

Agency Name: Secretary Of State's Office
 Agency Code: E080 Section: 96



**Fiscal Year FY 2021-2022
 Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

**OPERATING
 REQUESTS
 (FORM B1)**

For FY 2021-2022, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting General Fund Appropriations.
<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

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

For FY 2021-2022, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
<input checked="" type="checkbox"/>	Not requesting any changes.

**CAPITAL
 REQUESTS
 (FORM C)**

For FY 2021-2022, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

**PROVISOS
 (FORM D)**

For FY 2021-2022, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input type="checkbox"/>	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) 734-2157	mdunlap@sos.sc.gov
SECONDARY CONTACT:	LaToria Williams	(803) 734-1723	lwilliams@sos.sc.gov

I have reviewed and approved the enclosed FY 2021-2022 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE:	<u>Agency Director</u>	<u>Board or Commission Chair</u>
TYPE/PRINT NAME:	Mark Hammond 9/24/20	
	Mark C Hammond 9/24/20	

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

Agency Name:	Secretary Of State's Office
Agency Code:	E080
Section:	96

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Other Funds Authorization Increase	0	0	145,000	0	145,000	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Other Funds Retirement, Health and Pay Allocation	0	0	40,000	0	40,000	0.00	0.00	0.00	0.00	0.00
TOTALS			0	0	185,000	0	185,000	0.00	0.00	0.00	0.00	0.00

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
------------------------	----------

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: \$145,000 Total: \$145,000
---------------	--

What is the net change in requested appropriations for FY 2021-2022? 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 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 is necessary for the agency to meet the goals of providing the needed IT applications and security in order to fulfill the statutorily mandated duties of the Secretary of State's Office.</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	<p>Anticipated fund recipients would include information technology vendors for IT equipment and upgrades. Also, staff to work with IT vendors.</p>
----------------------	---

FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The Secretary of State's Office returned over \$8,400,000 to the State General Fund last year. The agency continues to have increases in general operating expenses that are out of the agency's control. The office is seeking an increase in spending authority in order to self-fund several information technology initiatives rather than requesting a large capital request. The requested amount is required to accomplish the statutorily mandated duties and mission of the Secretary of State's Office, including the enforcement of the Solicitation of Charitable Funds Act, SC Code §3-56-10, et seq. An increase of \$145,000 in operating will be spread throughout the programs in the agency, and would encompass application support for information technology throughout the office with an emphasis on the charities database. The charities/raffles/professional fundraiser web application was built in 2007 on what is now an older and unsupported .net framework. The application is in the process of being updated to provide security and other enhancements for customers, but funding is needed to complete the necessary upgrades. In addition, other improvements to the charities web application are necessary to provide increased functionality for public users and charities staff. Additional existing hardware will also be replaced to ensure serviceability of the application. If the funds are not received, the necessary upgrades to the application cannot be made.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
------------------------	---

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	<p>General: \$0</p> <p>Federal: \$0</p> <p>Other: \$40,000</p> <p>Total: \$40,000</p>
---------------	---

What is the net change in requested appropriations for FY 2021-2022? 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?

RECIPIENTS OF	<p>Secretary of State's Office employees whose compensation is supported by other funds, and who are eligible for health insurance and participating in the SCRS retirement plan.</p>
----------------------	---

FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The Secretary of State's Office has 14 FTEs supported by other funds. This funding request would support the 2% Pay Plan Allocation. With increasing rates, the Secretary of State's Office needs an increase in its other funds authorization in retirement, health and dental to cover the employer portion.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

FORM D – PROVISO REVISION REQUEST

NUMBER	96.1
---------------	------

Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	UCC Filing Fees Increase
--------------	--------------------------

Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	I. Administration II. Employee Benefits
-----------------------	---

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	1
-------------------------------	---

Is this request associated with a budget request you have submitted for FY 2021-2022? If so, cite it here.

REQUESTED ACTION	Amend
-------------------------	-------

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	No other agencies are affected
--------------------------------	--------------------------------

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The amendment would allow the Secretary of State to retain an additional \$70,000 in filing fees collected for UCC filings for UCC administration. 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</p>
----------------------------------	--

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

There would be a reduction in the amount of revenue transferred to the General Fund in the amount of \$70,000.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

96.1. (SS: UCC Filing Fees) Revenues from the fees raised pursuant to Section 36-9-525(a), not to exceed ~~\$180,000~~, \$250,000, may be retained by the Secretary of State for purposes of UCC administration.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

FORM D – PROVISO REVISION REQUEST

NUMBER	96.2
---------------	------

Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Charitable Funds Act Disclosure Violations
--------------	--

Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	I.Administration II.Employee Benefits
-----------------------	---------------------------------------

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	1
-------------------------------	---

Is this request associated with a budget request you have submitted for FY 2021-2022? If so, cite it here.

REQUESTED ACTION	Delete
-------------------------	--------

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	Attorney General's Office
--------------------------------	---------------------------

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>This proviso requires the Secretary of State to refer to the Attorney General for investigation any person who has allegedly violated the disclosure requirements of the Solicitation of Charitable Funds Act and who has been fined \$10,000 or more for those violations.</p> <p>The Secretary of State's Office and Attorney General's Office regularly communicate regarding persons engaged in charitable solicitation whose alleged misconduct would fall under the jurisdiction of the Attorney General. Since this proviso was enacted, there has been one referral in 2014 that met these specific criteria, and the Attorney General did not take further action following its investigation. This proviso is unnecessary given the existing working relationship between the two offices, and the infrequency of actions that meet these specific criteria.</p>
----------------------------------	---

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

There would be no fiscal impact.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

~~The Secretary of State shall refer to the Attorney General for investigation under 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.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

FORM D – PROVISO REVISION REQUEST

NUMBER	96.3
---------------	------

Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Charitable Funds Act Misrepresentation Violations
--------------	---

Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	I. Administration II. Employee Benefits
-----------------------	---

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	1
-------------------------------	---

Is this request associated with a budget request you have submitted for FY 2021-2022? If so, cite it here.

REQUESTED ACTION	Delete
-------------------------	--------

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	Attorney General's Office
--------------------------------	---------------------------

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>This proviso requires the Secretary of State to refer to the Attorney General for investigation any person who has allegedly violated the misrepresentation provisions of the Solicitation of Charitable Funds Act and who has been fined \$10,000 or more for those violations.</p> <p>The Secretary of State's Office and Attorney General's Office regularly communicate regarding persons engaged in charitable solicitation whose alleged misconduct would fall under the jurisdiction of the Attorney General. Since this proviso was enacted, there has been one referral in 2014 that met these specific criteria, and the Attorney General did not take further action following its investigation. This proviso is unnecessary given the existing working relationship between the two offices, and the infrequency of actions that meet these specific criteria.</p>
----------------------------------	--

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

There would be no fiscal impact.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

~~The Secretary of State shall refer to the Attorney General for investigation under Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the misrepresentation provisions of Section 33-56-120 of the Act, and who has been fined \$10,000 or more for those violations.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

FORM D – PROVISO REVISION REQUEST

NUMBER	New
---------------	-----

Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Charity Fine Revenue
--------------	----------------------

Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	I. Administration II. Employee Benefits
-----------------------	---

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	1
-------------------------------	---

Is this request associated with a budget request you have submitted for FY 2021-2022? If so, cite it here.

REQUESTED ACTION	Add
-------------------------	-----

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	No other agencies are affected
--------------------------------	--------------------------------

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The Secretary of State may retain administrative fine revenue collected pursuant to S.C. code §33-56-160 from \$200,000 up to \$300,000 to offset the expenses of enforcing the Solicitation of Charitable Funds Act. The Secretary of State is responsible for the regulation of charitable organizations and professional fundraisers pursuant to the Solicitation of Charitable Funds Act, and in 2015 began regulating the registration and financial reporting of certain nonprofit organizations wishing to conduct raffles in the state. Currently the Secretary of State may retain the first \$200,000 in fine revenue received in a fiscal year to offset the expenses of enforcing the Solicitation of Charitable Funds Act as provided under S.C. code §33-56-160. The new proviso would allow any fine revenue collected over the \$200,000 to be retained by the Secretary of State's Office, not to exceed a total of \$300,000. There are approximately 14,000 charitable organizations, 450 raffles and 2,000 professional fundraisers registered with the office. The retention of additional funds would assist with increasing enforcement and educational efforts and increase protection for charitable donors.</p>
----------------------------------	--

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The fiscal impact on the Secretary of State's Office would depend on the amount of fine revenue collected based on the number of violations in a fiscal year. As the number of charitable organizations and professional fundraisers increase, additional funding is needed to support the Charities Division. Any revenue collected above \$200,000, but not to exceed \$300,000, would enable the office to expand educational outreach and enforcement efforts.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

The Secretary of State may retain administrative fine revenue collected pursuant to S.C. code §33-56-160 up to \$300,000 to offset the expenses of enforcing the Solicitation of Charitable Funds Act.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

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

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
--------------	---

AMOUNT	\$37,405
---------------	----------

What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	The Secretary of State's Office will plan to reduce 1 State FTE in association with this General Fund reduction.
----------------------------------	--

How many FTEs would be reduced in association with this General Fund reduction?

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 providing staff to fulfill the statutory mission of the agency.
----------------------------------	--

What programs or activities are supported by the General Funds identified?

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 providing staff to fulfill the statutory duties 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 would impact the agency's ability to serve customers.
----------------	---

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

**AGENCY COST
SAVINGS PLANS**

The Secretary of State's Office continues to reduce costs to taxpayers by working with the state portal, SC.gov, to provide online filing applications to our customers, such as the Uniform Commercial Code (UCC) and Business Filings Online applications. No multi-million dollar capital requests were made for either project; thus, the services were provided at no cost to the taxpayers. During FY 2020-21, the office will continue to work with SC.gov on the online business filings, search and document retrieval application. The Secretary of State's Office is an integral part of conducting business in the state and constantly works to provide customers the best possible online solutions while saving taxpayers money.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

Agency Name:	Secretary Of State's Office		
Agency Code:	E080	Section:	96

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 \$8.4 million dollars to the General Fund in FY 2019-20 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?

SUMMARY	<p>Since the Secretary of State no longer administers the Securities Division, 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.</p> <p>The Secretary of State's Office filing fees are set by the General Assembly and cannot be reduced by the office. The Secretary of State's Office returned \$8.4 million dollars to the General Fund in FY 2019-20 for fees collected.</p>
----------------	---

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?