

Secretary of State

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget**
General Fund	14,203,166	18,230,183	18,915,145	16,691,665	16,638,570
Other Funds	64,756,837	75,757,327	79,761,879	84,581,235	96,071,600
Federal Funds	3,982,771	5,885,867	10,497,283	5,022,647	4,583,969
Total Funds	82,942,774	99,873,377	109,174,307	106,295,547	117,294,139
Positions	224	232	235	229	268
FTE	223.51	231.08	232.96	228.25	267.50

* Includes Emergency Board and administrative actions through December 2022.

** Placeholder amounts included in the Governor's Budget

Program Description

The Office of the Secretary of State (SOS) 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**, has three major programs: Business Registry – the filing of business names, Uniform Commercial Code – the filing of secured transactions, and Notary Public – commissioning and regulating notaries. The agency also has an Administrative Services Division that provides central administrative support services and includes the Executive Office of the Secretary, Business Services, Human Resources, and Information Systems.

Although considered an executive branch agency, as a separately elected constitutional office, SOS operates independently of the Governor and the rest of the executive branch. The executive branch makes no recommendation and exercises no budgetary control over the Secretary of State's budget. That responsibility falls solely to the Legislature. In addition, SOS is exempt from many statutes that apply to executive branch agencies, such as those governing human resources, procurement, and information technology policies.

CSL Summary

Voter Registration System Replacement Project - This project, called Oregon Votes, has fallen behind schedule due to changes the vendor was making to the underlying system that was to be used in Oregon's project. While the contract called for deployment of a stable product, the fact the base program was being updated as implementation was to occur has caused delays. This will cause some expenditures that were anticipated to occur in 2021-23 (and were phased-out during 2023-25 budget development) to be delayed until the 2023-25 biennium.

The agency has received federal Help America Vote Act (HAVA) funds since 2002 and has used this funding to support positions in the Elections Division. The federal government has not made new HAVA funds available to states in recent years; however, transfers of funds unused by other states have come to Oregon on occasion, allowing some positions to continue to be federally supported. It is anticipated that no additional HAVA funds will be available in 2023-25 to support all the previously supported work, therefore SOS is requesting two elections positions be shifted to General Fund support for the next biennium at a cost of \$432,959 General Fund.

Policy Issues

Overseeing elections is a primary responsibility of the Secretary of State. Recent challenges, questions, and concerns regarding election security and legitimacy are a growing problem identified by the agency. As such, SOS has brought forward a number of budget requests related to the administration and oversight of elections held in Oregon.

Governor's Budget

The Secretary of State's proposed budget is not subject to Governor's Office review or oversight. This means that what is included in the printed Governor's budget is characterized as a placeholder. For the 2023-25 biennium, the amount included a \$4 million General Fund unspecified reduction to bring the General Fund total to slightly less than current service level. The amounts included in the printed Governor's budget for the Secretary of State are \$16.6 million General Fund, \$96.1 million Other Funds, and \$4.6 million Federal Funds for a total budget of \$117.3 million. The Governor's budget included Other Funds expenditure limitation increases for the Secretary's budget requests that are funded with Other Funds.

Elections - POP 117 Elections Oversight would add \$600,097 General Fund and two compliance positions to the Elections Investigations unit, which has a current staffing level of 1.50 FTE. In addition, \$100,000 of the total cost would be for a Risk Limiting Audit pilot program that will use technology to audit post-election procedures in several counties. POP 115 ORESTAR Replacement Start-up would add \$1.2 million General Fund and two positions to begin planning for the replacement of Oregon's campaign finance reporting system ORESTAR.

Despite the fact that the Governor does not historically make recommendations on the Secretary of State budget request, the Governor's budget added two special purpose appropriations to the Emergency Board of \$600,000 and \$1.2 million to fund the two Elections Division Policy Option Packages described above. No other General Fund was included in the Governor's Budget for the other requests supported with General Fund revenue.

Audits Division - POP 113 would add \$566,804 Other Funds to support two state auditor positions to enhance the Division's information technology (IT) audits which are intended to improve agencies' IT security and management procedures. POP 114 would add three state auditors to execute audits requested by the Legislature and conduct new audits required by law changes for a cost of \$809,410 Other Funds.

Archives Division - POP 110 would add \$509,452 Other Funds to make permanent two archivist positions added during the 2021-23 biennium to digitize legislative recordings of legislative proceedings dating back to 1957. POP 112 would add \$750,000 Other funds from assessment for the final phase of Archive's compact shelving replacement project.

Corporation Division - POP 120 Staffing Needs would add \$1.6 million Other Funds and 8 positions (8.00 FTE) three of which would be permanent and five would be established as limited-duration. The Division states these positions are needed to enhance current services, increase education and outreach, and provide timely and quality customer support.

Administrative Services Division:

Non-IT staffing - POP 103 Executive Staffing would add four positions, a General Counsel, a Public Affairs Specialist 3, an Internal Auditor, and an Operations and Policy Analyst 4 (OPA 4) position. The General Counsel and Public Affairs Specialist 3 positions were included in an Executive Office staffing request in the 2021 budget. While five of the requested positions were ultimately approved by the Legislature, the establishment of these two positions was denied. The OPA 4 position would meet a need to "seek input, ensure the public has resources and information it needs as new rule making, election announcements, policies, reports, audits, and critical corporation information is released for public education and use." POP 104 requests that a half-time Legislative Analyst position approved as part of the 2021 Executive Office staffing request be made full-time to meet workload requirements. POP 105 would increase the Secretary of State's travel budget by \$80,000 (\$40,000 General Fund and \$40,000 Other Funds). The current budget for instate travel is \$18,558 General Fund and \$36,609 Other Funds. POP 109 would add an Executive Support Specialist 2 to support the Human Resources Division.

Information Technology - POP 107 Information Technology Security would add \$1.8 million total funds. Of this amount, \$1,260,000 is for updating network switches, firewalls, data monitoring enhancements, and other IT security services. The remaining \$508,422 supports the addition of two positions, an Asset Manager and a Security Analyst. POP 106 System Modernization requests \$2,971,607 total funds (\$356,592 General Fund) for various modernization efforts. Included are two Application Development positions to rebuild and modernize custom legacy business systems, three positions to meet legal accessibility requirements, one position for better public records request management, and a Deputy Chief Information Officer to oversee the Quality Assurance/Testing and Project Management Office.

Key Performance Measures

A copy of the SOS Annual Performance Progress Report can be found on the LFO website.

https://www.oregonlegislature.gov/lfo/APPR/APPR_SOS_2022-08-24.pdf