

Michigan Department of State

Budget Presentation, Fiscal Year 2022

March 2021



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
- MICRC



- **Collect money for the State**



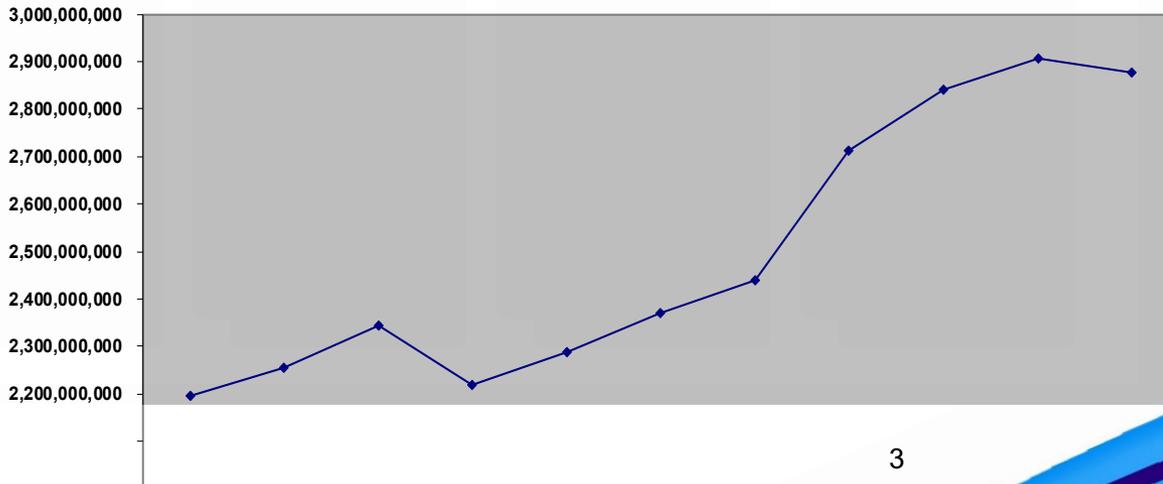
MDOS Revenue Collection

A historical fiscal year snapshot

<u>Fiscal Year</u>	<u>Total Fees Collected</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
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	\$88,834,860	3.9%
FY11	\$2,256,223,246	\$59,678,849	2.7%
FY10	\$2,196,544,397		

\$2.9 Billion
Collected in FY20

History of Revenues Collected by Fiscal Year



MDOS FY20 Disbursements

Agency	Amount
Transportation	\$ 1,400,874,025
Education	809,023,703
General Fund	386,627,074
Department of State	205,156,716
Natural Resources	39,603,361
State Police	27,917,798
Environment, Great Lakes and Energy	4,244,914
Licensing & Regulatory Affairs	1,441,470
Supreme Court	1,206,351
Agriculture	1,000,000
Treasury	579,875
Health & Human Services	167,103
Michigan Strategic Fund	112,795
Technology, Management & Budget	53,115
Total Collections	\$ 2,878,008,300

**\$2.2
Billion**
to roads and
education in FY20



MDOS Ratio of Revenues to Expenditures

FY20 MDOS Expenditures	\$250,177,753
FY20 MDOS Collections	\$2,878,008,300

Only 8.7 cents of every dollar collected was used for MDOS Operations



Michigan Department of State

FY 2022 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 Governor's Recommendation	\$12,435,600	(33% decrease from FY19)

FY21 Enacted Budget	\$254,297,500
FY22 Governor's Recommended Budget	\$252,164,300

Current Services Baseline Adjustments

■ Motorcycle Safety Fund Authorization	\$300,000
■ Reinstatement Fee Authorization Technical Adjustment	(\$1,204,300)
■ Standard Economic Adjustments	(\$1,228,900)

Total Decrease **(\$2,133,200)**



FY22 Governor's Recommendation

- Motorcycle Safety Fund Authorization Increase – \$300K
- Reinstatement Fee Authorization Decrease – (\$1.2M)
- Standard Economic Adjustments – (\$1.2M)
- \$4 Record Look Up Fee Increase
 - Provides \$19M in Revenue that is Needed to Support Current Level of Transportation Administration Collection Fund Authorization



Transportation Administration Collection Fund Revenue Shortfall

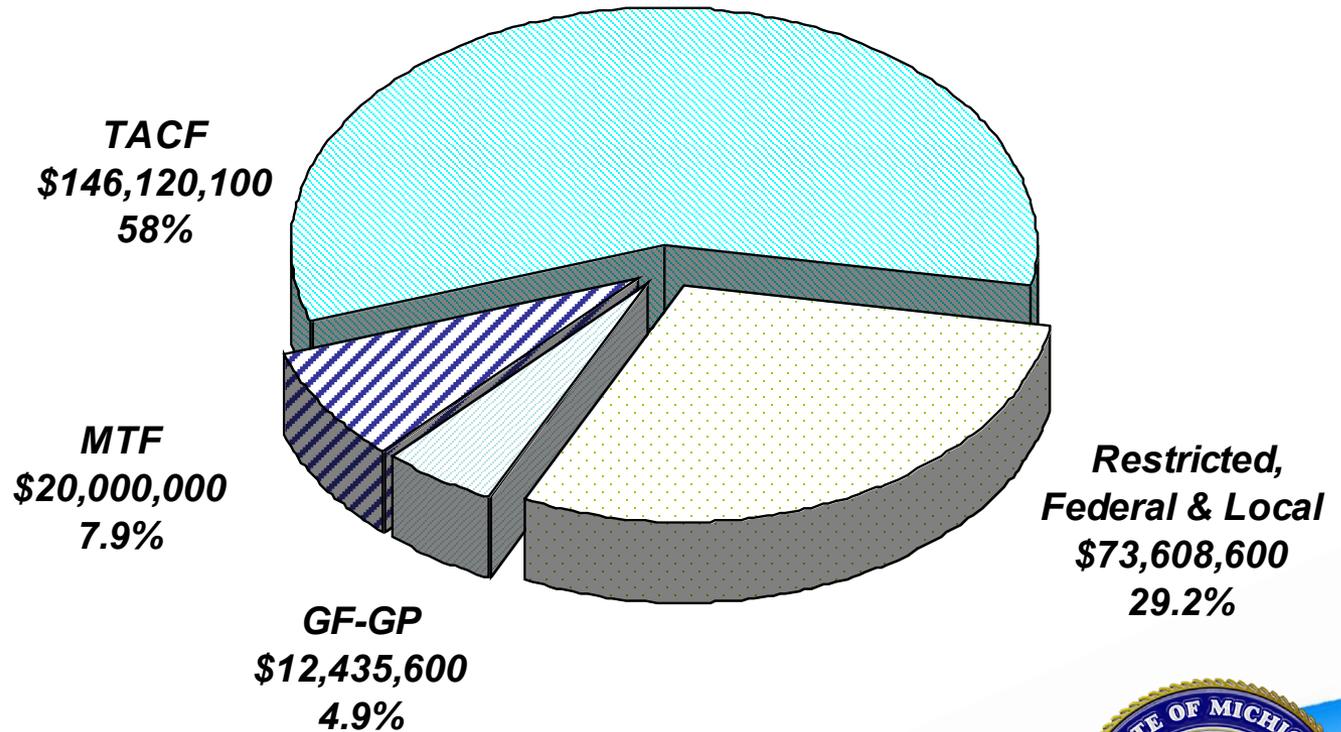
FY20 TAC Restricted Revenue Carryforward	\$ 13,413,500
FY21 Projected TAC Expenditures	(150,899,300)
FY21 Projected TAC Collections	127,741,300
FY21 Transfer from CTF	<u>18,000,000</u>
FY22 TAC Restricted Revenue Carryforward	\$ 8,255,500
FY22 Gov Rec TAC Authorization	(146,120,000)
FY22 Projected TAC Collections without Fee Increase	<u>130,000,000</u>
FY22 Projected TAC Shortfall	<u><u>\$ (7,864,500)</u></u>
FY23 Estimated TAC Collections without Fee Increase	\$ 130,000,000
FY23 Estimated TAC Authorization	<u>(149,120,000)</u>
Projected On-going TAC Fund Defecit	<u><u>\$ (19,120,000)</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 be a TAC fund shortfall of \$7.9M in FY22. Beginning in FY23, the on-going structural deficit in the TAC fund will be \$19.1M unless TAC fund revenue is increased.



MDOS Funding Sources

FY 2022 Budget



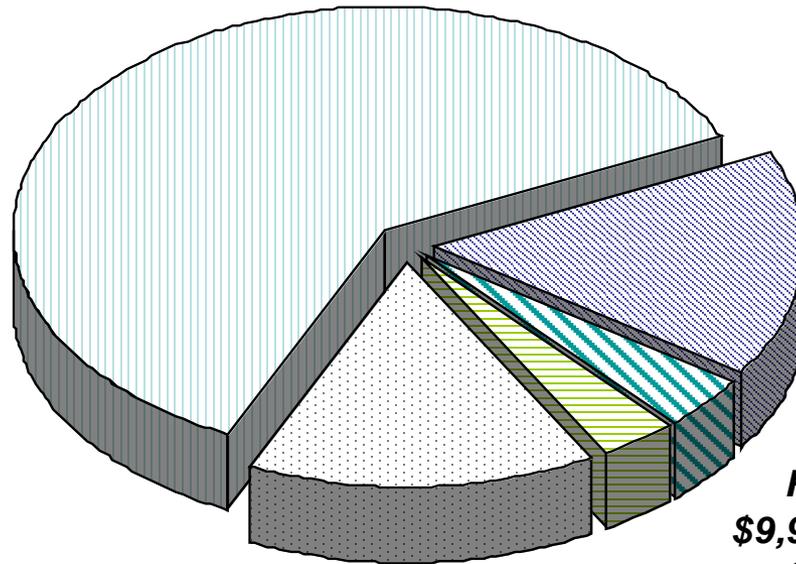
Total \$252,164,300



Major Spending Categories

MDOS FY 2022 Budget

Salaries & Wages
\$153,807,200
61%



CSSM
\$41,709,600
16.6%

Rent
\$9,902,600
3.9%

**Information
Technology**
\$38,844,900
15.4%

Postage
\$7,900,000
3.1%

Total \$252,164,300



MDOS Service Trends

Driver/Vehicle Services

Branch Capacity Cuts

- Branch staff cut 40% since 2001
- Branches cut 46% to 131 since 1980s

Expanded Remote and Self-Service Options

- 4.7 million online transactions in 2020 (86% increase)
- 1.2 million self-service station transactions in 2020 (11% increase)
- 2.2 million transactions by mail in 2020 (42% increase)
- New license/ID transactions now online and at self-service stations

Safe, Critical Service Provision

- 2.3 million appointments served from reopening June 1 through December 31, 2020
- 1,400 emergency appointments for critical workers during office closure

Democracy Services

Four Successful Elections

- Three during pandemic, all conducted safely
- 30,000 election workers recruited; PPE, hygiene supplies, technology provided to clerks statewide.
- Record November turnout of 5.5 million citizens
- 3.3 million cast absentee ballots
- All ballots counted within 24 hours of polls closing
- More than 200 audits confirmed election integrity and accuracy of results

Redistricting Commission Seated

- Near 10,000 citizens applied statewide
- 13 commissioners randomly selected in accordance with state constitution



Unfunded Requests – Critical Needs

- **SOS Building Renovation and Addition – \$49.9M**
 - Ranked number 1 on DTMB capital outlay plan
 - 305 DOS employees and CARS project team
 - Old warehouse converted to office space
 - Has exceeded building life expectancy by over 25 years
 - Building structure and operating equipment are failing
 - Mechanical failures and maintenance issues almost weekly which inhibit work processes and safety

