

D16A06
Secretary of State

Operating Budget Data

(\$ in Thousands)

	FY 05	FY 06	FY 07	FY 06-07	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$2,366	\$2,259	\$2,299	\$40	1.7%
Special Fund	<u>301</u>	<u>436</u>	<u>418</u>	<u>-18</u>	<u>-4.1%</u>
Total Funds	\$2,667	\$2,695	\$2,717	\$22	0.8%

- The fiscal 2007 allowance is \$2.7 million, an increase of approximately \$22,000 from the fiscal 2006 working appropriation. Special funds decrease by \$18,000, primarily due to the elimination of a publication within the Division of State Documents.

Personnel Data

	FY 05	FY 06	FY 07	FY 06-07
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	34.60	31.50	31.50	0.00
Contractual FTEs	<u>1.40</u>	<u>1.40</u>	<u>1.40</u>	<u>0.00</u>
Total Personnel	36.00	32.90	32.90	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.55	1.75%
Positions Vacant as of 12/31/05	3.00	9.52%

- Staff levels are unchanged in fiscal 2007. The office has three vacancies for a vacancy rate of 9.5%.

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

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Analysis in Brief

Major Trends

Number of Registered Charities Increase: The Secretary of State’s trend of increasing charity registration continues through fiscal 2007.

Electronic Filing of Documents for the Maryland Register: The office expects to electronically receive 100% of documents from agencies for publication in the Maryland Register in fiscal 2007.

Recommended Actions

1. Concur with Governor’s allowance.

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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 compiles and publishes all the State's administrative regulations in the *Maryland Register* and *Code of Maryland Regulations*. 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.

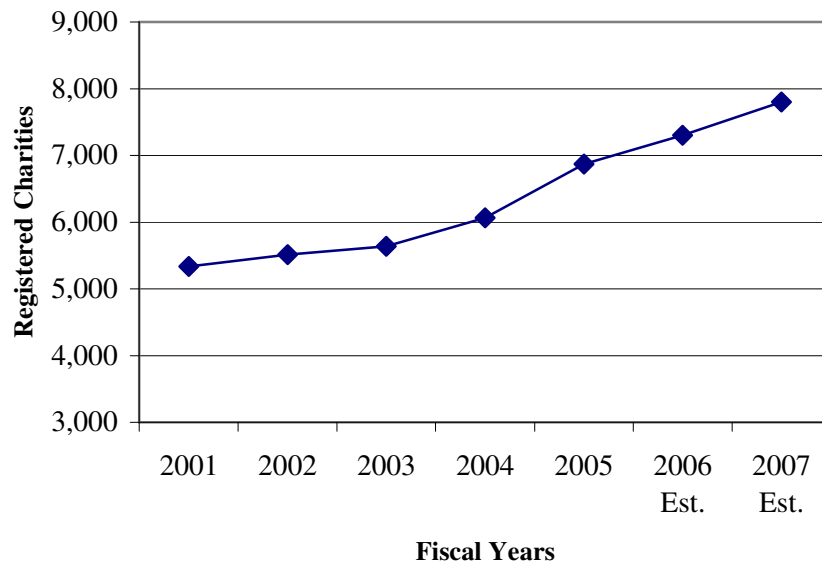
Performance Analysis: Managing for Results

Number of Registered Charities Increase

The Secretary of State is charged with the registration of all charities within the State that solicit donations from citizens. **Exhibit 1** shows the increase in the number of registered charities from fiscal 2001 to 2007.

Exhibit 1
Number of Registered Charities

Fiscal 2001 – 2007



Source: Secretary of State

The number of new charities in the State is increasing. Contributing to the increased registration trend is the Secretary of State's recent effort to find unregistered charities and to educate such organizations on the State registration requirements. Based on estimates, the number of registered charities will increase by 46% from fiscal 2001 to 2007. There is also an increase in the number of inquiries regarding registered charities in this time frame.

The office should comment on the success of its registration enforcement efforts and how it will impact its workload.

Electronic Filing of Documents for the Maryland Register

The office's goal is to simplify agency preparation and filing of documents for publication in the Maryland Register. To do so, it has begun to accept electronic files from agencies. Previously, all documents to be published were received by the office in hard copy format only.

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The office had expected to be able to accept 100% of documents electronically by fiscal 2006. However, only non-regulation documents are acceptable electronically in fiscal 2006.

The office should discuss the delay of its electronic filing system for the Maryland Register and if it will be able to meet its new goal of 100% of documents filed electronically in fiscal 2007.

Governor's Proposed Budget

The fiscal 2007 allowance is \$2.7 million, an increase of \$21,753 or 0.8% over the fiscal 2006 working appropriation as detailed in **Exhibit 2**. The increases are largely attributable to personnel expenses, such as increments and health insurance costs. However, these personnel increases are offset by a decline in workers' compensation costs. The Department of Budget and Management (DBM) did not allocate any costs for workers' compensation to the Secretary of State based on its low loss experience.

Personnel increases are also partially offset by decreases in expenditures across the agency. Much of the decreases reflect historical actual levels of expenditures. Other decreases are a result of the expanded use of online services and the elimination of one of its publications, *Contract Weekly*. The Department of General Services and the eMaryland Marketplace web site provide access to agency procurement opportunities, negating the need for the office's publication.

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

How Much It Grows:	General Fund	Special Fund	Total
2006 Working Appropriation	\$2,259	\$436	\$2,695
2007 Governor's Allowance	<u>2,299</u>	<u>418</u>	<u>2,717</u>
Amount Change	\$40	-\$18	\$22
Percent Change	1.7%	-4.1%	0.8%
 Where It Goes:			
Personnel Expenses			
Increments and other compensation.....			\$41
Employee and retiree health insurance			26
Employee retirement system.....			19
Workers' compensation premium assessment.....			-52
Turnover adjustments.....			53
Other fringe benefit adjustments.....			4
Other Changes			
Decrease in special payroll to reflect actual use of contractual staff			-29
Decrease in communications based in part on increase in online documents and elimination of a publication			-31
Decrease in printing costs based on increase in online documents and elimination of a publication.....			-9
Decrease in information technology costs based on historical actual expenditures.....			-8
Increase in supplies primarily for gifts for visiting dignitaries			7
Miscellaneous			1
Total			\$22

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

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>
Fiscal 2005					
Legislative Appropriation	\$2,422	\$486	\$0	\$0	\$2,908
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	29	0	0	0	29
Reversions and Cancellations	-85	-185	0	0	-270
Actual Expenditures	\$2,366	\$301	\$0	\$0	\$2,667
Fiscal 2006					
Legislative Appropriation	\$2,235	\$436	\$0	\$0	\$2,671
Budget Amendments	24	0	0	0	24
Working Appropriation	\$2,259	\$436	\$0	\$0	\$2,695

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

Fiscal 2005

A fiscal 2005 budget amendment added \$29,000 in general funds for the \$752 employee cost-of-living adjustment that was budgeted in the DBM budget and subsequently distributed to each agency. The office reverted approximately \$85,000 in general funds, largely due to unspent health insurance and contractual employee funds. Additionally, approximately \$185,000 in special funds was cancelled due to less than expected expenditures for communications, printing, supplies, and equipment.

Fiscal 2006

\$24,298 was added to the general fund appropriation for the 1.5% cost-of-living adjustment that was budgeted in DBM and distributed to each agency.

Audit Findings

Audit Period for Last Audit:	February 5, 2002 – September 22, 2005
Issue Date:	February 2006
Number of Findings:	3
Number of Repeat Findings:	2
% of Repeat Findings:	66%
Rating: (if applicable)	n/a

Finding 1: **Certain charities were erroneously listed on the office’s web site as being in good standing.**

Finding 2: **The office’s oversight of private foundations affiliated with State agencies was inadequate.**

Finding 3: **Certain services were obtained without a contract, and one procurement appeared to violate State Ethics Laws.**

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

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

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	34.60	31.50	31.50	0	0%
02 Contractual	1.40	1.40	1.40	0	0%
Total Positions	36.00	32.90	32.90	0	0%
Objects					
01 Salaries and Wages	\$2,059,808	\$1,942,538	\$2,033,979	\$91,441	4.7%
02 Technical & Spec Fees	39,077	98,479	69,729	-28,750	-29.2%
03 Communication	84,162	136,128	105,525	-30,603	-22.5%
04 Travel	45,084	19,000	19,000	0	0%
07 Motor Vehicles	2,976	6,800	6,806	6	0.1%
08 Contractual Services	331,073	418,573	401,482	-17,091	-4.1%
09 Supplies & Materials	33,240	25,811	32,781	6,970	27.0%
10 Equip - Replacement	26,978	15,500	14,000	-1,500	-9.7%
11 Equip - Additional	17,584	18,000	18,000	0	0%
13 Fixed Charges	15,760	14,200	15,480	1,280	9.0%
14 Land & Structures	11,378	0	0	0	0.0%
Total Objects	\$2,667,120	\$2,695,029	\$2,716,782	\$21,753	0.8%
Funds					
01 General Fund	\$2,366,007	\$2,259,479	\$2,299,000	\$39,521	1.7%
03 Special Fund	301,113	435,550	417,782	-17,768	-4.1%
Total Funds	\$2,667,120	\$2,695,029	\$2,716,782	\$21,753	0.8%

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.