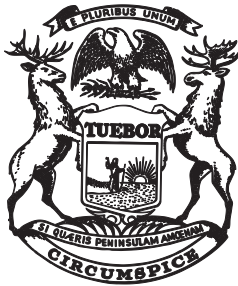


Michigan Manual 2013-2014 *Addendum*



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THE LEGISLATIVE SERVICE BUREAU

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THE LEGISLATIVE COUNCIL

MICHIGAN MANUAL 2013-2014 ADDENDUM

PREFACE

Several changes have occurred in Michigan government since the 2013-2014 *Michigan Manual* was printed. This addendum provides updates to Chapters 3, 4, and 9. This addendum is available only online. Any other major changes to the Legislative or Executive branches of state government may be reflected in the addendum prior to the printing of the 2015-2016 *Michigan Manual*.

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State Representative
PHIL PHELPS
D—49th Representative District

Office: Room N-898, Cora B. Anderson House Office Bldg., P.O. Box 30014, Lansing, MI 48909,
(517) 373-7515, Fax: (517) 373-5817, E-Mail: repphelps@house.mi.gov,
Website: <http://049.housedems.com/>

Committees: Energy and Technology; Health Policy; Oversight

Biography: Democrat, of Flushing; born May 1, 1979 in Flint; Mott Community College; bachelor's degree in political science, University of Michigan-Flint; Michigan State House of Representatives Democratic Communications office; regional director of external affairs for the Granholm-Cherry administration; special advisor for Democratic Leader Richard Hammel; chief of staff for Representative Faris; elected to the House of Representatives in a special election November 2013.

Office of the Auditor General
Doug A. Ringler, Auditor General

The audit function in Michigan is vested in the legislative branch of government, and the auditor general is appointed to serve an eight-year term by a majority vote of members of the House and Senate.

The auditor general is the principal executive responsible for **Office of the Auditor General** policies and practices, day-to-day audit operations, and liaison with the legislature. The Office of the Auditor General conducts post-financial and performance audits of state government operations. These include financial audits of the State of Michigan Comprehensive Annual Financial Report, federal funds subject to the Federal Single Audit Act of 1984, and individual departments and agencies. Additionally, performance audits are conducted of selected state programs and operations, and individual projects and reports are completed in response to legislative requests.



DOUG A. RINGLER
Auditor General

Doug A. Ringler was appointed Auditor General by the Michigan Legislature effective June 9, 2014. Mr. Ringler has held a variety of positions within State government for the past 26 years, most recently as the Director of Internal Audit within the executive branch. Mr. Ringler is a member of the American Institute of Certified Public Accountants and the Institute of Internal Auditors. He is a past recipient of the “Internal Auditor of the Year” Award, presented by the Institute’s Lansing Chapter.

Mr. Ringler graduated from Ferris State University and is a native of Reed City.

Revised June 18, 2014

CONSTITUTIONAL EXECUTIVE OFFICERS

ELECTED OFFICERS

(Terms Expire January 1, 2015)

Governor

RICK SNYDER, Ann Arbor

Lieutenant Governor

BRIAN N. CALLEY, Portland

Secretary of State

RUTH JOHNSON, Holly

Attorney General

BILL SCHUETTE, Midland

APPOINTED OFFICERS

State Treasurer

KEVIN CLINTON, East Lansing

Superintendent of Public Instruction

MICHAEL P. FLANAGAN,¹ Lansing

¹Appointed Superintendent of Public Instruction by the State Board of Education effective July 5, 2005.



STATE TREASURER KEVIN CLINTON

R. Kevin Clinton was appointed as Michigan's 45th State Treasurer in November of 2013. Mr. Clinton had been serving as Director of the Department of Insurance and Financial Services since March of 2013, and had previously served as Commissioner to the Office of Financial and Insurance Regulation since 2011.

Prior to his work in state government, Mr. Clinton served for more than six years as president and CEO of American Physicians Capital, Inc. (APCapital), a publicly traded medical professional liability insurance provider based in East Lansing, MI. Before becoming president and CEO, Clinton worked as the company's vice president and chief operating officer.

Prior to joining APCapital in 2001, Mr. Clinton served for nearly five years as president and CEO of MEEMIC Insurance Company, a publicly traded property and casualty insurance holding company based in Auburn Hills, MI. Mr. Clinton was also chief financial officer at ProNational Insurance Company.

Mr. Clinton's extensive experience and expertise in the insurance industry also includes actuarial positions in the private sector as well as serving as chief actuary for the Michigan Insurance Bureau in the 1980s.

He holds Bachelors of Business Administration and Masters of Actuarial Science degrees from the University of Michigan.

Source: http://www.michigan.gov/treasury/0,4679,7-121-1755_1962-315566--,00.html

Revised April 1, 2014

DEPARTMENT OF CIVIL RIGHTS



MATTHEW WESAW, DIRECTOR (Effective October 2013)

Executive Office, Capitol Tower Building
110 W. Michigan Avenue, Suite 800
Lansing, MI 48933
www.michigan.gov/mdcr

The Michigan Civil Rights Commission was created by the Michigan Constitution of 1963 to carry out the guarantees against discrimination articulated in Article I, Section 2. As further stated in Article V, Section 29, the state constitution directs the commission to investigate alleged discrimination against any person because of religion, race, color, or national origin and to “secure the equal protection of such civil rights without such discrimination.” Public Acts 453 and 220 of 1976 and subsequent amendments have added sex, age, marital status, height, weight, arrest record, genetic disposition, and physical and mental disabilities to the original four protected categories.

The Michigan Department of Civil Rights was established in 1965 to provide a staff complement to the policy-making responsibilities of the commission. In 1991, the department was expanded further. During that year, the Michigan Women’s Commission was transferred from the Department of Management and Budget to this agency by executive order. In April 2011, the Asian Pacific American Affairs Commission, the Hispanic/Latino Commission and the Division on Deaf and Hard of Hearing were moved to MCDR, also through executive order.

The Department of Civil Rights enforces the state’s protections against illegal discrimination primarily by investigating discrimination complaints. The department also works to prevent discrimination through programs that promote voluntary compliance with civil rights laws and provides information and services to businesses on diversity initiatives, equal employment law, and procurement opportunities. Staff and allies also work to prevent discrimination through statewide educational initiatives on bullying awareness, eradicating hate crimes, increasing community response to incidents, improving the living and working conditions of migrant and seasonal farmworkers, and through the nascent Michigan Leadership Collaborative on Civil and Human Rights.

The department has offices in Marquette, Grand Rapids, Flint, Detroit, and Lansing. A complaint may be filed at any of the department’s offices, if the alleged discrimination has occurred within the past 180 days.



Revised April 1, 2014

DEPARTMENT OF

INSURANCE AND FINANCIAL SERVICES



ANNETTE FLOOD, DIRECTOR (Effective November 1, 2013)

611 W. Ottawa Street
P.O. Box 30220, Lansing, MI 48909
www.michigan.gov/difs

Created by Executive Order 2013-1, the Department of Insurance and Financial Services (DIFS) assumed the oversight responsibilities of the previous Office of Financial and Insurance Regulation (OFIR) on March 18, 2013. The Department also gained an economic development role dedicated to fostering economic growth in the insurance and financial services industries while protecting Michigan consumers.

Consisting of 350 professionals, the Department of Insurance and Financial Services administers 38 public acts and regulates a variety of individual licensees and entities, including: Blue Cross Blue Shield, HMOs, domestic and foreign insurance companies, banks, credit unions, insurance agents, agencies, adjusters, solicitors and counselors, mortgage licensees and registrants, deferred presentment companies and other consumer finance-related entities.

The Department is composed of 9 program and regulatory offices: Banking, Consumer Finance, Consumer Services, Credit Unions, General Counsel, Insurance Evaluation, Insurance Rates and Forms, Insurance Licensing and Market Conduct, and Policy.

The **Office of Banking** is responsible for the safety and soundness review of state-chartered banks and BIDCOs.

The **Office of Consumer Finance** is responsible for the licensing, regulation, and examination of entities and individuals doing business under various Michigan consumer finance statutes, including mortgage brokers, lenders, and servicers, mortgage loan originators, money transmitters, deferred presentment providers, direct loan companies, motor vehicle installment sellers and sales finance companies, and other consumer finance providers.

The **Office of Consumer Services** is responsible for managing consumer information and outreach, inquiries, and complaints; investigations of insurance agents/entities; web development and maintenance; forms development; and overseeing the communication center which serves as the initial point of contact for all incoming calls and visitors.

The **Office of Credit Unions** is responsible for the regulation, examination and supervision of Michigan state-chartered credit unions. The office is also responsible for processing corporate applications filed by depository financial institutions.

The **Office of General Counsel** is responsible for providing legal advice and representation to the Director and DIFS staff with respect to: enforcement actions, formal administrative hearings, orders, rules, statutes, regulations, bulletins, declaratory rulings, health benefit claims, and special projects; and processing PRIRA appeals. The general counsel serves as FOIA coordinator, represents the Director on the State Employees Retirement System board, and acts as liaison with the Attorney General and other state/federal agencies.

Revised April 1, 2014

The **Office of Insurance Evaluation** is responsible for all aspects of monitoring and regulating the financial condition of risk bearing insurance entities including: the processing of applications for licensure filed by insurance companies; on-site financial examinations of domestic insurance companies; ongoing financial monitoring of licensed insurance companies and working with insurance companies reporting negative trends to take appropriate corrective measures. The office is also responsible for the licensing, monitoring and examination of captive insurers.

The **Office of Insurance Rates and Forms** is responsible for enforcing Michigan insurance statutes and regulations pertaining to rates and forms submitted by insurance companies and other licensed entities.

The **Office of Insurance Licensing and Market Conduct** is responsible for licensing individual and agency insurance producers, solicitors, counselors, risk retention groups, purchasing groups, reinsurance intermediaries and third party administrators. The office is also responsible for market conduct reviews of insurers and audits of insurance agents/entities.

Office of Policy is responsible for developing and implementing regulatory policy, performing research and analysis of regulatory related issues and handling legislative matters.

Another key unit of the department is the **Economic Development Unit** which will serve in an advisory role to the Director on the economic viability and expansion of the insurance and financial services industries in the state.



DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET



DAVID BEHEN, DIRECTOR (Effective March 1, 2014)

George W. Romney Building
111 S. Capitol Avenue
Lansing, MI 48909
www.michigan.gov/dtmb

The Michigan Department of Technology, Management and Budget (DTMB) provides financial administrative and technology services and information to Michigan's state agencies, citizens and businesses as well as local governments and universities on a voluntary basis. With 2,700 employees, DTMB handles more than 42 managed facilities, 6.7 million square feet of leased space, 800 critical business applications, some 56,000 desktops as well as four retirement plans that serve one in 18 Michigan residents. DTMB is also responsible for state government's entire procurement portfolio of 1,200 contracts exceeding \$16.5 billion (\$3.9 billion annually).

Michigan is in a unique position given our fully unified services structure, advanced IT infrastructure and long-standing trust relationships across typical government boundaries. Another key asset is a new appropriation of \$47 million ongoing base funding for information technology. Approved in June 2012, these funds were made available in October 2012 and are being used to modernize state legacy systems, enable increased online and self-service for Michigan's state employees and the people we serve.

Building on this strong foundation, DTMB is laser-focused on placing the customer at the center of government service. No longer should customers have to understand how government is organized to get the services they need; through online channels and a one-stop mentality, there should be no "wrong door." While Michigan's opportunities in this arena are significant, they are tempered by budget and workforce constraints and will require continued investment in strengthening partnerships, a thorough understanding of business needs and relentless pursuit of excellence.

DTMB is a recognized model of governmental operations. Michigan's consolidation of IT with management and budget operations is considered a national best practice for using technology to transform and improve government. In October 2012, national rankings from the Center for Digital Government in conjunction with Government Technology magazine once again placed Michigan as one of only two states at the "A" level. The survey, conducted every two years, is the nation's most recognized and respected study of its kind.

The department derives its legal authority from the Management and Budget Act, Act 431 of 1984, as amended, and several executive orders. It is the summation of the former Department of Administration, which was created by Act 51 of 1948, as well as functions that had been under the office of the governor, such as budgeting, that were transferred by Executive Order No. 1973-7. Executive Order 2009-55, issued December 30, 2009, and effective March 21, 2010, combined the former Departments of Management and Budget (DMB) and Information Technology (MDIT) into the Department of Technology, Management and Budget.

Revised April 1, 2014

The **Director's Office** provides direct management and oversight for strategic planning, public information, enterprise security, and enterprise development. The critical functional areas within DTMB are outlined in the following paragraphs.

The **State Budget Office** is responsible for coordinating all Executive Budget activities, including development of the Executive Budget recommendation, presentation of the budget to the legislature and implementation of the budget after enactment. The **State Budget Director** is appointed by the governor and is a member of the governor's cabinet. The State Budget Director serves as the governor's advisor on fiscal matters and also oversees the state's accounting and payroll functions, the state's financial management system, the state internal audit responsibilities, and the collection and reporting of data about the performance of Michigan's public schools and students. The current director of DTMB also serves as State Budget Director.

The **Chief Information Officer (CIO)** reports to the DTMB Director and is responsible for the information technology services for state government. Functions overseen by the CIO include the following:

The **Cybersecurity and Infrastructure Protection (CIP)** is accountable to the DTMB Director for identifying, managing, and mitigating IT security risks and vulnerabilities within State of Michigan government computing. CIP is also charged with the oversight of disaster recovery planning, IT security risk management, IT security awareness and training, working with state agencies to assist with their security issues, and enforcement oversight of state security policies and procedures intended to maintain suitable levels of system and network security.

The **Customer Services** within DTMB serves as the liaison between the department and the individual executive branch agencies. This team is responsible for maintaining the technology business relationships between DTMB and its agency customers. The services include managing agency IT plans and ensuring the timely delivery of agreed upon IT services. The staff members work across all agencies to identify common technology needs — so that DTMB can leverage the state's IT resources, and thereby create cost savings while delivering more timely services. They oversee the operational management of more than 2,100 IT applications for state agencies.

The **Infrastructure and Operations** within DTMB provides for field services, telecommunications, data center services, enterprise architecture, office automation, and technical services. With over 58,000 laptops and desktops and 32,110 applications in operation, DTMB works to provide a single desktop environment that supports all the business needs of the different state agencies and departments. Field technicians across the state maximize end-user productivity by providing on-site support services to resolve computer problems and equipment failures. The department is responsible for the acquisition of hardware and software, as well as operational and technical support for a variety of mainframes and 3,741 servers. Other responsibilities include network management, phone systems, data storage, e-mail, and system monitoring.

The **Michigan Public Safety Communications System (MPSCS)** is housed within DTMB's Infrastructure Services Administration and serves as Michigan's primary communications system for emergency response personnel. With more than 241 towers, 54,000 radios, and covering an area of more than 58,000 square miles, the MPSCS is the largest single public safety communications system in North America. It provides interoperable voice and data communications for many of Michigan's first-responders and state government agencies.

The DTMB **Chief Deputy Director** oversees the management and administration aspects of the department. These functions include:

The **State Building Authority (SBA)** provides the capital financing to acquire, construct, furnish, equip, and/or renovate buildings for the use of the state, including public universities and community colleges pursuant to Act 183 of 1964. Since its creation, SBA has financed approximately 280 projects, approaching \$5 billion in construction costs. SBA bond issues permit the construction of needed capital outlay projects, which otherwise might be delayed or canceled due to state fiscal constraints, by spreading their costs over a portion of the project's useful life. In addition to capital outlay financing, SBA houses non-employee risk management functions for the state. It provides state agencies with commercial property, general liability, aviation, and builder's risk insurance, as well as other needed insurance coverage. The SBA also administers the state's Vehicle Self-Insurance Fund. The Vehicle Self-Insurance Fund covers liabilities arising from accidents involving the state vehicle fleet which numbers in excess of 10,000 vehicles.

The **Office of Retirement Services (ORS)** is an innovative retirement organization driven to empower customers for a successful today and a secure tomorrow. The Office of Retirement Services (ORS) administers retirement programs for Michigan's state employees, public school

employees, judges, and state police. ORS serves over 530,000 customers, including 278,000 active and 256,000 retired members representing approximately one out of every 14 Michigan residents, including customers living in approximately one out of every 9 Michigan households. Within these systems, ORS administers 4 defined benefit pension plans, 2 defined contribution pension plans, and one defined benefit plus a defined contribution plan with combined net assets of nearly \$50.54 billion. ORS is responsible for the 16th largest public pension system in the U.S., and the 48th largest pension system in the U.S. In fiscal year 2012, ORS paid out \$6.65 billion in pension and health benefits.

The Judges Retirement System was created under Public Act 234 of 1992. The Michigan Public School Employees Retirement System is administered under the provisions of Michigan's Public Act 300 of 1980. The State Employees Retirement System was created under the provision of Public Act 240 of 1943. Finally, the Michigan State Police Retirement System is operating under Public Act 182 of 1986. In fiscal year 2012, the market value of the Defined Benefit Plan assets totaled more than \$50.54 billion and over \$5.6 billion for the Defined Contribution/Deferred Compensation Plan.

Procurement provides both transactional and strategic sourcing services to state agencies for the acquisition of essential goods and services. They manage a portfolio of more than 1,200 multiyear contracts with suppliers valued at more than \$16.5 billion.

Through the administration of a competitive bid process coupled with renegotiation of existing contracts, Purchasing Operations has delivered more than \$769.2 million in cost savings and avoidance to the state since 2008.

Procurement continues to position itself as a leader among Michigan public entities through its award-winning cooperative purchasing program, MiDEAL. The program extends more than 325 of the state's contracts to participating public entities including cities, counties, townships, villages, school districts, intermediate school districts, nonprofit hospitals, higher education institutions, and community colleges. Not only does the cooperative leverage combine buying power to ensure the most beneficial pricing for goods and services, it also aims to ease the administrative cost and effort otherwise incurred by member entities in the procurement of such goods and services.

The **Facilities and Business Services** manages and maintains office buildings throughout the state of Michigan, providing parking and security services for the managed facilities. Facilities Administration also provides facility design and construction management services for state agencies and colleges and universities implementing infrastructure improvements and new construction projects. Facilities Administration strategically manages the state's portfolio of owned and leased space, providing agencies with services to meet changing space requirements, as well as handling land and surplus property dispositions.

Financial Services offers a broad range of services to DTMB operating units, including accounting services, departmental procurement and accounts payable processing, financial analysis, business planning, management level reporting, performance measurement and management, automated billings, data collection and interfaces, and contract/lease management. Financial Services also serves as audit liaison with the Auditor General's office. A key objective is the simplifying of costs through rated services for other state government agencies. Human Resources functions are included in this area, providing services important to employment in DTMB, including traditional human resource support, such as recruitment, classification, payroll and benefits, labor relations and leave administration. In addition, safety and health services, as well as human capital management, are managed within this area.

Other key business services provided by the DTMB include Vehicle and Travel Services (VTS), Federal Surplus, State Surplus, Records Management, Printing Services, Mail and Delivery Services, and Warehouse Services. VTS provides centralized fleet and travel services for state agencies and colleges and universities. The fleet inventory includes all motorized vehicles and off-road equipment for all departments except the Michigan Department of Transportation, and a small number owned by the Departments of Military and Veterans Affairs and Natural Resources. Printing Services offers a wide variety of design, printing, and bindery services. The Consolidated Print Center (CPC) provides high-volume mainframe and network print services to all state agencies.

Under Executive Order 2007-30, the **Civil Service Commission** operates as an autonomous entity under DTMB, with its administrative powers vested in the State Personnel Director, the commission's principal executive officer. The Civil Service Commission, through the State Personnel Director and staff, has overall responsibility for regulating conditions of employment for classified civil service workers in all of the departments of the executive branch of state government.

The **Office of the State Employer** carries out the central labor relations responsibilities as the employer of the state classified workforce and represents the governor, the executive branch departments and agencies, and the legislative auditor general in all employee relations matters. The office is also responsible for all activities associated with workers' compensation, long-term disability, disability management, return to work, safety and health, health promotion, and employee services.

The **Office of Children's Ombudsman**, also housed within DTMB, was created by the legislature in 1994 as an autonomous entity. The Children's Ombudsman Act (PA 204 of 1994) provides that the office is responsible for monitoring and ensuring compliance with relevant statutes, rules, and policies pertaining to children's protective services and the placement, supervision, and treatment of children in foster care and adoptive homes.



DEPARTMENT OF TREASURY



KEVIN CLINTON, STATE TREASURER (Effective November 1, 2013)

Richard H. Austin Building
P.O. Box 15128, Lansing, MI 48922
www.michigan.gov/treasury

The Office of State Treasurer is provided for by Article V, Section 3, of the Michigan Constitution of 1963. The State Treasurer is appointed by the governor, with the advice and consent of the senate, and serves at the pleasure of the governor.

The department was established by the Executive Organization Act of 1965, as a result of merging the operations of 6 agencies: State Treasurer, Department of Revenue, Municipal Finance Commission, Board of Tax Appeals, State Tax Commission, and Auditor General (except the state audit function). In addition, the Board of Equalization and Board of Escheats were abolished and their functions were absorbed by the new department.

Effective July 1, 1984, the Municipal Finance Commission was abolished, which transferred all powers and duties to the State Treasurer. Effective August 1991, the Michigan Tax Tribunal was transferred to the Department of Commerce (now Licensing and Regulatory Affairs) pursuant to Executive Order No. 1991-18. Effective May 1992, the Michigan Higher Education Facilities Commission and Michigan Higher Education Facilities Authority were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1992-2. Effective April 8, 1995, the Michigan Higher Education Assistance Authority and Michigan Higher Education Student Loan Authority were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1995-3. Effective January 1, 2000, all administrative responsibilities related to statewide educational assessments were transferred from the Department of Education to the Department of Treasury pursuant to Executive Order No. 1999-12. Effective December 21, 2003, the administration of the Michigan Educational Assessment Program (MEAP) tests was transferred to the Superintendent of Public Instruction. Effective March 4, 2010, 10 public finance authorities were consolidated into one, Michigan Finance Authority, an autonomous entity within Treasury, pursuant to Executive Order 2010-2.

The State Treasurer acts as principal advisor to the governor on tax and fiscal policy issues. The State Treasurer is the chairperson of the Michigan Education Trust and the Michigan Finance Authority. The State Treasurer serves as sole investment fiduciary to the judges, public school employees, state employees, and state police retirement funds. The State Treasurer also serves as treasurer of the retirement systems, the Legislative Retirement System, and the Mackinac Bridge Authority. The State Treasurer is also a member of the following boards, commissions, and task forces: Local Emergency Financial Assistance Loan Board, Michigan Early Stage Venture Investment Corporation, Michigan Economic Development Corporation Corporate Board, Michigan Economic Growth Authority, Michigan Judges/State Employees/State Police Retirement Boards, Michigan State Housing Development Authority, Michigan Strategic Fund, and the State Administrative Board.

Revised April 1, 2014

Executive Office

Operational responsibilities of the department are handled by the **Executive Office**, which consists of the State Treasurer, the Chief Deputy Treasurer, Deputy Treasurers for Financial and Administrative Services, Investments, Local Government Services, State and Authority Finance, and Tax Administration. The Bureau of Executive Operations (Budget, Communications, and Legislative Affairs Divisions) and the Office of Legal Affairs are also housed in the Executive Office.

Chief Deputy Treasurer

The **Chief Deputy Treasurer** oversees all operations within the Department of Treasury. Deputy Treasurers for Financial and Administrative Services, Local Government Services, State and Authority Finance, and Tax Administration report to the Chief Deputy Treasurer, as does the Office of Legal Affairs. The Deputy Treasurer for Investments and the Director of the Bureau of Executive Operations report to the State Treasurer.

Investments

Pursuant to state law, the State Treasurer is the sole investment fiduciary and custodian for the State of Michigan Retirement Systems (SMRS), as well as other state trust and agency funds.

Total defined benefit pension assets managed as of March 31, 2013, were \$52.6 billion, making the SMRS the 18th largest defined benefit, public pension fund in the United States. The SMRS includes the Michigan Public School Employees' Retirement System, Michigan State Employees' Retirement System, Michigan State Police Retirement System, and Michigan Judges' Retirement System. The SMRS services a total of more than 522,000 members (as of September 30, 2012), which includes vested working employees and retired members.

The State Treasurer is also responsible for investing state operating and other state trust and agency funds with assets in excess of \$14.5 billion. This includes investment oversight, with advice from the Department of Technology, Management and Budget (DTMB), of the \$5.6 billion 401K and 457 plans.

The Bureau of Investments performs all investment functions and associated accounting functions on behalf of the State Treasurer. The SMRS investment portfolio is diversified and includes domestic and international stock exposure, corporate and government bonds, real estate, and alternative investments. The bureau is organized by major investment disciplines as follows: Alternative Investments Division; Short Term Fixed Income, Absolute and Real Return Division; Long-Term Fixed Income Division; Real Estate and Infrastructure Division; Quantitative Analysis Division; Defined Contribution, Trust and Agencies Division; and Stock Analysis Division. The Trust Accounting Division works directly with each division and accounts for and settles investment transactions on a daily basis. Public Act 380 of 1965 created an Investment Advisory Committee, which is charged with reviewing investments, goals, and objectives of each of the retirement funds. Members may make recommendations to the State Treasurer.

The bureau's primary goal is to invest each fund prudently, taking into account the purpose of a particular fund. Therefore, asset allocations differ between funds depending upon the type of liability structure or purpose for a particular fund.

Tax Administration

The **Tax Policy Division** helps assure consistent application of existing departmental policies, as well as identifying and developing needed new policies. Policies are usually of a tax-technical nature and relate to other revenue bureaus in the areas of Tax Compliance, Customer Contact, and Return Processing. The Tax Policy Division provides guidance pertaining to tax statutes through the drafting of Revenue Administrative Bulletins, Internal Policy Directives, and technical advice letters. The division also provides support to the Office of Legislative Affairs by providing bill language and bill analyses, when needed. It also provides support to the Attorney General staff in substantive tax litigation as it relates to their understanding and presentation of departmental tax policies.

The **Hearings Division** provides informal conferences mandated by the Revenue Act on disputed tax matters, including assessments, credit audits, and refund denials. Informal conferences are also provided for Principal Residence Exemption denials. Decisions are signed on behalf of the State Treasurer by the Division Administrator. Decisions and orders issued by the division are subject to further appeal to the Michigan Tax Tribunal or Court of Claims as provided by statute.

The **Tax Processing Bureau** is responsible for the process and review of all major Michigan tax returns and related forms. Each year, over 8 million individual and business tax returns are received and processed by the Bureau. All tax returns are reviewed for accuracy and this review may result

in the issuance of refunds, requests for additional information, adjustments, or assessments as appropriate. The Bureau also administers certain licensing functions, registers taxpayers, engages in quality assurance controls and, importantly, it responds to millions of taxpayer inquiries received through correspondence, phone calls, and web-based contacts. The Tax Processing Bureau includes the following four divisions: Business Taxes Division, Income Tax Division, Special Taxes Division, and the Support Services Division.

The **Taxpayer Advocate** serves as an ombudsman within the Department of Treasury to respond to taxpayer issues that have not been resolved through the normal processes within Treasury. The office works to clarify taxpayer issues and to provide resolution to the taxpayer's concerns. The Advocate also has authority to review and grant requests for waiver of penalty within the guidelines established by the Department. The Taxpayer Advocate serves as the referral point for taxpayer issues that come to the Treasury Executive Office, the Governor's office and legislative offices. Using information gathered in the resolution of customer inquiries, the Taxpayer Advocate provides feedback to other areas of the Department in order to improve customer services.

The purpose of the **Tax Compliance Bureau** is to encourage compliance with Michigan tax statutes while concurrently providing improved customer service by effectively managing procedures under the Taxpayer Bill of Rights. The Tax Compliance Bureau combines an audit function along with a Discovery and Tax Enforcement function. The Tax Compliance Bureau is comprised of three divisions, which include Field Audit Division 1, Field Audit Division 2 and the Discovery and Tax Enforcement Division.

The Michigan Department of Treasury administers its tax programs with the recognition that most taxes are reported and paid through a voluntary compliance system, with no direct enforcement and minimal interaction between the Department and taxpayers. If unchecked, taxes not paid or underreported by noncompliant taxpayers require compliant taxpayers to make up for the shortfall.

The **Office of Tax Implementation** is responsible for implementing new taxes in coordination with the DTMB and state vendors. Additionally, the Office facilitates system modifications required as a result of legislative or year-end changes. The Office of Tax Implementation works with DTMB and state vendors to migrate the existing major taxes from the legacy tax processing systems onto a common tax processing platform.

The **Office of Revenue and Tax Analysis** (ORTA) is the forecasting, revenue analysis, and local government revenue sharing section of the Michigan Department of Treasury. ORTA advises the Governor, Lieutenant Governor, Treasurer, and State Budget Director on issues dealing with the economy, revenues, and the State's tax structure, and is responsible for preparing the official economic forecast and revenue estimates for the administration. ORTA also represents the administration at the Consensus Revenue Estimating Conferences. In addition to estimating the revenue that will be generated by the State's taxes, fees, and other revenue sources, ORTA is also responsible for estimating and analyzing the cost of the existing tax exclusions, deductions, exemptions, and credits, and the potential fiscal implications of legislatively proposed tax law changes. ORTA also administers and distributes over \$1 billion annually to local governments through the constitutional revenue sharing program, the Economic Vitality Incentive Program (EVIP), the Competitive Grant Assistance Program, Convention Facility Development Fund, Airport Parking Tax, Health and Safety Fund, and the Emergency 911 Fund.

Financial Services

Financial Services operates as the central processing point for accounting services within the Treasury Department, the centralized point for the collection of delinquent tax and state agency debt, and is, essentially, the state's bank. These services are provided by 3 offices: Accounting Services, Financial Services, and Collections.

The **Office of Accounting Services** coordinates and oversees the department's accounting function. This includes the processing of vendor payments, direct vouchers, inter-account bills, travel, interfaces, and inventory and asset control. The office reconciles the state's bank statement activity with the state's accounting system. Additionally, it fulfills the department's central control agency relationship with the Michigan Administrative Information Network (MAIN) within the DTMB. It is also responsible for the issuance of payments in lieu of taxes for the Department of Natural Resources (DNR) owned land and qualifying senior citizen cooperative housing tax exempt facilities.

The **Office of Financial Services** serves as the central service agency to all state agencies for the administration of all statewide banking activity, related banking contracts, cash receipting and disbursements. This office administers the receipting of a majority of state and federal funds, with more than \$35 billion received via Electronic Funds Transfer out of the \$48 billion received annually.

The **Office of Collections** is the centralized collection agency for all delinquent assessed taxes administered by the department and debts owed to state agencies, including some universities and courts. The office promotes compliance with Michigan tax laws, which leads to fair and equitable taxation for citizens. The office is also responsible for administering the service of garnishments and legal orders served on the State Treasurer.

Administrative Services

The Administrative Services Bureau provides department-wide support services for all programs in the department involving: Budget, Facility Operations, Forms and Document Services, Mail Operations, Privacy and Security, Purchasing, and Unclaimed Property.

The Budget Division develops, controls, and monitors all phases of the budget process for the Department of Treasury. This involves preparation of the annual budget request; presentation of the executive budget recommendation; serving as liaison with the State Budget Office, legislative fiscal staff, and appropriation committees on budget enactment; and monitoring/controlling department program expenditures.

The Departmental Services Division includes the Forms and Document Services Section, Facility and Mail Operations Section and the Purchasing Section.

Forms and Document Services administers the department's centralized forms and documentation programs and the department's records management program for storage and destruction of records. Key responsibilities include developing and implementing department-wide standards for forms and documentation; designing, editing, and coordinating the printing of departmental forms and publications; and administering contracts involving the production and distribution of State Treasurer warrants, motor carrier decals, and principal business and individual income tax forms and instructions. Staff also coordinates the review and approval of tax forms supported by more than 25 software developer companies for the major tax areas.

Facility and Mail Operations manages the processing and distribution of 2.8 million pieces of inbound mail annually; additionally, they provide the department with certified and overnight mail services and confidential shred and salvage pick-ups. They coordinate office space redesign and modifications, worksite adjustments and manage the provision of communication services.

Purchasing provides procurement, contracting, and contract administration services for the department and is responsible for the annual issuance of approximately 300 purchase orders, 15 major contracts, 150 procurement card purchases and 1,500 office supply orders. As of July 8, 2013, \$570 million in active contracts have been issued through Treasury Purchasing; furthermore, these contracts assist the department in more than \$20 billion of revenue generation activities.

The Office of Privacy and Security establishes a department-wide approach to ensure the privacy, confidentiality, and integrity of information collected, used, and retained by the Department through prevention, detection, and enforcement practices in compliance with applicable laws, regulations, standards and other privacy and security industry best practices. It is responsible for administering the disclosure provisions of the Revenue Act found in section MCL 205.28(1)(f). It maintains liaison relationships with external organizations such as the Federation of Tax Administrators, Internal Revenue Service, Homeland Security, U.S. Customs, local cities, counties and other state agencies and assists Treasury divisions in tax compliance efforts.

The Unclaimed Property Division assumes custody of abandoned and unclaimed property on behalf of the state of Michigan, preserves that property in trust for the owners or their heirs and returns that property to the rightful owner. The division currently holds more than 9.5 million accounts totaling over \$1.2 billion. In 2009, the division received over \$114 million in escheated property, established over 71,000 claims, and returned over \$72 million to rightful owners. In 2009, \$37 million was transferred to the state's general fund.

Bureau of State and Authority Finance

The bureau coordinates the issuance of state and authority bonds and notes, including State General Obligation issues, assists the State Treasurer in managing the State's Common Cash and Cash Flow Activity, compliance with federal tax laws, and SEC disclosure requirements. The bureau performs fiscal agent and trust services for various bond issues and public finance programs, carries out oversight of compliance with the Federal Cash Management Improvement Act (CMIA) requirements for drawing federal funds, and administers the state's School Bond Qualification and Loan Program. Also, the bureau administers programs related to certain grant, student loan, and prepaid tuition programs.

The bureau administers **student loans** under the Federal Family Education Loan Program (FFELP) (new loans discontinued as of July 1, 2010) and a state-funded Michigan Alternative Student Loan (MI-LOAN) Program. The FFELP includes the Subsidized Federal Stafford Loan Program, the Unsubsidized Federal Stafford Loan Program, the Federal PLUS Loan Program, the Federal Consolidation Loan Program, and the Federal Supplemental Loan for Students Loan Program. The MI-LOAN Program ceased making new loans as of February 15, 2008.

FFELP loans are guaranteed by certain federally authorized guaranty agencies, including the Michigan Guaranty Agency (MGA), which the bureau is also responsible for administering. The MGA also acts as guarantor for other FFELP loans made by certain student loan lenders throughout Michigan.

In addition, the bureau administers six state and two federally funded **scholarship and grant** programs awarded to students at Michigan's postsecondary educational institutions.

The **Michigan Education Trust** (MET) was created by Public Act 316 of 1986 to provide a method for families to pre-pay a student's future Michigan college tuition costs. The trust offers contracts to purchasers, collects and invests the funds, and pays out tuition to colleges and universities when enrollees attend college.

The **Michigan Education Savings Program** (MESP) was created by Public Act 161 of 2000 to provide families with a flexible way to save for future education expenses through a choice of investment options and is also administered by the State Treasurer. The Michigan 529 Advisor Plan (MAP) provides families with a flexible way to save for future education expenses through an advisor-sold program.

The **Michigan Finance Authority** (MFA) was established by Executive Order 2010-2 to further improve efficiency in state government by consolidating 10 public finance authorities into one. The MFA offers effective, low-cost financing to public and private entities that provide essential services to the citizens of Michigan. These include municipalities; healthcare providers; public, private, and charter schools; and higher education loans to college students.

The **State Building Authority** (SBA) provides the capital financing to acquire, construct, furnish, equip, and/or renovate buildings for the use of the state, including public universities and community colleges pursuant to Act 183 of 1964. Since its creation, SBA has financed approximately 300 projects, approaching \$5.1 billion in construction costs. SBA bond issues permit the construction of needed capital outlay projects, which otherwise might be delayed or canceled due to state fiscal constraints, by spreading their costs over a portion of the project's useful life. In addition to capital outlay financing, SBA houses non-employee risk management functions for the state. It provides state agencies with commercial property, general liability, aviation, and builder's risk insurance, as well as other needed insurance coverage. The SBA also administers the state's Vehicle Self-Insurance Fund. The Vehicle Self-Insurance Fund covers liabilities arising from accidents involving the state vehicle fleet which numbers in excess of 10,000 vehicles.

Bureau of Local Government Services

The Bureau of Local Government Services is responsible for the administration and enforcement of state laws that implement provisions of the Michigan Constitution requiring taxation of real and tangible personal property; a uniform system of accounting and auditing for units of local government; and the preservation of the credit of the state. The bureau is responsible for the administration of Public Act 436 of 2012, the Local Financial Stability and Choice Act.

The **Assessment and Certification Division** provides staff services for the State Tax Commission and assistance to local and county assessing officials. The State Tax Commission, which was created by 1927 PA 360, establishes the state equalized value for each class of property for each county total; prepares assessment rolls for state assessed public utilities; approves applications for exemptions for air and water pollution control facilities and neighborhood enterprise zones and for industrial property abatements; adds omitted property to local assessment rolls and corrects erroneous personal property statements under MCL 211.154; arbitrates petitions for change of classification; certifies valuation and assessment of lands purchased by the DNR; assumes superintending control over uncertified local assessment rolls; and provides general supervision of all assessing officials. The commission also provides training, examinations, and certification of assessing officials and receives and acts on revocation petitions filed against such officials, duties that were transferred to the commission by a 2009 executive reorganization order that abolished the former State Assessors Board.

The **Local Audit and Finance Division** issues guidance and monitors statutory compliance of local units of government. Staff members perform financial audits, single audits, legal compliance

audits, and internal control reviews of local units of government when requested or at the discretion of the department. Through the review of qualifying statements and prior approval applications, the division approves or denies the issuance of debt by units of local government.

The **Office of Fiscal Responsibility** provides local units of government with state-wide technical expertise and policy recommendations to ensure proper implementation of state and federal laws, regulations, requirements, accounting standards, and financial controls. The OFR assists local government elected and appointed officials to establish protocol and develop strategies that will assist them in retaining strong fiscal health, avoiding financial stress or crisis, and helps prevent local units of government in financial distress from receiving an Emergency Manager, Consent Agreement, Neutral Condition (mediation), or Bankruptcy.

The **Property Services Division** administers the state's tax reversion process and conducts the foreclosure process for 12 counties that have opted out of handling the process under Public Act 123 of 1999. The division also receives, reviews, and prepares, for State Tax Commission approval, applications for various tax exemption programs, such as the Industrial Facilities Tax, Air and Water Pollution Control, Neighborhood Enterprise Zone, Obsolete Property Rehabilitation, and New Personal Property.

Bureau of State Lottery

The Bureau of State Lottery, an autonomous entity within the Department of Treasury, was created by Public Act 239 of 1972. One-hundred percent of profits from the Lottery go to the state School Aid Fund.

The Michigan Lottery reported annual sales of \$2.41 billion in fiscal year 2012, and generated \$778.4 million in net revenue for the state School Aid Fund. Retailers received annual commissions of \$172.1 million, while Michigan Lottery players collected prizes worth \$1.39 billion. The Bureau of State Lottery is also responsible for the licensing and regulation of organizations operating bingo games, raffles, and charity game tickets.

Michigan Gaming Control Board

In November 1996, Michigan voters approved Proposal E, effectively authorizing three licensed casinos to be built in the City of Detroit. Proposal E was adopted into law as The Michigan Gaming Control and Revenue Act (Initiated Law 1 of 1996). The Michigan Gaming Control Board (MGCB) was created by Public Act 69 of 1997, and is responsible for implementing, administering, and enforcing the provisions of the Initiated Law related to licensing, regulating, and collecting taxes and fees from the three authorized Detroit casinos. In 2012, the combined 8.1% state wagering taxes paid by the three Detroit casinos and deposited into the School Aid Fund totaled \$114.7 million. MGCB is also responsible for the licensing and regulation of Michigan horse racing and charitable gaming millionaire party events, locations, and suppliers along with providing oversight of the Tribal-State Compacts for the 23 Tribal casinos throughout Michigan.



RESULTS OF SPECIAL ELECTION 2013

GENERAL ELECTION NOVEMBER 5, 2013, 49TH HOUSE DISTRICT¹

Democratic Candidate	Republican Candidate	Other General Election Candidates	Primary Candidates Currently or Formerly Holding State Elected Office
Phil Phelps	Don Pfeiffer	Pat Clawson (Lib)	

Bold is winner of the general election

¹ Former Representative Jim Ananich was elected to the State Senate, May 7, 2013 in a special election, leaving a vacancy in the 49th House District.
Revised April 1, 2014