

Office of the Secretary of State

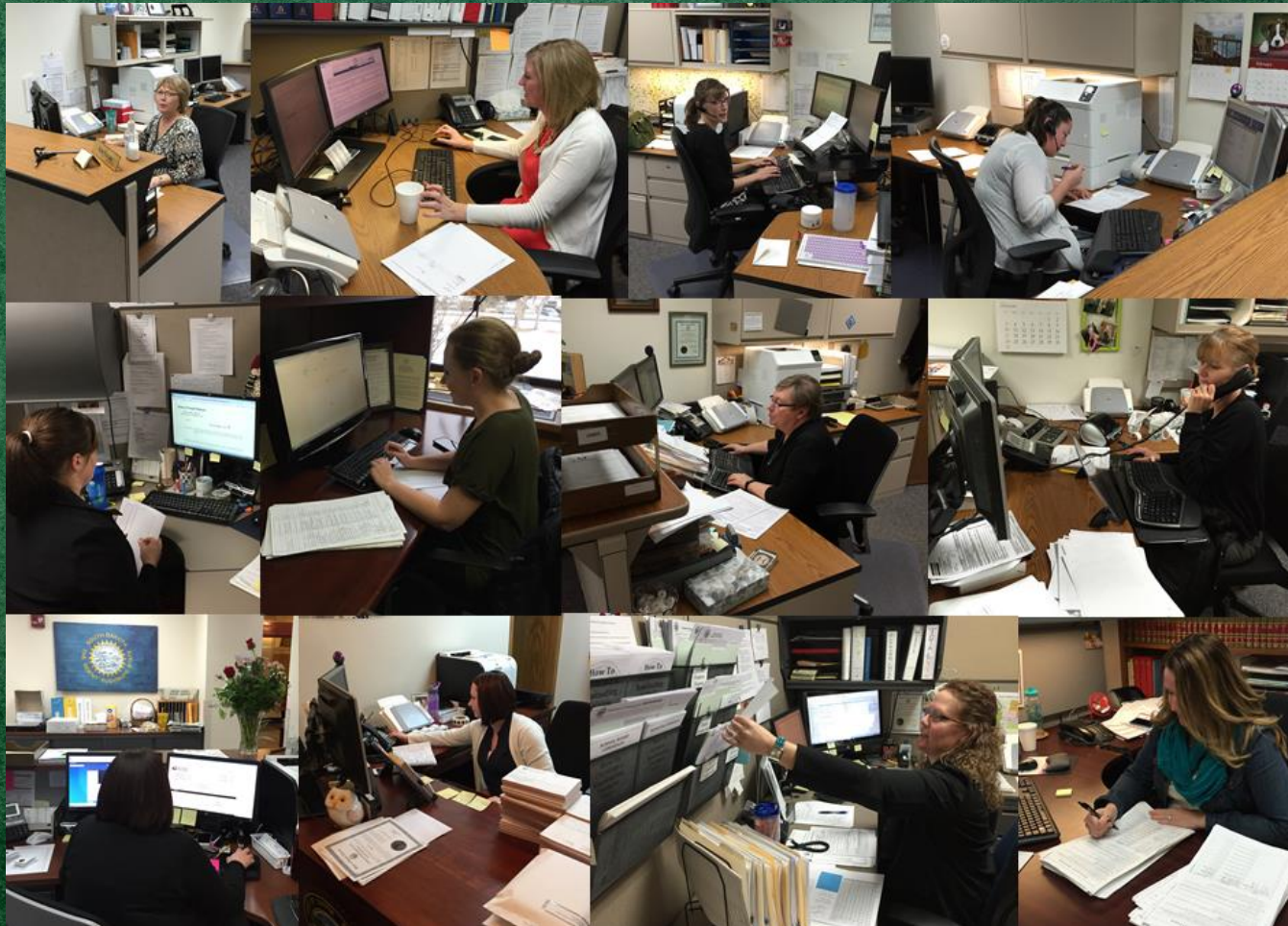
Secretary of State Shantel Krebs



January 13, 2016

Budget Appropriation Review

Secretary of State Staff

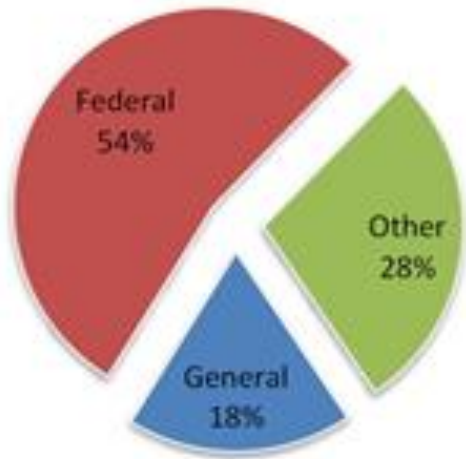


Here to serve you!

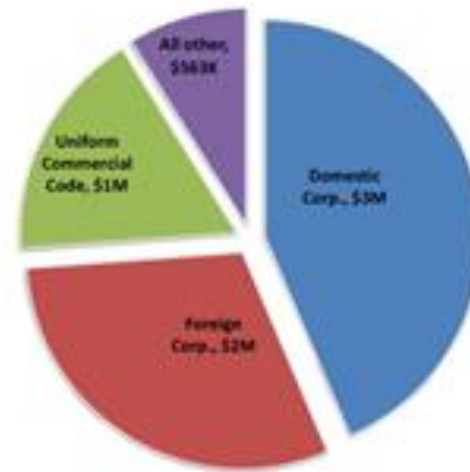


FY 2015 Review

Sources of Funds



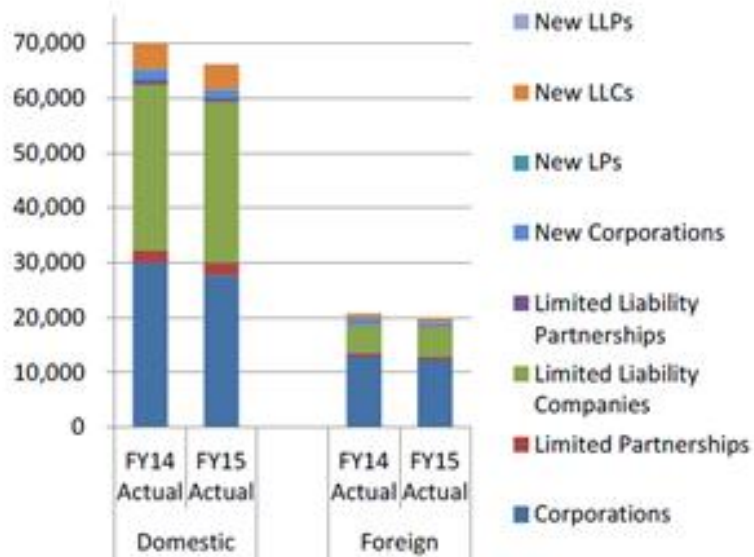
FY2015 Fees Collected



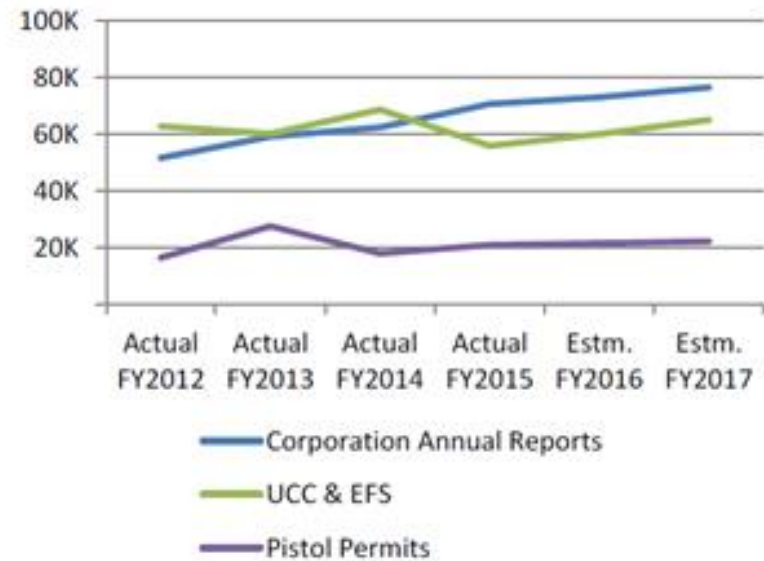


FY 2015 Review

Secretary of State FY14/FY15 Filings



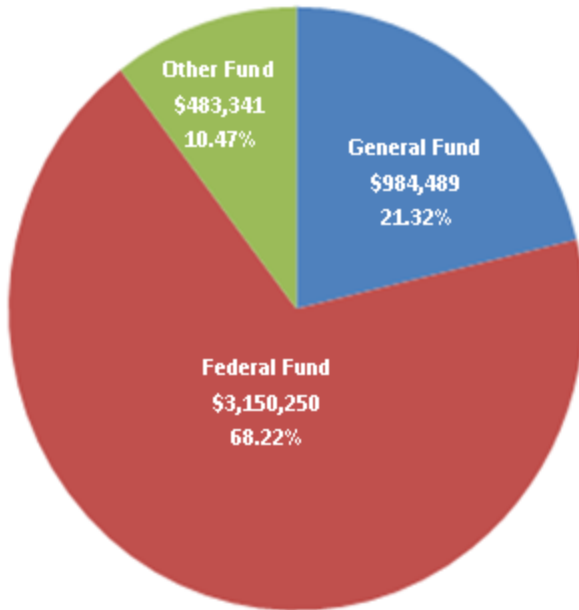
Reporting and Permitting



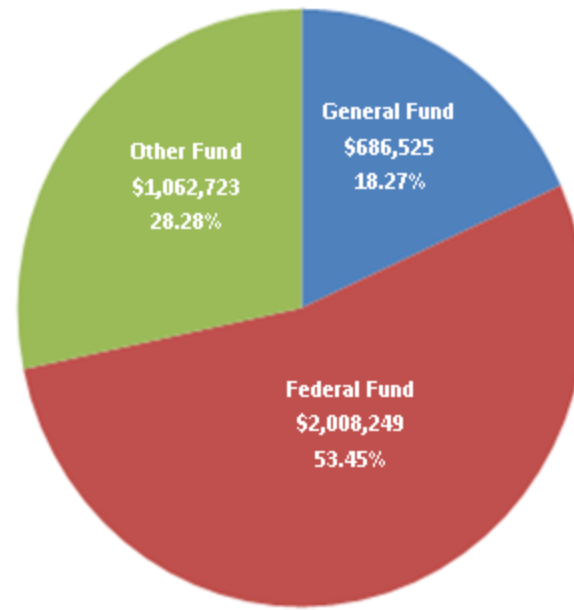


Budget Comparison

Total FY 2016 Budget



Total Recommended FY 2017 Budget



Appropriation	General	Federal	Other	Total
Total FY 2016 Budget	984,489	3,150,250	483,341	4,618,080
Total Recommended FY 2017 Budget	686,525	2,008,249	1,062,723	3,757,497
Total Recommended Increase/(Decrease)	(297,964)	(1,142,001)	579,382	(860,583)



Budget Notes

- **Restructuring other fund fees in the Business Services Division** – fee legislation will be introduced to fund this division and reduce reliance on the General Fund.
 - Fee Split 85% to the general fund and 15% to the other fund. This 15% split enables the Business Service Division to operate solely on the fees retained and to enable quicker response to the changing business world, while holding the general fund harmless.
 - Restoring the \$50 Late Filing Fee for annual reports that was eliminated in 2009 (est. \$200,000).
 - Implement New Convenience Fee for paper filings and possibly for credit card transactions (est. \$300,000). (Page 4)
- **Personal Services increase** is necessary to meet current payroll level.
- **Help America Vote Act (HAVA) Expenses** – **The Governor is recommending a shift from federal to general funds for ineligible expenses that had been charged to the HAVA Funds.**

Examples of ineligible expenses: Voter registration list maintenance (printing and postage expense) and ballot question information pamphlets which are required by state statute to inform voters regarding ballot questions (printing expense).
(Page 5)



Budget Notes

- **Part-Time Position** – The increase of .3 FTE and \$13,142 in other funds, is for part-time personnel to cover the growth in the number of annual reports and redaction of personal identifiable information from corporate documents as well as processing administrative dissolutions. Without this FTE, the remaining un-redacted 350,000 corporate documents that are public record will not be available online for the public. The additional FTE is also necessary to remain statutorily compliant in filing the increasing number of business annual reports. (Page 5)
- **Increases “to accurately reflect expenditures”** – Throughout the Secretary of State’s Budget, she requests increases and decreases to accurately reflect current levels of spending. The net effect of these adjustments is a decrease in general funds of \$84,005, a decrease in federal funds of \$92,288, and a decrease in other funds of \$58,823, for a total decrease of \$235,116. (Page 5)



Budget Notes

■ Computer Software Maintenance

• General Funds

- Campaign finance reporting software program includes maintenance costs of \$12,000 and cloud storage costs of \$2,000, for a total of \$14,000 or a \$4,000 increase to general funds;

• Federal Funds

- Total Vote voter registration program includes maintenance costs of \$59,780 and cloud storage costs of \$18,000.
- Military voting software program includes maintenance costs of \$50,000 every two years.
- Voter Registration Mobile 605 software has maintenance costs of \$20,000 every two years.
- Costs total \$127,780 or a \$107,780 increase to federal funds.

• Other Funds

- Tecuity system maintenance cost will be \$100,000, which is an \$80,169 increase to other funds. (Page 6)



Budget Notes

- **Credit Card Processing Fees** – The Governor recommended increased funding based on the number of credit card transactions anticipated from the new online 24-hour business filing process. Credit card processing fees are 1.9% - 2.5% of the total transaction. For CY 2015 the SOS processed 64,635 online transactions. The office is anticipating 70% of all business transactions will be filed online when the next phase of the Business Entity System goes live in FY 2017. This would be an estimated 125% increase, or approximately 145,500 transactions. (Page 6)
- **Printing Budget Adjustments** – Includes increases for the odd year printing of the voter registration list maintenance and general election ballot question explanation pamphlet as required by federal and state law. Funding is also included to print the Legislative Manual (Blue Book) required in each odd-numbered year as per SDCL 2-7-1. (Page 6)
- **Postage Increase** – Increase is for an anticipated inflationary increase of \$.02 in postage fees. The required mailings include the state and federal voter registration list maintenance and general election ballot question explanation pamphlet. The SOS also expects volume increases in a variety of mailings throughout the office. (Page 6)



Budget Notes

- **Telephone Equipment** – The Governor is recommending funding for the Office to replace the current analog telephone system with a digital telephone system. (Page 6)
- **Computers** – A reduction in budget for computer systems, software development, and computer hardware will align the budget with anticipated expenses. (Page 6)
- **Reduce Federal Authority** – The Governor recommends a reduction in federal fund authority of \$303,400 associated with the Help America Vote Act funds. The remaining amount of \$1.75M will be available for reimbursement for HAVA related expenses and possible grants to counties, and expenses for the administration of HAVA. (Page 6)



Fees

Fee	Last Changed	Current	Proposed	Projected Additional Revenue			
				FY 2017	FY 2018	FY 2019	FY 2020
Late Annual Report Fee	2009	0	50	200,000	200,000	200,000	200,000
Convenience Fee - Paper Filing	New	0	15	330,165	275,115	275,115	275,115
Subscription Fee	2003	120	200	119,200	119,200	119,200	119,200
Apostille/Authentication Fee	2003	5	25	12,500	12,500	12,500	12,500
Copy Fee per page	1997	1	2	61,500	61,500	61,500	61,500
Nonprofit Corporation Fees	2003	30 / 10	75 / 25	104,580	104,580	104,580	104,580
Total Fee Proposal				827,945	772,895	772,895	772,895



Legislation

- Rename the Annual Report Filing Fee Fund to Business Service Fee Fund.
- Transfer money from current fund to new fund.
- 15% of any fee generated by the Secretary of State's office will be deposited into the Business Service Fee Fund.
- Remaining 85% of any fee generated by the Secretary of State's office will be deposited into the general fund.
- Promulgate rules to establish a convenience fee (CC, paper).
- Reinstate 2009 law for annual report penalty (late fee) of \$50.
- Copy fee increased from \$1 to \$2.



Workforce

Secretary of State Staff

Position		Allocation for FY 2017	
Secretary of State	FTE	Salaried	General - 100%
Deputy Secretary of State, Administrative Services	FTE	Salaried	General - 50%/Other - 50%
Deputy Secretary of State, Business Services	FTE	Salaried	General - 40%/Other - 60%
Deputy Secretary of State, Election Services	FTE	Salaried	General - 90%/Federal - 10%
Public Information Officer/Special Projects Manager	FTE	Salaried	General - 50%/Other - 50%
Accountant	FTE	Salaried	General - 40%/Federal - 20%/Other - 40%
State Election Coordinator	FTE	Salaried	General - 90%/Federal - 10%
HAVA Coordinator	FTE	Salaried	General - 15%/Federal - 85%
Election Coordinator	FTE	Salaried	General - 90%/Federal - 10%
Business Services Manager	FTE	Salaried	Other - 100%
Business Services Specialist/Special Projects Manager/Administrative Support	FTE	Salaried	Other - 100%
Business Services Specialist - UCC	FTE	Hourly	Other - 100%
Business Services Specialist - Corporations	FTE	Hourly	Other - 100%
Notary and Lobbyist Coordinator	FTE	Hourly	General - 50%/Other - 50%
Administrative Assistant/Pistol Permit Administrator	FTE	Hourly	General - 50%/Other - 50%
Part-time Augmentee for Administrative, Business and Election Services	PTE	Hourly	Other - 100% (predominantly)
Part-time Augmentee for Administrative, Business and Election Services	PTE	Hourly	Other - 100% (predominantly)
Seasonal Augmentees for Administrative, Business and Election Services	PTE	Hourly	Variable



Time and Metrics Studies

Time Study— Multiple Funds

Employee Information		Unofficial Leave Balances for 01/08/2016																	
Name:	Emp#:	Pos.:	Vac:	Personal:	PKLA:										Pay Period Total	Work Period 1 Total	Work Period 2 Total	Work Period 3 Total	
Title: Secretary of State Staff	Timesstudy:	Timesstudy Rules:	Sick:	Military:										93.5	37.0	40.5	16.0		
Description	Mon 11/09/15	Tue 11/10/15	Wed 11/11/15	Thu 11/12/15	Fri 11/13/15	Sat 11/14/15	Sun 11/15/15	Mon 11/16/15	Tue 11/17/15	Wed 11/18/15	Thu 11/19/15	Fri 11/20/15	Sat 11/21/15	Sun 11/22/15	Mon 11/23/15				
Hours Worked	8.5	8.5	3.0	9.5	7.5	0.0	0.0	8.5	7.5	7.5	8.5	8.5	3.0	0.0	13.0				
Holiday	0.0	0.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Admin Daily Totals:	8.5	8.5	11.0	9.5	7.5	0.0	0.0	8.5	7.5	7.5	8.5	8.5	3.0	0.0	13.0				
01 - SEC OF STATE GENERAL	2.5	3.5	0.0	2.0	1.0	0.0	0.0	4.5	3.5	3.5	4.5	4.5	3.0	0.0	6.5				
02 - SEC OF STATE FEDERAL	2.0	3.0	0.0	2.0	1.0	0.0	0.0	4.0	4.0	4.0	4.0	4.0	0.0	0.0	6.5				
03 - SEC OF STATE FEDERAL	4.0	2.0	3.0	5.5	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
04 - 5050 GEN-UCC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
08 - 602515 OF-OTHER-FED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Timesstudy Daily Totals:	8.5	8.5	3.0	9.5	7.5	0.0	0.0	8.5	7.5	7.5	8.5	8.5	3.0	0.0	13.0				
																93.5	37.0	40.5	16.0

Time Study— Two Funds

Employee Information		Unofficial Leave Balances for 01/08/2016																	
Name:	Emp#:	Pos.:	Vac:	Personal:	PKLA:										Pay Period Total	Work Period 1 Total	Work Period 2 Total	Work Period 3 Total	
Title: Secretary of State Staff	Timesstudy:	Timesstudy Rules:	Sick:	Military:										111.0	37.0	63.0	11.0		
Description	Mon 11/09/15	Tue 11/10/15	Wed 11/11/15	Thu 11/12/15	Fri 11/13/15	Sat 11/14/15	Sun 11/15/15	Mon 11/16/15	Tue 11/17/15	Wed 11/18/15	Thu 11/19/15	Fri 11/20/15	Sat 11/21/15	Sun 11/22/15	Mon 11/23/15				
Hours Worked	9.5	9.0	0.0	9.0	9.5	9.0	3.0	9.5	9.0	11.5	11.5	9.5	1.0	1.0	9.0				
Holiday	0.0	0.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Admin Daily Totals:	9.5	9.0	8.0	9.0	9.5	9.0	3.0	9.5	9.0	11.5	11.5	9.5	1.0	1.0	9.0				
01 - SEC OF STATE GENERAL	8.5	9.0	0.0	9.0	8.0	9.0	3.0	8.0	9.0	11.5	11.5	9.5	1.0	1.0	9.0				
03 - SEC OF STATE FEDERAL	1.0	0.0	0.0	0.0	1.5	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Timesstudy Daily Totals:	9.5	9.0	0.0	9.0	9.5	9.0	3.0	9.5	9.0	11.5	11.5	9.5	1.0	1.0	9.0				
																111.0	37.0	63.0	11.0

- ◆ Of the 11 salaried employees 5 are on Time Study, which allocates exact hours to the appropriate fund.
- ◆ For the remaining 6 salaried employees and hourly employees, a PERT (program evaluation and review technique) was conducted. This is a methodology developed by the US Navy in the 1950s to manage the Polaris submarine missile program.
- ◆ The evaluation showed that if the technology upgrade is not approved, an additional 3.6 FTE will be required to just maintain the expected workload for FY 2017.
- ◆ The 11 salaried employees worked in excess of 3,000 hours of overtime during CY 2015, equating to 1.5 FTE.



Programs

Program Being Cut

iOASIS System

(Innovative Overseas
Absentee Balloting System)

First implemented in 2014

Works in conjunction with the Total Vote
System; additional \$50,000 maintenance
cost required every two years

Available to limited number
of military voters

Used by 27 voters in the
2014 Election Year

Program Being Retained

UOCAVA System

(Uniformed and Overseas
Citizens Absentee Voting Act)

First implemented in 2010

Incorporated with the
Total Vote System; costs
included in the maintenance fee

Available to all stateside and
overseas military voters, military
spouses and dependents, and
all overseas US citizens

Used by 518 voters in the
2014 Election Year
(140 by mail and 370 by email)



Financial Audit Summary

Independent Accountant Report Department of Legislative Audit

1. Review of Bank Accounts and PAD Account Reconciliation
2. Review of Capital Assets, including the original State Flag
3. Review of Computer hardware and software purchased under the Federal Voting Assistance Program (FVAP) grant
4. Review of FY 2015 Budget – first six months and remaining funds at 12/31/2015
5. Review of Operating and Payroll Expenditures and Procedures
6. Review of the Help America Vote Act (HAVA) grant and sub grant expenditures
7. Review of HAVA Grant Management



Accomplishments

- Statutorily compliant with all filings – Business Entities, UCC, Pistol Permits, Notaries, Trademarks, and Campaign Finance Reports
- Implemented new UCC Online Filing System
- Processed Business Entity Administration Dissolution
- Redacted 100,000 corporate documents, returning them to online access
- Formed the Business Committee
- Resigned the Oglala Sioux Tribe UCC MOU; ongoing discussions with 3 other tribes
- Began development discussions for a One Stop Shop System with DOR
- Implemented new Campaign Finance Reporting System
- Certified 2 Referendum Petitions received on 6/29/2015 before the midnight deadline on 6/30/2015 – included 38,000 signature lines
- Received 8 Ballot Question Initiated Measure and Constitutional Petitions with 275,000 signature lines
- Working with the county auditors removed 66,000 inactive voters from the voter registration rolls – a federally required process

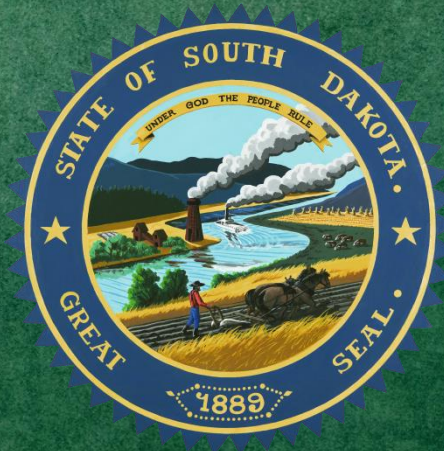


Accomplishments

- Enabled Satellite Voting Centers through HAVA Grant Applications
- Original State Flag is back on display in the SOS office
- Records Management restructured and reorganizing
- 2015 Blue Book published and distributed in the year required by statute
- Processed a 21% increase in pistol permit applications for the 2015 calendar year with primarily 1 FTE
- Continuing to redesign the SOS website based on web analytics and constituent feedback
- Achieved 100% filing of approximately 800 Lobbyists/Employers Expense Reports by the July 2015 deadline
- Accounting procedures restructured and defined, following guidelines set forth by Legislative Audit
- Preparing documentation and resources to be ready for federal audits
- Conducted time and metrics studies for personnel and work assignments
- Zero based the budget to determine exactly what it takes to run the office

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Secretary of State Shantel Krebs



Serving South Dakota Every Day!