

**D16A06  
Secretary of State**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,308	\$2,451	\$2,239	-\$212	-8.7%
Special Fund	<u>385</u>	<u>486</u>	<u>436</u>	<u>-50</u>	<u>-10.3%</u>
<b>Total Funds</b>	<b>\$2,693</b>	<b>\$2,937</b>	<b>\$2,675</b>	<b>-\$262</b>	<b>-8.9%</b>
Contingent & Back of Bill Reductions			-11	-11	
<b>Adjusted Total</b>	<b>\$2,693</b>	<b>\$2,937</b>	<b>\$2,663</b>	<b>-\$273</b>	<b>-9.3%</b>

- The 9.3% reduction in funding from fiscal 2005 to 2006 is primarily due to the abolition of two positions, the transfer of one position to another agency, and a decline in workers' compensation costs.

***Personnel Data***

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	34.60	34.60	31.60	-3.00
Contractual FTEs	<u>1.10</u>	<u>1.40</u>	<u>1.40</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>35.70</b>	<b>36.00</b>	<b>33.00</b>	<b>-3.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	1.38	4.36%
Positions Vacant as of 12/31/04	2.00	5.78%

- The fiscal 2006 allowance abolishes two regular positions and transfers one to the Governor's Office of Community Initiatives.

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

For further information contact: Brian Baugus

Phone: (410) 946-5530

## ***Analysis in Brief***

---

### **Major Trends**

***Expected Increase in Registered Charities:*** One of the functions of the office is to register State charities. The number of charities has increased steadily in recent years, a trend that is expected to continue.

***Expected Increase in Information Regarding Charities:*** The number of public inquiries about charities has been increasing.

### **Recommended Actions**

1. Concur with Governor's allowance.

**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:

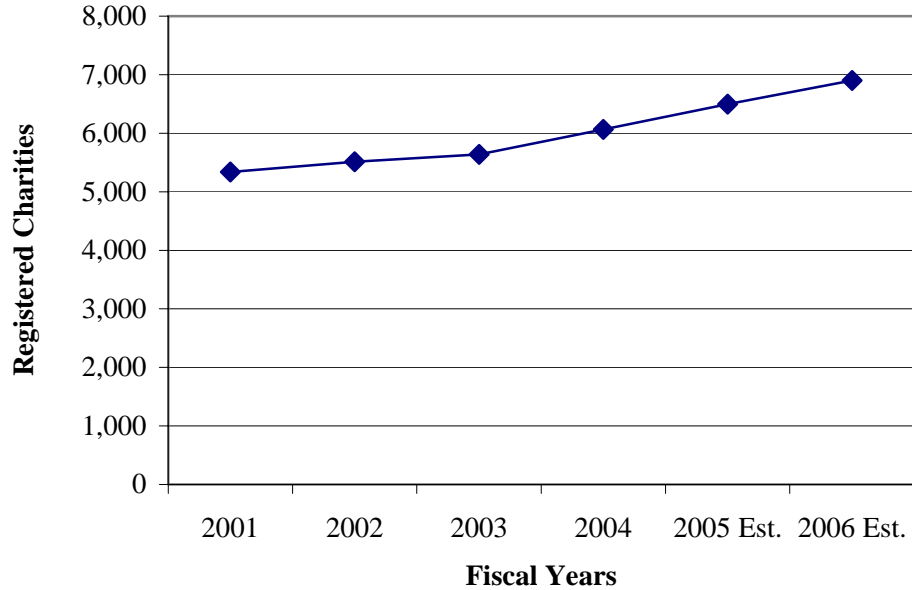
- strengthening and enhancing Maryland's role and influence in international affairs;
- obtaining accurate financial information from charitable organizations required to register with the Office of the Secretary of State;
- utilizing technology to increase citizen access to information; and
- promoting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

**Performance Analysis: Managing for Results**

**Expected Increase in Registered Charities**

One of the functions of the Secretary of State is to register State charities. **Exhibit 1** shows the increase in the number of registered charities from fiscal 2001 through 2004.

**Exhibit 1**  
**Number of Registered Charities**  
**Fiscal 2001 – 2006**



Source: Secretary of State

---

Based on fiscal 2006 estimates, the number of registered charities will have increased 29% between fiscal 2001 and 2006 and 6.2% between fiscal 2005 and 2006.

### **Expected Increase in Information Requests Regarding Charities**

Perhaps not surprisingly, given the trend noted above, the number of public inquiries about charities has been increasing as well. Based on fiscal 2006 expectations, the number of inquiries from the public regarding charities in the State will have increased 22% between fiscal 2003 and 2006.

**The office should be prepared to comment on how the expected increase in charities and information requests will affect its workload and its ability to accomplish its mission.**

## **Fiscal 2005 Actions**

The Secretary of State consolidated its office space in fiscal 2005, which results in a general fund rent savings of \$79,540. The office was in two locations, but all functions are now located in a State-owned building.

## **Governor's Proposed Budget**

**Exhibit 2** details the Governor's fiscal 2006 allowance, which decreases by \$273,000 (9.3%) from the fiscal 2005 working appropriation.

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

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Total</u></b>
2005 Working Appropriation	\$2,451	\$486	\$2,937
2006 Governor's Allowance	2,239	436	2,675
Contingent & Back of Bill Reductions	<u>-11</u>	<u>0</u>	<u>-11</u>
<b>Adjusted Allowance</b>	<b>\$2,228</b>	<b>\$436</b>	<b>\$2,663</b>
Amount Change	-\$223	-\$50	-\$273
Percent Change	-9.1%	-10.3%	-9.3%

**Where It Goes:**

**Personnel Expenses**

Increments and other compensation .....	\$42
Employee and retiree health insurance.....	13
Other fringe benefit adjustments .....	9
Decrease due to the abolition of two vacant positions and the transfer of one filled position.....	-178
Workers' compensation premium assessment .....	-81

**Other Changes**

Postage costs rise due to an increased number of charities and the cost of mailing the Code of Maryland Regulations .....	20
Decrease in advertising to be in line with the historical average .....	-10
Decrease in use of Annapolis Data Center .....	-15
Decrease in purchase of binders and similar materials used for various materials the office mails, such as State documents .....	-24
Decrease in purchases of various office equipment .....	-5
Decrease in microfilming services .....	-5
Miscellaneous changes .....	-39

**Total** **-\$273**

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

### **Contingent Reduction**

The fiscal 2006 allowance reflects the elimination of \$11,136, the appropriation for matching the employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

### **Personnel**

The fiscal 2006 allowance abolishes two positions and transfers one to the Governor's Office of Community Initiatives. This results in \$185,000 in cost reductions in fiscal 2006. The office reports that the two abolished positions were vacant and that their elimination will not significantly affect operations. The transferred position is filled, but its absence is also not expected to adversely affect operations.

***Recommended Actions***

---

1. Concur with Governor's allowance.

## *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>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$2,416	\$495	\$0	\$0	\$2,911
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1	0	0	0	1
Cost Containment	-55	0	0	0	-55
Reversions and Cancellations	-55	-110	0	0	-165
<b>Actual Expenditures</b>	<b>\$2,307</b>	<b>\$385</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,692</b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$2,422	\$486	\$0	\$0	\$2,908
Budget Amendments	29	0	0	0	29
<b>Working Appropriation</b>	<b>\$2,451</b>	<b>\$486</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,937</b>

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

---

## ***Audit Findings***

---

Audit Period for Last Audit:	January 25, 1999 - February 4, 2002
Issue Date:	June 2002
Number of Findings:	2
Number of Repeat Findings:	2
% of Repeat Findings:	100%
Rating: (if applicable)	

***Finding 1:***    **The office did not take timely follow-up action when charitable organizations failed to submit annual registration information as required by law.**

***Finding 2:***    **The review of reports required from foundations affiliated with State agencies was not adequately documented.**

\* Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	34.60	34.60	31.60	-3.00	-8.7%
02 Contractual	1.10	1.40	1.40	0	0%
<b>Total Positions</b>	<b>35.70</b>	<b>36.00</b>	<b>33.00</b>	<b>-3.00</b>	<b>-8.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,855,651	\$ 2,117,059	\$ 1,922,059	-\$ 195,000	-9.2%
02 Technical & Spec Fees	87,673	99,479	98,479	-1,000	-1.0%
03 Communication	135,685	122,888	136,128	13,240	10.8%
04 Travel	25,816	19,000	19,000	0	0%
07 Motor Vehicles	3,203	11,414	6,800	-4,614	-40.4%
08 Contractual Services	445,609	452,623	418,573	-34,050	-7.5%
09 Supplies & Materials	21,007	56,811	25,811	-31,000	-54.6%
10 Equip - Replacement	15,935	16,000	15,500	-500	-3.1%
11 Equip - Additional	22,612	24,000	18,000	-6,000	-25.0%
13 Fixed Charges	65,742	17,522	14,200	-3,322	-19.0%
14 Land & Structures	14,021	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 2,692,954</b>	<b>\$ 2,936,796</b>	<b>\$ 2,674,550</b>	<b>-\$ 262,246</b>	<b>-8.9%</b>
<b>Funds</b>					
01 General Fund	\$ 2,307,634	\$ 2,451,106	\$ 2,239,000	-\$ 212,106	-8.7%
03 Special Fund	385,320	485,690	435,550	-50,140	-10.3%
<b>Total Funds</b>	<b>\$ 2,692,954</b>	<b>\$ 2,936,796</b>	<b>\$ 2,674,550</b>	<b>-\$ 262,246</b>	<b>-8.9%</b>

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary  
Secretary of State**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
1000 Office of Secretary of State	\$ 1,327,434	\$ 1,543,125	\$ 1,346,280	-\$ 196,845	-12.8%
2000 Division of State Documents	1,365,520	1,393,671	1,328,270	-65,401	-4.7%
<b>Total Expenditures</b>	<b>\$ 2,692,954</b>	<b>\$ 2,936,796</b>	<b>\$ 2,674,550</b>	<b>-\$ 262,246</b>	<b>-8.9%</b>
General Fund	\$ 2,307,634	\$ 2,451,106	\$ 2,239,000	-\$ 212,106	-8.7%
Special Fund	385,320	485,690	435,550	-50,140	-10.3%
<b>Total Appropriations</b>	<b>\$ 2,692,954</b>	<b>\$ 2,936,796</b>	<b>\$ 2,674,550</b>	<b>-\$ 262,246</b>	<b>-8.9%</b>

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.