



STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES & ENVIRONMENT  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

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January 29, 2010

The Honorable Michelle McManus, Chair  
Senate Appropriations Subcommittee on  
Natural Resources  
S-2 Capitol Building  
P.O. Box 30036  
Lansing, Michigan 48909-7536

The Honorable Michael Lahti, Chair  
House Appropriations Subcommittee on  
Natural Resources  
House Office Building  
P.O. Box 30014  
Lansing, Michigan 48909-7514

Dear Senator McManus and Representative Lahti:

Pursuant to Section 219, PA 118 of 2009, attached is a summary of the cost allocation plan for restricted funds for the former Department of Natural Resources (Department). Due to the size of the cost allocation plan, only the summary is being forwarded. The remaining portion is available for review in the Department's Financial Services office.

If you have any questions, please feel free to contact me.

Sincerely,

Sharon M. Schafer, Chief  
Budget and Support Services  
517-373-1750

Attachment

cc: Senate Appropriations Subcommittee Members  
House Appropriations Subcommittee Members  
Mr. Josh Sefton, Senate Fiscal Agency  
Ms. Viola Wild, House Fiscal Agency  
Mr. Robert Emerson, State Budget Director, DMB  
Mr. Jacques McNeely, DMB  
Ms. Jennifer Harrison, DMB  
Director Rebecca A. Humphries, DNRE  
Ms. Mindy Koch, DNRE  
Mr. Rodney Stokes, DNRE  
Mr. Daniel Eichinger, DNRE  
Mr. Joseph Frick, DNRE  
Mr. Mark Bouvy, DNRE

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**State of Michigan**  
**Department of Natural Resources**  
**Cost Allocation Project for Administration Funding Sources**  
**FY 2008 Actual**

**Introduction**

MAXIMUS is pleased to present the results of the Cost Allocation Project for the Michigan Department of Natural Resources (DNR). The DNR has many state restricted funding sources that fund the administrative divisions of the Department. The purpose of this project was to prepare a cost allocation plan to determine a reasonable and defensible distribution of funding within each administrative appropriation. The plan is based on actual information for the year ended September 30, 2008, and includes an analysis of the following DNR appropriations:

- 1001 – Executive Direction
- 1092 – Commission
- 1093 – Unclassified Salaries
- 2020 – Office of Land and Facilities
- 1105 – Internal Audit
- 1106 – Budget and Support Services
- 1107 – Office of Financial Services
- 1108 – Grants Management
- 1126 – Human Resources
- 1128 – Human Resources Optimization
- 1345 – Building Occupancy Charges
- 1346 – Rent - Privately Owned Property
- 8914 – Information Technology Services and Projects

**Methodology**

The project has been completed in two phases. Phase I allocates administrative costs to the divisional level. Phase II reallocates the divisional costs to individual funding sources according to the ratio of funding provided for each division.

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**Phase I** – Phase I of the project is included as Attachment A. This cost plan is divided into thirteen sections, corresponding to the administrative appropriations that have been identified on the previous page. Each section of the cost plan includes; a narrative description of the utilized allocation procedures, a schedule of costs by function or activity, and a schedule detailing the allocation of costs for each function. The overall objective was to group costs into functional areas, which represent an activity or service provided; and to subsequently allocate the activity to benefited programs using an allocation base that best represents benefit derived. Schedule A from Phase I contains a summary of costs allocated from each central service section to the individual divisions of the DNR.

**Phase II** – Phase II of the project is included as Attachment B. The Phase II cost plan reallocates the costs allocated to each division from each administrative appropriation in Phase I to the cost objective, or the various funding sources of the DNR. Costs allocated to each division in Phase I have been reallocated according to the ratio of actual funded expenditures for that division. In some instances, costs in Phase I may have been allocated directly to a specific funding source, e.g. MNRTF. In such cases, Phase II simply reallocates those costs directly to the same funding source.

Due to the volume of detail in the Phase II plan, only the summary portion of the plan is included. The final results are summarized on Schedule A of the plan. Also, a detailed listing of the allocation bases used to redistribute the Phase I allocations for the first plan section have been included. Throughout the Phase II cost plan, each section contains the same activities and utilizes the same allocation base for each activity.

### **Summary of Results**

The following exhibits contain a financial reconciliation and a summary of the final distribution of costs by funding source for the administration appropriations included in this cost allocation project:

- Exhibit I represents a reconciliation of costs, by administrative appropriation, allocated in the cost plan. Costs are based upon appropriation year expenditures identified in the DAFR 7480 report.
- Exhibit II summarizes the allocated funding results for each of the administrative appropriations.

**Special Projects** – In some instances costs directly associated with projects with discrete funding sources were allocated to the Special Projects cost pool. This cost pool is separately identified on Exhibit II, and the identified costs have not been allocated to any specific funding sources. In order to determine total allocated costs associated with each funding source, the funding for Special Projects needs to be determined and added to the fund totals on Exhibit II. A summary of the Special Projects for fiscal year 2008 is as follows:

**Summary of Special Projects**

<b>Appropriation</b>	<b>Project</b>	<b>Amount</b>
1001	University Project - DIT (Charles Nelson)	\$ 360.00
1001	University Project – Alltel (Charles Nelson)	\$ 664.43
1005	U.P. Pocket Park – engineering services	\$ 4,044.96
1107	Paint Purchase for Timber Preparation	\$ 274.81
1107	Record Center Transfer for Department	\$ 6,054.53
1107	Tax Reverted Property Refund	\$ 4,723.30
1107	Tax Reverted Property Refund	\$ 7,706.79
1108	Engineering Services	\$ 15,257.93
1108	Engineering Services	\$ 125,805.64
1108	Engineering Services	\$ 1,093.82
1108	Engineering Services	\$ 10,731.90
1126	Uniform policy arbitration fee (Robert McCormick)	\$ 600.00
1126	Let's Go Camping exhibit	\$ 79.00
1126	Radios for Emergency Management	\$ 12,159.93
1126	FMFM travel – Accessibility site assessments	\$ 291.77
1126	FMFM travel – Accessibility site assessments	\$ 254.93
1126	FMFM travel – Accessibility site assessments	\$ 267.80
1126	FMFM travel – Accessibility site assessments	\$ 24.00
8914	LOTS – Activity Code 7511 Game & Fish	\$ 19,521.38
8914	LOTS – Activity Code 7511 Trust Fund	\$ 175,692.48
<b>Total</b>		<b>\$ 385,608</b>

State of Michigan  
 Department of Natural Resources  
 Cost Allocation Plan  
 Summary of Allocated Administrative Appropriations  
 FY 2008 / AY 2008 - DAFR 7480

<u>Appropriation</u>	<u>Cash</u>	<u>Accruals</u>	<u>Encumbrances</u>	<u>Total</u>	<u>Non-Administrative Expenditures</u>	<u>Final Amount Allocated</u>
1001 - Executive Direction	2,082,595	4,068	-	2,086,664	-	2,086,664
1092 - Commission	62,131	3,128	343	65,602	-	65,602
1093 - Unclassified Salaries	413,927	-	-	413,927	-	413,927
2020 - Land and Facilities	18,131,401	366,959	931,690	19,430,050	14,619,668	4,810,381
1105 - Internal Audit	789,858	4,775	-	794,633	-	794,633
1106 - Budget and Support Services	973,077	1,653	151	974,881	-	974,881
1107 - Financial Services	2,199,519	10,594	96	2,210,210	-	2,210,210
1108 - Grants Management	1,182,135	5,259	-	1,187,394	-	1,187,394
1126 - Human Resources	2,023,213	36,154	14,737	2,074,103	-	2,074,103
1128 - Human Resources Optimization User Charge	131,756	-	-	131,756	-	131,756
1345 - Building Occupancy Charges	2,135,700	-	-	2,135,700	-	2,135,700
1346 - Rent - Privately Owned Property	437,400	-	-	437,400	-	437,400
8914 - Information Technology Services and Projects	8,409,935	418	491,347	8,901,700	-	8,901,700
<b>TOTALS</b>	<b>38,972,646</b>	<b>433,009</b>	<b>1,438,365</b>	<b>40,844,020</b>	<b>14,619,668</b>	<b>26,224,351</b>

NOTE: Non-Administrative Expenditures includes costs associated with RSS, CRS, Real Estate Division, Engineering Services, and charge-backs.

**State of Michigan**  
**Department of Natural Resources Cost Allocation Project**  
**Administrative Funding Sources - FY 07/08**  
**Summary of Results**

Fund Name	Exec Dir 1001	Comm 1092	Unclass Sal 1093	Land & Fac 1104	Internal Audit 1105	Budget & Supp Svcs 1106	Fin Svcs 1107	Grants 1108	H.R. 1126	H.R. Opt 1128	Bldg Occupancy 1345	Rent - Private 1346	Info Tech 8914	Total
Aircraft	1,556	49	309	140	1,193	371	2,891	-	961	62	1,310	400	8,160	17,402
Cervidae Lic / Insp	1,037	33	206	106	263	493	724	-	680	44	1,026	244	5,038	9,894
Clean Mich	592	19	118	170	127	695	1,100	6,294	241	20	2,708	-	2,634	14,718
Comm-Forest	523	16	104	50	393	125	960	-	319	20	485	131	2,734	5,860
F&G	541,037	17,024	107,376	1,792,259	125,118	218,572	404,013	44	354,598	23,158	557,538	168,498	2,372,713	6,681,948
F&G-Deer	22,024	693	4,372	159,068	5,683	15,110	20,336	-	15,219	967	34,290	3,875	118,790	400,427
F&G-Settle	9,593	302	1,904	744	1,675	4,278	5,443	-	6,207	404	5,171	4,015	39,626	79,362
F&G-Turkey	11,936	375	2,370	73,485	2,988	7,438	10,015	-	8,224	521	18,756	2,087	64,562	202,757
F&G-Wildlife	12,565	395	2,493	1,075	3,162	4,123	7,992	-	7,527	494	8,418	3,923	49,220	101,387
F&G-Wtrfwl Mgt	895	28	178	119	245	710	930	-	607	39	1,411	148	4,828	10,138
Forest-Rec/Camp	13,956	439	2,770	29,397	9,746	3,587	24,377	-	8,591	563	15,740	3,393	71,840	184,399
Forest-Dev	271,059	8,525	53,793	957,135	188,353	71,083	477,964	-	168,010	10,975	313,169	66,830	1,405,258	3,992,154
Forest-Fin Auth	6,719	211	1,334	601	5,167	1,606	12,529	-	4,142	268	5,614	1,729	35,261	75,181
Forest-Land User Chgs	6,103	192	1,211	573	4,566	1,502	11,191	-	3,809	246	5,597	1,566	31,939	68,495
Geo-Info	290	9	58	26	223	69	542	-	179	12	243	75	1,524	3,250
Gift	121	4	24	-	359	676	1,405	-	-	-	-	-	-	2,589
Harbor	2,038	64	404	235	535	495	998	-	3,724	234	1,438	95	5,833	16,093
IDG-Engineers	11,799	371	2,342	2,100	1,907	3,767	11,213	-	9,036	585	18,970	3,634	59,048	124,772
IDG-Land	1,250	39	248	174	202	399	1,188	-	957	62	2,010	385	6,256	13,170
IDC-MacMullan	8,976	282	1,781	1,249	1,451	2,866	8,531	-	6,874	445	14,432	2,764	44,923	94,574
L.E.F.F.	36,813	1,158	7,306	5,370	5,834	11,820	34,693	-	28,016	1,821	64,219	10,938	183,462	391,450

Exhibit II

Fund Name	Exec Dir 1001	Comm 1092	Unclass Sal 1093	Land & Fac 1104	Internal Audit 1105	Budget & Supp Svcs 1106	Fin Svcs 1107	Grants 1108	H.R. 1126	H.R. Opt 1128	Bldg Occupancy 1345	Rent - Private 1346	Info Tech 8914	Total
Marine	11,858	372	2,355	177,223	3,525	18,619	14,848	26,493	6,712	451	15,451	3,015	46,330	327,252
MCC Endowment	4,210	132	836	458	1,147	1,061	2,055	-	7,988	500	2,324	208	11,696	32,615
M.N.R.T.F.	21,396	674	4,246	4,195	37,879	74,304	115,013	644,744	11,126	789	61,390	2,996	102,414	1,081,166
Non-Game Wild	4,540	143	901	630	1,064	2,540	3,418	-	3,105	198	7,658	752	24,438	49,387
ORV-Trails	23,621	742	4,688	73,999	10,429	18,711	29,093	3,301	17,050	1,103	17,188	6,088	98,584	304,597
ORV-Safety Educ	-	-	-	-	-	-	-	748	-	-	-	-	-	748
Park-Endowment	126,835	3,989	25,174	14,376	35,780	31,389	69,706	-	225,235	14,140	88,753	7,311	376,490	1,019,178
Park-Private	58	2	11	-	131	1,965	941	-	-	-	-	-	-	3,108
PI-Park Improvement	362,258	11,395	71,894	271,375	91,110	91,304	182,118	-	637,441	40,139	305,360	20,331	1,089,464	3,174,189
PITT-ROB	5,593	176	1,110	584	1,524	3,404	4,761	-	3,684	235	5,706	1,285	27,457	55,519
Private	2,153	68	427	211	1,215	821	2,954	-	2,051	130	1,746	416	9,966	22,158
Public Revenue	6	-	1	1	1	1	2	-	6	-	15	1	29	63
Public Use & Rep Deed	701	22	139	202	48	137	481	-	286	23	3,222	-	3,133	8,394
Rec Improvement	4,184	131	830	444	3,147	6,189	9,499	-	2,499	164	4,936	953	20,851	53,827
Safety Education	397	13	79	38	137	854	590	-	215	15	365	106	1,485	4,294
Sign Shop	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Snow-Reg	11,759	369	2,334	42,758	3,149	8,449	9,621	5,502	6,785	449	9,559	3,459	45,686	149,879
Snow-Trails	23,500	739	4,664	47,097	49,717	49,047	57,798	51,253	13,412	889	31,529	4,985	113,860	448,490
Sprtsmn Against Hunger	235	7	47	29	59	135	176	-	163	10	318	42	1,290	2,511
Waterways	142,241	4,474	28,230	113,051	44,378	70,546	119,982	-	251,270	15,782	106,497	8,386	424,071	1,328,908
Yth Hunt & Fish Educ	566	18	112	94	49	105	212	-	589	40	1,351	78	2,651	5,865
Special Projects	1,024	-	-	-	4,045	-	18,759	152,889	13,677	-	-	-	195,214	385,608
GF/GP*	378,647	11,908	75,148	1,039,540	146,909	245,515	529,148	296,126	242,888	15,759	399,787	102,258	1,792,942	5,276,575
<b>TOTAL</b>	<b>2,086,664</b>	<b>65,602</b>	<b>413,927</b>	<b>4,810,381</b>	<b>794,633</b>	<b>974,881</b>	<b>2,210,210</b>	<b>1,187,394</b>	<b>2,074,103</b>	<b>131,756</b>	<b>2,135,700</b>	<b>437,400</b>	<b>8,901,700</b>	<b>26,224,351</b>

\*GF/GP also includes allocations to all Federal Funds and DEQ