
PROGRAM NARRATIVE

108 SECRETARY OF STATE

Date: 12/13/2006

Time: 11:31:21

Program: SECRETARY OF STATE OPERATIONS

Reporting Level: 00-108-100-00-00-00-00000000

PROGRAM PERFORMANCE MEASURES

Currently, the agency does not utilize a formal performance measuring management system. However, all of the agency's processes and programs are constantly monitored as to effectiveness, efficiency, customer service, compliance with law, etc.

PROGRAM STATISTICAL DATA

History of Revenue and Expenditures for the past six budget cycles

Revenue

1991/1993 – \$ 3,590,061
1993/1995 – \$ 4,007,416 increased 11.6% over previous biennium
1995/1997 – \$ 4,342,289 increased 8.4% over previous biennium
1997/1999 – \$ 4,912,970 increased 13.1% over previous biennium
1999/2001 – \$ 5,953,504 (general \$5,555,610; * special \$333,036) increased 21.2% over previous biennium
2001/2003 – \$ 6,277,698 (general \$5,869,160; * special \$371,868) increased 5.5% over previous biennium
2003/2005 – \$6,716,245 (general \$6,289,108, * special \$401,305) increased 7.0% over previous biennium
2005/2007 – Estimated – \$7,175,500 (general \$6,710,500, * special \$465,000) projected increase of 6.8% over previous biennium.

* The 1999 Legislative Assembly authorized a General Services Operating Fund for the agency's "retail" trade. At the end of the 2003/2005 biennium, the agency transferred \$39,452 to the state's general fund, which was the uncommitted amount over \$75,000.

Expenditures

1991/1993 – \$ 3,623,237
1993/1995 – \$ 2,781,394 decreased 23.2% from previous biennium
1995/1997 – \$ 2,721,385 decreased 2.2% from previous biennium
1997/1999 – \$ 2,839,345 increased 4.3% over previous biennium
1999/2001 – \$ 3,545,065 increased 24.8% over previous biennium (see note # 1)
2001/2003 – \$ 3,961,253 increased 11.7% over previous biennium (see note # 2)
2003/2005 – \$ 4,146,332 increased 4.7% over previous biennium

Note # 1 – Because of a system wide reallocation by ITD of the costs related to the statewide area network connecting the agency and the state's fifty-three counties for the operation of the central indexing system, the budget was increased by \$300,000 from \$75,000 to \$375,000, accounting for 39% of the increase. Another \$197,000, or 26% of the

increase, was for salaries as approved by the legislature, emergency commission, and the budget section. Most of the remaining \$264,000, or 35% of the increase was for increased expenses related to services provided by ITD and other technology related expense as approved by the legislature, emergency commission, and the budget section. Almost half of that amount was directly related to the cost of providing the increased demand for agency information as authorized through the agency's general services operating fund, with those expenses being covered by the revenue generated to that account.

Note # 2 – ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Summary: Using 1991/1993 biennium as the base year inherited by the present agency administration and through the 2003/2005 biennium, the agency's revenue has increased by 87.0%. During the same period, the expenditures increased by only 14.4%.

Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995, and ending June 30, 2006. This is in direct relationship to the net increase in filings and registrations as listed below.

	<u>June 30, 1995</u>	<u>June 30, 2006</u>	<u>Percentage Increase/decrease</u>
Contractors	4,701	6,866	+46%
Charitable Solicitation	559	1,926	+244%
Notary Publics	10,419	11,631	+12%
ND For-profit corporations	10,734	13,074	+22%
ND Cooperatives	434	347	-20%
ND Professional corporation	552	854	+55%
Foreign For-profit corporations	7,307	11,682	+60%
Foreign cooperatives	45	68	+51%
Limited Liability Companies (all)	441	6,705	+1,420%
Limited Liability partnerships (all)	13	2,174	+16,623%
Limited Partnerships (all)	864	1,664	+93%
Limited Liability Limited Partnerships	0	343	+461%
Partnership Fictitious Names	1,362	1,727	+27%
Trademarks	1,286	1,504	+17%
Trade names	3,565	17,828	+400%
ND non-profit corporations *	0	7,184	+7,184%
Foreign non-profit corporations *	0	1,576	+1,576%
Total	42,282	87,153	+106%

*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 8,012 filings that it did not process five years ago.

Even though the agency is processing an additional 35,500 documents a year since the 1995 benchmark, its FTE authorization has only increased 2.0 FTE from 24 FTE on June 30, 1995, to its present authorized FTE of 26.0 in effect since July 1, 2001.

EXPLANATION OF PROGRAM COSTS

For the 2005-2007 biennium, the appropriated salary line represented approximately 54% of the agency's total general fund spending authority.

The appropriated operating line for 2005-2007 represented approximately 41% of the agency's total general fund spending authority. Of that amount, approximately 72% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). Another 6% of the operating line was used for expenses related to information technology, e.g., programming, software, and hardware. The remaining 22% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 89% of that budget is to cover expenses related to the technology for providing the requested information.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS) area network connecting the agency and the state's fifty-three county Recorder offices. The budget supports the maintenance of the database housed on the state's mainframe computer, which database is currently being migrated to a new database. The CIS contains approximately 288,000 active files related to various personal property liens.
2. The agency's budget supports a database of approximately 160,000 names on an IBM AS/400 computer for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2007-2009, the agency is submitted an optional request to allow the migration of the database to a Secretary of State Knowledge Base (SOSKB) system.
3. The agency's budget supports an Internet web site and covers associated expenses.

PROGRAM GOALS AND OBJECTIVES

To be the least complicated and most accessible agency in state government.

REQUEST DETAIL BY PROGRAM

108 SECRETARY OF STATE

Biennium: 2007-2009

Bill#: SB2002

Date: 12/13/2006

Time: 11:31:21

Program: SECRETARY OF STATE OPERATIONS		Reporting Level: 00-108-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	1,496,575	1,567,198	106,086	1,673,284	0
SALARIES - OTHER	68,549	61,596	-61,596	0	0
OVERTIME	0	87,314	-8,769	78,545	0
FRINGE BENEFITS	556,441	630,006	13,875	643,881	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	2,121,565	2,346,114	49,596	2,395,710	0
SALARIES AND WAGES					
GENERAL FUND	2,121,565	2,321,102	34,865	2,355,967	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	25,012	14,731	39,743	0
TOTAL	2,121,565	2,346,114	49,596	2,395,710	0
OPERATING EXPENSES					
TRAVEL	33,598	31,000	10,350	41,350	0
SUPPLIES - IT SOFTWARE	6,672	5,500	0	5,500	0
SUPPLY/MATERIAL-PROFESSIONAL	4,459	4,000	0	4,000	0
MISCELLANEOUS SUPPLIES	15,025	1,000	0	1,000	0
OFFICE SUPPLIES	35,889	35,000	0	35,000	0
POSTAGE	146,517	138,000	10,000	148,000	0
PRINTING	96,434	82,000	1,800	83,800	0
IT EQUIP UNDER \$5,000	47,986	24,000	0	24,000	0
OTHER EQUIP UNDER \$5,000	2,816	0	0	0	0
OFFICE EQUIP & FURN SUPPLIES	2,766	10,000	0	10,000	0
INSURANCE	9,374	9,500	-4,300	5,200	0
REPAIRS	18,255	15,000	9,709	24,709	0
IT - DATA PROCESSING	1,366,367	1,581,027	-143,352	1,437,675	0
IT-COMMUNICATIONS	43,971	49,500	3,500	53,000	0
IT CONTRACTUAL SERVICES AND RE	155,091	157,687	-57,687	100,000	824,153
PROFESSIONAL DEVELOPMENT	15,427	14,947	0	14,947	0
OPERATING FEES AND SERVICES	9,346	14,000	17,350	31,350	0
FEES - PROFESSIONAL SERVICES	10,949	10,400	29,250	39,650	0
TOTAL	2,020,942	2,182,561	-123,380	2,059,181	824,153

REQUEST DETAIL BY PROGRAM

108 SECRETARY OF STATE

Biennium: 2007-2009

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Program: SECRETARY OF STATE OPERATIONS		Reporting Level: 00-108-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
OPERATING EXPENSES					
GENERAL FUND	1,678,641	1,742,573	-108,392	1,634,181	824,153
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	342,301	439,988	-14,988	425,000	0
TOTAL	2,020,942	2,182,561	-123,380	2,059,181	824,153
CAPITAL ASSETS					
EQUIPMENT OVER \$5000	0	15,000	-15,000	0	0
TOTAL	0	15,000	-15,000	0	0
CAPITAL ASSETS					
GENERAL FUND	0	15,000	-15,000	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	0	15,000	-15,000	0	0
SPECIAL LINES					
PETITION REVIEW	3,821	8,000	0	8,000	0
TOTAL	3,821	8,000	0	8,000	0
SPECIAL LINES					
GENERAL FUND	3,821	8,000	0	8,000	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	3,821	8,000	0	8,000	0
PROGRAM FUNDING SOURCES					
GENERAL FUND	3,804,027	4,086,675	-88,527	3,998,148	824,153
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	342,301	465,000	-257	464,743	0
PROGRAM FUNDING TOTAL	4,146,328	4,551,675	-88,784	4,462,891	824,153
FTE EMPLOYEES	26.00	26.00	.00	26.00	.00
FUNDING DETAIL					
GENERAL FUND	3,804,027	4,086,675	-88,527	3,998,148	824,153

REQUEST DETAIL BY PROGRAM

108 SECRETARY OF STATE

Biennium: 2007-2009

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Program: SECRETARY OF STATE OPERATIONS		Reporting Level: 00-108-100-00-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

SPECIAL FUNDS

263 SEC. OF STATE GENERAL SERVICES FUND	342,044	465,000	-257	464,743	0
302 SEC. OF STATE DEPT FUND 302	257	0	0	0	0
TOTAL	342,301	465,000	-257	464,743	0

CHANGE PACKAGE DETAIL

108 SECRETARY OF STATE

Biennium: 2007-2009

Bill#: SB2002

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PROGRAM: SECRETARY OF STATE OPERATIONS	REPORTING LEVEL: 00-108-100-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	19,865	0	14,731	34,596
2 Not Used	.00	0	0	0	0
3 Workload / Inflationary Adjustments	.00	-108,392	0	-14,988	-123,380
Agency Total	.00	-88,527	0	-257	-88,784

OPTIONAL REQUEST

1 SOSKB Migration Project	.00	824,153	0	0	824,153
Optional Total	.00	824,153	0	0	824,153

PROGRAM NARRATIVE

108 SECRETARY OF STATE

Date: 12/13/2006

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Program: PUBLIC PRINTING LEG LAW BOOKS	Reporting Level: 00-108-200-00-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

Not applicable.

PROGRAM STATISTICAL DATA

The agency distributes the publications to elected officials, legislators, legislative council, state agencies, county agencies, judicial system, and libraries as prescribed by law.

EXPLANATION OF PROGRAM COSTS

Under state law, the agency is responsible for the distribution of publications known as “public printing” that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc.

Although the appropriation to cover the cost of publishing and distribution is included in the agency’s budget, it is based on a REQUEST dated June 9, 2006, from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications.

The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code.

The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping and mailing, supplies, etc.

PROGRAM GOALS AND OBJECTIVES

To provide effective and efficient services to state agencies and others as it relates to the distribution of publications funded by the public printing appropriation.

REQUEST DETAIL BY PROGRAM

108 SECRETARY OF STATE

Biennium: 2007-2009

Bill#: SB2002

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Program: PUBLIC PRINTING LEG LAW BOOKS		Reporting Level: 00-108-200-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SPECIAL LINES					
PUBLIC PRINTING OPERATING	318,082	327,000	-23,500	303,500	0
TOTAL	318,082	327,000	-23,500	303,500	0
SPECIAL LINES					
GENERAL FUND	318,082	327,000	-23,500	303,500	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	318,082	327,000	-23,500	303,500	0
PROGRAM FUNDING SOURCES					
GENERAL FUND	318,082	327,000	-23,500	303,500	0
SPECIAL FUNDS	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
PROGRAM FUNDING TOTAL	318,082	327,000	-23,500	303,500	0
FTE EMPLOYEES	.00	.00	.00	.00	.00
FUNDING DETAIL					
GENERAL FUND	318,082	327,000	-23,500	303,500	0

CHANGE PACKAGE DETAIL

108 SECRETARY OF STATE

Biennium: 2007-2009

Bill#: SB2002

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PROGRAM: PUBLIC PRINTING LEG LAW BOOKS	REPORTING LEVEL: 00-108-200-00-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	0	0
1 Public Printing Cost Adjustment	.00	-23,500	0	0	-23,500
Agency Total	.00	-23,500	0	0	-23,500

PROGRAM NARRATIVE

108 SECRETARY OF STATE

Date: 12/13/2006

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Program: FEDERAL ELECTION REFORM	Reporting Level: 00-108-300-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

The agency does not have a formal performance measuring management system. Nevertheless, all of the agency's processes and programs are constantly monitored as to effectiveness, efficiency, customer service, compliance with law, etc. In addition, HAVA prescribes the participation of citizens to develop and maintain a state plan for HAVA implementation and oversight.

PROGRAM STATISTICAL DATA

Since the adoption of HAVA, the state has received the following amounts of funding.

In 2003, it received \$5,000,000, which did not require a state match.

In 2004, it received \$4,150,000, which required a 5% state match. According to the State Plan, 1/2 share of the 5% was provided by the state and the other half share was provided by each one of the state's 53 counties in proportion to the voting equipment supplied to them. The state's share was appropriated in Section 2 of Senate Bill 2002 as adopted by the 2003 Legislative Assembly and signed by the Governor. Each of the counties receiving voting equipment paid their one/half share as committed allocated in their respective budgets. The state's share of \$105,000 was provided from the projected agency's turn back to the general fund at the end of the 2001/2003 biennium.

For the fiscal year 2004, Congress appropriated an additional \$7,446,803, which required a 5% state match of \$391,937. As part of the match, the federal Election Assistance Commission recognized the agency's investment in its Election Management System as an in-kind contribution in the amount of \$257,970. The balance for the match was contributed by the Counties in the amount of \$57,867 and the legislature appropriated \$76,100.

EXPLANATION OF PROGRAM COSTS

Implement and maintain the provisions of the federal Help America Vote Act of 2002 also known as HAVA.

PROGRAM GOALS AND OBJECTIVES

To successfully implement and maintain the provisions of HAVA throughout the state in cooperation with county election officials, which includes the continued maintenance of voting equipment secured in 2004 and 2005 and to provide for continuing voter education for the public and training for election workers.

REQUEST DETAIL BY PROGRAM

108 SECRETARY OF STATE

Biennium: 2007-2009

Bill#: SB2002

Date: 12/13/2006

Time: 11:31:21

Program: FEDERAL ELECTION REFORM		Reporting Level: 00-108-300-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SPECIAL LINES					
ELECTION REFORM	4,278,706	9,684,728	-4,203,571	5,481,157	0
TOTAL	4,278,706	9,684,728	-4,203,571	5,481,157	0
SPECIAL LINES					
GENERAL FUND	0	180,688	-180,688	0	0
FEDERAL FUNDS	4,278,706	9,504,040	-4,022,883	5,481,157	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	4,278,706	9,684,728	-4,203,571	5,481,157	0
PROGRAM FUNDING SOURCES					
FEDERAL FUNDS	4,278,706	9,504,040	-4,022,883	5,481,157	0
SPECIAL FUNDS	0	0	0	0	0
GENERAL FUND	0	180,688	-180,688	0	0
PROGRAM FUNDING TOTAL	4,278,706	9,684,728	-4,203,571	5,481,157	0
FTE EMPLOYEES	1.00	1.00	.00	1.00	.00
FUNDING DETAIL					
GENERAL FUND	0	180,688	-180,688	0	0
FEDERAL FUNDS					
G157 TITLE I FED ELECTION FUND	4,235,023	948,797	0	948,797	0
G189 TITLE II FED ELECTION FUNDS	0	8,550,243	-4,022,883	4,527,360	0
G190 HHS-HAVA	43,683	5,000	0	5,000	0
TOTAL	4,278,706	9,504,040	-4,022,883	5,481,157	0

CHANGE PACKAGE DETAIL

108 SECRETARY OF STATE

Biennium: 2007-2009

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PROGRAM: FEDERAL ELECTION REFORM	REPORTING LEVEL: 00-108-300-00-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	3,308	0	3,308
4 Adjustment to Grants	.00	-180,688	-5,246,769	0	-5,427,457
5 Not Used	.00	0	0	0	0
6 Help America Vote Act Adjustments	.00	0	1,220,578	0	1,220,578
Agency Total	.00	-180,688	-4,022,883	0	-4,203,571