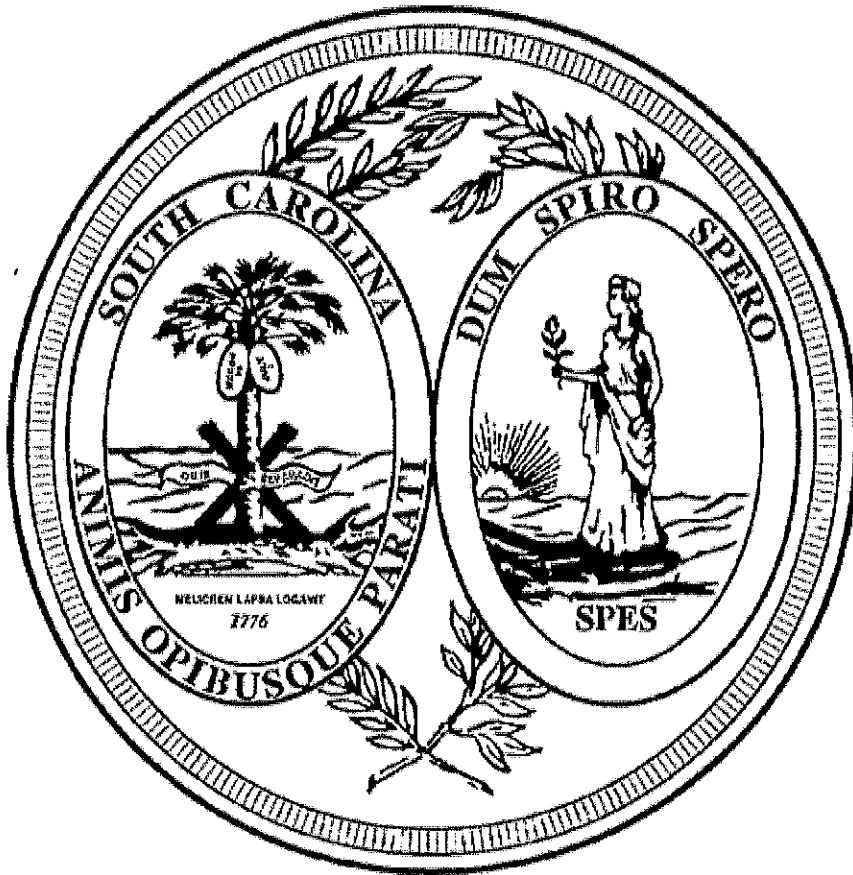


SECRETARY OF STATE'S OFFICE
HOUSE BUDGET REQUEST
2023-2024



JANUARY 17, 2023

Secretary of State's Office Key Officials

Fiscal Year 2023-2024

Mark Hammond, Secretary of State

Mhammond@sos.sc.gov 803-734-2156

Melissa Dunlap, Deputy Secretary of State and Chief Legal Counsel

Mdunlap@sos.sc.gov 803-734-2157

Tracy Watford, Director of Administration

Twatford@sos.sc.gov 803-734-1797

Secretary of State's Office Budget Request Summary

Fiscal Year 2023-2024

Secretary of State's Office Mission Statement

The mission of the Secretary of State's Office is to provide innovative technology to enhance the transaction of business in the state, to serve the business community and members of the public with prompt and efficient customer service, to protect the charitable donors of South Carolina, and to fulfill all other statutory duties of the office.

Budget Request Summary

I. New Other Funded FTE in the Legal Division – Attorney II - \$95,000

- The request for this additional \$95,000 (includes fringe) would provide an Attorney II FTE in the Legal Division. This position would be funded with other funds and not state general funds. This attorney FTE would be focused on the enforcement of the Solicitation of Charitable Funds Act (SC Code § 33-56-10 et seq.) to protect charitable donors in the state.
- This would allow the agency to increase the number of enforcement actions for violations of the Act with additional filings in the Administrative Law Court and with participation in more multi-state enforcement actions. In FY 22, with over 16,000 charity registrations filed with the agency (highest number filed in a FY in the agency's history), additional legal staff is needed.
- The Secretary of State's Office has returned over \$1.1 million in charity fine revenue to the General Fund since 2014. Pursuant to the Solicitation of Charitable Funds Act, revenue collected under the Act must be used by the agency for the purposes of administering the Act.

II. Other Funds Authorization Increase - \$170,000

- The office is seeking an increase in spending authority to self-fund several information technology initiatives rather than requesting a large capital request. The requested amount is required to accomplish statutorily mandated duties and mission of the Secretary of State's Office, including the enforcement of the SC Electronic Notary Act signed by Governor McMaster on May 21, 2021, and on the recommendation of the House Legislative Oversight Committee on October 21, 2020.
- In addition, an increase of \$170,000 in operating would be spread throughout the programs in the agency.
 - Funds would be used for further enhancement of the charities/raffles/professional fundraiser web application, and in the creation of a new charities phone application to further aid in protecting charitable records.
 - In addition, this funding would provide the necessary technology and equipment required for the agency to meet the goals of maintaining critical IT storage for permanent state records, and to fulfill the statutorily mandated duties of the office.
 - Furthermore, this funding would provide support and enhancement of the electronic notarization online web application. This online system is required to fulfill the statutory requirement of the SC Electronic Notary Act signed by Governor McMaster on May 21, 2021.

III. Other Funds Retirement, Health, and Pay Allocation - \$57,245

- The requested funding would support all divisions of the agency which are staffed by employees whose compensation is supported by other funds. Therefore, all goals and strategies the office seeks to meet would be impacted by the fulfillment of this funding request.

Secretary of State's Office Budget Requests

Fiscal Year 2023-2024

FY 23-24 Budget Priorities Summary												
Secretary of State's Office												
Budget Priorities				Funding					FTEs			
Priority No.	Priority Type	Priority Title	Priority Description	Recurring	Non-Recurring	Other	Federal	Total	State	Other	Federal	Total
1	B1-Recurring	New Other Funded FTE in the Legal Division - Attorney II	This Attorney FTE would be focused on the enforcement of the Solicitation of Charitable Funds Act (SC Code § 33-56-10 et seq.) to protect charitable donors in the state. This would allow the agency to increase the number of enforcement actions for violations of the Act with additional filings in the Administrative Law Court and with participation in more multi-state enforcement actions.	\$ -	\$ -	\$ 95,000	\$ -	\$ 95,000	0	1	0	1
2	B1-Recurring	Other Funds Authorization Increase	Continued IT services for customers to provide up-to-date, secure, and convenient infrastructure and security. IT services to support all divisions in the agency with emphasis on the creation of the electronic notarization online web application as a result of the SC Electronic Notary Act signed by Governor McMaster on 05/21/2021.	\$ -	\$ -	\$ 170,000	\$ -	\$ 170,000	0	0	0	0
3	B1-Recurring	Other Funds Retirement, Health, and Pay Allocation	Support for all divisions of the agency which are staffed by employees whose compensation is supported by other funds. Allows for all goals and strategies of the office to be met.	\$ -	\$ -	\$ 57,245	\$ -	\$ 57,245	0	0	0	0
Totals				\$ -	\$ -	\$ 57,245.00	\$ -	\$ 57,245.00	0	1	0	1

Secretary of State's Office Budget Request Fiscal Year 2023-2024



Fiscal Year FY 2023-2024

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS**
(FORM B1)

For FY 2023-2024, my agency is (mark "X"):	
	Requesting General Fund Appropriations.
X	Requesting Federal/Other Authorization.
	Not requesting any changes.

**NON-RECURRING
REQUESTS**
(FORM B2)

For FY 2023-2024, my agency is (mark "X"):	
	Requesting Non-Recurring Appropriations.
	Requesting Non-Recurring Federal/Other Authorization.
X	Not requesting any changes.

**CAPITAL
REQUESTS**
(FORM C)

For FY 2023-2024, my agency is (mark "X"):	
	Requesting funding for Capital Projects.
X	Not requesting any changes.

PROVISOS
(FORM D)

For FY 2023-2024, my agency is (mark "X"):	
	Requesting a new proviso and/or substantive changes to existing provisos.
	Only requesting technical proviso changes (such as date references).
X	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Melissa Dunlap	(803) 734-2457	mdunlap@sos.sc.gov
SECONDARY CONTACT:	Tracy Watford	(803) 734-1797	twatford@sos.sc.gov

I have reviewed and approved the enclosed FY 2023-2024 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:		

This form must be signed by the agency head— not a delegate.

FORM B1 – RECURRING OPERATING REQUEST

**AGENCY
PRIORITY**

1

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

New Other Funded FTE in the Legal Division - Attorney II
--

Provide a brief, descriptive title for this request.

AMOUNT

General: \$0
Federal: \$0
Other: \$95,000
Total: \$95,000

What is the net change in requested appropriations for FY 2023-2024? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

1.00

Please provide the total number of new positions needed for this request.

**FACTORS
ASSOCIATED
WITH THE
REQUEST**

Mark "X" for all that apply:	
<input type="checkbox"/>	Change in cost of providing current services to existing program audience
<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
<input checked="" type="checkbox"/>	Non-mandated program change in service levels or areas
<input type="checkbox"/>	Proposed establishment of a new program or initiative
<input type="checkbox"/>	Loss of federal or other external financial support for existing program
<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
<input type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #

**STATEWIDE
ENTERPRISE
STRATEGIC
OBJECTIVES**

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
<input type="checkbox"/>	Education, Training, and Human Development
<input type="checkbox"/>	Healthy and Safe Families
<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens

**ACCOUNTABILITY
OF FUNDS**

<p>The Secretary of State is responsible for the enforcement of the Solicitation of Charitable Funds Act. This funding request of \$95,000 (includes fringe) would provide an Attorney II FTE in the Legal Division. This position would be funded with other funds and not state general funds. This Attorney FTE would be focused on the enforcement of the Solicitation of Charitable Funds Act (SC Code § 33-56-10 et seq.) to protect charitable donors in the state. This would allow the agency to increase the number of enforcement actions for violations of the Act with additional filings in the Administrative Law Court and with participation in more multi-state enforcement actions.</p>
--

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF

The Secretary of State's Office Attorney II FTE.
--

FORM B1 – RECURRING OPERATING REQUEST

**AGENCY
PRIORITY**

2

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Other Funds Authorization Increase

Provide a brief, descriptive title for this request.

AMOUNT

General: \$0
Federal: \$0
Other: \$170,000
Total: \$170,000

What is the net change in requested appropriations for FY 2023-2024? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

Please provide the total number of new positions needed for this request.

**FACTORS
ASSOCIATED
WITH THE
REQUEST**

Mark "X" for all that apply:	
<input type="checkbox"/>	Change in cost of providing current services to existing program audience
<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
<input type="checkbox"/>	Non-mandated program change in service levels or areas
<input type="checkbox"/>	Proposed establishment of a new program or initiative
<input type="checkbox"/>	Loss of federal or other external financial support for existing program
<input type="checkbox"/>	Exhaustion of fund balances previously used to support programs
<input checked="" type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #

**STATEWIDE
ENTERPRISE
STRATEGIC
OBJECTIVES**

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
<input type="checkbox"/>	Education, Training, and Human Development
<input type="checkbox"/>	Healthy and Safe Families
<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens

**ACCOUNTABILITY
OF FUNDS**

<p>The requested funding in other funds is necessary for the agency to meet the goals of providing the needed information technology applications and security in order to fulfill the statutorily mandated duties of the Secretary of State's Office. An increase of \$170,000 in operating funds would be used to support multiple divisions in the agency with emphasis on the creation of the electronic notarization online web application as a result of the SC Electronic Notary Act signed by Governor McMaster on May 21, 2021. The House Legislative Oversight Committee also recommend the enactment of electronic notarization in the committee's final agency report on October 21, 2020. The agency continues to expand its IT services for customers to provide up-to-date, secure, and convenient infrastructure and security.</p>

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

FORM B1 – RECURRING OPERATING REQUEST

**AGENCY
PRIORITY**

3

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Other Funds Retirement, Health and Pay Allocation

Provide a brief, descriptive title for this request.

AMOUNT

General: \$0
Federal: \$0
Other: \$57,245
Total: \$57,245

What is the net change in requested appropriations for FY 2023-2024? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

Please provide the total number of new positions needed for this request.

**FACTORS
ASSOCIATED
WITH THE
REQUEST**

Mark "X" for all that apply:	
<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
<input type="checkbox"/>	Non-mandated program change in service levels or areas
<input type="checkbox"/>	Proposed establishment of a new program or initiative
<input type="checkbox"/>	Loss of federal or other external financial support for existing program
<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
<input type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #

**STATEWIDE
ENTERPRISE
STRATEGIC
OBJECTIVES**

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
<input type="checkbox"/>	Education, Training, and Human Development
<input type="checkbox"/>	Healthy and Safe Families
<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens

**ACCOUNTABILITY
OF FUNDS**

<p>This funding request would support all divisions of the agency that are staffed by employees whose compensation is supported by other funds. Therefore, all goals and strategies that the office seeks to meet would be impacted by the fulfillment of this funding request.</p>

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
AMOUNT	\$38,418
	<i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>
ASSOCIATED FTE REDUCTIONS	The Secretary of State's Office will plan to reduce one State FTE in association with this General Fund reduction.
	<i>How many FTEs would be reduced in association with this General Fund reduction?</i>
PROGRAM / ACTIVITY IMPACT	Administration and Employee Benefits are supported by these General Funds. Elimination of funding for an FTE would hinder the Secretary of State's Office in maintaining the staff levels required to fulfill the statutory mission of the agency.
	<i>What programs or activities are supported by the General Funds identified?</i>
SUMMARY	Service delivery to customers would be directly impacted by the reduction of an FTE. Elimination of funding for an FTE would hinder the Secretary of State's Office in maintaining the staff levels required to fulfill the statutory missions of the agency. The 3% possible future cut would require moving a state-funded position to an other-funded position. It would also prevent the office from filling any position that becomes vacant. This reduction in staff would impact the agency's ability to serve customers.

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE

Reducing Fines and Fees

Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS

Not applicable.

What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:	
<input type="checkbox"/>	Repeal or revision of regulations.
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.
<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.
<input checked="" type="checkbox"/>	Other

METHOD OF CALCULATION

Not applicable.

Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES

Filing fees in the Secretary of State's Office are mandated by statute. Any revisions would require statutory revisions from the General Assembly. The Secretary of State's Office returned over \$13.5 million to the General Fund in FY 2021-22 for fees collected.

Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION

Securities Division, 113-1, through 113-26 repealed by State Register Volume 41, Issue No. 5, Doc. 4649, effective May 26, 2017.

Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

The Secretary of State no longer administers the Securities Division, therefore the office formally began the process of repealing regulations 113-1 through 113-26 in March of 2016. The regulations were repealed effective May 26, 2017. There are no other regulations needing to be repealed at this time.

The Secretary of State's Office filing fees are set by the General Assembly and cannot be reduced by the office. Additionally, most fees collected by the agency have not been increased for several decades and therefore have not maintained pace with inflation. The Secretary of State's Office returned more than \$13.5 million to the General Fund in FY2021-22 for fees collected through providing services mandated by statute.

SUMMARY

Secretary of State's Office Provisos

Fiscal Year 2023-2024

Constitutional Subcommittee Proviso Request Summary FY 2023-24				
Proviso # in FY 22-23 Act	Renumbered FY 23-24 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
96.1	96.1	UCC Filing Fees	Revenues from the fees raised pursuant to SC Code Section 36-9-525(a), not to exceed \$180,000, may be retained by the Secretary of State for purposes of UCC administration	Keep
96.2	96.2	Charitable Funds Act Disclosure Violations	The Secretary of State shall refer to the Attorney General for investigation under SC Code Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the mandatory disclosure requirements of Section 33-56-90 of the Act, and who has been fined \$10,000 or more for those violations	Keep
96.3	96.3	Charitable Funds Act Misrepresentation Violations	The Secretary of State shall refer to the Attorney General for investigation under SC Code Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the mandatory disclosure requirements of Section 33-56-90 of the Act, and who has been fined \$10,000 or more for those violations.	Keep
117.20	117.20	GP: Travel - Subsistence Expenses & Mileage	Travel and subsistence expenses, whether paid from state appropriated, federal, local or other funds, shall be allowed in accordance with the following provisions: (C) The Governor, Lieutenant Governor, Secretary of State, Comptroller General, Attorney General, State Treasurer, Adjutant General, Superintendent of Education and the Commissioner of Agriculture shall be reimbursed actual expenses for subsistence.	Keep
117.70	117.70	GP: Fines and Fees Report	Agency must provide and release to the public a report of all fines and fees charged and collected by the agency in prior fiscal year.	Keep

Secretary of State's Office FTEs Fiscal Year 2023-2024

Authorized FTEs - 34

Filled FTEs - 33

Vacant FTEs - 1