

**D16A06**  
**Secretary of State**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,286	\$2,256	\$2,314	\$57	2.5%
Special Fund	<u>417</u>	<u>455</u>	<u>510</u>	<u>55</u>	<u>12.1%</u>
<b>Total Funds</b>	<b>\$2,704</b>	<b>\$2,712</b>	<b>\$2,824</b>	<b>\$112</b>	<b>4.1%</b>

- The fiscal 2009 allowance is \$2.8 million, an increase of \$112,000 from the fiscal 2008 working appropriation. However, a change in manner in which health insurance is budgeted distorts this growth. Absent health insurance, the budget actually declines by about \$40,000, or 1.6%.

***Personnel Data***

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	31.50	31.50	29.50	-2.00
Contractual FTEs	<u>1.40</u>	<u>2.00</u>	<u>1.00</u>	<u>-1.00</u>
<b>Total Personnel</b>	<b>32.90</b>	<b>33.50</b>	<b>30.50</b>	<b>-3.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	0.89	3.00%
Positions Vacant as of 12/31/07	3.00	9.52%

- Two positions are eliminated in the fiscal 2009 allowance: a public information officer and the assistant director of International Affairs. Further, a contractual full-time equivalent (FTE) was also eliminated, leaving the office with one contractual FTE.
- The office reports three vacancies, higher than what it requires to meet its turnover rate. The vacancies include the Secretary of State position and two administrative positions.

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

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## ***Analysis in Brief***

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### **Major Trends**

***Charity Registration Exceed Expectations:*** The office revises out-year estimates upward, as charity registration continues to surpass projections.

***New Measure on the Address Confidentiality Program:*** Fiscal 2007 marks the first year of the office’s Address Confidentiality Program, aimed at protecting victims of domestic violence. To gauge its success, the office has incorporated the program into its goals, objectives, and performance measures.

***Maryland Register Documents to Be Fully Electronic in 2008:*** Despite a slower than expected start, the office expects that all State agencies will file documents for publication in the *Maryland Register* electronically in fiscal 2008.

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Delete the increase in cell phone expenses.	\$ 5,525
<b>Total Reductions</b>	<b>\$ 5,525</b>

**D16A06**  
**Secretary of State**

***Operating Budget Analysis***

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**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; administers Special Police Commissions; and represents the State of Maryland and the Executive Department in intergovernmental and international affairs. The office also 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 office also administers the Address Confidentiality Program for victims of domestic violence in Maryland. The Division of State Documents compiles and publishes all of 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.

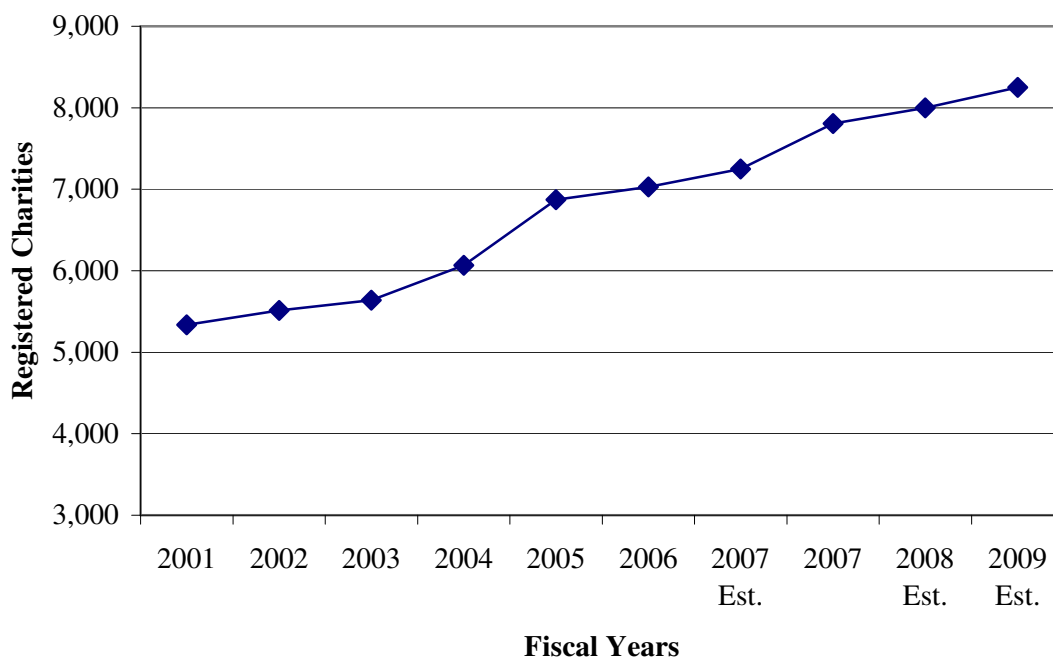
**Performance Analysis: Managing for Results**

**Charity Registrations Exceed Expectations**

The Secretary of State is responsible for the registration of all charities within the State that solicit donations from citizens. The office's responsibilities include the review of a charitable organization's financial and governing documents, as well as the review of all fundraising contracts.

For the last several years, the office has undertaken a proactive approach to finding unregistered charities and educating such organizations on the State's registration requirements. This effort has led to a significant increase in charity registrations. In fact, registrations are exceeding estimated numbers. The office had expected registrations of 7,250 in fiscal 2007, as shown in **Exhibit 1**. However, actual registrations reached 7,807, almost 8% more than expected. In response, the office has revised out-year estimates upwards.

**Exhibit 1**  
**Number of Registered Charities**  
**Fiscal 2001-2009**



Source: Secretary of State

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**New Measure on the Address Confidentiality Program**

Chapter 374 of 2006 created the Address Confidentiality Program requiring the Secretary of State to establish a system where State and local agencies may respond to requests for public records without disclosing the location of a domestic violence victim. The program allows a victim to use a substitute address in place of an actual address when interacting with State or local agencies.

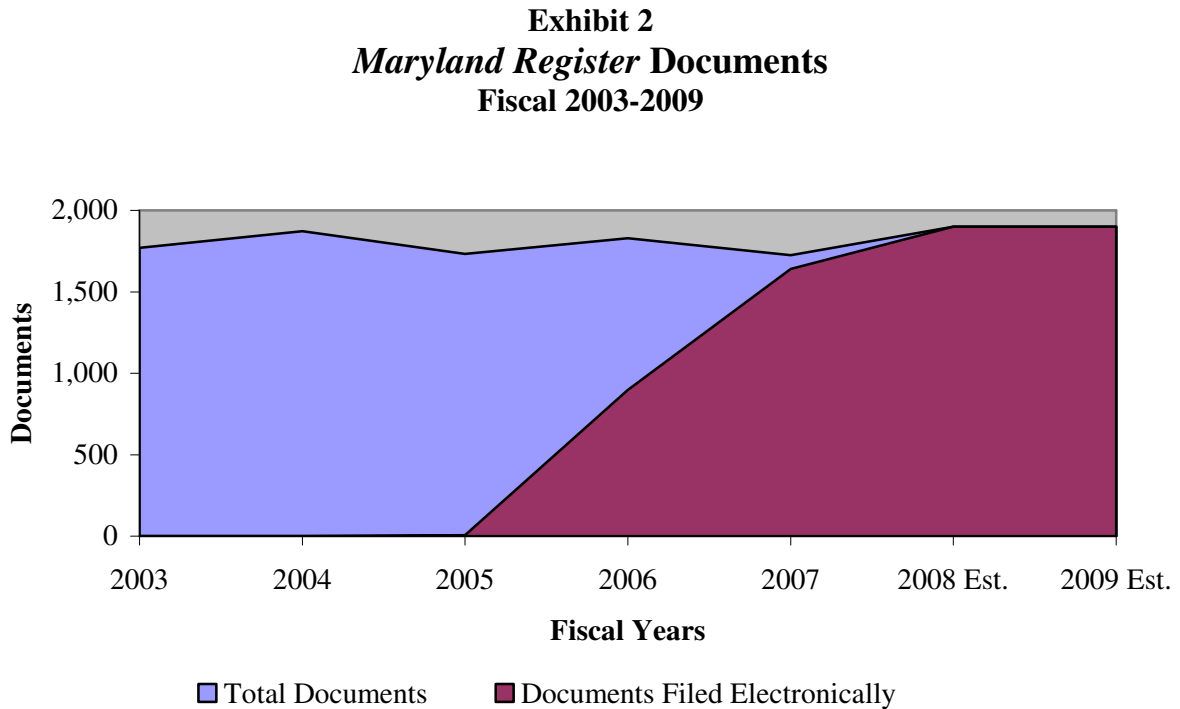
According to the office's Managing for Results data, there were 52 participants enrolled in the program in fiscal 2007. The office forwarded 257 pieces of mail on behalf of these enrollees. This is the first year for this measure. The office expects to double participation in fiscal 2008.

**The office should discuss its expectations for the future success of this program.**

## Maryland Register Documents to Be Fully Electronic in 2008

The Secretary of State produces the *Maryland Register* which serves as a temporary supplement to the *Code of Maryland Regulations*. The *Maryland Register* also publishes executive orders, court rules, State Ethic Commission opinions, and many other documents considered to be in the public interest.

The office has made it its goal to have all State agencies submit documents for publication in the *Maryland Register* electronically by mid-year fiscal 2007. The office originally had this goal for fiscal 2006; however, the date was delayed. **Exhibit 2** shows the proportion of documents submitted to the office electronically since fiscal 2003.



Source: Secretary of State

In fiscal 2007, 95.2% of documents were filed electronically. The office expects this process to be fully electronic in fiscal 2008 and beyond.

**The office should comment on the efficiencies realized by the electronic transmission of agency documents for publication in the *Maryland Register*.**

## **Fiscal 2008 Actions**

### **Impact of Cost Containment**

The fiscal 2008 cost containment effort resulted in a savings of \$50,000 in general funds. Savings are realized by the decline of one contractual full-time equivalent under the Maryland Sister States Program and associated decreases in contractual services, communications, and motor vehicle expenses.

## **Governor's Proposed Budget**

The fiscal 2009 allowance is \$2.8 million, an increase of \$112,000 from the fiscal 2008 working appropriation. However, a change in manner in which health insurance is budgeted distorts this growth. Absent health insurance, the budget actually declines by about \$40,000, or 1.6%. **Exhibit 3** details the changes in the office's budget.

### **Impact of Cost Containment**

In the fiscal 2009 cost containment effort, the office is reducing its efforts in international affairs. The Division of International Affairs is responsible for carrying out international protocol functions on behalf of the Governor's Office. It also operates the Maryland Sister States Program which fosters state relationships with states, regions, or provinces in various countries around the world. The office has been reduced to one position from two. Further, expenditures across the division have been cut. Travel, printing, supplies, and other administrative expenses have been reduced by over 50%. In total, the allowance shows that the Division of International Affairs has been reduced by \$91,000, or 45%, from the fiscal 2008 working appropriation.

In a cost containment measure separate from the international affairs reductions, a public information officer position was eliminated from the Office of the Secretary in the fiscal 2009 allowance.

### **Other Expenses**

Other expenses, unrelated to the international program, are increasing marginally. One of the more significant increases relates to postage, due to the Address Confidentiality Program as well as increased postage costs. Additionally, the office plans to replace outdated personal computers and a web server. As such, the allowance includes an additional \$13,000 for replacement equipment.

**Exhibit 3**  
**Governor’s Proposed Budget**  
**Secretary of State**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Total</b>
2008 Working Appropriation	\$2,256	\$455	\$2,712
2009 Governor’s Allowance	<u>2,314</u>	<u>510</u>	<u>2,824</u>
Amount Change	\$57	\$55	\$112
Percent Change	2.5%	12.1%	4.1%
 <b>Where It Goes:</b>			
<b>Personnel Expenses</b>			
Abolished positions.....			-\$110
Increments and other compensation.....			21
Employee and retiree health insurance .....			76
Health insurance – long-term Other Post Employment Benefits liability.....			94
Turnover adjustments.....			-2
One-time fiscal 2008 hiring freeze savings.....			35
Other fringe benefit adjustments.....			-1
<b>Other Changes</b>			
Decline in printing, food services and other contractual services due to scaled down international program.....			-21
Decline of one contractual full-time equivalent under the Maryland Sister States Program.....			-9
Decline in travel expense due to scaled down international program.....			-7
Increase in postage costs .....			13
Increase in information technology equipment purchases .....			13
Increase in cell phone expenses .....			6
Other .....			4
<b>Total</b>			<b>\$112</b>

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

***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Delete the increase in cell phone expenses. This reduction will return budgeted expenditures to fiscal 2008 working appropriation levels.	\$ 5,525	GF
<b>Total General Fund Reductions</b>	<b>\$ 5,525</b>	

## ***Current and Prior Year Budgets***

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$2,299	\$418	\$0	\$0	\$2,717
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	7	0	0	0	7
Reversions and Cancellations	-19	-1	0	0	-20
<b>Actual Expenditures</b>	<b>\$2,287</b>	<b>\$417</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,704</b>
<b>Fiscal 2008</b>					
Legislative Appropriation	\$2,270	\$455	\$0	\$0	\$2,725
Cost Containment	-50	0	0	0	-50
Budget Amendments	36	0	0	0	36
<b>Working Appropriation</b>	<b>\$2,256</b>	<b>\$455</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,711</b>

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

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## **Fiscal 2007**

General fund expenditures increased by almost \$7,000 over the original fiscal 2007 appropriation. This reflects cost containment of approximately \$24,000 and a cost-of-living adjustment of \$31,000. Additionally, the office reverted \$19,000 back to the general fund and canceled approximately \$1,000 in special funds.

## **Fiscal 2008**

A fiscal 2008 budget amendment increased general funds by \$36,079 over the original appropriation due to a cost-of-living salary adjustment. Conversely, cost containment efforts reduced the appropriation by \$50,000 in fiscal 2008.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	31.50	31.50	29.50	-2.00	-6.3%
02 Contractual	1.40	2.00	1.00	-1.00	-50.0%
<b>Total Positions</b>	<b>32.90</b>	<b>33.50</b>	<b>30.50</b>	<b>-3.00</b>	<b>-9.0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 2,004,192	\$ 2,103,445	\$ 2,216,834	\$ 113,389	5.4%
02 Technical and Spec. Fees	74,199	60,633	51,606	-9,027	-14.9%
03 Communication	93,459	92,104	105,638	13,534	14.7%
04 Travel	30,289	24,000	16,500	-7,500	-31.3%
07 Motor Vehicles	8,099	2,797	8,900	6,103	218.2%
08 Contractual Services	375,726	362,696	341,158	-21,538	-5.9%
09 Supplies and Materials	52,704	40,200	43,200	3,000	7.5%
10 Equip. – Replacement	0	5,000	18,000	13,000	260.0%
11 Equip. – Additional	48,421	9,000	6,000	-3,000	-33.3%
13 Fixed Charges	16,816	11,880	16,040	4,160	35.0%
<b>Total Objects</b>	<b>\$ 2,703,905</b>	<b>\$ 2,711,755</b>	<b>\$ 2,823,876</b>	<b>\$ 112,121</b>	<b>4.1%</b>
<b>Funds</b>					
01 General Fund	\$ 2,286,483	\$ 2,256,476	\$ 2,313,733	\$ 57,257	2.5%
03 Special Fund	417,422	455,279	510,143	54,864	12.1%
<b>Total Funds</b>	<b>\$ 2,703,905</b>	<b>\$ 2,711,755</b>	<b>\$ 2,823,876</b>	<b>\$ 112,121</b>	<b>4.1%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary  
Secretary of State**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
1000 Office of the Secretary of State	\$ 1,137,834	\$ 1,227,913	\$ 1,294,757	\$ 66,844	5.4%
2000 Division of State Documents	1,351,585	1,281,066	1,417,345	136,279	10.6%
3000 International Affairs	214,486	202,776	111,774	-91,002	-44.9%
<b>Total Expenditures</b>	<b>\$ 2,703,905</b>	<b>\$ 2,711,755</b>	<b>\$ 2,823,876</b>	<b>\$ 112,121</b>	<b>4.1%</b>
General Fund	\$ 2,286,483	\$ 2,256,476	\$ 2,313,733	\$ 57,257	2.5%
Special Fund	417,422	455,279	510,143	54,864	12.1%
<b>Total Appropriations</b>	<b>\$ 2,703,905</b>	<b>\$ 2,711,755</b>	<b>\$ 2,823,876</b>	<b>\$ 112,121</b>	<b>4.1%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.