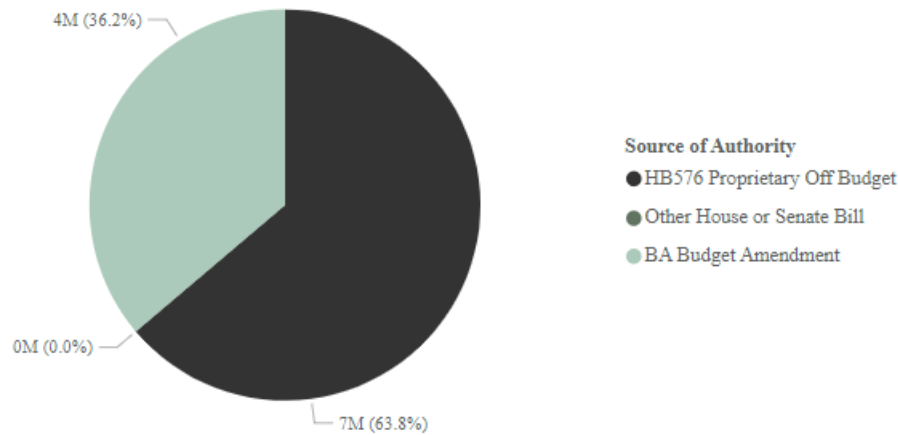


SECRETARY OF STATE

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the Secretary of State is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding, budget amendments, and other bills. There is no HB 2 and HB 13 authority in FY 2024.

Modified Budget & Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
BA Budget Amendment	4,227,844	1,297,336	30.7%
HB576 Proprietary Off Budget	7,454,947	7,038,018	94.4%
Other House or Senate Bill	1,000	0	0.0%
Total	11,683,791	8,335,354	71.3%

Budget Amendments

The Secretary of State has authority for several budget amendments, which total approximately \$4.2 million in FY 2024 and all of these funds are available until they are expended. This includes:

- In FY 2018, the Secretary of State was awarded \$3.0 million of federal funds through the Omnibus Appropriations Act of 2018 for election security. Unspent authority has continued forward into FY 2024. Available appropriations in FY 2024 total approximately \$444,000. These funds were 79.7% expended in FY 2024 with approximately \$90,000 remaining for FY 2025. Expenditures were on ElectMT system development and software maintenance costs
- In FY 2020, the Secretary of State was awarded approximately \$3.1 million of federal funds through the Omnibus Appropriations Act of 2020 for election security. Unspent authority has continued forward into FY 2024. Available appropriations in FY 2024 total approximately \$934,000. In FY 2024, the Secretary of State expended approximately \$61,000 or 6.5% of the FY 2024 funds on personal services and indirect costs
- In FY 2022, the Secretary of State was awarded \$1.0 million through the Consolidated Appropriations Act of 2022. Unspent authority has continued forward, and available appropriations in FY 2024 total

approximately \$955,000. The Secretary of State expended approximately \$351,000 or 36.7% in FY 2024. Of these expenditures, \$242,000 were expended on grants to counties, with the remaining being for indirect and administrative costs and consulting and professional services

- In FY 2023, the Secretary of State was awarded \$1.0 million of federal funds for election security. Unspent authority has continued forward and available appropriations in FY 2024 total approximately \$895,000. The Secretary of State expended approximately \$532,000 or 59.4% in FY 2024. Expenditures were primarily for software maintenance and indirect costs
- In FY 2024, the Secretary of State was awarded \$1.0 million of federal funds for making election improvements and enhancing election technology. No expenditures were made in FY 2024. However, this appropriation will continue into FY 2025

Other Bills

HB 892 (An Act Revising Voting Limits) included a general fund biennial appropriation of \$1,000 to the Secretary of State for the implementation of provisions included in the bill. No expenditures were made in FY 2024, but appropriation authority will remain available in FY 2025.

Non-Budgeted Proprietary Fund Authority

Overview

The majority of the functions of the office are funded with enterprise type proprietary funds, which are financed through fees and charges paid by public and private entities that, by law, either purchase services from the department or are required to submit documents or obtain registrations with the office. Unlike internal service type proprietary programs, the rates or the fees and charges are not approved by the legislature but are instead established in statute or administrative rule. Revenues are received from fees, including those charged to:

- Businesses and corporations for corporate filings, registration of assumed business names, and trademarks
- State agencies and users of Administrative Rules of Montana (ARM) for publishing and distributing the ARM and the Montana Administrative Register, and storage and management of public documents
- Candidates who file for elections
- Montana citizens who apply to be notaries

The Secretary of State's Office conducts its daily operations through a single program, the Business and Government Services Program. There are three divisions that provide the following major functions:

- Business Services Division – this division assists businesses with filing of their registration, articles of organization, assumed business name, and trademarks. Additionally, the division is responsible for filing and maintaining records under the Uniform Commercial Code (UCC)
- Elections and Voter Services Division – this division assists Montana voters, candidates, and election officials. The Division interprets election laws and provides guidance to ensure uniformity across Montana elections
- Operations Division – this division's primary functions include human resources, communications, fiscal management, information technology and security, official records, records management, administrative rules, and notary services

Budget Modifications

The Secretary of State had one budget modification to its proprietary fund budget in FY 2024. This budget modification was a one-time increase to the Secretary of State’s operating expenditure authority of \$1.0 million to cover increased expenditures for software projects and systems.

Expenditures

The following table shows the modified budget for the Secretary of State compared to expenditures in FY 2024.

Secretary of State Secretary of State Business Services Proprietary Fund FY 2024 Expenditures			
	Modified Budget	Expenditures	% Expended
Personal Services	\$ 3,794,921	\$ 3,712,643	97.8%
Operating Expenses	3,516,026	3,218,535	91.5%
Transfers-Out	144,000	106,840	74.2%
Total	\$ 7,454,947	\$ 7,038,018	94.4%

Overall, the Secretary of State expended 94.4% of its modified proprietary fund budget in FY 2024. The budget for operating expenses totaled \$3.5 million and was 91.5% expended in FY 2024. Approximately \$762,000 of the operating budget was expended for software maintenance, and a significant portion was for a one-year enhanced maintenance agreement with the vendor of the election management system (ElectMT). This expenditure was made to ensure there is the support needed for critical infrastructure during this federal election year.

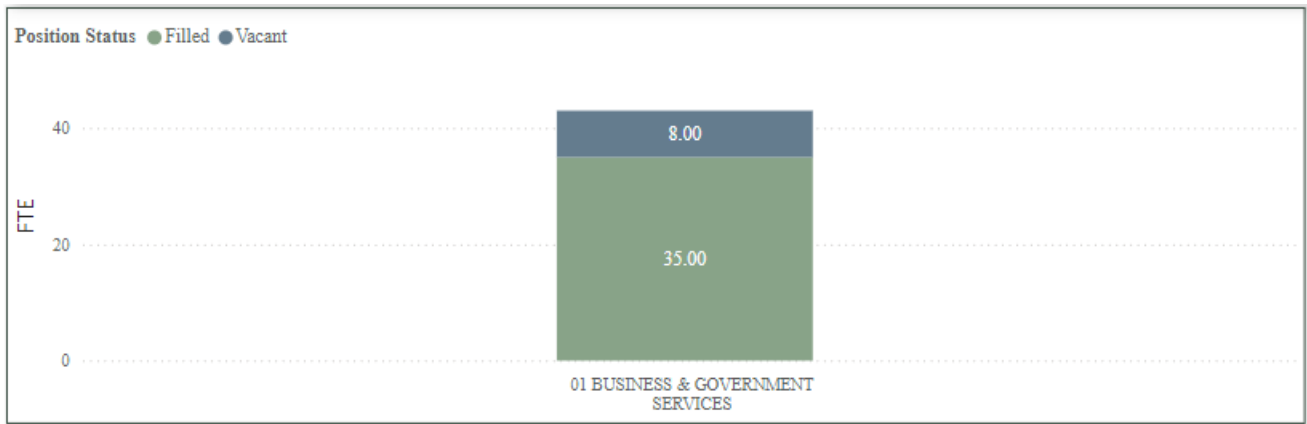
The table below provides a five-year history for the Secretary of State’s Business Services proprietary fund.

Secretary of State Secretary of State Business Services Proprietary Fund Fund Balance					
	2020	2021	2022	2023	2024
Beginning Balance	\$ 6,336,344	\$ 7,872,389	\$ 10,617,669	\$ 12,117,785	\$ 14,153,062
Revenues	7,394,704	9,262,430	10,104,079	12,191,841	7,264,289
Expenditures	5,858,659	6,516,510	8,608,505	10,034,234	7,038,018
Prior Period Adjustments		(640)	4,542	(122,330)	(741,286)
Ending Balance	\$7,872,389	\$10,617,669	\$12,117,785	\$14,153,062	\$13,638,047

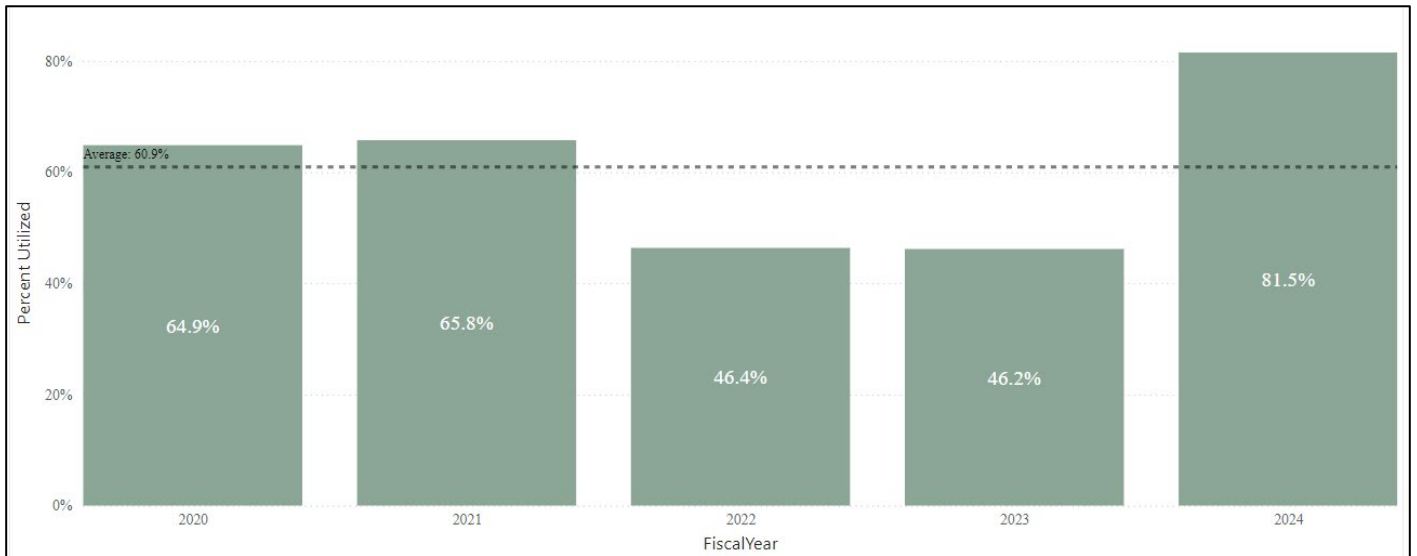
Over the last five years, this fund has continued to accrue a growing fund balance. At the end of FY 2024, the fund balance was at \$13.6 million. However, the Secretary of State’s cash balance available to spend is approximately \$11.0 million at the end of FY 2024. Additionally, the Secretary of State waived the Annual Report filing fees in FY 2024 and will continue to waive them in FY 2025, which will reduce this fund balance.

Personal Services

Personal services make up 50.9% of the FY 2024 modified proprietary fund budget for the Secretary of State with approximately \$3.7 million or 97.8% expended in FY 2024. The Secretary of State has 43.00 non-budgeted proprietary FTE, and 18.6% of these positions were filled as of July 1, 2024. The following chart shows the filled and vacant FTE within the agency as of July 1, 2024.



The chart below shows the hourly utilization percentage for the Secretary of State for each fiscal year. Overall, the department has utilized 81.5% of the hours budgeted for FY 2024. This is above the five-year average of 60.9%. The Secretary of State reduced 11.00 FTE at the start of the 2025 biennium because of operational efficiencies, which has increased its utilization of available hours in FY 2024.



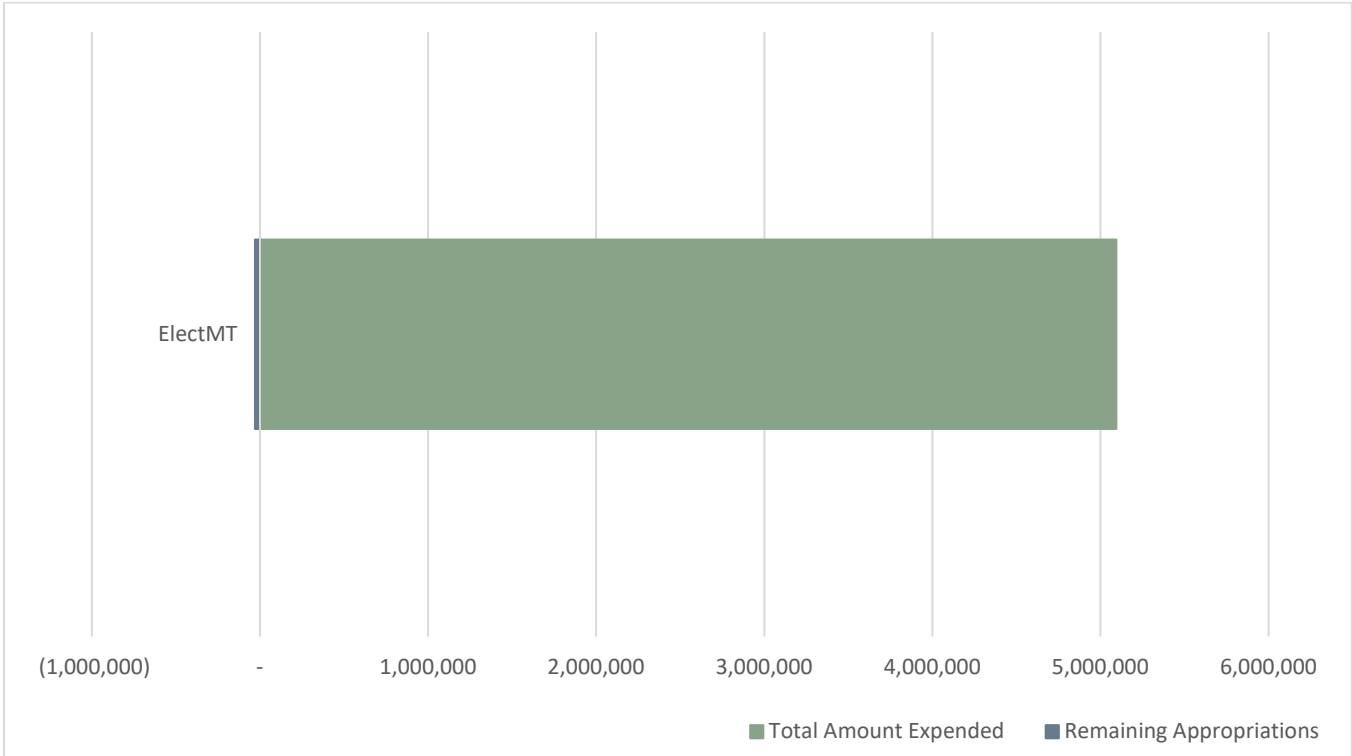
The chart below shows the vacant FTE, the number of months each position has been vacant, and the midpoint hourly pay rate. Of the 8.00 FTE that are vacant, 4.00 FTE have been vacant from the start of the fiscal year (July 2023) or less.

	FTE	Median Months Vacant	Market Midpoint (Hourly)
☐ 32010 SECRETARY OF STATE	8.00	11.95	23.35
☐ 01 BUSINESS & GOVERNMENT SERVICES	8.00	11.95	23.35
Accounting Technician 1	1.00	17.97	16.23
Administrative Supervisor	1.00	81.77	40.00
Human Resources Generalist 1	1.00	12.92	23.58
Personal Staff/EO-Admin	2.00	3.70	
Program Officer 1	1.00	10.98	23.12
Program Officer 2	1.00	5.57	30.17
Program Supervisor	1.00	41.77	36.25
Total	8.00	11.95	23.35

OTHER ISSUES

Information Technology Project Expenditures

The following figures show the budget and delivery dates for the ElectMT information project.



The ElectMT project replaces the statewide voter registration and election management system (MT Votes). This project was funded with \$3.2 million of federal funds from the United States Election Assistance Commission and \$1.8 million of the Secretary of State’s non-budgeted proprietary fund. The proprietary funding is being used for contracted project management, internal staff, and administrative overhead. The Secretary of State revised the delivery date of the project from September 2021 to January 2023. According to the Secretary of State, the elections team worked closely with the vendor and county partners to finish testing the system, which was completed and put into service in January 2023. The project was closed out as of June 30, 2024.