

Remote Work Report

(FY2021 Appropriation Act - Public Act 166 of 2020)

April 1, 2021

Sec. 297. (1) *On a quarterly basis, the department shall report to the senate and house appropriations committees, the senate and house appropriations subcommittees on the department budget, and the senate and house fiscal agencies the following information:*

(a) The number of FTEs in pay status by type of staff and civil service classification.

(b) A comparison by line item of the number of FTEs authorized from funds appropriated in part 1 to the actual number of FTEs employed by the department at the end of the reporting period.

(2) By April 1 of the current fiscal year and semiannually thereafter, the department shall report to the senate and house appropriations committees, the senate and house appropriations subcommittees on the department budget, and the senate and house fiscal agencies the following information:

(a) Number of employees that were engaged in remote work in 2020.

(b) Number of employees authorized to work remotely and the actual number of those working remotely in the current reporting period.

(c) Estimated net cost savings achieved by remote work.

(d) Reduced use of office space associated with remote work.





GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

DAVID P. MASSARON
DIRECTOR

April 1, 2021

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Section 216, Subsection (2) – Remote Work Report (Statewide Compilation)

The omnibus appropriations act for Fiscal Year 2021, Public Act 166 of 2020, includes within its various Articles language in Section 216 (Section 297 in Article 6), Subsection (2) that requires a report by April 1, 2021 on the status of remote work activities. The specific language applicable to each agency budget includes the following:

Sec. 216. (1) On a quarterly basis, the department shall report to the senate and house appropriations committees, the senate and house appropriations subcommittees on the department budget, and the senate and house fiscal agencies the following information: (a) The number of FTEs in pay status by type of staff and civil service classification. (b) A comparison by line item of the number of FTEs authorized from funds appropriated in part 1 to the actual number of FTEs employed by the department at the end of the reporting period.

(2) By April 1 of the current fiscal year and semiannually thereafter, the department shall report to the senate and house appropriations committees, the senate and house appropriations subcommittees on the department budget, and the senate and house fiscal agencies the following information:

- (a) Number of employees that were engaged in remote work in 2020.
- (b) Number of employees authorized to work remotely and the actual number of those working remotely in the current reporting period.
- (c) Estimated net cost savings achieved by remote work.
- (d) Reduced use of office space associated with remote work.

The State Budget Office, in collaboration with the Department of Technology, Management and Budget (DTMB), has coordinated the compilation of a statewide submission in fulfillment of the Subsection (2) reporting requirement. The FTE reporting required under Subsection (1) will be transmitted under separate cover by each individual agency.

State government and the world as we know it changed in unfathomable ways in March 2020 as the COVID-19 pandemic was first confirmed in Michigan and infections began to quickly mount in the population. The seriousness of the public health emergency

necessitated active measures to prevent the spread of the virus which included a variety of actions limiting gatherings and implementing social distancing protocols. State government, like other public and private sector employers, instituted remote work for those employees whose job duties enabled them to do so. The majority of state employees, nearly 27,000, began remote work on March 16, 2020. At present, those employees are continuing to work remotely and are not expected to return to the office environment until at least May 1, 2021. This return date could be extended, however, as it has been several times over this last year in response to the evolving nature of the public health threat posed by COVID-19.

Section 216, Subsection (2) Report Summary

The compiled statewide report we have prepared provides that 26,852 out of 46,942 employees, or approximately 57.2% of the state workforce is currently working remotely.¹ The identification of expenditures directly tied to remote work is more challenging to report, however, given the unique circumstances of this past year. This is attributable to financial data for FY 2020 including not only heightened state COVID-19 response efforts, but also the impact of Executive Directives related to hiring and discretionary spending freezes that were implemented during the reporting period.

To provide you with the most relevant information, our report compares FY 2019 to FY 2020 expenditures in four key categories (utilities, janitorial, office supplies, and select information technology items) where we believe the year-over-year expenditure changes are directly a result of remote work. The majority of the savings are related to decreased utility costs in our state-managed facilities (\$3.2 million), and a reduction in office supplies (\$2.6 million) as the work performed remotely has largely been done in paperless fashion. These savings are offset by additional expenditures for janitorial (\$1.1 million) and select information technology items such as virtual private networks, laptop computers, telecom, and other equipment purchases done to facilitate remote work (\$6.4 million). In total, we have identified \$1.8 million in net costs we believe are tied to remote work in the FY 2020 reporting period.

Lastly, we are reporting no square foot reduction in office space in FY 2020, as a result of remote work. However, as we discuss below, we expect that figure to grow in the future as agencies evaluate remote work opportunities complete their Return-to-Work plans and permanent remote work options become a primary standard feature of agency business operations going forward.

¹ Based on pay period ending 12/26/20.

Transition to Remote Work and Future Considerations

Like other private and public sector employers, it was a significant feat for state government to transition to remote work with little to no advance planning. Fortunately, the technology (portable devices, laptop computers, collaborative software, increased bandwidth capacity, and security tools such as virtual private networks) enabled this transition in ways that would not have been possible even a few years prior. The DTMB did an excellent job in facilitating this transition for state employees by providing accessible and stable remote network connections to state work platforms, while simultaneously protecting State of Michigan networks and data assets from heightened malicious cyberattacks.

The Legislature has heard testimony from a number of department directors and their representatives discussing the transition to remote work and the performance of employees during this period. It is a testament to our employees that we have been able to make this transition to remote work as seamless as possible, while maintaining and in many cases enhancing the performance that state government delivers to the residents of Michigan.

As indicated above, the report you have asked us to prepare under Section 216, Subsection (2) requires us to provide you with quantitative data on our experience with remote work during FY 2020. While we are pleased to be able to provide that information to you in the attached, it does not fully reflect the transformative impact this remote work experience has had on the state government workforce and how it will likely impact the way in which we perform our work in the future.

Remote work is effectively here to stay. Its success presents us with an opportunity to drive long-term efficiencies in our operations. Implementation on a permanent basis, however, will take time to fully operationalize and must be done in a thoughtful and carefully considered manner so that we maintain performance while being sensitive to the cultural changes that a permanent remote work environment will effectuate for our departments and employees.

Each department is currently in the process of evaluating remote work opportunities. As you know, each department is unique in terms of its mission and operational needs. Department plans will need to carefully evaluate which functions are required to be performed in-person, which functions are best done via a combination of in-person and remote work, and those functions that can be performed entirely in remote fashion.

Senator Jim Stamas
Representative Thomas Albert
April 1, 2021
Page 4

The biggest driver of future cost savings related to remote work will be tied to reducing the physical footprint of state government in the coming years. Once departments have finalized their remote work decisions, the DTMB will evaluate agency space needs in the context of our private lease portfolio and state-owned space with the goal of reducing our physical footprint to the extent possible. Thus far, DTMB has canceled 6 leases during FY2021, but related savings and offsetting transition and other ongoing remote work costs for the current fiscal year have not been finalized. We will be able to report on the related fiscal implications in the next semiannual report.

Re-configuration of the physical footprint of state government of the scale we anticipate will take time, diligent planning, and complex sequencing to implement efficiently and effectively. Additional up-front costs are anticipated to re-configure workspaces, continue the migration toward the necessary mobile information technology, and facilitate moves as work is done to efficiently contract and re-stack space, however, it is anticipated that long-term savings will provide a sustained return on that investment once implemented.

DTMB Director Brom Stibitz and I are committed to effectively transitioning state government through this change in the work environment. We look forward to working with you over the coming months as we begin implementation in the most transparent manner possible.

Sincerely,



David P. Massaron
State Budget Director

Attachment

CC: Executive Office
Department Directors
Department Budget Officers
House Fiscal Agency
Senate Fiscal Agency

Boilerplate Report - Sections 216 (2) and 297 (2) - Public Act 166 of 2020

Agency/Department	Number of employees that were engaged in remote work as of [12/26/2020]:	Number of employees authorized to work remotely as of [12/26/2020]:	Actual number of employees working remotely as of [12/26/2020]:	FY 2020 Estimated Net Cost Savings Achieved By Remote Work					FY 2020 Reduced office space associated with remote work (Sq/ft):
				Utilities	Janitorial	Office Supplies	Information Technology	Total	
Agriculture & Rural Development	428	428	428	(693)	11,298	(64,271)	148,054	94,388	0
Attorney General	459	459	459	-	-	-	-	-	0
Civil Rights	75	75	75	-	-	(8,028)	(30,091)	(38,119)	0
Civil Service Commission	429	432	429	(6,002)	-	(10,856)	150,950	134,092	0
Corrections	2,082	2,082	2,082	(44,934)	(34,577)	(49,611)	30,389	(98,733)	0
Education	488	493	488	(329)	410	(216,651)	139,992	(76,578)	0
Environment, Great Lakes, and Energy	1,102	1,102	1,102	(17,286)	(4,897)	(152,768)	462,473	287,523	0
Executive Office of the Governor	75	75	75	-	-	(58,570)	(56,102)	(114,672)	0
Health and Human Services	8,368	8,368	8,368	(1,079,807)	1,026,464	(926,068)	3,099,885	2,120,473	0
Insurance and Financial Services	308	308	308	-	-	(25,014)	(26,525)	(51,539)	0
Labor and Economic Opportunity	2,263	2,263	2,263	495,577	21,790	(146,026)	3,632,577	4,003,918	0
Licensing and Regulatory Affairs	1,529	1,529	1,529	(427,836)	(30,000)	(190,063)	(1,220,632)	(1,868,531)	0
Military and Veterans Affairs	134	134	134	(500,180)	(67,179)	(29,566)	(143,149)	(740,074)	0
Natural Resources	948	948	948	(596,311)	(81,155)	(120,720)	257,209	(540,978)	0
Secretary of State	401	401	401	(153,997)	(10,836)	(123,476)	16,392	(271,917)	0
State Police	1,522	1,522	1,522	(63,607)	304,172	-	379,601	620,167	0
Technology, Management and Budget	2,614	2,614	2,614	(1,436,247)	(69,964)	-	69,074	(1,437,137)	0
Transportation	2,235	2,235	2,235	670,233	16,012	(436,691)	50,710	300,263	0
Treasury	1,392	1,397	1,392	79	(1,859)	(34,948)	(519,744)	(556,472)	0
Total	26,852	26,865	26,852	(3,161,341)	1,079,679	(2,593,328)	6,441,063	1,766,073	0