

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING
DEPARTMENT OF STATE**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
David Meng, JBC Staff
November 28, 2012**

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

TABLE OF CONTENTS

Department Overview	1
Department Budget: Recent Appropriations.....	2
Department Budget: Graphic Overview	3
General Factors Driving the Budget	5
Summary: FY 2012-13 Appropriation and FY 2013-14 Request.....	8
Issues:	
Reorganization of Administration Division.....	10
Update on Electronic Registration Information System	13
Appendices:	
A - Numbers Pages	15
B - Recent Legislation Affecting Department Budget.....	21
C - Update on Long Bill Footnotes and Requests for Information.....	24
D - Indirect Cost Assessment Methodology	25
E - Change Requests' Relationship to Performance Measures	26

DEPARTMENT OF STATE

Department Overview

The Department of State is responsible for the oversight of elections and enforcing State laws regarding the conduct of elections, receives State required registrations and reports, and makes those reports available to the public.

Elections Division

- Administers statewide statutory and constitutional provisions that relate to elections, including the preparation and conduct of elections and the initiative and referendum process.
- Certifies voting equipment.
- Implements the provisions of the federal Help America Vote Act (HAVA), including the improvement of the administration of federal elections.
- Manages the State of Colorado Registration and Elections (SCORE) system, the State's computerized statewide voter registration system.
- Oversees campaign finance reporting by political candidates and committees.

Business and Licensing Division

- Collects, maintains, and provides public access to business filings such as annual reports, articles of incorporation, liens, and other documents filed by businesses.
- Registers business names, trade names, and trademarks.
- Registers charitable organizations.
- Publishes the Code of Colorado Regulations (CCR).
- Licenses entities that engage in charitable gaming and enforces related laws.
- Regulates notaries public and administers related laws.
- Registers lobbyists and monitors the filing of required disclosure reports.

Administrative Division

- Provides support to the Elections and Business and Licensing divisions.

Information Technology Division

- Provides technical and project management services, system development, and support to information technology systems and programs administered by the Department.
- Maintains the computerized statewide voter registration system.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

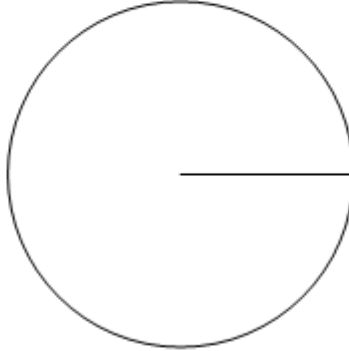
Department Budget: Recent Appropriations

Funding Source	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 *
General Fund	0	0	0	0
Cash Funds	21,496,775	20,514,081	19,893,142	20,310,244
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$21,496,775	\$20,514,081	\$19,893,142	\$20,310,244
Full Time Equiv. Staff	135.1	127.9	133.0	134.0

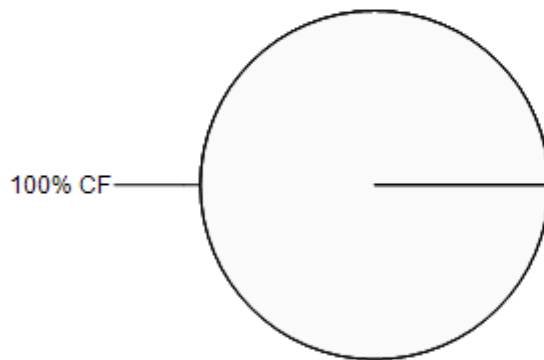
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**



Department Funding Sources

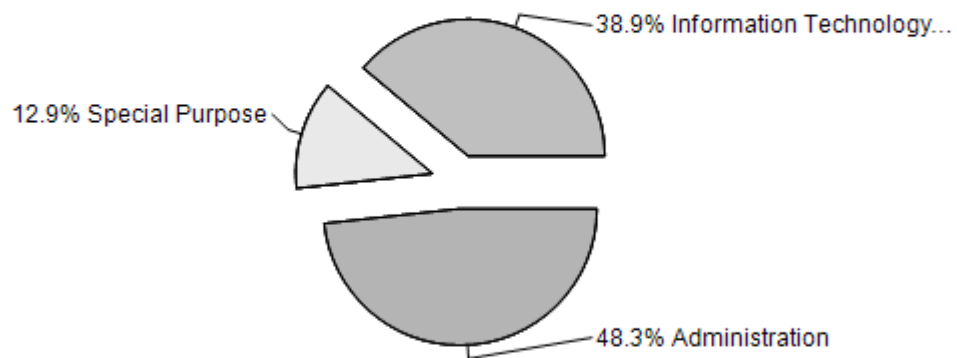


All charts are based on the FY 2012-13 appropriation

Distribution of General Fund by Division

The Department of State does not receive General Fund appropriations

Distribution of Total Funds by Division



All charts are based on the FY 2012-13 appropriation

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

General Factors Driving the Budget

The major factors driving the budget for the Department of State are elections related expenses, which are driven by the growth in the state’s population of eligible voters, and the volume of business filings required by State statutes and regulations, which are driven by the number of organizations (businesses, non-profits, charitable, and other groups) registered in the State. The Administration Division and the Information Technology Division support these functions. The Department’s FTE and appropriation distribution for FY 2011-12 by function is shown in the table below.

Department of State - Distribution of FTE FY 2012-13 Appropriation & FY 2013-14 Request					
<u>Year</u>	<u>Administration Division</u>	<u>Business & Licensing Division</u>	<u>Elections Division</u>	<u>Information Technology Services</u>	<u>Total</u>
FY 2012-13 Appropriation	24.0	44.0	31.0	34.0	133.0
FY 2013-14 Request	24.0	44.0	31.0	35.0	134.0

The Department is entirely cash-funded, although the Federal Elections Assistance Fund consists of federal funds that the state received to help administer the Help America Vote Act. The primary cash fund is the Department of State (DOS) Cash Fund, which earns revenue from fees charged for business-entity filings. The Business division's filing fees contribute more than 96.0 percent of the Department's revenue. The remainder of the DOS cash fund revenues are from bingo-affle, campaign finance, lobbyist, and notary administration filings.

Election-Related Expenditures

Many of the Department’s election-related expenditures are not expressly labeled as such in the Long Bill. They are contained in line items in the Administration Division of the Department such as Personal Services, Operating Expenses, and Legal Services. Only three line items in the Long Bill, Special Purpose Division, (Help America Vote Act (HAVA), Initiative and Referendum, and Local Election Reimbursement) pertain solely to elections.

The federal Help America Vote Act of 2002 (HAVA) required the state to replace outdated voting technology, to ensure accessibility for disabled voters, and to institute a statewide voter registration system. Pursuant to Section 1-1.5-106 (1) (a), C.R.S., the Federal Elections Assistance Fund was established to receive HAVA funds. To date, the Department of State has received \$44.8 million in federal funds and \$1.98 million has been appropriated from the Department of State Cash Fund as the State's matching contribution. The State does not anticipate additional federal funding, and HAVA funds are expected to be exhausted in the next several years. Pursuant to Section 1-1.5-106 (2) (b), C.R.S., HAVA funds are continuously appropriated to the Department of State.

The Initiative and Referendum line item funds the verification of signatures on candidate and initiative petitions. During odd years, initiatives are limited to TABOR-related matters, but

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

during even years there are no restrictions on the type of initiatives on the ballot. The Local Election Reimbursement program reimburses counties for their costs related to statewide ballot issues and questions. These expenditures are driven by the number of eligible registered voters in each county, and this number typically increases during even years due to the voter registration drives that precede general elections.

The following table details Elections related expenditures/appropriations for the six fiscal years through FY 2013-14 (The current request year).

COLORADO DEPARTMENT OF STATE ELECTIONS DIVISION EXPENDITURES/APPROPRIATIONS						
	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Approp.	FY 2013-14 Request
Elections Division	\$1,359,082	\$1,409,092	\$1,828,723	\$1,725,146	\$1,900,000	\$1,900,000
FTE	15.0	20.0	20.0	23.0	31.0	31.0
Information						
Technology Services	\$1,266,459	\$1,334,809	\$1,252,461	\$1,245,902	\$1,280,855	\$1,280,855
FTE	7.5	7.5	7.5	7.5	11.5	11.5
Administration*	\$311,813	\$262,220	\$350,683	\$513,764	\$550,000	\$550,000
FTE	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total	\$2,937,354	\$3,006,122	\$3,431,866	\$3,484,812	\$3,730,855	\$3,730,855
FTE	26.5	31.5	31.5	34.5	46.5	46.5

*Information Services and Administration indirect expenditures calculated at 25% of total expenditures

OTHER ELECTIONS EXPENDITURES/APPROPRIATIONS						
Help America Vote Act	\$6,637,555	\$3,094,996	\$2,763,477	\$1,600,290	\$349,222	\$349,222
FTE	10.0	10.0	10.0	10.0	0.0	0.0
Local Election Reimbursement	\$2,000,000	\$0	\$1,666,033	\$1,541,360	\$1,958,827	\$1,958,827
Initiative and Referendum	<u>301,007</u>	<u>149,420</u>	<u>40,493</u>	<u>184,253</u>	<u>250,000</u>	<u>250,000</u>
Total	\$8,938,563	\$3,244,416	\$4,470,003	\$3,325,903	\$2,558,049	\$2,558,049
FTE	10.0	10.0	10.0	10.0	0.0	0.0

Business and Licensing Expenditures

The Business and Licensing Division is a part of the Administration Division, though its funding and FTE are a part of the other lines within the Administration Division. Its primary responsibility is to receive reports that businesses and other entities are required to file with the State and provide public access to those records. Today, most records are filed and accessed electronically. The reports that are required to be filed include business filings, voter registration, campaign finance disclosure, administrative rules, lobbyist reports, and charitable organization reports.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Business and Licensing is also responsible for the licensing and regulation of bingo/raffle organizations, registering lobbyists, fund raisers, and charitable organizations, and the commissioning of notaries public.

Information Technology Services

The Information Technology Services Division provides most of the technology support for the Department, is responsible for the Department's compliance with the State's Information Security Act, and was responsible for the management of the State's disaster recovery data center facility. The Department provides many search and filing services via the internet and it processes over 2,500 web-based transactions daily. The division also provides project direction and support for the federally mandated computerized statewide voter registration system, known as the State of Colorado Registration and Elections (SCORE) system. SCORE is required by the Help America Vote Act, and its creation has been primarily funded by the Federal Elections Assistance Fund. The federal funding, which was considered "seed" money, has largely been exhausted and the funding for SCORE, and other HAVA requirements is being transferred to the State (Department of State Cash Fund). The remainder of this division is funded by the Department of State Cash Fund.

Until July 1, 2010, the Information Technology Division was also responsible for operation of the State's Disaster Recovery Center (E-Fort). Pursuant to S.B. 10-148, responsibility for E-Fort has been transferred to the Governor's Office of Information Technology (OIT). Over a three-year period, starting with FY 2011-12, funding has been transferred, in increments of approximately one-third per year, to the Computer Services Revolving Fund. Effective with the FY 2013-14 budget request, the Department of State will no longer have any funding responsibility for this function.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Summary: FY 2012-13 Appropriation & FY 2013-14 Request

Department of State				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1335 (Long Bill)	\$18,871,474	\$0	\$18,871,474	133.0
SB 12-123 (Electronic Filing System Improvements)	525,788	0	525,788	0.0
HB 12-1143 (Increase State Reimbursement to Counties)	233,128	0	233,128	0.0
HB 12-1209 (Uniform Electronic Legal Materials Act)	198,912	0	198,912	0.0
HB 12-1236 (Regulation of Charitable Solicitations)	41,440	0	41,440	0.0
HB 12-1274 (Regulation of Notaries Public)	<u>22,400</u>	<u>0</u>	<u>22,400</u>	<u>0.0</u>
TOTAL	\$19,893,142	0	\$19,893,142	133.0
FY 2013-14 Requested Appropriation:				
FY 2012-13 Appropriation	\$19,893,142	0	\$19,893,142	133.0
R-1 Election Night Reporting	177,816	0	177,816	0.0
R-2 Sharepoint Software	329,261	0	329,261	1.0
R-3 Secure File Transfer	31,200	0	31,200	0.0
Common Policy Adjustments	460,587	0	460,587	0.0
Annualize Prior Year Legislation	<u>(581,762)</u>	<u>0</u>	<u>(581,762)</u>	<u>0.0</u>
TOTAL	\$20,310,244	0	\$20,310,244	134.0
Increase/(Decrease)	\$417,102	0	\$417,102	1.0
Percentage Change	2.1%	0.0%	2.1%	0.8%

DESCRIPTION OF BUDGET REQUESTS

R-1 – Election Night Reporting

The request is for an appropriation of \$177,816 cash funds in FY 2013-14 to implement an election night reporting system for the State of Colorado. The implementation of the system requires an appropriation of \$299,096 cash funds in FY 2014-15, and annual appropriations of \$149,548 cash funds for continued licensing, support, and maintenance in subsequent fiscal years. The cash fund source is the Department of State Cash Fund.

R-2 – Purchase and Implement Microsoft SharePoint Software

The request is for an appropriation of \$329,261 cash funds and 1.0 FTE in FY 2013-14 to purchase and implement Microsoft SharePoint software for internal and external use. SharePoint software provides for the rapid creation of document and issue management systems. This will allow collaboration between internal staff and external groups in support of the programs managed by the Department. The request includes annual appropriations of \$106,818 cash funds in subsequent years for continued licensing, maintenance, and support. The cash funds source is the Department of State Cash Fund.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

R-3 – Purchase and Implement Secure File Transfer

The request is for an appropriation of \$31,200 cash funds for FY 2013-14 to replace the Department's current secure file transfer technology with a more modern and user-friendly system. The technology provides a system for transmitting large data files between clients and customers of the Department. The request includes annual appropriations of \$26,200 cash funds in subsequent years for licensing. The cash funds source is the Department of State Cash Fund.

Issue: Reorganization of Administration and Special Purpose Divisions

The Department of State is currently broken down into three divisions, Administration, Special Purpose, and Information Technology. The Administration Division contains the following programs, Administration (including the Secretary of State), Business, Elections, Licensing, Bingo/Raffle Regulation, Charitable Solicitation Regulation, and Notary Public Regulation. Especially as it concerns elections, staff is concerned that the current budget that combines all these functions into one overall division does not provide the budgetary transparency that the public may expect from the Department of State.

SUMMARY:

- The Administration Division provides the overall management of the Department of State, but also carries out programmatic functions such as the oversight of elections, business related registrations, and licensing and regulation of several functions.
- Separating the programmatic functions of the Department from the Administration Division would provide greater transparency for the Department's budget, especially as it relates to the appropriations for elections.

RECOMMENDATION:

Staff recommends that the Committee consider, *at the time of figure setting for the Department of State*, separating the Administration Division into three divisions, the Administration Division, which would correspond to the Executive Director's Office in departments under the Governor's direction, the Elections Division, and the Business and Licensing Division. At the same time, the Special Purpose Division would be abolished and the line items in that Division would be transferred to the Elections Division.

DISCUSSION:

The Department of State provides two major services. First the Secretary of State serves as the State's chief elections official and the Department supports the Secretary in carrying out those responsibilities. Second, the Department serves as the State's record keeper, receiving and filing records and reports of businesses and other organizations that are required to be filed with the State, and making those records available for the public to access. The Department also publishes the Code of Colorado Regulations, registers and administers the lobbyist program, licenses notaries public, licenses entities involved in charitable bingo/raffle, and registers charitable organizations and solicitors.

The Department's budget is divided into three divisions, the Administration division, the Special Purpose division, and the Information Technology Services division. Administration includes three functions, department administration, elections, and business and licensing. Internally, the

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department budgets and operates those three functions as distinct divisions, even to the extent of labeling them as divisions, but in the Long Bill, all three functions are consolidated. The consolidation of all of the Department's programmatic functions into one division leads to a lack of transparency for the budget.

In general, the Administration Division of an elected official's department, including the Judicial Department and the Department of Law, corresponds to the Executive Director's Office (EDO) of a department under the Governor. *[The Department of the Treasury, due to its small size, is the exception]* In these agencies, the EDO or Administration provides the overall management of the department, human resources, financial and budgeting services, and legal services, while providing relatively few direct services or functions of the department.

Staff proposes that the Joint Budget Committee consider, at figure setting, the reorganization of the Department to increase the transparency of the budget. The reorganized Department would have the following structure.

(1) Administration - which would include the Secretary of State, and the administrative staff including budget and financial, communications, and operations. Also included in this section are the centrally-appropriated line items, such as health, life, and dental insurance, short-term disability, etc.

(2) Information Technology Division – Includes all information technology services provided by Department staff or contractors. *[Services provided to the Department of State by the Governor's Office of Information Technology will be located in the Administration Division.]*

(3) Elections Division – Includes personal services and operating expenses of elections, as well as the three line items in the previous Special Purpose Division that pertained to elections. Departmental and Statewide indirect costs would now be assessed to this Division.

(4) Business and Licensing Division – Includes the business reporting, licensing, and regulatory functions. Departmental and Statewide indirect costs would now be assessed to this Division.

Internally, the Department of State already is using this structure, with the Department using the designations of Administration Division, Elections Division, and the Business and Licensing Division in the "Department Description" section of the annual budget submission. It has been using this structure for a number of years. Staff's recommendation is to incorporate that structure into the Long Bill. At this time, the Long Bill authorizes 99.0 FTE for Administration. These FTE are allocated as follows:

Administration Division	24.0 FTE
Business and Licensing Division	44.0 FTE
Elections Division	31.0 FTE

This existing allocation would form the basis for allocation of FTE to the Department. Other expenses will have to be worked out with the Department prior to figure setting so that staff can make a recommendation to the Committee.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Staff has discussed the issue with the Department, and the Department has expressed overall support for staff's proposal. Their main objection was that the reorganization would reduce their flexibility, but that they would be able to work with that diminished flexibility.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Secretary of State is the State's chief elections official, and the Elections Division supports the Secretary in carrying out that role. The Department's goals related to elections include Transparency/Compliance. Identifying the Department's costs related to elections will enhance the transparency of the Department's budget.

Informational Issue: Electronic Registration Information Center

Starting with FY 2011-12, the Department of State received funding for its participation in the Electronic Registration Information System (ERIC) project. The project is a collaborative effort between a number of states and the Pew Center on the States. The aim of the project is to clean up voter registration rolls and to facilitate outreach to eligible but unregistered voters.

SUMMARY:

- Postcards encouraging voter registration were sent to 630,000 households covering 760,000 people.
- 39,415 of those who were sent postcards ended up registering to vote
- Of the 39,415 who registered to vote, 32,430 actually voted.

DISCUSSION:

The Electronic Registration Information System (ERIC) project is a collaborative effort between several states and the Pew Center on the States. The system will compare Colorado's registration data with the registration data from other participating states, as well as other commercially available databases to find duplicative or otherwise invalid registrations, and begin the process of purging those registrations. The second major goal is to identify citizens qualified to vote, but who are not registered, and reach out to those voters by mail and other means, and encourage those citizens to register.

The Statewide Colorado Registration and Election (SCORE) System is the State's official voter registration list, which the State is required to maintain by the federal Help America Vote Act (HAVA). Since 2010, SCORE has allowed Coloradans to register to vote or to make changes to their information on-line. Since that feature was implemented, 605,877 people have registered to vote or updated their voter information, including 196,705 who did so in the first nine days of October, 2012. The Department reports that generally, about one in five of those transactions are new registrations, while the remainder consists of voters who update their information. Thus approximately 120,000 residents have registered to vote utilizing the on-line system. On-line systems save the Department and the county clerks time and money by automating the process of registering voters.

The Pew Center on the States will operate the centralized database, comparing Colorado's data with the other states as well as the commercial databases. The State will then be responsible for following the process to purge registrations, including making reasonable efforts to contact the registered voter to make sure that their status has in fact changed, and also to make the outreach to unregistered voters.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Because of delays at Pew in establishing the system, the Department did not conduct the comparison of the voter rolls for the purpose of identifying voters who have moved but not updated their registration information. While a voter who moves out of state may register in the new state, that voter typically does not notify their old locale that they are no longer eligible to voter in that jurisdiction. The ERIC system will make the process of purging those registrations easier.

The Department of State received an appropriation of \$245,000 in FY 2011-12 and \$170,000 in FY 2012-13 for the purpose of participating in the ERIC system. This included the costs of membership in ERIC, as well as the costs of outreach to unregistered voters. The appropriation for FY 2011-12 was for the purpose of mailing postcards to potential unregistered voters and also an advertising campaign to reinforce the mailing.

Because of the delay at Pew in getting the system ready, the mailing, which was supposed to occur in June, the mailing did not occur until September, which required an interim supplemental to provide the funding in FY 2012-13, transferring the appropriation from FY 2011-12.

The Department reports the following results of the outreach mailing:

- Postcards were mailed to 630,000 households with 760,000 eligible but unregistered voters (some households had more than one potential registrant).
- Of those who received the mailings, 39,415 people registered to vote utilizing the on-line registration system identified in the mailing. This represents a 5.2 percent rate of registration in response to the mailing.
- Though the Department does not have data, additional outreach recipients registered to vote through other means, such as voter registration drives and at the Division of Motor Vehicles.
- Of the 39,415 people who registered to vote on-line, 32,430 actually voted in the 2012 general election.

The Department considers the response to the mailing to be successful. Other states that participated this year reported anywhere from 1.0 to 3.0 percent registration of voters who had been contacted. The Department attributed their 5.2 percent rate to earlier mailing than the other states and also the advertising campaign that reinforced the mailings.

One problem that did come up was with the Post Office. The Post Office was supposed to mail the notices in batches, while the Department was still checking its data. Through a miscommunication, the Post Office mailed all of the notices at one time, including some that the Department would not have sent at one time, because those recipients ultimately turned out to be registered to vote. This represented about 20.0 percent of the people who received the mailings. The Post Office did not charge for those postcards mailed in error.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:

The Department of State's Strategic Plan identifies the goal of "Ensuring the integrity of Colorado election results. The ERIC system is designed to increase voter registration and to ensure that those registered to vote are in fact eligible to vote in the State of Colorado.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	--------------------------------------

DEPARTMENT OF STATE
Scott Gessler, Secretary of State

(1) ADMINISTRATION

The Administration Division provides general management and supervision for the entire Department, including budgeting, accounting, and human resources services. Most of the Department's functions are carried out by three sections within this Division: (1) business filings, (2) elections, and (3) licensing and enforcement. Starting in FY 2013-14, these sections are funded by the Department of State Cash Fund.

Personal Services	<u>4,921,553</u>	<u>5,409,712</u>	<u>5,858,812</u>	<u>5,858,812</u>
FTE	80.5	82.0	99.0	99.0
Cash Funds	4,921,553	5,409,712	5,858,812	5,858,812
Health, Life, and Dental	<u>725,987</u>	<u>707,454</u>	<u>863,469</u>	<u>890,374</u>
Cash Funds	725,987	707,454	863,469	890,374
Short-term Disability	<u>10,625</u>	<u>10,415</u>	<u>13,800</u>	<u>15,275</u>
Cash Funds	10,625	10,415	13,800	15,275
S.B. 04-257 Amortization Equalization Disbursement	<u>164,523</u>	<u>171,969</u>	<u>244,953</u>	<u>297,124</u>
Cash Funds	164,523	171,969	244,953	297,124
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>119,965</u>	<u>129,979</u>	<u>210,507</u>	<u>268,237</u>
Cash Funds	119,965	129,979	210,507	268,237
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,267</u>
Cash Funds	0	0	0	138,267

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>114,623</u>	
Cash Funds	0	0	0	114,623	
Workers' Compensation	<u>6,099</u>	<u>5,210</u>	<u>6,926</u>	<u>13,969</u>	
Cash Funds	6,099	5,210	6,926	13,969	
Operating Expenses	<u>679,138</u>	<u>874,804</u>	<u>813,115</u>	<u>813,115</u>	
Cash Funds	679,138	874,804	813,115	813,115	
Legal Services	<u>436,780</u>	<u>538,296</u>	<u>549,866</u>	<u>549,866</u>	
Cash Funds	436,780	538,296	549,866	549,866	
Administrative Law Judge Services	<u>99,487</u>	<u>31,441</u>	<u>114,624</u>	<u>30,797</u>	
Cash Funds	99,487	31,441	114,624	30,797	
Purchase of Services from Computer Center	<u>51,559</u>	<u>1,640</u>	<u>102,789</u>	<u>159,578</u>	
Cash Funds	51,559	1,640	102,789	159,578	
Multiuse Network Payments	<u>318,188</u>	<u>66,234</u>	<u>0</u>	<u>75,116</u>	
Cash Funds	318,188	66,234	0	75,116	
Payment to Risk Management and Property Funds	<u>7,038</u>	<u>22,264</u>	<u>27,906</u>	<u>41,027</u>	
Cash Funds	7,038	22,264	27,906	41,027	
Vehicle Lease Payments	<u>2,969</u>	<u>2,861</u>	<u>2,963</u>	<u>2,963</u>	
Cash Funds	2,969	2,861	2,963	2,963	
Leased Space	<u>617,827</u>	<u>529,826</u>	<u>641,271</u>	<u>641,271</u>	
Cash Funds	617,827	529,826	641,271	641,271	

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
COFRS Modernization	<u>0</u>	<u>0</u>	<u>40,140</u>	<u>40,140</u>	
Cash Funds	0	0	40,140	40,140	
Indirect Cost Assessment	<u>148,002</u>	<u>136,752</u>	<u>105,838</u>	<u>107,012</u>	
Cash Funds	148,002	136,752	105,838	107,012	
Discretionary Fund	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	
Cash Funds	5,000	5,000	5,000	5,000	
Address Confidentiality Program	<u>126,002</u>		<u>0</u>		
FTE	1.5	0.0	0.0	0.0	
Cash Funds	126,002	0	0	0	
TOTAL - (1) Administration	8,440,742	8,643,857	9,601,979	10,062,566	4.8%
FTE	<u>82.0</u>	<u>82.0</u>	<u>99.0</u>	<u>99.0</u>	<u>0.0%</u>
Cash Funds	8,440,742	8,643,857	9,601,979	10,062,566	4.8%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	------------------------------	------------------------------	-------------------------------------	-------------------------------	--------------------------------------

(2) SPECIAL PURPOSE

This division includes: (1) the State's Help America Vote Act (HAVA) program; (2) reimbursements to counties for certain election expenses; and (3) initiative and referendum appropriations, which fund petition-related activities such as signature verification and the Title Setting Board. The Federal Elections Assistance Fund supports the HAVA program, and the remainder of this division is funded through the Department of State Cash Fund.

Help America Vote Act Program	<u>2,681,433</u>	<u>1,410,209</u>	<u>349,222</u>	<u>349,222</u>	
FTE	7.0	0.0	0.0	0.0	
Cash Funds	2,681,433	1,410,209	349,222	349,222	
Local Election Reimbursement	<u>1,666,033</u>	<u>1,541,360</u>	<u>1,958,827</u>	<u>1,958,827</u>	
Cash Funds	1,666,033	1,541,360	1,958,827	1,958,827	
Initiative and Referendum	<u>40,493</u>	<u>184,253</u>	<u>250,000</u>	<u>250,000</u>	
Cash Funds	40,493	184,253	250,000	250,000	
TOTAL - (2) Special Purpose	4,387,959	3,135,822	2,558,049	2,558,049	0.0%
FTE	<u>7.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	4,387,959	3,135,822	2,558,049	2,558,049	0.0%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(3) INFORMATION TECHNOLOGY

The Information Technology Services division provides most of the technology support for the Department and is responsible for the Department's compliance with the Colorado Information Security Act. The Department provides search and filing services via the internet and it processes over 1,200 web-based transactions daily. The division also provides project direction and support for the statewide voter registration and election management system. Funding is provided by the Department of State Cash Fund. In prior fiscal years, the Statewide Disaster Recovery Center was at least partially funded and administered in this Division. That responsibility has been transferred to the Governor's Office of Information Technology.

(A) Information Technology

Provides IT support to the Department and manages the statewide voter registration database.

Personal Services	<u>3,171,049</u>	<u>2,972,174</u>	<u>4,574,167</u>	<u>5,034,414</u> *	
FTE	28.0	27.6	34.0	35.0	
Cash Funds	3,171,049	2,972,174	4,574,167	5,034,414	
Operating Expenses	<u>376,807</u>	<u>470,780</u>	<u>480,162</u>	<u>480,162</u>	
Cash Funds	376,807	470,780	480,162	480,162	
Hardware/Software Maintenance	<u>878,230</u>	<u>949,735</u>	<u>1,456,870</u>	<u>1,569,370</u> *	
Cash Funds	878,230	949,735	1,456,870	1,569,370	
Information Technology Asset Management	<u>421,294</u>	<u>441,750</u>	<u>445,418</u>	<u>605,683</u> *	
Cash Funds	421,294	441,750	445,418	605,683	
SUBTOTAL - (A) Information Technology	4,847,380	4,834,439	6,956,617	7,689,629	10.5%
FTE	<u>28.0</u>	<u>27.6</u>	<u>34.0</u>	<u>35.0</u>	<u>2.9%</u>
Cash Funds	4,847,380	4,834,439	6,956,617	7,689,629	10.5%

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(B) Statewide Disaster Recovery Center

Responsibility for the Statewide Disaster Recovery Center was transferred to the Office of Information Technology in FY 2011-12, though funding was transferred in one-third increments starting in FY 2011-12. For FY 2013-14, the Department of State no longer provides funding for this function.

Leased Space	<u>1,913,072</u>	<u>1,576,523</u>	<u>776,497</u>	<u>0</u>	
Cash Funds	1,913,072	1,576,523	776,497	0	
Personal Services	<u>104,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	1.3	0.0	0.0	0.0	
Cash Funds	104,700	0	0	0	
Operating Expenses	<u>154,993</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	154,993	0	0	0	
Hardware/Software Maintenance	<u>41,607</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	41,607	0	0	0	

SUBTOTAL - (B) Statewide Disaster Recovery Center	2,214,372	1,576,523	776,497	0	(100.0%)
FTE	<u>1.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	2,214,372	1,576,523	776,497	0	(100.0%)

TOTAL - (3) Information Technology	7,061,752	6,410,962	7,733,114	7,689,629	(0.6%)
FTE	<u>29.3</u>	<u>27.6</u>	<u>34.0</u>	<u>35.0</u>	<u>2.9%</u>
Cash Funds	7,061,752	6,410,962	7,733,114	7,689,629	(0.6%)

TOTAL - Department of State	19,890,453	18,190,641	19,893,142	20,310,244	2.1%
FTE	<u>118.3</u>	<u>109.6</u>	<u>133.0</u>	<u>134.0</u>	<u>0.8%</u>
Cash Funds	19,890,453	18,190,641	19,893,142	20,310,244	2.1%

Appendix B: Recent Legislation Affecting Department

2011 Session Bills

S.B. 11-108 (Jahn/Szabo): Identity Theft and Financial Fraud Deterrence Act. Continues the fraud unit until 2016 and the \$3.00 UCC surcharge collected by the Department of State to fund the unit.

S.B. 11-189 (Heath/Murray): Adjustment of Election Dates. Adjusts certain dates related to the administration of elections, including the even-year primary election, in order to comply with the federal Military and Overseas Voter Empowerment (MOVE) Act.

S.B. 11-191 (Bacon/Gardner B.): Limited Cooperative Associations. Creates a new type of limited cooperative association that has two distinct categories of members: patron members and investor members. Allows the type of limited cooperative association defined by the legislation to organize for any lawful purpose. Includes an appropriation of \$20,128 cash funds for FY 2011-12 from the Department of State (DOS) Cash Fund to implement the bill.

H.B. 11-1072 (McNulty/Morse): Responsibilities of Designated Representative of Initiative Proponents. Requires the Department to prepare a summary of responsibilities of designated representatives of initiative proponents and to provide a notary public at Title Board hearings for use by petition proponents.

H.B. 11-1080 (Todd/King S.): Address Confidentiality Program. Transfers the Address Confidentiality Program to the Department of Personnel and Administration for FY 2011-12.

H.B. 11-1095 (Nikkel/Lundberg): Protect Security of Secretary of State Website. Permits the Department of State to implement a password-protected system for on-line business filings and to take appropriate action to address fraudulent activities involving business filings and records. Continues to allow for the access to and retrieval of publically available records without a password. Appropriates \$360,956 cash funds and 1.0 FTE from the DOS Cash Fund for FY 2011-12 to implement the bill.

H.B. 11-1117 (McCann/King S.): Subpoenas Issued in Campaign Finance Proceedings. Codifies a procedure for subpoenas issued by administrative law judges in campaign finance proceedings.

H.B. 11-1219 (Levy/Newell): Uniform Military and Overseas Voters Act. Requires the Secretary of State to establish an electronic transmission system for election materials, establish methods of registering to vote and applying for ballots, administer the delivery and receipt of ballots, and administer the delivery of election notices.

2012 Session Bills

S.B. 12-123 (Brown/Renfroe): Electronic Filing System. Requires the Secretary of State to implement enhancements to the on-line business filing system; authorizes a registered agent to become a "commercial registered agent", allowing that agent to file documents relating to multiple entities; allows the Secretary of State to charge a fee for the licensing or sale of business and licensing software developed by the Secretary of State; and appropriates \$525,788 cash funds for FY 2012-13 from the DOS Cash Fund to implement the bill.

H.B. 12-1143 (Ferrandino/Steadman): State reimbursement to Counties for Ballot Measure Elections. Adjusts the rate at which the state is required to reimburse a county for the cost of duties performed by the county clerk and recorder in conducting an election in which a state ballot issue or state ballot questing is on the ballot of the county. For counties with 10,000 or fewer active registered electors, the rate is increased from 80 cents to 90 cents for each active register elector at the time of the election. For counties with more than 10,000 active registered electors, the rate is increased from 70 cents to 80 cents for each active register elector at the time of the election. Appropriates \$233,128 cash funds for FY 2012-13 from the DOS Cash Fund for the purpose of reimbursing the counties.

H.B. 12-1209 (Gardner/Carroll): Uniform Electronic Legal Material Act. The bill was drafted by the National Conference of Commissioners on Uniform State Laws. Requires the official publisher of legal material to, if the material is only published electronically, designate the material as official. If the material is published in another format, the publisher may make that designation. Electronic legal material in an electronic record by the official publisher is presumed to be an accurate copy of legal material.

H.B. 12-1236 (Summers/Jahn): Regulation of Charitable Solicitations. Excludes grant writers from the definition of "paid solicitor" unless the grant writer's compensation is computed on the basis of funds raised from the grant; specifies that fundraising on behalf of a named individual is not a charitable appeal and such fundraisers do not have to register with the Secretary of State. Appropriates \$41,440 cash funds for FY 2012-13 from the DOS Cash Fund for the implementation of the Act.

H.B. 12-1274 (Swerdfeger/Jahn): Regulation of Notaries Public. Modifies the Secretary of State's regulation of notaries public by allowing, at the discretion of the Secretary, electronic filing of applications and renewals; clarifies disciplinary and non-disciplinary actions that the Secretary may take against a notary public; disallows the use of a seal embosser; and updates the information a notary public includes on his or her official seal, which is required to be rectangular. In addition, the Act repeals the Notary Administration Cash Fund (NACF) and transfers fees collected in connection to the regulation of notary publics to the DOS Cash Fund. Appropriates \$22,400 cash funds in FY 2012-13 from the DOS Cash Fund to implement electronic filing, and adjust appropriations from the DOS Cash Fund and the NACF to account for the repeal of the NACF.

JBC Staff Budget Briefing: FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

H.B. 12-1292 (Murray/Heath): Technical Modifications Laws Relating to the Administration of Elections. Makes various technical and non-substantive changes to elections laws; alters or clarifies elections-related deadlines; updates procedures in light of modern elections practices or technology; corrects, streamlines, or harmonizes laws; and recognizes the existence of more than two major political parties.

In addition, the act:

- Adds tribal identification to the list of acceptable elector identification.
- Requires the county clerk and recorder to use the deliverable mailing address when the elector has provided both an address of record and a deliverable mailing address.
- Makes gender an optional response for a person registering to vote.
- Allows an elector to mail a change of address request and aligns the time within which such request must be executed with the deadlines for submitting a mail-in ballot request.
- Allows county clerk and recorders to cancel deficient applications to register to vote after two years.
- Repeals the criminal offense of intentional failure to properly deliver voter registration applications.
- Raises the filing fee to \$1,000 for an unaffiliated candidate for President or Vice President of the United State or Congress.
- Allows a candidate to use a nickname on the ballot in all elections, provided that the candidate regularly uses that nickname and it does not contain any words of the name of a major political party.
- Authorizes any designated election official, rather than solely county clerks and recorders, to use student election judges.
- Conforms state law to federal law by allowing any person to assist voters who need assistance.
- Allows an eligible elector to request his or her ballot in-person after the ballot has been printed but prior to it being mailed and to obtain a mail ballot by making an in-person request after it has been printed but before it is mailed.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

Comment: The Long Bill did not include any footnotes for the Department of State.

Requests for Information

REQUESTS AFFECTING MULTIPLE DEPARTMENTS

4. **All Departments, Totals --** Every department is requested to submit to the Joint Budget Committee, by November 1, 2012, information on the number of additional federal and funds FTE associated with any federal grants or private donations that were received in FY 2011-12. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2012-13.

Comment: The Department reported that it did not have any FTE that meet the criteria in this request.

DEPARTMENT OF STATE

- 1 **Department State, Administration, Personal Services --** The Department of State is requested to provide to the Joint Budget Committee, by November 1, 2012, as part of the Department's annual budget request, a breakdown of how FTE and funds are distributed amongst the Administration, Elections, and Business sections within the Administrative Division.

Comment: The Department of State provided the requested report for FY 2011-12. That report is summarized below:

<u>Sections</u>	<u>FTE</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
Administration	21.0	21.2%	\$2,135,891	22.2%
Business	33.0	33.3%	\$2,929,911	30.4%
Elections	31.0	31.3%	\$2,752,341	28.5%
Licensing	4.0	4.0%	\$775,636	8.0%
Bingo Raffle	5.0	5.1%	\$443,926	4.6%
Charitable	3.0	3.0%	\$426,353	4.4%
Notary	<u>2.0</u>	2.0%	<u>\$177,570</u>	1.8%
Total	99.0		\$9,641,628	

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of State does not receive appropriations from the General Fund. Therefore, the Department does not have an indirect cost recovery plan for Department indirect costs.

It is part of the Statewide Indirect Cost Plan. The Departments contribution to that plan is determined by the Department of Personnel and Administration and the Department of State has a line item in the Administration Division that accounts for that appropriation.

Recent appropriations and the FY 2013-14 request are detailed in the table below.

Department of State				
Recent Statewide Indirect Cost Appropriations and Requests				
	FY 2010-11 Appropriation	FY 2011-12 Appropriation	FY 2012-13 Appropriation	FY 2013-14 Request
SWICAP	\$148,003	\$136,752	\$105,838	\$107,012

Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of State indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

Change Requests' Relationship to Performance Measures			
R	Change Request Description	Goals / Objectives	Performance Measures
R-1	Election Night Reporting System for Colorado	Relationship to objective not provided.	The Department is in the process of developing performance measures related to this request and will submit them with its January submission.
R-2	Implement Microsoft SharePoint software	Relationship to objective not provided.	Not provided.
R-3	Secure File Transfer System Replacement	Relationship to objective not provided.	Not provided.