

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5539-A

Carrier – House: Rep. Nathanson

Carrier – Senate: Sen. Johnson

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 21 – 3 – 2

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Richardson, Smith, Tomei, Williamson

Nays: Freeman, McLane

Exc: Hanna, Read

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Whitsett, Winters

Nays: Thomsen

Exc:

Prepared By: George Naughton, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: June 21, 2013

Agency

Secretary of State

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 12,500,468	\$ 12,579,143	\$ 8,759,291	\$ (3,741,177)	-29.9%
Other Funds	\$ 42,099,026	\$ 42,844,859	\$ 48,579,788	\$ 6,480,762	15.4%
Federal Funds	\$ 7,559,402	\$ 7,736,442	\$ 7,715,111	\$ 155,709	2.1%
Total	\$ 62,158,896	\$ 63,160,444	\$ 65,054,190	\$ 2,895,294	4.7%

Position Summary

Authorized Positions	197	196	200	3
Full-time Equivalent (FTE) positions	195.69	195.19	199.11	3.42

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Secretary of State receives General Fund appropriations to support the Elections Division and portions of the agency's support divisions. The agency's Other Funds are received primarily through fees for filing and services from the Corporation Division and an assessment to state agencies charged for the Audits Division. These two divisions transfer a portion of the revenues they receive to fund the balance of the support divisions' budgets. The agency also collects miscellaneous fees for documents and copier charges within the Elections and Archives Divisions.

The Subcommittee recommended adding an assessment on state agencies to fully fund the operations of the Archives Division, and eliminating General Fund support for the Division. This change will require changes to agency budgets to account for the new assessment and changes to the Central Government Service Charges. This shift to an assessment was proposed by the Secretary of State, and is found in Package 121.

The Secretary of State previously received Federal Funds under the Help America Vote Act (HAVA) for elections-related functions. The agency is not expecting to receive any additional HAVA funds, and is spending down the available balance of HAVA resources. Once these funds are fully expended, the ongoing costs of election related activities will need to shift to other revenue sources or be eliminated.

The Subcommittee recommended two revenue-only packages that have no expenditure impact. The first revenue-only package (Package 813) makes a variety of revenue changes to update revenue information throughout the agency, and the second revenue-only package (Package 812) supports a transfer to the General Fund of Corporation Division revenues from business registration fees:

- Package 813 – Technical Adjustments: Revises Elections Division Federal Funds revenues and fund balances to conform to the most recent information. The Elections Division does not anticipate receiving any Federal Funds revenues in the 2013-15 biennium, and anticipates beginning the biennium with \$9.8 million of Federal Funds. The Subcommittee discussed the declining availability of HAVA funds, and recommended the following budget note:

Budget Note

The Subcommittee anticipates that the Elections Division, at the conclusion of the 2013-15 biennium, will retain an ending balance of \$2.3 million in Federal Funds received under the Help America Vote Act (HAVA). No additional HAVA funds are expected to be received. The Secretary of State is requested to report on the use of Federal HAVA monies, and on Election Division plans to address the upcoming exhaustion of available HAVA monies. The report shall identify programs and expenditures that will be discontinued upon exhaustion of HAVA monies, and identify expenditures that the Secretary will request to be continued with alternative fund sources. The report shall be submitted to the Joint Committee on Ways and Means for its consideration in the 2014 legislative session.

- Package 813 – Technical Adjustments: Also revises Corporation Division revenues and fund balances to conform to amounts in the May 2013 revenue forecast of the Office of Economic Analysis, and to conform to current fund balance projections. Corrected information generates a projected 2013-15 biennium Other Funds ending balance of \$8,497,094 for the Corporation Division.
- Package 812 – Business Registration Fee Revenues: Transfers \$4.0 million of Corporation Division Business Registration Fee revenues to the General Fund for general purpose uses. The actual fund transfer will be included in the end-of-session program change bill. After the transfer in Package 812 is completed, the Corporation Division will retain a projected ending fund balance of \$4.5 million. Under the current revenue forecast, an additional \$2.2 million could be transferred to the General Fund in the 2014 legislative session, to allow the agency to retain an ending fund balance sufficient to finance 3.4 months of operations.

Summary of General Government Subcommittee Action

The Secretary of State is an elected, constitutional office serving as auditor of public accounts, custodian of legislative and executive public records and Chief Elections Officer. It is one of three constitutional offices established at statehood. The Subcommittee approved a budget of \$65,054,190 total funds and 200 positions (199.11 FTE). This is 4.7 percent above the 2011-13 Legislatively Approved Budget.

The Subcommittee approved the base budget and essential packages for the Secretary of State. It did not, however, approve Policy Package 151 because any necessary budgetary impacts for that package will be addressed in House Bill 3459. The Subcommittee did approve five other packages that had been requested by the Secretary of State. Those packages include:

- Package 081 – May 2012 E-Board: This package makes adjustments related to the May 2012 Emergency Board reflecting staffing changes throughout the agency. Overall the package increases the Secretary of State’s budget by \$2,559 General Fund and \$61,615 Other Funds.

- Package 121 – Statewide Assessment/Shelving (Archives): This package replaces General Fund support for the Archives Division with a new assessment charged to state agencies on the basis of full-time equivalent (FTE) employment levels. The package reduces General Fund expenditures by \$3,617,922 and replaces those expenditures with Other Funds expenditures funded by the new assessment.

To implement the new Archives Division assessment, the Subcommittee recommended adjusting state agency budgets in the end-of-session appropriation bill to reflect the impact of the new assessments. These adjustments would include increasing Other Funds and Federal Funds expenditure limitations, and increasing General Fund appropriations and Lottery Funds allocations to agencies to support the assessment. The assessment amounts authorized by this package, and by Package 811, total \$4,117,922. The Subcommittee further recommended eliminating the components of the Central Government Service Charge assessed on agency Other Funds revenues attributable to providing General Fund revenue to support the Archives Division.

The additional General Fund appropriations to agencies, including the assessment recommendation in Package 811, will total approximately \$1.65 million General Fund, and the additional Lottery Funds allocations will total approximately \$40,000. The recommended Central Government Service Charge reductions reduce General Fund revenue by an additional \$1.52 million.

- Package 811 – Archives Division Shelving: This package adds \$500,000 Other Funds expenditure limitation to purchase compact shelving for the Archives Building. The package is financed through the state agency assessment established in Package 121. The shelving will be used to expand the capacity to store the permanent, historical records of Oregon. The cost to replace all shelving in the Archives building is estimated to total approximately \$2.0 million, and the Subcommittee recommendation is expected to finance one-quarter of the project. The expenditures and assessments approved in this package are approved for one biennium only and are to be phased-out in the development of the agency's 2015-17 biennium current service level. If the agency wishes to install additional compact shelving in future biennia, it shall request budget authorization in a policy option package.
- Package 171 – Technology Staffing (Administrative Services): This package adds \$713,016 Other Funds expenditure limitation to support and expand services provided by the agency's Information Systems Division. The package adds three full-time permanent positions and one full-time limited duration position (3.92 FTE). The three permanent positions include an Operations and Policy Analyst 2 and two Information Specialist 4 positions. The limited duration position is an Information Systems Specialist 7.
- Package 172 – Online Services for Businesses (Administrative Services): This package adds \$1,767,483 Other Funds expenditure limitation as a one-time expenditure to upgrade the Central Business Registry and the Business Xpress One-Stop Business Portal. The Subcommittee discussed its support for these projects, but noted the potential for duplicative efforts being conducted by other state agencies. The Subcommittee encouraged the Secretary of State to work with Small Business Development Centers and the Oregon Business Development Department during the course of these projects. Funding for these projects is to be phased out in the development of the agency's 2015-17 biennium budget. As part of its discussion, the Subcommittee also adopted the following budget note related to efforts to expand state agency participation in the Central Business Registry and the One-Stop Business Portal:

Budget Note:

The Secretary of State is requested to report on efforts to include information about, and access to, state agency programs within the functions of the Central Business Registry and the One-Stop Business Portal. The report shall identify any specific state agency objections to these efforts, and suggest, if appropriate, legislative actions to assist. The report shall be submitted to the interim Joint Committee on Ways and Means or to the Emergency Board no later than October 2014.

In addition to the packages mentioned above, the Subcommittee approved several statewide packages that reduce the Secretary of State's expenditures. Those statewide packages include:

- Package 092 – PERS Taxation Policy: Eliminates \$13,077 General Fund, \$87,901 Other Funds and \$2,370 Federal Funds expenditure limitation. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093 – Other PERS Adjustments: Eliminates \$104,615 General Fund, \$703,206 Other Funds and \$18,961 Federal Funds expenditure limitation. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 810 – LFO Analyst Adjustment: This package eliminates \$86,797 General Fund and \$134,000 Other Funds expenditure limitation to reflect administrative savings in the Secretary of State's budget. This package reduces expenditures in a manner similar to Package 091 approved in other agencies' budgets. The Governor's budget added Package 091, and the Co-Chairs' Budget approved it, in other agencies' budgets to reduce administrative expenditures. Package 810 has been added to the Secretary of State's budget to make a similar reduction in this budget.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5539-A

**Secretary of State
George Naughton - 503-378-5460**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 12,500,468	\$ 0	\$ 42,099,026	\$ 0	\$ 7,559,402	\$ 0	\$ 62,158,896	197	195.69
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 12,579,143	\$ 0	\$ 42,844,859	\$ 0	\$ 7,736,442	\$ 0	\$ 63,160,444	196	195.19
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - Administrative Services Division									
Package 081: May 2012 E-Board									
Personal Services	\$ (16,091)	\$ 0	\$ 61,615	\$ 0	\$ 0	\$ 0	\$ 45,524	0	0.00
Package 092: PERS Taxation Policy									
Personal Services	\$ (4,701)	\$ 0	\$ (27,534)	\$ 0	\$ 0	\$ 0	\$ (32,235)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ (37,608)	\$ 0	\$ (220,274)	\$ 0	\$ 0	\$ 0	\$ (257,882)	0	0.00
Package 171: Technology Staffing - ISD									
Personal Services	\$ 0	\$ 0	\$ 660,635	\$ 0	\$ 0	\$ 0	\$ 660,635	4	3.92
Services and Supplies	\$ 0	\$ 0	\$ 52,381	\$ 0	\$ 0	\$ 0	\$ 52,381		
Package 172: Online Services for Businesses - ISD									
Services and Supplies	\$ 0	\$ 0	\$ 1,722,483	\$ 0	\$ 0	\$ 0	\$ 1,722,483		
Capital Outlay	\$ 0	\$ 0	\$ 45,000	\$ 0	\$ 0	\$ 0	\$ 45,000		
Package 810: LFO Analyst Adjustments									
Services and Supplies	\$ (19,797)	\$ 0	\$ (104,000)	\$ 0	\$ 0	\$ 0	\$ (123,797)		
SCR 002 - Elections Division									
Package 081: May 2012 E-Board									
Personal Services	\$ 18,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,650	0	0.00
Package 092: PERS Taxation Policy									
Personal Services	\$ (8,376)	\$ 0	\$ 0	\$ 0	\$ (2,370)	\$ 0	\$ (10,746)	0	0.00

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			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 093: Other PERS Adjustments										
Personal Services	\$ (67,007)	\$ 0	\$ 0	\$ 0	\$ (18,961)	\$ 0	\$ (85,968)	0	0.00	
Package 810: LFO Analyst Adjustments										
Services and Supplies	\$ (67,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (67,000)			
SCR 007 - Audits Division										
Package 092: PERS Taxation Policy										
Personal Services	\$ 0	\$ 0	\$ (38,671)	\$ 0	\$ 0	\$ 0	\$ (38,671)	0	0.00	
Package 093: Other PERS Adjustments										
Personal Services	\$ 0	\$ 0	\$ (309,364)	\$ 0	\$ 0	\$ 0	\$ (309,364)	0	0.00	
SCR 012 - Archives Division										
Package 092: PERS Taxation Policy										
Personal Services	\$ 0	\$ 0	\$ (9,846)	\$ 0	\$ 0	\$ 0	\$ (9,846)	0	0.00	
Package 093: Other PERS Adjustments										
Personal Services	\$ 0	\$ 0	\$ (78,766)	\$ 0	\$ 0	\$ 0	\$ (78,766)	0	0.00	
Package 121: Statewide Assessment/Shelving - Archives										
Personal Services	\$ (2,495,407)	\$ 0	\$ 2,495,407	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00	
Services and Supplies	\$ (1,122,515)	\$ 0	\$ 1,122,515	\$ 0	\$ 0	\$ 0	\$ 0	0		
Package 811: Archives Division Shelving										
Capital Outlay	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 500,000			
SCR 036 - Corporations Division										
Package 092: PERS Taxation Policy										
Personal Services	\$ 0	\$ 0	\$ (11,850)	\$ 0	\$ 0	\$ 0	\$ (11,850)	0	0.00	
Package 093: Other PERS Adjustments										
Personal Services	\$ 0	\$ 0	\$ (94,802)	\$ 0	\$ 0	\$ 0	\$ (94,802)	0	0.00	

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SB 5539-A

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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 810: LFO Analyst Adjustments									
Services and Supplies	\$ 0	\$ 0	\$ (30,000)	\$ 0	\$ 0	\$ 0	\$ (30,000)		
TOTAL ADJUSTMENTS	\$ (3,819,852)	\$ 0	\$ 5,734,929	\$ 0	\$ (21,331)	\$ 0	\$ 1,893,746	4	3.92
SUBCOMMITTEE RECOMMENDATION *	\$ 8,759,291	\$ 0	\$ 48,579,788	\$ 0	\$ 7,715,111	\$ 0	\$ 65,054,190	200	199.11
% Change from 2011-13 Leg Approved Budget	-29.9%	0.0%	15.4%	0.0%	2.1%	0.0%	4.7%		
% Change from 2013-15 Current Service Level	-30.4%	0.0%	13.4%	0.0%	-0.3%	0.0%	3.0%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2013-2015 Key Performance Measures

Agency: SECRETARY of STATE

Mission: The Secretary of State is a statewide elected constitutional office under Oregon Constitution Article VI section 2. She is the keeper of Oregon's history, the auditor of public funds, the first stop for Oregon businesses and the chief elections officer. The Secretary of State provides complete, factual information about elections, corporations, government history and government performance, and maintains secure systems and reliable operations. A government open to public inspection and review guards against fraud, corruption and excessive expense. The Secretary of State provides the public open access to the information that makes Oregon's representative democracy work. Our Vision The Secretary of State delivers better results for Oregonians through: -More effective and efficient service delivery; -Greater transparency and accountability; Using innovation to connect Oregonians to their government.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - Electronic Access to Public Information- Percentage of targeted records made available electronically.		Approved KPM	20.00	30.00	35.00
2 - Audit Cost Savings- Dollar Value of Revenue Enhancements, savings, or questioned costs in performance audit reports.		Approved KPM	116.50	30.00	30.00
3 - Audit Efficiency- Dollar savings per dollar spent on economy and efficiency audits.		Approved KPM	44.00	15.00	15.00
4 - Audit Recommendation Implementation- Percentage of audit recommendations implemented.		Approved KPM	79.00	90.00	90.00
5 - Business registration-document processing turnaround time from receipt.		Approved KPM	1.30	1.30	1.20
6 - Notary-document processing turnaround time from receipt.		Approved KPM	0.90	1.00	1.00
7 - UCC-document processing turnaround time from receipt.		Approved KPM	1.50	1.30	1.20
8 - Campaign Finance Information- Percent of committee filings determined to be sufficient.		Approved KPM	98.87	98.00	98.00
9 a - Staff Diversity- Percent of Women as a percentage of SOS workforce.		Approved KPM	61.00	62.00	62.00
9 b - Staff Diversity- Percent of People of Color as a percentage of SOS workforce.		Approved KPM	8.00	12.00	12.00
9 c - Staff Diversity – Percent of Persons with Disabilities as a percentage of SOS workforce.		Approved KPM	3.00	5.00	5.00

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
10 - Customer Satisfaction- Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise aand availability of information.	Accuracy	Approved KPM	98.00	85.00	85.00
10 - Customer Satisfaction- Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise aand availability of information.	Availability of Information	Approved KPM	94.00	85.00	85.00
10 - Customer Satisfaction- Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise aand availability of information.	Expertise	Approved KPM	99.00	85.00	85.00
10 - Customer Satisfaction- Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise aand availability of information.	Helpfulness	Approved KPM	98.00	85.00	85.00
10 - Customer Satisfaction- Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise aand availability of information.	Overall	Approved KPM	98.00	85.00	85.00
10 - Customer Satisfaction- Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise aand availability of information.	Timeliness	Approved KPM	98.00	85.00	85.00
11 - Campaign Finance Proposed Penalty Notices - Percentage of notices mailed within five months of a deficient transaction.		Approved KPM		95.00	95.00
8 - Petition Validity Rate- Percentage of assessed petition signatures that are validated		Legislative Delete	66.31		
10 - Voter's Pamphlet Satisfaction- Percent of customers who rate the Voter's Pamphlet as useful or very useful		Legislative Delete	0.00		

LFO Recommendation:

Approve Key Performance Measure targets as shown. Approve deletion of KPM #8 - Petition Validity Rate. The agency requested this deletion on the grounds that the validity rate of submitted petitions is not a measure of the agency's performance. LFO recommends deletion. Approve deletion of KPM #10 - Voter's Pamphlet Satisfaction. The agency requested this deletion. LFO recommends deletion - the agency has never reported data on this measure. Approve establishment of a new KPM: Campaign Finance Proposed Penalty Notices - Percentage of notices mailed within five months of a deficient transaction. LFO recommends approval with 2014 and 2015 targets of 95.

Sub-Committee Action:

The Subcommittee approved the Legislative Fiscal Office recommendation. The impact of the Subcommittee action is incorporated in the above table. KPMs are renumbered. The newly-approved KPM is shown as KPM #11.