

2023 SENATE APPROPRIATIONS

SB 2002

Department 108 - Secretary of State
Senate Bill No. 2002

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$6,478,402	\$11,135,702	\$17,614,104
2023-25 Base Level	5,521,552	8,305,574	13,827,126
Increase (Decrease)	\$956,850	\$2,830,128	\$3,786,978

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$367,934 is for salary increases and \$144,032 is for health insurance increases	\$438,798	\$73,168	\$511,966
2. Adjusts funding for election reform, including an increase of \$669,390 from federal funds and a decrease of \$1,144,689 from special funds from the election fund	\$0	(\$475,299)	(\$475,299)
3. Adds funding for text messaging software and ongoing maintenance, including funding from the general services operating fund	\$165,000	\$165,000	\$330,000
4. Adds one-time funding from the strategic investment and improvements fund (SIIF) for a new campaign finance system, contracted IT services, and a website redesign	\$0	\$1,000,000	\$1,000,000
5. Adds one-time funding from SIIF for IT system enhancements	\$0	\$500,000	\$500,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Line item transfers - Section 3 would provide authority for the Secretary of State to transfer funding between line items.

Secretary of State's salary - Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.

Continuing Appropriations

Athletic commission fund - North Dakota Century Code Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The State Auditor reported the Secretary of State did not appropriately reconcile revenue. There was a difference of \$75,211 from revenue generated through various citizen fees through the Secretary of State's office IT systems when compared to ConnectND, the state's accounting system.

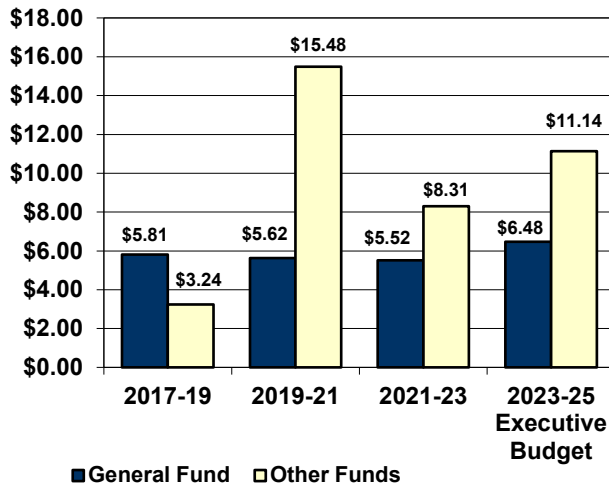
Major Related Legislation

At this time, there is no major related legislation for this agency.

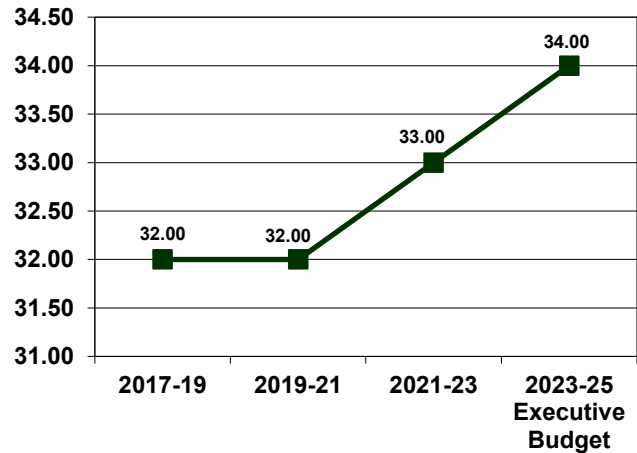
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$6,374,720	\$5,808,732	\$5,623,063	\$5,521,552	\$6,478,402
Increase (decrease) from previous biennium	N/A	(\$565,988)	(\$185,669)	(\$101,511)	\$956,850
Percentage increase (decrease) from previous biennium	N/A	(8.9%)	(3.2%)	(1.8%)	17.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.9%)	(11.8%)	(13.4%)	1.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed 2 FTE positions and related funding (\$211,268)
- Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
- Adjusted funding for overtime and temporary salaries by reducing funding from the general fund and increasing special funds by \$200,000 (\$50,000)
- Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for IT expenses (\$262,100)
- Added funding for campaign disclosure software \$50,000

2019-21 Biennium

- Reduced funding for public printing to provide a total of \$257,278 (\$31,172)
- Adjusted funding for operating expenses by \$293,671, including a decrease of \$527,002 from the general fund and increasing \$820,673 from the general services operating fund (\$527,002)

2021-23 Biennium

- Reduced funding for operating expenses (\$251,834)

2023-25 Biennium (Executive Budget Recommendation)

- Adds funding for changes in employee responsibilities and duties \$100,000
- Adds funding to implement a new Capitol space rent model \$201,331
- Adds funding for text messaging software and ongoing maintenance \$165,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$3,050,000	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

None \$0

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

None \$0

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126
2023-25 Ongoing Funding Changes				
Base payroll changes		\$51,305	\$208,745	\$260,050
Salary increase		315,342	52,592	367,934
Health insurance increase		123,456	20,576	144,032
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950
Adds funding for changes in employee responsibilities and duties		100,000		100,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576
Adjusts funding for election reform			(475,299)	(475,299)
Increases funding for public printing		13,404		13,404
Adds funding to implement a new Capitol space rent model		201,331		201,331
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978
One-time funding items				
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000
Adds funding from SIIF for IT system enhancements			500,000	500,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104
<i>Federal funds included in other funds</i>			<i>\$4,245,109</i>	
<i>Total ongoing changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>16.0%</i>	<i>16.5%</i>
<i>Total changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>34.1%</i>	<i>27.4%</i>

Other Sections in Secretary of State - Budget No. 108

	Executive Budget Recommendation
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.
Secretary of State's salary	Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.

**SENATE BILL 2002
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the secretary of state for the purpose of defraying the expenses of the secretary of state and public printing, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$5,528,082	\$ 859,358	\$ 6,387,440
Operating Expenses	3,308,424	3,175,907	6,484,331
Petition Review	8,000	0	8,000
Grants	25,000	0	25,000
Election Reform	4,699,689	(261,691)	4,437,998
Total All Funds	\$13,569,195	\$3,773,574	\$17,342,769
Less Estimated Income	8,305,574	2,830,128	11,135,702
Total General Fund	\$5,263,621	\$ 943,446	\$ 6,207,067
Full-Time Equivalent Positions	33.00	1.00	34.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public Printing	\$257,931	\$13,404	\$271,335
Total General Fund	\$257,931	\$13,404	\$271,335

Subdivision 3.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$5,521,552	\$ 956,850	\$ 6,478,402
Grand Total Special Funds	8,305,574	2,830,128	11,135,702
Grand Total All Funds	\$13,827,126	\$3,786,978	\$17,614,104

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
IT System Investments	<u>\$0</u>	<u>\$ 1,500,000</u>
Total General Fund	\$ 0	\$ 0

SECTION 3. LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the secretary of state may transfer between line items within section 1 of this Act during the biennium beginning July 1, 2023 and ending June 30, 2025. The secretary of state shall notify the office of management and budget and the legislative council of any transfer made pursuant to this section.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

Section 54-09-05. Salary of secretary of state. The annual salary of the secretary of state is ~~one hundred fourteen thousand four hundred eighty-six dollars through June 30, 2023 and~~ one hundred twenty one thousand three hundred fifty five dollars through June 30, 2024 and one hundred twenty six thousand two hundred nine dollars thereafter.

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2002
1/13/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

9:33 AM Acting Chairman Wanzek opened the hearing on SB 2002.

Members present : Senators Krebsbach, Burckhard, Davison, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern;

Members absent: Senators Dwyer, Dever, Erbele, and Bekkedahl

Discussion Topics:

- Budget introduction and overview
- Vision of the office
- Divisions and services
- Business filings 10 year comparison
- Organizational chart
- Voting audits (forensic audit)
- Public printing
- Staffing
- Revenues
- Budget requests
- Technology systems
- Election compliance and modernization
- Federal funding changes/matches
- OMB rent model
- Proposed amendment

9:34 AM Michael Howe, Secretary of State, budget overview and testimony # 13207

Acting Chairman Wanzek assigned this Bill to the Government Operations Division.

10:15 AM Acting Chairman Wanzek closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2002
1/23/2023

A bill for an act to provide an appropriation for defraying the expenses of the Office of the Secretary of State and public printing.

3:45 PM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, Vedaa are present.

Discussion Topics:

- General services fund
- Fiscal impact
- Campaign finance software
- Website redesign
- Election compliance and modernization
- Executive budget
- Funding shift

3:46 PM Michael Howe, ND Secretary of State, testified. Testimony # 15665, #15666

3:54 PM Sandy McMerty, ND Deputy, Secretary of State, provided clarification verbally.

3:55 PM Michael Howe testified on funding of departmental staffing verbally.

Additional Written Testimony:

Alex Cronquist, Senior Financial Analyst, Legislative Council, in neutral. Testimony #21228, 23798

4:24 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2002
1/26/2023

A bill for an act to provide an appropriation for defraying the expenses of the Office of the Secretary of State and public printing
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9:19 AM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, Vedaa are present.

Discussion Topics:

- Funding adjustments
- Federal funding authority
- Staffing shifts
- Salaries shifts
- Administration change
- Budget gap
- Funding placement

9:19 AM Sandy McMerty, Deputy Secretary of State, reviewed her departmental budget utilizing testimony #13207 from full Appropriations on January 13, 2023 and #17409.

9:39 AM Liz Parent, Administrator for Fiscal Services, testified neutral verbally. (No written testimony)

10:11 AM Alex Cronquist, Legislative Counsel, testified neutral verbally. (No written testimony)

10:14 AM Recess

10:35 AM Reconvene

10:35 Sandy McMerty summarized her testimony.

10:51 AM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2002
2/7/2023

A bill for an act to provide an appropriation for defraying the expenses of the Office of the Secretary of State and public printing.

10:15 AM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, Vedaa are present.

Discussion Topics:

- Special funds
- Full Time Employees (FTEs)
- Salary funding source
- Equity adjustment
- Statutory spending requirements
- Matching funds
- Strategic Investment and Improvement Fund (SIIF)
- Election software/voter education
- Elected officials' salaries
- Campaign finance

10:21 AM Alex Cronquist, LC Senior Fiscal Analyst, testified. Testimony #23799

10:23 AM Secretary of State Michael Howe testified affirmatively utilizing testimony #15666, #15665 from January 23, 2023.

10:28 AM Deputy Secretary of State Sandy McMerty testified affirmatively utilizing testimony #17409 from full Appropriations on January 13, 2023.

10:39 AM Liz Parent, Fiscal Administrator for the Secretary of State, testified neutral verbally. (No written testimony)

10:55 AM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2002
2/8/2023

A bill for an act to provide an appropriation for defraying the expenses of the Office of the Secretary of State and public printing.

9:03 AM Chairman Wanzek called the meeting to order.

Senators Wanzek, Erbele, Roers, Dwyer, Vedaa are present.

Discussion Topics:

- Shifted salary funds
- General services fund
- Statutory funding requirements
- Funding source for new FTEs
- Help America Vote Act grants
- Election specialist
- IT support
- FTE reduction
- Election reform
- Rent model
- One-time funds
- HAVA matching funds
- Line-item transfers/restrictions
- Elected officials' salaries
- Restrictions/emergency commission
- Amendment finalization

9:04 AM Alex Cronquist, LC Senior Fiscal Analyst, reviewed revised long-sheet. Testimony #25952.

9:56 AM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Red River Room, State Capitol

SB 2002
2/9/2023

A bill for an act to provide an appropriation for defraying the expenses of the Office of the Secretary of State and Public Printing

3:18 PM Chairman Wanzek called the meeting to order.
Senators Wanzek, Erbele, Roers, Dwyer, Vedaa are present.

Discussion Topics:

- Payroll increases
- Full-time Employees (FTEs) and related operating expenses
- Special funds/general fund
- Help America Vote Act (HAVA)
- Operating expenses
- Public printing
- Rent model
- Software and maintenance
- One-time costs
- Line-item transfer
- Auditor's salary
- Strategic Investment and Improvement Fund (SIIF)

3:20 PM Alex Cronquist, LC Senior Fiscal Analyst, testified. LC 23.0256.01001. #20511
#20512

3:27 PM Sandy McMerty, Deputy Secretary of State, testified verbally.

4:01 PM Senator Erbele moved to adopt amendment LC 23.0256.01001.

Senator Vedaa seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

The motion passed 5-0-0.

4:02 PM Senator J. Roers moved Do Pass as amended.
Senator Dwyer seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jim P. Roers	Y
Senator Shawn Vedaa	Y

The motion passed 5-0-0.

Senator Erbele will carry the bill.

4:07 PM Chairman Wanzek closed the meeting.

Carol Thompson, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2002
2/15/2023

Relating to the salary of the secretary of state; to provide an exemption; and to provide for a transfer.

5:43 PM Chairman Bekkedahl opened the hearing.

Members present: **Senators Bekkedahl, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, Mathern; Members absent: Senator Krebsbach**

Discussion Topics:

- Committee action

5:50 PM Senator Erbele moved to adopt amendment LC 23.0256.01001 (#20941).

5:50 PM Senator Vedaa seconded.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0

5:56 PM Senator Erbele moved Do Pass as Amended.

5:56 PM Senator Vedaa seconded.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0

5:57 PM Senator Erbele will carry.

5:57 PM Chairman Bekkedahl adjourned meeting.

Nathan Liesen on behalf of Kathleen Hall, Committee Clerk

AG
2-15-23
(1-4)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2002

Page 1, line 2, after "printing" insert "; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state; to provide an exemption; and to provide for a transfer"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 11 with:

" Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000	0	25,000
Petition review	8,000	0	8,000
Election reform	4,699,689	1,324,371	6,024,060
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
Total general fund	\$5,263,621	\$1,573,021	\$6,836,642
Full-time equivalent positions	33.00	1.00	34.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$257,931	\$13,404	\$271,335
Total general fund	\$257,931	\$13,404	\$271,335

Subdivision 3.

TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,521,552	\$1,586,425	\$7,107,977
Grand total special funds	8,305,574	3,727,501	12,033,075
Grand total all funds	\$13,827,126	\$5,313,926	\$19,141,052

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh Legislative Assembly for the 2021-23 biennium and the one-time items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
New campaign system and contracted website redesign	\$0	\$1,000,000
Information technology system enhancements	0	500,000
Help America Vote Act	<u>0</u>	<u>1,000,000</u>
Total other funds	\$0	\$2,500,000

AG
2-15-23
(2-4)

SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes the sum of \$1,500,000 from the strategic investment and improvements fund for a new campaign system, contracted website redesign, and information technology system enhancements for the secretary of state.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

54-09-05. Salary of secretary of state.

The annual salary of the secretary of state is ~~one hundred twelve thousand two hundred forty-one~~ one hundred thirty thousand dollars through June 30, ~~2022~~2024, and ~~one hundred fourteen thousand four hundred eighty-six~~ one hundred thirty-five thousand two hundred dollars thereafter.

SECTION 5. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the office of management and budget may transfer up to \$100,000 of appropriation authority between line items in subdivision 1 of section 1 of this Act, as requested by the secretary of state, during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2002 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	<u>\$5,263,621</u>	<u>\$1,573,021</u>	<u>\$6,836,642</u>
FTE	33.00	1.00	34.00
Public Printing			
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	0	0	0
General fund	<u>\$257,931</u>	<u>\$13,404</u>	<u>\$271,335</u>
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$13,827,126	\$5,313,926	\$19,141,052
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	<u>\$5,521,552</u>	<u>\$1,586,425</u>	<u>\$7,107,977</u>
FTE	33.00	1.00	34.00

Senate Bill No. 2002 - Secretary of State - Senate Action

*AG
2-15-23
(3-4)*

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000		25,000
Petition review	8,000		8,000
Election reform	4,699,689	1,324,371	6,024,060
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00

Department 108 - Secretary of State - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adjusts Funding for Salaries and Wages ⁴	Adds Election Specialist FTE Position ⁵	Adds Funding for Changes in Employee Duties ⁵
Salaries and wages	\$260,050	\$413,446	\$26,748			\$100,000
Operating expenses						
Grants						
Petition review						
Election reform		9,478			\$200,950	
Total all funds	\$260,050	\$422,924	\$26,748	\$0	\$200,950	\$100,000
Less estimated income	208,745	60,442	0	(479,143)	200,950	0
General fund	\$51,305	\$362,482	\$26,748	\$479,143	\$0	\$100,000
FTE	0.00	0.00	0.00	0.00	1.00	0.00

	Adds Matching Funds ²	Adjusts Operating Funding ²	Adds One-Time Funding ²	Total Senate Changes
Salaries and wages				\$800,244
Operating expenses		\$1,675,907	\$1,500,000	3,175,907
Grants				
Petition review				
Election reform	\$200,000	(86,057)	1,000,000	1,324,371
Total all funds	\$200,000	\$1,589,850	\$2,500,000	\$5,300,522
Less estimated income	0	1,236,507	2,500,000	3,727,501
General fund	\$200,000	\$353,343	\$0	\$1,573,021
FTE	0.00	0.00	0.00	1.00

¹ Funding is adjusted for base payroll changes, including the cost to continue 2021-23 biennium salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$236,186	\$39,392	\$275,578
Health insurance increase	126,296	21,050	147,346
Total	\$362,482	\$60,442	\$422,924

³ Funding is added for providing a salary equity increase for the Secretary of State. The Secretary of State's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$479,143 for salaries and wages is provided from the general fund instead of from special funds.

⁵ Funding of \$200,950 from federal funds is added for a new FTE election specialist position and related operating expenses.

⁶ Funding of \$100,000 from the general fund is added for increased salaries and wages relating to changes in employee responsibilities and duties.

⁷ Funding of \$200,000 from the general fund is added to match federal Help America Vote Act funds.

⁸ Operating funding is adjusted as follows:

*AG
2-15-23
(4-4)*

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Election reform		(\$86,057)	(\$86,057)
Capitol space rent model	\$201,331		201,331
Text messaging software and ongoing maintenance	165,000	165,000	330,000
Various operating adjustments, including an increase in information technology expenses	(12,988)	1,157,564	1,144,576
Total	\$353,343	\$1,236,507	\$1,589,850

⁹ One-time funding is added as follows:

- \$1 million from the strategic investment and improvements fund is added for a new campaign system and contracted information technology services to redesign the Secretary of State's website;
- \$500,000 from the strategic investment and improvements fund is added for information technology system enhancements to FirstStop, the Central Indexing System, and other systems; and
- \$1 million from federal funds derived from the Help America Vote Act is added for election reform expenses.

This amendment also:

- Adds a section to allow the Secretary of State to transfer up to \$100,000 between line items; and
- Adds a section to provide the statutory changes necessary to increase the Secretary of State's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

Senate Bill No. 2002 - Public Printing - Senate Action

	<u>Base Budget</u>	<u>Senate Changes</u>	<u>Senate Version</u>
Public printing	\$257,931	\$13,404	\$271,335
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	0	0	0
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00

Department 109 - Public Printing - Detail of Senate Changes

	<u>Increases Funding for Public Printing¹</u>	<u>Total Senate Changes</u>
Public printing	\$13,404	\$13,404
Total all funds	\$13,404	\$13,404
Less estimated income	0	0
General fund	\$13,404	\$13,404
FTE	0.00	0.00

¹ Funding of \$13,404 from the general fund is added for public printing expenses.

REPORT OF STANDING COMMITTEE

SB 2002: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2002 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 2, after "printing" insert "; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state; to provide an exemption; and to provide for a transfer"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 11 with:

" Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000	0	25,000
Petition review	8,000	0	8,000
Election reform	<u>4,699,689</u>	<u>1,324,371</u>	<u>6,024,060</u>
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
Total general fund	\$5,263,621	\$1,573,021	\$6,836,642
Full-time equivalent positions	33.00	1.00	34.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	<u>\$257,931</u>	<u>\$13,404</u>	<u>\$271,335</u>
Total general fund	\$257,931	\$13,404	\$271,335

Subdivision 3.

TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,521,552	\$1,586,425	\$7,107,977
Grand total special funds	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
Grand total all funds	\$13,827,126	\$5,313,926	\$19,141,052

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh Legislative Assembly for the 2021-23 biennium and the one-time items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
New campaign system and contracted website redesign	\$0	\$1,000,000
Information technology system enhancements	0	500,000
Help America Vote Act	<u>0</u>	<u>1,000,000</u>
Total other funds	\$0	\$2,500,000

SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes the sum of \$1,500,000 from the strategic investment and improvements fund for a new campaign system, contracted website redesign, and information technology system enhancements for the secretary of state.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

54-09-05. Salary of secretary of state.

The annual salary of the secretary of state is ~~one hundred twelve thousand two hundred forty one~~ one hundred thirty thousand dollars through June 30, ~~2022~~2024, and ~~one hundred fourteen thousand four hundred eighty six~~ one hundred thirty five thousand two hundred dollars thereafter.

SECTION 5. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the office of management and budget may transfer up to \$100,000 of appropriation authority between line items in subdivision 1 of section 1 of this Act, as requested by the secretary of state, during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2002 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00
Public Printing			
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	0	0	0
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$13,827,126	\$5,313,926	\$19,141,052
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	\$5,521,552	\$1,586,425	\$7,107,977
FTE	33.00	1.00	34.00

Senate Bill No. 2002 - Secretary of State - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000		25,000
Petition review	8,000		8,000
Election reform	4,699,689	1,324,371	6,024,060
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00

Department 108 - Secretary of State - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adjusts Funding for Salaries and Wages ⁴	Adds Election Specialist FTE Position ⁵	Adds Funding for Changes in Employee Duties ⁶
Salaries and wages	\$260,050	\$413,446	\$26,748			\$100,000
Operating expenses						
Grants						
Petition review						
Election reform		9,478			\$200,950	
Total all funds	\$260,050	\$422,924	\$26,748	\$0	\$200,950	\$100,000
Less estimated income	208,745	60,442	0	(479,143)	200,950	0
General fund	\$51,305	\$362,482	\$26,748	\$479,143	\$0	\$100,000
FTE	0.00	0.00	0.00	0.00	1.00	0.00

	Adds Matching Funds ⁷	Adjusts Operating Funding ⁸	Adds One-Time Funding ⁹	Total Senate Changes
Salaries and wages				\$800,244
Operating expenses		\$1,675,907	\$1,500,000	3,175,907
Grants				
Petition review				
Election reform	\$200,000	(86,057)	1,000,000	1,324,371
Total all funds	\$200,000	\$1,589,850	\$2,500,000	\$5,300,522
Less estimated income	0	1,236,507	2,500,000	3,727,501
General fund	\$200,000	\$353,343	\$0	\$1,573,021
FTE	0.00	0.00	0.00	1.00

¹ Funding is adjusted for base payroll changes, including the cost to continue 2021-23 biennium salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$236,186	\$39,392	\$275,578
Health insurance increase	126,296	21,050	147,346
Total	\$362,482	\$60,442	\$422,924

³ Funding is added for providing a salary equity increase for the Secretary of State. The Secretary of State's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$479,143 for salaries and wages is provided from the general fund instead of from special funds.

⁵ Funding of \$200,950 from federal funds is added for a new FTE election specialist position and related operating expenses.

⁶ Funding of \$100,000 from the general fund is added for increased salaries and wages relating to changes in employee responsibilities and duties.

⁷ Funding of \$200,000 from the general fund is added to match federal Help America Vote Act funds.

⁸ Operating funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Election reform		(\$86,057)	(\$86,057)
Capitol space rent model	\$201,331		201,331
Text messaging software and ongoing maintenance	165,000	165,000	330,000
Various operating adjustments, including an increase in information technology expenses	(12,988)	1,157,564	1,144,576
Total	\$353,343	\$1,236,507	\$1,589,850

⁹ One-time funding is added as follows:

- \$1 million from the strategic investment and improvements fund is added for a new campaign system and contracted information technology services to redesign the Secretary of State's website;
- \$500,000 from the strategic investment and improvements fund is added for information technology system enhancements to FirstStop, the Central Indexing System, and other systems; and
- \$1 million from federal funds derived from the Help America Vote Act is added for election reform expenses.

This amendment also:

- Adds a section to allow the Secretary of State to transfer up to \$100,000 between line items; and
- Adds a section to provide the statutory changes necessary to increase the Secretary of State's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

Senate Bill No. 2002 - Public Printing - Senate Action

	<u>Base Budget</u>	<u>Senate Changes</u>	<u>Senate Version</u>
Public printing	\$257,931	\$13,404	\$271,335
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	0	0	0
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00

Department 109 - Public Printing - Detail of Senate Changes

	<u>Increases Funding for Public Printing¹</u>	<u>Total Senate Changes</u>
Public printing	\$13,404	\$13,404
Total all funds	\$13,404	\$13,404
Less estimated income	0	0
General fund	\$13,404	\$13,404
FTE	0.00	0.00

¹ Funding of \$13,404 from the general fund is added for public printing expenses.

2023 HOUSE APPROPRIATIONS

SB 2002

Department 108 - Secretary of State
Senate Bill No. 2002

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$7,107,977	\$12,033,075	\$19,141,052
2023-25 Base Level	5,521,552	8,305,574	13,827,126
Increase (Decrease)	\$1,586,425	\$3,727,501	\$5,313,926

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Strategic investment and improvements fund - Section 3 provides \$1.5 million is from the strategic investment and improvements fund (SIIF) for a new campaign finance system, contracted website redesign, and information technology (IT) system enhancements.

Secretary of State's salary - Section 4 provides statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000 (13.6 percent), effective July 1, 2023, and to \$135,200 (4 percent), effective July 1, 2024.

Line item transfers - Section 5 provides authority for the Secretary of State to transfer up to \$100,000 between line items.

Continuing Appropriations

Athletic commission fund - North Dakota Century Code Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The State Auditor reported the Secretary of State did not appropriately reconcile revenue. There was a difference of \$75,211 from revenue generated through various citizen fees through the Secretary of State's office IT systems when compared to ConnectND, the state's accounting system.

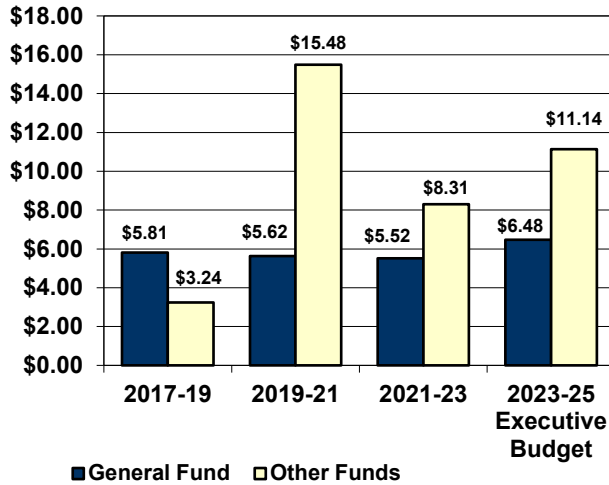
Major Related Legislation

There is no major related legislation affecting this agency.

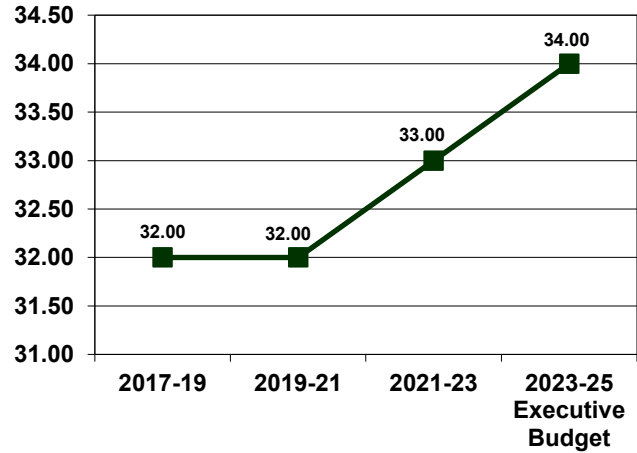
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$6,374,720	\$5,808,732	\$5,623,063	\$5,521,552	\$6,478,402
Increase (decrease) from previous biennium	N/A	(\$565,988)	(\$185,669)	(\$101,511)	\$956,850
Percentage increase (decrease) from previous biennium	N/A	(8.9%)	(3.2%)	(1.8%)	17.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.9%)	(11.8%)	(13.4%)	1.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed 2 FTE positions and related funding (\$211,268)
- Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
- Adjusted funding for overtime and temporary salaries by reducing funding from the general fund and increasing special funds by \$200,000 (\$50,000)
- Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for IT expenses (\$262,100)
- Added funding for campaign disclosure software \$50,000

2019-21 Biennium

- Reduced funding for public printing to provide a total of \$257,278 (\$31,172)
- Adjusted funding for operating expenses by \$293,671, including a decrease of \$527,002 from the general fund and increasing \$820,673 from the general services operating fund (\$527,002)

2021-23 Biennium

- Reduced funding for operating expenses (\$251,834)

2023-25 Biennium (Executive Budget Recommendation)

- Adds funding for changes in employee responsibilities and duties \$100,000
- Adds funding to implement a new Capitol space rent model \$201,331
- Adds funding for text messaging software and ongoing maintenance \$165,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$3,050,000	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

None \$0

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

None \$0

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126
2023-25 Ongoing Funding Changes								
Base payroll changes		\$51,305	\$208,745	\$260,050		\$51,305	\$208,745	\$260,050
Salary increase		315,342	52,592	367,934		236,186	39,392	275,578
Health insurance increase		123,456	20,576	144,032		126,296	21,050	147,346
Adds funding for elected official salary equity				0		26,748		26,748
Adjusts salaries and wages funding from special funds to the general fund				0		479,143	(479,143)	0
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950	1.00		200,950	200,950
Adds funding for changes in employee responsibilities and duties		100,000		100,000		100,000		100,000
Adds funding to match federal Help America Vote Act funds				0		200,000		200,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576		(12,988)	1,157,564	1,144,576
Adjusts funding for election reform			(475,299)	(475,299)			(86,057)	(86,057)
Increases funding for public printing		13,404		13,404		13,404		13,404
Adds funding to implement a new Capitol space rent model		201,331		201,331		201,331		201,331
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000		165,000	165,000	330,000
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	1.00	\$1,586,425	\$1,227,501	\$2,813,926
One-Time Funding Items								
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000
Adds funding from SIIF for IT system enhancements			500,000	500,000			500,000	500,000
Adds funding from federal Help America Vote Act funds				0			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$2,500,000	\$2,500,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	1.00	\$1,586,425	\$3,727,501	\$5,313,926
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	34.00	\$7,107,977	\$12,033,075	\$19,141,052
<i>Federal funds included in other funds</i>			<i>\$4,245,109</i>				<i>\$5,626,080</i>	
<i>Total ongoing changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>16.0%</i>	<i>16.5%</i>	<i>3.0%</i>	<i>28.7%</i>	<i>14.8%</i>	<i>20.4%</i>
<i>Total changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>34.1%</i>	<i>27.4%</i>	<i>3.0%</i>	<i>28.7%</i>	<i>44.9%</i>	<i>38.4%</i>

Other Sections in Secretary of State - Budget No. 108

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Strategic investment and improvements fund		Section 3 provides \$1.5 million is from SIIF for a new campaign finance system, contracted website redesign, and IT system enhancements.
Secretary of State's salary	Section 4 would provide statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.	Section 4 provides statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000 (13.6 percent), effective July 1, 2023, and to \$135,200 (4 percent), effective July 1, 2024.
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.	Section 5 provides authority for the Secretary of State to transfer up to \$100,000 between line items.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2002
3/7/2023

<p>A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.</p>

2:16 PM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Agency Overview
- Statutory Authority
- Technology Support
- Election Enhancements
- HAVA Dollars
- General Fund Support for Critical Staffing
- Agency Operations Budget
- Senate Operation Recommendations
- Public Printing
- Agency Collections
- Salary and Equity Request
- ND Voices Voter Information
- First Stop North Dakota Secretary of State

Michael Howe, ND Secretary of State, testified in favor of SB 2002, #22747, #26514.

Sandy McMerty, Deputy Secretary of State, answered questions regarding SB 2002.

Chairman Nathe, asked questions regarding green sheets.

Levi Kinnischtzke, Legislative Council, answered questions regarding SB 2002 green sheets, #22748.

3:07 PM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2002
3/16/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.
--

10:30 AM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Licensing and Fees
- Upgrade on IT System
- ND Voice
- First Stop
- Campaign Finance System
- Election Specialist Position

Levi Kinnischtze, Legislative Council, passed out the Secretary of State – Budget No. 108, #25582.

Committee Discussion

Sandy McMerty, Deputy of Secretary of State, answered questions regarding the Secretary of State budget.

10:46 PM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2002
3/27/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.
--

10:33 AM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- ARPA Funding for FirstStop Upgrade
- ARPA Election Management System
- Tech FTE Request
- ND Voices – Vendor
- Funding Breakout – SIIF, FED ARPA, FED HAVA

Representative Sanford continued discussion on the Secretary of State – Budget No.108, and other funds breakout, #26692, #26690.

Committee Discussion

Sandy McMerty, Deputy of Secretary of State, answered questions regarding the Secretary of State budget.

10:50 PM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2002
4/3/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

3:38 PM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- ARPA Funding for Election Management
- FirstStop Upgrade
- FTE Requests

Representative Sanford opened the discussion on the Secretary of State Budget No. 108, previously sited on 3/27/2023, #26690.

Chairman Nathe proposed the amendment, 23.0256.02001, #27258, dated 3/27/2023.

Representative Martinson moved the amendment, 23.0256.02001.

Vice Chairman Swiontek seconded.

Committee Discussion

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N

Motion carried 6-1-0.

Committee Discussion

Representative Hanson moved to remove section 5 from SB 2002.

Representative Richter seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

Motion carried 7-0-0.

Representative Sanford moved to accept the Secretary of State Budget No. 108, #26690, previously sited on 3/27/2023.

Representative Richter seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N

Motion carried 6-1-0.

Representative Sanford moved a do pass as amended on SB 2002.

Vice Chairman Swiontek seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N

House Appropriations - Education and Environment Division

SB 2002

4/03/2023

Page 3

Motion carried 6-1-0. Representative Sanford will carry SB 2002.

4:02 PM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2002
4/5/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.
--

2:50 PM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Committee Work

Chairman Nathe opened the discussion on the amendment 23.0256.02001 previously sited on 3/27/2023, #27258.

Representative Martinson moved to reconsider the amendment 23.0256.02001 previously sited on 3/27/2023, #27258.

Vice Chairman Swiontek seconded.

Committee Discussion

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

Motion carried 7-0-0.

Committee Discussion

Vice Chairman Swiontek moved to rescind 23.0256.02001 previously sited on 3/27/2023, #27258.

Representative Sanford seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

Motion carried 7-0-0.

Representative Martinson moved a do pass as amended on SB 2002.

Representative Richter seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

Motion carried 7-0-0.

3:00 PM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2002
4/6/2023

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

4:37 PM Chairman Vigesaa Called the meeting to order and roll call was taken-

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- Amendment
- Committee Action

Representative Sanford Gives the statement of purpose and explains the amendment 23.0256.02004 (Testimony # 27366)

Representative Sanford Move to adopt amendment 23.0256.02004

Representative Nathe Seconds the motion.

Committee Discussion Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	AB
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y

Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 22-0-1

Representative Sanford Move for a Do Pass as Amended

Representative Nathe Seconds the Motion

Committee Discussion Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	AB
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 20-2-1 Representative Sanford will carry the bill

4:48 PM Chairman Vigesaa Closed the meeting for SB 2002

Risa Berube, Committee Clerk

H-6-23
AJ

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2002

Page 1, line 2, after the semicolon insert "and"

Page 1, line 3, remove "to provide an exemption;"

Page 1, line 4, remove "and to provide for a transfer"

Page 1, replace lines 16 through 24 with:

"Salaries and wages	\$5,528,082	\$726,643	\$6,254,725
Operating expenses	3,308,424	4,175,907	7,484,331
Grants	25,000	0	25,000
Petition review	8,000	0	8,000
Election reform	<u>4,699,689</u>	<u>6,131,119</u>	<u>10,830,808</u>
Total all funds	\$13,569,195	\$11,033,669	\$24,602,864
Less estimated income	<u>8,305,574</u>	<u>9,526,501</u>	<u>17,832,075</u>
Total general fund	\$5,263,621	\$1,507,168	\$6,770,789
Full-time equivalent positions	33.00	2.00	35.00"

Page 2, replace lines 11 through 13 with:

"Grand total general fund	\$5,521,552	\$1,520,572	\$7,042,124
Grand total special funds	<u>8,305,574</u>	<u>9,526,501</u>	<u>17,832,075</u>
Grand total all funds	\$13,827,126	\$11,047,073	\$24,874,199"

Page 2, replace lines 19 through 22 with:

"New campaign system and contracted website redesign	\$0	\$1,000,000
Election management system	0	5,000,000
FirstStop	0	1,000,000
Information technology system enhancements	0	500,000
Help America Vote Act	<u>0</u>	<u>1,000,000</u>
Total other funds	\$0	\$8,500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The secretary of state shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. ESTIMATED INCOME - FEDERAL STATE FISCAL RECOVERY FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes the sum of \$6,000,000 from the federal state fiscal recovery fund for an election management system and to upgrade FirstStop."

Page 3, remove lines 6 through 9

Renumber accordingly

4-6-23

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2002 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Secretary of State				
Total all funds	\$13,569,195	\$18,869,717	\$5,733,147	\$24,602,864
Less estimated income	8,305,574	12,033,075	5,799,000	17,832,075
General fund	\$5,263,621	\$6,836,642	(\$65,853)	\$6,770,789
FTE	33.00	34.00	1.00	35.00
Public Printing				
Total all funds	\$257,931	\$271,335	\$0	\$271,335
Less estimated income	0	0	0	0
General fund	\$257,931	\$271,335	\$0	\$271,335
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$13,827,126	\$19,141,052	\$5,733,147	\$24,874,199
Less estimated income	8,305,574	12,033,075	5,799,000	17,832,075
General fund	\$5,521,552	\$7,107,977	(\$65,853)	\$7,042,124
FTE	33.00	34.00	1.00	35.00

Senate Bill No. 2002 - Secretary of State - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$5,528,082	\$6,328,326	(\$73,601)	\$6,254,725
Operating expenses	3,308,424	6,484,331	1,000,000	7,484,331
Grants	25,000	25,000		25,000
Petition review	8,000	8,000		8,000
Election reform	4,699,689	6,024,060	4,806,748	10,830,808
Total all funds	\$13,569,195	\$18,869,717	\$5,733,147	\$24,602,864
Less estimated income	8,305,574	12,033,075	5,799,000	17,832,075
General fund	\$5,263,621	\$6,836,642	(\$65,853)	\$6,770,789
FTE	33.00	34.00	1.00	35.00

Department 108 - Secretary of State - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Reduces Funding for Elected Official Equity ²	Adds Funding for Technology Support Position ³	Removes Salary Funding for Funding Pool ⁴	Adds One-Time Funding ⁵	Total House Changes
Salaries and wages	\$85,862	(\$5,600)	\$180,000	(\$333,863)		(\$73,601)
Operating expenses					\$1,000,000	1,000,000
Grants						
Petition review						
Election reform	3,180			(196,432)	5,000,000	4,806,748
Total all funds	\$89,042	(\$5,600)	\$180,000	(\$530,295)	\$6,000,000	\$5,733,147
Less estimated income	12,726	0	0	(213,726)	6,000,000	5,799,000
General fund	\$76,316	(\$5,600)	\$180,000	(\$316,569)	\$0	(\$65,853)
FTE	0.00	0.00	1.00	0.00	0.00	1.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$79,156	\$13,200	\$92,356
Health insurance adjustment	(2,840)	(474)	(3,314)
Total	\$76,316	\$12,726	\$89,042

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H-G-23

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding of \$5,600 from the general fund is removed to provide a total of \$21,148 from the general fund to increase the salary of the Secretary of State to \$130,000 on July 1, 2023. The Senate provided \$26,748 from the general fund to increase the salary of the Secretary of State to \$130,000 on July 1, 2023. The reduction in necessary equity to provide a salary of \$130,000 is due to the House providing a general salary increase of 6 percent on July 1, 2023, rather than 4 percent.

³ Funding of \$180,000 from the general fund is added for 1 new FTE technology support position. The Senate did not include this position.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	(\$180,000)	(\$190,950)	(\$370,950)
Vacant FTE positions	<u>(136,569)</u>	<u>(22,776)</u>	<u>(159,345)</u>
Total	(\$316,569)	(\$213,726)	(\$530,295)

⁵ One-time funding of \$6 million from the federal State Fiscal Recovery Fund is added for an election management system (\$5 million) and to upgrade FirstStop (\$1 million). The Senate did not provide funding for these projects.

REPORT OF STANDING COMMITTEE

SB 2002, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2002 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "and"

Page 1, line 3, remove "to provide an exemption;"

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Page 1, replace lines 16 through 24 with:

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Total	(\$316,569)	(\$213,726)	(\$530,295)

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TESTIMONY

SB 2002

MICHAEL C. HOWE
SECRETARY OF STATE

WEBSITE sos.nd.gov



PHONE (701) 328-2900
E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

BUDGET PRESENTATION
SENATE APPROPRIATIONS COMMITTEE
SENATOR BRAD BEKKEDAHL, CHAIRMAN

SENATE BILL NO. 2002
JANUARY 13, 2023

TESTIMONY PRESENTED BY

MICHAEL HOWE, SECRETARY OF STATE

Chairman Bekkedahl and members of the Senate Appropriations Committee. I am Michael Howe, and I am honored to be serving as North Dakota's 15th Secretary of State. As this is officially my 13th day on the job, my budget testimony today will be a combination of plans we currently have and an ask for a little latitude as I work to better understand the needs of our office and team.

The Secretary of State's Office works to preserve and protect election integrity and promotes North Dakota as the easiest place to start and grow a business. We conduct a wide range of licensing, regulatory, registration and administrative functions, and provide guidance and oversight for statewide elections. We also serve as the office of record for certain legal documents generated by the executive and legislative branches of state government, as well as public records and notices involving various business entities.

STATUTORY AUTHORITY

Our statutory authority can be found in the following:

- NDCC Title 10 Corporations;
- NDCC Title 16.1 Elections;
- administration of varied liens in 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31;
- oversight of Uniform Commercial code in 41-09;
- licensing of contractors in 43-07;
- registration of notaries in 44-06.1;
- registration of partnerships in 45-10.2, 45-11, 45-22, 45-23;
- registration of trademarks and trade names in 47-22, 47-25;
- registration of charitable organizations in 50-22;
- serve as commissioner of combative sports in 53-01;
- registration of lobbyists in 54-05.1; and
- documents recorded by the office in 54-09.

A comparative look at the common types of filings this office processes is included below. These numbers include total actions, which are the results of both new and renewals of certain licensing, registrations, etc.

**SECRETARY OF STATE BUSINESS FILINGS
10-YEAR COMPARISON – 2011 – 2021**

	2011	2021	2011-2021 Increase	Percentage Change
Licensing Unit				
Contractor Licenses/Renewals	8,824	11,082	2,258	26%
Home Inspector Licenses/Renewals	107	156	49	46%
Lobbyists (for biennium)	666	638	(28)	-4%
Charitable/Prof. Fundraisers	1,479	2,507	1,028	70%
Notary Commissions (Total)	13,125	14,714	1,589	12%
Central Indexing Unit				
Total Filings - UCC/Liens/etc.		148,134		
Business Registration/Information Unit				
Corporations	39,310	42,108	2,798	7%
Limited Liability Companies/Partnerships	20,657	45,226	24,569	119%
Trademarks/Trade Names	24,207	34,099	9,892	41%

The Office of the Secretary of State also works with North Dakota’s 53 counties to administer and protect the integrity of our elections process. Statewide election results are made available through the Secretary of State’s elections website – Vote.ND.Gov.

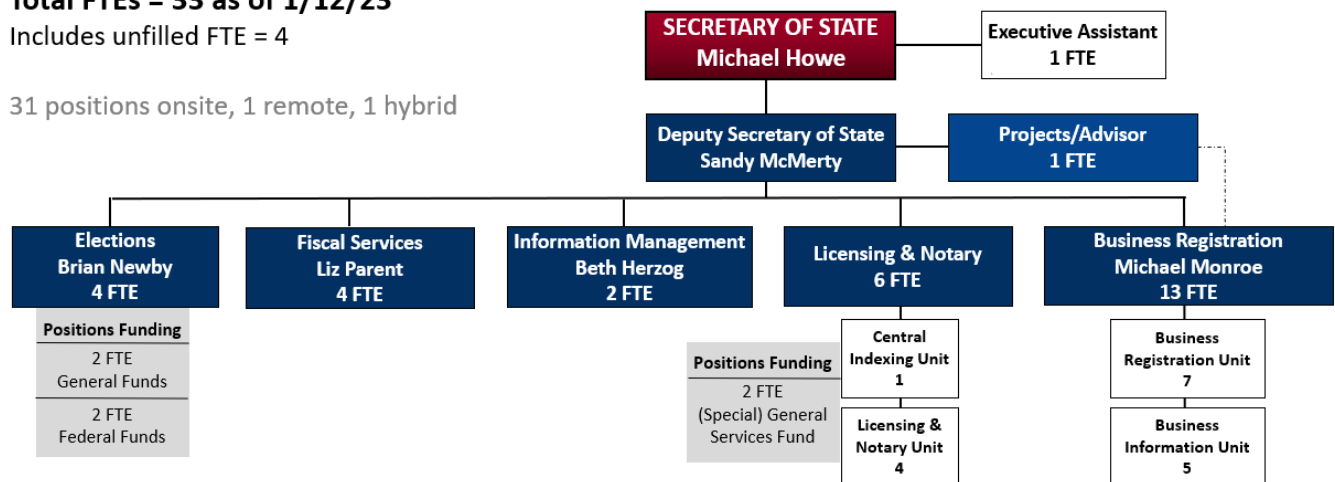
The Office of Secretary of State is currently authorized for 33 FTEs. A breakout of positions is provided in the below organizational chart.



Total FTEs = 33 as of 1/12/23

Includes unfilled FTE = 4

31 positions onsite, 1 remote, 1 hybrid



AUDIT FINDINGS

Operational Audit for the Two-Year Period Ended June 30, 2020 – Finding lack of revenue reconciliation.

This recommendation is partially implemented. Reconciliation of fees recorded from our systems were not appropriately being reconciled against those same fees as they flowed through the Bank of North Dakota and were deposited and entered into the ConnectND (state) system. A discrepancy of \$74,211 was discovered in the reporting which involved no misplaced funds. A monthly reconciliation has been developed and is in the testing phase. Future plans include building an interface between Secretary of State and ConnectND system to further eliminate reconciliation errors.

Voting Security Assessment Audit 2022 – The Office of the State Auditor looked at six potential vulnerabilities with possible threat scenarios and determined a risk score for each. All scenarios were determined to be low risk. I am quoting our state auditor, he said “our election systems are incredibly secure across the state.”

Operational Audit for Two-Year Period Ended June 30, 2022 – Audit not yet scheduled.

CURRENT BIENNIUM ACCOMPLISHMENTS

In addition to executing the official duties with integrity and financial responsibility, Secretary Jaeger and the team accomplished many important objectives during the past two years which included modernization of business filings, reorganization of business services and several legislative changes.

CHALLENGES & NEXT BIENNIUM GOALS

Below are affecting the Office of Secretary of State and more information on these along with funding asks is included in the 2023-25 Biennium – Listing of Requests Compared to Executive Recommendation which is found on page 9.

Technology Support – The implementation of FirstStop and Central Indexing systems has modernized filings and licensing at the Secretary of State’s office. Adequate funding to support maintenance and enhancements is a continued need to improve the user experience and make necessary upgrades to this and other systems, such as the campaign finance system, combative sports tracking software, and website restructuring. Systems that are user-friendly across all our customer platforms are critical to the agency’s efforts to better serve our citizens.

Election Enhancements – North Dakota has always operated elections with integrity and the ND State Auditor recently found, after an extensive review, that our election systems are incredibly secure across our state. We do however believe this office can continue to improve processes and voter knowledge. Education, training, and materials to support our elections officials and growing voter knowledge and confidence will be a focus of this administration into the future. These efforts will help create transparency and further protect election security.

SoS Responsibility Level Increases – Repurpose/Reclass – With the modernization of processes in the agency, the skillsets and responsibilities of our employees have changed significantly. The appropriate classification of these positions, along with salary reflective of the position, and the ability to address compression issues are necessary to future recruitment and retention efforts. We also have salaries for 4 FTEs being supported by funding sources that are not stable or adequate for long-term sustainability. Greater information about this challenge can be found in the Staffing area of this testimony on page 8.

Agency Operations Budget

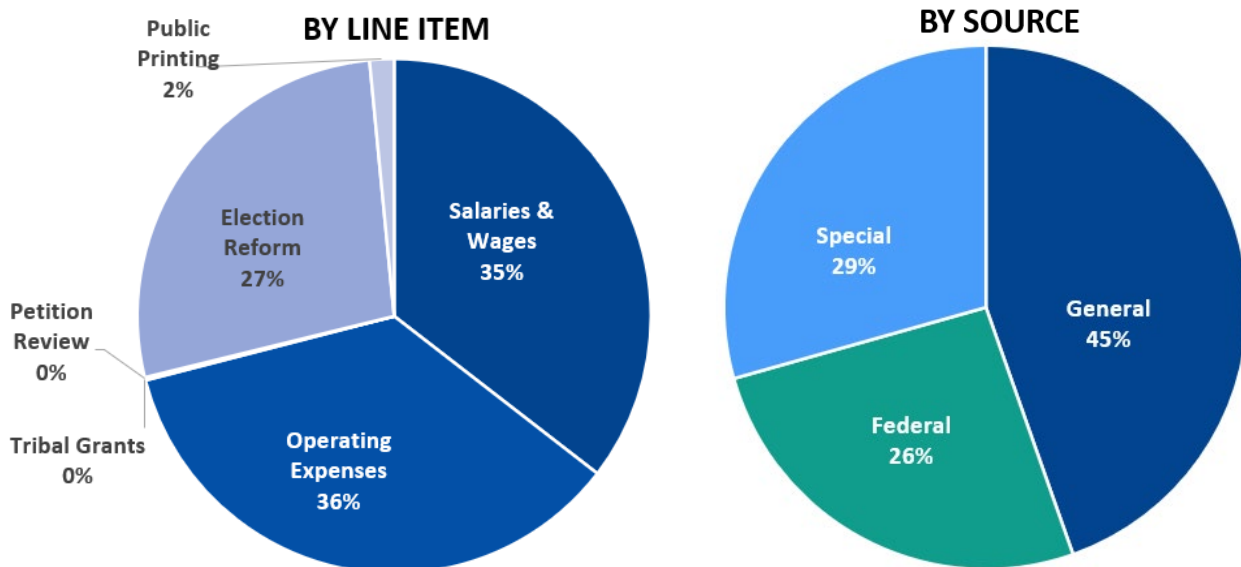
2021-23 Base Budget Comparison to 2023-2025 Request/Executive Recommendation

The Secretary of State relies on people and technology to perform all of the work the legislature has directed. The agency’s appropriation for the 2021-23 biennium was \$5.5 million with 88 percent of the general fund authority directed to salaries and wages. The agency was authorized for 33 full-time equivalent positions for the 2021-23 biennium, of which 29 FTEs were supported through general funds, and 4 FTEs through special (2 FTEs) or federal funds (2 FTEs). Operating expenses made up approximately 7 percent of our general fund spending authority, with special funds covering 78 percent.

BASE COMPARED TO AGENCY REQUEST

	2021-2023 Base Level	2023-2025 Agency Request	Incr(Decr)	% Chg
Salaries and Wages	5,528,082	6,274,284	746,202	13.5%
Operating Expenses	3,308,424	6,283,000	2,974,576	89.9%
Grants	25,000	25,000		
Petition Review	8,000	8,000	-	0.0%
Election Reform	4,699,689	4,827,240	127,551	2.7%
Public Printing	257,931	271,335	13,404	5.2%
Total Line Items	13,827,126	17,688,859	3,861,733	27.9%
By Funding Source				
General Funds	5,521,552	7,889,425	2,367,873	42.9%
Federal Funds	3,121,865	4,602,850	1,480,985	47.4%
Special Funds	5,183,709	5,196,584	12,875	0.2%
Total Funding Source	13,827,126	17,688,859	3,861,733	27.9%
FTE	33	37	4	

2023-25 SOS REQUESTED - \$17.7 M

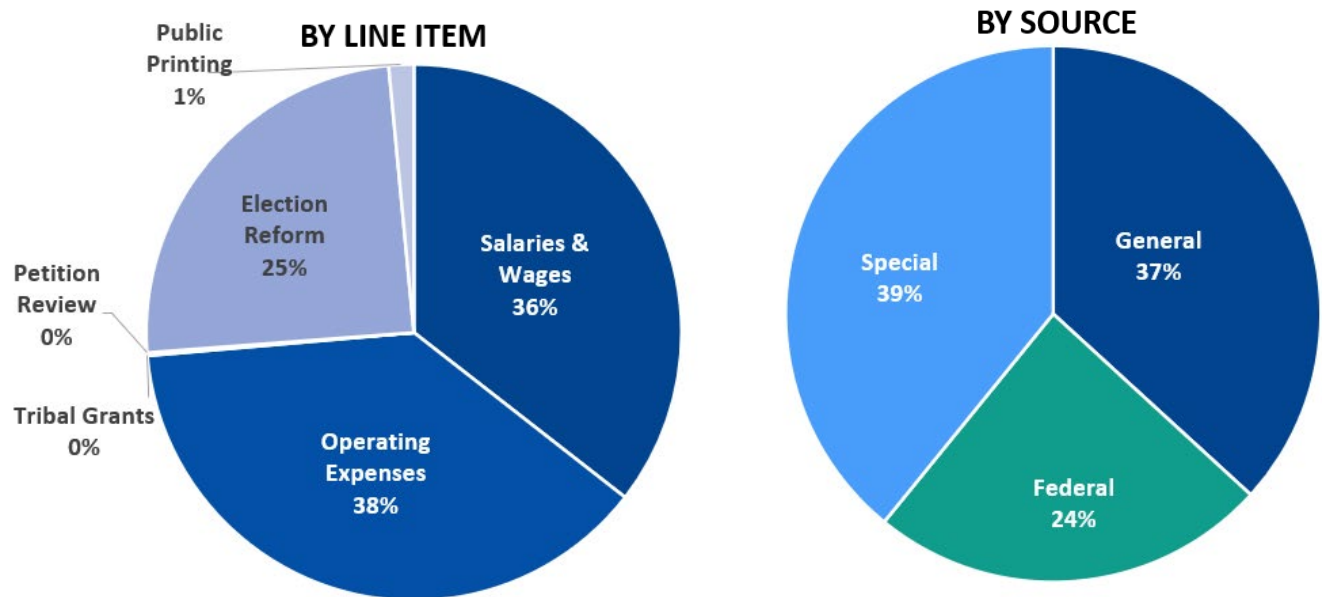


AGENCY REQUEST COMPARED TO EXECUTIVE RECOMMENDATION

	2023-2025 Biennium Agency Request	2023-2025 Executive Recommendation	Incr(Decr)	% Chg
Salaries and Wages	6,274,284	6,387,440	113,156	1.8%
Operating Expenses	6,283,000	6,484,331	201,331	3.2%
Grants	25,000	25,000		
Petition Review	8,000	8,000	-	0.0%
Election Reform	4,827,240	4,437,998	(389,242)	-8.1%
Public Printing	271,335	271,335	-	0.0%
Total Line Items	17,688,859	17,614,104	(74,755)	-0.4%
By Funding Source				
General Funds	7,889,425	6,478,402 *	(1,411,023)	-17.9%
Federal Funds	4,602,850	4,245,109	(357,741)	-7.8%
Special Funds	5,196,584	6,890,593	1,694,009	32.6%
Total Funding Source	17,688,859	17,614,104	(74,755)	-0.4%
FTE	37	34	(3)	

*One-Time Funding - provided from SIIF Funds in Executive recommendation.

2023-25 EXECUTIVE RECOMMENDATION - \$17.6 M



LEGISLATIVE BASE 2023-2025 COMPARED TO FUNDING SOURCE

	21-23 Leg Base	EXECUTIVE RECOMMENDATION BY SOURCE FUNDING	General	Special	Federal	23-25 Exec Rec
Salaries	5,528,082.00		5,429,154	596,175	362,111	6,387,440
Operating	3,308,424.00		744,913	5,739,418	-	6,484,331
Grants	25,000.00		25,000			25,000
General - Petition	8,000.00		8,000			8,000
Election Reform	4,699,689.00			555,000	3,882,998	4,437,998
Public Printing	257,931.00		271,335			271,335
Grand Total By Fund per Bill	17,786,861.00		6,478,402	6,890,593	4,245,109	17,614,104

SPECIAL FUND – GENERAL SERVICES FUND - The agency has a special funds line – General Services Fund - which is the supported by fees received from select number of UCC licensing, filings, and for information subscriptions available from the agency. The general services fund (special fund) generated about \$14 million in the current biennium, of which \$1.5 million was retained by the agency with \$12.5 million from fees being deposited to the general fund.

Technology advancements in the agency have helped increase productivity, provide more efficient services for the public, and aid in maintaining the thousands of records associated with approximately 100 diverse categories of filings. Technology costs to maintain multiple systems will now outpace the revenue received in this fund, no longer making it a viable option as the only support funding for technology maintenance and user experience enhancements to systems. General fund support is needed to ensure the integrity of technology systems into the future, or greater fees from this line need to be retained by the agency to support systems.

Systems currently supported by these special funds include:

- Central Indexing System (CIS) – maintains all filings related to various personal property liens to be completed electronically online - approximately 350,000 files.
- FirstStop – the engine for business with approximately a 100 types of business filings – the continued implementation, enhancements, and maintenance.
- Website maintenance and any enhancements/customizations.

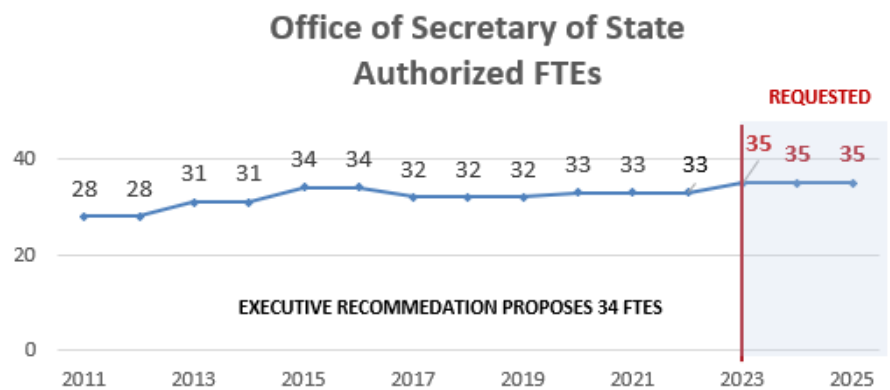
The Governor’s recommendation has \$4.835 in salaries, operating, and election reform coming from the special – general services fund in the 2023-24 biennium; and an additional \$1.5 one-time funding from the SIIF fund to total \$6.89 in special funds. Estimated receipts to be retained by the agency from the special - general services fund in 2023-25 is approximately \$2 million. This gap isn’t sustainable for the agency to meet critical technology infrastructure needs.

FEDERAL FUNDS – The Office of Secretary of State receives federal Help America Vote Act (HAVA) funds to continue to improve voter access and election administration. Information about federal funds is included in the Federal Funds section later in this testimony.

PUBLIC PRINTING - Under state law, the agency is responsible for the distribution of publications known as “public printing” and a major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc. Although the appropriation to cover the cost of publishing and distribution is included in the agency’s budget, it is based on a recommendation from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. Estimated costs for the printing of these items in the coming biennium is \$271,335.

STAFFING

The number of positions authorized has slightly increased over the past 10 years. As of January 2023, we have 4 unfilled positions that are in the hiring process. Appropriate staffing to create reasonable turnaround time for filings, as well as election administration and training is key to agency success. The chart at right shows a long-term history of the staffing level for the Office of Secretary of State.



Proposed Shift in FTE Funding - The agency currently has authorization for 4 FTEs that receive no general fund support. Due to the critical nature of these positions, we are seeking more appropriate salary administration support. Salary dollars for these FTEs equal \$890,610, which are currently supplemented by special – general services fund (\$560,000 = 2 FTEs) and federal funds (\$330,610 = 2 FTEs).

Funds would be redirected as follows:

- Special – general services fund would be directed towards supporting IT/technology expenses;
- Federal funding currently used to support staffing would be redirected to support voter education and materials across the state.

New FTE Request - The agency is also requesting support for 2 new FTEs. This includes 1 FTE in information management to assist in implementing new campaign finance technology; 1 FTE in elections to continue efforts to standardize voter experience in North Dakota. Total cost of these 2 FTEs is \$425,000.

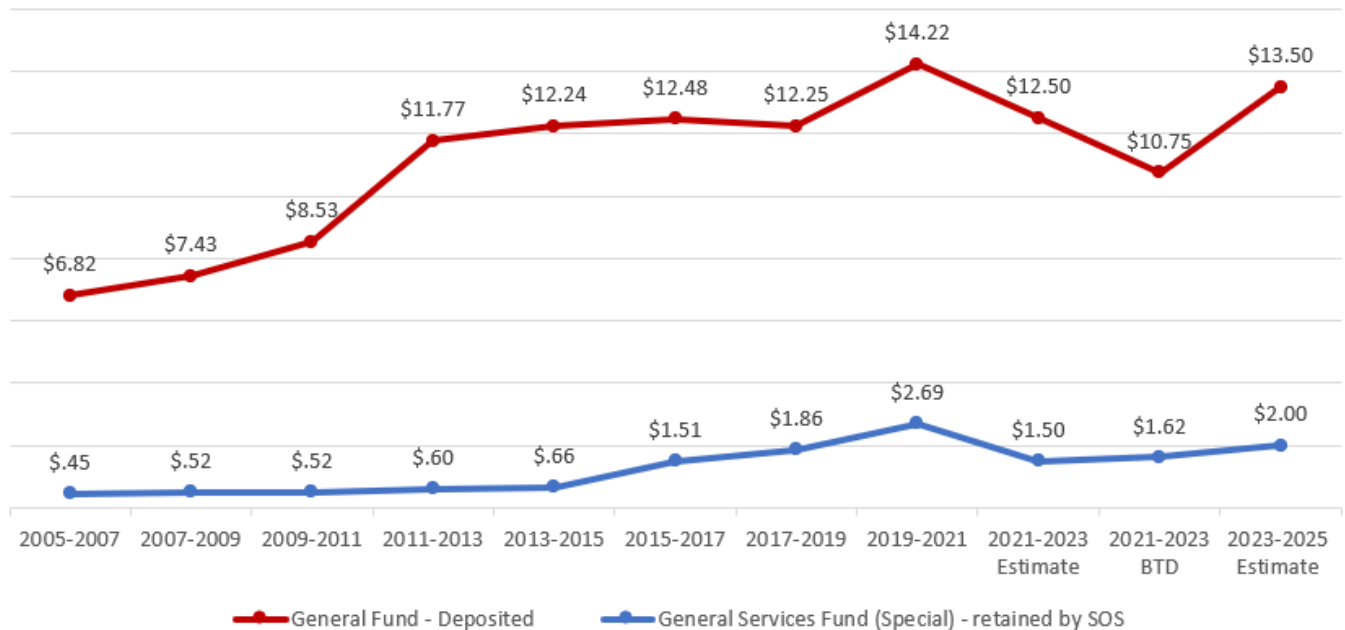
Total FTE Fiscal Impact – Total salary/staffing support funding requested is \$1,315,610 (\$890,610 + \$425,000). The agency is requesting support for these positions either through general fund support or greater authority to retain funds in our special – general services fund line. We propose that \$200,000 of match dollars needed to secure 2023 Federal HAVA funding of \$1 M be a portion of this salary ask as noted later in this testimony.

Revenues – General Fund & General Service Fund (Special Fund)

2021-23 Biennium

Revenue forecasts for the 2023-2025 biennium were increased based on historical trends, General Fund was increased from \$12,500,000 to \$13,500,000. Below is 20-year look at revenue trends from the Office of Secretary of State.

**REVENUE TRENDS FROM FEES COLLECTED BY SECRETARY OF STATE
GENERAL FUND & GENERAL SERVICES FUND (SPECIAL)
IN MILLIONS**



2023-25 Biennium – Listing of Requests Compared to Executive Recommendation

There are several areas the Secretary of State’s office needs to address to continue to provide high-value customer service through its staffing and citizen-facing digital systems.

Staffing Repurpose/Reclass - As mentioned earlier, the agency needs to address compression issues and the resulting salary increases needed for higher-level skillsets required for digital processing. Continued risk of losing staff to positions of a similar nature with higher salary lessens our ability to recruit staff, and build and retain knowledge long-term, which is critical for agency success and future efficiencies. Currently, nearly 50% of the Secretary of State staff earn less than \$46,000 per year and as of January 1, 18% have less than 1 year of service with the agency.

We are requesting support for \$300,000 to adequately address these issues. The Governor’s recommendation supports \$100,000, and the OMB budget includes \$75,000 for the Secretary of State in the proposed \$90 million equity package.

The agency is also seeking \$1,315,610 in general fund support for 4 FTEs receiving no general fund support, and two new FTEs to support technology enhancements and election reform. An explanation of this request is provided above in the Staffing portion of this testimony on page 8.

Technology Systems – Support & Customization - The Secretary of State is seeking support for technology enhancements to continue modernization work across the agency. A quick summary of technology related projects includes:

- **Campaign Finance System** – Replacement of this system is needed as the current software was initially built with a minimal budget and has limited functionality. The vendor who originally programmed the system no longer offers campaign finance software and North Dakota is the company's only customer.
- **Ongoing Software Support/Maintenance** – FirstStop, Central Indexing, and other software systems have on-going costs for licensing, upgrades and general system maintenance. These costs do not cover enhancements or customizations to create greater efficiencies, ease of user experience, or implementation of any prescribed legislative changes. Additionally, past legislative efforts have required us to support these systems with limited fees allowed to be retained by the agency. These fees in the last biennium were \$1.5 M, which is insufficient to support multiple digital systems, websites, and enhancements. The agency currently has a listing of over 50 enhancements to create greater user-friendliness that require funding for contracted services outside of our maintenance contract for FirstStop. These enhancements benefit the state's businesses and lending authorities and create ease of doing business in North Dakota.
- **Increased NDIS Application Hosting Costs** – Support for increased hosting fees for systems residing on NDIS servers.
- **User Experience Enhancements** – The Office of Secretary of State will be moving its existing website to the State platform in the coming biennium. Our office currently maintains multiple sites and systems, none of which feel cohesive to one brand. The redesign of sites will include bringing the main website, as well as our elections' website, into one unified platform for users to find valuable information regarding the services provided by the agency. In addition, as a benefit to the citizens of North Dakota, businesses, licensees, candidates, elected officials, and others utilizing our services, the agency seeks to implement a text message notification system. Users would be able to opt-in to the service and receive notifications, such as filing deadlines, voter information, candidate information, and more via text message. This would allow the public the ability to direct how they wish to receive information and alert them to important deadlines or news items, thus enhancing transparency in and access to government.

We are requesting support for \$3 M (general fund), including a 1 new FTE including in our staffing ask to grow critical agency system knowledge to help continue digital system modernization efforts. The Governor's recommendation supports \$1.83 M but did not extend dollars or support for an FTE.

Election Compliance & Modernization - Expectations upon county election administrators (county auditors) and the Office of Secretary of State have increased significantly since the Help America Vote Act passed in 2002. North Dakota has made critical investments for meaningful reform in providing support for the Central Voter File and Election Management System, and new voting equipment and electronic pollbooks approved and funded by the legislature in 2019. Resources are needed to continue to improve the election process, including training, standardization of processes and expectations, as well as supporting voter education materials.

The administration of elections is a year-round job for the state and 53 county auditors, who also oversee many responsibilities in addition to elections. Smaller population counties also are unable to employ enough staff to properly handle the required workload of elections. We are seeking the ability to provide additional support to counties to ensure the administration of elections continues with the integrity that North Dakotans expect and to reduce the chance of burnout of county election officials. We had originally requested 3 additional FTEs supported by federal Help America Vote Act dollars. This administration believes HAVA dollars should support the creation of materials, training, and voter education, and is instead requesting general fund support for 2 existing FTEs currently paid for with federal dollars; and for the additional 1 FTE included in the Governor’s recommendation supported by federal funds. These are included in our earlier staffing request on page 8.

The Governor’s recommendation supports \$213,608 which supports 1 FTE through federal funding.

Other Funding

- **Public Printing** - Estimated costs for the public printing items in the coming biennium is \$271,335 based on the estimate provided by Legislative Council and supported by the Governor’s recommendation. This increase of \$13,404 covers the increase in operating costs for printing and distribution.
- **OMB Rent Model** - OMB Rent Model is \$201,331 for the square footage occupied for the Office of Secretary of State in the Capitol and Judicial Wing.

Federal Funding Changes

The Secretary of State will have approximately \$4,000,000 of Help America Vote Act federal funds available for the 2023-2025 biennium, and the opportunity to access an additional \$1,000,000 with a \$200,000 general fund match in March 2023. The purpose of the funds is to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements” to the systems, equipment and processes used in federal elections.

Use of general fund dollars to support these FTEs would meet match requirements for 2023 HAVA funds as proposed in the staffing portion of this testimony on page 8.

A breakdown of federal Help America Vote Act federal funds and state matches is below.

	Federal Advance	Fed Exp To 09/30/2022	State Match	State Exp to 09/30/2022
2020 HAVA	\$ 3,000,000	\$ -	\$ 600,000	\$ 600,000
2022 HAVA	\$ 1,000,000	\$ -	\$ 200,000	\$ 59,700
TOTAL Remaining	\$ 4,000,000	\$ -	\$ 800,000	\$ 659,700
Dollars available with 20% match in March 2023.				
2023 HAVA	\$ 1,000,000		\$ 200,000	

Spending projections for the currently available \$4,000,000 in HAVA funds are broken down below. If general fund support for staffing is provided, staff dollars will be redirected to education/training efforts.

- 2023-25 Biennium - \$2 million (estimated)
 - Elections Software/Equipment - \$1.65
 - Staffing - \$330,000
 - Supplies/Support - \$50,000
- 2025-27 Biennium - \$2 million (estimated)
 - Elections Software/Equipment - \$1.65
 - Staffing - \$330,000
 - Supplies/Support - \$50,000

One-Time Funding Requests

2021-23 One-Time Funding Requests – No one-time funding requests were included in the current biennium.

2023-25 One-Time Funding Requests - \$1,500,000 of one-time funds are being requested from general fund and included in Executive Recommendation from Strategic Investment Fund (SIF) for the Replacing Campaign Finance System and contracted services for IT System Enhancement.

Amendment to SB2002

The following proposed amendment would grant authority for line-item transfers in our appropriation bill to enhance the flexibility and our ability to leverage the entirety of our budget to meet our needs

1. Proposed New Section for SB2002:

SECTION 3. LINE ITEM TRANSFERS – 2023-25 BIENNIUM. Notwithstanding section 54-16-04, the director of the office of management and budget shall transfer appropriation authority among the line items in section 1 subdivision 1 of this Act as requested by the Secretary of State during the biennium beginning July 1, 2023 and ending June 30, 2025. The Secretary of State shall notify the legislative council of any transfers made pursuant to this section.

Secretary of State
NORTH DAKOTA



SB 2002 TESTIMONY

SENATE APPROPRIATIONS

MICHAEL HOWE, SECRETARY OF STATE
JANUARY 23, 2023



GENERAL SERVICES – SPECIAL FUND

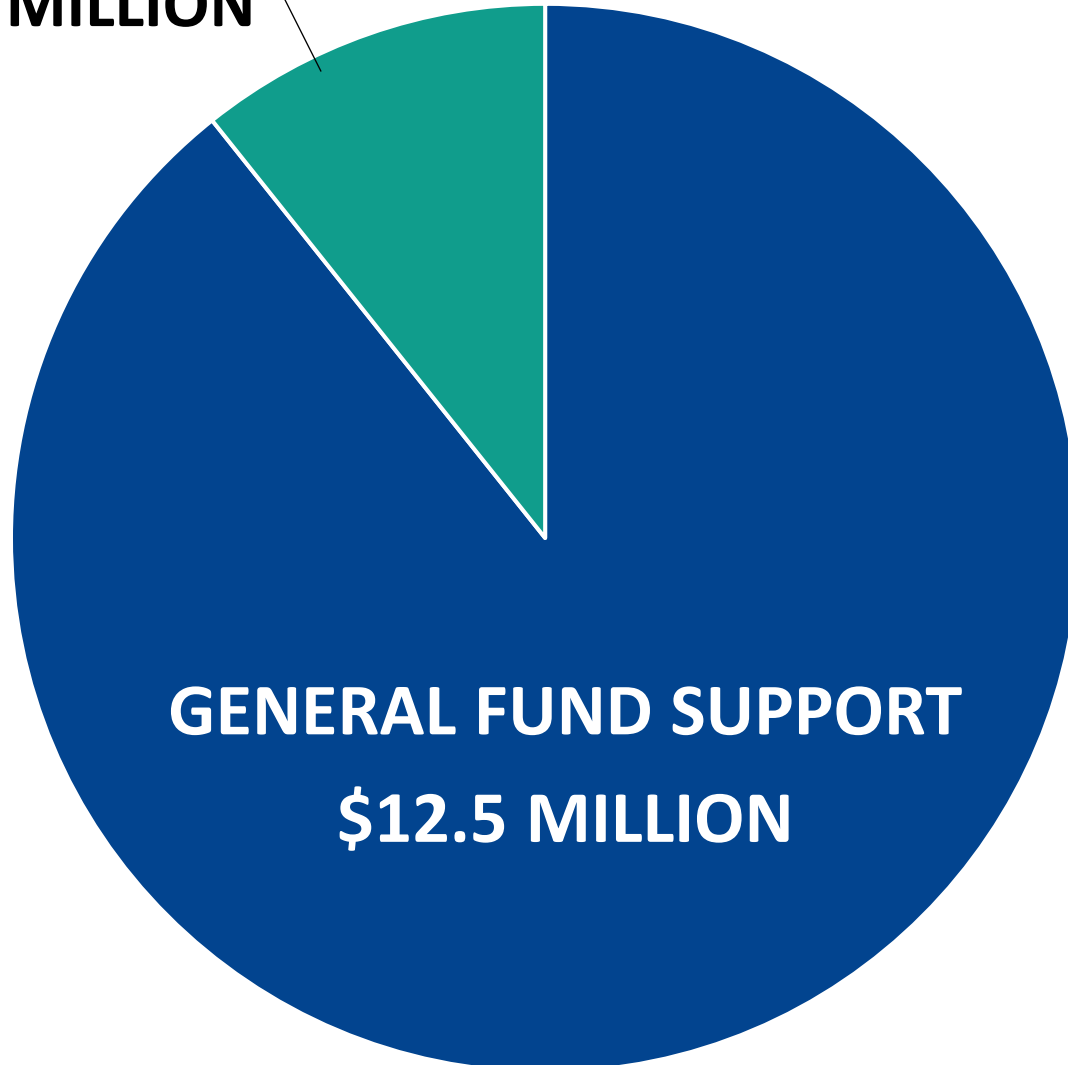
- The general services fund - special fund will generate an estimated **\$14 million** in the current biennium
 - **\$1.5 million** was retained by the agency through allowed fees under statute.
 - **\$12.5 million** from fees being deposited to the general fund.

	21-23 Leg Base	EXECUTIVE RECOMMENDATION BY SOURCE FUNDING	General	Special	Federal	23-25 Exec Rec
Salaries	5,528,082.00		5,429,154	596,175	362,111	6,387,440
Operating	3,308,424.00		744,913	5,739,418	-	6,484,331
Grants	25,000.00		25,000			25,000
General - Petition	8,000.00		8,000			8,000
Election Reform	4,699,689.00			555,000	3,882,998	4,437,998
Public Printing	257,931.00		271,335			271,335
Grand Total By Fund per Bill	13,827,126.00		6,478,402	6,890,593	4,245,109	17,614,104

SPECIAL – GENERAL SERVICES FUND \$14 MILLION

SOS FEES RETAINED
UNDER STATUTE

\$1.5 MILLION



EXECUTIVE BUDGET
\$6,890,593 FROM SPECIAL

- **\$1.5M SIIF (ONE-TIME)**

- **\$4.83M GEN. SERVICES**

This is not possible based on our current statutory authority and current demands on this fund.

(Rev. of \$2M est. for '23-25)

SECRETARY OF STATE REQUESTS

STAFFING

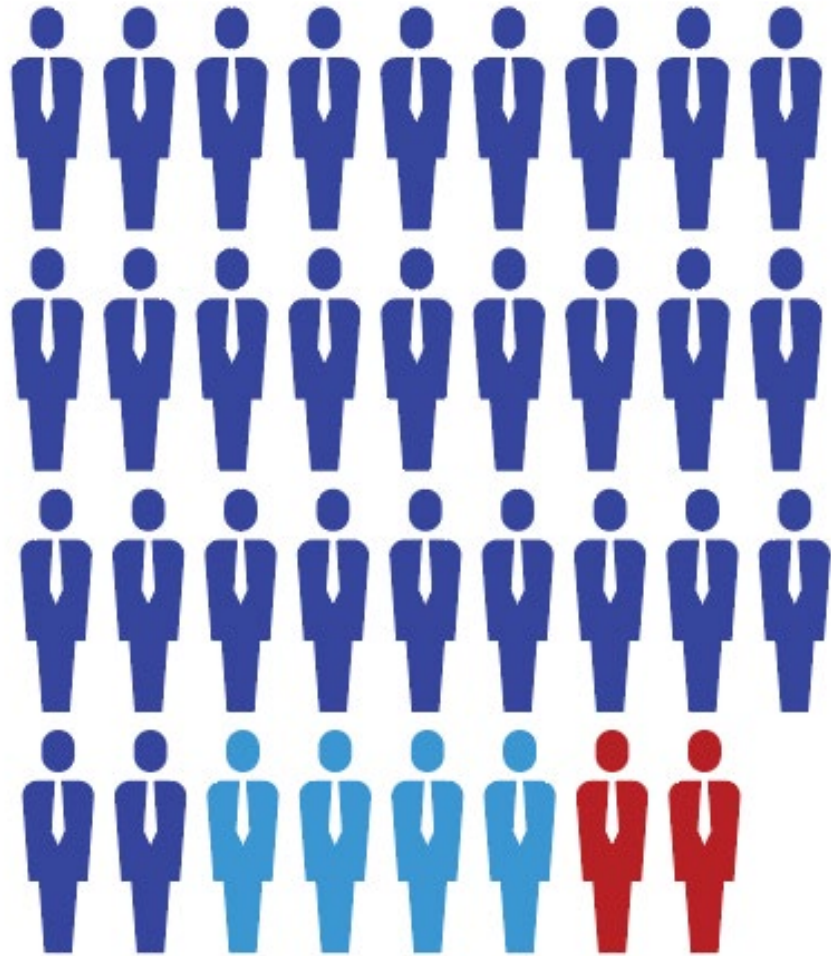
\$1,315,610 GENERAL FUND

TECHNOLOGY SYSTEMS

\$3,000,000 = \$1.5M GENERAL FUND + \$1.5 SIIF

**ELECTION COMPLIANCE/MODERNIZATION
FUND SHIFT + MATCH THROUGH STAFFING ASK**

33 FTE → 35 FTE

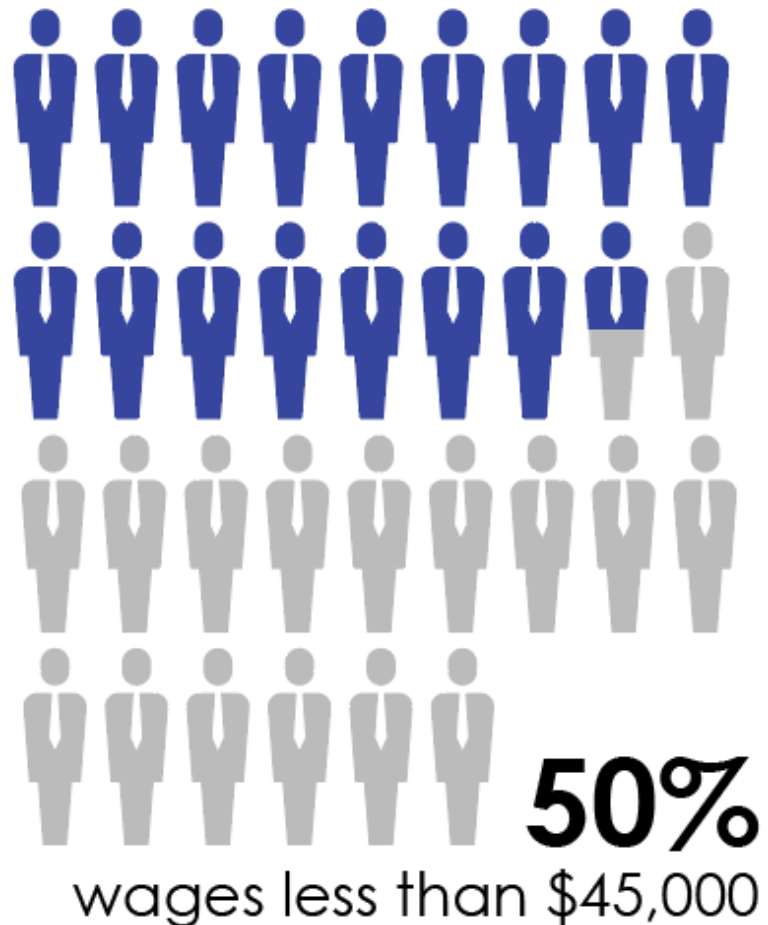


FTE **FUND** **SHIFT** **NEW**

STAFFING

\$1,615,610 GEN. FUND

- Repurpose/Reclass
\$300,000
- Shift in FTE Funding
\$890,610
- New FTE Request
• \$425,000



REPURPOSE/RECLASS

\$300,000 GENERAL FUND

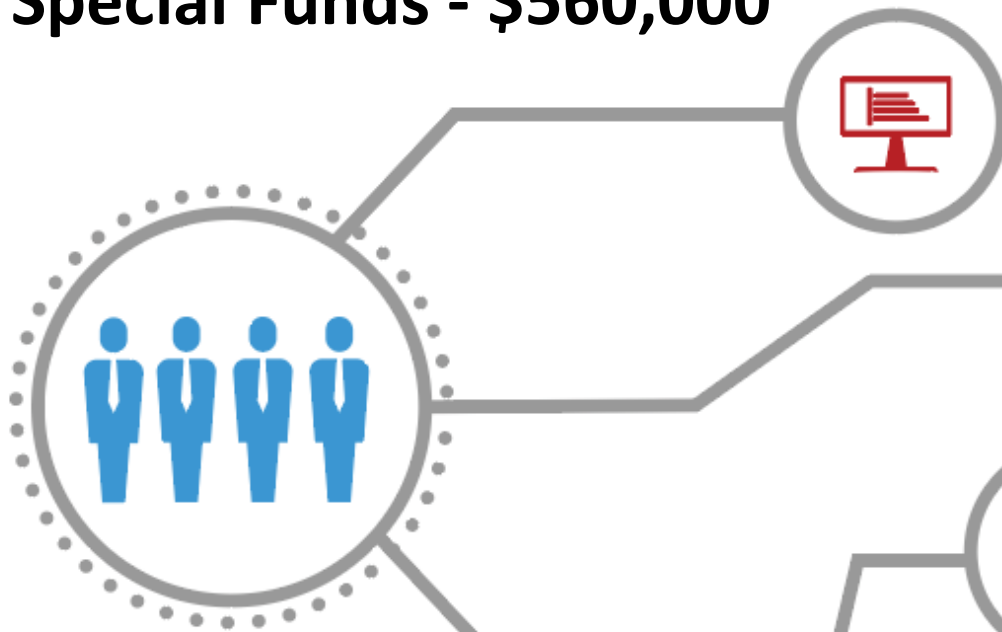
- \$300,000 in Budget Request
- Additional \$75,000 in Equity Package
– OMB Budget \$90M

- ADDRESS EQUITY ISSUES
- CHANGING SKILLSETS (PAPER V. DIGITAL)
- REVIEW CLASSIFICATIONS
- COMPETITIVE SALARY

SHIFT IN FTE FUNDING - \$890,610

→ **2 FTE – LICENSING/NOTARY**
– Shift/Special Funds - \$560,000

TECH/IT
special - general services fund
supports IT as intended



BALANCE
stable funding source
for key positions

→ **2 FTE – ELECTIONS**
– Shift/Federal Funds - \$330,610

EDUCATION
federal supports
voter/election education

STAFFING

NEW FTE REQUEST

\$425,000 GEN FUND

**CAMPAIGN FINANCE – IT SUPPORT →
SYSTEM BUILD OUT & SUPPORT**

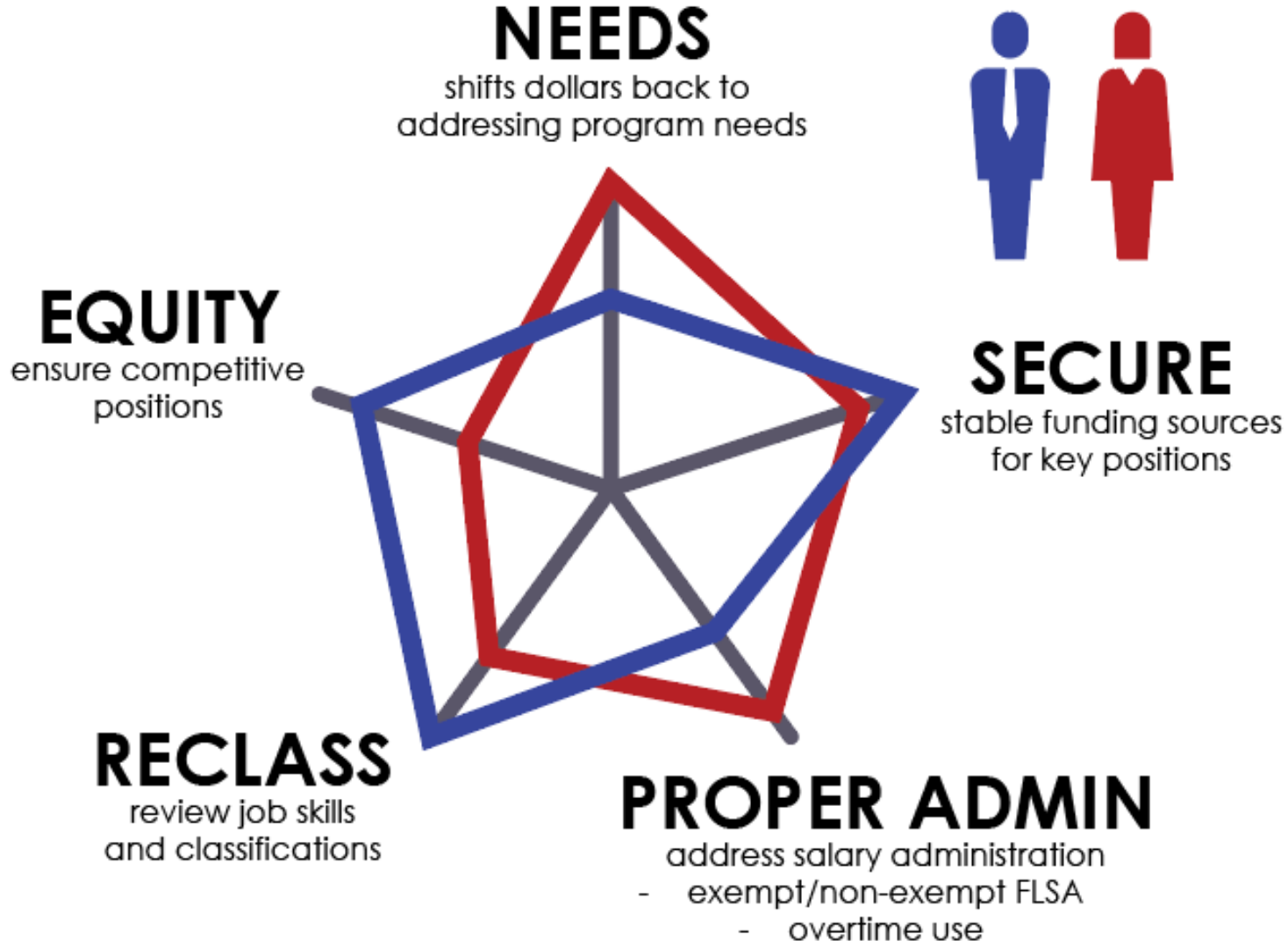
**ELECTION TRAINING SUPPORT →
FOCUS ON EDUCATION, EXPANDED
TRAINING ROLE WITH COUNTIES**



NEW

**1 FTE – IT SUPPORT
CAMPAIGN FINANCE**

**1 FTE –
ELECTION REFORM**



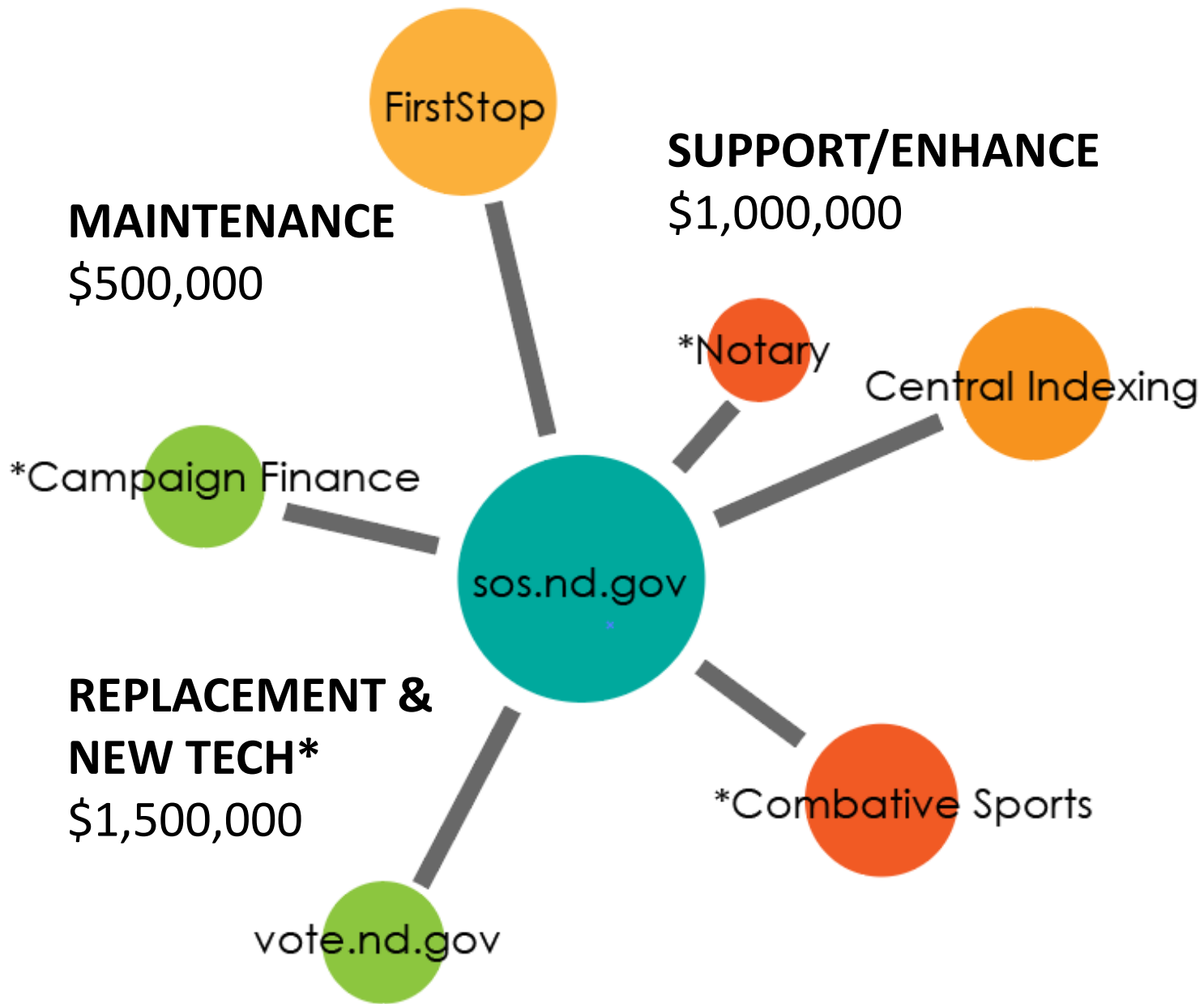
**IMPACT OF
FUNDING
RELATED TO
STAFFING**

**\$1,615,610
GENERAL FUND**

TECHNOLOGY SYSTEMS SUPPORT & CUSTOMIZATION

\$3,000,000 GEN. FUND

- Campaign Finance
- Support/Maintenance
- NDIT Hosting Increase
- User Experience Enhancements
 - Customizations for Ease of Use
 - Text Messaging
 - Other Unknown Needs



TECHNOLOGY SYSTEMS

\$3 MILLION

ON-GOING
\$1.5M

ONE-TIME*
\$1.5M

ELECTION COMPLIANCE & MODERNIZATION

\$ SUPPORT IN OTHER ASKS

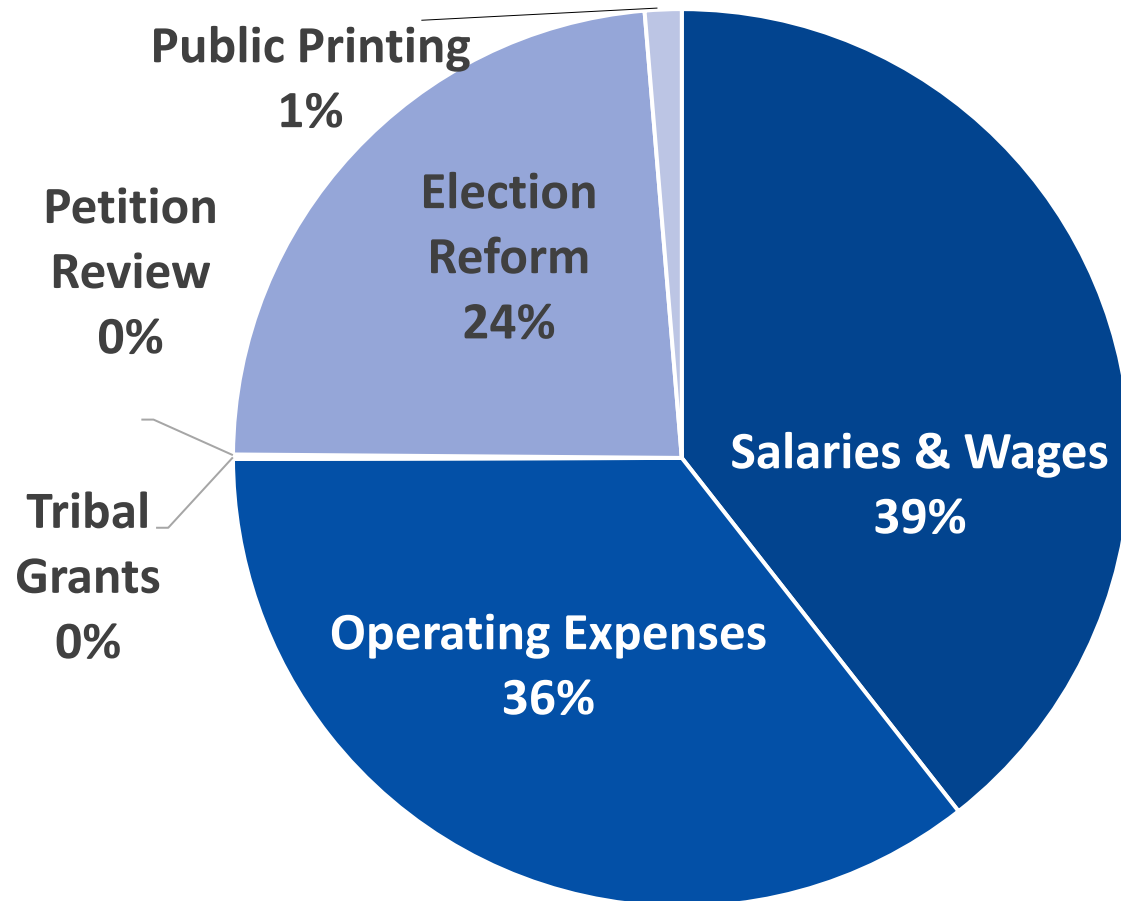
Repurpose Funds for Training Efforts to Support Elections

Salary shift provides \$200,000 state match to secure \$1 million - 2023 HAVA Funds

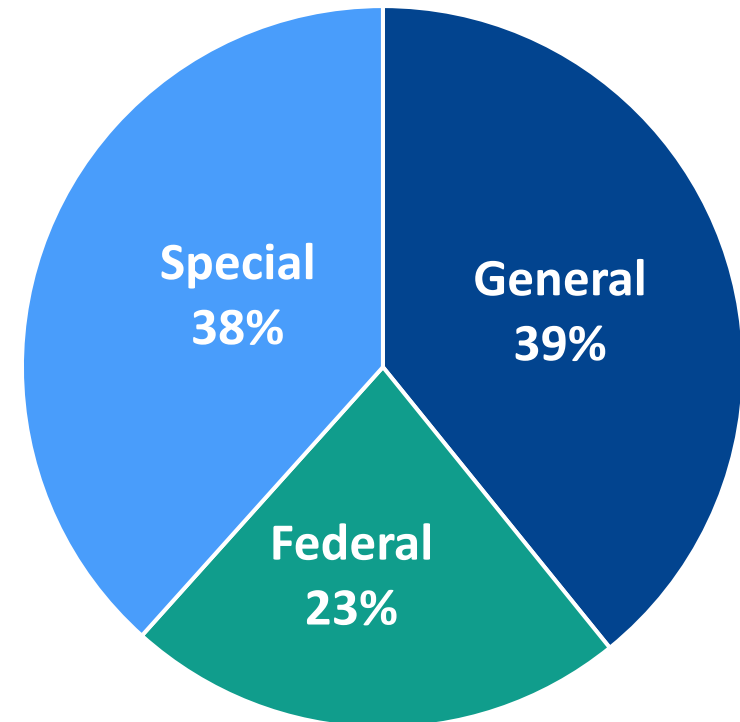


SOS REVISED BUDGET REQUEST - 2023-2025

2023-25 SOS REVISED - \$20.5 M

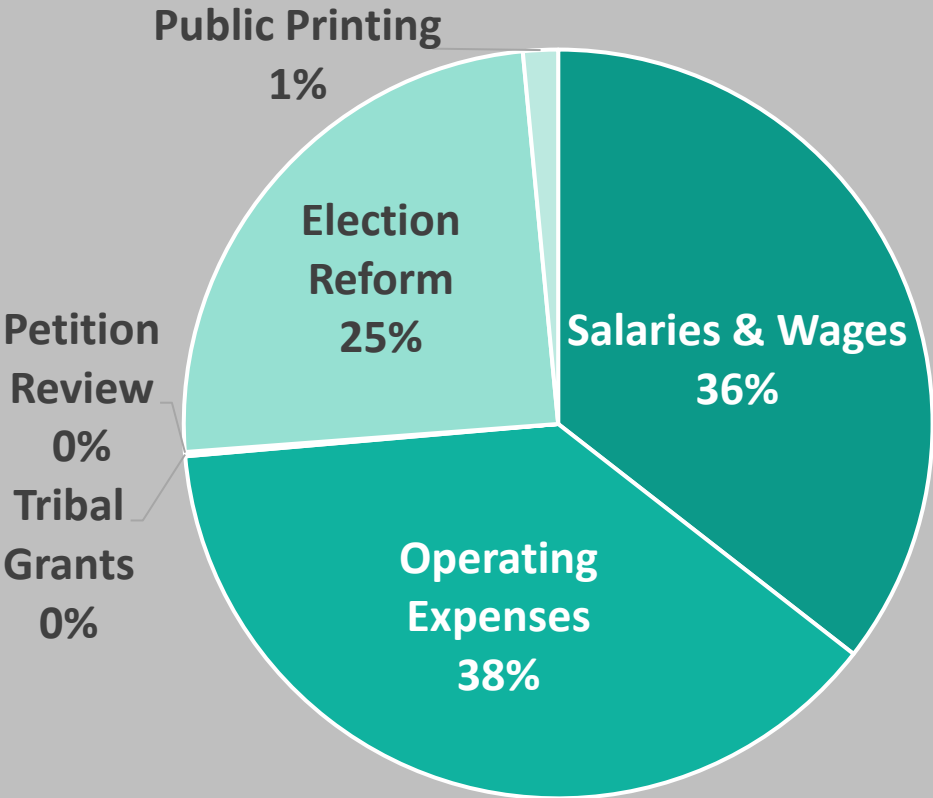


BY SOURCE

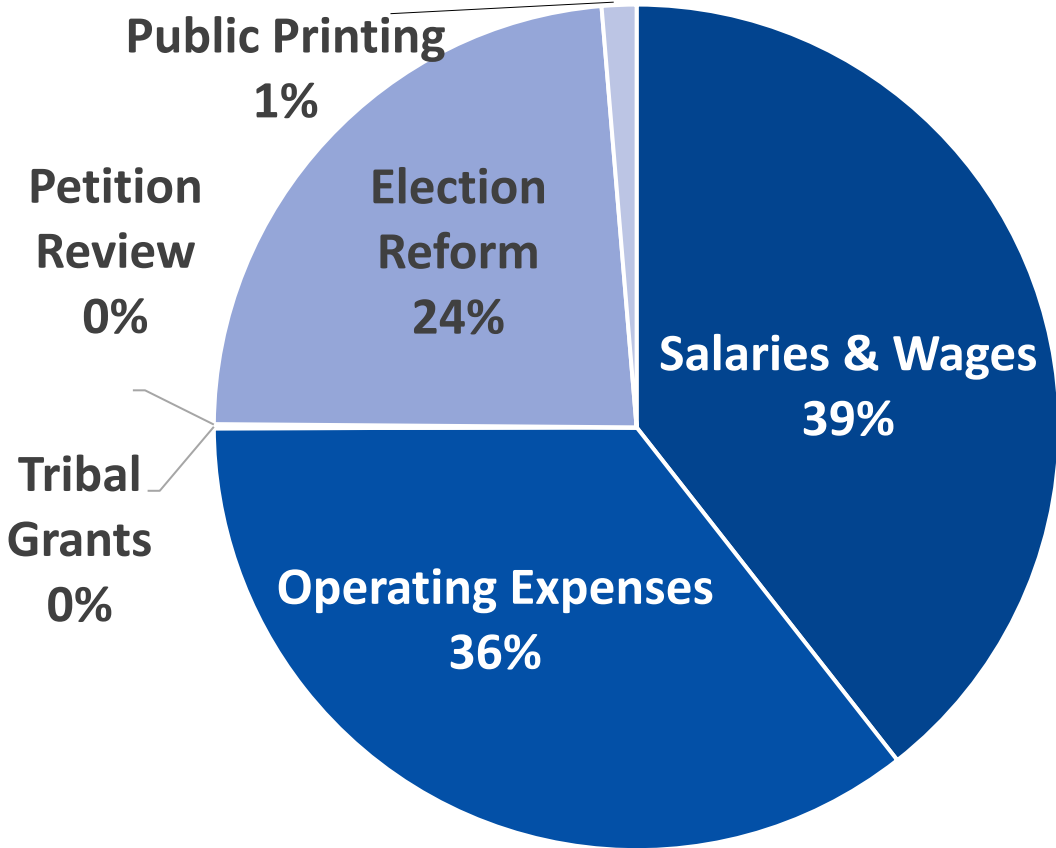


BUDGET COMPARISON BY LINE 2023-2025

2023-25 EXECUTIVE RECOMMENDATION - \$17.6 M



2023-25 SOS REVISED - \$20.5 M



Secretary of State
NORTH DAKOTA



SB 2002 TESTIMONY

SENATE APPROPRIATIONS

MICHAEL HOWE, SECRETARY OF STATE
JANUARY 23, 2023

MICHAEL C. HOWE
SECRETARY OF STATE

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BISMARCK ND 58505-0500

BUDGET PRESENTATION
SENATE APPROPRIATIONS - GOVERNMENT OPERATIONS DIVISION
SENATOR TERRY WANZEK, CHAIRMAN

SENATE BILL NO. 2002
JANUARY 23, 2023

TESTIMONY PRESENTED BY

MICHAEL HOWE, SECRETARY OF STATE

Chairman Wanzek and members of the Senate Appropriations - Government Operations Division. I am Michael Howe, Secretary of State, and I am here to provide greater information about our budget request and answer any questions you may have. To begin I'd like to give you a some brief background on our funding sources which will be helpful as we get into how our request differs from the Executive Budget Recommendation

FUNDING SOURCES - ISSUE WITH GENERAL SERVICE FUND (SPECIAL)

The Office of the Secretary of State has three main funding sources:

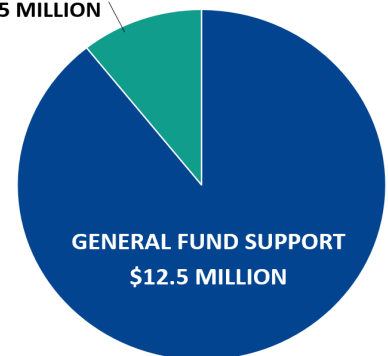
- General Funds - state general fund dollars
- Federal Funds - Help America Vote Act funding - election related (Election Reform line)
- Special Funds - General Services Fund - agency fees and saleable information (portion retained by agency, remaining deposited into general fund)

The General Services Fund (special) is the supported by fees received from a select number of UCC licensing, filings, and for information subscriptions available from the agency. The general services fund (special) will generate an estimated \$14 million in the current biennium, of which \$1.5 million will be retained by the agency based on fees allowed in statute (10%), with \$12.5 million being deposited to the general fund (90%). The original intent was that a portion of these fees with the agency in support of technology needed to administer these filings.

Technology costs to maintain multiple systems far outpace the revenue the agency is allowed to retain from this fund. General fund support is needed to ensure the integrity of technology systems into the future, or the ability to retain a greater portion of these dollars is needed to support systems.

SPECIAL FUNDS
GENERAL SERVICES FUND - \$14 M
2021-2023 BIENNIUM

SOS FEES RETAINED
UNDER STATUTE
\$1.5 MILLION



Systems currently supported by these special funds include:

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- Website maintenance and any enhancements/customizations.

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Public Printing	257,931.00			271,335	3,882,998	271,335
Grand Total By Fund per Bill	13,827,126.00			6,478,402	6,890,593	4,245,109

The Executive Budget Recommendation has \$4.835 in salaries, operating, and election reform coming from the special – general services fund in the 2023-24 biennium; and an additional \$1.5 one-time funding from the SIIF fund to total \$6.89 in special funds. Estimated receipts to be retained by the agency from the special - general services fund in 2023-25 is approximately \$2 million. This gap \$4.83 million is dollars we do not have the ability to retain and creates a situation where it isn't sustainable for the agency to meet critical technology infrastructure needs.

Our budget request reflects an increase in technology support to address this gap to adequately support systems.

REVISED BUDGET REQUEST - 2023-2025

The Office of Secretary of State is seeking support in three areas.

1. **STAFFING - \$1,615,610 general fund**
2. **TECHNOLOGICAL SYSTEMS & SUPPORT - \$3,000,000 (\$1.5M general fund + \$1.5 SIIF)**
3. **ELECTION COMPLIANCE & MODERINZATION - Supported by Staffing Request**

1. STAFFING

Repurpose/Reclass - \$300,000 General Fund

With the modernization of processes in the agency, the skillsets and responsibilities of our employees have changed significantly. The appropriate classification of these positions, along with salary reflective of the position, and the ability to address compression and administration issues are necessary to future recruitment and retention efforts.

Executive Recommendation supports \$100,000.

Proposed Shift in FTE Funding - \$890,610 General Fund

The agency currently has authorization for 4 FTEs that receive no general fund support. Due to the critical nature of these positions, we are seeking more appropriate salary administration support. Salary dollars for these FTEs equal \$890,610, which are currently supplemented by special – general services fund (\$560,000 = 2 FTEs) and federal funds (\$330,610 = 2 FTEs).

Funds would be redirected to support programs as follows:

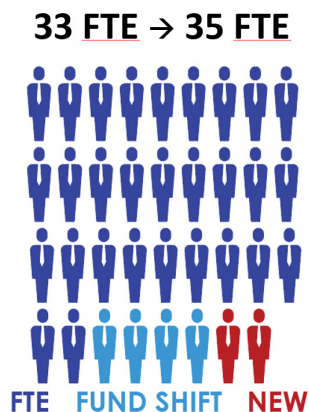
- Special – general services fund would be directed towards supporting IT/technology expenses;
- Federal funding currently used to support staffing would be redirected to support voter education and materials across the state.

Executive Recommendation - salary is included in special/federal lfund lines.

New FTE Request - \$425,000 General Fund

The agency is requesting support for 2 new FTEs. This includes 1 FTE in information management to assist in implementing new campaign finance technology; 1 FTE in elections to continue efforts to standardize voter experience in North Dakota. Total cost of these 2 FTEs is \$425,000.

Executive Recommendation supports \$213,608 in federal funds for 1 FTE elections, no support for 1 FTE information management.



STAFFING

\$1,615,610 GEN. FUND

- Repurpose/Reclass
\$300,000
- Shift in FTE Funding
\$890,610
- New FTE Request
\$425,000

Total Fiscal Impact

Total salary/staffing support funding requested is \$1,615,610). The agency is requesting support for these positions either through general funds or greater authority to retain funds in our special – general services fund line. We propose that \$200,000 of match dollars needed to secure 2023 Federal HAVA funding of \$1 M be a portion of this salary ask as noted later in this testimony.

2. TECHNOLOGICAL SYSTEMS & SUPPORT

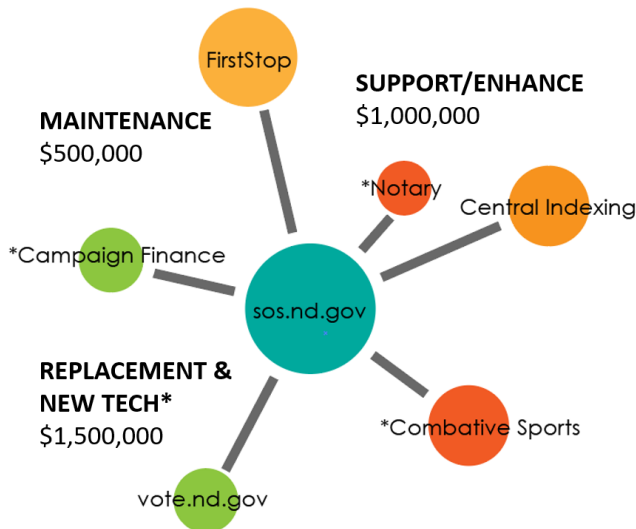
The Office of Secretary of State is seeking support for technology enhancements to continue modernization work across the agency. A quick summary of technology related projects includes:

- Campaign Finance System** – Replacement of this system is needed as the current software was initially built with a minimal budget and has limited functionality. The vendor who originally programmed the system no longer offers campaign finance software and North Dakota is the company’s only customer.
- Ongoing Software Support/Maintenance** – FirstStop, Central Indexing, and other software systems have on-going costs for licensing, upgrades and general system maintenance. These costs do not cover enhancements or customizations to create greater efficiencies, ease of user experience, or implementation of any prescribed legislative changes. The agency currently has a listing of over 50 enhancements that require funding for contracted services outside of our maintenance contract for FirstStop. These enhancements benefit the state’s businesses and lending authorities and create ease of doing business in North Dakota.
- Increased NDI Application Hosting Costs** – Support for increased hosting fees for systems residing on NDI servers.
- User Experience Enhancements** – The Office of Secretary of State will be moving its existing website to the State platform in the coming biennium. Our office currently maintains multiple sites and systems, none of which feel cohesive to one brand. The redesign of sites will include bringing the main website, as well as our elections’ website, into one unified platform for users to find valuable information regarding the services provided by the agency. In addition, as a benefit to the citizens of North Dakota, businesses, licensees, candidates, elected officials, and others utilizing our services, the agency seeks to implement a text message notification system. Users would be able to opt-in to the service and receive notifications, such as filing deadlines, voter information, candidate information, and more via text message. This would allow the public the ability to direct how they wish to receive information and alert them to important deadlines or news items, thus enhancing transparency in and access to government.

Total Fiscal Impact

We are requesting technology support of \$3 M – \$1.5 M in ongoing funding, and \$1.5 M coming from SIIF as one-time funding.

Executive Recommendation supports \$1.83 M, with \$1.5 M coming from SIIF as one-time funding.



TECHNOLOGY SYSTEMS

\$3 MILLION

ON-GOING
\$1.5M

ONE-TIME*
\$1.5M

3. ELECTION COMPLIANCE & MODERNIZATION

North Dakota has made critical investments for meaningful reform in providing support for the Central Voter File and Election Management System, and new voting equipment and electronic pollbooks approved and funded by the legislature in 2019. Resources are needed to continue to improve the election process, including training, standardization of processes and expectations, as well as supporting voter education materials. The purpose of the funds is to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements to the systems, equipment and processes used in federal elections.

This administration believes HAVA dollars should support the creation of materials, training, and voter education, and is requesting general fund support for 2 existing FTEs currently paid for with federal dollars; and for the additional 1 FTE included in the Governor’s recommendation supported by federal funds.

ELECTION COMPLIANCE & MODERNIZATION

\$ SUPPORT IN OTHER ASKS

Repurpose Funds for Training Efforts to Support Elections

Salary shift provides \$200,000 state match to secure \$1 million - 2023 HAVA Funds



The Secretary of State will have approximately \$4,000,000 of Help America Vote Act federal funds available for the 2023-2025 biennium, and the opportunity to access an additional \$1,000,000 with a \$200,000 general fund match in March 2023. Use of general fund dollars to support these FTEs would meet match requirements for 2023 HAVA funds as proposed in the staffing portion of this testimony.

	Federal Advance	Fed Exp To 09/30/2022	State Match	State Exp to 09/30/2022
2020 HAVA	\$ 3,000,000	\$ -	\$ 600,000	\$ 600,000
2022 HAVA	\$ 1,000,000	\$ -	\$ 200,000	\$ 59,700
TOTAL Remaining	\$ 4,000,000	\$ -	\$ 800,000	\$ 659,700
Dollars available with 20% match in March 2023.				
2023 HAVA	\$ 1,000,000		\$ 200,000	

Spending projections for the available \$4,000,000 in HAVA funds are broken down below. If general fund support for staffing is provided, staff dollars will be redirected to education/training efforts.

2023-25 Biennium - \$2 million (estimated)

- Elections Software/Equipment - \$1.65
- Staffing - \$330,000
- Supplies/Support - \$50,000

2025-27 Biennium - \$2 million (estimated)

- Elections Software/Equipment - \$1.65
- Staffing - \$330,000
- Supplies/Support - \$50,000

SECRETARY OF STATE REVISED BUDGET REQUEST - 2023-2025

	2021-2023 Base Level	2023-2025 Executive Recommend	2023-2025 Revised Agency Request	Agency v. Exec. Recommend Incr(Decr)	% Chg from Exec to Revised
Salaries and Wages	5,528,082	6,387,440	8,079,997	1,692,557	30.6%
Operating Expenses	3,308,424	6,484,331	7,283,000	798,669	24.1%
Grants	25,000	25,000	25,000	-	
Petition Review	8,000	8,000	8,000	-	0.0%
Election Reform	4,699,689	4,437,998	4,827,240	389,242	8.3%
Public Printing	257,931	271,335	271,335	-	0.0%
Total Line Items	13,827,126	17,614,104	20,494,572	2,880,468	20.8%
By Funding Source					
General Funds	5,521,552	6,478,402	8,030,138	2,508,586	45.4%
Federal Funds	3,121,865	4,245,109	4,602,850	1,480,985	47.4%
Special Funds	5,183,709	6,890,593	7,861,584	2,677,875	51.7%
Total Funding Source	13,827,126	17,614,104	20,494,572	6,667,446	48.2%
FTE	33		35	2	

	2021-2023 Leg Base	2023-25 Jaeger Budget Request	2023-25 Recommended Executive Budget	Difference b/w Jaeger Request & Exec Budget	Adjustments to Exec Budget	2023-2025 Revised Request	Summary Notes	
Salaries and Wages								
511000	Salaries - Permanent	3,497,025	3,774,908	3,945,197	170,289	425,000	4,370,197	Staffing - 2 New FTEs
512000	Salaries - Other	0.00	300,000	100,000	(200,000)	200,000	300,000	Staffing - Repurpose/Reclass Request
513000	Temporary Salaries	194,140	167,280	167,280	-		167,280	
514000	Overtime	100,000	100,000	100,000	-		100,000	
516000	Fringe Benefits	1,736,917	1,932,096	2,074,963	142,867		2,074,963	
Total: Salaries and Wages		5,528,082	6,274,284	6,387,440	113,156	625,000	7,012,440	
General		4,839,051	5,376,508	5,429,154	52,646	1,583,286	7,012,440	Staffing shift from Federal/Special
Federal		121,865	330,610	362,111	31,501	(362,111)	-	Shift salaries from Federal --> General
Special		567,166	567,166	596,175	29,009	(596,175)	-	Shift salaries from Special --> General
Total by Funds: Salaries and Wages		5,528,082	6,274,284	6,387,440	113,156	625,000	7,012,440	**Salary Shift includes \$200K Fed Match
Operating Expenses								
521000	Travel	58,900	58,900	58,900	-		58,900	
531000	Supplies - IT Software	172,500	2,202,500	2,802,500	600,000		2,802,500	\$1.5 IT New Tech - SIF One-Time
532000	Supply/Material - Professional	38,765	38,765	38,765	-		38,765	
535000	Miscellaneous Supplies	1,000	1,000	1,000	-		1,000	
536000	Office Supplies	42,500	42,500	42,500	-		42,500	
541000	Postage	150,000	133,406	133,406	-		133,406	
542000	Printing	250,000	250,000	250,000	-		250,000	
551000	IT Equipment under \$5,000	4,000	4,000	4,000	-		4,000	
553000	Office Equip & Furniture-Under	37,000	37,000	37,000	-		37,000	
571000	Insurance	6,900	6,900	6,900	-		6,900	
582000	Rentals/Leases - Bldg/Land	-	-	201,331	201,331		201,331	OMB Rent Model
591000	Repairs	6,000	6,000	6,000	-		6,000	
601000	IT - Data Processing	1,186,895	1,573,065	1,548,065	(25,000)		1,548,065	
602000	IT - Communications	61,600	61,600	61,600	-		61,600	
603000	IT Contractual Services and Re	910,936	1,485,936	910,936	(575,000)	1,500,000	2,410,936	\$1.5M - IT Support/Technology On-Going
611000	Professional Development	20,000	20,000	20,000	-		20,000	
621000	Operating Fees and Services	238,075	238,075	238,075	-		238,075	
623000	Professional Fees and Services	123,353	123,353	123,353	-		123,353	
Total: Operating Expenses		3,308,424	6,283,000	6,484,331	201,331	1,500,000	7,984,331	
General		391,570	2,208,582	744,913	(1,463,669)	1,500,000	2,244,913	
Federal		-	-	-	-	-	-	
Special		2,916,854	4,074,418	5,739,418	1,665,000	-	5,739,418	Special Fund Issue - less 1.5 million SIF = 4,239,418 + 596,175 = 4.835 Million Gen Services Fund
Total by Funds: Operating Expenses		3,308,424	6,283,000	6,484,331	201,331	1,500,000	7,984,331	Est. Revenue to Agency from Special fund fee retention in 2023-2025 = \$2M
Grants								
712000	Tribal Grants	25,000	25,000	25,000	-		25,000	
Total: Grants		25,000	25,000	25,000	-		25,000	
Petition Review								
541000	Postage	4,000	4,000	4,000	-		4,000	
542000	Printing	4,000	4,000	4,000	-		4,000	
Total: Petition Review		8,000	8,000	8,000	-		8,000	
Election Reform								
511000	Salaries - Permanent	200,000	390,000	140,556	(249,444)		140,556	Original request included 4 FTE's 1 General Fund and 3 FTEs thru Federal Funding. The Executive Recommendation removed 3 FTEs and associated costs. Agency still needs authority for the federal dollars which is restored at \$389,242.
513000	Temporary Salaries	-	-	-	-		-	
514000	Overtime	30,000	-	-	-		-	
516000	Fringe Benefits	10,000	182,850	63,052	(119,798)		63,052	
520000	Operating Expenses	-	30,000	10,000	(20,000)		10,000	
521000	Travel	5,000	5,000	5,000	-		5,000	
531000	Supplies - IT Software	4,044,689	1,400,000	1,400,000	-	1,000,000	2,400,000	Pending - 2023 Federal HAVA Award
532000	Supply/Material - Professional	-	-	-	-		-	
535000	Miscellaneous Supplies	-	-	-	-		-	
536000	Office Supplies	-	-	-	-		-	
541000	Postage	-	-	-	-		-	
542000	Printing	-	-	-	-		-	
551000	IT Equipment under \$5,000	-	-	-	-		-	
571000	Insurance	-	-	-	-		-	
582000	Rentals/Leases - Bldg/Land	-	-	-	-		-	
601000	IT - Data Processing	300,000	2,699,390	2,699,390	-		2,699,390	
602000	IT - Communications	10,000	20,000	20,000	-		20,000	
603000	IT Contractual Services and Re	100,000	100,000	100,000	-		100,000	
611000	Professional Development	-	-	-	-		-	
621000	Operating Fees and Services	-	-	-	-		-	
623000	Professional Fees and Services	-	-	-	-	389,242	389,242	
691000	Equipment Over \$5000	-	-	-	-		-	
Total: Election Reform		4,699,689	4,827,240	4,437,998	(389,242)	1,389,242	5,827,240	
Federal		3,000,000	4,272,240	3,882,998	(389,242)	1,389,242	5,272,240	**STATE MATCH - noted in 425K Salaries Above
Special		1,699,689	555,000	555,000	-	-	555,000	FEDERAL AUTHORITY NEED - Election Reform has current balance of \$280K, so although \$550 appropriated this can't all be spent. We have \$4m of HAVA plus interest and the new \$1m so Fed Approp needs to be at least \$5 million.
Total by Funds: Election Reform		4,699,689	4,827,240	4,437,998	(389,242)	1,389,242	5,827,240	
10875 - Public Printing								
532000	Supply/Material - Professional	257,931	255,335	255,335	-		255,335	
541000	Postage	-	8,000	8,000	-		8,000	
542000	Printing	-	8,000	8,000	-		8,000	
Total: Public Printing		257,931	271,335	271,335	-		271,335	
Total: Office of the Secretary of State		13,827,126	17,688,859	17,614,104	(74,755)	3,514,242	21,128,346	
Total FTE		33.00	37.00	34.00	(3.00)	1.00	35.00	
Total of all operating lines by fund								
General		5,521,552	7,889,425	6,478,402	(1,411,023)	3,083,286	9,561,688	
Federal		3,121,865	4,602,850	4,245,109	(357,741)	1,027,131	5,272,240	
Special		5,183,709	5,196,584	6,890,593	1,694,009	(596,175)	6,294,418	
Total of all operating lines by fund		13,827,126	17,688,859	17,614,104	(74,755)	3,514,242	21,128,346	

23.0256.01001
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
February 8, 2023

Fiscal No. 2

PROPOSED AMENDMENTS TO SENATE BILL NO. 2002

Page 1, line 2, after "printing" insert "; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state; to provide an exemption; and to provide for a transfer"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 11 with:

" Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000	0	25,000
Petition review	8,000	0	8,000
Election reform	<u>4,699,689</u>	<u>1,324,371</u>	<u>6,024,060</u>
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
Total general fund	\$5,263,621	\$1,573,021	\$6,836,642
Full-time equivalent positions	33.00	1.00	34.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$257,931	\$13,404	\$271,335
Total general fund	\$257,931	\$13,404	\$271,335

Subdivision 3.

TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,521,552	\$1,586,425	\$7,107,977
Grand total special funds	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
Grand total all funds	\$13,827,126	\$5,313,926	\$19,141,052

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh Legislative Assembly for the 2021-23 biennium and the one-time items included in the appropriation in section 1 of this Act.

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
New campaign system and contracted website redesign	\$0	\$1,000,000
Information technology system enhancements	0	500,000
Help America Vote Act	<u>0</u>	<u>1,000,000</u>
Total other funds	\$0	\$2,500,000

SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes the sum of \$1,500,000 from the strategic investment and improvements fund for a new campaign system, contracted website redesign, and information technology system enhancements for the secretary of state.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

54-09-05. Salary of secretary of state.

The annual salary of the secretary of state is ~~one hundred twelve thousand two hundred forty-one~~ one hundred thirty thousand dollars through June 30, ~~2022~~2024, and ~~one hundred fourteen thousand four hundred eighty-six~~ one hundred thirty-five thousand two hundred dollars thereafter.

SECTION 5. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the office of management and budget may transfer up to \$100,000 of appropriation authority between line items in subdivision 1 of section 1 of this Act, as requested by the secretary of state, during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2002 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00
Public Printing			
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$13,827,126	\$5,313,926	\$19,141,052
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
General fund	\$5,521,552	\$1,586,425	\$7,107,977
FTE	33.00	1.00	34.00

Senate Bill No. 2002 - Secretary of State - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000		25,000
Petition review	8,000		8,000
Election reform	4,699,689	1,324,371	6,024,060
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00

Department 108 - Secretary of State - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adjusts Funding for Salaries and Wages ⁴	Adds Election Specialist FTE Position ⁵	Adds Funding for Changes in Employee Duties ⁵
Salaries and wages	\$260,050	\$413,446	\$26,748			\$100,000
Operating expenses						
Grants						
Petition review						
Election reform		9,478			\$200,950	
Total all funds	\$260,050	\$422,924	\$26,748	\$0	\$200,950	\$100,000
Less estimated income	208,745	60,442	0	(479,143)	200,950	0
General fund	\$51,305	\$362,482	\$26,748	\$479,143	\$0	\$100,000
FTE	0.00	0.00	0.00	0.00	1.00	0.00

	Adds Matching Funds ²	Adjusts Operating Funding ³	Adds One-Time Funding ³	Total Senate Changes
Salaries and wages				\$800,244
Operating expenses		\$1,675,907	\$1,500,000	3,175,907
Grants				
Petition review				
Election reform	\$200,000	(86,057)	1,000,000	1,324,371
Total all funds	\$200,000	\$1,589,850	\$2,500,000	\$5,300,522
Less estimated income	0	1,236,507	2,500,000	3,727,501
General fund	\$200,000	\$353,343	\$0	\$1,573,021
FTE	0.00	0.00	0.00	1.00

¹ Funding is adjusted for base payroll changes, including the cost to continue 2021-23 biennium salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$236,186	\$39,392	\$275,578
Health insurance increase	126,296	21,050	147,346
Total	\$362,482	\$60,442	\$422,924

³ Funding is added for providing a salary equity increase for the Secretary of State. The Secretary of State's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$479,143 for salaries and wages is provided from the general fund instead of from special funds.

⁵ Funding of \$200,950 from federal funds is added for a new FTE election specialist position and related operating expenses.

⁶ Funding of \$100,000 from the general fund is added for increased salaries and wages relating to changes in employee responsibilities and duties.

⁷ Funding of \$200,000 from the general fund is added to match federal Help America Vote Act funds.

⁸ Operating funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Election reform		(\$86,057)	(\$86,057)
Capitol space rent model	\$201,331		201,331
Text messaging software and ongoing maintenance	165,000	165,000	165,000
Various operating adjustments, including an increase in information technology expenses	(12,988)	1,157,564	1,144,576
Total	\$353,343	\$1,236,507	\$1,589,850

⁹ One-time funding is added as follows:

- \$1 million from the strategic investment and improvements fund is added for a new campaign system and contracted information technology services to redesign the Secretary of State's website;
- \$500,000 from the strategic investment and improvements fund is added for information technology system enhancements to FirstStop, the Central Indexing System, and other systems; and
- \$1 million from federal funds derived from the Help America Vote Act is added for election reform expenses.

This amendment also:

- Adds a section to allow the Secretary of State to transfer up to \$100,000 between line items; and
- Adds a section to provide the statutory changes necessary to increase the Secretary of State's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

Senate Bill No. 2002 - Public Printing - Senate Action

	Base Budget	Senate Changes	Senate Version
Public printing	\$257,931	\$13,404	\$271,335
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	0	0	0
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00

Department 109 - Public Printing - Detail of Senate Changes

	Increases Funding for Public Printing ¹	Total Senate Changes
Public printing	\$13,404	\$13,404
Total all funds	\$13,404	\$13,404
Less estimated income	0	0
General fund	\$13,404	\$13,404
FTE	0.00	0.00

¹ Funding of \$13,404 from the general fund is added for public printing expenses.

**Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes		\$51,305	\$208,745	\$260,050		\$51,305	\$208,745	\$260,050				\$0
Salary increase		315,342	52,592	367,934		236,186	39,392	275,578		(79,156)	(13,200)	(92,356)
Health insurance increase		123,456	20,576	144,032		126,296	21,050	147,346		2,840	474	3,314
Adds funding for elected official salary equity				0		26,748		26,748		26,748		26,748
Adjusts salaries and wages funding from special funds to the general fund				0		479,143	(479,143)	0		479,143	(479,143)	0
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950	1.00		200,950	200,950				0
Adds funding for changes in employee responsibilities and duties		100,000		100,000		100,000		100,000				0
Adds funding to match federal Help America Vote Act funds				0		200,000		200,000		200,000		200,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576		(12,988)	1,157,564	1,144,576				0
Adjusts funding for election reform			(475,299)	(475,299)			(86,057)	(86,057)			389,242	389,242
Increases funding for public printing		13,404		13,404		13,404		13,404				0
Adds funding to implement a new Capitol space rent model		201,331		201,331		201,331		201,331				0
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000		165,000	165,000	330,000				0
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	1.00	\$1,586,425	\$1,227,501	\$2,813,926	0.00	\$629,575	(\$102,627)	\$526,948
One-Time Funding Items												
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000				\$0
Adds funding from SIIF for IT system enhancements			500,000	500,000			500,000	500,000				0
Adds funding from federal Help America Vote Act funds				0			1,000,000	1,000,000			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$2,500,000	\$2,500,000	0.00	\$0	\$1,000,000	\$1,000,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	1.00	\$1,586,425	\$3,727,501	\$5,313,926	0.00	\$629,575	\$897,373	\$1,526,948
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	34.00	\$7,107,977	\$12,033,075	\$19,141,052	0.00	\$629,575	\$897,373	\$1,526,948
<i>Federal funds included in other funds</i>			<i>\$4,245,109</i>				<i>\$5,626,080</i>				<i>\$1,380,971</i>	
<i>Total ongoing changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>16.0%</i>	<i>16.5%</i>	<i>3.0%</i>	<i>28.7%</i>	<i>14.8%</i>	<i>20.4%</i>				
<i>Total changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>34.1%</i>	<i>27.4%</i>	<i>3.0%</i>	<i>28.7%</i>	<i>44.9%</i>	<i>38.4%</i>				

Other Sections in Secretary of State - Budget No. 108

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Strategic investment and improvements fund		Section 3 provides \$1.5 million is from the strategic investment and improvements fund for a new campaign finance system, contracted website redesign, and IT system enhancements.
Secretary of State's salary	Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.	Section 4 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000, effective July 1, 2023, and to \$135,200, effective July 1, 2024, to reflect the annual 4 percent salary increases, starting from a base of \$125,000.
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.	Section 5 provides authority for the Secretary of State to transfer up to \$100,000 between line items.

23.0256.01001
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations - Government
Operations Division Committee
February 8, 2023

Fiscal No. 2

PROPOSED AMENDMENTS TO SENATE BILL NO. 2002

Page 1, line 2, after "printing" insert "; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state; to provide an exemption; and to provide for a transfer"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 through 11 with:

" Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000	0	25,000
Petition review	8,000	0	8,000
Election reform	<u>4,699,689</u>	<u>1,324,371</u>	<u>6,024,060</u>
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
Total general fund	\$5,263,621	\$1,573,021	\$6,836,642
Full-time equivalent positions	33.00	1.00	34.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	<u>\$257,931</u>	<u>\$13,404</u>	<u>\$271,335</u>
Total general fund	\$257,931	\$13,404	\$271,335

Subdivision 3.

TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,521,552	\$1,586,425	\$7,107,977
Grand total special funds	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
Grand total all funds	\$13,827,126	\$5,313,926	\$19,141,052

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh Legislative Assembly for the 2021-23 biennium and the one-time items included in the appropriation in section 1 of this Act.

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
New campaign system and contracted website redesign	\$0	\$1,000,000
Information technology system enhancements	0	500,000
Help America Vote Act	<u>0</u>	<u>1,000,000</u>
Total other funds	\$0	\$2,500,000

SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes the sum of \$1,500,000 from the strategic investment and improvements fund for a new campaign system, contracted website redesign, and information technology system enhancements for the secretary of state.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

54-09-05. Salary of secretary of state.

The annual salary of the secretary of state is ~~one hundred twelve thousand two hundred forty-one~~ one hundred thirty thousand dollars through June 30, ~~2022~~2024, and ~~one hundred fourteen thousand four hundred eighty-six~~one hundred thirty-five thousand two hundred dollars thereafter.

SECTION 5. EXEMPTION - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the office of management and budget may transfer up to \$100,000 of appropriation authority between line items in subdivision 1 of section 1 of this Act, as requested by the secretary of state, during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2002 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Secretary of State			
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00
Public Printing			
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$13,827,126	\$5,313,926	\$19,141,052
Less estimated income	<u>8,305,574</u>	<u>3,727,501</u>	<u>12,033,075</u>
General fund	\$5,521,552	\$1,586,425	\$7,107,977
FTE	33.00	1.00	34.00

Senate Bill No. 2002 - Secretary of State - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$5,528,082	\$800,244	\$6,328,326
Operating expenses	3,308,424	3,175,907	6,484,331
Grants	25,000		25,000
Petition review	8,000		8,000
Election reform	4,699,689	1,324,371	6,024,060
Total all funds	\$13,569,195	\$5,300,522	\$18,869,717
Less estimated income	8,305,574	3,727,501	12,033,075
General fund	\$5,263,621	\$1,573,021	\$6,836,642
FTE	33.00	1.00	34.00

Department 108 - Secretary of State - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Salary Equity Funding for Elected Officials ³	Adjusts Funding for Salaries and Wages ⁴	Adds Election Specialist FTE Position ⁵	Adds Funding for Changes in Employee Duties ⁵
Salaries and wages	\$260,050	\$413,446	\$26,748			\$100,000
Operating expenses						
Grants						
Petition review						
Election reform		9,478			\$200,950	
Total all funds	\$260,050	\$422,924	\$26,748	\$0	\$200,950	\$100,000
Less estimated income	208,745	60,442	0	(479,143)	200,950	0
General fund	\$51,305	\$362,482	\$26,748	\$479,143	\$0	\$100,000
FTE	0.00	0.00	0.00	0.00	1.00	0.00

	Adds Matching Funds ²	Adjusts Operating Funding ⁴	Adds One-Time Funding ³	Total Senate Changes
Salaries and wages				\$800,244
Operating expenses		\$1,675,907	\$1,500,000	3,175,907
Grants				
Petition review				
Election reform	\$200,000	(86,057)	1,000,000	1,324,371
Total all funds	\$200,000	\$1,589,850	\$2,500,000	\$5,300,522
Less estimated income	0	1,236,507	2,500,000	3,727,501
General fund	\$200,000	\$353,343	\$0	\$1,573,021
FTE	0.00	0.00	0.00	1.00

¹ Funding is adjusted for base payroll changes, including the cost to continue 2021-23 biennium salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$236,186	\$39,392	\$275,578
Health insurance increase	126,296	21,050	147,346
Total	\$362,482	\$60,442	\$422,924

³ Funding is added for providing a salary equity increase for the Secretary of State. The Secretary of State's annual salary is increased from the current level of \$114,486 to \$130,000 (13.6 percent) effective July 1, 2023. This funding is in addition to the funding added for the general 4 percent annual salary increases for state employees.

⁴ Funding of \$479,143 for salaries and wages is provided from the general fund instead of from special funds.

⁵ Funding of \$200,950 from federal funds is added for a new FTE election specialist position and related operating expenses.

⁶ Funding of \$100,000 from the general fund is added for increased salaries and wages relating to changes in employee responsibilities and duties.

⁷ Funding of \$200,000 from the general fund is added to match federal Help America Vote Act funds. *used to match the IM*

⁸ Operating funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Election reform		(\$86,057)	(\$86,057)
Capitol space rent model	\$201,331		201,331
Text messaging software and ongoing maintenance	165,000	<i>165,000</i>	405,000 <i>330K</i>
Various operating adjustments, including an increase in information technology expenses	(12,988)	1,157,564	1,144,576
Total	\$353,343	\$1,236,507	\$1,589,850

⁹ One-time funding is added as follows:

- \$1 million from the strategic investment and improvements fund is added for a new campaign system and contracted information technology services to redesign the Secretary of State's website;
- \$500,000 from the strategic investment and improvements fund is added for information technology system enhancements to FirstStop, the Central Indexing System, and other systems; and
- \$1 million from federal funds derived from the Help America Vote Act is added for election reform expenses.

This amendment also:

- Adds a section to allow the Secretary of State to transfer up to \$100,000 between line items; and
- Adds a section to provide the statutory changes necessary to increase the Secretary of State's annual salary to \$130,000 (13.6 percent) effective July 1, 2023, and to \$135,200 (4 percent) effective July 1, 2024.

Senate Bill No. 2002 - Public Printing - Senate Action

	Base Budget	Senate Changes	Senate Version
Public printing	\$257,931	\$13,404	\$271,335
Total all funds	\$257,931	\$13,404	\$271,335
Less estimated income	0	0	0
General fund	\$257,931	\$13,404	\$271,335
FTE	0.00	0.00	0.00

Department 109 - Public Printing - Detail of Senate Changes

	Increases Funding for Public Printing ¹	Total Senate Changes
Public printing	\$13,404	\$13,404
Total all funds	\$13,404	\$13,404
Less estimated income	0	0
General fund	\$13,404	\$13,404
FTE	0.00	0.00

¹ Funding of \$13,404 from the general fund is added for public printing expenses.

Prepared for the Senate Appropriations Committee

**Department 108 - Secretary of State
Senate Bill No. 2002**

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$6,478,402	\$11,135,702	\$17,614,104
2023-25 Base Level	5,521,552	8,305,574	13,827,126
Increase (Decrease)	\$956,850	\$2,830,128	\$3,786,978

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$367,934 is for salary increases and \$144,032 is for health insurance increases	\$438,798	\$73,168	\$511,966
2. Adjusts funding for election reform, including an increase of \$669,390 from federal funds and a decrease of \$1,144,689 from special funds from the election fund	\$0	(\$475,299)	(\$475,299)
3. Adds funding for text messaging software and ongoing maintenance, including funding from the general services operating fund	\$165,000	\$165,000	\$330,000
4. Adds one-time funding from the strategic investment and improvements fund (SIIF) for a new campaign finance system, contracted IT services, and a website redesign	\$0	\$1,000,000	\$1,000,000
5. Adds one-time funding from SIIF for IT system enhancements	\$0	\$500,000	\$500,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Line item transfers - Section 3 would provide authority for the Secretary of State to transfer funding between line items.

Secretary of State's salary - Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.

Continuing Appropriations

Athletic commission fund - North Dakota Century Code Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The State Auditor reported the Secretary of State did not appropriately reconcile revenue. There was a difference of \$75,211 from revenue generated through various citizen fees through the Secretary of State's office IT systems when compared to ConnectND, the state's accounting system.

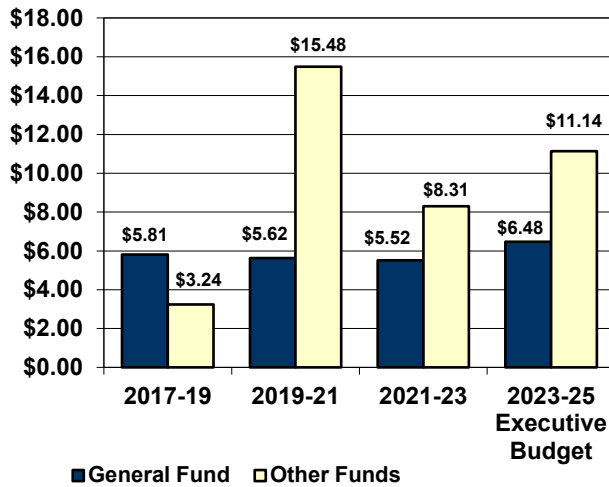
Major Related Legislation

At this time, there is no major related legislation for this agency.

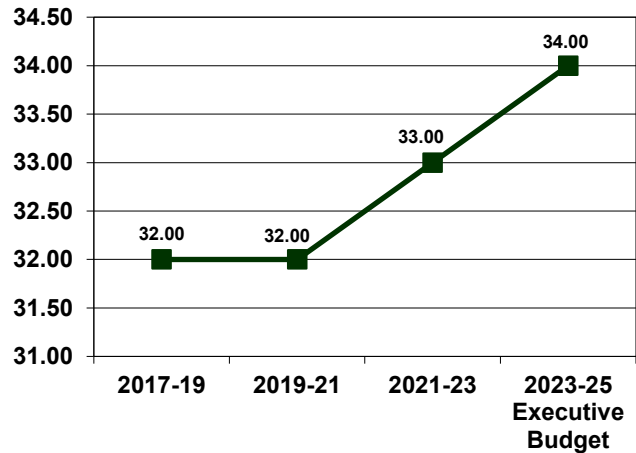
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$6,374,720	\$5,808,732	\$5,623,063	\$5,521,552	\$6,478,402
Increase (decrease) from previous biennium	N/A	(\$565,988)	(\$185,669)	(\$101,511)	\$956,850
Percentage increase (decrease) from previous biennium	N/A	(8.9%)	(3.2%)	(1.8%)	17.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.9%)	(11.8%)	(13.4%)	1.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed 2 FTE positions and related funding (\$211,268)
- Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
- Adjusted funding for overtime and temporary salaries by reducing funding from the general fund and increasing special funds by \$200,000 (\$50,000)
- Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for IT expenses (\$262,100)
- Added funding for campaign disclosure software \$50,000

2019-21 Biennium

- Reduced funding for public printing to provide a total of \$257,278 (\$31,172)
- Adjusted funding for operating expenses by \$293,671, including a decrease of \$527,002 from the general fund and increasing \$820,673 from the general services operating fund (\$527,002)

2021-23 Biennium

- Reduced funding for operating expenses (\$251,834)

2023-25 Biennium (Executive Budget Recommendation)

- Adds funding for changes in employee responsibilities and duties \$100,000
- Adds funding to implement a new Capitol space rent model \$201,331
- Adds funding for text messaging software and ongoing maintenance \$165,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$3,050,000	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium					
None					\$0
2019-21 Biennium					
None					\$0
2021-23 Biennium					
None					\$0
2023-25 Biennium (Executive Budget Recommendation)					
None					\$0

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126
2023-25 Ongoing Funding Changes				
Base payroll changes		\$51,305	\$208,745	\$260,050
Salary increase		315,342	52,592	367,934
Health insurance increase		123,456	20,576	144,032
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950
Adds funding for changes in employee responsibilities and duties		100,000		100,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576
Adjusts funding for election reform			(475,299)	(475,299)
Increases funding for public printing		13,404		13,404
Adds funding to implement a new Capitol space rent model		201,331		201,331
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978
One-time funding items				
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000
Adds funding from SIIF for IT system enhancements			500,000	500,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104
<i>Federal funds included in other funds</i>			<i>\$4,245,109</i>	
<i>Total ongoing changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>16.0%</i>	<i>16.5%</i>
<i>Total changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>34.1%</i>	<i>27.4%</i>

Other Sections in Secretary of State - Budget No. 108

	Executive Budget Recommendation
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.
Secretary of State's salary	Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.

**SENATE BILL 2002
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the secretary of state for the purpose of defraying the expenses of the secretary of state and public printing, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

Subdivision 1.

SECRETARY OF STATE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$5,528,082	\$ 859,358	\$ 6,387,440
Operating Expenses	3,308,424	3,175,907	6,484,331
Petition Review	8,000	0	8,000
Grants	25,000	0	25,000
Election Reform	4,699,689	(261,691)	4,437,998
Total All Funds	\$13,569,195	\$3,773,574	\$17,342,769
Less Estimated Income	8,305,574	2,830,128	11,135,702
Total General Fund	\$5,263,621	\$ 943,446	\$ 6,207,067
Full-Time Equivalent Positions	33.00	1.00	34.00

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public Printing	\$257,931	\$13,404	\$271,335
Total General Fund	\$257,931	\$13,404	\$271,335

Subdivision 3.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$5,521,552	\$ 956,850	\$ 6,478,402
Grand Total Special Funds	8,305,574	2,830,128	11,135,702
Grand Total All Funds	\$13,827,126	\$3,786,978	\$17,614,104

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
IT System Investments	<u>\$0</u>	<u>\$ 1,500,000</u>
Total General Fund	\$ 0	\$ 0

SECTION 3. LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the secretary of state may transfer between line items within section 1 of this Act during the biennium beginning July 1, 2023 and ending June 30, 2025. The secretary of state shall notify the office of management and budget and the legislative council of any transfer made pursuant to this section.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

Section 54-09-05. Salary of secretary of state. The annual salary of the secretary of state is ~~one hundred fourteen thousand four hundred eighty-six dollars through June 30, 2023 and~~ one hundred twenty one thousand three hundred fifty five dollars through June 30, 2024 and one hundred twenty six thousand two hundred nine dollars thereafter.

MICHAEL C. HOWE
SECRETARY OF STATE

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E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

BUDGET PRESENTATION
HOUSE APPROPRIATIONS – EDUCATION & ENVIRONMENT COMMITTEE
REPRESENTATIVE MIKE NATHE, CHAIRMAN

SENATE BILL NO. 2002
MARCH 7, 2023

TESTIMONY PRESENTED BY

MICHAEL HOWE, SECRETARY OF STATE

Chairman Nathe and members of the committee, I'm Michael Howe, Secretary of State. Over my first few weeks in office, I have been working to better understand the needs of our team. I am here to provide you greater insights into our budget and the anticipated changes we see on the horizon.

We will be asking for your support of the recommendations brought forth by the Senate and have additional asks to ensure two areas of agency need are addressed:

- 1) Funding all positions from general fund sources to maintain critical agency roles, and
- 2) Support for one-time and on-going technology needs in the agency which support critical business and licensing functions, and systems dedicated to statewide election administration functions.

AGENCY OVERVIEW

The Office of the Secretary of State conducts a wide range of licensing, regulatory, registration and administrative functions. We also serve as the office of record for certain legal documents generated by the executive and legislative branches of state government, as well as public records and notices involving various business entities.

The Office of the Secretary of State also works with North Dakota's 53 counties to administer and protect the integrity of our election process. Statewide election results are made available through the Secretary of State's elections website – Vote.ND.Gov.

STATUTORY AUTHORITY

Our statutory authority can be found in the following:

- NDCC Title 10 Corporations;
- NDCC Title 16.1 Elections;
- administration of varied liens in 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31;
- oversight of Uniform Commercial Code in 41-09;
- licensing of contractors in 43-07;
- registration of notaries in 44-06.1;
- registration of partnerships in 45-10.2, 45-11, 45-22, 45-23;

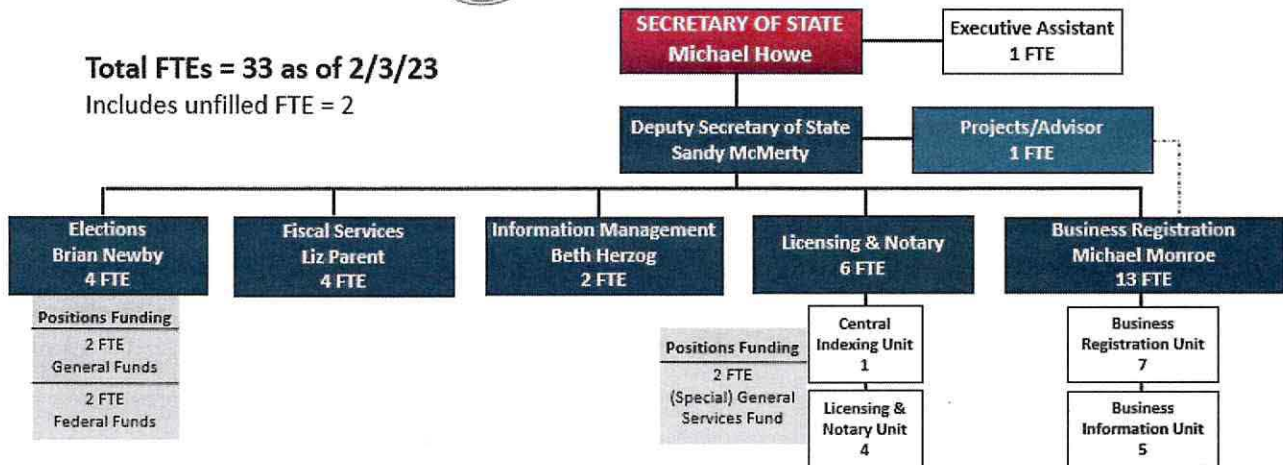
- registration of trademarks and trade names in 47-22, 47-25;
- registration of charitable organizations in 50-22;
- serve as commissioner of combative sports in 53-01;
- registration of lobbyists in 54-05.1; and
- documents recorded by the office in 54-09.

ORGANIZATIONAL STRUCTURE

The Office of Secretary of State is currently authorized for 33 full-time equivalent (FTE) employees – 29 FTEs – general fund supported, 4 FTEs – special/federal fund supported. A breakout of positions is provided in the below organizational chart.



Total FTEs = 33 as of 2/3/23
Includes unfilled FTE = 2



AUDIT FINDINGS

Operational Audit for the Two-Year Period Ended June 30, 2020 – Finding lack of revenue reconciliation.

This recommendation is partially implemented. Reconciliation of fees recorded from our systems were not appropriately being reconciled against those same fees as they flowed through the Bank of North Dakota and were deposited and entered into the PeopleSoft (state) system. A discrepancy of \$74,211 was discovered in the reporting which involved no misplaced funds. A monthly reconciliation has been developed and is in the testing phase. Plans include building an interface between Secretary of State and PeopleSoft system to further eliminate reconciliation errors.

Voting Security Assessment Audit 2022 – The Office of the State Auditor looked at six potential vulnerabilities with possible threat scenarios and determined a risk score for each. All scenarios were determined to be low risk. I am quoting our state auditor, he said “our election systems are incredibly secure across the state.”

Operational Audit for Two-Year Period Ended June 30, 2022 – Scheduled to begin March 2023.

NEXT BIENNIUM CHALLENGES & GOALS

Future challenges affecting the Office of the Secretary of State include:

TECHNOLOGY SUPPORT – The implementation of FirstStop and Central Indexing systems has modernized filings and licensing at the Secretary of State’s (SoS) office. These and other systems need continued funding support to ensure adequate maintenance, necessary upgrades, and enhancements to improve user-experience. Our budgetary ask includes both one-time (implementation) and ongoing (maintenance/enhancement) general fund support for technology to begin addressing these concerns.

In the past, the agency has relied on special funds to support technology needs, however the agency’s special fund is based on a select number of fees SoS can retain under statute which generates approximately \$1.5 to \$2.0 million each biennium. We recognize this is no longer sufficient to sustain the technology needs of the agency long-term across multiple platforms needed to conduct our work in business and elections. Technology systems needed to manage both business and election functions require robust functionality with workflows, comprehensive reporting, enhanced security, and user-friendly public facing platforms to support the agency’s efforts to better serve our citizens.

The SoS is facing the end-of-life of for critical systems over the next few years. Newer software platforms maintained by the agency need system upgrades, and other systems are at risk of no longer being supported. Systems identified that need to be replaced/upgraded include:

- **Election Related Technology:** campaign finance system, election management systems (includes ND Voices, election night reporting, etc.), various election equipment
- **Business Related Technology:** upgrades/enhancements to FirstStop and Central Indexing Systems, combative sports tracking software, main website rebuild, online notary management solution

ELECTION ENHANCEMENTS – North Dakota has always operated elections with integrity and the ND State Auditor recently found, after an extensive review, that our election systems are incredibly secure across our state. We do however believe this office can continue to improve processes and voter knowledge. Education, training, and materials to support our election officials and growing voter knowledge and confidence will be a focus of this administration into the future. These efforts will help create transparency and further protect election security.

REPLACEMENT OF FEDERAL HELP AMERICA VOTE ACT (HAVA) DOLLARS – FUNDING WITH GENERAL FUND SUPPORT – Over the last several biennia, North Dakota has relied on Federal HAVA – Help America Vote Act – funding to support the purchase of critical election equipment and funding of 2 FTEs in election staffing. The Federal government has signaled that there is no guarantee that HAVA dollars will be continuing after 2023. The duties of these federally supported employees will not go away and are critical to administering North Dakota elections. If the state of North Dakota provides no additional support, HAVA dollars will be expended by 2027. Critical election staffing and the continued maintenance of election systems and equipment – poll pads, ballot scanners, cradle points, etc. – currently costs about \$1.1 million each biennium.

GENERAL FUND SUPPORT FOR CRITICAL STAFFING – SoS has salaries for 4 FTEs being supported by funding sources that are not stable or adequate for long-term sustainability. The 2 FTEs who provide critical election

support mentioned in the above Federal HAVA section are funded with federal funds, and 2 FTEs who work in our Licensing and Central Indexing unit are fully funded with special funds. The agency is asking for general fund support for all 4 FTEs to be able to sustain critical positions long-term regardless of funding source and redirect special funds to their intended purpose of supporting technology and elections in the agency.

SOS RESPONSIBILITY LEVEL INCREASES – With the modernization of processes in the agency, the skillsets and responsibilities of our employees have changed significantly. The appropriate classification of these positions, along with salary reflective of the position, and the ability to address compression issues are necessary to future recruitment and retention efforts. The agency made a repurpose and reclassify ask based on this need.

AGENCY OPERATIONS BUDGET

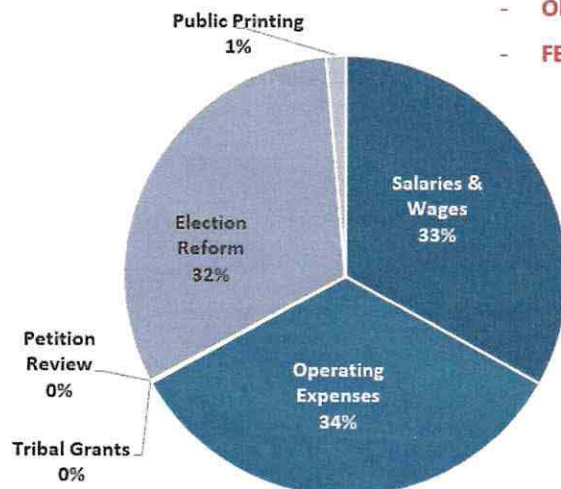
2021-23 Base Budget Comparison to 2023-2025 Senate Recommendation

The Secretary of State relies on people and technology to perform the work the legislature has directed. The agency's appropriation for the 2021-23 biennium was \$5.5 million with 88 percent of the general fund authority directed to salaries and wages. Operating expenses made up approximately 7 percent of our general fund spending authority, with special funds covering 78 percent of operating costs.

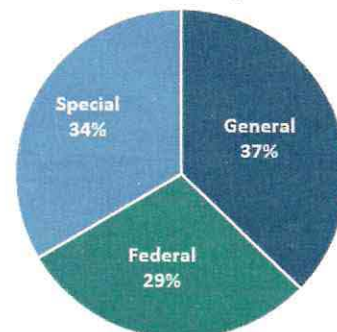
	2021-2023 Legislative Base Level	2023-2025 Senate Recommendation	\$ Increase/ (Decrease) compared to Legislative Base
Salaries and Wages	5,528,082	6,328,326	800,244
Operating Expenses	3,308,424	6,484,331	3,175,907
Grants	25,000	25,000	-
Petition Review	8,000	8,000	-
Election Reform	4,699,689	6,024,060	1,324,371
Public Printing	257,931	271,335	13,404
Total Line Items	13,827,126	19,141,052	5,313,926
By Funding Source			
General Funds	5,521,552	7,107,977	1,586,425
Federal Funds	3,121,865	5,626,080	2,504,215
Special Funds	5,183,709	6,406,995	1,223,286
Total Funding Source	13,827,126	19,141,052	5,313,926
FTE	33	34	1

2023-25 SENATE RECOMMENDATION - \$19.1 M INCLUDES:

- ONE-TIME SIIF FUNDING - \$1.5 M
- FEDERAL 2023 HAVA - \$1 M



BY SOURCE - \$19.1 M



STAFFING – FTE – SENATE RECOMMENDATION

The agency is authorized for 33 full-time equivalent (FTE) positions for the 2021-23 biennium, of which 29 FTEs were supported through general funds, 2 FTEs through special funds, and 2 FTEs through federal funds.

The Senate recommendation provided \$479,143 in general fund salary support for 2 FTEs currently funded by special funds. The special funds made available through this shift will help support a portion of technology needs as requested by the agency. Special funds retained by the agency were intended to support technology.

The Senate also created authority for \$200,950 in federal funds to support 1 new FTE to aid in elections.

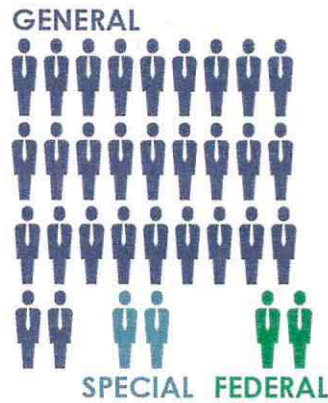
The Senate recommendation also supported \$100,000 in increases for the repurposing of positions which have changed responsibilities due to the move to more technology-based skillsets, funding for salary, health, and benefit increases, as well as an equity increase of \$26,748 for the Secretary of State.

OPERATIONS – SENATE RECOMMENDATION

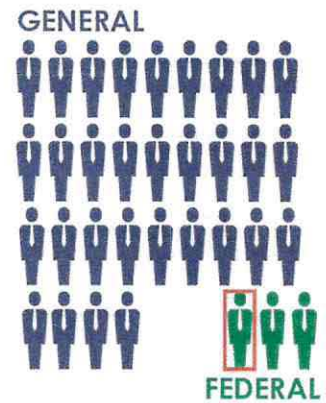
The Office of the Secretary of State operations base budget provides general office support across the agency – travel, NDIT costs, printing/postage, etc. The base budget operating expenses of \$3,308,424, includes \$391,570 in general funds, with \$2,916,854 coming from special funds, which includes some carry-over funding for IT projects with existing contract obligations.

FTE COMPARISON CURRENT V. SENATE

CURRENT = 33 FTE



SENATE = 34 FTE



SENATE – FTE/SALARY SHIFT CHANGES

The Senate Recommendation provided:

- Shifted \$479,143 from special to general fund salary support for 2 FTEs currently funded through special funds
- 1 FTE supported by authority of \$200,950 in federal funding for salary and related operating expenses for election support
- Supported \$100,000 in salary for repurposing and reclassification of positions for increased skillsets

The Senate recommendation includes the following additions to operations:

- \$1.5 million – one-time funding from the SIIF Fund for technology systems – campaign finance software solution, IT contract support, website rebuild
- \$330,000 (\$165,000 general fund + \$165,000 special funds) – purchase of a text-messaging platform and ongoing support for maintenance
- \$200,000 – State match dollars to secure \$1 million in Federal HAVA funding in 2023
- \$201,331 – OMB rent model for space maintained in the Capitol and Judicial Wing

FEDERAL FUNDS – The Office of Secretary of State receives Federal Help America Vote Act (HAVA) funds to continue to improve voter access and election administration.

The Secretary of State will have approximately \$4,000,000 of Help America Vote Act federal funds available for the 2023-2025 biennium, and the opportunity to access an additional \$1,000,000 with a \$200,000 general fund match in March 2023. The purpose of the funds is to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements to the systems, equipment and processes used in federal elections.

SENATE – OPERATION CHANGES

The Senate Recommendation provided:

- **\$1.5 million - SIIF one-time funding for technology projects**
- **\$330,000 – support for on-going IT maintenance and procurement of text messaging system**
- **\$1 million – federal authority to receive 2023 HAVA election related funding**
- **\$200,000 – state match for Federal funding**
- **\$389,342 – restoration of authority for federal funds already received (error in Gov. Rec.)**
- **\$13,404 – increase in public printing**
- **\$201,331 – OMB rent model for capitol space**

A breakdown of Federal Help America Vote Act funds and state matches is below.

	Federal Advance	Fed Exp to 9/30/2022	State Match	State Exp to 9/30/2022
2020 HAVA	\$ 3,000,000		\$ 600,000	\$ 600,000
2022 HAVA	\$ 100,000		\$ 200,000	\$ 59,700
Total Remaining	\$ 4,000,000		\$ 800,000	\$ 659,700
Dollars available with 20% match in March 2023.				
2023 HAVA	\$ 1,000,000		\$ 200,000	

Spending projections for the currently available \$4,000,000 in HAVA funds are broken down below. If general fund support for staffing is provided, staff dollars will be redirected to education/training efforts.

- 2023-25 Biennium - \$2 million (estimated)
 - Elections Software/Equipment - \$1.65 M
 - Staffing - \$330,000
 - Supplies/Support - \$50,000
- 2025-27 Biennium - \$2 million (estimated)
 - Elections Software/Equipment - \$1.65 M
 - Staffing - \$330,000
 - Supplies/Support - \$50,000

The Senate recommendation supports:

- \$1 million – authority for Federal HAVA funds received in 2023 (20% state match noted above)
- \$389,342 – restoration of authority for federal dollars already received; these funds were mistakenly removed in the Governor’s Budget Recommendation as part of an FTE request

PUBLIC PRINTING - SoS is responsible for the distribution of publications known as “public printing”. The appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. A small portion of funding is used to cover costs related to mailing, supplies, etc. The appropriation to cover the cost of publishing and distribution is based on a recommendation from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. The Senate recommendation supports:

- \$271,335 – estimated public printing, increase of \$13,404

GRANTS – The agency has \$25,000 in its grant line available for requests from North Dakota’s tribes to support tribal access to voting.

Agency Collections – General Fund & General Service Fund (Agency Special Fund)

Revenue forecasts for the 2023-2025 biennium were increased based on historical trends, General Fund was increased from \$12,500,000 to \$13,500,000. Below is 20-year look at revenue trends from the Office of Secretary of State.

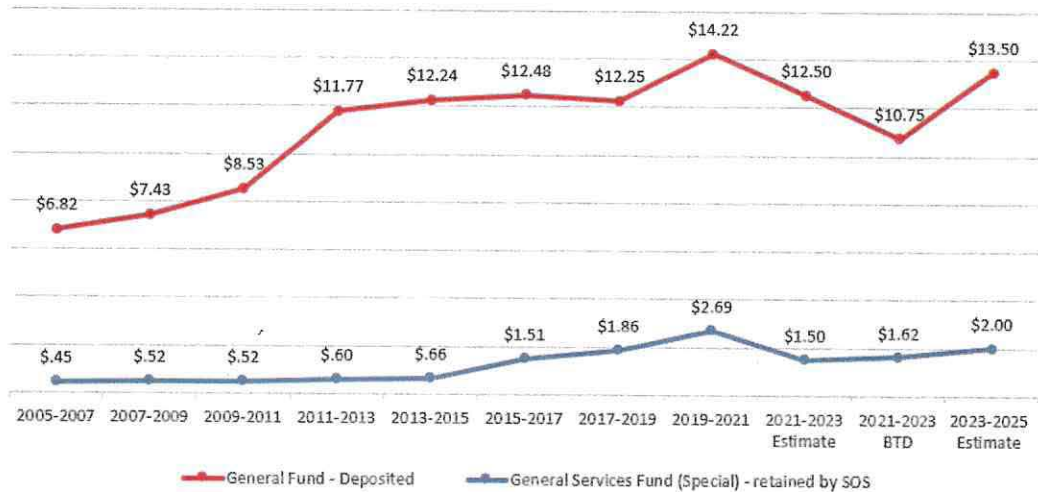
The work of the Office of Secretary of State generates approximately \$14 million in revenue from our business and licensing services.

Approximately \$12 million stays in the general fund, and \$1.5 - \$2 million is transferred to the agency's special fund for use based

on specific fees allowed to be retained by the agency in statute to aid in supporting technology. (Fees retained include a portion of central indexing fees, and revenue gained from the sales of lists or records.)

A comparative look at the common types of filings this office processes is included below. These numbers include total actions, which are the results of both new and renewals of certain licensing, registrations, etc.

**REVENUE TRENDS FROM FEES COLLECTED BY SECRETARY OF STATE
GENERAL FUND & GENERAL SERVICES FUND (SPECIAL)
IN MILLIONS**



SECRETARY OF STATE BUSINESS FILINGS 10-YEAR COMPARISON – 2011 – 2021

	2011	2021	2011-2021 Increase	Percentage Change
Licensing Unit				
Contractor Licenses/Renewals	8,824	11,082	2,258	26%
Home Inspector Licenses/Renewals	107	156	49	46%
Lobbyists (for biennium)	666	638	(28)	-4%
Charitable/Prof. Fundraisers	1,479	2,507	1,028	70%
Notary Commissions (Total)	13,125	14,714	1,589	12%
Central Indexing Unit				
Total Filings - UCC/Liens/etc.		148,134		
Business Registration/Information Unit				
Corporations	39,310	42,108	2,798	7%
Limited Liability Companies/Partnerships	20,657	45,226	24,569	119%
Trademarks/Trade Names	24,207	34,099	9,892	41%

2023-25 Biennium – Agency Requests Compared to Senate Recommendation

There are several areas the Secretary of State’s office needs to address to continue to provide high-value customer service through its staffing and citizen-facing digital systems.

The SoS requests support of Senate recommendations as well as additional support as noted.

SALARY & EQUITY REQUEST

Staffing Repurpose/Reclass - The SoS needs to address compression issues and the resulting salary increases needed for higher-level skillsets required for digital processing. Continued risk of losing staff to positions of a similar nature with higher salary lessens our ability to recruit staff, and build and retain knowledge long-term, which is critical for agency success and future efficiencies. The OMB Budget also includes \$75,000 in the \$90 million equity package for Secretary of State. Currently, nearly 50% of the Secretary of State staff earn less than \$46,000 per year and as of January 1, 18% have less than 1 year of service with the agency.

SUPPORTED BY SENATE

- \$100,000 – repurpose and reclassify positions for higher-level skillsets

SoS ADDITIONAL REQUEST

- Support \$75,000 in OMB Budget Equity Package

STAFFING REQUEST

Proposed Shift in FTE Funding (SPECIAL) – The Senate recommendation supported shifting funding for 2 employees paid from special funds to general fund support in the amount of \$479,143. This funding shift provides agency flexibility for better salary administration and allows special funds to be directed toward their original intended purpose of supporting technology needs in the agency.

SUPPORTED BY SENATE

- Shift \$479,143 in salaries to general funds from special funds

Proposed Shift in FTE Funding (FEDERAL) – Under the Senate recommendations, the agency received 1 new FTE for elections supported by federal funds, however, federal funds are not a long-term solution. The agency already has two positions that receive no general fund support. These positions (current and new FTE) all support election administration in North Dakota. Due to the critical nature of these positions, we are seeking more appropriate salary administration support as federal funding is in jeopardy. The agency intends to apply the state match of \$200,000* to the salary of the new FTE – \$200,950 – and requests that the remaining two federal positions – current 2 FTEs - \$362,111 – be shifted to be paid from general funds. This shift in funding will allow redirection of federal funds to support enhanced education and training efforts in elections.

SUPPORTED BY SENATE

- \$1 million in authority to accept 2023 Federal HAVA funds
- \$200,000* – 20% match from general fund for \$1 Million above
 - 1 FTE – Elections - \$200,950 from Federal funds (+ *state match)

SoS ADDITIONAL REQUEST

- Shift \$362,111 in salaries to general fund from federal funds for 2 current FTEs in Elections

New FTE Request – The agency’s technology needs continue to grow as does the need for in-house expertise. The agency is requesting support for 1 new FTE in information management to assist in implementing new campaign finance technology and to secure agency system expertise for long-term maintenance of technology systems - \$180,000.

SoS ADDITIONAL REQUEST

- 1 new FTE – Technology Support - \$180,000

TECHNOLOGY NEEDS REQUEST

A summary of technology related projects includes:

- **Campaign Finance System** – Replacement of this system is needed as the current software was initially built with a minimal budget and has limited functionality. The vendor who originally programmed the system no longer offers campaign finance software and North Dakota is the company's only customer.
- **Ongoing Software Support/Maintenance** – FirstStop, Central Indexing, and other software systems have on-going costs for licensing, upgrades, and general system maintenance. These costs do not cover enhancements or customizations to create greater efficiencies, ease of user experience, or implementation of any prescribed legislative changes. Additionally, past legislative efforts have required us to support these systems with limited fees allowed to be retained by the agency. These fees average approximately \$1.5 M per biennium, which is insufficient to support multiple digital systems, websites, and enhancements. The agency currently has a listing of over 50 enhancements to create greater user-friendliness that require funding for contracted services outside of our maintenance contract for FirstStop. These enhancements benefit the state's businesses and lending authorities and create ease of doing business in North Dakota.
- **Increased NDIT Application Hosting Costs** – Support for increased hosting fees for systems residing on NDIT servers.
- **User Experience Enhancements** – The Office of Secretary of State will be moving its existing website to the State platform in the coming biennium. Our office currently maintains multiple sites and systems, none of which feel cohesive to one brand. The redesign of sites will include bringing the main website, as well as our election website, into one unified platform for users to find valuable information regarding the services provided by the agency. In addition, as a benefit to the citizens of North Dakota, businesses, licensees, candidates, elected officials, and others utilizing our services, the agency seeks to implement a text message notification system. Users would be able to opt-in to the service and receive notifications, such as filing deadlines, voter information, candidate information, and more via text message. This would allow the public the ability to direct how they wish to receive information and alert them to important deadlines or news items, thus enhancing transparency in and access to government.
- **Election Compliance & Modernization** - Expectations upon county election administrators (county auditors) and the Office of Secretary of State have increased significantly since the Help America Vote Act passed in 2002. North Dakota has made critical investments for meaningful reform in providing support for the Central Voter File and Election Management System, and new voting equipment and electronic pollbooks approved and funded by the legislature in 2019. Resources are needed to continue to improve the election process, including training, standardization of processes and expectations, as well as supporting voter education materials. The Office of Secretary of State anticipates that ND Voices critical election administration systems may be at an end-of-life situation as their current vendor was bought out

SUPPORTED BY SENATE

- \$1.5 million SIF – One-Time Funding Campaign finance, web restructure
- \$330,000 – support for on-going IT needs, text-messaging solution

SoS ADDITIONAL REQUEST

- \$5 million – One-Time Funding for:
 - IT End-of-Life Replacement – ND Voices – election management
- \$1 million – FirstStop Upgrade
 - Business/licensing system software upgrade – 2 version lift

by another supplier who may or may not continue to support the platform. This includes the ND Voices systems which interacts with all 53 counties and supports the following:

- Overall Election Management
 - Central Voter File Database
 - Petition Management
 - E-Pollbook Interface
 - Precinct/Polling Location Management
 - Voter/Election Worker Assignment
 - Equipment Assignment to Polling Locations
 - Ballot Creation
 - Candidate Management
 - Absentee/Vote by Mail
 - Military Voting
 - Canvassing Report Generation
 - Election Night Reporting

ONE-TIME FUNDING REQUESTS

2021-23 One-Time Funding Requests – No one-time funding requests were included in the current biennium.

2023-25 One-Time Funding Requests

- \$1.5 million of one-time funds are being requested in the Senate Recommendation from Strategic Investment Fund (SIIF) for the replacing campaign finance system and contracted services for IT enhancements (website restructure).
- \$6 million of one-time funds are being requested to address replacement of ND Voices – comprehensive election management system – and needed upgrades to FirstStop business/licensing services solution.

AGENCY FLEXIBILTY REQUEST – LINE-ITEM TRANSFER

The Senate recommendation includes language in Section 5 which grants authority for line-item transfers in our appropriation bill in a total amount not to exceed \$100,000 to enhance the flexibility and our ability to leverage the entirety of our budget to meet our needs

BILLS THAT MAY HAVE FISCAL IMPACT

The following bills may have fiscal implications for the Office of Secretary of State:

SB 2372 – Watershed Districts
HB 1191 – Auctioneer Licensing
HCR 3031 – E-petitions
HB 1327 – Corporate Farming
Campaign Finance Related Bills - varied

FEDERAL FISCAL RECOVER FUND STATUS

The Secretary of State received no fiscal recover funding during the November 2021 special session.

Appendix A

AGENCY REQUEST COMPARED TO SENATE RECOMMENDATION

	2021-2023 Legislative Base Level	2023-2025 Senate Recommendation	2023-2025 Revised Agency Request	\$ Increase/ (Decrease) compared to Senate Recommendation
Salaries and Wages	5,528,082	6,328,326	6,508,326	180,000
Operating Expenses	3,308,424	6,484,331	12,484,331	6,000,000
Grants	25,000	25,000	25,000	-
Petition Review	8,000	8,000	8,000	-
Election Reform	4,699,689	6,024,060	6,386,171	362,111
Public Printing	257,931	271,335	271,335	-
Total Line Items	13,827,126	19,141,052	25,683,163	6,542,111
			*	
By Funding Source				
General Funds	5,521,552	7,107,977	13,650,088	6,542,111
Federal Funds	3,121,865	5,626,080	5,626,080	-
Special Funds	5,183,709	6,406,995	6,406,995	-
Total Funding Source	13,827,126	19,141,052	25,683,163	6,542,111
FTE	33	34	35	1

SECRETARY OF STATE – REQUESTS

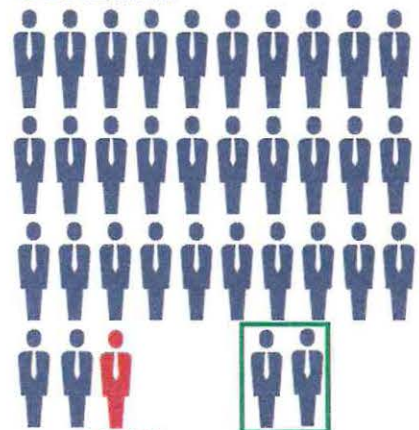
The agency requests consideration for the following additions to the Senate recommendation:

- Shift \$362,111 from federal to general fund salary support for 3 FTEs currently funded through federal funds
- Additional 1 FTE for IT Support - \$180,000
- \$6 million one-time support replacement for ND Voices (election administration management) and upgrades to First Stop (business/licensing)

AGENCY FTE ASK

NEW - 1 ADDITIONAL FTE

GENERAL



NEW

**SHIFT FEDERAL
TO GENERAL**

**Department 108 - Secretary of State
Senate Bill No. 2002**

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$7,107,977	\$12,033,075	\$19,141,052
2023-25 Base Level	5,521,552	8,305,574	13,827,126
Increase (Decrease)	\$1,586,425	\$3,727,501	\$5,313,926

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Strategic investment and improvements fund - Section 3 provides \$1.5 million is from the strategic investment and improvements fund (SIIF) for a new campaign finance system, contracted website redesign, and information technology (IT) system enhancements.

Secretary of State's salary - Section 4 provides statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000 (13.6 percent), effective July 1, 2023, and to \$135,200 (4 percent), effective July 1, 2024.

Line item transfers - Section 5 provides authority for the Secretary of State to transfer up to \$100,000 between line items.

Continuing Appropriations

Athletic commission fund - North Dakota Century Code Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The State Auditor reported the Secretary of State did not appropriately reconcile revenue. There was a difference of \$75,211 from revenue generated through various citizen fees through the Secretary of State's office IT systems when compared to ConnectND, the state's accounting system.

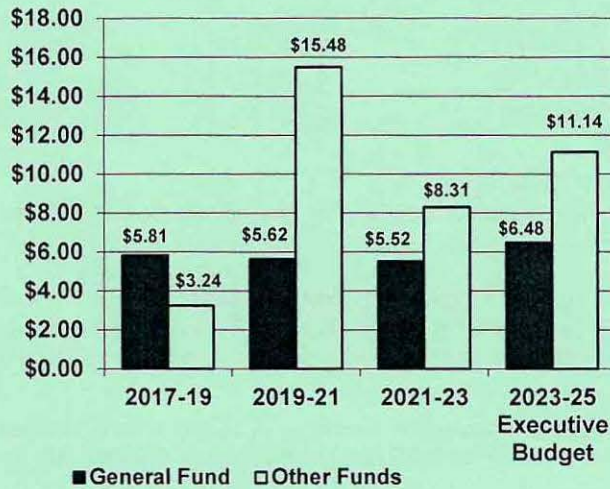
Major Related Legislation

There is no major related legislation affecting this agency.

Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$6,374,720	\$5,808,732	\$5,623,063	\$5,521,552	\$6,478,402
Increase (decrease) from previous biennium	N/A	(\$565,988)	(\$185,669)	(\$101,511)	\$956,850
Percentage increase (decrease) from previous biennium	N/A	(8.9%)	(3.2%)	(1.8%)	17.3%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(8.9%)	(11.8%)	(13.4%)	1.6%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 2 FTE positions and related funding (\$211,268)
2. Adjusted funding source from the general fund to the general services operating fund for 1 FTE position (\$106,823)
3. Adjusted funding for overtime and temporary salaries by reducing funding from the general fund and increasing special funds by \$200,000 (\$50,000)
4. Adjusted funding for operating expenses by \$81,856, including a decrease of \$262,100 from the general fund and increasing \$343,956 from the general services operating fund, of which \$118,956 is for IT expenses (\$262,100)
5. Added funding for campaign disclosure software \$50,000

2019-21 Biennium

1. Reduced funding for public printing to provide a total of \$257,278 (\$31,172)
2. Adjusted funding for operating expenses by \$293,671, including a decrease of \$527,002 from the general fund and increasing \$820,673 from the general services operating fund (\$527,002)

2021-23 Biennium

- Reduced funding for operating expenses (\$251,834)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for changes in employee responsibilities and duties \$100,000
2. Adds funding to implement a new Capitol space rent model \$201,331
3. Adds funding for text messaging software and ongoing maintenance \$165,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$3,050,000	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium	
None	\$0
2019-21 Biennium	
None	\$0
2021-23 Biennium	
None	\$0
2023-25 Biennium (Executive Budget Recommendation)	
None	\$0

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126
2023-25 Ongoing Funding Changes								
Base payroll changes		\$51,305	\$208,745	\$260,050		\$51,305	\$208,745	\$260,050
Salary increase		315,342	52,592	367,934		236,186	39,392	275,578
Health insurance increase		123,456	20,576	144,032		126,296	21,050	147,346
Adds funding for elected official salary equity				0		26,748		26,748
Adjusts salaries and wages funding from special funds to the general fund				0		479,143	(479,143)	0
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950	1.00		200,950	200,950
Adds funding for changes in employee responsibilities and duties		100,000		100,000		100,000		100,000
Adds funding to match federal Help America Vote Act funds				0		200,000		200,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576		(12,988)	1,157,564	1,144,576
Adjusts funding for election reform			(475,299)	(475,299)			(86,057)	(86,057)
Increases funding for public printing		13,404		13,404		13,404		13,404
Adds funding to implement a new Capitol space rent model		201,331		201,331		201,331		201,331
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000		165,000	165,000	330,000
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	1.00	\$1,586,425	\$1,227,501	\$2,813,926
One-Time Funding Items								
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000
Adds funding from SIIF for IT system enhancements			500,000	500,000			500,000	500,000
Adds funding from federal Help America Vote Act funds				0			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$2,500,000	\$2,500,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	1.00	\$1,586,425	\$3,727,501	\$5,313,926
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	34.00	\$7,107,977	\$12,033,075	\$19,141,052
<i>Federal funds included in other funds</i>			\$4,245,109				\$5,626,080	
<i>Total ongoing changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>16.0%</i>	<i>16.5%</i>	<i>3.0%</i>	<i>28.7%</i>	<i>14.8%</i>	<i>20.4%</i>
<i>Total changes as a percentage of base level</i>	<i>3.0%</i>	<i>17.3%</i>	<i>34.1%</i>	<i>27.4%</i>	<i>3.0%</i>	<i>28.7%</i>	<i>44.9%</i>	<i>38.4%</i>

Other Sections in Secretary of State - Budget No. 108

Executive Budget Recommendation

Senate Version

Strategic investment and improvements fund

Section 3 provides \$1.5 million is from SIIF for a new campaign finance system, contracted website redesign, and IT system enhancements.

Secretary of State's salary

Section 4 would provide statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.

Section 4 provides statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000 (13.6 percent), effective July 1, 2023, and to \$135,200 (4 percent), effective July 1, 2024.

Line item transfers

Section 3 would provide authority for the Secretary of State to transfer funding between line items.

Section 5 provides authority for the Secretary of State to transfer up to \$100,000 between line items.

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126
2023-25 Ongoing Funding Changes								
Base payroll changes		\$51,305	\$208,745	\$260,050				\$0
Salary increase		315,342	52,592	367,934				0
Health insurance increase		123,456	20,576	144,032				0
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950				0
Adds funding for changes in employee responsibilities and duties		100,000		100,000				0
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576				0
Adjusts funding for election reform			(475,299)	(475,299)				0
Increases funding for public printing		13,404		13,404				0
Adds funding to implement a new Capitol space rent model		201,331		201,331				0
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000				0
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	0.00	\$0	\$0	\$0
One-Time Funding Items								
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000				\$0
Adds funding from SIIF for IT system enhancements			500,000	500,000				0
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	0.00	\$0	\$0	\$0
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	33.00	\$5,521,552	\$8,305,574	\$13,827,126
<i>Federal funds included in other funds</i>			\$4,245,109				\$3,121,865	
<i>Total ongoing changes as a percentage of base level</i>	3.0%	17.3%	16.0%	16.5%	0.0%	0.0%	0.0%	0.0%
<i>Total changes as a percentage of base level</i>	3.0%	17.3%	34.1%	27.4%	0.0%	0.0%	0.0%	0.0%

Other Sections in Secretary of State - Budget No. 108

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.	

Other Sections in Secretary of State - Budget No. 108

Secretary of State's salary

Executive Budget Recommendation

Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.

Senate Version

Secretary of State - Budget No. 108
 Senate Bill No. 2002
 Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease) - Executive Budget			
									FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes		\$51,305	\$208,745	\$260,050		\$51,305	\$208,745	\$260,050				\$0
Salary increase		315,342	52,592	367,934		262,934	39,392	302,326		(52,408)	(13,200)	(65,608)
Health insurance increase		123,456	20,576	144,032		126,296	21,050	147,346		2,840	474	3,314
Adjusts salaries and wages funding from other funds to the general fund				0		958,286	(958,286)	0		958,286	(958,286)	0
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950	1.00		200,950	200,950				0
Adds 1 FTE information management position				0	1.00	225,000		225,000				225,000
Adds funding for changes in employee responsibilities and duties		100,000		100,000		300,000		300,000	1.00	225,000		200,000
Adds funding to match federal Help America Vote Act funds				0		200,000		200,000		200,000		200,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576		(12,988)	1,157,564	1,144,576				0
Adjusts funding for election reform			(475,299)	(475,299)			(86,057)	(86,057)			389,242	389,242
Increases funding for public printing		13,404		13,404		13,404		13,404				0
Adds funding to implement a new Capitol space rent model		201,331		201,331		201,331		201,331				0
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000		165,000	165,000	330,000				0
Adds \$1.5 million for IT support if funding from the general fund for FTE positions is not provided				0				0				0
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	2.00	\$2,490,568	\$748,358	\$3,238,926	1.00	\$1,533,718	(\$581,770)	\$951,948
One-Time Funding Items												
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000				\$0
Adds funding from SIIF for IT system enhancements			500,000	500,000			500,000	500,000				0
Adds funding from federal Help America Vote Act funds				0			1,000,000	1,000,000			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$2,500,000	\$2,500,000	0.00	\$0	\$1,000,000	\$1,000,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	2.00	\$2,490,568	\$3,248,358	\$5,738,926	1.00	\$1,533,718	\$418,230	\$1,951,948
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	35.00	\$8,012,120	\$11,553,932	\$19,566,052	1.00	\$1,533,718	\$418,230	\$1,951,948
<i>Federal funds included in other funds</i>			\$4,245,109				\$5,263,969				\$1,018,860	
<i>Total ongoing changes as a percentage of base level</i>	3.0%	17.3%	16.0%	16.5%	6.1%	45.1%	9.0%	23.4%				
<i>Total changes as a percentage of base level</i>	3.0%	17.3%	34.1%	27.4%	6.1%	45.1%	39.1%	41.5%				

Other Sections in Secretary of State - Budget No. 108

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.	Section 3 provides authority for the Secretary of State to transfer funding between line items.
Secretary of State's salary	Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.	Section 4 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000, effective July 1, 2023, and to \$135,200, effective July 1, 2024, to reflect the annual 4 percent salary increases, starting from a base of \$125,000.

**Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes		\$51,305	\$208,745	\$260,050		\$51,305	\$208,745	\$260,050				\$0
Salary increase		315,342	52,592	367,934		236,186	39,392	275,578		(79,156)	(13,200)	(92,356)
Health insurance increase		123,456	20,576	144,032		126,296	21,050	147,346		2,840	474	3,314
Adds funding for elected official salary equity				0		26,748		26,748		26,748		26,748
Adjusts salaries and wages funding from special funds to the general fund				0		479,143	(479,143)	0		479,143	(479,143)	0
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950	1.00		200,950	200,950				0
Adds funding for changes in employee responsibilities and duties		100,000		100,000		100,000		100,000				0
Adds funding to match federal Help America Vote Act funds				0		200,000		200,000		200,000		200,000
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576		(12,988)	1,157,564	1,144,576				0
Adjusts funding for election reform			(475,299)	(475,299)			(86,057)	(86,057)			389,242	389,242
Increases funding for public printing		13,404		13,404		13,404		13,404				0
Adds funding to implement a new Capitol space rent model		201,331		201,331		201,331		201,331				0
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000		165,000	165,000	330,000				0
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	1.00	\$1,586,425	\$1,227,501	\$2,813,926	0.00	\$629,575	(\$102,627)	\$526,948
One-Time Funding Items												
Adds funding from SIIF for a new campaign finance system, and contracted IT services for a website redesign			\$1,000,000	\$1,000,000			\$1,000,000	\$1,000,000				\$0
Adds funding from SIIF for IT system enhancements			500,000	500,000			500,000	500,000				0
Adds funding from federal Help America Vote Act funds				0			1,000,000	1,000,000			1,000,000	1,000,000
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$2,500,000	\$2,500,000	0.00	\$0	\$1,000,000	\$1,000,000
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	1.00	\$1,586,425	\$3,727,501	\$5,313,926	0.00	\$629,575	\$897,373	\$1,526,948
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	34.00	\$7,107,977	\$12,033,075	\$19,141,052	0.00	\$629,575	\$897,373	\$1,526,948
<i>Federal funds included in other funds</i>			\$4,245,109				\$5,626,080				\$1,380,971	
<i>Total ongoing changes as a percentage of base level</i>	3.0%	17.3%	16.0%	16.5%	3.0%	28.7%	14.8%	20.4%				
<i>Total changes as a percentage of base level</i>	3.0%	17.3%	34.1%	27.4%	3.0%	28.7%	44.9%	38.4%				

Other Sections in Secretary of State - Budget No. 108

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Strategic investment and improvements fund		Section 3 provides \$1.5 million is from SIIF for a new campaign finance system, contracted website redesign, and IT system enhancements.
Secretary of State's salary	Section 4 would provide statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.	Section 4 provides statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$130,000 (13.6 percent), effective July 1, 2023, and to \$135,200 (4 percent), effective July 1, 2024.
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.	Section 5 provides authority for the Secretary of State to transfer up to \$100,000 between line items.

Secretary of State - Budget No. 108
 Senate Bill No. 2002
 Base Level Funding Changes

Secretary of State Budget Request				
	FTE Positions	General Fund	Other Funds	Total
2023-2025 Biennium Base Level	33.00	\$ 5,521,552	\$ 8,305,574	\$ 13,827,126
2023-2025 Executive Changes				
Base payroll changes		\$ 51,305	\$ 208,745	\$ 260,050
Salary increase		\$ 315,342	\$ 52,592	\$ 367,934
Health Insurance Increase		\$ 123,456	\$ 20,576	\$ 144,032
Adds 1 FTE election specialist position and related operating expenses	1.00		\$ 200,950	\$ 200,950
Adds Funding for changes in employee responsibilities and duties		\$ 100,000		\$ 100,000
Adjusts funding for operating expenses including an increase in IT expense and a decrease in postage		\$ (12,988)	\$ 1,157,564	\$ 1,144,576
Adjusts funding for election reform			\$ (475,299)	\$ (475,299)
Increases funding for public printing		\$ 13,404		\$ 13,404
Adds funding to implement a new Capitol space rent model		\$ 201,331		\$ 201,331
Adds funding for text messaging software and ongoing maintenance		\$ 165,000	\$ 165,000	\$ 330,000
One-time funding items				
Adds funding from SIIF for a new campaign finance systems, contracted IT services, and a website redesign			\$ 1,000,000	\$ 1,000,000
Adds funding from SIIF for IT system enhancements			\$ 500,000	\$ 500,000
2023-2025 Executive Recommendation	34.00	\$ 6,478,402	\$ 11,135,702	\$ 17,614,104
2023-25 SOS Ongoing Funding Requests				
Adds Funds to shift Base payroll for 2 CIS FTE from Special Funds to General Funds along with OT and Temp Salaries		\$ 596,175	\$(596,175.00)	\$ -
Adds Funds to shift Base payroll for 2 Election FTE from Federal Funds to General Funds		\$ 362,111	\$(362,111.00)	\$ -
Adds 1 additional FTE to support Tech Investments Implementation requests shift from Fed to General Funds to meet \$200,000 Match	1.00	\$ 425,000	\$ -	\$ 425,000
Restores Full Funding for changes in employee responsibilities and duties		\$ 200,000		\$ 200,000
Restores Federal Funding directed to outreach and education			\$ 389,242	\$ 389,242
Adds funding for ongoing software maintenance and enhancements		\$ 1,500,000	\$ -	\$ 1,500,000
Total ongoing funding changes	1.00	\$ 3,083,286	\$ (569,044)	\$ 2,514,242
SOS One-time funding items				
Increases Authority to accept 2023 HAVA Funds		\$ -	\$ 1,000,000	\$ 1,000,000
Total one-time funding changes		\$ -	\$ 1,000,000	\$ 1,000,000
Total SOS Change Requests to Base Level Funding	1.00	\$ 3,083,286	\$ 430,956	\$ 3,514,242
2023-25 SOS Total Funding Request	35.00	\$ 9,561,688	\$ 11,566,658	\$ 21,128,346
<i>Federal funds included in other funds</i>			\$ 4,602,850	\$ 21,128,346

- federal

Funds are available - per McMan

Secretary of State - Budget No. 108
Senate Bill No. 2002
Base Level Funding Changes

2/8

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	33.00	\$5,521,552	\$8,305,574	\$13,827,126	33.00	\$5,521,552	\$8,305,574	\$13,827,126	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Base payroll changes		\$51,305	\$208,745	\$260,050		\$51,305	\$208,745	\$260,050				\$0
Salary increase		315,342	52,592	367,934		236,186	39,392	275,578		(79,156)	(13,200)	(92,356)
Health insurance increase		123,456	20,576	144,032		126,296	21,050	147,346		2,840	474	3,314
Adds 1 FTE election specialist position and related operating expenses	1.00		200,950	200,950				0	(1.00)		(200,950)	(200,950)
Adds funding for changes in employee responsibilities and duties		100,000		100,000				0		(100,000)		(100,000)
Adjusts funding for operating expenses, including an increase in IT expenses and a decrease in postage		(12,988)	1,157,564	1,144,576				0		12,988	(1,157,564)	(1,144,576)
Adjusts funding for election reform			(475,299)	(475,299)				0			475,299	475,299
Increases funding for public printing		13,404		13,404				0		(13,404)		(13,404)
Adds funding to implement a new Capitol space rent model		201,331		201,331		201,331		201,331				0
Adds funding for text messaging software and ongoing maintenance		165,000	165,000	330,000				0		(165,000)	(165,000)	(330,000)
Total ongoing funding changes	1.00	\$956,850	\$1,330,128	\$2,286,978	0.00	\$615,118	\$269,187	\$884,305	(1.00)	(\$341,732)	(\$1,060,941)	(\$1,402,673)
One-Time Funding Items												
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign			\$1,000,000	\$1,000,000				\$0			(\$1,000,000)	(\$1,000,000)
Adds funding from SIIF for IT system enhancements			500,000	500,000				0			(500,000)	(500,000)
Total one-time funding changes	0.00	\$0	\$1,500,000	\$1,500,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$1,500,000)	(\$1,500,000)
Total Changes to Base Level Funding	1.00	\$956,850	\$2,830,128	\$3,786,978	0.00	\$615,118	\$269,187	\$884,305	(1.00)	(\$341,732)	(\$2,560,941)	(\$2,902,673)
2023-25 Total Funding	34.00	\$6,478,402	\$11,135,702	\$17,614,104	33.00	\$6,136,670	\$8,574,761	\$14,711,431	(1.00)	(\$341,732)	(\$2,560,941)	(\$2,902,673)
<i>Federal funds included in other funds</i>			\$4,245,109				\$3,366,498				(\$878,611)	
<i>Total ongoing changes as a percentage of base level</i>	3.0%	17.3%	16.0%	16.5%	0.0%	11.1%	3.2%	6.4%				
<i>Total changes as a percentage of base level</i>	3.0%	17.3%	34.1%	27.4%	0.0%	11.1%	3.2%	6.4%				

Other Sections in Secretary of State - Budget No. 108

	Executive Budget Recommendation	Senate Version
Line item transfers	Section 3 would provide authority for the Secretary of State to transfer funding between line items.	
Secretary of State's salary	Section 4 would provide the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$114,486 to \$121,355, effective July 1, 2023, and to \$126,209, effective July 1, 2024, to reflect the 6 percent and 4 percent recommended salary increases.	

Secretary of State
NORTH DAKOTA



SB 2002 TESTIMONY

HOUSE APPROPRIATIONS

MICHAEL HOWE, SECRETARY OF STATE

MARCH 7, 2023



THE DESK

FONDLY REMEMBERING THE LEGACY OF SECT. JAEGER

DIVISIONS & SERVICES



BUSINESS SERVICES

- Review and file documents registering and creating businesses, trade names, and trademarks, as well as documents relating to their continued existence and termination.
- Provide certificates and copies.
- Accept service of process when named as Registered Agent.



CENTRAL INDEXING

- File secured liens, as well as documents related to their continued existence and termination.



LICENSING

- License, commission, and register a variety of individuals and businesses.



ELECTIONS

- Serve as North Dakota's chief election officer, maintaining the integrity of the election process as provided in the constitution and laws of the state.
- Manage form and content of ballots.
- Review and certify measures for the ballot.
- Certify statewide and district candidates.
- File campaign finance statements; receive and file petitions; approve candidate filings; and maintain Central Voter File.



OTHER DUTIES

- Act as custodian of the Great Seal and other original state documents.
- Attest signature of Governor on official acts.
- File oaths of office.
- Serve as member and officer on various boards.
- Distribute state law and rule publications.
- Publish and distribute *North Dakota Blue Book*.
- File original legislative bills and resolutions.



INFORMATION MANAGEMENT

- Assists in maintaining and managing multiple digital systems.



WHO WE SERVE



BUSINESSES

- Individuals and entities transacting business in the state
- Business professionals such as attorneys, accountants, and registered agents
- The general public and private entities verifying the existence, standing, and status of businesses



ALL CITIZENS

- Through protection of records:
- Certain Legal Documents
 - Public Records
 - Notices



LENDING COMMUNITY

Through the Central Indexing System:

- Lenders
- Debtors



VOTERS & CANDIDATES

- Voters in North Dakota
- North Dakota military and overseas voters
- Candidates
- Political parties and political committees



LOCAL GOVERNMENTS

Through election guidance and administration:

- County auditors and election staff
- Jurisdictions (legislative, judicial, cities, counties, and school districts)



LICENSEES

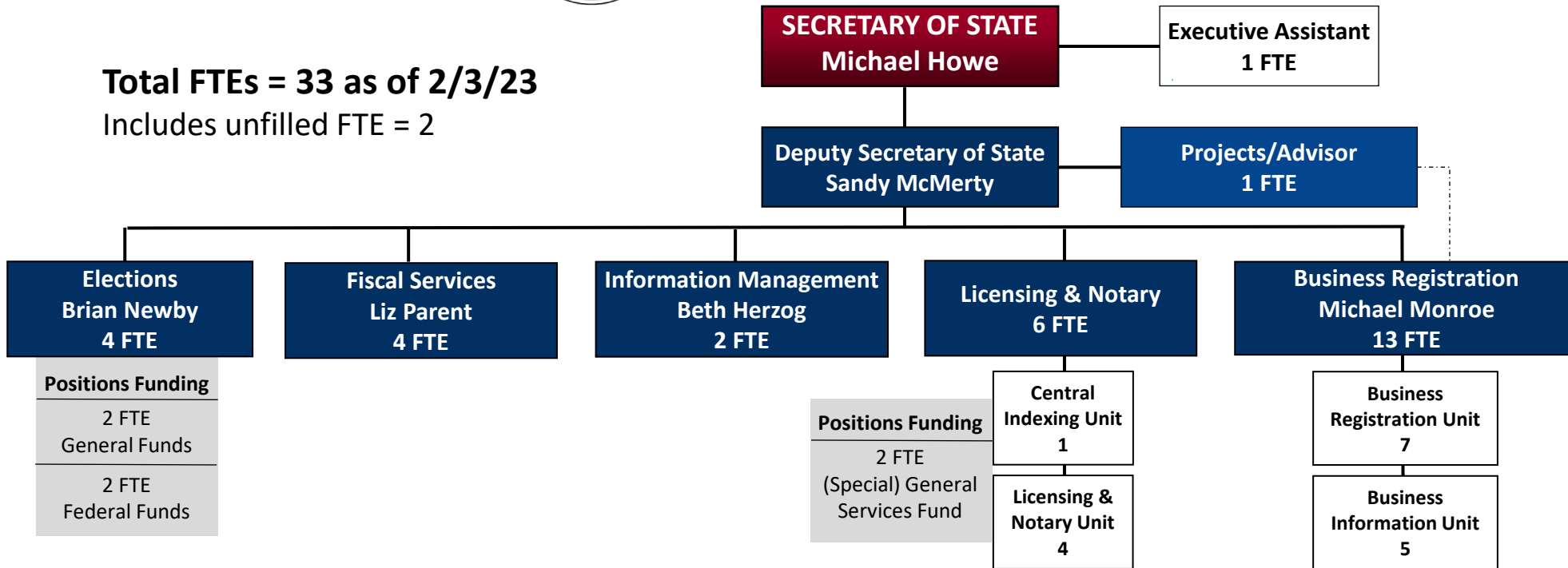
- Athlete Agents (registrations)
- Combative Sports fighters, trainers, managers, referees, judges, matchmakers, ring announcers, knockdown counters, physicians, and timekeepers (licenses)
- Charitable Organizations (registrations)
- Contractors (licenses)
- Home Inspectors (registrations)
- Lobbyists (registrations)
- Notaries Public (commissions)
- Professional Employer Organizations (licenses)



Secretary of State
NORTH DAKOTA



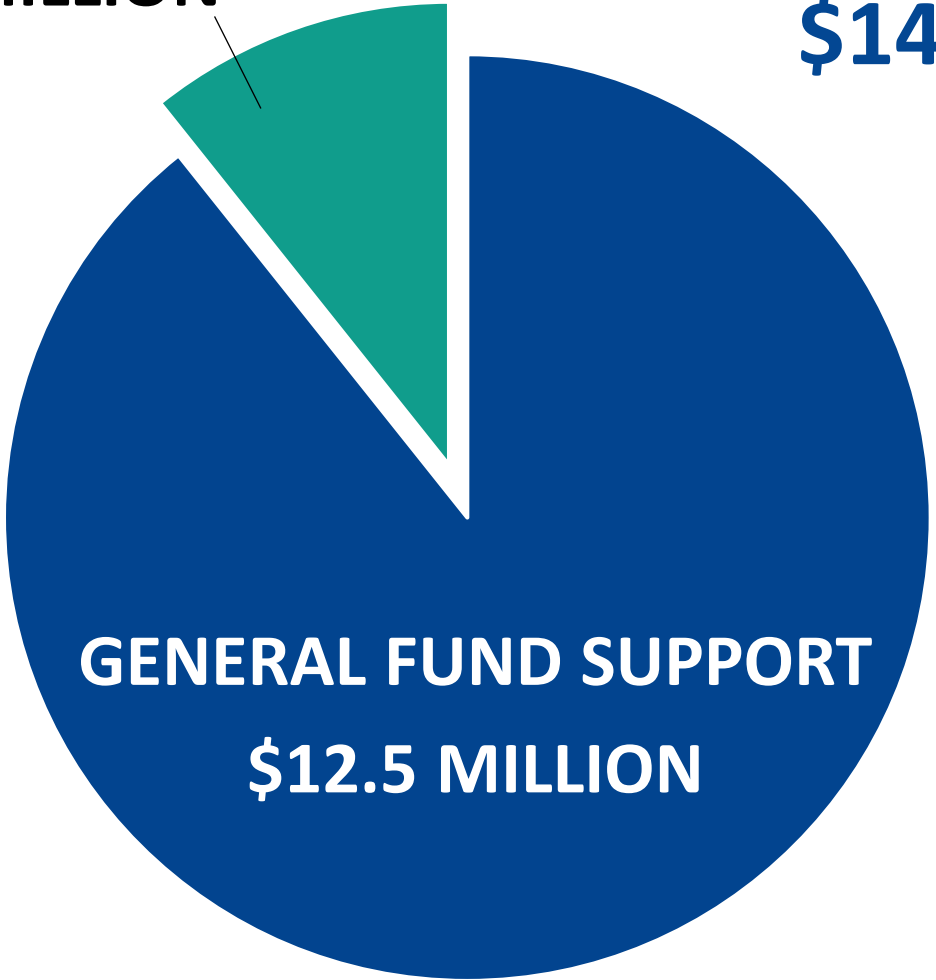
Total FTEs = 33 as of 2/3/23
Includes unfilled FTE = 2



**SOS FEES RETAINED UNDER
STATUTE**

\$1.5 MILLION

**AGENCY SPECIAL FUND
– GENERAL SERVICES FUND
\$14 MILLION**



**GENERAL FUND SUPPORT
\$12.5 MILLION**

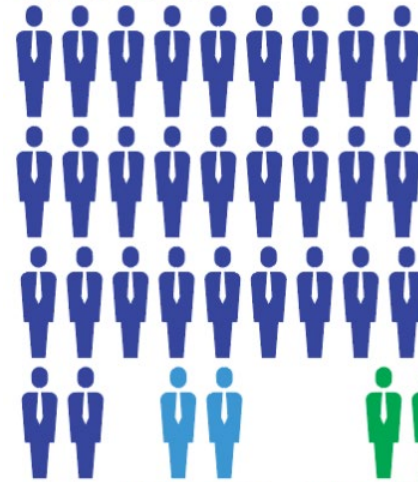
SENATE SALARY/FTE RECOMMENDATIONS

- Shifted \$479,143 from special to general fund salary support for 2 FTEs currently funded through special funds
- 1 FTE supported by authority of \$200,950 in Federal Funding for salary and related operating expenses for election support
- Supported \$100,000 in salary for repurposing and reclassification of positions for increased skillsets

FTE COMPARISON CURRENT V. SENATE

CURRENT = 33 FTE

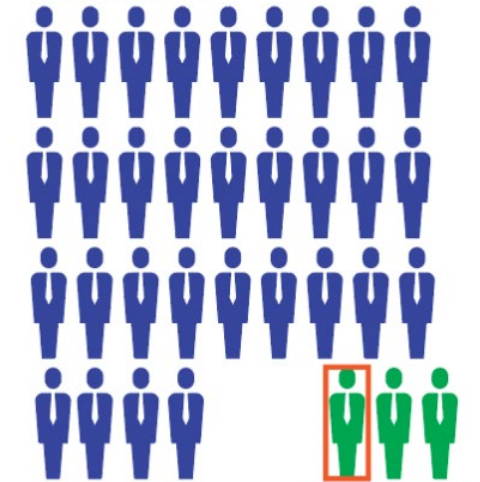
GENERAL



SPECIAL FEDERAL

SENATE = 34 FTE

GENERAL



FEDERAL

SENATE OPERATION RECOMMENDATIONS

- **\$1.5 million - SIIF one-time funding for technology projects**
 - **\$330,000 – support for on-going IT maintenance and procurement of text messaging system**
 - **\$13,404 – increase in public printing**
 - **\$201,331 – OMB rent model for capitol space**
- **\$1 million – Federal authority to receive 2023 HAVA election related funding**
 - **\$200,000 – state match for Federal funding**
 - **\$389,342 – restoration of authority for federal funds already received (error in Gov. Rec.)**

FEDERAL HELP AMERICA VOTE ACTS - \$ 4 MILLION

	Federal Advance	Fed Exp to 9/30/2022	State Match	State Exp to 9/30/2022
2020 HAVA	\$ 3,000,000		\$ 600,000	\$ 600,000
2022 HAVA	\$ 100,000		\$ 200,000	\$ 59,700
Total Remaining	\$ 4,000,000		\$ 800,000	\$ 659,700
	Dollars available with 20% match in March 2023.			
2023 HAVA	\$ 1,000,000		\$ 200,000	

2023-25 BIENNIUM COSTS

\$2 million (estimated)

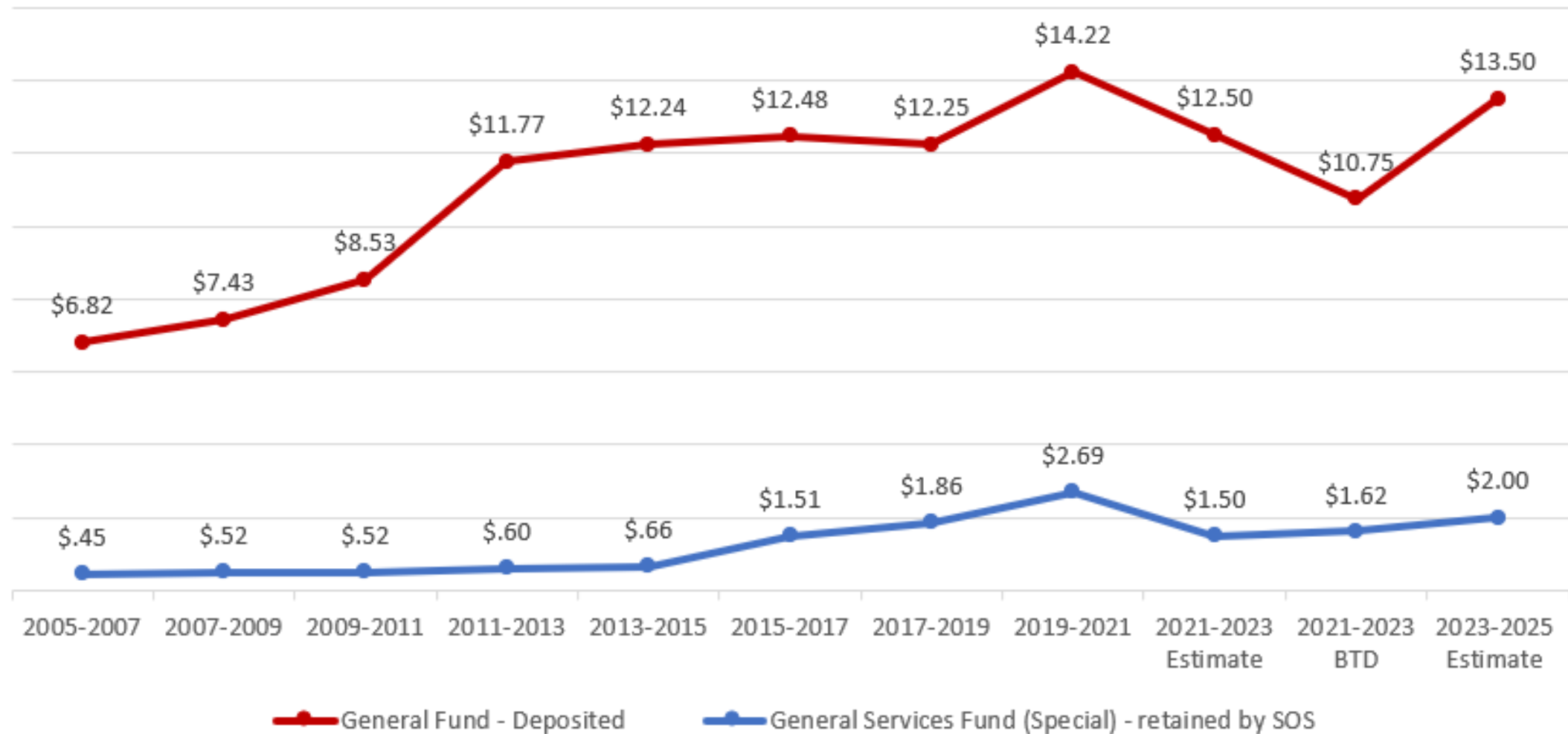
- Elections Software/Equipment - \$1.65 M
- Staffing - \$330,000
- Supplies/Support - \$50,000

2025-27 BIENNIUM COSTS

\$2 million (estimated)

- Elections Software/Equipment - \$1.65 M
- Staffing - \$330,000
- Supplies/Support - \$50,000

REVENUE TRENDS FROM FEES COLLECTED BY SECRETARY OF STATE GENERAL FUND & GENERAL SERVICES FUND (SPECIAL) IN MILLIONS

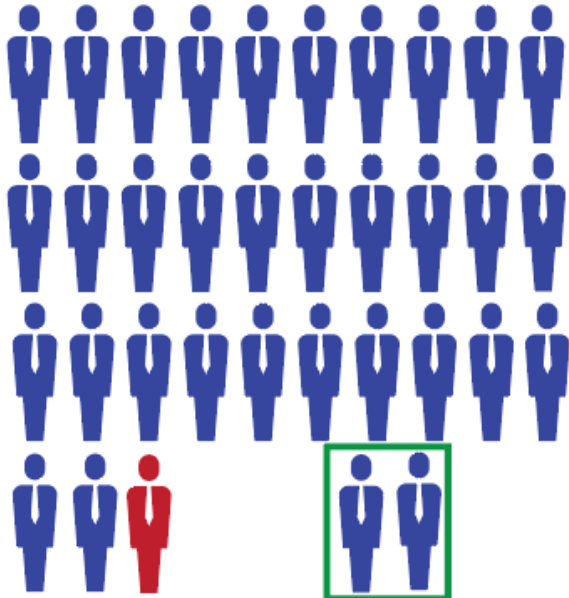


SOS – ADDITIONAL REQUEST

AGENCY FTE ASK

NEW - 1 ADDITIONAL FTE

GENERAL



NEW

SHIFT FEDERAL
TO GENERAL

- Shift \$362,111 in salaries to general fund from federal funds
 - \$362,111 (2 current FTEs – paid federal)
- 1 New FTE – Technology Support - \$180,000

SOS – ADDITIONAL REQUEST

- \$5 Million – One-Time Funding
 - End-of-Life – ND Voices – Election Management
- \$1 Million - FirstStop – Needed Upgrade 2.0 → 4.0



State Representative District 1		Partially	
Vote For 2			
David Richter ✓ Republican	2,394	50.06%	
Patrick Hatlestad ✓ Republican	2,321	48.54%	
⊕ write-in	67	1.40%	
TOTAL VOTES		4,782	

Secretary of State
NORTH DAKOTA



SB 2002 TESTIMONY

HOUSE APPROPRIATIONS

MICHAEL HOWE, SECRETARY OF STATE

Secretary of State
NORTH DAKOTA



Secretary of State - Budget No. 108
 Senate Bill No. 2002
 Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				SOS House Request			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-2025 Biennium Base Level	33.00	\$ 5,521,552	\$ 8,305,574	\$ 13,827,126	33.00	\$ 5,521,552	\$ 8,305,574	\$ 13,827,126	33.00	\$ 5,521,552	\$ 8,305,574	\$ 13,827,126
2023-2025 Ongoing Funding Changes												
Base payroll changes		\$ 51,305	\$ 208,745	\$ 260,050		\$ 51,305	\$ 208,745	\$ 260,050		\$ 51,305	\$ 208,745	\$ 260,050
Salary increase		\$ 315,342	\$ 52,592	\$ 367,934		\$ 236,186	\$ 39,392	\$ 275,578		\$ 236,186	\$ 39,392	\$ 275,578
Health Insurance Increase		\$ 123,456	\$ 20,576	\$ 144,032		\$ 126,296	\$ 21,050	\$ 147,346		\$ 126,296	\$ 21,050	\$ 147,346
Adds funding for elected official salary equity		\$ -	\$ -	\$ -		\$ 26,748	\$ -	\$ 26,748		\$ 26,748	\$ -	\$ 26,748
Adjusts salaries and wages funding from special funds to general funds		\$ -	\$ -	\$ -		\$ 479,143	\$ (479,143)	\$ -		\$ 479,143	\$ (479,143)	\$ -
Adds 1 FTE election specialist position and related operating expenses	1.00	\$ -	\$ 200,950	\$ 200,950	1.00	\$ -	\$ 200,950	\$ 200,950	1.00	\$ -	\$ 200,950	\$ 200,950
Adds Funding for changes in employee responsibilities and duties		\$ 100,000		\$ 100,000		\$ 100,000	\$ -	\$ 100,000		\$ 100,000	\$ -	\$ 100,000
Adds funding to match Federal Help America Vote Act Funds		\$ -	\$ -	\$ -		\$ 200,000	\$ -	\$ 200,000		\$ 200,000	\$ -	\$ 200,000
Adjusts funding for operating expenses including an increase in IT expenses and a decrease in postage		\$ (12,988)	\$ 1,157,564	\$ 1,144,576		\$ (12,988)	\$ 1,157,564	\$ 1,144,576		\$ (12,988)	\$ 1,157,564	\$ 1,144,576
Adjusts funding for election reform			\$ (475,299)	\$ (475,299)			\$ (86,057)	\$ (86,057)			\$ (86,057)	\$ (86,057)
Increases funding for public printing		\$ 13,404	\$ -	\$ 13,404		\$ 13,404	\$ -	\$ 13,404		\$ 13,404	\$ -	\$ 13,404
Adds funding to implement a new Capitol space rent model		\$ 201,331	\$ -	\$ 201,331		\$ 201,331	\$ -	\$ 201,331		\$ 201,331	\$ -	\$ 201,331
Adds funding for text messaging software and ongoing maintenance		\$ 165,000	\$ 165,000	\$ 330,000		\$ 165,000	\$ 165,000	\$ 330,000		\$ 165,000	\$ 165,000	\$ 330,000
Restore TECH FTE Request		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	1.00	\$ 180,000	\$ -	\$ 180,000
Shift Federal FTE to General Funds		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ 362,111	\$ -	\$ 362,111
Total ongoing funding changes	1.00	956,850.00	1,330,128	2,286,978	1.00	\$ 1,586,425	\$ 1,227,501	\$ 2,813,926	2.00	\$ 2,128,536	\$ 1,227,501	\$ 3,356,037
One-time funding items												
Adds funding from SIIF for a new campaign finance system, contracted IT services, and a website redesign		\$ -	\$ 1,000,000	\$ 1,000,000			\$ 1,000,000	\$ 1,000,000			\$ 1,000,000	\$ 1,000,000
Adds funding from SIIF for IT system enhancements		\$ -	\$ 500,000	\$ 500,000			\$ 500,000	\$ 500,000			\$ 500,000	\$ 500,000
Adds funding from federal Help America Vote Act		\$ -	\$ -	\$ -			\$ 1,000,000	\$ 1,000,000			\$ 1,000,000	\$ 1,000,000
Add ARPA Funding for Election Management System											\$ 5,000,000	\$ 5,000,000
Adds ARPA Funding for FirstStop Upgrade											\$ 1,000,000	\$ 1,000,000
Total One-Time Funding Items	0.00	\$ -	\$ 1,500,000	\$ 1,500,000	0.00	\$ -	\$ 2,500,000	\$ 2,500,000	0.00	\$ -	\$ 8,500,000	\$ 8,500,000
Total Changes to Base Level Funding	1.00	\$ 956,850	\$ 2,830,128	\$ 3,786,978	1.00	\$ 1,586,425	\$ 3,727,501	\$ 5,313,926	2.00	\$ 2,128,536	\$ 9,727,501	\$ 11,856,037
2023-25 SOS Total Funding Request	34.00	\$ 6,478,402	\$ 11,135,702	\$ 17,614,104	34.00	\$ 7,107,977	\$ 12,033,075	\$ 19,141,052	35.00	\$ 7,650,088	\$ 18,033,075	\$ 25,683,163
<i>Federal funds included in other funds</i>			\$ 4,245,109	\$ 17,614,104			\$ 5,626,080	\$ 19,141,052			\$ 11,608,000	\$ 25,683,163

Other Funds Breakout	
SIIF	
Campaign Finance	\$ 700,000
Web Upgrade	\$ 300,000
System Enhancements	\$ 500,000
	\$ 1,500,000
FED ARPA	
Replacement ND Voices	\$ 5,000,000
Upgrade FirstStop 2.0 to 4.0	\$ 1,000,000
	\$ 6,000,000
FED HAVA - Carryforward and new award of 1 million fund current obligations to 2027	
Voting System Lic & Maint	\$ 3,400,000
Voting Equipment Supplies	\$ 1,026,080
3 Election Staff FTE	\$ 1,200,000
	\$ 5,626,080
Agency Special Funds - includes carryforward	\$ 4,906,995
Total Other Funds	\$ 18,033,075

Funding Changes Breakout	
SIIF	\$ 1,500,000
FED HAVA	\$ 1,000,000
FED ARPA	\$ 6,000,000
Agency Special Funds	\$ 1,227,501
Total Other Funds	\$ 9,727,501

Gen Fund Staffing Requests	
Shift 2 Federal FTE to Gen Fund	\$ 362,111
Resotre 1 Tech FTE	\$ 180,000
Total GF Request	\$ 542,111

23.0256.02001
Title.

Prepared by the Legislative Council staff for
Representative Nathe
March 27, 2023

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2002

Page 1, line 3, after the first semicolon insert "to repeal subsection 4 of section 16.1-03-07 of the North Dakota Century Code, relating to the bylaws of the state committee or state party;"

Page 3, after line 5, insert:

"SECTION 5. REPEAL. Subsection 4 of section 16.1-03-07 of the North Dakota Century Code is repealed."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment repeals subsection 4 of Section 16.1-03-07 of the North Dakota Century Code, which provides that the bylaws of the state committee or state party may not include any requirement providing directives or procedures for the method of the organization of district committees.

23.0256.02004
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
April 5, 2023

Fiscal No. 2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2002

Page 1, line 3, remove "to provide an exemption;"

Page 1, line 4, remove "and to provide for a transfer"

Page 1, replace lines 16 through 24 with:

"Salaries and wages	\$5,528,082	\$726,643	\$6,254,725
Operating expenses	3,308,424	4,175,907	7,484,331
Grants	25,000	0	25,000
Petition review	8,000	0	8,000
Election reform	<u>4,699,689</u>	<u>6,131,119</u>	<u>10,830,808</u>
Total all funds	\$13,569,195	\$11,033,669	\$24,602,864
Less estimated income	<u>8,305,574</u>	<u>9,526,501</u>	<u>17,832,075</u>
Total general fund	\$5,263,621	\$1,507,168	\$6,770,789
Full-time equivalent positions	33.00	2.00	35.00"

Page 2, replace lines 11 through 13 with:

"Grand total general fund	\$5,521,552	\$1,520,572	\$7,042,124
Grand total special funds	<u>8,305,574</u>	<u>9,526,501</u>	<u>17,832,075</u>
Grand total all funds	\$13,827,126	\$11,047,073	\$24,874,199"

Page 2, replace lines 19 through 22 with:

"New campaign system and contracted website redesign	\$0	\$1,000,000
Election management system	0	5,000,000
FirstStop	0	1,000,000
Information technology system enhancements	0	500,000
Help America Vote Act	<u>0</u>	<u>1,000,000</u>
Total other funds	\$0	\$8,500,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The secretary of state shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. ESTIMATED INCOME - FEDERAL STATE FISCAL RECOVERY FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes the sum of \$6,000,000 from the federal state fiscal recovery fund for an election management system and to upgrade FirstStop."

Page 3, remove lines 6 through 9

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2002 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Secretary of State				
Total all funds	\$13,569,195	\$18,869,717	\$5,733,147	\$24,602,864
Less estimated income	8,305,574	12,033,075	5,799,000	17,832,075
General fund	\$5,263,621	\$6,836,642	(\$65,853)	\$6,770,789
FTE	33.00	34.00	1.00	35.00
Public Printing				
Total all funds	\$257,931	\$271,335	\$0	\$271,335
Less estimated income	0	0	0	0
General fund	\$257,931	\$271,335	\$0	\$271,335
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	\$13,827,126	\$19,141,052	\$5,733,147	\$24,874,199
Less estimated income	8,305,574	12,033,075	5,799,000	17,832,075
General fund	\$5,521,552	\$7,107,977	(\$65,853)	\$7,042,124
FTE	33.00	34.00	1.00	35.00

Senate Bill No. 2002 - Secretary of State - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$5,528,082	\$6,328,326	(\$73,601)	\$6,254,725
Operating expenses	3,308,424	6,484,331	1,000,000	7,484,331
Grants	25,000	25,000		25,000
Petition review	8,000	8,000		8,000
Election reform	4,699,689	6,024,060	4,806,748	10,830,808
Total all funds	\$13,569,195	\$18,869,717	\$5,733,147	\$24,602,864
Less estimated income	8,305,574	12,033,075	5,799,000	17,832,075
General fund	\$5,263,621	\$6,836,642	(\$65,853)	\$6,770,789
FTE	33.00	34.00	1.00	35.00

Department 108 - Secretary of State - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Reduces Funding for Elected Official Equity ²	Adds Funding for Technology Support Position ³	Removes Salary Funding for Funding Pool ⁴	Adds One-Time Funding ⁵	Total House Changes
Salaries and wages	\$85,862	(\$5,600)	\$180,000	(\$333,863)		(\$73,601)
Operating expenses					\$1,000,000	1,000,000
Grants						
Petition review						
Election reform	3,180			(196,432)	5,000,000	4,806,748
Total all funds	\$89,042	(\$5,600)	\$180,000	(\$530,295)	\$6,000,000	\$5,733,147
Less estimated income	12,726	0	0	(213,726)	6,000,000	5,799,000
General fund	\$76,316	(\$5,600)	\$180,000	(\$316,569)	\$0	(\$65,853)
FTE	0.00	0.00	1.00	0.00	0.00	1.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$79,156	\$13,200	\$92,356
Health insurance adjustment	(2,840)	(474)	(3,314)
Total	\$76,316	\$12,726	\$89,042

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding of \$5,600 from the general fund is removed to provide a total of \$21,148 from the general fund to increase the salary of the Secretary of State to \$130,000 on July 1, 2023. The Senate provided \$26,748 from the general fund to increase the salary of the Secretary of State to \$130,000 on July 1, 2023. The reduction in necessary equity to provide a salary of \$130,000 is due to the House providing a general salary increase of 6 percent on July 1, 2023, rather than 4 percent.

³ Funding of \$180,000 from the general fund is added for 1 new FTE technology support position. The Senate did not include this position.

⁴ Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$180,000)	(\$190,950)	(\$370,950)
Vacant FTE positions	<u>(136,569)</u>	<u>(22,776)</u>	<u>(159,345)</u>
Total	(\$316,569)	(\$213,726)	(\$530,295)

⁵ One-time funding of \$6 million from the federal State Fiscal Recovery Fund is added for an election management system (\$5 million) and to upgrade FirstStop (\$1 million). The Senate did not provide funding for these projects.
