



Budget Briefing: Technology, Management, and Budget

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Briefing Topics

- Funding Sources
- Appropriations Areas
- Major Budget Topics

Department of Technology, Management, and Budget

- The Department of Technology, Management, and Budget (DTMB) was created through the merger of the Department of Management and Budget and the Department of Information Technology 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 the 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 and monitoring the state budget
 - State accounting functions
 - Managing the state's retirement systems

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2017-18 is October 1, 2017 through September 30, 2018.

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

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

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

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

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

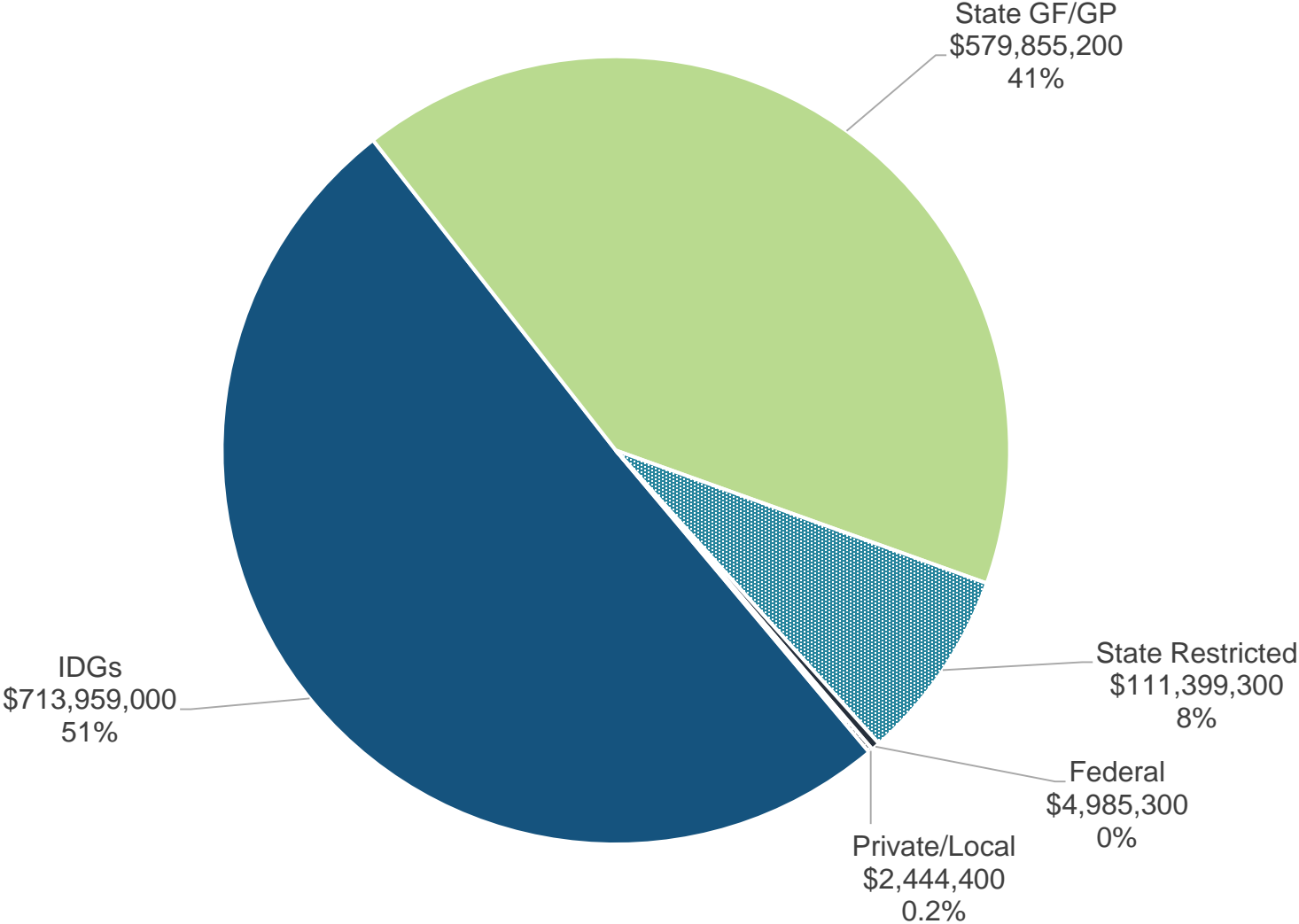
Funding Sources

FY 2016-17 DTMB Budget

Fund Source	Funding	Description
Gross Appropriations	\$1,412,643,200	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	713,959,000	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$698,684,200	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	4,985,300	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	2,316,700	Revenue received from local units of government for state services
Private Revenue	127,700	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	111,399,300	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$579,855,200	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the Legislature

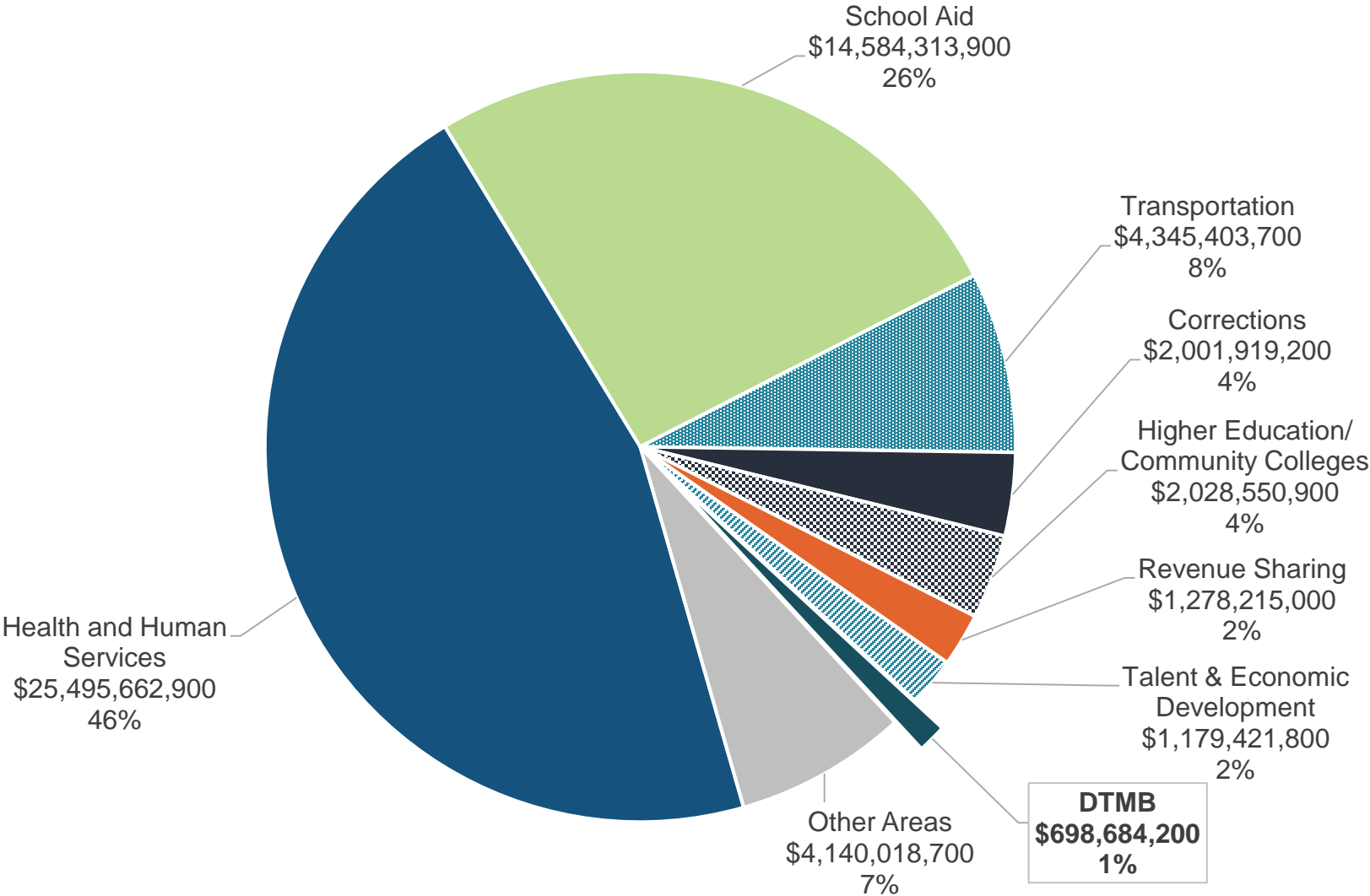
FY 2017-18 Fund Sources

51% of the \$1.4 billion DTMB budget is funded by interdepartmental grants, which pay DTMB for services provided to other departments and agencies. Over 40% of the budget is funded by GF/GP.



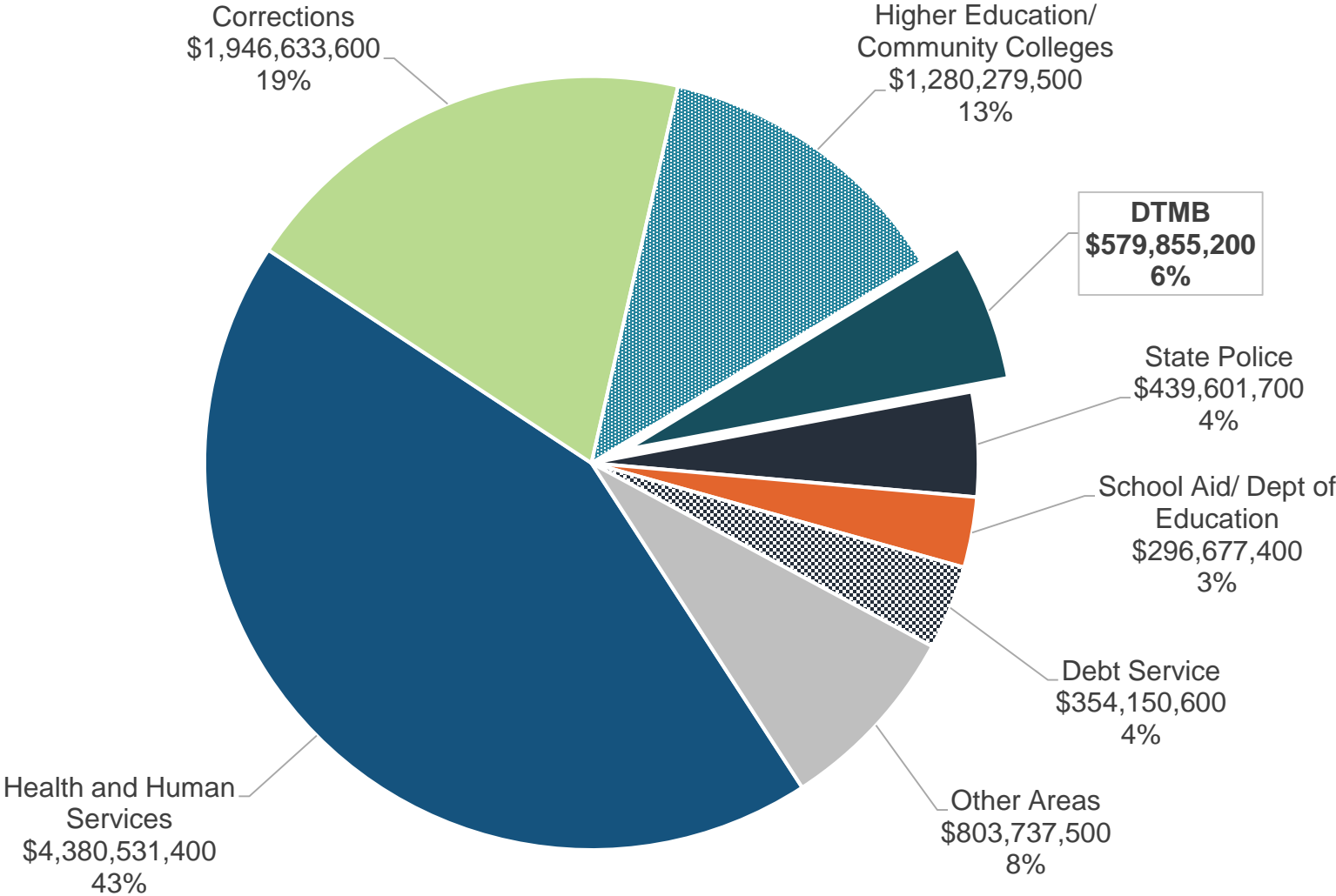
DTMB Share of Total State Budget

The DTMB budget represents 1% of the \$55.8 billion state budget (adjusted gross) for FY 2017-18.



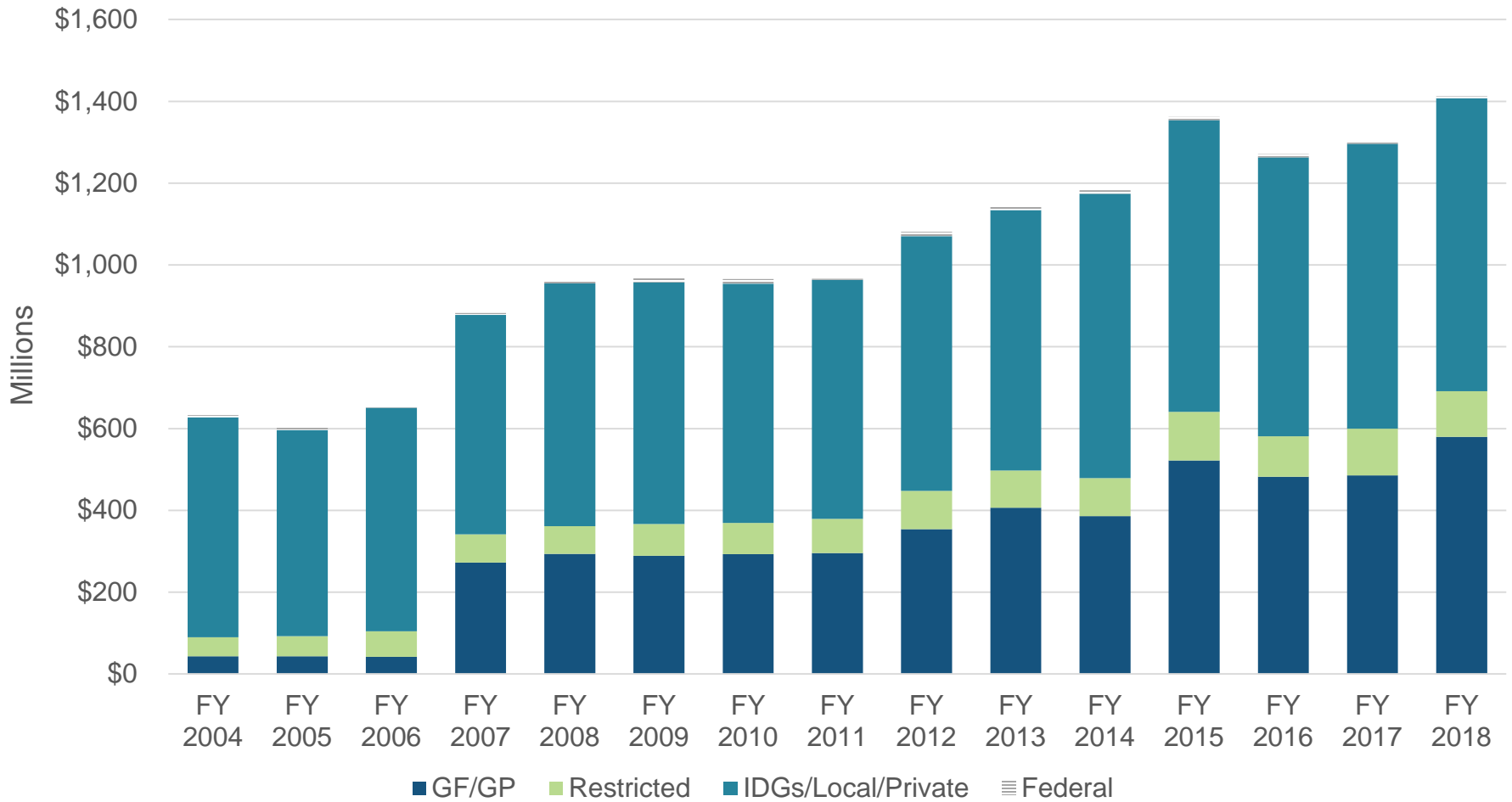
DTMB Share of Total GF/GP Budget

The DTMB budget also represents 5% of the state's \$10.1 billion GF/GP budget for FY 2017-18.



DTMB Funding History

Funding for Technology, Management and Budget has grown by 123% since FY 2003-04, driven mainly by the merging of departments, and transfers from other departments, including: State Building Authority rent payments (FY 2007), Civil Service (FY 2008), and Information Technology (FY 2011). Various one-time appropriations explain recent increases.



Note: Amounts prior to FY 2010-11 are totals for DMB, Department of Information Technology, and Civil Service

Appropriation Areas

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.

Information Technology: IT related services and projects including desktop services, hardware, software, and application development which support department activities.

Special Programs: Various programs and offices, including Retirement Services, and Office of Children's Ombudsman.

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

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

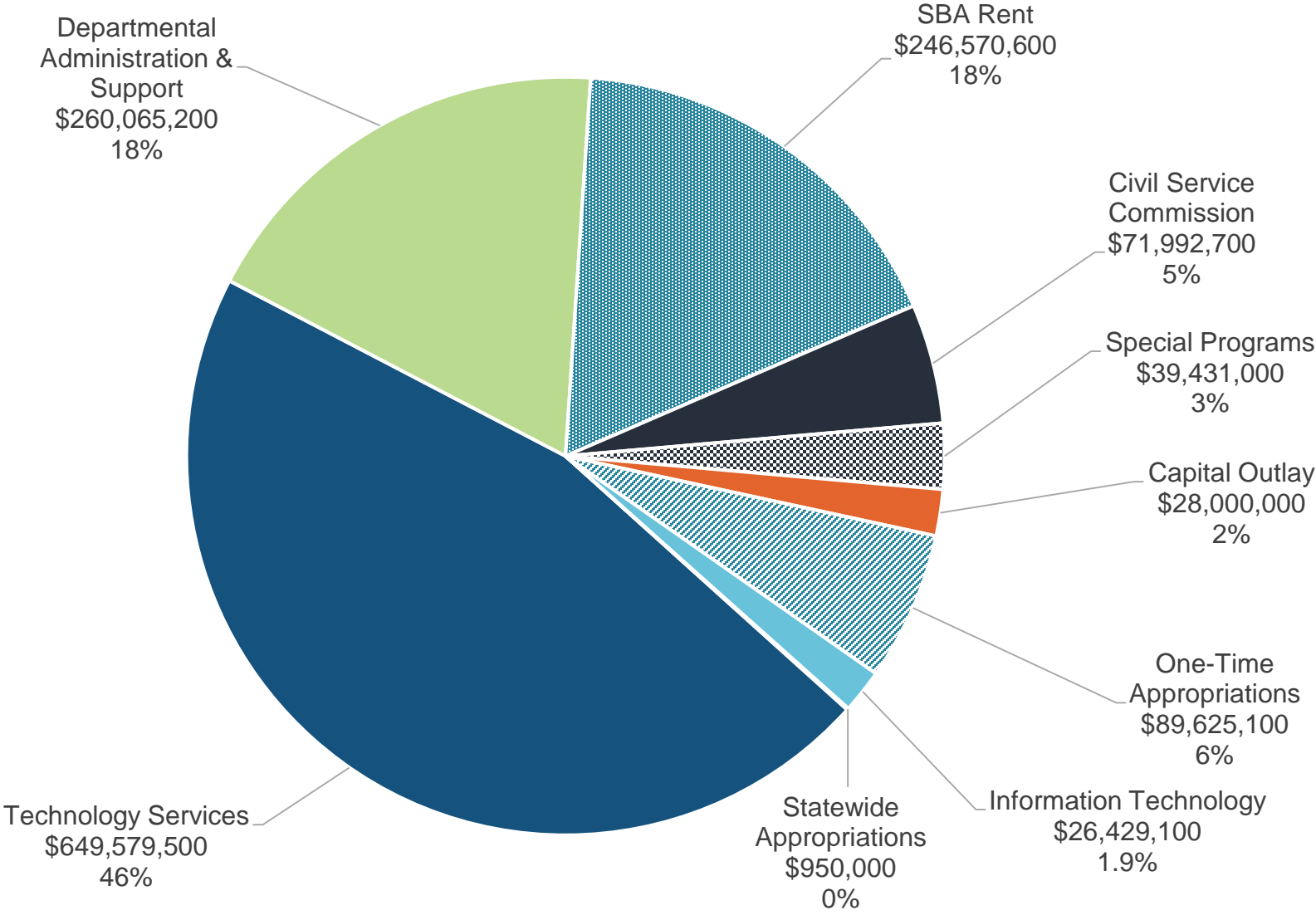
Capital Outlay: Supports renovation, remodeling and special maintenance of facilities used by state departments and agencies.

One-Time Appropriations: Infrastructure, IT projects, Flint Reserve Fund, and various programs.

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

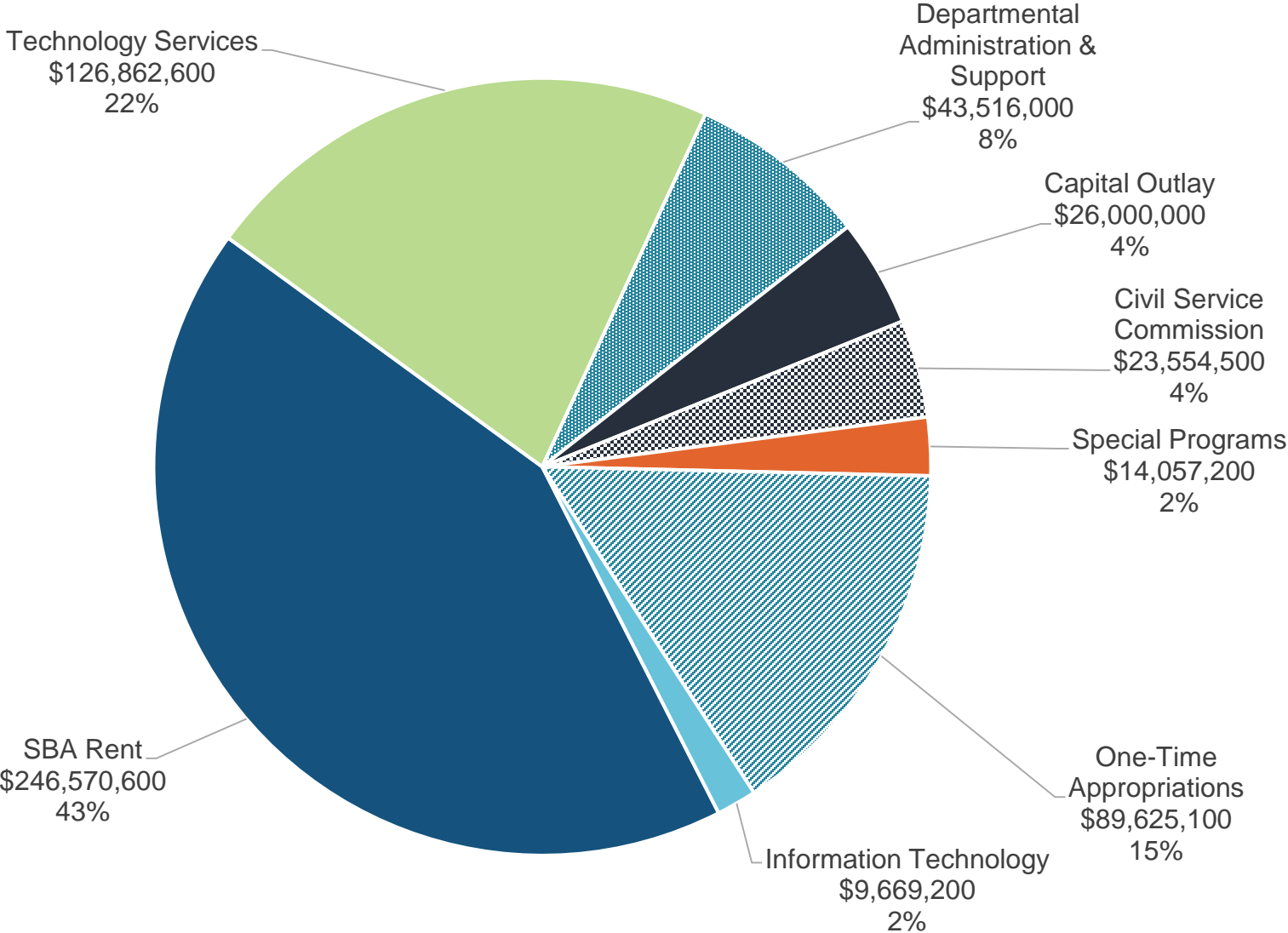
FY 2017-18 Gross Appropriations

Nearly one-half of the \$1.4 billion DTMB budget supports technology services, the vast majority of which are funded through interdepartmental grants (IDGs) and GF/GP.



FY 2017-18 GF/GP Appropriations

GF/GP funds (totaling \$579.8 million) are concentrated in SBA rent payments and technology services.



Major Budget Topics

DTMB Appropriations: Department Services

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

- **State Budget Office:** Prepares, presents and executes the state budget on behalf of the governor
- **Financial Services:** Accounts payable, billing, projections, contract and lease management
- **Office of Financial Management:** Accounting and payroll oversight, prepares Comprehensive Annual Financial Report (CAFR)
- **Office of the State Employer:** Labor contract negotiations, labor relations, statewide disability management, worker's compensation
- **Business Support Services:** Purchasing operations, State Administrative Board, real estate services, interdepartmental mail, state records center
- **Building Operation Services:** Operation and maintenance of state buildings, equipment and grounds, space assignment and design, building-related security, utilities and parking

DTMB Appropriations: Department Services

- **Design and Construction Services:** Project planning, architectural and engineering services, surveying, construction management, quality control for infrastructure improvements. Serves state agencies, universities and community colleges.
- **Motor Vehicle Services:** Acquires and maintains the state's motor vehicle fleet, manages and regulates use of state vehicles.
- **Bureau of Labor Market Information and Strategies:** Labor market information and statistics; economic and workforce data, research and analysis; program measurement data and services. Transferred from Department of Licensing and Regulatory Affairs to DTMB by Executive Order 2011-4.

Information Technology (IT) Appropriations

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

○ **IT Services to State Agencies (IDGs):**

- Funded entirely with IDG revenue. Each department requests spending authority to fund IT-related activities and pays for services through IDGs
- The largest of the IT budget components
- 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
- IT contracting and project management

○ **Various Program Investments and Costs**

- Consists of various ongoing and new projects

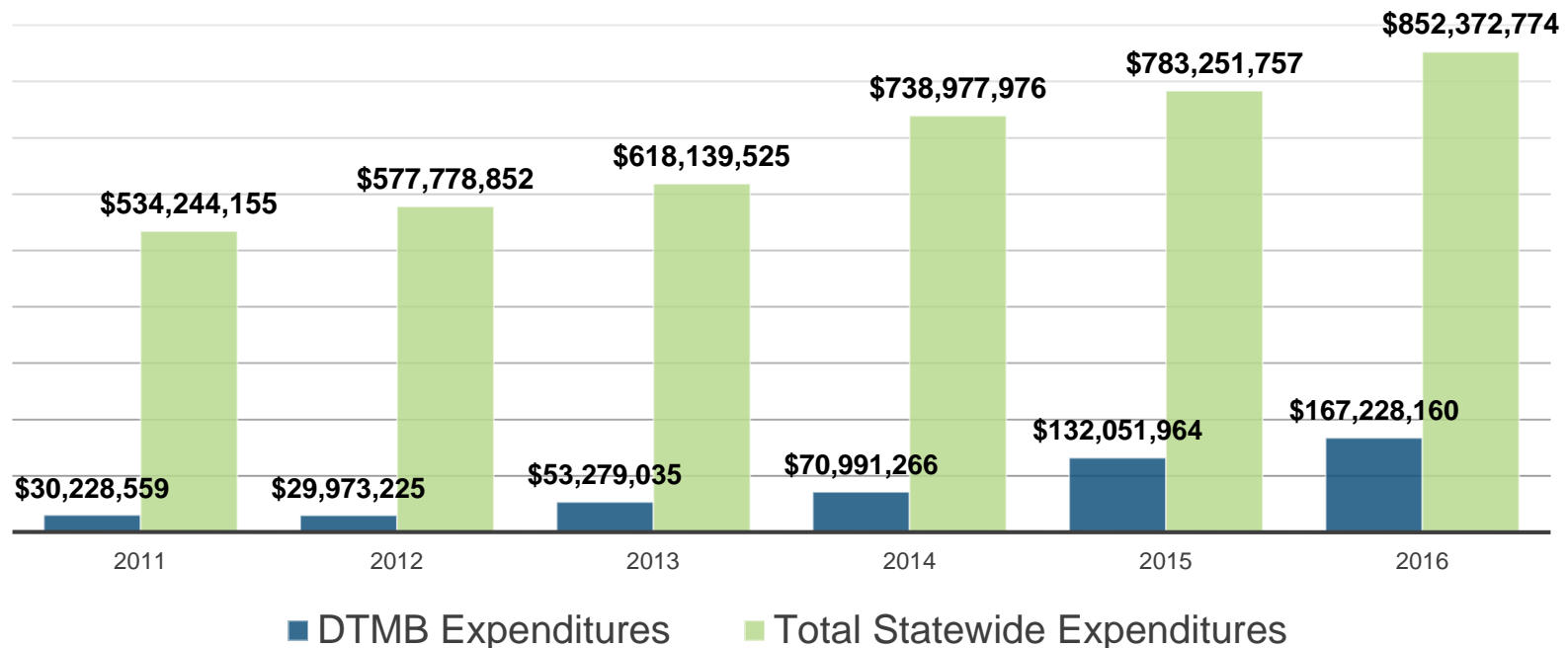
Information Technology (IT) Appropriations

○ Various Program Investments and Costs, Continued

- FY 2017-18 programs include: DTMB IT services, Civil Service IT services, Enterprise Identity Management, Citizen-centric initiatives, Michigan.gov CMS enhancements, MiPage support, and ITIF modernization projects (details on next slide)

Statewide spending includes spending outside of services to state agencies covered by IDGs but may not capture every agency IT expenditure.

DTMB and Statewide IT Spending



Information Technology (IT) Appropriations

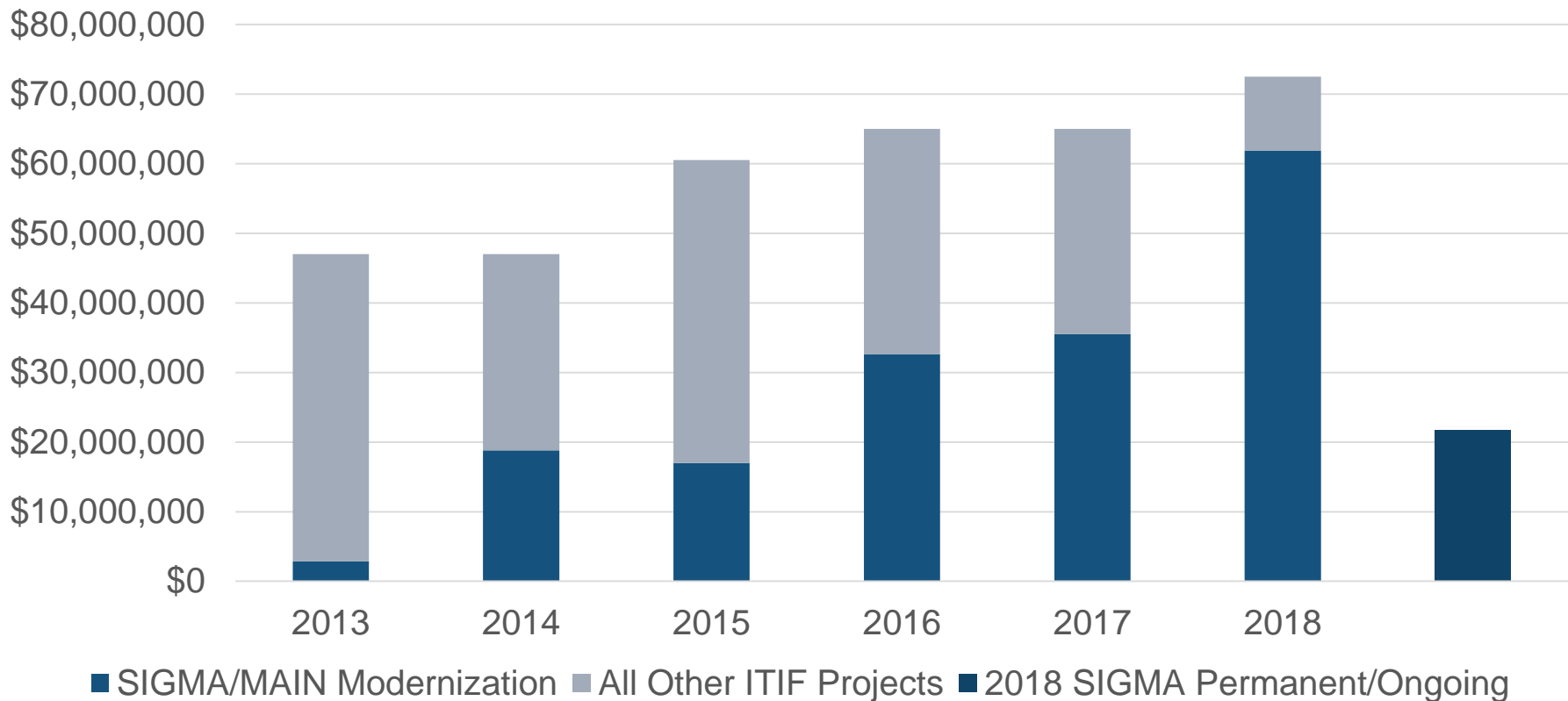
○ Information Technology Investment Fund (ITIF)

- Created to address the need to modernize state agencies' aging information systems
- A major component of the DTMB's IT budget since 2013
- Funded through GF/GP appropriations
- Consists of a portfolio of around 25 active projects overseen by its own governing board. Project dashboards can be viewed here:
http://www.michigan.gov/openmichigan/0,4648,7-266-58520_63185---,00.html
- Demand for modernization projects not expected to decrease in coming years
- SIGMA, or MAIN replacement, is the State's new financial and resource planning tool. It is the largest ongoing ITIF and State IT project
 - SIGMA is expected to be fully operational by October 2017 with much of its funding being provided for in FY 2017-18

Information Technology (IT) Appropriations

FY 2017-18 is the first year funds for SIGMA are appropriated outside of ITIF which signifies the project's transition from a modernization effort to becoming a permanent support and service office. SIGMA's share of FY 2018-19 ITIF budget is expected to be \$7.9 million.

ITIF and SIGMA Appropriations



DTMB Appropriations: Special Programs

Funds various offices and programs. Includes:

- **Executive/Legislative Building Occupancy:** Space occupied by the Executive Office in the Romney Building in Lansing and Cadillac Place in Detroit
- **Retirement Services:** Administers deferred compensation and retirement systems for state employees, public school employees, judges, state police, and the military
- **Office of Children's Ombudsman:**
 - Monitors and investigates the child welfare actions and policies of the Department of Health and Human Services (DHHS) and child placement agencies
 - Works to ensure compliance with child welfare statutes and policies in the placement, supervision, and treatment of children in foster care and adoptive homes
 - Recommends policy and statute changes to the Legislature, Governor and DHHS

DTMB Appropriations: Special Programs

- **Public-Private Partnership:** Seeks to foster state and private partnerships for capital improvements, energy projects, infrastructure projects, and joint economic benefit ventures
- **Regional Prosperity Grants:** Provides various grants to eligible regional planning organizations that collaborate on economic and workforce development, adult and higher education, and transportation

Civil Service Commission

- The Civil Service Commission is a bipartisan, four member body, appointed by the governor to serve 8 year, staggered terms.
- 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.
- **State Personnel Director:** A classified position selected by the Civil Service Commission to serve as the principal executive officer for the commission.

Civil Service Commission

- The Civil Service Commission is responsible for the following:
 - Classification of civil service positions according to duties & responsibilities
 - Set compensation rates for all position classes
 - Determine qualifications of candidates for classified service positions by competitive examination and performance on the basis of merit and fitness
 - Set rules and regulations covering all personnel transactions
 - Administration of employee benefit programs, including the state's employee health, dental, vision, and life insurance plans
 - Provide human resources services for all state departments, including audits of personnel and payroll transactions
 - Operates the Human Resources Management Network, which provides an enterprise-integrated technological infrastructure to support major management functions, such as payroll, personnel, and employee benefits
 - Support for general and agency-specific training for all state classified employees

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.
- 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 the State Building Authority to the Department of Treasury. However, the administration of the rent payments remain within DTMB.

Michigan Infrastructure Fund

- Created in 2016 to help offset future infrastructure costs facing communities and to respond to recommendations from the 21st Century Infrastructure Commission.
- Funds do not lapse to the General Fund.
- Specific uses subject to subsequent appropriations.

Appropriations

Fiscal Year	Deposit
FY 2015-16	\$5,000,000
FY 2017-18	\$35,000,000

Michigan Infrastructure Fund

Expenditures

Purpose	Expenditure
DTMB - Infrastructure asset management pilot program	(\$2,000,000)
DOT - Support for costs related to the Macomb County sinkhole	(\$3,000,000)
DEQ - Brownfield remediation, water asset management, water monitoring	(\$24,700,000)
DOT – Asset Management Council	(\$2,000,000)
Treasury – Michigan Infrastructure Council	(\$1,500,000)
Remaining balance	\$6,800,000

Proposed Expenditures

Purpose	Amount
DTMB – Michigan Cyber Civilian Corps	\$650,000
DTMB – Michigan Consortium on Advanced Networks (MCAN)	\$500,000
DTMB – Smart State Smart Cities grants	\$2,500,000

Flint Emergency Reserve Fund

- Money from the Flint Emergency Reserve Fund is available to support additional needs related to the Flint drinking water Declaration of Emergency as they are identified and to augment other existing Flint appropriations.
- GF/GP Deposits are initially appropriated to the DTMB and are distributed to other state agencies upon subsequent appropriations as needs are identified.

Appropriations (DTMB):

FY 2015-16: \$18.9 million
FY 2016-17: \$10 million
FY 2017-18: \$25 million

Total: \$53.9 million

Expenditures:

Treasury: \$14.4 million
DHHS: \$7.5 million
DEQ: \$ 7.4 million
MSP: \$3.9 million
School Aid Fund: \$2.5 million
DTMB: \$500,000

Total: \$36.7 million
Remaining balance FY 2017-18: \$17.2 million

For more information about the DTMB budget:

HFA Resources

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

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