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Nevada Legislative Counsel Bureau
Budget Closing Action Detail Report
Senate Committee on Finance

May 04, 2003 8:34 AM
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EBO Page: ELECTED-80 - Volume I

Title: SECRETARY OF STATE
Account: 101 - 1050

2003 - W02
Wrkg Ver #2

	2002 Actual	2003 W. P.	% Chg	2004 Gov Rec	% Chg	2005 Gov Rec	% Chg
Revenues							
GENERAL FUND	4,534,222	4,984,395	9.93	5,859,104	17.55	6,390,219	9.06
BALANCE FORWARD	1,089,845	1,904,714	74.77				
FEDERAL FUND				5,081,997		117,371	-97.69
INTER AGENCY TRANSFER	48,643	48,643					
OTHER FUND	2,817,057	2,994,044	6.28	3,419,337	14.20	3,564,793	4.25
Total Revenues	8,489,767	9,931,796	16.99	14,360,438	44.59	10,072,383	-29.86

		% of tot.		% of tot.
Expenses				
Base	8,683,493	60.47	9,055,245	89.90
Maintenance	379,894	2.65	466,821	4.63
Enhancement	5,297,051	36.89	550,317	5.46
Total Expenses	14,360,438		10,072,383	

	% of tot.	% of tot.
Percentage of Base		
Maintenance	4.37	5.16
Enhancement	61.00	6.08

Total FTE	133.04	135.55	135.55
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Adjustments to Revenue

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	00	2501	Reduce GF appropriation for credit card discount fee expenses	(36,607)	(92,276)
B-000	00	2501	Reduction for allocation of rent expenses to positions in BA 1051 (HAVA)	(7,174)	(7,196)
E-300	00	3502	Eliminate positions placed in B/A 1051 - SoS HAVA Election Reform	(81,997)	(117,371)
E-301	00	3502	Move federal funds to B/A 1051 - SoS - HAVA Election Reform	(5,000,000)	0
E-710	00	2501	Adjust new fax machines costs and move from FY05 to FY04	6,200	(4,950)
E-710	00	2501	Adjust software prices and add funds for MS Office software	10,091	7,119
E-710	00	2501	Adjustment for revised computer hardware prices	(1,698)	1,300
E-710	00	2501	Adjustment to equipment expenses in FY 04	(6,178)	0
E-710	00	2501	Eliminate funds for application server in FY 05 (\$25,000)	0	(25,000)
E-805	00	2501	Change funding source from GF to Special Services Fund	(37,913)	(39,314)
E-805	00	4733	Add funding for AG tort expenses	296	308
E-805	00	4733	Add funding for employee bond expenses	6	6
E-805	00	4733	Change funding source from GF to Special Services Fund	37,913	39,314
Sub-Total				(5,117,061)	(238,060)
Line Item Changes to Revenues				(5,117,061)	(238,060)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	FY2004	FY2005
B-000	04	7000	Reduce GF appropriation for credit card discount fee expenses	(36,607)	(92,276)
B-000	04	7000	Reduction for allocation of rent expenses to positions in BA 1051 (HAVA)	(7,174)	(7,196)
E-300	01	5000	Eliminate positions placed in B/A 1051 - SoS HAVA Election Reform	(81,997)	(117,371)
E-301	26	7000	Move federal funds to B/A 1051 - SoS - HAVA Election Reform	(5,000,000)	0
E-710	04	7000	Adjustment to equipment expenses in FY 04	(6,178)	0
E-710	05	8000	Adjust new fax machines costs and move from FY05 to FY 04	6,200	(4,950)
E-710	26	7000	Adjust software prices and add funds for MS Office software	10,091	7,119
E-710	26	8000	Adjustment for revised computer hardware prices	(1,698)	1,300
E-710	26	8000	Eliminate funds for application server in FY 05 (\$25,000)	0	(25,000)

E-805	04	7000	Add funding for AG tort expenses	296	308
E-805	04	7000	Add funding for employee bond expenses	6	6
Sub-Total				(5,117,061)	(238,060)
Line Item Changes to Expenditures				(5,117,061)	(238,060)
Total				0	0
Grand Total General Fund Impact of Closing Changes				(73,279)	(160,317)

OVERVIEW

The Secretary of State is responsible for ensuring the integrity of elections, facilitating business filings, protecting consumers against securities fraud, preserving public records, and promoting public awareness and education in these areas. The adjusted base budget includes funding for 133.04 positions of which the General Fund supports 78.02 (59%) and 55.02 (41%) is funded by transfers from the Special Services Fund (fees charged by the agency for expedited document processing).

Any balance exceeding \$2 million in the Special Services Fund at the end of each fiscal year reverts to the General Fund (NRS 225.140). S.B. 46 (2001 Session) increased the maximum fee the agency may charge for providing expedited services from \$100 to \$500 for services provided within two hours. S.B. 577 (2001 Session) requires that \$50 of the two hour service fees and 50 percent of the normal expedite service fee be deposited in the Special Services Fund and the remainder in the General Fund. In FY 2002, approximately \$2.8 million was transferred from the Special Services Fund to support the operation of the Secretary of State's office and approximately \$896,000 was balanced forward to FY 2002-03, with no funds reverted to the General Fund.

CLOSING ISSUES

Help America Vote Act of 2002 (HAVA): In Decision Unit E-301, the Governor recommended the authorization to receive \$5,000,000 in federal funds provided under HAVA for improvements to election administration, a statewide voter registration system, and the replacement of punch card voting machines. In Decision Unit E-300, the Governor recommended that an Information Systems Specialist position and a Computer Network Technician position be funded with the federal funds received under HAVA. S.B. 417, approved by the 2003 Legislature and signed by the Governor on April 25, authorized the creation of the Election Fund required under HAVA for the receipt of the \$5,000,000 provided under Title I (no state matching requirement). The Secretary of State reports that the \$5,000,000 in Title I funds was received on April 30, 2003. **The \$5,000,000 in federal HAVA funds and the two information technology positions have been removed from budget account 1050 and moved to a new budget account (B/A 1051) – SoS HAVA Election Reform, created specifically for the budgeting and accounting of HAVA expenditures. This new budget account will be presented separately for the Committee's consideration.**

Decision Unit E-805 (Elected-83): The Executive Budget recommends a General Fund appropriation of \$30,695 in FY 2003-04 and \$32,180 in FY 2004-05 for the reclassification of two vacant Administrative Assistant II positions to an Information Systems Specialist III and a Computer Network Technician II. The reclassification of these two positions was approved by the Interim Finance Committee at their February 8, 2003 meeting, but was funded with transfers from the Special Services Fund. Staff recommends these two positions continue to be funded with transfers from the Special Services Fund. **Does the Committee wish to approve that these two positions continue to be funded with transfers from the Special Services Fund? The Committee should note that the Secretary of State's office has filled the two positions approved by the IFC.**

Including the two positions requested in Decision Unit E-805, the Special Services Fund funds approximately 42 percent of the Secretary of State's positions. The total transfer from the Special Services fund in FY 2003-04 and FY 2004-05 is \$3,447,552 and \$3,594,421 including personnel and associated operating costs allocated to the positions funded from the Special Services Fund. The Secretary of State has provided staff with information that collections from the expedite services that provide the funding to the Special Services Fund may not be sufficient to fully cover the personnel and allocated operating costs over the 2003-05 biennium. Based on the information provided, if demand for expedite services remain flat over the 2003-05 biennium, a potential shortfall may occur in

FY 2004-05, unless the Secretary of State's expedite fees are increased. Several proposals being considered by the 2003 Legislature regarding increases to Secretary of State fees include a 50 percent increase in the expedite fees and maintain the 50 percent allocation to the Special Services Fund and the General Fund. The Secretary of State has provided staff with information that a 25 percent increase would maintain sufficient funding levels in the Special Services Account.

OTHER CLOSING ITEMS

Funding for Credit Card Discount Fee Expenses – Base (Elected-81): The Executive Budget recommends \$255,607 in FY 2003-04 and \$383,276 in FY 2004-05 for credit card discount fees. Actual credit card discount fee expenses in FY 2001-02 were \$113,293, compared to the legislatively approved \$34,566. The significant increase in FY 2001-02 was due to increased use of credit cards by patrons, but also the fee increases approved by the 2001 Legislature in S.B. 577. After reviewing the agency's requested increase for FY 2003-04 and FY 2004-05 and the current fiscal year-to-date information for FY 2002-03, staff met with the Secretary of State's office and it was determined that the requested amount could be reduced by \$36,607 in FY 2003-04 and \$92,411 in FY 2004-05. **Does the Committee wish to approve staff's recommended funding amount of \$219,000 in FY 2003-04 and \$291,000 in FY 2004-05 for credit card discount fee expenses?** The Committee should note that if the Legislature approves increases in the Secretary of State's filing fees, the required funding for credit card discount fee expenses in the 2003-05 biennium would potentially increase. Also, the Secretary of State's office has indicated that the electronic filing system, scheduled to come online at the end of this year, may potentially increase the use of credit cards and the amount needed for discount fee expenses. The Committee should note that if the expedite fees are increased, then the Special Services Fund could be used to fund additional credit card discount fee costs, if the need arises, rather than using General Fund dollars. The Legislature should consider including a provision in any legislation increasing Secretary of State fees that the increased credit card discount fees be funded from the Special Services Fund.

Decision Unit E-300 (Elected-82) - Reimbursement Costs for County Ballot Stock Expenses: The Governor recommends an additional General Fund appropriation of \$100,000 for anticipated increases in the costs to reimburse counties for election ballot stock costs required under NAC 293.200. The total recommended appropriation for these costs in FY 2004-05 is \$227,200 for the 2004 election compared with actual costs in FY 2002-03 for the 2002 election of \$140,849. The projected increase in FY 2004-05 for the 2004 election is due to the requirements of the federal Voting Rights Act that certain counties must provide voting materials in the language of the applicable minority group, as well as in English. For the 2002 election, Clark County was required to provide voting materials in the Spanish language and based on current population trends, the Secretary of State anticipates that Washoe County will be required to provide materials in Spanish language for the 2004 election. Based on several meetings with the Secretary of State's office on this item, staff concurs with the additional \$100,000 recommended in FY 2004-05. **Does the Committee wish to approve the Governor's recommended General Fund appropriation of \$100,000 in FY 2004-05 for anticipated increases in the costs to reimburse counties for election ballot costs?** The Committee should note that the Secretary of State's office has indicated that the implementation of the provisions of HAVA may potentially reduce the expenses required for future elections for the ballot stock reimbursement costs to counties.

Decision Unit M-400 – Travel and Training Adjustment: The agency requested \$10,414 in General Fund appropriation in each year of the 2003-05 biennium to restore training funds reverted to the General Fund in FY 2001-02 when several approved positions were left vacant during the fiscal year to save General Fund dollars. The requested funding was not recommended in The Executive Budget. On Thursday, May 1, 2003, the Secretary of State provided a letter to the Chairman of the Senate Committee on Finance requesting consideration of this item during the closing of the Secretary of State's budget. A copy of the letter is attached for the Committee's review and consideration. Staff has no position on the agency's request. **Does the Committee wish to add a General Fund appropriation of \$10,414 in FY 2003-04 and FY 2004-05, not included in The Executive Budget for restoration of training funds?** If approved, it will increase total training expenses to \$34,518 per year, approximately \$1,300 less than the FY 2002-03 work program amount.

OTHER TECHNICAL ADJUSTMENTS

Decision Unit E-710 (Elected-83): The Governor recommends a General Fund appropriation of \$113,037 in FY 2003-04 and \$160,069 in FY 2004-05 for office equipment, computer hardware and software. Based on adjustments for revised prices for computer hardware and software and the elimination of an application server in FY 2004-05, staff recommends a General Fund appropriation of \$121,212 in FY 2003-04 and \$138,298 in FY 2004-05. **The combined adjustments result in an additional General Fund appropriation of \$8,175 in FY 2003-04 and a General Fund savings of \$21,771 in FY 2004-05. The adjustment amount in each year includes the cost for Windows Office software for new computers inadvertently omitted from The Executive Budget.**

ATTACHMENT - 3 PAGES

DEAN HELLER
Secretary of State

STATE OF NEVADA

CHARLES E. MOORE
Securities Administrator

RENEE L. PARKER
Chief Deputy Secretary
of State

SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

PAMELA A. RUCKEL
Deputy Secretary for
Southern Nevada

RONDA L. MOORE
Deputy Secretary
for Elections



OFFICE OF THE
SECRETARY OF STATE

MEMORANDUM

DATE: May 1, 2003

TO: Senator William J. Raggio, Chair, Senate Finance Committee
Assemblyman Morse Arberry, Jr., Chair Assembly Committee on
Ways & Means

FROM: Dean Heller, Secretary of State *PH*

CC: Gary Ghiggeri, Fiscal Analyst
Mark Stevens, Fiscal Analyst
✓Russell Guindon, Deputy Fiscal Analyst

SUBJECT: Agency Budget Request

In preparation for closing of the budget for the office of the Secretary of State, I hereby request your consideration of two items included in our agency budget request that were not included in the Governor's recommendation for our budget. Specifically, these two items relate to increases in the current unclassified salaries authorized for the deputy positions in the office of the Secretary of State, and the reinstatement of training monies that were reverted in our base budget due to the freezing of positions following the events of September 11, 2001.

Deputy Salaries: With respect to deputy salaries, as you are aware, the salaries for the deputies in my office have historically been substantially less than the salaries paid for equivalent positions in other constitutional offices. During the 2001 legislative session we attempted to remedy this situation. The salary for the Chief Deputy was raised to be equivalent to the salary for the same position in the

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Treasurer and Controller's offices. However, the salaries for the other authorized deputies were not raised to be equivalent with those in these other constitutional offices. Therefore, I am requesting raises in unclassified salaries in amounts not included in the Executive Budget, based upon salaries for equivalent positions in the other constitutional offices. The following is a list of the current authorized salaries for unclassified deputies in this office, as well as a listing of the requested salaries for these positions, excluding benefits. Please note that the requested salaries are equal to the salaries we have been informed have been included in the Executive Budget for the Chief Deputy and deputies in the Treasurer's office:

	<u>Current Salary</u>	<u>Requested 04</u>	<u>Requested 05</u>
Chief Deputy (Renee Parker)	\$ 86,153	\$ 86,153	\$ 86,153
Deputy Commercial Recordings (Scott Anderson)	\$ 76,221	\$ 78,319	\$ 78,319
Deputy Elections (Ronda Moore)	\$ 76,221	\$ 78,319	\$ 78,319
Deputy Southern NV (Pamela Ashworth)	\$76,221	\$ 78,319	\$ 78,319
Deputy (Vacant-Unfunded)	\$ 76,221	\$ 78,319	\$ 78,319

For your information, the current Chief Deputy and Elections Deputy in this office are both licensed Nevada attorneys. In addition, the Deputy for Commercial Recordings is a certified public accountant. If the salary disparity continues, it will remain difficult for this office to retain such highly qualified employees. Further, even under the current salary structure, if any of these positions became vacant, it would be difficult to replace such employees with similarly qualified individuals. Given the duties and responsibilities of the deputies, as well as the fact that this office employs approximately 136 persons, I believe it is reasonable for the

deputies in this office to be paid equivalent salaries to deputies in other constitutional offices that have less than one-third (1/3) of the employees.

Training Funds: In FY 02, at the Governor's request, this office left several approved positions vacant in order to help the state's general fund recover from the events and resulting recession of September 11, 2001. As a result, the training money earmarked for these positions was left unspent and reverted to the general fund. The two positions left vacant were Information System Specialists, which have subsequently been filled. These training funds will be needed over the upcoming biennia in order for our office to maintain competitive and keep up with technological advances. These are highly skilled positions that require continuous training and certification updates. In addition, the office held off on sending Notary and Election Division personnel to out of state training to assist the State's general fund in FY 02. Such training is imperative for the success of these divisions. It would be detrimental to our office and the State to forego such training. Therefore, I hereby request that the \$10,414 of unspent training funds be restored as part of our FY 04 and FY 05 appropriations.

Thank you for your attention to this matter. If you have any questions concerning the foregoing or require additional information, please do not hesitate to call me at (775) 684-5709, or to contact my Chief Deputy, Renee Parker, at (775) 684-5714.