

# JOINT BUDGET COMMITTEE



## SUPPLEMENTAL BUDGET REQUESTS FY 2023-24

### DEPARTMENT OF STATE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:  
ANDREW MCLEER, JBC STAFF  
JANUARY 12, 2024

JOINT BUDGET COMMITTEE STAFF  
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203  
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472  
<https://leg.colorado.gov/agencies/joint-budget-committee>

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# DEPARTMENT OF STATE

## DEPARTMENT OVERVIEW

The Secretary of State is one of five independently-elected constitutional officers and serves as the chief election official for the State of Colorado. The Department of State (DOS) is broadly responsible for overseeing elections, registering businesses, and publishing information and records for public use. The Department consists of four divisions:

### ADMINISTRATION DIVISION

- Provides operational support to the Department, including human resources, finance, office management, communications, and direct support to the Office of the Secretary.

### INFORMATION TECHNOLOGY DIVISION

- Provides technical and project management services, systems development, and support for information technology systems in the Department.

### ELECTIONS DIVISION

- Administers statewide statutory and constitutional provisions that relate to elections, including the administration of the initiative and referendum process; certifies voting equipment; oversees campaign finance reporting by political candidates and committees; registers lobbyists and monitors the filing of required disclosure reports.
- Implements the provisions of the federal Help America Vote Act (HAVA), including improvements to the administration of federal elections.
- Maintains the State of Colorado Registration and Elections (SCORE) system, the State's computerized statewide voter registration system.

### BUSINESS AND LICENSING DIVISION

- Collects, maintains, and provides public access to filings made by businesses and non-profit organizations (e.g. annual reports, articles of incorporation etc.); registers business names, trade names, and trademarks; registers charitable organizations and licenses entities involved in charitable bingo/raffle; licenses and regulates notaries public.
- Compiles and publishes the Code of Colorado Regulations (CCR).
- Oversees the Business Intelligence Center

## SUMMARY: FY 2023-24 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF STATE: RECOMMENDED CHANGES FOR FY 2023-24					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
<b>FY 2023-24 APPROPRIATION</b>					
SB 23-214(Long Bill)	\$49,499,869	\$12,683,927	\$36,481,518	\$334,424	155.5
Other legislation	565,769	0	565,769	0	1.2
<b>CURRENT FY 2023-24 APPROPRIATION:</b>	<b>\$50,065,638</b>	<b>\$12,683,927</b>	<b>\$37,047,287</b>	<b>\$334,424</b>	<b>156.7</b>
<b>RECOMMENDED CHANGES</b>					
Current FY 2023-24 Appropriation	\$50,065,638	12,683,927	\$37,047,287	\$334,424	156.7
Staff-initiated RCV rollforward	0	0	0	0	0.0
Non-prioritized common policy requests*	202,301	0	202,301	0	0.0
<b>RECOMMENDED FY 2023-24 APPROPRIATION:</b>	<b>\$50,267,939</b>	<b>\$12,683,927</b>	<b>\$37,249,588</b>	<b>\$334,424</b>	<b>156.7</b>
<b>RECOMMENDED INCREASE/(DECREASE)</b>	<b>\$202,301</b>	<b>\$0</b>	<b>\$202,301</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	0.4%	0.0%	0.5%	0.0%	0.0%
<b>FY 2023-24 EXECUTIVE REQUEST</b>					
Request Above/(Below) Recommendation	\$609,000	\$151,651	\$0	\$457,349	0.0

\*Represents the requested appropriation change and not staff recommendation. These items will be addressed in future staff supplemental recommendations for the Department of Personnel and the Office of Information Technology.

### STAFF-INITIATED SUPPLEMENTAL REQUESTS

**STAFF-INITIATED RCV ROLLFORWARD:** Staff recommends granting rollforward authority to allow the Department to spend \$871,500 total funds (including \$414,151 General Fund) appropriated in the FY 2023-24 Long Bill through FY 2026-27. The appropriation, which annualizes H.B. 21-1071 (Ranked Choice Voting in Nonpartisan Elections), is intended to support information technology costs associated with that bill, but only provides the spending authority for one fiscal year. In alignment with the uncertainty regarding IT development timelines in the bill's Final Legislative Council Staff Fiscal Note, the recommendation would allow the Department to spend those funds through FY 2026-27.

### STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

**NPS2 DPA RISK FUNDING ADJUSTMENT:** The request includes an increase of \$202,301 cash funds to reflect the Department's share of the change request submitted by the Department of Personnel for risk management funding. The recommendation is pending committee common policy decisions. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

**NPS1 DPA ANNUAL FLEET ADJUSTMENT:** The request includes a decrease of \$6,345 cash funds to reflect the Department's share of the change request submitted by the Department of Personnel for management of the state vehicle fleet. The recommendation is pending committee common policy decisions. Staff will include the corresponding appropriation in the Department's supplemental bill

based on Committee action. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

## STAFF-INITIATED SUPPLEMENTAL REQUESTS

### STAFF-INITIATED – ROLLFORWARD AUTHORITY FOR H.B. 21-1071

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?** **YES**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

**Explanation:** JBC staff has identified a technical error in appropriations to the Department pursuant to H.B. 21-1071 (Ranked Choice Voting in Nonpartisan Elections). At present, S.B. 23-214 provides spending authority for system modifications related to implementation of ranked choice voting (RCV). However, the Final Legislative Council Staff Fiscal Note for H.B. 21-1071 identified uncertainty in development timelines, indicating the potential need for extended expenditure authority. Furthermore, the expenditure authority assumptions of the Legislative Council Staff Fiscal Note are misaligned with the timelines for developing guidance contained within H.B. 21-1071. The recommendation reconciles this discrepancy.

**DEPARTMENT REQUEST:** The Department did not request rollforward authority for the funds related to H.B. 21-1071. However, the Department is aware of staff's recommendation and supportive of receiving rollforward expenditure authority through FY 2026-27 for the implementation of H.B. 21-1071(Ranked Choice Voting in Nonpartisan Elections). The Department currently has authority to expend \$871,500 for personal services within the Information Technology Division through the end of FY 2023-24 for the following:

- Risk-Limiting Audit (RLA) system: \$577,500
- Electronic Ballot Delivery system: \$31,500
- Election Night Reporting (ENR) system: \$262,500

However, implementing the changes required by the bill will require the Department to spend those funds over multiple years.

**STAFF RECOMMENDATION:** Staff recommends granting rollforward spending authority for the \$871,500 total funds including, \$414,151 General Fund and \$457,349 reappropriated funds from indirect cost recoveries through FY 2026-27. This amount represents \$609,000 for novel risk limiting audit (RLA) and Electronic Ballot Delivery software and \$262,500 for election result reporting software, as required for implementation of H.B. 21-1071. The FY 2023-24 Long Bill appropriation aligns with the *total amount* anticipated for these purposes in the Final Legislative Council Staff Fiscal Note for H.B. 21-1071. However, the Fiscal Note anticipated that the Department may need to spend

that amount over multiple years (through FY 2026-27), and the Department may be unable to spend the full amount in the current year.

House Bill 21-1071 requires the Department contract with a vendor to update the risk limiting audit software it uses to accommodate instant runoff or ranked choice voting. As anticipated in the Fiscal Note, and in alignment with implementation timelines in H.B. 21-1071, providing the rollforward authority would allow the Department additional time to establish departmental guidelines for risk-limiting audits and contract with a vendor to update the risk limiting audit software it uses to accommodate instant runoff voting, as required by the bill.

As noted above, the Long Bill appropriation of \$871,500 only provides spending authority for FY 2023-24. However, the bill and the Fiscal Note anticipated a need to spend the funds over multiple years. For example, the bill requires the Department to develop risk auditing guidelines by January 1, 2025, which occurs after the current appropriation would revert at the end of FY 23-24. Similarly, the bill's timeline for the Department to implement ENR systems modifications is FY 2025-26. In addition, the Department has experienced other delays, including being unsuccessful in the initial RFP process which has delayed development on the RLA software.

Based on these circumstances, the Department anticipates expending a little more than \$100,000 of this appropriation in FY 2023-24. The Department expects the expenditure related to the ENR system to be completed by the end of FY 25-26. Meanwhile, expenditures related to the RLA system are expected to be exhausted by 2026-27, with anticipated expenditures of \$373,400 in FY 2024-25 and \$45,000 in each of FY 2025-26 and FY 2026-27.

In order to ensure continued funding to implement the legislation, the Department will require the funding to be appropriated to them again or receive rollforward authority on the FY 2023-24 appropriations. Due to the complexity of the initial appropriations, uncertainty about the timing of expenditures, and the assessment that only a small percentage of the funding appropriated in FY 2023-24 will be spent before it reverts, staff recommends granting rollforward authority for the \$871,500 appropriation in IT Personal Services to the Department through FY 2026-27.

## STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
DPA Risk risk funding adj.	\$208,646	\$0	\$208,646	\$0	\$0	0.0
DPA Annual fleet supplemental	(6,345)	0	(6,345)	0	0	0.0
<b>DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS</b>	<b>\$202,301</b>	<b>\$0</b>	<b>\$202,301</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**STAFF RECOMMENDATION:** The staff recommendation for these requests is pending Committee action on common policy supplementals. Staff asks permission to include the corresponding

appropriations in the Department's supplemental bill when the Committee acts on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

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