

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2012-13 STAFF BUDGET BRIEFING

DEPARTMENT OF STATE

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

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**FY 2012-13 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

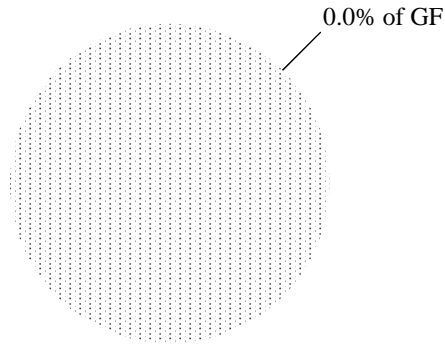
DEPARTMENT OF STATE

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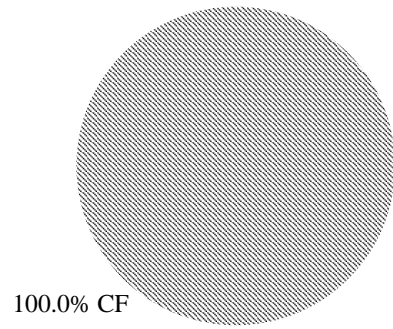
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**FY 2012-13 Joint Budget Committee Staff Budget Briefing
 Department of State
 GRAPHIC OVERVIEW**

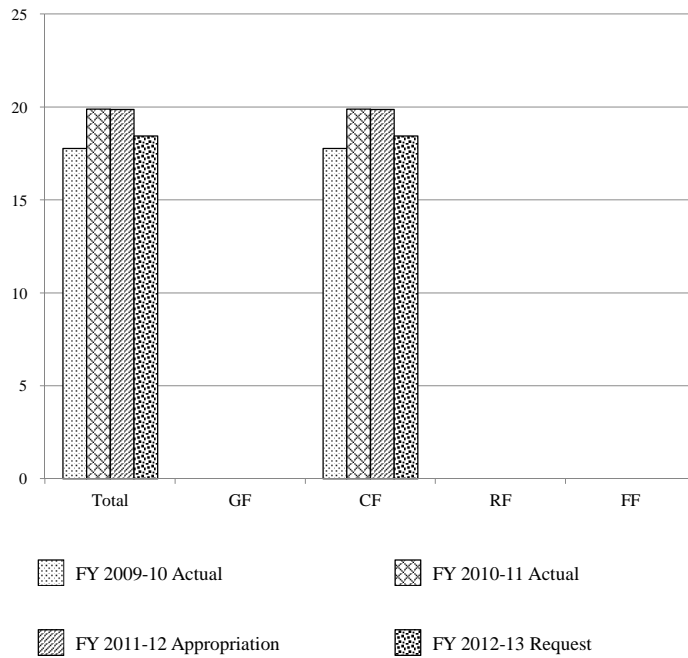
Department's Share of Statewide General Fund



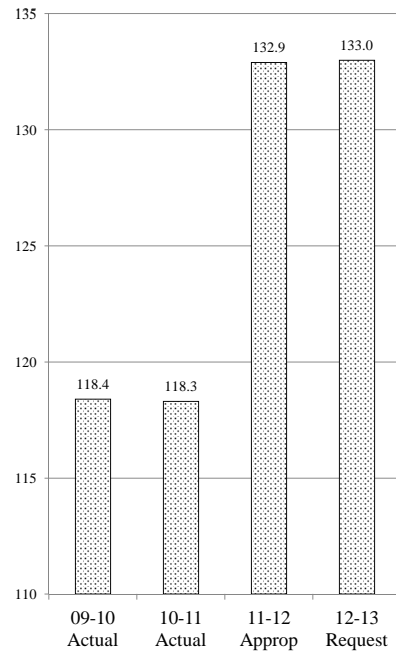
Department Funding Sources



**Budget History
 (Millions of Dollars)**



FTE History

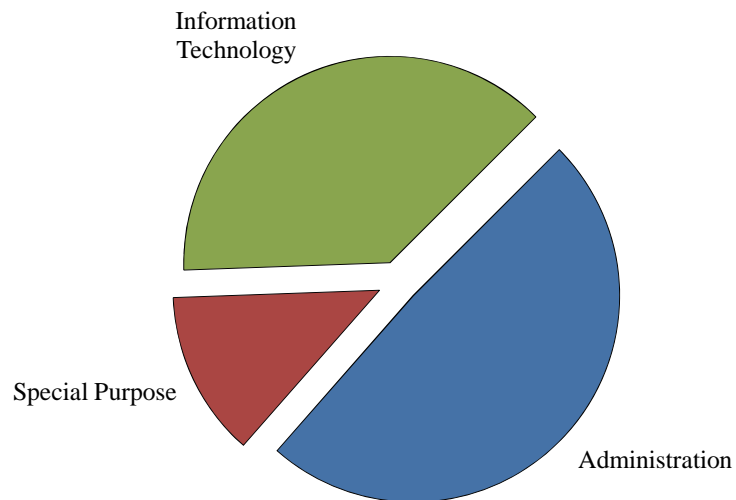


Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

Distribution of General Fund by Division

The Department does not have any General Fund appropriation

Distribution of Total Funds by Division



**FY 2012-13 Joint Budget Committee Staff Budget Briefing
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DEPARTMENT OVERVIEW

Key Responsibilities

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, tradenames 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 programs administered by the Department.
- Maintains the computerized statewide voter registration system

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.

FY 2011-12 Appropriations and FTE by Function		
Division/Function	FTE	Appropriation
Administration	17.0	\$3,029,316
Business	32.0	2,530,837
Elections	37.0	4,622,419
Licensing	6.0	327,738
Bingo/Raffle	5.0	405,962
Charitable	3.0	245,314
Notary	2.0	183,893
Information Technology Division	29.9	6,818,773

The Department is cash-funded, with the exception of federal funds that the state received to administer the Help America Vote Act.¹ The primary cash fund is the Department of State 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 cash funds are primarily from bingo-raffle, 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 such as Personal Services, Operating Expenses, and Legal Services. Only three line items in the Long Bill - Help America Vote Act (HAVA), Initiative and Referendum, and Local Election Reimbursement - pertain solely to elections. The Initiative and Referendum line item funds responsibilities such as verifying signatures on initiative petitions. During odd years the initiatives are limited to TABOR-related matters, but during even years there are no restrictions on the type of initiatives on the ballot. The Local Election Reimbursement program reimburses counties for some of the costs related to statewide ballot initiatives. These

¹ Federal and state moneys allocated for HAVA-related purposes are deposited in the Federal Elections Assistance Fund (see Section 1-1.5-106, C.R.S.). The moneys are then appropriated to the Department directly from this cash fund, which is why they are categorized as "cash funds" for the purposes of the Long Bill.

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.

Election-Related Expenditures						
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Approp	Request
Local Election Reimbursement	\$914	\$2,042,250	\$0	\$1,666,033	\$1,725,999	\$1,725,699
Initiative and Referendum	50,000	301,007	149,420	40,493	150,000	250,000
Total	\$50,914	\$2,343,257	\$149,420	\$1,706,526	\$1,875,999	\$1,975,699

Help America Vote Act Program

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; the 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 by FY 2012-13. HAVA funds are not subject to legislative authority and thus appropriations appear in the Long Bill for informational purposes only.

HAVA Expenditures						
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Appropriation	Request
Expenditures	\$9,405,515	\$6,637,556	\$2,972,923	\$2,681,433	\$3,018,274	\$349,222
FTE	9.5	9.5	10.9	7.0	11.0	0.0

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 it 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 and the Notary Administration 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 Technology (OIT). Funding for the Center is being transferred from the Department of State to OIT in one-third increments, with the second increment occurring in FY 2012-13. Starting in FY 2013-14, full funding for E-Fort will be provided by OIT from the Computer Services Revolving Fund.

Information Technology Services Expenditures						
	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp	FY 2011-12 Request
IT division total	\$6,430,708	\$6,346,060	\$6,938,138	\$5,140,206	\$7,192,151	\$6,832,121
IT division FTE	32.0	26.2	27.1	26.4	33.1	33.1

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DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
1	0	0	0	0	0	0.0
Transfer of HAVA FTE and Expenses to DOS Cash Fund						
<p>All Divisions. The Department requests to transfer FTE and spending authority from the Help America Vote Act (HAVA) Elections Assistance Fund to the Department of State Cash Fund. As HAVA funds, which were considered "seed" moneys, have been mostly spent, and under the federal law, the State is required to continue the operations that have been formerly federally funded, therefore the transfer of FTE and spending authority to the Department of State Cash Fund. <i>Statutory Authority: Section 1-1.5-104, C.R.S.</i></p>						
2	0	280,642	0	0	280,642	0.0
Customer Relationship Management (CRM) System Implementation						
<p>Information Technology Services. The Department requests \$280,642 in FY 2012-13, an additional \$143,430 in FY 2013-14, and \$70,518 annually thereafter to purchase and implementation of a customer relationship management (CRM) system. A CRM provides a method to track public requests for assistance, which will provide better service to the public. Over time, as calls to the Department increase, the Department will not need to increase staff to handle the call increase. Personnel will be cross-trained in handling calls for the different nature of calls that the Department handles, and the CRM will assist those personnel in serving the public more effectively. <i>Statutory Authority: Section 24-21-104 (3) (c), C.R.S.</i></p>						
NP	\$0	\$165,012	\$0	\$0	\$165,012	0.0
Common Policy Adjustments and Decision Items						
<p>Administration. Common policy adjustments to Health, Life, and Dental Insurance, Short-term Disability Insurance, Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, Workers' Compensation, Administrative Law Judge Services, and Payments to Risk Management and Property Funds.</p>						
Total	\$0	\$445,654	\$0	\$0	\$445,654	0.0

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OVERVIEW OF NUMBERS PAGES

The following table highlights changes contained in the Department's FY 2012-13 budget request, as compared with the FY 2011-12 appropriation. For additional detail, see the numbers pages in Appendix A.

Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2011-12 Appropriation	\$0.0	\$19.9	\$0.0	\$0.0	\$19.9	132.9
FY 2012-13 Request	0.0	18.5	0.0	0.0	18.5	133.0
Increase / (Decrease)	\$0.0	(\$1.4)	\$0.0	\$0.0	(\$1.4)	0.1
Percentage Change	n/a	(7.1)%	n/a	n/a	(7.1)%	0.1%

Requested Changes, FY 2011-12 to FY 2012-13

Category	GF	CF	RF	FF	Total	FTE
Administration						
<i>Decision Item #1</i> - Transfer HAVA FTE and spending authority to Department of State Cash Fund	\$0	\$545,826	\$0	\$0	\$545,826	7.0
Common Policy adjustments	0	165,012	0	0	165,012	0.0
Restore PERA S.B. 11-076 Contribution shift	0	123,579	0	0	123,579	0.0
Leased Space adjustment per lease	0	1,524	0	0	1,524	0.0
Annualize H.B. 10-1095 - Internet Security in business filings	<u>0</u>	<u>(293,686)</u>	<u>0</u>	<u>0</u>	<u>(293,686)</u>	<u>0.0</u>
Subtotal - Administration	\$0	\$542,255	\$0	\$0	\$542,255	7.0
Special Purpose					0	
Even-year adjustment	\$0	\$100,000	\$0	\$0	\$100,000	0.0
<i>Decision Item #1</i> - Transfer HAVA FTE and spending authority to Department of State Cash Fund	0	(1,608,100)	0	0	(1,608,100)	(11.0)
Annualize SCORE expenditures	<u>0</u>	<u>(1,060,952)</u>	<u>0</u>	<u>0</u>	<u>(1,060,952)</u>	<u>0.0</u>
Subtotal - Special Purpose	\$0	(\$2,569,052)	\$0	\$0	(\$2,569,052)	(11.0)
Information Technology Services						
<i>Decision Item #1</i> - Transfer HAVA FTE and spending authority to Department of State Cash Fund	\$0	\$1,062,274	\$0	\$0	\$1,062,274	4.0

Category	GF	CF	RF	FF	Total	FTE
<i>Decision Item # 2 - Customer Relationship Management System Implementation</i>	0	280,642	0	0	280,642	0.0
Restore PERA S.B. 11-076 Contribution shift	0	60,666	0	0	60,666	0.0
Annualize S.B. 11-1095 - Internet Security in Business filings	0	6,688	0	0	6,688	0.1
Annualize S.B. 10-148 - Transfer E-FORT	<u>0</u>	<u>(800,026)</u>	<u>0</u>	<u>0</u>	<u>(800,026)</u>	<u>0.0</u>
Subtotal - Information Technology Services	\$0	\$610,244	\$0	\$0	\$610,244	4.1
Total Changes	\$0	(\$1,416,553)	\$0	\$0	(\$1,416,553)	0.1

a/ Pursuant to Section 1-4.5-106, C.R.S., HAVA funds are continuously appropriated and included for informational purposes.

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Department of State**

BRIEFING ISSUE

ISSUE: Performance-based Goals and the Department's FY 2012-13 Budget Request

This issue brief summarizes the Department of State's report on its performance relative to its strategic plan and discusses how the FY 2012-13 budget request advances the Department's performance-based goals. Pursuant to the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (H.B. 10-1119), the full strategic plan for the Department of State can be accessed from the Office of State Planning and Budget web site.

This issue brief assumes that the performance-based goals are appropriate for the Department. Pursuant to the SMART Government Act, legislative committees of reference are responsible for reviewing the strategic plans and recommending changes to the department's strategic plans. The issue brief also assumes that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act, the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. The Department of State's full strategic plan includes two overarching highest priority objectives and performance measures.

DISCUSSION:

Performance-based Goals and Measures

The Department's two top priority objectives are:

- 1. To improve services provided to Department of State customers.**
Objective: Reduce the rejection rate of documents filed with the Department by clarifying procedures and requirements for filers through education and outreach, improving filing forms, cross-training personnel to handle a wider variety of inquiries, and implementing findings of a website usability study.

Performance Measures Related to Goal of Improving Services Provided to Department of State Customers				
Year	Notary Applications Rejected	Application from Charitable Organizations Rejected	Paper UCC Filings Rejected	Bingo/Raffle License Applications Rejected
2009-10 Actual	17.0%	23.0%	3.0%	22.0%
2010-11 Actual	21.0%	14.0%	2.0%	11.0%
2011-12 Estimated	17.0%	14.0%	2.0%	12.0%
2012-13 Estimated	16.0%	11.0%	0.01%	10.0%

a. How is the Department measuring the specific goal/objective?

The Department has provided data regarding the rates of rejection of business and other filings that it has received.

b. Is the Department meeting its objective, and if not, why?

JBC Staff cannot answer this question. The Department has not provided any benchmarks or concrete goals that staff can use to evaluate whether or not the Department is meeting its objective.

c. How does the budget request advance the performance-based goal?

The Department has requested \$280,642 cash funds for the purchase, installation, and implementation of a Customer Relationship Management system for FY 2012-13. This system will make it easier for the Department to manage its customer relations by providing detailed information on individual customer contacts, track the steps involved in issue resolution, and identify the areas for improvement of Department website information and customer service practices.

2. To ensure the integrity of Colorado election results.

Objective: Increase the number counties using effective post-election audits to 100% by 2014 through the implementation of audit procedures that minimize risk and assure accurate election results.

Number of Counties Using Effective Post-Election Audits		
Year	Benchmark	Actual
FY 2010-11 Actual	N/A	N/A
FY 2011-12 Estimated	3	N/A
FY 2012-13 Estimated	5	N/A
FY 2013-14 Objective	64	N/A

a. How is the Department measuring the specific goal/objective?

This objective was established for FY 2011-12, so data does not exist yet to measure whether or not the Department is meeting its objective.

b. Is the Department meeting its objective, and if not, why?

Not Applicable. The Department has only identified this objective for FY 2011-12.

c. How does the budget request advance the performance-based goal?

While not directly related to this goal, the budget request includes transferring the funding of the Department's activities related to the federal Help America Vote Act of 2002 (HAVA) to the Department of State Cash Fund as federal funds available for HAVA implementation have largely been depleted and additional federal funding related to HAVA is considered unlikely at this time.

The request is to transfer spending authority of \$1.6 million and 11.0 FTE from the HAVA Elections Assistance Cash Fund to the Department of State Cash Fund so that the ongoing requirements of HAVA can continue to be met after federal assistance has been exhausted.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of State**

BRIEFING ISSUE

ISSUE: Modernization of the State's Voter Registration System

The State of Colorado Registration and Election (SCORE) system currently in use in the State of Colorado is unable to keep up with voter information on an increasingly mobile voting public. As voters move, die, or become newly eligible, the State is currently unable to track those changes. In addition to the costs involved in mailing ballots and other elections materials, the integrity of the voting rolls themselves are endangered. Colorado is working with the Pew Center on the States in a multi-state project to both clean up voting rolls and assist the states in reaching out to citizens not registered to vote and give those citizens an opportunity to more easily register to vote.

SUMMARY

- Current voter registration lists are riddled with tens of millions (nationally) of inaccurate or invalid active registrations.
- Current voter registration systems are unable to keep track of voters as they move, become newly eligible, or die.
- Military voters are *twice* as likely to report voter registration problems as the public at large.
- Current voter registration systems are often flooded with new registrations just before major elections, often from unregulated third-parties, requiring county clerks to engage in the expensive hiring of temporary employees to process and verify those applications.
- The Pew Center on the States is currently working with a number of states (including Colorado) to upgrade voter registration systems to improve accuracy of voter rolls, increase efficiency, and save taxpayer dollars, while simultaneously enhancing the integrity of the voter rolls.

DISCUSSION

Current voter registration systems across the country and in Colorado have not kept up with a rapidly changing society. According to the Pew Center on the States, one in eight Americans moved in 2008. Although states are using information technology to track registered voters, the actual process of voter registration has changed very little. It is still a paperwork intensive process that relies on voters to register and then change their information as they move or their status changes. The voter registration systems often fail to capture these changes and as a result, even the information in the statewide voter registration databases required by the federal Help America Vote Act (HAVA) are out-dated or inaccurate.

As an example, the State of Colorado Elections and Registration (SCORE) System currently has 4.2 million names in it, even though the voting age population of Colorado is only 3.8 million². This is because as voters move, die, or become eligible, the information is often not available to the county clerks or the Department of State. According to the Department of State, in larger urban counties, it is estimated that 30 to 50 percent of the voter registration records contain inaccurate information.

A large number of current voter registrations that are received are driven by third-party groups (political parties and interest groups) that solicit and submit paper registration forms. These are often delivered just before a major election, overwhelming local elections officials late in the election cycle with large numbers of people to register in the system and to verify their status. To cope, county clerks often must hire and train temporary staff to process data from paper forms, a very expensive process.

The Pew Center on the States³, in conjunction with elections officials from a number of states and localities, has identified solutions to help elections officials modernize voter rolls. Pew proposes using technology to compare data about voters and to keep that data current and to identify and reach out to unregistered voters. The proposal contains three core elements:

1. Compare voter registration lists with a wider array of data sources to broaden the base of information used to update and verify voter rolls.
2. Use proven matching techniques to attain the level of integrity and confidence needed to ensure accuracy and privacy.
3. Establish new means for voters to submit information online, minimizing manual data entry, resulting in lower costs and fewer errors.

There are as many as ten states looking at this proposal now, all in the Rocky Mountain region. It would compare voter registration lists and notify states where apparent duplicates exist. For example, if a voter moved from Colorado (and did not notify Colorado to inactivate his or her voter registration) to another participating state, the database would compare registration records and if it found matches by name and other data, such as date of birth or the last four digits of the social security number, it would notify each state that a probable match has been found. It would be up to the states themselves to determine which registration is active and which registration should be deleted.

To allay privacy concerns, no personal information would pass between the states. The database would compare information from each state in the system and each state would then be notified that the information associated with a particular record also exists in another state. It would be up to the states themselves to investigate where the voter actually lives and to invalidate the registration in the

² Source: U.S. Census Bureau, 2010 census data for Colorado.

³ The Pew Center on the States identifies and advances state policy solutions. It is affiliated with the Pew Charitable Trusts.

other state. The system will also encrypt all information, restrict the use of data, information, and reports, and adhere to high standards of data privacy and security, including the establishment of an advisory board of privacy experts to provide regular guidance on security protocols.

A second, and no less important element of the program, is giving the states resources to reach out to citizens who are not registered to vote and encourage them to register, preferably on-line. Public databases will be searched and compared for non-registrants in each state, increasing the potential for registering new voters. Where possible an appropriate, these potential new voters would be encouraged to use on-line registration processes. The Department could not provide data on the costs in Colorado, but according to Pew, in Maricopa County, Arizona, costs to register on the internet were an average of 3 cents, while costs to register on a paper form were 83 cents. The cost to register on-line average a 96 percent reduction in those costs.

In Colorado, where the county clerks register voters, these savings would accrue to the counties, while the costs of operating the system would be borne by the State. The table below shows the *estimated* costs and savings associated with implementation of this program. There is an initial project fee and yearly membership cost in FY 2011-12 of \$50,000.

Electronic Registration and Information Center (ERIC)					
Estimated Costs and Savings a/					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<u>State Costs</u>					
Yearly membership fee	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Mailing costs - new registrants	(245,000)	(15,000)	(15,000)	(15,000)	(15,000)
Mailing costs - cancellations	<u>(50,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total State Costs	(375,000)	(120,000)	(120,000)	(120,000)	(120,000)
<u>Counties Costs - none identified</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	(\$375,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)
<u>State Savings</u>					
Move Update	12,000	12,000	12,000	12,000	12,000
SSA Death Master File	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>
Total State Savings	\$26,500	\$26,500	\$26,500	\$26,500	\$26,500
<u>Counties Savings</u>					
Better list maintenance - fewer mail ballots	50,000	25,000	50,000	25,000	50,000
Response to Move update	126,000	63,000	126,000	63,000	126,000
Temporary staff	<u>500,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>500,000</u>
Total Counties Savings	<u>\$676,000</u>	<u>\$88,000</u>	<u>\$226,000</u>	<u>\$88,000</u>	<u>\$676,000</u>
Total Savings	\$702,500	\$114,500	\$252,500	\$114,500	\$702,500

Electronic Registration and Information Center (ERIC)					
Estimated Costs and Savings a/					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Net State Costs	(348,500)	(93,500)	(93,500)	(93,500)	(93,500)
Net County Savings	<u>676,000</u>	<u>88,000</u>	<u>226,000</u>	<u>88,000</u>	<u>676,000</u>
Statewide Net Savings/(Expenses)	\$327,500	(\$5,500)	\$132,500	(\$5,500)	\$582,500

a/ Estimated expenditures and savings provided by the Department of State

The table provides data for the initial year (a presidential election year) and then a four year cycle, that coincides with election year cycles (off-year, gubernatorial election year, off-year, presidential election year) so that the data on costs and savings for a full four-year election cycle can be displayed. The cycle then repeats every four years. All told, once the initial costs are incurred, the net saving to Colorado governments at the state and county levels will be about \$700,000 over each four year cycle. All of the savings would accrue to the counties while the State picks up the expenses, which are about \$93,500 per year.

For more information on this project, members and others are encouraged to read the full report at:

http://www.pewcenteronthestates.org/uploadedFiles/Upgrading_Democracy_report.pdf

**Fiscal Year 2012-13 Joint Budget Committee Staff Budget Briefing
Department of State
Appendix A - Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Change Requests
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DEPARTMENT OF STATE Scott Gessler - Secretary of State

(1) Administration

Primary functions are to administer election laws; administer public official, lobbyist, and business entity filling law; license notaries public and charitable solicitors; and regulate bingo and raffles charitable gaming.

Personal Services - Cash Funds	4,898,991	4,802,360	5,420,564	5,917,281	DI#1
FTE	77.9	80.5	92.0	99.0	
Health, Life, and Dental - Cash Funds	603,391	794,967	707,454	738,487	DI#1
Short-term Disability - Cash Funds	9,546	13,819	10,415	13,800	DI#1
S.B. 04-257 Amortization Equalization Disbursement - Cash Funds	120,198	191,701	171,969	249,488	DI#1
S.B. 06-235 Supplemental Amortization Equalization Disbursement - Cash Funds	75,183	139,806	129,979	214,404	DI#1
Workers' Compensation - Cash Funds	6,278	6,099	5,210	7,541	
Operating Expenses - Cash Funds	602,780	679,138	884,698	643,115	DI#1
Legal Services - Cash Funds	357,816	436,780	538,904	538,904	
<i>Legal Services Hours</i>	4,747	5,794	7,118	7,118	
Administrative Law Judge Services - Cash Funds	50,289	99,487	29,600	111,012	

**Fiscal Year 2012-13 Joint Budget Committee Staff Budget Briefing
Department of State
Appendix A - Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Change Requests
Purchase of Services from Computer Center - Cash Funds	42,366	51,559	1,640	1,640	
Multiuse Network Payments - Cash Funds	569,609	318,188	66,234	66,234	
Payment to Risk Management and Property Funds - Cash Funds	22,734	7,038	22,264	27,756	
Vehicle Lease Payments - Cash Funds	2,861	2,969	2,969	2,969	
Leased Space - Cash Funds	590,152	617,827	639,747	641,271	
Indirect Cost Assessment - Cash Funds	89,807	148,002	136,752	136,752	
Discretionary Fund - Cash Funds	2,186	5,000	5,000	5,000	
Address Confidentiality Program - Cash Funds	98,886	126,002	0	0	
FTE	1.5	1.5	0.0	0.0	
					<i>Request v. Appropriation</i>
SUBTOTAL (1) Administration					
Cash Funds	8,143,073	8,440,742	8,773,399	9,315,654	6.2%
FTE	79.4	82.0	92.0	99.0	7.6%

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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Change Requests
(2) Special Purpose					
Primary functions are to implement the Help America Vote Act; reimburse counties for elections and ballot initiatives; and administer the initiative and referendum laws.					
Help America Vote Act - Cash Funds a/ FTE	2,972,923 10.9	2,681,433 7.0	3,018,274 11.0	349,222 0.0	DI#1
Federal Election Assistance Fund	77,590	0	0	0	
Local Election Reimbursement - Cash Funds	0	1,666,033	1,725,699	1,725,699	
Initiative and Referendum - Cash Funds	149,420	40,493	150,000	250,000	
					<i>Request v. Appropriation</i>
SUBTOTAL (2) - Special Purpose					
Cash Funds	3,199,933	4,387,959	4,893,973	2,324,921	-52.5%
FTE	10.9	7.0	11.0	0.0	-100.0%

a/ Pursuant to Section 1-1.5-106, C.R.S., these amounts are continuously appropriated from the Federal Elections Assistance Fund and are shown for informational purposes only.

(3) Information Technology Services

Provides IT support to the Department, manages the statewide voter registration database, and provides support for the Statewide Disaster Recovery Center.

(A) Information Technology

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

Fiscal Year 2012-13 Joint Budget Committee Staff Budget Briefing
Department of State
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	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Change Requests
Personal Services - Cash Funds	2,735,051	3,171,049	2,831,996	3,739,826	DI#1,DI#2
FTE	26.4	28.0	29.9	34.0	
Operating Expenses - Cash Funds	421,859	376,807	476,362	480,162	DI#1
Hardware/Software Maintenance - Cash Funds	862,614	878,230	878,230	1,376,870	DI#1,DI#2
Information Technology Asset Maintenance - Cash Funds	353,579	421,294	445,418	445,418	
					<i>Request v. Appropriation</i>
SUBTOTAL (A) - Information Technology					
Cash Funds	4,373,103	4,847,380	4,632,006	6,042,276	30.4%
FTE	26.4	28.0	29.9	34.0	13.7%
(B) - Statewide Disaster Recovery Center					
Provides funding for the lease for the Statewide Disaster Recovery Center					
Personal Services - Cash Funds	112,645	104,700	0	0	
FTE	1.7	1.3	0.0	0.0	
Operating - Cash Funds	90,593	154,993	0	0	
Hardware/Software Maintenance - Cash Funds	34,208	41,607	0	0	
Leased Space - Cash Funds	1,829,550	1,913,072	1,576,523	776,497	

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Appendix A - Numbers Pages**

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Change Requests
					<i>Request v. Appropriation</i>
SUBTOTAL (B) - Statewide Disaster Recovery Center - Cash Funds	2,066,996	2,214,372	1,576,523	776,497	-50.7%
FTE	1.7	1.3	0.0	0.0	N/A
					<i>Request v. Appropriation</i>
SUBTOTAL (3) - Information Technology Services					
Cash Funds	6,440,099	7,061,752	6,208,529	6,818,773	9.8%
FTE	28.1	29.3	29.9	34.0	13.7%
					<i>Request v. Appropriation</i>
TOTAL - DEPARTMENT OF STATE					
Cash Funds	17,783,105	19,890,453	19,875,901	18,459,348	-7.1%
FTE	118.4	118.3	132.9	133.0	0.1%

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Department of State**

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **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. Allow the type of limited cooperative association defined by the legislation to organize to pursue any lawful purpose. Includes an appropriation of \$20,128 cash funds for FY 2011-12 from the Department of State Cash Fund.
- ❑ **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 from the Department of State 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 online 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 for FY 2011-12 from the Department of State Cash Fund.
- ❑ **H.B. 11-1117 (McCann/King): 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.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of State**

**APPENDIX C: UPDATE OF FY 2011-12
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

Comment: The Department did not have any Long Bill footnotes.

Requests for Information

REQUESTS AFFECTING MULTIPLE DEPARTMENTS

5. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. 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 2011-12.

Comment: The Department reports that it does not have any FTE that meet these criteria.

REQUESTS FROM THE DEPARTMENT OF STATE

1. **Department of State, Administration, Personal Services** -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2011, 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 Administration Division.

Comment: See table below

Administration Division as Appropriated in FY 2011-12 Long Bill		
Sub-sections	FTE	Funds
Administration	17.0	\$3,029,316
Business	32.0	2,530,837
Elections	26.0	2,297,498
Licensing	6.0	327,738
Bingo - Raffle	5.0	405,962

Administration Division as Appropriated in FY 2011-12 Long Bill		
Charitable	3.0	245,314
Notary	2.0	<u>183,893</u>
Total	91.0	\$9,020,558

2. **Department of State, Administration, Address Confidentiality Program** -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2011, an annual budget report for the Address Confidentiality Program. The report should reflect monthly expenditures, the number of participants served, and the number of pieces of participants' mail processed monthly.

Comment: Pursuant to H.B. 11-1080, the Address Confidentiality Program was transferred to the Department of Personnel and Administration, effective July 1, 2011. The Department of State no longer has authority over this program.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Treasury**

APPENDIX D:

State Auditor's Office Recommendations Not Entirely Implemented



State of Colorado

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

LOIS TOCHTROP, CHAIR
Senator
CINDY ACREE, VICE CHAIR
Representative
DEB GARDNER
Representative
LUCIA GUZMAN
Senator

JAMES KERR
Representative
STEVE KING
Senator
JOE MIKLOSI
Representative
SCOTT RENFROE
Senator

October 31, 2011

Representative Cheri Gerou, Chair
Joint Budget Committee

Dear Representative Gerou:

The Legislative Audit Committee has been concerned about departments not implementing audit recommendations that they have agreed to implement. The State Auditor and her staff have developed a database to track recommendations and produce reports identifying those not implemented. We are providing this report for your consideration as you evaluate the budget requests for the Department of State.

Attached you will find information regarding the following recommendations:

Department of State		
<u>Number of Recommendations</u>	<u>Audit of Origination</u>	<u>Audit Date</u>
2	State of Colorado Statewide Single Audit	Fiscal Year Ended June 30, 2009

Thank you for integrating this into your budget process.

Sincerely,

Senator Lois Tochtrop, Chair
Legislative Audit Committee

Office of the State Auditor Recommendations

Financial Recommendations Not Entirely Implemented As of Fiscal Year Ending June 30, 2010

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of State	Strengthen its controls over travel and bingo hall investigation expenditures by: (a) verifying that travel expenditures are allowable, properly supported, submitted timely, and coded correctly in COFRS.	45	Deficiency in Internal Control	Not Implemented	April 2011	46a	Deficiency in Internal Control	N/A	Agree - original implementation date is July 2009								
Department of State	Strengthen its controls over travel and bingo hall investigation expenditures by: (b) ensuring that supervisors thoroughly review travel expenditure requests and resolve any problems before approving reimbursements.	45	Deficiency in Internal Control	Not Implemented	April 2011	46b	Deficiency in Internal Control	N/A	Agree - implemented								