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Office of the Minnesota Secretary of State

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AT A GLANCE

- 5.4 million filings from businesses, Uniform Commercial Code (UCC), Tax Liens, Effective Financing Statement (EFS) and notaries in database
- 60,000 new business filings in CY2015
- 3.125 million registered voters in Statewide Voter Registration System (79% of all eligible voters)
- Support local election officials in conducting:
 - 2,000 township elections annually
 - 900 city elections (2 year cycle)
 - 300 school district elections (2 year cycle)
 - 200 other elections (2 year cycle)
- 2,164 participants currently enrolled in the Safe at Home address confidentiality program, and over 5,500 individuals served by the program since inception
- Contribute nearly \$21 million (net) to the General Fund each biennium

PURPOSE

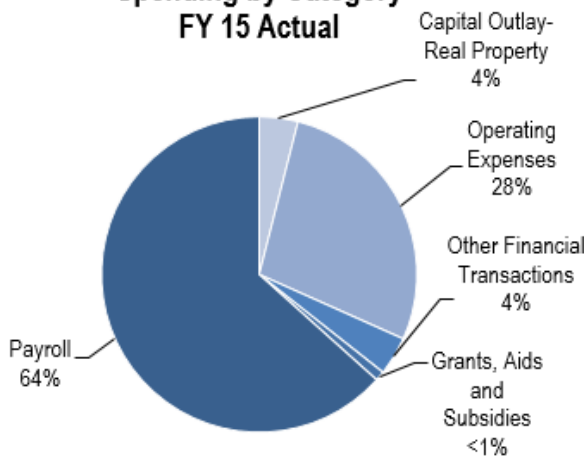
The Office of the Secretary of State is a constitutional office headed by the independently-elected Secretary of State. As the chief election official in Minnesota, the Secretary of State oversees the administration of elections, and promotes voting and civic engagement. The Secretary of State also facilitates commerce, maintains the records of the state, and provides key services for those who fear for their safety through administering the Safe at Home address confidentiality program. The Secretary of State serves on the State Board of Investment, the Executive Council, and other specified boards.

The Secretary of State partners with local election officials to conduct elections that are fair, accurate, secure, and transparent, thereby providing **efficient and accountable government services**. By providing quality customer service and making it easy to search records of active businesses in Minnesota, the Secretary of State helps promote a **thriving economy that encourages business growth and employment opportunities**. The Office has made it easier

for citizens and businesses to interact with the office by developing online services for voters, businesses, and those interested in Open Appointments, which ensures **sustainable outcomes to safely move information**. The Safe at Home address confidentiality program provides a critical service to survivors of domestic violence and others who fear for their safety, which in turn helps promote **strong and stable families and communities** and works to ensure that **people in Minnesota are safe**.

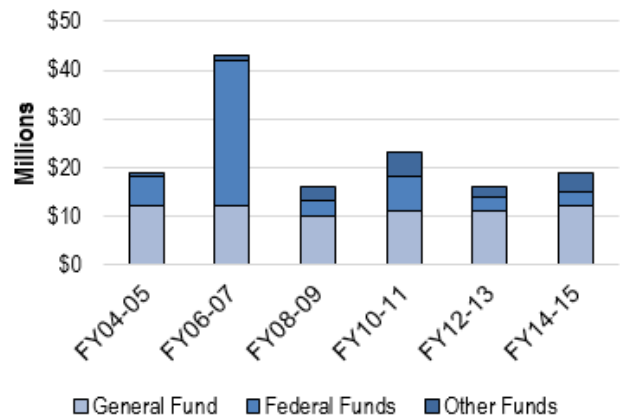
BUDGET

**Spending by Category
FY 15 Actual**



Source: SWIFT

Historical Spending



Source: SWIFT

The Office of the Secretary of State has a biennial budget of approximately \$20 million. The General Fund appropriation is supplemented by approximately \$3.5 million per fiscal year in dedicated receipts. The Office projects it will collect \$34 million in fees during the 2018 - 2019 biennium that will be deposited into the General Fund.

STRATEGIES

The core functions of the Office are:

- Administer and oversee the statewide election system
- Safeguard, record, and retrieve government documents
- File business documents, record liens, and retrieve both on demand
- Issue notary public commissions
- Run the State of Minnesota's Open Appointments process
- Administer Safe at Home, Minnesota's address confidentiality program

The Office partners with local election officials at the county, city, school district, and township levels to conduct elections in the state. The Office provides the backbone of the elections system by developing and maintaining key election databases, specifically the Statewide Voter Registration System, which includes records for all of the state's 3.1 million registered voters and the Election Reporting System, through which vote totals are reported. The Office provides training and support to local election officials and has developed online tools, including online voter registration, online absentee ballot requests, and online lookup tools, to provide convenience to voters and cost savings to local election officials. The Office also engages in extensive efforts to provide information to Minnesotans about registration and voting by working with businesses, non-profits, service organizations, schools, and others throughout the state.

Similarly, the Office is in the midst of a multi-year project to allow as many business filings as possible to be made online in real time, providing more efficient and responsive service to our customers. Many new business filings went online beginning in 2011. Uniform Commercial Code (UCC) filings were fully online as of December of 2014. Of course, any customer who wishes can still file business and UCC documents in person or by mail and receive the effective, efficient, in-person service for which the Office is known.

The Safe at Home address confidentiality program provides those who fear for their safety, especially survivors of domestic violence and stalking, with a way to go about their daily lives without having to disclose their home address. The Office provides a mail-forwarding service to more than 2,164 participants (encompassing more than 940 households and over 100,000 pieces of mail annually), assists them in interactions with businesses or government entities who are unfamiliar with the program, and trains and supports application assistants who are employed by victim service agencies throughout the state. The program has always been the strongest in the country; this position was further solidified when the legislature made it possible for Safe at Home participants to purchase property confidentially. As additional states adopt address confidentiality programs, several states such as Wisconsin and Iowa have looked to Minnesota's program as a model.

RESULTS

The Office measures performance by the indicators set out in the table below. Voters have access to information, facilitating their participation in the political process. Enhanced outreach efforts, increased availability of information, and stronger partnerships with local governments have created a more user-friendly voting system.

- Business transactions in Minnesota are free-flowing and are not delayed by a need to wait for information from the Office. New technologies and wider public access to them have improved the administration of business transactions.
- Families throughout the state are safer and more stable because of the Safe at Home program. The certification of additional victim advocates as application assistants and heightened awareness are driving increased participation in the program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Voter turnout in comparable presidential elections	2,921,498	2,950,780	11/4/2008 & 11/6/2012
Quantity	No. of new business filings	55,000	61,000	CY2010 & CY2015
Quantity	No. of business web filings (including annual business renewals and reinstatements)	281,000	346,000	FY2010 & FY2016
	No. of business mail and counter filings (including annual business renewals and reinstatements)	109,000	66,000	
Quantity	No. of UCC/Tax Lien & Central Notification System (CNS) web filings	88,000	181,000	FY2010 & FY2016
Quantity	No. of Safe at Home active participants	287	2,164	6/30/09 & 6/30/16
Quantity	No. of Safe at Home Application Assistants	120	183	12/31/2008 & 12/31/2015
	No. of Counties Served by Application Assistants	57	86	

The following statutes provide the legal authority for the Office of the Secretary of State:

Minnesota Constitution

Minnesota Statutes, Chapters 5, 5A, 5B, 201, 202A, 203B, 204B, 204C, 204D, 206, 211A, 302A, 303, 304A, 308A, 308B, 317A, 319B, 321, 322A, 322B, 323A, 333, 336, 336A.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecasted Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	5,510	6,861	6,315	6,947	6,631	6,742	10,131	10,242
2000 - Restrict Misc Special Revenue	3,229	3,504	3,364	3,728	5,020	5,080	5,020	5,080
3000 - Federal	9	0	0	0	0	0	0	0
6000 - Miscellaneous Agency	0	2	0	0	0	0	0	0
Total	8,748	10,367	9,680	10,675	11,651	11,822	15,151	15,322
<i>Biennial Change</i>				1,240		3,117		10,117
<i>Biennial % Change</i>				6		15		50
<i>Governor's Change from Base</i>								7,000
<i>Governor's % Change from Base</i>								30

Expenditures by Program

Program: Secretary Of State	8,748	10,367	9,680	10,675	11,651	11,822	15,151	15,322
Total	8,748	10,367	9,680	10,675	11,651	11,822	15,151	15,322

Expenditures by Category

Compensation	5,773	6,658	7,136	8,036	9,161	9,345	9,161	9,345
Operating Expenses	2,245	3,036	2,390	2,601	2,490	2,477	2,490	2,477
Other Financial Transactions	206	290	117	38				
Grants, Aids and Subsidies	111	1	0				3,500	3,500
Capital Outlay-Real Property	413	382	36					
Total	8,748	10,367	9,680	10,675	11,651	11,822	15,151	15,322
Full-Time Equivalents	71.2	78.9	79.4	91.0	92.0	92.0	92.0	92.0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	296	0	316	0	0	0	0
Direct Appropriation	5,805	6,583	6,631	6,631	6,631	6,742	10,131	10,242
Cancellations	17	18	0	0	0	0	0	0
Expenditures	5,510	6,861	6,315	6,947	6,631	6,742	10,131	10,242
Balance Forward Out	278	0	316	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				891		111		7,111
<i>Biennial % Change in Expenditures</i>				7		1		54
<i>Gov's Exp Change from Base</i>								7,000
<i>Gov's Exp % Change from Base</i>								52
Full-Time Equivalents	47.5	51.0	50.7	50.2	50.9	50.9	50.9	50.9

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,251	3,007	2,721	2,913	2,785	1,405	2,785	1,405
Receipts	2,882	3,212	3,556	3,600	3,640	3,675	3,640	3,675
Net Transfers	1,093	0	0	0	0	0	0	0
Expenditures	3,229	3,504	3,364	3,728	5,020	5,080	5,020	5,080
Balance Forward Out	2,996	2,715	2,913	2,785	1,405	0	1,405	0
<i>Biennial Change in Expenditures</i>				359		3,006		3,006
<i>Biennial % Change in Expenditures</i>				5		42		42
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	23.7	27.9	28.7	40.9	41.1	41.1	41.1	41.1

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	9	0	0	0	0	0	0	0
Expenditures	9	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(9)				
<i>Biennial % Change in Expenditures</i>				(100)				

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	2	0	0	0	0	0	0
Expenditures	0	2	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(2)				
<i>Biennial % Change in Expenditures</i>				(100)				

Office of the Minnesota Secretary of State

FY18-19 Biennial Budget Change Item

Change Item Title: Election Equipment Grant Funding

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	3,500	3,500	3,500	3,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,500	3,500	3,500	3,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$3.5 million from the general fund per year from FY2018 through FY2021 to be administered by the Office of the Secretary of State for grants to help replace the state’s aging voting equipment. Voting equipment in Minnesota is purchased and owned by counties and municipalities. Costs associated with administering the grants would be absorbed by the Office of the Secretary of State’s base budget and no portion of the funds would be allocated to the Office of the Secretary of State.

Rationale/Background:

Following the problems experienced in some states in the 2000 election, the federal government passed the Help America Vote Act of 2002 (HAVA), which provided federal money in excess of \$3 billion for the purchase of new voting equipment across the United States. Of this, Minnesota received \$35 million in HAVA voting equipment grant funds to purchase new equipment. The enactment of HAVA ushered in an era of modern voting systems with enhanced security, accessibility, accuracy, and reliability. HAVA also required that each polling place contain assistive voting technology in order to allow voters with a disability to cast a ballot independently. Between 2002 and 2006, states, including Minnesota, used these federal funds to purchase new equipment that would bring them into compliance with the federal HAVA requirements. There have been no new federal funds to purchase vote equipment since the enactment of HAVA, and recently the U.S. Congress has made clear that Congress does not intend to allocate any additional federal funds for voting equipment. Voting equipment vendors generally report the equipment has a lifespan of 10 and 15 years. The nation’s aging voting equipment was identified as an “impending crisis” in a January 2014 bipartisan report by the Presidential Commission on Election Administration and is detailed in a September 15, 2015 report by the Brennan Center for Justice.

As Minnesota’s equipment ages and approaches a replacement crisis point, most counties do not have the funds to replace this equipment and there are no additional federal monies expected. Each polling location in Minnesota is required to have an assistive voting device, in addition to the tabulator machine. Currently, these two devices each cost approximately \$5,000. The Office of the Secretary of State estimates that over 2,500 precinct tabulators and 3,100 assistive voting devices will need to be purchased by counties over the next five years at a cost of over \$28 million. Because most counties do not currently have a reserve for voting equipment replacement costs, the ability of counties to replace aging voting equipment will vary by county. This, in turn, means that a voter’s experience at the polls may vary by county. This county-by-county variation was exactly what HAVA was designed to prevent. The failure or inconsistency of voting technology operation in an election can create many problems, including long lines, delayed election results, inability of a voter with disabilities to vote independently, and a loss of public confidence.

Other states have begun to address this issue at the state level. New Mexico, a state with less than half of the population of Minnesota, recently spent \$12 million to purchase new voting equipment in 2014. In late 2014, Maryland estimated that the cost to replace the state’s tabulators would be approximately \$28 million and approved \$14 million in state monies to offset the needed equipment replacement. Arkansas has a grant fund that receives \$1.5 million per fiscal year that can be used by local

jurisdictions to purchase new equipment. Michigan has not yet addressed this issue but the Michigan State Fiscal Agency estimates that it will cost an estimated \$55 to \$60 million to replace its state's voting equipment.

The estimated cost for replacing Minnesota's aging mandated voting equipment does not include the costs for additional equipment such as central-count tabulators, which facilitate the tabulation of absentee and mail ballots, or the implementation of electronic rosters (ePollbooks). Central-count tabulators can cost between \$70,000 and \$100,000 per county, with electronic rosters costing \$1,000 to \$2,000 per unit.

Proposal:

The Governor proposes \$7 million in the FY2018-2019 biennium, and another \$7 million in the FY2020-2021 biennium for election equipment grants. The Office of the Secretary of State would administer the grant funds, with awards going to counties to offset the costs of voting equipment replacement. Counties could apply for funds to assist in purchasing new voting equipment including tabulators, assistive voting technology, central-count tabulators, and electronic rosters. To allow counties to apply for the additional voting technologies such as central-count tabulators and electronic rosters, the grant allocations would only cover a portion of the full cost of the equipment.

Grants would be administered with priority given to the replacement of tabulators and assistive voting technology. Grants to purchase other voting technology, such as central-count equipment or electronic rosters, would be a secondary priority. Because of the timeline required to purchase new equipment in advance of an election, the Office anticipates that most jurisdictions would apply in 2017 to purchase new equipment in early 2018, in advance of the 2018 election. Further, according to the Minnesota Association of County Officers, due to the varied use of the equipment across the state (smaller jurisdictions' equipment getting less voter use, for example), it is likely some jurisdictions will choose to delay purchasing new equipment until 2019 for the 2020 election.

The Office of the Secretary of State would bear the administrative costs associated with the new Election Equipment grants. Because the Office no longer oversees the now-depleted HAVA grant programs, the Office would absorb the costs associated with administering the state voting equipment grants.

The grants would impact approximately 3.9 million eligible voters in Minnesota and 3.1 million registered voters who cast their ballot at the polls, by mail, or by absentee.

Equity and Inclusion:

Ensuring that all Minnesotans are voting on accurate and reliable voting equipment will benefit all voters. However, replacing aging voting equipment will have a distinct benefit to voters with disabilities by improving the assistive voting technology in Minnesota's polling places. Currently, 83 counties in Minnesota are using the AutoMark assistive voting technology in the polling place, with the remaining four counties using new assistive voting technology. The AutoMark was designed in 2003 to comply with HAVA's assistive voting technology requirements and was originally deployed in all Minnesota counties. In referencing the need to replace voting equipment generally, the Brennan Center for Justice in its 2015 report made specific observations about the benefits of replacing the HAVA-era assistive voting technology:

One of the promises of HAVA when it was passed was that voting machines throughout the country would be "accessible for individuals with disabilities, including nonvisual accessibility for the blind and visually impaired, in a manner that provides the same opportunity for access and participation (including privacy and independence) as for other voters" as required by the new law. While there is no question the new requirements made it easier for many voters with disabilities to vote privately and independently for the first time, in many respects the new equipment failed to live up to expectations. Diane Golden, an expert on assistive technology, wrote that there is substantial evidence that "voters with disabilities have significant difficulty using [these] accessible voting systems."

Part of the reason HAVA-era systems are not as simple to use as many had hoped is accessible features were "an afterthought" for previously designed systems, according to Whitney Quesenbery, one of the authors of the *Roadmap for Usability and Accessibility of Next Generation Elections* (the "Roadmap") and co-director of the Center for Civic Design.

States and counties looking to purchase new equipment have an opportunity to correct for this, and to take advantage of the dramatic improvements in assistive technology, 126 by purchasing machines that have been designed from the start with accessibility as a consideration. As the authors of the Roadmap note, “voting systems that are designed with accessibility and usability practices in mind have the potential to greatly benefit voters with and without disabilities.” In particular, the authors stress, “creating a single system to be used by all voters ensures that accessibility options are available to all who may need them, even if they do not identify as having a disability.”

See Brennan Center for Justice, *America’s Voting Machines at Risk* (Sept. 15, 2015). Over time, the Office of the Secretary of State has received multiple complaints from both election judges and voters that voters with disabilities are frequently unable to use the AutoMark to cast their ballot independently.

Results:

The goal of the grant program would be to ensure that all Minnesotans are able to cast their ballot on equipment that is secure, accessible, accurate, and reliable. Because the useful life of most voting equipment is between 10 and 15 years, no equipment in use in the state should be more than 15 years of age.

In addition, because new tabulator technology is able to be programmed to accept multiple ballot styles, as a result of the grants the State of Minnesota should see an increase in the number of counties and cities that are able to offer “direct balloting” in the seven days before the election. An increase in “direct balloting” will result in lower absentee balloting administrative costs to counties and reduce the number of voter errors. Finally, we expect to see fewer instances of voters with disabilities being unable to use the assistive voting technology and fewer instances of malfunctioning equipment on Election Day.