

INCREASE VITAL RECORD FEES

Senate Bill 56 (Substitute H-1) First Analysis (5-24-01)

Sponsor: Sen. John J. H. Schwarz, M.D.
House Committee: Health Policy
Senate Committee: Appropriations

THE APPARENT PROBLEM:

The Department of Community Health (DCH) maintains the state's vital records, certificates of births, deaths, marriages, or divorces; acknowledgments of parentage; and other related data. The department reports that it has over 30 million vital records, some dating back to 1867, and that it receives about 325,000 new vital records each year. Vital records are used for a variety of purposes. In addition to their use to verify identification (for employment, adoption, international travel, qualification for survivor, veterans', and public benefits), vital records also are used to compile vital statistics and for historical purposes. According to the department, although the number of requests for vital records varies somewhat from week to week, recently the number of weekly requests has been around 3,000 – double what it was only a year ago – and requests sometimes reach 4,000 a week.

Fees for copies of vital records, including searching for the record, are set statutorily in the Public Health Code, and were last increased in 1992 by Public Act 78. According to the Department of Community Health, the current fee schedule does not support the department's costs in providing and maintaining vital records. In addition, the department has embarked on a five-year program to modernize the vital records system, at a cost of \$870,000. At the department's request, legislation has again been introduced to increase the fees for the department to search for and provide vital records.

THE CONTENT OF THE BILL:

The bill would amend the Public Health Code to increase the fees charged for providing vital records, to revise the current language referring to vital records, and to require that the fees charged for providing vital records be used to maintain the vital records program only and "to alleviate any burden to the taxpayers to provide this worthwhile program."

Fees. More specifically, the current fees would be increased as follows:

- A search including one certified, "administrative use", or "statistical use" copy of a vital record, or an official statement by the state registrar that a vital record could not be located: From the current \$13 to a proposed \$15;
- Additional identical copies ordered at the same time: from the current \$4 to \$5 per copy;
- Additional years searched: from the current \$4 to \$4 "per year";
- An "authenticated copy" (instead of the current "exemplified copy"): from the current \$16 to \$18;
- Additional "authenticated" (instead of the current "exemplified") copies ordered at the same time: from the current \$7 to \$8 "per copy"; and
- Verification of certain confidential or privileged information: from the current \$4 to \$5.

In addition, the bill would add a new \$5 fee for a request for an expedited search for a vital record, and would increase the current \$5 fee for a search and one certified copy of the birth record of someone over 65 to \$7.

Fees for the establishment of a delayed certificate of birth or death (that included one certified copy or an official denial of the application) would be increased from the current \$26 to a proposed \$30, and fees for the registration of a delayed certificate of a birth for a foreign born adopted child (that included one certified copy) would be increased from the current \$13 to a proposed \$30. Current \$26 fees would not change for applications to correct or amend birth or death records, or to create a new certificate of birth following an adoption, a legal change of names for minors, an acknowledgment of paternity, sex change, legitimation [the act of legalizing a child born before

marriage], order of filiation [that is, declaring whose child an individual is], or a request to replace a court-filed certificate of adoption.

Other provisions. People entitled to veterans' benefits are not charged a fee for one certified copy of a vital record for the purpose of securing the benefit. The bill would add a new requirement that the state registrar label such certified copies of vital records with the statement "For veterans' benefits only, not for personal use."

Similarly, copies or certified copies of vital records must be furnished by the state registrar or a local registrar without a charge for official use only to a court, a department, agency, or political subdivision of the state, the United States, or another state, a licensed child placing agency for adoption purposes, or to an official registrar of a foreign country. Such copies must be marked "for official use only." The bill would amend these provisions to strike references to courts, departments, agencies, or political subdivisions of the state, the United States, or another state, or to an official registrar of a foreign country, leaving only adoption agencies eligible to receive free copies of vital records, and requiring that "For adoption purposes only, not for personal use" be put on the vital record furnished free of charge to the adoption agency.

Finally, the bill would strike language referring simply to "copies," and to "certificates of registration," and instead add references to "administrative use" and "statistical use" copies, in addition to certified copies of vital records.

MCL 333.2891

HOUSE COMMITTEE ACTION:

The House Health Policy Committee adopted a substitute for the bill, incorporating an amendment to specify that the vital record fees "shall be used for the maintenance and sustenance of the vital records fees program only. The fees shall alleviate any burden to the taxpayers to provide this worthwhile program."

BACKGROUND INFORMATION:

A similar bill, Senate Bill 1301, passed the Senate last year but died in House committee. In addition to raising fees for vital records, the bill also included a controversial "escalator" provision that would have allowed the Department of Community Health to annually increase vital record fees by a percentage

amount equal to not more than the average percentage wage and salary increase granted that fiscal year to classified DCH employees.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would increase revenues for the vital records program up to \$350,000 annually. A \$200,000 increase in the Department of Community Health's fiscal year 2000-2001 budget was enacted in the summer of 2000, contingent upon amendment to the Public Health code in which fees are set. The intent of the budgeted increase of \$200,000 is to fund the implementation of enhanced electronic transferral of vital record events between locally based entities and the state vital records system. The DCH budget for fiscal year 2001-2002, as currently awaiting Senate action, retains the \$200,000 increase in authorization and the contingency language. (5-8-01)

ARGUMENTS:

For:

Requests for vital records have been increasing in recent years, as have the number of vital records that the Department of Community Health is responsible for storing and maintaining. The department reports, moreover, that over half of the requests for vital records come from out of state, so it makes sense to increase the fees to cover costs rather than to request more general appropriations, which come from Michigan taxpayer dollars. In addition to the increased inflationary costs of providing vital records services to people, the department also is in the process of a five-year vital records system electronic upgrade, with an estimated cost of \$840,000. Currently, many methods the department uses for handling requests for vital records are time- and labor-intensive, and in order to respond in a more timely way to requests for vital records the department needs to continue to upgrade and maintain electronic systems to provide services electronically. A vital records web site was first implemented in 1998 and upgraded in the past year to allow online ordering of birth certificates and other vital records. The increased fees would help pay for this electronic system upgrade, while also paying for inflationary supplies and services costs to the department (which includes staffing costs, postage, paper, envelopes, telephones, vendor costs for special certificate safety paper, microfilming of records, and secured storage offsite for original records and original microfilm copies).

Against:

While most of the fee increases seem reasonable, the fee for establishing a delayed certificate of birth for a foreign-born adopted child would be more than doubled, from its current \$13 to a proposed \$30. This is much greater than the other proposed fee increases, which mostly are \$2, but which range from a low of \$1 (to a proposed \$5 for verification of facts) to a high of \$4 (to a proposed \$30 for an application for delayed birth or death certificates).

Response:

The Department of Community Health reports that it changed the way it handles foreign-born adoption records about ten years ago. Before that time, the department simply filed the court action and made a copy of the court indication upon request. Now, however, the department creates an actual birth certificate, which takes a great deal of time to do because the information must be verified. For example, foreign language documents must be read, contacts sometimes must be made with the country of birth, and other investigative efforts may be needed to ensure that the birth record is correct. The department reports that a sample study indicated that the average cost of providing this service is about \$30, which is less than the proposed fee increase. Reportedly when the vital records fees were last increased in 1992, the fee for establishing a delayed certificate of birth for a foreign-born adopted child was inadvertently left unchanged. It is only fair and sensible to increase this fee, which has been much too low for the past decade.

Against:

The bill does not go far enough. Even the proposed increased fees would not match what the Department of Community Health would have been able to charge for vital records had the fees increased over the years to match inflation. Each time the cost of vital records services exceed the revenue provided by the fees, the department has no recourse but to request the legislature to enact new legislation raising the fees. Last year's proposed legislation would have allowed the department to increase fees to the extent that its labor costs increased, and it would make sense to consider some such mechanism again.

Response:

Almost every time the legislature increases fees, someone asks whether these fee increases aren't just an alternate form of taxes. Since the legislature is the branch of government responsible for raising revenues for state services, the legislature properly should retain its ability to increase fees for state services instead of abdicating this responsibility to the executive branch. In fact, some people would

argue that a vital state service such as vital records (which are necessary, for example, to establish a legal identity) should *not* be funded entirely out of fees but, as a proper and necessary function of state government, out of the state general fund. While even the proposed fee increases may seem moderate to middle- and upper-income people, for low-income and poor people even these increases may impose an undue financial burden on a service vital to many areas of their lives.

POSITIONS:

The Department of Community Health supports the bill. (5-22-01)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.