

E08

Agency Certification and Transmittal Sheet	
Code: E08	Name: Secretary of State
Mission Statement: The mission of the Office of the Secretary of State is to provide innovative technology to enhance the process of accurately maintaining, preserving, and making available essential records to fulfill its statutory duties while providing prompt, efficient, and courteous customer service.	
<p>RECEIVED SEP 30 2011 Budget & Control Board OFFICE OF STATE BUDGET</p>	

To the Office of State Budget

This, and accompanying statements, schedules, and explanatory sheets consisting of 14 pages constitute the operating budget estimates of this agency for all proposed expenditures for the 2012-2013 fiscal year.

All statements and explanations contained in the estimates submitted herewith are true and correct to the best of my knowledge.

Signed: Mark Hammond Date: 9-30-2011
(Agency Head)

FISCAL YEAR 2012-13 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. **Agency Section/Code/Name:**

Section 74/E08/Secretary of State

B. **Summary Description of Strategic or Long-Term Goals:**

The mission of the Office of the Secretary of State is to provide innovative technology to enhance the process of accurately maintaining, preserving and making available essential records to fulfill its statutory duties while providing prompt, efficient, and courteous customer service.

Strategic or Long-Term Goals:

- (1) Provide responsive and efficient customer service while fulfilling those duties set forth by the General Assembly for the benefit of all South Carolinians.
- (2) Provide the technology infrastructure and solutions for the efficient operation of the office to serve customers in the most efficient manner.
- (3) Enhance the regulation of public charities in South Carolina to ensure citizens have the best possible information when contributing funds to a charitable organization.

C. **2011-2012 Agency Recurring Base Appropriation:**

State	\$ 585,969
Federal	\$0
Other	\$ 1,567,655

D. **Number of Budget Categories:**

1

E. **Agency-wide Vacant FTEs**

Vacant FTEs as of July 31, 2011: 3

% Vacant 10.3%

F. **Efficiency Measures:**

Business Filings Division- Launch of the Uniform Commercial Code (UCC) online filing system- The most exciting technological advancement initiated during FY 10-11 to increase efficiency is the Uniform Commercial Code online search, filing, and retrieval system. This new system provides members of the public—including many banking institutions, law firms, and business owners—the ability to file and search for UCC documents. This technological advance was a result of a partnership with the state web portal, South Carolina Interactive (SCI), and was accomplished without a system development cost to the taxpayers, thus expanding our continuing efforts to provide excellent customer service. The agency also located a full-time business filings clerk in the lobby to speed up walk-in customer transactions and made upgrades to the agency website to enhance usability. In total, our front office staff members served over 13,000 walk-in filing customers averaging less than 10 minutes per transaction, and answered over 17,000 phone calls. (See paragraphs 7.1 -1 to 7.1-4 in the Accountability Report) In addition, the agency provided automated customer debit account statements, which reduced staff processing time and provided convenience for the customers.

Internal Operations- Implementation of a new Revenue system - for the first time the office is able to keep track of all generated revenue in a single system and systematically update these revenues into the state's accounting system without manual re-entry. Previously the office was using fourteen different systems to track its revenues ranging from an Access Database for tracking trademarks to a custom developed SQL Server Database system for corporation filings and imaging. In addition, six different deposits were made daily and to update SCEIS (the state's book of record accounting system), users scanned all deposit receipts and then re-keyed all revenues into the system. The agency also increased collection of outstanding debts from bad checks - through the work of many dedicated employees the office was able to streamline the collection of outstanding dishonored checks. This reduced the amount of outstanding invoices by \$32,914 (58%) and resulted in the collection of over \$11,000 in returned checks.

Charities Division-All employees have been cross trained to complete each type of filing that comes into the Charities Division. Procedures have been implemented that allow for customer contact to reduce the cost and time involved in

returning a filing to a customer for correction. Forms are being revised to reduce redundancy and customer error while ensuring that statutory requirements are met. Work flow and assignments have been modified to provide a quicker turn around time for filings while at the same time increasing the amount of phone and email support given to customers. Customer calls that are not immediately answered returned same day; the Charities voicemail is never full. A filing and retention policy has been put into place; this has created a much more efficient and organized space where paperwork can be located with minimal effort when needed. Increased customer use of the Charities online filing system by 13% through customer education and process enhancements.

Investigations Division- The Investigations Division has achieved greater efficiency, effectiveness, and customer service improvements through public outreach to educate citizens on the Solicitation of Charitable Funds Act and state trademark law. Investigative staff trains and assists law enforcement throughout the state in identifying counterfeit goods and enforcement of criminal statutes prohibiting the sale and reproduction of counterfeit goods. For fiscal year 2010-2011, the Investigations Division assisted law enforcement in the confiscation of approximately \$5,031,901 in counterfeit goods and the arrest of 57 individuals for trafficking in counterfeit goods in the state of South Carolina.

The Investigations Division has worked in conjunction with the Legal and Charities Division to improve enforcement of the Solicitation of Charitable Funds Act, which had a total fine revenue of \$231,921 in fiscal year 2010-2011—a 67% increase over the previous fiscal year (See paragraphs 7.1-5 through 7.1-9 in Accountability Report).

The Legal Division works in conjunction with all agency divisions to ensure compliance with statutory duties of the Secretary of State's Office. Duties are divided among the Chief of Staff/General Counsel, Deputy General Counsel, and Staff Attorney to ensure accurate and efficient response to both office staff and customer needs.

As in previous years, in FY10-11, the agency returned substantially more money to the General Fund than the agency received in appropriated funds. In FY10-11, the Secretary of State's Office returned more than seven times its appropriations to the General Fund, \$4.49 million. The agency continues to focus on achieving cost savings wherever possible while not compromising excellent customer service; however, with reduced staffing this is difficult. Customer service continues to be the primary focus and the agency is continuing to develop technology solutions as part of an ongoing project to reduce program expenses and the response time to our customers. In FY 10-11, the agency processed over 200,000 paper filings and information requests office wide, and assisted customers with over 108,827 phone calls. With this high level of demand and reduced funding, the Secretary of State understands that constant improvements in technology are required to maintain excellent customer service.

G. Number of Provisos:

2

IIA. OPERATING BUDGET PROGRAMS

Agency Section/Code/Name: Section 74/E08/Secretary of State

SUMMARY OF OPERATING BUDGET PROGRAMS FOR FY 2012-13

OPERATING BUDGET PROGRAMS			FUNDING				FTEs				
Title	Activity Name	Activity No.	Non-Recurring State	Recurring State	Federal	Other	Total	State	Federal	Other	Total
Administration	Administration	114	0	173,000	0	104,000	277,000	2.50	0.00	1.50	4.00
	Corporations	115		335,528		215,647	551,175	7.00	0.00	2.00	9.00
	Uniform Commercial Code	116		45,000		180,000	225,000	1.00	0.00	2.25	3.25
	Notaries and Apostilles	117		76,732		0	76,732	1.25	0.00		1.25
	Boards, Commissions, Acts & Resolutions	118		76,732		0	76,732	1.25			1.25
	Charities, Special Purpose Districts, Municipal Incorporations and Annexations	119		0		633,000	633,000			6.25	6.25
	Trademarks, Service of Process, Employment Agencies, and Business Opportunities	120		91,913		197,441	289,354	3.50		0.00	3.50
	Computer System upgrade	1658		0		0	0				0.00
	Cable Franchise Authority	1788		24,631		0	24,631	0.50			0.50
For additional rows, place cursor in this gray box and press "Ctrl" + "b". (You need to start in this gray box for each row needed or the formulas will not copy properly.)											
TOTAL OF ALL OPERATING BUDGET PROGRAMS			0	823,536	0	1,330,088	2,153,624	17.00	0.00	12.00	29.00

IIB. CAPITAL BUDGET/NON-RECURRING REQUESTS FOR FY 2012-13

Agency Section/Code/Name: Section 74/ E080 / Secretary of State

SUMMARY OF CAPITAL BUDGET/NON-RECURRING REQUESTS FOR FY 2012-13

CAPITAL BUDGET/NON-RECURRING REQUESTS				Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Project No.*	Project Name	Activity Name	Activity No.				
1	Technology Infrastructure and Systems Development	Technology Infrastructure and Systems Development	New	500,000			500,000
							0
							0
							0
							0
For additional rows, place cursor in this gray box and press "Ctrl" + "c". (You need to start in this gray box for each row needed or the formulas will not copy properly.)							
TOTAL OF ALL CAPITAL BUDGET/NON-RECURRING REQUESTS				500,000	0	0	500,000

*if applicable

A. Summary description of programs and how they relate to the mission of the agency:

The Secretary of State’s Office has one general budget category called “Administration”. This category encompasses the various statutorily required duties of the office all of which relate to the direct mission of the agency.

A few of the Activities included in this program are:

The **Corporations** division reviews and processes all business filings for South Carolina and out-of-state corporations, limited liability companies, limited partnerships, limited liability partnerships, nonprofit corporations and cooperatives. The division also handles many customer inquiries and provides a telephone customer service center. The division retrieves and provides historical documents for all entities that have registered in the office. Primary customers are law firms, CPAs, service companies and business people. The Corporations Division's activities are required by S.C. Code Title 33 (the corporate code) particularly Chapters 1- 19, 31, 42, 44 and 45-49.

The **Uniform Commercial Code** division reviews and processes all Uniform Commercial Code filings for customers, particularly banks, financial institutions and law firms. The division also processes customer search requests for documents necessary for financing transactions. This division's activities are mandated by S.C. Code Title 36, Chapter 9.

The **Notaries and Apostilles** division reviews and files all notary applications. Also, this division reviews all documents submitted for apostille and apostilles those that are appropriate. The statutory mandate for this division is Title 26, chapters 1 and 3. This division also processes all Boards and Commission appointments and Acts & Resolutions as required by statute.

The **Charities** division's primary responsibility is the enforcement of the Solicitation of Charitable Funds Act; however, this division also processes applications for special purpose districts, municipal incorporations and annexations. The charities division’s statutory authority is Title 33, Chapter 56. Special purpose districts - Title 6, Chapter 16; municipal incorporations - Title 5, Chapter 1; annexations - Title 5, chapter 3. This division handles the other registration, legal and investigative duties of the office and is partially responsible for the processing of applications and licenses for trademarks, employment agencies and business opportunities. Statutory duties are found in S.C. Code 39-15-1110 (trademarks), 15-9-245 (service of process), 41-25-110 (employment agencies) and 39-57-40 (business opportunities).

B. Budget Program Number and Name:

I. Administration

C. Agency Activity Number and Name:

Note: If more than one activity maps to this program; provide all activity numbers, names, and approximate funding amounts.

Activity Number	Activity Name	State Non-Recurring	State Recurring	Federal	Other	Total
114	Administration		173,000		104,000	277,000
115	Corporations		335,528		215,647	551,175
116	Uniform Commercial Code		45,000		180,000	225,000
117	Notaries and Apostilles		76,732		0	76,732
118	Boards, Commissions, Acts, and Resolutions		76,732		0	76,732
119	Charities, Special Purpose Districts, Municipal Incorporations, and Annexations		0		633,000	633,000
120	Trademarks, Service of Process, Employment Agencies, and Business		91,913		289,354	197,441

	Opportunities					
1658	Computer System Upgrade		0		0	0
1788	Cable franchise Authority		24,631		24,631	0

D. Performance Measures:

Due to the varying duties of the office the number of performance measures used are too numerous to list in a sensible manner here. A few high level measures used are as follows:

Effective and efficient administration of the agency ensuring courteous and timely service for all customers.

Responsible, efficient oversight of more than 8,000 charities and 2,300 professional solicitors (includes individuals).

Cooperation with law enforcement in the investigation of counterfeit goods cases and the confiscation of those goods.

Timely service of process on behalf of foreign corporations served on Secretary of State.

All applications shall be processed fully within the time limitations set forth by law.

Expected results would be measured in the ability to provide accurate responses to staff and customer inquiries in a timely manner, and to ensure that all forms issued by the agency comply with statutory requirements.

Expected results would be measured in ability to develop training materials that are accessible and accurate to both office staff and customers; conduct training as needed to ensure office staff's compliance with statutory requirements; conduct training to inform and assist members of the public with services provided by the Secretary of State's Office.

Answer calls in under 3 minutes. Continually provide courteous and supportive customer service within timely manner.

E. Program Interaction:

The Agency only has one program.

F. Change Management:

The agency mission is to provide innovative technology to enhance the process of accurately maintaining, preserving and making available essential records to fulfill its statutory duties while providing prompt, efficient, and courteous customer service. We have focused our efforts on eGovernment opportunities to provide the services our customers need in the most efficient manner possible.

G. Detailed Funding Information:

FY 2012-13 Cost Estimates:	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs*		17.00	0.00	12.00	29.00
Personal Service	\$0	\$576,475	\$0	\$567,058	\$ 1,143,533
Employer Contributions	\$0	\$247,061	\$0	\$158,776	\$ 405,837
Program/Case Services	\$0	\$0	\$0	\$0	\$ 0
Pass-Through Funds	\$0	\$0	\$0	\$0	\$ 0
Other Operating Expenses	\$500,000	\$0	\$0	\$604,254	\$ 604,254

Total	\$ 500,000	\$ 823,536	\$ 0	\$ 1,330,088	\$ 2,653,624
* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.					

Is this budget category or program associated with a Capital Budget Priority? Yes

If yes, state Capital Budget Priority Number and Project Name.: 1: Technology Infrastructure and Systems Development

Please List proviso numbers that relate to this budget category or programs funded by this category. See section IV.

H. Changes to the Appropriation:

Please explain any changes, to include re-alignments and funding or FTE increases requested in this year’s appropriation, as detailed below:

Funding:

Year	State Non-Recurring	State Recurring	Federal	Other (Earmarked or Restricted)
2011-2012 Act		585,969		1,567,655
2012-2013 Act		823,536		1,330,088
Difference		237,567		-237,567
% Difference		41%		-15%

Explanation of Changes:

Total budget authority remains unchanged; however, we request an increase in recurring state appropriations while reducing earmarked authority. Reductions in state recurring funds required the agency to use non-recurring earmarked funds to continue to meet its statutory responsibilities. The agency does not generate sufficient recurring earmarked revenues to continue to operate all mandated programs. Without this shift in funding, performance in many activities will be compromised impacting South Carolina citizens. In addition to historical revenues not reaching the budgeted authority, the agency will no longer receive revenues from the SCBOS project due to changes in the program; these funds were used to fund 1.5 FTEs.

I. Revenue Estimates:

Please detail Sources of revenue for this program, identified by SAP fund number if a live SCEIS agency or the STARS number if a STARS agency. If several sources remit to a single subfund that cannot be split by source and appropriation or program, provide an estimate of the revenue dedicated to this program.

SAP Fund Number	Source Name	General Fund	Other State	Earmarked	Restricted	Federal
10010000	GF APPROPRIATIONS	\$ 823,536				
38580000	CHAR ORG SOLICIT PRMIT & PUBLIC CHARITIES FINES			645,088		
30350000	SALE OF DOCUMENTS			\$ 505,000		
30370000	UNIF COM CODE FEE			\$ 180,000		

If expenditures for this program are greater than known or estimated revenues and the intent is to bridge part of this shortfall by drawing down balances in agency accounts or reserves, indicate the accounts and amount of the current reserve or balance that will likely be used below.

Please detail the long-term sustainability of this program if cash reserves are needed to operate.

If there is federal fund or other fund spending authority requested above the revenue streams detailed above, please indicate the amount and explanation for each.

J. FTE Positions:

Please detail the number of FTE's filled (F) by the program as of June 30 of each fiscal year, and the number authorized (A) by the Appropriations Act.

Fiscal Year	State	Other-Earmarked or Restricted	Federal	Total	Temporary, Temporary Grant, Time -limited
2012-2013 (A)	17	12		29	
2011-2012 (A)	17	12		29	
2010-2011 (F)	14	12		26	
2010-2011 (A)	17	12		29	
2009-2010 (F)	11	12		23	
2009-2010 (A)	17	12		29	
2008-2009 (F)	18	10		28	
2008-2009 (A)	19	10		29	
2007-2008 (F)	19	10		29	
2007-2008 (A)	19	10		29	

K. Detailed Justification for FTEs: N/A

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) **Position Details:**

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

New #1

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

I Administration Activity 119

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

New Proviso #1 is agency-specific.

D. Action

Add

E. Title

Descriptive Proviso Title: Charities Fine Revenue

F. Summary

Summary of Existing or New Proviso: The new proviso would allow the Secretary of State to retain the first \$300,000 in fine revenue received for the enforcement of the Solicitation of Charitable Funds Act, Section 33-56-10 et seq. Currently only the first \$200,000 in fine revenue may be retained by the agency pursuant to Section 33-56-160.

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified): n/a

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

The agency would have the ability to retain an additional \$100,000 in fine revenue for the enforcement of the Solicitation of Charitable Funds Act. Current statute allows the agency to retain up to \$200,000 in fine revenue for enforcement.

I. Justification

Refer to the instructions for the correct question to answer in this space, based on the action you selected

This proviso does not create a new program. This proviso is needed in order to enforce the Solicitation of Charitable Funds Act. The necessity of this proviso is dependent upon the level of future appropriations.

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

The agency would have the ability to retain an additional \$100,000 in fine revenue for the enforcement of the Solicitation of Charitable Funds Act. Current statute allows the agency to retain up to \$200,000 in fine revenue for enforcement. The additional revenue would allow the agency to meet statutory requirements and to increase enforcement efforts.

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

The first \$300,000 in administrative fine revenue received in a fiscal year pursuant to Section 33-56-160 may be retained by the Secretary of State to offset the expenses of enforcing the Solicitation of Charitable Funds Act.

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

74.1

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

I Administration Activity 116

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

Proviso 74.1 is agency-specific.

D. Action

(Indicate Keep, Amend, Delete, or Add):

Amend

E. Title

Descriptive Proviso Title: UCC Filing Fees

F. Summary

Summary of Existing or New Proviso: Revenues from fees raised pursuant Section 36-9-525(a) for the filing of Uniform Commercial Code may be retained by the Secretary of State for purposes of UCC administration.

G. Explanation of Amendment to/or Deletion of Existing Proviso

The amendment would allow the Secretary of State to retain an additional \$60,000 in filing fees collected for UCC filings for UCC administration.

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary

Increased funding is necessary to ensure compliance with changes in the Uniform Commercial Code and any statutory amendments. The ability to retain additional filing fee revenue would allow the Secretary of State to provide for the administration of the UCC functions.

I. Justification

This proviso should be codified. The increase in the amount of filing fees retained would allow the Secretary of State to provide for the administration of the UCC functions.

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)

There would be a reduction in the amount of revenue transferred to the General Fund in the amount of \$60,000.

K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline

SECTION 74 – E08 – SECRETARY OF STATE'S OFFICE

74.1 (SS: UCC Filing Fees) Revenues from the fees raised pursuant to Section 36-9-525(a), not to exceed ~~\$120,000~~, \$180,000 may be retained by the Secretary of State for the purposes of UCC administration.

Federal Aid Justification

Not Applicable

Summary

Award Title	<input type="text"/>		
CFDA Number/Title	<input type="text"/>	→ If "Other", identify:	<input type="text"/>
Award Number (Federal)	<input type="text"/>	Start Date	<input type="text"/> Federal Agency
Award Number (State)	<input type="text"/>	End Date	<input type="text"/> Federal Subagency
Award Period	<input type="text"/>	→ If "Other", explain:	<input type="text"/>

Financial

Total Award Amount	<input type="text"/>	Amount Available in FY 2012-13	<input type="text"/>
State Match Required?	<input type="text"/>	If "Yes", describe, and provide SAP Fund Number(s) of funding sources	<input type="text"/>
Local Match Required?	<input type="text"/>	If "Yes", describe	<input type="text"/>
Assistance Type	<input type="text"/>	If "Other", explain	<input type="text"/>
Is administrative and/or indirect cost recovery permitted? If so, explain:	<input type="text"/> Explanation would be here.		
Will funds be passed-through to other entities? If so, what types of entities, and how will funds be distributed?	<input type="text"/> Answer and elaboration here.		

Federal Aid Justification

Not Applicable

Questions

How is the use of these funds essential to your agency's mission?

Text.

What budgetary, compliance, and programmatic obligations will the state incur (now or in the future) through the receipt of these funds?

Text.

What outcome and/or performance measures will you track and/or report on in association with this award?

Text.

What is the name and title of the individual in your agency who is responsible for the success of this program?

Text.