

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

***Operating Budget Data***

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(\$ in Thousands)

	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$2,264	\$2,330	\$2,310	-\$20	-0.9%
Special Fund	<u>391</u>	<u>418</u>	<u>455</u>	<u>37</u>	<u>8.8%</u>
<b>Total Funds</b>	<b>\$2,655</b>	<b>\$2,748</b>	<b>\$2,765</b>	<b>\$17</b>	<b>0.6%</b>

- The fiscal 2008 allowance is almost \$2.8 million, an increase of approximately \$17,000 from the fiscal 2007 working appropriation. However, accounting for one-time health insurance savings, the budget actually grows by \$139,024, or 5.2%.
- The decline in general funds is offset by a \$37,000 increase in special funds from a slight increase in sales of publications, binders, and data.

***Personnel Data***

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	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>
Regular Positions	31.50	31.50	31.50	0.00
Contractual FTEs	<u>1.40</u>	<u>1.40</u>	<u>2.00</u>	<u>0.60</u>
<b>Total Personnel</b>	<b>32.90</b>	<b>32.90</b>	<b>33.50</b>	<b>0.60</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	0.95	3.00%
Positions Vacant as of 12/31/06	1.00	3.17%

- Regular full-time equivalent positions remain unchanged at 31.50. Contractual positions increase by .6 in the fiscal 2008 allowance.

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 Continues to Increase:*** The Secretary of State’s outreach efforts and legislative changes ensure that charities are monitored for fair practices.

***Performance Measures Show Progress Toward Goals:*** It appears that the Secretary of State’s responsibilities, though highly varied, are successfully fulfilled.

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce the increase for out-of-state travel.	\$ 5,000
<b>Total Reductions</b>	<b>\$ 5,000</b>

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***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 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:

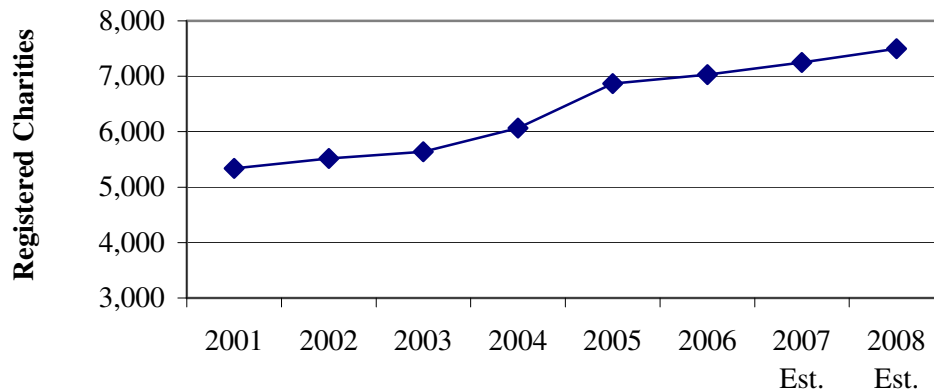
- strengthening and enhancing Maryland's role and influence in international affairs;
- obtaining accurate financial information from charitable organizations required to register with the Office of the Secretary of State;
- utilizing technology to increase citizen access to information; and
- promoting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

**Performance Analysis: Managing for Results**

**Charity Registration Continues to Increase**

The Secretary of State is responsible for the registration of all charities within the State that solicit donations from citizens. The number of such charities has been steadily increasing as shown in **Exhibit 1**.

**Exhibit 1**  
**Number of Registered Charities**  
**Fiscal 2001-2008**



Source: Secretary of State

Recently, the Secretary of State's office has taken steps to ensure that charities are operating fairly. Firstly, the office has made efforts to find unregistered charities and to educate such organizations on the State's registration requirements. Secondly, recent departmental legislation prohibits charities from soliciting contributions until it receives a letter from the Secretary of State confirming that it has registered as a charitable organization. Previously, the organization had only to submit a registration statement before soliciting donations.

**The office should comment on how outreach efforts and legislative changes will help citizens make informed decisions when contributing to a charitable organization.**

## **Performance Measures Show Progress Toward Goals**

The Secretary of State has numerous responsibilities and therefore a variety of goals. **Exhibit 2** shows a selection of the office's program measurement data for fiscal 2004 through 2008. For example, in its goal to simplify agency preparation and filing of documents for publication in the Maryland Register, the office began to accept electronic files in fiscal 2005. The office originally expected to have the majority of the files accepted electronically in fiscal 2005. That proved to be too ambitious, and the office adjusted its goal last year. It expected that 74% of files would be received electronically; however, it only achieved 49% in fiscal 2006. Despite a slower than expected start, the office expects to receive 100% of files electronically by early 2007.

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**Exhibit 2**  
**Program Measurement Data**  
**Secretary of State**  
**Fiscal 2004-2008**

	<u>Actual</u> <u>2004</u>	<u>Actual</u> <u>2005</u>	<u>Est.</u> <u>2006</u>	<u>Actual</u> <u>2006</u>	<u>Est.</u> <u>2007</u>	<u>Est.</u> <u>2008</u>	<u>Ann. Chg.</u> <u>04-06</u>	<u>Ann. Chg.</u> <u>06-08</u>
File 100% of Maryland Register documents electronically by mid-2007	0%	0%	74%	49%	84%	100%	n/a	42.9%
International meetings, contacts, and transactions by Secretary of State	8,224	12,358	12,500	14,997	17,000	19,000	35.0%	12.6%
Percentage of constituent used data accessible online	86%	87%	87%	86%	86%	86%	0.0%	0.0%
Notary Public commissions processed	23,232	23,285	24,000	25,403	26,400	27,400	4.6%	3.9%

Source: Secretary of State

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The exhibit also shows that international meetings, contacts, and transactions by the office are significantly increasing. This fulfills the office's goal of strengthening and enhancing the State's role and influence in international affairs. Additionally, the Secretary of State also chairs the Governor's Subcabinet for International Affairs. Examples of the international meetings include the Volvo Ocean Race Junior Regatta, the World of Hope Event, and the Kanagawa Art Exchange jurors meeting.

### **Governor's Proposed Budget**

The fiscal 2008 allowance is \$2.8 million, an increase of 0.6% from the fiscal 2007 working appropriation. However, this slight increase is masked by one-time savings in health insurance costs. If adjusted for the one-time use of the health insurance surplus for retiree benefits, the budget instead increases by 5.2%, or about \$139,024. **Exhibit 3** details the changes in the office's budget.

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

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Total</u></b>
2007 Working Appropriation	\$2,330	\$418	\$2,748
2008 Governor's Allowance	<u>2,310</u>	<u>455</u>	<u>2,765</u>
Amount Change	-\$20	\$37	\$17
Percent Change	-0.9%	8.8%	0.6%
<b>Where It Goes:</b>			
<b>Personnel Expenses</b>			
Increments and other compensation .....			\$67
Employee retirement system .....			38
One-time health insurance savings .....			-42
Turnover adjustments .....			-26
<b>Other Changes</b>			
Increase in contractual payroll .....			26
Decrease in communication expenses to reflect fiscal 2006 levels.....			-12
Increase in out-of-state travel .....			10
Decrease in printing expenses .....			-25
Decrease in computer related contractual services.....			-15
Decrease due to one-time equipment purchases.....			-18
Decrease in dues expenses to reflect annual payment schedule.....			-3
Increase in food service and computer network services to reflect fiscal 2006 levels.....			10
Increase to purchase regulation binders available for resale .....			8
Miscellaneous .....			-1
<b>Total</b>			<b>\$17</b>

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

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Increases are mainly attributable to employee salary increments and to employee health insurance and retirement costs. Increased contractual employee costs are due primarily to the addition of a 0.5 contractual full-time equivalent position for a charitable organization's community relations assistant. The individual filling the position will be responsible for traveling the State and educating senior citizens on the Giving Wisely program.

Out-of-state travel increases by 100% over the fiscal 2007 level. The office intends to increase international travel under the Maryland Sister States Program and the Governor's Subcabinet for International Affairs. Increases in the budget are partially offset by a number of decreases. Much of the decreases reflect historical actual levels of expenditures or one-time purchases in fiscal 2007.

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce the increase for out-of-state travel. This reduction still allows for a 50% increase from the prior year's working appropriation.	\$ 5,000	GF
<b>Total General Fund Reductions</b>	<b>\$ 5,000</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 2006</b>					
Legislative Appropriation	\$2,235	\$436	\$0	\$0	\$2,671
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	29	0	0	0	29
Reversions and Cancellations	0	-45	0	0	-45
<b>Actual Expenditures</b>	<b>\$2,264</b>	<b>\$391</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,655</b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$2,299	\$418	\$0	\$0	\$2,717
Budget Amendments	31	0	0	0	31
<b>Working Appropriation</b>	<b>\$2,330</b>	<b>\$418</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,748</b>

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

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## **Fiscal 2006**

General fund expenditures increased by \$29,369 over the fiscal 2006 original appropriation due to budget amendments for the cost-of-living adjustment (COLA) and the statewide reallocation of telecommunications costs. The office cancelled approximately \$44,800 in special funds, leaving actual expenditures below the original appropriation.

## **Fiscal 2007**

General fund expenditures increased by approximately \$31,000 over the fiscal 2007 original appropriation due to budget amendments for the COLA.

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07 - FY08 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	31.50	31.50	31.50	0	0%
02 Contractual	1.40	1.40	2.00	0.60	42.9%
<b>Total Positions</b>	<b>32.90</b>	<b>32.90</b>	<b>33.50</b>	<b>0.60</b>	<b>1.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,955,209	\$ 2,064,907	\$ 2,101,766	\$ 36,859	1.8%
02 Technical and Spec Fees	80,297	69,729	96,204	26,475	38.0%
03 Communication	84,105	105,525	93,604	-11,921	-11.3%
04 Travel	46,217	19,000	29,000	10,000	52.6%
07 Motor Vehicles	6,958	6,806	6,797	-9	-0.1%
08 Contractual Services	396,394	401,845	371,625	-30,220	-7.5%
09 Supplies and Materials	33,613	32,781	40,200	7,419	22.6%
10 Equip – Replacement	157	14,000	5,000	-9,000	-64.3%
11 Equip – Additional	34,208	18,000	9,000	-9,000	-50.0%
13 Fixed Charges	16,842	15,480	11,880	-3,600	-23.3%
14 Land & Structures	1,086	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 2,655,086</b>	<b>\$ 2,748,073</b>	<b>\$ 2,765,076</b>	<b>\$ 17,003</b>	<b>0.6%</b>
<b>Funds</b>					
01 General Fund	\$ 2,264,347	\$ 2,330,291	\$ 2,310,397	-\$ 19,894	-0.9%
03 Special Fund	390,739	417,782	454,679	36,897	8.8%
<b>Total Funds</b>	<b>\$ 2,655,086</b>	<b>\$ 2,748,073</b>	<b>\$ 2,765,076</b>	<b>\$ 17,003</b>	<b>0.6%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.