

JOINT BUDGET COMMITTEE



INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2024-25

DEPARTMENT OF STATE

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

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INTERIM SUPPLEMENTAL REQUESTS

ES-01 INITIATIVE PETITION PROCESSING

	REQUEST	RECOMMENDATION
TOTAL	\$54,000	\$54,000
FTE	0.0	0.0
General Fund	0	0
Cash Funds	54,000	54,000
Federal Funds	0	0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? **YES**
 [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]

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 and the Department agree that this request is the result of data that was not available when the original appropriation was made.

DEPARTMENT REQUEST: The Department requests an increase of \$54,000 in cash fund spending authority from the Department of State Cash Fund in FY 2024-25 for increased staffing related to signature verification of initiative and referendum submissions to the Department.

STAFF RECOMMENDATION: Staff recommends that the Committee **approve** the request and submit a corresponding letter to the State Controller.

STAFF ANALYSIS: The supplemental budget request has been made in response to the high number of initiative petitions received by the Department of State, as well as the timing of the submissions close to the August 5th deadline for initiative petition submission for signature verification. The Department is constitutionally obligated to assess the validity of signatures on initiative petitions within 30 days of submission to the Department.¹ The emergency spending authority was made necessary by the compressed timeframe within which the petitions were submitted, which created significant overlap in signature verification, with each petition including at least 185,000 signatures. This request meets supplemental criteria because the Department would have been unable to identify the volume and timing of initiative petition submissions prior to the end of the 2024 legislative session, within which budgetary decisions for both the Initiative and Referendum and Document Management line items to handle signature verification workload were finalized.

¹ Article V, Section 1 (2) of the State Constitution; Article V, Section 1 (7) of the State Constitution

The Department was informed that there would be as many as 11 initiative petitions submitted to the Department by the initiative petition submission deadline of August 5, 2024, of which six were ultimately received. Typically, the Department utilizes Integrated Document Solutions (IDS) within the Department of Personnel to verify petition signatures. The Department received six petitions between July 23, 2024 and August 1, 2024, with as many as five further petitions possible by August 5, 2024. IDS was unable to increase staffing to fully meet the demand on such short notice. In order to meet constitutional obligations for signature review, the Department engaged a temporary employee service to address the staffing shortfall for signature verification in anticipation of the increased workload in July. Furthermore, the Department was required to do a line by line review of one petition, which created additional strain on the Department's resources. The Department was only made aware that the five additional anticipated petitions would not be submitted until close to the submission deadline, with proponents of the five initiatives informing the Department across August 2nd and August 5th. Ultimately, the temporary employee service reviewed 80,107 signatures, constituting approximately 32.3 percent of all signatures reviewed.

The Department is currently appropriated \$165,000 from the Department of State Cash Fund for the Initiative and Referendum line item. Of this appropriation, signature review software accounts for a \$108,000 expenditure, with the remaining \$57,000 utilized for other costs related to petition review. Given the timing and volume of submissions to the Department, the actual costs incurred for additional costs were \$111,000, or an overexpenditure of the initial appropriation of \$54,000. This information is reflected in the following table.

Appropriation and Expenditure Data, Initiative and Referendum Line Item	
Appropriation, FY 2024-25	\$165,000
Software Expenditures	-108,000
Additional Petition Review Costs (Staffing and Operating Expenses)	
Laptops for Temporary Employees	-4,000
Office Space Expenses (Preparation, Cleaning, After Hours HVAC)	-9,000
Staffing	-98,000
Estimated Petition Review Shortfall	-\$54,000

An increase in appropriation for initiative and referenda is not unprecedented, with such requests being approved for FY 2017-18 and FY 2018-19. Staff agree that both the volume and timing of the petition submissions to the Department represent an unforeseen contingency. The Department is constitutionally obligated to verify signatures for initiative petitions, and there is a high degree of uncertainty on both the volume and timing of such submissions to the Department, which occasionally necessitates adjustment to the appropriation. Lastly, the Department of State Cash Fund has a projected year-end balance of \$4.0 million for FY 2024-25 from which the requested appropriation of \$54,000 would be drawn.