



DEPARTMENT OF ATTORNEY GENERAL

Michigan Department of Attorney General



Fiscal Year 2024 Budget Presentation

Michigan State House
March 7, 2023

Departmental Overview

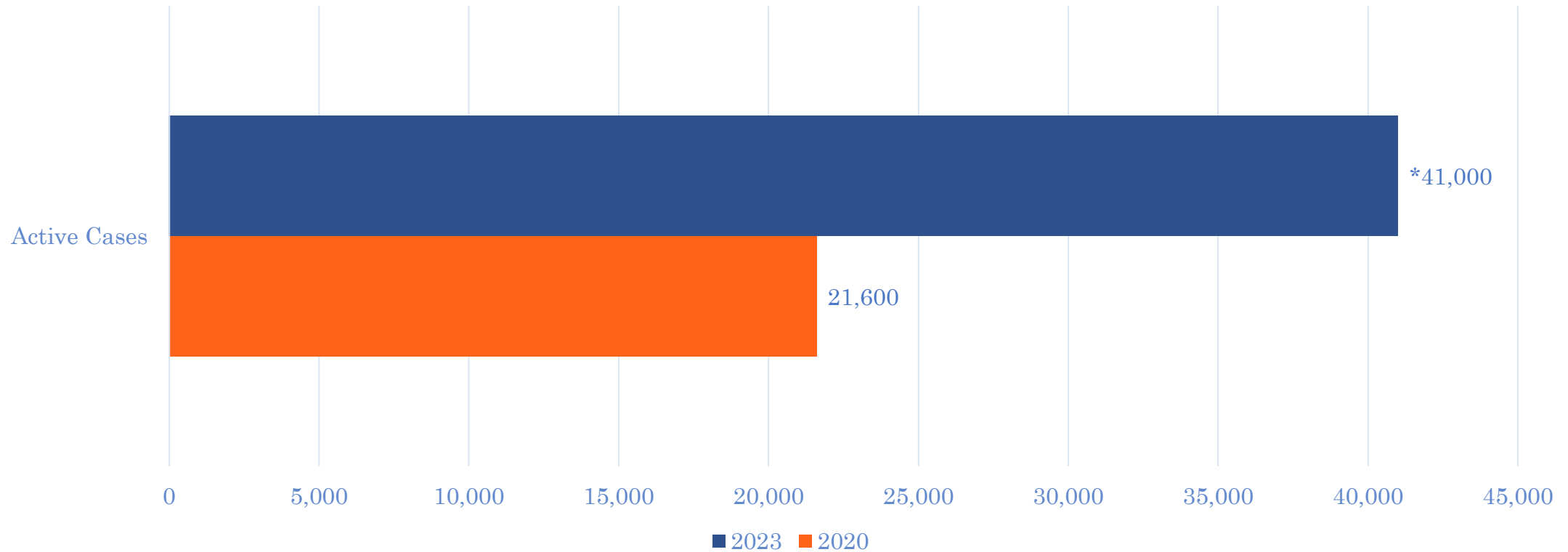


- The Attorney General is a constitutional officer, the chief law enforcement officer of the state, and head of the Department of Attorney General, a department within the executive branch of state government. The Attorney General's duties are derived from common law, prescribed by statute, court decisions, and tradition.
- The Attorney General is the lawyer for the State of Michigan, the Governor, and the People. When public legal matters arise, she renders opinions on matters of law and provides legal counsel for each officer, department, board, and commission of state government. She provides legal representation in court actions and assists in the conduct of official hearings held by state agencies.
- The Attorney General may intervene in any lawsuit, criminal or civil, in the interest of the People of the State of Michigan. She advises and supervises prosecuting attorneys throughout the state. The Attorney General also possesses certain investigative powers, including the power to investigate allegations of election fraud and complaints for the removal of public officials. She may also request grand jury investigations of crime in the state. By virtue of her office, the Attorney General is a member of various state boards and commissions.
- The Department is organized into three bureaus that oversee twenty-three divisions. Each division represents certain state agencies, boards, or commissions or practices in specialized legal areas.

Departmental Overview



Litigation Case Load



** Anticipated annualized active case load exceeding 41,000 cases for the coming year. This does not include active investigations, expungement application processing, client level advice, and training across the state.*

Departmental Overview



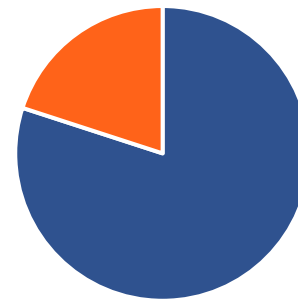
The Attorney General employs a staff of:

- Assistant attorneys general
- Legal assistants
- Investigators
- Victim advocates
- Clerical personnel
- Paralegals

80% of the Department's budget are personnel costs

Private sector attorneys charge between 4 and 5 times the rate of an Assistant Attorney General

AG Budget



■ Personnel Costs ■ Other

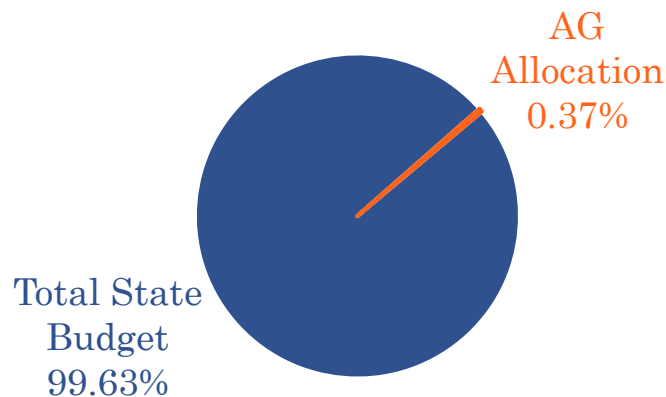
**\$600
Million in
savings**

Budgetary Impact



The Department operates on approximately 1/3 of 1% of the total State General Fund budget

State General Fund Expenditures



The Department's operational appropriations for FY 2022 was \$105,216,100

\$430 Million

The Department won over \$430 million in awards payable to the State and Citizens in FY2022.

\$400 Million

The Department has averaged over \$400 million per year in awards payable to the State and Citizens during the past four fiscal years.

> \$4 per \$1 spent

The Department has brought into the State an average of more than \$4 for each dollar appropriated to it every year during the past four fiscal years.

Line Item Appropriations

Governor's Recommendation FY 2024



Line Item	Amount	Funding Source	Use
1) Attorney General Operations			
Attorney General	\$112,500	GF/GP	Funding for the Attorney General's salary
Unclassified Positions	\$918,300	GF/GP	Funding for five Executive positions.
Operations	\$104,937,500	\$41,244,500 - GF/GP \$36,114,300 - IDG \$20,318,000 - Restricted \$7,139,500 - Federal	All staff salaries, benefits, contractual services, supplies, materials, expert witnesses, travel, rent, worker's compensation, equipment, and other operation costs.
Child Support Enforcement	\$3,733,400	\$930,300 - GF/GP \$2,803,100 - Federal	Provides funding for the Attorney General's Child Support Division, which includes salaries, benefits, contractual services, supplies, materials, travel, rent, equipment, and other operation costs.
Information Technology Services and Projects	\$1,642,400	GF/GP	Provides funding for Department of Technology , Management and Budget related services.
Public Safety Initiative	\$888,300	GF/GP	Provides funding for special assistant attorneys general and one support staff to prosecute crimes within distressed cities.
Sexual Assault Law Enforcement	\$1,463,600	GF/GP	Provides funding for the Attorney General's sexual assault enforcement activities, which includes salaries and benefits for 5 FTEs, contractual services, supplies, materials, travel, equipment, and other operation costs.

Line Item Appropriations

Governor's Recommendation FY 2024



Line Item	Amount	Funding Source	Use
<u>2) Prosecuting Attorney Coordinating Council (PACC)*</u>	\$2,702,400	\$2,126,100 - GF/GP \$455,100 - Restricted \$121,200 - Federal	Provides funding for the Prosecuting Attorneys Coordinating Council, which includes salaries, benefits, contractual services, supplies, materials, travel, rent, equipment, and other operation costs. Provides funding for scholarships for tuition, travel, and state prosecutors training.
<u>3) One-time Appropriations</u>	\$ 0		

*Appropriated separately – Type I Agency.

FY 2023 Cost Projections



FY 2023* Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$91,700,000	78%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$19,200,000	16%
Rent	\$ 3,625,000	3%
Information Technology	\$2,150,000	2%
Travel	\$1,200,000	1%
Equipment	\$400,000	Less than 1%

TOTAL: \$ 118,273,000

**FY2023 has \$8.5 million in one-time appropriations for Job Court & Organized Retail Crime.*

FY 2024 Initiatives Comparison



2018 Initiatives

1. Human Trafficking
2. OK2SAY

FY 2024 Initiatives

1. Clergy Abuse Investigation
2. Boy Scouts of America Investigation
3. Sexual Assault Prosecution
4. Consumer Protection
5. Human Trafficking
6. Child Support Enforcement
7. Reducing Utility Rate Increases
8. Cold Case Homicides
9. Michigan Identity Theft Support
10. Job Court
11. Elder Abuse Task Force
12. PFAS Accountability
13. Auto Insurance Fraud Unit
14. Conviction Integrity Unit
15. Opioid Litigation
16. Public Integrity Unit
17. Robocall Enforcement
18. Organized Retail Crime
19. Hate Crimes & Domestic Terrorism Unit
20. Expungement Unit

Conviction Integrity Unit



- The Executive Recommendation includes **\$1.01 million** in new funding for the Unit.
- The Conviction Integrity Unit (the “CIU”) investigates claims of innocence to determine whether there is clear and convincing new evidence that the convicted defendant was not the person who committed the offense.
- The Department website includes information for claimants to submit applications to have their cases reviewed by email or by U.S. mail.
- This unit currently has over 850 open files, with cases that are in various stages. The unit also receives numerous new applications from claimants on a weekly basis.

Conviction Integrity Unit



Cases where relief has been granted

2021 **Gilbert Poole**
32 years in prison. Full
exoneration

2022

**George DeJesus and Melvin
DeJesus**

25 years in prison. Full exoneration
for both.

2021 **Corey McCall**
16 years in prison. Full
exoneration

2023

Jeff Titus

21 years in prison. Stipulated to a
new trial.

In addition to the above 5 cases, the CIU work has **reviewed and closed over 900 cases**. This unit currently has **over 850 open files**, with cases that are in various stages. The unit also receives numerous new applications from claimants on a weekly basis.

Address Confidentiality Program



- In December 2020, Governor Whitmer signed the Address Confidentiality Program Act, 301 of 2020. The Address Confidentiality Program (ACP) was created to provide certain protections for victims of domestic violence, sexual assault, stalking, human trafficking, or those who fear that disclosure of their physical address will increase the risk of harm.
- ACP is a statewide confidentiality program administered by the Michigan Department of Attorney General. ACP operates to shield a program participant's actual physical address by providing an official designated/substitute address and free mail forwarding service.
- This program is statutorily required to take effect in October of 2023.

Organized Retail Crime Unit



- The ORC Unit will work statewide to investigate & prosecute cases of organized retail fraud
- This unit will work in conjunction with retailers, federal, state, and local law enforcement, and county prosecutors.
- The Coalition of Law Enforcement & Retail Association estimates that ORC accounts for around \$45 billion in annual losses, with nearly \$1 billion in Michigan alone.
- ORC is also a safety threat to retail workers, with a quarter of retailers saying they have seen an increase in aggression by criminals. It is also responsible for driving up costs for retailers, which in turn are passed along to consumers or can lead to the closing of storefronts.
- The uniqueness of these cases requires a specialized team that can operate statewide and can focus on these cases.

Job Court



Job Court is a pilot program and will serve as a diversion program for certain offenders by connecting them with gainful employment.

- Participants would be monitored for one year and be required to maintain frequent and open lines of communication with the employer. Participants will receive wraparound services from the state of Michigan to ensure accountability and compliance with the requirements of the program. Prosecutors would have the option to dismiss charges against Job Court participants who successfully complete the program, which will be dependent on legislative action to launch.
- This will also allow courts to reduce their criminal backlog.

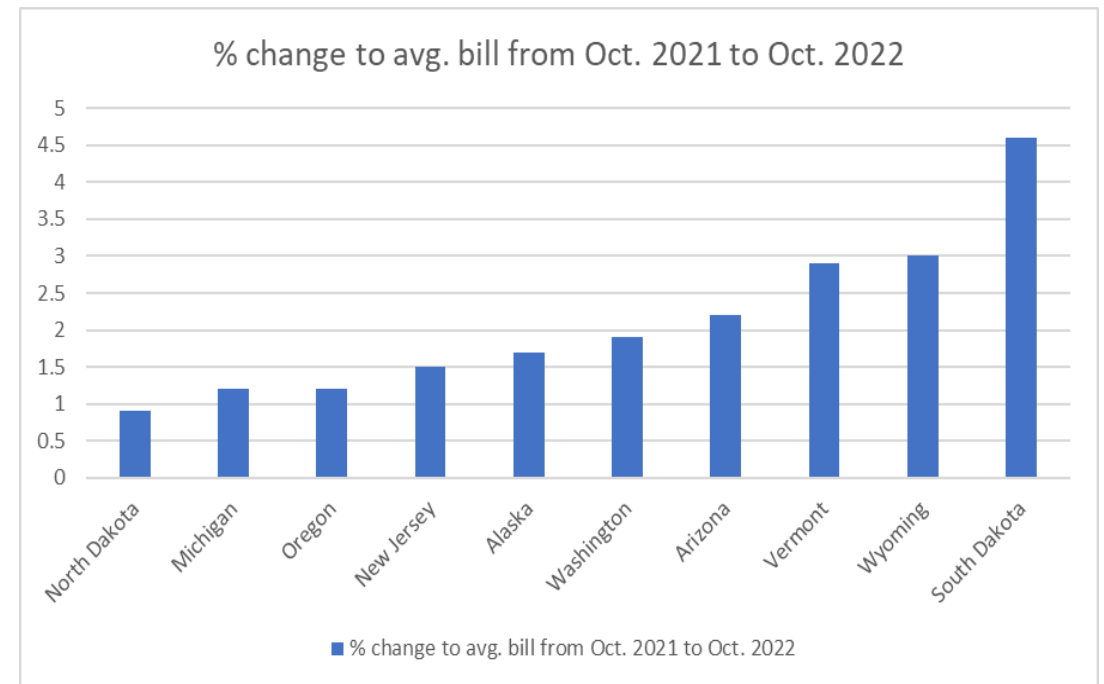


Reducing Utility Rate Increases



- In 2022, the AG helped save customers over **\$350 million** by reducing DTE's electric rate increase by over **90%** thus reducing a proposed 9% increase to monthly bills to less than 1%.
- Similarly, the AG helped reduce Consumers Energy electric rate increase by nearly 50% along with \$10 million donation to low-income assistance.
- In Consumers Energy Integrated Resource Plan, the AG helped save hundreds of millions rejecting several natural gas power plants, increase 8,000 MW of solar generation by 2040, and obtain a \$33 million donation over 15 years for low-income assistance.
- In 2022, the AG helped save customers \$1,055,372,128.
- Since taking office, the AG has helped save over \$2.4 billion for customers
 - For every \$1 invested the AG has returned roughly \$2,400 in savings to customers using less than half the staff of the average utility consumer advocate office around the country.
- Since taking office, the AG has doubled the number of active cases, opening 28 cases and 8 multistate filings in 2022.

- The AG works closely with other advocates across the state and country to help reduce emissions and increase renewables while maintaining a focus on affordability.
- Michigan was second among the ten states with the smallest increase in electricity bills.



Robocall Enforcement



- Robocall Enforcement initiative was launched in November 2019 to focus on Federal, state, and industry cooperation, consumer education, increased enforcement, and statutory updates and we have become a national leader in this area.
- The Department website includes a page dedicated to robocalls, including background on how robocalls work, consumer education relating to robocall scams, and ways for consumers to protect themselves and report robocalls.
- Attorney General Nessel – in partnership with Ohio Attorney General Yost – hosted the national Robocall Summit in Detroit in July 2022. The Summit – attended by law enforcement from around the country – provided concrete information for use in bringing and litigating robocall cases.
- The Department joined the Executive Committee of the newly formed 50-State Anti-Robocalling Litigation Task Force in June 2022. The purpose of the Task Force is to identify, investigate, and take legal action against gateway VoIP providers responsible for bringing a majority of illegal foreign robocalls into the U.S.
- The Department has joined seven other states in bringing a lawsuit in the Southern District of Texas (Houston) against Rising Eagle Capital Group, LLC, et al., for various violations of the Telephone Consumer Protection Act by, among other things, making robocall solicitations to consumers on the Do Not Call Registry in each of the Plaintiff States; (Arkansas, Indiana, Michigan, Missouri, North Carolina, North Dakota, Ohio, and Texas). The case will likely be tried in late April/early May 2023.
- The Department provided several educational presentations on illegal robocalls to constituent groups. This included presentations by Attorney General Nessel to senior groups about phone calls pitching grandparent, IRS, and sweepstakes scams.
- The Department received 1,272 robocall complaints in 2022. Since the launch of the 2019 launch of the initiative, our Department has received more than 11,894 robocall complaints since the 2019 launch.

Human Trafficking



- Department's Human Trafficking Initiative was established in 2011
- Since 2019, in over 30 presentations to over 3,000 people, the Human Trafficking Initiative provided training to approximately 200 Law Enforcement professionals, 350 legal professionals, 800 medical professionals, 800 various other professionals, as many as 1,000 various other professionals and about 400 members of the general public.
- We've have arrested 34 individuals on human trafficking charges, secured 25 convictions, with cases against other defendants currently pending.
- The Legislature created the standing Michigan Human Trafficking Commission within the Department of Attorney General, whose members are appointed by the Governor to represent various groups and public officials.
 - In 2019, the commission recommended a new package of roughly 30 human trafficking bills aimed at expanding training requirements for certain professionals, strengthening tools to hold traffickers accountable, expanding protections for victims of trafficking, and revising the criminal justice system's approach to commercial sexual activity, otherwise known as prostitution. This proposal was reintroduced in 2021 and the Department continues to work with the legislature to ensure passage.

Opioid Enforcement



- In 2021 and 2022, Attorney General Nessel participated in opioid settlements with McKinsey & Co., McKesson Corporation, AmerisourceBergen Corporation, Cardinal Health, Inc., and Janssen Pharmaceutical. These settlements will result in nearly \$800 million for Michigan governments, over the next 18 years, to abate the opioid crisis. To date, the State of Michigan has received nearly \$100 million, and Michigan local governments have received nearly \$82 million.
- In 2022 and 2023, Attorney General Nessel announced additional opioid settlements in principle with Teva Pharmaceuticals, Allergan Pharmaceuticals, CVS Pharmacy, and Walmart Pharmacy. These settlements could result in an **additional \$446 million for Michigan governments**.
- Attorney General Nessel continues to work on additional opioid settlements that will benefit Michigan. This includes the Purdue Pharmaceutical bankruptcy, where the Attorney General participates in a committee representing government claimants. This committee continues to seek solutions that will ensure Purdue Pharmaceutical and the Sackler family are held accountable for their actions that created and nurtured the opioid crisis.

Consumer Protection



- The Department's Corporate Oversight Division houses the Consumer Protection Unit and enforce more than 35 state statutes that protect consumers and charities
- Direct consumer and state recoveries totaled over **\$116.3 million** in 2022
- Alert consumers to scams, deceptive business practices, privacy threats, and emerging identity theft schemes. Over 138 consumer alerts on the AG website that staff monitor and update.
- Registers or licenses over 10,587 charities on a yearly basis and professional fundraisers that solicit from the public on a yearly basis. Investigates and enforces charitable trust laws against charities, professional fundraisers, and charitable trustees.
- Handles statewide consumer protection and antitrust enforcement efforts and investigations
- Leads and participates in multistate cases and investigations nationwide.
- The Michigan Identity Theft Support Unit (MITS) helps provide Michigan identity theft victims with resources and guidance in determining ways to minimize damage caused by identity theft. MITS handled 992 requests in 2022.

Sexual Assault Kit Initiative



- The Michigan Legislature appropriated \$1.46 million dollars in 2022 for the investigation and prosecution of cases arising from previously untested sexual assault kits.
- These funds allowed cases to be revisited to determine if they could be prosecuted after having been tested in a lab for forensic evidence, in some cases many years after a sexual assault.
- The AG's office manages the funding of Special Assistant Attorney Generals in each of the Projects but leaves direct supervision of the Projects to the local, elected prosecutor of the county.
- The Project oversees investigation, victim services, and prosecution for cases that arise from the previously untested Sexual Assault Kits. The Department has MOUs with Calhoun, Washtenaw, Wayne, Kalamazoo, Ingham, and Jackson Counties:
 - Kalamazoo County 226 cases with 32 active investigations, 12 cases pending in court and 12 convictions
 - Calhoun County 210 cases with 40 closed, 4 case pending in court and 8 convictions
 - Ingham County 127 investigations, 2 cases pending in court and 3 convictions
 - Jackson County 67 investigations underway, and 2 convictions
 - Washtenaw County 159 cases with 20 open investigations, 3 pending in court
 - Wayne County Funds approved, awaiting hiring to add to task force with 222 convictions and over 800 serial offenders identified

Clergy Abuse Investigation



- Investigation launched in August of 2018 in partnership with the Michigan State Police
 - 1.5 million paper documents and 3.5 million digital documents recovered
- A hotline for victims, family members of victims, and members of the general public is staffed by a full-time victim advocate to provide immediate referrals for those in need. To date, the Department has received over 1000 calls, letters and emails.
- The investigation has yielded the following results:
 - 112 police investigations
 - Identified **454** abusive clergy members
 - Identified **811** victims of abuse
 - 242 cases reviewed for criminal prosecution
 - 11 charged defendants with 7 criminal convictions
 - 32 volunteers have worked many hours of unpaid time
- All documents have been reviewed.

Boy Scouts of America Investigation



- The Department is examining a total of 5,000 claims sent from BSA national for review.
- Currently, a completed review of 550 claims resulted in roughly 60 inquiries sent to MSP for further investigation.
- In October of last year, the investigation yielded its first guilty plea on first and second degree criminal sexual assault counts.

Elder Abuse Task Force



- The Elder Abuse Task Force has been jointly launched with the Attorney General, Michigan Supreme Court, and more than 55 agencies that provide services that affect vulnerable adults and senior citizens.
 - Sen. Paul Wojno, Senator Roger Victory, and Rep. Graham Filler represent the Republican and Democratic Caucuses in the Senate and House of Representatives.
 - Created to implement systemic changes that were recommended by the 1998 Supreme Court Task Force and the 2007 Governor's Task Force, to assess current shortfalls and problems in the system and address them.
- An Elder Abuse Unit has been created in the Financial Crimes Division to investigate and prosecute financial exploitation cases. Four prosecutors and three investigators have been allocated to this unit.
- Statewide Elder Abuse investigation form has been rolled out in conjunction with law enforcement agencies in order to streamline reporting and increase accountability and transparency.
- Online trainings have been developed and are currently in use statewide for stakeholders and the public to educate themselves on the issues surrounding elder abuse and how they can take an active role in pushing back.
- The Financial Exploitation Prevention Act requires financial institutions to report vulnerable adult financial exploitation to law enforcement or adult protective services.
- This new law has resulted in numerous cases being brought by my department and led to restitution being paid to multiple victims.

PFAS Accountability



- The Attorney General has filed multiple lawsuits since January 2020 against PFAS manufacturers, distributors, and users. For the manufacturer lawsuits, the Attorney General is working with Special Assistant Attorneys General (SAAGs) retained because of their expertise in bringing claims against manufacturers of harmful products.
- The first suit against PFAS manufacturers seeks damages, past costs, and remediation for Michigan resources impacted by PFAS other than firefighting foam. That case survived multiple motions to dismiss and is currently pending in the Multi-District Litigation on PFAS, on a track with other state and local governments. The State has a pending motion to bring the PFAS manufacturers case back to Michigan.
- The Attorney General, with the SAAG team, filed two more lawsuits against manufacturers of PFAS-containing firefighting foam known as AFFF (aqueous film-forming foam). One case seeks damages and costs for impacts from commercial AFFF, and the other for impacts from Mil-Spec foam. These 2 cases are pending in the Multi-District Litigation.
- In January 2023, the State reached a settlement in its case against Asahi Kasei Plastics North America for PFAS contamination from its former facility near Brighton, Michigan. The settlement requires Asahi to investigate PFAS in soil, groundwater, and surface water discharged from their former facility, and to undertake response actions to address levels that exceed state criteria. In addition to the required investigation and response actions to address exceedances of PFAS criteria, the settlement requires Asahi to pay the State's past and future oversight costs and costs of litigation, including the attorney fees of the SAAGs for this matter, which means that these costs will not be shifted to taxpayers.
- In the past year, the AG filed two new PFAS lawsuits against companies that have released PFAS into the environment in Michigan. The first, filed in Kent County, is against FKI Hardware and its predecessors for PFAS and other contamination related to its plating operations going back over one hundred years. The second case is against Domtar Industries, a paper manufacturer whose PFAS-contaminated sludges impacted the environment in St. Clair County.
- The Attorney General continues to oversee implementation of the 2020 Consent Decree with Wolverine Worldwide Inc. that resolved the AG's lawsuit against Wolverine for contaminating drinking water and the environment in North Kent County. The settlement requires Wolverine to pay \$69.5 million to extend municipal water to over 1,000 properties; over 650 homes are already connected, with construction for remaining lines ongoing. The settlement also requires Wolverine to maintain and replace water filters; to continue sampling residential wells and monitoring groundwater in the area; to investigate impacts to surface waters; and to undertake response activities at source areas.

Child Support Enforcement



- Child Support Division was created in 2003 to combat the problem of unpaid child support
- The mission of the Child Support Division is to enforce child support orders by prosecuting those individuals who have a history of non-payment and have significant arrearages of at least \$5,000
- Investigators in the Attorney General's Child Support Division identify parents who can pay support to their children but refuse to do so.
- In Fiscal Year 2022 over **\$22 million dollars** were collected for child support.
- Complaints can be filed online by visiting www.michigan.gov/ag or by calling the Financial Crimes Division at 517-335-7560. *Please refer your constituents in need of help to our office.*

Hate Crimes and Domestic Terrorism



Hate Crimes & Domestic Terrorism unit investigates and prosecutes hate crimes and acts of domestic terrorism by following up on tips and providing departmental resources to local and federal law enforcement partners, and resources to community partners.

- Notable cases include:
 - Wolverine Watchman: Three members of the Wolverine Watchmen were sentenced to years behind bars. Joseph Morrison, Paul Bellar and Pete Musico appeared before Judge Thomas Wilson of the 4th Circuit Court in Jackson County, and each were sentenced up to 20 years in prison.
 - “The Base” (Justen Watkins, Tristan Webb, Alfred Gorman): The Base is a white supremacy gang that openly advocates for violence and criminal acts against the U.S. All 3 defendants plead guilty to various felonies.

The unit takes threats of violence seriously and have at least 9 convictions for cases involving threats against elected officials.

Other Specialized Units



- Public Integrity Unit was formed in the Criminal Division in 2011 and prosecutes those that breach the public trust or steal taxpayer dollars. The Public Integrity Unit has been expanded to include in-custody deaths and police-involved shootings referred to us by local prosecutors, local law enforcement agencies or the Michigan State Police.
- Payroll Fraud Enforcement Unit was established to go after shady actors committing payroll fraud, strengthen whistleblower protections to shield employees who report wrongdoing, and toughen penalties against payroll fraud to make Michigan a leader in protecting workers.

Funding Issues



- The Department of Attorney General is funded by both General Fund and Restricted Fund sources, with the majority coming from IDGS from other state departments.
- There is a significant need in this department to increase general revenue dollars to handle an influx of cases we're seeing come to us through other county prosecutors' offices, as well as address complex cold case homicide and sexual assault cases that only the department can handle.
- To address this issue, we are requesting an additional **\$4.5 million** in General Fund resources above the Executive Recommendation.

Questions?

