

## **Methodology for Determining Treasury Fee Charges – Summary**

### **Objective:**

To accurately reflect investment management costs associated with state restricted funds

### **Methodology:**

Calculated by multiplying the basis points, determined by activity level by the Bureau of Investments, and the total value of State managed investments for each fund.

- There are 4 levels of activity or ‘tiers’ defined by the Bureau of Investments, based on the level of effort (average, above average or high) required by each agency.
- The State managed investment value is the fund’s average daily balance plus the market value of non-cash investments

### **Responsibilities:**

#### **Bureau of Investments**

1. Provides data on funds that receive common cash earnings and funds that have other assets, in addition to common cash earnings.
2. Assigns each fund a tier level, based on maintenance requirements established by each department and the level of activity required to be performed by the Bureau of Investments.

#### **Budget Division**

1. Assess funds to be charged, based on materiality of the average daily balance.
2. Calculates the investment fee to be charged to each fund, based on tier levels as assigned above by the Bureau of Investments.
3. Spreads economic factors, determined by DTMB’s State Budget Office, and administrative overhead for the Department across all funds as the ‘administrative fee’.
4. Calculates the Treasury Fee by adding the investment fees and administrative fees for each fund.
5. Prepares and distributes the Treasury Fees report, listing each fund charged and the amount, by agency, as required by boilerplate.

#### **Office of Accounting Services**

1. Bills each department for their portion of the Treasury Fees.

## Methodology for Determining Treasury Fee Charges – Detail

1. Receives 'Common Cash Average Daily Balance' report annually from the Bureau of Investments, Trust Accounting Division after the close of the fiscal year. A spreadsheet is created showing 'average daily cash balance' in all funds that receive common cash earnings (except noted exceptions). The average daily balance for the fiscal year is calculated. (If a fund was established for the entire year, adds each quarter and divides by 4. If a fund was established during the year, adds each quarter for which the fund was established and divides by that number of quarters. For example, if a fund was established during the second quarter (ending March 31<sup>st</sup>), divide the total by 3, as the fund was active during the second, third and fourth quarters. If the fund was established in the third quarter, divide the total by 2. If the fund was established in the fourth quarter, divide the total by 1. Note: average daily balance for the year is based on absolute values.)
2. Receives 'Investment and Cash Position' reports monthly from the Bureau of Investments, Trust Accounting Division. Creates spreadsheet showing the total 'market value' of investments (less State Treasurer's Common Cash, which is the amount in step 1) for the funds that have other assets (such as bonds, certificates of deposit, commercial paper, securities, etc.) for each month of the fiscal year. The average monthly balance for the year is then calculated (by dividing the total for all months by 12).
3. Adds 'average daily balance' and 'market value' to get a total market value of investments for each fund that will be assessed a 'treasury fee'. Note: Treasury fees consist of investment fees that support activities performed by the Bureau of Investments and administrative fees that support overhead operations within the Department of Treasury.
4. Each fund is assigned a tier level, determined by the Bureau of Investments and are as follows:
  - Tier 1 = 2 basis points      Average maintenance      (Common cash earnings only)
  - Tier 2 = 3 basis points      Above average maintenance (Common cash + Gov't. Bonds)
  - Tier 3 = 5 basis points      High maintenance      (Common cash + Corp Bonds/Equities)
  - Tier 4 = 8 basis points      Highest maintenance      (Common cash + various investments)

1 basis point = 1/100% or .0001

The basis points are used in the calculation of the investment fees portion of the Treasury Fees. The investment fee is calculated by multiplying each fund's total value of investment by the basis points assigned using the tier levels above.

5. Each fund is also assessed an administrative fee, which includes overhead expenses and economic factors. Economic factors are added to the prior fiscal year's appropriation of Treasury fees by the DTMB State Budget Office. The economics and overhead are distributed over all funds. This amount changes each year.
6. The investment fee calculation and the administrative fee calculation are added together to obtain the 'Treasury Fee' charged to each fund. The figures are rounded to the nearest hundred.
7. Each department is billed for their portion of the Treasury Fees.
8. A report is prepared and distributed, in accordance with boilerplate section 931, listing each fund charged and the amount, by agency.

Michigan D  
FY19 Treasury Fees by Agency

Agency #	Old D22	Old D23	DESCRIPTION	FY19 Recommended Treasury Fee	Total for Agency	Agency Name
071	0110	8855	DRINK WTR DECLARATION/EMERGENCY RE	100		
071	0110	8016	VIETNAM VETERANS MEMORIAL FUND	100		
071	0882	Total	STATE EMPLOYEES DEFERRED COMP II	100		
071	0110	8017	LAW ENFORCEMENT MEMORIAL FUND	100		
071	0881	Total	STATE EMPLOYEES' DEFERRED COMP I (457)	100		
071	0886	Total	STATE EMPLOYEES DEFINED CONT. PLAN	200		
071	0110	3000	MICHIGAN INFRASTRUCTURE FUND	300		
071	0900	Total	MPSERS DC 401K	300		
071	0885	Total	STATE OF MI MPSERS DC 457	900		
071	0440	Total	STATE SPONSORED GROUP INSURANCE FUND	80,800	83,000	DTMB
085	0376	0610	MICHIGAN FILM PROMOTION PRGRM-GF/G	15,600		
085	0383	5960	21ST CJF PERMANENT FUND	36,000	51,600	Michigan Strategic Fund
090	0110	1020	(A) MICHIGAN INFRASTRUCTURE FUND	1,000		
090	0110	1015	(A) DRINK WTR DECLARATION/EMERGENCY RES	4,500		
090	0110	1008	BUDGET STABLIZATION FUND	158,800	164,300	DTMB - OFM
111	0110	4105	STUDENT SAFETY FUND	300		
111	0110	4150	ATTORNEY GENERALS OPERATIONS FUND	400	700	Attorney General
186	0201	Total	UNEMPLOYMENT OBLIGATION TRUST FUND	4,200	4,200	Talent & Economic Development
231	0110	0109	THOMAS DALEY GIFT OF LIFE FUND	100		
231	0110	1068	CHILDREN'S PROTECTION REGISTRY FUND	100		
231	0110	0300	STATE MATCH - HELP AMERICA VOTE ACT	200		
231	0110	0303	FEDERAL FUNDS (HAVA TITLE I, SEC 1	2,100		
231	0110	0301	FEDERAL FUNDS (HELP AMERICA VOTE A	5,800		
231	0110	0105	TRANSPORTATION ADMINISTRATION COLL	6,400	14,700	State
271	0110	0925	(A) WRONGFUL IMPRISONMENT COMPENSATION FUND	200		
271	0507	8517	DNR-STATE PARK DEBT SERV FUND - REVBONDS	200		
271	0110	8855	DRINK WTR DECLARATION/EMERGENCY RE	200		
271	0110	2212	HEALTH INSURANCE CLAIMS ASSESSMENT	200		
271	0110	0914	PUBLIC SAFETY ANSWER POINT (PSAP)	300		
271	0110	0197	JUSTICE SYSTEM (DISTRIBUTION) FUND	400		
271	0110	0912	COUNTIES-EQUALLY EMERG 911	500		
271	0450	Total	STATE WATER POLLUTION CONTROL LOAN FUND	600		
271	0110	0913	COUNTIES-PER CAPITA EMERG 911	700		
271	0110	9335	(A) HOMEOWNER PROTECTION FUND	900		
271	0110	0138	CIVIL FILING FEE FUND	900		
271	0869	0869	CITY INCOME TAX - TRUST FUND	1,200		
271	0110	0911	LOCAL EXCHANGE PROVIDERS EMERG 911	1,200		
271	0904	Total	CITY INCOME TAX - TRUST FUND	1,600		
271	0110	0123	LAND REUTILIZATION FUND	2,400		

Agency #	Old D22	Old D23	DESCRIPTION	FY19 Recommended Treasury Fee	Total for Agency	Agency Name
271	0154	Total	MI MERIT AWARDS TRUST FUND	10,100		
271	0110	0212	HEALTH INSURANCE CLAIMS ASMNT REVENUE	17,600		
271	0451	0451	SCHOOL LOAN REVOLVING FUND	283,400	322,600	Treasury
275	0335	Total	STATE LOTTERY FUND	94,200	94,200	Lottery
313	0122	2123	MPSERS RESERVE FOR RETIREMENT REFO	100		
313	0122	2139	(A) DISTRICT EMERGENCY CONTINGENY FUND	200		
313	0168	Total	COMMUNITY DISTRICT EDUCATION TRUST FU	9,800		
313	0122	2122	STATE AID STABILIZATION FUND	40,500	50,600	Education
335	0110	0803	HIGHER ED ACT OF 1965, MI GEAR UP	400		
335	0110	0802	HIGHER ED ACT OF 1965, GEAR UP - COLLEGE	800	1,200	Higher Education
391	0869	TOTAL	GIFTS, BEQUESTS & DONATIONS	100		
391	0110	0228	AUTISM COVERAGE FUND	300		
391	0110	0207	COMPULSIVE GAMING PREVENTION FUND	800		
391	0869	0870	CHILDREN WITH SPECIAL NEEDS	18,200		
391	0110	0201	HEALTHY MICH FUND(DCH)	6,800		
391	0110	0205	VICTIM SERVICE FD	7,900		
391	0110	0230	HEALTH INSURANCE CLAIMS ASSESSMENT HICA	8,100		
391	0110	0211	MEDICAID BENEFITS TRUST FUND	25,000	67,200	DHHS: Health Services
431	0110	7299	CHILDREN'S ADVOCACY CENTER FUND	100		
431	0110	7296	COMPULSIVE GAMING PREVENTION FUND	100		
431	0869	0717	CHILD SSA BENEFIT	200		
431	0110	7298	SEX ASSAULT VICTIM'S MED FRN ITN TRM FND	800		
431	0110	3297	LOW-INCOME HOME ENERGY ASSISSTANCE FUND	3,300		
431	0139	Total	CHILDREN'S TRUST FUND	22,100	26,600	DHHS: Human Services
472	0869	TOTAL	PRISONER ACCOUNTS	4,400	4,400	Corrections
511	0110	3030	MICHIGAN NAT'L GUARD CONSTRUCTION FUND	200		
511	0869	6001	PRIVATE-VETERANS' HOME POST & POSTHUMOUS	300		
511	0110	2040	MICHIGAN NATL GUARD TUITION ASST FUND	300		
511	0818	Total	MILITARY FAMILY RELIEF FUND	600		
511	0115	Total	MICHIGAN VETERANS' BENEFIT TRUST FUND	47,400	48,800	Military & Veterans Affairs
551	0110	3891	DRUNK DRIVING PREVENTION & TRAINING	100		
551	0110	3750	STUDENT SAFETY FUND	100		
551	0110	3294	IDG-MDTR EMERGENCY TELEPHONE FUND	100		
551	0110	5194	FEDERAL NARCOTIC INVESTIGATION REVENUES	200		
551	0110	4291	FORENSIC SCIENCE FUND	200		
551	0110	9570	FORFEITURE FUNDS-PENDING ADJUDICATION	200		
551	0110	4292	STATE FORENSIC LABORATORY FUND	300		
551	0110	5199	NARCOTICS INVESTIGATION REVENUES	500		
551	0110	2298	MICHIGAN JUSTICE TRAINING FUND	600		
551	0110	3270	TROOPER RECRUIT SCHOOL FUND	700		
551	0110	2880	(A)DISASTER AND EMERGENCY CONTINGENCY FUND	700		
551	0110	3280	TRAFFIC LAW ENFORCEMENT AND SAFETY FUND	900		
551	0110	5193	AUTO THEFT PREVENTION FUND	1,000		

Agency #	Old D22	Old D23	DESCRIPTION	FY19 Recommended Treasury Fee	Total for Agency	Agency Name
551	0110	3430	DOJ INTEREST BEARING	2,200	7,800	State Police
591	0501	Total	COMB ST TRUNKLINE BOND & INTEREST RED	100		
591	0159	Total	COMPREHENSIVE TRANSP BOND PROCEEDS	1,700		
591	0114	Total	STATE AERONAUTICS	1,800		
591	0899	Total	TRANSPORTATION RELATED TRUST FUND	2,600		
591	0156	Total	STATE TRUNKLINE BOND PROCEEDS FUND	13,100		
591	0118	Total	BLUE WATER BRIDGE FUND	15,400		
591	0120	Total	COMPREHENSIVE TRANSPORTATION FUND	16,300		
591	0519	Total	MACKINAC BRIDGE AUTHORITY	71,200		
591	0116	Total	STATE TRUCKLINE FUND	156,900	279,100	Transportation
635	0377	4015	MICHIGAN LIGHTHOUSE PRESERVATION FUND	200		
635	0377	4000	HOMEOWNER PROTECTION FUND	900	1,100	MSHDA
636	0381	0343	HIGHLAND PARK SCHOOLS SINKING FUND	100		
636	0381	0342	HOMEOWNER PROTECTION FUND FROM MSHDA	200		
636	0381	0340	LAND BANK FAST TRACK FUND	2,200	2,500	Land Bank Fast Track
641	0110	4076	FIRE PROTECTION FUND	100		
641	0869	3006	LCC PROOF OF FISCAL RESPONSIBILITY FUND	100		
641	0110	4038	SECURITIES BUSINESS FUND	100		
641	0110	4089	(A) REFINED PETROLEUM FUND	100		
641	0141	Total	HOMEOWNER CONSTRUCTION LIEN RECOVERY	100		
641	0110	4085	UNDERGROUND STORAGE TANK FEES	100		
641	0110	4051	DIRECT SHIPPER ENFORCEMENT REVOLVING FUND	200		
641	0110	4011	RETIRED ENGINEERS TA PROGRAM FUND	200		
641	0110	4044	TAX TRIBUNAL FUND	200		
641	0870	Total	SILICOSIS, DUST DISEASE & LOGGING INDUSTRIES	300		
641	0110	4002	SECURITIES INVESTOR EDUC & TRNG FUND	300		
641	0110	4061	BOILER FEE REVENUE	300		
641	0110	4008	MOBILE HOME CODE FUND	300		
641	0893	Total	UTILITY CONSUMERS REPRESENTATION FUND	400		
641	0110	4059	WORKER'S COMP ADMIN REVOLVING FUND	500		
641	0110	4030	NURSE PROFESSIONAL FUND	600		
641	0110	4024	FIRST RESPONDER PRESUMED COVERAGE	700		
641	0819	Total	INTRASTATE SWITCHED TOLL RESTRUCT. FUND	1,000		
641	0110	4031	PAIN MANAGEMENT FEES	1,000		
641	0110	4026	LICENSING & REGULATION FUND	1,000		
641	0131	Total	SAFETY EDUCATION & TRAINING FUND	1,100		
641	0110	4070	FIREWORKS SAFETY FUND	1,400		
641	0110	4017	SURVEY AND REMONUMENTATION FEES	1,500		
641	0138	Total	STATE CONSTRUCTION CODE FUND	2,000		
641	0874	Total	SECOND INJURY FUND	2,000		
641	0110	0333	ENERGY EFF & RENEW ENERGY REV LOAN	3,100		
641	0110	4019	HEALTH PROFESSIONS REGULATORY FUND	4,300		
641	0880	TOTAL	BANKRUPT WRKRS FUNDS	7,600		

Agency #	Old D22	Old D23	DESCRIPTION	FY19 Recommended Treasury Fee	Total for Agency	Agency Name
641	0110	4020	MICHIGAN MEDICAL MARIHUANA FUND	8,400		
641	0110	4054	LOW-INCOME ENERGY ASSISTANCE FUND	13,500		
641	0330	Total	LIQUOR PURCHASING REVOLVING FUND	30,300		
641	0813	Total	MI EMPLOYMENT SECURITY ACT CONTINGENT	41,800	124,600	Licensing & Regulatory Affairs
651	0110	4018	AUTISM COVERAGE FUND	100		
651	0110	4013	(A) BANK FEES	300		
651	0110	4012	(A) CREDIT UNION FEES	400		
651	0110	4042	DEFERRED PRESENTMENT SERVICE TRANS FEES	600	1,400	Insurance & Financial Services
751	0110	0655	SPORTSMEN AGAINST HUNGER FUND	100		
751	0144	Total	KIRTLAND'S WARBLER DEDICATED FUND	100		
751	0163	0668	ORV SAFETY EDUCATION FUND	100		
751	0110	0514	FOREST LAND USER CHARGES	100		
751	0162	0665	FOREST RECREATION ACCOUNT	200		
751	0162	0666	RECREATION IMPROVEMENT ACCOUNT	400		
751	0110	0462	ENVIRONMENTAL PROTECTION FUND	600		
751	0164	0671	PERMANENT SNOWMOBILE TRAIL EASEMENT	1,000		
751	0110	0527	LAND EXCHANGE FACILITATION SUB-FUND	1,000		
751	0164	0670	SNOWMOBILE TRAIL IMPROVEMENT	1,900		
751	0143	Total	MI NONGAME FISH & WILDLIFE TRUST FUND	4,300		
751	0163	0667	OFF ROAD VEHICLE TRAIL IMPROVEMENT	2,400		
751	0112	Total	GAME AND FISH PROTECTION ACCOUNT	8,800		
751	0126	Total	FOREST DEVELOPMENT FUND	6,200		
751	0117	Total	WATERWAYS ACCOUNT	6,400		
751	0125	Total	STATE PARK IMPROVEMENT ACCOUNT	8,300		
751	0124	Total	MI GAME AND FISH PROTECTION TRUST FUND	201,000		
751	0130	Total	MICHIGAN STATE PARKS ENDOWMENT FUND	247,300		
751	0129	Total	MICHIGAN NATURAL RESOURCES TRUST FUND	602,100	1,092,300	Natural Resources
761	0110	0517	AQUATIC NUISANCE CONTROL FUND	100		
761	0890	0605	SCRAP TIRE PERFORMANCE BONDS	100		
761	0869	0869	DEER LAKE DAM MAINTENANCE ESCROW	100		
761	0110	0780	CMI - REVENUE FUND	100		
761	0110	0785	CMI - CLEAN WATER FUND	100		
761	0110	0532	WATER QUALITY PROTECTION FUND	100		
761	0110	0640	WATER USE REPORTING FEE	100		
761	0110	0520	FLINT EMERGENCY RESERVE FUND	100		
761	0110	0770	ENVIRONMENTAL PROTECTION BOND FUND	100		
761	0136	0225	EPA, BROWNFIELD CLEANUP REVOLVING FUND	100		
761	0110	0655	GROUNDWATER DISCHARGE PERMIT FEES	100		
761	0110	0611	LANDFILL MAINTENANCE TRUST SUB-FD CORPUS	100		
761	0110	0623	(A) ELECTRONIC WASTE RECYCLING FUN	100		
761	0110	0658	AQUIFER PROTECTION REVOLVING FUND	100		
761	0110	0550	SEPTAGE WASTE PROGRAM FUND	100		
761	0110	0784	CMI - NONPOINT SOURCE	200		

Agency #	Old D22	Old D23	DESCRIPTION	FY19 Recommended Treasury Fee	Total for Agency	Agency Name
761	0110	0781	CMI - RESPONSE ACTIVITIES	200		
761	0110	0650	MEDICAL WASTE EMERGENCY RESPONSE'S	200		
761	0110	0648	SOLID WASTE MGMT FUND - PERPETUAL CARE ACCT	200		
761	0110	0620	ENVIRONMENTAL POLLUTION PREVENTION SUB-FUND	200		
761	0110	0522	GREAT LAKES PROTECTION FUND	300		
761	0110	0554	STORMWATER PERMIT FEE	300		
761	0110	0566	ORPHAN WELL SUB-FUND	400		
761	0110	0657	SMALL BUSNS POL PRVT REVOLV LOANS SUB-FUND	400		
761	0110	0562	ENVIRONMENTAL PROTECTION FUND	500		
761	0890	0604	SOLID & HAZ WASTE PERFORMANCE BOND	600		
761	0110	0504	AIR EMISSIONS FEES	700		
761	0136	0663	REVITALIZATION REVOLVING LOAN SUB-FUND	700		
761	0110	0526	LAND & WATER PERMIT FEES	700		
761	0136	0665	STATE SITE CLEANUP FUND	800		
761	0136	0667	NATURAL RESOURCES DAMAGES	800		
761	0136	0662	COMMUNITY POLLUTION PREVENTION FUND	1,000		
761	0110	0647	SOLID WASTE MGMT FUND - STAFF ACCT	1,000		
761	0110	0656	NPDES FEES	1,100		
761	0136	0660	CLEANUP & REDEVELOPMENT TRUST SUB-FUND	1,300		
761	0110	0790	STRATEGIC WATER QUALITY INITIATIVES FUND	2,100		
761	0136	0664	ENVIRONMENTAL RESPONSE FUND	2,300		
761	0136	0661	CLEANUP & REDEVELOPMENT SUB-FUND	2,400		
761	0110	0548	SCRAP TIRE REGULATORY FUND	2,800		
761	0110	0564	UNDERGROUND STORAGE TANK CLEANUP FUND	11,800		
761	0110	0563	REFINED PETROLEUM FUND	17,300	51,800	Environmental Quality
791	0110	2630	(A)PRIVATE FORESTLAND ENHANCEMENT FUND	100		
791	0110	2650	DAIRY AND FOOD SAFETY FUND	200		
791	0110	2500	GASOLINE INSPECTION & TESTING FUND	400		
791	0110	0510	AGRICULTURAL PRESERVATION FUND	500		
791	0110	2600	FRESHWATER PROTECTION FUND	800		
791	0110	3300	AGRICULTURE LICENSING & INSPECTION FEES	1,000	3,000	Agriculture & Rural Development
950	0110	1034	DRUG CASEFLOW SUB-FUND	100		
950	0110	1055	JUSTICE SYSTEM FUND	100		
950	0110	1056	JUDICIAL TECHNOLOGY IMPROVEMENT FUND	400		
950	0110	1019	COMMUNITY DISPUTE RESOLUTION FEES	400		
950	0110	1054	DRUG COURT FUND	400		
950	0110	1020	DRUNK DRIVER CASEFLOW SUB-FUND	600		
950	0110	1010	STATE COURT SUB-FUND	900		
950	0110	1064	(A) JUDICAL ELECTRONIC FILING FUN	1,400		
950	0110	1009	JUROR COMPENSATION FUND	2,900	7,200	Judiciary
<b>Grand Totals</b>				<b>2,504,900</b>	<b>2,504,900</b>	