

# Michigan Department of Health and Human Services

## FY 2015 Payroll Taxes and Fringe Benefits Financing



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# Payroll Taxes and Fringe Benefits Line Item: Background Information

**FY15 Final Appropriation:** \$433,598,100

**What It Funded:** Non-salary employees costs for a *subset* of DHS employees including:

- \* Retirement (pension and FICA)
- \* Insurances (health, dental, life, long term disability)
- \* Longevity payments
- \* Other post-employment benefits (OPEB) beginning in FY 2012
- \* Terminal leave payouts for all departing DHS employees

# Fiscal Year 2015

## Budget Management and Monitoring

The FY 2015 Payroll taxes and fringe benefits appropriation was structurally imbalanced. If every position funded through the associated salaries & wages line items had been filled, the Payroll taxes and fringe benefits line item would have been underfunded.

### Budget Management

The department implemented a solid strategy to fully address the underfunding by:

- Not filling most vacancies.
- Instituting a hiring freeze on all non-front line workers and positions not required by the Children's Services Modified Settlement Agreement.
- Abolishing 242 positions as part of the required FY 2015 administrative savings plan, resulting in 95 layoffs.

# Fiscal Year 2015

## Budget Management and Monitoring, Continued

### Budget Monitoring

- Monthly reports were provided to the State Budget Office and House and Senate Fiscal Agencies to keep them apprised of the latest projections.

### Results

- This plan drove \$21.3 million in cumulative gross lapses in salary & wage line items in FY 2015.
- The Payroll Taxes and Fringe Benefits line item lapsed \$139,600.

# Fiscal Year 2015 Budget Results

Line Item Title	Gross Final Appropriation	Gross Expenditures	Gross Lapse
Executive Operations, Salaries and Wages	\$ 17,469,700	\$ 16,595,394	\$ 874,306
Inspector General Salaries and Wages	\$ 7,540,200	\$ 7,461,400	\$ 78,800
Unclassified Salaries	\$ 724,600	\$ 212,112	\$ 512,488
Field Staff, Salaries and Wages	\$ 297,533,300	\$ 284,933,760	\$ 12,599,540
Children's Services Salaries and Wages	\$ 2,461,900	\$ 2,279,213	\$ 182,687
Children's Services Administration	\$ 6,756,900	\$ 6,217,948	\$ 538,952
Child Welfare Field Staff - Caseload Compliance	\$ 121,626,500	\$ 117,423,668	\$ 4,202,832
Child Welfare Field Staff - Non-Caseload Compliance	\$ 17,561,000	\$ 17,397,378	\$ 163,622
Education Planners	\$ 822,200	\$ 770,104	\$ 52,096
Peer Coaches	\$ 3,147,300	\$ 2,614,374	\$ 532,926
Child Welfare First Line Supervisors	\$ 40,493,500	\$ 39,042,984	\$ 1,450,516
Administrative Support Workers	\$ 8,303,800	\$ 8,237,600	\$ 66,200
Second Line Supervisors and Technical Staff	\$ 4,346,800	\$ 4,346,800	\$ -
Permanency Resource Managers	\$ 1,736,900	\$ 1,736,900	\$ -
Subtotal, Salaries and Wages Line Items	\$ 530,524,600	\$ 509,269,635	\$ 21,254,965
			\$ -
Payroll Taxes and Fringe Benefits	\$ 433,598,100	\$ 433,458,490	\$ 139,610
			\$ -
Total, All Line Items	\$ 964,122,700	\$ 942,728,125	\$ 21,394,575

\* Numbers subject to change through bookclosing

# Fiscal Year 2016 Budget

- Eliminated the Payroll Taxes & Fringe Benefits line item by distributing the funding to the associated Salaries & Wages line items.
- Maintained a line item for Terminal Leave payouts.
- This allows for more effective budget management, consistency with the rest of the DHHS budget and State Government, and prepares for implementation of SIGMA, the State's new Accounting System (under development).

# Questions?

Thank you!