

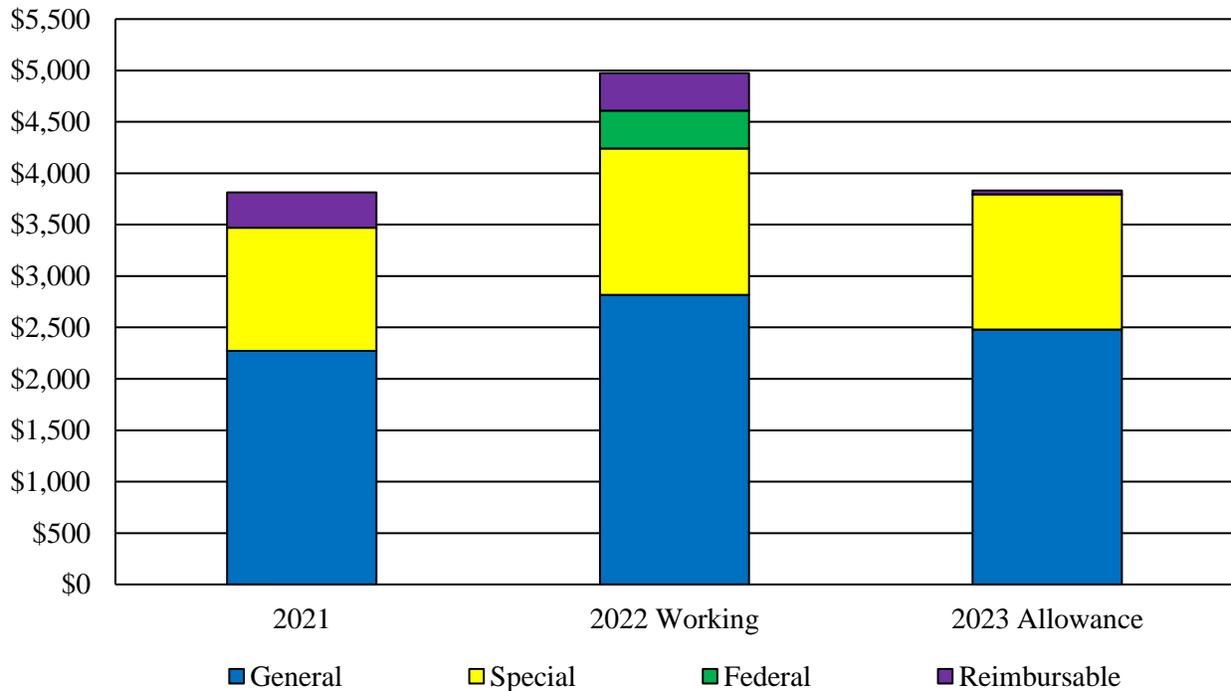
D16A06 Secretary of State

Program Description

The Secretary of State is responsible for a variety of executive functions, including attesting to the Governor’s signature on public documents such as executive orders, extraditions, and pardons, and certifying candidates for nomination to appear on the presidential primary ballot. Other duties of the Office of the Secretary of State include administering the State’s notary public laws and processing notary commissions, regulating charitable organizations, administering the Address Confidentiality Program (ACP), and publishing administrative regulations in the Maryland Register and the Code of Maryland Regulations.

Operating Budget Summary

Fiscal 2023 Budget Decreases \$1.1 Million, or 23.0%, to \$3.8 Million (\$ in Thousands)



Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

For further information contact: Madelyn C. Miller

Phone: (410) 946-5530

Fiscal 2022

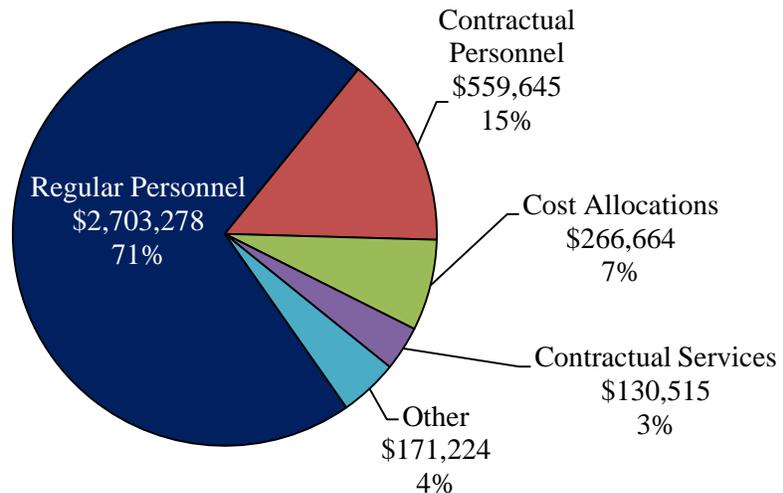
Federal Stimulus Funds

The Secretary of State received \$365,647 in American Rescue Plan Act (ARPA) funds. These funds were for expenses related to the ACP and replaced a reimbursable fund appropriation that the office would have otherwise received from the Governor’s Office of Crime Prevention, Youth, and Victim Services (GOCPYVS). Further discussion of the use of these funds can be found in the Proposed Budget Change and Personnel Data sections of this analysis.

Fiscal 2023 Overview of Agency Spending

The fiscal 2023 allowance for the Secretary of State is \$3.8 million. As shown in **Exhibit 1**, the majority of the budget covers personnel costs. Regular and contractual personnel expenses combined total \$3.3 million, or over 85% of the budget. Operating expenses for the office are made up mostly of cost allocations and contractual services. The largest cost allocation, the Department of Information Technology (DoIT) shared services allocation, is \$234,127, or over 6% of the budget. Other contracts total \$130,515, or over 3% of the budget.

Exhibit 1
Overview of Agency Spending
Fiscal 2023 Allowance



Source: Governor’s Proposed Fiscal 2023 Budget

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2023 allowance decreases by \$1.1 million, or 23%, from the fiscal 2022 working appropriation. This decrease is primarily caused by the completion of funding for the office’s notary database replacement project (\$360,000) and the upgrade and replacement of the Electronic Filing System (\$350,000). The second largest budget decrease is for personnel changes among 7.5 contractual positions.

Exhibit 2
Proposed Budget
Secretary of State
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2021 Actual	\$2,273	\$1,198	\$0	\$344	\$3,815
Fiscal 2022 Working Appropriation	2,817	1,426	366	367	4,975
Fiscal 2023 Allowance	<u>2,481</u>	<u>1,314</u>	<u>0</u>	<u>37</u>	<u>3,831</u>
Fiscal 2022-2023 Amount Change	-\$336	-\$112	-\$366	-\$330	-\$1,144
Fiscal 2022-2023 Percent Change	-11.9%	-7.8%	-100.0%	-90.0%	-23.0%
Where It Goes:					<u>Change</u>
Personnel Expenses					
Turnover adjustments.....					\$31
Regular earnings					13
Reclassification.....					12
Health insurance					-21
Other fringe benefit adjustments.....					-71
Other Changes					
Increase in travel costs					12
Other					-8
Postage and office supplies					-33
Department of Information Technology services allocation.....					-97
Personnel changes among 7.5 contractual full-time equivalent positions					-272
Completion of funding for the Electronic Filing System replacement and the notarization database to enable remote notarization					-710
Total					-\$1,144

Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Miscellaneous Adjustments

Despite the number of regular positions within the office remaining the same in fiscal 2021 through fiscal 2023, the fiscal 2023 allowance includes a reduction of about \$79,200 in miscellaneous personnel adjustments. This reduction and other fringe benefit adjustment changes represent about 6.2% of the total change in funding from the working appropriation to the allowance. This change is related to the use of ARPA funds in the fiscal 2022 working appropriation, however, and is not a true decrease from one year to the next. The \$79,200 is part of the reimbursable funds the office expected to receive from GOCPYVS in fiscal 2022. General funds will be used instead, and the about \$79,200 cancelled during fiscal 2022 closeout.

Personnel Data

	FY 21 <u>Actual</u>	FY 22 <u>Working</u>	FY 23 <u>Allowance</u>	FY 22-23 <u>Change</u>
Regular Positions	24.00	24.00	24.00	0.00
Contractual FTEs	<u>8.00</u>	<u>16.00</u>	<u>8.50</u>	<u>-7.50</u>
Total Personnel	32.00	40.00	32.50	-7.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/21	n/a	n/a
Vacancies Above (Below) Turnover	n/a	n/a

In fiscal 2023, the budget provides for a net decrease of 7.5 contractual full-time equivalents (FTE). Four of the fiscal 2022 FTEs that were to be funded with reimbursable funds from GOCPYVS are instead being funded with ARPA funds in the fiscal 2022 budget. However, FTEs funded with reimbursable funds remain in the working appropriation. The office reports that the remaining 3.5 contractual FTEs will be realigned, rather than eliminated, in fiscal 2023:

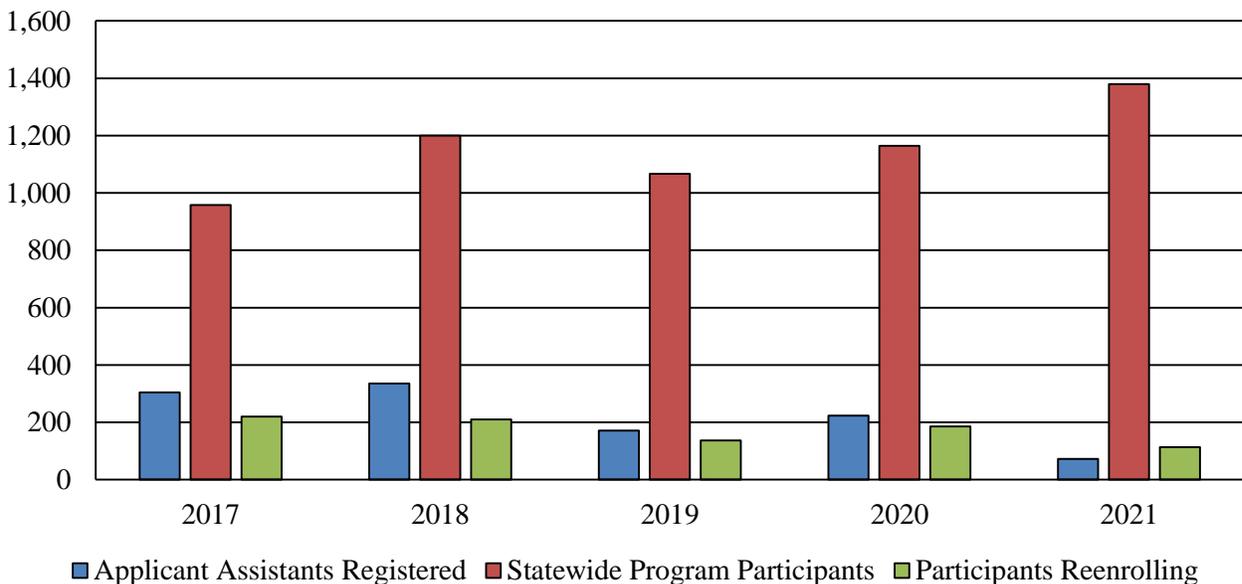
- 2.0 special fund FTEs will be realigned from the Charities and Legal Services Division to the Notary special fund;
- the funding for 1.0 FTE will be split between the Charities and Legal Services Division and general funds; and
- 1.0 contractual FTE will be moved to a regular position funded with general funds.

Key Observations

1. Address Confidentiality Program

The Office of the Secretary of State is responsible for operating the Maryland Safe at Home ACP that was established by Chapters 374 and 375 of 2006 to serve survivors of domestic abuse by rerouting their mail so that their address can remain confidential. **Exhibit 3** shows the number of program participants, the number of participants reenrolling, and the number of application assistants registered (individuals trained to assist potential participants in enrolling). The number of program participants statewide increased in fiscal 2021 to 1,380 individuals. The number of participants re-enrolling decreased to 114. Both measurements tend to fluctuate from year to year. The number of applicant assistants registered was 72 in fiscal 2021.

Exhibit 3
Address Confidentiality Program Participation
Fiscal 2017-2021



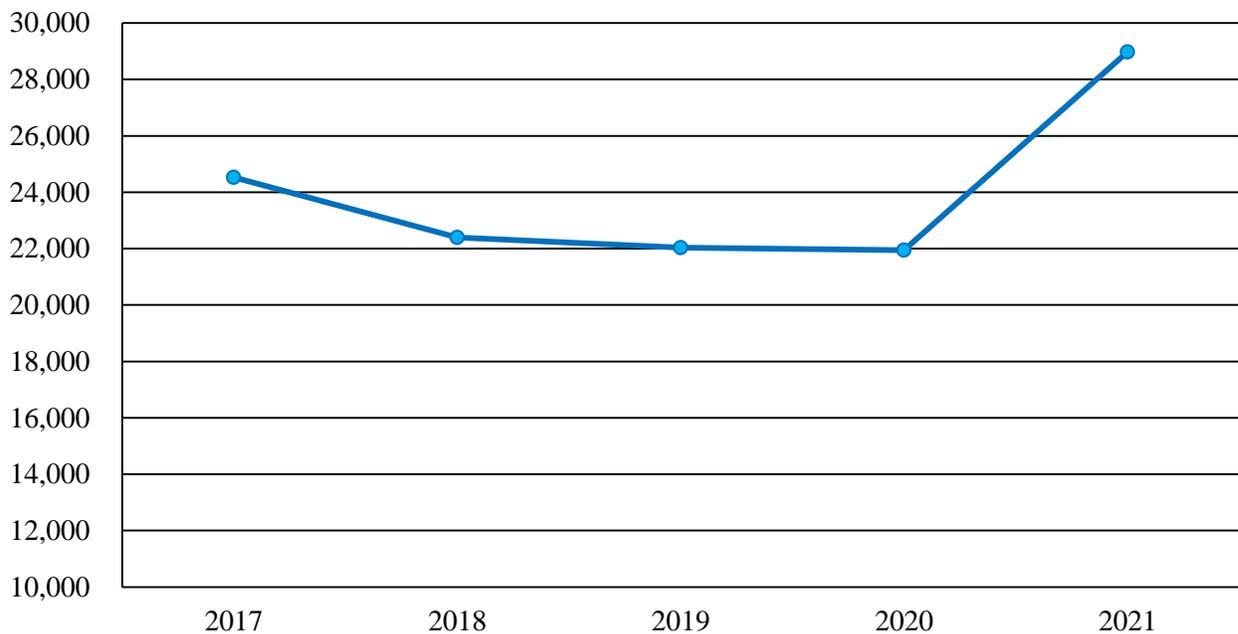
Source: Office of the Secretary of State

Chapter 124 of 2021 expanded ACP eligibility to include survivors of threatened, attempted, or actual domestic violence, sexual assault, stalking, harassment, or human trafficking. Eligibility was also expanded to include individuals who reside in the same household as an eligible applicant or program participant. The office estimates there will be 35 new participants in fiscal 2022 because of the expanded eligibility and 65 in fiscal 2023.

2. Notary Public Commissions

The Secretary of State’s Charities and Legal Services Division is responsible for processing applications and regulating and renewing commissions for notaries public in Maryland. As shown in **Exhibit 4**, the number of notary public commissions processed in fiscal 2021 was 28,975, a 32% increase from fiscal 2020. Notary commissions are valid for a period of four years from the date the commission is issued. There are approximately 90,000 notaries in total currently serving statewide.

Exhibit 4
Notary Public Commissions
Fiscal 2017-2021



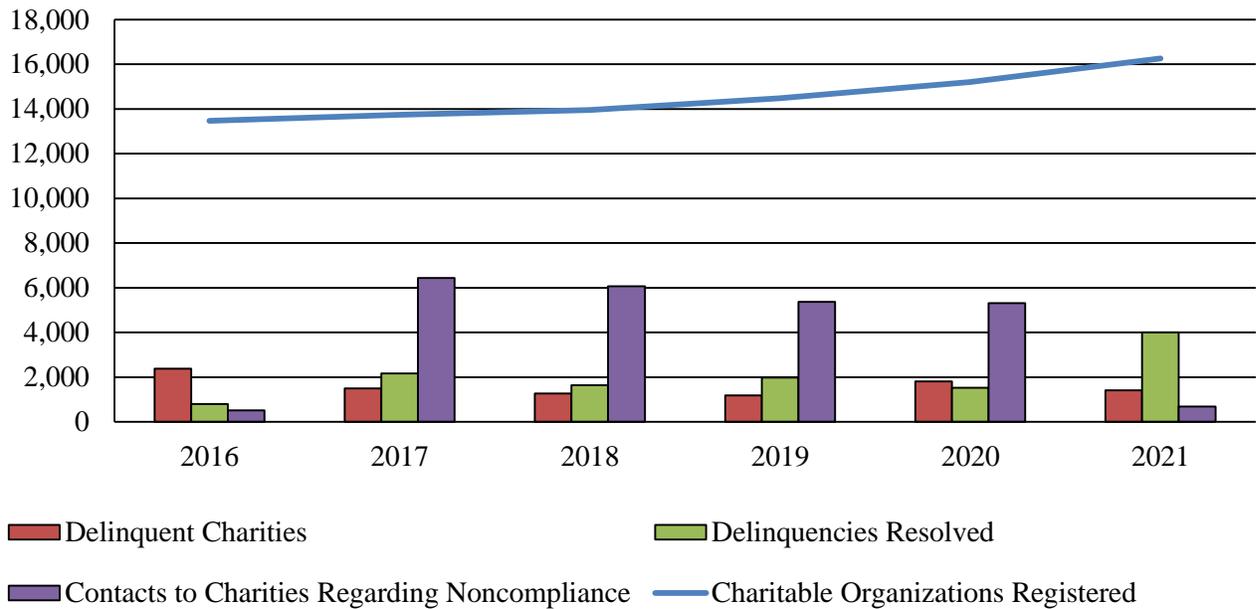
Source: Office of the Secretary of State

The number of notary public commissions processed in fiscal 2021 increased after the expiration of the Governor’s declared state of emergency and catastrophic health emergency. According to the Governor’s executive order extending the expiration of certain state licenses and registrations, all notary public commissions expiring during the state of emergency were extended to July 30, 2021, which was 30 days following the termination of the state of emergency.

3. Charitable Organizations

The Charities and Legal Services Division is also responsible for annually registering, regulating, and renewing registrations of charitable organizations in Maryland. This includes the review of a charitable organization’s financial and governing documents as well as the review of all fundraising contracts. The number of charities registered has continued to trend upward since fiscal 2016, reaching 16,257 organizations in fiscal 2021. After decreasing 50.6% between fiscal 2016 and 2019, the number of delinquent charities increased 53.9% in fiscal 2020 to 1,814 and decreased again in fiscal 2021 to 1,412. **Exhibit 5** shows these trends as well as the number of enforcement activities regarding delinquent charities and the total number of delinquencies resolved among charitable organizations.

Exhibit 5
Charitable Organizations Registered and Delinquencies
Fiscal 2016-2021



Source: Office of the Secretary of State

As with notary public commissions, registrations for charitable organizations were similarly impacted by the Governor’s executive order on licenses and registrations and any registrations expiring during the Governor’s declared state of emergency and catastrophic health emergency. Charities that were in good standing when the emergency order was activated were exempt from registering until the emergency order expired, and those who may have become delinquent in prior years never became delinquent. The office reports that decreased enforcement actions taken in fiscal 2021 were the result of a temporary shift in priorities caused by the pandemic and by a vacancy in the only investigator position during the beginning of fiscal 2021.

Analysis of the FY 2023 Maryland Executive Budget, 2022

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- ***Notary Application Registration Platform and Database Replacement:*** The replacement of this legacy information technology system was required to fully implement provisions of Chapter 407 of 2019 and Chapter 571 of 2021. The office reports that the online notary application registration platform is fully functional and that 1,573 remote notary public notification forms were processed in fiscal 2021. The notary database project is funded and currently being developed. The office reports that it is currently working with DoIT and the developer to refine the project’s scope of work.
- ***Processed Extraditions, Pardons, and Commutations:*** The number of extraditions, pardons, and commutations increased 53.8% from fiscal 2020 to 2021, from 234 to 360. The office reports that the increase was driven in part by more people being extradited. Factors that contributed to the total change include the early release of prisoners as part of pandemic mitigation efforts and bail reform, among others.

**Appendix 1
Object/Fund Difference Report
Secretary of State**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	24.00	24.00	24.00	0.00	0%
02 Contractual	8.00	16.00	8.50	-7.50	-46.9%
Total Positions	32.00	40.00	32.50	-7.50	-18.8%
Objects					
01 Salaries and Wages	\$ 2,748,548	\$ 2,740,160	\$ 2,703,278	-\$ 36,882	-1.3%
02 Technical and Special Fees	514,477	832,015	559,645	-272,370	-32.7%
03 Communication	37,134	76,332	50,574	-25,758	-33.7%
04 Travel	4,422	27,300	39,621	12,321	45.1%
07 Motor Vehicles	871	5,940	6,740	800	13.5%
08 Contractual Services	447,409	1,213,387	397,179	-816,208	-67.3%
09 Supplies and Materials	30,248	55,817	44,641	-11,176	-20.0%
10 Equipment – Replacement	8,780	1,152	5,445	4,293	372.7%
11 Equipment – Additional	2,881	3,586	1,000	-2,586	-72.1%
13 Fixed Charges	20,516	19,216	23,203	3,987	20.7%
Total Objects	\$ 3,815,286	\$ 4,974,905	\$ 3,831,326	-\$ 1,143,579	-23.0%
Funds					
01 General Fund	\$ 2,272,785	\$ 2,816,564	\$ 2,480,642	-\$ 335,922	-11.9%
03 Special Fund	1,198,249	1,425,771	1,313,909	-111,862	-7.8%
05 Federal Fund	0	365,647	0	-365,647	-100.0%
09 Reimbursable Fund	344,252	366,923	36,775	-330,148	-90.0%
Total Funds	\$ 3,815,286	\$ 4,974,905	\$ 3,831,326	-\$ 1,143,579	-23.0%

Note: The fiscal 2022 appropriation does not include deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.