
AGENCY OVERVIEW**108 Secretary of State****Date:** 12/07/2012**Time:** 13:32:23

Statutory Authority

ND Constitution Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31, 41-09, 43-07, 44-06, 45-10, 45-10.1, 45-11, 45-22, 45-23, 47-22, 47-25, 50-22, 53-01, 54-05.1, 54-09, 54-16, and 55-01.

Agency Description

The agency is the office of record for certain legal documents generated by the executive and legislative branches of state government; the office of record for public records and notices including various business entities; and it performs a wide range of licensing, regulatory, registration, and administrative functions within five operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

Agency Mission Statement

To serve the people of the State of North Dakota and its guests; execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code; collect and preserve the records of the State as defined by the law; act as an ambassador for the State of North Dakota, its people, and its way of life. This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

Agency Performance Measures

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in the 2011-13 biennium and for which carryover funding will be requested for the 2013-15 biennium.

Major Accomplishments

1. Enhanced agency website, which received approximately 505,000 hits over a 12 month period ending June 30, 2012 on its various pages and sections.
2. Enhanced 24/7 live business records search on agency website which displays data about business entities filed with the agency.
3. Enhanced website for access to annual reports filed by businesses allowing them to complete reports on-line and then print, sign, and mail the reports to the agency.
4. Continued the software development to enable migration of the agency's database from AS/400 platform created in 1988-92 to a new operating platform. This will allow for on-line filing of many documents and reports which will be very beneficial in the future.
5. Continued the mandated migration of the Central Indexing System (CIS) from the state's mainframe. This will greatly enhance the agency's CIS, which is connected to the state's 53 counties and provides a centralized depository for various lien documents.
6. Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS), which provide new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting. A specific feature already mentioned was launched in October 2008 that allows the voter to find his or her voting precinct through the use of a house number and zip code.
7. Launched the Central Voter File for use by the counties to track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.

Future Critical Issues

In the statistical data section of the program narrative, the data reveals that since 1995-97 and through the 2009-11 biennium, the agency's revenue has steadily increased. The 2009-11 biennium revenue increased 14.0 percent from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

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As was also documented in the statistical data section, the agency is processing 78,189 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and additional FTEs to handle the increase in workload.

The agency is the first place stop and prime filer of a variety of business related information. In other words, business in North Dakota begins with the Secretary of State's office. Therefore, the agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support in order to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to continue the migration of the two databases from their current environment to the new platform. The increase in services and productivity will be significant.

Having adequate FTEs and the ability to offer competitive salaries is a huge challenge. For example, the agency recently hired two people for Administrative Assistant II positions, and had to offer salaries that were within a few dollars of the salaries currently being received by agency staff (in the same position) that has been employed for several years. The agency needs to have competitive salaries to address compression issues in its employment structure to be competitive and to pay salaries appropriate for agency staff.

REQUEST SUMMARY108 Secretary of State
Biennium: 2013-2015

Bill#: HB1002

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
By Major Program					
Secretary of State Operations	6,150,551	9,776,858	(3,547,067)	6,229,791	620,713
Public Printing Leg Law Books	292,201	310,000	0	310,000	1,200
Federal Election Reform	2,574,673	6,206,812	(1,066,827)	5,139,985	118,585
Total Major Program	9,017,425	16,293,670	(4,613,894)	11,679,776	740,498
By Line Item					
Salaries and Wages	3,240,403	3,598,343	160,851	3,759,194	676,754
Operating Expenses	2,905,002	6,092,515	(3,629,918)	2,462,597	(66,041)
Capital Assets	0	0	0	0	10,000
Petition Review	5,146	8,000	0	8,000	0
Election Reform	2,574,673	6,206,812	(1,066,827)	5,139,985	118,585
Public Printing	292,201	310,000	0	310,000	1,200
Technology Carryover	0	78,000	(78,000)	0	0
Total Line Items	9,017,425	16,293,670	(4,613,894)	11,679,776	740,498
By Funding Source					
General Fund	6,047,992	9,404,160	(3,559,476)	5,844,684	740,498
Federal Funds	2,467,153	5,806,812	(1,196,629)	4,610,183	0
Special Funds	502,280	1,082,698	142,211	1,224,909	0
Total Funding Source	9,017,425	16,293,670	(4,613,894)	11,679,776	740,498
Total FTE	28.00	28.00	0.00	28.00	3.00

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	2,058,910	2,207,000	151,408	2,358,408	184,248
Salaries - Other	0	0	0	0	393,000
Temporary Salaries	13,352	175,000	(62,200)	112,800	0
Overtime	276,313	278,148	(52,548)	225,600	0
Fringe Benefits	891,828	938,195	124,191	1,062,386	99,506
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
Total	3,240,403	3,598,343	160,851	3,759,194	676,754
Salaries and Wages					
General Fund	3,076,996	3,486,671	148,442	3,635,113	676,754
Federal Funds	0	0	0	0	0
Special Funds	163,407	111,672	12,409	124,081	0
Total	3,240,403	3,598,343	160,851	3,759,194	676,754
Operating Expenses					
Travel	55,102	63,900	0	63,900	(4,000)
Supplies - IT Software	18,023	7,000	0	7,000	0
Supply/Material-Professional	4,466	6,500	0	6,500	0
Miscellaneous Supplies	6,254	10,000	0	10,000	0
Office Supplies	50,656	57,500	0	57,500	(4,000)
Postage	180,231	173,000	0	173,000	(12,000)
Printing	128,401	137,000	0	137,000	(10,000)
IT Equip Under \$5,000	7,830	26,000	0	26,000	(2,000)
Other Equip Under \$5,000	0	2,000	0	2,000	0
Office Equip & Furn Supplies	56,177	47,000	0	47,000	(3,000)
Insurance	3,623	3,800	0	3,800	0
Repairs	29,921	21,000	0	21,000	0
IT - Data Processing	1,390,234	5,289,215	(3,629,918)	1,659,297	(115,041)
IT - Communications	66,556	81,600	0	81,600	(5,500)
IT Contractual Srvcs and Rprs	751,346	50,000	0	50,000	(3,500)
Professional Development	19,845	20,000	0	20,000	0
Operating Fees and Services	74,007	57,350	0	57,350	96,000
Fees - Professional Services	37,330	39,650	0	39,650	(3,000)
Other Expenses	25,000	0	0	0	0
Total	2,905,002	6,092,515	(3,629,918)	2,462,597	(66,041)
Operating Expenses					
General Fund	2,655,228	5,521,489	(3,629,918)	1,891,571	(66,041)

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Federal Funds	0	0	0	0	0
Special Funds	249,774	571,026	0	571,026	0
Total	2,905,002	6,092,515	(3,629,918)	2,462,597	(66,041)
Capital Assets					
Equipment Over \$5000	0	0	0	0	10,000
Total	0	0	0	0	10,000
Capital Assets					
General Fund	0	0	0	0	10,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	0	0	0	10,000
Petition Review					
Office Supplies	118	500	0	500	0
Postage	3,919	5,800	0	5,800	0
Printing	1,109	1,700	0	1,700	0
Total	5,146	8,000	0	8,000	0
Petition Review					
General Fund	5,146	8,000	0	8,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	5,146	8,000	0	8,000	0
Election Reform					
Salaries - Permanent	80,160	88,071	(6,471)	81,600	0
Salaries - Other	0	0	0	0	118,585
Overtime	5,490	11,281	(11,281)	0	0
Fringe Benefits	34,034	38,646	(1,661)	36,985	0
Travel	3,859	6,900	0	6,900	0
Miscellaneous Supplies	364	1,000	0	1,000	0
Office Supplies	0	60	0	60	0
Postage	8	290	0	290	0
Office Equip & Furn Supplies	1,403	2,450	0	2,450	0
Rentals/Leases - Bldg/Land	0	1,000	0	1,000	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
IT - Data Processing	230,980	197,619	0	197,619	0
IT - Communications	1,714	2,500	0	2,500	0
IT Contractual Svcs and Rprs	428,826	50,000	0	50,000	0
Professional Development	651	2,000	0	2,000	0
Operating Fees and Services	0	2,404	0	2,404	0
Fees - Professional Services	633,392	383,057	0	383,057	0
Other Expenses	0	3,269,534	(2,047,414)	1,222,120	0
IT Equip/Sftware Over \$5000	0	0	1,000,000	1,000,000	0
Grants, Benefits & Claims	1,153,792	2,150,000	0	2,150,000	0
Total	2,574,673	6,206,812	(1,066,827)	5,139,985	118,585

Election Reform

General Fund	18,421	0	0	0	118,585
Federal Funds	2,467,153	5,806,812	(1,196,629)	4,610,183	0
Special Funds	89,099	400,000	129,802	529,802	0
Total	2,574,673	6,206,812	(1,066,827)	5,139,985	118,585

Public Printing

Supply/Material-Professional	283,552	277,750	0	277,750	1,200
Office Supplies	305	250	0	250	0
Postage	1,350	7,000	0	7,000	0
Printing	6,994	25,000	0	25,000	0
Total	292,201	310,000	0	310,000	1,200

Public Printing

General Fund	292,201	310,000	0	310,000	1,200
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	292,201	310,000	0	310,000	1,200

Technology Carryover

IT - Data Processing	0	78,000	(78,000)	0	0
Total	0	78,000	(78,000)	0	0

Technology Carryover

General Fund	0	78,000	(78,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	78,000	(78,000)	0	0

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Funding Sources					
General Fund	6,047,992	9,404,160	(3,559,476)	5,844,684	740,498
Federal Funds	2,467,153	5,806,812	(1,196,629)	4,610,183	0
Special Funds	502,280	1,082,698	142,211	1,224,909	0
Total Funding Sources	9,017,425	16,293,670	(4,613,894)	11,679,776	740,498

CHANGE PACKAGE SUMMARY

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-E 3 Remove cGov Database Migration Project		0.00	(3,500,000)	0	0	(3,500,000)
A-E 4 Remove Technology Carryover		0.00	(78,000)	0	0	(78,000)
A-E 5 Remove Online Public Meetings		0.00	(43,039)	0	0	(43,039)
Total One Time Budget Changes		0.00	(3,621,039)	0	0	(3,621,039)
Ongoing Budget Changes						
A-A 6 Federal Funds Election Operational Changes		0.00	0	(2,180,552)	133,138	(2,047,414)
A-A 7 Adjust to Reflect accurate budget needs		0.00	(86,879)	0	0	(86,879)
A-A 8 Epollbooks		0.00	0	1,000,000	0	1,000,000
Base Payroll Change		0.00	148,442	(16,077)	9,073	141,438
Total Ongoing Budget Changes		0.00	61,563	(1,196,629)	142,211	(992,855)
Total Base Budget Changes		0.00	(3,559,476)	(1,196,629)	142,211	(4,613,894)
Optional Budget Changes						
Ongoing Optional Changes						
A-C 9 Public Printing Operational Changes	1	0.00	10,500	0	0	10,500
A-C 10 3 FTEs	2	3.00	283,754	0	0	283,754
A-C 12 AC100 - Compression	3	0.00	165,000	0	0	165,000
A-C 13 Credit Card Costs	4	0.00	100,000	0	0	100,000
A-C 14 Multipurpose Copier	5	0.00	10,000	0	0	10,000
A-C 15 Overtime	6	0.00	200,000	0	0	200,000
A-C 16 Annual Leave Pay-outs - Retirement	7	0.00	28,000	0	0	28,000
A-C 17 Election FTE	8	0.00	118,585	0	0	118,585
Total Ongoing Optional Changes		3.00	915,839	0	0	915,839
Total Optional Budget Changes		3.00	915,839	0	0	915,839

Optional Savings Changes

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
A-G 1 Optional 3% Savings Package	1	0.00	(166,041)	0	0	(166,041)
A-G 2 Public Printing Optional 3% Savings Package	1	0.00	(9,300)	0	0	(9,300)
Total Optional Savings Changes		0.00	(175,341)	0	0	(175,341)

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Change Group: A	Change Type: A	Change No: 6	Priority:
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Federal Funds Election Operational Changes

This change package reflects adjustments to reflect the projected 2013-15 election costs. Also, these changes will more accurately reflect the amount of federal funds remaining.

Change Group: A	Change Type: A	Change No: 7	Priority:
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Adjust to Reflect accurate budget needs

Adjustment to keep budget hold even.

Change Group: A	Change Type: A	Change No: 8	Priority:
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Epollbooks

A new tool has been developed allowing poll books containing the names of voters who have voted in a precinct previously to move from a paper record to an electronic record. Using our Help America Vote Act money, we will purchase these devices for the counties wanting to use them and the counties will have five years to pay that money back to the state's election fund.

Currently 8 counties (Stark, Stutsman, Cass, Grand Forks, Ward, Williams, Burleigh, McLean and Stutsman) are successfully using Epollbooks.

Change Group: A	Change Type: C	Change No: 9	Priority: 1
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Public Printing Operational Changes

This change package is for adjustments to reflect the projected 13-15 public printing costs. Based on the letter provided to the Secretary of State by ND Legislative Council, they recommend an increase in the public printing budget of \$10,500. The Secretary of State has the same budget as last biennium for individual volumes and new sets of NDCC. Therefore, our change request is only to adjust for ND Legislative Council amount of \$10,500.

Change Group: A	Change Type: C	Change No: 10	Priority: 2
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3 FTEs

On June 12, 2012, the Emergency Commission approved the agency's request to add three FTE positions to its authorized level for the remainder of the 2011/2013 biennium. The Budget Section affirmed the request on June 19, 2012.

This optional request is to have continued authorization for those three FTE positions for the 2013/2015 biennium.

Beginning in July 2011 through June 2012, the average number of monthly business registrations increased 92% from the previous twenty-four months and 64% from the previous twelve months.

Because of this unprecedented and unanticipated demand for services, the turnaround time to process important legal business registration documents and issue contractor licenses was much longer than the "normal" standard that the agency has had for many years and for which it has been known.

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The increased demand for services because of the economic growth throughout the state is projected to continue in the foreseeable future. The addition of these three positions was significant and invaluable in making a difference in this agency's ability to provide timely services and return to "normal" standards.

Two of the FTE positions are for the business registration unit. Because of the intricacies involved in filing legal business documents, it takes time to train personnel to become knowledgeable with the requirements of state law involving the varying types of business entity structures, e.g. domestic and foreign corporations, domestic and foreign limited liability companies, domestic and foreign limited partnerships, etc. This process cannot be entrusted to temporary personnel.

The remaining FTE position is for the business information unit. In direct correlation to the number of increased registered businesses, the number of annual reports that must be processed and information that is requested and provided increased, as well.

Change Group: A	Change Type: C	Change No: 12	Priority: 3
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AC100 - Compression

The agency has experienced salary compression issues related to the implementation of the salary schedules recommended by the Hay Study. An analysis was completed between the previous FTE compa-ratio prior to the Hay Study and as now recommended with the implementation of the Hay Study. Based on it, the requested amount will place the salaries of the individual FTE at the equivalent compa-ratio within the new salary range as they had within the previous salary range.

Change Group: A	Change Type: C	Change No: 13	Priority: 4
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Credit Card Costs

Our agency's operating line for basic office operations has remained somewhat fixed for several bienniums. Last biennium was one of the few bienniums we made a request to adjust our appropriation. To comply with the Governor's hold-even request, this adjustment is being made as an optional request, however it is critical to the successful operations of the office.

- \$100,000 increase for credit card costs based on expenditures in the past and current biennium and projected increase in credit card usage.

Change Group: A	Change Type: C	Change No: 14	Priority: 5
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Multipurpose Copier

The agency's current multipurpose copier was purchased in May 2007 for \$12,850. This copier is used for a variety of copying functions resulting in high volume usage. The usage is around 27,500 copies per month, the machine's grand total usage as of September 2012 is about 1,755,000 copies. It will arrive at the end of its viable useful life during the next biennium.

Change Group: A	Change Type: C	Change No: 15	Priority: 6
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Overtime

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This optional request is to increase the salary line budget for overtime salaries. The agency's overtime requirements costs have increased due to the following reasons:

- Development of the agency's software project,
- Increased demand for agency services due to the state's increased economic growth,
- Increased number of mixed fighting style events regulated by the Secretary of State.

Change Group: A	Change Type: C	Change No: 16	Priority: 7
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Annual Leave Pay-outs - Retirement

In the 13-15 Biennium, the Secretary of State office will have multiple long term agency employees retiring. This request is to cover the cost of annual and sick leave payouts upon their retirement.

Change Group: A	Change Type: C	Change No: 17	Priority: 8
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Election FTE

Request transfer of funding for currently authorized FTE, who is the manager of the Election Administration System, from federal funds to state general funds. This position is critical for the administration of the voting systems in North Dakota and in the future beyond the availability of federal election funds.

Change Group: A	Change Type: E	Change No: 3	Priority:
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Remove cGov Database Migration Project

Remove one time funding for Database Migration Project

Change Group: A	Change Type: E	Change No: 4	Priority:
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Remove Technology Carryover

Remove Technology Carryover from previous biennium.

Change Group: A	Change Type: E	Change No: 5	Priority:
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Remove Online Public Meetings

Remove one time funding for Online Public Meeting Project.

Change Group: A	Change Type: G	Change No: 1	Priority: 1
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Optional 3% Savings Package

As requested by the Governor of each agency, this is the Secretary of State's Optional 3% Savings Package, which totals \$166,041

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The Secretary of State's has had a historically fiscally conservative budget. Therefore, to achieve the goal of the savings package, the only option available to the agency was to reduce each sub-code within the operating line by 3%.

However, if the agency's budget is not restored to 100% benchmark, it will severely impact the operations of the agency.

Change Group: A	Change Type: G	Change No: 2	Priority: 1
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Public Printing Optional 3% Savings Package

Required 3% Optional Savings Package

Change Group: R	Change Type: A	Change No: 1	Priority:
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Public Printing Operational Changes

Provides \$10,500 from the general fund for increased publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws.

Change Group: R	Change Type: A	Change No: 2	Priority:
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Three Additional FTE

Authorizes 3.00 FTE and \$283,754 from the general fund for three positions that were approved by the Emergency Commission and Budget Section during the 2011-13 biennium. Two of the FTE positions are for the business registration unit and the remaining FTE is for the business information unit. The need for the additional staff is a result of the dramatic increase in business registrations due to the economic growth in the state.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Credit Card Costs

Provides \$100,000 from the general fund for credit card costs associated with increased usage of credit card payments received by the agency.

Change Group: R	Change Type: A	Change No: 4	Priority:
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Hosting Charges-Opening Meetings Application

Provides \$17,000 from the general fund for ITD hosting charges associated with the open meetings application that was implemented during the 2011-13 biennium.

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Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive Compensation Package Adjustment

This budget change provides funding for recommended 2013-15 compensation adjustments. Compensation adjustment for each agency were calculated following the recommendations of the Hay Group developed through the 2011 study of the state's classified employee compensation system. Pursuant to those recommendations, compensation adjustments were calculated to provide funding to allow for both performance-based salary adjustments and market-based salary adjustments. This funding allows for increases of 2% to 4% for employees in the first quartile of the pay range and 1% to 2% for those in the second quartile of the range. For employees in the third and fourth quartiles, which are above the market policy position, no market policy increase is funded. Performance-based increases are assumed to be 3% for employees meeting performance standards and up to 5% for employees exceeding performance standards. No performance-based increases are provided for employees that fail to meet performance standards.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Multi-Purpose Copier

Authorizes \$10,000 in one-time general fund dollars for the replacement of a multi-purpose copier.

Change Group: R	Change Type: B	Change No: 2	Priority:
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Hosting Charges - AS400

Provides \$84,000 in one-time general fund dollars for costs associated with maintaining the AS400 until the SOS File 2.0 IT system is fully implemented.