

**Agency Budget Comparison**

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
Personal Services	0	0	48,000	48,000	0	96,000	96,000	n/a
Operating Expenses	0	0	60,000	60,000	0	120,000	120,000	n/a
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	0	0	20,000	20,000	0	40,000	40,000	n/a
Debt Service	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$128,000</b>	<b>\$128,000</b>	<b>\$0</b>	<b>\$256,000</b>	<b>\$256,000</b>	<b>n/a</b>
General Fund	0	0	0	0	0	0	0	n/a
Federal Special	0	0	128,000	128,000	0	256,000	256,000	n/a
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$128,000</b>	<b>\$128,000</b>	<b>\$0</b>	<b>\$256,000</b>	<b>\$256,000</b>	<b>n/a</b>

**Agency Description**

Agency Mission: It is the mission of the Secretary of State to improve services to Montana’s voters, business community, and governmental agencies through open communications, effective use of technology, and transparent accountability.

The Secretary of State’s Office:

- Interprets state election laws and oversees statewide, federal, legislative, Public Service Commission, district court judge, and ballot issue elections
- Maintains the official records of the executive branch and the acts of the legislature
- Reviews, maintains, and distributes public-interest records of businesses and nonprofit organizations
- Files administrative rules adopted by state departments, boards, and agencies
- Attests to the Governor’s signature on executive orders, proclamations, resolutions, extradition papers, and appointments
- Preserves the state seal
- Files and maintains records of secured financial transactions, such as liens
- Serves on the state Board of Land Commissioners and the Board of Examiners
- Commissions notaries public

The Secretary of State’s Office consists of one program, the Business and Government Services Program, which provides all the functions of the office.

**Agency Highlights**

<b>Secretary of State’s Office Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature included the proprietary operations of the SOS in HB 2, including 55.25 FTE, personal services of \$6.2 million, and operating costs of \$2.95 million. The Governor line item vetoed the proprietary funds from HB 2</li> <li>◆ The legislature also provided proprietary funding for operating costs associated with the Statewide Voter Registration System (SVRS)</li> <li>◆ Help America Vote Act funding of \$256,000 was approved to support various election functions of the office</li> </ul>

**Summary of Legislative Action**

Since the 1993 Legislature enacted HB 549, the majority of the operations of the Secretary of State’s Office have been funded through proprietary funds and as such have not been included in the legislative review process conducted as part of its budget deliberations. The legislature increased its oversight over the operations of the Secretary of State by including the proprietary funding of the office in HB 2 and designating its uses over the 2015 biennium. The funding provides for the following major functions:

- o Election administration
- o Registration and document filing of Montana businesses
- o Publication and distribution of administrative rules
- o Records management of public documents generated by state and local government
- o Centralized services for the Secretary of State’s Office

The legislature used the 2013 Biennium Report on Internal Service and Enterprise Funds for the business and government services account in the enterprise fund as submitted by the SOS to determine the level of funding, the number of FTE, and the costs for personal services, operating expenses, equipment and intangible assets, grants, and debt service.

In addition, the legislature provided support for the statewide voter registration system (SVRS) through appropriation of proprietary funding. The legislature restricted the funding to support for 1.00 FTE and operational costs of the statewide voter file that was mandated by the federal Help America Vote Act of 2002. The funding was restricted due to legislative concern that the costs for the SVRS would be passed onto the counties.

Governor Bullock line item vetoed the proprietary funding for the Secretary of State’s Office prior to signing House Bill 2, stating that the authority was redundant. At the time of this writing a legislative poll is being conducted to determine if the legislature will override the Governor’s veto. The agency’s budget tables in the Fiscal Analysis reflect the veto and as such do not include the proprietary funding appropriated in HB 2 by the legislature.

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	0.00	1.00	0.00	(1.00)	1.00	0.00	(1.00)	
Personal Services	0	59,376	48,000	(11,376)	59,374	48,000	(11,374)	(22,750)
Operating Expenses	0	1,104,253	60,000	(1,044,253)	594,655	60,000	(534,655)	(1,578,908)
Equipment & Intangible Assets	0	40,000	0	(40,000)	40,000	0	(40,000)	(80,000)
Grants	0	0	20,000	20,000	0	20,000	20,000	40,000
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$0</b>	<b>\$1,203,629</b>	<b>\$128,000</b>	<b>(\$1,075,629)</b>	<b>\$694,029</b>	<b>\$128,000</b>	<b>(\$566,029)</b>	<b>(\$1,641,658)</b>
General Fund	0	690,629	0	(690,629)	694,029	0	(694,029)	(1,384,658)
Federal Special	0	513,000	128,000	(385,000)	0	128,000	128,000	(257,000)
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$0</b>	<b>\$1,203,629</b>	<b>\$128,000</b>	<b>(\$1,075,629)</b>	<b>\$694,029</b>	<b>\$128,000</b>	<b>(\$566,029)</b>	<b>(\$1,641,658)</b>

The legislature switched funding for the Statewide Voter Registration System (SVRS) from the general fund to the proprietary fund. The legislature also reduced authority for federal Help America Vote Act funds from \$513,000 over the biennium to \$256,000 over the biennium to align appropriation authority with the costs associated with the program.

**Funding**

The following table shows funding, by source of authority for the 2015 biennium as adopted by the legislature.

Total Secretary Of State's Office Funding by Source of Authority 2015 Biennium Budget - Business & Government Services							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Federal Special Total	\$256,000	\$0	\$0	\$256,000	2.7%		
03715 Elections Federal Grant	\$256,000	\$0	\$0	\$256,000	2.7%		
Proprietary Total	\$0	\$9,209,343	\$0	\$9,209,343	97.3%		
06053 Sec. Of St. Business Services	\$0	\$9,209,343	\$0	\$9,209,343	97.3%		
Total All Funds	\$256,000	\$9,209,343	\$0	\$9,465,343	100.0%		
<b>Percent - Total All Sources</b>	<b>2.7%</b>	<b>97.3%</b>	<b>0.0%</b>				

The operations of the Secretary of State’s Office are primarily funded with proprietary funds derived from fees for services, document sales, and other fess established in statute.

The legislature provided \$1.4 million in proprietary funding to support the statewide voter registration system. The executive had requested general fund for this purpose.

In recent years, the federal Help America Vote Act of 2002 (HAVA) has provided federal special revenues for election reform initiatives. Since expenditure of HAVA interest funds in the base were designated as one-time-only, these expenditures were removed from the base and no base exists. Interest accrued on deposit of HAVA funds remains unspent and funding from these funds was approved for the 2015 biennium.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	128,000	128,000	256,000	100.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$128,000</b>	<b>\$128,000</b>	<b>\$256,000</b>	

As discussed in the Agency Discussion narrative, HAVA funding was designated as one-time-only for FY 2012, resulting in a new proposal request to reinstate federal funding for the 2015 biennium.

**Other Legislation**

HB 10 – The legislature appropriated \$4.078 million in long range information technology project funds to the Secretary of State. The funding provides for Phase 2 of the information management system for the SOS.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1503 - HAVA Interest (Biennial) OTO										
01	0.00	0	0	128,000	128,000	0.00	0	0	128,000	128,000
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$128,000</b>	<b>\$128,000</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$128,000</b>	<b>\$128,000</b>

DP 1503 - HAVA Interest (Biennial) OTO - The legislature approved spending authority for cumulative interest earnings from the Help America Vote Act grant. Authority would be used for related expenses and grants to counties to continue to comply with the act.