

**Secretary of State
Budget 108
Senate Bill No. 2002**

| | FTE Positions | General Fund | Other Funds | Total |
|--------------------------------------------------------------------|----------------------|------------------------------|--------------------|--------------------|
| 2015-17 legislative appropriation (original) | 34.00 | \$10,085,308 ¹ | \$3,583,536 | \$13,668,844 |
| 2013-15 legislative appropriation | <u>31.00</u> | <u>7,996,849²</u> | <u>5,844,417</u> | <u>13,841,266</u> |
| 2015-17 appropriation increase (decrease) to 2013-15 appropriation | 3.00 | \$2,088,459 | (\$2,260,881) | (\$172,422) |
| 2015-17 general fund budget allotment (4.05 percent) | <u>0.00</u> | <u>(\$408,455)</u> | <u>\$0</u> | <u>(\$408,455)</u> |
| Adjusted 2015-17 appropriation after budget allotment | 34.00 | \$9,676,853 | \$3,583,536 | \$13,260,389 |

¹The original legislative appropriation amount includes \$3,050,000 of one-time funding from the general fund. Excluding this amount, the agency's original ongoing general fund appropriation is \$7,035,308.

²This amount includes 2013-15 biennium supplemental appropriations from the general fund totaling \$1,350,000 for a business process modeling services study (\$400,000) and to repay a Bank of North Dakota loan authorized for the central indexing system information technology project (\$950,000). See the **2013-15 biennium deficiency appropriations** section below.

Item Description

General fund budget allotment - In February 2016 the Governor ordered a 4.05 percent general fund budget allotment for state agencies.

FTE positions - The 2015 Legislative Assembly authorized 34 FTE positions for the Secretary of State, an increase of 3 FTE positions from the 2013-15 biennium authorized level of 31 FTE positions. The 2015 Legislative Assembly added 3 office assistant FTE positions and authorized the conversion of 3 FTE positions, including 2 business registration unit FTE positions and 1 business information unit FTE position, established during the 2013-15 biennium as one-time funding positions to ongoing positions.

Status/Result

The budget allotment reduced general fund appropriations for the Secretary of State by \$408,455. The Secretary of State has reduced operating expenses by \$378,000 and public printing by \$30,455. The agency is in the process of determining specific items to reduce in order to meet the budget allotment amounts.

The 3 office assistant FTE positions were filled in July 2015. Positions provided as one-time funding during the 2013-15 biennium became ongoing FTE positions in July 2015.

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.

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 \$1.75 million of the funding provided for the mainframe migration computer project during the 2011-13 biennium into the 2013-15 biennium.

In Section 2 of 2015 Senate Bill No. 2002, the Legislative Assembly identified \$3.05 million from the general fund as one-time funding for the mainframe migration computer project.

2013-15 biennium deficiency appropriations - In Section 1 of 2015 Senate Bill No. 2023, the Legislative Assembly provided a deficiency appropriation of \$1,350,000 from the general fund to the Secretary of State, including \$950,000 to repay a Bank of North Dakota loan authorized for the central indexing system information technology project and \$400,000 for a business process modeling services study.

Section 4 of Senate Bill No. 2002 provides an exemption for the deficiency appropriations in subdivision 2 of Section 1 of Senate Bill No. 2023. Any unexpended funds from 2013-15 biennium for the central indexing system information technology project and the business process modeling services study are available during the 2015-17 biennium.

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.

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 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 \$1.75 million of funding from the 2011-13 biennium for the mainframe migration computer project during the 2013-15 biennium.

As of March 2016 the Secretary of State has not spent the \$3.05 million appropriation. The Secretary of State has received 10 bids and is reviewing two vendors for the project. The Secretary of State anticipates spending the entire appropriation during the 2015-17 biennium.

The central indexing system information technology project was completed in March 2016. The Secretary of State spent the entire \$950,000 deficiency appropriation, including \$257,022 spent during the 2015-17 biennium for the project.

The business process modeling services study was conducted in August 2015 and the entire \$400,000 deficiency appropriation was spent.

The notaries public database is anticipated to be completed during the 2015-17 biennium as part of the mainframe migration computer project.