

Office of the Vermont Secretary of State Fiscal Year 2021 Proposed Budget



James C. Condos
Secretary of State

Our Mission Statement:

Democracy that delivers! We are problem solvers.

The Secretary of State's office promotes public trust and enables good government by:

- **Vermont State Archives and Records Administration (VSARA)**
 - Protecting, preserving, providing, and promoting Vermont public records
- **Elections Division**
 - Preserving the integrity of campaigns, voter registration, and elections
- **Corporations Division**
 - Providing the business community and public with easy access to information about business registration and doing business in Vermont
- **Office of Professional Regulation (OPR)**
 - Protecting the public through streamlined, focused regulation of licensed professionals to prevent unethical, incompetent, or unprofessional practitioners.
- **Municipal & Civics Education**
 - Promoting and strengthening positive state-local interactions by providing information, assistance, and educational materials related to municipal and open government laws through Municipal Programs.



Vermont State Archives & Records Administration

- **Administers a Statewide Records & Information Management Program for all public agencies.**
- **Directs public agencies on the life cycle management, retention, & disposition of public records & data.**
- **Manages three low-cost, secure repositories & systems for public records: the State Records Center; the State Archives; & the Digital State Archives – VT Re·tain.**



Photo credit: JEB WALLACE-BRODEUR

Elections & Campaign Finance

- **Oversight of state and federal elections in concert with local election officials.**
- **Promotes voter registration and participation.**
- **Administers campaign finance and lobbyist disclosure laws.**



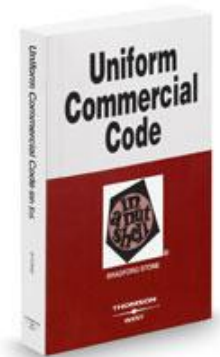
Office of Professional Regulation

- Protects the public through the effective regulation of 50 profession types and approximately 72,000 licensees, 20,200 (10,000 in FY18) new applications in FY19, with first time Notary licensing (10,000 applications).
- Investigates and prosecutes complaints of unlicensed or unprofessional conduct, 660 complaints in FY19.
- Assures licensing standards are current and promotes safe & effective practice.



Corporations and Business Registration

- Business registration and filing office for secured transactions under UCC.
- Accomplished 105,000 unique transactions in FY19, 95% were online.
- In FY19 we collected \$6.945 million in revenue and 55,000 business renewals.
- FY19 implementation Amusement Ride statute changes.



Municipal and Civics Education

- Provides information & education to local officials and members of the public regarding open government municipal matters.
- Municipal inquiries average 100+ per month.
- Publishes municipal handbooks and provides trainings.
- Promotes civics education and civic participation by citizens of all ages.



Safe at Home

- Serves 160 individuals by protecting individuals seeking to escape from actual or threatened domestic violence, sexual assault and stalking.
- Address confidentiality program provides client with a substitute mailing address for use when creating records with local and state agencies.
- Founding member of National Association of Confidential Address Programs (NACAP, info@nacap.org) in 2016. Our Safe at Home Coordinator is Treasurer of NACAP. Vermont will host the sixth annual NACAP Conference, at their Board's request, in late September 2021.



Temporary Officiant Program

- 18 V.S.A. § 5144a allows the Vermont Secretary of State to authorize individuals to officiate at specific marriages in Vermont. In FY19 there were 1,716 applicants (80% online) and \$171,600 in revenue.

Secretary of State Temporary Positions

| Fiscal Year | # of State Temporaries | # of Kelly Temps | Total |
|-------------|------------------------|------------------|-------|
| 2009 | 7 | 21 | 28 |
| 2010 | 7 | 9 | 16 |
| 2011 | 14 | 5 | 19 |
| 2012 | 12 | 3 | 15 |
| 2013 | 6 | 4 | 10 |
| 2014 | 4 | 3 | 7 |
| 2015 | 3 | 0 | 3 |
| 2016 | 3 | 0 | 3 |
| 2017 | 3 | 0 | 3 |
| 2018 | 2 | 0 | 2 |
| 2019 | 2 | 0 | 2 |

2013 – 2019 includes one intern who works 5 hrs. weekly

| Overtime | Hours | Amount |
|----------|-------|---------|
| FY12 | 1771 | 51,978 |
| FY13 | 680 | 18,055 |
| FY14 | 844 | 24,892 |
| FY15 | 591 | 19,517 |
| FY16 | 668 | 35,178 |
| FY17 | 600 | 21,595 |
| FY18 | 1085 | 40,656 |
| FY19 | 2252 | 77,796* |

**Overtime primarily NGLP implementation, VSARA, & IT Standby*

Secretary of State Source & Use of Funds

Since FY14, we receive NO General funds (GF)

We have two State Funds:

1) 21928 – SOS Service Fund is composed primarily of Corporations fees:

Pays 100% of salary and benefits for VSARA's 19 FTE's; four positions in Elections; and 43% of Executive and Administrative Services staff and administration

The SOS Service Fund sweeps excess revenue at the end of each fiscal year to the GF.

FY21 Budget Pressures - The estimated FY21 budget is \$5,298,446 an increase of 4% due to:

- Salary and benefit contractual increases; and
- 20% Elections match of \$600,000 required for 2020 HAVA EAC Election Security Grant (new \$3,000,000 funding) by December 20, 2024.

2) 21150 – OPR Fund: Separate from with no effect on GF. Per statute, cannot be used for costs outside of professional licensing. Funds the OPR Division and 48% of Executive & Division of Administrative Services staff and administration.

FY21 Budget Pressures - The estimated FY21 budget is \$6,480,010, a 3% increase from FY20 due to:

- Salary and benefit contractual increases; and
- Next Generation Licensing Platform (NGLP) enhancements, including placeholder for capacity for additional professions.

Secretary of State Source & Use of Funds Continued



FEDERAL FUNDS:

Elections:

HAVA EAC Funds – 3 Grants:

- Separate from with no effect on GF;
- Per Federal law to be used for specific costs related to federal elections and security; and
- 2020 HAVA EAC Security Grant notification of \$3,000,000 received too late to include in FY21 budget, will use Excess Receipt Request for funding.
- State match: 20% = \$600,000 by December 20, 2024.

1) Title II Sec. 251 – original grant (balance approximately \$6.5M – including interest earned):

- Planning for municipal election needs for the next 4-5 years. For example, up to 1/3 of the current HAVA Sec 251 fund balance will be required to purchase tabulators by end of 2020;
- Annual operating & maintenance costs on our comprehensive election management system, including our statewide voter checklist, candidate management, and election results processing & reporting systems.
- Continued cyber security upgrades to system including “two-factor authorization” login process for the statewide voter checklist and election management system; and
- Funds one FTE.

Secretary of State Source & Use of Funds Continued

2) 2018 Security Grant \$3,000,000 to be used over five years, \$1,057,597 grant funds expended. Required 5% state match of \$150,000 was met in January 2020.

- 2018 Security Grant provides 100% funding of Voter Accessibility Project, federally mandated, at a cost of \$1,282,650.00, from 1/16/2018, through 01/15/2023;
 - Saving the state money versus the previous old antiquated analog system.
- Funded post-election audit of the November 6, 2018, Federal Election;
- Ongoing penetration testing;
- Implemented two-factor authentication for all state and local users of the Vermont Election Management System;
- Produced and distributed an informational laminated poster on the accessible voting system for clerks to hang in their polling place;
- Accessible voting system training regionally to municipal officials; and
- Ongoing secure the human online cyber-security webinars for town and city clerks.

3) 2020 Security Grant \$3,000,000 (new funding) to be used over five years. Required state match of 20% (\$600,000).

- Similar use criteria as 2018 Security Grant.

Secretary of State Source & Use of Funds Continued

OPR:

Received from Department of Labor (beginning FY19) for \$450K, over three years:

The grant supports Vermont's analysis of relevant licensing criteria, potential portability issues, and whether licensing requirements are overly broad or burdensome. Excessive licensing can create economic barriers for job seekers including veterans, military personnel and their families.

VSARA:

Received from National Historical Publications & Records for \$80K, over two years:

This grant improves public access to, and engagement with, Vermont historical records and encourage and facilitate collaborative efforts among Vermont historical records repositories.

| FY21 Department Request - Secretary of State | 1000 General Fund | 21928 Sec State Fund | 21150 (OPR) Regulatory Fee Fund | 21595 VSARA Public Records Fund | 22005 Federal Revenue | 22025 Federal (HAVA) Fund | TOTAL | NOTES: |
|---|-------------------|----------------------|---------------------------------|---------------------------------|-----------------------|---------------------------|-------------------|---|
| FY20 As Passed (no changes) | 0 | 5,096,708 | 6,285,337 | 12,000 | 150,000 | 2,003,524 | 13,547,569 | DOL Grant, Election year, no planned major IT implementations |
| FY20 BAA as directed by Dept. of Finance | 450,000 | 0 | 0 | 0 | 0 | 0 | 450,000 | \$450,000 added by Finance to BAA for FY21 Primary/General Election Expense |
| FY21 Changes | | | | | | | | |
| Personal Services: | | | | | | | 0 | |
| Salary & Fringe Benefit | | 104,100 | 221,119 | | 0 | 14,603 | 339,822 | Salary & Benefit Increases; Workers Comp 21.1% increase. |
| Contracted & 3rd Party Services - IT Systems Maintenance and Upgrades (Corps System, Elections, OPR NGLP, IT Security, Web 2.0). Biz Portal Project | 875,000 | 0 | (111,359) | 0 | 0 | (1,002,161) | (238,520) | \$875,000 GF is Biz Portal Project. OPR: IT Spend down as NGLP moves to maintenance & upgrades. Election year - IT spend down |
| Operating Expenses: | | | | | | | 0 | |
| WC/DII/DHR/Single Audit Chargebacks - 505200, 505010, 516000,516010,516671,516685,519006, 523620, Other purchased services | 0 | 95,900 | 66,519 | 0 | 0 | (15,966) | 146,453 | Includes new ISF Allocations (11/8/19 email). General Liability Insurance 106.7% increase (\$10,517). |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| IT/Telecom Services and Equipment. Biz Portal | 125,000 | 0 | 0 | 0 | 0 | 0 | 125,000 | Biz Portal Project |
| DAIL IDT for Nursing Education | | | 0 | | 0 | | 0 | |
| Travel | 0 | 1,738 | 0 | 0 | 0 | 0 | 1,738 | VSARA Travel (empl mileage) |
| Supplies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Rental Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Rental Property - Other than FFS - OPR Office Space, Civics Storage Rental | 0 | 0 | 18,394 | 0 | 0 | 0 | 18,394 | City Center |
| Property and Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Grants: | | | | | 100,000 | | 100,000 | NHPRC Grant |
| | | | | | 82,444 | | 82,444 | DOL Grant Modification (\$232,444 needed for FY21) - incr of 82,444 |
| FY21 Changes | 1,000,000 | 201,738 | 194,673 | 0 | 182,444 | (1,003,524) | 575,331 | |
| FY21 Total Request | 1,450,000 | 5,298,446 | 6,480,010 | 12,000 | 332,444 | 1,000,000 | 14,122,900 | |
| FY21 As Passed - Dept ID 2230010000 | | | | | | | | |

| DEPARTMENT: SECRETARY OF STATE | | Financial Info | | | | | | |
|--|---|----------------|---------|----------------------------|--------------|------------------|-------------------------------------|---------------------------------------|
| Programs | Financial Category | GF \$\$ | TF \$\$ | Spec F (incl tobacco) \$\$ | Fed F \$\$ | Total funds \$\$ | Authorized Positions (if available) | \$ Amounts granted out (if available) |
| VERMONT STATE ARCHIVES & RECORDS ADMINISTRATION This division advises and guides public agencies in records and information management; appraises and schedules public records so they are preserved only as long as they have a legal or administrative value; preserves and enhances access to the State government's archival records; and operates a secure record center for non-permanent and inactive agency records. | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 2,072,539 | \$ 44,569 | \$ 2,117,108 | 19 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 2,096,562 | | \$ 2,096,562 | 19 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 2,132,530 | \$ 100,000 | \$ 2,232,530 | 19 | \$ - |
| PROFESSIONAL REGULATION The Office of Professional Regulation protects the public from unethical, incompetent or otherwise unprofessional behavior by licensed practitioners in the professions and occupations that are regulated through the Office; to protect the public from practitioners in these fields who are unauthorized to practice; and to ensure equity in licensing, regulation and discipline by fairly and responsibly administering the rules and statutes pertaining to these professions and occupations. | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 6,073,354 | \$ 58,815 | \$ 6,132,169 | 35 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 6,285,337 | \$ 150,000 | \$ 6,435,337 | 35 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 6,480,010 | \$ 232,444 | \$ 6,712,454 | 36 | \$ - |
| CORPORATIONS This division administers state law with respect to the registration and maintenance of foreign and domestic corporations, partnerships, limited liability companies, and sole proprietorships doing business in Vermont. Furthermore, the division acts as the State repository for trademarks and trade names registrations, and Uniform Commercial Code liens and related filings. The Director of Corporations is also Director of Administrative Services (.5). | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 1,101,389 | | \$ 1,101,389 | 4.5 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 1,216,324 | | \$ 1,216,324 | 4.5 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 1,225,789 | | \$ 1,225,789 | 4.5 | \$ - |
| GENERAL ELECTION Municipal general election expense. | | | | | | | | |
| | FY 2019 Actual expenditures | \$ 400,000 | | | | \$ 400,000 | 0 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) BAA | \$ 450,000 | | | | \$ 450,000 | 0 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | | | \$ - | 0 | \$ - |
| BIZ PORTAL STATEWIDE ERP INITIATIVE The Vermont Business Portal will provide a front-end User Interface to the customer that allows for application filing, running custom reports, viewing requirements, making payments, and single signon that integrates with internal systems. The Portal will provide back-end user interface to the employees of the State that allows for data sharing across agencies, routing documents, signing documents, and running custom reports. | | | | | | | | |
| | FY 2019 Actual expenditures | \$ - | | | | \$ - | 0 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | \$ - | | | | \$ - | 0 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | \$ 1,000,000 | | | | \$ 1,000,000 | 0 | \$ - |
| ELECTIONS & CAMPAIGN FINANCE This division provides administration and support for the orderly conduct of elections, administers the campaign finance and lobbyist disclosure laws, and provides public education to encourage the participation of all citizens of voting age in the Vermont elections process. | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 675,234 | \$ 853,057 | \$ 1,528,291 | 5 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 623,487 | \$ 2,003,524 | \$ 2,627,011 | 5 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 631,059 | \$ 1,000,000 | \$ 1,631,059 | 5 | \$ - |
| MUNICIPAL & CIVICS EDUCATION This program provides advice and assistance to municipal officials and promotes civics education. | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 121 | | \$ 121 | 0 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 6,600 | | \$ 6,600 | 0 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 6,600 | | \$ 6,600 | 0 | \$ - |
| SAFE AT HOME This address confidentiality program helps victims of domestic violence, sexual assault, and stalking by providing a substitute address to be used when creating or updating records with state or local government agencies. | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 31,761 | | \$ 31,761 | 0.5 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 33,353 | | \$ 33,353 | 0.5 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 33,353 | | \$ 33,353 | 0.5 | \$ - |
| SOS Administration Secretary of State, Deputy Secretary of State, General Counsel, Executive Assistant. Division of Administrative Services (Information Technology, Budget & Finance, API/AR, Expenses, Business Office, Purchasing, Facilities, Continuity of Operations, Temporary Official Registration, Reception). | | | | | | | | |
| | FY 2019 Actual expenditures | | | \$ 865,405 | \$ 178,662 | \$ 1,044,068 | 13 | \$ - |
| | FY 2020 estimated expenditures (including requested budget adjustments) | | | \$ 1,132,382 | | \$ 1,132,382 | 13 | \$ - |
| | FY 2021 Budget Request for Governor's Recommendation | | | \$ 1,281,115 | | \$ 1,281,115 | 13 | \$ - |
| | FY 2019 Actuals | \$ 400,000 | \$ - | \$ 10,819,803 | \$ 1,135,103 | \$ 12,354,906 | 77.00 | \$ - |
| | FY 2020 Estimated As Passed & FY20 BAA (450K) | \$ 450,000 | \$ - | \$ 11,394,045 | \$ 2,153,524 | \$ 13,997,569 | 77.00 | \$ - |
| | FY 2021 Budget Request | \$ 1,000,000 | \$ - | \$ 11,790,456 | \$ 1,332,444 | \$ 14,122,900 | 78.00 | \$ - |

| SOS Services Fund 21928 Revenue | FY 15 | FY16 | FY17 | FY18 | FY19 | TOTAL FY15-FY19 |
|---|--------------------|--------------------|------------------|----------------|-----------------------|------------------------|
| Estimated Sweep (Fy15, FY16, FY17, FY18, FY19 all revised up) | 1,589,704 | 1,476,902 | 1,866,069 | 2,149,364 | 2,607,923 | 9,689,962 |
| Plus FY18 Department of Finance transfer out of APPROP on 12/16/17 | | | | 281,364 | | 281,364 |
| Actual Revenue after FY appropriation | 2,481,531 | 2,408,072 | 2,959,656 | 2,751,537 | 2,953,939 | 13,554,735 |
| Total Excess Revenue (Actual less Estimated) | 891,827 | 931,170 | 1,093,587 | 883,537 | 346,016 | 4,146,137 |
| Less: FY18 End of Year Balance after sweep used for FY19 Primary & General overage, and Corporations system enhancements due to statute revision; Blockchain (40K), Data Broker (60K), and Amusement Rides; AND FY19 carryforward to FY20 | | | | -203,180 | -146,016 | -349,196 |
| Total ACTUAL Excess Sweep FY15-FY19 transferred: FY19 \$200K requested for Biz Portal FY20 | 891,827 | 931,170 | 1,093,587 | 680,357 | <u>200,000</u> | 3,796,941 |
| | <u>FY20</u> | <u>FY21</u> | | | | |
| Projected EOY Revenue Sweep | 2,032,817 | 2,467,898 | | | | |