
Michigan Department of State

**Budget Presentation, Fiscal Year 2017
House General Government Subcommittee**

February 17, 2016



Department of State

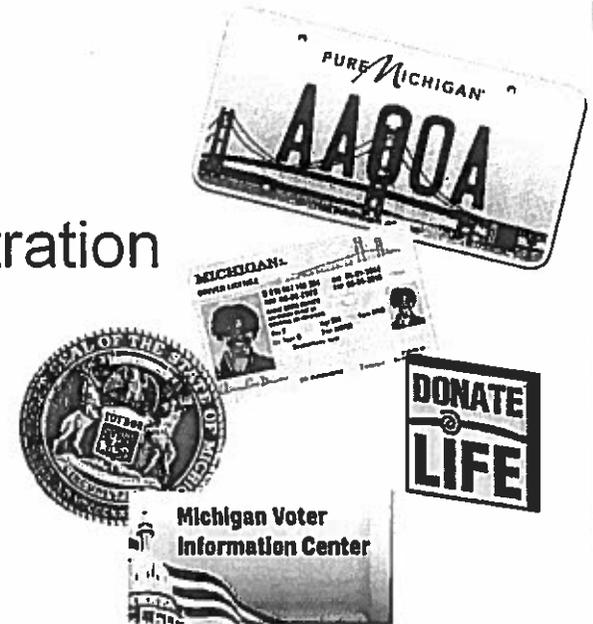
Oldest and most public-facing department (131 branch offices)

- **Secretary of State**
 - Elected to four-year term (constitutional & statutory duties)
- **Operational Structure**
 - Executive Office
 - Customer Services, Department Services, and Legal Services
 - Bureau of Elections
- **Revenue and Budget**
 - Over \$2 Billion Collected Annually
 - FY17 Recommended Budget: **\$258 Million**
 - \$27.1 Million (10.5%) in GF/GP Funding
 - Represents .3% of State GF/GP



Role of the Department

- Driver Licensing & Vehicle Registrations
- Elections & Campaign Finance Administration
- Regulatory & Consumer Protection
- Office of the Great Seal
- Uniform Commercial Code
- Traffic Safety Awareness
- Organ Donation Promotion



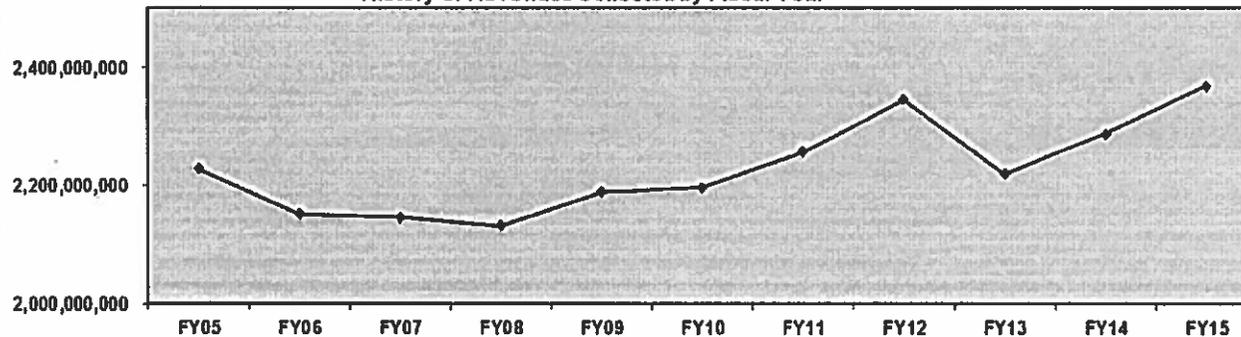
MDOS Revenue Collection

A historical fiscal year snapshot

<u>Fiscal Year</u>	<u>Total Fees Collected</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
FY15	\$2,368,799,927	\$81,150,352	3.5%
FY14	\$2,287,649,575	\$68,857,742	3.1%
FY13	\$2,218,791,833	(\$126,266,273)	-5.4%
FY12	\$2,345,058,106	\$88,834,860	3.9%
FY11	\$2,256,223,246	\$59,678,849	2.7%
FY10	\$2,196,544,397	\$8,462,101	0.4%
FY09	\$2,188,082,296	\$56,379,247	2.6%
FY08	\$2,131,703,049	(\$13,781,920)	-0.6%
FY07	\$2,145,484,969	(\$5,504,266)	-0.3%
FY06	\$2,150,989,235	(\$76,295,865)	-3.4%
FY05	\$2,227,285,100		NA

**\$2.4
Billion**
Collected in FY15

History of Revenues Collected by Fiscal Year



MDOS FY15 Disbursements

Agency	Amount
Transportation	\$ 1,027,313,963
Education	730,023,698
General Fund	359,683,317
Department of State	179,817,065
Natural Resources	33,002,877
State Police	28,239,408
Environmental Quality	4,658,205
Supreme Court	2,540,878
Licensing & Regulatory Affairs	1,846,021
Agriculture	1,000,000
Treasury	311,395
Health & Human Services	129,930
State Housing Development Authority	179,680
Technology, Management & Budget	53,490
Total Collections	\$ 2,368,799,927

**\$1.8
Billion**
to roads and
education in FY15



MDOS Historical Ratio of Revenues to Expenditures

Fiscal Year	Revenue Collections	Expended (AY)	Ratio	General Fund Collections
FY15	\$2,368,799,927	\$218,115,575	9.2%	\$359,683,317
FY14	\$2,287,649,575	\$206,756,259	9.0%	\$348,795,093
FY13	\$2,218,791,833	\$196,576,300	8.9%	\$340,528,237
FY12	\$2,345,058,106	\$192,477,300	8.2%	\$328,111,642
FY11	\$2,256,223,246	\$182,401,600	8.1%	\$314,009,823
FY10	\$2,196,544,397	\$181,619,200	8.3%	\$309,064,417
FY09	\$2,188,082,296	\$183,215,400	8.4%	\$315,224,958
FY08	\$2,132,332,864	\$195,665,000	9.2%	\$303,040,371
FY07	\$2,145,484,969	\$190,384,800	8.9%	\$307,417,726
FY06	\$2,150,989,235	\$194,636,000	9.0%	\$305,345,511
FY05	\$2,227,285,057	\$172,807,000	7.8%	\$351,528,604

9%
of FY15 revenue
used for MDOS
operations

Note: FY05 through FY15 do not include the Help America Vote Act work projects



Michigan Department of State

FY 2017 Governor's Recommendation Summary

Fiscal Year 2016 Appropriation	\$225,256,700
Fiscal Year 2017 Governor's Recommendation	\$258,015,600

Program Decreases

■ Removal of 5 Year Retirement Payout	<u>(\$598,800)</u>
	(\$598,800)

Program Increases

■ Voting Equipment Replacement	\$15,000,000
■ Legacy Mainframe Replacement	<u>\$14,100,000</u>
	\$29,100,000

Current Services Baseline Adjustments

■ MI-TIME Line Maintenance	\$470,000
■ DTMB Rated Fee for IT Agency Services	\$188,300
■ Standard Economic Adjustments	<u>\$3,599,400</u>
(\$465,400 GF/GP; \$3,134,000 Restricted)	\$4,257,700

Total Increase \$32,758,900



FY17 Governor's Recommendation Overview

- **General Fund Reduction – \$500K**
 - Replaced with Available Restricted Revenue
- **MI-TIME Line Maintenance – \$477K**
 - Overwhelming Positive Response Since Implemented in FY14
 - 1.8M MI-TIME Line Customers in FY15
 - Currently in 18 Offices – Plans to Add in 10 More During FY16
- **Voting Equipment Replacement – \$15M**
 - One Time \$10M General Fund and \$5M Local Match
 - \$25M - \$30M in HAVA Funds Available for this Purpose
 - \$5M Appropriated for Voting Equipment in PA 268 of 2015
 - Actual Local Match Required May Be Higher
 - Procurement in Process
- **Legacy Mainframe Replacement – \$14.1M**
 - \$3 Record Look-Up Fee Increase
 - Last Increase in FY14 to Cover OPEB Costs



BAM Update

- **Contract Cancelled**

- June 2015: Removed *Conditional* First Branch Approval
- Negotiations Failed
- August 2015: Contract Cancelled for “Cause”
- Michigan: 6th State to Discontinue Relationship with HP

- **Status Update**

- Preliminary Injunction
 - Transition Plan
 - Intellectual Property Returned (court ordered)
- Litigation in Process
- AG and outside Counsel Assisting



Plan Forward

- **Create Funding Source**
 - Estimated Cost \$46M (based on recent State bid awards)
 - Increase Record Look-up Fee
 - 98% Commercial Users
 - 2018/2019 Earliest for Delivery (Payment Upon Delivery)
- **Research Market-Place**
 - System Demonstrations: Finalize March 2016
 - Desired: Implemented in Another State
- **Refine Business Requirements**
- **DTMB Purchasing Assistance**



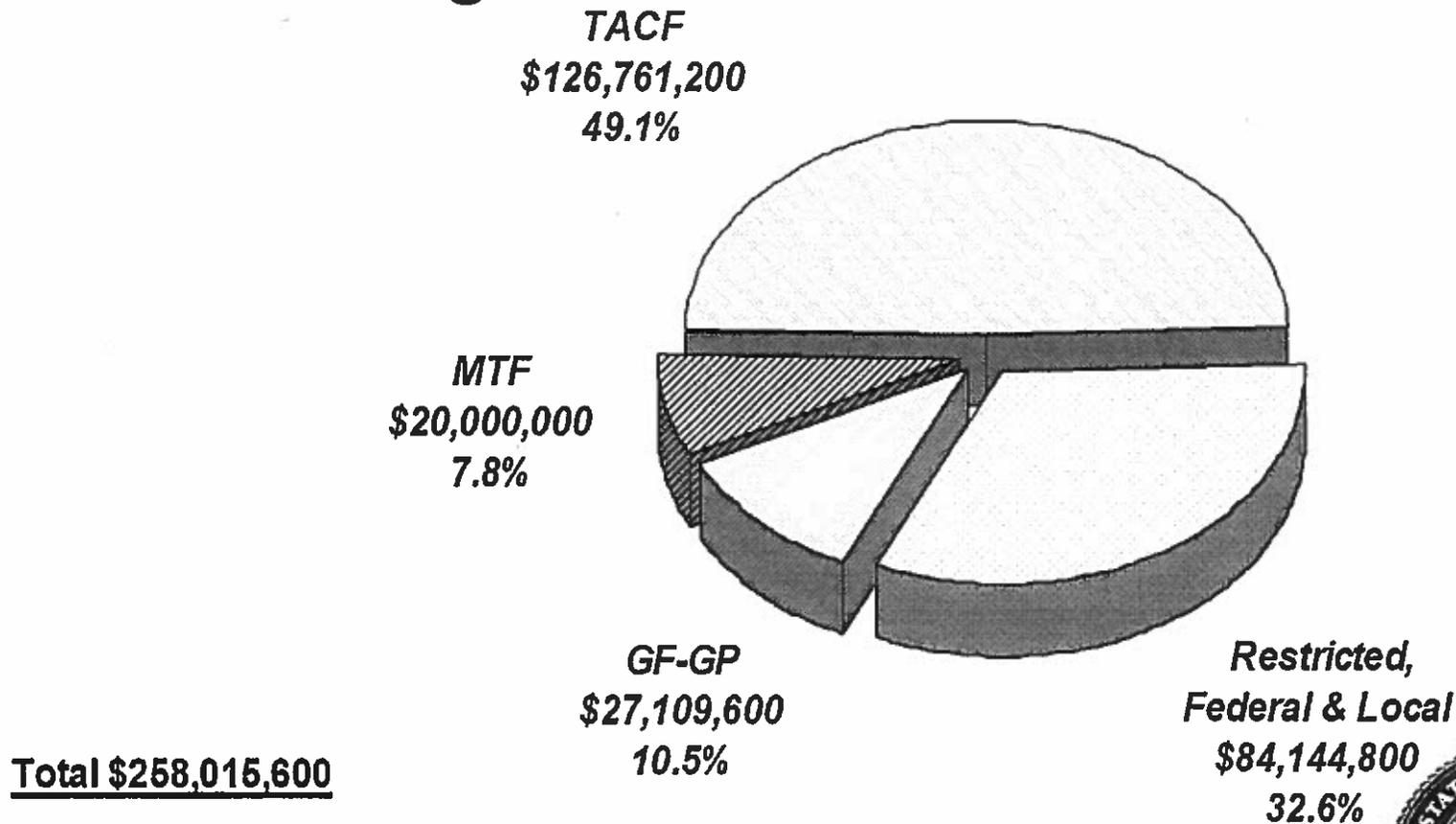
Scenario: Funding Not Approved

- **Managing Two Distinct Databases**
- **Fee Legislation/Other Legislative Initiatives**
 - Creative
 - Time Consuming
- **Legacy – COBOL/ALGOL/XGEN Languages**
 - Resources scarce
 - Fee Changes:
 - 30 Programs/192,913 lines of code
 - 500 hours testing over 100 programs



MDOS Funding Sources

FY 2017 Budget

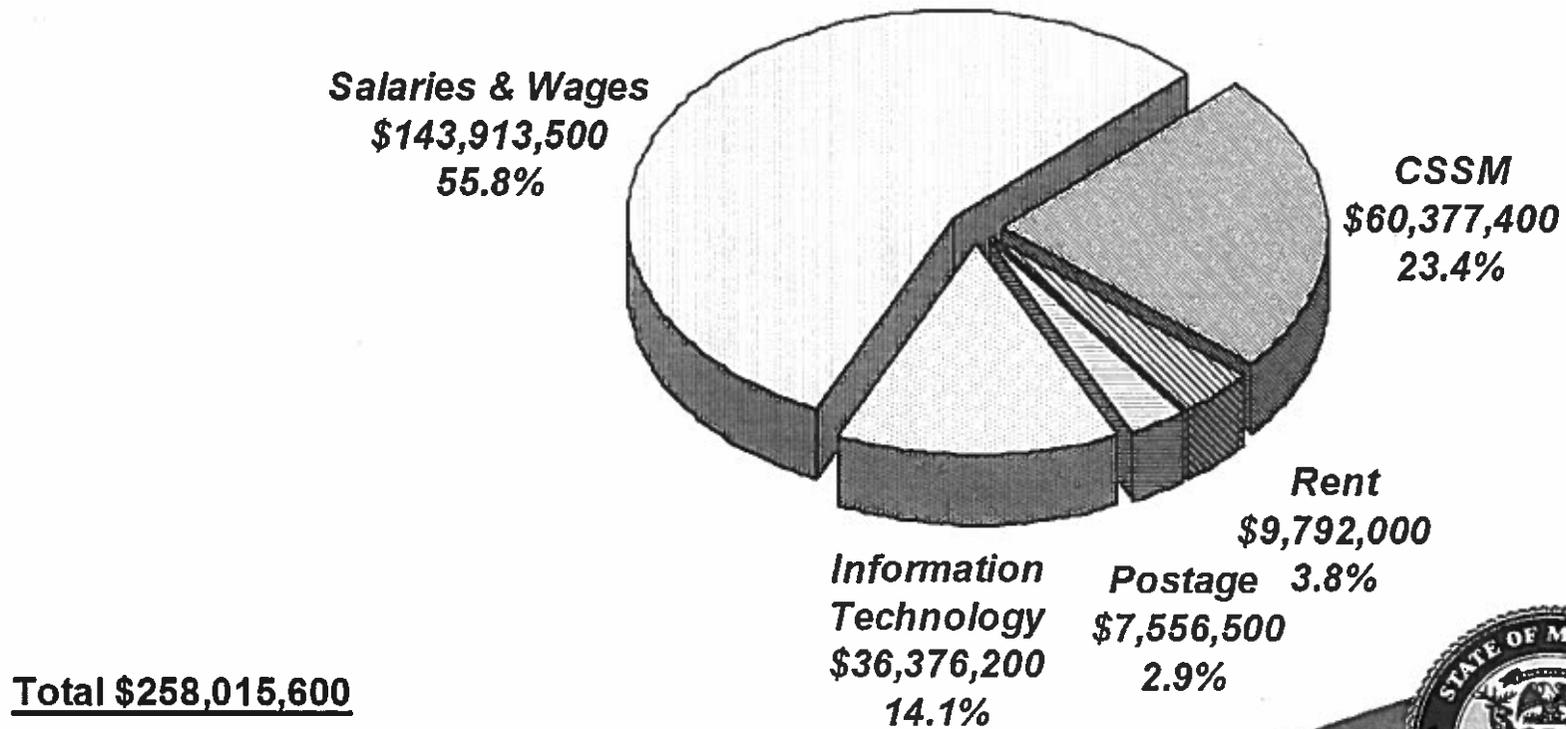


Total \$258,015,600



Major Spending Categories

MDOS FY 2017 Budget



Total \$258,015,600



MDOS Performance Measures

Department Name: MDOS
Executive/Director: M. Senyko
Period: January 2016

January 2016

Metric	Status	Trend	Target	Current	Previous
Customer/Constituent					
Information Center average response time	Yellow	↘	6:00	5:16	5:07
Percent of favorable comment cards	Green	↘	85%	77%	83%
Percent of transactions performed at ExpressSOS (online)	Red	↘	20%	11%	12%
Percent of transactions performed in channels alternative to ExpressSOS in RBM/SST's	Green	↘	15%	17%	19%
Average number of calendar days to issue standard driver licenses	Green	↘	8	2.7	2.8
Branch office computer system availability	Green	=	98%	100%	100%
Average number of calendar days to issue standard vehicle titles	Green	=	6	4	4
Internal Business Process					
Percent increase in the verification of invalid/fraudulent insurance used in the vehicle registration process from 13%-15% to 70%	Green	=	70%	90%	90%
Elections Oversight					
Voter Participation—Number of Military and Overseas Ballots Cast (Nov 2015 election)	Red	↘	10% increase over 2 year	222 **	313
Voter Outreach—attend 4 state naturalization ceremonies per month to sign up new citizens to vote	Red	=	100%	50%	50%

*Current numbers per November 2015 election

Legend: Green 90% or greater of target
Yellow >=75% to <90% of target
Red <75% of target

↘ Trending better than previous month
= No change since previous month
↗ Trending worse than previous month

** Metric compares current odd-year election cycle to previous odd-year election cycle. Tracking of military and overseas ballots did not begin until 2012.



MDOS Quick Fact Sheet

Fiscal Year 2015

Customer Service and Operations

- 1,577 employees (average for FY15), down 25% from FY02
- 131 branch offices, down from 173 in FY02

Branch Transactions (FY15)

- 12.6 million transactions (50,000 per day)
- 575,195 change of address transactions
- 181,421 Saturday transactions
- 1.8 million MI-TIME Line customers

Online Transactions (FY15) – ExpressSOS.com

- 1.981 million online transactions (7.8 million since Oct 2011 launch)
- 1.3 million tab renewals
- 169,750 driver license renewals

Other Transactions (FY15)

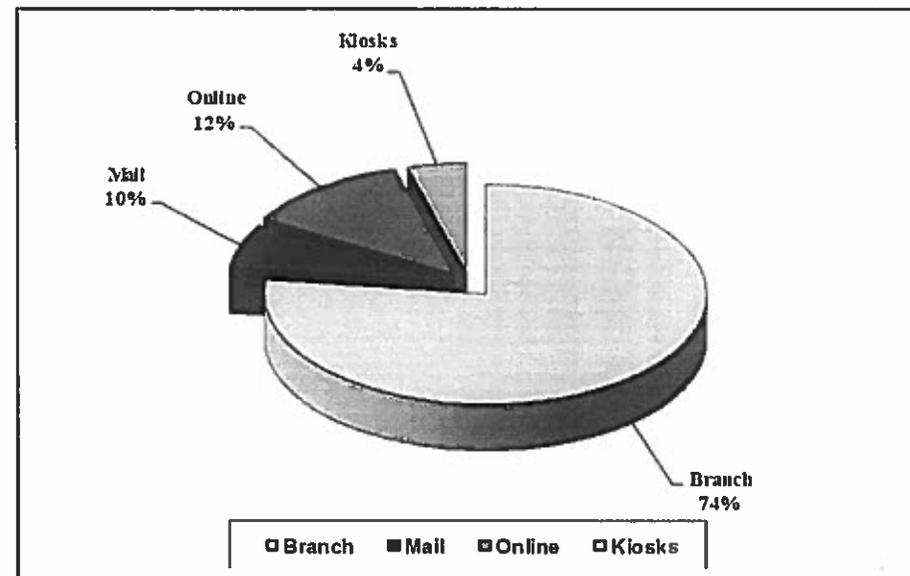
- 701,142 tab renewals via 77self-service kiosks (up 22% from FY14)
- 1.76 million renewals by mail (down 9% from FY14)
- 17,336 calls and 1,651 email inquiries weekly
- 3,500 to 4,000 calls daily on the public toll-free line

Organ Donor Registry

- More than 2 million names added to Michigan's organ donor registry
- 344,945 names added in FY15

The Secretary of State oversees 30 million vehicle records and processes nearly 10 million vehicle registrations.

Points of Service Transaction



Questions

