



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

March 1, 2022

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 2022, Public Act 87 of 2021, includes within its various articles language in Section 216 (Section 297 in Article 6), Subsection (2) that requires a report by March 1, 2022, on the status of remote work activities. The specific language applicable to each agency budget includes a rendition of the following:

Sec. 216. (1) On a quarterly basis, the departments and agencies receiving appropriations in part 1 shall report to the senate and house appropriations committees, the senate and house appropriations subcommittees on general government, 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 March 1 of the current fiscal year, the departments or agencies shall report to the senate and house appropriations committees, the senate and house appropriations subcommittees on general government, and the senate and house fiscal agencies the following information:

- (a) Number of employees that were engaged in remote work in 2021.
- (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) are transmitted quarterly under separate cover by each individual agency.

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As you know, the COVID-19 pandemic continues to challenge the daily lives of Michigan residents as we deal with multiple waves of high community spread, hospitalizations, and deaths associated with the virus. To protect the health and safety of employees, state government, like other public and private sector employers, has continued a variation of optional, hybrid, and full-time remote work practices for those employees whose job duties enable them to do so. A significant number of state employees began remote work on March 16, 2020, and over 25,600 continued to do so at the end of December 2021. At present, departments are not expected to fully implement return to office plans until May 1, 2022, and those plans will be unique for each department and for various functions within departments.

Section 216, Subsection (2) Report Summary

The compiled statewide report provides that 25,600 employees, or approximately 54 percent of the state workforce continue to work remotely. The identification of costs and/or savings achieved by remote work remains challenging to discern as variations in reported costs, whether positive or negative, could be attributable to multiple other factors. Due to these data challenges, we have again taken the approach of comparing aggregate costs from FY 2021 to FY 2019 (pre-COVID 19) expenditures in four key categories (building operations, utilities, office supplies, and select information technology items) where we believe that changes in expenditures have a likely and practical remote work association. These four categories are slightly revised from those included FY 2021, as we continue to refine our data collection methodology to better capture and present information in the report.

In summary, the report we are submitting today includes a total of \$735,200 in net costs that we believe are attributable to remote work in accordance with the scope of this reporting requirement in FY 2021. Three of the four expense categories show a net decrease in expenditures, including building operations (\$851,600), utilities (\$480,900), and office supplies (\$3.3 million), reflecting the reduced office presence and paperless efficiency of remote work. The single area of increased expenditures was in select information technology (\$5.3 million), which is used to facilitate remote work in support of core business operations of the state.

The State of Michigan has over 41 million square feet of state-owned and leased space to support state government operations across all agencies. In FY 2021, there was an overall net gain of 80,100 square feet in the portfolio as reported by agencies. Much of that increase is attributable to bringing on-line in 2021 the newly constructed State Police Grand Rapids Facility at over 100,000 square feet. Overall, DTMB has cancelled

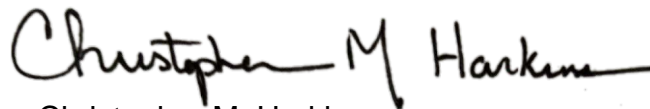
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15 leases totaling nearly 200,500 square feet and reduced leases through addendums by over 93,400 square feet from March 2020 through February 2022.

The DTMB and State Budget Office remain committed to re-aligning the physical footprint of state government as permanent remote work options become a primary feature of agency business operations going forward. The Governor's FY 2023 Executive Budget Recommendation includes \$1 million in one-time funding for DTMB to begin the intensive space assessment and diligent planning needed to accomplish the re-alignment of our space needs. The DTMB will also be publishing a more detailed report of state office space later this spring in accordance with Section 863a, Article 5, Public Act 87 of 2021.

Acting DTMB Director Michelle Lange and I look forward to working with you on these important issues in the coming months.

Sincerely,

A handwritten signature in black ink that reads "Christopher M. Harkins". The signature is written in a cursive style with a large, prominent "C" and "M".

Christopher M. Harkins
State Budget Director

Attachment

CC: Executive Office
Department Directors
Department Budget Officers

Boilerplate Report - Sections 216 (2) and 297 (2) - Public Act 87 of 2021

Agency/Department	Number of employees that were engaged in remote work as of [12/25/2021]:	Number of employees authorized to work remotely as of [12/25/2021]:	Actual number of employees working remotely as of [12/25/2021]:	Estimated Net Cost Savings Achieved By Remote Work					Reduced office space associated with remote work (Sq/ft):
				Building Operations	Utilities	Office Supplies	Information Technology	Total	
Agriculture & Rural Development	423	423	423	48,966	(767)	(67,146)	(1,180,820)	(1,199,767)	(248.8)
Attorney General	518	518	518	115,868	3,329	(213,258)	(73,724)	(167,785)	2,826.2
Civil Rights	85	85	85	73,320	-	(1,371)	(303,440)	(231,491)	(1,124.5)
Civil Service Commission	364	369	364	(10,954)	(21,847)	(17,019)	1,127,502	1,077,682	295.0
Corrections	1,977	1,977	1,977	(268,007)	(107,858)	(110,935)	54,008	(432,792)	-
Education	465	467	465	198,942	1,787	(304,477)	2,728,165	2,624,417	(6,943.9)
Environment, Great Lakes, and Energy	1,137	1,137	1,137	275,242	(42,056)	(196,275)	243,708	280,619	41,737.7
Executive Office of the Governor	68	68	68	89,980	-	(47,247)	80,342	123,074	3,356.0
Health and Human Services	7,721	7,721	7,721	(1,414,195)	(1,053,721)	(680,302)	10,133,903	6,985,686	(276,326.9)
Insurance and Financial Services	309	309	309	39,877	-	(36,708)	269,298	272,467	(20.6)
Labor and Economic Opportunity	2,540	2,540	2,540	2,721,693	655,260	(126,824)	4,561,403	7,811,532	367,800.0
Licensing and Regulatory Affairs	1,528	1,528	1,528	(4,170,799)	(282,846)	(231,739)	(6,310,328)	(10,995,712)	(283,854.1)
Military and Veterans Affairs	192	192	192	126,505	(434,266)	(4,616)	2,943,316	2,630,939	933.8
Natural Resources	1,050	1,050	1,050	305,287	524,550	(164,701)	(1,751,935)	(1,086,799)	10,838.3
Secretary of State	401	401	401	(75,481)	(127,912)	(193,788)	1,339,283	942,102	(506.0)
State Police	1,522	1,522	1,522	916,080	14,490	(36,833)	(5,046,535)	(4,152,797)	161,708.1
Technology, Management and Budget	2,103	2,103	2,103	145,643	(1,098,303)	(37,187)	(3,387,331)	(4,377,178)	67,382.9
Transportation	1,837	1,837	1,837	(314,250)	1,488,498	(609,207)	3,436,609	4,001,650	494.3
Treasury	1,391	1,393	1,391	344,688	719	(175,348)	(3,540,681)	(3,370,622)	(8,222.0)
Total	25,630	25,639	25,630	(851,594)	(480,943)	(3,254,982)	5,322,745	735,227	80,125.5

Some departments, such as Civil Rights, Insurance and Financial Services, and the Executive Office of the Governor do not have estimated utility costs present because their operations are conducted out of DTMB Owned and Managed Facilities -- all data associated with utilities in DTMB Owned and Managed Facilities are captured only in the DTMB numbers.