

Secretary of State

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- Implementation and oversight of the Help America Vote Act (HAVA) remains a top priority
- Except for large decrease in HAVA funding, budget is flat funded in FYs 2008 and 2009

OVERVIEW

Duties and Responsibilities

The Office of Secretary of State (SOS) has four program areas: Elections, Business Services, Notary Services, and Law Related Education. In the FY 2008 - 2009 biennium, about 136 of all SOS staff will work in the Business Services program series, and about 27 employees will work in the Elections program series. While the central administration and technology support positions support both program series, they primarily service the Business Services program series. Therefore, they have been included in the staffing level for that program series.

Elections

SOS oversees Ohio elections and supervises the 88 county boards of elections in their duties related to conducting elections. As Ohio's chief election officer, SOS supervises the administration of election laws, approves ballot language, and reviews statewide initiative and referendum petitions.

The Elections Division compiles and maintains election statistics, political party records, and other election-related records. The Elections Division also licenses ministers to perform marriage ceremonies and maintains certain other public records related to state and local governments. SOS chairs the Ohio Ballot Board, which approves ballot language for statewide issues, canvasses votes for all elected state offices and election issues, investigates election fraud, and trains election officials.

Business Services

The Business Services Division receives and approves articles of incorporation for Ohio corporations and grants licenses to out-of-state corporations seeking to do business in Ohio. Limited partnerships and limited liability companies also must file. The Corporations section approves amendments to existing entities, mergers, consolidations, and dissolutions; as well as registering trademarks/service marks, trade names, and fictitious names. Additionally, the Corporations section keeps a registry of information about each corporation in Ohio. In order to claim an interest in collateral used for a loan and to have the claim indexed for public notice, secured parties must file financing statements with the Uniform Commercial Code section of the Business Services Division.

Notary Services

SOS incorporated the Notary Commission into its budget; it was previously housed in the Governor's Office. The Notary Commission is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and Department of Natural Resources Reserve Officers.

Law Related Education

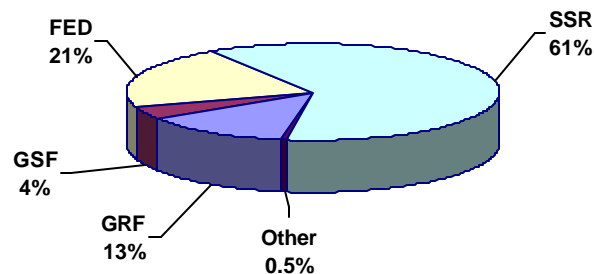
This program provides a subsidy to the Ohio Center for Law Related Education in support of the national Youth for Justice Anti-Violence initiative to Ohio middle schools. Since 1995, thousands of Ohio students in grades five through eight have participated in this initiative to address issues of bullying, peer pressure, discrimination, and violence prevention. Each year, 250-350 students are selected to participate in the state's Youth Summit in Columbus, Ohio.

FY 2008 - 2009 Appropriations

The adjusted FY 2007 appropriation was \$48,531,394, over 60% of which was federal dollars for Help America Vote Act (HAVA) implementation. By comparison, the FY 2008 appropriation for the Secretary of State is just less than half of the FY 2007 amount – \$23,637,000, and is explained by a discontinuation in federal HAVA funding. The appropriation for FY 2009 is slightly less at \$21,637,000, again a decrease in federal HAVA accounting for this decrease. In all other respects, the SOS budget is flat funded over the biennium. The budget for SOS is \$23,637,000 in FY 2008 and \$21,637,000 in FY 2009.

The pie chart below shows the FYs 2008 - 2009 funding levels by the source of funds. Approximately 61% of SOS's budget is comprised of State Special Revenue that is generated from the Uniform Commercial Code (UCC) and corporate filing fees. In contrast to the last biennium when it accounted for the lion's share of funding, federal grants account for 21% of SOS's FY 2008 - 2009 budget. The federal funding is for implementation and oversight of HAVA and voting facility accessibility mandates.

Budget by Fund Group, FYs 2008-2009



Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
162	\$23,637,000	\$21,637,000	\$2,971,585	\$2,971,585	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

ANALYSIS OF THE BUDGET

Program Series

1: Elections

Purpose: The Elections program series is responsible for overseeing, administering, and upholding Ohio's election laws. Through this program series, SOS also maintains certain required records on elections and other public documents.

The following table shows the line items that are used to fund the Elections program series and accompanying appropriations for FYs 2008 - 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	050-321	Operating Expenses	\$2,585,000	\$2,585,000
GRF	050-403	Election Statistics	\$103,936	\$103,936
GRF	050-407	Pollworkers Training	\$277,997	\$277,997
GRF	050-409	Litigation Expenditures	\$4,652	\$4,652
General Revenue Fund Subtotal			\$2,971,585	\$2,971,585
Federal Special Revenue Fund				
3AH	050-614	Election Reform/HHS	\$1,000,000	\$1,000,000
3AS	050-616	2005 HAVA Voting Machines	\$3,750,000	\$3,750,000
Federal Special Revenue Fund Subtotal			\$4,750,000	\$4,750,000
General Services Fund				
414	050-602	Citizen Education Fund	\$55,712	\$55,712
4S8	050-610	Voting Machine Examiners	\$7,200	\$7,200
General Services Fund Subtotal			\$62,912	\$69,912
Total Funding: Elections			\$7,784,497	\$7,784,497

Funding for this program will support 27 FTEs assigned to the following programs within the Elections program series:

- **Program 1.01: Elections Program Management**
- **Program 1.02: Pollworker Training**
- **Program 1.03: Election Statistics**
- **Program 1.04: Litigation**
- **Program 1.05: Board of Voting Machine Examiners**
- **Program 1.06: Election Reform**
- **Program 1.07: Citizen Education**

Elections Program Management

Program Description: This program is used to handle public requests for information, oversee publications of the Ohio Municipal Roster, Federal Roster, Ohio Session Laws, and voter registration forms for the state tax booklet. These are statutorily mandated requirements. This program also issues monthly reports geared towards the 88 county boards of elections, and pamphlets such as the *Voter Information Guide*, *Candidate Requirement Guide*, and the *Citizen Digest*.

Funding Source: GRF

Implication of the Budget: The budget is \$2,585,000 in both FY 2008 and FY 2009. This level of funding will maintain current service levels, a staff of 19 FTEs, and information technology upgrades.

Pollworker Training

Program Description: Section 3501.27 of the Ohio Revised Code requires that each board of elections establish a program as prescribed by SOS for the instruction of election officers in the rules, procedures, and laws relating to elections. The statute also mandates that SOS reimburse each county for the cost of these training programs once a statement of expenses is received.

Funding Source: GRF

Implication of the Budget: The budget is \$277,997 for both FY 2008 and FY 2009. This level of funding will maintain current training of pollworkers at each of the state's county boards of election as well as initial training for new pollworkers.

Election Statistics

Program Description: As required by section 3503.27 of the Ohio Revised Code, SOS must maintain a master file of all registered voters in Ohio. This program also is used to provide electronically compiled election results from legislative, statewide, presidential and congressional races, and statewide ballot issues.

Funding Source: GRF

Implication of the Budget: The budget is \$103,936 for both FY 2008 and FY 2009. This level of funding will maintain current staff levels of two FTEs to maintain the master file of the state's registered voters, as well as enable the electronic delivery of data to eliminate the need for manual data entry.

Litigation

Program Description: This program is used to cover the legal expenses incurred by SOS's office in defending cases involving disputes over election of judges from at-large districts, and minority voting rights.

Funding Source: GRF

Implication of the Budget: Funding is \$4,652 for both FY 2008 and FY 2009. Funding at this level will maintain current service levels and continue to provide support for potential legal expenses. SOS foresees a necessary increase in this fund to cover the potential costs incurred as a result of settlements remaining from the previous biennium. Three such cases have been settled, with an additional 20-30 pending. The unsettled cases are lawsuits filed against the previous Secretary of State for elections related issues, with one case relating to UCC code documents that contained individual social security numbers that were posted to the Secretary of State's web site.

Board of Voting Machine Examiners

Program Description: This program is used to certify voting equipment that is to be used in Ohio elections. Compensation and expenses incurred by the board members in the certification process is paid from this program.

Funding Source: GSF

Implication of the Budget: The budget is \$7,200 for both FY 2008 and FY 2009. Funding at this level will maintain current service levels.

Election Reform

Program Description: This program supports the purchase of new voting equipment, upgrades to the voter registration system, voter education, administration of the federal grant programs, and compliance with facility accessibility requirements. This program is fully supported by federal funds provided to ensure compliance with the Help America Vote Act (HAVA).

Funding Source: Federal Special Revenue funding

Implication of the Budget: The budget is \$4,750,000 for both FY 2008 and FY 2009. Funding at this level will maintain current service levels. This program will support the SOS's continued implementation and oversight of HAVA.

Citizen Education

Program Description: This program is used to provide for the preparation, printing, and distributing of educational materials. This program also conducts voter registration, educational workshops, and conferences for schools and other public groups. This non-GRF program is fully funded through contributions from private groups and individuals.

Funding Source: GSF

Implication of the Budget: The budget is \$55,712 for both FY 2008 and FY 2009. SOS's office accepts contributions from private groups and individuals in order to fund the various programs for citizens' education.

Program Series**2: Business Services**

Purpose: This program series is responsible for licensing and record keeping regarding corporations and commercial transactions in Ohio.

The table below shows the line items that support the program series as well as the accompanying FY 2008 - 2009 appropriations.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
599	050-603	Business Services Operating Expenses	\$13,761,734	\$13,761,734
5N9	050-607	Technology Improvements	\$129,565	\$129,565
State Special Revenue Fund Subtotal			\$13,891,299	\$13,891,299
General Services Fund				
413	050-601	Information Systems	\$119,955	\$119,955
General Services Fund Subtotal			\$119,955	\$119,955
Holding Account Redistribution Fund				
R01	050-605	Uniform Commercial Code Refund	\$30,000	\$30,000
R02	050-606	Corporate/Business Filings Refunds	\$85,000	\$85,000
Holding Account Redistribution Fund Subtotal			\$115,000	\$115,000
Total Funding: Business Services			\$14,126,254	\$14,126,254

Funding at the recommended level will support 136 FTEs working in the following areas:

- **Program 2.01: Business Services Program Management**
- **Program 2.02: Uniform Commercial Code Refund**
- **Program 2.03: Corporation Filing Fee Refund**
- **Program 2.04: Technology Improvements**

Business Services Program Management

Program Description: SOS is required to file and maintain records relating to Ohio corporations, foreign corporations, and other business entities. This program is also used to process and maintain citizen's corporation and UCC filings in a timely fashion.

Funding Source: SSR – filing fees for each UCC document that is filed

Implication of the Budget: The budget is \$13,761,734 for both FY 2008 and FY 2009. Funding at this level will allow continuation of current service levels. It should be noted, however, that this is a decline over the adjusted FY 2007 appropriation of \$16,261,734, which was needed to cover unanticipated costs related to (1) a document imaging project, (2) redaction of Social Security numbers listed on documents posted on the SOS web site, and (3) elections litigation incurred under the previous Secretary of State.

Uniform Commercial Code Refund

Program Description: This program is used for the purpose of refunding fees to senders in correlation with UCC filings that are not accepted by SOS or refunds made due to overpayment of filing fees.

Funding Source: Holding Account Redistribution Fund

Implication of the Budget: The budget is \$30,000 for both FY 2008 and FY 2009. With funding at this level, SOS will be able to repay any individuals that have overpaid or have had a UCC filing rejected.

Corporate Filing Fee Refund

Program Description: This program is used to refund filing fees to senders in correlation with Corporation filings that are not accepted by SOS or refunds made due to overpayment of filing fees.

Funding Source: Holding Account Redistribution Fund

Implication of the Budget: The budget is \$85,000 for both FY 2008 and FY 2009. At this funding level, SOS can refund filing fees to senders in correlation with Corporation filings that are not accepted by SOS or refunds made due to overpayment of filing fees.

Technology Improvements

Program Description: This program is used for the storage and retrieval of all public data maintained in the SOS's office. This program also seeks to increase capabilities by providing online transactions, downloadable forms, and access to public records including corporate and UCC information.

Funding Source: SSR (Fund 5N9) and GSF (Fund 413)

Implication of the Budget: The budget is \$249,520 for both FY 2008 and FY 2009. This funding will allow for replacement of existing information technology hardware, enhancements to the agency's web capabilities, and upgrades to the current operating system. Approximately 1% of the revenue collected from filing fees is kept for the purpose of supporting this fund.

Program Series**3: Notary Services**

Purpose: The Notary Services program series is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and ODNR Reserve Officers.

The following table shows the line items that are used to support the Notary Services program series, as well as the FY 2008 - 2009 funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
412	050-609	Notary Commission	\$685,249	\$685,249
General Services Fund Subtotal			\$685,249	\$685,249
Total Funding: Notary Services			\$685,249	\$685,249

Funding at the recommended level will support 3 FTEs. The following is an analysis of the single program in the Notary Services program series:

Notary Services

Program Description: The Notary Services program series is responsible for processing applications and issuing commissions for notaries public, attorney notaries public, special police officers, and Ohio Department of Natural Resources Reserve Officers. This program is also used for the issuance of new commissions and renewals, public inquiries regarding the status of applications, and processing duplicate commissions, which have been lost, or have had a legal name change.

Funding Source: GSF

Implication of the Budget: The budget is \$685,249 for both FY 2008 and FY 2009. SOS charges fees for the issuance of Notary Commissions. The fees collected are used to support the fund.

Program Series**4: Law Related Education**

Purpose: This program series is used to support a youth-for-justice anti-violence program in middle schools across Ohio. SOS serves as the sub-grantee for the federal grant awarded to the Ohio Center for Law Related Education.

The following table shows the line items that are used to fund the Law Related Education program series, as well as the FY 2008 - 2009 appropriations.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Services Fund				
3X4	050-612	Ohio Cntrl/Law Related Educ Grant	\$41,000	\$41,000
Federal Special Services Fund Subtotal			\$41,000	\$41,000
Total Funding: Law Related Education			\$41,000	\$41,000

There are no staff funded by this program. The following is an analysis of the single program in the Law Related Education program series:

Law Related Education

Program Description: This program series is used to support a youth-for-justice anti-violence program in middle schools across Ohio. SOS serves as the sub-grantee for the federal grant awarded to the Ohio Center for Law Related Education. This program also provides training for team advisors who teach students critical thinking skills to create safe, peaceful schools, and communities.

Funding Source: GSF

Implication of the Budget: The budget is \$41,000 for both FY 2008 and FY 2009. This program is funded through the federal Byrne Memorial Grant Program. The remainder is funded by the Office of Criminal Justice Services.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: FY 2007 Adj. FY 2008 % Change FY 2009 % Change
 FY 2006: Appropriations: Appropriations: 2007 to 2008: Appropriations: 2008 to 2009:

Report For: Main Operating Appropriations Bill

Version: Enacted

SOS Secretary of State

GRF	050-321	Operating Expenses	\$ 2,594,084	\$ 2,493,876	\$ 3,784,726	\$ 2,585,000	-31.70%	\$ 2,585,000	0.00%
GRF	050-403	Election Statistics	\$ 106,072	\$ 101,800	\$ 103,936	\$ 103,936	0.00%	\$ 103,936	0.00%
GRF	050-407	Poll Workers Training	\$ 277,997	\$ 113,683	\$ 277,997	\$ 277,997	0.00%	\$ 277,997	0.00%
GRF	050-409	Litigation Expenditures	\$ 4,652	\$ 4,429	\$ 4,652	\$ 4,652	0.00%	\$ 4,652	0.00%
General Revenue Fund Total			\$ 2,982,805	\$ 2,713,788	\$ 4,171,311	\$ 2,971,585	-28.76%	\$ 2,971,585	0.00%
412	050-609	Notary Commission	\$ 189,249	\$ 671,753	\$ 685,249	\$ 685,249	0.00%	\$ 685,249	0.00%
413	050-601	Information Systems	\$ 95,624	\$ 246,286	\$ 169,955	\$ 119,955	-29.42%	\$ 119,955	0.00%
414	050-602	Citizen Education Fund	\$ 91,403	\$ 79,675	\$ 55,712	\$ 55,712	0.00%	\$ 55,712	0.00%
4S8	050-610	Board of Voting Machine Examiners	\$ 7,119	\$ 13,168	\$ 7,200	\$ 7,200	0.00%	\$ 7,200	0.00%
General Services Fund Group Total			\$ 383,395	\$ 1,010,882	\$ 918,116	\$ 868,116	-5.45%	\$ 868,116	0.00%
3AA	050-613	Federal Election Reform	\$ 266,936	---	\$ 0	\$ 0	N/A	\$ 0	N/A
3AH	050-614	Election Reform/Health and Human Services	---	\$ 187,956	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
3AR	050-615	2004 HAVA Voting Machines	\$ 2,753,385	\$ 20,352,450	\$ 0	\$ 0	N/A	\$ 0	N/A
3AS	050-616	2005 HAVA Voting Machines	\$ 61,037	\$ 75,447,514	\$ 28,344,668	\$ 4,750,000	-83.24%	\$ 2,750,000	-42.11%
3AT	050-617	Voter/Poll Worker Training	\$ 4,551,794	\$ 448,206	\$ 0	\$ 0	N/A	\$ 0	N/A
3X4	050-612	Ohio Center/Law Related Educational Grant	\$ 12,831	\$ 5,531	\$ 41,000	\$ 41,000	0.00%	\$ 41,000	0.00%
Federal Special Revenue Fund Group Total			\$ 7,645,984	\$ 96,441,656	\$ 29,385,668	\$ 5,791,000	-80.29%	\$ 3,791,000	-34.54%
599	050-603	Business Services Operating Expenses	\$ 13,815,685	\$ 13,686,996	\$ 13,761,734	\$ 13,761,734	0.00%	\$ 13,761,734	0.00%
5N9	050-607	Technology Improvements	\$ 129,197	\$ 139,549	\$ 129,565	\$ 129,565	0.00%	\$ 129,565	0.00%
State Special Revenue Fund Group Total			\$ 13,944,882	\$ 13,826,544	\$ 13,891,299	\$ 13,891,299	0.00%	\$ 13,891,299	0.00%
R01	050-605	Uniform Commercial Code Refunds	\$ 20,719	\$ 8,740	\$ 65,000	\$ 30,000	-53.85%	\$ 30,000	0.00%
R02	050-606	Corporate/Business Filing Refunds	\$ 77,004	\$ 39,960	\$ 100,000	\$ 85,000	-15.00%	\$ 85,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 97,723	\$ 48,699	\$ 165,000	\$ 115,000	-30.30%	\$ 115,000	0.00%
Secretary of State Total			\$ 25,054,789	\$ 114,041,570	\$ 48,531,394	\$ 23,637,000	-51.30%	\$ 21,637,000	-8.46%