

Michigan Department of State

Budget Presentation, Fiscal Year 2024

March 2023



Role of the Department

Driver/Vehicle Services

- Driver Licensing
- Vehicle Registrations
- Regulatory & Consumer Protection
- Driver Education & Testing
- Uniform Commercial Code
- Organ Donation Promotion



Democracy Services

- Elections
- Campaign Finance
- Lobby Registration
- Office of the Great Seal



- **Collect money for the State**



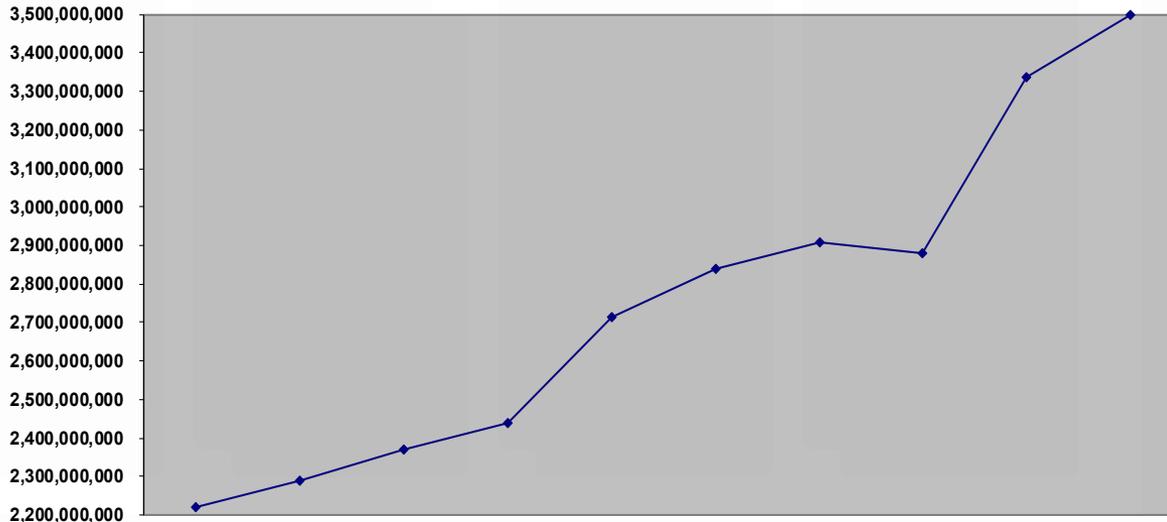
MDOS Revenue Collection

A historical fiscal year snapshot

<u>Fiscal Year</u>	<u>Total Fees Collected</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
FY22	\$3,498,484,888	\$161,154,119	4.8%
FY21	\$3,337,330,769	\$459,322,469	16.0%
FY20	\$2,878,008,300	(\$28,214,019)	-1.0%
FY19	\$2,906,222,319	\$66,427,735	2.3%
FY18	\$2,839,794,584	\$125,792,799	4.6%
FY17	\$2,714,001,785	\$272,995,644	11.2%
FY16	\$2,441,006,141	\$72,206,214	3.0%
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		

\$3.5 Billion
Collected in FY22

History of Revenues Collected by Fiscal Year



MDOS FY22 Disbursements

Agency	Amount
Transportation	\$ 1,453,577,830
Education	1,161,730,522
General Fund	593,327,896
Department of State	206,081,894
Natural Resources	44,792,531
State Police	28,970,432
Environment, Great Lakes and Energy	4,552,432
Licensing & Regulatory Affairs	2,193,047
Supreme Court	1,355,586
Agriculture	1,000,000
Treasury	595,468
Health & Human Services	159,725
Michigan Strategic Fund	100,503
Technology, Management & Budget	47,022
Total Collections	\$ 3,498,484,888

**\$2.6
Billion**
to roads and
education in FY22



MDOS Ratio of Revenues to Expenditures

FY22 MDOS Expenditures	\$237,739,827
FY22 MDOS Collections	\$3,498,484,888

Only 6.8 cents of every dollar collected was used for MDOS Operations



Michigan Department of State

FY 2024 Governor's Recommendation Summary

FY23 Enacted Budget	\$255,196,700
FY24 Governor's Recommended Budget	\$262,740,400

Investments

- Mobile Office Staffing - 10 FTE \$1,220,000

Current Services Baseline (CSB) Adjustments

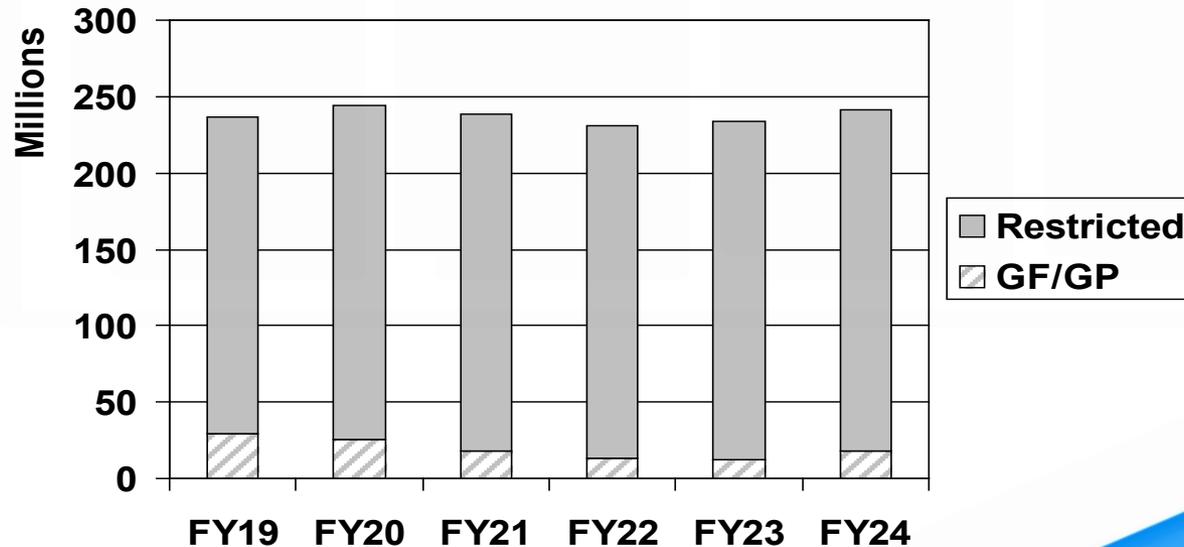
- Proposal 1 and 2 Ongoing Costs \$4,713,600
- Postal and Mailing Service Rate Increase \$600,000
- Enforcement Division Staffing Increase - 3 FTE \$447,500
- Equity and Inclusion Officer \$218,800
- Additional Branch Office Security Guards \$150,000
- Security Contract Increase \$140,000
- Standard Economic Adjustments \$53,800

Total Increase **\$7,543,700**



Appropriation History

Fiscal Year	Total Appropriation	Total Change	GF/GP Appropriation	GF/GP Change	% Change
FY24	\$ 262,740,400	\$ 7,543,700	\$ 17,838,300	\$ 5,159,000	40.7%
FY23	255,196,700	2,432,400	12,679,300	(356,300)	-2.7%
FY22	252,764,300	(1,533,200)	13,035,600	438,100	3.5%
FY21	254,297,500	(22,654,100)	12,597,500	444,500	3.7%
FY20	276,951,600	26,538,800	12,153,000	(8,813,300)	-42.0%
FY19	250,412,800		20,966,300		



FY24 Governor's Recommendation

Investment – Mobile Office Staffing

- \$1.2M from the Transportation Administration Collection (TAC) Fund
- 10 FTE to staff 7 mobile offices
- Will provide service to other urban and rural areas of the state
- Serve tens of thousand of Michiganders each year
- Majority will be seniors, rural residents and others who have difficulty accessing the internet or are otherwise typically underserved

CSB Adjustment – Proposal 1 & 2 Ongoing Costs

- \$4.7M from the General Fund
- 3 FTE for Elections to provide oversight and administration
- Absentee voter envelope postage
- Drop box security and maintenance



FY24 Governor's Recommendation

Other CSB Adjustments

Postal and Mailing Service Rate Increase

- \$500,000 from TAC Fund and \$100,000 from Driver Fees

3 FTE for Enforcement Division

- \$447,500 from the General Fund
- Cases have increased from 631 in FY17 to 3973 in FY22
- Largest increases for election/voter and digital fraud

Branch Security Guard Cost Increases

- \$150,000 from TAC Fund to add guards to 3 branch offices
- \$140,000 from TAC Fund for new contract cost increases

Equity & Inclusion Officer

- \$220,000 from TAC Fund to hire a full-time dedicated EIO

Standard Economic Adjustments – \$53,800



Transportation Administration Collection Fund Revenue Shortfall

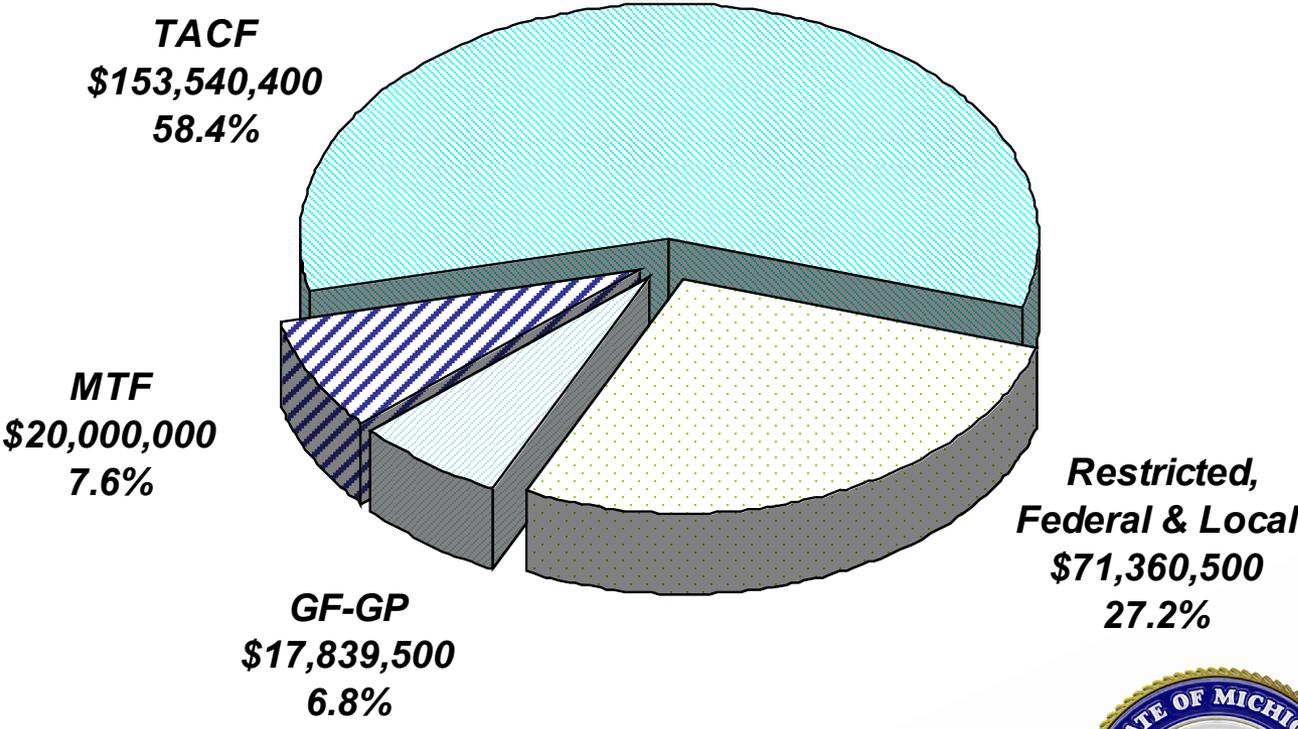
FY22 TAC Restricted Revenue Carryforward	\$ 39,637,500
FY23 Projected TAC Expenditures	(130,380,400)
FY23 Projected TAC Collections	<u>130,000,000</u>
FY23 TAC Restricted Revenue Carryforward	\$ 39,257,100
FY24 Gov Rec TAC Authorization	(153,540,400)
FY24 Projected TAC Collections without Fee Increase	<u>130,000,000</u>
FY24 Projected Ending TAC Balance	<u>\$ 15,716,700</u>
FY25 Estimated TAC Collections without Fee Increase	\$ 130,000,000
FY25 Estimated TAC Authorization	<u>(156,540,400)</u>
Projected On-going TAC Fund Defecit	<u>\$ (26,540,400)</u>

Fixed TAC fee collections are set in statute and do not automatically increase to keep up with inflationary costs such as employee economic increases. As a result of this, a \$4.7M GF fund shift with TAC and a decrease in collections, there will be a \$15.7M TAC fund balance at the end of FY24. Beginning in FY25, the on-going structural deficit in the TAC fund will be \$26.5M unless TAC fund revenue is increased which will occur if the \$4 record look up fee increase that is included in the Governor's Recommended Budget is enacted.



MDOS Funding Sources

FY 2024 Budget



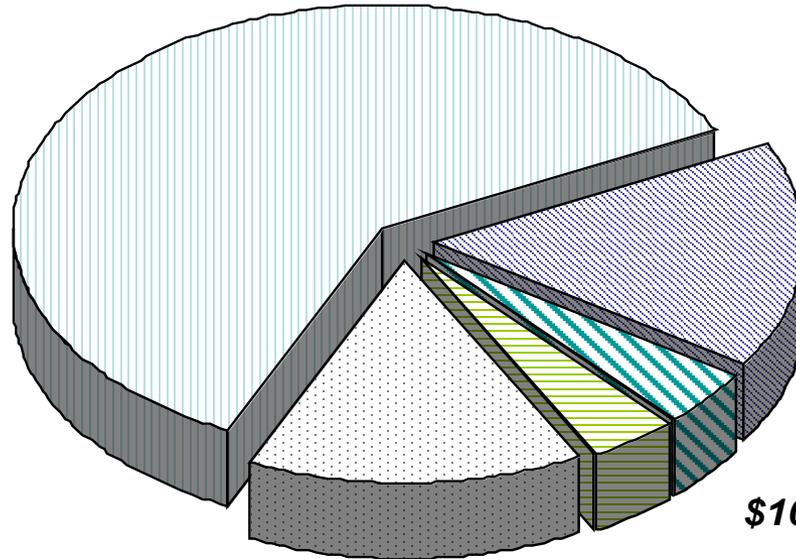
Total \$262,740,400



Major Spending Categories

MDOS FY 2024 Budget

Salaries & Wages
\$160,040,400
60.9%



CSSM
\$43,016,300
16.4%

Rent
\$10,633,000
4%

**Information
Technology**
\$38,918,200
14.8%

Postage
\$10,132,500
3.9%

Total \$262,740,400



FY23 Supplemental Requests

Security Guard Costs - \$75K

- 3 additional branch offices for 6 months

Proposal 1 & 2 Implementation - \$11.5M

- 1 IT developer for one year to develop and update software and digital resources for the new financial disclosure requirements for proposal 1
- 5 IT developers for one year to develop software for early voting, permanent absentee voter list, military postmark date, ballot tracking, prepaid postage and drop boxes for proposal 2
- Purchase and installation of 2,000 drop boxes with security cameras



Next Steps

Full funding for elections and voting rights

- Recent elections cost local jurisdictions \$100 million annually
- Full implementation of new constitutional amendments will increase costs for the state and jurisdictions by as much as \$45 million

Future requests for supplemental funding

- Clerks across the state and the Bureau of Elections are working to determine exact expected costs
- Legislative action will also impact resource needs
- As election requirements and costs are defined, requests for supplemental funding will be submitted and out-year budget plans will be modified

