

PA 87 OF 2021 SECTION 863A REPORT

April 1, 2022

Introductory Statement

The FY 2022 budget signed by Gov. Whitmer on Sept. 29, 2021, included boilerplate language requiring the Michigan Department of Technology, Management & Budget (DTMB) to “submit a report no later than April 1, 2022 evaluating the current office building and space usage by all state departments and develop a projection for future building occupancy to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director. The report shall include: (a) Projected amount of state-owned property being utilized by each department from fiscal year 2022-2023 to fiscal year 2024-2025.”

DTMB requested each state department provide the information detailed in the boilerplate language based on their current and future building occupancy plans. That information has been compiled in this report per Public Act 87 of 2021 Section 863a. At the time of this request, State of Michigan employees were expected to return to their physical office locations Nov. 1, 2021. Since then, the return to office date has been extended three times and is currently set for May 1, 2022.

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A. Projected amount of state-owned property being utilized by each department from fiscal year 2022-2023 to 2024-2025.

State-Owned Office Space Building Occupancy (DTMB Managed & Agency Owned/Managed SF Combined)												
	2019	2022			2023			2024	OVERALL (Compared to 2019)			
Dept	Actual SF	Actual SF	SF Change	% Change	Projected SF	SF Change	% Change	Projected SF	SF Change	% Change	Comments	
AG	206,787	206,787	0	0.0%	206,787	0	0.0%	206,787	0	0.0%	No significant change.	
DCR	40,571	41,762	1,191	2.9%	42,561	799	1.9%	42,561	1,990	4.9%	The increase is not due to a change but how the SF is calculated.	
DHHS	2,676,854	2,666,305	(10,549)	-0.4%	2,666,305	0	0.0%	2,666,305	(10,549)	-0.4%	No significant change; SF reduction was from FY19 to FY22.	
DIFS	71,178	71,157	(21)	0.0%	71,160	3	0.0%	71,160	(18)	0.0%	No significant change.	
DMVA	362,134	362,134	0	0.0%	362,134	0	0.0%	362,134	0	0.0%	No significant change.	
DNR	365,644	365,644	0	0.0%	365,644	0	0.0%	347,367	(18,277)	-5.0%	Reduction based on Return to Office plans and possibly leveraging hoteling opportunities.	
DOC	956,466	956,466	0	0.0%	956,466	0	0.0%	956,466	0	0.0%	No significant change.	
DOS	191,039	191,174	135	0.1%	191,174	0	0.0%	191,174	135	0.1%	No significant change.	
DTMB	960,595	983,359	22,764	2.4%	949,879	(33,480)	-3.4%	930,022	(30,573)	-3.2%	Reduction based on Return to Office plans and utilizing space sharing and hoteling opportunities.	
EGLE	305,040	356,993	51,953	17.0%	356,993	0	0.0%	356,993	51,953	17.0%	Reduction based on Return to Office plans and utilizing hoteling opportunities.	
LARA	470,177	280,956	(189,221)	-40.2%	259,396	(21,560)	-7.7%	259,396	(210,781)	-44.8%	FY19: Transferred BOA space to LEO (EO 2019-13).	
LEO	493,780	748,308	254,528	51.5%	733,999	(14,309)	-1.9%	720,185	226,405	45.9%	FY19: Acquired BOA space from LARA (EO 2019-13). Plan to vacate SF from Cadillac Place and Mason Bldg.	
MCSC	11,139	6,478	(4,661)	-41.8%	6,478	0	0.0%	6,478	(4,661)	-41.8%	No significant change; SF reduction was from FY19 to FY22.	
MDARD	66,971	66,971	0	0.0%	66,971	0	0.0%	66,971	0	0.0%	No significant change.	
MDE	144,888	146,361	1,473	1.0%	146,361	0	0.0%	146,361	1,473	1.0%	No significant change.	
MDOT	1,875,254	1,974,535	99,281	5.3%	1,974,535	0	0.0%	1,974,535	99,281	5.3%	No significant change; SF reduction was from FY19 to FY22.	
MSL	87,161	76,078	(11,083)	-12.7%	75,502	(576)	-0.8%	75,502	(11,659)	-13.4%	No significant change; SF reduction was from FY19 to FY22.	
MSP	147,646	147,646	0	0.0%	147,646	0	0.0%	147,646	0	0.0%	No significant change.	
Treas	428,922	428,922	0	0.0%	428,922	0	0.0%	409,875	(19,047)	-4.4%	Plan to vacate from Austin Bldg. (3rd floor).	
TOTAL	9,862,246	10,078,036	215,790	2.2%	10,008,913	(69,123)	-0.7%	9,937,918	75,672	0.8%		

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B. Projected amount of leased property being utilized by each department from fiscal year 2022-2023 to 2024-2025.

State of Michigan Leased Office Space Building Occupancy (DTMB Managed Leases)											
	2019	2022			2023			2024	OVERALL (Compared to 2019)		
Dept	Actual SF	Actual SF	SF Change	% Change	Projected SF	SF Change	% Change	Projected SF	SF Change	% Change	Comments
AG	30,690	30,690	0	0.0%	30,690	0	0.0%	30,690	0	0.0%	No significant change.
DCR	15,928	13,613	(2,315)	-14.5%	13,613	0	0.0%	13,613	(2,315)	-14.5%	No significant change; SF reduction was from FY19 to FY22.
DHHS	2,410,352	2,105,508	(304,844)	-12.6%	2,048,931	(56,577)	-2.7%	2,051,254	(359,098)	-14.9%	Consolidate Leases into existing leases and State-owned space.
DIFS	0	0	0	0.0%	0	0	0.0%	0	0	0.0%	No significant change.
DMVA	29,033	17,527	(11,506)	-39.6%	17,527	0	0.0%	17,257	(11,776)	-40.6%	No significant change; SF reduction was from FY19 to FY22.
DNR	14,154	14,154	0	0.0%	14,154	0	0.0%	7,705	(6,449)	-45.6%	Reduction based on Return to Office plans, leveraging hoteling opportunities, and utilizing state-owned space.
DOC	239,337	239,337	0	0.0%	239,337	0	0.0%	239,337	0	0.0%	No significant change.
DOS	451,816	450,899	(917)	-0.2%	459,899	9,000	2.0%	459,899	8,083	1.8%	Expansion due to Detroit (Warren Ave.) branch expected to be added in 2022.
DTMB	295,854	124,301	(171,553)	-58.0%	76,900	(47,401)	-38.1%	58,100	(237,754)	-80.4%	Consolidate Leases into State-owned space.
EGLE	204,656	192,361	(12,295)	-6.0%	128,882	(63,479)	-33.0%	128,882	(75,774)	-37.0%	Reduction based on Return to Office plans and utilizing hoteling opportunities.
LARA	238,261	135,947	(102,314)	-42.9%	133,907	(2,040)	-1.5%	133,907	(104,354)	-43.8%	FY19: Transferred lease space to LEO (EO 2019-13).
LEO	172,192	363,095	190,903	110.9%	404,619	41,524	11.4%	404,619	232,427	135.0%	FY19: Acquired lease space from LARA (EO 2019-13). Expansion: Increasing SF for UIA Detroit and E & T Lansing
MCSC	70,889	70,889	0	0.0%	70,889	0	0.0%	70,889	0	0.0%	No significant change.
MDARD	62,300	62,300	0	0.0%	62,300	0	0.0%	62,300	0	0.0%	No significant change.
MDE	0	0	0	0.0%	0	0	0.0%	0	0	0.0%	No significant change.
MDOT	67,490	70,490	3,000	4.4%	70,490	0	0.0%	70,490	3,000	4.4%	No significant change; SF reduction was from FY19 to FY22.
MSL	15,544	15,544	0	0.0%	17,253	1,709	11.0%	17,253	1,709	11.0%	Relocating current lease with a new lease with additional SF.
MSP	20,753	20,753	0	0.0%	20,753	0	0.0%	20,753	0	0.0%	No significant change.
OSE	10,350	10,350	0	0.0%	10,350	0	0.0%	10,350	0	0.0%	No significant change.
Treas	56,853	44,864	(11,989)	-21.1%	44,864	0	0.0%	44,864	(11,989)	-21.1%	Reduction due to cancellation of 4 leases.
TOTAL	4,406,452	3,982,622	(423,830)	-9.6%	3,865,358	(117,264)	-2.9%	3,842,162	(564,290)	-12.8%	

C. Comparative analysis of 2019 occupancy levels to expected levels from fiscal year 2022-2023 to 2024-2025.

Each department will continue to review their own individual portfolios and adjust their space needs in accordance with their return to office plans, which are based on effectively serving the public and meeting their individual business needs. Departments recognize the potential for reductions and changes within their portfolios, particularly given that return to office plans for each agency are highly diverse from department to department and range from returning to the office a few days per pay period to returning to an agency's existing space at full capacity. The charts above illustrate each department's plans for current space needs. However, these figures are likely to change as more information and data becomes available upon the actual return of workers to office space. Based on agency responses to the survey, the largest projected reductions are expected to be in leased spaces, as DTMB works with agencies to consolidate within the state's existing portfolio when leases expire or are canceled. In turn, this drives up the occupancy rates in state-owned space as indicated on the chart under Part A.

D. A coordinated plan for office building occupancy efficiency across all state departments.

DTMB strives to be a leader in space reduction and hybrid work environments for other agencies across state government. In addition to determining possible statewide reductions within leased and state-owned spaces, DTMB has developed a list of innovative tools and solutions for departments to use as they transition back into leased and state-owned space. Examples of these resources include the following:

- Piloting potential space-sharing opportunities.
- Hoteling workstation standards and layouts.
- Use of a hotel application to reserve spaces.
- Updated technology in conference rooms to accommodate a hybrid work environment.

A coordinated plan remains under development and will continue to be adjusted as agencies identify and refine their space needs going forward. DTMB is committed to continue working with state departments to provide the tools and resources necessary to adapt to the changing work environment.

E. Projected costs to the state to complete space optimization.

The cost to complete space optimization will vary by department based on their identified space needs and utilization as they implement their own specific return to office plans. The Governor has recommended a one-time allocation of \$1 million GF/GP in the fiscal year 2023 budget for DTMB to support space optimization for state agencies. Pending legislative approval, the funding will be placed in a work project to help offset planning and staff augmentation expenses over the next five

years. As the space optimization plans begin implementation, additional funds may be needed to meet the ongoing space needs of the agencies.

