



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

CHRISTOPHER M. HARKINS  
DIRECTOR

March 1, 2023

The Honorable Sarah Anthony, Chair  
Senate Appropriations Committee  
Michigan State Senate  
State Capitol  
Lansing, Michigan 48909

The Honorable Angela Witwer, 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 2023, Public Act 166 of 2022, includes within its various articles language in Section 216 Subsection (2)<sup>1</sup> that requires a report by March 1, 2023 on 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 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 March 1 of the current fiscal year, the department shall report to the senate and house appropriations committees, the senate and house 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 2022.*
- (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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<sup>1</sup> Most articles contain this requirement within Subsection (2) of Section 216 with exceptions for the Departments of Education (Section 217), Corrections (Section 217), Health and Services (Section 297), and Environment, Great Lakes and Energy (Section 217).

## **Section 216, Subsection (2) Report Summary**

The compiled statewide report provides that 23,700 employees, or approximately 50 percent of the state workforce<sup>2</sup> 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 continuing data challenges, we have again taken the approach of comparing aggregate costs from FY 2022 to FY 2019 (pre-COVID 19) expenditures in four key categories: building operations, utilities, office supplies, and select information technology items, such as VPNs, telecom charges, and equipment purchases where changes in expenditures have a likely and practical remote work association.

In summary, the report we are submitting today includes a total of \$9.8 million in net costs that we believe are likely in some form attributable to remote work in accordance with the scope of this reporting requirement in FY 2022.

Building Operations: Net increase of \$583,500. While building operational costs are expected to decrease over the long-term, price increases associated with rental agreements, as well as janitorial and security contracts in the short-term have tilted the projections of this cost category for FY 2022 to be slightly positive.

Utilities: Net increase of \$1.4 million. Although utility costs are expected to decrease in the long-term as the state transitions to renewable sources of energy to support a projected smaller footprint, commodity price increases in the short-term associated with electricity and natural gas rates have tilted the projections of this cost category for FY 2022 to be positive.

Office Supplies: Net decrease of (\$3.3 million). All agencies are reporting a net decrease to reflect a reduced office presence along with the paperless efficiency of remote-work, with the exception of the Department of Military and Veteran's Affairs (DMVA) and the Michigan Veterans Facility Authority (MVFA) due an increase in operational outreach. This expansion of operations is related to supporting the Youth Challenge Academy, as well as the opening of a replacement Veterans Home in Grand Rapids and a new Veterans Home in Chesterfield Township.

Information Technology: Net increase of \$11 million. While it is likely that costs associated with information technology increased in the short-run to facilitate remote work in support of core business operations of the state, it is also likely at the end of FY 2022, that a majority of these cost increases are no longer primarily attributable solely to remote work. Costs related to implementing and securing VPNs to support remote work are included, but so are rate adjustments pertaining to telecom services, as well as equipment purchases which may be unrelated to remote work and/or temporary cost increases. It is worth pointing out that the farther a fiscal year is from FY 2019 for comparison purposes the more extraneous variables that will be introduced year-over-year, which will make it more difficult to discern if certain

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<sup>2</sup> The [Forty-Third Annual Workforce Report](#) was used to capture the total number of employees for the year to establish a reference for comparison purposes.

Senator Anthony  
Representative Witwer  
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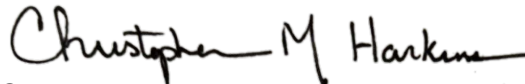
cost category's, such as Information Technology where there was a remote work nexus at beginning of the pandemic, has not simply changed for other routine business reasons.

Space Planning: The State of Michigan has over 41.5 million square feet of state-owned and leased space to support a portfolio of nearly 800 diverse building structures and more than 5,000 individual structures for state government operations across all agencies. In FY 2022, there was an overall net decrease of (53,400) square feet in the portfolio as reported by agencies. While some of this decrease is offset by, and attributable to, bringing on-line the newly constructed State Police Grand Rapids Facility in 2021 at over 100,000 square feet, this also reflects a substantive decrease in the amount of general operational space year-over-year. For example, since March 2020, the DTMB has downsized or has not renewed 24 leases, resulting in an overall reduction of 379,100 square feet and a cost avoidance of approximately \$18.7 million.

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. DTMB has a \$1 million work project that was approved and established under the provisions of MCL 18.1451a(3) at the end of FY 2022 to assess statewide office space reconfigurations and consolidations to better accommodate the changing work environments and better manage the state's portfolio of owned and leased facilities. In addition, 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 166 of 2022.

If you have any questions, please contact my office at (517) 335-3420.

Sincerely,



Christopher M. Harkins  
State Budget Director

Attachment

CC: Executive Office  
Department Directors  
Department Budget Officers  
Internal State Budget Office

**Boilerplate Report - Sections 216 (2), 217 (2), and 297 (2) - Public Act 166 of 2022**

Agency/Department	Number of employees that were engaged in remote work as of [12/24/2022]:	Number of employees authorized to work remotely as of [12/24/2022]:	Actual number of employees working remotely as of [12/24/2022]:	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	439	439	439	59,311	30,648	(71,949)	(120,957)	(102,947)	(518)
Attorney General	523	523	523	130,178	14,195	(208,308)	(393,812)	(457,747)	2,826
Civil Rights	87	87	87	76,238	-	(4,256)	(6,379)	65,603	(25,798)
Civil Service Commission	370	374	370	(11,439)	6,786	(13,943)	155,519	136,924	(4,660)
Corrections	1,880	1,880	1,880	178,237	(44,675)	(71,775)	50,018	111,806	-
Education	465	467	465	291,110	4,367	(94,371)	119,737	320,843	(6,944)
Environment, Great Lakes, and Energy	1,279	1,279	1,279	521,133	(15,894)	(161,749)	804,654	1,148,144	41,657
Executive Office of the Governor	64	64	64	-	-	(55,076)	268,386	213,310	2,476
Health and Human Services	6,974	6,974	6,974	(2,458,085)	(636,587)	(1,455,249)	2,232,496	(2,317,424)	(314,534)
Insurance and Financial Services	316	316	316	46,673	-	(28,273)	45,146	63,547	(21)
Labor and Economic Opportunity	2,237	2,237	2,237	8,515,881	640,156	(134,524)	2,306,299	11,327,811	371,465
Licensing and Regulatory Affairs	1,607	1,607	1,607	(4,525,073)	(297,944)	(235,397)	(1,067,965)	(6,126,380)	(403,129)
Military and Veterans Affairs	185	185	185	1,755,682	1,336,093	30,849	6,083,906	9,206,530	(15,942)
Natural Resources	803	848	803	455,557	1,060,003	(95,978)	368,636	1,788,218	(9,453)
Secretary of State	424	424	424	226,711	(71,316)	(160,390)	26,883	21,888	3,284
State Police	1,522	1,522	1,522	(1,588,835)	111,675	(24,527)	76,484	(1,425,203)	174,546
Technology, Management and Budget	1,472	1,472	1,472	20,428	(2,105,335)	(39,647)	748,499	(1,376,054)	148,976
Transportation	1,649	1,649	1,649	(3,041,709)	1,411,596	(376,618)	471,813	(1,534,918)	494
Treasury	1,415	1,417	1,415	(68,517)	586	(107,743)	(1,124,262)	(1,299,935)	(18,090)
<b>Total</b>	<b>23,710</b>	<b>23,763</b>	<b>23,710</b>	<b>583,481</b>	<b>1,444,355</b>	<b>(3,308,921)</b>	<b>11,045,101</b>	<b>9,764,017</b>	<b>(53,364)</b>

Note on Estimated Utility Costs: The Departments of Civil Rights and Insurance & Financial Services, as well as the Executive Office of the Governor do not have estimated utility costs presented in the table above because their operations are mainly conducted out of DTMB Owned and Managed Facilities. Data for estimated utility costs that are associated with DTMB Owned and Managed Facilities will appear only in DTMB's estimated cost figures.