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### Office of the Minnesota Secretary of State

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<https://sos.state.mn.us>

### AT A GLANCE

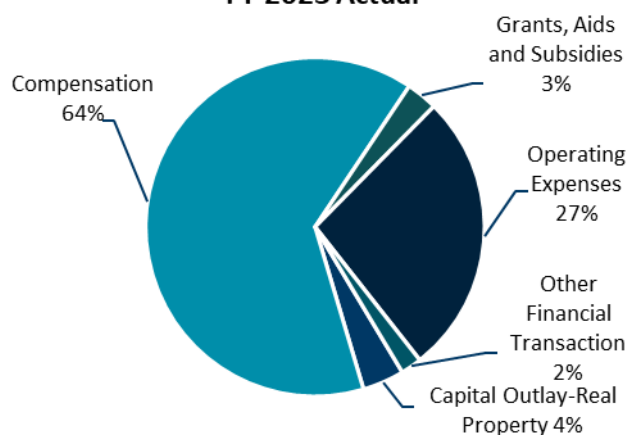
- Over 97,000 new business filings processed in FY 2024
- 3.59 million registered voters in Statewide Voter Registration System as of August 2024
- Support local election officials in conducting:
  - 2,000 township elections annually
  - 900 city elections (2 year cycle)
  - 300 school district elections (2 year cycle)
  - 200 other elections (2 year cycle)
- Over 14,000 separate applicants and participants served by Safe at Home as of July 2024
- 5,476 Official Documents filed in FY 2023
- Coordinate trainings, applications, and appointments for 288 boards and commissions spread across more than 90 agencies.
- Contribute nearly \$27 million 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 Safe at Home address confidentiality services. The Office has made it easier for Minnesotans to interact with the Office by developing secure and accessible online services for voters, businesses, and those interested in Open Appointments. The Secretary of State serves on the State Board of Investment, the Executive Council, and other specified boards.

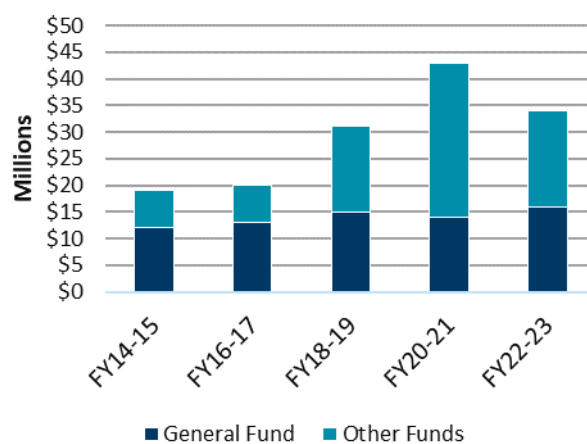
### BUDGET

**Spending by Category  
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

**Historical Spending**



Source: Consolidated Fund Statement

## STRATEGIES

The core functions of the Office are:

- **Election Administration:** Administer and oversee Minnesota's elections
- **Safe at Home:** Administer Minnesota's address confidentiality services
- **Business Services:** File business documents, record liens, and retrieve both on demand; issue notary public commissions
- **Administration:** Safeguard, record, and retrieve government documents; run the State of Minnesota's Open Appointments process

### ELECTION ADMINISTRATION

A core function of the Office of the Secretary of State is to administer and oversee elections statewide. There are approximately 2,700 elections held annually in Minnesota, serving over three and a half million registered voters. In partnership with local election officials, the Office's Elections Division works to ensure that every eligible vote is properly cast, counted, and reported.

The Office partners with and provides training and support to local election officials at the county, city, school district, and township levels to conduct elections in the state. Prior to the adoption, use, or purchase of voting equipment, the Office must examine and certify each type of voting system. The Office's Elections Division is responsible for conducting the examination and providing this certification. In addition, the Office provides the backbone of the elections system by developing and securing key election databases, specifically the Statewide Voter Registration System, which includes records for all of the state's over 3.59 million registered voters and the Election Reporting System, through which vote totals are reported. At the conclusion of any multi-county election, county canvassing board reports are reported to the State Canvassing Board for certification. The Secretary of State serves as chair of the board, with the Office's Elections Division preparing the canvassing board report and testifying on the results before the board.

The Office 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. Access to these online tools expanded in 2024 to include availability in 10 additional languages. The Information Technology (IT) Division of the Office invests significant time and resources to protect these online tools and databases. More broadly, this team is responsible for providing modern, secure, and accessible IT systems that allow Minnesotans to access the key services the divisions across the Office provide.

Due to the increased cybersecurity threats to election infrastructure a dedicated IT security team was added to the Office in 2015. This past year, the team on average has blocked over 100,000 potentially malicious IP addresses a month, and over 8,000 potentially malicious behavior-based IP addresses a month. In 2017, the Department of Homeland Security designated U.S. election systems as part of the nation's critical infrastructure. This designation brings opportunities for the Office to receive support from federal partners such as the Department of Homeland Security, Federal Bureau of Investigation, and the Cybersecurity and Infrastructure Security Agency, among others.

In order to enhance IT operations and security across the Office, the IT Division looks for opportunities to partner with external stakeholders. Some examples of this include the Office initiating a Vulnerability Disclosure Program (VDP) hosted by a vendor that specializes in these programs. The OSS has been thoughtfully and deliberately adding more of its applications to the scope of the program. To date, no major security vulnerabilities have been identified. Additionally, the Office participates regularly in Risk and Vulnerability Assessments (RVA) on our systems and infrastructure. These RVAs are provided by our federal security partners.

The Office also maintains an Election Security Navigator program to help assist counties and local governments in protecting election infrastructure at the local level. The program does this by providing both IT security and physical security resources, guidance, and financial support through the administration of federal grants.

Every ten years, the Elections and Administration Divisions play an integral role in the redistricting process. The Elections Division provides extensive technical guidance and support to counties to facilitate the redistricting process at the local level. Additionally, the Office provides instructions and support to counties to reconfigure the state voter registration database to reflect the boundary changes made in redistricting. The Administration division participates in redistricting by filing the resolutions and maps received by local governments of their final redistricting plan.

Increasingly, the Elections Division has overseen the creation of multiple grant programs to improve Minnesota's election system. These grant programs include federal Help America Vote Act security grants to improve the physical security, cyber security, and accessibility of local elections systems; the VOTER fund designed to supplement local election spending, an accessibility grant program for Minnesota's polling places, and a Presidential Nomination Primary reimbursement process. As of August 2024, the Office has processed and issued over \$4.5 million in funding to local governments in FY24-25 for the improvement of Minnesota's election systems and to reimburse counties, cities, and towns for the cost of the Presidential Nomination Primary.

Finally, to ensure voters have the information necessary to participate in Minnesota's election system, the Office 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.

### **SAFE AT HOME**

The Address Confidentiality Services Division managed by the Office of the Minnesota Secretary of State is commonly known as Safe at Home. Designed to help people who fear for their safety, especially survivors of domestic violence and stalking, Safe at Home has been helping people maintain a confidential address since September 1, 2007. It is open to survivors of domestic violence, sexual assault, stalking, and those who otherwise fear for their safety, including law enforcement and judicial personnel who live in Minnesota or who intend to move to the state in the next 60 days.

People enrolled in Safe at Home are assigned a PO Box address to be used as their legal address. It is a tool for their safety. All private and public entities in the state of Minnesota must accept the Safe at Home PO Box address as a participant's actual address per M.S. 5B.05(a). Using the assigned PO Box, Safe at Home provides a mail forwarding service. Safe at Home receives participants' mail and forwards all First-Class Mail to their physical address. Over one million pieces of mail are processed annually.

Safe at Home also assists participants with their interactions with third parties should problems arise when giving the Safe at Home address to others. To facilitate this, staff work with third party stakeholders, such as county offices, utility companies, banks, and schools, to ensure legal compliance and to ensure their business practices accommodate the safety needs of Safe at Home participants. Since the program's inception, more than 14,000 individual participants and applicants have been served by Safe at Home. Because the Safe at Home address is a participant's legal address, the Office accepts legal service of process for all participants. A participant's true address is known only to Safe at Home. Because of this, staff are available on call 24 hours a day, 7 days a week in case of a law enforcement emergency that requires a participant's true address. If there is an emergency where law enforcement needs a participant's physical address, the law enforcement agency can make a data disclosure request through the Duty Officer at the Minnesota Bureau of Criminal Apprehension.

Minnesota's address confidentiality services are considered the strongest in the country; a position solidified when the legislature made it possible for Safe at Home participants to purchase property confidentially. As

additional states establish address confidentiality services, several states have looked to Minnesota's services as a model.

## **BUSINESS SERVICES**

The Secretary of State's Business Services Division makes up more than half of the Office of the Secretary of State and provides customer service and filing services to those conducting business in Minnesota. This includes all businesses, nonprofits, newspapers, and notaries. Fees for these services add approximately \$27 million to the General Fund each biennium.

The Office's Business Services Division approves and files articles of incorporation and amendments for all business and nonprofit organizations operating in the state. It provides both online options and in-person appointments for those filing a business, articles, and renewals. Additionally, staff are available to assist those conducting business searches, and those ordering copies of filings and certificates. Customer service staff additionally answer public inquiries via phone and email. Business Services has increased public outreach with a new Outreach Coordinator position, as well as increased the number of documents translated into eleven different languages.

The Business Services Division records documents filed under the Uniform Commercial Code (UCC) regarding collateral pledged to secure loans and administers the Central Notification System (CNS) for farm product liens. The Division also serves to file and maintain statewide federal tax liens.

In September 2016, Secretary of State Steve Simon launched the Minnesota Business Snapshot, an initiative designed to serve Minnesotans by providing the public with data and information on the economic and demographic make-up of Minnesota's businesses. The Minnesota Business Snapshot (MBS) is a voluntary, five-question survey offered to new and existing businesses in Minnesota as they file an original filing and subsequent annual renewals or annual reinstatements. The survey was put together with the input of individual business owners, business organizations, nonprofits, and researchers from across the state.

## **ADMINISTRATION**

The Secretary of State's Administration Division serves to assist the Secretary with his constitutional duties, including the administration of the Open Appointments process, certification of Official Documents, maintenance of original Chapter Laws, and service on the Executive Council, State Board of Investment, and Board of the Minnesota Historical Society.

As keeper of the Great Seal of the State of Minnesota, the Secretary certifies the authenticity of official documents, such as acts of the Legislature, and proclamations and executive orders issued by the Governor. All Official Documents are signed by the Secretary and filed by the Administration Division.

The Administration Division is the forward facing division, it communicates with the public, elected officials, and other business and advocacy groups on behalf of the Secretary of State. This includes the creation and distribution of items such as the Legislative Manual (Blue Book) and flag etiquette guide. Items such as these are provided both physically and electronically. Maintaining the Office's website is a priority of the Office, and the Office has continued to increase the number of services and information provided online.

The Administration Division is also where the Office provides information about the 288 State Boards, Commissions, Councils, Work Groups, and Task Forces that work to advise policy makers and regulate professionals. The Office communicates vacancies through a monthly Open Positions Notice which is sent to over 25,450 email addresses, and through the maintenance of an online portal for Minnesota residents to gather information and apply for vacant positions.

In addition to the work the Administration Division does to assist the Secretary and constituents, the Administration Division also provides support to the Office's other divisions in the form of human resources, scheduling, research, counseling direction, project management, record maintenance, and more.

## RESULTS

The Office measures its performance by the indicators set out in the table below. Each of these measures indicates the Office's strategies are working.

| <i><b>Type of Measure</b></i> | <i><b>Name of Measure</b></i>   | <i><b>Previous</b></i> | <i><b>Current</b></i> | <i><b>Dates</b></i>    |
|-------------------------------|---|------------------------|-----------------------|------------------------|
| Quantity                      | Number of registered voters   | 3,392,082              | 3,594,940             | 2020/2024              |
| Result                        | Voter Turnout   | 2,968,281<br>(74.72%)  | 3,292,997<br>(79.96%) | 11/8/2016<br>11/3/2020 |
| Quantity                      | General Absentee and Mail Ballots Returned by Election Day                    | 638,846                | 672,571               | 11/6/2018<br>11/8/2022 |
| Result                        | General Absentee Ballots Acceptance Rate                                      | 98.57%                 | 98.37%                | 11/6/2018<br>11/8/2022 |
| Quantity                      | Number of applicants and participants served by Safe at Home in calendar year | 4,589                  | 5,286                 | 2021/2023              |
| Quantity                      | Cost of postage to forward mail to Safe at Home participants                  | \$102,575              | \$113,034             | 2021/2023              |
| Quantity                      | Number of victim advocates who voluntarily partner with Safe at Home          | 311                    | 340                   | 2021/2023              |
| Quantity                      | Number of active households as of last day of calendar year                   | 1,745                  | 1,947                 | 2021/2023              |
| Quantity                      | Number of new business filings  | 93,184                 | 97,706                | 2021/2023              |
| Quantity                      | Number of business web filings  | 502,571                | 536,004               | 2021/2023              |
| Quantity                      | Number of business mail and counter filings                                   | 24,145                 | 26,014                | 2021/2023              |
| Quantity                      | Number of UCC/Tax Lien & CNS web filings                                      | 113,491                | 104,444               | 2021/2023              |
| Quantity                      | Number of open appointment applications                                       | 3,269                  | 3,431                 | 2021/2023              |
| Quantity                      | Official Documents filed  | 3,791                  | 5,415                 | 2021/2023              |

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

### Minnesota Constitution

Minnesota Statutes, Chapter 5, 5A, 5B, 15, 201, 202A, 203B, 204B, 204C, 204D, 206, 211A, 302A, 303, 304A, 308A, 308B, 317A, 319B, 321, 322A, 322B, 322C, 323A, 333, 336, 336A, 358, 359, 549.

(Dollars in Thousands)

|                                       | Actual<br>FY22 | Actual<br>FY23 | Actual<br>FY24 | Estimate<br>FY25 | Forecast Base |               |
|---------------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|
|                                       |                |                |                |                  | FY26          | FY27          |
| <b><u>Expenditures by Fund</u></b>    |                |                |                |                  |               |               |
| 1000 - General                        | 6,777          | 8,895          | 9,706          | 11,534           | 9,545         | 9,429         |
| 2000 - Restrict Misc Special Revenue  | 8,955          | 6,155          | 5,482          | 9,792            | 9,714         | 9,936         |
| 2001 - Other Misc Special Revenue     | 1,942          | 164            | 11,967         | 5,035            | 3,057         | 3,065         |
| 2403 - Gift                           | 310            |                |                |                  |               |               |
| 4925 - Family and Medical Benefit Ins |                |                | 23             | 4                | 77            | 77            |
| <b>Total</b>                          | <b>17,983</b>  | <b>15,214</b>  | <b>27,177</b>  | <b>26,365</b>    | <b>22,393</b> | <b>22,507</b> |
| Biennial Change                       |                |                |                | 20,344           |               | (8,642)       |
| Biennial % Change                     |                |                |                | 61               |               | (16)          |

**Expenditures by Program**

|                    |               |               |               |               |               |               |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Secretary of State | 17,983        | 15,214        | 27,177        | 26,365        | 22,393        | 22,507        |
| <b>Total</b>       | <b>17,983</b> | <b>15,214</b> | <b>27,177</b> | <b>26,365</b> | <b>22,393</b> | <b>22,507</b> |

**Expenditures by Category**

|                              |               |               |               |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation                 | 8,416         | 9,724         | 11,864        | 16,069        | 15,263        | 15,961        |
| Operating Expenses           | 4,704         | 4,077         | 13,985        | 5,260         | 4,088         | 3,436         |
| Grants, Aids and Subsidies   | 4,637         | 459           | 1,250         | 5,036         | 3,042         | 3,110         |
| Capital Outlay-Real Property |               | 591           | 0             |               |               |               |
| Other Financial Transaction  | 226           | 362           | 78            |               |               |               |
| <b>Total</b>                 | <b>17,983</b> | <b>15,214</b> | <b>27,177</b> | <b>26,365</b> | <b>22,393</b> | <b>22,507</b> |

**Full-Time Equivalents**

|              |              |               |               |               |               |
|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>81.15</b> | <b>92.53</b> | <b>103.03</b> | <b>111.28</b> | <b>114.65</b> | <b>111.37</b> |
|--------------|--------------|---------------|---------------|---------------|---------------|

(Dollars in Thousands)

|                                   | Actual       | Actual       | Actual       | Estimate      | Forecast Base |              |
|-----------------------------------|--------------|--------------|--------------|---------------|---------------|--------------|
|                                   | FY22         | FY23         | FY24         | FY25          | FY26          | FY27         |
| <b>1000 - General</b>             |              |              |              |               |               |              |
| Balance Forward In                |              | 1,181        |              | 2,015         |               |              |
| Direct Appropriation              | 10,434       | 9,391        | 14,720       | 12,605        | 12,570        | 12,454       |
| Transfers In                      | 233          | 1,984        |              |               |               |              |
| Transfers Out                     | 2,500        | 1,617        | 3,000        | 3,086         | 3,025         | 3,025        |
| Cancellations                     | 233          | 2,044        |              |               |               |              |
| Balance Forward Out               | 1,157        |              | 2,014        |               |               |              |
| <b>Expenditures</b>               | <b>6,777</b> | <b>8,895</b> | <b>9,706</b> | <b>11,534</b> | <b>9,545</b>  | <b>9,429</b> |
| Biennial Change in Expenditures   |              |              |              | 5,567         |               | (2,266)      |
| Biennial % Change in Expenditures |              |              |              | 36            |               | (11)         |
| Full-Time Equivalents             | 43.17        | 50.73        | 61.18        | 62.50         | 61.87         | 61.87        |

**2000 - Restrict Misc Special Revenue**

|                                   |              |              |              |              |              |              |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In                | 19,860       | 15,747       | 17,787       | 19,769       | 15,018       | 10,448       |
| Receipts                          | 5,074        | 7,734        | 7,464        | 5,041        | 5,144        | 5,143        |
| Transfers In                      |              | 461          |              |              |              |              |
| Transfers Out                     | 233          |              |              |              |              |              |
| Balance Forward Out               | 15,745       | 17,786       | 19,769       | 15,018       | 10,448       | 5,655        |
| <b>Expenditures</b>               | <b>8,955</b> | <b>6,155</b> | <b>5,482</b> | <b>9,792</b> | <b>9,714</b> | <b>9,936</b> |
| Biennial Change in Expenditures   |              |              |              | 164          |              | 4,376        |
| Biennial % Change in Expenditures |              |              |              | 1            |              | 29           |
| Full-Time Equivalents             | 37.98        | 41.80        | 40.61        | 48.61        | 52.61        | 49.33        |

**2001 - Other Misc Special Revenue**

|                                   |              |            |               |              |              |              |
|-----------------------------------|--------------|------------|---------------|--------------|--------------|--------------|
| Balance Forward In                | 435          | 993        | 2             | 1,752        | 2            |              |
| Receipts                          |              |            | 12            | 55           | 30           | 40           |
| Transfers In                      | 2,500        | 1,000      | 19,002        | 3,230        | 3,025        | 3,025        |
| Transfers Out                     |              | 1,828      | 750           |              |              |              |
| Cancellations                     |              |            | 4,547         |              |              |              |
| Balance Forward Out               | 993          | 2          | 1,752         | 2            |              |              |
| <b>Expenditures</b>               | <b>1,942</b> | <b>164</b> | <b>11,967</b> | <b>5,035</b> | <b>3,057</b> | <b>3,065</b> |
| Biennial Change in Expenditures   |              |            |               | 14,896       |              | (10,880)     |
| Biennial % Change in Expenditures |              |            |               | 708          |              | (64)         |
| Full-Time Equivalents             |              |            | 1.07          |              |              |              |



(Dollars in Thousands)

|  | Actual<br>FY22 | Actual<br>FY23 | Actual<br>FY24 | Estimate<br>FY25 | Forecast Base |      |
|--|----------------|----------------|----------------|------------------|---------------|------|
|  |                |                |                |                  | FY26          | FY27 |

**2403 - Gift**

|                                   |            |  |  |       |  |   |
|-----------------------------------|------------|--|--|-------|--|---|
| Balance Forward In                | 310        |  |  |       |  |   |
| <b>Expenditures</b>               | <b>310</b> |  |  |       |  |   |
| Biennial Change in Expenditures   |            |  |  | (310) |  | 0 |
| Biennial % Change in Expenditures |            |  |  |       |  |   |

**4925 - Family and Medical Benefit Ins**

|                                   |  |  |           |          |           |           |
|-----------------------------------|--|--|-----------|----------|-----------|-----------|
| Direct Appropriation              |  |  | 384       | 4        | 77        | 77        |
| Cancellations                     |  |  | 361       |          |           |           |
| <b>Expenditures</b>               |  |  | <b>23</b> | <b>4</b> | <b>77</b> | <b>77</b> |
| Biennial Change in Expenditures   |  |  |           | 27       |           | 127       |
| Biennial % Change in Expenditures |  |  |           |          |           | 471       |
| Full-Time Equivalents             |  |  | 0.17      | 0.17     | 0.17      | 0.17      |

(Dollars in Thousands)

|  | FY25   | FY26   | FY27   | Biennium<br>2026-27 |
|--|--------|--------|--------|---------------------|
| <b>Direct</b>                                      |        |        |        |                     |
| <b>Fund: 1000 - General</b>                        |        |        |        |                     |
| FY2025 Appropriations                              | 12,605 | 12,605 | 12,605 | 25,210              |
| Base Adjustments                                   |        |        |        |                     |
| Current Law Base Change                            |        | (60)   | (176)  | (236)               |
| Transfer Between Agencies                          |        | 25     | 25     | 50                  |
| Forecast Base                                      | 12,605 | 12,570 | 12,454 | 25,024              |
| <b>Fund: 4925 - Family and Medical Benefit Ins</b> |        |        |        |                     |
| FY2025 Appropriations                              | 4      | 4      | 4      | 8                   |
| Base Adjustments                                   |        |        |        |                     |
| Current Law Base Change                            |        | 73     | 73     | 146                 |
| Forecast Base                                      | 4      | 77     | 77     | 154                 |
| <b>Dedicated</b>                                   |        |        |        |                     |
| <b>Fund: 2000 - Restrict Misc Special Revenue</b>  |        |        |        |                     |
| Planned Spending                                   | 9,792  | 9,714  | 9,936  | 19,650              |
| Forecast Base                                      | 9,792  | 9,714  | 9,936  | 19,650              |
| <b>Fund: 2001 - Other Misc Special Revenue</b>     |        |        |        |                     |
| Planned Spending                                   | 5,035  | 3,057  | 3,065  | 6,122               |
| Forecast Base                                      | 5,035  | 3,057  | 3,065  | 6,122               |
| <b>Revenue Change Summary</b>                      |        |        |        |                     |
| <b>Dedicated</b>                                   |        |        |        |                     |
| <b>Fund: 2000 - Restrict Misc Special Revenue</b>  |        |        |        |                     |
| Forecast Revenues                                  | 5,041  | 5,144  | 5,143  | 10,287              |
| <b>Fund: 2001 - Other Misc Special Revenue</b>     |        |        |        |                     |
| Forecast Revenues                                  | 55     | 30     | 40     | 70                  |
| <b>Non-Dedicated</b>                               |        |        |        |                     |
| <b>Fund: 1000 - General</b>                        |        |        |        |                     |
| Forecast Revenues                                  | 20,040 | 18,554 | 18,591 | 37,145              |

## Office of Minnesota Secretary of State

### FY 2026-27 Biennial Budget Change Item

#### Change Item Title: Maintain Current Service Levels

| Fiscal Impact (\$000s)                           | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--|---------|---------|---------|---------|
| General Fund                                     |         |         |         |         |
| Expenditures                                     | 791     | 971     | 791     | 971     |
| Revenues   | 0       | 0       | 0       | 0       |
| Other Funds                                      |         |         |         |         |
| Expenditures                                     | 0       | 0       | 0       | 0       |
| Revenues   | 0       | 0       | 0       | 0       |
| Net Fiscal Impact =<br>(Expenditures – Revenues) | 791     | 971     | 791     | 971     |
| FTEs   | 5       | 5       | 5       | 5       |

#### Request:

The Office of the Secretary of State seeks an additional \$1,762,000 in the 2026 - 2027 biennium to maintain existing staffing levels and allow the Office to continue to provide current levels of service and information to the public. This would result in a 7.1% increase to the Office's biennial general fund appropriation.

The Office is requesting funding for five FTEs, which are currently classified as temporary positions. These positions support the current level of required services. Their classifications include three State Program Administrators and two Office Specialists.

#### Rationale/Background:

Each year, operating costs such as rent and lease, utilities, and IT continue to grow. In addition to these operating costs, salary and compensation-related costs and healthcare contributions increase annually. Costs related to materials supplies, such as postage and paper, continue to rise. Furthermore, the number of Safe at Home participants is growing at an annual rate of 4.5%, which leads to higher mail volume for the Office and, consequently, greater postage expenses for forwarding participant mail. To add to this challenge, USPS now raises postage rates twice a year, resulting in an estimated cumulative increase of 11% in postage costs each year. The Office's work supporting boards and commissions has continued to grow as the net number of boards and commissions has grown 15% since 2022.

If an operational increase is not provided, the services the Office provides to Minnesotans will be impacted. Some examples include:

- Fewer staff resources available to help Minnesota business owners register their business, resulting in a possible decrease of the Office's net contribution of over \$27 million to the General Fund each biennium.
- Fewer staff resources available to assist counties, cities, and townships conduct their elections.
- Insufficient resources in the Safe at Home Program, resulting in reduced capacity to assist those who fear for their safety.
- Decreased capacity to safeguard, record, and retrieve government documents in a timely manner.
- Decreased capacity to support boards and commissions and the agencies overseeing them with their application, appointment and record keeping questions.

**Proposal:**

The Office of the Secretary of State proposes an operating increase of \$1,762,000 in the FY2026-27 biennium to maintain the Office's delivery of current services.

The proposed budget increase is intended to address inflation and other economic factors that drive the Office's costs and allow the Office of the Secretary of State to continue to provide the quality experience, services, programs, and information that Minnesotans expect. This funding would cover current employee compensation growth, including anticipated compensation increases, statutorily mandated employer-paid pension costs, and unavoidable health insurance premium increases. It will also provide for the increase in postage and supply costs.

This proposal also supports the team that is shouldering the recent 15% increase in the net number of boards and commissions. Since 2017, the net number of boards and commissions has grown by 28%. Currently, the Office receives no funding when a new board or commission is established, despite the undeniable increase in staff workload required to support each new entity, alongside the ongoing demands of the existing boards and commissions.

Additionally, this increase will allow the Office to continue providing services at the level that result in the Office contributing over \$27 million to the General Fund above the Office's appropriation.

**Impact on Children and Families:**

While this proposed operating increase does not directly impact children and families, it serves to provide resources and information to Minnesotans.

**Equity and Inclusion:**

This proposed item increases equity and inclusion by providing allowing the Office to continue to provide resources and information in multiple languages. This will continue to support access for those communities who may not speak English as their first language.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes  
☒ No

**IT Costs**

This proposal does not have an impact on IT costs via MNIT.

**Results:**

This request is sought to allow the Office of the Secretary of State to continue to provide current levels of service and information to the public. Examples of current performance measures are shown below.

| <i><b>Type of Measure</b></i> | <i><b>Name of Measure</b></i>                              | <i><b>Previous</b></i> | <i><b>Current</b></i> | <i><b>Dates</b></i>    |
|-------------------------------|--|------------------------|-----------------------|------------------------|
| Quantity                      | Number of registered voters                                | 3,392,082              | 3,594,940             | 2020/2024              |
| Result                        | Voter Turnout  | 2,968,281<br>(74.72%)  | 3,292,997<br>(79.96%) | 11/8/2016<br>11/3/2020 |
| Quantity                      | General Absentee and Mail Ballots Returned by Election Day | 638,846                | 672,571               | 11/6/2018<br>11/8/2022 |

| <b>Type of Measure</b> | <b>Name of Measure</b>  | <b>Previous</b> | <b>Current</b> | <b>Dates</b>           |
|------------------------|---|-----------------|----------------|------------------------|
| Result                 | General Absentee Ballots Acceptance Rate                                      | 98.57%          | 98.37%         | 11/6/2018<br>11/8/2022 |
| Quantity               | Number of applicants and participants served by Safe at Home in calendar year | 4,589           | 5,286          | 2021/2023              |
| Quantity               | Cost of postage to forward mail to Safe at Home participants                  | \$102,575       | \$113,034      | 2021/2023              |
| Quantity               | Number of victim advocates who voluntarily partner with Safe at Home          | 311             | 340            | 2021/2023              |
| Quantity               | Number of active households as of last day of calendar year                   | 1,745           | 1,947          | 2021/2023              |
| Quantity               | Number of new business filings  | 93,184          | 97,706         | 2021/2023              |
| Quantity               | Number of business web filings  | 502,571         | 536,004        | 2021/2023              |
| Quantity               | Number of business mail and counter filings                                   | 24,145          | 26,014         | 2021/2023              |
| Quantity               | Number of UCC/Tax Lien & CNS web filings                                      | 113,491         | 104,444        | 2021/2023              |
| Quantity               | Number of open appointment applications                                       | 3,269           | 3,431          | 2021/2023              |
| Quantity               | Official Documents filed  | 3,791           | 5,415          | 2021/2023              |

#### **Statutory Change(s):**

No statutory changes are needed for this change item. The following statutes provide the legal authority for the Office of the Secretary of State: Minnesota Constitution, Minnesota Statutes, Chapter 5, 5A, 5B, 15, 201, 202A, 203B, 204B, 204C, 204D, 206, 211A, 302A, 303, 304A, 308A, 308B, 317A, 319B, 321, 322A, 322B, 322C, 323A, 333, 336, 336A, 358, 359, 549.

# Office of Minnesota Secretary of State

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Business Filing Fraud Prevention

| Fiscal Impact (\$000s)                           | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--|---------|---------|---------|---------|
| General Fund                                     |         |         |         |         |
| Expenditures                                     | 690     | 590     | 590     | 590     |
| Revenues   | 0       | 0       | 0       | 0       |
| Other Funds                                      |         |         |         |         |
| Expenditures                                     | 0       | 0       | 0       | 0       |
| Revenues   | 0       | 0       | 0       | 0       |
| Net Fiscal Impact =<br>(Expenditures – Revenues) | 690     | 590     | 590     | 590     |
| FTEs   | 7       | 7       | 7       | 7       |

### Request:

The Office of the Secretary of State is proposing a new initiative to combat and counteract the filing of fraudulent business documents (also known as business identity theft). In order to complete this work, the Office requests the addition of seven (7) FTEs. The cost for these positions, and one-time IT programming costs total \$1,280,000 for the FY26-FY27 biennium.

The necessary position classifications are:

- Two Customer Service Specialist - Intermediate: Receiving reports of fraud, sending system generated letters, data entry in case tracking software
- Two Customer Service Specialist - Senior: As above plus: researching complaints
- One Customer Service Specialist - Principal: As above plus: doing system reactions as part of the corrections process, meeting with counsel to make complaint determination
- One Research Analyst: As above plus: Analyze system data to identify potential victims and trends
- One Staff Attorney 1: Providing legal analysis to make complaint determinations

### Rationale/Background:

The Office receives calls from Minnesotans, some business owners and some who are not, who are impacted by business filing fraud multiple times each week. This fraud takes two main forms: (1) the “hijacking” of existing legitimate registered businesses by a fraudster who makes unauthorized changes to filed business information such as the business’s name, address, or registered agent; and (2) a fraudster registering a new fraudulent business using a Minnesota resident’s name, address, or identity without their authorization. In such cases the victim may not learn that their identity has been used to register a fraudulent business until they begin receiving odd mailings or are notified by a bank that a business loan application was received in their name.

Under current statutes, the Secretary of State is tasked with recording entity filings, as presented, as long as they satisfy statutory requirements. Filings are unable to be removed from public data without an issued order by a court. An individual who has brought claims of fraudulent activity to the Secretary of State’s office must engage with law enforcement and the judicial process so an order can be delivered to the Secretary of State to remove the filing in question. This process is both costly and time consuming. Many people find the process to be overwhelming and opt to pay a filing fee to return their “hijacked” entity back to the original individuals or to terminate a

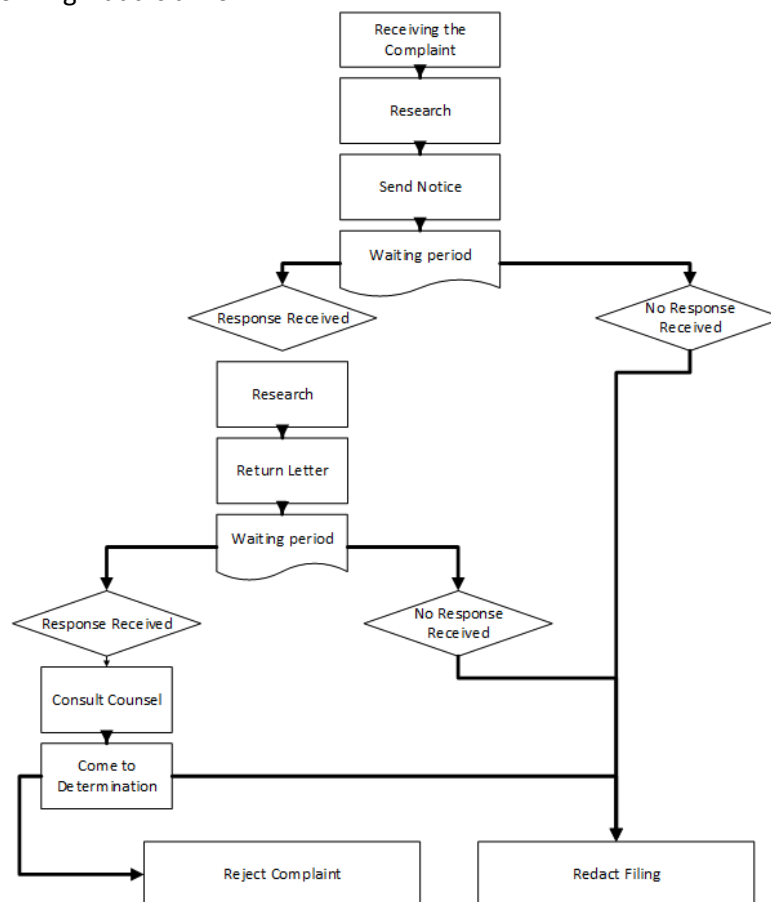
fraudulent business, which paradoxically requires the victim to sign a form attesting that they are an agent of the fraudulent business. The longer the process takes, the more opportunity a criminal has to use that fraudulent filing for illegal purposes, including securing unauthorized loans, bank accounts, phone accounts, and as evidenced during the pandemic, government benefits.

### Proposal:

The Office of the Secretary of State requests \$1,280,000 in the FY2026-27 biennium to implement these business filing fraud prevention measures.

The proposed legislation would seek to combat and provide a more streamlined way to protect victims from business identity theft by prohibiting certain actions, such as including a person's name in a document without their written consent, filing an address without the owner's consent, and filing a document without consent or authority to do so on the affected entity. This aims to protect individuals and legitimate entities from unauthorized filings that could be used for fraudulent purposes; safeguard the integrity of the business filing system; and inform the public about entities that have been victims of fraudulent or unauthorized acts.

The complaint process outlined in the chart below would provide involved parties adequate notice and allow the Office to resolve business filing fraud claims.



### IT Costs:

This request does not require IT resources from MNIT but will require IT resources from the Office of the Secretary of State internal staff. To carry out the desired outcomes of the legislation, the Office's IT staff will make

necessary modifications to the current business filing system. The estimated cost is \$100,000 in one-time computer programming staff hours.

**Results:**

This will help Minnesotans ease the burden of unwinding fraud damage as well as making our office quicker to respond and identify ongoing issues. By analyzing trends and identifying potential victims, our Office will also have the tools to engage in the prevention of fraudulent filings.

The State of Colorado passed similar legislation in 2023 and has received over 1,800 complaints in just over a year. Colorado is rejecting less than 10% of all received complaints and has continued to increase staffing levels in subsequent years to meet the demand. The Office expects to see a similar volume in Minnesota and seeks an appropriate level of staffing to ensure that implementation is as successful as possible to meet the needs of Minnesotans.

**Statutory Change(s):**

Yes. This will require statutory changes. The Office is currently engaged in writing the bill language which likely will involve modifying existing statute and adding new provision.



## Office of Minnesota Secretary of State

### FY 2026-27 Biennial Budget Change Item

#### Change Item Title: Employee Recruitment and Retention

| Fiscal Impact (\$000s)                           | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--|---------|---------|---------|---------|
| General Fund                                     |         |         |         |         |
| Expenditures                                     | 159     | 159     | 159     | 159     |
| Revenues   | 0       | 0       | 0       | 0       |
| Other Funds                                      |         |         |         |         |
| Expenditures                                     | 0       | 0       | 0       | 0       |
| Revenues   | 0       | 0       | 0       | 0       |
| Net Fiscal Impact =<br>(Expenditures – Revenues) | 159     | 159     | 159     | 159     |
| FTEs   | 1       | 1       | 1       | 1       |

#### Request:

The Office of the Secretary of State seeks \$318,000 in the FY 2026 - 2027 biennium to support employee retention and recruitment across the office. This would result in a 1.3% increase to the Office's biennial general fund appropriation.

This request includes funding for one full-time equivalent (FTE) position to support our Human Resources team, classified as Human Resources Specialist 1.

In addition to this position, the request also seeks funding for several key initiatives: a student loan reimbursement program, achievement awards, recruitment materials, and enhanced training opportunities for employees. These elements will bolster our recruitment and retention efforts, and support employee development, ultimately benefiting the Minnesotans we serve.

#### Rationale/Background:

To effectively meet the growing needs and improve our operational capabilities, the Office of the Secretary of State is requesting funding to:

- **Meet Increased Demand:** As the Office of the Secretary of State expands its staffing to fulfill growing legislative responsibilities, additional funding is necessary to effectively support business owners, individuals who fear for their physical safety, election administrators, and members of boards and commissions.
- **Enhance Recruitment and Retention:** Allocating resources to recruitment and retention efforts is crucial for attracting diverse talent and maintaining a skilled workforce. This investment will ensure the office can operate efficiently and effectively to meet the needs of prospective and current employees.
- **Support Employee Development:** By investing in employee benefits and professional development, we can improve job satisfaction and foster the Office's culture of growth and commitment. This, in turn, leads to better service delivery to Minnesotans.
- **Ensure Adaptability and Resilience:** In light of evolving challenges, such as concerns for public safety and electoral integrity, it is vital that the office has the resources needed to adapt and respond.
- **Promote Long-Term Stability:** A well-funded recruitment and retention strategy will create a stable workforce, reduce turnover costs, and ensure continuity in service delivery.

In short, this budget request is a proactive step toward strengthening the Office and continuing the high level of customer service we provide to the people of Minnesota.

### **Proposal:**

As the Office of the Minnesota Secretary of State continues to adapt and evolve, enhancing our human resources capacity is essential for keeping staffing levels on par with similarly sized agencies. By increasing human resources staffing, the Office aims to strengthen key functions such as job analysis, applicant assessment, and targeted recruitment. In addition, the Office will introduce a student loan reimbursement program, honoring a request of current employees and attracting new talent in a competitive job market. Recognizing employee achievements, expanding diversity, equity, accessibility, and inclusion (DEAI) training, and refreshing our recruitment strategies will further cultivate a supportive and engaging workplace culture.

- **Increasing human resources staffing:** This position will strengthen Human Resources as the Office evolves, enhancing the hiring process for consistency, fairness, and timeliness. It will support job analysis and classification, applicant assessment and selection, targeted recruitment, and updating job roles. This staffing level will bring the Office on par with other similarly sized agencies.
- **Implementing a student loan reimbursement program:** The Office will create a student loan reimbursement program, in compliance with recent bargaining unit contracts, to be on par with other state agencies that are now offering this. Current employees have asked for the Office to explore such a program. Across the office, but especially in the elections division, the Office is competing with other jurisdictions that can offer higher compensation than prescribed at the state level. This new program will benefit prospective applicants and retain current employees.
- **Formally recognizing employee achievements:** In 2023, the Office created a formal employee achievement awards program. This request seeks to formally fund this program. A program like this fosters a culture where employees feel valued. Which can lead to increased engagement and collaboration among team members.
- **Expanding diversity, equity, accessibility, and inclusion (DEAI) training:** Acquiring educational resources and tools will help address foundational questions about diversity, equity, accessibility, and inclusion. To enhance our staff training and education, the Office intends to bring in paid speakers to provide additional educational opportunities.
- **Refreshing recruitment materials and attending new events:** Updated recruitment materials will provide the community with information on why they should work for the Office of the Minnesota Secretary of State, as well as what job opportunities are available and how to apply. Attending recruitment events is an opportunity to connect with a broader audience of job seekers that are historically unfamiliar with the opportunities and benefits of working at the Office of the Secretary of State.

### **Impact on Children and Families:**

This proposal does not have a direct impact on children and families.

### **Equity and Inclusion:**

By allocating resources specifically for recruitment and retention, the office can implement strategies that attract a wider range of candidates from different backgrounds. Investing in employee development, particularly in the DEAI space, ensures that all staff have access to resources that promote personal and professional growth. This commitment to diversity not only enriches the workplace culture but also enhances the quality of service provided to Minnesotans.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes  
☒ No

**IT Costs:**

This proposal does not have an impact on IT costs via MNIT.

**Results:**

Ensuring adequate staffing levels for the Human Resources team will allow the Office to ensure continued improvement in consistency, fairness, accuracy, and timeliness of the hiring process. Additionally, it will ensure that support available to existing employees and supervisors is maintained. This position will assist with the following specific projects:

- Creating elections specific classifications
- Implementing standardized position descriptions and individual development plans
- Implementing the Office's internship program.
- Collaborate with the DEAI Coordinator on targeted recruitment

Recruitment materials and attendance at events will provide the Office with the fundamental resources needed to recruit applicants from an ever-increasing diverse job seeker pool. Staff training and education materials will solidify shared language DEAI across the Office. Micro action tools will provide employees with the step-by-step instructions on how create an inclusive workplace and how to use and equity lens in their daily work.

The student loan reimbursement and employee achievement awards programs will enhance employee satisfaction and retention by providing financial support and recognizing hard work, ultimately fostering a more engaged workforce.

**Statutory Change(s):**

None.

## Office of Minnesota Secretary of State

### FY 2026-27 Biennial Budget Change Item

#### Change Item Title: 2024 HAVA Election Security Funds State Match

| Fiscal Impact (\$000s)                           | FY 2026  | FY 2027  | FY 2028  | FY 2029  |
|--|----------|----------|----------|----------|
| General Fund                                     |          |          |          |          |
| Expenditures                                     | 200      | 0        | 0        | 0        |
| Revenues   | 0        | 0        | 0        | 0        |
| Other Funds                                      |          |          |          |          |
| Expenditures                                     | 0        | 0        | 0        | 0        |
| Revenues   | 0        | 0        | 0        | 0        |
| Net Fiscal Impact =<br>(Expenditures – Revenues) | 200      | 0        | 0        | 0        |
| <b>FTEs</b>                                      | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |

#### Request:

The Office of the Secretary of State is seeking a one-time amount of \$200,000 in FY26 to meet the state matching requirements described in the FY2024 Further Consolidated Appropriations Act, which will allow the Office of Secretary of State to utilize \$1,000,000 in federal Help America Vote Act (HAVA) funds to secure and improve Minnesota's election systems.

#### Rationale/Background:

The FY2024 Further Consolidated Appropriations Act included \$55 million in grants to states and U.S. territories to improve election administration and election security. These grants are authorized under Title I, Section 101, of the Help America Vote Act (HAVA) of 2002, and are designed to provide states with additional resources to secure and improve their election system. Minnesota's share of the \$55 million is \$1,000,000.

States are required to provide a 20 percent match within two years of receiving the federal funds. Minnesota has until April 30, 2026 to receive this match. This request would fulfill Minnesota's state match.

#### Proposal:

The Office of the Secretary of State requests \$200,000 in general funds to meet the 20 percent match the 2024 HAVA funds require. This matching funding will allow the Office to utilize the \$1,000,000 in federal funds. The Office proposes using the HAVA funds to continue to support our Security Navigator Team. This team works with all 87 counties to support the physical and cyber security of election operations.

#### Impact on Children and Families:

This proposal does not have a direct impact on children and families. However, it will improve the security and administration of elections for future generations.

#### Equity and Inclusion:

The security and integrity of Minnesota elections benefits all voters. Securing our elections with the funds provided may prevent bad actors from disenfranchising select voters.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes  
☒ No

**IT Costs:**

This proposal does not have an impact on IT costs via MNIT.

**Results:**

This request seeks matching funds which will allow the Office of the Secretary of State to utilize federal funds to support election administration, with the goal of securing our elections and maintaining public confidence in Minnesota's election system. Examples of current performance measures for Minnesota's elections are shown below.

| <i><b>Type of Measure</b></i> | <i><b>Name of Measure</b></i>                              | <i><b>Previous</b></i> | <i><b>Current</b></i> | <i><b>Dates</b></i>    |
|-------------------------------|--|------------------------|-----------------------|------------------------|
| Quantity                      | Number of registered voters                                | 3,392,082              | 3,594,940             | 2020/2024              |
| Result                        | Voter Turnout  | 2,968,281<br>(74.72%)  | 3,292,997<br>(79.96%) | 11/8/2016<br>11/3/2020 |
| Quantity                      | General Absentee and Mail Ballots Returned by Election Day | 638,846                | 672,571               | 11/6/2018<br>11/8/2022 |
| Result                        | General Absentee Ballots Acceptance Rate                   | 98.57%                 | 98.37%                | 11/6/2018<br>11/8/2022 |

**Statutory Change(s):**

None.