

JOINT BUDGET COMMITTEE



INTERIM SUPPLEMENTAL BUDGET REQUESTS FY 2017-18

DEPARTMENT OF STATE

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

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INTERIM SUPPLEMENTAL REQUESTS

HAVA ELECTION SECURITY GRANT MATCHING FUNDS

	REQUEST	RECOMMENDATION
TOTAL	\$317,149	\$317,149
FTE	0.0	0.0
General Fund	0	0
Cash Funds	317,149	317,149
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 a grant being awarded after the 2018 Long Bill passed through the General Assembly and thus results from data that was not available when the original appropriation was made.

DEPARTMENT REQUEST: The Department requests an increase of \$317,149 cash funds from the Department of State Cash Fund to be transferred to the Federal Elections Assistance fund to provide matching local funds for a federal grant awarded since passage of the 2018 Long Bill.

STAFF RECOMMENDATION: Staff recommends that the Committee approve the concept of the Department's request. Mechanically, staff recommends increasing the Help America Vote Act line item by \$317,149 cash funds and to include a footnote that authorizes the appropriation to remain available until fully expended.

STAFF ANALYSIS: The Department requests spending authority to transfer the entire amount of a required match from the Department of State Cash Fund to the Federal Election Assistance Fund in FY 2017-18. The Department of State Cash Fund has sufficient funds available to make the transfer.

The US Election Assistance Commission (EAC) recently made elections security grants to states under the authority of the Help America Vote Act (HAVA). Specifically, the Notice of Grant Award provides that the purpose of these funds is to:

“Improve the administration of elections for Federal office, including to enhance election technology and make election security improvements’ to the systems, equipment, and processes used in federal elections.”

Colorado's share of the election security grants is a bit over \$6.3 million. In accordance with Section 1-1.5-106(1)(a)(I) C.R.S., the Department of State deposits these funds in the Federal Elections Assistance Fund, which is continuously appropriated.

One of the conditions of the award is that the State of Colorado must provide 5.0 percent of its allocated grant amount in matching funds within two years of the award. The 5.0 percent match equates to \$317,149 and must be expended for the same purpose as the federal funds. In addition, interest earned on the federal funds and the state matching funds must also be expended for the same purpose. All new federal funds, state cash matching funds, and accrued interest must be deposited in the state election fund.

Colorado is a national leader in elections security. In fact, the State's elections security efforts were touted in a recent Washington Post story, which was titled "The Cybersecurity 202: How Colorado became the safest state to cast a vote." The EAC elections security grant enables Colorado to maintain its leadership and to ensure the secure conduct of future elections. Specifically, the Department plans to expend the elections security grants on three broad categories of expenditures as outlined below.

- Technological investments directly related to elections systems
 - Expansion of secure portal for sensitive information exchange
 - Smart, secure removable media for elections data exchanges
 - Development team for modernization of core SCORE application (the statewide voter registration database)
 - Improvements to risk-limiting audit systems
- Technological investments complementary to elections systems
 - Software/service for tracking social media and dark web for threats and indicators of compromise
 - Security administration and orchestration platform
 - Integration of white hat hacking throughout the software development life cycle
- Services and Human Factors investments directly related to elections systems
 - Election War Games on incident response and preparedness
 - Emergency/Critical communications capability
 - Security audits of all elections-related systems
 - Vulnerability/Penetration tests of all elections-related systems

Elections security continues to be a concern to many in the United States and perpetrators of cyber-attacks are endlessly evolving in the methods of their attacks. While Colorado remains a leader in preventing cyber-attacks against elections infrastructure, it is something government needs to continually evaluate and modernize. The Department of State Cash Fund has sufficient spending authority to allow for this expenditure. Providing this additional funding for matching funds allows the State to leverage federal funds to further assure voters that each one of their votes count.

The Department requested this item as a transfer from one cash fund to another, however, because the statute authorizing 1331 emergency supplemental requests requires any overexpenditures authorized to be made to existing line items in the budget, there is no mechanism in the FY 2017-18 Long Bill where the transfer could be effectuated directly. After discussing this with the Department, JBC staff and Department staff concluded increasing the Help America Vote Act line item would allow the Department to achieve the same goal.

Therefore, **JBC staff recommends that Committee approve the Department request**, but include the increase requested to the Help America Vote Act line item. Further, JBC staff recommends the appropriation include a footnote stating the appropriation remains available for expenditure until June 30, 2019.

PRIVILEGED ACCESS MANAGEMENT SYSTEM ROLL FORWARD

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

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [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.] **YES**

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

Explanation: JBC staff and the Department agree that this request is the result of data not known at the time, specifically that the privileged information access database being procured by the Executive branch will not meet the needs of the Department of State.

DEPARTMENT REQUEST: The Department requests a roll forward of \$215,930 in spending authority in the IT Asset Management appropriation from the current fiscal year (FY 2017-18) to next fiscal year (FY 2018-19). Funds for this appropriation are drawn from the Department of State Cash Fund.

STAFF RECOMMENDATION: Staff recommends that the Committee approve the Department request.

STAFF ANALYSIS: The supplemental budget request comes from two prior decisions. First, The Department of State's (Department) September 20, 2017 supplemental request (HB18-1168) included a \$1,180,000 increase in spending authority for the IT Services Division's Asset Management Appropriation (IT Asset Management). A portion of this amount was earmarked for a privileged access management system as part of the Department's database storage and security enhancements.

Second, the Department has recently concluded that a software solution sought by the Executive Branch for similar purposes does not meet the requirements of the Department. It participated with the Governor's Office of Information Technology (OIT) in considering requirements and gathering information on privileged access management systems and intended to piggyback on an expected solicitation to reach an agreement with the awarded vendor. Unfortunately, the Department recently has determined that OIT is unlikely to make an award to a vendor during the current fiscal year or may make an award to a vendor that does not meet the Department's needs.

Consequently, the Department will need to either conduct its own solicitation or to investigate whether there is a solution available through a state price agreement. Given that there is less than a month remaining in FY 2017-18, this purchase will be made in FY 2018-19 rather than FY 2017-18.

Therefore, the Department requests a roll forward of \$215,930 in spending authority in the IT Asset Management appropriation from the current fiscal year (FY 2017-18) to next fiscal year (FY 2018-19). Funds for this appropriation are drawn from the Department of State Cash Fund. The Department arrived at this figure based on a value-added reseller quote for one of the commercially-available privileged access management systems being considered by the Department.

While the Department could request increased spending authority for FY 2017-18, JBC staff recommends adding a footnote to the FY 2017-18 appropriation indicating that \$215,930 of the appropriation to the IT Asset Management line item shall remain available for expenditure through June 30, 2019. If appropriations for FY 2018-19 were increased, that figure would be included when the Department was setting its fees annually. The Department agreed with this approach. **Therefore, JBC staff recommends approving the Department request by providing a footnote authorizing roll-forward authority for \$215,930 cash funds from the Department of State Cash fund for the IT Asset Management line item.**