Secretary of State

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Agency Request
General Fund	12,500,138	8,663,845	9,109,410	11,132,679
Other Funds	36,900,243	50,265,885	49,566,983	54,294,731
Federal Funds	4,115,805	5,045,103	5,144,079	6,646,779
Total Funds	**53,516,186**	**63,974,833**	**63,820,472**	**72,074,189**
Positions	197	202	199	214
FTE	195.69	200.61	198.19	213.69

* includes Emergency Board and administrative actions through December 2014.

Program Description

The Office of the Secretary of State is one of three constitutional offices established at statehood. The Secretary is the auditor of public accounts, the chief elections officer, and the manager of the state's records, a role that includes preserving official acts of the Legislative Assembly and the Executive Branch. The Secretary of State serves with the Governor and State Treasurer on the State Land Board which manages state-owned lands.

The agency's major divisions include the: *1) Elections Division*, which administers state and federal elections laws, provides training to county and city election officials, political party representatives, and candidates; publishes statewide voter's pamphlets; and administers the filing and verification of initiative, referendum, and recall petitions; *2) Audits Division*, which carries out the Secretary's constitutional duties as auditor of public accounts to assure that public funds are properly accounted for and spent in accordance with legal requirements; the Division performs, or contracts for, financial and compliance audits and performance audits of state agencies; *3) Archives Division*, which stores public records and protects and provides public access to Oregon's documentary heritage; the Division provides records management advice and assistance to state and local agencies and publishes the state's administrative rules; and *4) Corporation Division*, which is responsible for three major programs: Business Registry – the filing of business names, Uniform Commercial Code (UCC) – the filing of secured transactions, and Notary Public – commissioning and regulating notaries. The Corporation Division also houses the Office of Small Business Assistance. Finally, the agency also has a *5) Administrative Services Division,* which provides administrative support and executive oversight. The Administrative Services Division includes the Executive Office which houses the Secretary and her immediate staff.

CSL Summary and Issues

General Fund support for the Archives Division was replaced with an Other Funds assessment in the 2013-15 biennium budget. When this was done, Other Funds assessment revenues were not allocated to replace the General Fund that had covered the Archive's Division's portion of the agency's central agency function costs, including Information Systems, Business Services, Human Resources, and the Executive Office. These functions continued to be supported by General Fund (the previous fund source supporting Archives).

Policy Issues

The agency is requesting a broad number of policy option packages to enhance its programs and operations. The largest requests are to expand its Information Services Section, including a request for ten positions (a 34% increase over the 29 positions assigned to the Section in the current service level budget). An additional $559,260 General Fund and $1,510,926 Other Funds are requested to finance these positions. Some of the agency's information systems fell victim to a security breach last year, and the additional staff are requested, at least partially, to address security issues.

Other requests for information technology-related items, outside of the Information Services Section itself, include $2,185,000 General Fund (total includes both direct expenditures and revenue reductions) to outsource maintenance of the currently agency-operated ORESTAR campaign finance application; one additional position in the Elections Division to assist ORESTAR users; $488,710 Federal Funds for upgrading the Oregon Centralized Voter Registration System (OCVR), and $1,013,990 Federal Funds to eliminate county payments that support OCVR; $625,000 Other Funds for Oregon Business Registry upgrades, and $192,000 Other Funds to outsource the Oregon License Directory.

Additionally, the Joint Committee on Ways and Means passed HB 2177 earlier this session. This bill will register eligible voters who are in Oregon Department of Transportation databases but not already registered to vote. There is an estimated fiscal impact of $753,445 to the SOS, and of $767,865 to counties, related to this bill. The SOS did not request funds for HB 2177 implementation in the agency request budget, but the Committee expressed a desire to address the fiscal impacts when it recommended the bill.

Other Significant Issues and Background

The agency was requested to present two reports to the Legislature or Emergency Board, one on the use of Federal Help America Vote Act (HAVA) monies, and the second on the Central Business Registry and One-Stop Business Portal.

After the 2013 session, the Secretary re-evaluated HAVA spending priorities, and approved major program changes. Current biennium expenditures were reduced to $4 million – a $3 million decline (or 43%) from the budgeted level. With this reduction, the agency projected that sufficient Federal Funds would be available to support ongoing program costs through the entire 2015-17

biennium, and to support a $4.3 million Oregon Centralized Voter Registration (OCVR) system upgrade. The spending reductions were achieved by eliminating a planned upgrade of county election tabulation systems.

The agency did not submit the requested report on the Central Business Registry and One-Stop Business Portal.

The reports were requested in the two budget notes below:

Budget Note (HAVA Report)
The Subcommittee anticipates that the Elections Division, at the conclusion of the 2013-15 biennium, will retain an ending balance of $2.3 million in Federal Funds received under the Help America Vote Act (HAVA). No additional HAVA funds are expected to be received. The Secretary of State is requested to report on the use of Federal HAVA monies, and on Election Division plans to address the upcoming exhaustion of available HAVA monies. The report shall identify programs and expenditures that will be discontinued upon exhaustion of HAVA monies, and identify expenditures that the Secretary will request to be continued with alternative fund sources. The report shall be submitted to the Joint Committee on Ways and Means for its consideration in the 2014 legislative session.

Budget Note (Central Business Registry and One-Stop Business Portal Report)
The Secretary of State is requested to report on efforts to include information about, and access to, state agency programs within the functions of the Central Business Registry and the One-Stop Business Portal. The report shall identify any specific state agency objections to these efforts, and suggest, if appropriate, legislative actions to assist. The report shall be submitted to the interim Joint Committee on Ways and Means or to the Emergency Board no later than October 2014.

Co-Chairs' Budget Framework Discussion
The Co-Chairs' budget framework included some General Fund for additional Information Services Division staffing. The framework did not require any reductions to existing programs, but did include a one-biennium replacement of $800,000 of General Fund support for the Administrative Services Division with $800,000 of Other Funds. The agency projects a $3.3 million beginning Other Funds balance in the Administrative Services Division budget, with a $5 million ending balance at current service level expenditures, or a $2.8 million ending balance if all expenditure requests in the agency request budget are approved. The fund shift in the Co-Chairs' budget framework reduces the ending balance amount by $800,000.

No specific budget details or issues were identified in the Co-Chairs' budget framework for this agency's Other Funds or Federal Funds expenditures (other than the fund shift described above).