



SECRETARY OF STATE



Secretary of State

2019-21

Joint Committee on Ways and Means

Budget Presentation

Secretary of State

Bev Clarno

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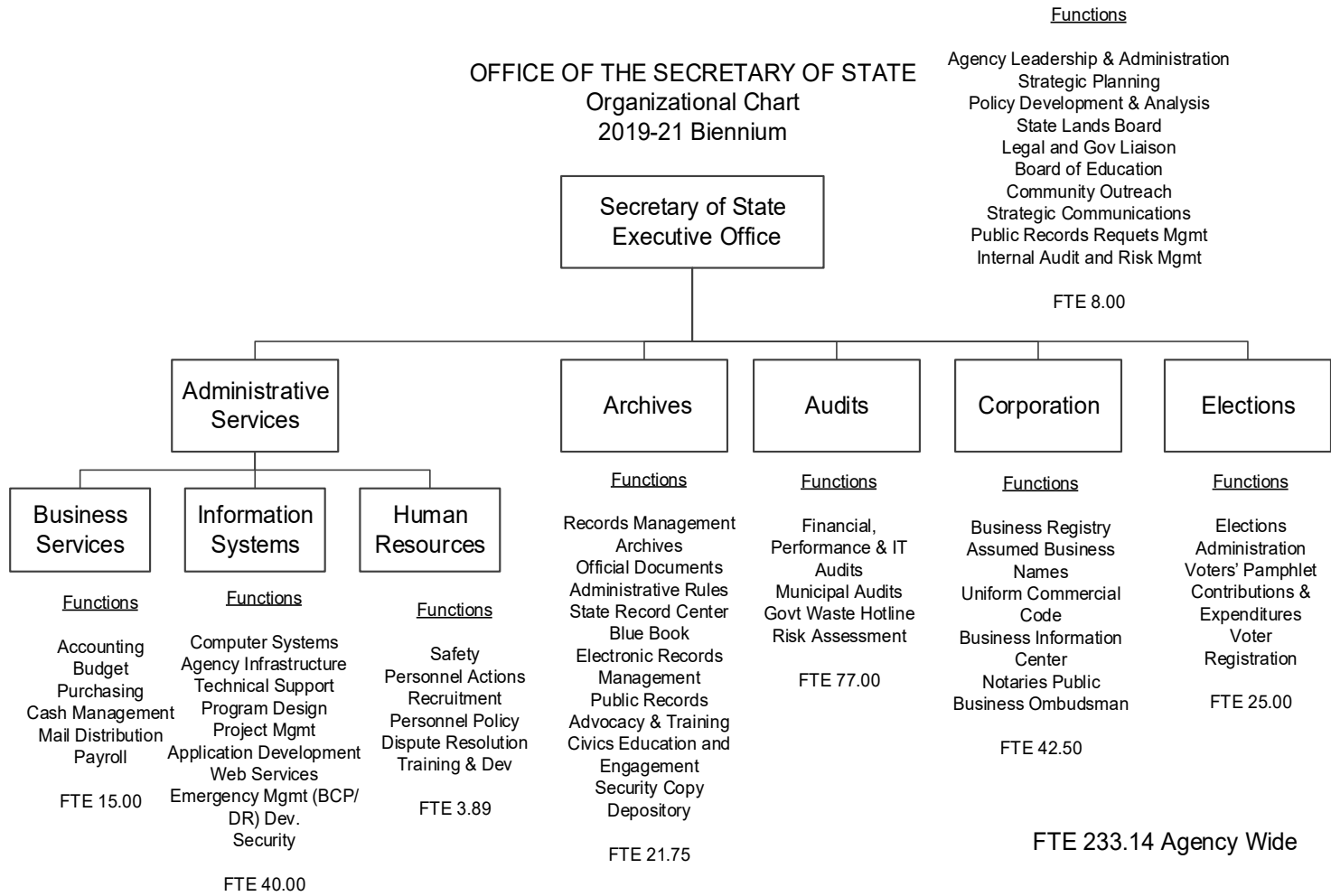
Secretary of State Review

- **Mission** - The Secretary of State is committed to:
 - Serving our community by building relationships and focusing on equity for all Oregonians.
 - Encouraging voter participation and maximizing access while ensuring election integrity.
 - Ensuring taxpayers receive maximum value for their tax dollars and protection of their privacy and personal information.
 - Building Oregon's economy by making it easier to start and do business in Oregon, removing barriers, providing small business assistance, and creating an environment where new businesses can grow, prosper, and create family-wage jobs.
 - Preserving and promoting accessibility to Oregon's public records for the benefit of all peoples.
 - Empowering Oregonians by providing timely and accurate information about their government, connecting through outreach activities, and protecting whistle blowers."

SECRETARY OF STATE



OFFICE OF THE SECRETARY OF STATE
Organizational Chart
2019-21 Biennium



Functions

- Agency Leadership & Administration
- Strategic Planning
- Policy Development & Analysis
- State Lands Board
- Legal and Gov Liaison
- Board of Education
- Community Outreach
- Strategic Communications
- Public Records Requets Mgmt
- Internal Audit and Risk Mgmt

FTE 8.00

Secretary of State
Executive Office

Administrative
Services

Archives

Audits

Corporation

Elections

Business
Services

Information
Systems

Human
Resources

Functions

Functions

Functions

Functions

Functions

Functions

Functions

- Accounting
- Budget
- Purchasing
- Cash Management
- Mail Distribution
- Payroll
- FTE 15.00

- Computer Systems
- Agency Infrastructure
- Technical Support
- Program Design
- Project Mgmt
- Application Development
- Web Services
- Emergency Mgmt (BCP/DR) Dev. Security
- FTE 40.00

- Safety
- Personnel Actions
- Recruitment
- Personnel Policy
- Dispute Resolution
- Training & Dev
- FTE 3.89

- Records Management
- Archives
- Official Documents
- Administrative Rules
- State Record Center
- Blue Book
- Electronic Records Management
- Public Records
- Advocacy & Training
- Civics Education and Engagement
- Security Copy
- Depository
- FTE 21.75

- Financial, Performance & IT Audits
- Municipal Audits
- Govt Waste Hotline
- Risk Assessment
- FTE 77.00

- Business Registry
- Assumed Business Names
- Uniform Commercial Code
- Business Information Center
- Notaries Public
- Business Ombudsman
- FTE 42.50

- Elections Administration
- Voters' Pamphlet
- Contributions & Expenditures
- Voter Registration
- FTE 25.00

FTE 233.14 Agency Wide

Budget Summary

	2019-21 ARB	2017-19 Leg. Approved	\$ Change 2019-21 vs. 2017-19 Leg. Approved
General Fund	\$16,995,733	\$14,357,322	\$2,514,417
Other Funds	\$67,731,683	\$58,175,463	\$9,556,220
Federal Funds	\$5,416,887	\$8,127,675*	(\$2,710,788)
Total Funds	\$90,144,302**	\$80,660,460	\$9,359,848
Positions	234	217*	17
FTE	233.14	215.03*	18.11
*Includes 2018 E-Board actions			
**\$135,106 net reduction to submitted 2019-21 ARB			

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Administrative Services

The Administrative Services Division (ASD) consists of the Executive Office, Business Services, Human Resources and Information Systems.

ASD provides administrative support services to all divisions of the Secretary of State.

Administrative Services

Administrative Services 2019-21 Agency Request Budget

- General Fund: \$3,489,773
- Other Funds: \$20,162,388
- 66.89 FTE

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Human Resources Division

HRD Overview

Human Resources, \$98,127 (GF); \$1,190,517 (OF); 3.89 FTE

- **Administration:** Strategic Planning and Execution of HR services; HR Systems; HR Policy and Procedures
- **Employee Relations:** Employee Engagement; Individual and Team Performance Management, Risk Management
- **Compliance:** ADA, Affirmative Action, Worker's Compensation, Protected Leaves
- **Equity Management:** Classification reviews; Pay Equity Assessment and Analysis
- **Training:** Needs Assessment, Training Plan, Training Design and Delivery, Mandatory Training Compliance

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Human Resources Division - POP

Package 102 – Staffing Needs: \$271,022 (OF)

1. Training and Development Specialist 2 (LD to Permanent)

Continuation of this position is necessary to appropriately respond to the demand for ongoing training of managers and staff in areas such as Diversity and Inclusion and Harassment-free/Respectful Workplace policies.

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Business Services Division

BSD Overview

Business Services Division, \$369,816 (GF); \$3,809,682 (OF); 15.00 FTE

- **Administration:** Strategic development & execution; financial management; policies and procedures; administrative support and safety and risk management
- **Accounting:** Financial reporting; accounts receivables and payables; and financial transaction processing
- **Payroll:** Payroll and benefits administration; compensation and classification
- **Budget:** Budget analysis; budget development; budget execution; fiscal impact statement preparation and Emergency Board
- **Business and Cash Management Services:** Blue Book sales and distribution; cash and cash equivalents processing; accounting assistance and mail distribution
- **Procurement & Operations:** Formal & informal procurement; contract administration; contract risk assessment; fixed asset tracking and storeroom and inventory management

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Business Services Division - POP

Package 101 – ASD Pay Equity Adjustments

1. PEM D to PEM E (No Budget Impact)

Has direct responsibility for operations of Procurement and Operations Section providing full spectrum of procurement services for the agency.

2. PEM D to PEM E (No Budget Impact)

Has direct responsibility over the financial services provided to the agency to include budget development, agency biennial budget request, agency budget execution, biennial financial statements audit, comprehensive annual financial report and cash management.

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Executive Office

Executive Office, \$309,553 (GF); \$2,258,021 (OF); 8.00 FTE

- The Executive Office provides policy direction, coordination and management oversight for all program divisions.
- In coordination with Department of Justice, the Executive Office oversees legal services required of Secretary of State Divisions and in government liaison activities as appropriate.
- The Secretary is also a member of the State Land Board sharing responsibility with the Governor and State Treasurer for supervising management of state-owned lands and the Department of State Lands.
- As an ex officio member, the Secretary provides valuable input to the Board of Education and serves on National Association of Secretaries of State and National Lieutenant Governors Association as Oregon's representative for National issues.
- Provides services that are statutorily mandated but not assigned to a specific program division.

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Executive Office - POPs

Package 101 – ASD Pay Equity Adjustments

1. PEM E to PEM F (No Budget Impact)

Provides management of Communications and Administrative staff as well as oversight of an increasing number of outreach and event activities.

Package 110 – Internal Auditor: \$241,690 (OF)

2. Internal Auditor 3

The Secretary of State's Corporations Division exceeds \$10 million in cash and cash equivalent items received, and therefore is required to provide internal audit services. Administrative Services requires properly trained and credentialed Internal Auditors to help monitor and audit financial investments and activities on behalf of the Secretary of State and Oregon.

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Executive Office - POPs

Package 204 – Executive Office S&S: \$12,000 (GF)

Providing adequate funding for the Secretary of State to carry out their Constitutional duties to the citizens of Oregon in a transparent and accountable way is essential. Specific line items in the Secretary's current Services and Supply budget are underfunded:

- The current Instate Travel budget, \$6,874, is not adequate for needed travel to counties by Secretary for ensuring SOS services are effective and efficient, and that counties are current on important initiatives, training, and process improvement endeavors. Requesting \$12,000 increase to Instate Travel budget.

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Information Systems Division

ISD Overview

Information Systems Division, \$2,698,277 (GF); \$12,659,068 (OF); 40 FTE

- **Infrastructure Operations:** Operates and maintains all SOS IT infrastructure and systems
- **Application Development:** Develops quality technical solutions for business partners
- **Information Security:** Protects and defend critical information from all threats
- **Project Support:** Provide project management and software testing services
- **Office of the CIO:** Direct development of IT strategy and enterprise architectures

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SECRETARY OF STATE VISION

As **Servant Leaders**, we will apply experience, knowledge, and abilities to improve transparency, accountability, and integrity in Oregon government

SECRETARY OF STATE MISSION

Chief Elections Officer ensuring election integrity
State Auditor of public funds ensuring maximum value of tax dollars
Chief Business Advocate building a prosperous Oregon economy
Chief Archivist preserving Oregon public records and shared history

INFORMATION SYSTEMS VALUES

Results. We will provide superior design, implementation, operation and protection of Agency systems

Customer Service. We strive to exceed expectations in every interaction with our customers

Leadership. We seek creative solutions that will lead to serving as a technology center of excellence

Employee Growth. We value and provide each employee with opportunities for personal and professional growth

INFORMATION SYSTEMS GOALS



CYBERSECURITY

Protect critical systems by expanding cybersecurity program through infrastructure upgrades for defense in depth, industry best practices, and recurring security awareness training



PORTFOLIO MANAGEMENT

Provide portfolio-based management of IT resources using a project portfolio management methodology and software tools



INFRASTRUCTURE OPERATIONS

Improve operational performance and availability by applying IT Service Management best practices to agency IT operations



SOFTWARE DEVELOPMENT

Improve the delivery of high caliber, professional software solutions by applying system development lifecycle best practices to all software development activities

SOS Software Applications



Four Steps to IT Modernization

IT modernization strategy requires an actionable path with four key elements¹



Modernizing SOS IT

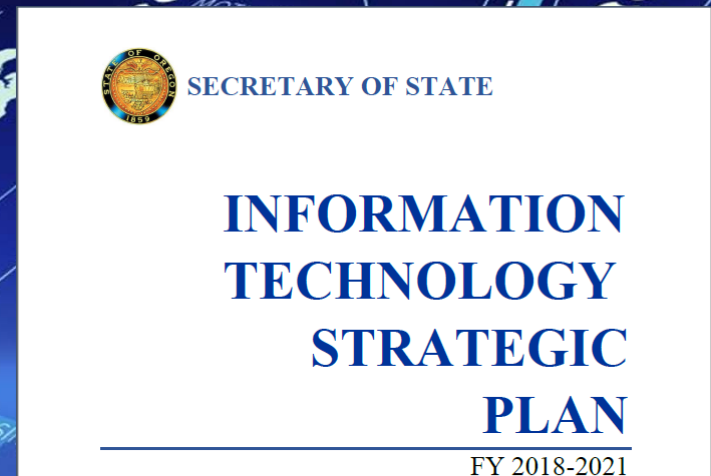
¹McClure, David, Ph.D. "Creating the Business Case, Building the Plan." Federal CIO Playbook: IT Modernization, 2018.

Steps 1 & 2: Create a Baseline, Define a Strategy

- **Business Drivers**
- **Assessment of Current State of IT**
 - Information Security
 - Project Portfolio Management
 - Infrastructure Operations
 - IT Policy
 - Technology Architectures
 - Facilities
 - Gap Analysis
- **Strategy for Future State of IT**
 - Goals
 - Strategies
 - Objectives and Measures

Baseline →

Strategy →





Step 3: Build a Roadmap



Infrastructure Architecture

Security Architecture

Application Architecture

Data Architecture 20

Step 3: Build a Roadmap (continued)

Build Integrated Portfolio



Step 4: Implement Structured Initiatives

- 
- Operations Initiative

- 
- Security Initiative

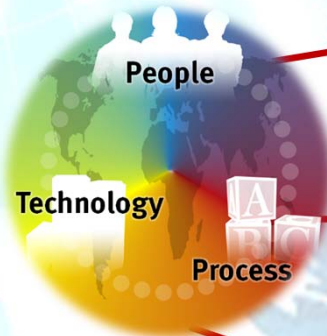
- 
- Cloud Computing Initiative

IT Services





Operations Initiative



PEOPLE

Network Operations Security Center



TECHNOLOGY



PROCESS

Security Initiative

- Department of Homeland Security (DHS) report:
 - DHS Assistant Secretary for the Office of Cybersecurity and Communications (CS&C) stated the Russian Government targeted 21 states prior to the 2016 presidential election
- In January 2017, DHS Secretary declared the nation's electoral systems part of the nation's federally **protected critical infrastructure**





Cloud Computing Initiative

- Migrate to cloud computing services
 - On demand delivery of computing services over the Internet (“the cloud”)
- Enables computing in highly **secure, resilient, survivable** environment
 - **Secure:** Cloud computing must comply with Federal Risk and Authorization Management Program (FedRAMP)
 - **Resilient:** Solution requires Tier III+ data centers¹; no more than 1.6 hours of downtime per year
 - **Survivable:** Solution must provide geographic redundancy
- First systems to migrate: ORESTAR, OMV, and Corporation Division Call Center

¹ Stansberry, Matt. “ Explaining the Uptime Institute’s Tier Classification System.” *Uptime Institute*, Data Center Knowledge, September 2014, <https://journal.uptimeinstitute.com/explaining-uptime-institutes-tier-classification-system/>

Cloud System Model



PMO
PROJECT
MANAGEMENT
OFFICE



SOS Cybersecurity Services



SOS Alignment with Governor's IT Strategies

User-friendly, Reliable and Secure:

Modernizing State Information Technology Systems and Oversight

Kate Brown, Governor
Nik Blosser, Chief of Staff
Terrence Woods, Chief Information Officer

September 24, 2018

Information System Division - POPs

Package 101 – ASD Pay Equity Adjustments: \$7,056 (GF) and \$52,681 (OF)

- 1. Public Affairs Specialist 3 to Information Systems Specialist 5**
Provides agency-wide web design, coding, and troubleshooting of complex web content
- 2. Public Affairs Specialist 2 to Information Systems Specialist 6**
Provides agency web design, coding, data analytics, executive dashboards, and reports
- 3. Information Systems Specialist 4 to Information Systems Specialist 6**
Provides agency software quality assurance testing and diagnostic analysis
- 4. Public Affairs Specialist 2 to Information Systems Specialist 8**
Provides agency project management, project planning, and technology implementation

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Information System Division - POPs

Package 101 – Continued

5. Information Systems Specialist 8 to PEM D

This position has shifted to serve as the Agency Chief Information Security Officer

6. Information Systems Specialist 4 to Information Systems Specialist 6

Ensures the confidentiality, integrity, and availability of Agency information assets

7. Information Systems Specialist 2 to Information Systems Specialist 4

Provides agency Tier 1 support for the Network Operations Security Center (NOSC)

Package 102 - ASD Staffing Needs: \$231,022 (OF)

1. PEM C

Provides agency support as Service Desk Manager within the NOSC

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Information System Division - POPs

Package 205 – IT Cloud Migration: \$271,528 (OF)

- Funds migration of business systems to a secure, survivable cloud computing environment

Package 206 – IT Security: \$80,700 (OF)

- Funds maintenance of four new security systems implemented in the FY17-19 biennium
 - Network access control system (NAC): automated identification of devices accessing the network; blocks unauthorized and malicious devices and users
 - Web security gateway (WSG): prevents unsecured traffic from entering the network
 - Multifactor authentication (MFA): Additional login security
 - Full packet capture: collects network traffic data and detailed network forensics

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Administrative Services

Business Drivers & Challenges

- Ensuring the appropriate resources and tools are available to provide timely financial services, HR, and IT support to agency programs; securing adequate resources for business support service demands;
- Impacts of new legislation; financial year-end reporting; agency division contracting needs; corporation and business registry filings.
- Succession planning - Number of recruitments, resignations, retirements, dismissals, and layoffs;
- Technology changes requiring system upgrades; enhanced federal and state security requirements; Demand for online services to the public; increasing reliance on technology; continued increase in our customer and partnership base; and development for “any data, any device, anywhere” (applications must be tested for different devices and ever-changing Internet browsers)

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Administrative Services

Impacts of 10% reduction request

Administrative Services (Executive Office, Business Services, Information Systems, and Human Resources)

- 5% \$172,836 GF / \$938,432 OF
- 10% \$345,672 GF / \$1,876,865 OF

Requires reductions in all controllable S & S (i.e. Travel, It Professional, Professional Services, Attorney General, Data Processing SW & HW, IT Hardware, etc.). Eliminates up to 7 FTE in the support divisions.

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Audits Division

*Auditing to protect the public interest and improve
Oregon government*

Audits Division

Audits Division 2019-21 Agency Request Budget

- \$24,621,850 (OF)
- 77 FTE
- 90% funded through assessments to state entities and 10% through direct bill agencies
- Three Budget Policy Packages
 - 103 – Audits Pay Equity Adjustments
 - 104 – Audits Staffing Needs
 - 109 – Audits Medicaid Staffing

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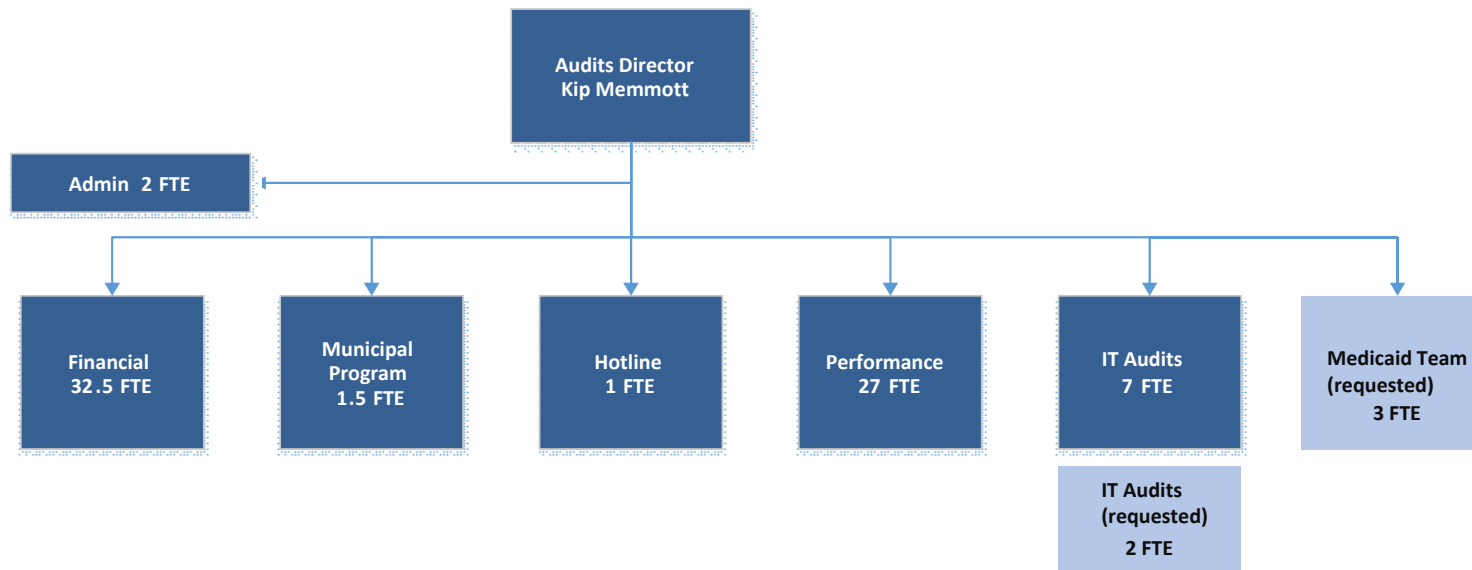
Audits Division Overview

- Constitutional Roles and Responsibilities
- Government Auditing Standards
- Key Processes and Outputs
- Staff Qualifications and Credentials

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Audits Division Staffing Allocation



17-19 **72** FTE; 19-21 **77** FTE (2 IT, 3 Medicaid)

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Audits Division

Work Portfolio Overview

- Financial Audits
- Federal Compliance Audits
- Performance Audits
- Information Technology Audits
- Information Technology Security Control Assessments
- Municipal Audit Program Administration
- Government Waste Hotline Administration
- Audit Recommendation Follow-up Reports
- Data Analytics and Advisory Reports

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Audits Division

2017-19 Biennium Accomplishments to Date

- Issued approximately 70 diverse and high impact audits and informational reports
 - 20 performance and IT audits
 - 42 financial audits including Oregon financial condition report and 10 contract audits
 - Three (3) reports from our new and enhanced audit recommendation follow-up program
 - Five (5) informational reports, including advisory reports and annual hotline report
- Implemented IT security controls assessment program
- Issued enhanced Annual Audit Plan that included three audits requested by the Legislature
- Streamlined administration of the government waste hotline and reviewed approximately 500 hotline calls
- Enhanced the municipal audit program and performed over 150 desk reviews
- Utilized innovative, citizen-centric reporting methods to maximize value and impact
- Deployed highly effective recruitment and retention strategies

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Audits Division

2017–2019 Biennium Notable Impacts and Recognition

- High percentage of agreement with audit recommendations
 - 99% agreement rate with FY2018 audit report recommendations
- National recognition and awards
 - NPLES Impact Award
 - NSAA Innovative Award
- National advocacy
 - US Comptroller General Congressional Testimony
 - Institute of Internal Auditors and Association of Local Government Auditors
 - Audit of state internal audit functions labeled a “foundational” document for the field
- Collaboration with Other Government Oversight Entities and Community Organizations
 - Interactions with FBI, HHS-OIG, GAO, IRS, Washington State Auditor, Intergovernmental Audit Forum
 - Granted Special Access to US Treasury Databases – Predictive Data Analytics Competency
 - Presentations to Local Community Organizations – Marion County Public Safety Council, CASA of Linn County

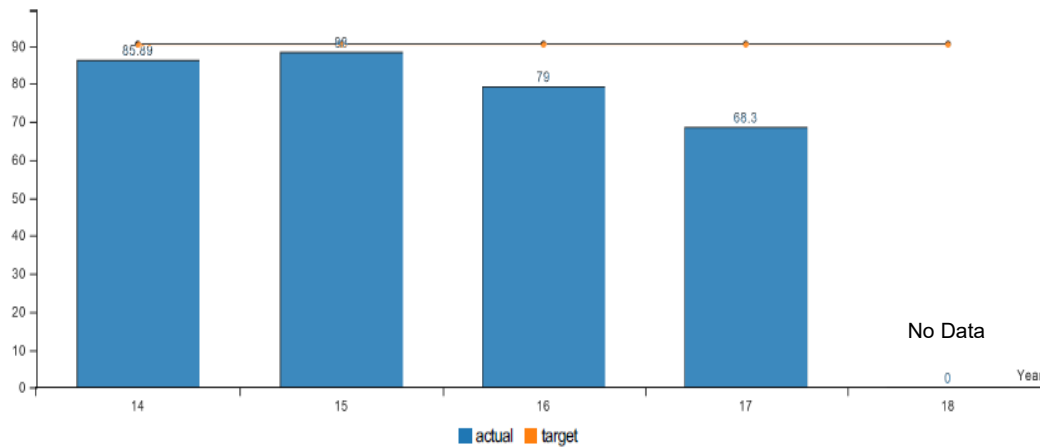
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Audits Division

KPM #4: % of recommendations implemented

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
IMPLEMENTED RECOMMENDATIONS- Percentage of recommendations implemented					
Actual	85.89%	88%	79%	68.30%	No Data
Target	90%	90%	90%	90%	90%

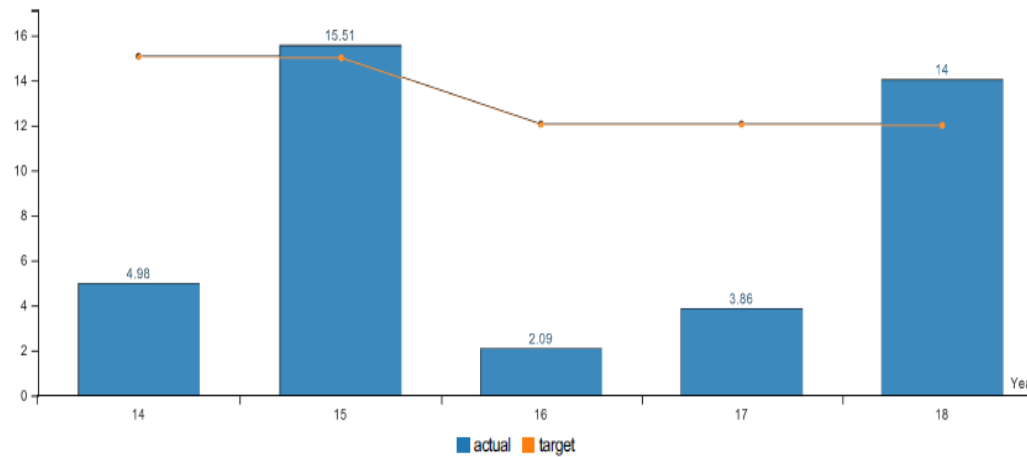
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Audits Division

KPM #3: Return on performance audit costs

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
DOLLAR SAVINGS PER DOLLAR SPENT- Dollar savings per dollar spent on economy and efficiency					
Actual	\$4.98	\$15.51	\$2.09	\$3.86	\$14.00
Target	\$15.00	\$15.00	\$12.00	\$12.00	\$12.00

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Audits Division - POPs

Package 103 – Audits Pay Equity Adjustments \$58,604 (OF)

1. Re-class four State Auditor 1 positions to State Auditor 2 positions

Reflects increased knowledge, skills, and abilities associated with these positions and the need to retain quality auditors working in the public interest.

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Audits Division - POPs

Package 104 – Audits Staffing Needs \$542,043 (OF)

1. Request two State Auditor 4 positions

Requesting two additional State Auditor 4 positions to attract and retain personnel with advanced training and experience in auditing cybersecurity and information systems. Information Technology is the highest area of inherent risk to state operations.

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Audits Division Policy Package

Package 109 – Audits Medicaid Staffing \$779,797 (OF)

1. Request 3 positions: Audit Manager, State Auditor 4, State Auditor 2

Because Medicaid is a high-risk and complex program and comprises approximately 35% of the state budget, we are seeking to establish a dedicated team that can develop expertise in terms of program design and requirements and audit methodologies. Several other states dedicate full-time auditors to Medicaid, including Louisiana, New York, and Massachusetts.

- Massachusetts \$55:1 for unallowable, questionable, duplicative, unauthorized, and potentially fraudulent payments
- ROI's from other states/programs: California \$6:\$1, Florida \$6.8:\$1, New Jersey \$6.3:\$1
- Center for Medicare and Medicaid Services has \$12.4:\$1 ROI

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Audits Division

Business Drivers & Challenges

- Obtaining and utilizing audit data, strategic use of audit resources, and measuring impact
- Mandated audits and legislative requests
- Citizen interest and concerns regarding the transparency and accountability of state government
- Opportunities to improve Oregon government programs and operations
- Audit risk management – Audits only able to address a small percentage of state operational risks
- Staffing – Providing competitive salary and benefits to recruit and retain qualified staff

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Audits Division

Impacts of 10% reduction request

- 5% \$1,162,070 (OF)
- 10% \$2,324,141 (OF)

Requires reductions in all controllable S & S (i.e. Travel, It Professional, Professional Services, Attorney General, Data Processing SW & HW, IT Hardware, etc.). Eliminates up to 11 FTE, reducing our SA1s and SA2s. Mandated audits would continue but would limit the number of critical audits conducted to improve the efficiency and effectiveness of state programs.

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Elections Division

***Ensuring Accurate, Secure, and Transparent
Elections in Oregon***

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Elections Division

2019-21 Agency Request Budget

- General Fund: \$12,195,966
- Other Funds: \$1,183,925
- Federal Funds: \$5,373,665
- 25 FTE

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Elections Division

Key Activities

- Conduct of Elections
- Initiative & Referendum
- Campaign Finance Reporting
- Voter Registration
- Election Law Enforcement
- Candidate Services
- Training for Cities, Districts, Counties, Candidates, and Political Committees
- Statewide Voters' Pamphlet
- Election Information, Education and Security

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Elections Division Accomplishments

- Oregon Motor Voter is enabling more Oregonians to receive a ballot than ever before. Oregon now has almost 2.8 million registered voters.
- Three successful statewide elections in 2018.
- The November General Election saw the second most votes cast in Oregon history. The May Primary Election saw the most votes ever in a midterm year primary.
- Improved security and resiliency in election systems.
- Added five languages to our online voter registration page and MyVote.

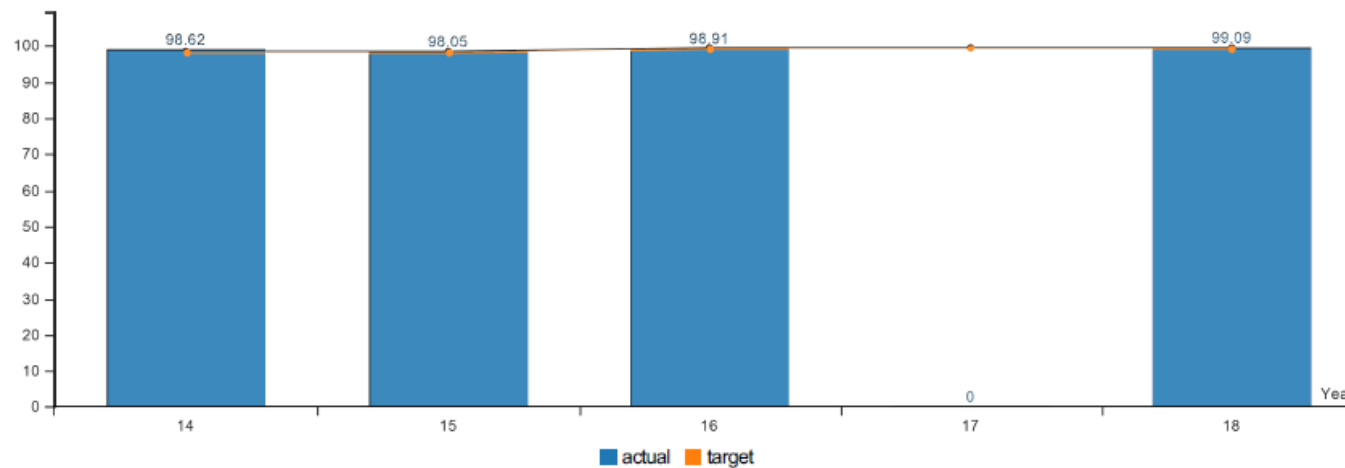
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Elections Division

KPM #8: Campaign Finance Information

* Upward Trend = positive result



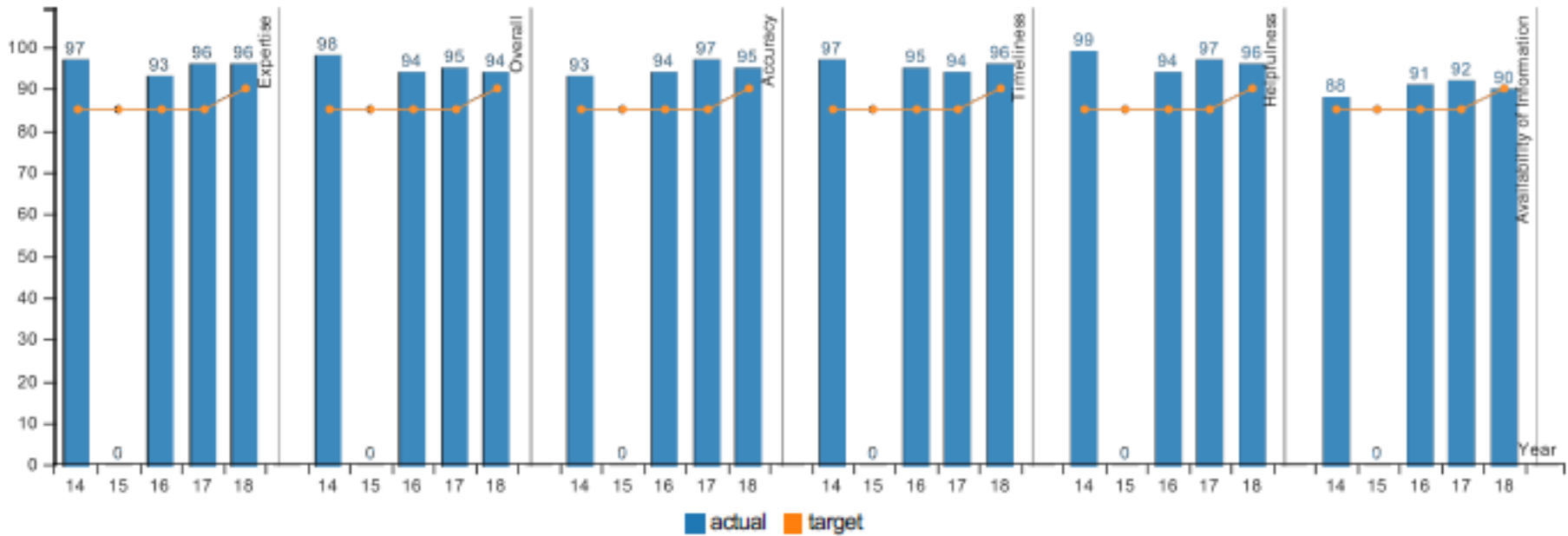
Report Year	2014	2015	2016	2017	2018
Public Access to Campaign Finance Information					
Actual	98.62%	98.05%	98.91%	No Data	99.09%
Target	98%	98%	99%	99%	99%

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KPM #10 Customer Satisfaction - Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
Data Collection Period: Jan 01 - Dec 31



Elections Division - POPs

Package 105 – Elections Staffing Needs \$624,364 (GF)

1. Ops and Policy Analyst 2- \$196,311 (GF)
2. Public Affairs Specialist 2- \$210,286 (GF)
3. Ops and Policy Analyst 3- \$217,768 (GF)

As Oregon's electorate population continues to grow, and demands for services increase, it is essential the elections division has qualified and professional staff to assist a wide customer base. Technology is being used more and more in elections, and the public is demanding more and more online information and services. This package will allow us to support our two main systems in OCVR and ORESTAR, as well as help us to communicate election processes to improve voter confidence in our systems.

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Elections Division - POPs

Package 105 – Elections Staffing Needs:

1. Ops and Policy Analyst 2

- Cost reduction opportunity.
- We are currently spending \$248,000 per biennium to pay for external OCVR support. This position will allow us to bring OCVR services in house to better serve our county partners at a reduced cost of \$51,689. This will also allow us to have direct interaction between OCVR functional and support staff and our ISD team.
- As we bring the support and maintenance of OCVR in house, the timing is right, and we have a greater need and ability to support our county partners in their interactions with the database of registered voters.

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Elections Division - POPs

Package 105 – Elections Staffing Needs:

2. Public Affairs Specialist 2

- Misinformation is the biggest threat to elections.
- Many states have added similar positions to combat misinformation.
- More people are obtaining information from social media than ever before.
- In order to provide valid information, and combat misinformation, the Elections Division needs to have a staff person to monitor and quickly respond to social media.
- This will provide greater public education of election processes.
- This position will also be responsible for coordinating public record act responses which have grown significantly in the past few years.

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Elections Division - POPs

Package 105 – Elections Staffing Needs:

3. Ops and Policy Analyst 3

- Technology is being used more and more in elections, and the public is demanding more and more election data, online information, and services.
- This position will allow the Division to better serve the public with election data, online information, and services.
- The position will allow us to develop some depth in our elections technical support for OCVR and ORESTAR (online voter registration, candidate filing, campaign finance, etc.) instead of being single threaded in many areas of election technology application.

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Elections Division - POPs

Package 202 - Continuation of Oregon Motor Voter payments to Counties \$879,248 (GF)

Oregon Motor Voter resulted in increased costs to the counties due to the increased number of ballots that needed to be printed, mailed, and processed because of the increase in registered voters. There is a budget note in the 2013-15 budget that indicates a commitment to fund the counties to compensate for these increased costs.

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Elections Division - POPs

Package 207 – Paid Return Postage on Ballots \$2,731,144 (GF)

This package would fund prepaid postage for all registered voters for every election (SB 861). Voters would still be able to return their ballot to a secure dropbox, but this would allow them to place the ballot in any mailbox without having to pay postage.

The original cost estimate for this package was calculated last summer before the submission deadline for packages. Since then, postage rates have increased. We now estimate costs of \$3,102,059 if 100% of voters *who return their ballots* do so by mail and \$1,585,050 if 50% of voters *who return their ballots* do so by mail.

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Elections Division - POPs

Package 210 – Voter Choices and Party Equity \$140,000 (GF)

Oregon laws impacting political parties currently are written in ways that benefit long-established major parties at the expense of smaller parties. Secretary Richardson introduced SB 226 to allow minor parties to participate in the state funded primary and make other changes to help level the playing field between large and small political parties in order to promote equity and encourage voter choice. The fiscal impact is \$140,000 per minor party that participates.

With over 90% of eligible voters now registered, this means that Oregon's foremost challenge is now increasing turnout, particularly among nonaffiliated voters. This is one of four recommendations from the Secretary of State's office to increase turnout this session.

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Elections Division Policy Package

Package 211 – Nonaffiliated Primary \$140,000 (GF)

Although nearly one-third of Oregon voters are not affiliated with a political party, these nonaffiliated voters often feel left out of Oregon's primary elections. Secretary Richardson and Alan Zundel introduced SB 225 to create a Nonaffiliated Primary that allows nonaffiliated candidates to have ballot access and empowers nonaffiliated voters to have a larger voice in the primary. This would give all voters more choices in the general election and make it easier for candidates to run even if they don't fit neatly into the ideological mold of an existing party.

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Business Drivers & Challenges

- Budgeting and planning for the unpredictable nature of elections (e.g the number of elections in a biennium);
- The number of candidates, the number of measures, and the number of arguments submitted regarding those measures; these variables have a significant impact on the size of the voters' pamphlet and the staff and resources.
- Elections Law Complaints and Lawsuits. We are unable to control the number of complaints we are required to investigate and the number of times we are sued, or how long and costly those suits may be.
- With respect to funds received from the federal Help America Vote Act, we anticipate these funds to be nearly exhausted in the 2019-21 biennium.
- Programs currently paid for with these Federal Funds will need to transition to being paid out of General Fund dollars to maintain our centralized voter registration database (OCVR).

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Elections Division

Impacts of 10% reduction request

- 5% \$390,260 GF / \$59,196 OF / \$245,856 FF
- 10% \$780,520 GF / \$118,393 OF / \$491,712 FF

Eliminates OMV Mailer letter and replaces with postcard; Reduces Attorney General expenditures; eliminates 1 FTE reducing ability to provide timely phone and email questions from citizens, state and local officials, and other interested parties.

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Archives Division

The State's Information Manager and Information Broker

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Archives Division

2019-21 Agency Request Budget

- General Fund: \$1,200,000
- Other Funds: \$9,365,793
- Federal Funds: \$43,222
 - Federal Funds expenditure limitation request will be reduced. Secretary of State will work with LFO to determine an appropriate Federal Funds expenditure limitation amount.
- 21.75 FTE

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Archives Division

The Archives Division manages and provides access to the state's information by:

- Identifying, preserving and providing access to the permanently valuable records of Oregon Government
- Managing government information through records retention schedules to facilitate the prompt disposition of public records and by providing advice and assistance on records related issues
- Managing the Oregon Records Management Solution
- Creating standards for the appropriate use of technology to ensure that public records are accessible
- Operating the State Records Center and Security Copy Depository

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Archives Division

The Archives Division manages and provides access to the state's information by (con't.):

- Accepting for filing, verifying, publishing and maintaining Oregon Administrative Rules
- Compiling and publishing the Oregon Blue Book
- Accepting for filing the state's Official Documents
- Administering the Oregon Kid Governor Program
- Administering the State Historical Records Advisory Board

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Archives Division

Reference Unit

- Is the state's information broker providing access to the permanent records of Oregon's government while protecting and celebrating Oregon's history.
- Directs the public to the proper agency for more current records.
- Outreach:
 - Exhibits
 - Open House
 - Internships

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Archives Division

Records Management Unit

- Is the state's information manager:
 - Retention and disposition
 - Training
 - Standards Development
- Administers the statewide electronic records management system - Oregon Records Management Solution (ORMS) available and affordable to all levels of government in Oregon
- Operates the State Records Center
- Operates the Security Copy Depository

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Archives Division

Publications Unit

- Files, verifies and publishes Oregon's Administrative Rules and provides access to Administrative Rules and rulemaking activities. With the new Oregon Administrative Rules Database has made all Administrative Rules as well as all rule making activity fully searchable to the public
- Training for agency Rules Coordinators
- Compiles and publishes the Oregon Blue Book and keeps current the free, enhanced, online version

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Archives Division



Oregon Kid Governor

First election held November 2017

Dom Peters, 1st Kid Governor:

Made numerous appearances

Interviewed by Disney's Babble Magazine and Time Magazine for Kids;

Public Service Announcements encouraging kids to participate in Kid Governor & adults to vote;

Created a civics video on the 3 branches of government

Erikka Baldwin, current Kid Governor

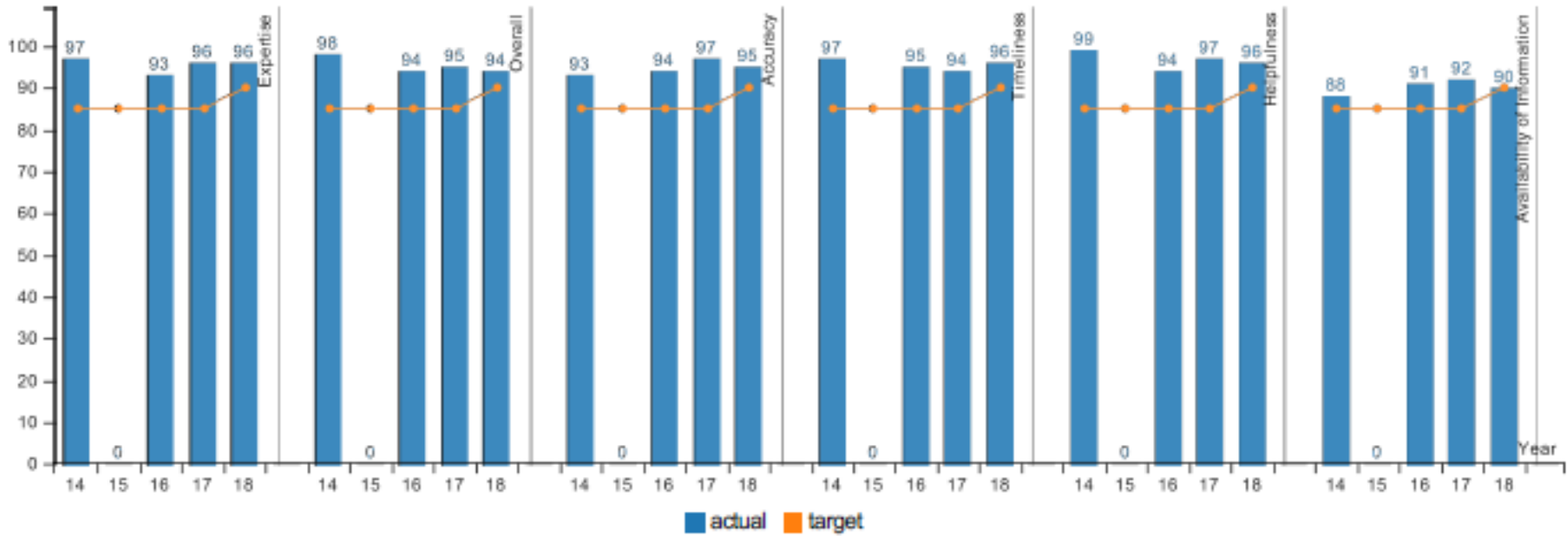
Two elections resulted in: **35 videos** submitted for nomination; **15 candidates**; over **4000** students registered to vote, representing over **100** classrooms and schools from over **50** cities across the state

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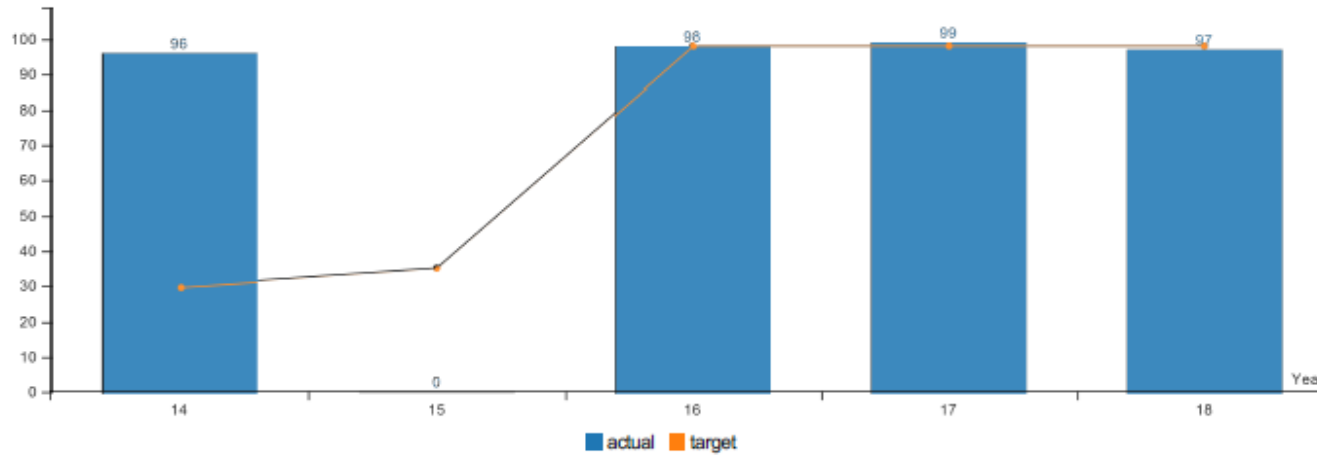
KPM #10 Customer Satisfaction - Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
Data Collection Period: Jan 01 - Dec 31





KPM #1	Electronic Access to Public Information - Percentage of targeted records made available electronically.
	Data Collection Period: Jan 01 - Jan 01

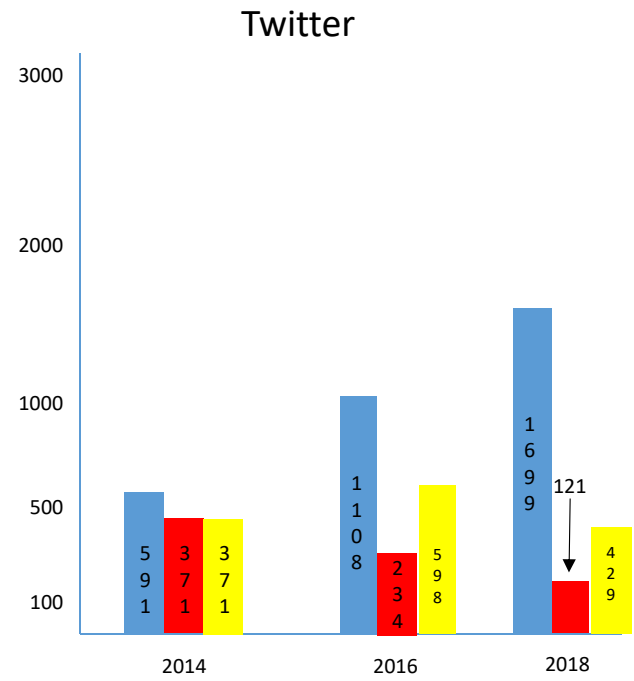
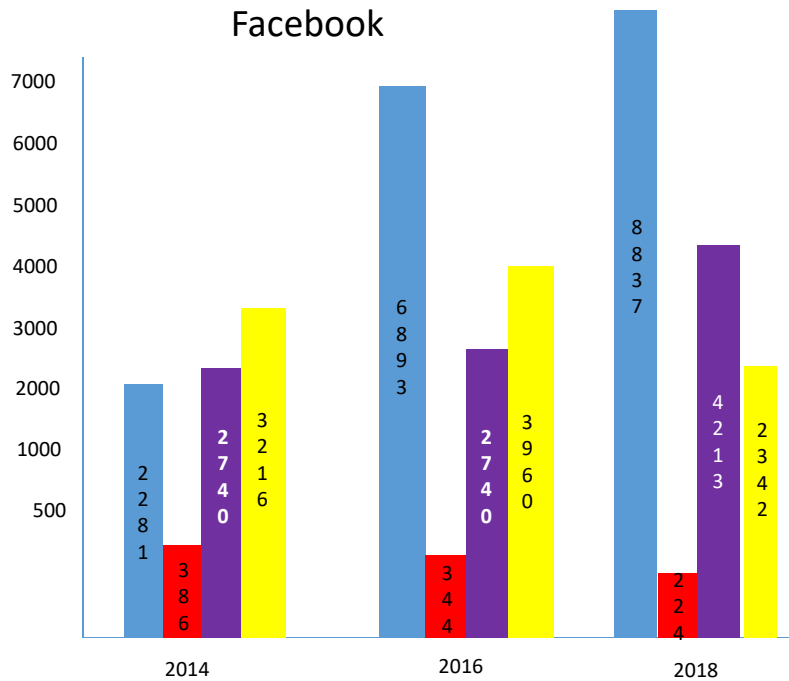
* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Public Information Access- Improve access to public information					
Actual	96%	No Data	98%	99%	97%
Target	30%	35%	98%	98%	98%

Archives Division

KPM #1 – Electronic Access to Public Information- Social Media



- Followers
- Posts
- Comments
- Shares

- Followers
- Tweets
- Retweets

Archives Division

Increase Access to Public Records

➤ Records Management Focus

- Government accountability and transparency
- ORMS
- Standards and Technology

➤ Reference Focus

- Engaging more Oregonians in their government
- Digitizing Archives holdings and accepting historical electronic records
- Student Internships
- Streamlining internal business processes for Reference

➤ Publications Focus

- Oregon Administrative Rules Database
- Blue Book upgrade

➤ Administration Focus

- Constitution Challenge
- Oregon Kid Governor
- Succession Planning

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Archives Division Increase Access to Public Records



ORMS (Web Drawer)

Exhibits

Open House

Training

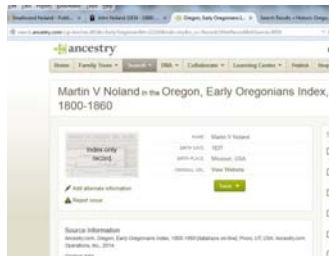
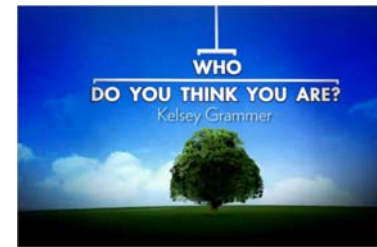
Webinars

Facebook

Twitter

Television/Radio

Ancestry.com



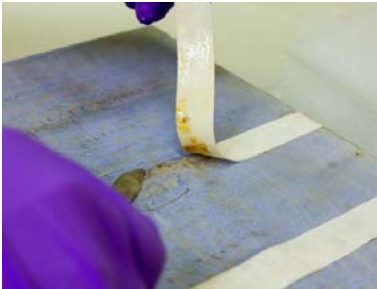
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Archives Division Increase Access to Public Records

Constitution Challenge

Raised \$103,000 to restore
Constitution and buy
environmentally sound display cases



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Archives Division - POPs

Package 108 – Archives Pay Equity Adjustments \$4,148 (OF)

1. Program Analyst 2 to Records Management Analyst 3

A review of the responsibilities of the ORMS Administrator revealed that the position required a high level of records management expertise in addition to the technical and project management duties initially required of the position.

2. Electronic Publication Design Specialist 2 to Ops and Policy Analyst 1

3. Electronic Publication Design Specialist 1 to Public Service Rep 4

4. Electronic Publication Design Specialist 1 to Public Service Rep 4

A review of the responsibilities for these three positions was conducted and found all three staff members in the Publications Unit needed to have their jobs reclassified because their current classifications were no longer appropriate due to the implementation of the Oregon Administrative Rules Database.

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Archives Division - POPs

Package 203 – Archives Bldg.- Compact Shelving - \$1,250,000 (OF)



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Archives Division - POPs

Package 209 – Archives Generator - \$1,200,000 (GF)

The Secretary of State Archives Building has no backup power, and there is no process to be able to run the building in the event of a power failure.

Benefits:

- Survivability of Oregon’s permanent records, including the Oregon Constitution, Oregon’s Provisional and Territorial government records, legislative records, etc.
- Maintain a fully capable alternate relocation site for the Agency Operations Center in the event of an emergency/disaster

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Archives Division

Cost Control Actions

- Continue to automate business processes using ORMS
- Provide records management, public records and ORMS training and troubleshooting using webinars and sharing travelling expenses with the Public Records Advocate
- Upgrading web portal to provide better access to information in ORMS
- Streamline Business Processes by re-engineering how the Reference Unit functions
- Working with Ancestry/Family Search to digitize birth, death, marriage and divorce records
- Use of interns and volunteers
- Oregon Administrative Rules Database (OARD)
- Reduced the size of the Oregon Blue Book

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Archives Division

Business Drivers & Challenges

- Workload increases - Oregon Records Management Solution (ORMS) added over 30 new agencies this past biennium for over 70 client agencies. Staff must juggle regular records management work with ORMS implementation, and Demand for training has increased significantly as we onboard state agencies.
- Rulemaking activity continues to increase - Over 20,000 rulemaking actions to date, for 2017-2019 biennium
- Training for all agency rules coordinators on how to use OARD
- Re-engineering Reference
- High visibility = greater demand for information
- Expanding civics programs (e.g. Oregon Kid Governor)
- Phase 3 compact shelving
- Employee turnover & training

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Archives Division

Impacts of 10% reduction request

- 5% \$407,282 (OF) / \$2,161 (FF)
- 10% \$814,565 (OF) / \$4,322 (FF)

Eliminates up to 3 FTE which not only jeopardizes the security of the Archives Building but significantly reduces access to public records and government transparency. Production of the online Blue Book would be done on a limited basis. Finally, all remaining positions would be reduced to a 37 hour work week impacting the Archives ability to fulfill its statutory mandates.

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Corporation Division

Help startup and existing businesses grow and thrive by using faster and smarter business processes.

Provide timely document processing services, business advocacy and convenient access to information about businesses, notaries, secured transactions, and government resources for a prosperous Oregon.

Corporation Division

2019-21 Agency Request Budget

- Other Funds: \$12,642,827
- 42.5 FTE

- User fees paid by business to register a business, file a secured transaction, commission a notary, or obtain public records and certificates
- Expect to generate \$92.3 million in total revenues
- Expect to transfer \$70.9 million to the state General Fund

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Corporation Division

The Corporation Division's programs increase certainty in business transactions by providing information that enables commerce between strangers

- **Business Information Center** provides one-stop access to government services and requirements for business
- **Office of Small Business Assistance** is an independent voice for small business within state government
- **Business Registry** provides essential business information to promote public trust for parties in contracts and commerce
- **Notary** preserves the integrity of an agreement and ensures the authenticity of a transaction
- **Uniform Commercial Code** reduces risk for creditors, allowing small business greater access to credit financing

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Corporation Division

Business Information Center

- **Call Center** – answers from a real person
- **Start a Business Guide** – How to start a business in Oregon
- **Employer's Guide** - for Doing Business in Oregon
- **Business Wizard** – Online help for entrepreneurs
- **License Directory** – Information about 1,400 licenses, permits, and registrations
- **Business Xpress** – Oregon's one-stop business portal to cut across agency silos

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Corporation Division

Office of Small Business Assistance

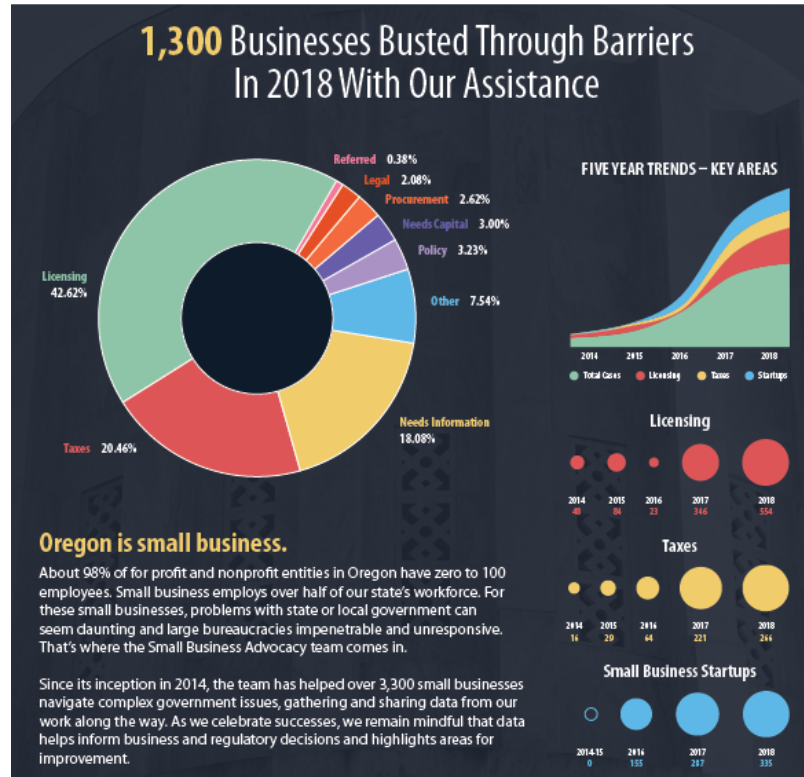
- Small but mighty and growing, team of three Advocates who run with scissors
- Expanded the office to help small business/nonprofits cut through red tape and assist startups with information/referrals (2016's Senate Bill 1583)
- Implemented Governor's Small Business Cabinet recommendation of Barrier Busting Button on key state agency websites
- Produced online videos to support entrepreneurs (English, Spanish, ASL)
- Over 3,600 cases worked to date for small business (1300 in 2018)
- Licensing, taxes and helping entrepreneurs navigate the startup process are the most challenging issues
- New Red tape website tracks government regulations

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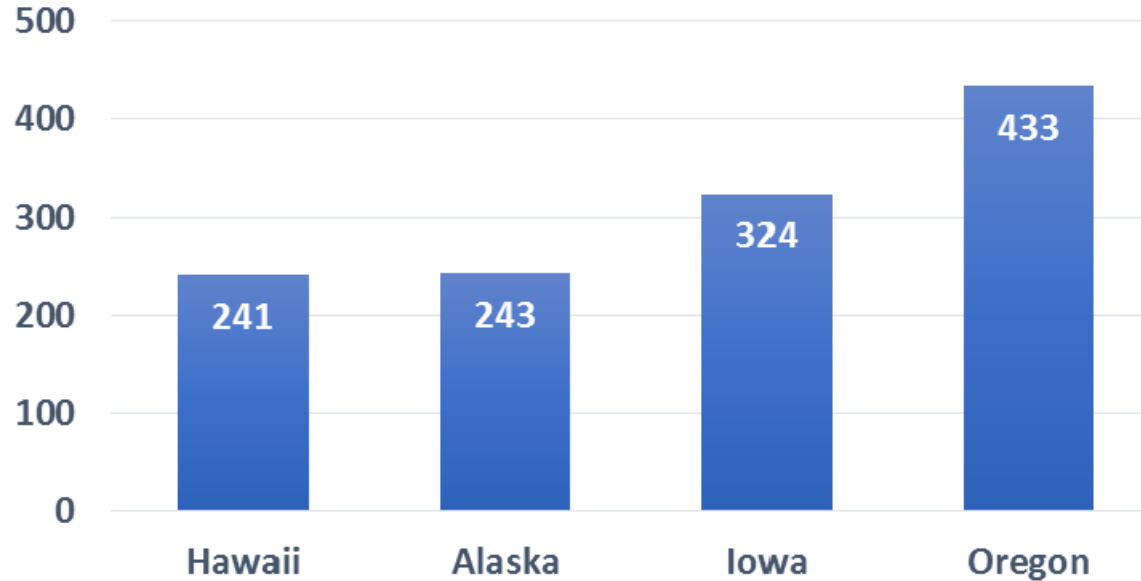
Corporation Division Office of Small Business Assistance

2018 The State of Small Business
Oregon Secretary of State's Office of Small Business Advocacy Annual Report



Corporation Division Office of Small Business Assistance Benchmarks

CASES per FTE (2018)



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Corporation Division

Business Registry Program

- Entrepreneurs register to help establish a business identity, pool resources of shareholders or partners, limit personal liability, gain access to credit and financing, have access to the courts to enforce and defend company interests, and comply with laws
- Provides essential business information to promote public trust for parties in contracts and commerce
- 457,000 plus active business registrations
- 461,500 business filings per year
- Contributes over \$70 million to General Fund per biennium

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Corporation Division

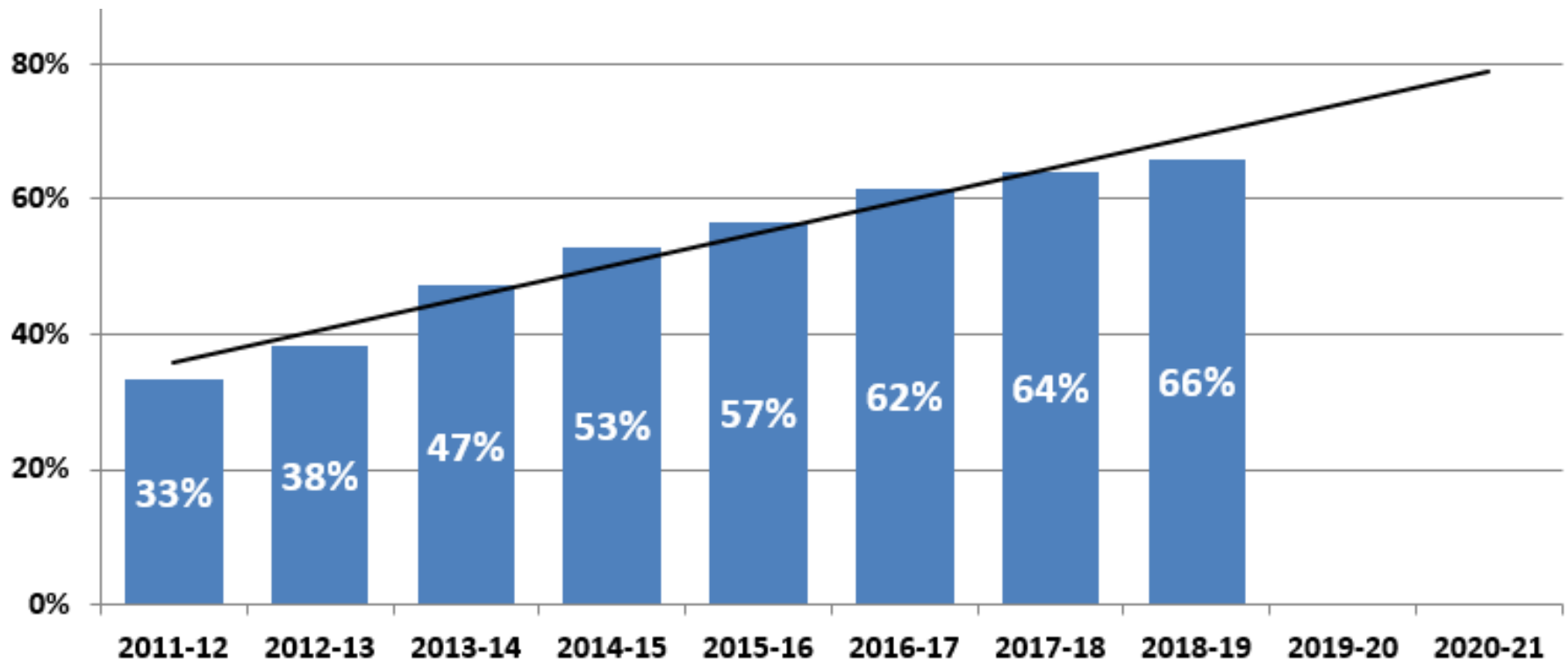
Oregon Central Business Registry

- Oregon's vision of a "one-stop" shop for business
- Saves time for business (minutes vs. days or weeks)
- Improves data quality
- Share information across government agency silos
- Current partners: Secretary of State, Department of Revenue, Employment Department, Department of Consumer and Business Services, Construction Contractors Board, City of Portland
- Now available on any mobile device

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Corporation Division Business Registry Online Filing Adoption



Corporation Division

Notary Public Program

- A Notary detects and deters fraud by serving as an impartial witness to a legal proceeding
- Makes sure the person signing a document knows what is being signed, understands the action being taken, and is the person whose signature is on the document
- We authenticate documents for international use
- We educate and provide training to notaries
- 39,000 active notaries
- 36,240 notary transactions per year

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Corporation Division

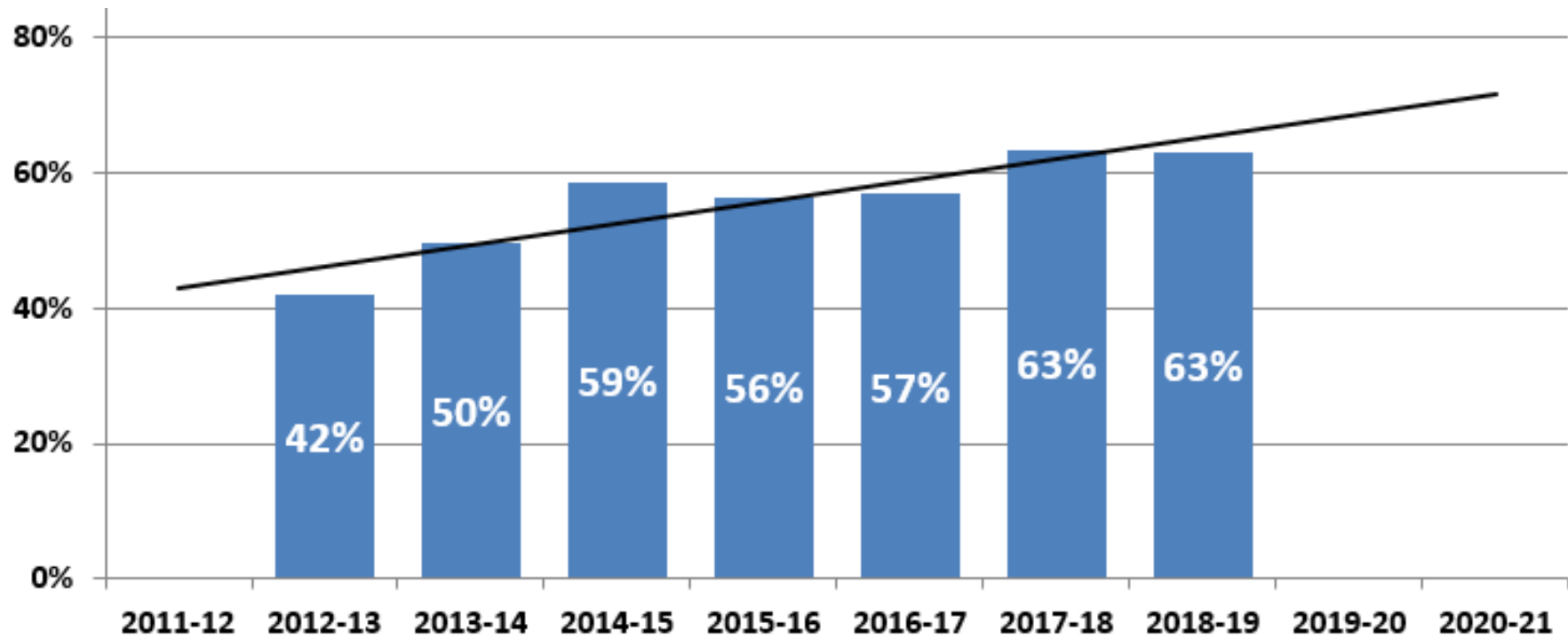
Uniform Commercial Code Program

- UCC facilitates lending and credit to Oregon business, farmers, and consumers
- Creates a public notice of records of debt on personal or moveable property, commodities, services rendered, and tax obligations
- Establishes priority of claim for the secured party in the event of a bankruptcy by the debtor
- 170,000 active lien filings
- 39,000 UCC filings per year

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Corporation Division UCC Online Filing Adoption



Corporation Division

Contain costs and improve program delivery

Impact of Technology Automation Investments

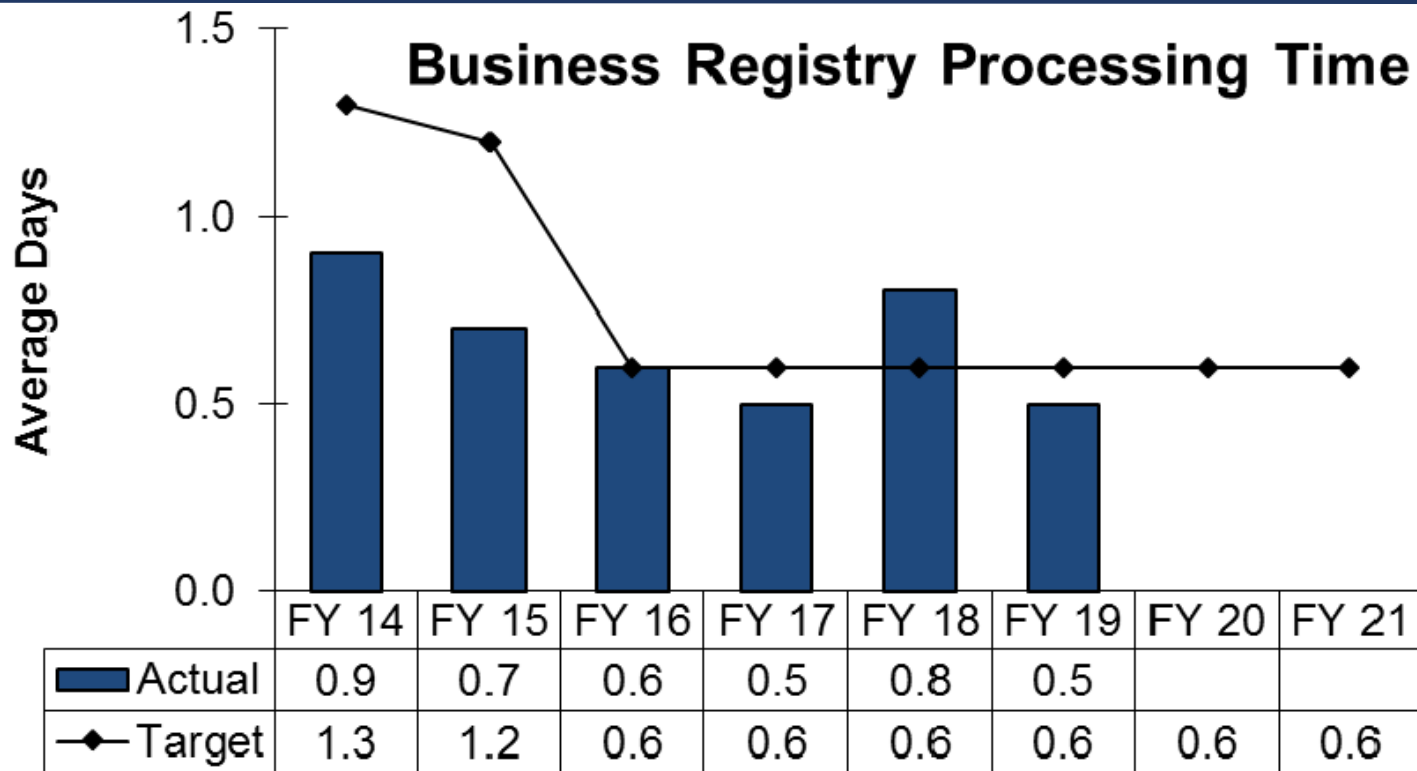
- **Oregon Central Business Registry online filing**
 - 66% of all business filings online
- **UCC online filing**
 - 63% of Uniform Commercial Code filings online
- **Public record images online**
 - Over 3.7 million public record documents available online
- **Online Search**
 - Over 1,000,000 online Business searches per month
 - Over 20,000 online UCC searches per month

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Corporation Division

KPM#5: Timely document processing

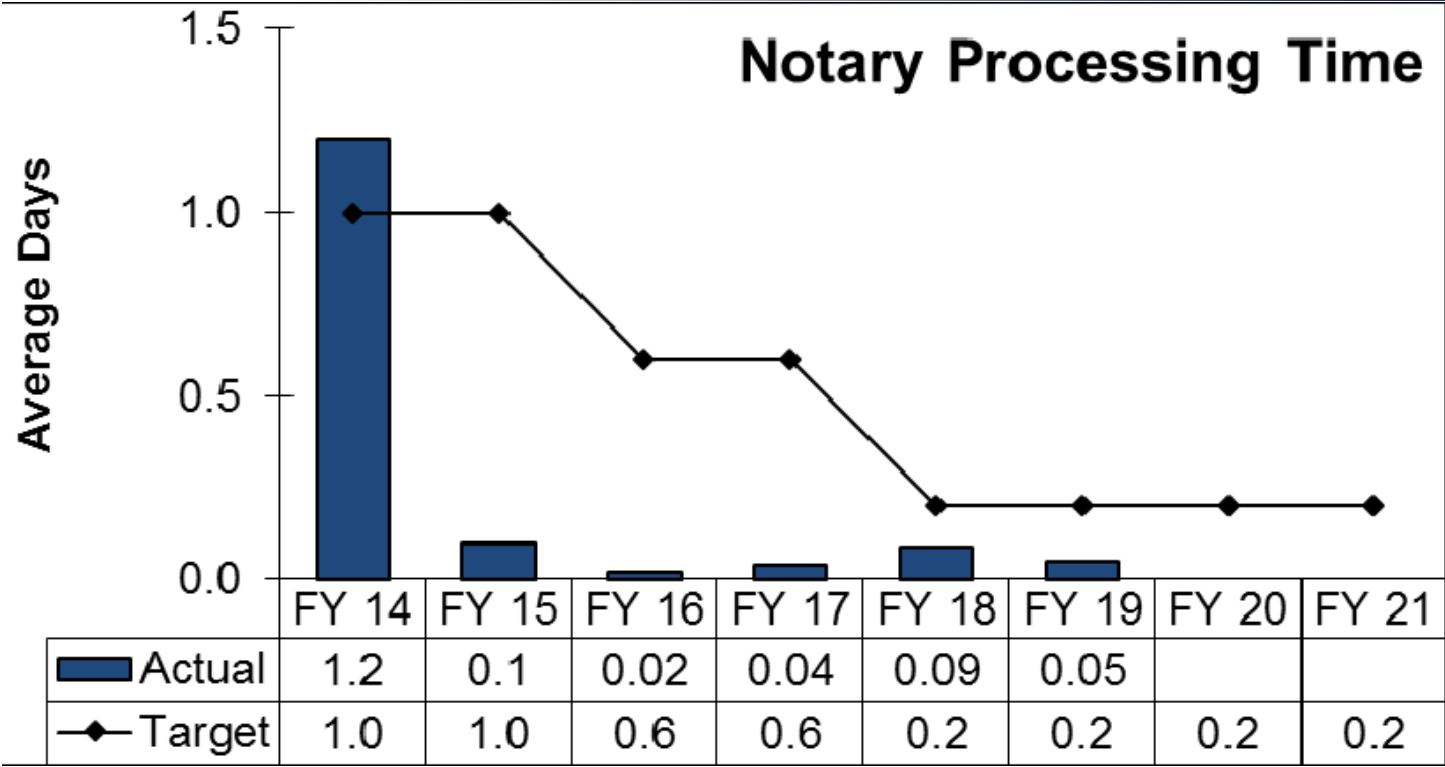


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Corporation Division

KPM#6: Timely document processing

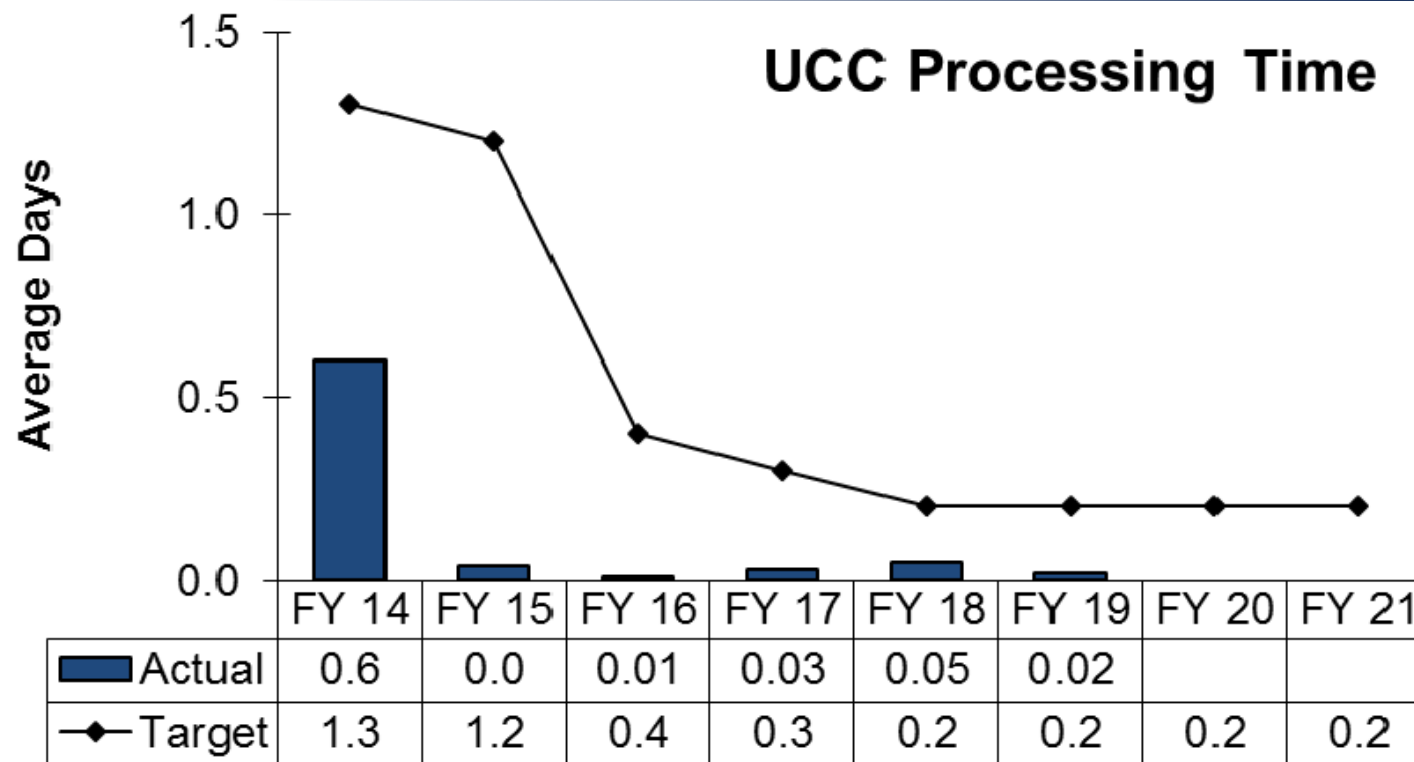


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Corporation Division

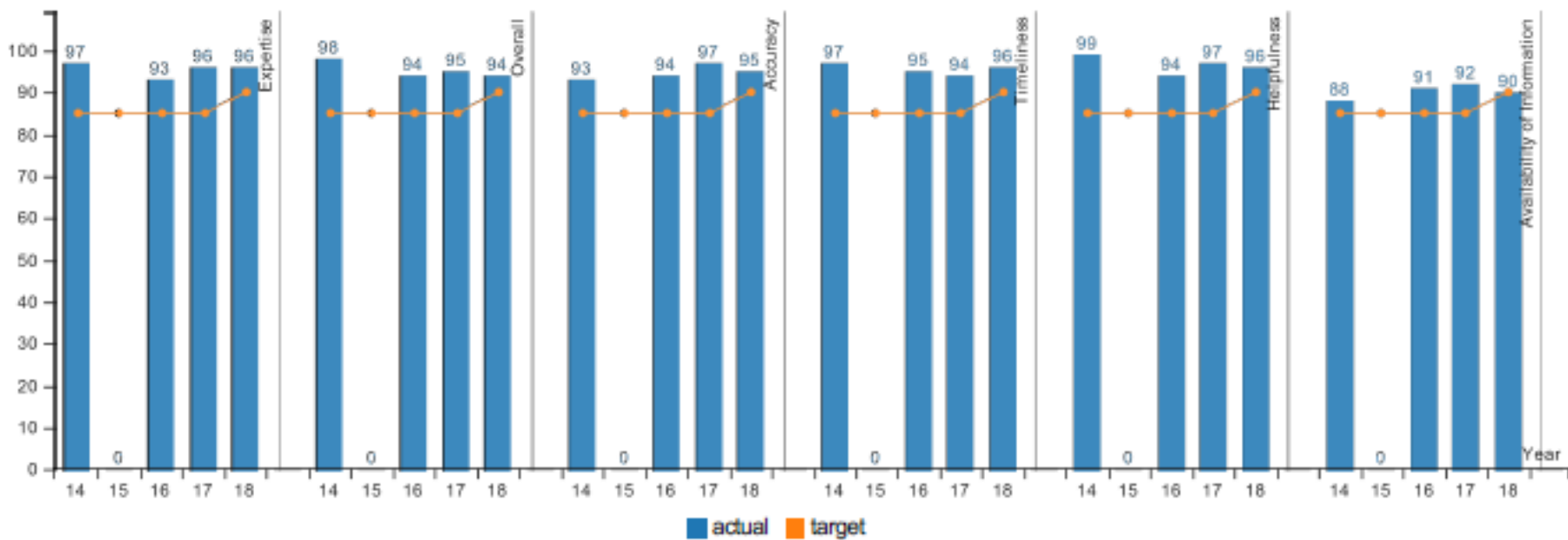
KPM#7: Timely document processing



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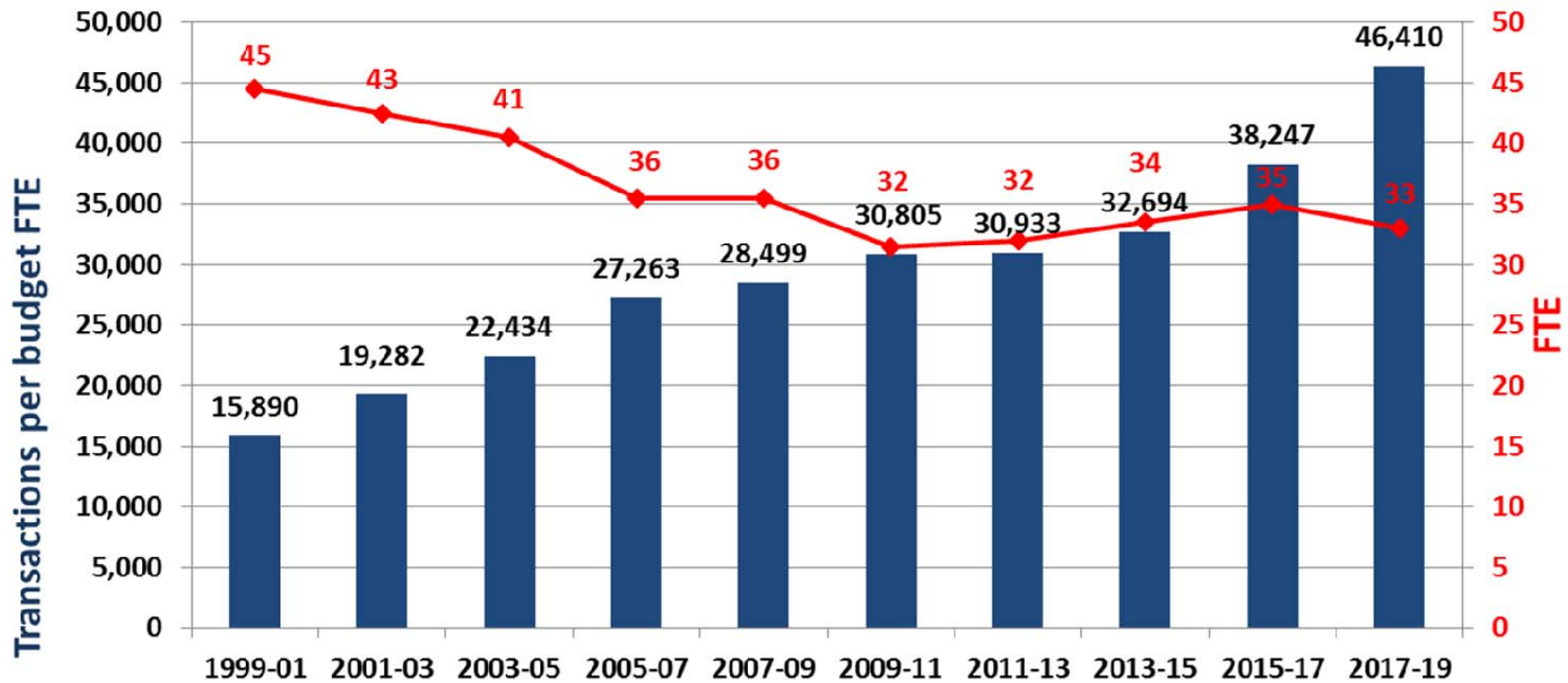


KPM #10 Customer Satisfaction - Percent of customers rating their overall satisfaction with the agency as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
 Data Collection Period: Jan 01 - Dec 31



Corporation Division Staff efficiency

FTE Change/Transactions per budget FTE



Corporation Division POPs

Package 106 – Corporations Pay Equity Adjustments: \$33,065 (OF)

1. Public Service Rep 4 to PEM B- \$7,683 (OF)

Provides management of 13 Filing operations staff - Business Registry, Notary, UCC

2. Public Service Rep 4 to Program Analyst 3- \$16,156 (OF)

Current third Small Business Advocate serving Oregon small businesses cut through red-tape

3. Program Analyst 4 to PEM D- \$9,226 (OF)

Provides management of the Small Business Advocate program, and outreach educational services to Oregon businesses and notaries

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Corporation Division POPs

Package 107 – Corporations Staffing Needs: \$1,326,697 (OF)

1. Five (5) - Public Service Rep 4's- \$747,050 (OF)

True-up current double-filled positions in Call Center and Filing, including 3 bilingual staff to support increased workload, maintain KPM's and responsive service

2. Ops and Policy Analyst 2- \$196,311 (OF)

New position to support technology systems for data quality, testing, application support and data analytics

3. Program Analyst 3 (12 months)- \$114,631 (OF)

New Small Business Advocate position to support program growth and cut through red tape

4. Two (2) - Office Specialist 2's (LDs)- 268,706 (OF)

New limited duration positions to begin project to digitize 4.2 million Business Registry microfilm public records

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Corporation Division POPs

Package 201 – Corporations Merchant Fees \$500,000 (OF)

As more Oregon businesses register, file reports, and pay fees online, revenue transferred to the general fund from business fees has grown to \$70 million per biennium. At the same time, associated credit card processing fees have also increased.

This package is a necessary cost of offering businesses the opportunity to pay by credit card, which is a must in today's world and ultimately increases revenue to the general fund. This package increases Other Funds limitation by \$500,000 for credit card merchant fees to keep up with increased use.

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Strategic Goals

Corporation Division

- Assist in building Oregon's economy by making it easier to start and conduct business in Oregon
- Improve small business customer experience (e.g. provide forms and aids in top 5 languages)

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Notable Improvements 2017-19

Corporation Division

- Implemented Oregon Shell Company bill;
- Mobile Oregon Central Business Registry enhancements; and
- Office of Small Business Assistance 3,000th case, Measuring Government red tape.

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Corporation Division

Business Drivers & Challenges

- Continuing to meet the growing customer demand for timely, online business registrations and filings;
- Increased need for small business advocacy;
- Employee retention, turnover & training

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Corporation Division

Impacts of 10% reduction request

- **5% \$542,804 OF**
- **10% \$1,085,607 OF**

Requires elimination of US Bank Lockbox Cashiering Service, reductions to S&S, elimination of outreach training program, and scale back the Office of Small Business Assistance. These reductions would have a negative impact on Corporations Division Key Performance Measures (KPMs) for customer service, timely document processing and on Oregon's support for the small business community.

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Closing Summary

- Accountability, transparency, and integrity remains the focus of the office of the Secretary of State
- Thank you for your support
- Jeff Morgan remains our point of contact for follow up requests
 - Jeffry.morgan@Oregon.gov
 - 503-986-2239

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Appendix

- Attachment A – Proposed Technology Projects
- Attachment B – Ending Balance Form
- Attachment C – Agency Reduction Options Form

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