

LSC Greenbook

Analysis of the Enacted Budget

Secretary of State

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ATTACHMENT:

Budget Spreadsheet By Line Item

Secretary of State

- Appropriations of \$21.3 million each fiscal year
- Nearly 68% of the budget is supported by UCC filing fees collected by the Business Services Division
- The Elections Division began collecting and recording transition account filings in FY 2011

OVERVIEW

As Ohio's chief election officer, the Secretary of State (SOS) supervises the administration of election laws and the 88 county boards of elections. The Secretary of State also chairs the five-member Ohio Ballot Board, which approves statewide ballot language, reviews statewide initiative and referendum petitions, and informs voters about proposed ballot issues. In overseeing elections, the Secretary of State compiles and maintains election statistics, political party records, and other related records, including campaign finance reports filed by candidates running for statewide office, the General Assembly, and political action committees. These responsibilities are handled by the Elections Division.

The other major responsibility of the Secretary of State is to oversee business licensing in the state. This function is handled by the Business Services Division. In addition to these and other types of business filings, the Division handles a variety of Uniform Commercial Code (UCC) filings. The Business Services Division also houses the Notary Commission, which is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and Department of Natural Resources Reserve Officers. Overall, between the two divisions, the Secretary of State currently employs 166 people, the majority of whom work within the Business Services Division.

Appropriations

As the following table shows, appropriations for the Secretary of State are \$21.3 million in both FY 2012 and FY 2013, approximately \$1.8 million (9.4%) higher than FY 2011 spending of \$19.5 million. The majority of the funding – about \$14.4 million (67.4%) in each year – is derived from business filing fees collected by the Business Services Division. These amounts are budgeted under the State Special Revenue Fund Group. The Secretary of State also receives a considerable amount of federal funding – \$3.8 million (17.8%) – for various election reform initiatives required by the Help America Vote Act (HAVA). Approximately \$2.4 million (11.1%) of the proposed budget in each year comes from the GRF. Finally, the combined appropriations for line items within the General Services Fund Group and the Holding Account Redistribution Fund Group make up \$771,200 (3.7%) of the budget in each fiscal year.

Appropriations by Fund Group, FY 2012-FY 2013					
Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
General Revenue	\$2,478,716	\$2,378,226	(4.1%)	\$2,378,226	0%
General Services	\$861,551	\$656,200	(23.8%)	\$656,200	0%
State Special Revenue	\$13,294,977	\$14,385,400	8.2%	\$14,385,400	0%
Federal Special Revenue	\$2,735,522	\$3,800,000	38.9%	\$3,800,000	0%
Holding Account Redistribution	\$125,322	\$115,000	(8.2%)	\$115,000	0%
Total	\$19,496,088	\$21,334,826	9.4%	\$21,334,826	0%

* FY 2011 figures represent actual expenditures.

Issues of Interest

Printing Requirements

The Secretary of State is currently required by statute to make printed copies of election rosters and statistics as well as the session laws of each General Assembly. For session laws, the Secretary of State is required to produce at least 25 bound copies to be sent to individuals specified in the Revised Code. The Office recently completed the publication and binding process for the session laws of the 126th General Assembly, with the total costs exceeding \$100,000. All printing costs are paid for from the Corporate and Uniform Commercial Code Filing Fund (Fund 5990). The budget permits the SOS to provide these documents in an electronic format and removes provisions that mandate how many printed copies must be published.

Transition Accounts

H.B. 5 of the 128th General Assembly permits a person who has been elected or appointed to any elective office to establish a transition fund to receive donations and cover costs incurred for transition activities and inaugural celebrations. Under the bill, the Secretary of State will regulate transition funds in a manner similar to the way in which it regulates the Campaign Finance Law. As of this writing, five statewide elected officers (Governor, Auditor of State, Secretary of State, Attorney General, and Treasurer of State) have established transition accounts, and in total, submitted 1,588 filings in relation to their transition funds.

ANALYSIS OF ENACTED BUDGET

Elections Division

This category of appropriations funds the Secretary of State's Elections Division, which is responsible for the administration and oversight of all elections in the state, as well as poll worker training. Approximately 37.7% of the funding for these activities is supported by the GRF. The majority of funding, about 60.2% in each fiscal year, comes from federal sources and is related to implementation of Help America Vote Act (HAVA) requirements.

Funding for the Elections Division				
Fund	ALI and Name		FY 2012	FY 2013
General Revenue Fund				
GRF	050321	Operating Expenses	\$2,144,030	\$2,144,030
GRF	050407	Poll Workers Training	\$234,196	\$234,196
General Revenue Fund Subtotal			\$2,378,226	\$2,378,226
General Services Fund Group				
4140	050602	Citizen Education	\$25,000	\$25,000
4S80	050610	Board of Voting Machine Examiners	\$7,200	\$7,200
5FG0	050620	BOE Reimbursement and Education	\$100,000	\$100,000
General Services Fund Group Subtotal			\$132,200	\$132,200
Federal Special Revenue Fund Group				
3AH0	050614	Election Reform/Health and Human Services	\$800,000	\$800,000
3AS0	050616	Help America Vote Act (HAVA)	\$3,000,000	\$3,000,000
Federal Special Revenue Fund Group Subtotal			\$3,800,000	\$3,800,000
Total Funding: Elections Division			\$6,310,426	\$6,310,426

Operating Expenses (050321)

This GRF line item is used to pay for the expenses the Secretary of State (SOS) incurs for administering elections. The appropriation for this line item is approximately \$2.1 million in both FY 2012 and FY 2013, a decrease of 4.3% when compared to FY 2011 spending of \$2.2 million. Specifically, this line item funds the salaries of Elections Division employees, although additional funding is supplied by appropriations from the Corporate and Uniform Commercial Code Filing Fund (Fund 5990).

The Elections Division is divided into three areas. The Elections Section provides instructions and develops procedures for conducting elections, and prescribes applicable forms for voter registration, petitions, and ballot language. Second, the Campaign Finance Section receives, processes, and examines all submitted campaign

finance statements. Third, the Field Services Section acts as a liaison between SOS and county boards of elections, and distributes elections-related information to citizens.

Poll Workers Training (050407)

Boards of elections are required to establish a poll worker training program. The boards are responsible for initial and ongoing training of poll workers and presiding judges. Training occurs twice per year. SOS annually reimburses counties for those expenses once a statement of expenses has been received. This GRF line item pays for those reimbursements. The appropriation for this line item is \$234,196 in both FY 2012 and FY 2013, a decrease of 1.6% from FY 2011 spending of \$238,100 on these activities.

Citizen Education (050602)

The Secretary of State receives private donations from groups that agree to pay part or all of the costs associated with printing and distributing voter registration and education materials and for conducting workshops and conferences. Any such donations are collected in the Citizen Education Fund (Fund 4140) and paid from this line item. Currently, a Pew Charitable Trusts Grant provides funding to include voter registration forms in change of address forms. The appropriation for this line item is \$25,000 in both FY 2012 and FY 2013. No money was spent from this line item in FY 2011.

Board of Voting Machine Examiners (050610)

This line item is used to pay for services and expenses of the members of the Board of Voting Machine Examiners. The line item is also used to pay for the cost of examining, testing, and certifying voting machine devices. The funding for these purposes is derived from fees charged to voting machine vendors for the certification of those machines. H.B. 153 increases the fee charged to these vendors from \$1,800 to \$2,400. The fee increase is a result of the membership of the board increasing from three to four members as a result of H.B. 350 of the 127th General Assembly. Board members are compensated at the rate of \$300 per day and reimbursed for expenses up to \$600. The appropriation for this line item is \$7,200 in both FY 2012 and FY 2013.

BOE Reimbursement and Education (050620)

This line item is used to reimburse boards of elections for the costs of certain special elections and recounts and other purposes. This line item is funded through the BOE Reimbursement and Education Fund (Fund 5FG0), which receives transfers from the GRF upon application to and approval of the amounts by the Controlling Board. The appropriation for this line item is \$100,000 in each fiscal year.

This line item is used on an as-needed basis. That is, the amount reimbursed from this line item will vary from year to year based upon any special elections or recounts. In FY 2010, the Secretary of State reimbursed 16 counties a total of \$6,000 for

the costs of a recount of the 18th Congressional District primary election held on May 4, 2010. In FY 2011, the Secretary of State reimbursed Clinton, Highland, Montgomery, and Warren counties just over \$272,000 for the special election in the 3rd Congressional District held on July 13, 2010. In total, the SOS reimbursed counties approximately \$278,000 for special elections related costs, and spent \$334,753 from this line item overall.

Election Reform/Health and Human Services (050614)

This line item is used to meet the requirements of the Americans with Disabilities Act (ADA), in accordance with state and federal law applying to accessibility and voter education. These funds are typically used to make construction improvements to voting facilities to allow for better handicapped access, or to acquire certain voting machines for handicapped individuals. The appropriation for this line item is \$800,000 in both FY 2012 and FY 2013, an increase of 54.2% from FY 2011 spending of \$518,857 for these purposes. Spending from this line item is largely dependent on how much federal funding is received. For example, while appropriated at \$800,000 in each fiscal year, expenditures were well short of that amount, at approximately \$500,000 in federal funding in both FY 2010 and FY 2011.

Help America Vote Act (HAVA) (050616)

This Federal Special Revenue Fund Group line item is used to carry out HAVA-related requirements. These responsibilities include: (1) improving the statewide voter registration database, (2) ameliorating, acquiring, leasing, modifying, or replacing voting systems and technology, and (3) implementing the Military and Overseas Voter Empowerment Act (MOVE). The appropriation for this line item is \$3,000,000 in both FY 2012 and FY 2013, an increase of 35.3% when compared to FY 2011 spending of \$2.2 million for these purposes. As of this writing, the cash balance of this fund is approximately \$8.5 million.

Business Services Division

The line items in this category are used to fund the Business Services Division. The Division is responsible for handling articles of incorporation for Ohio corporations and granting licenses to out-of-state corporations seeking to do business in Ohio. The Division is also responsible for processing numerous types of filings under the Uniform Commercial Code (UCC). Business filing fees deposited into the Corporate and Uniform Commercial Code Filing Fund (Fund 5990) account for \$14.4 million (95.7%) of the funding for the Business Services Division. The Division receives no GRF funding.

Funding for the Business Services Division				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
4120	050609	Notary Commission	\$475,000	\$475,000
4130	050601	Information Systems	\$49,000	\$49,000
General Services Fund Group Subtotal			\$524,000	\$524,000
State Special Revenue Fund Group				
5990	050603	Business Services Operating Expense	\$14,385,400	\$14,385,400
State Special Revenue Fund Group Subtotal			\$14,385,400	\$14,385,400
Holding Account Redistribution Fund Group				
R001	050605	Uniform Commercial Code Refunds	\$30,000	\$30,000
R002	050606	Corporate/Business Filings	\$85,000	\$85,000
Holding Account Redistribution Fund Group Subtotal			\$115,000	\$115,000
Total Funding: Business Services Division			\$15,024,400	\$15,024,400

Business Services Operating Expense (050603)

The appropriation for this State Special Revenue line item is \$14.4 million in both FY 2012 and FY 2013, an increase of 9.7% over FY 2011 spending of \$13.1 million. This line item is used to pay the expenses associated with collecting and processing UCC filings as well as filings associated with corporations or partnerships. It supports personnel costs for Business Services Division employees as well as some of the costs for Elections Division employees.

The revenue that supports the appropriation comes from fees charged for corporate and UCC filings. There are approximately 140 different UCC and business filings fees for the state. To date in 2011, the office has processed approximately 44,000 various filings. The Corporate and Uniform Commercial Code Filing Fund (Fund 5990) collected just over \$15.1 million in fee revenue in FY 2011.

For the FY 2012-FY 2013 biennium, this line item will also be used to maintain, improve, or replace equipment, and to train employees in the use of IT systems and processes used in the Business Services Division. These expenses were formerly paid

from the Business Technology Program Fund (Fund 5N90), which was funded through a transfer of 1% of all receipts collected by Fund 5990. The budget abolished this fund and transferred the cash balance in Fund 5N90 to Fund 5990. As a result, starting in FY 2012, the Secretary of State will simply use Fund 5990 to pay for IT related costs.

Notary Commission (050609)

This line item is used to pay the expenses of the Notary Public Office, including the cost of issuing licenses. The appropriation for this line item is \$475,000 in each fiscal year, a 4.1% decrease from FY 2011 spending of \$495,166. The line item is funded through fees paid by individuals for notary public licenses. The Notary Commission Fund (Fund 4120) collected just over \$488,000 in revenues in FY 2011.

Information Systems (050601)

This line item is used to pay for the material and production costs for printouts and tapes containing voter registration data, electronic information requests for corporation lists, UCC lists, and other vendor-requested data. This line item is funded through fees charged to vendors making any such data requests. The appropriation for this line item is \$49,000 in both FY 2012 and FY 2013.

Uniform Commercial Code and Corporate/Business Filing Refunds (050605 and 050606)

These line items are within the Holding Account Redistribution Fund Group portion of the Secretary of State's budget. These two line items are used to pay out UCC and corporate filing fees that may be subject to refund due to the filing not being recorded, or filings for which there was an overpayment. The appropriation for these line items collectively is \$115,000 in both FY 2012 and FY 2013, slightly below FY 2011 spending of \$125,322 for these purposes.

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FY 2012 - FY 2013 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency					Appropriations	FY 2011 to FY 2012	Appropriations	FY 2012 to FY 2013
			FY 2010	FY 2011	FY 2012	% Change	FY 2013	% Change
Report For Main Operating Appropriations Bill			Version: Enacted					
SOS Secretary of State								
GRF	050321	Operating Expenses	\$ 2,236,036	\$ 2,240,616	\$ 2,144,030	-4.31%	\$ 2,144,030	0.00%
GRF	050407	Poll Workers Training	\$ 209,743	\$ 238,100	\$ 234,196	-1.64%	\$ 234,196	0.00%
General Revenue Fund Total			\$ 2,445,779	\$ 2,478,716	\$ 2,378,226	-4.05%	\$ 2,378,226	0.00%
4120	050609	Notary Commission	\$ 560,037	\$ 495,166	\$ 475,000	-4.07%	\$ 475,000	0.00%
4130	050601	Information Systems	\$ 100,518	\$ 26,589	\$ 49,000	84.29%	\$ 49,000	0.00%
4140	050602	Citizen Education Fund	\$ 0	\$ 0	\$ 25,000	N/A	\$ 25,000	0.00%
4S80	050610	Board of Voting Machine Examiners	\$ 6,932	\$ 5,043	\$ 7,200	42.78%	\$ 7,200	0.00%
5FG0	050620	BOE Reimbursement and Education	\$ 50,278	\$ 334,753	\$ 100,000	-70.13%	\$ 100,000	0.00%
5FH0	050621	Statewide Ballot Advertising	\$ 1,077,353	\$ 0	\$ 0	N/A	\$ 0	N/A
General Services Fund Group Total			\$ 1,795,119	\$ 861,551	\$ 656,200	-23.84%	\$ 656,200	0.00%
3AC0	050619	Election Data Collection Grant	\$ 555,575	\$ 0	\$ 0	N/A	\$ 0	N/A
3AH0	050614	Election Reform/Health and Human Services	\$ 465,107	\$ 518,857	\$ 800,000	54.19%	\$ 800,000	0.00%
3AS0	050616	Help America Vote Act (HAVA)	\$ 1,715,269	\$ 2,216,665	\$ 3,000,000	35.34%	\$ 3,000,000	0.00%
Federal Special Revenue Fund Group Total			\$ 2,735,951	\$ 2,735,522	\$ 3,800,000	38.91%	\$ 3,800,000	0.00%
5990	050603	Business Services Operating Expenses	\$ 13,476,527	\$ 13,116,239	\$ 14,385,400	9.68%	\$ 14,385,400	0.00%
5N90	050607	Technology Improvements	\$ 188,959	\$ 178,738	\$ 0	-100.00%	\$ 0	N/A
State Special Revenue Fund Group Total			\$ 13,665,486	\$ 13,294,977	\$ 14,385,400	8.20%	\$ 14,385,400	0.00%
R001	050605	Uniform Commercial Code Refunds	\$ 14,255	\$ 90,160	\$ 30,000	-66.73%	\$ 30,000	0.00%
R002	050606	Corporate/Business Filing Refunds	\$ 32,346	\$ 35,162	\$ 85,000	141.74%	\$ 85,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 46,601	\$ 125,322	\$ 115,000	-8.24%	\$ 115,000	0.00%
Secretary of State Total			\$ 20,688,936	\$ 19,496,088	\$ 21,334,826	9.43%	\$ 21,334,826	0.00%