

**Secretary of State  
Budget 108  
House Bill No. 1002**

|   | <b>FTE Positions</b> | <b>General Fund</b>          | <b>Other Funds</b> | <b>Total</b>      |
|---|----------------------|------------------------------|--------------------|-------------------|
| 2013-15 legislative appropriation                                     | 31.00                | \$6,646,849 <sup>1</sup>     | \$5,844,417        | \$12,491,266      |
| 2011-13 legislative appropriation                                     | <u>28.00</u>         | <u>9,326,160<sup>2</sup></u> | <u>6,786,984</u>   | <u>16,113,144</u> |
| 2013-15 appropriation increase<br>(decrease) to 2011-13 appropriation | 3.00                 | (\$2,679,311)                | (\$942,567)        | (\$3,621,878)     |

<sup>1</sup>This amount includes \$603,354 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$6,043,495.

<sup>2</sup>This amount includes \$3,543,039 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$5,783,121.

**Item Description**

**Full-time equivalent positions** - The Secretary of State is authorized 31 FTE positions, which include an additional 3 FTE positions authorized by the Budget Section during the 2011-12 interim for the Business Registration Unit (2 FTE positions) and the Business Information Unit (1 FTE position). The Legislative Assembly identified \$283,754 from the general fund related to the 3 new FTE positions as one-time funding and provided that the 3 new FTE positions are authorized only for the 2013-15 biennium and must be reevaluated after the completion of the mainframe migration computer project to determine if the positions should be included in the agency's 2015-17 biennium budget request as optional items.

**One-time funding** - In Section 2 of House Bill No. 1002, the Legislative Assembly identified \$603,354 from the general fund as one-time funding for the 2013-15 biennium. One-time funding items include:

| Description                            | 2013-15 Biennium |
|--|------------------|
| Multipurpose copier                    | \$10,000         |
| Information technology hosting charges | 84,000           |
| 3 FTE employees                        | 283,754          |
| Overtime salaries and wages            | 225,600          |
| <b>Total</b>                           | <b>\$603,354</b> |

**Accrued leave payments** - In Section 1 of House Bill No. 1002, the Legislative Assembly identified \$82,831, of which \$78,184 is from the general fund for accrued leave payments.

**Mainframe migration computer project** - The Legislative Assembly provided one-time funding of \$3.5 million from the general fund to the Secretary of State during the 2011-13 biennium for the agency's mainframe migration computer project.

**Status/Result**

The Secretary of State has added the 3 FTE positions that were authorized by the Legislative Assembly for the 2013-15 biennium for two Business Registration Unit positions and one Business Information Unit position. The percentage of annual filings has increased during the 2013-15 biennium which has delayed processing times. As a result, the Secretary of State may request up to 5 additional FTE positions from the Legislative Assembly in 2015.

The Secretary of State anticipates one-time funding provided in the 2013-15 biennium will be expended by the end of the 2013-15 biennium.

The Secretary of State's office has not spent any funds from the accrued leave payments line item through April 2014. The Secretary of State's office does not anticipate requesting a transfer of funds from the accrued leave payments line item to the salaries and wages line item.

General services operating fund money in excess of \$75,000 at the end of the 2009-11 biennium totaled \$27,526. These funds became available for the mainframe migration computer project during the 2011-13 biennium. In addition, the Secretary of State received approval pursuant to Section 54-44.1-11 to continue \$78,000 of the agency's remaining 2009-11 biennium general fund

In addition, the Legislative Assembly in Section 4 of 2011 Senate Bill No. 2002 provided that any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2011, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any unexpended funds are available and may be expended by the Secretary of State during the 2011-13 biennium for the mainframe migration computer project. Section 54-09-08 requires the Secretary of State transfer all unobligated funds over \$75,000 remaining in the general services operating fund at the close of each biennium to the general fund.

Section 3 of 2011 Senate Bill No. 2002 provides the one-time funding of \$3.5 million from the general fund for the mainframe migration computer project may not be used for any other purpose and the appropriation authority must be canceled on June 30, 2013.

Section 5 of 2013 House Bill No. 1002 provides an exemption to Section 54-44.1-11 to allow the Secretary of State to continue up to \$1,750,000 of the funding provided for the mainframe migration computer project during the 2011-13 biennium into the 2013-15 biennium.

**Credit card fees** - Section 7 of House Bill No. 1002 requires the Secretary of State report to the Budget Section semiannually regarding credit card usage rates and credit card fees paid by the Secretary of State.

**Notaries public database** - House Bill No. 1207 (2013) amends Section 44-06.1-22 to require that when the technology becomes available, the Secretary of State maintain an electronic database of notaries public.

appropriation relating to the mainframe migration computer project during the 2011-13 biennium. These funds combined with \$3.5 million of one-time funding from the general fund provided a total of \$3,605,526 for the project.

The Secretary of State continued the \$1,750,000 of funding from the 2011-13 biennium for the mainframe migration computer project during the 2013-15 biennium. The Secretary of State anticipates that additional funding may be required to complete the project and that the completion date will be during the 2015-17 biennium.

The Secretary of State provided a report to the Budget Section in September 2013 and March 2014 regarding credit card usage rates and credit card fees expended to date for the 2013-15 biennium. The usage of credit cards has been less than budgeted, but it is anticipated that the usage of credit cards will increase significantly when the agency's new software system is deployed.

The notaries public database is anticipated to be completed during the 2015-17 biennium.