

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

	FTE Positions	General Fund	Other Funds	Total
2009-11 legislative appropriation	28.00	\$6,161,588 ¹	\$12,315,676	\$18,477,264
2007-09 legislative appropriation	<u>27.00</u>	<u>5,378,413</u>	<u>8,874,480</u>	<u>14,252,893</u>
2009-11 appropriation increase (decrease) to 2007-09 appropriation	1.00	\$783,175	\$3,441,196	\$4,224,371

¹This amount includes \$805,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$5,356,588.

NOTE: The 2009-11 legislative appropriation amounts include \$50,000 from the general fund for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees.

Item Description

Salary equity adjustments - The Secretary of State received an allocation of \$50,000 from the general fund for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees.

FTE Changes - The Legislative Assembly provided funding for 28 FTE positions, an increase of 1 FTE position from the 2007-09 biennium authorized level of 27 FTE positions. The Legislative Assembly did not change the executive recommendation to add 1 FTE account budget specialist position.

One-time funding - The Legislative Assembly identified \$805,000 from the general fund, of which \$780,000 relates to continuing the Secretary of State's mainframe migration computer project and \$25,000 is for a transfer to the election fund, as one-time funding. This amount is not to be considered part of the agency's base budget for preparing the 2011-13 executive budget and the Secretary of State is to report to the Appropriations Committees during the 2011 legislative session on the use of this funding.

In addition, Section 5 of House Bill No. 1002 provided that any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2009, 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 2009-11 biennium for the database and processing platform migration project.

Status/Result

The Secretary of State provided salary equity adjustments to 19 staff positions. The salary equity adjustments ranged from \$50 to \$180 per employee per month.

The Secretary of State filled the account budget specialist position in September 2009.

During the 2007-09 biennium, the Secretary of State acquired an existing central indexing application from the North Carolina Office of the Secretary of State and began converting the application to a Microsoft.NET system. The agency discontinued the project on February 15, 2008, because the application source code was dysfunctional. Actual expenditures for the project totaled \$770,105, including funding from the general fund and special funds from the agency's general services operating fund. Expenses were incurred during the 2005-07 and 2007-09 bienniums.

The agency used approximately \$600,000 of the remaining 2007-09 general fund appropriation and additional special funds from the general services operating fund to begin implementation of a new mainframe migration computer project in the 2007-09 biennium. The agency contracted with CC Intelligent Solutions, Inc., in August 2008 for the implementation of a new software application system for the central indexing functions. The contract provides for total payments not to exceed \$2,040,000 over the six-year term which includes annual payments for support and maintenance. Payments to the contractor through April 2010 total \$1,345,063.

Contingent computer project - The Legislative Assembly in Section 3 of House Bill No. 1002 authorized the Secretary of State, subject to Budget Section approval, to borrow up to \$3,400,698 from the Bank of North Dakota for implementing the North Dakota business development engine computer project. The Secretary of State may request Budget Section approval only if the revenues projected to be generated as a result of provisions of Chapter 102 of the 2007 Session Laws over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to be sufficient to repay the proposed loan, including interest.

Health care record registry - The Legislative Assembly in 2009 Senate Bill No. 2237 allows the Secretary of State to establish and maintain a health care record registry. The Secretary of State may accept gifts, grants, donations, and bequests to establish, support, promote, and maintain the registry. The Secretary of State is to charge and collect a reasonable fee for filing a health care record and a revocation of a health care record. Any funds contributed and any fees collected relating to the registry are to be deposited in the Secretary of State's general services operating fund.

The Secretary of State does not anticipate borrowing from the Bank of North Dakota for the implementation of the business development engine computer project.

Through March 2010 the Secretary of State has not received funding for this project, but the Secretary of State continues to identify possible sources of funding.