

**D16A06
Secretary of State**

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04 Change</u>	<u>FY 05</u>	<u>FY 04-05 Change</u>
Operations	\$2,541	\$2,469	\$2,374	-\$167	\$2,472	\$98
Contractual Services	459	377	482	23	453	-29
Grants	0	0	0	0	0	0
Contingent & Back of Bill Reductions	0	0	0	0	-12	-12
Adjusted Grand Total	\$2,999	\$2,846	\$2,856	-\$143	\$2,913	\$57
General Funds	2,496	2,459	2,361	-135	2,439	78
Contingent & Back of Bill Reductions	0	0	0	0	-12	-12
Adjusted General Funds	\$2,496	\$2,459	\$2,361	-\$135	\$2,427	\$66
Special Funds	503	387	495	-8	486	-9
Adjusted Grand Total	\$2,999	\$2,846	\$2,856	-\$143	\$2,913	\$57
Annual % Change		-5.1%	0.4%		2.0%	

- Cost containment amendments reduced the Secretary of State general fund appropriation \$46,000 in fiscal 2002; \$155,313 in fiscal 2003; and \$55,000 in fiscal 2004.
- Total funds increase by \$56,444 (2.0%) over the fiscal 2004 working appropriation. The increase includes a \$65,553 increase in general funds offset by a \$9,109 decrease in special funds.

Note: Numbers may not sum to total due to rounding.

For further information contact: Martin L. Levine

Phone: (410) 946-5530

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	38.6	37.6	34.6	-4.0	34.6	0.0
Contractual FTEs	2.2	2.7	1.6	-0.6	1.4	-0.2
Total Personnel	40.8	40.3	36.2	-4.6	36.0	-0.2

Vacancy Data: Regular Positions

Turnover Expectancy	1.36	3.93%
Positions Vacant as of 12/31/03	4.00	11.56%

As of the release of vacancy data from the Department of Budget and Management, there were four vacancies. Since then, three vacancies remain:

- International Relations Assistant – this position has been vacant since February 2003. The Director of International Relations, hired in November 2003, is now searching for an assistant. The vacant position carries a salary and fringe benefit total of \$38,483.
- Charities Investigator – This position has been vacant since October 2003. The position is responsible for investigating potentially fraudulent charitable organizations. The position carries a salary and fringe benefit total of \$53,106.
- Information Technology Assistant – This position has been vacant since December 2003 and carries a benefit package totaling \$50,421.

This brings the total vacancy amount to \$142,010.

Analysis in Brief

Recommended Actions

	<u>Funds</u>
1. Reduce out-of-state travel.	\$ 3,500
Total Reductions	\$ 3,500

D16A06 – Secretary of State

D16A06
Secretary of State

Operating Budget Analysis

Program Description

The Secretary of State attests to the Governor's signature on all public papers and documents; certifies documents for interstate and international transactions; registers trademarks, service marks, and insignia; administers the Notary Public laws; processes extradition of prisoners to and from other states; administers Special Police Commissions; registers charitable organizations, professional fundraisers, and solicitors and educates the public concerning charitable organizations and solicitations; and represents the State of Maryland and the executive department in intergovernmental and international affairs. The office processes extraditions and maintains a docket on pardons. The Charitable Giving Information Program, a component of the Charities and Legal Services Division, registers, regulates, investigates, and informs the public about charitable organizations and professional solicitors. The Division of State Documents (DSD) compiles and publishes all the State's administrative regulations in the *Maryland Register* and *Code of Maryland Regulations* (COMAR). Through these activities, the Secretary of State addresses the need for:

- strengthening and enhancing Maryland's role and influence in international affairs;
- obtaining accurate financial information from charitable organizations required to register with the Office of the Secretary of State;
- utilizing technology to increase citizen access to information; and
- promoting public access to State government regulations.

Performance Analysis: Managing for Results

In order to evaluate performance of the Secretary of State, it is helpful to look to the goals of the agency. The Managing for Results measures should be tied to the mission and objectives of the agency. One side of the agency is responsible for the certification of documents and registration of various people and organizations, while the other side of the agency publishes and maintains certain State documents.

Objective 1.1 aims to receive all filings for the *Maryland Register* on-line by fiscal 2006. As of fiscal 2004, none of the documents are filed electronically. Due to the fiscal condition of the State, an information technology project to create an on-line filing system has been delayed in recent years, and will not be funded in fiscal 2005. However, of the estimated 1,900 documents filed for the *Maryland Register* in fiscal 2005, the Secretary of State anticipates 600 will be submitted electronically. **The Secretary of State should comment on how this will occur without funding for the web-based filing initiative.**

D16A06 – Secretary of State

The Secretary of State also ensures that the charitable organizations required to register with the Office of Secretary of State submit accurate and comprehensive financial statements. Charitable organizations that raise more than \$25,000 per year and organizations that submit a new or renewal application with missing documents are required to submit financial statements for review. Financial statements revealing inconsistencies are flagged for review. Eighty-four such statements were submitted in fiscal 2003, and the office anticipates 90 such statements in fiscal 2004 and 2005.

The office also seeks to comply with the E-Government Initiative, which requires the agency to web enable 50% of business processes by 2002, 65% by 2003, and 80% by 2004. The office has made 79% of constituent-used data accessible on-line in fiscal 2003 and aims to meet this again in 2004. This seems realistic, given the office's improvement in the last year.

Finally, the office seeks to aid Maryland citizens in making wise decisions when giving to charitable organizations. The office holds seminars for citizens to aid them in these choices and also fields questions from the public. As shown in **Exhibit 1**, the number of inquiries has increased from 8,838 in fiscal 2002 to an estimated 12,000 in fiscal 2005.

Fiscal 2004 Actions

Impact of Cost Containment

\$55,000 in general funds was eliminated to account for rent no longer being paid since the move to the Jeffery Building on Francis Street.

Governor's Proposed Budget

As shown in **Exhibit 2**, the fiscal 2005 allowance reflects a \$77,733 increase in general funds. While personnel costs increase a total of approximately \$162,000, this is offset by decreases cost of Internet services and the elimination of rent charges. Out-of-state travel increased \$3,500, to accommodate more trips for sister state programs overseas. **In light of the fiscal condition of the State, the Department of Legislative Services (DLS) recommends that this increase be eliminated to remain at fiscal 2004 levels.**

**Exhibit 1
Program Measurement Data
Secretary of State
Fiscal 2001 – 2005**

	<u>Actual 2001</u>	<u>Actual 2002</u>	<u>Actual 2003</u>	<u>Est. 2004</u>	<u>Est. 2005</u>	<u>Ann. Chg. 01-03</u>	<u>Ann. Chg. 03-05</u>
File 100% of Maryland Register documents electronically by 2006	0%	0%	0%	0%	32%	n/a	n/a
Percentage of total registered Charitable Organizations required to submit financials	74%	73%	79%	80%	81%	3.3%	1.3%
Financial statements from charitable organizations flagged for review	53	94	84	90	90	25.9%	3.5%
Percentage of constituent-used data accessible on-line	68%	72%	79%	79%	79%	7.8%	n/a
Requests for information about charities' registration status	n/a	8,838	11,740	12,000	12,000	n/a	1.1%

Source: Secretary of State

Exhibit 2
Governor's Proposed Budget
Secretary of State
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$2,459	\$2,361	\$2,439	\$78	3.3%
Contingent & Back of Bill Reductions	0	0	-12	-12	
Adjusted General Funds	\$2,459	\$2,361	\$2,427	\$66	2.8%
Special Funds	\$387	\$495	\$486	-\$9	-1.8%
Adjusted Grand Total	\$2,846	\$2,856	\$2,913	\$57	2.0%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$28
Turnover adjustments and cost containment restoration	36
Employee and retiree health insurance	15
Workers' compensation premium assessment	56
Other	15

Other Changes

Change in Internet service providers	-20
Elimination of rent at Margaret Street location.....	-73
Reduction in motor fleet	-3
Increase in out-of-state travel for sister state programs	4
Other	-2

Total **\$57**

Note: Numbers may not sum to total due to rounding.

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce out-of-state travel. In light of the fiscal condition of the State, out-of-state travel should be reduced to \$6,500 to remain at fiscal 2004 levels.	\$ 3,500	GF
Total General Fund Reductions	\$ 3,500	

Current and Prior Year Budgets

Current and Prior Year Budgets Secretary of State (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$2,638	\$493	\$0	\$0	\$3,131
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	9	0	0	9
Cost Containment	-157	0	0	0	-157
Reversions and Cancellations	-22	-115	0	0	-137
Actual Expenditures	\$2,459	\$387	\$0	\$0	\$2,846
Fiscal 2004					
Legislative Appropriation	\$2,416	\$495	\$0	\$0	\$2,911
Cost Containment	-55	0	0	0	-55
Budget Amendments	0	0	0	0	0
Working Appropriation	\$2,361	\$495	\$0	\$0	\$2,856

Note: Numbers may not sum to total due to rounding.

Fiscal 2003

- The cost containment amendment reverted \$155,313 in general funds from the Office of the Secretary of State along with \$1,760 from the statewide reduction in the subsidy for free transit ridership for State employees.
- The Office of the Secretary of State received \$9,296 to increase the salary of the Secretary of State per the recommendation of the 2002 Governor’s Salary Commission. Funds were authorized to be transferred from the Dedicated Purpose Account through the Budget Reconciliation and Financing Act of 2002.
- In an effort to restrict spending, the Office of the Secretary of State reverted general funds in the amount of \$38,743 from computer and software expenses and \$38,815 in postage and telecommunications expenses.

Fiscal 2004

- \$55,000 in general funds was eliminated in the 2004 cost containment action, to account for rent no longer being paid after the move of the Division of State Documents to the Jeffery Building on Francis Street.

**Object/Fund Difference Report
Secretary of State**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	37.60	34.60	34.60	0	0%
02 Contractual	2.70	1.60	1.40	-0.20	-12.5%
Total Positions	40.30	36.20	36.00	-0.20	-0.6%
Objects					
01 Salaries and Wages	\$ 1,953,917	\$ 1,937,816	\$ 2,099,969	\$ 162,153	8.4%
02 Technical & Spec Fees	46,361	99,290	99,479	189	0.2%
03 Communication	201,928	117,722	124,594	6,872	5.8%
04 Travel	18,728	25,100	22,500	-2,600	-10.4%
06 Fuel & Utilities	0	1,000	0	-1,000	-100.0%
07 Motor Vehicles	17,096	14,410	11,414	-2,996	-20.8%
08 Contractual Services	377,308	482,043	452,623	-29,420	-6.1%
09 Supplies & Materials	47,980	47,300	56,811	9,511	20.1%
10 Equip - Replacement	22,464	18,500	16,000	-2,500	-13.5%
11 Equip - Additional	8,904	17,617	24,000	6,383	36.2%
13 Fixed Charges	151,208	91,990	17,522	-74,468	-81.0%
14 Land & Structures	0	3,500	0	-3,500	-100.0%
Total Objects	\$ 2,845,894	\$ 2,856,288	\$ 2,924,912	\$ 68,624	2.4%
Funds					
01 General Fund	\$ 2,458,735	\$ 2,361,379	\$ 2,439,112	\$ 77,733	3.3%
03 Special Fund	387,159	494,909	485,800	-9,109	-1.8%
Total Funds	\$ 2,845,894	\$ 2,856,288	\$ 2,924,912	\$ 68,624	2.4%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.