GP) and 9.0 FTEs for human resource services to the state through agency hiring and staffing operations statewide.

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 **\$246.2 million** in FY 2024-25, is allocated for the following three project categories:
 - Community Colleges - **\$33.5 million**
 - State Agencies - **\$72.5 million**
 - Universities - **\$140.2 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 State Building Authority to the Department of Treasury, however, funding of rent payments remains within DTMB.

FY 2025-26 Executive Budget Includes \$15.5 million GF/GP to the annual amount set aside for projected payments on debt for capital construction projects

Make it in Michigan Competitiveness Fund

- The Make it in Michigan Competitiveness Fund was created in 2023 PA 119 in FY 2022-23 (section 891) to leverage various federal funding opportunities from the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, the CHIPS Act, and others, by providing state matching funds or by supporting other federal funding criteria
- An interagency evaluation committee makes recommendations for disbursements from the fund
- Disbursements must be appropriated by the legislature or submitted to the legislature through the administrative transfer process
- **\$50.0 million** GF/GP was appropriated directly to DTMB for FY 2022-23, of which **\$3.0 million** has been spent as of January 2025.
- **\$286.8 million** GF/GP was appropriated for deposit into the fund in FY 2023-24, of which **\$202.5 million** has been dedicated for projects as of January 2025.
- An available balance of **\$128.0 million** remains for the Make it in Michigan program as of January 2025.

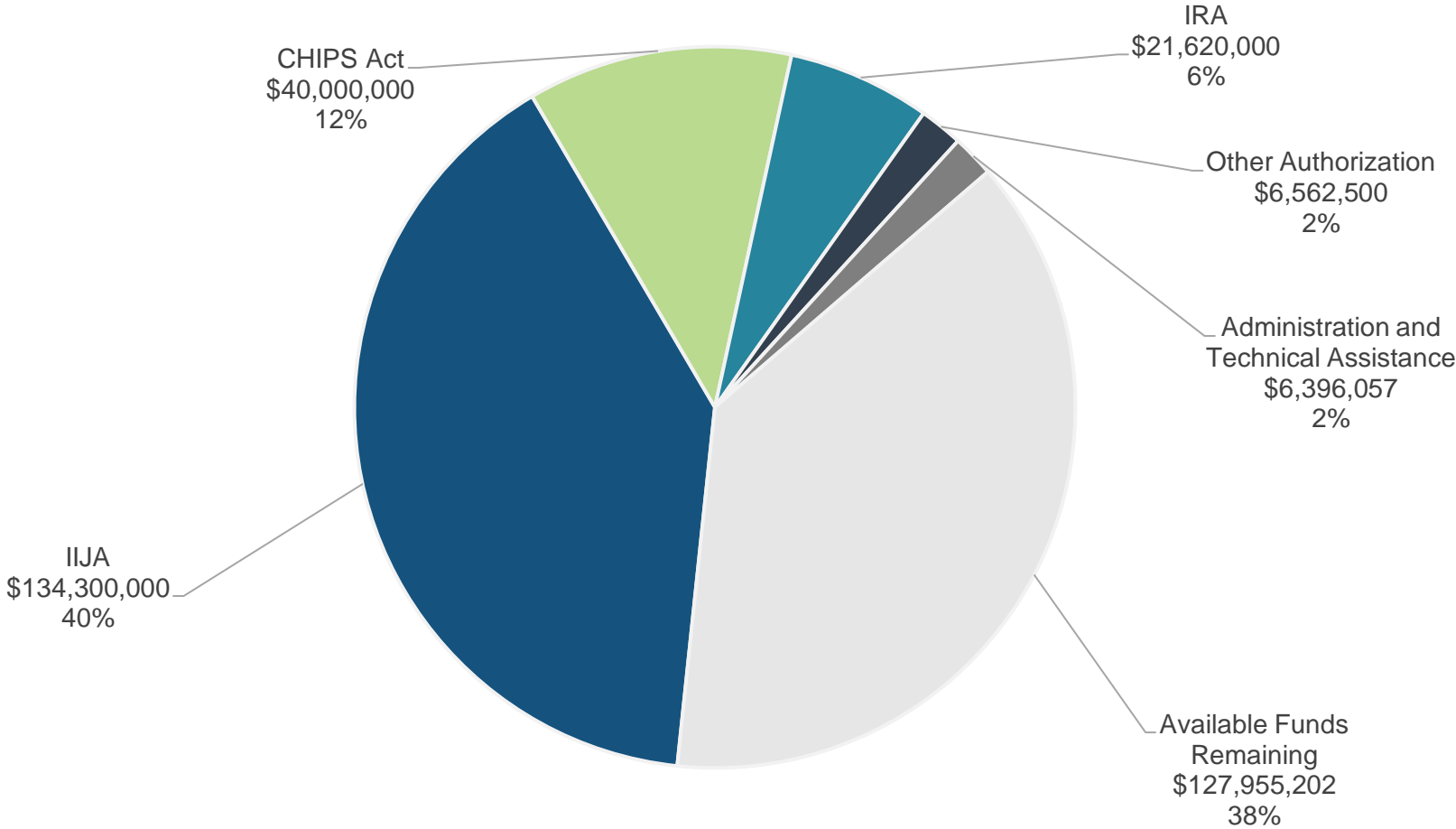
Make it in Michigan Competitiveness Fund

A total of 17 projects have been awarded grants as of January 2025, totaling **\$202.5 million**, which are anticipated to draw in approximately **\$1.1 billion** in federal funding.

| <u>Project</u> | <u>State Funds</u> | <u>Federal Funds</u> |
|--|--------------------|----------------------|
| Revex Technologies – Mineral Processing for EV Batteries | \$50.0 | \$145.0 |
| Hemlock Semiconductor – Semiconductor Manufacturing | \$40.0 | \$325.0* |
| Nel Hydrogen - Clean Hydrogen Production | \$25.0 | \$50.0 |
| Mitra Future Tech. - Lithium Iron Phosphate Energy Storage | \$25.0 | \$100.0 |
| Nanograf - Battery Supply Chain Support | \$15.0 | \$60.0 |
| EGLE – Heavy Duty Vehicle Hydrogen Hubs Grants | \$11.3 | \$22.5* |
| EGLE – MI Climate Investment Fund - Clean Tech. Financing | \$10.0 | \$200.0 |
| LEO - Auto Manufacturer EV Retooling | \$9.2 | \$22.7* |
| MI Community Capital - Lansing - Mixed-Use Housing | \$6.5 | \$65.0* |
| MSP - Natural Disaster Mitigation Revolving Loan Fund | \$5.0 | \$17.0* |
| Other - 7 Projects | \$5.5 | \$81.6 |
| Administrative Costs | <u>\$3.4</u> | <u>\$0</u> |
| Total | 205.9** | \$1,088.8** |

* Actual federal funding award received.
 **Numbers may not add due to rounding.

Allocation of Make It in Michigan Funds and Remaining Funds Available



Other Executive Recommended One-Time Appropriations

- **\$25.0 million** GF/GP for maintenance, demolition, and infrastructure projects for state-owned buildings and structures, which includes approximately 800 buildings and 5,000 structures. With \$28.0 million GF/GP in the current year base, a total of \$53.0 million would be available for special maintenance projects.
- **\$10.0 million** GF/GP to create what is intended to be a self-sustaining fund to self-insure property and building contents at state-owned facilities against damages. The fund would be designed to provide the state with reserve funding to draw from to help counter rising property insurance premiums. Savings from decreased property insurance rates charged to state agencies would be deposited into the fund.
- **\$5.0 million** GF/GP for up-front financing of projects at state facilities that achieve energy efficiency or renewable energy; aims for re-investment of resources in new projects on a continual basis to establish long-term funding aimed at reducing the state's carbon footprint.

Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | <i>Difference: FY 2025-26 vs. FY 2024-25</i> | |
|-------------------|--|-------------------------|--|------------|
| | | | <i>Amount</i> | <i>%</i> |
| IDG/IDT | \$1,119,848,200 | \$1,152,596,000 | \$32,747,800 | 2.9 |
| Federal | 4,393,300 | 4,393,300 | 0 | 0.0 |
| Local | 2,334,000 | 2,360,100 | 26,100 | 1.1 |
| Private | 189,200 | 229,400 | 40,200 | 21.2 |
| Restricted | 130,096,500 | 142,450,700 | 12,354,200 | 9.5 |
| GF/GP | 539,964,000 | 614,335,400 | 74,371,400 | 13.8 |
| Gross | \$1,796,825,200 | \$1,916,364,900 | \$119,539,700 | 6.7 |
| FTEs | 3,249.5 | 3,269.5 | 20.0 | 0.6 |



Budget Briefing: Treasury

Michael Crossen, Senior Fiscal Analyst

December 2024

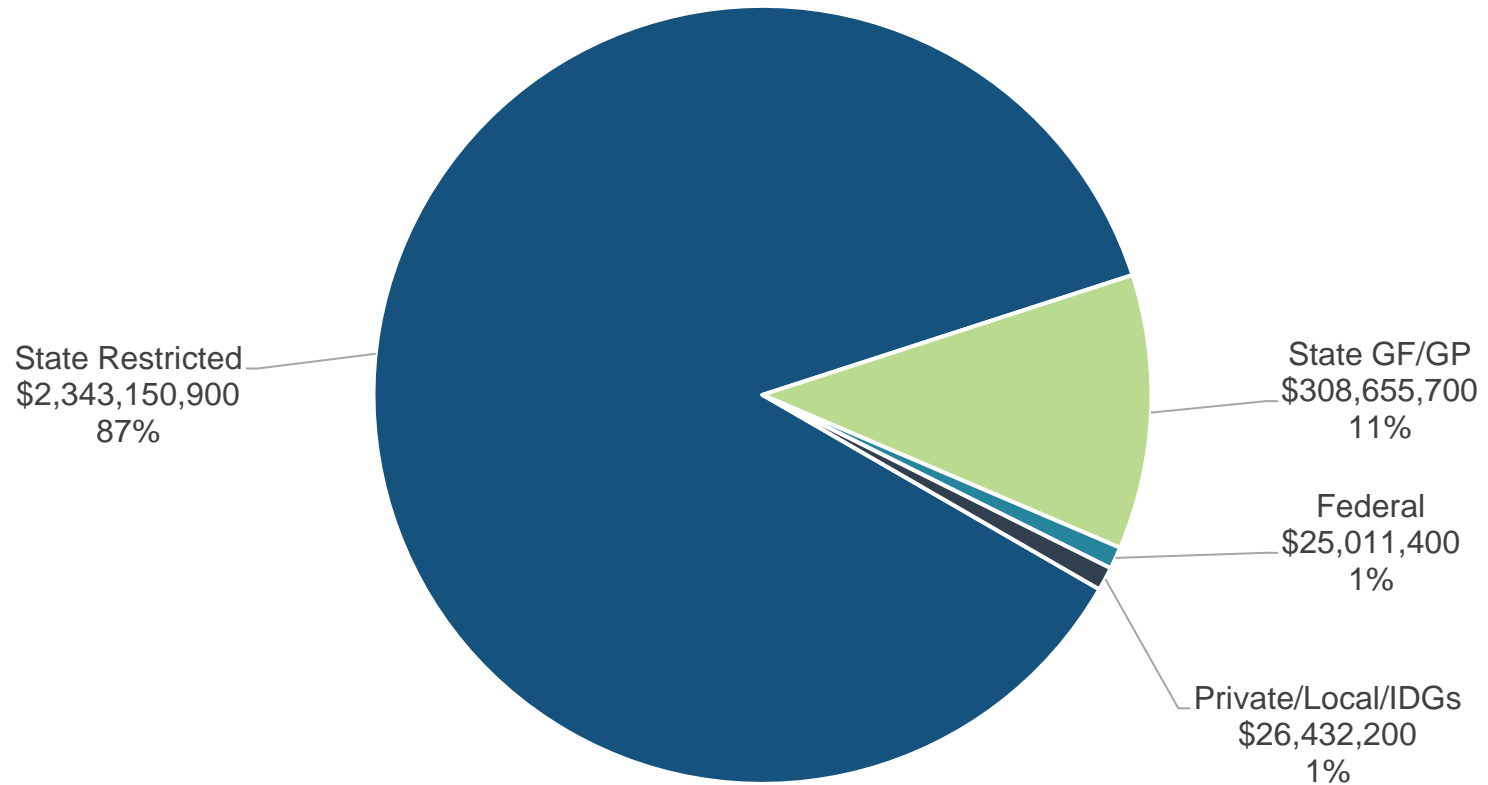
Department of Treasury

The Department of Treasury acts as the chief fiscal agency of the Executive branch of the State of Michigan and is the primary source of advice to the governor on tax and fiscal policy issues

- Chief responsibilities:
 - Collect state taxes
 - Invest, control, and disburse state monies
 - Protect the state's credit rating and that of its cities
- Other responsibilities:
 - Manage investments for the state's pension funds
 - Administer state revenue sharing for local units of government
 - Administer student financial aid programs
 - Investigate fraudulent financial activity
 - Provide advice and assistance on property tax-related issues
 - Advise issuers of municipal security obligations
 - Lend funds to local units in fiscal distress through the Emergency Loan Board

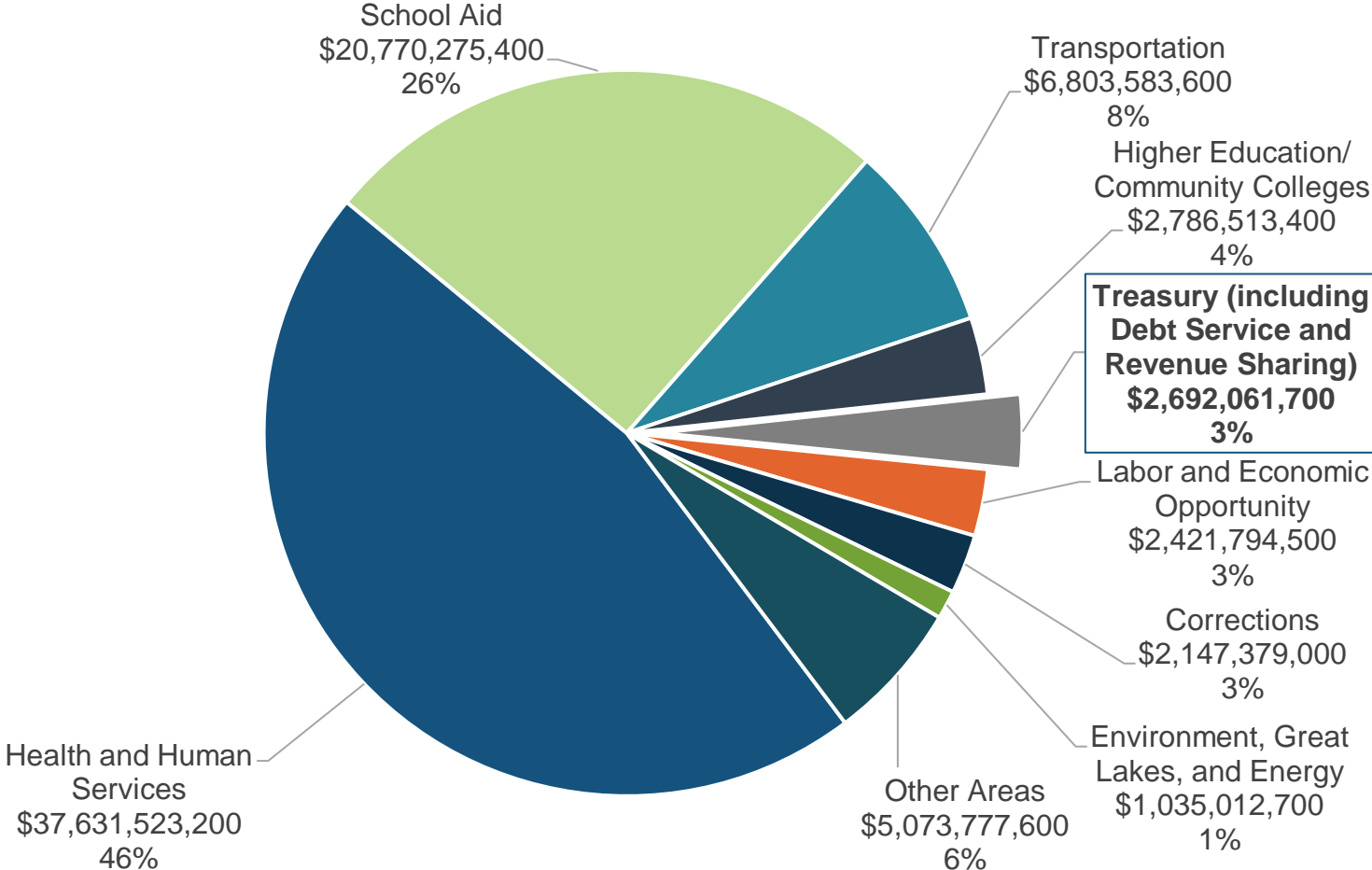
FY 2024-25 Fund Sources

Of the **\$2.7 billion** Treasury budget, **87%** is funded with state restricted revenues. Sales tax revenue which supports state revenue sharing payments to local units of government comprises the vast majority of state restricted fund appropriations.



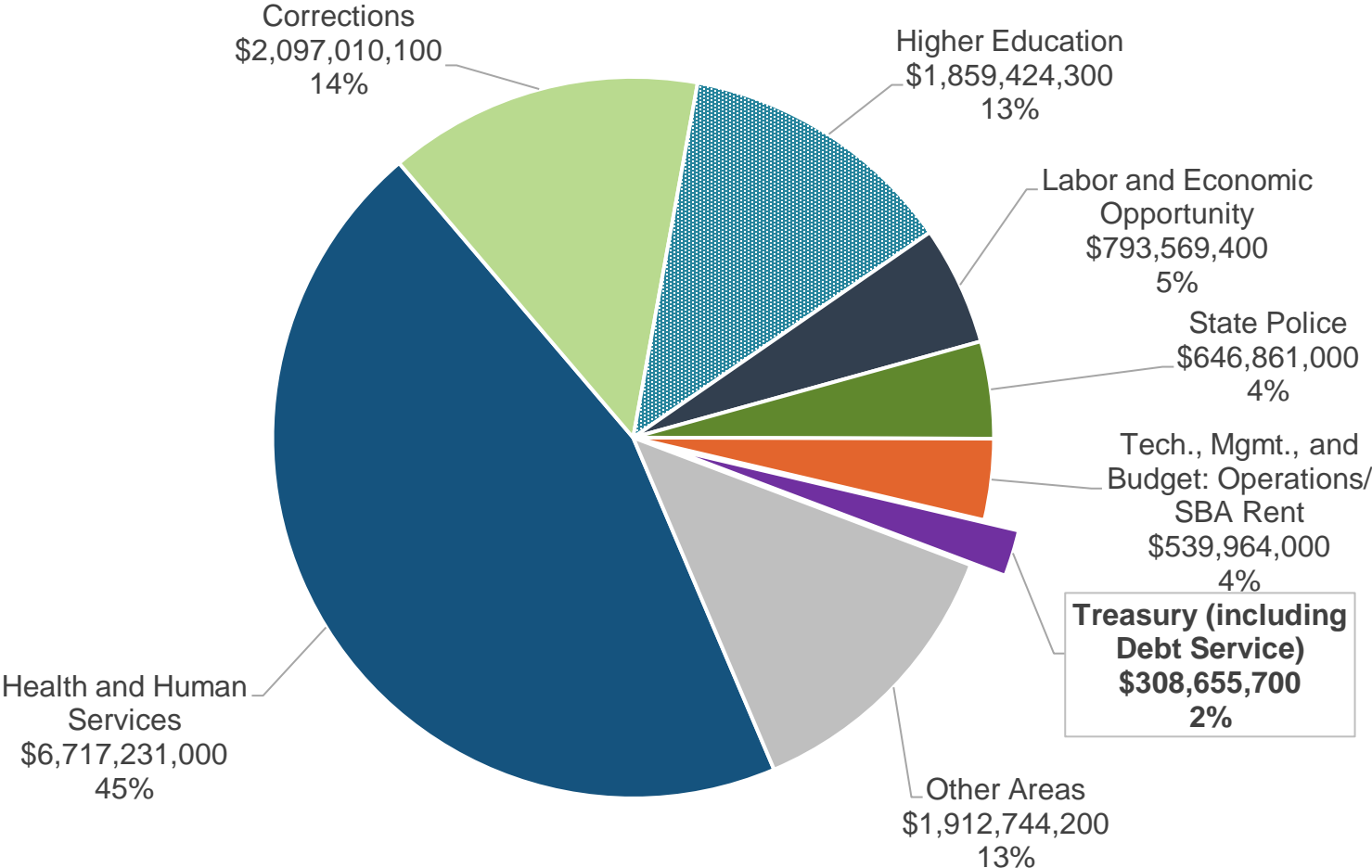
Treasury Share of Total State Budget

The Treasury budget, including revenue sharing, represents approximately **3%** of the **\$81.4 billion** state budget (adjusted gross) for FY 2024-25.



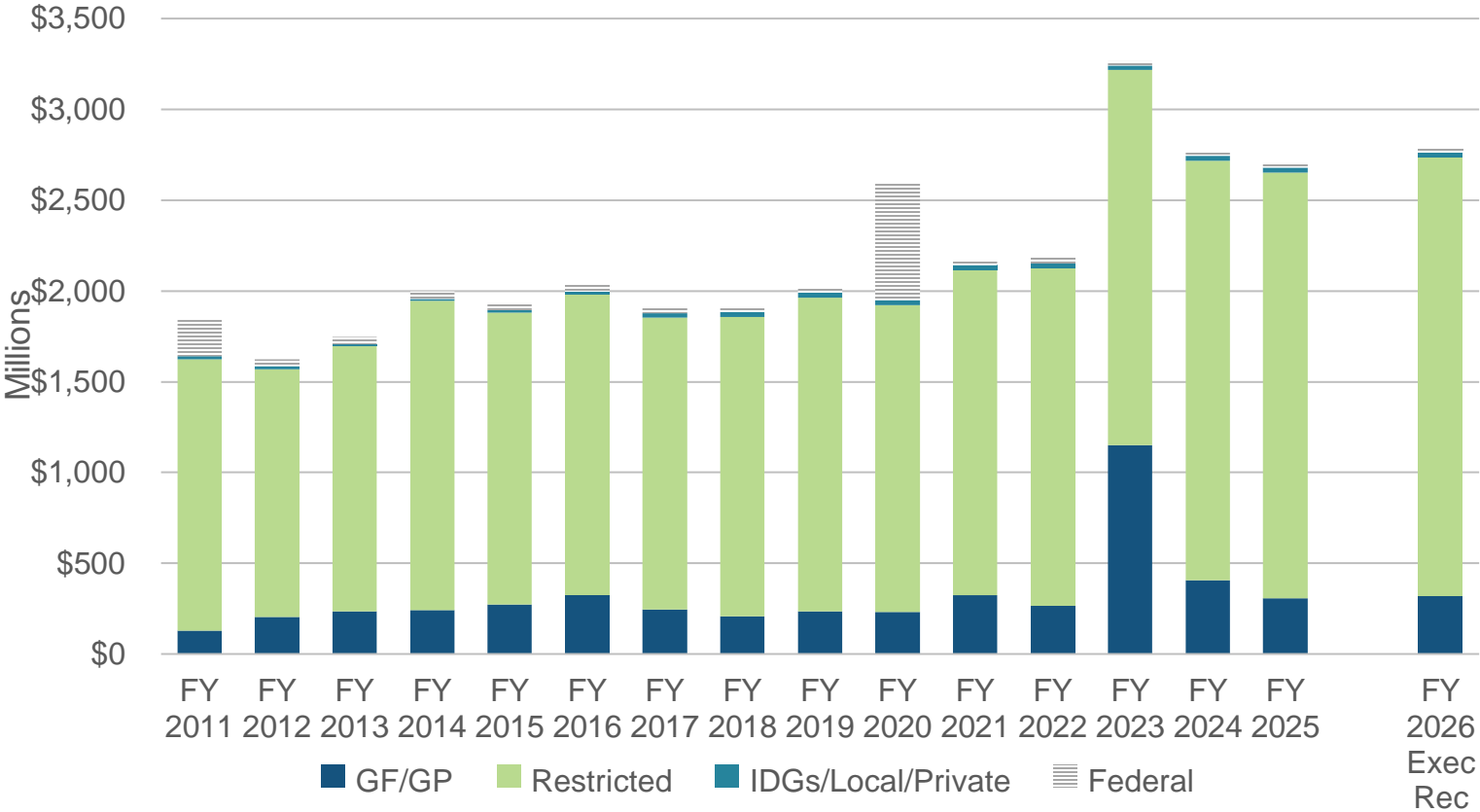
Treasury Share of Total GF/GP Budget

The Treasury budget, including general obligation bond debt service, represents about **2%** of the **\$14.9 billion** state GF/GP budget appropriations for FY 2024-25.



Treasury Funding History

Funding for Treasury has increased by **46%** since FY 2010-11. Economic increases coupled with growth in revenue sharing, especially since FY 2022-23, have driven much of the growth. GF/GP funding returned closer to historical norms following the large one-time appropriation in FY 2022-23 of \$850.0 million for pensions of local governments and the Michigan State Police.



Treasury Appropriation Areas

Financial and Tax Programs and Services: Funds local government financial services/programs; administers tax programs/processing; provides financial services for the State of Michigan; provides investment services for state-managed funds; supports operations of Michigan Finance Authority

FY 2025-26 Executive Budget Transfers **\$3.8 million** Gross (**\$363,700** GF/GP) from 8 line items and 24.0 FTEs to a new line item that would support a new Bureau of Operational Excellence within Treasury. Includes an additional **\$245,000** and **1.0 FTE** in to implement and administer a language access plan to ensure Treasury documents are translated for all major languages that interact with Treasury services and tax collections.

Debt Service: Funding for principal and interest payment requirements on state general obligation bonds

Grants: Grants to local units of government for the operation of local programs/services

Gaming Control/Lottery: Funds operations for the Bureau of State Lottery and Michigan Gaming Control Board

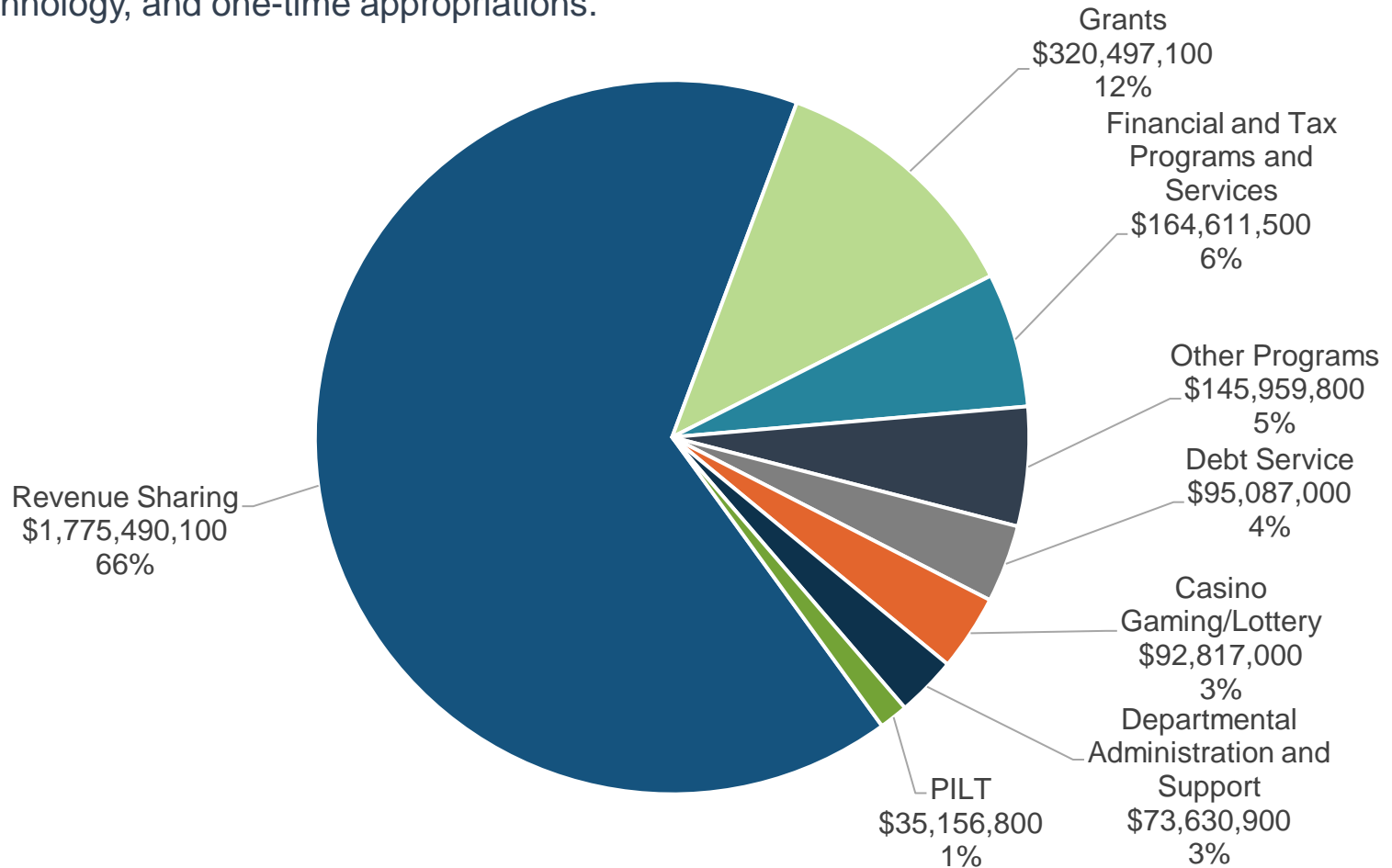
Payments in Lieu of Taxes (PILT): Funds payments to local units of government for certain statutorily tax-exempt property within a local unit's geographic boundary

Revenue Sharing: Constitutionally-required and discretionary revenue sharing payments to local units (for a more detailed summary of revenue sharing see [here](#))

Other: Department administration and support, State Building Authority, city income tax administration program, and information technology (IT)

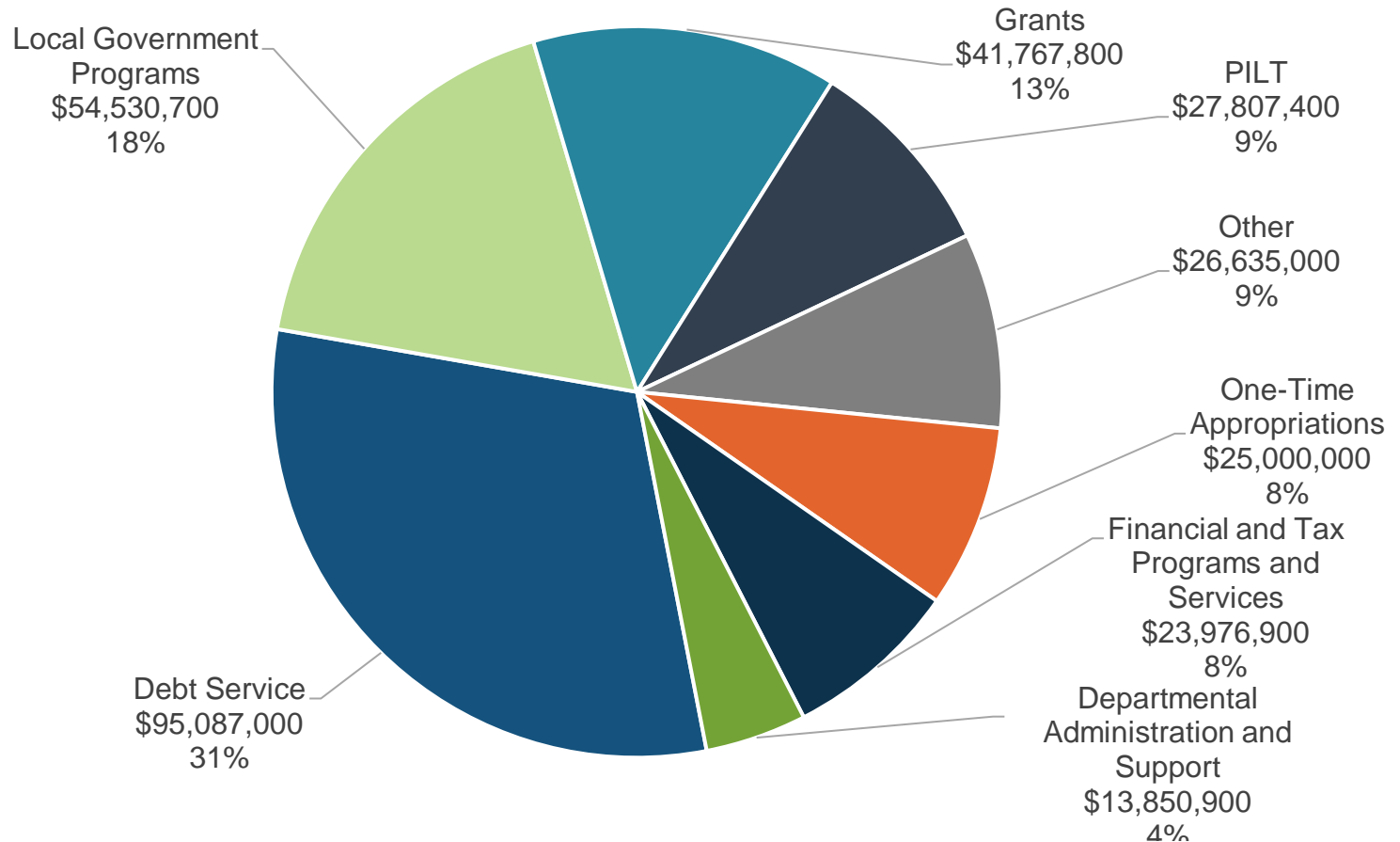
FY 2024-25 Gross Appropriations

About **66%** of the **\$2.8 billion** Treasury budget supports revenue sharing payments to local units of government. Funding in the other programs category supports local government programs, the State Building Authority, the city income tax administration, information technology, and one-time appropriations.



FY 2024-25 GF/GP Appropriations

In FY 2024-25, **\$95.1 million** of the \$308.7 million GF/GP funds (approximately **31%**) are appropriated for debt service or paying principal and interest payments on general obligation bond issues.



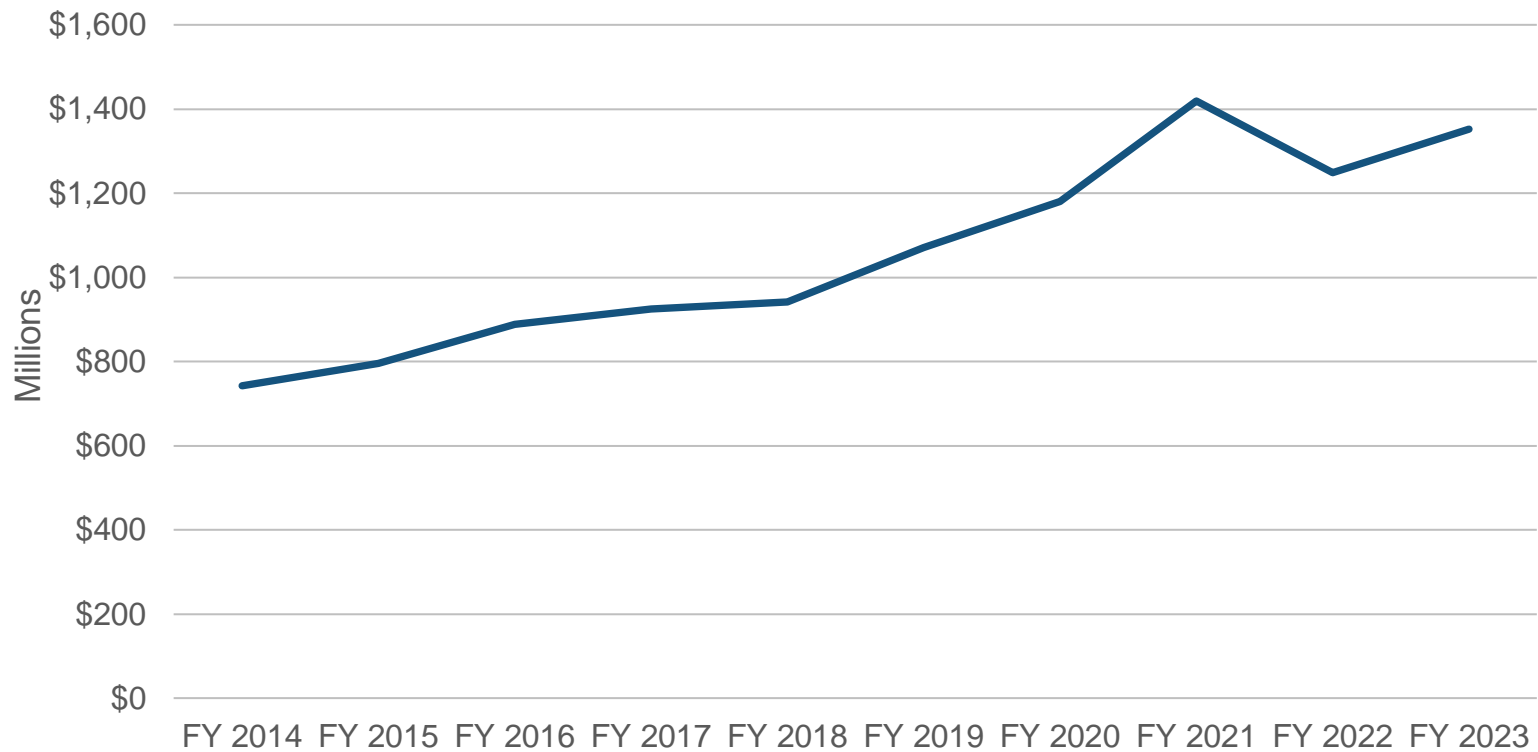
Bureau of State Lottery

- Established pursuant to 1972 PA 239 and charged with “producing the maximum amount of net revenues for the state consonant with the general welfare of the people”
 - Maximize net revenues to supplement state education programs (**\$1.4 billion** for FY 2022-23)
 - School aid fund receives 100% of the lottery net revenue (profit)
 - Operate all lottery games and bureau functions
- Funded 100% with state lottery fund revenue which is received from lottery game sales
- State lottery fund revenue supports the administration of the Bureau of State Lottery and the cost of advertising for lottery games

FY 2025-26 Executive Budget Includes \$4.9 million in state restricted funding from lottery ticket sales revenue to support sales and promotions of Lottery products through online and retail outlets.

Bureau of State Lottery

Annual distribution of lottery proceeds to the School Aid Fund. The iLottery was introduced in FY 2013-14 and steadily increased net revenue to the School Aid Fund. Lottery revenues reached the second highest amount ever in FY 2022-23.



Payments in Lieu of Taxes (PILT)

- Payments to local units of government for lost revenue from property taxes
- Three types of land programs receive PILT:
 - **Commercial Forest Reserve** – pays a \$1.35 specific tax (rate increases 5 cents every 5 years) for FY 2021-22 to FY 2025-26, on each acre enrolled in the program to county treasurers; approximately 2.2 million acres of private forest land are owned by 1,800 landowners enrolled in the program to retain and manage forest for timber production
 - **Purchased Lands** – payments on certain lands owned by the state and controlled by DNR; valuation of state-owned lands established by state tax commission guidelines
 - **Swamp and Tax Reverted** – payments of \$4.73 per acre tax in FY 2023-24 (adjusted annually by 5% or inflation, whichever is less) to counties (40%), townships (40%), and schools (20%) on tax-reverted recreation and forest lands under control and supervision of DNR
- PILT funding for FY 2024-25 totals **\$35.1 million** (\$27.8 million GF/GP)
 - Fully funded PILT payments to local units of government
 - Fully funded Michigan Natural Resources Trust Fund (MNRTF) purchased land PILT payments with funds from the MNRTF

FY 2025-26 Executive Budget Includes \$3.2 million Gross to adjust payments with current property tax estimates.

Revenue Sharing

- Payments to approximately 1,773 local units of government
- Constitutional state general revenue sharing grants
 - To all cities, villages, and townships on a per capita basis
 - Funded by 15% of sales tax collections at a 4% rate

FY 2025-26 Executive Budget Includes an increase of \$25.7 million.

- City, village, and township (CVT) revenue sharing
 - Funded by a portion of sales tax collections
 - Incentive-based grant program funded at **\$333.5 million**; all CVTs are eligible for a payment in FY 2024-25
 - Distributes funds by providing a payment based on a formula of three factors that includes taxable values in 2023 and 2024, unit population weight, and yield equalization
 - Includes **\$2.5 million** for financially distressed CVTs competitive grant program

FY 2025-26 Executive Budget Retains the 3-factor funding formula and includes a net increase of \$12.0 million for a 3.6% net increase from FY 2024-25 for all CVTs.

- For additional information, see HFA Revenue Sharing Overview Briefing [here](#)

County Revenue Sharing & Public Safety and Violence Prevention Fund

- County revenue sharing
 - Payments to counties total **\$291.1 million** for FY 2024-25
 - The County Incentive Program (\$43.6 million in FY 2023-24), an incentive program modeled on CVT revenue sharing, was eliminated in FY 2024-25. County revenue sharing in FY 2024-25 increased \$78.5 million from FY 2023-24.

FY 2025-26 Executive Budget Includes a net increase of \$10.4 million for a 3.6% net increase from FY 2024-25 for all counties.

- Public Safety and Violence Prevention Fund
 - New revenue sharing program in FY 2024-25 totaling **\$75.0 million**.
 - Funded by revenue from deposit of 1.5% of the revenue from the 4% portion of the sales tax.
 - Payments to city, villages, townships, and, under certain circumstances, counties, that provide police services based on crime rates and used for operational and capital expenditures that serve public safety and violence prevention.

FY 2025-26 Executive Budget maintains \$75.0 million for the fund and reappropriates the FY 2024-25 amount with authorizing language to permit the disbursements of payments in the absence of statutory authorization from HBs 4605 and 4606.

- For additional information, see HFA Revenue Sharing Overview Briefing [here](#)

Other Executive Recommended Appropriations

- **\$25.0 million** GF/GP one-time funding to remove an estimated 1,300 miles of hazardous arc wiring in Detroit from a streetlamp system which is no longer in use.
- **\$5.0 million** GF/GP to support 4.0 FTEs for promotion and education of the MiABLE program following a federal expansion that would extend program eligibility.
- **\$2.5 million** GF/GP and 17.0 FTEs to administer collection, enforcement, licensing, and compliance with a proposed 32% wholesale tax on vaping and non-tobacco nicotine products.
- **\$9.2 million** in state restricted Marijuana Regulation Fund revenue to align grant payments to municipalities and counties with the expected increase in revenue.
- **\$1.1 million** GF/GP (\$381,000 ongoing; \$750,000 one-time) and 2.0 FTEs to deploy AI tools across Treasury's various data sets for implementing fraud detection analysis.
- **\$892,700** Gross (\$772,700 GF/GP) and 6.0 FTEs for the Bureau of Financial and Accounting Services to implement payment card industry data compliance standards, fraud monitoring activities, and expansion of the optional city income tax program.
- **\$3.0 million** in private funds donated by the Ballmer Group to create the MI Financial Empowerment program aimed at providing financial literacy education services to residents.

Comparison of FY 2024-25 and FY 2025-26 Executive Recommended Budget

| | FY 2024-25 Year-to-Date as of 2/5/25 | FY 2025-26 Executive | <i>Difference: FY 2025-26 vs. FY 2024-25</i> | |
|-------------------|--|-------------------------|--|------------|
| | | | <i>Amount</i> | <i>%</i> |
| IDG/IDT | \$11,188,500 | \$11,815,100 | \$626,600 | 5.6 |
| Federal | 25,011,400 | 25,254,000 | 242,600 | 1.0 |
| Local | 15,207,100 | 15,491,600 | 284,500 | 1.9 |
| Private | 36,600 | 3,040,300 | 3,003,700 | 8,206.8 |
| Restricted | 2,343,150,900 | 2,411,439,600 | 68,288,700 | 2.9 |
| GF/GP | 308,655,700 | 322,811,800 | 14,156,100 | 4.6 |
| Gross | \$2,703,250,200 | \$2,789,852,400 | \$86,602,200 | 3.2 |
| FTEs | 2,012.5 | 2040.5 | 28.0 | 1.4 |

For more information about General Government budgets:

HFA Resources

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

Contact Information

Michael Cnossen

Senior Fiscal Analyst

mcnossen@house.mi.gov

(517) 373-8080