

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**DEPARTMENT OF STATE
PART 1: LINE ITEM DETAIL**

**2025 PA 22
FY 2025-26
Initial**

Sec. 106 (1) APPROPRIATION SUMMARY

1.	<u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, a limited number of policy-making positions in departments, members of boards and commissions, employees of State institutions of higher education, employees of the Judiciary, and employees of the Legislature.	6.0
2.	<u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	1,601.0
3.	<u>GROSS APPROPRIATION</u> - Total appropriations	\$294,983,000
4.	<u>Interdepartmental grants</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	\$20,000,000
5.	<u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	\$274,983,000
6.	<u>Federal revenue</u> - Funding allocated to the State by the Federal government.	\$1,460,000
7.	<u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	\$0
8.	<u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	\$50,100
9.	<u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	\$261,503,800
10.	<u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.	\$11,969,100
11.	<u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	\$11,715,900

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Sec. 106 (2) DEPARTMENTAL ADMINISTRATON AND SUPPORT

1.	<u>Secretary of state</u>	\$112,500
	Unclassified FTE positions	1.0
	The salary of the Secretary of State is set by the State Officers Compensation Commission due to amendments to the State Constitution approved by the voters on August 6, 2002. This line contains only the salary of the Secretary of State, costs for fringe benefits are included in the Operations line item.	
2.	<u>Unclassified positions</u>	\$828,300
	Unclassified FTE positions	5.0
	The positions funded through this line include: the Director of External Affairs, the Director of Constituent Relations, the Director of Public Affairs, and two liaisons in the Southeast Michigan Office. This line funds salaries only.	
3.	<u>Executive direction</u>	\$5,185,900
	Classified FTE positions	28.0
	This line supports the executive staff of the Department of State, including the Office of Government Affairs, the Office of Communications, and the Executive Offices in Lansing, Southeast Michigan, and Grand Rapids. Fringe benefit costs for unclassified employees are also funded through this line.	
4.	<u>Operations</u>	\$27,192,200
	Classified FTE positions	98.0
	This line supports components of department operations, including Department Services Administration, the Bureau of Administrative Services, the Bureau of Business Integration, and the Bureau of Organizational Services and the Bureau of Information Security. This Bureau includes the Internal Security Division and the Investigations Division. It also serves as the State's liaison to the National Crime Information Center for reporting auto-related crimes.	
	In FY 2016-17 funding (\$4.7 million) and FTEs (39.0) for legal services were transferred to the Legal Services unit.	

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5. <u>Property management</u>	\$11,061,800
<p>This line supports the building occupancy and rent costs for the Department. Facilities occupied by the Department include branch offices statewide, executive office space in the Capital area and Detroit, record storage at the Secondary Complex, and other office space in the General Office Building.</p>	
6. <u>Workers' compensation</u>	\$139,200
<p>This line support workers' compensation costs incurred by the Department.</p>	
Unit Gross Appropriation	\$44,519,900
State restricted revenue	\$43,453,800
State general fund/general purpose	\$1,066,100
Sec. 106 (3) LEGAL SERVICES	
1. <u>Operations</u>	\$25,588,500
Classified FTE positions	179.0
<p>This line funds the Administrative Hearings section of the Department. The program conducts hearings for drivers who are aggrieved by final decisions of the Department to restrict, suspend, revoke or place other terms and conditions on a license. Petitioners may appeal actions imposed by the agency, implied consent suspensions, or sanctions imposed as a function of law. The largest appeal population includes habitual alcohol offenders. These hearings are due process hearings required by law. Administrative staff also assist in the defense of appeals to circuit courts seeking to overturn restrictions, suspensions, or revocations taken by Department field analysts and appeal hearing officers. Each year the Department schedules approximately 14,000 hearings and processes approximately 1,700 driver license restoration appeals to circuit court. In FY 2016-17 funding of \$4.7 million and 39.0 FTEs related to legal services were transferred from the Department Services unit along with \$5.2 million and 5.0 FTEs from the Customer Delivery Services unit.</p>	
Unit Gross Appropriation	\$25,588,500
State restricted revenue	\$25,385,900
State general fund/general purpose	\$202,600

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Sec. 106 (4) CUSTOMER DELIVERY SERVICES

1. Branch operations \$99,863,100

Classified FTE positions 888.0

The most visible function of the Department of State is the operation of branch offices. Branch offices statewide provide vehicle title and registration, driver assessment, and voter registration services. The Department is making more services available through alternative methods, including mail, fax, telephone, and the Internet. Of the 16.2 million customer transactions processed by the Department in FY 2022-23, 42.7% (6.9 million) were handled in branch offices, 26.8% (4.3 million) were completed online, 12.7% (2.0 million) were received in the mail, 9.7% (1.6 million) of transactions were handled via kiosks located throughout the State, and 8.0% (1.3 million) transactions were conducted via third parties, the largest being dealerships.

2. Central operations \$54,175,500

Classified FTE positions 326.0

This line supports a number of record-keeping activities of the Department including processing requests for driver and vehicle records, maintaining records of financing statements, responsibilities pursuant to the Uniform Commercial Code, the administration of branch operations, administration of the central records program, and customer transactions that are not performed by the branch offices. The line also contains the Bureau of Regulator Services which includes the Driver Assessment and Appeal Division, the Business Licensing and Regulation Division, and the Program Operations Division. The Bureau of Regulatory Services enforces the Motor Vehicle Service and Repair Act, which regulates the auto repair industry. The Act established reporting requirements for auto body shops, provided for facility inspections by State inspectors, and instituted a record keeping system for salvage vehicle parts and major repairs. The Act also provides for penalties for violations of the statute.

The line item was created in FY 2005-06 and reorganized in FY 2011-12 to reflect the organizational structure of the Department.

In FY 2016-17 funding (\$1.2 million) and FTEs (5.0) for legal services were transferred to the Legal Services unit. Additionally, \$1.9 million and 14.0 FTEs were transferred in from the Commemorative Licenses Plates line item along with \$750,000 and 3.0 FTES from the Specialty License Plates line item.

3. Digital ID \$100,000

The budget added funding in FY 2023-24 to implement a digital ID system.

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<p>4. <u>Motorcycle Safety Education Administration</u></p> <p>Classified FTE positions</p> <p>Section 257.811a of the Michigan Vehicle Code requires the Department of State to establish and administer Michigan's Motorcycle Safety Education Program. This line item funds the administrative costs of the Program including third party testing. The Program provides grants to local units of government that provide training to riders that are required by law to complete a motorcycle safety course to be eligible to receive a motorcycle endorsement on their driver's license.</p>	<p>\$654,700</p> <p>2.0</p>
<p>5. <u>Motorcycle Safety Education Grants</u></p> <p>This program was previously funded in the Department of Education. Public Act 103 of 2003 amended the Michigan Vehicle Code to transfer the responsibility for the establishment and administration of the Motorcycle Safety Program from the State Board of Education to the Secretary of State. The Program allocates grants to colleges or universities, intermediate school districts, law enforcement agencies, or other governmental agencies that provide motorcycle safety courses pursuant to MCL 257.811a. Entities that receive grants under the Motorcycle Safety Program may not charge applicants more than a \$25 course fee. Private providers of safety courses are not subject to the \$25 limit.</p>	<p>\$2,100,000</p>
<p>6. <u>Organ donor program</u></p> <p>Language section 812 specifies that this funding is to be used to produce a pamphlet regarding organ donations. The publication is distributed with driver license and personal identification cards. The funds may be used also for printing and for postage costs for a reply form included in the pamphlet. In FY 2016-17 311,500 names were added to the State's organ donor registry bringing the total to 5.0 million registrants.</p>	<p>\$129,100</p>
<p>Unit Gross Appropriation</p>	<p>\$157,022,400</p>
<p>Interdepartmental grants</p>	<p>\$20,000,000</p>
<p>Federal revenue</p>	<p>\$1,460,000</p>
<p>Private revenue</p>	<p>\$50,100</p>
<p>State restricted revenue</p>	<p>\$134,424,900</p>
<p>State general fund/general purpose</p>	<p>\$1,087,400</p>

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Sec. 106 (5) ELECTION REGULATION

1.	<u>County clerk education and training fund</u>	\$100,000
	<p>Section 17 of Public Act 238 of 2003 authorizes the Department of State to award grants for the purpose of providing education and training programs for county clerks and their staffs including, but not limited to, notary responsibilities, election worker training, and election processes.</p>	
2.	<u>Election administration and services</u>	\$28,641,200
	Classified FTE positions	80.0
	<p>The Bureau of Election carries out the responsibilities of the Secretary of State as the election official of the State. The Bureau administers and enforces Michigan's election statutes, including the Michigan Election Law and the Campaign Finance Act. The Board of State Canvassers is housed within this Bureau. This bureau also houses the Office of the Great Seal. This office maintains the sole official Seal of the State of Michigan. Responsibilities include accepting certain documents for filing from local and State governmental agencies and certifying their authenticity, commissioning notaries public, and issuing certificates of authority and apostilles (certificates of notarization authenticity) for documents going to other countries.</p> <p>Funding was increased by \$19 million in restricted funding and 20.0 FTEs in the FY 2023-24 budget for costs to implement Proposal 1 and Proposal 2, adopted by Michigan voters in 2022.</p>	
3.	<u>Fees to local units</u>	\$109,800
	<p>County clerks receive 16 cents from the State for each voter registration application they receive and then forward it to a city or township clerk in the jurisdiction where an applicant resides. Distributions from this line are greater in years of a general or federal election, since more people register to vote for those elections.</p>	
	Unit Gross Appropriation	\$28,851,000
	State restricted revenue	\$20,555,500
	State general fund/general purpose	\$8,295,500

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Sec. 106 (6) INFORMATION TECHNOLOGY

1. Information technology services and projects \$39,001,200

Executive Order 2001-3 created the new Department of Information Technology (DIT). 101.0 FTEs were transferred to the new department from the Department of State. Executive Order 2009-55 combined DIT with the Department of Management and Budget to form the now Department of Technology, Management, and Budget (DTMB). The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges.

Most of the funding in this line was previously included in a data processing line item in the Department Services unit. The information technology activities of the Department included the maintenance of all driver, vehicle, registration, title, and election records, as well as, all data processing and system support functions. The Department conducts electronic transmittal of data to a number of governmental agencies, including the Commercial Driver Licensing Network and the Federal Selective Service. Inquiries and record look ups are requested of the Department by law enforcement officers, local units of government, insurance companies, banking and credit institutions, and other State departments and agencies.

In FY 2016-17 the Look-Up fee was increased from \$8 per record requested to \$11 per record requested. This resulted in an estimated \$14.1 million in additional restricted revenue for FY 2016-17.

Unit Gross Appropriation	\$39,001,200
State restricted revenue	\$37,683,700
State general fund/general purpose	\$1,317,500

Sec. 106 (7) ONE-TIME APPROPRIATIONS - NONE

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Section Number	Description and History
701	<p><u>Contingency Fund Appropriations.</u> Provides that a limited amount of Federal, State Restricted, local, and private revenues that come in during the year, such as a new Federal grant, can be appropriated upon approval of a contingency fund transfer to a line item by the Appropriations Committees of both houses of the Legislature. Contingency fund transfers are limited to the following revenue amounts for FY 2024-25: \$1,500,000 Federal, \$1,500,000 State Restricted, \$50,000 local, and \$100,000 private.</p> <p>Background: Contingency fund language was re-inserted in FY 2007-08.</p>
703	<p><u>Commercial Look-Up Fee.</u> Requires the Department to provide quarterly reports on record lookup fees that include the number of records sold and the revenues collected as authorized in section 208b of the Michigan vehicle code. the sale of certain records for \$11.00 per record sold as limited by the Michigan Vehicle Code. Revenue received is credited to the Transportation Administration Collection Fund.</p> <p>Background: MCL 257.208b(1) requires the Legislature to set the lookup fee annually, which is done in this section. It generates approximately \$35.0 million annually, of which \$800,000 is due to list sales. The fee was increased from \$6.55 to \$7.00 in FY 2003-04 and from \$7.00 to \$8.00 in FY 2013-14. Prior to FY 2005-06, revenue remaining at the end of the fiscal year lapsed to the State General Fund. In FY 2016-17 the fee was increased from \$8.00 to \$11.00 per record requested with an estimated increase in revenue totaling \$14.1 million for FY 2016-17. The fee was increased in FY 2023-24. Revised in FY 2024-25 to eliminate the reference to the fee amount as is it now in statute and only requires the report as note above.</p> <p>Background: First included in FY 2021-22. Language deleted in FY 2023-24.</p>
705	<p><u>Gifts and Donations for Advertising.</u> (1) Authorizes the Department of State to accept gifts, donations, contributions and grants for the purpose of underwriting costs of the departmental publication authorized by the Motor Vehicle Code. Allows private or public funding sources to receive recognition in the publication and provide traffic safety messages in the publication. (2) The Department may sell and accept advertising for placement in the publication. (3) Provides for deposit in the Department's publication fund. Appropriates funds upon receipt and (4) provides for carry forward. (5) Requires annual report regarding receipts and expenditures. (6) The Department may provide free copies and may sell publications or manuals with the receipts credited to the Publications Fund.</p> <p>Background: This section was included in the mid 1990's in an effort to offset some of the Department's substantial printing costs by raising private funds. It allows the Department to collect and expend funds that are not included in line items. Beginning in FY 2025-26, report is only required if funds are actually received.</p>
707	<p><u>Motor Vehicle Code.</u> Appropriates funds for the publication of the Motor Vehicle Code. Provides for expenditure of funds when received. Funds shall not lapse to the General Fund.</p> <p>Background: Revenue from this section depends on how frequently the Department publishes and sells copies of the Vehicle Code. Approximately \$100,000 in revenue is generated in the years this publication is made available.</p>
708	<p><u>Traffic Accident Records Program.</u> Requires the Department of State to use available balances at the end of the fiscal year to pay \$332,000 to the Department of State Police for the traffic accident records program.</p> <p>Background: The Department of State is billed by the State Police for reimbursement related to this program. The payment was increased in FY 2008-09 from \$331,400 to \$332,000.</p>

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Section Number	Description and History
709	<p><u>Cash Shortages.</u> Authorizes the Department to restrict funds from miscellaneous revenue to cover cash shortages created from normal branch office operations. Maximum of \$50,000 of miscellaneous revenue.</p> <p>Background: The Department records approximately \$30,000 per year in cash shortages. The Department is trying to move more services away from the branches and towards the Internet, mail, telephone, or self-service stations similar to a cash register-type system for processing at a branch terminal.</p>
711	<p><u>Collector and Fundraising Plates.</u> Provides for distribution of revenue from the fundraising plates to the sponsoring university, or the sponsoring public or private agency.</p> <p>Background: This section allows the Department to collect and distribute the donations made to the respective university or agency plate programs.</p>
713	<p><u>Organ Donor Public Information Program.</u> Provides that the Department of State may develop and administer a public information campaign concerning the Michigan Organ Donor Program. Authorizes solicitation of private or public funds for the program. Provides for carry forward of funds. Provides for the production of an informational pamphlet and return postage costs for the organ donor program. Authorizes the Department to receive and expend funds from the Organ and Tissue Donation Education Fund in addition to amounts appropriated in Part 1. A report must be submitted to the legislature by March 1 detailing the amount of revenue collected, the purpose of each expenditure, and the amount of revenue carried forward.</p> <p>Background: This section allows the Department to solicit private funds for the public information campaign to partially offset the cost of the campaign. The Department creates the Michigan donor list for the Gift of Life organization. The pamphlets are included in mailings regarding driver license and personal identification card renewals. The reporting requirement becomes effective beginning with FY 2017-18.</p>
714	<p><u>Branch Office Closings.</u> Requires at least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or at least 60 days prior to relocations, that the department of state inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. Also includes costs for new leased facilities and expansions or current leased space. However, if the consolidation of a branch office is with another branch office located within the same local unit of government or if the relocation of a branch office is within the same local unit of government, then the notification described above is not required.</p> <p>Background: This section was first included in FY 2002-03. Three branch offices were closed in FY 2001-02 in order to meet appropriation reductions. The language was added in reaction to these closings. The section originally required the Department to consult with the Senate and House General Government Appropriation Subcommittees regarding the closing or consolidation of any branch offices. The language was modified in FY 2004-05 as a result of the Department of State's April 26, 2004, Branch Optimization Plan. In FY 2013-14, language was added regarding the consolidation or relocation of branch offices within the same local units of government. Deemed unenforceable for FY 2024-25.</p>

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Section Number	Description and History
715	<p><u>Credit Card Service Assessments.</u> Provides that any service assessment collected by the Department of State from the user of a credit or debit card is appropriated to the Department of State for expenses related to that service. Limits charge by the Department of State to not more than the costs billable to the Department for service assessments. Provides for carry forward of funds.</p> <p>Background: This section was first included in an FY 2002-03 Supplemental Appropriation Bill (2003 PA 39). Language amended in FY 2010-11 by deleting the automatic appropriation language since it is now a line item in the bill.</p>
716	<p><u>In-Person Branch Office Services.</u> Requires the Department of State to provide adequate in- person services as defined in section 1a of the Michigan vehicle code, 1949 PA 300, MCL 257.1a.</p> <p>Background: First included in FY 2025-26.</p>
717	<p><u>Non-Monetary Gifts and Donations.</u> Allows the Department to accept non-monetary gifts, donations or contributions from private or public sources to support licensing, regulatory, or safety departmental functions.</p> <p>Background: First included in FY 2007-08. Language was added to ensure that any gifts or donations made to the Secretary of State are restricted for use to fund legitimate departmental functions. Modified in FY 2021-22 to allow for the gifting of motorcycles. Modified in FY 2023-24 to remove stipulation for nonmonetary gifts and to remove specification for receiving donations of motorcycles for safety training and testing. Beginning in FY 2025-26, report is only required if funds are actually received.</p>
718	<p><u>Election Regulation Expenditures.</u> Provides for the proper expenditure of election regulation funding in accordance with election law.</p> <p>Background: First included in FY 2023-24.</p>
719	<p><u>Election Security Grant Program Report.</u> Requires the department to submit a report on all funding allocated to counties, cities, and townships from the funds appropriated in part 1 for election administration and services. The report must include the amount and purpose of each payment provided to a county, city, or township.</p> <p>Background: First included in FY 2022-23. Revised ad seen above in FY 2024-25.</p>
720	<p><u>Election Reporting.</u> Requires a report on election voter registration records thar are updated s based on voter registration update notices mailed out to dormant voters.</p> <p>Background: First included in FY 2025-26.</p>
722	<p><u>Legacy System Replacements.</u> Requires the Department to submit an expense report related to CARS and must include itemized expenditures made on behalf of CARS by fund source in the immediately preceding fiscal year and projected expenditures to be made on behalf of CARS in the current fiscal year and the next fiscal year.</p> <p>Background: First included in FY 2016-17 to ensure the upgrade of the system and a new mainframe system. Revised as above in FY 2024-25. Deleted in FY 2025-26.</p>
724	<p><u>Timely Reimbursements to Counties.</u> The Department must reimburse a county, city, or township for allowable expenses not later than 60 days after the Department receives a bill for allowable expenses and all necessary documentation from the</p> <p>Background: First included in FY 2024-25.</p>

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Section Number	Description and History
725	<p><u>Legacy Costs.</u> For FY 2025-26, total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2026 are estimated at \$18,648,000.00. From this amount, total department of state appropriations for pension-related legacy costs are estimated at \$16,819,300.00. Total department of state appropriations for retiree health care legacy costs are estimated at \$1,828,700.00.</p> <p>Background: First included in FY 2025-26.</p>
728	<p><u>Systematic Reviews of the Qualified Voter File (QVF).</u> Requires the Department to conduct systematic reviews of the QVF by comparing information in it with the department's driver and identification data. The department must ensure that a notification is sent to individuals whose voter registration status is in question to verify information before it is cancelled.</p> <p>Background: First included in FY 2025-26.</p>