

Michigan Department of State

Budget Presentation, Fiscal Year 2025

March 2024



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**



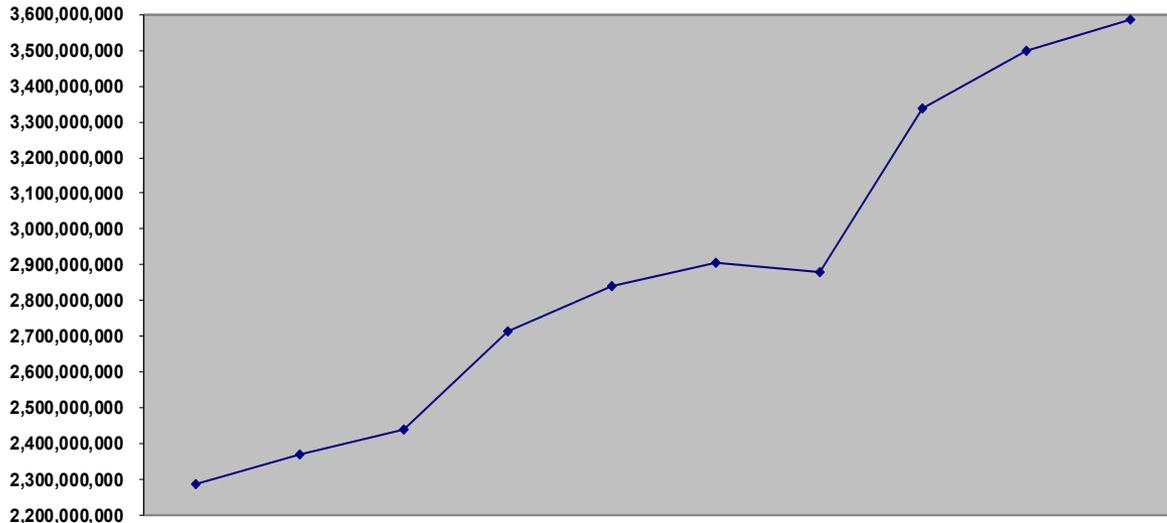
MDOS Revenue Collection

A historical fiscal year snapshot

| <u>Fiscal Year</u> | <u>Total Fees Collected</u> | <u>Increase/ (Decrease)</u> | <u>% Change</u> |
|--------------------|-----------------------------|-----------------------------|-----------------|
| FY23 | \$3,585,318,400 | \$86,833,512 | 2.5% |
| 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 | | |

\$3.6 Billion
Collected in FY23

History of Revenues Collected by Fiscal Year



MDOS FY23 Disbursements

| Agency | Amount |
|-------------------------------------|-------------------------|
| Transportation | \$ 1,553,337,459 |
| Education | 1,148,513,172 |
| General Fund | 587,480,773 |
| Department of State | 208,897,264 |
| Natural Resources | 47,733,714 |
| State Police | 29,986,263 |
| Environment, Great Lakes and Energy | 4,469,478 |
| Licensing & Regulatory Affairs | 1,957,317 |
| Supreme Court | 1,068,924 |
| Agriculture | 1,000,000 |
| Treasury | 592,118 |
| Health & Human Services | 144,808 |
| Michigan Strategic Fund | 92,530 |
| Technology, Management & Budget | 44,580 |
| Total Collections | \$ 3,585,318,400 |

**\$2.7
Billion**
to roads and
education in FY23



MDOS Ratio of Revenues to Expenditures

| | |
|------------------------|-----------------|
| FY23 MDOS Expenditures | \$253,955,923 |
| FY23 MDOS Collections | \$3,585,318,400 |

Only 7.1 cents of every dollar collected was used for MDOS Operations



Michigan Department of State

FY 2025 Governor's Recommendation Summary

| | |
|------------------------------------|---------------|
| FY24 Enacted Budget | \$304,209,500 |
| FY25 Governor's Recommended Budget | \$291,839,900 |

One-Time

| | |
|--|----------------|
| ■ Removal of Current Year One-Time Funding | (\$27,309,200) |
|--|----------------|

Investments

| | |
|---|-------------|
| ■ Operational Realignment and Filling of Vacant Positions | \$5,334,000 |
|---|-------------|

Current Services Baseline (CSB) Adjustments

| | |
|--|-------------|
| ■ License Plate Cost Increases | \$1,146,500 |
| ■ New Personal Financial Disclosure Requirements - 8 FTE | \$1,145,000 |
| ■ USPS and UPS Rate Increases | \$1,115,000 |
| ■ Contract Increase for Tabs, Decals and Forms | \$650,000 |
| ■ Automatic Voter Registration Changes - 2 FTE | \$296,000 |
| ■ Standard Economic Adjustments | \$5,253,100 |

Total Change **(\$12,369,600)**



FY25 Governor's Recommendation

Investment

Operational Realignment and Filling of Vacant Positions

- Strategic realignment of positions by fulling funding and/or transferring positions across 6 line-items
- Funds 41 vacant positions
- Currently have approximately 80 appropriated unfunded FTE
- Fixed fee restricted revenue collections have not kept up with inflationary cost increases over the last 20 years
- Has resulted in backlogs, audit findings, and some unhappy customers and employees
- Does not increase overall FTE included in the budget



FY25 Governor's Recommendation

Current Services Baseline Adjustments

10 FTE for Elections - \$1,145,000

- 8 FTE for New Financial Disclosure Requirements
- 2 FTE for Automatic Voter Registration Changes

License Plate Cost Increases

- \$1,146,500 from TAC Fund

USPS and UPS Rate Increases

- \$1,115,000 from TAC Fund

Contract Increase for Tabs, Decals and Forms

- \$650,000 from TAC Fund

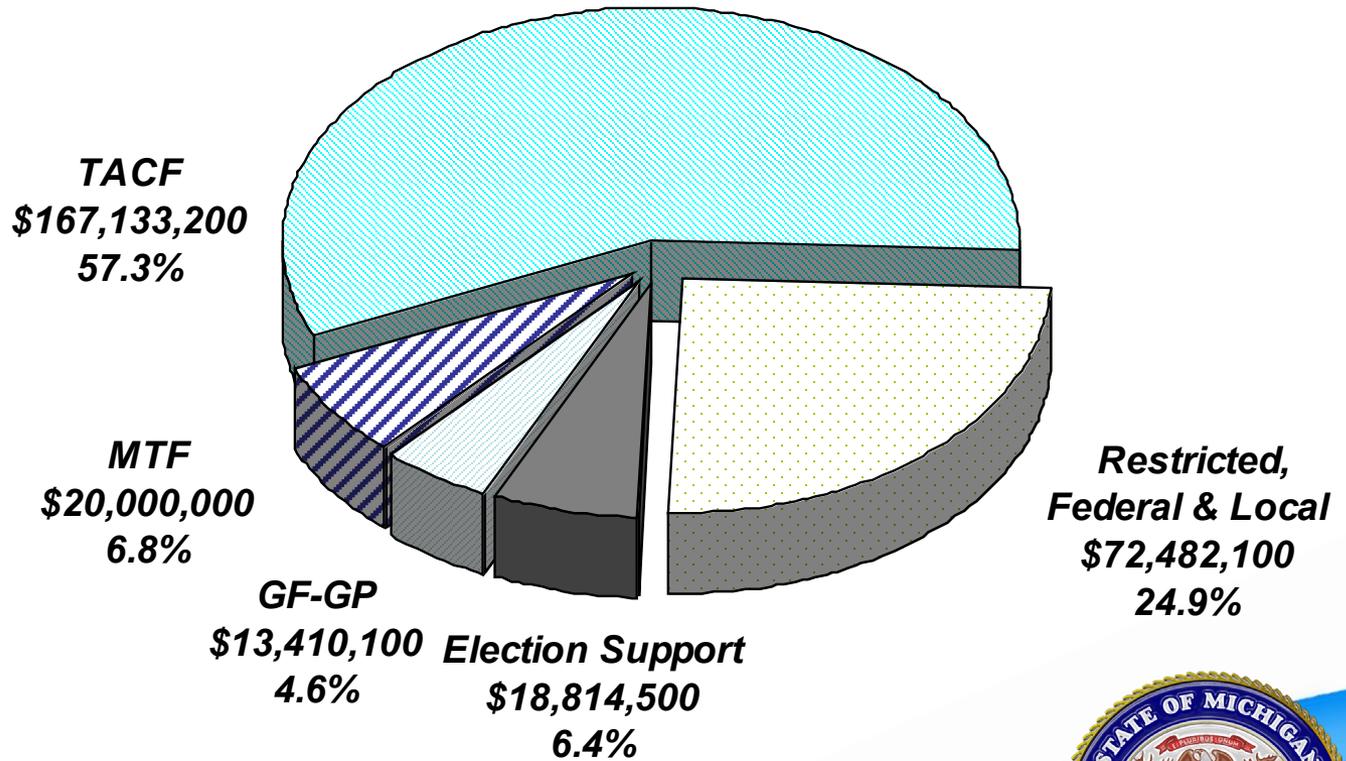
Standard Economic Adjustments – \$5,253,100

- \$185,400 from General Fund



MDOS Funding Sources

FY 2025 Budget



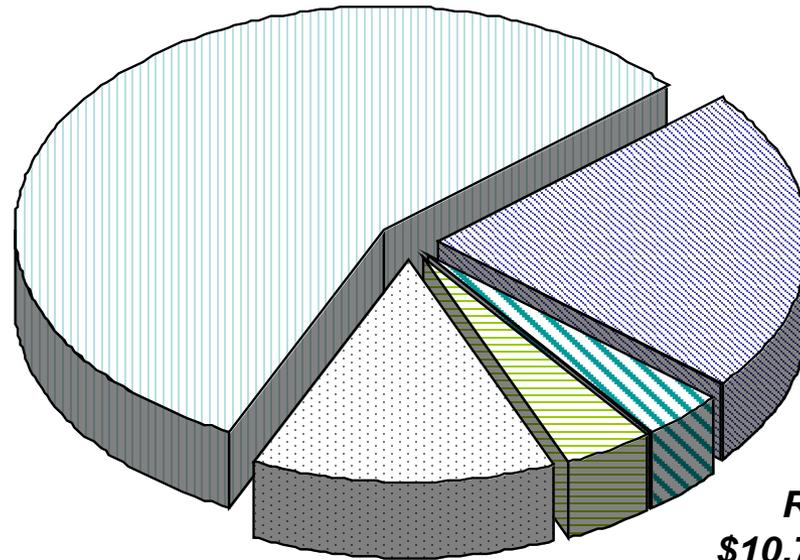
Total \$291,839,900



Major Spending Categories

MDOS FY 2025 Budget

Salaries & Wages
\$166,186,300
56.9%



CSSM
\$64,524,000
22.1%

Rent
\$10,729,500

Postage 3.7%
\$11,247,500
3.9%

Information Technology
\$39,152,600
13.4%

Total \$291,839,900



FY24 Supplemental Requests

HAVA Security Grant Authorization - \$5.7M

- Grant funding received in FY22 and FY23 to support election security related initiatives

Financial Disclosure Requirements - \$831,900

- Partial year funding for 8 FTE to implement the new reporting that applies to elected officials and candidates for office

License Plate Cost Increases - \$1.1M

One-Time Lump Sum Payments - \$110,400

Special Elections Costs - \$750,000 in Treasury Budget



Unfunded Requests

Inflation Costs and Fee Sunsets

- Need statute changes to allow fee adjustments based on the consumer price index which would increase the record look-up fee, registration service fee and title service fee by \$1 every couple of years
- Eliminate the Transportation Administration Collection Fund fee sunsets

Driver's Education - \$45M General Fund

- Privatization has created financial and accessible barriers
- Number of licensed Michigan teens has decreased by over 10%
- Provide grants to families in need to afford access for teenagers
- Explore a return of driver's education to our public schools

