

## **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 Department of Treasury  
FY20 Treasury Fees

Agency	Fund	SubFund	Description	FY20 Recommended Treasury Fee	Total for Agency	Agency Name
111	1213	0	Attorney general's operations fund	600.00		
111	1604	0	Student safety fund	200.00	800.00	Attorney General
171	1201	0	Countercyclical budget and economic stabilization fund	183,500.00		
171	1541	0	Drinking water declaration of emergency reserve fund	2,300.00		
171	1581	0	Michigan infrastructure fund	400.00		
171	2442	0	State Sponsored Group Insurance Fund	50,200.00		
171	2442	4402	SSGIF Active Dental	1,300.00		
171	2442	4403	SSGIF Active Vision	1,400.00		
171	2442	4404	SSGIF Active Life	900.00		
171	2442	4405	Long Term Disability	11,700.00		
171	2442	4406	SSGIF Active Health	10,100.00		
171	2442	4409	SSGIF Flexible Spending	100.00		
171	2442	4410	SSGIF Retiree Dental	300.00		
171	2442	4411	SSGIF Retiree Vision	200.00		
171	2442	4412	SSGIF Retiree Health	17,400.00		
171	2881	0	State of Michigan Deferred Compensation Fund I (457)	5,500.00		
171	2881	SOM4	State of Michigan 457	5,800.00		
171	2882	0	State of Michigan Deferred Compensation Fund II (457)	11,300.00		
171	2882	S401	State of Michigan 401K	42,000.00		
171	2885	0	MPSERS DC 457	800.00		
171	2885	M457	MPSERS 457	14,500.00		
171	2885	M45P	MPSERS 457 PHF	7,200.00		
171	2886	0	State of Michigan Defined Contribution Retirement Fund	40,500.00		
171	2886	DCRP	State of Michigan DCRP	10,000.00		
171	2900	0	MPSERS DC 401K	300.00		
171	2900	M401	MPSERS 401K	3,900.00		
171	2900	M40P	MPSERS 401K PHF	3,500.00		
171	5817	0	Law enforcement memorial fund	200.00	425,300.00	Technology, Management & Budget
186	2201	0	Unemployment obligation trust fund	3,900.00		
186	2813	0	Michigan employment security act, contingent fund	39,000.00		
186	2814	0	Special fraud control fund	100.00	43,000.00	Labor and Economic Opportunity
231	1230	0	Children's protection registry fund	100.00		
231	1464	0	Transportation administration collection fund	8,000.00		
231	3301	0	HAVA State Match	100.00		
231	3403	0	HAVA Title II	1,700.00		
231	3405	0	HAVA Title 1, Sec 101	900.00		
231	3407	0	HAVA Election Security Fund	2,400.00	13,200.00	State
271	1154	0	Michigan Merit Award Trust Fund	7,100.00		
271	1154	9999	Michigan Merit Award Trust Fund	5,500.00		
271	1316	0	Land reutilization fund	2,200.00		
271	1483	0	Homeowner Protection Fund	800.00		

Agency	Fund	SubFund	Description	FY20 Recommended Treasury Fee	Total for Agency	Agency Name
271	1491	0	Health Insurance Claims Assessment Fund	200.00		
271	1491	1212	Health Insurance Claims Assessment Revenue	25,500.00		
271	1491	2212	Health Insurance Claims Assessment Fund	100.00		
271	1541	0	Drinking Water Declaration of Emergency Reserve Fund	200.00		
271	1566	0	Wrongful imprisonment compensation fund	300.00		
271	1911	0	Reimburse local exchange providers 911 fund	900.00		
271	1912	0	Counties, equally 911 fund	500.00		
271	1913	0	Counties, per capita 911 fund	700.00		
271	1914	0	Public safety answer point (PSAP) training 911 fund	300.00		
271	2451	0	School loan revolving fund	301,100.00		
271	2453	0	State water quality initiative fund	200.00		
271	2509	0	State Park Debt Service Fund Revenue Bonds	300.00		
271	2509	SP01	State Park Revenue Bonds, Series 2002, NM, TE	100.00		
271	4012	0	City income tax, trust fund 904	2,600.00		
271	4300	4300	Civil Filing Fee Fund	200.00		
271	4300	4301	Civil Filing Fee Fund - Judges Retirement	600.00		
271	4313	0	Justice system (distribution) fund	400.00	349,800.00	Treasury
275	1035	0	State lottery fund	551,000.00		
275	2535	0	State Lottery Fund SR	360,700.00	911,700.00	Lottery
313	1168	0	Community district education trust fund	3,100.00		
313	2122	0	School aid fund SR	76,800.00		
313	2422	0	MPSERS retirement obligation reform reserve	9,500.00		
313	2454	0	School Mental Health and Support Services Fund	5,500.00	94,900.00	Education
335	3212	0	DED-OESE, Gear-Up	900.00		
335	3212	3802	Higher Ed Act of 1965, Gear Up - College	400.00		
335	3212	3803	Higher Ed Act of 1965, MI Gear Up	100.00	1,400.00	Higher Education
448	1548	0	Talent Investment Accounts	1,200.00	1,200.00	Marshall Plan for Talent
472	5473	Total	Prisoner Accounts	1,600.00		
472	5475	Total	Prisoner Store Fund	400.00		
472	5474	Total	Prisoner Benefit Funds	2,300.00	4,300.00	Corrections
491	1139	0	Children's trust fund	1,000.00		
491	1139	9999	Children's trust fund	200.00		
491	1226	0	Child advocacy centers fund	100.00		
491	1425	0	Sexual assault victims' prevention and treatment fund	500.00		
491	1487	0	Healthy Michigan fund	4,600.00		
491	1487	9999	Healthy Michigan fund	1,500.00		
491	1488	9999	Michigan health initiative fund	200.00		
491	1489	0	Compulsive gaming prevention fund	800.00		
491	1491	0	Health insurance claims assessment fund	3,000.00		
491	1491	9999	Health insurance claims assessment fund	24,800.00		
491	1905	0	Crime victims rights fund	7,400.00		
491	1905	9999	Crime victims rights fund	500.00		
491	1910	0	Medicaid benefits trust fund	3,600.00		
491	1910	9999	Medicaid benefits trust fund	1,600.00		
491	2369	0	Second injury fund	200.00		

Agency	Fund	SubFund	Description	FY20 Recommended Treasury Fee	Total for Agency	Agency Name
491	2939	0	Children's Trust Fund SR	28,100.00		
491	3267	9999	Capped federal revenues 139	100.00		
491	5139	0	Private Funds 139	1,800.00		
491	5369	9999	Children with special needs donations	16,800.00		
491	5869	0	Gifts, Bequests and Deposits Investment Fund	200.00	97,000.00	Health & Human Services
511	1018	0	Military family relief fund	500.00		
511	1115	0	Michigan Veteran's Trust Fund	48,900.00		
511	1343	0	Michigan national guard armory construction fund	400.00		
511	5215	0	Veterans' homes post and posthumous funds	400.00	50,200.00	Military & Veterans Affairs
551	1200	0	Other State Restricted Revenues	400.00		
551	1216	0	Auto Theft Prevention Fund	1,100.00		
551	1255	0	Disaster and emergency contingency fund	1,300.00		
551	1341	0	Michigan justice training fund	300.00		
551	1358	0	Narcotics-related forfeiture revenue	400.00		
551	1438	0	State forensic laboratory fund	100.00		
551	1462	0	Traffic law enforcement and safety fund	1,000.00		
551	1466	0	Trooper school recruitment fund	700.00		
551	3226	0	DOJ, interest bearing	300.00	5,600.00	State Police
591	1114	0	State aeronautics fund	1,100.00		
591	1115	0	Michigan Veteran's Trust Fund	500.00		
591	1116	0	State trunkline fund	86,100.00		
591	1118	0	Blue water bridge fund	15,500.00		
591	1120	0	Comprehensive transportation fund	28,500.00		
591	2017	0	Local agency wetland mitigation bank fund	1,000.00		
591	2018	0	Movable bridge fund	1,900.00		
591	2114	0	State aeronautics fund SR	200.00		
591	2116	0	State Trunkline Fund SR	29,000.00		
591	2120	0	Comprehensive transportation fund SR	200.00		
591	2156	0	State Trunkline Bond Proceeds Fund	200.00		
591	2156	2956	STF 2011 BONDS - STATE	200.00		
591	2159	0	Combined Comprehensive Transportation Bond Proceeds Fund	300.00		
591	2159	2159	2002 CTF BOND PROCEEDS-STATE RESTRICTED	700.00		
591	2159	2160	2003 CTF BOND PROCEEDS-STATE RESTRICTED	200.00		
591	2216	0	Economic development fund	22,000.00		
591	2316	0	Local bridge fund	4,400.00		
591	2320	0	Rail freight fund	1,800.00		
591	2410	0	Roads and risks reserve fund	1,200.00		
591	2501	S001	STF 1998A REFUNDING BONDS	100.00		
591	2501	S009	STF 2014 REFUNDING BONDS	200.00		
591	2511	0	Bridge Reimbursement for Payroll	200.00		
591	2511	2411	MACKINAC BRIDGE AUTHORITY	30,500.00		
591	2511	2511	INTERNATIONAL BRIDGE AUTHORITY	200.00		
591	2578	0	Michigan Infrastructure Fund 116	200.00		
591	3114	0	Federal aid, transportation programs, aero, FAA	2,700.00		
591	3116	0	Federal Aid, Transportation Programs, STF FHWA	5,900.00		

Agency	Fund	SubFund	Description	FY20 Recommended Treasury Fee	Total for Agency	Agency Name
591	3120	0	Federal aid, transportation programs, CTF, FTA	3,000.00		
591	3130	0	Federal aid, transportation programs, CTF, FRA	200.00		
591	3156	0	Federal aid, transportation programs, STF Bond	11,400.00		
591	3156	3356	JOBS TODAY BONDS - FEDERAL	23,700.00		
591	3156	3456	591 STF 2008 Bonds-Federal	1,400.00		
591	3156	3956	STF 2011 Bonds - Federal	9,700.00		
591	3899	0	Federal aid, transportation programs, TRTF	2,000.00		
591	4114	0	Local funds, aero	200.00		
591	4116	0	Local funds, STF	1,600.00		
591	4899	0	Local funds, TRTF	6,300.00		
591	5116	0	Private restricted contributions	5,600.00		
591	5120	0	Private funds 120	300.00		
591	6191	0	IDT from MTF to STF, asset management council	300.00		
591	6193	0	IDT from MTF to STF, highway services	700.00		
591	6194	0	IDT from MTF to STF, local roads program	200.00		
591	6195	0	IDT from MTF to STF, rail grade crossing	1,900.00		
591	6196	0	IDT from MTF to STF	300.00		
591	9916	0	Closing entries and balance sheet activity 116	300.00		
591	2501	G002	Combined State Trunkline Bond & Interest Redemption Fund	200.00		
591	2501	G003	Combined State Trunkline Bond & Interest Redemption Fund	300.00	304,600.00	Transportation
635	2177	0	Michigan lighthouse preservation fund	200.00		
635	2477	0	Homeowner protection fund 377	900.00	1,100.00	MSHDA
636	2381	0	Land bank fast track fund	2,800.00	2,800.00	Land Bank Fast Track
641	1131	0	Safety education and training fund	1,000.00		
641	1138	0	Construction code fund	2,300.00		
641	1218	0	Boiler inspection fund	100.00		
641	1254	0	Direct shipper enforcement revolving fund	200.00		
641	1279	0	Fire protection fund	1,000.00		
641	1282	0	Fireworks safety fund	1,300.00		
641	1297	0	Health professions regulatory fund	5,200.00		
641	1299	0	Low-Income Energy Assistance Fund	2,300.00		
641	1322	0	Licensing and regulation fund	1,000.00		
641	1342	0	Marihuana registry fund	8,500.00		
641	1350	0	Mobile home code fund	500.00		
641	1365	0	Nurse professional fund	500.00		
641	1370	0	PMECSEMA fund	1,200.00		
641	1398	0	Refined Petroleum Fund	200.00		
641	1407	0	Retired engineers technical assistance program fund	100.00		
641	1418	0	Securities investor education and training fund	200.00		
641	1453	0	Survey and remonumentation fund	1,400.00		
641	1454	0	Tax tribunal fund	200.00		
641	1477	0	Worker's Compensation Administrative Revolving Fund	600.00		
641	1526	0	Energy efficiency and renewable energy revolving loan fund	3,000.00		
641	1539	0	First responder presumed coverage fund	600.00		
641	1551	0	Marihuana regulatory fund	200.00		

Agency	Fund	SubFund	Description	FY20 Recommended Treasury Fee	Total for Agency	Agency Name
641	2119	0	Restructuring mechanism assessments	1,100.00		
641	2193	0	Utility Consumers Representation Fund	400.00		
641	2330	0	Liquor purchase revolving fund	40,900.00		
641	2870	0	Silicosis and dust disease fund	300.00		
641	2874	0	Second Injury Fund	1,900.00		
641	2880	0	Self-insurers security fund	4,800.00		
641	2883	Total	Bankrupt Workers Fund	2,200.00	83,200.00	Licensing & Regulatory Affairs
651	1217	0	Bank fees	200.00		
651	1248	0	Credit union fees	400.00		
651	1251	0	Deferred presentment service transaction fees	800.00	1,400.00	Insurance & Financial Services
751	1112	0	Game and Fish Protection Fund	3,100.00		
751	1117	0	Michigan State Waterways Fund	6,500.00		
751	1124	0	Game and fish protection trust fund GP	17,400.00		
751	1125	0	Park improvement fund	9,800.00		
751	1126	0	Forest development fund	7,700.00		
751	1129	0	Michigan Natural Resources Trust Fund	606,200.00		
751	1130	0	Michigan State Park Endowment Fund	256,100.00		
751	1143	0	Nongame Wildlife Fund	3,800.00		
751	1144	0	Kirtland's Warbler Dedicated Fund	300.00		
751	1271	0	Environmental Protection Fund	500.00		
751	1284	0	Forest land user charges	100.00		
751	1315	0	Land Exchange Facilitation Fund	1,000.00		
751	2012	0	Lifetime license trust fund	300.00		
751	2217	0	Marine safety fund	700.00		
751	2225	0	Local public recreation facilities fund	800.00		
751	2262	0	Forest recreation account	300.00		
751	2264	0	Permanent snowmobile trail easement fund	1,000.00		
751	2312	0	Fisheries settlement	200.00		
751	2325	0	Recreation passport fees	3,500.00		
751	2362	0	Recreation improvement account	400.00		
751	2363	0	Off-road vehicle trail improvement fund	2,400.00		
751	2412	0	Turkey permit fees	100.00		
751	2464	0	Snowmobile trail improvement fund	2,100.00		
751	2512	0	Waterfowl hunt stamp	1,000.00		
751	2712	0	Wildlife resource protection fund	100.00		
751	2812	0	Wildlife management public education fund	400.00		
751	2924	0	Game and Fish Protection Trust Fund	252,000.00		
751	3117	0	Michigan state waterways fund, federal	500.00		
751	5143	0	Nongame Wildlife Fund, Private	100.00	1,178,400.00	Natural Resources
761	1209	0	Air emissions fees	800.00		
761	1271	0	Enviornmental Protection Fund	100.00		
761	1291	0	Great Lakes protection fund	300.00		
761	1292	0	Groundwater discharge permit fees	200.00		
761	1295	0	Environmental protection bond fund 110	200.00		
761	1314	0	Land and water permit fees	200.00		

Agency	Fund	SubFund	Description	FY20 Recommended Treasury Fee	Total for Agency	Agency Name
761	1336	0	Medical waste emergency response fund	100.00		
761	1363	0	NPDES fees	700.00		
761	1367	0	Oil and gas regulatory fund	200.00		
761	1368	0	Orphan well fund	400.00		
761	1398	0	Refined Petroleum Fund	14,300.00		
761	1415	0	Scrap tire regulatory fund	3,000.00		
761	1421	0	Septage waste program fund	200.00		
761	1423	0	Sewage sludge land application fee	100.00		
761	1426	0	Small business pollution prevention revolving loan fund	400.00		
761	1429	0	Solid waste management fund, staff account	1,200.00		
761	1449	0	Stormwater permit fees	400.00		
761	1450	0	Strategic water quality initiatives fund	2,200.00		
761	1497	0	Landfill maintenance trust fund corpus	100.00		
761	1498	0	Solid waste management fund perpetual care account	200.00		
761	1499	0	Clean Michigan, Initiative Bond Fund	300.00		
761	1510	0	Aquifer protection revolving fund	100.00		
761	1528	0	Flint Emergency Fund	200.00		
761	1533	0	Clean Michigan initiative, response activities	400.00		
761	1564	0	Underground storage tank cleanup fund	14,400.00		
761	1581	0	Michigan Infrastructure Fund	300.00		
761	2236	0	Cleanup and redevelopment fund	1,100.00		
761	2336	0	Cleanup and redevelopment trust fund	1,500.00		
761	2436	0	Community pollution prevention fund	1,200.00		
761	2536	0	Environmental response fund	2,000.00		
761	2636	0	Revitalization revolving loan fund	500.00		
761	2736	0	State site cleanup fund	700.00		
761	2836	0	Natural resources damages	800.00		
761	2890	0	Environmental quality deposits fund	600.00		
761	3136	0	Bottle deposit fund, federal	100.00		
791	1206	0	Agricultural preservation fund	600.00		
791	1208	0	Agriculture licensing and inspection fees	1,200.00		
791	1249	0	Dairy and food safety fund	500.00		
791	1287	0	Freshwater protection fund	900.00		
791	1289	0	Gasoline inspection and testing fund	200.00		
791	1484	0	Private forestland enhancement fund	200.00	53,100.00	Environment, Great Lakes & Energy
950	1236	0	Community dispute resolution fund	400.00		
950	1260	0	Drug court fund	700.00		
950	1262	0	Drunk driving fund	500.00		
950	1311	0	Judicial technology improvement fund	100.00		
950	1312	0	Juror compensation fund	3,200.00		
950	1340	0	Judicial electronic filing fund	1,800.00		
950	1435	0	State court fund	1,300.00	8,000.00	Judiciary
<b>Grand Totals</b>				<b>3,631,000</b>	<b>3,631,000</b>	