

# Michigan Department of State

Budget Presentation, Fiscal Year 2023

March 2022



# 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**



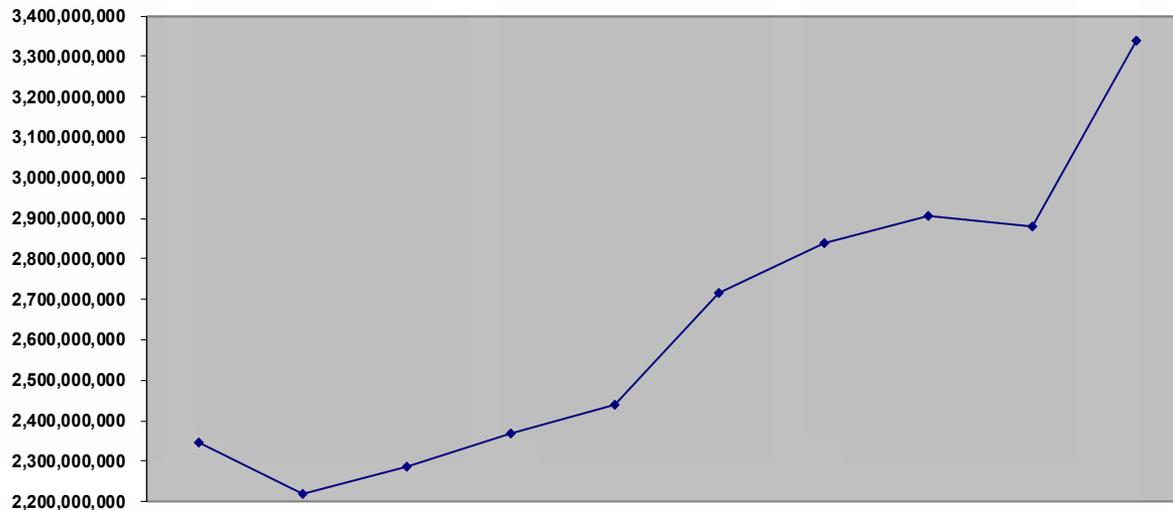
# MDOS Revenue Collection

*A historical fiscal year snapshot*

<u>Fiscal Year</u>	<u>Total Fees Collected</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
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	(\$126,266,273)	-5.4%
FY12	\$2,345,058,106		

**\$3.3  
Billion**  
Collected in FY21

History of Revenues Collected by Fiscal Year



# MDOS FY21 Disbursements

Agency	Amount
Transportation	\$ 1,449,807,930
Education	1,047,838,264
General Fund	543,717,793
Department of State	210,574,513
Natural Resources	45,528,721
State Police	29,840,922
Environment, Great Lakes and Energy	4,856,672
Licensing & Regulatory Affairs	1,815,795
Supreme Court	1,391,174
Agriculture	1,000,000
Treasury	625,680
Health & Human Services	168,175
Michigan Strategic Fund	112,380
Technology, Management & Budget	52,750
<b>Total Collections</b>	<b>\$ 3,337,330,769</b>

**\$2.5  
Billion**  
to roads and  
education in FY21



# MDOS Ratio of Revenues to Expenditures

FY21 MDOS Expenditures	\$246,971,644
FY21 MDOS Collections	\$3,337,330,769

**Only 7.4 cents of every dollar collected was used for MDOS Operations**



# Michigan Department of State

## FY 2023 Governor's Recommendation Summary

	General Fund	
Fiscal Year 2019 Appropriation	\$18,662,300	
Fiscal Year 2020 Appropriation	\$13,451,200	(27% decrease from FY19)
Fiscal Year 2021 Appropriation	\$12,597,500	(32% decrease from FY19)
Fiscal Year 2022 Appropriation	\$12,435,600	(33% decrease from FY19)
Fiscal Year 2023 Governor's Recommendation	\$13,746,600	(26% decrease from FY19)

<b>FY22 Enacted Budget</b>	\$252,164,300
<b>FY23 Governor's Recommended Budget</b>	\$256,264,000
<b>Investments</b>	
■ Mobile Office Expansion - 10 FTE	\$1,067,300
<b>Current Services Baseline Adjustments</b>	
■ Enhanced Driver License Processing Cost Increase	\$1,000,000
■ State Contracted Security Services Cost Increase	\$300,000
■ Restricted Revenue Authorization Technical Adjustment	(\$2,730,300)
■ Standard Economic Adjustments	\$4,462,700
<b>Total Increase</b>	<b>\$4,099,700</b>



# FY23 Governor's Recommendation

- 10 FTE for Mobile Office Expansion – \$1.1M
- Enhanced Driver License Processing Cost Increase – \$1M
- State Contracted Security Services Cost Increase – \$300K
- Restricted Revenue Authorization Decrease – (\$2.7M)
- Standard Economic Adjustments – \$4.5M
- \$4 Record Look Up Fee Increase



# Transportation Administration Collection Fund Revenue Shortfall

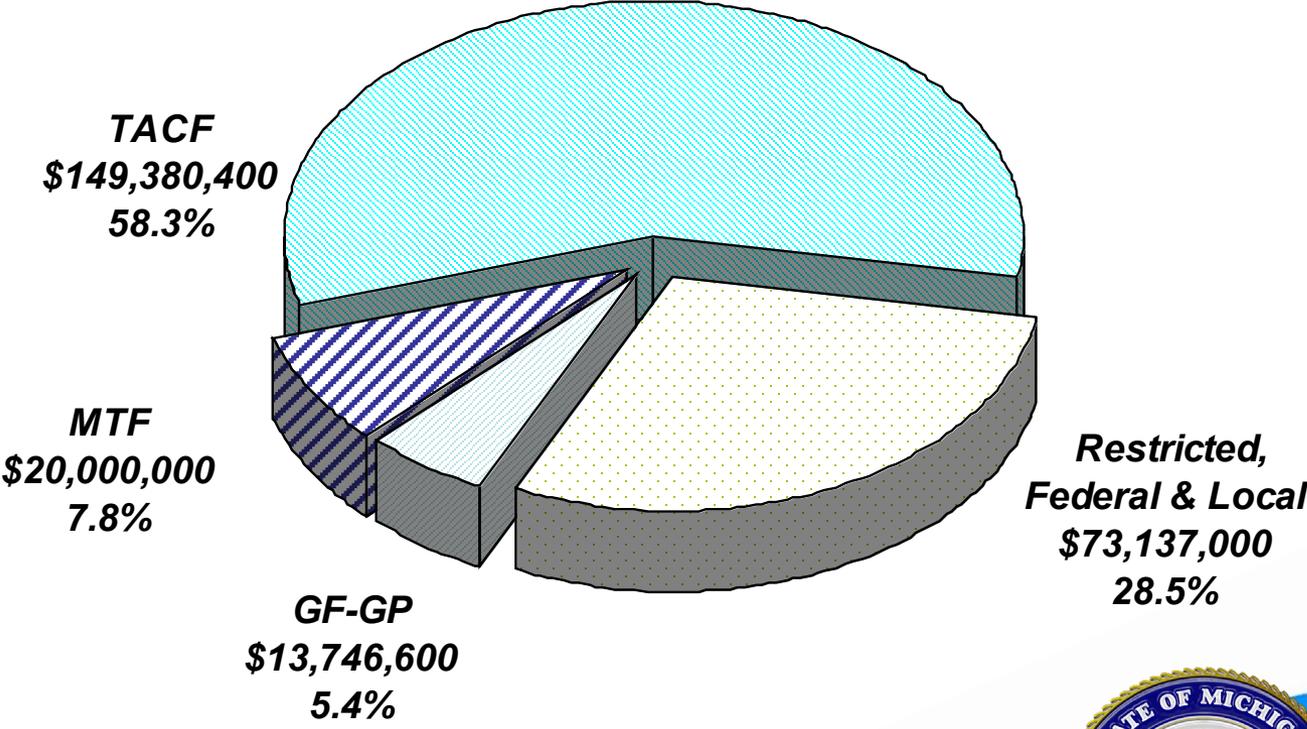
FY21 TAC Restricted Revenue Carryforward	\$ 24,200,109
FY22 Projected TAC Expenditures	(128,120,100)
FY22 Projected TAC Collections	<u>126,383,300</u>
FY23 TAC Restricted Revenue Carryforward	\$ 22,463,309
FY23 Gov Rec TAC Authorization	(149,380,500)
FY23 Projected TAC Collections without Fee Increase	<u>130,000,000</u>
FY23 Projected Ending TAC Balance	<u><u>\$ 3,082,809</u></u>
FY24 Estimated TAC Collections without Fee Increase	\$ 130,000,000
FY24 Estimated TAC Authorization	<u>(152,380,500)</u>
Projected On-going TAC Fund Defecit	<u><u>\$ (22,380,500)</u></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 only be a \$3M TAC fund balance at the end of FY23. Beginning in FY24, the on-going structural deficit in the TAC fund will be \$22.4M unless TAC fund revenue is increased.



# MDOS Funding Sources

**FY 2023 Budget**



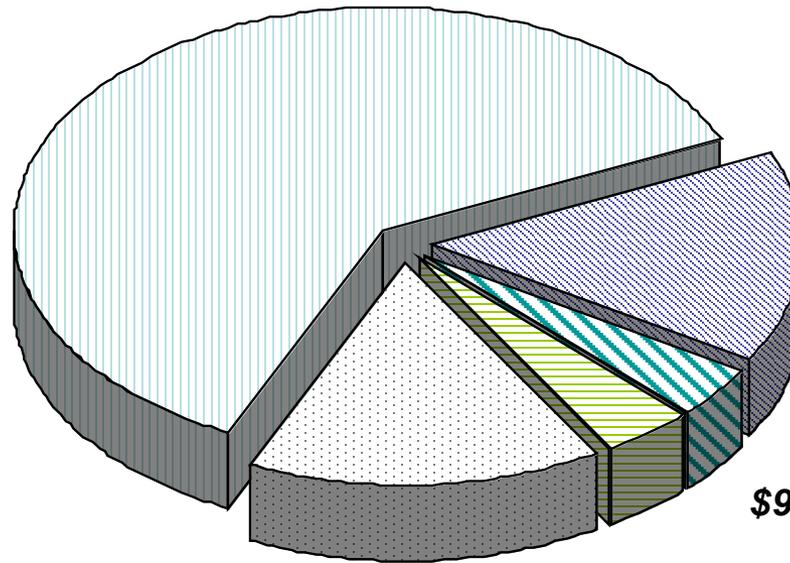
Total \$256,264,000



# Major Spending Categories

## MDOS FY 2023 Budget

**Salaries & Wages**  
**\$159,601,700**  
**62.3%**



**CSSM**  
**\$38,212,900**  
**14.9%**

**Rent**  
**\$9,961,100**  
**3.9%**

**Information  
Technology**  
**\$38,955,800**  
**15.2%**

**Postage**  
**\$9,532,500**  
**3.7%**

**Total \$256,264,000**



# MDOS Service Trends

## Driver/Vehicle Services

### Increased efficiency of office visits

- 20-minute average for office visits
- Easy to schedule visits online and by phone
- Thousands of walk-ins served daily
- 6.5 million in-person transactions in 2021

### Increased convenient non-office services

- 60% of transactions done without office visits

### Limited capacity due to prior cuts

- Branch staff cut 40% since 2001
- Branch offices cut 46% since 1980s

## Democracy Services

### Successful Elections

- Among the most secure election systems in the nation
- Continuous monitoring, maintenance and improvement of election security measures
- Voter list maintained continuously and in accordance with federal law
- Local elections conducted safely and securely in 2021
- Preparations ongoing for statewide 2022 elections with new districts for House, Senate, and Congress.



# Unfunded Requests – Critical Needs

- **SOS Supplemental Included in 2022-1 – \$5M**
  - Overtime at existing branch offices
  - Staffing for 7 new mobile branch offices
  
- **SOS Building Health and Safety Remediation – \$49.9M**
  - Near constant structural and mechanical failures threaten worker safety
  - 305 DOS employees and CARS project team
  - Ranked number 1 on DTMB capital outlay plan since 2018
  - Old warehouse converted to office space

