

**D16A06**  
**Secretary of State**

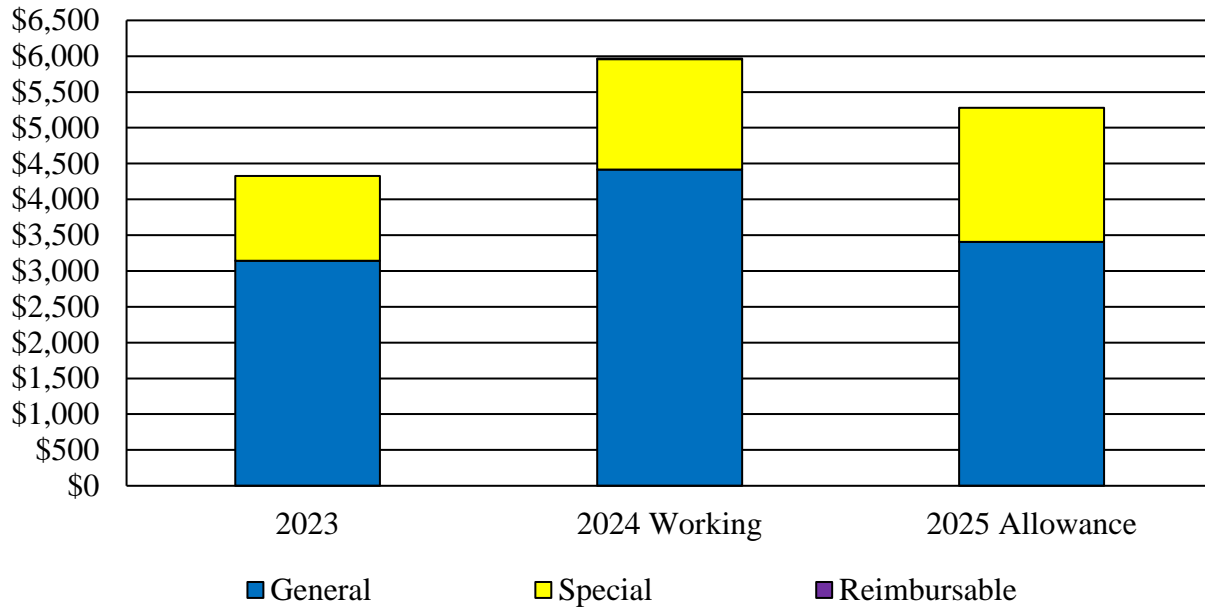
**Program Description**

The Secretary of State is responsible for a variety of executive functions, including attesting to the Governor’s signature on public documents such as executive orders, extraditions, and pardons, and certifying candidates for nomination to appear on the presidential primary ballot. Other duties include administering the State’s notary public laws and processing notary commissions, regulating charitable organizations, administering the Address Confidentiality Program (ACP), and publishing administrative regulations in the *Maryland Register* and the Code of Maryland Regulations. The Secretary of State chairs the Governor’s Subcabinet for International Affairs, engages with international stakeholders and the diplomatic community, and manages the Maryland Sister States Program.

***Operating Budget Summary***

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**Fiscal 2025 Budget Decreases \$687,660, or 11.5%, to \$5.3 Million**  
**(\$ in Thousands)**



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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## **Fiscal 2024**

### **Implementation of Legislative Priorities**

#### **Sister States of Maryland, Inc.**

Section 19 of the fiscal 2024 Budget Bill (Chapter 101) provided \$982,000 in general funds for a grant to Sister States of Maryland, Inc. for the Exploring Cultural Linkages Between Black Marylanders and Civil Rights Movements Abroad project. According to the Secretary of State, this grant was intended to match a \$1.0 million federal grant that the Sister States of Maryland, Inc. received and implemented. As of January 15, 2024, the State funds had not been distributed. The Office of the Secretary of State indicated that the Sister States of Maryland, Inc. is in the process of providing more information regarding how the funds will be used before the office approves the initiatives and finalizes a grant agreement. The fiscal 2025 allowance does not provide additional funding for this grant but includes \$364,292 for Maryland Sister States Program operating costs.

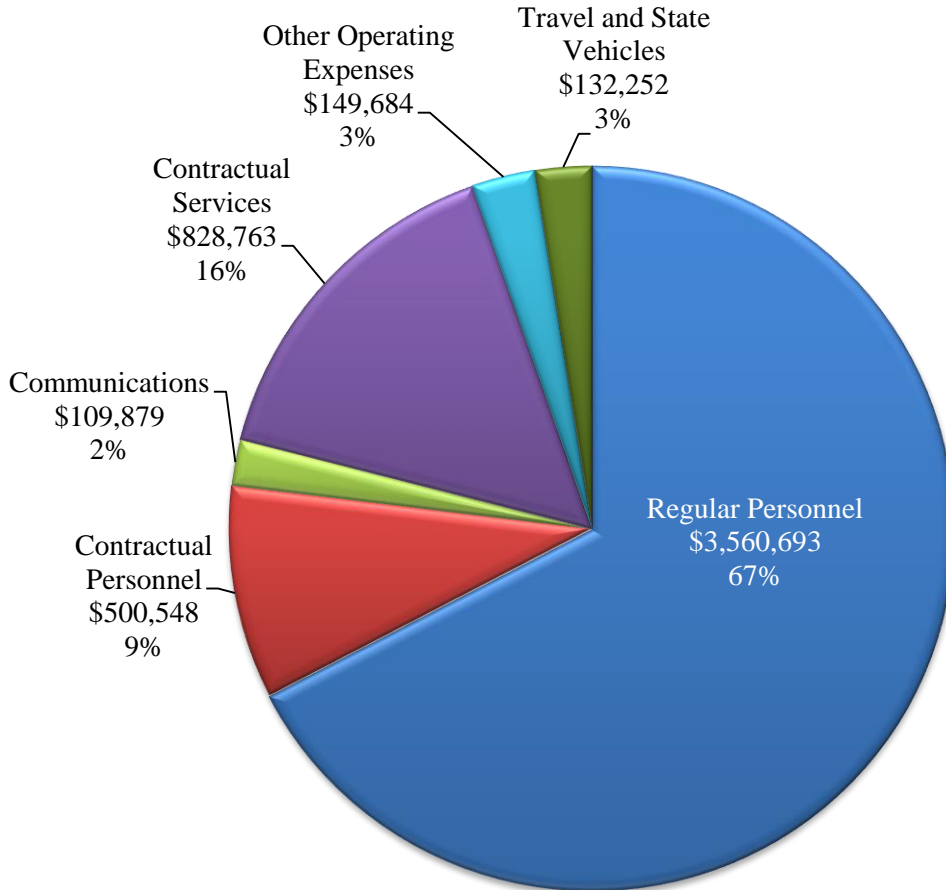
#### **Proposed Deficiency**

The fiscal 2025 budget includes a proposed deficiency of \$181,000 in general funds, predominantly for operating costs under the Sister States of Maryland, Inc. The deficiency also provides \$27,000 for a position reclassification.

### **Fiscal 2025 Overview of Agency Spending**

The fiscal 2025 allowance for the Secretary of State totals \$5.3 million. As shown in **Exhibit 1**, most of the budget covers personnel costs. Regular personnel expenses total \$3.6 million, or approximately 67% of the budget. Contractual services make up approximately \$828,763, or 16% of the budget. Contractual personnel expenses total \$500,548, or 9% of the budget. Other operating expenses, including supplies, equipment, and fixed charges, total \$149,684, or approximately 3% of the budget.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2025 Allowance**



Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management

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**Proposed Budget Change**

The Governor’s proposed budget change from the fiscal 2024 working appropriation to the fiscal 2025 allowance is detailed in **Exhibit 2**. The allowance reflects a net decrease of \$687,660 from the fiscal 2024 appropriation. General fund spending decreases by \$1.0 million, mainly due to the one-time fiscal 2024 grant for Sister States of Maryland, Inc. This reduction is partially offset by an increase of \$332,386 in special funds for personnel costs.

**Exhibit 2**  
**Proposed Budget**  
**Secretary of State**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Reimbursable</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2023 Actual	\$3,145	\$1,182	\$0	\$4,327
Fiscal 2024 Working Appropriation	4,415	1,542	12	5,969
Fiscal 2025 Allowance	<u>3,407</u>	<u>1,874</u>	<u>0</u>	<u>5,282</u>
Fiscal 2024-2025 Amount Change	-\$1,008	\$332	-\$12	-\$688
Fiscal 2024-2025 Percent Change	-22.8%	21.6%	-100.0%	-11.5%
<b>Where It Goes</b>				<b><u>Change</u></b>
<b>Personnel Expenses</b>				
Turnover adjustments (decrease from 7.77% to 4.47%)				\$106.2
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments .....				89.2
Reclassification .....				-36.0
Miscellaneous adjustments to account for reduced special fund revenues from the sale of printed publications .....				-179.9
<b>Other Changes</b>				
Temporary staffing contract for the Charities and Legal Services Division ....				276.6
Department of Information Technology services allocation.....				67.6
Postage.....				41.7
Software licenses .....				38.3
Supplies and equipment.....				35.2
Travel.....				33.8
Contractual personnel, primarily due to reduction of 2.5 FTE positions .....				-173.0
End of one-time legislative addition for a grant to Maryland Sister States, Inc.....				-982.0
Other changes .....				-5.4
<b>Total</b>				<b>-\$687.7</b>

COLA: cost-of-living adjustments  
FTE: full-time equivalent

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

***Personnel Data***

	<b><u>FY 23</u></b> <b><u>Actual</u></b>	<b><u>FY 24</u></b> <b><u>Working</u></b>	<b><u>FY 25</u></b> <b><u>Allowance</u></b>	<b><u>FY 24-25</u></b> <b><u>Change</u></b>
Regular Positions	24.00	29.00	29.00	0.00
Contractual FTEs	<u>8.00</u>	<u>9.50</u>	<u>7.00</u>	<u>-2.50</u>
<b>Total Personnel</b>	<b>32.00</b>	<b>38.50</b>	<b>36.00</b>	<b>-2.50</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	1.30	4.47%
Positions and Percentage Vacant as of 12/1/23	2.00	6.90%
Vacancies Above Turnover	0.7	

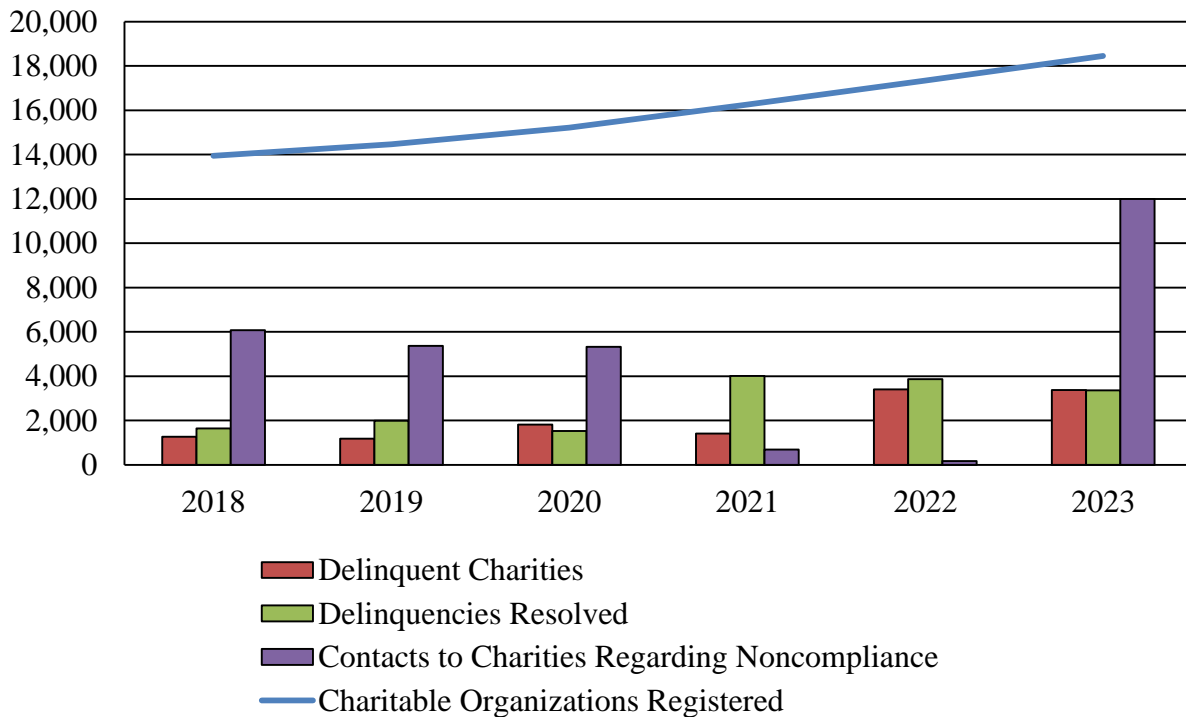
- As of December 1, 2023, the Office of the Secretary of State reported 1.0 position that has been vacant for less than nine months and 1.0 position that has been vacant for more than one year.

## Key Observations

### 1. Charitable Organizations

The Secretary of State’s Charitable Enforcement Division is responsible for annually registering, regulating, and renewing annual registrations of charitable organizations in Maryland. This includes the review of a charitable organization’s financial and governing documents as well as the review of all fundraising contracts. The number of registered charities has continued to trend upward since fiscal 2018, increasing by 32% and reaching 18,458 organizations in fiscal 2023. The number of delinquent charities has also increased by 166% during the same time period. **Exhibit 3** shows these trends as well as the number of enforcement activities (contacts) regarding delinquent charities and the total number of delinquencies resolved among charitable organizations. From fiscal 2022 to 2023, the number of delinquencies resolved among charitable organizations decreased to 3,362, a 13% decline. However, enforcement activities increased significantly, from 162 contacts in fiscal 2022 to 11,996 contacts in fiscal 2023. **The Secretary of State should comment on the reasons for the major increase in enforcement activities and whether this level of enforcement activities is expected to continue in the future.**

**Exhibit 3**  
**Charitable Organizations Registered and Delinquencies**  
**Fiscal 2018-2023**

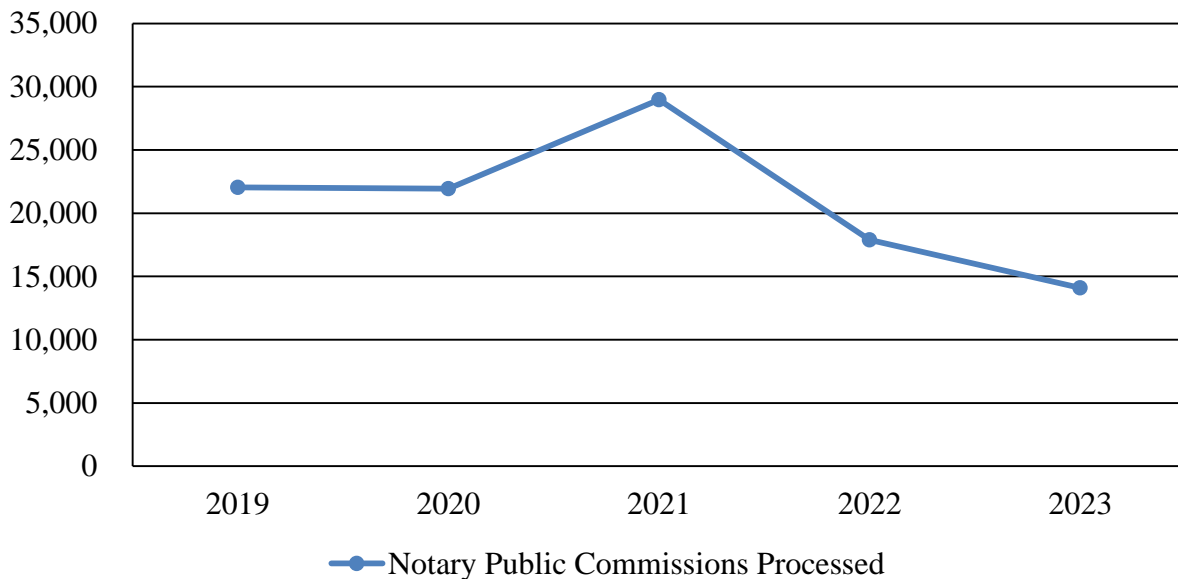


Source: Department of Budget and Management; Office of the Secretary of State

## 2. Notary Public Commissions

The Charities and Legal Services Division is responsible for processing applications and regulating and renewing commissions for notaries public in Maryland. Notary commissions are valid for a period of four years from the date that the commission is issued. As shown in **Exhibit 4**, 14,085 notary public commissions were processed in fiscal 2023, a 21.3% decrease from fiscal 2022. Since January 2022, all applications have been processed virtually and changes to the application process may have encouraged some applicants to get commissions processed early.

**Exhibit 4**  
**Notary Public Commissions**  
**Fiscal 2019-2023**



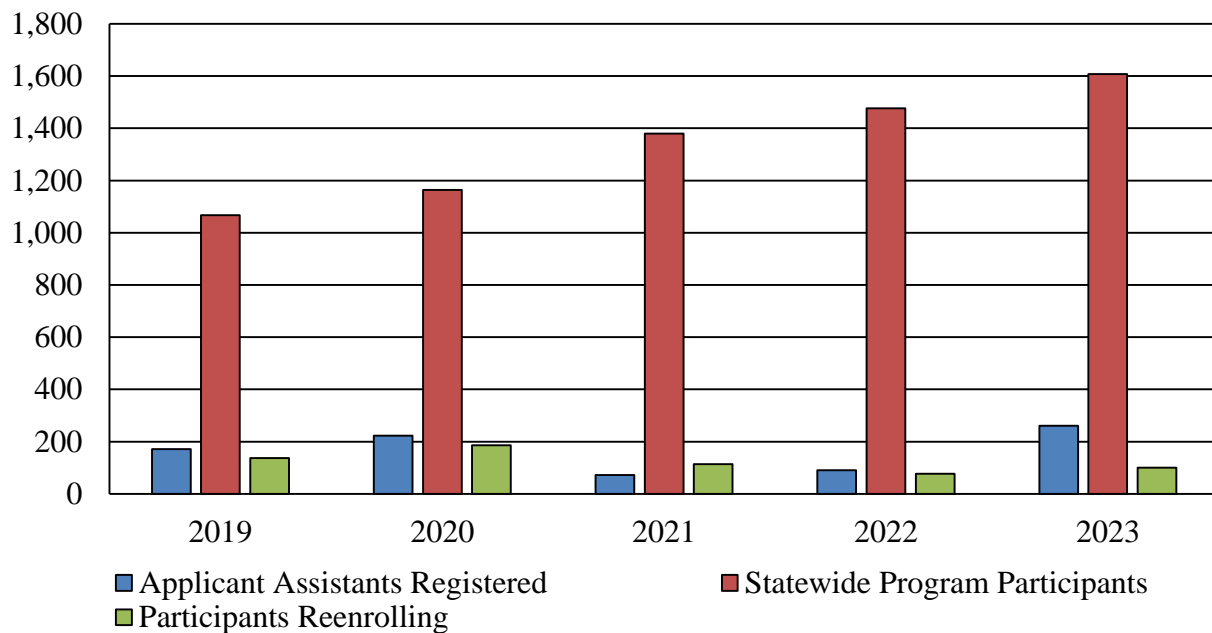
Source: Office of the Secretary of State

## 3. Address Confidentiality Program

The Office of the Secretary of State is responsible for operating the Maryland Safe at Home ACP that was established by Chapters 374 and 375 of 2006 to serve survivors of domestic abuse by rerouting their mail so that their address can remain confidential. Chapters 423 and 424 of 2018 enabled, under certain circumstances, ACP participants to also request the shielding of real property records. ACP eligibility was expanded by Chapter 124 of 2021 to include survivors of threatened, attempted, or actual domestic violence; sexual assault; stalking; harassment; or human trafficking as well as individuals who reside in the same household as an eligible applicant or program participant.

**Exhibit 5** shows the number of program participants, the number of participants reenrolling, and the number of application assistants registered (the personnel trained to assist individuals completing the ACP application process). The number of participants statewide increased from 1,476 in fiscal 2022 to 1,607 individuals in fiscal 2023. In fiscal 2023, the number of participants reenrolling increased to 100 compared to 77 in the prior year. A total of 261 applicant assistants registered in fiscal 2023 compared to 90 in fiscal 2022.

**Exhibit 5**  
**Address Confidentiality Program Participation**  
**Fiscal 2019-2023**



Source: Office of the Secretary of State

#### 4. *Maryland Register* Electronic Filing System

The Office of the Secretary of State implements the Electronic Filing System (ELF) as the online interface that all State agencies use to submit regulations to the Division of State Documents (DSD) for publication. Agencies submit proposed regulations, including emergency regulations, to DSD via ELF, and proposed regulations are reviewed by the Joint Committee on Administrative, Executive, and Legislative Review (AELR) prior to their publication in the *Maryland Register*. ELF was updated to a new platform with the intention of streamlining the system to make publishing regulations to the *Maryland Register* easier. DSD received funding in fiscal 2022 to replace the legacy system, though the project has experienced delays. ELF



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procurement and implementation also caused delays in the AELR regulation promulgation process, resulting in fewer regulations processed in calendar 2022 as compared with previous years.

The Office of the Secretary of State indicated that it has contracted with vendor Digital Management Inc. (DMI) to modernize ELF but continues to face difficulty in correcting issues with the system. According to the office, DMI was given guidelines of what was needed for the system but underestimated the scope of the project, leading to issues with transferring all information from the legacy system and increased workloads for Secretary of State employees. **The Secretary of State should provide an update on the current status of the ELF system and its functionalities, the improvements that are needed, and an updated timeline for when the project will be completed.**

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1  
Object/Fund Difference Report  
Secretary of State**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	24.00	29.00	29.00	0.00	0%
02 Contractual	8.00	9.50	7.00	-2.50	-26.3%
<b>Total Positions</b>	<b>32.00</b>	<b>38.50</b>	<b>36.00</b>	<b>-2.50</b>	<b>-6.5%</b>
<b>Objects</b>					
01 Salaries and Wages	\$3,059,384	\$3,554,190	\$3,560,693	\$6,503	0.2%
02 Technical and Spec. Fees	548,968	664,506	500,548	-163,958	-24.7%
03 Communication	96,612	64,322	109,879	45,557	70.8%
04 Travel	27,281	24,490	127,044	102,554	418.8%
07 Motor Vehicles	1,911	3,640	5,208	1,568	43.1%
08 Contractual Services	509,564	426,691	828,763	402,072	94.2%
09 Supplies and Materials	55,682	36,478	60,250	23,772	65.2%
10 Equipment – Replacement	1,488	3,976	39,963	35,987	905.1%
11 Equipment – Additional	3,081	1,000	9,390	8,390	839.0%
12 Grants, Subsidies, and Contributions	0	982,000	0	-982,000	-100.0%
13 Fixed Charges	23,088	27,186	40,081	12,895	47.4%
<b>Total Objects</b>	<b>\$4,327,059</b>	<b>\$5,788,479</b>	<b>\$5,281,819</b>	<b>-\$506,660</b>	<b>-8.8%</b>
<b>Funds</b>					
01 General Fund	\$ 3,145,357	\$ 4,234,209	\$ 3,407,367	-\$ 826,842	-19.5%
03 Special Fund	1,181,702	1,542,066	1,874,452	332,386	21.6%
09 Reimbursable Fund	0	12,204	0	-12,204	-100.0%
<b>Total Funds</b>	<b>\$4,327,059</b>	<b>\$5,788,479</b>	<b>\$5,281,819</b>	<b>-\$506,660</b>	<b>-8.8%</b>

Note: The fiscal 2024 appropriation does not include deficiencies or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.